

HUGO BOSS

Quarterly Statement for Q3 2018

Metzingen, November 6, 2018

HUGO BOSS records solid sales growth in the third quarter – Full-year sales and earnings guidance confirmed

- **Currency-adjusted sales up 1% in the third quarter**
- **Retail comp store sales increase 3%**
- **Online business continues to grow at a strong double-digit rate**
- **Challenging market environment leads to decline in gross profit margin**
- **EBITDA before special items 12% below prior year level**
- **Significant growth in sales and earnings expected in the fourth quarter**
- **Close collaboration with Zalando agreed**

“A challenging market environment meant that the third quarter was not easy. In particular the long, hot summer in Europe affected our business,” says **Mark Langer, Chief Executive Officer of HUGO BOSS AG**. “We’re expecting a strong acceleration in sales and earnings in the fourth quarter. We are therefore very confident that we will achieve our full-year targets. Accordingly, we’re consistently pursuing our strategic initiatives and I’m convinced that we will return to sustainable profitable growth in the coming year.”

In the third quarter, HUGO BOSS increased currency-adjusted sales by 1% to EUR 710 million. Robust growth in the Americas and Asia offset a slight decrease in Europe. The extraordinary long and hot summer along with the ensuing late start into the Fall/Winter season put a strain on business, particularly in Germany and France. The Group’s own retail business in the third quarter increased by 3% on a comp store and currency-adjusted basis. At 38%, sales in the own online business again showed a strong double-digit increase. However, sales in the wholesale channel decreased slightly, as expected. This development was due to delivery shifts compared to the prior year.

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In the third quarter, gross profit margin declined by 240 basis points. This development was mainly due to higher markdowns, reflecting the challenging market environment. As a result, EBITDA before special items was down 12% compared to the prior year's level, amounting to EUR 126 million. Negative currency effects of EUR 5 million also contributed to this decline.

In total, HUGO BOSS recorded currency-adjusted sales growth of 4% in the first nine months of fiscal year 2018. A significant driver was the sales increase in the Group's own retail business, with comp store sales up 5%. At EUR 331 million, EBITDA before special items was 5% below the prior year level.

Despite the challenging market environment in the third quarter, HUGO BOSS confirms its sales and earnings guidance for full-year 2018. The company continues to expect an increase in Group sales in the low- to mid-single digit percentage range. EBITDA before special items is expected to develop within a range of -2% and +2% compared to the prior year. HUGO BOSS is anticipating a significant improvement in sales and earnings for the fourth quarter. The company expects robust growth in its own retail business, with the fourth quarter traditionally being the strongest in terms of sales. This assumption is supported by the positive retail business development in October. Furthermore, an improved development of gross profit margin compared to the performance in the first nine months as well as the consistent strong focus on cost management will ensure significant profit growth in the fourth quarter.

HUGO BOSS also looks back at several important milestones in the implementation of its strategic initiatives in the third quarter. BOSS Menswear and BOSS Womenswear presented their new Spring/Summer 2019 collections entitled "California Breeze" at the New York Fashion Show. An interactive social media campaign was run simultaneously with the fashion show. A wide audience viewed the show on site and via live streams on the website. The company also opened additional HUGO stores in major European cities in the third quarter, most notably in London and Paris. With its unconventional layout and firmly integrated social media offers, the concept speaks to the fashion-forward customer of HUGO.

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To strengthen its digital sales, in early October HUGO BOSS ramped up its partnership with the well-known online retailer Zalando and expanded the BOSS product range. The focus of the new cooperation model is the use of the Zalando Partner Programme platform by HUGO BOSS to serve customer requirements even better in the future. Under the partnership, HUGO BOSS independently manages the presentation and sales of BOSS Businesswear, which is available at Zalando for the first time.

On November 15, HUGO BOSS will be releasing information on the progress of its strategic initiatives and presenting its mid-term financial outlook as part of an Investor Day in London.

