Recordati S.p.A

"First Quarter 2024 Results Conference Call"

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EUGENIA LITZ, HEAD OF INVESTOR RELATION

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Recordati First Quarter 2024 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. Eugenia Litz, Head of Investor Relations of Recordati. Please go ahead, Madam.

EUGENIA LITZ: Thank you, and good afternoon, everyone. I'm pleased to be here today with Rob Koremans, our CEO; and Luigi La Corte, our CFO. Together, they will present our results for the first quarter of 2024 before opening the line for questions. As always, the presentation is available in the investors section of our website.

It is now my pleasure to pass the call over to Rob. Please go ahead.

ROBERT KOREMANS: Thank you, Eugenia, and thank you all for joining us today. I'm very pleased to report our excellent start to the year with net revenue of €607 million and up 10.2% versus previous year or 10.9% on a like-for-like and constant exchange rate basis. This reflects double-digit growth across both our businesses. Specialty & Primary Care was up 10.1% like-for-like at constant exchange rate, and our Rare Disease business was up 13.9% on a like-for-like constant exchange basis, and Luigi will talk you through more detail later on this call.

This robust growth was achieved despite continued FX headwinds with an adverse impact of minus 5.7% for the first quarter. This was mainly affecting SPC and driven by Turkiye. We continue to achieve sector-

leading margins with EBITDA margin at 40.2% for the quarter, reflecting strong revenue and operating leverage.

Our adjusted net income was €163.7 million, up 5.6% versus previous year, with higher operating profit as expected, absorbing an increase of financial expenses and a higher tax rate. We delivered in the quarter, free cash flow of €147.1 million, a €43.7 million increase versus previous year, bringing leverage to 1.75 times EBITDA pro-forma.

Also, we've made very good progress on our key targeted R&D projects this quarter, with expectations to now submit the supplemental new drug application for Isturisa for Cushing's syndrome label extension in the US during the third quarter this year, following positive feedback from the FDA.

We also submitted the NDA for Signifor LAR in China. And with this strong momentum driving the business, we are well-positioned to deliver at the top half of our previous provided financial targets for '24 and our targets for '25, pursuing the same group strategy and capital allocation policy.

It's now my pleasure to hand over to Luigi.

LUIGI LA CORTE: Thank you, Rob, and good morning, good afternoon, everyone. Conscious, I start probably some repetitive opening the call is always saying I'd like to add more color on what was a strong quarter, but it is what it is. We have delivered once again. I am happy to comment on that. And this is really true across the business. And as always, we'll start with Specialty & Primary Care on Slide 4, which, as you will have seen, opens 2024 with growth in the first quarter on a like-for-like basis of around

10%, which is really exceptional, if you think that it compares to a very strong performance already in Q1 of 2023.

The standout is obviously urology franchise, which becomes our #1 franchise driven by the strong contribution of Avodart and Combodart, contributing €27.5 million, but also very strong momentum of Eligard with really seamless rollout of the new device, achieving double-digit organic growth in the quarter, and over-performing competitors in all of the key markets. So very, very strong performance. But equally strong to see cardiovascular GI, other therapeutic areas remaining on par with what was a very strong Q1 of 2023.

Phasing of sales in international, in Turkiye was very similar to the patterns that we saw last year. And with regards to cough and cold, as you can see from the slide in the backup, it was a strong quarter comparing to an exceptional Q1 of 2023, and the decline in reported figures really is driven by adverse FX in the relevant market. So once again, Specialty & Primary Care confirms itself, not only as the backbone of Recordati, but also a strong growth driver in its own right.

Moving on to Rare Disease on Slide 5. As you'll see also clearly a very strong start of the year with organic growth at a constant exchange rate of just under 14% with really strong performance in both of our key growth franchises. We continue to see strong patient acquisition of Isturisa, and double-digit growth of Signifor. And you've seen a pickup in growth on oncology driven by Qarziba, where we are exceeding initial expectations with regards to patient acquisition in Europe and also, obviously, continuing to penetrate further across other geographies and good growth also of Sylvant.

