

Industrie De Nora S.p.A.

"First Half 2023 Financial Results Conference Call"

Monday, July 31, 2023, 16:00 PM CET

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 CHIARA LOCATI, HEAD, INVESTOR RELATIONS AND ESG

OPERATOR: Good afternoon. This is the Chorus Call Conference operator. Welcome and thank you for joining the De Nora First Half 2023 Financial Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Chiara Locati, Head of IR and ESG. Please go ahead, madam.

CHIARA LOCATI: Good afternoon, ladies and gentlemen, and welcome to our first half 2023 financial results conference call. I am Chiara Locati, Head of Investor Relations at De Nora. With me on the call today there are Paolo Dellacha, CEO of the Group and Massimiliano Moi, CFO. They will drive you the main achievements and financial results of the first half 2023, then we will open up the Q&A session. I would like to remember you that the slides of this presentation has been made available in the investor relations section of our website.

With that, I would like to hand it over to Paolo. Paolo, the floor is yours.

PAOLO DELLACHÀ: Thank you, Chiara, and good afternoon everyone. In first 6 months of 2023 we performed a single-digit revenue growth, thanks to Electrode Technologies towards the technology systems and Energy Transition business. Despite some project scheduling in the second quarter and the head winds in some product lines, such as the pools still impacted as expected by the destocking phenomena downstream of the value chain.

Our profitability has remained strong, north of 20% in line with our guidance driving a sounding cash flow generation, and therefore, a net cash financial position even after €24 million of dividend distributed.

2023 will be a consolidation year after the extraordinary results of 2022, nevertheless we are successfully building up on our business model to exploit the growth expected in the next years, both in the Electrode Technologies and Water Technology business and in the Energy Transition space with a specific dynamics of an innovative market.

Our backlog is solid at €722 million. The Energy Transition pipeline is materializing, thanks to the new orders secured by our JV Thyssenkrupp Nucera in the hydrogen space. By including these orders, our consolidated backlog would jump above historical level of December 2022, that was €790 million embracing 2.7 gigawatt of Energy Transition projects. We are developing our manufacturing capacity worldwide as well as enhancing our plants automation level.

Regarding the Italian Gigafactory project, we have just signed the agreement with the Italian government for a €32 million grant within the IPCEI scheme. In addition, we are consolidating our partnership with ThyssenKrupp Nucera which successfully completed its IPO in July. Lastly, we are working on our sustainability profile and the leading ESG rating agency MSCI, assigned De Nora a AA rating.

Let me highlight that the strong positioning in all our target markets, our solid global footprint, the competitiveness of our technologies, the diversification of our products and geographies served and our strong after market share of sales make our business model robust and resilient, even in a softer macroeconomic environment and position us the partner of choice for the future sustainable development. In this slide, you can appreciate some of the KPI of our H1 2023 performance that Max will comment on later.

Let's go now to the individual segments. As already mentioned in the first 6 months of 2023, the growth of Electrode Technologies and Energy Transition business units offset the normalized performance of

the pool division. Our hetero technology business is confirmed to be stable and profitable with a low single-digit revenue growth and about 26% EBITDA margin, despite the effect of some Chlor-Alkali projects, scheduling which has been expected to speed up in the second half of the year, and despite the headwinds of the electronics market.

The aftermarket revenues accounted for 40% confirming the strength of our business model, which is well-equipped to cope with low economic cycles, thanks to the top level of our after sales services and the solid and long-lasting relationship with our primary customers, who are leaders in their respective industries. Let me underline once again that our real level of aftermarket revenues is higher than the accounting figures, due to the product sold as new, that actually go into service final destination.

Our backlog at the end of June was broadly in line with the figures for March covering project execution with new important awards. In particular, in Q2, our joint venture ThyssenKrupp Nucera gave us a huge order for a leading chlorine and caustic soda producer OxyChem in U.S. in Texas. Leveraging the De Nora proprietary Electrode Technology, our JV will provide best-in-class technology for a highly efficient electrolysis plant. The project is expected to be completed by 2026, and we are equipped to adapt our versatile manufacturing facilities to accommodate this significant supply agreement. The robust backlog and the quality of the project in execution keep us confident to continue growing in line with our plans.

