Commercial Banking - strategy update
Investor and analyst webcast

13 June 2012

Operator

Good morning, ladies and gentlemen, and welcome to the HSBC Commercial Banking investor conference call. At this time, all participants are in a listen-only mode. There will be a presentation, followed by a question-and-answer session. (Operator Instructions). For your information, this conference is being recorded.

I would now like to hand the conference over to your speaker today, Mr. Alan Keir, Group Managing Director and Global Head of Commercial Banking. Please go ahead, sir.

Alan Keir, Group Managing Director & Global Head, Commercial Banking

Thank you and welcome to this HSBC Commercial Banking update. I know you've all have been talked through the forward-looking statement, so I'll dispense with that slide and go straight onto the objectives of the call, which are, clearly, to update you and brief you as to how HSBC Commercial Banking has been progressing since we last spoke to you all at Investor Day last May.

I hope through the course of this call that we can demonstrate to you that Commercial Banking has been able to push strong sustainable returns off a firm platform; that we have international connectivity at our core and it is a positive macro trend for us; that we're adding more to the value of the firm through the way we collaborate; and that we're executing this effectively, to becoming a more efficient Global Business. The agenda sets that out.

And going straight into the Group results, I won't linger long here because, quite clearly, you'll all be truly familiar with it, but I'm sure you'll want to get into the meat and bones of what's happening in Commercial Banking.

But you can see that, on an underlying PBT basis, the firm in Q1 of this year, as Stuart outlined, saw strong growth of underlying PBT of 25% growth.

Looking at it now by Global Business, you see all Global Businesses were up. From the point of view of Commercial Banking, again I think we had a good quarter with sustainable growth of 14% in PBT and you'll note that the firm's underlying CER for this period also dropped to 55.5%.

If I can move quickly through to the look at the Commercial Banking numbers, then what I would like to do at this moment in time is hand over to Kathleen Gan, who is the Chief Finance Officer for Commercial Banking globally, to take you through the slides that relate to Commercial Banking. Kathleen, over to you.

Kathleen Gan, CFO, Commercial Banking

Thank you, Alan. As you can see, CMB had a record year in 2011, and we had a pretty good strong start in 2012. The profit in the first quarter was up 16% compared to the first quarter last year, at $2.2 billion. Our revenue has also increased strongly, year over year, to $4 billion, though lending balance has remained broadly flat to last year, December.

Overall, the key financial metrics are all trending positively, with CER improving from 48% to 44% in first quarter, and RoRWA remains within our target range at 2.3%.

On the next page, you can see that, over the cycle, CMB has remained consistently strong and profitable. We've generated about $32.6 billion of profit over the last five years. Our diversified portfolio and efficient capital deployment leads to an upward trend in our RoRWA.

We have a disciplined and rigorous risk management framework, and the strength of our portfolio quality is evident from the LICs to average assets ratio you see on the left-hand side. At the height of the financial crisis, we were at about 1.6%, and this has been trending downwards to about 0.7% in 2011.

We are a highly efficient business. As you can see, 45% CER in 2007 and, though it has followed the Group's trend upwards over the years, it has come down, back to 46%, in 2011, which is better than the Group's target range. This clearly demonstrates that our strategy and our operating model is working. And, with that, I'd like to hand back to Alan to take you through the details of the progress of our strategy.

Alan Keir

Thank you, Kathleen. I'd now like to take you through an update from the strategy that we set out to the investors last May.

As you may recall in the May Investor Day in 2011, CMB set out four clear strategic focuses that would drive the business forward. They were to be our focus on faster growing markets; a greater attention to the opportunities that the internationalization of SMEs afforded to us; that we would collaborate more effectively with Global Banking & Markets, for the benefits of our Commercial Banking customers; and that we'd drive efficiency through executing as a Global Business.

I'd now like to take you through what we're doing to translate those into concrete actions. And that comes to the next piece on the graph here, and this is designed, of course, to make us truly the world's leading international trade and business bank, and produce the 2014 aspirational numbers that you see on the right.

We were very clear about looking at where we wanted to do business. That, of course, was using the five filters. It was looking at where the world would be in terms of GDP and trade corridors to 2050 and I will demonstrate this later, looked at, therefore, creating 20 priority countries, which really were the big levers of our performance.

