

H U G O B O S S

Roadshow Copenhagen // Berenberg

HUGO BOSS Company Handout
Copenhagen, March 16, 2016

Agenda

Operational and financial review 2015

Strategic outlook 2016

Financial outlook 2016

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Financial outlook 2016

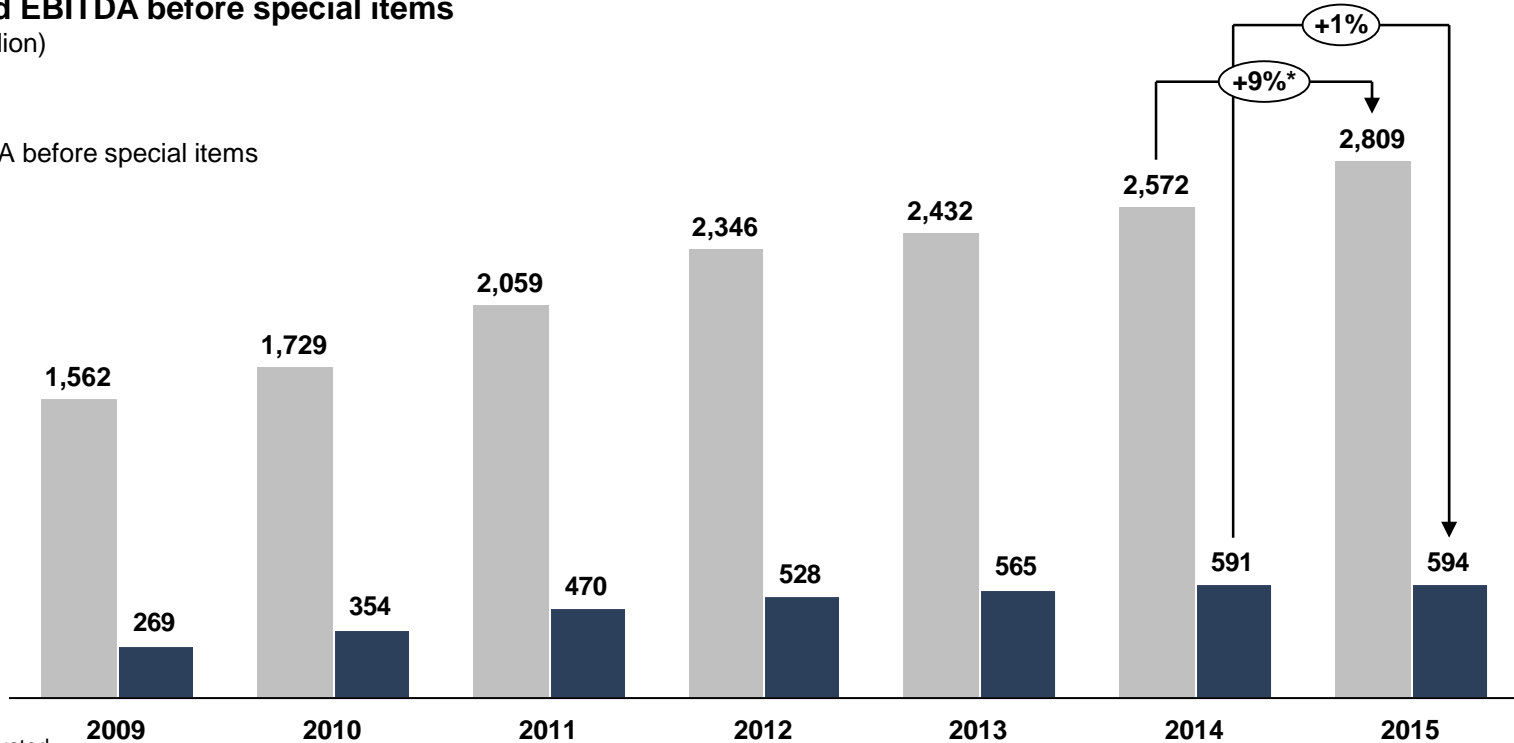
2015 marks another year of growth for HUGO BOSS despite slowdown

Sales and EBITDA before special items

(in EUR million)

■ Sales

■ EBITDA before special items

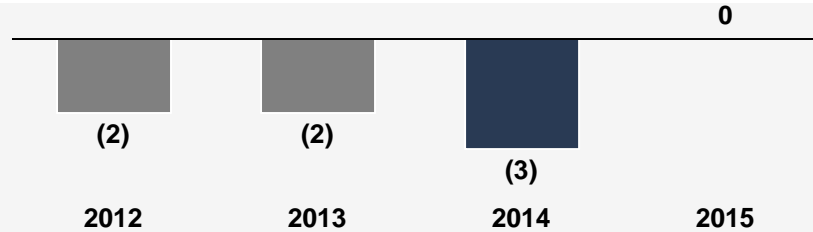


*+3% FX-adjusted

Stable or even recessionary global market environment

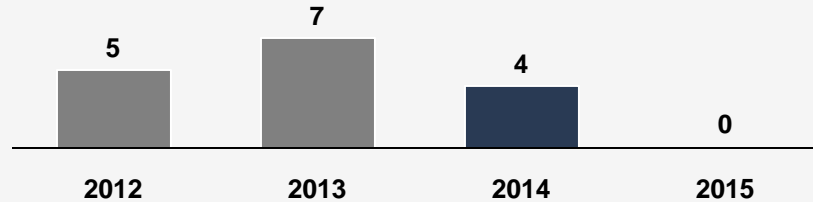
German apparel market, y-o-y

Retail sales development
(in %)*



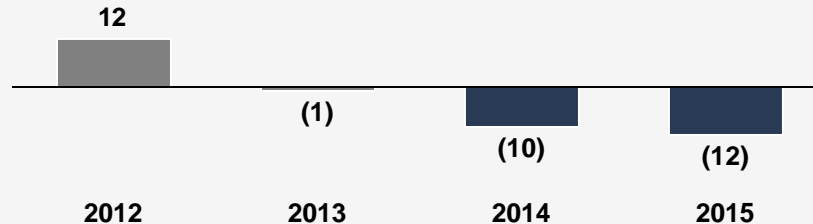
Americas luxury goods market, y-o-y

Personal luxury goods market
(in %)**



Chinese men's luxury apparel market, y-o-y

Retail sales development
(in %)***



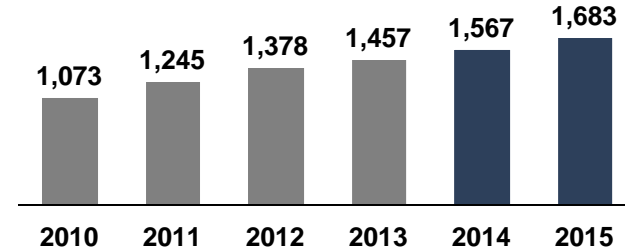
*Source: TextilWirtschaft, based on TW-Testclub Panel; **Source: Bain & Comp. Altagama 2015 Worldwide Markets Monitor; ***Source: Bain & Comp., 2015 China Luxury Market Study

Europe best performing region again in 2015

- Business model transformation ongoing
- Successful completion of category migration process supports uplift of BOSS brand perception at wholesale
- Solid growth expected also in 2016

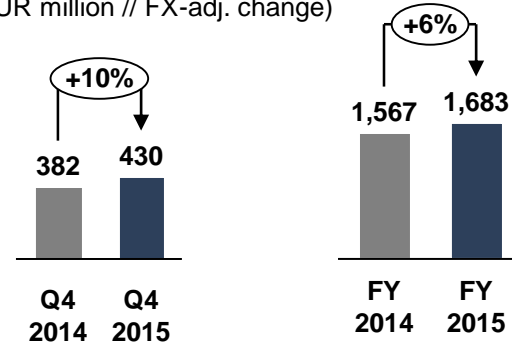
HUGO BOSS Europe sales 2010-2015

(in EUR million)



HUGO BOSS Europe sales 2015

(in EUR million // FX-adj. change)

