Q1 2020 Earnings Call

Company Participants

- Jean-Jacques Henchoz, Chairman of the Executive Board
- Roland Vogel, Member of the Executive Board - CFO
- Sven Althoff, Member of the Executive Board - Property & Casualty

Other Participants

- Andreas Schafer, Analyst
- Andrew Ritchie, Analyst
- Vikram Gandhi, Analyst
- Vinit Malhotra, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. I welcome you to today's Hannover Re International Conference Call on Q1 2020 Financial Results. For your information, this conference is being recorded. At this time, I would like to hand the call over to your host today, Mr. Jean-Jacques Henchoz, Chief Executive Officer. Please go ahead, sir.

Jean-Jacques Henchoz {BIO 17457677 <GO>}

Good morning, ladies and gentlemen. I'd like to welcome you to our conference call presenting our results for the first quarter of 2020. First of all, I need to apologize for the specific timing of this call and the overlap with Axel's [ph] Q1 call. But today is our AGM and there was unfortunately no flexibility for rescheduling. We will also have to end our call by 10:30 this morning as we need to go to the AGM thereafter.

As usual, I will start with an overview before our CFO, Roland Vogel, will go over the financials in more detail. I'll then comment on the outlook for the year and for the Q&A, as usual, I'm additionally joined by my board colleagues, Klaus Miller and Sven Althoff.

In the first quarter of 2020, Hannover Re was able to grow both its top and bottom line with a net income of EUR301 million, fully in line with our initial profit guidance for the year of EUR1.2 billion.

However, you all know that we withdrew our full-year guidance just 2 weeks ago due to the prevailing uncertainty surrounding both the claims development and the capital market environment. Therefore, the results for the first quarter cannot be used to draw conclusions about the full year. But purely looking at the underlying business development, I'd still say that we had a good start to the year. This is also confirmed by the return on equity of 11.5%, which is well above our minimum target.

In P&C reinsurance, we saw double-digit premium growth due to increased demand for reinsurance. The combined ratio of 99.8% was above our target of 97%, and this can entirely be explained by the decision to reserve for anticipated Coronavirus related losses, mainly in the area of business interruption, event cancellation, as well as credit and surety. In total, we reserved EUR220 million, implying that our large loss budget was exceeded by around EUR100 million.

The results of our Life & Health Reinsurance business group was not impacted by the Coronavirus pandemic to-date. The EBIT of EUR124 million is quite favorable. The US mortality experience was in line with expectations. And also in general, the good result did not include any material extraordinary effects.

At 3.2%, the return on investment is similarly pleasing. And finally, based on preliminary calculations, the solvency ratio should be within the range of 220% to 230% at the end of the first quarter, well above our threshold of 200%, despite the considerable volatility in interest rates and credit spreads.

The operating cash flow in the first quarter was particularly strong, driven by attractive reinsurance growth as well as very solid results on the investment side. However, total assets under own management only increased very slightly to EUR47.9 billion Q2 due to mitigating effect from decreasing valuation reserves and currency translation.

Looking at our capital position, shareholders' equity was almost stable. Market movements had a strong impact in the first quarter and the negative change in unrealized gains due to significantly increased credit spreads was the -- stronger than the positive impact from the decrease in interest rates. Therefore on balance, the unrealized gains within the OCI decreased by EUR379 million, more than offsetting the positive net income for the first quarter. The composition of the total capital on the left side of the slide is unchanged, with a high degree of flexibility around the hybrid bucket.

On that note, I'd like to hand over to Roland, our CFO, who will explain the figures in more detail.

Roland Vogel {BIO 16342285 <GO>}

Good morning, and thank you, Jean-Jacques. Moving directly onto the segmental reporting, I will start with the development of our P&C business group. Gross written premium grew by 12%. Adjusted for currency effects, this growth came in well diversified by region and line of business and more pronounced in property than in casualty. The Americas and the APAC region contributed particularly to this growth, while structured reinsurance remained on the high level of the previous year.

The large loss situation in the first quarter was two-fold. On the one hand, the -- I would call it normal, large loss experience was rather benign; on the other hand, we had to deal with a high degree of uncertainty around the impact from the Coronavirus pandemic with almost no claims notifications received for our clients. However, based on our own assessment of potential impacts from the Coronavirus pandemic, we set aside around EUR220 million in IBNR reserves for expected losses from the pandemic.

