

Q1 2011 Earnings Call

Company Participants

- Jarmo Salonen, Head of IR
- Kari Stadigh, CEO and President
- Peter Johansson, Group CFO
- Torbjorn Magnusson, Head of P&C Insurance
- Unidentified Speaker, Unknown

Other Participants

- Blair Stewart, Analyst
- Claus Jensen, Analyst
- Gianandrea Roberti, Analyst
- Giulia Raffo, Analyst
- Hakon Fure, Analyst
- Kimmo Rama, Analyst
- Matti Ahokas, Analyst
- Nicholas Bell, Analyst
- Per Groenborg, Analyst
- Peter Eliot, Analyst

Presentation

Jarmo Salonen {BIO 1860650 <GO>}

Ladies and gentlemen, welcome to this conference call on Sampo Group's January-March 2011 results. I'm Jarmo Salonen, Head of Investor Relations at Sampo and with me here in the studio, I have Sampo's Group CEO and President Kari Stadigh, Head of P&C Insurance Torbjorn Magnusson. And Group CFO, Peter Johansson. We will start with Kari's introduction into the Q2 -- sorry, Q1 developments, after which we will do our best to tackle any questions you may have.

But before handing over to Kari, let me remind you that you can follow this call on our website sampo.com. And a recorded version of the call will later be available at that same address. That's all from me. And now I hand over to Kari for his presentation.

Kari, please.

Kari Stadigh {BIO 1504152 <GO>}

Welcome to the conference call on my behalf as well. We report an excellent result for the First Quarter once again, an EPS of EUR0.58, up over 30% from last year. Our non-life operations performed strongly. Operating profit was up 77% quarter-on-quarter and the combined ratio was on an expected level of 94.4%.

Nordea's profit contribution to our numbers increased by 22% to EUR152 million. This includes of course the effect from a slightly bigger shareholding as we had increased our shareholding in Nordea by 30 million shares during the quarter. And another 12 million shares the previous year.

Our acquisition value is now EUR6.46 per share and the book value in the Group accounts is EUR6.79 per share.

Also Life Insurance increased their profit after taxes by 22% to EUR44 million. On top of this, the reserve for future bonuses was increased by EUR35 million. If we assume customer bonuses for this and next year to be on the same level as they were in 2009, the reserve covers all bonuses for 2011 and 2012.

I also want to remind you that we have last year lowered the discounting rate in Mandatum Life for 2011 to 2.5% and to 3% for 2012. The reserve strengthening cost us EUR61 million at the time. This reserve strengthening leaves us with a solvency ratio post-dividend of 23.9%, a very strong number indeed.

Internal dividend streams, year-to-date, sum up to EUR350 million. We have received EUR100 million from Mandatum Life and EUR250 million from Nordea. Each cash flow is very strong. So as in earlier years, one could expect an internal dividend of EUR400 million to EUR500 million later in the year.

I also want to remind you that in the end of the First Quarter, If called and paid back its subordinated note amounting to EUR200 million. So all in all, a very strong cash flow in the Group.

I don't want to repeat our guideline or guidance in detail for the year as all of you have already seen it. It's going to be a good year anyway.

Jarmo Salonen {BIO 1860650 <GO>}

Thank you, Kari. And operator, we are now ready for questions. Thank you.

Questions And Answers

Operator

Thank you, sir. (Operator Instructions).

Claus Jensen from ABG in Copenhagen.

Q - Claus Jensen {BIO 15042961 <GO>}

This is Claus from ABG in Copenhagen. A couple of questions on your non-life operations. Firstly, yesterday you had a peer who reported to -- complained a bit about claims frequency increasing due to increased economic activity. Is this something you've seen in your markets and if so which markets are you seeing this the most? Is it also the ones where the economic activity has picked up the most?

In addition to that, I guess wage inflation according to statistics is also picking up especially in Sweden. Are you seeing some pressure on claims there?

And my last question is in terms of run-off gains. Can you maybe give us some insight into the run-off gains this quarter also compared to what we should expect as normalized run-off gains going forward? Those are my questions. Thank you.

A - Torbjorn Magnusson {BIO 1863476 <GO>}

Right. Claims frequency due to increased economic activity, let me remind you that it was only a year ago since we talked about increased claims frequency due to decreased economic activity

and fraud. We didn't see much then and we don't see much at the moment either. Our underwriting results in corporate lines in Finland have so far been unaffected by such developments.

