PUMA SE
CONFERENCE CALL
Q4 & FY 2023 PRELIMINARY RESULTS

Edited Transcript

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Jürgen Kolb – Kepler Cheuvreux
Zuzanna Pusz – UBS

Please note that the transcript has been edited to enhance comprehensibility.

Gottfried Hoppe

Thank you very much, Francy. Ladies and gentlemen, also from my end, welcome to PUMA’s conference call. First of all, let me start by thanking you for your flexibility in joining us today on such short notice for the extraordinary conference call on an extraordinary occasion.

Before handing it over to Arne and Hubert for their opening remarks, I would like to set the scene for the call. The purpose is to provide you with a high-level overview of the preliminary results for the financial year 2023, but also to explain to you the impact on our financial performance from the extraordinary devaluation of the Argentinian peso at the end of 2023. There will be no commentary on the fourth quarter trading by markets or current trading, which we'll be more than happy to discuss with you during our regular earnings call on 27 February. After the opening remarks, there will be the opportunity to ask questions. In the interest of time, I would like to ask you to limit your questions to one per person. Now, without further ado, over to you, Arne.

Arne Freundt

Thank you, Gottfried. Also from my side, a warm welcome to our conference call on the preliminary results and the outlook on 2024. As Gottfried has already highlighted, we are in an extraordinary situation and I think it's purposeful that we conduct a conference call where we'll first guide you through a general overview about the situation, the context. Hubert will then guide you through the hyperinflation accounting and the impact it had on our net sales, EBIT, as well as on the net income. And then I will provide an outlook for 2024, before we open up for questions.

When we talk about this extraordinary situation, I think it's worth that we spend a few minutes explaining the current context. I think it's common knowledge that we’re currently operating in a very volatile environment. The recent sector releases have also demonstrated this. This volatility exists not only from retail demand point of view, but also from a currency perspective. This is also why I highlighted it during our last earnings call on 24 October, that the achievement of our outlook is based on the market reality and the currency at the time of our Q3 release.

Mid-December we witnessed a sudden and significant devaluation of the Argentinian peso by 54%. This extraordinary devaluation of the Argentinian peso was not expected, neither from its magnitude, nor from its timing. We did build in some contingencies on our outlook for further devaluation of the Argentinian peso, following its year-to-date trend and also the latest available forecast, but not in that magnitude. The timing of the devaluation close to year end almost made it impossible for us to fully compensate the impact from this devaluation by price increases. This is how we usually operate in Argentina.

As Argentina is considered a hyperinflation country in our accounting, we need to retranslate the whole business year with the spot rates at the year end. So, instead of applying an average currency rate for the full year, with such a significant devaluation at the year-end would not have such a weight, we needed to retranslate the whole business year with a spot rate at the year-end. Of course, if you need to realise the whole translation effect of 12 months in only one quarter, this obviously has a significant impact on our business figures. But only from an accounting point of view, not from an underlying operating performance point of view.

I think it's very important also for this conference call that we look at our performance from two different angles. The first angle is our underlying operating performance, so what did we really achieve, excluding the extraordinary devaluation? And that was a very strong performance because we were fully on track to not only achieve, but even overachieve our expectations, especially on the profitability side. The second perspective is in the recorded financial performance, the figures which we recorded financially due to the application of this accounting. These numbers are still strong and still almost fully in line with the provided outlook, except for the net income side.

Let me talk a bit more about Q4, before we talk about the financial year 2023. In Q4 we delivered a good underlying operating performance and showed positive growth, before the Argentinian peso devaluated that significantly. It was probably the most challenging quarter of the full year and we were also comping against a super-strong Q4 2022, which was up 21% versus Q4 21. But we were still able to continue our growth trajectory, thanks to our ongoing brand momentum and good sell-throughs.

