



# Q1–3 on track to beat profit targets

Quarterly financial statements as at 30 September 2014

6 November 2014

Jörg Schneider  
Torsten Oletzky

Munich RE 

Agenda



Munich Re (Group)	2
Primary insurance	8
Munich Health	14
Reinsurance	18
Outlook	25

Munich Re (Group) – Financial highlights Q3 2014

Full-year net earnings guidance raised to slightly above €3bn

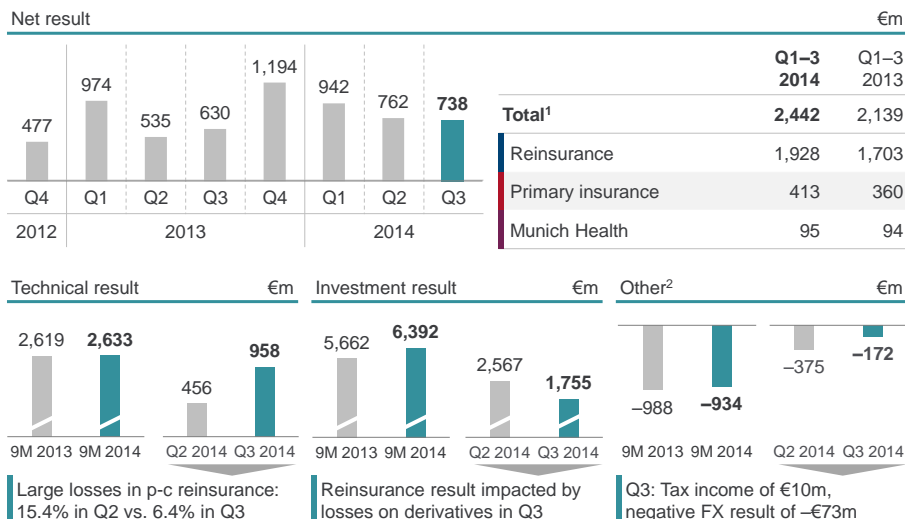


Munich Re (Group) – Q3 2014 (Q1–3 2014)

<b>NET RESULT</b> <b>€738m</b> (€2,442m)	<b>SHAREHOLDERS' EQUITY</b> <b>€29.3bn</b> (+5.8% vs. 30.6.)	<b>INVESTMENT RESULT</b> <b>Rol of 3.0%</b> (3.8%)
Q3 with good underwriting results across almost all segments – net earnings impacted by significant countervailing one-off effects	Strong capitalisation according to all metrics provides financial flexibility – ongoing share buybacks	Solid return given low interest rates, investment result differing by segment – primary insurance 3.8%, reinsurance 1.7%
<b>Reinsurance</b>	<b>Primary insurance</b>	<b>Munich Health</b>
<b>NET RESULT</b> <b>€533m</b> (€1,928m)	<b>NET RESULT</b> <b>€155m</b> (€413m)	<b>NET RESULT</b> <b>€53m</b> (€95m)
496 <b>37</b>	<b>31</b> <b>71</b> <b>53</b>	<b>53</b>
<b>P-C</b>	<b>LIFE</b>	<b>P-C</b>
Combined ratio 91.3% (93.2%) Large loss ratio 6.4% (7.5%)	Technical result affected by recaptures – Annual guidance of €400m still achievable	Combined ratio 95.8% (Germany: 93.2%, international: 100.0%)
	<b>HEALTH</b>	<b>REINSURANCE</b>
	Pleasant operating result	Combined ratio 99.7%
	Solid, stable performance	<b>PRIMARY INSURANCE</b>
		Combined ratio 81.1%

