PATRIZIA SE

H1 Analyst and Investor Call

12th August 2022 | 15:00 CEST

Transcript

Speakers:

Martin Praum

Christoph Glaser

Martin Praum

Welcome, everyone to our first half 22 analyst and investor call. This is Martin Praum, Head of Investor Relations and Group Reporting speaking. I'm happy to have our CFO, Christoph Glaser, with us today, to present to you an update on our operating business, on the market environment, and on our financials. During today's call, we will refer to the first half 22 results presentation, which you can find on our website in the section shareholders, under most recent publications.

The presentation includes the first half 22 figures and details about our guidance for 22, which we confirmed with results. In case of questions, the IR team is more than happy to help as usual. This call will be recorded and will be made available on our website, and we'll also offer a call transcript for further reference. With that, I'd like to hand over to Christoph to start the presentation. Christoph.

Christoph Glaser

Well, thank you very much, Martin. Good afternoon, everybody and welcome also from my side. I'm more than happy to present to you PATRIZIA's financial results for the first half of 2022, and then subsequently, answer any questions you may have afterwards. That said, let's start on page four of the presentation with a couple of words about the current market situation.

I'd like to discuss with you first what we're seeing today, and also, then, what we see in the midterm. Obviously, in recent months, the real estate and infrastructure business has been impacted by change of several macroeconomic factors. There's been elevated inflation on interest rates, geopolitical risks increasing, supply chain disruptions, and also, recession risks, although the jury's still out on whether there will be one, and if so, how severe it will be.

What is probably more interesting, at this stage, is the overall speed of change in the environment. And market uncertainty has led to this, what we would probably best call a temporary drop in investment activity, again, the question being for how long that will be. And you just need to look at the volatility of the ten year German bund yields in the last couple of months to get a feeling for the challenges that our clients are facing.

Now, that said, our research house view sees the chance for some normalisation in the second half of the year, given that occupational markets appear to remain robust, and there is significant dry powder waiting to be deployed. And it will have to be deployed until the year end. We, however, only expect to have clarity on that at the end of the third quarter, or maybe the beginning of the fourth quarter, depending on market pick-up, or the degree to which the market activity will pick up, following the summer break.

Now, in this uncertain environment, it's probably equally important to emphasise, once again, one thing that remains unchanged, which is the fact that certain structural trends support demand for real assets in the medium term perspective. There is, every week, a lot of noise as to how global pension funds, insurance companies, and state funds, and so on, are dealing with the current situation, how they're going to reallocate capital.

For us, it's most relevant that we can cater to all their needs, and that we can offer a broad range of products to cover any, possibly reallocation. Now, PATRIZIA does have the platform and the products to offer both on the global real estate side and the infrastructure side, so investors can rely on solutions that are in alignment with for continuing megatrends, decarbonisation, number one, number two, demographics, number three, digitalisation, and number four, urbanisation.

Very importantly, it's also important to note what our clients are saying today. And I'm happy to inform you that a recent survey that we have conducted confirms the continued demand for real asset investments. To put it simply, 64% of our institutional investors expect an increase in their proportion of infrastructure relative to other asset classes over the next five years.

Equally, it is important to note that this growing appetite for infrastructure is not coming at the expense of real estate investments, because we also hear that 60% of those who get surveyed say that they intend to increase the real estate share of their investment portfolios within the next five years. So, that's maybe to set the scene a little bit here. And with that, I would like to go to page five.

Now, you may ask yourself the question, why have we included this slide in the presentation? Because it shows a rather long-term perspective, going back to showcase the trends that have unfolded over the last seven years. You obviously know that that PATRIZIA has a long track record. The company started mainly with residential property in Germany quite some time ago, and has gone through several market cycles, which, by the way, also speaks for our resilience.

But what’s probably more important is that over these years, we have strategically grown and diversified our AUM base, which now offers a fairly resilient and well balanced mix of real estate and infrastructure across multiple geographies.

Whereas 47% of all of that are now sitting outside of Germany, it's almost half, and mostly in established European markets. 11% of our AUM base is allocated infrastructure, and it's growing rapidly.

We, in fact, expect infrastructure AUM grows to outperform in the short and medium-term. What does this mean? Well, simply speaking, we're not dependent on only one geography or one sector. And as I've mentioned before, depending on how our clients want to allocate, and we do have the expertise and the products for a broad range of investment strategies.

