



# **BG Group – Q2 2007 results**

Conference call transcript

27 July 2007

**Frank Chapman / Ashley Almanza**  
Chief Executive / Chief Financial Officer  
**BG Group**

## **INTRODUCTION: CHRIS LLOYD – HEAD OF INVESTOR RELATIONS**

Good afternoon ladies and gentlemen and welcome to BG Group's second quarter results.

During the course of this conference call, Frank Chapman, Chief Executive, will take you briefly through the quarter's key business highlights, and then Ashley Almanza, Chief Financial Officer, will look in more detail at the financial results. After this we will take questions.

During this presentation we will be focusing on our Business Performance as highlighted in our results statement. We will also be making various forward-looking statements. Factors that could cause our actual results to differ materially from the results we currently expect are identified in detail in the statement issued today.

Thank you, and now over to Frank.

## **FRANK CHAPMAN – CHIEF EXECUTIVE**

Good afternoon, Ladies and Gentlemen.

You'll have seen the results statement, I would like to spend a few moments taking you through the main points before I pass over to Ashley to take us through the financials in detail.

In a quarter with a high level of maintenance, BG has delivered another good performance, reporting a total operating profit of £747 million. At constant US dollar exchange rates and upstream prices, underlying total operating profit for the quarter increased by 14%, and 8% for the half year.

Moving now to our business segments.

In **Exploration and Production**, total operating profit was £565 million reflecting softer UK gas prices, a weaker US dollar and a 3% decrease in production volumes on the same quarter last year.

During the quarter, we continued to make good progress on our major projects, such as Karachaganak in **Kazakhstan**, where we have agreed the terms of the Phase III Gas Sales Agreement. This agreement is a significant milestone in the development of the field and represents the commercialisation of more than 7 trillion cubic feet of gas. Additional gas sales resulting from the expansion will also enable increased liquids production for export.

In **Trinidad and Tobago**, we signed contracts totaling US\$459 million for the new Poinsettia field project, which forms part of the phased development of the North Coast Marine Area.

In **Brazil**, exploration activities continued, with good progress on both the Carioca exploration well and the Tupi Sul appraisal well. As I have previously mentioned, our 2007 exploration programme is weighted towards the second half of the year.

The Central Area Transmission System pipeline in the UK remains shut-in, following damage incurred from the anchor of a third party vessel. Inspection and damage assessment work is ongoing.

Moving now to **LNG**. Performance was excellent with total operating profit up 159% to £88 million reflecting a 61% increase in managed volumes and higher prices. Our Shipping and Marketing business continued to perform strongly and we saw record throughput at both the Lake Charles & Elba Island import terminals in the United States.

For the half year, LNG total operating profit increased by £37 million to £209 million.

During the quarter, we took delivery of the first LNG cargo under our supply contract with **Equatorial Guinea** LNG. This was delivered into our capacity at Lake Charles in the United States. Also in the **US**, the recently completed Cypress gas pipeline went into service on schedule. This will give BG direct access to the supply constrained Florida market from the Elba Island terminal.

In **Chile**, we signed an agreement to supply the 2.5 million tonne per annum Quintero LNG import terminal, in which we have a 40% interest. We expect this terminal to begin operation in 2009.

In **Transmission and Distribution**, total operating profit increased by £13 million to £70 million. And in **Power**, we saw an increase of 35% in total operating profit to £31 million.

**In summary then,**

- We've delivered another good operating performance for the quarter, with underlying total operating profit up 14%,
- In our LNG business we saw an excellent performance driven by strong volume growth, and
- We continued to advance our future growth programme with progress on Karachaganak Phase III and drilling in Brazil.

And now over to Ashley for a more detailed look at the financials.

**ASHLEY ALMANZA – CHIEF FINANCIAL OFFICER**

Thank you Frank; and good afternoon ladies and gentlemen.

As usual I'll comment on the operating performance in each segment followed by the Group in overview

In E&P, production volumes were 3% down on last year reflecting the disposal of our assets in Canada and Mauritania and the earlier phasing of our maintenance programme in the UK.

Underlying operating profits increased by 3% at constant prices and US Dollar exchange rates, principally due to the contribution of oil production from the new Buzzard field and increases in liquids production at Karachaganak.

Whilst dollar based realisations for oil and liquids were broadly in line with the prior year, our results were impacted by the 10% weakening in the US dollar. Gas realisations were down 11% reflecting softer prices in the UK and the effect of the weaker US dollar on international gas prices.

