



# CONTENTS

Key Figures **p. 3**

## 1

### **CONSOLIDATED INTERIM MANAGEMENT REPORT**

General Economic Situation and Industry  
Development **p. 5**

Group Earnings Development **p. 7**

- Sales Performance **p. 7**
- Earnings Development **p. 10**
- Sales and Profit Development of the  
Business Segments **p. 12**

Net Assets **p. 16**

Financial Position **p. 18**

Report on Risks and Opportunities **p. 20**

Subsequent Events and Outlook **p. 21**

Summary on Earnings, Net Assets and Financial  
Position **p. 23**

## 2

### **CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Consolidated Income Statement **p. 25**

Consolidated Statement of Comprehensive  
Income **p. 26**

Consolidated Statement of Financial Position **p. 27**

Consolidated Statement of Changes in Equity **p. 28**

Consolidated Statement of Cash Flows **p. 29**

Condensed Notes to the Consolidated Interim  
Financial Statements **p. 30**

## 3

### **FURTHER INFORMATION**

Forward-Looking Statements **p. 45**

Financial Calendar **p. 46**

Contacts **p. 46**

## KEY FIGURES

|  | Jan. – June<br>2017 | Jan. – June<br>2016 | Change<br>in % | Change<br>in % | 2nd Quarter<br>2017 | 2nd Quarter<br>2016 | Change<br>in % | Change<br>in % <sup>4</sup> |
|--|---------------------|---------------------|----------------|----------------|---------------------|---------------------|----------------|-----------------------------|
| <b>Net sales</b> (in EUR million)  | 1,287.0             | 1,264.7             | 2              | 2              | 636.0               | 622.1               | 2              | 3                           |
| <b>Net sales by segments</b>   |                     |                     |                |                |                     |                     |                |                             |
| Europe incl. Middle East and Africa                                      | 783.7               | 780.8               | 0              | 2              | 371.8               | 378.4               | (2)            | 0                           |
| Americas   | 273.8               | 271.3               | 1              | (2)            | 148.5               | 141.5               | 5              | 3                           |
| Asia/Pacific   | 195.1               | 182.8               | 7              | 5              | 97.7                | 88.1                | 11             | 10                          |
| Licenses   | 34.4                | 29.8                | 16             | 16             | 18.0                | 14.1                | 27             | 27                          |
| <b>Net sales by distribution channel</b>                                 |                     |                     |                |                |                     |                     |                |                             |
| Group's own retail business  | 807.6               | 785.3               | 3              | 3              | 436.0               | 415.0               | 5              | 6                           |
| Wholesale  | 445.0               | 449.6               | (1)            | (2)            | 182.0               | 193.0               | (6)            | (6)                         |
| Licenses   | 34.4                | 29.8                | 16             | 16             | 18.0                | 14.1                | 27             | 27                          |
| <b>Net sales by brand</b>  |                     |                     |                |                |                     |                     |                |                             |
| BOSS   | 1,099.7             | 1,096.2             | 0              | 0              | 545.4               | 536.5               | 2              | 2                           |
| HUGO   | 187.3               | 168.5               | 11             | 11             | 90.6                | 85.6                | 6              | 6                           |
| <b>Net sales by gender</b>   |                     |                     |                |                |                     |                     |                |                             |
| Menswear   | 1,144.7             | 1,122.2             | 2              | 2              | 567.6               | 551.2               | 3              | 3                           |
| Womenswear   | 142.3               | 142.5               | 0              | (1)            | 68.4                | 70.9                | (3)            | (4)                         |
| <b>Results of operations</b> (in EUR million)                            |                     |                     |                |                |                     |                     |                |                             |
| Gross profit   | 849.5               | 832.2               | 2              |                | 430.3               | 420.3               | 2              |                             |
| Gross profit margin in %   | 66.0                | 65.8                | 20 bp          |                | 67.7                | 67.6                | 10 bp          |                             |
| EBITDA   | 211.6               | 142.9               | 48             |                | 114.0               | 56.6                | > 100          |                             |
| EBITDA before special items  | 205.1               | 201.2               | 2              |                | 107.7               | 107.7               | 0              |                             |
| Adjusted EBITDA margin in % <sup>1</sup>                                 | 15.9                | 15.9                | 0 bp           |                | 16.9                | 17.3                | (40) bp        |                             |
| EBIT   | 145.1               | 69.1                | > 100          |                | 80.6                | 15.4                | > 100          |                             |
| Net income attributable to equity holders of the parent company          | 105.6               | 49.5                | > 100          |                | 57.6                | 11.1                | > 100          |                             |
| <b>Net assets and liability structure as of June 30</b> (in EUR million) |                     |                     |                |                |                     |                     |                |                             |
| Trade net working capital  | 484.3               | 533.0               | (9)            | (8)            |                     |                     |                |                             |
| Trade net working capital in % of net sales <sup>2</sup>                 | 19.2                | 19.6                | -40 bp         |                |                     |                     |                |                             |
| Non-current assets   | 719.1               | 776.1               | (7)            |                |                     |                     |                |                             |
| Equity   | 801.7               | 734.9               | 9              |                |                     |                     |                |                             |
| Equity ratio in %  | 47.7                | 42.4                | 530 bp         |                |                     |                     |                |                             |
| Total assets   | 1,679.2             | 1,734.0             | (3)            |                |                     |                     |                |                             |
| <b>Financial position</b> (in EUR million)                               |                     |                     |                |                |                     |                     |                |                             |
| Capital expenditure  | 56.7                | 79.1                | (28)           |                | 33.2                | 41.5                | (20)           |                             |
| Free cash flow   | 131.9               | 53.8                | > 100          |                | 125.0               | 58.7                | > 100          |                             |
| Depreciation/amortization  | 66.5                | 73.8                | (10)           |                | 33.4                | 41.2                | (19)           |                             |
| Net financial liabilities (as of June 30)                                | 165.7               | 281.0               | (41)           |                |                     |                     |                |                             |
| Total leverage (as of June 30) <sup>3</sup>                              | 0.3                 | 0.5                 |                |                |                     |                     |                |                             |
| <b>Additional key figures</b>  |                     |                     |                |                |                     |                     |                |                             |
| Employees (as of June 30)  | 13,539              | 13,572              | 0              |                |                     |                     |                |                             |
| Personnel expenses (in EUR million)                                      | 303.2               | 309.0               | (2)            |                | 151.5               | 151.4               | 0              |                             |
| Number of Group's own retail stores                                      | 1,128               | 1,122               | 1              |                | 2                   | (6)                 |                |                             |
| thereof freestanding retail stores                                       | 438                 | 443                 | (1)            |                | 2                   | 5                   |                |                             |
| <b>Shares</b> (in EUR)   |                     |                     |                |                |                     |                     |                |                             |
| Earnings per share   | 1.53                | 0.72                | > 100          |                | 0.83                | 0.16                | > 100          |                             |
| Last share price (as of June 30)   | 61.30               | 50.90               | 20             |                | 61.30               | 50.90               | 20             |                             |
| Number of shares (as of June 30)   | 70,400,000          | 70,400,000          | 0              |                | 70,400,000          | 70,400,000          | 0              |                             |

<sup>1</sup> EBITDA before special items/sales.

<sup>2</sup> moving average on the basis of the last four quarters.

<sup>3</sup> Net financial liabilities/EBITDA before special items of the last 12 months.

<sup>4</sup> currency-adjusted.

CHAPTER

1

# Consolidated Interim Management Report

# GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

## **Slight acceleration in global economic growth**

Underlying conditions in the **global economy** improved steadily in the first half of the year. The emerging markets were not the only ones to accelerate growth. Economic momentum also picked up in the industrialized nations. This prompted the IMF to raise its full-year global growth forecast from 3.4% to 3.5% in April. The global economy had grown by 3.1% in the previous year. The strengthening economic output in China, a partly recovery in commodity prices and the persistently solid financial markets caused economic indicators to improve.

## **European economy still on a growth trajectory**

In the first half of 2017, economic growth in **Europe** was spurred by the still accommodative monetary policy being pursued by the ECB, persistently upbeat consumer confidence and declining political risks. The IMF raised its growth forecasts more substantially for Great Britain, Spain and Russia among others. Alongside Germany, which remains the most important driver of the eurozone economy, there was also an improvement in the economic outlook for France and Italy.

## **IMF growth forecast scaled back for the US economy**

After a weaker phase in the spring, the leading indicators for the **U.S.** economy have recently been improving again. This was also due to the weakening of the US dollar. The generally robust economic growth achieved in the United States in the first half of the year was underpinned in particular by the manufacturing sector and expectations of fiscal easing. However, the IMF has recently lowered its full-year growth forecast. The main reason for this is growing doubts as to the viability of the U.S. government's fiscal and spending plans. In South America, low commodity prices and high public-sector debt in some countries continued to place a damper on economic growth.

## **Strengthening economic output in China**

In **Asia**, the regional disparities in economic growth continued. Fueled by expansionary lending and high public-sector spending, economic growth in China gained momentum slightly in the first half of the year, with imports and also exports rising significantly. This prompted the IMF to raise its full-year growth forecast for China in June. The growth rates of the smaller emerging markets in this region also picked up in the first half of the year. The Japanese economy grew at a moderate rate with the support of an expansionary monetary policy.

### **Industry development marked by regional and company-specific differences**

Trends in the **global premium and luxury goods industry** were generally favorable in the first half of 2017. The solid growth of the global economy and the recovery in business with tourists had a positive effect on conditions in the industry. Moreover, the preliminary positive impact of the changes that many companies had made to their business models in 2016 to adapt to the long-term lower growth outlook for the industry was visible. Generally speaking, however, industry development was marked by substantial regional and company-specific differences. Thus, there were signs in the first half of the year of a growing polarization between successful companies on the one hand and those that were suffering from lower revenues and profitability on the other. Across the entire market, clothing business was more muted than other segments, particularly footwear and accessories.

### **Solid development in Europe and Asia, Americas still difficult**

**Europe** benefited from increased demand compared with the prior year on the part of Asian tourists in particular as well as consistently upbeat consumer confidence. Great Britain saw robust local demand as well as growth in business with tourists driven by the depreciation of the pound sterling. While market conditions in Spain were also very favorable, the situation was more difficult in France as well as in Germany. The market environment in the **Americas** remained challenging during the first half of the year. In addition to local department stores facing a difficult economic situation, the continued high availability of discounted merchandise resulted in a relatively muted industry development. Spurred by the economic upswing, industry revenues in Central and South America grew in the first half of the year. **Asia** showed generally positive development, albeit significant differences between individual regions. The industry benefited from strong local demand in mainland China. This was supported by the slight acceleration in economic growth, tightened import controls, which shifted consumer demand towards the domestic market and price adjustments made by many market participants as well as consolidation of store networks in the recent past. The industry environment in Hong Kong and Macau showed preliminary signs of stabilization in the first half of the year, while Japan and particularly South Korea proved difficult.

# GROUP EARNINGS DEVELOPMENT

## SALES PERFORMANCE

### Increase in Group sales in the reporting period

In the first six months of fiscal year 2017, HUGO BOSS generated **Group sales** of EUR 1,287 million. Sales were therefore up 2% on the comparable prior-year period in the Group currency as well as in local currencies (prior year: EUR 1,265 million).