Globally diversified, as a real assets investment manager we are running an asset light business model, in comparison, also, to some of our German or European peers. And this model is, at this very time, much less impacted than the business models of some of our other market participants by asset valuation discussions, and it does remain resilient, because of its unique platform character.

Lastly, the balance sheet's quite strong and we keep enjoying high levels of liquidity. We feel well prepared to emerge even stronger from the current market conditions, because we do have the dry powder or the strategic flexibility to harvest opportunities. But we will do that only if and when they arise. And we don't follow the philosophy of doing deals at any cost, but rather, in case of doubt, don't do them. But there will be opportunities, I'm sure.

So, with that, let's move to page six, which gives you a bit of a short-term reflection of the past focus on the first half of the year. And there are four key messages here, which really reflect on how we have progressed with regard to our sustainability strategy, and a couple of other strategic items.

So, number one, we just invested €75 million into bio LNG producer Biomet, who doesn't only create natural gas from waste processing, but it's also liquefying it, which is quite nice to see, from a renewable energy production, and also, from an energy security point of view. It's actually the first investment for PATRIZIA Infrastructure, post our acquisition of Whitehelm Capital, and we feel pretty good about this.

It's really a prime example of what we'll be doing in the future. What's equally important is that we maintain our focus on technology and digital transformation. You may have noticed that we've launched a sustainable future ventures fund, where we want to promote technologies within the property, property technology industry, but do that together with our investors, and to contribute and co-invest at the same time.

So, we continue to follow our strategic technology targets. But compared to the past, and it's important to note, we do not necessarily do this anymore on PATRIZIA's own balance sheet, but we would rather do it together with our clients with an appropriate amount of leverage, and with a team that is really stacked with expertise, and we have closed the first round already quite successfully.

Then the third thing that we've done, which is somewhat more internal in nature, but I think it's important, and it's a reflection of our continuation of becoming a more international and more global player, we have converted from the German AG Stock Corporation to an international SE or Societas Europea. And that took place on 15th July, when the transformation was registered in Augsburg. And it goes along with our strategy towards a more international setup, broadly speaking.

It's also been accompanied by a change in our organisational structure, which I'm going to allude to in a moment. The supervisory board has been replaced by a high-calibre monistic board of directors, and you may have noticed already, but if not, once again, we also have just recently welcomed Saba Nazar, who, as a newly elected and independent member, will not only contribute specialist banking expertise to PATRIZIA SE, but also, strengthen our international expertise and diversity.

Last, but not least, point number four, our net zero carbon strategy has been launched to permanently remove greenhouse gas emissions from our assets, which, by the way, also includes implementing renewable energy generation, and not only consumption on our sites in order to decarbonise PATRIZIA operations. I think all of these examples highlight, really, in quite a tangible way, how we progress.

Now, with that, let's go to page seven and talk a little bit more about how we're doing with regard to transactions, because there's a lot of talk in the market about no transactions happening. But the reality is that, despite market uncertainties, we have been quite active in the first half of 22. Now, the overall European transaction markets, as far as we know, experienced the slowdown, and it was basically flat, or maybe declined, by 1%, or a little bit less, year over year.

But our pipeline was quite well filled as we exited 21. And so, in a way, not surprisingly, we outperformed the market with a transaction volume growth of 32%, based on signed transactions, and 33%, based on closed transactions. But as we told you before, some of this was thanks to pipelines, that reached beyond 21 into 22, which we have successfully engaged

Maybe further exemplary transactions through the acquisition of the project development of micro apartments in Münster, which is a sizeable German town, on behalf of private clients. And maybe a second example that is more specific in nature would be a strategic investment into a residential turnkey portfolio in Stockholm in Sweden, which is comprising of four multifamily houses. Just to give you an example, that is a bit more tangible.

Now, that said, there is no doubt that the transaction pipeline has been temporarily reduced, in terms of size, and that's quite visible. But we do still work on transactions for our clients, and we do have the capital commitments to act quickly, once the dust settles and opportunities arise. And we will see how we fare in that respect in the later part of the third quarter, the first two months or the fourth quarter, and then going into 23.

So, after those few words about the transaction environment, let me briefly touch again on the internal topic of our conversion to an SE. If we could go to slide eight for that. I would like to come back to the point I mentioned before that to get them to change to an international SE, we adapted a new organisational structure. Number one, the previous dualistic management structure, consisting of a management board and a supervisory board, so a classic German setup, was adapted to an international monistic management structure, which is a single board of directors, which you can see in that report on the page.