As Rob already mentioned, we're also happy to report a number of positive progress in some of our life cycle management programs. We had a positive feedback from the FDA on the data package that we've been working on to support submission for label extension to Cushing's syndrome for Isturisa in the US. We plan to submit in the Q3 of 2024. We have submitted Signifor LAR in China, and we are still on track to report progress on REC 0559 and the dinutuximab beta (Qarziba) potential sBLA for the US by the mid-2024. And with this momentum in Rare Disease and with the progress we're making on life cycle management, I am really confident that this portfolio will be able to sustain double-digit growth for the next years to come.

So it's really a strong momentum across both business units. When looking at it geographically on Slide 6. Also, obviously, a very positive picture. US confirms itself by a very small margin, we should say, the #1 market for the group with over 16% growth, close to 18% in local currency. And here, really driven by, obviously, the Rare Disease portfolio. Very positive growth also in Italy, double-digit, reflecting also the addition of Avodart and Combodart, but good performance. Again, a strong Q1 2023 of our SPC portfolio and also of Rare Disease.

Spain, clearly, is the biggest market, as we've commented in the past, for Avodart and Combodart, which accounts for roughly €15 million of the growth there. A comment on a couple of the minuses. France, minus 6.4%. You may recall, France last year started very strongly with an exceptionally strong cough and cold season. But nice to see Germany stabilizing following the erosion that we saw last year on some tenders.

Our business in Russia continues to grow in local currency, close to 8%, somewhat negative, particularly due to adverse effects on a reported basis. And finally, in Türkiye, the 13% growth in euro terms really is volume-

driven, with very significant devaluation in the quarter versus last year being offset by a very, very strong price inflation, which persists in the country.

So all in all, both seen on a product lens and geography, a very strong revenue momentum, which translates on Slide 7. Combined with usual cost discipline and the operating leverage, sustained an EBITDA margin of just over 40%, pretty much aligned to what we saw in Q1 of last year, which was, as you recall, our strongest quarter in terms of revenue.

Adjusted gross profit down really due to, and we have commented this also in the past, the consolidation of Avodart and Combodart, which is dilutive at the level of adjusted gross profit. But being fully synergistic with the rest of the business, it really contributes to the operating leverage, which you see, particularly at the level of SG&A, down to 25.7%.

R&D expenses are growing very slowly. As we said, most of the growth in Q1 is actually amortization at 11.1% of revenue. We do expect this to step up a bit over the course of the year in line with plan. And obviously, all of this translating into very positive operating results at the level of adjusted net income, which itself is also strong at 27% of revenue, growth of 5.6%, really driven by particularly low financial expenses in Q1 last year.

Whilst this year, aside from general impact on increased interest rates, we also had around €6 million, if you like, of the increase in financing costs is due to unrealized FX losses and slightly higher hyperinflation accounting adjustment in Turkiye. We do expect the rate of financial expenses to come down from these levels in the remainder of the year.

You will find as usual, the reconciliation between reported figures and adjusted ones in the appendix. And once again… this is really a trademark of Recordati. You will see on Slide 8. The strong EBITDA translates also into very strong free cash flow performance for the quarter, €147.1 million free cash flow, close to €44 million ahead of last year, and really driven by the operating performance and the reduced absorption of working capital versus the first quarter of last year.

With these results, and to finish from my side, obviously, closing the quarter, you'll see on Slide 9 that the net debt is down to roughly €1.4 billion, with reduction basically being equal to the free cash flow, which was generated not much happening in the sort of non-operating part of the cash flow statement in the quarter with net debt around 1.75 EBITDA on a pro forma basis, obviously, assuming contribution for a full year of the GSK portfolio, which obviously positions us very well for continued growth in the future.

And with that, I will turn it back to Rob for some closing remarks.

ROBERT KOREMANS: Thanks, Luigi. I think closing on…with our full year '24 guidance, it's clear that we are off to a very good start. And like Luigi said, yet another really good quarter for Recordati very, very proud to be leading this team that continues to deliver. And based on the Quarter 1 results, we're very obviously heading towards the upper half of the range of our guidance for all financial metrics and in a very good position to continue to deliver our growth and profit story.

And with that, I'll hand over to you, and we're happy to take any questions.

Q&A

OPERATOR: 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". Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Martino De Ambroggi of Equita. Please go ahead. Mr. De Ambroggi, your line is open.

MARTINO DE AMBROGGI: Hello, can you hear me?

