

HUGO BOSS

Press release

HUGO BOSS Nine Months Results 2010

HUGO BOSS on the road to success – significant rise in sales and profit

- **Sales up 14% in local currency in Q3**
- **Double-digit sales growth in Europe, America and Asia in Q3**
- **EBITDA before special items up 42% in Q3**
- **Full year financial outlook raised**

Metzingen, November 2, 2010. Fiscal 2010 will be a year of growth again for HUGO BOSS AG. The company generated significant double-digit increases in sales and profit in the third quarter.

“Our growth in the third quarter is broad-based, with all regions, distribution channels and brands contributing to it,” said Claus-Dietrich Lahrs, CEO and Chairman of the Managing Board of HUGO BOSS AG, of the publication of the quarterly report. “The results show that we have chosen the right path to achieve our goals for 2015.”

EBITDA before special items up 42% in Q3

In the third quarter of 2010, HUGO BOSS Group sales were up 14% on a currency-neutral basis. In euro terms, the Group posted a sales increase of 19% to EUR 538 million (2009: EUR 450 million). The improvement was supported by double-digit currency-neutral growth in all regions (Europe +12%, America +13%, Asia/Pacific +27%). Wholesale revenues were 6% higher than in the previous year after adjustment for currency effects. Retail sales (including outlets and online) increased by 36% after adjustment for currency effects. The first-time consolidation of the joint venture with the Rainbow Group in China supported this development. On a like-for-like basis, revenues at directly operated retail stores rose by 15% after adjustment for currency effects. As a result of the growing

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share of retail sales, a consistent pricing policy and efficiency improvements in production and sourcing activities, the gross profit margin increased by 4.9 percentage points to 59.2% (2009: 54.3%). The rise in the gross profit margin also resulted in an increase of 4.5 percentage points in the EBITDA margin before special items, which amounted to 27.9% (2009: 23.4%).

Gross profit margin improves by 5.4 percentage points after nine months

In the first nine months of 2010, HUGO BOSS Group sales were up 2% on a currency-neutral basis. In the reporting currency, revenues increased 6% to EUR 1,307 million (2009: EUR 1,238 million). Europe posted a currency-neutral decline of 2%, whereas sales in America and Asia/Pacific improved by 11% and 16% respectively. While wholesale revenues were down 8% after adjustment for currency effects, retail sales rose 27% in the first nine months. On a like-for-like basis and after adjustment for currency effects, the sales increase at directly operated retail stores amounted to 10%. The gross profit margin grew by 5.4 percentage points to 58.0% (2009: 52.6%). The EBITDA margin before special items rose by 3.1 percentage points to 20.9% (2009: 17.8%).

Considerable decrease in debt

Strict monitoring of net working capital led to a year-on-year improvement of 15% to EUR 265 million (September 30, 2009: EUR 311 million). The net financial position decreased by 34% to EUR 304 million (September 30, 2009: EUR 459 million).

Sales and earnings forecast raised

As third quarter results were considerably better than originally expected, the Group has raised its forecasts for the full year. Management now anticipates a currency-neutral sales increase of 5% for fiscal 2010 (previously: increase between 3% and 5%). As a result of significant improvements in the gross profit margin, operating income (EBITDA before special items) is expected to see

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stronger growth than sales of approximately 20% (previously: between 10% and 12%).

Further information

The detailed 2010 Nine Months Report and further information on HUGO BOSS AG can be found at <http://group.hugoboss.com>.

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Income Statement

	Q3	Q3	Change in %
in EUR million	2010	2009	
Sales	538.0	450.4	19
Cost of Sales ¹	(205.1)	(195.2)	5
Direct selling expenses	(14.4)	(10.7)	35
Contribution Margin	318.5	244.5	30
in % of Sales	59.2	54.3	4.9 pp
Selling and distribution expenses	(140.9)	(116.2)	21
Administration costs and other operating income and expenses	(49.0)	(53.9)	(9)
Operating result (EBIT)	128.6	74.4	73
in % of Sales	23.9	16.5	7.4 pp
Net interest expense	(4.3)	(5.1)	(16)
Other financial items ¹	(3.6)	(1.1)	228
Financial result¹	(7.9)	(6.2)	28
Earnings before taxes	120.7	68.2	77
Income taxes	(28.5)	(16.7)	71
Net income	92.2	51.5	79
Attributable to:			
Equity holders of the parent	91.3	51.5	77
Minority interests	0.9	(0.0)	
Net income	92.2	51.5	79
Earnings per share (EUR)²			
Common stock	1.33	0.74	80
Preferred stock	1.34	0.75	79

¹ Previous year value was adjusted: All effects of changes in exchange rates were allocated to the financial result.

See also detailed explanations concerning Interim Financial Group Statement in the nine Months Report 2010.

² Stock option program: This is limited to stock appreciation rights (SAR) which do not cause any dilution of EPS.