Now, the board of directors has appointed three executive directors, which are also members of a broader and very operations focused executive committee (ExCo). Due to its deep involvement in our operational business and client needs, the executive committee provides high operational standards across the company.

Not surprisingly, the company's founder and majority shareholder, Wolfgang Egger, is one of those three executive directors, as well as a member of the Board of Directors, where he sits, together with six external and independent directors. It is probably fair to say that the board is the most international and most diverse board this company ever had. And it builds the basis to deliver on our strategic goals.

I've had the pleasure to interact with the ladies and gentleman, shown in the upper half of the page, for a few months now already, and it's been quite a privilege, I have to say. Maybe two comments related to housekeeping. The Audit Committee and the Nomination and Remuneration Committees remain unchanged. And with that, let's talk a little bit about the first half financials, and also, the output on the following page, which I guess would be page ten, if I'm not mistaken.

Okay, assets under management growth. Now, the good news is that assets under management have continued to increase by almost 17%, year-over-year, despite adverse market conditions. Of course, the increase is largely impacted by the completion of the lifetime capital acquisition, no surprise there. But there has also been organic growth and positive valuation effects, and higher closed and signed acquisitions with the group's global client base.

That said, we believe that we're quite well on track to reach our guidance range portfolio income to assets under management. With that, I suggest we turn to page 11, where it's probably worth to, once again, look at the structure of our AUM in a little bit more detail. Because we have become quite broadly diversified in terms of geography, especially covering strategy key markets, I already mentioned that.

But also, in terms of sectors covering broad real estate and infrastructure portfolio. And the one point that has not been made yet is that we've also been quite successful with our risk investment strategies, which offer further downside protection in an uncertain market environment, because we will have very manageable risk agreements to deal with. So, this makes us rather robust, and it does also give us the confidence that we will remain resilient, despite the current situation, which has been mentioned before. We expect to improve, potentially, as we go through the rest of the year.

With that, let's briefly go through the composition of EBITDA on page 12. EBITDA came in at almost €55 million, which does present a decline of almost 10% compared to the €60.3 million made in the first half of 21. Now, this is slightly weaker year-on-year, but when you look at it in absolute terms, it remains rather robust, under the circumstances, and total service fee income was stable at almost €162 million of income.

And our revenue mix has further improved towards recurring management fees. The net sales revenue and co-investment income reached €7.5 million. That's already above our guidance for the fiscal year 22, judging by the first six months of the year, so we feel good about that. The net operating expenses showed a slight increase, driven by the industry consolidation Whitehelm Capital and a couple of one-off effects, which I will explain later on.

Now, all that said, I think this result reflects a resilient business model in a very dynamic and challenging environment, and it's probably fair to highlight that once again, the revenue mix has gained, in terms of stability, but probably has a lower pace than we would have liked to, again, given the circumstances.

So, we remain on track to reaching our current guidance range of €100 million to €120 million of EBITDA for the fiscal year. We feel pretty good about that. We will obviously, and that's important, continue to monitor the AUM dynamics, the revenue growth dynamics, and the revenue mix dynamics as we go through the remaining four and a half, five months of the year.

And what's very important for you to know is that we are agile enough to quickly adapt, if there will be further adverse market changes, if and when they arise, so that we make sure that we continue on that path of sustainable and profitable growth. And that includes both the revenue perspective and the cost perspective. I will focus on the total service fee income on the next few slides, and then, of course, operating expenses.

So, with that, I guess we can go to slide 13 now. So, there's a visible increase in management fees, which has largely compensated for a decrease in performance fees, and especially transaction fee income. We have talked about this already quite a bit during our last call. Performance fees came in lower compared to last year, which was in line with expectations, just based on what was in the pipeline.

At the same time, the decline in transaction fees can be attributed to sustained shifts in favour of recurring management fees. So, that's one aspect. The other aspect is centred around increasingly cautious investor sentiment, which we believe is a temporary phenomenon, but again, let's see how the season will go on what type of private transactions will happen in the next four and a half months.

So, we do expect market players to return to the table gradually, price finding will settle, at the moment, it's not settled yet, and market activity will pick up. There are a few players who have already indicated that they will become quite active in the market, and we will see what type of price points that creates. And we are quite optimistic that they will positively differ from what you see in the equity markets right now.

