



Interim Financial Report Third quarter 2017

Conference call transcript

Brussels – November, 9th 2017
Koen Van Gerven, CEO
Koen Beeckmans, CFO

Transcript of the conference call held on November, 9th 2017 10:00am CET

PRESENTATION

Koen Van Gerven: Thank you and good morning, ladies and gentlemen. Thank you for joining us. I understand that there is a competing event with Deutsche Post but thanks to those who are here. Next to Koen, I have Baudouin de Hepcée and Saskia Dheedene, both from our Investor Relations department.

I presume you had already the opportunity to read through the materials we posted on our website yesterday, so I will summarise the key messages and then we can move to Q&A rapidly.

I am on page 3. You see that we achieved record domestic Parcels volume growth of 32.8%, fuelled by thriving e-commerce and continued growth in our C2C product offering. International Parcels contribute EUR 9 million to a revenue which stood at EUR 647 million this quarter. They were also influenced by the consolidation of last year's acquisitions.

In line with our full-year guidance, Domestic Mail volume decline was 5.3, due to continued e-substitution. On the cost side we observed that the acquisitions added EUR 103 million to the cost base, while transport costs increased in line with the growth in International Parcels. Excluding these effects, the organic cost savings and productivity improvements remained on track.

Our EBITDA stood at EUR 110 million, which is in line with our guidance and with the same part of last year.

Our acquisitions have continued to contribute while still offering additional potential for further growth of our EBITDA.

With three quarters behind us, I can now confidently reconfirm our full-year guidance of realising the same EBITDA and paying out the same dividend as 2016.

On page 4, you can see that the EBITDA for the quarter was driven by the excellent performance in Parcels, as already mentioned, and was further supported by our acquisitions.

Before handing over to Koen Beeckmans for more financial details, I would like to give you an update on a couple of topics.

On October 9th, we announced the 100% acquisition of the shares of Radial, a leading provider of integrated e-commerce logistics and omnichannel technology. This acquisition fits perfectly within our growth strategy and allows us to scale our US presence and expand our product offering into value-added activities, where we cover now the entire value chain in e-commerce logistics.

In addition, to gaining an important foothold in the US, this acquisition provides us a platform together with our successful Landmark business to offer an industry-leading cross-border value proposition to our customers in Europe and North America.

Finally, Radial also provides us with instant scale, credibility and expertise to be a fast mover in developing end-to-end e-commerce solutions in the Benelux region and Europe. So, all in all, we acquire in one go a distinctive set of capabilities that would otherwise take years to develop organically or through bolt-on M&A.

This is as far as the strategic rationale is concerned, now where are we on the closing today? After signing the agreement, bpost and Radial submitted the merger-control filings in the jurisdictions where it was legally required to notify the transaction. In the US bpost requested an early termination of the waiting period with respect to the proposed acquisition, and the Federal Trade Commission granted this request. The early termination is effective as of October 23rd.

The Merger Control Filing in Germany is pending and we are cooperating fully with the relevant competition authority with a view of obtaining approval as soon as possible. The closing is still expected to occur in the fourth quarter of this year.

Alongside the good progress made related to the closing process, we also have now information to share with you regarding the market dynamics and the competitive landscape of Radial that you can find at the end of the presentation.

There are some developments on the new postal law too. The bill that the Belgian government approved on July 14 was submitted to parliament and published on their website on October 19th. A couple of observations there.

First, as mentioned already during our Q2 results call, the bill meets the request of the European Commission to remove the operational licencing conditions for Mail with the exception of the requirement to use contractual workers. So, USO mail items must continue to be delivered by contractual employees.

Second, the bill provides for a future-proof and predictable regulatory framework for the Belgian postal sector. This includes a stable and predictable price-control mechanism,

which checks both affordability and the cost-orientation principle, based on a formula that takes into account on top of inflation the impact of volume declines on our costs while providing us an incentive for efficiency improvements. The stability and predictability resulting from the new mechanism is important to encourage investments and innovation in a sector where mail volumes are in decline.

Third, the bill designates bpost as a Universal Service Provider for the duration of five years after expiry of the current mandate in December 2018, meaning for the period 2019 – 2023. bpost has a proven track record of delivering the Universal Service in a qualitative manner and at affordable prices, and this without recourse of state financing. The designation is renewable for successive periods of five years afterwards.

