

H U G O B O S S

HUGO BOSS

Warburg Roadshow

FRANKFURT

MAY 16, 2018





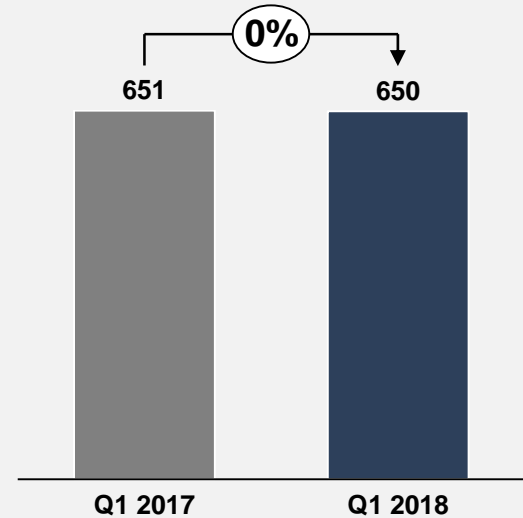
FINANCIAL PERFORMANCE Q1 2018

HUGO BOSS records solid currency-adjusted sales growth in the first quarter



Group sales
(in EUR million)

+5% fx-adjusted

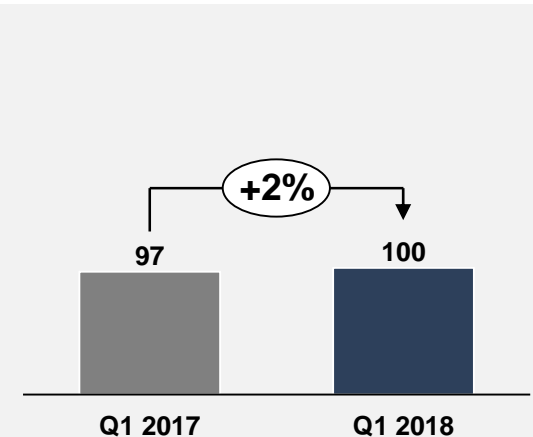
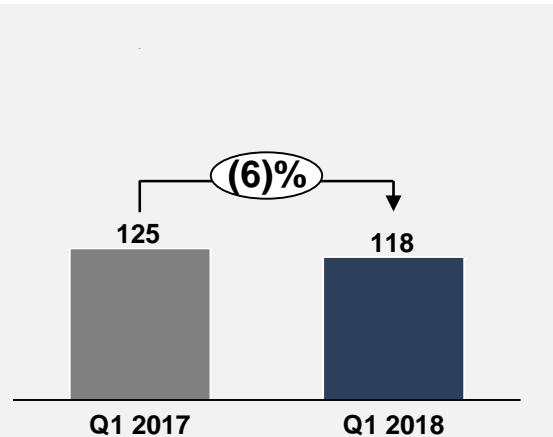
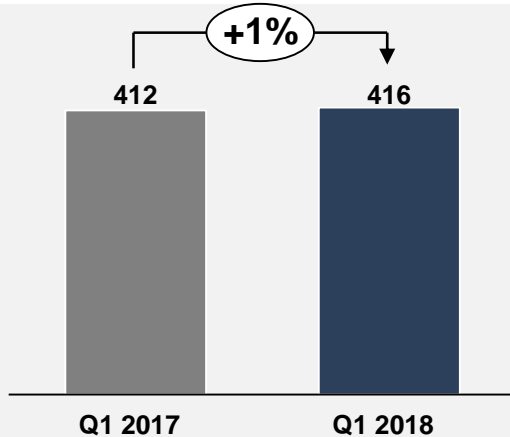


All regions contribute to currency-adjusted Group sales growth

Europe Sales*
+3% fx-adjusted

Americas Sales*
+7% fx-adjusted

Asia/Pacific Sales*
+12% fx-adjusted



■ Sales increase primarily driven by UK, Benelux and France

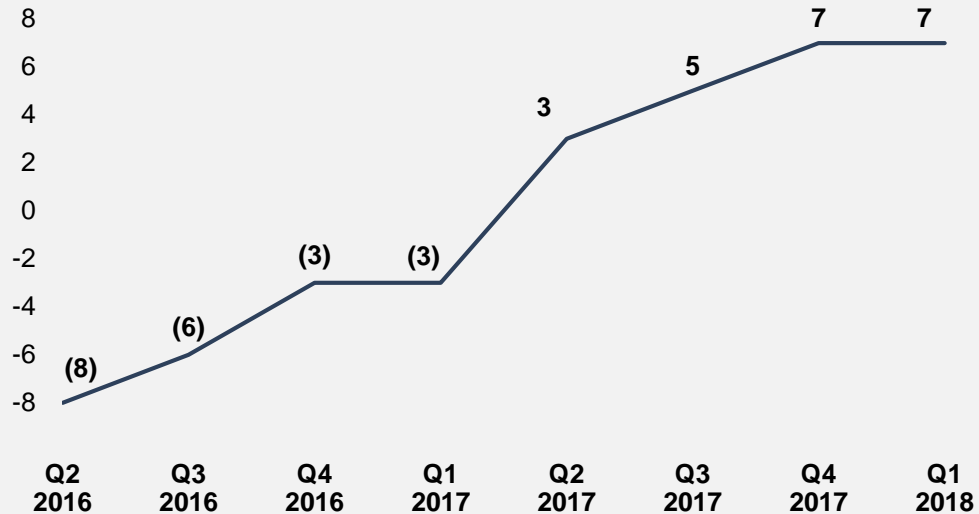
■ U.S. comp store sales growth in the double digits

■ Strong recovery in Hong Kong and Macau contributes to sales increase in China

First quarter performance confirms good momentum in own retail

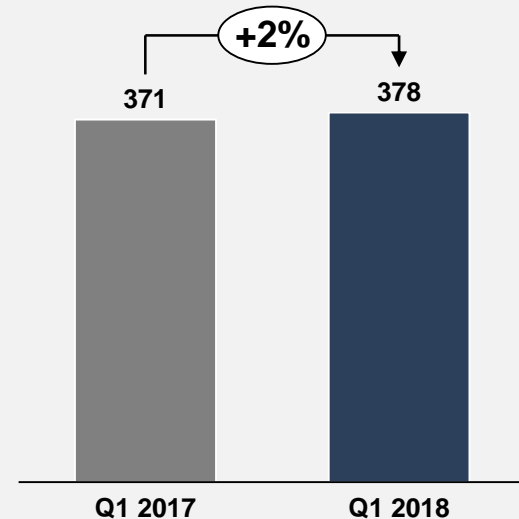
Comp store sales growth (fx-adjusted)

+7%



Retail sales (in EUR million)

+8% fx-adjusted



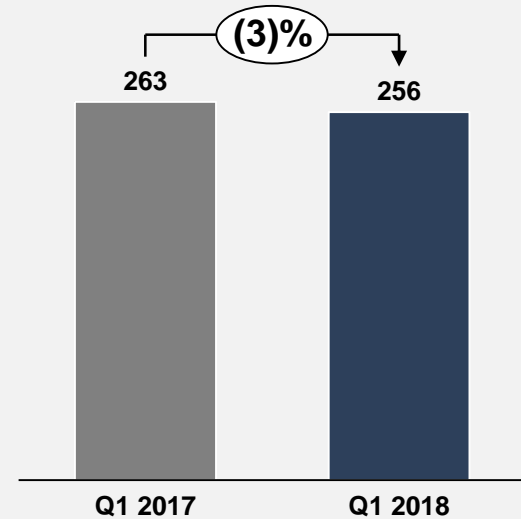
Mixed sales trends in the wholesale channel

- Declines in the Americas offset by Europe
- Online outperforms the physical channel
- Challenging overall market conditions set to continue

Wholesale sales

(in EUR million)

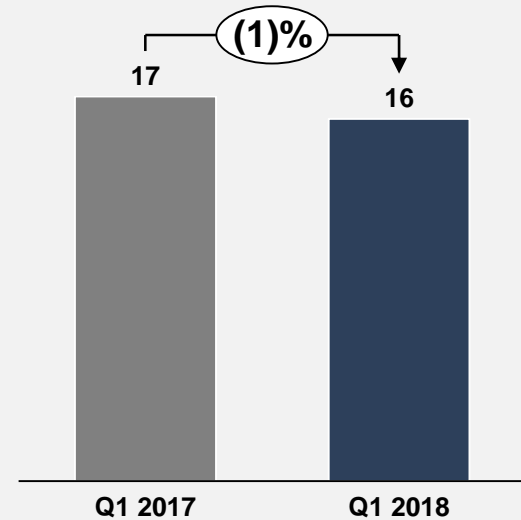
+1% fx-adjusted



Sales decline in the quarter masks positive outlook for license business



License sales
(in EUR million)
(1)% fx-adjusted

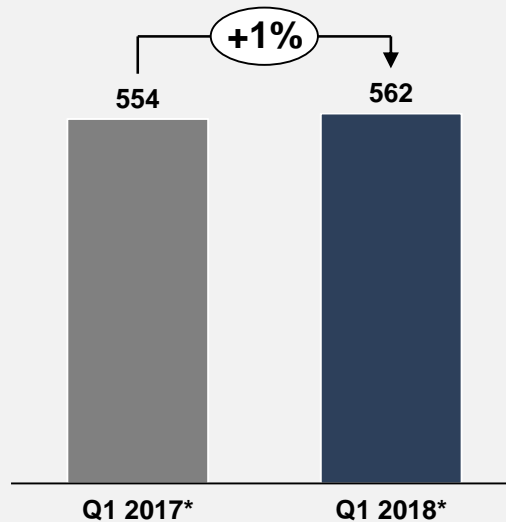


Casualwear grows disproportionately at both brands

- Collection upgrade drives growth of BOSS Casualwear
- Strategic distribution changes impact HUGO sales
- Menswear up 6%, womenswear down 3%

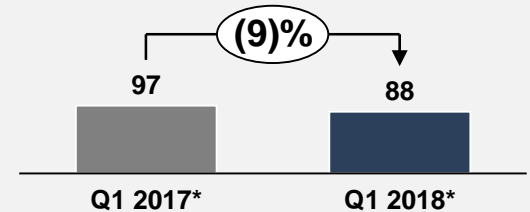
BOSS
HUGO BOSS

+7% fx-adjusted



HUGO
HUGO BOSS

(6)% fx-adjusted



*in EUR million.

