Cerved Group

"First Half 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 Half 2019 Results Conference Call. 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: Thank you very much. Hello, everyone, thanks for joining the call today. It's Pietro Masera, and I am here with Andrea Mignanelli, CEO and Giovanni Sartor, CFO. Purpose of the call today is to provide you an update on our Q2 and H1 results, and at this point, I will leave the word to Andrea Mignanelli.

ANDREA MIGNANELLI: Hello, everybody. Thank you for being here today with us. Before I get into the details, let me start with a few initial comments regarding financial performance till June 2019 and some strategic initiatives under way.

Regarding financial performance, as you can see on the executive summary page, overall figures in H1 are satisfactory and I would say on track to deliver expected results for full year 2019. In particular, revenues are up, 10.4% of which 3.6% organic. Adjusted EBITDA growth at 6.5% of which 1.5% organic. Operating cash flow grew by 5.7%. Adjusted net income increased by 12.5% and leverage increased only marginally to 2.7 times EBITDA due to the dividends paid in May.

Clearly, all of the above are based on IFRS 16 for which we have provided all the relevant backup information for you. Overall I believe we are on track to deliver our expected results for 2019 although the H1 results still reflected limited growth in the corporate division, lower than expected. As you will see in the forthcoming slides, this segment is expected to have stronger performance in the second half of the year.

With respect to the M&A activity, I am quite pleased to be able to announce 3 transactions recently happened, the largest of which was signed this morning, NBS Consulting. And we have also a number of other initiatives that we are working on. And so at least in terms of an M&A I feel that the actions we have undertaken are already producing the expected results. I will comment a bit more on each of this M&A deals when we come to the relevant business division.

Now going to Page 7, so we see divisional results. Once again, I have to say we are not satisfied with the EBITDA in the Credit Information and Marketing Solution division which are declining by 2.4% and 4.2% respectively, although the largest drop in absolute terms in the Credit Info side. But as we will explain a bit more in details in the call, we think we can return to a satisfactory trajectory by the end of the year, and we have solid argument to support this piece.

. On a more positive note, we are continuing to do quite well in the Credit Management division with…which increased EBITDA by almost 40%. Clearly, we are still seeing some benefits from the changing perimeter, while however also the underlining organic results are quite positive.

Now let's go to Page… to Slide 9, on credit info results, sorry Page 8. Results of the Credit Information division are still below our long term trajectory. The main issue relates to the limited growth in the top line, particularly in the corporate division and this leads to the decline in EBITDA given our fixed cost base. The results of the corporate division are still reflecting the disruptive effect of creating a single sales force for both in business info and credit collections. I already explained the reasons for this in the past, the fact that we are merging sales force, we are making one single contract and we are adjusting the system now and all of this is done from a technical standpoint. And although revenues are not showing the positive effect, in terms of sales, we already have some positive results. As we see on the slide, sales grew only 1.5% in Q1, but then they are already growing at 8.4% in Q2. So overall, a plus 5% growth for the first 6 months in 2019. Clearly, we will see the translation of sales into revenues in the next coming months and therefore, we have a positive outlook for H2 on the corporate division.

Also the bank segment is showing a decline of 0.8% in H1 but this includes .second quarter which drew margin at 0.1%, which is a significant improvement versus the first quarter which contracted minus 1.7%, so also this also gives us self confidence to say that we can return to a fairly neutral situation by the end of the year.

That now takes me to EBITDA which is showing a decline of minus 2.4% for the first half of the year. Clearly, we are not happy with this of course, and we expect these results will materially improve in the second half thanks to the revenue increase that I described before in Corporate and bank segments. As I said, both in the Q1 call, we already took a number of initiatives on cost control also on this division and we will see the first results in H2 also when revenue increase will start kicking in some operational leverage.

Giving all the above and confirming that 2019 results will be back-ended, for the full year, we are sticking to our targets in terms of divisional growth as indicated in the Investor Day.

Also here we managed to close a small M&A deal with the acquisition of Mitigo Servizi. This company provides back office services to financial institution and Corporates within the field of subsidized finance and that's how it works. Basically, the government offers numerous subsidies to SMEs in the form of lower funding costs from banks.

