

AFGVY Earnings Call Transcript

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Quarter: 3

Operator: Hello, and welcome to the Agfa Q3 2025 Results Conference Call hosted by Pascal Juery, CEO; and Fiona Lam, CFO. Please note this conference is being recorded. [Operator Instructions] I will now hand you over to Pascal Juery to begin today's conference. Thank you.

Pascal Juery: Good morning, everyone, and thank you for attending our call. I'm sitting here in Warsaw with indeed Fiona Lam and Viviane Dictus for Investor Relations and some of the executive team. So what are the headlines of Q3? Well, first, a very difficult situation for medical film with a very strong decrease that calls for more cost actions from our side, which we are taking, and I will explain in more details. But that's the main highlight for the results of this quarter. Point number two, Healthcare IT, actually, the good news is we are seeing an accelerated shift to the cloud and to SaaS business model. The flip side is it's impacting our short-term results, and I will explain why and how this is the case. But overall, this is good news because in doing so, we continue to see a very good dynamic of order intake and mainly we are able to win net new customers in Healthcare IT. And three, DPC is, I would say, slightly above last year overall. So here, I would say, a rather steady performance in a market backdrop that is not fully favorable. Pleased with the cash flow performance of the group in Q3, and it's not only about AgfaPhoto, it's also due to the fact that it's -- sorry. It's also due to the fact that we have -- we are managing working capital and other cash components in a very efficient way, I would say. So these are really the highlights of the performance of the group. Now if I turn into more details, you see that the impact of the medical film and also Healthcare IT with this switch -- rapid switch to a SaaS business model. So the impact on the top line is quite significant, minus 4.7% at equal currency. The only business delivering top line growth is digital printing, but I would say the top line growth is subdued and actually more price driven than volume driven today and mainly in the industrial film area rather than with the growth engines. Very good cost control overall in this context. However, not enough to make up for the impact of the film decrease. Positive cash flow, EUR 21 million in the quarter. So it's, as I said, of course, due to the AgfaPhoto settlement, but not only, we are also very vigilant in our working capital management, and that provides also significant benefits. And if you look at the cash flow performance after 9 months, you can see a very significant improvement versus last year. So now a little bit more details on each of the business. Healthcare IT, here, we had the first 6 months where we had quite a significant number of project traditional, I would say, business, and that's reflected on a quite strong performance on the P&L; delivery. Q3 and probably Q4, it's a very different story because the share of SaaS contracts in order intake is increasing significantly, and it means that the project order book is decreasing, while the recurring order book is increasing very much. It has a short-term impact of the transition that I will try to explain later in the presentation on very practical terms. But the good news is that our 12-month rolling order intake is increasing again, actually plus 6%. And we are expecting, by the way, this trend to continue and amplify during Q4, and we'll end up the year with double-digit increase. The top line decrease is clearly due to this model, this revenue model change, while at the same time, our recurring revenue is growing by 5%, including currency. That also is a good way to illustrate the underlying transition. Currency is important for Healthcare IT because as you would remember, about 2/3 of our business are in North America and therefore, dollar denominated. So it's a translation impact here that we are seeing. But therefore, it translated to a weaker EBITDA for the quarter. DPC, as I said, step-up in revenue, profitability slightly up, but we are operating in difficult

