MASTER IN FINANCE

EQUITY RESEARCH: HUGO BOSS AG

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Abstract

HUGO BOSS AG is a premium apparel company headquartered in Metzingen, Germany, and listed on the Frankfurt Stock Exchange (Xetra: BOSS). The group operates two complementary brands, BOSS and HUGO, across menswear, womenswear and licensed categories, through a distribution model that is increasingly centred on its own retail and digital channels.

This report, developed as the Master's Final Work in Finance, presents an Equity Research on HUGO BOSS and sets a year-end 2026 price target of €45.55 per share. Against the reference price of €37.00 on 5 May 2026, this implies an upside of roughly 23%, supporting a BUY recommendation with a medium risk profile. The thesis rests on i) the CLAIM 5 strategy and the strength of the two-brand architecture; ii) the shift towards own retail and digital, which underpins full-price sell-through and margins; iii) disciplined capital allocation and shareholder returns through dividends and buybacks; and iv) the resilience of a premium positioning in a normalising consumer environment.

The valuation was conducted primarily through a Free Cash Flow to the Firm (FCFF) model, cross-checked with a Free Cash Flow to Equity (FCFE) model and a relative valuation based on EV/EBIT and P/E multiples, with a peer group selected through the SARD method. The cost of capital was built bottom-up, combining an unlevered industry beta re-levered through the Hamada equation with a revenue-weighted equity risk premium. The lease-intensive nature of the business was explicitly reflected in the treatment of net debt, and EV/EBITDA was deliberately excluded from the valuation range.

HUGO BOSS remains exposed to macroeconomic and sector-specific risks, including softer discretionary demand, input-cost and sourcing pressure, currency movements, and the capital intensity of an extensive store network. These were assessed qualitatively, alongside ESG considerations, where the company's targets in circularity, emissions and people were weighed against execution risk.

Overall, HUGO BOSS combines a credible growth agenda with an attractive capital-return profile and a valuation that, under a two-date framework anchored at the end of 2026, still leaves room above the current share price. Although the path is not free of risk – chiefly consumer softness and the cost of a large retail footprint – the balance of evidence points to a stock trading below its intrinsic value.

JEL classification: G11; G12; G17; G32; L67

Keywords: HUGO BOSS AG; Equity Research; Valuation; Discounted Cash Flow; Premium Apparel Industry.

Resumo

A HUGO BOSS AG é uma empresa de vestuário premium com sede em Metzingen, na Alemanha, e cotada na Bolsa de Frankfurt (Xetra: BOSS). O grupo opera duas marcas complementares, BOSS e HUGO, nas categorias de vestuário masculino, feminino e licenciado, através de um modelo de distribuição cada vez mais centrado nos seus próprios canais de retalho e digitais.

O presente relatório, desenvolvido no âmbito do Trabalho Final de Mestrado em Finanças, consiste numa Equity Research à HUGO BOSS e estima um preço-alvo para o final de 2026 de €45,55 por ação. Face ao preço de referência de €37,00 em 5 de maio de 2026, este valor representa um potencial de valorização de cerca de 23%, suportando uma recomendação de BUY, com um perfil de risco médio. A tese assenta em i) a estratégia CLAIM 5 e a solidez da arquitetura de duas marcas; ii) a transição para o retalho próprio e o digital, que sustenta as vendas a preço cheio e as margens; iii) a disciplina na alocação de capital e a remuneração dos acionistas através de dividendos e recompras de ações; e iv) a resiliência de um posicionamento premium num ambiente de consumo em normalização.

A avaliação foi conduzida principalmente através de um modelo de Free Cash Flow to the Firm (FCFF), complementada por um modelo de Free Cash Flow to Equity (FCFE) e por uma avaliação relativa baseada em múltiplos EV/EBIT e P/E, com um conjunto de pares selecionado pelo método SARD. O custo do capital foi construído bottom-up, combinando um beta setorial não alavancado, realavancado pela equação de Hamada, com um prémio de risco de capital ponderado pela receita. A natureza intensiva em locações do negócio foi explicitamente refletida no tratamento da dívida líquida, tendo o EV/EBITDA sido deliberadamente excluído do intervalo de avaliação.

A HUGO BOSS está exposta a riscos macroeconómicos e específicos do setor, incluindo um abrandamento da procura discricionária, pressões nos custos de produção e de sourcing, movimentos cambiais e a intensidade de capital de uma extensa rede de lojas. Estes riscos foram avaliados qualitativamente, a par de fatores ESG, em que as metas da empresa em circularidade, emissões e pessoas foram ponderadas face ao risco de execução.

Em conclusão, a HUGO BOSS combina uma estratégia de crescimento credível com um perfil atrativo de remuneração ao acionista e uma avaliação que, num quadro de duas datas ancorado no final de 2026, mantém margem acima do preço atual da ação. Embora o caminho não esteja isento de riscos – sobretudo o abrandamento do consumo e o custo de uma ampla rede de retalho – o conjunto da evidência aponta para uma ação a transacionar abaixo do seu valor intrínseco.

Classificação JEL: G11; G12; G17; G32; L67

Palavras-Chave: HUGO BOSS AG; Equity Research; Avaliação de Empresas; Fluxos de Caixa Descontados; Indústria de Vestuário Premium.

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A heartfelt thank you also goes to my university colleagues, with whom I shared a truly memorable journey over these years. Your companionship and support made all the difference, and I hope our paths will keep crossing in the milestones still to come.

I am also grateful to Professor Victor Barros, whose teaching of Equity Research significantly shaped my understanding of the subject.

Finally, I would like to thank my supervisor, Haoxu Wang, for the supervision, guidance, and invaluable advice that were fundamental to the development of this work.

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HUGO BOSS

Personal Luxury Goods | **Frankfurt (XETRA)**

Ticker:	Current Price:	Target Price:	Recommendation:	Upside Potential:	Level of risk:
BOSS GY	€37.00	€45.55	BUY	↑ 23.1%	Medium

1. Research Snapshot

We issue a BUY recommendation on HUGO BOSS AG (Frankfurt: BOSS), with a price target of €45.55/share derived from a discounted cash flow model built on free cash flow to the firm (FCFF). The call is made on 5 May 2026, at the Q1 release and the €37.00 Xetra price, with the target set as of 31 December 2026; the €45.55 is the value we expect by year-end, an expected return of 23.1% on today's price, at Medium Risk (Table 1; Table 2).

HUGO BOSS is a leading premium fashion group founded in Metzingen in 1924 (Figure 3; Table 4), operating the BOSS and HUGO brands across 130 markets through an omnichannel model of brick-and-mortar retail (51% of FY2025 sales), wholesale (26%), digital (21%) and licences (2%). In FY2025 the Group generated €4.27bn in sales, with EMEA (Europe, Middle East and Africa) contributing €2,664m, the Americas €993m and Asia/Pacific €509m (Figure 1).

Our valuation is anchored to the FCFF model (€45.55), cross-checked by a free cash flow to equity (FCFE) model (€42.91) and complemented by a lease-normalised relative valuation (€41.82 and €40.48 on the EV/EBIT and P/E multiples); the triangulation supports the case that the stock is materially undervalued after a 19% decline in 2025 (Figure 2; Table 3).

Strategy realignment under CLAIM 5 TOUCHDOWN

In December 2025 management launched CLAIM 5 TOUCHDOWN, a framework through 2028 that shifts the emphasis from top-line growth toward profitable growth, free cash flow and business quality across its Brand, Distribution and Operational Excellence pillars (Figure 9). The plan makes 2026 a transition year, with sales guided lower and EBIT to €300m-€350m, before growth resumes from 2027 toward a medium-term EBIT margin of around 12%. We read the near-term earnings compression as a self-inflicted, value-accretive reset, not a structural deterioration.

Robust fundamentals and improving returns

On our own forecasts, margins recover gradually toward the medium-term ambition management has set out — the gross margin widening to 62.5% and the EBIT margin to roughly 10% by FY2030F — while ROIC rises to 13.8%, comfortably higher than our 8.40% cost of capital, so growth creates value for shareholders rather than destroying it.

Disciplined, flexible capital returns

Capital allocation was rebased to protect flexibility during the realignment: the proposed FY2025 dividend was cut to the statutory €0.04 per share, while a €200m share-buyback programme runs to December 2027, funded from free cash flow with the intention to cancel the repurchased shares. Repurchasing stock through the trough also reads as a signal that management regards the shares as undervalued, in line with our own view, and we see the move to a more flexible framework as prudent while earnings are compressed.

Solid ESG profile

Structured around the People, Planet and Product pillars, HUGO BOSS targets net-zero emissions by 2050 and a 50% cut in Scope 1–3 emissions by 2030. External recognition is strong — an MSCI rating of AA, a Sustainalytics risk score of 12.3 on a 0–100 scale where lower is safer and an S&P Global CSA score of 84 out of 100 — though a CDP Climate score of C suggests there is still room to improve climate reporting. ESG metrics are also built into executive pay, aligning management's incentives with the sustainability preferences of investors and other stakeholders.

Risk and conclusion

Our Medium Risk rating reflects discretionary demand sensitivity, tariff and FX headwinds, execution risk on the repositioning and an evolving ownership structure (Frasers Group at 25.2% of voting rights, free float near 59%), balanced by premium positioning, strong cash generation and a solid balance sheet; our Monte Carlo simulation backs the BUY case with a €46.14 mean target and around 75% BUY/STRONG BUY outcomes. The sections that follow develop this case, from the business and ESG profile to the industry, valuation, financials and risks.

Table 1 — Risk assessment		
Low	**Medium**	High

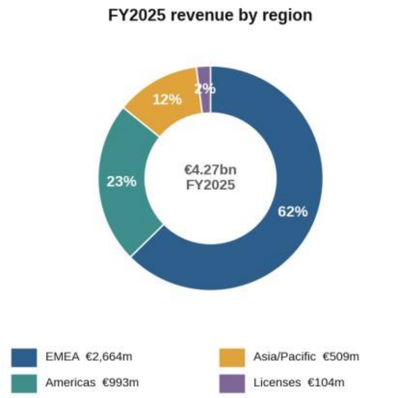
Source: Author's analysis

Table 1 – Analyst risk assessment

BUY · Medium Risk	
Ticker	BOSS / Xetra
Current price (05/05/26)	€37.00
Target price (31/12/26)	**€45.55**
Upside potential	**+23.1%**
Sector	Personal Luxury Goods

Source: Author's analysis

Table 2 – Recommendation & price target summary



Source: Company FY2025 report, Author's analysis

Figure 1 – FY2025 revenue by region

Price target estimates		
Method	**Target**	**Upside**
DCF — FCFF	€45.55	+23.1%
DCF — FCFE	€42.91	+16.0%
Relative — EV/EBIT	€41.82	+13.0%
Relative — P/E	€40.48	+9.4%
Monte Carlo (mean)	€46.14	+24.7%

Source: Author's analysis

Table 3 – Price target estimates by method

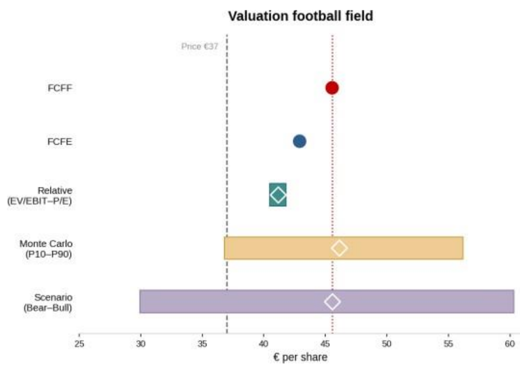


Figure 2 – Valuation football field

2. Business Description

History

Founded in 1924 by Hugo Ferdinand Boss in Metzingen, Germany, HUGO BOSS AG has grown from a small tailoring workshop into one of the world's leading premium fashion companies. During World War II, the company supplied uniforms to the Nazi regime and relied on forced labor — a chapter for which Hugo Boss publicly expressed regret in 2011, following an independent historical study (Reuters, 2011). After the war, the business was rebuilt under Eugen Holy and gradually shifted toward ready-to-wear menswear. The brand gained further momentum in the 1970s, with BOSS registered as a trademark in 1977, before being listed on the Frankfurt Stock Exchange in 1985. The Group later expanded its portfolio with the launch of HUGO in 1993 and the introduction of BOSS Womenswear in 2000.

Table 4 – Company milestones

Business Segments

The Group describes its business segments through two complementary lenses: how it sells, across its regions and distribution channels, and how it operates, through product development, sourcing and logistics.

In FY2025 HUGO BOSS generated €4.27bn in sales, and the business can be understood in three ways — by region, by channel and by brand. Geographically, EMEA remains the anchor of the business, contributing €2,664m, well ahead of the Americas at €993m and Asia/Pacific at €509m, with the licence business accounting for the remaining 2% of Group sales, or €104m (HUGO BOSS AG, 2025a) (Figure 1).

Figure 3 – HUGO BOSS headquarters

The same revenue, viewed by channel, runs through an omnichannel model in which brick-and-mortar retail is still the largest route to market at 51% of 2025 sales (€2,167m), followed by brick-and-mortar wholesale at 26% (€1,108m), digital at 21% (€891m) and licences at 2% (€104m) (Figure 4).

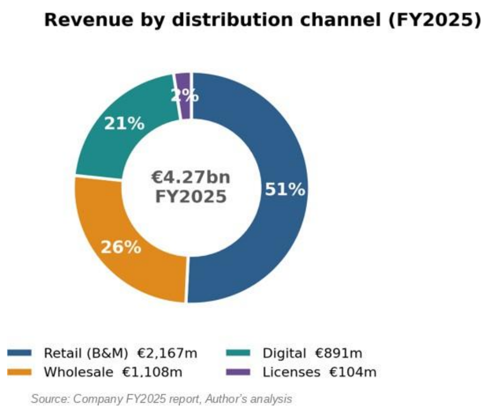


Figure 4 – Revenue by distribution channel (FY2025)

By brand, the Group continues to lean on BOSS Menswear, which generates the majority of sales and remains its core growth engine, while BOSS Womenswear and HUGO accounted for 7% and 15% of Group sales respectively in 2025. This mix matters for the investment case, because CLAIM 5 TOUCHDOWN is designed to lift the long-term performance of Womenswear and HUGO while keeping BOSS Menswear as the main pillar of the business (Figure 5). The licence business, finally, extends the brands into adjacent categories such as fragrances, eyewear and watches.

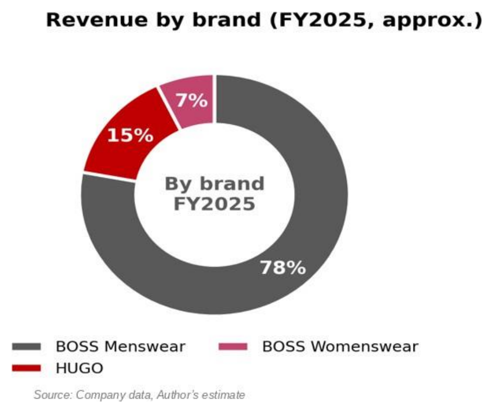


Figure 5 – Revenue by brand (FY2025)

At the end of 2025, HUGO BOSS operated 1,462 own brick-and-mortar points of sale, including 485 freestanding stores — a number that stayed roughly flat over the year, with 19 stores opened and 34 closed (Figure 8) — while the wholesale network spans around 6,400 points of sale and 432 franchise stores supported by 10 showrooms (Figure 6).

Digital operations are anchored by hugoboss.com which serves 74 markets complemented by online partners and wholesale concessions.

On the supply side, design and development are based in Metzingen, while production is largely outsourced: only 17% of total sourcing volume comes from internal European sites (Izmir, Metzingen, Radom, Morrovalle, Coldrerio), with the remaining 83% from external suppliers. To reduce risk, the company sources from several regions, with 49% of volume sourced in EMEA, 48% in Asia, and 3% in the Americas, supported by a base of 178 Tier-1 and 374 Tier-2 suppliers. Logistics are centralized around Metzingen (Figure 7).

Key drivers of profitability

Several structural levers shape how HUGO BOSS converts revenue into profit; we set them out here and assess how the Group is managing each through the CLAIM 5 TOUCHDOWN phase.

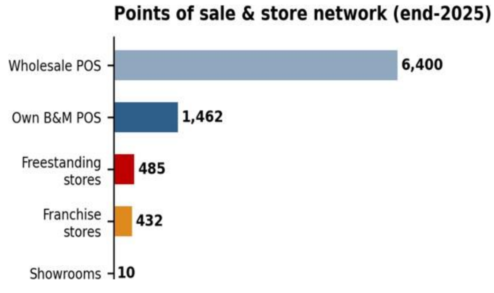
The first lever is gross-margin management, which HUGO BOSS protects through the discipline of its buying and its inventory. By forecasting demand more accurately and purchasing its assortment more selectively, the Group reduces the markdown pressure that erodes margin, so that a larger share of product sells at full price. The mechanism is direct: tighter assortments and disciplined inventory mean less excess stock to clear at a discount, which lifts the full-price sell-through that underpins the gross margin, while sourcing efficiencies and a lower reliance on air freight add a further tailwind. Monitoring inventory growth against sales therefore remains a central margin lever rather than a purely operational concern.

Closely tied to this is sourcing efficiency and product-cost discipline, where profitability can improve through better supplier negotiations, vendor consolidation and more efficient product engineering. The key here is to take costs out without compromising product quality or brand positioning.

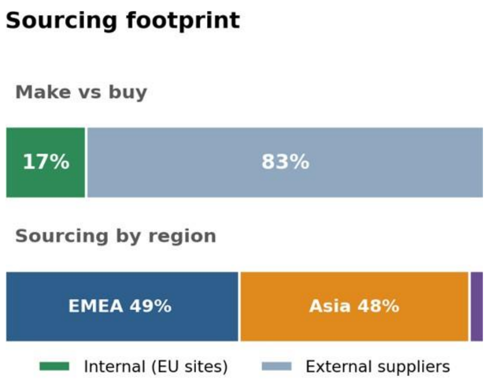
A third lever is distribution quality and channel contribution, since growth should not come from every channel at any cost. HUGO BOSS should focus on channels that generate healthy margins, improving store productivity and digital conversion. Under CLAIM 5 TOUCHDOWN, the Group is deliberately shifting toward more selective distribution, cleaner assortments, and a stronger focus on profitable sales.

Brand equity and full-price demand sit behind all of this: stronger brand heat supports better pricing power and reduces the need for discounts. Sustained investment in brand desirability, through strategic partnerships and omnichannel engagement, is therefore directly linked to margin quality, particularly for the HUGO brand, which remains in an earlier stage of its repositioning.

Finally, macro, FX and regional risks cut across every other lever: profitability remains sensitive to consumer demand, FX movements, tariffs and the pace of China's recovery. As a globally exposed Group with a strong Euro cost base, currency oscillations can materially affect translated revenues. These factors should be treated as scenario risks, and that is exactly how they enter the valuation: each is carried through to the price target in the sensitivity and scenario analysis, demand through the terminal-revenue assumption, tariffs and input costs through the gross- and EBIT-margin levers, rather than being left as qualitative caveats.



Source: Company FY2025 report
Figure 6 – Points of sale & store network (end-2025)



Source: Company FY2025 report
Figure 7 – Sourcing footprint

Company strategy

In 2021, HUGO BOSS launched its CLAIM 5 strategy to increase brand relevance, accelerate growth, and gain market share. The strategy was supported by investments in brand building, product development, digital capabilities, omnichannel distribution, and the operating platform.

After the brand refresh of BOSS and HUGO in 2022, the company entered an execution and scaling phase. By 2025, HUGO BOSS had strengthened its brand momentum and operational base, but the weaker consumer environment pushed the Group to refocus its priorities.

In December 2025, HUGO BOSS introduced CLAIM 5 TOUCHDOWN, a new strategic framework running through 2028. This strategy builds on CLAIM 5, but shifts the focus more clearly toward profitable growth, stronger free cash flow, higher business quality, and long-term value creation.

The updated strategy is based on three main areas:

- Brand Excellence: HUGO BOSS aims to further strengthen the desirability of BOSS and HUGO through clearer brand positioning, product-led campaigns, strategic partnerships, and stronger customer loyalty.
- Distribution Excellence: The Group wants to improve the quality of its distribution network. This includes a more selective store portfolio, stronger wholesale partnerships, better digital execution, and a stronger focus on productive channels.

Source: HUGO BOSS AG (2025)
Figure 8 – Own freestanding retail stores

- Operational Excellence: HUGO BOSS is focused on improving efficiency across sourcing, logistics, planning, and back-end processes. Key priorities include supplier optimization, reduced product complexity, shorter lead times, more sea freight, automation, and the Digital TWIN initiative.

Figure 9 – Strategy framework — CLAIM 5 TOUCHDOWN

From a financial perspective, the company expects 2026 to be a transition year, with sales temporarily affected by brand and channel realignment. Growth is expected to return from 2027 and accelerate in 2028. Over the medium to long term, HUGO BOSS aims to outgrow the market and reach an EBIT margin of around 12%.

More specifically, management expects currency-adjusted sales to decline by a mid- to high-single-digit rate in 2026, while EBIT is expected to fall to a range of €300m-€350m (HUGO BOSS AG, 2025; Reuters, 2025). This reflects the short-term impact of brand and channel realignment, including more selective distribution, assortment simplification and a stronger focus on profitable sales. The strategic logic is to accept weaker near-term revenues in order to rebuild a stronger base for growth and profitability from 2027 onward. This guidance is the backbone of our valuation, as the 2026 trough and the 2027 recovery flow directly into the forecasts behind our price target.

Despite the strategic progress, HUGO BOSS's stock closed 2025 at €36.15 (-19% YoY), reflecting investor caution ahead of the 2026 realignment year, with market capitalization declining to approximately €2.55bn.

Shareholders structure

HUGO BOSS was listed on the Frankfurt Stock Exchange in 1985 and currently has 70.4 million ordinary shares outstanding, of which 69.0 million were outstanding at year-end 2025. The company holds 1.38 million treasury shares, equal to 1.97% of share capital. The largest shareholder is Frasers Group plc, which held 25.21% of voting rights at end-2025, up from 19.25% in 2024, with a further 32% exposure through financial instruments, a development that reduced the free float from 64% to approximately 59%. The Marzotto family, through PFC S.p.A. and Zignago Holding S.p.A., held a combined stake of 14.15%. Notably, Michael Murray, CEO of Frasers Group, joined the Supervisory Board in 2025 as a shareholder representative, a role that raises questions around potential conflicts of interest given Frasers' dual position as major shareholder and key wholesale partner (Figure 10).

