

Q4 2014 Earnings Call

Company Participants

- Esteban Tejera Montalvo, First Vice-Chairman, Managing Director & Chief Executive Officer
- Luigi Lubelli, Deputy General Manager-Finance

Other Participants

- Avinash Singh, Analyst
- Javier Echanove, Analyst
- María Paz Ojeda, Analyst
- Niccolo C. Dalla Palma, Analyst
- Silvia Rigol Carneiro, Analyst

MANAGEMENT DISCUSSION SECTION

Operator

[Abrupt Start] 2014 results presentation. We are pleased to introduce Mr. Esteban Tejera, First Vice Chairman of the group who will conduct the presentation. Please go ahead, sir.

Esteban Tejera Montalvo {BIO 3910673 <GO>}

Good afternoon, ladies and gentlemen. Welcome to the presentation of MAPFRE's 2014 full year results. As usual, I'll give an overview of the results and the main business developments. And later Mr. Lubelli will explain financials in detail. We will be happy to take your questions at the end as usual.

Now I would like to turn to slide number three. 2014 was a year of growth across many regions in which we operate both in Life and Non-life and despite adverse exchange rates, developments (01:00) most of the year. The combined ratio decreased a further 40 basis point, maintaining a very good level. I would like to remind this because last year we had a combined ratio of 96.1% which was very good. And according to the target we have established for 2015, in fact we have reached our target after being under 96%.

Funds under management exceeded €40.8 billion for the first time ever. And our solvency margin strengthened to nearly 260%. And equity per share went up by almost 17%. Lastly, profits grew almost 7% and include a write-down in our Cattolica stake. Excluding that, we would have grown more than 12%, up to €890 million.

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I would like to explain this write-down in Cattolica stake. As you know very well, we have some participation in Cattolica that we keep from the time we had a joint venture – we have the possibility of developing a joint venture with them in Italy. And we have this stake at the price that we thought and best thing of all (02:48) according to the future cash flows (02:56) of the company. But now after the life issue (03:00) of the €500 million be established due to the decrease in the price of the stock in the stock market exchange. We resolved (03:16) to put this stake in accounting mark to market. So there is a deterioration of this that is roughly €45 million in the net attributable result of the year (03:39).

Please let's turn to the next slide. On slide four, you can see the highlights of the results, business growth in most business lines in different countries with significant contribution of Life Insurance and Spain's return to growth. This is remarkable also. The tendency (03:59) of consistent growth in Spain that is new but is now the tendency that is remarkable (04:11) for at least sixth quarter.

As I mentioned before, we have a combined ratio that is very good and then the improvement line (04:21) in the combined ratio thanks to the improvement of the expense ratio mainly in Brazil and in reinsurance. In fact, remarkable increase in the net financial income, driven by the rise in the market value of the portfolio. And due to the same reason in the evolution of the rate of the foreign exchange, equity grew by €1,576 million since yearend 2013, of the results of the period (05:06) also in recent years. At constant exchange rates, the premiums would have grown 7.7% and the attributable results will grow nearly 12%.

On slide five, you can see how MAPFRE continues to have a strong position in the markets where we operate. In 2014, one of the most remarkable developments was the recovery of the growth in Spain and with further increase in market share. And growth was strong in many Latin American countries as well, and most notably among them Brazil, although we cannot (06:03) you the 2014 market shares. In the United States, the proportion of business outside of Massachusetts rose from 24% to 26%.

Moving on to slide number six. As I mentioned before, Spain is showing consistent evidence of a sound recovery and is now one of the best performing economies in the EU. As we indicated in previous calls and meetings in the past, MAPFRE has tended to record a fast market growth in comparable operating environments.

And then, as we can see on the next slide, MAPFRE business has returned to growth, outperforming the market. It might not come as a surprise that the premium volume reached a turning point in 2013 and returned to growth in 2014, outperforming the markets during two quarters.

On slide eight, we saw how the business model retains a leading position in terms of growth and profitability. And this why it contains many figures which I will not go through in detail. What is more relevant is that in Non-life, we are growing more than the market. We have better ratios and have cut our tariffs less than our competitors. So MAPFRE is well positioned to take advantage of the market recovery.

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In Life, we have a great year. It is true that we were supported by the latest agreement with Bankia. As in any case, we outperformed the market. It was also an outstanding year for mutual and pension funds in Spain. All of this has lead to what we have already seen: larger market shares.

