Fabrizio Campelli at Morgan Stanley European Financials Conference, London

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Transcript

Magdalena Stoklosa: Hello. I'm delighted to be joined today for the fireside chat by Fabrizio Campelli, a member of the Management Board of Deutsche Bank and its Chief Transformation Officer, a role Fabrizio took in November last year. In his 16-year career at Deutsche Bank, Fabrizio spent the last 4 years as the Global Head of Deutsche Bank Wealth Management and previously as the Head of Strategy and Deputy COO for the group. Fabrizio, thank you very much for being here with us today.

Fabrizio Campelli: Thank you for having me.

Magdalena Stoklosa: Let's divide our conversation into three parts: reaction to current conditions, of course; your role and the key transformation targets for Deutsche Bank; and finally, more far-reaching fundamentals. So let's start with the COVID-19 impact on Deutsche, both from the business but also operational perspective.

Fabrizio Campelli: Sure. Obviously this is a time when the financial industry is facing what is a very serious crisis. We are as an industry much better prepared and much more resilient thanks to all the investment that's gone into resilience and contingency management in the last decade or more. And in that sense, Deutsche Bank is no different. I think when you look at crises like this, your positioning at the beginning of the crisis is the most important thing. You ride into one of these crises with the positioning you have. And in that sense I would say DB is very well-positioned.

There are a number of reasons. First is our strategy realignment, which we announced in July of last year, was one that obviously is helping us a lot right now. It's paying off in terms of having shifted our focus towards more stable businesses, reducing exposure to highly capital consumptive and more volatile ends of the investment banking businesses. We are more dependent on recurring revenue streams and operate in businesses where we have scale and strong competitive positioning. This is very helpful at times like these when you do want to stay very relevant to your customers in fewer, more focused businesses.

The second area is that our strategic plan was quite conservatively planned, particularly when it comes to capital. We have the stated target of staying above the 12.5% Core Tier 1 ratio for the duration of our strategic plan. We came into 2020 with a 13.6% ratio, which is a very strong ratio. And even accounting for some of the RWA inflationary impacts of, for example, the new securitization framework which kicked in at the beginning of the year, we still have a very robust buffer.

We also have a very strong liquidity position. Coming into this, DB was already enjoying a very strong liquidity base. And even at times like this where there is quite a fair amount of stress in the system, you do see that clients turn to you for drawdowns. Across the industry there has been an increase in the request for drawdowns on committed facilities. DB has been no different. But the drawdowns we've seen have remained very much within, and in fact, way, way below the stressed levels that we model and assume. And our liquidity levels remain as of this morning comfortably above €200 billion.

Overall on credit so far, we have not seen any major credit event. This is not to say that Credit Loss Provisions, given how CLPs get modelled under IFRS 9, also on the basis of forward-looking indicators like the deterioration of macroeconomic environment, obviously we will see some of those effects. But these are modelled effects rather than actual losses.

So overall strong positioning, and financially we're riding into this crisis with a lot more comfort than we would have had absent the strategic realignment we carried out last year.

Operationally, big events. Obviously we had to invoke, like everybody else, a number of our business continuity protocols. We have moved to split operations pretty much across the globe, but we have the continuity measures in place to ensure continuity of operations. As you can imagine at times like this, our top priority remains, among all the things I just mentioned, the safety of our employees and of course the customers that they come into contact with and continuing to provide service to our customers. And in that sense, all the continuity measures we put in place are delivering on just that.

Magdalena Stoklosa: Perfect. And then given the volatility in the markets and of course the policy shifts we have seen over the last couple of weeks, how do you see this impacting your FIC revenues, in particular, year to date? And how do you risk manage these?

Fabrizio Campelli: Sure. So, the FIC business, and to put it in context after the realignment of the strategy last year, investment banking has become 30% of the revenue base of the bank with 70% in the more stable businesses of the Private Bank, Corporate Bank and asset management. And within the Investment Bank, FIC is a very important engine. That's the one business which we have refocused. And the recalibration of that model last year has resulted in us not just recalibrating more towards a fixed income, but also recalibrating within fixed income.

The result is that we now have about 80% of all of our revenues in investment banking come from businesses where Deutsche Bank has a leading position, which positions us really well with clients by being one of the top calls, by being one of the key bankers and key relationships that they lean on, which gives us much better insight on flows and risk than we would have had had we remained in businesses in which we were sub-scale.

