HUGO BOSS Analyst Conference 2017

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- The spoken word shall prevail –

Good afternoon, Ladies and Gentlemen, and welcome to our 2016 Financial Results presentation.

Ingo Wilts, our Chief Brand Officer, and Bernd Hake, our Chief Sales Officer, are with me on today’s call. Together, we will update you on our progress in returning to profitable growth. We will also outline our financial forecasts for 2017.

But to understand where we are headed, let’s start with where we are coming from.

2016 has been a year of profound change for the industry and even more so for HUGO BOSS. Where we had previously seen smooth sailing over calm seas for a long time, the going has gotten rough in the past twelve months.

On the one hand, this was due to a recessionary market environment.

According to Bain, the global luxury apparel market shrunk by 4% in 2016, making apparel one of the weakest segments in the overall luxury goods sector. In many markets, our industry did not benefit from a positive climate of consumption on the whole. Many consumers diverted their spending to high-ticket items such as cars and real estate or experiences. In contrast, apparel lost share of wallet, which triggered enormous promotional activity that left many brands and retailers struggling.

Yet this was also due to mistakes we made in the past.

Our brand portfolio has clearly become too complex for many consumers to understand. Some of our brands have strayed too far away from the core. Others are not sufficiently distinct, creating overlaps in terms of our product lines and pricing architecture. This was exacerbated by a challenging underlying market, and our attempts to capture a greater share of the luxury goods market alienated a part of our core clientele.

We acknowledge the global nature of our brand and our business. We are therefore placing even greater emphasis on maintaining a globally consistent brand image, whereas we had accepted regional imbalances in the past. The growing importance of digital channels in particular has made these imbalances unsustainable. However, not only has the internet become a means of comparing products and prices among different markets, it has become an integral part of many consumers’ lives – which we need to turn to our advantage going forward. This will require speed and agility rather than the complex organizational structures and processes that slowed down our decision making in the past.

In the last twelve months, we took immediate actions to weather the storm and to recalibrate our course for the future:

- We slashed more than EUR 100 million in costs and investments off our initial budget, and we have tightened inventory management.
- We initiated a program to close twenty unprofitable stores worldwide and another twenty locations in China we had inherited from former franchise partners.
- We started restructuring our US wholesale business and discontinued distribution formats that do not fit our brand positioning.
- We aligned global price levels more closely, an important reason for why China returned to growth.
- And finally, we built the foundation for future growth in digital commerce by insourcing the fulfillment of our online business in Europe, redesigning our online store and launching a mobile app.

As part of the action plan, we consciously accepted sales losses. Coupled with further top-line pressure, owed to weak consumer demand, currency-adjusted Group sales declined 2% in 2016. EBITDA before special items was down 17%, reflecting significant operating deleverage due to declining comp store sales in our own retail business. The decline would have been even greater, had we not taken effective measures to curb the rate of cost expansion. Free cash flow, however, was up year-over-year, underlining a greater focus in the Group's investment activity in particular.

Let me give you some more details on our financial results in 2016.

Starting with the top line, full year sales were up 1% in Europe. The UK continued to grow solidly and was up 8% for the year. Sales in Germany and France were down 4% and 3% respectively.

In the Americas, full year sales in local currencies were 12% lower than in the prior year. This was mainly due to the US, where sales were down 17%. Registering a decline of almost 30%, the wholesale business exerted a disproportionate impact here. Approximately half of the decline in this distribution channel was due to the aforementioned distribution restructuring aimed at improving presentation quality and brand desirability. Above all, we stopped selling to the off price retailers we had been using to clear excess inventories in the past.

Asia recorded a 2% decline after adjusting for currencies. Momentum in China improved considerably over the course of the year, resulting in sales on the Chinese Mainland remaining close to stable. In Greater China, however, sales were 6% lower than in the prior year due to primarily market-induced declines in Macau and Hong Kong.

By distribution channel, own retail sales were 2% higher than last year ex currency effects.

On a comp store basis, channel sales declined by 6%. While the European region recorded a smaller decline than the average for the Group, the negative impact of a decline in the low double-digits in the Americas was significant. The performance in Asia was in line with that of the Group overall, despite slight growth on the Chinese Mainland.

Currency-adjusted sales in the wholesale business decreased 9% in 2016, primarily reflecting the tough market environment in the US just mentioned. In Europe, channel sales were slightly down from the prior year, reflecting declining sales in many key markets in the sector.

