Conference call transcript

18 June 2024

CFO PRE-CLOSE BRIEFING

Operator

Good day, ladies and gentlemen, and welcome to the Thungela CFO pre-close statement June 2024. All attendees are in listen-only mode. There will be an opportunity to ask questions when prompted. If you should need assistance during the call, please signal and operate by pressing * and then 0. Please note that this event is being recorded. I would now like to hand the conference over to Hugo Nunes, Head of Investor Relations. Please go ahead.

Hugo Nunes

Thank you very much. Good afternoon to all and welcome to this afternoon's investor call following the release of the CFO pre-close and trading statement earlier today. I'm Hugo Nunes, Thungela's Head of Investor Relations, and I'm joined on the call by our CFO, Deon Smith. Today's call will be done through both an audio webinar as well as a conference call facility. Deon will present an overview of the key elements in today's release, and thereafter there will be a Q&A session until we close the call shortly before 13:00 SA time.

Turning to Q&A, for those wishing to ask questions today, we ask that you join the session using the conference call facility provided, as we'll only be taking questions through this facility. In order to ask a question during the Q&A sessions, please dial * 1 on your keypad, and this will register your intention to ask a question. Once the Q&A session starts, the operator will then open your line and ask you to go ahead with your question.

To reiterate, we won't be taking typed questions submitted through the webinar platform today. It is possible to dial into the conference call facility only shortly before the Q&A session and directly from your computer. If you are planning to do this, I encourage you to register for the conference call in advance of the Q&A session, as you will need the link sent to you upon registration.

Finally, a reminder that today's announcement is now available on Thungela's website and today's session will be recorded, and the recording will be made available on the Thungela website from later this afternoon. With the logistics out of the way, please allow me to hand over now to Thungela's Chief Financial Officer, Deon Smith.

Deon Smith

Thank you Hugo and good morning, afternoon to all of you who've made the time to dial into this call. Earlier today we released a trading statement as well as a pre-close statement, and I wanted to highlight a couple of points from that in this call before going into the Q&A. Clearly as a business, our focus remains on two very important aspects. The one is executing on our strategy and two, controlling what we are able to control as well as what we can. In terms of strategic execution, we've previously shared with you our views on our pillars, our strategic pillars, which you might recall is driving our ESG aspirations, maximising the full potential from our assets, creating the appropriate pathway to diversify, as well as disciplined capital allocation.

When we next speak with you at our interims, you'll also see that we have a heightened focus on safety and we'll introduce another pillar, a safety pillar. And the reason for it is because we're acutely aware that our social license to operate and it's our responsibility to ensure that each employee that comes to a workplace with Thungela goes home safely on a daily basis. And therefore, that is absolutely core to our objectives, has been and will be into the future.

In terms of reflecting on our strategic execution, we are very encouraged by the performance we've seen out of Ensham in the last number of months. And when you look at the numbers carefully compared to the guidance, you'll see that they're certainly better than the initial expectations, in particular the production from Ensham in the first five months.

We've also made good progress in establishing the Thungela marketing business in Dubai. And you might recall when we de-merged in June 2021, there was a three-year marketing agreement in place with Anglo American. So, from about June, July this year, Thungela will market all its coal rather than selling the South African coals to Anglo American. In addition, you might also recall that Thungela started selling Ensham coal since that transaction completed on the 1st of September 2023.

Now, it's very important to reflect for a minute on market conditions, given the volatility we've seen over the last number of months. And as we sit here today, our Richards Bay coal price, spot price is around $107 a ton. And if you look into the forward market, it's in a slight contango up to about $114, $115 a ton, signalling an expectation of improved recovery post the monsoon season. The same is also true for Newcastle, currently at $133 a ton. In the forward curve, you're seeing numbers around $140, $145, even $150s. Therefore, structurally, general consensus is that the market for coal remains supported, notwithstanding a fairly weak set of prices that were achieved in the early parts of 2024.

And if I remind us all of the reason for, or partly the reason for that was milder winters in the northern hemisphere and very high levels of coal and gas stocks across some of the key markets as we entered the typical colder seasons. Those conditions clearly are still with us today, albeit prices have improved slightly. The prices that you see on screen remains higher than realised prices given those discounts are reflective of the actual physical supply-demand picture, whereas the screen includes no doubt a level of geopolitical uncertainty as the war in Ukraine continues but also the war in the Middle East. And that clearly is supportive of what we see on the screen. But what we do need is physical demand to step up in order to see the narrowing of the realised prices to the benchmark prices.

