

Brembo S.p.A.

"Full Year 2023 Financial Results Conference Call"

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MODERATORS: **MATTEO TIRABOSCHI, CHAIRMAN**
 DANIELE SCHILLACI, CHIEF EXECUTIVE OFFICER
 ANDREA PAZZI, CHIEF FINANCIAL OFFICER
 LAURA PANSERI, HEAD OF INVESTOR RELATIONS

OPERATOR: Good afternoon. This is the Chorus Call Conference operator. Welcome and thank you for joining the Brembo Full Year 2023 Financial Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Laura Panseri, Head of Investor Relations. Please go ahead, Madam.

LAURA PANSERI: Yes, thank you. Good afternoon everybody and welcome to Brembo Group's full Year 2023 earnings call. Today Brembo's Executive Chairman, Matteo Tiraboschi, will open the call with his introductory remarks. After that, he will be available together with Brembo's CEO, Daniele Schillaci, and the CFO, Andrea Pazzi to answer questions from analysts.

During this call, we will discuss our business outlook and we'll make forward-looking statements which are based on our predictions and expectations as of today. These comments are subject to risks and uncertainties that can cause the actual results to be materially different. I also remind you that this call is being recorded.

I'd like now to turn the call over to Matteo Tiraboschi, please.

MATTEO TIRABOSCHI: Thank you, Laura. Good afternoon everyone and welcome back. 2023 was an excellent year for Brembo, a record-breaking year that saw the company continue its growth trajectory, surpassing the already extraordinary results of 2022 and 2021.

Let's dive straight into the numbers. In 2023, Brembo's revenues exceeded €3.8 billion, representing a growth of 6.1% compared to the previous year. Margin and net profit also increased, reaching the highest absolute value in Brembo's history. We take pride in this achievement, especially considering the challenging global market condition that continue to pose complex challenges to businesses.

As further confirmation of Brembo's performance in 2023, I want to highlight additional positive indicators. We recorded an operating cash flow of nearly 310 million. Additionally, we further reduced the debt by over 47 million, despite an acceleration in investments that nearly reached 433 million euros. Investing remains a strategic priority for us to fuel Brembo's future growth. We will go into this aspect in more detail shortly

Staying on the numerical side for a moment, I'd like to add another significant data: all the countries where we operate experienced growth, also China excluding currency effects. Brembo's extensive presence in all the key markets globally for our industry is crucial as we aim to balance Brembo's business more evenly among the three key regions: Europe, Asia, and America.

Turning to more strategic considerations, I want to emphasize the importance of the investments mentioned earlier. In 2023, we announced an investment plan of over half a billion euros to expand the Group's global industrial presence with projects in Mexico, China, and Poland. This was complemented by the expansion of production capacity for the Brembo SGL Carbon Ceramic Brakes joint venture in Germany and Italy.

These investments support the Group's global growth strategy, crucial to effectively meet the increasing demand for our solutions in the market. Following this path, 2024 started with another significant industrial

investment announcement: we are entering Thailand with a new production site dedicated to the motorcycle market, opening up new business opportunities in the Southeast Asian region..

Our goal is to ensure that Brembo continues to grow and maintains its leadership role in the global automotive market. To support this goal, in 2023, as you know, we initiated the process to relocate the company's registered office to the Netherlands. The operation, effective from April 24th, allows us to adopt a more flexible share capital structure, that is more consistent with the company's future development strategy. I want to reiterate that this operation does not impact personnel, business, identity, culture, or Brembo's presence in Italy and the areas where we operate. Brembo will retain its fiscal headquarters in Italy, and we will remain listed on the Italian Stock Exchange.

Moving to the heart of our strategy, we are particularly focused on seizing the opportunities offered by Artificial Intelligence. While the world is becoming increasingly familiar with the practical applications of AI in everyday life, Brembo has long been engaged in guiding its developments within the broader ongoing digitization in the automotive sector. Central to this strategy is Sensify, the first intelligent braking system, which continues to receive positive feedback globally.

Furthermore, with our new unit, Brembo Solutions, we are offering solutions derived from our direct experience in Artificial Intelligence applied to the industrial world, not only in the automotive sector.

