

Q2 2016 Earnings Call

Company Participants

- Christian Sagild
- Lars Thykier

Other Participants

- Asbjørn Nicholas Mørk
- In-Yong Hwang
- Jakob Brink
- Jonny Urwin
- Niccolo C. Dalla Palma
- Paul De'Ath
- Per Grønborg
- Steven Haywood
- Vinit Malhotra

MANAGEMENT DISCUSSION SECTION

Operator

Good afternoon. Thank you for standing by and welcome to the Topdanmark's Half Year Results for 2016 webcast. At this time, all audio participants are in a listen-only mode. During the presentation, we will have a question-and-answer session. I must advise you that this webcast is being recorded today, on Tuesday, the 16th of August 2016.

I would now like to hand the webcast over to your presenter today, Christian Sagild. Please go ahead, sir.

Christian Sagild {BIO 15093649 <GO>}

Good afternoon, everybody, and good morning to the USA. Thank you for joining us in this conference call. Now with me are, as usual, Lars Thykier, our CFO; and Steffen Heegaard, who is Head of Investor Relations and Group Communications.

We are now ready to answer your questions. Please ask them one at a time. And, operator, could we have the first question, please?

Q&A

Operator

Thank you. And your first question comes from the line of Jakob Brink from ABG. Please ask your question.

Q - Jakob Brink {BIO 7556154 <GO>}

Hi. It's Jakob from ABG. I have a couple of questions please. First of all, on premium growth, you're still guiding for negative growth, but could you give us an update, a bit more words on that like you did in Q1? Is it - are you still seeing positive momentum or has that stopped, something like that?

Secondly, this is the second quarter where your expense ratio is up somewhat compared to the comparable period last year. I understand you have some extraordinary items, but still up around 90 basis points as far as I can estimate. Is this the new level, i.e., should we continue to see around 1 percentage points higher expense ratio in the remaining of the year? I think that's my two questions, please.

A - Christian Sagild {BIO 15093649 <GO>}

Regarding premium growth, we've seen from Q1 to Q2 that the growth has improved from minus 2.5 to minus 1.4. So, you get this 1.9 negative growth for the half year. We feel some higher momentum right now. We're just about final with our implementation of the new sales process. So, we'll get some higher level of sales pressure from the sales force and the agents. And therefore, we estimate - we can also see on the competitive situation that compared to 2015, it is somewhat lower now, less intense. It is still there, of course, but it is to some extent not as intense as it was in 2015. So, we estimate that this gain of momentum will lead to better exchange ratios. This is also something that we can see. They have improved from last year to this year. But, of course, we still estimate that premium growth for the full year will be negative. And, of course, depending on the development and the market, we could hope for more flattish growth in 2017. But this is something that is still too early to say.

Yes, the expense ratio has gone up, particularly - basically because we have seen some - we've seen the wage. The payroll tax has gone up from 12.2% to 13.6% from 2015 to 2016. And this, of course, hits an operation which is more than 75% based on salaries. And if you combine that with quite benign labor market agreement from insurance employees and combine that with the negative top line growth, your expense ratio is bound to come under some sort of pressure. Am I satisfied with the 16.9%? No, I'm not.

First of all, I think that it is going to be less for the full year. And furthermore, we need to bring expenses down, meaning that we need to be fewer employees in 2017 that compared to 2016. And this is why we focus intensively on changing processes, turning to much more digital solutions in Topdanmark, so that we can fulfill and live up to the customer service level that we want but with much less customers and employees.

A - Lars Thykier {BIO 16427122 <GO>}

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May I add that this is an ongoing process. Every year, looking forward, we intend to find ways to cut costs. But to be precise, you are asking whether we could count on that 1 percentage point more in the next two quarters, and the answer is no. We won't have an expense ratio in 2016 that is higher wherein (05:35) in the 2015. But it'll definitely not be anything like a percentage point higher.

Q - Jakob Brink {BIO 7556154 <GO>}

And may I just follow up. So, the efficiency processes that you will be implementing, it sounds like it's something that will happen in sort of the second half of this year. Could you give some more detail on the magnitude of that, please?

A - Lars Thykier {BIO 16427122 <GO>}

No. We have made the plans in (06:02) this year, and it is a process that will last far longer time than six months.