market conditions, to be fair. So the 5% top line growth is mainly driven by specialty films. The reason being, actually, we have -- it reflects the price increase we have achieved following the especially silver price increase. However, the performances of Green Hydrogen Solutions and Digital Printing Solutions are more influenced by softer market conditions. In ZIRFON, we see very little growth over last year. We continue to make progress in terms of productivity and especially it will be even more the case with our new plant. And in DPS, we're operating in a more difficult market context actually, especially in North America for equipment, where we have seen a significant slowdown. So these 2 businesses are, I would say, more impacted by the current market conditions. Radiology is where we see the most significant decline. Our revenue is declining by 20%. Actually, what happens is the China market is disappearing quite fast. Today, this market that used to represent about 45% of our total volumes has been divided by 3 in the course of 2 years, and the trend will continue until the fast disappearance of the market that might be as fast as the end of '26. So actually, what we are seeing here is a bit of a race between taking the corresponding cost out of the business and the market decline. And for the time being, we are behind because it's not possible in the current social agreement to, I would say, go as fast as we need. So what we are doing is, I will detail in the -- actually in the next slide, what are we doing to face the situation. First, we had a 3-year program and a EUR 50 million cost decrease program. Actually, we are bringing it forward, meaning we are accelerating the program, things that we plan to do in '26, actually, we start doing in Q4 '25, and we are going to try and condense the program in a short-term time frame in order to have the maximum impact in '26. But not only that, we are launching an additional program of EUR 25 million related also to manufacturing activities. So it means we are expanding the current EUR 50 million program for manufacturing, but we are also touching a new area. We are going to adjust our go-to-market for film, and that will also be a significant cost-out program indeed that is actually ready to go. We are starting the discussions with our social partners, and we will start implementing as soon as we can. We are -- we have also implemented some short-term cost saving measures across the group that will -- for which the benefit will mainly be seen in Q4 to make sure that we mitigate the current results group. And we have also launched an initiative to right size the overall group organization. I cannot communicate any details for the time being with you, but we are actively working on resetting the group cost base to the right level and the new situation that we are seeing in the field. And last but not least, as already communicated, we are working on the potential redevelopment of part of its site in Mortsel and we have actually started a discussion to have a brownfield covenant. As you know, we have a campus in Mortsel that is probably quite for the size for our needs, and we are trying to look at the possibility to monetize part of it. So we are not staying idle in view of the current situation that we are seeing in the field. We are addressing this at first and we already have a lot of programs in place, but we are already -- which we are also working on more in order to secure the profitability of the company. Now if I turn to numbers, you will see the impact of -- which is, by the way, not currency corrected here. You see the strong impact of the decrease of the radiology business here 20%. You see also the decrease in the HealthCare IT top line. But here, again, we are winning share, but the transition to cloud means our bottom line is impacted and the growth in DPC, slight growth in DPC. And you see on the right-hand side, the corresponding effect on our bottom line, less top line for HealthCare IT is translating also to less bottom line stability plus for DPC and radiology results that are still very negative, hence, the actions that we are taking. If you look at -- we show this slide with our mature businesses and our growth engines, I would say what we are seeing here for the first time is we have a negative performance of the growth engines, mainly due, in fact, to HealthCare IT and the situation that I explained. And for the first time in many quarters, actually, we have a bit of a setback in terms of the growth engine businesses. But again, I insist it's not the case that we are losing share, actually, absolutely not. We are doing extremely well in HealthCare IT. Most of what you see here is the impact of this cloud transition that I'm going to detail in a few numbers for you. I'm going to turn now to Fiona to walk you through more numbers. Fiona?

Fiona Lam: Thank you, Pascal. Like Pascal already said, Q3 adjusted EBITDA ended at EUR 5 million, which is EUR 10 million down versus last year. And you see also the exact numbers coming from the bridge, which was a decline in medical spend on gross profit only in radiology context has an impact of -- negative impact of EUR 7 million and also temporary impact of HealthCare IT due to cloud and SaaS transition. So that also in Q3 has a EUR 4 million lower gross profit. Unfortunately, there's also

