



HUGO BOSS

NINE MONTHS REPORT  
JANUARY – SEPTEMBER 2015

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# 1

TO OUR  
SHAREHOLDERS

# LETTER TO SHAREHOLDERS

**Dear Shareholders,  
Dear Ladies and Gentlemen,**

2015 has been another year of growth for HUGO BOSS. After the first nine months, sales are up 9% on the prior year. After currency adjustments, this corresponds to a rise of 3%. However, momentum slowed in the course of the past three months. Whereas Europe continued to post solid sales growth, Asia and America were both down.

In Europe the trends emerging in the first half of the year continued almost unchanged. The United Kingdom was still the fastest growing core market within the region, although our business in Germany and France also exhibited solid growth. We are thus benefiting from the generally upbeat environment for consumer spending, which is spurring local demand. At the same time, our business with tourists is expanding particularly in the major European cities. Consequently, we have registered a more than 50% increase in sales to Chinese travelers across Europe. In the United Kingdom, sales to tourists from the United States have more than doubled, making them the most important group of foreign customers in that market.

However, business in Asia/Pacific was dampened by industry trends on the Chinese mainland and in Hong Kong in particular. This was reflected in a sharp drop in footfall in our stores. However, this is a challenge which the entire premium and luxury segment of the apparel industry is facing in this market. Against the backdrop of slower economic growth and the turmoil afflicting stock markets in China, the HUGO BOSS customer has become noticeably more reticent in buying premium apparel. In this environment, we will be devoting all the more attention to presenting our brand core in menswear, upgrading our network of stores and improving our retail business to strengthen our market position relative to our peers.

Business performance in the important U.S. market was worse than had been expected just a few months ago, too. Lower footfall in our Group's own retail stores took its toll on sales, while muted demand on the part of our large business partners dampened our wholesale business. We are addressing the challenges being posed by this market by working on improvements to our inventory position. At the same time, we plan to enhance the quality of our brand presentation in the wholesale channel. To this end, we will be modifying our distribution strategy by replacing the previous BOSS core brand range with HUGO and BOSS Green in category business, i.e. in the traditional multi-brand departments. Instead, we will be selling BOSS solely via shop-in-shops, which we are increasingly operating ourselves. This distribution model has already been received very well in Europe.

We do not expect any swift upswing either in China or the United States especially as there is no sign of any improvement in market conditions. Even so, we assume that thanks to our strength in Europe we will be able to achieve at least stable comp store sales in own retail in the final quarter of the year again. Overall, we should be able to report substantially improved top and bottom-line growth in the last three months. Accordingly, Group sales should be up by between 3% and 5% on a currency-adjusted basis, with operating earnings also set to grow by the same rate. As a result, we will be able to look back on another year of solid growth despite many challenges.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Claus-Dietrich Lahrs". The signature is fluid and cursive, written in a professional style.

**Claus-Dietrich Lahrs**

CEO and Chairman of the Managing Board

## KEY FIGURES

	Jan. – Sep. 2015	Jan. – Sep. 2014	Change in %	3rd Quarter 2015	3rd Quarter 2014	Change in %
<b>Net sales (in EUR million)</b>	<b>2,058.7</b>	<b>1,888.0</b>	<b>9</b>	<b>744.1</b>	<b>716.5</b>	<b>4</b>
Net sales by segments						
Europe incl. Middle East and Africa	1,253.4	1,184.5	6	480.1	458.3	5
Americas	479.9	411.7	17	164.7	156.2	5
Asia/Pacific	283.1	252.1	12	84.3	87.1	(3)
Licenses	42.3	39.7	7	15.0	14.9	1
Net sales by distribution channel						
Group's own retail business	1,200.5	1,033.1	16	399.2	357.5	12
Wholesale	815.9	815.2	0	329.9	344.1	(4)
Licenses	42.3	39.7	7	15.0	14.9	1
<b>Results of operations (in EUR million)</b>						
Gross profit	1,347.0	1,232.8	9	479.7	459.2	4
Gross profit margin in %	65.4	65.3	10 bp	64.5	64.1	40 bp
EBITDA	419.3	420.0	0	164.3	179.3	(8)
EBITDA before special items	422.9	423.4	0	168.1	181.9	(8)
Adjusted EBITDA margin in % <sup>1</sup>	20.5	22.4	(190) bp	22.6	25.4	(280) bp
EBIT	329.8	343.6	(4)	132.6	152.0	(13)
Net income attributable to equity holders of the parent company	234.6	258.0	(9)	88.5	114.7	(23)
<b>Net assets and liability structure as of Sep. 30 (in EUR million)</b>						
Trade net working capital	565.7	548.4	3			
Non-current assets	760.3	653.0	16			
Equity	859.6	765.8	12			
Equity ratio in %	49.1	48.6				
Total assets	1,751.3	1,574.8	11			
<b>Financial position (in EUR million)</b>						
Free cash flow	92.3	151.7	(39)	19.6	55.8	(65)
Net financial liabilities (as of Sep. 30)	194.0	152.8	27			
Capital expenditure	141.0	86.0	64	53.6	33.8	59
Depreciation/amortization	89.5	76.4	17	31.7	27.3	16
Total leverage (as of Sep. 30) <sup>2</sup>	0.3	0.3				
<b>Additional key figures</b>						
Employees (as of Sep. 30)	14,809	14,222	4			
Personnel expenses (in EUR million)	423.3	381.4	11	140.3	124.2	13
Number of Group's own retail stores	1,105	1,028		17	0	
<b>Shares (in EUR)</b>						
Earnings per share	3.40	3.74	(9)	1.28	1.67	(23)
Last share price (as of Sep. 30)	100.40	98.96	1	100.40	98.96	1
Number of shares (as of Sep. 30)	70,400,000	70,400,000		70,400,000	70,400,000	

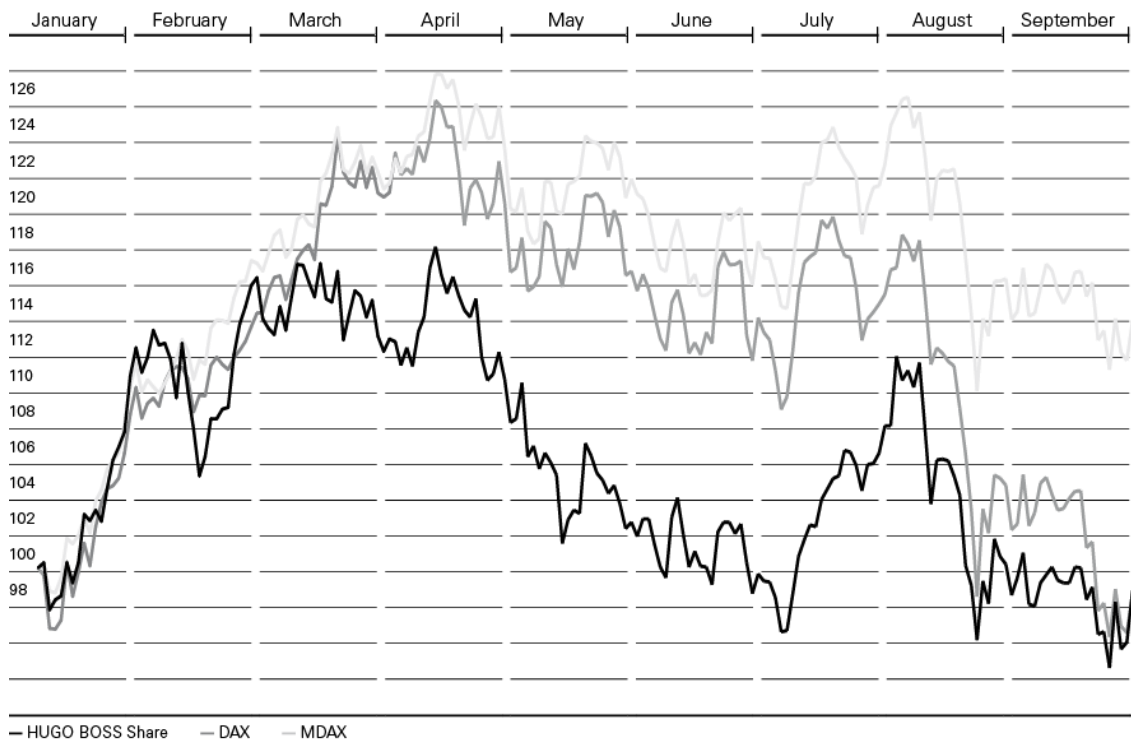
<sup>1</sup> EBITDA before special items/sales.

<sup>2</sup> Net financial liabilities/EBITDA before special items of the last 12 months.

## HUGO BOSS ON THE CAPITAL MARKET

Following significant gains in the first three months of the year, global equity markets were burdened by the crisis in Greece, growing concerns regarding economic conditions in China and substantial losses in the Asian equity markets as the year progressed. Germany's lead indices were unable to hold onto the historical highs they had achieved at the beginning of the year. The corrections emerging from mid-April gained momentum in the third quarter. The HUGO BOSS share was unable to free itself from this trend, experiencing additional strain from slower growth in the industry.

01|01 SHARE PRICE PERFORMANCE 2015 (Index: December 31, 2014 = 100)



### Sharp corrections triggered by global economic concerns

As a result of the expansion of the ECB's bond-buying program, the associated continuing depreciation of the euro and improved macroeconomic data in the Eurozone, the German equity markets entered 2015 with substantial gains. Towards the end of the first quarter, however, persistent concerns about the Chinese economy and the disappointing performance of the United States economy caused momentum to weaken. The agreement reached in the summer on the Greek debt crisis led to only temporary stabilization. From mid-August, the Chinese government's unexpected devaluation of the renminbi, massive declines in the Asian equity markets as well as further evidence of slower growth in China burdened the equity markets in Germany as well. With its decision not to raise its rates for the time being, the U.S. Fed highlighted the mounting risks for the global economy. As a result, the German equity markets continued to retreat, with the **DAX** ceding its first-quarter gains and dipping back below 10,000 points. After a volatile sideways move towards the end of

the reporting period, the DAX closed a slight 1% down on the end of 2014. The **MDAX** advanced by 14% in the same period.

**Challenging underlying conditions for the luxury goods industry are taking their toll on the HUGO BOSS share's performance**

During the first quarter of 2015, the HUGO BOSS share also benefited from the positive sentiment in the equity markets, reaching new highs. However, this upward trend was temporarily disrupted both by the placements of the remaining share packages by principal shareholder Permira and by the financial outlook for 2015, published in March at the annual Press and Analysts' Conference, which fell short of investors' expectations to a certain extent. As the year continued, the share came under further pressure from the more muted outlook for growth in the premium and luxury goods industry, particularly as a result of the slower momentum of the Chinese market, which plays an important role for the industry. Thus, the share prices of many producers of premium and luxury goods were strained by the devaluation of the renminbi and the resultant drop in the Chinese population's purchasing power, slower economic growth and the declines in the Asian equity markets. Despite the Company's substantially smaller exposure to the Chinese market, the HUGO BOSS share was not able to entirely shield itself from these trends and dropped below EUR 100 at the end of August for the first time since January 2015. In line with the market as a whole, it closed the third quarter in a volatile sideways move, trading at EUR 100.40 on the final day of the reporting period, down 1% on the end of the previous year.

The **MSCI World Textiles, Apparel & Luxury Goods Index**, which tracks the share price performance of companies operating in these industries, generally remained stable in the first nine months of the year despite heavy volatility during this period. Accordingly, the HUGO BOSS share largely tracked the industry average as well as the German blue-chip index DAX. However, it was unable to keep up with the MDAX, which benefited from its diversified composition of different industries as well as specific company trends.

**Weighting of HUGO BOSS in the MDAX increases**

The MDAX-listed HUGO BOSS share held 6th place in the Deutsche Börse ranking at the end of September 2015 on the basis of market capitalization adjusted for free float (December 31, 2014: 8th place). It ranked 4th by trading volume (December 31, 2014: 4th place). Consequently, HUGO BOSS had a weighting of 4.4% in the MDAX at the end of September (December 31, 2014: 3.6%). On average, 224,959 shares per day were traded on XETRA in the first nine months of 2015 (2014: 134,334).



#### **Increase in free float of HUGO BOSS shares**

Following the placement of a total of some 14 million shares on February 10, 2015, principal shareholder Permira sold its remaining holding of around 8 million shares via Red & Black Lux S.à r.l. on March 17, 2015. As a result, HUGO BOSS AG had the following shareholder structure as of September 30, 2015: 90% of the shares were in free float (December 31, 2014: 66%). 8% of the share capital was attributed to Zignago Holding S.p.A. and PFC S.r.l., two entities controlled by the Marzotto family, as well as Tamburi Investment Partners S.p.A. (December 31, 2014: 0%). The three companies have pooled their shares by way of a shareholder agreement. 2% of the capital was held by HUGO BOSS AG as own shares (December 31, 2014: 2%).

#### **Voting right notifications in accordance with Sec. 21 WpHG**

In accordance with Sec. 21 WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act], shareholders are obligated to report their share of voting rights if they exceed or fall below certain reporting thresholds. The reporting thresholds are set at 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%. In the period from January 1 to September 30, 2015, the Company received several such notifications, the wording of which has been published under "Financial Releases" in the Investor Relations section of the Group's website at [group.hugoboss.com](http://group.hugoboss.com).

