

Mapfre SA to Acquire Direct Line Subsidiaries in Italy and Germany Call

Company Participants

- Esteban Tejera, First Vice Chairman
- Luigi Lubelli, Deputy General Manager, Finance

Other Participants

- Atanasio Pantarrotas, Analyst
- Avinash Singh, Analyst
- Farquhar Murray, Analyst
- Federico Salerno, Analyst
- Javier Bernat, Analyst
- Rodrigo Vazquez, Analyst
- Sami Taipalus, Analyst
- Unidentified Participant, Analyst

Presentation

Operator

Welcome to MAPFRE's update conference call. 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 {BIO 3910673 <GO>}

Thank you. Good morning, ladies and gentlemen. And thank you for attending this conference call, even if we have advised you very early this morning. But the occasion is what it is.

We have acquired the Direct Line's, as you know now, operations in Germany and Italy of Direct Line. And I would like to share with you the main rationale of this operation.

If we go to page four of the presentation, here the price that is public now, EUR550 million. I would like to remark that this, we think, is a positive conclusion to the Group's result from the beginning.

On page five we have the key highlights of the transaction. I would like develop later that this transaction is in clear alignment with the market strategy.

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We are acquiring two companies that -- we think that are successful, profitable and consolidating businesses; is a complementary fit and an opportunity for maximizing our capacity as a Group in developing our business model. And I will be more in depth in this special highlight.

These are transactions that we think that incorporates growth potential and value creation for the Group.

On page six we analyze the alignment with the MAPFRE strategy. The transaction is a significant step forward in the strategy announced by our Chairman during the last AGM.

It matches perfectly with our strategy of international diversification; especially he mentioned growth in Europe. In this aspect it's an increase of our presence in the Euro area as well as [ph] Spain. And in the branches where we are a specialist, like motor insurance.

It matches also with our approach of the multi-channel development of the direct insurance business. As is developed in the annex of this presentation, the average composite growth in Italy and Germany in the last five years was respectively, in this segment of market, of 14.6% and 9.1% respectively.

It will allow us to utilize our in-house digital platform for online direct insurance in new markets. This is very important, because we were working very hard during the last years in developing this platform in our subsidiary in Spain, VERTI. And in several projects that we were running in other countries where we have presence.

On page seven you can see how these acquisitions have changed, due to the fact that this represent a (inaudible) in our project of development of this activity in Direct Line in Europe. We are acquiring successful companies, that are profitable from the scratch and they are consolidated businesses.

Direct Line operates in this market since 2002; is the leader in the direct insurance market in Italy and ranks third in Germany, with market shares of 28% and 13% respectively in the motor direct insurance.

We incorporate with this operation more than 1 million in-force policies in Italy and close to 600,000 in Germany.

And is, as I mentioned, a consistently profitable business since 2009. They have very significant average growth rates between 2009 and 2013, outperforming their markets.

I mentioned the percentage of growth before for the market as a whole. And these companies in Italy -- this company in Italy has an average compound growth ratio of 16% of the premiums and 88% in profits; and in Germany 9% in premiums and 20% in profits, according to the market.

And even if they specialize in this, Direct Line segment, they have also important distribution agreements with major brand car dealerships, supermarkets, web portals and other partners that allow -- complement the business of the direct insurance distribution.

As I mentioned, I develop it in -- on page 8. This complements our business as it's an opportunity to fully maximize the capacity of the Group's business model.

We focus on motor insurance and homeowners segments, where we are the specialists not only in Spain and Latin America but also everywhere where we are working.

This complements our search for operational efficiency, providing our policyholders with excellent service and they have, as we have, rigorous underwriting and investment policies.

On page nine we are summing the growth potential and the value creation. We think that the integration with MAPFRE will permit to adopt the technology developed in MAPFRE in the sector in Spain where we are leaders in online sales.

We can apply our operational excellence model also where we have achieved high levels of efficiency, as you know very well, in the different markets.

We think that we are able to widen the current range of products they have in developing new lines of business and we have, as a target, to improve the combined ratio of the business.

The most important thing may be that we believe that we can take advantage of the skills of these new companies and complement those skills with our own skills in other fields of the motor insurance. This will be good not only for the Italian and German subsidiaries. But also for our subsidiaries in Spain, in Latin America and in the USA.

We have a presence already in Italy and Germany through MAPFRE ASISTENCIA and this allow us to improve the range of our services there and the possibilities of launching new products in the new subsidiaries acquired.