We are committed to leading Brembo's evolution and focused on guiding our customers through the transformation of the automotive sector. In this journey, the strength of our Group enables us to seize the growth and innovation opportunities that the most ambitious challenges present.

To conclude and provide you with our foreseeable outlook for 2024, based on the order portfolio and barring significant changes in the current macroeconomic and geopolitical context, Brembo anticipates mid-single-digit revenue growth for the current year compared to the previous year.

Thank you for your attention. I'll now hand it over to Laura.

LAURA PANSERI: Thank you, operator. We are ready to answer questions. Thank you.

Q&A

OPERATOR: Thank you. This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." We kindly ask to use handsets when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Monica Bosio, Intesa SanPaolo. Please go ahead.

MONICA BOSIO: Good afternoon, everyone and |thanks for taking my questions. I hope you can hear me. I have actually 4 questions. The first is on the mid-single-digit growth target at top-line level. Can you discuss the main drivers behind this target in terms of region and what kind of growth do you expect from China and NAFTA for this year and maybe also on the Eurozone?

And the second question, as a matter of fact, is on the margins. The company did not release the guidance on the margins. So I'm just wondering, if we should expect a flat trend as the group has still to face the ramp-up costs of the investments or maybe on the back also of the raw material tailwinds, there's room to do a little bit better?

The third question is on the CAPEX, which was higher than expected in 2023. Can you please give us an indication on 2024? Can we imagine something similar?

And the very last is on the Sensify, you say that the tests with the clients are going very well. Can we expect some news flow in the first part of the year as for further contracts on the Sensify? And if yes, can we imagine that this contract will be related to platforms with high volumes? Thank you very much.

DANIELE SCHILLACI: Okay. Thank you, Monica. I am Daniele. Regarding your 4 questions, let's start with the first one, the main driver for the mid-single-digit.

If you look at our history, we always try to over-perform the market, and the market assumption for 2024 is meant to be flat versus 2023, with more or less similar trends across the different regions. This is what we see today, based on the market specialists forecast. Of course, we are now at the beginning of the year, so we have time to see how the situation will evolve in the different areas during the year, but today, the assumption is that the market will remain flat vs. last year. Hence, by forecasting a mid-digit growth, we are, de facto, over-performing the market.

Regarding the margins, as you know, we use to give indications during the Q1 call, so we ask you to have a couple of months of patience, and we will provide more indications on the margin structure.

Regarding the CAPEX, you are right, 2023 has been extremely rich in investment. This is a confirmation that the company is investing to sustain new products, but also to expand our production capacity, as we have announced, especially in some areas like Mexico and Poland. But to your question, our forecast for the CAPEX for 2024 is around €350 million.

Finally, on Sensify, we are adding indeed new permanent contacts with major premium OEMs. And indeed, our target, as you correctly say, is to give you an update in terms of new contracts in the second part of the year. This is something we are working hard on, so I hope that I will be in the position to give you some good news in the second part of the year.

MONICA BOSIO: And...are these contracts...or could these contracts be related to platforms with high volumes or niche platforms, if I may ask?

DANIELE SCHILLACI: Yes, of course, we have some OEMs that are more on the top-end of the premium, but we have also a good panel of OEMs who see Sensify as a main contributor on large-volume platform. So, we are talking about both sides, large volume and volume platform. It will not be a niche, just to be clear; probably the niche will come after that we signed several large volume platforms, but just in a second moment, probably.

MONICA BOSIO: Okay, thank you very much, Daniele. I come back to the queue.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Andrea Balloni, Mediobanca. Please go ahead.

ANDREA BALLONI: Yes, good afternoon. Thanks for taking my question. Some follow-up. The first one is on China, where some European players are losing market share so far. What do you expect for this market in 2024, and which are

the main trends you expect for this year for both European players and local players?

And my second question is again on Sensify. This will be sold starting from 2025, you mentioned in the past. But can you give us some more specific color, for instance, about the order backlog you have so far or how many clients have already put an order on that?

And my last question is again on CAPEX. If you can give us an idea about the level of maintenance CAPEX and the incremental CAPEX out of €350 million you are guiding for 2024. Thank you.

