
# 2019 Preliminary results script

**3 March 2020**

# PENNY JAMES

Good morning everyone and thank you for joining us today.

## 2019 HIGHLIGHTS

Looking back at 2019, I'm really pleased with what we achieved both financially and operationally.

- We improved the quality of our earnings and delivered an operating profit of £547m and a return on tangible equity of 20.8%, demonstrating the resilience of our business model.

- As a result, we are able to pay a final dividend of 14.4p growing the total dividend for the year by 2.9% and we are launching a £150m buyback

From an operational perspective:

- The technology upgrades that we've been working towards are injecting real momentum into the transformation.

- And, we have traded effectively navigating difficult market conditions.

I think 2019's achievements are a real testament to the quality and focus of our people as well as the strength and diversification of our business model.

## VISION & STRATEGY

One of this year's highlights for me, was our capital markets day in Doncaster where we launched our new vision, purpose and strategy.

It has customers at its heart. We want to create a world where insurance is personal, inclusive and a force for good, where we help people carry on with their lives, giving them peace of mind now and in the future.

Later I will tell you a bit about what we've achieved since November and some of our plans for 2020 but let now let me hand over to Tim to give you a summary of our financial progress in 2019.

Tim, over to you

## TIM HARRIS, CFO

Thank you Penny and good morning everybody.

2019 was an important year for the Group as it progressed along its journey of transformation whilst also delivering a good set of results in a difficult motor market.

I arrived in the business in early October and in November Penny and I set out our strategy and new financial targets at the Capital Markets Day.

I'm now six months in and am more convinced than ever of the opportunities for this business.

## FINANCIAL HIGHLIGHTS

So, before I go through the results in detail, I'll summarise the highlights

- First, we continued to grow, albeit modestly, achieving 1.4% policy count growth across our direct own brands

- Second, we held our focus on costs and delivered against our £700m cost target with operating expenses of £694 million

- Third, we delivered our combined operating ratio target, adjusting for weather and the change in the Ogden discount rate, our ratio was 93.5%

- Fourth, we did what we said at the capital markets day and grew the current year contribution to profit to 39%, making progress towards our 50% target, more than offsetting expected headwinds in 2019

- And finally, we continued to generate strong capital returns with a total return of £447m, reflecting growth in the regular dividend and a £150m share buyback. The solvency coverage ratio after these is a strong 165%

**<u>RESULTS SUMMARY</u>**

Turning to the summary results on slide 7 where we have the key Group line items.

Moving down the table on the left….

- Written premiums were broadly flat reflecting underwriting discipline and the run-off of some of our partnerships.

- Underwriting result was £232 million, 11% lower than 2018, with the impact of benign weather in 2019 more than offset by lower reserve releases, which were in part related to the change in the Ogden discount rate.

- In line with our expectations, instalment and other income was about £10 million lower than 2018 due to the non-repeat of the gain on the sale of our Bristol office.

- We also saw lower gains in our investment result

- Which brings us to an operating profit of £547million.

- In 2019 we incurred £11 million of the £60 million restructuring costs outlined at the Capital Markets Day. We expect to incur the remainder in 2020.

- All of this helped deliver a return on tangible equity of 20.8%, well ahead of our 15% hurdle rate.

**GROUP RATIOS**

Let's look at the key trading ratios at a group level before we get into the divisional results.

At the Capital Markets Day I talked about our plan to improve the proportion of our earnings from the current year

Here you can see the progress made in 2019

- The Group current year attritional loss ratio improved by 1 point supported by reductions across all segments, demonstrating the benefits of our focus on underwriting discipline and claims management.
- Weather was very benign in 2019, with major weather events of just £6 million compared with £75 million in 2018.
- As expected, prior year releases were lower but still significant and were concentrated towards more recent accident years.
- The expense ratio was flat as lower costs were offset by lower earned premiums and the commission ratio increased a little due to profit share payments and higher Price Comparison Website volumes.

Overall, the Combined Operating Ratio was strong at 92.2%.

**IN FORCE POLCIES**

On slide 9 you can see we have continued to deliver modest growth in our direct own brand policy count, up 1.4% in 2019.

Motor and Home own brands were both down a little in 2019 but there were some positive signs towards the end of the year with Home policy count stabilising and Motor returning to growth.

Green Flag grew its policy count by an impressive 14% and passed the 1 million milestone in Q3 as it continued to grow market share.

