HUGO BOSS

Press Release
HUGO BOSS Nine Months Results 2015

2015 another year of growth for HUGO BOSS

- **Group sales up 9% on the previous year after nine months, currency-adjusted increase of 3%**
- **Strong online sales growth spurring the Group's own retail business**
- **Operating profit unchanged over the previous year**
- **Improved sales and earnings growth expected in the fourth quarter**

Metzingen, November 3, 2015. Fiscal year 2015 is proving to be a further year of growth for HUGO BOSS. After the first nine months of the year, sales are up on the previous year, although momentum slowed in the third quarter. Whereas Europe continued to post solid sales increases, Asia and America were both down. As announced in October, the Company expects a currency-adjusted increase in sales of between 3% and 5% for the year as a whole. Similarly, operating profit (EBITDA before special items) should be up by between 3% and 5%.

"2015 will be a year of solid growth for HUGO BOSS," says Claus-Dietrich Lahrs, CEO of HUGO BOSS AG. "Our business in Europe is growing. However, this was not sufficient last quarter to offset the effects of the more muted performance in China and the United States. Trends deteriorated in both markets. That said, we assume that sales and earnings will improve in the final quarter."

Europe remains a growth region in the third quarter

The Group's currency-adjusted sales decreased by 1% in the third quarter. However, in euro terms they were up 4%, rising to EUR 744 million (Q3 2014: EUR 717 million) due to positive currency effects. European business remained encouraging, with currency-adjusted revenues rising by 4%. Once again, sales in Great Britain rose at a double-digit rate, while the pace of growth in many other countries likewise remained solid. The robust European business is also being underpinned by strong demand on the part of tourists from Asia and the Americas. By contrast, revenues in the Americas declined by 7% in local currencies in the third quarter. This particularly reflects a 10% decline in sales in the U.S. market, where wholesale business as well as the Group's own retail business were subdued. Revenues in Asia were down 12% on the prior year in local currencies. A further increase in sales in Australia and Japan failed to offset the double-digit decline in China caused by the sharp deterioration in industry conditions.

Currency-adjusted sales in the Group's own retail business (including outlets and online stores) rose by 6%. Currency-adjusted retail comp sales in this channel were stable. Online business expanded by 20% on a currency-adjusted basis, thus remaining on the steep growth trajectory of the last few quarters. As expected, the wholesale business was burdened by shifts in sales arising from takeovers in Asia in particular. Business with partners in the United States contracted as well. Overall, sales in this distribution channel were 7% below the prior-year level on a currency-adjusted basis.

Menswear sales were down 1% in local currencies in the third quarter, while womenswear recorded growth of 1%. Sales of BOSS womenswear created by Artistic Director Jason Wu grew by 6%.

While the gross profit margin benefited from the above-average growth of the Group's own retail business, it was strained by higher rebates. All told, it widened by 40 basis points to 64.5% (Q3 2014: 64.1%). The higher operating expenses resulted mainly from ongoing upgrading and expansion of the Group's own retail store network, increased marketing expenses and investments in the Group's own retail excellence. EBITDA before special items fell by 8% to EUR 168 million (Q3 2014: EUR 182 million). Accordingly, the adjusted operating margin shrank by 280 basis points to 22.6% in the third quarter (Q3 2014: 25.4%). Net income dropped by 23% to EUR 89 million (Q3 2014: EUR 115 million). This decline is primarily due to negative exchange rate effects, which impacted the financial result.

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

Online drives disproportionate own retail growth in the first nine months

The HUGO BOSS Group recorded sales growth of 3% in local currencies in the first nine months of 2015. As a result of positive currency effects, this corresponds to an increase of 9% to EUR 2,059 million (9M 2014: EUR 1,888 million). With a currency-adjusted 5% increase in sales, Europe was the fastest-growing region. Sales expanded in nearly all countries, with the United Kingdom performing particularly well. The two other main markets in this region, Germany and France, posted solid sales growth. Sales in the Americas dropped by 1% in local currencies due to developments in the third quarter. The U.S. market was slightly weaker. In Asia, sales were down 2% on the prior year after adjustment for currency effects. The solid growth in Australia and Japan as well as the positive effects arising from the takeover of franchises failed to fully offset the effects of general spending restraint in China. Sales in China dropped by 6% after currency adjustment in the first nine months.

Sales by distribution channel were uneven in the first nine months. The Group's own retail business (including outlets and online stores) recorded an 8% increase in sales before adjustment for currency effects. At 22%, the online channel displayed the most vigorous growth. Currency-adjusted comp store sales were up 3% on the prior year. The Group’s own retail store network saw a net expansion of 64 in the first nine months, growing to 1,105 (December 31, 2014: 1,041). The Group’s wholesale sales declined by 4% in local currencies. This primarily reflects the takeover of selling spaces previously operated by wholesale partners as well as weaker replenishment business in the third quarter.

