Q3 2013 Earnings Call

Company Participants

- Geir Holmgren, Managing Director, Life Insurance
- Lars Aa Loddesol, CFO
- Odd Arild Grefstad, CEO
- Trond Finn Eriksen, Head of IR

Other Participants

- Blair Stewart, Analyst
- Daniel Do-Thoi, Analyst
- David Andrich, Analyst
- Gianandrea Roberti, Analyst
- Peter Eliot, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. and welcome to the Storebrand Third Quarterly call. (Operator Instructions) I will now hand you over to Trond Finn Eriksen to begin today's conference. Thank you.

Trond Finn Eriksen {BIO 17132188 <GO>}

Thank you; and good morning, ladies and gentlemen. Welcome to Storebrand's Third Quarter 2013 conference call. My name is Trond Eriksen. I am head of Investor Relations at Storebrand.

Together with me I have the Group CEO, Odd Arild Grefstad; the Group CFO, Lars Loddesol; and Executive Vice-President Guaranteed Pensions, Geir Holmgren.

As you are notified, the slide presentation will be running on the webcast available on storebrand.no/ir. The slides are similar to the analyst presentation released this morning.

In the presentation today, Odd Arild will give an overall view of the development in Q3. After the presentation, the operator will pass the questions. To be able to the questions -- to ask questions, you will need to dial in to the conference call. I will now leave the word to Storebrand's CEO, Odd Arild Grefstad.

Odd Arild Grefstad {BIO 5483351 <GO>}

Thank you, Trond Finn. Welcome to the conference call. Let's start with the highlights of the quarter on slide number 2.

Our quarterly results are NOK810 million in Third Quarter, and NOK1,880 million year to date. With these numbers, this is one of the strongest quarter results in the Company's history, both this quarter and year to date, and we continue to observe the trends from the precious quarters.

It's a strong top line growth. Fee and administration income is up 10% year to date. The insurance premiums are up 15% year to date.

At the same time, we see the effects of our cost measures through a 2% reduction in nominal costs compared to the same period last year.

Our unit linked reserves are growing significantly. From the same period last year, the results are up 30%. Our defined benefit customers have also received the (restaurant) return so far this year. Our standard portfolio with a 50% (post name shares) has so far a 10.8% return.

And this is in the very strong contrast to the guaranteed paid-up policies that with the current regulatory environment are invested primarily in the fixed income instruments and have yield 2.7% year to date.

A new law proposal on occupational pensions was presented in the Third Quarter, and I will return later on with our evaluation of this new framework.

The solvency level is strengthened through the quarter to 178% in a Solvency I ratio. And year to date, about NOK9 billion of guaranteed funds have been moved out of the balance sheet.

If we then move to slide number 3 and look closer into the different lines of business results, we see that the quarter results for the Group are approximately NOK150 million higher than expected in the markets. Overall, we see that analysts' predictions are accurate and very on-target when it comes to savings and insurance, but there is a difference within guaranteed pension; and there is in general three main areas where we see the difference.

At first, now we are in a position where all (sub-portfolios) within SPP when it comes to defined benefits have reached the consolidation level, and this means that they in this quarter have an extra NOK25 million in result from indexation fees. And it will also add another NOK8 million quarter by quarter going forward, everything equal.

The risk result in Sweden is strong for the quarter, and it's about NOK40 million higher than in the previous quarters. This represents an accrual effect, and the risk result year to date represents our normal risk result as of Third Quarter.

The negative risk result in paid-up policies portfolio in Norway is now switched into a positive result, and that means a NOK40 million extra result on risk results this quarter. And this adds up more or less to around NOK100 million that was very difficult, of course, for the analysts to see in the numbers. On top of that, we see also that our cost control is strong and somewhat stronger than expected in the market.

If we then move to slide number 4, this is a well-known picture to you. It's an overview, overall strategic response. And I will also this quarter use a couple of minutes to discuss the different measures taking this quarter when it comes to move the Company in the strategic direction.

We have divided our strategic response into two categories; actions to manage the balance sheet on the left-hand side, and action to further develop the business into the non-guaranteed future. It means an active management of our guaranteed business, as well as proactive measures to strengthen our position in the occupational pension market; and through this position, actively develop retail markets through more workspace distribution of our products.