ROBERT KOREMANS: Yes, we can hear you.

MARTINO DE AMBROGGI: Okay, sorry. Sorry, I had a microphone problem. So, thank you. Good afternoon, everybody. The first question is on Isturisa referring to the jump in first quarter sales. So, I was wondering if it's just a matter of new regions or new patients or what else. And if the plus 54%, 55% in Q1 could be considered the floor for the full year considering the ramping up of sales around the world?

The second is a more general question for Rob. Actually, two general questions. The first one referring to a recent interview in which you, Rob, stated the target is to double sales in 5 years. I clearly understand M&A is essential to achieve it, but could you elaborate on your strategy for this?

And the last one, hypothetical. So, I don't know if it's true or not. I don't ask you if what we read on newspapers, CVC looking for exit or maybe just refinancing or maybe merger. But just your personal view in case the scenario is the merger with another player, what could be the ideal partner

for Recordati in your personal view? So, without asking you if there is a searching process and other things. Thank you.

ROBERT KOREMANS: Thanks, Martino. As you might appreciate, I'm not going to speculate on what CVC might or might not do. We are aware that they're looking at refinancing and I don't see how this impacts our business, quite frankly. And we're very, very glad with the results we're making and I see CVC as a happy shareholder and a very committed shareholder to our medium and long-term growth. So, other than that, I'm not going to speculate on anything else.

When it comes down to our ambition to double in the next 5 years, this is clearly aspirational, right? It was also very clear in the intuitive intent. We have incredible good growth in our rare disease business with thousands of diseases still without a solution. We have stepped up in growth for SPC now consistently for the last 2 years. And with that we have confirmed that we are definitely on track to deliver over the €2.4 billion by 2025.

And in order to really double, we will have to also continue our M&A strategy. So, there's no change of strategy. We believe we are really well-positioned to live up to that aspiration. But let me make it very clear, this is not an official target that we commit to in any way other than just aspiration to grow. And I see us extremely well-positioned to capture opportunities with our strong finance background, our current performance track record, the people on board, and let's also not forget we're in really good markets. Yes, we're outperforming markets, but we're growing in markets that are growing, where the underlying growth will continue. So, I see Recordati very well-positioned to continue to do very well quarter-after-quarter. And that I would leave it at that in terms of the growth ambition.

Isturisa is doing extremely well. You might remember that's only last year we got real full reimbursement in countries like France and Italy, and that helps with the growth. The US is on an extreme good trajectory and continues to capture new patients and manage the existing patients really well. If the positive feedback from the FDA makes us optimistic about the opportunity to expand the label on Isturisa to Cushing syndrome in the US, and that clearly gives us additional potential to promote for, and that will help to further fuel the growth. But the peak sales that we have previously communicated for the moment, I don't want to increase that, but we're very, very happy with the current performance of the teams.

I think I've covered all your questions. I'll leave it at that.

MARTINO DE AMBROGGI: Yes, thank you, Rob. And if I may, I was not obviously referring to the name of a potential partner, but just the idea that it could be an Asian. I remember in the past when CVC entered, there were speculation that an Asian, without having a distribution network in Europe, could have been the best one. So this was my purpose. So I understand that you don't want to discuss it.

ROBERT KOREMANS: I don't want to speculate, but our strategy has not changed, and this clearly is not part of our current strategy.

MARTINO DE AMBROGGI: Okay, thank you.

OPERATOR: The next question is from Charles Pitman of Barclays. Please go ahead.

CHARLES PITMAN: Hi, guys. Thanks very much for taking my questions, and congrats on the good quarter. Maybe just following up again on Isturisa, I understand like the improved reimbursement, and it's going well in the US, but I was just

wondering if you could talk maybe around what the competitive dynamics are there, or what the hurdles are just kind of further growth going forward. And maybe if you could just help to give us some idea around what the real commercial opportunity is for Cushing, and how we should think about that over the longer term.

And then my second question is just on the REC 0559 trial. I was wondering if you could just give us some kind of, benchmarks on what you are hoping to illustrate from the trial, what factors you are considering that will, you know, help you decide what helps progress into later stage of development.

