Q1 2015 Earnings Call

Company Participants

- Lars Møller, Director-Investor Relations
- Morten Hübbe, Chief Executive Officer
- Tor Magne Lønnum, Chief Financial Officer

Other Participants

- Christian Hede, Analyst
- Gianandrea Roberti, Analyst
- In-Young Chung, Analyst
- Jakob Brink, Analyst
- Jonny Urwin, Analyst
- Per Grønborg, Analyst

MANAGEMENT DISCUSSION SECTION

Lars Møller

Good morning, everyone. This is Lars Møller from Tryg. I'm the Head of Investor Relations. We're here to present our Q1 Results. With me today, I have our CEO, Morten Hübbe; our CFO, Tor Lønnum with me.

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

Morten Hübbe

Thank you, Lars. And we kick off on slide 3 where we show a somewhat mixed bag of results in Q1. If we start on the positive side, we have an increase in the pre-tax results of a bit more than 10% year-on-year. We've reduced the cost ratio to 0.3% year-on-year. We have a return on equity of just above 20% for the quarter, and we have improved the trends on the top line with a positive top line in Private and Corporate lines.

On the negative side, we see a reduction in the insurance technical result of DKK 94 million, impacted largely by DKK 120 million higher weather claims, mainly due to the storms that have hit across the Nordics and a larger number of house fires as a consequence of winter in the Norwegian market.

Also we see a negative impact of some DKK 56 million from interest rate level that is due to of course both discounting and technical interest having a negative impact when interest rates are lower. And I guess it's fair to say that weather usually hits Q4 and Q1 more than the other quarters, whereas the lower interest-rate level will continue to have a negative impact on the future quarters as well.

If we move to slide 4, it's the first time we report on our three customer targets that we announced on the Capital Markets Day. Bear in mind, very importantly that none of these three customer targets have the focus of chasing new customers. Rather, they have to focus on increasing loyalty and further coverage amongst existing customers. As we know that it's a significant driver of stability and bottom line.

We see that the NPS, the customer satisfaction, where the ambition is to double within three years. We've already increased from 11% to 16%, which is a bit more rapid than we'd expected, mainly driven by private lines and also claims in Denmark. We see the more than three product coverage has increased by 0.2% where Denmark is the main driver, and we see the retention rate has also increased 0.2% where Commercial is the main driver, but also somewhat positive impact from Danish private.

If we move on to slide number 5, we list the most important news in the first quarter. First of all, we've introduced a new car product. There's no doubt that car is the area where competition is the highest and where we've seen lower price in the recent years. We have now come with a more structural solution with completely new product in the Danish market with significantly higher price differentiation and stronger risk selection and a structure where the product is less of an all-inclusive and more of a basic coverage with the opportunity to select add-on coverages. We've just been well received in the market within the last three weeks.

And we've announced Viking as the first Nordic procurement agreement where we can see that clearly elevating from national procurement agreements to Nordic procurement agreements has taken down the cost significantly and also will increase customer experience. And then we saw on the AGM the decision on the DKK 29 dividend which has been carried out. The stock split will be carried out. And the semi-annual dividend was started this summer.

And then we have taken new beginning of a new efficiency program of DKK 750 million with this first quarter. And then probably all of you've seen that our 60% shareholder has decided that they will introduce a membership bonus where they will pass on most of their dividend and buyback proceeds to the Danish customers.

On slide 6, we elaborate on the combined ratio development in the various business areas. We see a significant improvement in Corporate from 98.7% last year to 92.9% this year, clearly driven by lower large claims but also a significant improvement in the cost ratio. In Private lines, we see a higher combined ratio, increased by 3.8%, negatively impacted by some 4 percentage points from weather and some 0.4 percentage points from interest rate, on the other hand, positively impacted by a lower cost ratio and an improvement in the underlying claims ratio of 0.7%.

In Commercial, we see an increase in combined ratio of 2.7% with a negative impact of some 2.4% from weather and some 10.8% from large claims, one particularly large claim, but also on the positive side, some 9.3% on run-off gains, 0.3% lower on the cost ratio and an underlying improvement in the claims of 1.8%.

If we move on to slide 7, we show the beginning of the new efficiency program of DKK 750 million, which we run until 2017. On the Capital Markets Day in the autumn, we showed that the ramp-up of this program. As you saw in the previous program, there was also a ramp-up with a lower beginning and a higher ending. That is also the case with the new program with DKK 150 million impact this year, DKK 225 million next year, and DKK 375 million in 2017.