As I said earlier, due to the accounting of hyperinflationary countries, we needed to recognise the full year retranslation impact in only one quarter. Obviously, this had a significant negative impact on our financially recorded numbers. Despite the strong devaluation, we were also able to deliver on our promise in Q4 that we will significantly improve our profitability in Q4 2023. We delivered €94 million in profit, which is 100% more than last year, and also fully in line with our outlook and consensus. This we have achieved due to a strong improvement in our gross profit margin and strict cost discipline.

Now, let's talk about the full year. As I said, we need to look at our performance from two different angles. The underlying operating performance, this is what you see in yellow, and then our recorded financial performance, which you see in grey. Let's first look at our recorded financial performance. With our Q4 numbers we were able to deliver full-year numbers on the top line with our 6.6% currency adjusted growth, still broadly in line with our outlook of high single-digit growth. Without this extraordinary impact from an accounting perspective, we would have reported a growth of more than 8%, slightly above the midpoint of our previous guidance.

On the bottom line we delivered 622 million EBIT, which is fully in line with the outlook given and very close to the midpoint. Without the extraordinary devaluation, we would have overachieved the expectations and show a profitability at the upper end of our outlook, and above 640 million from last year. In our initial outlook at the beginning of 2023, we did say that the net income will change corresponding to the EBIT development. This projection did not hold true for Q4 and for the year, due to the Argentinian peso devaluation. Basically, the full gap between the actuals and the expectations can be attributed to this sheer accounting effect. Although we don't provide an outlook on this, I would like to highlight our great achievement on the free cash flow side. We did a huge improvement there on the cash generation side and will deliver an improvement of more than 100% versus last year.

Before I now hand over to Hubert, who will guide you through the detailed explanation of hyperinflation accounting, how this has impacted net sales, EBIT, net income, both for Q4 and full year, let me reiterate again. In 2023 we have demonstrated a strong underlying operating performance and our growth rates, even after the devaluation, show that we are set to win further market shares in a very challenging environment. We improved our gross profit margin on the back of less promotion and a better inventory position. We showed strict cost discipline, except for demand creating costs in a very volatile environment. And we have significantly improved our free cash flow by more than 100%.

For me one of the biggest achievements is that, despite the significant devaluation from an accounting perspective, we still delivered a full-year EBIT in line with the guidance and the consensus. And, again, without this accounting impact, we would have even over-delivered on EBIT at the upper end of our outlook. Now let me hand over to Hubert, to guide you through the hyper-accounting impact in more detail.

Hubert Hinterseher

Thank you, Arne. Let's start with a quick recap on September and the year-to-date outlook. As you can see, end of September we had a constant currency growth of 10.3%. Based on existing peso devaluation trend, we forecasted a high single-digit currency adjusted growth for the full year.

Let's now have a look at the extraordinary peso devaluation and the hyperinflation accounting impact. As you can see on the left, mid of December the peso devaluated significantly by 54% to 893 until end of the year. If we look how this is impacting our results because of hyperinflation accounting, we can see in a simplified approach two major impacts. One is the inflation adjustment according to the official inflation index, which is applied on the P&L, as well as on non-monetary items. And on step two, and that is the most important one, we have to translate the full-year P&L in local currency and the balance sheet with the closing rate.

As a consequence, due to the translation with the closing rate and the extraordinary devaluation of the Argentinian peso in December 23, we had a significant negative impact on the recorded financial performance of the PUMA Group. As Arne mentioned, it was not possible to offset these impacts, as we usually do, by price increases, give the short-term impact at the end of the year. Let's now have a look how the devaluation impacted the operating performance in sales, EBIT and net income.

Let's first start with the impact on sales on Q4 2023. We can see here that coming from underlying operating growth, excluding the area as devaluation, we translated into a currency adjusted decline of 4%. This particular strong impact on the fourth quarter is because of the negative translation impact for the full year, which is completely recognised in the fourth quarter. As a consequence, as said, we had to report currency adjusted growth of minus 4%, which is diluted by the impact of the full year translation at closing rate.