unfavorable exchange rate impact. So you see also exchange rate unfavorable impact of EUR 2 million. Good part of the cost control, like Pascal earlier also mentioned, we control the cost pretty well. And there you see offsetting part of this downside on the market, and that led to EUR 10 million lower EBITDA in -- adjusted EBITDA in Q3. On the other hand, we look at free cash flow of Q3, which is a positive of EUR 21 million, despite adjusted EBITDA -- lower adjusted EBITDA of EUR 5 million. That, of course, has been helped largely by the AgfaPhoto's income, which is in Q3. On the other hand, we also have say that lower CapEx investment fee -- sorry, working capital improvement. This is worth to see also Q3 working capital improved by EUR 16 million, and you will later on also see the working capital improvement is significantly contributing to the group's free cash flow in the first 9 months as well. CapEx is slightly higher than last year. As you know, we have still other investments, which were paid in Q3. Provision others are seasonality, you will not see any increase or decrease too much. It's stable if you look at the 9 months, this is just quarterly seasonality. The rest is quite stable, like adjustments and restructuring, et cetera, is quite stable compared to last year. Next slide related to the debt evolution. You see Q3, we reduced the net financial debt excluding IFRS 16 by EUR 20 million with the cash in of AgfaPhoto. The rest of the debt also the pension debt slightly decreased in line with expectation. And if you look at the syndicated loan withdrawal of EUR 119 million versus the total facility of EUR 118 million has been quite roughly stable on syndicated loan withdrawal. Applicable covenant test for Q3 is the minimum liquidity of EUR 30 million. There we have in Q3 2025, EUR 126 million on the minimum liquidity. The rest of the covenants are only for reference. So we also share with you the references of the ratios, but they are not applicable for testing until year-end, which is the leverage ratio, the interest coverage ratio and the adjusted EBITDA is IFRS 16. This is the ratio for your reference. Next slide is a bit more on the numbers, which you can see now the P&L.; Q3, the growth was minus 7%, but year-to-date is minus 4%. That has been helped by the first half year strong HealthCare IT. Q3, like we just said, the cloud transition is very, very evident visible. And therefore, we also see HealthCare IT did not grow in Q3. The full year until first 9 months is minus 4%. Gross profit slightly decreased because of the mix as we have industrial film are the main growth areas in this year and then the first half year of HealthCare IT, but of course, because of the film under loading and the mix of growth, we see a slight drop of gross profit percentage. What is good that you also see the first 9 months operating expenses with the top line reduced the good cost control has delivered and maintained the percentage at 30% in the trend top line of lower top line. That led to year-to-date adjusted EBITDA of EUR 19 million versus last year. If we look at next slide, which shows the net results, thanks to the help of basically AgfaPhoto, both on EUR 38 million in adjusted restructuring expenses and also the interest income and net finance costs, which lowers it. So you see a net result for the period of EUR 20 million improvement compared to last year for the first 9 months. Also to mention about -- have a look at the free cash flow in the first 9 months, despite our adjusted EBITDA has been lower for the first 9 months by EUR 19 million. You clearly see here we improved the free cash flow for the first 9 months by EUR 72 million, even though it's still minus EUR 9 million negative, but this improvement is enormous. So it's not only because of AgfaPhoto EUR 38 million cash in, in this free cash flow, but it also has EUR 51 million improvement in net working capital in the first half -- first 9 months. Part of that, of course, in the net working capital improvement, you can anticipate because you are doing lower volumes and lower turnovers. On the other hand, a part of that is also really structural improvements because we also see between 2% to 3% improvements to sales on the net working capital, primarily driven by industry controls, et cetera. And we also compared to last year on the first 9 months, we spent less on CapEx. And therefore, you see in total EUR 72 million step-up and this is quite important, of course, contribution to our free cash flow position.

Pascal Juery: Thanks a lot, Fiona. Let's go also very quickly to HealthCare IT to the details of the business. Well, I'm kind of repeating myself, but here, what you see for Q3 is 70% of the order intake is in the recurring part and 40% is in cloud deal. By cloud deal, we mean SaaS deals, okay? The difference, the 30% is some deals that are also recurring that can be cloud, but not SaaS and that could be managed services. So you see that this is a shift that is extremely significant. The good news is 70% of this order intake is done with net new customers. So it's a very good sign. It means we are winning share here, and we are winning contracts against the leaders of the industry. We are leading -- we are today winning contracts competing with the likes of [indiscernible], for instance. We are exactly on par, I