In order for this to be achieved, the bank has to ensure that the corporate is compliant and require…this requires a number of back office functions, which are provided by Mitigo to the bank. And these functions have a strong synergy with our core credit information database, here is the rationale for the acquisition, very low price and financial impact, but it allows Cerved to access this interesting and fast growing niche.

I will also comment on the acquisition of MBS which is more material M&A deal. We just closed today. And let me provide you some more color. Our Credit Information business is gradually shifting more and more from providing data and information towards providing turnkey services and solution for our clients. And this...in this context, it's always more and more important to enrich our product offering with value-added advisory services and advanced analytics.

Basically, as I explained too many of you during face-to-face meetings and calls in the past few months, we really need somebody serve the last mile...somebody being able to deliver our data and technology to the client at client sites. And that's why I mentioned too many of you that we were seeking dealing in the advisory space. And finally we got it done. And we are very happy with that.

This permits us not only to allow our clients to make better use of the data that we provide to them, but also allows us to interact with our clients at a higher and more strategic level. And this also makes the interaction between us and our clients much more enduring and embedded. Not only do we want to sell data, we also want to have people on the ground within our clients helping them to create value. So, bringing solutions to clients, not only services and things.

. MBS Consulting is a leader in Italy, providing strategic advice and change management services and has a leading position in the insurance and banking sector and it's rapidly gaining traction in the additional banking industrial sector. It's a fairly young company with a very strong and motivated group of partners who in a limited period of time have exceeded €20 million of revenues. As some of you may know, we started our own internal advisory team a couple of years ago. But creating a…an advisory team with significant sales takes years. So the acquisition of MBS will allow us to skip forward and on this…in this space and be faster in executing our strategy.

We see strong synergies between MBS and Cerved to the extent that we will be able to offer them privileged access to our client base in our industries where they're not known yet, as well as to capitalize on each other's respective proprietary assets. The transaction integrates Cerved Group's expertise in the fields of big data, analytics and digital with MBS Consulting competencies strategic advisory and change management. The structure of that transaction is very much in line with prior M&A we have done in the recent past.

At closing, we acquire a controlling stake with put and call mechanism to allow Cerved to reach complete control in the medium to long term, aligning interest and creating incentive for all the performers to all the firm's partners. The deal will close in the next couple of days and we register cash outflow of €21.3 million for the absolute majority of voting rights and 30.7% of the economics. The total EBIT corresponds to a multiple in line with our recent production.

Now moving to Page 10, on Marketing Solution, honestly performance for the first half, is well below our expectations, even though we are…we were expecting a slow start for the year and for the situation to improve gradually throughout the year. And we in fact implemented a number of initiatives in particular aggregating all the activities under a single manager with all the operational levers, as I described to you in Q1. But it's actually taking some time and this disruption is not taking the results yet. Probably we did not acknowledge soon enough, the sales compression on the legacy business and the…let's say elasticity of internal cost to revenues is not such that will allow us to absorb a shock in lower revenues. But we are honestly working very hard on this to go back to a good shape by yearend.

With respect to this…with respect to the sales force, we made a number of changes and we expect them to impact on Q3 and Q4 with positive results in the latter part of the year. We are currently seeing signs of improvement in the sales; let's say similarly to what is happening in the corporate segment. However, it takes time for such improvement to creep into revenue. .Also now that the database services for instance, have a revenue recognition policies whereby revenues are evenly allocated over the life of the subscription agreement, which is typically one year.

In any event, the slowdown of the Marketing Solution division is mainly centered around the legacy business as I said. And in particular the industry analysis, market intelligence, lead generation segments. These segments have a significant fixed base costs and is…this explains why EBITDA contracted in absolute terms not only in relative terms.

On the other hand, the other portion of the legacy business are doing quite well, in particular the marketing databases which are benefited from the SpazioDati offering. And on a positive note the digital marketing companies are doing well, and particularly Pro Web Consulting is continuing to deliver very strong performance.

In summary, I think that so far we have taken the right steps, and the situation will improve. We need to give a little more time to the new management team and the sales force, but we will also watch very carefully the situation to ensure results are in line with our expectation. We are also keen on acquiring other M&A targets to extend our footprint and we expect the new management team is focusing on selected targets starting from now.

