Press release on the full year 2018 results

Metzingen, March 7, 2019

**HUGO BOSS achieves its targets for fiscal year 2018 –**
**2019 operating income to grow faster than sales**

**Fiscal year 2018**

- **Currency-adjusted sales up 4%**
- **EBITDA before special items on prior year level**
- **Dividend increases to EUR 2.70 per share**

**Outlook 2019***

- **Currency-adjusted sales expected to grow at a mid-single-digit percentage rate**
- **EBIT to increase at a high single-digit percentage rate, thus faster than sales**
- **Strong increase in free cash flow expected**

"2018 was a good year for HUGO BOSS. 2019 will be an even better year for our Company," says **Mark Langer, CEO of HUGO BOSS AG.** "The current year will be all about the execution of our Business Plan 2022. With the focus clearly set on our strategic priorities, we are ensuring profitable growth in 2019 and beyond. Strong momentum in our own online business and in Asia will make a significant contribution this year."

In 2018, HUGO BOSS increased its pace of growth as planned. Sales grew by 4% in fiscal year 2018, adjusted for currency effects. The dynamic growth of the Group's own retail business, especially its online business, was the main contributor here. Sales in the reporting currency reached EUR 2,796 million, up 2% compared to the prior year. At EUR 489 million, EBITDA before special items was roughly on the prior

* Not considering the anticipated impact of IFRS 16. A full description of the expected impact of IFRS 16 can be found in the Annual Report 2018 (Notes to the Consolidated Financial Statements).


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year level and hence in line with expectations. Positive effects from higher sales and consistent cost management were offset by strategic investments in product quality and in the digital transformation of the business model. In addition, earnings development was negatively impacted by currency effects.

**More than EUR 100 million in sales in the Group's own online business**

HUGO BOSS has made significant progress in implementing its strategic priorities. Besides the successful realignment of the BOSS and HUGO brands, which customers experienced in stores for the first time with the Spring/Summer 2018 collections, the Group also successfully further developed its distribution strategy. HUGO BOSS saw strong double-digit growth in its own online business in particular, reaching sales of more than EUR 100 million for the first time. The Group also made major progress in its brick-and-mortar retail business. In addition to the further optimization of the store portfolio, the focus was on consistent renovation of BOSS stores and opening the first HUGO stores with their own concept in selected metropolises, including Paris and London. Moreover, HUGO BOSS made very good progress in the digitization of its business model. The Group is increasingly developing and distributing its collections digitally so that it can respond faster to market trends and keep its finger on the pulse of the times with its brands.

**Overproportionate growth expected in Asia/Pacific**

For 2019, HUGO BOSS expects to increase currency-adjusted sales at a mid-single-digit percentage rate. All regions will contribute to this, with overproportionate growth expected in Asia/Pacific. For the Group's own retail business, sales are expected to increase at a mid- to high single-digit percentage rate. Sales on a comp store and currency-adjusted basis are expected to grow at a mid-single-digit percentage rate. The own online business should see strong double-digit growth also this year and, in doing so, contribute overproportionately to growth in the Group's own retail business. The gross profit margin is expected to increase by up to 50 basis points compared to 2018. The growing share of sales from the Group's own retail business and improved markdown management should have a particularly positive impact. Operating income (EBIT) is expected to grow at a high single-digit percentage


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rate in 2019, hence faster than sales. This will primarily be the result of the expected increase in gross profit.

The current year will therefore be all about the execution of the Business Plan 2022. In particular, the strengthening of partnerships with online retailers in the concession model, the consistent renovation of BOSS stores with the new store concept, the continuous expansion of personalized offerings, and the acceleration of operating processes are expected to drive growth. In addition, the efficiency program launched in November should yield its first positive results.

**BOSS presents its Fall/Winter 2019 collections at New York Fashion Week**

The appeal of both the BOSS and HUGO brands is expected to be further strengthened following their successful realignment last year. The Group has already presented the first highlights of its coming Fall/Winter 2019 collections of BOSS Menswear and BOSS Womenswear, at the New York Fashion Week in February. Highlighting the event as "BOSS Curated," the art of sophisticated style was celebrated with fine attention to detail, modern silhouettes and unique materials with artistic highlights.

