HUGO BOSS Analysts' Conference 2013
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Good afternoon, ladies and gentlemen, and welcome to our 2012 Financial Results presentation.

In 2012, we delivered on the targets we had set ourselves when we met here exactly twelve months ago. Mark Langer will analyze our financials in more detail in his part of the presentation.

But before this and a discussion of our strategic and financial outlook, let me go through the operational highlights of the past year.

2012 was a year of record results for the Group, continuing the strong momentum from the years before.

Group sales grew by 10% in local currencies or 14% in euro terms to more than 2.3 billion euro. Operating profit, measured as EBITDA before special items, increased by 13%. At the same time, we gradually improved our working capital to finish the year with further reduced net debt.

These results underline that we are firmly on track to achieve our medium-term targets.

Growth was broad based across all brands, regions, and distribution channels, highlighting the success of our medium-term growth strategy:

- Sales grew for all brands with particularly strong increases in our core BOSS brand as well as BOSS Green,
- All regions contributed positively to Group results, and
- All distribution channels increased compared with the prior year. Robust growth in own retail demonstrates the benefit of aligning the Group's business model very comprehensively to its requirements.

The Beijing fashion show was the clear highlight of the year for our core BOSS brand. Never before had the Group staged a bigger, more impressive event on the Asian continent.
In celebration of the 30th anniversary of our market presence in the country, the National Agriculture Exhibition Centre in Beijing was turned into a giant catwalk. Illuminated arcs along the more than hundred meter long runway created a unique setting for the spectacular presentation of the BOSS brand's 2012 Fall and Winter collections entitled "New Dimension Beijing". More than 1,500 guests on site plus an additional 70,000 website visitors followed the live show.

The BOSS brand continued to resonate extremely well with consumers in both clothing and sportswear.

In 2012, the clothing offering was the strongest growing element within the brand, underlining our ability to gain further market share even in areas where we hold leading positions already. A high-quality, classic product with a modern twist that addresses the fashion-conscious consumer continues to be the cornerstone of our success in our heritage business.

In addition, the sportswear category grew at double-digit rates as well. Accounting for roughly 40% of the brand's total menswear offering, BOSS Sportswear scores with a sophisticated, high-quality product expressing an elegant casual lifestyle at a convincing value for money. In the past years, we have made good progress in strengthening our luxury sportswear offering – an area that we will focus even more on with the integration of Selection.

Sports sponsorships play an important role in fostering a modern brand image. Our activities in premium sports such as sailing, golf, and Formula One are an ideal vehicle for conveying BOSS brand values such as dynamics, perfection, and precision and ultimately what the brand stands for: success.

The recently concluded Vendée Globe demonstrated this again in a very impressive way with the HUGO BOSS yacht piloted by British skipper Alex Thomson finishing in third place. As a non-stop, solo, unassisted, around-the-world yacht race, the Vendée Globe represents a true test of human endurance that Alex mastered dressed in BOSS from head to toe.

We will continue to capitalize on the enormous attention the 3-month-long race attracted around the world with a hospitality yacht, identical in construction to the real racing yacht. This yacht will tour important HUGO BOSS retail markets over the next few months. In addition, we will launch a sailing-inspired capsule collection.

The HUGO brand made further inroads in 2012 refining its position as the home of avant-garde design.

A highlight of the Berlin Fashion Week every season, HUGO received a lot of applause for its latest appearance in January. This was true for the setting – an abandoned industrial building in the city center of Berlin formerly hosting the studios of the Berlin Opera – but even more so the collection.

With unique surfaces, innovative details and fresh silhouettes, HUGO demonstrated it is able to reinvent itself season after season, updating iconic style for a contemporary feel.

HUGO was also the standout brand in terms of womenswear growth, recording a revenue increase of 24% for the year as a whole. Across our portfolio, womenswear grew 8% in euro terms.

As a result, our womenswear is now a 250 million euro business. This makes us an important player in the highly fragmented tailored apparel market, especially in Europe. The growing momentum we have witnessed over the course of the year is a clear confirmation of our decision to strengthen our womenswear business organizationally. The creation of a separate entity, with a single brand and creative director assuming full responsibility for our entire womenswear business, has already helped us to pursue the significant growth opportunities we have identified while focusing our resources very effectively.

