HUGO BOSS

FIRST QUARTER REPORT
JANUARY – MARCH 2016

CONTENTS

1

TO OUR SHAREHOLDERS

LETTER TO SHAREHOLDERS

Dear Shareholders,
Dear Ladies and Gentlemen,

The start of 2016 proved very challenging for the premium apparel segment. In many markets, the apparel industry did not benefit from improved consumer confidence. For example, the industry magazine Textilwirtschaft estimates a sales decline by 2% in German apparel retail in the first quarter, despite strong consumer spending growth in Germany. The difficult global market conditions as well as HUGO BOSS specific challenges weighted heavily on sales and earnings in the first quarter. Group sales were down 3% currency-adjusted. The operating result (EBITDA before special items) declined by 29%.

The Group is taking measures to address these developments in several ways. In recent weeks, a range of measures were introduced to improve cost efficiency and boost free cash flow despite the anticipated drop in earnings. We intend to save costs of around EUR 50 million compared to our original budgeting in 2016 by renegotiating rental agreements in the Group's own retail business, through the tight management of administrative expenses and by strictly focusing the Group’s marketing activities on measures directly supporting customer traffic in own retail. In addition, we are analyzing the performance of the Group´s own retail stores. We expect to decide on potential closures of underperforming stores in the coming months. Moreover, the slowing pace of expansion in the Group's own retail business and a streamlined project portfolio will considerably reduce investments in 2016 compared with the prior year.

We are also paving the way for a return to profitable growth: We are comprehensively changing our wholesale distribution strategy in the U.S. market, with a focus on improving the presentation and thus the consumer perception of the BOSS core brand. Therefore, we are anticipating lower sales in an anyway declining market. Price adjustments at the start of the year and intensified online communication activities have boosted demand considerably in the Chinese market. This makes us confident of the long-term growth prospects of that market.

Digitization of the business model will undoubtedly shape the future of HUGO BOSS. In recent weeks, we have made further progress towards providing our customers online and offline with an integrated shopping and brand experience. Following extensive testing, we took over the entire order fulfillment activities for the European online business from our previous partner at the beginning of May. Every product ordered by our customers on the hugoboss.com website in Europe will now be delivered directly from us. This move is an essential factor in the expansion of omnichannel offerings in Europe – like click & collect – in the second half of the year.

For HUGO BOSS, 2016 will be a year of transition – not only with respect to the strategic measures described above – but also in terms of management. The former Chairman of the Managing Board, Claus-Dietrich Lahrs, and Christoph Auhagen, the Board member responsible for Brand Management and Sourcing, have left the Group. Bernd Hake has already taken over responsibility for Retail and Sales from Claus-Dietrich Lahrs, drawing on the experience acquired over almost 20 years with HUGO BOSS. Ingo Wilts will take over responsibility for Brand and Creative Management. Both gentlemen were newly appointed to the Managing Board, joining CFO Mark Langer. The creation of a Managing Board position dedicated to Brand and Creative Management underlines the importance that we attribute to this area.

Aside from the short-term challenges, we will focus on ensuring and enhancing the long-term attractiveness of the HUGO BOSS brand. This will demand a lot of hard work from us and the entire organization over the coming months. In some areas, it will take time for the improvements to become visible. The determination and energy that the whole organization has been showing in taking on this task makes us confident that HUGO BOSS will return to long-term profitable growth.

Sincerely yours,

The HUGO BOSS Managing Board

KEY FIGURES

	Jan. – March 2016	Jan. – March 2015	Change in %
Net sales (in EUR million)	**642.6**	**667.5**	**(4)**
Net sales by segments			
Europe incl. Middle East and Africa	402.4	409.7	(2)
Americas	129.8	143.2	(9)
Asia/Pacific	94.7	100.9	(6)
Licenses	15.7	13.7	14
Net sales by distribution channel			
Group's own retail business	370.4	370.1	0
Wholesale	256.5	283.7	(10)
Licenses	15.7	13.7	14
Results of operations (in EUR million)			
Gross profit	411.9	436.9	(6)
Gross profit margin in %	64.1	65.5	(140) bp
EBITDA	86.4	130.1	(34)
EBITDA before special items	93.5	131.5	(29)
Adjusted EBITDA margin in %[1]	14.5	19.7	(520) bp
EBIT	53.7	102.8	(48)
Net income attributable to equity holders of the parent company	38.5	75.6	(49)
Net assets and liability structure as of March 31 (in EUR million)			
Trade net working capital	542.1	565.5	(4)
Non-current assets	756.0	708.9	7
Equity	981.4	954.3	3
Equity ratio in %	57.8	54.1	
Total assets	1,698.1	1,762.7	(4)
Financial position (in EUR million)			
Free cash flow	(4.9)	(7.6)	36
Net financial liabilities (as of March 31)	88.6	43.3	> 100
Capital expenditure	37.6	39.6	(5)
Depreciation/amortization	32.7	27.3	20
Total leverage (as of March 31)[2]	0.2	0.1	
Additional key figures			
Employees (as of March 31)	15,374	14,560	6
Personnel expenses (in EUR million)	157.6	144.2	9
Number of Group's own retail stores	1,128	1,060	
Shares (in EUR)			
Earnings per share	0.56	1.10	(49)
Last share price (as of March 31)	57.64	113.25	(49)
Number of shares (as of March 31)	70,400,000	70,400,000	

[1] EBITDA before special items/sales.

[2] Net financial liabilities/EBITDA before special items of the last 12 months.

2

CONSOLIDATED INTERIM MANAGEMENT REPORT

GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

GENERAL ECONOMIC SITUATION

Increasing risks to the global economy from slower growth
Many economic indicators continued to weaken at the beginning of 2016 in both the emerging markets and the industrialized nations. However, some economic data in March pointed to a stabilization of economic conditions in Europe and Asia.

Monetary policy measures support the European economy
The **European economy** painted a mixed picture in the first quarter. In January and February, key leading indicators such as the purchasing manager index and the German IFO business climate index dropped to multi-year lows. Disappointing economic data from China, which exerted pressure on the outlook for the export industry, caused additional strain. However, in March a number of indicators suggested that the downward trend from January and February may have been halted. Moreover, the ECB decided to widen its expansionary monetary and fiscal policies to support the Eurozone economy.

U.S. economic data disappointing
The **U.S. economy** remained flat in the first quarter, thus falling short of expectations. Some U.S. economic data – such as retail sales and industrial production – were disappointing. The depreciation of the U.S. dollar against the currencies of its main trading partners and the recent rise of the oil price were supportive for the U.S. economy. In **Latin America**, the economy remained weak in the first quarter. The recession in Brazil exerted additional pressure.

Possible stabilization of the economy in China
Economic conditions in **Asia** were disparate. Whereas turbulence in the Chinese equity markets and muted economic data had caused concern in January, the stable indicators in March came as a positive surprise. The Chinese purchasing manager index for manufacturing and services has recently shown improvement again. In Japan, the central bank widened its expansionary monetary policy in an effort to bolster the economy.

INDUSTRY DEVELOPMENT

Challenging market environment taking its toll on industry development

In the first quarter of 2016, growth in the global premium and luxury goods industry continued to slow. Financial analysts covering the sector forecast only moderate sales growth for companies active in the industry, which in many cases will be driven solely by the expansion of store networks. In most cases, comp store sales are expected to decline, which will also weigh on companies' profitability. As expected, tourist demand generally weakened but continued to cause a regional shift in sales.

In **Europe**, weaker demand from Asian tourists compared with the previous year placed particular strain on sales. This was caused by the growing harmonization of price structures between Europe and Asia, unfavorable exchange rates and increasing fears of terror attacks. In the **Americas**, more muted tourism also had a negative impact on sales. In addition to uncertainty related to the volatile equity markets and the upcoming presidential elections, changes in consumer spending behavior also left traces on the industry development. There was a substantial preference for leisure activities and travel over spending on clothing. The momentum of growth in the South American markets slowed against the backdrop of generally difficult economic conditions. Economic conditions in **Asia** were disparate in the first quarter. While there were signs of stabilization in the important Chinese market, the previous year's negative sales trends continued in Hong Kong in particular. Japan and South Korea continued to benefit from tourism from other parts of the region despite the dampening effect caused by the appreciation of the yen.

GROUP EARNINGS DEVELOPMENT

SALES PERFORMANCE

Sales performance characterized by difficult market situation in the United States and China

In the first three months of fiscal year 2016, the HUGO BOSS Group recorded **Group sales** of EUR 643 million. Sales were therefore down 4% on the comparable prior-year period in the Group's reporting currency (prior year: EUR 668 million). Currency effects had a negative impact on Group sales in the reporting period. Thus, HUGO BOSS sustained a 3% decline in sales on a currency-adjusted basis. The main factors in this decline were the difficult market conditions and company-specific challenges in the United States and China.

SALES BY REGION (in EUR million)

	Jan. – March 2016	**In % of sales**	Jan. – March 2015	In % of sales	Change in %	Currency-adjusted change in %
Europe[1]	402.4	62.6	409.7	61.4	(2)	(1)
Americas	129.8	20.2	143.2	21.5	(9)	(8)
Asia/Pacific	94.7	14.7	100.9	15.1	(6)	(5)
Licenses	15.7	2.5	13.7	2.0	14	14
TOTAL	**642.6**	**100.0**	**667.5**	**100.0**	**(4)**	**(3)**

[1] Including the Middle East and Africa.

Currency-adjusted decline in sales in all regions

In the first three months of fiscal year 2016, sales in **Europe** including the Middle East and Africa decreased by 2% in the reporting currency to EUR 402 million (prior year: EUR 410 million) and by 1% in local currencies. This was essentially due to lower sales in the Iberian Peninsula, the Benelux countries and Germany. In the **Americas**, sales in the reporting currency dropped by 9% to EUR 130 million in the same period (prior year: EUR 143 million). The negative sales performance in the United States particularly contributed to an 8% decline in local currencies. Sales in the reporting currency in **Asia/Pacific** amounted to EUR 95 million, down 6% on the prior year (prior year: EUR 101 million). Uneven market conditions in China, which exerted pressure on the performance of HUGO BOSS in this market, caused sales to decrease by 5% in local currencies.