Commercial own brands grew policies by 5%.

Direct Line for business continued to grow as it launched further propositions on its new digital platform.

Outside of direct, lower in-force policies were mainly driven by partner volumes continuing to reduce and our focus on maintaining margins in NIG.

**MOTOR TRADING**

2019 was a tough year for the UK Motor market and against this backdrop we continued to focus on underwriting discipline and I am encouraged with the performance.

Starting on the left-hand side of the slide.

We took pricing actions to achieve our target loss ratio, with risk adjusted prices increasing 3.1%.

This resulted in a slight reduction in policy count, but as you've seen, growth returned in H2 as market pressures eased a little.

Risk mix reduced by 3.7% due to developments in pricing and underwriting, including enhancements to our capability to spot and prevent application fraud at the point of quote

Moving across to the right,

Our disciplined pricing actions meant we delivered a broadly stable current year loss ratio of 81.2%.

Prior year releases were more than £100 million lower than 2018 at £181 million, but still significant and with around half of the swing driven by the Ogden rate changes in 2018 and 2019.

Our commission ratio was up reflecting the higher Price Comparison Website volumes and associated commission rates.

Overall, Motor delivered £303 million of operating profit and a sub 95% Combined Operating Ratio - a strong result particularly given the market backdrop.

Our 2020 Motor Excess of loss reinsurance cover was maintained at £1 million and the team did a great job as all layers were 100% placed at a modest increase to last year.

We believe the quality of our motor business and our strong reinsurer relationships supported our competitive renewal.

**MOTOR PRICING**

Here on slide 11 we have the ABI pricing data chart.

The latest published data point showed some positive signs, with prices up 0.5% in Q4 versus Q4 2018, the first increase for nearly 2 years. While this was encouraging, you can see that market pricing remained behind our long-term claims inflation expectation of 3-5%.

A question we are getting from investors is how the claims inflation that we are seeing compares to our peers, so I'd like to spend a few minutes walking through our 2019 claims experience in a bit more detail.

## MOTOR CLAIMS INFLATION

Our claims experience was consistent through 2019 with underlying **severity** inflation towards the top end of the 3-5% range driven by damage.

Claims **frequency** however was better than our expectations following the benign weather, alongside lower risk mix and actions taken on counter fraud initiatives.

You'll recall Gus talked about the value of claims insight in his pricing presentation at the capital markets day.

There he talked about our in-built strengths which have enabled us to deliver strong results over a number of years;

- The scale of our data and our ability to see trends early we believe is a key differentiator
- For example, we improved our counter fraud process and enhanced our risk models which has led to a reduction in risk mix and helped us to reduce claims frequency
- We have the second largest owned vehicle repair network in the UK. Our vertically-integrated model gives us greater control over our claims environment and indemnity costs…
- For example, around half of all accidental damage claims go through one of our 21 owned repair centres which gives us greater control and visibility of repair costs.
- And we also monitor credit hire closely so we can identify any changes in claimant solicitor behaviour
- We're not just good at repairing cars, we're good at managing bodily injury claims costs too, with specialist skilled teams who manage cases proactively so as to prevent leakage and keep costs down.

We believe our business model enables us to better control claims costs giving us a sustainable advantage.

And we remain committed to developing and improving on the activities we believe make a difference.

Looking ahead, we continue to expect underlying claims inflation to be between 3-5% and are satisfied with the margins we wrote in 2019.

**HOME TRADING**

Moving to Home on slide 13.

The Home result was strong with operating profit of £151 million and a Combined Operating Ratio of 80%, reflecting benign weather and our actions on pricing and underwriting.

The market was rational in 2019 with pricing broadly tracking long term claims inflation of 3-5%.

Against this backdrop, we increased our prices on new business ahead of the market, to strengthen margins, particularly on PCWs, which resulted in a modest reduction in new business volumes while retention remained strong across the portfolio.

Home average premiums continued to reduce, a reflection of better risk mix, lower renewal prices and the continued shift towards the Price Comparison Website channel, which typically has lower average premiums.

Moving to the right of the slide, the current year attritional loss ratio was 53.5%, 3.5 points better than 2018.

This reflects our claims experience which was better than our long-term view as we continued to see improvements on Escape of Water inflation following the actions we took a couple of years ago.

It was also a good year for attritional weather and we benefitted from lower claims from event weather.

Home was the only division to see an increase in prior year releases in 2019, up £8 million to £41 million, reflecting favourable development on Escape of water claims.

