Press Release

HUGO BOSS Nine Months Results 2013

HUGO BOSS increases sales and profitability

- **Accelerating growth momentum in Group's own retail business supports sales expansion in third quarter**
- **Rise in sales and significantly higher gross profit margin drive operating profit increase**
- **Management forecasts sales and earnings improvements of between 6% and 8% for 2013 as a whole**

Metzingen, October 31, 2013. The HUGO BOSS Group increased sales and earnings in the first nine months of 2013. All regions contributed to the currency-adjusted sales improvement. The Group's own retail activities posted significant double-digit growth and more than offset the decline in the wholesale business. For 2013 as a whole, the Company is forecasting a rise in sales after adjustment for currency effects of between 6% and 8%. Operating profit (EBITDA before special items) is expected to grow at a similar rate.

"The results for the first nine months show that HUGO BOSS has systematically addressed the difficult market environment. Our focus on own retail and the high quality presentation of our brands has paid off," commented Claus-Dietrich Lahrs, CEO of HUGO BOSS AG. "Demand in our own stores picked up noticeably in the third quarter compared to the first half year. We are therefore anticipating strong growth in sales and earnings in the fourth quarter."

Comp store retail sales up 4% in third quarter

HUGO BOSS Group sales rose by 2% in the third quarter to EUR 658 million (Q3 2012: EUR 646 million). This was negatively influenced by exchange rate effects. Sales growth of 5% was achieved after adjustment for currency effects.

Regionally, Europe displayed the strongest growth momentum. Aided by rising demand in the Group's own retail activities, sales climbed by 8% in the third quarter after adjustment for currency effects. The sales development in the Americas was stable adjusted for currency effects and was affected mainly by the weaker U.S. wholesale business. Despite the market environment in China remaining tense, the Asia region posted currency-adjusted sales growth of 4%.

Wholesale sales declined by 8% in the third quarter after adjustment for currency effects. In addition to the weak market environment in Europe and the Americas, this development was influenced by takeovers of shop-in-shop units previously operated by wholesale partners, resulting in a shift in sales away from the wholesale business and towards the Group's own retail business. Sales in the Group's own retail activities (including outlets and online business) increased by 23% in local currencies. Comp store growth after adjustment for currency effects accelerated as against previous quarters and amounted to 4%.

The higher share of sales of the Group's own retail business, lower sales deductions and the non-recurrence of prior year inventory devaluation effects led to a significant rise in the gross profit margin of 340 basis points to 63.5% (Q3 2012: 60.1%). As a result of the sales growth and the positive gross profit margin development, EBITDA before special items rose by 5% to EUR 173 million (Q3 2012: EUR 165 million). The adjusted EBITDA margin climbed by 70 basis points in the third quarter to 26.3% (Q3 2012: 25.6%).

All regions contribute to currency-adjusted sales growth in first nine months

HUGO BOSS Group sales climbed by 3% in the first nine months to EUR 1,783 million (2012: EUR 1,739 million). In local currencies, sales were up 4% on the previous year's level.

Growth was driven by a positive performance in all regions. In Europe, significant sales expansion in the Group's own retail activities compensated for declines in the wholesale business. Sales in the first nine months increased by 5% after adjustment for currency effects. Supported by double-digit increases in the Group's own retail activities in the U.S., sales in the Americas climbed by 4% in local currencies. Currency-adjusted sales growth in Asia amounted to 4% in the first nine months. All markets in the region contributed to this increase.

Viewed by distribution channel, sales developed unevenly in the first nine months. Currency-adjusted sales in the wholesale channel were 7% below the previous year's level. The consistently difficult market environment, the takeover of stores from wholesale partners and changing delivery cycles all influenced this development. By contrast, the Group's own retail activities (including outlets and online business) grew strongly by 18% in local currencies. Growth was supported by new store openings and takeovers. Comp store sales increased 2% year-on-year adjusted for currency effects. Including the takeover of 110 shop-in-shop units from wholesale partners, the network of directly operated stores was expanded by 152 to 992 locations in net terms in the first nine months of 2013 (December 31, 2012: 840).