And you're right. Fixed income is a key business we look at in that context, but maybe I'll also refer to the other 70% of the bank. But the fixed income part is working quite strongly. We have shown how the momentum in the fourth quarter of last year where we had actually the first quarter of revenue growth in investment banking after 11 quarters of decline - a 7% increase in investment banking revenues in the second half of 2019 and 22% for the fourth quarter, with fixed income up 30% year-on-year.

So, strong momentum which were the result, as I said, of refocusing the business, but also the fact that some of the negative halo effects we expected from business exits in Equity Trading, where we feared customers interpreting that we would also be less committed to the fixed income complex as well, clients understood that that's not the case. And in fact, that negative halo effect was probably over estimated in our models, and the result is that we're seeing that momentum quite strongly reflected in those numbers. That momentum has continued into the first months of the first quarter. Of course the last few weeks have presented us with levels of volatility which were obviously unexpected, and the turbulence has been quite high.

Generally speaking, how do we risk manage it? First of all we have, like I said, through our strong positioning and a fairly conservative approach. We have a relatively low Value-at-Risk (VaR) with our 1-day 95% VaR at around €25 million. And we have also reduced exposure to some of the asset classes that have experienced the highest level of volatility right now. And, we're now exposed to parts of the business which tend to be quite volatility friendly. So overall, I think we are managing it these days relatively stably, and it's encouraging to see the resilience in the fixed income complex.

I would say in the other parts of the bank, the Private Bank has had the revenue resilience throughout these last few months. And when we look at the asset gathering part of the businesses we enjoyed strong growth in the fourth quarter. DWS, our asset management arm, grew revenues by 12% in the fourth quarter. The core business of the wealth management business, which as you mentioned, I know quite well was up 11% in the fourth quarter. And that's momentum that has been carried out again into Q1. And so for the time being, I think the businesses are showing the resilience we need, and of course the effects of much of what's going on right now will probably be seen later in the year rather than in the first quarter.

Magdalena Stoklosa: Yes, or kind of immediately, that's true. Offsetting interest rate headwinds is obviously a big part of your kind of revenue focus. How are you going to do this, and how far through the deposit repricing, and that's particularly to your kind of euro business are you? And what is the sensitivity of your NII to the kind of movements in the euro rate? Should we get them as additional policy response? But how does it look on the U.S. dollar side, too?

Fabrizio Campelli: So, you're right that we've made it also quite a prominent feature of our Investor Deep Dive in December. The fact that we have been moving quite steadily towards a policy of looking for resilience on the interest rate and the net interest income across our business model. We pursued three avenues on how we did that, and of course there are other effects that have helped. The first one is definitely the strategic realignment I referred to. The shift in business perimeter in 2019 meant that we reduced business exposure to some of the more interest income exposed businesses, and we invested in those areas that actually built out the more of a fee income profile. And we mentioned explicitly some parts of the Corporate Bank, Asset Management and Wealth Management. And between Wealth Management, Asset Management and the Private Bank, we have €1 trillion of assets under management, which obviously supports us at times of fee gathering.

There's a second aspect which caught a lot of attention around the repricing of deposits, particularly in the negative interest rate environment. And we started in 2019 already, and that process has continued to move forward. Obviously, this has been carried out with either corporate clients or the largest clients within the Private Bank space. And that is a process that has continued steadily and supported across our businesses in a very consistent manner. And I would say clients obviously understand, given the interest rate environment and this process is more accepted across the street, so that process is going well.

We've also continued to identify pockets of our deposit base that can be repriced more systematically across the platform. And initiatives like the ECB on the tiering of deposits obviously has supported us further in that effort.

Your question on sensitivity. On euro, I think we have seen a lot of volatility in euro rates. The recent weeks has kind of somewhat brought the numbers back up and very close to our model levels. On dollar sensitivity, we disclose this on a quarterly basis, but given the euro-denominated nature of our institution, we're less exposed to dollar rate volatility. And accordingly, you can quantify it as €1 million revenues per basis point of shift. So in the last two weeks, the 200 basis point downward shift in the dollar rates has resulted in an annualized modelled impact of about €200 million revenues, which obviously is a big number, but in the grand scheme of things falls well within the tolerance of our revenue plans.

Magdalena Stoklosa: Yes, yes. Absolutely. How do you think about the credit exposures kind of evolving at the moment? Of course, the market is focused on certain sectors, be it an energy sector, be it hospitality, be it of course airlines. How do you think about, well, your exposures, your positioning, and how are you kind of monitoring and managing that risk now?

