Ramsay Health Care FY21 Interim Result

25 February 2021

Start of Transcript

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Ramsay Health Care FY21 Interim Results conference call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. To ask a question, you may press star one on your telephone.

I will now hand the call over to our presenters for the day. Please go ahead, presenters.

Craig McNally: Good morning, everyone, and welcome to the Ramsay Health Care FY21 interim result presentation. My name's Craig McNally, and I'm the Managing Director and CEO of Ramsay Health Care, and I'm joined by Martyn Roberts, Group Chief Financial Officer.

Today, we'll provide an overview of our Group performance for the six-month period, a breakdown of our performance by region, an update on Group financials, including cash flow and liquidity, and an overview of our strategy before covering off on the outlook for the Group.

While the first half result was impacted by further outbreaks of COVID across all our regions, I also believe it demonstrates our operational and financial resilience, and in particular the commitment of our frontline staff and doctors, who have borne the brunt of the pandemic. Our strong balance sheet and cash flow have allowed us to continue to invest in the business during the first half of the year, despite the disruption to our day-to-day activities.

We opened two new facilities in the UK, acquired two facilities and disposed of two facilities in France and exited the German market, selling nine hospitals. We also made significant investment in brownfield developments in the expansion of our existing portfolio. Our long-term strategic focus will continue to be on leveraging our existing business platform to create a broader integrated healthcare services provider.

Ramsay Health Care Limited
ABN 57 001 288 768
Level 18, 126 Phillip Street
Sydney NSW 2000 Australia
Telephone: +61 2 9220 1000
Facsimile: +61 2 9220 1001
ramsayhealth.com

We think Ramsay is well placed to achieve this goal through both new investments and organic growth. Looking to the more immediate outlook, while we're always cautious about making predictions in the current environment, there's a sense across the business that the operational and financial outlook is slowly improving. While the profits of the recovery in each region will be different and likely bumpy, I believe Ramsay is well placed to take advantage of the demand from surgical backlogs and latent demand for nonsurgical services.

Before we go through the result in detail, I'd like to highlight our on-going response to the pandemic, and in particular, the people leading our response. Our extensive facilities, dedicated employees and doctors and clinical expertise and experience have been utilised to assist with the public sector response to the further outbreaks of the virus. Ramsay's overwhelming primary focus during the pandemic has been to protect the safety and wellbeing of our patients, staff and doctors.

Fatigue and mental health have become significant issues faced by our employees and clinicians, in particular in our Northern Hemisphere facilities, and retention and recruitment of front-line staff is a challenge across the sector. In Australia, we moved to surgical restrictions in Victoria in July, and our teams moved quickly to assist with providing care in both the public hospital and aged care systems.

The restrictions started to unwind from late September, with full operational capacity returned in late November. In the UK, we signed a revised agreement with the NHS England in October, covering the period from 1 July through 31 December 2020, that allowed for Ramsay UK to receive net cost recovery for its services to NHS England and allowed for the return of some capacity for private patient activity and routine NHS elective surgery activity.

During the pandemic, Ramsay UK has looked after over 500,000 NHS patients, treating the highest volume of NHS patients in the independent sector, with over 20 NHS services hosted in Ramsay facilities and 210 Ramsay team members supporting NHS teams in local trusts.

In Europe, the business has continued to operate under government arrangements that provide for payments for the use of Ramsay's facilities and capabilities to assist with the outbreaks of the pandemic. Since October, our teams in France and across our business

in the Nordics have been assisting governments with the impact of the second wave of the pandemic, as well as urgent non-COVID health issues. At the peak of the second wave, 45 of Ramsay's hospitals and clinics in France were treating over 900 COVID patients, with more than 300 patients in critical care.

July through December, Ramsay Sante in France alone treated more than 500 COVID patients, including more than 2000 in critical care. Our UK, European and Asian facilities continued to assist the public sector with the health response to further COVID outbreaks. Improvements and updates we've made to policies and procedures after the first stage of the pandemic means we've been better prepared operationally in these subsequent outbreaks, including in managing additional costs, and we're well equipped to handle future challenges that may arise with this or other viruses. I'd like to thank all our staff across the regions for stepping into the breach again and ensuring that Ramsay has led the private sector, treating more patients than other providers. The Board and senior management team understand the toll this has taken on our employees' lives, and we thank you for your commitment.

Moving to our results, today, Ramsay reported a statutory net profit of $226 million, down 12.5% on the prior period. The result reflects the restrictions on our patient capacity caused by further COVID outbreaks across our regions and the additional costs associated with operating in a COVID environment. In addition, we experienced a negative impact from case mix as the demand for nonsurgical services declined, reflecting a reluctance to visit hospital settings and social distancing restrictions associated with operating in a COVID-safe way.

The result includes government-funded payments for the use of Ramsay's services and facilities during recent outbreaks. This has included both revenue support and cost-recovery payments that are recognised in total revenue. The Board was pleased that the Company is in the position to resume the payment of dividends, declaring a fully franked interim dividend of $0.485 per share, representing a pay-out ratio of 50% of statutory net profit.

While the dividend is below the prior period, it reflects the strong cash flow generation and solid balance sheet position of the Company, despite the on-going impact the pandemic has had on our earning capacity. Based on feedback we had received from

the market, we decided from FY21 not to report a core/non-core earnings split. To ensure a like-for-like comparison is available, we have revised the regional core earnings split in the prior period to include non-core items.

There are a number of what we would previously have classified as non-core items in this result, which we will highlight for you as we go through the pack. The largest item was a net gain on disposal of assets and investments of $44 million compared to the prior period. This item reflects gains on the disposal of two facilities in France, medical suites in Australia and the reversal of the provision taken against the hospitals in Germany at the time of the Capio acquisition.

So moving to the regional results, the Australian result reflects the restrictions on capacity in Victoria for the majority of the six-month period, combined with increased costs associated with the COVID operating environment, the impact of case mix changes flowing from the decline in demand from nonsurgical services and the transfer of the operation of Mildura Hospital back to the Victorian state government in September.

Revenue from patients was up 0.5%. However, excluding Victoria, revenue was up 4.9%, reflecting strong surgical volumes, partially offset by lower demand for nonsurgical services. Excluding Victoria, demand for some nonsurgical services started to pick up in the second quarter. However, medical, mental health, maternity and rehabilitation services remained subdued. We believe demand has been impacted by physical distancing and in-patient visitor restrictions, combined with a reticence in some parts of the community to enter the healthcare system during the pandemic.

