illimity Bank S.p.A.

2Q21 results Conference Call

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FRANCESCO MELE, CHIEF FINANCIAL OFFICER AND HEAD OF CENTRAL FUNCTION

ENRICO FAGIOLI, HEAD OF GROWTH CREDIT DIVISION

ANDREA CLAMER, HEAD OF DISTRESSED CREDIT DIVISION

CARLO PANELLA, HEAD OF DIRECT BANKING DIVISION

Corrado Passera - CEO

Good morning and thank you for joining us today.

Here with me I have:

- Francesco Mele CFO & Head of Central Functions,
- Enrico Fagioli Head of Growth Credit Division,
- Andrea Clamer, Head of Distressed Credit Division,
- Carlo Panella, Head of Direct Banking Division.

Another very good quarter.

The Second Quarter results are solid and positively confirm we are on track to deliver both our short and long-term Plan targets.

Slide 2 – Solid 2Q21 results

Let's look at our solid results in detail:

- Financial performance was strong in the quarter: we posted a net profit of €15mln in Q2. This is the highest quarterly result so far. This brings our first half net profit to over €27mln and the ROE to nearly 9%.
- Business origination was solidly present in the quarter and we saw an additional acceleration. As a result, net customer loans exceeded €2.3bn, a good 4% progression vs Q1, and 32% higher than Q2 last year.
- Operating leverage - a key profitability driver in our Plan, - has firmly improved. Our Cost income ratio stood at 58% in Q2.
- Risk profile, once again, confirms to be very robust:
    - CET1 ratio stood at 17.2% in Q2 despite volume growth;
    - The gross NPE ratio remains below 1% if we exclude the legacy book of the small bank – BIP – we bought in order to start illimity.
    - Our liquidity remains abundant at almost €800mln.

On Slide 3 we have some further details on volume growth

Slide 3 - Business origination accelerating in 2Q21

Our business origination accelerated in Q2 across all divisions and business lines.

The **Growth Credit Division** generated over €120mln new business volumes in Q2 with a strong acceleration at the end of the quarter; in July we originated an additional €175mln new business.

And again in this quarter, loans with public guarantees represented a significant portion – around 90% - of new business, positively affecting our profitability.

Factoring recorded a strong turnover exceeding €230mln.

The future pipeline is robust as Enrico will illustrate in a short while.

Likewise, our **Distressed Credit Division** also posted a good acceleration in business origination in the second quarter.

Notably, investments in the quarter were underpinned by the Special Situation Energy and Special Situation Real Estate Units. These are niche-markets where we have established ourselves as leading and specialised players: rightly so, given the strong momentum and huge market opportunities we see in these segments. Andrea will come back to this point later.

Here, our short term pipeline reflects a market for NPE transactions which is temporarily soft due to the end-of-year moratorium extension. We expect transactions in distressed credit to regain a very powerful momentum from 2022, and we will use our strong capital and liquidity position to capture it.

NPE servicing: as a result of the investments, collections and disposals that occurred during the quarter, neprix' assets under management remain in the region of €9bn. At our Strategic Plan presentation we announced an important JV with Apollo, to pursue up to €500mln co-investments in Italian Real Estate Single Name NPEs. This JV will mandate Neprix to act as sole special servicer, fuelling the assets under management growth in upcoming years.

All of these reasons allow us to confirm our targets: Slide 4

Slide 4 – Targets confirmed

We met a month ago to present our new Strategic Plan for the period 2021-25.

Our target is to achieve significant profitability over time. We are aiming for an ROE of 10% already for this year, growing to 15% in 2023 and to a further 20% in 2025, with a contained risk profile.

This targeted profitability is grounded in the solid financial performance already achieved, and in a number of very concrete drivers:

- Robust business origination.
- Operating leverage gains across all Divisions.
- Solid risk and liquidity profile.
- New initiatives: everything we have launched in 2021, including what we presented in our Strategic Plan, is underway. Initiatives such as the SME Capital Market desk are already generating results and contributing to strong net fee growth.
- In addition, during Q2 and July we began developing B-ILTY – the digital bank for Small Corporates - which will be operational by the end of the year. The New HYPE is ready to go and will be presented in September. Carlo will explain these 2 initiatives a little later in the presentation.
- The last but crucial driver: our technology leadership. We will further exploit it also thanks to our partnership with the ION Group. On the 29th of July our shareholders unanimously approved the capital increase reserved to the ION Group. New ways to collaborate are under discussion in these weeks.

