IG Group

Full Year 2015 results

Tuesday 21st July 2015

Tim Howkins, Chief Executive

Good morning. We're going to follow our normal format where Chris, who I was expecting to be sitting here but he's moved over there! We've clearly rehearsed this long and hard! So Chris is going to take you through the performance of the business as normal, and then I'll pick up and cover the strategic initiatives, but I thought I'd start by saying a few words.

Over two incarnations of IG as a listed company, I think this is my 28th results presentation, so that probably answers the question, 'Why now?' But you probably are asking yourselves why now? Firstly, it's simply a desire to relax, kick back and do some other things, so lots and lots of travel plans and I'm just going to enjoy life for a while.

Equally important to me, I wanted to be sure I was going and leaving IG in good shape, and I know it's in excellent health, we've got a management team which is as strong as it's ever been, and we're working on lots of really interesting long-term initiatives which should continue to fuel plenty of growth for the future.

As you're seeing from the statement, I'm handing over to Peter, who, after an orderly handover, will take over as interim CEO. Peter's actually been at IG five years longer than me. He was in charge of Dealing when I first joined IG and he was incredibly patient with me through my first year at IG with my many foolish questions about how the business worked, as I tried to get my head around what, even then, was a really complicated and unique business. Peter's been integral to IG's success over many years, with the support of an extremely able management team. I know that both he and the team will do an excellent job.

That's it for now from me. Both Peter and Andy, our Chairman, are here and all four of us will be happy to take your questions later, but first I'll hand over to Chris to take you through the results. Chris.

Christopher Hill, Chief Financial Officer

Thank you, Tim. Good morning everybody, to those in the room and to all of you on the call or on the web. Welcome to IG's Full Year 2015 Results presentation. Let's get straight in.

So on Slide 3: Overall, it's been a pretty good year. We returned to reasonably strong growth, on the top line. We proved the resilience of the business through the extreme event associated with the Swiss franc and recent discussions around the Grexit debate. And, importantly, we have made considerable progress on the initiatives which we have in place to drive future growth. These have required ongoing investment, but this investment is showing clear signs that it is beginning to pay off. We will continue to invest in this growth through 2016 and beyond.

Good cash generation continues to be a key pillar of IG and this means that we both maintain a robust balance sheet and a progressive dividend policy.

Looking at the numbers on Slide 4, the FY15 Summary: The Swiss franc event complicates things a little. Personally, I think the underlying numbers give you a much clearer indication of the performance of the business in the year, but, as with the statement, we've given you all the numbers here, so you make your own judgement. You'll also see a full reconciliation in Note 2 to the financial statements.

I won't go through the detail of what happened with the Swissie in January, I did all of that at the Half Year, but, of course, we will be happy to answer any questions afterwards, if you have any.

The impact of the Swiss franc event was to reduce net trading revenue by £11.8m and diluted EPS by 5.08p. Statutory earnings, post the Swissie, were down just over 10% at 35.99p. Underlying trading revenue was ahead 8% at £400.2m. Underlying profit before tax of £193.2m was down 0.9% on the prior year. Underlying profit after tax was up 2.4% at £150.7n, helped by a reduction in the tax rate from 24.5% to 22%. And as we've said at the Half Year, we maintained the Full Year dividend at 28.15p.

So, getting in behind the summary P&L, on Slide 5, the Income Statement: This was a return to growth on the top line. Net trading revenue on an underlying basis was just under £30m ahead, driven by good growth in active clients up 7.9%. Overall, average revenue per client was flat with FY14. Betting duty was up £2m, due, primarily, to increased volatility in Q2. This, of course, was heavily weighted towards October. Other operating income was down. The revenue share on the disposed Sports business has come to an end, so I think 2015 establishes the run-rate going forwards. Net operating income was consequently up around £25m.

Operating costs were £26m higher, reflecting the investment in growth being product, geographic and platform development. I will cover this in more detail later, as will Tim in his strategic update.

The IFRIC 21 change in Accounting for the FSCS levy, as previously communicated, results in the whole charge being booked in H2, and perhaps worth saying it produces a very small re-statement in last year's numbers; PBT goes up by around £200k. And as I said, the effective tax rate was down to 22%. And the UK budget this month will have positive implications here from FY18 onwards.

