



# Rising dividend after good result

Preliminary financial statements as at 31 December 2014

5 February 2015

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# Good annual profit of €3.2bn – Dividend increasing to €7.75 per share

## Munich Re (Group) – Q4 2014 (FY 2014)

### NET RESULT

**€0.7bn** (€3.2bn)

2014 net result of €3.2bn meeting annual guidance – Q4 earnings impacted by significant countervailing one-off effects

### OPERATING RESULT

**€0.7bn** (€4.0bn)

Operating result in Q4 adjusted for policyholder participation in prior-year tax credit: ~€1.1bn

### SHAREHOLDERS' EQUITY

**€30.3bn** (+3.6% vs. 30.9.)

Strong capital position allows us to increase dividend per share to €7.75 (subject to approval of Supervisory Board and AGM)

### ECONOMIC CAPITAL POSITION

Lower interest rates slightly reducing the very comfortable economic solvency position

### INVESTMENT RESULT

**RoI of 3.4%** (3.6%)

Solid return given low interest rates

### JANUARY RENEWALS

Munich Re strictly focusing on bottom-line  
Premium change: –9.5%  
Price change: ~ –1.3%

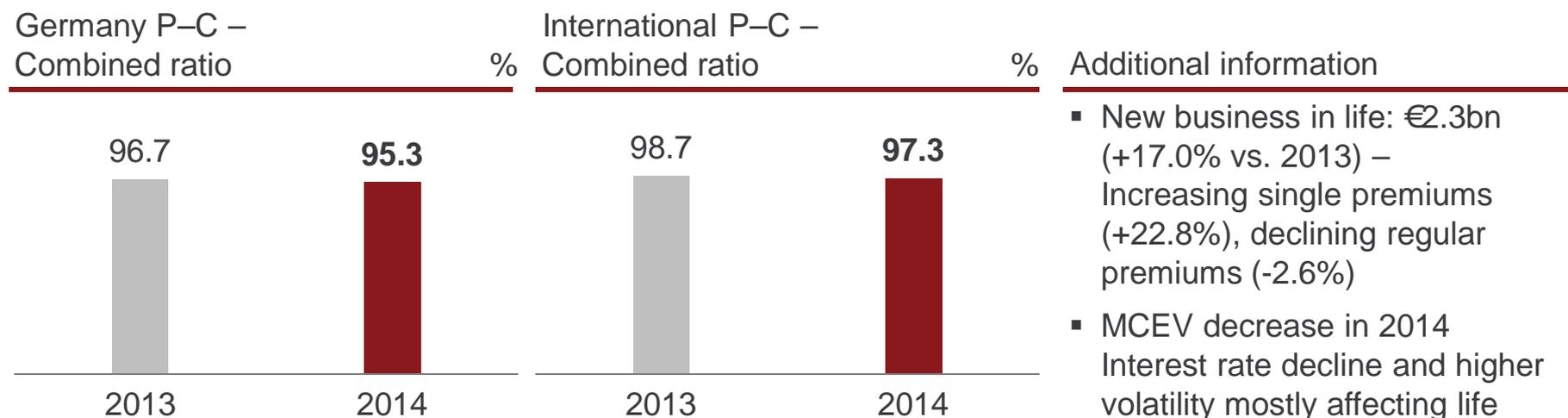
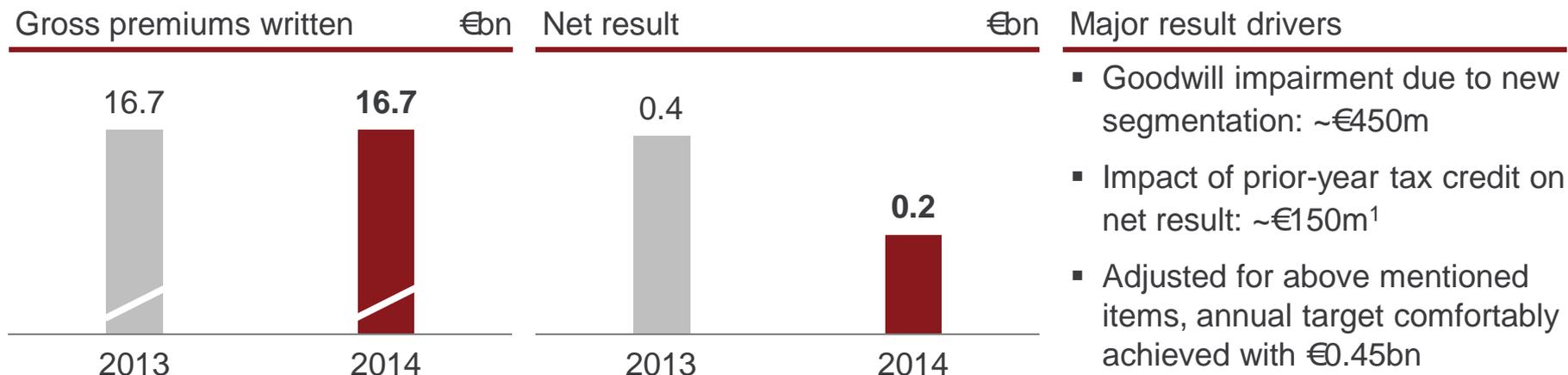
## Investment result

