

Company Name: Hera
Company Ticker: HER IM
Date: 2018-07-30
Event Description: Q2 2018 Earnings Call

Market Cap: 4,054.52
Current PX: 2.722
YTD Change(\$): -.188
YTD Change(%): -6.460

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: 0.179
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: 5700.333

Q2 2018 Earnings Call

Company Participants

- Tomaso Tommasi di Vignano
- Stefano Venier
- Luca Moroni

Other Participants

- Javier Suarez
- Roberto Letizia
- Enrico Bartoli

MANAGEMENT DISCUSSION SECTION

Operator

Good afternoon. This is the Chorus Call operator. Welcome to Hera Group's H1 2018 Financial Results as of June 30, 2018. All participants are in listen-only mode. Following the initial presentation, there will be a Q&A session.
[Operator Instructions]

And I'd now like to give the floor to Mr. Tomaso Tommasi di Vignano, Hera Group's Executive Chairman. You have the floor, sir.

Tomaso Tommasi di Vignano

Thank you, and good afternoon, everybody. I want to apologize for my voice. I have a bit of a cold these days. Before giving the floor to Stefano, let me just give you a brief comment on the results that you've seen in the press release. Once again, the results are good. They are consistent and solid, given the fact that they come following a first quarter which had gone well, therefore the first half of the year is certainly positive and in line with our expectations.

Also, as far as our net profit is concerned due to the fact that it shows how positive our management has been both operationally and financially and also in terms of the tax benefits we've had, the growth we posted was above what we had envisaged in the business plan, and therefore, we are fully in line with the execution of the business plan itself.

As we try to summarize on page 2 of the presentation, all of these stems from the group's resilience, despite to the fact that we live in a moment in time with some external complexities, and again, despite of this, our numbers have been growing, as you can see both in terms of the earning per share which is now above 10%, plus ROE is also above 10%. These are not a one-off one quarter results. But as you can see, these results are in fact consistent with the previous quarters and the half year results and they are not a surprising effect. We are satisfied with the results but they do not come as a surprise.

The net profit which we have seen over the past five years for each of the first halves of the year has had a 9.1% average growth rate. This, too, is a very positive result. As far as ROE is concerned, these are the results which are the outcome of a strong financial structure, but also a cautious one because in the meantime, along with the growth of these results, we were also able to post a positive evolution of the net debt to EBITDA ratio, which stands at 2.6 times.

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As far as the components which brought about the group's EBITDA are concerned, as you can see in the first half of the year, the contribution was up by €17.7 million, again, as far as EBITDA is concerned. And this growth is brought about by two positive elements. One refers to the regulated part of the business with an increased efficiency and a growth in synergies, which are typical elements of the regulated businesses.

But we had an especially good result in the liberalized businesses both in terms of the expansion of our customer base. In fact, we performed above the typical growth rates. And over the past 12 months, we grew by 112,000 customers, which is a comforting figure indeed. We also had a good increase in prices which brought about these positive results with especially good increase under the prices for the liberalized part of the waste business.

Overall, therefore, we have another interesting point to be made. This refers to the fact that, of course, we are talking about liberalized businesses. But keep in mind that in recent times, these liberalized markets had been offering the same results we've always posted but through competition, through tenders namely, which we were awarded in each of these sectors which again are part of the liberalized businesses which means that as far as we're concerned, that this is a result we appreciate especially moving forward because this is what we will be dealing within the upcoming years. Because with the upcoming tenders, of course, we will have to commit more but we will also have increased possibilities and as far as we have been seeing in the sales and trading of commodities, and in the waste treatment, but also thanks to the increase on prices, which was especially favorable, but also in more specific and less relevant business in terms of size such as public lighting and telecommunications. Again, each of these businesses was able to prove its ability to be competitive on the market.

So these are the more promising and more relevant figures in the results we're presenting today. I'd now like to hand the floor to Stefano, for the business by business breakdown as far as these very reassuring results are concerned.

Stefano Venier

Thank you and good afternoon. We can begin the business by business breakdown with the waste sector. Compared to the previous year, the waste sector grew by €4.6 million, all of which referred to waste treatment, recycling, and waste disposal activities.

As some of you may remember, in fact as far as the waste collection sector is concerned, we had a shift in our perimeter given the fact that the city of Forlì is not a part of our perimeter and that accounts to €3 million less on the waste collection margins.

