

Mapfre, S.A. BME:MAP

FQ4 2019 Earnings Call Transcripts

Wednesday, February 12, 2020 9:00 AM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2019-			-FQ4 2019-	-FY 2019-	-FY 2020-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	-	-	-	-	0.20	0.26
Revenue (mm)	5114.00	5119.11	▲0.10	5151.00	22564.21	22851.71

Currency: EUR

Consensus as of Feb-11-2020 7:10 AM GMT

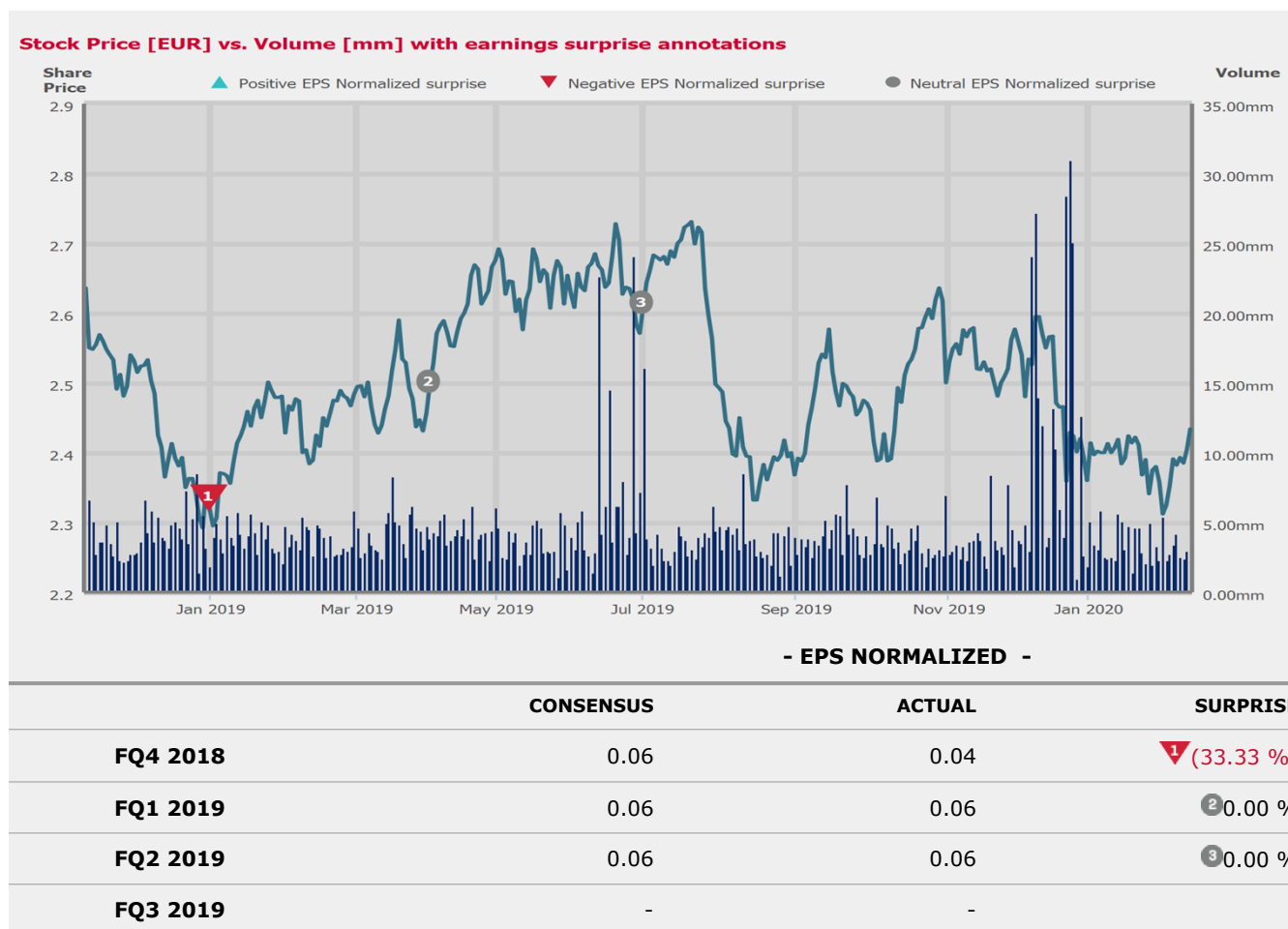


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Call Participants

EXECUTIVES

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Presentation

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Good morning and welcome to MAPFRE's full year results presentation. As in previous quarters, our CFO, Fernando Mata, will take you through the main trends and figures of the year. On this occasion, it's a pleasure to also have here Mr. Eduardo Pérez de Lema, MAPFRE RE's CEO. He will run through the RE figures for the full year 2019. And at the end of the presentation, we will also participate in the Q&A session. We will answer all questions received at the investor e-mail -- Investor Relations e-mail address during the Q&A, and the IR team will be available afterwards to answer any pending questions you may have.

With no further ado, let me hand the call over to Fernando.

Fernando Mata Verdejo

Group CFO & Director

Thank you, Natalia. And hello, everyone. It is a pleasure to be here with you for the presentation of our 2019 full year results.

Looking at the key figures. For the period, our top line is growing at a good pace. Revenue is up over 7%, mainly due to the rising premiums and also the rallying financial markets. Overall, premiums are up 2.2%, with Non-Life growing nearly 3% and Life premiums stable. The combined ratio was 97.6%, similar to previous year. Performance has been excellent at the Insurance units where the combined ratio stood at 96.5% with 130 basis points reduction compared to last year. The net result of the EUR 609 million is up by 15%. And excluding goodwill write-downs, the net result was nearly EUR 675 million, down around 4%.

As we announced in December, the fourth quarter results had a large impact from the Japanese typhoons and riots in Chile, which mainly affected the Reinsurance unit. Shareholders' equity is up nearly 11% mainly as a result of the fall in interest rates. The ROE, excluding the goodwill write-downs, would have been slightly over 8%. Our capital position continues to be strong with the Solvency II ratio at over 194% at the close of September, in line with our target.

On the next slide, we'll take a look at the key figures by business unit. On the right side, you can see the main figures. Regarding attributable result, I would like to highlight the contribution from our Insurance units. They reached EUR 806 million. Iberia continues to be the largest profit contributor, with a net result of nearly EUR 500 million, up 3.6%. LATAM reached an attributable result of EUR 215 million, up 37%, with strong improvements in Brazil and Mexico. International reached around EUR 94 million, nearly doubling last year's results, with a strong turnaround in the United States with the largest result in 6 years.

