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Bloomberg Transcript

Q1 2021 Earnings Call

Company Participants

- Christian Becker Hussong, Head of Investor and Rating Agency Relations
- Christoph Jurecka, Chief Financial Officer and Member of the Board of Management

Other Participants

- Andrew Ritchie, Analyst
- Ashik Musaddi
- Iain Pearce, Analyst
- Kamran Hossain, Analyst
- Thomas Fossard, Analyst
- Vinit Malhotra, Analyst
- Will Hardcastle, Analyst

Presentation

Operator

Good day and welcome to the Munich Re Quarterly Statement as March 31, 2021 Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr Becker-Hussong. Please go ahead.

Christian Becker Hussong

Yes. Thank you. Good morning, everyone. Welcome, very warm welcome to our Q1 Earnings Call, including the April renewals. Today our speaker is Christoph Jurecka, our CFO. And as usual, Christoph will kick off the call with his introduction and then we will go right into Q&A. As always, so I have the pleasure now to hand it over to Christoph. The floor is yours.

Christoph Jurecka {BIO 17223019 <GO>}

Thank you, Christian. And good morning also from my side. With a net income of almost EUR600 million in Q1, we had a solid start to the year. Good operational development in both our re-insurance segments mitigated the impact of above average major losses including the claims related to COVID-19. And on top of that, ERGO had a particularly strong performance. Also, the investment result was fully in line with our expectations. Our group return on equity amounted to 10.4% this quarter. Let's start with the investment result. The conditions in the capital markets, as you know were favorable in Q1, 20 equity markets rising bond yields. So a really favorable environment, particularly also of course in North America. The latter benefit is our reinvestment yield, which increased to 1.5% this quarter. The last two quarters, we were at 1.3. So this is helping our sustainable investment income obviously. Our running yield then amounted to 2.3% at this time, and investment return overall was 2.7% and was supported by disposal gains due to the typical portfolio turnover and also due to sets at our financing which then altogether, more than compensated for losses we had on equity and fixed income derivatives we use for hedging. Now let's turn to reinsurance. The life and health technical result including fee income amounted to EUR51 million and fell short of the pro-rata annual ambition., as expected I have to say. And this is due to the prevailing pandemic and the winter surge of COVID-19 claims in the United States. In accordance with our assumption that the largest share of claims should be accounted for in the first half of the year and with the correspondingly high burden in Q1, our COVID-19 losses this quarter amounted to EUR167 million which were driven by the United States, but also to a small extent by higher than expected claims in South Africa. As a consequence, we have some uncertainty now as to our loss estimate of the EUR200 million for 2021 which we might slightly exceed but the best guess is only by maybe some 10s of millions, if at all. Apart from COVID-19, the aggregate experience was very favorable in Life Health, specifically in the United States and also in Europe. And in Australia, we were benefited from rising interest rates, which had a positive impact on claims reserves. And on top of that, fee income once again was very strong. Altogether, we therefore consider Q1 to be a very promising start to the year for the segment. And of course, we are sticking to our annual guidance of a technical around EUR400 million including fee income. In P&C reinsurance, the posted above average major losses primarily owing to the winter storm in the United States. COVID-19 losses of around EUR100 million were fully in line with expectations of EUR300 million for the full year. The major loss ratio overall amounted to 15.5 percentage points and lifted the combined ratio up to 98.9%, but if you normalize for the large losses and keep in mind that reserve releases are 4 percentage points or have been 4 percentage points, the normalized combined ratio amounted to 95.4, which is fully in line with our guidance considering that the number is to improve further in future quarters as we continue to earn through the rate increases achieved, in recent renewals.