As you can see on page 4, the €4.6 million stem from internal growth on waste management and the final part of a €1.1 million incentive, which accounts to the ex-CIP6 incentive for the Isernia plant. What was this growth brought about by? Well, an increase in volumes equal to some 40,000 tons which means that this was a fairly modest amount, roughly 3% of the total amount of treated volumes. But mostly due to the price increases that the Chairman mentioned earlier.

As you know, the waste sector is extremely fragile in terms of the assets available throughout the country. This is the fragility which was increased even more, given the European context, we've had a saturation in waste plants in Central and Northern Europe especially given the effects of the flows of waste coming in from the UK, which means that Italy has been left alone so to speak when it comes to dealing with the waste treatment issue both in terms of urban waste, and that refers to the treatment of the waste collected in those territories which do not have the assets required to close the cycle but also for the industrial waste sector.

And once again, even in the second quarter, and for the first half of the year more in general, we are seeing a certain recovery also brought about by the recovery in exports in certain industrial sectors. The volumes in industrial waste are pretty stable with a 1% contraction on the total of 1.1 million tons of waste which were collected and managed in the first half of the year, and I'm again referring to the urban waste.

What other events do we have in the pipeline? Well, we are anxious to get started with our bio-methane production in the Sant'Agata plant. The construction has [ph] not (10:38) been completed. This week, we started the digesters activities, and we [ph] count on (10:45) being able to produce the first cubic meters of methane in early October as per

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our original program.

And other than that, we are completing a few investments on the Aliplast infrastructure as a way of further improving their management abilities for the cleaning up of polymers which have to be recycled. These are the main traits. As I mentioned that the urban waste collection was pretty much stable last year. We are continuing with our initiatives which are consistent with our overall strategy, which bring about a growth and an increase in sorted collection, which means that we stand at an average overall amount of 60%, which accounts for 3.5 million people plus tourists with a few peaks [ph] which grown (11:48) to 80% to 85% in cities such as Ferrara and others.

As far as our networks activities are concerned, our regulated business on page 5, we've had a few marginal shifts compared to the previous period. Generally speaking, the growth in this sector was worth €7 million. The more consistent part of this amount came about through gas distribution especially through some figures pertaining to the quality of service. As you know, these figures are always slightly delayed compared to the year they refer to given the fact that the authorities have to collect the data and analyze them. And the outcome of the processes that we now have some benefits vis-à-vis what we had imagined. And these are positive benefits, of course, which justify the more consistent part of this €4.2 million.

As far as water and electricity distribution is concerned, we have a growth equal to €1.5 million to €2 million for both of these sectors. In the water sector, part of this growth is linked to the recognized revenues and also as far as premiums are concerned for electricity distribution.

Now, of course, behind these figures, as you know, there is also a non-positive element brought about by the constant stagnation of new connections. As you know, the industry has recovered a bit, but this cannot be applied to the construction sector, a sector in which we still haven't seen a significant recovery.

Besides this, there are no especially relevant things to underscore except for the slight increase in profitability which also refers to the efficiencies initiatives we are working on both in terms of energy consumption on the one hand and in terms of operations on the other. And if you underline our P&L for the first half of the year, you'll notice that the increase in the cost of employees is equal to zero pretty much which means that despite the increases in the contracts, we have also been able to reduce and keep under control the labor costs, which means that our labor costs this year are similar to the ones we had last year.

The third area, as you may remember, is the energy supply sector. In this case, we have two opposing elements which are the same we had seen in the first quarter. On the one hand, we've had an especially exciting situation for the gas sales which during the first half were 83 million cubic meters more compared to the previous year with some increased treating activities which were required as a way of managing a bizarre winter season. As you may remember, January was especially warm, whereas the last week in February was very cold for two weeks. And therefore, the volatility in temperature required very intense treating activities. And as far as this thermal year is concerned, we did have some positive effects on margins which all in all allowed us to have a €13 million increase compared to the previous year.

As far as electricity is concerned, as far as electricity sales are concerned, we had a positive effect worth €1.3 million. This is especially due to the Salvaguardia activities because the liberalized market, despite our volume is having increased, did not register a significant increase in margins.

The final element is a negative element which refers to production, but in fact, it refers to asset management to be more specific. And as we had mentioned during the previous conference call, the only two assets in which we have a stake in which are in Campania, one in Teverola, one in Sparanise. Both of these plants were shut down for extraordinary maintenance which lasted beyond what we expected, although these assets are now fully up and running again.

