Cerved Group S.p.A.

"First Quarter 2019 Results Conference Call"

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OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Cerved Group First Quarter 2019 Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions.

At this time, I would like to turn the conference over to Mr. Pietro Masera, Head of Corporate Development and Investor Relations. Please go ahead, sir.

PIETRO MASERA: Hi, good evening, everyone. Thanks for joining the call today. It's Pietro Masera, and I am here with Gianandrea de Bernardis, our Executive Chairman and Andrea Mignanelli, the newly appointed CEO, as well as, Giovanni Sartor. And the purpose of the call today is to give you a heads up on Cerved's Q1 results for the 30th of March 2019.

And at this point, I will give the word to Gianandrea de Bernardis.

GIANANDREA DE BERNARDIS: Perfect. Thank you Pietro and good afternoon everybody and thank you all for joining this call today. Let me just spend a few minutes to describe the changes which have taken place in terms of governance and management team following the AGM held on April 16th.

As you will see, all the changes reflect as a matter of fact a high degree of continuity versus the past. Hence, we do not expect any material impact on the performance of Cerved of our company and continuity and improvement has been the life motive of our intervention so far.

The Annual General Meeting, the shareholder meeting appointed a new Board of Directors as you very well know which is composed of 11 members as follows, only 3 are Executives so myself, Andrea and our General Counsel, and where all the others are independent or non

Executive, and 7 out of the total of 11 were already on the board for the prior mandate. And the new Board of Directors met for the first time on April the 19th, and made some, you know, relevant appointments.

Andrea Mignanelli was appointed as Group CEO from his prior role as CEO of the Credit Management Division of Cerved, while I was appointed as Executive Chairman from my prior role as Executive Vice Chairman, while Fabio Cerchiai was appointed as Lead Independent Director. Regarding Andrea, his appointment as new CEO for a detailed assessment by leading Executive search firm, as well as, by in depth analysis by the outgoing [ph] Remuneration Appointment Committee and the Board of Directors. But I think that almost all of our investors already know Andrea and have seen his brilliant results in the recent past. So you know, I won't take more time to present him further, but I will make a few comments on Q1, which as you know were managed during my tenure as Interim CEO.

The overall trajectory is pretty much in line with our full year expectations, so in terms of revenues, adjusted EBITDA and adjusted net profit growing respectively at 12%, 9% and 15%, and as usual, with a very solid cash flow generation. However, most of the growth derived from the Credit Management Division as it happened in the recent past and also in [indiscernible] from the Credit Information and Market Solutions Division.

So in this respect the board, Andrea and myself have already laid the foundations for some of…some initiatives. First getting the Corporate Division back on in better organic growth trajectory and taking out cost from the Credit Information Division in general as a whole, and on top of that creating further growth opportunities for the Credit Management Division. And last but not least, delivering more on M&A, both in core and adjacent markets. These 4 initiatives are very important and I think that the management team will dedicate a lot of effort in the coming months to pursue these objectives.

Clearly, we have not only laid the foundations so far, and Andrea also will lead the charge for the implementation. So you know, having said that, at this point I leave to Andrea to provide more details on these initiatives, as well as, to present the Q1 results. Thank you very much.

ANDREA MIGNANELLI: Thank you, Gianandrea. Thank you very much. Good afternoon everybody and thank you again for joining us today. Before moving into the presentation, let me thank the Board of Directors for their constant support, and I truly look forward to continuing to work with Gianandrea and the management team.

I am very honored to take the CEO role of Cerved, I am conscious of the challenges that I am facing, and but at the same time I am confident that the company can make it the way we want, and also I am very committed to ensure the continued success of the company for the shareholders, the stakeholders in general. So beyond my role as a CEO of Cerved Credit Management since 2011, I have been on the Board of Cerved since the IPO in 2014. And I've always participated in fully approach Cerved strategic intention, so I'm not new to the strategy and you may recall I've always been sitting on the Investors Day presentation we had in London in the past few sessions over time.

