HORNBACH Holding AG & Co. KGaA

Q3/9M 2024/25 Results

Investor and Analyst Call

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Transcript

Speakers:

Karin Dohm

Antje Kelbert

Antje Kelbert: Good morning, and welcome to our update call for the third quarter and the first nine months of the 2024-'25 fiscal year for HORNBACH Holding. My name is Antje Kelbert, Head of Investor Relations. This morning at 7:00 we released our reports and presentation on our IR website.

Karin Dohm, CFO of HORNBACH Group will take you through financial highlights and development of our first nine months.

Before I hand over to Karin, I would like to remind you that the entire conference call, including the Q&A session will be recorded and made available with the transcript on the company's website. Following Karin's remarks, we will open the floor to questions. If you are unable to get your question during the call, please reach out to the Investor Relations team afterwards.

Please also take note of this disclaimer, which is valid for the entire presentation and for the Q&A session.

Now, Karin, I hand over to you. Please go ahead.

Karin Dohm: Thank you, Antje. Good morning, and a warm welcome from my side. Thank you for joining us so shortly before the holidays.

We achieved solid growth over the first nine months of our financial year despite a continued challenging macroeconomic environment, especially in Germany. Sales were up 0.5% to €4.95 billion. Our market share rose in most countries and our customer frequency picked up.

Gross margin continued to improve and was up by 1.3 percentage points in the first nine months. Adjusted EBIT came in at €300 million, significantly stronger than last year's results.

Let me do a little bit of a deep dive now into our P&L.

As highlighted, our net sales in the first nine months of 2024-'25 was slightly above prior year's levels. HORNBACH Baumarkt contributed with a sales growth of 1.1%, benefiting especially from organic growth across Europe. This is an outstanding development for two reasons. Firstly, we achieved this growth against the backdrop of low inflation and softening prices in the DIY sector. And secondly, we are still navigating a market characterised by soft consumer sentiment and reluctant spending behaviour, especially regarding larger projects. Thus, our strong sales growth means that our offering remains highly relevant to our customers.

As mentioned, customer frequency picked up over the last nine months with an increase in footfall of 1.6%. While average tickets were still slightly down year-over-year, Q3 showed signs of good recovery. Once again, our focus on multiple attractive markets across Europe is paying off, as demonstrated by solid growth in the Other Europe segment. This is also reflected in our like-for-like figures.

All regions, apart from Switzerland achieved positive sales growth on a like-for-like basis in Q3, summing up to a noteworthy 3.7% outside of Germany, especially Sweden and Romania having seen negative like-for-like momentum in the previous year have performed well over the course of the current fiscal year. In sum, like-for-like sales growth for the first nine months was up 1.1% based on an equal number of business days as the prior year.

Turning now to e-commerce. The share of e-commerce sales of HORNBACH Baumarkt came in at stable 12.4% in the first nine months of 2024-'25. Looking at quarterly developments, we achieved slight e-commerce growth in Q3 driven by Click & Collect as well as Direct Delivery.

In particular, Click & Collect as well as all online sales with in-store contact, performed well and are growing again. This confirms our view that the interconnectedness of online and offline channels is highly relevant for our business. Therefore, we continuously invest into all components of the customer journey providing attractive and state-of-the-art touch points, both online and offline.

We are absolutely convinced that the great customer experience across all channels, coupled with unmatched convenience, are incremental for our future growth and profitability. As previously mentioned, our solid performance also shows in our market share development.

I'm extremely proud of my colleagues who once again managed to expand market shares in key regions, especially in times of, as cited, softer consumer settlement. We remain confident that our customer value proposition will continue to pay off and that we are able to gain share against the background of active competition in all our regions.

Let us continue to go through our P&L.

Our gross margin increased by 1.3 percentage points compared to last year's nine months continuing on the higher levels we achieved in the first half of the year. While gross profit increased by 4.3% in the nine-month period, total cost increase was limited to plus 1.5% despite necessary salary raises that affected our Q3 cost base. As pointed out in earlier calls, we will continue to work on our cost and process efficiency.

Let's now take a look at earnings.

Overall, we improved our adjusted EBIT by 11.4% compared to the same period last year. In addition, we're pleased with the more balanced EBIT contribution across regions with Germany now representing 37% compared to 32% in the prior year's period. Our solid earnings performance has consequently also resulted in higher cash flows in the nine-month period. Our cash flow from operating activities increased by 20.1%, primarily driven by better net results along with ongoing enhanced working capital management.

