Vivo Energy

H1 Results 2021

27th July 2021

Transcript

Giles Blackham: Good morning everyone and thank you for joining us for our H1 2021 results presentation. With me today is Christian Chammas, our CEO and Doug Lafferty, our CFO. We're all together, socially distanced in one room, so hopefully we won't have any technical issues today. We will follow the normal format of running through the presentation and then opening for Q&A. I'd like to take the opportunity to remind you that if you would like to ask a question, you do need to be dialled into the conference line rather than the webcast. I will now hand over to Christian, to take you through the start of the presentation.

Christian Chammas: Thank you Giles, and good morning to everyone. I won't dwell on this slide as you've all seen it before, and we will move straight to the agenda. Okay, I'll give you a quick overview of the first half performance and then hand over to Doug to take us through the financials. I'll then give an update on COVID-19's impact on our markets and our progress against our key focus areas. So moving to the meat of the presentation, we are very pleased to have delivered such a strong start to the year as the recovery in our markets continued. Adjusted EBIT of 220 million was well ahead of half one, 2020, and importantly 4% ahead of half one, 2019. Driven by improving volumes and good margins. We've always said that our markets and our business are resilient, and we continue to demonstrate this quarter after quarter, as we adapt to the challenges created by COVID-19.

Christian Chammas: The recovery was led by a really good performance in our retail segment. Driven by both increasing mobility in our markets, as well as by a range of actions we will talk through in the presentation. Including our network growth. We have continued to invest in growth and deliver shareholder returns. And this is demonstrated by our interim dividend declaration. Which means that we have now declared over a hundred million dollars of dividends since the start of the pandemic. None of this would have been possible without our teams in the operating countries who have stayed safe whilst driving the business forward in the face of continuing uncertainty created by COVID-19. Finally, there is no change to our expectations for the full year, and we will continue to navigate the challenges created by COVID-19.

Christian Chammas: I wanted to show this slide again, as it gives some good insight into the pace of the recovery. And that retail is the key driver of this as 37% ahead of the same period last year. Q2, 2020 was significantly impacted by the restrictions imposed at the start of the pandemic. But the retail business is now back ahead of Q2, 2019 as well. The group recovery is still lagging retail, but this is predominantly down to the commercial supply contract, which ended in Q3, 2020. The other impact is a subdued aviation business, but that will take some more time to correct.

Christian Chammas: What you can't see on this chart is a strength of our lubricants business. Given that the volumes are small, which has seen a very strong recovery in this first half. This slide just shows how the retail recovery has been spread across our markets and compares half one 2021 with half one 2019 to give you a better understanding of the shape of the recovery. We now have 15 of our markets back in growth versus half one 2019, with most of them more than 5% ahead of that time.

Christian Chammas: It is notable that half one performance has been achieved without the benefit of two of our largest markets by volume, Morocco, and Tunisia, who are still behind half one 2019 and account for over 30% of our group volumes, pre pandemic. Looking at the engine markets, and we're only showing March to June performance here to make it comparable to 2019. You can see the benefit of the work we've been doing to grow the business. With volumes up 25% excluding Zimbabwe, where currency constraints are impacting fuel supply into the country. This performance is even with restrictions still constraining demand across almost all of our markets.

Christian Chammas: Okay, so now I will hand it over to Doug who will talk you through the financial impact of the operation recovery I've just highlighted. Thank you.

Doug Lafferty: Thanks Christian and good morning everyone. I'm happy to be presenting another strong set of numbers today. Here, you can see a quick snapshot of our performance with volumes well ahead of last year and back in line with H1, 2019. As Christian has talked to, it is mainly the retail volumes driving the growth with the total group volumes held back by the end of the supply contract in Q3 last year.

Doug Lafferty: On a comparable basis, this supply contract benefited H1, 2020 by around 160 million litres of low margin volumes within the commercial segment. And we've managed to overcome around half of that headwind, mainly through additional reseller volumes. On the margin side, we're ahead of both H1, 2020 and H1, 2019 as we've continued to benefit from the supply and pricing environment, together with a product mix effect, as lubricant saw both strong volume growth and very strong margins during the period.

Doug Lafferty: As we've said previously, these margins will normalise and we saw that happening during the period with Q2 lower than Q1. The higher volumes coupled with the strong margins has meant that we delivered gross cash profit of $385 million, 28% higher than the first half of 2020 and pleasingly 10% ahead of the first half of 2019.

