



2012 First Quarter Results  
Bologna, 15<sup>th</sup> May 2012

**Speakers:**

- ***Tomaso Tommasi di Vignano, Chairman***
- ***Stefano Venier, General manager Markets & Development***
- ***Luca Moroni, Administration, Finance And Control***
- ***Jens Klint Hansen, Investor Relations Manager***

**Chorus call operator**

Good afternoon, this is the Chorus call operator. Welcome to Hera Group's Q1 results for 2012. All participants are in listen-only mode, after the initial presentation we will have a Q&A session. To receive assistance from an operator during the conference call, please press \* followed by 0. I would now like to give the floor to Mr. Tomaso Tommasi di Vignano, Chairman of Hera Group. Mr. Tommasi di Vignano, you have the floor.

**Tomaso Tommasi di Vignano, Chairman**

Thank you. Good afternoon, we are here to illustrate the results of the 1<sup>st</sup> quarter. Just a while ago we concluded our board of directors' meeting and we are satisfied with our performance in Q1, because once again the strength of the performances in our portfolio allowed us to withstand a number of specific events which happened during that timeframe and that we are referring to during the presentation. Specifically, the results have to be seen in terms of the comparison with the first quarter of last year. A year ago we had an extraordinary performance, with a growth equal to 39 million Euros, therefore this year we had to manage the current scenario with a very important comparison with the performance of last year. Therefore the first remark we can make is that our results in terms of EBITDA, EBIT and in terms of our net result are perfectly in line with the results we obtained in the same period last year, even though we had to tackle some variations and some one-off events. Had we assessed the results simply taking into account the figures to also take into account some effects which had modified things from one year to the next, our results would have been even better.

But this was the target we had in mind and we are satisfied with how things have gone. Now, just to mention a few of these events: first of all this was the first quarter in which we had to take into account the expiration of the CIP6, which as you may remember had ceased at the end of November 2011 on the Bologna plant. Therefore we had an effect in the waste business with a 4.5 million Euro reduction in our margin. This is one thing I'd like to mention, and then Mr. Venier will be mentioning a few other things when he goes into the business-by-business breakdown, such as the effects of fair value of the energy businesses, which have a negative impact that goes in contrast with the results of 2011. Even this change brought about some temporary changes because as the fair values expired last year, this year we will make a recovery on the fair values we have in our portfolio. Whereas CIP6 will have an effect up to the end of the year, the fair value variation will be reabsorbed during the year. Now, as far as the specific factors of this period are concerned,

besides the downturn, the crisis, which I believe you are familiar with, we also have to take into account that as far as the weather is concerned, we had a number of different situations which had an impact in different sectors. As far as waste is concerned, we had a reduction in consumption and therefore an impact on waste and on top of that, we also had the month of February which was specifically negative for the waste activities, due to the fact that for two weeks waste could not be collected, because the locations they were situated in could not be reached by our trucks and some of our sites couldn't be reached given the snow.

That was a very specific event. Another effect was due to the heat in terms of the figures on gas consumption in the month of March. We had a strong increase in temperatures: we had a very cold month in February, which helped gas performance, whereas in March some of the days were so warm that it almost felt like spring, therefore these are two factors that we will be explaining, because they obviously had an effect on the overall results. All in all, as I was saying, we were able to perform well in all areas, and we were also able to control our investment levels, as promised. Over this period we invested some 60 million Euros, therefore it is fully comparable with our business plan forecasts and also with the investments made last year.