I would like to point out the reduction of over 1 point in the combined ratio in the international unit and nearly 4 points in LATAM, while Iberia remains stable. All in all, Insurance operations combined ratios stood at an excellent 96.5%.

MAPFRE RE results were affected by Typhoons Faxai and Hagibis and the riots in Chile, with a total impact of around EUR 127 million. And the GLOBAL RISKS segment has also been impacted by large losses this year. In the system business, excluding the goodwill write-downs and restructuring charges taken in the third quarter, there was a net loss of around EUR 12 million.

On the next slide, we'll take a look at the main drivers of the net result. The result before taxes and minorities is down 4%, 11% excluding goodwill write-downs. Please note that these impairments were booked in the Non-Life financial result last year. While this year, they were booked in other activities. The Non-Life result is in line with the previous year. There had been strong improvements in Brazil, North America and LATAM North. Even when excluding last year, extraordinary impacts in Brazil and U.S.A.,

the underlying improvements have been significant. The Non-Life result has also benefited from higher realized gains, mainly at MAPFRE RE.

Life results are down by EUR 67 million. This is explained by the nonrecurring reversal of a provision in 2018 for EUR 130 million in Brazil. Excluding this impact, underlying results are up year-on-year as growing volumes are mitigating the increase in commissions in the bancassurance channel.

Regarding Iberia, Life performance is strong, with a EUR 57 million increase in results. The results of other activities has fallen EUR 97 million due to, first, restructuring charges and losses at MAPFRE ASISTENCIA, especially in the travel insurance business in France, the U.K. and Belgium; second, increased expenses from strategic initiatives across the group, mainly digitalization and innovation; and third, lower financial result of other activities in Brazil due to the excess of cash [held] in 2018 for the Banco do Brasil acquisition.

Regarding taxes. In Iberia, there was a positive extraordinary tax impact as a result of deductions from previous year booked in 2019 once all fiscal requirements were fulfilled. In Brazil, there has been a reduction in the corporate tax rate as well as a lower effective tax rate in the Agricultural segment.

Please turn to Slide 5 to look at the adjusted net result. For the second year in a row, we had large cat losses affecting results with 2 more typhoons and the heaviest rainstorms in Spain since 2012. Regarding large manmade losses, the Chilean riots had an almost EUR 24 million net impact, mostly at MAPFRE RE. The reorganization of the U.S. operations had a positive net impact of EUR 13 million this year compared to EUR 7 million loss last year. 2019 results had a positive EUR 13 million net effect, mainly derived from the already explained tax deductions in Iberia. We will -- write-downs this year include EUR 66 million at MAPFRE ASISTENCIA booked in the third quarter, and there were several important real estate gains last year for around EUR 51 million. And this year, net real estate gains are smaller and were booked mainly in the fourth quarter.

On the other hand, 2019 market conditions in the last quarter were favorable, and we finished this year with EUR 120 million of net realized gains on financial investments, up EUR 36 million compared to last year. Excluding all these impacts, the adjusted net result is down by around 3% to EUR 671 million.

Please turn to Slide 6. On the left, you can see the breakdown of the capital structure, which amounted to EUR 13.1 billion. Our credit metrics remain quite strong, with leverage up slightly to around 22.7%. However, we feel comfortable with this current level given our solid and high-quality capital position.

As you can see on the bottom left, the EUR 300 million increase in debt corresponds to new bank financing to fund 2019 acquisitions. The most relevant were the expansion of our agreement with Bankia for the BMN businesses and the agreement with Banco Santander in Spain. The cost of new debt was well below 1%.

On the next slide, we will take a look at our equity. Shareholders' equity is up around 11%, reaching nearly EUR 8.9 billion. The most relevant changes apart from results of dividends are: first, a EUR 715 million increase of unrealized gains in the available-for-sale portfolio net of shadow accounting driven by the sharp fall in rates; and second, the appreciation of the U.S. dollar and, to a lesser extent, the Mexican peso, which offset the fall in the Brazilian real and the Turkish lira.

On the bottom right, you can see the detail of the available-for-sale portfolio in Iberia, which represents 3 quarters of MAPFRE's total available-for-sale portfolio. As you can see, the majority of the group's unrealized gains are in immunized portfolios.

Please turn to Slide 8. On this slide, you have the Solvency II information. As you can see, the figures are pretty stable, and there are no relevant changes to discuss.

Please turn to the next slide. On the right, you can see that assets under management are up nearly 9% driven by improvements in stock and debt markets as well as currency effects. We are also seeing positive net inflows in both pension and mutual funds.

The breakdown of the investment portfolio is on the left. Asset allocation has been stable throughout the year, and exposure to government and corporate debt remains mostly unchanged. Largest exposures correspond to Spanish sovereign debt for a little over EUR 18 billion and Italian debt around EUR 2.9 billion. This investment are mainly held in immunized portfolios.

Realized gains in the euro area reached nearly EUR 178 million. And in Iberia, they reached EUR 118 million, up EUR 9 million, while in MAPFRE RE, they reached EUR 60 million, up by EUR 24 million. We continue with our cautious stance regarding asset sales as we prefer to protect the recurring deal. So most of the gains have been in equity.

Please turn to the next slide. We have disclosed new information that some of you requested in the past, separating burial from the other Non-Life portfolios. As you can see, burial is a long tail business, where we apply a similar ALM strategy as in the Life business.

Regarding the euro area actively managed portfolios. Accounting yields are still relatively high given the current market context, 1.95% in Non-Life and 3.5% in Life. Nevertheless, the downward trend should continue to impact financial income. We are mitigating this low deal trend by a slightly increasing duration.

As you can see, accounting yields in other main geographies are still well above those in Europe, although we saw a sharp decrease in rates in Brazil in 2019. Duration are particularly low in Brazil and LATAM North, which gives us room to take advantage of any potential deal increases.

Please turn to the next slide. Before we move on to explain the business units in more depth, I would like to take a moment to talk about MAPFRE's commitment to sustainability, which is part of our DNA. We have been signatories to the UN Global Compact since 2004 and are committed to the UN's Principles for Sustainable Insurance and Responsible Investments, and of course, the UN 2030 Agenda.

Regarding the environment, our goal is to be carbon neutral worldwide by 2030 and by 2021 in Iberia. We integrate environmental criteria in our underwriting and investing. Quality employment and diversity are also very important for MAPFRE. Over 97% of employees worldwide have permanent contracts. We also have targets to promote women and have inclusion policies. We recently launched the first fund in Europe for the inclusion of people with disabilities, which has been listed as best practice in the UN Global Compact.