#### **Reportable securities transactions in accordance with Sec. 15 a WpHG**

Four notifications of reportable transactions in the Company's shares in accordance with Sec. 15 a WpHG were presented to the Company by the Managing Board and Supervisory Board in the period from January 1 to September 30, 2015. In total, members of the Managing Board and Supervisory Board hold less than 1% of the shares issued by HUGO BOSS AG. Reportable securities transactions are published under "Financial Releases" in the Investor Relations section of the Group's website at [group.hugoboss.com](http://group.hugoboss.com).



# 2

**CONSOLIDATED  
INTERIM  
MANAGEMENT REPORT**

# GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

## GENERAL ECONOMIC SITUATION

### **Increased risks to the global economy from slower growth in the emerging markets**

In the first nine months of fiscal year 2015, the global economy painted a mixed picture, which was increasingly characterized by concerns over the economic outlook of a number of emerging markets, particularly China. Whereas global growth generally fell only slightly short of the previous year's level, regional trends were disparate. Contrary to expectations, the U.S. economy entered the year on a surprisingly weak note but regained momentum as the year progressed. Other industrial countries, primarily in the Eurozone, were even able to exceed the original growth outlooks. On the other hand, economic growth in China continued to slow unabatedly, increasingly burdening other emerging markets as well and consequently the global economy as a whole by the end of the third quarter.

### **Monetary policy measures buoy up European economy**

The **European economy** continued to expand in the first nine months of the year, exceeding experts' expectations slightly as a whole. This is chiefly attributable to the depreciation of the single European currency as a consequence of further monetary easing by the ECB as well as to the lower oil price. Export-oriented countries, particularly Germany, benefited the most from this. As a result of these factors, the business climate was generally favorable. Spurred by solid growth in wages and salaries in tandem with low inflation and declining unemployment rates, consumer confidence strengthened, also fueling private consumption. In the Southern European countries too, particularly Spain and France, there was further growth in economic output. However, the economic slowdown in many developing countries generated mounting uncertainty as the year progressed. In addition, structural deficits, muted capital spending and a failure to implement reforms placed a damper on growth in Italy and Greece.

### **Recovery in the American economy in the course of the year**

The **U.S. economy** came under pressure from the sustained appreciation of the dollar and the unusually harsh winter at the beginning of the year. At the same time, lower oil prices led to appreciable investment cutbacks in the energy sector. This was reflected in a contraction of U.S. economic output in the first quarter. As the year progressed, however, consumption and also private spending returned to a solid growth trajectory, with labor market numbers also improving. Despite this, the U.S. Fed decided not to raise its interest rates in September in view of the heightened risks to the global economy. The economy in **Latin America** remained weak in the same period of the year. Despite increased exports in some countries, investment demand stayed at a very low level. Structural deficits in Brazil as well as political uncertainty in Venezuela and Argentina overshadowed the progress achieved in countries such as Chile, Colombia and Peru.

### **Further slowdown in the Asian economy**

In **Asia**, the economic slowdown also continued during the first nine months of the year despite repeated intervention by a number of central banks. Extensive monetary-policy measures such as the unexpected devaluation of the renminbi triggered global discussion on the stability of Chinese economic growth. In the course of the year, a series of indicators pointed to a continued slowdown in growth in China. In Japan, the uptrend in the first quarter also gave way to negative growth rates. Thus, exports to China contracted for the first time in one-and-a-half years in the second quarter, with consumer spending also dropping more quickly than experts had expected. The negative effects of the spread of the MERS infection disease were mainly confined to the second quarter and to South Korea, which was affected the most severely by the epidemic. In Australia, the persistent depreciation of the Australian dollar provided minor stimulus following the strain which had previously been put on the country's economy by declining commodity prices and scaled-back mining investment.

## **INDUSTRY DEVELOPMENT**

### **Mounting challenges in the market environment exerting strain on industry development**

Regionally, the global premium and luxury goods industry performed unevenly in the first nine months of fiscal year 2015. On average, companies active in the industry reported increases in sales in the low to mid-single digits. The apparel industry tended to underperform other market segments. All told, the industry was very volatile. Following the improvement in growth trends after a mixed start to the year, various recent indicators were pointing to softening demand in China in particular towards the end of the reporting period. In terms of distribution channels, many market participants' own retail business continued to outperform wholesale business despite a slower rate of expansion. Above-average growth rates were achieved in online business in particular.

In **Europe**, the industry benefited from further growth in business with tourists, particularly from Asia and North America. However, this effect was to some extent negated by a further decline in the number of visitors from Russia. Local demand strengthened, albeit with sharp fluctuations. Growth in disposable incomes and improved conditions in the labor market in large parts of the region, however, only benefitted the apparel industry as a whole to a below-average extent compared with other consumer sectors. In the **United States** as well, the premium and luxury goods industry entered the year on a mixed note. The initially unexpectedly weak economy stood in the way of any positive impetus. Despite a fundamental improvement in consumer confidence following the economic upswing as the year proceeded, the apparel market underperformed other segments. Discounting has remained high throughout the entire year to date. In **Asia**, the industry continued to develop unevenly from region to region during the first nine months of 2015. In China, consumer confidence came under pressure from the macroeconomic slowdown, massive losses in the stock markets and the unexpected devaluation of the renminbi. On top of this, Chinese consumers purchased a growing share of premium and luxury items in other countries in Asia and Europe. In Japan, this effect additionally buoyed the industry alongside solid domestic demand. In Hong Kong, on the other hand, the industry suffered from a sustained decline in visitor numbers, which had previously been the most popular destination for Chinese tourists.

# GROUP EARNINGS DEVELOPMENT

## SALES PERFORMANCE

### HUGO BOSS grows sales by 3% on a currency-adjusted basis

Against the backdrop of muted macroeconomic conditions and the disparate regional performance of the premium and luxury goods industry, the HUGO BOSS Group recorded **Group sales** of EUR 2,059 million in the first nine months of fiscal year 2015. Sales were therefore up 9% on the comparable prior-year period in the Group's reporting currency (prior year: EUR 1,888 million). Currency effects had a positive impact on Group sales in the reporting period. Thus, HUGO BOSS achieved a 3% increase in sales on a currency-adjusted basis. The favorable sales performance was again mainly driven by growth in the Group's own retail business.

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

	Jan. – Sep. 2015	In % of sales	Jan. – Sep. 2014	In % of sales	Change in %	Currency- adjusted change in %
Europe <sup>1</sup>	1,253.4	60.9	1,184.5	62.7	6	5
Americas	479.9	23.3	411.7	21.8	17	(1)
Asia/Pacific	283.1	13.7	252.1	13.4	12	(2)
Licenses	42.3	2.1	39.7	2.1	7	7
<b>TOTAL</b>	<b>2,058.7</b>	<b>100.0</b>	<b>1,888.0</b>	<b>100.0</b>	<b>9</b>	<b>3</b>

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

### Strong momentum in sales in Europe

In the first nine months of fiscal year 2015, sales in the reporting currency in **Europe** including the Middle East and Africa increased by 6% to EUR 1,253 million (prior year: EUR 1,185 million). In local currencies, sales in this region rose by 5%. The main underlying drivers were a double-digit increase in sales in Great Britain and solid growth in Germany and France. In the **Americas**, sales in the reporting currency climbed by 17% to EUR 480 million (prior year: EUR 412 million). In local currencies, sales in the region contracted by 1% primarily as a result of lower sales in the United States. Sales in the reporting currency in **Asia/Pacific** came to EUR 283 million, up 12% on the prior year (prior year: EUR 252 million). The deterioration of market environment in China, which burdened the performance of HUGO BOSS in this market, caused sales to drop by 2% in local currencies.

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

	Jan. – Sep. 2015	In % of sales	Jan. – Sep. 2014	In % of sales	Change in %	Currency- adjusted change in %
Group's own retail business	1,200.5	58.3	1,033.1	54.7	16	8
Directly operated stores	776.5	37.7	686.5	36.4	13	4
Outlet	364.1	17.7	299.0	15.8	22	13
Online	59.9	2.9	47.6	2.5	26	22
Wholesale	815.9	39.6	815.2	43.2	0	(4)
Licenses	42.3	2.1	39.7	2.1	7	7
<b>TOTAL</b>	<b>2,058.7</b>	<b>100.0</b>	<b>1,888.0</b>	<b>100.0</b>	<b>9</b>	<b>3</b>

**Growth in Group's own retail business supported by 3% increase in retail comp store sales**

In the first nine months of fiscal year 2015, the **Group's own retail business (retail)** contributed to the Group's sales development with growth in retail comp store sales and the expansion of the Group's own retail business through new openings and takeovers. Compared with the same period in the prior year, sales in this distribution channel rose by 16% to EUR 1,201 million (prior year: EUR 1,033 million). This is equivalent to a currency-adjusted increase of 8%. Retail comp store sales were up 11% over the comparable prior-year period in the reporting currency and up 3% adjusted for currency effects. The share of the Group's own retail business in Group sales was additionally widened to 58% in the reporting period (prior year: 55%).

**Sales growth in directly operated stores (DOS)**

Sales from **directly operated stores (DOS)** grew by 13% in the first nine months of the year, or by 4% in currency-adjusted terms, to EUR 777 million (prior year: EUR 687 million). This includes sales from directly operated freestanding stores as well as sales generated with concession partners. With the concession model, the Group directly operates HUGO BOSS shop-in-shop units in retail partners' selling space. **Outlet business** achieved a 22% increase in sales in the Group currency to EUR 364 million, thus making a positive contribution to sales growth in the Group's own retail business in the first nine months of fiscal year 2015 (prior year: EUR 299 million). This is equivalent to an increase of 13% adjusted for currency effects. The **Group's own online retail business** increased with double-digit growth rates. In the first nine months of fiscal year 2015, sales via this distribution channel rose by 26% in the reporting currency to EUR 60 million (prior year: EUR 48 million). This corresponds to a currency-adjusted sales increase of 22%.

**Currency-adjusted decline in sales in the wholesale channel**

Sales in the **wholesale channel** remained stable in the first nine months of fiscal year 2015, coming to EUR 816 million (prior year: EUR 815 million). They were down 4% in currency-adjusted terms. This reflected takeovers of selling space previously operated by wholesale partners, which resulted in a shift in sales from wholesale business to the Group's own retail business, as well as lower sales in the Americas. Replenishment business, which allows HUGO BOSS to react to short-term surges in business partners' demand, was up in the first nine months. The share of wholesale business in Group sales contracted from 43% in the comparable prior-year period to 40% in the reporting period.

#### **Increase in sales in the license business**

Sales with **license business** increased by 7% to EUR 42 million in the nine-month period (prior year: EUR 40 million). They were also up 7% adjusted for currency effects. The articles produced by partners include fragrances, eyewear and watches. License income grew significantly in the case of watches and eyewear in particular. The share of the license business in consolidated sales remained unchanged at 2%.

#### **3% increase in sales of BOSS core brand after currency adjustment**

In the first nine months of fiscal year 2015, the **BOSS** core brand reported growth of 10% compared to the prior-year period, achieving sales of EUR 1,481 million (prior year: EUR 1,350 million). This translates into a 3% increase after currency adjustment. Sales of the **BOSS Green** brand climbed by 22% in the same period to EUR 193 million (prior year: EUR 159 million) and by 13% in local currencies. At EUR 180 million, sales of the **BOSS Orange** brand were down 9% from the comparable prior-year period (prior year: EUR 198 million) and down 11% in currency-adjusted terms, whereas the **HUGO** brand generated sales of EUR 204 million, an increase of 13% over the comparable prior-year period (prior year: EUR 181 million). HUGO increased 9% after currency adjustment.

#### **BOSS womenswear achieves double-digit growth**

In the reporting period, **menswear** sales were up 9% over the comparable prior-year period, coming to a total of EUR 1,830 million (prior year: EUR 1,672 million). Sales growth of 3% was reported after currency adjustment. The proportion of menswear in total sales is unchanged at 89%. **Womenswear** sales grew by 6% in the reporting currency and 3% in local currencies, coming to EUR 229 million (prior year: EUR 216 million). BOSS womenswear, led by Artistic Director Jason Wu, achieved double-digit sales growth in the reporting currency as well as in local currencies. This development echoed the positive customer response to the collections presented and was supported by extended brand communication activities and an associated increased brand awareness. Womenswear continued to contribute 11% to total sales.

**Net addition of 64 stores to Group's own retail store network in reporting period**

In the first nine months of fiscal year 2015, the total number of the **Group's own retail stores** climbed by a net 64 to 1,105 (December 31, 2014: 1,041).

The **takeover** of 70 stores previously operated by wholesale partners particularly strengthened the Group's own retail business in South Korea, China and Mexico. At the same time, the Group continued its organic expansion strategy with 60 **new openings** during the reporting period. On the other hand, 66 mostly smaller points of sale were closed in the same period, primarily in connection with efforts to improve the quality of the store portfolio.

