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Start of Transcript

James Hall: Welcome everyone, this is James Hall, Investor Relations Director at Brambles speaking. Welcome to our half year results presentation for 2011. We have got plenty of people on the line so without further ado I'll hand over to our CEO Tom Gorman.

Tom Gorman: Well thank you, James. Good morning ladies and gentlemen and thank you for joining us for this presentation of Brambles' first half results for the financial year 2011. My name is Tom Gorman, as James said, and I am the CEO of Brambles. I will provide you with a brief business update and a results overview before I hand over to our CFO Greg Hayes.

Greg will then discuss our financial results in a bit more detail and make a few comments on our outlook for the balance of this financial year. I will then give you an update on our growth initiatives and today I am going to take particular focus on our emerging markets. So first let me get into the business update and results overview.

Brambles Sales revenue in the six months ended December 2010 was up 3% to just over $2.1 billion. This was a solid outcome against a backdrop of uneven economic recovery in our key regions around the world. Now during the period we renewed a significant number of contracts and continued to be successful in gaining new business. The investments we are making to get closer to our customer are paying off in the form of stronger relationships.

Now economic conditions in the US and Western Europe are in fact patchy. Spain remains an economic weak spot as does the UK to a lesser extent. Consumer spending is still relatively weak in the US and has also softened a bit in Australia particularly in the last few months.

Although we have yet to see a strong and sustained consumer led recovery in our key markets, we do remain extremely well positioned to benefit from stronger consumer demand when it occurs. In the first half our operating profit was up 8% and this is reflecting an increase in profit in all four of our business units.

We are successfully defending our business amid ongoing competitive activity in all regions. Now the rate of margin improvement in the period is positive, notwithstanding the continued investment and quality in CHEP and growth initiatives throughout the other businesses.

Thirdly I would just mention that our growth plans are very much on track. As we indicated at the 2010 full year result in August we have increased capital investment to support growth. We have announced three acquisitions most notably IFCO systems but also Unitpool and CAPS which is the Container and Pooling Solutions company which fit into our expansion strategy.

Importantly we are focused on innovation, R&D and business development throughout the Group. We are investing our time and resources in these important initiatives. Now finally the emerging economies of the world on which I will focus in some detail later on are performing very strongly.

Now this slide on financial highlights, this does contain just a few of the highlights for the half. Here and in the slides to come I am going to refer to actual currency growth unless I say otherwise. When Greg takes you through our results in more detail he will focus on constant currency comparisons.

Now as I mentioned sales revenue was up 3% to just over $2.1 billion and operating profit was up 8% to $366 million. Profit after tax was up 6% to $220 million. Now both of those profit numbers are after significant items which include $6.9 million of acquisition expenses in the first half. Earnings per share was up 4% to US$0.154 a share and we have today declared an interim dividend of AUD0.13 which is up half a cent on the prior corresponding period. Our Dividend Reinvestment Plan will be available on the dividend at a discount of 2.5%.

Now cashflow was down on the prior corresponding period which principally reflects the increase in capital expenditure to fund growth initiatives and a return to a more normal rate of pallet purchases as we had forecast when we delivered the 2010 results in August.

Cashflow from continuing operations was $290 million and that's down $110 million and free cashflow after dividends was slightly negative at $3 million down $137 million on the prior corresponding period.

Now Greg will go over this in more detail later on but we do in fact expect to deliver a stronger cashflow performance in the second half of this financial year. As I mentioned we have continued our success in adding new business across all of our business units and this slide shows some of those details.

As a reminder to all of you we look at two different definitions when it comes to new business. We look at net new business wins, which is really the impact in the period of any business won or lost compared with the prior corresponding period. We also look at annualised net wins and that's really the full year value of business won and lost during the specific period.

CHEP Americas' net business wins including the impact of ConAgra volumes we lost in June of 2010 were $10 million while the annualised value of net business won in the period was up considerably at $22 million and this compares with $2 million of annualised wins for the whole of 2010 financial year. A great story for the CHEP Americas' business.

Major contributors to this total included new contracts with Naturipe Berry Growers and Bay Valley Foods and expanded contracts with Niagara bottling, Cascades Tissue Group and the fresh produce grower Del Campo Supreme. In CHEP EMEA net new business wins were $14 million although the annualised net wins were lower at $5 million as a result of the Carrefour France loss which we discussed at the IFCO announcement last November.

Wins in the period included the P&G pallet contract in Turkey and RPC contract with Spanish retailer DIA which is part of the Carrefour group and a contract in Spain with the fashion retail group Inditex which operates the Zara brand. We also secured our first RPC contract in the food service sector in the UK with the Nando's restaurant chain, and we announced that at the 2010 AGM in November.

CHEP Asia Pacific's net new business was $2 million. The annualised number is larger reflecting wins in the period such as Sanitarium in Australia and the retailer CRV in China. Recall's net new business was $8 million rising to $19 million on an annualised basis and that includes the Barclay's contract in the UK, which again we announced at AGM in November.

In all those net new business wins of $34 million equate to about 1.6% of first half sales revenue. Our momentum is very positive as shown by the annualised value of wins in the period totalling $54 million.

Let's now look at each of our four business units in a bit more detail and I'll start with CHEP Americas. Sales revenue was up 5% to $791 million with growth in all countries. Latin America was particularly strong with a 19% increase in sales revenue over the prior corresponding period.

LeanLogistics continues to grow at a solid rate adding 16% to its sales revenue over the previous prior corresponding period. Competitive activity, particularly in CHEP USA remained high during the period but we are defending our market position aggressively and we are continuing to grow the business.

Leading brands such as Nestle and Unilever recommitted to CHEP during the half and we are confident that more leading brands will do so as the year progresses. CHEP USA is fundamentally an improved business on a positive trajectory and it is meeting the competition head on.

There is considerable investment involved but we are competing effectively. Customer feedback continues to improve and pallet rejection rates, as you will be able to see in the appendix of this presentation, are continuing to decline in line with our improved quality. Costs for the Better Everyday program, which is aimed at improving quality, improving the ease of doing business and improving our go to market strategy were about $51 million in the half. This is in line with the updated plan we discussed at the 2010 full year result in August of last year.

This investment is in fact paying off. We renewed contracts worth $199 million in annualised sales revenue in the half in CHEP USA. Our SME strategy is also continuing to build momentum. As shown on this slide in CHEP USA we secured 588 contracts for issues of 100,000 pallets or less during the first half.

