Vodafone Q1 FY21 Trading Update - Live Q&A

Friday, 24th July 2020

Q&A

Nick Read: Good morning, everyone, and thank you for joining us. I am with Margherita. We are finally back in the office on a phased basis, and also Vivek has joined us from a different location. So we're looking forward to your questions and maybe we could have the first person.

Georgios Ierodiaconou (Citigroup): Good morning, thank you for taking my questions. I wanted to start maybe with two questions related with the Chinese vendors.

Nick Read: Georgios, I am going to just stop a second. I should have said, really, we need to be on one question. I will allow these two, but if we could just do everyone at one so we can get through as many as possible.

Georgios Ierodiaconou: Very clear. And it will be on one topic, and the topic is the Chinese vendors. We have already had decisions in France and the UK, where the stance is hardening and obviously a delay in the decision in Germany, which I understand now will probably come around September time at the earliest. So, I wanted to ask you, from your perspective, whether that changes any of your planning or your expectations, whether the timeframes allowed are long enough? And also, in general, whether even without formal bans, whether that changes some of your planning.

And linked to that, obviously there is the IPO process going on for the tower company. Does that change at all your thoughts around active sharing in Germany in the sense that you could share perhaps the cost and processes of replacement with some other player, if they are looking at the case? Thank you.

Nick Read: Yeah. So, look, I will probably start with if I stand back on the Huawei situation, my view is the UK decision was unique to the UK because of its geopolitical position being a member of Five Eyes, its relationship with the US, etc., in the current political, let us say, environment.

I do not see it as an automatic translation or simple translation across Europe. In Europe, each of the member states are currently going through a process on the European 5G toolkit. They are then submitting those plans back to the European Commission. So, they were supposed to have done that by now. A lot of them have been delayed just because of COVID. So, those plans are being submitted. Then what is happening is by the fall, the European Commission will then come out having seen the plans with a 5G European certification process.

I think impulsively within the toolkit, they made a distinction between the core and radio, saying radio was less sensitive. As you know, we already made the decision to replace Huawei in the core across Europe over the next four to five years at a cost of €200 million.

If I go down to the radio, our stance is always that we want to have vendor diversity, so we are operating with the three major vendors today, Ericsson, Nokia and Huawei, across Europe. What we are saying is we want more diversity and also we want vendor balancing. So, we want to ensure that there is a degree of balancing, because what European countries are really focused on is resilience of the network infrastructure, and therefore, to not rely on any one vendor.

Then the other aspect is OpenRAN and get an OpenRAN up and running. We think we have a rural OpenRAN ready for 2021 and we are looking to an urban, which is a more complex execution, 2022. But we need governments and we need operators to scale this to improve functionality and efficiency going forward.

So, what I would say is do not do a simple extrapolation. It is not that simple. We are engaged with each of the governments. Good positive engagement by each country, as an industry as well, not just Vodafone on its own.

To the point of Germany on active, we have been engaged. We went through, as we explained to you, the different scenarios. We are doing some active sharing with Deutsche Telekom.

We have agreed a reciprocal 1,800 sites. So, we have 1,800. They have 1,800. Then we will do a reciprocal sharing moving forward. That could be phase one. We could look at whether there is opportunity past that.

Andrew Lee (Goldman Sachs): Good morning Nick and Margherita, I had a question just based on one of the starkest data points in your release this morning, which is the churn reduction. So, the question was actually regarding your cost base. And just whether you are seeing any evidence of lasting changing consumer behaviour coming out of the COVID lockdown. Now, your churn is down 320 bps in the quarter. It will be great to hear your thoughts on whether any of this is structural, and how you are seeing physical commission trends as we come out of lockdown. Thank you.

Margherita Della Valle: Thank you, Andrew. I think relative to churn, you may remember what we discussed back in May in terms of our own forecast for the year. And if you look back to what we said at the time, we did not base our outlook on EBITDA or our cash flow guidance on the assumption that there would be a long-lasting hibernation of the industry.

We were keen to maintain our commercial momentum. We were seeing potentially some benefits coming through in the lockdown, but we did not bet on long-lasting effects. And I think if I look at what we see in our markets at the moment, we do not see that. So, what we see is benefits from the lockdown. Then as soon as the lockdown ends, volumes start to pick up again. If you look at, for example, Southern Europe after mobile number portability gates have been opened, everyone has been fast off the gate there.

As far as we are concerned in this environment, we are, number one, very pleased with our own commercial performance. If you look at the numbers that we have released, despite the lockdown we have had a fantastic quarter, for example, on fixed broadband, and even some really good quarters in mobile. So, we are competing effectively.