The Group's gross profit margin improved by 250 basis points to 63.6% in the first nine months (2012: 61.1%) mainly as a result of the expansion of the Group's own retail business and the non-recurrence of prior year inventory devaluation effects. Despite the higher operating expenses, mainly due to the expansion of the Group's own retail business, EBITDA before special items rose by 4% to EUR 407 million (2012: EUR 392 million). The adjusted EBITDA margin was 22.8% in the first nine months and therefore 30 basis points above the previous year's figure (2012: 22.5%).

Efficiency of trade net working capital at record level

The Group's balance sheet ratios set new records after the first nine months. Trade net working capital declined by 11% at the end of September to EUR 455 million (September 30, 2012: EUR 510 million). On average over the last twelve months, this represents a historic low for the Group in relation to sales. Inventories were reduced by 6% to EUR 418 million (September 30, 2012: EUR 447 million). At EUR 142 million, capital expenditure was significantly above the prior year level (September 30, 2012: EUR 88 million). This increase was driven mainly by investments in the Group's own retail operations and a new distribution center for flat-packed goods. Despite the growth in capital expenditure, net financial liabilities decreased by 27% to EUR 182 million (September 30, 2012: EUR 250 million).

Sales and earnings forecast for 2013 specified

HUGO BOSS is forecasting currency-adjusted sales growth of between 6% and 8% for the year as a whole. All regions are expected to contribute to this. In its own retail business, the Group is anticipating double-digit growth, while sales in the wholesale channel will decline at a mid-single-digit rate due to the difficult market environment and the takeover of shop-in-shop units from wholesale partners. The network of directly operated stores is to be expanded by around 50 new locations, excluding takeovers. On a comparable basis, excluding expenses for the new flat-packed goods distribution center under construction, capital expenditure in 2013 will amount to around EUR 150 million and will be focused primarily on the planned expansion and renovation of the network of directly operated stores. Like sales, operating profit (EBITDA before special items) is expected to rise by between 6% and 8%.

Further Information

The Nine Months Report 2013 can be downloaded from the Group's website at www.group.hugoboss.com.

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Consolidated Income Statement

(in EUR million)	Q3 2013	Q3 2012	change in %
Sales	**657.9**	**646.3**	**2**
Cost of sales	(227.3)	(244.9)	7
Direct selling expenses	(12.7)	(12.6)	(1)
Gross profit	**417.9**	**388.7**	**8**
in % of net sales	63.5	60.1	340 bp
Selling and distribution expenses	(221.2)	(193.2)	(14)
Administration costs and other operating income/expenses	(46.2)	(52.7)	12
Operating result	**150.5**	**142.8**	**5**
in % of net sales	22.9	22.1	80 bp
Net interest income/expenses	(1.2)	(4.2)	71
Other financial items	(3.2)	(2.6)	(23)
Financial result	**(4.4)**	**(6.8)**	**35**
Earnings before taxes	**146.1**	**136.0**	**7**
Income taxes	(33.6)	(32.6)	(3)
Net income	**112.5**	**103.4**	**9**
Attributable to:			
Equity holders of the parent company	110.9	103.6	7
Non-controlling interests	1.6	(0.2)	> 100
Earnings per share (EUR)[1]	**1.61**	**1.50**	**7**

[1] Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	Q3 2013	Q3 2012	change in %
EBITDA before special items	**173.1**	**165.4**	**5**
in % of net sales	26.3	25.6	70 bp
Special items EBITDA	0.7	(2.5)	> 100

Sales by Region and Channel

(in EUR million)	Q3 2013	Q3 2012	change in %	change in % currency-adjusted
Europe	423.1	398.3	6	8
Americas	143.0	151.9	(6)	0
Asia/Pacific	77.8	81.8	(5)	4
Royalties	14.0	14.3	(2)	(2)
TOTAL	**657.9**	**646.3**	**2**	**5**
Wholesale	323.4	359.8	(10)	(8)
Group's own retail business	320.5	272.2	18	23