Please turn to the next slide. Let's start with Iberia. In Spain, Non-Life premium growth has been excellent, and we have outperformed the market for the last 10 consecutive quarters. Growth in Life Protection has been exceptional, up 10% year-on-year.

Regarding the Motor business. Premiums are up 1.3% with good trends in both retail and fleets in Spain. The combined ratio 93.7%, solid ratio in a very competitive market where we've seen some pricing pressure. We've seen rising claims costs, [fitting] property damage and slightly rising frequency trends in full coverage products.

In General P&C, growth was mostly driven by Homeowners and Condominiums, which were up by around 5% and 9%, respectively. The combined ratio improved 1.6 percentage points, thanks to Homeowners and Commercial lines. There was a negative impact in the last 2 quarters as a result of the severe rain and storms in the Mediterranean area.

The improvement of the results of other Non-Life is due to strong improvements in general TPL. The Life Savings result has increased by EUR 28 million, and this is explained by 3 factors: first, realized gains are up EUR 18 million mainly driven by asset sales from surrenders; second, this year's results include the new Bankia subsidiaries acquired in 2019; and finally, also in 2019, there was a high level of provisioning for actuary tables compared to this year.

Let's now take a look at Brazil. Premiums grew 2% in local currency, with excellent performance in Life Protection, Agricultural and Multirisk segments. There was a fall in Motor premiums as a result of greater underwriting discipline and cancellation of loss-making accounts. The net result amounting to EUR 97 million, up nearly EUR 43 million. The Non-Life result is up around EUR 60 million, partly due to the absence of extraordinary negative adjustments, but the underlying result also improved. The largest profit

contributor was in this year General P&C. Losses in Motor are down, with a 7 percentage point reduction in combined ratio, thanks to stricter claims management, greater underwriting discipline and new pricing tools. As we already explained at the beginning of this presentation, profit benefited as well from a tax reduction.

Please turn to the next slide. In LATAM North, I would like to comment on the solid local currency growth trends and the extraordinary combined ratio, which stands at 94.7% in a better currency environment. We continue to develop a multichannel approach in the region, reaching new agreements with new financial institutions. Excluding the multiyear PEMEX policy, Mexico has had strong local currency growth of 16% driven by Life and Property segments. The Motor combined ratio improved over 6 percentage points to below 95%, thanks to tariff and risk selection measures. In Central America, the combined ratio has improved as well, as results are up. Panama, Honduras, Guatemala and El Salvador are all seeing solid growth and profitability trends. In the Dominican Republic, premiums are up 12% in local currency, and the combined ratio continues improving. Technical performance in Life Protection was also very good.

Please turn to the next slide. Regarding LATAM South, we've seen excellent local currency trends but with some volatility. Average exchange rates from -- for the Argentine, Chilean and Colombian pesos are down year-on-year, while the Peruvian sol is up over 4%. Local currency growth is good in most of our main markets, and we continue developing bancassurance operations and new agreements with car manufacturers. Peru shows excellent premium growth, especially in Life Savings. And in Colombia, financial performance has been excellent in the annuity runoff portfolio with a better ALM policy after restructuring the investment portfolio in July this year. We do not expect further negative impact going forward. Results in Chile were impacted by the riots with a nearly EUR 4 million net impact. The following results is explained by the 2018 real estate gains. Excluding this impact, underlying results have been rather stable despite a higher combined ratio in Motor. And Argentina as currently affected by the hyperinflationary economy is doing not very well.

Let's move to North America. The appreciation of the dollar has positively impacted both premiums and results. Premiums are down around 9% in local currency as a result of the exit from 5 states in 2018 and also the nonrenewal of Commercial lines in all states but Massachusetts starting this year. The attributable result is up over EUR 49 million in the U.S. Last year was affected by extraordinary winter weather as well as the cost of the exit of the 5 states. 2019 results are benefiting from a EUR 13 million net positive adjustments already discussed at the second quarter. And excluding extraordinary impacts, underlying results have improved over EUR 17 million. Outside the Northeast, we've seen a reduction in losses and combined ratios across the regions. And finally, positive profitability trends continue in Puerto Rico, with over EUR 20 million in results and a combined ratio below 91%.

Please turn to the next slide. Italy continues with strong improvements in the combined ratio, down 3 percentage points. It is also important to mention that Italy is already delivering over EUR 2 million in profit on a stand-alone basis -- I mean, without -- excluding consolidation adjustments. As we announced last quarter, we're working on the process of transforming our Italian entity into a VERTI Spain brand under EU regulations. The plan is a little bit behind schedule, but it's moving forward.

In Turkey, we are still seeing a drag from exchange rates. We continue with our defensive business model, reducing our MTPL exposures. The net result continues in positive territory, but it is still down compared to last year. The drivers behind the falling results are: first, inflation and currency depreciation, which are having a negative impact on spare parts and other claims costs, partially offset by investment in euros; and second, MAPFRE's participation in the compulsory high-risk MTPL pool, which has had a negative impact of EUR 5 million mainly booked in the second quarter this year. In Germany, premium trends continued to be positive with an improving result and resilient combined ratio.

Please turn to next slide. I will now hand over the call to Eduardo Pérez de Lema.

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Thank you, Fernando, and pleasure to join you this morning.

Concerning the performance of MAPFRE RE in 2019. Premiums are up by 12% fueled by the Reinsurance units, particularly on the Non-Life business. Growth comes mainly through increases in shares on our key client relationships, one large transaction in the U.S. for the group and also is benefiting from currency movements, especially for -- from the U.S. dollar.

On the other hand, the GLOBAL RISKS segment, premiums declined mainly due to the transfer of the portfolio that MAPFRE GLOBAL RISKS used to write through their European branches to the Reinsurance unit, which offsets the very strong pricing momentum on the retained portfolio initiated in the second half year of 2019. We continue working on the nonrenewal of unprofitable business in the GLOBAL RISKS segment. And as we announced recently, we discontinued underwriting facultative business in our London branch.

As for the Life business, the fall is due to the timing difference on certain large transactions. The combined ratio has been affected by several large claims that exceed our annual large loss budget. The most relevant pretax impacts include the Japanese typhoons for EUR 151.5 million, the riots in Chile for EUR 28 million, another number of large claims that almost amount EUR 80 million for -- compared to EUR 65 million in 2018 and also the impact on our Agricultural business of the Brazilian drought that impacted almost with EUR 15 million.