Finally, the bill introduces additional measures to safeguard the financial stability of the Universal Service and these measures grant a certain flexibility to the Belgian government and the Universal Service Provider in order to avoid the Universal Service becoming a net burden.

The draft postal law is compatible with the Postal Service Directive and the Council of State has not raised any fundamental objections against it. The bill was discussed in the relevant committee of the Belgian parliament on October 25th and November 7th. In terms of adoption process, the bill has been approved in a first reading by the committee on November 7th. The final reading is scheduled for November 29th and the vote in Parliament and the plenary session are expected to take place shortly after. At present, it may be expected that the new postal law will still enter into force around end of the year and that we would be able to increase our tariffs on smaller user basket products for 2018.

On the Vision 2020, I am proud to announce that our brand-new sorting centre in Brussels is now fully operational. This is a major milestone of our Vision 2020 strategy, which aims at improving the operational efficiency. As a reminder: Vision 2020 is about centralising all parcel-sorting activity for Belgium at this facility, continuing automation in Mail and Parcel sorting, and organising the last-mile delivery around a reduced number of mail centres. At 80,000 square metres, this facility is the biggest sorting centre in the Benelux, with a high-tech sorting machines that allows us to double our capacity to 300,000 parcels a day. This will enable us to absorb the end-of-year peak and to realise further productivity improvements.

Now, I would like to hand over to Koen for details on the financials.

Koen Beeckmans: Thank you, Koen, and good morning everybody. I am now slide 5. Revenues and costs are both influenced by the consolidation of our new acquisition, which explains the big uplift of these P&L items.

EBITDA is up EUR 0.2 million and EBIT is down EUR 0.6 million versus last year.

Profit before tax is up EUR 2.4 million, as last year was impacted by higher non-cash financial charges related to the IAS 19 – employee benefits, due to a decrease in the discount rate at that time.

BGAAP net profit is up EUR 1.5 million for the third quarter and EUR 0.9 million for the first nine months, so we are fully on track to realise our full-year dividend outlook.

Let's now have a look into the different product lines, starting with Domestic Mail on slide 7.

Koen already mentioned that overall underlying volume decline for the quarter came in 5.3%. Transactional Mail volumes declined by 6.5%, as we see continued e-substitution and increased rationalisation in Mail usage at our customer side, combined with a higher acceptance of the e-invoice by end users.

Advertising Mail volumes were down 1.6% for the quarter. We witnessed continued growth of our focus segments in Unaddressed, while Direct Mail noted a decline.

Overall, the third quarter was more quiet in terms of commercial activity than the same quarter last year.

Press volumes declined by 4.3% over the quarter. The trends in newspaper remain stable compared to the previous quarters of this year, while periodicals will benefit from a volume shift towards the fourth quarter of 2017.

Parcels, on slide 8, recorded again an outstanding performance for this quarter, both domestically and internationally. Domestic Parcels volume growth was at a record 32.8%, driven by strong e-commerce growth and a continued positive trend in our C2C online sales. The flip side of this is that price/mix increased to minus 7.1%, only mix-related.

International Parcels contributed EUR 9.1 million in revenue growth, driven by increased flows out of Asia, Europe and the United States.

Growth in Logistic Solutions is explained by the full consolidation of Dynagroup, acquired in December last year, and consolidated since January 1st.

Slide 9 is regarding our additional sources of revenue. We booked a revenue decline of EUR 1.5 million in International Mail as a consequence of overall Mail volume decline.

The value-added services added EUR 1.4 million to the top line, driven by the management of cross-border traffic fines on behalf of the Belgian State.

Banking & Finance, with EUR 1.4 million less in revenue, was impacted by lower revenues from bpost savings accounts due to the low interest-rate environment and lower revenue from financial transactions managed by bpost on behalf of the State.

For Ubiway, you know that we consolidated sales under revenue categories, distribution and the second one retail and other. These two categories contributed EUR 67.9 million in revenues for the third quarter.

Moving to cost on slide 10, you see that costs were impacted by our acquisitions for EUR 103.3 million.

Our organic costs were up EUR 6 million. When excluding organic transport costs, which evolve in line with international revenue growth, organic costs were up only EUR 1.3 million and thus remain on track also this quarter.

Overall, Payroll & Interim costs went up by EUR 14.6 million, driven by an increase of 1,488 FTEs and interims on average for the quarter. We continue to reduce the number of FTEs through productivity improvement. However, this effect is offset by the integration of FTEs from our new subsidiaries.