That represents an increase of 20% on the prior corresponding period. The net annualised impact was $13 million which is in excess of 2% of CHEP USA's revenue for the half. At the same time we are in fact continuing to win large contracts. Net contract wins for the period were 578 with an annualised revenue impact in CHEP USA of $10 million.

Now moving on to CHEP EMEA. In CHEP EMEA we recorded sales revenue of $751 million, down 2%. Now this reflected the negative impact of the weaker euro and pound vis-a-vis the US dollar during the period. In constant currency terms sales revenue was up 4% on volume growth of 2%.

Across the EMEA automotive growth was 3% at actual currency translating to 11% growth in constant currency. In Western Europe there was encouraging volume growth in German, Italy, Benelux and Scandinavia. In these regions we are benefiting from increased penetration versus white wood exchange and increasing advocacy from retailers specifically COOP in Italy.

This offset to a large degree the tougher economic conditions that we are experiencing gin Spain, the UK and France. Although the Spanish business continues to win contracts, economic conditions in that country are still extremely weak with no prospect of a near term turnaround.

The UK remains a challenging business environment amidst severe cutbacks in public spending and tax increases but our business there continues to perform resiliently. Strong leadership and a renewed focus on innovation is delivering results with wins in new verticals and we are defending our business aggressively. In France while economic conditions appear to be improving, competition is tough and we expect it to remain that way which will put pressure on margins and growth.

Emerging economies are certainly an ongoing bright spot. Sales revenue was up 26% in Middle Eastern Africa, up 16% in Central and Eastern Europe and our Turkish business has made a very strong start.

Now let me move on to CHEP Asia Pacific, on which the currency had a positive impact, given the strength of the Australian dollar. Sales revenue here was up 13% to $220 million although in constant currency the increase was 5%. As we have all seen in recent data there has been some slowdown in economic activity in Australia in the last couple of months with the softening in particular of fast moving consumer good volumes.

It remains to be seen how much of that slowdown is a result of recent severe weather conditions and when we might expect a rebound. Now two of CHEP's facilities in the Brisbane area were severely affected by the devastating floods in January. We are meeting customer needs in Queensland while working diligently on the clean up.

Across CHEP Asia Pacific revenue growth was 15% in RPCs and 13% in the automotive sector. The emerging economies of Asia were once again very strong. China and India combined grew 91% in the period, a similar rate of growth to the 2010 financial year. We have established valuable partnerships in both fast moving consumer goods and automotive in both of those countries.

Although there is much ground yet to cover in terms of supply chain modernisation in these countries our relationships with the retailers, manufacturers, governments and industry bodies provide a very strong foundation for future growth. Growth is also strong in our South East Asia business at 23% growth over the prior corresponding period.

Suffice to say the ongoing growth of our business in Asia will continue to require us to make ongoing investments.

Now moving on to Recall, where we also continue to deliver improving results. Sales revenue was up 6% in the half to $385 million and there was some significant contract wins. Cart and volume growth was 6% in the document management solutions service line and paper prices were higher versus the prior corresponding period in the secure destruction services line of business.

As we flagged at the full year result in August, we are investing considerably in facilities, our sales force and our information technology and security systems and that has had an impact on both capital and operating costs. Like CHEP Recall is also generating strong growth in emerging economies.

Now before I hand over to Greg, I would like to give you a quick update on our proposed acquisition of IFCO Systems which we announced in November of last year. This acquisition will provide us with an enhanced position in the RPC sector globally and in the pallet sector in the US.

You probably have seen that IFCO announced its calendar year 2010 results on Friday of last week in Europe. Those results were in line with our expectations, with strong sales and profit growth. You may have also seen a number of new business win announcements from IFCO including Carrefour in Greece and Dennree and Weiling in Germany both of which are leading organic fresh produce suppliers.

I am pleased to announce that the acquisition timetable remains on track. We have received regulatory approval in all the required European countries, which now just leave the USA for the pallet business. The clearance process in the US is progressing as we expected and we anticipate final clearance in the May to August time frame. That is within six to nine months from the announcement date of November of 2010.

You will have seen from our ASX filings, as required, we have launched a public tender offer in Germany. Notwithstanding that action, we have in place agreements to secure 96% of IFCO shares.

We raised $110 million in December through the share purchase plan and integration planning for IFCO is now well and truly underway within Brambles. We remain very excited about these opportunities that lie ahead and are ready to welcome the IFCO CEO Karl Pohler and the rest of the IFCO team as soon as the regulatory clearances are finalised.

I will now hand over to Greg to discuss our financial results in more detail.

Greg Hayes: Thanks Tom, and welcome everybody.

Let me start with an overview of the result. Unless otherwise stated I will be using constant currency comparisons.

At Brambles, group sales for the first half of 2011 increased by 4%. There were some improvements in price of around 1% across the Group, particularly CHEP EMEA and Recall, but continued competition has meant that opportunities for price increases have been minimal.

Organic sales across the Group increased by 1% as most developed countries returned to low levels of growth. The largest contributor to our sales growth was the $34 million of net new business that Tom mentioned earlier, contributing nearly 2% sales growth.

Underlying profit was up 10%, excluding significant items. The majority of the significant items in the first half of 2011 relate to the costs incurred to date on the IFCO acquisition.

The profit outcome reflects the contribution of higher sales and reduced costs, including the Better Everyday program in CHEP USA. Profit before tax has increased by 9% with interest expense higher by $3 million principally due to higher borrowing rates associated with the 144A credit raising in the second half of financial year 2010.

Average borrowings have fallen compared with the prior corresponding period, due to the lower opening balance position. Profit after tax is higher by 7% where the effective tax rate at 28.8% was higher than the prior corresponding period due to the one-off benefit of a tax ruling.

Statutory EPS was up 5%. Cash flow was down $109 million or 27% on the prior year at constant exchange rates - and I will cover this in more detail later.

BVA grew $35 million on the prior year due to the increase in underlying profit and some improvements in asset efficiency.

Now I will move on and look at the performance of the CHEP businesses. Overall CHEP achieved almost $1.8 billion of sales revenue - up 4% - with all business units delivering growth. Operating profit was up $31 million or 10% and profit margins for the first half improved across all business units.

Sales revenue for CHEP Americas was up 3%. CHEP USA delivered 1% growth; Canada 5%; and Latin America a strong 14%. Price and mix was relatively flat, principally driven by the continued competitive conditions in CHEP USA.

Organic volume was up 2% driven by the growth in Canada and Latin America, while organic volume in CHEP USA grew 0.5%.