Munich Re (Group) – Financial highlights Q3 2014

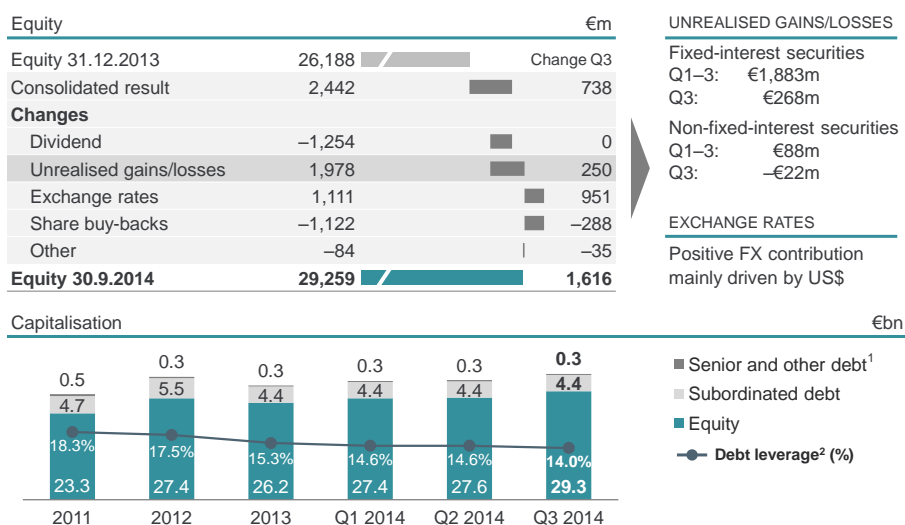
## Tax gains and low nat cat claims offsetting FX losses and lower investment result in Q3



<sup>1</sup> Segments do not add up to total amount; difference relates to the segment "asset management".  
<sup>2</sup> Other non-operating result, goodwill impairments, net finance costs, taxes. Quarterly financial statements as at 30 September 2014 4

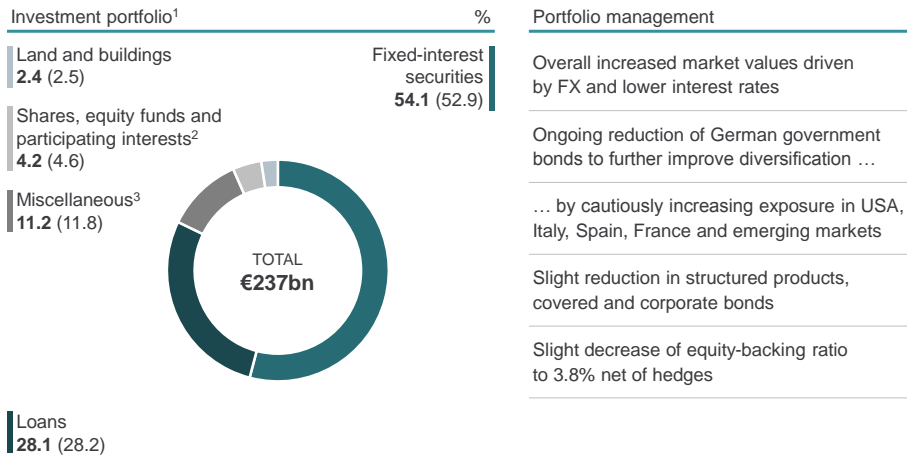
Munich Re (Group) – Capitalisation

## IFRS capital position



<sup>1</sup> Other debt includes bank borrowings of Munich Re and other strategic debt.  
<sup>2</sup> Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity). Quarterly financial statements as at 30 September 2014 5

## Investment portfolio




<sup>1</sup> Fair values as at 30.9.2014 (31.12.2013). <sup>2</sup> Net of hedges: 3.8% (4.5%). <sup>3</sup> Deposits retained on assumed reinsurance, unit-linked investments, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold.

## Investment result

Investment result	€m							
	Q1–3 2014	Return <sup>1</sup>	Q1–3 2013	Return <sup>1</sup>	Q3 2014	Return <sup>1</sup>	Q2 2014	Return <sup>1</sup>
Regular income	5,429	3.2%	5,686	3.4%	1,793	3.1%	1,924	3.4%
Write-ups/write-downs	-194	-0.1%	-541	-0.3%	-223	-0.4%	156	0.2%
Disposal gains/losses	1,214	0.7%	729	0.4%	261	0.4%	441	0.8%
Other income/expenses <sup>2</sup>	-57	0.0%	-212	-0.1%	-76	-0.1%	46	0.1%
<b>Investment result</b>	<b>6,392</b>	<b>3.8%</b>	<b>5,662</b>	<b>3.4%</b>	<b>1,755</b>	<b>3.0%</b>	<b>2,567</b>	<b>4.5%</b>
<b>Total return<sup>3</sup></b>		<b>10.4%</b>		<b>-0.4%</b>		<b>8.6%</b>		<b>12.1%</b>

		Q1–3 2014	Q3 2014		Q1–3 2014	Q3 2014
Regular income	Write-ups/write-downs			Disposal gains/losses		
Further decline of interest rates in Q3 – Average reinvestment yield dropping to -2.2% vs. -2.7% in Q2 2014	Equities	-74	-37	Fixed-income	808	194
	Derivatives	-83	-130	Equities	836	254
	thereof interest-rate hedging programme	264	109	Derivatives	-475	-217
	Other	-37	-56	Other	45	30

<sup>1</sup> Annualised return on quarterly weighted investments (market values) in % p.a.  
<sup>2</sup> Including impact from unit-linked business. Q1–3 2014: €404m (0.2%-points). Q3 2014: €79m (0.1%-points).  
<sup>3</sup> Including unrealised gains and losses.