We then looked at who we wanted to do business with; not just being driven by everybody who wants to do business with us, but what were the right types of customers that provide for us the right return to shareholders, and provide competitive, sustainable relationships and advantage for the firm. Clear in that, and that we wanted to focus even more on the international opportunity, and I'll highlight that in a following slide.

We also looked at what products that we were providing to them. We've slimmed down our product portfolio. For example, we've largely exited from the car-acquiring business, as we felt that was not something that fitted with us, or where we could get economies of scale.

But it does provide us, absolutely, with a focus around continued investment in key franchises, like Trade and Receivables and PCM, which I'll talk on in a moment. And we also focus in terms of what products, in terms of our collaboration with Global Banking & Markets, and I'll also cover that later.

Finally, as to how we are going to do this was bringing the business together more effectively as a Global Business, with one operating platform that could drive efficiencies of scale through the business.

In terms of the first of those key initiatives outlined in May of last year, this related to a focus on faster growing markets. This slide shows you the progress that we have made.

Commercial Banking today has over half its balance sheet in faster growing markets, over half its revenues from faster growing markets, and two-thirds of its profitability from faster growing markets.

In short, we are well positioned already to capture the faster growth and the greater opportunities, and often higher return, the faster growing markets bring to the firm. That's not to say that developed economies aren't important to us, and, indeed, that connectivity between faster growing markets and developed markets is part of the uniqueness of our franchise and our advantage, and we'll talk about this a little later.

If I could now move to looking at the who of the customers -- of the initiatives that we talked about. This slide on the left shows you the bar graphs, underpinned by work from McKinsey, showing that the available international revenue profit pool for us is up to $190 billion. It also shows that international revenue is growing at over twice that of domestic revenue by way of profit pool growth.

We're very conscious that, within HSBC, an international customer is normally twice as profitable, if not more, than purely a domestic one. And, therefore, we have a multiplier effect here of international revenues being more profitable and growing more quickly, and us being well positioned to take advantage of that. Indeed today with 15% of our customers being classified as international, they generate 50% of our revenues.

I'd now like to talk a little bit about how that translates into our coverage. I talked before, if you like, on the where piece, around the 20 priority markets. And you can see that those priority markets give us coverage of 49% of all international companies.

And, indeed, when you take our network coverage, and those countries are more focused on our corporate and international business franchise, there we can extend the whole coverage piece to looking at 81% of all international companies that we wish to bank.

It's also a coverage model that is designed to capture the majority of the key trade flows. To that extent the coverage we have maps to 70% of expected world trade flow. Of course, we've looked at the world out to 2050 and we're making sure that we're correctly positioned as the world changes and moves.

Turning now to the what, and looking at one of our key products, that of Trade and Receivables Finance, which, of course, we covered in some detail in the May '11 presentation, you can see that we have established ourselves as the world's leading Trade Finance bank, with a global market share of 9%. The same Oliver Wyman study showed that the average of the next three banks was 4.4%.

We do have a clear competitive advantage here, but, as you can see from the graphs on the left, this is something that we're anxious to maintain and improve on, and you'll note that world trade continues to grow faster than world GDP. And our own Trade Finance revenues are growing quicker than world trade.

Within those revenues we've seen strong growth, not just from the conventional domestic trade through letters of credit, but also through the fast-growing open account receivables finance; and through commodity and structured and trade finance, something we highlighted last May, where we've continued to benefit from some banks deleveraging in that space.

Also here we are very proactive in looking at the opportunities that flow from China's latest five-year plan, which focuses on China Out; as well as being a leading renminbi bank with abilities in 50 countries. We've also established China Outbound desks to capture the flow of money, investment and trade that we see coming out of China in the coming years.

This is an important strategic play for us, not just in terms of China, but also in terms of the opportunities it can afford us in other markets.

Just to give you the anecdote of why that's important, I was lucky enough on Friday to be in West Bromwich to see an international SME switcher that is coming to us from another bank. The first thing they've asked us to do is open an RMB account because they know it's to their commercial advantage to be able to settle in RMB with their counterparties in China.

Turning now to another key product platform, that of Payments and Cash Management. This is a key product we don't often talk enough about, but actually it's a franchise that's very valuable for us. It has high barriers to entry; customers tend to be very sticky when they buy our product; they provide us with a lot of liquidity; it's not a high user of capital; and, at the moment, it's arguably undervalued as the float value from dollars, euro or sterling is actually historically low.

