

# HUGO BOSS

Press release on the full year 2019 results

Metzingen, March 5, 2020

## **HUGO BOSS makes significant progress in executing its strategy – dividend increase reflects strong improvement in free cash flow**

### **Full year 2019**

- **Currency-adjusted Group sales up 2% to EUR 2.9 billion**
- **EBIT amounts to EUR 333 million\***
- **Dividend increases 5 cents to EUR 2.75 per share**

### **Outlook 2020**

- **Spread of the coronavirus to weigh on business of HUGO BOSS, particularly in China**
- **Currency-adjusted sales expected to develop in a range of 0% to +2%; EBIT forecasted between EUR 320 million and EUR 350 million**

“2019 was an eventful year for HUGO BOSS. Importantly, we have made further progress in implementing our strategy”, says **Mark Langer, Chief Executive Officer of HUGO BOSS AG**. “We strengthened our personalized offerings, significantly expanded our online business and increased retail sales productivity in our stores. After a very good start to 2020, our business in Asia is currently being significantly impacted by the spread of the coronavirus. Nevertheless, we are firmly convinced of the great potential of our BOSS and HUGO brands in this key region.”

HUGO BOSS increased sales by 3% to EUR 2,884 million in fiscal year 2019, representing a currency-adjusted increase of 2%. In the Group’s own retail business, currency-adjusted sales grew 4%. As in the prior year, the online business recorded

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\* Without taking into account the effects of IFRS 16. The effects of IFRS 16 on the Group’s earnings development in 2019 are shown on page 5 et seq. of this press release.

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significant double-digit growth. Wholesale sales declined 3%, partly reflecting the persistently difficult market environment in the U.S.. At EUR 333 million, operating profit (EBIT) in fiscal year 2019 was 4% below the prior year level (excluding IFRS 16). This is attributable to a lower gross profit margin as well as an increase in operating expenses. The latter was primarily a result of additional investments in the Group's own retail business.

## **Consistent execution of strategic initiatives pays off**

In 2019, HUGO BOSS made significant progress in implementing its strategic initiatives. All of the strategic growth drivers – online, retail sales productivity, HUGO and Asia – made above-average contributions to sales growth in the past year:

- Currency-adjusted sales in the own online business increased 35% to EUR 151 million, mainly driven by the expansion of online partnerships. It also reflects the growing importance of the own online store, hugoboss.com.
- Investments in the store network are also paying off. Today the Company is already showcasing its BOSS collections in a completely new environment in around 100 of its retail stores globally. This significantly contributed to an increase of retail sales productivity in brick-and-mortar retail by a total of 4% in 2019.
- With an increase of 5%, currency-adjusted sales of HUGO also grew at an above-average rate in 2019. This was driven by strong double-digit sales growth in HUGO's casualwear collections.
- From a regional perspective, Asia/Pacific stood out as particularly positive in the last year, contributing with currency-adjusted sales growth of 5%. The successes in this strategically important region are nowhere more evident than in mainland China, which again posted a significant double-digit sales increase in 2019.

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## **Economic consequences of the coronavirus to weigh on sales and profit growth**

With the spread of the coronavirus and the associated restrictions on public life, the retail environment in the Asia/Pacific region, particularly in mainland China, has been severely impacted since the end of January. Regardless of the undiminished huge mid- and long-term potential that HUGO BOSS sees in this region, in the short term, the Company expects significant sales losses over there. After a very encouraging start to the new year, more than half of the Group's around 150 points of sale in mainland China, Hong Kong and Macau have been closed since the end of January. The remaining points of sale mostly operate with severely limited opening hours and have experienced a significant decline in visitors. In addition, the Company is currently recording a noticeable decline in sales in other key markets.

Despite the prevailing high levels of uncertainty, as of today, HUGO BOSS expects a gradual normalization by the middle of the year. At the same time, HUGO BOSS expects the economic consequences of the spread of the coronavirus to have a significant impact on the Group's sales and profit development in 2020, especially in the first quarter. This is taken into account in the estimates presented in the following paragraph regarding the expected business performance in 2020.

HUGO BOSS anticipates that Group sales will develop within a range of 0% to +2% in 2020, adjusted for currency effects. While the Group expects currency-adjusted sales to increase at a low single-digit percentage rate in Europe, the Americas are expected to see a largely stable development of currency-adjusted sales. Currency-adjusted sales in the Asia/Pacific region are forecasted to decline by a single-digit percentage rate. For its own retail business, the Group expects currency-adjusted sales in 2020 to grow at a low to mid-single-digit percentage rate. Currency-adjusted sales in the wholesale business are expected to decrease by a low to mid-single-digit percentage rate. This will primarily be due to the anticipated sales shift in connection with the intensification of the online concession model. Furthermore, HUGO BOSS expects EBIT of between EUR 320 million and EUR 350 million in 2020, with final sales development being crucial to the amount of EBIT that can be expected. The outlook

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on further performance indicators for 2020 can be found on page 10 et seq. of this release.

## **Higher dividend proposed for 2019**

In view of the Group's healthy balance sheet structure and the expected ongoing strong free cash flow generation, the Managing Board and Supervisory Board of HUGO BOSS AG intend to propose to the Annual Shareholders' Meeting on May 7, 2020 a dividend of EUR 2.75 per share for fiscal year 2019 – an increase of five cents as compared to the prior year (2018: EUR 2.70). This is equivalent to a payout ratio of 93% of the consolidated net income attributable to the equity holders of the parent company in 2019 (2018: 79%). Based on the number of shares outstanding at year-end, the amount distributed will come to EUR 190 million (2018: EUR 186 million).

