Taylor Wimpey plc

Trading Update

Thursday, 23 April 2020

Trading Update

Pete Redfern

Chief Executive, Taylor Wimpey plc

Thank you, good morning everybody and thanks for joining us. I will focus almost entirely on today's statement and I don't plan, unless it is particularly relevant, to go back over the statements we've made during this crisis, over the last two or three weeks. Although, obviously given that we haven't done a conference call with most of them, I'm very happy if you want to ask questions but I won't bore you by repeating them.

Just a couple of broad comments before I start; two things we are not doing today. We are not reinstating guidance for this year. I think you would be surprised if we were, and slightly concerned. We do think we are able to map out a plan, which is largely within our own control, but, obviously, there are still plenty of variables and very much, our focus is on making sure we have options. Both options if conditions give us opportunities and options if conditions get tougher than they are today. So it doesn't feel the time to set out significant guidance.

But I am not trying to draw you away from asking the natural questions that I know you will all want to ask. Some we won't be able to answer, but we will do our best, particularly where it is giving you a view on what is happening at the moment and how we see it. Obviously, where you start to want to translate that into what the numbers might look like, then we will probably resist; but very happy to discuss how we see the environment at the moment.

And, the other thing that we are not doing today is, we are not calling the market. I think, again, recognise that any decision to start build, which I will spend some time on, absolutely connects into a view about the market. But we are not saying that there is no future market risk but we are not saying that COVID-19 will not have an impact on the housing market.

I think what we are saying, which I will come back to, is the early signs are perhaps a bit more positive than people would expect; but also, that there is certainly no inevitability to material downside in the market, with the exception, obviously, of volume in Q2, and probably into Q3. So, we will come back to those. But I don't want you to go away from it thinking we have a suddenly buoyant view of the market; we think there is a range of outcomes and that our plan allows us to deal properly with all of that possible range.

The thing I will spend the most time on is the decision to restart construction activity on sites today, what is behind that and some of the implications and certainly, the philosophy of our view as to why now is the right time. And I will then touch on the sales stats and Chris, probably open up and give you a chance to talk about the movements in cash since our previous statements.

I think, since we closed sites, and you will well remember that we were the first to take that decision, and that it was our decision, rather than government-imposed, we have been working hard to work out how best to open up sites, particularly from a safety point of view. Putting in place method statements and protocols to be confident that safe distancing particularly can be operated on our normal construction sites. But also, looking at the changing environment, changing perceptions; how our own people feel about it and what the environment is like and the process.

And I am sure you will ask questions and we will try and cover off some of those in advance on how we feel the supply chain will respond. Whether we feel sub-contractors will be there, which are obviously key parts of the decision.

I think the reason we are making this announcement today, and we have been working on it closely over the last few weeks is, we now feel we do have the systems and processes and, if necessary, the equipment in place to be able to actively start work on site. We think that process is best handled in a staged and managed way. And one element of that decision is behavioural.

What was very clear, if you go back to 20, 21 March, is that ordinary sub-contractors are not that different to the average person in the population and did not immediately, naturally feel that safe distancing applied to them. And, trying to make that behavioural change stick overnight, with the number of people we would have on site, would have been difficult, arguably impossible.

Whereas now, once people have got used to that more, are used to it in their daily lives, actually, we feel as well as having the systems and the processes that we can set up, there is also a much better behavioural balance with our sub-contractors. And, I think the strong action of stopping sites but then supporting sub-contractors, gives us the moral high ground to say to them, these are the rules; we are doing it to protect you. We want you to do it to protect us. And we think that gives us a position that makes it much easier to be confident that our Site Managers have a realistic task to make sure that these procedures are adhered to.

I will talk a little bit about the phasing; and the main reason I am talking about it is because it gives you a sense of how we are setting it out. Obviously, I know that you will try to then draw numerical conclusions from it. It is quite difficult to do that; and our focus is on getting it right, getting activity back, getting activity back in the right way rather than it is on how quickly can we get back and get to completions and cash back. And I will touch on that in a second more directly.

But, the first step of the phasing is our own site management teams, which tend to be about four people per site, arriving on site on 4 May and they will spend that week, and on some of the more complex sites, a little bit longer, preparing the site for return to work from sub-contractors.

So, preparing the site means changing layouts of toilets, canteens, putting up signage, changing where appropriate and necessary some of the traffic management routes to make them wider or putting in passing places. Where it is an option, and where it is necessary, putting in additional car parking spaces to reduce or remove completely the need to use public transport. And also, going through training themselves in the new methodologies, so that when the first sub-contractors arrive sort of during the week commencing 11 May, in relatively small numbers at first, they are lined up, they are confident and we have hit the ground running in the right way.

That first week, the number of sub-contractors will be focused towards finishing trades, but, and this is important and I said I would touch on our views on the cash dynamics, we are not chasing nearly complete plots. That first week, the reason we are bringing in finishing trades, it is partly from a customer point of view, because we have customers in the order book whose homes were nearly complete who now want to complete; but it is also because we think it is the best way to do it.

It gives us a longer lead time with our suppliers, particularly the heavy side suppliers on bricks and plasterboard and the like, to be certain they have a date, which is one reason for announcing it so strongly today. So, they've got time to plan and prepare and know exactly what we want. So, as we speak, buyers in individual regions are converting their plans into orders and that gives a timeline that we think is realistic.

So, it is more focussed on that than we want to pepper pot and just try and grab immediate plots: we don't, as you can see, and Chris will come back to, have a near-term challenge with liquidity at all. So, it is more about making sure we manage value and if we steal the easy plots and don't continue to build our sort of – our pipeline for the future, then I think we hit a bigger problem down the line.

And we have a long-term view of this. Our focus is not on 2020 completions and absolute performance; it is actually on how we make sure the business is set up very well, particularly as we get to late this year and exit this year, so that 2021 can be as strong and as normal as it could possibly be, subject obviously to market conditions, which we will come back to.

And I think that may be a difference between us and others, if you are more cash starved or, to be honest, if you have a more short-term mentality, you are more likely to take those short-term plots. We will be focused on starting to do work on new outlets. Whether that be planning work, and we already have planning permissions coming through over the course of the last few weeks, or whether that be early infrastructure work.

We will be disciplined about the amount of infrastructure but it is not a case of stopping the future pipeline. I think, even with that, with the pause and the slowdown, it inevitably will have an impact on future outlets, but making that as limited as possible is a key part of the objective. And, again, I go back to, that maybe be different to what you hear from others, but we feel very strongly that is the right balance for us.