**Agenda** Munich RE 

---

Munich Re (Group)

---

**Primary insurance**


---

Munich Health

Reinsurance



Outlook

Quarterly financial statements as at 30 September 2014 8

Primary insurance – Premium development Munich RE 



---

**Gross premiums written** €m

Q1–3 2013	12,612	
Foreign-exchange effects	-44	
Divestments/Investments	0	
Organic change	67	
<b>Q1–3 2014</b>	<b>12,635</b>	

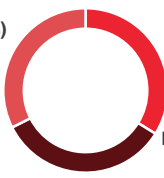
  

**Gross premiums written** €m

Q1–3 2013	12,612	
Life	161	█
Health	-14	
Property-casualty	-124	█
<b>Q1–3 2014</b>	<b>12,635</b>	


**Segmental breakdown** €m

Life	4,097 (32%)	(▲ 4.1%)
Health	4,275 (34%)	(▲ -0.3%)
Property-casualty	4,263 (34%)	(▲ -2.8%)

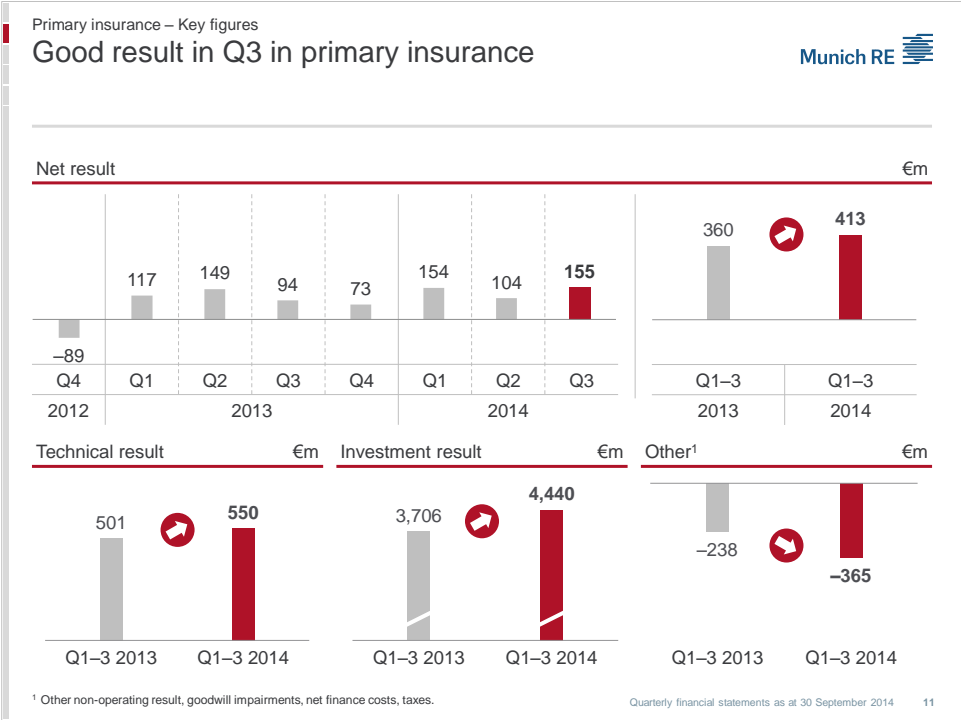
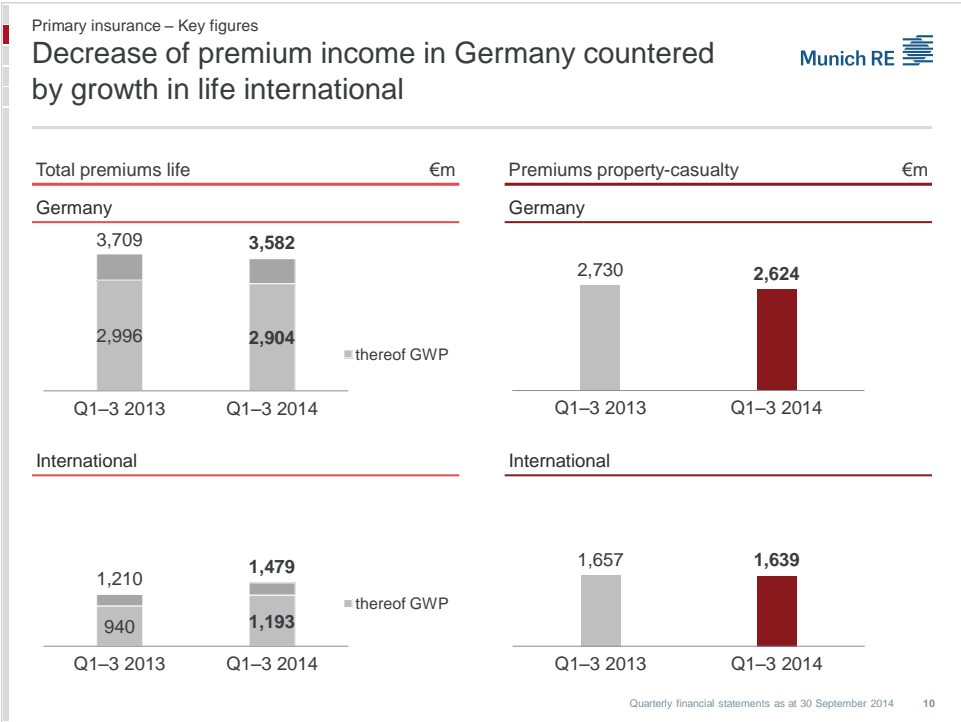