SALES BY DISTRIBUTION CHANNEL (in EUR million)

	Jan. – March 2016	**In % of sales**	Jan. – March 2015	In % of sales	Change in %	Currency-adjusted change in %
Group's own retail business	370.4	57.6	370.1	55.5	0	1
Directly operated stores	242.1	37.7	242.7	36.4	0	2
Outlet	106.9	16.6	106.5	16.0	0	1
Online	21.4	3.3	20.9	3.1	2	2
Wholesale	256.5	39.9	283.7	42.5	(10)	(9)
Licenses	15.7	2.5	13.7	2.0	14	14
TOTAL	**642.6**	**100.0**	**667.5**	**100.0**	**(4)**	**(3)**

Comp store sales down 6%

The **Group's own retail business (retail)** was stable in the first three months of fiscal year 2016. As in the prior-year period, sales in this channel came to EUR 370 million (prior year: EUR 370 million). This is equivalent to a currency-adjusted increase of 1%. Comp store sales in the Group's own retail business were down 7% on the comparable prior-year period in the reporting currency and down 6% on a currency-adjusted basis. The share of the Group's own retail business in Group sales was further expanded and stood at 58% in the reporting period (prior year: 56%).

Currency-adjusted sales growth in directly operated stores (DOS)

At EUR 242 million in the first three months of the year, sales via the Group's **directly operated stores (DOS)** were slightly lower than in the prior-year period (prior year: EUR 243 million) but were up 2% in currency-adjusted terms. This includes sales from own 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. As in the prior-year period, sales from **outlet stores** came to EUR 107 million (prior year: EUR 107 million). This is equivalent to a currency-adjusted increase of 1%. Sales in the Group's own **online retail business** rose by 2% to EUR 21 million in both the Group's reporting currency and in local currencies (prior year: EUR 21 million).

Currency-adjusted decline in wholesale channel sales

Sales in the **wholesale channel** declined by 10% in the first three months of fiscal year 2016, coming to EUR 257 million (prior year: EUR 284 million). They were down 9% in currency-adjusted terms. In addition to muted global demand on the part of wholesale partners, this development was mainly due to 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. Replenishment business, which allows HUGO BOSS to react to short-term surges in business partners' demand, was down in the first three months. The share of wholesale business in Group sales contracted from 43% in the comparable prior-year period to 40% in the reporting period.

Double-digit sales growth in license business

Sales in **license business** increased by 14% to EUR 16 million in the three-month period (prior year: EUR 14 million). They were also up 14% in currency-adjusted terms. The articles produced by partners include fragrances, eyewear and watches. In particular, license income from fragrances grew by a double-digit rate. The share of license business in Group sales widened to 3% (prior year: 2 %).

HUGO and BOSS Green with high double-digit sales growth

The transition of category business in the wholesale channel, which was successfully implemented in Europe in fiscal year 2015, brought about in the first three months of fiscal year 2016 a shift in sales from the BOSS core brand to the BOSS Green brand and to HUGO. Thus, sales of the **BOSS** core brand contracted by 12% to EUR 429 million compared to the prior-year period (prior year: EUR 489 million). Adjusted for currency effects, this corresponds to a decrease of 11%. Sales of the **BOSS Green** brand climbed by 23% in the same period to EUR 73 million (prior year: EUR 60 million) and by 25% in local currencies. At EUR 57 million, sales of the **BOSS Orange** brand were down 7% on the comparable prior-year period (prior year: EUR 61 million), and down 6% in currency-adjusted terms. On the other hand, sales of the **HUGO** brand grew by 43% to EUR 83 million compared to the prior-year period (prior year: EUR 58 million). This was equivalent to an increase of 45% in currency-adjusted terms.

Lower sales for both menswear and womenswear

In the reporting period, **menswear** sales were down 4% on the comparable prior-year period, coming to a total of EUR 571 million (prior year: EUR 592 million). In currency-adjusted terms sales were down 2%. The proportion of menswear in total sales remains unchanged at 89%. **Womenswear** sales decreased by 5% in the Group's reporting currency and by 4% in local currencies, coming to around EUR 72 million (prior year: EUR 75 million). Womenswear continued to contribute 11% to total sales.

Network of freestanding retail stores shows net growth of eight stores

In the three-month period, the number of the Group's own **freestanding retail stores** rose by a net figure of eight to 438 (December 31, 2015: 430).

In addition to twelve organic **new openings**, **takeovers** of four freestanding retail stores previously operated by franchise partners contributed to the increase in selling space. At the same time, eight freestanding retail stores were closed. These were primarily stores which had a diluting effect on the operating margin and the brand image.

NUMBER OF GROUP´S OWN RETAIL STORES BY REGION

March 31, 2016	Freestanding stores	Shop-in-shops	Outlets	TOTAL
Europe	191	358	56	**605**
Americas	92	96	48	**236**
Asia/Pacific	155	101	31	**287**
TOTAL	**438**	**555**	**135**	**1,128**
Dec. 31, 2015				
Europe	183	363	57	**603**
Americas	92	86	48	**226**
Asia/Pacific	155	100	29	**284**
TOTAL	**430**	**549**	**134**	**1,113**

Including shop-in-shops and outlets, the total net number of **retail stores** operated by HUGO BOSS worldwide rose by 15 to 1,128 (December 31, 2015: 1,113).

Strengthening of brand presence in Europe

In **Europe**, the number of freestanding retail stores increased by a net figure of eight to 191 stores. The Group was able to expand its presence in Great Britain, Italy, Poland and the Netherlands by opening a total of eleven new stores. Three freestanding retail stores were closed in the reporting period. Taking into account shop-in-shops and outlets, Europe reported a net increase of two in the number of the Group’s own retail stores, with 605 at present (December 31, 2015: 603).

Number of freestanding retail stores in the Americas remains unchanged

In the **Americas**, there was no change in the number of freestanding retail stores. One new opening in the United States coincided with a closure in the same period. The total number of the Group’s own retail stores increased by ten to a total of 236 particularly due to the takeover of nine BOSS shop-in-shops at U.S. department store Macy’s (December 31, 2015: 226).

Market presence in Asia/Pacific strengthened by takeovers in Malaysia

At 155, the number of freestanding retail stores in **Asia/Pacific** remained unchanged from December 31, 2015. Three freestanding stores in Malaysia were taken over in the course of expansion. In addition, the store network was widened with a new opening in New Zealand. At the same time, four stores were closed. Including all shop-in-shops and outlets, there was a net increase of three to a total of 287 of the Group's own retail stores in this region (December 31, 2015: 284).

EARNINGS DEVELOPMENT

INCOME STATEMENT (in EUR million)

	Jan. – March 2016	**In % of sales**	Jan. – March 2015	In % of sales	Change in %
Sales	**642.6**	**100.0**	**667.5**	**100.0**	**(4)**
Cost of sales	(230.7)	(35.9)	(230.6)	(34.5)	0
Gross profit	**411.9**	**64.1**	**436.9**	**65.5**	**(6)**
Selling and distribution expenses	(278.5)	(43.3)	(264.3)	(39.6)	(5)
Administration costs	(72.6)	(11.3)	(68.4)	(10.2)	(6)
Other operating income and expenses	(7.1)	(1.1)	(1.4)	(0.2)	<(100)
Operating result (EBIT)	**53.7**	**8.4**	**102.8**	**15.4**	**(48)**
Net interest income/expenses	(0.7)	(0.1)	(0.9)	(0.1)	22
Other financial items	(2.4)	(0.4)	(3.7)	(0.6)	35
Financial result	**(3.1)**	**(0.5)**	**(4.6)**	**(0.7)**	**33**
Earnings before taxes	**50.6**	**7.9**	**98.2**	**14.7**	**(48)**
Income taxes	(12.1)	(1.9)	(22.6)	(3.4)	46
Net income	**38.5**	**6.0**	**75.6**	**11.3**	**(49)**
Attributable to:					
Equity holders of the parent company	38.5	6.0	75.6	11.3	(49)
Non-controlling interests	0.0	0.0	0.0	0.0	
Earnings per share (EUR)[1]	**0.56**		**1.10**		**(49)**
EBITDA	**86.4**	**13.4**	**130.1**	**19.5**	**(34)**
Special items	(7.1)	(1.1)	(1.4)	(0.2)	<(100)
EBITDA before special items	**93.5**	**14.5**	**131.5**	**19.7**	**(29)**
Income tax rate in %	**24**		**23**		

[1] Basic and diluted earnings per share.

Gross profit margin of 64.1% down on prior year

Gross profit at the end of the first three months of fiscal year 2016 stood at EUR 412 million, down 6% on the prior year (prior year: EUR 437 million). At 64.1%, the **gross profit margin** was 140 basis points lower than in the prior year (prior year: 65.5%). Positive effects stemming from the larger share of sales contributed by the Group's own retail business, in which HUGO BOSS generates a higher gross profit margin than in the wholesale channel, were offset by negative inventory valuation effects, increased discounting and the price adjustments implemented in Asia with the spring 2016 collection.

Expansion of the Group’s own retail business results in higher selling expenses

Selling and distribution expenses came to EUR 279 million in the first three months of 2016, up 5% year on year (prior year: EUR 264 million). Relative to sales, selling and distribution expenses increased from 39.6% to 43.3%. Selling expenses rose by 8% in the reporting period particularly as a result of the global expansion of the Group’s own retail business, accounting for 33.3% of sales (prior year: 29.8%). The sales performance in the first three months was not sufficient to offset the increase in selling expenses. Marketing expenses fell by 5% over the comparable prior-year period, standing at 6.9% of sales (prior year: 7.0 %).

Logistics expenses rose by 9% over the comparable prior-year period and, at 3.0% of sales, were up on the prior year (prior year: 2.7 %). This was primarily due to expenses in connection with the insourcing of order execution in European online business planned for the early summer.

