

HUGO BOSS

Press Release

HUGO BOSS increases sales by 6% after nine months of 2008 Expansion in growth markets pays off

Metzingen, October 30, 2008. Against the backdrop of an increasingly difficult global economic situation, the HUGO BOSS Group increased sales in the first nine months of the current fiscal year. Against the equivalent period of the previous year, sales increased by 3% from EUR 1,328 million to EUR 1,364. Adjusted for exchange rate effects, sales increased by as much as 6%.

On the domestic German market, the consumer climate clouded over considerably in the last few months in the wake of the intensifying financial crisis. Despite declining fashion sales, HUGO BOSS developed better than the market, even though the consumer environment left its marks on HUGO BOSS. Sales declined slightly by 3% from EUR 287 million in 2007 to the current figure of EUR 279 million. In the other European countries, HUGO BOSS recorded a currency-adjusted increase in sales of 4%, and 2% in the reporting currency to EUR 671 million (Q1-Q3 2007: EUR 657 million).

However, the slight downturn on the domestic market was more than compensated for by a successfully implemented expansion strategy in growth markets. Primarily due to the development of the Group's own retail business in the growth regions of North America and Asia, sales again enjoyed double-digit growth.

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On the American continent, the HUGO BOSS Group improved sales after adjustment for currency effects by 13% in the first nine months of fiscal 2008. Sales in the USA increased by 16% in local currency to the end of the third quarter 2008, despite the general trend of consumer restraint.

In the first nine months of 2008, in the region of Asia/Other Regions, HUGO BOSS sales increased by 29% in local currency and by 22% in the reporting currency to EUR 153 million (Q1-Q3 2007: EUR 126 million). Development in the People's Republic of China was particularly pleasing, with sales growth of 35%, emphasizing its importance as a growth market for the Group.

The global expansion of the Group's own retail business results in the company now operating 314 stores. With sales growth of 17%, they made a significant contribution to the development of Group sales in the last nine months.

In the third quarter of 2008, the EBIT at EUR 199 million was down 8% against the previous-year figure of EUR 218 million. Adjusted for the effects from the change to the Managing Board and one-time consultancy expenses, EBIT decreased by 1% to EUR 216 million. As a result of this and due to higher interest expenses, Group earnings declined by 17% to EUR 128 million (Q1-Q3 2007: EUR 153 million). At EUR 92 million, operating cash flow was by 35% significantly above the value of the previous year (Q1-Q3 2007: EUR 67 million).

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As a result of the general economic situation characterized by ongoing numerous and unclarified business uncertainties, the HUGO BOSS management has adjusted its sales and earnings outlook for fiscal year 2008. In the context of a considerable decline of retail sales in important regions during the second half of 2008, the HUGO BOSS Managing Board expects that the currency-adjusted sales growth for the whole of fiscal 2008 will be at the lower end of the previous 6-8% guidance range. Based on the current market assessment, EBIT before one-time effects is expected to be slightly below the level of the previous year, thus achieving a value between EUR 210 and 220 million.

The consolidated Report on the Third Quarter of 2008 as well as further information can be found on our website www.group.hugoboss.com.

Please direct any queries to:

Philipp Wolff

Director of Communication

Phone: +49 (0) 7123 94-2375

Fax: +49 (0) 7123 94-2051

Nicole Besemer

Director of Investor Relations & Treasury

Phone: +49 (0) 7123 94-2478

Fax: +49 (0) 7123 94-2035