Investment result	€bn		
	FY 2014	FY 2013	Q4 2014
Regular income	7.2	7.4	1.8
Write-ups/write-downs	-0.2	-0.4	-0.1
Disposal gains/losses	2.6	1.7	1.0
Derivative result	-1.1	-1.0	-0.5
Other income/expenses	-0.5	-0.5	-0.2
<b>Investment result</b>	<b>8.0</b>	<b>7.2</b>	<b>2.0</b>
Insurance-related investment result <sup>1</sup>	0.4	0.4	0.1

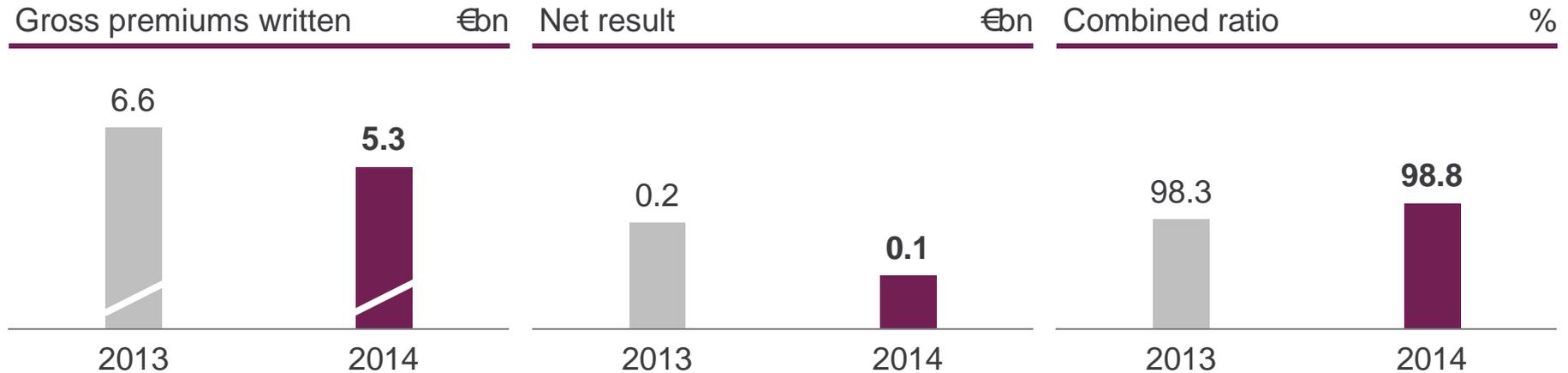
## Highlights

- Regular income: Further decline of interest rates in Q4 – Average reinvestment yield dropping to ~2.1% vs. ~2.2% in Q3 2014
- Sharp increase of valuation reserves – Higher disposal gains following usual portfolio turnover
- Use of derivatives in our economic steering (e.g. for the purpose of inflation hedging) leading to IFRS losses in spite of gains from interest-rate hedging in primary life insurance

<sup>1</sup> Unit-linked and other insurance-related investments no longer being part of the investment result.



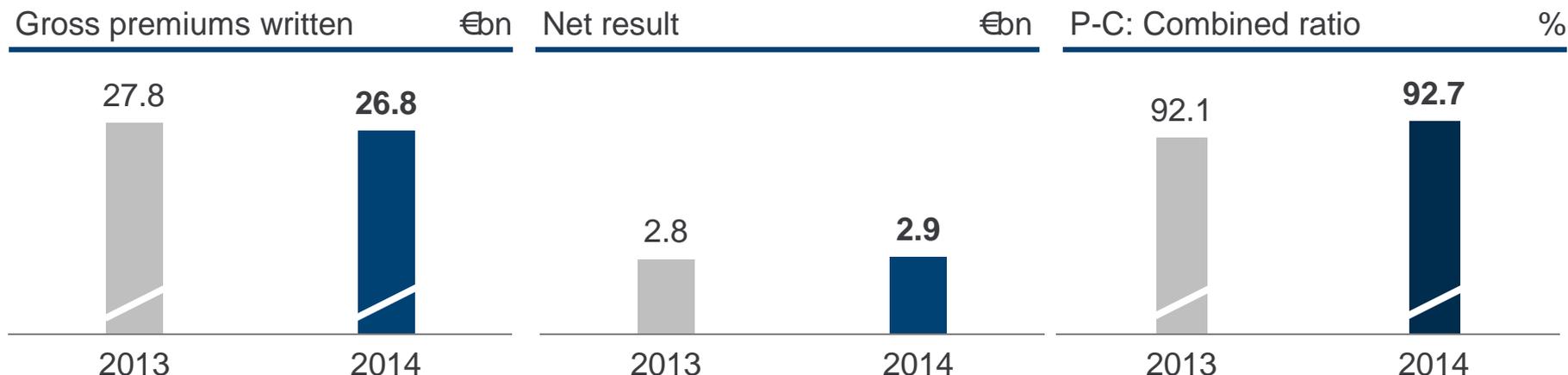
<sup>1</sup> Tax credit of prior years ~€500m less policyholder participation of ~€350m.



