BHP investor and analyst Q&A teleconference – Session 1

Transcript

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ANDREW MACKENZIE, BHP

Thanks, Tara. Hello, everyone, and thank you for joining Peter Beaven and myself to discuss BHPs results for the 2019 financial year. I'm also joined in the room by Tristan Lovegrove. He's our new chief investor relations officer, who many of you will have the opportunity to meet over the next few weeks.

In the 2019 financial year, we delivered record cash returns for shareholders. The Board have declared a final dividend of 78 US cents per share, or approximately US$4 billion in total, and that's on top of the US$17 billion we've already returned to shareholders this year. Higher prices and a solid underlying operating performance contributed to an EBITDA of US$23 billion, at a margin of 53 per cent, and of course strong operating cash flows, which, after disciplined investment, we converted into a free cash flow of US$10 billion. Over the year, our return on capital employed, excluding shale, was 18 per cent. Operationally, strong results in petroleum and iron ore offset lower contributions from copper and from coal.

Over the past five years, BHPs volumes were up 10 per cent, and unit costs were down by over 20 per cent, across our major assets. In that same period, our Western Australian iron ore business has increased production by 20 per cent, and reduced costs by 50 per cent. That means we are now the lowest-cost iron ore producer in the world. We achieved these results through the hard work of our people and that's why their health, safety and wellbeing is and always will remain our highest priority.

It was very tragic that last December, our colleague Allan Houston died at BMAs Saraji Mine, in Queensland. After a lengthy and thorough investigation, we could not determine the direct cause of this incident. We did, however, identify several areas for improvement, and of course have redoubled our commitment to safety.

We enter the 2020 financial year with a very positive outlook for our business. That's because we have a simplified portfolio of world-class assets, and a strong balance sheet. As you've seen today, with our high quality operations, we have six major projects all on track and on budget, in iron ore, copper, oil and potash; we have exploration licences in the world's top basins, with options for future development; and a greater focus than ever on workforce capability, getting an empowered culture and technology, all add up to further transformations of our business, to improve its efficiency and effectiveness, both in terms of operational efficiency and capital efficiency. That's why I am confident this will deliver value and returns for shareholders for decades to come.

I'll leave it there and open the line now for questions.

Questions and answers

OPERATOR: Our first question comes from Paul Young, from Goldman Sachs. Please ask your questions.

ANDREW MACKENZIE: Hi, Paul.

PAUL YOUNG, GOLDMAN SACHS: Yes, good morning, Andrew. Very clean set of results here. Just a few questions on copper and on oil. First one's on the FY20 cost guidance at Escondida. I see production is increasing by five per cent, yet unit costs are actually increasing 10 per cent. So I'm wondering, what's driving that, and what will drive unit costs down to your medium-term target of $1.15 per pound as grade declines? And the second one, Andrew, is on the oil division. And I appreciate all the drilling and reserve disclosure – that's much appreciated. Question is actually on Trion: I see that your 2C resources have increased by about 200 million barrels so far. So I'm curious about – this is really shaping up now – what is your total reserves for the field now? Any scenarios you can talk about, and do you have a target for first year of production? Thanks.

ANDREW MACKENZIE: Let me handle the oil question, and then, perhaps, Peter, you might want to go into the detail of the copper question. There are some issues there, quite complex, to do with bi-product credits and how we mine through the ore body. We may have to get back to you on it. Peter can give you some of the details.

In regards to Trion, the last well drilled on Trion didn't find a gas oil contact. We thought there was a reasonable amount of gas in the crown of the structure, and we now realise there may not be a gas cap, or if it is, it's very small. That, combined with some of the other wells, has increased particularly the liquid content of that deposit. I don't have the exact reserves to hand, but I'll get the IR guys to get back to you on that. And, of course, we are working hard with the authorities in Mexico to figure out, what we think should be a very impressive development, and the right phasing to do that. Peter, you might want to add to some of the detail of the copper.

