S1 2019 Earnings Call

Company Participants

- Barbara Plucnar Jensen, Group Chief Financial Officer
- Morten Hubbe, Group Chief Executive Officer
- Peter Brondt, Investor Relations Manager

Other Participants

- Asbjorn Mork, Analyst
- Jakob Brink, Analyst
- Jonathan Denham, Analyst
- Jonathan Urwin, Analyst
- Kevin Ryan, Analyst
- Mads Thinggaard, Analyst
- Per Gronborg, Analyst
- Phil Ross, Analyst
- Sami Taipalus, Analyst
- Steven Haywood, Analyst

Presentation

Peter Brondt {BIO 20399889 <GO>}

Good morning everybody and welcome to the presentation of Tryg's Results for Q2. My name is Peter Brondt and I'm from Investor Relations. With me I have our CEO, Morten Hubbe; and our CFO, Barbara Plucnar Jensen. They will present the highlights of the quarter and then we will have time for Q&A.

And with this short introduction, over to you, Morten.

Morten Hubbe {BIO 7481116 <GO>}

Thank you, Peter, and good morning from my side as well. And we start on slide three where we report a technical result of DKK979 million, which is an increase of 16% year-on-year, of course, clearly impacted by the inclusion of the Alka results in the numbers and the Alka synergies, but also a lower level of large claims and weather claims compared to the second quarter the year before.

We saw a continuous improvement in the underlying claims ratio, some 50 basis points, both on the Private and Group level. The investment income was DKK57 million, impacted by good returns both in equity markets and in fixed income classes, and of course, an improvement year-on-year.

Quarterly dividend per share of DKK1.7, which is clearly in line with our aim of stable and increasing dividends, compared to DKK1.65 in the same quarter the year before. Solvency ratio of 171, slightly up, impacted of course by the net profit and the quarterly dividend payment.

On slide four, we elaborate on customer highlights, clearly a positive general customer development, continued increase in the TNPS score, which is very important, but also you can argue that we're very happy to see a significant improvement in the retention rate for all areas. We also see a continuation and an increase of the number of products per customer, clearly led by Private lines Denmark and of course that increase supports both loyalty and profitability, and we are working to broaden that same progress to the other areas outside Private Denmark. For the fourth consecutive year, TryghedsGruppen has paid out a membership bonus of 8%. Awareness is increasing, but still only 25% of the non-Tryg customers are aware. So we still see significant potential there. And of course, we're pleased that for the first time, the Alka customers have also received the bonus.

On slide five, we elaborate on the decomposition of the technical result. As I mentioned, clearly the inclusion of Alka improves the numbers, but also the underlying claims ratio and the large and weather claims. Clearly, we see the strongest progress in the Private lines segment where Alka plays a key role, but also we see here the improvement in the underlying claims and also a strong and healthy top line growth helps the total technical result.

Corporate lines, we've seen an underlying improvement primarily due to the high price increases in Norway, but it's quite clear that we still have a way to go to improve profitability in all three countries of our Corporate business. Private Sweden this quarter saw a slightly higher-than-normal claims inflation for motor, which also has a negative impact on the results.

On slide six, we elaborate on the Alka synergies. Second quarter, we delivered DKK22 million of synergies for Alka, which brings the first six months up to DKK43 million compared to the DKK75 million synergies promised for the full year of 2019. Currently, roughly half of the synergies are related to costs, which is in line with the expectation that the cost synergies would show up in the P&L first. Longer term, the largest synergy driver remains the claims area, but there is of course more harmonization of processes and routines in implementing that and therefore, the result comes slightly later than on the costs side. We remain very confident in our ability to achieve the 2021 synergies targets, and we've had a very promising start, but of course, we should remind ourselves that we are at the beginning of that journey and not at the end.

On slide seven, we elaborate on the dividends per share of DKK1.7. And as you know, we plan to have a flat quarterly dividend throughout the year. ROE target of 21% continues to instill high discipline and ensure that shareholder remuneration remains key for Tryg. Our focus on capital repatriation remains extremely high, and 2019 will be the eighth year in a row with increased dividends.

On slide eight, we elaborate on our four strategic initiatives, which together with realizing the Alka results and the Alka synergies are the most important drivers to reaching our DKK3.3 billion technical result target for 2020. We're very pleased to see in the first half of '19, progress in all areas, and within these four categories, you can read the summary of the achievements on this slide. But clearly claims excellence is the most important driver for reaching the target and we are very pleased to see a continued benefit from exploiting our procurement power. And also you've heard us say that we've been a little bit late starter on distribution efficiency, but quite satisfied that we are starting to see this progress well, amongst others, with new efficient sales channels in both Private and Commercial lines.

On slide 10, we show the growth development. Growth excluding Alka was 5.9%. Private, as you know, is clearly our most profitable area, and therefore, we are pleased to see that the majority of the growth comes from here with the growth in Private lines excluding Alka of 8%. Commercial was helped by Alka in the reported numbers and had an underlying growth excluding Alka of 2.4%, partly due to improved retention rates; also a slight net inflow of customers, but also we've seen higher than usual price initiatives in Commercial Norway to improve profitability, which should help both the top line and the bottom line going forward.

We see in Corporate a growth of 1.9%, but within that number, actually a lot of moving parts. If we look at Norway Corporate first, we're carrying out significant price hikes, actually more than 11% year-to-date, which of course has reduced the portfolio quite significantly, whereas in Denmark, we see a slight increase in the portfolio, of course supported by the customer or membership bonus here.

On slide 11, it's quite clear that adjusting prices in accordance with claims inflation is very important and a key focus area, and therefore, of course, we closely monitor the development in the average prices. And bear in mind, the profitability improvement typically comes from a combination of claims initiatives, as reported earlier, and the price adjustments reported here.

On slide 12, it's quite clear that customer focus is extremely important for us, and also an extremely important value driver for Tryg. And clearly the customers' view of Tryg is monitored easily through the retention rate as one key indicator, and we are quite pleased to see improved retention rates in Q2 for all areas. We know, of course, that Denmark is helped by the customer bonus, but you also see a strong improvement in our Norwegian business, which is not helped by the customer bonus program.

And over to you, Barbara.

