



BG Group - Q1 2007 results

Conference call transcript

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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 first 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.

BG has made a good start to the year, reporting a total operating profit of £823 million. Underlying operating profit increased by 3%, driven by volume increases across Exploration and Production, and LNG. However, softer commodity prices and a weaker US dollar resulted in an overall reduction in operating profit of 14%.

Moving now to our business segments.

In Exploration and Production, total operating profit was £626 million which reflected a 4% increase in volumes. Stripping out the effects of both a weaker dollar and upstream prices, underlying operating profit increased by a solid 6%. The increase in volumes was principally due to higher production from the Atlantic & Cromarty fields, and the ramp up of the recently commissioned Buzzard oil field in the UK.

We continued to made good progress on our major projects, such as Karachaganak in Kazakhstan, where we have awarded the first stage of the front end engineering and design contract for the Phase III development.

In India, we signed a Production Sharing Contract for a recently awarded offshore block, located in the Krishna - Godavari basin. This block adds to our already strong portfolio of

upstream Indian assets and marks our diversification into a new and growing hydrocarbon region on the east coast. In Nigeria, we also signed the Production Sharing Contract for offshore block OPL 286, where we have a 66% interest.

Last month, we finalised the sale of the Bubbles, Ojay and Copton / Lynx producing assets in Canada for a consideration of C\$516 million. We have retained exploration prospects in both Canada and Alaska.

Moving now to LNG. Total operating profit decreased by 12% during the quarter to £121 million. A 25% increase in managed volumes was offset by lower Henry Hub prices and a weaker dollar.

Our momentum in building the LNG business continued during the quarter with a series of developments. We signed an LNG purchase agreement with Nigeria LNG for the supply of 2.25 million tonnes per annum for a 20 year period. We also made progress on key projects with the signing of shareholder agreements for both OKLNG in Nigeria and the Quintero LNG import terminal in Chile.

In Transmission and Distribution, total operating profit decreased by £15 million to £50 million. This was largely due to adverse exchange rates and higher costs at Comgas in Brazil.

In Power, total operating profit of £38 million was broadly in line with the same period last year.

We extended our Power portfolio during the quarter with the purchase of the 262 megawatt Masspower plant in the United States, where we have a strong gas supply position. As we said in February, our recent US power acquisitions, once integrated into our portfolio, will deliver synergies in gas and power marketing.

In summary then,

- We've delivered a good underlying performance for the quarter driven by increases in E&P and LNG volumes,
- We've made progress on the delivery of key projects including Karachaganak, OKLNG and Buzzard, and
- We've added further to our LNG supply portfolio.

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, lower commodity prices and the weaker US Dollar more than offset the increase in production, resulting in a drop in total operating profit of 14 per cent. Production volumes averaged 647 thousand boe per day, an increase of 4 per cent, reflecting new production from the Buzzard and Atlantic/Cromarty fields in the UK.

Last month, we completed the sale of our Canadian assets which in 2006 produced around 3.5 million barrels equivalent. We've had analyst questions on how this disposal will impact our volume projections to 2009. We'll follow our usual practice on portfolio changes and adjust our 2006 base year for this disposal. After making this adjustment our target production growth to 2009 remains a range of 5-7%.

In the UK, our gas realisations were good. We had expected to sell about two thirds of our UK gas on contracts; in the event we managed to sell more than 70% on contract and also benefited from a favourable sales mix. For the year as a whole we still expect to sell around two thirds of our UK gas under contract.

Unit operating expenditure was \$4.92 per barrel for the first quarter. This reflects industry inflation, the effect of the weaker US dollar and full operating costs at Buzzard and Atlantic Cromarty whilst production at those fields was still ramping up during the quarter. In February, we estimated our full year unit opex to be around \$4.60 per barrel using an exchange rate of \$1.80 to the pound. Our underlying guidance is unchanged but if the average exchange rate is \$2 to the pound our unit opex would be around \$4.90 per barrel.

Our exploration expense increased by 27 per cent to £56 million. Currently 6 wells are in progress and 4 wells are under evaluation; to date we have completed and evaluated one

well in Trinidad which was dry. As a reminder, our exploration programme for 2007 is weighted towards the second half of the year.