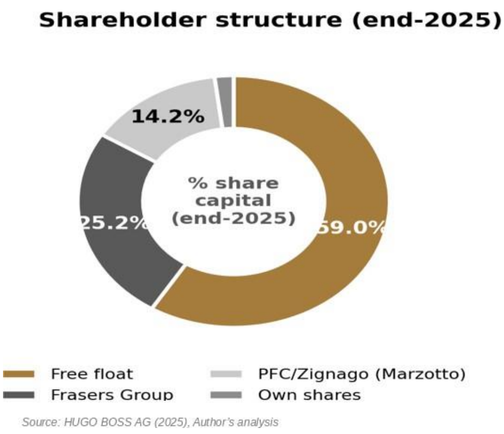


Figure 10 – Shareholder structure (end-2025)

Dividend Payout Policy

HUGO BOSS historically followed a progressive dividend approach, targeting a payout ratio of 30%-50% of net income attributable to shareholders. In FY2024, the Managing Board and Supervisory Board proposed a dividend of €1.40 per share, up 4% versus €1.35 per share in FY2023, corresponding to a 45% payout ratio and a total cash distribution of roughly €97m. This reflected management's confidence in the company's ability to generate sustainable positive cash flows over time.

However, the capital return policy was rebased in FY2025. For fiscal year 2025, HUGO BOSS intends to propose only the statutory minimum dividend of €0.04 per share, compared with €1.40 for FY2024. Based on 69.0m outstanding shares, this implies a cash dividend distribution of €2.8m.

At the same time, the company announced a share buyback program of up to €200m, running until 31 December 2027, financed through continued free cash flow generation, with the intention to cancel the repurchased shares. Management stated that the combination of the minimum dividend and buyback should deliver average annual shareholder returns broadly in line with those distributed for FY2024 over the period to 2027, marking a shift from a dividend-led approach toward a more flexible capital-allocation framework during the realignment under CLAIM 5 TOUCHDOWN (Figure 11).

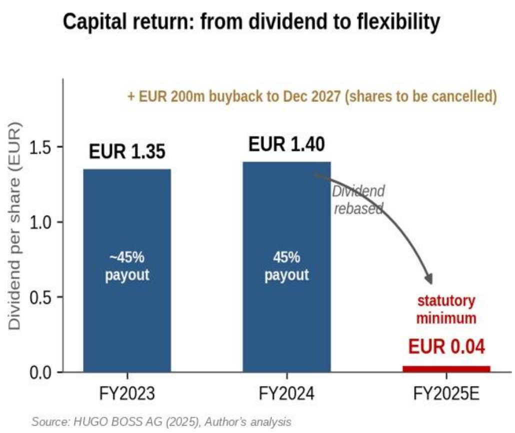


Figure 11 – Capital return: from dividend to flexibility

3. Management and ESG

The management Team

HUGO BOSS is led by Daniel Grieder, who has served as Chief Executive Officer since June 2021, having previously held senior roles at Tommy Hilfiger and PVH Corp (Figure 12; Table 6). He is supported by Yves Müller, Chief Financial Officer since 2017 and also Chief Operating Officer, who oversees financial discipline and operational efficiency across the Group. Completing the leadership team is Oliver Timm, Chief Sales Officer since 2021 and Deputy CEO since 2024, who oversees the Group's retail, wholesale and e-commerce operations. Together, they have steered the company through the CLAIM 5 strategic framework and its successor CLAIM 5 TOUCHDOWN, launched in December 2025, which targets improved profitability, free cash flow generation and sustained brand relevance.

Figure 12 – Management Board

Board structure and Remunaration Policy

HUGO BOSS operates under a dual-board structure, comprising a Management Board and a Supervisory Board, in line with German corporate governance standards.

The Management Board is responsible for the day-to-day management of the company, setting and executing the Group's operational and strategic direction, and reporting to the Supervisory Board.

The Supervisory Board, is an independent oversight body that monitors and advises the Management Board, but does not itself engage in management activities.

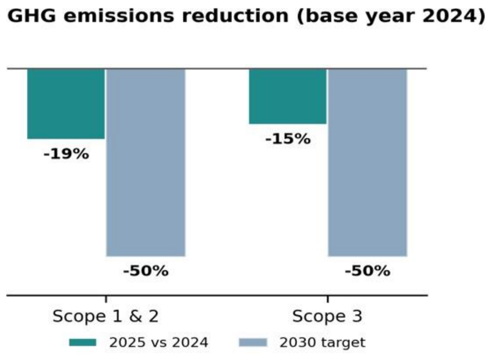
This separation of executive and supervisory functions is a feature of the German two-tier governance model and is designed to ensure effective checks within the organization. The Supervisory Board is composed of shareholder representatives elected and employee representatives designated in accordance with German co-determination law (Mitbestimmung), reflecting the importance placed on workforce representation in corporate decision-making (Table 7).

Management Board remuneration consists of a fixed base salary, a short-term incentive component linked to annual financial performance (including revenue, EBIT and free cash flow targets), and a long-term share-based component aligned with the Group's multi-year strategic objectives. The structure is designed to align executive incentives with sustainable value creation for shareholders.

In addition, ESG-related metrics have been progressively integrated into the incentive framework, reflecting the Group's commitment to embedding sustainability considerations into executive accountability.

Source: HUGO BOSS AG (2025)

Figure 13 – Sustainability framework



Source: HUGO BOSS AG (2025)

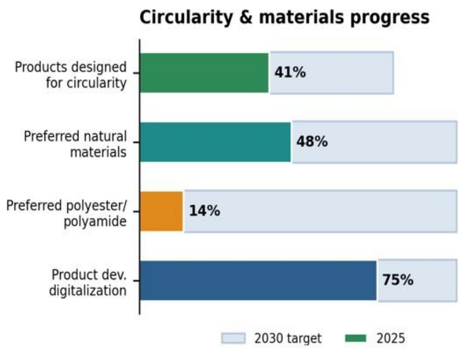
Figure 14 – GHG emission reduction

Environment

HUGO BOSS's sustainability strategy is structured around three pillars — People, Planet and Product — and is embedded in the Group's broader corporate strategy (Figure 13).

In 2025, the company refined its five ESG-related priorities: Increase Circularity, Drive Digitization and Data Analytics, Leverage Better Natural Materials, Shift to Better Polyester and Polyamide, and Reduce Climate Impact.

On climate, the company has committed to net-zero emissions by 2050, using 2024 as the base year, with intermediate targets of a 50% reduction in both Scope 1 and 2 and Scope 3 emissions by 2030. In 2025, Scope 1 and 2 emissions declined by 19% and Scope 3 by 15% versus 2024 (HUGO BOSS AG, 2025a), though execution risks remain, particularly across the supply chain, where purchased goods and upstream transport represent over 90% of covered Scope 3 emissions (Figure 14).



Source: HUGO BOSS AG (2025)

Figure 15 – Circularity & materials progress

On circularity, 41% of products were designed for circularity in 2025 (vs. 33% in 2024), against a 2030 target of 80%, while preferred natural materials sourcing reached 48% and preferred polyester/polyamide just 14%, both still well below the 100% 2030 target (Figure 15).

Digitalization of product development reached approximately 75% in 2025, up from 65% in 2024, reducing the need for physical prototypes and supporting waste minimization across the development process.

Total water withdrawal stood at 207,336 m³ in 2025, down from 220,548 m³ in 2024, with 145,099 m³ drawn from high water stress areas.

External ESG recognition includes a CSA score of 84, an MSCI rating of AA and a Sustainalytics risk score of 12.3 (low risk), although the CDP Climate Change score of C points to remaining gaps in climate disclosure quality (Table 5).

External ESG ratings (2025)	
Provider	**Rating**
MSCI	AA
Sustainalytics risk	12.3 (Low)
S&P Global CSA	84
ISS ESG Corporate	C+ Prime

Source: HUGO BOSS AG (2025)

Table 5 – External ESG ratings (2025)

Social

The social pillar at HUGO BOSS focuses on workforce development, diversity and supply chain standards.

In 2025, the share of internally filled management roles increased to 76% (from 69% in 2024), supported by programs such as HIPOSS (High Potential Program), SHE BOSS (leadership development for women) and FYOUTURE (digital skills).

The Equity Index, measuring perceived fairness across gender, age and other dimensions, rose to 87% in 2025 from 80% in 2024, exceeding the internal target of 85%, while the Inclusion metric improved to 81% from 74%, surpassing the 79% target. Women also account for 51% of management roles in revenue-generating functions and 44% of STEM-related positions, reflecting progress in some areas even as senior leadership gender balance remains a priority.

Women represent 51% of junior management and 24% of top management positions, below the 2030 target of at least 40% (Figure 16).

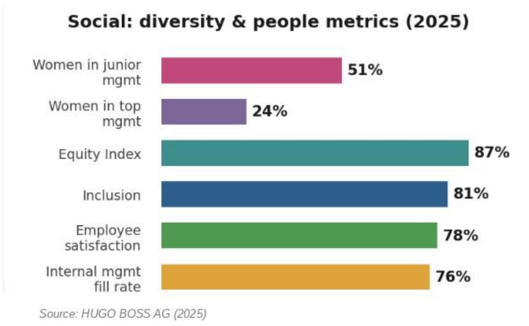


Figure 16 – Social: diversity & people metrics (2025)

On supply chain governance, 100% of Tier 1 suppliers were assessed for human rights risks, and 79 significant Tier 1 and Tier 2 suppliers were monitored, with two identified as having potential negative impacts and subject to corrective action plans (HUGO BOSS AG, 2025b).

Governance

HUGO BOSS integrates sustainability governance directly into its corporate structure.

In 2025, no corruption, bribery or money laundering cases were identified by authorities, and no related fines were imposed.

Seven conflict-of-interest cases were reported via the internal Speak-Up Channel, and one customer data privacy violation was identified.

The company also conducts regular audits of its supply chain, assessing 79 significant Tier 1 and Tier 2 suppliers, of which 77 received development support. HUGO BOSS's ISS ESG Corporate Rating stood at C+ Prime in 2025 (HUGO BOSS AG, 2025b), though the company acknowledges that further progress is needed in areas such as supplier monitoring, chemical management and diversity at senior management level.

The governance framework is solid and aligned with international best practices, though consistent execution across the supply chain and senior diversity targets remain areas for further development. From a valuation standpoint, this solid ESG profile is not a peripheral consideration: the low Sustainalytics risk score and investment-grade governance underpin the moderate risk premium embedded in our cost of capital, while the supply-chain and climate-disclosure gaps flagged here are the same exposures that surface, in financial form, among the operational and regulatory risks assessed later in the report.

Managing Board (FY2025)		
Member	**Role**	**Key responsibilities**
Daniel Grieder	CEO	Strategy, Creative Direction, Marketing, HR, Licenses, Sourcing & Production
Oliver Timm	CSO / Deputy CEO	Menswear, Womenswear, Retail & Wholesale, E-Commerce, CRM
Yves Müller	CFO / COO	Finance, Operations, Labor Relations

Source: HUGO BOSS AG, Annual Report 2025

Table 6 – Managing Board (FY2025)

Supervisory Board (12 members, 6 shareholder + 6 employee)		
Member	**Representation**	**Role**
Stephan Sturm	Shareholder	Chairman
Sinan Piskin	Employee	Deputy Chairman
Andreas Kurali	Shareholder	Audit Committee Chair
Iris Epple-Righi	Shareholder	Member
Luca Marzotto	Shareholder	Member (Marzotto family)
Christina Rosenberg	Shareholder	Member
Michael Murray	Shareholder	Member (Frasers Group CEO)
Katharina Herzog	Employee	Member
Daniela Liburdi	Employee	Member
Tanja S. Nitschke	Employee	Member
Dr. Claudia Hülsken	Employee	Member
Laura Micati	Employee	Member

Source: HUGO BOSS AG, Annual Report 2025; co-determination (Mitbestimmung)

Table 7 – Supervisory Board

4. Industry Overview

Macroeconomic outlook

The global economic landscape has moved from post-pandemic normalization into a subdued, high-uncertainty growth regime. Fiscal year 2025 was characterized by elevated macroeconomic and geopolitical volatility, easing but still relevant inflationary pressure, higher tariffs, constrained global trade, and muted discretionary demand. According to the IMF (2026), global GDP growth reached 3.3% in 2025 (Figure 20), broadly in line with 2024, and is expected to remain at 3.3% in 2026, still below the historical average of 3.5%. Global inflation is expected to continue declining, from an estimated 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027 (Figure 17), although price pressures remain uneven across regions (IMF, 2026) (Figure 18).

It is worth dividing this picture by region, along the lines Hugo Boss itself uses.

EMEA: The euro area has moved beyond near-stagnation, but growth remains modest. Eurozone GDP improved from 0.9% in 2024 to 1.4% in 2025, while 2026 growth is projected to ease slightly to 1.3% (IMF, 2026). Germany returned only to modest growth in 2025 after contraction in 2024, confirming that the European consumer environment remains fragile. For apparel, Europe remained one of the weakest regions: industry growth excluding luxury slowed to 1%-2% in 2025 (McKinsey & Company, 2025), as cautious consumers, geopolitical uncertainty, and elevated savings rates continue to weigh on retail spending.

AMERICAS: The U.S. remained more resilient than Europe, but growth normalized in 2025. U.S. GDP growth slowed from 2.8% in 2024 to 2.1% in 2025, before being projected to recover to 2.4% in 2026 (IMF, 2026). However, the consumer backdrop weakened: HUGO BOSS notes elevated inflation, subdued consumer demand, tariff uncertainty, and a U.S. Consumer Confidence Index falling to its lowest level since 2020 after new tariff announcements. Apparel industry growth excluding luxury was 2%-3% in 2025 and is expected to remain subdued at 1%-3% in 2026 (McKinsey & Company, 2025) (Figure 19).

Asia/Pacific remains a structural growth region. China grew 5.0% in 2025, broadly stable versus 2024, but growth is projected to slow to 4.5% in 2026 (IMF, 2026) as the property-sector downturn, elevated trade barriers, subdued consumer confidence, and high savings rates continue to constrain domestic demand. Broader Asia excluding Japan grew 5.4% in 2025, supported especially by India, which means the regional opportunity remains attractive, but increasingly relies on ex-China markets. For apparel excluding luxury, China recorded only 2%-3% growth in 2025 and is expected to decelerate to 1%-3% in 2026 (McKinsey & Company, 2025).

Consumer spending has therefore become more mixed than in the earlier post-reopening period. The 2021-2022 "revenge spending" phase supported premium and luxury demand, but the 2024-2026 environment is defined by caution: disinflation supports real incomes but tariffs, geopolitical uncertainty, and weak confidence continue to limit discretionary purchases. This is important for HUGO BOSS because premium positioning offers some resilience, but it does not fully shield the company from sector pressure.

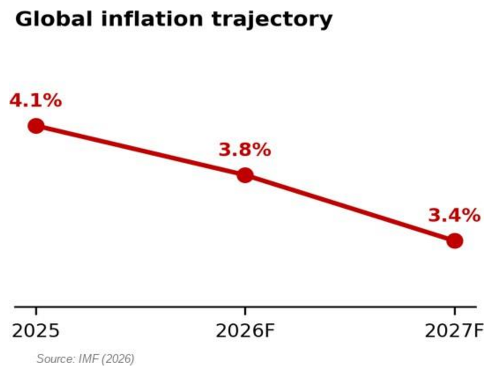


Figure 17 – Global inflation trajectory

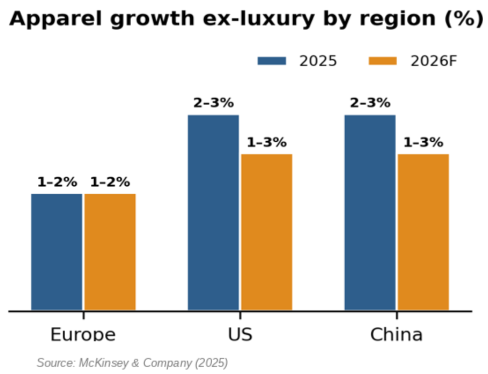


Figure 18 – Apparel growth ex-luxury by region

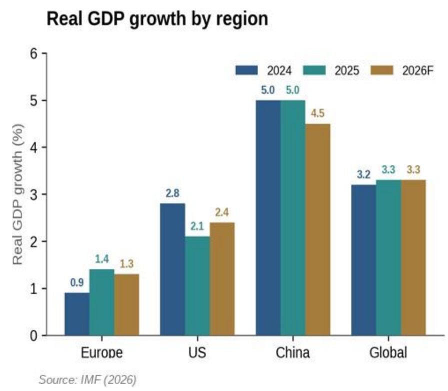


Figure 19 – Real GDP growth by region

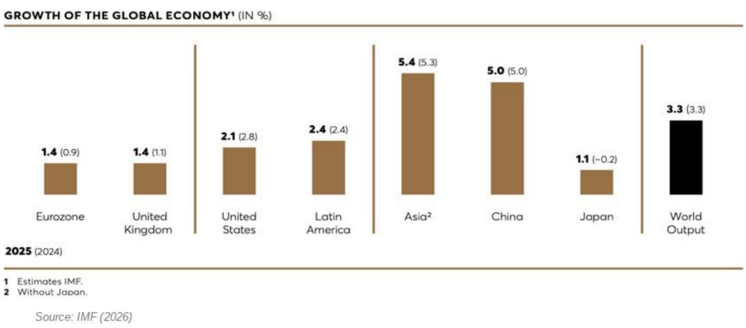


Figure 20 – Growth of the global economy

Digitalization remains a structural shift shaping demand and competition. The pandemic permanently elevated digital touchpoints, and luxury demand remains highly digitally assisted: McKinsey & Company (2025) estimates that nearly 80% of luxury sales are digitally influenced, meaning consumers interact with at least one digital touchpoint during the purchase journey. For HUGO BOSS specifically, digital touchpoints contributed 21% of Group sales in 2025, up from 20% in 2024, with hugoboss.com active in 74 markets and the HUGO BOSS XP loyalty program reaching more than 13 million members by year-end 2025. This reinforces the importance of CRM, personalization, omnichannel execution, and data-driven customer engagement.

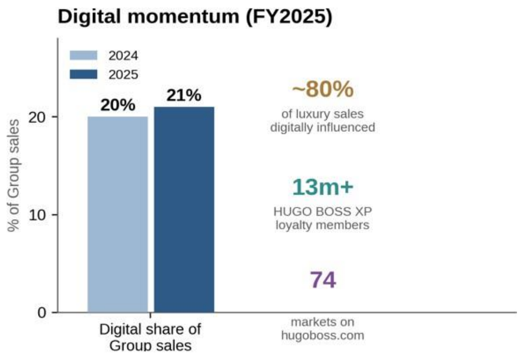


Figure 21 – Digital momentum

The outlook for premium apparel should be framed more cautiously than before (Figure 22). For HUGO BOSS, the key implication is not broad market acceleration, but the need for stronger execution: higher-quality distribution, tighter assortments, CRM-led loyalty, digital engagement, and cost discipline under CLAIM 5 TOUCHDOWN. The company itself expects 2026 to be a year of brand and channel realignment before renewed growth from 2027 onward. This is precisely why our valuation does not lean on a market rebound to generate its upside: the regional revenue assumptions in the forecast embed the cautious macro picture directly, and the case for the stock rests on the plan-driven margin recovery rather than on the cycle turning. The downside of that same macro backdrop —weak demand compounding with tariff and input-cost pressure — is what the bear scenario in the Investment Risks section quantifies.

Figure 22 – Premium apparel outlook: balance of forces

Market Overview

Market Size & Growth

Premium and luxury sectors experienced a sharp post-pandemic rebound after the 2020 contraction, with the personal luxury goods market recovering to around €345bn in 2022 and then reaching a peak of around €369bn in 2023 (Bain & Altagamma, 2024). Since then, momentum has cooled. The market declined to around €364bn in 2024 and reached around €358bn in 2025, implying a 2% decline at current exchange rates (Figure 23).

This confirms that the post-pandemic recovery has shifted into a normalization phase, with growth constrained by weak consumer confidence, price fatigue, and softer aspirational demand.

For HUGO BOSS, however, the personal luxury goods market should be treated as a useful but imperfect proxy, as the company operates mainly in the premium apparel segment rather than pure hard luxury. A more complete industry picture therefore requires combining luxury-sector data with broader premium apparel-sector trends, since dynamics in pricing, channel mix, and consumer behavior can differ meaningfully between the two segments.

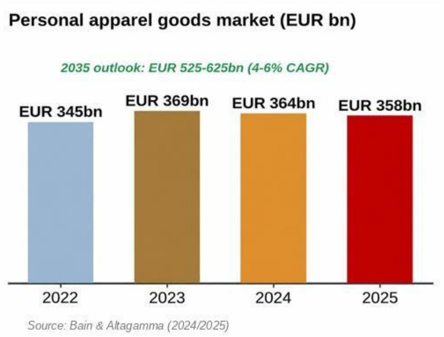


Figure 23 – Personal apparel goods market

Longer term, the market retains structural growth potential. Bain & Company's (2025) latest long-term view points to the personal luxury goods market reaching around €525bn–€625bn by 2035, supported by a projected 4%–6% annual growth rate over the next decade, driven by the expansion of affluent consumer bases in Asia, the Middle East, and Latin America, and the continued migration toward premium and experiential consumption.

Global Trends

Regional demand patterns have become more polarized.

Starting with China and the emerging markets, China remains strategically important, but it should no longer be described as the main growth engine. Bain & Altagamma (2025) reports that Mainland China's personal apparel goods market declined by around 6%-8% in 2025, as weak consumer confidence, property-sector pressure, youth unemployment, deflationary dynamics, and stronger domestic competition continued to weigh on demand. At the same time, emerging markets such as Southeast Asia, Latin America, the Middle East, India, and Africa are becoming more relevant for the future growth, with Bain estimating their combined luxury retail sales value at around 40bn-45bn.

Turning to the Americas, the region remained the second-largest market for personal apparel goods and was the most resilient major region in 2025. Bain & Altagamma (2025) estimates regional sales of around 101bn, up 0%-2% at current exchange rates. However, the U.S. cycle has normalized: the share of discretionary spending allocated to fashion has returned closer to pre-COVID levels, while HUGO BOSS notes that U.S. consumer sentiment was particularly weak in 2025, with the Consumer Confidence Index falling to its lowest level since 2020 after tariff announcements.

Europe, finally, regained and maintained the top regional position in personal apparel goods. Bain & Altagamma (2025) estimates that the region declined by 1%-3% in 2025 to around 108bn. Tourism still supports demand, but the impulse has weakened: international visitor spending in Europe was flat over the first nine months of 2025, and Chinese tourist spending fell by around 15%.

Tourist flows have normalized compared with the post-reopening surge. Bain & Altagamma (2025) estimates that tourist spending accounted for 30%-35% of global apparel purchases in 2025, below around 40% in 2019, although absolute tourist spending remains above pre-COVID levels. This weakens the earlier argument that tourism is a broad incremental driver everywhere; it is still relevant, but more regionally selective.

M&A Activities

Fashion and M&A activity accelerated after the pandemic, with around 284 deals in 2021 and 292 deals in 2022. According to Deloitte's (2024) survey, M&A activity increased further to 358 deals in 2023, up 66 deals compared to 2022. The real slowdown materialized later: Deloitte's (2025) survey reports 333 deals in 2024, down 25 compared to 2023, and 162 deals in H1 2025, down 14% versus the same period in 2024 (Figure 24).