The cash-flow covering of the investments made, and also the effect of the crisis on the performance of the free cash flow are two other elements in which we were able to have a positive performance. We also had positive effects on the debt because as you can see we are in a stable position vis-à-vis year-end with 2,006 million Euros vis-à-vis the 1,987 million Euros which have characterised the year-end. On page two you can see that there was a strong increase in terms of revenues due to the increase in raw material prices, trading activities, and also in some periods of the quarter we had a good level in terms of consumption of our energy offer. As far as EBITDA is concerned, we are in line with the levels of last year, without taking into account the fact that we had those events that I mentioned a few minutes ago. Had we not had these events, 2012 would have been even better compared to 2011. In terms of EBIT, we are in line with the same quarter of 2011 with 151.4 million Euros, whereas we had an increase in financial charges which is connected to the increase of debt which had happened in the period between the two quarters that have been taken into account, and, to a lesser extent, to the effect of the increase of spreads. In terms of pre-tax profit, we are 120.3 million vis-à-vis 123 million Euros last year, then we have the tax levels which, as everybody knows, grew significantly, which brought up our tax rate from 39.5 last year to 42.7 this year. This tax hike is obviously due to the effect of the Robin Hood tax and to the effect of IRAP, which all in all account for some 2.5 million Euros. Our net-profit post minorities is at 65.3 million Euros vis-à-vis 66.8 million Euros last year, therefore it was a very limited variation. As far as the drivers for this quarter are concerned, a limited number of significant things can be highlighted. It all stems from organic growth on synergies with further 1 million Euros coming in from M&A operations, one which took place in 2011 but didn't have effects in the first months of the year, which is the acquisition of Sadori Gas in the Marche region, and another, which is typical of this period, that is the acquisition of solar plants equal to 4 MW, which happened in February through the acquisition of four small companies, each managing a 1 MW plant. That is the part relative to the M&A activities in Q1 and then we also had the CIP6 effect that I already mentioned. Moving into the strategic area performances, as far as the energy sector is concerned, we had a significant growth, which posted a +11% vis-à-vis 2011, which again was a very good year and this was due to the good performances we had and the expansion of our customer base that we'll be going into later on. As far as networks are concerned, we had a 4% increase compared to the previous year, which is mainly due to the increase in tariffs concerning this specific sector. As far as contribution to our results from waste is concerned, we had a reduction, which we expected. Most of it stems from two factors: one is the 5 million Euros less stemming from the expiration of CIP6 and the GSE action concerning green certificates last year for waste, where we had a discount on ancillary services, and another factor was due to the market difficulties in terms of the amount of waste which had a significant impact both on urban waste and on industrial waste.

These are the main lines in the quarter. I'd now like to give the floor to Mr. Moroni, who will be going into the financials, after which we will be going into the business-by-business breakdown with Mr. Venier.

**Luca Moroni, Administration, Finance And Control**

Good afternoon, many of the things you can see on the graph on page 4 have partly been mentioned by the Chairman. The debt is very well monitored at around 2 billion Euros; cash-flows are positive before extraordinary operations, equal to 8 million Euros. After that, we have 129.6 million Euros in operational flows that were used for investments equal to some 59 million Euros. Then the net working capital absorption, which is typical for the seasonal aspect of the business in Q1, even though it suffers partly from the overall context in terms of payments; nonetheless the performance is positive at around 8 million Euros. After that we have the effects of the extraordinary operations I mentioned, namely the acquisition of companies that manage four photovoltaic plants and of a majority stake in the Feronia company, which manages a landfill. The company's debt structure is absolutely in line with what we had at year-end. Most of the debt (70%) is at fixed rate with a very long duration. The maturing part is relatively low; we have 140 million Euros of the convertible bond, which is maturing in October 2013. Then we have another number of lesser financing. As far as committed credit lines are concerned, to date they are equal to 330 million Euros. This figure will be increased by further 100 million Euros at least from now to the next quarter's results. So as far as debt is concerned there is nothing further to add. You have probably seen the press agency note on our recent bond issue for a total of 102 million Euros. Those bonds were issued at very positive conditions since they consist of two tranches with 15 and 20-year expirations, respectively (with 17.5 years as an average) with credit spreads for the 15 years tranche of 310 basis points and, for the 20 years tranche, of 320 basis points. As compared to the results today, with ten-year credit spreads in Italy above 400 basis points, we feel this was a very successful operation. This operation was finalised so as to refinance a put loan we had in our portfolio among other such instruments. I have nothing further to add therefore I will give the floor to Mr. Venier who will be going into the various businesses.

#### **Stefano Venier, General manager Markets & Development**

Good afternoon.

As usual we can begin with the waste business, which as you've already heard had the most significant effects both in terms of the general context and in terms of the extraordinary events that we had to tackle during the first quarter. There isn't much else to add if not just some minor remarks on volumes.

