

# **Snaitech SpA**

**“Results as on 30<sup>th</sup> September 2017 Conference Call”**

**Monday, November 13, 2017, 14:30 ITA Time**

**MODERATORS:      FABIO SCHIAVOLIN, CHIEF EXECUTIVE OFFICER**  
**CHIAFFREDO RINAUDO, CHIEF FINANCIAL OFFICER**

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Snaitech results as on the 30<sup>th</sup> September 2017 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. Fabio Schiavolin, CEO of Snaitech. Please go ahead, sir.

FABIO SCHIAVOLIN: Thank you, Julie and good afternoon, everybody. We are ready for the third quarter and the first nine month results of Snaitech Company. Actually, as you will see and I have promised, we will drive you into a series of results in line with our expectation. We are showing you first, the impact of our actions in the main business areas.

I should start from Page 4, we want to give you a bit of highlight on the third quarter results, in which wagers were up by 2.4% and EBITDA closed at €30.2 million, with an increase of €300,000 versus the same period of 2016 and net results which is positive by €2.8 million versus the loss of €7.1 million in 2016. This positive performance has been possible despite some unfavorable industry factors such as PREU increase.

PREU increase or taxation increase affected EBITDA by €2.1 million, so the EBITDA results would have been €2.4 million instead of €0.3 million. The absence of important events such as Euro Cup and Olympics that in 2016 drove a bit of wagers up and with a quarterly sport payout which is in comparison with the same quarter of 2016, which has been the best quarter in that year a little bit less positive.

Online is still driving our results with a very obvious growth of 37% and virtual events that are starting to show some recovery only up by 1%, but the action we put in place on the fine tuning of the new product of in spite

of the championship it's showing a positive results. Sports wagers were a little bit down by 1.3% and gaming machine wagers are still a bit suffering obviously after still by the local regulation but recovering from the performance than that had been showing in the first half of 2017.

Having a bit ~~more~~ wider look on the first nine months, EBITDA is giving us a result of €86 million versus €97.6 million in 2016, of this...loss [ph] of €11.7 million is mainly due to sports betting unfavorable payout by €8.4 million and by the taxation increase which we were talking before that in the first nine months is weighting 3.7 million. I just remind you that the taxation increase has been introduced as in May.

Breakeven on net income, so we are yet to go confirm and happily we will confirm also at the end of the year a positive net income of €4.8 million which compared to the loss of €7.5 million in the first nine months 2016 is a huge increase. Net financial position so goes to €456 million with a leverage ratio a little bit increasing at 3.9 times with a sound cash generation, also thanks to the new cost structure we have been producing €32 million in the first nine months of 2017.

Our synergy program is perfectly on time...on track, it's close to completion. We added another €2 million in the third quarter, so it's going to be €7.8 million in the first nine months of 2017 and the plus the €10 million, in the period before it had been €17.8 million since the beginning of our integration and synergy plan. Additional and the last €3 million synergy is expected to be completed in the first half or maybe, let's say in the first half 2018 and it was related to their redundancy procedure we started in July.

As we act on the action side, of course gaming machine will be a focus of our Company because it will still be the area in which we have to improve

and to do a better job. VLT network integration and optimization will be still done together with the payout reduction. The payout reduction in VLT has been solid, as you remember before summer of this year and we almost completed by the end of September but we are still doing some fine tuning on selective locations that we will, of course, [indiscernible] and results to recover.

On the Virtual Events side, besides the action we have done and we are still doing on the Inspired [ph] project as we were saying, we will be launching a second platform which I think has been a little bit delayed from fourth quarter 2017 to first quarter 2018, the new global bet platform we do think will be a good anchor [ph] for a full recovery of Virtual Events product. And on the national side, we will continue pushing the process of rejuvenation of our technology, adopt technology in our network, our Smart technology has been very well accepted in our network and especially our SSBTs terminal are having very good result.

Just two lines on the current trading, because it's good results. October is doing even better than the third quarter, so October started very well on sports betting with wagers up by 12 points to €113.5 million and with a fabulous payout of €78.7% compared to the €83.8% of October 2016, so very good news for October and we will see November hopefully still on track.

So going to Page 5, we already anticipated some of the numbers of the financial KPIs. I will...of course, you have a very nice chart by Edo, which is showing how on the bottom right, which is showing how the recovery actions and the recovery plan are helping the [indiscernible] in the present to the previous year to get on the green side.