While this should come as no surprise and this will be a main positive driver for the next three years, clearly it means that the run rate is lower in 2015 compared to the ending of the 2014 impact in the old program. One of the current focus areas is clearly on outsourcing where we've made the most progress currently in IT and finance.

When we move on to slide 8, we show the development in cost and head counts. As I already mentioned, cost ratio has improved 0.3% year-on-year. Bear in mind that Q1 is usually the highest cost ratio quarter of the year due to commissions and therefore the year-on-year comparison is the most relevant. We've reduced head counts by a bit more than 50 people. As you can see from this graph, we have reduced nominal expenses in all four business areas.

And then, we should remind you that on the Capital Markets Day, we announced that we expected to see some one-off costs during 2015 in order to achieve the 2017 program. We've previously expected to announce that in Q2. But now, the expectation is to announce that in the third quarter results.

And then over to you, Tor.

Tor Magne Lønnum

Thank you, Morten. I guess first and foremost, if you look at slide number – it should be slide number 10, the top line and the technical result, you can see that there is a slightly improved trend in terms of the top line. There is a negative development of 0.4% in local currency, which is a significant improvement compared to last year. You see that there is actually a small positive trend in the private line, which of course is a strong improvement compared to the same quarter last year. And then there is a bit more mix picture on the other areas. I guess I'd also highlight the fact that if you look on the Swedish business, there is a significant improvement in terms of top line development. In terms of the technical result, I won't go further into that since Morten has talked a bit about it earlier.

If you move on to the next slide and look at the development in terms of average premiums, you can see that there is a negative development in average prices for motor and house in Denmark. Then in particular, this is reflecting a low index and also motor competition in the Danish market. As Morten mentioned earlier, the new car product that (09:33) has been launched in March should mitigate some of the effects going forward.

And we think in particular sort of introducing a better structure in the motor products should thus have mitigated some of the effect.

If you look at the Norwegian average premium, you can see that there's a positive development on average prices in Norway both for motor and house. But we also can see some increased competition due to the economic downturn. There's a relatively low effect of price measures in motor, which is particularly due to increased emphasis on the efficiency program and an increased competitive position. There is a slightly higher level of price measures in 2015, and thus average premium will continue to stay low in 2015, but should grow in 2016.

If we move on to the next slide and look at the customer retention, there's a positive development in retention levels in Denmark. Private is actually up to a level of 89.7%, which is relatively good. There's a stable development in retention level in Norway, Commercial at 88% but slightly lower level in Private. We do think primarily due to some seasonal pattern.

If we move on to the combined ratio and claims side, you can see that there is an underlying improvement in claims ratio, 0.1%, which is relatively low and reflecting a mixed underlying development in the business areas. You can see that Private underlying continues to improve, and it's 0.7% for the quarter, Commercial at 1.8% for the quarter, whereas there is some negative development in Corporate and Sweden.

I think first and foremost, it's important to note that when you look at the relatively low underlying improvement in the quarter, it reflects that some of the measures related to the efficiency program that – or the procurements program that Morten mentioned will have a lower effect here in Q1, but it also reflects that there are some underlying inflation in terms of the claim side both in Denmark and Norway.

If we move on to the next slide and look into the large claims and weather claims, you can see that there is a reduced impact of large claims, which is at 3.5% and more or less in line with the annual expectation. Weather claims is slightly up at 5.4%, which is up 2.6% from last year. It's also more or less in line with expectations and I'll give you – I'll elaborate a bit more on the weather claims.

Run-off at 7.8% continue to be at a relatively high level. It reflects still a strong reserve position, but also of course that there is the relatively high impact of low frequency claims in this quarter both due to weather and large claims.

If we elaborate a bit more on the weather claims, you can see here we have tried to show that there is weather claims, as I said, more or less in line with expectations. And patterns for the last six years show that there are significant variations for Q1. And you can say that this year we had a combination of storm Nina and Egon, which hit both Denmark – or Denmark, Sweden and Norway in January and that gives a total effect of slightly more than DKK 90 million after reinsurance.

And in addition, as Morten mentioned, there has been a frequency of medium-size fires (13:53) in Norway which is in the area of DKK 60 million, above last year's level. As I'm sure you've all observed, particularly here in Denmark, it has been, besides the effects I've mentioned, a relatively benign weather in Q1.