Looking ahead, a significant proportion of our planned annual maintenance activity will be undertaken in this, the second quarter, which is earlier than in previous years. We therefore expect our second quarter production to be broadly in line with 2006.

Turning now to LNG.

You will recall that the first quarter of 2006 saw an exceptional level of profit in supply tight market conditions. In the first quarter this year we saw much softer market conditions but our Shipping and Marketing business still continued to perform very strongly making a profit of £115 million. Indeed, in dollar terms this business made slightly more profit this year. This performance came from a 25% increase in our LNG volumes due to growth in our contracted volumes and from additional spot cargoes. We were able to capture good margins on spot volumes because of our ability to deliver to the highest value markets. Once again, the flexibility of our LNG business meant it delivered a good performance in a market environment which was significantly different to that of last year. This underlines, once more, the sustainability of this business.

Profits from liquefaction decreased by £5 million principally due to the impact of lower Henry Hub prices on profits from Atlantic LNG Train 1.

Total Operating Profits in Transmission and Distribution fell by £15 million. This reflected the lower utilisation of our UK Interconnector capacity and lower profits from Comgas where the weaker Brazilian Real, movements in the regulatory current account and higher operating costs, more than offset a 7% rise in volumes.

In the Power segment, profits were broadly in line with last year. In both 2006 and 2007 we benefited from one off transactions – in 2006, insurance proceeds at Seabank, and this year, the settlement of a contractual dispute at Premier Power. We completed our acquisition of

the Lake Road power plant in the middle of March, and therefore our US Power business made little contribution to our first quarter results.

Operating profit for the Group was £823 million reflecting the softer commodity price environment and the weaker US dollar which together more than offset a good underlying performance. At constant US dollar exchange rates and upstream prices, underlying operating profit increased by 3%.

Our Earnings were 20% lower – this being due to the trading conditions I've just described and a higher effective tax rate of 43.7 per cent following the increase in North Sea tax introduced in the second quarter of 2006. Earnings per share declined by 18 per cent.

Cash conversion remained strong, with cash generated by operations increasing by 10% to £1.1 billion. Capital investment was £869 million including £498 million on acquisitions, principally the acquisition of the Lake Road and Serene power plants. At an exchange rate of \$2 to the pound we would expect full year capex, excluding acquisitions, to be around £2 billion. A significant proportion of our spend is in US dollars and our previous estimate of £2.2 billion was based on an exchange rate of \$1.80 to the pound.

By the end of March we had returned £105 million under our new share buy back programme, and net debt stood at £27 million.

In summary, we've made a good start to the year and are on track with our expectations.

Ladies and Gentlemen that concludes my remarks.

CHRIS LLOYD: Thank you and now we will take your questions.

QUESTION AND ANSWER SESSION

HUGH HUXLEY: The first question is from Mark Iannotti of Merrill Lynch. Mr Iannotti please go ahead with your question.

MARK IANNOTTI: Hi guys, afternoon. A couple of questions. First of all can you just maybe help us a little bit in modelling your UK gas price? The realisation obviously gives your contract price for the proportion sold on a contract basis but using NBP average prices for the quarter doesn't seem to get us to the right gas price realisation. Can you maybe just talk through how you sell your spot gas and how better we can try and model that?

Secondly, can you just repeat again the very last bit of the formal presentation because trying to get my head round what you've just said on capex, is that a material change in capex this morning from what you've said previously? Can you just say the numbers again?

ASHLEY ALMANZA: Certainly, Mark. Previously we guided £2.2 billion excluding acquisitions using an assumed average exchange rate of \$1.80 to the pound and because most of our capex is incurred in dollars an exchange rate of \$2 to one reduces the sterling amount from £2.2 billion to £2 billion. So there's no change in the underlying programme. It is just to reflect if we see exchange rates stay at \$2 to the pound then that obviously has an impact on the reported sterling number.

On UK gas price, we did, as I said, have a good first quarter. There were a few factors there. We sold more on contract, as I said. We also had a favourable sales mix with more volume delivered against higher price contracts within the portfolio. There is also a seasonal aspect to our contracted portfolio as well as our uncontracted, and therefore I do expect that in the second and third quarter prices will be seasonally lower as normal.