So, we will continue to monitor that transaction market situation, in particular, between September and November, early December, which is the peak time of the year. Now looking at all these three revenue streams together, and maybe the last, and quite important, point to make is that full service income was, in essence, stable. Not a great result, when you look at it compared to the past, but I think it's a decent result, given the environment. So, we feel relatively good about this, but I wouldn't use the word great, in this context.

So, with that, let's move to page 14 where we look at the net operating expenses. Looking at the cost base, the net operating expenses increased somewhat from 109.7 to a level of 114.6 in the current periods If you break it down by category, obviously, the need to talk about personal expenses and staff costs, and other operating expenses, or SG&A, and then other expenses to get to the total.

The increase in staff cost is driven by basically two factors. The consolidation of Whitehelm Capital, but also, the addition of a couple of heads in PATRIZIA's core business, in the context of strategic investments in the operations area, or the back office operations, in particular. Now, the other operating expenses, or non-personal expense related expenses, were driven by three items. Organic cost growth, no surprise there. Relatively moderate.

And a number of one-off items, in total, about five million, and the first time consolidation of Whitehelm Capital, once again, which has added non-personal expense costs to our cost base. As I have already briefly mentioned, the one-off items in the other operating expenses category, had a negative impact of roughly five million in the first half. There was, for instance, transaction costs linked to Whitehelm acquisition, and there were a couple of other a-periodic payments.

Now, in addition to that, there were also some restructuring expenses that we incurred, which one could consider one-off, but they're sitting in the other column, which is the second one from the right. The last important thing to mention here, and I'm sure that some of you are interested in understanding this better, we also had some positive one-off effects. So, normally, the other costs column, which in this walk would represents a positive impact of 9.8 million, i.e., it's reducing costs.

Normally, this item would be somewhere between five and ten million of real cost. So, it is positive right now, i.e., cost reducing, because we've seen positive one-off effects here. And not really one-off, in terms of the underlying business or what we do, because we do the type of activities that trigger deposits of one-offs quite regularly, although not very often.

But the magnitude of this positive impact this time was a bit extraordinary, because it was around 18 million, but it was in line with our financial plan for the year. So, the question that may arise, or will give rise to, is what was the background for this? So, in simple terms, we de-consolidated a project development in the city of Hamburg in Germany, which we had temporarily held on our own balance sheet for about the last probably almost two years, or maybe a year and three quarters, so since the end of 2020.

And it has a significant relieving impact on net operating expenses, because our experts on the ground delivered substantial value to the benefit of our shareholders. And you do know that from time-to-time, PATRIZIA has been taking a market view on certain assets and projects, and we will continue to do so, and occasionally, it’s bringing them on the balance sheet temporarily. So, you will primarily see this in the form of continued investments going forward.

And we can talk about that a little bit more in the Q&A session, if you'd wish. So, that's it in a nutshell, on net operating expenses. With that, let's turn to page 15, where it's time to talk a little bit about the balance sheet. Now, the picture here is very good. A net equity ratio of 73%, and available liquidity of slightly north of €400 million are probably testament to our strength and stability. We were able to redeem a significant portion of our corporate debt.

So, we’ve de-leveraged, we’ve used current cash reserves effectively, we're holding a net cash position of 264 million as of the end of June. So, we have plenty of flexibility and a liquidity profile that enables a very active capital deployment, which is part of our new capital location strategy. And our share buyback programme shows progress. We're now holding 4.1 million treasury shares that can be used as M&A currency going forward.

Let's see what opportunities come. And therefore, as I said before, I guess, not I guess, I do know that we are fairly well prepared to emerge stronger from the current market conditions, and that we have the ability to harvest opportunities. That said, I guess we are nearing the last page of the presentation, if I'm not mistaken. And I would like to come to our guidance for the full year on that page.

Which is confirmed, and I want to point out, in the current market sentiments, that it's even more difficult to see how markets will develop, but we're quite positive that investment activity will pick up again after the summer break. Our financial guidance for the fiscal year, therefore, remains valid, based on that scenario.

And as I mentioned, we will use our financial flexibility for capital allocation that is focused on accelerating flows and infrastructure, number one, expanding our geographic footprint, number two, and number three, taking advantage of opportunities, if and when they arise. On top of that, point number four, we will continue to buy back shares. And so, all of these measures and strategic focus areas related to capital allocation, should hopefully significantly benefit our clients and shareholders going forward.

