Cerved Group S.p.A.

"First Quarter Results 2018 Conference Call"

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MODERATORS: MARCO NESPOLO, CHIEF EXECUTIVE OFFICER

GIOVANNI SARTOR, CHIEF FINANCIAL OFFICER

PIETRO MASERA, HEAD OF CORPORATE DEVELOPMENT & IR

OPERATOR: Good afternoon, this is the Chorus Call conference operators. Welcome and thank you for joining the Cerved Information Solutions First Quarter Results 2018 Conference Call.

At this time, I would like to turn the conference over to Mr. Pietro Masera, Investor Relator of Cerved. Please go ahead, sir.

PIETRO MASERA: Hello, everyone, good evening. Thanks for joining today's call. Pietro Masera speaking, Head of M&A and IR for the Cerved Group, and I am here with, Marco Nespolo, CEO and Giovanni Sartor, CFO. Purpose of today's call is to provide you with an update on Cerved Q1 result as of 31st of March, 2018.

We realized that today is a bank holiday in the UK; however, we were unable to find other suitable slots for today's board. We have however, arranged the transcript to be published on the website in the next few hours. Hopefully, this will allow UK investors and analysts to quickly and easily access the content of today's call.

At this point, I will leave the word to Marco Nespolo, CEO.

MARCO NESPOLO: Thanks Pietro, and good afternoon, everyone and welcome again to our conference call on first quarter results. As usual, I will start with the executive summary on Page 4. Q1 consolidated results are clearly above the three year strategic outlook provided in 2016, reflecting the acceleration we had recently anticipated in credit management.

Total revenue growth was 8.4% of which 7.1% organic, among the highest in Cerved’s history. Adjusted EBITDA growth was 8.4% of which 6.8% organic, once again the highest in Cerved’s recent history. Adjusted net income increased by 3.1%, lower in the growth in EBITDA mainly due to the tax rate which is returning to normal levels after a particularly benign 2017.

Operating cash flow actually declined by 8.3% or €1.8 million mainly due to seasonal factors which we expect to reverse in the rest of the year, even though we expect some extra working capital intensity driven by the very strong growth in credit management.

Leverage remained stable at 2.6 times LTM EBITDA, but the amount of net debt actually declined by €15 million compared to year end adjusting for the cash out for Banca Popolare di Bari. This means that in virtue [ph] of our three times leverage target we have extra fire power for M&A, buybacks, as well as future dividends.

A few other points I would upfront here on the executive summary. First, we have completed the reorganization of the group with the merger of the OpCo [ph] into the listed Alco [ph] and with the surviving entity being denominated Cerved Groups SpA as opposed to the prior Cerved Information Solution, but with no change to the Isin Code nor to the ticker.

Second, with regards to IFRS, we are now presenting 2018 results based on adoption of IFRS 15 and 9 since January; hence we also had to restate 2017 results to have a like-for-like comparison. That has to be kept in mind while reviewing our figures and in next slide; I will provide you with some more details on different impacts.

Third, moving to business aspects, we have already on-boarded more than €20 billion of NPLs, thanks to the deals we closed with Banca Popolare di Bari, REV [indiscernible] and Quaestio. You will recall that in our full year presentation, we had provided a bridge which shows that we would have on-boarded €24 billions of NPLs in 2018, just based on contracts already signed at that time. Having already on-boarded most of them i.e. north of €20 billion even before the closing of the acquisition of Juliet Platform from Banca Monte dei Paschi [ph], I can definitely say that we are satisfied with the progress so far on the execution of this very relevant step up in the size of our credit management business.

Fourth, as per our press release on Friday, the condition precedent for the closing of the Juliet transaction i.e. ECB approval and successful capitalization has both been met, hence we are working with Banca Monte Paschi and Quaestio to finalize the transaction at the very latest by the end of May. As soon as the deal closes, we will also get another €4 billion of new NPLs from Monte Paschi, the so-called future flows generated since Mid 2017, which by the way are higher than the €3 billion initially expected and anticipated in prior call.

Fifth point here, on May 23rd; we are paying out the amount of €52.7 million dividends of €0.27 per share, which are 9.3% higher than last year. As said in prior calls, given where we are on leverage, we could have proposed more dividends, but we preferred a more cautious approach, given our M&A pipeline any interest savings we get from the lower leverage.