Further information can be found at [group.hugoboss.com](http://group.hugoboss.com). The online version of the [HUGO BOSS annual report](#) can also be found there, with many interactive features and a video statement by Chief Executive Officer Mark Langer.

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## Earnings development for the full year of 2019

(in EUR million)

	Jan. – Dec. 2019	IFRS 16 impact	Jan. – Dec. 2019 excluding IFRS 16	Jan. – Dec. 2018	Change in %	Change in % excluding IFRS 16
<b>Sales</b>	<b>2,884</b>	<b>0</b>	<b>2,884</b>	<b>2,796</b>	<b>3</b>	<b>3</b>
Cost of sales	(1,009)	0	(1,009)	(973)	(4)	(4)
<b>Gross profit</b>	<b>1,875</b>	<b>0</b>	<b>1,875</b>	<b>1,823</b>	<b>3</b>	<b>3</b>
In % of sales	65.0	0	65.0	65.2	(20) bp	(20) bp
<b>Operating expenses</b>	<b>(1,531)</b>	<b>12</b>	<b>(1,543)</b>	<b>(1,477)</b>	<b>(4)</b>	<b>(4)</b>
In % of sales	(53.1)	40 bp	(53.5)	(52.8)	(30) bp	(70) bp
Thereof selling and distribution expenses	(1,235)	10	(1,245)	(1,176) <sup>1</sup>	(5)	(6)
Thereof administration expenses	(296)	2	(298)	(301) <sup>1</sup>	1	1
<b>Operating result (EBIT)</b>	<b>344</b>	<b>12</b>	<b>333</b>	<b>347</b>	<b>(1)</b>	<b>(4)</b>
In % of sales	11.9	40 bp	11.5	12.4	(50) bp	(90) bp
Financial result	(39)	(22)	(17)	(10)	<(100)	(65)
<b>Earnings before taxes</b>	<b>306</b>	<b>(10)</b>	<b>316</b>	<b>337</b>	<b>(9)</b>	<b>(6)</b>
Income taxes	(100)	3	(104)	(101)	0	(3)
<b>Net income</b>	<b>205</b>	<b>(7)</b>	<b>212</b>	<b>236</b>	<b>(13)</b>	<b>(10)</b>
<b>Earnings per share (in EUR)</b>	<b>2.97</b>	<b>(0.10)</b>	<b>3.07</b>	<b>3.42</b>	<b>(13)</b>	<b>(10)</b>
<b>Income tax rate in %</b>	<b>33</b>		<b>33</b>	<b>30</b>		

<sup>1</sup> The figures presented here differ from those reported in the prior year. The other operating expenses and income, reported separately in the Annual Report 2018, have been reclassified retrospectively to cost of sales, selling and distribution expenses as well as administration expenses. This is intended to increase comparability between the expense items for 2019 and 2018.

- HUGO BOSS increased **sales** by 3% to EUR 2,884 million in 2019 (2018: EUR 2,796 million). This represents currency-adjusted sales growth of 2%.
  - **Europe** benefited from sales growth in many key markets, including Great Britain and France. Sales in Europe rose by 4%, adjusted for currency effects. In the **Americas**, the difficult market environment in the U.S. and Canada weighed on the sales performance in 2019. Besides lower local demand, also sales generated with tourists decreased over there. Currency-adjusted sales in the region therefore declined 7%. Sales in **Asia/Pacific** grew at an above-average rate, primarily thanks to higher sales in China. Adjusted for currency effects, sales in the region rose 5%. In mainland China, currency-adjusted sales increased even at a double-digit rate.
  - In the **Group's own retail business**, currency-adjusted sales increased by 4% in 2019. The Group's own **online business** in particular posted significant double-digit growth. Currency-adjusted sales grew 35% to EUR 151 million (2018: EUR 110 million), driven by positive effects from the intensification of online partnerships in the concession model. On a comp store basis, currency-

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adjusted sales in the own retail business were 3% above the prior year level.

In the **wholesale channel**, sales declined 3% in 2019, mainly due to the persistently difficult market environment in the U.S. In addition, the intensification of online partnerships in the concession model also had a negative impact on wholesale sales, as expected. Sales in the **license business** were 10% above the prior year level.

- Both brands – **BOSS** and **HUGO** – recorded sales growth in 2019. BOSS benefited from low single-digit growth in both businesswear and casualwear. Adjusted for currency effects, BOSS sales increased by a total of 1%. Thanks to strong double-digit growth in its casualwear collections, HUGO sales increased by 5%, adjusted for currency effects.
- In fiscal year 2019, the **gross profit margin** was slightly below the prior year level. Besides higher markdowns, first and foremost in North America, currency effects had a negative impact on the gross profit margin. This was only partially compensated by positive effects from the growing share of sales in the Group's own retail business.
- **Operating expenses** in 2019 were above the prior year level, both in absolute terms and as a percentage of sales. The increase over the prior year is largely attributable to investments in the Group's own retail business. In addition to the modernization and selective expansion of the store network, the extension of the concession model in the online business also contributed to an increase in **selling and distribution expenses**. However, the **administration expenses** were slightly below the prior year level. High cost discipline more than compensated for higher expenses resulting from changes in the Group's management and additional investments in the ongoing digitization of the business model. Overall, currency effects had a negative impact on operating expenses in 2019.
- **EBIT** in fiscal year 2019 was 1% below the prior year level. Excluding the effects of IFRS 16, this represents a decrease of 4%. This is attributable to the lower gross profit margin as well as the increase in operating expenses. Accordingly, the **EBIT margin** also decreased.