These reserves are really across our book, mainly for expected losses from business interruption, event cancellation cases as well as credit and surety reinsurance. As a result of this reserving for Corona related claims expectations, the large loss budget for the first quarter was exceeded by EUR96 million, which accounts for roughly 3 combined ratio points. And adjusting the 99.8%, reported combined ratio for this budget over-run, the figure would have been in line with our 97% combined ratio target.

Based on the development of a variety of single [ph] cases, the run-off of reserves was slightly negative in the first quarter. Overall, we have to assume that the balance of our reserve developments, including conservative initial underwriting year combined ratios, led to a confidence level rather in line with the year-end 2019, but we also did not have the chance to increase it after the year-end reduction.

The net investment income increased strongly, driven by higher realized gains, we will come to that, in addition to the favorable ordinary investment income. Other income expenses were positive by EUR11 million, mainly driven by positive currency effects. And altogether, the EBIT margin is slightly below our 10% target to -- due to the decreased underwriting results. Finally, the tax ratio is slightly above the normal level but this is within the normal quarterly volatility.

Total large -- net large losses including Corona related claims accounted for EUR284 million in the first quarter, exceeding the budget by the already mentioned EUR96 million. The EUR220 million provisions for the Coronavirus complex is included in both the gross and the net numbers, as we have exceeded our estimates cost [ph] for net.

Our large loss list includes four events in the area of natural catastrophes, namely three weather related events in Australia and Storm Sabine, also known as Ciara in Europe. We did not actually record any large manmade losses exceeding our EUR10 million threshold in the first quarter. The net CAT losses added up to EUR63.6 million, which would have been very benign in comparison to our Q1 budget of EUR188 million. However, in the end the budget was exceeded by the approximately EUR100 million mentioned various times already.

The next slide shows the profitability of our P&C portfolio by line of business according to our new reporting lines. Here the regional split is a little bit more condensed and including the network -- catastrophe components of such reasons to no longer artificially take that out. The various lines of business are shown on a worldwide basis, albeit [ph] more consequently.

Looking at the numbers for the first quarter, the impact from the large losses and the additional reserving for the Coronavirus led to an increase in the combined ratios in all regional markets. Not surprisingly, the most visible effect is on our credit and surety business where we expect to see increased loss activity due to the impact of the economic downturn. The agricultural business was affected by the bush fires in Australia. And overall, as already mentioned, the ratio -- combined ratio stands at a rather high 99.8%.

Let's move on to Life & Health. Growth was mainly driven by large -- by a large financing treaty in Australia, which we wrote in the fourth quarter of 2019. However, this was mitigated by the expected -- already expected reduction in premium volume due to the effect from recaptures in our US mortality portfolio as a result of our management action in the previous year.

Altogether, gross written premium increased by 0.5% adjusted for currency effect in contrast to our P&C business group. The Life & Health results for the first quarter does not include any impacts from the Coronavirus pandemic. On the other hand, our US mortality portfolio performed in line with expectations compared to a very favorable experience in the first quarter of the previous year. On the other hand, the technical result is not impacted by negative effects from Australian disability business in the way it was in the previous year's first quarter.

Therefore, the underwriting result including funds withheld is on a comparable level to last year. Ordinary investment income was favorable and also in Life & Health the contribution from -- realized gains has contributed. The credit spread widening impacted the value of our ModCo derivative. The effect was around minus EUR27 million. However, other derivatives contributed very positively to the change in fair value through P&L and thereby compensating for the ModCo impact.

Other income and expense is mainly driven by a further increase in the contribution from financial solutions business, for which a large portion is recognized according to the deficit [ph] -- the accounting deficit. Currency effects in this quarter, slightly negative, although -- altogether, the EBIT of EUR124 million does not include any material extraordinary effects and demonstrates a good underlying profitability of the Life & Health business group. At 10.5%, the tax ratio is below the normal level, mainly due to very good results from subsidiaries and jurisdictions with a low tax rate.

On the next slide, the development of our investments in the first quarter of 2020 was very satisfactory. I'm particularly pleased with the strong ordinary investment income, which was rather stable this -- by the somewhat lower contribution from private equity. Realized gains of around EUR100 million are coming mainly from our fixed income portfolio. Apart from the normal portfolio turnover, we sold around EUR0.5 billion in lower quality credits before the crisis actually started. And at the time, almost all sales within our fixed income portfolio were associated with realized gains. Impairments and depreciations were above last year, but still on a very low level.