As you have seen the issue of the impact of the general context had an impact not only on special waste, which contracted in the two most significant months because in February, at least in the Emilia-Romagna region (in the north of Italy) waste collection was blocked by the snowstorms, but even in terms of urban waste, where we had a contraction of 5% approximately. This obviously suffered from the snowstorms in February but in general terms, as you can see, this is due to the difficult general context, one that we have never seen in previous years, not even during the freezing months in 2008 and 2009. Obviously, facing this scenario the company decided to introduce a number of actions, one of which was very consistent with the one we had already started in 2011, therefore to increase our customer base, and we are helped in this by the criticalities which are in the Lazio and Abruzzi regions but also in other regions in Italy. These situations are creating conditions to actually address new areas and new flows of waste that will be seen in the months ahead. We are also working on completing the different axis for waste management, in other words by increasing the larger assets by accompanying waste-to-energy plants with lighter plants, so that we can tackle the increase in sorted collection, giving value to the biomass component in waste which as you know benefits from specific subsidies, also included in the new decree on renewable sources. Last but not least, we also have some initiatives in terms of cost reduction in rationalizing the assets we have, because obviously when facing contracting volumes we have to look to a smaller number of plants so that we can have an optimal level of functioning. At the same time we also have to cut costs in terms of the operating costs that are included in all of the waste treatment activities. This is pretty much the action plan that we have decided to apply, which started a few months ago, because the situation is not a novelty. The last quarter last year we had already seen a trend which indicated that there was a contraction. Therefore we feel that we will be seeing the results of our action already in the months ahead.

Moving on to page six: the water business. In this case we have some very comforting figures, our margins increased slightly. I use the word 'slightly' but in terms of percentages it was equal to 8% and this is true for that our consistent approach, and the consistent approach local authorities had were positive in terms of sticking to the tariff agreements we had. In certain areas, such as Bologna and Modena and their provinces, which account for 50% of our water business, these contracts will continue up to 2014 and 2015, as we wait for a new tariff system. The visibility that we have on a significant part of this business for the years ahead allows us to continue with the initiatives that we already had in the past 8 or 9 years, in other words, when we acquired and began managing a sufficiently stable relation between the regulatory body and the operator. As you can see certain cyclical trends are difficult to interpret as far as consumption is concerned. We had an increase in Q1 compared to Q1 last year, and the figure this year certainly reflects the effects of a very warm month of March, but also a very cold month of February, because consumption was influenced by the weather conditions also due to some additional losses.

Then we move to gas on page 7. In this case, once again, we have a confirmation of certain dynamics we had appreciated in the last quarters of last year, specifically in Q4 last year; we have a >15 million Euros increase in Q1, we are at 114.4 million Euros in terms of EBITDA. Indeed some 50 million Euros are connected with distribution, which due to the progressive adjustment of RAB had, also in 2012, an improvement equal to 1 million Euros. 57 million Euros are connected to sales and the remaining part is linked to district heating activities which overall in Q1 had signs of growth in sold volumes above 5%.

Here are the main elements, which need to be underlined: on the one hand, revenues. Not so much because it allows us to appreciate our performance in the business, but because they prove that there has been an increase in our business, especially in trading or in wholesale activities. This is a consequence, on one hand, of the so-called "mercato di bilanciamento", which calls for a daily bounce in the activity, bringing about trading, and on the other, because of the volatility in the market, which brought about new opportunities to play a direct role in managing our procurement portfolios, also in terms of stand-alone opportunities.

Moving on to the electricity business, I'm going back to the comments made on the previous business. In this case the revenues dynamics has posted a growth but not with the size we have seen previously. This is a consequence of the typical development of our customer base, besides the price that reflected on the last 12 months changes, including important changes, in underlying assets (in those same months the price of oil grew by some 20%, if I remember correctly). If we look at the purely trading activities as far as this business is concerned this has reduced compared to the same period last year, also due to the well known up-streaming wholesale market conditions. We also have to note that we have continued to increase our customer base: at the end of March we were above 500,000 customers, which is a considerable amount, considering that ten years ago we were 10 times as small, and also because this was a constant result we were able to obtain. It's almost like a marathon runner who faces the race constantly, step by step. In the last quarter we increased our customers by 19,000, which is consistent with the results obtained in the previous quarters in the past two or three years. We have to know there are two or three effects in this business that conditioned the performance: we have the issue of fair values that was mentioned at the beginning, which is equal to some 2 million Euros and which last year had had negative figures, and then we also have to take into account some effects that we recorded in terms of the management of our assets because the contribution of ancillary services and the marginality, even though we have a low contribution, brought about a negative effect compared to last year. Though as you can see this is limited to some very small figures. Out of 21 million Euros, approximately 6 million Euros account for the distribution activities, whereas the remaining amount is linked to sales and trading activities. One last note on energy and gas, which also links to the development of our customer base: after the end of Q1 we launched our new commercial campaigns, which from this point of view should be a further driver to reaching the targets we have for this year. I remind you this is to bring further 80,000 customers compared to last year. Now I will give the floor to the Chairman for his conclusions.