Unit Operating expenditure was \$5.41 per barrel for the second quarter, reflecting the extensive maintenance programme and the translation of sterling costs at a higher \$-exchange rate.

Our exploration expense increased by 31% to £72 million. So far this year we have completed 7 wells, with 3 successes and one well still under evaluation. In addition, we have a further 8 wells currently operating. As a reminder, our exploration programme for 2007 is weighted towards the second half of the year.

On the 1st of July, operation of the CATS pipeline was suspended after it was damaged by a ship's anchor. CATS carries around 80,000 boepd of BG's production and the impact on earnings of losing this production is estimated to be around £20 million per month. The operator, BP, has indicated that they expect repairs will take several weeks after the completion of the diver inspection currently underway.

Turning now to LNG.

The LNG business delivered another very strong performance with operating profit up 159%.

In shipping and marketing, our managed volumes increased by 61%. Whilst weaker demand in Europe and Asia offered fewer opportunities to divert cargoes, it also put a premium on access to the US market, where prices remained firm. We purchased 27 additional cargoes for delivery into our US terminal capacity, which more than compensated for market conditions outside the US. The results this quarter once again demonstrate that our LNG business has the flexibility to perform under a variety of market conditions

Profits from liquefaction increased by £8 million with the increase coming in equal measure from Atlantic LNG and Egyptian LNG.

In Transmission and Distribution, total operating profits increased by £13 million, mainly due to reduced gas costs at Comgas - which will be passed back to customers in future periods. Excluding this effect, profits were £6 million lower, as a 4% increase in volumes was offset by the effects of a change in sales mix and the cost of expansion into new markets.

In early June, we disposed of our equity interest in the UK Interconnector realising cash proceeds of £165 million.

In the Power segment, profits were up 35% to £31 million, principally due to our acquisitions in the US and Italy. We completed our acquisition of Masspower in May.

Operating profit for the Group was broadly in line with 2006 at £747 million. At constant US dollar exchange rates and upstream prices, underlying operating profit increased by 14%.

Excluding the one-off effect of tax charge last year, earnings per share increased by 4%. Our effective tax rate for the half year was 43.3 per cent.

Cash conversion remained strong, with cash generated by operations remaining broadly in line with last year at £829 million. Capital investment of £496 million included £74 million for the acquisition of Masspower.

In line with our usual practice, the interim dividend has been set at 3.6 pence per share, half of last year's total dividend. This represents an increase of 20%.

By the end of June we had returned £219 million under our new share buy back programme, and net funds were £213 million.

Ladies and Gentlemen that concludes my remarks and now I'll hand you back to Frank.

## **FRANK CHAPMAN – CHIEF EXECUTIVE**

Thank you Ashley and now we will take your questions. Thank you.

## **QUESTION & ANSWER SESSION**

### ***Iain Reid, UBS***

I have a few questions about CATS. I think you said that the line itself carries 80,000 barrels per day of net BG volumes. However, presumably, additional liquid volumes must be shut in, because you cannot produce the liquids without producing the gas. Is that correct?

### **Ashley Almanza**

The figure of 80,000 barrels per day includes liquids in the line. That is the barrel-of-oil equivalent per day. It is all included.

### ***Iain Reid, UBS***

Could you give an indication of the difference between the two?

### **Frank Chapman**

Maybe we will return to that. This is predominantly gas. You can see it in the Annual Report, historically.

### ***Iain Reid, UBS***

Secondly, you said there was likely to be a six-week outage. Is that the type of estimate you are factoring into your production forecasting for the year? Is that the figure you want us to factor in as well?

### **Ashley Almanza**

I am referring to the statement made by BP, which was the guidance of inspecting the line now. They will determine the repairs which are required. BP indicated that it would be several weeks after the inspection is completed and that inspection is underway. At present, it is the end of July.

### **Frank Chapman**

One has to be cautious in creating targets which are too specific with regard to when the pipeline will return to service. As yet, the investigation into the possible damage has not been

completed. We need to carry out that work. As soon as we have received that information, we will have a much clearer picture of how we will approach the repair and how long it will take.

***Iain Reid, UBS***

I have one final question. Could you give us an update about the progress of Dragon LNG? When do you think the first cargo will arrive?