As I already explained, the main effect within the change in fair value of financial instruments, here the negative effect from ModCo was more than offset by other derivatives. Altogether the ROI was very strong at 3.2%. Realized gains decreased significantly to EUR1.8 billion, mainly driven by higher corporate spreads.

On the next slide, you can see that on the other hand we have slightly reduced -- on the one hand we have slightly reduced our corporate bond exposure, in particular within our US SME portfolio, on the other hand the share of government as well as short-term investments in cash were slightly increased, reflective -- reflecting our passive derisking approached with new money currently being invested in risk free assets.

Finally, the price corrections on the stock markets in March was a trigger event for our investment committee to look at, whether we should re-enter listed equities. Owing to the current uncertainty, we decided to start with a buy of around EUR250 million, a careful and moderate step, that portfolio has developed positively after we bought it. The contribution to ordinary investment income is diversified as usual, this time with a lower share from private equity. This should not be surprising in the current market environment and is expected to remain the case in the currently distressed markets.

The next slide, here we have included this one because the Coronavirus and the economic downturn have put the asset risk and in particular corporate portfolios in the spotlight. As you can see, our corporate portfolio is highly diversified by sector, within those sectors additionally by issuer as we have rather strict limit control by issuer implemented, the exposure to the energy sector which may be impacted by the low oil price is around EUR700 million. The exposure to other sectors such as retail, travel, leisure, hotel and Airlines, which may be directly impacted by the current crisis, was around EUR500 million in total, again on a very well-diversified basis.

Having said that, on the asset side it is similar -- it is similarly too early to make any reliable estimates as regards where and to what extend we might see defaults or impairments. We certainly expect some, but the amount is highly dependent on the severity and the duration of the economic downturn and the effectiveness of potentially mitigating government measures.

I think this concludes my remarks, and I would like to hand back to you, Jean-Jacques.

Jean-Jacques Henchoz {BIO 17457677 <GO>}

Thank you, Roland. As you know, we withdrew our profit guidance on the 21st of April due to the uncertain impact of the Coronavirus pandemic. However, we're still showing you our target metrics with the initial targets for 2020 to allow for an assessment of the results for the first quarter.

On the positive side, the return on investments is very strong at 3.5% adjusted for the impact from our ModCo derivative, the return on equity and also our capitalization according to Solvency II are both comfortably above our minimum target. In P&C, the first impact from the reserving for Coronavirus related losses is visible and in Life & Health the overall results and also the earnings growth were favorable in the first quarter.

The treaty renewals as at 1st of April, 2020 were successful for Hannover Re, confirming that the Coronavirus crisis is not materially affecting us from an operational perspective. On this date, we traditionally renegotiate our business in Japan as well as on a lesser scale in Australia, New Zealand, some Asian markets and North America.

In the US, we mainly expanded our property business based on increasing primary rates and improved pricing in non-proportional business. Additionally, the renewals in the Caribbean and South America were successful. In Japan, we saw rate increases for loss affected CAT business that were significant, with improvements of plus 40% to plus 60%. However, after the heavy loss burden in the last 2 years, we still feel that terms and conditions need to further improve and hence we decided to simply maintain our market share in that segment.

Positive trend could also be observed in our aviation and marine portfolio and overall, our premium in the April renewal increased by 25%. The risk adjusted price change was plus 4.4%. And looking only at the non-proportional business, the price increase was 8.3%.

On the next slide, we have put together our current assumptions for the impact of the Coronavirus pandemic. Overall, the high degree of uncertainty around the claims development and the capital market impact do not allow us to quantify the impact on our financials. Therefore, we can only focus on qualitative comments at this point in time.

In P&C, we expect a direct impact on coverage of event cancellation and business interruption while second order effects are possible in casualty lines. Also, we're expecting that the economic downturn will result in insolvencies, Roland mentioned it already, which would lead to losses in our credit and surety business as well.

In Life & Health, we believe the impact on mortality and morbidity will not be significant, an assumption that is also supported by our scenario analysis and stress testing. The main impact on our investments is the risk of impairments, as already mentioned, and reduction in ordinary investment income. Otherwise, we feel that we have a high quality investment portfolio, and to complete the picture the market movements and in particular the spread widening are expected to negatively impact our capitalization but not to an extent that would bring our solvency ratio below our 200% threshold in the year 2020. Therefore, we also intend to maintain our general dividend policy.