Thank you, I don't have very much to add. It seems to me that the profile of the performances we had in this quarter confirms the strength of our plans. We were also able to absorb a number of events such as the CIP6 or the effects of increased taxes or due to the general scenario and I believe that our performance shows that our way of working was the best we could possibly choose and hopefully the crisis will decrease in the months ahead. Obviously we seem to be getting worse and worse news but hopefully the scenario will change and besides the things that Stefano said a few minutes ago, I also have to add that as far as our plants are concerned, we are continuing in the completion of a number of these. In Q1 we also launched a significant plant in Ravenna in terms of the management of industrial sludge, thereby strengthening our presence in that sector. We are continuing in the biodigester sector; two of these plants will go on-stream within the end of the year and therefore, as far as this profile is concerned, we continue to strengthen our portfolio in the waste business always in line with the evolution of the market itself. At the same time we have also been continuing working in Florence, to carry on the authorization phase of the project that, as you know, we have acquired in Florence. Therefore our performance is good, life goes on, we haven't been stopping our initiatives, and this is further proof that we are continuing with our good performances, in line with 2011, and the result of that is the dividend we'll be paying in early June. Now we'll leave it to you to hear any comments or questions you may have.

#### **Chorus call operator**

*This is the Chorus call operator; we can now begin our Q&A session. For any questions you may have please press \* followed by 1 on your telephone. To leave the question list, please press \* followed by 2. Anybody wishing to ask a question can now press \* followed by 1. The first question is by Francesca Pezzoli at Cheuvreux.*

#### **Francesca Pezzoli, Cheuvreux**

*Good afternoon, I have a couple of questions for you. The first is on the waste volumes, which had a significant contraction. I'd like to know if your commercial policy has already had some effects or if these effects will be felt more in the second part of the year. And as far as M&A are concerned, can you give us some details on how much was spent of photovoltaic plants and on the landfills, and the impact that you will have on EBITDA on the full year? Thank you.*

#### **Stefano Venier, General manager Markets & Development**

I'll begin with your second question: as far as the investments made on PV plants are concerned, the overall amount was 14 million Euros approximately. The contribution we'll be having will be full year practically, because the acquisitions were concluded in the month of February, or rather three in February and one in early March. Then we have the average contribution of these plants, which benefit from the subsidies of the *ARCOE* and *Terzo conto energia*, and so we're looking at 0.5 million Euros each per Mega Watt (some 2 million Euros per year). As far as the Feronia landfill is concerned, the effect is different compared to the figures you saw, which comes from an increase in our stake, which used to be at 30% and now is up to 70%. The fact that we took control of this landfill has a number of implications, including commercial implications, because the landfill is in the most extreme part of the Modena province, in that it is close to the Reggio Emilia province and the southern part of Lombardy, and this is an excellent location, from a logistical point of view, to receive certain volumes. And it is authorized both for urban waste and certain types of special waste. Therefore it will be bringing some contributions. I'll give the floor now to the Chairman for the question on waste volumes.

#### **Tomaso Tommasi di Vignano, Chairman**

As far as the two actions that Mr. Venier was describing, (the one on revenues and the attention we are placing on costs as far as waste is concerned) as far as revenues are concerned, we are committed to opening up some further channels in terms of acquiring further amounts of special waste. These effects were only noticeable in the second half of March, after the contracts we signed brought in certain amounts of dry waste to our plants. As far as the other issue relating to special waste is concerned, which start as urban waste and are then transformed on site before we receive them for treatment, we have a good amount of composting and digestion plants, which allowed us to sign some further contracts, which already existed for some limited amount of time last year, vis-à-vis areas that are pretty far from our region, which allowed us to then use these plants as best as possible. We have renewed these contracts and we are also taking part in an important tender, which will be spread out more over time. These two sectors in terms of the commercial activities conducted in the last month of the quarter, will bring further positive results. As far as urban waste is concerned, in this case this is linked not only to the changes in consumption and waste collection, but it's also linked to sorted collection, which in our territory, as you know, at the end of last year was above 50%. Urban waste collection in Q1 was also linked to the weather conditions, as you know. On top of the decrease in consumption, which also brought about a contraction in waste produced, this is obviously an effect that is more difficult to control. Obviously the weather conditions are something that may be taken into account but only in one year's time, whereas as far as consumption is concerned, this is something that will have to be looked at carefully: that's where the further efforts of the company come in play with actions in terms of reducing costs that will allow us to offset the current conditions, also taking into account that CIP6 is now over and therefore this specific trend is one that we'll be seeing until the end of the year compared with the previous one in terms of the delta it'll bring about.