Net new business wins were up over 1%. It is encouraging to see the continued level of wins in the SME sector contributing a large share of our new business wins.

Now turning to operating profit for the Americas, the 3% sales growth in CHEP Americas included $13 million of improved volume price and mix. Better Everyday costs fell $14 million to $51 million in the half, reflecting the benefits of efficiency programs. This was in line with our expectations and previous guidance.

Direct costs increased $13 million in the half. We have worked aggressively to reduce our excess pallet balance in CHEP USA and corresponding storage costs. The reduction in storage costs in CHEP USA was $3 million in the half, however this was insufficient to offset a $12 million increase in transportation costs and a $4 million increase in lumber costs. The increase in transportation was a result of relocations, a tightening of the transportation market and spending on asset recovery initiatives.

Idle pallets in storage averaged three million during the period and we expect this balance to be cleared as we move into the next financial year.

Turning to CHEP EMEA, sales were up 4% in the half. Within this result Europe was up 2% and Middle East and Africa up 18%. Across EMEA price was up 1% resulting from inflationary price increases in Africa and price indexation in certain European countries.

Organic volumes were broadly flat. Growth in Africa, the automotive sector, some developed countries and the emerging economies were tempered by declines in pallet volumes in Spain and France. Volumes were broadly flat in the UK and Ireland.

Net new business wins for EMEA contributed 2% sales growth and Unitpool contributed $6 million in sales revenue since it was acquired in September 2010.

CHEP EMEA's operating profit was up $14 million as top line growth and cost efficiencies in the period more than offset increased spending on quality. There was a $10 million increase in expenditure on quality in the period which was largely offset by direct cost reductions and efficiencies which were mainly the result of previous restructuring, more than offsetting an increase in lumber and fuel costs.

Other benefits included a reduction in the IPEP expense to more normal historical levels.

For CHEP Asia-Pac sales were up 5% in the period, mainly as a result of a growth in the FMCG and automotive sectors in our Asian operations, which contributed $6 million.

There was also growth in the Australian RPC business and modest price increases reflecting CPI increases in Australia and New Zealand.

CHEP Asia-Pacific's operating profit was up 9%. Volume price and mix were up by $6 million, but direct costs were higher primarily reflecting investment in our activities in China and India and some increased pallet repair and relocation costs in Australia.

Now I will move on to discuss Recall's results, where there as a positive sales revenue performance with growth in all regions.

Annualised carton volumes grew almost 6%. All regions achieved net new business wins in the period, while increased paper prices contributed to the growth in the Americas and Europe.

Growth in the rest of the world was impacted by a reduction in DMS activity in Australia and lower FDS volumes. Operating profit improved $5 million or 9% and the profit margin improved by 1% to 15%.

Sales were up for Recall with price up 1%. This resulted from minor price increases in DMS and a flow through of paper prices in the SDS business which recovered in the second half of 2010.

Organic volume growth contributed 1% driven by expansion in the Americas. This was offset slightly by an organic volume decline in SDS volumes and activity.

Net new business sales contributed 2% of growth with a strong rate of new sales conversion. First half DMS annualised carton growth holdings were up 6% to 97 million cartons, which drove the 4% growth in DMS revenue. This came mostly from new business wins.

Recall's operating profit was up 9%. Volume price and mix more than offset increased property expenses appearing in direct cost. Other costs included the expansion of our sales force, investments in information technology and security systems, and $1 million of costs associated with the Christchurch earthquake in New Zealand in September.

Let's now move on to our cash flow performance and financial position. Please note that this slide is at actual foreign exchange rates.

Operating cash flow at $290 million was $110 million lower than the prior corresponding period, principally due to an $84 million increase in capital expenditure, while free cash flow after financing costs and tax and dividends was negative $3 million - down $137 million.

Increased capital expenditure occurred in all business units to support growth. CHEP's capital expenditure increase was to support growth in emerging markets, including China, India, Central and Eastern Europe, and Latin America, as well as the continued roll out of new pallets and platforms.

In addition to supporting growth in emerging markets, this increase in CapEx was due to improved underlying conditions in more established markets. In Recall we made investments in expansion of new and existing facilities and in information technology and security systems.

Group capital expenditure is expected to remain at similar levels in the second half and full year CapEx should be at similar levels 2009.

We continued to control working capital tightly, while IPEP expense fell $8 million against the prior corresponding period when there was a higher charge as a result of the closure of some audits. We expect second half IPEP expense to be similar to the first half.

The change in the provisions in other categories reflected lower bonus payments and several non-recurring items in the first half of the 2010 financial year.

Cash outflows on significant items related to restructuring expenditure, most of which we have provided for in the 2009 financial year and acquisition related costs in the first half of 2011.

Tax paid increased due to the profit increase and the timing of some tax instalments, while interest paid increased in line with the increased interest expense. Dividends paid were similar to the prior corresponding period.

Cash flow from operations is expected to improve in the second half, principally driven by an improved profit performance.

Now moving on to our financial position you can see that net debt at 31 December 2010 was $1.7 billion, down $39 million from 30 June 2010, primarily reflecting the cash proceeds received from the $110 million underwritten share purchase plan completed in December, offset by the acquisition of Unitpool and some movements in currency.

Net debt to EBITDA was 1.4 times, down from 1.8 times in the first half 2010 and EBITDA interest cover remained at over 10 times.

Exposure to interest rate rises is limited as around 60% of Group debt is at fixed rates.

Total committed credit facilities stood at $3.7 billion at 31 December 2010, with $1.9 billion undrawn and the duration of our debt portfolio at the yearend was 3.4 years.

Let me now move on to the outlook for the full financial year. We expect continued sales growth in all business units on a constant currency basis despite ongoing weakness in some of our key markets.

In the CHEP businesses we will continue to invest in growth opportunities, defend our market positions, invest in quality and efficiency improvements and incur some idle pallet storage costs in CHEP USA.

In Recall we will continue to invest in our facilities, sales force and information technology and security systems.

Subject to unforeseen circumstances and ongoing economic uncertainty, we continue to expect operating profit for the year ended 30 June 2011 to be in the range of $740 million to $780 million, using June 2010 exchange rates, excluding any contribution or acquisition costs from IFCO.

At June 2010 rates our first half operating profit, excluding IFCO acquisition costs, was $352 million. This equates to 46% of full year operating profit using the midpoint of our guidance range - being $760 million - and would represent a first to second half split of 46/54, which is in line with our recent historic performance.