Fabrizio Campelli: DB has historically been a very focused, very strong bank when it comes to credit risk management and our underwriting policies. And that has served us well throughout the last crisis, through the cycle, and certainly at this point in time it will serve us well. It's like I said earlier, you really come into this crisis very much defined by the positioning you have. Our Chief Risk Officer, Stuart Lewis, at our Investor Deep Dive in December pointed out that we feel very well protected from a risk perspective and that is in part because our underwriting policies have been very strong. But also if you look at our book in more detail, you see why it feels quite safe.

Firstly, if you look at our funded balance sheet, about a quarter of it is cash and government bonds. That includes the liquidity I referred to a little while ago. Another just under 50% of that funded balance sheet is the high quality loan portfolio of which 50% or so is within the private bank. And you can boil it down to German mortgages and the wealth management loan book, which again, I know really well and it's a book that has historically absorbed under 5 basis points of losses. It's fully collateralized and typically always has guarantees attached to those loans. And in our international Private Bank, again, our loans are mostly to affluent clients predominantly in the real estate space.

A further 25% of the loan book is Corporate Bank, which typically is short-term, trade finance assets. And when we do have some more structured loans in this portfolio those often have government guarantees attached to them. The 25% of this loan book is related to our Investment Bank, and typically that is always investment-grade or secured business with a high collateral profile. So we are, generally speaking, talking about the book which is quite strong in terms of the composition. So a lot less exposure, for example, to consumer finance products and to credit cards compared to many of our peers.

When it comes to our sector exposure, again, we've been quite conservative in our positioning. After the 2015 oil price hiccup, we had quite heavily derisked our oil and gas exposure. So right now our limits are materially reduced from back then. Even materially reduced from last year. And we're operating predominantly with oil majors and major national oil producers, the vast majority, 80% or so investment grade.

You mentioned aviation. This is again a relatively small portfolio for us. Mainly national flag carriers and some aviation financing, aviation leasing companies. And on the hospitality side, I would say the broader leisure sector for us has been one in which we focus quite closely on and have reduced exposure to. Our exposure is relatively limited right now predominantly in hospitality, and the vast majority of it, again, investment grade. And where it's not investment grade, typically it's first lien secured positions. And our exposure specifically to tour operators, or cruise lines is very, very small.

I would also say we have always funded our book very conservatively. So on the other side of it, we have 80% of our entire loan book is funded really rather conservative with more stable funding sources. And we have 76% loan to deposit ratio, which makes us probably one of the most conservative banks on that ratio. Which also means that times like these, we're also in a position to either to help some of the clients that need us at this point in time, also in conjunction, for example, with the program that the German government has announced last week through KfW to support loans to corporates who may need it across size and spectrum for working capital and OpEx purposes.

Magdalena Stoklosa: Yes, yes. Since we kind of got on that point, how do you see the kind of the most kind of recent supports coming out of the government from the perspective of the kind of SME commercial corporate sector? Because of course we've got the KfW program. In other countries we've got the SME guarantee programs as well. Some running at a kind of very high numbers. Of course we don't have the details yet, kind of the operational details how exactly these things are going to look like. But of course if we can just add, we've done the calculations early this morning, the kind of German-French, kind of Spanish and Italian kind of guarantee programs, as announced now, they effectively are almost at the 1/3 of the stock of corporate loans. So kind of big in numbers. How do you expect this to pan out? Do you kind of find them very useful from the perspective of your own kind of behavior when it comes to giving out loans, to dealing with the credit lines and to kind of managing risk going forward?

Fabrizio Campelli: Well, these programs are undeniably extremely helpful at times when there is uncertainty building not least around how long will the situation last for, how long will the economy will have to be put on hold, and how much resilience can be built in the more vulnerable, cash-dependent, immediate solvency-dependent parts of the businesses of the economies which are currently being affected. So those are very, very good measures, and obviously they play hand in hand with the role that banks need to play in ensuring that that liquidity then finds its way to the individual companies that need it and to in some cases individual consumers who need it.

I would say one important aspect here is how accessible will these programs be? How well-operationalized will these programs be? Because many of these programs exist already in the economies you mentioned, but they are designed typically on a business-as-usual basis to really support the very specific types of businesses in very specific circumstances, and the use is actually quite limited generally. And if you deploy similar mechanisms to access some of these more emergency nature type of programs, then we may create too much of a drag. So finding the right mechanisms to access these would be a critical feature of making this truly effective at this time of disruption.