PETER BEAVEN, BHP: Sure. As always, a few things are, sort of, moving in Escondida. Firstly, probably another five per cent down on grade this FY20 year – and then it stabilises. At the same time, we've got lower by-products, a little bit of grade, and obviously a little bit of price, but mostly grade. As you know, it really is a gold thing. Also there'll be a higher stripping, so that's also going to crimp – and then after FY20, it sort of settles down again. But offsetting that is more productivity. You know, that story continues at Escondida, and we will get more throughput. And recoveries are going quite well. It's not just a recovery thing by pushing material out of leaching into concentrators; obviously that's been a very big thing, but also we are getting decent recoveries out of the sulphide leach; EPPE4 really starts to hit its stride. So a decent story there. I think it'll continue to be a very good cash returner for us for the next decade – depending on copper prices, obviously. Next question?

OPERATOR: Our next question comes from Sam Webb, from Credit Suisse. Please go ahead.

ANDREW MACKENZIE: Hi, Sam.

SAM WEBB, CREDIT SUISSE: Hi, Andrew. Just two from me, quickly. Scarborough: if we can start with some comments from your partner this week. Just interested in what are the key terms, from your perspective, to be determined to reach an investment decision here, and is early 2020, you know, still feasible, from your perspective? And on met coal, are strip ratios still expected to unwind over the medium term? And just conscious that we increase again in FY20. When is the first year that strip ratios are expected to come down?

ANDREW MACKENZIE: Okay. I will half-answer the coal one, and then Peter may have a bit more of the detail on one or two of these things. On Scarborough, there's not a lot I want to say. You know we've enabled this development, in the first instance, by effectively selling down our half of our holding previously to Woodside, and they ultimately then bought out ExxonMobil. That has definitely moved it up the queue. Clearly we think this is potentially an attractive development, and the debate that we're having as to how is the most effective way to process the gas and associated liquids that come out of the production of Scarborough. These are very confidential discussions, between ourselves and, obviously, the counter-parties, and I intend to keep them that way until we can resolve them.

On met coal, there's a lot of moving parts there, but we are looking forward, we've guided to falling costs. Even though we are facing a fair bit of inflation, we believe that we can offset that, through a combination of volume dilution, on a unit cost basis, as some of the increased stripping we've been doing of late really comes through. We have a number of productivity measures there as well, I think most prominent of which is a reduction in cycle times, through just getting the movement of the mobile fleet more efficient. But I think there's some other detail that Peter wrote down; you may be able to fill in on that as well.

PETER BEAVAN: Well, that's a good summary, Andrew. From a strip ratio, we'll continue at a reasonably elevated level this year, probably into next financial year, and then it starts to fall away, at the same time as the tonnes come through. That's a good combination, obviously. And in addition to that, we will also continue to reduce costs through productivity. That's why we are expecting, something of the order of a $10 a tonne reduction, maybe more, in Queensland Coal. Next question?

OPERATOR: Our next question comes from Paul McTaggart, from Citigroup. Please go ahead.

ANDREW MACKENZIE: Hi, Paul.

PAUL McTAGGART, CITIGROUP: Hi, Andrew. I just want to get a sense of Resolution – and, I know that's still some way off, but plenty of risks around a deep block cave. And what would be – I know it's not your project – when you can obviously see what's been going on with Oyu Tolgoi. How do you think about the risks around large bulk-scale block cave developments? And what sort of level of work – and obviously, in OT, there's been some discoveries around geotechnics, subsequent to initial planning. How does that make you think about Resolution? And what additional work do you need to do to be confident, ultimately, that you've got a project that's going to work, for the money that will need to go into it.

ANDREW MACKENZIE: You're right, it's not our project. I do not want to give you a detailed answer to Resolution; I think that's Rio Tinto's job. But I might offer some more broader commentary on capital investment, and block caves generally. We have to find a way to test the likely performance of a block cave at Resolution as cheaply as possible, and we certainly have no problems with, an appropriate front-running of a modest investment that would actually de-risk, or otherwise, the investment in that project. And I think we have good agreement with the operator there.

I think, the more you are able to, in these large developments that we face, in some way invest a small amount of capital, which can lead to more capital being invested later, to in some way de-risk a project, the better. And part of our success in improving our capital efficiency, is instead of going for these "big bang" early investments that the net present value calculation would say you should do, because you're worried about the time value of money – less of a concern, I would say, these days, with such low interest rates – that you actually just go in, in a small way, into the elements of the project, into the ore body, understand what's going on, for a small cost, which could be added to a bigger project, rather than rushing in up front.