And then just finally on Avodart. Obviously, this is a kind of key contributor for the year-on-year growth, but just trying to compare the 1Q 2024 versus GSK reported 1Q 2023 sales. It is still kind of down year-on-year. So what are the key drivers behind this decline? When should we expect Recordati's recorded sales to grow to above what GSK was recording prior to your agreement? Thanks very much.

LUIGI LA CORTE: Charles, hi. I will start. This is Luigi. I will start with the third one, which is on Avodart, Combodart. I mean, we are actually very, very happy with the transition and how it's going. We feel it's off to a good start. We said at the start of the year when we set out the guidance that we are expecting to see this year versus 2023 a bit of erosion in Germany because of decisions which have been taken prior, taking over on tenders, but expect product to show growth in the key markets Italy and Spain and we reiterate that. There is going to be a little bit of a headwind in a relatively small market, Switzerland, which, you know, had some regulatory changes, but honestly, for us so far, we feel we are on track and it's once again an example of very strong execution of our teams of taking new products on.

ROBERT KOREMANS: And the to the other 2 questions around REC 0559, the story is really well on track, right, as we have reported the last patient's been in and we are waiting for the results to come mid-year. Our hypothesis around 0559 has always been that this is a product that is extremely well tolerated and hence can be really used well for corneal healing and we will comment on it when we see the results, right. We don't know the results yet. So it's very difficult to comment on that. But from everything we know from the molecule, we have a really good chance to deliver on our ID of having a very effective and safe, extremely well tolerated and friendly-to-use product.

On Isturisa, all of the performance is really done to helping more and more diagnosis. I mean, it seems like news around in the entire endocrinology space is that the GLP1s definitely also plays some role in creating some sort of awareness. We see an increased diagnosis of Cushing's across the border and that is something that is positive and with Isturisa, which is often recognized as absolutely the best product to treat Cushing's. We capture that opportunity, and I would like to think that is also a little bit of our own making with helping doctors and patients to understand this disease and to recognize symptoms to get patients diagnosed.

We see very much an increase in diagnosis and are able to keep patients also a bit longer on our therapy as doctors get more experienced, and are able to deal with the products better. So very positive in the US of course, we are not promoting outside of Cushing's disease. So if and when FDA would approve this, I see an opportunity to increase even the growth rate there and like I said before super happy.

And then lastly for Isturisa what also would be an interesting opportunity is getting into China. We commented on that before. That process is

ongoing and there is a peak opportunity there of about €50 million. So that's something that we are also working hard to help and achieve. And so everything is going as planned, in fact a little better and we are optimistic on Isturisa.

CHARLES PITMAN: Brilliant. Thank you so much.

OPERATOR: The next question is from Isacco Brambilla of Mediobanca. Please go ahead.

ISACCO BRAMBILLA: Hi, good afternoon, everybody. 3 questions from my side. The first one is on full-year guidance. Can you help us understand which could be the main risk factors preventing you from achieving the upper hand of guidance?

Second question is more specific on 3 key products in specialty and primary care, Eligard, Livazo and Seloken reported solid like-for-like growth in the quarter. Is there any non-recurring element impacting this performance?

Last question is again on Isturisa, a follow-up. I remember a potential enhancement of the patient's base in the region of 30% to 40% in case of label extension to Cushing's syndrome. Could you just confirm whether this order of magnitude could be realistic?

ROBERT KOREMANS: Thanks, Isacco. Let me start with the last one. That's too high for the additional potential for Cushing's syndrome. You are more looking at something of 20% to 25% of additional patients, and it's very difficult for us to know exactly how many patients that currently are being treated basically by doctors beyond the Cushing's disease, right. So but I would put it between 20% to 25% in additional potential.

Luigi, you like to comment on the guidance?

LUIGI LA CORTE: Yes. Maybe, just sort of build just to be absolutely clear. We are obviously very much expecting positive news on Cushing's syndrome in US. And so, if you recall when we last updated an upgraded guidance on Isturisa, we did say that that was included within that. So I think what we are commenting on today is the uplifting prevalence rates really that you get access to, you know, with extended label.

In terms of guidance, look, the momentum is good. And I think Rob has already said, it's more likely than not that we would be on the upper half of that guidance range. It's relatively still early in the year so let's see, but we feel already good and honestly, the reality of this business is there aren't big, inflection points or risks that could land from one day to the next. So we feel really good and very confident about achieving those numbers. Your question on SPC, the performance and the outliers, no, the team is doing a fantastic job, it's going well, and we do expect solid growth in 2024.