So, going back to the plan; week three we start to bring on more trades and week four, and we are in to late May/early June, we are getting towards, and, certainly by early June we are at, what we see as a new normal operating capacity while social distancing rules are in place. And, we are not calling whether that is going to be another month or another six months, to the end of the year, but a level at which we think we can sustain the business profitably, the level of inefficiency is low and it is very much weighted towards the extra supervision costs rather than having natural in-built efficiency because of the slower through-put.

But we feel a level of somewhere around 80% for our normal sites. And I don't want that to get too closely focused into mathematical models, because at this point it is an estimate and it will vary from site-to-site, but it gives you an indication of what we think is realistic. But, somewhere around 80% of normal capacity, we feel we can operate these sorts of restrictions and rules.

I think it is also worth saying that we have designed this process and this approach so that it is sustainable, not just in the way that I talked about because we are continuing to build forward on future plots, but also, that it is sustainable because we can adapt and control it if lockdown rules change. One of the things we have wanted to avoid is a rush back to site and the risk that then, actually, you have to then shut down again in six-weeks' time because the rules have changed and we feel this is adaptable and a clear sign from government, and they have been very supportive last night and this morning on this decision and the communication of it, the clear sign from government is this is what they want to see happen. So, they will try to avoid putting any accidental road-blocks in our way, and, of course, making it clear, and this is absolutely where we have started from, that our people support this, our sub-contractors support this, our Site Managers support this, we are not forcing anybody back to work that doesn't want to go.

We are very focussed on making sure that anybody who is vulnerable, who is sheltering somebody who is vulnerable or, who actually isn't ready yet themselves because they are fearful or they have family constraints, that those things have to take priority. But, to be honest, with this phased start-up, we think that will be something we can naturally manage anyway but we definitely start from those principles.

So, that – if this goes to plan, we therefore see by early to mid-June we are up to that new normal capacity. These plans don't, at the moment, apply in Scotland. We hope that as we set out ways of working and are clear on them, that will be one factor in the Scottish government becoming more relaxed with the construction activity starting up. But, it is early days to form that judgement. And, I think, in London, there are more likely to be more, sort of constraints; just the nature of sites.

And, I don't think there are many sites, if any, that we would expect not to open; but, with the constraints about public travel and the constraints on the size of car parks we can build and the sheer density of sites, it is harder. So, I think on average it is unlikely that that 80% level is going to apply to, certainly, Central London sites. I think Greater London is slightly more like the country as a whole, but, hopefully, that gives you a clear view of the sort of structure we are expecting.

Coming onto the supply chain, you can imagine, on the sub-contractor side, the response to this is very positive. People are keen to get back to work. They are very positive about the decisions that we have taken so far; both the decision to exit sites in the first place and also the support that we have given them through early payments and the 'Pay It Forward' scheme. And so, relationships and communication are very strong.

I think on the material supply chain, relationships and communication are also very strong and I think we have clear indications on all the key elements that this announcement will be one of the key steps in them re-gearing. And you have seen other comments, and we have seen them come out today, other comments of other parts of the supply chain starting to think about mobilisation.

People, to a certain extent, need a lead to jump off I think, and we think this will provide it. That doesn't mean there won't be friction; but we see that as friction rather than any one road-block that means that the whole process halts because we cannot get hold of a particular material. Or because there is another element of our broader supply chain, like the valuation process or service connections, that aren't available.

None of those things will be totally straight-forward and will run totally smoothly, but we have tested all of them and we do believe that all of them can be managed and that we can get to a process, at a slower rate, of delivering build completions and then sales completions as well. I think that's the main things I want to say on the mobilisation process. I think on the sales side, around mobilisation, it doesn't feel tenable to us, at the point when most non-essential shops are closed, to open our sales centres. It is an area our employees tend to be more sensitive about because they are not confident that if somebody comes in off the street that they will necessarily adhere to the same rules, so that will be slower.

I have to say, in my view, the construction limitations will take longer to unwind for simply practical reasons and so, actually, being able to get that mobilisation under way, and look to a not too far away partial remobilisation of a physical sales presence, I think, feels right anyway. I think with a strong order book, and I will come onto the stats on that, that gives us confidence that we have the customers there for the production that we will engage in over the first few weeks and months anyway.

I have seen others refer to, and debates go around, well, will you focus on sites that have a strong forward order book; will you focus on those plots? I think I have made it clear on plots that we will focus across the site. We don't have a site that doesn't have a strong order book, so, I guess the answer is yes, but that still means that if we can manage the site safely, we will be developing on it.

And I have not seen all the way through the financial crisis, for instance, an environment where sales were so bad that you shouldn't actually have every site open that you wanted to. You might, or that you possibly could. You might run them at a slightly slower pace, depending on the sale environment, but you would still choose to have every outlet open that was an option. And, I don't see anything in this that is going to be worse than that from a sales perspective.

I think, moving on to sales more directly, we are not, as I say, calling what the housing market is going to do, but we have been pleased, both by the performance of our own teams and our own systems on the sales side. We have kept more sales people un-furloughed than most of our competitors. We have a sales person who came from each site, who is still responsible for that site. They stay in regular contact with every customer in the order book. I know others in the sector have gone to more sales management teams doing that, but we feel it is important to have somebody who knows the site in depth. And, actually, so the customer has the confidence of talking to somebody they have probably met before and, certainly, if it wasn't the main sales person that they spoke to, it was somebody who sat next to them and who knows the ins and outs of the site. And we think that is pretty important and helps and that also gives us a good read across of confidence.

And we have not seen our customers looking to exit now. We all know that if prices fell, as we go through the next few months, then that's the sort of thing that will trigger more meaningful cancellations. But, at the moment, that is not what those customers are expecting or want to happen. They will wait and see to a degree, but one of the elements that we think will come from starting a construction process is even more confidence in that sort of environment.

And you can see from the stats, cancellations have been, I think, surprisingly low. We have quoted it as a percentage of the full order book, which I think is a fairer way of doing it. Somebody else pointed out, perfectly validly, that we should perhaps quote it as a percentage of the private order book, which is a fair point. If we did that, it would be something like 1.4%, so I think it still tells you the same story.

Just as an aside, we have also quoted the level of exchange as a percentage of the whole order book, but it would still be pretty close to 50% if we quoted the private order book. It is something like 44 or 45% from memory of the private order book. So, the level of exchanges is strong and we have continued to make exchanges.