### SALES BY REGION (in EUR million)

|                     | Jan. – June<br>2017 | In %<br>of sales | Jan. – June<br>2016 | In %<br>of sales | Change in % | Currency-<br>adjusted<br>change in % |
|---------------------|---------------------|------------------|---------------------|------------------|-------------|--------------------------------------|
| Europe <sup>1</sup> | 783.7               | 61               | 780.8               | 62               | 0           | 2                                    |
| Americas            | 273.8               | 21               | 271.3               | 21               | 1           | (2)                                  |
| Asia/Pacific        | 195.1               | 15               | 182.8               | 15               | 7           | 5                                    |
| Licenses            | 34.4                | 3                | 29.8                | 2                | 16          | 16                                   |
| <b>TOTAL</b>        | <b>1,287.0</b>      | <b>100</b>       | <b>1,264.7</b>      | <b>100</b>       | <b>2</b>    | <b>2</b>                             |

<sup>1</sup> Including the Middle East and Africa.

### Uneven sales development between regions

The currency-adjusted increase in sales in **Europe** including the Middle East and Africa was underpinned by improved local demand and a recovery in business with tourists. Great Britain in particular benefited from this, with growth in the high single digits. Sales in the **Americas** declined due to contracting wholesale business in the United States. Sales in the **Asia/Pacific** region benefited from the continuing upswing in the Chinese market and were primarily driven by double-digit growth rates in mainland China.

### SALES BY DISTRIBUTION CHANNEL (in EUR million)

|                             | Jan. – June<br>2017 | In % of<br>sales | Jan. – June<br>2016 | In % of<br>sales | Change in % | Currency-<br>adjusted<br>change in % |
|-----------------------------|---------------------|------------------|---------------------|------------------|-------------|--------------------------------------|
| Group's own retail business | 807.6               | 63               | 785.3               | 62               | 3           | 3                                    |
| Directly operated stores    | 520.6               | 40               | 513.4               | 41               | 1           | 2                                    |
| Outlet                      | 252.9               | 20               | 233.1               | 18               | 8           | 8                                    |
| Online                      | 34.1                | 3                | 38.8                | 3                | (12)        | (11)                                 |
| Wholesale                   | 445.0               | 34               | 449.6               | 36               | (1)         | (2)                                  |
| Licenses                    | 34.4                | 3                | 29.8                | 2                | 16          | 16                                   |
| <b>TOTAL</b>                | <b>1,287.0</b>      | <b>100.0</b>     | <b>1,264.7</b>      | <b>100.0</b>     | <b>2</b>    | <b>2</b>                             |

### Stable comp store sales

In the **Group's own retail business** the effects of the previous year's expansion of the retail network caused sales to rise. Growth rates in the outlet channel exceeded those of freestanding retail stores and shop-in-shops, primarily as a result of the improved sales trends in the United States and the expansion of this distribution channel in Asia. A muted start to the year caused sales in the Group's own online business to decline in the

first half of the year. Comp store sales in the Group's own retail business were stable both in the Group currency and in local currencies.

#### Currency-adjusted decline in wholesale channel sales

Sales in the **wholesale channel** declined slightly in fiscal year 2017 both in the reporting currency as well as in local currencies. This was mainly due to measures for enhancing distribution in the American wholesale business and the weaker demand of local wholesale partners. In addition, the takeover of selling space previously operated by wholesale partners caused a shift in sales from wholesale business to the Group's own retail business.

#### Substantial increase in license sales

Sales in the **license business** increased substantially in the first half of 2017 both in the Group currency and in local currencies. In particular, there was double-digit growth in license income from fragrances.

#### SALES BY BRAND (in EUR million)

|                   | 2017           | In % of sales | 2016           | In % of sales | Change in % | Currency-adjusted change in % |
|-------------------|----------------|---------------|----------------|---------------|-------------|-------------------------------|
| BOSS <sup>1</sup> | 1,099.7        | 85            | 1,096.2        | 87            | 0           | 0                             |
| HUGO              | 187.3          | 15            | 168.5          | 13            | 11          | 11                            |
| <b>TOTAL</b>      | <b>1,287.0</b> | <b>100</b>    | <b>1,264.7</b> | <b>100</b>    | <b>2</b>    | <b>2</b>                      |

<sup>1</sup> Including BOSS Green and BOSS Orange.

#### HUGO with double-digit sales growth

The sales development of the **BOSS** core brand was negatively impacted by scaling back distribution in the American wholesale business. The athleisure offering, which in 2017 is still being sold under the BOSS Green brand, continued to post double-digit growth. **HUGO** recorded a double-digit increase in sales. The brand benefited from a growing wholesale presence as well as growth in the Group's own retail business.

#### SALES BY GENDER (in EUR million)

|              | 2017           | In % of sales | 2016           | In % of sales | Change in % | Currency-adjusted change in % |
|--------------|----------------|---------------|----------------|---------------|-------------|-------------------------------|
| Menswear     | 1,144.7        | 89            | 1,122.2        | 89            | 2           | 2                             |
| Womenswear   | 142.3          | 11            | 142.5          | 11            | 0           | (1)                           |
| <b>TOTAL</b> | <b>1,287.0</b> | <b>100</b>    | <b>1,264.7</b> | <b>100</b>    | <b>2</b>    | <b>2</b>                      |

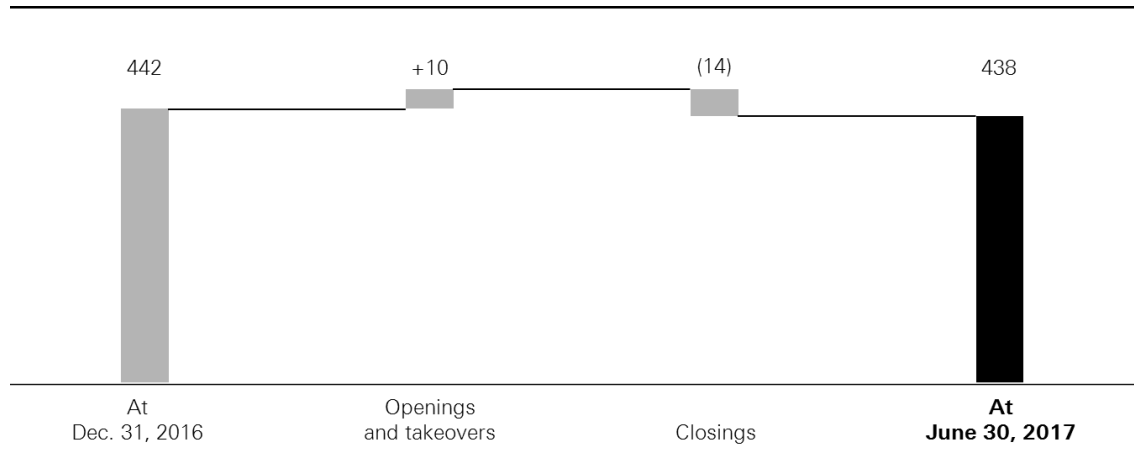
#### Slight decline in Womenswear sales in the first half of the year

The increase in sales in **Menswear** was supported by the growth of the HUGO brand and the BOSS Green brand line. The **Womenswear** business also benefited from positive sales development in the HUGO brand. However, this did not fully make up for the decline in sales sustained by the BOSS brand.



**Net decline of four stores in network of freestanding retail stores**

In the first six months of fiscal year 2017, the total number of the **Group's own freestanding retail stores** decreased by a net of four to 438 (December 31, 2016: 442).



There were nine organic **new openings**, the **takeover** of one retail store previously operated by a franchise partner and 14 closures. With respect to the closures, the Group made use of expiring leases in most cases.

**Slight increase in selling space productivity**

Including shop-in-shops and outlets, the **total selling space** of the Group's own retail business rose slightly to around 155,000 sqm (December 31, 2016: 154,000 sqm). **Selling space productivity** in the Group's own retail business came to around EUR 11,000 per sqm in the past twelve months (January to December 2016: EUR 10,900 per sqm).

## EARNINGS DEVELOPMENT

### INCOME STATEMENT (in EUR million)

|   | Jan. – June<br>2017 | In % of<br>sales | Jan. – June<br>2016 | In % of<br>sales | Change<br>in %  |
|---|---------------------|------------------|---------------------|------------------|-----------------|
| <b>Sales</b>                                | <b>1,287.0</b>      | <b>100.0</b>     | <b>1,264.7</b>      | <b>100.0</b>     | <b>2</b>        |
| Cost of sales                               | (437.5)             | (34.0)           | (432.5)             | (34.2)           | (1)             |
| <b>Gross profit</b>                         | <b>849.5</b>        | <b>66.0</b>      | <b>832.2</b>        | <b>65.8</b>      | <b>2</b>        |
| Selling and distribution expenses           | (569.6)             | (44.3)           | (560.3)             | (44.3)           | (2)             |
| Administration costs                        | (141.3)             | (11.0)           | (138.2)             | (10.9)           | (2)             |
| Other operating income and expenses         | 6.5                 | 0.6              | (64.6)              | (5.1)            | > 100           |
| <b>Operating result (EBIT)</b>              | <b>145.1</b>        | <b>11.3</b>      | <b>69.1</b>         | <b>5.5</b>       | <b>&gt; 100</b> |
| Financial result                            | (6.1)               | (0.5)            | (3.9)               | (0.3)            | (56)            |
| <b>Earnings before taxes</b>                | <b>139.0</b>        | <b>10.8</b>      | <b>65.2</b>         | <b>5.2</b>       | <b>&gt; 100</b> |
| Income taxes                                | (33.4)              | (2.6)            | (15.7)              | (1.3)            | <(100)          |
| <b>Net income</b>                           | <b>105.6</b>        | <b>8.2</b>       | <b>49.5</b>         | <b>3.9</b>       | <b>&gt; 100</b> |
| <b>Earnings per share (EUR)<sup>1</sup></b> | <b>1.53</b>         |                  | <b>0.72</b>         |                  | <b>&gt; 100</b> |
| <b>EBITDA</b>                               | <b>211.6</b>        | <b>16.4</b>      | <b>142.9</b>        | <b>11.3</b>      | <b>48</b>       |
| EBITDA related special items                | 6.5                 | 0.5              | (58.3)              | (4.6)            | > 100           |
| <b>EBITDA before special items</b>          | <b>205.1</b>        | <b>15.9</b>      | <b>201.2</b>        | <b>15.9</b>      | <b>2</b>        |
| <b>Income tax rate in %</b>                 | <b>24</b>           |                  | <b>24</b>           |                  |                 |

<sup>1</sup> Basic and diluted earnings per share.

### Gross profit margin increases by 20 basis points

The increase in the **gross profit margin** to 66.0% resulted from lower discounts compared to the prior year (prior year: 65.8%). Negative currency effects associated with the depreciation of the British pound, however, offset this effect to some extent.

### Increase in selling expenses capped at 1%

**Selling and distribution expenses** were up slightly on the prior year's figure in the first six months of 2017. At 44.3%, they remained stable relative to sales as compared to the prior year. The recent reduction in expansion activities and the positive effects from renegotiated leases for the Group's own retail stores capped the increase in selling expenses at 1%. Relative to sales, they remained at the prior-year level of 34.3%. Marketing expenses rose by 2% compared to the prior-year level due to increased brand communications activities but, at 6.8%, remained unchanged over the prior year relative to sales. Logistics expenses increased by 8% over the comparable prior-year period and, at 3.1% of sales, were slightly up on the prior year (prior year: 2.9%).

