25Q1 Transcript

Presentation

Geoffroy Raskin, Investor Relations

Good afternoon everyone and thank you for joining us today and standing by while we were solving some technical issues. I'm Geoff Raskin from Investor Relations. I'm pleased to have with us Gustavo Calvo Paz, our CEO, and Geert Peeters, our CFO to present the first quarter results.

Before that, let me remind you of the safe harbor regarding forward-looking statements. I will not read them out loud, but I will assume you will have duly noted them. With that cleared up, Gustavo, over to you.

Gustavo Calvo Paz, CEO

Thanks Geoff. While tense geopolitics led to a more challenging and uncertain economic environment, Ontex shows resilience against these headwinds in the quarter. Thanks to the structural changes made in the last couple of years, and despite temporary drops in demand, we are confident, and confirm our full year guidance. In Q1, revenue was a solid €451 million. Our continued positive contract gain/loss balance partially offset the expected price decrease carry-over and the drop in market demand, resulting in a net €10 million decrease versus last year. Adjusted EBITDA was €51 million, €2 million lower, reflecting the volume decrease and forex, while our cost transformation program fully offset the sales price contraction and higher costs. The margin thereby remained solidly above 11%. Let's go back to the market dynamics on the next slide.

The geopolitical tense climate led to forex volatility as well as recession and inflation fears, in particular the US and reciprocal tariff threat, for which we took mitigation actions. The higher resulting costs are partially visible in our Q1 results, as Geert will discuss later. Importantly, Ontex's imports into the US from its Mexican plant are manufactured under the tariff exemption provided by the USMCA, thereby minimizing the direct impact from US tariffs, which is very good news. However, these tensions also led to a drop in consumer demand. In Europe, overall consumer demand dropped by low single digit, especially in baby care, where demand fell by high single digit. Adult care continued to grow by mid-single digit in the retail and was stable in the healthcare channel. In North America it is overall a bit the same picture, though less pronounced, with demand down by low single digit in baby care. While these circumstances affected our quarter one results, we continue making a strong progress on our strategic journey as summarized on the next slide.

First, on the Stokesdale side we made further progress on the portfolio refocusing with the announcement of the deal to sell our Turkish business in January, and the closing of the Brazilian divestment at the end of quarter one. Both are expected to bring in around €115 million this year. These proceeds allow us to issue a new bond for a lesser amount than before and we extended our debt maturity by five years. Our now strengthened and more durable balance sheet is appreciated by the rating agencies leading to an upgrade by Moody's in the quarter to B1. These measures further enable us to fuel our three value creation drivers, where also further progress was made in the quarter. We strengthened our competitive and sustainable innovation with a new feminine care lab in our Spanish plant and we launched the Dreamshields innovation for diapers across Europe. Our best-in-class initiatives continue to deliver, with the initial contribution from the Belgian footprint transformation, allowing us to improve our operating efficiencies yet again with 4% year on year. These initiatives allow us to expand our business, and while the market is currently not favorable, our double digit volume growth in North America continues. In Europe, we continue to improve our product mix and our gain and loss balance remains positive. With that I leave you to Geert for the financial details.

Geert Peeters, CFO

Thank you Gustavo. So we are now on slide 6 with the revenue bridge for Q1 versus last year, showing a like-for-like decrease of 2.8%. The largest part, 1.6%, is linked to pricing. Prices came down in all categories, which was expected. While our prices remained largely stable since mid-last-year, they did come down in the first half of last year, reflecting investments in competitiveness and the decrease in raw material prices in the periods before. Volumes, including mix, came down 1.3%, reflecting the market evolution, which Gustavo covered, across categories. In Europe, our adult care sales were up boosted by solid demand from as well the retail as the healthcare channel. This development continues to strengthen the weight of adult care as our largest category in our portfolio. In feminine care, sales volumes were lower with a weaker market demand and some temporary supply issues, which have been solved meanwhile. In baby care, volumes dropped with overall demand, but with an improving product mix. And finally in North America, although the market was softer, we continued to generate double-digit volume growth in baby, building on our growth momentum, with contracts gained last year. And in the second half of this year we expect new contracts to kick in as well. Let's move to the next slide on EBITDA bridge.