#### **Chorus call operator**

*For any further questions, please press \* followed by 1 on your telephone. For any questions you may have please press \* followed by 1 on your telephone. Our next question is from Fabio Picardi, Banca IMI.*

#### **Fabio Picardi, Banca IMI**

*Good afternoon. I also have some questions: first of all, can you remind us of the overall effects of the expiration of the CIP6 on the entire year? Secondly, even though you already described the plants that will go on-stream in 2012, with reference to the plants in the waste business, what impact can we expect on the EBITDA coming in from these new plants? Then I'd like you to remind us about the tariff increases we had in 2012. Can you remind me of the CAPEX guidance for 2012? I also have a question regarding the spread between depreciation, amortization and provisions in Q1 2012. Lastly, do you have a net financial position target for 2012, or can you remind me what that is? Thank you.*

#### **Stefano Venier, General manager Markets & Development**

As far as the effects of CIP6 are concerned, last year it contributed for 11 months, this year it won't contribute for any months, and the overall impact will be 18 million Euros throughout the year. The bio-digestion plants that will go on-stream are 1 Mega Watt plants (1 Mega Watt of installed capacity), they will go on-stream within the year and therefore the incentive scheme will be the one currently in effect, not the new ones that will be defined. The expected EBITDA is of 2.5 million Euros. We already have a test case, meaning that we have one such plant, which has already been on-stream for two years. As far as water services are concerned, the tariffs are the ones you can see on the results we had in the first three months, where the volumes moved up 3.4%. If you take that into account the tariff increase was equal to 4 - 4.5%, between 4 and 5% accordingly because within the revenues, as you know, there is a component which isn't linked to tariffs but on contracted work, which brings about the overall results. But again, the tariff increase is between 4 and 5% also due to the

investments made in the past years. As far as CAPEX is concerned, for 2012 our guideline is below 300 million Euros. This is the target we have: let's just say that 300 million Euros is the threshold and that's the investment plan excluding any possible acquisitions that may be made. 300 million is the target we have in mind. Obviously in terms of distributing investments the first quarter is always a little bit slower, that's why you see that we had 60 million Euros in Q1. The split between depreciation, amortization and provisions is around 57 million Euros depreciation, around 17 for provisions and 10 as far as the bad debt provision is concerned; as far as guidance on financial profit's concerned, it should be below 200. The dividend cash out will be in line with last year's and it will account for some 100 million Euros, whereas there are 20 million Euros coming in from extraordinary operations. This would be the guidance.

#### **Chorus call operator**

*The next question is by Stefano Gamberini, Equita SIM.*

#### **Stefano Gamberini, Equita SIM**

*Good afternoon. My first question is on the cost of debt: what should the cost of debt be? If I understand correctly, you raised a put bond and you substituted it with new financing. Does this have any one-off cost, maybe? The second question is on tax rate: it seems to be fairly low in Q1, is there guidance for the entire year? And then as far as waste is concerned, you were mentioning two biodigesters with the old incentive scheme. What will happen with the new incentive scheme? Can you comment of what you expect with the new system and if this will also have an impact on your business plan targets?*

*Will your investments be made or will they be postponed vis-à-vis this new system? And then a final comment: will the water business see the concession expiring if the municipalities don't reduce their stakes below 40% in 2013?*