  

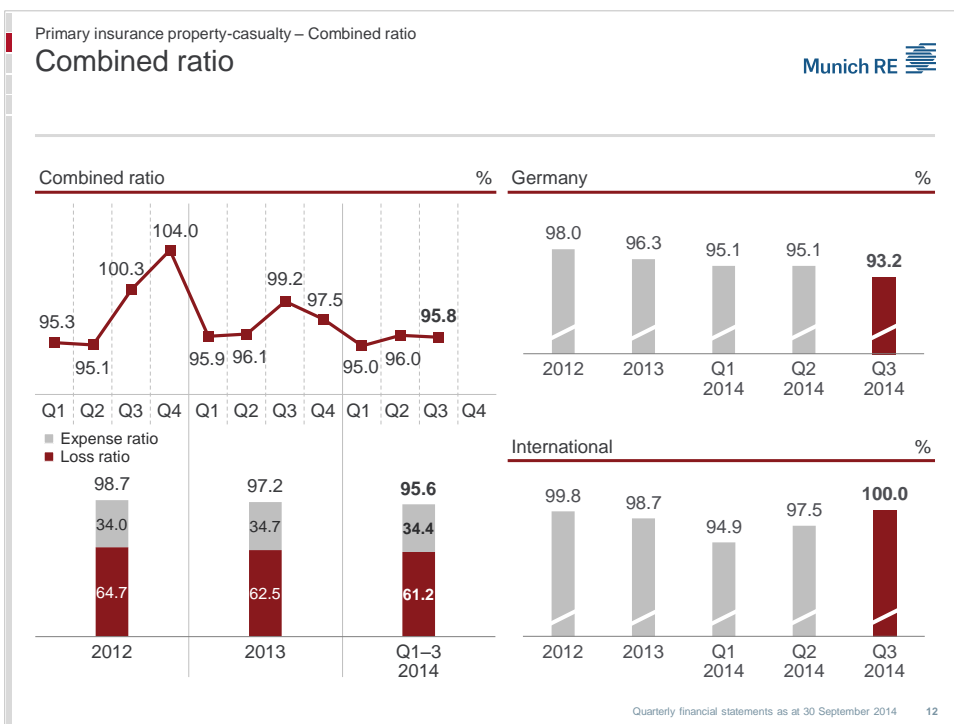
**Regional breakdown** %

Rest of world	24
Germany	76



Quarterly financial statements as at 30 September 2014 9






Primary insurance

### Primary insurance – Highlights

#### Q1–3 2013 vs. Q1–3 2014

<p><b>Total premiums</b> <span style="float: right;">0.0% ↗</span></p> <ul style="list-style-type: none"> <li>Premium income overall at last year's level – despite negative FX effects</li> <li>Life shows growth (+2.9%) due to international business</li> <li>Health stable overall (–0.3%), growth in supplementary and domestic travel business; decline in comprehensive health insurance</li> <li>Property-casualty with lower premiums (–2.8%); mainly due to a multi-year contract in Poland signed in 2013, FX effects and improvement measures in German business</li> </ul>	<p><b>Investment result</b> <span style="float: right;">+19.8% ↗</span></p> <ul style="list-style-type: none"> <li>Increase mainly from life insurance; health and property-casualty developments cancel each other out</li> <li>Higher balance of write-ups and write-downs mainly due to write-ups on interest rate hedges</li> <li>Increase in unit-linked life insurance (profit neutral)</li> </ul>
<p><b>Technical result</b> <span style="float: right;">+9.8% ↗</span></p> <ul style="list-style-type: none"> <li>Improvements in property-casualty and life; small decline in health</li> <li>Significantly lower weather-related claims in Germany than 2013</li> <li>Improvement in international legal protection insurance business</li> </ul>	<p><b>Net result</b> <span style="float: right;">+14.7% ↗</span></p> <ul style="list-style-type: none"> <li>Technical result and investment result drivers behind increased net result</li> <li>Higher tax expenditure in life and property-casualty; lower in health</li> <li>Target span of €400–500m already reached</li> </ul>

Quarterly financial statements as at 30 September 2014 13

**Agenda** Munich RE 

---

Munich Re (Group)

Primary insurance

---


**Munich Health**

---

Reinsurance






Outlook

Quarterly financial statements as at 30 September 2014 14

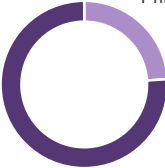
Munich Health – Premium development Munich RE 

---

**Gross premiums written** €m




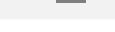
Q1–3 2013	4,988	
Foreign-exchange effects	–224	
Divestments/Investments	–550	
Organic change	–171	
<b>Q1–3 2014</b>	<b>4,043</b>	

**Segmental breakdown** €m


Reinsurance	<b>3,073 (76%)</b>	
	(▲ –12.5%)	
Primary insurance	<b>970 (24%)</b>	
	(▲ –34.2%)	

---

**Gross premiums written** €m

Q1–3 2013	4,988	
Reinsurance	–440	
Primary insurance	–505	
<b>Q1–3 2014</b>	<b>4,043</b>	

**Regional breakdown** %

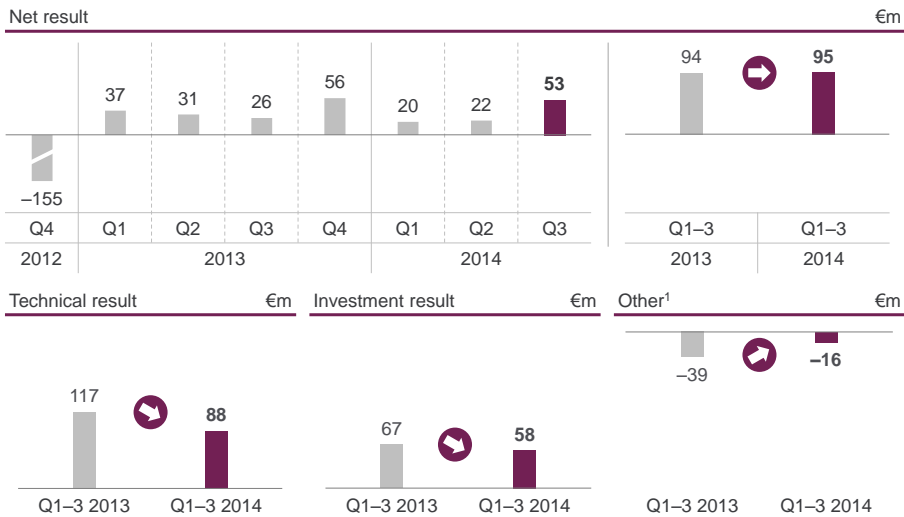
Asia and Australasia	2	
Africa, Near and Middle East	7	
North America	56	
Europe	35	