Obviously, the fact that these plants could not be used had an impact on revenues and the margins we have obtained in the past on the dispatchment market on the one hand. And on the other, in the comparison with last year, keep in mind that we also had a review in the mechanism for the fact that these elements were assigned in the September last year. All of these combined brought about a contraction worth €11 million on last year's result.

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These are the fundamental elements from the underlying standpoint. I mentioned the trend in prices which is consistent with the current commodity trends. And as far as our customer base is concerned, especially our residential customers, we posted a growth equal to some 110,000 customers in the electricity sector.

As you may remember, in February, at the end of February, we doubled the amount of customers; whereas in gas, we had an increase slightly above 20,000 customers which refers to the acquisitions we completed at the beginning of the year, in the Marche and Abruzzo regions, through the Blu Ranton acquisition which alone have brought about some 15,000 new customers.

So these are the essential elements of the energy sector. And before I give the floor to Mr. Moroni to discuss the cash flow, let me just mention that as the Chairman was saying, our presence in public lighting and TLC, which are very limited presences, did in fact contribute to our positive results, with €2 million, especially public lighting with an increase in our business with over 17,000 further lights, which means that we are now well above €0.5 million and we are now the second largest player on the national market.

Moving forward, there are no special comments I can make on amortization and depreciation. We did have the capitalization of investments made in regulated activities. We did have some further provisions relating to the waste management activities which are fully compensated by provisions on credits which are more or less equal to €4 million or €5 million in total.

Below EBIT, as you can see on page 7, you have the two components. On the one hand, we have financial income and the tax rate. As far as financials are concerned, keep in mind that the excellent result of Q1 2018 also benefits by €3 million of extraordinary dividend coming in from a company we have a stake in, and that reduces the financial expenses which also contributed from the debt structure of its cost, whereas as far as the tax rate is concerned, we stand at a level which is very close to the entire result we had in 2017, which is 1.5% better than the first half of last year, part of which can be taken into account in H1 2018.

Plus we also have the actions taken again from 2017 and early this year on Industrie 4.0 referring to digitalization innovation which allows us to have a number of benefits, which have to be added to the ones which we had already achieved by the previous interventions we made on the patent box and the other mechanisms that we had already implemented in H1 2017.

All of these obviously brought about an overall net result which is equal to €167 million, which then become €158 million if we look at the group's figures, which is equal to an EPS worth €0.108 per share, which means that in the first half therefore we have reached the level required to meet our commitment which is that of paying a €0.10 dividend for 2018 next June.

Let me give the floor to Luca for a comment on the cash flows which are equally as positive.

Luca Moroni

Good afternoon, everybody. The results from the financial standpoint are very good at €2.625 billion, as the net financial position which was fully in line with the results we posted in June last year. We produced €86 million in free cash flow with an investment which was a €20 million to €25 million more compared to last year with an absorption of working capital equal to €78 million. This also refers to the Salvaguardia credits which as you know will be reintegrated also following the contraction, we will be having even this year on the month of November.

And then we had some volume effects on the acquisition of energy certificate plus the procurement of gas as usual in this part of the year. As I mentioned, the debt-to-EBITDA ratio is 2.6 times, the ROE is equal to 9.3%. Our ROI and ROE is about 10% as we mentioned early in the conference call, which means that the results are pretty much in line with our expectations.

Well, after all of the elements mentioned by my colleagues, I don't think there is very much else to add besides the perception of the resilience that our company has proven to have in this phase. And as far as the future is concerned, as

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we mentioned in the press release, we stand at the halfway mark as far as the year is concerned, and we are confident that we will be able to achieve the €1 billion EBITDA mark by the end of the year. I think this is the strongest and safest guideline that we'd like to share with you with the awareness of the fact that the first half of the year was very positive.

And now, I would like to hand it over to you for any questions you may have before we say our goodbyes.

Q&A

Operator

This is the Chorus Call operator. We will now begin our Q&A session. [Operator Instructions] The first question is by Javier Suarez, Mediobanca from the Italian conference call.

<Q - Javier Suarez>: Yes. Good afternoon, everybody, and thank you. I have a few questions. The first refers to slide number 4 on the waste business. Do you still believe there will be a strong growth in the treatment activities, and what are your expectations for the second half of the year? Can you explain how sustainable this process is?