Doug Lafferty: This is a business that can generate a lot of operational leverage, as most of our cost base is fixed. This worked against us last year as the volumes fell, but you can see the benefit in adjusted EBITDA this year as the volumes returned. One of my priorities is to focus on the leakage between EBITDA and net income, which I know is an area of focus for the market. And it's good to see that both finance expense and ETR have come back nicely. Although depreciation is a little higher due to the investments, we've been making in expanding our network.

Doug Lafferty: Last year, we saw finance expenses increase primarily due to the increased use of working capital facilities to cope with the disruption in the market. And they've now returned to more normal levels. ETR is also back at 40% compared to 69% in H1, 2020 and 42% in H2, 2020. These were elevated due to the withholding tax component of our taxes remaining stable year on year, which meant they had a far bigger relative impact due to earnings being lower.

Doug Lafferty: The higher adjusted EBITDA coupled with the lower leakage has supported the step up in EPS to 6 cents, meaningfully ahead of H1 2020 and in line with H1, 2019. Moving into a more detailed view of the business, you can see that with the exception of the aviation and marine businesses, which account for around 3% of gross cash profit, all of our businesses returned to growth. Not just against H1, 20, but also against H1, 2019. This is fantastic to see and really shows the resilience in the business that we've been talking about over the last six months.

Doug Lafferty: Retail was very strong across the board with volume growth driven by returning mobility, customer marketing initiatives and site expansion. Margins remain strong at $78 per a thousand litres, helped in part by the continuing growth in our premium fuels business, which now accounts for 6% of the segment gross cash profit. Non fuel retail rebounded, even with restrictions such as curfews and limitations on gatherings having a more meaningful impact on demand than they have on fuel. We continue to expand the number of offerings that we have on our sites and are evolving how we operate to be able to meet developing customer needs.

Doug Lafferty: On the commercial side, you can see the core commercial business has been very stable through the whole pandemic. This business services a range of different industries, and this diversification has provided a real hedge against volatility. We no longer have the benefit of the supply contract, but partially offset these volumes through increased reseller volumes in a number of markets. Higher unit margins more than offset the lower volumes, leading to our gross cash profit growing slightly period on period.

Doug Lafferty: Looking in more detail at the aviation and marine business, it is still well below 2019 levels, with volumes in the aviation business still in line with H1, 2020, albeit with higher unit margins. We did see a small recovery in volumes in the marine business and together the net result has been a small improvement from H1, 2020.

Doug Lafferty: Finally to Lubricants, which had a really great H1 performance. This segment sells into both retail and commercial customers. And so it has benefited both from the pickup in the mobility of our consumers, but also from the strength of the mining industry. This has supported volume growth of 14% against both H1, 20 and H1, 2019 to 75 million litres, which represents a new high for us. The margins have also stepped up, but I will caution that this is again predominantly temporary. Whilst we have benefited from customers increasing preference for premium lubricants across both the retail and commercial businesses, we have also moved prices up quite materially during the period.

Doug Lafferty: We've done this ahead of the H2 impact of the increase in base oil prices, which will dilute these margins as we move through the second half. Staying with margins, there is a lot of focus on where these will stabilise given the strong margins over the past nine months and the quarterly volatility that COVID-19 has created for us. Throughout the period, we've been very clear that the margins will move back towards normalised levels and that started to happen in H1, with Q2 margins lower than those we reported in Q1. However, we now have less low margin supply aviation and marine volumes, and with growing higher margin lubricants and retail volumes, this provides a positive mix effect for us.

Doug Lafferty: There is a lot of understandable focus on how the oil price impacts our margins, and I wanted to address that with this slide, which shows how uncorrelated our margins are to the oil price. The simple answer is that changes in the oil prices really doesn't have much of an impact on our overall margin. You can see from the chart, our quarterly unit margin over the last four and a half years, together with the quarterly average Brent crude price, and there is almost no correlation. Our margins consistently sit in the window between 70 to $75 per 1000 litres, and for four of the five times, it wasn't in that range it was due to the volatility caused by COVID-19 over the last 12 months. The reason behind this is that we operate a cost-plus model, so the increasing oil price is passed through to the customer.

