Press Release

HUGO BOSS holds its ground in difficult market environment

- **Despite sales declines, market position defended and earnings maintained at a high level**
- **Significant rise in cash flow through early adoption of structural and efficiency measures**
- **Debt reduced by 26%**
- **Persistence in strategic realignment**

Metzingen (Germany), November 2, 2009. HUGO BOSS AG today published its report on the first nine months of fiscal year 2009.

In the course of the year the global recession led to declining sales in the apparel industry, which were in some cases quite substantial. Against this background, HUGO BOSS AG has held its ground well so far this year. At EUR 1,238 million, Group sales were 9% below the previous year's level (Q1-Q3 2008: EUR 1,364 million). The operating profit margin was nevertheless maintained at previous year's level (18%).

The strategy of focusing more on the Group's own retail operations going forward is having a positive impact. The Group's own retail business generated a positive contribution to sales after nine months, while sales to wholesale customers fell. This was due to extreme uncertainty about the general economic situation and outlook.

Stable sales performance in growth regions Americas and Asia/Pacific

Regionally, HUGO BOSS posted lower sales in Europe while there was a slight increase in the Americas. Sales in Asia marginally held their ground.

In the European market, sales fell by 13% to EUR 852 million in the first nine months of 2009 (Q1-Q3 2008: EUR 980 million). The downturn was primarily due to the continued economic challenges in Eastern Europe and Spain.

On the American continent, sales of EUR 233 million at the end of Q3 were 2% above the previous year's level (Q1-Q3 2008: EUR 228 million). Sales declines in North America contrasted with large 32% increases in the growth regions of Central and South America in local currencies.

In the Asia/Pacific region HUGO BOSS generated sales revenue of EUR 122 million by the end of Q3 2009. This figure was only slightly below that of the comparable period in the previous year (Q1-Q3 2008: EUR 124 million). The Group's own retail operations in China recorded a positive performance. Sales more than tripled compared to the previous year.

Successfully launching new products helped maintain license revenues at the previous year's level of EUR 31 million (Q1-Q3 2008: EUR 32 million).

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Structural measures adopted at an early stage are making an impact

Operating earnings (EBITDA before special items) of EUR 224 million (Q1-Q3 2008: EUR 257 million) (18% of sales) reflect successful implementation of the structural and efficiency measures that had been adopted at an early stage. In qualitative terms, this profit margin is above the value for the previous year and has improved 3 percentage points compared to the first half of 2009.

Consolidated net income as at the end of September 2009 is EUR 99 million (Q1-Q3 2008: EUR 128 million), with special items of EUR 30 million arising from the structural and efficiency measures.

High level of cash flow will be used to reduce debt

The successful implementation of measures aimed at improving earnings is reflected particularly in the cash flow from operating activities, which went up by EUR 163 million to EUR 229 million compared to the corresponding period in the previous year. Besides the initiatives to optimize costs, the 34% reduction in net working capital has had a positive impact. As a result, net debt has been reduced by 26% to EUR 459 million since September 2008.

Over the whole of 2009, HUGO BOSS is expecting a percentage decline in sales equal to the first nine months. The operating profit margin (EBITDA before special items, in relation to sales) is expected to be at the previous year's level.

Persistence in strategic realignment

HUGO BOSS will continue on the path of strategic realignment and persist in optimizing structures and processes. These measures form the basis for the growth curve targeted for 2010 and beyond.

“We want to use greater differentiation in our brand portfolio to tap into further sales potential and thus strengthen our competitive advantage,” commented Claus-Dietrich Lahrs, Chairman and CEO of the Managing Board of HUGO BOSS AG, on publication of the interim financial report for January to September for the current fiscal year.

The detailed report on the first nine months as well as further information concerning HUGO BOSS AG can be found by visiting http://group.hugoboss.com.

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