You can find out more at 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 2018

| Income statement (in EUR million) | 2018 | 2017 | Change in % |
|---|---|---|---|
| **Sales** | **2,796** | **2,733** | **2** |
| Cost of sales | (972) | (925) | (5) |
| **Gross profit** | **1,824** | **1,808** | **1** |
| In % of sales | 65.2 | 66.2 | (90) bp |
| Selling and distribution expenses | (1,174) | (1,195) | 2 |
| Administration expenses | (290) | (280) | (4) |
| Other operating income and expenses | (13) | 8 | <(100) |
| **Operating result (EBIT)** | **347** | **341** | **2** |
| In % of sales | 12.4 | 12.5 | (10) bp |
| Financial result | (10) | (10) | (4) |
| **Earnings before taxes** | **337** | **331** | **2** |
| Income taxes | (101) | (100) | 0 |
| **Net income** | **236** | **231** | **2** |
| **EBITDA before special items** | **489** | **491** | **0** |
| In % of sales | 17.5 | 18.0 | (50) bp |
| **Income tax rate in %** | **30** | **30** | |

- **Sales** of the HUGO BOSS Group rose by 2% to EUR 2,796 million in 2018 (2017: EUR 2,733 million). On a currency-adjusted basis, the increase was 4%.
  - All regions recorded currency-adjusted sales increases. In **Europe**, currency-adjusted sales grew by 4%, driven by double-digit growth in Great Britain. The **Americas** also recorded a currency-adjusted sales increase of 4%, mainly due to mid-single-digit growth in the U.S. Sales growth in **Asia/Pacific** benefited from high single-digit growth in the Chinese market. Adjusted for currency-effects, sales in Asia/Pacific grew 7%.
  - Currency-adjusted sales in the **Group's own retail business** grew by 4%, supported by increases in all sales formats. With strong double-digit growth of 41%, sales in the own online business increased in particular. Comp store sales were up 5% on the prior year's level. **Wholesale** also recorded a currency-adjusted increase in sales of 5%. This was due both to high single-digit growth in the replenishment business, which allows HUGO BOSS to react to short-term demand from wholesale partners, as well as positive effects resulting from delivery shifts. Sales in the **license business** were down 4% on the prior year.
  - The **BOSS** and **HUGO** brands developed heterogeneously. While BOSS achieved currency-adjusted sales growth of 6%, HUGO recorded a sales decrease of 4%. **BOSS** benefited in particular from high single-digit growth in businesswear and casualwear. **HUGO** recorded strong double-digit growth in


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casualwear. However, this was more than offset by declines in businesswear caused by changes in the distribution strategy.

- The decline in **gross profit margin** is mainly due to investments in the product quality. Currency effects also had a slightly negative impact on the gross margin development.
- **Operating expenses** were slightly down on the prior year, both in absolute terms and relative to sales. A slowdown in retail expansion and positive effects from renegotiated rental contracts in the Group's own retail business in particular led to a decrease in selling expenses. The increase in administrative expenses was attributed in particular to investments in the digital transformation of the business model.
- Net expenses arising from **other operating income and expenses** were mainly due to organizational changes. Furthermore, the item includes expenses that arose from the recognition of a provision for liabilities in the context of the former production site in Cleveland, Ohio, United States.
- **EBIT** rose by 2%. However, the EBIT margin declined by 10 basis points. **Net income** was also up by 2% in fiscal year 2018.
- **EBITDA before special items** recorded a stable development. Positive effects resulting from the increase in sales and the consistent cost management were offset by investments in product quality and in the digital transformation of the business model. Currency effects had an overall negative impact on earnings development.


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## Earnings development by segment for the full year of 2018

| Segment earnings | in EUR million | Change in % |
|---|---|---|
| Europe | 539 | ↗ + 4 |
| Americas | 99 | ↘ (17) |
| Asia/Pacific | 99 | ↗ + 9 |
| Licenses | 64 | ↘ (6) |

- Segment profit in **Europe** was up on the prior year. The increase in sales more than offset slightly higher operating expenses. At 31.1%, the adjusted EBITDA margin was up 10 basis points on the prior year (2017: 30.9%).
- In the **Americas**, segment profit was significantly below the prior year. This was primarily due to the decline in gross profit, mainly as a result of negative currency effects. This more than offset the positive effect of lower operating expenses. The adjusted EBITDA margin, at 17.2%, was consequently 340 basis points below the prior year level (2017: 20.6%).
- The increase in segment profit in **Asia/Pacific** is attributed to the positive sales development as well as a decline in operating expenses. The adjusted EBITDA margin was 24.2%, up 120 basis points on the prior year level (2017: 23.0%).
- Lower sales in the **license business** weighed on the segment profit in 2018.