### Slight increase in administration expenses

**Administration expenses** were up 2% on the prior-year level in the first six months of fiscal year 2017. Relative to sales, they stood at 11.0% (prior year: 10.9%). General administration expenses increased by 3% and, at 8.5% of sales, were slightly up on the prior-year period (prior year: 8.4%). In addition to increased personnel expenses, this was due to an increase in depreciation and amortization following the prior year's IT infrastructure spending. Research and development costs incurred in the development of collections were stable and, relative to sales, remained at the prior-year level of 2.5%.

### **Special items support net income**

Net income arising from **other operating expenses and income** in the first six months came to EUR 7 million (2016: net expenses of EUR 65 million). Under the catalog of measures to return the Group to profitable growth, a decision had been made in the second quarter of 2016 among other things to close around 20 unprofitable freestanding stores around the world by the end of 2017. In the comparison period, the expenses arising in this connection from the recognition of provisions, particularly for payments to landlords or the fulfillment of the leasing contract by subletting below the rental price, as well as impairments on store fittings, had come to EUR 52 million. The company was able to achieve more favorable conditions compared to the original plans for the early termination of leases. Consequently, it was possible to reduce the provisions that had been recognized in the second quarter of 2016 by EUR 7 million in the second quarter of 2017. Five of the roughly 20 planned closures had been completed as of June 30, 2017.

### **Increase in EBITDA before special items**

The increase in **EBITDA before special items** is due to the positive development of the gross profit margin and measures for improving cost efficiency. The **EBIT** additionally benefited from the development of other operating income and expenses. The **adjusted EBITDA margin** came to 15.9% and was thus unchanged over the prior year. At EUR 67 million, **depreciation** was 10% down on the comparison period due to impairments that had been recognized on store fittings in the prior year and were not repeated this year (prior year: EUR 74 million).

### **Increase in financial result due to negative exchange rate effects**

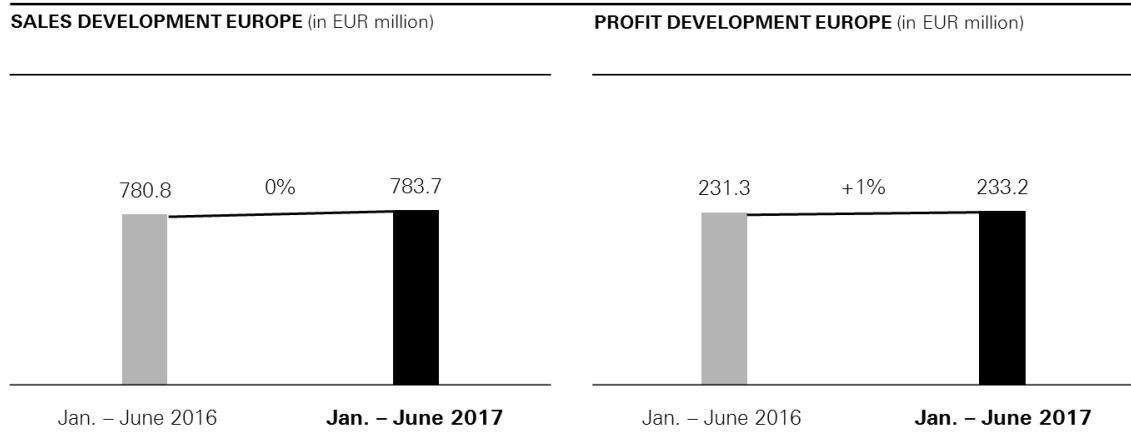
The **financial result**, measured as net expense after aggregating interest result and other financial items, increased in the first six months of fiscal year 2017. This was due to negative exchange rate effects in connection with more volatile currency markets compared with the prior year.

### **Net income up substantially on prior-year period**

At 24%, the **Group's tax rate** remained unchanged on the prior-year level. In the first six months of fiscal year 2017, **net income** thus rose substantially to EUR 106 million (prior year: EUR 50 million).

## SALES AND PROFIT DEVELOPMENT OF THE BUSINESS SEGMENTS

### EUROPE



#### Currency adjusted sales increase in both distribution channels

Sales in the **Group's own retail business** in Europe remained roughly stable at EUR 451 million in the reporting period (prior year: EUR 452 million). An increase of 2% was achieved in local currencies. In the same period, sales with **wholesale** customers increased by 1% in the reporting currency as well as in local currencies to EUR 332 million (prior year: EUR 329 million).

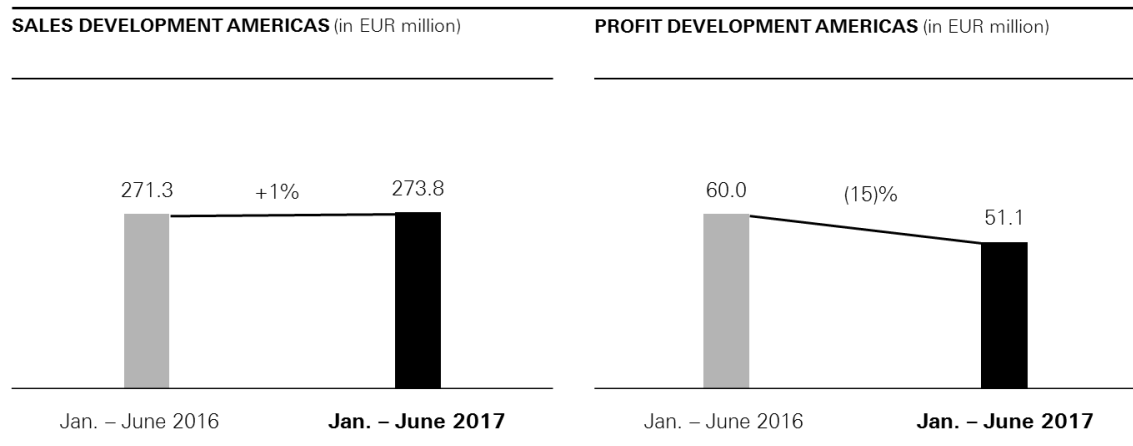
#### Uneven trends in core markets

At EUR 209 million, sales in **Germany** were down 2% on the comparable prior-year period (prior year: EUR 213 million). This was due to the slight decline in sales in the wholesale channel, whereas sales in the Group's own retail business were stable. In **Great Britain**, sales in the reporting currency came to EUR 144 million, down 1% on the prior-year period (prior year: EUR 145 million). This was due to the depreciation of pound sterling against the euro. In the local currency, HUGO BOSS achieved an increase of 9% in sales which was underpinned by both distribution channels. At EUR 80 million, sales in **France** were down 7% on the comparable prior-year period (prior year: EUR 86 million), with both the Group's own retail business and wholesale business sustaining a decline in sales. One main reason for this was the later start of the end-of-season sales compared with the prior year. In the **Benelux countries**, sales rose by 2% to EUR 63 million due to growth in the wholesale business (prior year: EUR 62 million). The Group's own retail business in this market contracted slightly during the reporting period.

#### Segment profit up slightly on the prior-year period

At EUR 233 million, **segment profit** in Europe was up 1% over the comparable prior-year period (prior year: EUR 231 million). This was due to a slight decline in operating expenses. The adjusted EBITDA margin expanded by 20 basis points to 29.8% (prior year: 29.6%).

## AMERICAS



### Uneven sales development in the two distribution channels

Sales in the **Group's own retail business** climbed by 5% in the reporting currency, amounting to EUR 176 million in the first six months (prior year: EUR 168 million). This is equivalent to a currency-adjusted increase of 2%. Sales in the **wholesale channel** came to EUR 98 million in the first six months of fiscal year 2017 (prior year: EUR 103 million). Accordingly, sales in this distribution channel decreased by 5% in the Group currency and by 8% in local currencies. This was due to more selective distribution, particularly of the BOSS core brand, and declining demand on the part of wholesale partners.

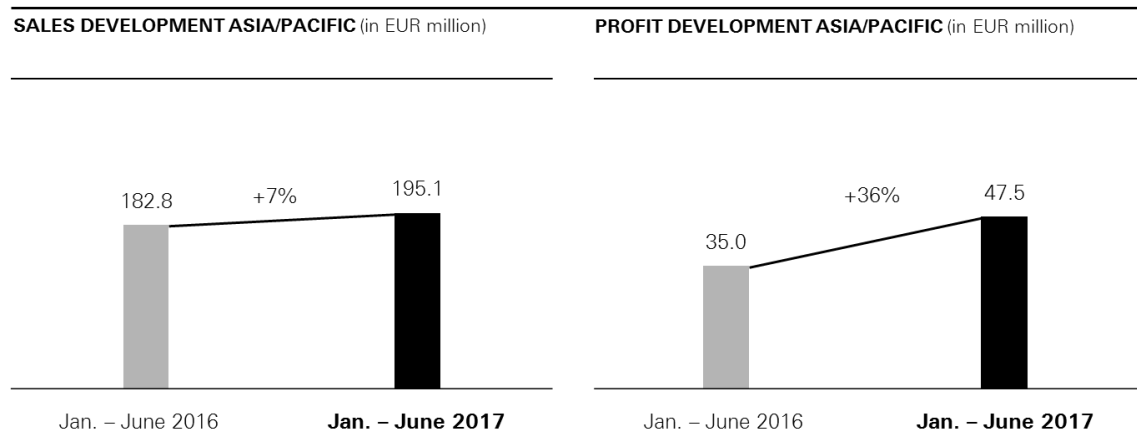
### Currency-adjusted decline in sales in the United States

Sales in the **United States** rose slightly in the reporting currency to EUR 207 million in the first six months of the fiscal year 2017 (prior year: EUR 206 million). However, they were down 3 % in currency-adjusted terms. Both the Group's own retail business and wholesale business contracted. In **Canada**, sales in the reporting currency climbed by 6% to EUR 36 million (prior year: EUR 34 million). They were up 4% in currency-adjusted terms. Sales growth was underpinned by takeovers in the course of expanding the Group's own retail business. Sales in **Central and South America** decreased by 1% in the reporting currency to EUR 31 million (prior year: EUR 32 million). This is equivalent to a currency-adjusted decline of 2%. The positive sales trend in the Group's own retail business did not compensate for the decline in sales in the wholesale channel.

### Segment profit burdened by increase in operating expenses

At EUR 51 million, **segment profit** in the Americas was down 15% on the prior-year period (prior year: EUR 60 million). This was primarily due to higher selling and distribution expenses. At the end of the first half of the year, the adjusted EBITDA margin stood at 18.6%, 350 basis points down on the prior year (prior year: 22.1%).

## ASIA/PACIFIC



### Currency-adjusted sales increase of 8% in in the Group’s own retail business

Sales in the **Group’s own retail business** in this region rose by 9% to EUR 180 million in the reporting currency (prior year: EUR 165 million). This is equivalent to an increase of 8% in local currencies compared to the prior-year period. By contrast, at EUR 15 million, sales with **wholesale customers** were down 16% on the prior year in the reporting currency (prior year: EUR 18 million). Currency-adjusted sales fell by 18%. Takeovers in the prior year of selling space previously operated by wholesale partners made a material contribution towards this.