On slide nine, you can see how MAPFRE is making excellent progress towards its 2015 goals. We are already there in terms of expense, in combined ratios and as we saw, and we'll see in greater detail later, we are also making very good progress towards our business volume target.

This has all been achieved while increasing value creation for our shareholders as we can see on the next slide. Our commitment with the long-term value creation for shareholders is shown by our policy of dividends. We maintain our dividend policy aligned with results growth.

In this sense, the dividend paid in 2014 increased nearly 17% with respect to the previous year. We will continue with our management focused on producing returns above the cost of capital and commensurate with the risks - according with (09:26) risks taken, in line with our strategy target of creating value. The solvency stood at levels of nearly 260%. The equity increased by more than €1.5 billion in mid-year during the year. And the rating is (09:53) yearly and the strength of our capital position. On slide 11, you can see that the board is proposing at the Annual General Meeting to raise the dividend 7.7% to €0.14 cents per share.

On slide 12, we continue making progress in the development of our multichannel sales network through our own branches, the tied agents, the brokers, the bank branches. And you can see in the figures that are contained in the slide. In summary, on this slide we can see how we continue to (10:51) operations both in terms of points of the sale as well as in the number of agents and brokers. However, the direct business is growing as well as we can see on the next slide.

As you already know, MAPFRE agreed to buy Direct Line's operations in Germany and Italy. These companies are well run and hold leading positions in (11:14) growing segments of their markets. And in addition to that, Verti has continued to consolidate its position and as the undisputed deliver in online (11:26) insurance sales in Spain. MAPFRE will use this combination of know-hows to accelerate the development of this direct business in the country where it operates.

That brings me to slide number 14 in which you can see the new organizational chart of the group. As you can see here, a simpler and more efficient corporate governance model will allow us to better coordinate our traditionally decentralized management approach within a common operational framework and, as consequence, we will be able to improve the saving of (12:04) across the group and foster innovation.

Let me now hand the call to Mr. Lubelli who will comment up on our financials in little detail.

Luigi Lubelli {BIO 4108780 <GO>}

Thank you, Esteban. Good afternoon to all those following this conference call today.

Please let's turn to slide number 16. On the slide, we find the consolidated income statement for the year. By broad line by accounts, in the Non-Life account, we can see that in 2014 premiums continued to grow across countries and business lines. And that made up for the negative impact of depreciation of the euro and the intense competition we had to face in commercial insurance and in reinsurance.

The figures for net premiums earned in the Non-Life accounts remained stable, as the growth in many companies was still offset by the lingering impact of the crisis in Spain. The combined ratio improved and that was driven by a reduction in the expense ratio. We saw as you remember for previous quarters, a significant increase in financial income which was primarily due to larger realized gains in Spain, as well as higher interest rates and lower mark-to-market adjustments in Brazil. Excluding realization gains, we would still see an underlying growth of 6% which mainly reflects a larger volume of business.

The Life account was the main driver of premium and bottom line growth this year. Volumes grew especially strongly in Brazil. But I must note also Spain and reinsurance which were large contributors to this performance. The technical result improved considerably in Brazil while financial results grew especially strongly in Spain and they included realization gains of about \$48 million. I think it's worth noting that Brazil, I must say before tax and minorities, contributed 60% of the total result of the Life accounts.

We see a reduction in both revenues and expenses in other activities and that's easy to explain because some subsidiaries which formally were fully consolidated are now equity accounted, as well as a transition in our systems business where we are seeing that service contract being converted into insurance contracts. So they are leaving these accounts to go into the Non-Life account.

The strong variation in other income and expenses comes from the write-down of Cattolica which Mr. Tejera already talked about. We have a larger negative inflation adjustment in Venezuela at €30 million more than it was a year ago.

With all this, we see a strong increase in pre-tax profit of nearly 17%. On the tax side, we see an increase compared to a year ago. And I must remind you that a year ago, we had a very large item coming from an agreement that the whole economy, I should say, and especially insurance industry reached with the Brazilian tax authorities. And they lowered the tax rate significantly a year ago. If you remove that amount, we'll see that the tax rate is basically unchanged. The average tax rate is basically unchanged year-on-year and it's around 27.5%.

In the last quarter of the year, we've had a positive impact in all the companies based in Spain because the corporate tax rate has been lowered and that has led to the recognition of a decrease in net deferred tax liabilities.