I think for the others, the metoprolol, there was good traction in some countries in Europe, but some of our mature products, I think we've commented in the past, you just need to be a little bit careful about taking one quarter and extrapolating because sales are lumpy, we sell also to international distributors which buy in bulk, one year they may buy one quarter, so I'd say, look, we've always said we have a number of growth drivers, even within SPC, those growth drivers are doing great. And we're doing a great job sustaining the mature part of the portfolio whilst, I will remind everyone, also having right size the business over the last 2 years, so I think really there is a strong performance there.

ISACCO BRAMBILLA: Very clear, many thanks.

ROBERT KOREMANS: Okay.

OPERATOR: The next question is from Naveed Mukhtar of PGIM. Please go ahead.

NAVEED MUKHTAR: Hi, thanks for the presentation, two questions from me. Firstly, in terms of your core divisions, core markets in Europe, can you maybe just give us an idea of how the underlying markets have performed versus your underlying performance, because I'm trying to understand what kind of market share you're gaining or whether you're growing in line with the market?

And second question, I had was on France. Just when I look at the split of geographic revenues in the first quarter, I see most of the divisions are up, except for France, so maybe we can just comment a bit about what's happening in the underlying market in France? Thank you.

ROBERT KOREMANS: Like, I commented for the Europe, and that's true for all of our markets. We're a bit fortunate in the focus of our markets / geography in that sense, but also the markets we're operating in with a strong focus on urology, cardiovascular, and gastroenterology, which represent for SPC the majority of our business.

The markets are growing at 5% to 6% or so where we are operating, but we do 4% better, so we're outperforming the markets. And then, this has been consistently the case in the last three years. What makes me optimistic about the future are the underlying trends, there is population growth, I mean aging population, so an increase in prevalence and incidence of the diseases that we have solutions for, which is very good,

and we're able to really bring our products to the attention of prescribers and pharmacies in a right way.

So we have a very strong basis there. Also, if I look at rare disease in Europe, this has been growing basically above expectations. The first quarter has been very good for Europe, and where in the past we've seen mid-single digit growth for Europe, we've now seen double-digit growth in Europe, and that is really extremely good.

But that's also on the back of us having recently obtained reimbursement for products like Isturisa and countries like France and Italy, which are major markets, and help us to really focus on that. So we see really good traction for also our rare disease products in Europe, and Europe is a good and important base, but that's clearly the rare disease opportunities for the future are global, and with a specific focus also on the US, we're doing so well. Luigi, do you want to answer the second question?

LUIGI LA CORTE: Yes, on France, very simply, I think I mentioned in my opening remarks, France, we have a strong cough and cold portfolio. That portfolio had an exceptionally strong Q1 of 2023. Also, on the back, I think the season last year was so strong in France that a number of companies struggled with supply. We were there and able to gain share, and it has obviously, therefore, compared to a very strong Q1 of 2023.

France also happens to be one of the markets where we saw a little bit of erosion on Carbaglu in Europe, but again, I will obviously not make that much of a single quarter. The portfolio is strong and it’s strong across our geographies from our perspective.

NAVEED MUKHTAR: Okay, thank you. And just to confirm that in France there was no impact on reimbursement or price cuts for you guys?

ROBERT KOREMANS: We're not as exposed as some other companies. We've had a little bit of impact there, but we're talking a few million, not significant numbers.

NAVEED MUKHTAR: Okay, thank you.

OPERATOR: For any further questions, please press "*" and "1" on your telephone. The next question is from Bruno Permutti of Intesa Sanpaolo. Please go ahead.

BRUNO PERMUTTI: Good afternoon, everyone. I have some questions related to M&A, so if you see some room in for M&A in the next few months and in case looking at the market around you, where you see the more interesting opportunities in terms, which market segments are you considering more interesting in this, in the current market environment.

And then, just a question related to the amount of the non-cash charges from PPA, only to have a confirmation that around €35 million it is correct assumption for the full 2024, and okay, that's it.

