FINAL

Bloomberg Transcript

Q1 2022 Earnings Call

Company Participants

- Barbara Plucnar Jensen, Group CFO
- Gianandrea Roberti, Head of Investor Relations
- Johan Kirstein Brammer, Group COO
- Morten Hubbe, Group CEO

Other Participants

- Analyst
- Asbjorn Mork, Analyst
- Ashik Musaddi
- Faizan Lakhani, Research Analyst
- Jakob Brink, Equity Analyst
- Jan Erik Gjerland
- Jimmy Shan
- Youdish Chicooree

Presentation

Gianandrea Roberti {BIO 6786731 <GO>}

Good morning, everybody. In my name is Gianandrea Roberti. I'm the Head of Investor Relations at Tryg. We published our Q1 results earlier this morning, and I have here with me Morten Hubbe, Group CEO; Barbara Plucnar Jensen, Group CFO; and Johan Kirstein Brammer, our Group CCO.

With these few words, over to you, Morten.

Morten Hubbe {BIO 7481116 <GO>}

Thank you, Gian, and we start on slide 3 where we see that Q1 is a little bit a tale of two stories. On one hand, we have very strong progress and very strong insurance results both in Trygg-Hansa and in the new -- in the classic swipe business and in the new Trygg-Hansa business. But on the other hand, we also have investment losses driven by very difficult market. And indeed, a very different risk approach in RSA that doesn't have the same matching strategy that we have in Tryg.

If you look at the insurance result first, we're very pleased to have the highest ever Q1 insurance second quarter result of DKK754 million in the Tryg classic business and we're very pleased indeed to see Trygg-Hansa delivering extremely strong combined ratio of

73.3 in Q1 and a technical result of DKK621 million. Actually taking the new family what if scenario technical result to almost DKK1.4 billion but we also see that RSA London has delivered a negative investment result for Sweden and Norway of DKK599 million, which has really the big swing factor of the quarter. We see that RSA has not worked with a matching strategy which results in more volatility, and Barbara will talk about the fact that we are now restructuring investments. We now have full operational control after 1st of April, and we will restructure the portfolio to match and mirror Tryg's matching strategy.

So classic has a combined ratio of 88 technical result of DKK754 million, very strong growth particularly in small commercial but also in private lines while we have negative as expected growth in corporate. Improved underlying claims and RSAs synergies of 50 million impacting Trygg-Hansa positively. We improve underlying claims by 100 basis points for the group while being flat in private which is in line with recent trends and we are happy to see improvement driven by corporate and commercial in particular. As mentioned, total negative investment of DKK284 million actually only DKK124 million negative investment from Tryg Classic. I think that's actually satisfactory and well done in a difficult quarter and it shows that the matching strategy works. But as I mentioned, minus DKK599 million administered out of RSA London in investment result for Sweden and Norway. Happy that we are paying a dividend per share of DKK1.55 for the first quarter, which is an increase of 45% year-on-year, starting an attractive dividend journey. Solvency of 184, maintaining our first half solvency guidance of 195 to 205.

Now, if we turn to slide 4, we show the customer highlights. We continue to see improvements in customer satisfaction with a score of 85 versus 84 in the first quarter last year. We are working to continuously improve customer experience and this quarter we are pleased to see new digital solutions. For instance, track and trace for claims handling in Norway and simplified digital solutions for customer in commercial, improving the customer satisfaction score again this quarter from a very high level.

Q1 this year was also a quarter where we saw more than 12,000 customers that we helped with claims related to storms in Denmark and Norway. And also in Denmark, we helped more than 50 families with a big fire in an apartment building in Copenhagen. We didn't insure the building but we insure the consent and the re-housing of these 50 families. Of course, in a dire situation, happy to help them out.

On slide 5, we elaborate on the highest technical result ever. As I mentioned, Tryg Classic of DKK754 million highest ever compared to DKK751 year-on-year. We see strong growth in private and commercial, improved underlying claims, and generally improved performance that mitigates higher level of weather claims and large claims. You're seeing private much lower result result at DKK273 million technical, impacted of course by the storms in Denmark and Norway, but also this large fire claim in Copenhagen. Commercial improved technical results, improved underlying profitability, and has higher level of large claims but also higher level of positive run-off gains. COVID improved the technical results significantly, continuing to improve underlying claims that's very positive, but also help much by higher level of run-off gains in this quarter. Sweden continued to improve underlying claims, but lower run-off gains resulted in lower technical result.

As I mentioned, this is the last quarter where Trygg-Hansa, Sweden, and Codan Norway, is not fully integrated in the P&L. Had they been fully integrated this quarter, the new and large families total technical result would have been almost 1.4 billion showing indeed the very strong earnings capacity of the new group passing.

I'm passing it on to you, Johan.

Johan Kirstein Brammer {BIO 18640275 <GO>}

Thank you, Morten, and I think we are going to slide 6 where we are opening up the Q1 financial performance of Codan Norway and Trygg-Hansa. Trygg-Hansa reported a premiums growth of around 3% in local currency in Q1 while Codan Norway reported a reduction in premiums impacted by the transfer of (inaudible) business to Tryg from the start of the year. Adjusting for this transfer, the growth was as expected slightly negative for Codan Norway. The growth of Trygg-Hansa continued but was with 3% in local currency slightly lower than what was reported in the previous quarter primarily impacted by a drop in the sales of car insurance as a consequence of new car sales in Sweden, dropping 26% in this quarter compared to Q1 last year.

Trygg-Hansa's technical result was DKK621 million, driven by an excellent combined ratio of 73.3 while Codan Norway's technical result was DKK6 million driven by a combined ratio of 97.5.

On page 7, we are opening up the Q1 for Trygg-Hansa even further. Trygg-Hansa's financial performance was impacted by a drop in run-off gains compared to Q1 last year, which was the last quarter of reporting as part of the RSA Group. Furthermore, there was no positive COVID impact in this particular quarter, but the increased interest rates in Sweden of approximately 100 basis points had a significant positive impact on the technical result due to discounting of claims reserves. We are pleased to see that even in a period with slightly higher growth for Trygg-Hansa than the previous years, we see a slight improvement in the underlying claims ratio and also that the combined ratio in the usually most challenging quarter was at 73.3. It is important, however, to note that both Q1 this year and Q1 last year are somewhat extraordinary. The five-year average combined ratio for Q1 for Trygg-Hansa is approximately hovering around the 76% mark.