EBITDA

	Q3	Q3	Change in %
in EUR million	2010	2009	
EBITDA before special items	149.8	105.3	42
Special items including depreciation	(4.6)	(16.1)	7
Depreciation excluding special items	(16.6)	(14.8)	(1)
EBIT	128.6	74.4	73

Sales per Region and Channel

	Q3	Q3	Change in %	Change in %
in EUR million	2010	2009		Currency-adjusted
Europe	356.8	311.6	15	12
Americas	107.6	85.0	26	13
Asia/Pacific	62.5	43.6	43	27
Licenses	11.1	10.2	9	9
Total	538.0	450.4	19	14
Wholesale	351.3	318.6	10	6
Retail	175.5	121.7	44	36

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Income Statement

	Jan. - Sep. 2010	Jan. - Sep. 2009	Change in %
in EUR million			
Sales	1,307.0	1,238.0	6
Cost of Sales ¹	(521.0)	(559.9)	(7)
Direct selling expenses	(28.3)	(27.3)	4
Contribution Margin	757.7	650.8	16
in % of Sales	58.0	52.6	5.4 pp
Selling and distribution expenses	(403.0)	(360.4)	12
Administration costs and other operating income and expenses	(139.0)	(144.3)	(4)
Operating result (EBIT)	215.7	146.1	48
in % of Sales	16.5	11.8	4.7 pp
Net interest expense	(12.9)	(17.1)	(24)
Other financial items ¹	0.3	2.4	(88)
Financial result¹	(12.6)	(14.7)	(14)
Earnings before taxes	203.1	131.4	54
Income taxes	(48.3)	(32.2)	50
Net income	154.8	99.2	56
Attributable to:			
Equity holders of the parent	153.9	99.2	55
Minority interests	0.9	(0.0)	
Net income	154.8	99.2	56
Earnings per share (EUR)²			
Common stock	2.24	1.43	57
Preferred stock	2.25	1.44	56

¹ Previous year value was adjusted: All effects of changes in exchange rates were allocated to the financial result.

See also detailed explanations concerning Interim Financial Group Statement in the nine Months Report 2010.

² Stock option program: This is limited to stock appreciation rights (SAR) which do not cause any dilution of EPS.

EBITDA

	Jan. - Sep. 2010	Jan. - Sep. 2009	Change in %
in EUR million			
EBITDA before special items	273.0	220.4	24
Special items including depreciation	(9.7)	(29.5)	(67)
Depreciation excluding special items	(47.6)	(44.8)	6
EBIT	215.7	146.1	48

Sales per Region and Channel

	Jan. - Sep. 2010	Jan. - Sep. 2009	Change in %	Change in % Currency-adjusted
in EUR million				
Europe	846.7	851.6	(1)	(2)
Americas	276.4	232.9	19	11
Asia/Pacific	154.2	122.2	26	16
Licenses	29.7	31.3	(5)	(5)
Total	1,307.0	1,238.0	6	2
Wholesale	813.9	855.1	(5)	(8)
Retail	463.3	351.7	32	27

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Consolidated Balance Sheet

Assets	September 30	September 30	December 31,
in EUR million	2010	2009	2009
Intangible assets	131.3	101.2	101.4
Property, plant and equipment	261.9	253.4	270.4
Deferred tax assets	49.3	46.7	45.1
Non-current financial assets	9.9	9.4	10.4
Non-current tax receivables ¹	3.3	3.3	3.3
Other non-current assets	3.3	5.1	4.4
Non-current assets	459.0	419.1	435.0
Inventories	325.2	267.8	306.0
Trade receivables	212.3	228.3	140.1
Current tax receivables ¹	10.3	18.4	14.6
Current financial assets	17.6	10.9	5.7
Other current assets ¹	53.4	48.4	49.9
Cash and cash equivalents	193.5	52.0	114.1
Current assets	812.3	625.8	630.4
Total assets	1,271.3	1,044.9	1,065.4

¹ Non-current corporate income taxes were regrouped for 2009. See also explanations concerning balance sheet in the Nine Months Report 2010.

Equity and Liabilities	September 30	September 30	December 31,
in EUR million	2010	2009	2009
Subscribed capital	70.4	70.4	70.4
Own shares	(42.3)	(42.3)	(42.3)
Capital reserve	0.4	0.4	0.4
Retained earnings	157.5	120.1	120.1
Accumulated other comprehensive income	(40.9)	(52.5)	(50.2)
Profit attributable to equity holders of the parent	153.9	99.2	104.0
Equity attributable to equity holders of the parent	299.0	195.3	202.3
Minority interests	14.7	(0.5)	(0.5)
Group equity	313.7	194.8	201.8
Non-current provisions	51.5	36.0	32.5
Non-current financial liabilities	483.9	478.5	478.5
Deferred tax liabilities	18.9	15.6	16.5
Other non-current liabilities	27.0	24.3	28.1
Non-current liabilities	581.3	554.4	555.6
Current provisions	73.6	48.0	55.8
Current financial liabilities	53.1	60.0	43.9
Income tax payables	36.8	29.6	16.7
Trade payables	146.8	114.8	150.5
Other current liabilities	66.0	43.3	41.1
Current liabilities	376.3	295.7	308.0
Total equity and liabilities	1,271.3	1,044.9	1,065.4