

HUGO BOSS

Press Release

HUGO BOSS First Half Year Results 2015

HUGO BOSS accelerates growth in second quarter of 2015

- **Sales rise by 16% in reporting currency and 7% currency-adjusted**
- **6% increase in retail comp store sales supports positive dynamic in own retail business**
- **Online sales channel shows particularly strong growth**
- **EBITDA before special items increases by 12%**
- **Full-year outlook reconfirmed**

Metzingen, August 4, 2015. HUGO BOSS grew much faster in the second quarter of 2015 than in the first three months of the year. All regions reported more favorable dynamics. Against this backdrop, Management reconfirms its sales and profit targets for the full year.

"Thanks to the very healthy development of the Group's own retail business, growth accelerated in the second quarter," says Claus-Dietrich Lahrs, CEO of HUGO BOSS AG. "The excellent trend in our online business contributed to this. Because of our strength in the European market, we expect the favorable trend to continue in the second half, even though conditions in the USA and China remain difficult. Our investments in the brands, distribution and organizational efficiency will pay off this year and beyond."

Europe grows fastest in second quarter

The HUGO BOSS Group's currency-adjusted sales rose by 7% in the second quarter. In euros, the Group recorded an increase of 16% to EUR 647 million (Q2 2014: EUR 559 million) due to positive currency effects. Europe made a substantial contribution to this development, posting currency-adjusted sales growth of 7%. Sales in the UK

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once more rose at a double-digit rate, and the pace of growth also increased in most of the other European countries. Revenues in the Americas increased by 5% in local currencies in the second quarter. The US market showed only moderate growth, however, being up by 1%. Bolstered by double-digit rises in Australia and Japan, sales in Asia exceeded the prior year's level by 5% after adjustment for currency effects, while the Chinese market displayed a currency-adjusted rise of 6%. Positive effects from the takeover of a franchise partner and new openings more than offset weakening sales growth in Hong Kong.

Currency-adjusted sales in the Group's own retail business (including outlets and online stores) rose by 12%. Currency-adjusted retail comp store sales growth in this channel came to 6%. The online business grew by 34% after adjustment for currency effects, primarily due to the successful relaunch of the hugoboss.com website last year. As expected, the wholesale business suffered from sales shifts resulting from further takeovers. Overall, currency-adjusted revenues in this distribution channel were 3% below the prior year's level.

Menswear sales rose by 7% in local currencies in the second quarter, while womenswear recorded growth of 5%. The womenswear of the BOSS core brand, created by Artistic Director Jason Wu, increased by 13%.

While the gross profit margin benefited from the above-average growth of the Group's own retail business, higher rebates and negative inventory valuation effects had a negative impact. Consequently, the gross profit margin fell by 20 basis points to 66.5% (Q2 2014: 66.7%). Higher operating expenses resulted mainly from currency effects, own retail upgrades and expansion as well as investments in processes and competences in that area. EBITDA before special items improved by 12% to EUR 123 million (Q2 2014: EUR 110 million). The adjusted operating margin thus contracted by 60 basis points to 19.1% in the second quarter (Q2 2014: 19.7%). Net income increased by 13% to EUR 71 million (Q2 2014: EUR 63 million).

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Group's own retail business remains growth driver in first half

The HUGO BOSS Group recorded sales growth of 5% in local currencies in the first half of the year. As a result of positive currency effects, this corresponds to an increase of 12% in the reporting currency, to EUR 1,315 million (H1 2014: EUR 1,172 million). Revenues were up in all regions. With a currency-adjusted 5% increase in sales, Europe was the fastest-growing region. This development was broad-based, with Great Britain showing a particularly pleasing trend. Sales in the Americas rose by 3% in local currencies despite a persistently challenging market environment in the apparel retail sector. The US market grew at a slightly lower rate. In Asia, sales were up 3% on the prior year after adjustment for currency effects. In addition to solid growth particularly in Australia and Japan, the takeover of franchise stores in Korea and China supported this development. The Chinese market increased by 1% after adjustment for currency effects in the first half.