Consolidation remains a structural theme, but the latest evidence points to a more cautious M&A environment rather than an accelerating deal wave. The industry remains attractive to investors, with Deloitte (2025) reporting that 92% of funds were still considering fashion and luxury transactions in 2025, but investors are increasingly selective given tariff uncertainty, weaker consumer confidence, geopolitical instability, and broader macro uncertainty.

Figure 24 – Fashion M&A deals

Demand Drivers

When analyzing demand in the premium and luxury apparel segment, the key drivers are not only macroeconomic, but also brand-specific. Demand depends on the interaction between consumer purchasing power, brand desirability, product relevance, channel execution, and geographic exposure.

- Personal income, wealth effects, and consumer confidence: Higher disposable income, wealth creation, and the expansion of affluent and upper-middle-class consumers support demand for premium goods. However, this relationship is not automatic: aspirational consumers have become more selective due to inflation, price increases, and weaker confidence. Therefore, premium apparel demand is supported by income growth, but remains sensitive to the macro cycle.
- Brand equity, exclusivity, and status: Strong brands can create emotional value. In premium and luxury apparel, brand desirability supports customer loyalty,

pricing power, and margin resilience. Consumers increasingly look for quality, craftsmanship, authenticity, cultural relevance.

- Product quality, innovation, and newness: Product relevance is a major demand driver. Consumers respond to refreshed assortments, capsule collections, collaborations, improved fit, and clear product identity.
- Omnichannel and experiential retail: Premium consumers expect a seamless journey across physical stores, online platforms, wholesale partners, and mobile apps. This improves engagement, retention, and customer lifetime value.
- Digital engagement, CRM, and marketing: Social media, influencers, celebrity partnerships, AI-driven personalization, and loyalty programs shape discovery and purchase behavior, especially among younger consumers. Digital engagement is increasingly important for turning brand awareness into conversion and loyalty.
- Sustainability, ethics, and traceability: Sustainability is becoming an important reputational and trust factor. Consumers increasingly expect brands to demonstrate concrete action through sustainable materials, circular design, ethical sourcing, supply-chain transparency, and responsible packaging. However, this should be framed carefully: sustainability supports brand credibility and loyalty, but it does not always translate directly into consumers paying higher prices.
- Geographic expansion and tourism: Demand is also supported by exposure to growth markets and tourist flows. Emerging markets such as the Middle East, Southeast Asia, India, Latin America, and Africa offer long-term growth potential, while tourism continues to support luxury spending in key European and global shopping hubs.

Supply drivers

Understanding supply drivers is equally important when analyzing the premium and luxury apparel industry, as supply-side capabilities determine product quality, brand consistency, margin resilience, speed-to-market, and the ability to respond to changing consumer demand.

- Product quality, craftsmanship, and technical know-how: Premium and luxury brands rely on high production standards, strong design capabilities, quality materials, and specialized know-how. Maintaining consistent quality is essential to protect brand equity, justify premium pricing, and sustain product desirability.
- Controlled distribution and assortment discipline: For premium apparel companies such as HUGO BOSS, this is one of the most relevant supply driver. A sharper product range helps reduce complexity, improve sell-through, limit markdown risk, and protect brand positioning.
- Sourcing flexibility, nearshoring, and supply-chain resilience: A resilient supply chain allows brands to respond quickly to demand changes, reduce delivery times, and manage disruption risk.
- Logistics efficiency and inventory management: Supply performance depends on getting the right product to the right channel at the right time. Advanced logistics, demand forecasting, and inventory allocation reduce stockouts, excess inventory, and markdown pressure. This improves operational efficiency and supports higher full-price sell-through.
- Sustainability and ethical sourcing: Suppliers and production partners must increasingly comply with environmental, social, and labor standards. This reduces reputational, regulatory, and ESG risks while supporting consumer trust.
- Technology, data, and AI-enabled operations: Digital tools are becoming a major supply driver. AI-based forecasting, digital product development, automated logistics, supply-chain mapping, and digital product passports can improve

planning accuracy, reduce inefficiencies, increase transparency, and support faster decision-making.

- Cost efficiency and gross margin protection: In a low-growth environment, supply-side efficiency becomes a key driver of profitability. Supplier consolidation, better vendor allocation, reduced air freight, lower product complexity, sourcing optimization, and logistics automation help protect gross margin and offset inflation, tariffs, and higher operating costs.

Competitive position

HUGO BOSS reports its share performance against a broad peer group of listed fashion and apparel names (HUGO BOSS AG, 2025a). To narrow that list down to a workable set of comparables, we ran a Sum of Absolute Rank Differences (SARD) screen, ranking each candidate against HUGO BOSS on the things that actually drive comparability in this sector — profitability (return on equity), balance-sheet risk (net debt to EBIT), operating efficiency (EBIT margin) and, crucially, where the brand sits in the market (premium versus luxury, accessible or mass-market apparel). Each company gets a rank on every measure, and the absolute rank gaps versus HUGO BOSS are summed up; the lower the score, the closer the fit. Size and revenue growth are shown alongside for context but kept out of the distance itself, since HUGO BOSS is a good deal smaller than several of its positioning peers and letting scale into the screen would have crowded out the names that matter.

The five closest on that basis — PVH, Ralph Lauren, Moncler, Prada and Burberry — are the ones we kept, and reassuringly they are all part of the peer group HUGO BOSS discloses itself. PVH is arguably the nearest comparable: it runs a two-brand platform much like HUGO BOSS's BOSS and HUGO, at a similar EBIT margin and a comparable premium-lifestyle, wholesale-heavy model — a profile Ralph Lauren shares as well. Prada earns its place on the same dual-brand logic and, with Moncler, anchors the higher, pure-luxury end of the range. Burberry rounds out the set as the closest match in scale, a mid-cap house operating in the same premium space. The names that screened further away were set aside for clear reasons — accessories-led models (Tapestry, Capri), outdoor and activewear (VF), denim mass-market (Levi, Guess), a licensed-wholesale model (G-III) or sub-scale, single-region exposure (SMCP). The result is deliberately not homogeneous — it spans luxury, accessible-luxury and premium-lifestyle models —but it captures the competitive space in which HUGO BOSS actually operates: brand desirability, premium positioning, distribution control, omnichannel execution and operational efficiency (Table 8).

Peer group - competitive positioning

Peer	Strategic focus
Burberry	Heritage turnaround (Burberry Forward)
Moncler	DTC, selective distribution, brand governance
Prada	Brand desirability, retail productivity
Ralph Lauren	Premium lifestyle, digital ecosystem
PVH	Two-brand portfolio (CK, Tommy), PVH+ plan

Source: Company reports, Author's analysis

Table 8 – Peer group — competitive positioning

Burberry is pursuing a turnaround strategy under Burberry Forward, aimed at restoring brand desirability and improving long-term value creation. The strategy focuses on reconnecting the brand with its British heritage, strengthening its authority in outerwear, aligning distribution with customer and product strategy, and improving organizational performance (Burberry, 2025).

Moncler follows a strategy based on strong brand governance, DTC expansion, selective distribution, and control of the customer experience across Moncler and Stone Island. Its model is more directly controlled than many fashion peers, but it is not purely direct-to-consumer, as both brands still use wholesale channels (Moncler, 2025).

Prada Group has shown one of the strongest recent growth profiles among luxury peers, supported by Prada's brand strength and the exceptional momentum of Miu Miu. Its strategy is based on brand desirability, creative relevance, retail productivity, full-price execution, product innovation, and strong control over distribution and positioning. More recently, the acquisition of Versace also points to a broader portfolio strategy (Prada, 2025).

Ralph Lauren is positioned as a premium/luxury lifestyle group. Its strategy focuses on elevating and energizing the lifestyle brand and winning in key global cities through a digitally led consumer ecosystem (Ralph Lauren, 2025).

PVH follows a portfolio-based brand-building strategy centered on Calvin Klein and Tommy Hilfiger. Its PVH+ Plan focuses on hero products, consumer engagement, digital and DTC growth, key wholesale partnerships, demand-driven inventory planning, and efficiency improvements. PVH is therefore closer to HUGO BOSS in its operational logic, but it relies more heavily on a two-brand global portfolio structure (PVH, 2025).

The competitive landscape is divided into different strategic models. Burberry and Prada prioritize heritage, desirability, craftsmanship, and brand elevation. Moncler emphasizes direct customer engagement, selective distribution, and strong brand governance. Ralph Lauren and PVH focus on premium lifestyle brand management, DTC, digital ecosystems, and channel optimization. Against this peer set, HUGO BOSS is positioned as a premium fashion and lifestyle organization whose strategy is increasingly focused on brand elevation, distribution quality, digital capabilities, operational excellence, and cash generation. This positioning is also what makes the peer group the natural reference for the relative valuation in the next section: precisely because these companies compete with Hugo Boss on desirability, distribution control and operational efficiency, their trading multiples provide the most relevant market yardstick (Figure 25).

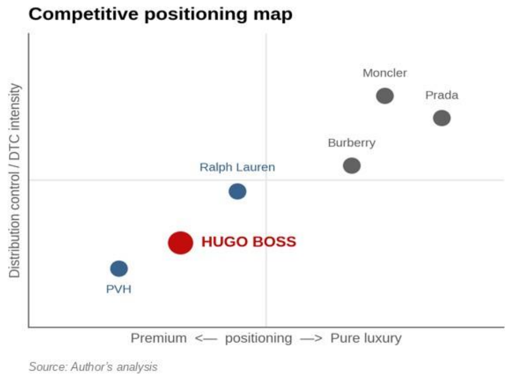


Figure 25 – Competitive positioning map

Porter's Five Forces

- Threat of New Entrants – Moderate (3)

Barriers to entry in the premium apparel segment are moderate (Figure 26). Capital requirements and the time needed to build brand equity remain significant: establishing global recognition requires years of sustained investment in product, marketing, and retail presence. However, digitalization, e-commerce, and social media have meaningfully lowered entry costs, making it easier for new brands to scale online without owning a large physical store network.

- Rivalry Among Existing Competitors – High (5)

Competition in the premium segment is intense, with large global players competing simultaneously on brand positioning, pricing power, and consumer attention. Growth in mature markets such as Europe and North America remains modest, which intensifies rivalry as firms compete for market share rather than benefiting from expanding demand. The ongoing shift toward DTC and digital channels has further compressed differentiation, making brand desirability and execution quality the primary competitive levers.

- Bargaining Power of Buyers – High (4)

Consumers hold significant switching power in the premium apparel market. Brand loyalty exists but is not absolute, and switching costs are low. Price transparency enabled by e-commerce amplifies buyer power, particularly in a context where consumers are increasingly value-conscious and selective. The growing influence of resale platforms and fast fashion alternatives further strengthens the buyer's ability to substitute or trade down.

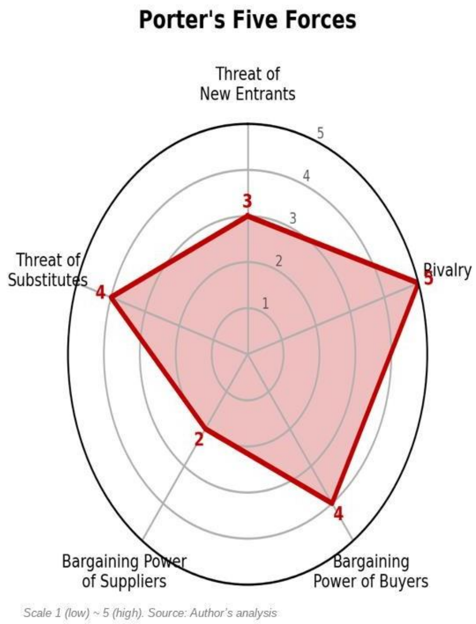


Figure 26 – Porter's Five Forces

- Bargaining Power of Suppliers – Low to Moderate (2)

Supplier power is generally low to moderate, as production in the premium apparel industry is largely outsourced across multiple global manufacturers, allowing brands to diversify sourcing and limit concentration risk. However, dependence on specialized high-quality fabric suppliers, increasing ESG and compliance requirements, tariff exposure, and supply-chain disruptions can raise vulnerability selectively, particularly for companies with complex global sourcing footprints.

- Threat of Substitutes – High (4)

The substitution risk is significant. The rise of fast fashion, direct-to-consumer brands, and resale platforms can move consumers toward similar styles at lower price points. Beyond within-category substitution, consumers can also reallocate discretionary spending toward casualwear, athleisure, experiential categories such as travel and hospitality.

PESTEL Analysis

Factors		Key Points
P	**Political**	Trade policies and geopolitical tensions represent a structural risk for an industry dependent on global supply chains and cross-border sales. Tariffs, regulatory restrictions, and political instability can increase production costs and disrupt sourcing operations. McKinsey identifies tariffs as one of the main industry headwinds for 2026.
E	**Economic**	Consumer confidence, GDP growth, inflation, and interest rates directly influence discretionary purchasing power. In periods of slowdown or elevated inflation, consumers reduce non-essential spending, increasing discount pressure and margin volatility across the premium segment.
S	**Social**	Evolving consumer preferences are reshaping product mix and brand positioning. The growing relevance of casualwear and athleisure, generational shifts toward authenticity and cultural relevance, and increasing sustainability awareness are all structurally influencing demand patterns.
T	**Technological**	The expansion of digital distribution channels, AI-driven personalization, social commerce, and new forms of customer engagement have lowered entry barriers while intensifying competitive dynamics. Technology is also reshaping supply-side operations through automation, demand forecasting, and digital product development (Figure 21).
E	**Environmental**	Younger consumers are increasingly sensitive to brand ESG commitments. The industry faces mounting pressure to reduce carbon emissions, water consumption, and waste generation. Regulatory frameworks and investor expectations are accelerating the transition toward more sustainable sourcing and production models.
L	**Legal**	Consumer protection laws, labor regulations in sourcing countries, and intellectual property protection remain relevant compliance areas. In Europe, CSRD requires large listed companies to disclose sustainability information on social and environmental risks, while CSDDD requires companies to address human rights and environmental impacts across their operations and value chains.

Table 9 – PESTEL analysis

Read through the lens of the valuation, these PESTEL factors are not a standalone checklist but a map of where the model is most exposed (Table 9). The political and economic strands, tariff policy, the pace of the US and Chinese cycles and currency movements, feed straight into the terminal-revenue and margin assumptions that the scenario analysis flexes, while the legal and environmental strands, from supply-chain due-diligence rules to decarbonisation costs, map onto the operating-cost and capital-expenditure lines of the forecast. Each macro and regulatory pressure identified here therefore has a financial counterpart that is already carried through to the price target.

SWOT Analysis

STRENGTHS	WEAKNESSES
Strong brand equity and pricing power - heritage, brand recognition, and perceived quality allow premium brands to maintain high margins and implement premium pricing strategies	**High operating and marketing costs** - flagship stores in prime locations, large marketing investments, fashion shows, and brand communication require sustained expenditure to maintain brand desirability
High customer loyalty - in premium and luxury fashion, brands function as status and lifestyle symbols, generating strong brand attachment and repeat purchases	**Global supply chain complexity** - production outsourced across multiple countries increases exposure to logistics disruptions, supplier risk, and cost volatility
Global and resilient demand base - the sector remains large and structurally resilient, supported by the long-term expansion of affluent consumer bases and solid global demand for premium fashion products	
OPPORTUNITIES	**THREATS**
Growth in emerging markets - expansion of upper-income consumers in Asia, the Middle East, Latin America, and Africa is expected to sustain long-term demand for premium fashion products	**Macroeconomic and geopolitical uncertainty** - global supply chains and cross-border demand expose premium brands to supply disruptions and reduced consumer spending during periods of instability
Digitalization and social media - reshaping customer engagement and enabling global visibility through influencers, digital marketing, and e-commerce, which are becoming critical distribution channels	**Slowing industry growth** - the personal luxury goods market declined to around €358 billion in 2025, reflecting a normalization phase after the post-pandemic rebound and more cautious consumer spending
Circular fashion and sustainability - the growing resale and second-hand market creates opportunities for brands to participate in circular business models while strengthening their sustainability positioning	**Intensifying competition and DTC disruption** - fast fashion, direct-to-consumer brands, and resale platforms are compressing pricing power and increasing pressure on incumbent premium players to differentiate and optimize channels

Table 10 – SWOT analysis

As with the PESTEL, the SWOT is most useful when its quadrants are tied back to the numbers (Table 10). Hugo Boss's strengths, brand equity, the dual-brand portfolio and improving cash generation, are what give the DCF the pricing power and gradual margin recovery it assumes; the weaknesses and threats, notably the softness at HUGO, China exposure and the execution risk around CLAIM 5 TOUCHDOWN, are precisely the inputs that the bear scenario stresses; and the opportunities, from distribution-quality gains to digital and emerging-market expansion, are the upside levers behind the bull case.

5. Valuation

Valuation approach

To assess Hugo Boss AG's intrinsic value, a multi-method valuation framework was applied, combining absolute and relative approaches to derive a robust and cross-validated price target.

The recommendation is made on 5 May 2026, the day of the Q1 2026 release: this is the moment at which we observe the market price (€37.00, the Xetra close) and align all market inputs and the capital structure. The target price, instead, is estimated as of 31 December 2026: we treat it as the value the company should be worth at that year-end, which we then compare with today's price to derive the expected holding-period return.

The Discounted Cash Flow (DCF) model using Free Cash Flow to the Firm (FCFF) constitutes the primary valuation method, as it best captures the company's long-term cash generation capacity independently of its capital structure, a particularly relevant consideration given the ongoing strategic realignment under CLAIM 5 TOUCHDOWN and the associated temporary compression of reported earnings.

The FCFE model is applied as a supplementary intrinsic method to cross-validate equity value.

To complement the intrinsic valuation, a Relative Valuation using trading multiples from a carefully selected peer group was conducted on a pre-IFRS 16 (lease-adjusted) basis, neutralizing the lease accounting differences arising from the mixed IFRS 16 and US GAAP reporting standards of the peer set. Based on the triangulation of these methods (Figure 27; Table 11), a BUY recommendation is issued, with a price target of €45.55 as of 31 December 2026, implying an expected return of 23.1% relative to the 5 May 2026 reference price.

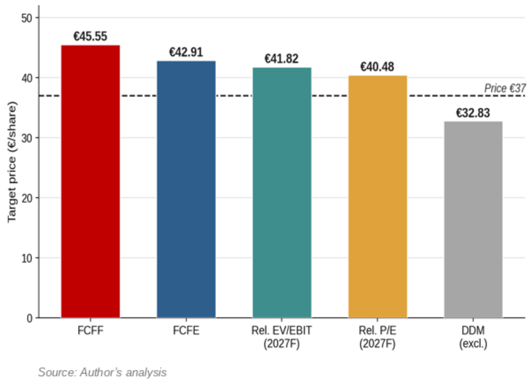


Figure 27 – Valuation football field

Valuation methods summary

Method	Role	Value / range (€)	Upside
DCF — FCFF	Primary	**45.55**	**+23.1%**
DCF — FCFE	Cross-check	42.91	+16.0%
Relative — EV/EBIT & P/E	Support	36 – 42	n.m.
DDM	Excluded	32.83	(11.3%)
Price target (FCFF)	**Adopted**	**45.55**	**+23.1%**

Source: Author's analysis

Table 11 – Valuation methods summary

Forecasting methodology

Before turning to the discount rate, it is worth setting out how the underlying financial statements were projected, since the valuation output rests on these assumptions.

Revenues were built from the top down since Hugo Boss's three regions face genuinely different market dynamics. For each region we started from an independent market benchmark, the apparel growth rates published by Grand View Research (2025a, 2025b), which point to 3.4% annual growth in Europe, 4.5% in the Middle East and Africa, 3.1% in North America, 4.2% in Latin America and 5.0% in Asia-Pacific, with a global figure of about 4.1%. Because Hugo Boss reports in three blocks that do not map one-to-one onto these regions, the benchmarks were recombined into the Group's reporting structure: EMEA as a blend of Europe (88%) and the Middle East and Africa (12%), the Americas as North America (83%) and Latin America (17%), and Asia/Pacific taken directly.

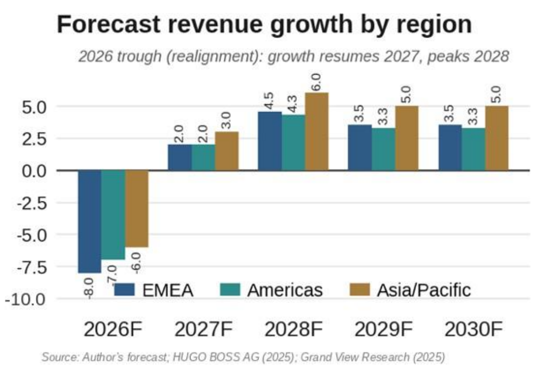
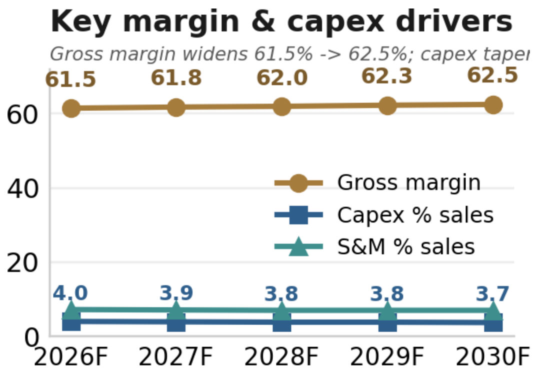


Figure 28 – Forecast revenue growth by region

These market rates were then overlaid with two company-specific layers. The first is management's guidance for 2026, the realignment year, which points to a currency-adjusted decline in the mid- to high-single digits and is reflected in our negative regional inputs for that year (EMEA −8%, Americas −7%, Asia/Pacific −6%). The second is the phasing of CLAIM 5 TOUCHDOWN, which frames 2026 as a deliberate trough, 2027 as a return to growth, 2028 as the acceleration year and 2029-2030 as a steady state. In the recovery years we allow Hugo Boss to grow modestly faster than its end-markets, by roughly one percentage point in the acceleration phase, reflecting the brand-elevation and distribution-quality measures the plan is designed to deliver (Figure 28).

The cost and margin lines were projected as a percentage of revenue, anchored to the average relationships observed over 2021-2025 and then adjusted for the direction given by the management's guidance. Cost of goods sold is held close to its historical 38% of sales, consistent with a gross margin stabilising around 61.5% and then reaching 62.5% in 2030FY. Selling and marketing, the largest operating block, is projected on its historical revenue ratio with marketing held at 7% of sales to keep brand investment intact through the reset, while general and administrative costs and research and development are scaled to sales on their recent averages.

Capital expenditure is set at about 4.0% of sales in 2026F, matching the Group's own guidance for the year, and tapered toward 3.7% by 2030F as the investment cycle completes. Working-capital items, inventories, receivables and payables, are driven by their respective turnover days, consistent with management's stated intention to bring inventory back toward 20% of sales. Taken together, these assumptions are conservative: they neither assume a rapid margin re-rating nor a sharp demand rebound, so that the upside in the valuation rests on the gradual recovery rather than on optimistic inputs (Figure 29).