On this bridge you can see that the slight decrease in adjusted EBITDA can be entirely explained by the lower volumes, which had a €2 million impact. Our cost transformation program delivered yet again, and offset our previously explained sales price decrease as well as the increase of raw material prices and other operating costs. We delivered 4% operating efficiency gains, in line with the delivery in the last two years, with on top of the continuous improvement initiatives, our Belgian footprint transformation starting to bear fruit, after the closure of the Eeklo plant. Raw material prices were up by €3 million reflecting an increase in the indices for fluff, as well as slightly higher prices for super absorbent polymers and packaging. The operating and SG&A costs went up with salary inflation, but also with additional costs to support the expansion in North America, as well as some measures taken to mitigate the impact of the US tariff threats. The combined effect led to a slight contraction of our operating margin which remained solidly above 11%, however. And as Gustavo explained, we're pleased to report that our plant in Mexico is USMCA-compliant, and so we have no impact from tariffs there based on the current information. Let's now cover the net debt and leverage ratio on the next slide.

On slide 8 you can see the evolution of our last-12-months adjusted EBITDA, that's the light blue line, then net debt, the dark blue line, and at the bottom in green the leverage ratio. Our net debt rose to €656 million at the end of March. This was mainly due to higher inventories linked to the actions we took to mitigate the US tariff threat. Moreover, also our factoring was down. We've continued to invest in Ontex's transformation with besides a higher capex intensity, the payout of restructuring charges related to the Belgian footprint transformation. We also had a cash out of €10 million in the quarter for the share buyback program. This program was launched in December 2024 and is meanwhile finalized with 1.5 million shares bought back. The leverage ratio thereby temporarily rose above 2.5x, but remaining well within our operating bracket of maximum 3x. Early April, as you know, we finalized the divestment of Brazil. Based on the proceeds received and adjusted for the EBITDA, net debt drops back to 2.5xpro forma. All that allowed us to reshape our debt structure as you can see on the next slide.

Our main credit facilities, and as you know that’s the revolving credit and the high yield bond, which were maturing respectively end 2025 and mid-2026, have been now refinanced for the coming 5 years. Thanks to the received and expected divestment proceeds, as well as improving free cash flow, we reduced gross debt by decreasing the high yield bond from €580 million to €400 million. Moreover, our improved credit profile was also recognized by the Moody's upgrade to B1 recently, and the Standard & Poor's upgrade to B+ already end of last year. As a consequence, the credit spread of the high yield bond came down from 407bp to 284bp. Despite the higher interest environment, the lower debt quantum and this lower credit spread allow us to keep the high yield bond interest at the same level as before. While we reduced the gross indebtedness, we increased our liquidity flexibility with the RCF limit now at €270 million, based on a syndicate of 8 relationship banks. We thereby have the financing in place to support our business growth and secure our resilience going forward. With that, I hand you back over to Gustavo for the outlook.

Gustavo Calvo Paz, CEO

Thanks. While market conditions were soft in quarter 1 and probably these conditions will prevail in quarter two, we have a strong game plan under execution for the year that give us confidence. So I'm pleased to confirm our 2025 outlook. Revenue is expected to grow by 3% to 5% like-for-like, supported by double digit volume growth in North America, with new contracts in H2 kicking in, and this increase in volumes will support the margin growth as we gain scale. Adjusted EBITDA is expected to grow by 4% to 7% supported by the revenue growth, and also further improvement of operational efficiencies, which will expand margin further. And remember that based on current information, Ontex North America operations fall under the USMCA tariff exception. Free cash flow is anticipated to remain strong while continuing to step up investments in Ontex's transformation which is near completion by the end of the year. And we expect our leverage ratio to reduce below 2.5x by year end. On next page.

While our financial results in the first quarter might not show the progress we expect for the year, let me share with you a couple of elements which give me confidence in delivering the outlook. Our results in the first quarter show good resilience in a more challenging environment and we remain laser-focused on our value creation drivers. And even more so today, now the portfolio is taking its final shape. We continue to deliver operating efficiencies gains with small and larger actions to structurally change our operating cost. You can see part of these results in our EBITDA margin which remained over 11% this quarter, despite the challenging environment. We deliver competitive and sustainable innovation every quarter which inspire customers to expand their and our business together. And in the second half some major contracts will kick in, allowing us to grow volumes and become the second biggest retailer brand player in the US. And on top of this, we believe that underlying market demand in Europe and in the US will rebound and even faster for retailer brands which gain even more attractiveness in current circumstances. With that, Geert and I are ready to answer your questions.