Cash flow from investing activities was lower in the first nine months compared to previous year. Nevertheless, allow me to remind you that we still expect full year '24-'25 total CAPEX to come in at a range of €160 million to €180 million with larger investments into new stores coming up in Q4.

Regarding the gross CAPEX split, roughly half was spent on land and real estate thus far, mainly for new stores, while the rest was spent on store updates and equipment as well as software.

Moving on to our balance sheet.

Our consolidated balance sheet remains strong, almost unchanged at €4.5 billion. The equity ratio was up slightly, coming in at 46.8%, once again, providing reassurance and consistency for all our stakeholders. Reduced net financial debt and strong rolling 12 months EBITDA resulted in an improved debt ratio of 2.3% compared to 2.5% at the beginning of our fiscal year.

November, S&P confirmed our rating at BB+ with a stable outlook. All in all, our balance sheet underpins our robust financial position and the resilience of our business model, providing the foundation needed to capture future growth opportunities.

Against the background of recent capital market development, let's have a quick look at the development of our share.

As media coverage has focused heavily on share index developments in Germany lately, I would like to quickly point out that HORNBACH Holdings share has outperformed German indices this year. Even against the DAX, our share has an impressive headroom of 8%.

Independent of or especially because of the current macro environment, our strategic focus remains unchanged, seize long-term opportunities. This includes investing continuously into our sustainable growth, maintaining our strong market position, furthering our operational excellence, sustaining a strong balance sheet and paying an attractive dividend.

Perseverance and looking beyond short-term quarterly results continue to pay off for us. We are innovative by tradition and create stable conditions for positive change. Therefore, we are confident in our business model and our ability to grow.

Before we open the floor for questions, let's have a quick look at our full year guidance.

Anticipating typical seasonal performance in Q4 and earnings forecast for '24-'25 remains unchanged. We continue to expect an adjusted Group EBIT at slightly above the level of '23-'24 financial year, with gross margin stabilisation at the current high level.

Taking the development of the first nine months into account and in the light of ongoing challenging consumer environment, we expect net sales at the previous year's level. Indicated, we will reopen our store in Nuremberg shortly before the end of this fiscal year.

Next fiscal year, we will open four stores, one in Germany, one in Austria and two in Romania, adding 63,000 square metres of new retail space with the corresponding sales potential next year. Overall, we feel that our organisation is well prepared to capitalise on the recovery in the home improvement market going forward.

With that, I conclude my presentation and hand back to Antje for the Q&A session.

Questions and Answers

Antje Kelbert: Thank you, Karin. We will now start the Q&A session. Our operator will share some instructions and then we will take your questions. Caroline, please go ahead.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. We'll pause for a moment to allow everyone an opportunity to signal for questions. Thank you. As a reminder, if you would like to ask a question, please signal by pressing star one on your telephone keypad.

Antje Kelbert: Operator, we have some questions. Could you please take them into the line?

Operator: Yes, we will take the first question from line Thomas Maul from DZ Bank. The line is open now. Please go ahead.

Thomas Maul (DZ Bank): Yes, good morning. Thomas from DZ speaking. Thanks for taking my questions. I've got two. The first one, could you please elaborate a bit on current trading with regard to footfall and the average shopping cart size?

And the second one, can you please remind us of your expectations for the gross margin? Can we further expect gross margin to remain stable on that elevated level? Thank you.

Karin Dohm: Yeah, good morning, Thomas, and thank you for your questions. So current trading. Current trading is strong. We saw, as highlighted, good interactions with customers, both frequency as well as basket size already in October and November. And now it is like that on an ongoing basis in December.

We also see some components picking up, which give us, so to say, conviction that the slowly, so to say, silver lining also on some larger projects is coming through. I'm thinking here specifically about prefabricated construction elements or things like that, which keep getting more interest from customers than we saw in the earlier parts of this fiscal year. So there is a bit more momentum also on, let's say, midsized projects.

We always said we don't see yet the large projects coming through. But we see certain momentum throughout the last two months and now also throughout December into that direction. Footfall is fine. Customer frequency higher than in the previous year. So that's all pointing towards the one direction.

And then you had a second question with regard to gross margin. Yes, we definitely expect that to stay stable and positive as we are currently. I may remind you though that we're currently running when in comparison to previous year where we had the gross margin picking up in our efforts on the purchase side already coming through in the winter months.

So of course, now the difference so to say, between gross margin previous year and gross margin this year is becoming smaller or shrinking, but not because we're going down but just because the like-for-like difference is becoming smaller. So we feel very good about it. And that's in combination with asset active customers and this tendency towards bigger projects gives us really strong convictions that we will have a good start into next year and depend whether you talk calendar or fiscal.