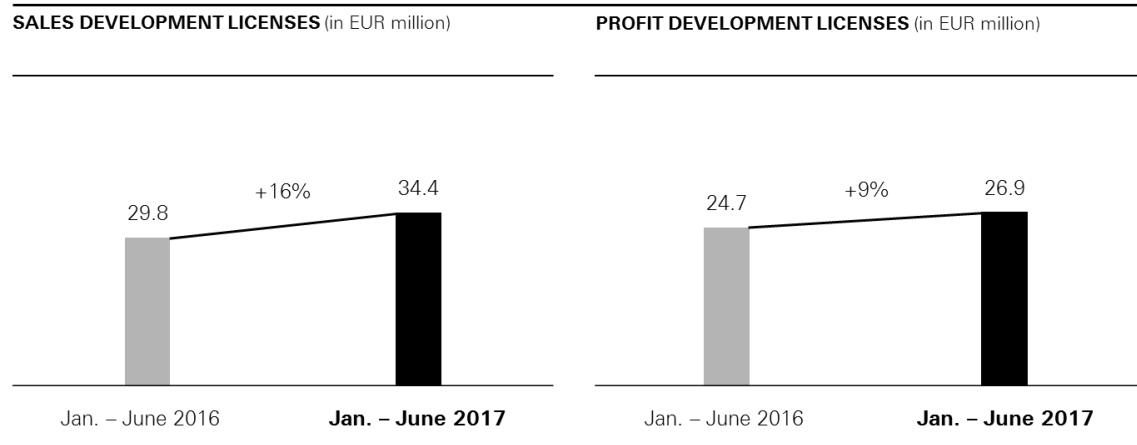
### Asian markets on course for growth

Sales in **China** came to EUR 110 million and thus were up 8% on the prior year in both the reporting currency and local currencies (prior year: EUR 103 million). Business in mainland China was again stronger than in Hong Kong and Macau. At EUR 29 million, sales in **Oceania** were up 5% on the comparable prior-year period (prior year: EUR 28 million). However, currency-adjusted sales in this market were down slightly by 1%. Sales in **Japan** also increased. At EUR 24 million, they were up 7% on the prior-year period (prior year: EUR 23 million), which is equivalent to a currency-adjusted increase of 5%.

### Substantial increase in segment profit

At EUR 48 million, **segment profit** in Asia/Pacific was up 36 % on the comparable prior-year period (prior year: EUR 35 million). This was due to higher sales, reduced discounting compared with the prior year and only a moderate increase in operating expenses. In the prior year earnings had also been held back by negative inventory valuation effects. At 24.3%, the adjusted EBITDA margin was up a substantial 520 basis points on the prior year (prior year: 19.1%).

## LICENSES



### License business up 16 %

The **license business** grew substantially in the first half of the year.

At EUR 27 million, the license **segment profit** was 9% up on the comparable prior-year period (prior year: EUR 25 million).

# NET ASSETS

## STATEMENT OF FINANCIAL POSITION (in EUR million)

|   | June 30, 2017  | June 30, 2016  | December 31, 2016 |
|---|----------------|----------------|-------------------|
| Property, plant and equipment and intangible assets | 578.8          | 619.3          | 601.7             |
| Inventories   | 541.7          | 565.5          | 568.0             |
| Trade receivables                                   | 188.0          | 192.1          | 228.2             |
| Other assets  | 277.7          | 307.5          | 317.2             |
| Cash and cash equivalents                           | 93.0           | 49.6           | 83.5              |
| <b>Assets</b>                                       | <b>1,679.2</b> | <b>1,734.0</b> | <b>1,798.6</b>    |
| Shareholders' Equity                                | 801.7          | 734.9          | 887.6             |
| Provisions and deferred taxes                       | 203.2          | 227.7          | 236.4             |
| Trade payables                                      | 245.4          | 224.6          | 271.7             |
| Other liabilities                                   | 159.1          | 203.3          | 191.7             |
| Financial liabilities                               | 269.8          | 343.5          | 211.2             |
| <b>Equity and liabilities</b>                       | <b>1,679.2</b> | <b>1,734.0</b> | <b>1,798.6</b>    |

### Total assets lower due to reduction in non-current assets and inventories

**Total assets** decreased by 7% compared with December 31, 2016 and were also 3% down on mid-2016. This was due to lower non-current assets as a result of a decline in capital expenditures as well as reduced inventories and trade receivables.

At 57%, the **share of current assets** was down slightly on the end of 2016 (December 31, 2016: 58%). Accordingly, the **share of non-current assets** came to 43% as of June 30, 2017 (December 31, 2016: 42%). At the end of the first half of 2017, the **equity ratio** stood at 48% (December 31, 2016: 49%).

## TRADE NET WORKING CAPITAL (in EUR million)

|                                  | June 30, 2017 | June 30, 2016 | Change<br>in % | Currency-<br>adjusted<br>change<br>in % |
|----------------------------------|---------------|---------------|----------------|---|
| Inventories                      | 541.7         | 565.5         | (4)            | (3)                                     |
| Trade receivables                | 188.0         | 192.1         | (2)            | (1)                                     |
| Trade payables                   | (245.4)       | (224.6)       | 9              | 11                                      |
| <b>Trade net working capital</b> | <b>484.3</b>  | <b>533.0</b>  | <b>(9)</b>     | <b>(8)</b>                              |

### Currency-adjusted decline of 3% in inventories

**Inventories** were reduced in the Americas and Asia/Pacific in particular thanks to strict inventory management. **Trade receivables** were also lower than in the comparable prior-year period. This was mainly due to declining sales in the wholesale business in the reporting period as well as strict receivables management. The increase in **trade payables** compared with June 30, 2016 was primarily due to a shift in the timing of the utilization of services.



**Substantial reduction in trade net working capital**

There was a substantial decline in **trade net working capital** compared with June 30, 2016. At 19.2%, the moving average of **trade net working capital as a percentage of sales** on the basis of the last four quarters was 40 basis points below the prior-year period (prior year: 19.6%).

The decline in **provisions** compared to December 31, 2016 is due to lower personnel provisions and the partial release of provisions that had been recognized in the prior year in connection with the decision to early close around 20 freestanding retail stores around the world.

The decline in **other liabilities** compared to December 31, 2016 is mainly due to lower income tax liabilities and a decline in accrued liabilities under rental obligations in the Group's own retail business.

The increase in **current and non-current financial liabilities** compared to December 31, 2016 primarily reflects higher utilization of the syndicated loan as of the reporting date. However, the positive development in free cash flow in the first half of 2017 resulted in a decline compared to June 30, 2016.

## FINANCIAL POSITION

### STATEMENT OF CASH FLOW (in EUR million)

|  | Jan. – June<br>2017 | Jan. – June<br>2016 |
|--|---------------------|---------------------|
| Cash flow from operating activities                      | 189.5               | 131.1               |
| Cash flow from investing activities                      | (57.6)              | (77.3)              |
| Cash flow from financing activities                      | (117.6)             | (84.8)              |
| <b>Change in cash and cash equivalents</b>               | <b>9.5</b>          | <b>(31.8)</b>       |
| Cash and cash equivalents at the beginning of the period | 83.5                | 81.4                |
| Cash and cash equivalents at the end of the period       | 93.0                | 49.6                |

#### Substantial increase in free cash flow in the first half of the year

**Free cash flow**, measured as the cash inflow from operating activities and the cash outflow from investing activities, came to EUR 132 million in the reporting period (prior year: EUR 54 million).

The **cash inflow from operating activities** was well up on the prior year due to increased earnings and the positive effects arising from the growth in trade net working capital. The lower level of capital expenditure compared with the prior year led to a decline in the **cash outflow from investing activities**. The decline compared to the prior year particularly results from a different phasing of the investment budget.

The development of the **cash outflow from financing activities** reflects a decline in current and non-current financial liabilities over the prior year.

As cash flow is adjusted for currency effects, the figures shown above cannot be derived from the statement of financial position.

#### Positive free cash flow development causes decrease in net financial liabilities

**Net financial liabilities**, the total of all financial liabilities due to banks less cash and cash equivalents, declined compared to the first six months of the prior year to EUR 166 million (prior year: EUR 281 million). This was primarily due to the positive development of free cash flow in the first half of the year.

## CAPITAL EXPENDITURE

### Capital expenditure lower than in the prior year

In the first half of 2017, HUGO BOSS invested a total of EUR 57 million in property, plant and equipment and intangible assets. Expenses were thus down on the prior year (prior year: EUR 79 million). The decline primarily results from a different phasing of the investment budget. This was particularly due to lower expansion of the Group's own retail business and the focus on projects making the greatest positive contribution to enterprise value.

At EUR 37 million, most of the capital expenditure was for the **Group's own retail business** (prior year: EUR 55 million). **Renovation and modernization** expenditure for existing retail stores amounted to EUR 16 million (prior year: EUR 29 million). In the same period, the Group invested EUR 14 million in selective **new openings** (prior year: EUR 23 million). A sum of EUR 7 million was spent for assets acquired in connection with the acquisition of other business units in the Middle East (prior year: EUR 3 million).

Capital expenditure on **administration** came to EUR 16 million in the first half of the year (prior year: EUR 17 million). This includes spending on the expansion of the IT infrastructure, also in connection with the cross-channel integration and the digitization of the Group's own retail activities. Investments in the **production, logistics and distribution structure** and in **research and development** came to EUR 4 million (prior year: EUR 7 million).

## REPORT ON RISKS AND OPPORTUNITIES

HUGO BOSS has a comprehensive risk management system enabling Management to identify and analyze opportunities and risks as well as to take appropriate measures at an early stage. The risk situation has not changed materially compared to the reporting year 2016. A detailed overview of the risks and opportunities can be found in the Annual Report 2016. All statements included therein regarding risks and opportunities continue to be valid.

# SUBSEQUENT EVENTS AND OUTLOOK

## SUBSEQUENT EVENTS

Between the end of the first half of fiscal year 2017 and the publication of this report, there were no material macroeconomic, socio-political, sector-related or company-specific changes that management would expect to have a significant influence on the earnings, net assets and financial position of the Group.

## OUTLOOK

### **HUGO BOSS confirms its sales and earnings forecast for 2017**

This chapter sets out HUGO BOSS management's forecasts with respect to future business performance. As of the date on which this report was prepared, there is no indication of any material change in the **sales and earnings forecast** published in the annual report for 2016. The statements made therein continue to apply. HUGO BOSS thus confirms its sales and earnings forecast for the full year. In addition, it confirms its forecast with respect to **trade net working capital**.

Management assumes that the changes in the **general economic situation** and in **industry development** as described in the chapter entitled "General Economic Situation and Industry Development" will not have any impact on the Group's business performance in 2017.

### **Changed outlook for capital expenditure and free cash flow**

The Group's own retail business will remain the focus of its investment activities in 2017. However, expansion activity, for which a large part of capital expenditure was accounted for in prior years, will be substantially lower than last year. Looking forward, HUGO BOSS will be focusing on the renovation of existing retail stores and investments in the cross-channel integration and digitization of the Group's own retail activities. HUGO BOSS is planning the stepwise introduction of a new store concept from fall 2017, which substantially differs from the previous one, particularly in terms of its design and the integration of omnichannel services with the aim of offering the customer an improved shopping experience. As a result of this, HUGO BOSS postpones part of the renovations originally planned for 2017 to the next year. Consequently, the Group now expects **capital expenditure** of between EUR 130 million and EUR 150 million in 2017 (previously: EUR 150 million to EUR 170 million). As capital expenditure will be down on the prior year, the Group now projects an increase in **free cash flow** to around EUR 250 million in 2017 (previously: more or less stable compared to the prior year, 2016: EUR 220 million).