DANIELE SCHILLACI: Okay, thank you Andrea, for your question. Regarding China, if we look at the production forecast in China for 2024, it's foreseen to be very close to 30 million units, that will be probably the record high in terms of production. Of course, this concern regards all the OEMs, both local and international ones. Thanks God, our customer base is becoming more and more a mix of traditional OEMs and new local OEMs. Hence, de facto if the Chinese market will grow more than what we think, as I hope, in China in 2024, we should clearly follow these trends. So, for us China is an area where we don't see any adverse trends versus what you've seen in the last 3, 4 years. So, we should keep growing both with the transplants and with the local player. Also, in China our mix of EV platforms is also increasing, lately. This is what I can say regarding China.

Regarding Sensify, I just reiterate what I said before. As you all know, we have one important contract signed, we are testing the technology with many more OEMs across different regions. So, the interest of Sensify is across the regions, the tests are going quite well, and we hope we can give you some important updates regarding new customers, later during the year.

The maintenance CAPEX, until now has been around €60 million, but given we are now approaching €4 billion turnover, this year the maintenance CAPEX is more likely to be in the range of €65-70 million.

ANDREA BALLONI: Thank you.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Martino De Ambroggi, Equita. Please go ahead.

MARTINO DE AMBROGGI: Thank you. Good afternoon, everybody. My first question is on the top-line growth for 2024. Should we assume your mid-single-digit growth is essentially volume growth with prices, I don't know, positive or negative, and FOREX neutral or you have specific assumptions on items which are not volumes? This is my first one.

DANIELE SCHILLACI: So Martino, I would say that the top-line mid-single digit is mainly on the volume growth. Don't forget that we have 5 business units, and 2 of them are growing quite well, for example, the aftermarket, and the racing. But also if we look at the order books for passenger car and motorbike, I would say that the impact of the growth will be mainly driven by volume.

MARTINO DE AMBROGGI: Okay. So, prices will be roughly neutral in your assumption?

DANIELE SCHILLACI: We might have, indeed, some impact in 2024, because of the contract we have signed with some OEMs, but I would say it's manageable, it's not so relevant.

MARTINO DE AMBROGGI: Okay. The second question is focusing on CAPEX, because at the beginning of the year, you guided for 300, and you ended the year with 430. So, just to understand what caused such a huge increase, I understand SGL, you mentioned, but SGL is not consolidated line-by-line. So, just understand the €130 million additional CAPEX, where they come from. And if you could, very, very roughly split the 430 plus 350 in terms of Mexico, which should already have started production, China and Poland, just to have an idea, because you had €500 million CAPEX planned, but you probably will finalize it in 2 years instead of 3.

DANIELE SCHILLACI: One of the factors that influenced this grow in 2023 CAPEX, was also the acquisition of our new head office building in Bergamo, which happened in Autumn last year.

Regarding the investment you mentioned in Mexico, and Poland, there was also an effect of anticipation of investment that we were forced to do this year. And this increased, of course, our CAPEX from the original target. I would say that the combination of these 2 factors.

MARTINO DE AMBROGGI: And on the Mexican plant that should already have started production. What is the contribution expected in your mid-single-digit growth in 2024? Just to understand if it is meaningful or residual.

DANIELE SCHILLACI: It is really hard to say, Martino, honestly speaking. To give you a precise number is a bit complicated. It will have an impact.

MARTINO DE AMBROGGI: Okay, but when did it start, the production, exactly?

DANIELE SCHILLACI: It started in the second half of 2023, so 2024 will be relatively full speed.

MARTINO DE AMBROGGI: Okay, because if I have a correct estimate, the contribution once it is full speed should be roughly €100 million of additional sales.

DANIELE SCHILLACI: When it will be full speed with, of course, the customers' demand in front of that, you're right, the magnitude is around what you said

MATTEO TIRABOSCHI: But not in 2024; the plant is dedicated to braking systems, so the production has a gradual ramp up.

MARTINO DE AMBROGGI: Yes, very clear.

DANIELE SCHILLACI: Exactly, the timing of ramp up is different.

MARTINO DE AMBROGGI: And the last question is on the last CAPEX you announced in Thailand. Am I right in assuming this could add €30 million, €40 million in terms of sales once fully on-stream? And I suppose this is just the first step for additional expansion in that area?