Slide 6, the Revenue Bridge, a format that you'll be familiar with. On the left-hand side, we've shown the drivers of the revenue movement over the two halves of FY15. I'll concentrate on the bottom graph here, H2. What we're seeing is a strong performance from new and returning clients, and it really wasn't that volatile in the second half.

On the right-hand side of this slide, you'll see the flushing through of the changes that we made in Q4 '13, particularly increasing the minimum deposit, which discouraged a number of very low-value clients. We've said previously that we estimated this would take at least four quarters to work its way through; this is pretty much what you see here. This year we achieved growth in client numbers across all geographies.

And on Slide 7, Drivers of Revenue, you can see the detail of that growth by region.

We saw good revenue and client growth in the UK and Australia. Although these are undoubtedly our most mature geographies, I think we've dispelled the myth that these are ex-growth.

Revenue was up in all countries in the rest of the world segment. The revenue per client fall here is only a weighted averaging effect of the high rate of growth in Nadex. Given the limited nature of the product set and the fact that this is an exchange, revenue per client is 18% of the Group number, and Tim will address the encouraging progress at Nadex in more detail.

Europe, once again, experienced strong growth in clients, up 14%, the most important long-term metric. However, revenue per client here fell 14%.

Turning to Slide 8 on Europe, let me just unpick that a little. On the left, we can see how revenue per client has tracked for the last three years, both at a country level and an overall European level.

On the right, I have broken out revenue per client into its two key drivers. Clearly, it's a product of how many trades a client does and the size of those trades. Over the year, European trade numbers have increased significantly, partly as a result of spread cuts that we've applied to the smaller Germany 30 contracts, to align them once again to the standard contract; however, we have seen a steady decline in revenue per trade, markedly more in Europe than elsewhere in the Group. Just over a third of this can be attributed to the weakness in the Euro.

Also, European clients, notably those trading Futures, are closing more trades intraday and therefore not delivering so much overnight financing revenue and the trade size has reduced. European clients are trading in smaller size. I must be honest and say that it's difficult to tease out exactly why this is, but a reaction to economic weakness and market liquidity would be good starting points.

Recently, we've seen a reduction in liquidity in the DAX, which has driven up wholesale spreads. Not good news for hedging cost, but not too impactful at this stage as we see mostly a two-way flow on this contract and therefore our hedging requirements are low.

I won't spend a lot of time on Slide 9, Revenue Composition. You'll be familiar with the broad make-up of IG revenue across the asset types, but I guess it's worth pointing out the spike in indices revenue in Q2, a result of the market crash and increase in volatility at the time. The big indices are the products of choice at times of extreme equity market volatility. And also worthy of note is the recovery in FX revenue in the year, driven by more interesting markets here, following the malaise of last year.

Turning to Slide 10, the Daily Revenue Trend, you see the distribution of daily revenue. Tim mentioned in his statement this morning that we have introduced dynamic equity limits to respond to when markets are open and closed and when volumes are at their highest, and that we've increased our overall equity risk limits to capture additional value.

Looking at the left-hand side, notwithstanding the Swiss franc event, it's been pretty stable and tightly distributed again. On the right-hand chart, to make this intelligible, I'm showing this without the one-off effect of the Swissie, and you see that the changes that we made to our equity hedging have not increased risk materially. If I had included the Swissie in here, you'd see the bottom line spike up in January and return back to the previous run-rate in March, after the 60-day averaging effect unwound.

On Slide 11, I'm showing operating costs in more detail. Again, trying to be as transparent as I can, I show this as the underlying cost, excluding the impact of the Swiss franc, and then reconcile it at the bottom to the statutory cost number. Underlying operating costs, pre-D&A, are up £26m, from the £169m in 2014, to £195m in 2015. And in H2, underlying costs are £103m, which gives you an indication of the trajectory into 2016.

You'll see in the reconciliation that the additional debt associated with the Swissie is partially offset by lower variable remuneration. I appreciate that the year-on-year uplift is a little higher than our previous guidance. The difference is primarily driven by increased marketing in the second half. Tim will look at the improving effectiveness here later, but we are seeing a return on this investment.

The bulk of the cost increase is due to the ongoing investment in future growth and the associated build-out of the infrastructure. The main elements here are Switzerland, Dubai, stockbroking and gTLDs, which we will cover in more detail in the strategic review. But it is fair to say that we are encouraged by what we have seen so far.

