



plainpicture/fStop/Ralf Hiemisch

Preliminary financial statements as at 31 December 2016

7 February 2017

Jörg Schneider

2016 net result of €2.6bn meets annual guidance – Increased dividend of €8.60 per share¹

Munich Re (Group) – 2016 (Q4 2016)

NET RESULT

€2.6bn (€0.5bn)

Sound underlying performance without dilution of strong balance sheet – investments in ERGO Strategy Programme and FX gains

OPERATING RESULT

€4.0bn (€0.8bn)

Reinsurance combined ratio of 95.7% (101.9%), technical result of almost €500m in life re – ERGO with slightly negative 2016 (positive Q4) net result

INVESTMENT RESULT

RoI: 3.2% (2.7%)

Solid return given low interest rates – prudent asset liability management once again proved beneficial

SHAREHOLDERS' EQUITY

€31.8bn (–1.8% vs. 30.9.)

Strong capitalisation according to all metrics continues to provide the basis for high pay-outs

HGB RESULT (GERMAN GAAP)

Significantly above €3bn

Distributable earnings improved substantially, despite capital repatriation of €2.3bn

JANUARY RENEWALS

Strict focus on bottom-line

- Premium change: –4.9%
- Price change: ~ –0.5%

Investment result

€bn	Q4 2016	2016	2015
Regular income	1.7	6.7	7.4
Write-ups/write-downs	-0.1	-0.4	-0.8
Disposal gains/losses	0.8	2.6	2.7
Derivatives	-0.5	-0.7	-1.2
Other income/expenses	-0.2	-0.6	-0.5
Investment result	1.6	7.6	7.5
Return on investment	2.7%	3.2%	3.2%
Reinsurance	2.2%	2.5%	3.2%
ERGO	3.0%	3.7%	3.1%

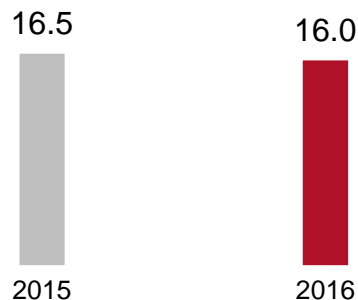
Highlights

- Ongoing attrition of running yield – decline ~30bps
- 3-month reinvestment yield stable at ~1.8% in Q4
- Disposal gains at prior-year level – higher gains at ERGO, lower gains in reinsurance
- Improved derivatives result largely driven by interest-rate hedging at ERGO and recovery of commodity markets, ...
- ... partly reversed in Q4 following a pick-up in interest rates and strong equity markets

ERGO – Key financials

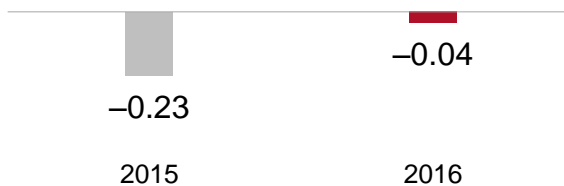
Gross premiums written

€bn



Net result

€bn

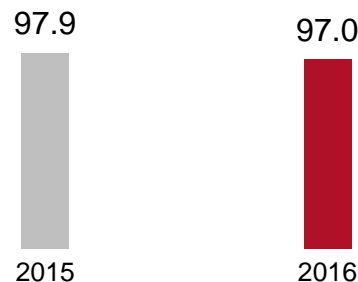


Major result drivers

- 2016: Net result in line with guidance, including impact from ERGO Strategy Programme (ESP)¹
 - Higher investment result
 - Germany P-C: Combined ratio 1% point better than guidance²
 - International P-C: Combined ratio improved, mainly in Poland, UK and Turkey
- Q4: Positive net result
 - High investment result in all segments more than offsets additional restructuring expenses in Belgium