Wage inflation, of course, can in the end affect claims inflation. But claims inflation is a very different animal than wage or consumer price inflation. At the moment inflation in Scandinavian countries, claims inflation, has actually come down. And for most lines, let's say, for car insurance and for property insurance, claims inflation is round about 3% actually in all Nordic countries including Norway where it was higher previously.

Finally, insight into prior year gains. We had prior year gains of about 3.8% on the combined ratio in this quarter. That is clearly higher than average in our past, say five years. And most of that, something like 2.5%, came from the settlement of large claims in the industrial lines. And that is something that I don't necessarily see repeated quarter on quarter and indeed hasn't been repeated quarter-on-quarter in the past.

We are fairly and prudently reserved. As I usually say, we don't try to predict prior year gains with the exception that with the low inflation we have some gains in private lines, mainly from the fact that we have a higher inflation assumption in our reserves.

But the important fact this quarter was we had some very beneficial claims, settlements for really large claims and that was the main explanation for the relatively high prior year gains number relative to our history.

Q - Claus Jensen {BIO 15042961 <GO>}

Okay, thanks. Can I just follow up real quickly? If you look back the last five years, what's it been in average over the years?

A - Torbjorn Magnusson {BIO 1863476 <GO>}

That's a number that I don't have off the top of my head.

Q - Claus Jensen {BIO 15042961 <GO>}

Okay, thanks.

Operator

Kimmo Rama from Evli Bank.

Q - Kimmo Rama {BIO 16516930 <GO>}

Yes, hi, just a couple of questions if I may. Last year, you disclosed the winter related claims being around EUR40 million of which some EUR30 million came from Sweden and EUR26 million from Norway. What are the respective figures for Q1. And was there any difference in terms of their claims structure compared to last year? I mean that the last year there were a quite big a portion of those gains coming from the Norwegian property side.

Secondly, there was quite a remarkable pick up in corporate premiums, especially within industrial premiums. Could you give some flavor on what's behind the growth figure? Thank you.

A - Torbjorn Magnusson {BIO 1863476 <GO>}

In the winter, there's much less drama this year. We had a severe winter again in Finland and Northern Sweden. But people in those parts of the world are more used to winter than, say, the

Danes, Norwegians. And southern regions -- Swedes. So we always have fluctuations in the claims frequency and the attritional losses. And as I said very little drama this year compared to last year.

Is a claim, a certain individual claim a winter claim or not, if somebody drives a car and drives off the road, does that depend on the winter or not, we don't have a large winter effect in these numbers.

Secondly the successful renewal on corporate lines between 40% and 50% of our corporate book is renewed on the first of January every year. We did well in those renewals. We had by and large, stable terms and conditions and stable rates. We are pleased with that.

Of course, that is more of a First Quarter effect than something that would repeat it every quarter since it's corporate lines. And as I said the gross return premium came in, in the First Quarter.

Q - Kimmo Rama {BIO 16516930 <GO>}

Okay. Thank you.

Operator

Gianandrea Roberti from Carnegie in Copenhagen.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Yes. Good afternoon from me as well. A couple of questions. The first one on growth, generally. Seems like that growth is picking up even for you guys these days. And I think it was almost 4% adjusted for currency in Q1.

Torbjorn, I think you mentioned in the message on the website that you talk about in private lines, mainly car sales. And then the renewal on the corporate lines. But if you can add a bit also how you see the pricing situation, particularly on private lines for all the different countries, that will be quite helpful.

And also your combined ratio in Industrial basically in the last few quarters, if I'm not mistaken, has been the best of all your segment. Is that a bit of a coincidence or do you see some trends in the there? I would like to hear your thoughts.

And finally a more nitty-gritty accounting question; I've noticed that your fair value reserve didn't fall as much as I had expected. And particularly, in Life when I look at the fixed income, it was basically almost flat from year-end to Q1, which in a way somewhat surprised me because I would have thought that with a sharply rising interest rate you will have more of a heat [ph] in there. If you can just give me some comment. Thanks a lot.

A - Torbjorn Magnusson {BIO 1863476 <GO>}

Thanks for appreciating our growth which indeed comes from the car industry and our partnership with many of the dealers and the car importers, comes from the Baltic Rim again. It's been some time since we've been positive about the development in those countries. But again we see some growth there and our market shares have been stable and actually increasing slightly at the end of the recession. And finally, the successful renewal in large corporate lines.

