Q3 2015 Earnings Call

Company Participants

- Jan Erik Saugestad, Executive Vice President Asset Management
- Lars Aa. Loddesol, Chief Financial Officer
- Paris Hadjiantonis, Analyst
- Sigbjorn Birkeland, Finance Director
- Unidentified Speaker

Other Participants

- Ashik Musaddi, Analyst
- Blair Stewart, Analyst
- Jonny Urwin, Analyst
- Matti Ahokas, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen, and welcome to the Storebrand Analyst conference call. My name is Ann and I will be your coordinator for today's meeting. For the duration of the call, you will be on listening-only. However, at the end of the presentation you will have opportunity to ask questions. (Operator Instructions)

I would now hand over to Sigbjorn Birkeland to begin today's conference. Thank you.

Sigbjorn Birkeland {BIO 20061271 <GO>}

Good afternoon ladies and gentlemen. Welcome to Storebrand's third quarter conference call. My name is Sigbjorn Birkeland, I'm Finance Director of Storebrand. Together with me I have Group CFO, Lars Loddesol and ahead of Economic Capital Conference Trond Finn Eriksen. Group CEO, Odd Arild Grefstad, Head of IR is on the way to US Road show. So they are not present on the call today.

In the presentation today, Lars will give an overall view of the development in the third quarter. The slides will be similar to the analysts' presentation released this morning, and are available on our web page. After the presentation, the operator will open up for questions. To be able to ask questions, you need to dial in to the conference call.

I will leave the word to Storebrand's CFO, Lars Loddesol, who will start the presentation on slide two.

Lars Aa. Loddesol {BIO 3969188 <GO>}

Good afternoon everybody. The Group results for the third quarter are NOK176 million and NOK185 million year-to-date. We see continued strong growth in our core business and the top line is growing by 8.5% adjusted for non -- discontinued business and currency developments. There is a positive development in operational costs, which are down in the third quarter compared to the second and first quarter. However, the results are negatively impacted by financial results following increased credit spreads, negative equity markets and a generally very low interest rate environment in Norway and Sweden and indeed Swedish short-term interest rates are negative.

However, the core business grows well with 17% growth in written premium in the insurance business, 27% growth in the unit-linked business and premiums. I would also like to emphasize that the longevity strengthening program continues and we have done another 200 million this quarter, even if this has been a challenging quarter and two-thirds of the overall longevity strengthening has been completed now, less than two years into a seven-year plan of doing so. The estimated Solvency II ratio is at 146% and I will give more details around that in a moment.

If you flip over to slide number three, this just to remind you that we have a two-fold strategy, where we are managing the back book with an objective to enter into a Solvency II world, and operate in Solvency II world with the solvency ratio in excess of 130%. At the same time, we're also growing a front book with savings for retirement and insurance business without guarantees, and this is indeed important to have as a background when we flip over to the following page, page four. The Solvency II ratio is 146 with transitional rules and 104 without transitional rules in the quarter.

The fall from 154 to 146 with transitional rules is due to falling equity markets which gives two effects. One effect is that as part of our dynamic hedging program, we sell equities in a falling market and also therefore in value relative to other things. So the equities as part of the total goes down. The second factor is that the stress under Solvency II is reduced when stock markets fall and they have been reduced by -- from 42% to 36% according to the methodology in this quarter. So that is the reason why the -- with transitional rule number goes down.

This development in the number without transitional rules from 114 to 104 includes our own improvements of approximately 2 percentage points on top of the 3 percentage points we did in the second quarter. Also it includes a revision of expected development in the paid-up policies with the investment choice, paid-up policies and defined benefits in the defined benefit book, where we expect somewhat less conversion than previously, which gives us more paid-up policies that we had in the previous estimate. At the same time, we've done improvements in the risk management and dynamic investment policy, which is the explanation about the total number.

When we look at the estimated sensitivities, we've done a slight change in the way we present this compared to what we did last year. And this is because when interest rates fall, as you can see in the second column on the right hand side, interest rates minus 50 basis points, typically the number without transitional rules will go down. However, the transitional rules will increase in value and therefore the top number of 146 does not necessarily change at all with the fall in interest rates. So this is important part to keep in the back of your heads when you look at sensitivities going forward. And this may -- will make it easier maybe to understand the sensitivities done, it has been previously.