Going into next year, the Group will continue to invest in its strategy, which will involve an increase in operating expenses, of a similar scale to that seen on an underlying basis for this year.

On Slide 12 you will see how broker margin has trended. We see the two large movements during the year. Firstly, the large drop in the first half after the market fall in October. As we said in January, this saw the indices book come much more into balance as clients reduced their short positions, and was accompanied by a reduction in the positions in single equities where margin requirements are at their highest.

Post the Swiss franc we saw a correction as some margin rates increased and we changed prime broker for FX, but this was not an impact that caused us any great concern. Net impact over the year has been a reduction of £80m, from £285m to £205m. Recently it's been running at just over £200m, but please do not think about this as a new norm, the in-year high was £294m, the recent levels are simply a result of the particular shape of client trading at this time.

On Slide 13 you can see how this impacted net own funds. It was another good year of cash generation. After payment of the higher dividend own funds increased by just over £18m. Remember that dividend cash out in the year reflects the big final divvy from last year and the increased interim from this year. With a positive movement in broker margin net own funds increased by £100m to £302m. As usual on the right we show you how this is used. I think it's worth pointing out the increase in overseas and regulatory working capital. You will recall that we flagged this last time. This is caused by the Swiss and Dubai local requirements and a small increase at Nadex. So, at the end of May own funds available for liquidity purposes were £221m. Lastly here, you will see that we reduced our facility to £160m from £200m previously following a full review of our requirements. We did, however, add an additional bank here.

On Slide 14 I've summarised the regulatory environment as having no significant recent developments. On European financial transactions tax I've seen no meaningful movements, but we do continue to believe that there is sufficient political will for something to materialise over time, however we do expect it to be relatively benign. As we said in January, the MIFID II Level 1 text held no big concerns for us and we await the Level 2 text. A small change to binaries regulation is coming up which should see this pass to the FCA from the Gambling Commission. We already treat this as a MIFID product so this has a very small positive competitive impact. There's no change in Singapore, but we continue to assume that FX leverage reductions will be applied. You will recall that the impact here is mitigated by the fact that it doesn't apply to accredited investors, a designation that we believe most of our clients in Singapore would qualify for. The CRD IV capital regime will be phased in from 2016. Although it's not certain how the capital or liquidity rules will be applied to our industry, we expect to continue to be very well capitalised once this is compete.

With that I will hand over to Tim to take you through the progress on our key initiatives in the period. Thank you.

Tim Howkins

Thanks Chris. This chart shows some of the key projects we've been working on over the last five years and also going forward for the next couple of years. There's clearly a lot on this slide and I'll leave you to study it in more detail at your leisure, but I just wanted to bring out a few high level themes which should help to explain the way that these projects typically evolve and how our cost changes at different stages in the project.

As you can see, most of these are long-term projects which straddle a number of years. Most of our growth initiatives have two phases. There's an initial phase which involves building the infrastructure for the project, and that's the light coloured part of the bar. That infrastructure can take different forms. In the case of stockbroking it was about building the new products into our frontend platform, so the web trading and the mobile platforms, and building the settlement, clearing and custody arrangements. In the case of a new office it's about hiring staff, fitting out an office and getting the necessary regulatory permissions. In Europe that's a pretty quick process thanks to the EU passporting mechanism, the lead time is short and the outcome certain. Outside Europe there's generally a more lengthy licensing process and a greater degree of uncertainty.

Once the infrastructure is built normally there's an ongoing fixed cost. In the case of a new office that's obviously the salaries of the staff and the rent for the office. Then the second phase, which is the darker colour bar, is about revenue generation. Normally in order to do that we have to invest in marketing. Unlike the infrastructure expenditure that's obviously discretionary spend, we can flex it up or down or we can reallocate it between business lines and offices to ensure we get the best possible payback.

So hopefully this helps to show how over the last couple of years we've been in a phase where we've been putting in place a lot of infrastructure, the lighter colour piece. And we're clearly not done yet, 2016 will be another year of significant investment. But I think you can see that the colours change as you move across the screen and that we're increasingly moving into the marketing and, therefore, the revenue generating revenue growth phase on most of these longer-term projects, and over the next few slides I'll look at some of these projects in more detail.