So just to repeat and reinforce Gianandrea's message of continuity, I do not expect any significant changes to Cerved's strategy and medium term outlook as indicated in the Investor Day which we presented last June in London. However, I am fully committed to successfully executing these 4 initiatives that Gianandrea just mentioned, and just let me give you just a bit of extra details on each of those. On the Corporate Division side, I believe we can improve our growth from the current level of around 3% to like a 4% to 5% as per our guidance and I think we hold the levers to achieve this improvement. We are not blaming the economy on this; I think it's a matter of go-to-market. We have done quite a lot of work there. We do not need a major step up in performance, but we need to be more like disciplined in getting results on a day-to-day activity. And especially now that we just re-launched our sales force set up by merging the sales force of credit information and credit collection together.

On the credit information in general, both corporate and banks, I believe there is a need to revamp operations in order to improve efficiency of this division and get back to the profitability level that we used to know in the past. Cerved has always been [indiscernible] company given its private equity background, but…so I don't believe there is any low hanging fruit that we can catch. But I also believe that there are serious benefits that we can achieve in the short to medium term by reengineering a certain number of processes, de-layering some of the areas of the company. The ultimate objective here will be to stabilize EBITDA margin at current levels and keep going at this stage, at this level.

On the Credit Management side, we all know that the last few years have seen some fantastic but unfortunately, not sustainable growth rate. The market professional servicing of NPL is slowing down; it's not decreasing, but obviously cannot keep growing at the same rate as we did in the past. That's true for us and it's true for our competitors. But we still continue to grow at a very healthy rate and also on top of it we are exploring some strategic initiative to get growth beyond the natural evolution of the market. And some of these initiatives were mentioned in the Investor Day, some will be described a bit more into details as we go along in the presentation.

Finally M&A, I would say the Cerved has been quite successful in M&A so far although most the focus was on the Credit Management Division. Now, I think we can do much better in all the other areas in the credit info, the big data, the digital marketing area, the advanced analytics area. So…but, you know we will be very, very focused on revamping our M&A strategy, especially looking out at the agencies with a medium size and small targets to integrate our product offerings. We have…we are coming from a reassessment of the M&A strategy with the Board and with the top management team. So clearly, at the moment it's…I cannot disclose any of our targets, but I can say that we have a very interesting pipeline.

All the initiative we just mentioned are in line, as I said before, with the last year Investor Day. And so even if there is some deviation here and there, I don't think there is any reason not to stick to our strategy and outlook.

Now if we want to move to Page 3, I will dive into the numbers and with respect to the financial performance, overall figures for Q1 are quite good and I would say on track to deliver our expected results for full year 2019. We see revenues growth at 11.5% of which 4.2% organic. Adjusted EBITDA grows 9% of which 3.6% organic. Operating cash flow grew by 30%, adjusted net income by 15% and leverage is quite stable at around 2.6 times EBITDA. So, all in all, I would say good numbers. All these are clearly…has been restated according to IFRS16 and also, we provided in the presentation some backup numbers in order to compare Q1 restated with Q1, '18 restated at the same time.

So good numbers overall, although we are not very happy about the split of these numbers across the various division especially in Credit Information and Marketing Solutions. I would say that we covered most of the content also of the next pages. So I would stick to Page 8, where we see a snapshot of the divisional results.

As you can clearly see immediately from this presentation, we are not very happy with the EBITDA growth of credit info and credit and Marketing Solutions where we made minus 1%...1.6% and minus 3.8%, no excuses here. Basically, we just need to go back in shape, both in terms of returning to a solid growth trajectory, cutting costs, doing more M&A to complement our activities.

We…possibly we keep, you know, doing quite well in the Credit Management Division, where you see a 36% growth in revenues that is more than 60% growth in EBITDA.

Let me now go to Page 9 where we dive into the…each of the division, and we start from credit info. Overall, the division is flat in terms of revenues and declined 1.6 in terms of EBITDA. As I say definitely not satisfactory and we need to fix the situation. Clearly, the real issue relates to the top line and leads to the decline in EBITDA. Banks revenues had a worse quarter since 2014 and declining by minus 1.7%. And the reason is mostly due to renegotiation of a very large contract, which we anticipated in our full year call, coupled with lower growth in real estate segments, which we did not anticipate.

The contract was a large one. So we are happy that we did a renegotiation with this very large client for a significant amount. But the restatement effects had some negative impacts, especially on the first quarter.