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- The **tax rate** amounted to 33% in fiscal year 2019 and was therefore above the prior year level, as expected (2018: 30%). The increase is mainly attributable to expenses in connection with the tax field audit at HUGO BOSS AG. The **Group's net income** declined 13% as a result. Excluding the effects of IFRS 16, this corresponds to a decrease of 10%.

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## Net assets and financial position for the full year of 2019

Dec. 31, 2019	in EUR million	Change in %	Change in % currency-adjusted
TNWC	528	↘ (2)	↘ (3)
Inventories	627	↗ +1	→ 0

- Adjusted for currency effects, **trade net working capital (TNWC)** was 3% below the prior year level. **Inventories** were at the prior year level, currency-adjusted. The moving average of trade net working capital as a percentage of sales on the basis of the last four quarters was 20.1% (2018: 19.7%).

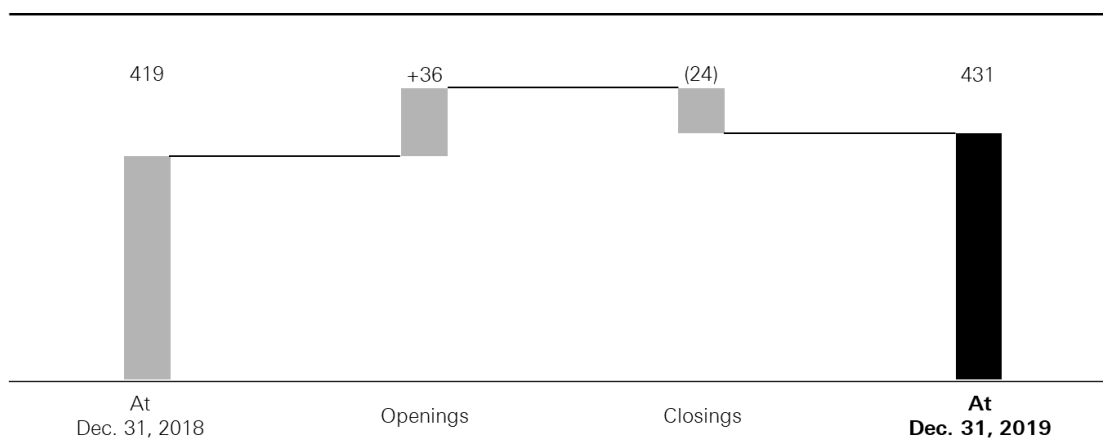
2019	in EUR million	Change in %
Capital expenditure	192	↗ +24
Free cash flow	457	↗ >100
Net financial liabilities	1,040	↗ >100

- Capital expenditure** was substantially higher than in the prior year. This was driven by higher investments in the modernization of the own retail network and selective store openings, including the largest HUGO BOSS outlet globally at the Metzingen site.
- Free cash flow** amounted to EUR 457 million. Excluding IFRS 16, however, free cash flow was EUR 207 million, 22% above the prior year level (2018: EUR 170 million). The increase is largely attributable to improvements in trade net working capital.
- The application of IFRS 16 led to a significant increase in **net financial liabilities** in fiscal year 2019 due to the first-time inclusion of lease liabilities. Excluding the effects of IFRS 16, net financial liabilities were slightly higher than in the prior year, amounting to EUR 83 million (December 31, 2018: EUR 22 million).



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## Network of freestanding retail stores



- The number of the Group's own **freestanding retail stores** increased by 12 (net) to 431 in fiscal year 2019 (December 31, 2018: 419).
  - The opening of 31 new **BOSS stores**, mainly in Asia and Europe, contrasted with the closures of 22 stores with expiring leases. In addition, five **HUGO stores** with their own furniture concept were opened in international metropolises like Singapore and Tokyo. This stood in contrast to two closures.
- The **total selling space** of the Group's own retail business increased 1% to around 156,000 sqm at the end of the year (December 31, 2018: 154,500 sqm). A moderate expansion of selling space in Asia and Europe stood in contrast to a slight space reduction in the Americas.
- **Retail sales productivity** in the brick-and-mortar retail business increased 4% to around EUR 11,100 per sqm in fiscal year 2019 (2018: EUR 10,700 per sqm).

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## Outlook 2020

### Outlook 2020

	Results 2019 <sup>1</sup>	Outlook 2020 <sup>1</sup>
Group sales <sup>2</sup>	Increase by 2% to EUR 2,884 million	Development within a range of 0% to +2%
Sales by region <sup>2</sup>		
Europe	Increase by 4% to EUR 1,803 million	Increase at a low single-digit percentage range
Americas	Decrease by 7% to EUR 560 million	Largely stable development
Asia/Pacific	Increase by 5% to EUR 438 million	Decrease at a single-digit percentage rate
Sales by distribution channel <sup>2</sup>		
Own retail business	Increase by 4% to EUR 1,869 million	Increase at a low to mid-single-digit percentage rate
Wholesale	Decrease by 3% to EUR 931 million	Decrease at a low to mid-single-digit percentage rate
Operating result (EBIT)	Decrease by 1% to EUR 344 million	EUR 320 million to EUR 350 million
Group's net income	Decrease by 13% to EUR 205 million	Increase of up to 10%
Trade net working capital as a percentage of sales	Increase by 40 basis points to 20.1%	Increase by around 50 basis points
Capital expenditure	EUR 192 million	EUR 140 million to EUR 160 million

<sup>1</sup> Including the effects of IFRS 16.