Let's look now at Water Technology business. In the first half of 2023, our Water Technology business unit achieved a double-digit growth in Water Technology Systems WTS with healthy profitability and a solid backlog, which only partially offset the ongoing normalization in the pool division driven by the destocking tails.

The softer performance of the pools product line continued in Q2, with a reduction in volumes and price decreased due to the noble method cost indexation. As anticipated during the result the conferences in March and May, we expect 2023 to be a transition year for pools with a slight improvement in the second half even if the slowdown of the first 2 quarters will not be fully recovered. We have set our action plan to catch the expected recovery in the market, relying on our leading positioning in the sector, and our cutting-edge electro-chlorination technology.

The pools product line remains a very attractive segment led by electro-chlorination and automation of existing pools. Our strong positioning in the market and world-class technological offering, make us confident about our mid and long-term strategy and industrial plan targets.

With regard to our Water Technology Systems, we are riding a growth trend aimed at the sustainable use...reuse, and treatment of water and wastewater, both in municipal and industrial sectors. We are well-positioned in this space, with the proprietary and comprehensive portfolio of technologies in this infection and filtration and in electro-chlorination.

In this slide, we mentioned, as an example, 2 projects we are realizing with our Ozone technologies. In Bahrain, we are enhancing by 100% the daily treating capacity for reusing up to 400,000 cubic meters of sewage water for irrigation and agricultural purposes, working out one of the largest civil Ozone plants in the Middle East. In Brazil, we recently won a project for a leading steel company. We will provide advanced wastewater treatment processes to remove harmful pollutants to meet the environmental acquirement, otherwise not achievable with conventional treatment matters.

Finally, in April, we concluded the commissioning of Hong Kong to provide the citizens with safe-drinking water throughout our onsite chlorination technology, characterized by high operational efficiency and environmental sustainability.

Now we go to Energy Transition, our industry-leading Energy Transition business unit representing more than 10% of the first half of 2023, total turnover, is growing at a rapid pace. Revenues increased 7 folders to €47 million compared to last year, reporting positive double-digit profitability in line with our 2023 guidance.

We are constantly at work developing our Electrode Technologies, setting them up to play an increasingly important role in the Energy Transition via the decarbonization of refineries, chemicals, and hard to abate industries, and mobility in the coming years.

In the first 6 months of the year, we have produced the equivalent of 400 megawatts of products for green hydrogen generation out of our unparalleled order book. By the way, the energy transition backlog at the end of June was equal to 2 gigawatts. If we also consider the 700 plus megawatts order recently signed by our JV Thyssenkrupp Nucera with the H2 Green Steel in Sweden, our backlog jumps to about 2.7 gigawatts, further enhancing the visibility of our revenues in 2024 and 2025.

In the meanwhile, other projects have achieved important milestones for our JV Thyssenkrupp Nucera. One is the MoU with Unigel to extend the project in Brazil from 60 to 240 megawatts, and the capacity reservation agreement for a multi-hundred megawatt contract in the U.S. is expected to be realized soon.

We maintain a robust market leading position worldwide in the green hydrogen space, along with our JV Thyssenkrupp Nucera. The De Nora Electrode Technology has been selected by almost all large-scale

funded project around the world. In this early stage of the hydrogen revolution, we estimate an impressive market share of 90% of all green hydrogen projects close to or post-FID. Thanks to the strength and reliability of our technologies and large size of project relying on De Nora.

Let's look at the energy transition pipeline. We are at the core of the green hydrogen value chain providing best-in-class technologies for water electrolysis. As previously mentioned, De Nora Electrodes have been selected by almost all large scale funded projects around the world. And just to reiterate from previous calls, we are facing an unprecedented market opportunity in this high growth space, as alkaline is expected to be the electrolysis technology of choice for 2030 and beyond, especially in large scale projects.

Here we see the pipeline for Energy Transition Business unit, which in total stands at 42 gigawatt, and is broken down into different layers, 3 gigawatts of deals, 7 gigawatts of actively pursued projects, and 32 gigawatts of identified pipeline.

