ArdaghGroup

Ardagh Third Quarter 2017 Earnings Call

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Transcript

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Operator: Hello, and welcome to the Ardagh Third Quarter 2017 Earnings Call. Throughout the call, all participants will be in listen-only mode, and afterwards there'll be a question and answer session. Please note that this call is being recorded. Today, I'm pleased to present Paul Coulson, Executive Chairman. Please begin your meeting.

Paul Coulson: Welcome to Ardagh's Third Quarter 2017 Investor Call, which follows the publication earlier today of our results for Q3. I'm joined on the call today by David Matthews, our CFO and by John Sheehan, our Corporate Development and Investor Relations Director.

Just before I start my remarks, I would like to point out that the information provided during this call will contain forward-looking statements. Forward-looking statements reflect circumstances at the time they're made, and the company expressly disclaims any obligation to update or revise any forward-looking statements. Actual results or outcomes may differ materially from those that may be expressed or implied due to a wide range of risks and uncertainties, including those set forth in the Company's SEC filings, such as the Company's latest annual report, as well as in the company news releases. Our third quarter earnings release and financial report can be accessed at www.ardaghgroup.com. Information regarding descriptions of our segment reporting and the use of non-GAAP financial measures may also be found in the notes section of today's earnings release. Today's release also includes a reconciliation to the most comparable GAAP measures of Adjusted EBITDA and adjusted earnings per share. This disclaimer is only a summary of the Company's statutory forward-looking statements disclaimer, which is included in the Company's filings with the SEC.

So, moving on to discuss the quarter, third-quarter revenue and Adjusted EBITDA grew at constant currency in three of our four divisions, partly offset by a weak performance in Glass North America. Both the current and prior year quarters included a full contribution from the Beverage Can business. Cash generation in the quarter was strong, and resulted in further deleveraging. Overall, volume mix in the quarter and year to date was broadly in line with the comparable periods last year, with constant currency revenue increasing by 2% compared with the same period last year.

Key financial highlights for the quarter included:

- Continued strong free cash flow generation, with operating cash flow increasing by 15% to €343 million, and adjusted free cash flow increasing by 18% to €254 million, compared with €216 million in the same period in 2016.
- Revenue and Adjusted EBITDA for the quarter of €1.99 billion and €377 million respectively; both showed an increase of 2% at constant currency compared with the €1.96 billion and €369 million earned in the same period last year. After currency translation effects arising from the strengthening of the euro against the US dollar and the British pound, they were 1% lower.
- Adjusted EBITDA margin of 18.9% increased by ten basis points compared with the same quarter of 2016, with growth in three of our four divisions. In the year to date, Adjusted EBITDA margin of 18.0% is 40 basis points higher than the pro-forma Adjusted EBITDA margin in the same period last year.
- Adjusted earnings per share of 49 euro cents in the quarter, was 2% lower at constant currency and 6% lower at actual exchange rates, with the reduction attributable to the higher share count post IPO. For the nine months to 30 September, adjusted earnings per share was 133 euro cents compared with 81 euro cents, a 64% increase on the comparable period of 2016.
- Looking at the last 12 months to 30 September, Adjusted EBITDA was €1.361 billion, with operating cash flow of €1.024 billion and adjusted free cash flow of €535 million. The continued strong cash generation during the quarter led to a further reduction in leverage to 4.9 times LTM Adjusted EBITDA at 30 September, compared with 5.1 times at 30 June and 5.5 times a year ago.

- Cash and available liquidity at 30 September was €748 million, following the redemption of the Group's €405 million of 4.25% senior secured notes 2022. This was done during the quarter.
- Finally, we have declared a quarterly dividend of 14 US dollar cents per share.

If I could turn now to each division;

Metal Packaging revenue of almost €1.25 billion for the quarter was in line with the same period last year at actual exchange rates and increased by 3% at constant currency, with growth of 3% in Europe and 4% in the Americas. Volume/mix was unchanged in the third quarter, with modest volume growth in each region offset by a slightly lower mix effect.

Adjusted EBITDA for the quarter increased by 10% to €219 million at actual exchange rates, compared with the same period last year. On a constant-currency basis, Adjusted EBITDA increased by 12%, with advances of 11% and 14% in Metal Europe and Metal Americas respectively.
Adjusted EBITDA margin increased from 16.1% to 17.5% in the quarter.