Sales growth developed unevenly by distribution channel in the first half. The Group's own retail business (including outlets and online stores) recorded a currency-adjusted increase of 9%. At 23%, the online channel displayed the most vigorous growth. Comp store sales, after adjustment for currency effects, were up 5% on the prior year. The number of own retail stores saw a net expansion of 47 in the first six months, rising to 1,088 sites (December 31, 2014: 1,041). The Group's wholesale revenues declined by 2% in local currencies, reflecting in particular the effect of takeovers of selling spaces previously managed by wholesale partners.

Both menswear and womenswear grew by 5% in local currencies in the first six months. Womenswear of the BOSS core brand again increased at a double-digit rate, displaying a rise of 12%.

The gross profit margin showed a stable trend compared to the prior year at 66.0% (H1 2014: 66.0%). Higher rebates and inventory write-downs offset the positive effect of the increased share of sales of the Group's own retail business, however. EBITDA before special items amounted to EUR 255 million, up 6% compared to the prior year's period (H1 2014: EUR 242 million). Nevertheless, higher operating expenses in

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selling, marketing and administration depressed operating margin development, so that the adjusted EBITDA margin for the first half decreased by 120 basis points to 19.4% (H1 2014: 20.6%). Net income attributable to equity holders of the parent company increased by 2% to EUR 146 million (H1 2014: EUR 143 million).

Increased trade net working capital

Trade net working capital amounted to EUR 537 million at the end of the first half, an increase of 18% compared to the prior year (June 30, 2014: EUR 456 million).

Excluding currency effects, this translates into a rise of 5%, due mainly to higher inventories. At EUR 563 million, inventories were up by 4% adjusted for currency effects and by 15% in the reporting currency (June 30, 2014: EUR 488 million). The expansion of the Group's own retail business and the takeover of selling spaces from a number of business partners contributed to this development. Net financial liabilities, at EUR 214 million, showed a slight increase of 2% because of higher investments (June 30, 2014: EUR 210 million).

Outlook for the year 2015 confirmed

The company reconfirms its forecast that it will increase currency-adjusted sales in 2015 by a mid-single-digit rate. All regions are likely to contribute to the achievement of this goal. The Group once more projects above-average growth in its own retail business. A mid-single-digit increase is now expected for retail comp store sales. In addition to the opening of around 65 new stores, the Group's own retail business will also be expanded by further takeovers. Wholesale revenue will decline slightly due to sales shifts as a result of these takeovers. The operating result (EBITDA before special items) is expected to increase by between 5% and 7% in reported terms. This development should be supported by a positive gross profit margin development. However, the gross profit margin rise is likely to be lower than originally expected because of the negative first-half effects outlined above. Capital expenditure will now come to between EUR 220 million and EUR 240 million. Earnings growth and positive effects arising from further improvements in inventory management will contribute to strong free cash flow generation in the second half as well.

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

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Consolidated Income Statement

(in EUR million)	Q2 2015	Q2 2014	Change in %
Sales	647.1	558.9	16
Cost of sales	(216.7)	(185.8)	(17)
Gross profit	430.4	373.1	15
In % of sales	66.5	66.7	(20) bp
Selling and distribution expenses	(268.0)	(227.9)	(18)
Administration expenses	(69.6)	(60.0)	(16)
Other operating income and expenses	1.6	(2.3)	
Operating result (EBIT)	94.4	82.9	14
In % of sales	14.6	14.8	(20) bp
Net interest income/expenses	(2.9)	(1.5)	(93)
Other financial items	0.3	0.1	>100
Financial result	(2.6)	(1.4)	(86)
Earnings before taxes	91.8	81.5	13
Income taxes	(21.1)	(18.7)	(13)
Net income	70.7	62.8	13
Attributable to:			
Equity holders of the parent company	70.6	62.5	13
Non-controlling interests	0.1	0.3	(67)
Earnings per share (EUR)¹	1.02	0.90	13

¹ Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	Q2 2015	Q2 2014	Change in %
EBITDA before special items	123.3	110.2	12
In % of net sales	19.1	19.7	(60) bp
Special items	1.6	(2.3)	

