



## **VIENNA INSURANCE GROUP (VIG)**

**Results and Embedded Value for the year 2015  
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**Conference Call Q&A-Session**

**Transcription**

**Conference Duration:**                      **Approximately 80 minutes**

**Speakers:**                                      **Elisabeth Stadler, CEO**  
**Martin Simhandl, CFO**  
**Peter Höfinger**  
**Roland Gröll**  
**Werner Matula**

**Chairperson:**                                      **Nina Higatzberger**

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Operator The first question comes from the line of Michael Huttner of JP Morgan. Please go ahead, sir.

Michael Huttner Thank you very much. So I have three questions please; the first one is on the combined ratio, the 95% midterm target or outlook. My question is why is it midterm and why not 2016? As I understand it, the main variable has been in the past the turnaround in Italy which, my guess is the loss has been eliminated or has been done and so I can't quite see why it should be midterm rather than now but I'm probably missing... so it's a question. And the second question is if I take the 172 million pre-tax and I add back the one-offs of 280 or something I get to about 450 million, so that's the corrected, adjusted, normalised, whatever 2015 figure. And if I compare that with the outlook of between 340 and 400 million, that would imply a further decline of somewhere between 110 million and 50 million. That seems a big decline still just from investment income. Investment income only fell 40 million last year. So I am just wondering what I am missing here.

And then the last question is a bit of a cheeky question given that you're still working on the numbers for full year 15 but maybe you would have an indication of where, what solvency would look like now. Thank you very much.

Elisabeth Stadler Okay, thank you. For question one and two I would like to hand over to Martin.

Martin Simhandl So, may I start with your first question concerning the combined ratio, why 95 midterm. You mentioned the development in Italy; the development in Italy we see already in the significantly improved situation in Austria where we have a decrease of roughly 2.5% in the combined ratio. The increase in the combined ratio at the end of last year was simply driven by increased loss ratios, especially what we have seen in Poland, we have seen in Slovakia. In the last quarter per se we have also seen some increases in the loss ratio in Romania. And what you can so to say more deliberately work on is the cost basis, the claims side, always to a certain extent you are influenced by market developments. And insofar, we think it's fair that we envisage that target for midterm because we are not sure that things would change so positively in some markets over the next year.

The second question, the development of the overall result. And you are true, when you are saying the result if you add the write-down of intangibles in last year would end up roughly around what you said. I want to elaborate a little bit on the development of the investment result which I think is very important. If you look closer at 2015 results you see that the impact has come on the P&C side. It was not that big in 2015.

When we planned for next year we took into account two effects – the one is the further decline on the current income in

investment result, and on the second side given the fact that we, for the time being, think that this interest rate environment will stay for a longer term, we think it's appropriate to reduce extraordinary incomes in investment results. And these two effects end up to a volume which comes near to 100 million and that simply explains the difference. Of course we would like to see other developments but I am not so sure if Mr Draghi will give us comfort on that within the coming year. And as a big part of our business is traditional Life and key investments are oriented towards that, I think we should take that into account on a longer term.

The third question was on Solvency II. Solvency II, if I understood you right, you asked why we are not reporting on the current situation. Was that your question?

Michael Huttner Kind of. It's just that some of your peers, when asked at the full year results, gave an indication of where they thought the number would be at the time so, this was mid-March, a month ago, Alliance gave a figure, AXA gave a figure, I think Generali gave a figure. It's the kind of sensitivity really.

Martin Simhandl Maybe there are two things that are a bit different from us to some of our peers. On the one hand, if you said Alliance, they are doing this internal model for many, many years now. We are in the beginning of, so to say, work in real terms on that. On the second thing and that's maybe our approach, we have to deliver that to our authorities. We have to deliver in the middle of the year. We want to deliver to you the same what we deliver to the authorities and surely we will inform you. We have given you an indication. It's a rough indication and you can be sure when we have final figures we will share that.

Michael Huttner Okay, thank you very much.

Operator The next question comes from the line of Daniel Bischof at Baader-Helvec. Please go ahead, sir.

Daniel Bischof Yes, good afternoon, a couple of questions, the first one on the dividend, so the guidance is a pay out of more than 30% which I think leaves quite some room for interpretation. I mean what is your view when it comes to the sustainability of the absolute dividend level and do you intend to reduce the volatility here in the years to come? The second one is on your remark on profitable growth. Can you remind us what the profitability measure is that you are targeting? I mean you provided a 95% combined ratio guidance but you used to have a midterm ROE guidance as well so what is your ambition here? And then the last one, just quickly on P&C in Austria, what you're seeing in terms of rate developments and what sort of growth trends would you expect for 2016?