Growth in Adjusted EBITDA was driven by synergy realisation in both Metal Packaging regions, as the integration of the Beverage Can Acquisition continued to proceed as planned. In addition, operating costs were reduced in the quarter, including a reduction of €9 million in pension-related expense in Metal Europe, partly offset by increased input costs during the period.

In the Glass Packaging division, third-quarter revenue of €741 million declined by 5% compared with the same period last year, including a negative currency effect of 3%. Constant-currency revenue was 1% lower than the prior year, with growth of 1% in Glass Europe more than offset by a decline of 3% at Glass North America.

Overall, volume/mix for the quarter decreased by 1% compared with the same period last year, with growth of 2% in Glass Europe and of 4% in Glass North America. Glass Europe strength was attributable to higher volumes in most of our end markets, as well as a favourable mix, where in Glass North America, a 5% reduction in volumes was partly offset by a positive mix effect. Lower volume/mix in Glass North America was primarily attributable to weakness in the beer market, where volumes declined by 11% compared with the same period in 2016, as well as lower volumes in the wine market. This occurred very late in the quarter.

Adjusted EBITDA in the Glass Packaging division of €158 million represents a decrease of 12% and 9% at actual and constant currency respectively, compared with the same period last year.

Adjusted EBITDA at Glass Europe increased by 3% to €89 million at constant currency, reflecting volume/mix improvement and operating cost savings, partly offset by increased input cost.

Glass North America reported Adjusted EBITDA of €69 million. This was down 21% or €18 million, at constant currency. Over half of this decline was attributable to higher payroll-related costs, as the same quarter in 2016 had benefited from lower pension-related costs of approximately €10 million. The balance reflected weak third-quarter beer and wine end markets, as well as increased freight costs in the aftermath of the hurricanes in the southeastern United States, both of which factors we see continuing into the fourth quarter.

Since we acquired Verallia North America in 2014, we have significantly offset persistent weakness in the US mass beer sector by migrating our business towards higher-growth end markets. However, the decline in mass beer shows no sign of abating, and as you know, Johan Gorter took over as CEO of our global glass division in September, and Johan, together with the new CEO of our glass business in North America, Bertrand Paulet, have instigated a comprehensive review of our capacity, transportation, logistics and supply chain to ensure that the business once again performs in line with our expectations for it and that it successfully meets the challenges posed by changed conditions in the US glass market. We expect this review to be completed around year-end.

In Europe, conditions in the glass market remain very good, and we expect to run in 2018 at maximum capacity.

Since Johan took over as head of global glass at Ardagh, he has further strengthened the European glass management team with the appointment of Martin Peterson as COO of Glass Europe.

Turning to cash generation;

Cash generation was strong during the third quarter, which in both years included the Beverage Can business, and reflected the strong like-for-like conversion of Adjusted EBITDA into cash.

Operating cash flow increased by 15% in the quarter to €343 million, and is up 14% to €586 million in the first nine months of 2017. Similarly, adjusted free cash flow increased by 18% to €254 million in the third quarter and has increased to €248 million, or 7%, in the first three quarters of 2017.

Strong cash generation led to a further reduction in net debt during the quarter, from 5.1 times at June to 4.9 times at 30 September. In terms of our capital structure, as previously announced we redeemed the remaining €405 million of 4.25% Euro Senior Secured Notes in early August. The Group has now used over $750 million of combined available cash and IPO proceeds to repay debt in 2017.

Turning to the outlook;

- Looking to the full year 2017, we expect further currency translation headwinds arising from the strengthening of the euro against both the US dollar and the British pound since July.
- As noted previously, we expect that Glass North America will continue to be affected by the hurricane-influenced higher freight costs seen in the latter part of the third quarter. Continued weakness in the beer market, as well as the impact of the recent wildfires in Northern California on our wine business, are likely to impact adversely the fourth quarter of 2017.
- Taking these Glass North America and currency factors into account, we now expect full-year 2017 Adjusted EBITDA to be approximately €1.34 billion. Cash generation for the remainder of the year is expected to be strong, resulting in year-end leverage of approximately 4.8 times. At current exchange rates, our Adjusted EBITDA guidance of €1.34 billion represents US$1.58 billion, while our net debt at 30 September of €6.7 billion was equivalent to US$7.8 billion, and we expect the net debt to be approximately US$7.6 billion at the end of this year.