Comparing the growth on a full-year base, we can see that we would have achieved a currency adjusted growth of more than 8%, excluding the extraordinary devaluation of the Argentinian peso. Given the fact that we have to translate now with the unfavourable rate, the growth become 6.6% currency adjusted to 8.6 billion.

If we look at the impact on the EBIT, we can see that we had a strong underlying operating performance, even above expectations, giving a strong improvement in the gross profit margin trend, supported by less promotions and better freight rates. We also had our ongoing cost discipline, which paid off in the fourth quarter and supported the operating EBIT improvement. Nevertheless, due to the translation impact of the Argentinian operating profit, we saw a negative impact on the total reported group numbers. And this is then translating, despite the negative impact of the peso, into a strong EBIT of 94 million in the fourth quarter, an improvement of 133% compared to 2022.

Having a look at the full-year EBIT, we can see that before the Argentinian peso devaluation, we would have even achieved an EBIT above last year, 641 million. Given the impact from the translation of the local currency operating profit, we achieved in reported numbers 622 EBIT, which is a slight decline compared to last year. Overall, a very strong performance, given the negative impact of the Argentinian peso.

If we look at the net income, we can see that we had also in the net income before the Argentinian peso devaluation a strong underlying operating performance, driven by the operating result. This is then also translated into a positive trend in the net income. The impact of the Argentinian peso devaluation is not only in the EBIT, but also in the financial result because the translation of US dollar payables, as well as the translation of interest income with new currency rates impact the reported net income of the PUMA group. Which is in the end flat compared to last year, given the negative impact from the devaluation.

If we have a look at the full year, we can see that before the Argentinian peso devaluation, we would have been able to meet last year's net income as approximately 354 million. If we add the additional negative impact from the Argentinian peso devaluation, we end at 305 million in the reported net income of the PUMA Group. This is a decline of 13.7%.

If we sum it up, despite the negative devaluation impact of the peso, we achieved a very strong operating result with net sales broadly in line with the full-year expectation and the EBIT, which is most important, fully inline with the full-year expectation. Given the strong trend on the gross profit margin in the fourth quarter, as well as cost discipline on the OPEX side. With that, I would like to hand back to Arne.

Arne Freundt

Thank you, Hubert. I hope the additional explanations were helpful and everybody is clear about the fact that the deviation from the expectation is only driven by the accounting of hyperinflation countries at a very unfortunate moment in time of the year, with only 18 days to go. I think it's also clear the underlying operating performance speaks a complete different language and showed that we were fully in line with the expectation of net sales, and on a very good track to overachieve the EBIT which we have set as an outlook.

Now let's go onto 2024. Going into 2024, we foresee the geopolitical and macroeconomic challenges, as well as the highly volatile currencies continue to persist. We believe this will continue to weigh on the consumer sentiment, as well as on the demand, especially in the first half of 2024. While we cannot change these external factors, we continue to stay 100% focused on our control of this. Which means elevating the brand, bringing exciting product newness and innovation to the market, as well as continuing to be the best partner to our retailers.

I'm very confident about our outlook, as we are now in a better position at the start of 2024 than we were at the start of 2023. We've cleared our inventories, have a product pipeline full of exciting product newness and innovation, and we will launch our new brand campaign very soon, the first one in ten years. One thing I can also reassure you, that we continue with our attitude. We are hungry and have the ambition to continue to grab market share. With this, I would like to hand back to Gottfried.

Gottfried Hoppe

Thank you very much, Arne. Francy, we are now ready to start the Q&A.

QUESTIONS AND ANSWERS

Operator

Thank you very much. Ladies and gentlemen, at this time we will begin the question and answer session. Anyone who wishes to ask a question may press star and one. If you wish to remove yourself from the question queue you may press star and two. In the interest of time, please limit yourself to one question only. Anyone who has a question may press star and one at this time. Our first question today comes from Anne-Laure Bismuth from HSBC. Please go ahead with your question.