As you can appreciate, about 60% of our hot deals correspond to secured orders. MOUs or capacity of reservation ready to be turned into backlog. While the remaining 1.2 gigawatts are projects, with a high probability of awards in the short-term, meaning, less than a year.

We believe the green hydrogen revolution is here, and we are powering it today with our technologies and projects all around the world. We view further growth in the industry, and our business unit as regulations in the U.S. and the EU become finalized, as end of takers become more accustomed to the technology, and as the difference between various Water and Electrode Technology becomes more apparent.

Also in India, Asia, South America, and of course, Middle East, the high availability of competitive cost of green power given green hydrogen, and impressive potential that can assist European energy security and energy transition goals at the same time. Let's look at the capacity in place and evolution to serve this promising pipeline.

We are pursuing investments worldwide in brown and green fields to exploit the market growth opportunities, improving our versatile manufacturing capacity from 2 gigawatts to 6 gigawatts by 2025. We are also enhancing our existing plant's innovation and robotization level in line with Industry 4.0 Principles that guarantee a low environmental footprint of the products.

Starting from Asia, our multi-year expansion plan is progressing. We're enhancing the capacity of the existing plants in China at Suzhou and Japan at Okayama, and the project will be fully dedicated to producing alkali water electrolytes and Chlor-Alkali cells and electrodes. We expect equipment installation and commissioning will take place by 2023 for the Chinese project, while the commissioning of the Japanese plant is set by 2024. Also, our Gigafactory Project in Italy is progressing. And we plan to start the construction work by the end of 2023.

In addition, in July we signed the Italian government agreement granting, within the framework of the IPCEI scheme, public funding of €32 million to finance our Gigafactory project. We are glad to see that the administrative process has been accelerated. We also hope to obtain soon the confirmation of the additional funding for which our project is qualified within the IPCEI fund.

In Germany, we are expanding our energy transition manufacturing capacity and investing in the enhancement of our production efficiency and process optimization. The project is among 41 large-scale clean-tech projects which have been selected for funding through the EU

Innovation Fund. Finally, in the U.S., the expansion of the plant in Ohio, we changed the fuel cell components production as the first step is progressing.

So to wrap up, we are ready to play a key role in the transition towards sustainable energy through green hydrogen, building up our pipeline and at the same time investing in production capacity, considering and monitoring the development pace of the green hydrogen revolution.

Second, our Electrode Technologies and Water Technology systems are solid and profitable. At the same time, we expect the pools to start recovery in the second half of the year and then grow in revenues and profitability from 2024. Despite the impact of a challenging macroeconomic environment, we are very satisfied with the results successfully reached year-to-date.

With that, I would like to leave the floor to Chiara for a quick update on our ESG journey.

CHIARA LOCATI:

Thank you, Paolo. Our commitment to ESG remains strong, driven by our business' deep vocation for sustainability. Our energy transition division aims to dramatically reduce our customers' carbon footprint in the hard-to-abate industry, green chemistry and mobility. Our water treatment technologies are focused on providing clean water to the communities through safe, sustainable and environmental-friendly solutions and supporting industrial customers to obtain high-quality water for their processes.

Regarding our operational impact, we are pursuing our plan to generate solar energy at our production sites worldwide, with a target of 8 gigawatt hours by 2025. By the end of 2023, we are working to reach about 3.3 gigawatt hours of installed solar energy, including the 1.3 gigawatt hours already installed in Germany in 2022, new installation in Italy at Milano and Cologno plants, and Brazil, which will cover

between 15% to 30% of annual energy needs of the site in Germany and in Italy and more than 100% in Brazil.

The launch in 2022 of our Diversity, Equity and Inclusion Committee, named Each for Equal, has been fruitful in this third part of the year. We supported many initiatives aimed at enhancing the diversity, culture and sensitivity in our group, improving professional opportunities and training occasion, and striving to create an open and comfortable place to work.

We are also carrying our initiatives to support local communities in which we operate, and initiatives focused on our people's well-being, such as the recently achieved certification for the Great Place to Work and the launch of gender equality certification process in Italy.