I would also like to add that we do have a pipeline of additional measures including how we model tax as a cushion if you want a buffer in terms of income volatility. And also segmentation and risk management, there are additional measures that we are in the process of implementing. This makes us confident that we will be able to deliver another 5 percentage points by all measures by the end of the year according to the previously communicated plan that we will be able to do at least 10 percentage points by all measures.

If we flip over to the following page, page five, this is to show graphically how the development in income is changing and how we indeed, we are growing it the front book and you can see this on the left hand side where we have the revenues or the income from the third quarter 2014. We have a significant increase in revenue from the savings business. There is a small income increase in guaranteed pensions, but then in the public sector, which is in -- which we are getting auto as well as corporate banking which are both to be closed within a very short period of time. We obviously loss the revenues at the same time.

So we're actually able to maintain a reasonable growth in the top line despite the fact that we have significant parts of our business which is -- which we are exiting from. And this is also illustrated on the right hand side, where we see that the revenue from the savings business grows quite predictably and linearly, while the development in guaranteed pensions has very significant shift in the beginning of 2014 as a consequence of the fact that we were started to the longevity reserves strengthening program at this time, but also as a part of the strategic shift away from guaranteed pensions.

Flipping over to page six, our CEO presented a new organization this summer, and the new organization has the objective of increasing profitability and improving customer centricity. We have also introduced in our Capital Markets Day about a year ago, a cost-income target. And you may have seen in press in Norway talking about layoffs within the distribution area in Norway earlier this year -- earlier this quarter, earlier in October, where it was announced as staff reductions of about 65 full time employees within this year. That's approximately 15% of the staff in this area.

We are going through the whole Group in order to strengthen profitability, reduce costs, and improve efficiencies. Some of the cost reductions will be a reallocation of resources to other areas, but overall the cost level needs to come down and we will continue to do so. However, this is not part of a cost reduction program as such, but more a part of ongoing business this year, next year and forever.

We also announced this morning that we are in final negotiations with a potential partners on the partial ownership of Storebrand Baltic, our operations, back office operations in Vilnius in Lithuania, where we currently have 370 employees. The ambition of with these negotiations and the strategic partnership that we are looking at is to leverage innovation capacity and create more customer-friendly solutions. At the same time automate manual processes to reduce operational cost and to move from a world where we have a lot of fixed cost to more variable cost base.

We're quite confident that this will give -- achieve those objectives. However, we're not going to give you any number at this stage, as we are still in final negotiations with the partners, but will revert to the market with more details on this in due course and well before Christmas.

On page seven, we see the continued strong growth in the front book with 26% increase in unit linked reserves, 12% increase in asset management reserves, the strong growth in premiums and the insurance as I've already commented upon. And also we see in the last couple of quarters, an improvement in retail loans and indeed, we had an increase in mortgages of about 5% over the last six months. So we're now taking market shares in this markets.

Then I would like to flip over to page 18. So flipping towards the end of the presentation. On page 18, we show that we have strengthened longevity reserves or we will continue to strengthening our longevity reserves by an additional 200 million this quarter, and now done two-thirds of what is needed. The Group has had a charge of 96 million in this quarter as a direct contribution in order to achieve that reserve strengthening.

Moving over to page 19, we see the development or the expected development of cost to shareholders of the remaining of longevity reserve strengthening. The public sector has now been fully reserved and it's in runoff, at the same time, we have a lot of individual contracts which has achieved full reservation as well as reservations done strong through the conversions to paid-up policies with investment choice. When we now look at the estimated reserve strengthening needs going forward and the estimated cost to shareholders. We see that this will decrease from 90 million a quarter to an average of 65 million a quarter.

That is somewhat front-loaded with more charges in '15 and '16 and then falling to about 50 million per quarter in 2017 onwards. As a total, this will decrease the charge to shareholders of about NOK0.5 billion compared to previous estimates. And finally on page 20, we continued to show you estimated return on the paid-up policy book which is the most challenging book that we on the balance sheet. As a consequence of the significant hold to maturity bond portfolio or bonds at amortized cost portfolio and with the good running yield as well as a low investment risk in the rest of the portfolio, we do expect to continue to achieve a return of about 4% or in excess of 4% for the whole period after 2020.