Which brings me to the April renewals, which feature the same favorable trends we observed in previous renewals, and overall the price level of our portfolio increased by 2.4%, a very pleasing outcome and this number matched exactly the increase we also saw in the general renewals. At the same time, we were able to expand premium volume by around 17%, by exploiting opportunities we found especially in Japan and India and as well with global clients. In primary insurance, ERGO continued its pleasing financial performance, posting a strong net result of EUR178 million. In all lines of business, underlying performance was healthy, and this was accompanied with regard to COVID-19 by even a net positive effect this time due to lower claims especially in travel insurance. A significant part of the overall result was generated in the German Life and Health business, and the net result of EUR94 million, euros which was taken by lower claims and a lower policy of participation in health, as well as also lower claims in travel. In addition, as has been usual already in the last couple of years, the realized disposal gains for sensors are funding in life were above the pro-rata run rate. This brings me to P&C Germany where we posted a combined ratio of 94.2% in Q1, somewhat higher than anticipated. Here, the man-made losses were above expectations. And on top of that, I may remind you of seasonal fluctuations in claims and premiums, which are very typical for the first quarter at ERGO. And which were only partially compensated for by frequency benefits related to COVID-19 in motor. If we consider all these effects, the underlying combined ratio at ERGO Germany fully supports the full-year guidance. In the international business, we also saw an ongoing favorable development and the combined ratio amounting to 93.8%, which underlines the successful strengthening of our presence in the core markets.

Q1 for example was particularly strong in Poland and in Greece. Here again, we have seasonal effects, especially in health and if you take them into account,the underlying combined ratio is also here fully in line with the guidance. Now some remarks on capital management. The group's economic position remains very sound. We increased Solvency II ratio to 270% in Q1 and are very close now to the upper end of our optimal range, which is at 220. The main driver for that increase of the rising risk free interest rates, and the positive contribution we saw from the operating economic earnings this quarter was then invested immediately into business growth, so into increasing capital requirements related to that growth.

Please note that the Q1 Solvency II ratio includes still EUR1 billion in hybrid debt that will be redeemed on May 26, as we have announced recently. Conversely and that also only as a reminder, the dividend for the full year 2020 has of course already been deducted materially or so at the beginning of the year already. I'd like to conclude with the outlook for 2021. We now expect premiums in reinsurance to be EUR2 billion higher in light of the strong business growth in P&C reinsurance which we saw in the first two renewals this year. All other figures in our outlook, especially the ones related to profitability remain unchanged. Our Q1 result puts us on a pretty good path in my view towards achieving our net income guidance of EUR2.8 billion. And even we have considerable uncertainty still with respect to COVID-19, we assume that the pandemic obviously will improve over the course of 2021 as more and more people are vaccinated. As mentioned before, we cannot rule out today that the estimated COVID-19 effect in life and health reinsurance will be exceeded. But on the other hand, COVID-19 related losses for the full year could be lower than originally anticipated at ERGO, so all in all, the guidance is pretty stable. With that, I'm at the end of my introduction and looking forward to answering your questions. But first, we will hand it back to Christian.

Christian Becker Hussong

Thank you, Christoph. So let's move on. And let's start with the Q&A. As always, my housekeeping remark, please limit the number of your questions to a maximum of two per person. So we are ready to go, who is first please.

Questions And Answers

Operator

We will take our first question. Kamran Hossain from RBC. Please go ahead.

Q - Kamran Hossain {BIO 17666412 <GO>}

Hi, morning. I'm going to ask two questions, both around COVID provisions. The first one interested in your comments around potentially EUR300 million in life and health being a little potentially looks a bit light. Is it safe to assume that actually P&C probably counterbalances this? You have EUR100 million so far of the EUR300 million. Is it safe to say that the EUR500 million for the year, probably, let's say, even if life and health losses are a little bit higher than EUR200 million. And the second question is, could you update on how that business interruption reserves have moved. I see that the overall level of IBNR has come down on the COVID reserves by seeing this as contingency? So any updates on that would be very interesting. Thank you.

A - Christoph Jurecka {BIO 17223019 <GO>}

Yes, Kamran. Thank you for the questions. First of all, indeed I was commenting in the sense that potentially we might go above the EUR200 million COVID claims in Life Health. But I think with the similar probability, we will stay below the estimate for ERGO where the estimate currently is on 100, net income effect from COVID-19. On the P&C side, I think it's pretty open at this stage. So I think the EUR100 we had in Q1 is fully in line with the 300 million guidance. And then it remains to be seen how the development going forward will develop will be. Also depending on vaccination progress and how the number of cases will develop in our major markets and also how quickly for example politicians will allow again to have large events happening, these kind of things. All in all, and if I look at life we, P&C Re altogether, the COVID-19 impact I think is fully in line with our guidance.