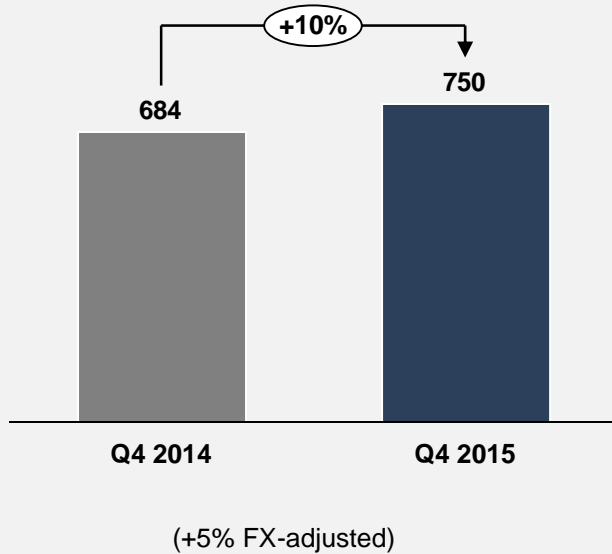


Impressive fashion shows build BOSS Womenswear brand recognition

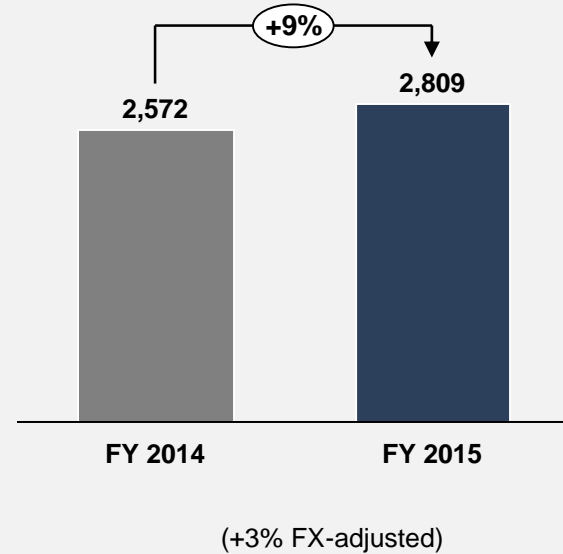


Acceleration in the fourth quarter supports solid full year sales growth

Q4 Group sales
(in EUR million)



FY Group sales
(in EUR million)

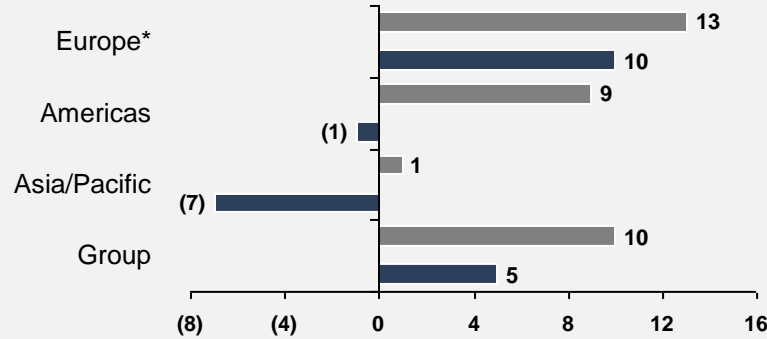


Region Europe more than offsets sales declines in the Americas and Asia/Pacific

Sales growth by region, y-o-y

Q4 2015
(in %)

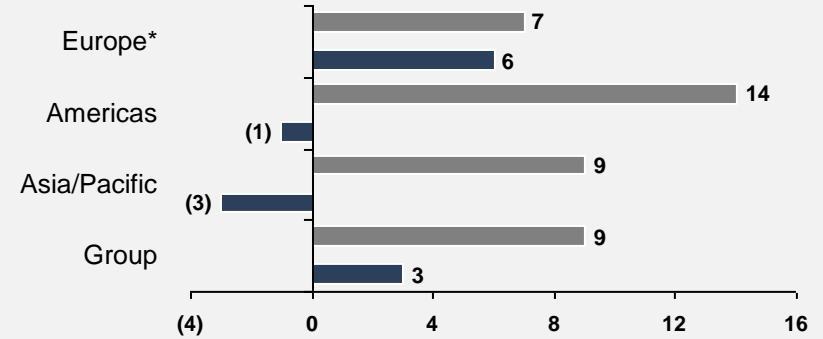
■ in EUR
■ FX-adjusted



Sales growth by region, y-o-y

FY 2015
(in %)

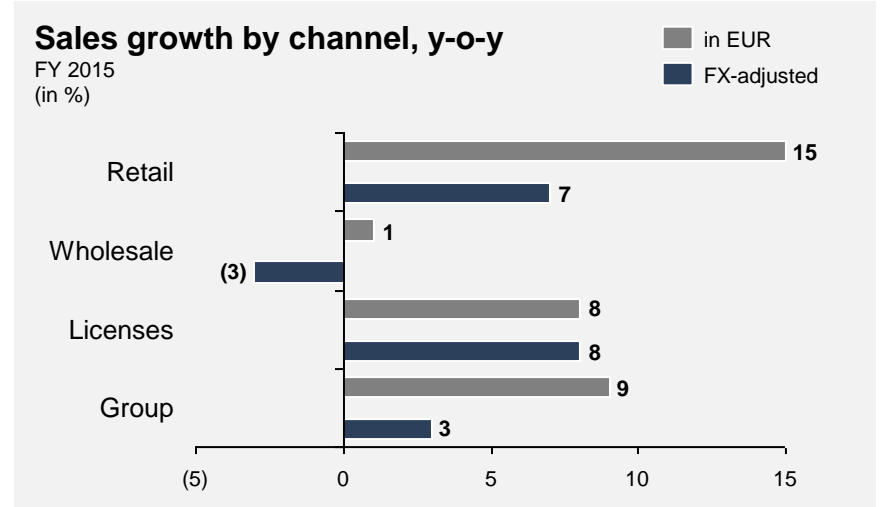
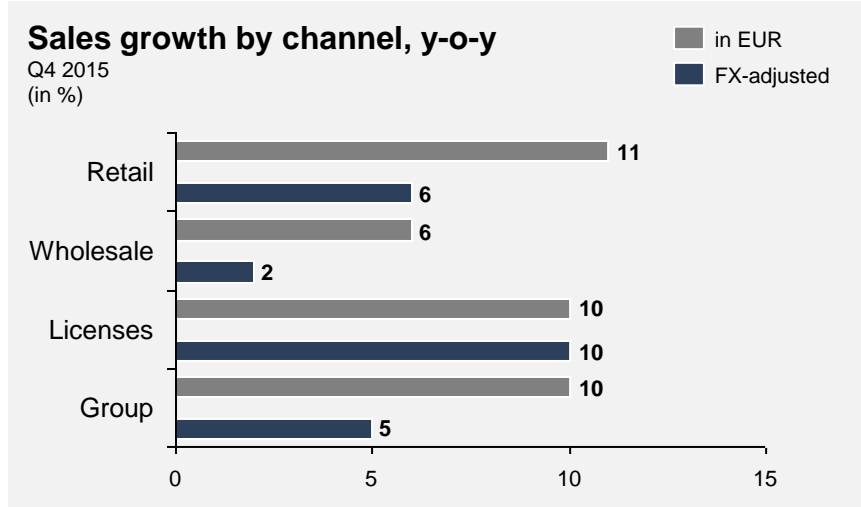
■ in EUR
■ FX-adjusted



- Double-digit sales growth in the UK supports solid increases in **Europe**
- 5% currency-adjusted sales decline in the U.S. in the full year partly offset by smaller countries in the **Americas**
- Deteriorating sales trends in China mask strong performance in Australia and Japan in the **Asia/Pacific** region

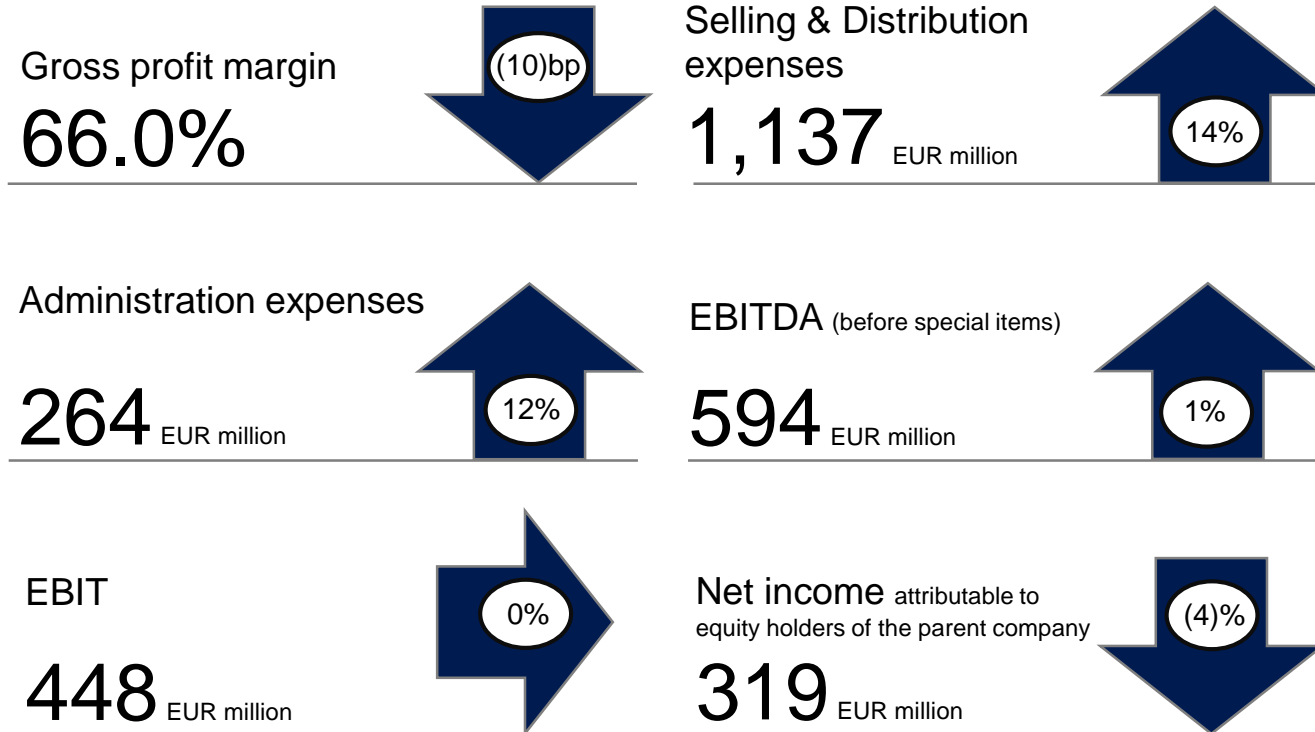
*Incl. Middle East and Africa

Own retail is the Group's growth driver also in 2015



- **Retail** comp store sales up 2% in the full year, down 1% in the fourth quarter
- Difficult U.S. market and takeovers affect **wholesale** sales development
- Double-digit growth in watches and eyewear drives **license business**