And as you know very well, the activity of the MAPFRE RE in these markets can help us to optimize the reinsurance structure of these companies through the cooperation with MAPFRE RE, where we can be assured of the improvement in the efficiency of these companies also.

Well I think that these are the main drivers of the rationale of the operation. As usual, I will open now the Q&A session and, as usual, Mr. Lubelli, who's sat [ph], we are available for you. Thank you.

Questions And Answers

Operator

(Operator Instructions) Federico Salerno, MainFirst.

Q - Federico Salerno {BIO 2565091 <GO>}

A few questions, please. How do you intend to finance the deal? I guess you could issue debt pre-teller rates [ph]; that may be a smart way to do it. Can you say something on that?

Second question on dividends for 2014. Are you going to take a more prudent view on the dividend payout, because of the deal?

Then last question is on your other investment in Italy. I'm referring to the stake in CATTOLICA. Can the deal accelerate a disposal? Again, can you say something about that? Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Hi, Federico. Well from the point of view of funding this operation and the size of the operation is more in comparison with the size of MAPFRE. And our position now in liquidity and cash -- availability of cash in the undrawn lines in credit we have allow us to funding this operation without any help of our shareholders.

From the point of view of the dividend payout for 2014, this operation is not affecting at all the -- our policy, because of the -- if you look at the figures, this company is -- those companies are incorporating profit from the scratch and the amount of the funding is not relevant from the point of view of our dividend policy.

So we will keep our commitment of the (inaudible) distribution up to our shareholders and it will be not affected for this operation.

From the point of view of the investment in Italy, the other investment in Italy, we have (inaudible). As you know very well, this was the consequence of a business plan that we introduce with our partners there; at the moment, we are talking about 2007/2008.

This joint venture didn't work from the scratch, because they changed their policy. And we have this as a financial investment with a company that we consider friends of us.

It's true that we abandoned a long time ago, our intention of developing motor insurance with CATTOLICA in Italy. This is another operation is totally independent of (inaudible). And that's it; you'll see it's totally independent.

There are work to do with the investment, it depends on condition of the market and our attitude about financial investments. But not conditions for this operation.

Q - Federico Salerno {BIO 2565091 <GO>}

Okay. Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Thank you, Federico.

Operator

Atanasio Pantarrotas, Kepler Cheuvreux.

Q - Atanasio Pantarrotas {BIO 5933123 <GO>}

First question is on the combined ratio, because Direct Line in Italy has a combined ratio which is still slightly above 100% [ph], despite the very favorable environment for the motor market in Italy, which is below 90%.

So my question is how do you think that you can improve this combined ratio? And how can you achieve some synergies to reduce the cost in order to improve the combined ratio?

The second question is on IT platform. My understanding is that you will have no access to develop a base into the IT [ph] parties of Direct Line, is it correct? So you will use your Internet parties for this business? Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Thank you, Atanasio. Even if I say it at the beginning that I hear you, the reality is that the sound was very poor when you established the question. But in any case, I understood and I think that I understood correctly.

In the first question of how we are managing to review the combined ratio, at least that is in this company, over the combined ratio that is the average of the market now in Italy.

Well this is our job and this is the part of job that we do in the daylight in our insurance companies, we have a track of doing that in different countries and this is one of the main drivers of the improvement of the company.

It's soon to establish now, the same day that we have acquired the company, the specific measures in this area. But we have identified possibilities of improvement that we will show you in the -- next month. But it's is very early to talk about this. But this is one of the main drivers of development of the company.

The second was. And may be that I didn't understand you correctly, that the IT platform and our internal (inaudible). I think that we have the skills that are totally complementary.

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Direct Line is a well-known company, developing their online business in -- through telephone. We are now the leaders in Spain in this kind of business in the digital approach of Internet and VERTI is our bet [ph] in this field.

Even if the development of VERTI, they started only three years ago, we have now more than 250,000 policies in Spain; we are the leaders by far. And we have our own IT platform that is prepared to be implemented in other countries. This is our main target here; to max in the complementarity of the (inaudible) the two approach: the approach of Direct Line that is leader in Italy now; and complement this with our own IT, in order to take advantage of the skills of both Groups.

Q - Atanasio Pantarrotas {BIO 5933123 <GO>}

Thank you.

Operator

Javier Bernat, BEKA Finance.