Corporate revenues were slightly below target, basically due to a bit slower than expected ramp-up after or during the restructuring of the sales network. To be honest, maybe we've underestimated a little bit the disruption of this quite significant change in the go-to-market. We are merging the two networks as I said, we are reallocating clients. We are reviewing incentives of the field sales. We are introducing a new single contract both for credit info and credit collections, and also teaching clients to use new product platform. So, there is some disruption in place. We are confident that we overcome this disruption quite rapidly and we hope to see the first benefits of this new set up quite soon starting from Q2.

For the full year, we stick to our targets in terms of divisional growth and as indicated in corporate…in Investor Day, so we expect corporate growth that will be more backhanded than originally expected due to what I just said, will result improving during the course of the year. We also expect banks [ph] to be able to somehow improve during the year. We have a lot of initiatives in place and I think those initiatives can help us to return to a decent level of growth in line with Investor Day guidance.

Now let's move to marketing solution. This is an area, which we expect way more than this. To be honest, I mentioned this fact to many of you during our one-to-one meetings we had in the past. It's a small division, but has a large opportunity, it's a large opportunity deriving from the highly fragmented market we operate in and by the fact that we have very small market share, so we want to grow it. And we have taken some actions to improve the situation here. The most recent action we took was in December last year when we gave full P&L responsibility of the division to a single person and we think this will have results. We clearly just need a little bit of time for this person to wrap-up the Company’s within this division and make it work as a whole body rather than just a federation of companies.

We are quite happy with acquisition of Pro Web Consulting, which is performing quite well, and is actually driving a large part of our growth year-on-year. We're also quite happy with having acquired the majority control of SpazioDati, which is a brilliant company, doing an excellent job in terms of, let's say, analytics and data….sophisticated data, services in general. And these solutions are a catalyst for the growth in corporate and in the banking segments. But as I say, we need to give a little more time to the new management team and also carefully monitor the situation to ensure that results will come alongside our expectations. We also need to be more active on the M&A side here because there are so many mid-sized companies out there that could contribute to our growth trajectory.

Finally, let me go to Page 11, where you see the Credit Management and it's the first time I present this page as a CEO of the Group rather than the CEO of the division, so it's a bit of an emotion for me. But 2018 has already been a landmark year, as you may recall, we did our best year ever in terms of growth, but also Q1 has started with the right pace, with revenue growing at 36%, EBITDA more than 61%.

Clearly Q1 and Q2 will have some extra growth, thanks to the first time consolidation of Juliet Platform that joined the Group last year in May, June. But as I mentioned earlier, we also have some solid organic growth coming from all other contracts and platforms that we have with our clients.

More on a strategic note, we've kicked off a few projects to create further growth opportunities for the division in the medium to long-term. And so our current reference market continues to grow now, even if the pace is slowing down a little bit, we are keen to identify new opportunities and new markets.

In Investor Day, we said that we would expect further growth coming from increased assets under management available for servicing and the new law coming out of….on GACS will actually enable this lever, improving collection rates, macro is not helping that much. But we learn, we keep improving as a Company, so our performance rates are improving. We are also pushing on ancillary services, just as legal workout, and real estate. And, you know, as I said before, I'm trying to explore at maximum level the synergies with the Corporate Division.

We also identified 3 major levers to keep growing the division beyond the current existing trend of the market. And #1 is partnering with players, who are purchasers of NPLs. And we will not, never become a buyer of NPLs, but probably partnering with somebody who has the ability to buy NPLs who will make us stronger in some competitive situation. At the same time, there is still an opportunity for consolidation in a purchasing some credit collection platforms from banks or from smaller players. And finally, international growth. As you know, as I mentioned in the past, we closed the transaction on…in Greece with the Cerved Property Services from Eurobank and this will give us some lever to get into a very interesting country and to consolidate…like Greece and consolidate our presence in Romania.

As you can understand, some of these initiatives are highly confidential, very delicate, so I prefer not to disclose further details. But I want to represent that some of these initiatives may go beyond what we described in the Investor Day.

Now, I'm done with the division analysis. Let me turn it to Giovanni, our CFO, for the section on financial. Thank you.

GIOVANNI SARTOR: Good afternoon and thanks, Andrea. As a quick reminder, our 2019 Q1 results reflect the first time abruption of the IFRS 16. We had already mentioned this on our fiscal year call in March and the details in terms of impacts on 2018 is laid off…is laid out, sorry, on a Slide #5.