If you look at what we've done recently, we've actually done that, I think, quite successfully, in the way, that we've approached our Jansen development, the careful way in which we're thinking about Olympic Dam. We have similar ideas around how we might develop Trion. Clearly, we would hope to see a similar approach at Resolution. Ultimately this means that we spend a lot less capital; it may not make sense from an overall NPV, but the flexibility you give yourself to take account of what's going on in the marketplace, what's going on in the ore body, what's going on in the politics, what's going on in technology. It's something I've been pushing for some time, and I think we now see it in the way we do capital in BHP, and which is why we have a much lower spend, yet still can grow this company, with a high level of capital efficiency, because ultimately that flexibility is worth a lot more than it might seem if you just did a simple NPV. It's also about going slow. I always say, there's value in delay. Take your time, study, reflect on these things, and ultimately you'll find a better way of doing it.

OPERATOR: Our next question comes from Lyndon Fagan, from JPMorgan. Please ask your question.

LYNDON FAGAN, JPMORGAN: Thanks very much. Look, my first question is just on Jimblebar. At around 60 million tonnes, it's a sizeable asset, but doesn't appear to be delivering the grade that you were hoping for, and I'm just wondering whether you could, sort of, fully explain what's happened there: are we behind on stripping? Or is there some other issue around why the grades are underperforming, and, how they're affecting the broader portfolio? And the second question is just on the FY21 capex guidance. At around US$8 billion it's quite a bit higher than consensus, and just wondering if you could maybe break it down a bit, what projects are in there, how much is in there for Jansen etc. Thanks.

ANDREW MACKENZIE: Peter may have the FY21 in detail in front of him. The whole Jimblebar thing, I think, has been a slight misrepresentation. We've known through the mine plan that the grade was going to decline and we've been signalling to our customers – I certainly have, and through our marketing organisation for the better part of a couple of years that the grade in Jimblebar was going to change. Everyone hopes that's not going to be the case, particularly if you're a steel mill. You think, maybe it will be all right and it will be more consistent than they say. Well, it turned out pretty much as we predicted and so it's fully included in the way that we handle our marketing plans and we provided for it and we're ready for it. So this idea that this underperform has taken us by surprise is just not right and I can say, hand on heart, I've had discussions with customers. I've been there with Arnoud where we've talked about that for the better part of two years to prepare them for that. But sometimes when that happens, even though we've prepared people for it, people would rather it hadn't. Of course, I understand that.

On the US$8 billion, I just wanted to say something on that. What we are signalling, as I've been signalling for some time, is that we have a very attractive suite of growth options that we can consider, and we strongly believe, for the foreseeable future that we can do them. My answer to Paul McTaggart applies, in a disciplined way and grow this company in a very capital efficient way, but also run our capital allocation framework fairly, so we get decent – today, there are, of course, record cash returns to our shareholder, and the capital bill is likely to be in single digit billions. What we're saying today is that, as far as FY21, that's around US$8 billion. And that does include an assumption that we continue with the Jansen project. This is a project that's relatively backend loaded in terms of costs, which gives us some of the flexibility I've been speaking about. But it's in there and it's within the US$8 billion. I don't have the breakdown for FY21, but I do know that Jansen is in there. I don't know if Peter, while I have been talking, he has been able to flick through his notes and get me bit more.

PETER BEAVEN: Yes. In FY21 the minor sustaining is probably relatively stable. We will add in a bit for things like autonomy and so on, which are coming through. That's a good thing. On the major project side of things, obviously, there's a bunch of things which are underway today, which are still going to be in those numbers. So those are Spence, Mad Dog 2, Atlantis Phase 3, Ruby and so on. There is also some potential for some projects which haven't been sanctioned at this point in time, maybe a bit for BFX, a bit for Trion and so on. And as Andrew has mentioned, there will still be some spend on, a relatively small spend in the scheme of things, on Jansen. So that's more or less what makes up the US$8 billion and I wouldn't comment what consensus looks like – but anyway, it is what it is.

ANDREW MACKENZIE: This year, we expect to spend about just over US$2 billion on what we call maintenance capital. Which is about asset integrity, reducing risk, compliance requirements and, of course, roughly a third to half of that is normally taken up by some form of capitalising of deferred stripping. And then the balance is in organic growth. The major projects typically take up about US$2 billion. Exploration, of course, is there. That typically takes up about a billion. These are round numbers. And the balance is generally a bunch of smaller projects, infield drilling and latent capacity work in iron ore, work to sustainably be at 290 million tonnes a year and there's some small projects in there, as well. And we would actually put South Flank into that category, as well. That will be well advanced by FY21, but still underway.