Anne-Laure Bismuth

Hi. Thank you for taking my question. I understand the explanation that you have provided about the Argentinian peso devaluation and the impact that it has had, but we have the feeling that there is something more deeper that is going on. Can you reassure us on that front? Especially on the new product innovation, has it been well received by wholesalers? What is the feedback on that? But first thing, can you reassure us that there are no deeper issues at

	PUMA? Thank you.
Arne Freundt	Thanks, Anne-Laure. Yes, I can easily reassure you on this one. The feedback on our new product pipeline has been very good. We are very excited about the newness, which is dropping in the course of this year. Newness not only on the performance side, but also on the sportswear side. We feel very well positioned and also our order book reflects this accordingly.
Anne-Laure Bismuth	Can you quantify your exposure to Argentina? Thank you.
Arne Freundt	When you say exposure, I think you mean what kind of share it has in terms of our total net sales mix. The share it has is in the low single digit.
Anne-Laure Bismuth	Thank you.
Operator	The next question comes from David Roux from Bank of America. Please go ahead.
David Roux	Morning, everyone. Just to focus on the FY24 outlook, in the release there's a comment where you flag demand risks in the first half. Can you confirm what you are expecting for the second half that's baked into your guidance? Then just a clarification. Can you confirm the FY24 outlook is clean of any accounting impact?
Arne Freundt	Thanks, David. I think when you look at 2024, we expect that the macroeconomic uncertainties and geopolitical challenges which we have, which are weighing on the consumer sentiment are spilling over from 2023 into the first half of 2024. This is why we expect H1 to be softer and H2 to be stronger. This is also how we see the shape of our order book building up. When we talk about the accounting impact, I think we also stated it in our outlook, that we are expecting that the devaluation can be fully compensated with according price increases. This is how we have always operated in Argentina, this is also how we will continue to operate in Argentina. Again, I think we're in a very special situation with a new president being elected, taking a very strong and sudden devaluation, which was not expected at that late moment in time of the year. So, yes, we can confirm that.
David Roux	Thank you.
Operator	The next question comes from Warwick Okines from BNP. Please go ahead.
Warwick Okines	Morning, everyone. Thanks for the explanation about the impact on 23, but I also have a question on 2024. At the bottom end of your profit range, you're effectively saying flat

	profits, but with revenue growth. Could you just talk through the dynamics that would get you to that situation? In particular, I'd be interested in the currency impacts on gross margins through the year, please. Thank you.
Arne Freundt	Thanks, Warwick. When we look at our outlook for the full year in 2024, we do expect the gross profit margin to further improve. Not only due to less promotion, but also due to a higher share of DTC. It's the same story as in 2023, in DTC we don't have the lag in between sell-in and sell-out. And the brand momentum is always best reflected immediately in the DTC development. Then on the OPEX side, I think we've always said we need high single-digit growth on the top line to see some operational leverage, thus we will continue to invest in the marketing side because we continue to perceive ourselves as the challenger who wants to continue to outgrow the market. And we believe with a mid-single-digit guidance which we have given, we are in the position to continue to grab further market share in that volatile environment. I'll let Hubert speak further about the currency impact on the gross profit margin.
Hubert Hinterseher	Let me take quick the impact of the hedging on the gross profit margin. We have in the first half year 2024 a little bit headwind from the currency 2023 first half year. We will enjoy a better hedging rate in the second half year. This will turn around, we will enjoy a tail wind from the hedging. But overall, for the full year 24, we see basically no impact from the US dollar hedging on the gross profit margin. The impact of the first and the second half here is neutralising each other.
Warwick Okines	Thank you. Apologies if this is a stupid question, but I don't quite understand the comment around brand operating costs. Because if you've got revenues rising in 24 and a higher gross margin, then you're actually assuming operating deleverage if you achieve the same absolute level of EBIT in 2024, as you did in 2023.
Hubert Hinterseher	If we have a look at the operating margin, of course we focus in the OPEX on cost control in 2024. But we see then the different intakes in the gross profit margin, not from the FX, but also from the promotions. And on the OPEX side we see also impact from the channel mix, so there is a certain area of ups and downs which we cannot forecast, and this is translating into the bandwidth between the 620 and the 700 million in the EBIT.
Warwick Okines	I see. Thanks very much.
Operator	Next question comes from Piral Dadhania from RBC. Please go ahead.

