HUGO BOSS

Press Release

HUGO BOSS holds its ground in economic crisis
Significant rise in operating cash flow
Net working capital down 29%
Net debt reduced by 15%
Slight sales decline of 5%

Metzingen (Germany), July 30, 2009. By introducing a package of measures very early on, HUGO BOSS has successfully reacted to the emerging effects of the global economic crisis.

The initiatives taken at the end of last year include the optimization of cost structures and improving and redesigning work processes. In addition, the Company has focused on reducing the complexity of its collection in the past six months. This was also accompanied by a sustainable reduction of production and logistics costs. A further key area was the ongoing expansion of directly operated stores. Particularly in the growth regions of the world, HUGO BOSS increased its presence with its own shops through corresponding investments.

In the first half of the current fiscal year, HUGO BOSS generated sales of EUR 788 million (H1 2008: EUR 831 million), a slight decline of only 5%.

On the European market, HUGO BOSS recorded a drop in sales of 8% to EUR 540 million against the backdrop of the difficult general market environment (H1 2008: EUR 588 million).

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Sales on the American continent continued to rise as a result of positive currency effects. In the reporting currency, these sales were up 4% to a total figure of EUR 148 million (H1 2008: EUR 143 million). In local currencies, sales dipped by only 4%.

In the Asia/Pacific region, HUGO BOSS posted sales of EUR 79 million in the first half of 2009, virtually unchanged year-on-year in Group currency.

At EUR 21 million in the reporting period, license sales also remained steady as against the previous year in spite of the effects of the economic crisis on the premium and luxury goods market.

The internal performance indicator EBITDA was down 10% without taking into account special items. This decline was due to a rise in impairment losses on receivables and higher write-downs on inventories. Thanks to the successful initiatives as part of the structural adjustments, consolidated net income was down only moderately to EUR 48 million in the first half of 2009.

The cash flow from operating activities was particularly encouraging, rising significantly from EUR 29 million to EUR 154 million. This was helped in particular by the 29% drop in net working capital. Furthermore, net debt was down by 15% as against the previous year.

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"The results for this first half of the year show that HUGO BOSS can react quickly and flexibly to changes in the market and efficiently implement the right measures," commented Claus-Dietrich Lahrs, Chairman and CEO of the Managing Board of HUGO BOSS AG. "Thus, the Group can and will hold its ground internationally in the current turbulent environment."

The detailed report on the first half of 2009 and further information can be found on the website www.group.hugoboss.com.

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