Quarterly financial statements as at 30 September 2014 15



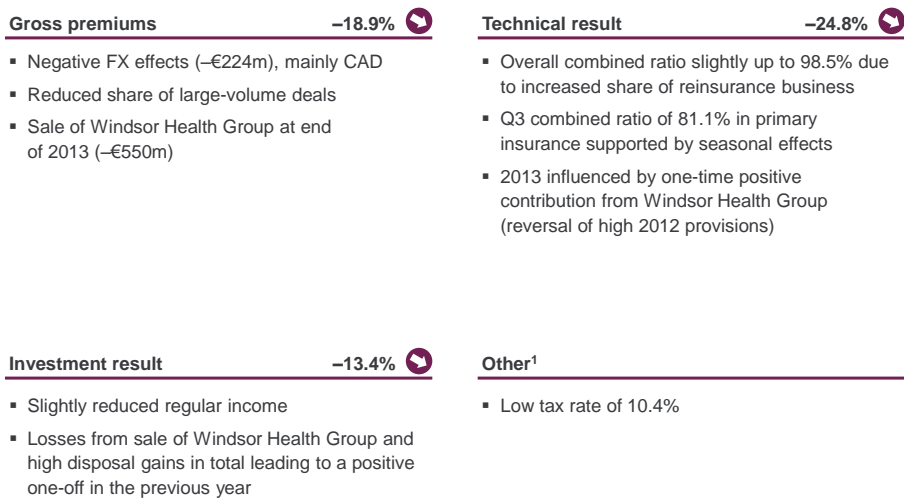
Munich Health – Key figures

## Munich Health – Key figures

Munich RE <sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

Quarterly financial statements as at 30 September 2014 16

Munich Health

Munich Health – Highlights  
Q1–3 2013 vs. Q1–3 2014Munich RE <sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

Quarterly financial statements as at 30 September 2014 17

Agenda



Munich Re (Group)

