

HUGO BOSS

Press Release

HUGO BOSS First Quarter Results 2014

Solid first quarter sales growth supported by strong development in own retail

- **Group sales increase by 6% in local currencies**
- **Comp store sales growth in own retail reaches 6%**
- **Significant increase in gross profit margin**
- **Comprehensive investments in future growth affect earnings development**
- **Sales and earnings targets for 2014 confirmed**

Metzingen, May 7, 2014. In a challenging market environment HUGO BOSS started the year on a positive note. Sales and earnings development in the first quarter reflected the continued evolvement of the business model centered on the Group's own retail activities. The Company therefore confirms its positive outlook for the year as a whole.

"We had a good start to the year," said Claus-Dietrich Lahrs, CEO and Chairman of the Managing Board of HUGO BOSS AG. "Thanks to a strong development in Europe, we were able to compensate for the challenging market environment, above all in North America and China. At the same time, our strategic focus on BOSS Womenswear resulted in double-digit growth rates in this part of our business. The investments in brand, distribution and logistics negatively affected our earnings development in the period, but will support sales and profit growth for the rest of the year and beyond."

Double-digit sales growth in own retail

Sales for the HUGO BOSS Group in the first quarter 2014 increased by 6% in local currencies. This corresponds to a sales growth of 3% to EUR 613 million in euro terms (Q1 2013: EUR 594 million). Europe contributed in particular towards this development, with the region posting a currency-adjusted sales growth of 8%. Given the ongoing challenges in the American apparel retail market, revenues declined by 2% after adjustment for currency effects in this region. In Asia, sales growth accelerated to 7% in local currencies, above all due to a strong development in Japan and Australia.

First quarter wholesale sales were 6% below the prior-year quarter on a currency-adjusted basis. In addition to restrained development in order intake, the takeover of spaces previously managed by wholesale partners affected sales growth in this channel. The own retail business (including outlets and online) posted a 19% increase in sales in local currencies. Currency-adjusted comp store sales growth in this channel accelerated as compared to previous quarters and reached 6%. The total number of directly operated stores at the end of the first quarter stood at 1,007 (December 31, 2013: 1,010). In addition to 13 new openings, the Group took over 12 shop-in-shops previously operated by wholesale partners. 28 points-of-sale were closed, most of them smaller locations of minor strategic importance.

The Group's gross profit margin improved by 360 basis points to reach 65.4%. This development was mainly due to reduced markdowns and above-average growth in the Group's own retail business (Q1 2013: 61.8%¹). The continued expansion of the Group's own retail network, higher marketing expenses and the commissioning of the new distribution center for flat-packed goods led to a 1% decline in EBITDA before special items to EUR 131 million (Q1 2013: EUR 133 million). The adjusted EBITDA margin in the first quarter stood at 21.4%, 90 basis points below the previous year (Q1 2013: 22.3%).

Significant drop in net debt

Trade net working capital was EUR 461 million at the end of the first quarter, up 4% compared to the previous year (March 31, 2013: EUR 445 million). This was largely due to an increase in inventories of 10% to EUR 430 million (March 31, 2013: EUR 391 million), which reflected the expansion of the Group's own retail business as well as the Company's expectations for future growth. Net debt was reduced by EUR 97 million to EUR 27 million (March 31, 2013: EUR 124 million).

Forecast for 2014 confirmed

The Management of HUGO BOSS confirms the outlook for the year given in March. The Company plans to achieve high single-digit sales growth after adjustment for currency effects and thus to post stronger growth than in the previous year. All regions are expected to contribute to the achievement of this goal. The Group is anticipating to achieve double-digit growth in its own retail business once again, while the wholesale channel will remain broadly stable. The operating result (EBITDA before special items) is also expected to post a high single-digit increase. The Group is planning to open around 50 new stores excluding takeovers. Investments will continue to focus on the expansion and renovation of the Group's own retail network. Capital expenditure will range between EUR 110 million and EUR 130 million. Due to the expected increase in earnings and continued strong cash flow development, HUGO BOSS forecasts a positive net financial position at the end of 2014.