What I can say, looking forward; we previously guided for the gas year which takes us to the end of September, as you know. Based on first quarter performance and better line of sight we can roll forward that 31 pence a therm for the full year now. So the average across the

year is obviously influenced by realisations in the first quarter. In other words, we don't expect whatever happens in the fourth quarter to dilute our previous guidance of 31 pence per therm.

In terms of how we sell the shorter end of our portfolio, it is a mixture really. We very rarely leave ourselves - in fact, never leave ourselves on the day to dispose of all of our uncontracted in the on-the-day market so it is usually a mix of month ahead and perhaps a little further out to dispose of our uncontracted portfolio, and that sometimes gives us opportunity.

HUGH HUXLEY: The next question is from Edward Westlake of Credit Suisse. Please go ahead with your question.

EDWARD WESTLAKE: Good afternoon, everyone. The presentation is very clear in terms of the numbers. Just maybe some strategic questions. I hear Putin's on his way to Kazakhstan, is there any discussion around gas prices or progress in that area? And then also Brazil obviously that great discovery in the February results presentation, you spudding Tupi, when do you expect to hear some news on that and in particular the link-up with Iracema which I guess needs further drilling?

FRANK CHAPMAN: Putin's visit, I mean, essentially we are making progress with Karachaganak Phase III with our negotiations. The Kazakhs and the Russians have separate negotiations regarding the way Kazakh gas will access European markets; that's a separate set of discussions. And, of course, we started the first stage of the Phase III feed-work so that is really what is happening on Karachaganak at the moment.

Regarding Tupi, we have now actually spudded a well called Carioca which is in the same pre-salt play in the Santos Basin. It is south of Tupi. We expect to spud Tupi Sul by the end of the first half, so within the next eight weeks certainly.

With respect to the other wells, Iracema is still a possibility this year. I don't think Iracema would complete this year but it also could be substituted with other Tupi appraisal wells and/or further wells in the Carioca block. So that's work going on there, two to three wells to be drilled, one of which may go over the end of the year in the pre-salt plan, then we've got something else that we're doing in the post-salt shallower water plays there. So that's the situation in Brazil.

Other important wells being drilled this year, while we're on exploration, we drilled, of course, our first well this year up in the Barents Sea, Nucula, we're drilling at the moment the Gemini prospect in mid-Norway and, of course, right at the end of the year we have the very interesting and quite important appraisal well that we will drill on the existing Abu Butabul discovery in the Oman.

That's a few highlights on exploration.

HUGH HUXLEY: We now go over to Iain Reid of UBS. Iain, please go ahead.

IAIN REID: Hi, gentlemen. A couple of questions please. Given the softness of the UK gas market at the moment, I am wondering what you intend to do with Dragon once it is commissioned towards the end of the year. Should we assume that if we're in this sort of environment that you'll just basically take a couple of commissioning loads there and then, leave it for a better day, or do you have any more commitments where you have to bring volumes in while the gas price is quite soft?

Secondly, you mentioned the exploration wells you're drilling. I wonder what happened to Madagascar because I thought that was supposed to be spudding somewhere before the end of the first half?

Thirdly, could you update us on what is going on in Papua New Guinea, your conversations with Oil Search, etc.

FRANK CHAPMAN: Madagascar, I think we said we were trying to secure a rig and there was at one stage the possibility that Exxon was going to be successful in securing a rig and hence there was a possibility to drill that well this year. That has not, in fact, transpired so we will not be drilling Madagascar this year. That will now go hopefully into next year.

With respect to Dragon, we anticipated when we sanctioned this project that this would be a seasonal activity at Dragon, and that's really all I'm going to say at this point. I mean it was always anticipated that this would be a seasonal play. Exactly how we are using it and how we plan to use it in the future I'm not going to elaborate on because I think it is commercially sensitive. That's all I'm going to say at the moment. Clearly there is a cross-Atlantic arbitrage play here to be worked and we will be using Dragon as part of that play.

