



# LBMA Webinars

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## Precious Metals Logistics During COVID-19

### Speakers:

Taylor Birch, Events Coordinator, LBMA/Speaker 1

Ruth Crowell, Chief Executive, LBMA/Speaker 2

Allan Finn, Global Commodities Director, Malca Amit/ Speaker 3

Brian Hayward, Head of Loomis International UK, Loomis International/Speaker 4

Mark Woolley, Managing Director, Brinks Limited/Speaker 5

### Summary:

Listen to our speakers as they explain the critical nature of logistics within the precious metals supply chain, and speak about how those in the industry have responded to, and tackled, the challenges presented in the unprecedented times created by the pandemic. Our speakers sought to clear up any misconceptions about the logistics industry such as cargo prioritising and what this means for the future of transporting gold.

### Speaker 1:

Good afternoon and welcome to today's live LBMA webinar. We are delighted to welcome you to listen to Ruth Crowell, CEO at LMBA; Allan Finn, Global Commodities Director at Malca Amit; Brian Hayward, Head of Loomis International UK at Loomis International and Mark Woolley, Managing Director of Brinks Limited as they talk about the logistics of moving gold throughout the time of COVID-19, clear up any misconceptions surrounding this and set expectations for transporting gold in the future. If you have any questions throughout this webinar, please feel free to enter them into the question panel of the webinar, as you can see on the screen. Our panellists will try to answer them at the end, should there be time. But for now, I shall hand over to Ruth who will begin by setting the scene for us. So Ruth, whenever you're ready.

### Speaker 2:

Thanks very much, Taylor. And thank you so much to my esteemed panellists for taking the time out to speak to everyone today. As Taylor mentioned, we're wanting to give some information in terms of how the market has been functioning, particularly when it comes to logistics. This is something that's been a key point in terms of my communications with the industry, but, also, I would say, press interest, etcetera. So, hoping to get to some of the facts and clear up any misconceptions, as well as give some indication for the future. I think but first, let's talk a little bit about how has the market been functioning. LBMA's role during the pandemic has really been ensuring that London remains open for business, and I'm happy to report that 12 weeks on, that is certainly the case. There has been smooth operations from all the infrastructure providers, including the vaults, as well as the benchmarks. And,

also, I'm happy to say we've had some record volumes in terms of London. So, if we just turn to those numbers for a moment. We have a record gold stocks of 425 billion. Our average daily volume has jumped from 45 billion in 2019 to, it's now at 62.5 billion. And, actually, on Tuesday we had the highest day recorded so far, which is 114 billion US Dollars. I was corrected by my esteemed panellists prior to the call that obviously the price changes a lot. So for those industry folks out there, we're talking about 67 million ounces, going through London on a single trading day on Tuesday, so there has been good news in terms of, certainly, London is opening the functioning, but there's definitely been some challenges that as a global industry we're facing. And, as I mentioned, the logistics is part of that. So if we turn to the challenges, the main thing we wanted to address here is, I think, we talk about logistics and I think rightfully so. The carriers could be a bit sensitive because it is not a failing on the carrier side. For those of you who aren't aware, gold traditionally travels by a passenger airline, so if less people are moving around the world, that means there's less flights for the gold to travel on – and less availability for that. So, disruption to passenger flights have in fact impacted the availability, but I think the key message we wanted to get across is that metal is moving. Metal has been moving. However, flight availability is less.

So there's been the adjustments, I think, as the world in many senses, we've all adjusted to new life during the pandemic, in terms of supply chain, but also in terms of daily interaction, but certainly the flights will be a part of that and we'll get into more of that later on. I think, the other aspect, certainly we've seen in terms of industry disruptions and challenges have been price dislocations. And I think we have a live situation with what's happening in the COMEX and in New York. At the end of March, we saw quite a premium being traded and quite a lot of volatility between the two centres and that's actually resulted in record stocks now being held in the COMEX. But, I think, part of the point of today was to let the operators who are really dealing with this on a day to day basis give some facts in terms of where there are challenges, where there's not. Certainly, we saw at the end of that March when you're having the premium and the EFP reaching levels of, say, \$60 when it normally trades about \$1-\$2, a lot of this was due to news stories coming out that Ticino, which has three major Swiss refiners shut quite abruptly over the weekend. And so there were concerns that people holding positions would not be able to deliver. I think subsequently we've seen a lot of delivery and we'll talk about that. But on the other side, certainly in Asia, you've seen trading at a discount and that's partly because certainly in China, gold is held for a rainy day and it was certainly viewed that that rainy day had come and that they needed to sell gold in order to get cash. But now that the world has gone back to work, you've started to see that normalize but we have seen, certainly in terms of dislocation between venues and I think more recently with what's happening between the June contract and the August contract, you're also seeing dislocation intervene, given the way things are working. So that's the overview in terms of how the market is functioning and the challenges on logistics. I want to open it up to the panel to talk about how are things moving now, certainly from your perspective and open with Allan Finn to answer this question