On cancellations; the level of cancellations and this is the statistic that Chris used in a phone call last night and I hadn’t quite made this comparison, but I think it is quite powerful; the number of cancellations we have had in the last three weeks has been lower than the number of cancellations we had in the same three weeks a year ago. So, it does give you a sense that, yes, forward reservations are slower than normal, but cancellations have not suddenly spiked.

On those forward reservations, we have taken I think 285 new forward reservations since we shut our sales sites and those have happened by Microsoft Teams, by other video conferencing methods and by phone. The majority of them are people who had already visited the site and were aware of it, although it is important to remember that the vast majority of our customers anyway come from so close to our sites from their current homes, that they are used to the sites and know them anyway. But we have also taken reservations, which have been totally new, from people who haven’t visited the site before.

We haven’t – and this is a trading update rather than a call; we haven’t put up our usual charts looking at forward sales activity, but I think the most significant one is probably website visits; it just gives you the simple snapshot of level of interest and activity. That is down year-on-year, but it’s down from I think 540,000 hits to about 495,000 hits. So, it is down about 8% or 9%; so, I think if you tried to make, you have to physically close all your sales offices and everybody is going to be staying at home from a pandemic and you are still going to make net sales and have 90% of the same level of interest, then I would be pretty surprised.

As I say, none of that says, ‘Oh, everything is fine with the market and it will all be okay,’ but it does give you the sense that there is a natural resilience out there, and I think, as we open up sites from a construction point of view that will give our sales people a strong lead to talk to both existing customers and new ones and start to let us complete on some of the near-term plots in the order book, which, as I say is more for us about getting the customer service right than it is about an immediate need for cash, because, very much the focus is on a normal stable, steady return to work insomuch as it can be managed in this environment.

As I say, I won’t dwell on many of the other issues. Chris, do you want to talk about cash and probably pick up anything else that I’ve missed?

Financial Update

Chris Carney

Group Financial Director, Taylor Wimpey plc

Yes, of course. Good morning everyone. The £836 million gross cash position as of yesterday translates to £198 million of net cash, which is £33 million more than the £165 million of net cash we reported at the time of our last update a month ago. We've taken nearly 900 legal completions over that period, with the majority in week 13, you know, the last week of sort of Q1, which is typically a busy week and also happened to be the week where we were closing our sites up. And some of those 900 completions also took place during April, where customers expressed a desire to move into homes that were already fully build complete.

Contracted land payments during the period since that last update have been relatively modest, at £16 million, but we have not skimped at all on payments to subcontractors and suppliers, and in fact we've sought to make payments as fast as we can process them because, we strongly believe that that's the right thing to do. And that has resulted in payments to suppliers and subcontractors in excess of £200 million over that period.

Looking at the future liquidity and the cash outflows associated with, I suppose, the remaining unwind of our trade creditor position, our existing land commitments and our ongoing operating costs, we are very confident that even in a scenario where, our sites were to stay closed all the way through to the end of the year, which obviously, on the basis of today's announcement, looks very, very unlikely, we'd be very confident that we have enough liquidity to see us through that. And having said that, and as you will have seen from our previous announcements, you know, we're taking the preservation of liquidity very seriously; we've stopped discretionary land spend, we've cancelled the dividend, we've drawn down the RCF and management have obviously voluntarily reduced remuneration as well. And although, we've demonstrated, I think, that we're taking all the right actions to preserve liquidity, we don't anticipate our sites remaining closed, as you can see from today's announcement. So our balance sheet remains strong, and so our focus on cash and liquidity is geared much more towards opportunity rather than survival, and I think, that's a really important point to stress.

And then the only other thing that I'd pick up on, and it is probably, you know, a very obvious point for those of you who are close to the company, but one, I think, that's worth emphasising, we have a huge amount of experience across the whole of the Group Management Team, and within the operational roles I think I've clocked up the least time in the industry at 14 years, and all of my colleagues have significantly more time under their respective belts. And that combined experience of both the good times and the bad really matters at times like these, I think to all stakeholders, especially employees, but, you know, subcontractors, government and shareholders too, and hopefully you can see that in the way that we're communicating and, I think, the different approach that we're taking compared to, say, 2008.

Q&A

Pete Redfern: Thank you, Chris. I think, Sarah, if we could open up for questions now.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. If you wish to ask a question please press *1 on your telephone and wait for your name to be announced. If you wish to cancel your request please press the hash key. Once again, *1 to ask any questions. And your first question comes from the line of Brijesh Kumar Siya from HSBC. Please ask your question, your line is now open.

Brijesh Kumar Siya (HSBC): Thank you, thank you for the call. I have two questions, if I may? The first one is on the supply side. You talk about the supply size – side is aligned to your plan. How confident are you about these brick supplies, which takes, obviously, a couple of weeks to fire up the kiln and start producing again? So I'm trying to look at your inventory and how much supply is with you and how long it can last before the supply chain is fully streamlined? And the second question is – relates to – obviously, on the pricing front. You talked about the pricing being in line with Q1 over the small 200 units which you have, taken reservations. Have you seen any kind of price negotiation people are trying to – entering in to? Or any colour on that would be great.

Pete Redfern: Yeah. So if we take bricks as an example, and you can imagine, we have had very detailed conversations over the last week with all of our main suppliers, so we know what stocks there are, we know where they sit, we know, sort of, to what extent they are allocated, either specifically to us or, potentially, on call off for us. So we have a very good handle on where things sit.

If you take bricks specifically, we actually went into this crisis as a country with more than usual stocks of bricks. Some of the excess stocking that we had talked around, sort of, through last year over the Brexit process, was still in underlying brick supplies, and actually the level of capacity in the first quarter in the industry as a whole ran ahead of what the demand actually was, because I don't think the step-up in volume was quite as big as had been estimated by brick manufacturers. That means for mainstream, ordinary bricks, the vast majority of our, sort of, requirements, actually stock levels are good and, we are confident they are enough to buffer that initial start-up period. And some brick manufacturers have also kept some of their kilns running, which is at least partly to do with the nature of the kilns and their age, and, sort of, what's most efficient for them.

I think what you cannot rule out, and it will be – this will be true to some extent, is there will be exceptions. So if you're looking for a very specific soft mud brick on a bespoke site, and that kiln has been turned off and stocks have been worked out on that. So there will be exceptions, and that's why I think you actually will see prices, arguably, on materials go both ways. So you'll see in some places where suppliers actually need cash and there isn't the level of, sort of, demand or activity in the early weeks, and you'll see some areas where relatively short stocks are in short supply. So, you know, you'll see both movements there, I think, and it'll be quite specifically related to individual items.