And on the cost front, which was the first part of your question, we do see the benefits of digital coming through. So, if I look at the execution on cost for the remainder of the year, both on A&R through different mix more digital, this is structural. We will see the benefit of that, but not the volumes substantial drop for a long period of time. And also on OPEX, we guided to at least €400 million of OPEX reduction for another year in Europe. And we are proceeding very well on the execution of that.

Jakob Bluestone (Credit Suisse): Good morning, thank you for taking the question. Hope you all are doing well. Good to see you back in the office. I have a question on the tower

EBITDA that you disclosed. Just if you can maybe help us a little bit with the bridge. You previously disclosed about €900 million of EBITDA; it is now closer to €700 million. Obviously, some of that is the reduction in stake in Inwit. I think there is some other factors explaining some of the differences as well, some accounting differences, some OPEX. If you can maybe just help us understand what is it that has changed? And where is any incremental OPEX coming from? Just helping us bridge the previous tower EBITDA with what you disclosed today. Thank you

Margherita Della Valle: Sure, Jakob. Very important bridge today. So, let me take it step-by-step. In our release, we have communicated €680 million of EBITDA on a proportionate basis for our towers as it stands now. As you know, we intend to contribute our stake into CTIL, our UK JV, into the perimeter. And once you do that, you get to, call it, €740 million, €750 million. So, you are left with a gap versus the €900 million we talked about previously of around €150 million.

And this gap is split quite precisely into two parts. The first one is our monetisation of Inwit, which as you know, since we discussed towers for the first time, we have progressed at pace, and I think we have already delivered at quite an attractive valuation.

So, then you are left with the residual, call it, €80 million for scale. So, under 10% of what was the original €900 million, which is the result of the fact that at the time when we first set out on this project, effectively we tried to size it on the basis of what were publicly available data, whatever was out there in terms of prevalent and core tenant rates in our markets.

Fast forward to today, when the tower company is up and running, effectively, we have been able to go into a great level of the detail and establish specific MSAs on a market-by-market basis. And we have set the numbers on the back of this precise review. We have set them in a position which is quite important in terms of balance, because it allows, on one hand, our markets to be competitive, and on the other hand, I think it offers for the tower company a strong baseline to then build on its own growth for the future.

This is really the main reason of this €80 million, let me call it, organic gap. As you mentioned, there are other smaller factors, probably not worth a lot of conversation. There is a little bit of accounting adjustments that, again, we had to do as we went into more details. We have set out the teams. It is effectively coming to the final framework for the company to operate that has led to these numbers.

Nick Delfas (Redburn): So, just one for Vivek maybe on CTIL. Obviously, the numbers you are talking about in there look rather low in terms of EBITDA. Could you talk a little bit about how you anticipate that changing? Obviously, it is a rather complicated situation, given O2 and Virgin with their merger.

Nick Read: Maybe, Vivek, just to give a perspective on CTIL. If you remember, CTIL was setup on a cost basis. So, it was not setup as a profit centre commercial business. It was just cost-plus basis. So, we have had to go through a process of converting it into a commercial business. We are going through that process as we speak.

Obviously, then the announcements of O2 and Liberty. So, we then re-engage with both of them to understand the process. They are very supportive of the process. They like the strategic direction we are going. So, it is very much our intention to roll the CTIL stake to

Vantage Towers in due course, and hopefully ahead of any IPO events, but of course we have to go through that process.

Nick Delfas: Can I just ask a very quick follow-up on physical stores? I just wanted to clarify, is your thinking changing about how quickly those might close?

Nick Read: Well, I think we went out in May talking about retail stores. And I mean, in the COVID world, you have seen digital just ramp up, online channels of 50% sales up year-over-year. So, we are now looking at how do we optimise our retail stores more as part of the overall channel mix and also indirects as well. What role indirects play and how much of a mix they are.

So, yes, I see it more is an acceleration to year one to year three, how are we advancing that state to the target operating model.

Margherita Della Valle: COVID really gave us the opportunity to make a step-change from that perspective. If you look at the sales numbers in the quarter, which, as I was saying before, have remained strong. They have remained strong with a 50% increase in volumes on our digital channels across Europe. So, quite a big difference.

And we have taken the opportunity also to stay close to our customers through the pandemic with campaigns and what I would call as education tutorials on how to access digital. And we believe that some of these changes will actually would be long-lasting, which is why I was saying earlier to Andrew, I think the channel mix is definitely a long-lasting opportunity.