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Finally we see the minority interest went up more than profits because the results grew comparatively faster in bancassurance subsidiaries in Brazil and in Spain.

Please let's move to the next slide number 17 where we have the Non-Life account on both the full year and quarterly basis. During the year, insurance growth in Spain, Latin America and the U.S.A made up for the impact as I said of intense competition in commercial lines and reinsurance. The combined ratio falls and takes into account an increase in the loss ratio in Iberia due to higher frequency and severity in motor insurance, as well as larger claim frequency in third party liability.

In Brazil, we saw increases in general insurance, and in North America, we had the impact of severe weather, a higher frequency of higher damages in homeowners insurance and an increase in severity. The expense ratio performed exceptionally well and that was mainly driven by Brazil due to the decrease in the average acquisition cost and also MAPFRE RE due to the growth of the non-proportional business.

The increase in financial income year on year reflects growth in business volumes, larger and net investment realization gains, mainly in Spain. And as I said before, higher interest rate and absence of negative mark-to-market adjustments in Brazil. All of this help make up for the significant fall in interest rates in the Eurozone. When we look at the quarter, I'm saying, fourth against the third, we see that the growth was positive in Spain, especially in Motor business - we are particularly pleased with that - but also in Venezuela due to seasonality and in Chile in subsidy renewal of large corporate accounts. And we also had a positive impact from the appreciation of the U.S. dollar in the quarter. These positive developments were somehow compensated for by the lower premium in MAPFRE RE due to ordinary timing differences as well as intense competition and the impact of the economic slowdown in Brazil.

There were basically no differences in the combined ratio in this quarter compared to the previous one. And financial income was smaller due to a comparatively lower amount of realized capital gains net of write-downs.

Let's now move to slide number 20 please where we have the Life account. On a yearly basis, we see larger volumes, especially in Brazil, Spain and reinsurance as I said. Although it is not mentioned in these figures, I wish to mention also the significant growth in new mutual and pension funds business in the agents' channel in Spain because we're very pleased with that.

The improvement in the underwriting and financial results during this year was driven by the significant increase in the volume of funds under management along with also and this account in (19:12) Brazil higher interest rates and absence of negative mark-to-market.

We do have €48 million of investment realization gains in Spain, and I must remember that a year ago, it was the reverse. We had extraordinary impairments on intangible assets of about €150 million. So there's a large swing in Spain year on year.

If we look against the previous quarter, we see a considerable jump in premiums that was driven by Brazil. Banco do Brasil had a very successful sales campaign. And in Spain, we had good sales of Life-Protection and a minor contribution from the consolidation of Aseval and Laietana. And we also had successful sales campaigns in Malta. The technical financial results if we compare this quarter with the previous one is smaller because we have a larger volume of new business and smaller realized gains.

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Please move to slide 22 where we have the other business activities. I basically already talked about the reasons for the decrease in operating revenues and expenses and I will not repeat that. And the variation in the last line that financial income and other is, as Mr. Tejera already explained, due to Cattolica.

On slide 24, we have the bottom line. Year on year, the most relevant development the growth in business volumes, the improvement in the underwriting results and larger investment gains, net of impairments. I already explained the movements in minorities and in the tax rate. Compared to the previous quarter, we see a decrease in pre-tax profits which is due to - quarter on quarter, I'm talking - due to fewer realization gains, so basically very little amount of them and we mentioned write-down in Cattolica. And also we have a lower tax expense because it was in this quarter that we recorded the impact of the lower corporate tax rate in Spain.

On slide 26, we have the balance sheet. There is basically no main difference with respect to what we were saying as of September. We have larger business volumes. We have a strong evaluation of the investment portfolio in Spain. We have the impact of the U.S. dollar which was especially strong in the last quarter and we consolidated Aseval, Laietana Vida, and Laietana Seguros Generales in the last quarter of the year that basically brings around 3 billion, roughly.

On slide 27, we have the breakdown of the investment portfolio. The main variations if we compare with the previous year are a reduction in the exposure to fixed income issued by financial institutions, matched by an increase in public debt, a higher weight of European, and especially Spanish paper, because as you know of the fall of risk premium (22:18) reduction of the weight of assets in Latin America because of the depreciation of the currencies in the region and for the opposite reason, a higher weight of United States paper.

The changes in equity are shown on slide 28. Shareholders' equity has gone up €1.3 billion and total equity €1.6 billion. This reflects the strong increase in the value of the Spanish portfolio as a result of the declining spreads which, as you know, traditionally is offset to a large extent by shadow accounting.