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Q3 sales development by segment

	in EUR million	Change in %	Change in % currency-adjusted
Europe	462	↘ (3)	↘ (2)
Americas	142	↗ +5	↗ +5
Asia/Pacific	87	↗ +6	↗ +7
Licenses	19	↘ (2)	↘ (2)
Group	710	→ 0	↗ +1

- In the third quarter, sales developed differently by region. While the Americas and Asia/Pacific registered robust growth, Europe was negatively impacted by the challenging market environment.
 - In **Europe**, single-digit sales growth in the Group's own retail business could not compensate for a mid single-digit decline in the wholesale business. The latter was negatively impacted by delivery shifts compared to the prior year. Great Britain was once again the strongest retail market, with currency-adjusted sales growth of 11%. Sales in the Benelux countries remained stable. In Germany and France, sales decreased by 13% and 8%, respectively. The extraordinary long and hot summer in particular along with the ensuing late start into the Fall/Winter season put a strain on business.
 - In the **Americas**, all markets contributed to sales growth. Double-digit growth in the wholesale business as well as stable development in the Group's own retail business provided overall sales growth of 5% in the U.S. In Canada and Latin America, the group registered low single-digit and low double-digit growth, respectively.
 - In the **Asia/Pacific** region, growth also remained strong in the third quarter. With comparable double-digit growth rates, business development in mainland China in particular continued to be highly positive. Sales grew in Hong Kong and Macau as well. Overall sales in China grew by 7%. Japan achieved high single-digit sales growth.

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Q3 sales development by channel

	in EUR million	Change in %	Change in % currency-adjusted
Group's own retail business	415	↗ +1	↗ +2
Wholesale	276	↘ (2)	↘ (2)
Licenses	19	↘ (2)	↘ (2)
Group	710	→ 0	↗ +1




- Sales in the **Group's own retail business** (including outlets and online stores) showed currency-adjusted growth of 2%.
 - Sales grew by 3% on a comp store and currency-adjusted basis, with online business performing better than brick-and-mortar retail. Asia/Pacific achieved high single-digit growth. In Europe and the Americas, currency-adjusted comp store sales grew in the low single-digit range.
 - Overall, sales in the Group's own retail business in Europe were up 2% on a currency-adjusted basis and reached EUR 246 million (Q3 2017: EUR 244 million). Sales in the Americas amounted to EUR 92 million (Q3 2017: EUR 91 million). This is equivalent to a currency-adjusted increase in sales of 2%. In Asia/Pacific, sales grew by 5% in local currencies to EUR 77 million (Q3 2017: EUR 74 million).
 - Sales in freestanding stores and shop-in-shops remained stable on a currency-adjusted basis. Outlet sales were up 3%. In its online business, HUGO BOSS achieved a strong 38% sales increase.
- In the **wholesale business**, delivery shifts had a negative impact on sales development as compared to the prior year. Consequently, sales in this distribution channel declined slightly, despite double-digit growth in the replenishment business, which allows HUGO BOSS to react to short-term demand from wholesale partners.
 - At EUR 216 million, wholesale sales in Europe were 6% lower than in the prior year (Q3 2017: EUR 230 million). In contrast, the Americas saw a 13% currency-adjusted increase in sales. Sales in the Americas amounted to

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EUR 50 million (Q3 2017: EUR 44 million). Currency-adjusted wholesale sales in the Asia/Pacific region grew by 34% to EUR 9 million (Q3 2017: EUR 7 million).

- Sales in the company's **license business** declined slightly. At EUR 19 million, sales were 2% below the prior-year level (Q3 2017: EUR 20 million).

Q3 sales development by brand and gender

	in EUR million	Change in %	Change in % currency-adjusted
BOSS <small>HUGO BOSS</small>	 612	↗ +2	↗ +3
HUGO <small>HUGO BOSS</small>	 98	↘ (11)	↘ (11)
Group	 710	→ 0	↗ +1

- The sales development of BOSS and HUGO was impacted by ongoing changes in the distribution strategy in the third quarter. The Group has decided to transfer selling space from HUGO to BOSS both for certain product categories in the wholesale channel and in selected own retail stores. Besides that, the Group is reducing the presence of HUGO in the outlet channel. These measures are intended to sharpen the brand positioning of HUGO.
 - As a result, **HUGO** brand sales declined, as expected, in the third quarter. Double-digit growth in casualwear could only partially compensate for declines in businesswear.
 - **BOSS** sales development profited from growth in businesswear and casualwear. By contrast, sales in athleisurewear decreased slightly.