Q&A

Geoffroy Raskin, Investor Relations

Before handing over to the operator, I ask you to state your name and firm and limit your questions to two. If time allows, we'll do a second round for additional questions, and if not, feel free to contact IR afterwards. Operator, over to you.

Operator

Thank you. If you like to ask a question or make a contribution on to the is call, please press *1 on your telephone keypad. To redraw your question, please press *2. You will be advised when to ask your question.

We will take our first question from Wim Hoste, KBCS. Your line is open. Please go ahead.

Wim Hoste, KBC

Yes, good afternoon, Sorry, Good morning, Wim Hoste, KBC Securities. I would like to ask a question about the market conditions early Q2 , please. Can you maybe elaborate a little bit on the promotional activity you see both in Europe and the US. Is that still as intense as it was in Q1, or do you see some relaxation there? And in terms of your commercial momentum and production momentum, maybe to put it like that, there was some disruption from the Spanish flooding, etcetera. Is that behind you, and will that help you to post a better volume performance in Q2 than in Q1? Can you maybe elaborate also on that? Thank you.

Gustavo Calvo Paz, CEO

Sure. Thank you. I will take that, Geert. So the market conditions definitely is a soft market demand in quarter one and we're still seeing that softness today. And I think that it's because the geopolitical situation, and they're still there, and they're still in discussions. So that makes a softer demand generally speaking. Consumers perhaps fearing inflation or recession, and that is not the exception right now. So in Europe it's one thing, and in US, both countries, both regions, sorry, it has the same type of context. But I want to clarify one important thing, that our volumes are not affected by any loss of accounts or any loss of customers. We are following more or less the market trends. And retail brand, yes the activity you mentioned, activity of A-brands, there is of course some more aggressive activities or more depth in the activities on the promotion of A-brands in both Europe and in US. But retail brands in this context will come back stronger. So that's very good news. And our gain and loss balance is positive, and it will remain positive also in the rest of the year. So we are confident on the volume growth for the coming quarters.

Regarding your Segovia question, I appreciate it, because I think it's a very important point. I think that we have those floods, unfortunately, floods in the Segovia plant just two days after we open the lab there with the authorities, the local authorities. But in three weeks, although the plant was fully flooded, in three weeks, that team, and with help of other teams as well, was able to start again the plant and is operating fully all the machines since several weeks ago. So it was fixed the challenge. Thank you very much for asking, because it's a big recognition to the local team.

Wim Hoste, KBC

OK, thank you.

Operator

We will take our next question from Karine Elias, Barclays. Your line is open. Please go ahead.

Karine Elias, Barclays

Hi. Thanks for taking my question. I just had one to start with please. Just wondering what the lower, the weaker dollar basically has as an impact on your COGS. Should you benefit from that in terms of margin. Thank you.

Gustavo Calvo Paz, CEO

It was super quick. Would you mind to repeat a little bit, please?

Karine Elias, Barclays

Sorry. I just wondered whether you can help us understand what the impact of the weaker dollar would be on your COGS. I'm assuming that should benefit you, given that obviously the dollar has been weaker. If you can maybe give us some public clarity in terms of how should we think about COGS and margins on the back of that. Thank you.

Geert Peeters, CFO

Now your question is very clear. Yeah. First of all, the dollar was going all directions, of course, because in the beginning of the year it was extremely strong. Now it's weaker and you're right. A weaker dollar, if we look to the raw material costs, because some of the raw material costs are in US dollar, it will help us at the procurement side. At the same… Of course also important, it will of course, the margins and the revenue in US dollar there we have a translation risk which will be lower. So actually what we say is that we're quite neutral to the dollar as a company because if we look to the purchasing and the sales side, it's quite balanced at this moment. But definitely in procurement it will help us a lot in the coming months.

Karine Elias, Barclays

Very helpful, thank you. And thank you for clarifying that you haven't seen any changes in terms of your contract, but have you seen any changes in or your customers behavior leading to the tariffs? So re-stocking or stocking ahead or pulling demand forward or pushing it on the other hand, or has it been just normal course of business? Thank you.

Gustavo Calvo Paz, CEO

No, it's not normal. No. And what we see so far is, on the contrary, I would say, positive signs because our customers are looking for something that is very positive, which is innovation. So they want to boost their sales through innovation, through new ideas. And that is something that we have been sitting with our teams for the last couple of years with our customers. So we do have, let's say a bunch of good things to implement in the customers going forward. So we see it as a positive sign from the customers looking after boosting their sales through the retail brands and that's why we are confident on that.