Operating expense decline supports EBITDA growth

Gross margin

64.0 %



Administration expenses

74 EUR million



EBIT

70 EUR million



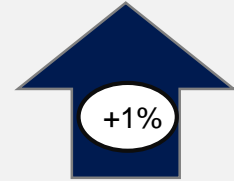
Selling & distribution expenses

272 EUR million



EBITDA (before special items)

99 EUR million



Net income

50 EUR million

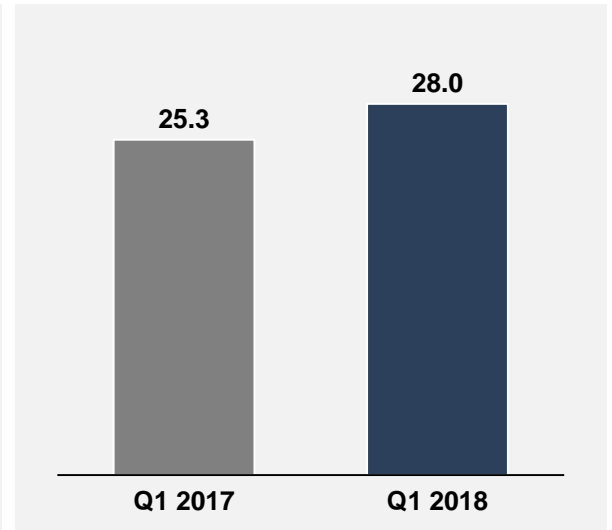
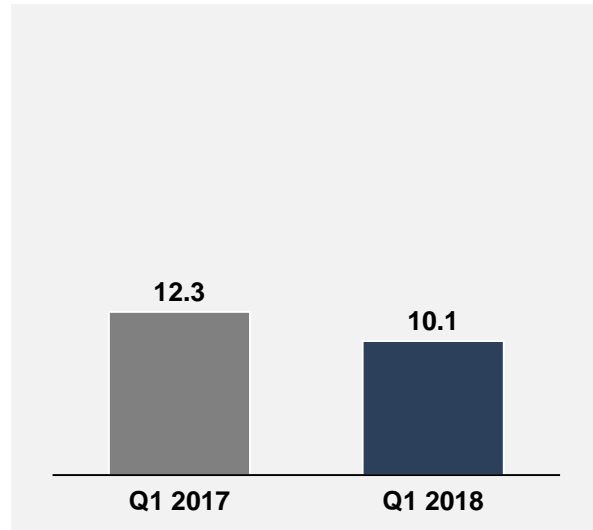
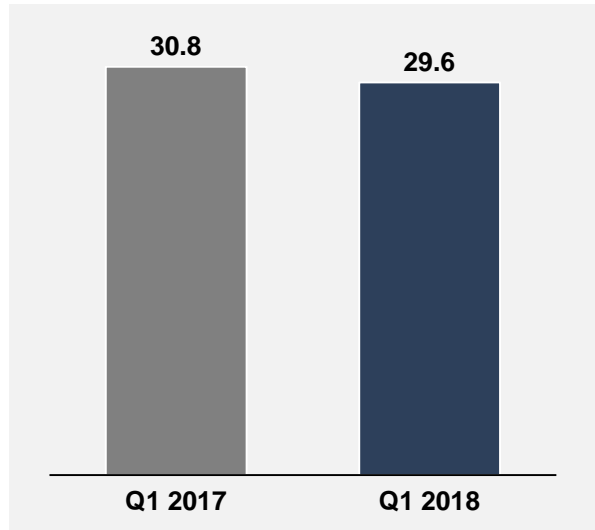


Margin in Asia/Pacific expands strongly

Europe
(in %)
(120) bp

Americas
(in %)
(220) bp

Asia/Pacific
(in %)
+270 bp



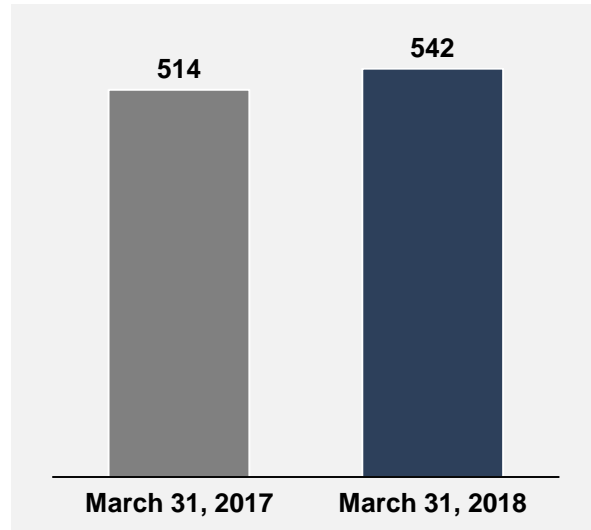
Inventory development normalizes following significant declines in 2017

- Inventory growth to support future sales increases in own retail
- Trade net working capital up 3% on a currency-adjusted basis
- Ratio of working capital to sales still significantly below prior-year level

Inventories
(in EUR million)

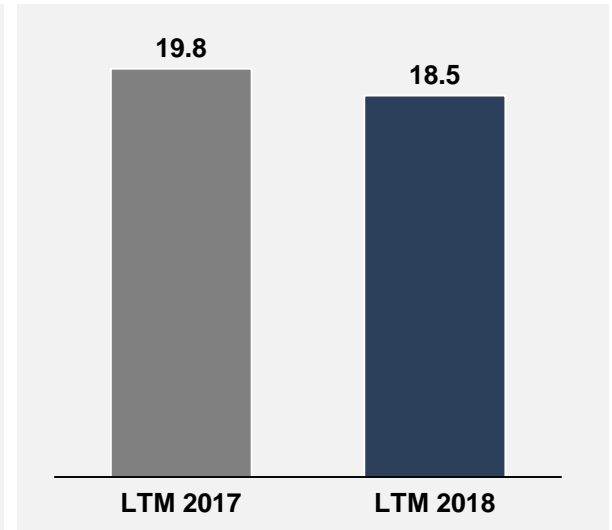
+5%

+11% fx-adjusted



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

(130) bp



Working capital build-up affects free cash flow in seasonally small quarter

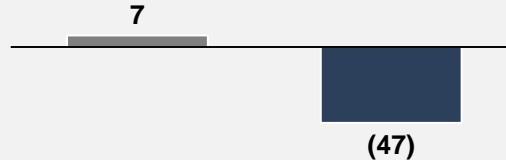
Capital expenditure
(in EUR million)
(23)%



Jan. - March 2017 Jan. - March 2018

■ Decline due to phasing effects and fewer store openings

Free cash flow
(in EUR million)
<(100)%



Jan. - March 2017 Jan. - March 2018

■ Working capital increase weighs on cash flow generation

Net financial liabilities
(in EUR million)
(50)%



March 31, 2017 March 31, 2018

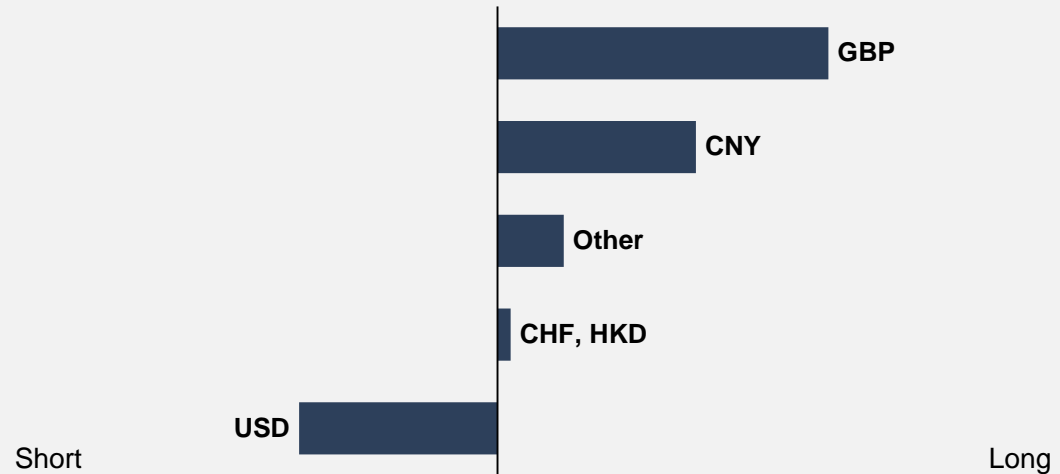
■ Decline due to strong cash flow generation in 2017

Exchange rate effects are impacting the Group's financial results

- Translation of foreign subsidiary results and split of sourcing operations create currency risks
- Impact from euro appreciation versus British pound and Chinese yuan
- Impact on EBITDA before special items amounted to around EUR 20 million in 2017, around EUR 10 million in 2018e

Net exposure by currency, EBITDA before special items

(indicative)