If you look at our South African portfolio and the sense we released this morning, you'll see that we've achieved around a 15% year-to-date discount against Richard's Bay benchmark prices. And that's in line with what we anticipated it to be. However, it was not only market conditions, but also the fact that we've sold down a lot of our lower quality coals. So, from the 1st of January more than 55% to be exact of our South African stocks were lower quality 4800 material. And that was on a stock level of about 2.6 million tonnes.

During the first five months of this year, we sold a disproportionately high mix of low quality, so 4,800 CV products. And that clearly has an impact or widens that discount that we achieve. And currently as we're sitting today our stocks are slightly lower in SA at around 2 million tonnes. And around 30% of that is now 4800 material compared to 55% at the beginning of the period.

If we turn to Australia, in the NEWC market we've seen 6.8% year-to-date discounts, which is wider than what we anticipated to be. We anticipated to be lower single digits, not higher single digits. That is mainly as a result of supply and demand dynamics. There's no impact on mix. As you might recall, we sell a ROM coal out of Ensham, very high quality, min 5,850. And therefore, theoretically, that discount should be more narrow should their physical supply underpin what you see on the screen, which clearly it hasn't fully done in the first number of months of 2024.

An important feature of our sales book in Australia is that around 20% of our sales is against the Japanese reference price and that price has not yet been settled. There were rumours earlier on the year that it's been settled at about $145 per ton, but we haven't had firm confirmation from our customers nor from the traders and the negotiators on that. And therefore, that market is still unsettled.

Now, what you would see in our accounts when we report interims is that we recognised revenue at a lower number than what we've typically been billing. And the convention in that market is that you continue to bill the prior year's price which is $199.95. So, clearly our revenue has been recognized at a much lower rate at around our average realised price for the balance of our portfolio. And if that price is therefore settled at higher than realised prices, so arguably at the $145, you will see an earnings uplift once that's settled. However, we have billed and we do receive cash at the higher $199.95 rate, and therefore those higher earnings will unfortunately be met by a lower cash generation for the Australian business.

In terms of what we are able to control in turning through to production costs, we've had a good first half of, or expect to have a very good first half of the year. Our export saleable production is expected to run 6.2 million tonnes in South Africa. And that's in the midpoint of our guidance range of 11.5 to 12.5 million tonnes. At

Ensham, our H1 production is expected to be about 1.9 million tonnes. And that's as you might recall production on a 100% basis ahead of guidance for half year. However, we are expecting to go through two geological faults in the second half of the year, and therefore it's likely that that run rate would not prevail in H2. And we haven't updated our guidance on production as a result of the slightly better performance year to date.

In terms of FOB cost per ton in South Africa, you'll see that we've reiterated that we believe we should come into the low end of that guidance range of R1,170 and R1,290 per ton, and that's all excluding royalties. The same is true in Australia. Given the slightly stronger denominator we also believe that we'll come in at the lower end of our guidance range of a A$130 to A$140 per ton, also excluding royalties.

If you turn to our sales and our export equity sales for the first half from South Africa, we're expecting that number to be slightly lower than our saleable production at around 6 million tonnes. And clearly that's a decrease compared to last year of almost 5%. And the lower sales is mainly as a result of lower rail performance in the first half of the year. When you annualise the numbers that we've received as trains, it grosses up to an industry run rate of about 46 million tonnes per annum. So, that's our H1 year-to-date volumes extrapolated for the full year.

Now, recognise that there were a couple of derailments during that period, which resulted in more than 600,000 tons railage lost for Thungela. If you back solve or take that out of the run rate, then the run rate is around 48.5 million tonnes for the industry based on trains we received. And that's in line with what we've seen last year, no improvement or reduction in that run rate, other than obviously those derailments that I mentioned. I'll come back to Transnet a bit later on, given that it's more likely than not that this is a key factor that would determine our performance in the second half of 2024 also.

If I turn back to Ensham in terms of export equity sales, we're expecting in the first half on a 100% basis that to be around 2 million tonnes, up to 2 million tonnes. In our portfolio as a whole we have sold almost 300,000 tonnes of free on truck sales, obviously in South Africa. The realized price of about R500 a ton. And clearly at current prices, the sustainability of those FOT, so free on truck sales, is not certain. And therefore, it's quite likely that that would not be continued into the second half of the year. And therefore, absent those sales, our total sales number for the second half in South Africa might come under pressure absent a step up in Transnet's performance, which as I said, I'll come back to in a couple of seconds.