Moving to slide 8, looking at the RSA synergies for the first quarter. For the first quarter, this year we report synergies of DKK50 million and these are unsurprisingly mainly cost related in line with experience from the Alka transaction. In general, there is a positive impact from natural attrition but we also utilize the new group's bigger procurement power to improve procurement agreements. After the demerger 1st of April, we are in full control of Trygg-Hansa and Codan Norway and can therefore realize a high level of synergies moving forward.

Moving to slide 9 on shareholders remuneration. Let me just reiterate what you mentioned, Morten, that we are paying a dividend of DKK1.55 per share in Q1 this quarter, an increase of 45% compared to the first quarter last year. A couple of months ago at our Capital Market Day, we published a relative precise guidance in terms of shareholders' returns for the next three years. We aim to pay between DKK12 billion and DKK14 billion in ordinary dividends between 2022 and 2024 and adding to that a buyback of approximately 5 billion plan to start in H1 this year following the DCCA approval of the sale of Codan Denmark to Alm. Brand.

We aim very clearly to remain a dividend stock and the full consolidation of RSA figures, the synergies development and the booking of nearly all transaction and restructuring cost in 2022 will drive our earnings substantially higher and boost our dividend capacity in the coming years. 2021 and also in 2022 we have obviously seen some turbulence in the P&L, driven by the equity accounting and the transaction and integration costs, but things will stabilize towards the end of this year and our commitment to a strong dividend development is as firm as always.

And with that, we are slowly moving into premiums at portfolio the next section and we are turning to page 11. Topline growth was reported 5.1% for the quarter and 5.9% adjusted for bonus premium rebates, driven by growth in all private and commercial segments, private being the most profitable area and therefore we are very satisfied with the growth in this segment of reported 5.7% and even 7.2% adjusted for bonus premium rebates. Commercial had a growth of 8.6%, which was a combination of organic growth in Denmark with a particularly strong growth in small commercial segment in line with our communication at the Capital Market Day in November last year. And in Norway, the growth of commercial was driven by price increases for especially larger commercial customers.

Corporate on other hand showed a negative growth of minus 0.8% and was impacted by profitability initiatives in all countries. Also, the growth was positively impacted by the transfer of Codan Norway brokered customers and adjusted for this, the negative growth would have been approximately minus 3%. The development in the corporate area follows the target for this area presented at the CMD in November last year. Sweden showed a growth of just over 2% impacted by price adjustments, an improvement in the retention rates.

Turning to page 12 on pricing. Adjusting prices in accordance with inflation is very important and therefore we monitor the development very closely. In periods with higher inflation in the prices of material, Tryg has been able to mitigate this through strong procurement agreements. We have seen some inflation impact especially for housing building and therefore we, especially in Norway, see an increase in average prices in this quarter.

On Page 13, we are laying out the customer retention development and customer focus is extremely important and customers view of Tryg is best monitored through exactly the retention rate. In this quarter, we are very pleased to see an improvement in the retention rates for all business areas. For Private Denmark, we are pleased to see a very strong development in the retention rate to 90.8% against 89.9% and excluding Nordea churn at level of 91.4%. We are satisfied that we continue to have a net positive impact when looking at the Nordea and Danske Bank portfolios in total due to very strong sales through Danske Bank. In Norway, we are very satisfied that we continue to see a continued high retention even with very high growth in the last two years. And for commercial, we saw an improvement for Denmark with 0.2 percentage point and a similar improvement for Norway also with 0.2 percentage point even in a period where we've been working very much with price adjustments across the portfolios.

And with that, I'll pass it over to you, Barbara, on claims and expenses.

Barbara Plucnar Jensen {BIO 17487867 <GO>}

Thank you, Johan. Well, on slide 15, we provide more details exactly on the underlying claims ratio. Tryg reported an improvement in the underlying claims ratio of 100 basis points for the Group while the private segment was flat. This is in line with the past quarters. The improvement in the Group underlying claims ratio was primarily driven by profitability initiatives in the commercial and the corporate segment.

As mentioned previously, strong growth in the private segment is impacting the underlying claims ratio as new business initially is not as profitable as old business. The claims ratio for new business is approximately 3% higher, primarily because new customers tend to make more frequent claims under their insurance policies during the first couple of years. Inflation is unusually high at the moment and a very important area to monitor for Tryg.

In general, Tryg is helped by strong procurement agreements as Johan just described and in an environment like the one we experienced at the moment, increased interest rates will have a positive impact on claims reserves through the discounting. If the procurement agreement and high interest rates do not fully mitigate inflation, Tryg will adjust prices in the different markets as we have just shown. From Q2 2002, we will report the claims ratio and the underlying claims ratio for the enlarged Group and for the private segment. Furthermore, please note that we do a small adjustment in the segments that we will report from Q2 and onwards, and those will be private, commercial, and corporate across Denmark, Sweden and Norway.

Please turn to slide 16. In this slide, we show the large and weather claims experience in the quarter, the discounted rate of Tryg's liabilities as well as the run-off result. As Morten briefly mentioned, both large claims and weather claims were significantly higher in Q1 this year compared to the same period last year, respectively 39% and 66% up. However, bear in mind that Q1 2021 was at an unusually low level. This year, the large claims level was somewhat higher than the expected level while the weather claims were at slightly lower level than expected for typical first quarter of the year with winter in the Nordics.

The discounting rate of liabilities move upwards to 1% compared to 0.2% last year following an increase in the market-based interest rates and this, as mentioned, has a positive impact on the claims reserving.

Please turn to slide 17. The expense ratio for Q1 '22 was 14.1% in line with the same period last year. It's important for us to have a good cost control and generally believe that an expense ratio around the 14% mark is an important competitive advantage. In the first quarter, the number of employees was slightly higher driven among other things by the higher business volumes requiring, for example, more claims handlers, as well as investments in IT.