As you see, we consciously has been doing a very good job to recover and to [indiscernible] our numbers. So payout...for payout, if you remember, for those of you who remember the first quarter, we were losing 6.1% in comparison with the same period of the previous year 2016.

We started to do some action, so we reduced the delta in the first half to almost 3 points and then with the third quarter, we still reduced to 2.2 difference. That too show you guys that we are very much convinced that we can definitely drive the payout in the same area on the average intended at the last...at the end of last year, so we will completely offset this say, say this delay in comparison with 2016 and maybe there will be the possibility to do something better.

Wagers, third quarter were up by €47 million, driven mainly by online performance and revenues, of course, has been affected by the increase of taxation, so we have a little bit of loss in third quarter of €16 million. Nine months EBITDA, as we were anticipating on the slide before, it's a little bit still in delay mainly due to sports payout by €8.4 million and by the taxation increase, which for the period we are observing €3.7 million we will see at the end of the year to be around €7 million the impact of the increase of taxation during this year, and it would be at full range of €10 million.

Interest cost thanks to the refinancing have been reduced to €30.8 million in comparison with €42 million in the same period of last year with a very positive net income of €4.8 million, as I was anticipating before. NFP to €456 million and leverage ratio, as I was anticipating to 3.9.

A little bit of breakdown on wagers and contribution margin on Page 6. What we can say about this picture mainly that the good, very point is the current trend of Virtual Events which are recovering, plus 1%, so we

record €60.9 million in comparison of €60.3 million. This is a little increase, but it is showing really a current trend if you remember the loss we were recovering...we were registering during the first two quarters was a little bit worrying us, we are now in good waters. Sports betting wagers pretty stable, gaming machines, as I was mentioning before, are showing a little bit of consequence related to restriction on opening hours and marginality on the other side is mainly affected as you can see 27.3 by the increase of taxation.

Related to this thing, firstly we are expecting this to be going to stabilize and then we will tell you about some mitigants [ph] we have in action. The online is growing double-digit as the marketing is doing, we are doing better than the market gain. We will see thereafter that we have been in the market either on the increase...on the online growth and also on their capacity to control payout and to do risk management, we are also doing better now competitors on that side. On...let's say that...the complex of concession related product, level of contribution margin it has been reduced by €2.4 million mainly due to sports payout and the taxation increase as I was saying.

Just a couple of words about Page 7, another worthy [ph] slide by Edo team...Edo's team, related to payout performance of the Company throughout the quarters and also related to the other competitors. On the top part of the slide, first of all, you see the tendency in line which is showing a constant improvement, so we are doing better and we have a big opportunity for the fourth quarter considering the fact that the fourth quarter in 2016 has been a very bad quarter...one of the worst quarter of the history of course, sports betting by Europe. So we...if we kept momentum and as I was anticipating before, October is already there, and November is going good, we do think we could really give a little bit of improvement to that...to the trend line going down.

On the bottom part of the slide, a little bit of benchmark with the market, as you could see we are constantly and continuously been in the market, both on the online and also on the retail performances on payout. As you can see dynamics are showing a little bit of improvement and positive. So capacity of the market and about Snaitech to control...better control the pricing, the offering in price and on the other side a little bit of...also of luck with the results we have been recovering so far.

So going to Page 8, I will leave the word to my colleague Edo.

CHIAFFREDO RINAUDO: Thank you, Fabio. Hi, everybody and thanks Fabio for the compliment for the formal slides. So moving at Page 8, you may see the positive correlation between retail and the online business, both businesses are growing over the first nine months of 2017, plus 1.6% retail and plus 35.5%...37.5% the online.

So basically the online is not cannibalizing retail, and retail is stabling supporting online growth, thanks to our pushing cross-selling strategy which is based on account acquisition throughout all of Snaitech retail network.

You may see also in the bottom part of the chart, that more than 55% of online NGR which is €29 million out of €52 million, it's coming from cross-selling players. For this reason and thanks to this result, we may say that Snaitech leadership in the retail betting is a competitive advantage to expand our online domain.

And moreover, looking at the table showing the accounts during the first nine months of 2017 almost 50% of them that is more than 30K accounts are totally brand-driven, I mean that players open their account without

any specific campaign just driven but nice strong brand awareness and quality of services provided.