Akhil Dattani (JP Morgan): Good morning, thank you for taking the question. Just a follow-up really on the revenue performance and outlook. I guess, firstly on Italy and Spain, there is some pretty good commercial trends in the quarter. Just keen to understand how much of that is a function of COVID and lower activity during the period, and how much do you think is structural and we can extrapolate. And then, I guess, linked to that, Margherita, you talked about the three buckets of COVID impact on revenues between roaming, B2B and other. Can you maybe give us a bit of colour on how you think about the three buckets as we go forward? Thanks.

Margherita Della Valle: Sorry, Akhil, I missed. I think you were asking about UK and Spain.

Nick Read: It was roaming, business, how do you think about those three buckets that you have on your slide.

Akhil Dattani: Yeah. It was those three buckets. And the other bit was I was just saying your commercial trends in Spain and Italy have improved a lot this quarter. And I just wondered how much was COVID and lower activity through the lockdown. And then how much can we extrapolate as maybe being more structural improvements.

Margherita Della Valle: Sure. So, if I start from this last question on commercial performance, I think that there is a lot on what you have seen in the quarter that I would argue is our structural positioning. Clearly, the volumes of mobile number portability for both markets step down a lot across April and May.

As I was saying earlier, as soon as you come to mid-May, beginning of June, and lift-off of the State of Emergency in Spain, you could see the volumes for the market stepping back up again to substantially the levels at which they were pre-COVID, if not slightly higher, where there was even pent-up demand.

Within this context, what I think is structural is our competitive positioning. You heard us saying this multiple times in the past. We compete effectively in those markets now at all levels. So, from the high end to the lower end with our second brands. And this is the position that we have maintained.

I think through COVID, if anything, may be a bit of an advantage from the fact that having good quality, reliable network has been very appreciated at the peak of the lockdowns. But generally speaking, I think it is our positioning. Spain has been growing this quarter but has been growing for every single consecutive quarter for the last year on both fixed, mobile, broadband. And in Italy, we already guided towards a more neutral mobile number portability numbers as soon as we left the price increases of six months ago. So, that is effectively what you see there.

In terms of then the revenue blocks. So, taking those maybe also in turn, starting from roaming. Roaming, we have seen some recovery in the volumes in starting, I would say, June. However, it is intra-European roaming volumes that are catching up, because travel restriction on long-haul largely remain. And therefore, we see the roaming drag on our revenues, which as I would say as expected, to increase further in the coming quarter because we are going towards the peak summer holiday period.

I think over time as travel restriction lift out of Europe, we will see there some recovery and, of course, at some point, roaming will become again a growth driver.

In Enterprise, the second area impacted, we called out projects being suspended or delayed. And the bit of weakness in IoT, because we are very strong in automotives and there was less car circulation, car sales and the like. This is actually now starting to recover.

We did not see significant impacts from macro yet on Vodafone Business, probably because the government initiatives have shielded our customers from taking maybe difficult decisions there. So, I think as we move throughout the year, we may see some of that catching up.

In the Other, you have a mixed bag of things, some positive traffic during lockdown, particularly in South Africa and Germany, more than offset by some weakness in areas such as prepaid in the smaller markets, or M-Pesa in our international markets in Africa where the feeding fees were zero-rated.

Overall, I would say if you step back from all these puts-and-takes, but, as you have heard, very much the net impact of COVID in line with what our expectations for the quarter were, and indeed, still very much in line with our expectations for the rest of the year, which is why you have heard us reiterating both our EBITDA outlook and our free cash flow guidance.

Maurice Patrick (Barclays Capital): A question from me on Vantage, please. Many tower companies are looking at offering additional services beyond just passive access: back-call services, small cells, distributed antennas, even as far as facilitating edge computing and datacentres, even. Are these in scope for Vodafone, for Vantage going forwards? Take back-haul, for example, does Vantage intend to offer back-haul services? Does it cover any of the back-haul service of Vodafone or does Vodafone control those? Thank you.

Nick Read: Vivek, why don't you give a summary?

Vivek Badrinath: Thanks for the question, Maurice, good to hear you. All of the above are in our intent: services for non-mobile operators, public safety, distributed antenna systems and, probably with a longer time span, mobile edge computing. It is unlikely to be widespread to the geographic extent of TowerCo in the initial phases, but definitely on the plan.