All in all, we confirm our guidance to achieve a net profit in the €60-70mln range for the year 2021.

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Francesco Mele – CFO & Central Functions

Slide 6 - Solid 2Q21 performance

Let's move to Slide 6.

- The first quarter of the new business plan confirms both the drivers and the trajectory outlined in the plan.
- The first quarter's strong operating performance continued in the second sustained by good volume growth.
- This growth was mostly driven by loans with public guarantees, factoring turnover and investments in energy distressed credit.
- Progression in commissions was notable also thanks to contributions from recently launched businesses.
- Also in this quarter, the dynamic portfolio management strategy in distressed credit produced remarkable profits from closed positions.
- The steady revenue growth led to a further quarterly improvement in terms of cost income ratio.
- Lastly, loan loss provisions remained low.
- Let's now look at the figures.

Slide 7 -Solid balance sheet

- … starting from the solid balance sheet on Slide 7 …
- Liquidity remained robust at €800mln between cash, net adjusted interbank position and liquidity buffers. It will gradually be redeployed into new loans and investments.
- Turning to business volumes, customer loans are up 4% q/q driven by Growth Credit with Distressed Credit investments marginally down as the result of the accelerating dynamic portfolio management strategy.
- For the first time tax credits from the so-called Ecobonus became visible. They are included in other assets for €21mln and we expect to fully use them to offset tax payments.
- Switching to liabilities, retail and corporate funding remained stable at €2.4bn, driven by our digital platform illimitybank.com and the offline channel.
- Finally, CET1 capital increased to €543mln, mostly due to quarterly profit. RWA are up 5% to €3.2bn due to business growth.

Slide 8 - Robust performance driven also by non-interest income sources

- Moving to profit and loss on Slide 8 … where we can see a robust performance.

- Continued progress across all business lines delivered our best net quarterly result of almost €15mln.
- Net interest income further accelerated in 2Q, posting a 6% progression q/q benefitting from new business despite a significant portion was booked towards the end of the quarter.
- Commissions jumped 76% q/q to €8.7mln mostly due to the initial contribution of recently launched businesses such as capital markets, our asset management company illimity SGR and Ecobonus operations. Neprix sales and factoring also delivered a solid performance.
- One of the recurring features of our P&L, profits from closed positions, was confirmed in 2Q with profits of €26mln which include €3.7mln booked in 1Q as positive value adjustments. The €4.6mln negative value adjustments on distressed credit in 2Q therefore reflect the €3.7mln reclassification under profits from closed positions.
- Overall, operating income increased by 28% q/q to €71mln.
- On the costs side, you can see operating costs increased by 9%. Personnel costs included €1.2mln for the annual tranche of ESOP.
- On the other side D&A decreased on the back of a partial extension of the average life of selected IT assets for an annual total benefit of €1.1mln.
- Net result takes into account Hype's €1.9mln pro-rata negative result, marginally under expectations and not including the new initiatives due to be launched in the 2H.

Slide 9 – Distressed Credit Division highly profitable, Growth Credit Division already exceeds FY20 results

- Moving to divisional performance on Slide 9 … to see both highly profitable and accelerating results.
- Growth Credit/SME is accelerating thanks to volumes growth with pre-tax profits in the first half of 2021 at almost €8mln, higher than for the entire 2020.
- DC still represents 80% of total revenue and a dominant share of profit before tax (excluding direct bank and central costs) consistently with faster deployment expectations. Cost income (before allocation of central costs) is already strong at well below 40%.
- Direct Bank absorbed €10mln in net costs which mostly refer to new initiatives due to produce revenue from 2022.

Slide 10 - KPIs confirm strong asset quality and robust capitalisation

- Let's move to KPIs on Slide 10 … which confirm a strong asset quality and robust capitalisation.
- Starting from cost income … there was a further improvement in the quarter to 58% (62% in 1H) thanks to operational improvement and very strong profits from closed positions. As mentioned earlier there is a possibility of it remaining volatile over the next couple of quarters due to the final investments required to complete the platform.
- Cost of risk on loans to customers remained low - on an annualised basis - to 50bps as it still reflects significant government guaranteed lending and stable asset quality.
- The stable asset quality is confirmed by the gross organic NPE ratio unchanged at 3.0% (or below 1% if we exclude Banca Interprovinciale legacy portfolio).

