18 November 2013

Transcript Q3 2013 results
Analysts'call 4 November 2013

Richard Piekaar
Ladies and gentlemen, good afternoon and welcome to the third quarter 2013 results analyst conference call of PostNL. My name is Richard Piekaar, Director Treasury and Investor Relations. And with me today are Herna Verhagen, our CEO, and Jan Bos, our CFO. Today Jan will run you through our prepared remarks after which both Herna and Jan will be available to answer your questions. Recording of the webcast will be available shortly afterwards. And with this Jan, I would like to hand over to you.

Jan Bos
Thank you Richard and welcome everyone. I will first go through the business highlights of the third quarter, after which I will dive into the financials. We reported a solid quarter, with Mail in the Netherlands in particular contributing to the strong financial results. Cost savings and also price increases impacted the results positively. Underlying revenue was flat at €1,020 million and underlying cash operating income increased year over year from €4 million to €16 million. Based on these results and the speed of the realisation of cost savings we now expect 2013 underlying cash operating income of between €130 million and €160 million and cost savings to be between €90 million and €110 million. Looking further ahead, there are a number of steps we need to take in order to achieve our 2015 outlook. With the progress made this year on business performance, pricing, the expansion of our social plan and the collective labour and pension agreements, we remain on track to deliver the underlying cash operating income target of between €300 million and €370 million.

Revenue development in Mail in the Netherlands was impacted by the addressed mail volume decline of 12.2%. Substitution continues to be the main reason of the volume decline. The decline in underlying revenue was limited to 4% due to a positive price effect in addressed mail and a positive change in the revenue mix. The roll out of the reorganisation is ahead of schedule with strong cost savings coming in early. We have migrated twelve depots this quarter. Underlying cash operating income in Mail in the Netherlands increased by €15 million to €2 million negative. This was mainly the result of high cost savings of €30 million, which more than offset the negative volume/price/mix effect in addressed mail of €11 million and €8 million autonomous cost increases. We were able to further improve quality from 96.3% in the prior quarter to 96.6% this quarter.

On the regulatory side in the current quarter we expect a decision from the Senate on the cancellation of the Monday delivery and Sunday collection as per the start of 2014. This has already been approved by Parliament. Then onto the next slide. PostNL has agreed with the pension fund and the unions on the new pension arrangement, which is now up for approval by the members of the trade unions. The agreement will result in a reduction of our cash contribution by around €40 million, amongst others because the pension cash contribution is maximised to 27.5% of the pension base. This together with the expected €60 million reduction as a result of lower head count should result in a target of €100 million lower pension cash contribution in 2015 compared to 2012. Also as of next year PostNL will no longer have an unlimited obligation to cover the deficit of the pension fund. The limitation of the top up obligation will be done in two steps. In the period of 2014 up to and including 2018 an annual maximum of 1.25% of the pension obligation of the pension fund applies. Supplemented with a conditional budget of a maximum of €300 million for the period to be used to prevent cutbacks in that period. Starting in 2019 only the annual maximum of 1.25% of the pension obligation will apply. In determining the limited top up payment obligation the resilience of the pension fund will be taken into account. PostNL will also supplete any coverage deficit by the end of 2013. We will supplement that amount to €150 million in order to compensate for the implementation of the limited top up payment obligation. The €150 million and commitments from the conditional budget of €300 million that are unconditional, are payable from the moment PostNL pays out dividend, but at the latest ten years after the moment the amount has become unconditional. In all cases with a payment term of five years as from that date. As said, the new pension arrangement is subject to approval by the trade union members and is intended to be effected as of the first of January 2014.

As you can see Parcels showed strong volume growth of 8%. This is also reflected in the growth of underlying revenue, however change in customer and product mix resulted in a lower average price. Looking at the results, underlying cash operating income stayed flat. Adjusted for the incidental gain related to the acquisition of trans-o-flex in 2012 – now called Pharma & Care – operational performance improved by €3 million. The New Logistics Infrastructure programme is still fully up to speed and on track for completion in 2015. At the end of Q3 twelve new depots were operational. During the quarter we have opened new depots in Haarlem and The Hague. 65 to 70% of our volumes currently run through the new network up from 50 till 55% in Q2.