Primary insurance

Munich Health

**Reinsurance**

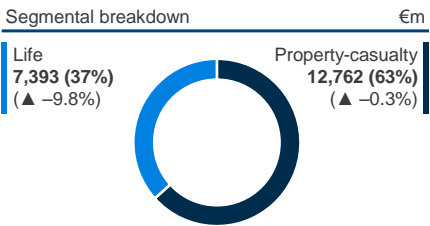
Outlook

Reinsurance – Premium development

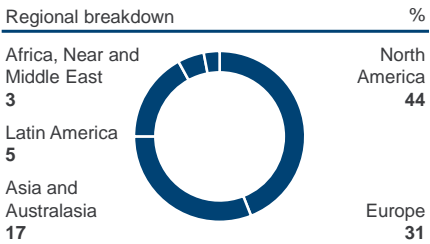
Reinsurance – Premium development

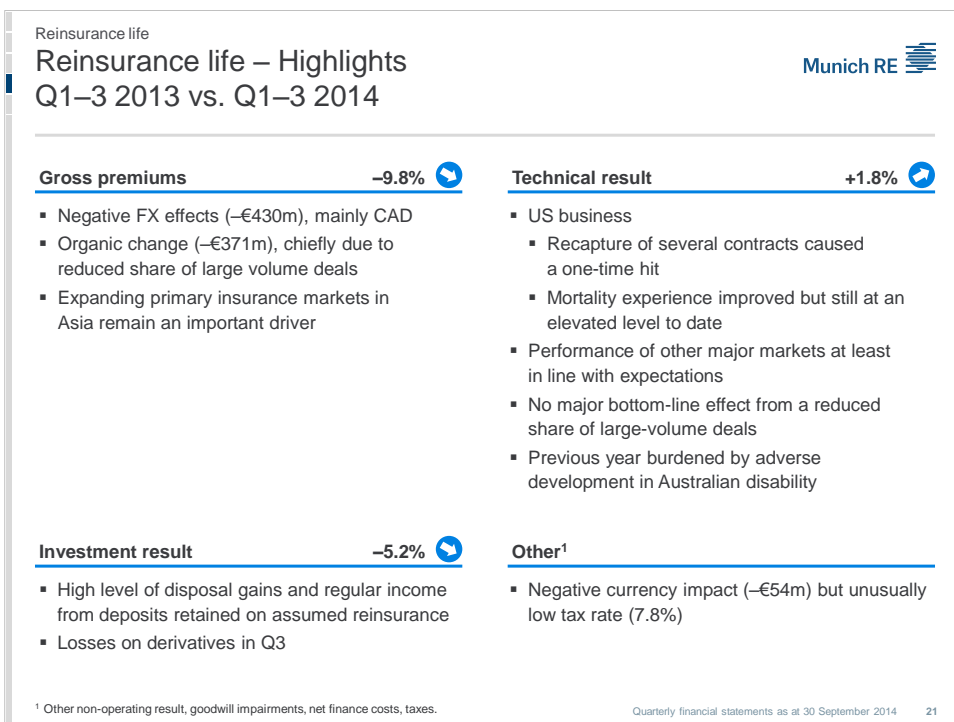
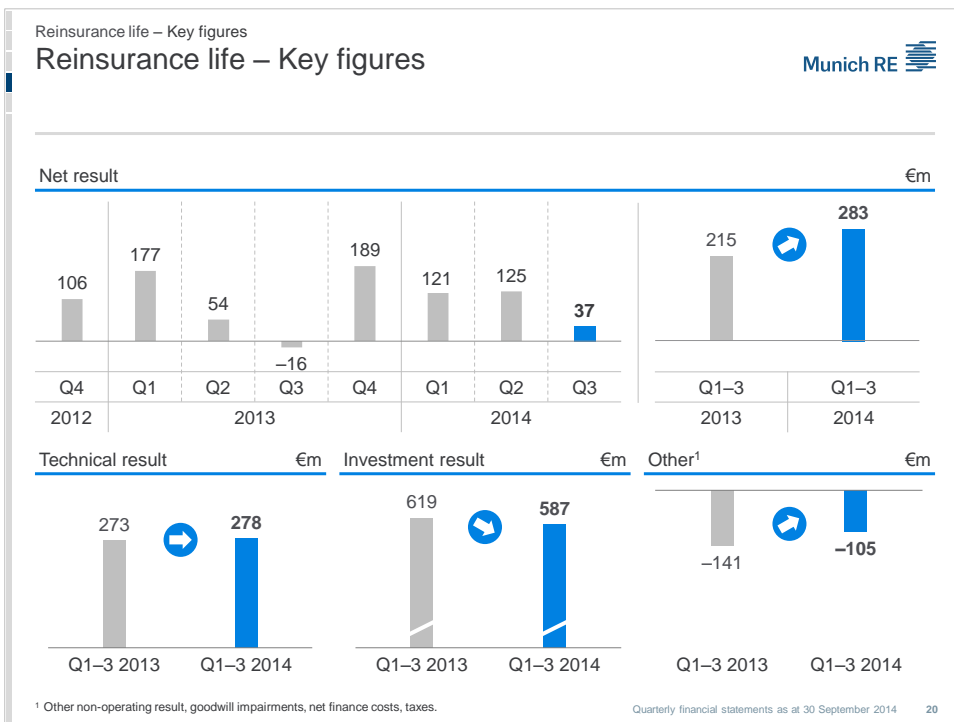