Increase in administration expenses in relation to sales

Administration expenses came to EUR 73 million in the first three months of fiscal year 2016, up 6% on the prior-year figure (prior year: EUR 68 million). Relative to sales, they stood at 11.3% (prior year: 10.2 %). General administration expenses increased by 8% and, at 8.7% of sales, were up on the prior-year period (prior year: 7.8 %). Research and development costs incurred in the creation of fashion collections rose by 1% compared to the prior-year period and accounted for 2.6% of sales, slightly more than in the prior year (prior year: 2.4 %).

Group´s net income influenced by special items

The net expenses arising from **other operating expenses and income** came to EUR 7 million in the first three months (prior year: net expenses of EUR 1 million). Material special items arose in connection with the change in the Managing Board and organizational changes in the Americas. Income generated from the sale of a showroom in France partially offset the expenses arising from the special items.

Decline in EBITDA before special items

At EUR 93 million, the internal performance indicator **EBITDA before special items** was down 29% on the prior year (prior year: EUR 132 million). The adjusted EBITDA margin came to 14.5%, down 520 basis points on the prior year (prior year: 19.7%). This was mostly due to the decline in gross profit and the rise in operating expenses. **Amortization and depreciation** came to EUR 33 million, up 20% on the comparable prior-year period due to increased capital expenditure in the prior year (prior year: EUR 27 million). At the end of the first three months of fiscal year 2016, **EBIT** stood at EUR 54 million, down 48% on the prior year (prior year: EUR 103 million).

Weaker exchange rate effects easing pressure on financial result

The **financial result**, measured as net expense after aggregating the net interest income/expenses and other financial items, declined in the first three months of fiscal year 2016 to EUR 3 million (prior year: EUR 5 million). This was primarily due to weaker exchange rate effects. In addition, the improved conditions on which the syndicated loan had been refinanced in the fourth quarter of fiscal year 2015 resulted in savings in interest expenses.

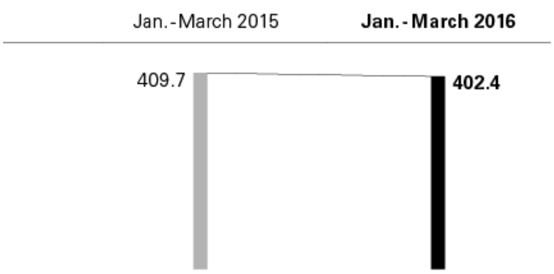
Group's net income below prior-year period

Earnings before taxes at the end of the first three months of the year stood at EUR 51 million, down 48% on the prior-year level (prior year: EUR 98 million). At 24%, the Group’s tax rate was slightly above the prior-year period (prior year: 23%). In the first three months of fiscal year 2016, **net income** thus declined by 49% to EUR 39 million (prior year: EUR 76 million). The consolidated net income attributable to equity holders also fell by 49% to EUR 39 million (prior year: EUR 76 million). **Earnings per share** decreased by 49% to EUR 0.56 compared to the prior year (prior year: EUR 1.10).

SALES AND PROFIT DEVELOPMENT OF THE BUSINESS SEGMENTS

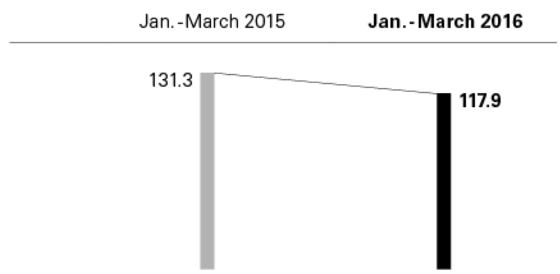
EUROPE

02|01 SALES DEVELOPMENT EUROPE
(in EUR million)



(2%)

02|02 PROFIT DEVELOPMENT EUROPE
(in EUR million)



(10%)

Currency-adjusted decline of 1% in sales
In the first three months of fiscal year 2016, **sales** in the reporting currency in **Europe** including the Middle East and Africa contracted by 2% to EUR 402 million (prior year: EUR 410 million). This corresponds to a 1% decline in local currencies.

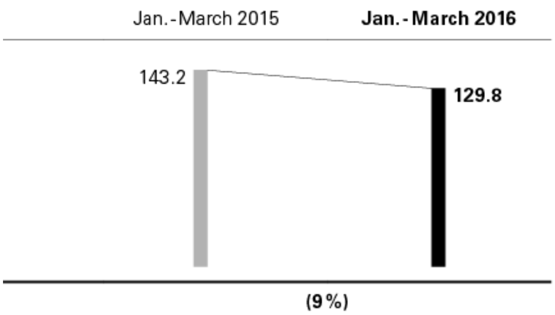
Sales in region determined by Group's own retail business
Sales in the **Group’s own retail business** climbed by 2% to EUR 210 million in Europe in the reporting period (prior year: EUR 206 million). An increase of 3% was achieved in local currencies. In the same period, sales with **wholesale** customers declined by 5% to EUR 193 million in the reporting currency (prior year: EUR 204 million) and by 4 % in local currencies.

Great Britain still on growth trajectory
At EUR 109 million, sales in **Germany** were down 2% on the comparable prior-year period (prior year: EUR 111 million). This was mostly due to the decline in sales in the Group’s own retail business. On the other hand, sales in the wholesale channel were up. In **Great Britain**, sales in the reporting currency came to EUR 68 million, up 1% on the prior-year period (prior year: EUR 67 million). In the local currency, this corresponds to sales growth of 4%. Growth in the high single digits in the Group's own retail business thus offset the decline in wholesale business. In **France**, the growth in the Group's own retail business missed to make up the decline in wholesale business. Thus, at EUR 47 million, sales were down 3% on the comparable prior-year period (prior year: EUR 49 million). Reflecting the continuing consolidation in the wholesale channel, sales in the **Benelux countries** came to EUR 34 million and were 8% down on the prior-year period (prior year: EUR 37 million). The Group’s own retail business also contracted in this market during the reporting period.

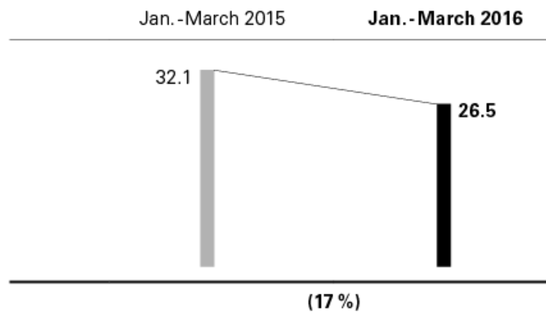
Segment profit down on prior year
At EUR 118 million, **segment profit** in Europe was down 10% on the comparable prior-year period (prior year: EUR 131 million). The decline in sales, negative exchange rate effects and higher selling and distribution expenses resulting from the expansion of the Group’s own retail business burdened profit in this region. The adjusted EBITDA margin narrowed by 270 basis points to 29.3% (prior year: 32.0%).

AMERICAS

02|03 SALES DEVELOPMENT AMERICAS
(in EUR million)



02|04 PROFIT DEVELOPMENT AMERICAS
(in EUR million)



Region sales lower

In the **Americas sales** in the reporting currency fell by 9% over the prior-year period to EUR 130 million (prior year: EUR 143 million). In currency-adjusted terms, sales in this region were down 8%.

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

Sales in the **Group's own retail business** contracted by 5% in the reporting currency, amounting to EUR 76 million in the first three months of the year (prior year: EUR 80 million). This is equivalent to a currency-adjusted decline of 3% in sales. Sales in the **wholesale channel** reached EUR 54 million in the first three months of fiscal year 2016 (prior year: EUR 63 million). Accordingly, sales in this distribution channel decreased by 15% in the Group currency and by 14% in local currencies.

Disparate sales development in region's individual markets

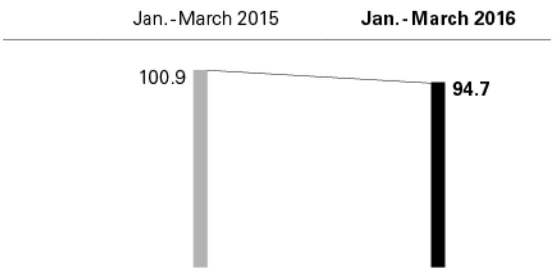
Sales in the **United States** decreased by 14% to EUR 99 million in the Group's reporting currency in the first three months of fiscal year 2016 (prior year: EUR 115 million). In the local currency, they contracted by 16%. In **Canada**, sales in the Group's reporting currency climbed by 5% to EUR 16 million (prior year: EUR 16 million). Accordingly, they were up 14% in currency-adjusted terms. Despite the generally weaker momentum of the markets in **Central and South America**, sales rose by 17% in the Group's reporting currency to EUR 15 million (prior year: EUR 13 million). They were up 42% in local currencies. This favorable performance was materially driven by takeovers in connection with the expansion of the Group's own retail business in fiscal year 2015.

Segment profit dragged down by sales development in the United States

At EUR 26 million, **segment profit** in the Americas was down 17% on the prior-year period (prior year: EUR 32 million). This was due to declining sales development in the United States and higher discounting. At the end of the first three months, the adjusted EBITDA margin stood at 20.4%, 200 basis points down on the prior year (prior year: 22.4%).

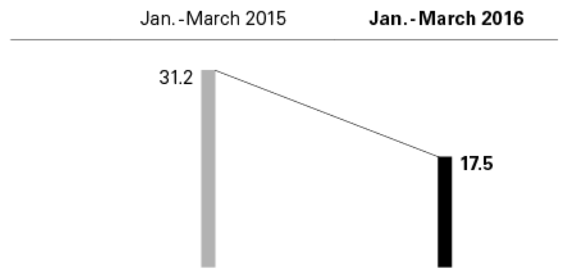
ASIA/PACIFIC

02|05 SALES DEVELOPMENT ASIA/PACIFIC
(in EUR million)



(6%)

02|06 PROFIT DEVELOPMENT ASIA/PACIFIC
(in EUR million)



(44%)

Region sales development under strain from challenging market conditions in China

In the first three months of fiscal year 2016, **sales** in **Asia/Pacific** fell by 6% over the prior-year period to EUR 95 million in the reporting currency (prior year: EUR 101 million). Challenging market conditions in China, particularly in Hong Kong and Macau, exerted pressure on the performance of HUGO BOSS in this market, pushing sales down by 5% in local currencies.