**NUMBER OF GROUP'S OWN RETAIL STORES BY REGION**

<b>Sep. 30, 2015</b>	Freestanding stores	Shop-in-shops	Outlets	<b>TOTAL</b>
Europe	181	366	55	<b>602</b>
Americas	89	85	47	<b>221</b>
Asia/Pacific	155	99	28	<b>282</b>
<b>TOTAL</b>	<b>425</b>	<b>550</b>	<b>130</b>	<b>1,105</b>
<b>Dec. 31, 2014</b>				
Europe	183	363	49	<b>595</b>
Americas	83	75	46	<b>204</b>
Asia/Pacific	122	93	27	<b>242</b>
<b>TOTAL</b>	<b>388</b>	<b>531</b>	<b>122</b>	<b>1,041</b>

**Concession model strengthened in the United Kingdom and France**

In **Europe**, the retail store network was additionally expanded by 41 new openings and nine takeovers. The Group was able to expand its position in the United Kingdom in particular by taking over eight new shop-in-shops. In France, the concession model was also strengthened by the opening of six new shop-in-shops. Taking into account the closure of 43 mostly smaller stores, there was a net increase of seven to a total of 602 own retail stores in Europe (December 31, 2014: 595).

**Market presence in the Americas strengthened by takeovers in Mexico**

In the **Americas**, the takeover of 14 stores resulted in a further strengthening of the retail store network in Mexico. In addition, new stores were opened in the United States, Brazil and Canada. Including the closure of six stores, there was a net increase of 17 to a total of 221 own retail stores in this region (December 31, 2014: 204).

**Market presence in Asia/Pacific strengthened by takeovers in South Korea and China**

In the course of expansion in **Asia/Pacific**, 23 stores were taken over in South Korea and 21 stores in China in the first nine months of fiscal year 2015. Among other things, the store network was expanded with new openings in South Korea, Australia and China. Including the closure of 17 stores, there was a net increase of 40 to a total of 282 own retail stores in this region (December 31, 2014: 242).



## EARNINGS DEVELOPMENT

### INCOME STATEMENT (in EUR million)

	Jan. – Sep. 2015	In % of sales	Jan. – Sep. 2014	In % of sales	Change in %
<b>Sales</b>	<b>2,058.7</b>	<b>100.0</b>	<b>1,888.0</b>	<b>100.0</b>	<b>9</b>
Cost of sales	(711.7)	(34.6)	(655.2)	(34.7)	(9)
<b>Gross profit</b>	<b>1,347.0</b>	<b>65.4</b>	<b>1,232.8</b>	<b>65.3</b>	<b>9</b>
Selling and distribution expenses	(812.9)	(39.5)	(705.9)	(37.4)	(15)
Administration costs	(200.7)	(9.7)	(179.9)	(9.5)	(12)
Other operating income and expenses	(3.6)	(0.2)	(3.4)	(0.2)	(4)
<b>Operating result (EBIT)</b>	<b>329.8</b>	<b>16.0</b>	<b>343.6</b>	<b>18.2</b>	<b>(4)</b>
Net interest income/expenses	(5.2)	(0.2)	(3.3)	(0.2)	(58)
Other financial items	(19.8)	(1.0)	(3.7)	(0.2)	<(100)
<b>Financial result</b>	<b>(25.0)</b>	<b>(1.2)</b>	<b>(7.0)</b>	<b>(0.4)</b>	<b>&lt;(100)</b>
<b>Earnings before taxes</b>	<b>304.8</b>	<b>14.8</b>	<b>336.6</b>	<b>17.8</b>	<b>(9)</b>
Income taxes	(70.1)	(3.4)	(77.4)	(4.1)	9
<b>Net income</b>	<b>234.7</b>	<b>11.4</b>	<b>259.2</b>	<b>13.7</b>	<b>(9)</b>
Attributable to:					
Equity holders of the parent company	234.6	11.4	258.0	13.7	(9)
Non-controlling interests	0.1	0.0	1.2	0.0	(92)
<b>Earnings per share (EUR)<sup>1</sup></b>	<b>3.40</b>		<b>3.74</b>		<b>(9)</b>
<b>EBITDA</b>	<b>419.3</b>	<b>20.3</b>	<b>420.0</b>	<b>22.2</b>	<b>(0)</b>
Special items	(3.6)	(0.2)	(3.4)	(0.2)	(4)
<b>EBITDA before special items</b>	<b>422.9</b>	<b>20.5</b>	<b>423.4</b>	<b>22.4</b>	<b>(0)</b>
<b>Income tax rate in %</b>	<b>23</b>		<b>23</b>		

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

### Gross profit margin of 65.4% slightly up on the prior year

**Gross profit** at the end of the first nine months of fiscal year 2015 stood at EUR 1,347 million, up 9% over the prior-year level (prior year: EUR 1,233 million). At 65.4%, the **gross profit margin** was slightly higher than in the prior year (prior year: 65.3%). Positive effects stemming from above-average growth in the Group's own retail business, in which HUGO BOSS generates a higher gross profit margin than it does in the wholesale channel, were offset by higher rebates and negative inventory valuation effects.

### Expansion of the Group's own retail business resulting in higher selling expenses

**Selling and distribution expenses** came to EUR 813 million in the first nine months of fiscal year 2015, up 15% on the prior-year figure (prior year: EUR 706 million). Currency effects made a material contribution to this increase. Relative to sales, selling and distribution expenses increased from 37.4% to 39.5%. Selling expenses rose by 16% in the reporting period particularly as a result of the global expansion of the Group's own retail business, accounting for 30.2% of sales (prior year: 28.4%). Marketing expenses climbed by 14% compared to the prior-year period.

This increase mainly reflects intensified brand communication activities in the areas of advertising, digital and retail marketing. Relative to sales, marketing expenses accounted for 6.5% (prior year: 6.2%). Additional lease expenses associated with the commissioning of the new flat-packed goods distribution center in Germany in the third quarter of 2014 contributed to a 9% increase in logistics expenses compared with the prior year. At 2.7% of sales, they remained stable at the prior year's level (prior year: 2.7%).

#### **Administration expenses relative to sales increase only slightly**

**Administration expenses** came to EUR 201 million in the first nine months of fiscal year 2015, up 12% over the prior-year figure (prior year: EUR 180 million). Currency effects made a material contribution to this increase. Relative to sales, they came to 9.7% (prior year: 9.5%). General administration expenses increased by 14% and, at 7.4% of sales, were slightly up on the prior-year period (prior year: 7.1%). Research and development costs incurred in the creation of fashion collections rose by 5% compared to the prior-year period and accounted for 2.3% of sales, slightly less than in the prior year (prior year: 2.4%).

#### **Consolidated net income influenced by special items**

The net expenses arising from **other operating expenses and income** came to EUR 4 million in the first nine months (prior year: net expenses of EUR 3 million). This includes special items which mainly relate to early dissolutions of contracts with trade agents and service providers as well as organizational changes in Europe and the Americas. In the second quarter of 2015, the sale of the production site in Cleveland, Ohio, led to the release of provisions recognized in 2014. The resulting income was offset by expenses arising from special items.

#### **EBITDA before special items stable**

At EUR 423 million, the key internal performance indicator **EBITDA before special items** was unchanged over the prior year (prior year: EUR 423 million). The adjusted EBITDA margin came to 20.5%, down 190 basis points on the prior year (prior year: 22.4%). This was chiefly due to the increase in operating expenses in the selling and marketing areas, which could not be offset fully by the increased gross profit margin. **Amortization and depreciation** came to EUR 90 million, up 17% over the prior year (prior year: EUR 76 million), due to an increase in the ratio of property, plant and equipment to total assets particularly as a result of investments in the Group's own retail business. At the end of the first nine months of fiscal year 2015, **EBIT** stood at EUR 330 million, down 4% on the prior year (prior year: EUR 344 million).

#### **Negative trends in exchange rates burdened the financial result**

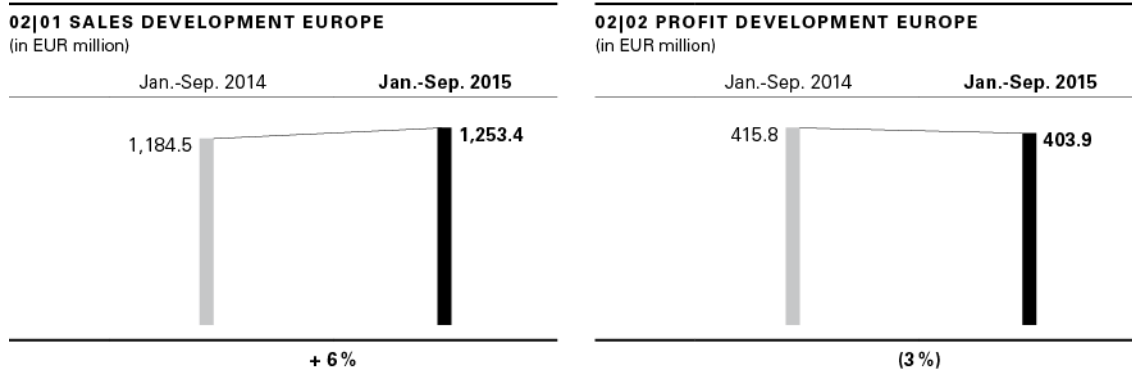
The **financial result**, measured as net expense after aggregating net interest income/expenses and other financial items, decreased in the first nine months of fiscal year 2015 to EUR 25 million (prior year: EUR 7 million). This decrease is primarily due to negative trends in the exchange rates of the Brazilian real and the Swiss franc. It was also due to interest expenses in connection with the tax field audit for the years 2007 to 2011 at HUGO BOSS AG.

**Net income down on the prior year**

**Earnings before taxes** at the end of the first nine months of the year stood at EUR 305 million, down 9% on the prior-year level (prior year: EUR 337 million). At 23%, the Group's tax rate remained unchanged at the prior-year level. In the first nine months of fiscal year 2015, **net income** thus declined by 9% to EUR 235 million (prior year: EUR 259 million). The consolidated net income attributable to equity holders of the parent company likewise decreased by 9% to EUR 235 million (prior year: EUR 258 million). In the reporting period, net income attributable to non-controlling interests came to EUR 0 million (prior year: EUR 1 million). **Earnings per share** thus fell by 9% compared to the prior year to EUR 3.40 (prior year: EUR 3.74).

## SALES AND PROFIT DEVELOPMENT OF THE BUSINESS SEGMENTS

### EUROPE



#### Currency-adjusted 5% increase in sales

In the first nine months of fiscal year 2015, **sales** in the reporting currency in **Europe** including the Middle East and Africa increased by 6% to EUR 1,253 million (prior year: EUR 1,185 million). This corresponds to an increase of 5% in local currencies.

#### Sales in region determined by Group's own retail business

Sales in the **Group's own retail business** climbed by 12% to EUR 685 million in Europe in the reporting period (prior year: EUR 611 million). An increase of 10% was achieved in local currencies. In addition to continued selling space expansion, this favorable performance was due to increased retail comp store sales. In the same period, sales with **wholesale** customers declined by 1% in the reporting currency and in local currencies to EUR 569 million (prior year: EUR 574 million).

#### Great Britain still the fastest growing core market in Europe

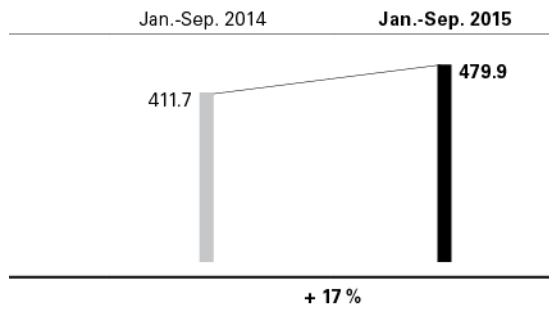
At EUR 352 million, sales in **Germany** were up 5% on the comparable prior-year period (prior year: EUR 336 million). This positive performance was supported by both the Group's own retail business and the wholesale business. In **Great Britain**, sales in the reporting currency came to EUR 230 million, up 26% on the comparable prior-year period (prior year: EUR 182 million). In the local currency, this corresponds to sales growth of 14%. This performance was underpinned by double-digit growth in the Group's own retail business and in the wholesale channel. In **France**, growth in the high single digits in the Group's own retail business made up for the declining wholesale business. Thus, at EUR 140 million, sales were up 4% on the comparable prior-year period (prior year: EUR 134 million). Reflecting the continuing consolidation in the wholesale channel, sales in the **Benelux countries** came to EUR 107 million and were thus 3% down on the prior year (prior year: EUR 111 million). However, the Group's own retail business also grew in this market during the reporting period.

#### Segment profit down from prior year

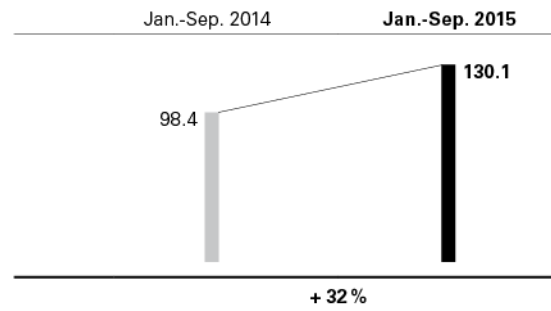
At EUR 404 million, **segment profit** in Europe was down 3% on the comparable prior-year period (prior year: EUR 416 million). Negative exchange rate effects as well as higher selling and distribution expenses burdened earnings in this region. The adjusted EBITDA margin narrowed by 290 basis points to 32.2% (prior year: 35.1%).