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## Net assets and financial position for the full year of 2018

| December 31, 2018 | in EUR million | Change in % | Change in % currency-adjusted |
|---|---|---|---|
| TNWC | 537 | ↗ + 17 | ↗ + 16 |
| Inventories | 618 | ↗ + 15 | ↗ + 14 |

- **Trade net working capital (TNWC)** increased as compared to the prior year, primarily reflecting higher **inventories**. However, the Group expects a gradual reduction of inventories in 2019.

| December 31, 2018 | in EUR million | Change in % |
|---|---|---|
| Capital expenditure | 155 | ↗ + 21 |
| Free cash flow | 170 | ↘ (42) |
| Net financial liabilities | 22 | ↗ >100 |

- **Capital expenditure** in 2018 was well above the prior year. Modernization of the own retail network, investments in selective new openings and in the IT infrastructure were the focus of investment activity in fiscal year 2018.
- The development of **free cash flow** reflects the increased cash outflow as a result of the higher inventories and the higher investment volume.
- **Net financial liabilities** remained at a low level at year-end. As a result, the Group was almost debt-free at the end of the year.


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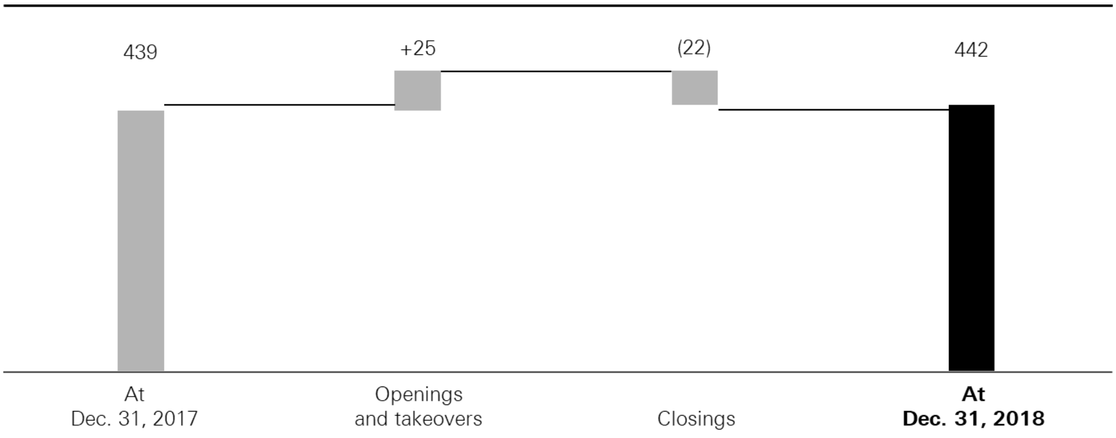
## Dividend proposal for 2018

- The Managing Board and Supervisory Board of HUGO BOSS AG intend to recommend a five-cent increase in **dividend**, to EUR 2.70 per share, at the Annual Shareholders' Meeting for fiscal year 2018 (2017: EUR 2.65). This is equivalent to a **payout ratio** of 79% of the net income attributable to the equity holders of the parent company in 2018 (2017: 79%). This means that the payout ratio remains at the upper end of the target corridor for future dividend payments. This provides for a payout of between 60% and 80% of the profit attributable to the equity holders.