The result includes a $10.5 million benefit from the sale of assets compared to the prior period. The costs associated with operating in a COVID-safe environment on average for the six-month period were $8.2 million per month, excluding Victoria. Turning to the outlook, as you can see in this chart, trends in Ramsay's admissions per workday, versus the prior period in both surgical and nonsurgical services, both including and excluding Victoria, have been stronger through December and January.

In particular, demand for non-surgical services has picked up, although demand for day patient rehab and psych services has continued to lag. Based on forward bookings, we are seeing stronger demand for maternity services in the period February through April.

We expect surgical growth to remain strong, but the rate of growth is expected to slow with reduced inpatient growth against the day patient growth.

We have had some disruption to the admission pipeline recently, due to localised COVID outbreaks, resulting in snap lockdowns in Western Australia, Queensland and Victoria. Moving to our investment in the business, total capital expenditure for the Australian business was $121 million over the six-month period. This was below the prior period, given the number of projects that were completed ahead of schedule at the end of FY20.

Key projects completed during the six-month period included a day oncology unit in St George and the redevelopment of Nowra and Dudley Hospitals. Total capital expenditure for the full year is expected to be in the range of $250 million to $300 million.

So moving on to the European business, the result reflects an incredibly busy period for Ramsay Sante as they managed to handle the demand for both urgent and elective surgery, combined with assisting governments across its jurisdictions with further outbreaks of the pandemic. The absence of the normal first-half seasonality due to the smoothing impact of the calculation of the revenue guarantee boosted earnings.

The result includes a $33.8 million positive contribution from the disposal of assets in France and Germany compared to the prior period, reflecting the on-going restructure of the European portfolio of facilities. A stronger Nordic region result reflects the different structure of the payment system in some parts of the region, combined with the generally lower impact of the pandemic.

Turning to the outlook for the business, there remains a high degree of certainty around the operating environment in the short term, given COVID cases continue to surge and the vaccine rollout, while commenced in France, is taking longer than other countries to pick up momentum.

The French government has committed to issuing a new degree providing revenue and cost support from 1 January 2021 for a period to be determined. However, it is likely we'll see - the indications are we'll see that run through until June. The business will continue to assist governments in addressing the backlog of cases and the rollout of the

vaccine in France, with a number of vaccination centres created within our hospital facilities.

Moving to the UK, while activity levels were slow to pick up, private patient and NHS routine elective surgery volumes returned in September. Private patient volume was particularly strong and the result benefitted from a favourable mix of private patient volume over the period. Ramsay UK continued to support the NHS as further outbreaks of the virus started to overwhelm the public system.

Turning to the outlook, Ramsay UK is operating under a new volume-based agreement with the NHS England, and that's from 1 January to 31 March 2021. The NHS may trigger a peak surge period on seven days' notice, should Ramsay's capacity be required to enable the NHS to respond to COVID cases. Importantly, Ramsay is able to continue providing private patient services under the new agreement.

In the short term, Ramsay UK will be impacted by the headwinds associated with the uncertain COVID environment and potentially may be impacted by Brexit and the flow on of impact to supplies of materials. In the medium term, the business expects to benefit from volume associated with the NHS waiting list and growth in private demand. Finally, moving to Asia and our joint venture Ramsay Sime Darby, there were no restrictions on elective surgery in Malaysia or Indonesia over the six-month period. However, movement controls impacted patient volumes.

In November, there was a government directive in Hong Kong postponing all elective surgery. The joint venture has benefitted from running PCR testing, and our facilities in both Malaysia and Indonesia have been treating patients flowing from overwhelmed public systems. Our hospitals in Indonesia have been treating government, insured and self-funded COVID patients.

In terms of the outlook for the region, a return to normalcy in elective surgery and medical admissions will be dictated by the activity of countries in the region to reduce the spread and impact of COVID. A vaccine program has started in Indonesia, and the joint venture has been appointed to assist in rolling out the program. Vaccinations have commenced in Malaysia in recent days.

We will continue to assist with PCR testing and supporting the public system with overflow. I'll now hand to Martyn to go through some of the financials in more detail.

Martyn Roberts: Thanks, Craig, and good morning, everyone. As Craig has highlighted, the operating environment, including the government agreements we operated under during the period, has made interpreting our results for the second half extremely challenging. The results from our Northern Hemisphere region will continue to be impacted by some of these forces into the second half of the fiscal year, with France expected to operate under a new government decree, and the UK back to operating under a volume-based agreement for the third quarter. However, the NHS can and has called up capacity when required.

In Australia, while operating with no capacity restrictions at the current time, the business disruption caused by the snap lockdowns that we have experienced in the last few months has had an impact on operating results, as the pipeline of admissions is disrupted and costs associated with operating in a COVID environment spike again.

It is worth noting that our effective tax rate for the period was lower than in the prior period at approximately 33%, due to adjustments in Ramsay Sante in the prior period. At the current time, we expect the effective rate for the full year to be broadly in line with the half year.

Moving to cash flow, you can see the working capital boost to cash flow over the period reflecting that advances received under revenue guarantee arrangements in France were in excess of revenue guarantee accruals. The positive impact on working capital is expected to reverse in the second half, following the harmonisation of payments received over the nine-month period from March to December with actual revenue.

This true-up is expected to be completed in the next few weeks. In addition, it is looking like the new revenue guarantee scheme that Craig referred to earlier may well be a payment in arrears setup, as opposed to payment in advance, so that will also have a negative impact on the cash flow in the second half.

Outside of that, free cash flow was strong, reflecting lower finance and tax charges and lower capital expenditure, the result of the pull-forward of expenditure into last year as projects in Australia were completed ahead of schedule.

Moving to the balance sheet, which remains in a strong position, the two significant movements were a material reduction in net debt flowing from the capital raising in April and May last year and the movement in working capital. In response to feedback on Ramsay's FY19 remuneration report, the Board has introduced a number of changes to its executive remuneration structure from FY21 to better align it with outcomes on return on capital employed. At the AGM in November, we committed to provide the threshold and stretch performance levels for our FY21 LTI grant at this result. This detail is in the operating and financial review we released this morning. However, in summary, for the EPS part of our LTI, we have included a gateway which would trigger if ROIC is above WACC. The three-year EPS CAGR target range for the EPS part of our LTI will be between 3% and 9%.