We have translation adjustments which this year made in our favor. And of course we have the distribution of results and dividends as tends to be the case this time of the year. The other changes you will notice a variation compared to the previous quarter and that is due to the consolidation of the Aseval and Laietana.

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On slide 30, we have our capital structure and our coverage ratios. There's really nothing to report here if not improvement. The rate of equity has increased slightly just 1% but it grew up. And we have improved our coverage and leverage ratios which have very much (23:40) into the AAA category.

Lastly, we have debt on slide 31, some of you may know, it was reflected in the press, we replaced the existing syndicated line, revolving syndicated line of €750 million for a new one which is €1 million and matures a year later. To-date, this facility is undrawn.

On slide 33, we have the breakdown by regions of premiums and profits. Really, no meaningful change in premiums when compared to 2013 and the previous quarter. In profits, we see that basically two blocks of regions. Iberia is the one that records the strongest increase, 5.4 percentage points. MAPFRE RE is up 2.4 percentage points. EMEA and LatAm North are up 1.2 percentage points, and also APAC is up nearly one percentage point.

Conversely, and basically due to the impact of the tax agreements of a year ago, Brazil has fallen 2.3 percentage points. North America due to severity related to the (24:58) loss ratio has fallen 4.6 percentage points, and LatAm South also fell 4 percentage points. The reasons for that we'll see now.

Let's first look at premiums, once again because a year ago, it was the same case. We see Brazil as the main contributor to premiums growth and that came mainly from Life. But I also must mention the agricultural business, industrial risks and motor insurance.

In the last quarter, Life sales went extremely well. We had a very good campaign at Banco do Brasil and that made up for a decrease in non-Life due to competition and economic slowdown. Clearly, the success story of the year, Spain and especially in the last quarter, we saw the Motor business resuming its growth, nonetheless Life also went well. So overall a very good year in which we increased our market share in the country.

The third largest contributor was LatAm North, driven by Mexico which grew in motor life and health insurance, MAPFRE RE had a very good year in Life, and that's the explanation of its growth. And in the last quarter, its premiums were lower just basically due to see seasonality.

EMEA went well, good development of the Life business in Malta, as well as the Global Risks and our systems businesses in Europe and that applies to both the quarter and the year. And lastly LatAm South, saw a contraction in the year, basically driven by the cancellation of Life contracts in Colombia, the depreciation in Argentina. However, the last quarter was very good in Chile, in Global Risks especially and in Venezuela due to seasonality. And finally, we have the variations of regions in terms of profits, the biggest contribution by far came from Iberia. Because here this year, we have realized capital gains and last year we had write-downs. The combination of this sums to a swing of about €340 million year on year, so that clearly is a big change.

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And in the last quarter, compared to the previous one we saw a smaller contribution. We had fewer capital gains and higher loss ratio. As I say, Brazil last year, had an extraordinary gain of €64 million. Adjusting for that, we saw a significant increase in profits, driven by considerable drop in expense ratio and a very strong year in Life. The Life business also drove the improvement in the last quarter. The LatAm South suffered falling profits. In 2013, we saw in this region extraordinary gains in Colombia and Venezuela. In 2014, we have a worst loss experience in the systems business, depreciation in Venezuela and we saw also the Chilean profit impacted by the Iquique earthquake.

In the last quarter, the falling profits was due to a worst loss experience in Venezuela and the systems. We already spoke about North America; weather, fire, severity and - however last quarter that was better in terms of underwriting results. EMEA did much better because last year it had losses in Global Risks while this year the Global Risks business did very well and it also improved in the quarter.

LatAm North shows a major improvement year-on-year because a year ago we wrote down €22 million of intangibles there and that's really creating this region's big swing year on year. If we exclude that, we'd see a fall and that's because we had hurricane ordeal in Mexico.

APAC improved strongly, had cat losses this year. And this year it's very much the reverse plus an improvement in the previous interim, the last quarter and finally MAPFRE RE improved its profit both on a yearly and quarterly basis due to a very benign loss experience and also an improvement in the expense ratio.

And that's all on my side and I'll now hand the call back to Mr. Tejera.

Esteban Tejera Montalvo {BIO 3910673 <GO>}

Thank you, Luigi. Well, I feel that we have summarized the main drivers of the results of 2014. And now as usual we are available for taking your questions.