Finally, the license business generated a robust 12% in sales growth for the reporting period, driven by double-digit growth in the biggest license category, fragrances.

Moving below the top line, the Group's gross profit margin held up well despite significant promotional pressures in the US and many key European markets. At 66.0%, it remained on the prior year level. Disproportionate growth of our own retail business impacted the margin positively. Negative factors included price reductions in Asia – though partly compensated by increases elsewhere – and higher inventory write-downs than in 2015.

On the cost side, we managed to strike a fine balance between exploiting efficiency potential on the one hand and investing in future growth on the other.

Selling and distribution expenses were up 3%. In the own retail business, expansion- and renovation-related increases were partially offset by lower costs due to store closures and the successful renegotiation of rental contracts. Marketing expenses remained almost unchanged in relation to sales and translated to a 6% decline year-on-year in absolute terms. The increase in G&A expenses was focused on digital commerce and communication, where we invested in both talent and system infrastructure.

Across the entire cost base, we have been able to take EUR 65 million off our original budgets, mostly through lower rents and tighter management of administrative expenses. The latter benefitted from efforts at streamlining the Group's project portfolio with a view to identifying which initiatives would exert the greatest positive commercial impact and implementing them as quickly as possible.

These savings helped us curb the EBITDA decline, but EBITDA before special items nevertheless decreased to 493 million euro, a 17% drop with respect to the prior year. Special items of EUR 67 million primarily concerned termination payments and write-downs in connection with planned store closures. The remainder was owed to organizational changes at both our headquarters and at regional levels. Including these expenses, net income declined sharply to EUR 194 million.

Let me also discuss some key balance sheet and cash flow trends.

In 2016, we kept trade net working capital under tight control. Despite a disappointing top line performance, working capital remained broadly stable relative to sales and also delivered a positive contribution to free cash flow generation in the period. This was primarily due to improved inventory management. In the US, we successfully completed the inventory clearance started at the end of 2015. In China, we cleared excess stock still related to our franchise legacy in this market. As a result, inventories are down by double-digit percentages in these two markets. For the Group as a whole, we were able to record a currency-adjusted increase of just 1% at year end.

Investments decreased significantly compared to 2015 owing to fewer store openings and takeovers as well as the non-recurrence of one-time projects in the previous year. The latter concerned expanding our production plant in Turkey, upgrading our US distribution center and relocating our New York showroom - all done in 2015.

In 2016, the Group's own retail business continued to be the focal point of investment activity. Around a third of the total budget was spent on the build-out of new stores. Another third went into the renovation of existing stores. As a rule of thumb, HUGO BOSS refurbishes existing stores approximately every five years. The remaining third was invested in other areas. Investment in IT of over EUR 30 million underscores the importance the Group places on the digitization of its business model. In this context, major projects in 2016 included the insourcing of online fulfillment in Europe, the rollout of omnichannel services as well as system enhancements in customer relationship management and digital communication.

Lower capex more than offset the earnings shortfall, so that free cash flow increased by 6% to EUR 220 million. Net debt nonetheless came in higher than in the prior year, since we stuck to a stable dividend payout in 2016. To put things into perspective, we continue to be in a rock solid-position financially, with an equity ratio of almost 50%. However, we need to be careful in preserving this strength in order to maintain financial flexibility regardless of the prevailing economic backdrop and the Group’s short-term outlook.

As a result of the aforementioned, we remain committed to offering attractive shareholder returns, but we will never compromise our ability to invest into the business.

With this in mind, we propose a dividend of EUR 2.60 for the 2016 financial year. While the proposal still reflects one of the highest yields in the industry, it also highlights our belief that the dividend should, first and foremost, be based on the Group’s performance in terms of profits. In light of the sharp decline of consolidated net income, it is only logical and in the long-term interest of our shareholders to adjust the dividend accordingly.

With a payout of 93% of net income attributable to shareholders, we nonetheless decided to exceed the 60% to 80% corridor stipulated by our dividend policy. We are convinced that this continues to be the right policy. For 2016, however, we also took the healthy free cash flow generation, the Group's strong financial position, and the expected non-recurrence of significant expenses in connection with store closures in 2016 into consideration. Looking ahead, I am confident that future profit growth will allow maintaining or even raising the dividend again within the framework of the policy I just reconfirmed.

In the past year, we have worked hard on defining the course back to sustainable and profitable growth.

