



Quarterly statement as at 31 March 2019

8 May 2019

Christoph Jurecka



Munich Re (Group)	2
ERGO	7
Reinsurance	11
Outlook	16

Good start to the year

MUNICH RE (GROUP)

Net result

€633m (€827m)

Solid underlying performance, positive currency effects and low tax expenses

Return on investment¹

2.9% (3.1%)

Disposal gains offset write-downs and derivative losses

Shareholders' equity

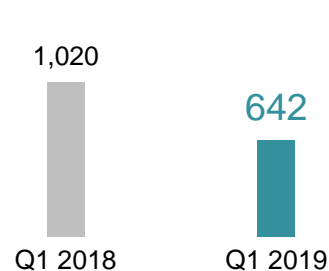
€29.0bn (+9.4% vs. 31.12.)

Sound capitalisation –
Solvency II ratio at ~250%

Q1 2019 (Q1 2018)

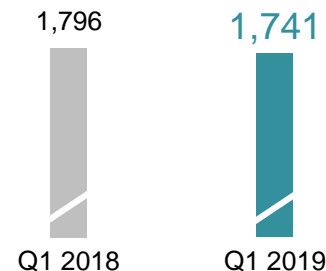
Technical result

€m



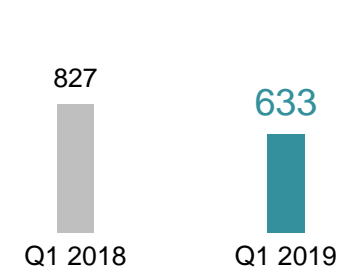
Investment result

€m



Net result

€m



Reinsurance

Life and Health: Technical result incl. fee income: €105m (€155m) – slightly below run-rate due to technical one-offs

Property-casualty: Combined ratio: 97.9% (88.6%) –
Major-loss ratio: 9.7% (1.4%)

April renewals:

Price change: ~ +1.4%, premium change: +10.3%

ERGO

Life and Health Germany:

Life: High RoI; Health: Sound performance

Property-casualty:

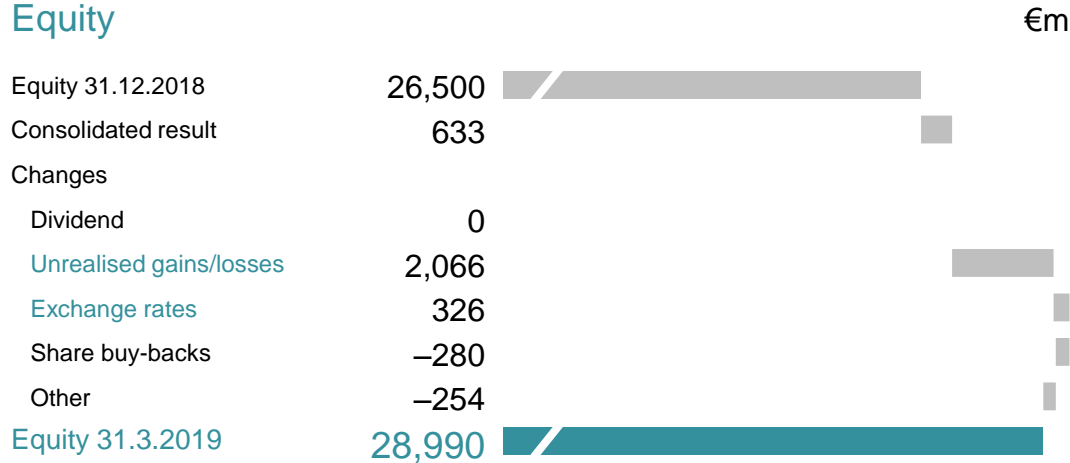
C/R: 98.1% (101.7%) – Storm Eberhard

International:

C/R: 95.4% (95.3%); disposal losses

IFRS capital position

Equity



Unrealised gains/losses

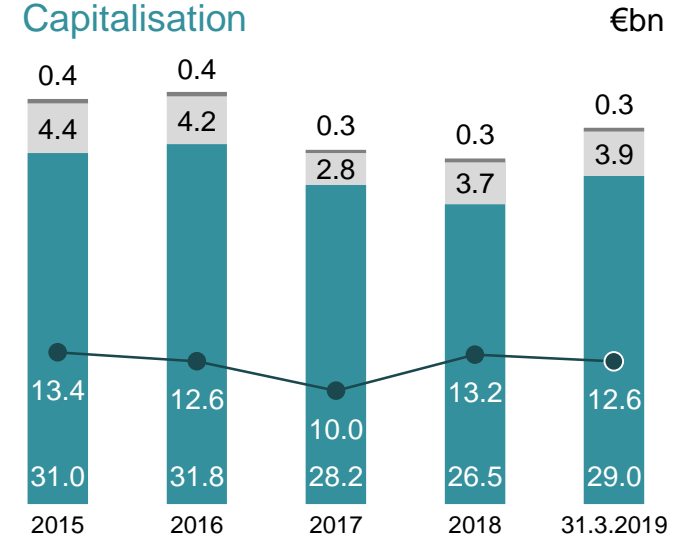
Fixed-interest securities
€1,366m





Non-fixed-interest securities
€698m

Exchange rates

FX effect mainly driven by US\$

Capitalisation



-  Debt leverage¹ (%)
-  Senior and other debt²
-  Subordinated debt
-  Equity

¹ Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

² Other debt includes Munich Re bank borrowings and other strategic debt.

Investment portfolio

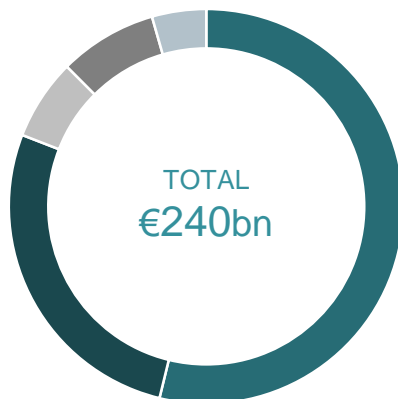
Investment portfolio¹

Land and buildings
4.4 (4.6)

Miscellaneous²
8.0 (7.7)

Shares, equity funds and
participating interests³
6.6 (6.2)

Loans
27.1 (27.7)



%

Fixed-interest securities
53.8 (53.8)

Portfolio management in Q1

- Increased market values after decline of interest rates and strong equity markets
- Equity quota net of hedges up to 6.0% – derivatives position slightly reduced
- Further expansion of alternative and infrastructure investments
- Temporarily higher short-term investments (funding of dividend payment)

Investment result

€m	Q1 2019	Return ¹	Q1 2018	Return ¹
Regular income	1,611	2.7%	1,493	2.6%
Write-ups/write-downs	-83	-0.1%	-115	-0.2%
Disposal gains/losses	602	1.0%	584	1.0%
Derivatives ²	-231	-0.4%	-17	0.0%
Other income/expenses	-157	-0.3%	-149	-0.3%
Investment result	1,741	2.9%	1,796	3.1%
Total return		12.5%		-1.3%

3-month reinvestment yield	Q1 2019	Write-ups/ write-downs	Disposal gains/losses	Derivatives	Q1 2018	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q1 2019 2.1%	Fixed income	-9	370	16	Fixed income	-1	326	-124
Q4 2018 2.1%	Equities	-68	188	-321	Equities	-79	209	109
Q3 2018 2.5%	Commodities/Inflation	5		48	Commodities/Inflation	9		7
	Other	-11	44	25	Other	-44	50	-8

ERGO







Gross premiums written €m

Q1 2018		4,943
Foreign exchange		-22
Divestments/investments		-28
Organic change		102
Q1 2019		4,995

- **Property-casualty Germany¹ (+€83m):** Positive development by earlier receipt of some large contracts in broker channel; highest growth in fire/property, marine and liability
- **Life and Health Germany¹ (+€25m):** Positive development in Health, Travel and Direct; decline in Life despite growth from new products
- **International (-€56m):** Lower premium volume mainly due to divestments in 2018

Major result drivers

	Q1 2019	Q1 2018	€m
Technical result		132	▲ 45
Non-technical result		93	-28
thereof investment result	1,116	1,184	-68
Other		-147	-9
Net result		77	8

Technical result

Increase driven by P-C Germany and L&H Germany

- **P-C Germany (+€29m)**, improvements driven by premium growth
- **L&H Germany (+€20m)**, adjusted distribution of shareholder profits during the year
- **International (-€3m)**, decrease in Health (mainly seasonality in Spain) is partly offset by improvements due to new reinsurance structure