Barbara Plucnar Jensen {BIO 17487867 <GO>}

Thank you very much, Morten. If you turn to slide number 14, we break down the development in the underlying claims ratio. In second quarter, we saw a continued improved trend for the underlying claims ratio where the ratio for both Group as well as for the Private improved by 50 basis points. Please note that when you look at this slide, all the quarterly figures for 2018 have been adjusted to include Alka.

Price adjustments and our claims excellence program are driving the improvement, but for the Group, it also stems from a rebalancing of the portfolio towards more Private business, primarily helped through the impact of Alka, but also through healthy growth in the Private business in general. Tryg expects the improvement in the underlying claims ratio to continue in 2019 and 2020, as it's a key focus area for our business.

If you look at slide 15, we give you a bit of an update on the development in the various claims components. Q2 was a benign quarter in terms of the weather claims development and weather claims were somewhat lower compared to Q2 '18 and a normal Q2 where we would anticipate weather to impact by approximately DKK60 million. As you can see, we were as low as DKK50 million in the current quarter. The nominal cost for large claims was slightly lower in Q2 2019 as well compared to Q2 2018, and also here we saw a lower level than a normal quarter. The large claims in percentage was 2.4% in Q2 against the 2.9% in previous year. Finally, the run-off result was somewhat lower as well with 5.3% of the combined ratio compared to 6.8% in Q2 last year, and this was primarily driven by a lower run-off level in the Private business.

If you turn to slide 16, you have the overview of the development in the expense ratio. In the current quarter, it was at 14.2%, which is in line with the guidance of our expense ratio of approximately 14%. We continue to work on improved efficiencies, which should support investments in IT and digital solutions at the same time in order to develop the platform for the business performance. We saw an increase in the number of FTEs, primarily reflecting that we convert IT consultants to internal IT employees and also that we are in-sourcing claims handling related to health insurance in Denmark. Furthermore, the growth in the business has led to an increased number of FTEs in the customer-facing areas, e.g. the customer service.

On slide 18, you have seen this slide before, which shows that our invested assets are split between two different portfolios. Tryg had a total of DKK41 billion of assets in Q2, of which the match portfolio comprise DKK30 billion, and the free portfolio comprise of DKK11 billion. The asset allocation has remained broadly unchanged.

If you turn to slide 19, the total investment return ended with a positive result of DKK57 million in the current quarter. All fixed income asset classes contributed positively to the returns. And if you look at the breakdown for the two portfolios, the free portfolio had a positive return of DKK161 million in the quarter. We saw a negative return of DKK43 million in the match portfolio, which, bear in mind, is equal to 0.1% of the overall size of the portfolio itself. But this is reversing a positive result that we saw in Q1, and a retrieval to the assumption of zero returns in the long run. Our asset mix has only been adjusted slightly in the period and we maintain our low risk approach.

On slide 20, you have an overview of the development in our solvency position. The solvency ratio at the end of the quarter was slightly up compared to previous. So we saw a final result of 171 versus 168 at the end of Q1 this year. Own funds are primarily impacted by the difference between net profits and dividends. The SCR has remained broadly stable, as an increase in the non-life primarily -- has primarily been impacted by the increased premiums. The development of the solvency ratio remains, driven by the movement of own funds stemming from profits and dividends.

Turning to slide 21, you will see a recap of the information we have given previously on our capital structure. As mentioned a few times before, following the latest debt capital markets transactions, the Tier 1 and Tier 2 capacity is virtually fully utilized. But as you can also see, the solvency ratio development is slightly positive, given the reasons described on the previous page.

To give you a little bit more insight on the sensitivities of our solvency ratio, I ask you to turn to slide 22. Here you can see that the sensitivities to capital market movements remain low, and as you can see here, the biggest sensitivity remains to spread risks and specifically to the covered bonds, which remains by far our biggest asset classes. In general, this slide provides you more details on the individual components, which overall remains broadly unchanged. So in summary, there is no real news in this area for the particular quarter.

I'd now like to hand over to Morten to give you an update on the financial outlook.

Morten Hubbe {BIO 7481116 <GO>}

Thank you, Barbara. And on slide 23, we show our financial targets for 2020, which are of course unchanged. We target a technical result of DKK3.3 billion, including Alka, an expense ratio of around 14%, a combined ratio at or below 86%, and then an ROE post-tax at or above 21%. And then of course, we'll finish on slide 24 with our favorite quote by Rockefeller on dividends.

And I think with that, we are ready to take your questions.

Questions And Answers

Operator

Thank you. (Operator Instructions) Our first question comes from the line of Asbjorn Mork of Danske Bank. Please go ahead. Your line is open.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Yes. Good morning. A couple of questions from my side. First, a nitty-gritty one, perhaps looking at the premium side. The rebates, again, this quarter quite high, DKK146 million and quite high in Q1 as well. So basically right now for the first half of the year, you've had rebates of almost DKK140 million more than in the first half of last year. So my question is really, is it the same explanation as it was in Q1, and should we expect this to sort of normalize in Q3 and Q4? Hence, should we expect some tailwind on the premium side for the next couple of quarters? Thanks.

A - Morten Hubbe {BIO 7481116 <GO>}

Good morning to you, Asbjorn. The new structure in this is that of course with Alka comes Alka Life. Alka Life is de facto a business, which is an old collective business where the earnings or margins of that business is shared with the unions. So there is actually no net profit in that business for us, and therefore, we also priced the value of that at zero when we purchased it, and the Life business comes on top of the premium we've been talking about all the time. But the margin shared with the union on the Life business is booked under this post in the P&L and that's why you see the increase. So yes, this is a structural recurring phenomenon as a result of Alka Life.

Q - Asbjorn Mork {BIO 17028219 <GO>}

All right. Fair enough. Then, turning to your growth, Morten, as you also alluded to on one of the slides. I mean, you're growing significantly within the Private segment and it seems as if in Norway especially that the growth is basically moving from the Corporate to the Commercial segment, and I guess for the Corporate segment in itself also significantly transfer of premiums from Norway to Denmark. So I mean, if I add all this up, it seems like your growth is materially moving towards more profitable areas. Should we expect this to give you substantial underwriting tailwinds for 2020 and onwards?

