**TRANSCRIPTION**

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**[START OF TRANSCRIPT]**

**Operator:** Thank you for standing by, and welcome to the Synlait conference call. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you'll need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr. Leon Clement, CEO. Please go ahead.

**Leon Clement:** Good morning, everybody. Thank you for joining this morning's call. Leon Clement here, CEO of Synlait Milk. I'm joined by Nigel Greenwood, our CFO, and Hannah Lynch is also here, our Corporate Affairs Manager.

Look, we thought following this morning's guidance update it would be helpful if we just have a short call and take some questions after that. I'll make some opening remarks and kind of cover the guidance outlook in a bit more detail and provide some context there. I do want to remind you that we are yet to release our half year results. That occurs on Thursday, the 19th of March. Today's call is really designed to give you some context to the changes in our outlook, and a full business update will be provided next month.

So the headline for our earnings guidance update this morning is that we now expect our full year earnings in 2020 to be between $70 million and $85 million in PET or net profit after tax. Just a reminder of what we previously announced in terms of guidance at the start of this financial year was that we expected our FY20 outlook on earnings to grow at about the same rate that they did of FY19 over 18. And to decode that, that broadly means a roughly 10% growth on circa 82 million, which we did last year.

So that's the change in our overall outlook for context. And just to give you some sense of the key changes sitting behind our full year outlook, and then I'll give some context to the softer half year that we're expecting as well.

Three main reasons behind our earnings outlook for the full year, lower infant based powder sales, lower lactoferrin pricing and some softening in what we expected around infant nutrition or finished infant formula sales. Although we are expecting still strong, both in that sector are slightly lower than we expected. So just going through each of those in a bit more detail, and I guess the context here specifically on one of the main drivers is these base powder sales that we've seen drop away.

Look, broadly, the context there is that we are seeing a softening and contraction of the infant nutrition industry, particularly in China on the back of lower birth rates, and a regulatory environment that is forcing faster consolidation particularly in the tier two and tier three players. Now, that customer base that was broadly blending and canning operator’s standalone either haven't received registrations or are being part of that consolidation were a large part of our customer base for base powder sales, and what we expected in that subcategory where we have reasonable margin and useful overhead recoveries for our plants and facilities, we're not seeing the growth that we expected in that sector.

The second reason is around lactoferrin pricing. We were, I would say, reasonable at the start of the year of our expectations there. We did not expect the strong pricing we saw in FY19 to continue. However, prices have dropped in lactoferrin faster and lower than we expected and that's having an impact.

And on the consumer packaged infant formula sales, we are, as I said, seeing strong growth there. I want to be explicit, but A2's contribution to that growth has not changed from our expectations. However, we did have expectations that some new opportunities and potentially our brand registrations for bright and new hope may contribute this year and that's no longer the case. So it's contributed to a revision of our guidance.

So that's the summary on the full year. Just taking you through where we expect our half year performance to land, and I think it's prudent to provide you a heads up on this. We're expecting our half year to land somewhere between 26 and a half, and 28 and a half million. Just as a reference to last year we did 37.3 in our first half. And the main reasons for why that performance was different half on half, as expected we've got much higher interest manufacturing and SGNA costs associated with our new facilities in Pokeno and the liquid dairy facility. As I mentioned before, the base powder styles are having an impact on this half versus the same period last year. And in addition, our performance of our ingredients premiums have been lower than last year, mostly due to sales phasing and product mix impact.

So look, I'd just like to come back up. Those are the kind of main reasons and core part of the announcement. But if I stand back and look at the wider context here, we sit out as a business with a goal this year to make sure that we were delivering on investing in the medium and long term future of Synlait, which is included both investing in our core business and diversifying for the future, but we also said that whilst we're investing we'll grow earnings at the same time. And we're really pleased with the facility and the capability that we've now established, and it's set us up well for those medium and long term outlooks and we're really pleased with the progress that we're making there.

Unfortunately, growing earnings in the context of this investment now looks unlikely. And that's in part because of the softening of the infant nutrition market, which we had seen an opportunity to continue to build a diversified portfolio of both customer and market opportunities to support our investment, and that softening has meant we're unable to grow earnings at the same time. Also with lactoferrin dropping away.