And you can, sort of, extrapolate that same thought process across quite a lot of the supply chain but we have thought through the timing and whilst we think the phasing of the timing that we're talking about is absolutely right from a safety point of view, we also think it's right from a supply chain point of view. So we know when we are going to need plasterboard and in what quantities, and we know how that ties into suppliers' plans. So there will be – you'll probably hear the word 'friction' a lot, but friction rather than sudden stoppages, and I think, that does make it hard for us to be absolutely clear on will we be doing X. We are not setting volume targets for our sites because we want to be very clear they do it right, but we are – we're going into this not expecting that suddenly a site will have to stop for two weeks because we cannot get, critical materials. A lot of planning has gone in to make sure that we understand those limitations; some tweaks to exactly what materials we use in specific circumstances. But overall, we think the supply chain will be there, it's just the one or two specifics on individual plots that are slightly more specialist that probably leads to friction.

And then just going on to the second question on pricing. I mean, first of all, it – a lot of it depends on how we go into it, and we have not gone into sales in this period chasing sales; we – our primary role for our salespeople has been maintaining contact with customers. We have to a certain extent deliberately driven website traffic and then we have seen what comes out of that in terms of potential new sales. And so we have not been looking to sell at a discount and we haven't been selling at a discount, and we haven't had significant pushback from those customers on that. In any environment you always get one person who comes and says 'I think I should have a discount of X,' but that is very much the exception rather than norm.

There is no underlying expectation there that we're going to sell at a discount in the near future, and, in fact, if you looked at the prices today – and this is obviously consistent with them being at the same level we were selling at in the first quarter. They are still ahead of the prices that we were selling at in the fourth quarter of last year, having pushed up our prices at the beginning of 2020, so, we haven't gone backwards from that position. I think, if you are trying to reconstruct a 2020 P&L it's very tough, but we will tell you, when we report, if we're seeing pressure on prices and at the moment we're not seeing that.

Brijesh Kumar Siya: Thank you, Pete.

Operator: Thank you. And your next question comes from the line of Aynsley Lammin from Canaccord. Please ask your question, your line is open.

Aynsley Lammin (Canaccord Genuity): Hi. Thanks very much. And two from me as well, please. Just, firstly, obviously you're looking all the supply chain issues and, with the exception of friction, you're fairly comfortable there. But just when you look at the whole, kind of, infrastructure around, you know, building, selling a house, or whether it's the NHBC inspectors, the mortgage providers, solicitors, I mean are you comfortable that enough of that will be in place to, kind of, get to the 80% capacity you were, kind of, thinking about?

And then the second question, just on the subcontractors, I mean, presumably with social distancing in place and you get to 80% of normal capacity, what do you do in terms of pricing for the subcontractors? Do you kind of, you know, adjust prices downwards because there's less productivity? Are they paid, you know, kind of by the job rather than hour, etc? Just interested in your thoughts about how pricing to subbies changes. Thanks.

Pete Redfern: Thank you. I think on the wider sort of questions, I kind of built those into the whole supply answer, to a degree. So the NHBC is still operational, although it has furloughed a large number of staff, but we are confident, talking to them, that they will respond to demand, and again, the timeline we set out lets us say, 'We're going to want this – this level of inspections sort of in two weeks' time.' And if we suddenly clicked our fingers and said, 'We want those tomorrow – they're ready,' then that would be tough, but we think we can give them, and what we are picking up is, the timing is right – as long as people can look at it and say, 'Yeah, we understand the rules, we understand how that fits in,' people want to make that step, so all of those bodies – and this is true not just of the NHBC, it's true on connections, it's true on valuations, it's true on conveyancing process can generally be done totally remotely, I think. We saw some wobbles with it at the end March and early April, because I think they were – because it's a series of small businesses, they were less set up to cover working from home and the like, but we've seen that then stabilise.

And from a bank lending point of view, which is obviously key, I mean we have information on this, but so do you, and actually if you put it together you get a consistent sort of picture of banks starting to normalise their lending; not quite back to normal yet, definitely a focus towards Help to Buy and therefore newbuild, but starting to get back to a more normal loans to value.

Because of the strength of the order book, and because of the fact that the action they took on extending mortgage offers, means that we have – we have some time to that – for that to fully normalise, and of course you're then having an estimate of that what's the reasonable expectation as we get on to completions needing to come from new reservations and therefore new mortgages if we – again, if we try to get up to 80% tomorrow across the board, I think it will be challenging, but as we see it staged through, we think that's a realistic balance. And you are starting to see a real sea change and a will get things done. And again, setting it out strongly, with government support, actually gives something for others to base their plans off.

Aynsley Lammin: Just on the subcontractor costs, any changes there?

Pete Redfern: Yeah, sorry. And it's – it's harder. To be honest, Aynsley, it's one I probably will slightly duck, because it will come to relationship with individual subcontractors and the circumstances, so the vast majority of our subcontractors, as in the large firms, will come back to site. I doubt there will be very many because they know that we will have put the rules in place and that gives them the credibility with their own people. I don't think there'll be many who won't, but we won't really know until we get into that, whether there are any shortages in different areas. I think there is more likely to be, if we get this right, more, people proportionately relatively to work we're doing than there was before, and that will in the end lead to downward pressure on prices, but I wouldn't want to give you a sense that we're going to be going out there aggressively on day one and saying, 'You can come back to site but you've got to do it for 20% less.' We will feel our way through that in a way that is sort of – if I can put it as commercially sound but sensitive, and let it find its natural balance, over the course of the next few weeks, so it's probably one to give you a better update on at the half-year, rather than now.

Aynsley Lammin: It's all very clear. Thanks very much, Pete.

Operator: Thank you, and your next question comes from Arnaud Lehman from Bank of America. Your line is now open.

Arnaud Lehmann (Bank of America): Thank you very much and good morning to everybody. A couple of questions on my side. Firstly, could you give us an indication of your monthly cash burn, whether you give it like before any cost-cutting initiative or including the following when you said that even if nothing happens before – between now and the end of the year, you would still be in a comfortable situation. Could we have a feel what your cash expenses on a monthly basis in the current environment? That's my first question. My second question is just on your financing. You said you've drawn down on your credit facilities. Is there a significant cost associated with that? I mean, what's – what's the overall cost of your – of the debt right now? Thank you.