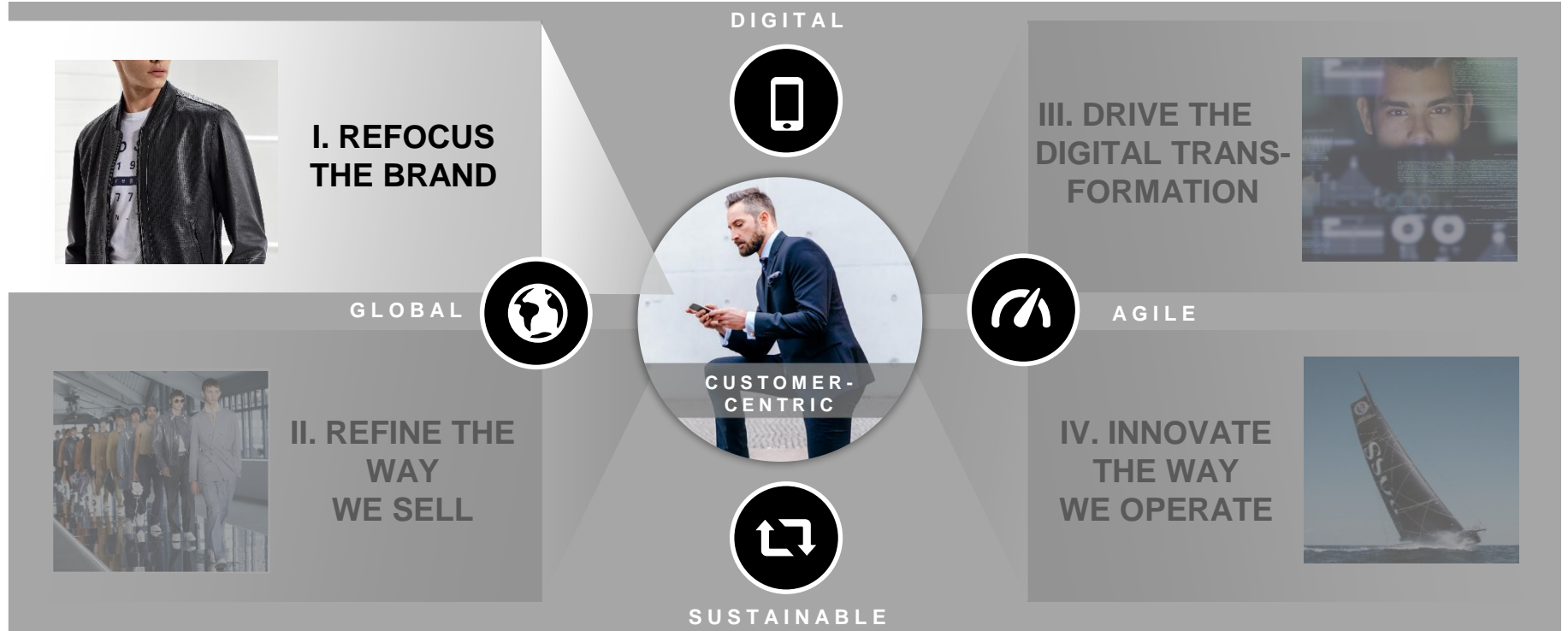


GROUP STRATEGY

Group strategy focuses on four fields of action



Strategic Fields of Action



Two brands: BOSS and HUGO

#THISISBOSS



TWO BRANDS




#IAMHUGO



TWO BRAND IDENTITIES

TWO TARGET CUSTOMERS

BOSS and HUGO customers have different attitudes towards fashion

				
	<p>Status-oriented, traditional, rational</p>	<p>ATTITUDE</p>	<p>Open-minded, individual, spontaneous</p>	
	<p>Classic, modern, sophisticated</p>	<p>STYLE</p>	<p>Fashion-forward, contemporary, progressive</p>	
	<p>Highest quality, personal assistance</p>	<p>EXPECTS</p>	<p>Latest fashion trends, urban atmosphere</p>	
	<p>Retail & department stores, online</p>	<p>SHOPPING</p>	<p>Online, mobile, retail & department stores</p>	
<p>DEMANDING QUALITY SEEKER</p>		<p>OPEN-MINDED LIFE ENTHUSIAST</p>		

BOSS and HUGO are distinct brands based on a common set of values

BOSS
HUGO BOSS

HUGO
HUGO BOSS

BOSS STANDS FOR:

MASCULINITY/FEMININITY

SEXINESS & SUCCESS

STYLE & PRECISION

**BOSS dresses the drive.
For men on their way to greatness.
For women making bold moves.**

SHARED VALUES & BENEFITS

INNOVATION

PREMIUM QUALITY AND
PERFECT FIT

SUSTAINABILITY

TRUSTWORTHINESS

AUTHENTICITY

HUGO STANDS FOR:

CONTEMPORARY DESIGN

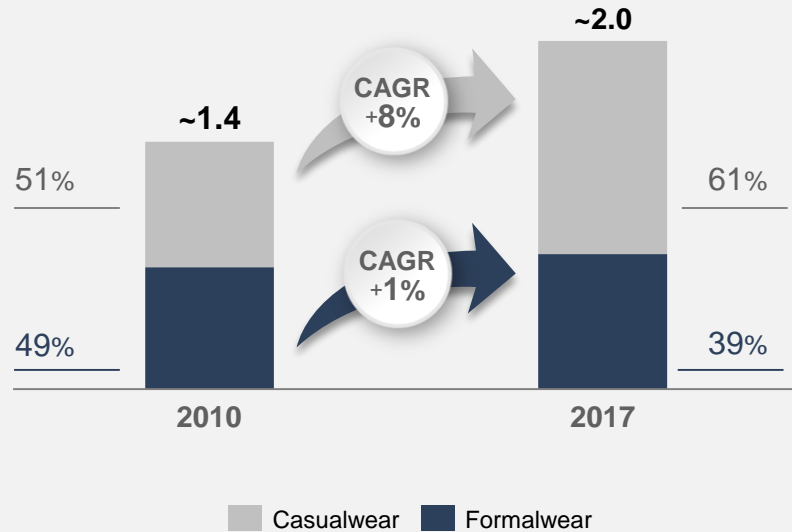
PROGRESSIVE LOOKS

FASHION - FORWARD

**HUGO is the platform of self-expression.
Prepare to embrace the possible.**

BOSS: Upgrade of casualwear and new interpretation of formalwear

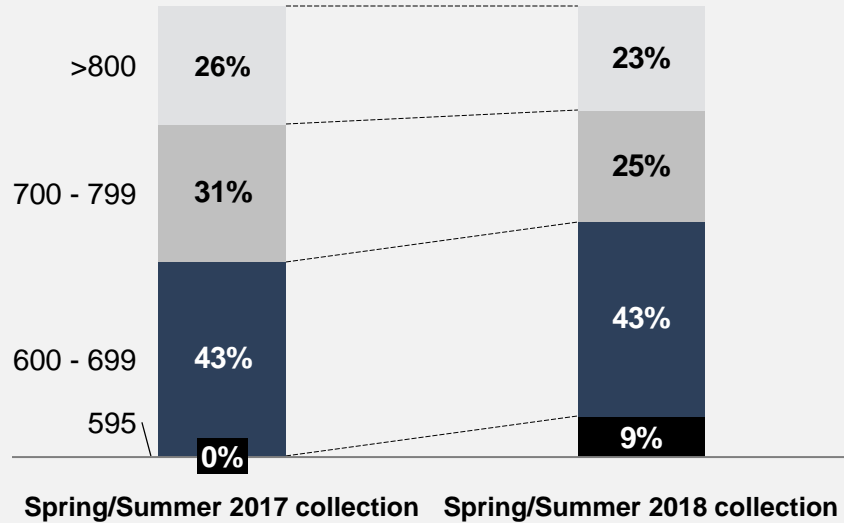
Split of BOSS brand sales by segment
In EUR billion



BOSS: Rebalanced offer takes advantage of BOSS core strength in upper premium

Suit offer by price point

Based on number of styles offered in France, in % of total



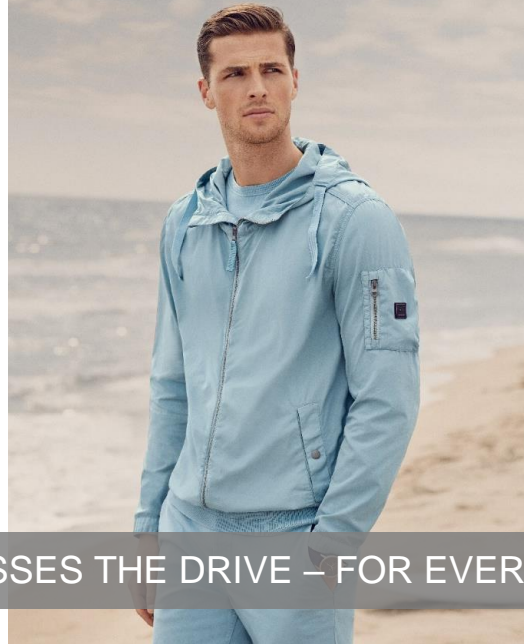
BOSS Menswear collection spans three wearing occasions