Our third-quarter performance demonstrates the benefits of our geographic substrate and end-market diversity, with growth in three of our divisions offsetting a weak out-turn in Glass North America. Constant currency adjusted EBITDA growth of 2% has been converted into strong cash generation, and resulted in further deleveraging during the quarter. We remain very focused on continued cash generation, further de-leveraging the Group and, of course, our main priority is the restoration of appropriate profitability at Glass North America.

Having made these opening remarks, we'll be very pleased to take any questions which you may have.

Operator: Thank you. Ladies and gentlemen, if you do have a question please press 01 on your telephone keypad now. If you wish to withdraw your question, you may do so by pressing 02 to cancel. And there will be a brief pause while questions are being registered. And the first question comes from the line of Karl Blunden from Goldman Sachs.

Karl Blunden: Okay, good morning guys, thanks for the time. Just had one on the end market, and then just one on the balance sheet. With regards to Glass, I appreciate the colour that you provided. How would you say your performance would compare with how the market is performing in North America? Just trying to figure out how much of this is fixable versus just pressures in the market and substitution away from glass.

Paul Coulson: Well, I think our performance is pretty similar, quite frankly, to others. I think you're seeing a weakness in glass, in mass beer and beer in North America. A lot of this is due to increased sales of Corona imports into the US beer market, Corona's become a very strong force there. And I think right across the piece, we're seeing declines in mass beer in the US. I think it's eminently fixable. Our issues are really that we have too much capacity for beer and too little capacity for wine and food, and that's why we're carrying out this review to see how we best recalibrate our production capacity.

Karl Blunden: Got you, that's helpful. And then just on the balance sheet, you provided some guidance on de-leveraging plans nearer term. As you think about longer term and your higher coupon debt like the PIK notes, how should we think about your approach to those over time and what you do with your cash flow?

Paul Coulson: You're referring to the Toggle notes, I presume, at the Holdco level are you?

Karl Blunden: That's right, yes.

Paul Coulson: Yeah. Look, our objective has always been that we will, in a number of years' time, those notes are not callable for a number of years, and once that period of time comes to an end we will have de-leveraged the listed company very substantially. And we may look then at combining the capital structures at that point in time. But those notes are not callable for another couple of years.

Karl Blunden: Understood. Thanks very much.

Operator: And the next question comes from the line of Tom Narayan of RBC. Please go ahead, your line is open.

Tom Narayan: Hi, thanks for taking the question. Just to follow up on that last question on North America Glass. I do appreciate what's happening; I think O-I reported, as you noticed, similar kind of results that's happening in mass beer. But we also were hearing from another peer about how the hurricane actually impacted the third quarter severely. I think CMI data is showing down, like, 12% in September. I was wondering how much of the Q3 impact was hurricane-related?

Paul Coulson: Relatively small, quite frankly. I think, we saw an amount of freight costs, you know, freight costs have risen substantially as a result of the hurricanes, and that did impact on Q3. We expect that to have a greater impact on Q4 while that spike continues.

Tom Narayan: Okay, great, thank you. And just high-level strategically, and I think the answer's going to be 'not much change', but how would you discuss the management change that's happened at the CEO level, what that means strategically for you?

Paul Coulson: No change whatsoever. I remain Executive Chairman, and I've always been the guiding force behind this Group. And as the biggest shareholder, there'll be no change whatsoever. The change of management had nothing to do with any disagreement over strategies or anything like that at all; strategy remains exactly as it has been.

Tom Narayan: Okay, perfect. And the last question: as you guys do this review by year-end on glass capacity, how do you think about the business at high level? You completed this Beverage Can acquisition and it appears that these assets are performing very well for you guys. Could there be a long-term strategy in North America to go more towards Beverage Can, maybe away from Glass? Or is it just more within Glass shifting to wine and some of the higher, more successful type aspects?

Paul Coulson: I think, Tom, it's much more the latter of your two scenarios there. I think we're very committed to Glass. As you heard me say, Glass in Europe is a terrific business. There was a time way back when we had to recalibrate our European business as well to meet the market conditions. And we will be focusing on areas where there is good demand; wine and food, for example. As I said in my earlier remarks, we've shifted our business towards that area, away from beer. We still have a lot of beer; we have too much beer capacity now and too little in the wine and food area. And it's all part of making sure that we're making the right things in the right places.