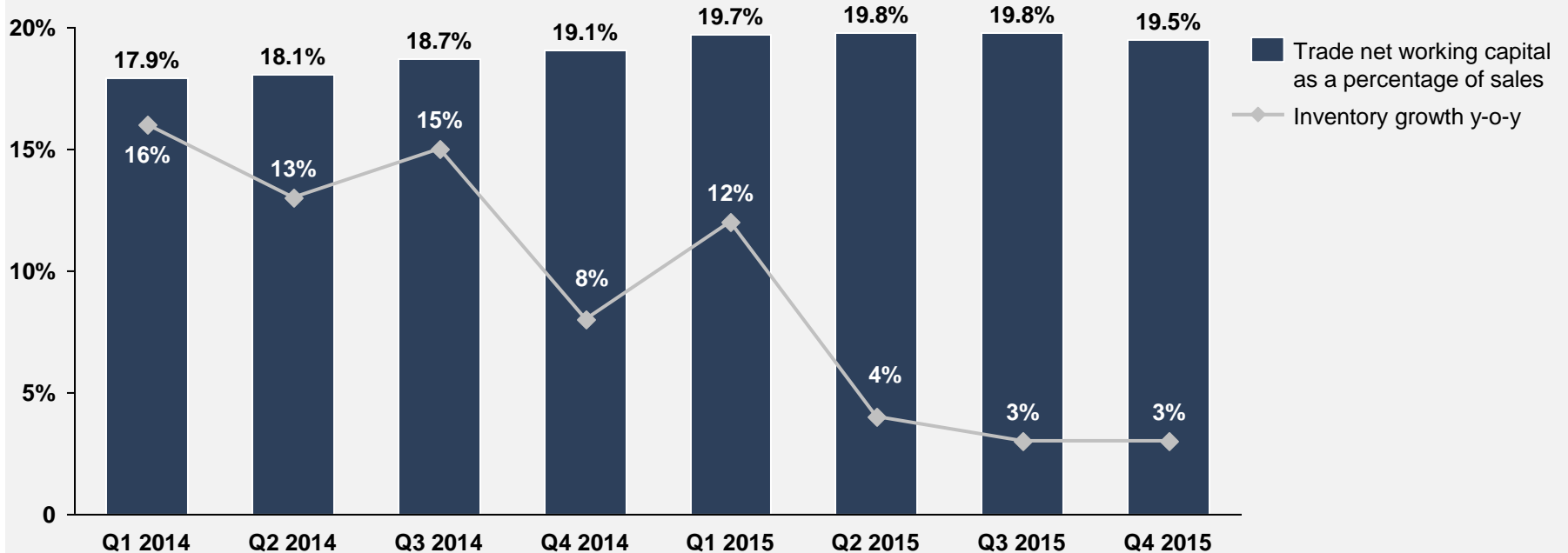
Gross profit margin decline and higher operating expenses weigh on profit growth



Better inventory management supports working capital improvement

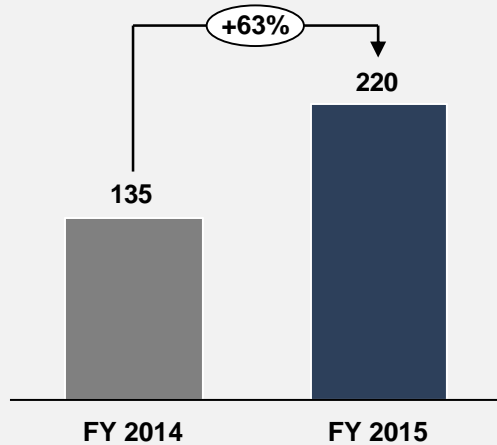
Average trade net working capital as a percentage of sales (in %)

Currency-adjusted inventory growth, y-o-y



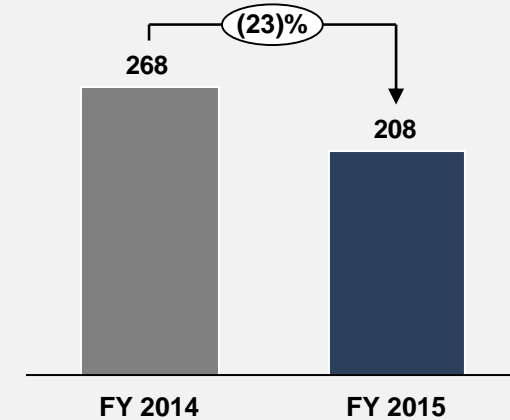
Higher investments affect free cash flow and net debt position

Investments
(in EUR million)



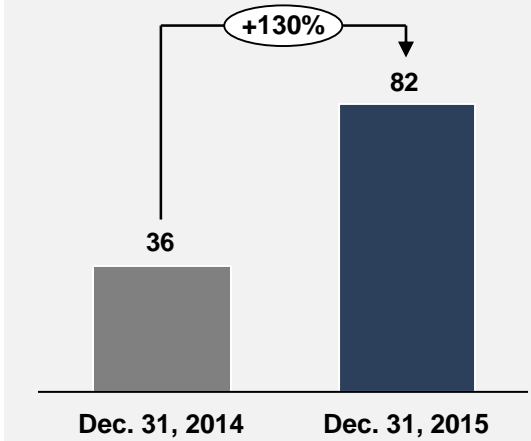
■ Investments in retail and operational infrastructure drive growth

Free cash flow
(in EUR million)



■ Decrease due to higher investments

Net debt
(in EUR million)

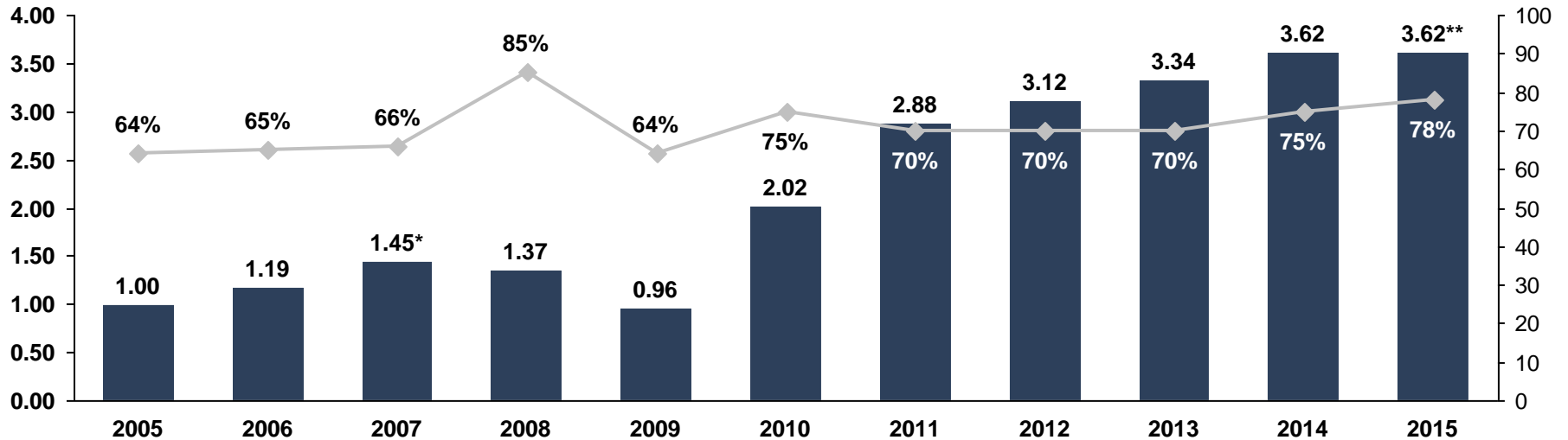


■ Increase due to lower free cash flow

Dividend proposal underlines financial strength and confidence in long-term growth

in EUR

in %***



Dividend policy of paying out between 60% and 80% of consolidated net income reconfirmed

*Excluding special dividend of €5.00 per share **Proposal for fiscal year 2015 ***As a percentage of net income attributable to shareholders

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Strong assets are solid foundation for Group's long-term success