## AMERICAS

### 02|03 SALES DEVELOPMENT AMERICAS (in EUR million)



### 02|04 PROFIT DEVELOPMENT AMERICAS (in EUR million)



#### Slightly lower sales in the Americas

In the **Americas** sales in the reporting currency rose by 17% compared to the prior-year period to EUR 480 million (prior year: EUR 412 million). Currency effects exerted a material influence in this respect. In currency adjusted terms, sales in this region decreased by 1%.

#### Currency-adjusted increase in sales in the Group's own retail business

Sales in the **Group's own retail business** climbed by 23% in the reporting currency, coming to EUR 273 million in the first nine months of the year (prior year: EUR 221 million). This is equivalent to a currency-adjusted increase of 5%. Sales in the **wholesale channel** reached EUR 207 million in the first nine months of fiscal year 2015 (prior year: EUR 191 million). This is an increase of 9% in the reporting currency but equivalent to a decrease of 7% in currency-adjusted terms.

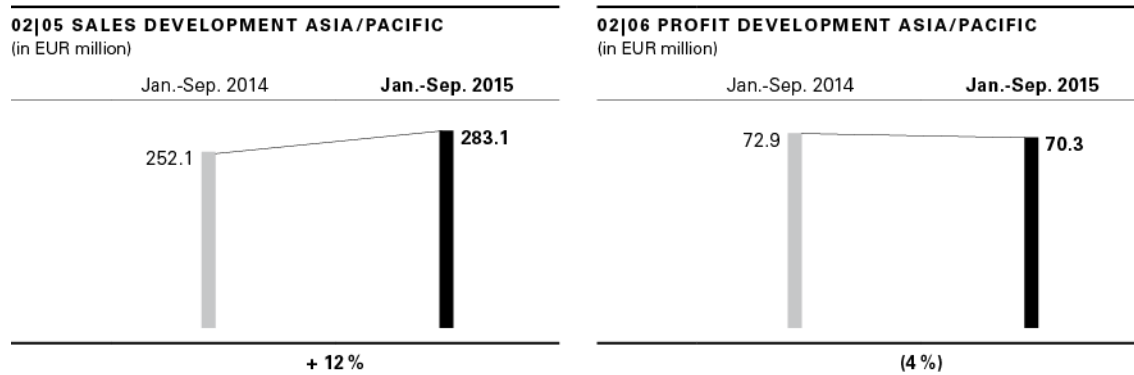
#### Disparate sales development in the individual markets of the region

Sales in the **United States** increased by 19% to EUR 384 million in the reporting currency in the first nine months of 2015 (prior year: EUR 323 million). In the local currency, however, they contracted by 2%. The mixed market conditions burdened sales in both the Group's own retail business and in the wholesale channel. In **Canada**, sales in the reporting currency climbed by 15% to EUR 54 million (prior year: EUR 47 million). Accordingly, they were up 9% in currency-adjusted terms. Despite the continued weak economic performance in **Central and South America**, sales in this market came to EUR 42 million and were thus unchanged over the prior year (prior year: EUR 42 million). This translated into a 2% increase in local currencies, with the positive performance underpinned by the Group's own retail business in particular.

#### Growth in segment profit

At EUR 130 million, **segment profit** in the Americas was up 32% on the comparable prior-year period (prior year: EUR 98 million). This was particularly due to positive exchange rate effects, which were especially visible in the gross profit margin. Increased discounting as well as negative effects from inventory valuation counterbalanced this development partially. At the end of the first nine months the adjusted EBITDA margin stood at 27.1%, 320 basis points up on the prior year (prior year: 23.9%).

## ASIA/PACIFIC



### Region sales burdened by the deterioration in market conditions in China

In the first nine months of fiscal year 2015, sales in **Asia/Pacific** rose by 12% over the prior-year period to EUR 283 million in the reporting currency (prior year: EUR 252 million). The deterioration in market conditions in China, which burdened the performance of HUGO BOSS in this market, caused sales to decrease by 2% in local currencies.

### Increased sales in the Group's own retail business

Sales in the **Group's own retail business** in this region rose by 21% to EUR 243 million in the reporting currency (prior year: EUR 202 million). This is equivalent to growth of 5% in local currencies compared to the prior-year period. By contrast, at EUR 40 million, sales with **wholesale customers** were down 21% from the prior year in the Group's reporting currency (prior year: EUR 50 million). This translates into a 31% decline in local currencies. Takeovers of selling space previously operated by wholesale partners in South Korea and China made a material contribution to this.

### Uneven sales development in the individual markets

Sales in **China** came to EUR 170 million and were thus up 14% on the prior year in the reporting currency (prior year: EUR 149 million). Against the backdrop of deteriorating market conditions, currency-adjusted sales decreased by 6%. On the other hand, sales in Oceania and Japan were higher. Thus, at EUR 43 million, sales in **Oceania** were up 10% on the comparable prior-year period (prior year: EUR 39 million). In local currencies, HUGO BOSS reported a 9% increase in sales. At EUR 29 million, sales in **Japan** climbed to 10% above the prior year's level (prior year: EUR 27 million), equivalent to a currency-adjusted increase of 6%.

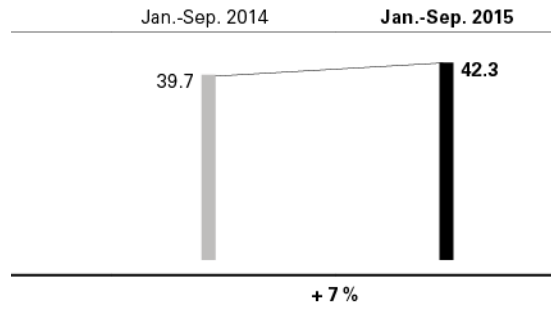
### Segment profit dragged down by sales development in China

At EUR 70 million, **segment profit** in Asia/Pacific was down 4% on the comparable prior-year period (prior year: EUR 73 million). Sales in China, negative inventory valuation effects and a disproportionately large increase in selling and distribution expenses, particularly in connection with the expansion of the Group's own retail business, negated the positive exchange rate effects in this region. At 24.8%, the adjusted EBITDA margin was down 410 basis points on the prior year (prior year: 28.9%).

## LICENSES

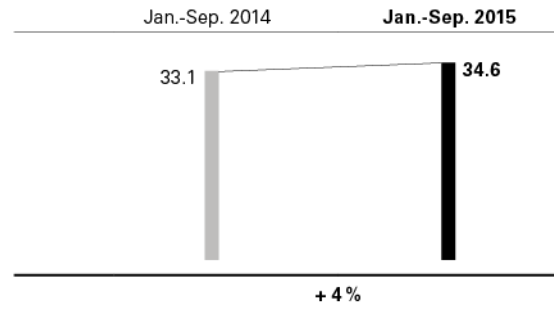
### 02|07 SALES DEVELOPMENT LICENSES

(in EUR million)



### 02|08 PROFIT DEVELOPMENT LICENSES

(in EUR million)



#### License business up 7%

Sales in the **license business** increased by 7% to EUR 42 million in the nine-month period (prior year: EUR 40 million). They were also up 7% adjusted for currency effects. The articles produced by partners include fragrances, eyewear and watches. License income grew significantly in the case of watches and eyewear in particular.

At EUR 35 million, the license **segment profit** was 4% up on the comparable prior-year period (prior year: EUR 33 million)

## NET ASSETS

### 02|09 STATEMENT OF FINANCIAL POSITION (in %)

ASSETS	Sep. 30, 2014	Sep. 30, 2015
Property, plant and equipment and intangible assets	34	34
Inventories	31	31
Trade receivables	17	14
Other assets	15	18
Cash and cash equivalents	3	3
<b>TOTAL</b>	<b>100</b>	<b>100</b>
<b>ASSETS (in EUR million)</b>	<b>1,574.8</b>	<b>1,751.3</b>

#### Increase in total assets due to higher inventories, property, plant and equipment and intangible assets

**Total assets** increased by 11% to EUR 1,751 million at the end of the third quarter of fiscal year 2015 (September 30, 2014: EUR 1,575 million). This change was driven in particular by an increase in inventories, property, plant and equipment and intangible assets in which currency effects and the expansion of the Group's own retail business played a key role. At 57%, the **proportion of current assets** was down slightly from the comparable prior-year period (September 30, 2014: 59%). Accordingly, the **proportion of non-current assets** as of September 30, 2015, came to 43% (September 30, 2014: 41%).

At EUR 591 million at the end of the reporting period, **property, plant and equipment and intangible assets** were up 12% on the prior year (September 30, 2014: EUR 529 million). This was due in particular to capital expenditure on the expansion and enhancement of the Group's own retail business.

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

**Inventories** increased by 12% to EUR 544 million as of September 30, 2015 (September 30, 2014: EUR 486 million). Adjusted for exchange rate effects, the increase came to only 3%. The greater volume of inventories was largely driven by the further expansion of the Group's own retail business.

#### Decrease in trade receivables

**Trade receivables** decreased by 6% compared to the prior-year period to EUR 248 million (September 30, 2014: EUR 265 million). Adjusted for currency effects, this equates to a decrease of 8%. This was mainly due to declining wholesale business in the reporting period.



**Other assets** rose by 28% compared to the prior-year period to EUR 313 million (September 30, 2014: EUR 245 million). This development is mainly attributable to an increase in deferred tax assets because of additional temporary differences and higher refund claims from returns.

At EUR 56 million, **cash and cash equivalents** were up 13% over the prior year (September 30, 2014: EUR 50 million).

**02|10 STATEMENT OF FINANCIAL POSITION (in %)**

<b>EQUITY AND LIABILITIES</b>	Sep. 30, 2014	Sep. 30, 2015
Shareholders' equity	49	49
Provisions and deferred taxes	12	11
Trade payables	13	13
Other liabilities	13	12
Financial liabilities	13	15
<b>TOTAL</b>	<b>100</b>	<b>100</b>
<b>EQUITY AND LIABILITIES (in EUR million)</b>	<b>1,574.8</b>	<b>1,751.3</b>

**Equity ratio unchanged at 49%**

**Equity** rose by 12% to EUR 860 million as of the reporting date (September 30, 2014: EUR 766 million). Consequently, the **equity ratio** was unchanged at 49% (September 30, 2014: 49%).

At EUR 196 million, **provisions and deferred taxes** were up 6% on the prior year (September 30, 2014: EUR 184 million). This includes provisions for pensions and other personnel expenses of EUR 103 million (September 30, 2014: EUR 97 million). Other provisions came to EUR 84 million (September 30, 2014: EUR 75 million) and deferred tax liabilities to EUR 9 million (September 30, 2014: EUR 12 million). The increase in other provisions compared to September 30, 2014, was essentially related to provisions in connection with the early dissolution of the agreement with a trade agent in the Middle East and higher provisions for returns and restoration obligations.

**Increase in trade payables**

**Trade payables** climbed by 12% compared to the prior-year period to EUR 226 million (September 30, 2014: EUR 202 million). In currency-adjusted terms, this was an increase of 8%.

**Other liabilities** rose slightly compared to the prior-year period to EUR 213 million (September 30, 2014: EUR 212 million) and, in addition to VAT liabilities and outstanding social security liabilities, mainly contain accruals of rental obligations for the Group's own retail business as well as accrued vacation, wages and salaries. The year-on-year change primarily results from an increase in the accruals of rental obligations as a result of the expansion of the Group's own retail business.

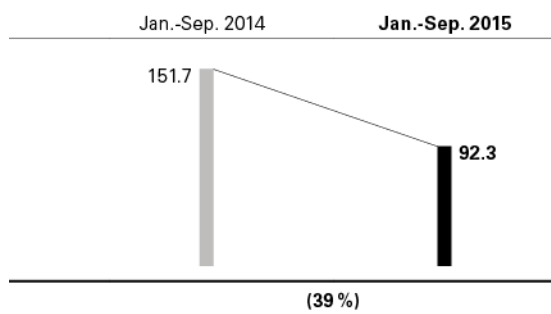
Total **current and non-current financial liabilities** increased by 22% to EUR 257 million as of the reporting date (September 30, 2014: EUR 211 million). The main driver was the increase in capital expenditure in property, plant and equipment as well as intangible assets. Greater use was made of short-term credit facilities due to favorable interest rates in addition to the utilization of EUR 118 million (September 30, 2014: EUR 127 million) of the syndicated loan.