Based on the favorable renewals at 1/1 and 1/4, we see further growth opportunities in 2020 in most areas of our diversified P&C reinsurance portfolio even though the Coronavirus prices is expected to moderately impact our growth rate later in the year. On the positive side, we would expect that the crisis will support further improvements in reinsurance market conditions. And additionally, we would expect to see some opportunities for our structured reinsurance business. In general, highly rated reinsurers with a strong balance sheet like Hannover Re, may see higher demand than the average market players these days.

Usually, we also show the indication for the profitability versus cost of capital on this slide. However, one reason for withdrawing the profit guidance was the uncertainty regarding the claims development from the Coronavirus pandemic and hence, we're currently not yet in a position to provide an update on the profitability data.

The same is true for our Life & Health outlook, we did not see any material impact from the Coronavirus pandemic in the Q1 results. However, we also cannot rule out moderate negative effect on our mortality and morbidity business, depending on the further development of the pandemic.

In longevity, some positive effects might be possible, but this is still uncertain. And we also expect continued strong profitability in Financial Solutions because the business is risk remote. In Financial Solutions, we might also see additional demand to support clients in mitigating the impact of the crisis. Apart from this, we see particularly promising growth potential in the Asian market beyond the crisis.

Overall, I see the Hannover Re Group well positioned to manage and absorb the impact of the Coronavirus crisis. We're constantly updating our scenario calculations and we will provide profit guidance again as soon as the underlying probabilities are sufficiently reliable.

This concludes my remarks on the outlook, and we would be happy to answer your questions.

Questions And Answers

Operator

Ladies and gentlemen we will now begin our question-and-answer session. (Operator Instructions). And the first question is from Andrew Ritchie, Autonomous Research. Your line is now open. Please go ahead.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Hi there, good morning. I hope all are keeping well. I guess my main question was just to get a sense of your view on market conditions and how market conditions may change, both from an opportunity to write more business and broad pricing. We've already seen quite a few primary companies go into the market to buy more reinsurance already. So, maybe just your perspective on would you expect to see, for example, already some change in market conditions relative to what you were expecting before as early as the mid-year renewals?

And the second question, just remind us how you would treat your -- any revaluation of private equity? Does that -- when would you do that? Is that at your discretion? Just some sensitivities around the private equity portfolio will be useful. Thank you.

A - Jean-Jacques Henchoz {BIO 17457677 <GO>}

Thank you, Andrew. I'll take -- start with the first question and Sven might complement if needed, and Roland will talk about private equity. Generally, we don't -- we didn't really identify Coronavirus specific changes during the 1/4 renewal although it's very difficult to assess. But my sense is that based on client feedback, broker feedback, that there is a flight to quality, there is increased scrutiny from the buyers on capitalization level. And I can see some opportunities for changes in the sense of increased shares on programs for a company like ours and possibly also less capacity -- desirable capacity, if you want, for the 1/7 renewals already and beyond, probably more marked in the 1st of January 2021 renewals, but I believe that the hardening of market conditions, which is already fueled by NatCat events in the past few years will be strengthened and there'll be momentum in the reinsurance market.

In terms of opportunities for me, I mentioned it briefly in the introduction, I feel that structured reinsurance is the one area where we might have a good upside. We don't have specific demand right now but a lot of questions asked by our customers on options, on structured, and you can feel very much that all clients are looking at the wide range of options to derisk and reinsurance comes among the prime options for our speed [ph]. So, I also see there opportunities for growth. So both pricing and flight [ph] to quality and structured reinsurance will create momentum in my view in reinsurance.

On private equity?

A - Roland Vogel {BIO 16342285 <GO>}

I'm happy to take that, Andrew. We -- I think, we've mentioned before that of course the valuation of the private equities is a little bit less pro cyclical than that of the listed equities because you have these market values immediately. We are talking to managers and fund managers to get new values. We should not forget that the private equity portfolio has also value-wise performed very well. It does contribute significantly to the nearly EUR1.8 billion of reserves and -- valuation reserves that we have today. We will update -- of course valuation will go down. This will have an impact on the OCI,

I do not foresee really write-offs to a material extent this year. Of course, it depends on scenarios, but I don't see that. We have seen already -- and this is why we mentioned it and that is also what we would expect for the running year, that distributions from these funds and from the managers will decrease, so the usual outperformance of -- or the contribution of private equity to the ordinary, this is something we do not expect for the year. But from a valuation perspective, this should have an impact on our OCI to a digestible extent.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Okay, thanks very much.