The fourth quarter saw particularly strong, double-digit growth, reflecting the success of our winter collection. Our clothing offering drove this development as we emphasized a more feminine, modern look addressing the fashion-minded woman. In addition, the extension of our eveningwear received a lot of positive feedback and we are gaining credibility in leisurewear, which had been only a very small part of our overall offering historically.

The launch of our new signature scent for women 'BOSS Nuit pour femme' in July was extremely effective in creating awareness of our women's business.

Promoted by American actress Gwyneth Paltrow, 'BOSS Nuit pour femme' became a hit in key European markets and Germany's top-selling female fragrance very quickly. The launch was hence an important step in establishing BOSS as a leading player also in the female global fragrance market. We will bring further innovations to market in 2013 in order to cement that position.

Aside from 'BOSS Nuit pour femme', we enjoyed successful male fragrance launches also with BOSS Bottled Night and BOSS Bottled Sport, which helped building an entire "BOSS Bottled House of Fragrances". And coming to the stores right now is HUGO Red, where we continue the successful partnership with US singer and actor Jared Leto to perfectly complement HUGO's core fashion offering.

Ladies and gentlemen, 2012 was a watershed year for our own retail activities. For the first time in our history and earlier than we had initially expected, sales at stores directly operated by HUGO BOSS exceeded those we generated with our wholesale partners. Just a few years ago this would have been unthinkable.

Still, this development is a logical result of the transformation the Group has undergone to become an increasingly consumer-centric, retail-oriented company.

Key elements of the D.R.I.V.E. project have become daily routine by now. Most visible to our consumers is the change to four collections per year. With one collection per season and even monthly deliveries within every collection, we are now in a strong position to incentivize our customers to visit our stores more often. We do see the newness and freshness the new cycle brings to our sales floors as a key competitive advantage going forward.

We remain absolutely committed to building up our own retail universe. In 2012, we increased the number of stores and shop-in-shops we manage ourselves by 218 to a total of 840 points-of-sale at the end of the year.

Expansion has been multi-faceted: 122 additions related to new stores and shop-in-shops in all three regions will increase our market penetration and exploit our brands' global sales potential. In addition to these truly new openings, we took over 17 stores from franchise partners in Taiwan and mainland China as we strive to take full control of our distribution in high-growth markets. And finally, we assumed responsibility of around 100 HUGO BOSS shop-in-shops which department store partners had previously run independently from us.

The most recent major openings included a new store on the Boulevard de Waterloo in Brussels, the home of luxury retailing in Belgium's capital. Situated in a completely refurbished ancient building ,the BOSS menswear and womenswear offering spans three floors.

In Toronto, we strengthened our presence with a new store in the recently expanded Yorkdale mall, the city's premier shopping destination for premium and luxury fashion. On almost 350 square meters, we present all BOSS brands across both menswear and womenswear.

And in the Asia-Pacific region, we deepened our footprint with a new 460 square meter location in the Crown Plaza complex in the heart of Melbourne's entertainment and shopping district.

We also made significant investments in the renovation of our existing store base. Renovations offer an attractive return on investment as we can project the potential of productivity improvements very precisely beforehand.

Our flagship store on Champs-Elysées in Paris was the prime example in this respect. It reopened in June last year. The store inaugurated our next generation B7 store concept to create a "modern classic" retail space. The same concept has been applied to all flagship openings and renovations since then. Major projects included our Regent Street store in London, where renovation finished in April, and our Sydney flagship store in King Street, which reopened after an extensive refurbishment at the end of October.

In 2013, we plan to renovate another around 50 stores and shops, amongst them one of our key stores in London in Sloane Square and our New York flagship store at Columbus Circle, where we will also add a third floor.

Our Group CFO Mark Langer is now going to give you more detail on the development of the 2012 financial results. Afterwards, I will return with a discussion of the growth initiatives we have put in place for 2013 and beyond.

Over to you, Mark…

Thanks, Claus, and good afternoon ladies and gentlemen.

Let's start with top line development.

Group sales were up 14% on the previous year's level and reached more than 2.3 billion euro in 2012. On a currency-adjusted basis, the increase amounted to 10%. As a result, we reached the top end of the guidance we had presented twelve months ago.