Sixth and final, we have scheduled our second Investor Day on the 25th of June, a couple of years after the first Investor Day which we held on May 10, 2016. In the meantime, however, we confirm our guidance for 2016-2018 period yet noting that a) we would most likely be ahead of that in terms of organic growth in credit management and in terms of leverage, and 2) that we are also focusing on larger M&A deals compared to the bolt-on deals that we had originally envisaged at that time.

So let's now move on Page 5, which provides some more color on the impact of IFRS 15 and to a very minor extent of IFRS 9. IFRS 15 is substantially inclined smoother and more linear revenue recognition for license based contract, no matter whether yearly or multi-year contract. We have several recent high growth products in the credit information corporate as well as to a minor extent contracts on credit information banks and credit management that are impacted by IFRS 15.

This leads to a restatement again just on a like-for-like comparison basis of consolidated 2017 figures of €7.2 millions lower revenues and €5.6 million lower EBIDTA. But I want to be very clear in terms of how that impact 2018. As anticipated in the Q&A session of our last call, impact on 2018 financials should be pretty minor. On budget…our budget for 2018 is substantially the same whether prepared under the old principles or under the new principles. Hence, your forecast for 2018 do not have change materially, as a result purely of new accounting principles.

So for completeness and our usual full transparency, we provided all the 2017 restated figures in the presentation for income statement, balance sheet and cash flow, including also all of the individual metrics that we typically provide in our presentations.

So just a quick look now at Page 6. As you can see, Q1 2018 growth rates for revenues and EBITDA are well above our recent history and the rest of the area [ph] should further benefit from the full impact of newly on-boarded portfolios as well as the Juliet transaction.

So then moving to Page 7, our message is regarding macro environment and in line with the recent past. Moderate recovering on Italy, slower than European peers, not providing material tailwind given the well known and largely discussed resiliency of our business. As far as current political statement, so far it's still very difficult for us to predict any impact on Italian economy in general and on our ecosystem in particular.

So let's now to Page 9 where you have a snapshot of our divisional results before then drilling deeper on each of the business unit. Credit information shows total revenue growth of 1.4% on one hand with strong performance on the bank's segment, thanks to positive performance on all sub segments, but on the other hand, with the corporate segment growing by only 0.5% versus a very strong Q1 2017, and after an even stronger Q4 2017. So the 0.7% growth in EBITDA is satisfactory if considered in conjunction with the limited top-line growth in the quarter.

Credit managed delivered a very solid 33% growth in revenues and an even stronger 71% growth in EBITDA, with a limited portion attributable to the newly acquired servicing division of Banca Popolare di Bari and with an only partial impact of the very recently on-boarded €20 billion of asset under management. Hence, definitely more to come in Q2 and following quarters.

Marketing solutions achieved limited revenue growth but we managed to slightly improve margins mainly due to a mixed effect and we expect growth to accelerate during the year. So on a consolidated basis, again growth was 8.4% on revenues of which 7.1% organic and 8.4% on adjusted EBITDA, of which 6.8% organic.

So let's now move into the business review starting with the credit information that you find in Page 10 in the presentation. The bank's segment grew by 2.6% which is a strong result driven by a combination of factors I did anticipate during the last call. On the positives, I mentioned in prior call that we had a very positive momentum coming out of 2017 in terms of new sales, given market share gains in real estate, new customers recruiting and whether up-selling and cross-selling in particularly on advanced analytic services.

On the other hand, on the negatives, I also mentioned in prior call that we were facing impact from banking industry consolidation happening in 2017 and that we were undergoing large contract renewals for almost €30 million of value. Each bank is a separate story of course, but in general, I would point out that we already managed to upfront and complete almost all renewals with some discounts of course, but larger and longer duration and good cross-selling. And Q1 already reflects most of those impacts.

On the other hand, the corporate segment grew by only 0.5%, this is mostly attributable to one, a somehow lower start of the year after a very strong end of 2017 with 9% growth in Q4. Second, a pretty tough comp against a strong 64.5% growth in Q1 last year, and third some delays on large customer on project with large corporate customers. We've seen some bumps in corporate segment performances before, and Q1 is to be seen as another example. But we expect to gradually go back to normal trajectory in the following quarters.

Regarding EBITDA, the 0.7% growth in Q1 is of course a bit lower than the growth in revenues, but once again this simply reflects from continuing mix impact already in large discussed in prior calls, as well as, some increase in some personnel costs required to meet evolving requirements on governance, compliance and group business development.