### Speaker 3:

Thanks Ruth and good afternoon, everybody. As Ruth outlined, the primary way that traditionally secure logistics companies move gold around the world is on passenger flights, which is unknown to quite a few people out there when you go on holiday. Why we use passenger flights – or, prefer passenger flights? Cause there's a point to point service, we know where they're taking off and we know that where they're landing. So, while they're in the air, they remain relatively safe for us from attack risk. And that generally in a normalized world is our preferred method of transport. And we've always had the other methods of transport at our disposal. It's just how we as carriers decide to utilize those tools relevant to the situation which we find ourselves. So going back to your point, there has been a huge drop off in passenger demand, which has led to a drop off in passenger flights, which in turn has led to a drop off in capacity, but the world is still moving things logistically, and so competition for that space on the planes has in fact increased and that, in simple economic terms, does mean that we have had to pay more for the space that we want to get on those planes if we're going to execute it. There is an important balance to draw in there. And the airlines are not completely mercenary about things. When they're making a choice about who they prioritize that space to. They do apply ethics first. So, there's an ethical filter over who gets priority. And then the commercial filter will fall in on top of that. And that will mean sometimes that gold could be delayed or moved to a following flight if there was a humanitarian priority taking the lead for that particular lane or route. Passenger figures? I mean, it's interesting to look at the London Heathrow pre-COVID passenger figures. They're down to 7% of what they were pre-COVID but the freight figures, surprisingly are only

down to 44% of what they were so, although we've seen a 93% of passenger footfall drop off. You know, we've only seen 56% of cargo volume fall off at Heathrow.

And that's interesting. We've seen airlines making the aircraft – passenger aircraft available for charter and for cargo, we've seen lighter cargo being placed on seats where passengers would sit before, to utilize their aircraft and keep those lanes running and keep cargo operations in place. So moving on to the next method that we use, it would be cargo freighters, the big seven four sevens, and Boeings that you see moving around in the skies with no passengers on them, no seats, empty configurations inside. Traditionally in the past, by my company they've been less preferred because they end up with multiple loads on board. Sometimes they can do multiple stops, and if the weights on the planes change between stops, the goods get taken off and put back on again. And that's not something from a security perspective, that we're keen on. So, we've had to address those risks and weigh them up against keeping the market moving to decide and use some of the cargo freight services that the airlines have been providing out there. The final solution, which all of us have found ourselves presenting to customers and using during the height of this period is perhaps the most expensive, which is a dedicated charter aircraft. Now we can actually charter an aircraft that could take up to 90 tonnes of cargo on board to move stuff around the world, but that has to be balanced against what our insurance limits are, that we can guarantee to the market and to our customers for moving those goods, and also what our risk appetite is. I don't think my blood pressure could cope very well with 90 tonnes of gold flying Transatlantic during a light storm. I couldn't see myself getting much sleep that night or being on good terms with the Lloyd's underwriters the following day if they found out about it. The sort of conclusion about how things are moving and where they are at the moment is that they have moved. And I think the volumes that we've seen in COMEX, that you've identified, you know, went from 9.6 million ounces of physical stock to 26 million ounces; that gold has reached America from all over the world through logistic routes, which sort of counters the initial assessment that some people were making, that it would be physically difficult to move gold around the world. Those figures are testament to the fact that it has been done and it will continue to be done. So, I think the market can be reassured that if they want metal moved, we can find a way to move it. It's how we mix up and match the various tools that we, as secure logistics providers have our resource to apply and to use.