Q&A

Operator

First question comes from Niccolo Dalla Palma from Exane BNP Paribas. Please go ahead, sir.

Q - Niccolo C. Dalla Palma {BIO 16052945 <GO>}

Hi, good afternoon. Just two questions from my side. On the debt capacity I was just curious to hear your views in terms of wanting to increase the use of debt or not over time and especially on the €1 billion senior debt that's maturing next year whether you would envisage having subordinated replacing debt given the current very low cost of debt across Europe. Is that something possible or would you rather envisage again rather senior issuance?

Then I had the very practical questions. One on the disclosure. We are now getting both the disclosure by MAPFRE FAMILIAR MAPFRE, et cetera (30:50), et cetera, and one by region, will we keep getting both in the future, or should we be ready to move just to the regional one, just to make sure that we have our models aligned with that? Sorry for the simple technical question. Thank you.

A - Luigi Lubelli {BIO 4108780 <GO>}

Good afternoon, Niccolo. Beginning with the end, so far no, we are not planning any changes in disclosure. We have adapted the disclosure to the new regional structure and that's why we explain actually the fact is we are retaining the previous one is to facilitate your work really. But clearly as you know MAPFRE is managed by regions.

In terms of debt capacity as I said, we have the €1 billion that is unused. Really, we have not yet got to the point of deciding what to do with the bonds that you're rightly saying maturing in November. And all options are open. Clearly, they can be replaced with other bonds. We could even retire them if need be. But, as I say, no decision has yet been taken in that respect. And clearly, if there were bond issuance, it could very well be a hybrid bond issuance. It's a possibility that's open.

Q - Niccolo C. Dalla Palma {BIO 16052945 <GO>}

Okay. Thank you very much.

Operator

Next question comes from Avinash Singh from Nomura. Please go ahead.

Q - Avinash Singh {BIO 20134511 <GO>}

Hello. Two questions. My first question is around your adjusted profit for this year. You had about €45 million net loss on Cattolica stake impairment but you had a higher than normal realized gains in Spain. You also had about €34 million exchange gains in Venezuela. So these were kind of the positive one-off offsetting that €45 million net negative that is from Cattolica stake impairment. And you are already within your 2015 targets for expense ratio and combined ratio. So if I have to set a profit target for next year 2015, what are the areas of improvements where that can see your profit increasing on the base of this normalized 2014 results?

And my second question would be in Venezuela, you had this €34 million exchange gains this year. At the same time you also had a higher than normal adjustment for inflation, so can you just elaborate a bit on that? Thank you.

A - Luigi Lubelli {BIO 4108780 <GO>}

Okay. Let's see how we can answer the question. Well, the impact of Venezuela in the accounts, as I say, we have a €30 million additional negative impact for inflation and that's recorded in the P&L. Then as you say, there are gains, because they are not stricter sense

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(34:06) gains. They are the fact that we have received coupons in dollars and they increased value in local currency clearly as the currency depreciates that's what we have.

We do have variations in equity. In equity, we have a positive variation because of inflation and a negative variation because of foreign exchange and the net is small negative impact relative to the equity of MAPFRE. As you know, we do not have projections. So we do not have a profit forecast for the year. In the appendix to the presentation, you will find a detailed breakdown of the extraordinary items for that are included in the figures for everyone of the main companies. So and you're right. We're giving you the amount in Venezuela which is 65 million before tax and roughly 45 million after-tax. And in the comments of each company and country we explained what items are not recurring. In terms of trends in the business going forward, perhaps Mr. Tejera can elaborate on that.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

I would like to remark that there is an institution in Spain where for several quarters in a row we are taking advantage of the new situation of the economy. And as usual, MAPFRE is outperforming the market once the recovery started.

And another thing I would like to underline is that the impact of the exchange rates in 2014 was very, very important and will we continue the dealing in (36:21) 2015, but I think that just the opposite way. As you know, we evaluate mark to market and this includes also exchange rate in the balance sheet with the mark to market (36:43) but in terms of profit and loss accounting we used the moving average of the last year. In details I will think (36:54), that there is a underlying more demand of the revenues which are (36:59) coming from outside of the Eurozone that will register a positive impact during the year according to this scheme of the moving average of the exchange rate in our accounting.

A - Luigi Lubelli {BIO 4108780 <GO>}

First quarter especially.

Have we answered your questions?

Q - Avinash Singh {BIO 20134511 <GO>}

Yes, all of it. Thank you.