Now let's have a closer look at the investments in the quarter, so please turn to slide 19. It's very important for us to insure the understanding of our investments. In Trygs standalone, we have approximately DKK43 billion of invested assets, which are split in the match portfolio of around DKK29 billion, which is backing our insurance reserves and the free portfolio of approximately DKK14 billion, which is the capital of the company. The asset allocation of the free portfolio is diverse and has been broadly unchanged in the quarter.

On slide 22, you can see the impact of the volatile markets that we have seen following the highest geopolitical tensions in recent times. Tryg's standalone for Q1 reported a negative investment result of DKK124 million and the free portfolio had a return of DKK27 million benefiting from strong return from properties while all other asset classes were negatively impacted by the turmoil. The match portfolio generated an unusual negative results primarily due to widening Nordic COVID bond rates.

We have inserted a new slide on slide 21, and here we are showing the asset mix of RSA Scandinavia, which is a total of DKK24 billion of invested assets. As it is visible from the pie chart, the asset mix has limited risk, especially after the sale of the REIT's portfolio. The main issue causing the investment loss of DKK599 million is the fact that RSA Scandinavia has a very different investment policy and have not specifically targeted an ALM matching in the same way that we do in Tryg.

In this quarter, interest rates in Sweden went up by approximately 100 basis points across the entire interest rate curve resulting in large negative value adjustments only partly offset by being in the liabilities. Furthermore, the discounting curve in Sweden does not have proper durations passed the 10-year point and is artificially constructed using the last liquid point observable only at the -- at the year 10 of duration, which makes the matching somewhat more complicated. Furthermore, the RSA Group has also been using different reporting and accounting principles and, hence, the Scandinavian business was run differently than would be the case in Tryg.

Please turn to slide 22. As we've talked about, we strongly believe that the investment policy that we have in Tryg today is right for a company like us and therefore look to adjust the investments in the acquired business. Following demerger, we now have full control of the assets and it is therefore possible to fully aligns investments in a previously RSA to the Tryg set up as shown in this slide.

In general, we will continue to have a strong focus on the matching of the assets and the liabilities. This reduce volatility at times with interest rate changes and thereby reduce the capital requirement. The overall asset mix will remain broadly the same as you know from Tryg today and by now, a majority of the new assets have already been adjusted to resemble the Tryg profile. The remaining part will be done in the following quarters and we expect to be fully in place by autumn.

On slide 23, we look at our solvency ratio with Tryg's reporting solvency ratio at the end of the quarter of 184, down from 188 at the end of Q4. The downward move is primarily caused by the spread between the reported net profit, which is unusually low and the dividend cost. Looking at the SCR, you will see that Codan's SCR is down due to some technicalities in Codan's model. We have guided a range for the solvency ratio between 195 and 205 at the end of the first half year this year and the change in Codan's standalone SCR only has limited impact on this.

We confirm the guidance we have given for the first half year and would like to remind that it includes the impact of the closing of the sale of Codan Denmark and, hence, the expected launch of the DKK5 billion buybacks that we have announced previously. We see this as a strong starting point for the enlarged group to drive further shareholder returns.

On slide 24, we have the usual overview of the current Tier 1 and Tier 2 capacity. It's important to remember that Q1 2022 SCR of DKK9.6 billion will be approximately DKK1 billion lower when Codan Denmark is spun-off, which means that the current Tier 2 capacity appears extraordinarily high. The Tier 1 capacity is linked to the overall level of the core equity Tier 1 which is ultimately driven by profits and dividends. Tryg has no plans to issue further debt.

On slide 25, the updated buildup of our solvency capital requirement shown split into the different relevant categories. Please remember that we only use our internal model for the insurance risk, all else is on the standard formula. Additionally, we are sharing the split of the market risk charge between the different asset classes and as expected equities continue to attract the highest capital charge.

Slide 26 then shows the historical development of our solvency ratio. It's quite clear that adjusting for the transaction at events like the acquisition of Alka and RSA Scandinavia, then you can see that the development of the solvency ratio is very stable. In a normal year, our own funds primarily move given by net profits and dividends, while solvency capital requirement moves very little driven by the growth of the business. We are ending the quarter with a comfortable solvency ratio of 184. And as mentioned, confirm the guidance for the first half-year of the solvency ratio between 195 and 205.

On slide 7, we provide an overview of the solvency ratio sensitivities and not a lot has changed in this quarter. As always, the biggest sensitivity is the spread risk, which is a direct consequence of the fact that covered bonds, by far, the largest asset class.

On that note, I will now hand over to Morten to remind me -- to remind us of the important things to remember in an eventful year.

Morten Hubbe {BIO 7481116 <GO>}

The important thing to remember in '22 on slide 28, we look forward to starting full consolidation in Q2. We have, of course, no changes to the guidance for solvency in H1 this year. Integration cost will follow the previous communication and we expect the majority of the DKK1.1 billion will be booked this year. During Q2 preparing for the second-quarter results, we will publish additional info on the new group; the structure of the group going forward, private, commercial, corporate; the new levels of expected large claims and weather claims in order for you to build your models and calibrate; and also we will give you information on the historical underlying claims for the enlarged group.

And then on slide 29, we just reiterate our financial targets for 2024 that we communicated at the CMD in London. And, of course, most importantly repeat the ambitious technical result target of DKK7 billion to DKK7.4 billion. Very pleased to see the enlarged group having a technical result of almost DKK104 billion in this Q1. And, of course, looking forward to harvest the synergies of DKK900 million. And then we also on this slide reiterate that we will return DKK17 billion to DKK19 billion to our shareholders between ordinary dividend and buybacks in the period 2022 to 2024. So, indeed, a very attractive dividend journey ahead of us.

And of course on slide 3, we conclude the presentation with our favorite quote from John D. Rockefeller.

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

Questions And Answers

Operator

Thank you. (Operator Instructions) Our first question comes from the line of Jakob Brink from Nordea. Please go ahead, your line is open.

Q - Jakob Brink {BIO 20303720 <GO>}

Thank you and thanks for taking my questions. I have three questions please.

The first one is on the -- on the asset liability matching in Trygg-Hansa, just to understand. So what is exactly that you need to do and I guess I'm also wondering why didn't you do it already? Are you fixing the matching between assets and liabilities? That was the first one.