There also has been an increase in frequency of attritional claims compared to an exceptionally low level that we had in 2018. The results of the Life business is down due to the reduction in the financial income. The underlying profitability of the portfolio, the Life portfolio, remains strong. As for the -- for net financial gains before tax are up by nearly EUR 25 million, reaching EUR 60 million in 2019.

Now I would like to switch to next slide where we would like to review the outcome of our January Non-Group treaty renewals. As you know, at year-end, we renew most of our Non-Group treaty portfolio. In premium terms, that represents above 75% of our premiums. In general terms, it has been a very positive campaign for MAPFRE RE. We achieved overall growth of more than 10% on our premiums while we were able to improve our underlying profitability on our portfolio that we already consider to be balanced and healthy. This was achieved both through moderate risk-adjusted pricing increases on [wide] parts of the portfolio, pruning of certain underperforming treaties and further lines of business diversification.

We also were able to renew our retrocession program with some optimization of our structure, keeping stable retention levels, long-standing support from our main counterparts and pricing changes that are in line with the ones obtained in our [inwards] business.

Now I would like to hand back the floor to Fernando.

Fernando Mata Verdejo

Group CFO & Director

Thank you, Eduardo. Quite clear, simple explanation regarding MAPFRE RE's figures. On Slide 17, you can see the results from MAPFRE ASISTENCIA as well as the breakdown of extraordinary items and underlying results by business, region and product line.

On the left, you have the breakdown of the gross operating result, excluding write-downs and restructuring costs. As you can see, the losses are concentrated in 3 countries in the travel insurance business, while most of the other operations are delivering positive results.

As we announced last quarter, we will continue streamlining the organizational structure, exiting 5 countries. And going forward, the ASISTENCIA business will be simpler, and for sure, more efficient.

Please turn to the next slide for the closing remarks. Performance of the Insurance business has been outstanding, reaching a net result of over EUR 800 million, up 18%. This is our core business. The combined ratio of the Insurance units fell to 96.5%, thanks to our profitable growth strategy. MAPFRE RE will continue to be an important contributor to our earnings and a strategic unit over the cycle and will reduce exposures in GLOBAL RISKS in order to lower volatility.

We continue to be focused on technical excellence and profitable growth across the group. We are an insurance company, and our profits are mainly from the underwriting result. Financial income is a complement to our technical result, but not our main goal. Nevertheless, we have a privileged portfolio with our market deals and a significant buffer of unrealized capital gains.

We will continue to create value for our shareholders, streamlining operations to increase efficiency and profitability. Going forward, our transformation process is key, based on investing in innovation and digitalization.

Thank you for your attention. Now I will hand the floor over to Natalia.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you, Fernando. Thank you, Eduardo. Now we can start with the Q&A session.

Question and Answer

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

First question comes from Ivan Bokhmat at Barclays, Sofía Barallat at Caixabank BPI. They have asked regarding the positive tax impact registered in this quarter. Should we expect any recurring benefit from low tax rate offset in 2019, particularly in Spain?

Fernando Mata Verdejo

Group CFO & Director

Thank you, Ivan and Sofia. I already know this is the -- what is going to be the first question of the Q&A. This is the key extraordinary impact that we booked in the fourth quarter and also an important driver for results as well.

As explained in the presentation, this one, as this tax issue was a one-off positive net impact. The net was EUR 13.2 million and mainly was the result of the correction of double taxation with regards to profit from MAPFRE VIDA subsidiaries for previous fiscal years, mainly 2013 for 2016.

The double taxation was a result of a complex interpretation of the law applicable at this time, which is no longer enforced. And profits from this subsidiary were nontaxable as the sale price at the moment of the acquisition that we paid to the seller, including future profits. And the seller already paid taxes on this comp set because it was realized gains for the seller when accounting for the gain from this transaction.

Since 2017, our tax audit is being carried out by the tax authorities. We expect this tax audit to end in any week but very soon in the future. And the main problem is that we had to wait for the routine, ordinary tax audit, to be completed before filing for this correction. I mean, during the moment the tax audit has been done, we can file additional or correcting tax return in order to correct the mistake of the error.

So at the end of this quarter and once we obtain the proper tax fiscal documentation from the seller for the third parties, we agreed that it was 100% sure that this tax credit will be affected in future tax return. So as well, and since the tax audit was currently being done by the tax authority, we reached with the tax authorities in this interpretation. And so the relevant deductions were booked and apply in 2019.

The EUR 13 million is the net effect of approximately EUR 40 million tax credit and other -- some between EUR 15 million and EUR 20 million tax liability, and also other extraordinary tax impacts were booked during the first and second quarters in 2019. It's very complex, but I think this explanation -- I mean, will help you, I mean, to understand this taxation.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. This question goes to Eduardo, and it's coming from Niccolo Dalla-Palma at Exane. He would like to know your annual large loss budget to which you make reference on Slide 18.

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Well, we disclosed that figure on the Investors Day last year, the large loss figure that we that -- the budget that we had is EUR 275 million pretax for the Reinsurance unit only. That doesn't include the GLOBAL RISKS portfolio, which is different. And last year, what we had in 2019 is pretty similar to 2018. Actually, on the cat side of losses is almost exactly the same figure because both years, we stopped our cat losses and the deductible of both our occurrence and frequency covers. So both years are very similar in size in terms of cat events.

On the GLOBAL RISKS side, the large loss figure was significantly higher in 2019 compared to 2018.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Eduardo. This question comes from Ivan Bokhmat at Barclays and Sofía Barallat at Caixabank BPI have sent these questions regarding gains. What run rate do you anticipate for 2020? Should 2019 serve as a reasonable base? Do you reiterate your guidance of EUR 100 million of realization gains per year?

Fernando Mata Verdejo

Group CFO & Director

Thank you, Ivan and Sofia. As we already explained and in previous presentation, realized gains for MAPFRE are permanent source of income in our results. But as you know, our financial targets are focused. And I said on [improvement] of technical profitability, we focus on underlying results. Financial results, particularly realized capital gains, are a complement. I know that the number is pretty high because we have a lot of exposures on equities, but we should assume that this is a more complement of our underwriting results.

Over the last 3 years, we will reach a significant net realized gains. The range is between EUR 120 million, EUR 130 million more or less, net of tax with a combination of both real estate and also financial investment gains.

As I said at the third quarter and fourth quarter presentation, we had as available-for-sale some large units in the real estate markets, and we expected to complete some of this transaction. Unfortunately, we didn't do it, and the offer we got, they were enough, I mean, for us to take it. And so as you may see, the figure for real estate gains is quite modest. It's just above EUR 10 million, including part of the release of provisions.