#### **Luca Moroni, Administration, Finance And Control**

Let's begin with the cost of debt, which increased slightly but not significantly. In terms of the cost of pure debt we are below 5%, then we have a negative carry effect which brings us above 5%, at 5.6-5.7 due to the effect of cash available, which we'll keep also due to cautiousness. As far as tax rate is concerned, 42% is a tax rate that throughout the year we probably won't be able to keep within this range. Last year we were able to stay around 43-43.5% regardless of the increases we had due to the differential effect of the Robin Hood tax, and the +0.30% we paid on IRAP, this year we have the positive effect due to the Monti manoeuvre, which will partly offset that +0.30% on IRAP. The effect of the Robin Hood tax differential was equal to some 4 million Euros, as it was last year, therefore throughout the year we will continue being at around 43-44%. Now, I'm not sure if I understood your question on water. You said that if our shareholders don't go under 40% they'll lose their water concessions. Actually, that is not how things are, because based on the latest regulations, to take into account the results of the referendum of last year, the water services are excluded from the assignment of local public services, which will expire. Everything will continue to its natural expiration date. Therefore, the only things that are conditioned by the choices made by the shareholders are simply waste collection and any possible services such as public lighting or other local public services that we no longer have, as a matter of fact, because we progressively returned or sold these to third parties. Therefore water is a completely neutral area. As far as waste is concerned, the two biodigesters will go on-stream this year, and in our business plan we expect to build further two in the years ahead. Obviously the final investment decision on these two further plants will have to be based on the latest draft of the decree on renewable sources. If you want a comment on this decree, a comment which is strictly limited to the bio-mass or bio-gas part for time reasons, the incentives mechanism that was identified isn't offering significant incentives; quite the opposite, rather. There are some specific incentives linked to the reduction of emissions or linked to the co-generation of steam for district

heating, which can bring about further incentives, which may make tariffs a little more interesting. So, from this point of view we'll have to wait and see as to whether these benefits or incentives, which are only foreseen for virgin biomasses, will be extended to biomass of waste origin. This is something that we as an association, under the name of Federambiente, have communicated both to the Ministry of the Environment and to the association of regions and we'll see if this will be taken into account in the final draft of the decree. As far as our forecasts are concerned, looking at our business plan, the plants that could feel the impact of the decree are a very limited number. It would be these two biodigesters we expect to build in 2014/2015 and we'll only make a final decision after we will have read the final draft of the decree. There were no other major investments envisaged in the plan. Obviously this decree, though, will have an impact on the Florence waste-to-energy plant. There is a clause within the tender, which brings about a financial rebalancing, but then obviously we'll have to take into account the effects on the project financing for the construction of the waste-to-energy plant in Florence.

**Stefano Gamberini, Equita SIM**

So, just a quick follow-up on the cost of debt: I remember your previous guidance was at 5.2-5.3; to what is the increase to 5.6-5.7 due? Is that due to a refunding of a put bond?

**Luca Moroni, Administration, Finance And Control**

The effects of the one-off costs, as far as refinancing is concerned, are none. The effect of the increase is a yearly guideline, also linked to the credit spread curve we estimated, besides the negative cash carry we have, which brings about a gross debt cost which is below 5%, at 4.8-4.9%, and the effect of the negative carry which brings us up to 5.6-5.7.

Thank you.

**Chorus call operator**

*Our next question is by Dario Michi, Banca Akros.*

**Dario Michi, Banca Akros**

*Good afternoon, I'd like an update on M&A. Any news on the AIMAG front? We were reading about interest for some other municipally-owned utilities, such as ACEGAS.*

**Tomaso Tommasi di Vignano, Chairman**

Well, as far as this issue is concerned, there is no major news. As far as the negotiation with AIMAG, and above all with its public shareholders, is concerned, the negotiation is quite slow, but we are aware of how complex these issues are, especially when it comes to actually leaving control of a company. This is something we are working on patiently and it continues being a target for this year. We'll see if we will be able to have a more reasonable timing compared to the one they have in mind. There are no major difficulties involved. It's just a matter of how complex the negotiations are with them. With them it takes two weeks to think about certain points and then come back to the table. That's as far as AIMAG is concerned. As far as the general scenario is concerned, I think that the upcoming expirations and the changes in legislation are bringing out some availability on the part of companies that have never thought of merging with larger companies. There is more attention towards mergers; there is greater availability. And obviously that is a field that we are interested in. In this sense we had some contacts with ACEGAS, which then sent a number of communications to the



newspapers. It's interesting, we're looking into it but there is no negotiation, there's no ongoing negotiation. Hopefully by mid-year we will be able to see whether or not we can move forward in this strategy or not.

**Chorus call operator**

*For any further questions please press \* followed by 1 on your telephone. For any further questions, please press \* followed by 1 on your telephone. Mr. Tommasi di Vignano, gentlemen, there are no further questions.*

**Tomaso Tommasi di Vignano, Chairman**

Thank you very much, we'll talk to you soon. Goodbye.