The second question is about the long-term guidance of DKK7 billion to DKK7.4 billion. I understand it's early days, but you do have a comment, saying that due to discounting of claims reserved increased interest rates will have a positive impact on claims going forward which will help mitigate claims inflation. But I think also corporate, you just said the claims inflation was dealt with through hedgings and price initiatives. But here, it sounds like high interest rates will be part of the solution to inflation. So just some clarification, that would be nice.

And then lastly on the Codan SCR reduction. Why is that and is it some model changes or is it some technical on the Tryg books or is it the actual SCR in Codan that has been reduced?

Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Good. Thank you very much for your questions, Jakob, and I think I will start on your questions on the investments.

There is a number of things as mentioned that we need to do, but I think it's important to start with why haven't we done it earlier. If you go back to the structuring of the transaction, we were able to close the deal 1st of June last year, but not only -- not until 1st of April this year have we achieved full control of Sweden and Norway that we fundamentally have acquired. That means that from 1st of June last year until demerger, the asset allocation and the management of the investment has been out of our hands, so to speak. That has been taken cared of by the old investment team in the RSA Group also applying the investment principles and policies that they have been using. Like many other international companies, they don't apply.

You can say the matching approach that we have in Tryg and you can say we also, on the free portfolio, have less of a risk appetite. So there are some features in terms of the asset allocation that we will need to adjust for.

Some of that has already happened. We gained the operational control now 1st of April and already during the month of April to where we are now. We currently have a risk profile, which is similar to Tryg's on approximately 80% on the match portfolio and 80% on the -- on the free portfolio. So we are well progressed on, you can say, at the adjustment of the investment assets, but we still have some things we need to deal with and as we also explained, that is something that we expect will take some months from here before we are fully done. It's important...

Q - Jakob Brink {BIO 20303720 <GO>}

Just one question if...

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah.

Q - Jakob Brink {BIO 20303720 <GO>}

You mentioned also there were some problems about the discounting after year 10. Is that a Swedish thing like during the old sort of accounting regime or will that still be an issue going forward?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

You can say it's down to the methodology in terms of how you apply the matching principles and without going into too many technical details. It's a question of whether you apply using outright purchase of bonds or whether you actually use the swap curve. So there are some technicalities that you can work within in that respect.

So you can say, again, being very mindful that that is what we want to achieve. It will also have an impact on the instruments used on the investment portfolio.

A - Morten Hubbe {BIO 7481116 <GO>}

And on the question, Jakob, you're right. Increased interest rates help the discounting, which helps the combined ratio, which helps the technical result. On the other hand, we have more inflation on our hands. We will attack this from more angles. I think when we see inflation, we work with both our procurement and procurement programs to reduce the inflation. We're seeing that having quite a strong success. Then, of course, we work with price increases in the areas where we see the most inflation like in property we will try our best to make sure that procurement and price increases [ph]cater 41 offset the increased inflation. On the hand, fully predicting inflation at the moment is really, really difficult like predicting the outcome of the current war. But all other things equal, increased interest rates will improve the technical result.

We will not adjust the target of DKK7.0 billion to DKK7.4 billion but we're very pleased that we potentially have some tailwind from interest rates. You may recall that when we did the targets for 17 to 20, subsequently, interest rates fell and we then had headwinds instead. So we're not in the habit of changing our financial targets, but of course, we prefer tailwind to headwind.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Last question was around the SCR in Codan. Bear in mind that currently, they have an internal model that they have been using as part of the old Group. Again, following the full operational control, they will be included in our internal model. So you can say that is where you will see things being aligned further and what we have experienced in Q1 is down to some technicalities in the model that I don't think we should probably spend that much time on the call here.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay, fair enough. Many thanks.

Operator

Thank you. Our next question comes from the line of Asbjorn Mork from Danske Bank. Please go ahead, your line is open.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Good morning and thank you. If I may just come back to the question on the discounting and sort of the mid-term targets. If you look at it this coming is up 80 basis points year-over-year. It's actually 20 basis points higher than you communicated a month ago. So I guess there is a clear benefit here. I acknowledge the uncertainty on the claims inflation side that you also mentioned but if I just look at the 100 basis point better claims ratio in Q1, I guess it's a bit better than you expected in November. And if I look at slide 12 on your sort of your price development especially with Denmark, it doesn't look too aggressive. I guess this would be sort of a tailwind -- repricing tailwind for the next couple of years from that as well. So I guess, all things equal, you are seeing some rather tailwinds than headwinds versus your expectations back in November leaving aside the rate environment, but just the repricing effect. Is that fair to say?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think when it comes to the inflation part as plan, I think it's super important that you really focus on the various areas. There is a lot of differences whether you look at some of the areas that are most hard hit at the moment that would be housing and content and then you have in motor which is also impacted, and then you have other areas that are less impacted.

So there is actually a huge difference depending on which parts of our business we're looking at. And therefore, we really need to pay attention to what needs to be done given the development that we see. So it's not just a one size fits all, but we really need to work with this and that also applies to needed price adjustments for instance in housing as we have seen it in the quarter for instance in Norway is something that that we find is needed.

A - Morten Hubbe {BIO 7481116 <GO>}

We are [ph] sorority of cautious people. So, of course, we try our best to be ahead of the curve and not behind the curve, both working with the procurement agreements in house, property, motor, working with the price adjustments in those areas. And be aware when you see the average price adjustment, there is quite a lot of difference in the price adjustments depending on customer segments and portfolio mix. And then, of course, getting tailwind from the higher interest rates and the higher discount rates. But probably also -- so all in all, I think on a good journey to beyond the right side of the curve here, but also fair to say that probably discount rates have been stabilized at a higher level yet.

Let's hope for that because then it is more permanent tailwind, but the reality is probably it's more volatile movements in the interest rate curves as we are seeing so far.

Q - Asbjorn Mork {BIO 17028219 <GO>}

I fully understand it's more that if I look at slide 12, the repricing on your house insurance 0.9%. I guess that's not enough to offset inflation in the current environment. So I guess we should expect that with the price initiatives you're carrying through now to trend somewhat upwards the next couple of quarters and especially going into next year. So I guess there will be a tailwind there. It's not reflected in the 100 basis points improvement than we are (Multiple Speakers) Q1.