If we then move into the next slide, slide number 5, we see some (of our) balance sheet activities. Firstly, let's look at the complete measures to adjust the business to new capital requirements.

The risk adjustments have continued into the quarter, primarily through the continued build-up of the bond portfolio at amortized cost, and through reduction of the real estate exposure.

On the bottom right-hand side, we see the cost program is continuing to develop slightly better than the plan, and we are confident that by the end of 2014, we will have realized the NOK400 million in cost reduction; and of course, in our type of business, the most important element to make sure that we are reducing cost is to have reduction of the number of employees in the Company.

Within product optimization, we have implemented price increase in the guaranteed portfolios. That continues into 2014, and particularly for our public sector pension products. And we will revert to public sector on the next slide.

We have also sold SPP Pension Service to KPA in Sweden, and booked a result of NOK55 million out of that transaction in the Third Quarter. And as informed later on, the total result effect will be approximately NOK100 million, and the rest will be booked within First Quarter -- in First Quarter 2014.

We have also according to the plan transferred guaranteed reserves out, and we see that in average we have transferred NOK1 billion a quarter during this year. We also see that volumes vary somewhat going forward, and we expect that to continue, and especially due to the public sector transformation that will have a new peak in the First Quarter of 2014.

If we then move to slide number 6, we can look somewhat closer into the public sector. As we have previously announced, Storebrand withdraw from the DB public pension market due to low profitability under the future Solvency II regime, and due to low competition in the market.

We moved approximately NOK6 billion out of the balance sheet in 2013, and we expect the remaining reserves to be moved out during 2014 and 2015. The portfolio will see a 25% to 30% price increase also into 2014.

At the same time, we are succeeding with our pension fund services to the public sector. A good example; we recently won the bid as provider for the administration and system support for 56,000 employees within the public health provider area for (east) region in Norway. The asset management contract for this provider is now up for competition and we are, of course, following that very closely.

If we then move from slide six to slide 8, I will give overview of the legal framework for Norwegian occupational pensions as it stands now.

On October 4, the Minister of Finance proposed a legal framework for new occupational products, with savings rates up to 25%. This is the so-called new hybrid product.

In addition, the defined benefit product seems to continue to exist for some time going forward. This means that we are looking at three different products with three different paid-up policies for pension certificate solutions going forward.

From our perspective, three further measures is very important to be taken. First of all, we expect to see that the maximum savings rate within the EC schemes will be increased to the same level that we see for the new hybrid product; and we expect that to come in place at the same time as the new hybrid product enters into the market.

Secondly, the paid-up policies with the investment choice needs to be introduced so that the customer can choose better asset management solutions than they see today.

And the third clarification we are waiting on is the rules for guaranteed paid-up policies to be better fit to Solvency II, and give somewhat increased flexibility in terms of asset management. So this ends my brief comments on the Third Quarter results.

Trond Finn Eriksen {BIO 17132188 <GO>}

Thank you, Odd Arild. Operator, we'll now open up for questions.

Questions And Answers

Operator

(Operator Instructions) Peter Eliot, Berenberg.

Q - Peter Eliot {BIO 7556214 <GO>}

I have three questions, please, if I may. The first one was on the risk result, and when I first looked at it this morning, I have to admit my initial impression was that that was probably almost entirely one-off.

But what you said at the start of the call seemed to imply something slightly different and that the Swedish result was at least sustainable. Could you just clarify perhaps on how much of what we've seen this quarter is improvement in the underlying, and how much you think is fully one-off?

The second thing was just on the conversion out of guarantees, and I'm just wondering, given some of the regulatory delays that are inevitable post general election and with markets going slightly better as well, from a consumer's point of view, there's probably greater incentives now to take things into their own hands and think, well, I'd rather benefit from some of these market movements than be stuck in a low guarantee. I'm just wondering whether any of those factors, whether you're seeing any of those factors actually come through in the marketplace.