Operator

Next question comes from Silvia Rigol from BBVA. Go ahead, madam.

Q - Silvia Rigol Carneiro {BIO 15126791 <GO>}

Hi, I had two questions. The first is, if you can give us more information about the latest (37:45) that you made in the U.S. out with MiddleOak, the portfolio of premiums in the non-Life?

And my second question is, there's a high combined rates above 100% that we have seen in the (37:55) Spain in the last quarter. My question is, this is an issue of high provisions or is this an issue that you have suffered more claims, more frequency and so on? Thank you.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

Hi Silvia. I will take care of your first question, the underlying (38:22) of our portfolio in the U.S.A., it's true that in local currency (38:33) part of the news but is only the acquisition and the renewal rates of our portfolio in (38:42) non-Life of \$120 million. So it's a small operation in terms of quantity. Obviously interesting (38:58) is opportunity of entering into new states and is part of the policy we are following up in our position (39:17) in MAPFRE Insurance and home loan insurance state by state and with a proven approach in states that are closer to the state where we have a position.

A - Luigi Lubelli {BIO 4108780 <GO>}

The combined ratio, Silvia, no, there is no larger provisions. What we saw in the last quarter was a higher frequency in motor insurance and a larger volume of, let's say, serious claims, the larger claims. You live in Spain, you know for instance that we had an increase for the first time in a long time in the number of people dying on the roads in the month of January. And the fact that these - MAPFRE's ratio (40:17) is the first one to come out of about the Spanish market. So I'm afraid you will see something similar from the rest of the market when figures are published and that's due to market - economic and weather conditions

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

In any case, we are - I would like to remark that this year the seasonality of the Christmas holidays, (40:48) the frequency and that is due to the fact that, as you know, (40:54) the position of the holidays have increased the number of people traveling due to the fact (41:03).

A - Luigi Lubelli {BIO 4108780 <GO>}

Holidays are very long.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

Yeah, the holidays were very long, very long weekends, and we have suffered these. And in the last days of the December is affecting (41:20).

Q - Silvia Rigol Carneiro {BIO 15126791 <GO>}

Okay. Thank you.

Operator

Next question comes from María Ojeda from JB Capital Markets. Please go ahead, madam.

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Q - María Paz Ojeda

Hello. Good morning, everybody. I have a follow-up question regarding motor insurance business in Spain because according to your answer, should we - seeing that your combined ratio for the following quarters would be above 100% is the normal run rate for the full quarter standalone is projected because at the end if there is no reasonable (42:10) increase in the fourth quarter, it means that your underwriting result is on the red now with the current level of rate in your policies.

A - Luigi Lubelli {BIO 4108780 <GO>}

Hi. I wouldn't worry too much. I think if there is something for which MAPFRE is known it's technical approach to underwriting. And I think we have a long track record to that. We had a spike in this quarter. And if the spike continues going forward, MAPFRE as usual will revise its tariffs and its selection criteria. So you can rest assure that, that is something we take very seriously. And I imagine everyone else in the market will do the same if they face the situation.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

In any case, from my experience in this kind of business, seasonality affected before (43:25) is very, very, very important. And I think that - I don't know how (43:37) combined ratio discussed in the quarters coming.

Q - María Paz Ojeda

Okay. Thank you.

Operator

Next question comes from Javier Echanove from Santander. Please go ahead, sir.

Q - Javier Echanove {BIO 1541989 <GO>}

Yes, hello. You've already partly answered the question I was going to ask but I will ask it anyway, and it's on the motor business in Spain on the combined ratio. You have said that - or it's implied that you expect to see a similar spike in the combined ratio for the rest of the sector. If that is the case and the level of interest rates, I would like to know what your view is regarding potential price increases in 2015 and whether you're seeing any evidence of that already? Thank you.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

Yes, Javier. Well, I think that the situation is likely - is usually it will have a better combined ratio than our competitors (44:49) the case. What this do is that part of the market that is in a position where it's impossible to think about the oil price or stated in other terms is likely to see in our increase in the guidance in the month (45:17) in Spain.

Q - Javier Echanove {BIO 1541989 <GO>}

Thank you.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

Thank you.

Operator

There are no more questions. Thank you.

A - Esteban Tejera Montalvo {BIO 3910673 <GO>}

Okay. If there is no more questions. Thank you for attending our presentations. And as usual I hope to meet you again in a quarter's time. Thank you very much.

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