A - Morten Hubbe {BIO 7481116 <GO>}

Whether we look at the earned price increases, all the written price increases, there is a time gap between the two and I think all players will be looking at including us higher prices in the house and property segments. So that will lead over the next couple of years to higher levels of also reported and earned price increases. That's correct.

Q - Asbjorn Mork {BIO 17028219 <GO>}

All right, fair enough. And then if I may on Trygg-Hansa and Codan Norway. Starting with Trygg-Hansa, it seems like you're more or less saying that the combined ratio should deteriorate in a normal Q1 almost a 3 percentage points. I guess that's -- is that only really related to weather.

And then my second question is that the discounting effect of 100 basis points. I guess that's roughly DKK25 million in the quarter. So is it fair that you in your investment case in Trygg-Hansa would have expected roughly DKK100 million lower technical profits for Q1 versus what you're delivering today?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah. I think the discounting is super important and gives the unusually low combined ratio that we see this quarter. Like first quarter last year was also unusually low due to the positive impact from COVID. So those are you could say one-offs.

A - Morten Hubbe {BIO 7481116 <GO>}

And then I guess it's fair to say... Go on.

Q - Asbjorn Mork {BIO 17028219 <GO>}

I'll just go ahead with the Trygg-Hansa.

A - Morten Hubbe {BIO 7481116 <GO>}

No, I was just thinking that it's clear that in Denmark, we're used to sort of fairly equal seasonality with claims around the four quarters. In Norway, we've been used to significantly worse Q4 and Q1, and very strong Q2 and Q3. Sweden, if you will, is somewhere in between with more seasonality typically than what we see in Denmark but less than what we would see in Norway and that's where I think when you model, it doesn't really have any impact on the full-year numbers; but when you model your quarterly expectations going forward, I would quote a model more negative split with Q4 and Q1 being the worst quarters in Sweden and typically also, Q2 and Q3 being stronger. But I think we will share more details with the expected weather claims going forward. You would get that during Q2 so that you're ready for the Q2 reporting in July.

Q - Jakob Brink {BIO 20303720 <GO>}

And just a follow-up on the Codan Norway business. The transfer of clients to [ph]track in the beginning of the quarter, did that have any impact on the combined ratio for Q1, the 97.5?

A - Morten Hubbe {BIO 7481116 <GO>}

No, not really. I think it's fair to say that there were good market decisions being made on transferring renewals directly to Tryg Norway a little bit ahead of time and a little bit ahead of plan, if you will, but the claims have followed that and I guess if you look at the historical combined ratio of Codan Norway, it has been around and above 100% combined ratio historically but with an extremely high cost ratio of around 30%. So the way we see it, we see the Norwegian Codan journey as one-off repricing and improving claims ratio, a journey that they've already started quite well themselves. And then in particularly taking the Codan Norway business down to our cost ratio, which is what will [ph]prove the combined ratio of Codan Norway to sort of mid 80s level rather than 100% level. So it is not a one quarter that is close to 100, it's more the history of that company being soft scale and having two large cost level.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay. That's helpful. Final question from my side on the Codan Denmark deal. How long are you in the process with the FSA when it comes to buyback approval and if the deal closes, how long will it take before you can initiate the buyback?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

When it comes to the FSA approval, we have a conditional approval in place. So we are ready, but obviously, there is a process going on with the DCCA and (inaudible) that we await the results of.

A - Morten Hubbe {BIO 7481116 <GO>}

Very positive that we have the conditional approval with the FSA in place because it means effectively that we will not need to wait. So once the computation approval is there, then we can start our buyback program.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay, that's very clear. Thanks a lot.

Operator

Thank you. Our next question comes from the line of Faizan Lakhani from HSBC. Please go ahead, your line is open.

Q - Faizan Lakhani {BIO 20034558 <GO>}

Good morning. I have three questions. Coming back to the asset mix change in the RSA business, what is the level of P&L headwind we can expect once the derisk unchanged that sort of asset mix towards the pre-classic business? And conversely, what does that mean we have Solvency II ratio?

The second question is on the Swedish regulator looking into sort of price walking within Swiss business. I understand you've just got hold of Trygg-Hansa business, but I wanted to understand how much of the [ph]new hand to adjust the claims inflation versus sort of improvement in margin and what the implication of that regulation or review be?

And the final question is on Tryg guarantee. Under the current of the macro backdrop, how is that performing relative year-on-year? Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Good. I'll start with the asset mix as I heard it and, sorry, I didn't get the full details, but you were asking about how the adjustment to the asset mix would affect the Solvency II ratio?

Q - Faizan Lakhani {BIO 20034558 <GO>}

And P&L as well.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

And P&L. Yeah, basically, we don't give any guidance on that. I can say that if you look at the proportions of the portfolio, they have DKK24 billion of assets under management as is, of which approximately DKK6 billion will be what we would call free portfolio and the remaining part, a match portfolio. So the ratio is somewhat like the one we have in Tryg but there will obviously be some longer durations in the Swedish assets given the the features of their liabilities. But in terms of guidance as such, we don't give that for the year.

A - Morten Hubbe {BIO 7481116 <GO>}

Second question, it's very early days for the regulators project. I think as I understand they are looking into the differences in pricing in new customers versus portfolio pricing. I think for us, the most important part of pricing is understanding the risk and the micro tariffing of pricing to get the right risk selection and the right pricing for the right segments to continue to allow us to improve our underlying claims ratio. And as far as I can see, that focus is underserved by any such project.

But, of course, if there is new guidelines on the difference in pricing between new customers and existing customers, then we will deal with that but it will not change the most important part which is intelligence on risk selection, pricing, and selecting the right customers, which is an area where actually Trygg-Hansa is a very, very skilled, and an area where we are increasing focus and head count and emphasis and investments across the Tryg Group.

Q - Faizan Lakhani {BIO 20034558 <GO>}

Perfect. Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

And your question on the Tryg guarantee business, obviously, like the rest of our insurance business, they are very mindful of the impact of inflation and what else is impacting the performance of the businesses they have as customers but that is very much business as usual. And when it comes to whether they have any exposures related to Ukraine or Russia, the answer to that is, no.