Pete Redfern: Can I hand both of those straight to you, Chris?

Chris Carney: Yeah, absolutely. So, dealing with them in reverse order, yes we drew down. Is there a cost? Yes, but clearly it's not a significant one. You know, the – the – as you'll appreciate, are relatively low. And obviously, the amount of that cost depends entirely on the duration of the drawdown, so – and we will monitor that as the sites get under way and we start to generate inflows.

I think in terms of monthly cash burn, yes we've done detailed analyses and as I said in the intro we're very confident that we have more than enough liquidity then to get us through certainly to the end of this year, and that's in a scenario where sites are completely closed down. So, I think, to be honest, with today's announcement and moving towards opening sites, I think that starts to become a slightly irrelevant question, just in the context of moving forward and having the ability hopefully soon to – to start to liquidate the work in progress positions that are on our sites.

Arnaud Lehmann: Okay, fair enough. Thank you very much.

Operator: Thank you. And your next question comes from the line of Clyde Lewis from Peel Hunt. Please ask your question; your line is open.

Clyde Lewis (Peel Hunt): Thank you. Morning, Pete. Morning, Chris.

Pete Redfern: Morning, Clyde.

Clyde Lewis: A couple, if I may. Obviously, the government – government's last advice really was not to move home. How are you sort of – how are you getting around that and sort of where are you, I suppose with the sort of discussion with the government with regards to sort of what's going on? Because there's been quite a mixed message. You know, on one hand they're saying, you know, 'Don't go to work if you don't have to,' and the other hand, they're saying, you know, construction is still fine. And then obviously thrown in that – that moving home issue.

So, that – that was the sort of first – first question, I suppose. The second one was on, I mean you've talked about the wider infrastructure and I think Pete, you referred to sort of some planning being granted in the period. And sort of attached to that, I suppose if you can sort of tell us exactly how that process is going within local government, because again, you know, I'm sure there are some sort of technical issues as well as sort of legal issues about taking decisions sort of not on council sites, council properties, etc., and where your thinking is on new sites. Clearly, you're going to be completing sites more slowly than you might have done, but are you at all tempted to open up any new sites in the next few months at all?

Pete Redfern: Yeah, so sort of in terms of the moving home process and government communication, I think, you know, I find it difficult to be too critical of government on their communication overall, because I think it's easy for us all to be armchair pundits and not sort of really reflect whether we'd be able to do a better job or not on the consistency of communication if we were sat in the same place really. So, yeah, yes, there is inconsistency there and that did kind of make that – that sort of week to ten days kind of difficult to get the balance right, but actually, it's a fast-moving piece and I think their position is reasonably clear, that they would like to see construction activity, they'd like to see – and we took our own decision on sales, but my judgement would be if we'd have said we were opening sales offices, that that wouldn't have felt right from a government point of view or for the person in the street, and whereas I think the environment is right for an opening of construction sites.

And I think when it comes to the moving home process, it's a bit like many of the other sort of things that have gone on out there. You have to be careful and real and sensitive about how it is performed, so whether you do it through a lock-box handover of keys or sort of some independent drop-off, for most of them, actually our sales people have from a distance of far more than two meters, welcomed customers into their home, but without any physical contact. And it is possible. We have deep clean processes that mean that a new home handed over has had to have an extra level of almost surgical clean.

So, there's all sorts of things like that around the process that I think are really important. And again, I go to if tomorrow we were trying to sort of operate at 100% of capacity, or even if tomorrow we would try to operate at 80% of capacity, I think those things would be a limitation. I think to start and build up, we'll get to a better place starting early and building up steadily than if we wait longer and then try and do it in a rush. So we know that can happen. Whilst government did say it was three weeks or so ago they were specific about moving home, and actually they have actively moved towards encouraging somebody opening up a bank lending and the other things that support moving home, so I think life has already moved on and you know, we've had feedback, both directly and publicly. In fact, you know, my letter to Alok Sharma, he read out at the Select Committee today, as a good example, in terms of our re-mobilisation of industry as taking a moral position but also returning to activity.

So, you can see there is a – there is a level of support and you have to have confidence I think then that subject to the challenges of communicating consistently at this time, that actually the support will be there. And when you look at some of the obvious sort of questions, which we can't answer today but what will happen to Help to Buy? Will there be a stamp duty kind of holiday or change? Which are kind of obviously things that are being talked about, it is early to judge but we are not sort of holding baited breath and depending on that, because I think the level of activity will be slow to start with. I go to the signs we see are more positive than perhaps you might expect, but we will be reviewing those pretty carefully as we go through the next weeks and months.

I think on new sites, land planning process, etc., so, we have I think three planning applications that sort of have received approval in a remote sense, including the first one, which was reasonably significant. The planning system is not operating normally – you would be amazed if it was – but it's sort of starting to operate. They have changed the rules to allow remote meetings to be held. How long that will last and whether that will ever be the consistent sort of norm over the next kind of few months across different councils – some councils have the resources and the energy to do that, some do not, so it is piece meal.

I think, would we consider opening new sites in the next three to four months? Absolutely. I mean, in a sense, I think I've already said that, but I – you know, there is no equivocation. If we have a site that we have a planning permission on where the level of infrastructure is not ridiculous, so inevitably always in uncertain times you're less likely to start a brand-new large high-rise scheme because of the level of. But if on a normal housing site, generally, I go back to I've never seen an environment where you wouldn't rather have the outlet open, even if you are more cautious in an uncertain environment about the scale of WIP and therefore the scale of, sales rates that you assume.

And I have a similar but slightly further off view on land. You know, the land market does not tend to adjust immediately. You always have a very small number of desperate fire sellers whose timing is just unfortunate for them, but broadly I don't see sort of a kind of a normal land market resuming over the course of the next few weeks. But over the next few months it may and there we want to be in a position to take advantage of opportunities.

Clyde Lewis: Okay, thank you very much. And there was one quick follow-on I wanted I suppose. It's sort of whether or not you will extend out either side your working hours on site. I suspect there are probably local council sort of rules that might limit that, but would you like to sort of start at 06.00 and finish at 19.00 or something? Is that something that's possible for you guys over the next four to six months?