As you can see from the bars on the left, again we try and benchmark ourselves to macro trends. You can see the world growth in payment volumes, and how our own payment revenues and our deposits are outperforming against that. This is an area we'll continue to invest in.

We also talked very openly in May about our collaboration with Global Banking & Markets. This slide shows how we've progressed in 2011 towards the $1 billion incremental revenue target we set with our Global Banking & Markets colleagues. As you can see, and as you'll be aware from the annual results, we made strong progress, recording $500 million of incremental revenue.

How did that come about? Well, of course, it's a lot about focus. It's about committing senior resource to driving the benefits of this for the firm. And this has not just come about through event feed, as you will know. The corporate events last year were perhaps somewhat low. But the drivers often come through floor business, such as FX.

Now we have to look at taking that forward. And, as you may have heard from Stuart in the last Investor Day, we're now increasing that target from $1 billion of incremental revenues working in a collaborative way to $2 billion out to the midterm.

How are we going to do that? Well, of course, there is more to be done with Global Banking and Global Markets, both in terms of penetration of Global Markets or Global Banking products into CMB customers, but also in terms of greater penetration of Trade and Receivables, particularly supply chain, into Global Banking.

There's an exciting opportunity to work with the Private Bank. We have, in the Commercial Bank, many entrepreneurs who make the wealth as we develop and grow their businesses with them. As events allow them to cash out, we have an opportunity to work with our Private Banking colleagues, as they reposition more towards the customers that we know and have worked with.

And finally, there's a real opportunity for us in the insurance space, particularly around trade credit insurance, leveraging our competitive advantage in Global Trade Finance through a stronger penetration of insurance product.

Finally, I wanted to talk about the how issue and what we're doing to execute as a Global Business.

The key platform here is one architecture globally. We're organizing ourselves effectively the same around the world, to make it easier for us to connect and to connect for our customers, making sure that we deliver economies of scale.

An example of that is that we have an effective relationship manager capacity model, which Sean O'Sullivan outlined on Investor Day is producing 15% productivity gains.

We've been able to rationalize the number of our Internet banking platforms to get economies of scale. And how we've looked to develop the trade business. We're looking at how, again, we can standardize processes, to get those economies through.

And even in the open accounts space, we've discovered seven platforms around the world when, in reality, the firm and our customers only really need two.

So we can continue to drive efficiencies through the business through this globalized approach.

That's also reflected in how we're spending on marketing; positioning ourselves very clearly for international connectivity and those businesses that want to do business internationally.

I am also conscious that we need to talk a little bit about developed markets and how we can capture the opportunity in developed markets of our franchised and faster growing markets. To that extent, one of the positions that has been of some interest, and Stuart highlighted this in the Investor Day presentation, is how we're repositioning our business in the USA.

To go through that in more detail, I'd like to hand over now to Steve Bottomley, who leads our business in North America, to go through how he's positioning the business in a developed market to profit from the opportunities and our connectivity globally. Steve?

Steve Bottomley, Head of Commercial Banking for North America

Thank you, Alan, and good morning and good afternoon to everybody.

As Alan said, as the US business is being repositioned and refocused, a key element of that work is an investment strategy for Commercial Banking. And let me just explain the strategic rationale for why we're doing that.

I think key point one is the US is an international hub. And, despite economic challenges and the regulatory uncertainty, it is the largest, the most open and the most connected market globally.

Market conditions and overall economic environment are challenging, particularly as we head into an election later this year. The regulatory environment in the US remains uncertain. The future US capital requirements are equally uncertain. And we, of course, remain continued focused on our compliance and foreclosure methods.

Nevertheless, the fact is that the US is an international trade hub with 8.4% of total global exports and 12.8% of global imports.

Our forecasts predict continued growth of those exports and imports, as the graph will show, and will make the US the second biggest trading nation by 2020 after China.

But the US economy is the largest in the world by way of GDP. It is the fourth in terms of global competitiveness and the second by way of FDI flows. And our analysis done jointly with McKinsey would indicate that the CMB revenue opportunity in the US aggregates to about $32 billion for internationally oriented businesses.

Against that background, our assessment is that HSBC is underpenetrated and underinvested in the US and, therefore, we are correcting that through this investment plan.

We continue to grow and invest in key businesses that are strategically relevant to HSBC, while managing our legacy businesses and driving efficiency through the Bank.

