Autogrill Group
2014 Financial Results
Analyst Meeting

Operator: Ladies and gentlemen, welcome to Autogrill's 2014 financial results presentation.

Elisabetta Cugnasca - Investor Relations Manager: Good afternoon and welcome to our 2014 financial results analyst meeting. As usual, I have to draw your attention to the disclaimer on page 2. All the numbers we will be referring to are on a constant exchange rate basis unless we say otherwise. Given that the group demerger has effect from the 1st of October 2013, the travel retail numbers are still included in our 2014 numbers and, according to the International Accounting Standard 5, are shown in a single line, below profit from continuing operations in the group's profit & loss, below net invested capital from continuing operations in the group's balance sheet. Now let me hand over to Gianmario Tondato, our group CEO, Alberto De Vecchi, our group CFO, and Ezio Ballarini, Group Marketing Officer, who will take you through our results in detail. We will take your questions from you at the end. Thank you.

Gianmario Tondato - Chief Executive Officer: Thank you, Elisabetta. Good afternoon, everybody. Let me say that 2014 was a year of change, a year where we moved from operating against a headwind, and we moved in a situation in which the tailwind is a little bit stronger, so it's a positive year. More changes in the industry dynamics and actions were taken in terms of rationalizing our portfolio, winning new contracts, and operating changes. And this gives us confidence for the year ahead, basically 2015. Before talking on how I see the landscape for the year, Alberto will take you through the 2014 numbers, which are, by the way, in line with the expectations.