### Major result drivers

- Premium decline driven by currency effects, reduced share of large-volume deals and sale of Windsor Health Group at end of 2013
- Net result meeting annual guidance of ~€100m

# Reinsurance – Key financials



## Life: Major result drivers

- Technical result: ~€0.3bn – Reserve strengthening of Australian disability business of €0.1bn in Q4
- MCEV increase in 2014 – Strong new business, negative operating variances and overall positive impact of interest rate development

## P-C: Large losses

	Total	Nat cat	Man-made
FY 2014	7.2	3.3	3.9
Q4 2014	6.1	2.7	3.4
Reserve releases <sup>1</sup>		€bn	%
FY 2014		~1.1	~6.9
Q4 2014		~0.6	~15.4

<sup>1</sup> Basic losses. Adjusted for commission effects: ~5.3% (Q4 2014:~9.1%).

# January renewals – Regional focus on Europe

## Total property-casualty book<sup>1</sup> %

Remaining business  
**26**

Business up for January renewal<sup>2</sup>  
**57**



Business up for July renewal  
**12**

Business up for April renewal  
**5**

## Regional allocation of January renewals %

Latin America  
**2**

Europe  
**32**

Asia-Pacific, Africa  
**18**

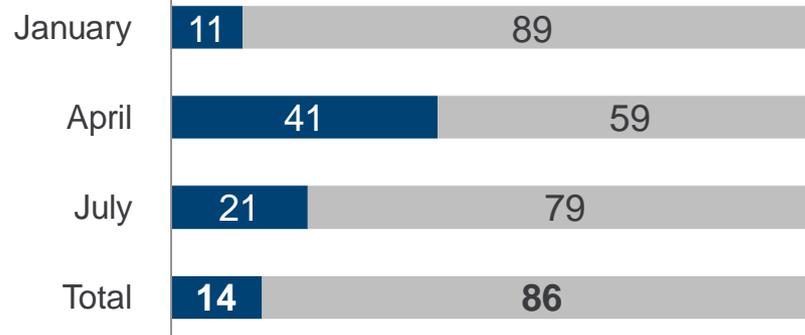
North America  
**19**

Worldwide  
**29**



## Nat cat shares of renewable portfolio %

■ Nat cat ■ Other perils



<sup>1</sup> Gross premiums written. Economic view – not fully comparable with IFRS figures.

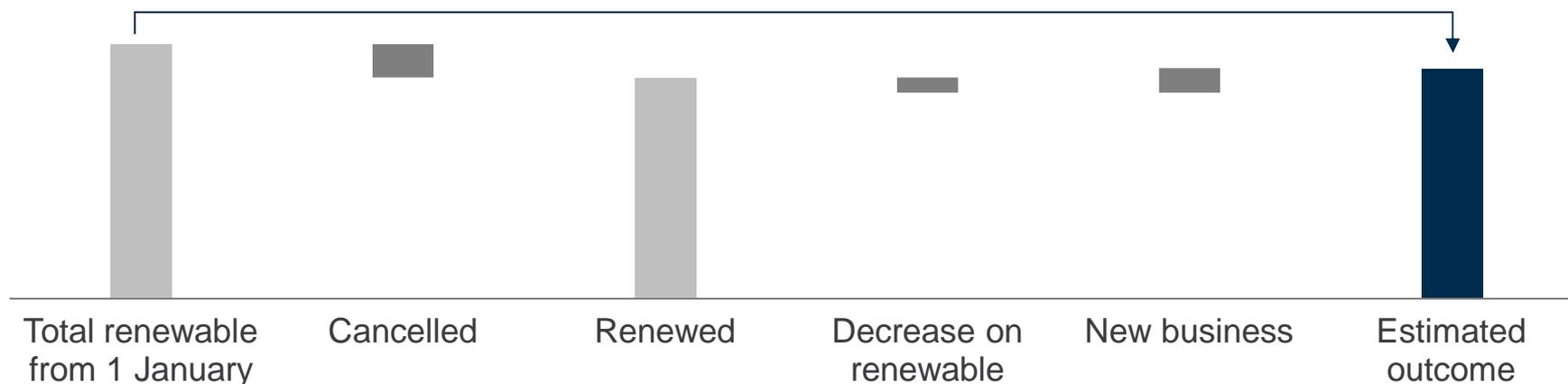
<sup>2</sup> Including Risk Solutions business (11% of January renewal).