Looking ahead, we continue to expect underlying claims inflation to be between 3-5%.

In respect of the recent Storms Ciara and Denis, our early estimate of the claims cost across Home and Commercial in the region of £35 million

This represents a little over half of our 2020 weather load of £64 million for Home and Commercial.

## RESCUE AND OTHER PERSONAL LINES

Rescue delivered a strong result in 2019 but this was offset by small losses across Other personal lines products.

Overall this segment delivered £39 million of operating profit and held the Combined ratio stable at 95%.

Rescue, which is the largest part of the Rescue and Other Personal Lines result, grew profit 12% to £45 million and delivered a combined ratio of 81.5%, almost 4 points better than prior year.

This improvement was the result of a continued focus on operational and customer service improvements, alongside benign weather.

The other Personal Lines loss of £6 million was driven by falling prior year releases in UK Select which is our mid-to-high-net-worth business, and Travel.

We also saw additional headwinds in UK Select from higher large loss severity.

Looking ahead, we expect Rescue to continue to transform and grow and we are working to improve the results for our other personal lines businesses.

## COMMERCIAL TRADING

Finally, to Commercial on slide 15

Commercial delivered £55 million of operating profit and kept the Combined Operating Ratio broadly flat at 96% while improving its current year attritional loss ratio.

The improvement in current year claims performance is a result of investments in pricing and strong rate carry in NIG.

The team has been working on a range of pricing and underwriting initiatives and the benefits are beginning to come through.

Direct Line for business continued to grow across all products lines while also ensuring strong rate carry.

Prior year releases were £14 million lower than 2018, in part due to Ogden.

This was partially offset by lower event weather of just £3 million in 2019 compared with £10 million the previous year.

Looking ahead, we expect Commercial to continue to focus on improving technical pricing to support profitability.

**OPERATING EXPENSES**

Now back to the Group view starting with operating expenses on slide 16.

In 2019 we reported operating expenses of £694 million, outperforming the £700 million target that we set out a year ago and a £25 million improvement on prior year.

In November I said we are targeting £50 million of savings in operating expenses excluding amortisation and depreciation by 2021.

Here in the waterfall you can see that excluding amortisation and depreciation, operating expenses were £615 million, £11 million lower than prior year whilst absorbing increases in levies of £14 million driven mainly by the Motor Insurance Bureau and Financial Services Compensation Scheme.

Amortisation and depreciation charges were a little lower in 2019 however the outlook is for these to increase as we roll out new technology.

As I outlined earlier, we expect to incur restructuring charges of £60 million over 2019 and 2020.

In 2019 we realised £11 million of restructuring costs. We expect to incur the remainder in 2020.

## EXPENSE RATIO

Our business model is different to many of our peers and therefore so are the economics, however we consider our expense ratio too high so I reiterate our target to achieve an expense ratio of 20% by 2023.

We are making progress in addressing this - I have already run through the cost reductions delivered in 2019.

We expect this trend to continue as we realise the benefits of our investments in systems and technology.

We announced last week that we're looking to continue reducing headcount as we rationalise our site footprint over the next two years and we launched a consultation in our head office functions as we aim to improve the speed of delivery at lower cost

These actions are clear steps towards reducing our cost base so that we can be more nimble and efficient and improve our competitiveness.

**INVESTMENT RETURN**

In line with expectations, the Group generated a total investment return of £135 million, £20 million below 2018.

This was due to lower assets under management and the expected reduction in realised and unrealised gains.

Realised and unrealised gains taken through the profit and loss account were £16 million lower in 2019 following a reduction in investment property valuations.

At the end of the year the available for sale reserve stood at £48 million unrealised gain, compared to an unrealised loss of £37 million at the end of 2018. This was due to tighter credit spreads and lower interest rates.

Moving to yields, we achieved a net yield of 2.1%, slightly ahead of the 2.0% guidance.

In 2020, we expect to achieve a yield of around 2.0% and minimal gains

**CURRENT YEAR CONTRIBUTION**

At the Capital Markets Day I said we are focused on improving the quality of our earnings and are targeting over 50% of profit to come from the current year by the end of 2021.

Here on slide 19 you can see the progress we made in 2019 and if you exclude restructuring costs and adjust for normal weather and Ogden, we increased the current year proportion from 36% in 2018 to 39%.