Let's move to Page 9, and having a look at the EBITDA bridge over the last 12 months. As mentioned before, EBITDA decreased by €11.7 million, mainly because of two different impact, one coming from the payout...the unfavorable payout of this period that impacted by €8.4 million. And the second effect was the increase on PREU for gaming machine that impacted by €3.7 million.

Online contribution by €5.8 million and the synergy program benefit that was €7.8 million, totally counterbalance performances...negative performance is coming from gaming machine, retail betting and other business and OPEX, that was minus 3.6, minus 6.3 and minus 2.8 respectively. I also remember that a €20 million synergy program is close to completion. We are now expecting additional €3 million to be accounted before the first half of 2018, basically coming from the redundancy procedure that was started in July this year.

Page 10, cash flow bridge over the last 12 months. So starting from the LTM EBITDA that was €116.6 million, we accounted €13.7 million of one-off costs, mainly due to synergy activation costs, SIS acquisition and the settlement of formal litigations.

CAPEX were €21.1...€22.1 million, basically in line with our annual target. Working capital and cash taxes impacted by €2.3 million plus...€3 million and then we accounted €53.9 million of interest costs. Please consider that the LTM in this case is also including former bonds interest paid in Q4, '16 so before the refi.



The 2017 full year interest without this old [ph] component will decrease to 44...€42 million. Then we had the €28.3 million of their refi costs that were completely one-off costs obviously, and the €20 million of the debt repayment that was done during the refi which is obviously neutral [ph] on the net financial position.

In terms of expectation that we are looking forward in the next quarters, we may...should expect the 3 additional million euro coming from synergies that would be a benefit. We will have it by the end of the year...this year, the benefit of €11 million of lower interest cost after refi. And we will have on the other hand minus €6.5 million PREU increase when the 12 months after April [ph] this year will up and running so by April next year.

On the other hand one-off costs are expected to decrease over next quarter, as long as, the integration with Cogemat is still going over. So the expectation is that current level of €13.7 million of one-off costs will be reduced at least to € 6,5 million in the next few months (-50%).

Page 11, as usual I will give you the update on the regulatory framework in Italy. So as, you know, the PREU has been increased from the 24<sup>th</sup> of April this year, the estimated impact on Snaitech has already been confirmed so we expect a negative impact like €10 million over the next 12 months starting from April that will be €7 million accounted in 2017.

With regard to the 30% envisaged reduction for AWP, the maximum impact on Snaitech marginality should be of maximum €4 million in [indiscernible] no distribution of wagers on the remaining machines.

I would like to underline also that no capital on AWP active machine was applied before this reductions, and this means that on one hand we are

risking to lose a limit portion of wagers and margins. But on the other hand, AWP rights being limited will become a valuable asset for concessionaires in the future.

We are also waiting for the next decree, the so-called [indiscernible] decree to be issued likely this month in November that will provide operating rules on AWP reduction and maximum number of AWP allowed per point-of-sale.

Then a few words on Conferenza Unificata, as many of you know, during the meeting on September the 7<sup>th</sup>, the Central Government and local authorities defined a common framework represented by some key points that we underlined in this slide.

First of all, our cap of six hours per day of closing time limitation that local authorities may apply on points-of-sales, minimum distances from sensible places to be locally defined by regions. Concentration on gaming offerings from current 100,000 point-of-sale to 55,000 certified PoS by the end of 2019. Full replacement of current AWPs with remote AWPs the so-called Mini-VLT, again within the end of 2019, and the possibility for the regulator to move taxation on gaming machine down to GGR.

Local authorities will have to align their rules to this agreement, offering homogeneous framework to the national regulator and basically taking into account and into consideration the existing investments in their territory. Most of the concerns are related to the timing to build up this homogeneous picture, keeping in mind that in 2018 the administrative election will take place in Italy before summer.

Let's say a first confirmation of the distinct issue is reflected in the first draft of 2018 Budget Law that is introducing a postponement on better

tender to the last quarter 2018. In parallel, the government is proposing the extension of a containment of current betting rights until the end of 2018. Current hypothesis of costs for this postponement...for this extension are 3.5K for corners and 6K for shops that would imply under the scenario a total CAPEX of Snaitech of some €7 million next year.