**Currency-adjusted decline in trade net working capital**

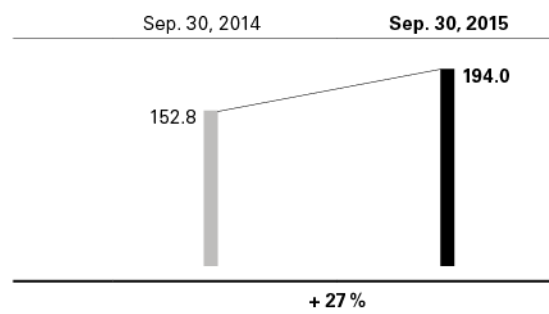
**Trade net working capital** is the HUGO BOSS Group's key performance indicator for measuring the efficiency of capital employed. The only three components factored into the calculation of this indicator are inventories, trade receivables and trade payables. It increased by 3% over the prior year to EUR 566 million (September 30, 2014: EUR 548 million). This corresponds to a 4% decline in local currencies. The increase in inventories was fully made up for by the lower trade receivables and higher trade payables. The moving average of **trade net working capital as a percentage of sales** on the basis of the last four quarters came to 19.8% and was thus higher than in the prior year (prior year: 18.7%).

## FINANCIAL POSITION

02|11 FREE CASH FLOW (in EUR million)



02|12 NET FINANCIAL LIABILITIES (in EUR million)



The statement of cash flows is presented in accordance with IAS 7. The cash and cash equivalents reported here correspond to the "Cash and cash equivalents" item in the balance sheet. As cash flow is presented after adjustment for currency effects, these figures cannot be derived from the statement of financial position.

### Reduced free cash flow

At EUR 237 million, **cash flow from operating activities** was 1% up on the prior-year period (prior year: EUR 236 million). The reduced cash outflow from trade net working capital compared with the prior-year period was offset by an increase in the cash outflow for income taxes paid. The **cash outflow from investing activities** came to EUR 145 million, substantially higher than in the prior-year period (prior year: EUR 84 million). This was mainly driven by increased capital expenditure on property, plant and equipment in connection with the expansion of the Group's own retail business. A cash outflow of EUR 20 million is attributable to property, plant and equipment and intangible assets as well as current assets acquired in the purchase of business entities in South Korea, China and New Zealand. **Free cash flow**, measured as the cash inflow from operating activities and the cash outflow from investing activities, decreased in the reporting period to EUR 92 million (prior year: EUR 152 million).

The **cash outflow from financing activities** totaled EUR 165 million in the first nine months of fiscal year 2015 (prior year: EUR 223 million).

**Cash and cash equivalents** came to EUR 56 million as of the reporting date (September 30, 2014: EUR 50 million).

### Increase in net financial liabilities due to free cash flow

**Net financial liabilities**, the total of all financial liabilities due to banks less cash and cash equivalents, increased by 27% compared to the first nine months of the prior year to EUR 194 million (prior year: EUR 153 million). This was mainly due to the development of the free cash flow.

## CAPITAL EXPENDITURE

### Capital expenditure focuses on own retail business

The HUGO BOSS Group's total capital expenditure on property, plant and equipment and intangible assets came to EUR 141 million in the first nine months of 2015, marking a substantial increase over the prior year (prior year: EUR 86 million). This increase mainly relates to the expansion of the Group's own retail business. A sum of EUR 15 million is attributable to property, plant and equipment and intangible assets acquired in the purchase of business entities in South Korea, China and New Zealand.

Accounting for 64% of the total, **the global expansion and modernization of the Group's own retail business** remained the focus of capital expenditure in the reporting period (prior year: 72%). This translates into total capital expenditure of EUR 90 million (prior year: EUR 62 million). Capital expenditure on **openings** of the Group's own new retail stores came to EUR 47 million in the first nine months of fiscal year 2015 (prior year: EUR 32 million). In Europe, new retail stores were opened in Athens, Moscow and Verona among other things. In the Americas, the opening of stores in Vancouver and Toronto as well as the takeover of 14 selling spaces in Mexico were particularly noteworthy, while in Asia the main highlight was the takeover of 45 stores in South Korea, China and New Zealand. In addition, EUR 43 million was spent on the **renovation and modernization** of existing retail locations in the reporting period (prior year: EUR 30 million). The bulk of these capital expenditures were in Europe, with the primary focus on the modernization of stores in London, Liverpool and Frankfurt am Main.

Capital expenditure on the **production, logistics and distribution structure** and on **research and development** came to EUR 23 million (prior year: EUR 8 million). This includes amounts spent on the construction of a new showroom in New York as well as a new production hall at the Group's own production plant in Izmir. Capital expenditure on **administration** came to EUR 28 million in the first nine months of fiscal year 2015 (prior year: EUR 16 million) and primarily includes investments in IT infrastructure as well as expansion spending at the Metzingen site.

## **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 2014. A detailed overview of the risks and opportunities can be found in the Annual Report 2014. All statements included therein regarding risks and opportunities continue to be valid.

## SUBSEQUENT EVENTS AND OUTLOOK

HUGO BOSS expects continued growth in 2015 despite a still-challenging economic and industry-specific environment. Implementation of the Group's strategy and the initiatives derived from it will raise sales and operating profit to record highs for the Company. Group sales should grow by between 3% and 5% on a currency-adjusted basis. The Group also assumes that it will be able to increase its operating profit (EBITDA before special items) by 3% to 5%.

### SUBSEQUENT EVENTS

#### **Syndicated loan refinanced ahead of maturity**

The HUGO BOSS Group has secured its long-term financial flexibility by refinancing the syndicated credit facility which it took out in 2013 ahead of maturity. Agreed upon with a syndicate of banks at the beginning of October 2015, the new syndicated facility of EUR 450 million replaces the previous facility of the same amount and has a term of five years plus a renewal option. It will be used for general business funding purposes. The facility is subject to floating interest rates and may be utilized flexibly. The improved conditions of the new facility will lower interest expenses over the coming years. These projected savings will more than make up for the non-recurring negative effects in the low single-digit millions in the fourth quarter of fiscal 2015. These effects particularly arise from the close-out of derivatives used for hedging interest payments under the previous facility.

#### **No other events requiring disclosure**

Between the end of the third quarter of fiscal year 2015 and the publication of this report, there were no other material macroeconomic, socio-political, industry-related or company-specific changes that the Management expects to have a significant influence on the earnings, net assets, and financial position of the Group.

### OUTLOOK

#### **Forward-looking statements**

The following report presents the forecasts by the management of HUGO BOSS with respect to the future course of business and describes the expected development of significant macroeconomic and industry-specific conditions. It reflects management's understanding at the time when the report was being prepared, while also taking into account the fact that actual developments may differ considerably from these forecasts, either positively or negatively, due to the occurrence of risks and opportunities as described in the report on risks and opportunities in the Annual Report 2014. Other than the statutory publication requirements, the HUGO BOSS Group does not assume any obligation to update the statements contained in this report.

#### **External factors influence development of business**

Economic and industry-specific developments influence the development of the operations and financial position of HUGO BOSS. It is therefore imperative for the Group to detect related trends early in order to respond promptly with suitable measures.

### **Muted outlook for global growth**

The sustained weakness of the Chinese economy has recently prompted the IMF to scale back its outlook for **global economic growth** in 2015 as a whole by 0.4 percentage points. In its latest outlook from October 2015, it now projects growth of 3.1% over the previous year. This figure is below the growth rates of the previous two years. On the one hand, the far-reaching monetary measures taken by the ECB should spur the economies of the industrialized nations of Europe. Likewise, the American economy is expected to expand at a solid rate. On the other hand, however, emerging markets such as China, Brazil and Russia face what in some cases will be substantially slower economic growth.

### **Heightened risks for the recovery of the European economy**

The IMF's forecast for growth in the **European economy** is unchanged at 1.5% for 2015. In addition to the positive effects of lower energy costs, the depreciation of the euro in the wake of the massive expansion of the ECB's sovereign bond-buying program should continue to generate further stimulus for growth in the fourth quarter. However, the IMF expects the German economy to expand by only 1.5% in 2015. This revised forecast factors in the heightened risks arising from trade with key emerging markets. Consumer spending in Germany should continue to benefit from real growth in wages and salaries as well as low interest rates. For Great Britain, the IMF projects continued economic growth of 2.5%. The countries of Southern Europe are also likely to contribute to expansion, primarily Spain, for which economic growth of 3.0% is expected. However, structural deficits in France and Italy are placing a damper on the economic recovery in these two countries. Economic output is even expected to contract in Greece and Russia.

### **U.S. growth more muted than originally expected**

The economic upswing in the **United States** should also continue throughout the rest of the year. Given the surprisingly weak start to the year and mounting uncertainties, the IMF is now forecasting full-year growth of only 2.6% for 2015. This marks a further downward revision of earlier forecasts against the backdrop of lower capital expenditure in the energy sector in response to lower oil prices and competitive disadvantages for United States exporters as a result of the stronger U.S. dollar. However, stimulus is once again expected from consumer spending. On the other hand, the outlook for the **Latin-American economy** has weakened again, prompting the IMF to project contraction of 0.3% in economic output in 2015. This is primarily due to softer consumer spending and muted investing activities. A possible interest rate hike by the U.S. Federal Reserve could pose a further risk to the economies of a number of South American countries. While structural reforms have failed to materialize for many years in several countries, lower commodity prices are taking their toll on oil-exporting countries in particular.

### **Weaker Chinese economy affecting economic growth in Asia**

The regional differences in economic performance in **Asia** that have been observed in the past are likely to persist. The IMF projects growth of 6.6% for the region as a whole (excluding Japan), i.e. virtually unchanged over the previous year. However, it has scaled back its growth expectations for the Chinese economy to 6.8% in the course of 2015. Whereas the situation in the real estate market has eased slightly and the devaluation of the renminbi should support the export industry, the sharp decline in the Chinese stock market in the middle of the year could negatively impact consumer spending. The IMF projects growth of only 0.6% for Japan in 2015. Exports and domestic demand will fall short of the original expectations. In Australia, rising unemployment and scaled-back capital spending in the mining sector are also marring the outlook for the economy. The IMF projects growth of 2.4% for 2015, marking a slight reduction in momentum compared with the prior year.

### **Slower industry growth expected in 2015**

After currency-adjusted growth of 4% in the premium and luxury goods industry in 2014, Altagamma and Bain & Company expect growth of 2% to 4% for the current year. This outlook falls short of an anticipated medium-term industry growth of 4% to 6% annually.

In 2015, growth in the industry will be mainly supported by the optimization and upgrading of manufacturers' own retail activities and by the linking of online and offline activities. Given the declining footfall in most markets, the ratio of expansion in brick-and-mortar retail is likely to continue slowing compared with earlier years. Nonetheless, most brands will grow more strongly in their own retail channels, particularly online, than in wholesale business, where department stores and specialist multi-brand retailers, often still owner-operated, are under strong competitive pressure.

In 2015, Europe should provide the greatest stimulus for industry growth, followed by the Americas. On the other hand, the Asian market for premium and luxury goods will stagnate for the first time. In **Europe**, Bain & Company anticipates growth of between 3% and 5%. The industry should benefit in particular from an increase in the business with tourists, primarily from Asia. The depreciation of the euro and an industry-wide price level that is lower than in other regions will likely contribute to this. However, some market participants have raised their prices in Europe in the course of the year, hence exerting pressure on local demand despite the signs of macroeconomic recovery. Overall, retail store footfall is expected to continue declining. Eastern European markets will continue to suffer from the political tensions emanating from the Ukraine conflict. In the **Americas**, the luxury goods industry should perform solidly in 2015, albeit with considerable regional differences, and achieve overall growth of 1% to 3%. Although general economic trends will fundamentally buoy local demand in the United States, the effects of the recent turbulence in the stock market on consumer confidence in the premium and luxury segment are not yet fully clear. Likewise, declining sales to tourists following the appreciation of the U.S. dollar are exerting a drag on the industry. This means that discounting is likely to remain high in the retail segment in the remaining months of the year. In Latin America, the premium and luxury goods market looks set to soften due to the substantial deterioration in underlying conditions and persistently muted consumer confidence. The industry in **Asia** (excluding Japan) is now expected to remain flat for the first time, mainly due to the weak Chinese market. The further slowdown in macroeconomic growth, lower stock prices, the shift in purchases of luxury goods to foreign countries and the reduced social acceptance of premium and luxury brands in the wake of the government's anticorruption campaign are the main reasons for local consumer restraint. In Hong Kong, the industry is expected to be negatively impacted by a decline in tourism from China. By contrast, the Japanese market for premium and luxury goods should see perceptible benefits from rising numbers of tourists and, after adjustment for currency effects, achieve a growth rate of between 5% and 7%, the highest in the region.



**Increase in Group sales expected**

HUGO BOSS expects sales to increase by between 3% and 5% in currency-adjusted terms in 2015 despite the challenging macroeconomic and industry-specific conditions in many markets. In this context, the Group assumes that growth will match or exceed the growth of the global economy. At the same time, the growth in HUGO BOSS' sales will not differ materially from the rates achieved by the industry as a whole.