In addition, we are further improving our governance profile as we are working on adopting a new anti-corruption policy and updating our Code of Ethics. Our commitment towards ESG has been positively evaluated by the world's leading ESG rating agency, MSCI, which assigned and/or AA rating positioning our group among leading companies in its industry for managing sustainable opportunity and risk. Finally, we are working at our ESG strategy and roadmap, which will be delivered by the first quarter 2024.

Now, I leave the floor to Mas for the financial results review.

MASSIMILIANO MOI: Thank you. Good afternoon, everybody. Let's start from revenues. In the first half, we report a 2.4% revenue growth, which is a 4.1% at constant FX rates. In my view, a positive performance given the overall global economic and market situation. Such growth is driven by our Electrode Technologies and Energy Transition. While, as expected, Water Technologies is still suffering from the pool's normalization trend.

In terms of aftermarket and service, we accounted overall at 30% of revenues, but this percentage is even more positive, and in particular for Electrode Technologies, the aftermarket accounts for 40%, and Water Technology system is at 38%.

In terms of geographies, we see the increasing incidence of EMEA, which accounted for 38% in the first half versus 31% in the same period of last year. And this is mainly driven by the ramp-up of the energy transition and the growth in our Water Technologies system.

Looking at more details, in terms of Electrode Technologies in the first 6 months, the growth has been mainly driven by the Chlor-Alkali membrane projects in Asia and in the U.S. While, at the same time, the electronics performance suffered the Asian and the global market conditions.

Taking a look at Water Technologies, the revenues were down year-on-year mainly driven by the expected performance of pools that has been partially offset by a good double-digit increase in Water Technologies System. Indeed the normalization trend in the pool which started in Q3, 2022 also continued in Q3, 2023 suffering from the destocking tails and at the same time a price decrease due to indexation to noble metals. For pools we expect a slight improvement in the second half of the year, even if the slowdown of the first half will not be fully recovered by the second half performance.

Water Technology Systems is having a very good performance with revenues growing at 24% year-on-year, this is supported by a strong backlog that we achieved at the end of 2022. And Water Technology System is expected to continue such a positive growth also in the following quarters of the year.

Finally, our Energy Transition continued it's quite impressive growth reporting 7 times increase year-on-year, thanks to our solid backlog

and despite a revenue trend moderation in Q2, which is due to production mix and some project scheduling. We expect in Energy Transition project execution in line with the plan in the second half of the year driving final year revenues in the low range of the '23 guidance. Overall, for the next 2 quarters, we expect an improvement in all the business units driving the year-end revenues toward the lower part of the revenues guidance range.

In terms of backlog, our June 30 remains robust with €722 million. But if we consider the orders secured by our JV Nucera for the H2 green steel project in North Europe, this figure will jump to the high record level reported in December 2022. So overall, strong backlog and positive evolution considering the secured orders.

In terms of Electrodes, the backlog at the end of June was slightly higher than in March, mainly thanks to new projects OxyChem which we received in the second quarter. And finally in Water Technologies, the backlog reflects on the one side the normalization of the pool businesses. And on the other side the good performance of Water Technology System that also had on the other side a robust Q1 order intake driven by new installations.

In terms of operating costs, we have cogs in H1 increased both in absolute value and in terms of incidence on revenues. This is mainly a consequence of a different product mix both in Electrode and in Water Technologies. In Water Technologies in particular, we suffered the lower performance of pools, which in turn was impacted by the destocking process accompanied by the normalization in the noble metal price.

G&A costs reported an increase mainly due to corporate structure enhancements to support the business development. And finally our R&D costs were about €7 million out of which, roughly speaking 70%

dedicated to Energy Transition testifying our strong commitment to play and to maintain a leading role in the green hydrogen evolution.

Just to remind our R&D activity has now over 100 years of history in electrode development we have 5 R&D centers worldwide, with more than 100 researchers that are engaged on a daily basis in developing our technological leadership and enhancing the efficiency and the sustainability of our products and solutions. And taking a look at the vitality index of our products in the first half of '23 this was the equal to 19% improving versus the 15% of the full year 2022 this is clearly driven and thanks to the Energy Transition growth.