We continue to expect full year interest expense of approximately $115 million and a tax rate of around 28%.

I will now hand back to Tom.

Tom Gorman: Thanks very much Greg. I'd like now to give you an update on our growth initiatives before talking in more detail about our business in the emerging economies.

Just quickly, a quick recap of the key strengths that we highlighted at the full year result last year - and they are as follows. First our global footprint, our extensive local networks, our intellectual property in terms of our expertise in both pooling and information management, our customer franchises, and of course our strong financial position.

Now these five strengths are very important to us as they are the heart of all that we are doing strategically at Brambles.

Now when talking about delivering growth at Brambles our initiatives fall into two categories. First is around strengthening our core and the second is around expanding our reach.

CHEP's USA penetration in SMEs, the development of LeanLogistics business, expanding our RPC footprint - not the least through the IFCO acquisition - and the continued expansion of Recall's storage business all fall broadly into the category of strengthening our core.

Now we are expanding our reach through our global automotive strategy, including our major focus today on the USA. Our growth strategy for the other container business is also progressing with the acquisition of Unitpool in September last year as a key entry point into the airline container pooling sector, and last week's announcement of the purchase of CAPS, strengthening our IBC and auto footprint in North America.

There are also opportunities for Recall in the digital space which we will continue to explore.

And finally, in terms of expanding the reach, there is our strong growth in emerging economies.

It is the emerging economies on which I would like to focus today. Again I will be using actual currency comparisons unless I state otherwise.

Emerging economies account for about 11% of Brambles sales revenue in the 2010 financial year, or about $450 million of revenue, and that's growing at about 20% a year. Now the regions we are talking about here included all of Latin America, Central and Eastern Europe, the Middle East, Africa, and Asia. In line with the way our customers view emerging markets, that includes Mexico and South Africa.

Now some of you may have read what Unilever CEO Paul Polman's comments were at Davos last month when he said that he expected his company to generate 70% of its revenue from emerging markets by the end of this decade. That's a sign that our customers are clearly pushing to grow in the emerging economies and we want to be there to support their initiatives.

There are many opportunities along the way for all of Brambles existing businesses and for IFCO. We are actively assessing opportunities for further geographic, platform, and service line expansion.

Now today I'm going to talk to you about five of the key countries - Brazil, China, India, Poland and Turkey - and some of the drivers for success in those markets.

Now Brazil is a logical starting point as it is home to a sizeable business for both CHEP and Recall today. Brazil accounts for about 2.5% of Brambles global sales revenue. Both CHEP and Recall grew sales revenue by about 25% in the 2010 financial year. CHEP is well positioned to continue to benefit from growth and palletisation.

As you can see from this chart on the right, the Brazilian Government is projecting a $72 billion spending programme for the 2011 to 2014 period and a large proportion of which is aimed at building urban infrastructure. We expect this scale of spending to continue to drive modernisation of the supply chain.

In December CHEP Brazil renewed its contract with its largest customer Unilever for an additional five years, through 2015. Even so, CHEP's penetration of the total FMCG and opportunity in Brazil remains relatively low at about 12%.

We were pleased to report in 2010 that both Cargill and Bunge, the country's two largest producers of soy bean oil had joined the CHEP family as customers. The IFCO purchase will provide Brambles with an RPC business in Brazil as well. As we have previously announced, LeanLogistics is also exploring opportunities in Brazil as part of its geographic expansion strategy. Brazil is today Recall's fourth largest market, accounting for about 7% of its global sales. Recall's operations are concentrated around the major cities of Sao

Paulo, Rio de Janeiro, Belo Horizonte and Brasilia. This is a very exciting market with appealing growth characteristics.

Now moving from Brazil I'll turn our attention to Asia and here I'll share a few thoughts on China and India, both of which present significant long term opportunities. Our focus for CHEP is on identifying the appropriate points at which to engage to position ourselves for long term success. Now that means establishing strong relationships with regulators, manufacturers and retailers and growing our footprint with appropriate asset control and adding value wherever we can.

CHEP China's sales revenue growth about 76% in the 2010 financial year and is on track for similar growth this year. In the FMCG sector this is largely a result of the relationships we have developed with Chinese owned and international retailers and manufacturers. The retailers include CRV, Wumart, Tesco and Walmart. CHEP China recently carried out trials with Proctor and Gamble and Walmart, which illustrate the advantages of palletisation for the Chinese supply chain.

Now the purpose of this trial carried out in one 30 kilometre leg of P&G's distribution flows to Walmart, were to increase throughput, release constraints on space, equipment and labour, improve efficiency and expedite the speed with which goods arrive on the store shelf. The trial showed that palletisation could dramatically improve efficiency without increasing costs versus manual loading.

Outcomes of the trial included a one day or a 30% reduction in lead times for the whole supply chain, an 80% time reduction in loading and unloading time net 30 minutes versus five hours using manual loading, a 2.2 fold distribution centre throughput improvement and a 60% improvement in truck turnaround times, again all for no increase in cost.

As you can see from the chart on the right, the rate of retail development in China is robust. The number of supermarkets has more than doubled to over 4000 in the past five years and the number of hypermarkets has grown at a similar rate, as large scale retailing replaces traditional formats, which are still growing but at a slower rate. Large scale retail means high velocity turnarounds, larger warehouses, more automation, which all lends to greater palletisation. For example, CHEP's estimates in 2010 indicated an addressable pallet pooling market of 10 million pallets, a number which is bound to increase as the supply chain modernises.

In China today, total logistics costs are about 18% of GDP and that's about double the ratio of developed countries so there is plenty of scope for efficiency improvement. Now in the automotive sector, CHEP China's sales revenue again doubled in the first half, as production increases predominantly with key customers such as Chang'an, Ford, Mazda saw big increases in the period. Current estimates from the China Association of Automobile Manufacturers suggests that vehicle production will increase to 25 million units in 2015 and that's up from 18 million units produced last year. There is enormous scope for growth for pallet and container pooling in China.

Now in Recall our operation in Hong Kong is growing sales revenue at more than 20% a year and we now have a state of the art Recall facility in Shanghai. There is considerable potential in major cities in China and we need to grow our footprint to serve this opportunity. We are expanding into Beijing from Shanghai and evaluating opportunities in other cities. The Brambles board held its October meeting in Shanghai, which again emphasises the importance to CHEP and Recall of the opportunities that exist in China.