<sup>2</sup> On a currency-adjusted basis.

- The outlook for fiscal year 2020 takes into account the **effects of IFRS 16** and is based on the respective results for fiscal year 2019, also taking into account the effects of IFRS 16.
- Against the backdrop of the macroeconomic and industry-specific conditions and taking into account the assessment of the expected financial impact of the coronavirus outlined on page 3 of this release, HUGO BOSS anticipates that **Group sales** will develop within a range of 0% to +2% in 2020, adjusted for currency effects. Growth is expected to vary across regions.
- HUGO BOSS expects **operating result (EBIT)** of between EUR 320 million and EUR 350 million in 2020 (2019: EUR 344 million), with final sales development being crucial to the amount of EBIT that can be expected.
- With respect to the **Group's net income**, the Company anticipates an increase of up to 10%. This should also be supported by an improvement in the Group tax rate.

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- Against the backdrop of the continuing uncertainties regarding the spread of the coronavirus, HUGO BOSS expects **trade net working capital as a percentage of sales** to increase by around 50 basis points in 2020.
- **Capital expenditure** is expected to total EUR 140 million to EUR 160 million in 2020 (2019: EUR 192 million). The decrease in capital expenditure is mainly attributable to non-recurring investments for the new construction of the largest HUGO BOSS outlet globally at the Metzingen site.
- A **detailed presentation of the outlook** for HUGO BOSS for 2020 can be found in the [Annual Report 2019](#).

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## **Financial calendar and contacts**

### **March 5, 2020**

Full Year Results 2019,

Press conference as well as conference call for financial analysts and investors

### **May 5, 2020**

First Quarter Results 2020

### **May 7, 2020**

Annual Shareholders' Meeting

### **August 4, 2020**

Second Quarter Results 2020 & First Half Year Report 2020

### **November 3, 2020**

Third Quarter Results 2020

If you have any questions, please contact:

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**FINANCIAL INFORMATION**

**on Q4 and Jan. – Dec. 2019**

Due to rounding, some numbers may not add up precisely to the totals provided.

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## Sales figures – quarter

(in EUR million)

	Q4 2019	Q4 2018	Change in %	Change in % <sup>1</sup>
<b>Sales</b>	<b>825</b>	<b>783</b>	<b>5</b>	<b>4</b>
<b>Sales by segment</b>				
Europe incl. Middle East and Africa	499	458	9	8
Americas	169	177	(4)	(7)
Asia/Pacific	131	124	6	4
Licenses	26	24	9	9
<b>Sales by distribution channel</b>				
Own retail business	579	533	9	7 <sup>2</sup>
Wholesale	220	226	(3)	(4)
Licenses	26	24	9	9
<b>Sales by brand</b>				
BOSS	715	680	5	4
HUGO	110	103	7	5
<b>Sales by gender</b>				
Menswear	748	707	6	4
Womenswear	77	75	3	1

<sup>1</sup> currency-adjusted.

<sup>2</sup> on a comp store basis 3%.

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## Further key figures – quarter

	Q4 2019	IFRS 16 impact	Q4 2019 excluding IFRS 16	Q4 2018	Change in %	Change in % excluding IFRS 16
<b>Results of operations (in EUR million)</b>						
Sales	825	0	825	783	5	5
Gross profit	551	0	551	526	5	5
Gross profit margin in %	66.7	0	66.7	67.3	(50) bp	(50) bp
EBIT	124	2	122	111	12	9
EBIT margin in % <sup>1</sup>	15.1	30 bp	14.8	14.2	80 bp	50 bp
EBITDA	226	61	166	150	51	11
EBITDA margin in % <sup>2</sup>	27.4	740 bp	20.1	19.1	830 bp	100 bp
Net income attributable to equity holders of the parent company	60	(1)	62	67	(10)	(8)
<b>Financial position (in EUR million)</b>						
Capital expenditure	62	0	62	60	3	3
Free cash flow	259	64	195	157	65	25
Depreciation/amortization	102	58	44	39	>100	14
<b>Additional key figures (in EUR million)</b>						
Personnel expenses	144	0	144	164	(12)	(12)
<b>Shares (in EUR)</b>						
Earnings per share	0.87	(0.02)	0.89	0.97	(10)	(8)
Last share price (as of Dec. 31)	43.26	0	43.26	53.92	(20)	(20)
Number of shares (as of Dec. 31)	70,400,000	0	70,400,000	70,400,000	0	0

<sup>1</sup> EBIT/sales.

<sup>2</sup> EBITDA/sales.

