

HUGO BOSS

Press Release

HUGO BOSS to take full control of Asian and Middle Eastern growth markets

Metzingen, February 4, 2015. HUGO BOSS will in future be managing its business in Korea and the Middle East itself. The Group will also take over the last remaining franchise stores in China.

In Korea, HUGO BOSS will be taking over all 17 franchise stores from its partner TDCo Limited with effect from March 1, 2015. In addition, the Group will manage seven duty free stores in close cooperation with its partners. The takeover reflects the fast-growing importance of Korea as a tourist destination and also its role as a trend-setting cultural and fashion market within the Asia Pacific region. The takeover will ideally position HUGO BOSS to strengthen its position in menswear and to exploit the attractive opportunities offered by the booming Korean womenswear market.

In China, the Group will now take its business entirely into its own hands. Following last year's buyout of the joint venture partner Rainbow Group, the agreement with the last franchise partner Wenzhou Noble in China will see control over the 21 BOSS stores currently operated on a franchise basis pass to HUGO BOSS with effect from April 1, 2015. This will enable it to more precisely target its strategy – which is based on strengthening the perception of its brand and on upgrading its retail network – and implement it consistently across all channels. Once the takeover is completed, HUGO BOSS will operate some 130 stores on the Chinese mainland.

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In the Middle East, HUGO BOSS plans to set up its own distribution company in the United Arab Emirates in 2015. Headquartered in Dubai, it is intended to take over distribution in the various markets of the region from January 1, 2016 onward. With this in mind, the existing sales cooperation with the commercial agent Fashion Trading Company SARL, Beirut, Lebanon, has been terminated effective December 31, 2015.

A provision relating to the change in distribution structure in the Middle East was set aside in the financial statements for 2014. The Group expects the transactions in Korea and China to contribute up to 1% to Group sales growth in 2015 and to have a positive effect on its operating profit. The parties to the contracts in both transactions have agreed to keep the purchase price confidential.

"In taking the action announced today, we are executing on our global growth strategy, which is aimed at achieving extensive brand control and running retail operations ourselves," commented Claus-Dietrich Lahrs, CEO of HUGO BOSS AG. "By assuming complete control of our brand presence in Korea, China and the Middle East, we will be further strengthening our presence in these important growth markets."

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

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