This is good progress when you take into account the benefits in 2018 from investment gains and the gain on sale of our Bristol office.

**CAPITAL SURPLUS WATERFALL**

Now finally to capital.

Here on slide 20 you can see the movement in capital surplus

Moving left to right on the waterfall

Capital generation of £610 million was slightly higher than IFRS profit, in part due to amortisation and depreciation. Capital items are written off immediately for Solvency II purposes, as you can see on the right here, but depreciated in the IFRS result.

This was helped by with positive mark to market gains due to the narrowing of credit spreads.

The increase in the 2019 SCR results from the remaining restructuring costs we expect to take. We expect this solvency headwind to unwind in 2020.

Capital expenditure was broadly in line with expectations at £189 million as we reached the peak of our spend on new technology, and in 2020 our capital expenditure is expected to reduce to around £150 million

After capital distributions, which I'll come on to, our capital surplus is a healthy £850 million.

## SOLVENCY

Turning to the solvency ratio

Our good trading performance enabled us to grow the full year regular dividend by 2.9% to 21.6 pence.

You'll recall at the Capital Markets Day I reiterated our 140% to 180% solvency capital ratio range and that in normal circumstances we do not believe it necessary to consistently hold capital in excess of the midpoint, that is 160%.

We also said that the Board's preference is to return capital through buybacks and today we announce our intention to repurchase up to £150 million of shares by the end of July.

This continues our strong track record of returning surplus capital to shareholders.

Our capital surplus equates to a solvency ratio of 165% after proposed dividends and our share buy-back programme, compared to 170% at the end of 2018.

**REITERATING TARGETS**

To finish, let me reiterate the financial targets we outlined for you in November.

I believe this business has strengths and untapped potential to become more effective and efficient.

We are proud of these results but there are many areas where we can do more.

I reiterate our targets on cost, earnings quality, Combined Operating Ratio and of course our Return On Tangible Equity target of at least 15%.

And importantly we start 2020 with a strong solvency ratio of 165%.

Thank you for listening and with that I'll hand back to Penny.

## PENNY JAMES, CEO

Thanks Tim.

Over the next few slides I'm going to outline

- the key milestones we achieved last year on our IT transformation,
- the progress we made against our 6 strategic objectives and
- the actions we are focused on as we go into 2020.

**FOCUSED ON DELIVERING GOOD OUTCOMES FOR ALL STAKEHOLDERS**

To be a sustainable business we need to be delivering for all our key stakeholders.

So, let me start by reviewing our overall performance through the various lenses.

As you can see we've delivered another successful year:

- We've maintained a good level of highly engaged people and consistently have top quartile engagement scores, which is particularly important as we go through a period of significant change.

- We've increased our net promotor scores demonstrating that engaged people go the extra mile for our customers.

- It has helped us to attract and retain more customers in 2019, growing our own brand policy count to 7.3 million

- For our shareholders, we are returning £447 million this year taking it to a total of £2.2bn over the past 5 years

- And finally, alignment between all of our stakeholders is really important. We couldn't do this without the hard work of everyone in the business and that's why we have just announced that we are giving £500 of free shares to each of our colleagues.

Now, to sustain the success of our business we need to combine great people, fantastic customer service and the right technology, and that is what we are working towards.

**THE NEXT HORIZON FOR DLG**

We delivered good results in 2019, but we need to keep moving on our journey to achieve our objectives.

It is a journey that starts by delivering the technology that gives us the right tools to drive the business transformation because that is how we create the speed, nimbleness and cost base that we need to thrive.

This powerful combination means that we can innovate and get products out to market quickly which will help us be more competitive and grow.

And in 2019 we kept moving:

- investing in, and delivering on, the technology upgrade and
- bringing clarity to the strategic direction so we can change with real purpose.

2020 is now about progressing that technology upgrade and changing the way we work so that we can realise the potential of our investment and of our people.

## STRATEGIC HIGHLIGHTS – TECHNOLOGY IS A KEY ENABLER

As we've described before, we are upgrading the key technology blocks across our business to make it fit for the future.

In 2019 that technology transformation picked up pace with launches such as:

- Our new Motor platform - which now has over 25,000 Privilege policies; has supplied 15m quotes; and is live on four price comparison sites as well as direct.

- Our Darwin proposition - which has grown to over £4million of Motor premiums and 10,000 policies in 2019

- Direct Line for Business - which has added Tradesperson and last week van - onto its new IT platform and

- Our travel system - which launched last year and now has over 1.6m policies and much streamlined processes for customers and consultants alike.