The other question was on Oil Search. Yes, I think it is fair to say this is very early stage work to see if there is a real opportunity here. Of course our portfolio is already global in terms of Liquefied Natural Gas (LNG) and we continue to trade in the Asia-Pacific region. You will remember, of course, that last year we accounted for about 25% of the basin-to-basin trade between the Atlantic and Asia-Pacific, so we are busy in that basin already operating and we are looking at Papua New Guinea but it is very early stages to try to see if a real project can be created.

IAIN REID: Should we read anything into what Woodside are saying about Pluto?

FRANK CHAPMAN: Ask Don.

IAIN REID: Okay, thanks for that.

HUGH HUXLEY: The next question is from Gordon Gray of JP Morgan. Please go ahead.

GORDON GRAY: Hello, gentlemen. Could you just help me with two things? Firstly, just a brief update on where we are in terms of the negotiations on Brindisi LNG and, secondly, just

a brief comment on Canada. You had an Exploration and Appraisal (E&A) plan for I think 10 or 11 wells this year, is that still consistent with the exploration acreage you've retained?

FRANK CHAPMAN: No, on Canada we will drill three wells this year compared to the 11 expected, so about eight wells have been taken out of the programme as a result of the disposal. Of course the Canada disposal, we made a profit on this disposal. Basically, although our exploration activities there have been successful, they didn't produce the level of upside that we hoped they might and hence we've disposed of those lower potential assets, and now concentrating on higher potential exploration prospects both in Canada and Alaska, and those will be spread out over a slower rate of drilling, I would say annually.

Brindisi is proving to be a challenging environment in which to work. Our intention is still to pursue this project and we haven't changed at the moment aspirations to have this project up and running in 2010. The reason that we're still keen to pursue this project, notwithstanding the challenges we face there, is that Italy is, of course, Europe's second most important gas market after the UK. There is a lot of structural change happening in that market which gives rise to opportunities. The Government has expressed quite clearly that it needs additional import capacity in the form of four to five LNG terminals. Brindisi, itself, has the capacity to provide around up to 10% of Italy's current gas demand and it is one of the projects that can be on earliest to meet this Government requirement. So I think there is quite a lot of ground still to be covered. I don't want to speculate at the moment on precisely what steps are going to be taken and what we expect to happen in the coming weeks and months, but fundamentally we still see this as an important opportunity. But, of course, we're quite realistic about the challenges that are emerging.

HUGH HUXLEY: We now go over to Neil Perry at Morgan Stanley. Please go ahead.

NEIL PERRY: Afternoon. I would like to ask about the LNG business because this time last year you were keen to stress that the very high number that you made in LNG was not particularly repeatable. It was exceptional circumstances that came together and yet you

have kind of done it again in the opposite market conditions. You say that it is down to spot cargoes. Historically you have made a very slim margin on spot cargo trading so could you just elaborate a little bit on how you made that money.

Secondly, can you talk about the progression of margins during the course of the year in the context of the Equatorial Guinea contract coming on?

ASHLEY ALMANZA: Just on the cargoes, we delivered 52 cargoes worldwide in the first quarter. Of those 52 cargoes only 6 were spot cargoes so the overwhelming majority came from our long-term portfolio, BG's own portfolio. So I would say although the spot cargoes were a nice opportunity and certainly helped, it was really the long-term portfolio that drove the result and as Frank and I both mentioned we had 25% growth in our volumes year on year. So that was the underlying driver. But I do think you are putting your finger on a point which is, of course, that the market conditions this time round were completely different, diametrically opposed to the market conditions that we saw a year ago and, as I said in my text, the result I think underlines the sustainability of the business model that it can produce in both a soft market and a market which is supply tight. That is, of course, because we have flexibility in our shipping capacity, we have import capacity and we have a global marketing team that knows where to get supply from when the market conditions change and where to take it to.

The overall point I think is that our long-term view has not changed. That is, we still see the market as fundamentally tight for the foreseeable future and therefore we continue to view arbitrage opportunities being available to us in the future. So our longer term guidance I don't think has changed, but I do think it is right that the result demonstrates the strength of the business.