Doug Lafferty: As I just mentioned, there are obviously some impacts on specific parts of the business, such as lubricants, and there is more volatility in the deregulated markets, as these are competitive and not all of our peers will act in the same manner, but the cost plus nature of the regulated markets, where the government sets the pump price and we don't compete on price at the pump, really helps to smooth our margins and create stability for us. As a reminder, 20 of our 23 markets are regulated from a retail fuel perspective.

Doug Lafferty: So, what does the strong performance mean for cashflow and what a difference a year makes? The improved earnings drove. The pickup in cashflow and working capital also provided a small inflow. H1 last year was impacted both by the pandemic, but also by $111 million of payments carried over from the end of 2019. This meant that we generated $90 million of adjusted free cashflow, even after investing $60 million back into the business, 36% higher than the CapEx spend in the first half of 2020, all the H1 CapEx around $34 million was investment in growth CapEx.

Doug Lafferty: The other key point we made at the full year results is that we now have a solution in Kenya to the dynamics of the import tender system that means we should no longer have the major swings in working capital. We still sell a high value product. And so there will always be some movement in working capital, depending on the timing of payments across the board business.

Doug Lafferty: Moving across to the balance sheet. As you know, we run a very conservative balance sheet, which helps us weather the impact of the pandemic and continue to invest in our future. During the period, we saw a small pickup in net debt as we paid the dividend, but leverage continued to fall as adjusted EBITDAR picked up. We also took the decision to pay back the last of the outstanding amounts under the RCF, having paid back $110 million last year. And so now the only long-term debt is the bond we issued last year, which matures in 2027, although the current RCF remains available to us for a number of years.

Doug Lafferty: At the full year results, we gave some technical guidance to help with modelling, and it remains largely the same at the half year. We still expect to spend around $160 million of CapEx this year with 60 of this on growth. As Christian will comment on shortly, we have made a very good progress on sites openings and believe we will now comfortably be at the top end of our stated range of 90 to 110 new sites for the year. Both our expectations for the full year net finance charge and ETR remain in line with what we've said previously.

Doug Lafferty: Finally, from me, is our interim dividend. We are a growth business, but we are committed to shareholder returns and have demonstrated that during the pandemic. In March, we increased the full year payout ratio to 50% from the previous 30% and have now declared the first interim dividend under that policy. With today's dividend, it will bring the total amount we have paid to shareholders to over 100 million dollars since the onset of the pandemic. We believe that combined with our positive results, this really shows our commitment to growing both our business and shareholder returns.

Doug Lafferty: With that, I'll hand back to Christian.

Christian Chammas: Thank you, Doug. At the full year, we highlighted four key areas of focus for this year. Site rollout, like for like, NFR, and power. And we wanted to give you an update on these as well as our sustainability initiatives. But first I want to touch on COVID-19 in Africa and bring you up to date on the current situation.

Christian Chammas: I have previously said our markets are in convalescence from COVID-19, and this remains the case. Our host governments continue to take decisions on how to manage a virus that impacts our business. We have been living this journey for the past 18 months and will continue to find ways to adapt. There is still a very different health impact to Europe with governments balancing economic and health impacts. In mid-June, we started to see a third wave. First in the south and Eastern markets, and now Indonesia. It meant that restrictions and a few countries were once again tightened. There hasn't been any meaningful impact to volumes as a group, but we remain watchful of the potential impacts if restrictions increase further. We know it won't be a smooth path to recovery, but our markets have demonstrated their resilience before, and we continue to focus on what we can control.

Christian Chammas: As Doug alluded to, we've made a fantastic start to the year on the site rollout, as we build the platform for future growth. Our teams have focused and hit the ground running this year. Don't expect half two to look as good as this. The performance has been made possible due to the engine transaction in 2019, providing more opportunity for growth. It took some time to get the right teams in place and allow them to really push the network. But we are now moving ahead very nicely with 36 of the 81 sites being under the engine brand, I talked earlier about the volume growth in the retail business, and you can see that we have now grown the network by over 35% since we bought the business, improving our market position in a number of markets, and there is plenty more opportunity ahead.

Christian Chammas: Okay. In addition to network growth, we also need to make sure that the existing portfolio works hard and drives volume growth. We've continued to shine our sites and have now upgraded around 25% of our network in the last few years to make sure that our sites have the right offerings and curb appeal. Brand is also very important, especially in regulated markets where we don't compete on price. So, we have launched a range of high profile marketing campaigns tailored to the situation. They are focused on how clean and safe our sites when there are spikes in the virus, and then on more aspirational themes as mobility increases. I'm also pleased to say that premium fuels penetration continues to increase, and they are an ever-increasing part of the mix.