As you can see on this next slide, we have significant financial flexibility to fund development and expansion opportunities that may arise, with $2.3 billion of liquidity available in our wholly owned funding group. We are currently working on refinancing the bank debt which is due in October 2022.

With that, I'll now hand back to Craig to touch on our strategy and outlook.

Craig McNally: Thanks, Martyn. Turning to the Group's strategic direction, we continue to evolve our business platform, consistent with becoming a broader integrated healthcare services provider. We will look to develop shareholder value through both organic growth and the development of new growth platforms for acquisitions and expansion into new areas. Efficiency programs and building the sustainability of our platform will continue to be key measures to improving shareholder returns.

We continue to develop our global sustainability strategy and integrate it into our business practices. As part of this push, the Board has recently committed to commence to a line-out reporting with the recommendations of the Task Force on Climate Related Disclosures, and that'll be announced FY21 corporate reporting.

So turning to the outlook for the Group, Ramsay's result for the second half of FY21 will be dictated by the shape of the pandemic curve in each of our regions, and thus the extent to which we can operate on an unrestricted capacity basis. While early data from offshore markets suggests vaccine rollouts are reducing the number and severity of

cases, significant uncertainties remain with the rates of vaccination and the medium-term clinical outcomes of the various vaccines.

The costs associated with operating in a COVID environment are expected to continue for the foreseeable future, but they're gradually reducing through better management and where there is a lower prevalence of the virus. Ramsay will continue to invest in the business and optimise our facilities and footprint to strengthen our competitive advantage and leverage our scale.

Our strong balance sheet and cash flow provides us with the flexibility to pursue our long-term strategy to create the leading ecosystem for patient-centric integrated care. In the short to medium term, surgical backlogs and latent demand for nonsurgical services are expected to drive volumes, as the general public's comfort with the hospital environment improves.

We expect to assist with relieving pressure on public waiting lists across our regions. While we have every confidence in the outlook for the business, given the on-going uncertainties in the environment we are operating in, we are unable to provide guidance for FY21 full-year results.

Martyn and I are now happy to take questions.

Female: Operator, we'll hand over to you for questions.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. To ask a question, you may press star one on your telephone and wait for your name to be announced. To cancel your request, you may simply press the pound or the hash key, and please note, there will be a short pause as questions are being collated. We thank you or your patience.

The first question is from Chris Cooper from Goldman Sachs. Your line is now open, Chris.

Chris Cooper: (Goldman Sachs, Analyst) Hi, morning. Thank you. Just looking at slide 8, it's good to see the momentum continuing to the second half, but it does seem that Victoria is still dilutive in December and January, despite being unrestricted through that period. Can you just talk to that dynamic at all, please?

Craig McNally: When you come out of the lockdowns, you're not necessarily immediately straight back into it, particularly on the nonsurgical services nonsurgical services. But I've got confidence that Victoria will continue to return to our normal activity, as the other states have done, so I don't think there's anything unusual about that.

Chris Cooper: (Goldman Sachs, Analyst) Is it possible it's a function of timing of Christmas and New Year? I'm just looking at that chart and seeing a very strong catch up in that first month in the other states, and it didn't seem to play out in Victoria in quite the same way. I'm just wondering why there's any sort of reason why there's perhaps a bit more of attrition down there.

Craig McNally: Yes, well, I think that's absolutely true, Chris, and so we had lots of people take the opportunity to take leave, particularly doctors, over the January period, and it also excludes Mildura, so Mildura has come out of our numbers since September.

Chris Cooper: (Goldman Sachs, Analyst) Understood, thank you. Just on PPE and COVID costs, you've talked to the fact that these are now going to continue, but you expect them to come down. Can I ask how much of that expectation is driven by price per unit and how much of that is volume of these PPE costs? I know it's impossible to predict, but can I just ask how you're thinking about it at this stage, and would you expect to enter first half '22 at better or worse than half the run rate that we saw in the first half of '21.

Martyn Roberts: Yes, Chris, it's Martyn, so obviously there was only a small part of that $8.2 million a month was PPE, but the way we're looking at PPE is we purchased a huge amount of PPE during the middle of the crisis, which was probably unfortunately at peak prices as well, so while some of the prices have come down - actually, some of the PPE items prices still continue to rise, but on average they've come down, but we won't see the benefit of that for quite some time, because we had been six months and two years' stock on hand of certain items.

So it's going to take quite a while for that to flow through. With regard to usage, that will come down a little bit, but certainly not anything material.

Chris Cooper: (Goldman Sachs, Analyst) Okay, and just illustratively, would you expect to exit this year at half the run rate that you had at the start of the first half period? Would that be a reasonable assumption at this stage?
Martyn Roberts: Not with regards to PPE, no. So if you think of that $8.2 million, a fair amount of that or let's say a quarter of it was roughly the procurement benefits that we missed out on during the calendar '20, so we would expect that to start to reverse in calendar '21, depending on volumes that we get during this calendar year. If [Farrelly] keeps trading the way it is, that should be okay.

PPE costs, as I said, will take a while to come down. The other element of that was the cost of screening at the entrance of our hospitals, whereas restrictions came off in parts of Australia, we could actual automate that using [apps], et cetera, but then when we enter snap lockdowns, we have to put screeners back on the front of the hospitals, so that will be spiky over time. But that should come down over time, as well.

Chris Cooper: (Goldman Sachs, Analyst) Got it. Just lastly, just very quick, any update on the potential wait list tender out of the UK with the NHS, please? Thank you.

Craig McNally: No are update, to be honest. The second wave has thrown things into the melting pot a little bit. There's absolutely still the commitment for it. The impact of - the numbers are starting to - the COVID numbers are starting to look better in the UK, but the jury's still out on what the impact of the vaccination's been and the length of time that will take to get back to normal periods. Look, you would hope that the volumes would start to flow sooner rather than later, but it's really difficult to predict at this point.

Chris Cooper: (Goldman Sachs, Analyst) Thanks very much.

Operator: Thank you. Our next question comes from the line of Lyanne Harrison from Bank of America. Your line is now open, Lyanne.

Lyanne Harrison: (Bank of America, Analyst) Hi. Good morning, Craig. Good morning, Martyn. Thank you for taking my questions. Similar to Chris, who found slide eight quite useful, if you had a slide similar to that for Europe, could you give us some indication what we would see trend wise on a month on month basis?

Craig McNally: I don't have that much detail on it.

Lyanne Harrison: (Bank of America, Analyst) Only things [similar].