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## Sales figures – full year

(in EUR million)

	Jan. – Dec. 2019	Jan. – Dec. 2018	Change in %	Change in % <sup>1</sup>
<b>Sales</b>	<b>2,884</b>	<b>2,796</b>	<b>3</b>	<b>2</b>
<b>Sales by segment</b>				
Europe incl. Middle East and Africa	1,803	1,736	4	4
Americas	560	574	(2)	(7)
Asia/Pacific	438	410	7	5
Licenses	84	76	10	10
<b>Sales by distribution channel</b>				
Own retail business	1,869	1,768	6	4 <sup>2</sup>
Wholesale	931	952	(2)	(3)
Licenses	84	76	10	10
<b>Sales by brand</b>				
BOSS	2,488	2,422	3	1
HUGO	396	374	6	5
<b>Sales by gender</b>				
Menswear	2,609	2,517	4	2
Womenswear	275	279	(1)	(2)

<sup>1</sup> currency-adjusted.

<sup>2</sup> on a comp store basis 3%.



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## Further key figures – full year

	Jan. – Dec. 2019	IFRS 16 impact	Jan. – Dec. 2019 excluding IFRS 16	Jan. – Dec. 2018	Change in %	Change in % excluding IFRS 16
<b>Results of operations (in EUR million)</b>						
Sales	2,884	0	2,884	2,796	3	3
Gross profit	1,875	0	1,875	1,823	3	3
Gross profit margin in %	65.0	0	65.0	65.2	(20 bp)	(20 bp)
EBIT	344	12	333	347	(1)	(4)
EBIT margin in % <sup>1</sup>	11.9	40 bp	11.5	12.4	(50) bp	(90) bp
EBITDA	707	240	467	476	48 bp	(2) bp
EBITDA margin in % <sup>2</sup>	24.5	830 bp	16.2	17.0	750 bp	(90) bp
Net income attributable to equity holders of the parent company	205	(7)	212	236	(13)	(10)
<b>Net assets and liability structure as of Dec. 31 (in EUR million)</b>						
Trade net working capital	528	0	528	537	(2)	(2)
Trade net working capital in % of sales <sup>3</sup>	20.1	0	20.1	19.7	40 bp	40 bp
Non-current assets	1,713	882	831	686	>100	21
Equity	1,002	(7)	1,009	981	2	3
Equity ratio in %	34.8	(1,580) bp	50.6	52.8	(210) bp	(1,800) bp
Total assets	2,877	885	1,993	1,858	55	7
<b>Financial position (in EUR million)</b>						
Capital expenditure	192	0	192	155	24	24
Free cash flow	457	250	207	170	>100	22
Depreciation/amortization	362	229	134	130	>100	3
Net financial liabilities (as of Dec. 31)	1,040	957	83	22	>100	>100
Total leverage (as of Dec. 31) <sup>4</sup>	n.a.	n.a.	0.2	0.0	n.a.	>100
<b>Additional key figures</b>						
Employees (as of Dec. 31)	14,633	0	14,633	14,685	0	0
Personnel expenses (in EUR million)	640	0	640	629	2	2
<b>Shares (in EUR)</b>						
Earnings per share	2.97	(0.10)	3.07	3.42	(13)	(10)
Last share price (as of Dec. 31)	43.26	0	43.26	53.92	(20)	(20)
Number of shares (as of Dec. 31)	70,400,000	0	70,400,000	70,400,000	0	0

<sup>1</sup> EBIT/sales.

<sup>3</sup> Moving average of the last four quarters.

<sup>2</sup> EBITDA/sales.

<sup>4</sup> Net financial liabilities/EBITDA before special items.

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## Consolidated income statement – quarter

(in EUR million)

	Q4 2019	IFRS 16 impact	Q4 2019 excluding IFRS 16	Q4 2018	Change in %	Change in % excluding IFRS 16
<b>Sales</b>	<b>825</b>	<b>0</b>	<b>825</b>	<b>783</b>	<b>5</b>	<b>5</b>
Cost of sales	(275)	0	(275)	(256)	(7)	(7)
<b>Gross profit</b>	<b>551</b>	<b>0</b>	<b>551</b>	<b>526</b>	<b>5</b>	<b>5</b>
In % of sales	66.7	0	66.7	67.3	(50 bp)	(50 bp)
<b>Operating expenses</b>	<b>(426)</b>	<b>2</b>	<b>(429)</b>	<b>(415)</b>	<b>(3)</b>	<b>(3)</b>
In % of sales	(51.7)	30 bp	(52.0)	(53.0)	140 bp	110 bp
Thereof selling and distribution expenses	(349)	0	(350)	(331) <sup>1</sup>	(6)	(6)
Thereof administration expenses	(77)	2	(79)	(84) <sup>1</sup>	8	6
<b>Operating result (EBIT)</b>	<b>124</b>	<b>2</b>	<b>122</b>	<b>111</b>	<b>12</b>	<b>9</b>
In % of sales	15.1	30 bp	14.8	14.2	80 bp	50 bp
Financial result	(15)	(5)	(9)	(3)	<(100)	<(100)
<b>Earnings before taxes</b>	<b>110</b>	<b>(3)</b>	<b>113</b>	<b>108</b>	<b>1</b>	<b>4</b>
Income taxes	(49)	1	(51)	(41)	(20)	(24)
<b>Net income</b>	<b>60</b>	<b>(1)</b>	<b>62</b>	<b>67</b>	<b>(10)</b>	<b>(8)</b>
<b>Earnings per share (in EUR)</b>	<b>0.87</b>	<b>(0.02)</b>	<b>0.89</b>	<b>0.97</b>	<b>(10)</b>	<b>(8)</b>
<b>Income tax rate in %</b>	<b>45</b>		<b>45</b>	<b>38</b>		

<sup>1</sup> The figures presented here differ from those reported in the prior year. The other operating expenses and income, reported separately in the Annual Report 2018, have been reclassified retrospectively to cost of sales, selling and distribution expenses as well as administration expenses. This is intended to increase comparability between the expense items for 2019 and 2018.