- In terms of liquidity LCR stands at around 700%. We highlight that from this quarter Hype is equity accounted also from a liquidity regulatory perspective (from the previously adopted pro rata consolidation) leading to more conservative KPIs.
- Lastly, CET1 ratio remains very robust at 17.2%.

Slide 11 - Robust CET1 ratio at 17.2%

- Moving to Slide 11 on CET1 capital ...
- During the quarter CET1 capital increased to €543mln mostly driven by quarterly profits.
- The increase was partially offset by higher intangibles for €4mln in light of additional investments and to a minor extent by the average life extension of selected IT assets.
- RWA increased by around €150mln in the quarter to €3.2bn due to assets growth for a CET1 ratio of 17.2%.
- As a usual reminder if we include €14.4mln of illimity special shares our CET1 ratio will reach 17.6% on a pro forma basis.

Slide 12 - Stable and well diversified securities portfolio

- Moving very briefly to our securities portfolio on Slide 12 … which remained stable in the quarter at around €300mln and confirmed to be well diversified.
- In terms of asset mix, senior corporate bonds represent 36% of the total.
- Our portfolio has a duration of 5.5 years and an average yield of 1.5%.
- Mark to market is marginally negative.

Slide 13 - A well-diversified funding mix

- Switching to cost of funding on Slide 13 …
- At the end of the quarter our total funding was unchanged at around €3.5bn.
- As you can see term funding represents 72% of the total, and the maturity of the medium to long term component remains in the region of 3 years to ensure consistency with asset duration.
- The average cost of funding is stable at 1.5% with a slightly different mix of products and maturities.

Slide 14 - Successful placement of Tier 2 bond

- Let me conclude mentioning our first subordinated bond on Slide 14.
- Following our debut senior issue in December 2020 we decided to exploit favourable market conditions and anticipate the issue of a Tier 2 bond, originally envisaged for the second part of the year.

- Due to strong market demand we decided to increase to a €200mln benchmark. The bond was priced at 4.375% coupon and further tightened in the aftermarket, sustained by untapped demand.
- The transaction was completed on July 7 and will affect capital ratios in 3Q representing over 600bps in terms of total capital ratio based on current RWA.
- We consider this another tangible step in funding diversification and capital structure optimisation. We will keep working with fixed income investors and rating agencies to improve illimity's role in such a space.
- Let me close by saying that this very strong quarter confirms illimity's potential and the trajectory of the business plan.
- Now over to Enrico for his section.

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Enrico Fagioli – Head of Growth Credit Division

Thank you, Francesco, now moving onto the Growth Credit Division.

Slide 16 - Italian SMEs specialist partner

This opening Slide of my presentation will give you a brief summary of the Growth Credit Division's core business. We are a specialist partner for Italian SMEs, providing a complete range of financing solutions for companies.

In the first part of 2021, we widened our range of services, offering capital market advisory and products, to provide all-round assistance to our clients as they grow or relaunch.

Moving on now to Slide 17

Slide 17 – Vibrant 2Q21 for Growth Credit Division

It has been a positive 2Q21 for the Growth Credit Division and I am satisfied with the results achieved.

First

The business origination was powerful. Again, this quarter, the contribution from public guarantees remained high. Factoring showed a strong momentum. Significant activity in July and a robust pipeline with several deals ready to be signed, makes us confident we will have a similar or even better second half of the year.

Second

The capital market desk, launched at the beginning of this year, is already fully up & running. We completed our first IPO in June and a second IPO has successfully followed in July. In 2Q21 the capital markets desk contributed to our results with around €2mln net fees and commissions. In July we also launched our risk mitigation product offer.

Third

Our activity in tax claims discounting, the so-called Ecobonus, has picked up this quarter: as of today, we have purchased 33mln tax claims and signed commitments for future delivery on double that amount.

This is a capital light business, as tax claims have zero RWA density. This activity generated 1mln net commissions in the second quarter and another €0.7mln in July.

Now, going to Slide 18.

Slide 18 – Accelerating business origination

As anticipated, business origination accelerated in 2Q21 both in Cross-over & Acquisition Finance and in Turnaround business.