## Network of freestanding retail stores




- The number of own **freestanding retail stores** increased by three in fiscal year 2018, to 442 (December 31, 2017: 439).
  - 13 newly opened **BOSS stores,** mainly in Europe and Mainland China, were offset by 22 closures of BOSS stores with expiring leases. In two cases, this reflects the relocation of sites within the same metropolitan area.
  - In addition, twelve **HUGO stores** with their own store concept were opened in selected major cities, including London and Paris.
- Including shop-in-shops and outlets, the **total selling space** of the Group's own retail business declined by 1% at year-end to around 154,500 sqm (December 31, 2017: 156,500 sqm).
- **Selling space productivity** in the brick-and-mortar retail business rose by 1% to around EUR 10,700 per sqm (2017: EUR 10,600 per sqm).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## Outlook 2019*

| | Targets 2018[2] | **Results 2018** | Outlook 2019[3] |
|---|---|---|---|
| Group sales[1] | Increase at a low to mid-single-digit percentage rate | +4% | Increase at a mid-single-digit percentage rate |
| Gross profit margin | Largely stable | Decrease by 90 basis points to 65,2% | Increase of up to 50 basis points |
| Operating result (EBIT) | – | Increase of 2 % to EUR 347 million | Increase at a high single-digit percentage rate |
| EBITDA before special items | Development within a range of –2% to +2% | With EUR 489 million stable to prior year | – |
| Consolidated net income | Increase at a low to mid-single-digit percentage rate | Increase by 2% to EUR 236 million | Increase at a high single-digit percentage rate |
| Capital expenditure | EUR 170 million to EUR 190 million | EUR 155 million | EUR 170 million to EUR 190 million |
| Free cash flow | EUR 150 million to EUR 200 million | Decrease by 42% to EUR 170 million | EUR 210 million to EUR 260 million |

[1] On a currency adjusted basis.
[2] In accordance with the original outlook presented in March 2018.
[3] Not considering the anticipated impact of IFRS 16. A full description of the expected impact of IFRS 16 can be found in the Annual Report 2018 (Notes to the Consolidated Financial Statements).

- HUGO BOSS expects to increase **Group sales** in 2019 at a mid-single-digit percentage rate on a currency-adjusted basis. Growth is therefore expected to be stronger than that of the relevant market segment.
  - The Group assumes that sales in **Europe** will increase by a low to mid-single-digit percentage rate adjusted for currency effects. Based on the assumption of further increases in the U.S. business, currency-adjusted sales in the **Americas** should also increase at a low to mid-single-digit percentage rate in 2019. In **Asia**, currency-adjusted sales are forecast to grow by mid- to high single-digit percentage rates, driven by significant growth in the Chinese market.
  - For the **Group's own retail business**, sales in 2019 are expected to grow at a mid- to high single-digit percentage rate on a currency-adjusted basis. The forecast is based on the assumption that comp store sales will grow at a mid-single-digit percentage rate. The online business will contribute overproportionately to the growth of the Group's own retail business again in 2019. **Wholesale sales** for the current year are expected to be slightly below the prior year's level, mainly

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reflecting the ongoing conversion of online platforms into concession businesses. **License sales** should grow in the mid-single-digit percentage range.

- HUGO BOSS aims to increase the **Group's gross profit margin** in 2019 by up to 50 basis points compared to the prior year. Above all, the growing share of sales from the Group's own retail business should have a positive impact on the gross profit margin. In addition, an improved markdown management should also contribute to the increase in gross profit margin.
- Starting in fiscal year 2019, **EBIT** will replace EBITDA before special items used by the Group up through 2018 as one of its key performance indicators. The future focus on EBIT and the associated inclusion of depreciation and amortization of fixed assets is intended to further increase the focus on capital efficiency. The Group expects EBIT to increase at a high single-digit percentage rate in 2019. Above all, the predicted increase in gross profit is expected to contribute to this. The **Group's net income** should also grow at a high single-digit percentage rate compared to the prior year.
- **Capital expenditure** is expected to increase to a level between EUR 170 million and EUR 190 million in 2019. Investment activity will focus on the Group's own retail business and its IT infrastructure.
- The Group expects a **free cash flow** of between EUR 210 million and EUR 260 million for the current year. The targeted increase compared to the prior year particularly reflects the expected higher operating profit as well as the projection of a significantly reduced cash outflow from changes in trade net working capital.
- HUGO BOSS has decided not to take into account the **impact of IFRS 16** in its outlook for fiscal year 2019. This should allow for better comparability of the results of fiscal year 2018 with the outlook for fiscal year 2019. The Group assumes, according to current knowledge, that the first-time application of IFRS 16 in fiscal year 2019 will cause an increase in operating profit (EBIT) by an amount in the low double-digit millions of euros. At the same time, the Group's net income is expected to be reduced by an amount in the single-digit millions of euros. For free cash flow, an increase in the low triple-digit millions of euros is expected based on the first-time application of IFRS 16.
- A **detailed presentation of the outlook** for HUGO BOSS for 2019 can be found in the Annual Report 2018.