Now CHEP India delivered sales revenue growth in the first half of more than 200% to $2 million, which is more than the whole of the 2010 financial year. Now admittedly this growth is from a very low base but remember, CHEP only entered the country three years ago and CHEP India is providing us with much cause for optimism. I visited the India team, both CHEP and Recall in December of last year. I was extremely impressed with the quality of the Brambles teams in India and the depth of our relationships with our customers, industry bodies and government officials.

Automotive is a particularly strong and attractive opportunity. Many local OEMs are among our customers. Companies such as Maruti Suzuki, Tata and Mahindra. We have also been winning work with suppliers such as Bosch, Autoliv, TRW Automotive, Delphi, Valeo and Mahle. As we discussed at our 2010 result, the outlook for increased vehicle production is positive. The latest data from the Society of Indian Automotive Manufacturers is that light vehicle production will rise 24% in the 2010 to 2011 year to 3.5 million units and that's up from 2.8 the prior period. India is also relevant in the context of our potential to serve intercontinental flows in the auto sector, with about $360 million of exports a year, currently growing at a rate of 20% per annum.

Now this is a long term story for us, but we are working closely with our customers that we have today to assure that we establish the right relationships, provide our value early on and build great foundations. For example, Maruti Suzuki has recently engaged with CHEP to conduct an onsite study to identify opportunities to improve their productivity. In the fast moving consumer goods sector, the strong relationships that we are developing with key manufacturers, transporters and retailers are allowing us to play an important role in promoting supply chain modernisation and standardisation. Although the rates of palletisation are still relatively low, things are changing, they're changing fast and CHEP is well positioned for growth as customers modernise.

Recent customer wins include Future Group, which is the largest retailer and third party logistics provider in India, Nestle, Proctor and Gamble, Unilever and Coke. We already work with Pepsi. A driver of growth in the FMCG sector in the coming years will be the introduction of a single system for taxing goods and services. The current multiple state level system leads to our customers having multiple warehouses to minimise interstate movements and the associated taxation. The simplified system will remove this need and will allow the creation of larger more sophisticated hubs, which is likely to drive increased palletisation.

As you can see from the chart on the right KPMG has forecast that high bay warehousing demand in India will rise 70% from 2008 through to 2012. There was about 433 million square feet of high bay warehousing in 2008 and that's expected to rise to 734 million square feet. Customers need a better quality platform for storage and racking and we believe CHEP has the solution.

In December I also spent time with the Recall India team, which has established a strong foundation to grow its footprint in India and continues to grow at double digit rates. Its centres of operations are in Mumbai, Delhi, Chennai and Bangalore. We continue to assess both acquisitive and organic opportunities for Recall to grow in India, with a focus on establishing and maintaining a position of market leadership with the best service and quality standards.

Now turning our attention to EMEA, I'd like to finish by looking at Poland and then Turkey. The difference here to the Asian businesses in particular is that the countries in question are contiguous to our existing operations in the rest of Europe and have much more developed supply chain systems in place. Now that makes it easier and more relevant to conduct market sizing studies while the proximity to the rest of Europe allows us to provide back office and infrastructure support out of our existing operations, which means the new countries become profitable much more quickly.

Now CHEP Poland is a real success story for Brambles. We've been operating there for just over 10 years now but our efforts really accelerated about three or four years ago. Revenues continue to growth at double digit rates, so while emerging markets do not necessarily grow overnight for us, they do show very positive momentum over time and there is a first mover advantage.

Poland also illustrates the importance of working with regulators to get their support, given the role that legislation on branded property and employer responsibility has had on our ability to build our business in a sustainable way. As the chart on the right shows, the immediate addressable opportunity in Poland is just over 43 million pallet issues. Today we have about 10% of this market.

We have a strong basis of support in the FMCG sector. In the 2010 year [Rikkard Bankisa], Nutricia - which is the Danone's medical nutrition division and Danone Waters became ambassadors for CHEP in their sectors.

Customer wins in the 2011 financial year to date include the brewers Heineken and Carlsberg and a leading Polish coffee company Strauss Cafe. In addition to pallets we have a considerable opportunity in RPCs. IFCO has already established a small base of activity as part of its own central and eastern European strategy. Now we estimate the current addressable market in automotive to be more than $50 million, which is equivalent to the production of about 750,000 cars, although short term growth in this sector is not as strong as it is in the Asian market.

Now Turkey is another emerging success story for CHEP. It's been established with strong support from the rest of the EMEA business and it is in a unique geographic location, a key supply base for western Europe, a great point from which to access eastern Europe and a gateway to the opportunities in the Middle-East and north Africa. We carried out various studies on Turkey's suitability, the rate of palletisation, risk and market sizing through 2008 and 2009 and then as you know, we entered this market in 2010.

As we announced last year, we signed up Unilever and Proctor and Gamble as our two main initial FMCG customers and we are adding more. We estimate the currently addressable pooling opportunity in pallets to be about $100 million and that will continue to grow as modern trade expands from current levels of about 45% of all flows.

The top five retailers in Turkey have market share about 25%, comprising international players Carrefour and Metro but also local players like BIM, Migros and BTT. In addition our research indicates a potential RPC opportunity in the region of about $50 million and of course, our IFCO acquisition will put us in an even stronger position to address that opportunity.

In automotive we are already handling flows for Ford through our existing CHEP Europe operation. We anticipate the current addressable market in automotive in Turkey is worth about $25 million. We expect strong sales revenue growth in Turkey for many years to come.

Now those are some of the highlights of our growth opportunities in emerging economies. Let me now summarise today's messages before moving onto Q&A. In summary, we have delivered sales revenue and profit growth in the first six months of the financial year against a backdrop of uneven economic recovery around the world. We are defending the business successfully and aggressively, at the same time as investing in quality and growth initiatives. Emerging economies are performing very strongly and our various growth initiatives including the acquisition of IFCO are on track. We have confirmed our sales and profit guidance in line with the forecast we provided at our August 2010 result. Now this is despite the weakness in some of the major economies in which we operate.

This is a very exciting time to be leading the Brambles team and I continue to be extremely optimistic about the future. I'll now open for your questions.

James Hall: Tom, the first question is from Simon Mitchell at UBS.

Simon Mitchell: (UBS, Analyst) Hi, can you hear me?

Tom Gorman: Good morning Simon.

Simon Mitchell: (UBS, Analyst) I just had two issues I just wanted to discuss, the first regarding to costs in CHEP Americas. There was an $18 million increase in the IPEP expense in the prior period, which I think we were sort of led to believe was largely one off. I just noted there's no mention of that coming back in this period and I think in fact the drop in IPEP relates more to your European business, so perhaps if you could just give us an update on that.