ROBERT KOREMANS: Thanks, Bruno. Yes, on M&A let's...M&A continues to be an extremely important part of our strategy like I stressed before. Has always been and continues to be. We see really good opportunities. I am not going to disclose what we are working on, but there are definitely a couple of projects that we are working on and we always said for us, both businesses are equally important to maintain.

The most recent deal was a partnership with Glaxo around Avodart Combodart. I would be very happy if the next one could be in rare disease, but it's always extremely difficult to predict what lands where first and we are looking at opportunities for both of our businesses. And I

think we are extremely well positioned. I don't see that current market conditions are so different from a year ago quite frankly. There have always been good assets that were always competitive and we managed to secure them as needed. And I am very confident in our team's ability to continue to do that. We definitely have the commitment and the means to be able to complete, so, optimistic about that.

LUIGI LA CORTE: Yes. And on your question around the non-cash charges which arise from acquired inventory of EUSA. Yes, that's broadly right. I mean it will depend ultimately by volume sales on Qarziba, but we were pretty close to finishing the inventory where there may be a small long tail and that's simply because some of it is…was also sort of ingredients and things like that. It may take a little bit of time, but yes, your estimate is broadly right. And it's pretty much effectively what is left over, which I will expect us to complete in '24. There may be a small tail still in '25.

BRUNO PERMUTTI: Okay, thank you. And if I may, just on the possible master payments that are related to the advancement that is for the submission you are planning to do, is there something that we should consider in 2024?

LUIGI LA CORTE: I am sorry I am not sure I understood it. Is your question on milestones or was it...

BRUNO PERMUTTI: Yes. If in relation to the possible submissions in… the next quarters, should we consider some milestone payments to be made in 2024?

LUIGI LA CORTE: Sorry. Nothing material to…

BRUNO PERMUTTI: Nothing material?

LUIGI LA CORTE: There's no milestones which are attached to the different sort of regulatory stages of REC 0559, but they are sort of later on in the sort of lifetime of that study. So, I wouldn't expect it to be in 2024 and if you like, the only one that we have material which is attached to…but if we are talking €20 million, €25 million which is attached to our portfolio it's on the potential approval of Qarziba in the US. So, you know, we might expect that in '24. Yes would be happy…very happy to pay it, but I think this year is not a realistic scenario I would have thought.

BRUNO PERMUTTI: Yes, thank you. Thank you.

OPERATOR: The next question is from Giorgio Tavolini of Intermonte. Please go ahead.

GIORGIO TAVOLINI: Hi, good evening. Thanks for taking my questions. I was wondering on the R&D costs. You now expect a slight increase in Q2, Q4 compared to Q1 to support the key programs. You had 11% growth in R&D costs in Q1. So, I was wondering what is a slight increase for you. I mean if we end, how much…to which extent I guess the label extension of Isturisa to the Cushing's syndrome and the potential approval of Qarziba in US could affect this increase in the R&D expenses?

ROBERT KOREMANS: Thanks for the question, Giorgio. So, I just point back to what we said early '23 where we said we were expecting R&D cost to grow up versus if you like the '22 base by roughly 1 percentage point of revenue, you will see sort of excluding amortization. I think if you write the numbers, it's probably halfway there. So, I think that's the order of magnitude that we are talking here. It's not as significant. Milan is doing a great job. We are seeing progress and we are keeping the spend under control. So, I am sure they want to continue doing that.

GIORGIO TAVOLINI: And many thanks. Just a follow-up. Are you going to make a further right-sizing on the SPC business or you completed the program? Thank you.

ROBERT KOREMANS: I mean that's something that…I mean in terms of the things that we have absolutely planned and announced that's done, you've seen there is very little cost coming through in terms of non-recurring and if that there was, there is some very residual sort of costs attached to the EUSA integration. It's the kind of thing that we always review, right, depending on how the business evolves, but in terms of what we set out to do, that's been done but it is something that we continuously review.

GIORGIO TAVOLINI: Thank you.

OPERATOR: Mr. Koremans, this was the last question. Back to you for any closing remarks.

ROBERT KOREMANS: Thank you. And thank you all for having joined us today in the…what was again a very strong quarter for Recordati delivered by our teams and I feel we are in a very strong position to continue to do so and look forward to reporting on that in the near future with you. Thank you all and have a wonderful day.