DANIELE SCHILLACI: Our expansion in Thailand is a very good story, because it's our first plant in Asean. Asean is a market that is totally in line with our mission to become a Solution Provider, because this plant will serve the motorbike customers that are based in that region, providing them the best service. And you know, the Asean market for the 2 wheels is quite interesting. And I'm sure that we can also think about something as a complement, to grasp also further opportunities on that market. So, this is a very new experience for us, and we are very excited about that. I'm sure that our market share in the Asean country will grow in the next 4 - 5 years.

MARTINO DE AMBROGGI: Thank you Daniele.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Giovanni Selvetti with Berenberg. Please go ahead.

GIOVANNI SELVETTI: Thanks for taking my question. So, the first question is again on the guidance. If you maybe can give us more color about different end markets. For example, in the last conference call, you said that motorbike, especially from May onwards in some regions was suffering. And if I do the math, it implies inflection in the fourth quarter of 2023 was down 40%. So, what's going on there and what do you see in 2024?

The second question is on the profitability achieved in the last quarter of the year, which was really high, it implies EBITDA margin of 17.8%. And I can see recorded other revenues for \$22 million in the last quarter, which compares to \$23 million in the 9 months. So, if you can please provide some color on what are these other revenues?

And maybe the last one is around Sensify, I was wondering if the current slowdown in light vehicle production may delay again the launch or if still confirm for the first half of 2025?

DANIELE SCHILLACI: On the guidance, as I said before, if you look at the market forecast across the 3 regions, with probably the exception of China, where we see some growth compared to 2023, the global forecast is relatively flat. So we think that our mid-single-digit growth will be almost equal you across the region.

Regarding the motorbike, you're right, in 2023 it was not really on fire, let me say. The main reason is linked to a couple of very important customers of ours, who didn't really perform like we were expecting. And on the last quarter, there was also a matter of performance. Thanks God, we are seeing at least in terms of forecast 2024, a reverse trend of those customers, and I hope that in 2024 the performance will improve,

Regarding the second question, maybe Andrea can take this one.

ANDREA PAZZI: Yes, regarding the profitability on the last quarter, it was something predicted and expected. In fact, the third quarter had a lower marginality also due to some ramp-up costs, that were not in the last quarter, and so the full year was in line with 2022 and with our guidance, at 17.3%.

DANIELE SCHILLACI: Can you repeat your third question? We didn't get it 100%, please.

GIOVANNI SELVETTI: Yes, so the one on profitability was also asking what are these €22 million in terms of other revenues which is quite high if you think that it was 23 in the first 9 months, mainly you did in the quarter what you did in the first 9 months.

And the last was on Sensify, I was basically asking if because light vehicle production is slowing down, if that means that Sensify will be postponed or if we can still think about the first half of 2025?

DANIELE SCHILLACI: Regarding Sensify, of course we follow the SOP of our customers. Today, the SOP is still in line with what I told you last time, meaning around the end of H1 2025. That's what I can say. So there is no delay on that, so far.

ANDREA PAZZI: Regarding the € 22 million of other revenues, in this item we record, among others, some contributions that we receive in different forms around the world for R&D, or other contributions that are booked in such line. Usually more detail and fine-tuning of these numbers occur at the end of the year and are recorded in the 4 quarter; this year they are bigger than the previous one.

GIOVANNI SELVETTI: Okay, thank you.

ANDREA PAZZI: Thank you.

OPERATOR: The next question is from Gabriele Gambarova, Banca Akros. Please go ahead.

GABRIELE GAMBAROVA: Yes, good afternoon and thanks for taking my questions. The first one is on networking capital, it absorbed over €76 million in 2023. So I was wondering if you could elaborate a little bit more on this item and what do you envisage for 2024?

The second is on your capacity increase, you covered Mexico. The operation started in H2. So, I was wondering when the new capacity will start in China and Poland, if you could remind me?

The third one is on pricing. I understood you expect it to be neutral or even a little bit negative. I have to say I struggle to understand, let's say, the slides because when you speak about the bridge of revenues, pricing at Slide 4 gives a positive contribution of €2.3 million. But then when I look at the bridge at Slide 8, when it comes to EBITDA, the contribution from pricing is positive by 64. So, I was wondering if you could explain this. Thank you.