Consolidated Income Statement

(in EUR million)	**Jan. – Sep. 2013**	Jan. – Sep. 2012	change in %
Sales	**1,783.1**	**1,738.5**	**3**
Cost of sales	(613.1)	(642.8)	5
Direct selling expenses	(35.3)	(34.0)	(4)
Gross profit	**1,134.7**	**1,061.7**	**7**
in % of net sales	63.6	61.1	250 bp
Selling and distribution expenses	(636.8)	(573.3)	(11)
Administration costs and other operating income/expenses	(160.5)	(156.8)	(2)
Operating result	**337.4**	**331.6**	**2**
in % of net sales	18.9	19.1	(20) bp
Net interest income/expenses	(7.1)	(11.6)	39
Other financial items	(8.6)	(3.4)	< (100)
Financial result	**(15.7)**	**(15.0)**	**(5)**
Earnings before taxes	**321.7**	**316.6**	**2**
Income taxes	(74.0)	(76.0)	3
Net income	**247.7**	**240.6**	**3**
Attributable to:			
Equity holders of the parent company	244.7	237.7	3
Non-controlling interests	3.0	2.9	5
Earnings per share (EUR)[1]	**3.55**	**3.44**	**3**

[1] Basic and diluted aernings per share.

EBITDA and Special Items

(in EUR million)	**Jan. – Sep. 2013**	Jan. – Sep. 2012	change in %
EBITDA before special items	**407.4**	**391.7**	**4**
in % of net sales	22.8	22.5	30 bp
Special items EBITDA	(3.4)	(2.7)	(26)

Sales by Region and Channel

(in EUR million)	**Jan. – Sep. 2013**	Jan. – Sep. 2012	change in %	change in % currency-adjusted
Europe	1,091.4	1,050.5	4	5
Americas	405.9	399.7	2	4
Asia/Pacific	246.9	250.2	(1)	4
Royalties	38.9	38.1	2	2
TOTAL	**1,783.1**	**1,738.5**	**3**	**4**
Wholesale	836.1	911.2	(8)	(7)
Group's own retail business	908.1	789.2	15	18

Consolidated Balance Sheet

(in EUR million)

Assets	Sep. 30, 2013	Sep. 30, 2012[1]	Dec. 31, 2012[1]
Intangible assets	143.5	139.8	142.2
Property, plant and equipment	364.1	317.6	357.5
Deferred tax assets	74.7	61.6	66.7
Non-current financial assets	18.6	9.4	14.6
Non-current tax receivables	2.1	2.7	2.1
Other non-current assets	2.2	2.2	2.5
Non-current assets	**605.2**	**533.3**	**585.6**
Inventories	417.6	446.6	430.3
Trade receivables	241.8	262.1	214.9
Current tax receivables	13.4	13.5	10.9
Current financial assets	23.3	14.0	26.6
Other current assets	75.7	70.5	61.3
Cash and cash equivalents	48.5	114.8	254.6
Current assets	**820.3**	**921.5**	**998.6**
TOTAL	**1,425.5**	**1,454.8**	**1,584.2**

Equity and Liabilities	Sep. 30, 2013	Sep. 30, 2012[1]	Dec. 31, 2012[1]
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	379.8	294.0	288.0
Accumulated other comprehensive income	(10.7)	(12.0)	(8.7)
Net income attributable to equity holders of the parent company	244.7	237.7	307.4
Equity attributable to equity holders of the parent company	**642.3**	**548.2**	**615.2**
Non-controlling interests	24.9	23.7	24.6
Group equity	**667.2**	**571.9**	**639.8**
Non-current provisions	60.6	41.1	53.0
Non-current financial liabilities	183.3	48.3	63.3
Deferred tax liabilities	20.5	23.0	19.6
Other non-current liabilities	12.8	13.9	14.0
Non-current liabilities	**277.2**	**126.3**	**149.9**
Current provisions	79.6	80.9	90.3
Current financial liabilities	50.4	332.9	332.2
Income tax payables	57.5	58.8	51.2
Trade payables	204.5	198.7	227.5
Other current liabilities	89.1	85.3	93.3
Current liabilities	**481.1**	**756.6**	**794.5**
TOTAL	**1,425.5**	**1,454.8**	**1,584.2**

[1] Certain amounts shown here do not correspond to prior-year figures and reflect adjustments made.

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