And I would like to remind you that after 2020, we will finalize the longevity reserve strengthening and the average guarantee goes down to approximately 3% from then onwards. And we will therefore be able to also meet that guarantees by reinvestments currently being done at -- well above 3%, 3.5% was one of the last investments we had. So we're still making reinvestments in this portfolio at levels which are worried about guaranteed.

And I think, I would like to conclude the presentation by just saying that there are, we have weak results in SPP or in Swedish operation due to lack of profit split with a low financial return in those portfolios in the quarter. We also had a weak results on the Company portfolio, as consequence of many of them being invested in a large part of the Company portfolios being invested in credit bonds and credit bonds have spread out during the quarter, which means that we have a mark-to-market loss, these are not realized losses. And in reality, the fact that the mark-to-market at a higher rate gives us a higher running on these portfolios going forward. That's on the weak side.

On the positive side, we see continued strong growth in savings and insurance. We see a satisfactory development in solvency despite a challenging quarter in the financial markets. We see lower operational cost and we see a lower charge to shareholders on -- or estimated charge to shareholders going forward when we look at the longevity result strengthening plans.

And that concludes my presentation. And operator, you may now open up for questions.

Questions And Answers

Operator

Thank you. (Operator Instructions) The first question comes from Matti Ahokas from the Danske Bank. Please go ahead, your line is now open.

Q - Matti Ahokas {BIO 2037723 <GO>}

Yes, good afternoon. It's Matti Ahokas from Danske. Two questions if I may. Firstly on the other comprehensive income, there is a fairly sizable amount 592 million translation differences in your figures, I guess this is due to the stronger Swedish Krone versus the NOK. But what was the positive impact if any of the exchange rates on the solvency margin as such. And the second question is you mentioned previously that the regulator actually looks at the progression of the longevity reserves when they asses your capital requirement and obviously, it seems like you are actually ahead of plan here. Does it also mean that there would be a positive bias in terms of solvency and a potential dividend payouts for 2015 as well.

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

Well, if I start with the second question on the regulator, obviously looking at all the different things related to our solvency and liquidity and so on. And I'm not sure where that we've said that they have a particular look at the longevity reserve strengthening. But we are under reserved for longevity today and obviously the regulator wants it to be fully reserved. So -- but we're ahead of the plan that has been put in place and we are planning to conclude the rest of the reserve strengthening in a shareholder-friendly way as soon as possible, and this is what we have presented in terms of cost to shareholders.

And you are quite correct that the other comprehensive income is strengthened by the strengthening of the Swedish Krone compared to the Norwegian Krone. But in terms of the solvency effect of that, I am not quite sure, but Jan Erik maybe able to answer your question.

A - Jan Erik Saugestad {BIO 3103298 <GO>}

The FX effect is actually quite small, because you have the strengthening of the own (inaudible) that you've been at the Group level, you have more (inaudible)from FCR and SPP should take up to the Group level. On the other hand, you have (inaudible) that covers the other way around. So I think effect on the effects on the Group solvency number is quietly limited.

Q - Matti Ahokas {BIO 2037723 <GO>}

Great. If also may, if I have a follow-up. You mentioned that you've lowered your conversion forecast regarding the paid-up policies to paid-up policies with investment choice. What's the reason for this and what kind of changes are we talking about here?

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

Well, we have now talked to most of the customers that have a good value proposition from a customer point of view in respect to making conversion from a paid-up policy to a paid-up policy with investment choice, and about 4.5 billion of customers or funds owned by those customers have been transferred. We don't see necessarily that -- it doesn't make sense for everyone to convert and many people where it does make sense to convert, have decided not to for different reasons. So therefore, we do not expect to be able to maintain the same level of conversions going forward.