On the other hand, 2018 was quite active in terms of real estate gains. And if I remember well, the amount was over EUR 50 million with relevant units sold, in particular in Chile. The units that we expected to sell in the fourth quarter, that is still in the market and the relevant ones. And we are pretty optimistic that we can make some of them throughout the 2020.

Regarding the level. We consider EUR 100 million net on realized gains a reasonable level. This is mainly the track from previous year. This is the number that we made in previous year.

Our portfolio is quite flexible, and we can mix real estate and financial investment as well. At the end of last year, we finished with nearly EUR 50 million in unrealized gains on equity. So we've got a good buffer for this 2020 year. We take advantage of market opportunities, as we said as well in equity and bond portfolios. Last quarter, the fourth quarter was pretty good, I mean, with the rally in the equity markets, and we took advantage of this situation. But anyway, we maintain a prudent approach to gains and talking about the bonds, and we prefer not to touch our fixed income portfolio because our main goal is to protect our recurring ordinary deals and to protect recurring financial income.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. Next question is for Eduardo. Ivan Bokhmat at Barclays asks do you believe the increased prices and better terms and conditions covered increase in loss cost inflation and retro costs for 2020? How much of a benefit to combined ratio do you expect from January 1 renewals?

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Thank you. Well, what I would say, first of all, is that we really don't expect any loss cost inflation or loss creeps to affect us on the events that we had both in 2018 or 2019 because we are fully reserved up to the level of where our protections would attach. We're not going almost into the protections, but we reserved that to the deductible. So we don't expect any impact on -- or we wouldn't have any impact on loss inflation.

What refers to our retro cost for 2020, we didn't suffer significant retro cost improvement -- increases, although we know that the market has been tough in that part of the industry. Main difference for us is that we haven't almost ceded any claims to our retro program since 2011.

So our retro program has been profitable for our Reinsurance, so we didn't have to go through massive adjustments.

What refers to the wider market, we haven't seen a really hard market across the whole reinsurance market. We have been seeing improvements. We have seen some segments where there have been massive price increases, but not across the whole market. I would say the portfolio overall is somewhat better than the year before, but not massively different to what we had before. To measure that in terms of combined ratio is a very difficult one and not easy to answer. I would say, with the current portfolio, we think we can achieve margin levels in line with the historical profitability of MAPFRE RE. That's what I would say right now.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Eduardo. Next question comes from Niccolo Dalla-Palma is regarding Brazil. The first one is pricing minorities. How much of the EUR 230 million minorities can we attribute to the Non-Life business and how much to the Life business?

Fernando Mata Verdejo

Group CFO & Director

Thank you, Niccolo. After the restructuring of shareholdings with Banco do Brasil, the final agreement with MAPFRE and Banco do Brasil. The minorities are mainly in the Agricultural and Life Protection business. I mean we're running both line of business as well in MAPFRE channel or in the MAPFRE 100% shareholding. But the majority of the Agricultural, we have 25% Agricultural and Life Protection, majority, we have a 25% economic shareholding. You can find the attributable result net of minorities by line of business for Brazil on the presentation.

As you may notice, I mean, we don't disclose line of business by bancassurance channel and MAPFRE channel because BB is also reported. I mean the numbers in a separate presentation. So basically, this is the information that we can give you at the moment. But any additional information, we'll get back to you after the call, and Natalia will give you more explanation.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Sure. Thank you, Fernando. This one is the Brazil combined ratio. How much of the 92.2% is due to a better-than-normal year in the agri segment? How would you quantify the normalized combined ratio for the region?

Fernando Mata Verdejo

Group CFO & Director

Well, first of all, we're extremely happy with the 92% combined ratio in Brazil. If -- remember at the Investor Day, we said that the combined ratio target for the 3-year period was 96%. Unfortunately, I mean, we're still working on Automobile, which is with [ran] combined ratios well above 100%. But on the remaining line of business, combined ratio is well below the combined ratio target of 96%. So the improvement in General P&C combined ratio is driven by basically the several line of business, transport and other retail multiple lines as well.

And from a combined ratio perspective, I mean 2019, it wasn't a great year for agricultural due to the droughts and rains during the first half of the year. My view is that it doesn't make sense to talk about a normalized combined ratio at Reinsurance since this particular line of business is subject to a lot of volatility because there are seasonal effects throughout the year. So I don't think it's correct, I mean, to talk about the combined ratio, normalized.

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

And also, if you allow me to jump in on this one. On this Agricultural segment in MAPFRE Brazil, the businesses there is not only crops, which is volatile by nature, and we know that and very well protected through reinsurance. But at the same time, they have a large part of the portfolio that is other kind of business of P&C linked to the agricultural sector that is much more stable, and that will give -- it's very profitable and very -- giving very stable results over time.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Eduardo. We continue with the questions regarding combined ratio in Brazil. And the next one is the combined ratio, it comes from Edward Morris from JPMorgan. The combined ratio appears to be running well ahead of the target, 96% for the group, 92.2% for full year '19. What drove this? And do you see this as sustainable?

Fernando Mata Verdejo

Group CFO & Director

Yes. Thank you, Edward. As I mentioned, General P&C ratio was the star last year and with a significant improvement in this current year. On the other hand, the Motor combined ratio is still pretty high, well above 100%, it's like 107%. I mean let's say that we expect both combined ratios, I mean, to convert in more reasonable long-run trends. So we're keeping, I mean, our objectives to lower combined ratio in Automobile in order to achieve 100% in the 2 remaining days -- years. But frankly, I mean, the General P&C combined ratio, which is currently at 79%, to me, sounds quite unsustainable in the future. So it's quite similar to what happened in Spain as well. And probably, we'll see some increases in P&C combined ratio in the future.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. We continue with the combined ratio topic in Brazil. On a quarterly basis, MAPFRE Brazil's combined ratio deteriorated. Could you elaborate on the reasons behind this performance?

Fernando Mata Verdejo

Group CFO & Director

Yes. Thank you, Sofía. There were -- it was 2 relevant fact. I mean not very important, but they affected the fourth quarter combined ratio results. First, it was the uptick in growing insurance in the fourth quarter. And also, it was a sliding commission adjustment from Reinsurance. We usually -- I mean, the standard in this industry is to wait till year-end in order to slide -- to adjust the Reinsurance sliding commission. So we booked this positive effect at the end of the year. Eduardo?

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Negative.