Investment result

- Disposal gains to finance ZZR
- Lower derivatives result (driven by L&H Germany equity derivatives)
- Return on investment 3.0%

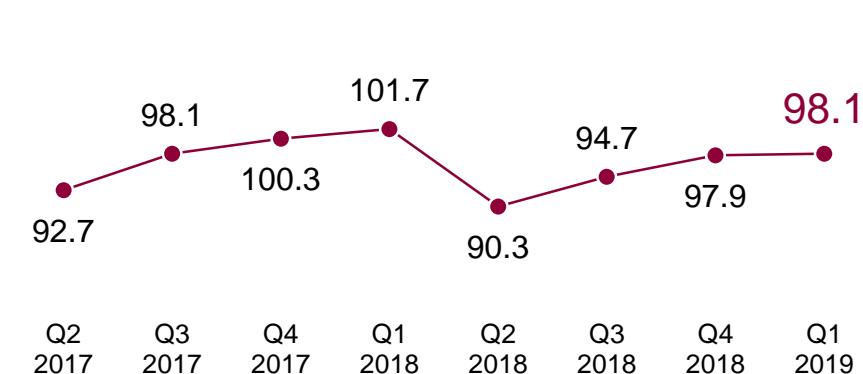
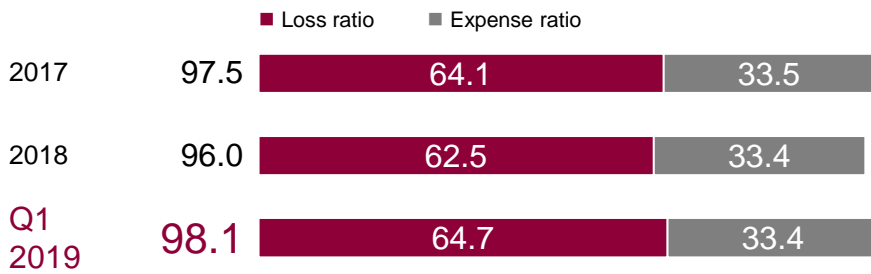
Other

- FX result improved, mainly in L&H Germany
- Higher tax expenses among others due to one-off effects in 2018

ERGO Property-casualty Germany

Combined ratio

%



Gross premiums written

€m

Other

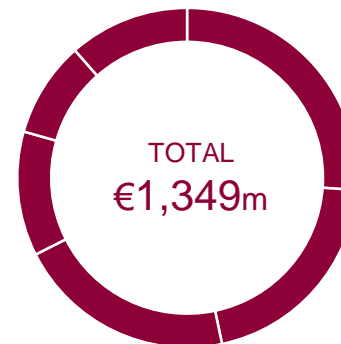
155 (124)

Motor

353 (358)

Legal protection

123 (122)



Liability

277 (260)

Personal accident

160 (162)

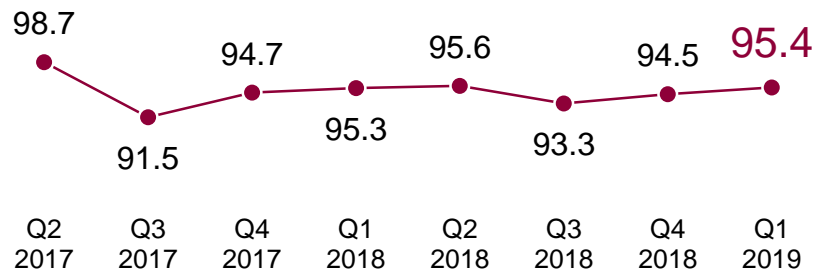
Fire/property

281 (241)