And third one you may well not be able to comment on, and I appreciate it's very early to start thinking about dividends, but given you said before quite rightly that it's not a normal position for Storebrand to be in not to pay a dividend, I'm wondering if there's anything particularly on the horizon at the moment that concerns you or that would make you more cautious than otherwise, than we might expect otherwise. Thank you very much.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

Peter, this is Lars. I'll try and answer your first question, the risk result in Sweden.

Due to a reorganization of the Swedish legal structure, we were unable to get an accurate result estimation in the first and Second Quarter, so we made a model-based result equation. This quarter, the legal framework has been put in place, and we have a normal risk estimate; and the risk estimate is year to date.

Therefore, what we see now is that the result, as we booked it in the first and Second Quarter, were on the conservative side, on the low side, and that the best estimate for the future is one-third of the results we have year to date; i.e., the results year to date are sustainable from our point of view for Sweden.

When it comes to Norway, it's the paid-up policies booked that had good risk results, both from disability and mortality in the Third Quarter.

We would usually see some fluctuations from quarter to quarter in these results, but the fact that the results were negative in the first and Second Quarter, and positive in the Third Quarter, gives the effect that while usually a positive result will go 50/50 to policyholders and shareholders, since we had a year-to-date result which was negative, the whole positive result of the Third Quarter went into the result to owners.

Therefore, the result development is as you would expect. It goes a little bit up and down per quarter. It's positive in the Third Quarter. But the result effect to the owners is twice as high as it usually would be. When we had a NOK45 million positive result, we'd usually see NOK22.5 million to the owner and NOK22.5 million to customers, while all of the results went to owners because of the negative accrued results in the beginning of (it).

When it comes to market development regarding guarantees, I would say that first of all, I think the corporate markets are a bit waiting for the finalization of the products when it comes to not at least the increased savings rate for defined contribution products in Norway.

So we are seeing -- it's not a very large transfer in the market. As it stands today, it's quite a waiting situation in the corporate market. Of course, increased interest rates and a strong market gives incentives for moving from guaranteed to non-guaranteed also on an individual basis.

But so far now, there has been a (law) proposal of possibilities from moving from guaranteed paid-up policies to investment choice unit linked based paid-up policies, but that is not put forward with the final regulations so far.

So there is not an opening today for a large part of the portfolio to do that movement, and we are expecting that to happen and are waiting for that to happen. And I suppose that will be a very positive situation for the market and for our opportunities to move from guaranteed to non-guaranteed going forward.

And that also has some bearings on your questions on dividends. I've always said that it's not normal situation not to pay dividends. But I also said when I introduced this program last year that this is a situation where our focus is to manage quite a large transformation of the balance sheet without raising new equity capital; and that is still the main target for this operation.

And as the top line is coming through, cost reductions are coming through, of course, a lot of positive elements are coming in our way, but there is still some regulatory uncertainty around how we really are able to attract non-guarantees from the paid-up policies, the opening of paid-up policies, conversion into paid-up policies without guarantees.

But most important, the final regulations and the starting point are really the (longevity) reservation where we said very clearly last year that it's a special situation in 2012, and also special situation in 2013 before we enter into a very strict and clear framework for reservation in 2014 and five years going forward. So that is still the story that I put forward when it comes to dividends.

Q - Peter Eliot {BIO 7556214 <GO>}

Thank you very much.

Operator

David Andrich, Morgan Stanley.

Q - David Andrich {BIO 15414075 <GO>}

Just wanted to check; in terms of the time horizon for further clarity on the transition rules, could you just give us a quick update on when we might expect to hear further news on that?

And a follow-up question to Peter's earlier question on the conversion from guaranteed to unit linked; and I was just wondering, in terms of the voluntary conversion that's been happening, how has that been tracking relative to what your guidance had been previously, your expectations had been previously?.. I'm just wondering if you could give us a quick update on that.

Then finally, you've increased the prices on the public DB plans quite heftily. I was wondering, could you give us an idea of what the average increase is on the private plans, or planned increase for the private plans in 2014? Thank you.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

Yes, I'll start off with some of the questions and ask my colleagues to help me if I can't remember everything.

First of all, what we have seen so far for the portfolios open for conversion, that is both in Sweden and in Norway, we feel we have seen a good progress and success compared to our plans when it looks at these portfolios that have been open for transfer. But that is also portfolios that have a very clear value proposition, as we can move them from the guaranteed into good product solutions that is an active solution that they can move into.