A - Morten Hubbe {BIO 7481116 <GO>}

Well, Asbjorn, I think it's an important correct observation that we are reducing our Corporate exposure significantly, even more than you can see in the reported numbers because, of course, the reported numbers increase -- include the significant price increases of 11% or slightly more than that in Corporate Norway. So the net risk exposure is reduced more than you can see in the reported numbers, whereas the retail segments and private and commercial SME grows well.

I think the trend you're pointing to is very correct. It's correct for Private Denmark, Private Norway and Commercial SME Denmark. I would argue that Commercial Norway is somewhere in between the two categories. We mentioned in the report that actually price increases also for Commercial Norway is higher than usual and we actually need to see that continue because we're not completely satisfied with the combined ratios in Commercial Norway, but a general swing towards more and more emphasis on retail, which is growing more, which is more profitable and which is less capital requiring, is clearly positive for the longer-term journey, both in terms of profits and in terms of capital requirement and our ability to pay out higher dividends.

Q - Asbjorn Mork {BIO 17028219 <GO>}

But if I then just follow up on that, if I look at your Norwegian business excluding run-offs, your combined ratio is up 1.8% year-over-year. Shouldn't we start to see this improve? I mean, I think, I know of course large claims or weather claims can move materially on a quarterly basis, but it seems like it's not really moving at the moment even though all the fundamentals, I guess, should pinpoint to an improvement.

A - Morten Hubbe {BIO 7481116 <GO>}

I think you point to a correct observation. First of all, I think that the Corporate Norway price increase journey needs to improve -- continue further. The price increases we're doing in Commercial Norway is actually of a more recent nature. So we need to see that continue, but you're right, the combined ratio in Norway excluding run-offs is roughly 1.6 percentage point worse. If you look at large claims for Norway in isolation for the quarter, it's 2.4% higher year-on-year. Then there is a little bit of help from weather claims, which is a little bit better year-on-year, but all in all, that is the biggest reason why combined ratio as you observe excluding run-offs actually is slightly higher.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay. So the underlying would be -- if you had given us the number, would have been slightly better year-over-year?

A - Morten Hubbe {BIO 7481116 <GO>}

Yes, it would, but it doesn't take away the fact that the improvement in Corporate Norway and Commercial Norway needs to continue and is not yet where it should be.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay. Then if I turn to Sweden, I mean, it seems like the headwinds in Q2 are SME claims, motor insurance and the like. It's been quite a lot of quarters where the underwriting has been, I guess, below the average of the Group, to say the least. How do you look at the strategic, you can say, positioning in Sweden? Do you need to grow by something or do you need to exit the business or does it have a size right now where you think this is just the way it should be going forward?

A - Morten Hubbe {BIO 7481116 <GO>}

It's a tricky question, Asbjorn. I think that clearly our size of the portfolio in Sweden is sub-scale, and clearly in a longer-term view, that does not make sense. So in a longer-term view, that needs to change. On the other hand, our view is quite clearly that trying to grow that significantly organically we don't think will create value for our shareholders. So that's not going to happen.

I think if you take most -- take the last three, four years, the Private lines in Sweden has a significantly higher ROE than our Corporate lines in the Group, to take an example. So because it is mainly Private lines, the ROE is actually quite high. It is somewhat negatively impacted by the fact that MTPL in Sweden has a very high capital requirement, but doesn't change the fact that actually despite being sub-scale, the ROE over time in Private line Sweden is actually attractive for the Group.

But having said that, the most recent quarters, the claims inflation in motor is too high, and we are in the process of carrying out higher price increases for Motor Sweden to make sure that we capture that problem, and then of course, more structurally the real problem in Sweden besides scale is that Corporate Sweden is not profitable at all, and that's part of the Nordic approach of making sure that we enhance the value creation for Corporate, including accepting a lower total top line for Corporate. So that is the main issue for Sweden. So yes, structurally sub-scale, but if we can drive a higher ROE than other parts of the Group in Private Sweden, we can live with the fact that we are sub-scale.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay. And then just a final question from my side on the guidance on 2020. I know that probably you're not going to change your guidance on a Q2 report anyway, but you made DKK1.6 billion of technical profits in the first half of this year. I guess normally you would say that half -- you should give you half of the other technical profits taking winter et cetera into consideration. I guess weather and large claims are close to normalized in the first half. So I guess, that should bring you to DKK3.2 billion annualized with the growth that you're seeing in the business, and then going to slide eight, with the -- all the improvement measures that you still have, I guess it looks very, very low, the DKK3.3 billion guidance for 2020, or am I misreading the slide eight or is it just the fact that a Q2 is not the right timing to look at the outlook for 2020?

A - Morten Hubbe {BIO 7481116 <GO>}

So you're trying to take the first six months of this year and say how does that look in terms of calculating a full-year 2020 on the back of that? So that's your general logic.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Well, the point is if I take the DKK1.6 billion, I double it for full year, so that's DKK3.2 billion and then it seems on your slide eight that there's still a lot of improvement potential from the Capital Markets Day 2017 that you will get in the next six quarters. So my point is just really, it looks like you're on your way to deliver much more than 3 -- or not much more, but well above the DKK3.3 billion in technical profits in 2020. But maybe I am misunderstanding your slide 8.

A - Morten Hubbe {BIO 7481116 <GO>}

Well, I think what we should say is that clearly the fact that the most profitable business area Private lines grows more than anticipated is clearly a helping factor. There is no doubt on that. At the same time, it's clear that that rebalancing the portfolio will see how much Corporate business do we lose, how much cost contribution do we lose. If you take that driver together with the investments in IT, making sure that cost is not a negative driver is very, very important. And then bear in mind that run-offs are still higher than we anticipate that they should be longer term, but that could start to trend down somewhat. Whether that's a 2020 trending down or 2021 trending down, I don't think we should be that precise, but clearly we have given you the guidance that run-offs will start to normalize at a slightly lower level. So that will be a negative. And then of course, we do see that we've had -- if you take the total weather claims, the guidance for the full year is DKK300 million -- for the half year is DKK300 million, and of course, we are significantly lower than that.

So I think, I wouldn't -- you're of course making a quite simple assumption and calculating from there. I think you're right that they are positive drivers supporting the development, but I think we cannot just assume that weather claims remain benign. We cannot just assume that run-offs remain at this level and we cannot just assume that we don't meet new negatives. But of course, we are confident that we will reach the DKK3.3 billion, but reaching the DKK3.3 billion is also a significant improvement from where we started. And I think if you interview the employees of Tryg and ask them, doesn't that look too easy, I think, they will disagree with you, but we are of course pleased that it looks promising.