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**Financial calendar and contacts**

**March 7, 2019**
Full Year Results 2018,
Conference calls for media representatives as well as financial analysts and investors

**May 2, 2019**
First Quarter Results 2019

**May 16, 2019**
Annual Shareholders' Meeting

**August 1, 2019**
Second Quarter Results 2019 & First Half Year Report 2019

**November 5, 2019**
Third Quarter Results 2019

If you have any questions, please contact:

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HUGO BOSS

# FINANCIAL INFORMATION

for Q4 2018 and for full year 2018

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## Key figures – Q4 2018

| | **Q4 2018** | Q4 2017 | Change in % | Change in %[1] |
|---|---|---|---|---|
| **Net sales (in EUR million)** | **783** | **735** | **7** | **6** |
| Net sales by segments | | | | |
| Europe incl. Middle East and Africa | 458 | 423 | 8 | 9 |
| Americas | 177 | 168 | 6 | 4 |
| Asia/Pacific | 124 | 119 | 4 | 4 |
| Licenses | 24 | 25 | (4) | (4) |
| Net sales by distribution channel | | | | |
| Group's own retail business | 533 | 514 | 4 | 4[2] |
| Wholesale | 226 | 196 | 16 | 15 |
| Licenses | 24 | 25 | (4) | (4) |
| Net sales by brand | | | | |
| BOSS | 680 | 636 | 7 | 7 |
| HUGO | 103 | 99 | 4 | 4 |
| Net sales by gender | | | | |
| Menswear | 707 | 660 | 7 | 7 |
| Womenswear | 75 | 75 | 0 | 0 |
| **Results of operations (in EUR million)** | | | | |
| Gross profit | 527 | 498 | 6 | |
| Gross profit margin in % | 67.3 | 67.7 | (40) bp | |
| EBITDA | 150 | 140 | 6 | |
| EBITDA before special items | 159 | 143 | 11 | |
| Adjusted EBITDA margin in %[3] | 20.3 | 19.5 | 80 bp | |
| EBIT | 111 | 81 | 37 | |
| EBIT margin | 14.2 | 11.0 | 320 bp | |
| Net income attributable to equity holders of the parent company | 67 | 45 | 48 | |
| **Financial position (in EUR million)** | | | | |
| Capital expenditure | 60 | 44 | 36 | |
| Free cash flow | 157 | 158 | (1) | |
| Depreciation/amortization | 39 | 59 | (36) | |
| **Additional key figures** | | | | |
| Personnel expenses (in EUR million) | 164 | 154 | 6 | |
| **Shares (in EUR)** | | | | |
| Earnings per share | 0.97 | 0.66 | 47 | |
| Last share price (as of Dec. 31) | 53.92 | 70.94 | (24) | |
| Number of shares (as of Dec. 31) | 70,400,000 | 70,400,000 | 0 | |

[1] Currency-adjusted.
[2] On a comp store basis 4%.
[3] EBITDA before special items/sales.


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## Key figures – fiscal year 2018