Pete Redfern: We would. We would, and particularly staggering that enables us to stagger sort of canteen facilities, but particularly signing-in books and the like, and so our working practices, do aim for that. It will be one of the sort of specific actions of next week, before we get back to site, and the following week, when our Site Managers are on site, so we'll work that through site by site. We think local authorities would broadly be supportive of that, but we do want to be even more aware and careful with our neighbours on site than we would ever normally be. So, we normally try and be pretty careful and pretty cautious but actually making sure that if they are at home, that we are aware that they are at home and that actually their awareness of site activity is therefore greater.

And particularly thinking about issues like subcontractors parking on existing occupied streets, which is a continual battle for us anyway. We're always kind of warning our subcontractors off that, but you can imagine this particular set of circumstances, that is particularly important, so there's a few things there where we're well aware that we're going to have to manage it carefully, and working hours is one of them.

Yeah, we would like to extend working hours so that we can stagger people and have less individuals on site at any one time. I think a lot of councils will be supportive. I doubt they all will, because that's the way these things tend to be.

Clyde Lewis: Perfect. Thank you very much.

Pete Redfern: No problem.

Operator: Thank you. And your next question comes from the line of Will Jones from Redburn. Please ask your question; your line is now open.

Will Jones (Redburn): Morning, and hope everyone is well.

Pete Redfern: It's after – it's afternoon, Will, sorry.

Will Jones: Ah, three minutes past midday. Apologies. So used to this being at 08.00. You caught me out. Yeah, the three are good. The first is just on build rates. It was very helpful that you gave a broad number around, potentially getting back to 80% of the capacity but clearly heavily caveated. But I guess then the question becomes what was your capacity, and I know obviously last year, you sold at around one per site per week. This year, you're going to ease that back to 0.9. But presumably last year, you built something similar to the one and you made a big virtue of building up the – the factories and the build teams and stuff over the last couple of years. So how would you encourage us to think about what the capacity of a business might be from a build rate perspective before?

Pete Redfern: Yeah, I – yeah, I think I would – I would start from the sales rate for this year. And to be honest the 80% isn't scientific enough for you to get some materially wrong answer if you start from the slightly higher – slightly higher sales and build capacity of last year; the difference is not great enough I think you lose it in the rounding. So if you think of 80% of that sort of level, on average, that's essentially sort of what we're talking about.

Will Jones: Understood. That's great. Thank you. And so –

Pete Redfern: I'm sorry, Will, you asked another question and I didn't make a note of it.

Will Jones: No, no, no, I hadn't got around to it. It was – the second was on – on sales rates, and you said that how that might have the ability potentially to bounce back more quickly than – than build rates. But I guess just big picture to what extent would that potential be curbed by the fact that you're not able to reopen show homes and sales centres and have all the staff back on site? And you mentioned I think in the release about being governed more there around the government's non-essential retail advice. Any – any kind of hint of when that might change?

And then just – just to be clear, as well, are buyers – presumably buyers can't visit the site at the moment, or can they? Is that just – is the only physical visiting really, for the handover of homes? I don't know, just any colour on that. Because it would all feel like that, they're reasonably big constraints on the ability to sell although obviously, last three weeks have been really encouraging in that context.

And then the last one was just really a mechanical one. Can you remind us when – when buyers do come in, the reservation fee – is that just a few hundred quid? It's quite small, isn't it from memory. And then deposits these days when you exchange contract? Is that more – obviously with the Help to Buy in mind, is that more the 5% mark than 10%?

Pete Redfern: That'd be great. Yeah, no, no problem. So – and I'm not sure I captured all of that but let me work backwards through it. So yes, reservation fee few hundred quid. Exchange fee, aim for 10%. We do sometimes accept 5% on sort of Help to Buy, sort of obvious reasons, given the deposit constraints. I think the sort of initial question on the core question, yeah, I probably just need to sort of make my comments clearer. The way we thought about starting up sites, and it's the same as starting up sales is from a T0 concept.

So we haven't spent the last month agonising about when lockdown will end, because it feels like a fairly fruitless exercise, you know? You have a date in mind and for us, you know, effectively that T0 is now 4 May. So we have now fixed that. And we know what we think is the right platform from that date and what the right build up profile is.

What I'm saying on sales is, once you get to that T0 date, which I do think is – is slightly more dependent on government advice than the construction date given where government advice is on construction, when you get to that T0 and our practical ability to return to a normal from our point of view from a sales perspective is much quicker. We don't need a month's phasing on the sales side to get back there. We don't have many people on the site, it's much simpler and clearer what the rules are when you have a small – and it's simple things, like not – yeah, Sales Execs not showing customers round show homes we have far more ability than we did even five or six weeks ago to do the things remotely anyway. So there's a whole series of things that – that we can do sort of – so it's more look at – so I think, say – and this is totally speculative, so please don't kind of place any store in the date but say – say the return to relative normal of the first retail outlets and we will – but with social distancing in place, happens at the beginning of June a month after we have our Site Managers arrived on site, I'm not saying that suddenly sales rates will get back to normal, but I am saying that we'd absolutely be in a place very quickly to do our part of the sales process, but at an almost 100% level very quickly. So – and then we respond to the market. Whereas on site, those social distancing rules are more complex and take longer to put in and have more of a constraint. So does that make sense?

Will Jones: Yeah, very clear. Thanks a lot.

Pete Redfern: Thanks. And I think there was another small question about the customers visiting sites, I think, technically, I think it'd be hard to classify it as an essential operation. So I think technically, people couldn't albeit, you do start the just more people, using their daily exercise for slightly more varied trips, don't you? But I think at the moment, that will be hard to do. And we certainly wouldn't be encouraging customers to sort of visit sites to view but, I think, I do think most expectations and this is true for the retail outlets, that a month from now, it won't be back to normal but we'll – if it hasn't already been sort of released to a reasonable degree we will at least have a clarity on when it might be, if that makes sense.

Will Jones: Yeah. Great. Thank you.

Operator: Thank you. Next question comes from the line of Gregor Kuglitsch from UBS. Please ask your question. Your line is open.

Gregor Kuglitsch (UBS): Hi, a couple of questions just from me. So the first one is just in terms of the speed of obtaining legal completion. I know you don't want to give forecasts, but under this scenario that you've painted in terms of, getting everything going kind of by – by mid-June, the services are mid- – mid- – mid-May, and then obviously full operational or whatever you call it normalised by early June, what's – what's actually realistic in terms of how quickly can you, say, I don't know if we take till the end June, how many completions do you think is – is realistic in terms of the conversion of the order book? Alright, just – just see if you can give us a broad sense; I don't want to pin you down to a specific number.