Q - Faizan Lakhani {BIO 20034558 <GO>}

Perfect. Thank you very much.

Operator

Thank you. Our next question comes from the line of Youdish Chicooree from Autonomous Research. Please go ahead, your line is open.

Q - Youdish Chicooree {BIO 17430923 <GO>}

Hi, good morning, everyone. I have three questions please. The first one is going back on the topic of inflation. Can you give us a sense of where claims inflation is running up in property in both Denmark and Norway.

And then secondly, I think in your report, you talk about procurement and reserved discounting mitigating the impact of high inflation and that you would adjust prices if it's not mitigated, does that -- does that mean that the competitive backdrop is actually quite benign or basically you are ready to lose maybe some volumes or see some churn by making sure you are priced for inflation?

And then finally just on the sale of Codan Denmark. Can you remind us of the expected timeline for securing the anti-trust approval and whether the recent press reports around the potential investigation on how Alm. Brand approach this transaction might delay the whole -- the whole process? Thank you.

A - Morten Hubbe {BIO 7481116 <GO>}

I think when we look at the inflation question, Youdish, and good morning to you as well, I think the challenge is probably that historically we focused on an average, and then that average was a meaningful number. I think the challenge at the moment is that the average is becoming less meaningful because you have this strange situations where some building materials almost impossible to get hold off and if you need them and repair, the price increase could be 30%, 35%, 40%. Other materials have almost no inflation. There are sort of public statistics showing that in property you see inflation getting up to 4%, 5%, but there's an enormous variation underneath that and we see actually with our procurement agreements, we can pull down the inflation.

On the other hand, we also know that we cannot have a 100% compliance with our procurement agreements so we also see inflation. And then I guess in the various countries, we see motor inflation also increasing but being lower than the property inflation, but I would be a little bit careful over emphasizing on the average inflation because at the moment the world is a little bit crazy. So the average is not as as homogeneous as it usually is but that gives you some indication.

I think in terms of pricing and churn, as Johan showed actually our churn of customers is very low. We see that our retention rates increase across private, commercial, Denmark and Norway. We could have added Trygg-Hansa private and Trygg-Hansa commercial. That is not in the numbers yet, but the reality is the retention rates is increasing in both of those two areas as well. And as Johan mentioned that despite the fact that we are carrying out price adjustments to capture inflation, I think market acceptance of that and market understanding of the fact that there is inflation in society at the moment is high. You cannot really open the paper without talking about inflation. So society and customers are well aware of that.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

And just to add to that, Morten, I guess it also goes to show that our competitors in our markets are also going through price regulation. So that means that it actually doesn't necessarily mean that retention rates are impacted negatively.

And maybe I can just come back to your third question on the sale of Codan Denmark, just reminding us all about the process. So I think as Barbara alluded to, everything has been going according to plan on this process. Everything is approved regarding the sale of Codan Denmark except for the DCCA who needs to approve and (inaudible) purchase. We are not a part (inaudible) to details in this dialog with the DCCA but what we do know is that (inaudible) has been very clearly stating that they expect this deal to close in Q2. Since we are approaching May, it means that it could be very soon and we are optimistic and remain optimistic that this will happen in Q2, allowing us to very swiftly after that approval to initiate our share buyback.

So we don't see any real issues. We don't see any anti-trust topics that should hinder this approval from the DCCA. It's a matter of the authorities going through the motions and getting things done, and we are staying optimistic that this will happen in this particular quarter. And you also mentioned the last point around the investigation, the police investigations, we have read the same news as you have. We don't see any link to the competitive -- anti-trust authorities approving the transaction. So we don't see any link whatsoever.

Q - Youdish Chicooree {BIO 17430923 <GO>}

All right, got it. Thank you. Thank you very much for your answers.

Operator

Thank you. Our next question comes from the line of [ph]Chris Furnace from Berenberg. Please go ahead, your line is open.

Q - Analyst

Hi, good morning, everyone. Just on inflation more broadly, I was wondering if your view of risk regarding potentially higher than expected wages and medical care cost have changed in the last quarter. That's my first question.

My second one is, I was wondering if you have any comments on the situation with the ombudsman and the lawsuit coming from I think FSA. Would you be able to disclose a range of scenarios when it comes to what is the best cases with regards to the outcome of this investigation? Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Good. Well, on the first question on inflation, just to be clear, are you alluding to the wages related to the claims that we have to carry out or the wages related to our own employees? I was little unsure.

Q - Analyst

No, in terms of the claims. So the worker's comp line, if that could be affected as the result.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah. But when it comes to the wage increases, I mean, we clearly follow that and it is very much a part of what Morten and Johan have already been talking to. So when we look at the inflation, we are very mindful of not only which product areas are we looking at, but what is -- when are we talking about raw materials or supplies that are needed in order to carry out the claims handling and obviously the wages for craftsmen and others is a big part of that as well.

So, again, going down to the details and the nuances of what we track and stay very close to at the moment, wages is obviously a big proportion of that as well. And there again, Mike, you've seen across areas and products, you will also see just within the small region of Scandinavia large geographical differences in terms of access to and the wages paid to as mentioned for instance to craftsmen.

A - Morten Hubbe {BIO 7481116 <GO>}

And on your question with the ombudsman the way we see it, we have zero doubt that we have complied with the FSA guidelines on price adjustments. And in our view, there is no doubt that the FSA is the governing authority on that question. Then we have noticed that the ombudsman disagrees with the FSA guidelines. And, of course, that is the prerogative of the ombudsman but in our view, we have no doubt that we've complied with the FSA guidelines, which means that if two governance bodies disagree, then we'll have to take that to court. And in our view, there should not be a financial consequence of this agreement and we will need to test that in court and let's see what the process is, but it could take several years to get that question clarified and we'll just have to take that process.

Q - Analyst

Just a followup. Have you ever were in discussions with the FSA post the complaint? Have you had any sort of [ph]reassurance made from them on this on this topic since that (inaudible) surface or...

A - Morten Hubbe {BIO 7481116 <GO>}

It's just fine. And I'm sorry that it's in Danish, I believe, but in Danish newspapers, you can find quotes where the Danish FSA has confirmed that that has indeed been the guidelines. But that it is some time ago because the case is getting a little bit old but that has actually been confirmed with quotes in the price.