Alberto De Vecchi - Chief Financial Officer: Thank you, Gianmario, and good afternoon to everybody. As Gianmario said, probably the numbers for 2014 did not surprise you, because they were in general rather expected. And we have to say that we are pleased with the results that we achieved in the year. As usual, I will start with giving you some indications about the performance by geographic area and, as usual, I'll start with our main area, that is the area managed by HMSHost. And this year, reflecting the changes to our reporting, I will break it down into North America and International. We did this to give you more visibility on our international business. At the moment international only accounts for around 7% of our group sales, but, as it is growing fast, and with accretive margins, we are confident that it will give us a growing contribution to the future… in the future. So, starting from North America, our sales at airports increased by 3.1%, sales at US airports grew on a comparable basis by 5.6%, compared to a traffic growing by 2.7%. The overall performance has been driven by the increase in the number of transactions, as well as in the average ticket, the latter benefiting also from a partial shift from QSR to table service dining. There's been a lot of talk about the consequences of the so-called fracturing on our future growth capacity in North America. Having said that, fracturing is a normal characteristic in our industry and it happens all around the world, in the US as well as in Europe and in Asia, I have the impression that all this talk overshadowed the strength of our group in North America and its ability to both recover sales in those airports where we had… been reduced because of the fracturing and winning new concessions. In 2014 we have a good example of this: we fractured a contract not losing sales anymore and about 29 million dollars of additional sales were generated from the new contracts we've been awarded in Fort Lauderdale, Cleveland, and Philadelphia. That does not mean that fracturing does not have any implications on the industry and on our performance. It may build excess F&B capacity in the airports and in general makes our business more complicated to manage. In fact, the flow-through on EBITDA of our additional sales in North American airports has been around 15% in 2014, lower than the usual for HMSHost, due to fractured contracts stable in sales but not yet in terms of stock cash-flow. Motorway sales increased by 2.7%, a trend that we saw across the board both in Canada and in the US. More in detail, in the US sales rose by 2.3% in motorways over the year on a comparable basis, compared to traffic growing by less than 1% as at November 2014. North America EBITDA moved to about 269 million dollars, if we were to exclude the one-off costs from both 2013 and 14 and the contribution from the US retail business until its disposal in September 2013, the EBITDA in North America would have increased by 6%, with an EBITDA margin moving from 10.9% to 11.3%. In 2014, we have seen improvements both in cost-of-goods-sold and labor productivity. COGS benefited from sales mix, menu changes and SKU streamlining that compensated for the sizeable rise in raw material prices. As you know, to improve COGS, last year we launched the food buy project, a new central buying platform that… this project helped us manage this increase in raw material prices, although probably it's too early to try to quantify what contribution we may expect from it, as we are still in the implementation phase. On labor, the additional sales and actions taken on hours have resulted in better productivity, which has allowed us to reduce cost of labor incidence on sales, despite the increase in tariffs. In North America, rents and royalties have remained stable. Now, moving to the other part of HMSHost, which is international. This business, as you know, is focused on the airport channel and covers both Northern Europe and countries in fast-growing geographies in Asia and the Middle East, like Vietnam, Indonesia, Turkey, and the United Arab Emirates. In 2014, we have concentrated in international all the business we generated in Northern European airports including certain assets, namely in the UK, Ireland, Sweden and Denmark, where in 2013 we generated about 72 million euros in sales and 4.5 million euros in EBITDA that were previously reported in other European countries. So we had to restate the numbers of 2013 in order to make the comparison significant. Sales generated by international in this enlarged Northern Europe grew to 205 million euros, up about 15%, thanks to the strong performance at the Amsterdam airport, which grew by 6.3%, and the contribution from the newly awarded contracts in the UK and at the Helsinki airport. Sales generated by international in other geographies grew by around 39%, driven by the expansion of our operations in Vietnam and Turkey and our new operations in Indonesia and at the Saint Petersburg airport, which generated additional sales of around 18 million dollars. EBITDA was close to 47 million dollars, an increase of nearly 18% over 2013. Notwithstanding the temporary inefficiency generated by the many awards and openings, HMSHost International enjoys today the strongest EBITDA margin in the group at 12.6% on sales. Now moving to Europe, 2014 has been a year of stabilization, that has allowed us to proceed with more vigor on the path we had taken to improve our profitability in the area. In Italy we show a reduction of our sales by 5.4%, but this is for contracts that we have decided to terminate because they were unprofitable or to not renew to make our network more efficient. But on the same perimeter our Italian sales have slightly grown by 0.4%. Motorways sales declined by 2.9% due to our exit in July from stores that we did not renew. You certainly remember our selective approach to the tenders on the Italian motorways aimed at enhancing our return on investment. We have submitted offers and retained about 70% of our sales under renewal, and have now a portfolio in Italy with a length of over 14 years. Further evidence of the stabilization is that we are closing the gap between our performance and traffic. In 2013, with traffic falling by 1.7%, we saw our sales declining by 6%. Last year, in 2014, traffic increased by 0.9% and our sales grew by 0.4%. We accomplished this through an improvement in our snack bar offering that now includes new products more in line with actual customer spending attitude and an effective marketing campaign on retail products. Moving to the other Italian channels we operate in, the declines in sales you see in the airports and in the other channels are due to the our exit from non-performing stores. Vice versa, we saw the increase in sales of over 7% in railway stations driven by the good performance of new stores opened in 2013 and 2014. Our decision to focus in Italy on the returns more than size rewarded us in terms of profitability, with an EBITDA, net of one-offs, I remind you that last year, in 2013, we had a one-off close to 14 million, so the decline is only determined by the one-offs, and in fact, eliminating these one-offs, our EBITDA improved by 3% notwithstanding the decline in sales, with a margin going from 5.6% to 6.1%. Improvement both in headquarters and stores operating costs has allowed us to digest both the 3 million euros of additional rents generated by the motorways renewals for the period from July to December 2014 and some start-up costs of about 1.5 million generated by the implementation of the SP1 project. Finally, looking at other countries in... other European countries… in other European countries, sales increased by 4.3%. All channels grew, the most significant increase was registered on the railway channel, which grew by 12.7% thanks to the new openings in Madrid, Paris and Belgium. Sales on motorways increased by more than 4%, driven by our expansion in Belgium. At airports sales grew by 1.3% due to a strong performance from our key airports in Brussels, Geneva, Zurich, and Athens, that compensated the exit from the (…) airport. Globally, our operations in Europe, that is Italy and the other European countries, have generated an EBITDA of 99.6 million, after the allocation of that part of our corporate cost that is more specifically addressed to this area. Until last year we did not separate these costs from the headquarter ones, but we thought that this additional detail may be useful to have a more precise indication about our profitability in the area. So, summing everything up, these regional performances resulted in group sales of 3.9 billion, with an increase of 1.6% compared to 2013 and an EBITDA of 316 million with an increase of 5.9% compared to 2013, if we exclude from 14 the contribution of the US retail asset we sold to World Duty Free on the occasion of the demerger. Incidence of EBITDA on sales has been 8%, and it was 7.9% in 2013. Now, moving below EBITDA, we see a reduction of about 28 million in amortization and depreciation, due to lower capex and asset write-offs and 6 million euros of lower financial charges, mainly due to the termination of 2013… in 2013 of the effect of the interest rate swap wind-up. All these items caused our earnings before taxes to more than double to 77.2 million euros. The better situation of our European activities has contributed to a significant decrease of the implicit group corporate tax rate, that in 2014 has been 41.6, compared to 50.4 in 2013, still relatively high due to our decision not to book for the deferred tax in Italy, on tax losses in Italy due to the lack of visibility of the reasonable timeframe for their utilization. So, having looked at our business, let's have a look at our cash-flow. Net cash-flow from operations increased significantly by 75 million to 223 million, this was in part due to the improvement in our performance and, more importantly, to the regained stability on our sales, which allowed us to manage working capital more effectively. The stronger cash-flow generation from the business and lower interest rates contributed to the reduction in interest paid. Net investments over the course of the year were 176 million, slightly below 2013, due to a delay in the completion of the investment. Finally, let me give you an update on current trading up to week 9. At constant exchange rates, our group sales were up 1% and up 9.8% at current exchange rates. Our North American sales were up by 2.1% with US airports growing by 3.9%, up after a weaker than expected January performance in February improved. International is performing very well, growing more than 26%, coupling a stronger organic growth and new openings. Sales in Europe fell by 3.5%, due to sales in other European countries growing by 3.6% and sales in Italy falling by 7.9%. And the fall in Italy is just a reflection of the change in perimeter I mentioned before as a result of our selective renewal in 2013 on Italian motorways. You know, less locations but more profitable. In Italy we had the opposite trend compared to North America, a good January and a softer February. At constant perimeter, food&beverage and market sales on toll motorways are evolving in line with the first available traffic data. As usual, the variation after so few weeks are not that meaningful, as they reflect a very short period and it is too early to say how the year will go. We will give you our guidance as part of our first quarter result. Thank you.