And thirdly, we are seeing the emergence of some global [inaudible] with coronavirus, making us just think a little bit conservatively about how we're tracking. But look, I would like to stress that with our investment profile and given the softening in our core business, I think it really does validate our strategy to diversify and to look at other areas, and I'm really excited about our medium to long term outlook and the progress we're making in everyday dairy and some of our food service opportunities as we explore strategies there.

Just a little bit more on coronavirus, that has had some influence on the range that we've provided. We are not seeing any material short term impact on our financial performance in connection with the outbreak, but we do acknowledge that it represents some downside risks for us going forward. And so, it has influenced the way that we've considered the lower end of our range, and it's perhaps a little wider than it would have otherwise been.

We take the safety of our products and our people extremely seriously, and we're really focused on making sure that we focus on that aspect first around this outbreak, but we're also monitoring the situation around some of the early signals of potential supply chain disruption and how that may impact our position. If that changes, we will update the market once we are clear on it, but that's how that's affecting our overall outlook statement today.

So look, I'll leave the introductory statements to that. I hope that gives you a little more context around the outlook statement we've released this morning. We'll now open for questions. Thank you.

**Operator:** Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speaker phone, please pick up the handset before asking your question.

Your first question today comes from Arie Dekker with Jarden. Please go ahead.

**Arie Dekker:** Oh, good morning. Just around base, I think you did about 7,000 tonnes last year. Are you expecting that to be lower this year?

**Nigel Greenwood:** Oh, the answer to that question, Arie, is yes, we do. We actually had initially anticipated, and I think we mentioned this in our annual results presentation pack. We anticipated an element of increase in our overall IFB sales year on year, but they will now be lower than last year's IFB sales

**Arie Dekker**: Substantially?

**Nigel Greenwood:** Yes. As a result of [inaudible].

**Arie Dekker:** Sure. Then just on lactoferrin, I mean, you're 13.3 million gross margin. Obviously the pricing was really strong. I mean, if I look at my own forecast for that, I had lower gross margin dollar contribution despite increasing volumes, sounds consistent with what you guys would have been factoring in. How much lower in the guidance are you now allowing for dollars' gross margin on lactoferrin? Substantial also or are you looking at something a touch lower in dollars then you achieved in FY19?

**Nigel Greenwood:** Well, without necessarily going into that specifically answering that question in detail, I guess another way of looking at it is this. In our initial FY20 expectations around performance of lactoferrin and the pricing of lactoferrin and therefore the margins, we expected to achieve lactoferrin in our view of our full year forecast for the year, we obviously anticipated that whilst we did say pricing would likely soften over the year, we assumed that it would hold relatively strongly for the first half and soften in the second. What we've seen is the softening occur much faster than we anticipated, and as a consequence our initial forecast of expectations around overall gross margins for lactoferrin for the full year will be a lot lower than we anticipated, which has been a contributor to this update today.

**Nigel Greenwood:** I'm not necessarily comparing it to last year's gross margin per tonne, but just rather saying what we anticipated and we would achieve in this financial year.

**Arie Dekker:** Sure. And just very quickly, liquid milk profitability, that obviously didn't go so well out of commissioning. On the contract that you do have now, are you actually generating positive gross margin out of that?

**Leon Clement:** Yeah, I think, Arie, we indicated in FY19 our result that that was a factor, and I think we've also seen more recent updates that were broadly on top of that and have now stabilised, but we can give you more context in our business update at half year results on that.

**Arie Dekker:** Sure. Now, subsequent to the guidance you provided in September, you announced a renegotiation and extension of the A2 contract in November. Obviously the volumes there, saying that there's any impact there, there wasn't a lot factored in for volumes by you or the rest of the market on finished IF given you're still waiting for registrations, and then the ramp up would likely be slow. At what point does the new pricing of if any, and you can comment on that, come into effect associated with the renegotiated or extended A2 contracts that you signed in November?

**Nigel Greenwood:** Well, I mean, I know you're inviting us to comment on it, Arie, but we don't comment on the pricing or the timing of it accordingly. So I think you

**Leon Clement:** of what we shared around the update of that agreement. We were comfortable with where we landed and you'll see that translate in result as we go forward, but we don't disclose pricing or margins with our core partner.

**Arie Dekker:** Just before I come back to that, how much was the bottom end of the range influenced by the Coronavirus? If you put that aside, what would the range have been?

**Leon Clement:** Look, I think it's fair to say there's four to five million in there. There's just a bit of uncertainty around how it might translate. It could be some positives as well, but we just thought it was prudent to widen our range at this stage until we see how things move forward.

