Press release

HUGO BOSS Nine Months Results 2014

HUGO BOSS posts solid growth in the third quarter

- **9% increase in sales in the third quarter**
- **Double-digit growth rates in the Americas and Asia/Pacific**
- **Positive performance of wholesale and the Group's own retail business**
- **Increase in earnings for the quarter despite higher expenses**
- **Full-year outlook adjusted**

Metzingen, November 4, 2014. The HUGO BOSS Group achieved higher sales and earnings in the first nine months of 2014. This performance was underpinned by sales growth in all regions and distribution channels in the third quarter. The Company expects a currency-adjusted 6% to 8% increase in sales for the year as a whole. Operating profit (EBITDA before special items) is projected to grow between 5% and 7%. This adjusted outlook reflects the increasing challenges posed by macroeconomic conditions and the recent substantial slowdown in industry growth in Europe.

"Thanks to improving business in the Americas and Asia/Pacific together with continued good expansion in Europe, we were able to achieve very solid growth in the third quarter," says Claus-Dietrich Lahrs, the CEO of HUGO BOSS AG. "However, over the last few weeks, our business has been increasingly feeling the effects of the weak performance of the sector in Europe and uncertainties in Asia. That said, we are still confident of being able to achieve solid full-year sales and earnings growth and, thus, outpace the luxury goods sector as a whole."

Growth underpinned by all regions and distribution channels

The HUGO BOSS Group's currency-adjusted sales rose by 9% in the third quarter. In euro terms, this reflects a 9% increase to EUR 717 million (Q3 2013: EUR 658 million[1]). This performance was spurred by the Americas and Asia/Pacific in particular, which contributed growth rates of 11% and 13%, respectively, in local currencies. Driven by an improving wholesale business, the pace of growth accelerated in the two core markets United States and China. With a currency-adjusted 8% increase in sales, growth in Europe remained robust. However, momentum weakened across all regions towards the end of the reporting period, particularly in the Group's own retail business.

Currency-adjusted sales from the Group's own retail business (including outlets and online) were up 11% on the same period of the prior year. On a comp store basis, currency-adjusted revenue growth in this channel came to 4%. Wholesale revenues climbed by 7% after currency adjustment, benefiting from improved orders compared with the prior quarters and a shift in deliveries between the second and the third quarter.

The gross profit margin expanded by 60 basis points to 64.1%, primarily as a result of the disproportionately strong growth of the Group's own retail business and reduced markdowns (Q3 2013: 63.5%). At EUR 182 million, EBITDA before special items was up 5% on the prior year (Q3 2013: EUR 173 million). Operating expenses rose particularly as a result of increased distribution and marketing expenses, causing the EBITDA margin to contract by 90 basis points to 25.4% (Q3 2013: 26.3%). However, net income climbed by 2% to EUR 115 million (Q3 2013: EUR 113 million).

Group's own retail business the growth driver in the first nine months

In the first nine months, HUGO BOSS sales grew by 8% in local currencies. Including negative exchange rate effects, sales in the reporting currency climbed by 6% to EUR 1,888 million (9M 2013: EUR 1,783 million). With a currency-adjusted 9% rise in sales, Europe was the fastest growing region, supported in particular by double-digit increases in the core markets Great Britain and Germany. Thanks to growing momentum in the course of the year, sales in the Americas rose by 6% in local currencies in the first nine months. Sales in Asia/Pacific were up 7% on the prior year in the first nine months, with all markets in this region contributing to this growth.

Sales by distribution channel recorded a mixed performance in the first nine months. The Group's own retail business (including outlets and online) climbed by 16% before currency effects. Comp store sales, after adjustment for currency effects, were up 4% on the prior year. The number of own retail stores increased by a net 18 in the first nine months to 1,028 (December 31, 2013: 1,010). In addition to 49 new openings, 17 stores previously operated by wholesale partners were taken over, while 48 stores, most of them smaller-sized and predominantly located in Europe and Asia, were closed. The Group’s wholesale revenues declined by 1% in local currencies due to challenging market conditions, the takeover of stores from wholesale partners and consolidation of the portfolio of smaller business partners.

Menswear sales rose by 7% after currency adjustment in the first nine months. The womenswear business expanded by 14%, underpinned by double-digit growth in clothing and in shoes & accessories.