With about €4 million increase in EBITDA, a €44 million increase in net debt, the impact fairly neutral on valuation, but somewhat penalizing in terms of leverage ratio although not too material. Clearly, the income statement presented on Slide 14 reflects the IFRS accounting standards. I'd say no material aspects to talk about and please note that the Patent Box benefit up to and including 2018 were all registered in Q4 of last year. Benefits for 2019 are expected to be around €3 million for the full-year, of which about one-fourth already allocated to Q1.

Slide 15 provides our capital [ph] breakdown on net working capital. As you can immediately see, net working capital increased to 13.8% of revenues adjusted to reflect the 2018 acquisition on a full-year basis. There is an increase compared to the 12.3% in 2018, yet this is mainly due to the increase contribution of the management…Credit Management division, which has higher working capital intensiveness. In Q1 2018, Credit Management represented a 26% of revenues which increased to 33% in Q1 of 2019. So yes, there is some increase in working capital, but I'd say in line with the business mix.

Moving on to Slide 16, operating cash flow was very strong in Q1 and please note that there is no impact here from the IFRS16. The increase of 30% is due to 2 main factors. First, impart the underlying growth in EBITDA, and second impart also lower investments in working capital in the Credit Management business. Recall, that last year we were funding a huge wave of growth. This year, the level of growth is much lower and hence the investment in working capital has declined. So for the full year, we can still reasonably expect the operating cash flow growth to be higher than EBITDA growth, but the difference will be much less than what we have seen in Q1.

Last but not least and moving to Slide 17, the financial indebtedness as of March 2019 was a 2.6 times the EBITDA. Based on LTM EBITDA, which on a pro forma basis also includes the full P&L impact of close deals and clearly all is based on IFRS16. Leverage will increase in Q2, once we pay out sum €59 million dividends, but still somewhat below our 3 times long-term leverage target.

And please recall that we prefer to keep leverage below 285 times, otherwise lending margins increase by 250 bps. Please however, note that the financing agreement and the definition of leverage are not impacted by the IFRS16.

Thanks for your attention, at this point, we have completed the presentation. So let's open the Q&A session.

Q&A

OPERATOR: Excuse me; this is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who has a question may press "*" and "1" at this time.

The first question is from Chirag Vadhia of HSBC. Please go ahead.

CHIRAG VADHIA: Hi, there. 3 questions, the first one is to do with contract news in the Credit Information, Financial Division. Can you update us as to what are the contracts due for renewal in 2019 and the next year? Second question, how the contract term trends progressing in the Credit Information

Corporate Division? And finally, on the Credit Management, could we have an update on the pipeline NPL collection rate trends and any impact on fees? Thank you.

ANDREA MIGNANELLI: Yes, sorry. Could you just repeat the second one because we didn't quite get it?

CHIRAG VADHIA: So how was the contraction trends progressing in the Corporate Division?

ANDREA MIGNANELLI: Okay, so on the first one contract renewals, we have no contract expiring…major contracts expiring 2019. We have a large one expiring 2020. And so, we are not worried, let's say, for the short-term and we have not started any discussion with the client as the time being.

And in terms of contracts on the Corporate Division, it's too early to say that there is any significant change given the restructuring of the network. So we don't see any negative impact. There has been a bit of a slowdown due to the restructuring as I mentioned before, but we see interesting results nowadays. So April is already looking better than March. And it's a bit early to comment. So I hope you can bear with us for the next call to give you more details on the results of the restructuring.

In terms of Credit Management, I would say pipeline is interesting because of…as I mentioned before the GACS scheme have been validated by the government. And estimates are that several banks will take the opportunity to use the GACS scheme to offload a bunch of assets from their balance sheet and we are talking €20 billion to €30 billion of assets probably. In the past, our market share of GACS scheme has been in the range of the 40%. So we are keen to see this new wave of deals coming through. And especially because the GACS scheme deals where [ph] an independent servicer is well placed, even if it's not a buyer of NPLs because the GACS, the way it works, it requires an independent servicer rather than investor.

And in terms of collection rates, as I said before, unfortunately macro [ph] in Italy is not helping that much, because we didn't have any GDP growth or any inflation starting, which are normally two key drivers for increasing collection rates. But our rates are improving. And I would say that, although the market is not a super, let's say, transpired market in terms of performance, when I compare the results of Cerved Credit Management to the other major players in the markets, which are making a disclosure of their results, we scored very high, if not the best.

