

HUGO BOSS

Press Release

HUGO BOSS in the first nine months of 2006:

- **Sales increase by 14%**
- **Net income rises by 17%**
- **Growth driven by BOSS Womenswear, the Group's own retail business, and shoes and leather accessories**

Metzingen, November 2, 2006. In the first nine months of the current fiscal year, the HUGO BOSS fashion group increased sales by 14% - both in the reporting currency and on a currency-adjusted basis - to a total of EUR 1,216 million (Q1-Q3 2005: EUR 1,063 million).

BOSS Womenswear contributed in particular to the upward sales trend, with sales rising by 70% to EUR 127 million (Q1-Q3 2005: EUR 74 million). In addition, shoes and leather accessories, which rose 35%, again contributed to the increase in sales, as did the Group's own retail business, which increased 43% (currency-adjusted, like-for-like growth: 9%).

In Europe, sales of the HUGO BOSS Group were up by 14% in the first three quarters, rising from EUR 756 million to EUR 863 million. HUGO BOSS continued to increase sales in Germany as well, again clearly outperforming the German fashion market with sales growth of 11% to EUR 278 million (Q1-Q3 2005: EUR 251 million).

In the U.S., sales in local currency grew by 17% despite the increasingly difficult consumer environment. Sales in the reporting currency rose 19% to EUR 146 million (Q1-Q3 2005: EUR 123 million).

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In Asia/other regions, sales improved by 10% in local currency in the first nine months of 2006. Sales in euros grew by 9% in this region, from EUR 109 million to EUR 119 million. China registered a sales increase of 15%, from EUR 24 million to EUR 28 million (currency-adjusted: 13%). In Japan, sales grew by 10% in local currency and 3% in the reporting currency to EUR 29 million (Q1-Q3 2005: EUR 28 million).

Royalties of the HUGO BOSS Group amounted to EUR 28 million at the end of the first nine months of fiscal 2006 (Q1-Q3 2005: EUR 28 million). Royalty income from fragrances rose by 4%. Royalties from watches and eyewear declined slightly on the whole due to the change in licensee for these product groups.

Income before interest and taxes (EBIT) increased by 13% over the prior-year period to EUR 188 million in the first nine months of the current fiscal year (Q1-Q3 2005: EUR 166 million). Income before taxes rose by 15% over the prior-year period to EUR 186 million (Q1-Q3 2005: EUR 162 million). Net income rose by 17% to EUR 133 million (Q1-Q3 2005: EUR 114 million).

Cash flow increased by 17% in the first three quarters of 2006 to EUR million 173 (Q1-Q3 2005: EUR 148 million), while free cash flow before dividends declined to EUR 21 million (Q1-Q3 2005: EUR 99 million).

“These results indicate a continuation of the general increase in business experienced in the preceding quarters and confirm the success of our Group’s strategy of concentrating on the international growth areas of BOSS Women-swear, our own retail business, and shoes and leather accessories,” commented Dr. Bruno Sälzer, Chairman of the Managing Board of HUGO BOSS AG.

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For full-year 2006, the Managing Board is forecasting an increase in currency-adjusted sales of 12-14% over the prior-year and a rise in income before taxes in proportion with sales growth. For fiscal 2007, the Managing Board of HUGO BOSS anticipates setting new records in sales and earnings.

The detailed, current quarterly report as well as additional information on HUGO BOSS AG may be found on our website at www.hugoboss.com.

Please address queries to:

Philipp Wolff

Director of Communication

Phone: +49 (0) 7123 94-2375

Fax: +49 (0) 7123 94-2051

Christoph Lührke

Head of Investor Relations

Phone: +49 (0) 7123 94-2552

Fax: +49 (0) 7123 94-2018