Slight increase in sales development in the Group's own retail business

Sales in the **Group's own retail business** in this region rose by 1% to EUR 84 million in the Group's reporting currency (prior year: EUR 84 million). This is equivalent to growth of 2% in local currencies compared to the prior-year period. However, at EUR 11 million, sales with **wholesale customers** were down 39% on the prior-year period in the Group’s reporting currency and in local currencies (prior year: EUR 17 million). Takeovers of selling space previously operated by wholesale partners made a material contribution to this.

Disparate sales development in the individual markets

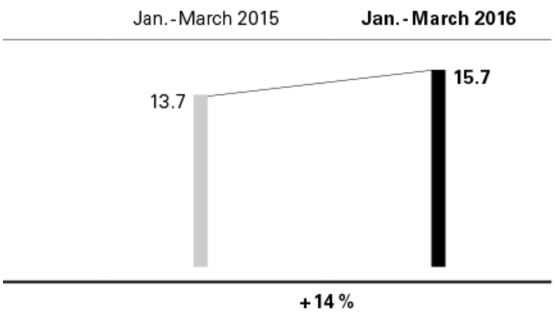
Sales in **China** came to EUR 54 million and were thus down 12% on the prior year in the Group's reporting currency (prior year: EUR 62 million). Against the backdrop of challenging market conditions, currency-adjusted sales decreased by 11%. On the other hand, sales in **Japan** increased. Thus, at EUR 12 million, they were up 10% on the prior-year period (prior year: EUR 11 million), which is equivalent to a currency-adjusted increase of 4%. At EUR 13 million, sales in **Oceania** were down 6% on the comparable prior-year period (prior year: EUR 14 million). However, they remained stable in currency-adjusted terms.

Segment profit lower

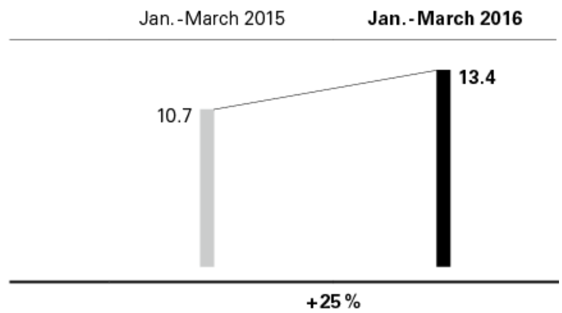
At EUR 17 million, **segment profit** in Asia/Pacific was down 44% on the comparable prior-year period (prior year: EUR 31 million). The price adjustments implemented in Asia with the spring 2016 collection, negative inventory valuation effects and an increase in selling and distribution expenses, particularly in connection with the expansion of the Group’s own retail business, essentially contributed to this performance. At 18.4%, the adjusted EBITDA margin was significantly down on the prior year (prior year: 31.0%).

LICENSES

02|07 SALES DEVELOPMENT LICENSES
(in EUR million)



02|08 PROFIT DEVELOPMENT LICENSES
(in EUR million)



License business up 14%

Sales in **license business** increased by 14% to EUR 16 million in the three-month period (prior year: EUR 14 million). They were also up 14% in currency-adjusted terms. The articles produced by partners include fragrances, eyewear and watches. In particular, license income from fragrances grew by a double-digit rate.

At EUR 13 million, the license **segment profit** was 25% up on the comparable prior-year period (prior year: EUR 11 million).

NET ASSETS

02|09 STATEMENT OF FINANCIAL POSITION (in %)

ASSETS	March 31, 2015	**March 31, 2016**
Property, plant and equipment and intangible assets	32	**36**
Inventories	31	**31**
Trade receivables	14	**12**
Other assets	16	**17**
Cash and cash equivalents	7	**4**
TOTAL	100	**100**
Assets (in EUR million)	1,762.7	**1,698.1**

Total assets down 4% on the previous year

At the end of the first quarter of 2016, **total assets** were valued at EUR 1,698 million and were thus 4% lower than in the comparable prior-year period (March 31, 2015: EUR 1,763 million). This was primarily due to a decline in cash and cash equivalents as a result of the decreasing free cash flow in the previous twelve months. At 55%, the **share of current assets** decreased slightly compared to the prior year (March 31, 2015: 60 %). Accordingly, the **share of non-current assets** came to 45% as of March 31, 2016 (March 31, 2015: 40 %).

At EUR 619 million at the end of the reporting period, **property, plant and equipment and intangible assets** were up 9% on the prior-year period (March 31, 2015: EUR 567 million). This was mainly due to an increased investment volume in 2015.

Currency-adjusted increase of 1% in inventories

Inventories decreased by 2% to EUR 528 million as of March 31, 2016 (March 31, 2015: EUR 539 million). Due to the strict management of this item, the currency-adjusted increase was capped at 1%.

Decrease in trade receivables

Trade receivables decreased by 15% to EUR 207 million compared to the prior-year period (March 31, 2015: EUR 244 million). Adjusted for currency effects, this equates to a decrease of 14%. This was mainly due to declining sales in wholesale business in the reporting period as well as strict receivables management.

Other assets rose by 1% over the prior year to EUR 283 million (March 31, 2015: EUR 280 million).

At EUR 62 million, **cash and cash equivalents** were down 54% over the prior year (March 31, 2015: EUR 132 million). This was primarily due to a decline in free cash flow in the previous twelve months.

02|10 STATEMENT OF FINANCIAL POSITION (in %)

EQUITY AND LIABILITIES	March 31, 2015	**March 31, 2016**
Shareholders' equity	54	**58**
Provisions and deferred taxes	12	**10**
Trade payables	12	**11**
Other liabilities	12	**11**
Financial liabilities	10	**10**
TOTAL	100	**100**
Equity and liabilities (in EUR million)	1,762.7	**1,698.1**

Increase in equity ratio to 58%
Equity rose by 3% to EUR 981 million as of the reporting date (March 31, 2015: EUR 954 million). Consequently, the **equity ratio** came to 58% (March 31, 2015: 54%).

At EUR 166 million, **provisions and deferred taxes** were 18% lower than in the prior year (March 31, 2015: EUR 202 million). This includes provisions for pensions and other personnel expenses amounting to EUR 85 million (March 31, 2015: EUR 100 million). Other provisions came to EUR 74 million (March 31, 2015: EUR 94 million) and deferred tax liabilities to EUR 7 million (March 31, 2015: EUR 9 million). The decline in provisions for pensions and other personnel expenses is primarily due to lower provisions for pensions resulting from the changes in the actuarial discount rate in Germany and Switzerland. The reduction in other provisions compared with March 31, 2015 mostly reflects the utilization of the provisions for the early dissolution of the agreement with a trade agent in the Middle East in the second half of 2015 and the release of provisions following the sale of the production site in Cleveland, Ohio, in the second quarter of 2015.

Decrease in trade payables

Trade payables decreased by 12% to EUR 192 million compared to the prior-year period mainly as a result of delays in the purchase of goods (March 31, 2015: EUR 218 million). In currency-adjusted terms, this was a decline of 10%.

Other liabilities decreased by 4% to EUR 195 million compared to the prior-year period (March 31, 2015: EUR 204 million) and, in addition to VAT liabilities and outstanding social security liabilities, mainly contain accrued liabilities for rental obligations for the Group's own retail business as well as accrued vacation, wages and salaries. The change over the previous year is primarily due to the decline in current tax liabilities.

Total **current and non-current financial liabilities** contracted by 11% to EUR 164 million as of the reporting date (March 31, 2015: EUR 185 million). This mainly reflects the repayment of the fixed tranche in connection with the refinancing of the syndicated loan in October 2015. Due to favorable interest rates, in addition to the utilization of EUR 29 million (March 31, 2015: EUR 100 million) of the syndicated loan, greater use was also made of short-term bilateral credit facilities as of the reporting date.

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 components factored into the calculation of this indicator are inventories, trade receivables and trade payables. Trade net working capital decreased by 4% over the prior year to EUR 542 million (March 31, 2015: EUR 566 million). This corresponds to a 1% decline in local currencies. Most of the decline in trade receivables was offset by a slight increase in inventories and reduced trade payables. At 19.5%, the moving average of **trade net working capital as a percentage of sales** on the basis of the last four quarters was 20 basis points below the prior-year period (prior year: 19.7 %).

FINANCIAL POSITION

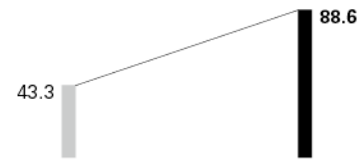
02|11 FREE CASH FLOW (in EUR million)

Jan.-March 2015 | **Jan.-March 2016**

+36%

02|12 NET FINANCIAL LIABILITIES (in EUR million)

March 31, 2015 | **March 31, 2016**



>100%

Negative free cash flow in first quarter

Free cash flow, measured as the cash inflow from operating activities and the cash outflow from investing activities, came to EUR -5 million in the reporting period (prior year: EUR -8 million).

At EUR 31 million, **cash flow from operating activities** remained unchanged compared to the prior-year period (prior year: EUR 31 million). The lower cash outflow from trade net working capital compared with the prior-year period was offset by the decline in the Group's net income. The **cash outflow from investing activities** came to EUR 36 million, 7% down on the prior-year period (prior year: EUR 39 million). The main focus of investment in the first quarter was on the Group's own retail business. A cash outflow of EUR 3 million is attributable to property, plant and equipment and current assets acquired in the purchase of an other business unit in Malaysia.

The **cash outflow from financing activities** totaled EUR 14 million in the first three months of fiscal year 2016 (prior year: EUR 8 million).

As cash flow is adjusted for currency effects, these figures cannot be derived from the statement of financial position.

