HUGO BOSS

Press Release

HUGO BOSS proposes stable dividend for 2015 and implements measures to secure long-term business growth

Fiscal year 2015

- Currency-adjusted sales increase of 3% in the full year
- Operating profit (EBITDA before special items) rises slightly to EUR 594 million
- Proposed dividend of EUR 3.62 per share unchanged compared to prior year

Outlook 2016

- Sales expected to grow at a low single-digit percentage rate
- EBITDA before special items likely to decline by low-double-digit percentage rate
- Actions initiated to improve market position in the U.S. and China and to optimize own retail business

Metzingen, March 10, 2016. Fiscal year 2015 was the sixth year of growth in succession for HUGO BOSS. Sales and operating profit rose to new record levels. However, due to the difficult market situation and company-specific challenges in the U.S. and China, earnings fell slightly short of expectations. For the current year, HUGO BOSS once more expects sales to grow at a low-single-digit rate in local currencies, but with a low-double-digit decline in earnings. The Company has initiated steps to safeguard long-term sales and profit growth. These actions primarily address distribution and brand perception in the two core markets of the U.S. and China, further optimization of the global retail business in connection with the digitization of the business model and moves to secure a strong free cash flow.

"HUGO BOSS remains a sound, growing company. However, in an increasingly challenging market environment, success can't be taken for granted," says Mark Langer, CFO of HUGO BOSS AG. "To safeguard our profitable long-term growth, we have to align our strategy even more rigorously with customer needs. Management has therefore initiated measures to successfully address the external and company-specific challenges. Our brand's attractiveness, the quality of our operating platform, our financial strength and our highly motivated workforce give us strong foundations for the future."

Strong performance in Europe supports Group's growth in 2015

HUGO BOSS Group's sales increased by 9% to EUR 2,809 million in 2015 (2014: EUR 2,572 million). Adjusted for currency effects, the increase came to 3% and was therefore in line with the forecast made in October last year. A currency-adjusted sales increase of 5% in the fourth quarter supported this performance, which was mainly sustained by Europe with a robust sales increase of 6% for the full year. Growth in Europe accelerated to 10% in the fourth quarter with both the Group's own retail business and the wholesale business contributing to this development. In contrast, currency-adjusted sales in the Americas and Asia/Pacific declined slightly by 1% and 3% respectively over the year as a whole. In the Americas, fourth-quarter sales also dipped 1% below the prior year's level in local currencies, mainly because sales trends in the U.S. market did not improve as compared to third quarter. Double-digit sales decreases in China led to a currency-adjusted decline of 7% in Asia/Pacific in the fourth quarter.

Sales in the Group's own retail business were 7% above the prior year's level in local currencies in 2015. The online business made an important contribution with double-digit growth. Currency-adjusted retail comp sales increased by 2%. In the fourth quarter, the Group's own retail business grew by 6% adjusted for currency effects, showing similar growth to the full year. However, retail comp sales for the period decreased slightly by 1%. The Group's own retail network saw a net expansion of 72 stores to a total of 1,113 in the course of the year (2014: 1,041). Sales in the wholesale business fell 3% short of the prior year's level in local currencies in fiscal year 2015. However, this channel showed positive growth in the fourth quarter, with sales up by 2%.

Menswear grew by 3% in local currencies over the full year in 2015. Womenswear showed an above-average currency-adjusted rise of 4%, buoyed up by double-digit growth in BOSS Womenswear.

At 66.0%, the gross profit margin for 2015 was 10 basis points below the prior-year figure (2014: 66.1%). The positive effects of the disproportionate increase in sales in the Group's own retail business did not entirely offset higher discounts. Increased discounting activities, particularly in the U.S., led to a fall in the gross profit margin of 80 basis points to 67.4% in the fourth quarter (2014: 68.2%). Cost increases in the Group's own retail business, partly in connection with the expansion of the store network, as well as investments in the continued transformation of the business model also affected the development of EBITDA before special items, which increased by 1% to EUR 594 million over the full year (2014: EUR 591 million). This rise was slightly below the Company's forecast, which envisaged growth of between 3% and 5%. The adjusted EBITDA margin came to 21.2% for the whole of 2015, 180 basis points down on the prior year (2014: 23.0%). The consolidated net income attributable to the equity holders was 4% short of the prior-year value at EUR 319 million, due to higher depreciation and amortization and increased financial expenses (2014: EUR 333 million).