Globally recognized brand



Strong operational infrastructure



Passionate workforce

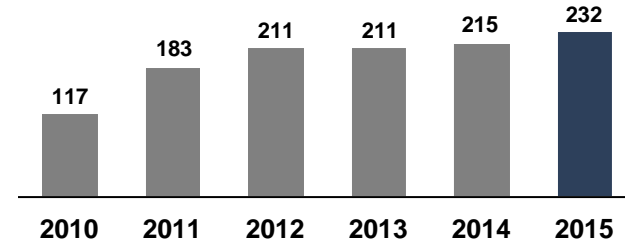


Customer centricity, focus on brand control and global growth ambition to remain cornerstones of Group strategy

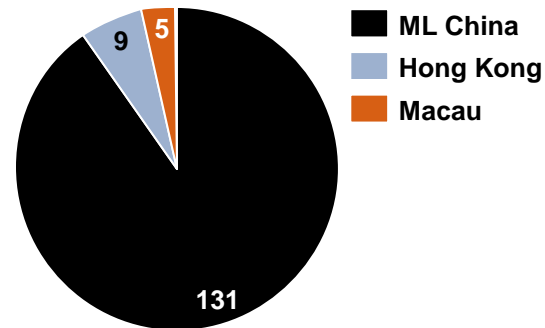
Upgrade of store network in China addresses legacy of prior franchise model

- Upgrade and optimization of retail presence ongoing
- Around 20 store closures planned in 2016
- Renegotiation of rental contracts yields positive initial results

HUGO BOSS China sales 2010-2015
(in EUR million)



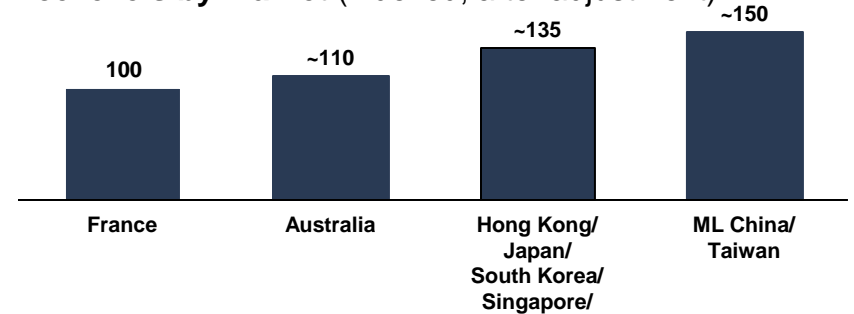
Number of own retail stores in China (Dec 31, 2015)



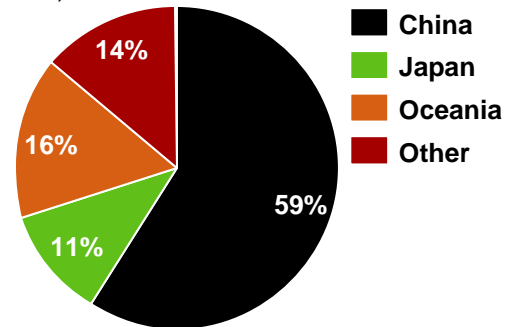
Price adjustments further strengthen the brand's value proposition in Asia/Pacific

- Price reduction of around 20% in China yields positive effect on demand and unit sales
- Stepped-up of social media and CRM activities contributes to traffic improvement
- Smaller adjustments in remaining Asian markets ex Australia and Japan

Price levels by market (indexed, after adjustment)



Asia/Pacific sales split (FY 2015)



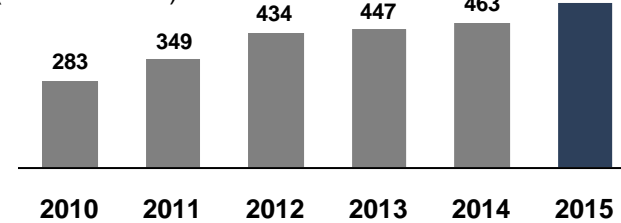
Upgrade of distribution in U.S. wholesale initiated

- Category migration limits exposure of BOSS core brand to promotional retail environment
- Concession agreement with Macy's in place since the end of January
- BOSS core brand presence in off-price concepts to become significantly smaller

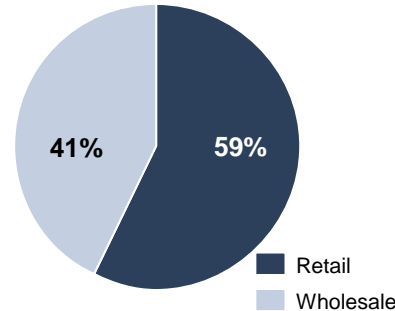


HUGO BOSS U.S. sales 2010-2015

(in EUR million)



U.S. sales mix by distribution channel (2015)



Top 5 U.S. / CAD wholesale partners

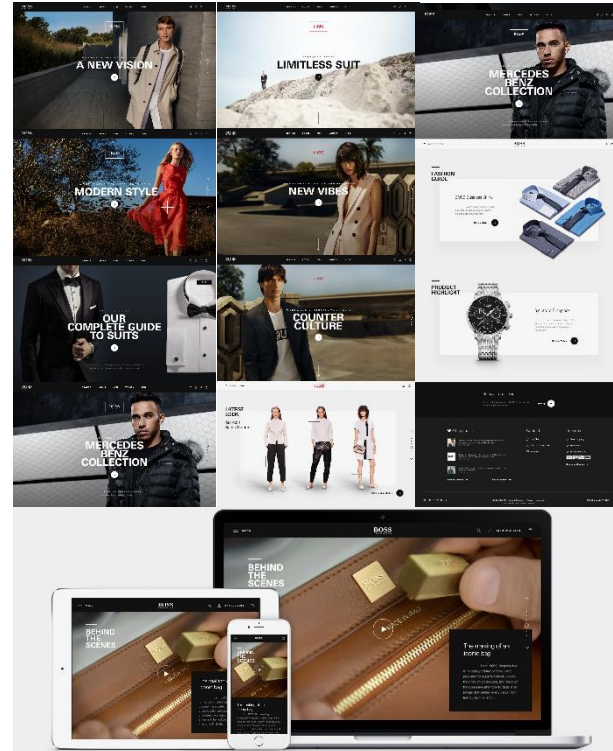
1. Nordstrom
2. Bloomingdale's
3. Hudson's Bay
4. Macy's
5. Dillards

“Man of today” influencer program to re-ignite brand interest in the U.S.



HUGO BOSS adjusts to changing customer journeys

- hugoboss.com website important mean to engage customers and drive them to store
- Insourcing of online fulfillment in Europe in May prerequisite for planned launch of omnichannel services later in the year
- Marketing spend to prioritize digital over print



CRM and personalized service foster close ties with the customer

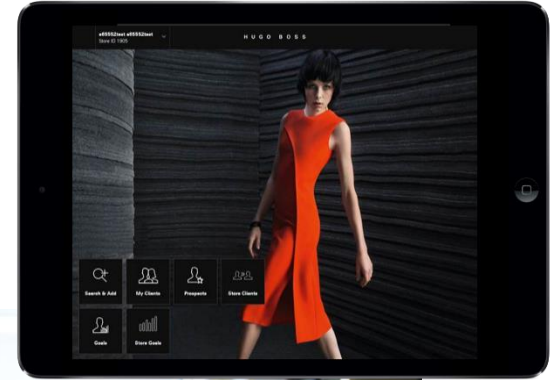
- Ongoing rollout of my HUGO BOSS and corresponding in-store application upgrades customer service
- High focus on personnel management and retail trainings



HUGO BOSS EXPERIENCE

Create your **My HUGO BOSS** account and become a member of the exceptional customer programme **HUGO BOSS EXPERIENCE**. If you participate you will enjoy various benefits:

- **ONLINE BENEFITS**
Manage your personal data and view all online and offline purchases of the last 24 months
- **IN-STORE BENEFITS**
Visit us in one of our Stores and enjoy a tailored shopping experience as well as exclusive events
- **SERVICE & INFORMATION BENEFITS**
Get exclusive Services like personal shopping and become a part of the inspiring world of HUGO BOSS
- [Learn more](#)



In-store performance sole driver of retail merchandising decisions in 2016



BOSS
Made To Measure



BOSS
Full Canvas Suits



BOSS
Tailored



BOSS
Premium
Formalwear



BOSS
Premium
Sportswear

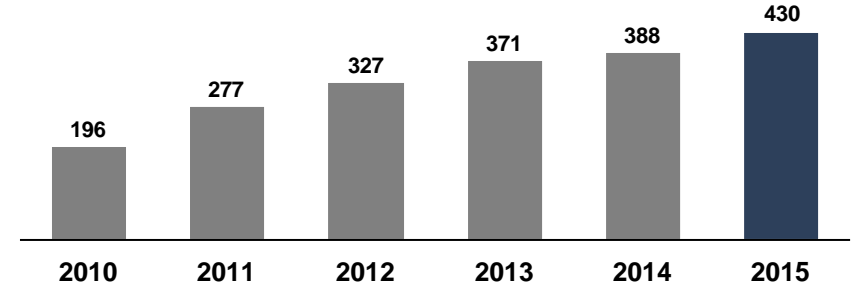
~10% of net sales

~90% of net sales

Improvement of retail performance takes priority over further network expansion

- Around 100 store refurbishments planned in 2016
- Detailed analysis of underperforming stores being prepared
- New store opening projects planned for 2016 currently under review, number of new openings to amount to less than 20