Gianmario Tondato - Chief Executive Officer: Thank you, Alberto, and let me say my opinion about 2014 and a little bit of flavor on what we are facing in 2015. From a number of different perspectives, after many years it looks like the year ahead is set to be positive, due to the continuous improvement in the US economy, the dollar strengthening, Europe that is stabilizing with a few signs of recovery, and, important as well, the price of the oil, that is lower than what we experienced recently. Of course we want to ride the wave of opportunity. Let me tell you how I see our group: we are the leaders in our industry, significantly bigger than our competitors, we made more than 4 billion euro sales this year, we are the leaders in the key markets, that are still the US and Europe, we are working to establish leadership positions in the future markets, we have the largest and most valuable brand portfolio, and in addition we have a very strong portfolio of concessions, on average the length is more than 7 years, (…) on airports, gradually diversifying into Asia and the Middle East, and in the short term expiring concessions in Italy, which is an additional opportunity, as Alberto said, to reshape our portfolio. The fact that we have, and will rationalize our portfolio does not stop us from winning new and renewing existing contracts. Moving to geographies that represent an opportunity for us, I can say that in the US, where our business is based on the airport infrastructure, passenger traffic is now above the pre-crisis level for the first time in many years, actually for the first time since 2007, and, second, we are in a situation in which the airlines are still being very conservative in terms of improving capacity, so I think it's probably going to get better. Second, in Asia and the Middle East there is still a strong growth in the economies, there is still a very strong and important growth in demography, and the middle class is growing. New airports are being opened as part of a drive to develop infrastructure, 17 out of the 20 most important infrastructure airport projects are today undergoing in these two regions. This leads us to inevitably to an increase in traffic, just to give you an idea from 2010 to 2014 Asia grew more than 6% and the Middle East close to 10% in terms of passengers. The last and important comment is on the Italian motorways: the traffic, even in Italy is stabilizing… is more stable, so it's not declining anymore, at least, an important achievement, and second the government has taken the first steps to improve the flexibility of the labor and the concession market with the Job Act and the new Atto di Indirizzo, that I don't know how to translate in English but it's the first step to rationalize the presence of the motorway network in Italy. Now, let me guide you on how we will capture or we think we will capture these opportunities, with a clear and focused strategy for each region. North America I think we're going to strengthen our position in airports, because we have a few relevant renewals in the near future and all the major contracts are extending behind us. Second, despite our leadership and our size in the US, as you see, we still have important and material room to grow our operations in the US, because there are still a lot of concessions in the food&beverage that we don't operate. Echoing what Alberto said before, we are fine-tuning now also our model, operational model, to increase margins in a growing environment. We have room for improvement in cost-of-goods-sold, in labor cost and we are streamlining our organization under the leadership of two veterans that you are probably familiar with, one is Steve Johnson and the other one is Silvano Del Negro, who used to be our Chief Strategic Officer, Strategy Officer, sorry. Second, international. In international we are expanding our presence and growing sales at airports in two ways: the first is growing the existing base of the business, and so we are growing our sales where we are already, like in Vietnam. The second way is entering new geographies, as you see, we just finalized another important contract in Indonesia, and soon we will add something more in a very important market. Looking at Europe, 2014 has been a very important year for the extension and renewal of many contracts, especially in Italy. We started with 41 locations up for renewal, with about 70 million sales, and we ended up with 21 locations awarded, with total sales of under 20 million. So, 70% of retention, but this was due to our very selective and focused approach in which we are basically… it's a sort of slowing… investing more in less locations, in the locations of course in which we think we have the highest potential, focusing our attention on return on investment, rather than size. And this is an undergoing project, because we will continue to rationalize our portfolio in Italy further throughout all the renewals in 2015 and 2016. Now, not only we are working on the rationalization of our portfolio, but we are also working on the operations and I'll let… of course we are familiar, everybody I think, I hope, is familiar with this famous SP1 project, and now Ezio Ballarini, who is our Chief Marketing Officer, will give us a little bit of flavor, you know, about what's going on in our operations.