The greater share of sales from the Group's own retail business as well as reduced markdowns led to an increase of 180 basis points in the gross profit margin to 65.3% (9M 2013: 63.5%). At EUR 423 million, EBITDA before special items was 4% up on the prior year (9M 2013: EUR 407 million). The improved gross profit margin did not entirely make up for higher selling and distribution expenses. As a result, the adjusted EBITDA margin contracted by 40 basis points to 22.4% in the first nine months (9M 2013: 22.8%). Consolidated net income rose by 5% to EUR 259 million (9M 2013: EUR 248 million).

Net financial liabilities down on the prior year

Trade net working capital came to EUR 548 million at the end of September, up 23% on the prior year (September 30, 2013: EUR 446 million). This was primarily due to the 19% increase in inventories to EUR 486 million (September 30, 2013: EUR 409 million) mainly resulting from the expansion of the Group's own retail business. The inventory age structure remained stable compared with the prior year. Net financial liabilities dropped by 16% to EUR 153 million due to lower capital expenditure (September 30, 2013: EUR 182 million).

Sales and earnings targets for 2014 adjusted

The management of HUGO BOSS expects currency-adjusted sales to grow by 6% to 8% for the year as a whole. All regions should contribute to the achievement of this goal. The Group projects further double-digit growth in its own retail business, while the wholesale business is set to remain more or less stable over the prior year. Operating profit (EBITDA before special items) is expected to rise by 5% to 7%. HUGO BOSS is planning to open around 50 new stores excluding takeovers. Capital expenditure of around EUR 130 million will focus mainly on the expansion and renovation of the Group’s own retail network.

For further information about HUGO BOSS, see our website at group.hugoboss.com.

HUGO BOSS AG Dieselstrasse 12 D-72555 Metzingen Phone +49 (0) 7123 94-2375 Fax +49 (0) 7123 94-80237

If you have any questions, please contact:

Dr. Hjördis Kettenbach
Head of Corporate Communication
Phone: +49 (0)7123 94-2375
Fax: +49 (0)7123 94-80237

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

1) Due to changes in accounting policies and corrections made, figures reported for 2013 may not correspond to the figures reported in prior years. Please refer to the annual report for more details.

Consolidated Income Statement

(in EUR million)	Q3 2014	Q3 2013[1]	Change in %
Sales	**716.5**	**657.9**	**9**
Cost of sales	(257.3)	(240.0)	(7)
Gross profit	**459.2**	**417.9**	**10**
In % of sales	64.1	63.5	60 bp
Selling and distribution expenses	(245.5)	(219.0)	(12)
Administration expenses	(59.1)	(49.1)	(20)
Other operating income and expenses	(2.6)	0.7	< (100)
Operating result (EBIT)	**152.0**	**150.5**	**1**
In % of sales	21.2	22.9	(170) bp
Net interest income/expenses	(1.4)	(1.3)	(8)
Other financial items	(1.6)	(3.1)	48
Financial result	**(3.0)**	**(4.4)**	**33**
Earnings before taxes	**149.0**	**146.1**	**2**
Income taxes	(34.3)	(33.6)	(2)
Net income	**114.7**	**112.5**	**2**
Attributable to:			
Equity holders of the parent company	114.7	110.9	3
Non-controlling interests	0.0	1.6	(100)
Earnings per share (EUR)[2]	**1.67**	**1.61**	**4**

[1] Certain amounts shown here do not correspond to prior-year figures and reflect adjustments made.

[2] Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	Q3 2014	Q3 2013	Change in %
EBITDA before special items	**181.9**	**173.1**	**5**
In % of net sales	25.4	26.3	(90) bp
Special items	(2.6)	0.7	< (100)

Sales by Region and Channel

(in EUR million)	Q3 2014	Q3 2013	Change in %	Change in % currency-adjusted
Europe	458.3	423.1	8	8
Americas	156.2	143.0	9	11
Asia/Pacific	87.1	77.8	12	13
Royalties	14.9	14.0	6	6
TOTAL	**716.5**	**657.9**	**9**	**9**
Group's own retail business	357.5	320.5	12	11
Wholesale	344.1	323.4	6	7