Source: Author's forecast; HUGO BOSS AG (2025)

Figure 29 – Key margin & capex drivers

Weighted Average Cost of Capital

The discount rate applied throughout the FCFF model is a WACC of 8.40% (Table 12), derived using the Capital Asset Pricing Model (CAPM) for the cost of equity and the Default Risk Model for the cost of debt, with market-value weights reflecting Hugo Boss's capital structure at the 5 May 2026 valuation date.

WACC build-up	
Component	**Value**
Risk-free rate (Bund 10Y)	3.00%
Levered beta (Hamada)	1.26
Equity risk premium	6.16%
Cost of equity	**10.78%**
Pre-tax cost of debt	4.25%
Tax rate	25.0%
After-tax cost of debt	**3.18%**
Equity weight (E/V)	68.65%
Debt weight (D/V)	31.35%
WACC	**8.40%**

Source: Damodaran (2026); Author's analysis

Table 12 – WACC build-up

For the cost of equity, a risk-free rate of 3.00% was applied, corresponding to the yield on the German 10-year Bund as of the 5 May 2026 valuation date — the most appropriate benchmark given the company's listing on the Frankfurt Stock Exchange. The beta was estimated bottom-up from Damodaran's (2026) January unlevered (asset) industry betas for Retail (Special Lines) (1.00) and Apparel (0.79), which strip out each sector's average financial leverage, weighted by Hugo Boss's FY2025 revenue per channel, approximately 72% own retail and 28% wholesale and licenses, to reflect its dual positioning as a specialty retailer and a branded apparel manufacturer. The resulting unlevered beta of 0.94 was re-levered to 1.26 using the Hamada equation, applying a tax rate of 25% and the spot debt-to-equity ratio of 45.66%, defined as gross debt including IFRS 16 lease liabilities (€1,166m) over the market value of equity (€2,554m) —consistent with the lease-as-debt treatment adopted throughout the valuation (Table 13).

Bottom-up beta		
Business mix	Weight	Beta
Retail (Special Lines)	72%	1.00
Apparel	28%	0.79
Unlevered beta (blended)		0.94
Levered beta (D/E 45.7%)		1.26

Source: Damodaran (2026)

Table 13 – Bottom-up beta

Rather than relying on a single mature-market ERP, the equity risk premium of 6.16% was computed as a revenue-weighted average across Hugo Boss's operating regions (Table 14). The mature-market base of 6.00% follows the IDW FAUB recommendation (IDW, 2025) — the reference cost-of-capital standard for German company valuations, whose band stood at 5.25%-6.75% — to which Damodaran's (2026) January country risk premiums were added and weighted by FY2025 revenue exposure (EMEA 62.4%, Americas 23.3%, Asia/Pacific 11.9%, licenses 2.4%). Combining these inputs yields a cost of equity of 10.78%. We start from a 6.00% equity risk premium, the midpoint of the IDW FAUB range, rather than the lower

~4.2% that Damodaran's numbers imply for a mature market. The reason is practical: 6.00% is the figure German appraisers and courts actually use when they value a Frankfurt-listed company like Hugo Boss, so it keeps us in line with local market practice. It is also the more cautious choice, since a higher premium pushes up the discount rate and pulls our target down rather than flattering it.

Revenue-weighted ERP			
Region	Rev. wt.	Total ERP	Contribution
EMEA	62.4%	6.00%	3.74%
Americas	23.3%	6.23%	1.45%
Asia/Pacific	11.9%	6.91%	0.82%
Licenses	2.4%	6.00%	0.15%
Group ERP	100%		6.16%

Source: IDW (2025); Damodaran (2026)

Table 14 – Revenue-weighted ERP

For the cost of debt, Hugo Boss's official investment-grade credit ratings of BBB (S&P) and Baa2 (Moody's) imply a credit spread of approximately 1.25% over the risk-free rate of 3%, resulting in a pre-tax cost of debt of 4.25% and an after-tax cost of debt of 3.18%, applying the normalized effective tax rate of 25%.

Capital structure weights are market-value weights at the recommendation date: gross debt including IFRS 16 lease liabilities of €1,166m against a market capitalization of €2,554m yields a debt weight of 31.35% and an equity weight of 68.65%. The cost of capital and the beta re-levering use the capital structure observable at the recommendation date, where net debt including leases stands at €851m as of 31 March 2026 — the most recent balance sheet published by 5 May 2026.

The bridge from enterprise to equity value, by contrast, is struck at the 31 December 2026 target date and therefore uses the forecast net debt at that point (€648m, as discussed in the FCFF section): the two figures reflect two distinct dates and two distinct roles, the first describing the firm's financing mix today, the second translating the year-end enterprise value into a per-share figure (Figure 30).

Discounted Cash Flow — Free Cash Flow to the Firm

The DCF model projects Hugo Boss's Free Cash Flow to the Firm (FCFF) over the 2026F-2030F horizon and discounts the relevant flows at the WACC of 8.40% to derive the Enterprise Value as of the 31 December 2026 target date.

The timing convention here is the point that most shapes the result. Because the enterprise value is struck at year-end 2026, by definition it must rest only on the cash flows that arise after that date: a DCF discounts future flows back to the valuation point, and at 31 December 2026 the 2026 cash flow is no longer a future flow because it has already been earned. We therefore discount the 2027F to 2030F free cash flows, plus the terminal value, back to 31 December 2026.

The discounting follows a year-end convention: each annual flow is assumed to arrive in full at the end of its year, so the 2027 flow sits exactly one year away from the year-end 2026 valuation point and is discounted at an exponent of 1, the 2028 flow at 2, 2029 at 3 and 2030 at 4, with the terminal value discounted at the same final-year exponent of 4 since it represents the continuing stream beyond 2030.

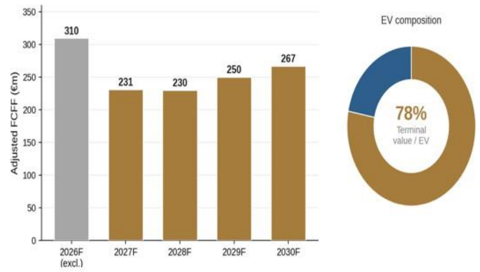
The 2026 free cash flow does not simply vanish: the cash generated during 2026 is retained on the balance sheet and is captured in the forecast net debt at 31 December 2026, which falls to €648m precisely because that year's cash generation has reduced it.

Given Hugo Boss's capital-intensive retail model — characterized by an extensive store network financed primarily through operating leases – a lease-adjusted FCFF approach was adopted. Specifically, lease liabilities are treated as debt rather than as an operating commitment — consistent with Damodaran's approach for lease-intensive retailers and with the inclusion of IFRS 16 lease liabilities in net debt.

Price target by FCFF (€m)	
FCFF bridge	Value
PV of explicit FCFF (2027F–2030F)	798
PV of terminal value	2,879
Enterprise Value	**3,678**
(−) Net debt incl. leases (31/12/26F)	(648)
Equity Value	**3,030**
÷ Shares outstanding (m, post-buyback)	66.5
Target price (31/12/2026)	**€45.55**
Current price (05/05/2026)	€37.00
Upside potential	**+23.1%**

Source: Author's analysis

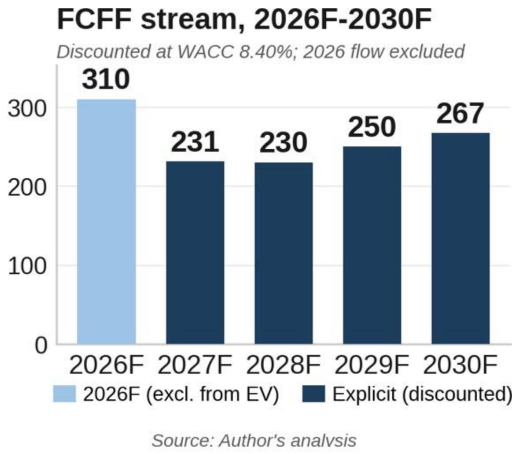
Table 15 – Price target by FCFF



Source: Author's analysis

Figure 30 – FCFF bridge & EV composition

Starting from EBIT, NOPAT is derived by applying a normalized effective tax rate of 25%. All non-cash depreciation and amortization, including right-of-use asset depreciation, is then added back, before deducting capital expenditure, changes in net working capital and the period's gross lease additions; this capture the newly capitalized right-of-use commitments as a debt-financed reinvestment, economically equivalent to capex. Crucially, the lease cash outflows themselves are excluded from FCFF: lease interest is a financing cost already embedded in the WACC cost of debt, while lease principal repayments are captured in the net-debt bridge from enterprise to equity value. This avoids the double-counting that would arise from running the net change in lease liabilities through operating cash flow, which would overstate FCFF. The explicit forecast yields adjusted FCFFs of €309.6m, €231.1m, €230.1m, €250.0m and €266.8m from 2026F to 2030F, with the temporary dip in 2027F-2028F driven by the working-capital absorption of the recovery phase and the resumption of growth investment after the 2026 inventory release (Figure 31).

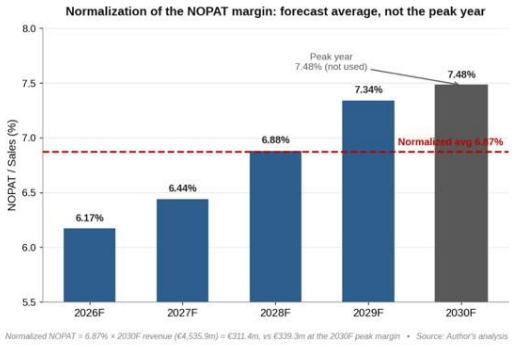


Source: Author's analysis

Figure 31 – FCFF stream, 2026F-2030F

The Terminal Value was estimated using the firm reinvestment approach by Damodaran, which derives the perpetuity growth rate endogenously from the relationship between the normalized reinvestment rate and the terminal ROIC.

The normalized NOPAT was set at €311.4m, representing the average NOPAT margin over the forecast period (6.87%) applied to 2030F revenues (Figure 32) — a choice made in order to avoid anchoring the terminal value to the peak profitability year and thus introduce conservatism into the long-run estimate. The firm reinvestment rate of 10.81% was derived as the ratio of net reinvestment to normalized NOPAT, aggregating the normalized capital expenditure, total D&A (including right-of-use depreciation), changes in net working capital and gross lease additions (Figure 33).

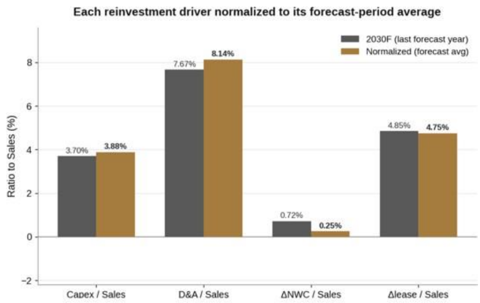


Source: Author's analysis

Figure 32 – NOPAT margin normalization

The terminal ROIC of 12.23% reflects the forecast period average, comfortably above the WACC of 8.40%, confirming that Hugo Boss is expected to generate economic value in perpetuity — a reasonable assumption for an established premium brand with meaningful pricing power and a globally recognized dual-brand portfolio. Combining these inputs yields an implied perpetuity growth rate of 1.32%, deliberately set below the European nominal GDP growth rate of approximately 2–3%, consistent with a mature premium apparel market operating at a stable competitive equilibrium.

Discounting the 2027F-2030F free cash flows and the terminal value back to 31 December 2026 at 8.40% yields a total Enterprise Value of €3,678m. After deducting the forecast net debt including IFRS 16 lease liabilities of €648m at 31 December 2026, we divide by the share count expected at that same date. Because the value is struck at year-end 2026, the relevant figure is not today's 69.0m shares but the 66.5m expected to be outstanding at 31 December 2026, after the €100m share-buyback programme planned for 2026 has retired roughly 2.5m shares. On this basis the model yields a price target of €45.55 per share as of 31 December 2026, representing an expected return of 23.1% relative to the €37.00 Xetra close observed at the 5 May 2026 recommendation date (Table 15).



Source: Author's analysis

Figure 33 – normalization of the reivenstment ratio

Discounted Cash Flow — Free Cash Flow to Equity

As a supplementary intrinsic method, the Free Cash Flow to Equity (FCFE) model was applied to cross-validate the FCFF-derived price target from a pure equity perspective. Moving from the company's overall cash flows to those that belong only to shareholders (FCFE) requires accounting for how growth is financed. Rather than subtracting each scheduled debt repayment year by year — which would make our figures jump around simply because of when HUGO BOSS's Schuldschein loans and leases happen to fall due — we used Damodaran's equity-reinvestment method. We split the company's reinvestment between debt and equity based on its expected financing mix, and deduct only the equity-funded part from the profit attributable to shareholders. This gives a smoother, more meaningful measure of what shareholders are truly reinvesting each year. This smooths temporary deleveraging effects and yields a more normalized estimate of the cash flows available to equity holders of €246.7m, €195.7m, €199.8m, €221.3m and €236.9m over 2026F-2030F.

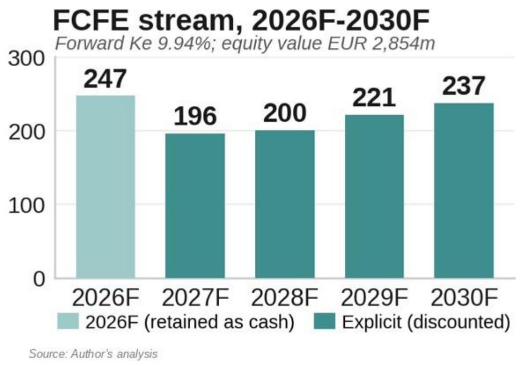


Figure 34 – FCFE stream, 2026F-2030F

The cash flows are discounted at a forward-looking cost of equity of 9.94% rather than the spot 10.78%: the explicit forecast reflects a progressively deleveraging capital structure — net debt including leases falls from €851m to €375m by 2030F (Figure 35) — so the beta is re-levered at the average forecast debt-to-equity ratio of 26.3%, giving a forward levered beta of 1.13. The equity reinvestment rate, derived following Damodaran's methodology as net reinvestment — capital expenditure plus gross lease additions, less total D&A (including right-of-use depreciation), plus changes in net working capital — scaled by the share not financed by debt, stands at 10.05%. Applied against a normalised ROE of 13.59%, this produces a fundamental equity growth rate of 1.37%; since the equity claim cannot permanently grow faster than the firm that generates it, g is capped at the firm-approach rate of 1.32 (Figure 33).

In formula, quella "share" è: (1 − debt ratio)

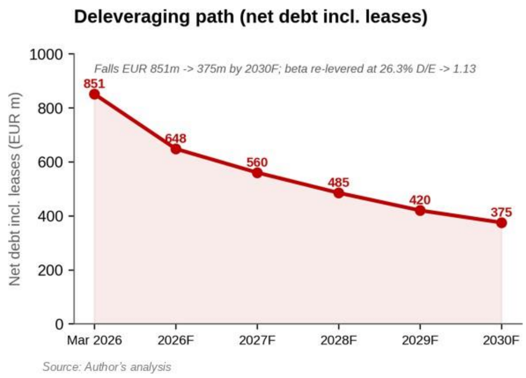


Figure 35 – Deleveraging path (net debt incl. leases)

The equity value is built on the same timing logic as the FCFF model. The 2027F-2030F free cash flows to equity and the terminal value of €2,827m are discounted back to 31 December 2026 at the cost of equity, while the 2026 FCFE is not discounted but added directly as cash retained by shareholders during the year. This yields an equity value of €2,854m which, divided by the same post-buyback share count of 66.5m used in the FCFF bridge, corresponds to a price target of €42.91 per share as of 31 December 2026 and an expected return of 16.0%.

Both methods consistently point to undervaluation, with the FCFE estimate representing the conservative anchor of the intrinsic valuation range (Figure 34). The equity flows embed the announced capital-return framework: the €200m buyback programme is executed as €100m of repurchases in each of 2026F and 2027F at an assumed average price of €40, with the shares cancelled; from 2028F onward, cash in excess of a 12%-of-sales operating buffer is additionally returned through buybacks, consistent with management's stated intention to keep average annual shareholder returns broadly in line with those distributed for FY2024 (Figure 36).

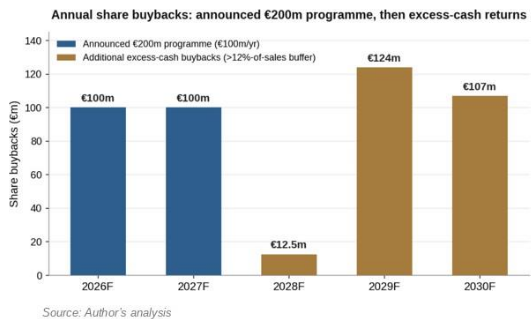


Figure 36 – Share Buybacks

The Dividend Discount Model was also considered but excluded from the triangulation: with the FY2025 dividend rebased to the statutory minimum of €0.04 and returns shifted toward buybacks, a dividend-based model structurally understates equity value during the realignment. Estimated on the same year-end 2026 basis as the other intrinsic methods — discounting the 2027F-2030F dividends and the terminal value back to 31 December 2026, with the 2026 dividend retained as cash — it returns €32.83, a figure that reflects the payout policy rather than the underlying earning power.

Relative Valuation

The relative valuation complements the intrinsic methods by positioning Hugo Boss against the peer set — Ralph Lauren, PVH, Moncler, Prada and Burberry — through three multiples: EV/EBITDA, EV/EBIT and P/E. All peer prices and financials are taken as of the 5 May 2026 valuation date, consistent with the rest of the analysis. The guiding principle is that every multiple must be observable on that date: for each peer we therefore use the latest annual report actually published by 5 May 2026.

All enterprise-value multiples are built on a pre-IFRS 16 (pre-lease) basis, because the peer set mixes two accounting worlds: Moncler, Prada and Burberry report under IFRS 16, which capitalizes leases, while Ralph Lauren and PVH report under US GAAP, where rents stay in operating expenses. To restore comparability we strip leases out on the IFRS side — excluding lease liabilities from enterprise value and restating EBITDA and EBIT to treat the full rent as an operating cost. P/E is left untouched, as net income already bears the full lease cost under both frameworks. This basis differs from the lease-as-debt treatment in the DCF, but the two serve different ends: internal consistency within Hugo Boss for the DCF, cross-peer comparability for the multiples.

On this basis, Hugo Boss trades at 4.77x EV/EBITDA, 7.03x EV/EBIT a nd 10.24x P/E on FY2025 figures, against peer medians of 12.57x, 11.51x and 17.05x respectively — discounts of approximately 62%, 39% and 40%. Part of this gap is structural and pre-dates the realignment: over 2021-2024 Hugo Boss traded at median discounts of 19.9% (EV/EBITDA), 22.3% (EV/EBIT) and 17.6% (P/E) to the peer medians, computed on the IFRS peers only for the EV-based multiples, since the historical database multiples are not lease-adjusted (Table 16). Rather than assuming either a full re-rating back to the historical relationship or the permanence of today's depressed rating, the applied discount blends the two at equal weights — 50% current, 50% historical — yielding applied discounts of 41.0%, 30.6% and 28.8% and warranted multiples of 7.42x, 7.99x and 12.14x.

To keep the relative valuation on the same footing as the intrinsic models, the warranted multiples are applied to forecast metrics, so the implied value is also expressed as of the 31 December 2026 target date —the peer multiples stay anchored to observable FY2025 figures, while only Hugo Boss's own accounting items are projected forward.

On a 2026F basis, the more mechanically consistent choice, the inputs are a pre-IFRS 16 EBITDA of €431m, a pre-lease EBIT of €292m and an EPS of €2.94, with the bridge using the forecast net cash ex-leases of €202m at 31 December 2026.

On a 2027F basis – the first normalised year after the trough, and arguably what an investor would price at the target date — the inputs are EBITDA of €453m, EBIT of €314m, EPS of €3.33 and net cash of €273m.

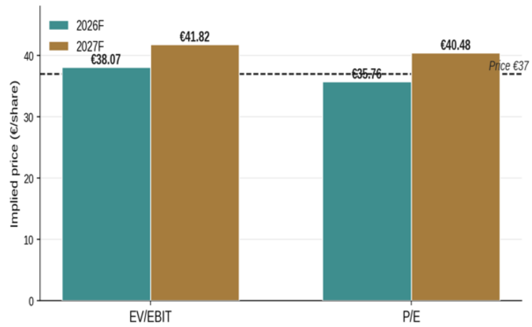
Applied to these forecasts, EV/EBIT and P/E yield €38.07 and €35.76 on 2026F and €41.82 and €40.48 on 2027F. We set the EV/EBITDA reading aside —it points materially higher (€51.13 and €54.64) because EBITDA, struck before depreciation, ignores the right-of-use and capital-intensity costs that matter most for a lease-heavy retailer, mechanically inflating the implied value (Figure 37).

We lean on the 2027F reading as more representative, since a buyer at year-end 2026 prices the normalised earnings power rather than the one-off trough, but we show both so the choice stays transparent.

Peer trading multiples (FY2025, pre-IFRS 16)			
Company	EV/EBITDA	EV/EBIT	P/E
Ralph Lauren	14.1x	17.3x	22.9x
PVH	5.3x	7.2x	7.8x
Moncler	12.6x	14.3x	22.3x
Prada	6.8x	8.7x	11.8x
Burberry	36.1x	n.m.	n.m.
Peer median	**12.6x**	**11.5x**	**17.1x**
HUGO BOSS	**4.8x**	**7.0x**	**10.2x**
HB discount	(62%)	(39%)	(40%)

Source: Company annual reports; Author's analysis

Table 16 – Peer trading multiples (FY2025, pre-IFRS 16)



Source: Author's analysis

Figure 37 – Implied target price by multiple

6. Financial Analysis

<u>**Profitability**</u>

Hugo Boss has delivered consistently solid profitability, although margins reflect the strategic reset underway under the CLAIM 5 TOUCHDOWN plan. The Gross Profit Margin has remained remarkably stable at around 61.5% over 2021-2025 (61.51% in FY25), and is expected to expand gradually to approximately 62.5% by FY30F, supported by sourcing efficiency gains, reduced air-freight usage and assortment streamlining, partly offset by raw-material cost pressures in cotton and wool. The Operating (EBIT) Margin fluctuated between 8.18% in FY21 and 9.78% in FY23, settling at 9.15% in FY25 (HUGO BOSS AG, 2025a); it is forecast to dip to 8.23% in FY26F, as fixed-cost deleverage on lower sales weighs on operating leverage, before recovering steadily to approximately 10.0% by FY30F as store optimization, marketing discipline (held at 7.0% of sales) and process automation feed through. Consistently, the Net Profit Margin is projected to move from 5.84% in FY25 to a trough of 5.05% in FY26F and then up to 6.6% by FY30F, while the EBITDA Margin normalizes from 18.3% in FY25 to around 17.6% over the forecast horizon (Figure 38). On returns, Return on Equity declines from 21.45% in FY23 to 15.70% in FY24 and a forecast low of 12.59% in FY26F, recovering to 14.5% by FY30F, with Return on Assets improving from 5.64% in FY24 to 7.5% in FY30F. Most importantly, Return on Invested Capital rises from 11.10% in FY24 to 13.8% by FY30F, remaining comfortably above the estimated WACC of 8.4% throughout the forecast and confirming Hugo Boss's ability to create value above its cost of capital. While the FY25 ROIC of 12% trails luxury-positioned peers such as Ralph Lauren (20.8%) and Moncler (17.1%), it remains broadly in line with comparable premium players like Prada (11.7%) (Figure 39).