Our EBITDA in first half was equal to €86 million, representing a good 20.5% margin on revenues, which is even slightly higher than our expectation. Electrode Technologies showed both in Q1 and Q2, a solid 26% EBITDA margin aligned with our historical trends.

Concerning Water Technologies year-on-year performance is mainly attributable to a lower incidence of the pools division, which has a higher profitability than the Water Technology System product lines. It is worth though to underline that WTS reported an increase in the EBITDA margin due to the good performance in terms of volume and therefore a better absorption of cost and an effective also cost control.

Our Energy Transition reported a positive 12.8% EBITDA margin, which is in line with our guidance for 2023 where the Q2 performance reflected different product mix compared with the first quarter and having a volume moderation due to some project scheduling, an increase of indirect cost such as R&D. Overall, we expect an year-end profitability, which is in line with the guidance.

Okay, just to give you an idea from EBITDA to net results, we have amortization and depreciation that were basically in line with H1 2022 with a slight increase that follows the investments curve. The

evolution of net financial cost in the first half of 2023 is mainly driven to a negative impact in terms of foreign exchange while it was positive in 2022, and by the increase in the European and U.S., interest rates.

Even if we have as you may remember, we have in March decided to early repay about 56% of our senior facility exactly to streamline the group's financial structure and reducing the overall cost of our debt. We expect that this reduction will have a full positive effect also on the financial cost in the second half of the year.

In terms of net profit, we achieved €46.7 million that compares with €39.7 million of first half 2022, representing a plus 18% year-on-year and a good 11% on revenues.

Taking a look now at the net working capital evolution, we see at end of June a €3 million of €7.4 million with 35.6% incidence on revenues. That is an improvement compared to March 2023 and well below the level of first half of 2022. The main dynamics underlying this are an improvement in our trade receivable, an increase in our advance payments from customers for about €7 million driven by new contracts achieved and an increase in trade payable due to a lower purchase of noble metals that are paid short and also demand a relevant down payment.

Net cash position at the end of June is positive by €8.4 million, which is stable compared to Q1. The cash flow from operation is sound and positive and this allowed us to cover the €24 million of dividends and the €20 million of CAPEX investment. So very positive net working capital and cash generation in Q2 with €52 million that allowed us to remain stable after dividend and investment.

In terms of evolution, we expect further positive performance in terms of cash generation by year end, and remaining on year end and guidelines, we...considering our backlog and the expected market

evolution, we confirm our target in terms of profitability and financial structure with revenues that will lend in the low part of guidance range for yearend 2023.

With this, maybe, I leave to Paolo for final remarks.

PAOLO DELLACHÀ: So finally, let's say, 5 final remarks. First, our growth path continues despite the challenging macroeconomic scenario. Second, the energy transition business is growing at a rapid pace, 7 times the revenues versus H1 of last year 2022 with a sounding positive double-digit profitability. Point three, Electrode Technologies business grows at a stable pace with robust EBITDA margin of 26% and Water Technology business unit performance is supported by the robust positive trend of Water Technology Systems WTS product line. #4, solid consolidated backlog and concrete pipeline of the Energy Transition business support revenue growth visibility. Last but not least, 2023 guidance profitability on-track, revenues as low part of range.

Now, we are ready for the Q&A session.

Q&A

OPERATOR: Excuse me. This is the Chorus Call Conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question, may press "*" and "1" on their telephone. To remove yourself from the question queue, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Matteo Bonizzoni of Kepler. Please go ahead.

MATTEO BONIZZONI: Thank you. Good afternoon. I have 3 questions. The first one relates to this swinging of the margin in Electrode Technologies which was pretty significant from the first quarter 20% to second quarter, which was 3.6%. All-in-all, the first half was still above the 10% target for the full year. Can you first of all explain little bit...plus some data for this big magnitude now from 20% to 4% in just one quarter just to understand what's behind.

And second question on this division is if this 12% plus margin accumulated for the first half is represented for the full year or maybe 10%, just if you want to comment about that?

Second question is as regard the consolidated financial targets which you have confirmed. You have flagged also that revenues could be in the low part of the guidance range. I wonder also the EBITDA could be maybe in the low part of the €175 million to €185 million guidance or not necessarily?