Cash and cash equivalents came to EUR 62 million as of the reporting date (March 31, 2015: EUR 132 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 over the first three months of the prior year to EUR 89 million (prior year: EUR 43 million). This was primarily due to the change in free cash flow in the previous twelve months.

CAPITAL EXPENDITURE

Group's own retail business is main focus of capital expenditure
The HUGO BOSS Group's total capital expenditure in property, plant and equipment and intangible assets came to EUR 38 million in the first three months of 2016, down 5% on the prior year (prior year: EUR 40 million).

Accounting for 77% of the total, **the global expansion and modernization of the Group's own retail business** remained the focus of capital expenditure activity in the reporting period (prior year: 75%). At EUR 29 million, the total capital expenditure volume remained the same compared to the prior-year period (prior year: EUR 29 million). The volume invested in **opening** the Group's own new retail stores came to EUR 17 million in the first three months of fiscal year 2016 (prior year: EUR 19 million). In addition, EUR 12 million was spent on the **renovation and modernization** of existing retail stores in the reporting period (prior year: EUR 10 million). The bulk of these capital expenditures were in Europe, with the primary focus on the modernization of stores in London, Rome and Hamburg.

Capital expenditures in the **production, logistics and distribution structure** and in **research and development** came to EUR 4 million (prior year: EUR 6 million). As in the prior year, capital expenditures in **administration** equaled EUR 5 million in the first three months of fiscal year 2016 (prior year: EUR 5 million) and primarily relate to the expansion of IT infrastructure, particularly in connection with the takeover of material parts of the e-commerce value chain in Europe planned for the early summer of 2016.

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 2015. A detailed overview of the risks and opportunities can be found in the Annual Report 2015. All statements included therein regarding risks and opportunities continue to be valid.

SUBSEQUENT EVENTS AND OUTLOOK

HUGO BOSS expects to continue on its growth trajectory and post a moderate rise in sales in 2016. The ongoing implementation of the Group strategy combined with the initiatives derived from this will provide the underpinnings for profitable growth in the medium to long term. Group sales should increase in 2016 thanks to growth in Europe. The challenging market environment, especially in China and the United States, and the continued investments in the Group's growth potential will depress earnings, however.

SUBSEQUENT EVENTS

Changes to the Managing Board of HUGO BOSS AG

On April 22, 2016, Christoph Auhagen, member of the Managing Board responsible for brand and creative management as well as sourcing and production, left the Managing Board of HUGO BOSS AG by mutual consent with the Company's Supervisory Board. At the same time, Ingo Wilts, who is currently still employed as global creative director with another company in the industry, was appointed to the Managing Board of HUGO BOSS AG. He will commence his duties as Chief Brand Officer, responsible for brand and creative management, on November 1, 2016 at the latest. The duties previously assigned to Christoph Auhagen will be performed by Managing Board members Mark Langer and Bernd Hake until further notice.

No further reportable events

Between the end of the first quarter of fiscal year 2016 and the publication of this report, there were no further material macroeconomic, socio-political, sector-related or company-specific changes that management would expect 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 current knowledge at the time the report was 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 2015. 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 have a major influence on the development of the operations and financial position of HUGO BOSS. The Group must base its forecasts for expected business performance on assumptions regarding global economy and sector trends. These assumptions are outlined below. The Group monitors these conditions over the course of the year in order to be able to respond to possible changes as quickly and comprehensively as possible.

IMF lowers forecast for global economic growth to 3.2%

In April 2016, the IMF reduced its forecast for **global economic growth** for 2016 for the second time to 3.2%. This lower forecast is particularly based on the assumption of slower growth in the emerging markets and a more muted outlook for the United States. The IMF projects growth of 1.5% for the **European economy** in 2016 despite the recession in Russia, which is also likely to have a negative effect on other countries in the region. Low energy prices and expansionary monetary and fiscal policies should more than compensate for the effects of weaker foreign demand. The IMF expects growth of 2.4% in the **United States** and therefore no longer assumes that there will be any acceleration of growth over 2015. The strong dollar and lower investments in the oil sector are the main reasons for this. The IMF assumes that the economy in **Latin America** will shrink by 0.5%. The southern part of the region in particular is suffering from lower oil prices, while the persistent recession in Brazil is leaving traces on the entire region. The **Asian economy** will grow at a slightly slower pace of 6.4% in 2016 according to the IMF. Growth in China should continue to slow as a result of a decline in industrial production. On the other hand, the services sector should exhibit stable growth. Moderate growth is projected for Japan. However, the appreciation of the yen and more muted demand in the emerging markets are likely to weigh on economic growth. The widening of the expansionary monetary policy and lower energy prices should dampen the negative effects. India and smaller emerging markets in Asia should continue benefiting from strong domestic demand and grow swiftly.

Challenging industry conditions expected for 2016

Financial analysts covering the sector expect, at best, subdued sales growth in the premium and luxury goods industry on average in 2016. However, the outlook is fraught with great uncertainty and continued to deteriorate in the first quarter. Companies in the industry scaled back the expansion of own stores in response to the more muted growth rates. The expansion of online offerings and their integration with in-store retailing will play a more important role going forward. In the wholesale channel, the heavy discounting seen in the past year looks set to continue given the high inventory levels. The paltry sales growth, investments in expanding online offerings and the growing harmonization of global price structures are likely to put pressure on margins across the industry.

In **Europe**, the industry is challenged by high uncertainty in 2016. In particular, the shift in tourist flows from Europe to Asia and the increasing fear of terrorist attacks are leaving traces on the industry. Industry growth in the **Americas** is likely to stay at the same low level in 2016. Demand will presumably remain weak in the United States, with heavy discounting in the wholesale segment exerting pressure on the industry. Volatile equity markets, uncertainty ahead of the upcoming presidential elections and the strong US dollar will likely continue to place a damper on the industry. The Latin American markets are expected to make only a minor contribution to industry growth due to the macroeconomic challenges faced by this region. As the year proceeds, the **Asian premium and luxury goods market** is not likely to contract any further. The harmonization of price structures in the region to bring them into line with European and U.S. levels should have a positive effect on demand. Japan and South Korea are likely to benefit from growing tourism. However, substantial declines are expected in Hong Kong.

Moderate increase in Group sales expected

HUGO BOSS assumes that the challenging economic and industry-specific situation in many markets will have an adverse effect on the Group's business performance. In view of the described assumptions regarding macroeconomic developments and industry trends in 2016, the Group expects low single-digit sales growth on a currency-adjusted basis. This means that business growth should be roughly in line with the rate of expansion in the global economy and the development of the industry overall.

OUTLOOK 2016

SALES (CURRENCY-NEUTRAL)	Increase at a low-single-digit percentage rate versus prior year
EBITDA BEFORE SPECIAL ITEMS	Decline at a low-double-digit percentage rate versus prior year
CAPITAL EXPENDITURE	EUR 160 million to EUR 180 million
FREE CASHFLOW	Increase versus prior year

Europe driving Group growth

Group sales should increase in 2016 thanks to continued solid growth in Europe – the largest region within the Group. Increases are expected in all major European markets, driven by the increasing focus on the Group's own retail business and the digitization of the business model. In the Americas, by contrast, sales are expected to decline slightly. This reflects the difficult market situation which is characterized by heavy discounting. One of the main ways HUGO BOSS is responding to this challenge is by changing its distribution strategy in its wholesale business, in particular by limiting distribution of the BOSS core brand in this distribution channel. Sales in Asia will probably decrease slightly in view of the challenges facing the Chinese market. As part of the harmonization of its global price structures, HUGO BOSS will be aligning its pricing in Asia more closely to the levels in Europe and the United States in 2016. Despite of the expected rise in demand, this will have negative repercussions on sales in the short term. Sales in the license segment should increase moderately, however.

Management of the Group's own retail business aimed at boosting productivity

Sales in the Group's own retail business will likely develop better than the Group as a whole in 2016. The close integration of physical retailing with the Group's online offering forms a key aspect of retail management aimed at providing consumers with a seamless and convenient shopping experience. In particular, the Group will be taking over material parts of the e-commerce value chain in Europe to offer omnichannel services in the future. In addition, intensified customer relationship management, demand-driven in store selling space allocation, and improvements to systems and processes in retail management will unleash potential for improving selling-space productivity.

Optimization of the Group-wide store network

Furthermore, the Group will be optimizing its store network by renovating stores and also closing those stores which have a diluting effect on operating margins and the brand image. Selective new openings will focus on projects that are highly likely to have an immediate positive effect on margins. In addition, the Group is widening its control over the distribution of the BOSS core brand in the American wholesale business by taking over shop-in-shops at its retail partners' stores. In sum, the expansion of the Group's own store network and takeovers are expected to contribute mid to high single-digit percentage growth to sales in the Group's own retail business. A significant part of this will relate to the full-year effects of the opening of new stores and takeovers in the previous year.

Sales in wholesale business expected to be lower

A mid to high single-digit percentage decline in sales is expected for the wholesale business. This is due to the change in the distribution strategy in the U.S. market, muted global demand from wholesale partners, who are reducing their ordering volumes in response to the more subdued market outlook and high inventory levels, as well as takeovers. The sales recorded at points of sale that have been taken over will be accounted for as retail instead of wholesale.

Stable gross profit margin expected

The growing share of own retail sales is expected to support the Group's gross profit margin in 2016. The gross profit margin generated through this distribution channel is higher than in wholesale. The planned pricing adjustments in Asia will offset this effect, however, meaning that the Group forecasts a stable gross profit margin for the year as a whole.

Operating expenses expected to increase despite improved cost efficiency

The continued transformation towards a customer-focused business model will leave traces on operating expenses in 2016. As part of this transformation, HUGO BOSS is investing in the quality of its systems and processes in its own retail business. In particular, the Group is creating the IT and logistics-related infrastructure for fulfilling its European online business in-house in the future. In addition, HUGO BOSS will be expanding its brand communication activities in line with sales in order to strengthen customer demand. At the same time, the Group has initiated a program for improving its cost efficiency. The measures particularly entail an analysis of unprofitable stores to achieve performance improvements or to close sustainably loss-making stores, to renegotiate leases in the Group's own retail business and to review cost structures in the individual regions, markets and central functions.