In terms of capital expenditure in the first half, you might recall that last year and the year before, we did highlight that typically capex spend is slightly slower in the first half of the year compared to the second half, in particular for sustaining capital. This year is no different, but perhaps less pronounced than past years. Our total capex in the first half is expected to be about R1.3 billion in South Africa. That's about R500 million in sustaining capex and around R800 million in lifex capex. So, that's spend on the Elders and Zibulo North shaft projects. And at that point, at half year, we’re likely to still need to spend about R1.8 billion on Elders in Zibulo to complete those two lifex projects.

Capex at Ensham in the first half of the year was around A$23 million. So, clearly at the lower end of what we've guided before. But again, to reiterate, we're expecting that to pick up slightly in the second half of the year as projects are planned and executed during the year as a whole but spend typically is incurred more in the second half.

So, if I now turn back to Transnet and just unpack some of the data you would have heard me talk about in a bit more detail. So, this industry run rate based on trains that we've received of 46 million tonnes per annum for 2024 is clearly not sufficient to hit our full year guidance. And therefore, for us to still hit the midpoint of our production guidance without building any stock, we would require Transnet to step up by approximately 20% and hit 57 million tonnes run rate in the second half of this year.

Now, I mentioned before that the run rate was impacted by three derailments, and therefore it also requires Transnet to address all of those matters and issues that have caused those derailments which might include things such as signalling and other issues. So, correcting for those and assuming we don't hit those again, the step up is clearly less pronounced and becomes in the teens rather than 20% for us to not build stock and hit the midpoint of our guidance.

So, clearly, if the current run rate had to just continue, we're likely to build about 1 million tonnes to 1.1 million tonnes of stocks at our mines absent any other decision around production into the full year. And that's something that the management team will closely monitor and consider as certainly the decision to do so hinges on a number of factors, including our ability to then realise value for that stock build in future periods.

Transnet continues to make progress, reporting good progress in installing the various components. And you might recall those are compressors and batteries that the industry helped secure and source. But we're not necessarily expecting a step up in that train performance during 2024, as trains are typically removed from service in order to install these parts, and the introduction of that clearly also comes with some level of ramp up. And we're likely only to see the improvement from these initiatives during the course of 2025.

In terms of earnings and turning away from the broader set of numbers to the trading statement in particular, you would see that we today put out a trading statement expecting earnings per share for the first half to be between R7 and R10 per share. And clearly, that is true also for our headline earnings per share. In calculating that, we've used a weighted average number of shares of approximately 135.4 million shares. So, the full effect of the buyback has not taken effect yet, albeit that the previous EPS was calculated on about 137.2 million shares. So, 137 million is now down to 135.4 million shares, but we expect that number to continue to reduce as the effects of the buyback comes through in the weighted calculation for the full year.

In terms of our EPS and HEPS forecast, it's very important to note that we've used an assumption of R18.60 Rand Dollar exchange rate. And the reason that's quite important is not only do we have Dollar balances on our balance sheet that is revalued at the end of the reporting period, which therefore also has an impact on EPS and HEPS, but clearly a number of forward contracts given that we sell currency forward into the market. And those activities are necessarily impacted by movements in the foreign exchange.

And for those that are not dialling in from South Africa the reason I flag this explicitly is the fact that we've recently had elections that saw the previous ruling party lose outright majority, and there are a number of post-election developments that might have further impacts on the currency. And that's something that clearly is of significance to our earnings.

So, if I might wrap up and just reiterate from a capital allocation perspective that we monitor our cash as a business in our generation very carefully. We're expecting a number of outflows during the month of June, including the placement of the surety bond at Ensham, as well as provisional tax payments, both in South Africa and Australia. We're expecting our cash balance at the end of June to be somewhere between R7.1 billion and R7.4 billion. You might also recall that we've previously flagged that we will continue to reserve a quantum of cash in order to complete our lifex projects that is included in those balances. So, that should be around R1.8 billion at the end of this reporting period in June.

And clearly, whilst the board have not yet contemplated or debated levels of return to shareholders, we have always remained committed to our dividend policy which is to return a minimum of 30% of our adjusted operating free cash flow to shareholders. And that calculation you might recall is operating free cash flow, less what we have spent on sustaining capital for the business, multiplied by 30% results in a cash dividend to shareholders.