Then for International. Based on constant currencies underlying revenue increased year on year by 2% to €415 million, but Germany and Italy contributed to this growth. Underlying cash operating income was €6 million compared to €7 million in Q3 2012. Excluding the effect from start-up losses for the roll out of the end-to-end activities in the UK, the result was flat year on year. UK revenue in the quarter was €193 million, while volumes increased by 3%. Product mix had a negative impact on revenue. This is explained by more volumes from contracts that do not include the Royal Mail delivery service. End-to-end volumes reached a level of 1.2 million items per week. Preparations for end to end services in Manchester have started. The process to find a co-investor is progressing well. In Germany revenue grew to €133 million, an increase of 8% driven by good volumes from both new and existing clients. Germany is still on track for break even in 2013, driven by further revenue growth. In Italy revenue increased to €53 million, a plus of 8%, and Formula Certa volumes and revenue continued to show strong growth. The coverage of Formula Certa increased to 72% of households compared to 71% last quarter.

Then on slide 8 I would like to highlight the main drivers towards achieving our underlying cash operating income target for 2015. The roll out of the reorganisation has gained pace this year. We migrated twelve depots this quarter with quality further improving to 96.6%. We also received a positive advice from the works council for the staff reduction in our operations. Our progress on the pension arrangement I have just explained to you. We have seen positive developments in pricing and we started implementing the increase of the basic rate on the first of August and announced further price increases. The other regulatory developments I mentioned earlier, are also important steps towards achieving our targets of €300 million to €370 million underlying cash operating income in 2015.

Now let's have a closer look at the financials. First an overview of the financial highlights in this quarter. Reported revenue decreased slightly by €17 million to €1,005 million and reported operating income decreased by €5 million to €36 million. Reported operating income is adjusted for one-offs to give a better comparison of the actual performance of the company. The largest part of the one-offs this quarter was charges to the restructuring provision of €22 million, mainly in the segment Mail in the Netherlands.

Then we come to our main KPI's. Underlying cash operating income was €16 million, so €12 million higher than in 2012. This is mainly driven by higher cost savings, more than compensating for the volume decline in Mail in the Netherlands. Net cash from operating and investing activities was €79 million, an increase of €175 million compared to the prior year. The improvement is mainly explained by saving and timing effects, both in tax, €55 million, working capital €44 million. Lower capex of €90 million and higher operational results also contributed to the cash performance.

The bridge on slide 11 shows the overall development of the underlying cash operating income. The underlying operating income was up €11 million and this is mainly driven by high cost savings in Mail in the Netherlands, which more than compensated for the lower volumes. Underlying cash operating income increased from €4 million to €16 million as a result of the €11 million increase in underlying operating income and the changes in cash for pensions and provisions. The €16 million change in pension liabilities reflects the difference between the higher pension expenses, €7 million, and lower pension cash out, €9 million. The €15 million change in provisions mainly reflects higher cash out for voluntary and redundancies.

Now let's have a more detailed look at the individual segments. The underlying revenue of Mail in the Netherlands decreased 4% to €488 million and the volume decline of 12.2% was partly compensated by positive price mix effects. The underlying revenue of parcels increased by 5% to €192 million explained by the high growth of volumes, and by changes in the customer product mix resulting in a lower average price per parcel. In International underlying revenue increased by €7 million to €415 million driven by good volume growth in all countries, although a change in product mix in the UK slightly distorted the picture. As said, this is explained by more volumes from contracts that do not include the Royal Mail delivery service. Underlying cash operating income of Mail in the Netherlands increased by €15 million to €2 million negative. Cost savings of €30 million, lower implementation costs of €2 million and other items of €2 million more than offset the €11 million negative volume price mix effect and €8 million autonomous cost increases.

In Parcels underlying cash operating income was flat at €20 million. However, when adjusted for the effect of Pharma & Care - previously trans-o-flex - in 2012, the operational performance improved by €3 million. Underlying cash operating income of International was down €1 million excluding the impact of implementation costs of end-to-end. Operational performance was in line with the previous year.

Now let's look at the statement of income. In the statement I would like to focus on the results from investments and associates, which mainly reflect the results from TNT Express. Excluding the effect of TNT Express the profit for the period was €2 million, €10 million lower than previous year and substantially impacted by the €22 million higher charges to the restructuring provisions in Q3.