Karine Elias, Barclays

That's very helpful. Thank you. Good luck.

Gustavo Calvo Paz, CEO

Thank you.

Operator

We will take our next question from Charles Eden, UBS. Your line is open. Please go ahead.

Charles Eden, UBS

Yeah, thanks. Good afternoon, two questions for me please. So firstly on the guidance, obviously you've pointed to an expected improvement in the second half of the year which has allowed you to reiterate the full year guidance despite a soft start to the year. To what extent do you have sort of guarantees or certainties or high visibility on these volumes in North America coming through in the second half? I asked because the share price reaction this morning is clearly telling you the market is incredibly concerned that this will ultimately not materialize and hence you're simply delaying a four year guidance cut, be that to Q2 or Q3.

And then my second question is on the tariff exemption for the Mexico manufacturing of the North American baby sales. Should this change, could you help us how much of this manufacturing could be moved to your US facility and how quickly you think this could be actioned? Thank you.

Gustavo Calvo Paz, CEO

OK, thanks Charles. On the guidance and how, you know, the confidence that we have in the volumes coming from US in the second half of the year, we do have contracts and agreements signed with customers. And there are two very important retailers, new retailers for us, new and important retailers, that we have been working with them, and we are still working with them in terms of exactly the product that is going to go into their shelf, supplied by us. And I can tell you that there is no any sign that any of that would be at risk. On the contrary, I'm going to say that one of those customers, the teams they flew over from US to here to our lab in baby care to work with us and to see exactly with their eyes what all the innovation coming for beyond what we are launching now. It was a fantastic meeting with them, very, very positive meeting. Not just talking about what we are going to have on the second half but also beyond that, so very very good opportunities. So we are extremely confident on that volume.

Actually, and I'm going to link it to your second question about the tariffs and production in Mexico. We are not in a position to say that we have fears about changes in the tariffs, because it was a very clear rule about the USMCA exemption, and we can fully comply on that. But also we have been building our teams in anticipation of not just on anticipation of this volume for the second half, but also in anticipation to maximize our production capacity in US. So that is a little bit of partially the cost that we have faced in the first quarter, because at the beginning it was due to the mitigation plans on the threat on the tariffs, but today it's already due to the opportunities that we maximize our production in US and supplying the customers. So answer to you, no fears about the volume coming from US in the second quarter at all. On the contrary, we are very, very solid and that is going to kick in in the second half. And on tariff exemptions also we are strong, we comply with the USMCA and we are maximizing our production and what are plans for the future as well for the US plant?

Charles Eden, UBS

Very clear. Thanks, Gustavo.

Gustavo Calvo Paz, CEO

You're welcome, Charles.

Operator

We will take our next question from Reg Watson, ING. Your line is open. Please go ahead.

Reg Watson, ING

Afternoon all. So, Gustavo, I'd like to understand a couple of things, please. First, in the release, you had a sales price decrease of €7 million impact on the adjusted EBITDA, but raw material prices were up by €3 million as well. So I'd like to understand the dynamic of why prices to your customers are coming down at a time when you're experiencing raw material price inflation. So that's question one.

And then the second question is related to the softness that you allude to in the quarter: economic dislocation, etcetera. I can understand that having a longer term impact, but I'm surprised that it's having such a short term impact on both baby care and femcare, given that people's purchasing decisions in these areas can't be changed. You can't no longer have the baby. And obviously for femcare it's a monthly requirement. So I'm at a loss to understand why a product category that should be fairly immune to economic cycles or price elasticity, is struggling so much in this climate.

Gustavo Calvo Paz, CEO

Yeah. Thanks for the question. On the sales price that is year on year, and there's a carryover from last year. It is not about this year. Actually our pricing in quarter one versus quarter four last year is stable, has not decreased. So the decrease that we are seeing is a competitive position that we took on last year based on the cost of last year. So pricing, we don't see that as a major surprise. Not at all. We were expecting [it], and actually perhaps it's better than expected. In the raw materials, that you asked the question about the increasing cost, you know, the cost increasing in fluff that we experience – majority is in fluff, that's why I'm referring to fluff – is due to indices. And that increase is something that can fluctuate quarter-on-quarter, or perhaps half year versus half year. And all those changes in the raw materials prices at that level should be, and they are, absorbed by our cost transformation program. It should not be formed too much in terms of pricing, that level of price changes. We are not seeing any major movement on the raw material going forward, on the prices of raw materials cost. And we will see our pricing levels, they are going to start being more flat during the rest of the year. That is regarding your first question.