So, looking back on the first five months of 2024, notwithstanding various challenges, reduction in prices that our product has earned in the market across both South Africa and Australia, as well as Transnet headwinds in terms of the derailments and the run rates on trains, we have focused once again on what we are able to control and what we are able to influence. And we're pleased that those factors remain within our guidance that we've provided the market for, and we'll continue to focus on what we're able to control and look forward to delivering on those promises when we report our results to the market at interims later this year.

So, thank you again for taking the time to join us in this call, and obviously very happy to answer any questions within the limits of what we're able to, as we sit here today, prior to having completed our interim results. Thank you very much. And with that, let me hand back to Hugo.

Hugo Nunes

Thank you, Deon. We will now turn to Q&A. A reminder for those wishing to ask questions, we ask that you please join the conference call facility, as we'll only take questions through this facility today. In order to ask a question during the Q&A session, please dial * 1 on your keypad and this will register your intention to ask a question. Operator, please open the lines for the first question.

Operator

Thank you. Our first question comes from Brian Morgan of RMB Morgan Stanley. Please go ahead.

Brian Morgan

Hi. Thanks, guys. Deon, could you chat to us about the discount at Ensham excluding the contract sales? So basically, what was the price realisation on spot?

Deon Smith

Yes, so Brian, if you look at the calculation of the realised price, you would see it was $121 in Australia, whereas what we chalked up for the Japanese sales was a similar number. So, therefore no impact on that realised price relative to market. So, the 6.8% that we have seen was a true reflection of the physical demand in the market and the fact that in order to place coal we have had to accept slightly deeper discounts than what we were hopeful for. You might recall we were saying low single digits, which is up to around 5%. So, the 6.8% is certainly wider.

There's clearly also a level of influence of that realised price as a result of the NEWC history. And at the risk of stepping back over the last three years, but just three quick points for you, Brian. NEWC burned a number of Japanese coal buyers over the last couple of years as it ran during the Ukraine war, and they had fixed-price contracts against a NEWC that in some instances were set during very high price periods. And therefore, it resulted in them paying a premium across two years against that NEWC price.

And therefore, NEWC has started to lose a bit of its short-term credibility. It's expected to pick up again and repair that credibility, but at the moment there's definitely a number of buyers in the market that prefer to buy coal based on short-medium term contracts not necessarily linked to Newcastle. And in order to place coal sometimes you have to engage those particular customers. So, that's a bit of flavour or colour as to why we are where we are currently, Brian.

Brian Morgan

Okay cool. Would you expect that discount to narrow if NEWC prices were to fall?

Deon Smith

Yes, so when prices typically fall we've seen those discounts narrow. But the same is also quite true when the screen price increases. We also see periods of widening discount as clearly customers and brokers stare at screens in disbelief and still negotiate hard for a deeper discount relative to screen. So yes, we do expect if should prices fall, that should narrow. Having said what I've just said, if I look at the screen price and forward curve, we're expecting it to strengthen slightly.

Brian Morgan

Okay so back of the envelope sort of calculations, it looks like about a R400 million refund due to those customers. Is that in ballpark?

Deon Smith

So, if you let me quickly do the math whilst you're online, so about 20% of our sales is against JPU. So, that is 2 million times 20. So, that's about 400,000 tonnes if I assume that we sell at the same rates in June. 400,000 tonnes you might recall we received cash of about $199 a ton. And It now depends on… Let me just quickly check what assumption you've made. So, assume that it settles at $145 compared to the $199. So, $199 minus $145 is about $54 a ton delta across the 400,000 tonnes, which is about $20 million. The number is likely to be slightly higher in my opinion, given that those early rumours of $145 have not stuck with customers. So, that's probably the most narrow that that refund could be.

Brian Morgan

Okay. So, call it $20 million or about R400 million. Is that baked into that cash guidance that you have given us for the end of June?

Deon Smith

No, we are not expecting that settlement to happen prior to the end of June. It's most likely to be settled somewhere in the second half of the year.

Brian Morgan

Okay, last question for me Dion, you've spoken in the past about like a minimum cash buffer So, you've obviously got the R1.8 billion which would come out of that number, that cash balance that you that you guide. Is there a minimum cash level that you guys look at at the moment or is that changed?