Now, your second question, I think the development of the reserves by line of business. I referred to the presentation we have been -- we've been releasing today that you'll see that for business interruption, it's about 1 billion what we have as a reserve. Now after after Q1, I think what I didn't highlight in my introductory remarks and maybe I can do that now is interestingly our IBNR is still at 73%. So far, the uncertainty with respect to the 2020 losses was not resolved but it still continues to be there. We need to remind you at the year-end we had 78%, now I know it's 73%. So the reduction has been rather minimal. And so we have to live with that kind of uncertainty a little bit also in the future. We expect more clarity towards year end, our reserve (inaudible) is always in Q4. So for sure, we'll have a deeper look into that matter then in Q4.

But if you ask me, I'm a little bit surprised. I would have expected the number to go down quicker from 78 to 73. So personally, I'm a little bit surprised how long it takes.

Q - Kamran Hossain {BIO 17666412 <GO>}

I appreciate it. Thanks for the color.

Operator

Our next question from Andrew Ritchie from Autonomous. Please go ahead.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Hi, there. Two questions please. First of all, could you give us a bit more color behind the nature of the growth in April renewals. It's actually what areas and what type of business that you grow in? And were you surprised that the risk adjusted rate increase was similar to one, one? I think most people have seen April lower than one, one. I don't know if that's an effect of the risk adjustment or the nominal rate increase, but I wonder if you were surprised with that. Second question, when I look at the normalized combined ratio components, the attritional loss ratio on the current year basis is sort of flattish year-on-year, actually off a bit on the full year '20, and obviously the expense ratio is meaningfully down. I'm just a bit surprised at those components. I would have put more of the blend of the two. Is there a mix issue there inflating the current year attritional loss or is it just a booking issue or maybe just some color around those components would be useful? Thanks.

A - Christoph Jurecka {BIO 17223019 <GO>}

Sure, Andrew. Well, thank you. First of all, the 17%. I mean it's the usual areas where we have -- when you one-fourth, so with Asia it's Japan, it's India, it's some global client exposures we have which are affected and then in these areas, it's pretty much across the board. So it's properties, it's casualty so it's nothing really specific to highlight I think. And also regarding your question and why is it the same order of magnitude than in Q1. Honestly I don't know that -- that's not really the way we look at it, because we just the collect the figures. And that's the outcome we were able to achieve. Obviously, we are pleased that it's the same numbers, and I mean 2.4% which we have now overall for the full year is the best number for probably 10 years or so. So this year continue to really develop in a very favorable way when it comes to renewals, and also a volume wise, I think the plus 17% is really a clear signal that we are able to expand our footprint, both with existing clients or extending our shares but also have attractive offers for clients where we may be have not been the number one reinsurer in the past. So extend our business model also into areas that we currently have not had a proper share and you know and then everything comes together and you end up with these numbers but yes, I mean is that we're very happy with the outcome. And I think it's really was a promising than for the 1-7 renewal.

Your second question on the combined ratio and the attritional losses. Maybe a couple of remarks on that topic. First of all mixed obviously, you mentioned a (inaudible) here. Secondly, as you know the book conservatively, and even more in the early quarters of the year. So that's also what we meant -- then you know the renewals, you earn them. They are through over time only. So in that respect, we can extract improvements going forward.

And then finally also, when we talk about price increases, you also have to be aware that price increase is something which you should not only look for in the loss ratio, but also in the cost ratio, because commission levels also are changing and hardening markets. So therefore, when we are talking about for example, the 2.4% price increase in April or in January this year, you will find, an impact from that both in the commission ratio as well as in the loss ratio. So it's all over the place more or less. So I think that it is like, it's pretty much of everything, which plays a role here. And so that's probably a big explanation then.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Okay, thanks.

Operator

Our next question from Ashik Musaddi from JP Morgan. Please go ahead.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Yes. Thank you and good morning. Just a couple of questions I have. First of all, I mean you mentioned that solvency ratio is about 217%, and we need to take off the debt redemption that you're planning about EUR1 billion. So I mean it would be about, say 210%. So how should we think about share buyback because it is still below your top end of the range of 220% if I'm not wrong. So how do we think about some extra capital return for 2021 or is it the time that we rule it out. The second is the running yield is still declining. I mean I think in this quarter, it went down to 2.3%, last year same time was 2.5% and last quarter was 2.3% -- 3%, I guess. So running yield is still going down. Where do you see this running yield going in 2021, 2022? Any thoughts on that would be helpful. I'm just trying to get some color because interest rates in US, have gone up. So, does that have any support on this running yield not going down anymore? Thank you.