Our CMB strategy is clear; to be the leading international business bank in the US, leveraging HSBC's competitive advantage to meet the needs of international customers in the biggest economy in the world.

HSBC will drive material return-enhancing growth through the following key actions.

Expanding our coverage in geographies with high concentrations of international activity across the corporate and large international SME space. We are prioritizing 15 cities across the US, which will provide us access to over 50% of the US market for international companies.

We are driving a focused strategy across all of the major product lines, specifically PCM, Trade Receivables Finance, Global Banking & Markets and Private Banking. And we will also grow selectively the corporate real estate book, focusing on those internationally connected customers of ours that see real estate in the US as an investment opportunity.

We are engaging in a very targeted marketing and business development effort, focused exclusively on international businesses.

At the same time, and in addition to that, we are strengthening our existing systems, infrastructure and capabilities to serve the increased business volumes and deliver a digitally-led proposition to maintain a competitive customer proposition.

Against all of that, we are very focused on disciplined growth. We are very risk aware. Our intent is to build this business with a view to long-term sustainable profitability. And we are growing it with a robust, compliant environment.

Alan Keir

Thanks, Steve. I hope that was useful in terms of putting some flesh on the bones of the comments that Stuart made at the last Investor Day and demonstrating how developed and faster growing connectivity is something that, actually, plays to the strengths of our firm.

Before I hand back to the operator to chair the Q&As, I just want to take you through a summary of what I hope we've been able to show.

That we're a strong, sustainable, well-founded business; financial KPIs are moving in the right direction; that we're going to benefit from the engines of global growth, such as they are right now; but we're well positioned in faster growing markets; we've got a strong position in trade.

International connectivity's at our heart and we are connecting our customers to those global opportunities. It is a real source of competitive advantage for us. And we're executing that more cost effectively through our Global Business model, driving efficiencies and economies of scale.

I think the business is in good shape. We've had a good 2011, a record 2011. We've had a strong start to 2012. And with that, I'd like to hand back now to the operator, who will chair the Q&As. Thank you.

Operator

Thank you, Mr. Keir. (Operator Instructions). Alastair Ryan, UBS.

Alastair Ryan, UBS

I just want to -- one of those questions really, it's a funny one for bank analysts, but what is the relevance of branches to your business? Growing -- CMB's historically associated with branch network operations. And I realize that people actually coming into branches with cash is a micro business thing, which sits naturally in retail. But HSBC is actually going down a relatively unusual route at present with closing your selling branches in quite a few areas and placing a great focus on CMB.

So, why are those two things disconnected when historically, in analysts' and investors' minds, they've often been associated?

And second, just to check the last thing, that you were actually talking about growing your real estate finance book. Clearly, there are good margins in that area at present. It's just I haven't heard that from any banks I've covered for quite some time.

Alan Keir

Okay, well let me answer those, Alastair. First of all, on branches and the relevance they have.

Again, this comes down to the focus that we exhibited through where we're doing business. Because where we have mass business banking, that's very important for us in terms of generating liquidity to fund the book, but you have to have the branches of economies of scale to be effectively able to do that.

So, for example, where we haven't had those economies of scale, or where we don't have the branches, we have been quietly and selectively withdrawing from mass business banking in certain territories, to make sure that in the markets where we do do mass business banking, actually we can do it really competitively well.

So those will be, for example, if you looked at the countries like Hong Kong, UK, Brazil, Mexico, France, Turkey, the business that the market should expect. And in many of those markets, actually, we're not closing branches; we're actually opening branches. So I think there's that.

And some markets obviously we are closing. But, actually, where we are reducing some of our branch coverage, you'll also see from us, for example, significant investment in digital.

So in the UK, for example, we were the first bank to launch a business banking i-App, and we've already exceeded our business case logons for that. So we see increasingly SMEs at the small end, so the micro business end, starting to use digital channels more than they are branch channels.

In faster growing markets, there is still a greater reliance on branches, but in those markets we're not particularly reducing our branch presence. But, of course, as we go forward, we need to look at the balance of investment between the physical branches and the digital space.

I hope that's answered that one.

On real estate, what Steve was clear about, and I think this is the interesting piece, is that there are a number of opportunities in key markets to service our international customers, as they come in to do real estate. So for us, purely domestic real estate is not that attractive because it doesn't particularly add an awful lot to the international franchise.