Then just the other issue related to costs in the USA with just the transport costs, whether you see that as being an ongoing issue. Then the last issue was regarding the Costco block pallet mandate and just whether you're seeing much of a benefit from conversion of suppliers into Costco and how much that benefited the new sales or annualised contract wins in this period. Thanks.

Greg Hayes: Simon, it's Greg here. Let me just answer the first question on IPEP and then Tom can talk to the other two questions. I'm not quite sure where you got the $18 million down. What we said about IPEP was that we expected - the first half last year was about $60 million. We expected the second half to revert to about $50 million across the business and then we said - and that's what we achieved in the second half last year. Then we expected it to be around that number for this half and so we hit that and we expect to be around the same. So $100 million or thereabouts is what we expect the ongoing IPEP expense to be, so we believe we're pretty much in line with what we were expecting and what we've indicated to the market. We can talk about that offline if necessary but perhaps just I'll hand over to Tom to answer the other couple of questions.

Tom Gorman: Yeah. In transport costs Simon, as Greg had indicated, there are a couple of drivers here. Broadly speaking there's been a tightening in the transportation market in the US and I think we've seen that now for a number of months post the sort of shake out of the GFC. That is affecting our costs.

We have a number of initiatives underway and the LeanLogistics team is working much more closely with the CHEP USA team and we anticipate that that will deliver benefits for us in the near term. The other thing that we have done as you know is that we came into the year with an excess pallet position in the US and we've been working to aggressively reduce that pallet balance, so we have been relocating some pallets and that's added to our cost. We've moved some pallets up to Canada in support of the initiative that Costco has around block pallets.

In addition, we’ve moved some pallets down to Mexico in support of the rapid growth that we’ve been experiencing in Latin America. So look, these were costs in the period. We anticipate that those costs will be coming down as we move forward and particularly as we run our excess pallet balance down as we move through the balance of this year and into FY12.

In relation to your question on Costco, Costco has identified in Canada that they want to move towards a block pallet solution. As you know, today Canada is predominately a stringer pallet business. Our block pallet business that we have in Canada is really aimed at exports back into the US. That process is underway. In the long run, obviously, that presents some opportunities for us as we would then have one common pallet design that we would be able to move freely across both the US and Canada.

So in the long term, we believe that this is an opportunity to us, but in the near term this is really just beginning to unfold. There will be some customers that ship direct to store and for those customers, they more than likely depending on their own situation will likely remain on a stringer pallet.

Simon Mitchell: (UBS, Analyst) Sorry, just one follow up then, just on the US cost or CHEP America's costs. Given those comments around IPEP and transport costs, you're still comfortable with your sort of mid 20s operating margin target for 2013?

Tom Gorman: Yeah, absolutely. I think that our view and that really gets Better Everyday. Our view here on Better Everyday as we walked through in some detail previously, if you look at the America's margin today and you look at the Better Everyday commitments over the next two years, as we've said, that gets us into the low 20s margin and then we can see our way to a mid 20s with continued growth and leveraging that growth for the upside.

James Hall: Thanks. The next question is from Anthony Moulder from Credit Suisse. Anthony, your line should be open.

Anthony Moulder: (Credit Suisse, Analyst) Good morning all. Just a quick question to start with are the emerging markets. Can you comment as to whether or not you are now profitable in China?

Tom Gorman: I'm sorry, can you just repeat the question? You just broke up for a moment, Anthony.

Anthony Moulder: (Credit Suisse, Analyst) Sure. Just wondering if you are now profitable in China?

Tom Gorman: No, we're not yet profitable in China. We have a focus clearly to get there in the near term, but I think as we look at the opportunities in China, we're there for the long term play and we want to make sure we build the right foundation and establish the appropriate relationship. But clearly, Anthony, getting to profitability as quickly as possible is also a priority for the business.

Anthony Moulder: (Credit Suisse, Analyst) Just if I can also go back to the guidance that you offered obviously at the full year 10 results, that's now changed in now February 2011. Implicit in those forecasts, are you looking for contract losses or had you previously allowed for contract losses over and above the level that you've reported in the first half result?

Tom Gorman: Well look, you know, it's an odd thing. What we look at when we develop our plans for each year is we talk about net wins and losses. We don't obviously incent any of our employees to go out and actually lose business, but we recognise that we're in a competitive environment, so we really focus on net new wins.

The building blocks for our top line growth are really free. You have pricing, you have organic growth and you have net new wins. The net new wins are in line with our expectations. We're pleased with the progress we're making there. We indicated that pricing was going to broadly be flat this year and that's where it's come in, pretty much through the first half.

The third piece is the organic growth and the reason that we've given a range is because that's the one piece that frankly it's difficult for us to control. We've used terms like patchy and soft and so forth to describe the consumer, but if you look at our key markets, two thirds of our volume comes from five basic markets. If you look at the US, the UK, Spain, France and Australia and the economic performance and consumer demand in those markets is in fact patchy or erratic.

It's difficult for us to call the next five months any more directly than the range that we've given because we still have uncertainties around overall consumer demand.

Anthony Moulder: (Credit Suisse, Analyst) Thank you very much.

James Hall: We might just take a quick online question from Steve Wong at BlackRock. The question is, traditionally earnings have been skewed 45% in the first half and 55% in the second half. Is there any reason why this should not be the case this year?

Tom Gorman: No. I think - well, I'll let Greg answer it, but I think he's given some indication. Greg?

Greg Hayes: Yeah, I mean, the last couple of years obviously have been difficult in terms of with the global economic conditions, et cetera. So the indication that we gave at the midpoint is for a 46% 54% split. Where we finish in that range as Toms' just indicated significantly will depend on any economic recovery that we have in those key markets.

James Hall: The next question is from Scott Carroll at JP Morgan. Scott, please go ahead.

Scott Carroll: (JP Morgan, Analyst) Hi, Tom. Just two questions. Firstly on the mid 20s margin guidance for CHEP Americas. Just wondering whether that's also going to rely on a rebound in the US consumer, as well as the cost (inaudible). Also, can you provide an update on what you're seeing, what the outlook is at the moment for the US consumer recovery?

Tom Gorman: Well I think that the simple answer to the first question is yes, it does assume some of that. As you just do the basic math, we sort of get to the low 20s, just through the further implementation of Better Everyday and driving the efficiencies in that program. Then also, as Greg indicated, we should be out of our excess pallet position as we move into FY12.