**Arie Dekker:** Yeah, so I guess the thing that I'm struggling with, is that, at that range then it's 75 to 85 circa and the market's sort of in the low nineties based on your guidance, you are attributing quite a big swing in profitability to what looks like... That we're space infant formula. You're not willing to comment on the impact of the gross margin on Lactoferrin, but presumably... And you've always talked about it, you expected more capacity to come on board and you knew that it was very high price on something that is pretty volatile. So, I guess that you have so much profitability associated with your finished infant formula business in A2, at the moment, and in future forecasts and are really the market's going to be looking for some sort of guidance. I think whether it's today or at some point on just what these annual re negotiations of the A2 contract mean for what, like I said, is a very substantial profit pool. In that context, is there anything that you're willing to say?

**Leon Clement:** Not at this stage Arian. I think we can come back to that as part of our normal business updates and we'll continue to maintain our position that we won't be commenting on what is obviously a confidential arrangement. So I think the dynamic that you're asking for, is going to remain as it has been over the years.

**Arie Dekker:** [crosstalk] And last question for me then. Yeah, last question.

You've talked about a softening of the infant formula market. In terms of how quickly, maybe, that I'm reading into it perhaps, that Pocono will ramp up beyond ingredients. Obviously there's some references to the liquid milk plant, obviously having a lot of surplus capacity. Are you at the point yet where you're looking... There's obviously a substantial cost base being built into the business around some of these growth initiatives. Are you looking at costs yet in terms of... As you sort of think about how quickly you'll be able to utilise that capacity for higher value stuff?

**Leon Clement:** Yeah, look...

Actually, I think I'll probably want to answer that question, but also look back to perhaps, provide a slightly different context to your assertion that potentially there's some downgrade coming because of margin dilution here.

I think it's important that the market, then the dynamics and our business overall. What we're seeing here is as I said, we've invested significant in our new capacity and capability. That is having an impact on our overall costs to run the business, but giving us new medium and long term opportunities. But even as our core business grows, around infant nutrition, we're simply not able to stay ahead of that curve and the reason that we're using these factors of IFB, Lactoferrin as key drivers for the revision and guidance, was because they were propping up those costs.

So, I think it's important that that's the dynamic that we're talking to around the moderation of earnings as opposed to any change in the dynamic with our relationship with A2. Which we continue to see really positively and are excited about and continue to track well. So it's really important that that's understood. I think that to your comment on these facilities that the IFB sales that we had and had expected, were a key part of how we were going to be commissioning and transitioning for the Pocono site. So having that come off last years level, means that we don't have an opportunity to recover the cost associated with that. But I do believe it's a moderation down and we'll continue to work on putting those facilities and leveraging the new capacity that we've built.

So I think Arian we might clip you off there, just in interest of time if that's okay.

**Arie Dekker:** Thank you.

**Leon Clement:** Let's go to another question thank you.

**Operator:** Thank you. Your next question comes from Chelsea Leadbetter from Forsyth Barr Please go ahead.

**Chelsea:** Morning guys. I guess maybe extending on a couple of those questions there and some of your comments around incident base. Can you give us maybe a little bit of an understanding... Kind of get what you're talking to this year with a material step down, but maybe a bit further out how you're thinking about the outlook near in terms of that base powder I guess growth or are we... Is this a new base level for the base or is it... Should we expect another level of contraction here?

**Leon Clement:** Yeah, thanks Chelsea, I think that's a really good question to... And there is types of shifts in ELA and thinking that's supportive to understand. We've seen birth rates in China now at 60 year lows. They're at 14 and a half million babies coming come well off a much higher rate than that. And that's having that combined with the consolidation driven by regulatory sexism and the sector as driving a large portion of our IFE decline or you had two sets of customers decide that we sold to a net growth. The first was kind of tier two tier three players, that was independent blending and counting operators. Some of them had registrations, some of them didn't, but there were smaller players, and the audits consolidating up all the heaven got registrations and that demand's dried up. We've also seen the main players are experiencing their own consolidation and challenges where we head styles to some of the tier one multinationals for that sector.