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	in EUR million	Change in %	Change in % currency-adjusted
Menswear	640	↗ +1	↗ +1
Womenswear	70	↘ (8)	↘ (7)
Group	710	→ 0	↗ +1

- Sales development in **menswear** benefited from high single-digit growth in casualwear and low single-digit increases in businesswear.
- **Womenswear** recorded a sales decrease, which is attributable to the BOSS brand and linked to the reduction of retail space in freestanding stores. This could not be offset by growth in the HUGO brand.

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Q3 earnings development

Income statement (in EUR million)				
	Q3 2018	Q3 2017	Change in %	
Sales	710	711	0	
Cost of sales	(266)	(250)	(7)	
Gross profit	444	461	(4)	
In % of sales	62.5	64.9	(240) bp	
Selling and distribution expenses	(281)	(284)	1	
Administration expenses	(68)	(67)	(1)	
Other operating income and expenses	(3)	5	<(100)	
Operating result (EBIT)	92	115	(20)	
In % of sales	13.0	16.2	(320) bp	
Financial result	(3)	(3)	(19)	
Earnings before taxes	89	112	(21)	
Income taxes	(23)	(32)	28	
Net income	66	80	(18)	
EBITDA before special items	126	143	(12)	
In % of sales	17.8	20.1	(230) bp	
Income tax rate in %	26	29		

- The sharp decline in **gross profit margin** in the third quarter is attributed to negative effects from inventory valuation, higher markdowns in own retail, sustained investments in product quality and negative currency effects.
- **Operating expenses** were slightly down on the prior year.
 - A slowdown in retail expansion and positive effects from renegotiated rental contracts in the Group's own retail business in particular led to a decrease in **selling and distribution expenses**. Currency effects also had a positive impact. Marketing expenses were slightly higher than in the prior-year period.
 - Consistent cost management limited the increase in **administration expenses**. The increase is attributed in particular to the digital transformation of the company's business model. HUGO BOSS expects these investments to deliver an important stimulus to sales and to accelerate operational processes.
- The net expenses resulting from **other operating income and expenses** are due primarily to organizational changes in the European region.
- **EBIT** was below the prior year level. This also resulted in a decline in the **EBIT margin**. In addition to the lower gross profit margin, the non-recurrence of other operating income incurred in the prior year also contributed to this development. **Net income** was also below the level of the prior year.

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- The decline in **EBITDA before special items** is attributed to the decline in gross profit. The decrease in operating expenses could only partially offset this. Currency effects had an overall negative impact on earnings development. This resulted in particular from the devaluation of currencies outside the Eurozone, where HUGO BOSS generates more sales than costs.

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Q3 earnings development by segment

Segment profit	in EUR million	Change in %
Europe	143	↘ (11)
Americas	21	↘ (28)
Asia/Pacific	15	↗ +37
Licenses	16	↘ (3)

- The decline in segment profit in **Europe** is primarily attributed to the sales decline in wholesale and a slight increase in operating expenses. The adjusted EBITDA margin dropped by 300 basis points to 30.8% (Q3 2017: 33.8%).
- In the **Americas**, where the overall market environment was shaped by higher discount activity, higher markdowns and negative effects from inventory valuation led to a sharp decline in segment profit. Currency effects also had a negative impact. Operating expenses were at the level of the prior year. At 14.7%, the adjusted EBITDA margin was down 660 basis points on the prior year (2017: 21.3%).
- The significant increase in segment profit in the **Asia/Pacific** region is attributed to positive sales development and a slight decline in operating expenses. However, negative currency effects weighed on segment profit. Without these, the increase in profit would have been even higher. At 17.8%, the adjusted EBITDA margin was up 400 basis points on the prior year (Q3 2017: 13.8%).
- The **license** segment profit was slightly down on the prior year.

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Net assets and financial position

Sep. 30, 2018	in EUR million	Change in % ¹	Change in % currency-adjusted ¹
TNWC	609	↗ +11	↗ +11
Inventories	625	↗ +20	↗ +20
Net financial liabilities	178	↗ +9	

¹ Change compared to September 30, 2017.