would say. Last 12 months rolling order intake is plus 6%. As you know, it's pretty lumpy. Last year, we had a very high Q2. This year, we believe we are going to have also a very good Q4. So we believe, we're going to end up the year with mid- to high teens in terms of progress for order intake. And as you know very well, the leading indicator for us that describes our ability to win business. So what we are seeing today is a faster transition to the cloud and probably a bit faster than what we originally thought in the past quarter. Today, I would describe it in this way, all North American discussion more or less is a cloud contract. There is not anymore, any possibility of project contract. We thought that the mix would still be a bit different a few months ago, but this is a market reality. And the good news is we are able to take new contracts in this context. Now we added a slide to show you what is the impact of transition to the cloud, okay? And you see here on the top part of the slide, the traditional project revenue profile. When we take a EUR 10 million contract, we have EUR 10 million revenue on the year. So we invoice EUR 10 million with the corresponding gross margin, which for us is about 50%, as you know. And then we have the recurring maintenance and some managed services. And you see it's quite -- it's about 20% to 30% of the amount of the total contract. Now take exactly the same contract and get it in the cloud. You are not invoicing the first year 10, you're invoicing 4. That's a 60% decrease in top line, okay? That's a 60% decrease. And then what you are seeing over -- actually the course of the year, here we ended the numbers is actually an increase year-on-year, a small increase that is not only in year for all purpose, but that we are invoicing year after year. So the contract is definitely richer in cloud. This is a longer-term contract. Typically, the traditional project is selling the license and have for the 3-year contract for maintenance that can be renewed. Here in cloud, we are talking 5 to 12 years contract actually that could be as long as, yes, double digit in terms of years. Of course, stable and recurring revenue streams. Switching customers. Switching is more difficult for customers, of course, and we have profitability uplift driven by the strong operating leverage, meaning we can make more money over time. However, when you look at the 2 models, it takes 5 years to breakeven. And when we are entering in such a transition, the short-term impact is quite significant on the top line, but also on the bottom line for the first year. So this is what we are seeing. We are not seeing, of course, a 60% decrease in top line overall for the group. As you've seen, it was minus 13% because it applies only to the nonrecurring part of our business, but it is still a very significant impact. And what we are seeing today, as I said, is actually more and more SaaS contracts coming our way. Good news is we are winning these contracts, but it has an impact short term on this year. I wanted to be clear about that. So again, nothing is broken in this market. On the contrary, we are well positioned to grab these SaaS contracts, but it has a short-term impact. Now if you look at the numbers, you see minus 13% in Q3 in terms of top line. And of course, it has an impact on the bottom line due to this mix of contracts. This is the same slide with the P&L.; To be noted after 9 months, we are still above last year. We had a year where the first half of the year, we have more project business in the second half had mainly SaaS and cloud contracts, which is a reason of the difference between the 2 halves. Q4 will still be by far the strongest quarter of the year, of course, as it is usually the case. Now if I turn to DPC -- DPS first. DPS is a business that was growing about 12% per year the past couple of years. And this year, it's not the same performance. Mainly what we are seeing is the North American market, equipment market that is very subdued. A lot of our customers in the U.S. have been delaying their decision -- their investment decision. This is due to the uncertainty in the economic policy with the change that happened at the beginning of the year. Although we are a little bit more optimistic for the end of the year, it definitely it has impacted, I would say, the business and therefore, for this business in an adverse market environment, we believe we're going to be slightly below last year, or best performance would be to be almost on par. Seeing sales growth has slowed as well in such environment, but has not disappeared. So nothing is broken here in this market. We are hitting, let me say, short-term difficulty, but our strategic growth initiatives around packaging are going on. Here again, the packaging market where we want to operate is actually in recession today with negative growth, which probably slows down the introduction of our solutions. But it's really a temporary situation, and we remain extremely confident with our growth initiatives going forward. Different -- actually, very different situation in Europe and outside Europe. Today, Europe is stalling a bit in terms of doing the transition into green hydrogen. And we have not a lot of projects in Europe compared to the original ambition of the commission. However, Middle East, Africa and especially Asia are showing great momentum in green hydrogen, and this is