So so far it's positive but, of course, it's the large bulks of paid-up policies and the transition of paid-up policies into investment choice that really will move the guaranteed from non-guaranteed -- from guarantees to non-guarantees.

So good progress and good results so far, but the real market is not still out there when it comes to (general movements).

When it comes to public sector, we had NOK24 billion that we expect actually to be moved out of guarantees within two years, whereas around NOK6 billion has already transferred in 2012, and the rest will be split out in 2014 and 2015. And we do strong, as you understand, the price increases also in this portfolio.

When it comes to the rest of the guaranteed portfolio, the DB portfolio as such, on the top level I would say that we continue very much the pricing levels we have seen in 2013 into 2014. That can, of course, give effects on individual customers positive or negative compared year to year. But overall, it's the same level of pricing we are seeing into 2014 compared to what we have seen in 2013. Then it was a question about --? The first question was about --?

Q - David Andrich {BIO 15414075 <GO>}

Sorry. Just the time horizon for further clarity on paid-up policies and the transition rules around them.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

Yes. That is always very difficult, of course, to answer. The former government put a lot of pressure by putting out the new framework for the hybrid products, and they said a timeframe for putting this into the market from January 1, 2013 -- 2014, sorry.

And they also said that their clarity around the savings rate in DC should be also put forward at the same time; and also, comments on paid-up policies for investment choice at the same time, January 1, 2013 (sic).

But then, of course, there's a new government in place now, and they have to adapt this timeframe, and I think it's very hard for us to give any estimates on that as we speak.

Q - David Andrich {BIO 15414075 <GO>}

Okay. Thank you.

Operator

Blair Stewart, Merrill Lynch.

Q - Blair Stewart {BIO 4191309 <GO>}

I've got a couple of questions. The first one is you plan to make a decision on the longevity reserve building in the Fourth Quarter.

I just wonder if you can give some clarity on what your thinking is at this point in time given the market value adjustment reserve that you've been building up. And would that change in any way the expectation of the -- I think it's NOK230 million per annum cost coming through from 2014? That's the first question.

The second question is you talk about it being important to have a level playing field in terms of contributions into the new product -- sorry, into the defined contribution product compared to the new hybrid product. I can see why that's important to you. But I just wonder; is there anything you can say on the expected profitability of the new hybrid product versus the existing defined contribution product, just to try and asses why that's important to you?

And thirdly, just a point of clarification really, just relating back to the last question. Could you just remind me why it was important for you to increase the price of the public DB book, but you're quite happy with just maintaining the price on the non-public DB fee-based book? Thank you.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

Yes, DC hybrid. Well in my view -- well, the hybrid product can vary a lot. It's a quite broad (law). It gives opportunities to put products forward that are in one direction very close to today's DC products, and on the other end of the scale, you can put forward a lot of guarantee structures in it as well. That makes it quite close to today's DB products.

We are in discussions with our clients these days to look if this is products that they really like to see, and if this is necessary in the market and what kind of variances of this product is necessary in the market when we have the framework of the DC products and the DB products in the market already.

And in that respect, I think it's important to say that if there is higher savings rate in the hybrid product compared to the DC product, then of course, it might be a more interesting product also in the market.

But if there is, as it should be, the same savings rate in the hybrid products, that might then be a more a situation where we will see growth in DC product going forward and more or less a run-off period that can take some time when it comes to the DB product going forward.

When it comes to profitability, then again, it depends very much on how you create the hybrid product. But in the normal situation where you create the hybrid product that is very close to today's DC products you will see, I suppose, very much the same pricing sometimes in that product compared to the DC as such.

Pricing elements in public sector. Well of course, as we are building down our setup within public sector, we will be out of that market within a couple of years, we like to reduce our spending, both when it comes to manning and systems in that area.

And we have a lot of discussions with our clients to make that transition as smooth as possible. But we also, of course, do price sales and (things) to make this also easier for our customers in the public sector to make this choice.