| | **Jan. - Dec. 2018** | Jan. - Dec. 2017 | Change in % | Change in %[1] |
|---|---|---|---|---|
| **Net sales (in EUR million)** | **2,796** | **2,733** | **2** | **4** |
| Net sales by segments | | | | |
| Europe incl. Middle East and Africa | 1,736 | 1,681 | 3 | 4 |
| Americas | 574 | 577 | (1) | 4 |
| Asia/Pacific | 410 | 396 | 4 | 7 |
| Licenses | 76 | 79 | (4) | (4) |
| Net sales by distribution channel | | | | |
| Group's own retail business | 1,768 | 1,732 | 2 | 4[2] |
| Wholesale | 952 | 922 | 3 | 5 |
| Licenses | 76 | 79 | (4) | (4) |
| Net sales by brand | | | | |
| BOSS | 2,422 | 2,336 | 4 | 6 |
| HUGO | 374 | 397 | (6) | (4) |
| Net sales by gender | | | | |
| Menswear | 2,517 | 2,440 | 3 | 5 |
| Womenswear | 279 | 293 | (5) | (3) |
| **Results of operations (in EUR million)** | | | | |
| Gross profit | 1,824 | 1,808 | 1 | |
| Gross profit margin in % | 65.2 | 66.2 | (90) bp | |
| EBITDA | 476 | 499 | (5) | |
| EBITDA before special items | 489 | 491 | 0 | |
| Adjusted EBITDA margin in %[3] | 17.5 | 18.0 | (50) bp | |
| EBIT | 347 | 341 | 2 | |
| EBIT margin | 12.4 | 12.5 | (10) bp | |
| Net income attributable to equity holders of the parent company | 236 | 231 | 2 | |
| **Net assets and liability structure as of Dec. 31 (in EUR million)** | | | | |
| Trade net working capital | 537 | 459 | 17 | 16 |
| Trade net working capital in % of net sales[4] | 19.7 | 18.6 | 110 bp | |
| Non-current assets | 686 | 662 | 4 | |
| Equity | 981 | 915 | 7 | |
| Equity ratio in % | 52.8 | 53.2 | (40) bp | |
| Total assets | 1,858 | 1,720 | 8 | |
| **Financial position (in EUR million)** | | | | |
| Capital expenditure | 155 | 128 | 21 | |
| Free cash flow | 170 | 294 | (42) | |
| Depreciation/amortization | 129 | 158 | (18) | |
| Net financial liabilities (as of Dec. 31) | 22 | 7 | > 100 | |
| Total leverage (as of Dec. 31)[5] | 0.0 | 0.0 | | |
| **Additional key figures** | | | | |
| Employees (as of Dec. 31) | 14,685 | 13,985 | 5 | |
| Personnel expenses (in EUR million) | 629 | 604 | 4 | |
| Number of Group's own retail stores | 1,113 | 1,139 | (2) | |
| thereof freestanding retail stores | 442 | 439 | 1 | |
| **Shares (in EUR)** | | | | |
| Earnings per share | 3.42 | 3.35 | 2 | |
| Last share price (as of Dec. 31) | 53.92 | 70.94 | (24) | |
| Number of shares (as of Dec. 31) | 70,400,000 | 70,400,000 | 0 | |

[1] Currency-adjusted.

[2] On a comp store basis 5%.

[3] EBITDA before special items/sales.

[4] Moving average on the basis of the last four quarters.

[5] Net financial liabilities/EBITDA before special items.



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## Consolidated income statement – Q4 2018

| (in EUR million) | **Q4 2018** | Q4 2017 | Change in % |
|---|---|---|---|
| **Sales** | **783** | **735** | **7** |
| Cost of sales | (256) | (237) | (8) |
| **Gross profit** | **527** | **498** | **6** |
| In % of sales | 67.3 | 67.7 | (40) bp |
| Selling and distribution expenses | (331) | (342) | 3 |
| Administration expenses | (76) | (72) | (5) |
| Other operating income and expenses | (9) | (3) | <(100) |
| **Operating result (EBIT)** | **111** | **81** | **37** |
| In % of sales | 14.2 | 11.0 | 320 bp |
| Financial result | (3) | (1) | <(100) |
| **Earnings before taxes** | **108** | **80** | **35** |
| Income taxes | (41) | (35) | (18) |
| **Net income** | **67** | **45** | **48** |
| **Earnings per share (EUR)[1]** | **0.97** | **0.66** | **47** |
| **Income tax rate in %** | **38** | **43** | |

[1] Basic and diluted earnings per share.