Pricing geography is dull. I have very little to tell that you haven't heard before. As I said, inflation is around about 3% all over the Nordic region. We are able to match that with price and rate increases. So -- but the IEC [ph] -- and we haven't able to do that for the past year. I think you remember that we had to increase prices more than that in Norway. But at the moment the developments are very stable, low price increases, low inflation.

Finally, Industrial profits will always be affected by large losses. A large proportion of all the results come from the results of mainly fires, in excess of EUR5 million each. And that will necessarily affect the quarterly results. As I said the important thing is that we have been able to renew the book with stable results, stable terms and conditions, stable rates and that will -- that gives us comfort and confidence for profitability going forward.

A - Peter Johansson {BIO 3902189 <GO>}

Gianandrea, this is Peter.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Yes.

A - Peter Johansson {BIO 3902189 <GO>}

On the fair value reserve, actually you could see that there is some reduction on the unrealized gain in the If portfolio and the Life company has been more stable.

On the investment side, we have focused in Q4 and Q1 to switch more and more of the fixed income assets into floating rate notes. So the overall -- actually if you look at the total fixed income allocation where we have money market 15%, if you include floating rate notes to those, it's -- the floating rate note, the money market is 38%.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Thanks a lot.

Operator

Hakon Fure DnB Bank in Oslo.

Q - Hakon Fure {BIO 16623060 <GO>}

Yes, hi. Good afternoon. I only have one question left. In terms of the threat from the small and more aggressive players in Norway, looking at what they've indicated in terms of combined ratios for 2011 and the management changes we've seen, it might -- to some extent it appears that this threat is no longer there. Is that in line with your thinking?

A - Torbjorn Magnusson {BIO 1863476 <GO>}

I think there are two very different groups in -- of newcomers to the Norwegian market in addition to the incumbents. The incumbents are rational and now yes, Itios [ph] is also a listed company.

Then we have a number of small optimists that have shown very poor combined ratios lately, I don't know if that's what you are referring to when you say that they are no longer there. And then we have some plays with very large distribution power and that's DnB and Ferenda [ph] and we don't know what their results are. As far as I'm aware they haven't published any.

And so the change to the Norwegian market that we've seen over a couple of years is that DnB and Ferenda are not destroying the price level in the market. But they have added distribution power there.

Q - Hakon Fure {BIO 16623060 <GO>}

Okay. Thanks.

Operator

Q - Peter Eliot {BIO 7556214 <GO>}

Thanks a lot. Just a couple of questions for the Life side, please. Firstly, on sales or in premiums I guess just compared to previous quarters were a little bit disappointing. And you also showed a 25% market share in unit-linked compared to a 28% market share over the last couple of years. I was wondering if you could just elaborate on what's happening there.

And then secondly, just after a bit of a better handle on the underlying earnings of the Life division, I mean basically we've seen two big one-offs in this quarter, the negative EUR35 million for reserve strengthening. But on the positive side you had more with EUR63 million gains from equities, equity sales which was much higher than usual net-net.

I'm thinking what you've shown probably isn't that far off what your current thinking of this underlying earnings power of that division. And just wondering whether you could comment perhaps a little bit on that. Thanks.

A - Kari Stadigh {BIO 1504152 <GO>}

Okay. First on the sales. The sales were not very strong in the quarter and there are three reasons. One is an optical reason. The quarter where we compare was the highest quarter ever in history of Mandatum Life. So we have a tough benchmark.

Then this tough benchmark, it wasn't really that tough as it looks because there was a one-off. There was EUR60 million, EUR70 million -- one pension fund was insured the previous year which is a one-off. And then on the wealth management, there was also one single big deal. So I would say that the organization is actually working with the same energy level as usual.

The quarter was also a little bit difficult because on the investment side there were no really good themes to promote to the customers. I think our wealth management is doing really well when we have a very clear picture on how we are going to make our customers more prosperous. And this quarter there were no obvious themes. So it was really more a bulk type of sales effort.

I think that if that number had not been, let's say, EUR20 million, EUR30 million, 10%-15% higher, I would have been happy. So it was actually quite close to my expectation level, little bit under. But I don't see any reason to change my future outlook on the sales power that we have. It is performing nicely.

Then on the earnings power, I think that the reserve strengthening is not a sign of weakness. It's actually a sign of strength.

We are able to reserve now and then if we decide to pay the same bonuses as in 2009 -- last year because of the low interest rates, our bonuses were exceptionally low. So we could say that 2009 is more normalized level. So if we come back to that, then with this reserve strengthening we can cover two years' bonuses.