Now, go Page to… let's go to Page 11 on Credit Management. I'll give you an overview on performance to H1 and then move to a more strategic aspects, including the acquisition of Euro Legal Service and the early termination of Monte Paschi. Now, with respect to performance 2019 began with a strong Q1, but also Q2 is continuing to do quite well. Year to-date we're seeing growth in revenue of 31%, EBITDA 39%.

Clearly Q2 was not as strong as Q1, but recall that the first time consolidation impact of Juliet eroded during the course of Q2. So a lot of the result in Q2 is organic. Performance was positive, no segments. Total AuMs further increased to €53.3 billion and the increase reflects some new contracts with amount to…about €2 billion of assets under management, which we onboarded in the course 2019. Fingers crossed, for a number of other initiatives, which can further increase the AuMs by the end of the year.

Now, moving to a more strategic assets, we kicked off…we have kicked off a few projects to create further growth opportunity for the division in the medium to long term. Our current reference market continues to grow, even if the pace is slowing down and we're keen to identify new markets in which we can grow.

In Q1 call…in the Q1 call, I had indicated in particular, purchasing credit collection platforms done with Euro Legal Service and partnering with players who are purchaser of NPLs and looking at deals abroad in line with what we did with the Eurobank Property Services in Q1. So we have initiatives underway for each of this. But at the present time I cannot be too specific.

Now, I am moving to page 12. We have a snapshot of Euro Legal and MPS, Monte Paschi de Siena. As we've indicated in the executive summary, we are happy that we close a deal for the acquisition of Euro Legal services. The business is a very synergistic with Cerved in particular in the corporate receivable space, in which Cerved is the leading market player with almost 2,000 clients and about €20 million in revenues.

Euro Legal is specialized extrajudicial consumer finance fee collection, and very well complements Cerved's focus and phone collection. Hence, we have identified a number of synergies which our commercial, operational and also cost related.

Cerved is buying a 100% stake for a price of €1.6 million with further earn-outs up to €6 million. This allows us to align objectives and incentives with the founder of the business for the medium-term, and the business generates revenue of about €4 billion and EBITDA margin of about 40%, so in line with the profitability of our division overall.

Clearly, we have many other initiatives underway, but quite confidential, so I cannot provide you further details. However, I want…do want to stress the point that we have a very busy pipeline.

Now, let me provide some more color on the early termination of the contract with Monte Paschi. On Slide 13, we've laid out the key content of the agreement. And clearly it reflects exactly what we indicated in terms of impact to Cerved in 2019 and the next couple of years. Not good news, obviously, but I trust that the other strategic initiatives we have in place will allow us to more than compensate for the Juliet agreement phasing out.

So with this, I'm done with the division and analysis, and I leave it to Giovanni Sartor, CFO for the section on financials.

GIOVANNI SARTOR: Good afternoon and thanks Andrea. So moving on to Slide 14, and skipping comments on revenues and EBITDA, which has been already covered by Andrea. The main aspect to point out regards the financial impact of the early termination of Monte Paschi contract.

Let me provide you the key ingredients all of which are justifying there is no recovery. We accounted €40 million from Monte Paschi, which was a contractual indemnity for the early termination of the contract. We then wrote off €58.8 million, which was the purchase price allocation of the underlying servicing contract.

The net effect before tax accounting is equal to €18.8 million for the income statement. On a cash basis, we expect to receive €40 million in Q3 this year, which unfortunately would be taxes spend already leaving net cash amount of about €29 million.

In any event adjusted net profit, so excluding the early termination increased by 12.5% versus H1 last year and this was also possible, thanks to the lower tax charges, thanks to the Patent Box incentives.

Page 15, net working capital, you can immediately see it increased to 11% of revenues adjusted to reflect the 2018 and 2019 acquisition on a full-year basis. There is an increase compared to 9% in 2018, yet this is due to first the increase contribution on the Credit Management division, which has a higher working capital intensiveness. And in fact in H1 2018, the credit management represented 30% of revenues which increased to 35% in H1 2019.

And the second, the temporary increase of the invoice to be issued to the Credit Info business, reasonably this problem will be set by the year end. So yes, there is some increase in working capital, but I say in line with the business mix.

Moving on to Slide 16, the operating cash flow was plus 5.8% for the first half of the year, and followed a very strong Q1. Interestingly, the impact of the change in net working capital is fairly minor compared to previous quarters whereas the changing other assets and liabilities much more relevant, this is almost totally due to timing difference in the VAT payment.