All regions contributed to growth. Sales in Europe were up 10% in local currencies. The UK was the stand out performer with sales climbing 19% year-over-year. This was primarily the result of Group-leading comp store sales growth, underlining our strong market position in the country. While the other European key markets Germany, Benelux and France grew at solid mid-single-digit rates, double-digit increases were achieved in Italy and Spain. In both markets, we benefited from retail expansion and the takeover of shop-in-shops from wholesale partners. Even excluding the contribution from new space, however, retail sales were stable in Italy and positive in Spain.

In the Americas, the 14% currency-adjusted revenue growth was driven by the strength of the U.S. market. The U.S. was up 15% with double-digit increases in both distribution channels. This made it the Group's single biggest market in 2012, overtaking Germany.

In Asia, Group sales were 4% higher compared to the prior year excluding currency effects. This primarily reflects more moderate growth rates in China, where the effect from new store openings more than offset a negative comp store sales development for an overall growth rate of 4%. The region's two other major markets, Australia and Japan, were equally difficult with the former reporting a moderate sales decline.

In the fourth quarter, Europe and the Americas recorded strong double-digit increases. In Europe, this was supported by a different phasing of wholesale sales as I will outline in a second. In Asia, sales growth slowed moderately compared to the third quarter. Fourth quarter sales in China were stable year-over-year with improving trends in Hong Kong being offset by continued weakness in Mainland China.

All distribution channels contributed to 2012 revenue growth.

Wholesale sales were up 2% after adjustment for currency effects. Solid growth in our short-term replenishment business, in particular in the second half year, supported this development. On the contrary, the takeover of stores previously run by franchisees had a negative impact of around one percentage point on wholesale sales.

While wholesale sales in Europe remained stable, reflecting a more difficult trading environment, we recorded double-digit growth in the Americas.

In line with the Group's medium-term strategy, own retail continued to grow robustly. Full year retail sales were up 19% on a currency-adjusted basis. On a comparable basis, that means adjusted for the effects from new store openings, retail sales were 5% higher.

Last not least, our royalties business had a very strong year with sales growing by 15% in the last twelve months. As mentioned earlier, this was primarily driven by our fragrances which continue to be our by far biggest licensed business.

In the fourth quarter, wholesale sales increased 19%. This development reflects the introduction of the four season cycle under which retail partners shifted more volumes to the winter season. In addition, we had more Spring collection shipments in the fourth quarter already following the adjustment of delivery timings under the D.R.I.V.E. project. Adjusted for this effect, which will obviously burden wholesale sales development in the first quarter of 2013, channel sales would have grown at a high-single-digit rate.

Q4 retail sales were up 19% as well. Compared to the third quarter, comp store sales growth re-accelerated to 4% driven by strong increases in the Americas in particular.

Moving below the top line, the Group's gross profit margin increased by 50 basis points to 61.9% in 2012. A positive channel mix effect from strong growth in our high margin retail and royalties businesses was the main driver behind this development. The margin also benefited from efficiency improvements in our sourcing and production activities. These effects more than compensated for increased markdowns as well as higher inventory write-downs primarily in the first half year.

In the fourth quarter, however, gross margin declined by 170 basis points to 64.5%. The decrease was due to higher rebates as a result of the more promotional market environment as well a negative channel mix effect following strong growth in our wholesale and outlet channels.

The expansion of the Group's own retail network was the key factor influencing full year operating expense development. Primarily as a result of new store openings, selling and distribution expenses were 19% above the prior year's figure. Administrative expenses, however, increased at a rate below Group sales growth, demonstrating good discipline in managing overhead costs.

EBITDA before special items rose 13% year-on-year to 529 million euro. Operating profit development thus slightly exceeded the forecast we gave in July. As the improvement in the gross profit margin could not offset higher operating expenses as a percentage of sales, the adjusted EBITDA margin declined by 20 basis points to 22.6%.

Group EBIT increased by 10% to 433 million euro, negatively affected by higher depreciation expenditures and a moderate increase of own retail impairments.

Turning to the non-operational items of the P&L, the Group's net financial result suffered from adverse currency effects primarily related to the depreciation of the euro against most other major currencies. Despite stable interest expenses compared to the prior year, net financial expenses thus doubled to 24 million euro.

