

HUGO BOSS

Press Release

HUGO BOSS Nine Months Results 2012

HUGO BOSS continues growing and confirms its forecast for the year

- **Group sales up 5% in reporting currency in the third quarter, stable on a currency-adjusted basis**
- **EBITDA before special items decreases 7% in the third quarter primarily due to sales shift in wholesale**
- **Financial outlook for 2012 confirmed**

Metzingen, October 30, 2012. The HUGO BOSS Group posted profitable growth in the first nine months of 2012. The Group's own retail operations made a particular contribution to this performance with a double-digit increase in sales. Growth was posted in all regions.

"We are confident to reach our full year targets despite a more difficult economic environment", says Claus-Dietrich Lahrs, CEO and Chairman of the Managing Board of HUGO BOSS AG. "The change in our collection cycle has led to a sales shift in our wholesale business from the third into the fourth quarter. This had an adverse impact on our traditionally strong earnings in the third quarter. We shall, however, return to double-digit growth in sales and earnings in the fourth quarter with our winter business."

New collection and delivery cycle affects performance in the third quarter

Total net sales were stable on a currency-adjusted basis in the third quarter of 2012. In euros, the Group posted growth of 5% to EUR 646 million (2011: EUR 615 million). In Europe, sales fell by 4% on a currency-adjusted basis due to the development of the wholesale business. In the Americas, the U.S. market was the main driver for growth of 13% after adjustment for currency effects. Asia

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posted a stable performance on a currency-adjusted basis. While growth picked up in China in comparison with the previous quarter, standing at 5%, the Australian and Japanese markets, in particular, weakened.

Wholesale sales were down 9% year-on-year in local currencies. This trend was adversely affected by the change of the collection and delivery cycle and the resulting delivery of a significant proportion of the Fall collection already in the second quarter. In addition, many retail partners now spread their orders more evenly over the year as a consequence of the more season focused collection cycle, which means that the second and fourth quarters become continuously more important. The Group's own retail business (including outlets and online business) posted growth after adjustment for currency effects of 15%. On a comparable store basis, the increase amounted to 2%.

The Group's gross profit margin increased by 130 basis points to 60.1% (2011: 58.8%) mainly because of the higher proportion of sales from the Group's own retail business. EBITDA before special items decreased by 7% to EUR 165 million (2011: EUR 177 million) because of the increased costs associated with the expansion of the Group's own retail business and higher marketing expenses, which could not be offset by matching growth in sales in the third quarter. The adjusted EBITDA margin fell by 320 basis points to 25.6% in the third quarter (2011: 28.8%). Special items of EUR 2 million (2011: EUR 0 million) were associated with the simplification of the brand structure announced in July and the bundling of the creative areas under the core BOSS brand.

Group sales grew by 11% in the first nine months of 2012

In the first nine months of 2012, the HUGO BOSS Group's sales increased by 7% on a currency-neutral basis and by 11% in reporting currency to EUR 1,739 million (2011: EUR 1,560 million). Europe posted currency-neutral growth of 6%. Sales in the Americas and Asia/Pacific improved by 13% and 5% respectively.

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In the first nine months, currency-neutral wholesale sales were 1% lower year-on-year, while the Group's own retail business added 19% in the same period. On a comparable store basis, growth in this distribution channel amounted to 5%.

With the help of sharply increased sales in the Group's own retail business and efficiency improvements in production and sourcing, the gross profit margin was increased by 120 basis points to 61.1% (2011: 59.9%). EBITDA before special items improved by 5% to EUR 392 million (2011: EUR 372 million). The adjusted EBITDA margin fell by 140 basis points to 22.5% (2011: 23.9%).

Financial liabilities up slightly year-on-year at the end of the quarter

Trade net working capital increased by 8% to EUR 510 million at the end of the third quarter (September 30, 2011: EUR 470 million). The increase in inventories slowed further compared with the previous quarter and amounted to 12% in reporting currency and 6% after adjustment for exchange rate effects respectively at the end of the period. At EUR 88 million, investment exceeded the level of the previous year (2011: EUR 61 million) because of renovations to the Group's own retail network and infrastructure projects. Net financial liabilities increased slightly year-on-year as a consequence of these developments to EUR 250 million (September 30, 2011: EUR 247 million).

Management confirms financial outlook

HUGO BOSS expects currency-adjusted growth in sales of up to 10% in 2012. All regions are to contribute to this. While sales will remain roughly stable in the wholesale business, a double-digit increase is forecast for the Group's own retail business. Double-digit increases in sales and earnings are expected for the fourth quarter. The Group forecasts circa 80 net openings of new stores and shops-in-shops in the course of the year. As a consequence of the planned expansion in the Group's own retail network, of renovations to existing stores as well as infrastructure projects such as the construction of a new warehouse for flat-packed goods, investment in 2012 will exceed the previous year's figure. An

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increase of between 10% and 12% is expected for the operating result (EBITDA before special items).

More information

The Nine Months Report 2012 is available for download on the Company's website www.group.hugoboss.com.