Where you're in a mass country, like the UK or the US or Hong Kong, of course, by nature of being there, you're going to still do some real estate. And although it's somewhat of a negative phrase, it's not something that has necessarily been that bad, going forward.

I'd like to just assure you that we're not seeing an overall expansion of our balance sheet weighting towards real estate. In fact, that will continue to slightly decline. But in the US, there's a real live interest right now from a number of international customers around what they could do, or how we could help them, with real estate, particularly in the New York area. And that's something that Steve's looking at.

Steve, do you want to add to that particularly?

Steve Bottomley

Yes. Alastair, what I'd say is, depending upon the geography and depending upon the asset class, in US real estate you're seeing a reduction on peak of between 40% and 60% across that marketplace.

The reality is, a lot of our international investors from other parts of the world that have got plenty of cash, being Asia and the Middle East, are looking to invest in US real estate right now, because they see it as an attractive investment opportunity at current yields. And that's the business that we're focusing on and picking up.

As Alan said, purely domestic real estate lending is not something that we see as attractive. But doing 60% against an asset which is worth 50% less than it was three years ago is probably not a bad lending opportunity.

Alastair Ryan

Thanks.

Alan Keir

Next question, please.

Michael Helsby, Bank of America Merrill Lynch

I've just got a couple of questions, if I can. Firstly, on -- I think the longer term growth of the faster growing markets is very evident and very clear. However, in the near term, certain parts of those faster growing markets are clearly going through some sort of adjustment process. I'm thinking about Brazil and certainly in Asia, there's been some quite big slowdowns coming through in loan books.

So I was wondering if you could give us some sort of near-term outlook in terms of how you see HSBC loan growth panning out for Commercial Banking over the next one to two years. And also, if you could comment somewhat on the impairment outlook.

And secondly is just on costs. I was wondering if you could give us a figure for the US cost investment that you referred to, to get this $32 billion of revenue opportunity.

And just more broadly on costs, clearly there's a lot of efficiency saves and a lot of investment going on at the moment, and that's the big levers that are being pulled. So I was wondering, when you look at your 2014 targets, what type of cost growth are you thinking about when you're looking at those, and referencing that to what revenue you're looking at?

Alan Keir

Thank you. There's a number of ones, and I'll try and take them in reverse order, if you like.

Looking at the cost out to the future, one of the things obviously we focus on within the business is maintaining positive jaws. So any cost growth would be related to where we see revenues growing.

Now to that extent, of course, we're able to focus on things like faster growing markets, where coming back perhaps jumping around to the first part of your first question, whilst, yes, China is slowing down, it's still looking to do 7.5%; whilst India is slowing down, it's still looking to do 5%. And, therefore, the relative growth of those markets, compared to developed markets which are broadly flat, is still there.

So if the developed markets were doing 2% and China was doing 10%, we still talk about that; and developed markets doing 0%, China doing 7.5%, there's still a performance gap there that is worthwhile exploiting.

There's also the point of actually whether we can outcompete in those markets. And if you think about the number of businesses in India and China that are going international, for example, or, indeed, in Brazil, then, of course, that provides us with an opportunity that should allow us to outperform any GDP growth in those countries.

So I think you will still see our focused investment going into those markets because we can have the GDP flow through.

We also know that trade is growing very strongly from faster growing markets, actually inter-regionally. And, obviously, China is now actually becoming an importer as well as an exporter.

So there are still significant opportunities for our franchise to exact revenue growth that is greater than necessarily in terms of GDP.

In terms of the cost platform -- of course, you asked about impairments. Clearly, we don't give forward-looking statements and I'm not going to give you an exact look on impairments. Clearly, they are broadly reflective, obviously, of the macroeconomic climate. If the macroeconomic climate declines, then we would expect impairments to deteriorate.

As we tried to point out on one of the slides early on, even in the depths of the global financial crisis, which was a very sharp and very abrupt downward revision, actually the worst case we got to was 1.6%. And you can compare that across to peers.

I think the strength of that is obviously our conservative risk culture. As Steve said, as we're expanding in the US, we're doing that in a very risk-aware way. Most of our businesses, obviously, in terms of our focus or in terms of our overweightness, particularly at the corporate end of our book, tend to be international, and that gives us a variety of mitigants to any underlying domestic economic issues.