Number of HUGO BOSS freestanding stores



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Sales trends in the second half of 2015 forecast to extend into 2016

Group sales are forecast to increase at low single-digit percentage rate*

Sales by region*



Europe



Americas



Asia/Pacific



Sales by channel*

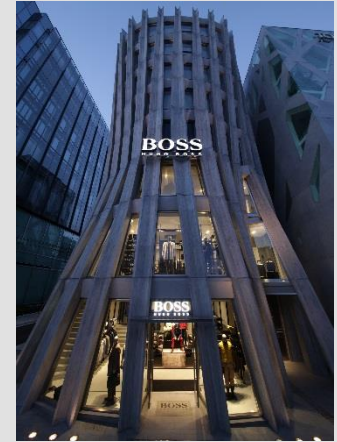
Retail



Wholesale



Licenses



*On a currency-adjusted basis

Strict focus on cost management and cash generation in light of challenging outlook

Margin protection	Free cash flow protection
Review of operating overhead cost structure	Re-evaluation of planned 2016 store openings
Renegotiations of rental contracts	Review of other non-committed capital investments
Performance analysis of key margin-dilutive stores	Tightening of inventory management

Free cash flow to exceed prior year level despite earnings decline

Outlook 2016

Sales growth (currency adjusted)

Low single-digit percentage increase

Gross margin

Stable performance

EBITDA before special items

Low double-digit percentage decrease

Capex

< EUR 200 million

Free cash flow

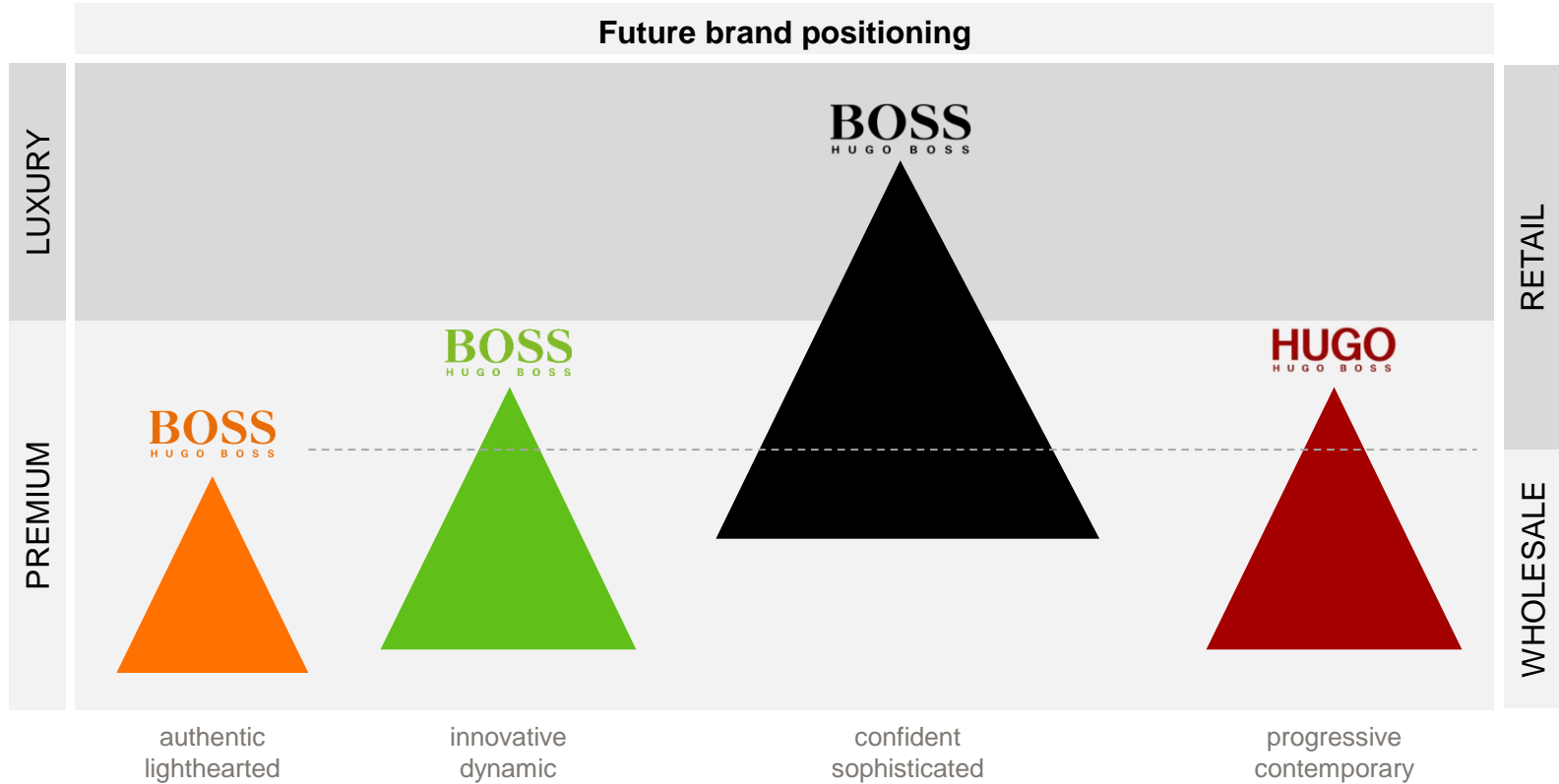
Increase

Management committed to making 2016 a year of change and opportunity



BACKUP

Brand portfolio



Brand portfolio*

BOSS
HUGO BOSS



72% of Group sales
modern / sophisticated

BOSS
HUGO BOSS



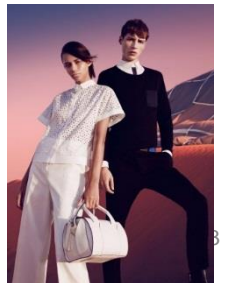
9% of Group sales
modern / active

BOSS
HUGO BOSS



9% of Group sales
casual / urban chic

HUGO
HUGO BOSS



10% of Group sales
progressive / contemporary

*as of FY 2015

Sales by region 2015

Share of Group sales*



Europe

(incl. Middle East/Africa)