Elisabeth Stadler Okay, Martin Simhandl is responsible for the figures and values in our Group so I'll hand over to him.

Martin Simhandl

Well, your first question, dividend. I think you have to differentiate two things; the one is our dividend policy. You know it is unchanged since 2005 and we think it's a good idea to have a stable dividend policy and it simply says that we are paying out minimum 30% of the net profit of the Group.

Why have we set that in 2005? The idea was to have a good compromise on the one hand of self-financing, build up equity on the other hand and also to provide a good dividend. At that time we were often confronted with the question why simply we distribute dividends at all. At that time there were some market participants that would rather have seen us leaving that behind for growth completely, what we did not at that time. On the other hand for the time being there is clearly more focus on the absolute level of dividends. We tried to find a compromise not only for the policy per se, which we think is a good one, but also for the last year. And insofar we fulfilled our policy but we increased to, if we take into account also the dividends on the hybrid, which are also financed out of the Group net result, we are nearly 100%. And we didn't think it would be a good idea to exceed 100%. This simply was the driver behind the setting of the dividend for last year and that led to the 60 cents.

Of course we are working on the results for the coming years and the results of the coming years will be the basis for the dividends of the coming years. So I come back to the profitability. I think it's important also for you that for the first time since years we have set a clear target on the profit of the year for 2016. I think that would help you. When it comes to a further look out, of course we are also looking on the returns on equity and I think what's very important insofar and we surely will have to look at that, is especially the return on tangible equity.

Elisabeth Stadler

Okay and I would like to give you an answer to your third question concerning the development and the growth trends.

I would say, and I think that everybody knows this, we are in a really challenging situation everywhere due to the low economic development. In Austria we expect growth trend for the next year, following the general insurance industry, of about 1-2%. We will see a decrease, a slight decrease in Life again because of a further decrease of the single premium payment. In the CEE countries the growth trend will be clearly higher. Also we expect not to see double digit growth as we had it in the last years. When we look at the first three months, we already have figures for the first three months, I can say that this trend is as I just mentioned. We see a slight decrease in Life, especially in single premium mainly in the Czech Republic and Poland as we have seen it last year. And our growth rate in property and casualty are around about zero. We face here quite a heavy competitor situation in a lot of our countries. And concerning health insurance, we believe that this will be one of the main growth drivers in the future and that's why we set up a special target, a special topic on this issue and that is why we want to have an eye on this and start

more initiatives in health insurance as well in Austria as in the CEE countries.

Daniel Bischof

Okay, thank you.

Operator

The next question comes from the line of Bernd Maurer of RCB. Please go ahead, sir.

Bernd Maurer

Good afternoon, Bernd Maurer, Raiffeisen Centro Bank speaking. I want to come back to the first question which was raised regarding the combined ratio. Can you please give us a clean figure for Austria for the year 2015, meaning ex the burden of Italy? And then looking ahead to 2016, I think we are all of the opinion that the extra provisioning in Italy slows down given the significant reduction of the business volume in Italy. Can you state any figure, how much either your Group or your Austrian combined ratio will still be burdened by the additional provisioning in Italy in the year 2016 going forward? That's point one.

Point two, in your P&C segment results in the fourth quarter there was quite some high other operating income of about 50 million in the final quarter. That's about double the usual run rate or more than double the usual run rate; can you give us some hint as to where this is coming from? Thank you.

Elisabeth Stadler

Okay, thank you. Let me just give you a short answer concerning Italy before I hand over to Martin who is our head of the figures. As you know, I was responsible in the CEO function for Donau over the last one and a half years. I think I can say that the situation in Italy is clearly under control. We have done a lot of measures; we have set a lot of actions there. The portfolio is quite small at the moment. That's why we lost premium in property and casualty in the Austrian sector, you saw this. I think in Italy we are really on a good way and we can expect that the combined ratio in Austria will not be influenced in a negative way for Italy in the next year. You can give more detail, Martin, please.

Martin Simhandl

I simply wanted to stress the fact that already the last times in the calls we were saying that the impact does not come up as was before, out of additional resource that had to be built up. What we see, and this is a fact, that is somehow ongoing gradually declining are some cost effects. This has burdened the year 2015 and will burden the year 16 and most probably also some time after 2016. But this is to be seen in combination with the total cost development of Donau and clearly the whole board of Donau is working on reducing costs and bringing down the cost ratio.