ANDREA PAZZI: Regarding net working capital, yes, it was a very good year. We closed positive by €76.9 million. Usually the seasonality on our net working capital is positive at the end of the year. So, also in this quarter, nothing particular compared to the same quarter of last year. The last quarter of last year was even better in absolute value, but this year, we had in addition a lot of CAPEX, as mentioned before by Daniele. In the last

quarter, the CAPEX was €180 million, and you can imagine as the last part of this, almost €70 million, €80 million, really at the end of the year were not paid. So, the payable for the CAPEX reduced the net working capital.

Additionally, we recover an extraordinary contribution for VAT that we suffered during the end of last year and beginning of 2023 for the CAPEX in particular. So, we got back the money from the government in Poland and in Mexico for VAT, more than €15 million. And that's all, because the stock is basically in line with the level of the end of last year, with no particular variance during the year compared to 2022, when we suffered during the year an increase of the stock. For 2024, difficult to predict right now, but for sure we will have the reverse of the CAPEX not paid at the year end, so we'll have a negative impact of €70-80 million for this effect. And for the rest, the usual flow according to our seasonality, and considering the expected growth, mid-single-digit of the revenues.

DANIELE SCHILLACI: Regarding the capacity increase in Poland, as we said also last time, we should foresee a start of production around H1 2025. And in China, it will be around the second part of 2025, with a ramp-up by end of 2025-early 2026.

OPERATOR: The next question is from Gianluca Bertuzzo, Intermonte SIM. Please go ahead.

GIANLUCA BERTUZZO: Good afternoon to everybody. I have a couple of questions. The first one is, can you explain your volume and mixed growth of 8% in 2023 compared to a global auto production that grew double-digit?

The second question is on M&A, any update here? Thank you.

DANIELE SCHILLACI: Regarding the M&A, we don't have any news to communicate.

And regarding the volume, our growth includes, different segments, indeed; we operate in passenger cars, light commercial vehicles, but also in heavy trucks, racing and so on. So, it's very difficult to follow the growth segment-by-segment. But in the end, as you correctly noted, our volume growth has been around 8% in this year.

GIANLUCA BERTUZZO: Okay, thank you.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is a follow-up from Monica Bosio, Intesa SanPaolo. Please go ahead.

MONICA BOSIO: Yes, thank you. I have 2 house-keeping questions. The first one is, thanks for the detail on the working capital. I'm just wondering if you can give us a rough indication for the net debt level by year-end.

And my second question is on the impact of the FOREX on the EBITDA. If I look at the slides for the 9 months and at the slides for the full year, in the 9 months, the FOREX impact was negative on the EBITDA by roughly €13 million. At the end of 2023, the impact of FOREX on the EBITDA was positive for roughly €22 million. I'm just trying to have an explanation on this. Is this due to the devaluation of the Mexican pesos or is there another reason?

And another housekeeping question is on the financial charges that net of the FOREX impact will record a significant growth. Have you any indication for 2024, please?

ANDREA PAZZI: Starting from the last one, financial charges. For the part related to net interest debt, we expect a rate around 3.5%, so less than the market, of course, part of our debt is variable and part is fixed, but this is our expectation for the full year. For what concern the exchange variances within the financial charges, it's difficult to predict them at the moment, of course.

Regarding the FOREX in the EBITDA, I don't understand your numbers because according to our slide, the last quarter is negative by €9 million and the full year by €21.9 million. So also last quarter is negative.

Which are the currencies? Well, we have 3 currencies in which we produce, but we don't have sales, and these are Poland złoty, Mexican pesos and Czech Crown; these 3 currencies appreciated against euro compared to last year, thus increasing our costs and reducing the EBITDA. While the currency in which we sell and produce, so US dollar, Chinese RMB, Indian Rupee, depreciated against the Euro, so both sales and the margins were depreciated by the devaluation of this currency. So in total, the result of the fourth quarter is -€9 million.

MONICA BOSIO: Okay, I will do a check, and maybe I will send you the 2 slides between 9 months and 2023 just for a follow-up. Thank you.

ANDREA PAZZI: Okay, regarding your first question, about the net financial position for 2024, at the moment, as we said, we prefer to give you some guidance regarding the marginality during the next call, and together with this we will provide an indication also on the net debt.

MONICA BOSIO: Yes, I understand. Thank you very much.

ANDREA PAZZI: Thank you.