As regards to fibre, it is obviously a need for all the customers of the TowerCo, so having the ability to offer fibre is a necessity. If you parse the problem, you have sites where Vodafone has fibre... When there is a wholesale offer in the market, the ability to provide this on a wholesale basis is something that we would obviously do. And then, we will expect more and more fiberisation of these sites. As you move towards 5G, you are going to need more bandwidth, that the operators are going to require an increased fiberisation of the sites. We do see that there is a lot of scope for increasing the fiberisation across some of our geographies, so we will be definitely looking into that.

Emmet Kelly (Morgan Stanley): Good morning everybody, one question from my side. In the press release, you have called for a new deal with regulators and governments which will, you say, allow you to invest more and also to make higher returns. Nick, can you say a few words about how you would like to see that new deal manifest itself? Is it through a change in competition law, is it changes in regulation or maybe changes in the likes of net-neutrality? Thank you.

Nick Read: Morning, I highlighted in the presentation, on the far right of the slide around the social contracts, I itemise about six or seven policy areas we want to influence, because I want to make it clear, social contracts is a contract, i.e. a two-way flow. So, we are saying we understand what you want to achieve as a government; you want connectivity, next-generation connectivity, 5G, etc., you want digitisation, you want to create jobs. We want to do all of that too, but what we need is the right framework to be successful as an industry and improve our returns because our returns are at an unacceptable level. I spent a lot of time highlighting that, and, of course, we added it to our recent results to amplify the publication of the return on capital.

I think in the short-term, there is an opportunity around spectrum. We had a good outcome or a decent outcome, let us say, in Hungary, an 'okay' outcome in the Netherlands. We have Spain and the UK that we are engaging, saying could we do different models, take a different approach. We are engaging in Italy in terms of the payment that is due next year, I think September 2021; can we do that either deferred or stage payments, how can you support the industry? I would say governments are now heightened-aware of the state of the industry and how critical we are and understand the need to support us, especially because they want 5G rolled out as quickly as possible.

So, I would say spectrum is an 'immediate.' There are some things around regulation, whether it is the rules and regulations around deployment, how can you make life easier for us, but also there is regulation around disruptive value players that ride off the back of people that are willing to put hard money down in investment. I think there is increasingly an understanding that we need to earn a return, and that regulation needs to be supported by pro-investment and innovation. I would say these are the more immediate ones.

Then, you can look further out about market structure. Can we have more infrastructure consolidation, with doing a lot more sharing going forward, versus retail, so making the distinction between the two and supporting the industry going forward?

James Ratzer (New Street Research): Good morning and thank you also for all the extra detail you have given around Vantage Towers. I was wondering if I could ask particularly about how you see consolidation in the European tower market going forward. It is obviously something you have been involved in. So far, you've announced another deal in Greece this morning. I was wondering, in particular, are there other markets where you see more opportunities to do tower deals with the Vantage portfolio? Is it Vodafone's intention to always keep a longer-term majority in Vantage Towers? How do you see the opening balance sheet of Vantage Towers? Will it have enough balance sheet capacity to go and undertake deals of its own if it wishes to? Thank you.

Nick Read: I will always defer to Margherita on balance sheets, but if I was simplifying it, what I would be saying the primary focus is driving the big, organic growth opportunity we have. Vivek was highlighting the various elements that we see in terms of coverage, densification, third-party tenancies, etc. We really see a big opportunity there. He highlights fibre to the site and various other things. So, I think there is a big organic opportunity.

Then, what we would say on top of that, yes, there will be targeted, disciplined M&A that we will consider. I think Greece was a good example where we felt that was a very healthy development for Vantage Towers, and we wanted to take that opportunity.

In terms of the balance sheet?

Margherita Della Valle: I think you have made perfect summary, Nick, clearly. We will always look at opportunities of what I would call disciplined M&A, and you have seen the case today with Greece, and we will look at our funding options for those. But the bulk of the growth will come from the organic progression and just growth in sites and tenants per site.

Nick Read: Clearly, we have not determined yet level of leverage and where we set the balance sheet; we will clearly reflect on that on the run-up to the IPO. But we want it to be efficient, let us say.

Emmet Kelly: Thank you. Just to confirm, it is still your long-term intention to hold a majority in Vantage Towers?

Nick Read: Absolutely, absolutely. And the reasons are very simple. First of all, we think it is a fantastic asset, a strategic asset with a great opportunity to create real value for shareholders, so we want our Vodafone shareholders to reap that benefit as well. And then secondly, of course, technology, we are in a fast-moving, developing industry, so we want to make sure that we have the right flexibility for both Vodafone and Vantage Towers to ensure we can compete going forward.