Thomas Maul: Sounds great. Thank you. Very helpful.

Operator: Thank you. We will take the next question from line Volker Bosse from Baader bank. The line is open now. Please go ahead.

Volker Bosse (Baader Bank): Yeah, good morning. Volker Bosse, Baader Bank. Thanks for taking my question. I would have two. EBIT declined in the third quarter. You mentioned in the press release that this was based on salary increases. So could you share some more details here, please? And given that trend in the third quarter, is it fair to assume that also EBIT should decline in the fourth quarter, which would be possible given you have still some headroom to your full year guidance. So perhaps you take the opportunity to manage expectations in regards to fourth quarter.

And final one, in November, we had a Black Week season. So does it mean Black Week for you? Is it getting more important? Is it important at all? Or how do you look at these kind of important seasons and more important season for the overall retail environment? But not sure how does it play into the DIY sector. Thank you.

Karin Dohm: Yeah. Thanks, Volker. So on the EBIT side, you're absolutely right. Year-over-year, Q3 shows obviously an EBIT reduction. And yes, that is driven by the fact that we have, on the one side, you might remember in Germany, where obviously, given the way our store network is distributed across countries, the vast majority of people who are subject to trade union agreements is, so to say, based in Germany. And therefore, we had the final agreement between the retail industry and the trading units coming through in September.

So that has, of course, had its influence on our Q3 figures as over the course of 12 months, there was an increase of salary from 10%. And of course, this is always an area continuously at any time where we focus on making sure that, on the one side, we are really – as you know, and we've said that often and keep repeating that, we're convicted that paying good salaries and being an attractive employer is key to having the right guys who then can also provide our customers with advice. So we are fine with that.

But of course, we are keen to make sure that we offset that with process efficiency, with continuous improvement and with anything that we can do to make sure we are on top of things. And that has worked nicely, but of course not in that degree as we are on the same time gearing up for our new store openings.

We have, as you know, in February, there will be Nuremberg; in March, there will be the next store. And then we have more coming up in '25, and that means we're starting – especially for these two I've mentioned earlier, we're starting already now in bringing people onto our platform to make sure we can train them.

We really have them there when things are kicking off. And that, of course, partially is a little bit of a front runner there, which you also will see partially or have seen partially in our Q3 figures. So we feel comfortable with that and we are absolutely convinced that that's addressing your other part of the question, that Q4 will be a good Q4. You know January, February, it is more on the more quieter side in home improvement. People are not doing a lot in the garden or outside.

Often things are a little bit subdued there by nature, by season. It depends on a little bit what February will bring on the weather side. You probably recollect well, last February we had a very good season because things were picking up, temperatures were nice, relatively early. So we need to see what February brings. But we're absolutely convinced that we will keep our guidance that we will be fine on the EBIT side as guided. So no concerns there. As said, we feel comfortable in the way we're currently set up.

And then you ask for Black Week. Black Week is definitely not such an important topic for us. We are with home improvement in an area of the business where we are anyhow not so much. In the pre-Christmas part, apart of course from Christmas decoration and some other things, but our main season, as you know, is spring, is our Q1.

Nevertheless, what also is playing here into it is we have our everyday low price strategy. So we are very actually outspoken also when you look a little bit into our communication to customers that we said to customer, look, we are really doing a hard job and try to make sure that you get the best size offers. We also, as you know, guarantee customers paybacks if they find something the same product somewhere else for a lower price or if we lower the price of something that they bought maybe last week, they get an automatic payback.

So these are things how we operate. And so something like Black Week and doing campaigns to that part is not really our game. We want to be a reliable project partner. It's not really important for us, the Black Week effect.

Volker Bosse: Thank you very much. All the best. Merry Christmas.

Karin Dohm: Same to you.

Operator: Thank you. We will take the next question from line Miro Zuzak from JMS. The line is open now. Please go ahead.

Miro Zuzak (JMS): Good morning. Can you hear me?

Karin Dohm: Yes.

Miro Zuzak: I have three questions. The first one is on pricing. If you could comment on this in general? Can you confirm that now we are basically again in a deflationary environment? Or are you still able to increase prices? First one.

The second one would be regarding the like-for-like growth pattern in Baumarkt. Because in Q3, you grew by 1.1% against a minus 4.3% in the previous year. I would like you to comment on this. It was, frankly speaking, a bit below my estimate. Is it correct that it was rather a bit softer quarter also in your eyes, or is it in line with what you were expecting before?