If we move on to the investment side, there is a relatively strong return on the free portfolio overall of 2.2%, primarily driven by high return on equities of 7.7%. The key drivers to that performance is particularly that we have a tilt towards stable equities and also that there has been an overweight of European equities in the period. You can see that there is some return on the match portfolio in the quarter, and the main driver is the falling interest rate levels. We have no material changes in the portfolio and of course the low interest rate level will reflect on the expectations in terms of performance for the free portfolio going forward.

If we move on to the slide related to the capital structure, the capital buffer increased in the period to 55%, driven by returns in the period but also additional inclusion of DKK 300 million on the subordinated debt. We've said at the Capital Markets Day that the timeframe for giving information about new subordinated debt would be in the Q3 announcement, but it's most likely to be postponed until later in Q4 due to pending approval of the internal model.

And finally, on this slide, I'd highlight the fact that the equity level is significantly reduced to last year, but it's due to how the dividend distribution was actually pre-quarter in 2015, whereas it was after the quarter in 2014.

And with that, I leave it back to you, Morten.

Morten Hübbe

Thank you, Tor. And we'll end our presentation on slide 20, where we reiterate our 2017 targets, which is to have a return on equity post-tax at or above 21%, to have a combined ratio at or below 87%. Bear in mind that it's a full-year target and not necessarily a target for winter quarters. And then also 2017 target is to have a cost ratio at or below 14%.

And then, we've mentioned of course the three customer targets on NPS, retention and number of products. And no doubt, the new DKK 750 million program will be a main driver of the value creation from the coming three years with a ramp-up, which is as less of an impact in 2015, more in 2016, and the peak of the program in 2017.

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

Lars Møller

Operator, please?

Q&A

Operator

Our first question comes from Mr. Jakob Brink from ABG. Please go ahead.

Q - Jakob Brink {BIO 7556154 <GO>}

Yeah. It's Jakob from ABG. I have two questions, please. The first one is regarding premium growth and competition. I think, Tor, you mentioned that you are expecting average premiums to come up in 2015 or into 2016 and also you are expecting premiums to grow in line with GDP in 2016. How do you see this when also we've seen your smaller competitors like Alka and Lærerstandens talking about sort of very high growth ambitions the next four years to five years. I think Lærerstandens was also talking about a 13% cut in house premiums. Is this not going to impact you and the larger competitors at all? That's the first question.

And then secondly, you mentioned in the report that you have potential to issue subordinated debt of DKK 1.2 billion to DKK 2.2 billion. As far as I can see, that must be including 10% CoCos and also assuming that the natural perils pool will still be treated as equity. Could you confirm that, please? Thank you.

A - Tor Magne Lønnum

Yes, Jakob. First and foremost, in terms of the last question, you're quite right. There is no doubt that sort of the variation in terms of the subordinated debt. When we say between DKK 1.2 billion and DKK 2.2 billion, the DKK 1 billion in difference is related to the natural perils fund as you indicated. In terms of sort of the full potential, you're right that there is a possibility to utilize up to 10% of the core capital for subordinated purposes or CoCos as we indicated.

Q - Jakob Brink {BIO 7556154 <GO>}

But if the Perils Pool is treated as Tier 2, then you're down to DKK 1.2 billion or around that level. But then it would basically mean that you would have to issue CoCos in order to increase the level of subordinated debt. Are you willing do that and then basically utilize the full potential or how aggressive will you be on that?

A - Tor Magne Lønnum

I'm not prepared to say how aggressive we will be in terms of the subordinated debt. That's really why I said that we will sort of come back to that announcement in Q4. And as I've said in the presentation, it's really important to understand that whereas we said Q3 on the Capital Markets Day and I'm now saying Q4, it's really because there is a timeframe related to the approval process of the – related to the FSA that creates some disturbances for us in terms of timeframe. And that's why I'm saying sometime in Q4 because it will, as I said, be dependent upon that decision on that approval.

A - Morten Hübbe

I guess we just approved yesterday our application for the internal model to the FSA, which is a nice 3,000 pages long package. And I guess the FSA will now have to evaluate that across the companies applying for the internal model. And we need to have final approval in order for us to make our final decision on the capital competition.

Q - Jakob Brink {BIO 7556154 <GO>}

What about the – sorry.