Overall for the full year, you can still reasonably expect operating cash flow growth to be roughly in line with the underlying EBITDA growth.

Last but not least, moving to Slide 19 financial indebtedness as of June 2019 was 2.7 times the EBITDA, based on the LTM EBITDA which on pro forma basis also includes the full impact of the close deals and clearly all is based on IFRS16.

Despite the payments of €58 million dividends, we are still below our 3 times long-term leverage target. So we can also continue to benefit from saving in cash interest rates. At this time, we have completed our presentation. So let's open for the Q&A session.

Q&A

OPERATOR: This is the Chorus Call conference operator. And we will now begin the question and answer session. The first question is from Andreas Markou with Berenberg. Please go ahead, sir.

ANDREAS MARKOU: Hi, everyone. Congratulations on the results. And thank you for the presentation and for taking my questions. So I have a few of them. First one on credit management, can you break down the €1.4 billion of new NPLs you on-boarded so far this year? And can you also give us a bit of information about any new NPLs you expect to onboard in H2?

The second question is about your…again about the Credit Management division? And how do you see growth going forward? So you are obviously doing a bit of M&A on the credit collection side and on the ancillary services, which kind of shows that you're focusing a bit away from the NPL/UTP segment. Would that be fair to say? Are you focusing more on credit collection and ancillary services growth going forward? Or do you intend to do more M&A on the NPL segments?

And third is on your Marketing division. I mean, this has been a division which has struggled through time. Obviously, now you're taking a lot of steps you said to fix that. And we should be seeing some results by year-end and I'm guessing maybe a hypothetical question, if the initiatives that you're now taking do not bear fruit by year-end, what do you think that you might even exit this division? Or what else do you think can be done here? Thank you.

ANDREA MIGNANELLI: Yes. Thank you for your questions. First, in terms of inflows, the majority of the new assets come from the acquisition of the portfolio done by on of our investor clients and then the remaining part and let's say 80% comes from that source. And then 20% comes for normal inflows also like, several smaller portfolios. In terms of the strategy on Credit Management, I wouldn't say we are shifting away from banking NPL. But as you know, we are probably the only player in this space, which is very well diversified multi-liner, multi-client. So we have a strong presence in the banking NPL business, but also in other related services such as credit collection, consumer, legal service, real-estate, master service health support. So it makes sense for us to balance growth in all this, because depending on the time, and the opportunities, there may be growth options in various aspects and we are chasing all of them.   So I wouldn't say we're phasing out from UTP and banking NPLs, we're just capturing the opportunity as they come.

And last, I will comment on the Marketing Solution. I am very...I do feel very strong about the market opportunity. The more I go and talk to senior bankers and large clients at corporations, the more I understand, they have a basic need of growth. In order to grow, they need solutions, marketing services, data analysis, and so forth. And so, we want to become a full fledge providers of this services to them. So the fact that we are struggling is not an excuse. And I actually see a lot of opportunities there. That's why I am investing a considerable amount of time and effort and internal resources to seize this segment to revamp it, we will revamp it .through internal operations, as well as M&A, or strategic alliances or anything that is required to do so.

ANDREAS MARKOU: Okay. Thanks very much. Maybe a quick follow-up on the Credit Management division. Would you be interested in...if any other platforms go for sale in Greece potentially? Would that be of interest to you?

ANDREA MIGNANELLI: In Greece, you say.

ANDREAS MARKOU: Yes.

ANDREA MIGNANELLI: Yes. Well, of course, yes. Greece is like there are not like a very large amount of potential targets in Greece, 2 are gone and 2 are left. And so, and one of which is more likely than the others, I would say Alpha Bank, it's more likely the other. And therefore, yes, as much as we were keen to go after the Eurobank transaction, we will be keen to pursue any other opportunities. Our appetite is the same as 3 weeks ago when we were in the final stage of negotiation with Eurobank for [indiscernible].

ANDREAS MARKOU: Okay. Thank you very much.

ANDREA MIGNANELLI: You are welcome.

OPERATOR: The next question is from Rajesh Kumar with HSBC. Please go ahead.