Ezio Ballarini - Chief Marketing Officer: Thank you, Gianmario and good afternoon to all of you. I will just update you today on where we stand with the SP1 activity. SP1 is a real game changer for us. We have made a significant step forward, achieving most of the expected results, even if we have still a lot of things to do, and we have a clear plan ahead for activities not yet completed. Allow me to say that, like Rome wasn't built in a day, SP1 results don't come overnight. It takes a little bit. In reality it was 2012 when we realized that things were changing a lot. Both traffic and consumption habits were changing and having an important impact on the certainty of our sales. And we weren't set at the time with the flexibility we needed to adapt to these changes. The processes we had in place had been conceived in times where traffic was constantly growing and any fluctuations of it were predictable. The changes we experienced in the last years made it very difficult for us to predict the fluctuations and the frequency of those fluctuations and led our processes to become in a way a little bit obsolete and our operations to become less efficient than they were before. So we needed to act. And we did it, also with SP1. I'd say that SP1 is a game changer, it is not just a change in production model. We passed from a local to a central model, where production, stock management and many other activities are now managed centrally, while before they were managed at the store level. We made deep changes involving product planning to have a radical change from pull to push ordering and delivering models, similar to what large retailers do, including, for instance, market expands … and Simply Food. This involved heavily operations, it has to become accustomed to the new ordering and stock cycle management, but the second management… the second element, sorry, involved is for sure category management. Planning in advance the impact of assortment choices on profit & loss is one of the key milestones of this activity. Producing in a factory, now in fact we can not only determine volumes, reduce (…) items, but also decide when to have them in our stores and gearing in this way the profit & loss. Starting a POS was another element we reworked. We reviewed the schedules store by store, shift by shift, to adapt them to the new production model, down to number of working hours and contract types. This led to a reduction of 450,000 working hours based on a full year. But logistics has been modified as well: from two central warehouses to multiple distribution centers, to ensure at the same time quality of the products and reduce delivery times. And finally, for sure, production: today 50 million sandwiches are now produced in the central location, on a total of 20 million eligible sandwiches. But also we introduced new technologies for some categories, like for instance, fruit salad or pasta, and some of them are really state-of-the-art for those categories of products. I say we have made significant strides forward, even if we still have more to do with SP1. SP1 applied here in Italy on two main concepts, Snack and Ciao, as you may remember. About Snack, where we are: now roll-out for Snack is completed for 96% of eligible stores. We are still missing small stores and non-toll networks here in Italy, and this is due to the adaptation to this system to small volumes. Anyway, those stores have a limited impact, being small ones, on the total result. Nevertheless, we have not yet reached our target on speed of innovation, mainly due to higher complexity in deployment that we have expected, and to delays in finalizing new products with the desired quality level. You remember that one of the points we had in SP1 was to keep the quality level as high as we have. Anyway, a specific team has been deployed today to address those points. Also logistics was more complex than we expected, leading to slightly higher costs than expected and to a slight delay in timing in the roll-out. Going now to Ciao: about Ciao, today we rolled out 11 stores out of the 120 locations in total we have. We recorded positive results in those 11 stores, exceeding even initial expectations, but still we are six to eight months behind the schedule in the roll-out, for two reasons mainly: a longer development time of the new technology needed for SP1 products in the Ciao concept and a longer time to revise the labor scheduling in a concept like Ciao, which is a little bit more complex than bars or snacks. Resetting the people and management routine at POS to adapt to SP1 takes time. Now what are the key activities to complete the roll-out for those two concepts? The expansion toward Ciao stores in the motorway channel will be done by Q2 2015, so, say, it's six months later than what we expected. And on the rest of the network, that means the remaining town and shopping mall stores after the summer, just after the summer. And on service snack we will complete the non-toll network and the remaining stores in downtown and shopping malls also in Q2. We will finally extend the rest of the network to the franchising network we have by the end of the year. Back to the genesis of SP1:

we say that we initiated the transformation to better adapt our organization to the changing environment, to gain flexibility, to modify our behavior in operations, to increase, say, capabilities and to dedicate more time to service and less time to production. As we worked on a lot of the programs we also became aware of other areas we need to modify. Take Ciao as an example: since we introduced SP1 in the 11 stores, sales in the evening, so in the evening day part, have grown by 11%, and this is thanks to us now being able to have a complete offer in all day parts, so even in the evening part, better managing the productivity in low sales parts. Another example comes from the success we had with fruit salads, which before were a labor intensive product produced in store. We estimate penetration of fruit salads up to 3 percentage points in Ciao and up to 1.7 percentage points in Snack. Keep in mind that the preparation of fruit salads is a very labor intensive process requiring sanitary locations, requiring cutting of the fruit and selection of the fruit at store level. And the most important thing is that without the control we now have with SP1, reassortment was left to the initiative of the stores, which often ran out of products, simply. Today reassortment is pushed and stores do not to have to out-labor to this catering to prepare fruit salads. Very basic and simple things that are effective. Additionally, thanks to the research and development, the product reaches really high standards of quality, not readily guaranteed by local preparations in a lot of stores. And additionally we manage today the cost centrally, changing the composition of, for example, the fruit salad, according to season. So, again, managing the P&L across the year. About sandwiches… another example, about sandwiches and their mix in sales, before SP1 each store could arrange, allow me to say, its assortment, according to its beliefs or its routines. Today, assortment is pushed by the center. This means that this always allows to have a complete assortment at the store level. Two main results as an example: one of our most profitable products, here in Italy, which is called Bufalino, with buffalo mozzarella, wasn't exploited before SP1, due to the complex preparation process it was requiring. We could not control in detail its presence and the quantity we produced store by store. Today, with the introduction of SP1, we have a better mix presence of this product of 4 percentage points on our total mix of sandwiches, with evident advantages in terms of sales and margins. And this is just thanks to the reassortment managed centrally and not at local store… at the level of the stores. We have seen that also with other products, like another historical product that is called Fattoria, and this is increasing now almost 1 percentage point is the incidence on the total of the sandwiches. But also SP1 delivered in terms of waste and losses, waste of products and losses, at a sort of just in time store replenishment and modularity of the packaging, which we deliver the product, have already halved the waste in terms of products. So, in conclusion, we believe really that SP1 is a true game changer and not only a production technique and initial results confirm this point, even if for sure we still have a lot more things to do.