Q - Asbjorn Mork {BIO 17028219 <GO>}

But I guess your large claims have been slightly above in the normal run rate for the first half, but it's okay. I get you...

A - Morten Hubbe {BIO 7481116 <GO>}

Yeah, you're right. There is a little bit of an offsetting there. You're right.

Q - Asbjorn Mork {BIO 17028219 <GO>}

But then -- no worries. It's okay. Thanks a lot for -- that's all from my side.

Operator

Thank you. Our next question comes from the line of Kevin Ryan at Bloomberg Intelligence. Please go ahead. Your line is open.

Q - Kevin Ryan {BIO 1814771 <GO>}

Thank you. I've got three related questions. The first is, could you let us know the percentage of claims currently on a self -- done on a self-service basis? And related to that, could you let us know the percentage of claims now on the new claims handling system and what the outlook for increasing that is going forward? And finally, has all the investment been made in the systems for this new claim system or is there a bit more investment needed in the short-term? Thank you.

A - Morten Hubbe {BIO 7481116 <GO>}

Well, generally, it's fair to say that there is a difference between Denmark and Norway in the sense that the self-service component, so the straight through part of claims is increasing significantly in both countries. In Denmark, we are now above 20% in full STP; and Norway went up about 30% in full STP, and both are increasing quite rapidly. There is a trade-off because some of the STP is run through robotics, which isn't, if you will, a technology where you repeat a (inaudible) process very frequently and very rapidly and some of it is developed in Guidewire, which is our new solution where you develop the right process.

On Guidewire, we only now have a few products, for instance, travel insurance with a high frequency, which works well and gives the intelligent Straight Through Processing, but actually in the majority of all of the other products are in the process of being implemented on Guidewire. So you can argue that all of the more structural technical investments in Guidewire have been done. The implementations of the first products have been done, but the bulk of the majority of the products is still ahead of us. So a quite significant part of that is still ahead of us. And then of course, we make a distinction between what should be CapEx and what should be OpEx on that, and of course, what has a more longer-term value is handled as CapEx from that project.

Q - Kevin Ryan {BIO 1814771 <GO>}

Thanks.

Operator

Thank you. Our next question comes from the line of Jakob Brink in Nordea. Please go ahead. Your line is open.

Q - Jakob Brink {BIO 20303720 <GO>}

Thank you very much and good morning. I guess the first one is, maybe slightly coming back to Asbjorn's question in the beginning on the underlying claims ratios. Now in this quarter, if I calculate correctly, you actually had around 10 basis points support to the underlying claims ratio on the Group level from claims synergies in Alka, i.e. out of the 50 basis points improvement. So that 10 basis points is obviously going to increase as the synergies improve. So now for many quarters, we have had -- we have had roughly 50 basis points improvement in the underlying Group claims ratio. Should we then start to expect to see that going up or should we actually start to expect that the old trick is not seeing any more improvements? I guess that's my first question.

A - Morten Hubbe {BIO 7481116 <GO>}

Well, I think it's important to say, Jakob, that you should distinguish between the Alka drivers in a big category, which are the Alka synergies, which will be reported as part of the Alka process, and then the Tryg classic improvements, where, for instance, we described in this quarter that Alka's fraud methodology is helping Tryg's fraud capturing. But if you look at the recent quarters, we've actually talked about the fact that in a general claims program, which is successful in Tryg, pre-Alka, fraud is one of the areas where we've actually struggled. You may recall that we said that we were implementing a system called FRISS, which is a data-driven fraud detection system, but which we actually chose to turn down as a project because it wasn't successful. So in some sense, on the Tryg classic, we're using manual personal lines fraud and Alka inspired fraud detection to offset a gap, if you will, in the claims program.

I think that you will see us report underlying and you will see us report actual Alka synergies in two different categories, and you can see now by the Alka synergies that actually cost is the biggest driver and we are still really at the beginning of the claims drivers. If you are asking us to give you a new guidance for how underlying should develop as the Alka synergies on claim start to flow in, that's not a guidance we have given. So I would hesitate to give you any precise numbers on that. But you can monitor the claims component of the Alka synergies in isolation and then that will start to impact the total claims development.

Q - Jakob Brink {BIO 20303720 <GO>}

I guess that was actually my question that. So when you start to get these from what you started out saying -- I guess there is no reason to believe that the underlying alt Tryg improvements should not be coming through and then you are adding the synergies on top. So the 50 basis points we've become used to should basically gradually increase.

A - Morten Hubbe {BIO 7481116 <GO>}

You are right that the synergies on claims on Alka, all other things equal, will improve or further improve the claims -- underlying claims trend for total Tryg. And of course that will be more visible in Private Denmark than the Group, given that Alka is of course situated in Private Denmark and doesn't really help the underlying claims of Commercial or Private Norway et cetera. So Private Denmark will have the biggest impact, but the whole group will of course also have an impact. And that's correct.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay. And then on top line, so you're riding at 19.7% organic or local currency growth including Alka and 5.9% excluding. So trying to backtrack, then Alka must have been around DKK630 million in premiums, up from DKK583 million in Q1. Is that -- I don't know of the seasonality of Alka's premiums, but I would have thought they were pretty evenly split, given it's mainly private business. So is growth in Alka really that high or is something else going on?

A - Morten Hubbe {BIO 7481116 <GO>}

No, I think that's an important question and perhaps we should give you a little bit more color on that in the coming quarters of reporting because, bear in mind that Alka consists predominantly of a private lines business. Then there is a very small commercial lines business, and then there is a life business. The life business, we have not really talked about because it's a zero-sum game where the profits flow back to the unions, is also not something we've paid for, but actually when you see this total premium for the quarter, when you backtrack, that is the sum of the private lines, the small commercial lines, and then this life premium. So perhaps we should make sure in the coming quarters we'll give you a little bit more information on what is the size of the life premium because otherwise the backtracking becomes complicated, but that's the main reason, Jakob, why the growth seems unusually high.