**OUTLOOK 2015**

<b>SALES GROWTH (CURRENCY-NEUTRAL)</b>	3% to 5%
<b>GROWTH IN EBITDA BEFORE SPECIAL ITEMS</b>	3% to 5%
<b>CAPITAL EXPENDITURE</b>	Between EUR 220 million and EUR 240 million
<b>OWN RETAIL NETWORK</b>	Opening of around 65 new stores (excluding takeovers)

**Europe the main growth driver**

The projected increase in Group sales in 2015 will be primarily underpinned by Europe, where sales are expected to be up in most of the important markets. The growing focus on the Group's own retail business in this region will contribute to this. Currency-adjusted sales in America will remain more or less flat, with heavy discounting in the U.S. apparel market exerting pressure on the Group's performance. Conditions are expected to be mixed in Asia. In the Chinese market in particular, HUGO BOSS is working to implement numerous measures to strengthen its competitive position. However, the other main markets in this region, Oceania and Japan, should achieve solid growth. Sales in the Licenses segment should also increase.

**Group's own retail business expected to show above-average growth**

Sales in the Group's own retail business are likely to grow faster than the Group as a whole in 2015. Alongside growth in own retail stores, online in particular will also contribute with double-digit growth rates.

**Expansion of store network through new openings and takeovers**

The Group plans to expand its retail network in 2015 with the addition of around 65 new stores. Based on an analysis of its market penetration, the Group sees opportunities for profitable selling space expansion in all regions. Apart from opening freestanding stores, HUGO BOSS intends to further grow its shop-in-shop portfolio by opening new shop-in-shop units at retail partners. In addition, the Group will be taking over a total of 75 points of sale from partners, including 44 former franchise stores in China and Korea. However, the Group also intends to close points of sale as part of its measures to upgrade the quality of its store portfolio, particularly in Asia. In many cases, this development will be associated with the relocation and consolidation of existing stores to create higher-end, larger points of sale.

#### **Focus on boosting selling-space productivity**

In addition to the expansion of its own store network and takeovers, the focus is on increasing selling space productivity in the Group's own retail business. Accordingly, the Group projects an increase in the low single digits in currency-adjusted comp store sales in this channel. Important levers in this respect are the expansion of brand communication activities, intensified customer relationship management and the implementation of various measures for improving retail management. The latter, for example, entails the implementation of an SAP-based system for planning inventory requirements and ongoing training of sales staff by means of Group-wide training programs.

#### **Takeover and consolidation effects impact sales in the wholesale segment**

In the wholesale segment, sales are likely to decline by a rate in the low to mid-single digits compared with the prior year. This will be primarily due to the takeovers of franchise stores and shop-in-shops from partners. After the takeovers, the sales generated at these points of sale will be accounted for as retail instead of wholesale. The ongoing consolidation of the customer portfolio and the resultant decline in business with smaller partners will also have a negative impact on sales in this distribution channel. On the other hand, HUGO BOSS assumes that sales with large department stores will be relatively stronger. This outlook is based on trends in order intake, feedback from business partners on the new collections and expectations for replenishment business.

#### **Gross profit margin expected to increase further**

HUGO BOSS expects a further improvement in its gross profit margin in 2015. The growing share of sales generated by the Group's own retail business is likely to support this increase. The gross profit margin generated through this distribution channel is higher than in wholesale. However, higher rebates in the Group's own retail business and inventory writedowns, as seen in the first half of the year, will partially negate this effect.

#### **Operating expenses rise primarily due to retail expansion**

Operating expenses will increase primarily on account of the continued expansion of the Group's own store network and investment in the Group's retail-related processes and competencies. HUGO BOSS is also driving forward the integration of its online activities with the bricks-and-mortar retail business. The Group will also further expand its brand communication activities in order to strengthen customer demand. Marketing expenses will accordingly increase at least as strongly as Group revenues. The share of research and development expenses in Group sales should remain more or less stable. Efficiency gains in connection with the flat-packed goods distribution center, which went into operation in 2014, will have a positive impact on logistics costs.

#### **Operating profit expected to increase by 3% to 5%**

The forecasted growth in sales and gross profit margin will support a 3% to 5% increase in operating profit (EBITDA before special items). Currency effects will have a positive impact on this growth. The Group's net income and earnings per share are expected to rise more slowly than operating profit due to strain on the financial result caused by negative exchange rate effects. Depreciation and amortization expenses will also be higher than in the prior year.

**Increase in trade net working capital relative to sales**

Strict management of trade net working capital continues to be given high priority in order to support improvements in the operating cash flow. Average trade net working capital relative to sales will increase in 2015 despite the improvements in the second half of the year. Optimized planning of merchandise requirements will help to reduce days inventory outstanding in the Americas in particular.

**Capital expenditure focuses on Group's own retail business**

Expanding the Group's own retail business through new openings and takeovers together with the renovation of existing stores and shops will continue to be the focal point of the Group's capital expenditure in 2015. Furthermore, the Group plans to reinforce its operating infrastructure primarily in the areas of IT and logistics. Special consideration is being given to the implementation of measures for the introduction of omnichannel services. Accordingly, capital expenditure will come to between EUR 220 million and EUR 240 million in 2015.

**Again significantly positive free cash flow expected**

The Group anticipates a significantly positive free cash flow in 2015 mainly on account of the forecasted earnings growth, strict management of trade net working capital and value-enhancing capital expenditure. However, free cash flow will be down on the prior year. Accordingly, the Group expects net financial liabilities to stand at between EUR 50 million and EUR 100 million at the end of the year.

**Further sales and earnings improvements in 2016 and beyond**

The Group intends to generate further increases in sales and earnings in 2016 and beyond. Its strategy is oriented towards organic growth of the existing brand portfolio. It aims to grow Group sales at a high-single-digit rate annually on average in the period up to 2020. More than 75% of sales are expected to be generated by the Group's own retail business in the year 2020. HUGO BOSS has also set itself the objective of earning an adjusted operating margin (EBITDA before special items in relation to sales) of 25% in the same period. Adverse macroeconomic and industry-specific developments in key sales markets, cost inflation in sourcing processes or a loss of appeal of the Group's brands could jeopardize the ability to meet these targets. The Group has contingency plans in place to limit the likelihood and impact of these and other risks. Details are presented in the risk report in the Annual Report 2014.

## 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 nine months of fiscal year 2015 was prepared.

Metzingen, October 22, 2015

HUGO BOSS AG  
The Managing Board

**Claus-Dietrich Lahrs**  
**Christoph Auhagen**  
**Mark Langer**



# 3

CONSOLIDATED  
INTERIM  
FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2015

## CONSOLIDATED INCOME STATEMENT (in EUR million)

	2015	2014
<b>Sales</b>	<b>2,058.7</b>	<b>1,888.0</b>
Cost of sales	(711.7)	(655.2)
<b>Gross profit</b>	<b>1,347.0</b>	<b>1,232.8</b>
In % of sales	65.4	65.3
Selling and distribution expenses	(812.9)	(705.9)
Administration expenses	(200.7)	(179.9)
Other operating income and expenses	(3.6)	(3.4)
<b>Operating result (EBIT)</b>	<b>329.8</b>	<b>343.6</b>
Net interest income/expenses	(5.2)	(3.3)
Other financial items	(19.8)	(3.7)
<b>Financial result</b>	<b>(25.0)</b>	<b>(7.0)</b>
<b>Earnings before taxes</b>	<b>304.8</b>	<b>336.6</b>
Income taxes	(70.1)	(77.4)
<b>Net income</b>	<b>234.7</b>	<b>259.2</b>
Attributable to:		
Equity holders of the parent company	234.6	258.0
Non-controlling interests	0.1	1.2
<b>Earnings per share (EUR)<sup>1</sup></b>	<b>3.40</b>	<b>3.74</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 SEPTEMBER 30, 2015

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

	2015	2014
<b>Net income</b>	<b>234.7</b>	<b>259.2</b>
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plans	(1.5)	(11.2)
<b>Items to be reclassified subsequently to profit or loss</b>		
Currency differences	35.1	29.1
Gains/losses from cash flow hedges	(2.7)	(2.1)
<b>Other comprehensive income, net of tax</b>	<b>30.9</b>	<b>15.8</b>
<b>Total comprehensive income</b>	<b>265.6</b>	<b>275.0</b>
Attributable to:		
Equity holders of the parent company	265.5	274.1
Non-controlling interests	0.1	0.9
<b>Total comprehensive income</b>	<b>265.6</b>	<b>275.0</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF THE HUGO BOSS GROUP AS OF SEPTEMBER 30, 2015

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

	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
<b>Assets</b>			
Intangible assets	170.3	142.9	148.0
Property, plant and equipment	420.2	386.3	383.3
Deferred tax assets	138.4	100.1	100.4
Non-current financial assets	22.7	17.8	19.7
Non-current tax receivables	0.7	1.7	1.2
Other non-current assets	8.0	4.2	7.7
<b>Non-current assets</b>	<b>760.3</b>	<b>653.0</b>	<b>660.3</b>
Inventories	544.0	485.7	507.4
Trade receivables	248.1	265.0	250.5
Current tax receivables	13.3	11.0	8.3
Current financial assets	16.5	18.2	22.5
Other current assets	113.3	92.3	83.1
Cash and cash equivalents	55.8	49.6	128.6
Assets held for sale	0.0	0.0	1.1
<b>Current assets</b>	<b>991.0</b>	<b>921.8</b>	<b>1,001.5</b>
<b>TOTAL</b>	<b>1,751.3</b>	<b>1,574.8</b>	<b>1,661.8</b>
<b>Equity and liabilities</b>			
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	784.5	726.4	801.3
Accumulated other comprehensive income	47.1	11.4	14.6
<b>Equity attributable to equity holders of the parent company</b>	<b>860.1</b>	<b>766.3</b>	<b>844.4</b>
Non-controlling interests	(0.5)	(0.5)	(0.5)
<b>Group equity</b>	<b>859.6</b>	<b>765.8</b>	<b>843.9</b>
Non-current provisions	73.2	70.5	70.6
Non-current financial liabilities	170.4	181.2	153.6
Deferred tax liabilities	8.5	11.9	10.1
Other non-current liabilities	46.5	35.3	37.9
<b>Non-current liabilities</b>	<b>298.6</b>	<b>298.9</b>	<b>272.2</b>
Current provisions	113.8	101.3	115.7
Current financial liabilities	86.6	29.7	18.2
Income tax payables	51.1	83.6	59.9
Trade payables	226.4	202.2	255.0
Other current liabilities	115.2	93.3	96.9
<b>Current liabilities</b>	<b>593.1</b>	<b>510.1</b>	<b>545.7</b>
<b>TOTAL</b>	<b>1,751.3</b>	<b>1,574.8</b>	<b>1,661.8</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2015

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, 2014</b>	<b>70.4</b>	<b>(42.3)</b>	<b>0.4</b>	<b>6.6</b>	<b>694.9</b>	<b>(16.7)</b>	<b>0.9</b>	<b>714.2</b>	<b>26.1</b>	<b>740.3</b>
Net income					258.0			258.0	1.2	259.2
Other income					(11.2)	29.4	(2.1)	16.1	(0.3)	15.8
<b>Comprehensive income</b>					<b>246.8</b>	<b>29.4</b>	<b>(2.1)</b>	<b>274.1</b>	<b>0.9</b>	<b>275.0</b>
Dividend payment					(230.5)			(230.5)		(230.5)
Acquisition of non-controlling interests					8.7			8.7	(27.5)	(18.8)
<b>September 30, 2014</b>	<b>70.4</b>	<b>(42.3)</b>	<b>0.4</b>	<b>6.6</b>	<b>719.8</b>	<b>12.6</b>	<b>(1.2)</b>	<b>766.3</b>	<b>(0.5)</b>	<b>765.8</b>
<b>January 1, 2015</b>	<b>70.4</b>	<b>(42.3)</b>	<b>0.4</b>	<b>6.6</b>	<b>794.7</b>	<b>15.3</b>	<b>(0.6)</b>	<b>844.5</b>	<b>(0.5)</b>	<b>844.0</b>
Net income					234.6			234.6	0.1	234.7
Other income					(1.5)	35.1	(2.7)	30.9		30.9
<b>Comprehensive income</b>					<b>233.1</b>	<b>35.1</b>	<b>(2.7)</b>	<b>265.5</b>	<b>0.1</b>	<b>265.6</b>
Dividend payment					(249.8)			(249.8)		(249.8)
Acquisition of non-controlling interests					(0.1)			(0.1)		(0.1)
<b>September 30, 2015</b>	<b>70.4</b>	<b>(42.3)</b>	<b>0.4</b>	<b>6.6</b>	<b>777.9</b>	<b>50.4</b>	<b>(3.3)</b>	<b>860.1</b>	<b>(0.5)</b>	<b>859.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2015

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

	<b>2015</b>	2014
Net income	234.7	259.2
Depreciation/amortization	89.5	76.4
Unrealized net foreign exchange gain/loss	17.9	(10.2)
Other non-cash transactions	0.5	7.5
Income tax expense/refund	70.1	77.4
Interest income and expenses	5.2	3.3
Change in inventories	(15.7)	(32.9)
Change in receivables and other assets	(16.8)	(46.2)
Change in trade payables and other liabilities	(11.6)	(28.6)
Result from disposal of non-current assets	(1.8)	(2.4)
Change in provisions for pensions	(4.9)	14.5
Change in other provisions	(3.9)	1.2
Income taxes paid	(123.7)	(81.5)
<b>Cash flow from operations</b>	<b>239.5</b>	<b>237.7</b>
Interest paid	(3.2)	(3.3)
Interest received	1.0	1.4
<b>Cash flow from operating activities</b>	<b>237.3</b>	<b>235.8</b>
Investments in property, plant and equipment	(102.3)	(71.1)
Investments in intangible assets	(23.5)	(14.9)
Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired	(20.3)	0.0
Cash receipts from disposal of property, plant and equipment and intangible assets	1.1	1.9
<b>Cash flow from investing activities</b>	<b>(145.0)</b>	<b>(84.1)</b>
Dividends paid to equity holders of the parent company	(249.8)	(230.5)
Change in current financial liabilities	69.2	11.4
Cash receipts from non-current financial liabilities	17.1	15.3
Repayment of borrowings	(1.5)	(0.5)
Cash outflows for the purchase of additional interests in subsidiaries	(0.1)	(18.8)
<b>Cash flow from financing activities</b>	<b>(165.1)</b>	<b>(223.1)</b>
Exchange-rate related changes in cash and cash equivalents	0.0	1.7
<b>Change in cash and cash equivalents</b>	<b>(72.8)</b>	<b>(69.7)</b>
Cash and cash equivalents at the beginning of the period	128.6	119.3
<b>Cash and cash equivalents at the end of the period</b>	<b>55.8</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 September 30, 2015, were prepared pursuant to Sec. 37x WpHG [“Wertpapierhandelsgesetz”: Securities Trading Act] in accordance with the International Financial Reporting Standards (IFRSs) and their interpretations applicable as of the reporting date. The provisions 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 October 22, 2015, 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 uniform accounting policies. A detailed description of the accounting policies and consolidation measures applied can be found in the notes to the 2014 consolidated financial statements.