# Consistent cycle management leading to top-line reduction – Portfolio profitability remains sound

## January renewals 2015

%	100	-13.2	86.8	-5.8	9.5	<b>90.5</b>
€m	9,445	-1,246	8,199	-546	899	<b>8,552</b>

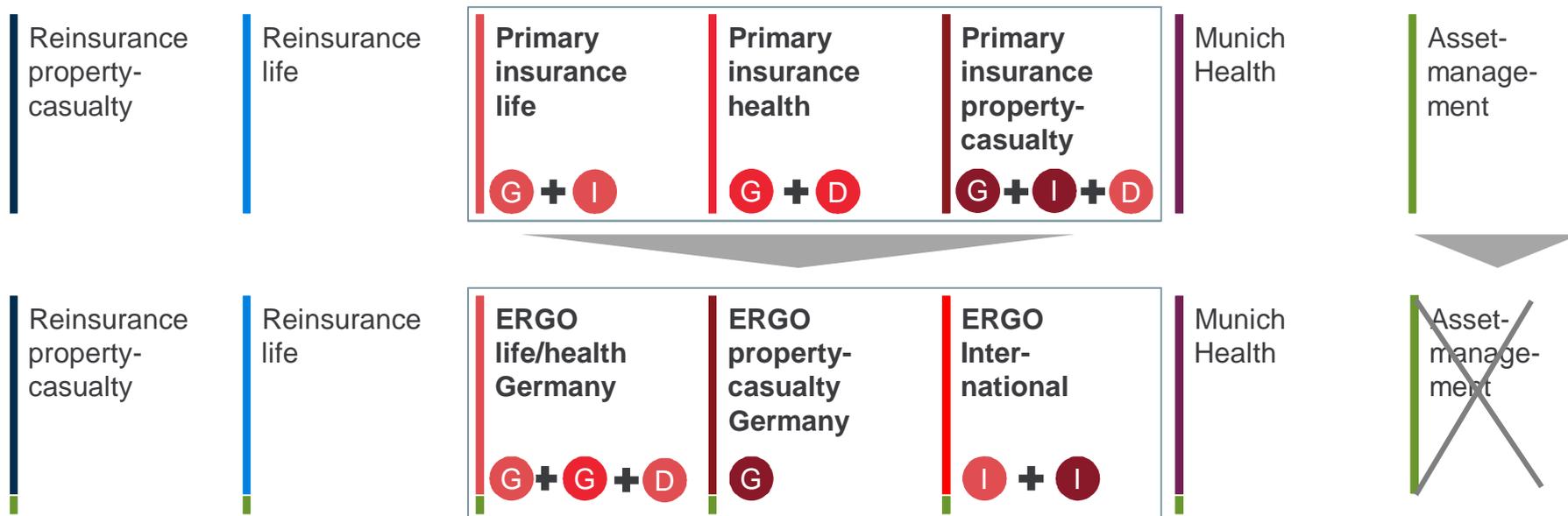
<b>Change in premium</b>	<b>-9.5%</b>
Thereof price movement <sup>1</sup>	~ -1.3%
Thereof change in exposure for our share	-8.2%



**Ongoing strict bottom-line orientation to maintain portfolio quality in a competitive market environment**

<sup>1</sup> Price movement is calculated on a wing-to-wing basis (including cancelled and new business) and risk-adjusted (including claims inflation/loss trend and portfolio mix effects).

# New segment reporting – Consistency with our management approach



## Main changes

- Segment “Asset-management” to be dissolved and allocated to remaining segments
- International part of primary life and p-c bundled within new segment “ERGO International”
- German part of primary life reported together with primary health and whole ERGO Direkt to new segment “ERGO life/health Germany”
- German part of primary p-c building the new segment “ERGO property-casualty Germany”

## Rationale of new segmentation for ERGO

- Better reflection of internal steering in external reporting according to IFRS 8
- Separate segment “ERGO International” enhancing transparency

## Treatment of ERGO goodwill

- New segmentation triggering reallocation of ERGO goodwill (€1.75bn) to new segments ...
- ... leading to goodwill write-down of €0.45bn in Q4 2014

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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.