Actually Alka is growing well. I think the year-to-date portfolio was up DKK50 million roughly, which is a fine growth, but not a dramatic growth. I think in the underlying, Alka business growth was slow in '18 and very positive in '19. In '19, we see that underlying [ph] sales is up 16% year-on-year and we also see that we've just done a new agreement with 55,000 members of the union co. [ph] in Denmark for wage insurance. So that will help the growth in Alka in the remainder of the year, but the life premium is what makes your backtracking look strange.

Q - Jakob Brink {BIO 20303720 <GO>}

So basically you're saying that the life booking differs a lot between Q1 and Q2.

A - Morten Hubbe {BIO 7481116 <GO>}

No, I think you're using -- if I hear you correctly, you're assuming DKK500 million on a quarterly basis in Alka, and then you're taking the second quarter, backtracking and say, why is the difference a lot bigger than DKK500 million? And that difference is mainly because of life. It's not that life has a strange seasonality, but it's just that life is part of the total and not part of the DKK500 million. So that's the distinction. But let's make sure we give you that -- those numbers in the next quarter.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay. And just a small -- few things. The other income and costs were -- was DKK57 million negative this quarter, which seems to be some DKK10 million above what I thought was a normal level. Is the DKK57 million a new level or is it still around DKK50 million?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Sorry, which line was that, Jakob?

Q - Jakob Brink {BIO 20303720 <GO>}

The other income and costs, just above pre-tax profit, minus DKK57 million.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

That stems from the...

Q - Jakob Brink {BIO 20303720 <GO>}

I think we used to...

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah, that stems from the depreciations of the Alka acquisition in current quarter.

A - Morten Hubbe {BIO 7481116 <GO>}

Yeah.

Q - Jakob Brink {BIO 20303720 <GO>}

I just thought we used to say that it was around DKK45 million to DKK50 million, but okay.

A - Morten Hubbe {BIO 7481116 <GO>}

It's correct. That depreciation will be recurring. So the other is slightly higher. That's correct.

Q - Jakob Brink {BIO 20303720 <GO>}

And then final question on the -- now interest rates are down in the quarter, which supported Q2 investment income. Do you have any rough sort of guidance on what this should mean for investment income going forward? i.e., it must be lower, I guess, at some point.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

The investment income is probably one of the areas that is most difficult to predict because it stems from the volatility in the marketplace. If you just look at the current quarter, it started out being very negative with the components of the trade war and then recovered in the second part of the quarter. So I think the guidance for the full year is probably one of the more difficult ones to give you.

A - Morten Hubbe {BIO 7481116 <GO>}

And then (technical difficulty) Jakob, that the current trend of interest rates between the countries is quite different. So you see reductions in Denmark and you see increases in Sweden and Norway of interest rates, so -- which doesn't make the whole equation any easier, but it helps us in the sense that there is an offsetting trend between the three countries.

Q - Jakob Brink {BIO 20303720 <GO>}

Thanks a lot.

Operator

Thank you. And our next question comes from the line of Jonny Urwin at UBS. Please go ahead. Your line is open.

Q - Jonathan Urwin

Hi, guys. Good morning. Just one from me, just thinking about the customer bonus models. I guess the way we think about it, your sort of last year of underwriting performance obviously has been very good, and you've been in the sort of sweet spot where you've been growing quite strongly, retentions have been improving and underlying loss ratios have got better. Now, just thinking about the retention improvement, I mean, how much of that is due to the awareness increasing around the customer bonus model for your existing customers? Obviously, when you -- you've given us the stats. We've gone from 68% awareness one year ago to 81% in the second quarter 2019. So I guess, where I'm getting at is, has the sustained improvement in retention been driven by that and should we expect that to level off, or is there more to come? Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think it is one of the factors regarding the retention, but I think you should also look at the expansion of products that we now sell to each of the customers, which is increasing at the moment and also the new products that we are launching to the customers. So I think in that sense, we see that the relationship and the customer retention is definitely supported by the continued growth of interactions we have. But the bonus is supporting it. That's for sure.

A - Morten Hubbe {BIO 7481116 <GO>}

There is no doubt that when we mentioned -- monitor the 81% awareness amongst existing customers, that is directly after having paid out the bonus. Then during the autumn, that number will decline again, and then we'll further push it upwards next year. There is no doubt, as Barbara mentioned, that all of our statistics show that the more products the customer have, the higher their retention. So pushing up the products improves it, but also the fact that now whether you are on claims or whether you are on sales or service, we now know the TNPS, so the customer satisfaction upon the contact of each individual employee. When we started that project, we could see that there was a huge performance difference between the employees. Now, for instance, if you're on customer service or sales, you cannot get any sales bonus if your customer satisfaction on an individual basis is not high enough. So clearly, that has driven a strong catalog of customer services improvement initiatives and our customer satisfaction in each of the contacts has never been higher than today. That is also a clear driver of retention.

And now the trigger point is to make sure that the extremely high satisfaction scores we get in the telephone is transferred to equally higher satisfaction on the online experience, which is becoming more and more important. So I think both on the products and on the customer contacts, those are equally important drivers as the bonus. We can work harder with those and clearly the bonus has more potential. So I think we haven't run out of optionality to work with this at all. And I think if you look at the number of products per customers, clearly Private lines Denmark has been the main driver and exporting that more to Private Norway and to Commercial SME Denmark, Norway should further be an opportunity to improve both top line, bottom line, but also retention rates. So we don't see that we are running out of areas to improve this any time soon.

Q - Jonathan Urwin

Very good. Thank you. And then just one very quick one, I suspect you won't answer, but just thinking about special dividend potential capacity appetite, I mean, are you a bit more comfortable at 171% solvency ratio than 165%? Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

You started by the conclusion. We typically don't guide on the special dividends and we'll revert on that later in the year.

Q - Jonathan Urwin

Thank you.

Operator

Thank you. Our next question comes from the line of Mads Thinggaard of ABG. Please go ahead. Your line is open.

Q - Mads Thinggaard {BIO 15369662 <GO>}

Yeah. Hi, this is Mads from ABG. Thank you for taking my questions. And I have one related to the premiums. Now it seems you are running around 6% year-over-year premium growth exclusive of Alka here in the first half. Could you tell us if there is any kind of reason to believe it would come down considerably in the second half of 2019?