## EBIT and EBITDA – quarter

(in EUR million)

	Q4 2019	IFRS 16 impact	Q4 2019 excluding IFRS 16	Q4 2018	Change in %	Change in % excluding IFRS 16
<b>EBIT</b>	<b>124</b>	<b>2</b>	<b>122</b>	<b>111</b>	<b>12</b>	<b>9</b>
In % of sales	15.1	30 bp	14.8	14.2	80 bp	50 bp
Depreciation and amortization	(102)	(58)	(44)	(39)	<(100)	(14)
<b>EBITDA</b>	<b>226</b>	<b>61</b>	<b>166</b>	<b>150</b>	<b>51</b>	<b>11</b>
In % of sales	27.4	740 bp	20.1	19.1	830 bp	100 bp

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## Consolidated income statement – full year

(in EUR million)

	Jan. – Dec. 2019	IFRS 16 impact	Jan. – Dec. 2019 excluding IFRS 16	Jan. - Dec. 2018	Change in %	Change in % excluding IFRS 16
<b>Sales</b>	<b>2,884</b>	<b>0</b>	<b>2,884</b>	<b>2,796</b>	<b>3</b>	<b>3</b>
Cost of sales	(1,009)	0	(1,009)	(973)	(4)	(4)
<b>Gross profit</b>	<b>1,875</b>	<b>0</b>	<b>1,875</b>	<b>1,823</b>	<b>3</b>	<b>3</b>
In % of sales	65.0	0	65.0	65.2	(20) bp	(20) bp
<b>Operating expenses</b>	<b>(1,531)</b>	<b>12</b>	<b>(1,543)</b>	<b>(1,477)</b>	<b>(4)</b>	<b>(4)</b>
In % of sales	(53.1)	40 bp	(53.5)	(52.8)	(30) bp	(70) bp
Thereof selling and distribution expenses	(1,235)	10	(1,245)	(1,176) <sup>1</sup>	(5)	(6)
Thereof administration expenses	(296)	2	(298)	(301) <sup>1</sup>	1	1
<b>Operating result (EBIT)</b>	<b>344</b>	<b>12</b>	<b>333</b>	<b>347</b>	<b>(1)</b>	<b>(4)</b>
In % of sales	11.9	40 bp	11.5	12.4	(50) bp	(90) bp
Financial result	(39)	(22)	(17)	(10)	<(100)	(65)
<b>Earnings before taxes</b>	<b>306</b>	<b>(10)</b>	<b>316</b>	<b>337</b>	<b>(9)</b>	<b>(6)</b>
Income taxes	(100)	3	(104)	(101)	0	(3)
<b>Net income</b>	<b>205</b>	<b>(7)</b>	<b>212</b>	<b>236</b>	<b>(13)</b>	<b>(10)</b>
<b>Earnings per share (in EUR)</b>	<b>2.97</b>	<b>(0.10)</b>	<b>3.07</b>	<b>3.42</b>	<b>(13)</b>	<b>(10)</b>
<b>Income tax rate in %</b>	<b>33</b>		<b>33</b>	<b>30</b>		

<sup>1</sup> The figures presented here differ from those reported in the prior year. The other operating expenses and income, reported separately in the Annual Report 2018, have been reclassified retrospectively to cost of sales, selling and distribution expenses as well as administration expenses. This is intended to increase comparability between the expense items for 2019 and 2018.

## EBIT and EBITDA – full year

(in EUR million)

	Jan. – Dec. 2019	IFRS 16 impact	Jan. – Dec. 2019 excluding IFRS 16	Jan. - Dec. 2018	Change in %	Change in % excluding IFRS 16
<b>EBIT</b>	<b>344</b>	<b>12</b>	<b>333</b>	<b>347</b>	<b>(1)</b>	<b>(4)</b>
In % of sales	11.9	40 bp	11.5	12.4	(50) bp	(90) bp
Depreciation and amortization	(362)	(229)	(134)	(130)	<(100)	(3)
<b>EBITDA</b>	<b>707</b>	<b>240</b>	<b>467</b>	<b>476</b>	<b>48</b>	<b>(2)</b>
In % of sales	24.5	830 bp	16.2	17.0	750 bp	(90) bp

# HUGO BOSS

## Consolidated statement of financial position – assets

(in EUR million)

	December 31, 2019	IFRS 16 impact	December 31, 2019 excluding IFRS 16	December 31, 2018
Property, plant and equipment	517	0	517	389
Intangible assets	197	0	197	185
Right-of-use assets	877	877	0	0
Deferred tax assets	98	4	94	90
Non-current financial assets	22	0	22	19
Other non-current assets	2	0	2	3
<b>Non-current assets</b>	<b>1,713</b>	<b>882</b>	<b>831</b>	<b>686</b>
Inventories	627	0	627	618
Trade receivables	216	0	216	214
Current tax receivables	33	0	33	39
Current financial assets	32	0	32	32
Other current assets	123	3	120	123
Cash and cash equivalents	133	0	133	147
<b>Current assets</b>	<b>1,164</b>	<b>3</b>	<b>1,161</b>	<b>1,172</b>
<b>TOTAL</b>	<b>2,877</b>	<b>885</b>	<b>1,993</b>	<b>1,858</b>