Their demand is dried up because they're sucking some of their own production back into their own facilities. So actually I think this is signalling a moderation of the category with an infant nutrition. Having said that, I think the record is still a huge opportunity here and a large pool of margin pool that we can extract and be beneficial for. I think we're expecting and looking to see quite significant consolidation in the industry, but that also means that fewer players will win and we're really pleased with the ambitions that we've made and are integrated in doing manufacturing the i2 registration that we own and the partnership that we have with i2 being part of a bigger play there and potentially a high market share position and offer yet, a slightly moderated category, still represents a strong opportunity for us. So I guess the challenge in terms of our thinking is that, we're perhaps not as confident and building a more diversified business within the infant nutrition category, but it really does focus us on the need to build a more diversified business and other categories and I think validates the investments we're making in other areas.

**Leon Clement:** So I hope that helps. To answer your question, but I think it's helpful to understand that.

**Chelsea:** Yeah, that's helpful. And I guess just to see a bit clearer then in terms of this year in particular in what you're expecting on infant base, which I'm guessing you're not going to give us clarity on, but if you can it would be great. But is this some in this year associated with some of these other customers that might not be there in FY21?

**Leon Clement:** Yes, I think that we are predicting that category of our pre sales at this stage to soften and to be a smaller part of our portfolio. Having said that, we're still chasing opportunities in that space cause it's obviously a useful profit for us.

**Nigel Greenwood:** Another way I'm thinking about it Chelsea, Nigel here, is that with signals today that there's been a substantial drop in the volume of buyer details that we anticipate on this financial year. What that would mean as far as 21 with those existing customer base.. If in fact word or even got further there is actually not enough... It's almost no longer a material contributor to our business because of the volume that this has, it's not... I wouldn't get too concerned about making another large, adjustment for FY21 associated with this.

**Leon Clement:** Yeah. Yeah, that's fair.

**Chelsea:** Okay, thanks. That's clear and I just, last question, maybe just coming to Pocono and some of your commentary there. Perhaps if you can just give us a little clarity then on how you're thinking about, filling some of that capacity and previously, obviously it was kind of centred on them for base for a period of time. I mean, what's changed now and what sort of categories should we be thinking about for that as it comes on stream and you're trying to I guess fill some of the capacity that's there.

**Leon Clement:** Yeah, look, I think... We continue to work on some really solid mediums and long term opportunities, which we're genuinely excited about. There's an element of the resource that we have available and I think what is the right decision to focus on building, you and exciting longterm partnerships there. And we've had teams working on that and that has been less focused on near term opportunities and popping it up but look, I fundamentally believe it's really important, as a growth business, that we're focused on building long term diversified relationships there and we'll continue to progress them. There's nothing material we can announce yet, but our customer pipeline remains strong and our things are working out on that.

**Chelsea:** Okay. I'll leave it there for now. Thanks Nigel and Leon.

**Operator:** Thank you. Your next question comes from Sam Taiga with citi group. Please go ahead.

**Sam Taiga:** Good morning Leon, good morning Nigel.

**Leon Clement:** Hi Sam.

**Nigel Greenwood:** Hi Sam

**Sam Taiga:** Just wondering, what's the turn lactoferrin price you see in the spot market and what month did you start to see this, the price start to moderate?

**Nigel Greenwood:** Look, it's an interesting question. I've... Lactoferrin price... And I'll call your cover as best I can because lactoferrin pricing, as you know, it's not something that's readily available in the market. There's not a sort of price monitor article. You can look up on a website and say, "Oh that's the current value of lactoferrin", so I'll be a little bit sort of reluctant to be specific. But other than to say that we did... And questioning last year, we said, well what sort of pricing were you experiencing, and we said well look, it was getting as high as two and a half million US dollars a tonne that we were experiencing on spot pricing and through to the conclusion of last financial year.

All I can say at the moment, and this is pretty indicative, is that that's virtually hard very quickly in the first half. So that's a degree of change that we're seeing on lactoferrin pricing which, look, I'll be fair to say that it's taken us a little bit by surprise that it's just dropped and softened that much so quickly.

**Sam Taiga:** Do you think that's a supply issue or do you think that's somewhat due to demand?

**Nigel Greenwood:** Look, I don't think it's-

**Leon Clement:** [crosstalk] I think it's both Sam. I think we've seen in the market a shift, and where that demand was people reformulating and rethinking how they provide it. But obviously we talked, one of the reasons why we were cautious on this was that we knew more supply was coming on the market. So my guess is that it's both.