Decrease of EBITDA before special items projected

The Group's operating profit (EBITDA before special items) is expected to decline by a low double-digit rate in 2016. Effects arising from the more comprehensive harmonization of regionally different price structures and the transformation of the business model will more than offset the positive impact from the projected increase in sales. This forecast is based on the assumption of stable retail comp store sales. Depreciation and amortization will increase significantly as a result of higher investment activity in the prior year. The financial result, however, should improve due to less pronounced exchange rate effects, which had a considerably negative effect in the prior year. Net income and earnings per share are likely to be weaker than EBITDA before special items due to special items in connection with the ongoing program for improving cost efficiency, the financial impact of which cannot be fully estimated.

Trade net working capital expected to decrease relative to sales

Strict management of trade net working capital continues to be given high priority in order to support improvements to the operating cash flow. In 2016, the Group is striving to reduce trade net working capital as a percentage of sales. Potential for improvement has specifically been identified in a reduction of the days' inventories outstanding. Optimized planning of merchandise needs and increased flexibility and speed in merchandise management will help to reduce days' inventories outstanding particularly in the Group's own retail business.

Investments lower than in prior year

The Group plans to scale back its capital expenditure in 2016 compared to the prior year without compromising its medium to long-term growth outlook. The Group's own retail business will remain the focus of its investment activities in 2016. Particular attention will be paid to renovating existing retail stores. 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. However, in view of the expected non-recurrence of one-time expenditures recorded in the previous year, a reduced rate of expansion in the Group's own retail business compared with the prior year and a strict focus on projects making the greatest positive contribution to enterprise value, the investment volume will drop to between EUR 160 million and EUR 180 million in 2016.

Increase in free cash flow over the prior year expected

The Group expects to increase free cash flow over the prior year in 2016. The positive effects from the strict management of trade net working capital and a reduction in investments should more than compensate for the lower profit. The free cash flow will primarily be used to finance the dividend payment. Accordingly, the Group expects net financial liabilities at the end of the year to be at or below the prior year's level. Given its strong internal financing power and the refinancing of its syndicated loan facility in 2015, which is securing its long-term liquidity requirements on favorable terms, the Group is not planning any significant financing activities in 2016.

Unchanged dividend per share proposed

HUGO BOSS pursues a profit-based distribution policy that allows the shareholders to participate appropriately in the Group's earnings development. Between 60% and 80% of net income is to be distributed to the shareholders on a regular basis. At the Annual Shareholders' Meeting on May 19, 2016, the Managing Board and Supervisory Board will be proposing an unchanged dividend of EUR 3.62 per share for fiscal year 2015 (2014: EUR 3.62). The proposal corresponds to a payout ratio of 78% of net income attributable to the shareholders of the parent company in 2015 (2014: 75%). It takes into account the Company's strong financial position and its positive growth prospects for the coming years. Assuming that the shareholders approve the proposal, the dividend will be paid out the day after the Annual Shareholders' Meeting, on May 20, 2016. On the basis of the number of shares outstanding at year-end, the amount distributed will amount to EUR 250 million (2014: EUR 250 million).

Group plans a return to sustained profitable growth

The Group intends to further increase its sales beyond 2016 as well. The adjusted operating margin (EBITDA before special items) should also improve again in the medium term. Continuing adverse macroeconomic and sector-specific developments in key sales markets, rising costs in sourcing processes or unexpected changes in demand in the Group's own retail business could have negative financial repercussions, causing the actual performance to differ from this forecast. The Group has contingency plans in place to limit the likelihood and impact of these and other risks. The details are presented in the risk report in the Annual Report 2015.

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 three months of fiscal year 2016 was prepared.

Metzingen, April 20, 2016

HUGO BOSS AG
The Managing Board

Mark Langer
Bernd Hake

3

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2016

CONSOLIDATED INCOME STATEMENT (in EUR million)

	2016	2015
Sales	**642.6**	**667.5**
Cost of sales	(230.7)	(230.6)
Gross profit	**411.9**	**436.9**
In % of sales	64.1	65.5
Selling and distribution expenses	(278.5)	(264.3)
Administration expenses	(72.6)	(68.4)
Other operating income and expenses	(7.1)	(1.4)
Operating result (EBIT)	**53.7**	**102.8**
Net interest income/expenses	(0.7)	(0.9)
Other financial items	(2.4)	(3.7)
Financial result	**(3.1)**	**(4.6)**
Earnings before taxes	**50.6**	**98.2**
Income taxes	(12.1)	(22.6)
Net income	**38.5**	**75.6**
Attributable to:		
Equity holders of the parent company	38.5	75.6
Non-controlling interests	0.0	0
Earnings per share (EUR)[1]	**0.56**	**1.10**

[1] Basic and diluted earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR million)

	2016	2015
Net income	**38.5**	**75.6**
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(0.5)	(12.2)
Items to be reclassified subsequently to profit or loss		
Currency differences	(13.2)	46.8
Gains/losses from cash flow hedges	0.2	0.2
Other comprehensive income, net of tax	**(13.5)**	**34.8**
Total comprehensive income	**25.0**	**110.4**
Attributable to:		
Equity holders of the parent company	25.0	110.4
Non-controlling interests	0.0	0.0
Total comprehensive income	**25.0**	**110.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF THE HUGO BOSS GROUP AS OF MARCH 31, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in EUR million)

Assets	**March 31, 2016**	March 31, 2015	Dec. 31, 2015
Intangible assets	179.4	161.3	182.6
Property, plant and equipment	439.5	405.6	439.8
Deferred tax assets	110.9	110.1	115.2
Non-current financial assets	21.9	22.4	22.4
Non-current tax receivables	0.7	1.2	0.7
Other non-current assets	3.6	8.3	3.9
Non-current assets	**756.0**	**708.9**	**764.6**
Inventories	527.8	539.3	559.5
Trade receivables	206.6	244.0	239.6
Current tax receivables	29.2	17.0	21.1
Current financial assets	16.8	15.8	29.0
Other current assets	100.2	104.1	104.6
Cash and cash equivalents	61.5	132.3	81.4
Assets held for sale	0.0	1.3	0.5
Current assets	**942.1**	**1,053.8**	**1,035.7**
TOTAL	**1,698.1**	**1,762.7**	**1,800.3**

Equity and liabilities	**March 31, 2016**	March 31, 2015	Dec. 31, 2015
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	910.5	864.7	873.2
Accumulated other comprehensive income	41.6	61.6	54.6
Equity attributable to equity holders of the parent company	**980.6**	**954.8**	**956.3**
Non-controlling interests	0.8	(0.5)	(0.6)
Group equity	**981.4**	**954.3**	**955.7**
Non-current provisions	72.4	91.7	72.1
Non-current financial liabilities	87.7	154.2	135.0
Deferred tax liabilities	6.9	8.7	7.8
Other non-current liabilities	41.7	44.3	42.2
Non-current liabilities	**208.7**	**298.9**	**257.1**
Current provisions	86.7	102.0	102.8
Current financial liabilities	76.1	30.4	41.5
Income tax payables	39.6	54.2	46.3
Trade payables	192.4	217.8	271.5
Other current liabilities	113.2	105.1	125.4
Current liabilities	**508.0**	**509.5**	**587.5**
TOTAL	**1,698.1**	**1,762.7**	**1,800.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2016

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
January 1, 2015	**70.4**	**(42.3)**	**0.4**	**6.6**	**794.7**	**15.3**	**(0.7)**	**844.4**	**(0.5)**	**843.9**
Net income					75.6			75.6	0.0	75.6
Other income					(12.2)	46.8	0.2	34.8	0.0	34.8
Comprehensive income					**63.4**	**46.8**	**0.2**	**110.4**	**0.0**	**110.4**
Changes in basis of consolidation										
March 31, 2015	**70.4**	**(42.3)**	**0.4**	**6.6**	**858.1**	**62.1**	**(0.5)**	**954.8**	**(0.5)**	**954.3**
January 1, 2016	**70.4**	**(42.3)**	**0.4**	**6.6**	**866.5**	**54.4**	**0.2**	**956.2**	**(0.5)**	**955.7**
Net income					38.5			38.5	0.0	38.5
Other income					(0.5)	(13.2)	0.2	(13.5)		(13.5)
Comprehensive income					**38.0**	**(13.2)**	**0.2**	**25.0**	**0.0**	**25.0**
Changes in basis of consolidation					(0.6)			(0.6)	1.3	0.7
March 31, 2016	**70.4**	**(42.3)**	**0.4**	**6.6**	**903.9**	**41.2**	**0.4**	**980.6**	**0.8**	**981.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

OF THE HUGO BOSS GROUP FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2016

CONSOLIDATED STATEMENT OF CASH FLOWS (in EUR million)

	2016	2015
Net income	38.5	75.6
Depreciation/amortization	32.7	27.3
Unrealized net foreign exchange gain/loss	1.7	(4.0)
Other non-cash transactions	5.6	4.1
Income tax expense/refund	12.1	22.6
Interest income and expenses	0.7	0.9
Change in inventories	25.0	1.9
Change in receivables and other assets	42.2	3.8
Change in trade payables and other liabilities	(85.2)	(40.6)
Result from disposal of non-current assets	(2.1)	0.0
Change in provisions for pensions	0.3	2.9
Change in other provisions	(15.5)	(19.7)
Income taxes paid	(24.4)	(43.2)
Cash flow from operations	**31.6**	**31.6**
Interest paid	(0.5)	(1.0)
Interest received	0.2	0.4
Cash flow from operating activities	**31.3**	**31.0**
Investments in property, plant and equipment	(32.4)	(25.8)
Investments in intangible assets	(3.2)	(4.0)
Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired	(2.7)	(9.6)
Cash receipts from disposal of property, plant and equipment and intangible assets	2.2	0.8
Cash flow from investing activities	**(36.1)**	**(38.6)**
Dividends paid to equity holders of the parent company	0.0	0.0
Change in current financial liabilities	33.6	8.7
Cash receipts from non-current financial liabilities	28.5	0.0
Repayment of non-current financial liabilities	(76.1)	(1.1)
Cash outflows for the purchase of additional interests in subsidiaries	0.0	0.0
Cash flow from financing activities	**(14.0)**	**7.6**
Exchange-rate related changes in cash and cash equivalents	(1.1)	3.7
Change in cash and cash equivalents	**(19.9)**	**3.7**
Cash and cash equivalents at the beginning of the period	81.4	128.6
Cash and cash equivalents at the end of the period	**61.5**	**132.3**

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 // GENERAL INFORMATION

The interim financial statements of HUGO BOSS AG as of March 31, 2016, were prepared pursuant to Sec. 37w 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 April 20, 2016, 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 2015 consolidated financial statements.