While the Group's tax rate remained virtually unchanged at 24%, net income attributable to shareholders grew by 8% to 307 million euro, translating into earnings per share of 4.45 euro.

All regions contributed to the Group's operating profit growth.

In Europe, however, the significant expansion of the retail network had a dilutive impact on regional profitability as higher sales and a better gross margin were partly offset by increased selling and distribution expenses. As a result, the region's EBITDA margin declined by 190 basis points to 37.1%.

In contrast, profitability in the Americas improved by 50 basis points to 27.4% following good growth across both channels.

In conclusion, Asia/Pacific became the Group's most profitable region as the regional operating margin advanced by 130 basis points to 37.2%. This underlines the structural health of our Asian business irrespective of the more moderate sales growth rates in 2012.

Let’s turn to the balance sheet.

Trade net working capital increased by a mere 3% to 418 million euro at the end of the year, continuing the positive trend from prior quarters. Also in 2013, it is our clear ambition to limit trade net working capital increases to a rate below sales growth.

While inventories were down 6% at year-end, reflecting the success of our measures to reduce excess stock taken at a very early stage of the year, trade receivables rose by 23%. This development mirrors the high delivery volumes in December following earlier shipments of the Spring collection as discussed before. Trade payables were virtually unchanged compared to the previous year.

In 2012, we invested in the long-term growth of the Group. Capital expenditures increased by 54% to 166 million euro.

Own retail continues to be at the forefront of our activities in this respect as well. In addition to the build out of new stores, renovations became significantly more important compared to prior years as demonstrated by the various examples earlier. In total, retail investments amounted to 90 million euros.

The remainder was heavily influenced by several infrastructure projects we are currently implementing. The expansion of our campus at Group headquarters led to expenditures of 15 million euro. Another 30 million euro related to the construction of our new flat-packed goods distribution center. As we consider entering in an off-balance sheet financing for the latter project in 2013, the accounting treatment of future expenditures for this project is still open. In an operating lease structure, we would not capitalize any further expenditures but incur operating lease payments from 2014 onwards.

Despite the increase of investments, free cash flow improved by 13% to 221 million euro. The increase in Group operating profit as well as strict working capital discipline drove this development, underlining the highly cash generating nature of our business model.

As a result, we further reduced net debt to 130 million euro at the end of the financial year.

We are therefore in a comfortable position to continue following our shareholder-friendly dividend policy. For the financial year 2012, we will propose paying a dividend of 3.12 euro per share. That’s an increase of 8% compared with the year before. The implied payout ratio of 70% is right in the middle of our target corridor between 60% and 80% of Group net income, reflecting the Group’s confidence in future profitable growth.

Ladies and gentlemen, let me also update you on the successful completion of our refinancing activities.

HUGO BOSS had secured a 750 million euro syndicated loan in May 2008. In 2011, the existing facilities were voluntarily prepaid and reduced by 300 million euro following the strong cash conversion over the period. The remaining 450 million euro loan was scheduled to mature in May this year.

Today, we are pleased to announce the successful signing of a new five-year, 450 million euro facility. The funds will be used to refinance the existing syndicated loan as well as for general corporate purposes, primarily the financing of working capital needs over the course of the year. The new loan is structured in a 100 million euro term loan and a 350 million euro revolving credit facility.

The strong demand for our offering, which resulted in a significant oversubscription, as well as the favorable conditions we secured underline the Group's solid financial profile and the confidence debt capital markets have in our ability to generate strong cash flows going forward.

I'll now hand the floor back to Claus who will outline our key strategic initiatives and targets for 2013. Claus…

Thanks, Mark.

2013 promises to become another successful year for HUGO BOSS.

I'm confident we will be able to grow sales and earnings in a meaningful way despite the weak economic backdrop. It is the belief in our own strengths rather than the hope for an economic upswing that supports our confidence to achieve our targets.

In the year ahead, we will concentrate on further building our proven strengths:

- All our brands and lines provide ample opportunities for further growth as we have refined the setup of our brand portfolio.
- We will further progress in the transformation from a wholesale-driven company to one which is increasingly consumer- and retail-centric.
- We will expand our business across all regions with a particular focus on continuing our strong momentum in the Americas and accelerating growth in Asia.
- And finally, we will invest in infrastructure and processes as operational excellence drives commercial success.