Consolidated Income Statement

(in EUR million)

	Jan. - Sep. 2014	Jan. - Sep. 2013[1]	Change in %
Sales	**1,888.0**	**1,783.1**	**6**
Cost of sales	(655.2)	(651.6)	(1)
Gross profit	**1,232.8**	**1,131.5**	**9**
In % of sales	65.3	63.5	180 bp
Selling and distribution expenses	(705.9)	(627.1)	(13)
Administration expenses	(179.9)	(163.6)	(10)
Other operating income and expenses	(3.4)	(3.4)	(1)
Operating result (EBIT)	**343.6**	**337.4**	**2**
In % of sales	18.2	18.9	(70) bp
Net interest income/expenses	(3.3)	(7.5)	56
Other financial items	(3.7)	(8.2)	55
Financial result	**(7.0)**	**(15.7)**	**55**
Earnings before taxes	**336.6**	**321.7**	**5**
Income taxes	(77.4)	(74.0)	(5)
Net income	**259.2**	**247.7**	**5**
Attributable to:			
Equity holders of the parent company	258.0	244.7	5
Non-controlling interests	1.2	3.0	(60)
Earnings per share (EUR)[2]	**3.74**	**3.55**	**5**

[1] Certain amounts shown here do not correspond to prior-year figures and reflect adjustments made.

[2] Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)

	Jan. - Sep. 2014	Jan. - Sep. 2013	Change in %
EBITDA before special items	**423.4**	**407.4**	**4**
In % of sales	22.4	22.8	(40) bp
Special items	(3.4)	(3.4)	(1)

Sales by Region and Channel

(in EUR million)

	Jan. - Sep. 2014	Jan. - Sep. 2013	Change in %	Change in % currency-adjusted
Europe	1,184.5	1,091.4	9	9
Americas	411.7	405.9	1	6
Asia/Pacific	252.1	246.9	2	7
Royalties	39.7	38.9	2	2
TOTAL	**1,888.0**	**1,783.1**	**6**	**8**
Group's own retail business	1,033.1	908.1	14	16
Wholesale	815.2	836.1	(3)	(1)

Consolidated Balance Sheet

(in EUR million)

Assets	September 30, 2014	September 30, 2013[1]	December 31, 2013
Intangible assets	142.9	143.5	139.2
Property, plant and equipment	386.3	364.1	368.6
Deferred tax assets	100.1	76.9	80.7
Non-current financial assets	17.8	18.6	17.4
Non-current tax receivables	1.7	2.1	1.7
Other non-current assets	4.2	2.2	3.9
Non-current assets	**653.0**	**607.4**	**611.5**
Inventories	485.7	408.5	440.8
Trade receivables	265.0	241.8	226.2
Current tax receivables	11.0	13.4	10.8
Current financial assets	18.2	23.3	23.3
Other current assets	92.3	75.7	69.4
Cash and cash equivalents	49.6	48.5	119.3
Current assets	**921.8**	**811.2**	**889.8**
TOTAL	**1,574.8**	**1,418.6**	**1,501.3**

Equity and Liabilities	September 30, 2014	September 30, 2013[1]	December 31, 2013
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	726.4	616.3	701.5
Accumulated other comprehensive income	11.4	(10.7)	(15.8)
Equity attributable to equity holders of the parent company	**766.3**	**634.1**	**714.2**
Non-controlling interests	(0.5)	24.9	26.1
Group equity	**765.8**	**659.0**	**740.3**
Non-current provisions	70.5	61.8	52.7
Non-current financial liabilities	181.2	183.3	164.8
Deferred tax liabilities	11.9	20.6	17.5
Other non-current liabilities	35.3	12.8	30.9
Non-current liabilities	**298.9**	**278.5**	**265.9**
Current provisions	101.3	79.6	99.9
Current financial liabilities	29.7	50.4	14.6
Income tax payables	83.6	57.5	63.4
Trade payables	202.2	204.5	235.3
Other current liabilities	93.3	89.1	81.9
Current liabilities	**510.1**	**481.1**	**495.1**
TOTAL	**1,574.8**	**1,418.6**	**1,501.3**

[1] Certain amounts shown here do not correspond to prior-year figures and reflect adjustments made.