A - Morten Hubbe {BIO 7481116 <GO>}

Well, Mads, you're of course pointing to an important area. If you look at the first six months, growth is higher than we thought it would be when we started the year and that's both because the sale of new products have been higher than we thought; retention rates have improved more than we thought; we've also had these new collective agreements on Alka, which we didn't anticipate, and generally, we've seen, for instance, on Commercial Norway an acceptance of higher prices. So there has been a lot of tailwind.

When we look at the second half, there is really no clear indication why that should be significantly worse, but there are the same risk parameters in the growth as we've seen in the first half. So one being how are the corporate customers reacting to the price increases. If you look at Corporate Norway, we've seen a significant reduction in customers leaving. On the other hand, it has been largely offset by the price increases and a positive development in Denmark. That could deteriorate in the second half. We are pushing the envelope harder on price increases on SME Norway. That could deteriorate SME Norway more in the second half. And then, you know, it's always very hard to predict the precise development in retention rates during the second half, but there is no doubt that the top line development looks good, but there is also no doubt that the rebalancing that Asbjorn asked earlier is quite important because, for us, we would like to be a more and more retail-driven company, which means that we would be willing to let the Group top line suffer somewhat by getting less corporate exposure and getting more retail exposure, and that could impact the second half. But you're right, the total growth is looking attractive.

Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay. Great. Thanks. Then I just -- I heard you -- you spoke about run-off gains before and gradually coming down, and I just wondered the kind of the -- the 150 basis point drop we have year-over-year here in Q2, should that be seen together with lower large and weather claims or how should one think of that or are we moving to the 3% to 5% quite fast now?

A - Morten Hubbe {BIO 7481116 <GO>}

I -- we don't expect any fast and sudden movements on run-offs. We just expect a long-term trend, but we don't expect any fast and sudden movements. So you shouldn't read the reduction in second quarter that now all of a sudden, there is a lot of reduction in the coming quarters. That's not what you should expect. It's of course positive that in some quarters, run-offs have been higher while large claims have been higher, but of course, those are separate P&L components. But I think your expectation should be that for future quarters, there's really nothing changed. You shouldn't expect any major new methodology or rhythm and then you should expect still this longer-term trend of getting a slightly lower run-off to normalized longer term, but no sudden movements.

Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay. Thank you. Understood. Then finally on -- I mean, on the Danske distribution deal, I saw you were advertising here together with Danske. I don't know if you have any comments on that, any early indications or plans et cetera you would like to comment on.

A - Morten Hubbe {BIO 7481116 <GO>}

I guess, we can say that the cooperation really started 1st of July, so -- and it is now the 10th of July. So it's fair to say that it's very early days, but I think we've had a very positive start and I think that's both when it comes to ensuring the staff of Danske insure -- setting up the first customer meetings both in Private lines, and as you know, for us. It's new that we have a commercial SME cooperation with the bank. We haven't had that before and we're already now starting to see the first commercial SME meetings set up with customers of Danske. So I think very, very early days, but a promising start.

Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay. Thanks for that.

Operator

Thank you. Our next question comes from the line of Jon Denham at Morgan Stanley. Please go ahead. Your line is open.

Q - Jonathan Denham {BIO 19972914 <GO>}

Thanks very much. Just coming back to Jonny's question, how much more headroom is there for the customer bonus to increase your retention further? Should we think of the benefit from the bonus more to come from increased awareness from non-customers allowing you to win new business or is that maybe people being aware of the bonus for long way throughout the year, so less of a drop-off in 3Q, so increased retention further? And then just secondly, outside of Swedish motor, whereabouts you're seeing pockets of claims inflation and where are you unable to price for? Thank you.

A - Morten Hubbe {BIO 7481116 <GO>}

Well, I think, first of all, on the bonus model, having reached slightly more than 80% awareness, there is a good likelihood that that drops to 70% when we get further away from the actual paying out of the bonus. As you may recall, (inaudible) have reported more stable numbers around 90. So I still think there is potential to get from there. Our experience is that the commercial and corporate customers are all aware, but there is still a too high proportion of the private individuals who are not aware and that's why we try to mention it in all of our customer contacts to increase the awareness further.

I still think it will take a couple of years before the awareness for private customers is as high as we want it to be, but I think, you're making the right point that when only 25% of the non-customers are aware, we have a significant argument towards new customers, which we haven't utilized fully at all.

And then, I think it's quite important, if you look at the retention rate development for our Norwegian business, that is increasing well also without a bonus. So in our view, we should drive the bonus hard to further enhance retention rate, but also to attract new customers. And then we should make sure that all the drivers, more products, better servicing, better claims handling, better digital solutions should elevate retention rate regardless of the bonus model because clearly one of the best ways of driving value in an insurance company is enhancing retention rates because then you have to sell a lot less and you have a much stronger relationship with the customers. So there is more headroom and there is a high focus, but not only on the bonus.

I think, generally on inflation, we've talked about Norwegian motor over a couple of quarters. I think we're handling it well, but of course, it's still high on the observation list. Swedish motor is slightly more recent on the list. We're focusing on that. We are seeing that the salary inflation of craftsmen, particularly in Denmark is high. It's not unusual for a carpenter to get a 6%, 7% salary increase at the moment and there is actually a shortage of skilled labor, which clearly for the house and property repairs is a big challenge. So we're working very hard to make sure that our procurement programs offset that and handles that in a strong way. But that is clearly a headwind and it's clearly a challenge.

Then there are areas in property, in Corporate and Commercial where we think the frequency of large claims is slightly larger than we like. So we're working quite hard to make sure that we both capture that through better prevention and better risk selection, but also capture that through higher pricing. But it's also -- it's always a little bit more tricky to predict because there is a lot more stochastic and it's a lot less easy to get a full view of what is recurring and what is stochastic, but that's also a pocket of concern currently.

Q - Jonathan Denham {BIO 19972914 <GO>}

Very clear. Thank you very much.

Operator

Thank you. Our next question comes from the line of Phil Ross at Mediobanca. Please go ahead. Your line is open.