Let's start with our first growth pillar – our brands.

In the past year, we have optimized and streamlined our brand portfolio in order to further strengthen the market position of our core BOSS brand as well as to simplify our messages.

Our core BOSS brand will enter a new growth stage in 2013 with the integration of the former BOSS Selection offering. The decision to combine both brands documents our commitment to increase our relevance in luxury clothing and sportswear. It also addresses the needs of customers looking for the highest standards in terms of quality and design.

As the top of the BOSS pyramid is therefore going to become broader, this will elevate the entire brand. Over time we will exit certain premium price points that no longer represent the positioning of the brand, thereby continuing the gradual reduction of the number of entry price points begun in previous years. In doing so, we are reflecting the growing importance of the own retail channel, which offers us a perfect environment to address a more and more luxury-minded consumer.

We acknowledge that this consumer is less relevant for many of our wholesale partners. Consequently, we will focus on other parts of our brand portfolio to serve this distribution channel.

In this context, BOSS Orange will play a particularly important role. The nature of the brand makes it an ideal entry to the HUGO BOSS world for a younger consumer who is focused on casualwear and premium clothing rather than luxury. We can then grow these consumers into the other brand concepts. A sharper, more refined silhouette will make sure BOSS Orange fits seamlessly in the BOSS design language for an even closer connection to the rest of our portfolio going forward.

Let me now give you a better idea of how we will fill the brand framework with life in 2013.

We have just introduced our BOSS Fall 2013 collection to the market - the first reflection of the migration of BOSS Black and BOSS Selection. We have taken great care to upgrade the overall offering by adhering to the highest levels of workmanship, quality, and taste that were key to Selection’s success. This becomes visible in luxurious details such as full canvas in our top suit offering or real mother-of-pearl buttons in our high-end business shirts.

The feedback from our own retail teams as well as wholesale partners has been very positive across the board. The fact that wholesale partners almost doubled the share of their overall order allocated to luxury price points formerly covered by Selection expresses this very clearly.

The Group’s unrivalled tailoring expertise is exemplified by Made to Measure, reflecting modern technology and uncompromising quality that is “handmade in Germany”. Here, we can play out one of our Group’s key competitive advantages – the combination of excellent craftsmanship, premium materials, and tailor-made service with efficient industrial manufacturing. Made to Measure has become a permanent offer in ten European locations now and our goal is further expansion in 2013, including into Asia.

In the BOSS brand in particular, we are dedicated to building a bigger and better womenswear business. 2012 was a year of good progress in this respect as I outlined earlier. Still, there is more to come in 2013 and beyond as we further grow our expertise in this part of our business.

Today, we resonate very strongly with our female audience when it comes to tailored apparel, offering feminine, elegant outfits to the fashion-minded woman. Building on this strength, we want to become the brand of choice for all women who want to succeed in their personal priorities, whether they strive for a professional career or manage a busy family life. These customers are looking for versatile outfits that can be flexibly combined for a fresh new look day after day. We will adjust to this need even more effectively going forward. This includes the design of our collections, their presentation as well as the quality of advice and service customers receive in our retail network. Consequently, we will make sure all Group stores beyond a certain size feature an attractive womenswear offering – on the sales floor and in the shop windows.

Our conviction with regard to the future of womenswear can also be seen in the large role it plays in our brand communication. Our Womenswear will be even more visible than menswear at our fashion shows in Shanghai and New York.

Equally importantly, we have just launched our first ever dedicated womenswear advertising campaign. This is the perfect stage for the balance of sovereignty and sensuality that BOSS stands for.

At HUGO, we will celebrate the brand's 20th anniversary this summer. Launched in 1993, HUGO has played a vital role in sharpening our fashion edge and attracting a younger, fashion-forward consumer group to HUGO BOSS that strives for success in a much more creative way. Today, HUGO stands for contemporary, edgy and modern designs, making it the undisputed fashion spearhead within the Group.

The launch of 20 iconic products capturing the essence of the HUGO brand will mark the start of the anniversary celebrations in July. The special collection encompasses both menswear and womenswear and includes the core HUGO colors black, white, and signature red.