Tom Narayan: Perfect. Is the reason why your, North America Beverage Can, performed better than Glass? Just the exposure to beer, right? That's pretty much the main reason there?

Paul Coulson: No, that's not the reason, they're very different businesses. Our Beverage Can business in North America is very much CSD focused.

Tom Narayan: Yes, okay. Perfect, thank you.

Operator: And the next question comes from the line of Gabe Hajde from Wells Fargo. Please go ahead, your line is open.

Gabe Hajde: Good morning, gentlemen, thanks for taking the question. The first one's going to centre around the North American Glass piece. Appreciating that the majority of which has been recently purchased or isn't necessarily organic to you, can you talk a little bit about the capacity that you might adjust? Is it more about downstream forming machines and moulds and stuff like that, or is it more on the hot end of the facilities, or both? And then would that include some rooftop consolidations? And I appreciate that you're just getting into this, but just trying to understand the order of magnitude of what you might be thinking about.

Paul Coulson: I think it would be premature to give any colour on this at this point in time, Gabe. We've started this review. We'll complete it around year-end and then we'll talk to everyone about what we plan to do. It would be premature now to discuss what we're going to do and how we're going to do it. We're having a complete review. As I said earlier, we've made changes in the way we manage our Glass business. We have a global CEO for Glass now, the same way as we have a global CEO for Metal and we've had that for some time. We have a new CEO who's taken over in North America on Glass, and he's working with Johan and the team to look at the whole business and then come up with what's the best way forward. We think it's a very good business and will be a very good business going forward. We just have to adjust it to the market conditions that we now find. And frankly, the decline of mass beer is a structural change in that market.

Gabe Hajde: Understood. Thank you, Paul. Europe, if I interpreted your comment correctly, it sounds like you may need to look at a little de-bottlenecking effort there. I don't want to say capacity constraint, because I know over-capacity was the term being thrown around over the past 12 months, but can you help us understand what's growing well over there and, like I said, if you have the opportunity to increase capacity to serve that market?

Paul Coulson: We're comfortable with where we sit with our European business on this. We're very happy with the balance of supply and demand in Europe, quite honestly. Obviously, we look for other opportunities. We're maxed out in what we can do in Glass in North America from an antitrust point of view, but that's not the case in Europe.

Gabe Hajde: Okay. And last one would be, we've been in what feels like, or at least from a pass-through mechanism standpoint, a benign input cost inflation or inflation standpoint. Can you talk about when your contract negotiations in Europe Glass transpire, and is it better to be in a more inflationary environment heading into those discussions?

Paul Coulson: No, I think it's, when input costs go up, we have price increases; when they go down, we have to pass back the benefits of those decreases. As I said to you earlier, I think we're going to be running at maximum capacity in 2018, and we're very comfortable with the market conditions we find in front of us in Europe.

Gabe Hajde: Thank you.

Paul Coulson: Thank you.

Operator: And next question is from the line of Debbie Jones from Deutsche Bank. Please go ahead, your line is now open.

Debbie Jones: Okay. Could you give us a sense of how markets for Glass in North America are growing outside of mega beer?

Paul Coulson: Markets are pretty flat, I would say, Debbie. We've been increasing our share of the wine and food areas, the wine business in particular, and spirits as well. So, I don't think there's enormous growth going on, but we certainly haven't been able to service demand this year for some of the other sectors other than beer. We've had too much capacity in beer and not enough elsewhere, and that has led to situations where we've missed out on business, and that's one of the things we've got to look at.

Debbie Jones: Okay, so my assumption being at some point down the line, you look to convert some lines away from mega beer into these categories. What are the capital costs associated with that?

Paul Coulson: Relatively low, Debbie, because part of it falls as part of our regular cycle maintenance capex anyway, and it's not massively expensive, thankfully.

Debbie Jones: Okay. And then just last question, and I'll turn over: could you just give us your thoughts on the current North American Beverage Can market in terms of supply and demand, and your outlook for volumes? It does seem like, if you remove the hurricane impact, things are going relatively well in North America for volumes. I just want to get a sense of how you think yours will evolve, considering your greater exposure to CSD.