BOSS
HUGO BOSS

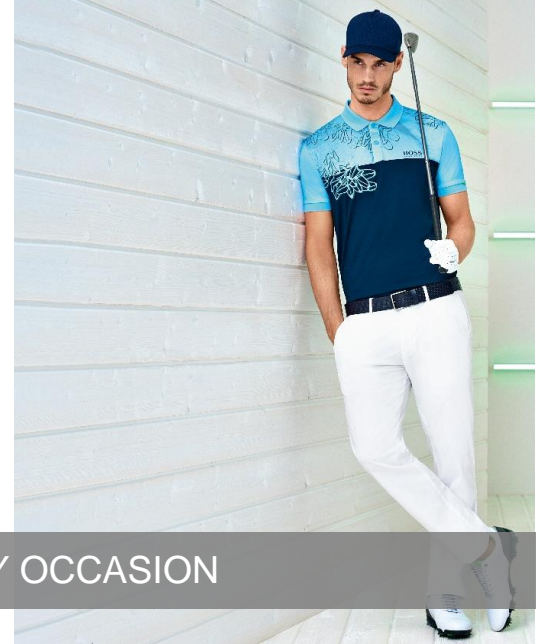
BUSINESS



CASUAL



ATHLEISURE



BOSS DRESSES THE DRIVE – FOR EVERY OCCASION

BOSS Womenswear collection consists of Business and Casual

BOSS
HUGO BOSS

BUSINESS

CASUAL



BOSS DRESSES THE DRIVE – FOR EVERY OCCASION

Business and Casual form HUGO Menswear

BUSINESS



CASUAL



HUGO
HUGO BOSS

HUGO IS THE PLATFORM OF SELF-EXPRESSION – FOR EVERY OCCASION

...and HUGO Womenswear collections

BUSINESS



CASUAL



HUGO
HUGO BOSS

HUGO IS THE PLATFORM OF SELF-EXPRESSION – FOR EVERY OCCASION

Positive feedback on BOSS fashion shows



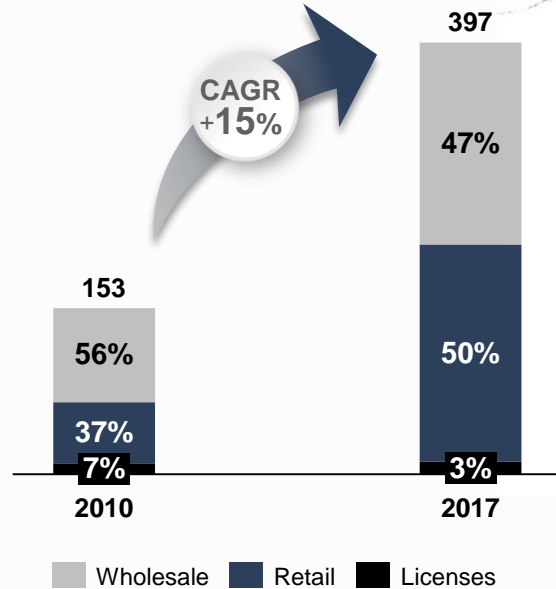
Florence fashion show marks the start of a new era for HUGO



HUGO has grown significantly above industry average in recent past

HUGO sales split by channel

In EUR million



- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

Strategic Fields of Action



Three key distribution priorities

1

Increase own retail sales productivity

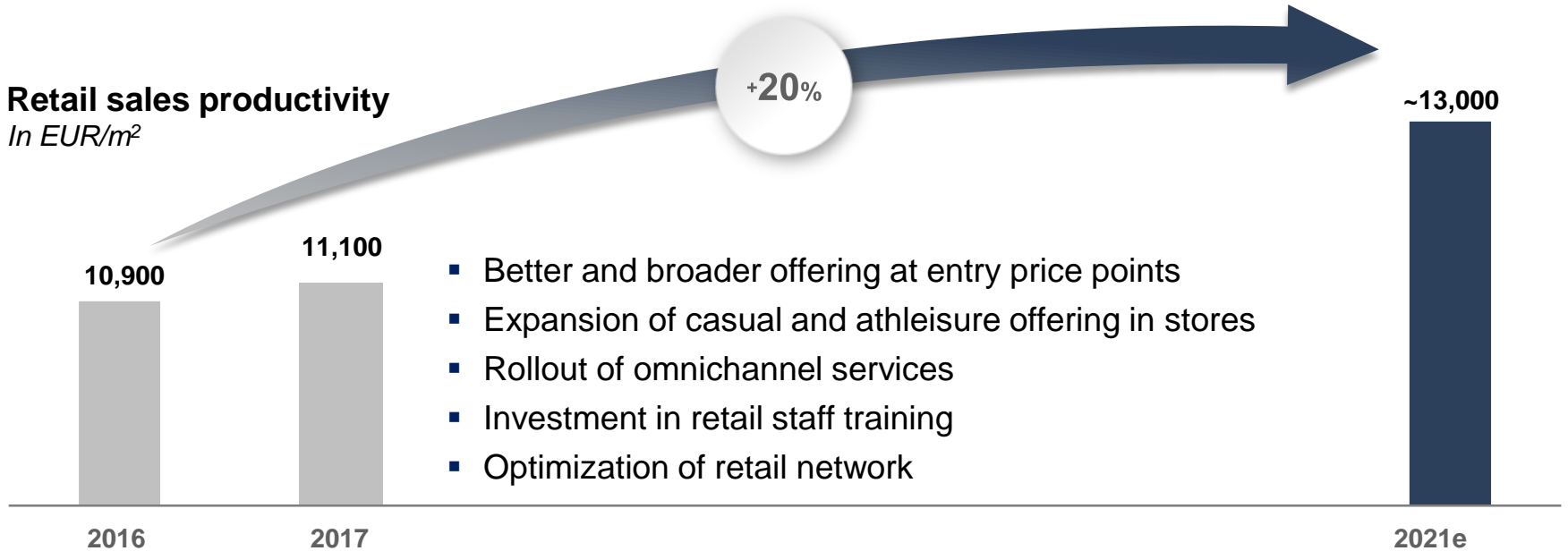
2

Exploit the full potential of online

3

Further integrate distribution across all channels

Retail sales productivity In EUR/m²

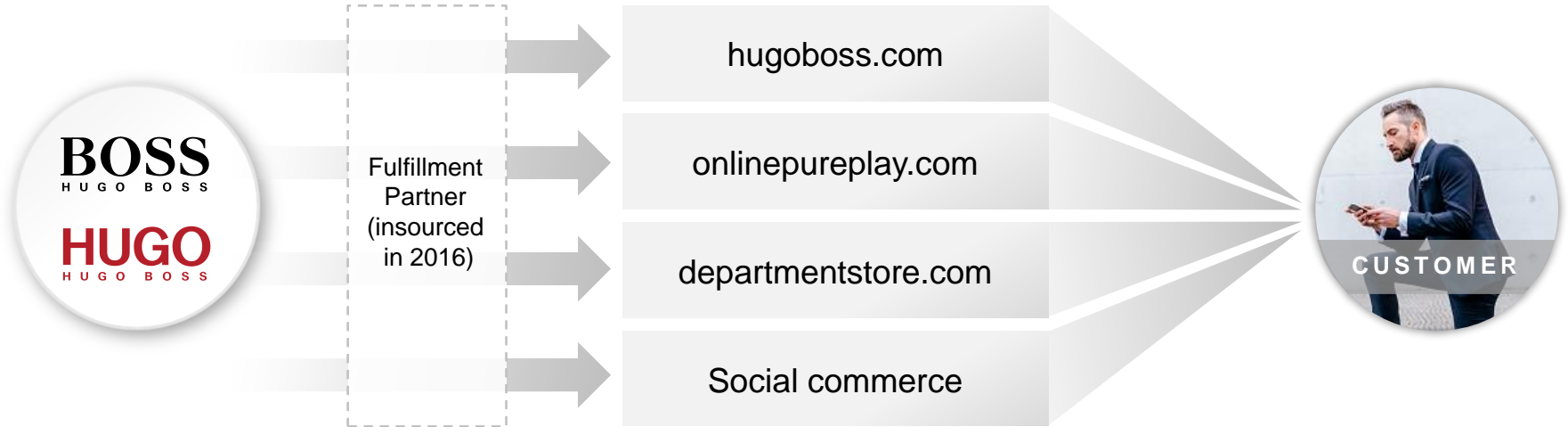


Three key distribution priorities

1 Increase own retail sales productivity

2 Exploit the full potential of online

3 Further integrate distribution across all channels



Improvements to hugoboss.com site will propel growth of online business

1

Increase own retail sales productivity

2

Exploit the full potential of online

3

Further integrate distribution across all channels

Search

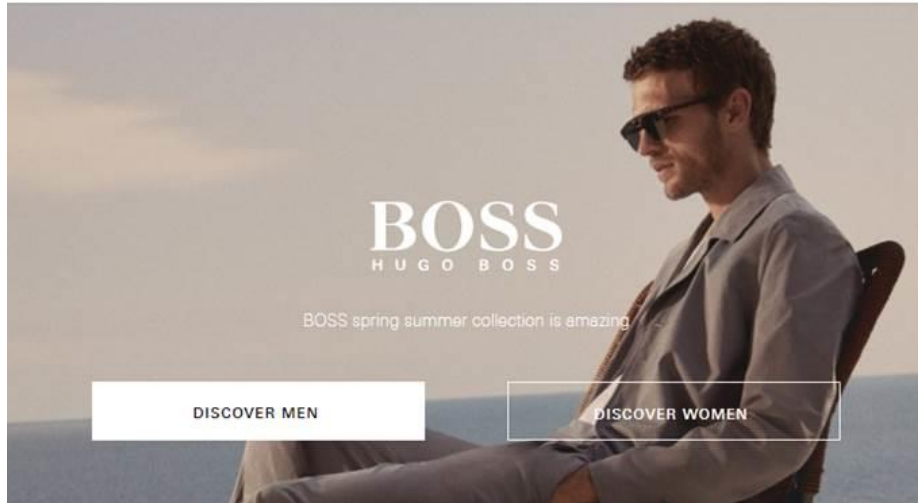
NEW IN

MEN

WOMEN

GIFTS

INSPIRATION



Omnichannel services link online and physical retailing

1

Increase own retail sales productivity

2

Exploit the full potential of online

3

Further integrate distribution across all channels



Store renovations will upgrade own retail network



Openings

- 15-20 freestanding store openings will strengthen the network
- This includes the opening of around 10 HUGO stores



