OVERALL ASSESSMENT OF THE MANAGING BOARD ON THE ECONOMIC SITUATION OF THE GROUP

HUGO BOSS looks back at a solid development of its business in 2013. As anticipated in the annual report 2012, sales and earnings grew despite the challenging economic environment.

Sales growth outperformed the development of the economy as whole and matched the level seen in the global premium and luxury goods industry. As forecast, all regions made a contribution to this development after currency adjustments. An analysis by distribution channel shows that, owing to the challenging market environment and the larger number of shop-in-shop units taken over from business partners than originally anticipated, the development of sales in the wholesale business remained below earlier expectations. The latter effect was more than compensated for by corresponding sales growth in the Group’s own retail business. In total, sales in the Group’s own retail business exhibited double-digit growth, in line with the original forecast.

The operating result (EBITDA before special items) increased by 7%. This development was supported by a better-than-anticipated development of the gross profit margin. As forecast, earnings growth thus exceeded sales growth leading to an improvement in the adjusted operating margin. → Group Sales and Results of Operations

Despite extensive investment in the Company’s long-term growth, it was possible to increase free cash flow based on significant improvements in the management of trade net working capital and to reach the target set to further decrease net financial liabilities. → Net Assets and Financial Position

The Group is thus in an exceedingly healthy economic condition that offers a good basis for further profitable growth. Against this backdrop, HUGO BOSS expects that consolidated sales and earnings will continue to grow in 2014 and anticipates a further positive development of the Company overall also beyond the current year. → Subsequent Events and Outlook

Metzingen, February 19, 2014

HUGO BOSS AG
The Managing Board

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