Organic other SG&A increased by EUR 7.9 million, mainly driven by higher rent and rental costs related to our new sorting centre in Brussels, the M&A-related costs, higher maintenance and repair, increased energy costs driven by higher fuel prices and a growing

fleet, of course explained by the Parcel growth and finally, higher third-party remuneration linked to our ICT outsourcing projects.

Moving to cash flow on slide 11, you can see that the operating free cash flow decreased by EUR 4.3 million, mainly as a result of higher Capex compared to the third quarter of 2016. This expenditure mainly relates to sorting equipment for the new sorting centre in Brussels.

I would like to end here and hand over to Koen again for some closing remarks.

Koen Van Gerven: Thank you, Koen. Over the first nine months, EBITDA increased by EUR 1.2 million despite the lack of price increase in our small-user basket. With this result I can confidently reconfirm the outlook for the full year 2017.

We reiterate our ambition to realise the same recurring EBITDA and to pay out the same dividend as for the year 2016.

On this slide I would like to point out that we have adjusted the price/mix in Domestic Parcels to around minus 5 from around minus 4 in the previous quarter. This is the flipside of the very high volume growth, witnessed by our major e-commerce clients.

With this, ladies and gentlemen, we are happy to answer all your questions.

QUESTIONS AND ANSWERS

- **Ruben Devos – KBC Securities**

Good morning, thanks for taking my questions. I have three. The first is on Brussel X, your new parcel sorting centre that opened recently before the end-of-year peak. Could you give some indication of the impact the sorting centre running at full capacity could have on your overall cost base going forward?

Secondly, yesterday Amazon announced ambitions to launch its subscription service in Belgium. Could you provide some colour on how your relations have been with Amazon so far for instance in the southern part of the country? What are your general thoughts on the development?

Then the last question. At the Capital Market Day, bpost guided for a 75% Domestic Parcel volume growth by 2020 versus 2015. So, if we think of last year 17% volume increase and this year it is in the high 20s, you are tracking significantly ahead of this target. Do you believe that at some point in the future bpost would need to revert to a separately run network of Mail and Parcels, or does the assumption remain that you will have an integrated network for the midterm? Thank you.

Koen Van Gerven: Let me walk through those questions. Brussel X, an indication of what it means: it is clear that the productivity will be different because as you know, in our previous capacity we were a little bit at full capacity and as I said already previously, at the end-of-year period slightly beyond., So, it will in first instance make capable that we will walk through the end-of-year period this year because we expect a couple of very loaded days going up probably beyond 250,000 up to 300,000 parcels on a daily basis. This is the expectation. So, we needed that.

Secondly, there will be productivity gains or at least it should be more efficient than what we did last year. You remember that last year I told with the Q4 figures that basically the priority was to grant the quality. People expect Parcels timely under their Christmas tree and I can inform you that this will be the same priority this year, but with a more comfortable operational setting. This is what we have on the first question.

Indeed, I read that Amazon will start with what they call the Benelux their Prime service. It is not completely new, first of all because Prime is already in the southern part of the country. Secondly, they mentioned a kind of Prime-light, which is not very clear to me. So, we are very interested in understanding what they are talking about. To be honest, in the southern part of the country the pick-up is not sensational. In my opinion, it will take some time. Of course, first of all we follow this closely and secondly, we consider this as very good news because it will help the development of e-commerce going forward in Belgium where we are, as you know, still in a lagging situation. Secondly, I also consider it good news because, as you know, we provide most of the delivery of Amazon in Belgium.

Thirdly, what about the 75% growth that we announced on our Capital Markets Day? Indeed, I think it is a right observation that we run somewhat ahead of it. Basically, at a certain point in time we will have to reconsider and to provide an update not only because the parcels are growing faster but eventually because it is clear with the acquisitions that we did – especially with Radial – we will have to make an update. We expect to do that somewhere in the course of the second quarter of next year.

Does the fast growth impact how we look at the distribution of Parcels and Mail in an integrated network in the fairly short term? The answer is that we probably we will have to modify and complement the integrated rounds with dedicated rounds but the philosophy

and the strategy will remain that we put as many parcels in the integrated delivery. As you know, we can do this easily because most of the distribution is provided with car rounds, which makes it a little bit easier. We are still convinced – basically, you can do the math on that – that integrated distribution provides density and makes us save money in first instance in the transportation time that you would lose if you would separate those rounds.