Finally, on fees, we don't see pressure, because especially in the banking business, it's such a…let's say, there's such a high demand for services. At the moment, we do not see a relevant fee on pressure. Maybe with the exception of the GACS scheme deals which have been, let's say allocated with a…because of the nature of the deals have been demanding slightly lower amount of fees. But if I look at the results of Cerved Credit Management in terms of EBITDA margin, it is very stable and it is very high.

CHIRAG VADHIA: Thank you very much, very helpful.

OPERATOR: The next question is from Markou Andreas of Berenberg. Please go ahead.

MARKOU ANDREAS: Hi everyone, congratulation on the results and thanks for taking my questions. Actually, most of them have been answered by the previous analysts, but maybe one just follow-up question. So if we look at specifically this year for 2019, what would be a targeted new AUM range you would be happy with? Thank you.

ANDREA MIGNANELLI: Look, it is obviously quite difficult to say because there is a lot of, let's say, volatility on the market depending on the amount of assets coming to the market and that's slightly increasing competitive amongst top servicers, but I would say that we can aspire to…like a 3…around €3 billion of new assets considering that we have a good pipeline of existing contact, especially with some of the overflow contracts that we already have in place with more capacity and popularity barrier and so forth. So let's say, 3%...€3 billion it is definitely like an achievable target for us. Could be more if the market takes a different, let's say, ways, but it is always a bit difficult to predict not only the amount but also the timing of this transaction.

MARKOU ANDREAS: Okay. Thank you very much.

OPERATOR: The next question is from Andrea Lisi of Equita. Please go ahead.

ANDREA LISI: Hi, thank you for the presentation. Some questions from my side. I want to ask you whether the slowdown in real estate you see in the credit information banks in the financial institution side, do you see it also in the second quarter so it is something that it can be seen as structural or is a temporary slowdown? Then the second question is on Credit Management. We are seeing that banks now are focusing more and more on the disposal of UTP, and I wanted to ask you whether you have changed your approach on UTP or you have confirmed what you said during the Investor Day. And last on the marketing solutions, we see that you made lot of transformation there and this affected the profitability with EBITDA margin that was [indiscernible] down. I want to ask you what will be given the current structure of the division level of margin that you consider for. Thank you.

ANDREA MIGNANELLI: Yes, let me qualify better the comment on real estate for the banking sector. Our services are basically related to two activities, one is the Cadastral Surveys and one is the real estate appraisals especially for mortgages. We…on the Cadastral Surveys we the trend is that the market is obviously decreasing and we saw this trend happening for long time so has been like this for a while, and this is why 5 years ago we started to combine this offering with a real estate appraisal which is actually has grown very, very significantly in the past. So now, the net result of the real estate business is the combination of this decreasing Cadastral Survey trend and increasing real estate appraisal. We can do more than this, especially if we add capabilities in the areas of more sophisticated appraisals for larger assets or complex situation.

In Credit Management UTPs, it is…let me say that the jury is still out…the jury is still out in the sense that, you're right in saying that many, many banks are within [ph] and thinking about offloading UTPs, but in reality…the reality is quite different, and we are already managing a couple of billion of UTPs within our €52 billion of assets under management, so we know how to do it. We have a business unit dedicated to special situations and UTPs so we are ready to capture the opportunity. I think the market itself is a bit less liquid in the NPL. Probably, it is also less mature, so it is an interesting opportunity which is less easy to catch than the NPL, not for us but for everybody in general.

Finally, on the marketing solutions side, you're totally right. I believe that we will see results, already started from Q2, so bear with us for a quarter and let's get back to this in June to see how we improved…how we improved. I would say that the natural EBITDA margin of this division should be in the 30% range, because it is, let's say, similar to what we do in Credit Management in the sense that this is kind of a sophisticated servicing business, so it requires like a decent 30% EBITDA margin.

MARKOU ANDREAS: Okay. Thank you. Very clear.

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

SIMONETTA CHIRIOTTI: Yes, good afternoon. A couple of questions from my side, the first one is on your partnership with Monte dei Paschi. We have read on the press that the bank could sell a large amount of UTP. So I was wondering which could be the impact in terms of future flows and if you have a protection on this side. And the second question is again on revenues in credit info financial institutions, so which could be an expectation for the year. So, if you think that a positive growth trend could be recovered over the year? Thank you.