CHANGED ACCOUNTING RULES

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

The application of the revisions to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 27 "Separate Financial Statements", IAS 28 "Investments in Associates and Joint Ventures" and IAS 38 "Intangible Assets" did not result in any changes to the Group's net assets, financial conditions and results of operations.

The annual improvements to the IFRSs implemented in the 2012 – 2014 cycle are subject to mandatory application from January 1, 2016. They concern IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting". They do not result in any changes to the three-month report.

3 // CURRENCY TRANSLATION

The most important exchange rates applied in the interim financial statements developed as follows in relation to the euro:

	Currency	Average rate			Closing rate		
Country	1 EUR =	**March 2016**	March 2015	Dec. 2015	**March 31, 2016**	March 31, 2015	Dec. 31, 2015
Australia	AUD	1.4840	1.4005	1.5025	1.4766	1.4158	1.4897
China	CNY	7.2206	6.7751	7.0179	7.3366	6.7324	7.0608
Great Britain	GBP	0.7805	0.7236	0.7253	0.7858	0.7328	0.7340
Hong Kong	HKD	8.6103	8.4214	8.4311	8.7810	8.4100	8.4376
Japan	JPY	125.2719	130.5561	132.3842	127.3700	130.0200	131.0700
Switzerland	CHF	1.0914	1.0611	1.0826	1.0913	1.0439	1.0835
U.S.A.	USD	1.1093	1.0854	1.0878	1.1324	1.0845	1.0887

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 March 31, 2016, the number of consolidated companies in comparison to the consolidated financial statements as of December 31, 2015 rose from 57 to 60.

In the first quarter, HUGO BOSS Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia, was consolidated as a 100% subsidiary for the first time.

With effect from January 1, 2016, HUGO BOSS Middle East FZ-LLC, Dubai, U.A.E., was consolidated as a 100% subsidiary for the first time.

In addition, HUGO BOSS ALFUTTAIM UAE TRADING L.L.C., Dubai, U.A.E., which was established in the fourth quarter of 2015 together with the AL-FUTTAIM Group in Dubai and in which HUGO BOSS Middle East FZ-LLC, Dubai, U.A.E. holds 49% of the shares, was fully consolidated for the first time with effect from January 1, 2016. HUGO BOSS AG controls HUGO BOSS ALFUTTAIM UAE TRADING L.L.C., Dubai, U.A.E. as it holds decision-making powers over the subsidiary on account of special rights, participates in its positive and negative variable returns and is able to affect these returns through its decision-making powers.

As was the case on December 31, 2015, two companies over which HUGO BOSS and a further party have joint control are accounted for using the equity method as of March 31, 2016.

6 // BUSINESS COMBINATIONS/ACQUISITIONS OF OTHER BUSINESS UNITS

In the first quarter of 2016, the HUGO BOSS Group took over a total of three stores and the related assets and inventories under an asset deal with a former franchise partner in Malaysia. The stores were acquired with effect from January 1, 2016 via HUGO BOSS Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia, which had been incorporated in fiscal year 2015 and consolidated for the first time in 2016. The acquisition serves 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)	March 31, 2016
Purchase consideration transferred	
Agreed purchase price	2.7
Liabilities incurred	0.0
Total purchase price	**2.7**
Fair Value of the acquired assets and liabilities assumed	
Intangible assets	0.0
Property, plant and equipment	0.7
Inventories	0.7
Total assets	**1.4**
Total liabilities	**0.0**
Goodwill	**1.3**

Control over the assets is achieved through payment of the agreed purchase price. Goodwill is attributable to the Asia/Pacific segment and contains non-separable intangible assets and expected synergy effects. In accordance with IAS 36, it is not systematically 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.

The additional consolidated sales generated by the takeovers amounted to EUR 0.8 million in the first three months of fiscal year 2016.

The acquisition in fiscal year 2015 of stores operated in China by a former franchise partner was based on a preliminary purchase price allocation as not all the information required to account for it in full was available in fiscal year 2015. The purchase price allocation was finalized in the first quarter of fiscal year 2016 and, hence, within twelve months of the acquisition date. The finalization of the purchase price allocation had only an insignificant effect on the HUGO BOSS Group's net assets, financial position and results of operation in the first quarter of 2016 and in the comparable period in 2015.

7 // SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

COST OF SALES

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Cost of purchase	200.9	199.3
Cost of conversion	29.8	31.3
TOTAL	**230.7**	**230.6**

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. – March 2016	Jan. – March 2015
Expenses for Group's own retail business, sales and marketing organization	214.8	199.8
Marketing expenses	44.3	46.7
Logistics expenses	19.4	17.8
TOTAL	**278.5**	**264.3**

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. – March 2016	Jan. – March 2015
General administrative expenses	56.2	52.2
Research and development costs	16.4	16.2
TOTAL	**72.6**	**68.4**

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 7 million in the first three months (prior year: net expenses of EUR 1 million). Material special items arose in connection with the change in the Managing Board and organizational changes in the Americas. Income generated from the sale of a showroom in France partially offset the expenses arising from the special items.

PERSONNEL EXPENSES

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Wages and salaries	134.6	122.0
Social security	21.0	20.3
Expenses and income for retirement and other employee benefits	2.0	1.9
TOTAL	**157.6**	**144.2**

EMPLOYEES

	March 31, 2016	Dec. 31, 2015
Industrial employees	5,059	5,043
Commercial and administrative employees	10,315	10,263
TOTAL	**15,374**	**15,306**

AMORTIZATION AND DEPRECIATION

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Non-current assets		
Property, plant and equipment	26.6	23.0
Intangible assets	6.1	4.3
TOTAL	**32.7**	**27.3**

COST OF MATERIALS

In the first quarter of 2016, the cost of materials amounted to EUR 182 million (2015: EUR 178 million).

8 // EARNINGS PER SHARE

	Jan. – March 2016	Jan. – March 2015
Net income attributable to equity holders of the parent company (in EUR million)	38.5	75.6
Average number of shares outstanding[1]	69,016,167	69,016,167
Earnings per share (EPS) (in EUR)[2]	0.56	1.10

[1] Not including own shares.

[2] 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 as of March 31, 2016, or March 31, 2015.

9 // NON-CURRENT ASSETS HELD FOR SALE

In the third quarter of 2015, HUGO BOSS announced that it would be closing its showroom in Aix-en-Provence in France. As a result, property, plant and equipment comprising land, buildings as well as operating and office equipment valued at EUR 0.5 million belonging to HUGO BOSS France SAS, Paris, France, were classified as "non-current assets held for sale" as of December 31, 2015 due to the intent to sell them. The sale was completed in the first quarter of 2016.

10 // OWN SHARES

In the first three months of fiscal year 2016, 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.

11 // 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 41.2 million (December 31, 2015: EUR 54.4 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 million (December 31, 2015: EUR 0 million).

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

12 // PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions increased from EUR 39 million as at December 31, 2015, to EUR 40 million as at March 31, 2016. 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 MARCH 31, 2016

The following assumptions were applied:

Actuarial assumptions	Mar. 31, 2016	Dec. 31, 2015
Discount rate		
Germany	2.25%	2.50%
Switzerland	0.45%	0.90%
Turkey	10.00%	10.00%
Future pension increases		
Germany	1.75%	1.75%
Switzerland	0.00%	0.00%
Turkey	0.00%	0.00%
Future salary increases		
Germany	2.50%	2.50%
Switzerland	3.00%	3.00%
Turkey	5.00%	5.00%

In comparison to December 31, 2015, there was a decline in the discount rate parameter in Germany and Switzerland. The parameters pension trend and expected salary increase remained unchanged in the first three months of fiscal year 2016.

BREAKDOWN OF PENSION EXPENSES IN THE PERIOD

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Current service cost	1.3	1.8
Past service cost	0.0	0.0
Net interest costs	0.3	0.3
Pension expenses recognized in the consolidated income statement	**1.6**	**2.1**
Return from plan assets (without interest effects)	1.7	0.0
Recognized actuarial (gains)/losses	0.5	16.4
Asset ceiling (without interest effects of asset ceiling)	0.0	0.0
Remeasurement of the carrying amount recognized in the consolidated statement of comprehensive income	**2.2**	**16.4**

13 // 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)

		March 31, 2016		Dec. 31, 2015	
Assets	IAS 39 category	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	LaR	61.5	61.5	81.4	81.4
Trade receivables	LaR	206.6	206.6	239.6	239.6
Other financial assets		38.7	38.7	51.4	51.4
Thereof:					
Available for sale	AfS	0.0	0.0	0.5	0.5
Undesignated derivatives	FAHfT	2.2	2.2	5.9	5.9
Derivatives subject to hedge accounting	n.a.	0.8	0.8	0.7	0.7
Other financial assets	LaR	35.7	35.7	44.3	44.3
Liabilities					
Financial liabilities due to banks	FLAC	150.1	153.2	163.6	165.5
Trade payables	FLAC	192.4	192.4	271.5	271.5
Other financial liabilities		13.6	13.6	12.8	12.8
Thereof:					
Undesignated derivatives	FLHfT	4.9	4.9	3.3	3.3
Derivatives subject to hedge accounting	n.a.	0.3	0.3	0.5	0.5
Liabilities from financial leases	n.a.	8.4	8.4	9.0	9.0
Other financial liabilities	FLAC	0.0	0.0	0.0	0.0
Total for categories of financial instruments according to IAS 39:					
Loans and Receivables	LaR	303.8	303.8	365.3	365.3
Available-for-Sale investments	AfS	0.0	0.0	0.5	0.5
Financial Assets Held for Trading	FAHfT	2.2	2.2	5.9	5.9
Financial Liabilities Measured at Amortised Cost	FLAC	342.5	345.6	435.1	437.0
Financial Liabilities Held for Trading	FLHfT	4.9	4.9	3.3	3.3

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 March 31, 2016, 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 March 31, 2016. During the first three months of fiscal year 2016, 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 3.0 million and the liabilities to EUR 5.2 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 10 million (December 31, 2015: EUR 10 million) were hedged. Of these, an amount of EUR 0 million was designated as an effective hedging instrument. Moreover, as of the reporting date, future cash flows in foreign currencies of EUR 27 million (December 31, 2015: 24 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 0.2 million (prior year: unrealized losses of EUR 0.2 million).