On slide 14 we provide an overview of the development of our net cash from operating and investing activities. Cash generated from operations was €62 million, €97 million better than previous year. The change is mainly explained by lower investments in working capital and higher underlying cash operating income. The lower working capital of €44 million is mainly because of phasing and timing differences. There was a significant movement in income taxes. The income taxes received in 2013 amounted to €72 million. These income taxes received were mainly caused by refunds on preliminary tax assessments in the Netherlands relating to timing differences. Capex was €19 million lower, mainly driven by lower investments for the reorganisation and tight capex control. As a result the net cash from operating and investing activities of €79 million, an improvement of €175 million compared to Q3 2012.

Slide 15 shows the progress we made in our cost savings, capex and working capital in relation to our adjusted 2013 outlook and shows our on-going focus on tight cash management. Cost savings are higher than expected, because the reorganisation is ahead of schedule. We have therefore updated our outlook for this year to a range of between €90 million and €110 million structural cost savings. Related restructuring cash out year to date are at the low end of our expectations and mainly explained by phasing effects. They are now expected to be between €80 million and €100 million for the full year. Tight cash management also contributed to lower capex levels which we now guide at around €130 million for the full year. Our working capital at around minus 8% of annualized revenue shows a positive development that is in line with our long term expectations.

I would now like to give you an update of the usual pension coverage ratio and accounting. The coverage ratio of our main pension fund was 105.8% at the end of Q3. This was above the minimum level of around 104%. As a result the conditional top up invoice of €46 million was cancelled. The increase of the coverage ratio is mainly explained by increased pension fund assets, due to a good performance. The pension liabilities came down, because the three months average interest rates increased. In the table below you see pension cash and pension expenses. Pension expenses in the operating income for the quarter were € 34 million compared to cash contributions of € 58 million.

We now turn to the balance sheet. Consolidated equity was a negative €670 million, an improvement of €237 million compared to Q2 as will be explained on the next slide. Corporate equity slightly increased from €998 million to a level of €1,013 million. The net debt was €1,293 million, this is a decrease of €80 million compared to Q2 and is explained by the positive cash flow from operating and investing activities, as discussed earlier. The value of our stake in TNT Express increased by €207 million to €1,110 million and the increase is a result of a reversal of impairment of €218 million, PostNL share in the net result of TNT Express €2 million, purchase price adjustments €4 million negative, PostNL share in direct equity in TNT Express negative of €6 million and the received dividend of €3 million. Please note, PostNL financial and equity position will continue to be vulnerable to changes in interest rates which will impact the pension position. An environment of high interest rates will have a positive impact on the financial and equity position. The graph on slide 18 shows the development of our consolidated equity position. As you can see, the improvement is mainly driven by the €216 million reversal of the impairment of the stake in TNT Express and the €19 million actuarial gains from pensions.

On slide 19 as promised, I would like to give you an update on our outlook for 2013. Further to our announcement of our expectation to achieve the outlook range of between € 50 million and € 90 million we now quantify the 2013 outlook for underlying cash operating income to be between €130 million and €160 million. The main reasons to increase the outlook are cost savings coming in ahead of schedule, improved operational results, the tariff increase of the December stamps and lower restructuring cash out. The last one, only partly phasing to 2014.

We also updated some of the other financial indicators. Cost savings are expected to be between €90 million and €110 million, which we previously guided at €60 million to €80 million. This is the result of savings coming in ahead of schedule. Secondly, the related cash out from provisions is expected to come in at €80 million to €100 million versus the previously guided €100 million to € 120 million and is partly a phasing effect. Tight capex management is expected to result in a total capex for the year of around €130 million. This all results in an underlying cash operating income margin for Mail in the Netherlands to be between 1% and 3% and total underlying cash operating income to be between €130 million to €160 million.

To conclude, there are still a number of steps we need to take in order to achieve our 2015 outlook. But with the progress made this year on business performance, pricing, the expansion of the social plan and the collective labour and pension arrangements we remain on track to deliver our underlying cash operating income targets. Over to you, Richard, for the Q&A.

Richard Piekaar
Thank you, Jan. We will now start the Q&A session and I would like to ask everybody kindly to state their name and company name before asking a question. Operator, could you please open the line for questions?

Operator
Thank you. As a reminder, if you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. If you want to cancel your request, please press the hash key. Your first question comes from the line of Maarten Bakker from ABN AMRO. Please ask your question.