A - Morten Hübbe

No.

A - Tor Magne Lønnum

No. Go ahead, Jakob.

Q - Jakob Brink {BIO 7556154 <GO>}

What about the approval or the treatment of the natural perils pool in Norway? I thought they said by March 2015, they should have a conclusion, but they haven't done that yet. Anything new on that?

A - Tor Magne Lønnum

No. Unfortunately, there's not and we've actually been trying to set up a meeting with the Ministry of Justice in Norway as well and haven't been able to do that so far. So I think I've been relatively cautious on that before as well. Trying to put pressure on the authorities is never a good idea, so I think I'll just say that we are in a positive dialogue, and that we'll just have to wait and see.

And then I guess, if we move on to the competition question that you raised, there's no doubt that you see some announcement related to the pricing as we indicate Jakob, but I guess first and foremost, what I try to indicate was that there will be price effects across the portfolio later in 2015, which primarily will have some effect on the fixed-in numbers. And I think keep in mind that when we said the next level of price differentiation as one of the effects going forward, of course that we need to be more selective and more granular in terms of the pricing. And that includes price effects beyond the index in Denmark.

On the other hand, there's no doubt as I tried to indicate in the presentation as well that we do see slightly more competitive pressure. And I think there's been (22:59) for some time in particular sort of in motor. And that's why – and this is something that I would highlight again and you've heard me say this before. There is an extremely important position to have as market leader to make sure that we are not driving the development. And thus, it will always be a balancing act where we need to sort of try to maintain a position where we're not a price leader and we're not going to be a price leader, but this should be sort of in the range, in the middle of the pack, perhaps in terms of prices.

A - Morten Hübbe

You mentioned – Jakob, you mentioned Alka and Lærerstandens. To be honest, I don't think Lærerstandens is large enough to make any significant distance in the market. But clearly, Alka is a bigger player. We've seen Alka being – it's not new that Alka's fairly aggressive on growth and pricing, but it's in that sort of past three years, four years. They have also had a significantly larger branding spend than the three other large companies almost put together. And I think to be honest that their growth has been limited on the back of that.

Also we see that our competitive disadvantage there has been on our price differentiations in two week, not on the average price. And the best indicator of how it impacts us currently is on the retention rate and on the current sales. And we can see that our group retention rates are actually increasing at 0.2% in this period. And also, we see that our sales are slightly higher than they were in the same period last year. So of course, we do concern ourselves with the question, but we don't see any significant impact to the markets as of now.

Q - Jakob Brink {BIO 7556154 <GO>}

Okay. Thanks a lot for the answers.

Operator

Our next question comes from Mr. In-Young Chung from Goldman Sachs. Please go ahead.

Q - In-Young Chung

Hi. Good morning. Two questions from me. So the first one is on the customer dividend model, which has obviously now been improved. So is there any plans on how these will be distributed? So for example, you could, I guess, have a system where customers get to have more than three products like you have in the customer target to help with that further things. And do you have kind of projections in how it will impact your premiums going forward? And the second question is on the interest rates, the impact of the lower interest rates in Denmark. Do you set aside any kind of provisions for further cuts in rates, which could potentially happen with the Central Bank's commitment to defend the peg? Thank you.

A - Morten Hübbe

Yeah. I guess the last question is relatively simple. The answer is no and I don't know (26:04).

A - Tor Magne Lønnum

And I think that's mutual (26:05).

A - Morten Hübbe

So of course, that has an impact. And keep in mind, we also mentioned the interest rates in terms of comparison to Q1 last year. Keep in mind that when we have announced both the previous targets and these targets, we have not taken the interest rate level into consideration, i.e. we are saying that these are long-term targets and they should stand despite the fact that the interest rate level has been coming down. So we stay committed to sort of the long-term targets despite what has been happening on the interest rate. So the mentioning of the interest rate this quarter is, I guess, for comparison purposes to Q1 last year.

Q - In-Young Chung

Okay.

A - Morten Hübbe

I think on your first question, on the bonus model, I think it's important to bear in mind that the entity that has decided and we'll be paying the bonus. It's our 60% (27:13) shareholder. It is not us. So to that end, it will not be sort of an integrated part of our customer loyalty program, and we are not the designers of the bonus model.