<u>**Efficiency**</u>

Hugo Boss's operating efficiency reflects the working-capital normalization that has followed the post-pandemic inventory build-up. The Asset Turnover ratio has held broadly stable at around 1.1-1.2x, standing at 1.15x in FY25 and projected to remain close to 1.15x through FY30F, indicating that the Group continues to generate a consistent level of sales from its asset base without entering a new heavy investment cycle. Inventory Turnover, which had deteriorated to 1.43x in FY22 amid excess stock, recovered to 1.79x in FY25 and is expected to improve gradually toward 1.91x by FY30F. This trend is mirrored by Days Inventory Outstanding, which falls from a peak of 254 days in FY22 to around 204 days in FY25, and is forecast to decline further to 195 days by FY28F, consistent with management's target of reducing inventories toward roughly 20% of sales through tighter merchandise inflow and assortment simplification (Figure 41). On the receivables side, Days Sales Outstanding has remained disciplined at approximately 33 days in FY25, held broadly stable at around 32 days over the forecast horizon to reflect a prudent collection cycle. Days Payables Outstanding, by contrast, is expected to normalize from 142 days in FY24 to 100 days by FY30F, as the model assumes reduced reliance on supplier financing while keeping trade working capital within the Group's 18%-20% of sales target range. Overall, Working Capital Turnover stabilizes at around 7.0x, signaling effective and increasingly disciplined management of the operating cycle (Figure 40).

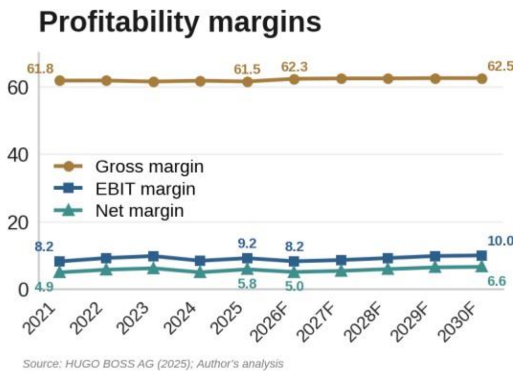


Figure 38 – Profitability margins

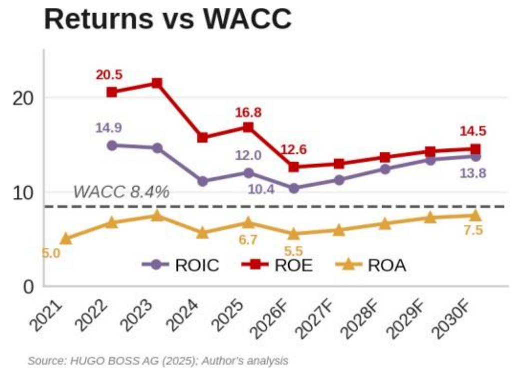


Figure 39 – Returns vs WACC

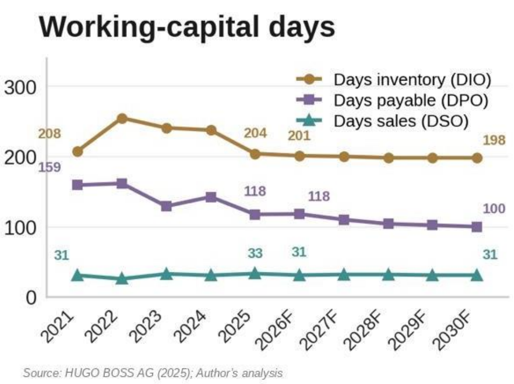


Figure 40 – Working-capital days

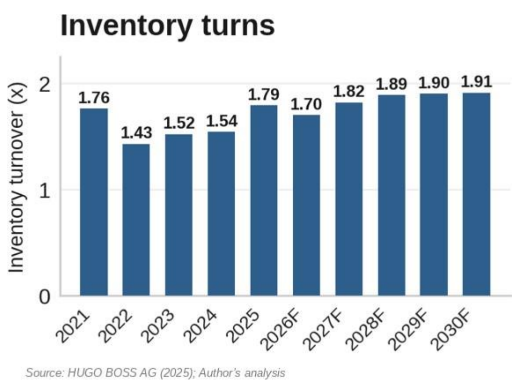
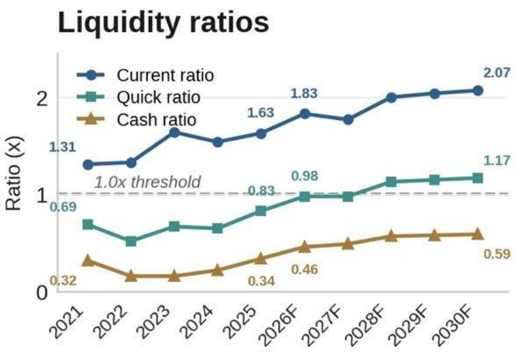


Figure 41 – Inventory turns

Liquidity

Hugo Boss maintains a comfortable liquidity position that strengthens markedly across the forecast period, underpinning its financial flexibility during the CLAIM 5 TOUCHDOWN reset. The Current Ratio improved from 1.54x in FY24 to 1.63x in FY25 and is projected to rise above 2.0x from FY28F onward (2.07x by FY30F), comfortably exceeding the threshold at which short-term assets cover short-term obligations. The Quick Ratio, which strips out the weight of inventories that historically represent a sizeable share of current assets, climbs from 0.65x in FY24 to 0.83x in FY25 and is expected to surpass 1.0x from FY28F, reaching 1.17x by FY30F, signaling robust short-term solvency even without reliance on stock. The Cash Ratio follows the same trajectory, more than doubling from 0.22x in FY24 to 0.59x by FY30F, reflecting the build-up of cash and cash equivalents as operating cash generation recovers and capital intensity normalizes. This improvement is supported by a healthy Operating Cash Flow Ratio, which recovers to around 0.6-0.7x over the forecast horizon after the 2022-2023 inventory-driven trough. Taken together, these metrics confirm that Hugo Boss is progressively building a more liquid balance sheet, providing ample headroom to fund store refurbishments, logistics upgrades and the announced share-buyback program without straining its short-term position (Figure 42).

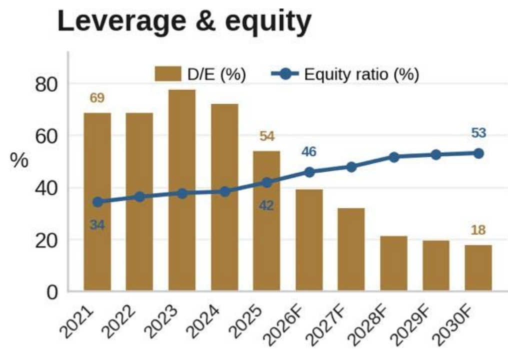


Source: HUGO BOSS AG (2025); Author's analysis

Figure 42 – Liquidity ratios

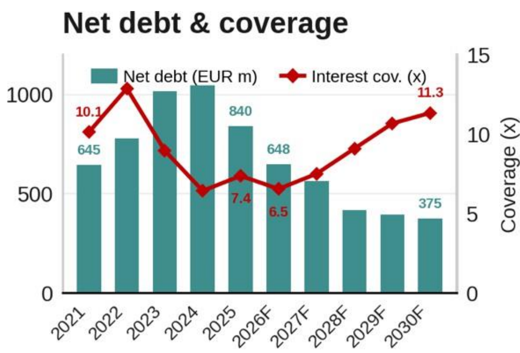
Solvency

Hugo Boss's solvency profile shows a clear deleveraging trajectory that materially reduces financial risk over the forecast horizon. The Debt-to-Equity ratio declines steadily from 0.72x in FY24 to 0.54x in FY25, and is projected to fall to just 0.18x by FY30F, driven by the contractual repayment of the €175m Schuldschein loan in two €87.5m tranches (FY26F and FY28F), the gradual reduction of residual bank debt using excess cash, and a growing equity base. Consistently, the Equity Ratio strengthens from 38.3% in FY24 to 53.2% by FY30F, reflecting an increasingly self-funded capital structure. Debt-servicing capacity improves in parallel: the Interest Coverage ratio, which had compressed to 6.42x in FY24 as financial expenses rose, recovers to 7.36x in FY25 and is forecast to reach 11.3x by FY30F, signalling a comfortable ability to meet interest obligations from operating earnings (Figure 43). On a net basis, Net Debt including lease liabilities falls sharply from €1,045m in FY24 to a projected €375m by FY30F, while net debt excluding leases turns into a net cash position from FY25 onward, underscoring the limited reliance on financial borrowing once IFRS 16 lease obligations are isolated. This combination of falling leverage, rising equity and strengthening coverage positions Hugo Boss on a sound financial footing, allowing it to pursue its strategic realignment, debt reduction and shareholder-return objectives simultaneously (Figure 44).



Source: HUGO BOSS AG (2025); Author's analysis

Figure 43 – Leverage & equity



Source: HUGO BOSS AG (2025); Author's analysis

Figure 44 – Net debt & coverage

7. Investment Risks

While our investment case on HUGO BOSS is constructive, a BUY rating of this magnitude only holds if the risks set against it are weighed with equal rigor. As a premium apparel group selling across some 130 markets and sourcing more than 80% of its volume from external partners, HUGO BOSS is exposed to a broad set of forces that sit largely beyond management's control and that could move the share well away from our €45.55 target. The current backdrop sharpens several of them: the deliberate brand and channel realignment under CLAIM 5 TOUCHDOWN compresses near-term earnings by design, while subdued consumer sentiment, trade-policy uncertainty and renewed geopolitical tension in the Middle East add a further layer of volatility. Building on the Group's own enterprise risk framework, we organize these exposures into four categories —i) Market Risks, ii) Operational Risks, iii) Political, Legal & Regulatory Risks, and iv) Financial Risks — while the environmental and social dimension, equally material, is addressed in the dedicated ESG section. Each risk is discussed below and then positioned by likelihood and potential impact in the Risk Matrix (Figure 45), before the closing part of the section feeds the most relevant exposures back into the valuation through a sensitivity scenario and Monte Carlo analysis.

Market Risks

Macroeconomic & Consumer Demand (M1)

As a premium apparel group, HUGO BOSS sells discretionary goods that are among the first purchases consumers postpone when sentiment weakens. After the post-pandemic boom, the personal luxury goods market stalled at €358 billion in 2025, down about 2% at current exchange rates and broadly flat at constant rates, while the active customer base shrank by close to 20 million people to around 330 million. Because around 85% of HUGO BOSS's sales come from EMEA and the Americas, the Group is closely tied to two markets where apparel demand is now at its softest. When customers there turn cautious, the impact reaches the company's revenues almost immediately — as the first quarter of 2026 made clear, with sales down 8% in EMEA and 5% in the Americas on a currency-adjusted basis. We view this as a high-impact risk with an elevated likelihood in the near term.

Competition & Brand Relevance (M2)

The premium segment is intensely contested, with global houses competing simultaneously on desirability, pricing power and share of attention in markets that are barely growing. Low switching costs and the price transparency of e-commerce hand considerable power to buyers, while accessible-luxury labels and fast-fashion players erode the middle ground from below. Sustaining brand heat requires continuous reinvestment, with marketing already running at 7% of sales. We assess this as a high-impact, medium-likelihood risk.

Foreign Exchange (M3)

HUGO BOSS reports in euro but generates a material share of revenue outside the eurozone. The effect is not hypothetical: in Q1 2026 reported sales fell 9% versus a 6% currency-adjusted decline, implying a drag of roughly three percentage points from currency alone. With EUR/USD trading around 1.17 in 2026 and major banks clustering forecasts at 1.22-1.24 by year-end (BitMEX Research, 2026), the translation headwind looks structural rather than transitory. While the Group's central Treasury hedges transactional exposure through forwards and options, translation risk remains largely unhedged. We regard this as a moderate-to-high-impact risk of medium likelihood.

Operational Risks

Suppliers, Sourcing & Input Costs (O1)

HUGO BOSS outsources the large majority of production, with only about 17% of sourcing volume coming from its own European sites and the remaining 83% from external partners, spread across a base of 178 Tier-1 and 374 Tier-2 suppliers and concentrated in EMEA (49%) and Asia (48%). This breadth supports resilience, but overdependence on individual partners or producing countries leaves the supply chain exposed to disruption, capacity bottlenecks and geopolitical or natural-disaster risk, any of which could interrupt product flow during critical selling windows. Input costs add a second layer: the USDA (2026) forecasts the 2026/27 cotton season-average farm price at around 73 cents per pound, a six-year high if realized, while the World Bank's (2026) outlook projects overall commodity prices to rise 16% in 2026, led by energy, pressuring the cost of cotton, wool, leather and freight. HUGO BOSS mitigates this through a diversified, closely monitored supplier network and sourcing efficiencies. The Group's own framework rates this the highest-impact risk category; we view it as high-impact with medium likelihood.

Logistics, Distribution & Execution (O2)

With logistics centralized around Metzingen and more than €100m invested in the Filderstadt distribution center, efficient global transfer of goods is essential to getting the right product to the right channel on time; any failure raises stockouts, markdown pressure and lost full-price sell-through. Layered on top is execution risk around CLAIM 5 TOUCHDOWN itself: the realignment deliberately compresses near-term earnings — Q1 2026 EBIT fell to €35m (margin 3.9% versus 6.1%) and full-year EBIT is guided to €300m–€350m against €391m in 2025 — on the premise that a more selective distribution and assortment model rebuilds a stronger base from 2027. If the repositioning does not deliver the intended recovery, the strategic logic that underpins our valuation weakens. Disciplined inventory management (down 13% currency-adjusted to 22.0% of sales) shows the program is so far executing to plan. We assess this as a high-impact, medium-likelihood risk.

IT & Cybersecurity (O3)

As an omnichannel retailer dependent on integrated IT systems and large volumes of customer data, HUGO BOSS faces material exposure to cyberattacks and data breaches, which the Group explicitly identifies as an emerging risk. The threat is acute sector-wide: in 2025 a ransomware attack on Marks & Spencer was expected to cut roughly £300 million ($405 million) from group operating profit, while a breach via a shared e-commerce vendor exposed customer data at Adidas and The North Face across several European markets, highlighting third-party vendors as a recurring weak point (eMarketer, 2025). A successful attack could disrupt sales, trigger GDPR penalties and damage brand trust. HUGO BOSS counters this through continued investment in IT infrastructure and security monitoring. We regard this as a high-impact risk of medium likelihood.

Political, Legal & Regulatory Risks

Trade Policy & Tariffs (PR1)

The main political risk facing HUGO BOSS today is the reshaping of global trade. The United States, roughly a fifth of Group sales, has moved tariffs sharply higher: the average duty on U.S. apparel imports reached 35.1% in December 2025, up from 14.7% a year earlier, while goods from the EU now carry a 15% surcharge (Lu, 2026). With sourcing split largely between Asia (48%) and EMEA (49%), HUGO BOSS is exposed both to higher landed costs on U.S.-bound product and to the softer demand that tariffs feed through to American consumers. The Group can partly absorb this through sourcing diversification and selective pricing, but the direction of policy remains unpredictable. We view this as a high-impact, high-likelihood risk.

Geopolitical Instability (PR2)

Beyond trade, geopolitical shocks can disrupt demand and operations with little warning. The clearest recent example is the Middle East: although the region accounts for only about 3% of Group sales, escalating conflict triggered a marked drop in store traffic from March 2026 onward, shaving roughly one percentage point off Q1 Group sales. Combined with elevated trade barriers in China and broader fragmentation of global commerce, this leaves a globally exposed brand vulnerable to events well outside its control. We assess this as a moderate-to-high-impact risk of high likelihood.

Regulation, Compliance & Data Protection (PR3)

Operating across some 130 markets, HUGO BOSS must comply with a dense and shifting body of regulation where lapses can bring penalties and reputational damage. The Group's exposure is managed through a formal Compliance Management System, revised anti-corruption and whistleblowing procedures, and human-rights assessment of 100% of Tier-1 suppliers; in 2025 it recorded one customer data-privacy violation and seven conflict-of-interest cases via its Speak-Up channel. We regard this as a moderate-impact risk of medium likelihood.

Governance & Ownership Concentration (PR4)

A risk specific to HUGO BOSS is its evolving shareholder structure. Frasers Group held 25.21% of voting rights at end-2025, up from 19.25% a year earlier, with a further 32% exposure through financial instruments — developments that cut the free float from 64% to roughly 59%. With Frasers' CEO Michael Murray sitting on the Supervisory Board while Frasers is simultaneously a major shareholder and a key wholesale partner, the potential for conflicts of interest and for decisions that diverge from minority shareholders' interests warrants close monitoring. We view this as a moderate-to-high-impact risk of medium likelihood.

Financial Risks

Leverage & Liquidity (FR1)

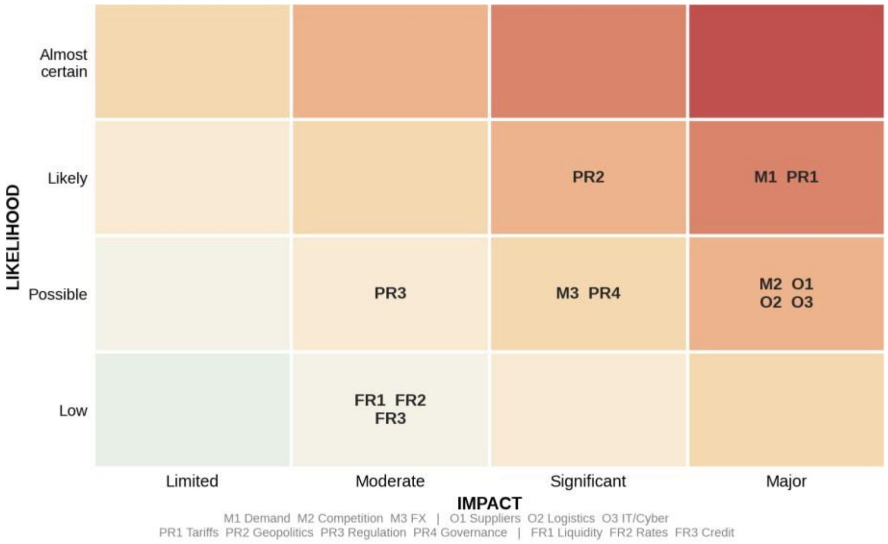
HUGO BOSS enters its realignment year from a position of financial strength rather than fragility. While net financial liabilities including IFRS 16 lease obligations stood at €851m at end-March 2026, the Group was effectively in a net cash position of roughly €18m once leases are excluded, with an equity ratio of 43.6% and investment-grade credit ratings of BBB (S&P) and Baa2 (Moody's). The principal financial risk is therefore not solvency but cash generation during a year of deliberately compressed earnings, with EBIT guided to €300m-€350m against €391m in 2025. Management has prudently rebased capital returns to preserve flexibility —cutting the proposed dividend to the statutory €0.04 per share while funding a €200m buyback from free cash flow —and Q1 free cash flow already turned positive at €33m (versus minus €66m a year earlier). We view this as a moderate-impact risk of low likelihood.

Interest Rate Risk (FR2)

As a lease-intensive retailer with a meaningful debt load, HUGO BOSS is exposed to movements in interest rates, which raise refinancing costs and lift the cost of capital used to value the business. With the ECB deposit facility rate at 2.00% as of April 2026 and the rate cycle past its peak, near-term refinancing pressure looks contained, and the Group's investment-grade profile and low net financial debt further limit the exposure (ECB, 2026). The more durable channel runs through the discount rate: a higher risk-free rate or credit spread would raise the WACC and weigh on intrinsic value, a sensitivity we quantify later in this section. We assess this as a moderate-impact risk of low-to-medium likelihood.

Credit & Counterparty Risk (FR3)

Roughly 40% of revenues flow through the wholesale channel, leaving HUGO BOSS exposed to the credit standing of its partners: a downturn or insolvency among them could translate into bad debt against the €332m of trade receivables on the balance sheet. This exposure is concentrated in part through Frasers Group, simultaneously the largest shareholder and a key wholesale partner. The Group mitigates the risk through partner credit ratings and credit limits, alongside the management of banking and hedging counterparties. We regard this as a moderate-impact risk of low-to-medium likelihood.



Source: Author's analysis

Figure 45 – Risk matrix (likelihood × impact)

Sensitivity Analysis

The €45.55 target leans most on three assumptions: the WACC, the perpetuity growth rate (g), and the gross margin we assume over the long run. It holds up well. Across the whole WACC×g grid the target stays above the current €37.00 in every case except one —the worst corner, a 9.40% WACC with growth at just 0.32%, where it slips to €37.16, basically today's price. Even a fairly cautious 8.90% WACC with 0.82% growth still gets to €40.88. The gross margin matters just as much: pulling the base-case 62.5% down to 61.5%, roughly Hugo Boss's long-run historical level, costs about €6 of value, while a recovery toward the top of the range pushes the target comfortably into the fifties. Worth flagging on the risk side is what the WACC axis actually means: each level maps to an implied levered beta from our cost-of-equity build-up — around 1.02 at 7.40%, our bottom-up base of 1.26 at 8.40%, and roughly 1.50 at 9.40%. Hugo Boss's own regression (raw) beta of about 0.90 over five years (WalletInvestor, 2026), and peer readings of 0.75-1.07, both sit at or below the lowest beta in the grid — so a regression-based discount rate would only push the target higher. We deliberately stuck with the more demanding bottom-up beta, which makes the base case conservative by design. One last thing worth keeping in mind: the terminal value is about 78% of Enterprise Value, which is normal for a profitable, capital-light brand in a mature industry (Table 17,. Table 18, Table 19)

WACC \ g	0.32%	0.82%	1.32%	1.82%	2.32%
7.40%	51.10	52.84	54.85	57.20	59.98
7.90%	46.92	48.29	49.85	51.64	53.72
8.40%	43.26	44.34	45.55	46.92	48.50
8.90%	40.03	40.88	41.82	42.88	44.07
9.40%	37.16	37.83	38.56	39.37	40.27

Source: Author's analysis

Table 17 – Sensitivity: target price by WACC and g

WACC \ g	0.32%	0.82%	1.32%	1.82%	2.32%
7.40%	4,047	4,163	4,297	4,452	4,637
7.90%	3,769	3,860	3,964	4,083	4,221
8.40%	3,525	3,597	3,678	3,769	3,874
8.90%	3,311	3,367	3,430	3,500	3,580
9.40%	3,120	3,164	3,213	3,266	3,327

Source: Author's analysis

Table 18 – Sensitivity: Enterprise Value by WACC and g

WACC \ GM	61.5%	62.0%	62.5%	63.0%	63.5%
7.40%	47.80	51.33	54.85	58.38	61.91
7.90%	43.34	46.59	49.85	53.10	56.36
8.40%	39.51	42.53	45.55	48.57	51.59
8.90%	36.19	39.01	41.82	44.64	47.45
9.40%	33.28	35.92	38.56	41.19	43.83

Source: Author's analysis

Table 19 – Sensitivity: target price by gross margin and WACC

Scenario Analysis

Beyond the mechanical sensitivity, we build two scenarios driven directly by the risks mapped earlier, each re-running the FCFF valuation on a coherent set of assumptions rather than flexing a single input. Only three levers are assumed — terminal revenue, the cost ratios (COGS and operating expenses as a share of sales) and the perpetuity growth rate — while the EBIT margin, NOPAT, free cash flows and price target are all calculated from them. Terminal revenue earns its place among the levers because, in a perpetuity-based valuation, the long-run revenue level anchors the entire terminal value — which is roughly 78% of our Enterprise Value — so the demand risks flagged in the matrix only reach the price target through it; leaving it fixed would mean stress-testing everything except the single largest driver of value. The levered beta is deliberately held constant at the base bottom-up estimate: systematic risk is a property of the business rather than of the operating scenario, and flexing it alongside the cash flows would double-count risk already captured in the projections. In keeping with the base case, terminal margins are normalized below the 2030F forecast peak, reflecting a sustainable long-run level for a mature premium brand rather than the cyclical high of the recovery years.