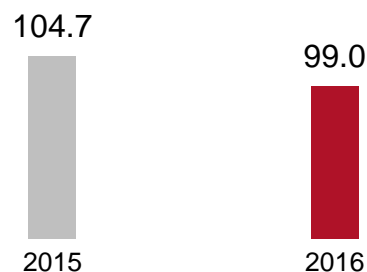
Germany P-C: Combined ratio

%



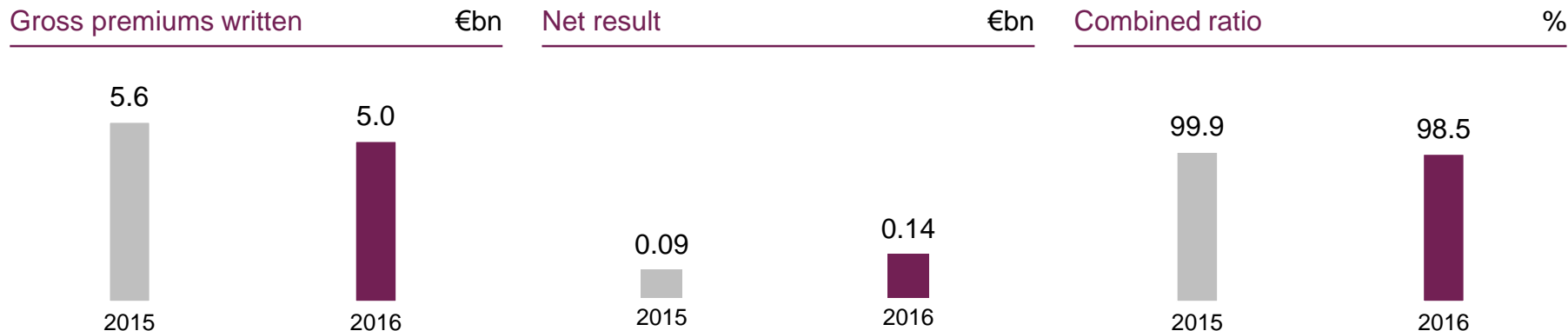
International P-C: Combined ratio

%



¹ Restructuring expenses: €0.2bn, investments: €0.1bn. ² ESP impact: ~1% point

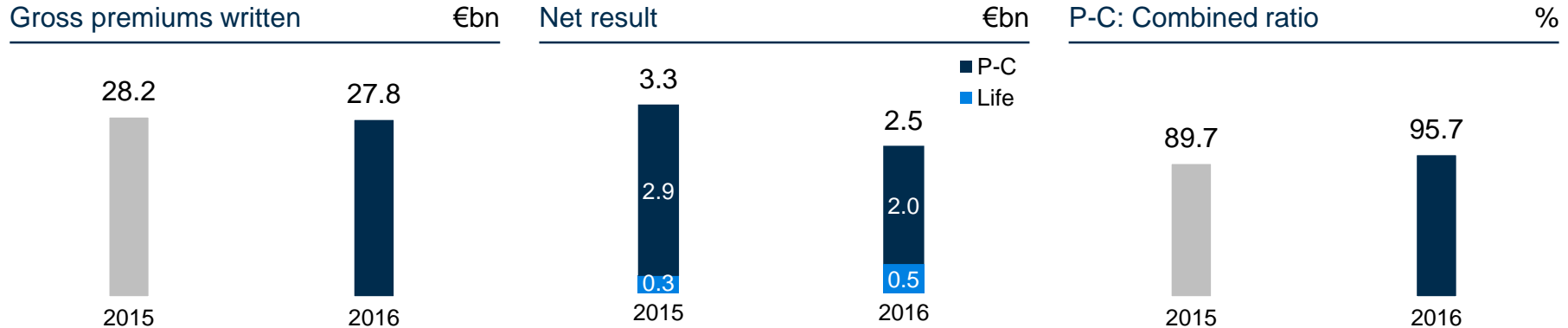
Munich Health – Key financials



Major result drivers

- Organic premium decrease mainly driven by reduced share and restructuring of one large treaty, partly offset by growth in China, Middle East and Spain
- Reinsurance combined ratio 99.5% (–1.7%) – Reserve release, as well as better claims experience and positive one-offs in the US
- Primary insurance combined ratio 94.2% (+1.0%) – Reserve release in Belgium

Reinsurance – Key financials



Life: Technical result ~€0.49bn

- Result well above annual target, despite large losses in Q1
- Strong contribution mainly from North America, Europe and Asia supported by one-off effects
- Reserve releases in H2 2016

Property-casualty: Major losses

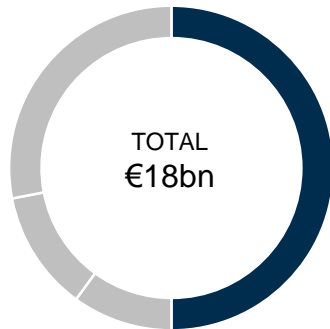
	Total	Nat cat	Man-made
FY 2016	9.1	5.5	3.6
Q4 2016	14.8	10.9	3.9
Reserve releases ¹	€bn	% points ²	
FY 2016	~1.1	~5.5	
Q4 2016	~0.4	~5.7	

¹ Basic losses. ² Adjusted for commission effects. Gross reserve releases: ~6.2% (Q4 2016: ~8.7%).

Business up for renewal roughly half of total P-C book – Regional focus on Europe

Total property-casualty book¹ %

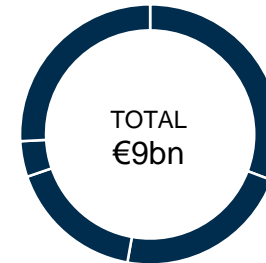
Remaining business 28	Business up for January renewal 50
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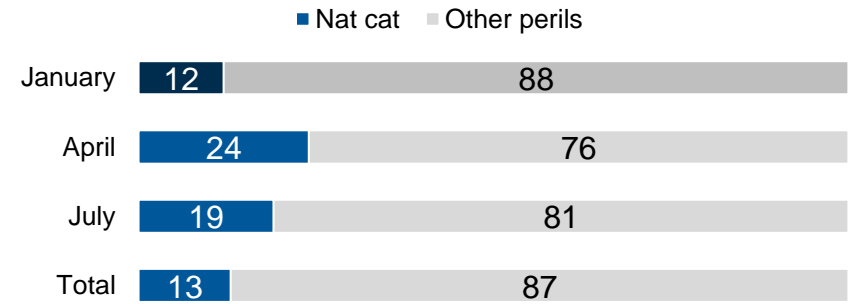
Business up for July renewal 12	Business up for April renewal 10
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Regional allocation of January renewals %