The third and last question is as regard your pipeline in Energy Transition. My question is the following one. How this 3 gigawatt or how do you compare to the order which you need to hit the 2025 revenue guidance of €500 million to €600 million. My guess is that you expect much more than 3 gigawatts to get there. Thanks.

MASSIMILIANO MOI: Okay. I'll take the at least the first couple for sure. So, the difference in EBITDA in Energy Transition, Q1 and Q2 is driven by some lower volumes in Q2, which means worse absorption of some fixed cost and increasing R&D costs. And third effect is mixed effect. We had best profitable mix in the first quarter versus the second. Overall, we confirm the 13%-15% target which is the current and future level for our Energy Transition. There could be some variation quarter-by-quarter, but overall this is our double-digit 13%-15% that will...that is here and will stay.

In terms of EBITDA, in the percentage wise, so EBITDA margin, we are absolutely confident in a good performance. In terms of absolute term, depending on the, of course, revenues perform, it could be that EBITDA may be in the low part of the range, but for sure in the high part percentage wise. So, our profitability is not impacted and in terms of incidents on revenues, if any is slightly above our expectations.

I don't know. Paolo, you want to comment in terms of pipeline on energy?

PAOLO DELLACHA: Yes, absolutely. So, yes and...Matteo, hi...the whole deals of 3 gigawatt is the first level of our pipeline, right? So, for sure, it's a very good news that 60% roughly of that list of deals is somehow already secured. But the number of projects that we are dealing with through our partners is growing and is very solid to give us confidence about achieving the 2025 guidance.

MATTEO BONIZZONI: Okay, thank you.

OPERATOR: The next question is from Chris Leonard of Credit Suisse. Please go ahead.

CHRIS LEONARD: Hi, guys. Hope that you can hear me. Just 2 questions or perhaps actually 3. First on Energy Transition division. When we think about price per gigawatt, I know there was slightly lower volumes maybe in the second quarter. It does look like price per gigawatt or per megawatt reduced and is up because of the iridium pricing coming down or is it something which is really just due to the mix which you highlighted and it would be helpful to get a better understanding of the differences in mix for the different projects you might be doing in the second quarter versus the first quarter?

Looking at a way from the energy transition segment, second question on Chlor-Alkali. Encouraging to hear that you were getting orders

through for the replacement into membrane technology from Diaphragm and the OxyChem order. I just wonder if it's fully hit your backlog yet, because the news for last year for OxyChem was that this contractor is very big. CAPEX is sort of a billion on their side as your customer or Thyssenkrupp Nucera customer. So, how much should we sort of be expecting for you guys in terms of the backlog and helping us give you sort of visibility on future revenues? Those are the 2 questions. Thanks.

PAOLO DELLACHA: Okay. Thank you. On Energy Transition, yes the main reason of the differences between Q1 and Q2 is mix meaning that by executing projects, the content in terms of technical specification varies project-by-project. So, there can be differences that have, of course, an impact on revenues based on the specifications. And the specification very often depend on what is the renewable source behind. So, if there is hydro, there is wind, there is solar, there is a mix of them, the technical specification of the scope of supply of De Nora changes and consequently the price per megawatt changes accordingly. That's the first point.

The second point, what we have announced...what our JV has announced is the first conversion project of Oxy. So, what you might have read is that Oxy will go through a long-term conversion project that will involve the different factories in North America. What we have been announcing which is part of our backlog of our JV backlog is the first. So, it's one conversion for Diaphragm to membrane of one plant in Texas. So, there might be much more to come over the next years, but of course the first contract is the one that we can talk about.

CHRIS LEONARD: And just a follow-up on that. Is there any kind of sizing of the potential opportunity you could give us for the particular North American market for the upgrade into membrane from Diaphragm. Obviously you guys have a very strong market share on the Electorate Chlor-Alkali globally and particularly strong in the U.S. and I think

it's right in saying that Westlake and Olin also need to upgrade. So, is there any kind of sizing you could give for how big that opportunity is?