And then the second question is on the operational inefficiency. So in a scenario where I guess we are at social distancing, say for the remainder of the year and you operate at that 80% level, what's your best estimate in terms of some margin drag everything else equal? So assuming obviously, pricing and so on is stable, but just in terms of the OpEx inefficiency loss that you get as a result of – of running kind of 20% below normal, just – just so we can at least, you know, have it have a bit of a reference point for that. And then obviously, we can take our own assumptions on the macro.

Pete Redfern: Yeah, I'm quite pleased that we've got this far into the conversation before we've got to questions that I kind of have to say, I can't really answer and, you know, of course, we can guess but at this point on both of those, it would be a guess. I think we are clear that the process we're talking about, can get us to a point by the middle June where we can operate an individual site in a sufficiently efficient way that we feel it is worthwhile; otherwise, we wouldn't – clearly we wouldn't be doing it.

But I think, if we start sort of guesstimating – and we genuinely don't have an estimate of how many completions by the end June, because that's not the focus, it's about, and actually, I want us, and I – to be honest, I want you to be pretty relaxed about whether a completion comes in, in the end the June or the beginning July, because it starts everything off on the wrong foot. If people are immediately chasing for a sort of six-week completion target in this sort of environment, it's the wrong priority. So I can’t – I'm afraid I'm just not going to put a number on that one at all.

On the efficiency one sort of, it's – I can't put a quantification on it. We obviously have some estimates. I think we don't see a huge amount of additional cost; there might be a bit of extra supervision cost but effectively our sites tend to now run with more supervision, then – and we're certainly not saying, well, we reduce the number of Site Managers on the site. So if they run at, you know, sort of 80% of the production level, we probably keep more or less the same staff. But that's just on our site management teams. And as we talked about there’s some upside on subcontract cost, as well as some downside. So, yeah, I don't think, you know, apart from obviously, for the first two or three weeks, I think once we get into June, and certainly July, I think the level of cost efficiency drag that we see at a site by site basis is not particularly material, but because the timing of where we are with the half year, I think if we get into kind of trying to guesstimate what half year numbers are, then – then – then I think, we'll not be focusing on the right things internally or externally.

Gregor Kuglitsch: Thank you very much.

Operator: Thank you and your next question comes from the land of Chris Fremantle from Morgan Stanley. Please ask your question; your line is now open.

<u>Chris Fremantle (Morgan Stanley):</u> Hi, good afternoon. Most of my questions been answered but just on the – on the – on the cash and the revolving credit facility. Just wanted to ask there, can you give us as much detail as you can, please, just on the covenants attaching to the revolving credit facility? I appreciate what you said about restarting activity. I appreciate that you're on the front foot as opposed to in defence mode, but just so that we can understand, in a downside case, how that limits – how those covenants might limit your room for manoeuvre. Yeah, as much detail as you can please on the – on the covenant attaching to the to the RCF, please.

Pete Redfern: Chris?

Chris Carney: You know, you're quite right Chris. You know, we've not disclosed details of our banking arrangements. But I can say that, you know, we have a syndicate of familiar high street banks and financial covenants that are typical for our sector, such as maximum gearing, minimum tangible net worth, and minimum interest cover. And they all had substantial headroom at the start of the year, as you would expect. And our next test date is the end of June on a 12-month rolling basis. And we fully expect to remain in compliance with those.

Chris Fremantle: Would you expect in a downside case that you were describing where – you know, where we had very limited activity for the remainder of the year? I appreciate that's not what you're saying in the base case, but would you face an interest cover problem in that scenario?

Chris Carney: Yeah, I mean, it's – it's difficult to – so – to say I mean, in a sense, I think you're describing a scenario where, you know, sites are locked down for the rest of the year, and also, on top of that, we can't take any more revenue whatsoever. Yeah? Now, obviously, the cover works is, you know, if you're not generating profit, and in that scenario, you wouldn't be able to, then you start – yes, you start to sort of come under pressure in that perspective, but, I mean, you know, even if we didn't take another legal between now and the end June, I'm very, very, very confident that that would not be a problem at the test – you know, the test day at the end of June. December, obviously, that would be a very, very extreme scenario on the basis of what we're – what we're announcing today in terms of the remobilisation. But yes, it probably – there would definitely be more pressure on interest cover in that sort of –

Chris Fremantle: Okay. That's still – that's still helpful in terms of trying to underpin the downside. Thank you.

Operator: Thank you. And your next question comes from the line of John Messenger from Redburn. Please ask your question. Your line is open.

John Messenger (Redburn): Hi, good afternoon, guys. And hope everyone's fit and well on the call. Two if I could, Pete. One is just on – coming back to the point about protocols and how you're actually building, can I just understand where are the biggest challenges in – I'm just thinking about the whole social distancing. It – would it be fair to say that it's things like dry lining, and those areas where there is a bigger bottleneck or an issue in terms of trying to actually do what you want to do? And how are you getting around that? and then the second one is, just on the supply chain: is your view on supply of materials based around effectively direct supply from manufacturers? Or are you relying on some opening up of the merchanting system in the next few weeks for that date in May? And I guess you may have insight on that given your – your other position, obviously, inside one of the well-known merchants. So those are the two if I could, please.

Pete Redfern: Yeah. And I think, sort of, in terms of site activity, we talked about one of the bigger areas, and I'll talk about another so – so one of the biggest areas is – and I'm going to kind of use a catch-all piece for it, but it's the generalised site interaction actually, not when people are doing their active jobs. So not when bricklayers are laying bricks or painters are painting. It is relatively easy for us to segregate, for instance, any of the finishing trades in a house and we've had discussions of that, and we will review if that one person per floor, one person per house, but it's quite easy for us to set up signage.

In the same way if you think about it, if you – with the electricity connections. If an electrician is working on a house they have a padlock that isolates the unit; and we have a similar sort of system with signage that says, 'There's somebody working in this house, don't come in,' and that's relatively easy to do. And similarly with bricklayers you've got to think through, which is what we've been doing things like loading out because naturally bricklayers would have juniors loading out for them. But people don't carry hods any more; you load bricks out by forklifts, so actually loading out in advance and having staged work is pretty straightforward to do.

So the first category is those generalised interactions and it tends to be in the, kind of, loosely social areas – so toilets, canteens signing-in areas, areas where everybody passes through. So that's where staggering site times taking – meetings and things like that with Site Managers being held outside rather than inside, signing-in books being outside, because we'd tended to favour signing-in books being in a Site Manager's office so he naturally sees first thing in the morning who's arriving on site and obviously in this circumstance it's a different set of priorities so we're moving them outside.