Moving to credit management, and I am now on Slide 11, the results are clearly very strong in terms of both revenues which grew by 30% and EBITDA which grew by 71%, resulting into over 600 basis points margin expansion from 21.5% in Q1 last year to 27.7% in Q1 2018. And to provide you with more color on our top line performance, I would make a few points here.

First, NPL workout segment is doing great, thanks to a) new portfolios from Quaestio Monte dei Paschi which are still in the early ramp up phase but already started to partially impact our P&L, b) the impact of the consolidation of Banca Popolare di Bari platform and c) group performance on collections on all existing portfolios.

Second point, Barclays performing portfolio is now at full speed with, of course, much more relevant impact compared to the CRC [indiscernible] portfolio, which was the only performing portfolio we were managing last year in Q1.

Third also corporate receivable segment is growing very well, mainly on the higher potential and more profitable SME front. Thanks to continuous improvements in our go-to-market, as well as, value proposition.

Fourth point is the legal and real estate asset remarketing, segments are continuing to benefit from improving concerning on our growing asset under management.

And fifth and last, they were significantly re-scoping our low margin non-real estate asset remarketing segment i.e. both machineries, car etc. cetera, which declined substantially by over €2 million. So in light of this the total credit management top line performance in the quarter is even stronger.

On the EBITDA front, Group's margin expansion is mainly driven by business mix, by more NPLs and SME receivables than lowering remarketing and two, good collections performance on our portfolios and three some operating leverage given fast growth.

So to conclude on credit management, I would also point out our full focus on the completion of the very relevant Juliet transaction. On the ramp up of the activities on the new large portfolios and on the aggressive origination of new portfolios leveraging the continued market momentum driven by strong ECB pressure and the GACS [ph] scheme and also leveraging our strong market position.

I would now move to Slide 12, which summarizes our results in marketing solutions. The business unit grew a little less than 3% in revenues and 7% in adjusted EBITDA. This is clearly below our targets and has been driven by the lack of growth on Payclick, also due to very tough comps with Quarter 1 last year, as well as, on customized lead generation projects on the legacy business. While platforms, so the platforms and CRM enrichments did grow in line with expectations. And we do however expect acceleration over the course of coming quarter. And we also continue to focus on small bolt-on M&A deals to complete our product offerings.

So I will now leave it to Giovanni for the financial sections. But I will be back to…later to conclude with the quick confirmation of our strategic outlook.

GIOVANNI SARTOR: Good afternoon and thanks, Marco. I will now skip to Page 13, which provides an overview of the income statement; with on the left side the 2016 and 2017 not restated that means what we had published on 26th of February. And then on the right side the restated full year 2017 and the first quarter 2017 and then the first quarter of the 2018 which is prepared only under the new IFRS standards.

Just a couple of areas to focus upon, the LTIP as a cost of about €0.9 million in Q1 and this reflects the accrual for the first and second cycles of performance shares. But not yet the first cycle that will be awarded in Q2, assuming that the first cycle has a cost of similar to the prior two cycles, we can assume that the normalized quarterly costs for the LTIP in 2018 will be about €1.3 million which will reasonably take the full year cost to about €5 million.

Taxation, in 2017 was particularly benign, thanks to a number of tax breaks and utilization on prior losses. But this benefit has now eroded and we are moving towards a normal statutory tax rate which is around 28%. The combination of these two factors is the reason for which adjusted net income grows by only 3% in Q1, 2018 versus stated Q1, 2017. However, we expect earnings growth to accelerate during the year as we will fully benefit from the Quaestio and Bari transactions.

Slide 14; provide our customary breakdown of net working capital. As you can immediately see and focusing on Q1, net working capital as a percentage of revenues is only 12.3% under the new IFRS reporting standard, whereas it was 15.2 last year based on the reported figure 2017 prepared on formal IFRS reporting standard. Reason for this is the application of the new IFRS 15, which reduced 2017 revenues as mentioned before, but increased the amount of deferred revenues. You also see a significant increase in receivable, which grew at a much higher pace than revenues. Part of this affected due the merger of the operational company Cerved Group into the Holding Company, Cerved Information Solutions.

