

MAN:

Thank you for standing by and welcome to the Downer Half Year Results conference call and webcast. All participants are on listen only mode. There'll be a presentation followed by a question and answer session. If you wish to ask a question, you need to press star followed by one on your telephone keypad. But now I like to hand the conference over to Mr. Grant Fenn, CEO. Please go ahead.

GRANT FENN:

Good morning ladies and gentlemen and thank you for joining the Downer team for the presentation of the Downer EDI Limited results for the six months to 31 December 2018. My name's Grant Fenn I'm the CEO of the Downer Group. This morning I'll take you through an overview of the results and the outlook for 2019 and Michael Ferguson, our group CFO, he'll take you through the financial position of the company in more detail. And at the end we'll take questions.

So, let's get started on page two.

The Downer Group continues to deliver both operationally and financially for its stakeholders. Downer's earnings for the half have increased to 163.4 million. Earnings growth is at 23.8% and we've increased our full year guidance to 352 million NPATA. As Michael will detail later, this includes 17 million in an unbudgeted revaluation gain from an acquisition in late December 2018. Downer's full year guidance provides 19% earnings growth and is in the top core tile of expected growth for companies in the ASX 100. Over the past nine years our earnings have been consistently cash-backed and this period is no exception, with operating cash flows of 355.3 million and EBITDA cash conversion of 90.7%. Now this is the hallmark of the Downer Group. The quality of earnings and strength of the business is clear. Downer Group cash performance is strong, predictable and reliable. Our balance sheet continues to strengthen with gearing reduced to 23.8% from 24.6% and the liquidity is 1.4 billion. We have the capacity and flexibility to support our growth strategy of investing in our existing businesses and expanding strategically through targeted acquisitions.

Most importantly, our efforts in the Zero Harm and wellbeing of our staff is resulting in fewer and less serious injuries across the Group. Our safety statistics continue to improve, with our lost time injury frequency rate at 0.68 and our total recordable injury frequency rate at 3.09. Off the back of this result and in line with the Group's forward view, we've decided to increase the interim dividend to 14 cents per share. Dividend will be franked to 50% and payable on the 21st of March 2019 to shareholders on the register at 21st of February.

Downer's business portfolio is now heavily weighted toward the urban services markets of transport, utilities and facilities. The growth driver of these markets is population growth in the major cities. Over 80% of Group EBITDA is generated in these growing and consistent

markets, increasing urbanisation, as I said, growing population, government outsourcing and new digital technology makes these sectors exciting and critical for the business.

Urban services now represents around 88% of the Group's work in hand. Territory and state governments will continue to spend on both economic and social infrastructure, and will increasingly use the private sector as the service provider.

Our Mining, Energy and Industrial services represents 20% of EBIDTA, and remains an important part of our portfolio mix. These resource-based businesses have historically been strong performers for the Group and continue to perform in line with commodity cycles and investment flows. In the 2014 financial year Mining contributed over half of the Group EBIDTA. And as you'll see in more detail a lot later, Mining has lifted earnings by 76% and margins by over 2% in this half. It's been an important contributor to the Downer story over time. Production volumes are expected to grow over the next five years and this will translate into growth for the contract mining sector. Our focus is to continue to diversify our commodity exposure and improve the capital efficiency of our fleet.

Our Engineering, Construction and Maintenance business has also been instrumental in the development of the Downer business with its market leadership, particularly in large-scale electrical construction. This has now expanded into asset management services which is now larger than the construction part. We will continue to push further into the long-term maintenance and overhaul markets in both mining and oil and gas.

Another important portfolio adjustment in the Downer Group is the relative size of our services businesses compared to construction. As the gGoup has grown construction, including the NBN roll out, now represents less than 17% of our earnings. So what does that mean? Well, it means that we not reliant on heavily contested in high-risk construction projects. Our construction efforts are intentionally limited and focus on areas that will help drive long-term contracts in service markets. We limit our risk through the size of projects we undertake, the type of project and the commercial risks we accept.

Downer's shareholder value proposition is simple. Grow the business through aligning our services to the right markets and customers, expansion of our low capital services, low capital service oriented businesses, strategic acquisitions that grow capability markets, and to use capital efficiency by delivering strong cashbacked earnings, maintaining a strong balance sheet and credit rating, and restricting capital expenditure to worthy allocations. Business growth combined with efficient use of capital will see Downer grow earnings per share and dividends per share and our payout ratio will remain in the range of 50 to 60% of earnings. By delivering on this proposition, shareholders should expect Downer to achieve a strong relative TSR performance.

This next slide is very important for all stakeholders. Downer is often seen as a large and complex company. And as we did it at a most recent Investor Day, it's worth again going through how we manage at this business for success. The culture of the organisation is critical to its success and it begins with the four Downer Pillars of Safety, Delivery,

Relationships and Thought Leadership. Our organisation is based on these principles and we make decisions based on them. Downer is genuinely a people business and the talent and capability of our people is at the heart of our success. We are an employer of choice in both Australia and New Zealand and we foster innovation and opportunity across the group. Our accountability framework is integral to the way we run things. Our divisional CEOs are all very senior executives and are accountable for the performance of their business. Importantly, their autonomy is balanced by an obligation to be open about what is happening in each business. Our systems are focused on transparency. Another important element of the accountability framework is our remuneration structure. The KPI's for the CEOs drive a consistent focus on safety and environment, earnings, cash and people.

A vital component of managing the Group for success is risk management. This includes a consistent approach to safety, robust bid approval, project management and internal audit processes, and centralised legal and compliance functions. Obviously, we win a lot of work each year. We could win a lot more, but choose not to. Our risk management systems are a real strength at Downer and it differentiates us from many of our peers.

Each year, we run a three-year business plan focusing on strategy, earnings, capital allocation, return on investment and cash conversion. This is a bottom up top down process that involves each of the divisions and head office. We emerge with a business plan that aligns our CEOs to the expectations of our board and investors. Importantly, we monitor performance with regular reviews. This detailed and disciplined exercise allows us to issue guidance each year. As you know, we've met our guidance for seven years in a row.

I'd now like to hand over to Michael Ferguson, our CFO, to take you through our financials in more detail. Thanks Michael.

MICHAEL FERGUSON:

Thanks Grant, and good morning everyone. I'll pick up from slide 10 outlining financial performance of the Group for the first half.