#### Speaker 2:

Thanks, Allan, it's quite comprehensive in terms of many of the options out there. I think as a private citizen, certainly I've been noticing my neighbours and colleagues with – we're directly under the flight path – so there's been less planes going, but every time they go over the building, lots of people are upset about how people are coming into the country. But, certainly, it's been reassuring to know how much has been converted, as you're saying, in terms of, from passenger to freight. So it's not necessarily people being held or not, but I think the points on cargo are very interesting. I also think the points, as you say, in terms of decisions as to what to prioritize, that ethics is first and foremost from the airline's perspective, obviously there's profit, but ethics is the most important. I wanted to open it up to Mark and Brian to come in. And particularly if there's something you disagree with in terms of what Allan said, but also, we talked a lot about gold and certainly other precious metals. How are those facing? I'll take it to Brian first, and then to Mark.

#### Speaker 4:

Okay, just following on a couple of points from Allan and what you said initially Ruth. It doesn't go on every passenger aircraft, not every passenger airline is approved. So we're very conscious, all of us, that we will only use approved airlines, approved airports and approved flights. So not every flight taking off from, from Gatwick or Stansted would have any gold sitting on it. So we shouldn't worry about that too much. Having said that, we've seen also good flows and I think pretty much what Allan was saying, there's been more movement in this last period than we've seen for quite some time. And I think we've risen to the challenge, all of us, and made sure that the customer requirements have been met.

#### Speaker 2:

Great. That's wonderful. I think that's a strong message about metal moving. Mark you were to come in.

#### Speaker 5:

Yeah, I think Allan said it pretty well actually. The initial speed with which airlines stopped flying, I think, took everyone by surprise a little bit, and there was a period where we were maybe short of a few answers, certainly the cost effective answers by our customers, but kinda all of us, we started using new routes, new airlines, freighters where appropriate, different airports and I think, between us, we rebuilt our model pretty quickly. I must say, well, the gold market is always very demanding. In general, we've had quite a lot of understanding from our customers over this period for the challenges we faced. So, it's probably a good opportunity for us as an industry, to thank them for the patience that they showed during what was quite a difficult time for us.

#### Speaker 2:

No, definitely. I can only imagine. I mean, certainly for those of us who have the luxury of working remotely, that's not obviously the case for the carriers – you work out there every day. So, I think I want to, in terms of next questions, I think it's moving on to what the biggest challenges have been for moving metal. I mean, COVID-19 obviously, in terms of the virus, but I think if you take it one step past that – I think one for you, Brian – in terms of what would you see as the biggest challenges?

#### Speaker 4:

Thanks Ruth. I think, from our side, we've typically worked as a group of people where we work from one base. And you just talked there about working remotely, we've got pretty much 50% of our staff currently working from home. So that would be our – typically our finance, sales, shipping teams are all working from home and have been now since the initial lockdown. You mentioned 12 weeks, I can't believe it's, you know, gone that quickly. So all of those teams are working from home. But on top of that, it goes without saying that our operational staff, our physical operational staff, our vaults, our drivers, our crews, our security people do have to go to work every day. And I'll cover that a little bit in a minute. So we have seen challenges around that, but I think everyone's risen to the challenge very, very well and we've been very, very pleased and it will make us – look we've talked about it as a management team for the future – maybe we will do things different in the future because we've always been very, very focused on having the team together all the time, which is great, but also giving some people you know the options, other options as well. Then secondly was covered slightly in the first question, but secondly, the challenges have been around airline capacity. So, we saw – rightly so, and it was expected – capacity being cut across the whole airline industry and that's been massive for us. But what we've been able to do between us, is work with the individual airlines, work on relationships we already have there with them and some new relationships as well, and open up as many flights as we can on the scheduled services so that's your passenger airlines.

And I've mentioned about the freighters, but also the charters. You know, I think we've all done probably more charters in the last couple of months than we've done for a long time. So that's been really, really good as well from that point of view. In terms of getting the delivery and getting physical stock around the world, I think we've all rise to the challenge on that. And then, we've also, with the airlines also very much part of it, each airline has its own airline vault pretty much, particularly in London. A lot of those airline vaults have either closed completely or they are working on shorter hours. So, if an airline vault closes, that could mean one of two things. That could mean there's no valuable flights in and out for the airlines that are covered by those vaults. Or we would have to put the material on the aircraft ourselves, which we are all capable of doing, or if it's restricted hours, that means restricted flights. So, there are one or two of the major airlines who are now working restricted hours. So, we've had to get to work together with the airlines, with the vaults to make sure that happens. So, I think, the third point for me is country restrictions that we've had to look at and overcome the challenges there. So, typically, I think it's fairly well known that South Africa, Johannesburg, particularly they have pretty much shut down for some time. I think we all found a way very quickly to satisfy demand coming out of Johannesburg. India is still in shutdown, although we're still putting material into them, of sorts, and then also with Turkey – with some of the airline restrictions and the airport closures. So, it's not just those three countries, but there are a number of countries that we would typically move high values of metal in and out that gave us those restrictions and I think that, yes, we've overcome those challenges.