Paul Coulson: Yes, I think, Debbie, we're very pleased with it, and actually it's probably been one of the most pleasant surprises of the Ball/Rexam acquisition for us. That business has performed really well. We've got a great team of people there. It's been integrated very well, synergy realisation. Demand is good. We have some new businesses which is in areas away from traditional carbonated soft drinks, the waters and things like that, some of the energy drinks. And we've seen good growth in that area, and we're very comfortable with what we're seeing in that market. And I think others are too, quite frankly. Everybody seems pretty happy there. Obviously, as you reference, there have been some hurricane effects.

Debbie Jones: Okay, thank you. I'll turn it over.

Operator: And next question comes from the line of Florence O'Donoghue from Davy. Please go ahead, your line is open.

Florence O'Donoghue: Thank you, just two from me. Firstly, just on the Beverage Can synergies; I'm guessing there's no change to your targets? And just on that, how much of the target synergies for this year remain to come through in the final quarter? That's the first.

And then the second one: I know it's a fairly small part of the Group overall, but just wondering about your thoughts on Brazil, how that's going, and any thoughts there about possible expansion down the line?

Paul Coulson: Well, to deal with the synergies, we're bang on target with our synergy programme, which as you know was $30 million this year and $20 million next year, and we'll achieve our targets in 2017 as a whole. The guidance for next year remains unchanged.

In terms, Florence, of Brazil, we're very happy with the business in Brazil. We've done a lot of reorganisation of the commercial profile of that business. We have lower volumes there but much improved mix, much more profitable mix. The new entrant there has been accommodated, in effect, into the market, Can-Pack has come in there. We are, as you know, building a new ends plant in Manaus, which comes on stream next year, which gives us our own supply of ends there. That will make a significant contribution to increase profitability in Brazil. And we're very pleased with the way the business in Brazil is going.

Now that we do have an infrastructure and a presence in Brazil, looking at something else there is possible. There's nothing in the pipeline at the moment, but I think whereas if we hadn't been there, we wouldn't look, now that we are there and we're certainly very happy with our experiences down there, that is something that we will look at.

Florence O'Donoghue: That's great, thank you very much.

Operator: And next question comes from the line of Brian Maguire from Goldman Sachs. Please go ahead, your line is open.

Connor Robbins: Good morning. This is Connor Robbins, sitting in for Brian Maguire. So, I just have a question relating to the margin discrepancy between Glass Packaging Europe and Glass Packaging North America. Obviously, this quarter was impacted a little bit from the hurricane costs and everything like that, but it looks like Glass Packaging Europe has better margins, maybe around 24%–25%. Is there potential to realise higher margins in the Glass Packaging segment near those, or is that a little bit too ambitious, or maybe something that will come in time with your strategic review?

Paul Coulson: Yes, look, I think the two businesses, Glass Packaging in the US and Glass Packaging in Europe, have very different cost structures. But there is room for margin improvement, certainly in the US, and certainly from the weak performance this quarter, as you referenced. The 24% in Europe is not an annual EBITDA margin, it's lower than that on an overall basis. It was a very strong quarter in that regard. But as we've brought Glass under the one management with the new CEO, obviously I think that will increase our focus on trying to improve further Glass North America margins, and narrow them towards European levels. But whether we'd ever get to the European levels, that could be a challenge.

Connor Robbins: Okay, that's helpful. And then just one follow-up question, regarding the outlook from the lowered EBITDA. I was just wondering if you could maybe give us a sense on how much FX contributed to that, versus just weaker demand in beer and wine from Glass Packaging in North America?

Paul Coulson: Yes, it's about a third. Just over a third or is on the currency side, the rest is Glass North America.

Connor Robbins: Okay, that helps. I'll turn it over.

Operator: And next question comes from the line of Anthony Pettinari from Citi. Please go ahead, your line is open.

Anthony Pettinari: Good morning, or good afternoon. Looking at the weakness in mass beer in North America, a lot of your competitors, I guess both on the Glass and the Metal side, have put significant capital into Mexico, I think viewing that as kind of a long-term hedge. Is that an option, either through greenfield or M&A?

And then while we're on Latin America: I know Brazil is a smaller part of your business; can you let us know how volumes did in Brazil in the quarter?

Paul Coulson: Well, let me deal with the Brazil question first, Anthony. As I said, in Brazil we have quite deliberately reduced volumes there and improved our mix, right. There's been a reorganisation by us in that market. We've improved our mix, a more profitable mix, and we're very happy with what we've done there. And the EBITDA that's coming through there is very good. I think, as I said earlier too, we will look at other things in Brazil.