I don't want to give any new guidance on the profitability level. I usually say that on the old -- with profit portfolio, you should be able to make a margin of 2%. And that gives you a EUR100 million plus. We have seen quarters or years when we have done 4%. So it's up to anyone's guess how the investment markets will perform. I'm more inclined to describe a floor for our earnings power than a range for the earnings power.

Q - Peter Eliot {BIO 7556214 <GO>}

Thanks a lot.

Operator

Matti Ahokas from Handelsbanken.

Q - Matti Ahokas {BIO 2037723 <GO>}

Yes. Good afternoon, Matti Ahokas, Handelsbanken here. Two questions, firstly regarding the outlook statements.

Last year, you also did not give a range for the ongoing year combined ratio and you don't do it this time around either. But if you will go back in the history, you've done it quite many times in the Q1 report. Could one interpret this as that the transparency of business has gone down or is this just a coincidence that you are not doing it? Last year obviously was a very bad Q1 compared to historical levels and this wasn't that great either.

The second question is regarding the --

A - Jarmo Salonen {BIO 1860650 <GO>}

Matti, if I may interrupt you, this is Jarmo.

Q - Matti Ahokas {BIO 2037723 <GO>}

Yes.

A - Jarmo Salonen {BIO 1860650 <GO>}

Unfortunately, we missed your questions because we had some problems with our loudspeaker here. Could I ask you to repeat it from the beginning? Thanks.

Q - Matti Ahokas {BIO 2037723 <GO>}

Sure, absolutely. It's regarding the outlook statement when you're -- where you are not kind of being more exact about the current year combined ratio. You didn't do it last year either. But before that 2009 and before that you actually came out with a combined ratio range for the current year. Is there a specific reason why you're not actually being more specific about this year's combined ratio?

And the second question, hope you got the first one, is regarding the holding Company net debt. You're saying that it's around EUR1 billion at the end of March. And you've increased the debt. And I thought the corresponding figure at the end of 2010 was actually slightly higher. So I wonder if you could shed a light how did you get to the figure of EUR1 billion net debt? Thanks a lot.

A - Jarmo Salonen {BIO 1860650 <GO>}

Could you tell us where you find the number because the net debt is roughly EUR1.7 billion. So --

Q - Matti Ahokas {BIO 2037723 <GO>}

Looking at page 9.

A - Kari Stadigh {BIO 1504152 <GO>}

EUR1 billion quite exactly.

A - Unidentified Speaker

Page 9, which --

A - Kari Stadigh {BIO 1504152 <GO>}

Yes, EUR1 billion when -- before the -- then we still have the funds for the dividends. I'm always counting in my head the number post-dividend. So we have of course a running -- let's say a running net debt level of EUR1.7 billion. So now you are talking of a number when we have collected all the cash to pay out the dividend.

Q - Matti Ahokas {BIO 2037723 <GO>}

Okay.

A - Kari Stadigh {BIO 1504152 <GO>}

So our net debt position, in principle, is almost unchanged.

A - Peter Johansson {BIO 3902189 <GO>}

Yes, to EUR1.75 billion.

A - Kari Stadigh {BIO 1504152 <GO>}

Yes.

Q - Matti Ahokas {BIO 2037723 <GO>}

But you've increased the long-term debt at the same time. So is that the internal dividend which is the difference there?

A - Peter Johansson {BIO 3902189 <GO>}

We did a EUR300 million issue in the domestic market. And then the Nordea dividend is not reflected in the cash position yet. But it is booked as a receivable on the parent company.

A - Kari Stadigh {BIO 1504152 <GO>}

And then you have to take into account the 30 million shares we bought.

A - Peter Johansson {BIO 3902189 <GO>}

Yes.

A - Kari Stadigh {BIO 1504152 <GO>}

The Nordea shares.

Q - Matti Ahokas {BIO 2037723 <GO>}

Okay.

A - Kari Stadigh {BIO 1504152 <GO>}

Then on the outlook, I think that the only reason why we didn't write anything else is that we feel very comfortable with the present text.

Q - Matti Ahokas {BIO 2037723 <GO>}

Okay. Thanks a lot.

A - Kari Stadigh {BIO 1504152 <GO>}

You're welcome.

Operator

Blair Stewart from BofA ML in Edinburgh.

Q - Blair Stewart {BIO 4191309 <GO>}

Thanks very much and good afternoon. A couple of questions left for me, they've mostly gone. Just I wanted to know Peter if you could give a bit more color on the special income asset allocation in Life. I know this was a very healthy 5% running yield, if there's any color you can add there?