PAOLO DELLACHA: No, not really, not really. This kind...the only one who made this announcement is Oxy and this projects are considered that are on medium to long-term, meaning converting factories working 24/7 is quite demanding job. So, these guys make announcement, but then they go one-by-one into the individual projects. So, it will take a huge number of years to face this conversion and it's almost impossible to give you a size right now.

CHRIS LEONARD: Great. Okay, thanks very much.

PAOLO DELLACHA: Thank you.

OPERATOR: As a reminder, if you wish to register for a question please press "*" and "1" on your telephone. The next question is from Isacco Brambilla of Mediobanca. Please go ahead.

ISACCO BRAMBILLA: Hi, good afternoon everybody. Thanks for taking my questions. I have 2. The first one is on Electrode Technologies, if you could give us a bit more color of the underlying trends between Chlor-Alkali, electronics and electro-winning, ideally even giving some sort of base of the growth or decline for each sub-segment?

Second question is on, pools technologies if you can comment even qualitatively at this stage, how much of destocking your point of view from discussions we are having with clients has been completed? Thanks.

PAOLO DELLACHA: Okay. Thank you, Issaco. The...in the Electrode Technologies we have of course different segment that we serve we only mentioned the main tree which is Chlor-Alkali electronics and electro-winning, but we have many more of a smaller scale. Chlor-Alkali is as usual, very

stable is growing, is giving us very good profitability electronics is leading a headwind kind of moment, and you might know that already because there are many information about that, it really depends on the final product.

So, when we talk about smart phones, tablets and laptops for sure the finished products providers are leaving a moment of a bit of saturation of the market with slow-down of volumes, in the component meaning chips, PCBs and whatever, its...there is also some of destocking going on, while for example in lithium batteries for electrical vehicles there is a continuous demand drawing, there is also demand for 5G infrastructure and now for Artificial Intelligence infrastructure. So, it's really a mix of different trends all put together in the macro family of electronics. On top of that, you can imagine there is also a matter of geopolitical issue, so there is a very high concentration of these customers in Asia, within Asia there are a lot of moments, moving from Taiwan, China to Malaysia, Korea, Japan there is also some resourcing back to Europe and United States even in very minimal quantities compared what Asia is doing.

So, it's a complicated market where I remind everybody we have a very strong market share, very strong leadership positions, we are in contract continuously with our customers also offering them innovative solutions in general we are seeing this year, a little bit of difficulties of this market to continue their growth base. In electro-winning on the contrary we seeing a very good trend, where volumes are good, the growth is as per plans.

MASSIMILIANO MOI: In terms of destocking in the pools, we believe that the vast majority of budget destocking process is behind us, and for the second part of the year we expect at least stabilization of the demand and for sure we will see re-bounce back and growth in 2024.

OPERATOR: For any further questions, please press "*" and "1" on your telephone. The next question is a follow-up Chris Leonard of Credit Suisse. Please go ahead.

CHRIS LEONARD: Follow up on the strength that we are seeing in the Chlor-Alkali market at the moment saying that its stable and growing well, in the first half, there's been some news flow from the chemicals companies, that there's been maybe a slowdown in volumes for caustic soda or chlorine production. I am just wondering if you are seeing that and equally if you think it's has got any kind of impact for you on the serving element, the aftermarket for refurbishing electrodes already this isn't really something which has been impacting you to-date and you don't see it impacting you in the coming quarters? Thanks.

PAOLO DELLACHA: Actually you know, thanks to our after sales services Chris and considering the way it's of installed base that has been put in place some years ago that now it's coming to maturity for reactivations we are not really so much connected to potential little slow downs of the production rate of this company. We are really driven a lot by apart from the conversion we just has been talking about in the U.S., but very much driven by a lot of reactivations activities that are going to take place in the next months and years with every high concentration in some areas of the world, where the installed base has been put in place 5, 6 years ago. And that's quite impressive in terms of gross. So, we are very confident on Chlor-Alkali to be able to respect our plans and guidance's.

CHRIS LEONARD: Thank you.

OPERATOR: Ms. Locati, gentlemen, there are no more questions registered at this time.

CHIARA LOCATI: Thank you very much.

PAOLO DELLACHA: Thank you very much everybody and we are here available for any further questions offsite.