To then move further into the mid 20s from that level across the Americas margin, we do plan on leveraging some growth and that growth has to come in one of two ways. It either has to come from underlying organic growth and that is a recovery in consumer demand or it has to come from sort of above trend net new wins. Obviously we'll be working hard on the net new wins, but we can't control the consumer.

Look, our view of consumer demand in the US is that it still remains weak. Obviously, if you look at some of the GDP numbers, they are positive in the US, but if you look at underlying consumer demand, it still really isn't pushing our business forward. There are several factors there, but not the least of which is the high levels of ongoing unemployment.

I think that if you look at FMCG players, they're saying the same thing about consumer demand in the US and it's very much the same story that we're seeing in Australia, as well. As we indicated in our comments, in the last I'd say three to four months, we've really seen a slowdown in consumer demand. Again, you can see that with the FMCG results here of various companies in Australia. So we are still guarded on the future of consumer demand in the near term in those two key markets.

Scott Carroll: (JP Morgan, Analyst) Okay, thanks. Also just one further question if I could on recall margins. (Inaudible) are fairly strong recovery and margins in the second half of 10 and I think the indication was there that with the restructure that would be sustainable. They've come back - there is obviously some growth against the PCP, but is there any sort of guidance you can give on margins for recall but for the full year?

Greg Hayes: Scott, we indicated at the full year presentation that we expected margins for the full year in the Americas to move up significantly in line with the Better Everyday reduction.

Scott Carroll: (JP Morgan, Analyst) Sorry, I was referring to recall.

Greg Hayes: Yeah, I know. We also indicated that we expected margins to be flat across both EMEA and Asia-Pacific on a year on year basis. For recall, we indicated that we expected the margins to go up in the full year. I think the first half comparative that you're seeing is what we would be expecting broadly for margin improvement over the full year.

Scott Carroll: (JP Morgan, Analyst) Okay, thanks.

Tom Gorman: The only thing I would add to that is that as we've been - as our guidance has indicated, we are aggressively pushing the recall business and we are both adding new ICs, so new facilities. You can see that in our numbers now. We have added to our sales force in the US and that's really driving a lot of the net wins that we're seeing. Also, we've said that we're investing in and improving both their IT and security systems and those plans are ongoing.

Scott Carroll: (JP Morgan, Analyst) Okay, cheers.

James Hall: Thank you, Scott. The next question's from Andrew Gibson at Goldman Sachs. Andrew, please go ahead.

Andrew Gibson: (Goldman Sachs, Analyst) Hi, guys. Just on the storage costs, you were noting they were $3 million lower than PCP. So does that suggest they're running about 7 in the first half and if that's the case, do you think you might be higher than 10 for the full year?

Greg Hayes: Yeah, we indicated that 10 to 15 at the full year and we'd be around the low end of that number for the full year.

Andrew Gibson: (Goldman Sachs, Analyst) Okay. You also noted that spending and recovery has increased. Has that resulted in any material or noticeable drop in your loss rate at this stage or is it still early days?

Greg Hayes: No, it's not indicating that. I mean the IPEP numbers are coming through at the same level. It's just a lot of increased activity in the business in the transport area.

Andrew Gibson: (Goldman Sachs, Analyst) Okay and then just a final quick one, back to Canada. Given that you do have stringers there, do you think there's any risk that you might have to impair some of the sort of pool you have situated in Canada?

Tom Gorman: No, look, I mean it's still early days for us in Canada with the Costco initiative. As I said, Costco is driving something that in the long run, if it does come to pass, will be good for us. But obviously Costco is a small or relatively small portion of the total market and the rest of the market is a stringer market. We believe that there's growth opportunity on stringers, as well. So at the moment, we have no view on that.

Andrew Gibson: (Goldman Sachs, Analyst) Okay, thanks.

James Hall: Thank you, Andrew. The next question comes from Camera McDonald at Deutsche Bank. Go ahead, Cameron.

Cameron McDonald: (Deutsche Bank, Analyst) Yeah, hi, Tom, hi, Greg. Two questions if I can. Firstly, on the Better Everyday costs of $51 million, obviously some of those costs are ongoing better service costs that are ongoing in nature and some are more one off in nature. Can you give us the split between those two?

Tom Gorman: No, look, thanks for the question, Cameron. Look, what we're really focusing on here is trying to get - we put all the costs together now as a sort of an easier way to explain what we're doing. So if you remember last year, we had this sort of fast start money and we really tried to simplify this down. The Better Everyday program is in line in FY11. There's a considerable step down in FY12 and we're in line with that and then there's another reduction in cost required in FY13.

So when you look at those two in total, they come down to about a $70 million improvement over the FY12 and FY13 period and we said on an ongoing basis there's about $25 million and that's unchanged. So all of these data are in the appendix of the materials that we've shared with you and if you have any specific questions on how we're laying it out, we'll be happy to handle that for you offline.

Cameron McDonald: (Deutsche Bank, Analyst) Just a further question or another question just on the EMEA quality costs, increased quality costs there of about $10 million. Previously when asked about the quality in Europe versus the quality in the US, you've said that Europe hasn't had the quality issues. Is this a sign that you've had to address any specific issues in Europe?

Tom Gorman: No, look, I guess I just want to clarify what we have said. In fact, I've said that we invest in quality in every market. So on the CHEP side, US, Asia-Pac or the Americas, Asia-Pac and EMEA, what I've said is that there's no catch up program the way that the Better Everyday program was really a catch up program in the US. So we never had to change our repair standards or anything like that, but we've always been investing in quality specifically in EMEA.

What I've also said is that we work very hard to offset that with efficiency. One of the things that we're showing in this period is that we didn't quite offset all of the incremental spending quality with efficiencies, but that is the focus of the team. Some of you on the call remember the meeting that we had in Madrid now two years ago and Carmelo Alonso presented and we talked about 3% to 5% each year in required efficiencies. That's really to offset obviously inflation and economic pressure but also continuing to drive the quality of our pool.

So we're going to continue to stay focused on that and this is not a Better Everyday type program. It's just an ongoing effort to make sure we're delivering sustainably and repeatedly to our standards. The one thing I would mention, though, is when you get into an environment where you don't have growth and that really has occurred - slower growth rates post Global Financial Crisis. The pool does age and you're experiencing some of that around the world, but there's no major conclusion to draw from that at all. We will continue to invest in quality and work hard to offset it with efficiency.