Bernd Maurer

One follow up on this, would you see the described cost effect that you just mentioned as a topic for Italy or is it a more than usual topic for the whole Austrian segment?

Martin Simhandl Look, when we talk about, and this again is something that we elaborated on several times, clearly the impact materially comes from Italy but you cannot, from the figures standpoint, you cannot completely differentiate that because you have additional needs of personnel and of course you are trying to use that in a way that it's as cost-efficient as possible and that would not be if you would simply try to divide that between Italy and Austria. That would make no sense.

Elisabeth Stadler Sorry, could you put your second question again? We are not sure if we understood it correctly.

Bernd Maurer In the segment reporting for the P&C segment, the other income was reasonably higher in the fourth quarter 15 than in the previous quarters and also most of the other final quarters of the last years. So you must have booked any, let's say rather, or you must have received any tailwind from anywhere, so a figure of about 50 million I calculate versus the usual €15 million number. What's the reason for the higher than usual other operating income in the P&C segment in the final quarter?

Martin Simhandl Frankly spoken for the time being, I'm not able to answer clearly your question. We will have a look at that and will come back to you.

Bernd Maurer Thanks a lot.

Operator The next question comes from the line of Ralph Hebgen of KBW. Please go ahead.

Ralph Hebgen Yes, hi, Ralph Hebgen from KBW. Just one thing; you have already elaborated on your rationale behind the dividend payment. It would be interesting for me to understand this a little bit more. Obviously the dividend cut was material, around 60%, and it leaves your cash cover at more than six times. I don't think that in light of the excellent solvency you would have done this to basically support solvency. And you've sort of commented in a side comment that part of the rationale lies in support of acquisitive activity. So if you could just perhaps elaborate whether you are building up a buffer for acquisitive growth and whether therefore the dividend in the future can be expected to be at the lower end of your guidance, so more 30% than significantly above that. Thank you.

Martin Simhandl First to come back to the view on the past, if you look at the past you will see that in, so to say, normal years the payout ratio was maybe around 30-35%, something like that. We had extraordinary years so we had higher payout ratios; that's for example 2013 we had non-cash effects and also 2015 we had non-cash effects. And we significantly increased the payout ratio but we never increased it above 100. That's the one thing to say. And the second, when it comes to the self-financing, I think and I hope I have expressed myself clearly, the idea of the dividend policy per se is to have over time a good solid

basis also for development, be it organically, be it acquisitional and this I think is a good idea also to follow for the future.

Ralph Hebgen

So there may be indeed some rationale behind the saving of the dividend payment related to future acquisitions in the markets which you identified. Because you see, in the end it is... I hear you when you say we didn't actually want to go above a sort of normal IFRS payout ratio of 100% but it's sort of irrelevant really whether it's 100% or anything else, isn't it? It's the cash generation capacity which should drive the afford of the dividend payment, and your cash generation was very solid in 2015.

Martin Simhandl

You are right, Ralph, but on the other hand we see that not only on a period of one year. We see that over a longer time and we want to develop also in the coming years and we want to develop our potential on the growth side and on the earnings side and hopefully that will come up clearer for you also in the development.

Ralph Hebgen

Okay, thank you very much.

Operator

The next question comes from the line of Thomas Unger of Erste Group. Please go ahead, sir.

Thomas Unger

Hi, good afternoon. I have a couple of questions also, the first regarding the interest guarantees in the Austrian Life business; can you confirm that the average guarantee levels for 2015 was 2.31% and how quickly do you expect this to come down in the coming years? And maybe you could also give us an indication of how large the stock of guaranteed policies in Austria is and maybe a share of the technical provisions will be helpful. Then also for the Romanian goodwill that you took in Q4, that was a bit of a surprise in a non-Life business since the entities are in a restructuring process. It seemed to have yielded nice results over the past years with growth on the top line and also a solid profitability development, so maybe you can give us more details here also. And then lastly a question directly for Ms Stadler; what is your top priority for the coming years?

Elisabeth Stadler

Okay, thank you for the questions. I would like to start with the Life question concerning the average interest guarantee rate. You are right, it's decreasing constantly from year to year and especially the regulations we had during the last year helped a lot to decrease the average interest guaranteed rate. I can tell you that in all of our Austrian insurance companies selling and administering Life, we already have switched a lot of new contracts to index linked and unit linked products and we tried to offer here effective solutions to make a switch in the portfolio from classical to unit linked insurance products. So we are quite sure that we can manage our guaranteed interest rate and the development goes into the right direction.