**Frank Chapman**

As we said in the previous call, Dragon LNG will be complete and ready for service on schedule at the end of this year.

***Iain Reid, UBS***

It will take place at the end of the year; that is presumably when you intend to commission it.

**Frank Chapman**

Yes, absolutely.

***Neil McMahon, Sanford Bernstein***

I have a few questions. It is great to see that you reached agreement on the Karachaganak project. Can you provide any more detail on the prices you achieved for the gas? Are there any details we can use to examine the economics of that particular project?

**Frank Chapman**

No. I do not especially want to disclose the terms and conditions of that agreement at this stage, prior to the completion of the finalisation work. It is sufficient to state that Karachaganak gas is becoming more valuable. We used to believe that the economics were driven to an extent by the liquids equation in this case. While the liquids still dominate the economics, the gas is becoming progressively more valuable. We have sought to achieve the best deal possible. I would not like to say more than that at present. However, I would say that we have worked hard to obtain mechanisms in the agreement which provide a linkage to the market in time. This will not be an absolutely fixed permanent price.

***Neil McMahon, Sanford Bernstein***

Frank, I think in the past, you stated that the price was 50 cents to \$1. If we move beyond that, we will not be totally inaccurate.

**Frank Chapman**

I will not say anything in response to that. I do not want to start speculations and quotations by stating a specific price level. I will not do that. We have signed the heads of terms. We are in the process of completing an agreement. I do not want to comment on that until all parties have agreed on the type of disclosure we will make.

***Neil McMahon, Sanford Bernstein***

I will ask another question regarding developments in the East. Could you provide an update on your situation with Oil Search, with regard to the potential LNG development in Papua New Guinea? Have you seen any attractive conditions in Japan, given their earthquake and nuclear facilities are increasing LNG prices at present?

**Frank Chapman**

We have been carrying out some work with Oil Search and that work will continue. Again, I will not speculate on the direction of that work. When we have finished the work and can make a definitive statement, we will be very pleased to share that with you. With regard to future developments in the marketplace, we are clearly aware of these developments. We are considering the ways this will develop and the sort of opportunities that will emerge from those sets of circumstances.

**Mark Iannotti, Merrill Lynch**

Firstly, did you have any insurance against the lost CATS volumes?

**Ashley Almanza**

Let me answer your first question, Mark. The standard insurance terms in the industry for pipelines is a deductible of 60-90 days. They tend towards 90 days. There are very heavy premiums. Like many organisations in the industry, we do not possess Business Interruption insurance on the pipeline. We do have damage insurance. The cost of repairs will be covered by insurance with a small excess. However, we do not have Business Interruption Insurance. Therefore, the £20 million of earnings impacts per month which I mentioned addresses the lost profit without any offset from insurance.

**Mark Iannotti, Merrill Lynch**

It seems that your cash tax is quite low again for the second consecutive quarter. Do you want to provide us with any updated guidance about that?

**Ashley Almanza**

With regard to the effective tax rate, we are below the guidance level. We are at a level of 43.3%. I am comfortable with 44%. We make every effort to reduce our tax charge and will continue to do that. I would like to provide you with an update in the third quarter regarding whether we will achieve a better level of 44%.

**Mark Iannotti, Merrill Lynch**

This relates to cash tax?

**Ashley Almanza**

I would not change any guidance regarding cash tax. It can be uneven. It is lower because of the actual mix of profits. We are paying tax on accounts in the first half for the mix of profits at the end of 2006. The mix of profits at the end of 2006 reduced our UK cash-tax payment. Actually, this is an isolated incident.

**Neil Perry, Morgan Stanley**

I would like to ask two questions. First of all, could you comment on the cost element of the equation? Other companies have commented that they have experienced a 14-15% increase in costs. Perhaps you could talk about the increases you are experiencing. The second question is on the LNG business. Historically, you never made much money from spot trading, or at least you did not appear to. The LNG figures began to increase sharply once you introduced diversions. Can you talk a little about developments, because there are indications that you have made very good progress in a market in which there was not much opportunity to divert? Perhaps you could provide an insight into that, because it seems to be a major change?

**Frank Chapman**

Let me deal with the second question first. Ashley will provide information on the cost. With regard to the LNG business, did you say that historically we have not made much money from spot trading?

**Neil Perry, Morgan Stanley**

No. Before you diverted, you used to have relatively thin margins on your spot trading.