First of all, a quick look at geographic expansion. A year ago we were talking about opening up in Switzerland and in Dubai, and we've successfully done both. We launched in Switzerland in October and it's going at least as well as we expected. You can see how the early months of our Swiss business stack up against the rest of our European businesses, and clearly eight months in it's pretty near the top of the pack, which is encouraging. As we expected, revenue per client is a bit higher in Switzerland than it is elsewhere in the Group. Some of that may prove to be the normal early adopter effect, but we expect that at least some of it will be a permanent feature of that market. Given the relatively high fixed cost base for establishing a Swiss bank this office isn't yet profitable, but clearly it's on a good trajectory and it's on its way there.

We received our licence in Dubai in June just after the year end, and also just before the start of Ramadan, so we did a very, very soft launch then, and we'll have our normal full marketing and PR launch in September which is when we think it'll be most effective. I mentioned China back in January which was the first time I've mentioned it for several years. We've taken the next step in China in successfully applying for and receiving a CSRC representative office licence. For those that don't know, the CSRC is the securities regulator in China. This we think provides us with an additional level of credibility. We think there are only one or two other foreign companies in the retail trading sector who have the CSRC rep office licence. This licence doesn't allow us to deal directly with Chinese citizens onshore, but it will very much facilitate ongoing discussions with potential partners. China remains a very low cost slow burn venture, but it is one which has the potential to deliver significant value over the longer-term.

Turning to Nadex and the US, growth has clearly accelerated. We recently went through 4,000 monthly trading members a month, and that stat has continued to grow. For the full year revenue was up 68%, and that rate of growth actually accelerated through the second half. We've made quite a few improvements to Nadex both in terms of operational changes, extending the product set, you will remember just over a year ago we added an extra market maker, and all of those changes together incrementally have made the offering significantly more attractive and have helped to drive increasing member numbers.

You can see from the right-hand chart the growth in first trades, i.e., people trading on the exchange for the first time, and the drop in cost of recruiting new members – the line. Our marketing has been getting increasingly effective in the US. That's partly the ongoing optimisation of marketing that we've been doing across the entire Group, and partly it's the benefit of the Nadex brand becoming better known and therefore getting more clients directly through word-of-mouth. Towards the end of the year this pattern gave us the confidence to increase our marketing spend a little bit for the last few months of the year. I think if there was ever any doubt that Nadex was a viable business I think we've comfortably put that behind us, and I think we've demonstrated that there is a clear addressable market for us in the US, so we move into 2016 with high expectations.

Turning to mobile. The chart on the left shows the increasing importance that mobile plays in our client dealing experience. Alongside continuing improvements to the dealing functionality of our apps, we've talked before about the increasing importance that mobile is beginning to play in client recruitment. Over the last year we've built many of the systems and features needed to efficiently drive prospects to download our apps, and then within the app to start the application for a full account. We continue to refine these features but they're working well. However, we do lose a very high proportion of these prospects during the application process, and as I mentioned in January, it became increasingly obvious that we needed to improve our entire application process because any manual steps or inefficiencies in it have a very disproportionate effect at discouraging mobile applicants.

So we're working through the entire client conversion process to identify and remove unnecessary friction. This includes automating the identification process where possible. Until recently electronic ID verification was only available in the UK, but we've begun rolling it out elsewhere as it's become available and the early signs in Europe are encouraging. Where we can't electronically ID clients, which may be because local regulation doesn't permit it, or because the necessary identity databases aren't reliable, or simply because the client has recently moved house, we're facilitating easy document upload through the web platform and mobile apps. Previously that would have involved an email and quite possibly a scanner. We're also improving our application form to ensure that client details are captured earlier in the process and rewording or clarifying questions where our analysis shows that they cause clients to drop out. However, I would emphasise that all of this is about automating and streamlining, it's not about shortcutting the AML or other regulatory processes needed to get an account.

Alongside the changes to the conversion process we've also been making changes to our marketing, and in particular we've improved the efficiency of our digital marketing. On the chart you can see the early evidence of the success we've had here. This chart shows the number of first trades by quarter and the corresponding marketing cost per client, which is the line. That's simply the marketing spend for the quarter divided by the number of clients trading for the first time in that quarter.

And you can clearly see that we're recruiting more clients, for the second half of FY15 the first trades were 26% ahead of the first half, and that we're doing this for pretty much the same marketing cost per first trade; in other words, our marketing efficiency hasn't degraded as the number of first trades has gone up. It's worth saying this chart excludes Nadex, simply because that would have distorted it, making it look even better still.