GIOVANNI SARTOR: Yes, on the Monte dei Paschi, obviously we are concerned about the situation, but also very, very close to the bank, it's the big client for us. I would call it partner to a certain extent because we do a lot of business with them on various areas. I would say that it would not be an easy solution, an easy situation for them. I understand that they need to do de-risking of the balance sheet in order for the Ministry of Finance to exit as expected the bank by 2020. I think we are there, and we would be let's say flexible and available to sit down eventually with the bank and then find a possible solution that would be beneficial for everybody. In any case, the amount and the size of disposal that they have to make, it would be such a big portfolio for everybody that I would expect that, you know we can play a role with that. So, we are monitoring the situation, we are worried, yes, let's say.

And regarding the comment on the question on the financial institution revenues, honestly, I believe we could be flattish, that there is some compression on revenues due to the product, you know, competition and especially in consolidation. I think our division is working very, very hard to find new products and substitutes, we have a couple of very good opportunities especially on the…with our product that allow the commercial sales force of the banks to capture new clients and these are very interesting products that I would like to show you when possible. And so, we are confident that we can balance the slight decrease that we have in Q1 over the year. But, I do not expect to go more than flattish.

SIMONETTA CHIRIOTTI: Thank you.

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

MICHELE BALDELLI: Hi, good afternoon to everybody. I had a question about what you said on the partnership possibly in the Credit Management Division in the sense that theoretically speaking, I have heard that the scenario for the Italian services are still either consolidation and or going international. Do you share this view? And then is this partnership going in either way or there is a third way of thinking about strategically this business? Thank you.

ANDREA MIGNANELLI: Yes, well, it's a tough question that requires…or would require a very let's say thorough conversation about strategic option. Our size, our performance give us many options to follow and market at…and so we do not have a clear view on what to do because you always need to combine your strategic willingness with the optionalities that you had really available on the ground. I would say, that we have a main avenue there is this solid organic growth made of delivering performance to our clients and eventually maybe considering partnerships or acquisition of smaller clients and this is the main avenue. Then going abroad is something that we decided to do through the acquisition of European…Eurobank

Property Services which is now called Cerved Property Services. So, we keep fostering our presence in Greece and Romania, that's the strategy. Then, if around the strategy we found very interesting opportunities on the side of this main avenue, we could consider it because we have the capacity and ability to follow alternative routes.

MICHELE BALDELLI: And just a follow-up, to be a little bit provocative, but given that there is an important client of yours [indiscernible] would you consider also the expansion towards this region so we are also [indiscernible] or you exclude categorically?

ANDREA MIGNANELLI: Well, I do not say categorically, but I do exclude it because we consider the opportunity in Spain and we think the market is, it's in a stage that we like, so it's very different from Greece and that's why we went East rather than West.

MICHELE BALDELLI: Okay. Thank you very much.

OPERATOR: For any further questions please press "*" and "1." The next question is from Gurjit Kambo of JP Morgan. Please go ahead.

GURJIT KAMBO: Hello, good afternoon. Thank you for the presentation. Just one question, in your full year results presentation, I think there is a slide where you said that the Credit Information business will benefit from the integration of the Business Information and Credit Collection Solutions for SMEs, you know, is that happening or happened, just wanted to get a bit of color on that?

ANDREA MIGNANELLI: Well, yes, we do believe that's the strategy, that's why we made a merge of 2 networks, it requires a lot of work because merging 2 networks means as I said before, moving clients from agent to agent, adapting the new private offering to one single contract, merging the delivery platform of the products and teaching the clients to use this new product. So, in general, it’s a complex thing. We launched the 2 platforms on the February 21…sorry, the single platform on February 21. So, it’s very recent and that’s why it’s a bit early to let’s say see results, but even if the numbers in March, up to March are not very nice as you can see on the pages, we see a positive trend in April. And so, we are positive that we are going into the right direction.

GURJIT KAMBO: It’s very helpful. Thank you.

OPERATOR: Gentlemen, there are no more questions registered at this time. I will turn the conference back to you for your closing remarks.

PIETRO MASERA: Hi, it's Pietro, thanks, everyone again. And we will speak in a few months in July. So thanks, bye-bye.