---

**OUTLOOK 2017**

---

|                                 |  |
|---------------------------------|--|
| Group Sales (currency-adjusted) | Largely stable development                   |
| Gross profit margin             | Slight increase                              |
| EBITDA before special items     | Development within a range of -3% to +3%     |
| Consolidated net income         | Increase at low double-digit percentage rate |
| Capital expenditure             | EUR 130 million to EUR 150 million           |
| Free cash flow                  | Increase to around EUR 250 million           |

---

## SUMMARY ON EARNINGS, NET ASSETS AND FINANCIAL POSITION

In summary, the results of operations, net assets, and financial position indicate that the HUGO BOSS Group continued to be in a sound financial position as of the date on which this report for the first six months of fiscal year 2017 was prepared.

Metzingen, July 20, 2017

HUGO BOSS AG  
The Managing Board

**Mark Langer**  
**Bernd Hake**  
**Ingo Wilts**

CHAPTER

2

# Consolidated Interim Financial Statements



# CONSOLIDATED INCOME STATEMENT

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

## CONSOLIDATED INCOME STATEMENT (in EUR million)

|   | 2017           | 2016           |
|---|----------------|----------------|
| <b>Sales</b>                                | <b>1,287.0</b> | <b>1,264.7</b> |
| Cost of sales                               | (437.5)        | (432.5)        |
| <b>Gross profit</b>                         | <b>849.5</b>   | <b>832.2</b>   |
| In % of sales                               | 66.0           | 65.8           |
| Selling and distribution expenses           | (569.6)        | (560.3)        |
| Administration expenses                     | (141.3)        | (138.2)        |
| Other operating income and expenses         | 6.5            | (64.6)         |
| <b>Operating result (EBIT)</b>              | <b>145.1</b>   | <b>69.1</b>    |
| Net interest income/expenses                | (1.3)          | (1.2)          |
| Other financial items                       | (4.8)          | (2.7)          |
| <b>Financial result</b>                     | <b>(6.1)</b>   | <b>(3.9)</b>   |
| <b>Earnings before taxes</b>                | <b>139.0</b>   | <b>65.2</b>    |
| Income taxes                                | (33.4)         | (15.7)         |
| <b>Net income</b>                           | <b>105.6</b>   | <b>49.5</b>    |
| Attributable to:                            |                |                |
| Equity holders of the parent company        | 105.6          | 49.5           |
| Non-controlling interests                   | 0.0            | 0.0            |
| <b>Earnings per share (EUR)<sup>1</sup></b> | <b>1.53</b>    | <b>0.72</b>    |

<sup>1</sup> Basic and diluted earnings per share.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (in EUR million)

|  | 2017          | 2016          |
|--|---------------|---------------|
| <b>Net income</b>  | <b>105.6</b>  | <b>49.5</b>   |
| <b>Items that will not be reclassified to profit or loss</b>   |               |               |
| Remeasurements of defined benefit plans                        | 2.5           | (4.9)         |
| <b>Items to be reclassified subsequently to profit or loss</b> |               |               |
| Currency differences   | (14.0)        | (17.0)        |
| Gains/losses from cash flow hedges                             | 0.6           | 0.8           |
| <b>Other comprehensive income, net of tax</b>                  | <b>(10.9)</b> | <b>(21.1)</b> |
| <b>Total comprehensive income</b>                              | <b>94.7</b>   | <b>28.4</b>   |
| Attributable to:   |               |               |
| Equity holders of the parent company                           | 94.7          | 28.4          |
| Non-controlling interests                                      | 0.0           | 0.0           |
| <b>Total comprehensive income</b>                              | <b>94.7</b>   | <b>28.4</b>   |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF THE HUGO BOSS GROUP AS OF JUNE 30, 2017

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in EUR million)

| <b>Assets</b>  | <b>June 30, 2017</b> | June 30, 2016  | Dec. 31, 2016  |
|--|----------------------|----------------|----------------|
| Intangible assets  | 185.5                | 180.5          | 185.4          |
| Property, plant and equipment                                      | 393.3                | 438.8          | 416.3          |
| Deferred tax assets  | 117.8                | 129.7          | 124.7          |
| Non-current financial assets                                       | 20.4                 | 23.1           | 21.0           |
| Non-current tax receivables  | 0.0                  | 0.6            | 0.1            |
| Other non-current assets   | 2.1                  | 3.4            | 4.2            |
| <b>Non-current assets</b>  | <b>719.1</b>         | <b>776.1</b>   | <b>751.7</b>   |
| Inventories  | 541.7                | 565.5          | 568.0          |
| Trade receivables  | 188.0                | 192.1          | 228.2          |
| Current tax receivables  | 37.8                 | 29.6           | 42.6           |
| Current financial assets   | 18.8                 | 31.7           | 28.3           |
| Other current assets   | 80.8                 | 89.4           | 96.3           |
| Cash and cash equivalents  | 93.0                 | 49.6           | 83.5           |
| <b>Current assets</b>  | <b>960.1</b>         | <b>957.9</b>   | <b>1,046.9</b> |
| <b>TOTAL</b>   | <b>1,679.2</b>       | <b>1,734.0</b> | <b>1,798.6</b> |
| <b>Equity and liabilities</b>                                      | <b>June 30, 2017</b> | June 30, 2016  | Dec. 31, 2016  |
| 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  | 742.2                | 667.2          | 813.3          |
| Accumulated other comprehensive income                             | 31.4                 | 38.4           | 44.8           |
| <b>Equity attributable to equity holders of the parent company</b> | <b>802.1</b>         | <b>734.1</b>   | <b>886.6</b>   |
| Non-controlling interests  | (0.4)                | 0.8            | 1.0            |
| <b>Group equity</b>  | <b>801.7</b>         | <b>734.9</b>   | <b>887.6</b>   |
| Non-current provisions   | 77.6                 | 79.9           | 78.6           |
| Non-current financial liabilities                                  | 189.1                | 237.4          | 134.1          |
| Deferred tax liabilities   | 9.8                  | 9.1            | 9.2            |
| Other non-current liabilities                                      | 46.8                 | 44.8           | 49.3           |
| <b>Non-current liabilities</b>                                     | <b>323.3</b>         | <b>371.2</b>   | <b>271.2</b>   |
| Current provisions   | 115.8                | 138.7          | 148.6          |
| Current financial liabilities                                      | 80.7                 | 106.1          | 77.1           |
| Income tax payables  | 10.0                 | 25.3           | 27.3           |
| Trade payables   | 245.4                | 224.6          | 271.7          |
| Other current liabilities  | 102.3                | 133.2          | 115.1          |
| <b>Current liabilities</b>   | <b>554.2</b>         | <b>627.9</b>   | <b>639.8</b>   |
| <b>TOTAL</b>   | <b>1,679.2</b>       | <b>1,734.0</b> | <b>1,798.6</b> |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in EUR million)

|                                   |                    |               |                 | Retained earnings |                | Accumulated other comprehensive income |                                     | Group equity                           |                           |              |
|-----------------------------------|--------------------|---------------|-----------------|-------------------|----------------|--|-------------------------------------|--|---------------------------|--------------|
|                                   | Subscribed capital | Own shares    | Capital reserve | Legal reserve     | Other reserves | Currency translation                   | Gains/ losses from cash flow hedges | Total before non-controlling interests | Non-controlling interests | Group equity |
| <b>January 1, 2016</b>            | <b>70.4</b>        | <b>(42.3)</b> | <b>0.4</b>      | <b>6.6</b>        | <b>866.5</b>   | <b>54.4</b>                            | <b>0.2</b>                          | <b>956.2</b>                           | <b>(0.5)</b>              | <b>955.7</b> |
| Net income                        |                    |               |                 |                   | 49.5           |  |                                     | 49.5                                   | 0.0                       | 49.5         |
| Other income                      |                    |               |                 |                   | (4.9)          | (17.0)                                 | 0.8                                 | (21.1)                                 | 0.0                       | (21.1)       |
| <b>Comprehensive income</b>       |                    |               |                 |                   | <b>44.6</b>    | <b>(17.0)</b>                          | <b>0.8</b>                          | <b>28.4</b>                            | <b>0.0</b>                | <b>28.4</b>  |
| Dividend payment                  |                    |               |                 |                   | (249.8)        |  |                                     | (249.8)                                |                           | (249.8)      |
| Changes in basis of consolidation |                    |               |                 |                   | (0.7)          |  |                                     | (0.7)                                  | 1.3                       | 0.6          |
| <b>June 30, 2016</b>              | <b>70.4</b>        | <b>(42.3)</b> | <b>0.4</b>      | <b>6.6</b>        | <b>660.6</b>   | <b>37.4</b>                            | <b>1.0</b>                          | <b>734.1</b>                           | <b>0.8</b>                | <b>734.9</b> |
| <b>January 1, 2017</b>            | <b>70.4</b>        | <b>(42.3)</b> | <b>0.4</b>      | <b>6.6</b>        | <b>806.7</b>   | <b>46.8</b>                            | <b>(2.0)</b>                        | <b>886.6</b>                           | <b>1.0</b>                | <b>887.6</b> |
| Net income                        |                    |               |                 |                   | 105.6          |  |                                     | 105.6                                  | 0.0                       | 105.6        |
| Other income                      |                    |               |                 |                   | 2.5            | (14.0)                                 | 0.6                                 | (10.9)                                 | 0.0                       | (10.9)       |
| <b>Comprehensive income</b>       |                    |               |                 |                   | <b>108.1</b>   | <b>(14.0)</b>                          | <b>0.6</b>                          | <b>94.7</b>                            | <b>0.0</b>                | <b>94.7</b>  |
| Dividend payment                  |                    |               |                 |                   | (179.4)        |  |                                     | (179.4)                                |                           | (179.4)      |
| Changes in basis of consolidation |                    |               |                 |                   | 0.2            |  |                                     | 0.2                                    | (1.4)                     | (1.2)        |
| <b>June 30, 2017</b>              | <b>70.4</b>        | <b>(42.3)</b> | <b>0.4</b>      | <b>6.6</b>        | <b>735.6</b>   | <b>32.8</b>                            | <b>(1.4)</b>                        | <b>802.1</b>                           | <b>(0.4)</b>              | <b>801.7</b> |