The trouble is that all the clients were at the OpCo level, which was however merged into the holding company, and this for the customer entail paying to a different legal entity with a different VAT number, so some of this buildup of receivable should reverse during the next few months. But please, however, we remind that as we continue to significantly grow the credit management business thanks to the partnership with Quaestio and Bari there will be some working capital buildup. In our fiscal year call, we had quantified this amount at around €10 million, €15 million and this number I confirm as reasonable. The rest of the trends are in line with the recent part.

Skipping to Page 15, you can see the operating cash flow slightly decline to the level of €19.8 million, 8% less than last year. This is clearly due to the effect that we just discussed in the prior page. And once again please recall the absorption of working capital, which will finance the significant growth of the credit management business in the rest of the year.

Finally, the financial indebtedness at Page 16, it was at 2.6 times the EBITDA, so roughly in line with Q4 last year. But please recall that in early January, we had a cash outflow of €18 million to acquire the Bari platform. Consequently, excluding this acquisition, net debt would have declined from the €474 million pro forma in December to €459 million in March and on a like-for-like basis the leverage would have been €15 million.

Note however, that Q2 will have a considerable cash outflow, the €53 million dividends, the payments of Juliet platform and also the progressive buyout of various minorities. Considering all these aspects, we expect leverage to be around 2.9 times by June 2018 and this will be on a pro forma basis, which also captures the expected EBITDA from the Juliet transaction. Hopefully, we can remain below the 2.85 times level, which [indiscernible] us to achieve lower interest cost.

But in any event, we enjoy a strong financial situation, which will improve during the year. So we still have ample space to make acquisition and to assess a buyback, if and when the right conditions materialize.

Let me now hand it back to Marco for a comment on our strategic outlook.

MARCO NESPOLO: Yes, thanks, Giovanni. We already announced a second Investor Day on June 25, where we will of course elaborate in details the key trends in our strategy on each business units and we will communicate at that point a new midterm strategic outlook. But in the meantime, we can confirm that we expect 2018 results to be in line with the guidance we provided during the last Investor Day, a couple of years ago, which we reported again on Slide 18. However, a few points to be made consistent with messages that we delivered in prior calls and in this call already. First, the credit management will clearly do better than the low double-digit organic growth in 2018 given the relevant organic impact of the newly on-boarded large portfolios.

Second, the leverage is likely to end the year below the…well below the 3 times mark, which we had initially indicated. And third; whereas in the past, we mainly focused on small bolt-on deals, we are now increasingly looking also at larger deals. So at this point, we are done. And we are done with the presentation, so we can start the Q&A session. Thank you.

Q&A

OPERATOR: Thank you, sir. Excuse me, this is the Chorus Call conference operator, we will now begin the question and answer session. The first question is from Simona Sarli of Bank of America. Please go ahead, madam.

SIMONA SARLI: Good evening, gentlemen and thank you very much for taking my questions. So I have a couple of them starting from the credit management division, could you please provide an update on the NPL pipeline and also if you have seen any significant change in the competitive landscape in the past few months. And thirdly, you were mentioning that the significant margin progression that you had in Q1 2018 versus '17, it was related to mix as well as operating leverage. So if there is a chance probably to split between the two? Thank you.

MARCO NESPOLO: Okay, thanks, Simona. So on the first one; the NPL pipeline is…I mean, we keep seeing good momentum on the NPL market, as I quickly mentioned earlier that we do see and hear from our banking customer a strong consistency in ECB pressure, and also the fact that the GACS scheme has been proven as pretty efficient and is due to expire later in the summer unless of course renewed.

There is like…again a pretty strong momentum in more and more banks even on a smaller scale. They are trying to arrange something along these lines. So currently, there are several deals or let's say contracts that should come to market. We extensively mentioned GAC, so the bad loans from the…disappeared Veneto and Vichens [ph] are now sitting with GAC, this GAC is about to allocate part of the portfolio of the €10 billion each portfolio to external services, and of course, we do count on getting some of them.

There are smaller banks some of which...actually most of which I can't mention right now that are launching GACS securitizations and we are…actually we won a couple of small…I mean decent deals, they are not yet publically disclosable, but I mean account on having more news to come in, I mean, by the end of Q2. That basically, of course, I don't mention something which is happening already. It is clear to everybody which is the large, totally unexpected deal of Intesa with Interim [ph] which basically also drives me to the second piece of your question, i.e., the changes in the competitive landscape.