When it comes to DB in the private sector, if we have a massive transfer out of DB into DC today, you will have seen a build-up of paid-up policies in the balance sheet. So it's more a balancing act, I would say about when it comes to the pricing elements in the private sector to make sure that we have the right incentives for our clients and that we're balancing also how much transformation into paid-up policies we see and how that is happening and when that is happening.

It's also, of course, a situation where we have seen some increase in the markets, stronger markets, and some (more) uplift in the rates in the market when it comes to the bond rates, and that in itself should have led to somewhat lower prices in the market. So by doing stable pricing here, it's more or less a positive element into our balance sheet and our result generation. Geir, do you like to comment on longevity reserves?

A - Geir Holmgren {BIO 17639172 <GO>}

Yes. If you look at the status for longevity reserving, the status is that we have the provision for new mortality tables. It's at the moment NOK4.3 billion. In addition, the market value adjustment is NOK1.7 billion, almost NOK1.8 billion.

And it's fair say that the (US dollar with the FSA) both Storebrand, you have, and all the large companies in Norway, during the next month to actually finalize what kind of reservation plan we should have and implement during the next five years, which is the reservation period for finalizing or filling the gap for the new mortality tables reservation.

So it's too early to say what kind of rules we will have and what we will do by year end to meet that.

Q - Blair Stewart {BIO 4191309 <GO>}

Do you think that --? Just as a general point, do you think if you increased the longevity reserve by utilizing some of the market value adjustment reserve, say NOK1 billion, then that there would be NOK1 billion taken off the ultimate bill for shareholders, or is that too simplistic?

A - Geir Holmgren {BIO 17639172 <GO>}

That is too simplistic. I think what we have to see is what is needed to put forward on a yearly basis these five years. The good thing is that we have already reserved quite a lot that builds a buffer into the reservation period. And I also view the market value adjustment reserve as a buffer that can be utilized when needed here to also build up the longevity reservation needed that year.

Q - Blair Stewart {BIO 4191309 <GO>}

So is the guidance still for NOK230 million per annum from 2014 for five years? Is that still the guidance?

A - Geir Holmgren {BIO 17639172 <GO>}

Of course, it's a lot of elements that is moving in this plan altogether, but that is the number of we forward in the early stage, and I don't see any reason to change it as we speak.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

But as we also write in the interim report, the final number will depend on the final regulations, and the final regulations are not yet clear.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay. Thank you very much indeed.

Operator

Gianandrea Roberti, Carnegie.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Yes. Good afternoon, from me as well. I would like to focus a second on the savings segment. Basically, my question is that if you are happy with the profitability, particularly of the two unit linked in Norway and Sweden, and if you can elaborate a bit more.

I have asked this thing before, but when I look at the profitability here of these two businesses, it seems like in Norway, if I just take the result of the Third Quarter versus the average reserve, I have a 9 bps margin, while in Sweden it is 6 bps.

And I remember there is something about the different distribution setup that explains why Norway is more profitable than Sweden, but it would be great if you can just refresh my mind.

And secondly, I've also noticed that the reserves growth in Sweden has been very strong in this quarter, and year to date, it's actually quite a bit above the reserve growth that you had in Norway. And if you can just elaborate on that as well. Thanks a lot.

A - Trond Finn Eriksen {BIO 17132188 <GO>}

When it comes to the strong growth in reserves that --in Sweden that is, it could be connected to the exchange rate. The Swedish krona has strengthened quite a lot towards Norwegian kroner. And although there have been a good underlying development, also if you mention local currency, that growth becomes stronger when you translate it into Norwegian kroner.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Right.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

On profitability, Gianandrea, there is a lag in the profitability to these products. In Norway, the portfolio is still very young. It really only took off in 2006 with mandatory occupational pension. And that's why you see the enormously strong, improved -- increase in assets under management.

As you see an increase in reserves, there is a -- the profitability comes behind the growth in reserves. And also, this is very much a scalable business, so the marginal improvement in profitability is much higher than the average improvement in profitability.

So we are quite happy to see this very strong growth, and it will ensure an increased profitability in this going forward.

The Swedish portfolio is more mature and the market operates quite differently in terms of how you pay brokers, etc., in the Swedish market. So I don't think the two countries can be all that (accurately) compared. So I don't know if you can be more specific in your question and maybe we can answer it so.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

No. That's fine. If I can just go back to Trond's comment. Is it that perhaps you've written in the text and I missed it, but, is it possible to split out when I look at the reserve growth for the SPP, or for the Swedish business in unit linked, what's the currency effect and what's the underlying?