However, we do see at the other hand, that many companies -- or not many, but many small companies continue to look at closing the defined benefit plans, most of the large one's have done so already. But when companies are closing the defined benefit plans, it makes sense to give advice to customers or the employees that they do have this opportunity to change to paid-up policy with investment choice. So partly it's a question of who it makes sense for and the demand from the customer side. And partly it's a consequence of a shift in our own distribution force, where we are putting more emphasis on other parts of the product distribution within banking and insurance.

Q - Matti Ahokas {BIO 2037723 <GO>}

So this is basically the 30% that you mentioned previously as a potential would be probably lower than 30% now.

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

Well, we have said all along, that we expect to do 5 billion by the end of this year, and that's what we continue to say. At the same time, we have said that it does make sense for up to about 30 billion of our customers, but we've never said that 30 billion of our customers will actually make that choice.

Q - Matti Ahokas {BIO 2037723 <GO>}

Now the 30% was the potential of this?

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

Yes, and the potential is still there, but as I said, when people make a choice not to convert, there is chance that they -- likely that they will revert year two compared to year one is probably a smaller and not bigger.

Q - Matti Ahokas {BIO 2037723 <GO>}

Great, thanks a lot.

Operator

The next question comes from Ashik Musaddi from JP Morgan. Please go ahead, your line is now open.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Hi, thank you. Just couple of questions. One, as you mentioned that you have some potential for Solvency II improvement, understand and model, maybe get some color about what are you talking about. You mentioned some taxing that you can benefit, so that's one thing. Secondly, can you give us some update on how much of your Solvency II standard model includes the benefit from the UFR. The reason why I'm asking this is, because there is a news from EIOPA that they may look to review the UFR. So can you give us some color how much percentage point come from the benefit of UFR.

And thirdly, you also mentioned about the cost that there is more potential cost saving you can do, but can we talk about like, in more specific numbers what sort of a million Norwegian Krone you're talking about here on top of your current guidance. Thank you.

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

Okay, I will answer the first -- end up this last question first, and then I will hand the word over to Jan Erik, who will respond on the solvency. We have --as I said not introduced a new cost program and we do not want to talk to the market about the particular target at this stage. We have talked about what we have done, and we have cut cost significantly during the last couple of years and we are telling the market about all the different measures that we are doing continue to cut cost. However, we live in the dynamic world and therefore we do not -- we would not like to present a number as such, but we would like to be able to show you every quarter that we continued to do cost -- things on the cost side in order to become more efficient and more competitive.

At the same time, I mentioned that we are now entering into strategic partnership with a large BPO and ITO partner and we are in the negotiations of doing so as of right now, and the consequences of that operation will be reported when we can publish the final agreement. And that should happen in this quarter.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay, thank you.

A - Jan Erik Saugestad {BIO 3103298 <GO>}

When it comes to Solvency -- on the Solvency II improvements. As said that we have list of different initiatives after working with tax and the loss absorbing or reabsorbing effects from tax is modeled on, which should potentially have a good impact on the Solvency II number. Today we are actually taking into account loss absorbing capacity of the tax. The other thing that CEO mentioned today was that they are of course inviting our investment set of strategy. And in Sweden, we are doing a more granular diversification or a split of the investments portfolio into single contracts on the guaranteed portfolios which also gives factual. It's also potential here in (inaudible)actually modeling the TPPI strategy that we are currently using in Norway. So there is a number of different initiatives.

Q - Ashik Musaddi {BIO 15847584 <GO>}

And what sort of magnitude should we expect in terms of benefit? It's like 10, 20 percentage point or like 30, 40 percentage point, and are we talking about the standard model only or the total number?

A - Jan Erik Saugestad {BIO 3103298 <GO>}

We are talking about, CEO said in the presentation, we feel that we are confident that guidance on 10 percentage points underlying improvement for the year. We have said, we have done so (inaudible) and we feel confident that we will reach the last 5 percentage points in Q4.

Q - Ashik Musaddi {BIO 15847584 <GO>}

So -- sorry if I get it right -- so just to summarize if I get it right. So the measures you are talking about is already included in your 10 percentage point guidance, or is it over and above that. That's I'm a bit confused with that.

A - Jan Erik Saugestad {BIO 3103298 <GO>}

Okay, I think it's used in 7 percentage points.