Maarten Bakker, ABN AMRO
Yeah, good afternoon, it is Maarten Bakker, ABNAMRO. The fact that the cost savings come in ahead of schedule, is there a phasing effect involved as well likely higher cash out? And if so, can you give us an update regarding the Master Plan savings, the implementation costs and the restructuring cash out compared to the phasing that you have indicated at the occasion of the 2012 results when you gave some indication of the phasing until 2015. Then my second question. Are you also successful in pushing through price increases in the business mail segment? And a third final question, now that you have made new pension agreements, can you give us a guidance for cash out and P&L costs for 2014 regarding pensions?

Jan Bos
Okay, Maarten, first the question on cost savings. It is mainly phasing and also the same applies for the restructuring cash out. As a rough indication I would say that 75% of the higher cost savings are phasing towards 2014 and 2015 and the rest is additional performance. We stick to our total cost saving target of €290 million. So that is the first answer. The second answer, we are now in the contract round for the business mail, so for price negotiations and is progressing well until now. For pensions, what we have indicated is a €100 million decrease of the pension cash out compared to 2012 and that was a number of €265 million. That will come in in 2015 and we haven't guided for the pension cash out for 2014, but you could expect a reduction compared to this year.

Maarten Bakker, ABN AMRO
Okay. Those were my questions, thank you very much.

Operator
Thank you. Your next question comes from the line of Hugh Turner, Credit Suisse. Please ask your question.

Hugh Turner, Credit Suisse
Hi, Hugh Turner from Credit Suisse. I have got two please. Could you give a tiny more detail around the €18 million positive impact from restructuring related to one-offs in Mail NL. That is the first one. And the second one is, how much of the €90 million to € 110 million cost saving guidance has been achieved year to date to 2013? Thanks.

Jan Bos
What is your first question? Could you repeat your first question, because I did not understand it.

Hugh Turner, Credit Suisse
Yeah, so there is an €18 million positive impact from restructuring related to the one-offs in Mail NL. Can you just give a bit more detail about what that is exactly?

Jan Bos
We adjust on the operating income. It is the restructuring charge we took and added to the provision in the third quarter. It is composed out of mainly our restructuring on the head office and operations. Then the second question was the year to date savings?

Hugh Turner, Credit Suisse
Yeah, can you give us some detail on that, where we are on that?

Jan Bos
Out of the top of my head, we are now at the €70 million, €64 million savings, so we expect that say an amount between the full year guidance will come in.

Hugh Turner, Credit Suisse
Okay. Thank you.

Operator
Thank you. Your next question comes from the line of Philip Scholte, Rabobank. Please ask your question.

Philip Scholte, Rabobank
Yes, good afternoon, Philip Scholte from Rabobank. Two questions please. First of all the gap in Mail in the Netherlands between the volume drop and your reported revenues. Since we have widened significantly in the quarter, now I understand you have raised your stamp price and your quote mix, but is there any other particular other effect in there which causes that to change materially from previous quarters? The second question I have is the discussion in Germany around minimum wages. Could that potentially impact your operation in Germany?

Herna Verhagen
Your first question. The gap of Mail in the Netherlands, volume drop and revenues, of course we had a volume drop in Q3 of 12.2%. Revenue of Mail in the Netherlands was down 4% and the difference between the two is first of all of course the fact that we had a price increase August 1, which you see in the numbers and secondly, because of the fact that we lose volume, our product mix is changing, which means that on average you have some of the volume against the higher price. That is what you see in the difference between the volume gap and of course the revenue decline of 4% which we reported. Those are the two reasons, no more reasons, Philip. And then your second question on the minimum wages in Germany. Minimum wages are already there for some time when it comes to government tenders, so we were quite used to it and we saw it coming already a long time. It is not going to hurt us in that sense.

Philip Scholte, Rabobank
Right, if I may a brief follow up. Do you see any improvement in your non-volume related business as in Mail in the Netherlands, for example retail. Is the environment becoming a bit more friendly there?

Jan Bos
The main reasons are just price increases on letter box mail and a changing mix, so the revenue lower decline in the letter box mail than in bulk mail. Those are the two main reasons.

Philip Scholte, Rabobank
Right, okay, thank you.

Operator
Thank you. Your next question comes from the line of Doug Hayes, Morgan Stanley. Please ask your question.

Doug Hayes, Morgan Stanley
Hello guys, good afternoon. Three questions please. First of all, volume decline accelerated again in Q3. What gives you the confidence as it is not going to pick up again in Q4?