As far as, the betting tender timing and framework, the number of rights to be issued should be confirmed 10K shops and 5K corners, sensibly more and over than the 10K existing points as of today. Minimum bid prices are also confirmed as of today 32K for shops and 18K for corners. As we said before the tender will in any case require the two adoptions of homogeneous rules by the local authorities and for this reason in our opinion the proposed timing of Q4 for the betting tender we have to be confirmed during the year.

FABIO SCHIAVOLIN: So thank you, Edo and thank you also for this...the very interesting view on the regulatory framework which is delivering us also a good basis for development of our action recovering the...some product performances which are not as good as some others and expansion upon payment will give...has possibility to keep producing cash and delivering to our Company very strong and stable position to pursue our strategy for the future. Looking a little bit of the action, we will still going on pursuing in the last quarter of 2017.

As I was mentioning before, main focus is now related to the optimization and network integration we will be doing in a VLT network, rollout of the new VLT arise and the finish of the PR production to partially offset the taxation increase. On the retail space of betting point of sales, a big attention is given to the deployment of smart technology and the BetSmart new SSBTs to all the betting network. We do think that this action will

help our network to increase performances and also to control costs on at...retailer base.

On virtual events, we are expecting another quarter of recover, and we will be focused on finalizing the certification of the second platform which is already in place and that's been delayed a little bit to be sure to get out with the right configuration.

We will continue on our strategy of bolt-on integration, vertical integration, mainly in the AWP space. This as we anticipated in the strategy to be prepared to control a big portion of the value chain and also to be prepared for the near future AWP environment. And on the international side, little [indiscernible] related to the activity we are doing out of Italy with a certification of our platform which is in a very good...I think very good point of the certification process working with the certification labs in order to get prepared by the first half 2018 to start selling in the foreign market.

Let's end up with a little bit of guidance. I have anticipated many times the AWP cut may affect not considering a possible wages redistribution, both wages growth and so we are defining a new guidance for growth for...on wagers which will be indicated in 3% instead of 4%, and also EBITDA from 2018. The impact...maximum impact we are expecting by the cut of AWPs won't exceed €4 million, again without considering redistribution of wagers.

Double-digit growth in on line is expected for the next couple of years 2018/2019. This is related mainly to our capacity to still grow mainly in the gaming part of the online. On the bearing part, we are almost doing the best that we can, and we are very close and per GGR to the top operator in Italy which is Bet365.

And by the way, target of positive net income which we were anticipating for 2017. We are...we think, we are very confident to be able to confirm it also by the end of the year. So we do think that with €4.8 million we are in a safe side, to pre-announce that it will be the first year after many, many, years of this Company showing a positive results of net income level.

I guess that's all, so we are ready for your questions.

## Q&A

OPERATOR: Excuse me; this is the Chorus Call conference operator. We will now begin the question and answer session. The first question comes from Andrea Bonfa with Banca Akros. Please go ahead.

ANDREA BONFA: Hello, good afternoon to everybody. I do apologise, if I ask you some, let's say, already answered question. But we are, let's say same jumping from one conference call to the other. Now, Edo, if you can maybe elaborate a little bit on the payout and maybe to quantify how much you can, let's say, recover in the last quarter of the year. If we can, let's say, think of a scenario where you will recover what you lost this year in 2017 also in 2018, so basically to continue with the last quarter of this year also into 2018? The second question is related to the cost synergies. It seems to me that with the third quarter you reached the target for the year, and maybe shall we increase the expectation on the front or for this year is closed game? And if I may, more on the formal betting tender which has been, let's say, now apparently postponed into 2018 for the betting point of sales. If the number in term of cost for that betting tender you think are reasonable or shall we factor in a premium on those, let's say, costs for outlet or shopping shop. Thank you very much.

CHIAFFREDO RINAUDO: Thank you. So going through your questions, first of all, the payout, let's say, I would confirm what we were saying since first quarter of this year when we posted 87.6% payout. At that time, we said that we didn't see any material reason to get a different payout at the end of the year compared to 2016. Market is pretty the same. On the other hand, most of bookmakers and SNAI is among them, have reduced some kind of bonuses, some kind of incentivation proposed to players. So basically, there is no reason to get to that end of the year with a material different payout compared to 2016 and [indiscernible] these.