And the next one is, in the cash flow statement, I see €6.6 million [inaudible] [00:21:09] in the investing cash flow; is it correct that this was basically not booked through the P&L, that's why it's in the investing cash flow section? Or was there any P&L impact from this payment? Third one.

Karin Dohm: Thanks for your questions. Let me start with pricing. We have two important things noteworthy, and that's why we're specifically very pleased with the way that sales have developed over especially this Q3. That is the fact, as you know, inflation in many parts, I know not in all parts, but in many parts of the economy are coming down. And also, obviously, in the main currency zones where we operate, which is, as you know, euro and then some neighbouring such as Swedish krona and others.

So in many of the countries, interest rates also have come down. So yes, macroeconomically, we are more on the side where prices come slowly, gradually, not in big steps. But as a tendency, you're more on the downward development of sales prices than on an upward development.

And as said, the underlying message here is, and that is super important from my point of view. We have not only increased sales, but we also have increased volume. And that is absolutely a very positive development, and that is a huge difference if you compare that to previous quarters. So yes, we are very satisfied with that. Specifically, as you could see in the figures like-for-like sales outside of Germany with 3.7%, that's really showing that we have a good momentum.

And we all know there is the one or the other sentiment challenge in Germany, but we're absolutely convinced when we look on to the underlying product mixes, I mentioned these construction elements before and some other things that there is the momentum coming slowly back. So we are confident that we will have a good year coming up with '25-'26.

And then you asked about some –

Miro Zuzak: Yeah, in the cash flow statement, you have the €6.6 million.

Karin Dohm: Yeah, that's – yeah, that is a little bit – probably you're alluding to the KfW elements where that refers to some solar panel investments and other components.

Miro Zuzak: The value with €6.6 million, and how was this booked?

Karin Dohm: Was this booked? Sorry.

Antje Kelbert: Investment.

Karin Dohm: It's an investment. Investments are always booked through, obviously, balance sheet and you have the equivalent on the cash flow. But happy to take that offline, if you want to be run by the teams through the specific bookkeeping.

And then you ask for – no, I think I covered the other thing. Thank you.

Miro Zuzak: Yes. Thank you. And Happy Christmas and Happy New Year.

Operator: Thank you. We will take the next question from line Johan Van Den Hooven from Value8. The line is open now. Please go ahead.

Johan Van Den Hooven (Value8): Good morning. Johan Van Hooven. Two questions from me, please. One about the cost development. You already said that the agreement with the trade unions with a plus 10% in salary increase. I just wanted to double check. Did that start in September? So there will be ongoing effect on the cost base?

And the second question is about the new store opening. You mentioned two in Romania, one in Germany and one in Austria. And I heard February and March. Can you give a bit more precise timing of the four shops? And the Nuremberg one, is that calculated as a new one? Because that's sort of renewed one, if I remember correctly.

Karin Dohm: Yeah, absolutely. Thanks for the question. And let me start with the store question first. So first one coming up, Nuremberg in February. Absolutely correct, that's the reopening. We knocked it down roughly 12 months ago. It's the same location but it's totally newly built, it's larger. It has more square metres, and therefore, it has also more employees.

And then come the new store. So really net new, that is one in Germany that will come in March. Then we have one in Austria coming up probably in June. Maybe June, July, don't nail me down, so to say on that. And then we have two in Romania coming up in September, October. So let's say, after the summer break.

As said, with these large building activities, it could always be that it moves a couple of weeks forward or backwards. But that's the rough time line. That means we will definitely have the two ones in Germany, Nuremberg in February and then Duisburg in March that those will definitely participate fully from the busy season, which is, I think, something that is obviously dear to our heart as usual.

And then one in Austria will be roughly half of the year and the ones in Romania will be coming in, in our Q3. So nicely spread across the year. And as said, coming back to your first question on the cost development, yes, the agreement with VAUDI[?] [00:27:11], that's the trade union in Germany that was these 10% were split, that was first roughly by half, you could say, 5.3% and 4.7%. And the first one was kicking in spring and now the second half was kicking in, in September. So it was a little bit split. And yeah, period.

Johan Van Den Hooven: Okay. So there's not a full effect of the 10%. It’s split over the years.

Karin Dohm: It's a split over the year. But on the other hand, there is a couple of headcount growth due to the new stores. And as said, we're really convinced that we will eat that out over time.

Johan Van Den Hooven: Okay. All right. Thank you very much.