Q - Javier Bernat {BIO 1704575 <GO>}

My question is regarding the schedule of the deal. When do you expect this to be completed? That's the first question.

The second question is regarding when do you expect this deal to be accretive, if it's going to be accretive since the first year or the second year? Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

I don't know what -- in terms of the schedule, the schedule depends on -- as always, on the approval of the regulators in Italy and Germany. And I suppose that it will take some months as usual.

And in terms of the accretive, there is a credit or not, it's a credit. But I imagine that Luigi will give you some color to this affirmation. Luigi, do you want to comment?

A - Luigi Lubelli {BIO 4108780 <GO>}

Yes. Good morning. We understand the transaction to be accretive immediately. Firstly, the company is -- well, immediately, let's say once this company gets into our accounts, of course, which as Mr. Tejera was saying, is something on which we cannot, as yet, put a precise date.

The company is profitable and, basically, these days, as you can imagine, the returns on the investment on our cash are relatively limited, let's say. So clearly, it's beneficial almost immediately, yes.

Q - Javier Bernat {BIO 1704575 <GO>}

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Thank you.

Operator

Rodrigo Vazquez, N+1.

Q - Rodrigo Vazquez {BIO 17490418 <GO>}

I have a couple of questions. The first one is what return investment do you expect to reach and in what time frame?

The second one is do you expect any restructuring charges to -- after acquisition? Could you provide more detail on the synergies?

And finally, is the EUR16.5 million profit before tax of the first half of the year, it's a run rate we should expect for the following semesters? Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Hi, Rodrigo. If I understood well, you have three questions; one is in ROI; the other is in synergies; and the other is in profit before tax.

Starting for the last one, according to the information we have, this is a company that now is in the range of -- these two companies are on the range of profit before taxes of EUR30 million in the year -- in the current year, according to the figures from the first semester.

Well this year, the figures are -- well, they are and the improvements of the company will wait until the next year obviously. But the main driver of the acquisition is what we can do with the company and what we can do with the management team of these companies with our management teams working together in developing a business model that we are introducing successfully in Spain and in other countries. And we can implement now in these other markets.

Our figures show that there will be a return on investment that will be able to outpace the charge of the investment and we are creating value that is bigger than the goodwill from the very beginning of the operation.

From the point of view of synergies, I have told about these. In the synergies currently apart from the side of increasing our income, in developing new products and growth than the typical synergies of a merger, where two companies merger. And there is a simple reduction of costs.

Cutting costs here is not the main driver. The main drivers are improvement, efficiency, growth. And a better restructure of the reinsurance through the cooperation with our reinsurance company, MAPFRE RE. And the cooperation with our current operations in

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those countries, through MAPFRE ASISTENCIA. And our previous presence in these countries.

Q - Rodrigo Vazquez {BIO 17490418 <GO>}

Okay. Thank you.

Operator

Avinash Singh, Nomura.

Q - Avinash Singh {BIO 17348287 <GO>}

A few questions; the first question would be do you have any medium-term financial target for this acquisition. I see a EUR550 million price for a EUR30 million pre-tax profit is not very attractive. So do you have in terms of like any profit target, say, by 2015 or 2016? That was my first question.

Second question would be what sort of screening criteria did you apply for this acquisition, because one would have expected you to make some acquisitions in growth markets -- in a new growth market or rather to strengthen your position in, let's say, Turkey or the Philippines. So what criteria you applied before going for this acquisition?

Lastly, what is going to be the impact of this acquisition on your solvency capital?

A - Luigi Lubelli {BIO 4108780 <GO>}

Profit targets, there's nothing we can refer explicitly to, because we have not included them in the presentation. But I think what Mr. Tejera just said goes in answering the previous question, goes in the line of what you're saying.

I think it's useful just to go back through it, because I imagine this is a focus for everyone on the line to begin with. Our suggestion to you is do not just focus on the asset, because this is certainly a very good asset. We think we've bought two excellent companies, which are good in their own right. But then there's a strategic value for MAPFRE beyond. And in addition to, these two countries.

The first part is what Mr. Tejera just said is, under MAPFRE, these companies can grow more and be more profitable. Why can they grow more? Because we can provide them with knowhow, with their existing product range and, therefore, enhance their existing product range. Then add new lines, because I imagine someone -- or everyone will give us credit for that. MAPFRE is a pretty competent global non-life player; so that is a top-line development.