Gianmario Tondato - Chief Executive Officer: Thank you. I think in conclusion two messages, I think we delivered results in line with the expectations, we are taking steps forward, so we are improving our organization as we learn from it, and the scenario, that is not up to us but finally will get better, you know, the scenario is looking better than before, at least better than the last six years. So now we will take your questions. Thank you for your attention. ,

Q&A session (room):

1. Mr. (???) from Fideuram Bank:

Q – (???): Good morning, I'm (…) from Fideuram Bank, actually. I'm just wondering why you propose to have a 5% of share buy-back instead of eventually paying a dividend considering that liquidity on the stock is not so much higher, actually, if it went by normally (…) to buying size, actually. Is there a reason for this 5% share buy-back or what? Thank you.

A – Alberto De Vecchi - Chief Financial Officer: No, the proposal of the Board is to some extent a ritual, in the sense that we always have a resolution that has a sort of time maturity, so it has to be reiterated just in order to have it, it's not a program with a definite will of buying back shares. So I think that we want to have it, but it will be operated and decided case by case, if needed.

Q – (???): If you don't buy shares, you don't have a dividend?

A – Alberto De Vecchi - Chief Financial Officer: We don't pay dividends in this case and… we have the opportunity and we will decide, there is not already a program in place, that doesn't mean that we will not… we promise that we won't… don't buy but we have the opportunity.

Q – (???): Okay.

2. Mr. Francesco Sala from Banca Akros:

Q – Francesco Sala: Francesco Sala, Banca Akros. Two questions, very simple. The first one a guidance on capital expenditure in 2015 and if this, let me say, item is related to, also related to the winning of new contracts. And secondly I'm wondering whether you can share with us more details on your projects in Asia in terms of new contracts, and in this case, again I'm just trying to understand what we can expect in the short term and what countries are for you the most interesting ones. Many thanks.

A – Gianmario Tondato - Chief Executive Officer: I'll start with the… we don't give the guidance, so… for 2015, so thank you for asking, but it's too early. Because we do it normally, as you know, after the first quarter. The second, the second question, I think, you know, we are… as you see, we have an important base in Vietnam, now we are expanding in Indonesia, I would like not to tell you what we are doing, but announce something, and because… of course Asia is… as you see, Asia and the Middle East are in our thoughts, you know. It's an important region in which we have already an established base, we're moving people, having people there and establish micro-headquarters, you know, in Asia and the Middle East. And they are working well, I think soon we're going to see some of these things coming together. That's interesting, you know. You see our expansion, so we are moving, learning also the market, you know, because we are starting with small operations, just to understand where we are getting into, and that's basically the trend of international, so from four countries to basically 17, something like that, concentrated around some regions, in some regions, one is in the Middle East, the other one is in the Far East. Of course not in Europe. This is an important part of our business.

A – Alberto De Vecchi - Chief Financial Officer: Yes, if I can only add one element, consider that out of these 17 countries where we are today there are countries in which we have just entered, like Finland, we won the contract in Helsinki, but we have to generate most of the upside in 2015, in fact, because we have only a very limited impact in 2014. So in principle the target for international is to consolidate on those countries, there are a lot of opportunities, so I would expect that 2015… we are looking at a few other countries, but I don't expect many other countries added, because there is a lot of room for improving and expanding the business in the countries where we are.

