

HUGO BOSS

Press Release

HUGO BOSS First Half Year Results 2013

HUGO BOSS posts strong sales and earnings growth in the second quarter

- **Double-digit sales growth in the second quarter driven by all regions and distribution channels**
- **Sales increase and considerably higher gross profit margin support EBITDA growth of 31 percent**
- **Sales and earnings also grow in the first half year**
- **Full year targets reconfirmed**

Metzingen, July 31, 2013. The HUGO BOSS Group posted growth in both sales and earnings in the first half of 2013. Double-digit growth rates were accomplished in the second quarter. Against this backdrop, the management is confirming the sales and earnings targets for 2013.

“In an economic environment, which has not become any easier in all relevant sales markets, we continued to grow in the first half of the year,” said Claus-Dietrich Lahrs, Chief Executive Officer of HUGO BOSS AG. “The investments in our brands as well as our collections will be the cornerstone for a successful second half year. We are therefore confirming our sales and earnings targets for 2013.”

All regions and distribution channels grow in second quarter

All regions and distribution channels contributed to the positive sales development in the second quarter of 2013. Overall, sales increased by 11% on

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a currency-neutral basis. In euro, the Group posted growth of 10% to EUR 532 million (Q2 2012: EUR 485 million). Europe posted double-digit currency-adjusted sales growth of 14%. Due to its relatively high wholesale share, the region benefited from the summer collection, which was mainly delivered in the second quarter. The currency-adjusted growth of 9% in the Americas was driven predominantly by growth in the U.S. In Asia, sales adjusted for currency effects increased by 7%, which is primarily attributable to an improved development in China, especially in Hong Kong.

Supported by the positive effects of the new collection cycle, sales in the wholesale business posted currency-adjusted growth of 6% in the second quarter. Sales in own retail (including outlets and online business) increased by 15% in local currencies. The increase in own retail comp store sales amounted to 2% before currency effects.

Positive inventory valuation effects, lower sales deductions as well as the above-average sales growth in own retail led to an increase of the gross profit margin by 340 basis points to 65.8% (Q2 2012: 62.4%). Due to the significant sales growth and positive development of the gross profit margin, EBITDA before special items increased by 31% to EUR 102 million (Q2 2012: EUR 78 million). The adjusted EBITDA margin therefore increased by 300 basis points to 19.1% in the second quarter (Q2 2012: 16.1%).

Group's own retail business grows by double digits in first half year

The HUGO BOSS Group's sales increased by 3% to EUR 1,125 million in the first six months of 2013 (H1 2012: EUR 1,092 million). In local currencies, sales were 4% higher than the prior-year level.

The growth was supported by a positive development in all regions. Despite the continued challenging market environment, particularly in the wholesale business,

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currency-adjusted sales in Europe were 3% higher than the prior-year level in the first half year. Supported by a robust development in the U.S., sales in the Americas grew by 7% in local currencies. Currency-adjusted sales growth in Asia amounted to 4% in the first half year.

From a distribution channel perspective, sales developed unevenly in the first half year. In the wholesale channel, currency-adjusted sales were 7% lower year-on-year. This development is due to a continued difficult market environment and deliveries of the spring collection that were moved forward to the fourth quarter of the preceding fiscal year. By contrast, own retail (including outlets and online business) increased by double digits in the first half year with sales growth of 15% in local currencies. Comp store sales were 2% higher year-on-year when adjusted for currency effects. Including the takeover of 42 shop-in-shop units from wholesale partners, the network of directly operated stores was expanded in net terms by 61 to 901 locations in the first six months of 2013 (December 31, 2012: 840).

The Group's gross profit margin improved by 210 basis points to 63.7% in the first half year (H1 2012: 61.6%), primarily because of a higher share of own retail. Despite the higher operating expenses in connection with the expansion of the own retail business, EBITDA before special items increased by 4% to EUR 234 million (H1 2012: EUR 226 million). The adjusted EBITDA margin was 20.8% in the first half year, 10 basis points higher than the prior-year level (H1 2012: 20.7%).

Significant improvement of key balance sheet ratios

Trade net working capital was reduced by 12% to EUR 424 million as of the end of the first half year (June 30, 2012: EUR 483 million). At the same time, inventories were down 9% at EUR 446 million (June 30, 2012: EUR 492 million). Alongside the continued expansion of the Group's own retail business, the construction of a new flat-packed goods distribution center in particular resulted in a considerable increase in capital expenditure to EUR 82 million (June 30, 2012: EUR 41 million). Despite increased capital expenditure and the dividend payment for fiscal year 2012, net financial liabilities were reduced by 22% to EUR 234 million (June 30, 2012: EUR 301 million).

Management reconfirms targets for 2013

HUGO BOSS continues to expect high single-digit sales growth on a currency-neutral basis in 2013. All regions are forecasted to contribute to this. In its own retail business, the Group anticipates renewed double-digit growth, while sales in the wholesale channel will decline at a mid single-digit percentage rate due to the difficult market environment and a higher-than-originally-expected number of takeovers. The network of directly operated stores is to be expanded by around 50 new locations, excluding takeovers. Capital expenditure in 2013 on a comparable basis, excluding expenses for the new flat-packed goods distribution center under construction, 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 grow at a high single-digit rate.

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Further information

The First Half Year Report 2013 can be downloaded from the Group's website at www.group.hugoboss.com.