Closures

- Store closures based on expiration of rental contract

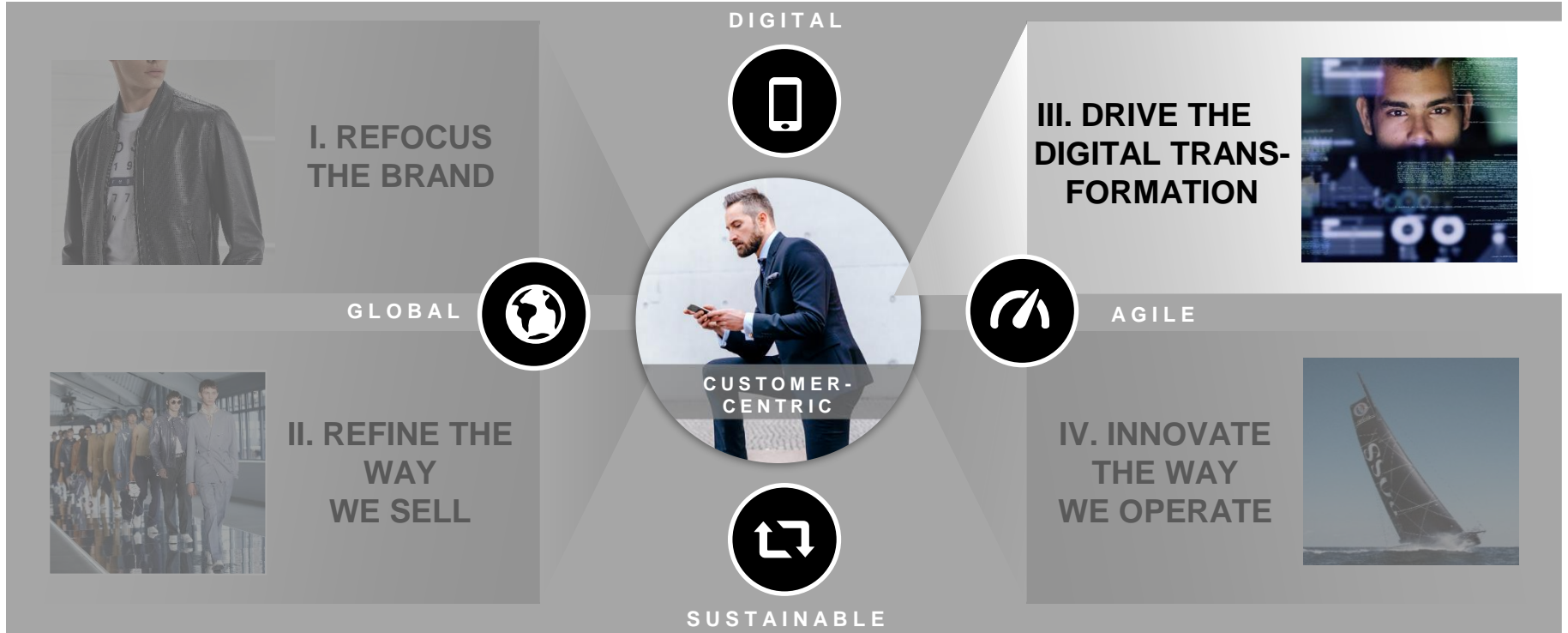


Renovations

- Renovations to account for the bulk of retail investments
- Around 150 POS renovations planned in 2018

► Own retail selling space will remain largely stable going forward

Strategic Fields of Action



Digital transformation comprises the entire value chain



**Product & collection
development**



**Sourcing
and production**

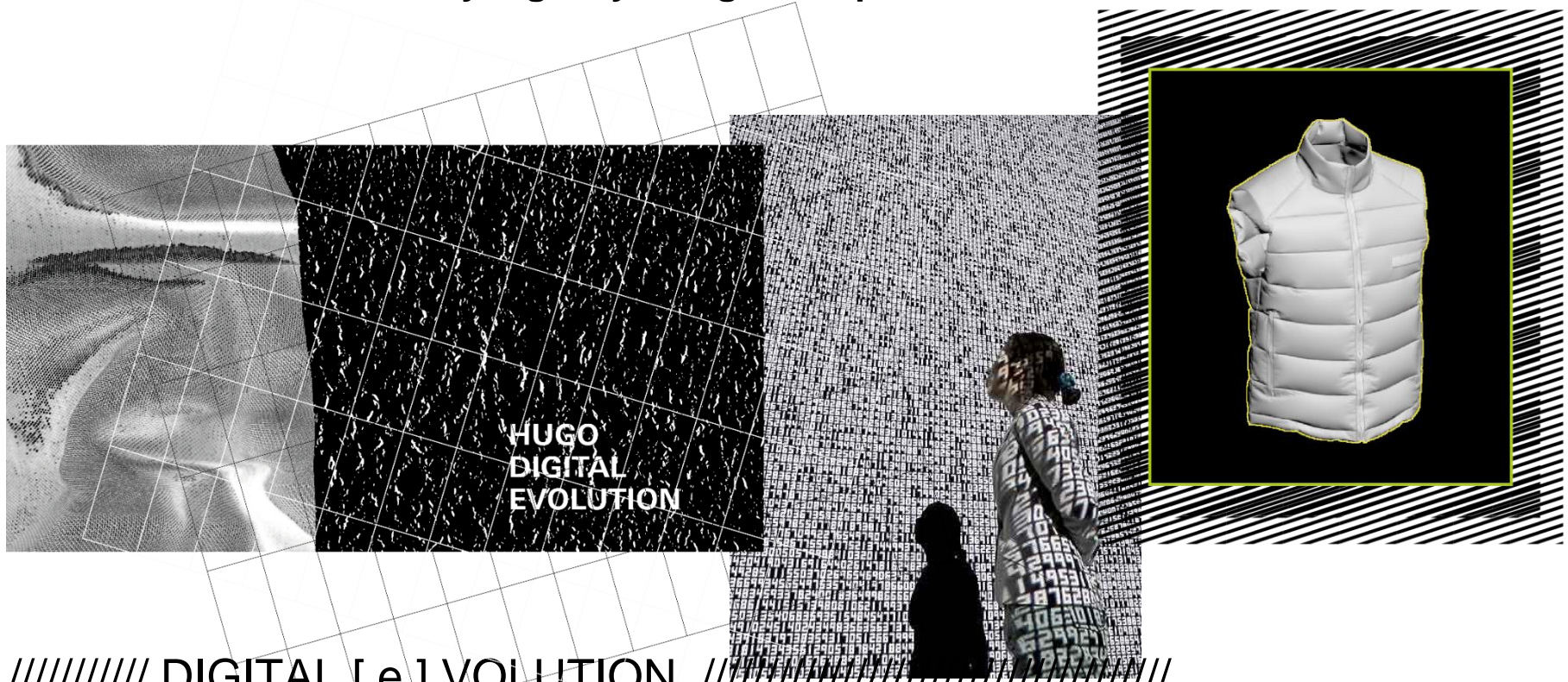


**Distribution
and logistics**



**Own retail and
wholesale distribution**

HUGO will launch first fully digitally designed capsule



HUGO
DIGITAL
EVOLUTION

////////// DIGITAL [e] VOLUTION //////////////////////////////////////

Production facility in Izmir is developing into a “smart factory”



Key elements of logistics infrastructure upgraded or renewed

European flat-packed goods
distribution center
Filderstadt, Germany

New construction
completed in 2014



US distribution center
**Midway (Georgia),
United States**

SAP implementation
completed in 2017



2014

2016

2017

European e-Com and
B-pool distribution center
**Wendlingen,
Germany**

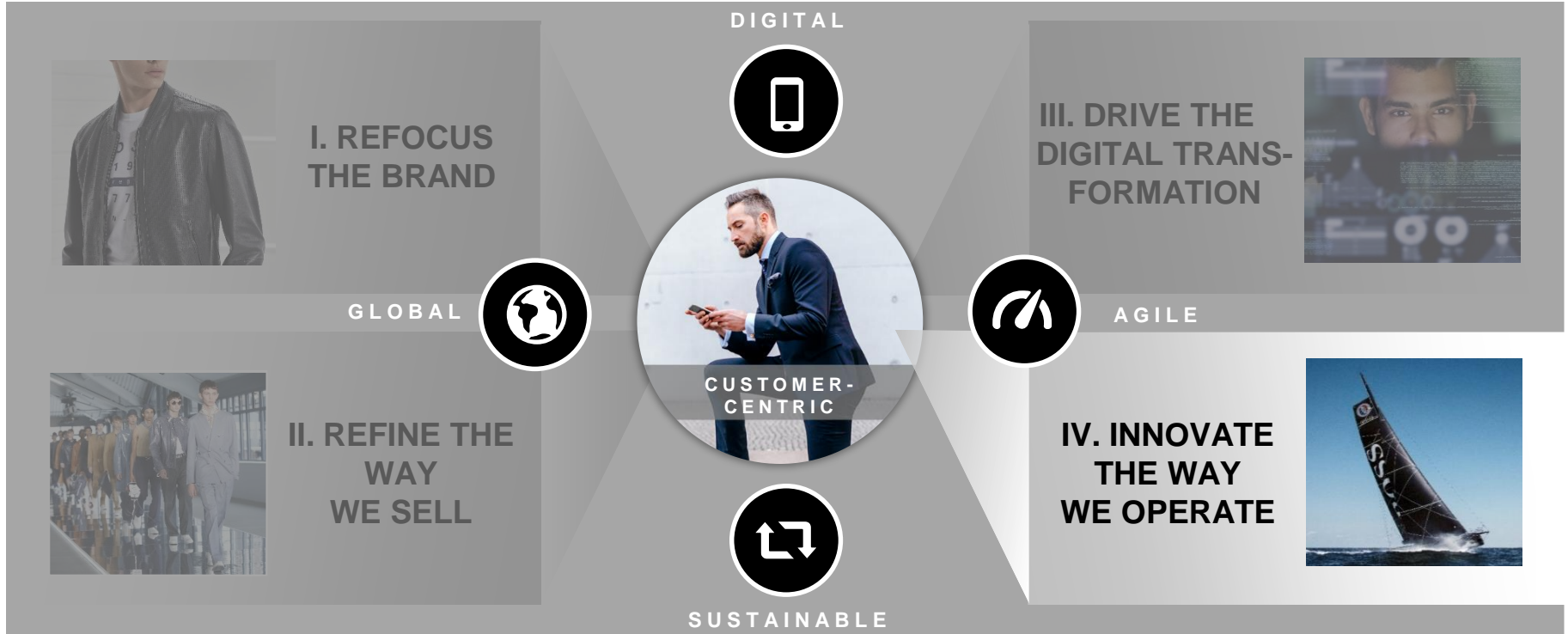
Refurbishment
completed in 2016



New store concepts create strong link between physical and digital retailing



Strategic Fields of Action



HUGO contributes to the transformation of the Group's culture



HUGO digital showroom rolled out in more European markets



Speed drives commercial success

**Replenish
sold-out
bestsellers
in-season**

**Adjust collection
content based on
short-term trends**

**Become more
flexible in our
approach
towards seasons**

Demand-driven supply
Supplement the regular collection
development process with a fast track concept
which reduces the time to market to weeks
rather than months