Craig McNally: But for France, which has a similar portfolio of assets and case mix, it's not vastly different. The returns of - one, France didn't build up the same backlog, necessarily, but you won't get a dissimilar profile. You'll have surgical services up. You'll have the nonsurgical services down, and that's medicine and mental health. Obstetrics continues to be down across the private sector anyway, irrespective of COVID.

So look, without going into the absolute profile on a month-by-month basis, it's not going to be vastly dissimilar for France, albeit the additional lockdowns, we'll see that - and the environment they're in at the moment, we'll see that dampen. So we'll probably see that slower to recover over the next period than we would see Australia.

Lyanne Harrison: (Bank of America, Analyst) Okay, and in terms of the quantum, so with the Australian scale, it's from I guess up to - for January, might be up between 5% and 10%. Would France be similar to that or would it be different and lower?

Martyn Roberts: Not at the moment. France, we - I don't want to certainly underplay the situation in Europe, because it is difficult. I think we find it difficult from Australia to put it in perspective, but they're in a position that they were back in the start of the last year in terms of the impact of the virus on what's happening around not just healthcare in France but generally around the community. So it's not going to be the same as Australia.

Lyanne Harrison: (Bank of America, Analyst) Okay, thank you, and if we could turn then to Australia, obvious, given the COVID caseload has been lighter and we're fortunate for that, but to what extent do you think that the surgical backlog in Australia has been worked through, and any colour you can provide on types of admissions would be helpful.

Craig McNally: Yes, look, I think we've still got some way to go on that. I've always said that I thought it would be longer and lower in terms of the backlog, and still, what we're trying to get the data points on is the rate of entry into the system. So what is the makeup of the premium volumes that we're servicing at the moment? How much of that is backlog, as opposed to how much is really coming in the front end? So I think it is slower and longer.

Lyanne Harrison: (Bank of America, Analyst) Okay, and are you seeing any public volumes come through yet in Australia?

Craig McNally: Yes, and it's a state by state and local area by local area issue, but we've got a couple of states where we've seen increased volumes of public patient surgical services, primarily, and some states where we haven't seen that come through yet.

Lyanne Harrison: (Bank of America, Analyst) Okay, thank you very much.

Craig McNally: You're welcome.

Operator: Thank you. Your next question comes from the line of David Low from JP Morgan. Your line is now open, David.

David Low: (JP Morgan, Analyst) Thanks very much. My question's really around the Australian margins, so down 460-odd basis points. Just wondering what the key contributors to that weakness are. I think the obvious buckets are Victoria, COVID costs and mix. Any help you could give us on how to attribute that, because particularly as Victoria comes out, just trying to get some sense as to where margins might go.

Martyn Roberts: Yes, David, it's Martyn here. It's hard to really think of the Australian business or any of our businesses, currently, from a margin percentage perspective, because of the impact of the various different government arrangements that we've got. So you've quite rightly pointed out that we've called out that the impact of the Victorian restrictions in the half were $70 million. Add to that the $8.2 million a month in additional COVID costs, so $49 million. That's pretty much most of the variance between this half and last half, with a couple ups and downs with the profit on the sale of the medical suites and a couple of other provisions, et cetera.

The actual balance, then, in terms of mix, et cetera, as Craig was talking about before and we put into the materials, positive increase in surgical offset by a negative increase in nonsurgical, where with surgical being bigger but nonsurgical being much higher margins. So the two of those net each other out, so you really have a very minimal underlying ex-Victoria trading mix benefit from what we've done, so if that's helpful.

David Low: (JP Morgan, Analyst) Yes, yes it is. Thank you. You've touched on mix there, so the nonsurgical part, so mental health, rehab and medical patients all got mentioned in the commentary. Any sense as to what the trends are in those segments and whether we should be expecting improvement over the next six months or so?

Craig McNally: Yes. Generally, the January numbers on slide 8, I think - on slide 8, too short a period to draw a trend off, David, but we're expecting an improvement in all of those therapeutic areas. This week, our mental health facilities, both inpatient capacity and day patient programs have been full for the first time since COVID. Too short a period for this week to draw a longer-term trend off that, but that's encouraging, and we'll see - in medicine, a big piece of it is respiratory.

So that will depend on what happens with flu season again, but we expect, as the environment opens up, and people are engaging again, that we expect respiratory conditions to increase and thus medical volumes to increase. There's a number of other things in medical as well, obviously.

So yes, so…

David Low: (JP Morgan, Analyst) I guess importantly…

Craig McNally: We expect it to improve.

David Low: (JP Morgan, Analyst) Nothing holding back mental health, it would seem, and rehab presumably is linked reasonably closely to levels of surgery, so both of those it seems like the early signs are quite positive.

Craig McNally: Yes, look, I think in all of those, one of the key things that we probably underestimated on the first half of last year, it became evident to us as the year went on, was the impact of visitors. Particularly for those longer length of stay procedures, not so much for surgery, but for rehab, mental health, people were concerned about not having visitor contact over an extended period of time, so that's an issue that this was improving as time goes on, yes.

David Low: (JP Morgan, Analyst) All right, look, the last one for me. The UK, quite a strong result. Can that continue at that level? I know COVID's very hard to predict, and I know that the start of the period's not great, but the contribution there looks pretty

impressive, given those circumstances. Do you think it's reasonable to assume it can be matched again in this half, or should we think differently?

Martyn Roberts: I wouldn't be trying to extrapolate any results from the first half into the second half. It's one of the many reasons why we've not been able to give guidance. What I would say is we've tried to help in the OFR by splitting out the new interest costs from AASB 16 from our financing costs, because in the UK, we're basically getting all our costs covered, including rents. As you know now, rent, a large part of it's being in the interest line, so we've tried to help users there. If you look at that, the EBIT less financing cost associated with leases was AU$7.9 million in the period.

So it's not a huge number. That number is essentially from the increase we had in private patient activity during the half, and we actual made a loss in the prior period. So yes, it's quite a large percentage increase, but in terms of dollars, it's not a huge amount. It's hard to say what it's going to look like in the second half, because we're under a completely different arrangement now, and we're volume based, and it depends what the volumes come through and what the mix of that looks like, so pretty hard to predict.

David Low: (JP Morgan, Analyst) All right, thanks for trying.

Martyn Roberts: Thank you.

Operator: Our next question comes from Gretel Janu from Credit Suisse. Your line is now open, Russell.