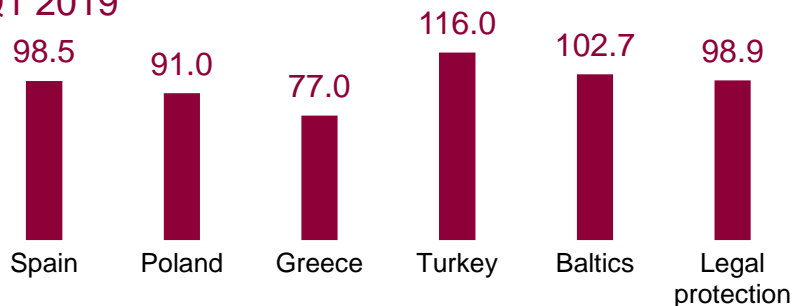
ERGO International

Combined ratio

%



Q1 2019

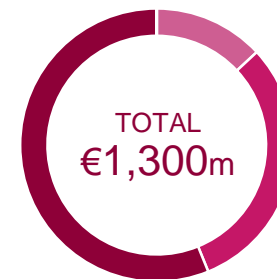


Gross premiums written

€m

Property-casualty
730 (756)

Life
170 (213)



Health
400 (387)

P-C	Q1 2019	Q1 2018	Life	Q1 2019	Q1 2018
thereof:			thereof:		
Poland	370	350	Austria	86	94
Legal protection	168	183	Belgium	37	45
Greece	57	72			
Baltics	48	44	Health		
Turkey	34	46	thereof:		
			Spain	241	234
			Belgium	159	153

Reinsurance



Reinsurance Life and Health

Gross premiums written

	€m
Q1 2018	2,865
Foreign exchange	101
Divestments/investments	0
Organic change	-71
Q1 2019	2,896

- Positive FX effects mainly driven by US\$
- Restructuring of a large capital-relief transaction resulting in top-line decrease ...
- ... largely offset by organic growth in Asia and Europe

Major result drivers

	Q1 2019	Q1 2018	€m
Technical result	78	140	-62
Non-technical result	48	82	-34
thereof investment result	177	207	-31
Other	2	-62	64
Net result	128	159	-31

Technical result, incl. fee income of €105m

- Negative technical reserving effects
 - Australia: Strengthening of claims reserves due to declining interest rates
 - Canada: Shortening of asset duration
- Biometric experience in line with expectations overall – adverse development in Australia compensated for by positive experience in Continental Europe

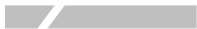




Investment result

- Disposal gains after shortening of asset duration in Canada (albeit major part allocated to P-C Reinsurance segment)
- Return on investment: 2.6%

Other

- FX result of €20m (-€6m)

Reinsurance Property-casualty

Gross premiums written		€m
Q1 2018		5,317
Foreign exchange		214
Divestments/investments		-41
Organic change		-6
Q1 2019		5,484

- Positive FX effects mainly driven by US\$
- Sale of MSP Underwriting

Major result drivers

	Q1 2019	Q1 2018	€m	
Technical result		387	749	▲ -362
Non-technical result		121	89	32
thereof investment result	449	404	44	
Other		-88	-247	159
Net result		420	591	-171

Technical result

- Below-average major losses despite negative run-off for prior-year claims of 5.1%-pts.
- Elevated basic losses due to larger losses below outlier threshold in North American Risk Solutions business and higher commissions

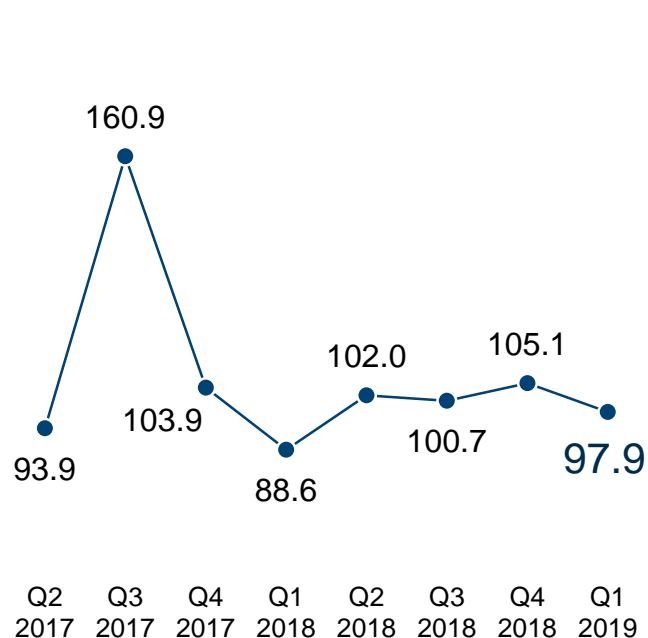
Investment result

- Disposal gains after shortening of asset duration in Canada and sale of MSP Underwriting
- Return on investment: 2.9%