Obviously, the lack of assets is a known fact. How do you see the market stabilizing? And besides the presentation – or during the presentation, you mentioned some activities you worked on for the Aliplast company, what impact can this have in terms of additional EBITDA? And can you please remind us of the extra EBITDA you expect to obtain from the bio-methane plant which will be up and running for the entire year 2019?

The second question refers to the networks business which is also growing, thanks to major efficiencies, are there any regulatory one-offs? What do these mean? Are they regulatory adjustments? And I'm referring to slide number 5 here.

And the final question refers to the liberalized business. It's a more general question. The new government's approach vis-à-vis the liberalization of the electricity market beginning July 1, 2019, is being questioned compared to what the previous government stance was. Can you give us some insight as to what your point of view is? Will you be looking at a new strategy for this sector? What are the possible implications of the new government's approach?

<A>: Let me begin with your last question. Honestly speaking, we are waiting to understand what the new government's approach will be. Generally speaking, your question refers to the fact that this isn't a government focused on liberalization. It seems that to me that this is a matter of fact. Now, as to what effects this will have on changing the maggior tutela market, well I have no first hand news and I don't think any decisions have been made from this point of view to-date and as far as I'm concerned or as far as I may be aware of.

As you know, in the business plan we did include a certain expectation. Not an excessive amount of expectations; our forecast were fairly conservative. Although we had said that this may have allowed us to increase our customer base by 500,000 or 600,000 customers out of a total 18 million customers which was a modest figure. This continues to be an add-on to our business plan. And other than that, our strategies as far as this market is concerned won't be changing much as other players are doing. We too are looking to conquer new customers. A part of these customers of course used to be maggior tutela customers, and this is the approach we will continue to have. There are no major alternatives we can look to other than continuing to underscore what our expectations are. And our idea is that segment you referred to should change.

As far as the general discussion is concerned, there seems to be a very black and white approach; either all liberalized or all regulated. But the truth is that if you look at the 18 million customers who still belong to the maggior tutela market, there are some very special sectors of those customers and it's very bizarre that some of these types of customers are still within the maggior tutela to the market. Therefore, were the new government to have a more progressive approach to the liberalization process I think this would still offer interesting opportunities for our company.

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Then your question as to what regulatory one-offs mean; it's very simple. As you know we have some premium recognition mechanisms on technical and commercial activities for gas and electricity. As you know, this recognition is based on performances and parameters we have to either comply with or improve even. As you know, these are recognized with a certain delay. Typically, they're recognized one to two years after the year they were achieved, and therefore we include our best estimates for the ongoing year. And then one or two years later we receive specific information from the authority. And as you can see, in 2005 these scores have always been positive.

[indiscernible] (33:09) we called one-off because obviously in the following year there is a new potential premium, but that starts from zero once again. Therefore, there's no guarantee that you can also have the same amount the following year. Not all of the improvement included in the €7 million in the networks business is linked to these one-offs. These one-offs are equal to roughly €2 million; the other €5 million are linked to the recognition on recognized revenues for the investments made last year which went beyond the depreciation component. And the other element refers to the recognition of quality and other parameters and efficiency, efficiency to be specific.

As far as the question on the waste sector is concerned, I mentioned the investment we started making for the Aliplast company which is our very first investment worth €8 million. And this investment is a way of strengthening the assets needed to wash the PET for it can be then recycled. This was a bottleneck we had in the [ph] Novara (34:52) plant. Therefore, we intervened to improve the output of that asset. Given the fact that we have an availability and capacity, we will also have an increase in the treatable volumes. And this investment will have an effect on EBITDA. Now this new cleaning line will be up and running by Q4 this year, therefore we will have a €1 million benefit next year. The investment we began is one we began at the end of last year and we are now completing it. The biomethane plant in Sant'Agata will be worth €5 million to €6 million per year; this is what we expect to achieve in terms of profitability.

And then there was a question on prices. Well for Q2 this year the prices will be in line with the levels we reached in H1 because the contracts for volumes for the entire year and either for H1 next year has now been entirely completed given the capacities we have. Differentially speaking, given the fact that these prices have progressively grown over the months, from the beginning of last year to the present, obviously the difference we see between H1 2018 and H1 2017 is slightly lower in the second half given the fact that the second half last year already started to reflect the better price conditions which were consolidated in the first half of this year. Thank you.