- The development of **trade net working capital (TNWC)** primarily reflects the increase in inventories. The higher **inventory level** aims at temporarily supporting sales momentum, especially in own retail. However, the Group expects a gradual normalization of inventory development over the coming months.
- The development of free cash flow over the past twelve months led to a moderate increase in **net financial liabilities**.

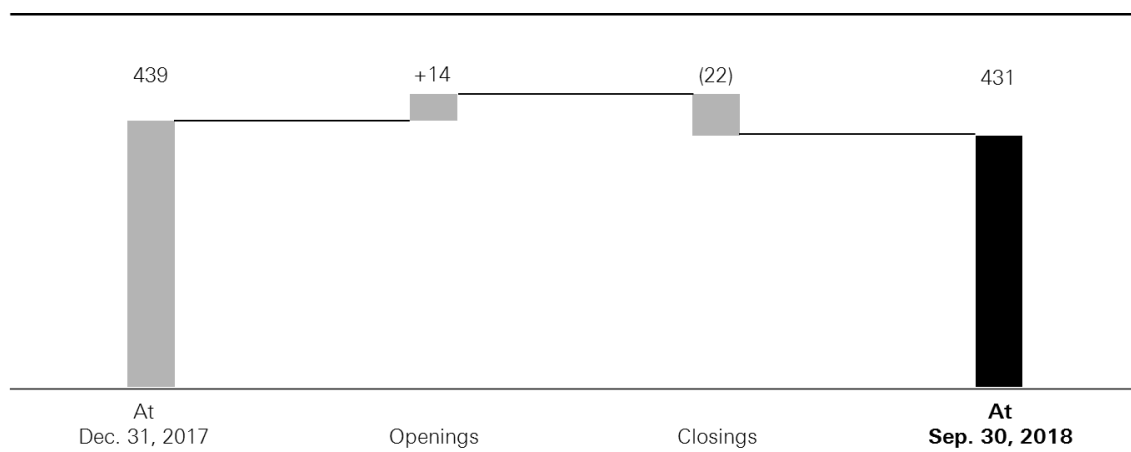
Three months	in EUR million	Change in % ¹
Capital expenditure	44	↗ +57
Free cash flow (19)		↘ <(100)

¹ Change compared to Q3 2017.

- The focus of **investment activity** in the third quarter was on the modernization of the Group's own retail networks, investments in selective new openings and the cross-channel integration and digitization of the Group's own retail activities.
- The development of **free cash flow** in the third quarter reflects the higher cash outflow as a result of the increase in inventory and the higher investment volume.

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Network of freestanding retail stores



- The number of group-owned **freestanding retail stores** saw a net reduction of eight in the first nine months, to 431 (December 31, 2017: 439).
 - Eight **BOSS stores** were newly opened, while there were 22 closures of stores with expiring leases. This included the relocation of two sites within the same metropolitan area.
 - More **HUGO stores** using the own store concept were opened in major European cities in the third quarter, including London and Paris. Altogether, six HUGO stores have been opened in selected metropolitan areas since the beginning of the year.

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Report on outlook changes

	Outlook 2018	Change compared to previous outlook
Group Sales (currency-adjusted)	Increase at a low to mid-single digit percentage rate	→
Gross profit margin	Decline of between 50 and 100 basis points	↘
EBITDA before special items	Development within a range of -2% to +2%	→
Consolidated net income	Increase at a low to mid-single digit percentage rate	→
Capital expenditure	EUR 150 million to EUR 170 million	↘
Free cash flow	EUR 150 million to EUR 200 million	→

- Management confirms its **sales and earnings outlook** for the full year.
- For **gross profit margin**, the company now predicts a decline of between 50 and 100 basis points compared to the prior year (previously: largely stable development). This reflects the decline in gross profit margin in the third quarter.
- Due to the company's strong focus on cost management, management still expects **EBITDA before special items** to develop within a range of -2% and +2% over the prior year.
- In 2018, **capital expenditure** is expected to amount to a level between EUR 150 million and EUR 170 million (previously: EUR 170 million to EUR 190 million). The slight decline from the original outlook primarily results from a different phasing of investments.
- The company continues to forecast **free cash flow** between EUR 150 million and EUR 200 million.
- A detailed presentation on the outlook for 2018 can be found in the [Annual Report 2017](#).