Q - Jakob Brink {BIO 7556154 <GO>}

Should we expect it to offset the inflation which will hit you again next year from the payroll tax and salary inflation? Is it expected to just offset it or should it actually lead to lower expense ratio?

A - Lars Thykier {BIO 16427122 <GO>}

Now, we have - we are - you are asking us to be more precise than we like to be. But we look at our surroundings, we see what is possible to achieve in our (06:40), and we are intending to move in the same direction.

Q - Jakob Brink {BIO 7556154 <GO>}

Okay. Many thanks.

Operator

Thank you. Your next question comes from the line of Vinit Malhotra from Mediobanca. Please ask your question.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Yes. Good afternoon. Vinit from Mediobanca. Just - the first question is on - I'd like to understand what happened to the own funds, please. I can see that off the DKK 1 billion all in all fund, DKK 400 million is from your sub debt and DKK 400 million is buyback. I've been given that you earned around DKK 400 million-plus net income. There seems to be a DKK 600 million worth of impact. And I'm trying to understand, is it just the market or the model changes. So, this is the first question.

Second question is, on the buyback with DKK 1 billion now earmarked and approved till December, there is still DKK 450 million to go for six weeks in 2017 almost. Should we

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expect like in the past that quite a bit of that could be rolled over to the next year? Thank you.

A - Christian Sagild {BIO 15093649 <GO>}

Right. The profit in the period has nothing to do with the DKK 1 billion in change. The DKK 1 billion in change of our own funds, I mean, the fund capital requirement is more or less the same after Q1 and after Q2. So, it is the numerator in the solvency ratio that we're talking about and where we see the reduction of DKK 1 billion. This reduction is made up by the fact that in Q1, we did not have any commission to buyback at all.

In the end of Q2, we have the permission to buy back what is left of the permission we got in April. That is DKK 117 million. Then we have the permission to buy back in August, September, and October which is DKK 400 million, a total of DKK 517 million. Then we have the deduction due to the repayment of the (09:17) that's DKK 400 million equals DKK 917 million. And then we have the change in profit margin that arises from the new accounting rules where the profit margin is biggest in Q1, then it fall in Q2 and again in Q3 and then it increased again in Q4 which accounted for the (09:38) difference.

Q - Vinit Malhotra {BIO 16184491 <GO>}

But - sorry - just trying to understand, the profit margin would have been somewhat of a positive level even though smaller in 2Q?

A - Christian Sagild {BIO 15093649 <GO>}

The profit margin is biggest at the beginning of the year where most premiums that are prepaid. Then it becomes a little lower in the H1, a little lower in Q2, a little lower in Q3 and then it goes back to the same size again in Q4.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Yes. But what I'm going to say is that from the DKK 517 million you just discussed and then the 400 sub debt...

A - Christian Sagild {BIO 15093649 <GO>}

That's DKK 900...

Q - Vinit Malhotra {BIO 16184491 <GO>}

That's DKK 900 something. But the profit margin would also have been DKK 200 million or DKK 300 million or DKK 400 million, wouldn't it?

A - Christian Sagild {BIO 15093649 <GO>}

No. The change in profit margin, that is less than DKK 100 million.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Less than DKK 100 million. (10:31). Okay. All right. Thank you very much.

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A - Christian Sagild {BIO 15093649 <GO>}

Then you asked about the buybacks. And no, you should not expect that a part of the DKK 450 will be postponed. I can't rule out that we have to increase the buybacks again. If that is the case, we will probably have to postpone some of the extra income as buybacks. But we expect buyback, the DKK 450 million, between our Q3 report and our full year report.

Q - Vinit Malhotra {BIO 16184491 <GO>}

All right. Thank you.

Operator

Thank you. Your next question comes from the line of Paul De'Ath from RBC. Please ask your question.

Q - Paul De'Ath

Yeah. Hi there. Just a couple of things really on the investment return and unwinding. I mean, clearly, we're still all struggling slightly to get to where (11:30) exactly what numbers are going to come through here. Is there anything more you can give us in terms of how the two interrelates between the investment return and the negative on the unwinding? And so, anymore guidance on that will be much appreciated. And also on the related point, I've not seen it anywhere, correct me if I'm wrong, but do you - are you able to disclose what those numbers were in Q3 and Q4 of 2015 at this time? Thanks.