Downer has recorded a strong revenue result. Group revenue including Downer share of revenue from joint ventures, increased 8% to 6.6 billion. It is worth noting that prior period result included a significant contribution from Downer's freight rail business that was divested in late 2017. Adjusting for the divestment, revenue would have increased by 10%. This revenue growth reflects Downer's strong position across both our urban services and mining energy and industrial markets, particularly in transport, utilities and EC&M. We're also seeing pleasing revenue recovery in our mining division.

The strong revenue performance has translated to growth in earnings with total EBIDTA of 268 million being 20.6% higher than the prior corresponding period. This result included a one off \$78 million gain, that I'll explain in the next slide. Excluding this gain, period on period growth was still strong at 13%. Non-cash acquisition related amortisation is 31.4 million compared to the prior corresponding period of 30.7 million. This includes the

unwinding of the identifiable intangibles at 423 million that were ascribed to Spotless as customer contracts, relationships and brand.

Net interest expense has increased 2.7%. This includes the unwind of the discount applied to the provision recognise to reflect present value of the estimated losses on the New Royal Adelaide Hospital contract. The provision estimates the present value of the losses through to September 2022, and the unwinding of the discount applied is disclosed in net finance costs. Adjusting for this interest expense reduced 1.7 million or 1.5% period on period, reflecting the benefits of the refinancing completed in 2018. A tax expense of 53.1 million reflects an effective tax rate of 27.3% which is consistent which is consistent with prior periods. This is below the Australian statutory rate of 30% due to non-taxable distributions from joint ventures and a lower corporate tax rate in New Zealand. This all equates to a net profit after tax and before amortisation or NPATA, of 163 million, which is up 23.8%. Downer's return on funds employed has increased to 12.8% from 11.3% and is consistent with the growth in earnings. The directors have declared an interim dividend of 14 cents per share, franked at 50%. This equates to a payout ratio of 52.3% of first half NPATA within the payout ratio range of 50 to 60% we have previously disclosed as our target.

Moving on to slide 11, summary of earnings. Pleasingly, we are reporting a very clean result for the period. You'll recall in FY18 we had a significant number of reconciliation items between our statutory result and the underlying operating profit of the business. These arose predominantly from the impact of portfolio reshaping, through acquisition, divestment and restructure as well as the impairment charge recognised against the carrying value of goodwill in our mining business. We would like to identify one significant positive non-trading item that has been included in the results. As Grant highlighted, Downer acquired the 50% share of the Downer Mouchel joint venture that it did not already own from Kia group for net consideration of 24 million. Downer Mouchel is part of the road network service offering within Downer's transport business. The transaction reached financial close on the 21st of December 2018 and as a result has not provided any real earnings contribution in the first half. However, on attaining 100% ownership, the accounting standards required Downer to revalue its original 50% investment in the JV to reflect this market value. This has resulted in a gain on revaluation of 17 million being recognised in other income and as this gain is non-cash and was not included in our guidance, it is appropriate we highlight its impact on our result.

The next slide outlines the impact of Downer's transition to SSB15 - revenue from contracts with customers. The full disclosures in relation to the transition are included in note 1E of our financial statements. When we released our full year results, we highlighted that the cumulative impact of the new standard would be reflected in the Group's opening retained earnings at 1 July 2018. This was estimated to be 252 million net of tax across the three key areas, being treatment of contract modifications or claims or variations, treatment of tender costs and changes in performance obligations. During the period we identified an additional 5.9 million of claims in variations related to 30 June 2018 which did not meet the high recognition hurdle imposed by the new standard. This has increased the total adjustment to 258 million. We have also included in our disclosures the difference between the half year

profit following the adoption of HHB15 to that which would have been recognised applying the previous accounting standards. This disclosure has been included to allow period to period comparisons given Downer used the cumulative impact and did not restate comparatives. The disclosures show that, had the new standard not being adopted, net profit after tax would have increased by 2.3 million. It is worth noting that many of the larger claims included in the 1st of July 2018 transition adjustment, including the claims related to (INAUDIBLE)

remain outstanding. We'll continue to track the status of these claims for the remainder of the year and update these disclosures as part of our full year reporting.

Moving on to cash flow on slide 13. Grant has already spoken to the strength of the operating cash flow performance of both Downer and Spotless during the half year. The Group generated total operating cash flows of 355 million with strong performances across the group. Spotless is operating cash flow processes are now consistent with those of the other Downer divisions. This is reflected in the Spotless operating cash flow conversion, which when adjusted for the cash losses at nRAH, came in at 91.6%. In terms of overall cash flow, net capital expenditure was 192 million, consistent with the prior period. Total mining capital comprised approximately half of this amount, with growth capital invested to support recent contract wins at Cadia, Carrapateena, Gruyere and Blackwater. In addition to Group has also invested in upgrading its asphalt and rail facilities and improving the productivity of the Spotless laundries. Acquisition outflow, net of cash acquired, totalled 46 million. This included the acquisition of the other 50% of the Downer Mouchel joint venture from Kia to 24 million, with the balance related to small acquisitions and deferred purchase consideration. IT transformation and other includes the development of Downer's multi fleet management system in preparation for the mobilisation of the TLS phase of the Waratah extension and the HCMT metro project. Financing cash outflow includes the net repayment of borrowings of 106 million. This includes the repayment of a maturing Aussie dollar, medium term note issue of 150 million. Total dividends paid of 87.4 million has increased 16.1% as a result of the increase in the final dividend for FY18 from 13 cents per share to 14 cents per share in addition to the rates dividend. Cash held at 31 December was 505 million, which when combined with undrawn facilities of 855 million provides us with significant liquidity of 1.4 billion and leaves Downer well positioned for growth.

Turning to slide 15, the Downer Group balance sheet remains strong, with comfortable gearing and a strong net asset position. The reduction in current and net assets is due to the transition to the new revenue recognition standard and the result of the reduction in claims and work in progress. Gearing at 31 December was 23.8%, still comfortably within Downer's target range.

Finally, on slide 16 our group debt maturity profile. Weighted average debt maturity of 3.8 years reflects the significant refinancing that took place in 2018 across both the Downer and Spotless debt platforms. The Group had total net debt of 940 million, being 237 million in Downer and 703 million in Spotless. We have previously highlighted to reduce the need to reduce the Spotless net debt and it is pleasing to see this has reduced by 5% since June 2018. We continue to sit comfortably within our credit rating and debt covenant metrics. A credit rating with Fitch remains at BBB with a stable outlook. Further details of debt and bonding, including cabinet calculations, can be found in the supplementary information on slide 31. Thanks very much and I'll now hand back to Grant.