Christian Chammas: We've talked a lot about the non-fuel retail offerings we have known our site, and our desire to grow this. In addition to the NFR on our sites, we have announced a range of joint ventures over the past few years. And you can see we're beginning to build a meaningful platform across seven countries, primarily under the KFC banner. But we look forward to broaden our brands as we move ahead. We're now well ahead of pre-pandemic levels due to this new site rollout, as well as recovering demand. We have now adapted the business in response to COVID-19, so a lot of the sales are now offsite deliveries. This means that we can shrink the size of outlets and open up new areas that were previously to small. Exciting potential, but this is a long-term game. And financial contribution will ramp up as the business matures.

Christian Chammas: We believe that fuel will be a vital part of African development for many years, and we have an important role to play in providing high quality and clean fuels to our markets. But we're also to make sure we offer new energy solutions for our customers. And as such, are working to build both our LPG and solar businesses. We have strong LPG business today, and it represents just over 10% of the group volumes, which demand is expected to grow as governments try to move consumers off biomass.

Christian Chammas: On the commercial solar side, we have announced our first deal last year, and it is now in the construction phase. At the time we said we would hope to sign one to two deals per annum, and that remains the case. We are spending a lot of time talking to various mining companies across the continent about the potential to work together, and we believe that we have built a high-quality team to be able to deliver projects for our customers.

Christian Chammas: We continue to look at innovative ways to reduce our emissions, and our broader environmental footprint. In Ghana, for example, we have signed a contract with a third-party provider to retrofit 20 of our sites. It is a lease to own solution with no CapEx, and saves around $70,000 per annum of cost, whilst saving around 500 tons of emissions per annum as well. It is not something we can do in all our markets, but a demonstration that we are looking at innovative solutions to reduce our impact.

Christian Chammas: As you would expect, we continue to focus on sustainability, and have maintained our excellent health and safety and spills record with zero incidents in a half one. Given our position in Africa, we have a range of community projects that look to create real impact to our countries. Last year, we focused on COVID-19, and this year we have worked with our host governments and are supporting major nationwide programs in a number of our countries.

Christian Chammas: For example, in Uganda, we're driving a campaign focused on the reduction of plastic use. And in Ghana, we're leading a national road safety campaign to help drivers remain safe.

Christian Chammas: So to sum up the first half, we're really pleased with the delivery to date, and our expectations for the full year remain unchanged. We will continue to navigate the uncertainty, but will continue to drive our business forward, and we look forward to capturing the structural growth opportunities in our markets.

Giles Blackham: Thanks Christian. Thanks Doug. Operator, please can we move to questions now?

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question at this time, please signal by pressing star one on your telephone keypad. If you're using a speaker phone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that is star one for you question. We will pause for just one moment.

Operator: Our first question today comes from Sam Bland from JP Morgan. Please go ahead.

Sam Bland: Morning. I have two questions please, based on the same topic. I think I'm right in saying that throughput per site in retail is about 10% lower than the pre COVID level. You can confirm that number is correct. And do you really attribute that just to the sort of ongoing restrictions in certain areas with curfews and lockdowns? Is it solely those items or is there any other reason why volume is a bit lower than where it was? And the second question that linked to that is can you remind us of how fixed the costs are typically in retail between gross cash profit and EBITDA? So as that volume rebounds back to where it was before, does the majority of that improvement to gross profit fall through to EBITDA as well? Thank you.

Doug Lafferty: Hi, Sam, morning. And morning everybody, it's Doug. So yes, in answer to your first question, through perps, H1 2021 versus H1 2019 is roughly 10% below per site. I think we put that predominantly, if not all, down to the fact that there's still various different restrictions and curfews and lockdowns occurring in the markets. I think we do our site planning very carefully. We're obviously rolling out new sites across both 2020 and 2021, and we wouldn't expect to see any level of cannibalisation. So at the moment, yeah, we're putting the volume drift down to the issues that you raised.

Doug Lafferty: Secondly, on the cost base, yes, it’s majority fixed. And I think you're seeing now, in the first half of last year, we saw the reverse impacts with regards to operating leverage, and now we're seeing it come back. So we would expect that to continue. As volumes increase, we shouldn't expect to see in the cost space increased dramatically. So the vast majority of it is fixed.

Sam Bland: Okay. Understood. Thank you.