FINANCIAL AND OPERATIONAL OUTLOOK

Key principles of financial management reconfirmed



All regions and distribution channels will contribute to sales growth in 2018



Europe

Increase at a low to mid single-digit percentage rate

Retail

Increase at a mid single-digit percentage rate

Americas

Increase at a low single-digit percentage rate

Wholesale

Increase at a low single-digit percentage rate

Asia/Pacific

Increase at a mid to high single-digit percentage rate

Licenses

Increase at a mid single-digit percentage rate

*fx-adjusted

Outlook 2018: Growth set to accelerate compared to 2017 levels



Group sales

Increase at a low to mid single-digit percentage rate (fx-adjusted)

Consolidated net income

Increase at a low to mid single-digit percentage rate

Gross profit margin

Largely stable

Capital expenditure

EUR 170 million to EUR 190 million

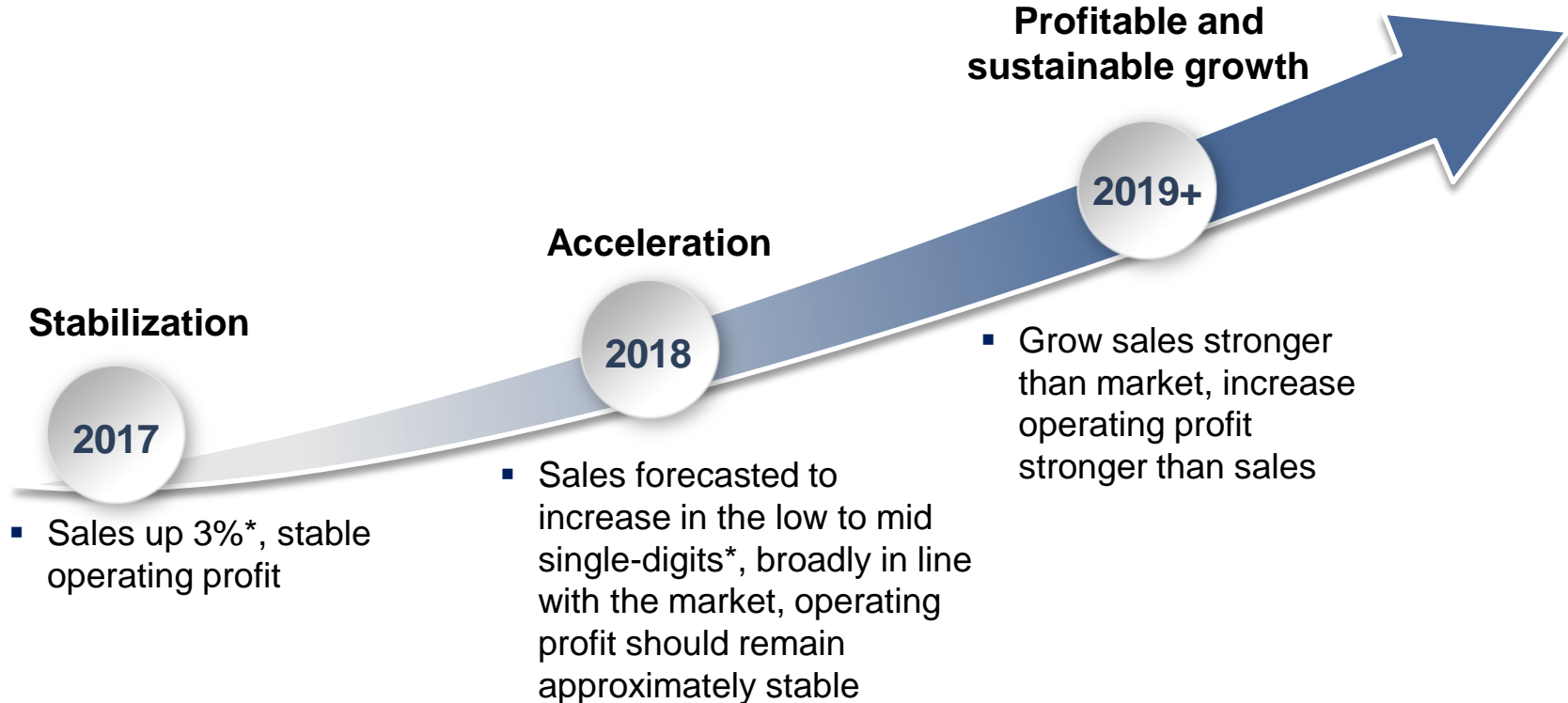
EBITDA (before special items)

Development within a range of -2% to +2%

Free cash flow

EUR 150 million to EUR 200 million

Strategy execution will drive profitable and sustainable growth



HUGO BOSS

Backup



Sales by region and major markets

Share of Group sales*



Europe

(incl. Middle East/Africa)