# CONSOLIDATED STATEMENT OF CASH FLOWS

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

## CONSOLIDATED STATEMENT OF CASH FLOWS (in EUR million)

|   | <b>2017</b>    | 2016          |
|---|----------------|---------------|
| Net income  | 105.6          | 49.5          |
| Depreciation/amortization   | 66.5           | 73.8          |
| Unrealized net foreign exchange gain/loss   | 13.1           | (5.0)         |
| Other non-cash transactions   | 0.2            | 6.7           |
| Income tax expense/refund   | 33.4           | 15.7          |
| Interest income and expenses  | 1.3            | 1.2           |
| Change in inventories   | 9.7            | (8.9)         |
| Change in receivables and other assets  | 61.5           | 51.4          |
| Change in trade payables and other liabilities  | (30.9)         | (31.5)        |
| Result from disposal of non-current assets  | (0.5)          | (2.2)         |
| Change in provisions for pensions   | (3.0)          | 1.3           |
| Change in other provisions  | (24.3)         | 36.1          |
| Income taxes paid   | (42.9)         | (56.3)        |
| <b>Cash flow from operations</b>  | <b>189.7</b>   | <b>131.8</b>  |
| Interest paid   | (1.3)          | (1.1)         |
| Interest received   | 1.1            | 0.4           |
| <b>Cash flow from operating activities</b>  | <b>189.5</b>   | <b>131.1</b>  |
| Investments in property, plant and equipment  | (40.5)         | (66.5)        |
| Investments in intangible assets  | (9.0)          | (10.2)        |
| Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired | (7.3)          | (2.9)         |
| Effects from changes in basis of consolidation  | (1.1)          | 0.0           |
| Cash receipts from disposal of property, plant and equipment and intangible assets              | 0.3            | 2.3           |
| <b>Cash flow from investing activities</b>  | <b>(57.6)</b>  | <b>(77.3)</b> |
| Dividends paid to equity holders of the parent company  | (179.4)        | (249.8)       |
| Change in current financial liabilities   | 5.6            | 64.2          |
| Cash receipts from non-current financial liabilities  | 56.2           | 100.8         |
| <b>Cash flow from financing activities</b>  | <b>(117.6)</b> | <b>(84.8)</b> |
| Change in cash and cash equivalents from changes in basis of consolidation                      | (1.6)          | 0.0           |
| Exchange-rate related changes in cash and cash equivalents                                      | (3.2)          | (0.8)         |
| <b>Change in cash and cash equivalents</b>  | <b>9.5</b>     | <b>(31.8)</b> |
| Cash and cash equivalents at the beginning of the period  | 83.5           | 81.4          |
| <b>Cash and cash equivalents at the end of the period</b>                                       | <b>93.0</b>    | <b>49.6</b>   |

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1| GENERAL INFORMATION

The interim financial statements of HUGO BOSS AG as of June 30, 2017, were prepared pursuant to Sec. 37w WpHG [“Wertpapierhandelsgesetz”: Securities Trading Act] in accordance with the International Financial Reporting Standards (IFRS) and their interpretations applicable as of the reporting date. The regulations of IAS 34 on interim financial reporting were applied in particular.

This interim management report and the consolidated interim financial statements were neither audited in accordance with Sec. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] nor reviewed by a person qualified to audit financial statements. In a resolution dated July 20, 2017, the condensed interim financial statements and the interim management report were authorized for issue to the Supervisory Board by the Managing Board. Before they were published, the interim management report and the condensed interim financial statements were also discussed with the audit committee of the Supervisory Board.

## 2| ACCOUNTING POLICIES

All the interim financial statements of the companies included in the consolidated interim financial statements were prepared in accordance with the IFRS effective on the reporting date, as published by the IASB and applicable in the EU in accordance with uniform accounting and measurement methods. A detailed description of the accounting policies and consolidation measures applied can be found in the notes to the 2016 consolidated financial statements.

## 3| CURRENCY TRANSLATION

The most important exchange rates applied in the interim financial statements developed as follows in relation to the euro:

| Country       | Currency | Average rate |           |           | Closing rate  |               |               |
|---------------|----------|--------------|-----------|-----------|---------------|---------------|---------------|
|               |          | June 2017    | June 2016 | Dec. 2016 | June 30, 2017 | June 30, 2016 | Dec. 31, 2016 |
| Australia     | AUD      | 1.4869       | 1.5195    | 1.4352    | 1.4868        | 1.4911        | 1.4596        |
| China         | CNY      | 7.6370       | 7.3943    | 7.2944    | 7.7412        | 7.3680        | 7.3202        |
| Great Britain | GBP      | 0.8766       | 0.7877    | 0.8447    | 0.8799        | 0.8255        | 0.8562        |
| Hong Kong     | HKD      | 8.7423       | 8.7112    | 8.1759    | 8.9107        | 8.6041        | 8.1751        |
| Japan         | JPY      | 124.3937     | 118.7137  | 122.2803  | 128.5900      | 113.8500      | 123.4000      |
| Switzerland   | CHF      | 1.0873       | 1.0899    | 1.0749    | 1.0935        | 1.0854        | 1.0739        |
| U.S.A.        | USD      | 1.1211       | 1.1222    | 1.0537    | 1.1413        | 1.1090        | 1.0541        |

#### **4| ECONOMIC AND SEASONAL INFLUENCES**

As a globally operating company, the HUGO BOSS Group is exposed to a variety of economic developments. Sector-related seasonal fluctuations are typical for HUGO BOSS. However, its business has changed fundamentally over the past few years. The business, which used to be dominated by the two pre-order seasons (spring/summer and fall/winter) with early orders placed accordingly, has become increasingly more complex. Pre-order business now consists of four seasonal pre-sales every year. Furthermore, the importance of seasonal influence is declining as a result of the global expansion of the Group's own retail operations. Moreover, HUGO BOSS is seeking to increase efficiency through greater use of replenishment business to service less fashion-oriented items. The number of monthly theme-oriented deliveries is also increasing continuously. These factors are steadily reducing the seasonality of its business.

#### **5| BASIS OF CONSOLIDATION**

In the reporting period from January 1 to June 30, 2017, the number of consolidated companies in comparison to the consolidated financial statements as of December 31, 2016 decreased from 60 to 59.

As of January 1, 2017, HUGO BOSS AL FUTTAIM UAE TRADING L.L.C., Dubai, U.A.E., which was established together with the AL FUTTAIM Group in Dubai and in which HUGO BOSS Middle East FZ-LLC, Dubai, U.A.E., holds 49% of the shares, is recognized using the equity method of accounting.

Consequently, a total of three companies in which HUGO BOSS and another party hold joint control are accounted for using the equity method as at June 30, 2017.

#### **6| BUSINESS COMBINATIONS/ACQUISITIONS OF OTHER BUSINESS UNITS**

In the first half of 2017, the HUGO BOSS Group took over three stores and the related assets and inventories under an asset deal with a former franchise partner in Dubai. The three stores in Dubai were acquired via HUGO BOSS Middle East FZ-LLC, Dubai, U.A.E., with effect from April 1, 2017.

The following overview shows the preliminary allocation of the purchase price to the acquired net assets as well as the resulting goodwill:

| (in EUR million)   |                      |
|--|----------------------|
|  | <b>June 30, 2017</b> |
| <b>Purchase consideration transferred</b>                        |                      |
| Agreed purchase price  | 7.3                  |
| Liabilities incurred   | 0.0                  |
| <b>Total purchase price</b>                                      | <b>7.3</b>           |
| <b>Fair Value of the acquired assets and liabilities assumed</b> |                      |
| Intangible assets  | 0.7                  |
| Property, plant and equipment                                    | 0.1                  |
| Inventories  | 0.4                  |
| <b>Total assets</b>  | <b>1.2</b>           |
| <b>Total liabilities</b>   | <b>0.0</b>           |
| <b>Goodwill</b>  | <b>6.1</b>           |

Control over the assets is achieved through payment of the agreed purchase price. Goodwill is attributable to Europe and contains non-separable intangible assets and expected synergy effects. Transaction costs of an immaterial amount arose and were recognized immediately through profit or loss in the consolidated income statement.

As part of the purchase price allocations, intangible assets were identified in the form of reacquired rights. These are rights to use the HUGO BOSS brand name that HUGO BOSS had granted to the franchise partners for the respective stores under franchise agreements. The franchise agreements were concluded at arm's length conditions.

The additional consolidated sales generated by the takeovers amounted to EUR 1.2 million in the first six months of fiscal year 2017.

The acquisition in fiscal year 2016 of stores operated in Malaysia and Hong Kong by former franchise partners was based on a preliminary purchase price allocation as not all the information required to account for the business combination in full was available in fiscal year 2016. The finalization of the purchase price allocation did not have any effect on the net assets, financial position and results of operations of the HUGO BOSS Group in fiscal year 2017.



## 7| SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

### COST OF SALES

(in EUR million)

|                    | Jan. – June 2017 | Jan. – June 2016 |
|--------------------|------------------|------------------|
| Cost of purchase   | 381.2            | 370.0            |
| Cost of conversion | 56.3             | 62.5             |
| <b>TOTAL</b>       | <b>437.5</b>     | <b>432.5</b>     |

Cost of purchase contains the cost of materials, which corresponds to the amount of inventories expensed in the fiscal year. This line item also mainly includes freight-in and customs costs.

### SELLING AND DISTRIBUTION EXPENSES

(in EUR million)

|  | Jan. – June 2017 | Jan. – June 2016 |
|--|------------------|------------------|
| Expenses for Group's own retail business, sales and marketing organization | 442.0            | 437.2            |
| Marketing expenses   | 87.8             | 86.4             |
| Logistics expenses   | 39.8             | 36.7             |
| <b>TOTAL</b>   | <b>569.6</b>     | <b>560.3</b>     |

The expenses for the Group's own retail business and the sales and marketing organization mostly relate to personnel and lease expenses for wholesale and retail distribution. They also include sales-based commission, freight-out, customs costs, credit card charges and impairment losses of receivables.

### ADMINISTRATION EXPENSES

(in EUR million)

|                                 | Jan. – June 2017 | Jan. – June 2016 |
|---------------------------------|------------------|------------------|
| General administrative expenses | 109.4            | 106.4            |
| Research and development costs  | 31.9             | 31.8             |
| <b>TOTAL</b>                    | <b>141.3</b>     | <b>138.2</b>     |

Administration expenses mainly comprise rent for premises, maintenance expenses, IT operating expenses and legal and consulting fees as well as personnel expenses in these functions. Research and development costs in the HUGO BOSS Group primarily relate to the creation of collections.

## OTHER OPERATING EXPENSES AND INCOME

Net income arising from other operating expenses and income in the first six months came to EUR 7 million (2016: net expenses of EUR 65 million). Under the catalog of measures to return the Group to profitable growth, a decision had been made in the second quarter of 2016 among other things to close around 20 unprofitable freestanding stores around the world by the end of 2017. In the comparison period, the expenses arising in this connection from the recognition of provisions, particularly for payments to landlords or the fulfillment of the leasing contract by subletting below the rental price, as well as impairments on store fittings, had come to EUR 52 million. The company was able to achieve more favorable conditions compared to the original plans for the early termination of leases. Consequently, it was possible to reduce the provisions that had been recognized in the second quarter of 2016 by EUR 7 million in the second quarter of 2017. Five of the roughly 20 planned closures had been completed as of June 30, 2017.