### Speaker 2:

Okay. So, Brian, in terms of restrictions at the airports, it sounds like that's been a significant theme. Mark, if there's anything else you want to add to that before we sort of moved on and in terms of challenges of moving metal? And, I mean, it's been comprehensive.

### Speaker 5:

I think Brian covered pretty much everything, but I go back to Allan's point. There were a lot of challenges, but if you look as an industry, the amount of metal that we've successfully moved into New York over this period is pretty significant. And it's probably not far off the total amount of metal that would have been mined overly during this period. That would have been challenging at the best of times. So, I think it demonstrates as an industry that when our backs to the wall, actually we can be quite innovative and quite flexible and still get the metal where the customers need it to be.

### Speaker 2:

Definitely. I think we'll take it to the next question in terms of – and Brian started to talk about this a bit – in terms of what regions and airports you've seen the most disruption. And I think Mark, I'm asking you to lead on this one. The other aspect is parts of the supply chain, certainly miners were getting a lot of headlines in terms of having disruptions, from their perspective. Did you want to comment further on this?

### Speaker 5:

Yeah, I think there are two things that I would stress. Firstly, partly it's a question of demand. So in terms of flights to the U.S., New York's probably been relatively well supplied with air freight capacity compared to other locations that we deal with, but there's been an unprecedented spike in demand, which has prevented us being able to get all the metal there in the time that our customers would have wanted, but under normal circumstances with the levels of freight available, we wouldn't have struggled to ship metal into New York. We might be discussing why we had a problem getting metal into India or China. So people talk about disruption, but I think you have to take that in the context of the fact that actually there was an unprecedented spike that I hadn't seen in, in 20 years in the market. Yeah. In terms of the mining side, I think the reduction in scheduled airline capacity, left some countries with no capacity at all. And we do a lot of work in Latin America, Asia Pacific and Africa on the mining front, and some African countries cease allowing people to enter. So, there were no commercial options that meant we had to charter aircraft to fly the doré to refineries in Switzerland and Dubai, we're down to South Africa. So, where before we might have chartered an aircraft to take the doré from the mine to the international airport. Now we're talking about an Intercontinental charter on a Boeing 737 or an Airbus 319. So, we're lucky – Brinks – that we're a licensed air operator in South Africa so we had access to a lot of commercial charter operations and, so, as well as transporting the doré, we've been able – we're going to be able to help the mines transport their staff to and from the mine sites. So, I think it's a very valuable service. Not only do they need to get their staff to work, but their mines are very reliant on the doré for their cash flow. And without this kind of service, I think they would have been in a much more challenging position.

### Speaker 2:

No, agreed. I think, from you know our side, if we think about all the disruption that was happening at the end of March there, a lot of it was focused on trying to get the facts out. Concerns that there was no refining capacity, I mean something as LBMA we were trying to get across that we've been oversupplied with refining capacity for quite a long time. So, you know, as important as the Swiss refiners are, there are a lot of options out there. But I think the other one that addresses both of those points was the news story coming out about South Africa shutting and trying to ensure that the message was getting out that Rand had been identified as essential business, it was prioritized for African mining. And I think some of the questions we've got coming through is just to follow up on this in terms of how would you have – it's for Brian – in terms of how did you see the Joburg situation resolved? I mean, I would have thought certainly Rand getting that government recognition was part of it. Do you want to comment further on that?

#### Speaker 4:

I think it was that definitely, Ruth. I think that was a big part of it and us talking to Rand Refinery at all levels and them obviously lobbying locally to get that released, but also working with the airlines locally again, and our offices in South Africa, and our partners to help support that. Cause you need all parts of the jigsaw. It would be okay if Rand was allowed to open and produce, but we also needed the other parts. And initially those were charters certainly, and then followed closely back to the scheduled airlines. So, I think it was many parts of the jigsaw and, and people like ourselves pushing hard to make sure that we could get back supply and meet the demand certainly in New York and other parts of the world.