1) The amounts listed for 2013 may deviate from the values reported in the previous years due to changes made in accounting methods.

H U G O B O S S

Additional information

The First Quarter Report 2014 is available on the Group's corporate website group.hugoboss.com.

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HUGO BOSS

Consolidated Income Statement

(in EUR million)	Q1 2014	Q1 2013 ¹	Change in %
Sales	612.6	593.5	3
Cost of sales	(212.0)	(226.7)	6
Gross profit	400.6	366.8	9
In % of sales	65.4	61.8	360 bp
Selling and distribution expenses	(232.5)	(196.5)	(18)
Administration expenses	(60.9)	(59.0)	(3)
Other operating income and expenses	1.5	0.1	> 100
Operating result (EBIT)	108.7	111.4	(2)
In % of sales	17.7	18.8	(110) bp
Net interest income/expense	(0.6)	(3.9)	85
Other financial items	(2.1)	(1.1)	(91)
Financial result	(2.7)	(5.0)	46
Earnings before taxes	106.0	106.4	0
Income taxes	(24.4)	(24.4)	0
Net income	81.6	82.0	0
Attributable to:			
Equity holders of the parent company	80.7	81.6	(1)
Non-controlling interests	0.9	0.4	> 100
Earnings per share (EUR)²	1.17	1.18	(1)

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

² Basic and diluted earnings per share.

EBITDA and Special Items

(in EUR million)	Q1 2014	Q1 2013	Change in %
EBITDA before special items	131.3	132.6	(1)
In % of net sales	21.4	22.3	(90) bp
Special items	1.5	0.1	> 100

Sales by Region and Channel

(in EUR million)	Q1 2014	Q1 2013	Change in %	Change in % currency-adjusted
Europe	394.7	366.7	8	8
Americas	118.7	127.6	(7)	(2)
Asia/Pacific	86.3	86.3	0	7
Royalties	12.9	12.9	0	0
TOTAL	612.6	593.5	3	6
Group's own retail business	322.6	278.7	16	19
Wholesale	277.1	301.9	(8)	(6)

HUGO BOSS

Consolidated Balance Sheet

(in EUR million)

	March 31, 2014	March 31, 2013 ¹	December 31, 2013
Assets			
Intangible assets	136.4	140.5	139.2
Property, plant and equipment	367.9	371.4	368.6
Deferred tax assets	81.0	69.6	80.7
Non-current financial assets	16.0	15.8	17.4
Non-current tax receivables	1.7	2.1	1.7
Other non-current assets	4.0	2.6	3.9
Non-current assets	607.0	602.0	611.5
Inventories	430.4	390.9	440.8
Trade receivables	231.0	249.7	226.2
Current tax receivables	11.9	15.4	10.8
Current financial assets	18.5	17.9	23.3
Other current assets	88.1	79.4	69.4
Cash and cash equivalents	138.4	57.3	119.3
Current assets	918.3	810.6	889.8
TOTAL	1,525.3	1,412.6	1,501.3
Equity and Liabilities			
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	782.0	668.8	701.5
Accumulated other comprehensive income	(14.4)	2.8	(15.8)
Equity attributable to equity holders of the parent company	796.1	700.1	714.2
Non-controlling interests	26.5	25.8	26.1
Group equity	822.6	725.9	740.3
Non-current provisions	54.4	54.5	52.7
Non-current financial liabilities	154.1	154.8	164.8
Deferred tax liabilities	16.4	18.9	17.5
Other non-current liabilities	30.6	12.4	30.9
Non-current liabilities	255.5	240.6	265.9
Current provisions	88.8	71.0	99.9
Current financial liabilities	15.3	32.7	14.6
Income tax payables	59.6	53.2	63.4
Trade payables	200.1	195.3	235.3
Other current liabilities	83.4	93.9	81.9
Current liabilities	447.2	446.1	495.1
TOTAL	1,525.3	1,412.6	1,501.3

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