GRANT FENN:

Thanks Mike, and I'll now run through some of the highlights for each of the five service lines. We'll start with Transport.

So, Transport delivered a small increase in revenue for the half year, which was a significant achievement given that the prior corresponding period included 83 million of revenue from freight rail, and that business we sold in late December 2017. The 10% growth in EBITDA was driven by strong performances across our roads, bitumen products, rolling stock and light rail businesses. The major rolling stock projects, that's Sydney Growth Trains and the Melbourne High Capacity Metro Trains, are progressing well. 12 of the 24 Waratah series two trains are in passenger service. And yesterday as you probably have heard, the New South Wales Government announced that they had ordered another 17 of these series 2 trains. Once these additional trains are delivered, there will be 119 Waratah trains servicing the Sydney network and being overhauled and maintained by Downer for the next decade. There's a very solid pipeline of work for Transport, including the building of stage one of the Parramatta light rail project and the JV with CPB contractors. Michael referred earlier to the acquisition of the remaining 50% of the Downer Mouchel roads business that we didn't already own. And importantly, this investment has an extensive footprint across WA, NSW and QLD, and will substantially enhance our network management capability.

Moving to Utilities. Utilities delivered significant growth in both revenue and earnings, with another strong performance from Communications and an improved contribution from the Water business. Our Power and Gas distribution businesses are also winning work and expanding. The margin for Utilities was negatively impacted by poor performance in our solar farm business. I'm pleased to say that our remaining solar projects are performing to budget.

The rapid and substantial investment in renewables generation has created the requirement for significant investment in the transmission grids around the country. This is a significant opportunity for Downer as the market leader.

If we move to facilities now... So, the facility services line includes Spotless and Hawkins. We've decided to combine those businesses for reporting purposes to better reflect our leverage into the facility sector. We see increased opportunities for Hawkins and Spotless to drive revenue together in the New Zealand market. The standalone Spotless results are set out in the supplementary information. While revenue was down slightly, EBITDA and EBITDA margin improved, mainly due to the Hospitality and FM, Defence and Laundries businesses. We continue to invest in Spotless to improve performance including in business development, operational excellence, and bid and delivery governance. The integration of a mechanical and electrical and HVAC or heating, ventilation and air conditioning, has created a strength in service offering that is creating new service opportunities. Outsourcing opportunities are emerging across the government and hospitality sectors and there is a strong pipeline of work in the justice, critical infrastructure and Defence and state development sectors, all of which are growth markets for us. We're doing a very good job at

the New Royal Adelaide Hospital and we continue to work with the South Australian Government and Salsas for solutions to the various operational and commercial issues. Our monthly financial position has improved in line with a reduction in headcount.

I'll now turn to our Mining, Energy and Industrial services businesses.

As we foreshadowed at the 2018 full year results presentation, the first half of 2019 has seen our Mining business rebound. With underground contract wins and renewals at the Newcrest Cadia and CSI Glen Corp Copper Mines and also at Cosmo Goldmine. Our open cut team also secured wins and extensions in both coal and iron ore. The growth in EBITDA was driven by overhead cost reduction and improved operational productivity. Importantly, our mining services offering has diversified beyond coal and iron ore with long-term contracts at copper and gold mines, with underground now a significant contributor.

EC&M achieve robust revenue growth driven by our ongoing strong performance at ICHTHYS and a number of contract wins. Engineering services won more work in the global mineral sands base metals and industrial mineral processing sectors. We also won long-term assets service contracts with Chevron five years and BHP iron ore for three years. Significantly, the maintenance and asset services component of EC&M is now a larger and more profitable contributor to this service line than construction. There has been a lot of talk about investment in iron ore projects in WA, and these projects are only coming to market. We have won work in this space and we expect to win more. These projects will contribute to our performance in 2020 and 2021.

I'll now turn to the outlook for the remainder of the of the 2019 financial year. Downer has increased its target guidance for the 2019 financial year to 352 million NPATA. The increase takes into account the unbudgeted fair value gain of 17 million from acquiring the remaining 50% of the Downer Mouchel joint venture. Our goals for the rest of this financial year include ensuring a safe environment for our employees with improving injury rates and wellbeing. Delivering our EPS growth of 19%, maintaining our strong cash performance, managing capital actively and maintaining a dividend payout ratio of between 50 and 60% of NPATA, maintaining a conservative gearing position and providing balance sheet flexibility to support growth. As you can see from this final slide in today's presentation our outlook is supported by work in hand of 43.5 billion, up from 42 billion at 30 June 2018. This is a significant body of contracted work which continues to build. With that, thank you ladies and gentleman, and I would now like to hand back to the conference convenors for the Q&A. Thank you.

MAN:

Thank you, Mr Fenn. Ladies and gentlemen, welcome to the question and answer session. To ask a question, please press star one on your telephone keypad, and wait for your name to be announced. If you wish to cancel your request, please press star two. We'll just pause a moment to assemble a question queue. Thank you, and your first question comes from James Redfern from Merrill Lynch. Please go ahead.

JAMES REDFERN:

Grant, good morning. Three questions please. The first one is on the guide to NPATA, I

guess if we stripped out the 17 window of fair adjustment and assume it's a non-recurring accounting item, the NPATA guidance is unchanged or reaffirmed at 335 mil?

GRANT FENN:

Yep.

JAMES REDFERN: That's the first one?

GRANT FENN:

Yep, that's correct.

JAMES REDFERN:

Thank you, and then in terms of the two loss-making construction projects in EC&M, can you please just remind me what they were?

GRANT FENN:

I won't call them out specifically mate, but they weren't particularly large but in the end impacted on the EC&M margin and were in the generation. Not in solar or renewables but in power generation.

JAMES REDFERN:

OK, thanks. And then just last quick one. Downer recently won the PL light rail contract. Just wondering how the bidding pipeline looks for the next six, 12 months in terms of what we should look out for, in terms of projects, your company is bidding on?

GRANT FENN:

Sorry, which light rail contract? Sorry, Parramatta. Yes, so we picked up Parramatta. Sorry, the question?

JAMES REDFERN:

The question is just in terms of the bidding pipeline outlook and what we can look for or forward to in the next six to 12 months?