Gretel Janu: (Credit Suisse, Analyst) Thank you. It's Gretel here. So just firstly in Australia, the surgical volumes that have returned, how have you seen the surgical case mix relative to pre-COVID levels? Is it relatively the same, or has there been a high level of acuity? Just some comments on that would be great, thanks.

Craig McNally: Yes, look, it's an interesting one. A lot of the catch-up work for the backlog is lower acuity, because the higher acuity work was done. The higher acuity work generally wasn't deferred, so in terms of surgical case mix, we're seeing a bigger proportion of lower acuity work in the total at the moment.

Gretel Janu: (Credit Suisse, Analyst) Okay, and then just moving onto labour, so you talked about some of the difficulties in the Northern Hemisphere at the moment with labour, so are you anticipating a shortage? Are you giving greater incentives to the staff, and is this going to be one of the biggest headwinds post COVID as you look forward to a recovery in the Northern Hemisphere businesses?
Craig McNally: It's a significant issue for us. In France, you will have seen that the staff got a significant - nursing staff got a significant pay increase right across the system, public and private, but they're just fatigued. There's a lot of energy going into treating COVID patients. The absenteeism has increased, which is no surprise, because there's plenty of staff and their families and friends who are COVID positive.

Look, all I'll say is it's challenging, and it's top of mind for us in terms of how we support the staff and make sure that we provide the safest environment we can as a priority, but then to make sure we can take as much pressure off them as possible, and we'll continue to do that. Hopefully, we put ourselves in a position where we are seen as a good employer and that holds us in good stead into the future.

Gretel Janu: (Credit Suisse, Analyst) So it's probably a little bit too soon to see if there's going to be an impact to the recovery from this angle, is that right?

Craig McNally: I think so, yes. I think that's right.

Gretel Janu: (Credit Suisse, Analyst) Thanks, thanks all I have.

Craig McNally: You're welcome.

Operator: Our next question comes from Andrew Goodsall from MST Marquee. Your line is now open, Andrew.

Andrew Goodsall: (MST Marquee, Analyst) Good morning, and thanks very much for taking my question. I know you've talked to the duration of the recovery in terms of years. Is one of the factors in terms of how much you can capture each year just your own capacity or medical capacity, and what sort of cap would you see that putting on the opportunity to participate in this growth recovery?

Craig McNally: In theory, that's right, but we certainly haven't been restricted to date, and I don't think we're going to be, to be honest. There's three types of constraints on

capacity. I think I've spoken about this before. You've got the physical constraint about how much physical capacity you have in terms of operating theatres, beds, et cetera. You've got your staffing capacity, and you've got doctors and their appetite.

I think the trends we're seeing, I think we can manage whatever that [premium] is going to be for quite some time. So I don't see that our own constraints are going to limit us generally across markets. I think in the UK, we're probably more constrained from a physical capacity point of view, so we've got some facilities where they're pretty full anyway, so we've got to look at ways that we can create that capacity. But they're smaller units in the UK and generally easier to create capacity in a short timeframe.

Andrew Goodsall: (MST Marquee, Analyst) If we just take that slide 8 that gives us a picture of where you were in January, is that being done with relatively ease and reasonably sustainable at those levels?

Craig McNally: Yes, sure. No great pressure on that.

Andrew Goodsall: (MST Marquee, Analyst) Got it, and then…

Craig McNally: The staff probably [unclear].

Andrew Goodsall: (MST Marquee, Analyst) Then just the - in terms of that recovery that you've seen in January, if you were to look at items that you might regard as lead indicators, things like colonoscopies and other diagnostics and so on that you might be performing, how would you see those relative to that chart, or where would they plot and give you…

Martyn Roberts: They're certainly increasing, and that referring to the lower acuity surgical services. You've got the endoscopy work that's certainly included in that, and we're seeing significant increases in that.

Andrew Goodsall: (MST Marquee, Analyst) Would those increases be at the - where would they be relative to the green line? Would they be surgical, would they be above or similar?

Martyn Roberts: I won't answer that, Andrew, because I don't have within the top of my head now, sorry.

Andrew Goodsall: (MST Marquee, Analyst) No worries, and just thinking about the duration of the backlog, I know you've responded to this a bit, but if we think that's in most jurisdictions what we've seen in this country, Australia, would Australia be on the more positive edge of the backlog relative to the UK? We do get opportunities to see that in the UK, there's a lot of unmet demand I suspect, too, that we just can't quantify. But yes, how you're seeing it on a scale of which countries have the deeper backlog?

Martyn Roberts: UK certainly. The UK had a starting position that worse than anybody in the - before COVID. As we've talked about previously, the government has made the commitment to put the additional funding in to address the sizable backlog in the UK, but that's certainly the market in the worst position.

Andrew Goodsall: (MST Marquee, Analyst) Okay, great. Thank you very much.

Craig McNally: You're welcome.

Operator: Thank you. Our next question is from Saul Hadassin from UBS. Your line is now open, Saul.

Saul Hadassin: (UBS, Analyst) Thanks. Good morning, Craig and Martyn. Can I ask about that slide 8, which everyone seems to be referring to. Just the surgical admissions, that grey line, I'm just wondering, is the revenue growth materially different from that circa 5.7% in January?

Craig McNally: Just going to have a quick look.

Martyn Roberts: I don't think it's wildly different.

Craig McNally: No, I don't think it is. I think it's in line.

Martyn Roberts: Yes.

Saul Hadassin: (UBS, Analyst) Okay, so that would suggest that the mix within that surgical work versus the previous comparative period would not be that different in terms of overnights versus day stay. The question is, are you seeing a lot of growth in day cases versus overnight, and that's blending that revenue growth down, but from your answer, it sounds like it's not.

Craig McNally: Yes, look, I think we're just seeing the same trend, Saul. Growth in day cases does outstrip growth in inpatient cases, anyway. We're not seeing so - it being totally disproportionate at the moment. We're still out of our - in Australia, out of our surgical procedures, 65% of them are day procedures anyway, but the day component is significant in what we do regardless.

Saul Hadassin: (UBS, Analyst) Yes, that's fine, and then just a quick one on France, maybe for Martyn. Just trying to contextualise the $180 million of government grants, if you look at the change in revenues for the base business, they declined about $100 million or just over $100 million. Is that $180 million then just a reflection of that smoothing of that seasonality, or is there going to be some true-up, as you mentioned, of that grant that was provided in the half?

