

Press Release

HUGO BOSS First Half Year Results 2012

HUGO BOSS increases sales by 16% in the first half of 2012

- **Double-digit increase in sales and earnings in the second quarter**
- **Operating result (EBITDA before special items) up 16% to EUR 226 million in the first half**
- **Continued growth in sales and earnings expected in the second half**

Metzingen, July 31, 2012. The HUGO BOSS Group remains on course for growth. In the second quarter of 2012, a double-digit increase in sales was achieved again. The speed of growth was even increased yet again compared with the first quarter.

“We again achieved significant increases in sales and earnings in the first six months”, says Claus-Dietrich Lahrs, Chief Executive Officer of HUGO BOSS AG. “This success was driven by increases in all regions. We are therefore confident that we shall achieve our targets for the year as a whole even in a more challenging economic environment.”

EBITDA before special items grows by 23% in the second quarter

In the second quarter of 2012, sales rose by 14% on a currency-neutral basis. In euros, the Group posted an increase of 20% to EUR 485 million (2011: EUR 405 million). This improvement was supported by growth in all regions. Sales increased by 17% in Europe thanks to double-digit growth in all markets. In the Americas region, the US market was the key driver for a currency-neutral increase of 11%. Revenues in Asia were 4% higher on a currency-neutral basis. All of the region’s markets contributed to this growth.

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Wholesale sales in the second quarter were 10% up on the previous year on a currency-neutral basis. This development reflects the introduction of four approximately equally sized collections per year. As a result of this switch, the Summer collection, which is mainly delivered in the second quarter, has become more important. Additionally, compared to the prior year, a greater proportion of the Fall collection was delivered in the second quarter already. Own retail (including outlets and online business) posted currency-adjusted growth of 16%. On a comp store basis, the increase amounted to 4%.

The Group's contribution margin fell by 110 basis points to 62.4% (2011: 63.5%) because of higher markdowns and inventory writedowns. Despite the cost increases associated with the expansion of own retail and higher marketing expenses, EBITDA before special items increased by 23% to EUR 78 million (2011: EUR 63 million). At 16.1%, the adjusted EBITDA margin increased by 50 basis points in the second quarter (2011: 15.6%).

Group sales grow by 16% in the first half

In the first six months of 2012, the HUGO BOSS Group's sales rose by 12% on a currency-neutral basis and by 16% in reporting currency to EUR 1,092 million (2011: EUR 945 million). Europe posted currency-adjusted growth of 12%. Sales in the Americas and Asia/Pacific improved by 13% and 7% respectively.

Currency-neutral wholesale sales were 4% up on the previous year, while own retail grew by 21% in the first six months. On a comp store basis, growth in this distribution channel amounted to 7% currency-adjusted.

Helped by marked increases in own retail sales and efficiency improvements in global sourcing and production, the contribution margin was increased by 100 basis points to 61.6% (2011: 60.6%). EBITDA before special items improved by 16% to EUR 226 million (2011: EUR 195 million). At 20.7%, the adjusted EBITDA margin therefore improved by ten basis points (2011: 20.6%).

Debt at the end of the half-year slightly up on the previous year's level

At the end of the first half, trade net working capital rose by 32% to EUR 483 million (June 30, 2011: EUR 366 million). The growth was primarily attributable to higher trade receivables because of significantly higher delivery volumes towards the end of the period compared with the previous year. The increase in inventories slowed compared with the previous quarter and amounted to 17% in reporting currency and 9% adjusted for currency effects at the end of the period. At EUR 41 million, investments were 11% up on the level of the previous year (2011: EUR 37 million). Net debt increased by EUR 12 million to EUR 301 million (2011: EUR 289 million) as a consequence of these developments and an increase in the dividend payment.

Management confirms and specifies the financial outlook

HUGO BOSS expects to achieve currency-neutral growth in sales of up to 10% in 2012. All regions are to contribute to this. While wholesale sales will remain roughly stable, a double-digit increase is forecast in own retail. The Group projects around 70 new store openings in the course of the year. Particularly as a result of the planned expansion in the own retail network and renovation of existing stores, investments will exceed the figure for the previous year in 2012. An increase of between 10% and 12% is expected for the operating result (EBITDA before special items).

Further information

The First Half Year Financial Report 2012 can be downloaded from the Company's website www.group.hugoboss.com.

H U G O B O S S

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Consolidated Income Statement

	Q2	Q2	Change in %
in EUR million	2012	2011	
Net sales	485.4	405.4	20
Cost of sales	(173.7)	(141.5)	(23)
Direct selling expenses	(8.9)	(6.3)	(41)
Gross profit	302.8	257.6	18
in % of sales	62.4	63.5	(1.1 pp)
Selling and distribution expenses	(190.9)	(161.6)	(18)
Administration costs and other operating income and expenses	(52.6)	(50.2)	(5)
Operating result (EBIT)	59.3	45.8	29
in % of sales	12.2	11.3	0.9 pp
Net interest income/expense	(4.1)	(3.9)	(5)
Other financial items	0.1	1.5	(93)
Financial result	(4.0)	(2.4)	(67)
Earnings before taxes	55.3	43.4	27
Income taxes	(13.3)	(10.4)	(28)
Net income	42.0	33.0	27
Attributable to:			
Equity holders of the parent company	40.2	31.1	29
Minority interests	1.8	1.9	(5)
Net income	42.0	33.0	27
Earnings per share (EUR)¹			
Common share	0.58	0.45	20
Preferred share ²		0.45	

¹ Basic and diluted earnings per share.