So, with that, Martin Praum and operator, I would like to hand it back to you to give our audience today an opportunity to ask questions and get answers.

Operator

Ladies and gentlemen, at this time, we will begin the question and answer session. Anyone who wishes to ask a question may press star, followed by one, on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star, followed by two. If you're using speaker equipment today, please lift the handset before making your selections. Anyone who has a question may press star, followed by one at this time. One moment for the first question, please. The first question is from the line of Lars vom Cleff Deutsche Bank, Germany. Please go ahead.

Lars vom Cleff

Thank you very much for taking my questions. Four, if I may, and I will ask them one by one. I guess that's the easiest way to do it. With regard to your growing assets under management, you also speak about continued positive valuation effects. Do you already see any signs that this trend slows down or even reverses in the current market environment?

Martin Praum

Hi, Lars, it’s Martin speaking. We’ve lost the line of Christoph temporarily, so he'll be back in a second, but let me take that question, if that's okay. In terms of valuation, you rightly said we've seen not only with other players in the market, but also in our AUM, a positive valuation impact at the first half of 22. And you might remember, we always highlighted in the past that the valuation of our asset management was based on conservative assumptions and long term DCF and earnings models, and that has a smoothing effect to the cycle.

So, on the way up, our valuation impact was somewhat limited on the positive side. So, if the market should turn and we really see price evidence on the way down, then also, our AUM would most likely react with a time delay. The second point is, and that's the point that Christoph also mentioned, is that the quality of our AUM is above market average with the high focus on core and core plus assets.

So, short answer is, we don't see any pressure on a Aum valuation, overall, at this stage yet. And if we would mostly expect that with a time delay, say, in the private market, of 12 to 18 month.

Lars vom Cleff: Perfect, thank you very much. And then, in your comments on net operating expenses, you say that the deconsolidation of service one had a relieving effect, or rather, was positive one-off, and then there were also negative one-offs, around about five million, if I understood you correctly. Are there any other extraordinary effects we should already include in our model for the second half of this year, when we're thinking about net operating expenses?

Martin Praum: Perhaps coming back to first, you're right that the one-off effects were around five million in the first half. In addition, we had 2.3 million restructuring costs that we booked in the first half. And below the EBITDA line, we had around ten million of one-off write downs for the tech investments that we communicated to you in the first quarter of this year. So, for the second half, the only one-offs we could see at this stage would be the remaining two million of reorg expenses related to the tech investment wind down, and no further one-offs we would expect at this stage.

Lars vom Cleff: Okay, that's crystal clear. Thank you very much. And then the tax rate in relation to EBT was 43% in the reporting period, and it was 33 before. And you say, in your report, that the reason for the increase mainly resulted from additional tax expenses for previous years. Was that it now, or shall we assume that H2 will also be hit by that?

Martin Praum: No. Exactly. We believe that this finalises a tax assessment for previous years. A little detail about that, we have total tax spend in the first half of 11.4 million, as you can see in our P&L. Of that, around six million was tax expenses related to previous periods. So, the look through tax rate was actually around 23% in the first half. For the total year, and as a general guidance for recurring tax rate, we would still guide for 28% to 30%.

Lars vom Cleff: That’s clear, thanks. And then one last question, if I may. You have not upgraded your guidance for net sales revenues and co-investment income, although you have already exceeded the upper end of the range after six months already. Is this because you're expecting a loss in the second half?

Martin Praum

No, we don't have any technical reason really, because this position includes temporarily held assets for our private clients business. As you might remember, we have to consolidate certain assets before we place them with retail investors. And the rental income that’s booked into this line in the first half will probably be going away, and the second half by the deconsolidation. So, that's why we still believe we will be in the guidance range, probably at the upper end, given the profitable sale of one of the last assets on our balance sheet, so called Trocoll House this year.

Lars vom Cleff

Okay, perfect. Thank you very much.

Christoph Glaser

Lars, my apologies for not handling the questions directly, but just when you started to ask the first one, I lost connectivity for whatever reason, so I apologise for that. But I can confirm that all given by Martin are true and correct.

Lars vom Cleff

Thank you. Glad that you're online again.

Operator

Just a reminder, if you'd like to ask a question, please press star, followed by one on your touchtone telephone. The next question comes from a line of Manuel Martin from Auto BHF. Please go ahead Mr Martin, can you please unmute your telephone?