Q - Analyst

Okay, very clear. It sounds like it's a bit of (inaudible) for you, guys.

A - Morten Hubbe {BIO 7481116 <GO>}

Yeah.

Q - Analyst

Okay. Thank you.

Operator

Thank you. Our next question comes from the line of Jan Erik Gjerland of ABG. Please go ahead, your line is open.

Q - Jan Erik Gjerland {BIO 5346031 <GO>}

Thank you for taking my questions as well. I have a couple of ones and the first one is around volume, the retention and affordness of clients for price increases these days. Have you seen in the past that your price increases have made clients bring down the volumes. We saw some sign in the Baltics when people left their car in the garage rather than run it during the pandemic. But have you seen anything there of the affordness to have an insurance or to change the tariffs so that you can get better off in such a way and then have lower volumes in the past?

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

Yeah, maybe I should answer that question. I think in general, when we actually do see that we have an ability to price when there is inflation in the market without actually impacting volume significantly, we do believe that with high customer satisfaction and good levels of communication in a market situation where it's quite clear that there is inflation in the market, we don't see our retention rates or volumes have been impacted through -- by going through the price motions we are at the moment. I think we are even displaying that in some of our charts here where we see retention rates going up for all private and commercial areas at the moment. So at the moment, we are navigating through that quite nicely with our volume impact.

A - Morten Hubbe {BIO 7481116 <GO>}

I guess historical view on this people in the Nordic region tend to keep on insuring their things regardless of price changes. So people insure their house, they insure their family, they insure their cars, and they don't really change that because of price changes. I think the only area where we've seen customers for a period potentially not insuring themselves what we saw during COVID that there were more people not taking out a new travel insurance, which I think was a pretty special example because everything was closed down for a very long period. But for the more fundamental traditional insurance product, there is no historical examples of Nordic customers significantly changing the insurance because of pricing.

Q - Jan Erik Gjerland {BIO 5346031 <GO>}

So more so (inaudible) at all. Do you see that all in the future?

A - Morten Hubbe {BIO 7481116 <GO>}

No, I don't think so. I think our new product development shows that there is an interest with Nordic customers to defend and protect and secure the values they have so that when we create new products, there is a very high interest for customers to buy those new products. So if anything, I think the past two years, three years have showed a tendency for customers to buy more products, not less. We see also in this Q1 that for instance number of products in private lines is up a further 0.1 percentage point. It might not sound like a lot, but when you're already at a high level with a big stock, then increasing 0.1% is actually quite significant.

So, generally, I got to say, no. The tendency is for people to buy more insurance and for people to hold on to securing their valuables.

Q - Jan Erik Gjerland {BIO 5346031 <GO>}

(Technical Difficulty) on the wage of inflation part. On the Tryg homes, there has a lot of children insurance. How would that be treated when interest rates are increased and of course the base amount which the children insurance is calculated on in Sweden is moving probably upwards with higher inflation. How would we -- how should we look at that product when it comes to the profitability going forward and the moving parts? If you have -- could shed some light into that.

A - Morten Hubbe {BIO 7481116 <GO>}

I think it's -- if you look at this more broadly, the longer-tail lines in Sweden are sensitive to salary changes and mortality changes. And I think you get pretty good public data from authorities in Sweden on when to adjust this. Typically, the adjustments come quite seldomly and they had tried to hit a long-term stable environment.

I guess what we're seeing at the moment is more volatile inflation and salary movements, and deciding how that will impact salary longer term, I think is really a second question. So I don't think we have information yet on changes to neither mortality or salary in the longer-tail lines. And typically, the adjustments would be more stable and longer-term focused and not sort of short-term volatility focus. But if there are changes, then of course that would have to be reflected in pricing.

Q - Jan Erik Gjerland {BIO 5346031 <GO>}

If I may add one, I got a question on the move of the Codan Norway into Tryg Norway. The portfolio, how large was it? If you could just shed some light into how much that was in premiums actually?

A - Morten Hubbe {BIO 7481116 <GO>}

I think we're not -- we're not disclosing all the details of that. But I think what you can see is that you should expect that the majority of the decline in Codan Norway is due to move of brokered business into Tryg's business in Norway. And you can also see that if you adjust for that in our corporate book, the growth that was reported as minus 0.8% would actually have been minus 3% if we hadn't moved the brokered business in from Codan Norway. So it's in that ballpark.

Q - Jan Erik Gjerland {BIO 5346031 <GO>}

Thank you.

Operator

Thank you. Our last question comes from the line of Jimmy Shan from UBS. Please go ahead, your line is open.

Q - Jimmy Shan {BIO 7546152 <GO>}

Hi. I have three questions, please. So, the first is on run-off. So you mentioned that there has been popular positive run-off gains in corporate and commercial. It was this perhaps other segments. I'm just wondering, could you give a bit more color in that, please, whether if is driven by sort of comp lines or figures and if there is any change in assumptions were made.

And my second question around the SCR. So you gave this kind of timeframe on how the investment assets in the RSA parts will be kind of derisk. I guess my -- in this flow already well factored in terms of the SCR impacting your 105 to 205 guidance and half-year or we should be some maybe like -- there should be more a few had on the SCR from what you are showing in terms of the derisking?

So -- and third question is I driven -- I mean, the solvency life span (inaudible) guided range and this shows it's much more line or you need to run the business given the risk profile. Should we now think about special dividend for this year? Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes. If I start with the latter part on the solvency ratio where we, of course, have guided the 195 to 205. I think what we have been saying also at the Capital Markets Day is that basically, this is a new level. You can say the 195 to 205 to embark on our journey. It is something we're -- obviously, there is a lot of changes taking place throughout 2022. Our P&L and so forth is impacted by a lot of one-offs and so forth. So you shouldn't see this as a permanent new level.

So at some point, we will be looking at, you can say, the overall capital repatriation. But I think it's also fair to say that we just want to stabilize and make sure that we have the right stat on the combined business going forward.