² On June 15, 2012, all preferred shares were converted into ordinary shares.

EBITDA and Special Items

	Q2	Q2	Change in %
in EUR million	2012	2011	
EBITDA before special items	77.9	63.4	23
Special items	(0.4)	(0.6)	

Sales by Region and Channel

	Q2	Q2	Change in %	Change in %
in EUR million	2012	2011		Currency-adjusted
Europe	267.0	224.7	19	17
Americas	126.1	103.0	22	11
Asia/Pacific	80.5	68.0	18	4
Royalties	11.7	9.7	21	21
Total	485.3	405.4	20	14
Wholesale	200.9	174.1	15	10
Group's own retail business	272.7	221.6	23	16

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Consolidated Income Statement

	Jan. - June 2012	Jan. - June 2011	Change in %
in EUR million			
Net sales	1,092.1	944.6	16
Cost of sales	(397.8)	(355.3)	(12)
Direct selling expenses	(21.4)	(17.0)	(26)
Gross profit	672.9	572.3	18
in % of sales	61.6	60.6	1.0 pp
Selling and distribution expenses	(380.1)	(314.1)	(21)
Administration costs and other operating income and expenses	(104.1)	(96.5)	(8)
Operating result (EBIT)	188.7	161.7	17
in % of sales	17.3	17.1	0.2 pp
Net interest income/expense	(7.4)	(7.7)	4
Other financial items	(0.8)	(0.8)	0
Financial result	(8.2)	(8.5)	4
Earnings before taxes	180.5	153.2	18
Income taxes	(43.3)	(36.7)	(18)
Net income	137.2	116.5	18
Attributable to:			
Equity holders of the parent company	134.1	113.1	19
Minority interests	3.1	3.4	(9)
Net income	137.2	116.5	18
Earnings per share (EUR)¹			
Common share	1.94	1.63	19
Preferred share ²		1.64	

¹ Basic and diluted earnings per share.

² On June 15, 2012, all preferred shares were converted into ordinary shares.

EBITDA and Special Items

	Jan. - June 2012	Jan. - June 2011	Change in %
in EUR million			
EBITDA before special items	226.3	195.0	16
Special items	(0.3)	(0.3)	

Sales by Region and Channel

	Jan. - June 2012	Jan. - June 2011	Change in %	Change in %
in EUR million				Currency-adjusted
Europe	652.2	576.4	13	12
Americas	247.8	205.2	21	13
Asia/Pacific	168.3	142.8	18	7
Royalties	23.8	20.2	18	18
Total	1,092.1	944.6	16	12
Wholesale	551.3	515.5	7	4
Group's own retail business	517.0	408.9	26	21

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Consolidated Balance Sheet

Assets in EUR million	June 30, 2012	June 30, 2011	December 31, 2011
Intangible assets	140.7	130.2	141.1
Property, plant and equipment	292.1	257.7	285.5
Deferred tax assets	85.8	55.7	79.2
Non-current financial assets	9.6	20.2	13.7
Non-current tax receivables	2.7	3.1	2.7
Other non-current assets	2.7	2.6	2.7
Non-current assets	533.6	469.5	524.9
Inventories	492.0	420.6	457.9
Trade receivables	212.6	146.4	174.6
Current tax receivables	8.8	8.9	8.2
Current financial assets	7.8	14.6	11.7
Other current assets	65.4	52.3	71.3
Cash and cash equivalents	62.6	210.0	200.4
Current assets	849.2	852.8	924.1
Total assets	1,382.8	1,322.3	1,449.0

Equity and Liabilities in EUR million	June 30, 2012	June 30, 2011	December 31, 2011
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	292.7	207.3	207.3
Accumulated other comprehensive income	(9.7)	(34.3)	(20.9)
Profit attributable to equity holders of the parent company	134.1	113.1	284.5
Equity attributable to equity holders of the parent company	445.6	314.6	499.4
Minority interests	24.3	19.9	23.8
Group equity	469.9	334.5	523.2
Non-current provisions	36.7	44.0	40.9
Non-current financial liabilities	348.4	505.8	355.0
Deferred tax liabilities	56.1	26.3	49.6
Other non-current liabilities	13.7	27.9	15.6
Non-current liabilities	454.9	604.0	461.1
Current provisions	80.1	75.7	89.8
Current financial liabilities	40.3	14.5	33.5
Income tax payables	31.2	39.3	36.3
Trade payables	221.9	200.5	225.1
Other current liabilities	84.5	53.8	80.0
Current liabilities	458.0	383.8	464.7
Total equity and liabilities	1,382.8	1,322.3	1,449.0