

HUGO BOSS

Press release

HUGO BOSS First Half Year Results 2011

HUGO BOSS achieves strongest half year result in the Group's history

- **Group sales increase 23% in first half of the year**
- **Sales up 43% after adjustment for currency effects in Group's own retail business, up 11% in wholesale business**
- **Significant increase in gross profit margin supports 58% rise in EBITDA before special items**
- **Forecast for year as a whole raised**

Metzingen, July 28, 2011. HUGO BOSS closed the first half of 2011 extremely successfully. After the better than expected development the Group raised its targets for the year as a whole.

"HUGO BOSS is posting continued high growth in all regions and distribution channels as well as with all brands," commented Claus-Dietrich Lahrs, Chairman of the Managing Board of HUGO BOSS AG, at the publication of the first half year report. "We are therefore confident that we will significantly exceed the previous year's results in the second half of the year, too."

EBITDA before special items more than doubled in the second quarter

In the second quarter of 2011, sales of the HUGO BOSS Group rose by 29% on a currency-neutral basis. In euro, the Group achieved sales growth of 25% to EUR 405 million (2010: EUR 325 million), with all regions posting significant double-digit growth rates (Europe +21%, Americas +31%, Asia/Pacific +65%). In the wholesale business, sales were up 13% year-on-year after adjustment for currency effects. In the Group's own retail business (including outlets and online stores), sales increased by 47% after adjustment for currency effects. The consolidation of the joint venture with the Rainbow Group in China and the

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acquisition of the Moss Bros franchise stores in the UK supported the positive development in this channel. Sales also increased on a comparable store basis, improving by 12% after adjustment for currency effects. The Group's own retail business was thus the main driver of the rise in the gross profit margin by 510 basis points to 63.5% (2010: 58.4%) thanks to its growing share of sales and a consistent pricing strategy. Driven by efficiency improvements, EBITDA before special items rose to EUR 63 million (2010: EUR 31 million). As a result, the adjusted EBITDA margin climbed 590 basis points to 15.6% in the second quarter (2010: 9.7%).

EBITDA before special items reaches EUR 195 million in first half of the year

In the first six months of 2011, sales of the HUGO BOSS Group rose by 23% to EUR 945 million on a currency-neutral basis and in the reporting currency (2010: EUR 769 million). Europe recorded currency-neutral growth of 16%. Sales in the Americas and Asia/Pacific improved 26% and 55% respectively. After adjustment for currency effects, the wholesale business was 11% higher than in the previous year, while the Group's own retail business gained 43% in the first six months. On a comparable store basis and after adjustment for currency effects, the increase for directly operated stores amounted to 10%. Supported by the considerable sales increases in the Group's own retail business and a higher share of sales at full price, the gross profit margin was increased by 350 basis points to 60.6% (2010: 57.1%). Driven by efficiency improvements, EBITDA before special items rose by 58% to EUR 195 million (2010: EUR 123 million). As a result, the adjusted EBITDA margin climbed 460 basis points to 20.6% (2010: 16.0%).

Net working capital increases

In comparison to the previous year, net working capital increased by 20% to EUR 265 million (June 30, 2010: EUR 221 million). Higher inventories were partially offset by the change in other items. In anticipation of future sales growth and as a result of consolidation effects, inventories were up by 23% to EUR 421 million (June 30, 2010: EUR 343 million).

Net financial liabilities decrease

Net financial liabilities amounted to EUR 289 million at the end of the reporting period, down 15% as compared to the previous year's figure (June 30, 2010: EUR 339 million). This decrease was primarily due to the significant profit improvement.

Sales and earnings forecast raised

In view of the considerably stronger results than originally expected in the past quarter, the Group has raised its forecasts for the year as a whole. The management now anticipates a currency-neutral sales increase of 15% to 17% in 2011. The operating result (EBITDA before special items) is expected to rise by 25% to 30%.

Further information

The detailed 2011 first half year report and further information on HUGO BOSS AG can be found at <http://group.hugoboss.com>.