Fernando Mata Verdejo

Group CFO & Director

Negative. Sorry. Positive -- I would like to positive effect, it was negative, sorry about that.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. Now one more question regarding Brazil. Ivan Bokhmat at Barclays has a following question. Interest rates in the country continued to come down, along with further ForEx headwind of weaker real versus euro. How much of an impact do you now expect from lower investment result in 2020?

Fernando Mata Verdejo

Group CFO & Director

Yes. Thank you, Ivan. Our studies and research department is forecasting for next year, for 2020, quite stable real rates. So we shouldn't expect a relevant impact on -- from currency and also as well for -- I mean, talking about the U.S., we expect the U.S. dollar to be quite stable as well.

On interest deal is completely different. And 2 years ago, the Selic rate was well above 12%. Currently, it's 4-point something and 4.2%, I guess. And so we probably -- we expect further reduction. We will depend on the current expectation of GDP growth in emerging countries. And the current situation worldwide is quite difficult, I mean, to see what is going to happen in Brazil.

In any case, as we disclosed in our presentation, duration in Brazil is pretty low, and we're still keeping a good accounting deal, well above 5%. So we can take advantage of any further market opportunities to keep a deal or to increase rates, increase in duration.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Now we have one question also for Eduardo. Paz Ojeda at Sabadell has this question, U.S.A. MAPFRE RE. Could you confirm your exposure to the U.S. casualty business? Do you think that the increase in results could be a risk for you as we are seeing in other insurance companies?

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Well, specifically on our Reinsurance portfolio, the exposure is nil. We don't write any U.S. casualty at all, and never have done it. So we don't have any exposure to that one right now and not foreseeing to have it.

I can cover also the Insurance side. I would say, for what we are seeing in the U.S. casualty development, doesn't affect also our insurance operation. Our insurance operation is almost exclusively a personal lines operation, very heavy driven by Motor. And we are not seeing that impact that's severely our Insurance portfolio either. So I think it's a significant market trend, but not a MAPFRE event.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Good. Thank you very much, Eduardo. We have now a question that it has a lot of people asking about that is Niccolo Dalla-Palma, Edward Morris, Ivan Bokhmat. They want to know more about 2019, 2021 targets. You said you could update on your public objectives. What can you tell us about the new objectives? What indicators are you most concerned about? Should we expect a 10% ROE target will revise down to 9% or lower? Could you update on your view of the 96% combined ratio target? And how much of the underperformance this year has been driven by one-offs versus structural factors? So tough questions, but I guess you can group them.

Fernando Mata Verdejo

Group CFO & Director

Yes. Yes. Thank you, everybody. I mean I expected this question as well anyway. And as the -- as we said in previous presentations and also is included in the relevant fact filed with the CNMV at the -- in December. If any, I mean, we will update our targets and objectives for the strategic -- 3-year strategic plan at the AGM. Having said that, I mean, we shouldn't expect any relevant change in the basic KPIs. I mean the KPIs that we publish, I mean, for our strategic plan is the basic of the insurance industry, and we will keep talking about the combined ratio, total shareholder return, net equity, premium growth and so on. And we're currently analyzing, and we have to present first to the Board and then to the AGM is if there is any change in the metrics regarding these indicators, which is the more -- the toughest. And as we mentioned, I mean, ROE seems to be quite tough at the current moment, at the current situation due to the extraordinary events that we suffered during the first year of the new strategic plan. But then, frankly, we will give you more color at the AGM. At the moment, I mean, that's what I can say. That's it.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. One more question about MAPFRE RE and from Paz from Sabadell. In addition to the cancellation of facultative intra insurance, have you planned any other restructuring or cancellation measures?

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Yes. Thank you, Paz. First of all, we have discontinued facultative reinsurance in London only. We continue writing facultative business elsewhere, and we will continue to do so. We discontinued our facultative book in London because, obviously, results haven't been good. That's a fact. But also it didn't strategically fit into the portfolio under the new structure of MAPFRE RE and MAPFRE GLOBAL RISKS. We see other places where we can deploy our capital more efficiently. So that was the reason why we canceled our reinsurance operation in facultative.

Apart from that, there is no plan for a major restructuring anywhere else. What we do is we review constantly our portfolio and our individual relationships. And where we see profitability or margin issues, we try to negotiate restructuring of treaties or better terms. And if that is not possible, we eventually cancel our relationship. We had quite a few of them during [rush] renewal season that were under review. We can say, fortunately enough, especially in some markets that were under review, we were able to obtain improvements in conditions and structures that allow us to continue on the treaty, but this is a normal work that we have to do every year on our portfolio. So to answer the question, there is no plans for further restructuring or cancellation structurally on MAPFRE RE. Of course, constantly, we review individual relationships and treaties and see how we can obtain the margins that we need.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Eduardo. Now one question from Niccolo Dalla-Palma, and it's regarding Italy. Several years after the acquisition, the profitability is still quite poor. What structural actions have you put in place to address this?

Fernando Mata Verdejo

Group CFO & Director

Yes. Thank you, Niccolo. First of all, I would like to elaborate a little bit longer regarding Italy. As you remember, I mean, Italy was a strategic acquisition at that point in 2015, if I remember well. I mean rather than starting a digital business from scratch as we did in Spain from VERTI, we acquired a company with a lot of structural inefficiency. It's clear, but with a very good client-based platform in order to convert into digital business following the Spanish VERTI standards. This is a process that is taking probably longer than we expected, but it's moving forward and is following, I mean, the deadlines that we've set.

We've seen relevant technical improvements in Italy. The combined ratio is down 3 percentage points this year, but it is still, I mean, it's above 100%. It means that the more action has to be taken in order to reduce and to get an acceptable level.

Local accounts, as I said, Italy operation is reporting a good profit, I mean, EUR 2 million and also needs generating cash. So let's say that the part of the adjusted is done and the turnaround is already made.

Also, we are investing in Italy. And as you know, there is a new IT platform that -- and also some of the cost has been reduced, particularly the headcount in the past, and we're quite positive with -- in the near future. And we believe that we could reduce -- we will be able to reduce costs and also to convert into a profitable business.

Transformation of VERTI Italy at the moment is key, and we would like to have it converted this year into a VERTI Spain branch under EU regulation. It will be an important driver to help consolidate all the digital operations at the group level and also to take advantage of potential cost savings and also synergies within MAPFRE Spain Group.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. We have now a question from Edward Morris from JPMorgan regarding the investment portfolio. What is the reinvestment rate on the fixed income portfolio for Non-Life overall? Can you quantify the year-on-year headwind to your financial income from the current level of interest rates? And what structural actions have you put in place to address this?