Operator: Thank you. We now move on to a question from Georgios Pilakoutas from Numis. Please go ahead.

Georgios Pilakoutas: Thanks. Morning, team. The first one was just to speak a bit more on the engine market. It seems like they're progressing well in terms of the volume growth and then the site rollout. So just interested to hear couple of years after the acquisition, how that's going, how kind of you see the ongoing potential for those markets, and whether the profitability is approaching the similar levels for the shells and businesses.

Georgios Pilakoutas: The second one was just any comments on competition, be it how small local operators dealing with volumes being 10% below prior COVID level, and similarly, how some of the bigger players where oil prices have been relatively volatile, just any commentary on whether they're being more aggressive, less aggressive, and anything.

Georgios Pilakoutas: This is Christian. On the first part of your question on the engine countries, well, it took us a year and a half to get organised and to get the teams refreshed and changed to put in place and roll out the Vivo Energy way of doing things. Identify, look for opportunities, be it organic or inorganic. And everything came together, I guess, from some time mid last year. And we see the dynamic rollout that has happened in the first six months of 2021, because out of the 81 sites, there are about 36, if I'm not mistaken, that are from the engine portfolio of eight countries. So that is very exciting that we now see that impact. You can see ... I think on one of our slides we show the number of sites that we have added to the engine portfolio. Virtually just under 100, if I'm not mistaken, or thereabouts.

Christian Chammas: So it's a rapid growth. We said that there was opportunity. There is opportunity. We said we were on the scale and our market share was not representative of what we normally have, and we're doing it. There is no project that we're rolling out, be it in the engine countries or the shared countries that is below our objective, our target of internal rate or pay out. So that is something that we do systematically. The unit throughput is systematically enhanced and improved, be it in the shell world or the engine world, because we replace systematically all sites that we close or withdrew from our portfolio on an annual basis by new sites that are more productive, that are larger, and that bring a better print of offering to our overall business. And yes, that improves our profitability for the engine portfolio, and the overall profitability of Vivo Energy. So yeah, we are quite excited about what we've managed to do in the engine countries.

Christian Chammas: The second part you wanted to ... Competition, sorry. There was a second element to competition. Well, competition of course is not dormant. We would have hoped that they would have remained sleepy, but they are waking up and they have woken up not only the half. And we see them copying, why not, what we do. But we always have to have an advantage and keep ahead of what we want to do and make sure that we always keep them behind us and not in front of us in quite a few initiatives. We're proud to be in most of our countries, either the market leader or just behind the market leader. So that's our model. And the importance is to continue growing our market share, protect our existing market, where the competition is vigorous, and move ahead and improve profitability by making sure that we bring more volume, more margin to the table, so that all this is efficiently pushed down to the net income after tax.

Georgios Pilakoutas: Great. Thanks very much.

Operator: Thank you. As a brief reminder, that is star one for your questions today. We now move on to Nik Stefanou from Renaissance Capital. Please go ahead.

Nik Stefanou: Morning gentlemen. It's Nik Stefanou from Renaissance Capital. Thank you for taking my questions. I've got three to ask, if I may.

Nik Stefanou: First question is on the ESG and the climate management committee. You'll be sharing, understanding it's still early days, but I was wondering if you could talk a bit about what you're targeting there and in general how you take that forward, and how ESG takes part in the broader agenda for Vivo. That's a first question.

Nik Stefanou: Second is on LPG. So, if we put COVID aside and go back a few years, I think compared to what we thought would be happening with LPG versus gasoline diesel is that LPG did a bit better in terms of when gasoline and diesel did not do as well. And it looks like this is momentum is continuing, LPG has this nice ESG angle as well because it displaces biomass. So, I was wondering if you could talk a bit about your broader PG position in Africa and the overall landscape there, company landscape, and how you plan on expanding or protecting your market share. And then I'll have a follow-up. Thank you.

Christian Chammas: I'll ... Sorry. You hear me? Yep. So, thank you for your question. I will start on the ESG front. What'd you have to realise, and I'm sure you know it, sustainability has been an integral part of our business. We have a very good track record and we have been working very hard for the past 10 years on the S and the G element, due to the nature of our products. We can't play with our products, they're dangerous products, and therefore we have to respect them. All right. And therefore, by respecting them, we make sure we handle them properly, we transport them properly, we deliver them properly, we sell them properly, and we make sure that everybody is safe. So that is part and parcel of how we do things.