Our marketing is moving increasingly online and given the reasonable acquisition cost we did increase the absolute spend towards the end of the year and will do so again going into 2016, as long as this good payback pattern continues. Our SEO has recovered from the dip post the launch of IG.com and our PPC efficiency is improving with ongoing enhancements to the way that we optimise across both countries and key words.

You can see from this chart that it currently costs between £1,200 and £1,400 to recruit a client who trades for the first time, and you'll recall from Chris' Europe slide that we generate about £2,000 per client per six month period. So the economics here are clearly compelling and to the extent that we can increase marketing cost without a decline in efficiency we think we should do so. We're certainly not finished on these initiatives but we've made some good progress and the stuff we've been working on recently will come on stream in the next few months.

You may have noticed on the first slide that the gTLD project has been quietly in progress since 2011 although I think we only talked about it for the first time externally last year. A top level domain is the right-hand end of a web address like .com or .co.uk, and in 2011 a process was kicked off which enabled organisations to apply for the right to manage and run their own gTLDs, that process has now closed and I think it's unlikely to repeat for some years.

It's worth saying for us, this isn't about selling domain names, which is a side-line if you like, it's about driving greater client recruitment and thus driving revenue growth. The internet's getting more complicated and we believe that gTLDs will play an increasing role in helping people to navigate it. And we see this as helping to make us synonymous with the categories which are key to us. We'll use these as feeder channels through to IG, we've already launched a couple of websites, news.markets and ig.spreadbetting and we'll roll a number of extra websites out over the next few months.

So fundamentally this is about feeding traffic and prospective clients to IG by broadening our reach and developing multiple routes through the internet. We don't yet know the precise impact on search engine ranking, but we do expect that for instance a website with a .forex domain will naturally rank highly on Google, that is assuming that it's got good quality, relevant, content. So all of this is a modest investment which is intended to drive more clients onto our platform.

Turning to stockbroking, our stockbroking business is still at a very early stage. We launched in the UK in September, and as we've discussed before we see this as a way of broadening our audience, as well as being a revenue stream in its own right. It's progressing well, we now have over 4,500 funded clients, most of which have actively traded and we have nearly 1,500 clients trading each month and that number, as you can see, continues to grow.

Roughly two thirds of these clients are new to IG, and it's still early but the cross sale is clear and of those accounts that start off doing stockbroking as new clients to IG, around 20% have gone on to trade our other leverage products. And those leveraged accounts are if anything slightly higher value than our accounts on average.

A little over 800 clients have linked their stockbroking accounts to a CFD or spread betting account which means they're either taking advantage of, or plan to take advantage of the collateral facility. Collateral balance is currently at about £14m and total assets under management, roughly £100m. We rolled out in Germany and Austria, so that brings us to a total of five countries, so that includes the UK, Ireland and the Netherlands as well. I think I've said before, local tax rules can make it a little bit challenging to roll into a new country, or at least certain countries, so we're being quite careful in where we target the roll out, but we would eventually expect that the majority of our countries will get stock broking.

You'll have seen in the announcement earlier that we've agreed a partnership with Blackrock which is to offer iShare-based investment portfolios. I'm sure you're all aware that Blackrock's iShares are the largest provider of ETFs globally and this will be a co-branded partnership where we bring together our expertise in dealing with retail clients, providing them with technology driven access to the financial markets, together with Blackrock's expertise in portfolio construction, and we think that's a very powerful combination.

This is the next obvious evolution of our product set and builds on our core stockbroking platform, again enabling us to broaden our reach. I very much see this as a long-term opportunity but I think it's potentially a significant one.

As you all know, the actively managed unit trust industry is coming under some pressure, not more so than there's a lot of funds fail to beat their benchmark index, despite the high fees charged for management. I'm conscious I'm speaking to many of our shareholders when I say that. ETFs have broken through in the US, but as yet they are fairly nascent in the rest of the world, but they do lend themselves extremely well to sophisticated investors. There's a very clear overlap between that audience and the active trading community, and our current client base already has a much greater awareness and use of ETFs than is the case among the population as a whole. We don't want to say much more about our plans here at this stage, but this is something we aim to launch during the course of 2016.