OPERATOR: The next question is a follow-up from Martino De Ambroggi, Equita. Please go ahead.

MARTINO DE AMBROGGI: Yes, thank you. Again, on CAPEX, could you quantify what is specifically for coated discs, the portion of CAPEX you had last year and you expect going forward. And still on coated discs, when do you plan to start the sales in size, so not just a few pieces?

DANIELE SCHILLACI: Martino, as you know, we don't provide this split you asked, because we deem it a piece of relevant information for our competitors. Regarding the customers, what I can tell, is that we have a contract signed with customers for the coated discs, and you should expect the first OEM going into production around the second half of 2025. And there will be other OEMs, because we have several contracts for the coated discs that will go into production at the beginning of 2026. So on 2026, we should see quite interesting volumes on the coated discs, starting by mid-2025.

MARTINO DE AMBROGGI: Okay, thank you. And I understand we need to wait a couple of months to understand the trajectory for the EBITDA margin. But consensus is not expecting a decline in profitability in terms of percentage of sales. Is there any element we should take into account preventing us to believe this is the right way to expect EBITDA in 2024?

DANIELE SCHILLACI: Martino, I think that just a couple of months of patience will give you more information about that.

MARTINO DE AMBROGGI: Okay, we'll wait and see. Thank you.

OPERATOR: The next question is a follow-up from Giovanni Selvetti, Berenberg. Please go ahead.

GIOVANNI SELVETTI: Hello, hi. Just a follow-up on the buyback, you authorize a maximum of 8 million ordinary shares. So what...if you can please provide an indication of when this...should start, or if it's just the flexibility to do that, but you're not thinking of doing that in the coming months?

ANDREA PAZZI: This is the standard authorization we require to the General Assembly. In fact, it's exactly the same numbers and the same value of the last 2 years. So no particular forecast for the next months on the buyback side, but we still keep it open for the future.

GIOVANNI SELVETTI: Okay. Thank you.

OPERATOR: The next question is a follow-up from Gabriele Gambarova, Banca Akros. Please go ahead.

GABRIELE GAMBAROVA: Yes, thank you again. I was wondering if the operational item in the bridge...in the EBITDA bridge for 2023 was negative by €69 million. I was wondering what could be...what do you assume or what do you expect for 2024 for this specific item, roughly?

DANIELE SCHILLACI: At this stage, it's a bit difficult to say because in these operations item, we have also some special projects that we are financing, for example, IT projects, R&D, we have some also marketing investment that, of course, we will keep during 2024. So, honestly speaking, we will work very hard to make these numbers better in 2024, keeping of course our investment as we planned, but probably in some area now we can improve a bit on efficiency and we will do our best to make these numbers look a bit better. But it's very hard to give you more information on that, at this stage.

GABRIELE GAMBAROVA: Okay, understood and |last question from my side. In terms of let's say perception in the market arena. Do you perceive...do you see let's say

your clients becoming a little bit more, let's say, putting pressure, let's say, on pricing? Do you see more stress on this front or I mean, given that the market is almost flattening, do you see any consequence of this trend or is it as usual, I mean...?

DANIELE SCHILLACI: Well, you know, in the end, the OEMs have their target cost and, of course, by definition, they are always, very challenging. Our relation with our main customers, are very long lasting, since decades, we know each other very well and they know that our products have very high quality and high performance. In the end, we always have a strategic conversation on the product before jumping to the price. When it's about the price, of course, we negotiate, but this is what we have been doing for many years. Of course, when the war broke out, with the raw material and energy costs increasing significantly, in that period we talked a lot in our calls about pricing. But we think that in Brembo, we structured the process very well and also in that extraordinary moment, we managed to have a transparent and very direct conversation with them, to the point that we recovered all the costs related to these topics, as you know.

GABRIELE GAMBAROVA: Okay. Thank you very much Daniele.

DANIELE SCHILLACI: You're welcome.

OPERATOR: Gentlemen, there are no more questions registered at this time. I turn the conference back to you for any closing remarks.

LAURA PANSERI: Okay. Thank you ladies and gentlemen for attending our call today. We wish you a pleasant rest of the day. Bye-bye.

DANIELE SCHILLACI: Thank you. Bye-bye.

ANDREA PAZZI: Bye-bye.