#### Speaker 2:

Certainly. I mean, and I remember from some of our conversations on these weekly calls about – at the very beginning – getting, you know, getting insurance to approve charter was a question mark. So the fact that you've gone from, 'Yeah, it's approved' to, 'There's been record numbers', it's certainly unprecedented times. I'm going to move us around the world, I think, out of Africa and into New York again, certainly we're getting a lot of questions on this. So, in terms of the next question, and in terms of the high levels of COMEX deliveries, how has this impacted you? So, Allan, asking you to lead on this, and there are also some follow up questions in the chat as to how much gold has been shipped, that's the spike. And if you can give any more in terms of including shipping for the conversion business, but I'm also conscious, there's only so much that can be shared from a security as well as a confidentiality basis.

#### Speaker 3:

Okay. So, looking at the inflows into the COMEX in New York, I think the first thing that we all need to remember is New York as the city has been particularly hard hit by this pandemic. And, you know, the population of New York felt it to the core. We need to understand that, you know, as well as being a global financial centre it's a centre of humanity as well. There's definitely been an impact on the population of New York, and we all feel for them, in terms of what they've been through. That said, the market has continued to function there. And we've talked about the volumes and just to put a little bit of flesh on your questions. The best place to go for these answers is the official statistics rather than our commercial position, and the Swiss figures for last month were 117 metric tonnes from Switzerland to New York. And that will give you an indication if you look at that as a single producing company – ah, country – as to the sort of volumes that have moved physically, you know, from different countries into there. You can also make assumptions about domestic U.S. production and Canadian production that come down. But I don't think any of the carriers are going to put their specific figures out in the public domain because it would impact our customer's confidentiality. Where we have seen a difference, as Mark – you know, this is – the flows into New York are unprecedented. And even during normal business, we've never seen anything like this. So, we have unprecedented flows at a time of reduced aircraft and still the gold has continued to flow in there. Now the restrictions that have occurred, some of them are regulatory. So although the flights are landing, the working regimes for both the airport staff and all of our staff in New York with social distancing, with the PPE situation, where the queues have created some time lag in terms of processing it.

Now, what that has meant is that actually most of our crews have been working 24 hour days, because it takes so much longer with the social distancing and with the other COVID prevention measures that I'm sure Brian will cover. It does slow things down and this increased volume coming in has meant that there are some delays, but we've not put at risk anything in the market or anything security wise with those delays. And they've not been more than a couple of hours. It's just a bit longer than it normally takes to process things. Capacity has met competition. And we've looked, we as a company have looked at using other neighbouring airports, such as Philadelphia and Boston. We haven't acted yet, but we've had that up our sleeve as contingency should the demand go in. Thankfully we didn't see a lockdown of Manhattan Island where a number of the primary COMEX approved vaults are, but had that occurred, there was still a number in the periphery that are still registered COMEX material, that could have accepted the metal and held it there and kept the market. So, there's been good contingency there, to make sure that the COMEX Market continued to operate. I would just say the conclusion is the figures speak for themselves, yeah? The gold has made – it's there – the market has borne it. In fact, as you highlighted, it's in such high volumes there that the premium seems to have reversed itself at the moment, so it's had an impact. Everybody's worked for it and that's

everybody, not just in our industry, the airlines, the airports, and also the financial services providers downtown. So, we're there.

#### Speaker 2:

Okay, well Allen, I mean there's some questions coming through the chat that follow on this a little bit. So just take them now. In terms of, so the rally on the EFP is attributed to logistics. So, to me, the way I sort of view it – and I've tried to, you know, get my head around all of this – is part of it is that there was a belief there would be a difficulty getting metal in, right? And, actually, what we've seen is despite – as you say, New York being a centre of the pandemic and everything that's happened – that metal has smoothly gone in. But were there challenges in terms of getting metal in? I mean, the numbers speak for themselves in terms of logistic providers being successful in doing that. But was it simply in terms of flights? Were there other issues?