Q - Ashik Musaddi {BIO 15847584 <GO>}

It is already included in the 10 percentage points?

A - Jan Erik Saugestad {BIO 3103298 <GO>}

But if I able also to ask that if you have the more work to do in 2016, and yes the answer to that is yes. So let us first reach the 7 percentage points and that we will continue to work after they have reached that much (inaudible). When it comes to (inaudible) I think I have answered that question on previous call as well. The reason why we used up is, because there is no liquid market after 10 years. So it's kind of difficult to answer what the Solvency position would be and what kind of market to use.

Of course we have done (inaudible) taking the ultimate forward rate down. And I can say that it's actually a smaller effect than what I think people like to think, if you go from let's say 4.2% to 3.2%.

Q - Ashik Musaddi {BIO 15847584 <GO>}

So from 4.2 to if you go to 3.2. It's a smaller effect, so kind of in low single-digit. Is it fair to assume that?

A - Jan Erik Saugestad {BIO 3103298 <GO>}

It's at least the single digits.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Single digits?

A - Jan Erik Saugestad {BIO 3103298 <GO>}

Yeah.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay, that's very clear. Thank you.

Operator

The next question comes from Blair Stewart from Bank of America. Please go ahead, your line is now open.

Q - Blair Stewart {BIO 4191309 <GO>}

Yea, thank you. Good afternoon, I think I only have one last actually, your guidance on the longevity costs provisioning. I'm assuming that if you do -- if and when you do get transfers have to paid-up and to paid-up with the investment choice in the coming years even if they're smaller than originally thought that would increase the longevity provisioning cost? I just wonder, just want to clarify that please.

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

That's correct.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay, and is it fair to say that you still -- even though you've downgrade that your expectations that you still expect to see a smaller run rate of conversions going forward and is it possible to put any sort of number on that?

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

We have chosen not to put a number on that, but I guess we still have an ambition of doing some and we will make sure that the employees when they exit the defined benefit plan or they close the defined benefit plan are made aware of the possibility to the short to switch to paid-up policy with investment choice. I know also that some customers are looking for the market to fall back and maybe do a paid-up policy with investment choice when they find the market to be cheaper than it is today. So there is some flexibility compared to when you do the switch. So that is something that some customers are talking about.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay. And then perhaps if I can just ask one more, the Baltic's business initiative is the primary objective there to remove essentially a fixed cost from your business and turn into a variable cost so you then be more flexible as the business changes shape in future, is that the primary goal here?

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

Now the primary goal is to be able to create more customer centric and good solution, be at faster time to market and to concentrate our management resources and other resources on better customer solutions. We also have a clear objective to improve efficiency and reduce costs. Let me give you one example. When DNB wanted to create a mobile pay solution in the Norwegian market. They looked at this and they had like a two year plan to do so.

Then they have a strategic cooperation with TATA group, which has already developed this for Barclays of the UK, and they managed to create a Norwegian solution in five months, that solution now have 700,000 or 800,000 users after only three months after it was entered into the Norwegian. So this is an example of how the international innovation and force of some of these large BPO and ITO players can improve our customer orientation and commercial solutions in the Norwegian market.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay, very interesting. And do you think that's something that will have an upfront cost for you or how should we think about it in terms of numbers?

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

You should not think about it as front cost, this strategic cooperation and a partial ownership in our Baltic operation. And by selling something you usually do not have to put up cash.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay, very good. Thank you.

Operator

The next question comes from Jonny Urwin from UBS. Please go ahead, your line is now open.

Q - Jonny Urwin {BIO 17445508 <GO>}

Hi, good afternoon. Jony Urwin from UBS. Thanks for taking my questions. Just two questions on regulation, if I may. Firstly, can you just give us any color on current consumer protection initiatives coming out of the Swedish and the Norwegian regulators, if any? And secondly, please could you update us on your view of the two bits of legislation potentially coming out of the Norwegian regulator. So around the treatment of technical provisions, so that the results of transitional application can't fall below current minimum levels. And also, the treatment of the tax rules on the technical provisions, which I believe has been postponed until next year. Just any additional color on that would be much appreciated. Thank you.