Gross premiums written		€m
Q1–3 2013	20,990	
Foreign-exchange effects	-785	
Divestments/Investments	0	
Organic change	-50	
<b>Q1–3 2014</b>	<b>20,155</b>	



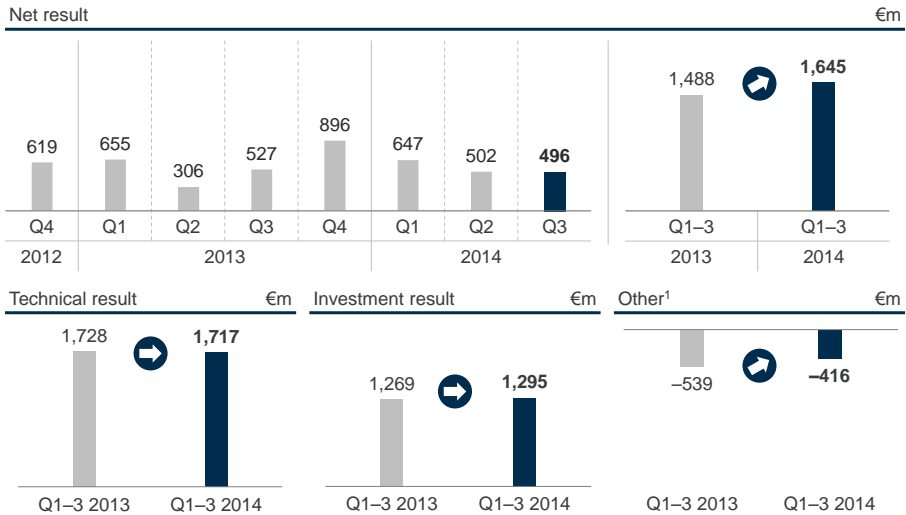
Gross premiums written		€m
Q1–3 2013	20,990	
Life	-801	
Property-casualty	-34	
<b>Q1–3 2014</b>	<b>20,155</b>	