#### Speaker 3:

The point I want to make about that is that the rally on the EFP, I'll let the traders in the market decide what motivated that price change. The difficulties were there and, as Mark and Brian alluded, we were navigating our way to get through that. I think what helped was the structure of the COMEX contracts with their delivery times and the calendar that sat behind them and what have you, gave everybody, including our customers who hold the metal a little bit of breathing time to decide what to do before they started initiating their plans, and what plans we're going to occur. And that allowed all of us to structure things properly and get robust logistical chains in place to service it. My own personal opinion is that any assessment on the inability to get gold in was ill-informed at the time and made on assumptions, rather than fact.

#### Speaker 2:

There's definitely a lot of trading of misconceptions opposed to fact. So, I really appreciate you guys giving the facts where we have them. Is there anything else we want to add on this point, Brian? Yes.

#### Speaker 4:

Okay, so just from our side, the challenges that Allan's alluded to, and we talked about earlier, in terms of the airlines and actually getting the physical material there, I think we should also add to that, that we've had to be pretty dynamic in our own vaults and locations. A lot of the material, yes, was being delivered – has been delivered – to the bank vaults in New York, but also to our own vaults as well. And, certainly, Loomis International. The guys in New York have done a great job in terms of, both physical capacity and value capacity. Not only for gold, but silver as well. We're seeing a lot of silver head that way right now. So, we've had to open up some more capacity there, but also for the non-COMEX material that doesn't necessarily need to sit within that location. We've also looked at other locations that we can support that material during this period. So, a lot of work's gone on in the background, probably by all of us. I can only speak for ourselves in terms of how we manage our own locations and our own people there at the same time. So, we can accept that increase that's coming in because it's not all going to the, as I say, it's not all going to the bank vaults, it is coming to ours as well.

#### Speaker 2:

No, absolutely. I think I'm going to move us on unless Mark – did you, do you want to come in on this point any further?

#### Speaker 4:

No, I would just say that we've been quite fortunate to an extent as an industry that this has been going on because there are other markets that have been quite quiet. So yes, it's been a lot of work and yes, there have been challenges, but it's been, as an industry for us, it's been a good experience.

#### Speaker 2:

Well, it's interesting in terms of, you know, at LBMA we do a lot of tracking: how liquid is the gold market? How is gold performing? And what's been interesting, in terms of since we have the numbers now, it has been tracking very much like other liquid asset classes, in terms of how, you know, even the price volatility you are seeing this happen on the Gilts almost exactly. And we'll be coming up with more in terms of, 'Yes, it's had its challenges and it's certainly acted like a commodity more than usual

in the last few months but certainly, as a liquid asset class, it has performed.' And I think what's going to be nice going forward is that we do have the data. We were criticized as an industry for not having the data for 2008. I definitely have it from this crisis. But I think turning away from the numbers and sort of going on to the human element. My next question is for Brian in terms of 'What are you doing as companies, to protect your teams?'

### Speaker 3:

I can answer the question anyway. So, what are we doing? And when I'm talking from my own perspective, I'm talking about the whole company, so whatever we're doing in London, we're pretty much mirroring in Europe and the rest of the world as well, and also in Asia. So what do we do? We're obviously practicing self-distancing measures where we can – and we've talked about, earlier I talked about in terms of, you know, 50% of our staff being the administration, and sales and finance staff are now working from home. So that means that's a tick in the box from that side. But with the vault operations, you can't work from home. So, what do we do? So, we are practicing self-distancing measures. We have made available to all of our teams PPE, so gloves, glasses, mask, sanitizing liquids, as you'd expect. But on top of that, we've had to review the whole layout of our vaults and how we manage the vaults, how we manage when we're weighing and receiving and shipping material. So, we've done that in consultation with the teams, with some specialist advisors as well. And we've also learned as a team that if it works in London, we can share that best practice with other locations such as Hong Kong, or our colleagues in New York or wherever. So, we try and, you know, instil that best practice everywhere. We also have the vault manager's meeting this morning and Allan, Mark and I were on there. And we also discussed how we interact best when our teams are visiting each other's vaults for collections or deliveries So we're looking at our own limited international standard but, also, the standards for all of us as well as LBMA good delivery vaults, as well – that we can then share and make sure that people are safe if and when they have to come to the workplace.

### Speaker 2:

Well, thanks, Brian. I'm just getting conscious of time because we're running a little bit over, and I think Brian has covered that certainly from the prep conversations. I know you guys are all taking important steps to make sure that the teams are protected and thinking about the human element. I think we want to turn it over to the future in terms of what message can you give to the industry. This one is for Mark in terms of what's logistics going to look like in the short, medium and long term, just from a broad stroke perspective.