**Sam Taiga:** Right, and then, I guess, of all your lactoferrin production, what proportion will be contracted at fixed rates first, what proportion do you sell on the spot? Just trying to get a sense of the total production, what actually is exposed to this lower spot price?

**Nigel Greenwood:** What was the goal in the past regarding our production and sales of lactoferrin was that at roughly half of our production is contracted with a specific customer at a particular price that we haven't disclosed.

**Leon Clement:** ... and that, then other half is sold on the spot market. So if you're looking at total sales of roughly, I think 34 tonne I think is the number that we've disclosed for the year, then about half of it is fixed, and the other half is basically subject to spot pricing.

**Sam Taiga:** Got it, thanks for clarifying that. And just final question, look, you're finally, without disclosing the specifics, you can appreciate there's a lot of commercial sensitivity around this, but can you just say maybe yes or no? Does any part of this downgrade or outlook reflect lower margin from the 2018 or 2019 renegotiation of the A2 supply contract?

**Leon Clement:** Look, I'll answer the question there and we're very consistent in our response here, which is that we don't talk pricing associated with our relationship with any of our customers for that matter, let alone this one. But what I can say, and we have said just for the benefit of the on the corridors that our margin return on infant this year we did say right from the get go was going to be lower and that may, and the reason that we quoted that or say to that was not because of our, necessarily related to the pricing, but rather because of the bringing on board the Pokeno site and their incremental overheads there, that would be spread across our infant total of production. So by definition it would, drive a higher cost of manufacture in the year until we got our overall volume of infant production up to absorb that. So, that will result in lower margins this year, but not as a result. Not necessarily as a result of pricing negotiations but rather increased manufacturing costs because of Pokeno.

**Sam Taiga:** Okay. Right. Thanks very much for clarifying.

**Leon Clement:** Your welcome.

**Nigel Greenwood:** Makes sense.

**Operator:** Your next question comes from Nick Mar with Macquarie group. Please go ahead.

**Nick Mar:** Hey guys, so most of my questions have been asked already, in terms of the kind of startup costs of some of these facilities or the expected kind of track that you had over FY20 the kind of gross margin but performance, has it kind of deteriorated since you last looked at it and if so, you know why? Obviously there's the kind of bases and powder thing, but you know the difference between, IFB margins and ingredients margins might be, three, 400 bucks a time. Can you just talk through some more of those changes? What might be dragging on that?

**Leon Clement:** Sorry, can you just repeat the question? You're talking about the mix between ingredients and IFE, is that,

**Nick Mar:** No, no. I'm more interested in whether or not your kind of aggregate kind of startup costs or you know, gross margin or EBIT impacts from the new capacity at Pokeno and the liquid facility have got worse since you last forecasted or prior to guidance.

**Leon Clement:** I think no. Broadly, our commissioning costs have been run in line. Our bill costs and our expected operating costs for running those facilities these have been right in line with what we expected. The differences that we haven't got the revenue or margin coming in to support those investments as we expected. And like I say, the goal was if can we spend roughly over what 24 months, half a billion dollars on U.S. It's to both grow and diversify the business and grow ratings at the same time. I think that would have been great if we could have achieved that it looks unlikely because of the shifts that we're talking about. So actually the cost to run and build have fully been in line. And like I said, I'm really pleased with the facilities we've built and optimistic about the capability that they give us.

**Nick Mar:** So and then just around the business in general, sort of the key things that you guys have is you know, the quality of your facilities and also the scale which is cost competitiveness. You know, how is this not providing you guys with more opportunity to acquire customers or maintain kind of customer relationships and things like, your lactoferrin manufacturing is, is supposed to be second to none. How is that not providing you more of a buffer through some of this volatility in terms of you know, customer demand for the best, this kind of ingredient products?

**Leon Clement:** Yeah, well I wouldn't say that it hasn't done that yet Nick. I think that in part both quality propositions and cost competitiveness means that it allows us to target longer term, higher volume, more sustainable positions and partnerships with customers and they simply take longer to build. So I wouldn't have thought that, look, I... I suspect that we are, still leveraging our position in that space, but as I say, some of those material, new agreements are yet to materialise.

**Nick Mar:** Okay. Thanks.

**Operator:** Thank you. Your next question comes from Hugh Stringleman with New Zealand farmer weekly. Please go ahead.

**Hugh Stringleman:** Yes, hello there [crosstalk] could I just ask whether anything that you've announced today has an implication for the farm gate milk price and secondly what's the status of the aid to production within the total milk supply please?