So as you can see the window, there was the lag then between progressive results of last year are coming tighter and tighter, so at the end of the year, we expect that we will be able to meet the 84.5% payout that we had last year. As you can see at Page 7, the Q4 of 2016 was heavily negative last year with 87.8. We already say today that payout in October was quite pretty good and quite favourable compared to last year, so we are reducing more and more the difference between the two performance.

FABIO SCHIAVOLIN: If I may, we are now at 85.4 in the first nine months. Last year, we closed at 84.5. So I am just remembering this number for you for your model. October, we did a 78, so five points better than October last year. And if you look at December, mainly effective the third quarter of last year which was mainly almost 88%. It means that we...that less one percentage point that is still there to recover. It is almost done already in October, so we are very confident that if it is not happening something really material from the beginning of December on with results which will be having all the results in December [indiscernible] by our consumers, we are not expecting to...not to be possible for us for recover. So we are confident and we could also do a little bit better.

And the last thing is, as Edo was pronouncing at the beginning of the answer. We made a very material approach on pricing within the first operator in Italy recovering the aggressive position in pricing reducing bonuses and promotion and also raising the interest level for the incentivation in multiple bets. That means that being are the first message we are doing, that the market has been following us, and will now register a, let's say, general trend of the market also of our competitors going down in their performances, us being little bit better than the others, but all the market is, let's say, taking the same approach on pricing.

CHIAFFREDO RINAUDO: So and also for next year as of today we see Andrea exactly the same scenario, so this kind of target payout, 84.5 could be also the reference for the 2018 numbers.

In term so synergies, we are not...we cannot raise the value today. The program has been set-up starting from Cogemat integration, one year and half ago, we started with a first target of €10 million, so we already raised up to €20.5 million. The total level synergies coming from this integration adding €10 million accounted last year and the 7.8 accounted in the first nine months so we are at €17.8 million today, we are already at the 85% of the program. So we expect €1.5 million for the last part of the year and additional 1.5 for first months of next year, and then the program will be over.

For the betting tender, CAPEX and expectation, we said before that looking at the first draft of the Budget Law, and looking at the proposed cost for the extension...one year extension for 2018 of current rise. The capital expenditure for one year would be around €7 million. In terms of the nine year betting tender, the expectation remains the same, so the expectation, keeping the minimum bid prices content as in the draft of the

law today, 32K for shops and 18K for corners. The expectation is to have a total CAPEX of €60 million for Snaitech.

ANDREA BONFA: And Edo, if I may, but on this, let's say, less cap at the €60 million, do you expect that the betting process will more or less confirm this 32K and the 18K or do you expect a premium on those numbers?

CHIAFFREDO RINAUDO: No, we are assuming a premium in the...if we should pay right at the minimum price and the number of rights [ph] that we are running today; we would have a total CAPEX under €40 million. So when we say €60 million, we are assuming...a total increase by 50%, both from the number of rights and in the average price that we will have to pay. So we are assuming an increase in the average price of the future rights.

ANDREA BONFA: Okay. Thank you very much. If I'm correct, going back to the payout sport, we'd...just with October, you basically recover €8 million of cost in payout, is that correct, because if you are more or less on average with just October, you have recovered the short fall just even single month, is that correct?

CHIAFFREDO RINAUDO: No, it is not that...we are recovering €4 million in October.

ANDREA BONFA: Okay.

CHIAFFREDO RINAUDO: So let's say, we are more than half or the €8.4 million of delay that we had last year. Obviously, the opportunity will be in November and December when the payout last year was heavily negative.

ANDREA BONFA: Okay. Thank you very much.

CHIAFFREDO RINAUDO: Thank you.



OPERATOR: The next question comes from Ronan Clarke with Deutsche Bank. Please go ahead.

RONAN CLARKE: Hi, there. Thanks for taking the questions. I wanted to ask first of all just about machine wagers. So VLTs in Q3 looks to be an acceleration of the negative, I will put it that way. So it was down in wager terms about €32 million in the first half and down about €34 million in Q3. So is there something seasonal or particularly impacting VLTs in the third quarter? Hello?

FABIO SCHIAVOLIN: Yes, we were on mute sorry.

RONAN CLARKE: Yes, so the other question for your...