RAJESH KUMAR: Hi, good afternoon, gents. Can I just try and understand the growth rates in the business information segment? How much of the slowdown in the financial segment is due to pricing, pricing negotiations versus volume of consumption? And on the corporate side, you indicated that the sales volumes are up 5%. Can you remind us how the bridge between sales and revenue work in that segment and how the churn rates are affecting the revenue recognition as well? And finally on Credit Management, if we could have some color on how the pipeline discussions are progressing in Italy and in Greece that would be great?

ANDREA MIGNANELLI: Yes, regarding the bank…the banking credit information side, I don't know exactly how, you know I cannot be extremely precise on your question. What I can say is that we have...roughly every year we wake up and we have about 10% of total revenues eroding because contracts terminate. There is a contraction and pricing reduction and so forth and so the sales force is obliged to grow by 10% in order to keep the balance on revenues.

We are actually going quite in line with budget because...with expectations because we expected a very kind of flat 2019 on banking, so although, you know we are not over enthusiastic about this almost 0% growth, it is what it is, and the network…the sales network is doing a good job at substituting some declining products especially in the real estate services with other products, more in the analytics and let's say decision system space.

So I see a shift towards having more sophisticated products and that's why we are keen to see the results of our acquisitions, the strategic consulting firm MBS, because we believe that going together with MBS to client will increase…will, you know improve our value proposition to clients.

Now, in terms of the second question was on corporate, was on sales versus revenues, rather than a split it is actually a consequence. So today's sales means that our agents are selling point that can be used by clients over the next 12 months as .consumption for services and so, as these consumption materialize, sales transform into revenues. So the indicators that sales are increasing is a good indicator because of course it means that we are getting more cash from clients to buy services and this cash will convert into revenues over the next 12 months, so all in all it's a good indicator and revenues come after sales, if I am clear enough.

RAJESH KUMAR: Very clear. The only missing part is the churn number because when you get churned, you also crystallize revenues from that customer, so any change in the trend and the churn numbers; typically it's worth 5% to 7%?

ANDREA MIGNANELLI: Yes, churn is in the range of 5% and one of the good signals that we are observing from February onwards is that finally the number of new clients is growing and therefore, we are offsetting the decrease in number of clients. As you may recall in the past, our problem was that we had more or less…we were more or less flat on the number of clients, so finally we have inverted the trend and we are getting positive on clients. Now, these new clients are buying points and these new points will be converted into revenues and then how it works in our business, especially for a semi client, he requires the sales agent to visit the client more than once, not only for the sale but also to stimulate consumption. That’s why our corporate director spends a lot of time to let’s say train the sales force not only to chase new clients but also to nurture clients and teach them so to speak how to use our services in order to increase consumption of points.

Finally, in terms of Credit Management, I cannot be too specific about the pipeline. As you can imagine, there are few deals and not all of them are public transaction, so with processes, but I think we are doing a good job at being in contact with a number of clients with different needs. Some of them even a bit more like creative than in the past, so not only pure outsourcing contracts, but also sometimes they are interested in our IT solution, some other times, they are interested in some of our services. And so I believe that the way the company is organized with these 5 business leaders managing different P&Ls and different business units, very synergistic to each other will continue to be a growth engine for the division. And it will provide a healthy growth, clearly not as much as in the past, you know but still I guess that if you look at the guidance we gave you in June 2018, we are still above that guidance, and so we stick to the…we stick to it.

RAJESH KUMAR: Very clear. Thank you very much.

ANDREA MIGNANELLI: You are welcome.

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

SIMONETTA CHIRIOTTI: Yes, good afternoon, everybody. Two questions from my side. The first one just to understand when the newly acquired company will be consolidated and how line-by-line or how will you consolidate this company. And a second question more strategic in the Credit Management. We have recently seen some large…very large deals in the UTP space. They are going to be finalized soon, which is your position on this segment that is…apparently is growing very fast in Italy? Thank you.

PIETRO MASERA: Hi Simonetta, Pietro. .On the M&A, obviously, Euro Legal and Mitigo. The deals are already closed and they are fully consolidated, we got a 100%. MNBS, we purchased the absolute majority of voting rights, okay, so it is consolidated line by line and the closing should be within the next few days. So that's…I mean, we have less 10%-50% of the economic, but we have other voting rights. So there is no doubt about the consolidation. And for the other question I will give it back to Andrea.