## PERSONNEL EXPENSES

(in EUR million)

|  | Jan. – June 2017 | Jan. – June 2016 |
|--|------------------|------------------|
| Wages and salaries   | 259.2            | 264.3            |
| Social security  | 41.1             | 40.8             |
| Expenses and income for retirement and other employee benefits | 2.9              | 3.9              |
| <b>TOTAL</b>   | <b>303.2</b>     | <b>309.0</b>     |

## EMPLOYEES

|   | June 30, 2017 | Dec. 31, 2016 |
|---|---------------|---------------|
| Industrial employees                    | 4,916         | 5,048         |
| Commercial and administrative employees | 10,880        | 10,785        |
| <b>TOTAL</b>                            | <b>15,796</b> | <b>15,833</b> |

## ORDINARY DEPRECIATION

(in EUR million)

|                               | Jan. – June 2017 | Jan. – June 2016 |
|-------------------------------|------------------|------------------|
| Non-current assets            |                  |                  |
| Property, plant and equipment | 53.4             | 56.1             |
| Intangible assets             | 13.1             | 11.4             |
| <b>TOTAL</b>                  | <b>66.5</b>      | <b>67.5</b>      |

## COST OF MATERIALS

In the first half of 2017, the cost of materials amounted to EUR 370 million (2016: EUR 358 million).

## 8| EARNINGS PER SHARE

There were no shares outstanding capable that could have of diluted earnings per share as of June 30, 2017, or June 30, 2016.

|  | Jan. – June 2017 | Jan. – June 2016 |
|--|------------------|------------------|
| Net income attributable to equity holders of the parent company (in EUR million) | 105.6            | 49.5             |
| Average number of shares outstanding <sup>1</sup>                                | 69,016,167       | 69,016,167       |
| <b>Earnings per share (EPS) (in EUR)<sup>2</sup></b>                             | <b>1.53</b>      | <b>0.72</b>      |

<sup>1</sup> Not including own shares.

<sup>2</sup> Basic and diluted earnings per share.

## 9| PROVISIONS

### Provisions for store closures

Under the catalog of measures to return the Group to profitable growth, a decision had been made in the second quarter of 2016 among other things to close around 20 unprofitable freestanding stores around the world by the end of 2017. In the prior year, the Group had recognized provisions of EUR 46.3 million, in particular for payments to landlords or the fulfillment of the leasing contract by subletting below the rental price. In the second quarter of 2017, the Company was able to achieve more favorable conditions compared to the original plans for the early termination of leases. This resulted in a currency-adjusted reduction of EUR 7.0 million in the provisions. Accordingly, the provisions recognized for store closures were valued at EUR 27.2 million as at June 30, 2017.

### Provisions for personnel expenses

The provisions for personnel expenses mainly concern the provisions for short and medium-term profit sharing and bonuses, severance payment claims, phased retirement arrangements and overtime.

The long-term incentive (LTI) program initiated at the beginning of fiscal year 2016 for members of the Managing Board and eligible management staff is recognized at its fair value on the reporting date. The provisions recognized in this connection were valued at EUR 2.5 million as at June 30, 2017. The LTI has an average remaining period of 3 years.

## 10| PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions dropped from EUR 46.5 million as at December 31, 2016 to EUR 43.3 million as at June 30, 2017. The actuarial calculation of the present value of the defined benefit obligation includes service cost, net interest expenses and other relevant parameters.

### ACTUARIAL ASSUMPTIONS UNDERLYING THE CALCULATION OF THE PRESENT VALUE OF PENSION OBLIGATIONS AS AT JUNE 30, 2017

The following assumptions were applied:

| Actuarial assumptions           | June 30, 2017 | Dec. 31, 2016 |
|---------------------------------|---------------|---------------|
| <b>Discount rate</b>            |               |               |
| Germany                         | 2.20%         | 1.80%         |
| Switzerland                     | 0.70%         | 0.70%         |
| <b>Future pension increases</b> |               |               |
| Germany                         | 1.75%         | 1.75%         |
| Switzerland                     | 0.00%         | 0.00%         |
| <b>Future salary increases</b>  |               |               |
| Germany                         | 2.50%         | 2.50%         |
| Switzerland                     | 3.00%         | 3.00%         |

In comparison to December 31, 2016 there was an increase in the actuarial interest rate parameter in Germany. However, it remained unchanged in Switzerland. The pension trend and expected salary increase parameters remained unchanged in the first six months of fiscal year 2017.

### BREAKDOWN OF PENSION EXPENSES IN THE PERIOD

(in EUR million)

|  | Jan. – June 2017 | Jan. – June 2016 |
|--|------------------|------------------|
| Current service cost   | 3.1              | 2.6              |
| Past service cost  | 0.0              | 0.0              |
| Net interest costs   | 0.5              | 0.5              |
| <b>Pension expenses recognized in the consolidated income statement</b>                                      | <b>3.6</b>       | <b>3.1</b>       |
| Return from plan assets (without interest effects)   | 0.0              | 0.0              |
| Recognized actuarial (gains)/losses  | (3.8)            | 6.3              |
| Asset ceiling (without interest effects of asset ceiling)  | 0.0              | 0.0              |
| <b>Remeasurement of the carrying amount recognized in the consolidated statement of comprehensive income</b> | <b>(3.8)</b>     | <b>6.3</b>       |

## 11| ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

### CARRYING AMOUNTS AND FAIR VALUES BY CATEGORY OF FINANCIAL INSTRUMENTS

(in EUR million)

|   | IAS 39<br>category | June 30, 2017      |            | Dec. 31, 2016      |            |
|---|--------------------|--------------------|------------|--------------------|------------|
|   |                    | Carrying<br>amount | Fair value | Carrying<br>amount | Fair value |
| <b>Assets</b>                           |                    |                    |            |                    |            |
| Cash and cash equivalents               | LaR                | 93.0               | 93.0       | 83.5               | 83.5       |
| Trade receivables                       | LaR                | 188.0              | 188.0      | 228.2              | 228.2      |
| Other financial assets                  |                    | 39.2               | 39.2       | 49.3               | 49.3       |
| Thereof:                                |                    |                    |            |                    |            |
| Available for sale                      | AfS                | 0.1                | 0.1        | 0.0                | 0.0        |
| Undesignated derivatives                | FAHfT              | 0.3                | 0.3        | 2.0                | 2.0        |
| Derivatives subject to hedge accounting | n.a.               | 0.0                | 0.0        | 0.0                | 0.0        |
| Other financial assets                  | LaR                | 38.8               | 38.8       | 47.3               | 47.3       |
| <b>Liabilities</b>                      |                    |                    |            |                    |            |
| Financial liabilities due to banks      | FLAC               | 258.7              | 261.0      | 196.7              | 199.4      |
| Trade payables                          | FLAC               | 245.4              | 245.4      | 271.7              | 271.7      |
| Other financial liabilities             |                    | 11.2               | 11.2       | 14.5               | 14.5       |
| Thereof:                                |                    |                    |            |                    |            |
| Undesignated derivatives                | FLHfT              | 3.0                | 3.0        | 4.5                | 4.5        |
| Derivatives subject to hedge accounting | n.a.               | 1.4                | 1.4        | 2.1                | 2.1        |
| Liabilities from financial leases       | n.a.               | 6.8                | 6.8        | 7.9                | 7.9        |
| Other financial liabilities             | FLAC               | 0.0                | 0.0        | 0.0                | 0.0        |

The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, trade receivables, other financial assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of loans from banks and other financial liabilities, obligations under finance leases and other non-current financial liabilities is calculated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

As of June 30, 2017, the market to market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The credit risk of the counterparty did not lead to any significant effects.

### **FAIR VALUE HIERARCHY**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** Other methods for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** Methods that use inputs with a significant effect on the recorded fair value that are not based on observable market data

As of June 30, 2017, as in the prior year, all financial instruments measured at fair value in the categories FAHfT, FLHfT and derivatives designated to a hedge relationship were assigned to level 2. During the first six months of fiscal year 2017, there were no transfers between level 1 and level 2 or from level 3. The financial instruments measured at fair value comprised forward exchange contracts, currency swaps and interest derivatives. These were assigned to the categories FAHfT, FLHfT and derivatives used for hedging. The assets amounted to EUR 0.3 million and the liabilities to EUR 4.4 million. The fair value of financial instruments carried at amortized cost in the statement of financial position was likewise determined using a level 2 method.

### **INTEREST AND CURRENCY RISK HEDGES**

To hedge against interest and currency risks, the HUGO BOSS Group enters into hedging transactions in some areas to mitigate risk. As of the reporting date, EUR 9 million (December 31, 2016: EUR 10 million) in variable interest finance liabilities were hedged through interest rate swaps. Moreover, as of the reporting date, future cash flows in foreign currencies of EUR 20 million (December 31, 2016: EUR 25 million) were hedged and fully designated as an effective hedging instrument. The change in unrealized gains/losses from marking hedges to market in other comprehensive income amounted to EUR 0.6 million (June 30, 2016: EUR 0.8 million).

## OFFSETTING OF FINANCIAL INSTRUMENTS

(in EUR million)

|                        | Gross<br>amounts<br>recognized<br>assets | Gross<br>amounts<br>offset<br>liabilities | Net asset<br>amounts<br>disclosed<br>in<br>statement<br>of fin. pos. | Liabilities<br>not offset<br>in the<br>statement<br>of fin. pos. | Cash<br>deposits<br>received<br>not offset<br>in the<br>statement<br>of fin. pos. | Net<br>amounts |
|------------------------|--|---|--|--|---|----------------|
| <b>June 30, 2017</b>   |  |   |  |  |   |                |
| Trade receivables      | 205.6                                    | (17.6)                                    | 188.0  | 0.0  | 0.0   | 188.0          |
| Other financial assets | 39.2                                     | 0.0                                       | 39.2   | (1.6)  | 0.0   | 37.6           |
| Thereof derivatives    | 0.3                                      | 0.0                                       | 0.3  | (1.6)  | 0.0   | (1.3)          |
| <b>TOTAL</b>           | <b>244.8</b>                             | <b>(17.6)</b>                             | <b>227.2</b>   | <b>(1.6)</b>   | <b>0.0</b>  | <b>225.6</b>   |
| <b>Dec. 31, 2016</b>   |  |   |  |  |   |                |
| Trade receivables      | 245.6                                    | (17.4)                                    | 228.2  | 0.0  | 0.0   | 228.2          |
| Other financial assets | 49.3                                     | 0.0                                       | 49.3   | (1.2)  | 0.0   | 48.1           |
| Thereof derivatives    | 2.0                                      | 0.0                                       | 2.0  | (1.2)  | 0.0   | 0.8            |
| <b>TOTAL</b>           | <b>294.9</b>                             | <b>(17.4)</b>                             | <b>277.5</b>   | <b>(1.2)</b>   | <b>0.0</b>  | <b>276.3</b>   |

(in EUR million)

|                             | Gross<br>amounts<br>recognized<br>liabilities | Gross<br>amounts<br>offset<br>assets | Net<br>liabilities<br>amounts<br>disclosed<br>in<br>statement<br>of fin. pos. | Assets not<br>offset in<br>the<br>statement<br>of fin. pos. | Cash<br>deposits<br>received<br>not offset<br>in the<br>statement<br>of fin. pos. | Net<br>amounts |
|-----------------------------|---|--------------------------------------|---|---|---|----------------|
| <b>June 30, 2017</b>        |   |                                      |   |   |   |                |
| Trade payables              | 251.6   | (6.2)                                | 245.4   | 0.0   | 0.0   | 245.4          |
| Other financial liabilities | 11.2  | 0.0                                  | 11.2  | (1.6)   | 0.0   | 9.6            |
| Thereof derivatives         | 4.4   | 0.0                                  | 4.4   | (1.6)   | 0.0   | 2.8            |
| <b>TOTAL</b>                | <b>262.8</b>                                  | <b>(6.2)</b>                         | <b>256.6</b>  | <b>(1.6)</b>  | <b>0.0</b>  | <b>255.0</b>   |
| <b>Dec. 31, 2016</b>        |   |                                      |   |   |   |                |
| Trade payables              | 277.9   | (6.2)                                | 271.7   | 0.0   | 0.0   | 271.7          |
| Other financial liabilities | 14.5  | 0.0                                  | 14.5  | (1.2)   | 0.0   | 13.3           |
| Thereof derivatives         | 6.6   | 0.0                                  | 6.6   | (1.2)   | 0.0   | 5.4            |
| <b>TOTAL</b>                | <b>292.4</b>                                  | <b>(6.2)</b>                         | <b>286.2</b>  | <b>(1.2)</b>  | <b>0.0</b>  | <b>285.0</b>   |

The trade receivables of EUR 17.6 million (December 31, 2016: EUR 17.4 million) offset against liabilities as of the reporting date are outstanding credit notes to customers. The assets offset against trade payables are receivables in the form of supplier credit notes of the HUGO BOSS Group. These amounted to EUR 6.2 million (December 31, 2016: EUR 6.2 million).