Our vision to be the most desirable premium fashion and lifestyle brand guides our actions. In our industry, it is brand desirability that makes or breaks long-term commercial success. Obviously, brand desirability is not defined by us but by customers, who must take center stage in everything we do.

What might sound like a truism requires a great deal of change – change we initiated in 2016. We adjusted our strategic direction to make sure we maintain and grow our relevance in the eyes of today's fashion consumer. The demands and attitudes of this consumer have changed in multiple ways: Their shopping trip for a new suit now starts online, whereas they went window-shopping in the past. Brands unable to demonstrate a unique proposition will quickly get lost in the mass. Where customers used to accept limited selections available in stores, they now expect immediate access to the full range on offer, whenever and wherever. Yet whereas before, they were willing to browse through aisles and aisles of products, they now expect brands to identify the right product for them, based on a relationship on equal footing.

With these changes in mind, we redefined our strategic direction in 2016. We are building on what has been the core of our success over the past thirty years, but we are neither shying away from correcting past mistakes nor from exploring new ground.

Specifically,
- We are simplifying our brand portfolio and clarifying the positioning of our brands,
- We are refining our distribution strategy,
- We are focusing on the digital transformation of our business model, and, closely related to this transformation,
- We are actively transforming our corporate culture to improve speed and agility throughout the organization.

Let me hand over to my fellow Board members to update you on our progress in these areas of action.

Ingo…

Thanks, Mark.

Progress is indeed what 2017 will be all about. We are working hard on defining the Group’s future creative direction at the moment. And I’m confident that all the tremendous work we are investing right now will yield great results.

Let me briefly recap what we announced in November.

We will focus on just two brands – BOSS and HUGO – going forward. Why? Let me give you three main reasons:

- First and foremost, because we talked to a lot of customers and learned that many simply did not understand what our different brands stand for and how they differ from each other.
- Second, because we have punched below our weight in casualwear despite the fact that casualwear accounts for around half of our current business.
- And third, because we want to strengthen our relevance again for a younger, more fashion-savvy audience.

With BOSS, we will continue to address a status-oriented, rationally-minded customer. This customer wants to dress in a classic yet modern and high-quality style – often driven by the desire to belong. The BOSS customer has high expectations when it comes to quality and fit and attaches great importance to a favorable value-for-money proposition. And of course, the shopping experience must also meet the highest standards, particularly with regard to personal service.

We strive to dress this customer 24/7 - in the office, in their leisure time and when they are active.

I believe that most of you will agree that this is a no brainer when it comes to business. The business suit is our iconic product and consumers continue to associate the brand with formalwear first. Of course, a formalwear outfit can be much more nowadays than just a black suit with a white dress shirt and a nice tie. Strict dress codes are increasingly becoming a thing of the past and are being replaced by smart casual outfits such as the one we have included in our presentation.

When meeting with your friends on Saturday, a BOSS Casual outfit will make your look as refined and sophisticated as the one you wore to the office. BOSS Casual will build on what you currently find under BOSS Orange. However, the range will be upgraded significantly in terms of quality, craftsmanship and design to bring it back in line with the BOSS standards.

And finally, when the same consumer works out, goes for a round of golf or simply wants to dress in a cultivated, yet relaxed and sporty way, BOSS Athleisure comes into play. Here, the core of the current BOSS Green line gives you a good idea of what you can continue to expect from BOSS going forward.

The changes I just outlined will become fully effective with the Spring / Summer Collection which will be in stores from January 2018 onwards. Collection development is in full swing already right now. However, what is just a product sketch or a prototype today, will be a complete collection by the end of June. By then, we will be presenting the collection to our wholesale partners and our own retail teams.

The BOSS Menswear presentation at the New York Fashion Week in February was an important first step towards the full implementation of our new brand strategy.

The collection we presented was focused on the fundamental elements of the brand: precise cuts and construction, and a love to detail. Tailoring sits at the heart of the collection, but it is interpreted in different, sometimes surprising ways. For me, it was very important to show people that there is a lot happening at BOSS. I wanted the audience to feel the emotion and the passion that is in every product we design. BOSS has always been very commercially-minded – and rightfully so! But we also need to make sure that we surprise the consumer with certain high-fashion items, with stories they aren't expecting.

Going forward, we will play these stories bigger and more consistently. Let's take the fashion show again as an example. For the event, we partnered with fashion influencer Marcel Floruss. His coverage turned the event into much more than just a collection presentation, spanning the entire period from the first preparations up to the after-party. The event itself was streamed live on Instagram and we built on it with a holistic campaign across key social media platforms such as Facebook, Twitter and Pinterest.