where we have redeployed our efforts. And actually, the 2 main countries where we are applying our efforts today are China and India. With some success already in India, and we believe that in China, we will be also able to, I would say, break the market for [indiscernible] due to the sheer quality of our membrane. So apart from that, as you know, we have inaugurated our new unit for the membrane. And we are meeting today all the conditions to receive the subsidy of the European -- of the European Commission that we will get before year-end. We are already using the new plant. It's already providing some more productivity improvement. And therefore, this year, even if it's -- the growth will be quite subdued, actually we continue to increase our margin through this productivity improvements, so that's more different. So now in numbers, as you can see, DPS before Q4 in negative growth territory overall. We still expect Q4 to be a very strong quarter as usual. For ZIRFON actually some growth, but probably not at the level that we were expected. And the growth in the film part is mainly price related. So in numbers, good stability of DPC. We probably we are expecting growth in DPS that we are not seeing this year. But again, nothing is broken in this business. Radiology, medical film, this is, of course, the negative story of the -- now already more than a year and especially in China and the rate of decrease of the market is probably higher than what we were expecting from our experience of what we have been through already in Europe and North America. The market will probably disappear quite quickly, meaning that we are taking action to further restructure, I would say, our cost base and also address our go-to-market. DR, a very specific situation this year because for the first time in many, many years, I think for the first time ever, the market environment is very negative, 7% decrease of the market for the first 6 months of the year, and we are directly impacted by that. We used to grow DR, I would say, high single digits. This year with a negative 7% market, we are in negative territory also for DR, which came also a bit as a surprise. We are reviewing our geographic footprint as I speak to make sure we are really investing in the right markets -- geographic markets for us as well as reviewing our product supply strategy in order to continue our ride for DR. So that's you see still in the numbers, so needless to say, this negative EBITDA situation is what is prompting us to accelerate and extend our cost-cutting programs. And this is the P&L.; As you see, we are evacuating cost, but of course not fast enough given the rate of the decrease. Now the outlook. HealthCare IT, we believe the transition to cloud will continue and will probably continue to accelerate in terms of SaaS contract. So it will impact temporarily our financial performance. And therefore, we are changing a bit outlook in this context, saying that we expect now to be slightly below last year. But again, the good order intake momentum continues and the fact that we are gaining customers is giving us a lot of confidence going forward. It's a normal situation of a transition and go a little bit faster than expected, but we are well positioned to take advantage of it. And again, in the total number of suppliers in the market for HealthCare IT, actually, we are part of the [indiscernible] issue. We are ready to be able to grab market with this foundation. DPC moderate top line growth, slight profitability growth expected for the year in spite of the soft market conditions, a bit of less growth story for DPS to perform, but still holding our own in this condition. Radiology I think I already discussed it. A word on settlement because there is some news here. We have actually received a draft report from the experts actually. So things are moving. And the draft report, I would say, is very close to our expectation. We have now -- we should have by year-end the final report after the parties can also give some input. And therefore, for the first time, I have something very tangible to report and we should expect in Q1 a resolution -- in Q1 '26 resolution of the release story. For the year, we still believe, and we have not taken into account, of course, the settlement, we still expect a slightly negative net cash flow. So that's probably where I'm going to stop for your questions. And I will take questions from the analysts and from the press. Operator?

Operator: [Operator Instructions] The first question today comes from the line of Guy Sips from KBC Securities.

Guy Sips: Yes. Three questions from my side. First question is on the Packaging Printing segment. Can you indicate why the mid-segment is still performing quite good? And yes, how it is separated between, let's say, bigger machines and the smaller ones? And can you also give us an indication on the number of Orca's you sold in the quarter and what your expectation is for the remaining of this year? That's the first one. And the second question is on your net debt situation and especially on the, let's say, the updated slide you gave on the pensions, which is, of course, very helpful for us. But now you can give a quarter-on-quarter position of your net pension debt, while previously it was...

Pascal Juery: We lost you...

Operator: We seem to have lost connection with Guy Sips. The next question comes from the line of Laura Roba from Degroof Petercam.

Laura Roba: I have 2 to start. First of all, regarding the cost saving plan. So the current plan is being accelerated. And did I understand correctly that you mentioned that what was supposed to happen in 2026 will take place in Q4? That was the first one. And then the second one is on the short-term measures that are implemented across the group to help mitigate the current results. Could you provide some example of that, please?

Pascal Juery: Yes. Of course, thank you, Laura, for your questions. Cost saving plan, actually, we are not going to do in Q4 '25, the full of '26, but we have brought forward a number of things. And for instance, as an illustration in terms -- we had a schedule for people leaving the company. And actually, we have added a lot more people leaving in Q4 '25. The total plan we mentioned was about 470 people, and we have put forward like about 100 people in Q4 '25. And that's just to give you an example of how we are accelerating, but it doesn't mean that we do everything that we plan in '26 in Q4 '25. We do as much as we can, actually.

Laura Roba: Okay.

Pascal Juery: And regarding the short-term measures, well, I would say, our short-term measures are very diverse. For instance, that's what I described regarding what we are doing to anticipate is part of it. But we are -- it's clear we are taking measure about discretionary expenses, travel, hiring, of course, which are the classical set of measures. We are also very careful to make sure -- we are exhausting, I would say, vacation and over time before year-end. And we have also taken some extra measures, which are quite significant because we have -- actually, we have put a significant number of people in temporary unemployment until, I would say, the end of the year. That's some examples of the short-term measures that we are taking.

Operator: We'll give the line back to Guy Sips from KBC Securities.

Pascal Juery: So we got your first question, Guy. The second question, you didn't -- we didn't hear until the end.