So on one end, we have something reasonably big happening soon which is the interim deal with Intesa, which I come back to in a minute. And...but on the other hand no significant changes, we see like the usual strong names being…fighting for the new contracts being us and DoBank and then specifically on the GACS scheme prior year's results are pretty effective given the recent track record, and they are also honestly pretty aggressive on gaining the new ones after the last year large deals who were not coming their way.

So the three of us are always there and the smaller players are really in and out of the picture depending on whether some of the funds that own them are into the party as well. And so, moving back to interim and Intesa, for sure especially optically, we will have soon a strong solid #3 player in terms of asset under management into the Italian market. But in terms of competitive dynamics or impact for us, I don't see or at least so far we don't expect material changes in the competitive dynamics for two reasons. One is that we have never honestly had on the radar screen Intesa assets as an addressable market for the Italian servicing business.

Intesa always declared they would have never done anything like that. So again, none of our plans were ever embedding any volumes from them. So that happened, of course, we would have loved to take part of that at least in part, but again it doesn't jeopardize the kind of pipeline that we had in mind and we keep fighting for, #1.

#2, is...basically, I mean, a large player being…I mean, the servicing platform being a bit more than 50% owned by someone buying the asset, i.e., interim and almost 50% owned a bank owning also most of the portfolio and having 100% of the EBITDA to start with dependent on those two players, i.e., I am not sure we can expect debt new comer to the market as a full market player in a sense in the short term also due to execution effort. So I don't expect the deal that I mentioned and the pipeline coming to market in the very short term or in the midterm begin significantly changed in terms of our ability to get part of it by these changes in the competitive landscape and market footprint in Italy.

On the last question, which again is two folds, on the...yes, you're right on the margin progression has been driven by both mix and collection and operating leverage. As usual, unfortunately, it is very, very hard to detect the single contribution of each component. But in terms of pure margin, of course, the mix did play I think most of the role here, again being pretty generic but I can't do more than that because the amount of growth on NPL which I remind you is the single largest EBITDA margin sub segment within credit management. So all the new portfolios and the big growth on NPL is, of course, accretive [indiscernible] same to our EBITDA margin, so most of the growth is coming from that, so mix impact. And remarketing which was very, very little margin especially on both machineries et cetera is declining, so that impact must have been playing most of the role. I mentioned also operating leverage because indeed after the very good, let's say restructuring of our cost structuring in the collection business and after we now can leverage that effectively especially on SMEs, we do enjoy some operating leveraging and margin expansion there and also collection rate and some growth, I mean the great growth on the NPL despite being a variable cost business is yielding a little bit of operating leverage. But, I would point the mix as the elephant in the room in a sense of this aspect, again without being able unfortunately to be super precise on that.

SIMONA SARLI: Thank you. Just one question also like on M&A if I may, you were mentioning before that you are keeping more headroom for future M&A, is there any chance that probably you can provide some color on the pipeline and which factory you are looking to invest in. And also considering that leverage into two, it will be quite close to three times, does this mean that you will be more like back-loaded through Q3 and Q4? Thanks.

COMPANY REPRESENTATIVE: Yes, sure. Well, as far as M&A pipeline I would rather elaborate and I expect we will elaborate clearly more in terms of which adjacencies do make more sense strategically etcetera later in like during the Investor Day, but for the time being of course, I can confirm that we do have something on the radar screen in the very short-term, it's only something reasonably, I mean, reasonably/very small as the kind of small adjacencies within the already covered business unit and it's about marketing solutions, which we covered in the past. And maybe on the real estate front as well, but again it's…that's the only thing I would cover so far, so again scaling up our let's say existing business units in more adjacencies, and on the second part of your question you are right, apart from those small things that might be closed actually very soon if again the due diligence would be successful and the final negotiation would also be successful. But, bigger staff or additional staff is more about things that would be a little bit back-loaded later in the year. We might have something starting in a month or so from now which will then be developed by kind of early Q3 probably, which is the most sizable one. So, in terms of sizing of the pipeline and that's about that and in terms of segments again as I already mentioned in the short-term is mostly about finding nice accretive synergistic specially in terms of go to market adjacencies within sub-segment of our existing business units in Italy.

SIMONA SARLI: Thank you.

OPERATOR: The next question is from Simonetta Chiriotti of Mediobanca. Please go ahead madam.