The launch will be highlighted via a 360 degree communication campaign. This includes special window designs and prominent in-store presentations in our own HUGO stores as well as at key wholesale partners. Digitally, we will create a lot of noise through our hugoboss.com website, including an art competition looking for artwork that express the HUGO spirit in different disciplines.

In 2013, we will strengthen HUGO's presence in particular in larger own retail stores where its sharper fashion statement perfectly complements our core BOSS offering. We will also selectively expand HUGO's stand-alone retail presence especially in the US.

At BOSS Orange, we are focusing on refining the brand's casual, urban character targeting men and women with a zest and passion for life and a very individual definition of personal success.

The Spring collection focuses strongly on vintage and retro. Denim, Orange's most important product group, is the center in both menswear and womenswear with a lot of unique washes and prints. The current campaign projects the BOSS Orange typical retro feeling very distinctively.

Finally, we will continue to build BOSS Green's market position as the brand where active, functional sportswear and golfwear meets premium fashion.

German world-class golfer Martin Kaymer, who secured a place in golf history with his winning put at last year's Ryder Cup, again features prominently in our communication this spring, conveying the dynamic, energetic nature of the brand.

In our second growth pillar retail, the focus is as much on growing this business through store expansion and productivity improvements as on further enhancing our retail capabilities.

Based on an analysis of our global brand penetration, we see significant scope for further retail expansion. In 2013, we will open around 50 new stores and shop-in-shops. The figure will be slightly higher in Europe as compared to the two other regions as we plan to extend our retail footprint across all relevant markets.

In 2013, we will focus on elevating the HUGO BOSS retail experience in key metropolitan areas around the world. Our new flagship stores in Shanghai, Hong Kong, Amsterdam, Berlin, Stuttgart and Tokyo will shape the perception of our brands in the years to come.

The two stores in Shanghai, scheduled to open over the next few months, will establish a true brand statement in one of Greater China's key metropolitan areas. These openings will be followed by an additional two stores in Hong Kong towards the end of this and the beginning of next year.

In Amsterdam, the new flagship store will incorporate the current shoes & accessories store for a significantly bigger floor size. It will open doors at around Easter.

In the second half of 2013, we plan to start business at our Berlin flagship, where we will occupy two levels or close to 600 square meters next to a popular consumer electronics brand. In Stuttgart, we will relocate less than a kilometre down Königstraße, the main shopping street, to open a new location on close to 900 square metres. And finally, in Tokyo we will establish a presence in Omotesando, the Japanese capital's upscale shopping area, towards the end of the year.

While the openings I just mentioned represent truly new locations, we will also continue taking over shop-in-shops from retail partners. In 2012, we have firmly established this business model with more than 100 locations we now manage at El Corte Ingles in Spain, Globus in Switzerland, and Holt Renfrew in Canada.

In most cases, we have been able to grow sales beyond the levels achieved by our partners through optimized merchandise assortment and presentation, dedicated sales staff, and effective replenishment. As a result, we generated a positive sales and earnings contribution even in challenging market environments. In the process, we have gained considerable experience in managing spaces much smaller than an average HUGO BOSS own retail store, teaching us valuable knowledge that we can now also share in wholesale partnerships.

In 2013, we will bring this concession business model to Germany. Most importantly, we will manage our own presence in three of the most renowned department stores going forward – the KaDeWe in Berlin, the Alsterhaus in Hamburg, and the Oberpollinger in Munich. We will assume control of more than 20 HUGO BOSS shop-in-shops at Wöhrl, a family owned premium fashion retailer, in August as well. And in Spain, we will take over another approximately 25 locations at El Corte Ingles, following the successful rollout in 2012.

Online is becoming an increasingly important part of our retail business as well.

The almost 50% sales increase we recorded in 2012 attests to the growing popularity of the Internet also when it comes to shopping at HUGO BOSS.

Today and even more so in the future, we are addressing customers who expect to experience our brands seamlessly across different distribution channels. Especially for new consumers, our online store often is the first point of contact with HUGO BOSS. In order to further elevate the store to represent the HUGO BOSS flagship in the online world, we will invest in the further upgrade of brand presentation and user experience in 2013.