Piral Dadhania

Thank you. Morning, everybody. Could I please just come back to the guidance and the shape that you just described, Arne. On an underlying basis my understanding is that the Q4 exit rate in constant currency terms was plus eight organic top line. But the outlook for the first half of 24 sounds much, much more cautious, so the question really is where does that significant deceleration in expectations come from? I think you alluded to the order book, but is it perhaps, to a pervious question, that the product pipeline is maybe a little bit less strong in the first half or is there anything else that suggests or supports the view that the top line is going to slow as dramatically as you suggest in the next one to two quarters? Thank you.

Arne Freundt

Thank you, Piral, for your question. I'm not sure how you derived your 8% underlying operating performance. It is rather at the high end of low single digits for Q4 2023. And again, it's very important to understand, A, the volatile environment in which we are currently operating, and I think everybody is clear about the headwinds which have further intensified, especially on the back of the geopolitical challenges, which we see in this world. Secondly, please also bear in mind that Q4 2022 was very strong, the best quarter ever, with plus 21% growth, so the base is very high.

I think when you look also inter versus intra, I think it's always best that we look into how are we competing against the competition. And again, I think on the higher end of the low single digit, that we are among the better ones in the industry, how they competed in Q4.

Piral Dadhania

Sorry, I apologise, I think I misheard your prepared remarks. I heard plus eight, but no, I take your point. That's fair. Then in terms of just the H1, perhaps, is there a scenario in which your organic revenue growth could be negative?

Arne Freundt

We are only three weeks into the trading. As we said, we cannot disclose any results today. We believe that we are in a good scenario, that we will show growth in both semesters, but we will provide you with more updates on the current trading in the course of our earnings call at the end of February.

Piral Dadhania

Thank you.

Operator

Next question comes from Grace Smalley from Morgan Stanley. Please go ahead.

Grace Smalley

Good morning. Thank you. Could you just help us on the 2024 outlook, what you have embedded in terms of any impact from the current Red Sea disruption, both on a top

	line perspective in terms of the product flow and then also margin impact, in terms of any freight surcharges or whether we should expect the freight impact to flow more through into 2025, if it stays elevated, at least? And just any colour on what you're seeing in terms of the current disruption. Thank you very much.
Arne Freundt	Thank you. When you look at the disruption on the Red Sea, let's first put it into perspective. Around one-third of our freight goes through the Suez channel. When we talk about our freight rates, I think we also informed you last time that we have an agreement which goes until the middle of this year. There are obviously, due to the new routes which need to be taken, certain surcharges, which need to be applied. We believe this is a temporary impact, which would obviously only last a few months. But this will not have material impact on our profitability. I think the lead times we do expect are extending up to 20 days. That is something as we speak, since it was clear that we need to take different routes, where we're reprioritising certain products. But as of today, we feel comfortable that we are managing the challenge very well, both from a lead time perspective, as well as from a surcharge perspective.
Grace Smalley	Thank you.
Operator	Next question comes from Monique Pollard from Citi. Please go ahead.
Monique Pollard	Morning, everyone. Just one question from me on the gross margin expansion that you've talked about for FY24. In the context, as you say, inventories are in a good position. When I look at the fact that you're expecting gross margin expansion but you're thinking that the 1H shape might be a little bit more lacklustre than 2H. Is it fair to say you're focused on prioritising margins and not pushing through too many sales in a promotional environment? Would that characterise the approach at least to the first half of the year?
Arne Freundt	Thanks, Monique, for your questions. As I stated, and which is also reflected into our significantly improved gross profit margin for Q4, we believe that our inventory is in very good shape in terms of age, as well as in terms of size. But obviously we cannot stand away if competition continues to be on promotional. We feel that we are in the right position. Obviously we continue to focus on full-price sales. If the competitive pressure is high and we need to react to be on par at broadly the same prices, it's yet to be told.
Monique Pollard	Understood. Thank you.