SIMONETTA CHIRIOTTI: Yes, good afternoon. Just a couple of questions, since most have been already answered. The first is on corporate; you mentioned that you expect this segment to go back to a normal growth trajectory, if you can elaborate a bit more on this point. So, what should we assume as a normal for the segment for this year, and another question is again on credit management, you have already discussed Interim Intesa today, during the weekend the Italian press reported a very ambitious target from them of doubling assets under management and in particular to buy other platforms, credit management platforms from Italian banks. Do you expect more deals of this kind you have going through the portfolios that are on sale is there any deal in terms of platforms from sales that is possible to comment? Thank you.

COMPANY REPRESENTATIVE: Yes, hi Simonetta. So, on the first question was…what we call normal trajectory of course is the kind of mid single digit that we have been experiencing, sorry, not only have been experiencing and achieving so far but also we have been promising like two years ago with the guidance. This year to be totally consistent we would like the three-year CAGR that we assumed and due almost all of you have in your consensus we should do more than that honestly because of the restatements on a like for like is the target to meet like the north of €160 million sales in the corporate to be very specific should be more in the range of 7ish% like for like growth compared to our restated 2017 a bit too early to tell whether we are full confident in getting there. To use the usual very open and transparent approach, I think that being north of 160 this year given the starting point where we are now is not easy; of course, we will do our best to do that. But I would be on this specific business unit, a little bit conservative than those numbers.

We have other areas where can maybe do better so far expected but on the corporate, we wish for this unit to calibrate a little bit more in the next quarter on how quickly we go back to the trajectory that we do again continue to see as our target as feasible, but again depending on the speed at which we get there, we might be or not exactly with the pace that I just…that I just mentioned.

In particular, I would not too like said priorly, in terms of accounting principles that for sure in the kind of technically there are no impacts in 2018, if we meet our budget, we will get there, no matter about the counting principles. But on the other hand, when you smoothen and again change the phasing of the revenue recognition, the whole, let's say a lot of like the behaviors in the phase force and how you fine tune incentive systems, and how you move from like one approach to again a smoother one, as to adjust. So we see this quarter on top of what I said earlier, as a kind of…again a transition into the full adjustment of our, let's say, commercial pace to this new revenue recognition discipline, so to say. So all of that together gives me again comfort together with a strong additional effort we're doing with a second round of commercial excellence project, which we just completed and we will elaborate during the "Investor Day" so that gives us as a continuous effort and continuous journey, confident that the trajectory will get back there, depending on how fast we get there, we will able or not to exactly meet the ambitious north of €160 million target that we set.

On the second question, yeah, for sure a number-3 player cannot do anything… a strong new number three player with important names in the shareholding structure and with strong operations to start with already cannot be less ambitious than saying that they will fight for new platforms if and when on the market. Honestly, there is in the short term, based on what we know and actually I should say… seek towards formally and publicly well-known, we don't see many deals after that. So, we…one, we don't see a huge transaction or relevant transactions coming to market soon, in terms of again platform sale and again I keep repeating that our point of view, of course we are behind, but our point of view is that there should be some conflict of interest in allocating portfolios to someone who is far more relevant in the P&L of working data and interim than anything that could come to market even mid or large in the short-term. So I hope that if and when there's something available, competitive dynamics and deal dynamics would be different than favorable to the new entity, but again, we will see, it's subject to really we don't have any data points already on that.

SIMONETTA CHIRIOTTI: Thank you.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your touchtone telephone. Once again, if you wish to register for a question, please press "*" and "1" on your telephone.

The next question is from Michele Baldelli of Exane BNP Paribas. Please go ahead.

MICHELE BALDELLI: Hey, good evening to everybody. I've just curiosity about the buyout of minorities. When you mentioned €14 million, if I remember well, is it anything related to the minorities in the credit management division? Thanks.

MARCO NESPOLO: Yes, indeed, not only, but a relevant portion of that is from the minorities that we are buying, partially by not completely, but the ones that are left most of the half of them we will be buying in...very soon as the put and call did [indiscernible] partially this year plus the same efforts with Payclick and Major1 one where in the usual scheme, we do have yearly put and call options to scale up from that the percentage we initially bought to a kind of full ownership in due course. So the €14 million you mentioned are mostly credit management and then to a less extent Payclick and Major1.

MICHELE BALDELLI: Okay. Thank you very much.

OPERATOR: Mr. Nespolo, there are no questions registered at this time sir.

MARCO NESPOLO: Okay. So I think we have done with this call. Thanks very much and talk soon.