Jan Bos
To answer that question on volume decline. Normally, we have a kind of seasonal pattern and that varies when customers are offering mail to our business counters, so that is one impact. And secondly, the year to date decline is 10.9% and we expect to be at the high end of the range of 9% to 11% for the full year 2013.

Doug Hayes, Morgan Stanley
Okay, thank you. My next question, it looks like the rate of disposals has decreased this year as you look to the quarters. Has there been a change in your plan for property disposals or anything like that or is it just difficult to sell some of the property?

Jan Bos
Yeah, to the prices we want for our real estate, the market is difficult.

Doug Hayes, Morgan Stanley
Okay, thank you. Then finally any update on the TNT Express stake and what your plans are with it?

Herna Verhagen
I think still the same view, which means that we will sell midterm. That is one, and secondly, we review of course TNT Express regularly. That is what we still do, so no changes in that area.

Operator
Thank you. Your next question comes from the line of Nigel van Putten, Kempen. Please ask your question.

Nigel van Putten, Kempen
Thank you. I have just two questions left on Mail in the Netherlands please. First off, the volume decline was about well minus 12.2% as reported, but the impact on the underlying EBIT in the division was only minus 11%, which reflects obviously strong price, but also price mix as you said. But given current price guidance and volume guidance, 8 to 10% over the longer term, are you willing to share with us where you expect this number to settle by 2015? I think it was minus €64 million in 2012. A second question is on the domestic mail volume. Can you give an indication how much originates from the public sector and including municipalities and roughly how much from the municipalities as a percentage? Thanks.

Jan Bos
To answer your first question, so we haven't changed our outlook for 2014 and 2015, so it is still 8% to 10%, but we will monitor the volume decline the coming months in detail and update you on the volume expectations at Q4. For more details on the volume decline, I would say, may be you better call Inge, because I don't have them at this moment.

Nigel van Putten, Kempen
Okay, thanks. It is more a question on the drop through to EBIT, I think it was clear that a sort of clear trend in how this number moves to only minus €11 million this quarter, while it was, yeah, I mean, the volume decline was pretty bad. So, I mean, internally is there any sensitivity you expect this number specifically whether to settle on a sort of year on year basis? Like I said, it is minus €64 million.

Jan Bos
What we have indicated before, so normally, a volume decline year on year has an impact on our operation of around €10 million, just volume decline, and of course price increases offset that. We have indicated that we will significantly above inflation increase our prices the coming years, so I would say, it is in line with our message.

Nigel van Putten, Kempen
Okay, thanks.

Operator
Thank you. Your next question comes from the line of Marc Zwartsenburg of ING. Please ask your question.

Marc Zwartsenburg, ING
Two questions. Good afternoon by the way. One on the mail volume declines. Now, Jan, you mentioned specifically that it was mainly driven by substitution. In Q2 I think the acceleration was also explained by competition becoming more price irrational and therefore gained in volumes. Is that now, additional substitution on top of the competition still getting market share or has anything changed on that front? That is my first question and my second question is, relates to TNT Express. Just I think, Herna, you mentioned our statement still stands to sell it in the medium term of two to four years, but also that you are reviewing it regularly. Can you perhaps give a little bit more flavour on what you mean by reviewing it regularly? What would make you change your two to four year view? Thank you.

Jan Bos
I take the first part of your question. So volume decline compared to last quarter, it is only what we see a little bit more substitution and mainly in bulk mail.

Marc Zwartsenburg, ING
And the competition is still similar or intensifying?

Jan Bos
It is the same picture as we have described in Q2.

Herna Verhagen
And then on TNT Express, reviewing it regularly. We do not disclose, sorry, about what we exactly review and how we come to decisions. That is why we already earlier stated, it is medium term and we review regularly.

Marc Zwartsenburg, ING
All right, thank you.

Herna Verhagen
Thank you!

Operator
Thank you. Your next question comes from the line of Wijnand Heineken of Independent Minds.