Standard master agreements for financial future contracts are in place between the HUGO BOSS Group and its counterparties, governing the offsetting of derivatives. These prescribe that derivative assets and derivative liabilities with the same counterparty can be combined into a single offsetting receivable.

## 12| NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows of the HUGO BOSS Group shows the change in cash and cash equivalents over the reporting period using cash transactions. In accordance with IAS 7, the sources and applications of cash flows are categorized according to whether they relate to operating, investing or financing activities. The cash inflows and outflows from operating activities are calculated indirectly on the basis of the Group's net income for the period. By contrast, cash flows from investing and financing activities are directly derived from the cash inflows and outflows. The changes in the items of the statement of financial position presented in the statement of cash flows cannot be derived directly from the statement of financial position on account of exchange rate translations.

## 13| SEGMENT REPORTING

(in EUR million)

|                                       | Europe <sup>1</sup> | Americas     | Asia/Pacific | Licenses    | TOTAL<br>operating<br>segments |
|---------------------------------------|---------------------|--------------|--------------|-------------|--------------------------------|
| <b>Jan. – June 2017</b>               |                     |              |              |             |                                |
| <b>Sales</b>                          | <b>783.7</b>        | <b>273.8</b> | <b>195.1</b> | <b>34.4</b> | <b>1,287.0</b>                 |
| <b>Segment profit</b>                 | <b>233.2</b>        | <b>51.1</b>  | <b>47.5</b>  | <b>26.9</b> | <b>358.7</b>                   |
| In % of sales                         | 29.8                | 18.6         | 24.3         | 78.2        | 27.9                           |
| Segment assets                        | 221.6               | 187.9        | 73.4         | 16.3        | 499.2                          |
| Capital expenditure                   | 21.5                | 10.5         | 6.8          | 0.0         | 38.8                           |
| Impairments                           | 0.0                 | 0.0          | 0.0          | 0.0         | 0.0                            |
| Thereof property, plant and equipment | 0.0                 | 0.0          | 0.0          | 0.0         | 0.0                            |
| Thereof intangible assets             | 0.0                 | 0.0          | 0.0          | 0.0         | 0.0                            |
| Depreciation/amortization             | (24.7)              | (12.4)       | (11.1)       | 0.0         | (48.2)                         |
| <b>Jan. – June 2016</b>               |                     |              |              |             |                                |
| <b>Sales</b>                          | <b>780.8</b>        | <b>271.3</b> | <b>182.8</b> | <b>29.8</b> | <b>1,264.7</b>                 |
| <b>Segment profit</b>                 | <b>231.3</b>        | <b>60.0</b>  | <b>35.0</b>  | <b>24.7</b> | <b>351.0</b>                   |
| In % of sales                         | 29.6                | 22.1         | 19.1         | 82.8        | 27.8                           |
| Segment assets                        | 239.6               | 210.0        | 94.9         | 13.2        | 557.7                          |
| Capital expenditure                   | 34.7                | 15.6         | 9.7          | 0.0         | 60.0                           |
| Impairments                           | (2.0)               | (0.3)        | (4.0)        | 0.0         | (6.3)                          |
| Thereof property, plant and equipment | (1.6)               | (0.3)        | (4.0)        | 0.0         | (5.9)                          |
| Thereof intangible assets             | (0.4)               | 0.0          | 0.0          | 0.0         | (0.4)                          |
| Depreciation/amortization             | (22.8)              | (12.3)       | (12.9)       | 0.0         | (48.0)                         |

<sup>1</sup> Including Middle East and Africa.



## RECONCILIATION

### SALES

(in EUR million)

|                                   | Jan. – June 2017 | Jan. – June 2016 |
|-----------------------------------|------------------|------------------|
| <b>Sales - operating segments</b> | <b>1,287.0</b>   | <b>1,264.7</b>   |
| Corporate units                   | 0.0              | 0.0              |
| Consolidation                     | 0.0              | 0.0              |
| <b>TOTAL</b>                      | <b>1,287.0</b>   | <b>1,264.7</b>   |

### OPERATING INCOME

(in EUR million)

|   | Jan. – June 2017 | Jan. – June 2016 |
|---|------------------|------------------|
| <b>Segment profit – operating segments</b>          | <b>358.7</b>     | <b>351.0</b>     |
| Depreciation/amortization – operating segments      | (48.2)           | (48.0)           |
| Impairments – operating segments                    | 0.0              | (6.3)            |
| Special items – operating segments                  | 6.8              | (47.2)           |
| <b>Operating income (EBIT) – operating segments</b> | <b>317.3</b>     | <b>249.5</b>     |
| Corporate units                                     | (172.2)          | (181.7)          |
| Consolidation                                       | 0.0              | 1.3              |
| <b>Operating income (EBIT) HUGO BOSS Group</b>      | <b>145.1</b>     | <b>69.1</b>      |
| Net interest income/expenses                        | (1.3)            | (1.2)            |
| Other financial items                               | (4.8)            | (2.7)            |
| <b>Earnings before taxes HUGO BOSS Group</b>        | <b>139.0</b>     | <b>65.2</b>      |

### CAPITAL EXPENDITURE

(in EUR million)

|   | June 30, 2017 | June 30, 2016 | Dec. 31, 2016 |
|---|---------------|---------------|---------------|
| <b>Capital expenditure - operating segments</b> | <b>38.8</b>   | <b>60.0</b>   | <b>108.7</b>  |
| Corporate units                                 | 17.9          | 19.1          | 48.0          |
| Consolidation                                   | 0.0           | 0.0           | 0.0           |
| <b>TOTAL</b>                                    | <b>56.7</b>   | <b>79.1</b>   | <b>156.7</b>  |

### DEPRECIATION/AMORTIZATION

(in EUR million)

|   | Jan. – June 2017 | Jan. – June 2016 |
|---|------------------|------------------|
| <b>Depreciation/amortization - operating segments</b> | <b>48.2</b>      | <b>48.0</b>      |
| Corporate units                                       | 18.3             | 19.5             |
| Consolidation   | 0.0              | 0.0              |
| <b>TOTAL</b>  | <b>66.5</b>      | <b>67.5</b>      |

## IMPAIRMENTS/WRITE-UPS

(in EUR million)

|  | Jan. – June 2017 | Jan. – June 2016 |
|--|------------------|------------------|
| <b>Impairment – operating segments</b> | <b>0.0</b>       | <b>6.3</b>       |
| Corporate units                        | 0.0              | 0.0              |
| Consolidation                          | 0.0              | 0.0              |
| <b>TOTAL</b>                           | <b>0.0</b>       | <b>6.3</b>       |

## SEGMENT ASSETS

(in EUR million)

|  | June 30, 2017  | June 30, 2016  | Dec. 31, 2016  |
|--|----------------|----------------|----------------|
| <b>Segment assets – operating segments</b> | <b>499.2</b>   | <b>557.7</b>   | <b>559.1</b>   |
| Corporate units                            | 230.5          | 199.9          | 237.1          |
| Consolidation                              | 0.0            | 0.0            | 0.0            |
| Current tax receivables                    | 37.8           | 29.6           | 42.6           |
| Current financial assets                   | 18.8           | 31.7           | 28.3           |
| Other current assets                       | 80.8           | 89.4           | 96.3           |
| Cash and cash equivalents                  | 93.0           | 49.6           | 83.5           |
| Assets held for sale                       | 0.0            | 0.0            | 0.0            |
| <b>Current assets HUGO BOSS Group</b>      | <b>960.1</b>   | <b>957.9</b>   | <b>1,046.9</b> |
| Non-current assets                         | 719.1          | 776.1          | 751.7          |
| <b>Total assets HUGO BOSS Group</b>        | <b>1,679.2</b> | <b>1,734.0</b> | <b>1,798.6</b> |

## GEOGRAPHIC INFORMATION

(in EUR million)

|                        | Third party sales |                  | Non-current assets |               |
|------------------------|-------------------|------------------|--------------------|---------------|
|                        | Jan. – June 2017  | Jan. – June 2016 | June 30, 2017      | Dec. 31, 2016 |
| Germany                | 209.3             | 213.1            | 204.7              | 211.8         |
| Other European markets | 574.4             | 567.7            | 208.0              | 210.4         |
| U.S.A.                 | 207.0             | 206.2            | 54.1               | 64.8          |
| Other American markets | 66.8              | 65.1             | 19.2               | 15.7          |
| China                  | 110.4             | 102.6            | 29.2               | 32.0          |
| Other Asian markets    | 84.7              | 80.2             | 50.8               | 56.4          |
| Licenses               | 34.4              | 29.8             | 15.1               | 15.0          |
| <b>TOTAL</b>           | <b>1,287.0</b>    | <b>1,264.7</b>   | <b>581.1</b>       | <b>606.1</b>  |

## 14| SUBSEQUENT EVENTS

Between the end of the first six months of fiscal year 2017 and the publication of this report, there were no further material macroeconomic, socio-political, sector-related or company-specific changes that management would expect to have a significant influence on the earnings, net assets and financial position of the Group.

## RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the year.

Metzingen, July 20, 2017

HUGO BOSS AG  
The Managing Board

**Mark Langer**

**Bernd Hake**

**Ingo Wilts**

CHAPTER

3

# Further Information

## FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate", "assume", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should", and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

# FINANCIAL CALENDAR

**NOVEMBER 2, 2017**

Third Quarter Results 2017

**MARCH 8, 2018**

Full Year Results 2017 & Press and Analysts' Conference

**May 2, 2018**

First Quarter Results 2018

**MAY 3, 2018**

Annual Shareholders' Meeting

**AUGUST 2, 2018**

Second Quarter Results 2018 & First Half Year Report 2018

**NOVEMBER 6, 2018**

Third Quarter Results 2018

# CONTACTS

**INVESTOR RELATIONS**

**Phone** +49 7123 94 - 80903

**E-Mail** [investor-relations@hugoboss.com](mailto:investor-relations@hugoboss.com)

**DENNIS WEBER**

Head of Investor Relations

**Phone** +49 7123 94 - 86267

**Fax** +49 7123 94 - 886267

**DR. HJÖRDIS KETTENBACH**

Head of Corporate Communications

**Phone** +49 7123 94 - 83377

**Fax** +49 7123 94 - 80237