A - Morten Hubbe {BIO 7481116 <GO>}

And on your run-off question, as we show the total run-off is somewhat higher than in Q1 last year. Q1 last year was DKK255 million, Q1 this year is DKK314 million. And then on the other hand, we saw large weather claims and large claims. You can see that run-off gains is actually down year-on-year in private lines and in Sweden, and the upwards trend comes from commercial and it comes from corporate. And, typically, it is lines like property and workers' comp where we see the majority of the run-off gains.

And then I guess also working with our claims and claims procurement program, we've seen over time not only helps the current year but also helps the run-off gains as it helps claims that have not been settled yet, but that is roughly the mix.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

And then I think the last question related to the SCR and whether or not you should expect any further impact from the derisking of the asset mix in the RSA investment portfolio, that is not the case. It's already included in the guidance we have provided because you can say what we expect obviously is to adjust it to our profile. So it is already taken into account in the guidance that we have provided.

Q - Jimmy Shan {BIO 7546152 <GO>}

Got it. Thank you very much.

Operator

Thank you. And we have one last question registered from the line of Ashik Musaddi from Morgan Stanley. Please go ahead, your line is open.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Yeah. Thank you and good morning and really sorry if these questions have been asked. I just joined the call a bit late.

So my first question is basically with respect to the the asset changes that you're doing in RSA's portfolio, would you say that all those changes have happened and there is no risk of any further losses because of such assets changes or would you say that some uncertainty might still be there as you might -- might still be in the process of reducing the duration gap, et cetera, between the asset and liabilities of assets portfolio.

So that's the first question I have and second question is the growth in the quarter was pretty strong. Would you say that there is any one-off in driving that growth or would you say that the market remains very good at the moment and you expect similar sort of topline growth in the coming quarters as well? Thank you.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Good. Thank you for your questions, and we have had a lot of questions on the assets in RSA but not in terms of, you can say, the areas that you highlight here.

So what we have obtained by now is that the risk profile on both what we call the free and the risk -- the free and the match portfolio stands at around 80% by now.

So we still have some allocation to be done over the coming quarters. It is -- some of it is in more illiquid assets. So it's not something that you just do overnight. So I would say it's too early to say that that we are fully done. We expect that to be the case during the autumn and also obviously in times where you have such high turbulence as you have seen in Q1, we cannot rule out obviously that we will have further losses in the future. But what we are focused on is obviously to limit the volatility in the assets that we hold, and in particular also that it matches the underlying liabilities of the business significantly better going forward.

A - Morten Hubbe {BIO 7481116 <GO>}

I'm quite pleased to be honest that the Tryg Classic matching strategy works so well. In normal quarters, you may forget that and I think the majority of insurance companies around the world do not have a matching strategy. We do and that is why the loss on the Tryg Classic investment was rather small in the quarter. So we're quite anxious to make sure that is the portfolio strategy that we use also for the acquired portfolios.

I think on your second question for growth. Yes, it is quite high. We are very pleased to see that what pulls up the growth is the most profitable areas.

It's private lines at 5.7% and even before bonus premium rebates 7.2%. And increasing this quarter, we see the smaller commercial segment at 8.6% growth. That is really high, reflecting a strong development both number of customers, number of products and pricing as well.

I think the dark horse -- I think private and commercial will continue to deliver strong growth. I think maybe the commercial SME growth was a little bit to the high side, but generally will continue to be high. And then the dark horse is, of course, what happens in corporate. As Johan explained, corporate is reported at minus 0.8% growth, but if you adjust it for the transfer from Codan Norway, the real numbers are more like minus 3% top line growth and there, we will be willing to let portfolio go if we need that. But quite interesting to see this quarter that we are reducing the static non-profitable exposure in property and liability in the larger global programs.

But actually, we're growing slightly in the smaller, less exotic, more domestic exposures in the corporate segment. So, generally, we believe that high growth will continue, but also that there is a dark horse called corporate.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

And, Morten, if I could just add. You're talking very much around Tryg Classic. If we just skewed towards our acquired businesses, the Trygg-Hansa, we are seeing this particular quarter growth just around the 3% market in Trygg-Hansa going forward and I'm not necessarily talking one or two quarters but one or two years going forward as the integration progresses.

We do expect to see more growth coming out of Trygg-Hansa. There have been somewhat punching underweight in the growth levels in the last three years to five years hovering up between 1% to 2%. We would expect them to grow up even further from the 3% mark we're seeing this quarter. So there should be some growth to come from Trygg-Hansa going forward.

A - Morten Hubbe {BIO 7481116 <GO>}

It was a little bit tricky to see what new car sales does. I mean, it's new car sales is down 26% in Q1 in Sweden. New car sales is down 28.5% in the Danish market. So really the sales force is working quite hard to make cross sales and sales to existing customers compensate for the lower sale of new cars. So that was just a few caveats at the end.

Q - Ashik Musaddi {BIO 15847584 <GO>}

That's very clear. Thank you. Thanks a lot.

Operator

Thank you. And we have another question registered from the line of Jan Erik Gjerland from ABG. Please go ahead, your line is open.

Q - Jan Erik Gjerland {BIO 5346031 <GO>}

Thank you. Just one follow-up of the short-term. How would you then correct the premium growth is sort of 50/50 price volume or is it sort of a different split. If you could shed some light into how this premium growth has come along?

A - Morten Hubbe {BIO 7481116 <GO>}

Ever published that split, I don't think we will either, but what you may say, if you go back four years or five years, the reality was that almost all growth was 100% price and even the development in product and customers was a little bit on the negative side. What we see now is that a very meaningful size of the total growth is now product growth with existing customers. And we also see the fact that when retention rates is increasing so existing customers stay for longer.

And then particularly in our SME segment, there is new sales growth but also in private. It means that the number of customers is also growing slightly, which again has a meaningful size of the total growth. And then, of course, pricing. So it is a very good mix between pricing, customer growth, and very importantly product growth for existing customers. Probably the healthiest combination we've had historically.

A - Gianandrea Roberti {BIO 6786731 <GO>}

Thank you, Jan Erik, but this is -- this is Gianandrea again. I just want to thank you all for all the very good question. As always, [ph]Trevor and I in Investor Relations remain at your disposal during the day, but we look forward to speak to you in the next hours in base. Thank you.