Fernando Mata Verdejo

Group CFO & Director

Yes. Thank you, Edward. First, regarding expectation in the future, our survey and study department as well, they're expecting the 10-year Spanish bond to be at the end of the year, nearly 70 basis points, which is an important increase compared to the 0.47% at the beginning of the year. So the investment -- the reinvestment yield will be within this range between 45 and 70 for Spanish bonds, and it will be higher for corporate bonds and also for service in other countries.

You can see the figures for our main investment portfolio in Page 10 of our -- the presentation. The non-deal is slightly under 2% and around 3.5% in Life. Accounting yield has decreased approximately 22 percentage points this year, it's one of the lowest for the last 5 years. And it's part of the -- we're harvesting the fruit of protecting our recurring deal in the past.

Regarding duration, we have increased duration not that much, I mean, to mitigate the falling rates. And you can see as well in the presentation. And as I mentioned, particularly in LATAM, we have still room to increase higher deal, diversifying portfolios with alternative investments and also increasing the ratio, particularly in LATAM South.

We have an over EUR 1 billion budget approved by the Board for alternative asset. Approximately EUR 320 million, they're already been invested, and they're delivering yields, a good yield in our balance sheet. And the majority of this investment, a large share of this investment is in real estate, with yields between 4% and 4.5%.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Thank you very much. Now we have one more question for Eduardo Pérez de Lema. Alfredo Alonso at BBVA has sent 2 questions. How are the measures taken on GLOBAL RISKS affecting the performance in 4Q '19? What are your expectations going forward? Is the improvement in premium sustainable?

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

What I would say, well, the measures taken on GLOBAL RISKS are starting to see -- we are starting to see them. Unfortunately, on Insurance and Reinsurance, things take a bit longer to go through the accounts. But very clearly, we are seeing specifically on that segment that -- what I said before, in general, for reinsurance industry, it's not exactly a hard market yet. But specifically on the segments that MAPFRE GLOBAL RISKS is operating is significantly harder market or we could also call a hard market. And our expectations are positive on the outcome of that specific part of the portfolio because, really there, the conditions have changed dramatically since mid last year and very significantly into renewals into 2020. So with the conditions that we are seeing on renewals, depending on segments, but are very significantly different today than they were a year ago, and that will definitely go through the accounts.

Regarding how sustainable those improvements are, I would say, they need to be sustainable because the good or bad thing is that it's not MAPFRE GLOBAL RISKS probably. I mean it's an industry-wide problem. And across the industry, the results have been poor in that segment for a long time, and I think there is a very clear message everywhere that there is a need for improvement and that to be sustainable. So we are confident that on the portfolio that we will remain, we will see improved performance for sure, and that should be a little bit longer sustainable.

And -- but at the same time, we have to be aware that this is probably the most volatile portfolio that we have in our -- in the company, and they're subject to large losses anytime. Even with the best pricing, we will see years with really outstanding performance. And yes, with bad performance just depending on volatility of normal claims activity.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Eduardo. Now we go to North America. Alfredo Alonso at BBVA has the following question. What are the main reasons for the quarterly deterioration in North America? What are your expectations going forward?

Fernando Mata Verdejo

Group CFO & Director

Thank you, Alfredo. Yes, it was a slight deterioration in the fourth quarter, but the context was very positive. Let's say that there is a general improvement in the year in the United States, and we're very happy with the performance given by this unit in 2019, and they may be quite clear. I mean let's say that the U.S. has fulfilled the expectation that we have for this year.

Usually, the fourth quarter of the year is typically the [first] quarter in the year because the seasonality and also the winter effect. And usually, there is snowstorms, freezing temperature as well, and this is the main reason for this deterioration.

Going forward, I mean, we're still transforming our business in the U.S. As I said in the presentation, in 2018 was the exit of 5 states that we performed this year. In 2019, we announced the nonrenewal of commercial lines in all states but Massachusetts. We're looking into and analyzing, I mean, our current footprint in the U.S. And frankly, currently, there are 3 states in the radar. First is Arizona, second is Pennsylvania and the third is Florida. Pennsylvania had to clarify that Pennsylvania is the state we were running VERTI operations. And we're looking into the traditional business in Pennsylvania, which is running from the former Commerce business.

Analyzing means that we're looking for different opportunities in order to find, I mean, a solution to this loss-making operations. And probably in the future, in the near future, we see there is appetite for other players in order to reduce our exposure in the U.S. with further exits.

Obviously, I mean, the process is pretty low because we need some actions. It requires some approvals from the supervisor in each state. But probably, I mean, we will move forward in order to reduce our footprint in the states. I mean the strategy is pretty clear. Those states that they're loss-making operations, and they don't achieve the minimum size in order to be profitable in the future, they're in the radar. And the radar means that we're looking for potential opportunities in the market, I mean, to find a final solution.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. One more question about MAPFRE RE. And it comes from Sofía Barallat, CaixaBank BPI asks, although at [indiscernible] that it is very early. Are you expecting any impact from the adverse weather in São Paulo and Peru? Or are these weather events in regions where you are not exposed to?

Eduardo Perez de Lema

Chief Executive Officer of Mapfre Re

Well, thank you. The easy question is, we are exposed both in Brazil and in Peru to weather events, both on insurance and on reinsurance. But honestly, they happened 2 days ago, I think. So it's extremely early to see where they exactly affected and to what extent. So right now, it's impossible to say if there is any meaningful exposure to -- that can affect us.

My impression would be that it -- if any, it should be something within the attrition of natural tariff exposure that we have in a given year, but I would be very careful with any expectation on that.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much, Eduardo. Now we are going to Iberia. We have some questions coming from Ivan Bokhmat at Barclays, Alfredo Alonso at BBVA, Paz Ojeda at Sabadell and Sofía Barallat at Caixa BPI. They have the following questions regarding P&C and Motor dynamics in Iberia. P&C combined ratio has increased in Q4 '19 despite relatively mild weather. Could you talk about the dynamics in Motor segment, in particular? How much did you increase prices in 2019? And do you believe these covers pickup in frequency and severity? Should we still consider the 94% combined ratio to be a good target for 2021? What are your expectations for Motor insurance premiums in Iberia in 2020?