Operator

The following question is by Roberto Letizia, Equita.

<Q - **Roberto Letizia**>: Yes. Good afternoon. I'd like to ask for your comments on the new members of [ph] Arera (37:03). Are the names satisfying to you? And obviously with the new Arera board, there can be some news for raise then for the returns of regulated activities. Plus, the tax rate level we saw in H1, is that something we can also make an assumption for for the rest of the year? And what impact is the energy price and the commodity price is having forward looking, and what impact will this have on trading looking forward on the energy markets?

And then just a quick comment on the news we saw on the market for the past few days. As far as M&A is concerned, there were some – a possible speculation on business combination with [indiscernible] (38:20). Can you just give us a quick comment on this just to know if it's a pure market speculation or if there has been an actual discussion?

<A>: As far as the appointments of the new members of Arera is concerned, I think the choices made are a well-balanced mix between continuity and new competencies and skills. The person who has been chosen to be President is a highly respected person and I have nothing special to say. Certainly, they will have a certain backlog of things to deal with because as you know the first half of this year was very slow since the national authority did not have its full powers and therefore had to postpone or suspend a number of activities which we will have to work on in the upcoming months. The fact that there is a representative, Ms. [indiscernible] (39:45) who is a part of the technical structure, is certainly an element of continuity especially for the energy sector.

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As far as a possible speeding up of the evolution of the waste sector which is something we all hope for, now I am not entirely familiar with all of the members of the new board but it doesn't seem to me that there is some really specific expertise as far as the waste sector is concerned. Of course, it doesn't mean that they won't be working swiftly on a number of things which have already been decided. Of course, waste is a complex sector and some things are very new. And of course, this body, this college, this board will have to continue studying the sector which is what the technical structures have already been doing. It's a first step towards a new regulatory definition.

And then the question on the tax rate. Within our budget we are expecting to confirm and consolidate 30% also for year end, and therefore this is a figure you will be seeing at the end of the year. As far as the volatility on the commodities market is concerned, well in terms of the effects stemming from the volatility on the contracts which have already been signed, there will be no effect whatsoever because due to our risk management policy we tend to cover all positions and therefore the volatility will have no effect.

As far as the new contracts are concerned, obviously whenever there are growing prices it is always a little bit more complicated to renew contracts [indiscernible] (41:48) contracts with one's customers because customers don't understand why they would have to pay more than they did the previous year. Therefore, that makes negotiations a little bit more complex and it also sometimes requires further effort. Obviously, much depends on the expectations customers have vis-à-vis the future scenario because if their expectation is to witness an increase in prices, it would be more convenient to have a fixed price contract rather than a variable price contract.

Then you had another question on liquidity and markets. We haven't seen any significant changes on the liquidity of markets nor on any other instruments on the 12 to 18-month calendar. Beyond 18 months, both in electricity and gas it's a little bit more difficult to be able to cover. And I have nothing to say as far as your last question on [indiscernible] (43:00) is concerned. This is an exposed speculation following a day in which there was a [indiscernible] (43:12) trading as far as our company is concerned which is something that we're pretty used to in recent times. We've had some days in which trading has been very much – and I'm not sure where the news came from and I have nothing really to say. There's nothing to comment.

Operator

The next question is by Enrico Bartoli, MainFirst.

<Q - Enrico Bartoli>: Good afternoon. A few questions. I'd like to go back to the electricity business. You mentioned that the plants which were stopped in Q2 are now up and running again. Can you tell us what you expect to see in H2? You mentioned the fact that the balancing market had some negative effects. Do you think this will continue in the second half of the year as well? Then I have a question on the Salvaguardia market. Do you have any visibility on the next tender? What will the timing be for the customers and what are your expectations in terms of the competition you'll be seeing for the Salvaguardia customers?

Then a third more general question on the new government. There have been a number of statements made by the Minister of the Environment who seems to be very careful and very interested in the topic relating to circular economy. Have you been able to discuss the government's approach on the environment and waste as we know the demand for treatment is on the rise whereas the number of assets throughout the country is still very stagnant?

<A>: As far as your question on energy is concerned of the two plants up and running again respectively in early March and the other in early June, both of them are now fully operational once again. As you know, the MSD market isn't a very predictable market. What I could think is that this week the temperatures are very high and therefore there may be the need to have a higher thermoelectric supply, both scheduled and non-scheduled. So this week may be a little bit more lively, but other than that I wouldn't know what to forecast. As far as we know, as far as the things we're seeing, the second half of the year should not have any extraordinary effects making it significantly different from H2 last year. There are no reasons to say that things will be different.