Q - Phil Ross {BIO 20618440 <GO>}

Hi, good morning. Just a single question on the expense ratio, please, 14.2% in this quarter, which is sort of broadly in line with guidance. I guess we could characterize it as being maybe top end of guidance, if that's fair. Do you think the expense ratio will continue to stay around these sort of levels or perhaps edge upwards as you spend money on efficiency improvements in the first part of that and you also have higher employee numbers from in-sourcing the IT and adding claims people at all?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think it's fair to say that, that we see areas where we need to invest. We talked about the IT side of things and also the in-sourcing of certain competencies, but in general, you can say the efficiencies that we work with throughout the business, in particular, as we've been discussing a few times on the claims handling and so forth should counterweigh that. So overall, this is a clear focus area that we monitor and we control in order to stay at the levels that you experience at the moment.

Q - Phil Ross {BIO 20618440 <GO>}

Okay.

A - Morten Hubbe {BIO 7481116 <GO>}

I think it's fair to say that most financial institutions at the moment are increasing their costs as a result of IT, and there is no doubt that if we reported in isolation how much more money do we spend on IT, that is just going through the roof. So the trigger question is really can we make the rest of the company efficient enough, fast enough to finance the IT that is increasing significantly and stay around the 14%. That is clearly our target. But there is huge moving parts underneath that keeping the roughly 14% as stable as possible.

Q - Phil Ross {BIO 20618440 <GO>}

Thanks.

Operator

Okay. Our next question comes from the line of Sami Taipalus of Goldman Sachs. Please go ahead. Your line is open.

Q - Sami Taipalus {BIO 17452234 <GO>}

Yeah. Good morning, everyone. Just, first I wanted to pick up on interest rates and the impact on your P&L from earlier. And I appreciate obviously I wouldn't ask you to predict mark-to-market movements or what's going to happen in the second half or anything, but if we look at the run rate for 2020 maybe and onwards, how the movements in -- can you just talk us through how movements in risk-free rates and I guess credit spreads as well, which are relevant for you affect the combined ratio and the investment income separately, I think given that the discounting you apply to your liabilities is a bit different than for other companies? So that's my first question.

A - Morten Hubbe {BIO 7481116 <GO>}

Well, let's take the discounting first. Really the rule of thumb on discounting is actually fairly simple. I think that the -- if you take 100 basis points, say, interest rates change 100 basis points. There is roughly a one-to-one correlation with the opposing impact on the combined ratio. So say 100 -- say interest rates move up 100 basis points. Then combined ratio reduces 1 percentage point and vice versa. So if interest rates continue to decrease in Denmark, there is almost a one-to-one offset. So 1 percentage point lower interest rate in Denmark, if that is at all possible, would mean 1 percentage point higher combined ratio in Denmark and vice versa.

We've also had questions on whether interest rate reductions in Denmark would mean that we would change our guidance for earnings and reduce that guidance. Our view is that we're not in the business of changing guidance all the time. So if interest rates reduce further, we have to work harder to deliver the same combined ratio. And similarly, if interest rates over the next three, four, five years start to normalize slightly, that will give help to the combined ratio. But the link is, 100 basis point on interest rates changes combined ratio roughly 1 percentage point.

Q - Sami Taipalus {BIO 17452234 <GO>}

Just to clarify, is that in Denmark only or is that at the Group level?

A - Morten Hubbe {BIO 7481116 <GO>}

That's on the Group level. And the reason why I mentioned Denmark only is that the current -- the most recent quarter, for instance, shows interest rate reductions in Denmark, interest rate increases in Norway and Sweden. So the current trend is different between the countries.

Q - Sami Taipalus {BIO 17452234 <GO>}

Got it, got it. Okay. And -- but I guess this is also recurring -- sorry, when you talk about the 1 percentage point, that's not just the current year you're talking about. That's also including revaluation of, I guess, the reserves, let's say, the prior-year claims liabilities.

A - Morten Hubbe {BIO 7481116 <GO>}

I guess you see two drivers. You see that's where the matching comes in play. Say interest rates move up 100 basis points. Then you'd get a one-off hit on the mark-to-market on the bonds and then you get a one-off positive on the reserving of the balance sheet, so the back book, if you will. So that's a one-off hit where the two offset each other. And then you have the ongoing run rate where you have the link I mentioned before.

Q - Sami Taipalus {BIO 17452234 <GO>}

Got it. Got it. And then -- but then in terms of -- if I then move onto the investment income for the -- I guess, I'm talking about the run rate here for 2020. Obviously we're talking about the free portfolio here. There must be some impact there from, I guess, risk-free rates secondary effect as well like potential reductions in corporate bond spreads. Is it possible to say anything about the size of those?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I would say not on the guidance. What we are doing is, is obviously we have a policy around our investments in the free portfolio and we can adjust those if we see things are trending significantly in a direction or other. So it's obviously something that we monitor. We will -- obviously when you see big market movements like, for instance in Q4 last year, you will see an impact on the free portfolio, but it is something where we have the ability to adjust the asset allocation to even less risk than we have at current.

A - Morten Hubbe {BIO 7481116 <GO>}

But I guess you can monitor the duration of the bonds we have and you can monitor the market rates. And as we have mark-to-market, there is really no adjustments to be had by amortized cost or hold to maturity. So you can monitor the market rates as well as we can on the investment side.

Q - Sami Taipalus {BIO 17452234 <GO>}

But what you're saying is the market rates, the reinvestment rates should flow through pretty directly into the...

A - Morten Hubbe {BIO 7481116 <GO>}

For us, there is really no reinvestment logic because everything is mark-to-market. So you can see they flow through completely directly, but it also means that compared to some peers who still have older bonds giving higher yields than current yields, we don't have that driver at all. We are already now at the low current yields.

Q - Sami Taipalus {BIO 17452234 <GO>}

This is the -- exactly the point I was trying to make actually, so when we look at...

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

That's the adjustment.

Q - Sami Taipalus {BIO 17452234 <GO>}

We should think about it as the current yield we're seeing in the market rather than the (Multiple Speakers)

A - Morten Hubbe {BIO 7481116 <GO>}

Completely right, completely right.

Q - Sami Taipalus {BIO 17452234 <GO>}

Yeah, yeah. Okay, great. Then a -- shifting tracks slightly, you've talked earlier about the difference in capital intensity between corporate and private or commercial, especially corporate and private. Could you just -- is it possible to just quantify that, give some form of sphere about what sort of savings there are available in terms of capital intensity by shifting business mix?