But the impairment outlook will be reflective of the macroeconomic outlook. And I don't believe too many people have that clear a view on that right now, Michael. So that's kind of the best answer I can give on that. Does that cover off your points?

Michael Helsby

The cost of the US investment?

Alan Keir

Cost of the US investment, I'll pass for Steve to answer, but we can't give -- we don't give, I think, any particular number with respect to that. It's not something we've disclosed.

Clearly, it also is going to be staged in phases because we clearly need to hire people. We have the operating platforms there. Most of this actually is just about hiring the right people in the right places. So, from that point of view, the revenue opportunity is large, and the cost to access it is not that particularly significant.

Michael Helsby

Okay. Thank you.

Alan Keir

You're welcome. Next question, please.

Sandy Chen, Cenkos

I just had two questions. One is probably -- just looking at the PCM business, do you see any risks of disintermediation from other payment services emerging, etc.? In other words, where should we actually take that trend line? Should we assume that it's going to carry up -- on going up with global payment volumes?

And the second question was really just more a general comment on eurozone breakup scenarios. Obviously, you've done modeling on that. And Europe, in terms of the CMB revenues, is actually quite a big constituent as well. What would your expectations be if a kind of hard breakup scenario were to occur? Thanks.

Alan Keir

Okay. Well, in terms of PCM, let's tackle that one first. Yes, there is disintermediation risk from the likes of PayPal and others. We're aware of those. Those have been around actually for some time, but not materialized; not to say that we're complacent about that.

But, as I said, the barriers actually, particular if you're a large and international company, are relatively quite high. There is a sophistication to the PCM offering to most of our international businesses that is hard to replicate.

And there's something else around trust and whether those other disintermediation opportunities, in terms of the brands that are there, have the same trust from customers as someone like HSBC. I think there is a bit of a way to go there, and that is possibly one of the highest barriers to entry that there is right now.

We have a credibility and a franchise and a trust and a history that actually gives businesses -- and if you're sitting around a boardroom, if you're doing international payments, you want to be sure the money is going to get there. And that's something that we have a history, a franchise and a trust and a brand that resonates.

Sandy Chen

Yes. Would you see any potential impact on the pricing of that, though?

Alan Keir

I think there's potential impact from that at the bottom end of our book in terms of Business Banking, but then actually we're already competing down there effectively through our Internet and digital developments, which actually, again, give us scope to compete cost effectively in that manner.

Sandy Chen

Understood.

Alan Keir

And so at the moment, yes it's there, yes, we'll look at it, but I wouldn't say it's evident in the business.

In terms of the eurozone breakup, obviously that's very hard for us to comment on, for a number of reasons.

Sandy Chen

Yes, of course.

Alan Keir

And, of course, we stress test that. What I would point out to you, though, is to highlight where those revenues come from in terms of the makeup of our business in the eurozone. Clearly it's France, it's Germany, and those are the two markets within the eurozone where the greatest degree of our revenues and our balance sheet lie, to a disproportionate extent.

So our exposure to the countries most at risk is actually relatively modest, and, therefore, the revenue and balance sheet risk there are manageable, even in the hard breakup.

Sandy Chen

Okay. So the redenomination risk would really be limited to potentially France, if there was a hard breakup scenario.

Alan Keir

Redenomination risk obviously exists in all the countries that we operate in. The greatest degree of redenomination risk would be -- you could also say Germany; it depends on your viewpoint. I wouldn't like to pass any political judgment.

But clearly that's where the biggest balance sheets lie, and, therefore, if there was a hard breakup then yes, there's going to be issues in terms of France or Germany, but then that would be true necessarily across the market. And obviously we plan and stress test for all these eventualities.

Sandy Chen

Right, okay. Thanks very much.

Alan Keir

Next question, please.

Operator

There are no further questions. (Operator Instructions).

Alan Keir

If there are no further questions, then let me thank everybody who has participated in the call. It's kind of you to give of your time. I hope you found it valuable.

I hope we've been able to show that Commercial Banking is in a strong shape despite, of course, the macroeconomic challenges. But our key fundamentals are pointing in the right way. We're well positioned with our exposure to faster growing markets; the connectivity we have with developed markets; the strength in trade; and the cost effectiveness that comes from driving ourselves as a Global Business.

Thank you very much indeed, and I look forward to speaking with you again. Thank you, now.

Operator

Ladies and gentlemen, that does conclude our conference for today. Thank you for participating. You may now disconnect.