3. Mr. Stefano Lustig from Equita:

Q – Stefano Lustig: Lustig, Equita. I have three questions. The first one is on the performance in the first 9 weeks of 2015. About Italy, if I understand well, your point was that more or less we are at zero growth, let's say, or stable, excluding the concessions that have been closed, but I wanted to check this, while I also wanted some comment on *this growth of 2.1% in the US, if it's quite in line with traffic trends or if there is something to be added to this number. The second point is on the international operations of HMS: you commented that there is the highest margin there, and I wonder if there is a simple reason, such as lower rents, I don't know, or if there is some lesson to be learned from that in terms of productivity or other elements, so if you can add some comments on that. And finally on the working capital trend, there was a big improvement and swing in Q3 and still a very positive improvement at full year but a more normalized trend, so I wanted you to comment all in all what happened and what is a regular trend, in your opinion, for the coming period. Thank you.*

A – Gianmario Tondato - Chief Executive Officer: Well, Italy you… you're right I think, it's the existing base of the locations… basically you can say traffic is even. In the US, generally speaking what I can tell you is that it's too early to say something on 2015 in terms of traffic, because, you know, just to give you an idea, the US was stored really by, I don't know, meters of snow shutting down airports, so, you know, in one month you also get the lowest month probably of the year, so lower… the beginning of the first quarter is the lowest, you know, so it's not comparable. What I can tell you is that if we look at February you know, the trend, our sales are building up, so quite positive… and generally speaking it's too early to say. The profitability of the emerging markets unfortunately or fortunately is not likely to… there are a very few learnings to take away, a lot of learnings, you know, but very few that we can apply in other… in other situations. The rent is, generally speaking, again, we are making a general statement, is higher, what is very positive is that basically you have a customer you sell with a high price in an environment that is… evolved, if you want, with a cost of labor that is much lower than the rest of the world… we're still in emerging markets… in the emerging market ballpark. So, that's where the profitability is coming from. And of course you are competing with locals, generally speaking, rather than big companies, so it's a market that is evolving, and that's why it's so profitable. Our competitive advantage is that we have strong know-how in terms of… and also we bring international flavor brands and expertise that is probably not as easy to find in this market. I don't know your third question…

A – Alberto De Vecchi - Chief Financial Officer: Yes, the third question regards… regarding the working capital, I think that well in general, as you know, say, our best quarter is the third quarter, so in general we generate a lot of cash in the third quarter and we generate also more sales in the quarter, that means that in general this is helpful for our working capital. So it's normal that the last quarter stabilized a bit the performance. That is positive, we don't generate an enormous cash out of the working capital in general. The amount of the positive cash generated from the working capital normally is not that big, in both senses. So, the most important element to predict the generation in the working capital is, in fact, to be precise on the top line. If the top line grows, in general you may assume that you may generate few, say, 20 million, out of the working capital, not that much given our size. If your sales are going down, you may eat an amount like that or in some cases even a bit more, like we had in the last two years in Italy, because the reduction was sharp and quick and also because it arrived at a point in which you also had some inefficiency from the VAT standpoint, that may increase the size of your, say, your burn in terms of… burn rate in terms of working capital. But let me say that if the situation is stable there is no reason why we cannot repeat and we cannot consolidate the recovery in working capital in the next few years.

Q – Stefano Lustig: A follow-up on the first question on US specifically. If I remember well at the time of Q3 you commented on the US good pricing environment but not fully satisfying in terms of volume, so number of tickets. I would like to have an update on what was the trend in Q4 on this specific element. Thank you.

A – Alberto De Vecchi - Chief Financial Officer: Well, globally, we have had in 2014 an increase in transactions, so the improvement in our US airports has not been driven only by mix and average ticket, it's been also related to transactions. It is true that the increase in the number of transactions, tickets, is not probably completely matching the increase in sales. This is also in part also due to the fact of some residual impact on the fracturing, because the fracturing in fact is limiting your stores in… and is in many cases in a situation in which the total offer in the airports has increased. So I was mentioning before that one of the issues that fracturing implies is the fact that you run the risk to have overcapacity in airports. Let me say that at the end your ability… your capture rate may decline, because there are too many offers. But, having said that, I think that we have seen some improvement now, so I'm positive that we can start again to build up not only in terms of value, that to some extent it's been logical… because we tend to forget that the prices of raw materials have increased in 2014 by around 3% in the US. So, it is quite logical that you have some impact on the prices, because you have to recover that inflation. But, having said that, I think that we are struggling in order to improve… to increase also the number of tickets, it's basic then to have the leverage.

A – Elisabetta Cugnasca – Investor Relations Manager: Okay, thank you very much for coming here. Have a nice evening.

Operator: Ladies and gentlemen, the conference call is over. Thank you for calling.