A - Morten Hubbe {BIO 7481116 <GO>}

Well, I don't think we've ever published the splits, but you can argue that on several corporate products, the capital requirement is 100% of premium. So if you take a product like workers' comp in corporate, the capital requirement is more than 100% of premium, whereas in a lot of private lines products, you're looking at sort of 30%, 40% of premium. So there is a dramatic difference between the two. Of course, workers' comp is an extreme products and there are more short-tailed products in corporate with a lot lower capital requirement. But it's also in corporate where you have the big swings on liability and you have the big swings on the large claims of property, which of course also drives higher capital requirement for those lines. So it's fair to say that the capital requirement for corporate in a number of products is double that of private lines.

Q - Sami Taipalus {BIO 17452234 <GO>}

Yeah, yeah. I guess, then we have to potentially take into account things like diversification et cetera, but it sounds from what you're saying that we are talking potentially about tens of percentage points of premiums at the portfolio level difference between the lines.

A - Morten Hubbe {BIO 7481116 <GO>}

You're trying to calculate the ROE or what number you're trying to calculate?

Q - Sami Taipalus {BIO 17452234 <GO>}

No, I'm just trying to understand how the capital intensity of the business goes down if you shift the business mix.

A - Morten Hubbe {BIO 7481116 <GO>}

No, no. You're right, you're right that it depends a lot on which line. It also depends on which line, we've taken Private line, but I think it's not all wrong to think that the capital intensity of Private lines is roughly half the capital intensity of Corporate lines and that gives you at least some guidance on the difference. But bear in mind, it is a line by line requirement, not a business area by business area requirement, but roughly half is not all that wrong.

Q - Sami Taipalus {BIO 17452234 <GO>}

Yeah, yeah. Okay. Then just -- this is the final thing, I promise. On the -- and just on the same topic, I think you'd been talking for a while about wanting to shift more towards Private, but you sound a little bit more determined perhaps now than you've done in the past. Are there some structural adjustments that could be made there as well in terms of, I guess, downsizing the Corporate business and maybe making some expense savings or anything like that...

A - Morten Hubbe {BIO 7481116 <GO>}

Well, I guess...

Q - Sami Taipalus {BIO 17452234 <GO>}

(inaudible) impact maybe?

A - Morten Hubbe {BIO 7481116 <GO>}

I guess, reducing business is not all that difficult. You just cancel the policies. I think the tricky part is of course to have a meaningful alternative. And that's where, of course, all of our work on new products covering the scope of each of the private individuals is something that strengthens the retail book. We want to push that from Private Denmark to Private Norway, Private Sweden. We want to further push it to Commercial SME, the small customers in Denmark, Norway, so that we not only shrink the corporate leg, but we actually strengthen the retail leg. And of course, we would like to do both because of course Corporate also carries a lot of weight on cost support, staff functions, IT development et cetera, et cetera. So it's a matter of working with both legs and there, of course, we're pleased to see that our ability to strengthen the Private business is improving as we see also in this quarter.

Q - Sami Taipalus {BIO 17452234 <GO>}

Yeah. Sorry, my question was actually slightly the other way around. So are you adjusting your operational footprint to reflect the reduction in volume in Corporate?

A - Morten Hubbe {BIO 7481116 <GO>}

We are working hard to make sure that the cost ratio stays stable in Corporate so that when we reduce exposure in Corporate Norway, for instance, we also reduce the costs. That is correct.

Q - Sami Taipalus {BIO 17452234 <GO>}

Okay. So it's more than just a tactical shift.

A - Morten Hubbe {BIO 7481116 <GO>}

It is more than just a tactical shift. Correct.

Q - Sami Taipalus {BIO 17452234 <GO>}

Got it, got it. All right. Great. I have taken up enough time. Thanks very much.

Operator

Thank you. Our next question comes from the line of Steven Haywood at HSBC. Please go ahead. Your line is open.

Q - Steven Haywood {BIO 15743259 <GO>}

Thank you. Good morning. Just one question from me. Obviously, we've had a new government come into Denmark and they were talking about increasing taxes and also particularly for the financial companies. So I wonder if there has been any news or update or policies that may be implicating Tryg in the future here. Thank you.

A - Morten Hubbe {BIO 7481116 <GO>}

Good morning to you as well, Steven. I think the short answer is no. We've not heard anything. Typically we hear about these things in advance, but we haven't heard anything. It doesn't mean that you can rule it out, but if you look at what has happened historically, when, for instance, the taxation of salaries in the financial sector were increased, then that taxation was passed onto customers through pricing. So if the taxation were to increase, I think there is a general trend for the industry in the region to pass that on through pricing, but we haven't heard any sort of upcoming initiatives.

Q - Steven Haywood {BIO 15743259 <GO>}

Okay. Thanks very much.

Operator

Thank you. (Operator Instructions) We do have one further question coming through. That's from the line of Per Gronborg from SEB. Please go ahead. Your line is open.

Q - Per Gronborg {BIO 15910340 <GO>}

Yes, hello. It's Per from SEB. One question from my side. Your top line we discussed after Q1 was 6% where they were sustainable. You continued to run at 6% excluding Alka for the second quarter. We discussed after Q1, what are the impact from the bolt-on acquisitions you have done, which you don't adjust for that number, I assume? Any comment on that after this quarter. I'm thinking about FDM. I assume 12 [ph] was full in the numbers for Q2 through last year.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah, correct. What we see on those portfolios is that they are part of the focus for the commercial teams to grow, so work with the portfolios that we've taken over, but also increase sales to the customers that we get on board in those parts of the business.

A - Morten Hubbe {BIO 7481116 <GO>}

So there is really no year-on-year non-organic in that. They were in the numbers a year ago. But of course, as Barbara pointed out, they are new customer groups where we have a better organic opportunity than if they were not there. So they do help the 6%, but only in a better access to new leads organic kind of way, if that makes sense.

Q - Per Gronborg {BIO 15910340 <GO>}

Thank you.

Operator

Thank you. And as there are no further questions on the line, I'll hand back to our speakers for the closing comments.

A - Peter Brondt {BIO 20399889 <GO>}

Thank you everyone for listening in. We will be in London tomorrow, and then we will have road shows after the summer. You can find them in the webcast presentation. And thank you for your attention, and have a great summer.