Cameron McDonald: (Deutsche Bank, Analyst) Alright, thanks.

James Hall: Thanks, Cameron. The next question on the line is from Russell Shaw at Macquarie. Russell, please go ahead.

Russell Shaw: (Macquarie, Analyst) Good morning. Just two questions. I wasn't sure I heard correctly when you were talking about the excess pallets in storage in the US. Did you say there's still $3 million in your systems?

Greg Hayes: Yeah, what we said was that would be running down and as we enter the next financial year, we're expecting that balance to be zero or close to zero.

Russell Shaw: (Macquarie, Analyst) Okay and then…

Greg Hayes: There was an average of $3 million over the first half, so the balance is closer to $2 million at the end of the first half.

Russell Shaw: (Macquarie, Analyst) Okay, great. Then just in terms of your net new customer wins, you've got $10 million in the Americas. How much of that is CHEP USA versus Laftan in Canada? Are you net new customer win positive in the Americas for this half?

Tom Gorman: Yes, we are. Yeah, in the Americas and in the USA.

Russell Shaw: (Macquarie, Analyst) Okay, but you don't want to give the split of that $10 million?

Tom Gorman: No, I mean, but it is positive and what we've said is that we want to grow the business in all of our markets. So it is positive in the US.

Russell Shaw: (Macquarie, Analyst) Okay and then does the same hold true for Australia versus outside Australia in CHEP Asia-Pacific?

Tom Gorman: Yes, that's correct.

Russell Shaw: (Macquarie, Analyst) Great, thanks.

James Hall: Thanks, Russell. The next question's from Matt Crowe at CBA. Matt, please go ahead.

Matt Crowe: (CBA, Analyst) Morning, Tom and Greg. With the quality spending in Europe, can you tell us where was that spent? Was it mostly in France where you saw a bit of competition or in Spain where you had the really slow economic conditions?

Tom Gorman: Yeah, look, I think that what you must understand is basically there are two pallet platforms in Europe; there's a 1208 and a 1210. The continental pallet is truly a fungible asset, so it moves quite freely across borders in Europe. In fact, if you look at sort of our major customers and you look at cross border flows, we're probably somewhere between 60% and 70% of the flows across border. So in terms of specifically delivering in a country, I probably wouldn't look at it in that light.

Really, what we're trying to do, we're working hard to do, is deliver to our standard more repeatedly. So as the Better Everyday program, if you remember, was about actually increasing the repair standard and improving the repair standard, that is not the case in Europe. It's really making sure that all of our facilities are producing at the required standard. So it's not specifically in any one country.

I will say, though, that from time to time, your customer requirements are different. If you have a customer that has more automated than another, or they have different racking requirements, there are occasions there where obviously we work very close with those customers and making sure that everything that is going into their facility meets their requirements. That's not unlike what we do anywhere else in the world, so I think it'd be hard to say that there's a specific action by custom - by country. We would much more focus on making sure we're satisfying customers.

Matt Crowe: (CBA, Analyst) Okay, just to clarify, I guess I was just trying to get at whether it's a function of the ageing pool or whether it's also increased competition is raising the standards that you need to meet with your customers?

Tom Gorman: No look the pool or the aging of the pool is a fact and that manifests itself in terms of repair rates and some of the costs that flow through. But the initiatives in Europe really are just around making sure that when a pallet leaves our repair centre or our service centre that it is at the standard that we are committing to our customers.

It’s just getting that repeatable standard across the entire network in Europe is what is driving the incremental cost. Now look as things have slowed for our competitors they are also going to see their (inaudible) so LPR and IPP, you know, they were relatively new pools a number of years ago.

But as those pools age they are going to have to deal with the same thing that CHEP does around the world.

Matt Crowe: (CBA, Analyst) Okay, thanks. If I can just ask one more? You mentioned earlier that China is not yet profitable, I am assuming India is in the same boat. Which of those two is likely to achieve profitability first or is it about the same? Are there any other of those emerging regions that you spoke of that are not yet profitable?

Tom Gorman: Look, I think in broad terms you have to understand that we entered India about two to three years after, on the CHEP side of the business about two to three years after entering China. So I think if you look at the two trajectories, you wouldn’t be wrong to make an assumption that when one gets to profitability the other one will be about that number of years behind.

Matt Crowe: (CBA, Analyst) Right.

Tom Gorman: So I think broadly speaking that’s the way we look at the business. It is driven by growth rates though, it is driven by opportunities, it’s driven by the size of the country and the number of people that we put on the ground. So broadly speaking I’d look at it that way.

When you are looking at the other emerging markets that we talked about, particularly in EMEA the path to profitability is just much quicker in those markets.   Because you are not building the overheads, you are leveraging that overhead structure. So, you know, relatively small teams in Turkey, relatively small teams in Poland but leveraging all of our logistics’ capability, our service centre capability, our purchasing capability, all of that is being leveraged from other locations in Western Europe.

When you enter a country like India and China, you know, look it just takes a while to learn the market and we have learned an enormous amount over the last two to three years in both of those markets. That is going to give us, as I referred to, an enormous first mover advantage as we build those relationships.

But we have had to put more resources on the ground. If you look in the - just looking at our own performance, we have already sort of had the losses in China in the first six months. So we are well and truly coming down this curve as we've built critical mass and you now can leverage the overheads much better.

You'll see that in India once we get more in terms of critical mass in terms of sales.

Matt Crowe: (CBA, Analyst) Great thanks a lot.

James Hall: We've got one more question on the line here from Scott Ryall at CLSA. Scott, your line should be open.

Scott Ryall: (CLSA, Analyst) Yes, thank you very much. It should be a fairly easy question. You said Brazil was 2.5% of total revenue, I am wondering if you can give us the same numbers for China, India, Poland and Turkey please?

Greg Hayes: In the appendices there's quite a bit of detail about the revenue in the half for the emerging economies. So I think you can find most of that detail there.

Scott Ryall: (CLSA, Analyst) Okay, I'll let you know if I can't find it.

Greg Hayes: Okay, yeah.

Tom Gorman: James will be looking forward to speaking to you if you have any questions.

James Hall: I certainly will. Do we have any further questions? It doesn't look like it.

Tom Gorman: Well thank you very much for your time today I appreciate your questions. Obviously James and Cathy are available if there is any follow up. Greg and I will be out and meeting many of you over the next week to ten days. So thank you again for making time for us.

End of Transcript