A - Christoph Jurecka {BIO 17223019 <GO>}

Yes, Ashik, thank you for your questions. First of all, yes to the 17% is pretty much close to the upper end of our optimal range. But the optimal range starts at 175. So it's about range and it's called optimal because we feel in an optimal situation really across the whole range. This gives us a lot of financial flexibility and proves that our capitalization is very strong. On top of that, our Solvency II ratio as we show it to the regulator is even higher because we have some transitional measures on top of that and our calculation is conservative anyway. So to summarize all of that, we have a lot of financial flexibility and our capital strength is unchanged or even slightly increased. But now comes to the part. So there is a lot of flexibility for capital management, but in the current market environment, what we see is really very attractive growth opportunities. And one and 1-4. I think we will be able to prove in deploying the capital, it makes a lot of sense in the current environment. So you have to make use of the very, very good cycle once the opportunities are there. And this is now the time to grow really. And therefore, if not the situation would change drastically, which I do not expect at all. I think it's not possible at all that there will be another share buyback this year.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay, that's very clear. Thank you.

Operator

Your next question from Thomas...

A - Christoph Jurecka {BIO 17223019 <GO>}

So sorry. I think there was the second question. Sorry, the running yield. So indeed the running yield is going down quarter-by-quarter and I think what we said last time was they want 10 basis points. Obviously depends also on the turnover. So how much trading there really is in the fixed income portfolio. So that the 10 basis points or sometimes 20 as assessed for example. You can see this quarter. And obviously the higher interest rates are. The last question there is, and that therefore, I mean that the current development, we see in the United States and also in Europe to lesser extent. I have to admit is obviously very helpful in that regard. And therefore, I wouldn't rule out that the negative attrition on the running yield will be less than the future if the development continues as it is.

And so, yes, I think the current guidance is 10 basis point negative attrition per year, and that's the way we look at it right now, but obviously, there are ups and downs and we'll have to take it from there.

Operator

We will take our next question from Thomas Fossard from HSBC. Please go ahead.

Q - Thomas Fossard {BIO 1941215 <GO>}

Yes, good morning. Two questions, the first one would be on the guidance of EUR2.8 billion net income for the year. I think that's in November and December Investor Day, you mentioned that 2.8 was a stretch target. It seems to be a bit more relaxed and could you mention if this is a case apart from pricing? If things, what is coming better than you initially expected, maybe growth, maybe margins, that would be interesting. And the second question would be relating to your loss ratio in P&C 3D, expense ratio in P&C Re, which came out at 28.9% in Q1. Could you mention if there were any things, specific one offs or if we should expect this 28.9 to further go down since it looks like that you expect somewhat an acceleration in the premium growth in the coming in the coming quarter? So should we expect more leverage coming from your expense ratio in the coming quarters? Thank you.

A - Christoph Jurecka {BIO 17223019 <GO>}

Sure. The EUR2.8 billion guidance Thomas, do I sound more relaxed, I don't know, I think what I can confirm is clearly that I mean the initial assumption was, that we had -- that we would have positive renewals throughout the year 2021, that was the assumption, which I think clearly spoke about already in December last year. And I think the first to reduce this year, I think it's fair to say they have been even better than assumed. On the other hand, we had some claims also in the first year. I mean COVID-19 is fully in line with guidance. But then the target was stretched from the very beginning. So I mean, all in all I think it's fair to say 2.8 is still a somewhat stretch target, we are only one quarter down the road, three quarters still to go. So I think it's probably a little bit early to be more relaxed, but then only three or four months ago. But yes, indeed. I mean the renewables have been very pleasing. And this is obviously supporting also the result.