### CHANGED ACCOUNTING RULES

The consolidated interim financial statements were prepared in accordance with the IFRSs effective on the balance sheet date, as published by the IASB and applicable in the EU.

The annual improvements to the IFRSs implemented in the 2010 – 2012 cycle are effective from February 1, 2015. This concerns IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IFRS 13 "Fair Value Measurement", IAS 16 "Property, Plant and Equipment", IAS 24 "Related Party Disclosures" and IAS 38, "Intangible Assets". The 2011 – 2013 improvement cycle, which is effective from January 1, 2015, concerns IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 3 "Business Combinations", IFRS 13 "Fair Value Measurement" and IAS 40 "Investment Property". In addition, the revisions to IAS 19 "Employee Benefits" must be applied from February 1, 2015. The application of these revisions does not have any impact on the Group's net assets, financial position or results of operations.

### 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		
		Sep. 2015	Sep. 2014	Dec. 2014	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
Australia	AUD	1.5888	1.477	1.4726	1.6009	1.4555	1.4829
China	CNY	7.1510	8.3634	8.1977	7.1316	7.8143	7.5358
Great Britain	GBP	0.7310	0.8125	0.8067	0.7391	0.7827	0.7789
Hong Kong	HKD	8.7016	10.5182	10.3179	8.6831	9.8625	9.4170
Japan	JPY	134.9413	139.5325	140.2427	134.3800	138.9700	145.2300
Switzerland	CHF	1.0913	1.2183	1.2149	1.0901	1.2071	1.2024
U.S.A.	USD	1.1228	1.3564	1.3305	1.1204	1.2701	1.2141

### 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 September 30, 2015, the number of consolidated companies in comparison to the consolidated financial statements as of December 31, 2014, rose from 56 to 57.

In the first quarter, HUGO BOSS Korea Ltd., Seoul, South Korea, was consolidated as a 100% subsidiary for the first time.

Retroactively as of January 1, 2015, as part of the optimization of the Group structure, the previously fully consolidated subsidiary HUGO BOSS Switzerland Retail AG, Zurich, Switzerland, was merged into the fully consolidated HUGO BOSS (Schweiz) AG, Zug, Switzerland, and has therefore been removed from the basis of consolidation.

With effect from April 9, 2015, the HUGO BOSS Group established a new subsidiary in the United Arab Emirates, HUGO BOSS Middle East FZ-LLC, Dubai, U.A.E. The HUGO BOSS Group holds 100% of the equity in this company. On the grounds of immateriality for the Group, HUGO BOSS Middle East FZ-LLC is not included in the consolidated financial statements for the period ending September 30, 2015.

HUGO BOSS New Zealand Ltd., Auckland, New Zealand, was consolidated as a 100% subsidiary for the first time on September 1, 2015.

As was the case effective December 31, 2014, two companies in which HUGO BOSS and a further party have joint control are accounted for using the equity method on September 30, 2015.

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

In the first nine months of 2015, the HUGO BOSS Group took over a total of 45 stores and the related assets and inventories under asset deals with former franchise partners in South Korea, China and New Zealand. The stores in South Korea were acquired as of March 1, 2015, via HUGO BOSS Korea Ltd., South Korea, while the stores in China were acquired as of April 1, 2015, via HUGO BOSS China Retail Co. Ltd., Shanghai, China. One store in New Zealand was acquired via HUGO BOSS New Zealand Ltd., Auckland, New Zealand, as of September 1, 2015. The acquisitions serve the expansion of the Group's own retail business in Asia/Pacific.

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>Sep. 30, 2015</b>
<b>Purchase consideration transferred</b>		
Agreed purchase price		20.3
Liabilities incurred		0.0
<b>Total purchase price</b>		<b>20.3</b>
<b>Fair Value of the acquired assets and liabilities assumed</b>		
Intangible assets		0.5
Property, plant and equipment		2.8
Inventories		5.7
<b>Total assets</b>		<b>9.0</b>
<b>Total liabilities</b>		<b>0.0</b>
<b>Goodwill</b>		<b>11.3</b>

Control over the assets is achieved through payment of the agreed purchase price. Goodwill is attributable to Asia/Pacific and contains non-separable intangible assets and expected synergy effects. In accordance with IAS 36, it is not amortized but instead undergoes annual impairment testing. Transaction costs of an immaterial amount arose and were recognized immediately through profit or loss in the consolidated income statement.

If the business acquisitions had been executed as of January 1, 2015, Group sales would have been EUR 2.9 million higher. The change in consolidated net income would have been immaterial.

The additional consolidated sales generated by the business acquisitions came to EUR 8.5 million in the first nine months of fiscal year 2015.

## 7 // ACQUISITION OF NON-CONTROLLING INTERESTS WITHOUT CHANGE OF CONTROL

With effect from June 30, 2015 HUGO BOSS AG, Metzingen, Germany, exercised the option of transferring the remaining 6% share of the previously already fully consolidated ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dieselstraße KG, Grünwald, Germany. In the future, HUGO BOSS AG will thus hold 100% of the shares in ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dieselstraße KG. The purchase price of EUR 0.1 million paid to the general partner in this transaction was capitalized as an investment. The carrying amount of the non-controlling shares acquired is EUR 0 million. The difference of EUR 0.1 million between the purchase price and carrying amount of the assets was recognized directly in equity.

(in EUR million)		<b>Sep. 30, 2015</b>
Carrying amount of non-controlling interests acquired		0.0
Consideration paid to non-controlling interests		(0.1)
<b>Excess of consideration paid recognized in Group's equity</b>		<b>(0.1)</b>

## 8 // SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

### COST OF SALES

(in EUR million)		
	<b>Jan. – Sep. 2015</b>	Jan. – Sep. 2014
Cost of purchase	622.0	569.9
Cost of conversion	89.7	85.3
<b>TOTAL</b>	<b>711.7</b>	<b>655.2</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.

Capitalized overheads allocated to production cost comprise the cost of technical product development in the third phase of the collection creation process and the overhead costs of the product implementation and procurement phase.

## SELLING AND DISTRIBUTION EXPENSES

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
Expenses for Group's own retail business, sales and marketing organization	623.6	537.9
Marketing expenses	134.4	117.7
Logistics expenses	54.9	50.3
<b>TOTAL</b>	<b>812.9</b>	<b>705.9</b>

The expenses for the Group's own retail business and the sales and marketing organization mostly relate to personnel and rental expenses for wholesale distribution and retail services. Moreover, selling expenses contain sales-based commission, freight-out, customs costs, credit card charges and impairments of receivables.

## ADMINISTRATION EXPENSES

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
General administrative expenses	152.5	134.1
Research and development costs	48.2	45.8
<b>TOTAL</b>	<b>200.7</b>	<b>179.9</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

The net expenses arising from other operating expenses and income came to EUR 4 million in the first nine months (prior year: net expenses of EUR 3 million). This includes special items which mainly relate to early dissolutions of contracts with trade agents and service providers as well as organizational changes in Europe and the Americas. In the second quarter of 2015, the sale of the production site in Cleveland, Ohio, led to the release of provisions recognized in 2014. The resultant income partially offset the expenses arising from special items.

## PERSONNEL EXPENSES

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
Wages and salaries	357.4	322.7
Social security	60.4	53.1
Expenses and income for retirement and other employee benefits	5.5	5.6
<b>TOTAL</b>	<b>423.3</b>	<b>381.4</b>

## EMPLOYEES

	Sep. 30, 2015	Dec. 31, 2014
Industrial employees	4,976	4,861
Commercial and administrative employees	9,833	9,652
<b>TOTAL</b>	<b>14,809</b>	<b>14,513</b>

## AMORTIZATION AND DEPRECIATION

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
Non-current assets		
Property, plant and equipment	75.6	62.5
Intangible assets	13.9	13.9
<b>TOTAL</b>	<b>89.5</b>	<b>76.4</b>

## COST OF MATERIALS

In the first nine months of fiscal year 2015, the cost of materials amounted to EUR 538 million (2014: EUR 518 million).

## 9 // EARNINGS PER SHARE

	Jan. – Sep. 2015	Jan. – Sep. 2014
Net income attributable to equity holders of the parent company (in EUR million)	234.6	258.0
Average number of shares outstanding <sup>1</sup>	69,016,167	69,016,167
Earnings per share (EPS) (in EUR) <sup>2</sup>	3.40	3.74

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

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

Pursuant to IAS 33, earnings per share are calculated by dividing the net income attributable to equity holders of the parent company by the weighted average number of shares outstanding during the reporting period. There were no shares outstanding capable of diluting earnings per share on September 30, 2015, nor on September 30, 2014.



## **10 // NON-CURRENT ASSETS HELD FOR SALE**

As part of the consolidation process for its production sites, HUGO BOSS sold its site in Cleveland, Ohio in the second quarter of 2015. As a result of the intent to sell property, plant and equipment and intangible assets relating to buildings, technical equipment and machines in the amount of EUR 1.1 million belonging to HUGO BOSS Cleveland, Inc., Cleveland, Ohio, United States, were classified as “non-current assets held for sale” as of December 31, 2014. The sale took place in the second quarter of 2015.

## **11 // OWN SHARES**

In the first nine months of fiscal year 2015, HUGO BOSS AG did not buy back any of its own shares. As a result, it continues to hold a total of 1,383,833 ordinary shares. This corresponds to a share of 1.97% or EUR 1,383,833 of the share capital.

## **12 // ACCUMULATED OTHER COMPREHENSIVE INCOME**

The cumulative other comprehensive income contains the differences reported within equity arising from translation of the foreign currencies used for the financial statements of foreign subsidiaries in the amount of EUR 50.5 million (December 31, 2014: EUR 15.3 million) and the effects of the measurement of cash flow hedges after tax within equity. The deferred taxes recognized within equity on the measurement of cash flow hedges amount to EUR 0.4 million (December 31, 2014: EUR 0.4 million).

Reference is made to the consolidated statement of comprehensive income for the income and expenses recognized directly in equity.

### 13 // PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions increased from EUR 46 million as at December 31, 2014, to EUR 47 million as at September 30, 2015. 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 SEPTEMBER 30, 2015

The following assumptions were applied:

Actuarial assumptions	Sep. 30, 2015	Dec. 31, 2014
<b>Discount rate</b>		
Germany	2.38%	2.25%
Switzerland	1.10%	1.40%
Turkey	11.30%	8.50%
<b>Future pension increases</b>		
Germany	1.75%	1.75%
Switzerland	0.00%	0.00%
Turkey	0.00%	0.00%
<b>Future salary increases</b>		
Germany	2.50%	2.50%
Switzerland	3.50%	3.50%
Turkey	5.00%	5.00%

In comparison to December 31, 2014, the actuarial discount rate in Germany and Turkey rose, while it decreased in Switzerland. The pension trend and expected salary increase parameters remained unchanged in the first nine months of fiscal year 2015.