At the same time, we are broadening the geographic reach of our online activities. We launched our new Chinese e-commerce website just two weeks ago. While we recognize that the online market for premium and luxury fashion is still in its early stages, this makes us the first luxury brand running an e-commerce platform in China with all operations on the ground. With a local fulfillment partner, we serve our customers directly out of Shanghai, ensuring delivery times of maximum 48 hours in tier 1 and 72 hours in tier 2 and 3 locations. Country-specific payment options make sure we adjust closely to the shopping habits of the Chinese online consumer. Based on its successful implementation in the US, we also offer a live chat to account for the high importance Chinese customers place on personal contact and advice.

As we will also expand our universe of European online stores in 2013 with the addition of Belgium, Italy, and Spain, we are confident that we will make good additional progress towards achieving our medium-term revenue goals for our online business.

While the initiatives I just went through will be very visible to our customers, we will continuously work on strengthening the operational backbone of our organization as well.

One example is the further roll-out of SAP throughout the Group. As one of the very last retail markets missing, we are now in the midst of implementation in Japan. Once finalized, this means we will capture close to 100% of global retail sales in SAP, offering almost retail-time insight into our performance around the globe.

Another focus this year will be the implementation of a true end-to-end IT platform, providing our retail operations with a fully integrated view of merchandise performance. This will allow us to optimize collection planning based on actual consumer demand to optimize sales, margin, and stock levels.

And finally, the construction of our new distribution center for flat-packed goods in Filderstadt near our Group headquarters is fully underway. Given the good progress we have made in the last few months, we are on schedule for the planned opening in 2014.

Before I detail our expectations for the year ahead, let me spend some more time on the dynamics in three regions.

In Europe, we see good opportunities for further growth. Without a doubt, the environment has not become any easier compared to 2012. Regardless of this, we have demonstrated our ability to outperform difficult retail markets in the past as well.

The further expansion of own retail activities and the increased control of brand presentation including in multi-brand environments will play an important role in offsetting more subdued wholesale development. In the past few years, we have clearly seen the positive effects a higher retail share has had on the perception of our brands. As a result, we are now able to credibly address even luxury-minded consumers.

Nowhere has this development been visible in a more positive way than in the UK, where we now generate almost 70% of sales in own retail. Here, as well as in the other major markets of Germany, France, and Benelux, we expect healthy trends to continue in 2013. In Spain as well, we foresee continued growth supported by tourism and the expansion of the concession business model with El Corte Ingles. In contrast, we expect a more difficult trading environment in Italy and Switzerland, where exchange rate developments shift demand in neighboring markets.

Let me also briefly touch on Russia – a market where HUGO BOSS enjoys high brand awareness and a strong reputation. A growing consumer base hungry for Western premium and luxury brands makes Russia highly attractive. With the opening of our first store in Moscow later this year, we will start taking a more active role in Russia, supplementing the existing franchise partnerships. On the back of our planned expansion in the years to come, we clearly expect the country to become an increasingly important growth driver in Europe.

We are confident we can further expand our market position in the Americas also.

The US market, which accounts for the majority of our business in the region, continues to be in reasonably good shape despite impending tax increases and budget cuts. Therefore, we do expect our good momentum from 2012 to continue despite an increasingly tougher comparison base.

In the year ahead, we will continue to focus on playing out our key competitive advantages in terms of style, quality, and price that have built our European lifestyle brand value. As a leader on the modern, wear-to-work market for men and women offering consistent fit and quality at a strong price/value relationship, we rely on our ability to outgrow the competition.

In 2013, we will make even better use of the full strength of our brand portfolio beyond the core BOSS brand, increasing the exposure of the HUGO brand in more stand-alone retail concepts as well as giving more room to womenswear. In the latter, we have received a very encouraging response from customers on our 2013 offering as we have made sure the global collection addresses the tastes of the North American female consumer more specifically.

In addition to wholesale, which will remain a growing distribution channel, we are focusing on further enhancing the HUGO BOSS retail experience through constant upgrades of customer service and the optimization of store formats and in-store presentation. This will also include the expansion and more active management of shop-in-shops at selected department store partners.

Finally, we are cautiously optimistic that we will see better development in Asia in 2013 as compared to the prior year.