On this greater volume, we can have these companies be more efficient and more profitable, because, in addition to sharing best practices, we have a more-efficient IT platform, which, by the way, enables and facilitates sales of products through the Internet. And we, of course, have a global reinsurance company onboard.

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So we can optimize the structure of the sections of this company, clearly, in a way that we understand -- with capabilities, that we understand, its former owner did not have. So let's say, this is the first reading of the transaction on the value creation on the companies themselves, standalone.

Then, as Mr. Tejera way saying previously, a very relevant value for us is that we can combine their knowledge, which is distinguished especially on the phone sales and, generally speaking, various channel sales with our knowledge on the Internet, which we have developed successfully with both VERTI and InsureandGo in the UK, plus our generalized knowledge in non-life.

That allows us to develop a model for direct insurance distribution, which we will deploy in the countries in which MAPFRE operates globally, which are clearly many more countries than its previous owner has.

This is the way in which it has to be read. We consider that what we are going to gain, both as the companies themselves. And especially through the deployment of this combined knowledge in many more countries, far exceeds what we are paying for this company at present.

Am I answering your question?

A - Esteban Tejera {BIO 3910673 <GO>}

No. I think there was a question also about our impact in the Solvency II. From this point of view --

A - Luigi Lubelli {BIO 4108780 <GO>}

I was answering the first question on the profit target of the speaker.

A - Esteban Tejera {BIO 3910673 <GO>}

Yes. But in any case I would like to remark that from the point of view of the solvency, our financial strength and our solvency position is good enough not to affect it for this in the short term. In the medium term, in the value creation of the company will be enough.

In any case, these introduce, from the point of view of risk management, a diversification in terms of exposure to the euro; so that is good for us.

From the point of view of enriching our presence in the traditional lines of -- personal lines were the requirements of capital. And our track of results are very good, are very-well balancing our position in Solvency II. So there is no concern about this in the near future.

We are assured of having a better position in terms of the solvency issues.

Q - Avinash Singh {BIO 17348287 <GO>}

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Okay. As a follow-up to that, will you be looking to explore or exploit those platforms beyond your direct insurance for other businesses?

A - Luigi Lubelli {BIO 4108780 <GO>}

Well no; that's not exactly what we said. What we said that we are going to exploit this platform in other countries. Let's say, we are going to enhance what we are acquiring in Germany and Italy. We will deploy what we have there, combined with what we have elsewhere, especially England and Spain, in other countries. But it's on -- we are focusing on retail business.

You were also asking before under what criteria did we do this transaction. As you surely remember, our Executive Chairman in the AGM mentioned the fact that we had a clear strategy of doubling, in five years' time, our presence in Europe and of developing globally a direct insurance business.

Basically, just by itself this transaction achieves the first target, which is doubling the size in Europe, because virtually that is what it does; we go from about EUR700 million in premiums to about EUR1.4 billion.

Secondly, as I hope I've explained in detail -- I've described in detail, it's really an opportunity for a major advance in our ability to rollout a direct insurance proposal globally, which was also, as I said, stated as a target by our Chairman at the AGM.

Does that answer your questions?

Q - Avinash Singh {BIO 17348287 <GO>}

Yes. Thank you.

A - Luigi Lubelli {BIO 4108780 <GO>}

Welcome.

Operator

Farquhar Murray, Autonomous Research.

Q - Farquhar Murray {BIO 15345435 <GO>}

Just two questions, if I may. Firstly, just coming back to the previous solvency question; I fully appreciate you're coming to this from a position of capital strength and surplus capital. But I just wondered if you could actually quantify the impact on the IGD ratio. I think on my rough estimate, I think we're talking about probably 14percentage points.

Then secondly on the topic of synergies with regards to the reinsurance structure, have you got any sense of the magnitude of savings or benefits that you might get from that, either possibly under Solvency II as well? Thanks.

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A - Luigi Lubelli {BIO 4108780 <GO>}

Okay. Good afternoon, Farquhar. Once again, as it is our policy and also regulations we cannot give you figures, which we have not put in the public documents.

But certainly what we can do is guide you. This is -- let's say, it's an ordinary model business with a conservative investment portfolio. So in terms of risk addition, I imagine you can do some work with Italia -- I'm talking Solvency I now here, with the Italian companies and you -- or Spanish companies, such as MAPFRE FAMILIAR, we can help you out with that and you can guess it

But just in rough terms, we are talking about a company which has EUR1.5 billion in assets, which is added to a group, which is close to EUR50 billion in assets. So the marginal risk added to our Group is perfectly manageable.