Scenario assumptions

Driver	Bear	Base	Bull
Gross margin	58.5%	62.5%	62.0%
Terminal EBIT margin	7.0%	9.15%	11.0%
Terminal revenue (€bn)	4.30	4.54	4.70
Perpetuity growth (g)	0.82%	1.32%	1.82%
Price target (€)	**29.94**	**45.55**	**60.30**
Upside / (downside)	(19.1%)	+23.1%	+63.0%

Source: Author's analysis

Figure 46 – Scenario analysis

The bear case assumes the exposures concentrated in the red zone of the matrix materialize together: tariffs (PR1) and rising input costs (O1) compress the gross margin to 58.5% and the terminal EBIT margin to 7.0%, weak and geopolitically disrupted demand (M1, PR2) holds terminal revenues near €4.3bn, and the perpetuity growth rate eases to 0.8%. The result is a price target of €29.94 —a downside of roughly 19% and the only scenario that falls below the current share price of €37.00. The bull case mirrors it: sourcing efficiencies and a fuller margin recovery lift the gross margin to 62.0% with a terminal EBIT margin of 11.0%, demand recovers toward €4.7bn and growth firms to 1.8%, producing a price target of €60.30, or upside of around 63% (Figure 46).

Notably, the regression (raw) beta of HUGO BOSS sits well below our bottom-up estimate —around 0.9 on a five-year basis (WalletInvestor, 2026) —and most apparel peers also trade on betas at or below our re-levered 1.26. A regression-based discount rate would therefore lift the price target further: the base case deliberately adopts the more demanding bottom-up beta and is therefore conservative by construction.

The probability attached to each outcome, and to the BUY recommendation, is quantified in the Monte Carlo simulation that follows.

Monte Carlo Simulation

To complement the scenario analysis with a probabilistic view, we ran a Monte Carlo simulation of 100,000 trials, allowing the key value drivers to vary simultaneously rather than one at a time. Four inputs were modeled as normal distributions centered on the base case: the levered beta, which flows into the WACC through our cost-of-equity build-up; the terminal growth rate; terminal revenue; and the EBIT margin. Their standard deviations were set to span the bear-to-bull range used in the scenario analysis, so that the simulation reflects the same risks identified in the matrix — systematic risk through the beta, demand through revenue, and tariffs, input costs and execution through the margin.

The simulation returns a distribution of price targets with a mean of €46.14 and a median of €45.57, effectively coinciding with our base-case target of €45.55 and confirming that the valuation is well centered rather than reliant on optimistic tail assumptions. The dispersion is moderate (standard deviation €7.68), with a 10th-to-90th percentile range of €36.81 to €56.19 — the 10th percentile sitting just below the current price of €37.00. Translating the distribution into our recommendation bands, around 75% of outcomes fall in BUY or STRONG BUY territory, 22% in HOLD and roughly 3% in SELL, reinforcing the robustness of our BUY rating (Figure 47).

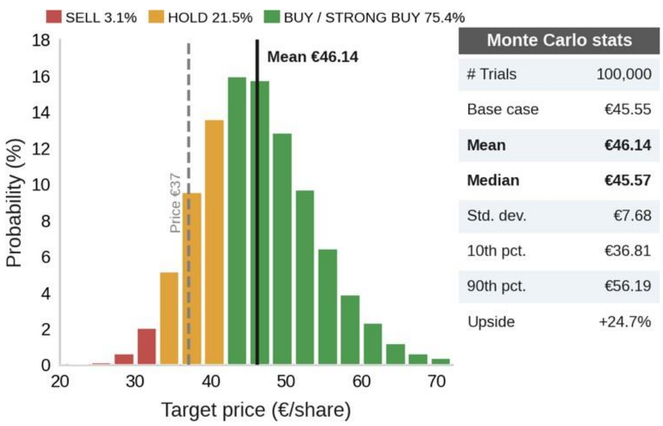


Figure 47 – Monte Carlo simulation

Source: Author's analysis

Appendices

Appendix 1: Income Statement

INCOME STATEMENT	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
SALES	**2,786.1**	**3,651.4**	**4,197.5**	**4,307.3**	**4,269.8**	**3,949.4**	**4,033.3**	**4,221.2**	**4,375.7**	**4,535.9**
Cost of sales	(1,065.3)	(1,395.1)	(1,616.6)	(1,647.5)	(1,643.5)	(1,488.9)	(1,516.5)	(1,587.2)	(1,640.9)	(1,701.0)
Gross profit	1,720.8	2,256.3	2,580.9	2,659.8	2,626.4	2,460.5	2,516.8	2,634.0	2,734.8	2,834.9
Gross margin %	61.8%	61.8%	61.5%	61.8%	61.5%	62.3%	62.4%	62.4%	62.5%	62.5%
Selling & marketing	(1,190.6)	(1,538.5)	(1,744.9)	(1,868.2)	(1,804.6)	(1,708.1)	(1,738.4)	(1,808.8)	(1,859.7)	(1,927.8)
General & Administrative (G&A)	(302.2)	(382.4)	(425.6)	(430.9)	(431.0)	(427.3)	(431.8)	(437.8)	(446.6)	(454.8)
EBIT	**228.0**	**335.4**	**410.3**	**360.8**	**390.8**	**325.0**	**346.6**	**387.4**	**428.5**	**452.4**
Ebit Margin %	8.2%	9.2%	9.8%	8.4%	9.2%	8.2%	8.6%	9.2%	9.8%	10.0%
Depreciation, Amortization and Impairments	339.3	345.0	341.7	414.2	390.9	343.4	339.1	340.6	343.6	348.0
EBITDA	**567.3**	**680.4**	**752.0**	**775.0**	**781.6**	**668.5**	**685.7**	**728.0**	**772.1**	**800.4**
Ebitda margin %	20.4%	18.6%	17.9%	18.0%	18.3%	16.9%	17.0%	17.2%	17.6%	17.6%
Interest and similar income	1.9	2.2	1.0	1.3	2.1	1.8	1.8	1.9	2.0	2.0
Interest and similar expenses	(22.6)	(26.1)	(45.8)	(56.2)	(53.1)	(49.7)	(46.3)	(42.7)	(40.2)	(40.0)
Net interest	(20.7)	(23.9)	(44.9)	(55.0)	(51.0)	(47.9)	(44.4)	(40.8)	(38.2)	(37.9)
Other financial items	(10.4)	(26.2)	(8.6)	(4.3)	5.1	-	-	-	-	-
Financial result	(31.1)	(50.1)	(53.4)	(59.3)	(45.9)	(47.9)	(44.4)	(40.8)	(38.2)	(37.9)
EBT	**196.9**	**285.3**	**356.9**	**301.5**	**344.9**	**277.1**	**302.1**	**346.6**	**390.3**	**414.5**
Income Taxes	(52.7)	(63.4)	(87.1)	(77.9)	(85.6)	(69.3)	(75.5)	(86.7)	(97.6)	(103.6)
Net income	**144.1**	**221.9**	**269.8**	**223.6**	**259.3**	**207.9**	**226.6**	**260.0**	**292.7**	**310.8**
Non-controlling interests	6.8	12.4	11.4	10.1	9.8	8.3	9.1	10.4	11.7	12.4
Net income attributable to shareholders	**137.3**	**209.5**	**258.4**	**213.5**	**249.5**	**199.5**	**217.5**	**249.6**	**281.0**	**298.4**
EPS	1.99	3.04	3.74	3.09	3.61	2.94	3.33	3.90	4.39	4.66
Dividend per share	0.70	1.00	1.35	1.40	0.04	0.29	0.67	1.17	1.76	2.33

Appendix 2: Income Statement Statement of Financial Position

BALANCE SHEET	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
ASSETS										
Non-current assets	**1,457.6**	**1,534.8**	**1,680.6**	**1,929.8**	**1,858.1**	**1,810.7**	**1,809.3**	**1,828.9**	**1,861.1**	**1,897.4**
Property, plant & equipment	418.0	471.2	603.5	667.1	645.6	628.3	622.3	629.3	646.3	664.7
Intangible assets	163.6	176.6	195.8	230.2	254.7	270.6	285.4	293.2	294.6	295.0
Right-of-use assets	695.1	708.2	722.1	877.2	799.9	765.8	752.7	754.7	765.6	778.3
Deferred tax assets	160.2	150.6	130.5	123.9	128.1	118.2	118.1	120.5	123.7	127.3
Non-current financial assets	19.6	26.5	26.6	30.8	29.5	27.4	28.0	29.3	30.3	31.5
Other non-current assets	1.1	1.7	2.1	0.6	0.4	0.5	2.8	1.9	0.5	0.6
						0.0	(0.0)	(0.0)	0.0	0.0
Current assets	**1,278.0**	**1,591.8**	**1,791.1**	**1,852.6**	**1,863.0**	**1,795.0**	**1,856.3**	**1,947.5**	**2,022.1**	**2,097.0**
Inventories	605.6	973.6	1,066.0	1,071.6	918.4	836.3	831.0	847.9	876.6	908.7
Trade receivables	234.5	256.4	375.6	361.9	386.0	346.3	350.8	367.2	383.6	397.7
Current tax receivables	14.7	23.1	23.1	23.5	34.5	23.5	25.7	29.4	33.1	35.2
Current financial assets	27.5	41.3	54.1	49.3	50.6	46.9	47.9	50.2	52.0	53.9
Other current assets	111.1	150.0	126.9	135.7	130.4	136.8	139.7	146.2	151.6	157.1
Cash and cash equivalents	284.7	147.4	118.3	210.6	343.1	405.3	461.1	506.5	525.1	544.3
Assets held for sale	-	-	26.9	-	-	-	-	-	-	-
Total assets	**2,735.5**	**3,126.6**	**3,471.7**	**3,782.4**	**3,721.2**	**3,605.7**	**3,665.5**	**3,776.4**	**3,883.2**	**3,994.4**
EQUITY & LIABILITIES										
Total Equity	**939.7**	**1,135.4**	**1,310.8**	**1,450.1**	**1,557.7**	**1,654.6**	**1,756.1**	**1,953.5**	**2,039.6**	**2,123.5**
Subscribed capital	70.4	70.4	70.4	70.4	70.4	67.9	65.4	65.1	62.0	59.3
Own shares	(42.4)	(42.4)	(42.4)	(42.4)	(42.4)	(42.4)	(42.4)	(42.4)	(42.4)	(42.4)
Other capital reserve	0.4	1.6	4.1	6.7	0.4	0.4	0.4	0.4	0.4	0.4
Retained earnings	849.6	1,022.1	1,200.8	1,320.2	1,479.4	1,578.7	1,679.2	1,873.8	1,959.2	2,040.9
Accumulated other comprehensive income	47.3	64.8	59.8	72.0	29.6	28.2	30.1	31.3	33.0	35.7
Non-controlling interests	14.3	18.9	18.1	23.1	20.2	21.7	23.4	25.2	27.3	29.6
Non-current liabilities	**818.0**	**797.8**	**1,070.7**	**1,128.2**	**1,020.7**	**972.7**	**860.5**	**851.4**	**851.4**	**855.8**
Non-current financial liabilities	103.4	88.9	316.4	276.4	202.5	187.5	85.0	70.0	55.0	40.0
Non-current lease liabilities	601.2	604.9	624.2	731.0	688.2	658.6	647.3	649.0	658.4	669.4
Deferred tax liabilities	10.6	10.3	19.0	18.5	35.6	27.8	27.7	27.8	28.1	28.4
Non-current provisions	101.8	91.9	108.8	99.8	89.9	96.2	97.9	101.9	104.8	108.6
Other non-current liabilities	0.9	1.7	2.3	2.5	4.5	2.5	2.5	2.6	5.1	9.4
Current liabilities	**977.8**	**1,193.4**	**1,090.1**	**1,204.1**	**1,142.8**	**978.5**	**1,049.0**	**971.5**	**992.2**	**1,015.1**
Current financial liabilities	32.0	32.8	23.7	20.4	93.3	15.6	103.1	15.6	15.6	15.6
Current lease liabilities	193.4	199.3	169.0	228.2	198.7	191.4	188.2	188.7	191.4	194.6
Trade and other payables	464.4	617.1	571.8	642.7	529.1	477.3	457.0	452.2	458.5	466.0
Income tax payyables	28.4	20.4	7.2	7.7	26.6	7.3	8.0	9.1	10.3	10.9
Current provisions	99.1	122.6	92.4	68.4	76.2	75.1	76.4	79.5	81.7	84.7
Other current liabilities	160.5	201.2	206.6	236.6	219.0	211.8	216.3	226.4	234.7	243.3
Liabilities held for sale	-	-	19.4	-	-	-	-	-	-	-
Total liabilities	**1,796.0**	**1,991.2**	**2,160.9**	**2,332.3**	**2,163.5**	**1,951.2**	**1,909.4**	**1,822.9**	**1,843.6**	**1,870.9**
Total equity & liabilities	**2,735.5**	**3,126.6**	**3,471.7**	**3,782.4**	**3,721.2**	**3,605.7**	**3,665.5**	**3,776.4**	**3,883.2**	**3,994.4**

Appendix 3: Cash Flow Statement

CASH FLOW STATEMENT	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Net income	144.1	221.9	269.8	223.6	259.3	207.9	226.6	260.0	292.7	310.8
Depreciation & amortization	339.3	345.0	341.7	414.2	390.9	343.4	339.1	340.6	343.6	348.0
Gain/loss (IAS 29)	-	(0.7)	1.1	(3.8)	(2.8)	-	-	-	-	-
Unrealized FX gain/loss	2.7	12.9	13.1	(5.8)	23.7	-	-	-	-	-
Other non-cash items	5.5	8.8	3.7	1.6	0.7	-	-	-	-	-
Income tax expense / income	52.7	63.4	87.1	77.9	85.6	69.3	75.5	86.7	97.6	103.6
Interest expenses / income	20.7	23.9	44.9	55.0	51.0	47.9	44.4	40.8	38.2	37.9
Change in inventories	35.3	(361.3)	(99.6)	(4.2)	109.3	82.1	5.3	(17.0)	(28.7)	(32.1)
Change in receivables and other assets	(73.6)	(83.5)	(123.5)	10.9	(34.5)	48.0	(10.6)	(28.9)	(27.3)	(23.6)
Change in trade payables and other liabilities	196.6	182.1	(51.0)	112.7	(125.0)	(59.0)	(15.7)	5.3	14.6	16.1
Result from disposal of non-current assets	(7.7)	(6.2)	5.2	12.1	0.9	-	-	-	-	-
Change in provisions (pensions)	(3.1)	(4.5)	(9.8)	(0.3)	(0.9)	-	-	-	-	-
Change in other provisions	(3.3)	30.8	(18.4)	(34.9)	2.9	(1.1)	1.3	3.1	2.2	3.0
Income taxes paid	(51.2)	(75.4)	(70.8)	(73.5)	(69.0)	(70.7)	(69.4)	(80.6)	(90.4)	(94.7)
Cash flow from operating activities	**658.1**	**357.3**	**393.6**	**785.5**	**691.8**	**667.8**	**596.5**	**609.9**	**642.5**	**669.1**
Investments in PPE	(81.3)	(151.4)	(247.4)	(227.0)	(137.0)	(113.7)	(116.2)	(121.8)	(126.4)	(127.5)
Investments in intangible assets	(20.3)	(38.8)	(50.1)	(58.6)	(55.6)	(44.2)	(45.2)	(42.8)	(39.9)	(40.3)
Equity investments	(3.0)	(4.4)	-	(1.5)	(2.8)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Disposal of subsidiaries	-	0.2	(1.6)	(1.1)	-	-	-	-	-	-
Disposal of PPE & intangibles	5.4	(1.6)	0.2	(1.6)	0.5	-	-	-	-	-
Interest received	0.9	2.8	1.5	1.2	1.9	1.8	1.8	1.9	2.0	2.0
Cash flow from investing activities	**(98.2)**	**(191.7)**	**(297.6)**	**(288.6)**	**(193.0)**	**(157.7)**	**(161.0)**	**(164.2)**	**(165.8)**	**(167.3)**
Dividends paid (parent)	(2.8)	(48.3)	(69.0)	(93.2)	(96.6)	(2.8)	(19.6)	(42.7)	(74.9)	(112.4)
Dividends paid (NCI)	-	(8.4)	(11.4)	(6.2)	(9.6)	(6.8)	(7.4)	(8.5)	(9.6)	(10.2)
Proceeds from financial liabilities (current)	(173.8)	-	2.0	3.5	-	-	-	-	-	-
Repayment of financial liabilities (current)	-	(10.8)	(60.6)	(90.1)	(11.5)	(92.6)	(15.0)	(102.5)	(15.0)	(15.0)
Proceeds from financial liabilities (non-current)	-	-	279.5	50.3	17.8	-	-	-	-	-
Repayment of lease liabilities	(210.7)	(215.9)	(221.6)	(216.1)	(211.3)	(198.7)	(191.4)	(188.2)	(188.7)	(191.4)
Interest paid	(21.2)	(23.9)	(41.3)	(52.9)	(49.3)	(47.1)	(46.1)	(45.9)	(46.1)	(46.6)
Share buyback	-	-	-	-	-	(100.0)	(100.0)	(12.5)	(123.9)	(107.0)
Cash flow from financing activities	**(408.5)**	**(307.3)**	**(122.4)**	**(404.7)**	**(360.6)**	**(448.0)**	**(379.6)**	**(400.3)**	**(458.1)**	**(482.6)**
FX impact on cash	8.0	4.4	(2.6)	0.1	(5.7)	-	-	-	-	-
Change in cash and cash equivalents	159.4	(137.3)	(29.1)	92.3	132.5	62.1	55.9	45.4	18.5	19.2
Cash at beginning of period	125.3	284.7	147.4	118.3	210.6	343.1	405.3	461.1	506.5	525.1
Cash at end of period	**284.7**	**147.4**	**118.3**	**210.6**	**343.1**	**405.3**	**461.1**	**506.5**	**525.1**	**544.3**

Appendix 4: Key Financial Ratios

FINANCIAL RATIOS	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Profitability Ratios										
Gross Profit Margin	61.8%	61.8%	61.5%	61.8%	61.5%	62.3%	62.4%	62.4%	62.5%	62.5%
Operating Profit Margin	8.2%	9.2%	9.8%	8.4%	9.2%	8.2%	8.6%	9.2%	9.8%	10.0%
Net Profit Margin	4.9%	5.7%	6.2%	5.0%	5.8%	5.1%	5.4%	5.9%	6.4%	6.6%
Return on Assets	5.0%	6.7%	7.4%	5.6%	6.7%	5.5%	5.9%	6.6%	7.2%	7.5%
Return on invested capital	0.0%	14.9%	14.6%	11.1%	12.0%	10.4%	11.3%	12.4%	13.4%	13.8%
Return on Equity		20.5%	21.4%	15.7%	16.8%	12.6%	12.9%	13.6%	14.3%	14.5%
Solvency Ratios										
Debt-to-Equity Ratio	0.69x	0.69x	0.77x	0.72x	0.54x	0.39x	0.32x	0.21x	0.19x	0.18x
Debt-to-Asset Ratio/leverage Ratio	0.66x	0.64x	0.62x	0.62x	0.58x	0.54x	0.52x	0.48x	0.47x	0.47x
Interest Covarage Ratio	10.11x	12.86x	8.95x	6.42x	7.36x	6.54x	7.49x	9.08x	10.66x	11.32x
Equity Ratio	0.34x	0.36x	0.38x	0.38x	0.42x	0.46x	0.48x	0.52x	0.53x	0.53x
Liquidity Ratios										
Current Ratio	1.31x	1.33x	1.64x	1.54x	1.63x	1.83x	1.77x	2.00x	2.04x	2.07x
Quick Ratio	0.69x	0.52x	0.67x	0.65x	0.83x	0.98x	0.98x	1.13x	1.15x	1.17x
Cash Ratio	0.32x	0.16x	0.16x	0.22x	0.34x	0.46x	0.49x	0.57x	0.58x	0.59x
Cash Return on Assets	0.24x	0.11x	0.11x	0.21x	0.19x	0.19x	0.16x	0.16x	0.17x	0.17x
Operating Cash Flow Ratio	0.67x	0.30x	0.36x	0.65x	0.61x	0.68x	0.57x	0.63x	0.65x	0.66x
Activity Ratios										
Inventory Turnover	1.76x	1.43x	1.52x	1.54x	1.79x	1.70x	1.82x	1.89x	1.90x	1.91x
Asset Turnover	1.02x	1.17x	1.21x	1.14x	1.15x	1.10x	1.10x	1.12x	1.13x	1.14x
Working Capital Turnover		10.96x	7.38x	6.53x	6.93x	6.78x	7.16x	7.18x	7.06x	6.94x
EPS basic	1.99	3.04	3.74	3.09	3.61	2.94	3.33	3.90	4.39	4.66
EPS Diluted	1.99	3.04	3.74	3.09	3.61	2.94	3.33	3.90	4.39	4.66

Appendix 5: Common-Size Income Statement

INCOME STATEMENT Common Size	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
SALES	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cost of sales	(0.38)	(0.38)	(0.39)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)
Gross profit	0.62	0.62	0.61	0.62	0.62	0.62	0.62	0.62	0.63	0.63
Gross margin %										
Selling & marketing	(0.43)	(0.42)	(0.42)	(0.43)	(0.42)	(0.43)	(0.43)	(0.43)	(0.43)	(0.43)
General & Administrative (G&A)	(0.11)	(0.10)	(0.10)	(0.10)	(0.10)	(0.11)	(0.11)	(0.10)	(0.10)	(0.10)
EBIT	0.08	0.09	0.10	0.08	0.09	0.08	0.09	0.09	0.10	0.10
Ebit Margin %										
Depreciation, Amortization and Impairments	0.12	0.09	0.08	0.10	0.09	0.09	0.08	0.08	0.08	0.08
EBITDA	0.20	0.19	0.18	0.18	0.18	0.17	0.17	0.17	0.18	0.18
Ebitda margin %										
Interest and similar income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest and similar expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net interest	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Other financial items	(0.00)	(0.01)	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00
Financial result	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
EBT	0.07	0.08	0.09	0.07	0.08	0.07	0.07	0.08	0.09	0.09
Income Taxes	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Net income	0.05	0.06	0.06	0.05	0.06	0.05	0.06	0.06	0.07	0.07
Non-controlling interests	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income attributable to shareholders	0.05	0.06	0.06	0.05	0.06	0.05	0.05	0.06	0.06	0.07
EPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Appendix 6: Common-Size Statement of Financial Position