Deon Smith

No, nothing has changed compared to what we've previously said, Brian. If I say nothing has changed as we sit here today, clearly the board twice a year reflects carefully on capital allocation, liquidity, and the forward-looking returns to shareholders. And at the moment, nothing's changed in that. Our cash buffer is around R5 billion, and then clearly we also reserve about R1.8 billion for those projects when we get to June. So, assume that that is the answer for now. That means a total cash retention of about R6.8 billion.

Brian Morgan

That's very good. Thank you, Deon.

Deon Smith

Thanks Brian.

Operator

Our next question comes from Tim Clarke of SBG Securities. Please go ahead.

Tim Clarke

Thanks, I hope you can hear me. Just a couple of quick questions. The first one is just on marketing. You're taking over the marketing now. I just wonder if you've got a preliminary assessment on what you think the financial impact of the reduced cost of the potential for better realisations could be, or if there's any thoughts on that. Let's start with that one.

Deon Smith

Hi. Yes. Good afternoon, Tim. We could hear you clearly. So, mathematically, the revenue line is likely to increase by 1% from the 1st of July 2024, which is the end of that marketing arrangement and when we start picking up all of the sales ourselves. That 1% merely reflects the commission that we no longer then pay to Anglo American. However, the incremental cost attributable to the South African business of running that marketing function is approximately R70 million per annum approximately. So, that gives you a ballpark, slightly higher cost, slightly higher revenue, net-net positive.

Tim Clarke

And just any thoughts on early indications of what you could do on pricing. Do you think that there's a price benefit that can still be reaped? Or do you think that they were achieving the right...?

Deon Smith

So, Anglo has always achieved decent realised prices. We're obviously hopeful that we could improve on it given that we should be able to grab opportunities that require mine through to customer seamless communication and alignment or qualities. So, we remain focused on achieving a slightly better price realisation ceteris paribus. And we will be monitoring that, and that certainly our internal target. But it's too early to commit on those to the market, Tim.

Tim Clarke

Perfect. It's a very quick one, an easy one. Just the stock qualities in your current inventory level. I was writing furiously and I missed the... How much of the 4.8 is sitting in the current inventory?

Deon Smith

Yes, so currently we have approximately 2 million tonnes of coal. Just shy of 300,000 tonnes of that 2 million is at port. This is South Africa. And of that around 30% of our total 2 million tonnes is the lower 4800. And that was 55% on 1st January of a higher number, so 2.6 million tonnes. So, you could see how big a proportion that has been of our sales mix in H1.

Tim Clarke

Perfect. And just on Transnet, just listening to everything you've said about the three derailments, the run rate, the necessary step up, assuming there's no derailments. There's also maintenance or there's shutdown times in the second half. My overall sense was that maybe you're not being optimistic, but it's a better case scenario that you're painting. The chance of derailments recurring seems to be there. And then they've got to do maintenance. And so, it will be a hell of a stretch to reach some of those upper end targets. That was my sense. Is that too aggressive?

Deon Smith

Tim, I can't fault your sense. There's certainly asymmetrical risk in that picture, given that in order for us to hit that midpoint, mathematically they do need to step up by 20% odd. Having said what I've just said, that does include the derailments and therefore starts over artificially low base. So, let's say a 15% step up in Transnet's performance in the second half.

Now we have, in calculating those numbers, also assumed clearly that there is a two week shut, 10 days roughly. We've also assumed a slightly slower ramp up post the shut, which is typical when the trains are not in balance, when you find most of the trains down at the bay, and they have to be brought back up to the Highveld. So yes, we've made a couple of assumptions in coming to that number, but it still requires a healthy step up for us to hit midpoints.

And that's why I also softly flagged that that means we might very well need to build stocks. But we might decide not to build stocks, and that might necessitate us to reduce our production guidance. But we're not at that point of needing to do that yet. We will continue to monitor it, and when we get to August, we'll update you in more detail as to what we've seen from Transnet since that.

Tim Clarke

Thanks so much. Very helpful. Thanks.

Deon Smith

Thanks, Tim.

Operator

Our next question comes from Ben Davis of Liberum. Please go ahead. Thank you.

Ben Davis

Hi Deon, how's it going?

Deon Smith

Hey. Well. You, Ben?

Ben Davis

Very good. Very good. Thanks for the call. Just a couple of questions from me. Firstly, on the surety bond for Ensham, are you able to give an idea on the quantum of that and the mechanics? Is that the final instrument or is there a rehabilitation fund to also pay into subsequent to this?