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Financial calendar and contacts

November 15, 2018

Investor Day 2018 in London

March 7, 2019

Full Year Results 2018

May 2, 2019

First Quarter Results 2019

May 16, 2019

Annual Shareholders' Meeting

August 1, 2019

Second Quarter Results 2019 & First Half Year Report 2019

November 5, 2019

Third Quarter Results 2019

If you have any questions, please contact:

Dr. Hjördis Kettenbach

Head of Corporate Communications

Phone: +49 7123 94-83377

Email: hjoerdis_kettenbach@hugoboss.com

Christian Stöhr

Head of Investor Relations

Phone: +49 7123 94-87563

Email: christian_stoehr@hugoboss.com

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FINANCIAL INFORMATION

for Q3 2018 and Jan. – Sep. 2018

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Key figures – quarter

	Q3 2018	Q3 2017	Change in %	Change in % ¹
Net sales (in EUR million)	710	711	0	1
Net sales by segments				
Europe incl. Middle East and Africa	462	474	(3)	(2)
Americas	142	136	5	5
Asia/Pacific	87	81	6	7
Licenses	19	20	(2)	(2)
Net sales by distribution channel				
Group's own retail business	415	410	1	2 ²
Wholesale	276	281	(2)	(2)
Licenses	19	20	(2)	(2)
Net sales by brand				
BOSS	612	600	2	3
HUGO	98	111	(11)	(11)
Net sales by gender				
Menswear	640	635	1	1
Womenswear	70	76	(8)	(7)
Results of operations (in EUR million)				
Gross profit	444	461	(4)	
Gross profit margin in %	62.5	64.9	(240) bp	
EBITDA	123	148	(17)	
EBITDA before special items	126	143	(12)	
Adjusted EBITDA margin in % ³	17.8	20.1	(230) bp	
EBIT	92	115	(20)	
EBIT margin	13.0	16.2	(320) bp	
Net income attributable to equity holders of the parent company	66	80	(18)	
Financial position (in EUR million)				
Capital expenditure	44	28	57	
Free cash flow	(19)	4	<(100)	
Depreciation/amortization	31	33	(6)	
Additional key figures				
Personnel expenses (in EUR million)	150	147	2	
Shares (in EUR)				
Earnings per share	0.96	1.16	(17)	
Last share price (as of Sep. 30)	66.32	74.59	(11)	
Number of shares (as of Sep. 30)	70,400,000	70,400,000	0	

¹ currency-adjusted.

² on a comp store basis 3%.

³ EBITDA before special items/sales.

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Key figures – nine months

	Jan. – Sep. 2018	Jan. – Sep. 2017	Change in %	Change in % ¹
Net sales (in EUR million)	2,013	1,998	1	4
Net sales by segments				
Europe incl. Middle East and Africa	1,278	1,258	2	3
Americas	397	410	(3)	4
Asia/Pacific	286	276	4	9
Licenses	52	54	(3)	(3)
Net sales by distribution channel				
Group's own retail business	1,235	1,218	1	5 ²
Wholesale	726	726	0	2
Licenses	52	54	(3)	(3)
Net sales by brand				
BOSS	1,742	1,700	2	6
HUGO	271	298	(9)	(7)
Net sales by gender				
Menswear	1,809	1,780	2	5
Womenswear	204	218	(7)	(4)
Results of operations (in EUR million)				
Gross profit	1,297	1,311	(1)	
Gross profit margin in %	64.4	65.6	(120) bp	
EBITDA	327	359	(9)	
EBITDA before special items ³	331	348	(5)	
Adjusted EBITDA margin in %	16.4	17.4	(100) bp	
EBIT	235	260	(9)	
EBIT margin in %	11.7	13.0	(130) bp	
Net income attributable to equity holders of the parent company	169	186	(9)	
Net assets and liability structure as of Sep. 30 (in EUR million)				
Trade net working capital	609	551	11	11
Trade net working capital in % of net sales ⁴	19.4	19.3	10 bp	
Non-current assets	668	701	(5)	
Equity	912	875	4	
Equity ratio in %	51.1	51.6	(50) bp	
Total assets	1,784	1,695	5	
Financial position (in EUR million)				
Capital expenditure	95	85	12	
Free cash flow	13	136	(90)	
Depreciation/amortization	92	99	(8)	
Net financial liabilities (as of Sep. 30)	178	163	9	
Total leverage (as of Sep. 30) ⁵	0.4	0.3		
Additional key figures				
Employees (as of Sep. 30)	14,261	13,577	5	
Personnel expenses (in EUR million)	465	450	3	
Number of Group's own retail stores	1,096	1,118	(2)	
thereof freestanding retail stores	431	435	(1)	
Shares (in EUR)				
Earnings per share	2.45	2.69	(9)	
Last share price (as of Sep. 30)	66.32	74.59	(11)	
Number of shares (as of Sep. 30)	70,400,000	70,400,000	0	