GRANT FENN:

Well, it's pretty solid. The CRM opportunities for all of the businesses are very solid, and as you'll understand with the focus of the presentation, our interests are much more in the long-term service contracts than they are in large civil projects. We focus ourselves to the extent that we're involved in those civil projects to areas that will help drive other service revenue. You can understand with light rail that's important to us. We run the largest light rail network in the world with Yarra Trams, we're also Gold Coast Light Rail, Newcastle et cetera, et cetera. So, it's important to us on that, but the pipeline for all of the businesses is very strong.

JAMES REDFERN:

OK, thanks Grant and I hand it back, thank you.

GRANT FENN:

Thanks.

MAN:

Thank you, our next question is from Craig Wong-Pan from Deutsche Bank, please go ahead.

CRAIG WONG-PAN:

Morning. Just wanted to understand with the acquisition view announced by your report, and also the acquisition of the remaining 50% of the joint venture with Mouchel, how much revenue or earnings would that add in the second half, given that you'll be getting an extra six months worth of contribution from those businesses?

GRANT FENN:

Yeah, so we'll talk about the half that's just gone by, it's been immaterial.

MICHAEL FERGUSON:

Yeah, we closed on the 21st December, so very small contribution.

GRANT FENN:

And there will be some contribution in the second half, but relatively immaterial there as well. So we'll update you on that a little later, but it's relatively immaterial.

CRAIG WONG-PAN:

And then just wanted to understand, with the facility services decline, that decline in revenue, what's caused that?

GRANT FENN:

Well, nothing in particular. It's just as we've run our business there's been in, some of the service contracts, there's been less construction work. It's just the way that the government procurement has worked, so there just hasn't been the work there, but we're expecting that to pick up. So, it's not a it's just a seasonal issue we believe.

MICHAEL FERGUSON:

Yeah, there was a lot of Adelaide mobilisation work in the first half of 18 as well, which has not come through in this issue.

CRAIG WONG-PAN:

OK, and then my last question. Just on the Royal Adelaide Hospital contract, I noted that the present value of losses has been reduced, and you talked about the monthly losses or the run rate has been reduced due to lower head count. Is that there any more to go to reduce those losses, or is it now just contingent on you negotiating another contract with the government?

GRANT FENN: Look, we think always - depends how the hospital works, right. The hospital, there's a lot of improvement still to go in that hospital, and that may impact further resources that we need, but that will largely be part of the next phase of sort of improving hospitals. That's not just us. In terms of how the hospital works today, it's there or thereabouts. We might see slight improvements, but it's about where it's at. You know, that provision was made with a view to the cycling of what we thought our improvements would be, and we're tracking slightly better than that.

CRAIG WONG-PAN:

And just to follow on from that. The negotiations with the government, I mean it's probably very hard to put a timing on that, but can you give any, made a timeframe that would be good.

GRANT FENN:

Yeah, well, we certainly would've hoped that it was sorted by now, but you know in these situations because there's PPP in the middle it's not as easy as a straight direct negotiation here. So, there's lots of parts to this. We are no less confident around getting this sorted. We believe that we will have it sorted. Of course, in the background there is also quite a substantial arbitration claim that's been worked, but we believe we won't need to go down that path, and there will be a negotiated settlement. But you know, it has dragged on, we hope that it's not going to drag on to the full year, and you know, we're in negotiations now. So, let's hope that it gets to where we need it to go to.

CRAIG WONG-PAN:

Great, thank you very much.

MAN:

Thank you, next question is from Paul Butler from Credit Suisse. Please go ahead.

PAUL BUTLER:

Hi, thanks very much. Could you just remind me what the size of the provisional increase related to Royal Adelaide was? I mean, I think overall you were saying the provision increase was around 80 million.

GRANT FENN:

85

PAUL BUTLER:

So it's 85 related to Adelaide.

GRANT FENN:

Yes.

PAUL BUTLER:

And just trying to understand what's the worst-case scenario. When is the reset date for that contract?

GRANT FENN:

Yeah, so what we've disclosed. The contract has a reset in five years, so what we've done is we've taken our expected losses for that period out to 2022, should we not negotiate a better position, and if we're unsuccessful in what would then be resulting arbitration claims. So that is the worst scenario that we've currently got on deck at the moment.

PAUL BUTLER:

OK, so the reset is 2022?

GRANT FENN:
Yes, that's correct.

PAUL BUTLER:
Is that midway through the year or when is that?

MICHAEL FERGUSON:
September.

PAUL BUTLER:
September. OK, and so based on your current loss rate you run at the moment, do you reckon this provision covers you at that sort of pace for that remaining time period?

GRANT FENN:
Yeah, so the provision rate was worked off our view of where our headcount and costs would get to. We're tracking slightly ahead of that at the moment.

PAUL BUTLER:
OK, and my next question is you've changed the segment reporting, I was just wondering...

GRANT FENN:
Slightly. So yeah, you'll see a couple of things that we've done is that we've - with the sale of freight rail in December of 17, that meant that the rail business was you know, vastly smaller than the rest of what we had, and in fact was being managed through our transport part of the business. So we've joined rail into transport. That's, I guess that's why I think it's minor but that's what's happened. And on our facilities, we've joined Hawkins and Spotless together. We've done that because increasingly we see a lot of effort and opportunity for those two to be working together, and they are in a similar vein. One's constructing and one's servicing facilities. So Spotless is...

PAUL BUTLER:
But it's not the way you run it, run the business though, is it? I mean Spotless is operated separately to Hawkins? Am I right?

GRANT FENN:
It has a lower level managers that are, or management that is different, but it comes up to a joint position here, and we also disclose what the Spotless numbers are. So you'll just have to work that out. So in our view, that is how we think about our business, and if you think of the push of the presentation with urban services and our resource based mining, energy and industrials, it's a very clear picture that we're pushing here, and it's the reality of our business. Similarly, services being part of that urban side, Hawkins and Spotless are a part of that now. You may say, well, you'd prefer to see it elsewhere, but that's how we see it.

PAUL BUTLER:
Yep, now, I don't know if I have missed it, but have you provided the FY18 full-year numbers under the restated bases?

MICHAEL FERGUSON:
No, we've not done that.

PAUL BUTLER:

Could we get those, please?

GRANT FENN:

We'll consider that. I'll speak to Michael on it, perhaps you can speak, you can talk offline and if we did that, of course, which I'm not sure that we will, but if we did then we'd make it available to everybody.