Expense ratio so I wouldn't say that any one-offs in this quarter in the expense ratio, what you see is of course a development, but we have favorable developments on the commission side, but also on the admin side. So with the both areas developing quite well but not one-offs in that we got, and then relating to your questions for the future. I mean obviously we are focusing on our expense base. It's important for us, hardening markets continue to support obviously all the commissions, but if you always have to be a little bit careful when looking at these ratios, because they're very much business mix dependent. And so if, for example, we would write a big quota share or something and where commissions usually a little bit higher, then did these ratios could look different next quarter, but still being favorable. Therefore, don't put too much importance to the exact amount in these numbers because they might -- they may fluctuate quite significantly in reinsurance business with the amount of different types of 3Ds you're writing. But I can confirm that we are pleased with the development and this lower cost ratio is also clearly a sign of the improved profitability I think we have -- we are seeing in P&C overall.

Q - Thomas Fossard {BIO 1941215 <GO>}

Okay, thanks.

Operator

Our next question from Vinit Malhotra from Mediobanca. Please go ahead.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Yes, good morning. My two questions. One is, just back on the normalized combined ratio of 95.4%. Some of the peers of reinsurance, we have heard this was occasionally a very good quarter. And I think you mentioned in another answer to Andrew's question I think that you do book conservatively in 1Q. So could I just have a bit few more thoughts that is this really, I mean is this like a conservatively presented 95.5% or was there anything else to note in terms of lower acquisitional that you could flag, and in the same light, if I could just have one comment that is if there any disclosures you can provide on the risk solutions as well. And I'm sorry if I missed it on the combined ratio normalized.

Second question is just on the asset side. There is a comment that there is, you have increased exposure to emerging market high yield corporate bonds in 1Q. And then you mentioned the reinvestment 1.3 going to 1.5. Could you give a context that is this pickup in reinvestment yield coming from this higher exposure or is exposure increase not really material enough to make influence on these numbers? Thank you.

A - Christoph Jurecka {BIO 17223019 <GO>}

Sure Vinit. Thank you for the questions. First of all 95.4%. So again, I think I can confirm operationally from the, you know from the basic profitability of our business. This has been a very good quarter and indeed we book conservatively, especially also in early quarters of the year and having then we sort of review in Q4 or that's the usual process. If I would look a little bit deeper into what's going on I mean, that's not something I can give you a precise quantitative number or guidance or anything, but the impression we had in the first quarter is that claims reporting was even a little bit less than what we would have expected. So there we have to continue to observe the situation. But if that continues, that would give probably additional support to the message that we have been booking conservatively, but it's probably a little bit early to tell anyway, but many signs are just signaling a good development. Let's put it that way. By the way, not only in the traditional reinsurance, but also in risk solutions. That's also what you asking and there also operationally really with the promising results. We do not release combined ratio numbers on a quarterly basis for risk solutions are something we do one year, once a year basis only.

But what I can confirm is that they're also making focus. Yes, maybe that's the first question. The second one, yes I think it's a mix. Obviously, we are benefiting from higher reinvestment yields given the higher rates we saw across the board, and that's probably the major effect. But on top of that, we indeed have invested a little bit more into riskier assets. We increased our equity exposure a little bit and also increased credit a little bit into the strengthening and improving markets in the first quarter, not to a big extent that I wouldn't say we say that anyway. Our strategy is to keep the investment, risk stable and especially we are focusing always on the mix between the insurance risk and the investment risk that with a good balance between the two that's completely unchanged.

So therefore, I would say it is the marginal changes we're talking about here, and all in all, the conservative is more however you would call it, for investment portfolio is fully unchanged.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Okay, thank you very much.

A - Christoph Jurecka {BIO 17223019 <GO>}

Thank you.

Operator

Our next question comes from Will Hardcastle from UBS. Please go ahead.

Q - Will Hardcastle {BIO 16346311 <GO>}

Good morning, everyone. First question is a big picture question on leverage. I guess you currently at 15.5%. The debt reduction will take you down to 13%. It's really low relative to peers. I guess what would make you consider raising debt leverage from current levels with a big growth opportunity angle to think about. And secondly, just regarding investments, you're a bit short asset duration the liabilities, I guess just one thing to know and that came down a bit, if you want -- just really wanted to know the rationale at this point and when we should expect you to move tighter and perhaps, is there a capital charge for this level of mismatch or is it not significant enough at this point? Thanks.