Sales by Region and Channel

(in EUR million)	Q2 2015	Q2 2014	Change in %	Change in % currency-adjusted
Europe	363.6	331.5	10	7
Americas	172.0	136.8	26	5
Asia/Pacific	97.9	78.7	24	5
Licenses	13.6	11.9	14	15
TOTAL	647.1	558.9	16	7
Group's own retail business	431.2	353.0	22	12
Wholesale	202.3	194.0	4	(3)

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Consolidated Income Statement

(in EUR million)			
	Jan. - June 2015	Jan. - June 2014	Change in %
Sales	1,314.6	1,171.5	12
Cost of sales	(447.3)	(397.9)	(12)
Gross profit	867.3	773.6	12
In % of sales	66.0	66.0	0 bp
Selling and distribution expenses	(532.2)	(460.4)	(16)
Administration expenses	(138.0)	(120.8)	(14)
Other operating income and expenses	0.1	(0.8)	
Operating result (EBIT)	197.2	191.6	3
In % of sales	15.0	16.4	(140) bp
Net interest income/expenses	(3.8)	(2.0)	(90)
Other financial items	(3.5)	(2.0)	(75)
Financial result	(7.3)	(4.0)	(63)
Earnings before taxes	189.9	187.6	1
Income taxes	(43.7)	(43.2)	(1)
Net income	146.2	144.4	1
Attributable to:			
Equity holders of the parent company	146.1	143.2	2
Non-controlling interests	0.1	1.2	(92)
Earnings per share (EUR)¹	2.12	2.07	2

¹ Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)			
	Jan. - June 2015	Jan. - June 2014	Change in %
EBITDA before special items	254.8	241.5	6
In % of sales	19.4	20.6	(120) bp
Special items	0.1	(0.8)	

Sales by Region and Channel

(in EUR million)				
	Jan. - June 2015	Jan. - June 2014	Change in %	Change in % currency-adjusted
Europe	773.3	726.2	6	5
Americas	315.2	255.5	23	3
Asia/Pacific	198.8	165.0	21	3
Licenses	27.3	24.8	10	10
TOTAL	1,314.6	1,171.5	12	5
Group's own retail business	801.3	675.6	19	9
Wholesale	486.0	471.1	3	(2)

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Consolidated Balance Sheet

(in EUR million)			
	June 30, 2015	June 30, 2014	December 31, 2014
Assets			
Intangible assets	165.5	137.8	148.0
Property, plant and equipment	414.4	376.4	383.3
Deferred tax assets	117.5	87.0	100.4
Non-current financial assets	22.9	16.0	19.7
Non-current tax receivables	1.2	1.7	1.2
Other non-current assets	9.1	4.0	7.7
Non-current assets	730.6	622.9	660.3
Inventories	563.4	487.8	507.4
Trade receivables	210.5	209.0	250.5
Current tax receivables	13.4	13.5	8.3
Current financial assets	18.3	18.9	22.5
Other current assets	85.3	79.3	83.1
Cash and cash equivalents	56.3	49.7	128.6
Assets held for sale	0.0	0.0	1.1
Current assets	947.2	858.2	1,001.5
TOTAL	1,677.8	1,481.1	1,661.8
Equity and Liabilities			
	June 30, 2015	June 30, 2014	December 31, 2014
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	698.7	619.4	801.3
Accumulated other comprehensive income	55.4	(9.8)	14.6
Equity attributable to equity holders of the parent company	782.6	638.1	844.4
Non-controlling interests	(0.5)	(0.5)	(0.5)
Group equity	782.1	637.6	843.9
Non-current provisions	75.3	61.0	70.6
Non-current financial liabilities	232.5	238.3	153.6
Deferred tax liabilities	9.1	15.8	10.1
Other non-current liabilities	46.8	32.2	37.9
Non-current liabilities	363.7	347.3	272.2
Current provisions	109.2	88.7	115.7
Current financial liabilities	42.1	26.7	18.2
Income tax payables	41.3	59.7	59.9
Trade payables	236.9	240.5	255.0
Other current liabilities	102.5	80.6	96.9
Current liabilities	532.0	496.2	545.7
TOTAL	1,677.8	1,481.1	1,661.8