OPERTAOR: Just a reminder, if you wish to ask a question, please press *1 on your telephone. Our next question comes from Hayden Bairstow from Macquarie. Please ask your question.

ANDREW MACKENZIE: Hi Hayden.

HAYDEN BAIRSTOWE, MACQUARIE: Hi Andrew. Just a couple from me. Just on the cost outlook again. Obviously, the Australian dollar assumption has been lowered so you would assume that that would have normally delivered you some wins. So just want to get a better feel for, yes, number (1), Queensland Coal and sort of where you think the risks are to not achieving those medium-term targets, which obviously it's a wider range now – with Australian dollar it's certainly higher than what it was. And have you, effectively, then sort of, you know, backed away a little bit from that medium term cost guidance? And then, also, just on the ROCE target, I mean, is there any impact to think about there or are you having a few wins elsewhere that some of these cost pressures that we're seeing have offset that? Cheers.

ANDREW MACKENZIE: Longer term we have, quite ambitious plans to continue to improve on our cost base. I covered in the presentation, that we continue to grind down on our core functional costs and they were US$3 billion back in 2014. They're now sitting about US$1.5 billion. We reckon we can take them to about US$1 billion. And there has been a wave of activity going on around that. The simplification, things like South32 have helped. The way we've pooled our functions together on a more global basis, now we have major benchmarking underway and real changing the way in which we work to get there. So that, of course, is in all of our numbers, as well, because they are allocated and then, beyond that, we continue to work on our transformation programs and lifting our workforce's capability for productivity or efficiency, in effect, and it's part culture . It's part, also, new ways of doing our business and it's part automation and it's part technology. And who knows where that will take us as we drive forward. On coal, as I said earlier, roughly speaking, we see an additional $10 a tonne of inflation and that's to a large extent, labour related and then we have two offsets. One is the dilution of – as we spoke earlier, of getting more volume, because we have increased stripping and that starts to come through in a year or two's time. That effectively consumes the inflation and everything else is then a negative, if you like, or reduction, and that's put down to all those productivity measures, including improved mine planning, which leads to shorter cycle times for our fleet, which means that we can just move more dirt at less cost than would be the case today. And a raft of all the other things that I've spoken about, including the reliability and throughput of our wash plants and also just the inexorable improvement in both the number of hours that a truck is running and therefore, less time in the shop, less cost in maintenance through a lot of our pressure on maintenance. Making sure the trucks are always fully loaded with better and better sensors to tell us that's the case. And so I guess if we do more than that, we might improve on our targets beyond just the $10 a tonne. But that kind of breaks it down in an order of magnitude way.

OPERATOR: Our next question comes from Glyn Lawcock from UBS. Please ask your question.

GLYN LAWCOCK, UBS: Good morning, Andrew. Two questions. Firstly, just understand your thoughts now around your energy coal business. I mean, previously you had the tax losses in New South Wales which you wanted to work through and you said selling ..... was always – you were never going to get a good price, given the arrangement with your joint venture partners. So just wondering why the change of heart that appears to be being put through the market? And then, secondly, Olympic Dam. If I'm right, it looks like you still made an even loss despite the insurance recoveries. I'm just wondering: how long do you persist with this, and do you think you can actually get decent returns out of Olympic Dam sort of in line with ..... targets? Thanks.

ANDREW MACKENZIE: I don't think it's been quite the, kind of, dramatic shift in views that you're saying, Glyn. As we've done the portfolio work, we increasingly have concluded that this is not a business that is going to offer the prospects for growth and would compete for capital within the capital allocation framework compared to our other businesses. We always see a more modest outlook than perhaps some see in demand, particularly for the very long term, because of the world's concerns about global warming. But we don't expect that to manifest itself quickly, in fact, we've advocated that coal needs to be part of an orderly transition. But the plentiful supply of energy coal, combined with, a somewhat dampening in demand as it's going to form a smaller part of the market share going forward, means that this is a less interesting asset than others for us to invest in.