Operator

And the next question is from Vinit Malhotra, Mediobanca. Your line is now open. Please go ahead.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Good morning. Just -- thanks and just 2 questions from me please. One is the slide 20, the Coronavirus, the IBNR has taken of EUR220 million for these 3 lines. Could you just help us understand the risk on the knock-on a little bit? I mean we've heard of this enhanced scope in US workers' compensation and I know that you've reduced your premiums there but that's also non-proportional. And then, just how much of a risk or uncertainty do you see relative to this EUR220 million from the knock-on effects? That's really the question.

And second thing is just on the growth, in April -- it's quite a bit far ahead of some of the renewals seen in the peer group, which are mid single digits really in terms of growth. Is it mostly your difference is coming from more the US side or more specialty like aviation, marine? Could you just help us quantify a little bit where you might be different from the peers in this renewals? Thank you.

A - Jean-Jacques Henchoz {BIO 17457677 <GO>}

Thank you. I'll pass on these two questions to Sven.

A - Sven Althoff {BIO 19104724 <GO>}

Thank you and a very good morning also from my side. When it comes to the knock-on effects, this has played a limited part in offsetting these EUR220 million of Corona reserves. On the other hand, of course we have to be conscious that when it comes to lines of business like the E&O where we have systemic risk out of insolvencies. And in the end certain insolvency situations may be related to Corona impact, and therefore this is one of the aspects where the uncertainty is particularly high and where we have we will have better answers towards the end of the year. But we are watching this very carefully like we are watching the credit and surety space very carefully. And it's not always easy to decide whether an insolvency is Corona related or Corona was only one of the contributors in what would have happened otherwise. So, I would not have a specific number for you which part of the EUR220 million is taken care of the knock-on effects. But as Roland has mentioned, this was very much a top-down view of how we see Corona in general right now, and we have spent less time given the uncertainty on how we are contributing those numbers across our business.

When it comes to the growth at the 1st of April renewal, quite a bit is driven by Japan. Jean-Jacques already mentioned the very meaningful rate increases we have achieved on both a cash and on a risk adjusted basis. Our approach with the Japanese client in general has been a little different compared to a number of our peers. The focus from the peer group was very much on the wind towers, but we said from the word go to our Japanese client that, yes, we need to readjust the pricing on the wind towers but at the same time we also understand that giving payback will be difficult for the client on the wind towers only.

So, we had a much broader conversation with our Japanese client and that was very successful. We received a lot of compliments after the renewal from our clients. And in terms of payback, we have no not only achieved those cash increases which are very much in line with the market, but we have also achieved additional non-CAT business from our Japanese clients and we have also received well -- very well priced earthquake-exposed business from our Japanese client.

So, that was one of the main contributors for the very significant growth at 1/4. And the other main contributor was the agricultural business where we have very successfully negotiated one contract in the United States on the MPCI business on a quota share basis. This is coming from a client that used to buy from us, then the client stopped to buy from us and now that client is buying again. And that was the main contributor compared to 1/1 as well.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Thank you.

Operator

And the next question is from Andreas Schafer, Bankhaus Lampe. Your line is now open. Please go ahead.

Q - Andreas Schafer {BIO 21186558 <GO>}

Thank you. So there's just one question from my side left. On the asset side, I mean I was surprised see that you're unrealized capital gains for non-fixed income assets have risen quite strongly in Q1. So could you give us, especially on real estate, some sort of overview about -- on your exposure, especially to retail investments, shopping center and so on? And what do you expect here for the development of the value of your investments in real estate?

A - Jean-Jacques Henchoz {BIO 17457677 <GO>}

Yeah, I'm happy to do that. Overall, if we talk about real estate and the prices, the portfolio as such has not changed dramatically. We sold one piece of real estate in the first quarter with a good -- realized gains. So in that regard, the valuation reserves should have gone down by that gain. Other than that, the portfolio has not changed a lot. So, these are revaluations, the portfolio -- the real estate portfolio as such, comprises EUR2.6 billion including funds. Retail is really one of the smaller components in our direct holdings. This is all commercial and within that the most of it is a focus on office buildings and we have increased logistics, so retail is really a minor component of that.