Ruben Devos – KBC Securities: Very helpful. Thank you very much.

- **Edward Donoghue - One Investment**

Good morning, it is Edward over here. A couple of questions, if I may. Just with regard to the advertising trend, you talk about growth in the focus segments. I am just trying to understand how that then results in a negative 1.6% for the entire advertising unit. Could you explain what is going on within that business unit and the outlook for Q4 with regard to client programs?

Koen Van Gerven: Thank you, Edward. Although we are used to negative figures in Mail, you get addicted to positive figures, what we had for a couple of quarters in the advertising part. In the advertising part there are basically two parts, Direct Mail and Unaddressed. We observed that in Direct Mail, although it was still not at all a bad quarter it was less than we experienced in the previous quarters. On the contrary, Unaddressed continued to evolve. As you know, a party very active in Unaddressed is retail so we continue to enjoy a favourable evolution and even a development of the business in that area. But by far and large, we continue to feel comfortable that we experienced a good evolution in this advertising mail, eventually driven by an economy that is picking up.

More in particular about the end of the year: you know the end-of-the-year period is very sensitive for Advertising Mail function of the holiday period and the days in the holiday period. It gave a particular result at the end of last year and the beginning of this year. To be honest, I do not have it on the top of my mind what the impact will be with the vacation period of this year, but my understanding is that we are confident about the end-of-year period.

Edward Donoghue – One Investment: And just coming back on that, if you look at client budgets and client spending plans, are you seeing a positive trend through the year and an acceleration of that on the back of the pick-up in the economy? Is this Q3 with a bit of a hiatus with regard to the trends that you were showing in the first half of the year and should we return to a normal trajectory in Q4 going forward, or what?

Koen Van Gerven: Well as you know, the growth in the economy in 2016 was 1.2%. In 2017 it is 1.7%. The good news is that it grows. It also means that customer confidence is growing. We observe that a couple of indicators are reviewed in the upward direction. On the other hand, we continue to have the volatility linked to big events but again, my understanding is when I talk to my commercial people that the end-of-year period is going to be very well filled.

Edward Donoghue – One Investment: And then just coming back on Parcels. Looking at your confidence at the price deflation of 5% for the full year, bearing in mind a fairly aggressive decline in Q3, could you sort of square that circle a bit for me, looking at the growth trends that you will be experiencing and, again, looking at how I would assume Q4 could be rolling out based on the trajectory so far and the e-commerce penetration?

Koen Beeckmans: Yes. We have adapted our outlook, as you know, from minus 4% to minus 5% because the e-tailers are growing faster than our other clients. We believe that is a positive thing as long as we split it up between the price and mix effect. We see that it is fully due to the mix effect here. So, depending on the mix within the Parcels sales at the end of the year, we may experience a higher or a more negative price/mix on that as well. Of course, we do not have a crystal ball but in any case, we give an indication that the price/mix may be a little more negative than what we originally scheduled. Again, we see that as a good sign that e-commerce still works, delivers and is really helping us in terms of adding margin to our bottom line.

Edward Donoghue – One Investment: Just on the price component of that price/mix. How do you manage to get a full sticking of a pricing and, again looking forward, how do you see that pricing architecture develop going into 2018?

Koen Beeckmans: We believe that pricing will of course be in line with the inflation but of course, we do not disclose what the prices are on all our different parcel product offerings. But again, we believe that the market will be evolving, at least in line with inflation.

Edward Donoghue – One Investment: Then a final question and this is probably maybe even a stupid one. If I just look at your revenue growth, the pick-up year on year, basically you have another EUR 109 million of revenue within the group but no EBITDA growth and if I stick with Parcels, then you have a fantastic volume growth. You have the market. Why is there no conversion of that back into the rest of the P&L and at what point should that possibly change?