Karin Dohm: Welcome.

Operator: Thank you. We will take the next question from the line Tim Ashton from Frilsham. The line is open now. Please go ahead.

Tim Ashton (Frilsham SICAV): Good morning, everyone. Just a couple from me, please. Could you talk a little bit more about Switzerland? I think you said, if I remember correctly, it's the one place where you haven't seen like-for-like growth. But I see that your share of the market has increased. Is that particularly difficult market in recent months or an exciting market for you?

And secondly, I'm sorry, I think I'm being very thick here. In terms of your guidance for full year EBIT, that looks like if we compare the total for the first three quarters, where this year is well up on last year and you're guiding for flat for the full year. That suggests quite a lot of costs in the fourth quarter. Are these mainly pre-opening costs for the stores that are coming in the start of next year, or is it quite a lot from the salary increase or something else? Thank you.

Karin Dohm: Yeah. Happy to take those questions. So first on Switzerland. Yes, we are happy with our market share development, and I think that shows how relevant we are for customers because, right, as you alluded to, there is a general market sentiment in the sense of people keep holding back on DIY topic. So the market volume wasn't necessarily growing.

And against that, let's say, non-growing market volume, we increased our market share. For us is that a good positive message. Our underlying performance is fine. We now just need a little bit of macroeconomic development to understand how can we grow beyond just growing market share, taking business away from others as part of our retail game, as you know. So we're fine with that. But actually, of course, it's always more fun when you have a growing general market appetite, customer sentiment.

But once again, similar to what we always said about Germany and Austria, we see a certain common pattern in the DACH region. So we think there will be a better mood in some of those countries or in all three of those in the next year. But good indications that that should turn slowly, gradually, but continuously.

And then you asked for the guidance. On the EBIT side, yes, we always said and we stick to that, at or slightly above. So please don't miss the slightly above. And we always give the ranges; now what slightly, for example, means in our wording, in our vocabulary, so to say.

And please also take into account Q4 is not super-active quarter. Customers are spending time with other topics usually in Q4, plus usually it is cold, it might be wet, it might be freezing. So that's definitely not the time where people start spending activity, time and/or money into home improvement.

Nevertheless, that's the cycle we've seen literally since the beginning of this company. Once spring is coming, once days are getting a bit warmer and then obviously also a bit longer, so somewhere in February or March, we will have all these effects, and then we will have the uptick in general activity level. So that depends a little bit, of course, whether that then flows into the end of this fiscal year or the beginning of the next fiscal year, talking about February or March.

But on the other side, we're absolutely convinced at or slightly above and slightly above is absolutely also something what we see currently coming towards us.

Tim Ashton: Fab. Thank you. That's very clear.

Karin Dohm: You're welcome.

Operator: Thank you. We will take the next question from line Duarte Murta from Kepler Cheuvreux. The line is open now. Please go ahead.

Duarte Murta (Kepler Cheuvreux): Good morning, everyone. Thank you for the presentation. Two questions from my side. As we go into a low interest rate environment in 2025, how do you expect this to affect the next business year, both on operational and cost standpoint? But as well if you could give your outlook for the increase in transactions for the secondary market that could possibly finally trigger those large DIY projects that have been missing in the DACH region. So yeah, particularly within Germany.

And second, on the two stores opening in Romania. Could you just highlight how the margin on that market compares to other countries within the International segment? Thank you.

Karin Dohm: Yeah, absolutely. So let's start with the question on the – sorry, that was a little bit unclear. It was lower consumer environment or lower interest rate environment? Sorry, the acoustics were not.

Duarte Murta: So yeah, the outlook for next year given the lower interest rate environment, both from lower interest rates, how do you expect them to affect the operations at HORNBACH, and then as well, your outlook on increased secondary market transactions, right, that could possibly trigger some activity in those larger DIY projects.

Karin Dohm: Okay. Excellent. Thanks, Duarte, for making that clear. So lower interest rate, definitely something where we think that has not only the potential but is a good reason actually for people to go more into larger projects. You know in Germany specifically, people love to save money. That is a nature of our macroeconomic environment. And we see that currently a bit more even than anyhow usually. So that is something where you really need to make sure to have that in mind.

We are absolutely expecting that lowering of interest rate, as we already saw this year, will go on in bringing people into more spending, having, so to say, the courage to go into larger projects where people definitely were holding back as interest rate and inflation were high and eating into people's purses. So we have had now interest rate coming down. We have had prices or inflation pressure coming down in many areas, not everywhere, but in many, and a lot of people had real wage increases.