A - Christian Sagild {BIO 15093649 <GO>}

To answer your last question first, we have not released that information. We'll release it later on. Concerning the match between the interest and the capital gains on the asset side and liability side, as a starting point, they should be equal in size but opposite in direction of course. So, when we make our forecast before the year then we expect that we will be able to make exactly what is needed to pay the discounting of the (12:54) reserves from the income-only asset.

When you have a situation like we have had in, first, in Q1 and then in Q2 where there's a substantial difference, then it is, of course, elements that is not simple interest rate risk interference. There is credit risk, there's optionality risk and then there's curve risk that impacts the asset and liability side differently and that means that we do not necessarily get the same result. If the interest rates or if the interest curve was flat and we decided to match cash flows, then there won't be no net income at all, neither positive nor negative.

Q - Paul De'Ath

Okay. Thanks. And on - just - sorry again, that's on the disclosure. Is there a reason why you're not giving us previous quarters under the new disclosure? I mean, it would just be quite helpful to be able to see how those things have moved over a longer period of time. Thanks.

A - Christian Sagild {BIO 15093649 <GO>}

We just haven't made them up yet.

Q - Paul De'Ath

Okay. Thanks.

Operator

Thank you. Your next question comes from the line of Jonny Urwin from UBS. Please ask your question.

Q - Jonny Urwin {BIO 17445508 <GO>}

Hi there. Thanks for taking my questions. Just two for me today please. So, firstly just thinking about the dynamic between pricing and claims inflation. I was just wondering if you could give us a quick run through of the key lines of business. So, I mean are you able to put through enough pricing to match our claims inflation specifically on non-motor lines. I'd be interested to hear your thoughts there.

Also, on the Solvency II ratio. So, appreciate that you explained the movements on the own funds and you're down to about 152% now. I mean, could you give us an idea of where you're comfortable with that ratio sort of ending up. I mean, I guess it's around current levels given the Danish FSA, once you're above 125%. So, any color there would also be great? Thank you.

A - Lars Thykier {BIO 16427122 <GO>}

If I may answer the second question first. The Danish supervision – supervisor has stated that if the solvency ratio goes below 125%, they'll take an interest in the company in the scope (15:38). That doesn't mean that it will not accept solvency capital ratio below 125%. It just means that if it's beyond (15:45) that the risk management of that company is insufficient, they will react. So, there's no fix limit of 125%.

Inside of (15:55) this, we have 152% now which is synchronized, new, comfortable, and reasonable level. But you must remember that on top of this 152%, we have DKK 517 million in our covers that cannot be counted in. And we'll only buy back the shares as we make the money, so we have sufficient buffer on top of this 152%.

A - Christian Sagild {BIO 15093649 <GO>}

Regarding the pricing in claims question, most of Topdanmark's non-life insurance broker is automatically indexed every January. So, price – there is a price indexation on all non-life premiums. In general, that would cope with claims inflation. So, if nothing else happens rather – other than claims inflation develops sort of light wages, then we are comfortable with the price index on the non-life premiums.

Of course, any mismatch in that would be something that competition will – would address if (17:10) if you continue to index prices whereas the risk – underlying risk went the

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other way, at some point in time, we will have - we will have a competition evening (17:23) out these differences. And just to put flavor on the indexation, it was - the automatic indexation was 1.4% in 2016, and we already know that in 2017, the automatic indexation of premiums will be 1.8%.

Q - Jonny Urwin {BIO 17445508 <GO>}

Okay. So, I mean, you're broadly comfortable then that you can maintain margin pretty much where it is...

A - Christian Sagild {BIO 15093649 <GO>}

Yes.

Q - Jonny Urwin {BIO 17445508 <GO>}

...and we shouldn't see much deterioration?

A - Christian Sagild {BIO 15093649 <GO>}

Not from that. No.

Q - Jonny Urwin {BIO 17445508 <GO>}

Okay. Thank you very much.

A - Christian Sagild {BIO 15093649 <GO>}

You're welcome.

Operator

Thank you. Your next question comes from the line of In-Yong Hwang from Goldman Sachs. Please ask your question.