As such, the fashion show in New York exemplified three key developments in our marketing strategy: first, we will be concentrating our marketing efforts on fewer campaigns, which we will be executing strictly '360 degrees', that is, consistently across all consumer touch points. As a result, and second, we are making our brand communication even more digital, so we can extend our reach and relevance. And third, we are focusing much more on our menswear business again

Nonetheless, the share of marketing dedicated to womenswear will still be significantly higher than its business share. You may read this as a sign of confidence in what remains an important part of the Group.

BOSS strikes the balance between ease and elegance. With our collections, we strive to dress the modern woman for whatever the day may bring, knowing that her outfit needs to be just as right for a presentation in the office as for a day of business traveling. Driven by Jason Wu as the brand's Artistic Director, the refinement and craftsmanship that BOSS stands for is evident in every piece of the collection.

And while it is the tailored look that defines BOSS Womenswear, we are confident in the brand's growth potential in casual wear. With the upcoming integration of BOSS Orange into BOSS, we will create easy to wear looks that complement her wardrobe for the weekend.

The BOSS brand will be our key focus, but we are equally committed to HUGO.

I am excited by the opportunity that presents itself to HUGO today – namely to target more fashion-conscious, younger customers who seek to express their personalities through what they wear. In the past few years, we lost sight of these customers to some extent by diluting the fashion-forward, trend-focused heritage of the HUGO brand. Firmly anchored in the premium segment and at the same time attractively priced, I am very confident in HUGO's ability to play an important role in the growing contemporary fashion market – all the more so once we have expanded the brand's casualwear line in 2018.

HUGO will get the resources necessary to grow into a much bigger business over time. We are placing high importance on digital communication to engage with the young fashion-forward audience targeted by HUGO. We are investing into a new store concept which will live and breathe the DNA of HUGO. And we will introduce the new HUGO with a big bang: In June, we will present the brand's future creative direction with a fashion show at Pitti Uomo, the world's most important platform for men's fashion, in Florence.

And now over to you, Bernd…

Thank you, Ingo.

Let me tie in with your comments and outline the implications of these changes for our distribution strategy.

Starting on the wholesale end of our business, the feedback from our partners to the changes in brand strategy is clearly positive. The vast majority of them welcome the clarity and consistency the changes Ingo just outlined will add to the positioning of BOSS and HUGO. The focus on just two brands will make the presentation much easier for online retailers as well. Many partners also stressed their interest in a more refined and sophisticated casualwear line from BOSS with which they can more effectively exploit the strong growth momentum in this category.

While it will still be another few months before we can present the new collections to the trade, order intake for the Fall/Winter 2017 Collection, which still only incorporates a few of the elements that define our new brand positioning, was in line with our expectations. The casualwear line under the BOSS brand performed much better than in prior seasons, reflecting the first discernible improvements in the collection, while demand for BOSS Green and BOSS Orange remained solid despite the upcoming changes.

Nonetheless, the market environment continues to be tough – a fact that we continue to take into consideration when defining our future pricing strategy. We acknowledge the importance of accessible price points especially in difficult market conditions, but we also remain firmly committed to the principle of "same product – same price". We will be continuing our efforts to align global prices even more closely with the launch of the Spring / Summer 2018 Collection. We do not plan any significant adjustments before this date.

In 2017, improving sales momentum in own retail will stand at the forefront of our activities. In the year ahead, we aim to lay the foundations for the 20% increase in sales productivity we are targeting over the next five years.

Let me recap the five key drivers and their expected impact:

First, we are confident that the brand strategy changes will result in a much clearer brand message consumers will immediately grasp. Based on the BOSS positioning in the upper premium segment, we will be expanding and upgrading our product lines at certain entry price points to stimulate traffic and conversion.

Second, we will be correcting a mistake we made in the past by prominently promoting our casual wear line in our own stores. Until only recently, we had been predominantly focused on menswear clothing and womenswear, while neglecting to consider general trends in the market towards more relaxed casual and even athletic-inspired dress codes. In response, we have started reintroducing BOSS Green in many stores and our new Casual assortment will be provided with ample space when we launch it in early 2018.

Third, we will continue to expand our omnichannel services, knowing that convenience is a key factor in customers' purchasing considerations, especially where the core customers of BOSS are concerned. The rollout of Click & Collect, Order-in-Store and Return-In-Store in both Europe and the US will be completed by the end of the year.