Reinsurance property-casualty – Key figures

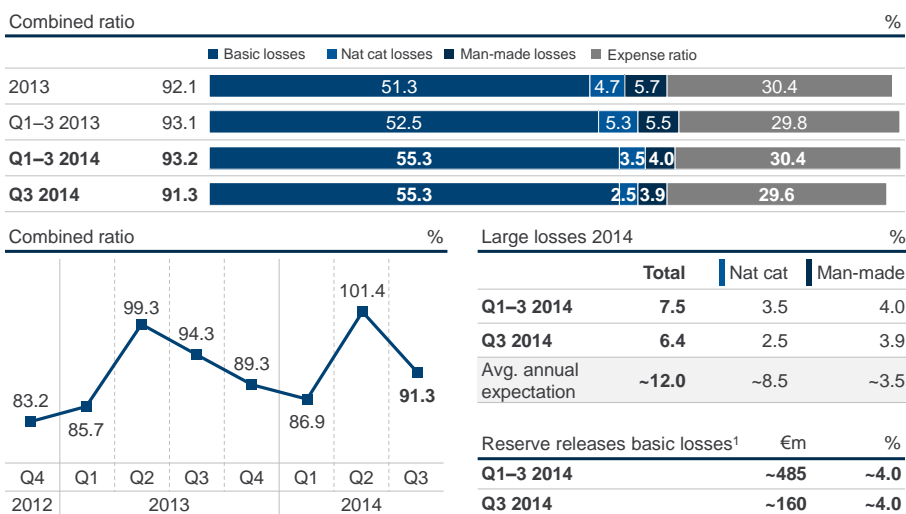
Reinsurance property-casualty – Key figures



<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance property-casualty – Combined ratio

Combined ratio



<sup>1</sup> Balance of increases (e.g. agriculture) and releases (e.g. fire, motor, marine and liability).

Reinsurance property-casualty

## Reinsurance property-casualty – Highlights

### Q1–3 2013 vs. Q1–3 2014

Munich RE 

#### Gross premiums

–0.3% 

- Negative FX effects (–€355m) offsetting organic growth (€321m) mainly due to new and increased shares in motor business in Australia and China as well as growth in other casualty business

#### Technical result

–0.6% 

- Low level of major nat cat losses
- Higher basic losses resulting from price deteriorations and business mix effects (major casualty contracts in countries with high interest rates)
- Increased operating expenses influenced by higher commissions in proportional business
- Normalised combined ratio adjusted for major losses and reserve releases at 97.8% (96.9% in Q3)

#### Investment result

+2.0% 

- High gains on equities and fixed income securities, but considerable burden from losses on derivatives, especially in Q3
- Overall stable investment result as previous year was affected by losses of derivatives

#### Other<sup>1</sup>

- Unusually low tax rate (5.7%) more than offsetting negative currency impact (–€198m)

<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

## Agenda

Munich RE 

Munich Re (Group)

Primary insurance

Munich Health

Reinsurance

### Outlook

## Outlook 2014

**Munich Re (Group)**GROSS PREMIUMS WRITTEN<sup>1</sup>

~€48bn

Focus on bottom line prevails

## RETURN ON INVESTMENT

~3.5%

Solid return given ongoing low-interest-rate environment

## NET RESULT

slightly above €3bn  
(prev. €3bn)

Q1–3 earnings above expectations

**Reinsurance**

## COMBINED RATIO

~94%  
(prev. ~95%)

## NET RESULT

>€2.5bn  
(prev. €2.3–2.5bn)**Primary insurance**

## COMBINED RATIO

~95%

NET RESULT<sup>2</sup>–  
(prev. €400–500m)**Munich Health**

## COMBINED RATIO

~99%

## NET RESULT

>€100m  
(prev. ~€100m)

<sup>1</sup> By segment: Reinsurance slightly above €26bn, primary insurance slightly above €16.5bn, Munich Health slightly below €5.5bn.

<sup>2</sup> Well on track to exceeding initial target. However, the introduction of a new segmentation at year-end may trigger write-downs of intangible assets in excess of possible tax benefits in Q4.

## Disclaimer

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

Figures up to 2010 are shown on a partly consolidated basis.

"Partly consolidated" means before elimination of intra-Group transactions across segments.