So in conclusion, we set out clearly a year ago the things we wanted to achieve in the year, I think we've executed those plans well and all the key deliverables we've talked about a year ago have indeed been delivered. The business produced good revenue growth with underlying revenue up by 8%. We're working on a range of initiatives, all of which are focused on driving more clients onto our platform. These initiatives do involve considerable upfront investment and that's going to continue into 2016, but the nature of that investment, as we saw from my first slide, is changing, increasingly it's about using marketing to drive client recruitment and growth.

Notwithstanding the Swiss franc incident the business has proved to be exceptionally robust and it's clearly been recently tested by the gapping risk associated with various weekend Grexit discussions. Our financial strength and cash flow is unrivalled in our industry and underpins future dividend growth, and we continue to enjoy extremely good relationships with all of our key regulators.

That's just about it. Thank you for all your support. As I said before, Peter, Andy, Chris and I are all very happy to take your questions.

Q&A Session

<u>Question 1</u>

Paul McGinnis, Shore Capital

Just in terms of the cost increase for next year, was it in terms of absolute cost or percentage increase that was going to be roughly the same as last year?

And then just based on that, can you give us some kind of guidance on how that will break down on the various different cost lines, only in so far as it looks like that might well therefore be the second year in a row where underlying cost growth significantly exceeds revenue growth; is there a point at which those two things sort of switch round looking more into May '17?

Christopher Hill

Okay, so just to be absolutely clear, I said the increase in cost was going to be similar to the absolute increase in cost on an underlying basis. And the driver for that is our continuing investment in the growth initiatives that we've got. Tim has talked to most of those so you won't be surprised then that we're talking about spend on our mobile, spend on our gTLDs, we're setting up in Dubai, so all of this is driving future growth. And I think in terms of the other bit to your question is how far is that going to continue then that's a key point that Tim is making in terms of we have been developing the business over time, we have a platform, we're developing it geographically, we're developing the product diversification. The way that investment goes in is you build out the infrastructure to begin with and, as Tim's highlighted, that shifts towards much more of a marketing phase spend which is much more then driven by what's happening to the top line. And in terms of the future investment that goes into the business, obviously we're much more then focused about the payoff in these initiatives.

And then as far as do I expect earnings to go backwards, that's not what we're expecting, that's not what we're planning. Could I see a scenario where that might happen? Yes, I could see where that might happen, but we would be investing in a business because we're looking to drive that future growth. So if you've got something that happens in the short term would that take us away from investing in the future growth? Absolutely not and the future investment is then driven by how we see that top line progressing.

<u>Question 2</u>

Will Robbins, Numis

On the gTLDs, did any of them go to auction? If so, what did you pay for them and when were they accounted for, where does it show up?

Tim Howkins

Yes, two of them went for auction, it was accounted for in 2014, FY year I think, and therefore is disclosed in the accounts in the addition to fixed assets note for that year. It's not a material number but it is confidential and we're going to keep it that way.

Question 3

Richard Taylor, Barclays

A couple of questions please, firstly on digital marketing, where do you think you are now versus best in class and how much does another year investment get you towards being best in class if you don't think you're there already?

And secondly, on the optimisation of risk management talked about in the pack, can you give some colour here about the analysis done that this isn't a step up in risk and a reduction in potential quality of earnings? And if it goes well how much it could add to revenue over a typical year? Thanks.

Peter Hetherington, Chief Operating Officer

Digital marketing, where are we compared to best in class? I'd say we're not best in class at this stage, I think we're improving at a rate, I think the figures which Tim went through show the improvement that we're showing, I think there are certain operators, most of whom operate out of Israel or out of Cyprus who show greater aptitude at online marketing than we do. I'd say given our risk averse nature and our strict compliance with regulatory rules you have to expect that our efficiency won't be as great as some, but our compliance with rules should be an awful lot better. So I think we're on the journey, we're improving quite rapidly, we're certainly not there yet.

Your second question I think was around does the increase we've put in place to our limits change the risk profile of the business, I think if you look back to Tim's slide which showed you the volatility of earnings over time you can see that the changes we've been making have been going in for the best part of a year on a progressive basis and have not increased materially the risk the business is running, what we're actually doing is allowing our positions to fluctuate intraday more, but overnight when you have more risk of markets either being closed or gapping, our limits are much smaller. I don't think we want to go public at this stage with an expectation of the increase in earnings that we expect from those changes.

Concluding Comments: Tim Howkins

Is that it? Good, that was a very gentle ride, thank you very much.