**Frank Chapman**

I think we have to consider the entire situation, both with regard to our asset line-up and our cost structure. There have also been significant changes in the global LNG business. We saw two specific and distinctive sets of trading arrangements last year. There was a lot of demand in Europe, a lot of demand in the Far East and a scarcity of volumes, so we were able to achieve good margins on diversions. This year, with less demand in those countries, there is a greater availability of cargoes. BG has the advantage of accessing the US market at a lower-cost structure than others. That allows us to attract cargoes in that way and make margins in a very different market. I think that is the only sensible thing one can say about this.

Going back further in time, one is trying to extrapolate from a fundamentally different set of circumstances. At present, I think it is fair to say that the strategy is demonstrating that it is possible to make money from this flexible portfolio in different market conditions. That is probably all one can say about it.

**Ashley Almanza**

I will deal with Neil's question about cost. I will answer it in two parts. The first part is operating costs and then I will deal with capex. Last year, operating costs were largely flat. If you consider the two-year period, we have moved from approximately \$4 per barrel and our guidance at constant exchange rates was \$4.60. This is less than 10% per annum over two years. We said that at \$2 to the pound, that guidance rose to approximately \$4.90 per barrel. If you consider the industry, top quartile performance on opex has been approximately 10-15% per annum. We are at the preferred end of that spectrum.

Clearly this year and this quarter first of all, we had the effect of the maintenance programme. This caused our unit opex to increase sharply. For the full year at \$2:£1 we are still comfortable with \$4.90. We will have to adjust this for the effect of CATS. Losing 80,000 per day will obviously have an impact on the unit-cost metric, but I do not see that as a pattern for the long-term, it is an isolated event.

Regarding capital costs, we went long regarding a lot of our capital contracts. Therefore, we enjoyed a period of insulation from cost escalation. That ended approximately a year ago and we have been procuring goods and services in the same market as the industry. We have seen rig-rate inflation, seismic boat inflation. Generally, there has been tightness in the contracting market and we continue to see that. We would say that we do not see those costs increasing at the same rate as they have been in the last two years. There has been some abatement of the rates of increase. However, it is too early to determine whether we have reached the top of the cost cycle. It is quite a detailed answer, but that is our view.

***Colin Smith, Dresdner Kleinwort***

I have two questions. Firstly, can you confirm whether or not you have reached peak capacity at Lake Charles this time around? It has expanded since the last time you experienced this effect. Therefore, if you did not, can you tell us what level of cargo volumes we would need to see before you would arrive at it? The second question relates to whether you still expect to achieve FID on OK LNG this year.

**Ashley Almanza**

Regarding your first question, there were occasions when we had very high rates of dispatch from Lake Charles. I believe that would have been in peaking capacity for several days throughout the quarter. Could you repeat your second question about cargoes, please, Colin?

***Colin Smith, Dresdner Kleinwort***

What types of volumes would you need to be processing through Lake Charles on a quarterly basis to achieve significant peaking levels?

**Ashley Almanza**

Over 2 bcf today. I could not carry out the calculations at present and translate them into cargoes. However, I think the types of cargoes we have processed through Lake Charles this quarter would be an indication. We took only one cargo from Equatorial Guinea in the first half. We have Equatorial Guinea for all of the second half. So depending on prices in other markets, if the US remains relatively firm, there will be a greater prospect of achieving peaking capacity in the second half.

**Frank Chapman**

Regarding OK LNG, I think we all recognise that the industry is facing significant cost pressures. That is translating into schedule pressure. The situation with OK LNG is that it forms part of a large programme in Nigeria. There is a lot of gas in that area; it is a large programme of LNG expansion, which will position Nigeria as the second largest LNG producer in the world. Regarding OK LNG's current position, as you know, we have received the competitive FEED studies that have come from two sources.

We are working on one of those FEED studies now through value engineering, which is focused on cost reduction as well as volume increase for the same cost. We will also be considering the contracting strategy and any possible implications on timing. That work is being carried out at present. We will share the results of that work with you as it becomes available.

***Colin Smith, Dresdner Kleinwort***

Therefore, would it be safe for me to assume that business development costs will not decrease in the second half?

**Ashley Almanza**

I think that is a reasonable assumption.

**Frank Chapman**

That is probably correct.