62%

Germany:	18%
Great Britain:	12%
France:	6%
Benelux:	5%
Other:	21%



Americas

21%

U.S.:	15%
Canada:	3%
Central & South America:	3%



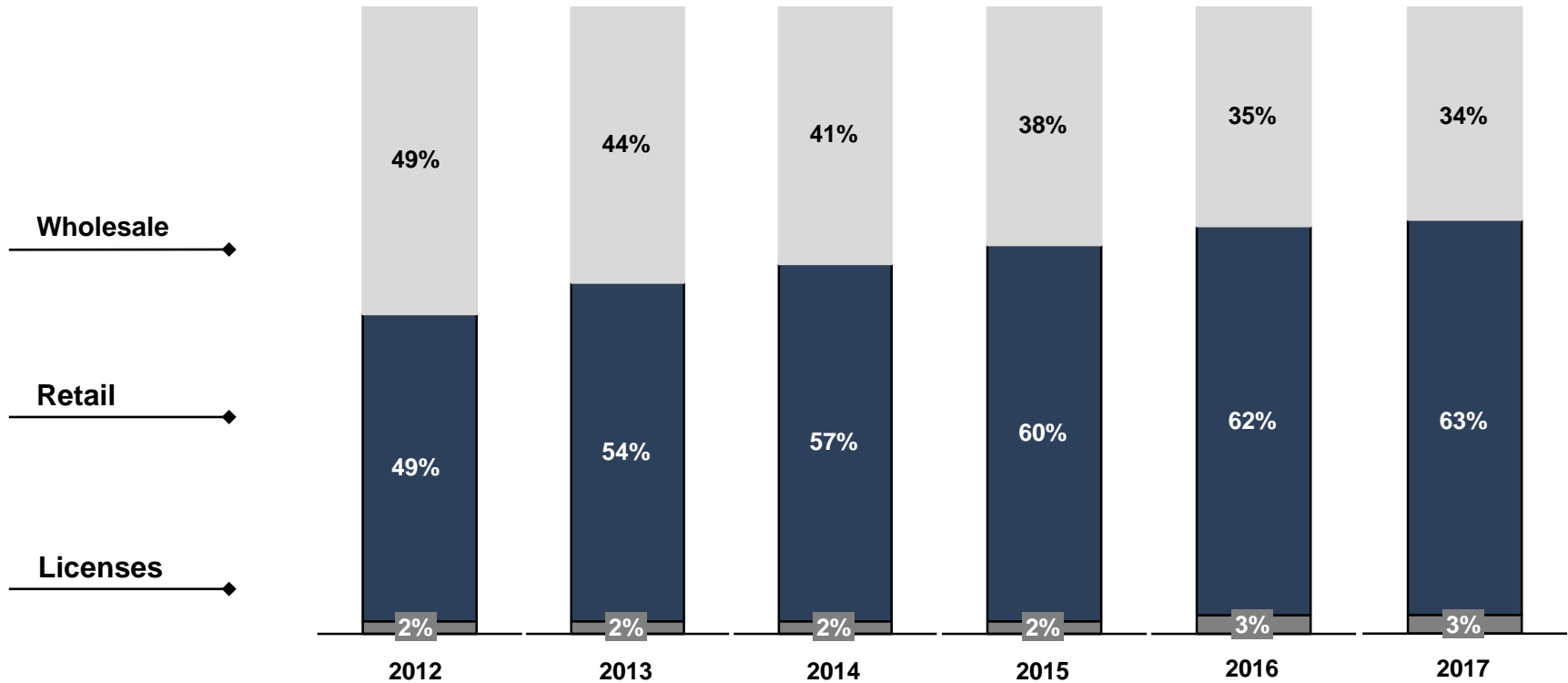
Asia/Pacific

14%

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

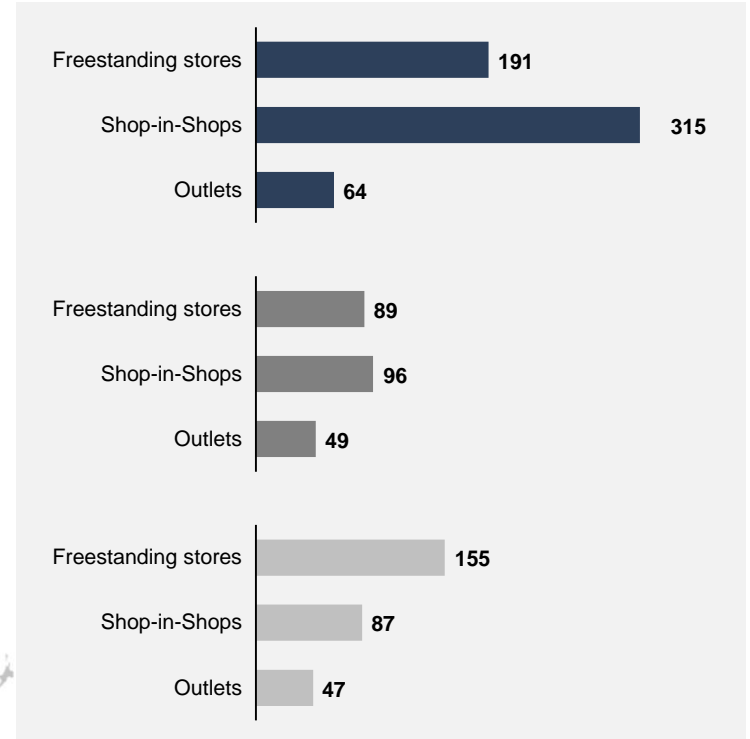
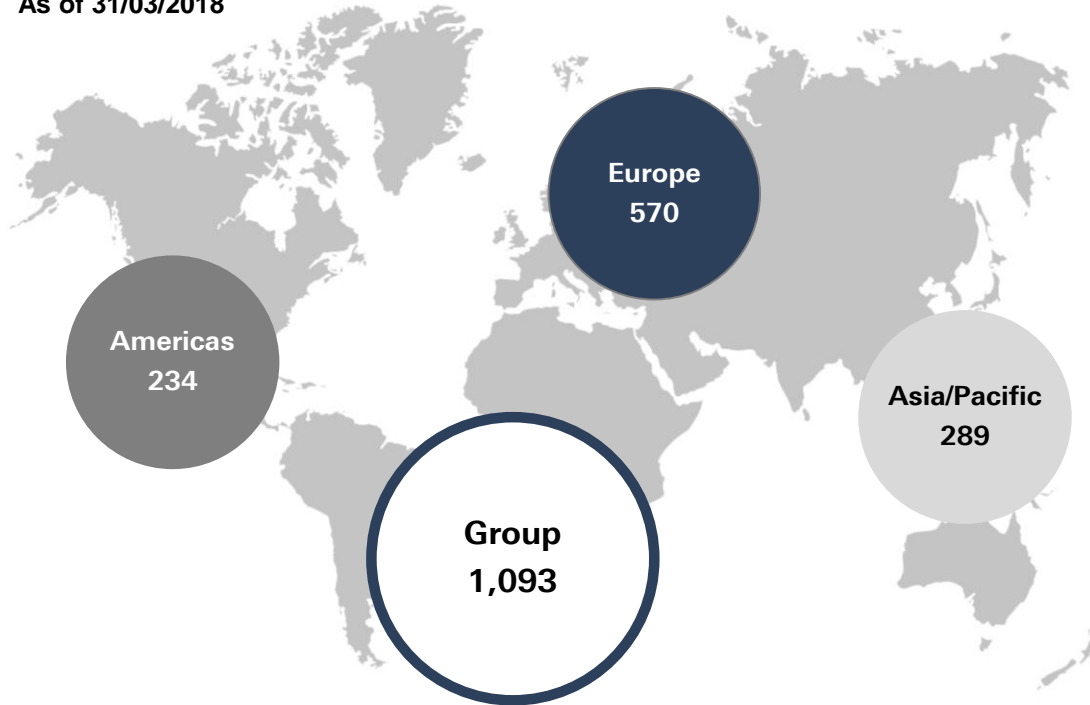
*as of 2017, +3% Licenses

Sales by distribution channel



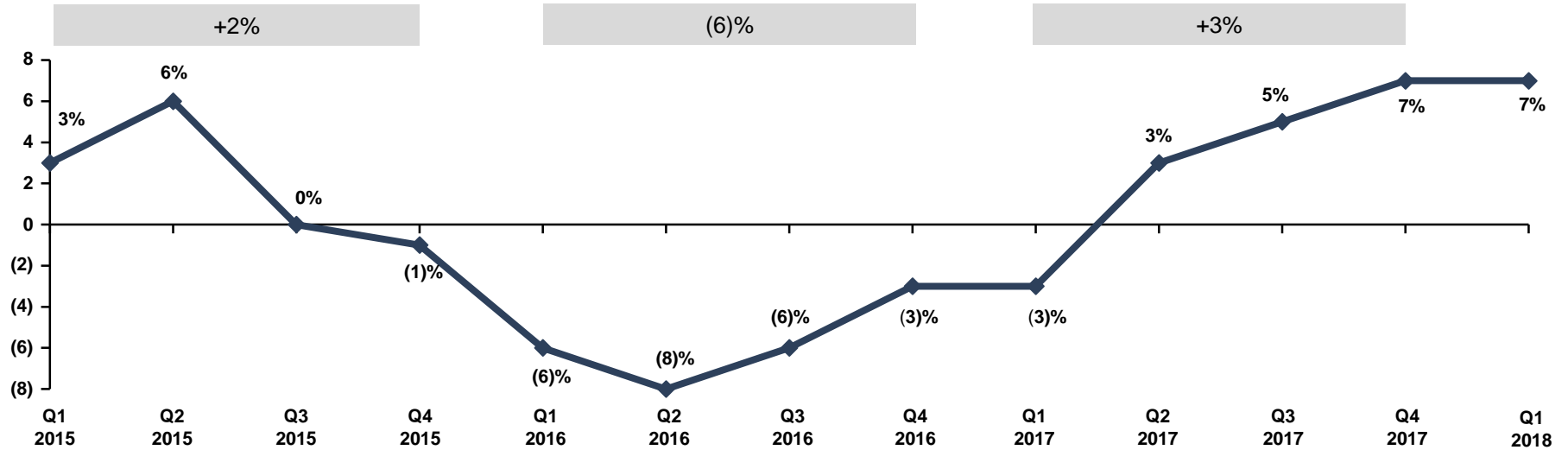
Number of Group's own retail stores by region