Martyn Roberts: Yes, so there's a seasonality aspect to it. We also recorded some COVID-related payments, which covered cost for the March to June period, as well. So we didn't accrue those in March to June, because the details of those grants weren't compiled when we issued our results, so those are in there as well. So there's a bit of a catch-up from the prior period and that seasonality, where you'd normally see August and September for example being very low months, but it's flat lined with the government guarantee scheme.

Saul Hadassin: (UBS, Analyst) Got it, and just on that update to what the agreement might look like, do you know when you might find out as to what's going to happen in the current half?

Martyn Roberts: Well, what we heard is that the plan for the French government is to issue the decree in inverted commas at the end of February, but we'll wait and see. It does seem to change on a daily basis in terms of what we're hearing from the government, so they're obviously still formulating it at the moment.

Saul Hadassin: (UBS, Analyst) Okay, thank you. That's all the questions I had.

Operator: Thank you. Our next question is from [Sean Larini] from Morgan Stanley. Your line is now open, Sean.

Sean Larini: (Morgan Stanley, Analyst) Thank you, and good morning, Craig, and good morning, Martyn. Hope you're both well and fantastic operational job in the current

circumstances. Maybe Craig to start just to help us further characterise the catch-up opportunity. We noticed on the back of the Medibank and NIB results change their provisioning. They're now expecting down from 100% of surgeries to be caught up down to 85%. NIB have gone from 80% to 60%, still very high numbers. But I'm wondering if you could have any or provide any commentary around that kind of thinking would be the first one.

Craig McNally: I think we always I mean it's really hard to quantify. We always thought it was in that area of sort of 85%-ish that would have to come back into the system. I've got no data to suggest it's any different from that, Sean.

Sean Larini: (Morgan Stanley, Analyst) Great. Maybe, of course, the pandemic is still popping and bubbling away in the background here, but interior Australia is the most post-pandemic like market, if I could describe it that way. But having those kinds of observations, is there anything you could share with respect to permanent adoption of certain practices that have been implemented as a result of COVID?

Craig McNally: In terms of changes in practice?

Sean Larini: (Morgan Stanley, Analyst) Correct. So it might be less rehab. Obvious one is the increased PPE, those kinds of things.

Craig McNally: Yes. Look, the - certainly, telehealth, I think we'll see a permanent increase in the use of telehealth, certainly in primary care and in other consultations, mental health. But it will settle back from the peak it was during COVID. There's lots of clinicians who relied on the telehealth ability through COVID who aren't convinced that's the way they want practice fully into the future. But it will certainly be at a level above where it was.

The impact on us in that circumstance isn't that great. It's really about the referral path. It certainly helps us enhance the way we provide services, but it doesn't change necessarily the referral path. Rehab, I think we've called out a few times, particularly day rehab and day mental health, they were impacted by social distancing restrictions as much anything else, and I think when we get to see what policy changes will happen with government support for home-based services will increase.

But what we've seen in rehab is rehab is always a topical one. Rehab volumes did drop and have been slow to recover. The shift - because I'm about to say rehab. It's not just off rehab. There's different categories within rehab. So we've seen a significant shift over a five-year period to new rehab, for example. So when people need rehab, they need inpatient rehab, they tend to be at the more acute end of the spectrum and so the home-based services - we're supportive of the home-based services, and we will be providing those as we are now, and we'll increase the provision that we have through our Ramsay Home Care Service.

But a lot of it is new work rather than hospital substitution. So I still believe as we shift to more acute rehab, that rehab volumes will continually increase. To be honest, when you do the analysis on what long-term volume growth looks like in different specialties, rehab regardless of provider is right at the top of the list and really related to the aging of the population.

Sean Larini: (Morgan Stanley, Analyst) Great, perfect, Craig. That's all I have.

Craig McNally: You're welcome.

Operator: Thank you. The next question comes from Steve Wheen from Jarden Australia. Your line is now open, Steve.

Steve Wheen: (Jarden Australia, Analyst) Thank you. Good morning, Craig, Martyn and [Kelly]. Just wanted to ask about the doctors' appetite to recommence their caseload. That's obviously been one of the bigger handbrakes as we come out of COVID in Australia. I just - are you seeing that change? And is there more change that's required to actually kind of lift those volumes back to where you perhaps expect them to be given how much is being deferred?

Craig McNally: The only change we've really seen, Steve, is in Victoria for obvious reasons. The - I think one of the things that we have seen in terms of doc behaviour is from Victoria, a greater acceptance, and when these lockdown situations happen, that you do defer the work, whereas we saw a lot of sort of pushback 12 months ago where doctors wanted to keep pushing work in. But overall, no behaviour, no less appetite to continue to do more work. Remember that there is a generous supply of doctors, so some specialties are pretty competitive. So they're looking for work they can get.

Steve Wheen: (Jarden Australia, Analyst) Great. Just to take the doctor angle one step further, a number of your larger peers have been clearly struggling during this period and haven't had access to the capital markets like yourselves. Is that - does that stand you in good stead to win over doctors to your facilities from continued investment in equipment and the like?

Craig McNally: Short answer would be yes. But to make ourselves attractive for doctors, what we've been doing strategically for a number of years in terms of the more complex campuses, putting in clinical infrastructure that makes doctors' working lives easier, patient outcomes better, that all comes together. Capital is certainly part of that, that we continue to invest in clinical technology more than anybody else in the industry. That is one component that makes us attractive for doctors.

Steve Wheen: (Jarden Australia, Analyst) Yes. Great. Can I just turn to - you're now, through COVID, clearly working a lot closer with State Government. The opportunity is there to do further public work to help them with their waiting lists. How do those type arrangements look? And how do you then assess private work versus doing public work? Because clearly, I'd expect, one would be more profitable than the other. How do you weigh that up in the context of your capacity?

Craig McNally: Yes. That's not - the profitability piece is not necessarily the case. It's a bit different at the moment in one state particularly, but that will sort itself out in due course. But for me, it's not a trade-off between doing private or public. It's making sure that we can do both effectively and certainly still maintain the perception of value with private healthcare. Then the quantum of it, and I've said this before, and I think it still rings true, is it depends on how much the states want to allocate to their health budgets to do the catch-up.

So there's a political sort of motive behind what waiting list tolerance they have and then how much they allocate to do the catch up. We're seeing some - as I said earlier on this call, a couple of states have been ahead of others in terms of engaging with us to do public work. The quantum of that will depend on how much money they get in the next budget. There's a mix of short term let's do something for the next three months and other discussions which are really about the next three years.