60%

Germany:	17%
Great Britain:	12%
France:	6%
Benelux:	5%
Other:	20%



Americas

24%

U.S.:	19%
Canada:	3%
Central & South America:	2%



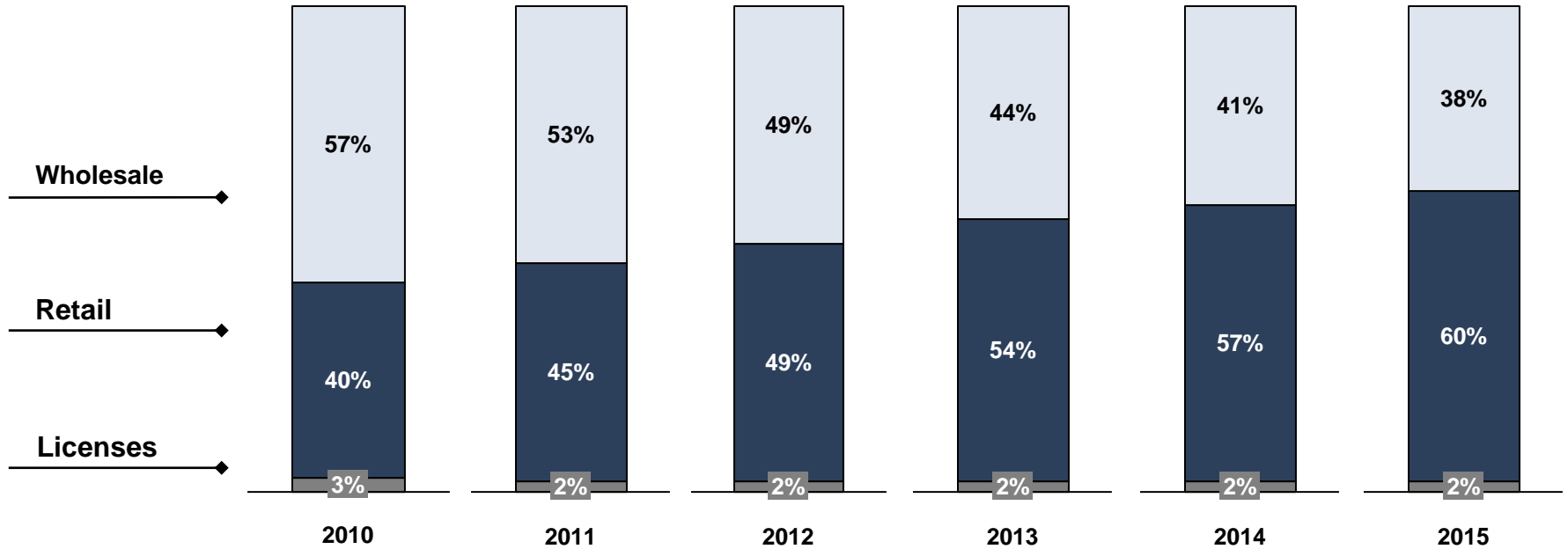
Asia/Pacific

14%

China:	8%
Oceania:	2%
Japan:	2%
Other:	2%

*+2% Licenses

Sales by distribution channel



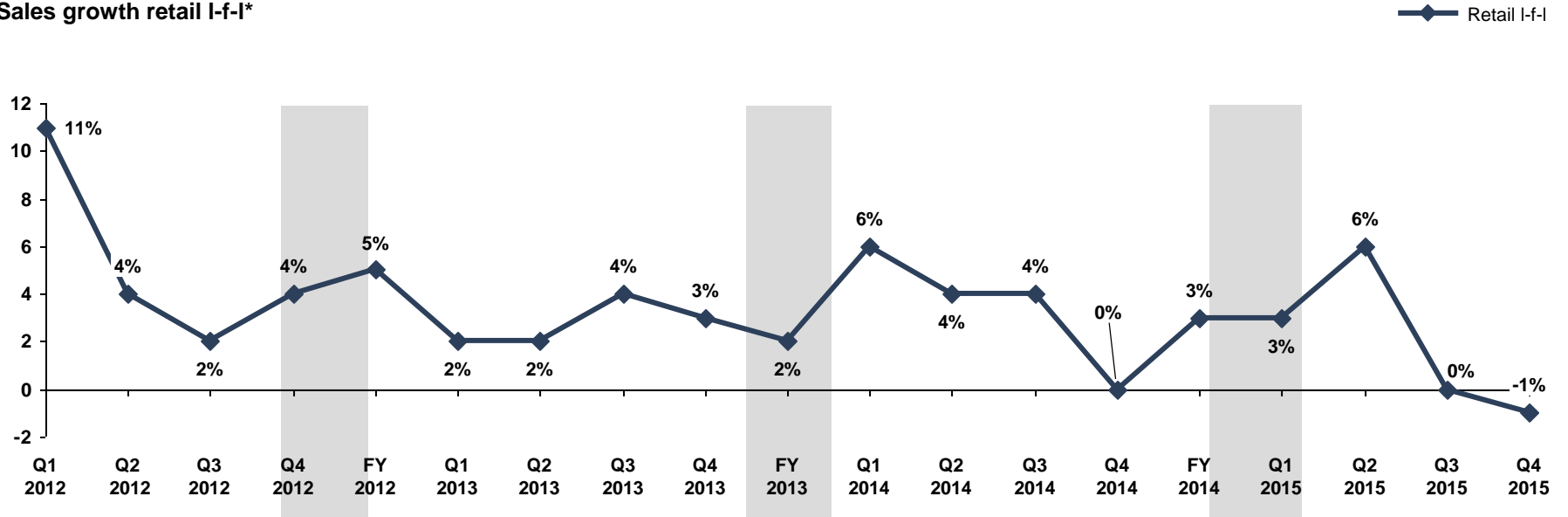
Multi-Year overview

In EUR million	2015	2014	2013	2012	2011	2010
Sales	2,808.7	2,571.6	2,432.1	2,345.9	2,058.8	1,729.4
Gross profit	1,852.8	1,699.1	1,579.6	1,444.1	1,252.0	1,022.4
EBITDA	589.9	571.5	561.4	523.9	468.0	340.1
EBITDA before special items	594.1	590.8	564.7	528.1	469.5	353.7
EBIT	447.7	448.7	456.2	432.0	394.6	267.9
Net income	319.4	333.3	329.0	306.5	284.9	188.9
Free cash flow	207.6	268.4	230.0	220.6	194.9	246.3
Net debt	82.2	35.7	57.0	130.4	149.1	201.1
Capex	220.3	134.7	185.3	165.8	108.5	55.6
Depreciation/amortization	142.1	122.8	105.3	91.9	73.4	72.2
Dividend	249.8***	249.8	230.5	215.3	199.1	139.7
Total assets	1,800.3	1,661.8	1,501.3	1,577.2	1,419.6	1,342.8
Shareholders equity	955.7	843.9	740.3	631.6	517.3	361.2
Trade net working capital	527.6	503.0	431.8	408.5	399.6	322.7
Non-current assets	764.6	660.3	611.5	587.7	503.2	454.5
Gross profit margin in %	66.0	66.1	64.9	61.6	60.8	59.1
Adjusted EBITDA margin in %*	21.2	23.0	23.2	22.5	22.8	20.5
Total leverage**	0.1	0.1	0.1	0.2	0.3	0.6
Equity ratio in %	53.1	50.8	49.3	40.0	36.4	26.9

*EBITDA before special items/Sales **Net financial liabilities/EBITDA before special items ***Based on dividend proposal of €3.62 per share
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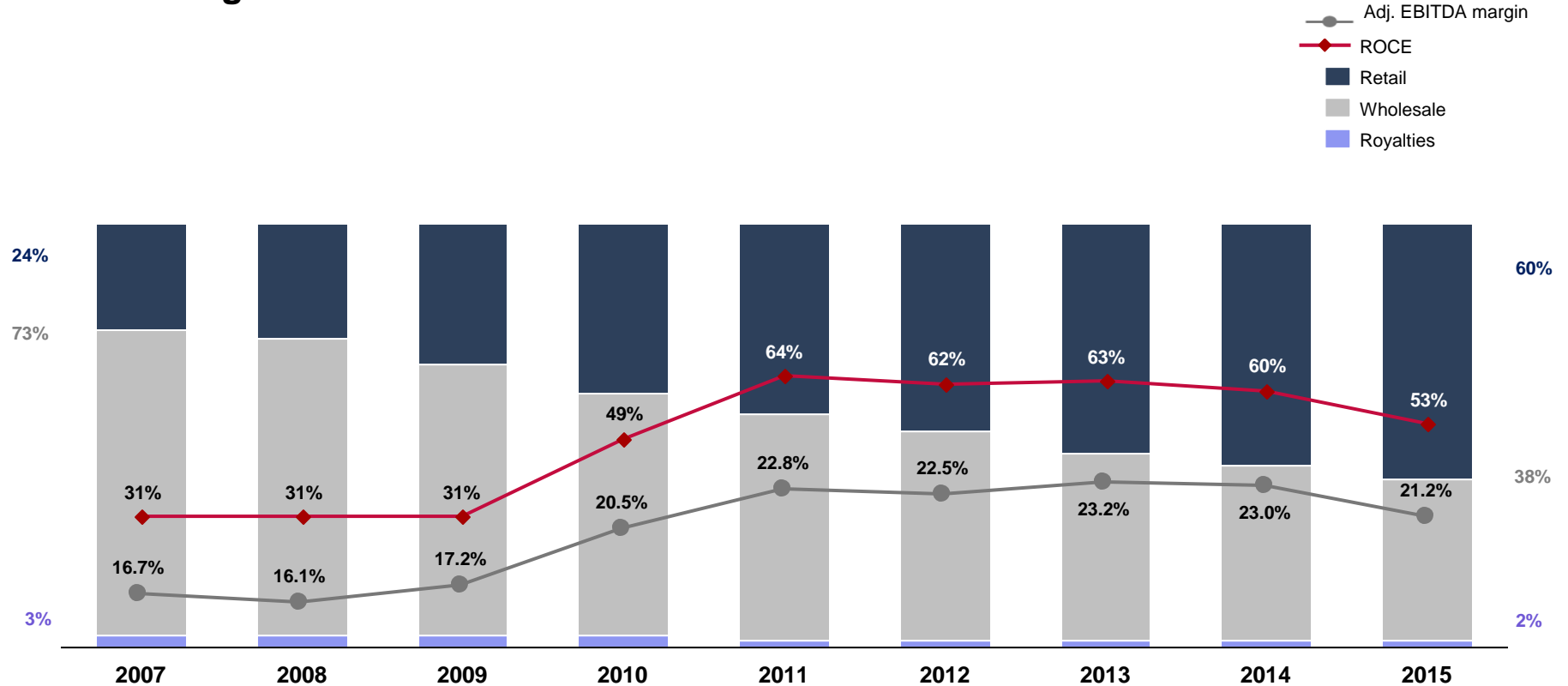
Retail comp stores sales growth