It's only three per cent of our revenue. We're good at it. Both of our businesses are right at the bottom of the cost curve. And so, even in relatively difficult circumstances they do okay. And when we've had high prices over the recent past, they've been good earners for us – 30 per cent return. So we're not embarrassed by having them. But as we seek, to shape our portfolio going forward, I think we've been clear that this is something that is less critical to us than some other things. But we're not in a hurry, and some of the other issues I think you summed up quite well.

The way to get appropriate returns out of Olympic Dam, is – barring a dramatic shift upwards in the copper price, which we're not predicting, and maybe helped by the uranium prices, which we're not predicting either - it has to be ultimately about growing volume.

But before we can grow volume we have to really convince ourselves, year after year, that we can stabilise production at 200,000 tonnes of copper per year. And while we're doing that, just eat away a bit at our costs through all the productivity actions that I've talked about in the answers to some of our other questions. This year just passed, front half of the year, of course, we took a bit of a hit with the acid plant outage. We continue to work on re-tooling a lot of our detection systems so we get early warning of a temperamental nature in our operations. It is a difficult set of kit to run. It's been around a long time. It was put in relatively inexpensively. And you'll be aware that the system has to work perfectly, because unlike almost any other business in the world, we can't buy and sell intermediates. We've got to take everything from the mine to finished product – copper cathode and yellow cake – and any disruption anywhere along that chain, unlike, say, something like Nickel West where we can buy and sell matte, we can't buy and sell concentrate, we just don't have that optionality.

Getting that stable operation is absolutely critical as a platform for growth. But, you know, again, in line with what I answered to Paul McTaggart's question, we've been careful about that. We initially thought that we might have put in a materials handling system and refurbish an old shaft in order to develop the southern mine area. We decided against that, to save capital costs, and really to just push and understand better what the southern mine area can deliver. We've got a better handle on that now, and that will lead to more optimal projects in the future once we can get on top of this stabilised base going forward. And you've seen our plans, as to how we could do a major expansion. In the long run, South Australia is a great place to do business. Adding lots of new copper is not easy, which should ultimately be good for price, as we've said. And this is something that we still cherish. You know, we know what we're doing here.

The kind of performance you're getting out of Escondida today is because we took that same attitude to crushing and conveying. Likewise, iron ore, what you're seeing today, you know, this deliver, attempt to stabilise everything. It's coming to coal in the way I've just described in the answer to your question. And increasingly therefore we're able to divert more and more of our people resourcing and our ideas and our experience on to Olympic Dam, which, yes, has been the last one to move. But everything else has moved and I'm confident we'll do the same for Olympic Dam.

GLYN LAWCOCK: Thanks, Andrew.

ANDREW MACKENZIE: I don't know if you wanted to add to anything on - - -

PETER BEAVEN: No.

ANDREW MACKENZIE: No. Okay. Next question.

OPERATOR: If we have any final questions, please press star one on your telephone. And our next question comes from Sam Webb, from Credit Suisse. Please go ahead.

ANDREW MACKENZIE: Hi, Sam.

SAM WEBB: Thanks, Andrew. Circling back very quickly, just following up on Glyn's question, is there an active sales process underway for the energy coal business at the moment?

ANDREW MACKENZIE: We're considering a number of options for it, and I'm not prepared to comment to you on that.

SAM WEBB: Okay. Thanks, Andrew.

OPERATOR: Our next question comes from Paul McTaggart from Citigroup. Please ask your question.

PAUL McTAGGART: Hi, again. Look, I just want to follow up on iron ore. So you've given us guidance for the year ahead. Potentially we might get somewhere near the 290 million tonne. But, you know, are you confident that that's a realistic, achievable, year in – year-round target? Or, you know, is that sort of a stretch target that possibly we're not going to meet? I'm just trying to get a sense of, you know, in terms of how I should think about my iron ore supply-demand modelling in the years ahead.

ANDREW MACKENZIE: Well, there's two questions in that. This is an organisation which thrives on stretch targets. And, you know, in general we try to offer guidance on what we think is, reasonably certain. And you will have seen that, this year, apart from one or two of the incidents and some of the weather issues, we actually have hit our guidance pretty well. So is 290 a stretch or is it guidance? In the last quarter of the year, if you take out the effects of Cyclone Veronica, we sort of ran 290 in iron ore, which, as you know, is 50 million tonnes above its nameplate capacity, which is a real tribute to some of the things I was talking to, in terms of operational excellence that we want to transfer more and more to Olympic Dam, when I was speaking to Glyn.