Steve Wheen: (Jarden Australia, Analyst) Right. Last one for me. Just wanted to get an understanding around pricing in Australia given you've now completed most of the major renegotiations. We obviously go into the second half with full indexation across procedures. But can you characterize how much first half might have been missing in terms of indexation, obviously, acknowledging that you were coming out of government arrangements as well?

Craig McNally: You know I'm not going to specifically answer that one. But all I'll say is that as has been the trend in the last handful of years, the indexation we've got is the price indexation is less than our cost inflation. So we've got to do things to manage better to maintain or increase margin.

Steve Wheen: (Jarden Australia, Analyst) I wasn't actually after the price. I was after, is it like three months of first half was across 30% of your business, say, was Medibank related and therefore without indexation? Is that kind of the way we need to think about the price environment for first half to adjust for that going into second half?

Martyn Roberts: Yes. Steve, it's not material, if you're looking for any kind of impact in these numbers.

Steve Wheen: (Jarden Australia, Analyst) Okay, thank you.

Martyn Roberts: Next caller?

Craig McNally: Any more questions? Operator?

Operator: Yes, we do have another question from the line of David Stanton from Jefferies.

David Stanton: (Jefferies, Analyst) Thanks very much, I might be lucky last here. A couple of questions from me. Firstly, just a more longer term question. Given the changes and given COVID, can you give us an update on the Australian private in public issues that you've been facing as an industry and where you see that going over the medium term?

Craig McNally: Okay. Privates in public. You saw the APHA data released a couple of days ago, which saw a significant decline in privates in public, but I think that's not indicative of what the future would look like because public is not doing any surgical

work really - elective surgical work. No, I think we'll continue to see a downward trend on that. Then I think what Greg Hunt has done as Health Minister and the discussions with the states have - without using a big stick have sort of pushed the prevalence of privates in public down, although I do think it has probably reached the natural high anyway. There's only so much private work that the states can do politically without servicing public patients. So I think the longer term trend is, David, we'll see less privates in public. But I couldn't tell you the rate of decline, to be honest.

David Stanton: (Jefferies, Analyst) Sure. Then second question for you, Craig. On the Ascension JV, can you give us an update on - obviously, it's paused. When might that sort of kick back in, please?

Craig McNally: Well, I'll actually hand that one to Martyn.

Martyn Roberts: Yes. So David, yes, look, I mean, as Ascension are dealing with COVID in the US and our business is dealing with it in France and UK, you're right, it is paused. Nevertheless, we still think that there's good opportunities in procurement more broadly across our Group. We continue to search for them. Whether they're through Ascension or not, doesn't stop us looking for those opportunities. So hard to say when we'll sort of get back on track with that.

David Stanton: (Jefferies, Analyst) Okay. Then more questions for you, Martyn, if I may. Apologies if you've laid this out, but you've given us potential CapEx for F21 in Australia and the UK. Could you give us a number potentially for Europe in terms of CapEx for '21?

Martyn Roberts: What was it? It is in there. Just trying to find that. Not off the top of my head. For '21, it is - Europe. I'll come back to you on that one.

David Stanton: (Jefferies, Analyst) No problem. Then…

Martyn Roberts: It is in that material somewhere. I just can't find it right now.

David Stanton: (Jefferies, Analyst) No worries. I'll have a bit of look. Then…

Martyn Roberts: $209 million for the period.

Craig McNally: Okay. We'll come back with you.

Martyn Roberts: Yes. Thank you. It's €170 million to €220 million.

David Stanton: (Jefferies, Analyst) Okay. Very good, thank you. Then minorities, again, a bit higher than what I was thinking at least. Can you give us some colour around any updates to the calculation and what potentially an overall number for '21 for minorities, all things being equal?

Martyn Roberts: Well, it depends on what profit we get from Sante, so - and we're not giving any guidance on that. So clearly, Sante grew and Australia didn't. So hence, the increase in minority interest in the first half. That's in line with the divisional results. I can't give you a forecast for the second half because I can't give you a forecast for the results of Sante.

David Stanton: (Jefferies, Analyst) Thank you.

Martyn Roberts: There's two more callers, I think. Operator?

Operator: Yes, sir. We have your next question from John Deakin-Bell of Citigroup. Please ask your question.

John Deakin-Bell: (Citigroup, Analyst) Thank you. I'm just back on that slide 7, maybe a little slower than some of the others. I'm just trying to reconcile some of the numbers here. So I just want to make sure I'm 100% clear, $402 million of EBITDA in the first half. If I add back - sorry, if I take off the $15.6 million because of the one-off of the sale, roughly $386 million. I add back the $48 million, which is the [six-eighths] for the COVID - extra COVID costs of $49 million on $335 million, say, and then you say the $70 million impact from Victoria. I just want to understand, is that an EBITDA and the revenue impact so that I should be at kind of $504 million or $505 million before that at the EBITDA line and add $70 million to the revenue line? Can you just confirm that?

Martyn Roberts: Not necessarily. The $70 million is an EBIT number. A large part of that is the fact that we've got less revenue. But it's this EBIT number that we've given you.

John Deakin-Bell: (Citigroup, Analyst) $70 million is an EBIT number. Okay. So when I do all of those calculations, I come up with about an 18.5% margin versus an 18.9%

margin, PCP. I know you said to David you can't think about it like that, but we will at some point.

So all things being equal, we just need to think about it in the context of that $70 million not being there in the second half, right? That will go back to normal. Then…

Martyn Roberts: If there's no more lockdowns and restrictions on surgery, obviously, yes. Yes, as we've said, the margin is slightly lower because of the mix that we've had. So with nonsurgical down and surgical up, that is going to have a negative impact on margin. Craig McNally: And already the snap lockdowns will have an effect.

Martyn Roberts: Yes. In this half, some of those snap lockdowns have a bit of an impact here.

John Deakin-Bell: (Citigroup, Analyst) Yes. Understand. Understand. That's very clear. I was just interested in this LTI target you've got there on page 9 of the 3.6 of the account. So I just want to be clear, this is ROIC outcome. That's for the Group. Is that Group-wide? Or is that do you separate out Australia and the UK and France? How does that work?

Martyn Roberts: It will be a group number, yes.

John Deakin-Bell: (Citigroup, Analyst) Right. Because the historical cost base at Australia is obviously - that's a very low cost base in the ROIC of the group. The ROIC of Australia is materially different to that of France, which is where a lot of the cost of capital is, but it's probably less than the cost of capital in France. So you're just doing it at a Group level.