Sales growth retail I-f-I*



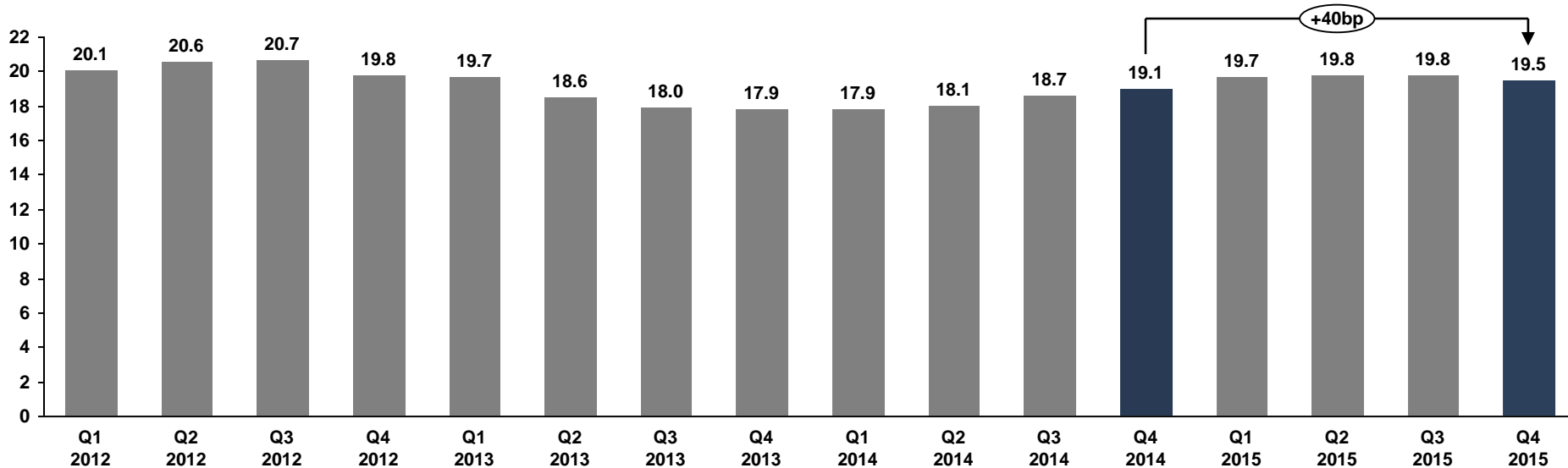
*FX-adjusted

EBITDA margin and ROCE vs. channel mix



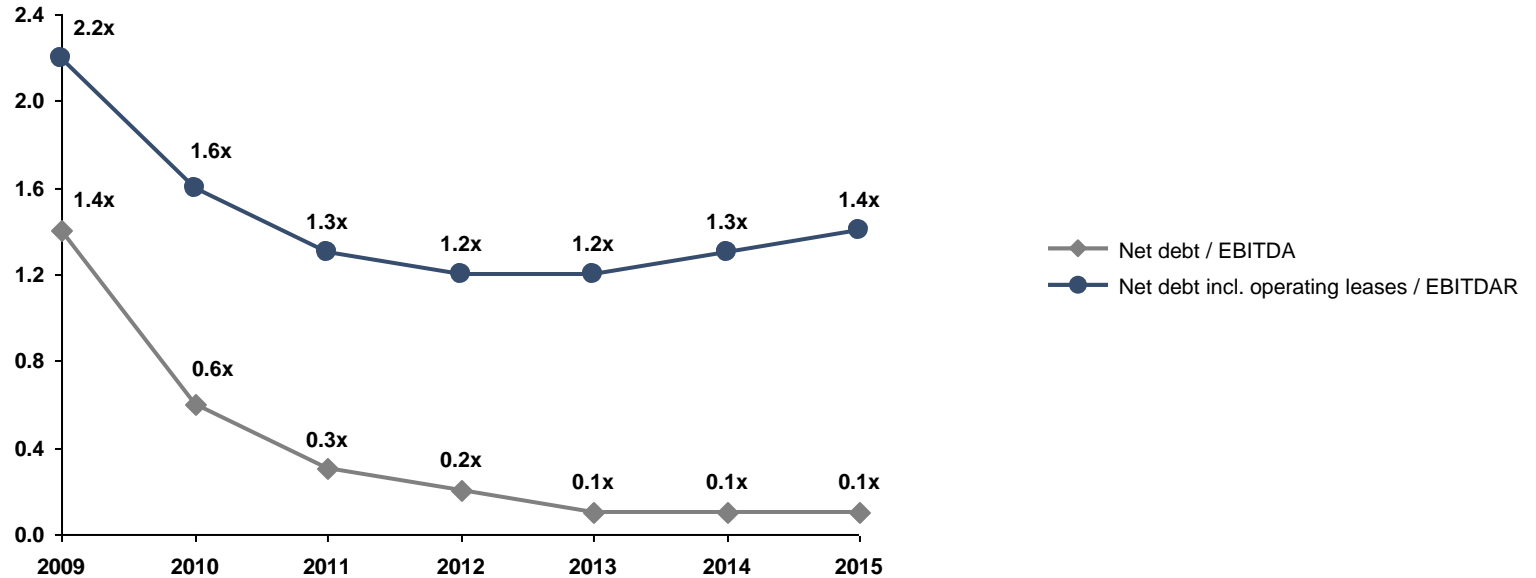
Trade net working capital in relation to sales

Average trade net working capital as a percentage of sales by quarter*
(in %)



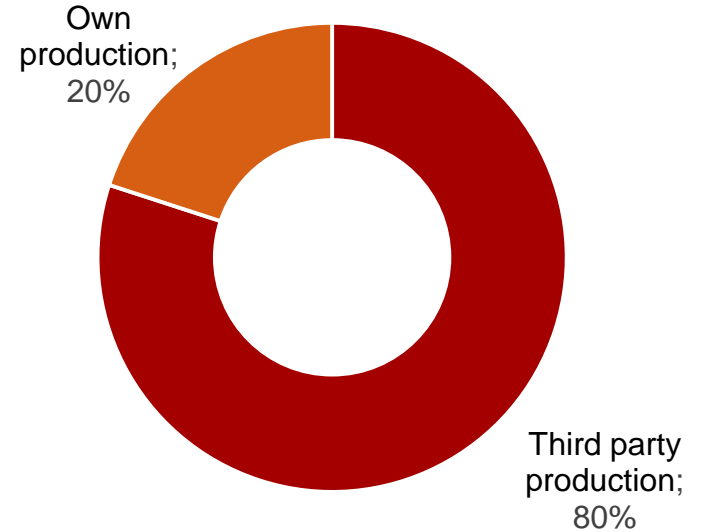
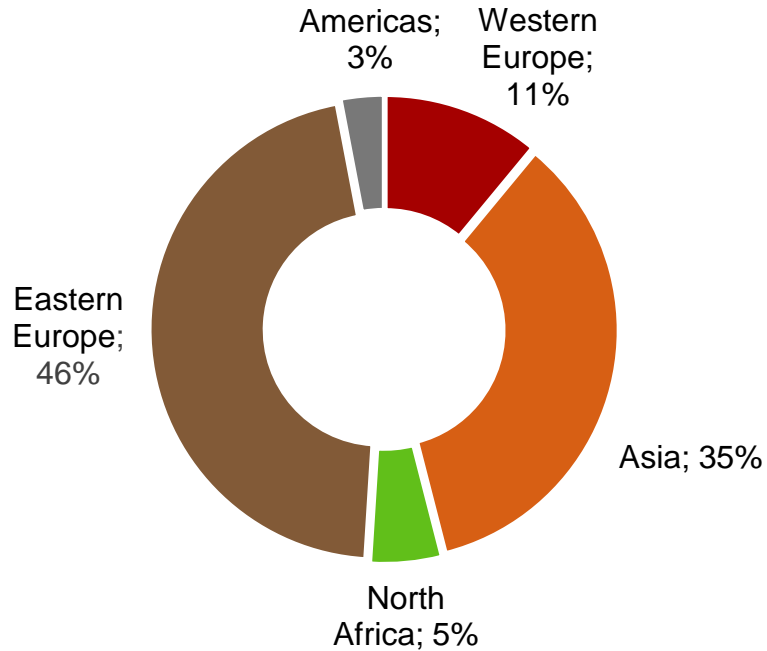
*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made

(Adjusted) financial leverage



Operating leases = Future committed operating lease obligations capitalized according to S&P methodology
 EBITDAR = EBITDA + minimum rents + contingent rents