Operator	Next question comes from Jürgen Kolb from Kepler. Please go ahead.
Jürgen Kolb	Thank you very much. The question's around the order book. I was wondering if you could maybe provide us with additional details on the magnitude of order book H1, H2, and specifically, if you've already seen any order cancellations from wholesalers? Thank you.
Arne Freundt	I'm not sure if I understood the last part of the question, why we should see order cancellations. Rather the opposite, we are taking more orders. When we look at the shape of the order book, as I said, we're still in the midst of the process of writing our orders for the second half of the year. But the shape which we currently see makes us believe that we see a softer H1 and then a stronger H2. But I would like that we finalise our order taking in the next two months, before we shed a bit more light on the build-up of the orders.
Jürgen Kolb	I thought that's specifically for spring, probably the order book is already pretty much in your hands. I was just wondering that maybe retailers, given the environment that you alluded to, may have also already been a little bit more cautious here, but that doesn't seem to be the case.
Arne Freundt	No. As I said, the more we move towards the mid of the year, the better our order book is improving, so Q2 order book is already better than Q1 order book, so this is something which we clearly see.
Jürgen Kolb	Very good, thank you.
Operator	Next question comes from Zuzanna Pusz from UBS. Please go ahead.
Zuzanna Pusz	Good morning, Thank you for taking my question. Sorry if this is a slightly silly question, but just to follow up on the assumptions you have behind your 2024 outlook. I'm still a little bit lost why it's so much weaker. You're accounting for the devaluation of the peso, I presume, the weaker order book. The gross margin I guess still having some impact of promotions, I presume, and the freight cost. But am I right to understand you basically expect your growth to be majority retail driven? That is also something that has been a concern, that it has a slightly negative impact on your EBIT margin. Because, otherwise, I cannot really reconcile why you would see potentially, and I think this was something that was mentioned before, OPEX deleverage. The only way I can square it is that you expect growth to be majority retail driven, and that comes at a higher OPEX cost for you, despite some gross margin uplift. Just to clarify, just so that

we're aware of what risks are baked into your outlook and what could still surprise us negatively, if for whatever reason it happens. Thank you.

Arne Freundt

Thank you, Zuzanna. I think when we are looking into 2024 and the sales, the geopolitical and macroeconomic stay very volatile. It is of course that we are taking a cautious approach going into 2024 and baked in all the risk which we can foresee as of this moment in time. I think that is clear. Then when you talked about the deceleration, again, I think we need to see very clearly that we are not operating in a bubble and we need to benchmark ourselves against other players in the same industry, how they are currently performing. I believe the mid-single digit will put us in the position where we can continue to grab the market share.

Now you had very specific questions in terms of how is the different channel split shaping up and how the different regional split is shaping up because it was all determining the different gross profit margin. Here again, we are only two or three weeks into the trade of this year. Normally we give you the outlook at the end of February, where we have two months in the books, where we have to see how it's clearly shaping up. And this is also how we would like to do it this year, that we are clearly giving you more indications of how we see the shape of the different divisions and channels for the full year.

Zuzanna Pusz

Can I just follow up? Can you confirm the retail channel at the EBIT level is margin accretive or margin dilutive for you? Just so that we understand because I think the big concern everyone is having is that the competition is intensifying in the wholesale channel. I think your peers are very vocal, both Nike and Adidas, about coming back to the wholesale channel. This is something that is important for us to understand because if that dynamic changes and you are no longer able to take that much share in wholesale, we need to understand what's the implication for your profitability. Can you just confirm, if retail channel, if you grow majority via retail, is this EBIT margin accretive or dilutive? Thank you.