So I think if you sum that all up, we definitely think that the spending environment will improve specifically on goods and services. You know this year, we had a lot in experiences. People were going to traveling to the Olympics or maybe to some pop concerts or doing things like that. But they were holding back on services and on goods. And we are quite convinced that, that is slowly but continuously changing.

And as said, we see that specifically in the footfall and the way the baskets develop on our side in the way that the composition of the basket is developing.

And then secondary market, I guess you allude to the aspect of people moving home. Is that correct?

Duarte Murta: Yeah, exactly. That's it.

Karin Dohm: Yeah. Okay. Yeah, that's a very valid point because right spot on that has been subdued over the last, and I would probably say, over the last two years. And yes, that is supposed to pick up, although I would like to caution, obviously, not very quickly. As said, we see a bit more sales and turnover in the construction elements.

And we also see in those areas where we focus heavily more on the new building side. Our main business is obviously home improvement. But we have some areas of our business where we focus on new buildings and on helping building corporations and other customers. And we see from the interactions from the way we discuss their activities, they give us the clear message that there is the silver lining on the horizon and that everybody is expecting that the building machine, so to say, especially on the residential side, will jump on and will be back into action in '25. But only, I would definitely like to caution, only in the second half. That is not coming super quickly.

It will come and then we will have more activity level in DACH region and specifically, of course, in Germany. So we are absolutely convinced that that will also be something that we will talk about in the second half specifically. The two stores in Romania. Romania is a country we're really happy, for two reasons.

Number one, we have the good growth momentum in general. There are more locations in the pipeline beyond those two that we open next year. Romanian people are really super-interested and active in home improvement. Also building activities are there way more active than in other countries where we operate.

We have nice EBIT margins there, so we're really happy there. And therefore, we expect those stores. Obviously, they need first to open and then they need to be up and running, which usually takes to have them at a level where we want them to be. You usually need to calculate two to three years and Romania is always a bit quicker. So two years is realistic. And then obviously, they will be providing good EBITs and they will be providing good EBIT margin. So we are absolutely pleased on that side.

Duarte Murta: Okay. Thank you for the clarity. And happy holidays.

Karin Dohm: Yeah. Same to you.

Duarte Murta: Thank you.

Operator: Thank you. We will take the last question from line Lars Hettche from HC Capital Advisors. The line is open now. Please go ahead.

Lars Hettche (HC Capital Advisors): Hello. Good morning. Just one question regarding the guidance for the revenues that was cut a little bit from slightly above now to stable. And on the other hand, in this call, it sounded that you're quite happy with the sales development within Q3 that some things picked up. You have some good indications that trading in December looks quite good. So how does it fit together, on the one hand, good sales development, on the other hand, the cut in the revenue guidance? Thank you very much.

Karin Dohm: Yeah. Thanks, Lars. I think the underlying pattern, if you dial back the time and think about the beginning of this year, so somewhere into the beginning of the calendar year '24, I think the overall expectation of consumer sentiment coming back at that time, indications of interest rate cuts, indication of inflation going down, salary increases in many parts of Europe, so the expectation was, of course, to see a bit more of that. What we see now in the, so to say, in Q3, I spoke about the like-for-like sales growth, specifically outside of Germany.

So yes, we see what we expected to see. We see it now a little bit later in the time line than we had hoped for, so to say, at the beginning of the year. And once again, there is always this little bit the known unknown, so to say, with regard to when are things picking up, will it be February or March.

Nevertheless, Q4 is, by nature, by season, not the strongest quarter. So yes, we think there will be a nice sales momentum in general also compared to the previous year. Nevertheless, the lever that we have with Q4 with regard to volumes general activity level is, of course, way smaller than we have it in Q1 or Q2. And therefore, that is the reason why.

Lars Hettche: Okay. Thank you very much.

Karin Dohm: Welcome.

Operator: Thank you. It appears no further questions at this time. I'll hand it back over to your host for closing remarks.

Antje Kelbert: Yeah. Thank you, Caroline, and thank you for all your questions we have taken here. Please if you have further topics and further discussion needs, please contact us at the Investor Relations department. We would like also to invite you to all the Capital Markets events that are upcoming in the next months and weeks. So we will participate in a lot of conferences and will be on the road.

Thank you very much for all your interest this morning. Have a nice day. Hope to see you soon. For those of you who celebrate Christmas, happy Christmas season, and for all, happy New Year. Thank you.

Operator: Thank you for joining today's call. You may now disconnect.