Usman Ghazi (Berenberg Bank): Hello everyone, thank you for taking my question. I just had a question around, possibly, the late order impacts of COVID. And I just wanted to ask if you are seeing any changes in terms of bad debts, or a request for extension of payment terms increase over the last few weeks since lockdowns have been lifted, or have things been fairly stable? Thank you.

Margherita Della Valle: Sure So, I think the summary is things have remained fairly stable. We have not seen any material change in behaviour in our business customers, some requests for suspensions of service here and there during the lockdown phase but nothing material. I think this is probably due to what I was describing earlier, which is our own customers were not faced with difficult choices just yet and so things have progressed as normal. We will have to see in the coming quarters if that changes in any shape or form.

Robert Grindle (Deutsche Bank): Thank you. Good morning everyone. I was looking at your mobile data trends in Europe, your usage growth. It actually accelerated by 12% in Q4 but it slowed down by 5% in Q1. I wondered, do you know why that is? Is it because we are all just sending fewer silly memes to each other? Is more of that data going over home broadband Wi-Fi and is that a material benefit to your network and CAPEX? Thanks.

Margherita Della Valle: I am actually caught off-guard on this one because we would need to look back into the details with IR. I was looking at the trends of traffic through the lockdowns, linked to revenues, and frankly I was going to say we have seen an increase that we had originally, lasting all the way through the month of June. However, we can pick it up.

Nick Read: So, in other words it peaked and slightly drifted down but I do not remember it materially moving.

Margherita Della Valle: I think we need to see if there was something in Q4 that we need to look into, or the trend. IR can give you, maybe, more details later.

Robert Grindle: Okay, well, that was my calculation, so I will follow up on that. Is more of the traffic going over home broadband?

Margherita Della Valle: Yes, for sure, during the lockdown, the biggest peaks we have experienced were in fixed traffic. Fixed increased much more than mobile because people, effectively, were working from home and it was interesting, also, that it was a peak that was lasting throughout the day but we have seen increases in both. Again, my understanding is that, in Europe certainly, they are continuing.

Nick Read: I think, actually, if you decompose it a little bit, yeah, there probably are some people using more Wi-Fi. However, at the same time, there are a lot of people, as we penetrate unlimited plans, that are having an exponential growth in mobile and are happy to stay on the mobile network and not the poor Wi-Fi. So I would say it is a number of factors. It is probably also business as well. People that are business customers are obviously at home more.

Robert Grindle: Okay. Is there a CAPEX benefit or headwind or tailwind?

Margherita Della Valle: No.

Nick Read: No.

Margherita Della Valle: Do not think about anything material from all this.

Robert Grindle: Okay, thank you.

Polo Tang (UBS): Morning everyone. I just have a bigger picture question in terms of consolidations. So, what is your view on the recent European general court ruling that overturned the EC decision in terms of the O2-Three UK merger? Do you think that this will lead to a new wave of consolidation in the sector and are you detecting any change in terms of a sentiment or attitude from politicians and regulators on the topic?

Nick Read: Yeah, I think, when I reflect on it, I would say that the ECJ decision itself, in my view, is an incremental positive but not transformational. I do think that the Netherlands' decision was really important. So, if you are a failing operator, being allowed to leave the market and then not have remedies on the other players to create another player; I think that was a very important decision.

Then I add on top of that the COVID environment and the feeling that this is critical national infrastructure, that actually scale is important and earning returns and having rollout, having the right financial environment for operators, is important. Therefore, you add all of it together and then you would say that I think there is a general acceptance that the European market, broadly, is highly fragmented, with over 40 groups of operators versus a US with three, China with three, India with three, etc. So, I think there is a feeling that there needs to be better formulas, going forward.

Now, does that automatically mean there is a stampede for consolidation? I do not necessarily think, but you are seeing infrastructure consolidation led by us taking place, and networks coming together. I think that sharing more of network and infrastructure will definitely happen. Then there is the case of what happens with retail brands and what level of competition is felt necessary in the marketplace that does not hold back investment.

So, I would say positive momentum but not necessarily overnight transformational.

David Wright (Bank of America): Thank you very much for taking the questions today. Yeah, it is actually a question that follows on from some of your comments on the last question, Nick. And it regards to the Netherlands and your current JV there with Liberty, it does feel like Ms. Vestager has in recent times talked about the potential for more cross-border deals and as you have said, Europe does look very fragmented versus, maybe, other major regions. You obviously have the JV with Liberty; I believe there is some optionality around that.