In terms of solvency, once again, I will guide you qualitatively, because I cannot provide you with figures. You have to bear in mind that this year -- that last year, our Group was very strongly negatively affected by exchange rate. This year, it's actually very much the reverse.

In addition to that, we're only quite positively affected by the behavior of interest rates in Spain. So if you compare our equity yearend 2013 with what it will likely be at the end of September and foreseeably at the end of December, what we are adding this year is much more than what is taken away by the goodwill component of this transaction.

So in both economic capital and regulatory capital terms, it's not a terribly strong impact I would say. I wonder if this answers your question.

Q - Farquhar Murray {BIO 15345435 <GO>}

It's helpful.

A - Luigi Lubelli {BIO 4108780 <GO>}

Your second part of the question, remind me please, excuse me, Farquhar, was?

Q - Farquhar Murray {BIO 15345435 <GO>}

It was just you mentioned this kind of synergy from reinsurance with regards to MAPFRE RE. I wonder whether that's any magnitude there. But I don't imagine (multiple speakers).

A - Luigi Lubelli {BIO 4108780 <GO>}

Once again, there's nothing there specifically. But as you can imagine, we -- this happens with every MAPFRE company. We have a certain degree of retention.

Let's say MAPFRE retains at two levels: obviously, MAPFRE retains at the operating company; then every MAPFRE company cedes to MAPFRE RE, which when it's a MAPFRE

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company, normally retrocedes most of what it gets from the subsidiary. But it does keep something at its level [ph].

So we will be revising that. I cannot give you a precise answer now. But, as you can imagine, this company comes into the fold of a much larger Group and of a Group which, I believe that we can state credibly, has certain knowhow in reinsurance and how to deal with it in non-life. So this should be -- you should expect a segregated retention going forward within the Group.

Q - Farquhar Murray {BIO 15345435 <GO>}

Okay. Thanks very much.

Operator

Sami Taipalus, Berenberg.

Q - Sami Taipalus {BIO 17452234 <GO>}

Given that M&A appears to have returned perhaps a little bit quicker to the MAPFRE agenda than at least I expected, I wanted to ask a little bit about your future -- potential future plans for this.

First of all, I was curious to know: what do you think your capacity for doing M&A would potentially be in the future?

What sort of funding options would you consider? I know this deal was all cash. But would you consider, for example, raising debt or raising equity capital to do future deals?

Second of all, I wanted to ask a little bit about how you think about valuation. I appreciate this appears to have been a strategic deal. But could you give us some formal sense of what form of upper limit you apply to the current valuations you're happy to pay for these types of assets? Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Thank you. Well from the point of view of our policy of merger and acquisitions, I think that this policy was clearly established in the past remarks [ph] of our Chairman in the last -- two last AGM.

We have operations traditionally strong -- very strong, I would say, in Spain, in Latin America. We have a presence that is remarkable now in the USA. And we had a situation where our Chairman established summary [ph] of the focus that were clear.

One was Europe. The other was keeping our leadership presence in Latin America and Spain, obviously; and be open to new opportunities of growth, mainly organic but also could be inorganic, in the country where we have a presence and we have the opportunity

of increasing the presence. And he mentioned specifically Mexico, USA and some areas of Europe.

We'll say [ph] that our policies only acquire companies where the opportunity is complementary with our business model and our strategy and within the fields what we have positioned that a long while to take advantage of these kind of acquisitions.

You look at our acquisitions in the last year, we were in acquisitions that we have been very calm, meaning than seven years. And with a view to the fact not of not having seen a lot of opportunities. But applying rigorous criteria about the -- how one investment match or not with our strategy.

In this sense, these two companies, in Italy and Germany, according to our analysis, are companies that are perfectly within our strategy of diversifying geographically the business; entering in business that -- in segment of the market that has very high potential growth.

We are entering into Direct Line car insurance in Europe. That is a growing segment within this guidance; that is our specialty. These are the criteria.

If there is something that matches from the point of view of the size. And size is important also in this case, from the point of view of complementarity and from the point of view of new [ph] development, we will be there. But if not, we will remain calm and it's not a question of entering in a rush for new acquisitions.