Magdalena Stoklosa: Perfect. Thank you. Let's talk more strategically about your role and about kind of how it fits into the group strategy overall. Chief Transformation Officer, how would you describe the role, its kind of parameter, and how does it fit into the broader bank and the strategic effort?

Fabrizio Campelli: The bank announced a new strategy, and the strategy implies a number of execution priorities now needing to be met. We've made it a very important part of the strategic announcement the very public disclosure of a number of targets that need to be met. And we have met or exceeded all of the targets that we've announced were in 2019, and the intention is to continue to deliver against those.

The program is obviously a comprehensive strategic overhaul of the bank, the largest in 20 years at least. And accordingly needs a very high focus on executing on all of the priorities, staying very focused on what needs to be executed, and maybe having the discipline of not letting new ideas and new features that don't play to the heart of this transformation creep in over time.

So my role is actually aimed at supporting and enabling the clarity of this transformation roadmap, defining what it is, making sure that we know what the deliverables are and identifying what needs to be delivered from an activity level, a management level across the bank in a coordinated and aligned fashion. Tracking whether these activities are then happening. And to the extent that they're starting to slow down or get derailed, then intervene quickly in supporting, challenging, escalating what need be, hence my position on the Management Board that allows for an unfiltered escalation straight into decision making body of the bank.

And then to a certain extent I'm also on the hook for delivery of some of these initiatives. As you may have seen, we have broken down this transformation roadmap into 5 key themes and 20 key initiatives. Of those 20 initiatives, I own directly 3 of them and I'm responsible for 2 more with the HR function, which is also under my responsibility. And these range from cross-divisional collaboration enhancements to Cost Catalyst, which is a program that has existed in the bank which I'm taking over and operating with in close partnership with the finance department to work for some compensation and model redesign to end-to-end process reengineering initiatives. And those are initiatives that sit under my responsibility to execute in support of the transformation.

To be clear, my role is one to enable the bank in the next 2 to 3 years in the peak of this transformation roadmap to execute on the stated strategy and to drive as much as possible the bank forward. And to the extent that we will need to make changes to the strategy, that we do the changes to the execution priority, that we do that in the context of the strategy we've announced. And that we don't start to, again, get distracted, but maintain the focus that the choices made last year have given us.

Magdalena Stoklosa: Have given you, that's right. The group strategy of course involves growing revenues while kind of cutting costs. And how do you think about kind of achieving that? And particularly kind of taking into account maybe the short-term situation, but also the medium term that you're kind of aiming for.

Fabrizio Campelli: Growing revenues is maybe the way to think about first. But the strategy we've announced was one that was aimed at protecting as much as possible, preserving our ability to stay in front of the clients we have chosen and selected as part of our strategy as the core segments, the core businesses. In that sense, those core businesses have had the number of client-facing staff either stay stable or increase. So, the revenue focus was obviously one that we did not want to compromise on.

The cost improvements that we are targeting are much more linked to either disposal of businesses, including for example through the Capital Release Unit where we are actually exiting businesses, and with it we will reduce the cost associated with those businesses front to back, all the way to the infrastructure and central functions supporting those businesses. And cost reductions aimed at creating better efficiencies through technology, which obviously does not impact. In fact, it may enhance our revenue productivity. And this is by digitizing some of our activities, automating some of the central and infrastructure function activities, including those most close to clients.

And thirdly, by creating a much more modern digital platform in the retail bank, again, a very big source of savings for us. If you remember at Investor Deep Dive, one of the key priorities we outlined was the integration of our retail platforms in Germany, which account for about €400 million of IT cost savings, IT and operational cost savings alone of the EUR 1 billion we are targeting to save in that segment by 2022.

And lastly, a lot of work was done in 2019 already. We had on the one side big remediation programs, which have come to an end. They've remediated, but those costs have now run off. But we also had a number of cost reductions initiatives in 2019, especially in the second half, that when you run rate them into 2020, they are actually giving us benefits that are already baked into our operating performance.

So coming back to the last part of your question, what does this mean short-term. Short term, and specifically for 2020, we have a very limited set of publicly stated targets. We are committed to maintaining a minimum 12.5% Core Tier 1 ratio and improving our leverage ratio to 4.5%. And we target €19.5 billion of adjusted costs which exclude the effects of the sale of our electronic trading and prime brokerage businesses to BNP where we are bearing some costs that will be refunded by BNP upon the consummation of the transaction.