But having said that, of course, we have a dialogue with the 60% (27:31) shareholder on how the practicalities will be handled. And they said that they expect to be paying out somewhere between 5% and 8% of annual insurance premiums as a bonus to the Danish customers. And undoubtedly, we see that as a positive loyalty argument. We also see it as somewhat of a sale document, but at the same time, we do not expect that to be a sort of major game changer of the market, but clearly something that will contribute to our effort to keep customers staying with us longer and buy more products.

A - Tor Magne Lønnum

Just to elaborate a bit on what Morten is saying, one of the things that we're looking into is whether or not we can utilize the dividend model to actually encourage customers to sign up for electronic distribution and also to get their bank account numbers, which of course would streamline other processes internally even further. So that is about as far as we go in terms of trying to hook up to the new process for internal purposes so to speak.

A - Morten Hübbe

Right.

Q - In-Young Chung

True. Great. Thank you very much.

Operator

Our next question comes from Mr. Gianandrea Roberti from Carnegie. Please go ahead.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Yes. Good morning from me as well. I actually have three questions and I apologize, the first one I'm going to throw you quite a bit of numbers in there. I was trying to look a little bit at the underlying developments in Q1 2015 versus last year, right? And I can see that the sum of large and weather claims is around DKK 50 million approximately worse this year versus last year. And then you have run-offs which are roughly DKK 15 million higher this year. So the underlying seems to be DKK 35 million worse. And then, interest rates have an impact of around 90 bps on the combined negatively which is around DKK 40 million. So in total, I'm calculating a negative development of DKK 75 million, which is approximately 170 bps. But then I'm wondering what has happened to the around DKK 350 million savings run rate which Q1 2015 should show versus Q1 2014? I think it's a little bit surprising the number that you are producing today (30:07) or at least I'm failing to grasp what are we missing here if we are missing something. I don't know if it's easy for you to reply, but it will be quite interesting.

The other two question – one, it's actually what you just commented upon, Morten. You're mentioning that the volume rate year-to-date doesn't affect the targets going forward. Should we take this that if rates are moved, then you need to increase prices or what? Because, I mean 90 bps, it's not a significant amount on the combined. And then lastly, on the retention rates, I can see it's up 20 bps already. And you have a target of increasing 100 bps. I don't know if it's up 20 bps for any specific seasonal situation, but it just seems quite a bit of a jump compared to your overall target? Thanks a lot.

A - Morten Hübbe

I think I can start off with the second question, Gianandrea. Of course, you're right that the falling interest rates needs to be financed somewhere. And of course, that's a bit of a juggling act because we're trying to figure out what will happen to the interest rates from now on and until 2017. I think the optionality we have of course is to push harder on the efficiency side, to push harder on prices, and to push harder on the differentiation and selection. But I think that the strongest commitment you need to hear is that we're not using lower interest rate as an excuse to change our financial targets. So we'll just make sure that we push the other three areas hard enough to make sure that we compensate for lower rates. And then I guess, your guess is as good as ours on model rates look like from now on until 2017. So I guess, the jury is still out on that.

A - Tor Magne Lønnum

In terms of the retention rate, Gianandrea, I guess, it's at least fair to say that if you look at the mix, the customer mix, particularly sort of in the Private lines, we see that number of one-product customers have been reduced, whereas the three-plus customers has increased and of course that will give some effect on the retention levels. Will it be a stable effect going forward? I think it's really difficult for us to say. I mean, keep in mind that a quarter is a relatively short time span to evaluate that effect.

And then, I guess not getting into the pluses and minuses that you made in your calculation and in principle, what you're asking about is the effects of the savings program if you look at sort of the development in terms of the underlying. And I guess it's fair to say and that goes back to the comment that I made earlier. If you look at sort of, there is some competitive pressure in terms of pricing. The overall price effects on the portfolio was less than what you have seen in the previous years and there is some claims inflation in terms of the various products. And of course that means that significant parts of the effect is not shown in the underlying.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Okay. Thanks.

Operator

Our next question comes from Mr. Jonny Urwin from UBS. Please go ahead.

Q - Jonny Urwin {BIO 17445508 <GO>}

Hi there. Thanks. I've only got one question left and that is just to hear a bit more about the dynamics between these pricing movements and also the movement in claims inflation. Obviously, the trajectory of pricing increases is slowing in Norway and the deterioration is sort of picking up in Denmark. So could you just give us a bit more into how claims inflation has developed over the same period and what the sort of underlying movement in the margin is as a result? That'd be great. Thanks.