FABIO SCHIAVOLIN: Okay, can you repeat please, are you mentioning...are you asking us whether there will be seasonality on VLT wagers?

RONAN CLARKE: Yes, so I guess in the first half VLT wagers were down €32 million year-on-year.

FABIO SCHIAVOLIN: Yes.

RONAN CLARKE: And then, Q3 alone they are down €34 million, so I am just wondering why there seem to be...?

FABIO SCHIAVOLIN: That's the reason, that's the reason; I got the question, yes. As we've been mentioning in our...also in our previous call. We've been...what we call, what we call the VLT optimization and asset management is related to the fact that from mid of June 2016...2017 sorry, we've been given by the regulator, the possibility to make...to move VLT assets between the two

platform of the former Snai and Cogetech 1 [ph]. So for this reason, we have been doing a lot of logistics and a lot of changes and for...to also to take home the low performance VLTs and the [indiscernible]. So in the last quarter we've been very much focused on debt action, and debt action caused a decrease of the productive and installed VLTs, because of the turnover we've been doing to have the network. So we have less VLTs working, so it's a seasonality, but it's not related to the season but related to our action.

RONAN CLARKE: Okay. I understand and it's also within Q3 because it was seasonally a quite quarter, to my best understanding.

FABIO SCHIAVOLIN: No...yes, also, of course, the month of August, but mainly but our action.

RONAN CLARKE: Yes. Okay, and if I look at the total revenue line minus 16, so what's the key drivers of that, I mean, you know, you break it as in wagers, but I am just wondering for revenues, what are the biggest breakout numbers in there?

FABIO SCHIAVOLIN: Revenues have been affected by the taxation increase mainly.

RONAN CLARKE: Yes.

FABIO SCHIAVOLIN: Which, is you know, the AWP taxation is a transitory [ph] for us for major part of that on the AWPs.

CHIAFFREDO RINAUDO: So the most effective part of the business in terms of the wagers are the gaming machines.

FABIO SCHIAVOLIN: Yes.

CHIAFFREDO RINAUDO: Or is it then, the portion of margin related to Snaitech are lower. So I would say that the best indicator for that is looking at the Page 6 and looking at contribution margin that gives you that correct value creation of different business among our Company.

RONAN CLARKE: Yes, got it. Okay. And then, just one final one, I read somewhere that there was a proposal in the new budget law for an increase in VLT tax to 7.5%, can you comment on that?

FABIO SCHIAVOLIN: No, that debt have been bounced immediately, we are not expecting any increase, and I think that from this point of view that there is no sign at all of, let's say, for attach on the physical structure of the gaming machines. Now, the main focus for the regulator and Ministry of Finance is related to the reduction sorry. And this is a main operation, and it's a huge change and the huge process that could affect also the state income and taxation. So there is no possibility or there is no sign at all now that they would be looking for further taxation increase. The only thing related to taxation that is you know, bouncing from one side to another and could be a possibility which is happily also welcome by the operator is the possibility to go through a change in taxation scheme from wagers to margin to GGR, which is already part of the discussion in the "Conferenza Unificata." As Edo was brilliantly calling the saga of no "Conferenza Unificata" because the way that they kept changing little bit the views, but that one single point, which has been inserted in that discussions which is re-bouncing now for the budget law, it could be a possibility also from that point of view.

We have a little, let's say, a positive expectation on the horse racing side, that our also amendment to the law introducing taxation on margin also for fixed horse racing bets will be applied. If that comes, it could be a good thing for the horse racing segment, because there is a lot of expectation on

fixed horse bets in comparison to the Totalizator ones and having taxation on margin will allow the possibility for operators to be a little bit more aggressive and to open to more fields and to offer more fixed horse racing bets in order maybe to revamp and to re-launch horse racing, which as you guys know is still suffering.

RONAN CLARKE:        Alright. Okay, thank you very much.

FABIO SCHIAVOLIN:    Thank you, Ronan.

RONAN CLARKE:        Thank you.

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

FABIO SCHIAVOLIN:    So Julie, thank you very much and thank you again to everybody that was in the call...that were in the call for this first nine month results. We see you guys at the beginning of 2018 hopefully with good result for us. We are on the good track, and because we will be calling each other in January 2018 a Merry Christmas in advance for everybody. Thank you.

CHIAFFREDO RINAUDO:    Thank you, Julie.