So if you adjust for that, of the savings implied between 2019 and 2020, a bit under half of those savings are already run rated from the activity that we've carried out in 2019. And a lot of the rest is coming through initiatives we've made, including investment in technology to take those costs down through digital efficiency. So at this point in time, just like I guided you on the capital ratio targets, notwithstanding the fact that there's still a lot of uncertainty out there, we at this point don't see the need to change our short-term guidance on our cost targets for 2020 either.

Magdalena Stoklosa: Perfect. Thank you. Very clear. Part of the revenue growth, though, kind of revolved around kind of ongoing loan and asset growth when we kind of talked about it in December and since. But you're of course also kind of focused on the kind of preserving capital within the parameters we've kind of -- we've discussed because of course we're still in a kind of mega restructuring kind of mode. How do you manage the balance?

Fabrizio Campelli: Well, the balance is obviously a balance we manage. But for us the starting premise is that we always manage our capital very conservatively. We have made conservative modelling assumptions, we build buffers in to take into account the fact that we will see a number of regulatory inflationary measures coming through that are already planned for this year. And at the same time, we are experiencing volatility which obviously puts more uncertainty on the outlook.

A crisis like the one we're observing has two opposing effects. On the one side, it may imply lower capital accretion or even capital erosion if we end up in a situation where Credit Loss Provision increase, which we don't see right now, but we need to see how things evolve. But equally, if that scenario were to play out for a prolonged period of time, some of the growth that we have baked to the RWA growth for new business we have incorporated into our models would be offsetting that. And therefore, the capital ratios will maintain the resilience that we aim to have.

Let me also remind you maybe it's a good time to say, we look at it more broadly. We have spent a lot of time working with the regulators over the last decade, building the buffers that were needed precisely at times like this. And now it's encouraging to see on the one side the regulators are taking measures to support banks at times like this, like the ability to operate within Pillar 3 requirements, the countercyclical buffers being reduced or other activities being postponed, like EBA stress test and so on.

But it's also encouraging to see that regulators still have a pretty robust toolkit in their arsenal of measures they can roll forward in support of these capital measures because there is still a lot of discretion for measures that can and cannot be rolled out this year or in future years. And that is also what helps the industry to operate within a certain balance. And banks who are assuming that still all the measures that were expected this year come through, we still have enough buffers in there to know that we can still play, we can still have enough flexibility in the way we look at our capital outlook until we have more clarity around this crisis situation.

Magdalena Stoklosa: What's going on. We actually hosted Elizabeth McCaul yesterday at the conference, and that was precisely her message, that the supervisory flexibility on the operational front and on the buffer front and pretty much also individualized per bank are effectively what's currently being done. So it was also quite a reassuring message to have.

A slightly different kind of question, but within the kind of standard restructuring realm, has the market dislocation, because that's what we effectively kind of are seeing, affect the speed and P&L impact of the

CRU rundown as you see it now? I know very kind of tough to tell, but how would you see it?

Fabrizio Campelli: Well, the market is clearly is dislocated, and we are seeing obviously that some of the asset classes are operating with very different level of liquidity compared to what we were envisaging at this stage. I would say when you look at the Capital Release Unit, we had gone in with quite conservative assumptions for 2019, which we exceeded and we managed to create the buffer by having de-risked quite a bit faster than we had envisaged, which obviously helped us.

The second thing I would say is that, yes, Q1 is de-risking at the lower pace than Q4. To a certain extent that was expected. In fact, we've given disclosure about the Capital Release Unit at the Investor Deep Dive in December. And Louise Kitchen, who runs that unit for us, made it very clear that this is not a unit that trickles the exposure down in a steady flow quarter by quarter, but rather goes through phases. And Q1 was envisaged already since last year to be more of a preparatory phase for further disposals.

So in a way, the fact that this is happening right now, it's happening in a quarter which already we were not envisaging going at a particularly strong pace, we have already a bit of a buffer. So all of that is something we're watching very closely, and we cannot be complacent on anything we're discussing these days. Again, we feel that the pace of Capital Release Unit de-risking is not at risk relative to the targets we laid out in the outer years.

I would also add this, a reminder that of the €127 billion of leverage exposure in the Capital Release Unit, about a quarter related to the disposal of those prime brokerage and electronic trading businesses to BNP, and that transaction is going ahead. So there is still a very big focus we have on continuing to release capital through this unit. And at this point in time, notwithstanding the significant dislocation, we feel comfortable with what's happening.