# HUGO BOSS

## Consolidated statement of financial position – equity and liabilities

(in EUR million)

	December 31, 2019	IFRS 16 impact	December 31, 2019 excluding IFRS 16	December 31, 2018
Subscribed capital	70	0	70	70
Own shares	(42)	0	(42)	(42)
Capital reserve	0	0	0	0
Retained earnings	933	(6)	939	926
Accumulated other comprehensive income	40	(1)	41	26
<b>Equity attributable to equity holders of the parent company</b>	<b>1,002</b>	<b>(7)</b>	<b>1,009</b>	<b>981</b>
Non-controlling interests	0	0	0	0
<b>Group equity</b>	<b>1,002</b>	<b>(7)</b>	<b>1,009</b>	<b>981</b>
Non-current provisions	87	0	87	69
Non-current financial liabilities	106	0	106	83
Non-current lease liabilities	789	789	0	0
Deferred tax liabilities	11	1	10	13
Other non-current liabilities	0	(60)	61	61
<b>Non-current liabilities</b>	<b>994</b>	<b>730</b>	<b>264</b>	<b>225</b>
Current provisions	92	0	92	98
Current financial liabilities	112	0	112	93
Current lease liabilities	168	168	0	0
Income tax payables	66	0	66	44
Trade payables	315	0	315	295
Other current liabilities	130	(6)	136	123
<b>Current liabilities</b>	<b>882</b>	<b>162</b>	<b>720</b>	<b>653</b>
<b>TOTAL</b>	<b>2,877</b>	<b>885</b>	<b>1,993</b>	<b>1,858</b>

## Trade net working capital (TNWC)

(in EUR million)

	December 31, 2019	December 31, 2018	Change in %	Currency-adjusted change in %
Inventories	627	618	1	0
Trade receivables	216	214	1	(1)
Trade payables	315	295	7	5
<b>Trade net working capital (TNWC)</b>	<b>528</b>	<b>537</b>	<b>(2)</b>	<b>(3)</b>

# HUGO BOSS

## Consolidated statement of cash flows

(in EUR million)

	Jan. – Dec. 2019	IFRS 16 impact	Jan. – Dec. 2019 excluding IFRS 16	Jan. – Dec. 2018
Net income	205	(7)	212	236
Depreciation/amortization	362	229	134	130
Unrealized net foreign exchange gain/loss	(4)	0	(4)	3
Other non-cash transactions	1	0	1	0
Income tax expense/income	100	(3)	104	100
Interest income and expenses	31	22	9	3
Change in inventories	4	0	4	(72)
Change in receivables and other assets	9	0	9	(13)
Change in trade payables and other liabilities	38	9	28	22
Result from disposal of non-current assets	(1)	0	(1)	0
Change in provisions for pensions	(12)	0	(12)	(9)
Change in other provisions	(5)	0	(5)	(7)
Income taxes paid	(77)	0	(77)	(72)
<b>Cash flow from operating activities</b>	<b>652</b>	<b>250</b>	<b>402</b>	<b>322</b>
Investments in property, plant and equipment	(158)	0	(158)	(122)
Investments in intangible assets	(34)	0	(34)	(31)
Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired	0	0	0	(1)
Acquisition of groups of assets	(4)	0	(4)	0
Cash receipts from disposal of property, plant and equipment and intangible assets	0	0	0	2
<b>Cash flow from investing activities</b>	<b>(195)</b>	<b>0</b>	<b>(195)</b>	<b>(152)</b>
Dividends paid to equity holders of the parent company	(186)	0	(186)	(183)
Change in current financial liabilities	0	0	0	23
Cash receipts from non-current financial liabilities	0	0	0	24
Repayment of non-current financial liabilities	(35)	0	(35)	(3)
Repayment of lease liabilities	(227)	(227)	0	0
Interest paid	(25)	(22)	(3)	(2)
Interest received	2	0	2	2
<b>Cash flow from financing activities</b>	<b>(472)</b>	<b>(250)</b>	<b>(223)</b>	<b>(139)</b>
Exchange-rate related changes in cash and cash equivalents	1	0	1	0
<b>Change in cash and cash equivalents</b>	<b>(14)</b>	<b>0</b>	<b>(14)</b>	<b>31</b>
Cash and cash equivalents at the beginning of the period	147	0	147	116
<b>Cash and cash equivalents at the end of the period</b>	<b>133</b>	<b>0</b>	<b>133</b>	<b>147</b>

# HUGO BOSS

## Free cash flow

(in EUR million)

	Jan. – Dec. 2019	IFRS 16 impact	Jan. – Dec. 2019 excluding IFRS 16	Jan. – Dec. 2018
Cash flow from operating activities	652	250	402	322
Cash flow from investing activities	(195)	0	(195)	(152)
<b>Free cash flow</b>	<b>457</b>	<b>250</b>	<b>207</b>	<b>170</b>

## Segment earnings

Starting in fiscal year 2019, **EBIT** replaces EBITDA before special items, used by the Group up through 2018, as one of the key performance indicators. As such, from this year onwards, segment profits will also be presented on the basis of EBIT. The corresponding prior year figures therefore deviate from the figures reported in 2018.