Cross-over & Acquisition Finance: we have originated new business for nearly €220mln in 2021. We have another €131mln between transactions with terms agreed to be signed and a new pipeline. The notable trend that has started emerging this year is that we are doing repeat business with our customers also in Acquisition finance, confirming corporates and financial sponsors want to work with us, thanks to our unique and fast approach to providing financing solutions and to the involvement of the Tutors who demonstrate deep industry and sector knowledge.

Loans under moratorium decreased further, representing, as of today, less than 2% of the division loan book.

Business origination in Turnaround is ramping up: we booked €57mln in 1H 2021, and an additional 64 mln followed in July, considering additional 34mil as already signed. The pipeline is very robust at 151 mln between transactions with terms agreed to be signed and the new pipeline.

At the end of July, about 40% of both Crossover & Acquisition Finance and Turnaround exposures are with public guarantees, with low capital absorption.

Finally, all our Crossover and Turnaround clients are receiving an ESG rating and we are working to extend this appraisal also to Factoring clients; at the same time, we are working to be ready to calculate the green asset ratio of all our new assets starting 1/1/2022.

Going to Slide 19

Slide 19 - Factoring: strong volumes momentum…

Our factoring business has definitely taken off and momentum has surged in the second quarter.

Turnover has nearly doubled compared to the previous year and up 17% on 1Q21. Turnover booked in July confirms the positive trend and we have high expectations for 2H 2021

The number of clients drives business growth and exceeds 150 (130 in previous quarter), with related debtors surpassing 700.

Our successful factoring performance is grounded on our capability to develop two crucial competitive advantages:

- Speed and quality of response, which in turn are the result of a very lean structure, the strong commitment to develop Factoring business across the whole organization, from our credit machine to the entire Top Management.
- Our ability to structure financing solutions even for the most complex deals.

Now, going to Slide 20

Slide 20 - …with capital optimisation increasing ROE

We are among the first in the market adopting an innovative capital management solution which will boost our return on capital. As public guarantees should remain in place only until the end of 2021, this is the main solution for capital optimization in Factoring.

We have worked to amend our insurance cover and the amended insurance is a CRR eligible unfunded credit protection where the reduction of the credit risk, and thus the reduction in capital absorption, derives from the obligation of our insurer to pay a certain amount in the event of the default of the borrower.

As you can see in this Slide, about 60% of corporate factoring exposure is covered by this type of insurance. We are extending this measure also to our exposures to financial institutions. All in all, assuming these capital management solutions were in place as of June-2021, the RWA density of our factoring business would decline from 80% to 46%.

Let's move to Slide 21

Slide 21 - Capital Markets desk up and run

We are proud to announce that our Capital Market desk is up and running and has already started to generate important results.

We set-up the Capital Market activities with the aim of integrating our offering to SMEs with different solutions to support their development, growth or to optimise their financial structure.

Looking at the equity capital market activities, we have completed two successful IPO transactions – one in 2Q and another one closed in July – supporting two SMEs with great potential in their listing on AIM Market.

We have a strong pipeline of potential deals for the second half of this year and the beginning of 2022.

We also kicked off the offer of risk mitigation solutions to SMEs, with the first interest rate hedging transactions completed in July. Again, this is another business with important synergies with other areas of the bank, particularly with Acquisition Finance, Crossover and Turnaround.

That is all from the Growth Credit Division, I now hand you over to Andrea.

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Andrea Clamer – Head of Distressed Credit Division

Thank you, Enrico and good morning, everyone.

First of all, let me give you the usual picture of the distressed credit division on Slide 23

As you already very well know, we are a leading and fully-integrated operator in the distressed credit industry, focused on corporate credit. We operate in 3 main spaces:

- Investments, dedicated to the acquisition of distressed credits across various asset classes.
- Senior financing, providing financial solutions for other distressed credit investors.
- Neprix, our end-to-end servicer covering all activities from workout to remarketing of collateral assets.

I will now present the key elements that characterised the second quarter. Slide 24

Slide 24 – Profit generation from dynamic portfolio management underpins strong performance

The second quarter was very positive

As a result of our dynamic portfolio management, combined with prudent pricing, we continue to confirm our over performance in Cash-flow.

We set a new profit record! We realised a €26mln profit from positions' closing in a single quarter, further confirming that this servicing approach generates a recurring and sizeable contribution to illimity's results.

Business origination - we are growing in niche sectors thanks to our deep knowledge of underlying assets and industrial know-how. For example, our Renewable energy and Real estate portfolios are expanding thanks to these investments.