Thomas Unger Do you have an indication of how quickly it could come down in, let's say, the next five years maybe?

Elisabeth Stadler I'm sorry, I can't give you an indication at the moment but we can evaluate and we can give these figures to you that's clear, yes. Mr Matula has overtaken and will give you the figures.

Thomas Unger Okay, fine, thank you.

Elisabeth Stadler Okay, and concerning your question on Romania and the growth on the top line and on the profitability I would like to hand over to Peter Höfinger who is the mastermind in non-Life insurance.

Peter Höfinger Hello, good afternoon. To Romania, yes, you know we have quite some history in Romania and in restructuring Romania, yes, we see in the past 12-18 months developments which are positive. We are back on the profitable side. Nevertheless, having had some kind of learning maybe from the past and seeing the volatility which the Romanian market has, we have been looking at various scenarios and we have decided in looking forward to have a cautious approach to the development of the Romanian market which resulted in this write-off to goodwill.

Thomas Unger Okay, so there was no particular event or anything that forced you to take that impairment in Romania?

Martin Simhandl Let me explain it like that; at the end of the day the planning, the looking forward, and the looking forward is always something that is not sure and you cannot have a more aggressive or a more conservative approach. At the end of the day it's the duty of the management board to decide how it sees that. And in light of the developments in, as I said already, we have seen some deterioration on the claims ratio in the last quarter 2015 in Romania, we thought a more cautious approach would be the right one.

Thomas Unger Okay.

Elisabeth Stadler Okay fine, and last coming to your third question, what are my top priorities, I think I already mentioned a lot of them before. Profitable growth is one of the most important topics. You know, we had I would say better times, easier times in the insurance industry in general over the last years but we are in a challenging environment and we will face this challenging environment. We are looking at growth opportunities organically or inorganically, so we are open, we are screening our markets. Our main markets will stay Austria and CEE. We count these as our home markets. We were profitable there over the last years. You know VIG was first mover in a lot of these countries and therefore we are quite successful in these countries and we want to focus on these countries. We will screen our CEE countries land by land and check the economic environment. We will check the possibilities of

growth opportunities, are they organic or inorganic, and we will focus on health insurance which we see as a really interesting segment for the next years, for the future. And one topic I already mentioned, which will be very important in the next years I would say in all industries, is digitalisation. We have done a lot in this sector I would say. Especially in some of our CEE countries we have very innovative solutions and we will try to bring these solutions from one country to all the others. We are not planning special investments therefore. We do this year by year, we do this on a steady basis, on a steady development but we will focus on digitalisation, especially with our bank partner because our bank partner has a main topic in digitalisation too and as we are going hand in hand, it is clear that we want to accompany them there.

Thomas Unger

Right, and your bank partner will also be investing into digitalisation. Is that something that you also foresee for yourselves, any increase in investments that you expect for the next years?

Elisabeth Stadler

I would like to hand over this question to our responsible board member for IT, Roland Gröll.

Roland Gröll

Hello and good afternoon. If you look at our IT investment over the last three to five years it would average 100 million, 100 million plus. Of course also the last three to five years these investments include digitalisation projects. As Elisabeth Stadler mentioned, that's not a new issue. We work on this on a constant basis since years. And that's perhaps the main reason that within the next two to three years I do not expect significant high investments in IT because we work on these issues since years and that's for VIG a steady development.

Thomas Unger

Okay, thank you. That's clear.

Operator

The next question comes from the line of Dhruv Ghalaut of HSBC. Please go ahead.

Dhruv Ghalaut

Good afternoon. I just have a couple of questions. Firstly, going back to questions from Ralph on the dividend and cash, could you also comment on how the cash remittance was in 2015 and is there any markets where you're having issues with remitting cash back to the holding company level? That's one. Secondly, you've talked about the health market, the health insurance market where you want to develop further. Any targets in terms of how much you want to grow in the next couple of years and if you could say something there? Thirdly, also on the capital side, you've talked about maintaining a sound capital ratio; if you could just quantify what that means in terms of range etc which others have said. And lastly in terms of M&A, you have aspirations clearly in terms of growing some of these books. Could you quantify what your firepower is here on the M&A side? Thanks.

Elisabeth Stadler Thank you for the questions. One and three will be answered by Martin. Four also, thank you.