And behind the scenes, in the less visible but equally important IT infrastructure, we continue to improve efficiency, reliability and flexibility.

For example, we've rolled out a new hosting platform with the migration of all our relevant servers onto it essentially building a private cloud.

The implementation of our ambitious and complex IT upgrades continues carefully but with pace and supports our strategic objectives.

So now let me talk you through the individual highlights helping to deliver those.

## GOOD PROGRESS ACROSS OUR STRATEGIC OBJECTIVES

Our 6 strategic objectives are designed to help us deliver our vision and realise the Group's potential growth.

Looking at the first three which are all about making sure that our products are easy to use and available everywhere and starting with Best at Direct.

We believe there is a place for brands that provide peace of mind and meet a broader set of customer needs.

So, backing that brand promise with delivery is really important, and in 2019 Direct Line achieved its best ever Customer Net Promotor Score, underlining that we put customers at the heart of what we do.

I'm also really excited to announce that our marketing team, who came up with the award-winning Fixer campaign, will launch, later this week, a new creative for our most famous brand…. those of you in the room might get a sneak preview of this at the end.

Green Flag, our direct rescue brand, passed the 1 million policies mark. And, as I said earlier Direct Line for Business has added key products to its new IT platform.

Moving to winning on PCWs where we see real potential to grow profitability.

As well as launching Darwin, we grew the Churchill brand at a good pace in 2019 even before the brand creative relaunch.

We believe brand strength has value on PCWs and this, combined with new PCW focus, helped drive 25% new business growth in Churchill Motor in 2019.

Moving to our third strategic objective: extending our reach.

The delivery of the new Travel IT platform helped us secure our two major Travel partners, NatWest and Nationwide Building Society.

Travel is a capital efficient and fine margin business, where scale and efficiency matter as does a brilliant capability when it comes to dealing with the serious claims.

The platform is designed to allow us to scale efficiently and with ease.

But let me pause here to talk about coronavirus in terms of our travel business. The financial impact has been limited so far, around £1million and we have significant re-insurance which reduces our net exposure to further claims.

Operationally, we are taking the right precautions for our people and preparing for any potential deterioration in the situation and, as I'll come onto in a moment when I talk about the floods, we are well versed in responding to operationally challenging events and support to customers in difficult circumstances.

We continue to develop our Home partnership with NatWest by focusing on the end to end customer experience through both digital and branch networks.

As you know, through this partnership we've been offering 3 year fixed rate Home policies since 2015, and this now represents 45% of the book's policies and has helped us grow the portfolio.

But partnering is also about innovating and building capability and we're delighted to be working with partners such as Starling Bank, Drover and YouMeCar, so that we can remain relevant and competitive in the future.

## GOOD PROGRESS ACROSS OUR STRATEGIC OBJECTIVES – KEY ENABLERS

Moving to our three key enablers, starting with Technical edge - Here we aim to create a great experience for our customers and a sustainable competitive advantage.

We expanded our repair network in 2019, opening Weybridge, our 21st repair centre.

As you heard from Tim earlier, we believe our network of repair centres gives us a claims cost benefit.

But the expertise we are building here is also starting to influence the future of car repairs.

You can also see the benefits of our technical edge in the underlying Home performance.

Escape of Water claims have been brought under control by reviewing excesses, making risk model updates and making operational improvements within Claims.

But we never forget that insurance at its very heart is about delivering on our promise when customers need us most.

Nothing brings this home more than the floods we have seen recently - in Doncaster last year and the Ciara and Dennis storms this year.

What matters is we get customers the help they need really fast.

- And all our customers displaced by floods in Doncaster were out of hotels and in private accommodation by Christmas.

- The day after storm Ciara call volumes surged to nearly 400% of normal levels, but due to our surge planning approach, we were able to return to our target service levels for Motor and Home by the following day.

Having the ability to cope in these events takes skill and experience.

It provides real value to customers who get their claims dealt with, and back on their feet, quickly, but it also means that we are controlling our costs.

But, as I've said before, we are not yet as nimble nor cost effective as we want to be.

Tim has already outlined the actions we're taking on cost and these are critical if we are to achieve our ambitions.

But we also need to work differently and get out to market with our products and pricing faster than we do today.