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

Well, when it tax rules in effort to do the tax accounts that today used same as they use for the --when you do the customer accounts and then there's been an initiative to look at into whether you should use the Solvency way of calculating the liabilities into tax accounts that was push back and there is -- the Government said that they will investigate opportunities to look at this in a broader perspective over the next year.

So we -- this is very early stage and we don't really have any guidance on how this will turn out. When it comes to -- I guess that was the question on the tax rules?

Q - Jonny Urwin {BIO 17445508 <GO>}

Yes, and also the Norwegian regulator's interpretation of transitional. So I remember in August there was some national legislation that might limit the maximum benefit of transitional.

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

That's correct, and that has been taken into account in the numbers. So the way we are doing the numbers in Solvency has been -- we've done at this way, all the way we have done it correctly. So there is no changes to the number due to this floor on the calculation. And on your final question on consumer protection, I don't expect that there are any new things coming up in the Norwegian market right now. Consumer protection has been, is an important part of the regular legislation already. However, we have MiFID II which is coming all over Europe in the next year or the year there after, and the impact there is likely to be larger in Sweden than in Norway.

And we don't see that there are going to be very significant effects for our Group at this stage, but we continue to follow the legislation regulatory developments.

Q - Jonny Urwin {BIO 17445508 <GO>}

Why is that likely to be more impactful in Sweden?

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

It has to do with how the broker market works and the amount of kick backs you can give in the Swedish markets which are already removed from the Norwegian market.

Q - Jonny Urwin {BIO 17445508 <GO>}

Okay, great. Thanks very much.

Operator

The next question comes from Paris Hadjiantonis from KBW. Please go ahead, your line is now open.

A - Paris Hadjiantonis {BIO 19703051 <GO>}

Yes, good afternoon. Thank you very much for taking my questions. I have two today. The first one on the use of the risk equalization fund for longevity reserving. I understand there were some changes in the quarter. Can you please explain those? And then the second one is basically on something that we saw a couple of weeks ago about potential capital charges on municipalities' debt. Is there any affect that, for Storebrand particularly, and do you own any municipality debt? Thank you very much.

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

Okay. If we start with the risk equalization fund, and then I would like to go back to the page that we showed you on page 19. It is so that the risk equalization fund is a fund that according to the regulations or clarification from the regulator, we have to use as part of the longevity reserve strengthening and we have used 378 million in this quarter and we will do another 122 million in the fourth quarter for a total of 500 million for the year as a whole. Then we have 276 million left to be used next year.

The risk utilization funds can be used to strengthen reserves for its most needed and therefore we use it across the board for different contracts, and it reduces the amount of shareholders equity that we have to use for the same contracts. And therefore it, I guess positive to the extent that you don't have to use real equity when we use to risk utilization fund. But it's -- we have to use a part of both.

A - Unidentified Speaker

When it comes to the question on the municipalities. All across Europe, I think municipalities is treated little bit differently in the Solvency calculations and by the Government. In Norway it's that there is a 20% risk weight from -- on municipalities, so they cannot really go bankrupt there, there is special law considering the wind-up or -- to administer the economies of municipalities in cases whether that they have troubles. So, and there is no change to that, I think in all the Nordic countries, they have treated differently municipalities.

When it comes to -- there is also an issue of rating, because solvency require official ratings for municipalities. In Norway, there are few municipalities have a rating, only the biggest one. But that said, I think in Storebrand, we have relatively small amount of investments in the municipalities. So we are not very much affected by this, kind of more stringent regulation around municipalities in Norway.

A - Jan Erik Saugestad {BIO 3103298 <GO>}

(inaudible)regulations on of course if there is widen investors opportunities.

A - Paris Hadjiantonis {BIO 19703051 <GO>}

Thank you.

Operator

Ladies and gentlemen (Operator Instructions) There are no further questions coming through. So I will hand the call back. Thank you.

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

Okay. Thank you very much everybody for joining the call, and if you are in London tomorrow, we'll be happy to see you on the Analyst Meeting which is in the ME Hotel (inaudible) by Danske Bank. Thank you very much. Bye-bye.

Operator

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