Company invests in future growth

Inventories were 10% above the prior year's level at the end of 2015. In local currencies, the increase came to only 3%. Mainly due to the higher inventories, trade net working capital rose by 5% to EUR 528 million (2014: EUR 503 million). After currency adjustments, this corresponds to a decrease of 2%. The free cash flow declined by 23% to EUR 208 million (2014: EUR 268 million) in fiscal year 2015. This was due to an increase in investments to EUR 220 million (2014: EUR 135 million). As a consequence, net financial liabilities grew to EUR 82 million (2014: EUR 36 million).

HUGO BOSS reconfirms attractive dividend policy

The Managing Board and the Supervisory Board of HUGO BOSS AG intend to propose to the Annual Shareholders' Meeting an unchanged dividend of EUR 3.62

per share for fiscal year 2015. This proposal reflects the strength of the Company's balance sheet and its positive growth prospects for the coming years. In addition, the Company is affirming its existing dividend policy, according to which between 60% and 80% of consolidated net income should be paid out to the shareholders. The proposal corresponds to a payout ratio of 78% of the consolidated net income attributable to the equity holders of the parent company (2014: 75%).

Europe continues to support growth in 2016

HUGO BOSS expects to be able to increase sales in fiscal year 2016 by a low-single-digit percentage rate, adjusted for currency effects. The forecast is based mainly on solid growth in Europe. A slight decline is expected in both the Americas and Asia/Pacific. The sales growth will be sustained by the Group's own retail business. Currency-adjusted sales in the wholesale channel will fall by a mid- to high-single-digit percentage rate, primarily due to structural changes and takeovers in the U.S. wholesale business.

According to the forecast, the gross profit margin will remain more or less stable. The above-average growth in the Group's own retail business is likely to offset negative effects from price adjustments in Asia. Further investments in the transformation of the business model and the brand will, however, lead to a decrease at a low-double-digit percentage rate in operating profit (adjusted EBITDA before special items).

In order to safeguard long-term sales and profit growth, the Managing Board has initiated actions to address the external and company specific challenges:

- In the U.S., the Company will limit its distribution in the wholesale segment and ensure that the BOSS core brand is offered only in shop-in-shops, to avoid heavy discounting as effectively as possible. An agreement has been reached with the Macy's department store chain for the Company to manage all eight BOSS shop-in-shops itself in the future.

- In China, HUGO BOSS is optimizing its retail presence. In addition to extensive renovations, the Company will close around 20 stores in this market. Price structures in China and some other Asian markets have been brought closer to the European level, a step which affected demand positively in the first few weeks.

- HUGO BOSS is to expand its digital activities and bring the execution of the online business in Europe in-house in the second quarter in order to offer its customers a seamless brand and shopping experience across all channels in the future.

- The Group is reviewing its cost structures and planned investments, particularly with regard to the further expansion of its own retail business. Accordingly, investments in the current fiscal year will be below EUR 200 million (2015: EUR 220 million). Rigorous inventory management will also help to ensure that the free cash flow rises compared to the prior year.

The Managing Board will discuss the financial results for fiscal year 2015 and the outlook for 2016 at today's Press and Analysts' Conference at the Group's headquarters in Metzingen, Germany. For further information, visit our website at group.hugoboss.com.

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HUGO BOSS

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HUGO BOSS

Consolidated Income Statement

(in EUR million)	**Q4 2015**	Q4 2014	Change in %
Sales	**750.0**	**683.6**	**10**
Cost of sales	(244.2)	(217.3)	(12)
Gross profit	**505.8**	**466.3**	**8**
In % of sales	67.4	68.2	(80) bp
Selling and distribution expenses	(323.7)	(289.0)	(12)
Administration costs	(63.5)	(56.3)	(13)
Other operating income/expenses	(0.7)	(15.9)	(96)
Operating result (EBIT)	**117.9**	**105.1**	**12**
In % of sales	15.7	15.4	30 bp
Net interest income/expenses	(0.7)	(1.1)	36
Other financial items	(2.0)	(3.4)	(41)
Financial result	**(2.7)**	**(4.5)**	**40**
Earnings before taxes	**115.2**	**100.6**	**15**
Income taxes	(30.5)	(25.3)	(21)
Net income	**84.7**	**75.3**	**12**
Attributable to:			
Equity holders of the parent company	84.7	75.3	12
Non-controlling interests	0.0	0.0	0
Earnings per share (EUR)[1]	**1.23**	**1.09**	**12**