We've been experimenting with agile techniques with success across different parts of the business for example in DL4B; Darwin; Digital; Claims and also in Rescue which is where I'd like to turn now……

18 months ago, we restructured Rescue to a fully agile operating model and today every team is:

- Cross functional and capable of delivering their product from beginning to end within their team.

- Self-organising and empowered to make decisions to build and get the product to market

- Focused on building a product in small pieces which they keep refining to get out to market quickly, rather than trying to build everything at once

- Determined to test, learn and improve the product by getting real-time feedback from customers and

- Consistently making work visible so everyone is aligned

And the result?

- A new claims system built in 12 months

- Multiple releases to improve quote and buy journeys;

- A 13% increase in Green Flag premiums

- A 12 % increase in Rescue profit this year

- And a future plan full of ambition.

Now, we want to replicate this success across the Group and last week we shared proposals with our people to adopt this operating model across the areas of our business that drive change.

It involves around 1,000 of our people moving to the agile operating model.

It's all about delivering more value to our customers by improving our productivity and accelerating our time to market dramatically.

On the back of the success it has brought in our Digital teams, Green Flag and DL4B, it's shaping up to be one of those moments that injects fresh energy into our business.

**<u>GREAT PEOPLE</u>**

Finally, and most importantly:  Great People.

We have a culture of openness and inclusivity - we celebrate difference and we challenge the status quo.

People know what we are aiming for and believe in delivering great outcomes for customers.

I think those of you that came to Doncaster felt the very special culture we've created.

There is no one defining factor that makes this so, it's a collection of people who want to do the right thing.

Whether it's our:

- Employee representative body of around 100 people who actively support the communication flow between the Executive and our people to make sure dialogue remains fully open.

  This has been particularly important over the last few weeks as we've entered into consultation on the shape of our business and how we support people through the resulting change.

  These decisions are always really difficult, and we've given our colleagues as much time as possible to prepare and will be offering a range of support to help them through the transition.

- The 80 graduates rotating around the business and the 220 apprentices studying and developing technical expertise across various functions, following the path of the 200 who qualified before them.

- And I continue to be really proud of our wellbeing programme, especially around mental health which has made it acceptable to talk about personal and mental health issues.

Having diverse, highly engaged and empowered people will always be the key to the sustainability of our business.

**PRIORITIES AS WE GO INTO 2020**

So that is the report for 2019.

What, then, are we focused on as we go into 2020?

Well, we continue the development and roll-out of our ambitious technology change and aim to:

- Move Direct Line and Churchill motor onto our new platform
- Launch Darwin on two more PCWs,
- Roll out Green Flag's new claims system
- Upgrade our finance systems to a new cloud based Oracle ledger;
- Re-engineer our technology platform to support these new systems and enhance productivity.
- And by moving to a fully agile way of working we expect to lay the foundations for the future growth of the business.

Landing technology change and meeting our costs targets are key activities in 2020, but we never lose sight of the importance of brand and customer with exciting plans for Green Flag, Churchill and Direct Line.

And finally, last week we learnt that the FCA market study proposals on pricing will be published in June. We gave you an extensive update in November and little has changed. We continue to work well with the ABI from an industry perspective and are making progress in implementing our own measures.

So, 2020 will be an exciting and very busy year.

**KEY INVESTMENT POINTS**

Now, before I move onto my closing messages, let me remind you of you what we told you back in November.

- First, Direct Line Group has a number of incredible strengths, from strong brands to rich data to leading claims skills.
- They are hard to replicate, and we believe provide real long-term value
- Second, we are proudly a people business, which means we really care and have a passion to serve our customers.
- Third, we have real ambition and are focused on transforming the business to deliver a step change to our competitiveness
- Fourth, we have continued to improve the quality of our earnings, with a greater proportion coming from current year business, reflecting our improved competitiveness and
- Finally, we maintain a strong balance sheet with further opportunities to improve its effectiveness

We have a huge amount to do, both operationally and technically, but as you've just heard we've continued to make progress against our clear and focused plan.

## CLOSING MESSAGES

So, in conclusion I believe today demonstrates that we are in good shape:

- We delivered a good financial result in 2019 navigating difficult trading conditions.

- I believe this should give our stakeholders confidence in our focus and discipline and the resilience of our business model.

- In 2019 we started to deliver the technology upgrades that we've been working towards for some years

- And we have well-defined and focused plans for 2020 to deliver the business transformation in line with the clear strategy that we've laid out.

So, with that I'll go to questions.