**Nick Pope, Lehman Brothers**

I wanted to ask about the international gas price. I was a little surprised that it fell by 1p per therm in the second quarter. I was wondering about the reasons for that. Was it a production-mix effect or was there another factor?

**Ashley Almanza**

It is largely the effect of the US dollar. Year-on-year international gas prices decreased by 11% and the US dollar decreased by 10%. Most of our international gas is dollar-denominated. The weakness in the dollar was the principle cause during the 12-month period. In any given sequential quarter, it can also be affected by mix and what is occurring in Henry Hub. In many instances, these are Henry Hub indexed.

**Lucas Herrmann, Deutsche Bank**

I have three questions. The first relates to capex in the LNG business. How do you believe it will progress? It is comforting that it has decreased quite dramatically. What should we be anticipating this year and in the future, given that the majority of the infrastructure expenditure has been used?

**Ashley Almanza**

Certainly for this year, two projects are contributing to LNG expenditure. One is Dragon LNG which is in the final stages. Then there is the new investment, the Quintero terminal in Chile. We also have an ongoing programme of shipping. Therefore, I would expect LNG investment to increase a little now with the addition of Quintero and the final delivery of our LNG tankers.

**Lucas Herrmann, Deutsche Bank**

I will ask my other two questions. With regard to the closure throughout June of Cove Point, to what extent did the diversion of cargo via spot cargos into Lake Charles benefit from the closure of that facility? The word boost is probably not the right word; how much of an impact did that have on volume? Secondly, with regard to the Pacific basin in general, how important do you feel it is that you have a physical presence in that market? If Oil Search is not effective with regard to agreement, how important do you consider your physical presence there to be, given the scale of the market and the opportunity?

**Frank Chapman**

Regarding Cove Point, you can regard the effect as small. With regard to the physical presence in the Pacific, we do have the advantage of having 14 million tonnes per annum contracted over a very long period. That does already provide us with opportunities to trade into the Pacific market. I have clarified our viewpoint at our strategy presentation and other points in the process. A physical presence in the Asia-Pacific area, with a source of supply there, would facilitate a greater capability to cross-arbitrage between the Pacific and Atlantic basins. Therefore, that becomes an objective for us.

However, I do want to emphasise that LNG is scarce and the period over which it is scarce is becoming longer. Therefore, it is not a prerequisite for success with the strategy. However, it would be a move which would enhance our opportunities. As a final closing remark, I think that our choice to focus on the Atlantic basin has been a good one. Extending to the Pacific basin is a sensible objective to set. However, it does not dilute the importance of the Atlantic basin by any means, where growth will be much greater in percentage terms than the Pacific basin.

**Lucas Herrmann, Deutsche Bank**

I would like to ask a final question regarding Atlantic LNG Train 4. Is it fully commissioned now? Are you operating it at full capacity?

**Ashley Almanza**

Train 4 has actually progressed through its pre-commercial phase and is now in its full commercial phase. They have had some operational problems, teething problems, but that is consistent with the start up of a very large new plant. However, they are now operating in full commercial phase.

**Jeneiv Shah, JP Morgan**

I have two questions. The first one is that at the last call, you mentioned your growing exposure to Henry Hub gas prices in your long-term contracts. I wonder what types of international contracts are indexed through Henry Hub. My second question relates to Oman. I understand you have been drilling at the Abu Butabul discovery recently. Have there been any developments regarding that? What is the likely size?

**Frank Chapman**

I will ask Ashley to deal with the Henry Hub indexation. Abu Butabul was a subject we presented information about in February of this year. If I recall correctly, we quoted approximate in-place volumes which were of a very wide range. I think we quoted a figure of 2-17 tcf which were in place. It is a very wide range. Drilling has not yet started. We are currently shooting seismic. I expect we will drill our first well in the fourth quarter of this year. We will continue with drilling several more wells in the course of 2008.

**Ashley Almanza**

Jeneiv, with regard to the Henry Hub index, I think the best guide is in our Annual Report. It contains production by field and by country. Essentially, Train 2 of Egyptian LNG is Henry Hub indexed. All the liquefaction sales from Atlantic LNG are indexed through Henry Hub. Those are the principal Henry Hub indexes. You can source the production numbers in the back of the Annual Report. Scale is also included there.