Koen Van Gerven: Edward, you have to include the different pieces of the puzzles. Of course, the very important component that we missed this year is about the price increase on the small-user basket. You can estimate it between EUR 20 million and EUR 25 million, so as from the beginning of this year we had a gap to fill. Fortunately, the growth in Parcels was very helpful on that and the growth through the acquisitions was helpful, too. Of course it is clear that we are in a much more competitive market if we are talking about parcel delivery, but the good news over there is that it is a growing market and in terms of price pressure we are not in a situation where we have to fight or live a price war. So, these are to me the elements that basically put your observation somewhat in perspective which, if you look at the figures or at the schemes. That is why it is so important that we can again pick up the history or the tradition that we had of increasing the pricing of Mail items, at least in line with inflation, because here we talk about a fixed cost network to do the distribution. With declining volumes of course, mechanically the costs of a letter will increase.

Edward Donoghue – One Investment: Okay, I get that but at what point do you actually see or what margin would you project for Parcels? What do you think is a sustainable margin that you would expect as you basically integrate your domestic international network and the domestic growth that you are getting? What would you be expecting in the medium term out of that business unit?

Koen Van Gerven: You know that I cannot provide you a straight-forward answer, not because I do not want to but because I am not able to do that. We have an integrated distribution network, so it is about cost allocation. But of course, it is clear that the margin that we enjoy in Parcel distribution, being it a much more competitive market on the one hand, is of course lower than what we enjoy in Mail. This means that over time it is fair to

indicate that the all-over margin of the activities that we do will rather be dilutive than increasing.

Edward Donoghue – One Investment: Fair enough! Thank you very much.

- **Dominic Edridge – UBS**

Hi, just two quick ones. Firstly, just one on the Mail volumes. Looking into the final part of this year and into next year, is it right to think that really we should not expect a huge change in terms of the transactional Mail trends and they are just part of the longer-term trend that we are seeing of e-substitution and that it is really going to be around the Advertising Mail that we are seeing most of the volatility?

And then the second question, just on the Radial information you have given us. At what point do you think that business will be ready for organic growth that you have elaborated on when you announced the deal? There is a certain amount of integration and other things that you need to do and I would imagine you are very keen for it to grow as much as possible once you are happy that it can do that. In what time scale do you see that?

Koen Van Gerven: On your first question: indeed, this year we enjoyed and we continue to have the e-substitution evolving. For next year, basically two observations. First of all, there is no reason to deviate or at least we do not have information to deviate from what we forecasted on the longer-term trend at the Capital Markets Day late 2016, which was up to 6%. We do not observe and we do not know of things around us that we should expect in one or another way a cliff to come. It does not mean that it is over; we will continue to experience e-substitution and a decline. Although I would like to remember that whatever happens in digitising mail streams or information streams, it does not always

affect our Mail volumes. I give you a small example. We all know that there is a digital agenda of the Belgian government and that there are a couple of projects going on that will impact of course our Mail in the normal course of things. Other things will not impact the Mail flow. For example, we used to go to the town hall to pick up certificates. They are working very hard to make that flow electronically. Does it impact our Mail flow? No, because people had to go to the town hall to pick it up and it was in 99% of the cases not sent over Mail. That is just a small example.

The other point on Radial, Koen will provide you some colour and context on that.

Koen Beeckmans: As you know, in terms of organic growth, what we have disclosed last time you can find in the sheets we have provided to you. There, you will see that the annual sales will grow between 6% and 8% per annum for the next five years. This is just to answer your question on what would be the organic growth we are anticipating at Radial.

Just another thing and to be 100% clear on that as well: for the next period, we have also disclosed that the ongoing business integration plans will continue and this will have an impact on the reported EBIT mainly in 2018 with a tail in 2019, as we have disclosed last time as well, with an estimated total amount impact of between US\$ 35 million and US\$ 40 million. That relates to the elimination of the remaining fixed costs that are already in the results of Radial and the related implementation costs for closing the webstore business, which exit was announced in 2014. So, the process will be fully completed in 2018.

On top of that, there are some one-off program costs which will be incurred to successfully roll out the strategy horizon 2021 of the company.

I hope that answers your question.

Dominic Edridge – UBS: Just a quick follow-up on that, just in terms of the business model. Obviously, it involves an awful lot of warehousing fulfilment, payments, et cetera. In terms of going forward, where do we see most lumpiness in the business? Just from the point of for instance opening up new facilities, will that be something that will have a significant impact on results or is it actually fairly asset-light, so things tend to get smoothed out over time?

Koen Beeckmans: Yes, that is part of the business model. The facilities we have right now are leased and therefore are flexible to grow with the pace of our business expansion in the US. We have provided some guidance on that as well this time and last time.