Magdalena Stoklosa: Perfect. I've got a couple of very quick questions from the web. Are you kind of comfortable to give us an update on the kind of markets trading revenues year to date?

Fabrizio Campelli: I think I mentioned that the momentum of Q4 was observable also in the first quarter, at least in the first couple of months in the quarter. And I mentioned that for the last 3 weeks it's too early to tell, and so any guidance in that sense would be a bit displaced. But you know, what we are observing is resilience at this stage.

Magdalena Stoklosa: Okay. And then the other questions were still about the kind of the credit line facilities kind of getting drawn. But you did mention right in the beginning that you are seeing some of it, but to a degree less than modeled.

Fabrizio Campelli: Oh, far less than modelled. We have some drawdowns that are happening as expected in situations like this. And like I said, relative to the models that we all have, we're talking about a fraction of those, given the time and the crisis we're at right now.

And still, there's also another effect to think about. As the market moves to risk off, and you do see actually the opposite effect as well. And so we're actually seeing inflows as people, as investors, move some of their investment position to cash, we also are seeing it's not the one-way liquidity draw. It's also some liquidity coming back in. Which is why, like I said, we stay comfortably above €200 billion on liquidity, which is again way above any modelled severe stress scenario like the one that we're observing.

Magdalena Stoklosa: And the last kind of very, very quick question. What's your assessment of the U.S. dollar and euro liquidity in the market?

Fabrizio Campelli: So far we see quite a stable situation in the market. I think there has been a very abundant and the size of intervention by central banks, which has provided sufficient reassurance on liquidity. And so for the time being, we're not seeing a severe dislocation there.

Magdalena Stoklosa: Perfect. And then so let's maybe come back to the regulatory supervisory side. You've mentioned your reaction in a couple of places, how useful of course the guarantee funds kind of are or would be should they be properly operationally kind of managed. When you kind of think about the entirety of the both kind of fiscal and supervisory kind of help that seem to be kind of trickling through in pretty much every country in the European Union, how comfortable does it kind of make you feel that the actual response is adequate to what we are seeing?

Fabrizio Campelli: Well, I would say their response is to be applauded. There has been a combination of monitoring intervention precisely to avoid that seizing up of liquidity, which is not happening. And in fact, those messages have been quite consistent by central banks pretty much across the globe. And on the fiscal side and the availability of liquidity to company's liquidity and solvency, maintenance measures, all of that is very positive.

I think that clearly a crisis like this, which will potentially have more fundamental impact on consumers and on companies, requires a very high intervention at the fiscal level and specifically at a well-coordinated way across countries. I have to say in this sense, the German government's example is one that is to be applauded. Intervention was very precise, very prescriptive, aimed at really supporting the heart of the economy, which is administered through that KfW intervention I mentioned. It basically will amount to €460 billion of support to midcaps in Germany. And this is done in a way and at the time where it can reassure those will be suffering the most from the possible lockdown of the economy for the next weeks that actually there will be support and solvency being guaranteed to them through this mechanism. So, we obviously welcome these very much.

I come back to the caution I made earlier. It's really important to make sure that these policies then have an adequate operationalization so that we have clarity on how to access this instrument, how to make it easy for people to use them, particularly those who really need them. Because that's what will make the difference, I believe, to these measures really finding the full impact as opposed to finding more time towards the objectives they were designed to achieve.

Magdalena Stoklosa: Of course. So let's summarize for our audience. You're kind of very comfortable coming into this year from the perspective of the balance sheet, from the perspective of liquidity, from the perspective of capital, and of course the kind of the result of the actions that were kind of broadly taken last year. And of course from a perspective of the targets, you kind of still see the, particularly the cost targets for 2020, very much kind of ready to be accomplished. Is that a fair summary?

Fabrizio Campelli: Well, yes. I would maybe, in my own words I would say we feel that it's a very dynamic situation and things will continue to move, and it's very early to come to conclusions on what will ultimately happen. But at this point in time, we definitely see that for the short-term targets we have given, which were really specific to capital and cost, we don't see the need to change that guidance at this point in time.

We obviously also feel that the reason for this has a lot to do with the heavy lifting that has happened already in 2019 which positioned us well, as I mentioned earlier, to go into 2020. A lot of work remains to be done, though. So it's not accomplished yet, but we're working towards it.

Magdalena Stoklosa: Brilliant. Fabrizio, thank you very much.

Fabrizio Campelli: Thank you for having me.

Magdalena Stoklosa: Brilliant. And thank you everyone for watching us.

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