**Neil McMahon, Sanford Bernstein**

I would like to ask two follow up questions. Could you provide us with an update about developments in the Gaza gas contract? Will it be possible to book reserves under that this year? Then I would like to ask a final question. I know we have been talking about costs. It seems that the costs of building a facility such as the recent KBR deal to build a new LNG facility in Algeria are increasing quite rapidly. I do not know if that is specific to that location, or if you are observing that in the marketplace as well.

**Frank Chapman**

With regard to costs, as I mentioned earlier on, we all know that this is a challenging cost environment. We are working our way through this. My belief is that costs have increased along with commodity prices, but we need to be particularly cautious at this point in ensuring that costs have not increased too rapidly. I think that full order books have encouraged the building in of unrealistic margins to some bids. I think that the delaying of quite a few major projects which we have observed globally will start to reduce the abundance of work available to some of the major contractors.

Therefore, the effect will be felt with regard to their views of pricing they can achieve. As I said before during a conference call, I think it is a time when we must be particularly careful and cautious to avoid entering this cycle at the top of the pricing curve, where we may be in a overshoot situation. I am making a speculative statement on my part.

With regard to Gaza, we have maintained the position for a long time that this is a challenging environment. We need to ensure that the agreements we put in place are robust. There is still quite a bit of technical and commercial work to be carried out. We are engaged in that at present and when we are finished with that work, we will be in a position to advise you on our current status. We can then proceed to sanction the project along with the booking of the reserves. I will not speculate about timing at this stage. This is a difficult set of circumstances. We will update you whenever possible during the following period.

***Colin Smith, Dresdner Kleinwort***

I also have some more questions. You are currently in a net cash position and the share buy-backs are at approximately £200 million. I know you never said this, but my working assumption is that the £750 million would be carried out this year. I wonder if you might comment about the rate at which you intend to address that. What are your thoughts about the rates at which you wish to execute that programme?

The second question I had refers to CATS. I want to ensure that I understand the alternatives. I think that there may be no necessity to carry out repairs, or at least, repairs which require the pipeline to remain shut, second, the coating to be repaired or third, a section of pipeline to be repaired. I wonder if you could comment a little about whether those are the correct options or possible alternatives and the likely timing associated with each outcome.

**Frank Chapman**

Colin, I am sorry. It is highly speculative at this stage to start contemplating different categories of damage and different repair regimes. I do not want to do this. As BP has said, the work is ongoing. We will know a lot more in the next week to 10 days and at that point, we will be able to share more meaningful information once we have decided the repair method that we will use.

**Ashley Almanza**

Regarding net cash, we did not specify a period for the buy-back, but I think that we varied the rate, as we did with the first buy-back. We have been running at a rate which I would regard as being at the bottom of the range. Therefore, it would not be unreasonable to anticipate a pick-up in the second half of the year

***Jason Kenney, ING***

You generally say that LNG is currently volume driven rather than margin driven, to date? How do you forecast the number of cargoes, for the second half or in general, that are likely to be delivered on a quarterly basis? I do not know if you are able to provide guidance on the number of cargoes produced quarterly. The second question is an exploration. I know you said you have achieved three successes and eight wells ongoing. Do you propose to start a number of new wells in the second half?

**Frank Chapman**

Let me deal with the last question first. We guided you towards 22-24 wells this year. When we arrive at the halfway mark, we effectively have 15 wells that have either been completed or in the process of being drilled. Eight of them are operating at present and we will drill the remaining 5-7 wells later this year. We will finish the vast majority of the activity in the second half of the year. That is approximately the picture, which is weighted towards the second half of the year. Ashley, do you want to comment on LNG volume?

**Ashley Almanza**

Jason, I think that it is driven by both volume and margin. I am still comfortable with the guidance that we gave in February for Shipping and Marketing. With regard to outlook for the second half of the year, I think that EBITDA guidance is still good. This is annual guidance. There is phasing from quarter to quarter and we have seen quarterly changes in market conditions. However, we have equally observed that the business can generate the return in a variety of market conditions. When volumes have decreased, margins have typically increased and the reverse is also the case. The guidance that I gave in February is relevant for both of those eventualities.

**FRANK CHAPMAN – CHIEF EXECUTIVE**

Finally, I'd like to recap the main highlights:

- BG has delivered a good operating performance with underlying total operating profit up 14% for the quarter and 8% for the half year, and
- We continue to advance our future growth programme.

Thank you for taking part in the conference call today and I'd like to remind you that we'll be announcing our third quarter results on 1 November.

Goodbye.