Martin Simhandl Well, maybe I start with four, firepower. I think it's important that you have enough firepower to develop as you want. We would not have set our targets as we did if we did not have the firepower behind that. That goes together with the third question about capital – what is a sound capital ratio? We formulated that like that because to a certain extent that always has an interaction to the markets themselves. What we see is that our capital ratio is well within our main good peers, first and second, and you know that our capital ratio from the perspective of estimation and view of the rating agency, meaning Standard & Poor's, is an excellent one and this is, so to say, the combination, how to see it.

The last question from my side to answer, remitting dividends, as you know and already on that we elaborated several times, there's one country where for the time being there are certain limitations and that is Poland. And that means that you have certain figures you have to fulfil if you want to distribute dividends. These are mainly, at the end of the day, figures that come to certain levels of capitalisation at the end of the day but nothing else for the time being.

Dhruv Ghalaut Can I just follow up on that question, as in what is the number that got remitted? What is the cash remittance number?

Martin Simhandl It's very simple. The way we are doing that is that there are two lines of cash streams. The one is to the Group which is by far the biggest part of the profit that is normally given to the Group, and there is a second stream that's going down, that's the other side. This is simply the stream that is needed for capitalisation of companies that are growing that needs capital and that's it. There is no other item about that. It simply comes out from the result.

Dhruv Ghalaut Last year, could you say what the net number was that came to the holding company?

Martin Simhandl The basis for that is very simple to be calculated. Look on the non-cash result and take the biggest part of that and then you are not far away.

Operator The next question comes from the line of Youdish Chicooree of Autonomous Research. Please go ahead.

Youdish Chicooree Good afternoon, thank you for taking my questions. I have got three questions actually. The first one, I look at your midterm goals that you've set out in your slide pack and I cannot see your midterm target that you set out last year which was, I guess, around 100 basis to 150 basis points above your cost of capital. Has this target been dropped? Secondly, if I take the top end of your pre-tax guidance of 400 million, that implies a ROE of around 6% and your cost of capital is probably 300

basis point above that, so do you have a plan or are you thinking of a timeline where the Group could get back to that level? And thirdly, I think in your pre-release results a few weeks ago you talked about looking at potential cost cutting programs and you were in the process of examining that, so should we be expecting something more concrete in the coming months or weeks? Thank you.

Elisabeth Stadler

Okay, thank you for your questions. I would like to start with the third one. We are, it's not necessary that we will run cost cutting programs. As I said before, cost cutting and cost efficiency is always a topic on our agenda. We can say we see it as one of the rules in our company so it is not necessary that we run extra programs. We are looking and searching every time and in all the different locations we have in our Group if we can find synergies, if we can create services together or if we can save costs. Concerning one and two, it's in times like this not easy to make midterm prognoses.

Martin Simhandl

Well maybe to add one or two sentences to that. Well, for the coming year you simply can calculate that. I wanted to add, and again I stressed that already in the beginning, please not only look at the total equity but also look at the tangible equity, and this especially in a time where you have to have a closer look where the result comes from. We are talking about investment results declining. We are talking about books of traditional Life insurance. What you can do, and that's the way you can react as a manager, you can add new, profitable business. You cannot change old books, and this you have to take into account and this is what is reflected here.

Youdish Chicooree

Okay, thank you very much.

Elisabeth Stadler

Thank you.

Operator

The next question comes from the line of Frank Kopfinger of Deutsche Bank. Please go ahead, sir.

Frank Kopfinger

Good afternoon everybody. I have two questions. My first question is on your focus on profitable growth which you highlighted a couple of times. Does this also include or are we only talking about M&A on this side or are you also looking at potential disposals? And if so, what would be the hurdle rates or the triggers that you're looking at, be it market share or be it profitability? And secondly, on your MCEV in Austria and Germany, I recognised that the required capital for this entity came significantly down by roughly one-third. And on the other side you said you increased the free surplus for this division. What were the drivers of this development, especially in the low yield environment?

And on the other side, you highlighted on your slide that you had a positive impact from higher projected investment return. Could you also comment on this, how you increase your projected investment return also in this low yield environment?

Elisabeth Stadler Thank you. We would like to start with the question concerning the MCEV. Mr Matula is already ready.

Werner Matula Yes, that's fine. Let's start with the increase in free surplus but actually a reduction in required capital in Austria and Germany. What is happening there; a major impact is simply the increased value in force, which is the profitability of the business, is covering the solvency capital. And the required capital, the remaining required capital then obviously is lower. So what you see here is required capital is just a part of what is in the adjusted net asset value. Since we increased the value in force required capital is released.