The other sort of area which was difficult, and where I think we struggled slightly with the Construction Leadership Council rules, and where we think there is a need for specific PPE, you know, as in visors and, mouth masks, is there are a certain number of jobs which are inherently two person. You know, and largely due to carrying a certain weight they have been designed for two people and you cause a whole series of other issues if you then try to move lintels or heavy windows or assemble stairs with one person. And you're kidding yourself if you think they're not going to come within two metres of each other. And that's where we think PPE has a place, so that actually those specific parts of the job which can only be done by two people working in close proximity, you know, we'll be aiming for PPE to be there as people start.

John Messenger: Got you.

Pete Redfern: And I think – was there another question, John, sorry?

John Messenger: Yeah, on the – it was on the supply chain in terms of, obviously, for getting materials on site.

Pete Redfern: Yes.

John Messenger: Are you really thinking direct or because of, you know, your role at Travis, is there a view that actually the merchanting guys are going to slightly flex their existing policies, with a view to that date on 9 March, that will bring in the smaller items and the infill product that you're going to need to actively kind of do what you do.

Pete Redfern: So I obviously can't, you know, in this context comment specifically on Travis – it wouldn't be appropriate, except to say what I would know publicly, which is that they have said they're starting to look at how they open up for click and collect orders for general builders as well as emergency supplies. And they haven't yet put a date on that but I think they're, sort of, well on with that.

But our plans are largely based on direct supply because that is predominantly how we work, and it tends to be our subcontractors who then buy through merchants rather than us directly. But we do start to see in the same way as in other areas – we do start to see a slow but gradual opening up of the merchant sector. If you look at the moment, you can see things starting to move and again, and I don't want to, sort of, point to anything too specific for this sort of, commercially sensitive to them but I do think that will start to move.

John Messenger: Brilliant. Best of luck, and keep safe everyone, thanks.

Pete Redfern: Thank you. You too.

Operator: Thank you. And your next question comes from the line of Marcus Cole from Liberum. Please ask your question, your line is open.

Marcus Cole (Liberum): Hello, good afternoon, all. I was just wondering if you could answer a quick question on the dividend. I was wondering what level of activity you need to see before readdressing the dividend policy.

Pete Redfern: I think it's not so much, Marcus, the level of activity and it's too early, I think, to make comments about what the main drivers would be. It's more about underlying certainty of environment and so yeah I don't think it's we need to get to 80% and see it. Obviously it will depend on confidence in the sales market. It will also, I think, depend being sure that we've dealt with the health side of this crisis, which clearly we're not at the end of at this point. So we need to do those things, not wholly resolved but certainly to be moved along much further than they are at the moment.

So I don't see that as being a near-term thing, you know, I think the thing I could say is people should absolutely not gear themselves up to expect us to comment on that in a meaningful way at the half year and beyond that we will just have to see. But it's more about the broad environment than it is about any specific measure or trigger of activity.

Marcus Cole: Okay, understood, thank you very much.

Operator: Thank you. And your last question is from the line of Ami Galla from Citi. Please ask your question, your line is open.

Ami Galla (Citi): Thank you. Just a couple from me. My first question is really a follow-up on planning. I mean, I'm wondering what sort of flexibility do you have on your existing permissions if you have a larger site which you choose not to proceed with, or do you materially change the phasing of a larger site, does that impact your existing permission? My second question is on Help to Buy – if it does get extended in the second half, should we be assuming that there could be some level of upside to the initial intake land margin on plots?

Pete Redfern: I think on the first question relatively easy to answer – generally, the phasing is within our control and so generally, there is no direct contractual link within the dwelling permission and the timing and the phasing. The exceptions tend to fall into two different sort of categories. One, on a new site, particularly with large infrastructure, there can be infrastructure which we are required to put in before completions can go past a certain level.

Now we've looked at those at the moment and I don't think there's anything that you would need to sort of model in to take account of that; it does not have a big enough and broad enough effect – it's a handful of larger sites. And generally we would expect, in the same way as we would expect it is highly likely that planning permissions will be extended – which is not a particularly big issue for us because we're normally well on with planning permissions well before they come to the end of the date, but for small developers that's quite important – so we expect them to be extended anyway. But in the same way, I would expect local authorities to be quite lenient with some of those timing with this kind of circumstance.

Ami Galla: Sure.

Pete Redfern: And – sorry, could you just repeat the second question again?

Ami Galla: The second one was really on Help to Buy. If the taper does get pushed forward to later years, does that really mean that what you had budgeted in terms of sales rate on potentially plots that you were acquiring, there's probably an implied upside to the initial margin?

Pete Redfern: I think, I'd be – I think I'd have to be brave to couch it in those terms, though technically you are right. I think, we see Help to Buy in a sense as a balancing kind of position, and if the market's more challenged I think there is a much greater likelihood that it is extended and so rather than a big upside to what our original assumptions would've been. Now, of course, there's a scenario where what you've just set out is true, but I think you'd be optimistic to say that house prices will be higher in, say, 18 months' time, you know, than they would've been anyway because of the effect of Help To Buy.

I do think, you know, sort of, there is a much stronger argument that actually this is another factor that extends the current cycle, in a way that is actually quite beneficial for us because, you know, in some sectors there will be the element of a sort of, cyclical correction in this. And if there is government support that actually sort of supports the housing market, and underlying supply and demand characteristics are obviously in our favour I do think again you have another set of circumstances which means that interest rate increases are probably pushed further back.

So I think there's a – the positive piece from a market point of view is if we get through the next, sort of, few months and confidence is in tact, and redundancies and unemployment are not a significant problem, then I think you could look to a longer, sort of, run of a stable market. But I would struggle to look for outperformance on sites we've already done on the basis of price on balance, I think. You know, too many things would have to go right and nothing would have to go wrong for that to be the right balanced judgement at this point.

Ami Galla: Sure, that helps, thank you.

Pete Redfern: Great.

Operator: Thank you, and that concludes all Q&A session for today. I will now hand over back to Pete Redfern for your concluding remarks.

Pete Redfern: Thank you Sarah, and thank you everybody for the time today. I hope, as John said, that everybody is well and stays well and so are the ones that are close to you. Take care, and we will look forward to catching up with you properly at the half year, although this does seem to be an environment where there’s an announcement a week so that may be before that. Take care, and see you soon.

[END OF TRANSCRIPT]