And then second question probably for Kari, if we assume that the P&C business pays a EUR500 million dividend back to the holding company that would equate to some EUR850 million coming through this year. I think that will be about EUR200 million more than the cost of the dividend last year. I just wonder what your intentions were for that additional EUR200 million. Is that NCD available for dividends or other uses that you'd like to put that money to? Thank you.

A - Kari Stadigh {BIO 1504152 <GO>}

Blair, you know very well I have this funny idea of a dividend (track). So I don't want to speculate yet on what next year dividend is or our proposal from the management to the Board and then from the Board to the AGM.

But it would be of course nice when you're a dividend stock to have a nice dividend history. Then it's not bad to have a small cushion. And also we have indicated always that if there are some small amounts of Nordea shares that come to the market, we could acquire only very small, small amounts. And actually, the difference you are talking about now that's a real roundup. So it's not a very significant number. Then you had -- to Peter on asset allocation.

A - Peter Johansson {BIO 3902189 <GO>}

Yes, on the specific fixed income allocations of the total of EUR3.6 billion that we have fixed income assets in Mandatum Life, EUR2.7 billion is in European credit and US credit is close to EUR200 million. So these are the two explaining factors that -- why the running year has been so high.

A - Kari Stadigh {BIO 1504152 <GO>}

And sovereign debt exposure is zero.

A - Peter Johansson {BIO 3902189 <GO>}

EUR 11 million.

A - Kari Stadigh {BIO 1504152 <GO>}

Sorry, EUR11 million.

Q - Matti Ahokas {BIO 2037723 <GO>}

That's great. Thank you.

Operator

Giulia Raffo from Autonomous in London.

Q - Giulia Raffo {BIO 7573856 <GO>}

Hi, thank you very much. Most of my question have been answered already. I have a quick question on the holding segment.

You had a loss -- let's say pre-tax loss of EUR30 million in Q1, which is a bit higher than what you indicated before as the normal contribution. Was there any exceptional -- was it driven by the fact that the gross debt has gone up?

And my second question is on the Life segment. You clearly indicated that your strengthening [ph] has been a very conservative measure to anticipate the possibility of higher bonuses. I just wanted to check, am I correct in thinking that you have allocated to with profit fund EUR68 million in Q1? Thank you, very much.

A - Kari Stadigh {BIO 1504152 <GO>}

Giulia, on the first question on the holding company levels; so you're correct that the loss is higher than we guide on the normalized level. So the normal running cost is EUR5 million to EUR6 million. And the interest rate is slowly creeping up. So we're paying now something like 3.3%, 3.4% interest on the funding side. And it has also marginally increased. But that means EUR15 million to EUR16 million per quarter.

The explanatory factor is the interest rate swaps that we have on the fixed bonds where we had peak gains last year when interest rates went down. These are now gradually running off.

I think the first one or one of the Swedish bonds will run off September this year. And that's about SEK1.7 billion and then a EUR750 million bond next spring. So basically those marked-to-market gains that we have we had at now a back -- or reverse EUR9 million from those bond swaps.

Q - Giulia Raffo {BIO 7573856 <GO>}

So going forward, should we expect more like EUR15 million, EUR20 million per quarter negative?

A - Kari Stadigh {BIO 1504152 <GO>}

EUR20 million --

Q - Giulia Raffo {BIO 7573856 <GO>}

EUR20 million in negative, right? Okay. Thank you.

A - Kari Stadigh {BIO 1504152 <GO>}

EUR20 million, yes.

Q - Giulia Raffo {BIO 7573856 <GO>}

Yes, thank you very much.

A - Kari Stadigh {BIO 1504152 <GO>}

The total amount.

Q - Giulia Raffo {BIO 7573856 <GO>}

Yes.

A - Unidentified Speaker

Then you had a second question of reserving.

A - Kari Stadigh {BIO 1504152 <GO>}

Yes, what was the EUR68 million that you were referring to?

Q - Giulia Raffo {BIO 7573856 <GO>}

Basically, usually when you disclose your Life reclassified P&L, you describe the net investment margin as the product of your gross investment income. How much of that is transferred to the expense profit? How much relates to unit link. And how much is what you recognize on with profit funds? I've done a back-of-the-envelope calculation. And on my math, what you allocated with profit fund in the quarter was EUR68 million. I just wanted to double check if I did the calculation correctly.