Dominic Edridge – UBS: Okay. Thanks very much.

- **Matija Gergolet – Goldman Sachs**

Good morning. I have a follow-up question on the cost allocation and EBITA-location between the Mail side and the Parcels. At the end of the day, we are seeing that there is very good growth in Parcels but it is not really translating into EBIT growth. I appreciate that there was a EUR 16 million one-off last year, so net of that virtually EBIT is flat in Mail. How can you help us to understand what is the increasing contribution to profit or to EBIT from the growth in the Parcels' division? Just having top line growth but not EBIT growth is a bit counter intuitive.

Koen Van Gerven: There is some information provided in the operating segments reporting and indeed, there are many moving parts. As we already mentioned, there is a

one-off we enjoyed last year. First of all, if we look at this operating segment basically on the cost side, the more you grow International Parcel the more the transport costs will be on the agenda. Of course, they are not higher than the revenues.

A second element is that within this operating segment reporting, we include non-recurring costs related to the growth strategy. Of course, the growth strategy is mostly articulated in the Parcels and the e-Logistics part. Here, we do a lot of innovation with pilots. We have some M&A-related costs. We have a couple of start-ups that don't deliver yet, on the contrary that cost money. Of course, we work in that environment in an area where the margins that we enjoy, as we already discussed previously, are lower than what we used to experience in our historical business. Also, there are a couple of synergies that we hope to see and that we are comfortable to see in the future but that have not yet materialised. And then last but not least, last year there was a settlement with another postal operator on terminal dues. That turned out to be favourable for us and that helped us last year. We will not see that this year and that explains partly of course the difference between quarters.

Matija Gergolet – Goldman Sachs: Could you quantify more or less what have been these recurrent or integrational costs, say year to date, just to give us an approximate figure?

Koen Van Gerven: There are a couple of things, but we do not disclose them item-wise.

Matija Gergolet – Goldman Sachs: Okay, thank you.

- **Edward Donoghue – One Investment**

I know you are not going to break out on a specific margin basis, so I fully appreciate that but if you looked at peers or benchmarking, how would you rank yourselves against those benchmarks or peer returns within the Parcels side? I get everything about Mail but to get a better understanding of Parcels. This is where your growth is and this is where your capital allocation is going. I just want to get an idea of what you see now and going forward, incorporating some of the points you made just now with regard to programmes, synergies, initiatives, et cetera.

Koen Van Gerven: I understand and I will try to help you. Two observations on that. First of all, it is my conviction that we should be above what you can find in other environments, but to make things comparable, first two observations. It is clearly our strategy to do as much as possible an integrated distribution. It means that, as I already stated, it does not make a difference in time of the operation at the door or the delivery plan. It makes a difference in the driving time. Probably, it is not that important in urban areas but of course, you can gain in the more rural areas. As you know, it was our strategy as from the beginning and we continue to push this as much as possible and as long as possible an integrated distribution. Basically, if you compare it with identical other situations, it should provide a better margin. That is the first observation.

The second observation. Our distribution is limited to Belgium, if we talk domestically. Basically, we avoid getting a fixed network-organised distribution in other areas where we do not enjoy sufficient density. Last-mile distribution is about density. If you are seduced to go to areas where you do not have sufficient density, for example if you take a couple of operators trying to do that in Belgium I am not sure that they enjoy sufficient density to make good margins. We do not have that problem because we are not in other

environments, so it should bring us even above the benchmark rather than below the benchmark.

Edward Donoghue – One Investment: The key word you were using a couple of time was 'should'. How far away do you think you are from being 'should'?

Koen Van Gerven: It is not that I am not sure that we are there; I am comfortable but we are not going to do the math. So, I am quite confident that with an integrated delivery we are margin-wise above and that of course, for the difference between what we are and we should be is that you should look to the overall profitability. Then you have the answer. I understand that the word 'should' was probably not the most appropriate that I have used. I am sorry for that!

Edward Donoghue - One Investment: That is fine and thank you very much.

Koen Van Gerven: I can hide behind the fact that I am not a native speaker!

Edward Donoghue - One Investment: Dank je wel! Fijne dag!

Koen Van Gerven: As there are no more questions I think it is the right moment to round up and to close the call. If there are follow-up questions or if you want to discuss particular topics more in detail, you can always find Saskia and Baudouin.

Thank you very much for now and enjoy the rest of the day!

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End of call