H U G O B O S S

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Consolidated Balance Sheet

Assets	June 30,	June 30,
in EUR million	2011	2010
Intangible assets	130.2	100.9
Property, plant and equipment	257.7	267.4
Deferred tax assets	55.7	53.6
Non-current financial assets	20.2	7.8
Non-current tax receivables	3.1	3.3
Other non-current assets	2.6	4.6
Non-current assets	469.5	437.6
Inventories	420.6	342.8
Trade receivables	146.4	148.6
Current tax receivables	8.9	20.4
Current financial assets	14.6	11.9
Other current assets	52.3	51.0
Cash and cash equivalents	210.0	158.6
Current assets	852.8	733.3
Total assets	1,322.3	1,170.9
Equity and Liabilities	June 30,	June 30,
in EUR million	2011	2010
Subscribed capital	70.4	70.4
Own shares	(42.3)	(42.3)
Capital reserve	0.4	0.4
Retained earnings	207.3	161.1
Accumulated other comprehensive income	(34.3)	(34.8)
Profit attributable to equity holders of the parent company	113.1	62.6
Equity attributable to equity holders of the parent company	314.6	217.4
Minority interests	19.9	(0.5)
Group equity	334.5	216.9
Non-current provisions	44.0	40.9
Non-current financial liabilities	505.8	498.5
Deferred tax liabilities	26.3	16.9
Other non-current liabilities	27.9	24.9
Non-current liabilities	604.0	581.2
Current provisions	75.7	66.1
Current financial liabilities	14.5	36.1
Income tax payables	39.3	23.8
Trade payables	200.5	198.2
Other current liabilities	53.8	48.6
Current liabilities	383.8	372.8
Total equity and liabilities	1,322.3	1,170.9

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Consolidated Income Statement

	Jan. - June 2011	Jan. - June 2010	Change in %
in EUR million			
Net sales	944.6	769.0	23
Cost of sales	(355.3)	(315.9)	(12)
Direct selling expenses	(17.0)	(13.9)	(22)
Gross profit	572.3	439.2	30
in % of sales	60.6	57.1	3.5 pp
Selling and distribution expenses	(314.1)	(262.1)	(20)
Administration costs and other operating income and expenses	(96.5)	(90.0)	(7)
Operating result (EBIT)	161.7	87.1	86
in % of sales	17.1	11.3	5.8 pp
Net interest income/expense	(7.7)	(8.6)	10
Other financial items	(0.8)	3.9	<(100)
Financial result	(8.5)	(4.7)	(81)
Earnings before taxes	153.2	82.4	86
Income taxes	(36.7)	(19.8)	(85)
Net income	116.5	62.6	86
Attributable to:			
Equity holders of the parent company	113.1	62.6	81
Minority interests	3.4	0.0	
Net income	116.5	62.6	86
Earnings per share (EUR)¹			
Common share	1.63	0.90	81
Preferred share	1.64	0.91	80

¹ Basic and diluted earnings per share.

EBITDA and Special Items

	Jan. - June 2011	Jan. - June 2010	Change in %
in EUR million			
EBITDA before special items	195.0	123.2	58
Special items	(0.3)	(5.2)	94

Sales by Region and Channel

	Jan. - June 2011	Jan. - June 2010	Change in %	Change in % Currency-adjusted
in EUR million				
Europe	576.4	489.9	18	16
Americas	205.2	168.8	22	26
Asia/Pacific	142.8	91.7	56	55
Royalties	20.2	18.6	9	9
Total	944.6	769.0	23	23
Wholesale	515.5	462.6	11	11
Group's own retail business	408.9	287.8	42	43

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Consolidated Income Statement

	Q2	Q2	Change in %
in EUR million	2011	2010	
Net sales	405.4	324.8	25
Cost of sales	(141.5)	(129.4)	(9)
Direct selling expenses	(6.3)	(5.8)	(9)
Gross profit	257.6	189.6	36
in % of sales	63.5	58.4	5.1 pp
Selling and distribution expenses	(161.6)	(129.4)	(25)
Administration costs and other operating income and expenses	(50.2)	(49.3)	(2)
Operating result (EBIT)	45.8	10.9	>100
in % of sales	11.3	3.4	7.9 pp
Net interest income/expense	(3.9)	(4.3)	9
Other financial items	1.5	1.8	(17)
Financial result	(2.4)	(2.5)	(4)
Earnings before taxes	43.4	8.4	>100
Income taxes	(10.4)	(2.1)	>100
Net income	33.0	6.3	>100
Attributable to:			
Equity holders of the parent company	31.1	6.4	>100
Minority interests	1.9	(0.1)	<(100)
Net income	33.0	6.3	>100
Earnings per share (EUR)¹			
Common share	0.45	0.09	>100
Preferred share	0.45	0.09	>100

¹ Basic and diluted earnings per share.

EBITDA and Special Items

	Q2	Q2	Change in %
in EUR million	2011	2010	
EBITDA before special items	63.4	31.4	>100
Special items	(0.6)	(4.8)	88

Sales by Region and Channel

	Q2	Q2	Change in %	Change in %
in EUR million	2011	2010		Currency-adjusted
Europe	224.7	185.1	21	21
Americas	103.0	86.8	19	31
Asia/Pacific	68.0	43.4	57	65
Royalties	9.7	9.5	2	2
Total	405.4	324.8	25	29
Wholesale	174.1	159.9	9	13
Group's own retail business	221.6	155.4	43	47