Slide 25 - Accelerating value creation

Highlights the cash flow and economic performance

As you can see in the top-left chart, cumulative cash flows reached €352mln, meaning €110mln above our initial collection plans.

As mentioned previously, we realised a profit of €26mln against a quarterly average of €10mln from closed positions in the second quarter.

You may recall that our dynamic approach to portfolio management is based on two pillars:

- The anticipated closure of core exposures – precisely, corporate-large tickets and
- The disposal of non-core exposures – represented by retail and very small businesses.

This approach has led us to realise, inception-to-date, a total GBV of closed positions equal to roughly €1.8bn, of which €0.7bn are core exposures and €1.1bn are non-core.

Moving to business origination on Slide 26

Slide 26 – Strong contribution from Special Situations Energy Desk

Conforming with market seasonality, investments accelerated compared to the first quarter. Investments in the second quarter involved not only portfolios but also those special situations, which I highlighted before, more specifically renewable energy.

Senior financing continues selecting high-yield opportunities and is in line with the same period of 2020.

We have a robust pipeline of new opportunities waiting for us.

Now, let's look at our credit portfolio and I will show you how we are consistent with our original projection and our key initial targets. Slide 27

Slide 27 – High quality portfolio in line with targets

On the left side, we represented the NBV split by secured and unsecured positions: unsecured exposures increased compared to the previous quarter, due to new acquisitions in the special situations energy market, that are classified as unsecured exposures.

You can see that all other indicators remained in line with previous quarters: Cash on cash multiple is stable at 1.3, as well as the GBV breakdown by type of borrower and vintage.

The gross cash flow breakdown highlights the weight of the “extrajudicial” section, representing 71% of total cash flows realised since inception, due to the outstanding results of the portfolio management.

Moving to the next Slides 28 and 29, I would like to close my presentation with some Energy distressed credit market insights.

Slide 28 - Renewable energy and Distressed Credit market

The renewables market in Italy is big: and our green specialisation could have a real business impact - over the past 10 years 70 bn has been invested in this sector, and by 2030 additional investments of 25 bn in solar plants, and 10 bn in wind farms will be made.

Most of these investments have been financed through long-term debt, and at least 5 bn of the 35 bn still outstanding, are already distressed.

This segment of the NPE market, due to highly specialised needs, represents an underserved niche, with limited competition. illimity adopted a unique business model for this segment, involving a dedicated desk with specific asset management competences.

Our ambition is to rescue, restructure and relaunch companies that produce energy from renewable sources and that are in financial distress.

Moving to Slide 29

Slide 29 – Playing our part in 2030 EU sustainable development plan

Let me say that illimity is also playing its part in the global transition to renewable energy sources.

The E.U sustainable development plan has set some challenging goals for Italy: by 2030, 30% of consumed energy in Italy must be produced via renewable sources. Considering solar power, it has been forecasted that the same ratio could reach 55%.

illimity and VEI Green reached their first investment target of 100mln, corresponding to a total annual avoidance of CO_2 emissions of over 17,000 tons, and our new target is to invest 300mln by the end of 2025.

Just a few words to conclude.

We have definitely had an outstanding semester: the divisional contribution to illimity’s profit remains relevant and we have further demonstrated the capability to expand in underserved segments of the distressed credit market. I am confident that our division will continue to create value for illimity and be a point of reference in the distressed corporate credit market.

Over to you, Carlo!

Carlo Panella – Head of Direct Banking Division

Good morning everybody and thanks Andrea.

I am happy to share with you the 2nd quarter results.

Slide 31 – Our mission in Direct Banking

Direct Bank: a full market coverage

Let's start from the new commercial banking competitive landscape: our mission is to conquer every business area and as we speak, illimity is firmly placed across all the three markets, each responding to different customer needs:

- White Label Banking Platforms: a completely new approach to banking, where financial services are embedded in third parties' ecosystems. We are currently working on this.
- Fintech, for customers seeking lighter services. This is Hype's battlefield!
- Fully fledged direct banks, for customers moving from traditional banks to fully Digital ones. Here, we have illimitybank.com for the Retail market, and this is where B-ILTY will play-out.

illimity is now a recognized market leader in all segments, and in the next months we will see the results,

and now let's continue with illimitybank.com on the next Slide.

Slide 32 – Sound funding provider – Customer engaged

Funding & Digital Platform

The first objective of illimitybank.com is to be a sound funding provider for the whole Bank.