Q - In-Yong Hwang {BIO 18784369 <GO>}

Good afternoon, everyone. This is In-Yong Hwang from Goldman Sachs. Yeah. Just a few for me. Firstly, there was a 1.4 percentage points deterioration in combined ratio from personal lines. I think in the report, you mentioned kind of fire and claims in both pipes. Is that just due to random volatility, or do you see any kind of trend that concerns you there? And if there is, is there anything that you're doing to address it?

A - Christian Sagild {BIO 15093649 <GO>}

We do regard this as volatility. I mean, some quarters, you have more of these things. Other quarters, you have less. What we saw in Q2 was relating to fire and piping claims, as you say. The fire claims accidentally were many and smaller, which means that the reinsurance cover of these fire claims were practically non-existent. And that means that we have to carry it on own account. But, we do refer this to normal volatility from quarter-to-quarter.

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Q - In-Yong Hwang {BIO 18784369 <GO>}

Great. Fantastic. And then, just few quick one. In the expense ratio, there's a non-recurring item to do with managerial changes. Is there a number either in terms of absolute Danish kroner number, or combined ratio terms, you can give regards to that?

A - Lars Thykier {BIO 16427122 <GO>}

There are some extraordinary - there are some expenses due to changes in management recently that we have had to put up some reserves on people leaving us that was 0.3% (19:44) in Q2. But, there are some expenses as well that we'll see some expenses in Q2 and some expenses in Q3 and Q4, which is in line with the fact that when you do have to cut costs, sometimes you have to take some expenses in advance.

Q - In-Yong Hwang {BIO 18784369 <GO>}

Sorry. Question was around the non-recurring parts, whether you can quantify that. I mean, there is no way, it's not, but is there a number you can provide?

A - Lars Thykier {BIO 16427122 <GO>}

If we talk like-for-like, the non-recurring part that - and everything else equals, that's a 0.3%.

Q - In-Yong Hwang {BIO 18784369 <GO>}

A 0.3%? Okay. Thank you.

Operator

Thank you. Your next question comes from the line of Per Grønberg from SEB. Please ask your question.

Q - Per Grønberg

Yes. Good afternoon. It's Per from SEB. Two questions from my side. Motor insurance, there's price pressure we're seeing, it seems like that there's a quite visible frequency increase, benign weather in the first quarter, till first half number of claims is up 6% according to the (21:03) statistic. What do you mean there and what is driving these parameters?

The second question related to your investment income get into the nitty-gritty. Where is it related to IA (21:15) the asset class generates the highest return in the first half. It starts to generate a very good return in the second quarter, (21:25) what sort of asset is beneath those DKK 2.3 billion that generates those fantastic returns?

A - Christian Sagild {BIO 15093649 <GO>}

On the motor side, we don't see any significant adverse development in the motor risk, so we still think that base for the reductions that we've introduced is still valid. We are quite comfortable with these levels.

Q - Per Grønberg

You are not recognizing the (22:02) increased number of claims?

A - Lars Thykier {BIO 16427122 <GO>}

But we can see that the frequency is going up, but the average claim is going down, this is due to more claims on glass claims.

Q - Per Grønberg

Okay. From your point of view, this is solely glass windshield claims.

A - Lars Thykier {BIO 16427122 <GO>}

Well, the reason for the increase in frequency is glass claims.

Q - Per Grønberg

Okay. Besides glass, you're not seeing any other increases.

A - Christian Sagild {BIO 15093649 <GO>}

Nothing to report.

Q - Per Grønberg

Okay, okay. Thank you.

A - Christian Sagild {BIO 15093649 <GO>}

On the illness and accident, the investment income is due to different positions, so to speak. One is that the illness and accident business, the money is invested in different kind of assets. Among others, CDOs and credits and stuff like this which has been positive in this half year.

The second part of the business is that we have to hedge the - or to match the interest rate exposure on the illness and accident liabilities, and there has been a positive impact as well. Please recall that when we have the numbers in the table showing our investment income, that has to be reduced with the discounting and the movement in the value of the liabilities.

Q - Per Grønberg

Yeah. But just like (23:32) there were new way you referred me, correct me if I'm wrong, but you referred installment and mortgage bonds, that's the gross return. Then, you have the adjustment down on the unwinding in the same quarter, the DKK 145 million, I assume. I'm just wondering that the EA (23:46) assets generate better returns than the CDOs, say, they will be for better returns than any other asset calls in the first half.