The margins in Equatorial Guinea we don't, of course, give contract-by-contract margins but we have said in the past that the progression of our EBITDA margin over time is driven to a

large extent by improving mix in our contract portfolio. So obviously as new contracts come on we expect our EBITDA margin to improve.

HUGH HUXLEY: We now go on to the next one which is from Colin Smith of Dresdner Kleinwort. Please go ahead.

COLIN SMITH: Afternoon, gentlemen. Just to follow up on LNG and a question on exploration expenditure. On the LNG, can you just confirm that the quarter included the balance of 10 million deferred from the second quarter last year, first question? And just on the exploration spend, that was a pretty low number at the first quarter relative to your full year guidance. Can you just confirm that you are still expecting the same kind of level of activity and also does that change with a changing exchange rate?

ASHLEY ALMANZA: On the first question, Colin, it did include £10 million. In the second quarter last year we booked or deferred £30 million of profit and we took 20 of that in the fourth quarter last year, 10 this year. On our exploration, as I said, the programme is weighted heavily towards the second half of the year so no change to our guidance there. Of course, our outgoings in dollar terms to the extent that we're exposed to the dollar in our exploration procurement, that will have some effect but at the margin, I'd say.

COLIN SMITH: That is at the margin as opposed to a substantial part of it, is that correct?

ASHLEY ALMANZA: That's right.

HUGH HUXLEY: We now go on to the next question which is from Nick Pope of Lehman Brothers. Please go ahead.

NICK POPE: Good afternoon, gentlemen. Another couple of quick questions on LNG please. First of all on liquefaction, if US gas prices remain roughly where they are at the moment, at around \$7, can we expect liquefaction profitability to remain at roughly the same

level as in the first quarter? Because I think that's a bit below your previous guidance. Then do you have any guidance on business development costs because I notice they have been running at about £18-19 million for about the last four or five quarter excluding the fourth quarter last year?

ASHLEY ALMANZA: On business development it is, of course, the case that some of our projects such as Chile LNG, we have been in quite intensive business development mode. We hope that that will be converting into a firm project soon. So I would expect a burn rate on those sorts of projects to come down a bit.

Full year guidance against February was about £50 million, I think give or take that is still reasonable guidance.

Liquefaction run rate, it may pick up slightly. No change to our long-term guidance on margins for liquefaction.

NICK POPE: That long run guidance is based on the US gas price of, is it \$7?

ASHLEY ALMANZA: \$6.

HUGH HUXLEY: The next question is from Stephane Foucaud of Société Générale. Please go ahead with your question.

STEPHANE FOUCAUD: Good afternoon, gentlemen. Fuel gas production does not seem to be indicated any more and I was wondering if that meant the total production figure indicated in the results was excluding fuel gas, and if not could you please provide number of magnitude for this gas produced in the first quarter 2007 please?

ASHLEY ALMANZA: The reason for not including is they are now comparable, the data. I think when we disclosed it separately before it was because it was in one year and not the

other, so they are now comparable. The overall quantum of fuel gas that we expect to produce in the year is not significantly different from last year. I couldn't off the top of my head give you the 12 week number but it is going to be roughly the same for the full year.

HUGH HUXLEY: The next question is from Rory Stewart from Simmons and Co. Please go ahead.

RORY STEWART: I just want a quick follow-up on LNG. I just wondered if you could give us details. The 19 cargoes that didn't go to Lake Charles and Elba Island in the quarter, can you break down where they did go between Europe, Asia and other?

ASHLEY ALMANZA: Just more than a third of those went to the Far East. In fact, almost a half went to the Far East and the balance went to Europe. So about 60/40 in favour of Europe.

HUGH HUXLEY: Next we have Lucas Herrmann of Deutsche Bank. Please go ahead.

LUCAS HERRMANN: Also questions on LNG. Just to follow up from the last point you made. Of the 50% going to the Far East, are the majority of those actually under short-term contract or are they literally opportunistic? The second question, just staying with LNG as well, was whether you could give us a better profile of the tonnage that you expect to get from the Equatorial Guinea contract this year on a quarterly basis, i.e. how much would we expect from start up in the second quarter, so on and so forth. Just some view on progression.