A - Tor Magne Lønnum

Yeah. Just to give you a flavor, you can say that if you look into the building index for Denmark, for instance last 12 months, it was 1.7% and the price measures in the product is 0.2%. And if you look at sort of the development in the average premium that I commented earlier, you can see that it's actually a negative development due to portfolio mix, due to pricing pressure in the market. So I guess that's the two main components that gives us that picture. Naturally, if you can look into the inflationary development in the Norwegian market, it will be higher. And I think if you look into the Norwegian house product, it was for 3.5% on the building index for the last 12 (35:31) months.

Q - Jonny Urwin {BIO 17445508 <GO>}

That's great. Thank you.

A - Tor Magne Lønnum

Just to give you a flavor on that.

A - Morten Hübbe

There's no doubt though that the sort of exceptions and market ability to handle slightly higher price increases, as you see here in Norway than it is in the Danish market. So clearly, in Denmark, we have to work harder on the claims procurement and on the risk selection and price differentiation. And I think the new motor product in Denmark is a good example of that because in reality, we have to solve market competition and pricing of motor with higher discount short term. And now, we're substituting that with a completely new product where we see that if we're successful enough in selling add-on coverages, then actually we should be able to enhance or improve our managing of the slightly lower pricing in Danish motor. So still somewhat of a difference between Denmark and Norway.

Q - Jonny Urwin {BIO 17445508 <GO>}

Great. Thank you.

Operator

Our next question comes from Mr. Christian Hede from Nordea. Please go ahead.

Q - Christian Hede {BIO 18642300 <GO>}

Yes. Good morning. This is Christian Hede from Nordea in Copenhagen. Most of my questions have been answered. So I just have one, which is more of a follow-up as well. I guess, on the one-off costs, could you give us kind of some indication of what we are talking about? What is your best estimate at the moment? I understand that you haven't finalized anything? And also with the announcement in the Q3, as far as I understand it, is that all going to be in the Q4 numbers than for 2015. Is that correctly understood? Thank you.

A - Tor Magne Lønnum

Yes. To the latter, yes. In terms of the one-off, I think it's fair to say that both Morten and myself have been given some [p] pathway (37:28) so to speak from the organization about announcing numbers about FTEs and one-offs to the market before it's announced to the rest of the organization. So I guess that's one of the reasons why I would be a bit reluctant to actually sort of state something. But keep in mind that when we talk about DKK 250 million in additional cost savings, of course that is primarily related to FTEs and that means that we're talking about a relatively significant amount of FTEs, and that will be the main driver in terms of one-offs. So I do appreciate, Christian, that I'm now answering with a potato in my mouth, but I'm trying to be a bit subtle about it.

Q - Christian Hede {BIO 18642300 <GO>}

That's fair. Thank you very much.

Operator

We have a question from Mr. Per Grønborg from Danske Market. Please go ahead.

Q - Per Grønborg

Yes. Good morning. It's Per from Danske. Your large claims, your weather-related claims, can you put some geographies on it, how much of that is Denmark, how much of it is in Norway?

A - Tor Magne Lønnum

Yeah. In terms of the weather-related claims, it's fair to say that on the gross side, related to the storms, et cetera, it's slightly more than DKK 100 million. And then I think I mentioned something about, call it, the frequency of medium-sized claims in Norway. In terms of large claims, there is one particular driver related to large claims which is the hotdog factory here in Denmark, as I'm sure you've read about in the papers, i.e., a large portion at least of the large claims is related to the Danish portfolio.

A - Morten Hübbe

The entire increase in commercial large claims is in Denmark.

Q - Per Grønborg

Back to the weather related, you said DKK 100 million was related to Norway. Was that correctly understood?

A - Tor Magne Lønnum

Yes. Slightly more on a gross level.

Q - Per Grønborg

On the gross level?

A - Tor Magne Lønnum

Yeah.

Q - Per Grønborg

Okay. Thank you.

Operator

We have no further questions on the telephone.

A - Lars Møller

Thank you very much, operator. It's Lars again. We would like to thank you all for participating in the call this morning here. And we just want to remind you that we will be around and you can see the roadshow plan on the slides currently. And so we're looking forward to see around there and have a nice day to all of you. Thank you.

A - Morten Hübbe

Thank you.

A - Tor Magne Lønnum

Thank you.