[1] Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	**Q4 2015**	Q4 2014	Change in %
EBITDA before special items	**171.2**	**167.4**	**2**
In % of sales	22.8	24.5	(170) bp
Special items	(0.7)	(15.9)	96

Sales by Region and Channel

(in EUR million)	**Q4 2015**	Q4 2014	Change in %	Change in % currency-adjusted
Europe	429.8	382.0	13	10
Americas	190.6	174.9	9	(1)
Asia/Pacific	109.8	108.7	1	(7)
Royalties	19.8	18.0	10	10
TOTAL	**750.0**	**683.6**	**10**	**5**
Group's own retail business	488.3	438.3	11	6
Wholesale	241.9	227.3	6	2

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Consolidated Income Statement

(in EUR million)	2015	2014	Change in %
Sales	**2,808.7**	**2,571.6**	**9**
Cost of sales	(955.9)	(872.5)	(10)
Gross profit	**1,852.8**	**1,699.1**	**9**
In % of sales	66.0	66.1	(10 bp)
Selling and distribution expenses	(1,136.6)	(994.9)	(14)
Administration costs	(264.3)	(236.2)	(12)
Other operating income/expenses	(4.2)	(19.3)	78
Operating result (EBIT)	**447.7**	**448.7**	**0**
In % of sales	15.9	17.4	(150) bp
Net interest income/expenses	(5.9)	(4.5)	(31)
Other financial items	(21.8)	(7.1)	< (100)
Financial result	**(27.7)**	**(11.6)**	**<(100)**
Earnings before taxes	**420.0**	**437.1**	**(4)**
Income taxes	(100.6)	(102.6)	2
Net income	**319.4**	**334.5**	**(5)**
Attributable to:			
Equity holders of the parent company	319.3	333.3	(4)
Non-controlling interests	0.1	1.2	(92)
Earnings per share (EUR)[1]	**4.63**	**4.83**	**(4)**
Dividend per share (EUR)	**3.62**[2]	**3.62**	**0**

[1] Basic and diluted earnings per share.

[2] : Proposed dividend.

EBITDA and Special Items

(in EUR million)	2015	2014	Change in %
EBITDA before special items	**594.1**	**590.8**	**1**
In % of sales	21.2	23.0	(180) bp
Special items	(4.2)	(19.3)	78

Sales by Region and Channel

(in EUR million)	2015	2014	Change in %	Change in % currency-adjusted
Europe	1,683.2	1,566.5	7	6
Americas	670.5	586.6	14	(1)
Asia/Pacific	392.9	360.8	9	(3)
Licenses	62.1	57.7	8	8
TOTAL	**2,808.7**	**2,571.6**	**9**	**3**
Group's own retail business	1,688.8	1,471.3	15	7
Wholesale	1,057.8	1,042.6	1	(3)

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Consolidated Income Statement

(in EUR million)

Assets	December 31, 2015	December 31, 2014
Intangible assets	182.6	148.0
Property, plant and equipment	439.8	383.3
Deferred tax assets	115.2	100.4
Non-current financial assets	22.4	19.8
Non-current tax receivables	0.7	1.2
Other non-current assets	3.9	7.6
Non-current assets	**764.6**	**660.3**
Inventories	559.5	507.4
Trade receivables	239.6	250.5
Current tax receivables	21.1	8.3
Current financial assets	29.0	22.5
Other current assets	104.6	83.0
Cash and cash equivalents	81.4	128.6
Assets held for sale	0.5	1.1
Current assets	**1,035.7**	**1,001.5**
TOTAL	**1,800.3**	**1,661.8**

Equity and Liabilities	December 31, 2015	December 31, 2014
Subscribed capital	70.4	70.4
Own shares	(42.4)	(42.4)
Capital reserve	0.4	0.4
Retained earnings	873.1	801.3
Accumulated other comprehensive income	54.6	14.7
Equity attributable to equity holders of the parent company	**956.1**	**844.4**
Non-controlling interests	(0.5)	(0.5)
Group equity	**955.7**	**843.9**
Non-current provisions	72.1	70.5
Non-current financial liabilities	135.0	153.6
Deferred tax liabilities	7.8	10.1
Other non-current liabilities	42.2	37.9
Non-current liabilities	**257.1**	**272.2**
Current provisions	102.8	115.7
Current financial liabilities	41.5	18.3
Income tax payables	46.4	59.9
Trade payables	271.5	255.0
Other current liabilities	125.5	96.9
Current liabilities	**587.6**	**545.7**
TOTAL	**1,800.3**	**1,661.8**