A - Christian Sagild {BIO 15093649 <GO>}

Yeah. That is the kind of double exposure to the management actions we make that it's the (24:06). But if we look at covenant mortgage bonds, the part in the report line of the table, we see a substantial extra return compared to the unwinding and revaluations of the non-life insurance provisions. And it's the same mechanics that hits the - or impacts the illness and accident as well.

Q - Per Grønberg

Okay. Any way that you somehow could provide a breakdown to what those DKK 2.3 billion is invested in, because basically we're trying currently to forecast a black box?

A - Christian Sagild {BIO 15093649 <GO>}

Yeah. But it is invested in the same as the shareholders' funds in the life communities (25:05) invest in, and that is credits, and it is bonds, it is loans while it is not equities.

Q - Per Grønberg

Okay.

A - Christian Sagild {BIO 15093649 <GO>}

And then, there is an overlay of the financial instruments to catch the interest rate movements.

Q - Per Grønberg

So, this imply that the duration of these assets are much longer than any of your other portfolios.

A - Christian Sagild {BIO 15093649 <GO>}

The duration of the assets hedging the liability risk on the illness and accident is high, but less it is close to zero.

Q - Per Grønberg

Okay. But, the liability side is not coming on debt line, that's coming on the online new line.

A - Christian Sagild {BIO 15093649 <GO>}

Exactly.

Q - Per Grønberg

Okay. That probably explains part of it. Thank you.

A - Christian Sagild {BIO 15093649 <GO>}

It's been part of it, but I agree that and very happy with the result we've had in the first half year of 2016.

Q - Per Grønberg

Okay. Thank you.

Operator

Thank you. Your next question comes from the line of Steven Haywood from HSBC. Please ask your question.

Q - Steven Haywood {BIO 15743259 <GO>}

Good afternoon, gentlemen. I just wondered about the debt redemption you did. I wonder whether there's any further plans for debt issuances or if you could give us kind of a figure for your capacity (26:34) qualifying debt going forward, whether Q1 or Q2. And then in relation to previous questions on the investor return and unwind and revaluation, I wonder if you could give sort of give us a hint as to what percentage of your assets in terms of your normalized investor return, you would consider match against the liabilities. Is it roughly about 80% or 70% of your assets and investment return that match against your movements in the liabilities for the underlying and the revaluations. Thank you.

A - Christian Sagild {BIO 15093649 <GO>}

I would say, take the last question first that it depends on how much of the hedging is done by instruments and how much is done by bonds and comparable stuff, but basically around three quarters is, it is a probably more or less linked to the liabilities side.

What was the other question, debt?

Q - Steven Haywood {BIO 15743259 <GO>}

Redemption.

A - Christian Sagild {BIO 15093649 <GO>}

Debt redemption. Yeah. We have redeemed this DKK 400 million in 2016, and that has been a part of our CapEx structure optimization that Solvency II gave us a possibility to make. We do not intend to issue a new debt for the time being.

Q - Steven Haywood {BIO 15743259 <GO>}

Sorry. Thank you. Is there any capacity left for Solvency II qualifying debt?

A - Christian Sagild {BIO 15093649 <GO>}

Yes, we can issue 50% of - we can count in 50% of the solvency capital required as Tier 2. And since the solvency capital required is around DKK 3.8 million, we could have DKK 1.9 million, we have issued DKK 1.35 million. So, we could issue for the time being DKK 550,000 (28:32) more. But since I expect the solvency capital requirement to decrease when we see the very heavy pressure on interest rates leveling off, that would be a little silly. So, it is not the intention. We don't think that we need this issue.

Q - Steven Haywood {BIO 15743259 <GO>}

Okay. I understand. Thank you very much.

Operator

Thank you. Your next question comes from the line of Niccolo Dalla Palma from Exane. Please ask your question.

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

Yes. Just, if I may follow up on the solvency ratio, just one follow-up question. Could you explain us how the authorizations from the Danish FSA work? Because you got one in April, one at the end of June. So, when are you going to get the authorization for the, let's say, balance of DKK 450 million or what you announced? And how's the process? I mean, should we expect that every year the same dates, and that's the question?

A - Christian Sagild {BIO 15093649 <GO>}

No, I have to talk on behalf for the regulator which is always difficult. But my expectation is that under normal circumstances, we have received the permission after quarter end. We did expect to receive the permission for the DKK 400 million in July, but we did get in June. And we think going forward, we'll probably have this postponement of the reduction into next quarter.