### Speaker 5:

You know, I guess, the answer that our customers probably don't want to hear is that it is going to be more expensive in the future. But, unfortunately, I think that probably is the case, certainly for the short term. This crisis is going to cost the airlines north of \$300 billion, and they don't expect to return to their pre COVID schedule still 2023 or something like that. So, you know, as the guys were saying, we rely on passenger aircraft and until their schedules come back, capacity is going to be constrained. And I think that's going to set a new benchmark in terms of price for the airlines' demand for the freight. So, on some lanes, not all, but on some lanes, I think you'll see an increase in cost as a result of reduced capacity. On others, I think, our customers won't be able to experience the same delivering and collection schedules that they've had because of the fewer flights. And some locations are still going to have to rely on charters for a bit longer because those commercial solutions aren't going to be in place. But I think, you know, that's the downside. All the companies that are on this call – we've invested in the hard assets in country to store, deliver, transport the valuables for the market. Now those assets are still there. I know if the demand in specific markets increases then Brinks should be prepared to invest, to ensure customers still have the service they want. And I'm sure that's true of Allan and Brian as well. So, I don't think it's all negative. And on the positive side, I think the experience has made us question some of our assumptions, change our practices, look at new methods of shipping. So, I will say as an industry, you know, we'll probably come out of this stronger than we went in and certainly better able to cope with this kind of situation in the future.

### Speaker 2:

Great. You know, I think the sad point I take from that maybe just as a personal holiday traveller but, less flights, less people moving, it's going to affect all of us, meaning some of the costs of that is going to go up. But it does continue to make gold and precious metals attractive as a marketplace. So, I

think having weathered some of the storm and continuing to do so and, certainly, I have been reassured in terms of, I think Allan, yourself and Mark mentioned in terms of looking at capacities around the world and sort of planning for even worst case scenarios than we've currently experienced. But there is a lot of forward thinking and business continuity. You always learn from getting challenged. We've had a lot of questions. So, I think part of it is – I would take as a positive – it's definitely something people are interested in. But I'm going to try to bring them back up in terms of one, I'll just let folks know now in terms of prices, exact amounts, exact routes, for the safety and security of the people who are transporting this, we can't talk about that. And I'm still really delighted that you guys took the time to take part today, I really appreciate it because I do get the security challenges there. So, also, from a competition point of view, we can't talk about prices apart from what's been said already. If you guys do want to come back in on that – I'm sure the audience would be delighted to hear. The other was in terms of India. I can't remember who mentioned India, but I know that the market's wanting to know, when India gets out – what are you guys expecting as carriers? Because you tend to obviously be at the coalface. Brian you're nodding. Do you want to come in on this one?

#### Speaker 4:

Yes, I can take that one. We are already preparing for India's opening. So we've done a lot of preparatory work, all the way through for all countries anyway, but because we know how important India is as a market to us, we're watching it very closely. We've got our own people there and we have very regular conversations internally. So, we think we're ready. I think, nobody can say what the Indian Government are going to do and when they're going to open up completely. As I think I alluded to earlier, we've already got some material on the way there. So, we're prepared. We're keeping our clients informed, but I think, the key thing is that we watch it very, very closely because that can have a big, you know, a big impact. They've been almost starved of new metal for the best part of two and a half/three months now, so I think when that comes back online, it'll, again, it's a great opportunity. We're talking to the airlines so we have a number of plans in place because we don't know exactly what it's going to look like, so we can switch it on pretty much from day one.

#### Speaker 2:

Okay, brilliant. I think the other questions that – I'm just trying to organise these because I'm conscious that we're over – there's questions about silver. The other is a question about, 'Do you think that given the disruptions to the industry that this increases a potential for fraud?'

#### Speaker 3:

No, I think it actually – it mitigates the potential for fraud. People are paying a lot more attention to what's going on, where they've got stock, what they're sourcing, where they're getting it from. And the opportunities for something to enter the chain of custody that all three of our companies provide are far reduced, with the demand on space and volume and our resources at the moment. So, I would say the opposite, that the chance of fraud is less from a physical logistical perspective.

#### Speaker 2:

No, certainly. I mean, I would agree with that statement. I don't know, Mark, if you want to address the silver point – we've talked a lot about gold today – in terms of disruptions or even on the PGMs?