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As far as the balances are concerned, the reform came in to effect as of September 1. The so-called [indiscernible] (46:34) reform reviewed the rules of the game, and from then on therefore cost and profits have reduced. And in the second half the effects of these unbalances will be less significant compared to H1 given the fact that there are only two months left in terms of a comparison to be made.

As far as the Salvaguardia market is concerned, that would be one of the very first decisions that the new authority's college will have to make in terms of the start with the procedure. As you know, the change in operator will have to be communicated with a 30-day advance which means that the tender will have to be made by the last week of November at the latest, and therefore the terms of the tender should be published in early October reasonably speaking. And this was the timeframe which has usually been complied with.

Do we expect competition? Well whenever you make a bid on a tender you'll never know how many other competitors there will be. Therefore, our strategy has to be the same regardless of the number of competitors. This is the way we look at things. Our strategy needs to be made based on our assessment. If your question is do we expect more competition compared to the past, well we do feel there will be some further players compared to the ones in the past.

And then you had a last question on the new government. Well the minister for the environment has begun with some institutional context but only in the more recent weeks. Our industrial association still hasn't met the minister. But as we're mentioning, if the minister wants to promote the circular economy, well then I think that we are in an especially good position to discuss the topic. Obviously the circular economy cannot be the solution for the entire waste management cycle. I simply don't think it's enough to deal with all of the problems we're seeing in many of this country's regions. And I'm not just referring to Campania or Rome. The problem, as you can see in the news, is increasing in a number of other regions in Central and even Northern Italy. And therefore, as usual, the solution to the problem cannot be a single solution. In fact, I think there needs to be a multi-faceted approach which also should look at increasing the infrastructure, the assets in the country.

Obviously the development of a circular economy is essential, and it is a part of Europe's goals. It is a part of Italy's goals which have been identified of course. And I think that Hera has the expertise, the experience, and the results, all of which we can share systematically both with ENEA on the circular economy and with the Ministry of Environment also for the circular economy and in a number of other contexts. It could be the MacArthur Foundation or the [indiscernible] (50:31) Foundation, all of which are conduits in which we can discuss how to improve things. But the solution again cannot be limited to the circular economy.

Operator

[Operator Instructions] The next question is a follow-up by Javier Suarez, Mediobanca.

<Q - Javier Suarez>: Yes. Just a few quick follow-up questions. In your P&L in slide number 10, as far depreciation and provisions are concerned, can you discuss depreciation and amortization and provisions and where will this provision stand at year end? Then on slide 8 on the financial debt, can you discuss the cost of debt at the end of H1 and can you give us some guidance for year end? And that's about it. Thank you very much.

<A>: As far depreciation and provisions are concerned, the total amount for depreciation at the end of H1 is equal to €95 million. As far as provisions are concerned – No. Excuse me, I made a mistake. €187 million which grew by €4.8 million compared to June 2017. Whereas on provisions, they're equal to €62.4 million plus €1 million compared to the previous year, and this includes the combined effect of a €5 million increase for provisions relating to waste activities and a €4 million reduction for the provisions for the devaluation of credits fund. Then you had another question on the cost of debt I believe?

<Q - Javier Suarez>: Yes

<A>: As far as the cost of debt is concerned, we stand at 3.7% and we expect it to remain stable till year end. This is the gross cost of debt of course. Then the total amount of financial burdens on the average debt, we would stand at below 3%.

Company Name: Hera
Company Ticker: HER IM
Date: 2018-07-30
Event Description: Q2 2018 Earnings Call

Market Cap: 4,054.52
Current PX: 2.722
YTD Change(\$): -.188
YTD Change(%): -6.460

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: 0.179
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: 5700.333

<Q - Javier Suarez>: And what about fixed borrowing versus variable borrowing?

<A>: 90% is fixed rate. We only have a small portion which is variable rate. We are already positioned on a fixed rate given the increase in rates beginning next year.

Operator

Mr. Tomaso di Vignano, there are no further questions for the time being.

Tomaso Tommasi di Vignano

Well thank you. Thank you for having attended. Enjoy the summer holidays and we will talk to you again on September. Goodbye.

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