Deon Smith

So, Ben, the answer to your question is that it's not a final landing point for us necessarily. The surety bond is perhaps not an expense from a cost but expensive in terms of trapping cash in let's call it a cash fund, cash collateral green fund. And that makes it fairly expensive. We've put this in place. We're busy putting it in place, mainly as a result of the timeline that we've had and the lack of liquidity in the capital markets to find the best possible solution.

We do believe there are better options out there. We'll continue to pursue those and clearly seek to release some of this cash which we think is higher than necessary. Now, the number is around A$70 million or around R870 million cash collateral that needs to be put in place at this stage. And then clearly there's a discussion negotiation that is continuing about future periods. But all of that is a bit up in the air. What we're aiming to do now is get the bond in place and then go back to the market and look for different structural alternatives. That might take a bit of time, but yes for now that is locked up cash in our world.

You might recall when we put something similar in place in South Africa, the green fund was very much voluntary based on our own assessment. This is less voluntary, so clearly we would like it to be more voluntary, and that's what we'll continue to hunt for. That money is assumed to flow out during June, and therefore the cash balance you would see is lower than what it alternatively would have been.

Ben Davis

Got you. Great. And just taking a step back, and I appreciate this is very early days, but obviously with the South African election result it's not what we would have all expected. Is there any opinions you have on what it can mean for Thungela, for Transnet, for the wider mining industry, just any opinions on what you think this could mean?

Deon Smith

Absolutely. Over a mineral water, I'll give you personal perspectives. But from a company point of view, the direction of travel in South Africa is net-net positive. It might not have been for the ruling party, but a slightly better balance of power which puts more business-friendly decision-makers in the inner circle in government, in parliament, in cabinet is net-net positive for us. You would have seen that in our currency. I think spot today is R18.12 already relative to what we've assumed when we drafted this a couple of days ago at R18.60. So, the Rand is already strengthened fairly materially.

We expect that strength to play out as this new alliance between the African National Congress and the Democratic Alliance is further galvanised. And as a result of these currency movements and the improvement in the Rand, which we I think was broadly expected on a net-net positive outcome, we've over the last number of months forward sold our currency at sort of early R19s given that we were also anticipating strengthening of the ZAR on this outcome So net-net positive for the country, positive for policy, positive for Transnet. But in the short term, as you can imagine, unfortunately not that positive from a Thungela perspective, given that a weak currency enhances our earnings and the strong local currency or local cost detracts from our earnings.

Ben Davis

Got you. Perfect. That's very helpful. Thanks, Deon.

Operator

Thank you. It appears there are no further questions in the question queue. I will now hand back to Hugo Nunes for closing remarks. Apologies, we've got a follow-up question from Brian Morgan of RMB Morgan Stanley. Please go ahead.

Brian Morgan

Deon, while we've still got 20 minutes, you've got costs guided towards the bottom end of your guidance range. Could you just flesh that out for us a little bit more? And might you be reducing that guidance range in your report?

Deon Smith

Hi, Brian. We are unlikely at this stage to reduce that guidance. Key rationale is that we really need to see what the denominator does in the second half. As you would have seen in the first half, the denominator is quite strong, both in Australia and in South Africa. But in both geographies, so in particular in Australia, we're going through faults. In the second half, that would constrain the denominator and place artificial pressure on that cost per ton. Too early for us to necessarily adjust that range at this point.

Brian Morgan

Okay, that's fine. Thank you.

Operator

Thank you. That was our final question and handing back to Hugo Nunes for closing remarks.

Hugo Nunes

Thank you. If you do have any further questions, please feel free to get in touch with me or Shreshini Singh via email by emailing us at hugo.nunes@thungela.com and shreshini.singh@thungela.com and we will get back to you. With that, please allow me to hand back to Deon to close out the call.

Deon Smith

Thank you very much, Hugo. Thank you again for the time that you've taken to listen to this as well as the questions. We are pleased, obviously, that we are able to focus on matters that we are able to control. We will continue our pursuit though of influencing the direction of travel at Transnet, which remains a key artery for exports out of South Africa. And then we also look forward to seeing those results and the fruits of those in due course and hopefully share some of that with our shareholders in times to come. Thank you very much for your interest in our business. Have a lovely day. Bye-bye.

Operator

Thank you. Ladies and gentlemen, that concludes today's event. Thank you for attending, and you may now disconnect your lines.

END OF TRANSCRIPT