PAUL BUTLER:

OK, and just a couple of other ones. You've made a management change at Spotless. I just wondered if you would comment on what you're seeing there in terms of the progress of the improvement in that business?

GRANT FENN:

Well, progress is substantial. We now have not entirely, but are very close to the senior executive, both group and structure. There's a bit more to be done there. We're developing centres of excellence for some of the technical aspects of what Spotless does, and we think that's what's been missing, certainly for a period of time. Not always missing. Spotless had this in the past, and we're now bringing that back in. Then what that will allow us to do is to focus very clearly on our customer base, and give them the absolute best in the services that we provide rather than a conglomerate view of things. So, Peter Tompkins has come in as the CEO of that business. You know that's a significant change. Peter's been a long-term Downer very senior executive. He will do a very good job there, and he's, certainly his start since he's been appointed is excellent.

PAUL BUTLER:

OK, so I mean if we exclude Royal Adelaide, how's Spotless performing in terms of the turnaround compared to your expectations?

GRANT FENN:

Look, we look at the opportunity list within Spotless, and it's you know very large and it's in the areas that we want. We still have a base level of work to do on that business to be where we want it to be, so it's still work in progress. But you know we're seeing in, a number of areas there very very good things, so I and the board are still very very positive about the acquisition, but we've still got work to do, we've still got work to show the investment community that we've done the right thing there frankly. But that's our belief and it's given Downer a whole new set of growth opportunities. You know, work to be done, but so far going well.

PAUL BUTLER:

OK, and just one last one. Can you give us a bit of colour on the High Capacity Metro Train project? I think the first train's due to be delivered this year. I think in the presentation you said, "It's performing well." Just, I don't know if you can you give us a bit more colour on that, particularly what's making this project perform better than say you know, the original Waratah Project?

GRANT FENN:

Yeah, that's a good question. Yeah, so this is basically the build of a brand-new train, so it's not the Waratah or a derivative of it. So, with that comes a lot of complexity in the project,

and I've got to say that we are at this point, very happy with that progress, and that's both with our own team at Downer, and also working with our partners CRRC. The Chinese train constructor. We have got to the point where we have produced the first train, and that has now been moved from our manufacturing site at Newport in Melbourne, out to Pakenham where the depot is. And that is now undergoing, you know, further work and testing in that facility. So that's quite a milestone. If you think about what's happened there is that train has been designed, that design has been approved. We've built the depot, we've got that train, we've moved it out there, and that's a very significant set of milestones there. You know, as with all very complex projects every day there is a new problem, and every second day we solve them, and that's the way that is. For a train project this size and in complexity, we're very happy with it. And you also need to understand it, and I'm sure you do, that the bidding entity here is a joint venture between ourselves and CRRC, and there is a scope split. So, our role in the design and construct of those trains is very much in the project management. So we are helping the Chinese with the build of the train, and then, of course, we're also building the depot which has been done, and then we will take over the maintenance once the trains are produced. So, you know, whilst we're not directly in the firing line or if you like, the risk of design and construction when we talk about the project going well, we have been sort of integral with working with our partner in getting that construction going, and we're pretty happy with it so. Is there any more that you'd like to know there?

PAUL BUTLER:

Yeah, look what I understood one of the issues with the original Waratah Project is there was, if you like, too much micro-managing by the State Government in the design process. And have you managed to avoid that in this particular project?

GRANT FENN:

Yeah, look we could go into hours on Waratah, but let's say this, when you're designing a brand new train, which the Waratah was and, of course, this one is now, you can understand from your customers point of view that they want to be sure as you go through that design process that that train is going to meet the requirements that they've specified there. So that obviously means that you are going to have to, along the way, work with the State and their representatives - consultant representatives you know, to make that happen and go past approval points. Now, with the Waratah that was a very difficult process, and it was difficult from the State's side and also our own. In this case, being very wise to the issues on Waratah, we were at pains with the State in Victoria, to have a process that would work more seamlessly and thankfully so far that's certainly been the case. And, of course, Waratah wasn't without its issues on the construction side either, and we also took the learnings from Waratah into, or we are taking the learnings of Waratah into the construction of the HCMT. So, whilst we wouldn't say, at all, that all risk has been retired on this project, it is going at the moment very well.

PAUL BUTLER:

Very good. Thank you very much.

GRANT FENN:

Thanks.

MAN:

Thank you. Next question comes from Rohan Sutrum from MST. Please go ahead.

ROHAN SUNDRAM:

Hi Grant, hi Michael. Just a few questions for you, so apologies if I missed it, but what is the headcount at the moment on Royal Adelaide?

GRANT FENN:

It ranges between 780 to 800.

ROHAN SUNDRAM:

OK, thanks. And on your guidance, can I just ask, how locked in do you feel it is? Do you feel you need to win more work or is it more a case of execution from here onwards?

GRANT FENN:

Look, you know you can ask the same question when we put it out in August of the year.

You've always got to produce to meet your guidance and it's no different here.

The fact that we are confirming our guidance plus the 17 should tell you, given our history, that we think we think we will meet that, and I guess should we be in a position that at any stage that we think that we're not then we'll tell you, but I think you'd have to take us on our past experience on that.

ROHAN SUNDRAM:

OK, thanks. On the Waratah contract from yesterday, roughly ballpark wise, what's the mix between maintenance and construction in that 900 mil.

GRANT FENN:

Yeah, roughly it's about one-third, two-thirds. So one-third construction, two-thirds maintenance.

ROHAN SUNDRAM:

Thanks, and is there much of a margin differential towards the maintenance? From memory, I think the maintenance is a much better margin? Is that right?

GRANT FENN:

Look, the construction side of it has been priced by CRRC, so I'm not going to go into how they price because I actually, I don't know. But I do know our margins on the maintenance are reasonable but you know, these are all competitive and competitively bid, so you know, there's no super profits here. We have to work very hard to make our money.

MICHAEL FERGUSON:

Similar to the current trains we've got Rohan, for the extensions the CRRC element of that one-third just passes through our books. So that appears as fairly low margin to Downer when in fact it's a pass through.

GRANT FENN:

One of the benefits that, of course, we get here is that all of those trains are maintained from the Auburn maintenance facility. So, there is, of course, some scale advantage, and it's not just the Waratahs but it's also the Millenniums are maintained out of that facility. So that

helps. That helps not just in benefits to us but in benefits to the state in better reliability in this one.

ROHAN SUNDRAM:

Sure, thanks, and last question is, is it your expectation that the New South Wales government will exercise that option for further Waratah trains? I think it might be another 28 or so?