¹ currency-adjusted.

² on a comp store basis 5%.

³ EBITDA before special items/sales.

⁴ moving average on the basis of the last four quarters.

⁵ Net financial liabilities/EBITDA before special items.

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Consolidated income statement – quarter

(in EUR million)			
	Q3 2018	Q3 2017	Change in %
Sales	710	711	0
Cost of sales	(266)	(250)	(7)
Gross profit	444	461	(4)
In % of sales	62.5	64.9	(240) bp
Selling and distribution expenses	(281)	(284)	1
Administration expenses	(68)	(67)	(1)
Other operating income and expenses	(3)	5	<(100)
Operating result (EBIT)	92	115	(20)
In % of sales	13.0	16.2	(320) bp
Financial result	(3)	(3)	(19)
Earnings before taxes	89	112	(21)
Income taxes	(23)	(32)	28
Net income	66	80	(18)
Earnings per share (EUR)¹	0.96	1.16	(17)
Income tax rate in %	26	29	

¹ Basic and diluted earnings per share.

EBITDA before special items – quarter

(in EUR million)			
	Q3 2018	Q3 2017	Change in %
EBIT	92	115	(20)
Depreciation and amortization	(31)	(33)	6
EBITDA	123	148	(17)
EBITDA related special items	(3)	5	<(100)
EBITDA before special items	126	143	(12)
In % of sales	17.8	20.1	(230) bp

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Consolidated income statement – nine months

(in EUR million)	Jan. - Sep. 2018	Jan. - Sep. 2017	Change in %
Sales	2,013	1,998	1
Cost of sales	(716)	(687)	(4)
Gross profit	1,297	1,311	(1)
In % of sales	64.4	65.6	(120) bp
Selling and distribution expenses	(843)	(854)	1
Administration expenses	(215)	(208)	(3)
Other operating income and expenses	(4)	11	<(100)
Operating result (EBIT)	235	260	(9)
In % of sales	11.7	13.0	(130) bp
Financial result	(7)	(9)	19
Earnings before taxes	228	251	(9)
Income taxes	(59)	(65)	9
Net income	169	186	(9)
Earnings per share (EUR)¹	2.45	2.69	(9)
Income tax rate in %	26	26	

¹ Basic and diluted earnings per share.

EBITDA before special items – nine months

(in EUR million)	Jan. - Sep. 2018	Jan. - Sep. 2017	Change in %
EBIT	235	260	(9)
Depreciation and amortization	(92)	(99)	8
EBITDA	327	359	(9)
EBITDA related special items	(4)	11	<(100)
EBITDA before special items	331	348	(5)
In % of sales	16.4	17.4	(100) bp

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Consolidated statement of financial position

(in EUR million)			
	Sep. 30, 2018	Sep. 30, 2017	Dec. 31, 2017
Assets			
Intangible assets	179	184	183
Property, plant and equipment	373	384	366
Deferred tax assets	95	112	94
Non-current financial assets	19	19	18
Non-current tax receivables	1	0	0
Other non-current assets	1	2	1
Non-current assets	668	701	662
Inventories	625	522	537
Trade receivables	219	244	208
Current tax receivables	45	36	49
Current financial assets	27	22	39
Other current assets	113	90	109
Cash and cash equivalents	87	80	116
Current assets	1,116	994	1,058
TOTAL	1,784	1,695	1,720
Equity and Liabilities			
Subscribed capital	70	70	70
Own shares	(42)	(42)	(42)
Capital reserve	0	0	0
Retained earnings	859	823	869
Accumulated other comprehensive income	25	24	18
Equity attributable to equity holders of the parent company	912	875	915
Non-controlling interests	0	0	0
Group equity	912	875	915
Non-current provisions	72	71	70
Non-current financial liabilities	171	115	63
Deferred tax liabilities	12	7	11
Other non-current liabilities	55	43	55
Non-current liabilities	310	236	199
Current provisions	92	103	107
Current financial liabilities	108	138	69
Income tax payables	24	22	32
Trade payables	235	215	286
Other current liabilities	103	106	112
Current liabilities	562	584	606
TOTAL	1,784	1,695	1,720