We achieved our targets by collecting €1.2 bn of deposits as of June, and cost of funding decreasing by 33 bps, with an average duration of 23 months.

These results were possible thanks to customer engagement and loyalty: 87% active customers and almost double the activity-rate Year after Year.

An amazing result, there is no other digital player with such KPIs. On the following Slide I will show you why and how we are doing it.

Slide 33.

Slide 33 – Strongly appreciated by customers and the market

Stable (and happy) customer base

This chart is about quality: actual and perceived quality. We measure it with the NPS Index, the most important indicator for customer relationships: it measures the quality of service and customer engagement.

To give you an idea, the industry average NPS is at 11, and traditional banks are at -5.

We measured illimity's NPS-index in June, and I am really happy to share that it is an amazing 50%.

This result is unmatchable and has been achieved by truly listening to our customers' needs and reacting accordingly.

Looking at the market reaction for illimtybank.com, we measure also the NSS, Net Sentiment Score and Brand Awareness.

The Net Sentiment Score gives the perception of what is happening on Social Networks when talking about a brand. Illimitybank.com is well ahead with a score of 31, that is 10 percentage points higher than the second best.

Now, let's move-on to the next chapter, B-ILTY: the Direct Bank for Small Corporates.

Slide 34 – B-ILTY: first Direct Bank for Small Corporates

B-ILTY: not only a project

In our Business Plan we presented B-ILTY, the first Direct Bank for Small Corporates addressing a target of roughly 1 mio customers.

These customers are currently underserved:

- Traditional bank-branches are not designed for them.
- Purely digital channels are not adequate for them.
- They need a simple but complete offer.
- They need products but also advisory services.

To address this market capitalizing on our Digital Platform, we are building a fully-fledged direct bank with a human touch, a complete and tailor-made value proposition and an ecosystem of business partnerships with market leaders.

The target is to launch B-ILTY in the beginning of 2022, but the first stage is already in place and ready to go.

Slide 35 – B-ILTY: complete targeted offer for Small Corporates

B-ILTY: a comprehensive model for small corporate needs

B-ILTY has a clear and integrated service model

- The offering is simple, complete and based on customer needs.
- The Credit engine is advanced, scalable and able to process multiple data sources quickly.
- The relationships are human, thanks to a salesforce to manage relationships and a smart care center to support customers operations.

B-ILTY is not just a future project, some things are already happening. Let's move to Slide 36 and I will explain further

Slide 36 – Already online with pilot and heading towards launch

B-ILTY: where we are

This chart is about the project evolution.

I won't cover all the Items but focus only on the first: I am happy to share with you that Digital Factoring has just been released.

It is only the first step, but it's a big one.

It is a fully Digital, Self Service current account and factoring product that Small Corporates can apply for, totally online.

We are very proud to be already operational after just 4 months since the project outset. All the while we are also completing the whole platform, including the setup of the credit engine and building our commercial networks.

Slide 37 – HYPE: allround steady growth YoY

HYPE: on the way to New HYPE

As well as B-ILTY, we also have another important building block: HYPE, the fintech we jointly own with Sella Group.

In just six months, the commercial machine has worked to increase the number of customers by 19%, reaching 1.4mln Customer loyalty for the service saw 74% more transactions carried out, and subscribers upgraded by 4 percentage points versus last year.

The numbers are strong, and we are pushing ahead future developments.

In September, the New Hype will be announced, creating more synergies with illimity and strengthening the offer to further increase competitiveness, in turn this will lead to a more profitable customer base.

This is all for Direct Banking, I hand over to Corrado for final remarks.

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Final CEO remarks Q2

I'd like to end with a recap of our strategic plan objectives:

- We expect to double our 2020 net profit this year and exceed 20% ROE by the end of the Plan. All divisions will contribute to these solid results.
- We will keep the very safe risk profile we've given to illimity. We'll start distributing dividends on 2022 results.
- The initiatives we presented in the plan are all underway and will contribute to the delivery of these targets. Only the ongoing initiatives are embedded with the target we announced: clearly we will continue to develop new ideas and new projects as we have done in these early years of activity and, of course, our results are set to benefit from this.
- The growth envisaged in the Plan is entirely organic, while opportunities for selective M&A transactions may occur and if they are EPS accretive, we will consider them.

Thank you everyone once again for taking the time to be here with us today.

We are now happy to answer all your questions.