Sourcing and production structure 2015*

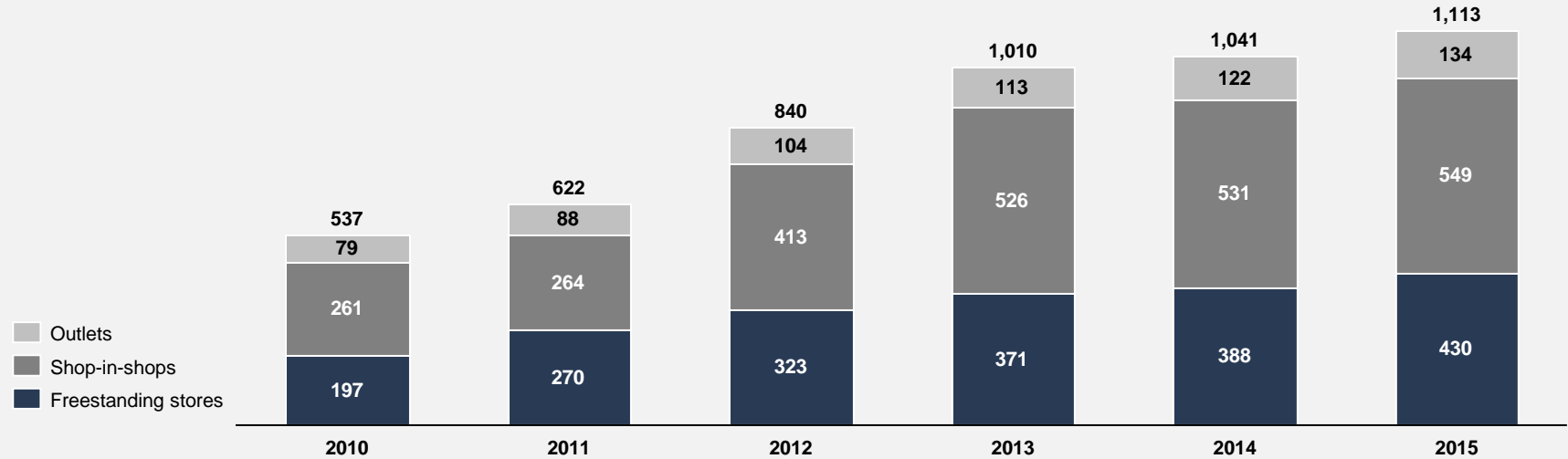


*Percentage based on value of procurement volumes

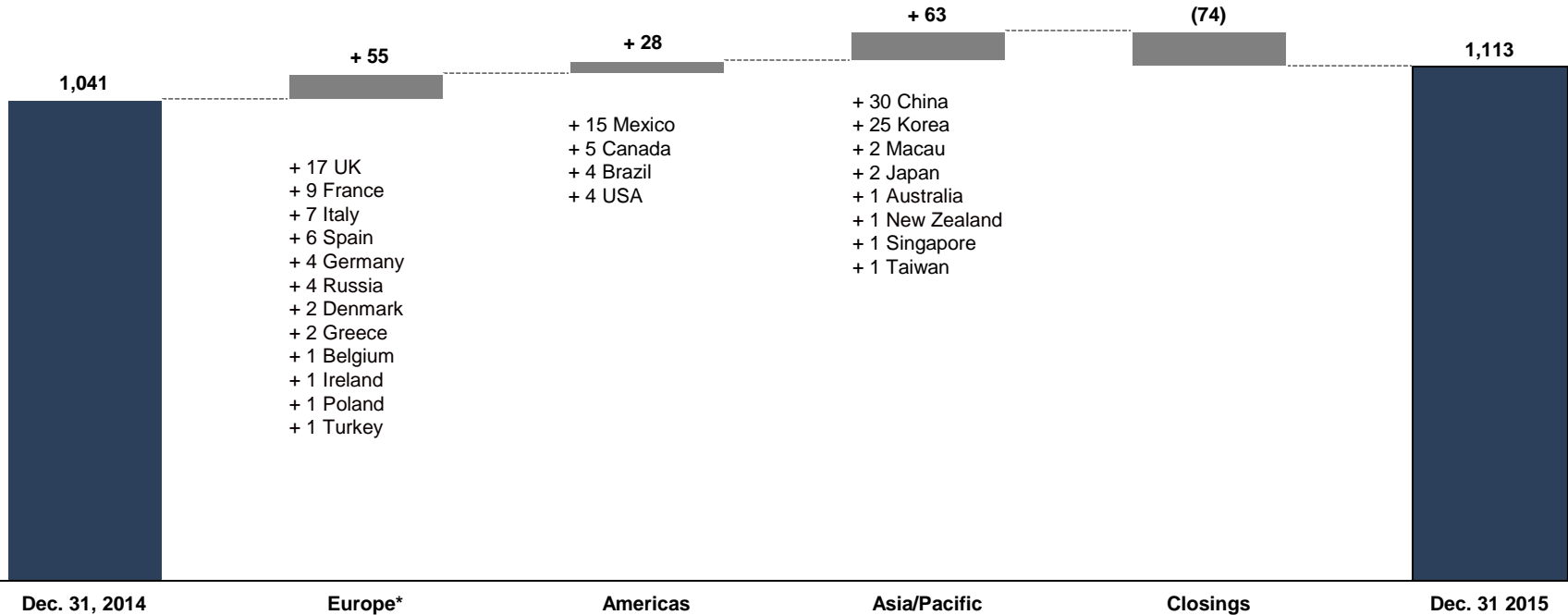
Retail network

Number of own retail stores

as of December 31



Retail network (continued)



*Europe incl. Middle East and Africa

HUGO BOSS share

Key Share Data

ISIN

DE000A1PHFF7

WKN

A1PHFF

Ticker Symbol

BOSS

Stock exchanges: Xetra, Frankfurt/Main, Stuttgart, Dusseldorf, Hamburg, Munich, Hanover, Berlin/Bremen

Analyst coverage

The HUGO BOSS AG share is covered by the following financial analysts:

Institution	Analyst
Baader Bank	Volker Bosse
Bankhaus Lampe	Peter Steiner
Bank of America Merrill Lynch	Ashley Wallace
Barclays	Julian Easthope
Bryan Garnier	Cédric Rossi
Citigroup	Thomas Chauvet
Commerzbank	Andreas Riemann
Credit Suisse	Guillaume Gauville
Deutsche Bank	Warwick Okines
DZ Bank	Herbert Sturm
equinet	Mark Josefson
Exane BNP Paribas	Luca Solca
Goldman Sachs	William Hutchings
Hauck & Aufhäuser	Christian Schwenkenbecher
HSBC	Antoine Belge

Institution	Analyst
Invest Securities	Peter Farren
Jefferies	Charmaine Yap
J.P. Morgan	Melanie Flouquet
Kepler Cheuvreux	Jürgen Kolb
LBBW	Thomas Hofmann
M.M. Warburg	Jörg Philipp Frey
MainFirst	John Guy
Mirabaud Securities	Alessandro Migliorini
Morgan Stanley	Elena Mariani
Nomura	Christopher Walker
Nord LB	Wolfgang Vasterling
Oddo Seydler	Martin Decot
RBC	Claire Huff
Société Générale	Thierry Cota
UBS	Fred Speirs

Level I ADR program

ADR Details	
Market	OTC
Symbol	BOSSY
CUSIP	444560106
Ratio	5 : 1
Country	Germany
Effective Date	Jan 18, 2013
Underlying SEDOL	B88MHC4
Underlying ISIN	DE000A1PHFF7
Depository	BNY Mellon

Benefits of ADRs for U.S. investors

- Clear and settle according to normal U.S. standards
- Offer the convenience of stock quotes and dividend payments in U.S. dollars
- Can be purchased/sold in the same way as other U.S. stocks via a U.S. broker
- Provide a cost-effective means of international portfolio diversification

For questions about creating HUGO BOSS ADRs, please contact BNY Mellon:

New York

Rick Maehr / Ravi Davis
 email: ADRDesk@bnymellon.com
 Tel: +1 212 815 2264

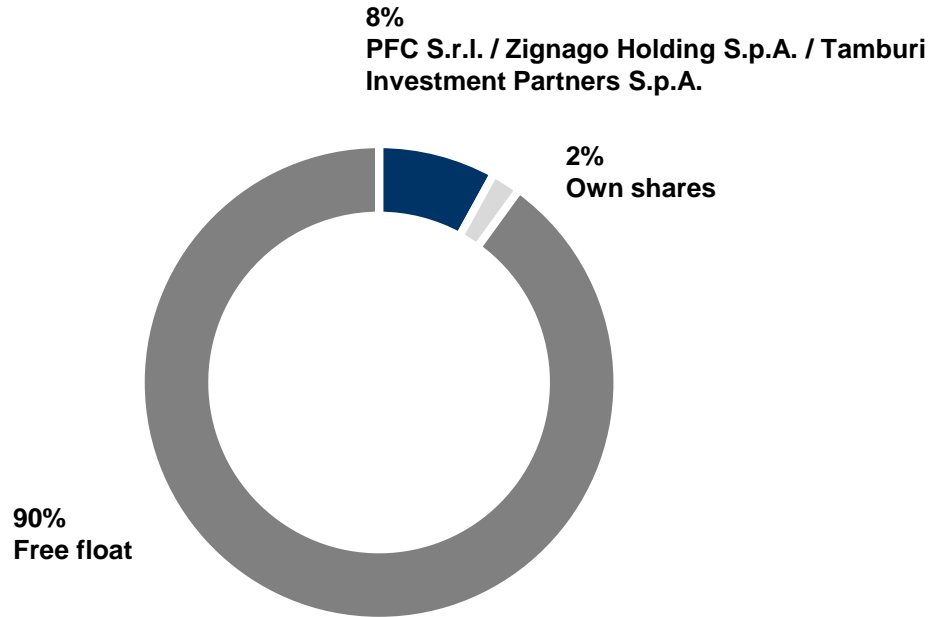
London

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Hong Kong

Herston Powers
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 Tel: +852 2840 9868

Shareholder structure*



*Source: Share register, voting rights notifications (as of February, 2016)

Financial calendar 2016

Date	Event
May 3, 2016	First Quarter Results
May 19, 2016	Annual Shareholders' Meeting
August 5, 2016	First Half Year Results
November 4, 2016	Nine Months Results

Investor Relations contact

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Forward looking statements contain risks

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate ", "assume ", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should", and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

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