Weather-free, and incident-free, for sure, we could do that. Now, we can't completely weatherproof things. That would be a ridiculous cost. But we'll do our best to be more weatherproof in the future, in everything we're doing, in pushing asset integrity, in pushing better and better routines for maintenance and the motivation of our people, is designed to get rid of operational incidents, albeit that we are working, even in iron ore, with relatively old kit. But it's better that way, rather than completely razing and rebuilding; that would be a crazy financial decision, and I would say, yes, 290 is a a little bit of a stretch, but, just sort of slightly out of reach, rather than out of sight.

PETER BEAVEN: Paul, we will be able to de-bottleneck the rail line, through the RTP, you know - - -

PAUL McTAGGART: Of course.

PETER BEAVEN: - - - the new signalling technology. So that'll add capacity on the rail. We'll obviously be adding capacity via South Flank, so that'll also take care of business on the mine side, and that bottleneck will continue to be somewhere in between the car dumpers and the stockyard. So I think we've got that reasonably in hand, and we'll be there and thereabouts over the next few years. But, as I say, once RTP and South Flank come in, it'll give us a lot more opportunity to be stable at that 290.

PAUL McTAGGART: Thanks, guys.

OPERATOR: Our next question comes from Lyndon Fagan, from JPMorgan. Please go ahead.

LYNDON FAGAN: Thanks again. Just a follow-up question on the market. Obviously a strong year of Chinese steel production this year, with a lot of growth. Just wondering if BHP is predicting further growth in 2020, in – for Chinese steel production.

ANDREW MACKENZIE: Not really. But, of course, it's hard to foresee. Part of the growth this year has come about by a bit of a stimulus, on the infrastructure side, which the Chinese probably did as a defence against the impact of some of the trade restrictions. And, of course, that's coincided, as you know, with outages in both Brazil and in Australia, which led to the high prices, with which, of course, we've now come off quite dramatically. There is some indication now, coming from our markets that that strength of demand is not as it was through the peak period in China. And, of course, we are seeing poorer macroeconomics, particularly in Europe, now, and some of the more developed markets of Asia. But having said that, the price corrections that we've seen in iron ore and met coal are sort of the ones we would have expected, and a lot of that is already in the market, and, we'll obviously watch with interest the inevitable development of these trade tensions, and what is the likely Chinese response.

LYNDON FAGAN: Thanks a lot.

OPERATOR: Our next question comes from Paul Young, from Goldman Sachs. Please ask your question.

ANDREW MACKENZIE: Mr Paul.

PAUL YOUNG: Hi – yes, hi again. Maybe a question for Peter; it's a question on the balance sheet, and capital returns. Peter, you've said you wanted to – you want to maintain the net debt at the bottom end of the range, which is quite prudent. You're a bit cautious on pricing, it appears, on a – you know – maybe on a – in the near term. The question is actually around the – a potential off-market buyback, and – versus investing in your business. I know we've had discussions around this – on this topic over the years, but you completed a US$5.2 billion off-market buyback last December. Is that something that you'll consider – and I know you can't always speak for the Board, but is that something you'll – you – you'll consider again, in December/January? And if so, could you actually announce, in theory, a buyback before the February results, say, post the or round the AGM? Thanks.

PETER BEAVEN: Every time we go and speak to the Board, we inevitably speak to them about where we see our funding, and so on, so, I suppose, hypothetically speaking, yes. No doubt that the Board can – well, we just showed that we can – can announce capital management initiatives at any time. But again, as we've discussed for quite a few times in the run-up to the distribution of the shale proceeds, we go through the capital allocation framework, and we do it every time we think about the dividend.

One of the thresholds – issues – that you have to pass, is materiality. We've got 50 per cent payout ratio which locks in the cash amount. What's left over, this time, was 25 US cents; but it's US$1.3 billion, so, in the scheme of the size of this organisation, that's probably a little on the smaller side of things. And that's pretty much where it is. So I think it was the right decision for this go around, obviously. We made the recommendation; the Board accepted it. That's good.

ANDREW MACKENZIE: I don't think there's any questions pending, so we'll call that a day, and we'll look forward to – I do, anyway – look forward to seeing many of you who've been on the line on Thursday, in Sydney. And until then, thank you very much.