Still also we have seen that some of our clients here -- and have stopped the payments of their rents and we have been flexible in this regard. The impact, especially in the first quarter of course, was limited. We expect a little bit more, but also again the real estate portfolio is not driven by retail.

Q - Andreas Schafer {BIO 21186558 <GO>}

Thank you.

Operator

And the next question is from Vikram Gandhi, Societe Generale. Your line is now open. Please go ahead.

Q - Vikram Gandhi {BIO 18019785 <GO>}

Hello, good morning. This is Vikram, SocGen. Just got one question, how should we think about the EUR220 million charge on the COVID-related claims with respect to credit and surety business? Have you already penciled in the more significant part of the claims that you are -- that are likely to (Technical Difficulty) and likewise even on the event cancellation claims or is there more to come? And how should we think of this EUR220 million with regard to the initial EUR200 million potential exposure that you had provided to the market? Thank you.

A - Roland Vogel {BIO 16342285 <GO>}

Thank you. Sven, I'll let you address this one as well.

A - Sven Althoff {BIO 19104724 <GO>}

Yeah, thank you. I mean, as you will appreciate, there is a very high amount of uncertainty right now in coming up with a robust Corona reserve, for part of the uncertainty of course comes from the fact that the event is still ongoing and we do not have a final view on what will happen in the upcoming weeks. So therefore, we have tried to take a balanced top site [ph] best estimate view.

On the credit and surety side, which was one of the specific parts of your questions, we have of course 2008 as a reference case where roughly we had 15 to 20 loss ratio points, more frequency coming during the financial crisis years out of our credit and surety book of business. At the same time, we have very strong mitigating programs from government in place or in negotiations right now, which did not happen in 2008.

I mean to take Germany as a specific example, the German Government has decided to take a very, very significant quota share of the in-force German and export credit business written by German companies for a less than proportionate part of the premium. And we are aware that we have various European countries thinking about at least similar concepts.

At the same time, credit insurers, given the uncertainty, are doing what they are doing. And these circumstances, as long as the programs from governments are not finally in place, they are severely de-risking their portfolios. And therefore, we still feel, even though the dynamics of the recession will be very different compared to -- only [ph] the financial crisis recession in 2008 compared to a recession which is hitting the non-financial part of the economy much more severely now in the Corona crisis is giving us comfort at our initial loss ratio. And Roland mentioned that when he commented on the slide where we showed the loss ratios by line of business that our initial view on the credit and surety side is conservative by adding roughly 25 to 30 loss ratio points in the first quarter based on this line of business as well. Could you repeat just the second part of your question, please?

Q - Vikram Gandhi {BIO 18019785 <GO>}

Sure. The second part of the question was pretty much similar to credit and surety. Should we think that you have also reserved a large (Technical Difficulty) of the event cancellation claims that you anticipate?

A - Jean-Jacques Henchoz {BIO 17457677 <GO>}

Yes, even though -- again it was a top-down number we have established, this is taking care of a very significant part of our event cancellation portfolio. As you know, we are one of the three participants on the program for the 2020 or now 2021 Olympics. Our line on the program is relatively small with only $50 million. So this number, even though we only expect a partial loss on the Olympic program, is sitting comfortably into our overall reserve.

Outside of the Olympics, we have a contingency in the event cancellation portfolio. But that is in itself only a double-digit number we are currently associating with Corona specific cancellations. So, I would say that we have been able in the first quarter to reserve for most of that particular exposure.

Q - Vikram Gandhi {BIO 18019785 <GO>}

Okay, that's very clear. Thank you.

Operator

There are currently no further questions, so I hand back to the speakers for closing remarks.

A - Jean-Jacques Henchoz {BIO 17457677 <GO>}

Well, thank you very much for your question and interest. I think we've covered the ground pretty well. We wanted to convey the message that we have a decent Q1 with material reserving for these Corona related losses. At the same time, it's still early in the year and we will follow development very carefully and we will be able to quantify more specifically how the impact evolves. But generally, we feel confident, we feel well positioned, very well capitalized to master this challenge, but also beyond that to capture new opportunities, we mentioned that earlier during the question session. So, a good steady performance with challenges ahead, but these are nevertheless, in our view, manageable.

We have our AGM, as you know, later today to present the results of 2019 and to comment on Q1 as well, for today. Thanks again for your interest and see you next time.

Operator

Ladies and gentlemen, thank you for your attendance. This call has been concluded. You may disconnect.