As of 31/03/2018



Retail comp stores sales

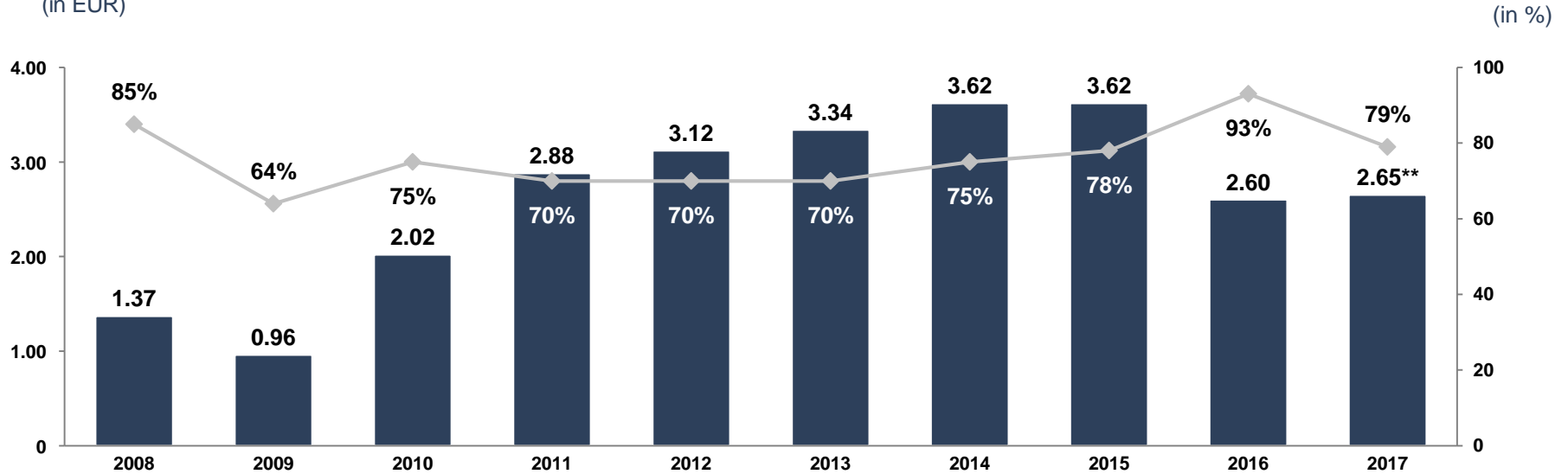
Retail I-f-I sales development*



*FX-adjusted

Dividend policy

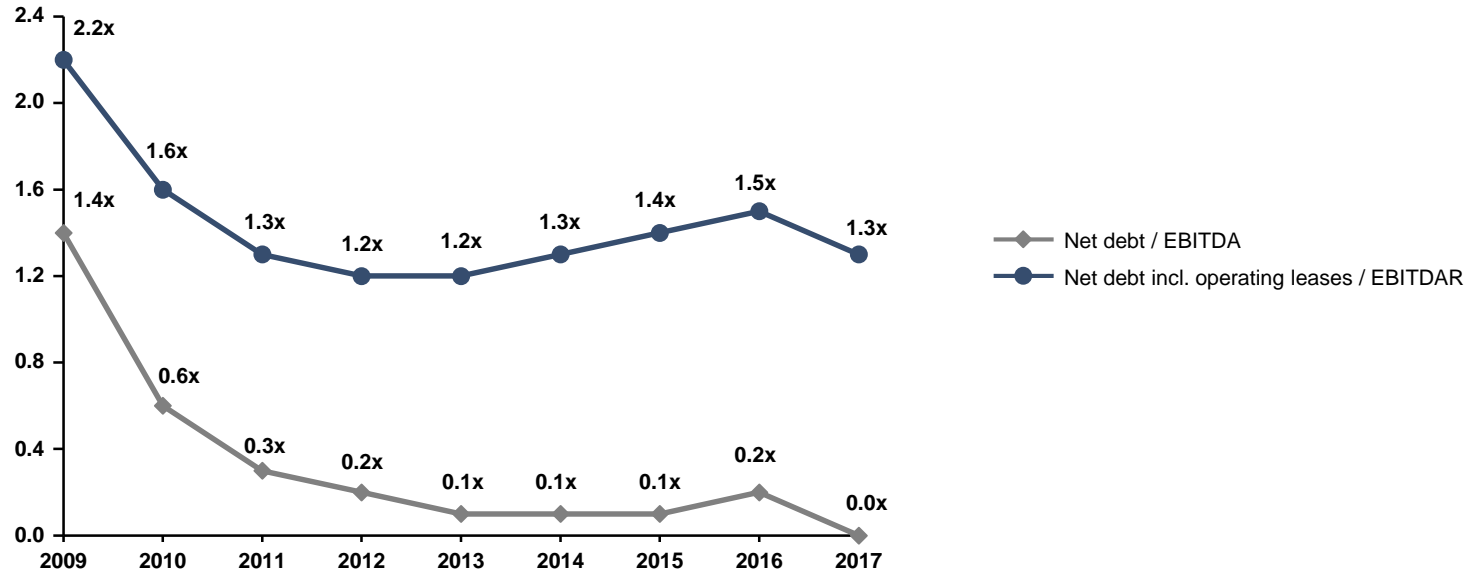
Dividend per share and payout ratio*
(in EUR)



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

* As a percentage of net income attributable to shareholders ** Proposal for fiscal year 2017

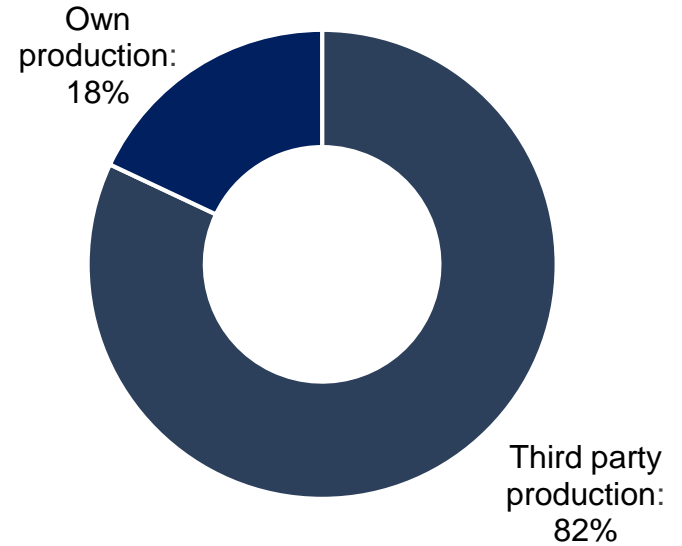
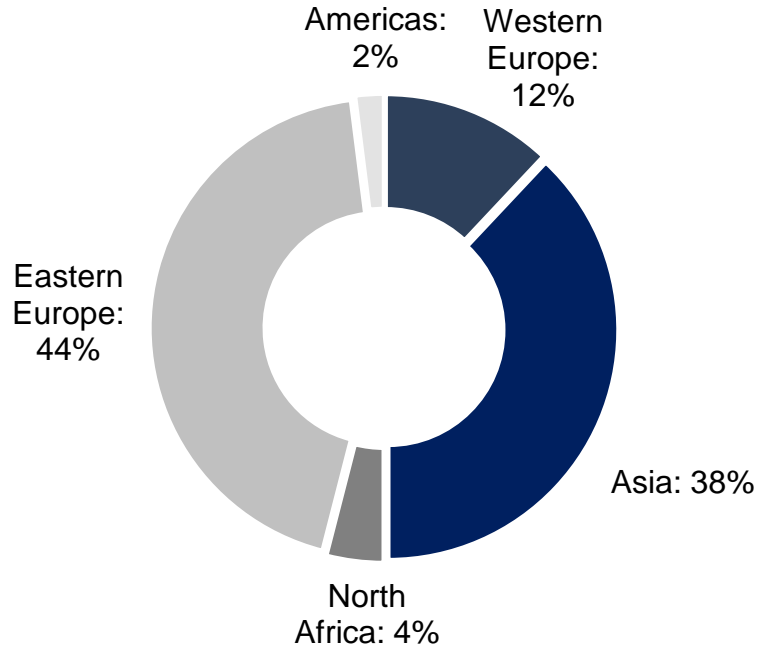
(Adjusted) financial leverage



**Operating leases
EBITDAR**

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

Sourcing and production structure*



*as of 2017, in value terms

Multi-Year overview

	2017	2016	2015	2014	2013
Sales	2.733	2.693	2.809	2.572	2.432
Gross profit	1.808	1.777	1.853	1.699	1.580
Gross profit margin in %	66,2	66,0	66,0	66,1	64,9
EBITDA	499	433	590	572	561
EBITDA before special items	491	493	594	591	565
Adjusted EBITDA margin in % ¹	18,0	18,3	21,2	23,0	23,2
EBIT	341	263	448	449	456
Net income	231	194	319	333	329
Trade net working capital	459	524	528	503	432
Non-current assets	662	752	765	660	612
Shareholders equity	915	888	956	844	740
Equity ratio in %	53	49	53	51	49
Total assets	1.720	1.799	1.800	1.662	1.501
Free cash flow	294	220	208	268	230
Net debt	7	113	82	36	57
Capex	128	157	220	135	185
Depreciation/amortization	158	170	142	123	105
Total leverage ²	0,0	0,2	0,1	0,1	0,1
Dividend	183 ³	179	250	250	231

1 EBITDA before special items/Sales.

2 Net financial liabilities/EBITDA before special items.

3 Dividend proposal.

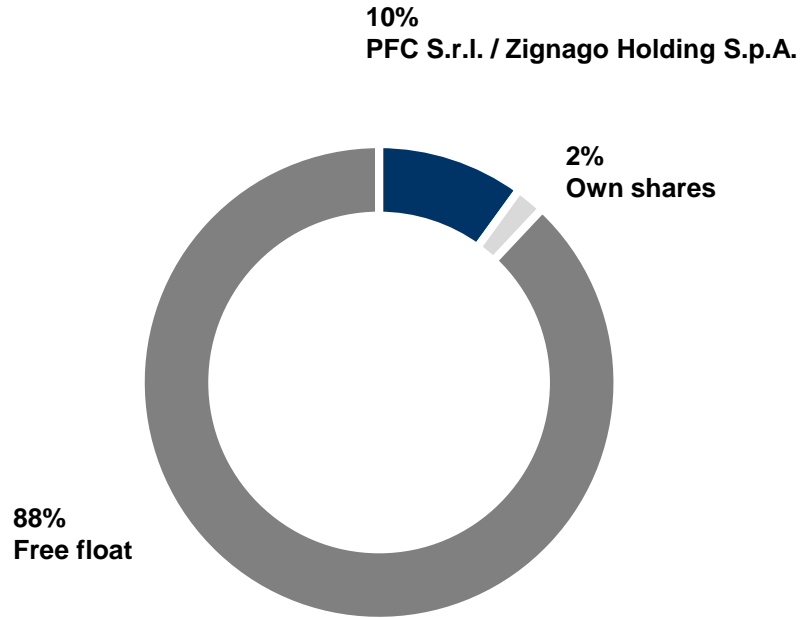
Analyst coverage

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
Berenberg Bank	Zuzanna Pusz
Bloomberg Intelligence	Chris Chaviaras
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
Equita	Fabio Fazzari
Evercore ISI	Omar Saad
Exane BNP Paribas	Luca Solca
Goldman Sachs	Alberto D'Agnano
Hamburger Sparkasse	Christian Hamann

Institution	Analyst
Hauck & Aufhäuser	Christian Salis
HSBC	Antoine Belge
Intermonte	Daniele Alibrandi
Invest Securities	Peter Farren
J.P. Morgan	Melanie Flouquet
Kepler Cheuvreux	Jürgen Kolb
LBBW	Thomas Hofmann
M.M. Warburg	Jörg Philipp Frey
Macquarie	Andreas Inderst
MainFirst	John Guy
Mirabaud Securities	Alessandro Migliorini
Morgan Stanley	Elena Mariani
Oddo BHF	Nicolas Kieffer
RBC	Piral Dadhania
Société Générale	Thierry Cota
UBS	Fred Speirs

Shareholder structure*



*Source: Share register, voting rights notifications (as of May 2018)

Financial Calendar 2018 and Investor Relations contact

Date	Event
August 2, 2018	Second Quarter Results 2018 & First Half Year Report 2018
November 6, 2018	Third Quarter Results 2018
November 15, 2018	Investor Day in London

Investor Relations Contact

Dennis Weber, CFA
Head of Investor Relations

Phone: +49 (0) 7123 94 - 86267
E-Mail: Dennis_Weber@hugoboss.com

Frank Böhme
Senior Investor Relations Manager

Phone: +49 (0) 7123 94 - 87581
E-Mail: Frank_Boehme@hugoboss.com



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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