## EBITDA before special items – Q4 2018

| (in EUR million) | **Q4 2018** | Q4 2017 | Change in % |
|---|---|---|---|
| **EBIT** | **111** | **81** | **37** |
| Depreciation and amortization | (39) | (59) | 36 |
| **EBITDA** | **150** | **140** | **6** |
| EBITDA related special items | (9) | (3) | <(100) |
| **EBITDA before special items** | **159** | **143** | **11** |
| In % of sales | 20.3 | 19.5 | 80 bp |


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## Consolidated income statement – fiscal year 2018

| (in EUR million) | **Jan. - Dec. 2018** | Jan. - Dec. 2017 | Change in % |
|---|---|---|---|
| **Sales** | **2,796** | **2,733** | **2** |
| Cost of sales | (972) | (925) | (5) |
| **Gross profit** | **1,824** | **1,808** | **1** |
| In % of sales | 65.2 | 66.2 | (90) bp |
| Selling and distribution expenses | (1,174) | (1,195) | 2 |
| Administration expenses | (290) | (280) | (4) |
| Other operating income and expenses | (13) | 8 | <(100) |
| **Operating result (EBIT)** | **347** | **341** | **2** |
| In % of sales | 12.4 | 12.5 | (10) bp |
| Financial result | (10) | (10) | (4) |
| **Earnings before taxes** | **337** | **331** | **2** |
| Income taxes | (101) | (100) | 0 |
| **Net income** | **236** | **231** | **2** |
| **Earnings per share (EUR)[1]** | **3.42** | **3.35** | **2** |
| **Income tax rate in %** | **30** | **30** | |

[1] Basic and diluted earnings per share.

## EBITDA before special items – fiscal year 2018

| (in EUR million) | **Jan. - Dec. 2018** | Jan. - Dec. 2017 | Change in % |
|---|---|---|---|
| **EBIT** | **347** | **341** | **2** |
| Depreciation and amortization | (129) | (158) | 18 |
| **EBITDA** | **476** | **499** | **(5)** |
| EBITDA related special items | (13) | 8 | <(100) |
| **EBITDA before special items** | **489** | **491** | **0** |
| In % of sales | 17.5 | 18.0 | (50) bp |


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# H U G O B O S S

## Consolidated statement of financial position

(in EUR million)

| Assets | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Intangible assets | 185 | 183 |
| Property, plant and equipment | 389 | 366 |
| Deferred tax assets | 90 | 94 |
| Non-current financial assets | 19 | 18 |
| Other non-current assets | 3 | 1 |
| **Non-current assets** | **686** | **662** |
| Inventories | 618 | 537 |
| Trade receivables | 214 | 208 |
| Current tax receivables | 39 | 49 |
| Current financial assets | 32 | 39 |
| Other current assets | 123 | 109 |
| Cash and cash equivalents | 147 | 116 |
| **Current assets** | **1,172** | **1,058** |
| **TOTAL** | **1,858** | **1,720** |
| | | |
| **Equity and Liabilities** | | |
| Subscribed capital | 70 | 70 |
| Own shares | (42) | (42) |
| Capital reserve | 0 | 0 |
| Retained earnings | 926 | 869 |
| Accumulated other comprehensive income | 26 | 18 |
| **Equity attributable to equity holders of the parent company** | **981** | **915** |
| Non-controlling interests | 0 | 0 |
| **Group equity** | **981** | **915** |
| Non-current provisions | 69 | 70 |
| Non-current financial liabilities | 83 | 63 |
| Deferred tax liabilities | 13 | 11 |
| Other non-current liabilities | 61 | 55 |
| **Non-current liabilities** | **225** | **199** |
| Current provisions | 98 | 107 |
| Current financial liabilities | 93 | 69 |
| Income tax payables | 44 | 32 |
| Trade payables | 295 | 286 |
| Other current liabilities | 123 | 112 |
| **Current liabilities** | **653** | **606** |
| **TOTAL** | **1,858** | **1,720** |

## Trade Net Working Capital (TNWC)

(in EUR million)

| | Dec. 31, 2018 | Dec. 31, 2017 | Change in % | Currency-adjusted change in % |
|---|---|---|---|---|
| Inventories | 618 | 537 | 15 | 14 |
| Trade receivables | 214 | 208 | 3 | 3 |
| Trade payables | (295) | (286) | 3 | 2 |
| **TNWC** | **537** | **459** | **17** | **16** |