BALANCE SHEET Common Size	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
ASSETS										
Non-current assets	**0.53**	**0.49**	**0.48**	**0.51**	**0.50**	**0.50**	**0.49**	**0.48**	**0.48**	**0.48**
Property, plant & equipment	0.15	0.15	0.17	0.18	0.17	0.17	0.17	0.17	0.17	0.17
Intangible assets	0.06	0.06	0.06	0.06	0.07	0.08	0.08	0.08	0.08	0.07
Right-of-use assets	0.25	0.23	0.21	0.23	0.21	0.21	0.21	0.20	0.20	0.19
Deferred tax assets	0.06	0.05	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Non-current financial assets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Other non-current assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current assets	**0.47**	**0.51**	**0.52**	**0.49**	**0.50**	**0.50**	**0.51**	**0.52**	**0.52**	**0.52**
Inventories	0.22	0.31	0.31	0.28	0.25	0.23	0.23	0.22	0.23	0.23
Trade receivables	0.09	0.08	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Current tax receivables	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Current financial assets	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Other current assets	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Cash and cash equivalents	0.10	0.05	0.03	0.06	0.09	0.11	0.13	0.13	0.14	0.14
Assets held for sale	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
EQUITY & LIABILITIES										
Total Equity	**0.34**	**0.36**	**0.38**	**0.38**	**0.42**	**0.46**	**0.48**	**0.52**	**0.53**	**0.53**
Subscribed capital	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01
Own shares	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Other capital reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retained earnings	0.31	0.33	0.35	0.35	0.40	0.44	0.46	0.50	0.50	0.51
Accumulated other comprehensive income	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Non-controlling interests	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Non-current liabilities	**0.30**	**0.26**	**0.31**	**0.30**	**0.27**	**0.27**	**0.23**	**0.23**	**0.22**	**0.21**
Non-current financial liabilities	0.04	0.03	0.09	0.07	0.05	0.05	0.02	0.02	0.01	0.01
Non-current lease liabilities	0.22	0.19	0.18	0.19	0.18	0.18	0.18	0.17	0.17	0.17
Deferred tax liabilities	0.00	0.00	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01
Non-current provisions	0.04	0.03	0.03	0.03	0.02	0.03	0.03	0.03	0.03	0.03
Other non-current liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current liabilities	**0.36**	**0.38**	**0.31**	**0.32**	**0.31**	**0.27**	**0.29**	**0.26**	**0.26**	**0.25**
Current financial liabilities	0.01	0.01	0.01	0.01	0.03	0.00	0.03	0.00	0.00	0.00
Current lease liabilities	0.07	0.06	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05
Trade and other payables	0.17	0.20	0.16	0.17	0.14	0.13	0.12	0.12	0.12	0.12
Income tax payyables	0.01	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Current provisions	0.04	0.04	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Other current liabilities	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Liabilities held for sale	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities	**0.66**	**0.64**	**0.62**	**0.62**	**0.58**	**0.54**	**0.52**	**0.48**	**0.47**	**0.47**
Total equity & liabilities	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**

Appendix 7: Cash-Flow Statement Common-size

CASH FLOW STATEMENT Common Size	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Net income	0.05	0.06	0.06	0.05	0.06	0.05	0.06	0.06	0.07	0.07
Depreciation & amortization	0.12	0.09	0.08	0.10	0.09	0.09	0.08	0.08	0.08	0.08
Gain/loss (IAS 29)	0.00	(0.00)	0.00	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00
Unrealized FX gain/loss	0.00	0.00	0.00	(0.00)	0.01	0.00	0.00	0.00	0.00	0.00
Other non-cash items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax expense / income	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Interest expenses / income	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Change in inventories	0.01	(0.10)	(0.02)	(0.00)	0.03	0.02	0.00	(0.00)	(0.01)	(0.01)
Change in receivables and other assets	(0.03)	(0.02)	(0.03)	0.00	(0.01)	0.01	(0.00)	(0.01)	(0.01)	(0.01)
Change in trade payables and other liabilities	0.07	0.05	(0.01)	0.03	(0.03)	(0.01)	(0.00)	0.00	0.00	0.00
Result from disposal of non-current assets	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in provisions (pensions)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00
Change in other provisions	(0.00)	0.01	(0.00)	(0.01)	0.00	(0.00)	0.00	0.00	0.00	0.00
Income taxes paid	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Cash flow from operating activities	**0.24**	**0.10**	**0.09**	**0.18**	**0.16**	**0.17**	**0.15**	**0.14**	**0.15**	**0.15**
Investments in PPE	(0.03)	(0.04)	(0.06)	(0.05)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Investments in intangible assets	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Equity investments	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Disposal of subsidiaries	0.00	0.00	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00
Disposal of PPE & intangibles	0.00	(0.00)	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00
Interest received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash flow from investing activities	**(0.04)**	**(0.05)**	**(0.07)**	**(0.07)**	**(0.05)**	**(0.04)**	**(0.04)**	**(0.04)**	**(0.04)**	**(0.04)**
Dividends paid (parent)	(0.00)	(0.01)	(0.02)	(0.02)	(0.02)	(0.00)	(0.00)	(0.01)	(0.02)	(0.02)
Dividends paid (NCI)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Proceeds from financial liabilities (current)	(0.06)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayment of financial liabilities (current)	0.00	(0.00)	(0.01)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.00)
Proceeds from financial liabilities (non-current)	0.00	0.00	0.07	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Repayment of lease liabilities	(0.08)	(0.06)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.04)	(0.04)	(0.04)
Interest paid	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Share buyback	0.00	0.00	0.00	0.00	0.00	(0.03)	(0.02)	(0.00)	(0.03)	(0.02)
Cash flow from financing activities	**(0.15)**	**(0.08)**	**(0.03)**	**(0.09)**	**(0.08)**	**(0.11)**	**(0.09)**	**(0.09)**	**(0.10)**	**(0.11)**
FX impact on cash	0.00	0.00	(0.00)	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00
Change in cash and cash equivalents	0.06	(0.04)	(0.01)	0.02	0.03	0.02	0.01	0.01	0.00	0.00
Cash at beginning of period	0.04	0.08	0.04	0.03	0.05	0.09	0.10	0.11	0.12	0.12
Cash at end of period	**0.10**	**0.04**	**0.03**	**0.05**	**0.08**	**0.10**	**0.11**	**0.12**	**0.12**	**0.12**

Appendix 8: Assumptions — Income Statement

Item	2024	2025	2026F	2027F	2028F	2029F	2030F	Assumption
REVENUES	**4,307,349**	**4,269,838**	**3,949,429**	**4,033,323**	**4,221,167**	**4,375,655**	**4,535,913**	*Bottom-up by region + licences*
EMEA	*2,624,984*	*2,664,410*	*2,451,257*	*2,500,282*	*2,613,595*	*2,705,907*	*2,801,480*	−8.0% 2026F, ~2–3.5% after
GROWTH RATE	*0.0%*	*0.0%*	*-8.0%*	*2.0%*	*4.5%*	*3.5%*	*3.5%*	
AMERICAS	*1,020,251*	*992,699*	*923,210*	*941,674*	*982,044*	*1,014,324*	*1,047,664*	−7.0% 2026F, ~2–3.3% after
GROWTH RATE	*0.0%*	*0.0%*	*-7.0%*	*2.0%*	*4.3%*	*3.3%*	*3.3%*	
ASIA/PACIFIC	*553,091*	*509,185*	*478,634*	*492,993*	*522,572*	*548,701*	*576,136*	−6.0% 2026F, 3→6% after
GROWTH RATE	*0.0%*	*0.0%*	*-6.0%*	*3.0%*	*6.0%*	*5.0%*	*5.0%*	
LICENSES	*109,023*	*103,544*	*96,328*	*98,374*	*102,955*	*106,723*	*110,632*	2.5% of regional revenue
% on total revenues	*2.5%*	*2.4%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	
COGS	**-1,647,508**	**-1,643,458**	**-1,488,935**	**-1,516,530**	**-1,587,159**	**-1,640,871**	**-1,700,967**	*GM to 62.5% by 2029-30*
% of revenues	*-38.2%*	*-38.5%*	*-37.7%*	*-37.6%*	*-37.6%*	*-37.5%*	*-37.5%*	
SELLING AND MARKETING	**-1,868,152**	**-1,804,637**	**-1,708,128**	**-1,738,362**	**-1,808,770**	**-1,859,654**	**-1,927,763**	
Expenses for own retail business and sales or	1,375,883	1,310,505	1,244,070	1,270,497	1,319,115	1,356,453	1,406,133	Semi-fixed; ~31% of sales
% of revenues	*31.9%*	*30.7%*	*31.5%*	*31.5%*	*31.3%*	*31.0%*	*31.0%*	
Marketing expenses	309,145	303,208	278,435	282,333	295,482	306,296	317,514	~7.0% of revenues
% of revenues	*7.2%*	*7.1%*	*7.1%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	
Logistic expenses	183,123	190,924	185,623	185,533	194,174	196,904	204,116	~4.5–4.7% of revenues
% of revenues	*4.3%*	*4.5%*	*4.7%*	*4.6%*	*4.6%*	*4.5%*	*4.5%*	
GENERAL & ADMINISTRATIVE	**-430,868**	**-430,990**	**427,326**	**431,843**	**437,843**	**446,631**	**454,787**	
Administrative expenses	340,899	344,388	344,388	347,143	351,309	356,930	364,068	Semi-fixed; flat 2026
Growth assumption	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
Research and development expenses	89,968	86,602	82,938	84,700	86,534	89,701	90,718	~2.0–2.1% of revenues
% of revenues	*2.1%*	*2.0%*	*2.1%*	*2.1%*	*2.1%*	*2.1%*	*2.0%*	
INTEREST INCOME	**1,253**	**2,087**	**1,780**	**1,813**	**1,888**	**1,950**	**2,014**	
Income from bank deposits	1,127	1,838	1,580	1,613	1,688	1,750	1,814	% of revenues
% revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	
Other interest income	126	249	200	200	200	200	200	
INTEREST EXPENSES	**-56,231**	**-53,116**	**-49,686**	**-46,262**	**-42,656**	**-40,197**	**-39,957**	
Expenses from financial liabilities	-17,755	-14,688	-12,441	-9,750	-6,813	-3,875	-3,125	Avg bank liabilities × 5.0%
Cost of financial debt	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
Other interest expenses	-38,475	-38,429	-37,245	-36,512	-35,843	-36,322	-36,832	
Lease interest rate	*4.0%*	*3.7%*	*3.8%*	*3.9%*	*3.8%*	*3.8%*	*3.8%*	
Residual other interest expenses	-3,318	-3,970	-4,000	-4,000	-4,000	-4,000	-4,000	
OTHER FINANCIAL ITEMS	**-4,341**	**5,128**	**0**	**0**	**0**	**0**	**0**	*Set to zero (offsetting)*
Depreciation, Amortization and Impairment	**414,200**	**390,879**	**343,445**	**339,095**	**340,575**	**343,561**	**348,000**	*Bottom-up from asset schedules*
Depreciation PP&E	*123,309*	*116,437*	*111,038*	*107,096*	*104,895*	*104,313*	*104,130*	
Amortization intangibles	*25,058*	*23,912*	*28,308*	*31,865*	*34,719*	*36,633*	*38,109*	
Depreciation right-of-use assets	*219,029*	*221,494*	*204,099*	*200,133*	*200,962*	*202,616*	*205,761*	
Ordinary D&A	*367,396*	*361,843*	*343,445*	*339,095*	*340,575*	*343,561*	*348,000*	
Impairments / reversals	*46,804*	*29,036*	*0*	*0*	*0*	*0*	*0*	
INCOME TAXES	**-77,909**	**-85,567**	**-69,283**	**-75,535**	**-86,657**	**-97,563**	**-103,613**	*Normalised 25.0%*
Effective tax rate	*25.8%*	*24.8%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	Normalised 25.0%
NON-CONTROLLING INTERESTS	**10,126**	**9,805**	**8,314**	**9,064**	**10,399**	**11,708**	**12,434**	*4.0% of net income*
% net income	*4.5%*	*3.8%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	
NET INCOME ATTRIBUTABLE TO SHAREHOLD	**213,468**	**249,480**	**199,536**	**217,541**	**249,572**	**280,982**	**298,406**	
EPS	**3**	**4**	**3**	**3**	**4**	**4**	**5**	*NI to shareholders / avg shares*
Buyback cash flow	*0*	*0*	*100,000,000*	*100,000,000*	*0*	*0*	*0*	
assumed repurchased price	*0*	*0*	*40*	*40*	*0*	*0*	*0*	
Shares repurchased	*0*	*0*	*2,500,000*	*2,500,000*	*0*	*0*	*0*	
Shares outstanding	*0*	*69,016,167*	*66,516,167*	*64,016,167*	*64,016,167*	*64,016,167*	*64,016,167*	
Average shares assumed	*0*	*0*	*67,766,167*	*65,266,167*	*64,016,167*	*64,016,167*	*64,016,167*	
DIVIDEND PER SHARE	**1**	**0**	**0**	**1**	**1**	**2**	**2**	*Payout 10%→50% by 2030F*
Dividend payout ratio	*45.3%*	*1.1%*	*10.0%*	*20.0%*	*30.0%*	*40.0%*	*50.0%*	

Appendix 9: Assumptions — Balance Sheet

Item	2024	2025	2026F	2027F	2028F	2029F	2030F	Assumption
TOTAL CAPEX	**285,619**	**192,606**	**157,977**	**161,333**	**164,626**	**166,275**	**167,829**	*~4.0% of sales, declining*
% of revenues	*6.6%*	*4.5%*	*4.0%*	*4.0%*	*3.9%*	*3.8%*	*3.7%*	
CapEx in PPE	*227,013*	*137,043*	*113,744*	*116,160*	*121,823*	*126,369*	*127,550*	
CapEx in intangible assets	*58,606*	*55,563*	*44,234*	*45,173*	*42,803*	*39,906*	*40,279*	
PROPERTY, PLANT & EQUIPMENT	**667,127**	**645,567**	**628,273**	**622,336**	**629,264**	**646,320**	**664,740**	*Roll-forward: open+capex−dep*
Opening PPE	*603,533*	*667,127*	*645,567*	*628,273*	*622,336*	*629,264*	*646,320*	
CapEx in PPE	*227,013*	*137,043*	*113,744*	*116,160*	*121,823*	*126,369*	*127,550*	
PPE depreciation	*123,309*	*116,437*	*111,038*	*107,096*	*104,895*	*104,313*	*104,130*	
Net impairment / write-up	*44,503*	*23,792*	*20,000*	*15,000*	*10,000*	*5,000*	*5,000*	
Closing PPE	*667,127*	*645,567*	*628,273*	*622,336*	*629,264*	*646,320*	*664,740*	
INTANGIBLE ASSETS	**230,243**	**254,680**	**270,605**	**285,437**	**293,228**	**294,645**	**295,004**	*Software amortised; brand/GW flat*
Software, licenses, and other rights	*159,712*	*187,573*	*203,498*	*218,330*	*226,121*	*227,538*	*227,897*	
Amortization	*25,058*	*23,912*	*28,308*	*31,865*	*34,719*	*36,633*	*38,109*	
Closing Software NBV	*159,712*	*187,573*	*203,498*	*218,330*	*226,121*	*227,538*	*227,897*	
Brand rights	*14,992*	*14,992*	*14,992*	*14,992*	*14,992*	*14,992*	*14,992*	
Goodwill	*55,539*	*52,115*	*52,115*	*52,115*	*52,115*	*52,115*	*52,115*	
RIGHT-OF-USE ASSETS	**877,209**	**799,888**	**765,789**	**752,655**	**754,694**	**765,578**	**778,317**	*IFRS 16 roll-forward*
Opening ROU assets	*722,101*	*877,209*	*799,888*	*765,789*	*752,655*	*754,694*	*765,578*	
Lease additions	*359,376*	*189,275*	*175,000*	*190,000*	*205,000*	*215,000*	*220,000*	
ROU depreciation	*219,029*	*221,494*	*204,099*	*200,133*	*200,962*	*202,616*	*205,761*	
Closing ROU assets	*877,209*	*799,888*	*765,789*	*752,655*	*754,694*	*765,578*	*778,317*	
DEFERRED TAX ASSETS	**123,856**	**128,123**	**118,160**	**118,100**	**120,470**	**123,700**	**127,342**	*Component build-up*
Gross DTA	*165,866*	*161,678*	*149,570*	*149,494*	*152,493*	*156,582*	*161,193*	
Netting	*-42,010*	*-33,555*	*-31,410*	*-31,394*	*-32,024*	*-32,882*	*-33,850*	
NON-CURRENT FINANCIAL ASSETS	**30,801**	**29,454**	**27,385**	**27,967**	**29,269**	**30,340**	**31,452**	*% of revenues*
OTHER NON-CURRENT ASSETS	**606**	**411**	**485**	**2,764**	**1,933**	**535**	**556**	*2-yr avg % of sales*
INVENTORIES	**1,071,561**	**918,374**	**836,251**	**830,975**	**847,934**	**876,630**	**908,736**	*DIO ~205→195 days*
Days inventory outstanding	*23740.1%*	*20396.4%*	*20500.0%*	*20000.0%*	*19500.0%*	*19500.0%*	*19500.0%*	
TRADE RECEIVABLES	**361,906**	**386,018**	**346,251**	**350,844**	**367,184**	**383,619**	**397,669**	*DSO ~32 days*
Days sales outstanding	*3066.8%*	*3299.8%*	*3200.0%*	*3175.0%*	*3175.0%*	*3200.0%*	*3200.0%*	
CURRENT TAX RECEIVABLES	**23,452**	**34,463**	**23,538**	**25,662**	**29,441**	**33,146**	**35,202**	*90% of tax expense*
CURRENT FINANCIAL ASSETS	**49,341**	**50,619**	**46,928**	**47,924**	**50,156**	**51,992**	**53,896**	*% of revenues*
ASSETS HELD FOR SALE	**0**	**0**	**0**	**0**	**0**	**0**	**0**	*Held flat*
OTHER CURRENT ASSETS	**135,698**	**130,444**	**136,824**	**139,730**	**146,238**	**151,590**	**157,142**	*% of revenues*
CASH AND CASH EQUIVALENTS	**210,622**	**343,126**	**405,251**	**461,138**	**506,540**	**525,079**	**544,310**	*Balancing item*
NON-CURRENT FINANCIAL LIABILITIES	**276,408**	**202,512**	**187,500**	**85,000**	**70,000**	**55,000**	**40,000**	*Schuldschein profile*
Schuldschein non-current portion	*175,000*	*87,500*	*87,500*	*0*	*0*	*0*	*0*	
Non-current other bank debt / residual facilities	*101,408*	*115,012*	*100,000*	*85,000*	*70,000*	*55,000*	*40,000*	
NON-CURRENT LEASE LIABILITIES	**730,961**	**688,212**	**658,578**	**647,284**	**649,037**	**658,397**	**669,353**	*86% of closing ROU*
% related to ROU closing	*83.3%*	*86.0%*	*86.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	
DEFERRED TAX LIABILITIES	**18,450**	**35,592**	**27,819**	**27,741**	**27,834**	**28,118**	**28,404**	*Component build-up*
Gross DTL	*60,460*	*69,147*	*59,228*	*59,135*	*59,857*	*61,000*	*62,254*	
NON-CURRENT PROVISIONS	**99,845**	**89,897**	**96,229**	**97,932**	**101,898**	**104,765**	**108,602**	*~5.6% of SG&A*
OTHER NON-CURRENT LIABILITIES	**2,516**	**4,517**	**2,536**	**2,514**	**2,599**	**5,112**	**9,400**	*% of revenues*
CURRENT FINANCIAL LIABILITIES	**20,410**	**93,258**	**15,636**	**103,136**	**15,636**	**15,636**	**15,636**	*Schuldschein + ST bank*
Schuldschein due within 12 months	*0*	*87,500*	*0*	*87,500*	*0*	*0*	*0*	
Current financial liabilities due to banks	*12,621*	*92,622*	*15,000*	*102,500*	*15,000*	*15,000*	*15,000*	
CURRENT LEASE LIABILITIES	**228,221**	**198,683**	**191,447**	**188,164**	**188,673**	**191,395**	**194,579**	*% of closing ROU*
TRADE AND OTHER PAYABLES	**642,740**	**529,062**	**477,275**	**457,036**	**452,232**	**458,545**	**466,018**	*Days payable on COGS*
Days Payables Outstanding	*14239.7%*	*11750.1%*	*11700.0%*	*11000.0%*	*10400.0%*	*10200.0%*	*10000.0%*	
INCOME TAX PAYYABLES	**7,740**	**26,568**	**7,295**	**7,953**	**9,124**	**10,273**	**10,910**	*% of tax*
CURRENT PROVISIONS	**68,430**	**76,173**	**75,055**	**76,384**	**79,477**	**81,713**	**84,706**	*~4.4% of SG&A*
OTHER CURRENT LIABILITIES	**236,590**	**219,018**	**211,799**	**216,298**	**226,372**	**234,657**	**243,251**	*5-yr avg % of sales*
LIABILITIES HELD FOR SALE	**0**	**0**	**0**	**0**	**0**	**0**	**0**	*Held flat*
SUBSCRIBED CAPITAL	**70,400**	**70,400**	**67,900**	**65,400**	**65,087**	**61,990**	**59,317**	*Par value of cancelled shares*
OTHER CAPITAL RESERVE	**6,677**	**399**	**399**	**399**	**399**	**399**	**399**	*Flat at 2025 level*
RETAINED EARNINGS	**1,320,218**	**1,479,429**	**1,578,705**	**1,679,160**	**1,873,837**	**1,959,192**	**2,040,926**	*Roll-forward + NI − dividends*
Beginning Retained Earnings	*0*	*0*	*1,479,429*	*1,578,705*	*1,679,160*	*1,873,837*	*1,959,192*	
Net income attributable to shareholders	*0*	*0*	*199,536*	*217,541*	*249,572*	*280,982*	*298,406*	
DIVIDENDS PAID (PARENT)	**0**	**0**	**-2,761**	**-19,586**	**-42,675**	**-74,872**	**-112,393**	*Prior DPS × prior shares*
NON-CONTROLLING INTERESTS	**23,139**	**20,243**	**21,736**	**23,363**	**25,231**	**27,333**	**29,565**	*Component build-up*
OWN SHARES	**-42,363**	**-42,363**	**-42,363**	**-42,363**	**-42,363**	**-42,363**	**-42,363**	*Flat; buybacks cancelled*
ACCUMULATED OTHER COMPREHENSIVE IN	**72,039**	**29,568**	**28,193**	**30,131**	**31,278**	**33,012**	**35,661**	*Held flat*