Wijnand Heineken, Independent Minds
Yes, good afternoon, a couple of questions left. First on the pensions. You mentioned that in 2015 the level of cash out on pensions would be €100 million lower than last year, which is a reiteration of previous statements. On the other hand, in your presentation you said that thanks to the deal now agreed with the unions, that pension cash out would be €40 million lower. Just to be safe, was that €40 million already in the statements about €100 million less cash out in 2015 or is this additional? Then another question on the pensions. You mentioned the need of member approval from the unions. Isn't there a need of the participants of the pension scheme to approve as well? Then another question I have is on the cost savings. You have looked that for the year, but in previous statements there was not only mentioned the amount for Master Plan related cost savings, but for total cost savings as well. The latter you have skipped in this press release, so I was wondering whether that is no longer a material amount or that something else happened. Those were my questions.

Jan Bos
Okay, to answer your first question on the pension. It is included and it was included in the €100 million, so that has not changed. It is only now agreed upon. Secondly, so in the governance system with our pension fund, the pension fund board is authorized to accept the agreement. Third, I think the amount of restructuring cash out it is the same.

Wijnand Heineken, Independent Minds
So that is €10 million on top of the Master Plan savings?

Jan Bos
Yes.

Wijnand Heineken, Independent Minds
Okay.

Jan Bos
Thank you.

Operator
Thank you. Your next question comes from the line of Doug Hayes, Morgan Stanley. Please ask your question.

Doug Hayes, Morgan Stanley
I have already asked my questions, I shouldn't be in the cue any more.

Jan Bos
Thank you.

Operator
The final question comes from the line of Tobias Sittig from Main First, please ask your question.

Tobias Sittig, Main First
Yes, good afternoon. Tobias Sittig from Main First. Three questions if I may swiftly. On International can you help me reconcile a little bit the development there? When I read your statement it sounds like in every country you are moving in the right direction, but then the underlying operating income is only flat, even adjusted for the start-up costs. Where are sort of the pockets of weakness where you are losing profitability? And secondly, could you provide a little more granularity on the volume decline in terms of business verticals? So, are there any particular sectors being proned to substitution? And thirdly, on the pension obligation. Are there any parameters on the IFRS pension calculation on the actuarial assumptions about to change, like the discount rate or the growth rate that you assume for the 2013 full year?

Herna Verhagen
For International. When it comes to the UK, in the UK we saw volume growth and revenue decline, which mainly has to do with the fact that the sort of volume were coming in to our company changed, which means part of the volume is including the Royal Mail last mile and part of the volume excludes the Royal Mail last mile in the price and this was volume which excludes the Royal Mail last mile in the price, which means revenue down, but the underlying margin is better. In Germany we see good volume growth in all entities in Germany. Of course the battle with Compador and PostCon is still going on, which means we are fighting them in court and with the regulator in Germany, so that is what we do. In Italy we see good growth as well, especially from Formula Certa.

Tobias Sittig, Main First
Is that a profitable growth in Italy?

Herna Verhagen
It is. It is profitable growth, yes. If you look into the underlying cash operating income of Q3 compared to Q3 2012, it is flat. There are a few reasons. One you already mentioned, that is the end to end roll out which costs us money. That is one reason why it is flat and the second reason, we have some one-off costs in Germany for fighting Compador legally with judges, that is one and secondly also with the Bundesnetzagentur, so the regulator. So overall, those are the main reasons for seeing a flat development within International.

Tobias Sittig, Main First
Following up on that, what would be the outcome that you hope to get from your proceedings against Compador? That they are banned from the market entry or would you seek compensation in a financial form? What are you thriving for?

Herna Verhagen
We are thriving that Compador pays the same amount to Deutsche Post as we do. So, that is what we try to accomplish.

Jan Bos
Then your second question, some specifics on the volume decline. I would say, we have seen an increase in substitution, mainly in bulk mail. That is as well in transactional mail as well as in direct mail.

Tobias Sittig, Main First
There is not any particular factor pushing particularly hard for taking bills on line?

Jan Bos
Yes, it is normal, yeah, normal expected substitution, I would say, so the telco's, banks, but also direct mail and also transactional mail, so no difference. And then on the pension fund obligations. The IFRS calculation of course is interest rate sensitive, but it is following the market trend and it is related to corporate bond rates. So I can't predict what it will be in 2014 at this moment.

Tobias Sittig, Main First
Thank you.

Operator
Thank you, there are no further questions at this time. Please continue.

Richard Piekaar
Thank you very much all for joining us today in our conference call. If you have any follow up questions at some point, please don't hesitate to pick up the phone. We are happy to discuss this with you. And see you in the next meeting. Thank you very much.