Martyn Roberts: At a group level, and it's a gateway. So the EPS component of the LTI won't pay out unless ROIC is above WACC for the period.

John Deakin-Bell: (Citigroup, Analyst) Okay. Understand. Thank you. Just finally, Craig, if you don't mind. I read with interest the transcript of the NIB call from the other day, your industry colleagues saying about the government reviewing medical devices, again, quite egregious the prices of Australian consumers are paying, et cetera. I just want to confirm, obviously, they're going quite hard at this, and they believe that the prices are very high. But I want to confirm, I know we went through this like five years

ago when Chris was still there. But the - if the prices of the medical devices materially decline, that's you don't expect any impact on your business?

Craig McNally: Yes, immaterial. So most of the prosthesis is a pass through. We'll have some volume discount that I think Chris called out in that Senate inquiry. But it's not material.

John Deakin-Bell: (Citigroup, Analyst) That's great. Thanks for taking the questions.

Operator: Once again, if you would like to ask a question, you may press star one from your telephone. It's star one to ask a question. So, our presenters, the next question is from David Bailey from Macquarie. Your line is now open, David.

David Bailey: (Macquarie, Analyst) Yes, good morning, Craig and Martyn. Just one from me. Again, we'll go to slide 8, if we can, the grey line showing improved trajectory, December, January type thing. Within January and December, just wondering if you observed anything from a specialist perspective or surgeon perspective such that they were working more so in January and December this year than they would have in the PCP?

So what I'm trying to understand is whether you think you can sustain that kind of growth as you start to cycle seasonally stronger months in February, March, et cetera.

Craig McNally: Yes. There's only a small element of that, David. We anticipated that would be a lot more, but they generally took their holidays. So it's not that different from the previous period.

David Bailey: (Macquarie, Analyst) Okay. So you think you can kind of - it will be volatile, but retain an elevated level of growth against stronger prior periods over the next few months or so?

Craig McNally: It won't continue on that trajectory, but…

David Bailey: (Macquarie, Analyst) It might. All right. That's it for me.

Craig McNally: Well, just to clarify that, I can't see sort of like 7% going to 15% growth.

David Bailey: (Macquarie, Analyst) No, no. It's meant to sustain that kind of level. That's fine. Okay. That's all for me. Thanks, Craig.

Operator: Once again, if you would like to ask a question, you may press star one from your telephone. It's star one to ask a question. The next one, the question is from David Low from JP Morgan. Your line is now open, David.
Craig McNally: Hello?

David Low: (JP Morgan, Analyst) Sorry, David Low again. John raised this issue of prosthesis. Certainly, the rebates is part of it. But there's also this talk of quite significant reform with the general miscellaneous category and with the price list generally. Some of the other hospital groups have talked about fear that that's going to have to be absorbed by the hospitals. Just wondering what your expectations are with the next round of reform.

Craig McNally: Yes. There's a lot of discussion going on. As you could appreciate, there's - submissions went in 2 weeks ago from different parts of the industry. The intent with the general misc, and so for most people who don't know, general miscellaneous is a catchall for lots of things being glues and staples and other things that you need to implant prostheses. The intent was to not - the intent that's going on. What the health funds are pushing for is that they come off the prosthesis list. The government view is they don't know whether that's the right way to treat them or not but certainly not for the cost of them to be absorbed. There'd have to be other funding mechanisms put in place to cover those.

David Low: (JP Morgan, Analyst) Okay. Look, one last one for me. The comment was made that the volume rebates accounted for about a quarter of that $8. 2 million a month. My sense from what was said was that's all moving in the right direction, and as long as Aussie volumes pick back up, we could knock that $2 million odd a month off fairly soon. Is that the right way to think about it?

Martyn Roberts: That will be the right way to think about it, yes.

David Low: (JP Morgan, Analyst) That's all about Australian volumes. It doesn't matter if France and the UK remain locked down and not much happens?

Martyn Roberts: Well, I think in France in particular, like if there's no surgery, then that will have an impact clearly. But based on what we're seeing currently, it's early days in the current calendar year, but all else being equal, it should be okay.

Craig McNally: Yes. Australia has a disproportionate impact on that.

Martyn Roberts: Yes, that's right.

David Low: (JP Morgan, Analyst) I'm sorry, just the right way to think about it, it's probably not a month-by-month thing then. It's really sort of where you end up in the calendar year as to whether it comes through.

Craig McNally: Yes, correct. We won't know until the end of the year.

David Low: (JP Morgan, Analyst) All right, sorry to drag it out. Thanks very much.

Craig McNally: That's okay.

Operator: Thank you. Once again, to ask a question, please press star one now on your telephone. The next question is from John Deakin-Bell from Citigroup. Your line is now open, John.

Craig McNally: Hello, John?

John Deakin-Bell: (Citigroup, Analyst) Yes, here I am, sorry about that. Some of the line items, I was hoping you could just give us a hand on, not guidance overall, of course, but interest, D&A and CapEx. I mean is the second half going to be materially different for the first half? And we can obviously come up with our own views on revenues and EBITDA margins. But any help you could give us, Martyn, would be appreciated.

Martyn Roberts: I think it will be rash for us to give you guidance on those kind of lines, John. I mean particularly interest, it's going to really depend on what the business looks like and where that leaves our net debt over the course of the period. So I'd be loath to try and give you guidance on those numbers. I think the only thing we have helped you with is the effective tax rate.

John Deakin-Bell: (Citigroup, Analyst) Surely, the CapEx guidance is not going out on a limb by telling us what you think you'll spend in the second half.

Martyn Roberts: Yes. No, we've got CapEx guidance in all of our sections there. So we've given CapEx guidance, but trading results will impact on interest.

John Deakin-Bell: (Citigroup, Analyst) And depreciation and amortization, again, shouldn't be any materially different to the first half, right?

Martyn Roberts: Well, not particularly. But we're not giving guidance on that. But no, it shouldn't be massively different.

John Deakin-Bell: (Citigroup, Analyst) Okay. I mean they're not operating items. I mean it's just going to - it just keeps the consensus at a sensible level, if you can help us with some of those things that are clearly not market sensitive.

Martyn Roberts: Yes. Appreciate that.

Operator: Once again, to ask a question, please press star one on your telephone. It's star one to ask a question. There are no further questions at this time. Presenters, you may continue.

Craig McNally: Okay. Thanks very much, everyone. Let's call an end to it there, then.

Martyn Roberts: Thank you. Thanks for joining.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

End of Transcript