As part of a **consolidation of additional functions** at HUGO BOSS AG in fiscal year 2019, additional intercompany expenses were allocated to the business segments. This led to a higher burden on segment earnings for Europe, the Americas and the Asia/Pacific region compared to the prior year. The Group's operating profit in total remained unaffected by this reallocation. For the quarters Q1 to Q3 2019, the segment earnings for Europe, the Americas and the Asia/Pacific region have been adjusted retrospectively. They are presented on the following pages.

## Segment earnings – first quarter

(in EUR million)

	Q1 2019	In % of sales	Q1 2018	In % of sales	Change in %
Europe	102	24,0	112	27,0	(9)
Americas	4	3,3	8	6,5	(52)
Asia/Pacific	26	24,0	24	24,2	7
Licenses	14	81,6	14	83,1	2
<b>Earnings of operating segments</b>	<b>146</b>	<b>21,9</b>	<b>158</b>	<b>24,2</b>	<b>(8)</b>
Corporate units / consolidation	(88)		(88)		0
<b>EBIT</b>	<b>57</b>	<b>8,6</b>	<b>70</b>	<b>10,7</b>	<b>(17)</b>

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## Segment earnings – second quarter

(in EUR million)

	Q2 2019	In % of sales	Q2 2018	In % of sales	Change in %
Europe	104	25,5	114	28,6	(9)
Americas	15	10,4	17	12,6	(14)
Asia/Pacific	27	24,5	18	17,7	49
Licenses	15	82,5	13	79,2	15
<b>Earnings of operating segments</b>	<b>160</b>	<b>23,7</b>	<b>163</b>	<b>24,9</b>	<b>(2)</b>
Corporate units / consolidation	(80)		(89)		(10)
<b>EBIT</b>	<b>80</b>	<b>11,8</b>	<b>74</b>	<b>11,3</b>	<b>8</b>

## Segment earnings – third quarter

(in EUR million)

	Q3 2019	In % of sales	Q3 2018	In % of sales	Change in %
Europe	123	26,1	132	28,5	(7)
Americas	12	9,1	16	11,3	(23)
Asia/Pacific	10	11,3	11	12,6	(7)
Licenses	18	83,6	17	86,8	9
<b>Earnings of operating segments</b>	<b>164</b>	<b>22,8</b>	<b>174</b>	<b>24,5</b>	<b>(6)</b>
Corporate units / consolidation	(81)		(82)		(1)
<b>EBIT</b>	<b>83</b>	<b>11,5</b>	<b>92</b>	<b>13,0</b>	<b>(10)</b>

## Segment earnings – fourth quarter

(in EUR million)

	Q4 2019	In % of sales	Q4 2018	In % of sales	Change in %
Europe	127	25,5	135	29,4	(6)
Americas	30	17,5	27	15,4	10
Asia/Pacific	31	23,8	29	23,5	7
Licenses	22	86,1	20	84,1	11
<b>Earnings of operating segments</b>	<b>210</b>	<b>25,5</b>	<b>211</b>	<b>26,9</b>	<b>0</b>
Corporate units / consolidation	(86)		(100)		(14)
<b>EBIT</b>	<b>124</b>	<b>15,1</b>	<b>111</b>	<b>14,2</b>	<b>12</b>



# HUGO BOSS

## Segment earnings – full year

(in EUR million)

	Jan. – Dec. 2019	In % of sales	Jan. – Dec. 2018	In % of sales	Change in %
Europe	456	25,3	493	28,4	(7)
Americas	60	10,8	68	11,9	(12)
Asia/Pacific	94	21,4	82	20,0	15
Licenses	70	83,7	64	83,5	10
<b>Earnings of operating segments</b>	<b>680</b>	<b>23,6</b>	<b>706</b>	<b>25,3</b>	<b>(4)</b>
Corporate units / consolidation	(336)		(360)		(7)
<b>EBIT</b>	<b>344</b>	<b>11,9</b>	<b>347</b>	<b>12,4</b>	<b>(1)</b>

## Number of own retail stores

Dec. 31, 2019	Freestanding stores	Shop-in-shops	Outlets	Total
Europe	203	311	70	<b>584</b>
Americas	94	84	50	<b>228</b>
Asia/Pacific	134	109	58	<b>301</b>
<b>Total</b>	<b>431</b>	<b>504</b>	<b>178</b>	<b>1,113</b>
Dec. 31, 2018 <sup>1</sup>				
Europe	200	303	67	<b>570</b>
Americas	89	85	52	<b>226</b>
Asia/Pacific	130	112	54	<b>296</b>
<b>Total</b>	<b>419</b>	<b>500</b>	<b>173</b>	<b>1,092</b>

<sup>1</sup> The prior year's figures were adjusted retrospectively as of December 31, 2018. As part of a redefinition of the criteria for differentiating freestanding stores and shop-in-shops, a number of points of sale in the Asia/Pacific region that were previously designated as freestanding stores were reclassified as shop-in-shops. In addition, in the course of the two brand strategy, individual points of sale of the BOSS brand within certain department stores were combined numerically into one shop-in-shop, mainly in Europe and the Americas. Both measures have no impact on the Group's total selling space.