

# HUGO BOSS

Press Release

## **HUGO BOSS in the first nine months of 2007:**

- **Currency-adjusted sales rise by 12%, by 9% in euros**
- **Net income improves by 16%**
- **BOSS Womenswear, own retail business, and shoes and leather accessories continue to drive growth**

Metzingen, November 6, 2007. In the first nine months of the current fiscal year, the HUGO BOSS fashion group increased its sales by 9% (currency-adjusted: 12%) to EUR 1,328 million from the prior-year period (Q1-Q3 2006: EUR 1,216 million).

BOSS Womenswear made an especially strong contribution to the growth in sales with a 32% increase (Q1-Q3 2007: EUR 166 million, Q1-Q3 2006: EUR 127 million). In addition, the Group's own retail business continued to develop very dynamically, with a 26% increase in sales (Q1-Q3 2007: EUR 165 million, Q1-Q3 2006: EUR 131 million). The shoe and leather accessories collections also did very well, posting growth of 17% (Q1-Q3 2007: EUR 147 million, Q1-Q3 2006: EUR 126 million).

In Europe, sales of the HUGO BOSS Group rose 10% in the first three quarters of 2007, up from EUR 863 million to EUR 945 million. Growth in Germany continued at a steady rate of 4% (Q1-Q3 2007: EUR 288 million, Q1-Q3 2006: EUR 278 million).

Sales in the USA trended very favorably in the first nine months of 2007, rising by 11% (currency-adjusted: 20%) to EUR 161 million (Q1-Q3 2006: EUR 146 million).

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In Asia/other regions, sales increased by 6% in Group currency in the first three quarters of the year 2007 (currency-adjusted: 12%), up from EUR 119 million to EUR 126 million. The growth was primarily a result of the significant rise in sales in China (up 22%, currency-adjusted: 33%; Q1-Q3 2007: EUR 34 million, Q1-Q3 2006: EUR 28 million).

The royalties business performed very favorably in the past three quarters, with sales increasing by 13% from the prior-year period to a total of EUR 32 million (Q1-Q3 2006: EUR 28 million). The increase was driven by the successful launch of the new eyewear and watches collections and the continued expansion of the fragrances business with the two fragrances "HUGO XX" for women and "HUGO XY" for men.

In the first nine months of 2007, earnings before interest and taxes (EBIT) improved by 16% to EUR 218 million year on year (Q1-Q3 2006: EUR 188 million). In the same period, earnings before taxes rose 14% from the prior-year period to EUR 212 million (Q1-Q3 2006: EUR 186 million). Net income climbed 16% to EUR 153 million (Q1-Q3 2006: EUR 133 million).

Cash flow improved by 24% in the first three quarters of 2007, up from EUR 173 million to EUR 215 million. The free cash flow before dividends was below the prior-year period at EUR 11 million (Q1-Q3 2006: EUR 21 million).

"The consistent implementation of our strategic alignment has made us one of the most successful international fashion and lifestyle groups in the past few years. In the high-end segment of the fashion market, we are efficient and future-focused, and we will end fiscal 2007 with record performance," comments Dr. Bruno Sälzer, Chairman of the Managing Board of HUGO BOSS AG.

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For the year 2007 as a whole, the Managing Board of HUGO BOSS AG anticipates an increase of 10-12% for currency-adjusted sales and a 12-15% rise for earnings before taxes. The Managing Board is also projecting growth in sales and earnings for 2008.

The full quarterly report and additional information on HUGO BOSS AG are available on our website [www.group.hugoboss.com](http://www.group.hugoboss.com).

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