GRANT FENN:

Well, they've got a fantastic product, and I'm sure not if you've had the opportunity to listen to Minister Constance yesterday.

You know, there are many benefits of the State to continue procurement of this train. In particular, reliability and also training costs for drivers and other crew. But you know, I think, of course, that they should buy many more, but you know, we'll just have to wait and see.

ROHAN SUNDRAM:

All right, thanks Grant, thanks, Michael.

MAN:

Thank you. Next question is from Seraj Amid from Citi Group. Please go ahead.

SERAJ AMID:

Thank you. Just a few questions from me. The first thing, I might have missed this, but for EC&M has the two contracts completed the two problem contracts in colour?

GRANT FENN:

One is and one's 80%.

SERAJ AMID:

OK, and these are you said, these are construction? What type of contracts are these?

GRANT FENN:

EPC.

SERAJ AMID:

EPC, OK. And just again on the renewables. You did mean to call out solar can tend to be an issue. Again, is that completed as well and the rest of the digital department contracts were completed?

GRANT FENN:

Well, virtually completed. So, there's still some bits and pieces, but we've taken our pain on those. We believe, and they are the construction is basically done, it's now minor bit and pieces. The pleasing thing is that you know, we've learnt a lot on this during the process, and the two solar farms that we have on deck at the moment, we are doing well on them. What we have seen though is that over the period is that you know, the EPC risk on the solar includes taking connection risk, and your ability or the ease of connection has changed dramatically with all of the solar plants coming on deck. It's meant that the grid in certain areas, where these have been put has become much more volatile, and that has created a

lot more work for people like ourselves to get them connected. That's an area that we're looking very closely at, so you know, the future of risks we will take, you know, it's very unlikely that we'll be taking connection, risking anything further unless it's very clear around the requirements for connection. So, we're taking a pretty risk averse position on the solar at the moment, the projects that we're doing are going well but it's you know, it's a developing market that's for sure.

SERAJ AMID:

Yup, just to confirm I mean you've won a few contracts recently and that have you taken a connection risk for that?

GRANT FENN:

Yes, the two that we've got on deck, yes we do because again, we've been a lot more understanding of the nature of both the AMOS requirements and also the transmission grid owners so we're better placed to do that and we think we've ironed out what has also been issues with materials, supply, etc. so we're in a much better spot. We don't think we're going to get losses on the next two but of course just the variability and the requirements to connection would mean that we're going to look very carefully before we take too much more of that risk.

SERAJ AMID:

And just think of the margins with EC&M and Utilities, I mean that declined with the problem contract, should we expect a second or a step back to (INAUDIBLE) now that the contracts are over?

GRANT FENN:

Yeah, well there's no reason why we shouldn't see that. We've taken the pain now so that's right, we should see margins kick back.

SERAJ AMID:

OK, and just in EC&M, I mean first I would have had some (INAUDIBLE) in the (INAUDIBLE), can you just remind (INAUDIBLE) completed now?

GRANT FENN:

We're still on it because now, we still got a very sizable workforce on this. We think that we'll start to ramp down in the next couple of months and you know, we'll just see where it goes it's been a bit longer than we had expected also.

SERAJ AMID:

And just on the previous (INAUDIBLE) on guidance, I mean you're at the FY18 as you've mentioned 75% of you know, revenue of secured, where do you stand right now? If you could give an update?

GRANT FENN:

On... sorry, for the full year?

SERAJ AMID:

Yeah for the full year of secured revenue, I mean, it would have increased but just try to feel where you are, is it 90% or?

GRANT FENN:

Yeah look, I couldn't give you an exact number but I'm sure that they have (INAUDIBLE) somewhere in the organisation we've got it but put it this way, I'm not concerned about, at this stage, concerned about having to win revenue and deliver in the next four months.

SERAJ AMID:

OK, and just for a couple more, is Spotless, the revenue declined in the South, is that because of Royal Adelaide mobilisation of it and the step current year, that's when Spotless has made a decline 5% also.

GRANT FENN:

Yeah, we were just saying that there's, there's bit of previous, sort of corresponding period, noise in that as far as what was in there and there's been a bit of delay on some project work in some of our long term contracts which we think is simply seasonal which we'll pick back up sometime.

SERAJ AMID:

And the interest cost of this half, was it 1.5 half million of one-offs, is that right?

MICHAEL FERGUSON:

They're not one-offs but it's the unwinding of the discount on the Adelaide provision so when we book, we book at the present value and as you unwind or you reduce it, you reduce the provision as you incur the losses but you also unwind the base value of the provision and you show that through interest cost. So that's the, I mean it's non-cash and a book entry as to reset the provision but you can extend its recourse to put it through a finance cost.

SERAJ AMID:

OK, and then just thinking too, you have mentioned there'll be a strategic that cost some 10 million, has that been completely incurred in the first half?

GRANT FENN:

Yeah, it is.

SERAJ AMID:

So, that's your income through the second half, I mean there'll be some because of the (INAUDIBLE).

GRANT FENN:

Yeah, so just you understand that, you know we have got our big cost is significantly more than 10 million we call that ten as cost related to major strategic bids which are funded out in the centre and at this stage we don't see that's going to be the case in second half.

SERAJ AMID:

I guess they did go in corporate cost on the current cost on that aspect in that sort of amount, is that the way should it come out?

MICHAEL FERGUSON:

Yeah, some of that cost has gone through our corporate cost from the half.

SERAJ AMID:

Alright, OK, thank you.

GRANT FENN:

Thanks.

MAN:

Thank you, next question is from Scot Ryle from Rina Equity. Please go ahead.

SCOT RYLE:

Thank you. Grant, have you ever given or are you prepared to talk to the split within the new services, the split between the different layers of Government in terms of importance to business, revenue contribution, whatever you're prepared to say?

GRANT FENN:

We haven't and I'd be reluctant.

SCOT RYLE:

OK, that's fine. Can you then just... I've got two questions with respect to I guess the exposures you'd have to federal and state and to local, how... can you just talk for federal and state how you manage, I understand you're not as much exposed to the construction side which is good, particularly at this time of the cycle but how do you manage the risks associated with the potential for change in government and then in terms of your local government exposures given how many local governments there are across Australia, can you talk to what you do to win new business from an entirely new council, what do you take in that shows your capability, your ability to value add and those sort of things, can you just talk to two things.