Other

- FX result of €39m (-€28m)

Reinsurance Property-casualty – Combined ratio



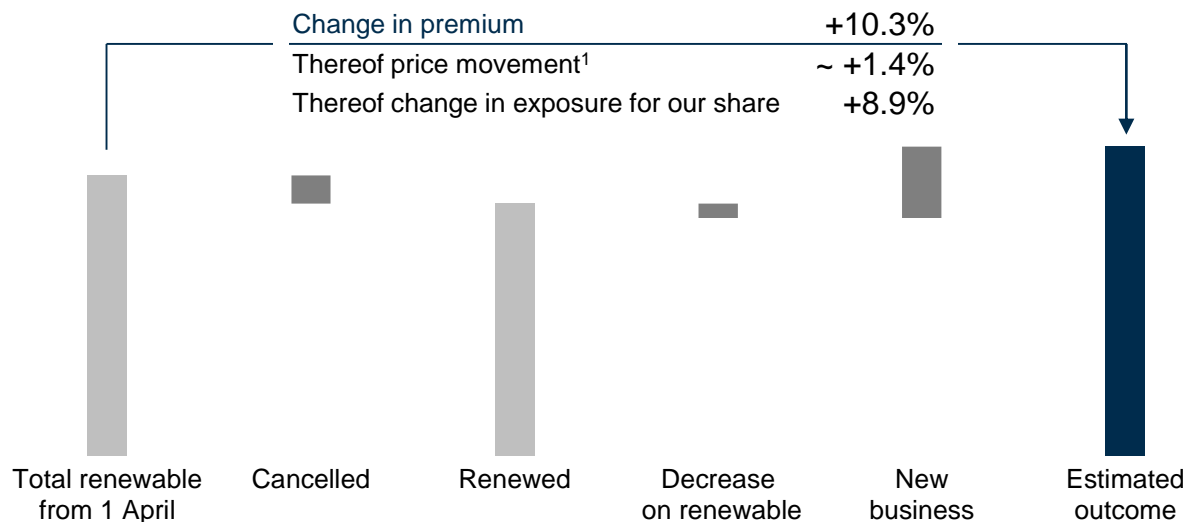
	%				
	Basic losses	Major losses	Expense ratio		
2017	114.1	54.8	25.8	33.5	
2018	99.4	53.6	11.6	34.2	
Q1 2019	97.9	54.8	9.7	33.4	
	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
Q1 2019	9.7	4.0	5.7	-4.0	100.2
Ø Annual expectation	~12.0	~8.0	~4.0	~-4.0	

¹ Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects.
² Based on reserve releases of 4%-pts.

Overall portfolio profitability further improved – Rate increases in loss-affected business

April renewals 2019

%	100	-10.1	89.9	-5.2	25.5	110.3
€m	1,658	-167	1,491	-86	423	1,828



- Price increase of 1.4% – improvement compared with January 2019 renewals
- Substantial rate increases for loss-affected nat cat XL business (Japan)
- Top-line growth in India, USA and aviation

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).

Outlook



GROUP

Gross premiums written
~€49bn

Net result¹
~€2.5bn

Return on investment
~3%

ERGO

Gross premiums written
~€17.5bn

Net result
~€0.4bn

Combined ratio
P-C Germany
~93%

International
~95%

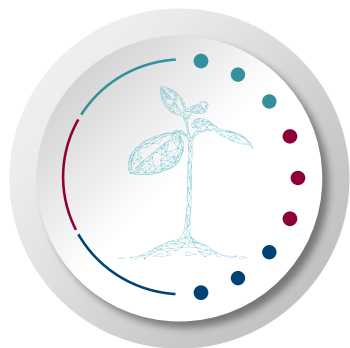
REINSURANCE

Gross premiums written
~€31bn

Net result
~€2.1bn

Combined ratio
Property-casualty²
~98%

Life and Health
Technical result incl. fee income
~€500m



¹ Tax rate 25% or slightly below. ² Expectation of reserve releases (basic losses) in 2019 of at least 4%-pts.

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 make them conform to future events or developments.