**Leon Clement:** No, nothing today indicates any change in our farm gate milk price which we've provided a recent announcement on. Again, those factors Hugh, are linked to some of the external factors that we track and how we manage that side of the business with our farmers. And obviously we continue to provide farmers with a regular update on our expectations there and we'll continue to do so. So nothing really in this update that gives weight to that in a broader context, I suspect that everybody is closely watching forthcoming GDT options and how that dynamic might play out and potentially some coronavirus impacts around uncertainty in that sector as we've seen with a lot of other commodities. But that's not unique to Synlait and this, this updates about Synlait. Look, we don't again typically disclose the proportion of A2 within our milk at all or across that. So again, we're just protecting the nature of our customer relationships there. We're talking broadly around the categories that we sell.

**Nigel Greenwood:** What we can say though is that there's been no impact on the level of A2 production or milk production on farm that's imposed our business. That was the nature of your question.

**Hugh Stringleman:** All right, thank you. Thank you for that. Just an explanation to on what proportion of your lactoferrin production goes straight into the infant formula?

**Leon Clement:** They're for internal use. Honestly, [crosstalk] I'm not sure if we've been specific about that, but in terms of the 34 times you might take maybe 10 to 15 percent.

**Hugh Stringleman:** yep. Okay, then. Thank you.

**Nigel Greenwood:** Thanks Hugh. Look, we've probably, got time for one more question.

**Operator:** Great. Thank you. Your next question comes from Ken Hunter with NBI. Please go ahead.

**Ken Hunter:** Good morning. Ken Hunter from NBR just falling on I think Ari and Chelsea touched on this question. I was wondering if you'd be more specific about the capacity usage of the Pokeno plant. You've just announced that's coming on stream, but can you give more and more specific comment on, how much that plant is being used in the current and next financial years?

**Leon Clement:** Yeah. So we commissioned that plant and the pretty backend of last financial year, early this year. Commissioning has been on track as we came into the new season. The kind of phasing that we run through as we start commissioning on ingredients, we start making whole milk powder, then we go to skim milk powder and then we start commissioning on those infant formula base sales that we talked about. We're at a point where we're... We've gone through commissioning runs for IFP, so we're building the capacity for or capability for that.

But naturally at the moment in this first half year, which is why we mentioned it and the impact on the first part. It's broadly running as a commodity dryer, but it's built to be a much more higher cost infant dryer and we get to leverage that capacity or capability. And as we said, looking forward to the second half. The reason that the guidance is being pulled back, is because we, see less ability to leverage the new IFB capability within Pokeno for the remainder of the year because of the demand equation we talked about. All things being equal, had we been on track for our previous guidance, we would have been expecting in the next part of this financial year to be leveraging that investment with IFB sales.

**Ken Hunter:** Hmm. So do you expect it to run at full capacity next year or what's... What's the capacity usage likely to be on this. Given this obviously increasing your costs.

**Leon Clement:** Yeah, look, we, we get to provide guidance clearly on FY21 and what our expectations are obviously we're watching the sector with interest and managing our customer opportunities accordingly. And once we're able to disclose more than we can provide a clearer guidance on 21.

**Ken Hunter:** Okay, thank you.

**Leon Clement:** We... We do expect to be processing all the milk through that factory that we have collected within the milk pool. It's just the nature of how we process it whether its for a lower margin ingredient or a higher margin product.

**Ken Hunter:** Alright. Cool. Thank you.

**Leon Clement:** Okay, well I think we'll wrap things up there. We, we thank you all for attending this morning's call. I think in summary where we're, naturally disappointed we to be able to deliver a stronger result this year we have put a lockdown in terms of our new investments and had hoped that the shape of our recovery would be coming through on new opportunities and, and they're yet to materialise. And so that hasn't been able to offset the cost that we've come to bear. Look, I do remain really confident and our medium to long term progress... and expect that, that we continue to remain about confident about the business going forward. Nigel and Ira will be available this afternoon to take extra calls if there're any followups, but request that you come back to Hannah in the first instance on that just so that we can pick it up and manage it this afternoon. We look forward to a fuller discussion and on…

**Nigel Greenwood:** On Tuesday night the 19th.

**Leon Clement**: When, we go for our [inaudible] through March. Thank you.

**[END OF TRANSCRIPT]**