If you have any questions, please contact:

Dr. Hjördis Kettenbach
Head of Corporate Communication
Phone: +49 (0) 7123 94-2375
Fax: +49 (0) 7123 94-2051

Dennis Weber
Head of Investor Relations
Phone: +49 (0) 7123 94-86267
Fax: +49 (0) 7123 94-886267

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Consolidated Income Statement

	Q3 2012	Q3 2011	Change in %
in EUR million			
Net sales	646.3	615.0	5
Cost of sales	(245.0)	(241.1)	(2)
Direct selling expenses	(12.6)	(12.0)	(5)
Gross profit	388.7	361.9	7
in % of sales	60.1	58.8	1.3 pp
Selling and distribution expenses	(193.2)	(159.1)	(21)
Administration costs and other operating income and expenses	(52.7)	(43.1)	(22)
Operating result (EBIT)	142.8	159.7	(11)
in % of sales	22.1	26.0	(3.9 pp)
Net interest income/expense	(4.2)	(4.1)	(2)
Other financial items	(2.6)	2.0	<(100)
Financial result	(6.8)	(2.1)	<(100)
Earnings before taxes	136.0	157.6	(14)
Income taxes	(32.6)	(37.9)	14
Net income	103.4	119.7	(14)
Attributable to:			
Equity holders of the parent company	103.6	118.0	(12)
Minority interests	(0.2)	1.7	<(100)
Net income	103.4	119.7	(14)
Earnings per share (EUR)¹			
Common share	1.50	1.71	(12)
Preferred share		1.71	

¹ Basic and diluted earnings per share.

EBITDA and Special Items

	Q3 2012	Q3 2011	Change in %
in EUR million			
EBITDA before special items	165.4	177.1	(7)
in % of sales	25.6	28.8	(3.2 pp)
Special items	2.5	0.4	>100

Sales by Region and Channel

	Q3 2012	Q3 2011	Change in %	Change in % Currency-adjusted
in EUR million				
Europe	398.3	409.1	(3)	(4)
Americas	151.9	121.1	25	13
Asia/Pacific	81.8	72.4	13	0
Royalties	14.3	12.4	16	16
Total	646.3	615.0	5	0
Wholesale	359.8	380.7	(5)	(9)
Group's own retail business	272.2	222.0	23	15

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Consolidated Income Statement

	Jan. - Sep. 2012	Jan. - Sep. 2011	Change in %
in EUR million			
Net sales	1,738.5	1,559.6	11
Cost of sales	(642.8)	(596.4)	(8)
Direct selling expenses	(34.0)	(29.0)	(17)
Gross profit	1,061.7	934.2	14
in % of sales	61.1	59.9	1.2 pp
Selling and distribution expenses	(573.3)	(473.2)	(21)
Administration costs and other operating income and expenses	(156.8)	(139.6)	(12)
Operating result (EBIT)	331.6	321.4	3
in % of sales	19.1	20.6	(1.5 pp)
Net interest income/expense	(11.6)	(11.8)	2
Other financial items	(3.4)	1.2	<(100)
Financial result	(15.0)	(10.6)	(42)
Earnings before taxes	316.6	310.8	2
Income taxes	(76.0)	(74.6)	(2)
Net income	240.6	236.2	2
Attributable to:			
Equity holders of the parent company	237.7	231.1	3
Minority interests	2.9	5.1	(43)
Net income	240.6	236.2	2
Earnings per share (EUR)¹			
Common share	3.44	3.34	3
Preferred share		3.35	

¹ Basic and diluted earnings per share.

EBITDA and Special Items

	Jan. - Sep. 2012	Jan. - Sep. 2011	Change in %
in EUR million			
EBITDA before special items	391.7	372.1	5
in % of sales	22.5	23.9	(1.4 pp)
Special items	2.7	0.0	>100

Sales by Region and Channel

	Jan. - Sep. 2012	Jan. - Sep. 2011	Change in %	Change in % Currency-adjusted
in EUR million				
Europe	1,050.5	985.4	7	6
Americas	399.7	326.4	22	13
Asia/Pacific	250.2	215.2	16	5
Royalties	38.1	32.6	17	17
Total	1,738.5	1,559.6	11	7
Wholesale	911.2	896.2	2	(1)
Group's own retail business	789.2	630.8	25	19

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Consolidated Balance Sheet

Assets in EUR million	September 30, 2012	September 30, 2011	December 31, 2011
Intangible assets	139.8	138.1	141.1
Property, plant and equipment	317.6	259.3	285.5
Deferred tax assets	86.5	60.8	79.2
Non-current financial assets	9.2	14.4	13.7
Non-current tax receivables	2.7	2.6	2.7
Other non-current assets	2.4	2.5	2.7
Non-current assets	558.2	477.7	524.9
Inventories	446.6	399.3	457.9
Trade receivables	262.1	234.3	174.6
Current tax receivables	13.5	7.6	8.2
Current financial assets	8.4	11.1	11.7
Other current assets	76.2	49.1	71.3
Cash and cash equivalents	114.8	111.4	200.4
Current assets	921.6	812.8	924.1
Total assets	1,479.8	1,290.5	1,449.0

Equity and Liabilities in EUR million	September 30, 2012	September 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	(12.0)	(32.9)	(20.9)
Profit attributable to equity holders of the parent company	237.7	231.1	284.5
Equity attributable to equity holders of the parent company	546.9	434.0	499.4
Minority interests	23.7	20.9	23.8
Group equity	570.6	454.9	523.2
Non-current provisions	42.6	45.0	40.9
Non-current financial liabilities	48.3	355.4	355.0
Deferred tax liabilities	53.3	34.2	49.6
Other non-current liabilities	13.9	14.6	15.6
Non-current liabilities	158.1	449.2	461.1
Current provisions	80.9	71.1	89.8
Current financial liabilities	332.9	30.4	33.5
Income tax payables	53.3	53.9	36.3
Trade payables	198.7	163.4	225.1
Other current liabilities	85.3	67.6	80.0
Current liabilities	751.1	386.4	464.7
Total equity and liabilities	1,479.8	1,290.5	1,449.0