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

Okay. Thanks.

Operator

Thank you. Your next question comes from the line of Jakob Brink from ABG. Please ask your question.

Q - Jakob Brink {BIO 7556154 <GO>}

Yeah. Hi, again. Just sorry, one question I forgot. Runoff gains, so only one quarter, but now 250 basis points roughly this quarter, any news on what we should expect going forward, please?

A - Christian Sagild {BIO 15093649 <GO>}

Not really. We don't guide on runoffs.

Q - Jakob Brink {BIO 7556154 <GO>}

But it's tested. It has been fairly high historically and I think you have sometimes guided a little. So, that's why.

A - Christian Sagild {BIO 15093649 <GO>}

But that has been an error.

Q - Jakob Brink {BIO 7556154 <GO>}

Okay. Fair enough.

A - Christian Sagild {BIO 15093649 <GO>}

Actually, we don't guide on it, Jakob. But we do have a normal sort of expectations around the 250 basis points, 200 basis points that we talked about before. And it is higher in the first half of this year, but we don't have any guidance for the full year.

Q - Jakob Brink {BIO 7556154 <GO>}

Okay. Fair enough.

A - Lars Thykier {BIO 16427122 <GO>}

If I should just give you a little. I'd say that the - always the runoffs we have had in the first two quarters is not pre-payment of runoffs in (31:31).

Q - Jakob Brink {BIO 7556154 <GO>}

Sorry, I didn't get that.

A - Lars Thykier {BIO 16427122 <GO>}

You should expect a novel second half runoff, it is not - we haven't accumulated runoff in the first half of 2016.

Q - Jakob Brink {BIO 7556154 <GO>}

Okay. Thank you.

Operator

Thank you. Your next question comes from the line of Asbjørn Mørk from Danske Bank. Please ask your question.

Q - Asbjørn Nicholas Mørk

Yes. Good afternoon. It's Asbjørn from Danske here. Just two follow-up questions. One on capital. Lars, if I heard you correctly, you're talking about DKK 570 million of subordinated capital that was not currently included in your capital base or in your solvency. Could you just elaborate if that was correctly understood?

And then, a bit on your runoffs to get back to Jakob's question. I was just wondering, the development within workers' compensation, if there's anything here we should be aware of? Thank you.

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A - Lars Thykier {BIO 16427122 <GO>}

Yes. Okay. The DKK 570 million, that is not subordinated debt that we cannot count in. That is the permission we have got to buy back on the 30th of June. We have to - we've got these potential buybacks and what I said was that this DKK 570 million, they are in our covers. We haven't spent them, but they can't be counted in the own funds.

On the runoff side, I understand that you are a little cautious. We had substantial positive runoff on worker's compensation in Q1 and we have substantial negative runoff on worker's compensation in Q2. There are two reasons for the negative runoff in worker's compensation in Q2. One is that we have increased our inflation hedge and we did that too early. And the inflation hedge, the development in the value of swaps is accounted for as runoffs.

The other one is that we have changed our model, so it handles the delays in the Danish Working Environment Authority. It is unfortunately so that the Danish Working Environment Authority do not produce the system they should produce, and that means that we have to pay compensation to claimants that are healthy. And it means that the decisions are postponed, which again means that we have to pay for the salary indexation in a couple of years more than we're supposed to do. And we have made extra reservations for this.

Q - Asbjørn Nicholas Mørk

Okay. Could you quantify how much of this would be?

A - Lars Thykier {BIO 16427122 <GO>}

The DKK 69 million (34:46) that we have as runoff is almost equally divided between reservations for delay and reservations for changes in inflation expectations or mismatch between assets and liabilities in this context.

Q - Asbjørn Nicholas Mørk

Okay. That's very helpful. Thank you.

Operator

Thank you. There are no more questions at this time. Please continue.

A - Christian Sagild {BIO 15093649 <GO>}

Well, thank you for taking the time to attending our conference. As you know, you're always welcome to call one of us if you have any further questions. We'll be happy to answer them. Thank you, and goodbye.

Operator

Thank you. That does conclude our conference for today. Thank you for participating. You may all now disconnect.

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A - Lars Thykier {BIO 16427122 <GO>}

Thank you.

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