On the softer demand interest, it's a good question because it gives me a good opportunity to explain. Our category baby care, on the contrary, is very sensitive in terms of consumer feelings, consumer fears on inflation, and actually facing inflation in some cases in some countries. But fears – I give you an example why I'm saying sensitive – when you have a baby and perhaps you are changing five diapers per day and due to that fear or your situation in terms of some inflation some cost increases in some other categories or in services, wherever you decide to move from five diapers per day to four diapers per day, that will imply 20% down in the consumption of that family. So we are not experiencing that 20% down. But that is the average of the sensitivity that I'm talking about. So it corrects then, it corrects because it will correct once the consumers again accept the new situation, accept the new contact situation, it will correct naturally. That's why we know, and we know that by facing these type of challenges in the past, that the demand will correct, slowly will correct. On top of that, what we are saying, is that in the case of retail brands, it will create opportunities, most likely ,and combined with the previous question about how retailers are seeing this dynamic on their own brand, on their retail brand, it's very positive, because they are demanding from us new ideas, new innovation, new products to bring in more excitement on the shelf to deliver and to sell more volume in their retail brand. So this is a sensitive category. I'm going to answer your second question.

Reg Watson, ING

Yeah, thanks for the explanation, Gustavo. I'm aware of the sort of the consumer decision to change baby less often. I was under the impression that was much more an emerging market phenomenon where perhaps the cost of the diapers is a larger percentage of the consumer basket, you know, the weekly purchase let's say. I was less aware that it was an issue in Western Europe. But then coming back to this issue, then if the consumer is that sensitive, then presumably the retailer brands are in a good position to benefit from down-trading from the A-brand. But again, occasionally this is stymied by action taken by the A-brand to prevent that. What are you seeing in terms of campaigns around Europe on that?

Gustavo Calvo Paz, CEO

Yeah. You are describing exactly the dynamics that we are seeing. I will confirm again, one thing that's important. The soft volumes that we have experienced in the first quarter and, you know, through April has continued, right, In terms of the demand. I'm talking about the demand. That is not, in our case, is not due to that we have lost any customer. On the contrary, we keep, we have a positive loss and gains customer account. And we are foreseeing that continuing in the year. That is our program. That is what we see in the contracts. But the good news is that even though, yes, A-brands will react trying to defend their volume or defend their market share. I know that. Right. But also retail brands is asking, while they are asking us for ideas and for new things into the shelf, it's the decision of retail brands just not to lose their position in the retailers brand. And that's very good news. That's very positive. Because it comes from the retailers, not just from us. So we are two together here, building that retail brand volume growth.

Reg Watson, ING

OK. Understood. Thank you very much, Gustavo.

Gustavo Calvo Paz, CEO

You're welcome.

Operator

As a reminder, If you like to ask a question, please press *1 on your telephone keypad now.

We will take our next question from Fernand Deborah, Degroof Petercam. Your line is open. Please go ahead.

Fernand De Boer, Degroof-Petercam

Yes, good morning, Fernand Deborah from Degroof Speaker Camp. I was disrupted, so maybe it's already asked, but can I come back on the outlook? Because you have now added – taking into account the exemption from the Mexican trade tariffs. Well, in the previous call you were very determined, Gustavo. That actually should not be exaggerated, etcetera. So does this now mean that you're actually saying if we had this trade tariffs, if you were not exempt then we would have not met your profit or that you still believe that even if this trade tariffs would come, that you can still make your guidance? What exactly do I have to read in this one? That's the first question.

And then the second one may be coming back on the previous ones. In Europe, if I listen carefully to Procter & Gamble, they come up with new innovations. If I also listen to others, then actually they do maybe relatively well. So you say, okay, we are not losing any contracts, so we simply have more volumes at existing customers. But Procter & Gamble said we are coming with new innovations. We are going to put investments behind that. So meaning perhaps more promotions. So how quickly could you respond to these new innovations of Procter & Gamble?