With these, we have complete our targets for the next year and we will be open if there are new opportunities obviously. But these kind of opportunities, that match so well with our strategy, not every day happen and we had taken advantage of this opportunity, in order to implement our strategy.

To the other questions, I think that Luigi can continue.

A - Luigi Lubelli {BIO 4108780 <GO>}

Yes. Good afternoon, Sami. Once again, valuation creating, thank you for asking that. I'll start from the third one, because I think it somehow hooks better with what Mr. Tejera just said.

As we always say when we're asked this question in our transactions, we don't reinvent the wheel when we value an acquisition. We look at multiples and we look at discounted cash flows. We have looked, clearly, at cash flows here. We've used what we consider to be reasonably conservative discount rates, in order to get at our valuation.

But the important thing. And I would like to repeat that, we have not only looked at the cash flows that we were deriving from the assets -- we expecting to derive from the

assets. We've also looked at the cash flows that we expect to generate elsewhere thanks to this acquisition.

The total amount is what makes sense to us. So we -- and in that sense, call it a strategic reasoning, you can call it a strategic reasoning. But let's say we've seen this company globally added to MAPFRE in total. The valuation criteria really, we do not have a special MAPFRE machine for making valuations. We use traditional and well-tested evaluation approaches.

The capacity for acquisition, it's certainly not something we would say openly and fully. Also, it's another question that can be answered theoretically, because it very much depends on the asset that you're buying.

But just to assuage your concerns, I think MAPFRE is one of, if not the least, indebted Group there is in the European insurance industry. We basically have, not to say no senior debt but very little senior debt.

We have an almost unused hybrid debt capacity and we have a EUR750 million syndicated line which is fully undrawn. We had about EUR1.2 billion, if my memory doesn't fail me, in cash at the close of June, a part of course, which will be used for this transaction when the time comes.

So please don't understand this as we are going to use all powder and weapons over the next month, as Mr. Tejera said; but, let's say, we have reasonable capacity if need be. But once again, don't take it as we are going to buy anything large, anything soon, because that is not the message.

Q - Sami Taipalus {BIO 17452234 <GO>}

Okay, cool. Yes. That's great. Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Thank you.

Operator

Guillermo [ph] (inaudible), Exane BNP Paribas.

Q - Unidentified Participant

I have a quick follow-up question on the dividend policy. You said that you wouldn't change the dividend policy. Could you just confirm that you would not use the scrip dividend as a tool, as you have done in the past? Thank you.

A - Esteban Tejera {BIO 3910673 <GO>}

Yes, for sure, this is happening that we used, at the very beginning of the crisis in Spain. And we have undone this policy several years ago.

We were the first to use the scrip dividend in Spain, as I can remember. But we were -- we have undone this kind of policy, before the other groups started to implement these in Spain. We have no intention in the short term or the medium term to use this again, because we have no need, at all, look for more money coming from our shareholders.

Q - Unidentified Participant

Okay. Thanks very much.

Operator

Federico Salerno, MainFirst.

Q - Federico Salerno {BIO 2565091 <GO>}

It's a follow-up question on an unrelated topic, which is Spanish motor, if you don't mind.

We've seen some positive news again in Spain these past few weeks. Are you changing your view about frequency? Do you think it might begin to rebound, or can you remind me what your view is at this point, please?

A - Esteban Tejera {BIO 3910673 <GO>}

Well Federico, I think we will have opportunities in the next days and in our Third Quarter presentation of going more in this details of the evolution of the Spanish market. We will have more information according to the evolution of the month of September.

It's true that the situation -- the economic situation, in Spain has improved and then we have registered a slight increase in the frequency. But the figures now can be -- must be followed with the figures of September, because during July and August there are disturbances due to the holiday period.

In any case, nothing worrying about the evolution of the loss ratio in Spain. But I think that today is not the day to talk about this in Spain, because we're not -- we can last here for several hours. We will be at your disposal, our department of -- that you know very well. And in our next meeting in London and in the Third Quarter presentation.

Q - Federico Salerno {BIO 2565091 <GO>}

Sure, thank you very much.

A - Esteban Tejera {BIO 3910673 <GO>}

Well if you haven't any more questions, I think that we can finish just in time. I would like to thank you again for attending our conference call.

I think that in the near future we can give you more details of this operation. I hope that these details will be good and will make you more comfortable with the acquisition we have done.

Thank you. And see you in our next meeting.

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