Fourth, we are systematically investing in retail staff training and development to improve service quality and retention. This includes changes in the structure of retail staff remuneration as well as a new approach to retail training.

Finally, we will complete the optimization of our retail network announced last summer. By the end of the year, we will have closed the around 15 stores remaining under the program, thereby eliminating what were by far the most dilutive locations from our retail portfolio. These stores diluted the Group's adjusted EBITDA margin by 60 basis points in 2016, so closing them will support retail profits in 2017 and even more so in 2018.

We will also be closing some stores in locations where we have decided not to renew the rental contract. The other way round, we will continue to seize opportunities to expand our network where they arise. In 2017, for example, we will be taking over three key locations in Dubai from a franchise partner, thereby expanding our business in the Middle East. In total, however, we will just be adding something like ten new freestanding stores. Please note that these will all be BOSS stores. At least initially, our focus in the case of HUGO will be on expanding the brand's presence in relevant wholesale accounts via shop-in-shops before opening a few selected freestanding stores in key cities in 2018.

Because the new stores will be slightly larger than the average sizes found in our current portfolio, and because we also expect the number of shop-in-shops to continue to grow, we project that the network's size, as measured in square feet, will remain more or less stable in 2017. Yet stable does not mean unchanged – the network is constantly evolving thanks to renovations, which will account for the lion's share of our retail investment budget. The network will evolve even more once we start rolling out a new store concept for BOSS towards the end of the year.

While it is still too early to go into the details, one key element of the new store concept will be the expansion of digital elements, which we will not only use to tell the stories behind the product but also to create an omnichannel distribution process.

Regardless of the rise of digital and mobile, physical stores will not lose their relevance anytime soon. Their function as key consumer touch points is only going to become more important, but we need to make those stores more connected to the digital world. The introduction of omnichannel services as well as the further development of our store concept are important steps in this regard.

As the lines between online and offline become blurred, overall retail sales are what count. However, this should not detract from the disappointing performance of our e-Commerce business. In 2016, our own online business, that is the business generated through eleven hugoboss.com stores worldwide, declined by 6%. And the fact that many partners saw much better performances with BOSS products in their online businesses is not much of a consolation. Quite the contrary, it clearly points to the need to improve execution.

Our online business builds on a solid foundation. Thanks to the insourcing of key elements of the value chain in previous years, we directly control the online frontend and backend. We are convinced that owning the interface with consumers will be an important competitive advantage over peers. This advantage will only become magnified as we build up more and more online retailing expertise in-house.

In the short term, however, we are going through a learning curve which puts the commercial performance of our online business under pressure. It is very important to understand that the challenges we face have nothing do with a lack of resources – we have built good infrastructure, but we are not making enough of it at the moment.

Let me outline the key starting points to bring our online business back to growth over the course of 2017:

- Mobile: Half of the hugoboss.com site traffic is coming from mobile devices now. As a result, we need to think mobile first. That is why mobile will be given absolute priority in all aspects of online management going forward – from content strategy to navigation to the shortening of loading times.

- Content: Attractive content makes customers spend time on our site. We will create interesting content to engage with our customers and drive them to store.
- Service: Customers expect premium service from a premium brand. We will invest in shorter delivery times and an increasingly curated shopping experience to make the hugoboss.com website the destination of choice for the demanding customer.
- And finally, merchandising: From the second half of 2017 onwards, a more commercial and less complex offering will ensure that value-conscious customers find what they are looking for.

For us as a Management team, digital clearly is a top, if not the top priority in 2017. Our goal is not just to ensure that the online business contributes to retail growth again. At the same time, we are working on digitizing our business model wherever it makes sense to do so along the entire value chain – expect more news on this over the course of the year.

Mark…

Thanks, Bernd.

Online is particularly relevant for our European business, given that Germany and the UK are actually our largest and second-largest online markets respectively worldwide.

We expect our European business to remain more or less stable overall.

Performances in Germany and its neighboring markets will be somewhat more subdued, primarily due to the challenging market environment. Market data speaks a clear language here – in the first two months of the year, market sales in Germany were once again under even more pressure than they were at the end of 2016.

In the UK, solid local demand as well as continued strength in our business with tourists should contribute to growth in local currencies. That said, the devaluation of the British Pound will depress sales in euros. Note that we have decided against raising prices in the UK - at least in the short term - given that most competitors haven't raised their prices either, and the apparel segment is under a lot of pressure market-wide.