Guy Sips: Yes. Just on the net financial debt and pension debt. So now you give on a quarterly basis an indication of your net pension debt, while previously, it was only possible on a full year basis. What has changed with the auditors in that regard? And so is it now expected that at year-end, we will see smaller shifts on -- like compared to the EUR 391 million number? That's the second question. And the third question is related to Aurelius. So am I correct that you hinted that in your view that you expect now a solution or -- and a payment in the first quarter of 2026 and perhaps even earlier?

Pascal Juery: Well, let me -- let's start by net debt, and I'm going to give the floor to Fiona.

Fiona Lam: I think on the net debt question, there has been no changes of methodology. It has been always available in the balance sheet on the half year quarter year results release. The only difference is that I think at year-end, there's actuarial calculation. This actuarial calculation is only happening at year-end. So what you see in the quarter, every quarter, the evolution is actually the pay the people who die -- the update of the position of that. Until year-end, we will also update the actuarial calculations where the discount rate, the interest rate, all those calculations will be done by the actuarial.

Pascal Juery: Does it clarify, Guy?

Guy Sips: Okay.

Pascal Juery: On -- I'm going to take the question on Aurelius. Well, Aurelius, as I said, we have now a draft report and the expert has given, of course, some time for the 2 parties to make their comments. And the current time line is we should get the final report after she took the comments, the expert takes the comments and decide what to do with it, so to speak. And we expect a final report at the end of the year. So realistically, we say we should be -- we should have a settlement in Q1 '26 given the time, we have 6 weeks until the end of the year. But I think for the positive news is -- 2 positive in this story. First, for the first time in more than a year, I mean, almost 1.5 years, things have moved, and we have now a practical report from the expert. And the second part is for the time being, what we are seeing from the expert is according to our expectations. Okay. And -- but the payment realistically, Q1. Okay, on this...

Guy Sips: Okay.

Pascal Juery: And now the packaging question. Well, on the packaging question, I just want to rephrase to understand if I understand, if I got it well. For Orca, you're asking us specifically, have we sold any SpeedSet? The answer is not yet, okay? The answer is not yet. We are going probably to sell our first SpeedSet in Q4 to our existing customer, but the contract is not signed, but should be signed, I would say, before year-end. But apart from that, no other Orca being sold. And this is, as I said, 2 reasons. First, the packaging end market today is not really favorable for our customers to invest in digital is probably a solution, they are willing to implement when they have the opportunity to increase their capacity. But so -- and the sales cycle for such product is a bit longer, of course, given the situation. And on the packaging printing, I mean, you made a comment on packaging printing regarding low and mid-range. That I'm not sure I understood fully your question.

Guy Sips: Am I correct that the mid-segment in the packaging printing is doing rather good compared to the, let's say, the small segment?

Pascal Juery: Actually, we have no mid-segment in packaging. We are -- the only thing we do in packaging is really Orca. So maybe what you refer to is more our traditional sign and display business...

Guy Sips: Yes. Yes, sign and display, yes.

Pascal Juery: [indiscernible], can you comment? Mid-segment, low segment? High segment.

Unknown Executive: So indeed, in the Sign and Display segment, I would just -- which is our traditional segment and today, 90% or so of our sales. That part -- and that part of the market we have seen this year specifically that people are postponing investment decisions on the larger type of equipment. So we certainly don't see a slowdown on the smaller and mid-sized equipment printers, but the larger-sized printers or tower range, which is still very much appreciated technically, but is indeed people are taking less quickly or postponing investment decisions. And we do hear that in the market from other players as well. So it's not only an Agfa thing, it's really a market given, especially in North America actually for '25.

Pascal Juery: Thank you, [indiscernible]. Next question.

Operator: We currently have no questions coming through. [Operator Instructions] We seem to have no further questions. So handing back to you, Mr. Juery for conclusion.

Pascal Juery: Thanks a lot. So again, a quarter that shows, first, situation in film that we are addressing with all energy through cost measures, amplifying and speeding, accelerating our measures. A transition to cloud for HealthCare IT that happens probably faster than we expected. But good news being we are on the winning side of this transition. And third, a DPC that will broadly deliver a slight improvement in profitability, but where the adverse market conditions have somehow dampened our hope for more rapid growth with the backdrop of a very stringent cost management and cash management at the company level to ensure, of course, the company profitability. Q4 will continue being the strongest quarter of the year as it is, although these trends will also apply to Q4 for film and HealthCare IT. So thanks a lot for attending the call. Thank you, and speak to you soon.

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