GRANT FENN:

Yeah, we could be going on for hours here.

SCOT RYLE:

Yeah, sure.

GRANT FENN:

I'll give you a... OK so you'd understand that state governments and local governments are the two levels of government which provide us with a vast majority of our work although we do have a large Defence business which of course is at the federal government level. You know, we interact with state governments, in particular, at a number of levels in the organisation very much at the operational level and that is almost at site level through the management structures that sit below that, and then we have the CEOs who have strong relationships across all our counterparties within the state organisation whether it be in roads, or rail or health or whatever you like. We then, of course, have that head office level myself having relationships and our SG&I, so that's our strategy growth and innovation area, they are also having relationships at ministerial and also at department level bureaucracies. So we, you know, we track our opportunities and what we want to bid for you know we do a lot of work upfront with our state government customers and local government so you know bidding new local governments, our people are constantly in dialogue across

the local government markets and you know if... perhaps you have seen you know, a lot of publicity for the very good R and D work that we do on our road surfacing around the bitumen products, so that you know, we're doing a lot of stuff in waste and the rest but they are, you know that effort is not run from the centre, that effort is run from our operations individually and in some cases, geographically and if you think about Downer and Spotless, you know, talk Downer for a moment we have operations around the country and around New Zealand and we are a very close at all levels of government and you know, it's just a very important aspect of what we do and Spotless is no different.

SCOT RYLE:

Yep, OK, I won't get you going for hours so thank you.

MAN:

Thank you, your next question comes from Nathan Riley from UBS. Please go ahead.

NATHAN RILEY:

Good morning guys. Just a really quick question, just in relation to Spotless provision. I just want to make sure I've got the accounting right because I think when you last sort of disclosed the information around this provision, you sort of flagged it as an onerous provision that will be booked, I think, on the 1st of July of 2018, so just to confirm, so that was, I think it was 94 million was the estimate of that fair value of that provision at that point in time, so that was adopted on the 1st of July, is that correct?

GRANT FENN:

That's correct.

NATHAN RILEY:

So you haven't actually increased the provision by 67 million is the balance of that provision.

MICHAEL FERGUSON:

Yes, so we, as the losses, as we've incurred the losses we recognised the losses against the provision and that scaled down from when we were where we were at July through to where we are at December with the reduction in heads and so that reduces the provision accordingly and then we then have to unwind the interest component or the fair value, or sorry, the financing cost element of the provision back against the provision through the P&L through finance charges so if you think it from an accounting perspective, it was the HHB15 adjustment reduced equity and created the provision on 1 July and then as we incur the losses we reduce the provision and then we unwind the fair value of the provision through our P&L and that was about 2 million bucks. The P&L impacted the impact to the losses is about 2 million dollars through interest charge, the rest of the losses for Adelaide have been incurred through the, would have been adjusted to the balance of the provision which when you look at then, the cash flow we've called it out because it's not gone through the P&L we then adjusted the operating cash conversion to take into account losses that we've incurred.

NATHAN RILEY:

What was that cash flow impact?

MICHAEL FERGUSON:

About 18 million.

NATHAN RILEY:

OK, so on 1 July, that your estimate of the future loss of rail is 94 million and the net position now is 57 where you've taken those losses against that provision so you have actually needed to increase your estimate of future losses during this period.

MICHAEL FERGUSON:

No, in fact, it's almost and Grant alluded to the modelling that we did on the headcount reduction where we reduced the head slightly quicker and so when we're tracking the model reduction versus the actual reduction, we're going slightly better than we anticipated so we haven't adjusted the provision to reflect that because there's still a fair bit to go through to September 2022 but we're comfortable that we are not in the position that provision is (INAUDIBLE).

NATHAN RILEY:

OK, that's great, thanks very much. And can you just give a quick update on the NBN project, just where you are in terms of the status there and how much work left sort of roll through?

GRANT FENN:

Yeah it rolls on. So obviously that project has had a three or four, or maybe five or six (INAUDIBLE) but it will roll through in sort of mid-2020 we believe, at least.

MICHAEL FERGUSON:

The contract runs through 2021 that we've got at the moment so volume's strong through 18, strong through the first half of 19, we expect that to continue through to 20 with the trial within 21.

NATHAN RILEY:

OK, that's great, thanks very much.

MAN:

Thank you, next question comes from John Patel from Macquarie. Please go ahead.

JOHN PATEL:

Hi, good morning guys.

GRANT FENN:

Hi John.

JOHN PATEL:

I just have two questions please. Just again in relation to Royal Adelaide, I think you sort of mentioned before Grant, but if you're able to quantify what the monthly losses that we are running at?

GRANT FENN:

Yeah, I think sometime ago we we're talking about 3.5 to four and we're now talking around two, you know.

JOHN PATEL:

Thank you, and just the second question, you're seeing any indication of a more disciplined

market out there and obviously, there's been some sector casualties, you know, which starts to potentially put the incumbents in a better position as far as negotiating terms and conditions.

GRANT FENN:

Look, I'm not sure about price John, but I think certainly on... terms and conditions, I think we're all certainly you know, from our perspective anyway I tell you, so that's what we're doing and you know, I think that's also a smart place in the market of doing, with things being balanced heavily the other way and we just try to pull it back, certainly so, that's certainly the way that we're dealing.

JOHN PATEL:

OK, thank you.

MAN:

Thank you and the final question we have in queue is a follow up from Craig Wong-Pan from Deutsche Bank. Please go ahead.

CRAIG WONG-PAN:

Actually my question had been answered I didn't have my question (INAUDIBLE).

MAN:

No problem, sorry I've just had another question come up from Jolyon Wellington from JP Morgan, please go ahead.

JOLYON WELLINGTON:

Hi there, good morning. First of all, I just wanted to ask about the divisional growth level I'm just wondering if you're expecting the trends at the first half to continue through to the second half, you know talking about strong growth in utilities the margin trends, etc. Just wondering that which of those sort of divisions you're most excited about?

GRANT FENN:

Well, Jolyon, you can imagine, I know I'm excited about all of them. We've given you what we think is a full year number, we're not going to cut that up but all of these businesses we expect to perform in the second half, and all have opportunities for growth so you know, we're looking at it, we're not unhappy with any part of our business. Of course, we could do better in some elements of construction where we've had poor results and that in itself, if we... we will sort that out and that in itself will drive improvement. No, we're not unhappy with any part and you can see that, well as we said, that the opportunity list is pretty long for each of them.