Manuel Martin

Is it better now?

Operator

Yes.

Manuel Martin

Okay, some problems with the headset. Two questions from my side, if I may, please. So, the first question is on the clients that are willing to increase the real estate exposure. So, if I understand that correctly, 64% of your clients are willing to increase the allocation to infrastructure and 60% to real estate. Do you have in mind how the ratio was in in the past? That means do we see clients now being more defensive, increasing real estate? Was it hotter before or is it the same?

Christoph Glaser

I would generally say that the interest in reallocating or allocating into infrastructure is probably stronger than it was before. Secondly, on the real estate side, it has always been strong, but right now, it's maybe a little bit weaker, relatively speaking. But it depends, again, on the geography and the player, which differs quite a bit. So, broadly speaking, I would say infrastructure demand is stronger than in the past, and real estate demand is as strong as was, but maybe directionally a bit weaker.

Manuel Martin: I see. And my second question is on your pipeline. Can you give us an idea, or flavour on how big is your pipeline on which you're dealing? How much has it decreased or increased over time? We are having a difficult environment, so it would be no surprise if it has become a bit smaller.

Christoph Glaser: Now, the good news is that we still do have a pipeline. Secondly, the second bit of good news is that it's not so insignificant, at the level of roughly €1.21 billion, €1.3 billion. And that is defined as being in due diligence or in a very solid exclusivity. Now, the third point I would probably make is that no doubt it has become a bit smaller than it used to be. But relative to other players, I think we're faring reasonably well, I would say, having this size of pipeline at the moment.

Manuel Martin: So, a follow-up question came to my mind on that. Any regional preferences for the pipeline? Are clients asking more for real estate in the Netherlands or in Germany, or is there a trend somewhere?

Christoph Glaser: I would maybe not tie it to specific geographies, but rather, call it a flight to quality, which is something I think we've already talked about on the last call. It's quite visible right now, and that flight to quality occurs in Scandinavia, it occurs in Benelux, in Germany, of course, but also, in places like Spain, I would say or, or the other jurisdictions. So, I would not really tie it to geography, but rather, to quality. And interestingly, residential is still on our radar screen.

When I was listening to our house view very recently, and it's interesting that there is a strong interest in apartment type of residential buildings. I gave you this example of this Stockholm based turnkey, multi-unit, multifamily investment that we recently did. There's a lot of demand for apartments, and there's also a lot of demand for certain industrial assets and income, but not when you compare that to some of the other activities happening on the retail side or in the retail space or office spaces, it's probably more subdued.

But living sectors, in general are quite hot. Resi, or residential, is still on the radar, and as I've said there's a flight to quality. By the way, one thing I forgot to mention related to when we talked about 1.2 of the pipeline being currently, I mean, as of today, in place. There's 0.8 of signs, so not closed acquisitions, so the quality of that is quite good. If you will allow me to make one last comment. There's a lot of debate as to whether residential is decreasing value right now or not.

But the reality is it's very little. And you get billed because there's construction cost inflation, the supply side contracts.

	The demand side is still there. So, there's a lot of indirect support for valuation levels, even on the residential side, which is, I think, why the demand for residential is still there. But with the caveat that it's very much focused on high quality moving structures and for multiparty apartments structures in good locations.
Manuel Martin	Okay, I see. Thank you very much.
Operator	If there are any further questions, please press star, followed by one, on your touchtone telephone. There are no further questions at this time and I would like to hand back to Christoph Glaser for closing comments. Please go ahead.
Christoph Glaser	Well, first of all, thank you, everybody, for listening. It's been a pleasure to present our results, as always. We have posted all the relevant documents online, including a short video that summarises all the key points. In summary, we do believe that we are faring quite well under the circumstances, and also, compared to competition. Secondly, we obviously do see a bit of a subdued transaction environment at the moment.
	But as we mentioned before, the season is ahead of us and it will tell us a lot about how the year will be wrapped, but also, how we're going to sail into next year. And as we are in the process of completing our midterm planning, and as we are going to budget for 23 in the second half of the year, we will keep you appraised as to how we go into the season and what views are emerging on next year. It will be interesting.
	And with that, I would like to wish all of you a good summer break and see you on upcoming roadshows and conferences, or our next investor call three months from now. Thank you very much for dialling in and we appreciate your time.