ANDREA MIGNANELLI: Sorry Simonetta, could you just please remind me the second question?

SIMONETTA CHIRIOTTI: Yes, on UTP, we have seen recent news flow on large deals on this side; do you think that Cerved may play a role also in this segment?

ANDREA MIGNANELLI: Yes. I mean, we know that…we know there are very few, very large deals on this segment which I consider a bit specific, because they are stemming out very specific situation, and I am fine with that, and meaning that it's an new industry arising and there I understand that the first situations maybe a bit like…bilateral, so they are…as they are currently. On the other hand, I believe that the intrinsic activities that you need in order to manage on a vast scale and UTPs require a good understanding of companies, prediction of the financial sustainability of the companies, information and workforce…vast workforce with credit knowledge and industry knowledge to manage complex cases. Now, we do have all of this. So I do not see how can like an industry, like UTP is developed without having Cerved as a key player. So I am patient as I have always been in the past, and as soon as the industry will start off…sort of standardize a little bit, and new deal flow will arise will be a player. We are not an investor, but as you…as we understand clearly, being investor is not the only way to be active in the space, so will be active as the very same way as we are active in performing loans management, real estate, the structural real estate management, legal service, non-performing loans management large and small. So I think we do have all these skills required to do the job, as the industry will develop a bit more in a more standard fashion, we will be there capturing our fare share.

SIMONETTA CHIRIOTTI: Thank you.

ANDREA MIGNANELLI: Yes.

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

ANDREA LISI: Hi, good afternoon. Just one question from my side, we see that there are rumors on consolidation of the NPL market in Italy, and with the market that is approaching its maturities it's normal that, some players will merge together and other there will be some M&A. And I want to ask you which role will be…Cerved will play in the consolidation of the Italian market of NPL? Thank you.

ANDREA MIGNANELLI: Yes, I think we are in a lucky position, because we belong to a listed group…sorry Cerved Credit Division, I still sometime I forget, I still have my old hat on my head, so I have new one now. So the Credit Management division belongs to a listed group, it's financially very robust…financially operationally very robust company and it's an independent company with no legacy assets and no strategic shareholder in the NPL space. So these three characteristics given us the opportunity to play a threefold strategy, we could be a buyer up until 3 month…3 weeks ago, we were bidding for a very large target increase with a multi…several hundred million euros investment potential there. So we could be a buyer of another player. We could be a seller, because we are a company and we need to optimize our value. So if a buyer comes and makes a good offer for our…for our asset we could be seller or we could play a role in creating a larger player and eventually consider in exiting in 2 year time, as I do not think that at the moment, Credit Management is big enough for being spinned-off as it is and IPO because it is too small for an IPO as a standalone business. So technically we have 3 alternatives and last but not least we can keep an asset that is nicely growing at 30% CAGR still this year. So, we are flexible, we are very well aware of what is happening on the market and we will do our job in accessing the best opportunities.

ANDREA LISI: Okay. Thank you very much.

ANDREA MIGNANELLI: You're welcome.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. The next question is from Michele Baldelli with Exane. Please go ahead.

MICHELE BALDELLI: Yes, good afternoon to everybody. I have just a question on the newly acquired companies, can you provide some details about the contribution to profitability that these companies in particular, the last one, will have on your P&L, please. Thank you.

ANDREA MIGNANELLI: Yes, hi, Michele. So…well meeting was actually very small, so I said it is fairly marginal few hundred thousand maybe in terms of EBITDA, but it's really marginal. Euro Legal, I think we gave a detail of about 40% of EBITDA and about 4 million of sales. MBS is, I would say if in terms of EBITDA contribution I would say something between mid and high single-digit. The structure is unfortunately very complex, there is different categories of shareholders with different valuations and so you can’t exactly take the price dividing it by the share that we acquired, also because it's cash. But let’s say in terms of EBITDA contribution as I mentioned MBS something around mid to high single-digit and we will consolidate it for, I guess, about 5 months this year. So that’s a rough estimate of where we stand.

MICHELE BALDELLI: Thank you.

OPERATOR: Gentlemen, there are no more questions registered at this time.

ANDREA MIGNANELLI: Thank you, all. Thank you very much for being here. I wish you all a good summer and I probably meet you back in September. Thank you very much. Bye-bye.