Christian Chammas: The other element is that we are a major player in most of our countries. We have strong brands, be it the Shell brand or the Engen brand. And therefore we have to make sure that we deliver on a permanent basis, quality products. And we will have to increase the quality of our products as we go along. And we continue by doing that and putting in place what I would call the best possible products over the years. That's the other front.

Christian Chammas: On climate, obviously this is new. All right? And it is starting in Europe, but in our continent, we are still in a transition phase and it will take a few years, but Vivo Energy therefore will have time to organise itself to be on top of the subject as well. And we have a central role to play in our different countries by being the leader. Our priority in the coming weeks and months is therefore to set an accurate baseline for the overall value chain in that domain of emissions, be it Scope 1 or 2 or 3. So we're working on it. This is the first time we will be in a position to report on Scope 3, right?

Christian Chammas: It is unlikely. It is unlikely, and I repeat it that we will set former targets this year. It is a building process. We have a committee working on it. I chair that committee. There's a working group internally. We have surrounded ourselves with partners who support us in that approach. And therefore, basically when we are ready to set a target, we will have to be able to deliver it. It would be our commitment to our countries, to our team players, to our stakeholders for the future. I think I've answered your question there.

Christian Chammas: The other one is the LPG, you were asking a question. Well, LPG remains part and parcel of what we sell. Right? We have very strong positions in MPG in quite a few countries, namely Morocco, Tunisia, and Mauritius. We have developed in other countries, namely Cote d'Ivoire and Burkina, if I'm not mistaken. And sorry, I forgot Uganda as well. And Kenya, of course. I forgot. But anyway, these countries, we have strong positions and in some countries we have new positions. It is an energy of the future because it is a cleaner energy. We are not going to be absent from that sector developing. It is not there yet because LPG like LNG, like whatever are infrastructure issues that come to play. We're on top of it. We are working with the competition in order to put what I would call joint ventures in order to be efficient and effective when it comes to imports and logistics. And that is in our plan for the years to come. We will not be absent from that segment.

Nik Stefanou: But the dynamics there I presume be different versus retail, because it's not so much going to be driven by adding new sites. So what is effectively the bottleneck for growth? Is it bottling facilities and having distribution networks? You could just talk a bit about that.

Christian Chammas: First of all, in some countries you have to de-bottleneck the importation logistic and the storage facilities. All right? And we're not there yet. And I will not mention the countries, but we're working on some big C-facing countries where we need to do that. That's the first step. Okay? And that is work in progress, I would say.

Christian Chammas: Then the second phase is there are two segments, of course. There's the industrial segment where you put necessary LPG facilities across your different B2B users here and there, and that is existing, but I think in the future would need to be developed. All right?

Christian Chammas: And the third element, which is not negligible is that until now we used to bottled cylinders and sell them through the B2C or retail to the end user who use it at home or otherwise. Now tomorrow's world might find us selling LPG to go into a car, right? And store it in the car. And that is an offering that is going to come probably in the future. It's not there yet in most countries. There were tests here and there to do that, but it hasn't developed in an effective way. I guess, in the future, we'll probably be looking at that as well.

Nik Stefanou: That's it. Thank you. And a final question about some of the older refinery, I think could potentially alter the fuel supplier landscape of West Africa. And I was wondering if this is something that could ultimately affect your margins, especially in Ghana, which is selling directly to market.

Christian Chammas: Let's put it this way. We have now refineries supplying us. Tomorrow, a new refinery in Nigeria will supply, but I think that new refinery will have to take care of Nigeria before the rest of the world. But anyway, if their products end up in Ghana, why not? Today, Ghana is a net importer. So tomorrow, be it importing it from Europe or North America, or I don't know where else, they might be importing it from Nigeria, but so be it. This has nothing to do with our margin. It's just a source of supply.

Nik Stefanou: Okay. All right. Thank you. Clear. Thank you so much.

Operator: Thank you. As a final reminder, ladies and gentlemen, that is star one if you would like to pose a question today. We will pause for a brief moment. If there are no further questions in the queue, I'd like to hand the call back over to Giles Blackham.

Giles Blackham: Thank you very much. Thank you everyone for dialling in and listening to the call and for the questions, look forward to speaking to you in the coming days and weeks ahead. Thanks. Bye-bye.

Christian Chammas: Thank you.

Doug Lafferty: Thank you. Thank you, everybody.

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