Fernando Mata Verdejo

Group CFO & Director

Yes. Thank you, Ivan, Alfredo, Pat and Sofía. If I may disagree, in the fourth quarter it wasn't mild weather. I mean we didn't have mild weather. Yes, the other hand, I mean, we were affected by several DANA, we call DANA, that was severe weather, big storms and rain over the Mediterranean area and particularly affecting the south of Spain and also Catalonia. And the trends follow us, as you probably are aware of. And January is still, I mean, with a hit in terms of severe weather over Catalonia. I should say it as well that most of the damages coming from this severe weather are coverage by the Consorcio which is the cat pool in Spain, particularly wind and flood damages. But anyway, I mean, the rain is affected the loss ratio in Automobile because of the car crashes and also more frequency in this business.

Regarding the outlook, and let's say that -- to report to a combined ratio of below 94% in these circumstances, I think, is very good. And obviously, there is an increase, but what it wasn't sustainable is combined ratio below 90%, as we reported in previous years.

The market is still very competitive with a lot of pressure on prices. Probably, you are aware, but 2 peers has worked on the large competitors as well in -- out of the top 10, and they're reporting increases in loss ratio and also is being affected by a lot negative -- loss negative developments derived from the variable, which is not affecting MAPFRE, obviously.

Regards Motor dynamics, as I mentioned, some increases. We've seen increases in material damage, claim costs as well as frequency. We consider this trend more structural than temporal as a result of the aging of the Spanish fleet. 2019 figures regarding new cars sold weren't good because of the lack of fiscal incentives in order to renew the fleet. And also, it's affecting -- the situation is affecting the Spanish fleet, which is the second oldest in Europe, if I remember, after Pon. We consider the Motor combined ratio in a range between 94% and 92% to be sustainable. The lower range will be perfect, I mean, for expectations. But that we -- this range we consider reasonable. And also, we expect as well some volatility on a quarterly basis because of the severe weather and also seasonality.

And regarding pricing, and MAPFRE is focused on increasing our share in more experienced drivers. So there is a slight decrease in average premium because those drivers that kind of reduced their premium, and we live in some segments of young people, which is more difficult, I mean, to handle as well. And so this is the main reason for the decrease in premiums.

Anyway, I mean, 2020 renewals in terms of price, we're increasing, I mean, based on inflation cost and also the increases of material damages, basically labor increases and also increases in frequency.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. So more or less, you have answered. The next question is about how much of the deterioration in the combined ratio comes from pricing pressure. Do you want to elaborate more on that?

Fernando Mata Verdejo

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Group CFO & Director

They are the 3 factors. I mean prices, they are very competitive, but also there is an increase in frequency and also on cost as well on property damage.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Also, we have a question from Sofía Barallat, Paz Ojeda, about Gloria storm. Do you have any initial preliminary estimate on the potential losses related with the damages resulting from the recent Gloria storm? Can we expect a similar impact from that of the DANA?

Fernando Mata Verdejo

Group CFO & Director

We do not have any estimation, but it won't be that big, like the one that we had in September and October. So we shouldn't expect any relevant impact from those storms.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you. This question is about DANA and the Consorcio. Which lines affected by DANA were not covered by the Consorcio? From the Q4 impact, do you expect to recover anything from the Consorcio?

Fernando Mata Verdejo

Group CFO & Director

Well, as I said, the Consorcio, which is the cat pool in Spain and is compulsory, covers wind and flood damages from storms [without] a certain limit. And basically, the damages that they are not covered, and they're covered by the private insurance business, in leaking in Homeowners and, obviously, car crashes from Automobile.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. Now I have to tell you that we have 5 more minutes because our CFO, Fernando Mata, has to attend a press conference. So we will try to answer some few questions. But perhaps, we can answer more. The Investor Relations team are available if you need.

Next question is from Alfredo Alonso is regarding the Life business in Spain. What are your expectations on the Life business? How could you mitigate the impact from the flattening interest rate score?

Fernando Mata Verdejo

Group CFO & Director

Well, I don't have a crystal ball. We're doing our best effort in order to grow this business. Life business is key for MAPFRE. It's one of the strategic lines of business, particularly in Spain, when we have relevant bancassurance agreement with Bankia also and Bankinter. We focus on Life Protection, and we reported significant growth in both distribution channels, I mean, the MAPFRE's agent channel and also bancassurance. And regarding savings, it will depend on our ability or capacity, I mean, to market attractive products, usually, unit-linked in order to cover any particular demand from policyholders, which is very unlikely, I mean, to assess at the current moment. But we're working pretty hard, I mean, in different products, and we're trying to keep the current pipeline of new products throughout the year. But currently, it's very difficult to forecast any particular rate of growth for Life Savings in Spain.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. Two more questions. One, regarding dividend. Is the dividend per share sustainable, taking into account the increase in debt level of the holding?

Fernando Mata Verdejo

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Group CFO & Director

As we said, our commitment with our shareholders is pretty clear. This is 4 year in a row, but we're keeping the same dividend [normally] in certain volatility in net income. And in the future, growth in dividends will be based on growing net income as well.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. Last one is regarding issuance plans, and it comes from Deutsche Bank, [Rahim Said]. Any -- could you speak to -- about any issuance plans? Any possibility of a Tier 1 this year or Tier 2 or Tier 3?

Fernando Mata Verdejo

Group CFO & Director

We're quite comfortable with our current leverage ratio, and we do not see any potential issuance, Tier 1 or Tier 2 either. I mean our capital position is quite strong, quite solid. And as I mentioned, the acquisition in 2019 was financed with traditional bank financing because of the current yields -- I mean, current rates are quite positive. And so I don't see any further issuance, I mean, in the short term.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. Thank you very much, Eduardo. This is it from the Q&A.

Fernando Mata Verdejo

Group CFO & Director

Thank you very much for your attendance. Our apologies, I mean, because we have to leave. I mean the press presentation is downtown Madrid, and it will start in 1 hour. We have to commute, as you know. And thank you very much for your presence.

Just to wrap up, I mean, I want to say very quite clear, I mean we're happy. I mean the results are quite reasonable in the current context. And are we satisfied with the results? Obviously, we want to present better results. Obviously, the result that we are unveiled today, they're not the one we plan at the beginning of the year. It was higher and also included in -- the one included in our strategic planning were more optimistic, more higher. But in the currency context, we're satisfied with the current results. Thank you again very much. And hopefully, for you in Spain, we'll see you in the evening at the analyst press presentation. For those that are attending London presentation, hopefully, we'll see you tomorrow morning in London. Thank you, and bye-bye.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Tomorrow evening.

Fernando Mata Verdejo

Group CFO & Director

Evening. That's correct.

Natalia Núñez Arana

Deputy Director Capital Markets & Head of Investor Relations

Bye. Bye.

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