JOLYON WELLINGTON:

OK, that's good. And just on the segmental change, do you have the new segmental dates available for full year 18?

GRANT FENN:

I'm sure we do Jolyon, it's whether we're going to give it right, I think we'll speak to Michael, I'll speak to Michael after this as to whether that's something that we're going to provide.

JOLYON WELLINGTON:

OK, and just talk about your guidance. You've clearly given NPATA guidance including the gain of the, on the acquisition of the JV, just in terms of cash flows, are you able to give any guidance on what you expect in terms of cash flow for the full year 19, so what level of conversion you expect, where you'd expect a net debt to end off at the year end please?

GRANT FENN:

Look I'll leave that to you mate, you know our history in cash conversion and so you could look at the last eight years on conversion and use that as a guide.

JOLYON WELLINGTON:

OK and then just on to the mining business. There's been a lot of speculation with the press around whether this business is going to be sold or not, just wondering if you could give an update on what your strategy as for the ownership of this business please.

GRANT FENN:

Well, this business has been a very good performer for Downer for a number of years and you can see in this first half that it's certainly getting back to being performing in a way that we want it to. You know, it's been a pretty key part of our story and continues to be. Should we think that we would like to do something else with it then I guess we'll let the market know but you know, at this point, it's an important part of our business. It is the most heavily capital intensive, which of course is a little different to the rest of the business but we continue to invest and we continue to grow the business so that's where it is.

JOLYON WELLINGTON:

OK so sounds like your current intention is to keep the business?

GRANT FENN:

Yes, we're working hard on improving this business.

JOLYON WELLINGTON:

OK and then just on the Royal Adelaide contract, back at the full year results, you seemed quite confident around the resolution, you know, pretty quickly. I think you sort of gave a timing around September. Just wondering what changed, you know, in that period between the full year result and that September date you know, what changed which made the resolution harder to achieve.

GRANT FENN:

I wouldn't say anything really changed. It might be the you know, the wheels of PPPs, SPVs and government sometimes turn slowly.

JOLYON WELLINGTON:

OK, and then just on Spotless. In terms of the synergies, can you give an update on where you are with the synergies on Spotless? What the total amount you expect to achieve is and how many synergies you've achieved to date so how much synergy you've achieved in the first half of 19 and also can you give an update on the timing of the delisting of Spotless in the market and you know, what kind of incremental cost saving that will give you?

GRANT FENN:

Yeah sure, so the on the synergies, we haven't changed our view on what we think the synergies are and there are substantial synergies being worked through. The point that I would raise though is that we are investing in this business heavily. We think that the investment that we're making is going to pay back in spades. We, almost every opportunity that exists there now, we are working together with both Spotless and Downer, in some cases we have parts of the Spotless business being managed through the Downer side so we're seeing those synergies come through, IT is now under the one banner of procurement. So there's a lot of benefit there, I'm not going to go into the individual carve-ups but you can work on the numbers that we have given you before but understand that we're also investing in that business. On the delist, you know we're looking at the delist. Currently, the share prices of Spotless sits at around \$1.65 some... \$1.69 something like that. You know, we're looking at that and looking at how the delist prices might work but you know, that's something we'll talk to the market about in due course, should we go down that path. Delisting is, you know, \$3 to \$4 million dollars in terms of direct cost but it's part and parcel with all the strategy around, that is part and parcel with what we're doing to take the remaining 11 plus percent so I think we'll leave that at that because that's something to be dealt with in the future.

JOLYON WELLINGTON:

Righto, thank you very much. No further questions.

GRANT FENN:

Thanks Jolyon.

MAN:

OK, we have a follow up question from Seraj Amid from Citi Group, please go ahead.

SERAJ AMID:

Just two quick ones, just in the cash flow just confirming that this has something to do with the maintenance cost for Waratah?

MICHAEL FERGUSON:

Yeah, so it includes the bogie overhaul cost for the Waratah so I think we flagged as part of our general reporting that the timing of the cash flows of that meant that the cash flows from the operations would be slightly lower than the cash flows that we would incur from the periodic overhaul, but pleasingly we've been able to offset that with our performance with the rest of our business. Still deliver a strong result.

SERAJ AMID:

Does that continue the second half as well, the maintenance?

GRANT FENN:

Yes.

SERAJ AMID:

And just the second thing, the tax rate for the second half, do we just assume the same thing as the first half?

MICHAEL FERGUSON:

Yeah, I mean it's always going to trend, I think, somewhere between 26 and 28%, so there's always the natural arbitrage with New Zealand and then the portion of revenue and profits that we get from our joint ventures also reduces it somewhere between 26 and 28.

SERAJ AMID:

Alright, thanks.

MAN:

Thank you, we've got a follow-up question from Rohan Sundram from MST, please go ahead.

ROHAN SUNDRAM:

Hi, question for Michael. Sorry to keep coming back for this but can you just Michael, please, reiterate your comments around the provision increase for Royal Adelaide, the 88 million. How does that flag through to the P&L? So, what would be the P&L impact on that again?

MICHAEL FERGUSON:

Provisions gone down so there's been, so we, when we adopted the new accounting standard, so on 1 July, we recognise the provision so we flag that at 30 June, reporting that we would flag, that we would recognise this at 1 July, we recognise that sort of 85 net of tax, and then we've reduced that for the losses that we've incurred down the 67, and so the accounting is through retained earnings in the provision for the initial balance and as the loss has incurred, that provision reduces so there's no P&L impact at all, but from 1st of July 2018 through to the 31st of December, we had to unwind the finance cost, element of that provision and so that's caused us to debit extrinsic expense quite at the provision and that's about 2 million bucks.

ROHAN SUNDRAM:

OK, now I get it now, thank you. So, that's basically, OK, reduce to 67 because of the headcount reduction and hence, the losses.

MICHAEL FERGUSON:

Yeah, the losses, if we were to reduce the provision in accordance with our initial headcount profile, the provision would have reduced more because the losses were high but the provision has reduced less because we have got less heads, which is positive.

ROHAN SUNDRAM:

Thanks Michael, understood.

MAN:

Thank you. Looks like we've got no further questions at this time so I hand back to Mr Fenn for any closing remarks.

GRANT FENN:

Yeah, thank you. Thank you all for taking the time to listen to the presentation and also the Q&A. No doubt, no doubt we will see many of you as we do the rounds so thank you very much and look forward to seeing you shortly.