Trade Net Working Capital (TNWC)

(in EUR million)				
	Sep. 30, 2018	Sep. 30, 2017	Change in %	Currency- adjusted change in %
Inventories	625	522	20	20
Trade receivables	219	244	(10)	(10)
Trade payables	(235)	(215)	9	9
TNWC	609	551	11	11

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Consolidated statement of cash flows

(in EUR million)	Jan. – Sep. 2018	Jan. – Sep. 2017
Net income	169	186
Depreciation/amortization	92	99
Unrealized net foreign exchange gain/loss	12	16
Other non-cash transactions	2	0
Income tax expense/refund	59	65
Interest income and expenses	1	2
Change in inventories	(83)	22
Change in receivables and other assets	(6)	(8)
Change in trade payables and other liabilities	(63)	(55)
Result from disposal of non-current assets	0	0
Change in provisions for pensions	(3)	(4)
Change in other provisions	(12)	(41)
Income taxes paid	(62)	(60)
Cash flow from operations	106	222
Interest paid	(1)	(2)
Interest received	1	1
Cash flow from operating activities	106	221
Investments in property, plant and equipment	(76)	(61)
Investments in intangible assets	(19)	(16)
Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired	0	(7)
Change in scope of consolidation	0	(1)
Cash receipts from disposal of property, plant and equipment and intangible assets	2	0
Cash flow from investing activities	(93)	(85)
Dividends paid to equity holders of the parent company	(183)	(179)
Change in current financial liabilities	34	63
Cash receipts from non-current financial liabilities	110	0
Repayment of non-current financial liabilities	(2)	(17)
Cash flow from financing activities	(41)	(133)
Change in cash and cash equivalents from changes in scope of consolidation	0	(1)
Exchange-rate related changes in cash and cash equivalents	(1)	(5)
Change in cash and cash equivalents	(29)	(3)
Cash and cash equivalents at the beginning of the period	116	83
Cash and cash equivalents at the end of the period	87	80

Free cash flow

(in EUR million)	Jan. – Sep. 2018	Jan. – Sep. 2017
Cash flow from operating activities	106	221
Cash flow from investing activities	(93)	(85)
Free cash flow	13	136

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Segment earnings – quarter

(in EUR million)					
	Q3 2018	In % of sales	Q3 2017	In % of sales	Change in %
Europe	143	30.8	160	33.8	(11)
Americas	21	14.7	29	21.3	(28)
Asia/Pacific	15	17.8	11	13.8	37
Licenses	16	83.7	17	84.5	(3)
Earnings of operating segments	195	27.5	217	30.5	(10)
Corporate units / consolidation	(69)		(74)		(7)
EBITDA before special items	126	17.8	143	20.1	(12)

Segment earnings – nine months

(in EUR million)					
	Jan. – Sep. 2018	In % of sales	Jan. – Sep. 2017	In % of sales	Change in %
Europe	391	30.6	393	31.3	(1)
Americas	56	14.1	80	19.5	(30)
Asia/Pacific	65	22.9	59	21.2	12
Licenses	44	83.1	44	80.5	0
Earnings of operating segments	556	27.6	576	28.8	(3)
Corporate units / consolidation	(225)		(228)		(1)
EBITDA before special items	331	16.4	348	17.4	(5)

Number of Group's own retail stores

	Freestanding stores	Shop-in-shops	Outlets	TOTAL
Sep. 30, 2018				
Europe	192	320	65	577
Americas	88	93	50	231
Asia/Pacific	151	89	48	288
TOTAL	431	502	163	1,096
Dec. 31, 2017				
Europe	192	351	65	608
Americas	90	99	50	239
Asia/Pacific	157	88	47	292
TOTAL	439	538	162	1,139