A - Trond Finn Eriksen {BIO 17132188 <GO>}

That should be doable by finding -- in the supplementary information package we are giving you the conversation rate that will be used for the different timeframes, so it should be quite easy to eliminate the data that effects.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

All right. Thanks.

Operator

Daniel Do-Thoi, JPMorgan.

Q - Daniel Do-Thoi {BIO 17019775 <GO>}

Just two questions from my side, firstly on cost cutting. You continue to deliver ahead of schedule on this. Just wondering, going forward, how sustainable this pace is.

And secondly, within the insurance business, the P&C, you made a comment in the report about increasing competition within the segment despite a very strong premium growth year on year. If you could just elaborate on that and comment whether that's (incrementally new).

A - Geir Holmgren {BIO 17639172 <GO>}

Start with the cost cutting. We have very clear targets and very clear also measures to meet the NOK400 million program that we'll have at the end of 2014 as the due date.

And when I look at this different measures that are taken (and indeed the implementation), I feel very confident that we will meet this NOK400 million target at the end of 2014.

And as you know, it's very much reduction in manning that is going on, and that we have a very clear process going forward to make sure we'll continue. But there's also elements around new IT agreements and so on that are already being negotiated and will take effect from First Quarter in 2014 and going forward. So it's quite clear measures that will give effect and bring us up to the NOK400 million all together.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

And as we've said all along, this is not the end of the program; this is the beginning of a continuous travel towards lower costs and more efficiency in the business.

A - Geir Holmgren {BIO 17639172 <GO>}

Absolutely. The NOK400 million is just a number and a timeframe. This will continue in 2016 and -- 2015, 2016 and 2017, of course.

Q - Daniel Do-Thoi {BIO 17019775 <GO>}

Thanks.

A - Trond Finn Eriksen {BIO 17132188 <GO>}

Now we have to also comment on P&C.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

Yes. We showed a graph showing that the large operators in the Norwegian market are losing market share and the new companies, the small companies, are increasing their market shares.

Our platform is a digital platform which is efficient, cost efficient and distribution efficient in these markets, and we expect to continue to have a strong growth within our business.

But I was alluding to in the presentation earlier today that one is wondering how long the large operators can continue to lose market shares. But that's an open question and we don't see increased competition as of right now. There are more operators and all of them are making good profits in this market.

Q - Daniel Do-Thoi {BIO 17019775 <GO>}

Okay. Thanks.

Operator

Peter Eliot, Berenberg.

Q - Peter Eliot {BIO 7556214 <GO>}

Thanks for the opportunity for a follow-up, just on that same slide, actually. I was just looking there are the numbers for your -- you've shown strong growth across the whole insurance division. But within -- looking specifically within health and group life, I note that that's about 5% up on a year ago.

I can't remember if it was this last Capital Markets Day that you held or the one before where I think you were talking about that markets growing at 20% per annum, and I'm just wondering whether there's been any change to that, or whether we should expect a continuation of that sort of growth rate going forward; or what your view is on the growth of that business. Thanks a lot.

A - Lars Aa Loddesol {BIO 3969188 <GO>}

This is a combination of health and group life, and the strong -- the growth within the health business is stronger than it is within group life and (workers' comp).

A - Geir Holmgren {BIO 17639172 <GO>}

So Peter, what Lars is saying is that if you look at the health insurance market, isolate it, I think it is fair to say that you see very strong growth figures, although group life is not a growing market (at the same time).

Q - Peter Eliot {BIO 7556214 <GO>}

Okay. Thanks a lot.

Operator

(Operator Instructions) There are no further questions coming through, so I will hand the call back to Trond Finn Eriksen for any concluding remarks. Thank you.

A - Trond Finn Eriksen {BIO 17132188 <GO>}

Then we'd like to thank everyone for joining the call this afternoon and wish you a pleasant day. Goodbye.

Operator

Thank you for joining today's conference. You may now replace your handsets to end the call. Thank you.