Frank Kopfinger But how does it work that the profitability of the in force value is increasing so much?

Werner Matula This is another story and if you remember I was showing a bit of development of the Austria-Germany MCEV with the two drivers on the one hand the economic variance, on the other hand the operating variance. And you have asked the question on the economic variance in terms of higher than projected investment returns, what is happening there? This is related to the investment returns that we are projecting effectively for the next year. So we are starting last year, 2014; we are projecting a certain investment return, meaning assuming a certain investment return. In reality it happens that we have a higher one. There is always a risk premium on top of what we have projected etc. So we have a more favourable experience in the investment return that we actually assumed last year. This was the one effect. The other effect is that the curve that we are using, especially on the longer end, is a little bit higher compared to last year and this helps for the assumptions on the new assets modelled, so to say, in the future. So there is a positive effect from the experience and also a positive effect on the assumptions of the same.

Martin Simhandl Maybe to try to answer your first question, you asked if are simply thinking of growing inorganically, meaning by buying. No. We are of course also thinking about growing organically and significantly also by growing organically and at quite a substantial extent we have done that also in the past. You had the question if we are thinking about disposals. When it comes to disposals, in principle when we are acquiring an insurance company, as this is a strategic investment for us, we are not doing that for selling it after three years, what could happen is something develops very, in the wrong way. If I look back, we had a very negative development over years in Romania and we have had a lot of discussions about Romania in this time. But on the one hand what you see what we have done, we have reorganised the business totally within that years, so what you are trying is simply to find a way to make profit your business also in such a time and secondly, and since one and a half years we see that and hopefully it continues, the market also sometimes turns around.

Frank Kopfinger                      Okay, thank you.

Elisabeth Stadler                    You're welcome.

Operator                                The next follow-up question comes from the line of Ralph Hebgen from KBW. Please go ahead.

Ralph Hebgen                         Yes, hi, me again. Just on M&A if I may, I think... sorry, I was off the conference call for a moment, did you say that within your M&A program you could also envisage to sell some of your or dispose some of your business, for example of course what springs to mind might be Romania, or anything else? And second, would you share with us some of your thoughts governing the economic returns on acquisitions? Do you have any hurdle rates, can you share with us what they are, or more qualitatively, what would make you walk away from an acquisition?

Elisabeth Stadler                    Okay, I would like to start and then hand over to Martin. We always say acquisitions will be made where it appears to make economic sense for us and where it enables us to achieve the desired market position quicker. Concerning the special target, if you look at what we acquired in the last years, that was mainly small to medium sized acquisitions. Currently there are no big deals at the moment on the market. And as you asked, if we will sell also, we are screening all our markets and we will make our decisions then. Normally we say never say never but it's not our first intention to sell some of our companies because we have gone into these countries and we would like to stay in these countries because we believe in these countries. More details on the figures from Martin.

Martin Simhandl                     First to add to the disposals, what I wanted to turn out when I talked about Romania is that Romania was very challenging and even in that situation we tried to turn it around and at the end of the day we succeeded. Hopefully it stays like that but you see, before you are disposing you think a lot about other solutions. Secondly, when it comes to the question of how you estimate acquisitions and what's your hurdle rate, that's quite simple. This is an approach where you are evaluating the companies per se and this comes simple from normally discounted cash flow models where you model the future earnings and you discount it with the normal beta and the market risk premium you have to apply. What in fact normally is the main challenge is how sure you believe the ongoing development reflected in the planning is. And this has two components in itself; the one is the situation in the market of the company you want to acquire, and the second what you, with your management capacity and ability, think you can make out of that. And that normally drives the acquisition and that enables you, if it's going right, that you acquire for something for value where you think you make out of it more than the existing situation can provide to you.



Martin Simhandl	No, minus...
Michael Huttner	Minus intangibles, so that's about 3.8 billion, right?
Martin Simhandl	No...
Michael Huttner	2.8 billion. Sorry...
Martin Simhandl	Roughly three billion.
Michael Huttner	Okay. That's brilliant. That's really helpful, thank you.
Operator	There are no further questions at this time.
Nina Higatzberger	Okay, if there are no further questions then I say thank you to everyone for attending this call and for the questions. We hope to have you with us again on the 24th May when we are going to present the first quarter results for 2016. Thank you.