A - Kari Stadigh {BIO 1504152 <GO>}

Yes, let me check. Okay, yes, that's right because I -- we didn't publish now the -- what the unit linked part. But actually you can see the unit linked part on the appendix of the full report what we have in the note number 2 on page 30.

So basically that's the investment return on the unit-linked funds was minus EUR19 million. But I could check that number for you and come back later with a phone call.

Q - Giulia Raffo {BIO 7573856 <GO>}

Yes, I got a EUR68 million by using the EUR19 million. But I just wanted to --

A - Kari Stadigh {BIO 1504152 <GO>}

EUR68 million, yes, Jarmo has shown me a calculation; EUR68 million is right.

Q - Giulia Raffo {BIO 7573856 <GO>}

Is correct, okay, thank you very much.

Operator

Nicholas Bell from Jefferies in London.

Q - Nicholas Bell {BIO 1894549 <GO>}

Yes, thanks very much and good afternoon. I just have one question. And that is in Q1 2010, I believe you had EUR70 million of extraordinary winter claims. It sounds like you're saying you don't have a similar level of extraordinarily claims this quarter.

Now, if I back out your prior-year releases and these extraordinary claims, I get an underlying combined ratio in Q1 2010 of 94.8%, whereas now it's looking like 98.2% on the assumption that there's no extraordinary events or claims. Am I doing the right calculation here? Is the underlying deteriorating. And could you give me a bit of color around that?

A - Torbjorn Magnusson {BIO 1863476 <GO>}

Well, with the usual preamble, I always say that I don't give normalized numbers exactly since that will help our competitors with exactly what we think about the markets. But there are always deviations around small claims.

We have had winter claims as I described at the outset of this phone conference. We have had more winter claims than what is normal. But nowhere near what we did last year with the EUR70 million. So if you would like -- if you will have to normalize, you'd have to take that into account more specifically.

Let me give you another comparison to maybe to guide you a little bit. We have had a combined ratio for the First Quarter, which is always a winter quarter of course in our part of the world, which has been between 94% and 95% roughly for ever and ever for the last at least six years in a row. And that probably gives you a feeling for a typical winter quarter here.

Q - Nicholas Bell {BIO 1894549 <GO>}

Yes, great, that's really helpful. And yes, it's clear there are some claims in there that (inaudible). That's great. Thank you, very much.

Operator

Per Groenborg, Danske Market.

Q - Per Groenborg

Hello. Good afternoon. Two questions to Torbjorn, the first related to your Industrial business. You told that approximately 1.5 percentage point of the one-off gains came from the large claims in Industrial Life. Quick math, That must be approximately EUR50 million divided by slightly more than EUR100 million in premium. Does this imply that excluding prior year gains, the Industrial combined ratio would have been some 14, 15 percentage points higher, or am I missing anything in that piece of the math?

My second question is related to Norway combined ratio 96.5% still pretty high. Are there any special items we should take into account by looking at that figure?

A - Torbjorn Magnusson {BIO 1863476 <GO>}

Two very accurate observations, Per. Now when we look at industrial lines we have launched new claims and launched old claims.

The launched new claims were relatively bad for Industrial Life for us. In the First Quarter we had specifically one very large claim. And the launch old claims were good. We managed to settle a number of claims. We launched prior year gains and your calculation is the right one.

And that's something that happens every quarter with the Industrial lines. You have to take both prior years' and current year launch movements into account.

Q - Per Groenborg

Of course.

A - Torbjorn Magnusson {BIO 1863476 <GO>}

Secondly, Norway has on average over time about 20% more motor claims in the winter quarter than the summer quarter. Q1 and Q4 in Norway has 20% more frequency claims on the biggest line in that country for us and for everyone else.

And if you go back in history you will see that Norway is normally the reason why I've just said that our First Quarter combined ratio has been 94% or 95% in spite of the fact that the full-year result is much lower than that for almost four years.

Q - Per Groenborg

(inaudible) there was in principle nothing special besides that pretty normal winter in Norway?

A - Torbjorn Magnusson {BIO 1863476 <GO>}

That was a better way to put it. Thank you.

Q - Per Groenborg

Okay, thank you.

Operator

(Operator Instructions). We appear to have no further questions at this time. So I hand the conference back to you.

A - Jarmo Salonen {BIO 1860650 <GO>}

Okay, thank you Operator. And thank you everyone for participating. Thank you for attention and have a very nice day.

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FINAL

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