Menswear sales grew by 3% in local currencies in the first nine months. Womenswear was up 3% across all brands and lines as well. At 10%, womenswear under the BOSS core brand achieved double-digit sales growth.

The gross profit margin was slightly improved compared to the prior year, standing at 65.4% (9M 2014: 65.3%). Positive effects from the higher share of sales contributed by the Group’s own retail business more than made up for increased rebates and inventory writedowns. Despite the higher operating expenses for selling, marketing and administration, EBITDA before special items came to EUR 423 million and was thus unchanged over the prior year (9M 2014: EUR 423 million). However, weaker-than-expected sales and the slower growth of the gross profit margin compared to the original forecast strained the margins. Consequently, the adjusted EBITDA margin came to 20.5% in the first nine months, 190 basis points down on the prior year (9M 2014: 22.4%). The consolidated net income attributable to equity holders of the parent company fell by 9% to EUR 235 million (9M 2014: EUR 258 million).

Further progress in inventory management

Trade net working capital came to EUR 566 million at the end of September, up 3% on the prior year (September 30, 2014: EUR 548 million). However, it was 4% lower on a currency-adjusted basis. In addition to a decline in receivables and increased trade payables, this reflects improved inventory management. At the end of the third quarter, inventories were up 3% on a currency-adjusted basis and, hence, below the growth rates recorded in the previous quarters. This is mainly due to strict management in Europe as well as the progress made in reducing excess inventories in the United States. In the reporting currency, inventories grew by 12% to EUR 544 million (September 30, 2014: EUR 486 million). At the same time, the Group increased its capital expenditure by 64% to EUR 141 million (9M 2014: EUR 86 million). Accordingly, net financial liabilities increased by 27% to EUR 194 million (September 30, 2014: EUR 153 million).

Improved sales and earnings growth expected in the fourth quarter

As announced in October, the management of HUGO BOSS expects currency-adjusted sales to grow by between 3% and 5% for the year as a whole. Similarly, operating profit (EBITDA before special items) is expected to rise by between 3% and 5% on a reported basis. This forecast takes account of the recent significant slowdown in the industry in China as well as the more muted performance in the United States. The outlook is based on the assumption that fourth quarter own retail comp store sales will remain stable or increase compared with the prior year. This assumption is confirmed by own retail sales development in October. In addition to the Group's own retail business, for which the fourth quarter is the most important one, earnings will be supported by a gross profit margin increase exceeding the year-to-date growth rate. Excluding takeovers and closures, HUGO BOSS will be opening around 65 new stores this year. Capital expenditure will come to between EUR 220 million and EUR 240 million and focus mainly on the expansion and renovation of the Group's own retail network. Earnings growth and positive effects from further improvements in inventory management will also contribute to the substantially positive free cash flow in the year as a whole.

Further information on HUGO BOSS can be found at hugoboss.com.

If you have any questions, please contact:

Dr. Hjördis Kettenbach
Head of Corporate Communication

Phone: +49 7123 94-2375
Fax: +49 7123 94-80237

Dennis Weber
Head of Investor Relations

Phone: +49 7123 94-86267
Fax: +49 7123 94-886267

HUGO BOSS

Consolidated Income Statement

(in EUR million)	Q3 2015	Q3 2014	Change in %
Sales	**744.1**	**716.5**	**4**
Cost of sales	(264.4)	(257.3)	(3)
Gross profit	**479.7**	**459.2**	**4**
In % of sales	64.5	64.1	40 bp
Selling and distribution expenses	(280.6)	(245.5)	(14)
Administration expenses	(62.8)	(59.1)	(6)
Other operating income and expenses	(3.7)	(2.6)	(41)
Operating result (EBIT)	**132.6**	**152.0**	**(13)**
In % of sales	17.8	21.2	(340) bp
Net interest income/expenses	(1.4)	(1.4)	0
Other financial items	(16.3)	(1.6)	< (100)
Financial result	**(17.7)**	**(3.0)**	**< (100)**
Earnings before taxes	**114.9**	**149.0**	**(23)**
Income taxes	(26.4)	(34.3)	23
Net income	**88.5**	**114.7**	**(23)**
Attributable to:			
Equity holders of the parent company	88.5	114.7	(23)
Non-controlling interests	0.0	0.0	
Earnings per share (EUR)[1]	**1.28**	**1.67**	**(23)**

[1] Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	Q3 2015	Q3 2014	Change in %
EBITDA before special items	**168.1**	**181.9**	**(8)**
In % of net sales	22.6	25.4	(280) bp
Special items	(3.7)	(2.6)	(41)