One of the options that has been discussed with Liberty management has been the potential for a cross-border deal with Telenet. So, I just did wonder whether you would ever be open to such a transaction, perhaps going down to minority stake, as long as the existing dividend upstream leverage agreement was broadly maintained. I wondered if you had any views on that. Goodness me, that is a very generous photograph you have just put up, by the way. 20 years of European telcos have weathered me a little more than that but thank you.

Nick Read: Yeah, and you do not have the COVID beard on that photo. David, I would say that, if I stand back, I am really, really delighted with the performance of our Dutch business. It has been a really successful integration, good growth, a really good performance. Obviously, they have their results coming after us, so I cannot really talk about it but we are really pleased with the delivery under Jeroen, the CEO. So, we are very happy with the construct of the market, it is an excellent market, we have got a fantastic asset within the market and we have co-control. So, I would struggle to see why I would want to give that up for a minority position in a cross-border combination.

Clearly, if Mike feels there is something compelling, that is a question more for Mike than it is for me. So, we are really pleased with where we are at. We remain a very disciplined investor, so clearly, if people are going to step forward with offers, we would always consider at the board level. But at this point in time, we are very delighted with the business and its performance.

Adam Fox-Rumley (HSBC): I was wondering if there are any more thoughts on monetising tower assets at the individual country level, whether there are any processes still ongoing there or if the portfolio is roughly set as-is. Then, I suppose, looking at the numbers this morning, you can see that 90% of Vantage Towers' revenues are coming from the Vodafone MSA. Would it be right to think about a medium-term target to get that to a lower number, 80–85% over time? Thanks.

Nick Read: So, I will let Vivek talk about the second part of the question. In terms of monetisation, really the only one that could potentially be is the UK; do we monetise that? Really, we are focused on the IPO of Vantage Towers so, at some point, you have to say let us focus on that and just move forward with the IPO, so that will be a determination that we might make. So, it is the only one. Vivek?

Vivek Badrinath: On the second point, yes, we start with a high percentage of our revenues coming in from Vodafone and that provides the stability with a pre-agreed MSA. So, it gives a good level of certainty on those revenues. But, of course, the management team will be focused on developing other sources of revenue. We have not put out the targets in this area yet. We are analysing the market. We are having a dialogue already with several of the operators in the different countries to look at the potential for growth. But, the clear focus, which will also be translated in the way we drive the company and set its targets, will be the development of revenue sources other than Vodafone, so very clear. No number yet.

Sam Mchugh (Exane): Thank you very much. It is one on the perimeter of Vantage, if I can, and apologies that it is slightly multifaceted. If I look at previous slides on towers, I did notice that the number of sites that you have got in different places has changed slightly. I wondered if it is because you are, maybe, a) not putting all your towers in Vantage or maybe it is just because you have made a clearer distinction between owned and rented.

Then, also, Vantage, has agreed a BTS agreement with their operators in Greece and I think you had highlighted €150–200 million of growth CAPEX in Vantage. Is that still the right number when we think about what they could do?

Then just a follow-up on Maurice's question earlier about small cells and fibre. Are there any actually being put in or does Vodafone Group really not have a material amount of these today? Thanks very much.

Nick Read: Vivek, do you want to…?

Vivek Badrinath: Yes, so, on the number of towers, there will be the adjustment for the fact that, in the scope, you would now have the towers coming in from Wind Hellas, so that would be one of the reasons for the fluctuation that was not in previous versions. That might be one of the reasons you see the discrepancy.

Yes, we have been going through a very detailed inventory of the assets in every country to ensure that we have the right number. This would be, the number that we came out with today is our pro forma end-of-financial-year 2020 entry position on the perimeter that we have disclosed.

The other question was on fibre. We are not putting in the basket any fibre assets per se. The option that we are taking is to work on having a wholesale offering that enables operators, alongside their rental on the tower, to benefit from access to fibre. So, that is a service offering but it is not in the assets that are transferred. That is the option we have taken for now.

Margherita Della Valle: I think there was a third part on the growth CAPEX. We will share much more about all this when we come to our capital market day at the end of the IPO. So, together with the funding structure, we will give you more details at a later stage. Today it was about sharing the current perimeter.

Nick Read: On that, I would like to thank you all for joining us. As you can see, we have been very busy, burning a lot of hours. We need a rest, so we will take a small vacation at some point over the coming months and we all look forward to seeing you in September and beyond at various events and our results. Take care and I hope you all have a good and safe summer.

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