Regarding Mexico, I don't think you'll find us building new capacity. That's not something we've done. Are there M&A opportunities? They haven't arisen yet, let me put it that way.

Anthony Pettinari: Okay, that's helpful. And then in North America Beverage, two large competitors are building speciality can greenfield plants. Can you talk about your speciality footprint in North America, how much of your mix is it? And then when you think about the growth in specialities, do you need to add capacity, either through conversions or potentially adding a line? Just any thoughts on the North American speciality footprint?

Paul Coulson: A third of our capacity, Anthony, in the US in Beverages is speciality. We will look at investment to support our customers and development by our customers. That's always been our way of doing it. We will move forward with the bigger customers. As I said to you, we have some interesting customers in the broader CSD space, away from the traditional CSD space, in energy drinks and in flavoured waters. And they've been growing very well, so we will make sure that we service their needs, by appropriate investment if needed.

Anthony Pettinari: Okay, that's helpful. I'll turn it over.

Paul Coulson: Thank you.

Operator: And the next question is from Anojja Shah from BMO Capital Markets. Please go ahead, your line is open.

Anojja Shah: Hi, good morning.

Paul Coulson: Good morning.

Anojja Shah: I was hoping maybe you could give us some more specifics on the non-beer portion in Glass in North America in this quarter, maybe wine and food? And I know it was partially affected by the hurricane, so maybe if you could give some year-to-date numbers, or just some sense of how that's growing versus beer?

Paul Coulson: The food and the spirits side are fine there. We've been growing in wine during the year. At the very end of the quarter, we had some destocking from one of our major customers. And then of course, in Q4 we will have the effect of the fires in California, which have affected some of the vineyards there. So, I think it's so far so good in the other sectors. Craft beer fell; it's up, year-to-date, but it fell in Q3 for us. Its rate of growth has been slowing in recent times anyway. But the main story, quite frankly, Anojja, in North American Glass on a longer-term basis, on a structural basis, is mass beer changes.

Anojja Shah: Right, okay. And then just one question on the lower pension expense in European Metals. It was €9 million, which I think was a little more than half of the EBITDA year-over-year gain in the quarter. How does that affect Q4, and is that saving going to be passed through to 2018 also? Can you just give some colour on that?

David Matthews: That benefit arose as a result of us continuing to look to de-risk our balance sheet, shifting the scheme from a defined benefit to a defined contribution scheme. And that is a one-time benefit that's come through. So we're not going to see that €8 million – €9 million carrying on. There will be a slightly lower cost as a result of going to a DC scheme, but we won't have that €9 million coming through every quarter.

Anojja Shah: Okay, that's helpful. Thank you very much.

Operator: And next question comes from the line of Teo Lasarte from Insight Investment. Please go ahead, your line is open.

Teo Lasarte: Hello, I was wondering if you could just comment on your leverage targets for the company?

Paul Coulson: Yes, I think we repeated our previous guidance, but we expect it to be about 4.8 times at the end of the year. I think I can reiterate what I said, that the EBITDA at the end of the year, for the year, will be in US dollars about $1.58 billion, and we expect net debt to be approximately $7.6 billion at the end of the year.

Teo Lasarte: Okay. And longer term, do you have a certain leverage target?

Paul Coulson: Yes, well, we've set out for a while that we plan and target to delever at about 0.4x of a turn of EBITDA a year.

Teo Lasarte: Okay. And what's your optimal leverage level?

Paul Coulson: I don't think we have an optimal level of leverage. I think optimum levels of leverage are a function of many things. There's the macro-economic conditions, the interest rate environment, etc. And of course what you're actually paying for your money. We're in a very good position because we did a lot of refinancing; we've no refinancing to do at all now. Approximately 90% of our interest exposure is fixed, and we have very long-term maturities. An average maturity now of seven years approximately, and our average interest cost across the piece is about 5%. We've no maturities for quite some time. We have one piece of callable debt, which we will repay in the near term from free cash flow.

Teo Lasarte: Okay, understood, thank you.

Operator: As there are no further questions registered, I will hand the call back to the speakers. Please go ahead.

Paul Coulson: Thank you very much, ladies and gentlemen, for joining us today, and we'll look forward to talking to you some time in February regarding our year-end results. Thank you very much indeed.

Operator: And this now concludes the conference call. Thank you all for attending, and you may now disconnect your lines.

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