Sales by Region and Channel

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(in EUR million)	**Q3 2015**	Q3 2014	Change in %	Change in % currency-adjusted
Europe	480.1	458.3	5	4
Americas	164.7	156.2	5	(7)
Asia/Pacific	84.3	87.1	(3)	(12)
Licenses	15.0	14.9	1	1
TOTAL	**744.1**	**716.5**	**4**	**(1)**
Group's own retail business	399.2	357.5	12	6
Wholesale	329.9	344.1	(4)	(7)

HUGO BOSS

Consolidated Income Statement

(in EUR million)	**Jan. - Sep. 2015**	Jan. - Sep. 2014	Change in %
Sales	**2,058.7**	**1,888.0**	**9**
Cost of sales	(711.7)	(655.2)	(9)
Gross profit	**1,347.0**	**1,232.8**	**9**
In % of sales	65.4	65.3	10 bp
Selling and distribution expenses	(812.9)	(705.9)	(15)
Administration expenses	(200.7)	(179.9)	(12)
Other operating income and expenses	(3.6)	(3.4)	(4)
Operating result (EBIT)	**329.8**	**343.6**	**(4)**
In % of sales	16.0	18.2	(220) bp
Net interest income/expenses	(5.2)	(3.3)	(58)
Other financial items	(19.8)	(3.7)	< (100)
Financial result	**(25.0)**	**(7.0)**	**< (100)**
Earnings before taxes	**304.8**	**336.6**	**(9)**
Income taxes	(70.1)	(77.4)	9
Net income	**234.7**	**259.2**	**(9)**
Attributable to:			
Equity holders of the parent company	234.6	258.0	(9)
Non-controlling interests	0.1	1.2	(92)
Earnings per share (EUR)[1]	**3.40**	**3.74**	**(9)**

[1] Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	**Jan. - Sep. 2015**	Jan. - Sep. 2014	Change in %
EBITDA before special items	**422.9**	**423.4**	**0**
In % of sales	20.5	22.4	(190) bp
Special items	(3.6)	(3.4)	(4)

Sales by Region and Channel

(in EUR million)	**Jan. - Sep. 2015**	Jan. - Sep. 2014	Change in %	Change in % currency-adjusted
Europe	1,253.4	1,184.5	6	5
Americas	479.9	411.7	17	(1)
Asia/Pacific	283.1	252.1	12	(2)
Licenses	42.3	39.7	7	7
TOTAL	**2,058.7**	**1,888.0**	**9**	**3**
Group's own retail business	1,200.5	1,033.1	16	8
Wholesale	815.9	815.2	0	(4)

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Consolidated Balance Sheet

(in EUR million)

Assets	September 30, 2015	September 30, 2014	December 31, 2014
Intangible assets	170.3	142.9	148.0
Property, plant and equipment	420.2	386.3	383.3
Deferred tax assets	138.4	100.1	100.4
Non-current financial assets	22.7	17.8	19.7
Non-current tax receivables	0.7	1.7	1.2
Other non-current assets	8.0	4.2	7.7
Non-current assets	**760.3**	**653.0**	**660.3**
Inventories	544.0	485.7	507.4
Trade receivables	248.1	265.0	250.5
Current tax receivables	13.3	11.0	8.3
Current financial assets	16.5	18.2	22.5
Other current assets	113.3	92.3	83.1
Cash and cash equivalents	55.8	49.6	128.6
Assets held for sale	0.0	0.0	1.1
Current assets	**991.0**	**921.8**	**1,001.5**
TOTAL	**1,751.3**	**1,574.8**	**1,661.8**

Equity and Liabilities	September 30, 2015	September 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	784.5	726.4	801.3
Accumulated other comprehensive income	47.1	11.4	14.6
Equity attributable to equity holders of the parent company	**860.1**	**766.3**	**844.4**
Non-controlling interests	(0.5)	(0.5)	(0.5)
Group equity	**859.6**	**765.8**	**843.9**
Non-current provisions	73.2	70.5	70.6
Non-current financial liabilities	170.4	181.2	153.6
Deferred tax liabilities	8.5	11.9	10.1
Other non-current liabilities	46.5	35.3	37.9
Non-current liabilities	**298.6**	**298.9**	**272.2**
Current provisions	113.8	101.3	115.7
Current financial liabilities	86.6	29.7	18.2
Income tax payables	51.1	83.6	59.9
Trade payables	226.4	202.2	255.0
Other current liabilities	115.2	93.3	96.9
Current liabilities	**593.1**	**510.1**	**545.7**
TOTAL	**1,751.3**	**1,574.8**	**1,661.8**

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-2375 Fax +49 7123 94-80237