Gustavo Calvo Paz, CEO

Thank you, Fernand. On the outlook, when we talk – when we gave the outlook that we are confirming today, our outlook is a range in the top line 3% to 5%, and in the bottom line 4% to 7%. Yeah, indeed, our first quarter is not in line with that outlook. But also we, at the time of the In February, when we gave the outlook, we said that we were going to go quarter by quarter ramping up, because we knew that in quarter one we were going to have some challenges. Perhaps not as much as what we had, but we knew because of mitigation plans on the tariffs. So mitigation plans that we put and we executed, it cost us money. And that range was due to, depending on the level of our mitigation plans execution and on the level of the tariffs, that was totally uncertain in that moment. And some of those mitigation plans were executed and cost us for the first quarter. And also we are going to carry some costs perhaps initially in the second quarter. But the good news is that those tariffs are not going to come, because we are in that USMCA agreement and tariff exception. And we still, our outlook is still in a range. And how it is that we will improve our margins today, from today to that outlook, is through the kicking [in] this volume in the second half of the year. And specifically not just it's Europe recovering volume gains, but also it's significantly from US. When we have, as I mentioned before, two customers, two important retailers, new for us, new volume, and that will give us scale in our business. Significant scale. Scale that we are preparing for that production. So quarter one, partially quarter two, that we are building that capacity already in the plant. But that capacity cost money. Then once we start invoicing that volume in the second half of the year, that brings us scale and the change that we will see in our margins is going to be significantly coming from US. And that is a big source, not just in revenue growth, but also in our margins.

In terms of the innovation, the second question that you asked Fernand, P&G innovation. Yeah. We also hear another competitor talking about another innovation. The innovation coming from baby diapers or in all of our categories is constant. Our innovation investment behind, and sustainable innovation. We have [a] clear mandate to be a faster matching that type of performance than innovation from the A-brands. Customers, they know that and they rely on that. So our teams in R&D also, they can see the coming innovation through the IP filing and through analysis of not just the launch but the IP filing, so anticipate those innovation. And that's why we are able to be faster at going into the market with competitive products. I'm fairly confident on the type of innovation we are bringing. And I'm telling you, customers, they are totally aware about the innovation that will come from A-brands. They don't share that with us, but they know. Then we have our meetings with them, and when they see our innovation coming, they are very, very pleased and confident about the innovation that we are bringing. So meaning that they are comparing their minds one with another. So we feel confident on that. We have a very strong innovation pipeline, believe me.

Fernand De Boer, Degroof-Petercam

Maybe one follow up. If US comes into production, then we can also assume that the working capital outflow is going to be first. And could you quantify the factoring impact on the working capital in Q1?

Geert Peeters, CFO

Yeah, thanks also for that question, Fernand. So you have seen that our net debt was increasing. A big part of it is related to the working capital with in fact two big impacts. First of all, the factoring, as you said, factoring, we're down, I think about €6 million to €7 million, in that range. And it's fully related to revenues. If your revenue comes down, of course your factoring comes down. So that on one end. On the other hand we had inventories, which is very much related to the mitigation on the tariffs, of course we made all the production we wanted to. We maximized the production in Tijuana, put it in the US, which brought of course some warehouse costs. And currently we're working, based on what we know now on tariffs, we're bringing down the inventory. So this will be improving again. And what I thought on guidance and on the strong free cash flow that we confirmed as a guidance, we believe in detail over working capital throughout the year. First of all, the temporary increase of the Q1 will decrease again in Q2 and we see improvement in the second half of the year. That's related of course to inefficiencies we still have on the transformation of the Buggenhout plant, on the installation of a lot of capex that we're doing. By the end of the year, we see quite some improvements. So working capital should be better at the end of the year, supporting the strong free cash flow. Does it answer your question?

Fernand De Boer, Degroof-Petercam

Yes. Thank you very much.

Operator

There are no further questions on the line, so I will now hand you back to your host for closing remarks.

Gustavo Calvo Paz, CEO

All right. To conclude, I would like to emphasize that at Ontex, we are a resilient team. While we may encounter occasional challenging quarters, these are temporary fluctuations, not indicative of long term trends. We remain committed to executing our strategic transformation roadmap, which is fundamentally enhancing our competitiveness. Our focus is on achieving sustained success over the long term. Thank you very much.

Geert Peeters, CFO

Thank you.

Operator

Thank you for joining today's call. You may now disconnect.