#### BREAKDOWN OF PENSION EXPENSES IN THE PERIOD

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
Current service cost	5.4	4.2
Past service cost	0.0	0.7
Net interest costs	0.8	0.8
<b>Pension expenses recognized in the consolidated income statement</b>	<b>6.2</b>	<b>5.7</b>
Return from plan assets (without interest effects)	(2.3)	0.1
Recognized actuarial (gains)/losses	(1.9)	17.9
Asset ceiling (without interest effects of asset ceiling)	6.3	(2.9)
<b>Remeasurement of the carrying amount recognized in the consolidated statement of comprehensive income</b>	<b>2.1</b>	<b>15.1</b>

## 14 // ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments that are recognized in the financial statements.

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

(in EUR million)

	IAS 39 category	Sep. 30, 2015		Dec. 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>					
Cash and cash equivalents	LaR	55.8	55.8	128.6	128.6
Trade receivables	LaR	248.1	248.1	250.5	250.5
Other financial assets		39.2	39.2	42.2	42.2
Thereof:					
Available for sale	AfS	0.1	0.1	0.1	0.1
Undesignated derivatives	FAHfT	1.1	1.1	3.4	3.4
Derivatives subject to hedge accounting	n.a.	0.0	0.0	0.5	0.5
Other financial assets	LaR	38.0	38.0	38.2	38.2
<b>Liabilities</b>					
Financial liabilities due to banks	FLAC	249.8	251.9	164.3	169.6
Trade payables	FLAC	226.4	226.4	255.0	255.0
Other financial liabilities		7.3	7.3	7.6	7.6
Thereof:					
Undesignated derivatives	FLHfT	3.5	3.5	6.1	6.1
Derivatives subject to hedge accounting	n.a.	3.8	3.8	1.5	1.5
Other financial liabilities	FLAC	0.0	0.0	0.0	0.0
<b>Total for categories of financial instruments according to IAS 39:</b>					
Loans and Receivables	LaR	341.9	341.9	417.3	417.3
Available-for-Sale investments	AfS	0.1	0.1	0.1	0.1
Financial Assets Held for Trading	FAHfT	1.1	1.1	3.4	3.4
Financial Liabilities Measured at Amortised Cost	FLAC	476.2	478.3	419.3	424.6
Financial Liabilities Held for Trading	FLHfT	3.5	3.5	6.1	6.1

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties. 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, as well as 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.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with very good to good credit ratings (investment grade). Financial transactions with parties with a lower credit rating require the approval of the Managing Board and are concluded to only a limited degree. Derivatives valued using valuation techniques with observable market data are mainly interest rate swaps and

forward exchange contracts. The most frequently applied techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit worthiness of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying base rates.

As of September 30, 2015, the marked 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 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 as of September 30, 2015. During the first nine months of fiscal year 2015, 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 as well as derivatives used for hedging. The assets amounted to EUR 1.1 million and the liabilities to EUR 7.3 million. The fair value of financial instruments carried at amortized cost is also measured using the 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 cases to mitigate risk. As of the reporting date, variable-interest financial liabilities of EUR 110 million (December 31, 2014: EUR 111 million) were hedged. Of these, an amount of EUR 100 million was designated as an effective hedging instrument. Moreover, as of the reporting date, future cash flows in foreign currencies of EUR 26 million (December 31, 2014: 13 million) were hedged and fully designated as an effective hedging instrument. The unrealized losses recognized in other comprehensive income from marking hedges to the market came to EUR 2.7 million (prior year: unrealized losses of EUR 2.1 million).

## 15 // OFFSETTING OF FINANCIAL INSTRUMENTS

(in EUR million)

	Gross amounts recognized assets	Gross amounts offset liabilities	Net asset amounts disclosed in statement of fin. pos.	Liabilities not offset in the statement of fin. pos.	Cash deposits received not offset in the statement of fin. pos.	Net amounts
<b>Sep. 30, 2015</b>						
Cash and cash equivalents	55.8	0.0	55.8	0.0	0.0	55.8
Trade receivables	264.2	(16.1)	248.1	0.0	0.0	248.1
Other financial assets	39.2	0.0	39.2	(0.3)	0.0	38.9
Thereof available-for-sale	0.1	0.0	0.1	0.0	0.0	0.1
Thereof derivatives	1.1	0.0	1.1	(0.3)	0.0	0.8
Thereof other financial assets	38.0	0.0	38.0	0.0	0.0	38.0
<b>TOTAL</b>	<b>359.2</b>	<b>(16.1)</b>	<b>343.1</b>	<b>(0.3)</b>	<b>0.0</b>	<b>342.8</b>
<b>Dec. 31, 2014</b>						
Cash and cash equivalents	128.6	0.0	128.6	0.0	0.0	128.6
Trade receivables	264.6	(14.1)	250.5	0.0	0.0	250.5
Other financial assets	42.2	0.0	42.2	(1.5)	0.0	40.7
Thereof available-for-sale	0.1	0.0	0.1	0.0	0.0	0.1
Thereof derivatives	3.9	0.0	3.9	(1.5)	0.0	2.4
Thereof other financial assets	38.2	0.0	38.2	0.0	0.0	38.2
<b>TOTAL</b>	<b>435.4</b>	<b>(14.1)</b>	<b>421.3</b>	<b>(1.5)</b>	<b>0.0</b>	<b>419.8</b>

(in EUR million)

	Gross amounts recognized liabilities	Gross amounts offset assets	Net liabilities amounts disclosed in statement of fin. pos.	Assets not offset in the statement of fin. pos.	Cash deposits received not offset in the statement of fin. pos.	Net amounts
<b>Sep. 30, 2015</b>						
Liabilities due to banks	249.8	0.0	249.8	0.0	0.0	249.8
Trade payables	236.2	(9.8)	226.4	0.0	0.0	226.4
Other financial assets	7.3	0.0	7.3	(0.3)	0.0	7.0
Thereof derivatives	7.3	0.0	7.3	(0.3)	0.0	7.0
Thereof other financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>493.3</b>	<b>(9.8)</b>	<b>483.5</b>	<b>(0.3)</b>	<b>0.0</b>	<b>483.2</b>
<b>Dec. 31, 2014</b>						
Liabilities due to banks	164.3	0.0	164.3	0.0	0.0	164.3
Trade payables	259.8	(4.8)	255.0	0.0	0.0	255.0
Other financial assets	7.6	0.0	7.6	(1.5)	0.0	6.1
Thereof derivatives	7.6	0.0	7.6	(1.5)	0.0	6.1
Thereof other financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>431.7</b>	<b>(4.8)</b>	<b>426.9</b>	<b>(1.5)</b>	<b>0.0</b>	<b>425.4</b>

The liabilities of EUR 16.1 million (December 31, 2014: EUR 14.1 million) offset against trade receivables 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 9.8 million (December 31, 2014: EUR 4.8 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.

## 16 // CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities in comparison to December 31, 2014. There were no contingent liabilities or assets as of September 30, 2015.

## 17 // 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.

## 18 // SEGMENT REPORTING

(in EUR million)

	Europe <sup>1</sup>	Americas	Asia/Pacific	Licenses	Total operating segments
<b>Jan. – Sep. 2015</b>					
<b>Sales</b>	<b>1,253.4</b>	<b>479.9</b>	<b>283.1</b>	<b>42.3</b>	<b>2,058.7</b>
<b>Segment profit</b>	<b>403.9</b>	<b>130.1</b>	<b>70.3</b>	<b>34.6</b>	<b>638.9</b>
In % of sales	32.2	27.1	24.8	81.7	31.0
Segment assets	285.4	261.7	112.2	14.0	673.3
Capital expenditure	43.4	27.3	32.3	0.0	103.0
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	(27.9)	(18.7)	(18.4)	0.0	(65.0)

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

(in EUR million)

	Europe <sup>1</sup>	Americas	Asia/Pacific	Licenses	Total operating segments
<b>Jan. – Sep. 2014</b>					
<b>Sales</b>	<b>1,184.5</b>	<b>411.7</b>	<b>252.1</b>	<b>39.7</b>	<b>1,888.0</b>
<b>Segment profit</b>	<b>415.8</b>	<b>98.4</b>	<b>72.9</b>	<b>33.1</b>	<b>620.2</b>
In % of sales	35.1	23.9	28.9	83.5	32.8
Segment assets	267.3	203.4	85.2	14.7	570.6
Capital expenditure	34.6	17.3	14.8	0.0	66.7
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	(23.5)	(16.0)	(13.7)	0.0	(53.2)

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

## RECONCILIATION

### SALES

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
<b>Sales - operating segments</b>	<b>2,058.7</b>	<b>1,888.0</b>
Corporate units	0.0	0.0
Consolidation	0.0	0.0
<b>TOTAL</b>	<b>2,058.7</b>	<b>1,888.0</b>

### OPERATING INCOME

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
<b>Segment profit – operating segments</b>	<b>638.9</b>	<b>620.2</b>
Depreciation/amortization – operating segments	(65.0)	(53.2)
Impairments – operating segments	0.0	0.0
Special items – operating segments	(2.4)	(1.5)
<b>Operating income (EBIT) – operating segments</b>	<b>571.5</b>	<b>565.5</b>
Corporate units	(241.3)	(222.3)
Consolidation	(0.4)	0.4
<b>Operating income (EBIT) HUGO BOSS Group</b>	<b>329.8</b>	<b>343.6</b>
<b>Net interest income/expenses</b>	<b>(5.2)</b>	<b>(3.3)</b>
<b>Other financial items</b>	<b>(19.8)</b>	<b>(3.7)</b>
<b>Earnings before taxes HUGO BOSS Group</b>	<b>304.8</b>	<b>336.6</b>

### SEGMENT ASSETS

(in EUR million)

	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
<b>Segment assets – operating segments</b>	<b>673.3</b>	<b>570.6</b>	<b>553.2</b>
Corporate units	118.8	180.1	204.7
Consolidation	0.0	0.0	0.0
Current tax receivables	13.3	11.0	8.3
Current financial assets	16.5	18.2	22.5
Other current assets	113.3	92.3	83.1
Cash and cash equivalents	55.8	49.6	128.6
Assets held for sale	0.0	0.0	1.1
<b>Current assets HUGO BOSS Group</b>	<b>991.0</b>	<b>921.8</b>	<b>1,001.5</b>
Non-current assets	760.3	653.0	660.3
<b>Total assets HUGO BOSS Group</b>	<b>1,751.3</b>	<b>1,574.8</b>	<b>1,661.8</b>



## CAPITAL EXPENDITURE

(in EUR million)

	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
<b>Capital expenditure - operating segments</b>	<b>103.0</b>	<b>66.7</b>	<b>99.8</b>
Corporate units	38.0	19.3	34.9
Consolidation	0.0	0.0	0.0
<b>TOTAL</b>	<b>141.0</b>	<b>86.0</b>	<b>134.7</b>

## IMPAIRMENTS/WRITE-UPS

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
<b>Impairment – operating segments</b>	<b>0.0</b>	<b>0.0</b>
Corporate units	0.0	0.0
Consolidation	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>

## DEPRECIATION/AMORTIZATION

(in EUR million)

	Jan. – Sep. 2015	Jan. – Sep. 2014
<b>Depreciation/amortization - operating segments</b>	<b>65.0</b>	<b>53.2</b>
Corporate units	24.5	23.2
Consolidation	0.0	0.0
<b>TOTAL</b>	<b>89.5</b>	<b>76.4</b>

## GEOGRAPHIC INFORMATION

(in EUR million)

	Third party sales		Non-current assets	
	Jan. – Sep. 2015	Jan. – Sep. 2014	Sep. 30, 2015	Dec. 31, 2014
Germany	348.4	334.4	188.9	180.7
Other European markets	905.0	848.4	210.2	185.4
U.S.A.	384.3	324.5	66.2	58.8
Other North, Central and South American markets	95.6	88.5	17.1	13.6
China	170.0	149.6	42.2	36.5
Other Asian markets	113.1	102.9	59.6	50.2
Licenses	42.3	39.7	15.0	15.0
<b>TOTAL</b>	<b>2,058.7</b>	<b>1,888.0</b>	<b>599.2</b>	<b>540.2</b>

## 19 // SUBSEQUENT EVENTS

The HUGO BOSS Group has secured its long-term financial flexibility by refinancing the syndicated credit facility which it took out in 2013 ahead of schedule. Agreed upon with a syndicate of banks at the beginning of October 2015, the new syndicated facility of EUR 450 million replaces the previous facility of the same amount and has a term of five years plus a renewal option. It will be used for general business funding purposes. The facility is subject to floating interest rates and may be utilized flexibly. The improved conditions of the new facility will lower interest expenses over the coming years. These projected savings will more than make up for the non-recurring negative effects in the low single-digit millions in the fourth quarter of fiscal 2015. These effects particularly arise from the dissolution of derivatives used for hedging interest payments under the previous facility.

Between the end of the first nine months of fiscal year 2015 and the publication of this report, there were no material macro-economic, socio-political, sector-related or company-specific changes that the Management expects to have a significant influence on the Company's results of operations, net assets and financial position.

Metzingen, October 22, 2015

HUGO BOSS AG  
The Managing Board

**Claus-Dietrich Lahrs**  
**Christoph Auhagen**  
**Mark Langer**

# 4

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 24, 2015**

Investor Field Trip

**MARCH 10, 2016**

Press and Analysts' Conference

**MAY 3, 2016**

Publication of the First Quarter Report 2016

**MAY 19, 2016**

Annual Shareholders' Meeting

**AUGUST 5, 2016**

Publication of the First Half Year Report 2016

**NOVEMBER 4, 2016**

Publication of the Nine Months Report 2016

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