Arne Freundt

First, it's a very specific one. When you look at the different DTC profitability, it does vary country by country, so it's also a regional component coming into play when you talk about DTC profitability. If you take a global perspective, it is broadly in line with the same profitability, which we do see on the wholesale side. What I mentioned also earlier, and I would like to reiterate again, that yes, DTC, especially also in 2023 was growing faster because we don't have the lag in between sell-in and sell-out. What we continue to see in

	wholesale is overall that we have good sell-through. We do see that also reflects in our orders. I did say already that our behaviour, that we want to be the best partner to retailers, is not changing and I think that's also what our retailers see. We also talk about competition being more vocal of readdressing wholesale, which I think is fine and the same comment which we see. Again, when we look into the market reality and most of the distribution channels, we are still the challenger. We don't have the market shelf space which we need, in terms of to really explore and show the strength of our product. So, for us the upside is significantly higher than any potential downside. We are clearly here to attack and gain more market share in the wholesale. Again, just the reality check is always the best witness, that you will say yes, he's right, there's more to gain for them.
Zuzanna Pusz	Sorry, I promise last one, but can you confirm if it's getting more difficult to gain shelf space or you're not seeing any difference from your peers coming back to wholesale?
Arne Freundt	Overall, we do see that the competition is fierce, but it has always been fierce. I cannot remember one year within PUMA that we did not have fierce competition. I think that is very clear. But again, we are far too small in most of the distribution channels and we are the ones who are attacking.
Zuzanna Pusz	Excellent. Thank you.
Operator	In the interest of time, we will take one more question, which is from Andreas Riemann from ODDO BHF. Please go ahead.
Andreas Riemann	Hello. One on the regional trends. You referred to an uncertain consumer environment. Is that a global comment, i.e. do you see a deceleration in EMEA and in China as well? Or is it still mainly the US which is responsible for the deceleration in H1 24? This will be my question. Thanks.
Arne Freundt	I would like to answer the question a bit more global than giving you specific guidance on a regional level for H1. What we do see and what we also have highlighted in the Q3 call, that the speed of the recovery of the American market is slower than what we have all expected. I think it's something which you see across the whole sector. But we believe that 2024 should be for sure a better year than 2023 for the US. I think on China, a bit different shape because it is growing, the industry, but not at the speed as we would have wished to see the recovery. Again, the same, we believe that we can continue our growth trajectory in China, in that environment. More colour we are happy to provide you in the course of our full year numbers end of February.

Andreas Riemann	So, no comment on EMEA? Because you started US and China.
Arne Freundt	EMEA is now a very broad region, compensating more than 13, 14 countries in our world. We continue to have strong positions in our countries there, but the geopolitical conflicts are in that region, one in the Middle East, the other one in the Ukraine. It is yet to be told how big this Middle East conflict is going to be in the future. This is clear in terms of geopolitical uncertainty, that it's the region which is probably most affected.
Andreas Riemann	Thanks for your answer.
Operator	Now handing back to Gottfried Hoppe for closing comments.
Gottfried Hoppe	Thank you very much, ladies and gentlemen. Thank you very much, Andreas, for trying to get some additional information on the current trading in the latest quarter. Hubert, Arne, thank you very much for making yourself available for this call at short notice. The same over to you, ladies and gentlemen, out there. Maybe a very quick remark, talking about reassuring you on the product newness. I would like to remind you about the opportunity seeing the product yourself, especially when it comes to spring/summer 25. Also reminding you about our Capital Markets Day on 29 February/1 March. Because that will provide you this exclusive insight into the upcoming product pipeline, which I hope you understand will be only possible in person and will not be broadcast via webcast. In the meantime, we are looking forward to your attendance in person and are looking forward to your further registrations. I hope the call answered all of your questions today. I'll be available by the end of the week for any potential follow-ups and then we'll be in our quiet period. In the meantime, have a nice rest of the day and talk to you soon. Bye-bye.