ASHLEY ALMANZA: On your first question, Lucas; about a third possibly under contract and the remainder opportunistic in terms of the Far East for the quarter. I don't think that that's particularly a pattern though. In terms of tonnage, I'm afraid all I will say on that is to reiterate what we said already, which is we expect Equatorial Guinea to come on at the half year and for the full year, including Equatorial Guinea, we expect just over 12 million tonnes. So we will build up progressively.

HUGH HUXLEY: The next question is from Jason Kenney of ING. Please go ahead.

JASON KENNY: A question on the balance sheet which looks very strong but you mentioned your sterling capex is coming down yet the share buyback programme is still ticking over at quite a low rate. I just wondered what your thinking was there.

Secondly, on prediction of volume growth for the full year 2007, you received 4% in the first quarter, I think you mentioned the second quarter could be roughly flat versus last year. Are we good to assume 2-2½% this year for upstream volumes?

ASHLEY ALMANZA: On upstream volumes, I think that we haven't given annual guidance and I think we'll just stick with our 5-7% over the three year period. I think we are broadly comfortable.

FRANK CHAPMAN: I think that basically we have got 4% this quarter. There are going to be other effects in subsequent quarters in terms of maintenance on the one hand. Also we have got working against that, ramp-up of some of the new facilities like Buzzard, for example, contributing more. So when you think about the year, you know, you need to take into account those things. So we're quite happy at the moment with the 5-7% for the three years and we're quite happy with the 4% we've done in this quarter. It is pretty much what we planned to do.

ASHLEY ALMANZA: On the buyback we've done just over £100 million and I expect that we will resume the buyback imminently - I think we're making good progress. Happy with that, it is the case, of course, that our operating cash flow is very strong.

HUGH HUXLEY: We now go over to Neill Morton of Man Financial. Please go ahead.

NEIL MORTON: Good afternoon. Just a slightly off the wall question with regards to arbitrage profits. You have spoken in the past about your feeling of the durability of the price

differentials between the different regional markets. To that extent, it was interesting the recent comment from the Mercantile Exchange in Qatar, talking about launching a spot LNG contract. I just wondered whether you had assessed the potential impact on your business and whether it could mean a quicker competing way of arbitrage profits globally?

ASHLEY ALMANZA: The emergence of Qatar as a substantial producer that can go to either basin has clearly been apparent for some time so I would say that development is consistent with our view, it is accommodated within our view.

FRANK CHAPMAN: I think the underlying issue here is the extent to which one believes we will progress from the, as yet, largely unliberalised market that we have for LNG towards a fully disaggregated and fully liberalised market which requires, of course, disaggregation and liberalisation of both supply as well as target markets. So if you are thinking about the pace of which LNG will tend towards the current maturity we have, for example, in the oil market, then clearly that is going to require quite some time to mature. So in the absence of a fully liberalised market there will be opportunities to continue to exploit arbitrage opportunities, and that is the view that we have. I don't think there is going to be any overnight transformation of the liquidity and LNG market taking it towards a fully liberalised market, I don't think that's going to be something that occurs overnight because of the putting into place of a single contract.

HUGH HUXLEY: The next question is from Edward Westlake of Credit Suisse. Please go ahead.

EDWARD WESTLAKE: Just one final follow-up, just on international gas price outlook in terms of any mix effects that we should be aware of as we look out into 2007/08?

ASHLEY ALMANZA: I don't think there is anything particularly I would draw out. I mean obviously in the quarter we had exchange rates effect on the sterling reported number, but the overall trend, of course, is for growing exposure to Henry Hub, effectively, in our portfolio. As

our new international gas assets have come onstream many of those, both from the upstream and, of course, the LNG point of view, are indexed one way or another to Henry Hub.

HUGH HUXLEY: That was the final question. So this now concludes our call. Thank you all very much for attending.

FRANK CHAPMAN: -- Finally, I'd like to recap the main highlights, BG has made a good start to the year with underlying total operating profit up 3% for the quarter and we continue to progress key projects in our long-term growth programme. Thank you for taking part in the conference call to day and I'd like to remind you that we will be announcing our second quarter results on 27 July. Thank you and goodbye.