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## Consolidated statement of cash flows

| (in EUR million) | **Jan. – Dec. 2018** | Jan. – Dec. 2017 |
|---|---|---|
| Net income | 236 | 231 |
| Depreciation/amortization | 130 | 159 |
| Unrealized net foreign exchange gain/loss | 3 | 21 |
| Other non-cash transactions | 0 | (1) |
| Income tax expense/refund | 100 | 100 |
| Interest income and expenses | 3 | 3 |
| Change in inventories | (72) | 3 |
| Change in receivables and other assets | (13) | (13) |
| Change in trade payables and other liabilities | 22 | 39 |
| Result from disposal of non-current assets | 0 | (1) |
| Change in provisions for pensions | (9) | (8) |
| Change in other provisions | (7) | (35) |
| Income taxes paid | (72) | (77) |
| **Cash flow from operations** | **322** | **421** |
| Interest paid | (2) | (2) |
| Interest received | 2 | 2 |
| **Cash flow from operating activities** | **322** | **420** |
| Investments in property, plant and equipment | (122) | (91) |
| Investments in intangible assets | (31) | (28) |
| Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired | 0 | (7) |
| Change in scope of consolidation | 0 | (1) |
| Cash receipts from disposal of property, plant and equipment and intangible assets | 2 | 1 |
| **Cash flow from investing activities** | **(152)** | **(126)** |
| Dividends paid to equity holders of the parent company | (183) | (179) |
| Change in current financial liabilities | 23 | (6) |
| Cash receipts from non-current financial liabilities | 24 | 0 |
| Repayment of non-current financial liabilities | (3) | (69) |
| **Cash flow from financing activities** | **(139)** | **(254)** |
| Changes in basis of consolidation | **0** | **(2)** |
| Exchange-rate related changes in cash and cash equivalents | (100) | (6) |
| **Change in cash and cash equivalents** | **31** | **32** |
| Cash and cash equivalents at the beginning of the period | 116 | 83 |
| **Cash and cash equivalents at the end of the period** | **147** | **116** |

## Free cash flow

| (in EUR million) | **Jan. – Dec. 2018** | Jan. – Dec. 2017 |
|---|---|---|
| Cash flow from operating activities | 322 | 420 |
| Cash flow from investing activities | (152) | (126) |
| **Free cash flow** | **170** | **294** |


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## Segment earnings – Q4 2018

| (in EUR million) | Q4 2018 | In % of sales | Q4 2017 | In % of sales | Change in % |
|---|---|---|---|---|---|
| Europe | 148 | 32.4 | 127 | 30.0 | 17 |
| Americas | 43 | 24.2 | 39 | 23.2 | 10 |
| Asia/Pacific | 34 | 27.2 | 32 | 27.1 | 4 |
| Licenses | 20 | 84.1 | 24 | 96.7 | (17) |
| **Earnings of operating segments** | **245** | **31.3** | **222** | **30.2** | **10** |
| Corporate units / consolidation | (86) | | (79) | | 9 |
| **EBITDA before special items** | **159** | **20.3** | **143** | **19.5** | **11** |

## Segment earnings – fiscal year 2018

| (in EUR million) | **Jan. – Dec. 2018** | **In % of sales** | Jan. – Dec. 2017 | In % of sales | Change in % |
|---|---|---|---|---|---|
| Europe | 539 | 31.1 | 520 | 30.9 | 4 |
| Americas | 99 | 17.2 | 119 | 20.6 | (17) |
| Asia/Pacific | 99 | 24.2 | 91 | 23.0 | 9 |
| Licenses | 64 | 83.5 | 68 | 85.6 | (6) |
| **Earnings of operating segments** | **801** | **28.6** | **798** | **29.2** | **0** |
| Corporate units / consolidation | (312) | | (307) | | 2 |
| **EBITDA before special items** | **489** | **17.5** | **491** | **18.0** | **0** |

## Number of Group´s own retail stores

| **Dec. 31, 2018** | Freestanding stores | Shop-in-shops | Outlets | **Total** |
|---|---|---|---|---|
| Europe | 199 | 317 | 69 | **585** |
| Americas | 89 | 92 | 50 | **231** |
| Asia/Pacific | 154 | 91 | 52 | **297** |
| **Total** | **442** | **500** | **171** | **1,113** |
| Dec. 31, 2017 | | | | |
| Europe | 192 | 351 | 65 | **608** |
| Americas | 90 | 99 | 50 | **239** |
| Asia/Pacific | 157 | 88 | 47 | **292** |
| **Total** | **439** | **538** | **162** | **1,139** |


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