A - Christoph Jurecka {BIO 17223019 <GO>}

Yes, sure. Well, thank you. First of all, leverage. I mean the good news is we have a lot of flexibility. So we are in no position at all that we need to raise any capital as I have been highlighting the capital strength already before. At the same time, I also would never rule it out, given where interest rates currently are. It might -- there might be opportunities for a relatively low interest financing going forward. So we will look at that probably look at also our growth prospects maybe next couple of renewals, make up our mind and then obviously there is room for higher level of leverage and we would feel comfortable with it. But at no time there's any pressure to do something, and I think that's a very sweet spot we are in. And we can really act opportunistically going forward. On the situation, I'll start with the last sentence of your questions.

So yes, indeed there is a capital requirement related to a duration mismatch and interest rate risk is one of the dimensions we're looking when looking at our risk capital, but obviously also credit risk comes with charges or equity kind of risks. So it's all charged by risk capital. So therefore what we do is that we very diligently and very actively are looking for opportunities where we think the best earnings prospects are and given the capital we deploy in certain asset classes or certain types of investment risk, and into that rising interest rate environment. You're right, our investment management unit somewhat opened up the mismatched position, somewhat decreased your situation to maybe a little bit more benefit from the rising interest rates in the current environment. So it's probably a slight position we have been taking here in the current environment very similar to the increased equity position we are holding currently compared to Q4. So that the process and the way we look at it is exactly the same. So it's always about how much capital to be deployed into a certain area and what are the return expectations. And then, well that's the way it works.

Operator

We will now take our next question from Iain Pearce from Credit Suisse. Please go ahead.

Q - Iain Pearce {BIO 19522835 <GO>}

Hi, good morning everyone and thanks for taking my questions. Firstly on ERGO. I'm just wondering if you could provide a bit more color around the nature of the large man made losses and seasonal impacts. Just sort of considering, would you expect some of the frequency benefits to offset those. And then on life and health. I was wondering if it would be possible to get a split of the losses between the US and South Africa and if there was any other regions that were impacted from sort of the excess mortality see that we've seen in Q1? Thanks.

A - Christoph Jurecka {BIO 17223019 <GO>}

Yes ERGO. Well, I mean first of all, I think the general remark on ERGO would be that usually you wouldn't expect a big volatility there for a number of reasons. First of all, that type of business ERGO is writing is much less prone to large losses than what we do on the reinsurance side. And on top of that, ERGO is also a reinsurance buyer to smoothen combined ratio. In this particular quarter you have two effects. The first effect is, that already on the cost base, man-made large losses for significantly above budget. And the second effect was that the reinsurance cover ERGO hit, a certain portion of that was into a group. That's not always the case, but often the case, but then also in particular quarter, it was the case. And the consolidation we know are IFRS accounts takes out the intra-group benefit for reinsurance. So therefore, the volatility you've seen IFRS is a little bit bigger than it would be, if you look at local GAAP figures for ERGO.

Due to the fact that we are not allowed to show the benefit from an intra-group reinsurance in the numbers of ERGO, and this additionally increased the combined ratio this quarter a bit. And therefore the impact overall of this volatility is bigger than what we saw in many quarters in the past, and that was the reason why we did highlight the effect to that extent, also to make sure that it is fully understood, that ERGO is operationally doing fine and fully in line with the guidance. The -- could you remind me of the second question?

Q - Iain Pearce {BIO 19522835 <GO>}

Yes, it's just slip on the losses in the life and health right.

A - Christoph Jurecka {BIO 17223019 <GO>}

As yeah sure. Sorry, yes, well, I cannot give you any detailed numbers, but you know, the losses in the United States are a number of times bigger than what we saw in South Africa. So many times bigger. And then if there were other geographies equally affected like we do, I think we would have mentioned them probably. So in that we got those two most important this quarter.

Q - Iain Pearce {BIO 19522835 <GO>}

Okay, perfect. Thank you.

Operator

As there are no further questions at this time. I would like to turn the call back to your speakers for any additional or closing remarks.

A - Christoph Jurecka {BIO 17223019 <GO>}

Thanks a lot to everyone. Thanks for your questions and we are happy to follow up with you on the phone of course, as always. Other than that, yes hope to see you soon all again, and as the situation improves around COVID hopefully also in person. Stay healthy, and yes have a nice remaining day. See you soon. Bye-bye.

Operator

Thank you. That will conclude today's conference call. Thank you for your participation, ladies and gentlemen, you may now disconnect.