In China, we expect a gradual improvement over the year as our brand and retail investments start to yield results and the comparison base gets easier. However, we are still faced with a difficult market environment in mainland China in particular, resulting in traffic declines in the first few weeks of 2013 as well. This development has been most pronounced in the export-oriented Eastern region around Shanghai, where consumer confidence continues to be low. However, we have seen a slight improvement recently in Hong Kong, and, to a lesser extent, in Beijing and lower tier cities.

In 2013, we will continue to improve brand awareness and perception as well as further strengthen our retail network to close the gap to some of our competitors who continue to benefit from an earlier direct market entry.

Our fashion show in Shanghai in May will be another important platform to showcase the BOSS brand to the Chinese consumer. We have only just started to make full use of our proven strength in menswear clothing in a market that has been very casualwear-driven historically. Consequently, we will emphasize clothing in our brand communication activities as well as allocate more room in newly opened spaces to it. We will also expand the HUGO offering to account for the growing number of younger, more fashion-forward consumers who are looking for fresh new concepts differentiating them from the mainstream.

At the same time, we are putting great emphasis on elevating the consumer experience in our stores to address the needs of an ever more knowledgeable, sophisticated, and demanding consumer. This also includes a greater focus on retail marketing, intensified staff training, as well as the expansion of CRM activities.

We will continue to selectively open new stores with a focus on upgrading brand presence in key locations as outlined earlier. The renovation of stores taken over from past franchise partners will be similarly important.

In the other Asian countries, we expect modest increases in a still difficult Japanese market. Australia should return to growth despite an on-going weak consumer environment.

Tying all our comments together, we expect another year of solid profitable growth at HUGO BOSS to achieve new record levels of sales and profit in 2013.

In 2013 we expect to continue to outperform the growth rates of the general economy as well as the broader luxury goods industry, which should grow at a maximum of 6% according to industry estimates.

More specifically, we expect Group sales to grow at a high-single-digit rate on a currency-adjusted basis with increases in all regions. By distribution channel, retail will grow at a double-digit rate driven by comp store sales increases as well as new store openings. The takeover of existing space from partners will have a positive impact on sales. In sum, however, this effect will contribute less than a percentage point to overall Group growth in 2013.

As any takeover represents a shift of sales from wholesale to retail, wholesale sales are forecasted to be negatively impacted. Nonetheless, we expect wholesale sales to remain virtually stable on a currency-adjusted basis for both the full year and the first half year.

The fact that more and more accounts reflect the four season cycle in their order patterns will affect quarterly sales and profit development. We expect a shift in sales negatively impacting the quarters 1 und 3 and – vice versa – benefitting the quarters 2 and 4. This pattern will be reflected also in the quarterly development of operating profit.

In the year 2013, EBITDA before special items is forecasted to increase at a high-single-digit rate. We target an improvement of EBITDA margin through a better gross margin, and disciplined operating expense management. The unprecedented upgrade of our retail universe, however, will have a dilutive impact on Group profitability in 2013 as high start-up costs for new projects and the short-term negative sales and cost impacts from renovations weigh on EBITDA growth.

Store expansion and renovations will also require higher own retail investments. As a result, total investments will increase compared to the prior year on a comparable basis, that means excluding expenditures related to the construction of our flat-packed goods distribution center.

Ladies and gentlemen, from our remarks it should have become clear that we have a good but busy year in front of us.

Undoubtedly, we would have hoped for an easier macroeconomic backdrop when we announced our medium-term targets at the end of 2011. Still, we have adjusted to adverse conditions very effectively and constantly outperformed difficult retail environments.

We will therefore continue to carry out our proven medium-term strategy. HUGO BOSS has an enormous potential which is still far from being exploited. With a further refined brand portfolio and unprecedented retail expertise, we are in an ideal position to grow further. This is particularly true for regions such as Asia, the Americas, and Eastern Europe, where we still do not have enough market penetration. The entire organization is passionate in contributing further to the growth story that HUGO BOSS represents today.

It is therefore with great confidence that we confirm our 2015 goals today. We will grow our business to 3 billion euro in sales and generate an EBITDA of 750 million euro. 2013 will mark an important step forward in this direction.

Ladies and gentlemen, thank you for your attention. We will now be happy to answer your questions.