Worldwide 26	Europe 31
Latin America 4	
Asia-Pacific-Africa 17	North America 22



Nat cat shares of renewable portfolio² %

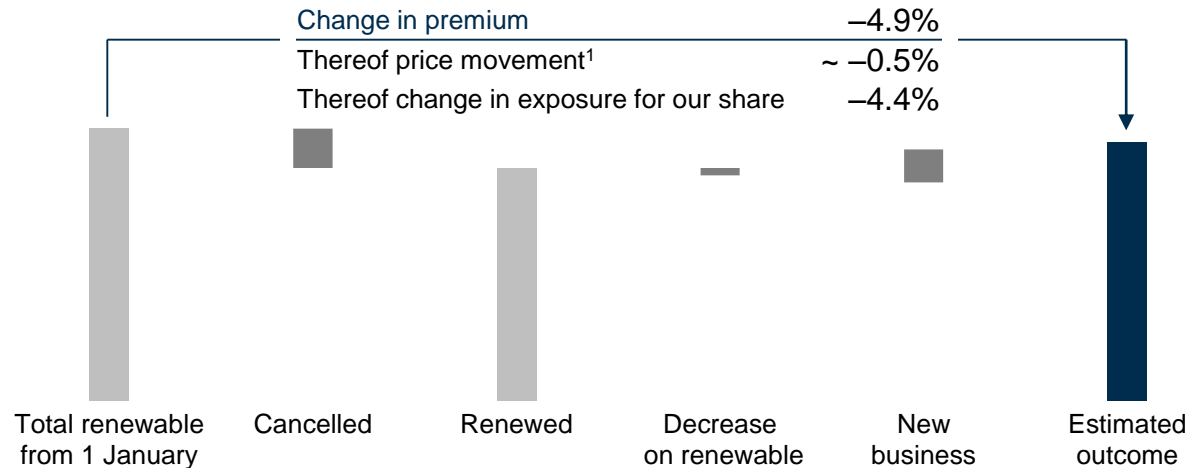


¹ Gross premiums written. Economic view – not fully comparable with IFRS figures. ² Total refers to total P-C book, incl. remaining business.

Cycle management reduction mitigated by new business opportunities – Further slow-down in price decline

January renewals 2017

%	100	-14.4	85.6	-2.7	12.2	95.1
€m	8,982	-1,297	7,685	-241	1,094	8,538



- Overall premium decline due to disciplined underwriting partly offset by new business opportunities
- Price change of -0.5% less pronounced compared with last year
- Continued pressure on XL business, while price decline for US nat cat lower than in the past
- Proportional business remains resilient

Overall portfolio profitability was maintained and remains above cost of capital

¹ Price movement is risk-adjusted, i.e. includes claims inflation/loss trend and is adjusted for portfolio mix effects. Furthermore, price movement is calculated on a wing-to-wing basis (including cancelled and new business).

Actual vs. analysts' consensus

Operating result – Actual vs. analysts' consensus¹

	Q4 2016	Consensus	Delta
Reinsurance	0.5	0.80	-0.3
ERGO	0.3	0.10	0.2
Munich Health	0.1	0.03	0.1
Operating result	0.8	0.92	-0.1
FX	0.2		
Other	-0.4		
Taxes	-0.1		
Net result	0.5	0.63	-0.1

Major developments in Q4 2016

Reinsurance

P-C: Combined ratio of 101.9% (cons.: 94.1%) – major loss ratio: ~14.8%, reserve releases: ~5.7%²
 Life Re technical result: €0.17bn
 Lower investment result – RoI: 2.2%

ERGO

P-C Germany: Combined ratio of 100.0% (cons.: 99.6%)
 International: Combined ratio of 100.4% (cons.: 101.9%)
 High investment result – RoI: 3.0%

Munich Health

Positive impact from reserve releases

Other

Restructuring expenses at ERGO Belgium

¹ Simple average of estimates the Munich Re Investor Relations team has gathered from analysts covering Munich Re, not taking into account any external data providers. ² Adjusted for commission effects.

Financial calendar

2017

15 March	Balance sheet press conference for 2016 financial statements Analysts' conference in Munich with videocast
26 April	Annual General Meeting 2017, ICM – International Congress Centre Munich
9 May	Quarterly statement as at 31 March 2017 ¹
9 August	Half-year financial report as at 30 June 2017
9 November	Quarterly statement as at 30 September 2017 ¹

¹ Munich Re is adjusting its financial reporting format following an amendment to the regulations of the Frankfurt stock exchange. The half-year financial reports and annual reports will remain unchanged. However, instead of issuing quarterly reports for the first and third quarters, we will release reports in the new form of quarterly statements from 2016 onwards. We will continue to present and explain the figures for each quarter in telephone conferences for analysts and journalists, and in press releases.

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