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Consolidated Income Statement

	Q2 2013	Q2 2012	Change in %
in EUR million	2013	2012	
Net sales	531.7	485.3	10
Cost of sales	(171.9)	(173.6)	1
Direct selling expenses	(10.1)	(8.9)	(13)
Gross profit	349.7	302.8	15
in % of sales	65.8	62.4	340 bp
Selling and distribution expenses	(216.6)	(190.9)	(13)
Administration costs and other operating income and expenses	(57.6)	(52.6)	(10)
Operating result (EBIT)	75.5	59.3	27
in % of sales	14.2	12.2	200 bp
Net interest income/expense	(2.1)	(4.1)	49
Other financial items	(4.2)	0.1	<(100)
Financial result	(6.3)	(4.0)	(59)
Earnings before taxes	69.2	55.3	25
Income taxes	(15.9)	(13.3)	(20)
Net income	53.3	42.0	27
Attributable to:			
Equity holders of the parent company	52.2	40.2	30
Minority interests	1.1	1.8	(41)
Net income	53.3	42.0	27
Earnings per share (EUR)¹			
Common share	0.76	0.58	31

¹ Basic and diluted earnings per share.

EBITDA and Special Items

	Q2 2013	Q2 2012	Change in %
in EUR million	2013	2012	
EBITDA before special items	101.8	77.9	31
in % of sales	19.1	16.1	300 bp
Special items	(4.2)	0.4	<(100)

Sales by Region and Channel

	Q2 2013	Q2 2012	Change in %	Change in % Currency-adjusted
in EUR million	2013	2012		
Europe	301.6	267.0	13	14
Americas	135.3	126.1	7	9
Asia/Pacific	82.8	80.5	3	7
Royalties	12.0	11.7	3	3
Total	531.7	485.3	10	11
Wholesale	210.8	200.9	5	6
Group's own retail business	308.9	272.7	13	15

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Consolidated Income Statement

	Jan. - June 2013	Jan. - June 2012	Change in %
in EUR million	2013	2012	
Net sales	1,125.2	1,092.1	3
Cost of sales	(385.8)	(397.8)	3
Direct selling expenses	(22.6)	(21.4)	(6)
Gross profit	716.8	672.9	7
in % of sales	63.7	61.6	210 bp
Selling and distribution expenses	(415.6)	(380.1)	(9)
Administration costs and other operating income and expenses	(114.3)	(104.1)	(10)
Operating result (EBIT)	186.9	188.7	(1)
in % of sales	16.6	17.3	(70) bp
Net interest income/expense	(5.9)	(7.4)	21
Other financial items	(5.4)	(0.8)	<(100)
Financial result	(11.3)	(8.2)	(38)
Earnings before taxes	175.6	180.5	(3)
Income taxes	(40.4)	(43.3)	7
Net income	135.2	137.2	(1)
Attributable to:			
Equity holders of the parent company	133.8	134.1	0
Minority interests	1.4	3.1	(54)
Net income	135.2	137.2	(1)
Earnings per share (EUR)¹			
Common share	1.94	1.94	0

¹ Basic and diluted earnings per share.

EBITDA and Special Items

	Jan. - June 2013	Jan. - June 2012	Change in %
in EUR million	2013	2012	
EBITDA before special items	234.3	226.3	4
in % of sales	20.8	20.7	10 bp
Special items	(4.1)	(0.3)	<(100)

Sales by Region and Channel

	Jan. - June 2013	Jan. - June 2012	Change in %	Change in % Currency-adjusted
in EUR million	2013	2012		
Europe	668.3	652.2	2	3
Americas	262.9	247.8	6	7
Asia/Pacific	169.1	168.3	1	4
Royalties	24.9	23.8	5	5
Total	1,125.2	1,092.1	3	4
Wholesale	512.7	551.3	(7)	(7)
Group's own retail business	587.6	517.0	14	15

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Consolidated Balance Sheet

Assets in EUR million	June 30, 2013	June 30, 2012	December 31, 2012
Intangible assets	138.1	140.7	142.2
Property, plant and equipment	338.6	292.1	357.5
Deferred tax assets	72.1	58.8	66.7
Non-current financial assets	17.9	9.6	14.5
Non-current tax receivables	2.2	2.7	2.1
Other non-current assets	2.6	2.7	2.6
Non-current assets	571.5	506.6	585.6
Inventories	445.7	492.0	430.3
Trade receivables	226.0	212.6	214.9
Current tax receivables	14.3	8.8	10.9
Current financial assets	17.2	13.1	26.6
Other current assets	70.1	60.1	61.3
Cash and cash equivalents	101.1	62.6	254.6
Current assets	874.4	849.2	998.6
Total assets	1,445.9	1,355.8	1,584.2
Equity and Liabilities in EUR million	June 30, 2013	June 30, 2012	December 31, 2012
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	380.1	294.0	288.0
Accumulated other comprehensive income	(3.4)	(9.7)	(8.7)
Profit attributable to equity holders of the parent company	133.8	134.1	307.4
Equity attributable to equity holders of the parent company	539.0	446.9	615.2
Minority interests	26.6	24.3	24.6
Group equity	565.6	471.2	639.8
Non-current provisions	53.8	35.2	53.0
Non-current financial liabilities	308.7	348.5	63.3
Deferred tax liabilities	21.2	23.7	19.6
Other non-current liabilities	12.2	13.7	14.0
Non-current liabilities	395.9	421.1	149.9
Current provisions	80.1	80.1	90.3
Current financial liabilities	29.4	40.3	332.2
Income tax payables	44.6	36.7	51.2
Trade payables	248.0	221.9	227.5
Other current liabilities	82.3	84.5	93.3
Current liabilities	484.4	463.5	794.5
Total equity and liabilities	1,445.9	1,355.8	1,584.2