HUGO BOSS

Ad hoc

Brand investments in difficult market environment impact HUGO BOSS profit outlook

Metzingen, February 23, 2016. HUGO BOSS expects to continue its growth trajectory in 2016. Group sales are forecasted to increase at a low single-digit percentage rate on a currency-adjusted basis. This will be driven by continued solid growth in region Europe.

The challenging market environment in China and the U.S. in particular and continued investments in the Group's growth potential, however, will depress earnings. Year-to-date 2016, sales in the Group's own retail business were weaker than expected mainly in China and the U.S. In light of this development, the Group focuses even more on the implementation of its strategy to strengthen the brand and to drive the transformation to a strictly customer-focused business model. As a result, the Group is adjusting its sales prices in Asia more closely to the levels in Europe and the Americas. In addition, it is limiting the distribution of the BOSS core brand in the U.S. wholesale business in order to elude the impact of a highly promotional market environment as far as possible. Cost adjustment measures will only be able to partially compensate for these effects. As a result, the Managing Board now expects adjusted operating profit (EBITDA before special items) to decline at a low double-digit percentage rate compared to the prior year in 2016.

The Group is confident to continue increasing sales in the medium term and to improve its margins again. However, the Group no longer expects to improve its adjusted operating margin (EBITDA before special items in relation to sales) to a level of 25%.

The Group will discuss the financial outlook in detail as part of the Press and Analysts' Conference on March 10, 2016.

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