14 // 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
March 31, 2016						
Cash and cash equivalents	61.5	0.0	61.5	0.0	0.0	61.5
Trade receivables	225.6	(19.0)	206.6	0.0	0.0	206.6
Other financial assets	38.7	0.0	38.7	(1.6)	0.0	37.1
Thereof available-for-sale	0.0	0.0	0.0	0.0	0.0	0.0
Thereof derivatives	3.0	0.0	3.0	(1.6)	0.0	1.4
Thereof other financial assets	35.7	0.0	35.7	0.0	0.0	35.7
TOTAL	**325.8**	**(19.0)**	**306.8**	**(1.6)**	**0.0**	**305.2**
Dec. 31, 2015						
Cash and cash equivalents	81.4	0.0	81.4	0.0	0.0	81.4
Trade receivables	252.9	(13.3)	239.6	0.0	0.0	239.6
Other financial assets	51.4	0.0	51.4	(0.9)	0.0	50.5
Thereof available-for-sale	0.5	0.0	0.5	0.0	0.0	0.5
Thereof derivatives	6.6	0.0	6.6	(0.9)	0.0	5.7
Thereof other financial assets	44.3	0.0	44.3	0.0	0.0	44.3
TOTAL	**385.7**	**(13.3)**	**372.4**	**(0.9)**	**0.0**	**371.5**

(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
March 31, 2016						
Liabilities due to banks	150.1	0.0	150.1	0.0	0.0	150.1
Trade payables	207.6	(15.2)	192.4	0.0	0.0	192.4
Other financial assets	13.6	0.0	13.6	(1.6)	0.0	12.0
Thereof derivatives	5.2	0.0	5.2	(1.6)	0.0	3.6
Thereof other financial liabilities	8.4	0.0	8.4	0.0	0.0	8.4
TOTAL	**371.3**	**(15.2)**	**356.1**	**(1.6)**	**0.0**	**354.5**
Dec. 31, 2015						
Liabilities due to banks	163.6	0.0	163.6	0.0	0.0	163.6
Trade payables	277.9	(6.4)	271.5	0.0	0.0	271.5
Other financial assets	12.8	0.0	12.8	(0.9)	0.0	11.9
Thereof derivatives	3.8	0.0	3.8	(0.9)	0.0	2.9
Thereof other financial liabilities	9.0	0.0	9.0	0.0	0.0	9.0
TOTAL	**454.3**	**(6.4)**	**447.9**	**(0.9)**	**0.0**	**447.0**

The liabilities of EUR 19.0 million (December 31, 2015: EUR 13.3 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 15.2 million (December 31, 2015: EUR 6.4 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.

15 // CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities in comparison to December 31, 2015.

16 // NOTES TO THE 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.

17 // SEGMENT REPORTING

(in EUR million)

	Europe[1]	**Americas**	**Asia/Pacific**	**Licenses**	**Total operating segments**
Jan. – March 2016					
Sales	**402.4**	**129.8**	**94.7**	**15.7**	**642.6**
Segment profit	**117.9**	**26.5**	**17.5**	**13.4**	**175.3**
In % of sales	29.3	20.4	18.4	85.3	27.3
Segment assets	252.8	217.4	87.5	13.1	570.8
Capital expenditure	17.3	6.8	6.8	0.0	30.9
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	(10.2)	(6.1)	(6.4)	0.0	(22.7)

[1] Including the Middle East and Africa.

(in EUR million)

	Europe[1]	Americas	Asia/Pacific	Licenses	Total operating segments
Jan. – March 2015					
Sales	**409.7**	**143.2**	**100.9**	**13.7**	**667.5**
Segment profit	**131.3**	**32.1**	**31.2**	**10.7**	**205.3**
In % of sales	32.0	22.4	31.0	78.0	30.8
Segment assets	253.8	228.2	115.6	12.5	610.1
Capital expenditure	12.1	7.6	14.8	0.0	34.5
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	(8.7)	(5.5)	(5.5)	0.0	(19.7)

[1] Including the Middle East and Africa.

RECONCILIATION

SALES

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Sales - operating segments	**642.6**	**667.5**
Corporate units	0.0	0.0
Consolidation	0.0	0.0
TOTAL	**642.6**	**667.5**

OPERATING INCOME

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Segment profit – operating segments	**175.3**	**205.3**
Depreciation/amortization – operating segments	(22.7)	(19.7)
Impairments – operating segments	0.0	0.0
Special items – operating segments	0.2	(0.5)
Operating income (EBIT) – operating segments	**152.8**	**185.1**
Corporate units	(99.0)	(82.1)
Consolidation	(0.1)	(0.2)
Operating income (EBIT) HUGO BOSS Group	**53.7**	**102.8**
Net interest income/expenses	**(0.7)**	**(0.9)**
Other financial items	**(2.4)**	**(3.7)**
Earnings before taxes HUGO BOSS Group	**50.6**	**98.2**

SEGMENT ASSETS

(in EUR million)

	March 31, 2016	March 31, 2015	Dec. 31, 2015
Segment assets – operating segments	**570.8**	**610.1**	**631.5**
Corporate units	163.6	173.2	167.6
Consolidation	0.0	0.0	0.0
Current tax receivables	29.2	17.0	21.1
Current financial assets	16.8	15.8	29.0
Other current assets	100.2	104.1	104.6
Cash and cash equivalents	61.5	132.3	81.4
Assets held for sale	0.0	1.3	0.5
Current assets HUGO BOSS Group	**942.1**	**1,053.8**	**1,035.7**
Non-current assets	756.0	708.9	764.6
Total assets HUGO BOSS Group	**1,698.1**	**1,762.7**	**1,800.3**

CAPITAL EXPENDITURE

(in EUR million)

	March 31, 2016	March 31, 2015	Dec. 31, 2015
Capital expenditure - operating segments	**30.9**	**34.5**	**154.0**
Corporate units	6.7	5.1	66.4
Consolidation	0.0	0.0	0.0
TOTAL	**37.6**	**39.6**	**220.4**

IMPAIRMENTS/WRITE-UPS

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Impairment – operating segments	**0.0**	**0.0**
Corporate units	0.0	0.0
Consolidation	0.0	0.0
TOTAL	**0.0**	**0.0**

DEPRECIATION/AMORTIZATION

(in EUR million)

	Jan. – March 2016	Jan. – March 2015
Depreciation/amortization - operating segments	**22.7**	**19.7**
Corporate units	10.0	7.6
Consolidation	0.0	0.0
TOTAL	**32.7**	**27.3**

GEOGRAPHIC INFORMATION

(in EUR million)

	Third party sales		Non-current assets	
	Jan. – March 2016	Jan. – March 2015	March 31, 2016	Dec. 31, 2015
Germany	109.0	111.3	200.7	203.8
Other European markets	293.3	298.4	221.6	218.3
U.S.A.	98.7	115.0	67.6	68.9
Other North, Central and South American markets	31.1	28.2	17.7	18.4
China	54.3	61.7	38.1	42.0
Other Asian markets	40.5	39.2	62.5	61.1
Licenses	15.7	13.7	15.0	15.0
TOTAL	**642.6**	**667.5**	**623.2**	**627.5**

18 // SUBSEQUENT EVENTS

Changes to the Managing Board of HUGO BOSS AG

On April 22, 2016, Christoph Auhagen, member of the Managing Board responsible for brand and creative management as well as sourcing and production, left the Managing Board of HUGO BOSS AG by mutual consent with the Company's Supervisory Board. At the same time, Ingo Wilts, who is currently still employed as global creative director with another company in the industry, was appointed to the Managing Board of HUGO BOSS AG. He will commence his duties as Chief Brand Officer, responsible for brand and creative management, on November 1, 2016 at the latest. The duties previously assigned to Christoph Auhagen will be performed by Managing Board members Mark Langer and Bernd Hake until further notice.

No reportable events

Between the end of the first quarter of fiscal year 2016 and the publication of this report, there were no further material macroeconomic, socio-political, sector-related or company-specific changes that management would expect to have a significant influence on the earnings, net assets and financial position of the Group.

Metzingen, April 20, 2016

HUGO BOSS AG
The Managing Board

Mark Langer
Bernd Hake

FURTHER INFORMATION

4

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

MAY 19, 2016
Annual Shareholders' Meeting

AUGUST 5, 2016
Publication of the First Half Year Report 2016

NOVEMBER 2, 2016
Publication of the Nine Months Report 2016

CONTACTS

INVESTOR RELATIONS
Phone +49 7123 94 - 80903
E-Mail investor-relations@hugoboss.com

DENNIS WEBER
Head of Investor Relations
Phone +49 7123 94 - 86267
Fax +49 7123 94 - 886267

DR. HJÖRDIS KETTENBACH
Head of Corporate Communication
Phone +49 7123 94 - 83375
Fax +49 7123 94 - 80237

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