#### Speaker 5:

We haven't seen as much disruption on the silver front as silver logistics tends to be, I wouldn't say slower but less urgent perhaps than gold. There's a longer lead time between order and delivery. So, while we've seen an increase in demand for silver transport recently and I know Brian was saying the same thing. So, we have seen an increase in interest in silver, but I wouldn't say we've seen a lot of disruption in terms of silver transport. A little bit, maybe, in terms of a delay in being able to send stuff to India, but actually that hasn't impacted too much. So, silver has been not particularly impacted, the PGMs a little bit more so, but that's a function of where they're produced. So, if there are difficulties in transporting out of South Africa, obviously that's going to have an impact and the same with Russia. But we've seen quite a lot of PGMs coming out of Russia, by charter flights and now via commercial flights. So, I think the supply side for those commodities is fine as well.

#### Speaker 2:

Thank you for that. I think that takes me to our final question in terms of, 'It's been extraordinary times, I would imagine there's been some extraordinary measures taken on behalf of the teams. I think, Brian, you had an answer for this one?'

#### Speaker 4:

On the human side again Ruth, we've been talking about people and taking care of our people because, you know, the three of us on here are privileged to be here and tell people about what our companies do, but it's the people in all the countries that we work with are the important ones, really. So just a story from the UK, there was the NHS Responder Programme, which was launched some time ago, which was very well subscribed if not oversubscribed, but quite a lot of our team, including myself, signed up for it. And a number of our team spend all of their days, not quite 24 hours, with some balancing and working a lot of long days, long nights, long weekends, but then a lot of them subscribed to either be NHS responders for logistics, funnily enough and we got involved in a lot of the local community type stuff. So you spend your day job doing it, and then your evenings and weekends, and then one or two people have also taken up the listening service that you can have, where you're calling people less privileged. So people after a long day in logistics moving gold or silver or whatever else they're doing, and then sort of spending time also investing time in the local community, which we recognize that and really appreciate it as a team.

#### Speaker 2:

Oh, no, thank you Brian. I mean, I think we often focus on the market, but it's such a human – it affects everyone regardless of where you are in the world – this pandemic. And I think the people who've taken the time to say, you know, how I want to remember this trying time is trying to give back and to help other people. And I've been really wonderfully surprised and delighted to see members of our team also signing up, as you say, for NHS, whether it's to be on the end of the phone or to do deliveries and I would encourage everyone to find a way to give back. But, you know, I always think that from logistics, you guys still have the best stories and I'm sad that we can't have them over a beer and maybe get a little bit more detail, but something to look forward to later, I don't know if Mark or Allan had a story to share or final comment.

#### Speaker 3:

I'll give you a quick story just to – we've all been delayed on an aircraft. But sometimes our shipments get delayed as an industry. Once, some time ago, we had a gold shipment for a bank, which was taken off a flight, and when we rang up to find out why. It was because a young member of the Thai Royal Family had put 250 pieces of extra luggage on board and was paying a lot of money for it. So, delays do happen. As I said, the airlines prioritize. We don't always come out on top.

#### Speaker 2:

This wasn't shoes, by the way? I just wonder. Some of my colleagues might be very interested in that, but no, there are some amazing stories out there. Mark, did you have any final comments for the panel before we close?

#### Speaker 5:

No, I think, on behalf of the industry, you know, we compete hard, but I think, you know, we respect each other. And I think as an industry, I think we can be pretty proud of the job that we've done over the last couple of months, but also, you know, to thank all of our customers again. You know, we rely on our customer base. They have been very understanding. And, yeah, I think, between all of us, I think we've done well to get where we are, and I think we'll see off the rest of this.

#### Speaker 2:

Okay, well great. Well, thank you guys so much for taking part. I really appreciate it, the numbers in particular. This has been recorded – we'll put it out – but I just wanted to say a big thank you. And in terms of message to the market, please stay safe, thinking of everyone during this hard time, and if we can help, please let us know. We do have some new webinars coming up next week, same time, same channel in terms of next Thursday at 1:30 where Paul Fisher, our chairman, will be talking about sustainable finance and risks and policies. And if you haven't heard Paul talk about his passion, which is – in terms of climate change, I would definitely recommend it. And we're also open, if there is a topic

you'd like to see us cover, please let us know. I think with that, thank you guys so much for taking part and thanks for listening.

### **Interested in contributing?**

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