In France, the third largest market in the region, performance picked up towards the end of the year – a trend we forecast will also continue into 2017.

In the Americas, our key focus will be on turning around our US business. Without a doubt, 2017 will still be a difficult year. The market environment continues to be tough and marked by significant footfall declines, particularly in full price distribution. Against this backdrop, we expect sales in the US to still be down year-on-year.

Over the next twelve months, however, we will be laying the foundations of our return to growth in 2018. We will complete the rightsizing of our wholesale business – by the end of the year, less than 10% of sales will be in off-price formats and our brand will have fully disappeared from the racks of value retailers. We have also some initial positive developments in our business with department stores, where some first steps we took towards broadening our assortment at more accessible price points in the Fall/Winter Collection were well received. In our own operations, we expect that changes in space and merchandise allocation will help improve performance, particularly in the second half of the year. In addition, we just reshuffled our management team by transferring some store operations know how accumulated in Europe to the US.

Good growth in Canada and Brazil, and, to a lesser extent, in Mexico as well, should offset some of the pressure in the US market. As a consequence, total sales for the Americas region should only decline slightly overall.

Finally, we expect solid growth in China to drive sales increases in Asia. In China, we will continue to benefit from innovative marketing initiatives with a strong digital focus. Compared to just twelve months ago, we have seen a step change in the rate of digital followership on the most important platforms. This provides us with the reach to demonstrate our strengths in terms of quality and value to a much bigger audience. As a result, I'm confident in our ability to deliver solid growth in China in 2017, even assuming the declines in Hong Kong and Macau continue.

In sum, we expect Group sales to remain largely stable in 2017.

In wholesale, the order book provides us with good visibility. Mainly due to the U.S., where we expect channel sales to be down in the low teens, our wholesale business worldwide should see a percentage decline in the low- to mid-single-digits.

Performance in own retail is somewhat more difficult to forecast. The contribution of openings and takeovers to sales growth will be in the low-single-digits. On a comparable store basis, excluding the effects from retail expansion in the previous year and in the current period, we expect sales will perform within a range of -3% to +3%. Sales should improve over the course of the year as a result of the various collection- and distribution-related measures I outlined. Considering expansion effects as well as like-for-like sales performance, growth in the mid-single-digits marks the upper end of our guidance range for total own retail sales.

Finally, the license business should yield solid increase also in 2017.

The Group's gross margin should improve due to positive channel mix effects and the non-recurrence of prior year inventory write-downs. However, negative currency effects, mainly associated with the devaluation of the British Pound, will curb the margin's rise.

Largely depending on the sales performance in own retail, EBITDA before special items is also expected to perform within a range of -3% to +3%. This forecast assumes continued increases in operating expenses in connection with our transition to a strictly customer-oriented business model, including a slight increase in marketing expenses compared to sales. Carry-over effects from the savings initiated last year as well as store closures will limit the cost growth. Net income is expected to increase at a double-digit percentage rate, supported by the non-recurrence of costs incurred in connection with the aforementioned store closures. Depreciation and amortization charges as well as financial expenses should largely remain stable.

2017 will once again underscore the Group's ability to generate strong cash flows, even in more challenging times. Investment will remain at similar levels to those seen in 2016, amounting to between EUR 150 million euro and EUR 170 million. Around two-thirds of the budget go towards store refurbishments and new openings. The remainder will be largely focused on IT, where we continue to build the infrastructure we need to drive our digital activities. With regard to free cash flow, the expected profit increase will be offset by cash outflows related to the remaining store closures, the costs of which were booked in 2016 already. Overall, we forecast free cash flow generation in line with the prior-year level.

Ladies and Gentlemen, many observers have called 2017 a "transition year" for HUGO BOSS, because the change in our strategic direction announced in November will take some time to complete. Our presentation today should have demonstrated that 2017 will be much more than that. The term "transition" has a very passive connotation which is the exact opposite of what is actually happening at HUGO BOSS right now.

From a financial perspective, 2017 will be a "year of stabilization". From a strategic and operational point of view, 2017 will be a "year of implementation". In the next twelve months, we will lay the foundations for bringing HUGO BOSS back to profitable growth. That's why I am confident that we will be able to call 2017 a "year of progress" when we discuss our annual results in one year's time.

We will now be happy to answer your questions.