Appendix 10: Assumptions — Cash Flow Statement

Item	2024	2025	2026F	2027F	2028F	2029F	2030F	Assumption
DEPRECIATION & AMORTIZATION	414,206	390,880	343,445	339,095	340,575	343,561	348,000	Equals P&L D&A add-back
GAIN/LOSS (IAS 29)	-3,812	-2,846	0	0	0	0	0	Non-cash; zero
UNREALIZED FX GAIN/LOSS	-5,779	23,651	0	0	0	0	0	Zero (no FX on cash)
OTHER NON-CASH ITEMS	1,633	670	0	0	0	0	0	Non-cash; zero
INCOME TAX EXPENSE / INCOME	77,909	85,567	69,283	75,535	86,657	97,563	103,613	Reversed in operating CF
INTEREST EXPENSES / INCOME	54,978	51,029	47,906	44,448	40,767	38,247	37,943	Reversed; shown as paid/received
CHANGE IN INVENTORIES	-4,162	109,262	82,123	5,276	-16,959	-28,695	-32,106	YoY inventory movement
CHANGE IN RECEIVABLES AND OTHER ASSET	10,914	-34,512	48,003	-10,620	-28,858	-27,328	-23,561	YoY receivables movement
CHANGE IN TRADE PAYABLES AND OTHER LI	112,684	-125,023	-59,006	-15,740	5,269	14,598	16,068	YoY payables movement
RESULT FROM DISPOSAL OF NON-CURRENT	12,072	878	0	0	0	0	0	Zero
CHANGE IN PROVISIONS (PENSIONS)	-334	-934	0	0	0	0	0	Zero (pensions)
CHANGE IN OTHER PROVISIONS	-34,881	2,895	-1,118	1,329	3,094	2,236	2,993	YoY provisions movement
INCOME TAXES PAID	-73,509	-68,975	-70,703	-69,447	-80,599	-90,364	-94,670	Taxes adj. for receivable/payable
INVESTMENTS IN PPE	-227,013	-137,043	-113,744	-116,160	-121,823	-126,369	-127,550	Equals PP&E capex
INVESTMENTS IN INTANGIBLE ASSETS	-58,606	-55,563	-44,234	-45,173	-42,803	-39,906	-40,279	Equals intangible capex
EQUITY INVESTMENTS	-1,481	-2,834	-1,500	-1,500	-1,500	-1,500	-1,500	~EUR 1.5m/yr
DISPOSAL OF SUBSIDIARIES	-1,142	0	0	0	0	0	0	Zero
DISPOSAL OF PPE & INTANGIBLES	-1,571	462	0	0	0	0	0	Zero
INTEREST RECEIVED	1,213	1,939	1,780	1,813	1,888	1,950	2,014	Equals interest income
DIVIDENDS PAID (PARENT)	-93,172	-96,623	-2,761	-19,586	-42,675	-74,872	-112,393	Prior DPS × prior shares
DIVIDENDS PAID (NCI)	-6,210	-9,647	-6,821	-7,437	-8,532	-9,605	-10,201	% of minority NI
PROCEEDS FROM FINANCIAL LIABILITIES (CU	3,451	0	0	0	0	0	0	Zero
REPAYMENT OF FINANCIAL LIABILITIES (CUR	-90,085	-11,540	-92,634	-15,000	-102,500	-15,000	-15,000	Zero
PROCEEDS FROM FINANCIAL LIABILITIES (N	50,272	17,767	0	0	0	0	0	Zero
REPAYMENT OF LEASE LIABILITIES	-216,123	-211,303	-198,683	-191,447	-188,164	-188,673	-191,395	Prior-year current leases
INTEREST PAID	-52,862	-49,269	-47,064	-46,104	-45,875	-46,142	-46,631	Avg lease + financial liab.
Average lease liabilities	*0*	*0*	*868,460*	*842,736*	*836,579*	*843,751*	*856,862*	
Implied lease rate	*0.0%*	*0.0%*	*3.7%*	*3.7%*	*3.7%*	*3.7%*	*3.7%*	
SHARE BUYBACK 2026 2027	0	0	-100,000	-100,000	0	0	0	EUR 200m + excess cash
SHARE BUYBACK 2029 2030	0	0	0	0	-12,534	-123,852	-106,954	Excess cash above buffer

Appendix 11: Free Cash flow statement

FREE CASH FLOW (€m)	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
EBIT	228.0	335.4	410.3	360.8	390.8	325.0	346.6	387.4	428.5	452.4
Tax rate	26.8%	22.2%	24.4%	25.8%	24.8%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	166.9	260.8	310.2	267.6	293.8	243.8	259.9	290.5	321.4	339.3
Depreciation and Amortization	339.3	345.0	341.7	414.2	390.9	343.4	339.1	340.6	343.6	348.0
CAPEX	101.5	190.2	297.5	285.6	192.6	158.0	161.3	164.6	166.3	167.8
ΔNWC		211.9	258.6	(76.3)	(10.8)	(55.4)	16.6	31.4	33.6	32.6
Lease reinvestment	153.0	228.7	239.4	359.4	189.3	175.0	190.0	205.0	215.0	220.0
FCFF adjusted		**(25.0)**	**(143.7)**	**113.1**	**313.6**	**309.6**	**231.1**	**230.1**	**250.0**	**266.8**
Interest expense after tax	16.5	20.3	34.7	41.7	39.9	37.3	34.7	32.0	30.1	30.0
Net borrowing	(231.5)	2.0	238.8	106.9	(15.8)	(116.3)	(16.4)	(85.7)	11.3	13.6
FCFE		**(43.3)**	**60.4**	**178.3**	**257.9**	**156.1**	**179.9**	**112.4**	**231.2**	**250.5**

SUPPORTING CALCULATION

	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Net working Capital	**227.1**	**439.1**	**697.7**	**621.4**	**610.6**	**555.2**	**571.8**	**603.3**	**636.9**	**669.6**
Inventories	605.6	973.6	1,066.0	1,071.6	918.4	836.3	831.0	847.9	876.6	908.7
Trade receivables	234.5	256.4	375.6	361.9	386.0	346.3	350.8	367.2	383.6	397.7
Other current assets	111.1	150.0	126.9	135.7	130.4	136.8	139.7	146.2	151.6	157.1
Trade and other payables	464.4	617.1	571.8	642.7	529.1	477.3	457.0	452.2	458.5	466.0
Current provisions	99.1	122.6	92.4	68.4	76.2	75.1	76.4	79.5	81.7	84.7
Other current liabilities	160.5	201.2	206.6	236.6	219.0	211.8	216.3	226.4	234.7	243.3

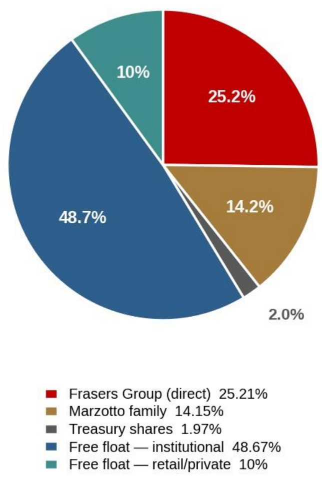
	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Lease reinvestment	**153.0**	**228.7**	**239.4**	**359.4**	**189.3**	**175.0**	**190.0**	**205.0**	**215.0**	**220.0**
Lease additions	153.0	228.7	239.4	359.4	189.3	175.0	190.0	205.0	215.0	220.0

	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Interest expense after tax	**16.5**	**20.3**	**34.7**	**41.7**	**39.9**	**37.3**	**34.7**	**32.0**	**30.1**	**30.0**
Interest and similar expenses	22.6	26.1	45.8	56.2	53.1	49.7	46.3	42.7	40.2	40.0
Tax rate	26.8%	22.2%	24.4%	25.8%	24.8%	25.0%	25.0%	25.0%	25.0%	25.0%

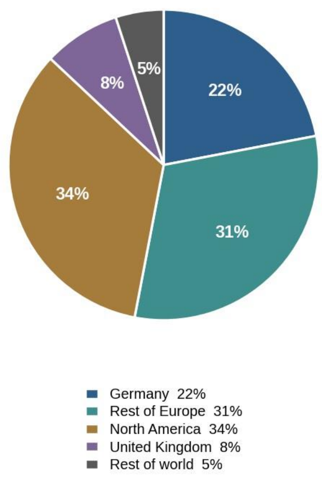
	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Proceeds from financial liabilities (current)	(173.8)	-	2.0	3.5	-	-	-	-	-	-
Repayment of financial liabilities (current)	-	(10.8)	(60.6)	(90.1)	(11.5)	(92.6)	(15.0)	(102.5)	(15.0)	(15.0)
Proceeds from financial liabilities (non-current)	-	-	279.5	50.3	17.8	-	-	-	-	-
Net borrowing excluding leases	**(173.8)**	**(10.8)**	**220.9**	**(36.4)**	**6.2**	**(92.6)**	**(15.0)**	**(102.5)**	**(15.0)**	**(15.0)**
Repayment of lease liabilities	(210.7)	(215.9)	(221.6)	(216.1)	(211.3)	(198.7)	(191.4)	(188.2)	(188.7)	(191.4)
Lease Additions	153.0	228.7	239.4	359.4	189.3	175.0	190.0	205.0	215.0	220.0
Net borrowing including leases	**(231.5)**	**2.0**	**238.8**	**106.9**	**(15.8)**	**(116.3)**	**(16.4)**	**(85.7)**	**11.3**	**13.6**

Appendix 12: Ownership structure

A. Shareholder structure (31 Dec 2025)



B. Institutional free float by domicile



Frasers Group 25.21% direct (plus ~32% via instruments); Marzotto family 14.15%; treasury 1.97%; ~59% free float, mostly European and American institutions plus ~10% private. Domicile split indicative. Source: HUGO BOSS AG (2025).

Appendix 13: Peer selection — SARD model

A. Sum of Absolute Rank Differences (SARD) screening

Company	Ticker	ROE (%)	Net debt/EBIT (x)	Rev. growth (%)	EBIT margin (%)	Positioning tier	Prof.	Risk	Op. char.	Tier	SARD	Rank	Peer?
HUGO BOSS	**BOSS**	**16.0**	**0.9**	**2.0**	**6.9**	**Premium**	**6**	**5**	**8**	**1**	**0**	**1**	**TARGET**
Ralph Lauren	RL	29.5	-0.8	6.0	13.0	Premium	2	2	4	2	12	3	Yes
PVH	PVH	13.0	1.4	3.4	8.8	Premium	7	6	6	3	6	2	Yes
Moncler	MONC	18.9	-1.6	1.0	28.7	Luxury	5	1	1	4	15	4	Yes
Prada	1913	20.7	1.9	2.0	23.5	Luxury	4	8	2	5	15	5	Yes
Burberry	BRBY	-3.1	0.2	0.0	3.6	Luxury	11	3	11	6	15	6	Yes
Capri Holdings	CPRI	-170.0	9.0	-14.0	0.9	Accessible	13	13	13	7	26	12	No
Tapestry	TPR	35.0	1.8	5.0	20.0	Accessible	1	7	3	8	19	9	No
VF Corporation	VFC	-12.8	6.5	-2.0	3.2	Mass / wholesale	12	12	12	11	27	13	No
Levi Strauss	LEVI	23.6	1.9	4.5	11.4	Mass / wholesale	3	9	5	12	21	11	No
Guess	GES	12.0	3.5	2.0	4.7	Accessible	8	10	10	9	17	7	No
G-III Apparel	GIII	11.0	0.8	2.5	8.0	Mass / wholesale	9	4	7	13	17	8	No
SMCP	SMCP	5.0	4.0	0.0	6.0	Accessible	10	11	9	10	20	10	No

Appendix 14: WACC

WACC build-up	Value	Source / weight
Risk-free rate (Bund 10Y)	3.00%	*End-Apr 2026 German 10Y Bund*
Unlevered beta (blended)	0.94	*Damodaran bottom-up, revenue-weighted*
Spot D/E (gross debt incl. leases)	45.7%	*Gross debt incl. leases / market equity*
Tax rate	25.0%	*Effective tax rate*
Levered beta (Hamada)	1.26	*βu × (1 + (1−t)·D/E)*
Equity risk premium (group)	6.16%	*Revenue-weighted regional ERP*
Cost of equity (CAPM)	10.78%	*Rf + βl × ERP*
Credit spread (BBB/Baa2)	1.25%	*S&P/Moody's profile*
Pre-tax cost of debt	4.25%	*Rf + credit spread*
After-tax cost of debt	3.18%	*Kd × (1−t)*
Equity weight (E/V)	68.7%	*Market equity / (equity + gross debt)*
Debt weight (D/V)	31.3%	*Gross debt / (equity + gross debt)*
WACC = E/V·Ke + D/V·Kd·(1−t)	**8.40%**	***Weighted average cost of capital***

Equity risk premium — revenue-weighted build

Region	Revenue (€m)	Weight	Total ERP	Weighted contrib.
EMEA	2,664	62.4%	6.00%	3.74%
Americas	993	23.3%	6.23%	1.45%
Asia/Pacific	509	11.9%	6.91%	0.82%
Licenses	104	2.4%	6.00%	0.15%
Group ERP	**4,270**	**100.0%**		**6.16%**

Appendix 15: Bottom-up beta

Sector unlevering and re-levering (Hamada)

Component	Value
Unlevered beta — Retail (Specialty)	1.0000
Unlevered beta — Apparel	0.7900
Blended unlevered beta	0.9412
Spot D/E (gross debt incl. leases)	45.7%
Tax rate	25.0%
Levered beta = βu × [1 + (1−t)·D/E]	**1.2635**

Appendix 16: Equity risk premium — geographically weighted

Revenue-weighted regional ERP

Region	Revenue (€m)	Weight	Country proxy	CRP	Total ERP	Weighted contrib.
EMEA	2,664	62.4%	Germany	0.00%	6.00%	3.74%
Americas	993	23.3%	United States	0.23%	6.23%	1.45%
Asia/Pacific	509	11.9%	China	0.91%	6.91%	0.82%
Licenses	104	2.4%	Mature-market pro	0.00%	6.00%	0.15%
Group ERP	**4,270**	**100.0%**				**6.16%**

Appendix 17: Terminal value

A. Firm approach (FCFF) — value-driver perpetuity		
Driver	**Value**	**Note**
Normalized NOPAT (€000)	311,393	*Avg NOPAT margin × Revenue 2030F*
Perpetuity growth g	1.32%	*Reinvestment rate × ROIC*
WACC	8.40%	*From Appendix 13*
Normalized ROIC	12.23%	*5-yr average ROIC*
Terminal value (firm) — €000	**3,975,614**	*TV = NOPAT·(1+g)·(1−g/ROIC)/(WACC−g)*

B. Equity approach (FCFE) — value-driver perpetuity		
Driver	**Value**	**Note**
Normalized net income (€000)	266,335	*Avg net margin × Revenue 2030F*
Perpetuity growth g (capped)	1.32%	*Capped at firm-approach g*
Normalized ROE	13.59%	*5-yr average ROE*
Cost of equity (adjusted)	9.94%	*Re-levered on forward avg D/E*
Terminal value (equity) — €000	**2,827,299**	*TV = NI·(1+g)·(1−g/ROE)/(Re−g)*

Appendix 18: DCF (FCFF)

DCF (FCFF) — firm approach						
€000	2026F	2027F	2028F	2029F	2030F	Terminal
FCFF	309,635	231,069	230,052	250,013	266,821	3,975,614
Discount factor	1.000	1.084	1.175	1.274	1.381	1.381
PV of FCFF	**309,635**	**213,163**	**195,779**	**196,278**	**193,241**	**2,879,277**
Enterprise value		3,677,738	*Σ PV(FCFF 2027–30) + PV(TV)*			
(–) Net debt incl. leases 31/12/2026F		647,911	*From forecast balance sheet*			
Equity value		3,029,827	*EV – net debt*			
Shares outstanding (post-buyback, 000)		66,516	*31/12/2026F*			
Target price (31/12/2026)		**€45.55**	*Reference price 05/05/2026: €37.00 · upside per Valuation*			

Appendix 19: DCF (FCFE)

DCF (FCFE) — equity approach						
€000	2026F	2027F	2028F	2029F	2030F	Terminal
FCFE (adjusted)	246,683	195,744	199,830	221,338	236,945	2,827,299
Discount factor	1.000	1.099	1.209	1.329	1.461	1.461
PV of FCFE	**246,683**	**178,049**	**165,335**	**166,576**	**162,201**	**1,935,437**
Equity value		2,854,281	*Σ PV(FCFE 2027–30) + PV(TV) + FY2026 FCFE*			
Shares outstanding (post-buyback, 000)		66,516	*31/12/2026F*			
Target price (31/12/2026)		**€42.91**	*Equity-side cross-check to FCFF · upside per Valuation*			

Appendix 20: Relative valuation — peer trading multiples

A. Trading multiples by peer (valuation date 5 May 2026)

Company	Group	EV/EBITDA	EV/EBIT	EV/Sales	P/E	EV/FCF
Ralph Lauren	Premium	14.1x	17.3x	2.4x	22.9x	12.5x
PVH	Premium	5.3x	7.2x	0.6x	7.8x	5.8x
Moncler	Luxury	12.6x	14.3x	4.0x	22.3x	23.6x
Prada	Luxury	6.8x	8.7x	1.8x	11.8x	10.2x
Burberry	Luxury	36.1x	n.m	1.7x	n.m	14.2x
Peer median		**12.6x**	**11.5x**	**1.8x**	**17.1x**	**12.5x**
HUGO BOSS	Target	**4.8x**	**7.0x**	**0.6x**	**10.2x**	**5.0x**

B. HUGO BOSS discount vs peer median

Multiple	HB discount vs median
EV/EBITDA	62.1%
EV/EBIT	38.9%
EV/Sales	68.2%
P/E	40.0%
EV/FCF	59.7%

Appendix 21: Relative Valuation

Relative Valuation

A. Peer trading multiples (FY2025 reported, as of 05/05/2026)

Multiple	Peer median	Applied disc.	Warranted HB	HB metric 2026F
EV/EBITDA	12.6x	41.0%	7.4x	**431.1**
EV/EBIT	11.5x	30.6%	8.0x	**291.8**
P/E	17.1x	28.8%	12.1x	**€2.94**

B. Implied target prices — 2026F basis (target as of 31/12/2026)

Method	Implied EV	(−) Net debt	Equity value	Target price
EV/EBITDA	3,198.8	(202.1)	3,400.9	**€51.13**
EV/EBIT	2,330.4	(202.1)	2,532.5	**€38.07**
P/E	*n.a.*	*n.a.*	*direct*	**€35.76**
Relative valuation range	**Low**	**€35.76**	**High**	**€51.13**

C. Implied target prices — 2027F forward-looking basis

Method	Implied EV	(−) Net debt	Equity value	Target price
EV/EBITDA	3,361.2	(273.0)	3,634.2	**€54.64**
EV/EBIT	2,508.4	(273.0)	2,781.4	**€41.82**
P/E	*n.a.*	*n.a.*	*direct*	**€40.48**
Relative valuation range (2027F)	**Low**	**€40.48**	**High**	**€54.64**

Appendix 22: Share buyback

A. Announced programme (EUR 200m, 2026F–2027F)

Item	2026F	2027F
Announced buyback	-100,000	-100,000

B. Excess-cash mechanism — cash above 12% of sales (2028F–2030F)

Item (€000)	2028F	2029F	2030F
Group revenues	4,221,167	4,375,655	4,535,913
Cash target (12% of sales)	506,540	525,079	544,310
Cash before buyback	519,074	648,930	651,263
Excess over 12% threshold	**12,534**	**123,852**	**106,954**
Excess-cash buyback	**(12,534)**	**(123,852)**	**(106,954)**

Appendix 23: Scenario analysis

A. Scenario assumptions

Assumption	Bear	Base	Bull
Levered beta	1.264	1.264	1.264
Terminal growth (g)	0.82%	1.32%	1.82%
Terminal revenue (€m)	4,300	4,536	4,700
COGS / sales	41.5%	37.5%	38.0%
Opex / sales	51.5%	53.3%	51.0%

B. Scenario results

Output	Bear	Base	Bull
Enterprise value (€m)	2,640	3,678	4,659
Equity value (€m)	1,992	3,030	4,011
Upside / (downside)	-19.1%	23.1%	63.0%
Price target (€)	**€29.94**	**€45.55**	**€60.30**

Appendix 24: Sensitivity analysis

A. Price target — WACC × terminal growth (g)

WACC \ g	0.32%	0.82%	1.32%	1.82%	2.32%
7.40%	€51.10	€52.84	€54.85	€57.20	€59.98
7.90%	€46.92	€48.29	€49.85	€51.64	€53.72
8.40%	€43.26	€44.34	**€45.55**	€46.92	€48.50
8.90%	€40.03	€40.88	€41.82	€42.88	€44.07
9.40%	€37.16	€37.83	€38.56	€39.37	€40.27

B. Price target — WACC × gross margin

WACC \ GM	61.5%	62.0%	62.5%	63.0%	63.5%
7.40%	€47.80	€51.32	€54.85	€58.38	€61.91
7.90%	€43.34	€46.59	€49.85	€53.10	€56.36
8.40%	€39.51	€42.53	**€45.55**	€48.57	€51.59
8.90%	€36.19	€39.01	€41.82	€44.64	€47.45
9.40%	€33.28	€35.92	€38.56	€41.19	€43.83

Appendix 25: Monte Carlo simulation

A. Simulation inputs

Variable	Distribution	Parameters	
Levered beta		Normal	mean 1.26, SD 0.15
Terminal growth (g)		Normal	mean 1.32%, SD 0.30%
Terminal revenue		Normal	mean EUR 4,535.9m, SD EUR 160m
EBIT margin		Normal	mean 9.15%, SD 1.10%

B. Output statistics (100,000 trials)

Indicator	Value
Base case	€45.55
Mean	**€46.14**
Median	**€45.57**
Standard deviation	€7.68
10th percentile	€36.81
90th percentile	€56.19
P(BUY / STRONG BUY)	75.4%
P(HOLD)	21.5%
P(SELL / REDUCE)	3.1%

References

Databases:

- Bloomberg Terminal – Bloomberg L.P.
- Refinitiv Eikon – London Stock Exchange Group (LSEG).
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Luigi Grosso

Lisbon, June 2026

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Level of Risk	SELL	REDUCE	HOLD/NEUTRAL	BUY	STRONG BUY
High Risk	0% ≤	>0% & ≤10%	>10% & ≤20%	>20% & ≤45%	>45%
Medium Risk	-5% ≤	>-5% & ≤5%	>5% & ≤15%	>15% & ≤30%	>30%
Low Risk	-10% ≤	>-10% & ≤0%	>0% & ≤10%	>10% & ≤20%	>20%