

Image: Getty Images/Oaltindag

# Preliminary key figures 2018 and January renewals

6 February 2019

Christoph Jurecka  
Torsten Jeworrek

Munich RE 

# Pleasing net income fully meets expectations – Munich Re proposes a dividend increase to €9.25 per share

## Munich Re (Group) – 2018

### Net result

**€2,275m** (Q4: €238m)

Good performance in Reinsurance; strong ERGO result exceeding guidance, with improved technical profitability in all segments

### Shareholders' equity

**€26.5bn**

(–2.3% vs. 30.9., –6.0% vs. 31.12.17)

Strong capitalisation is basis for high pay-outs – SII ratio at ~250%<sup>1</sup>

### Operating result

**€3,725m** (Q4: €404m)

Technical result including fee income in L&H Reinsurance well above guidance; P-C Reinsurance affected by large claims in Q4

### HGB result (German GAAP)

**€2.2bn** (2017: €2.2bn)

Distributable earnings (~€3.8bn) largely unchanged

### Investment result

**RoI: 2.8%** (Q4: 2.9%)

Solid investment return despite volatile capital markets and lower disposal gains

### January renewals

- Premium change: +6.3%
- Price change: ~0.0%

<sup>1</sup> Includes deduction of foreseeable capital measures in 2019 (dividend and share buy-back).

# Investment result

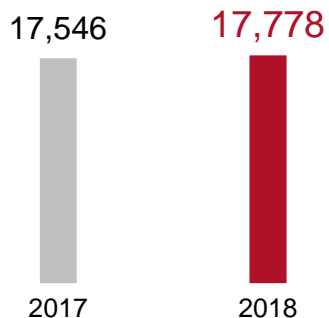
	Q4 2018	2018	2017
<b>Investment result</b>	<b>€1,661m</b>	<b>€6,526m</b>	<b>€7,611m</b>
Regular income	2.9%	2.8%	2.7%
Write-ups/write-downs	-1.0%	-0.5%	-0.1%
Disposal gains/losses	1.2%	0.7%	1.1%
Derivatives	0.2%	0.0%	-0.2%
Other income/expenses	-0.4%	-0.3%	-0.3%
<b>Return on investment</b>	<b>2.9%</b>	<b>2.8%</b>	<b>3.2%</b>
Reinsurance	2.3%	2.9%	3.1%
<b>ERGO</b>	<b>3.2%</b>	<b>2.8%</b>	<b>3.3%</b>

## Highlights

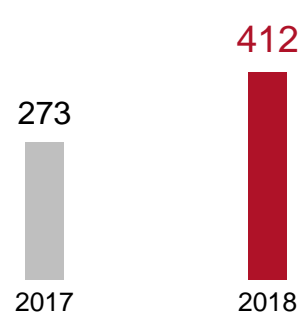
- Slightly increased running yield of 2.8% in 2018
- 3-month reinvestment yield dropped to ~2.1% in Q4 (Reinsurance: 2.4%, ERGO: 1.7%) due to temporarily increased allocation to short-term investments (e.g. sale of equities)
- Q4: Equity impairments compensated for by hedging derivatives and disposal gains
- 2018: Lower disposal gains compared with prior year, mainly due to lower realisation of valuation reserves for ZZR requirements at ERGO Life Germany

# ERGO – Key financials

## Gross premiums written €m



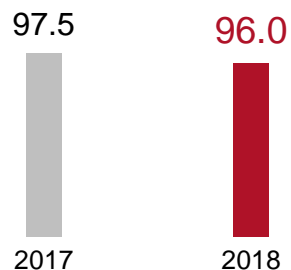
## Net result €m



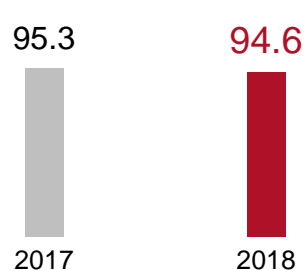
## Major result drivers

- 2018: Net result significantly above guidance, strong underlying performance
  - L&H Germany: Positive non-recurring effects
  - P-C Germany: CR fully meets guidance – Tax effects only partially compensate for lower investment result
  - International: Very good CR – Strong result, especially in Poland and Spain
- Q4: Net result of €53m – net positive non-recurring effects in L&H Germany offset negative one-offs in International
  - L&H Germany: Tax-valuation adjustment of specific securities in the investment portfolio
  - P-C Germany: CR of 97.9% due to project expenses
  - International: Sound CR of 94.5% – Small net loss driven by one-offs

## P-C Germany: CR<sup>1</sup> %

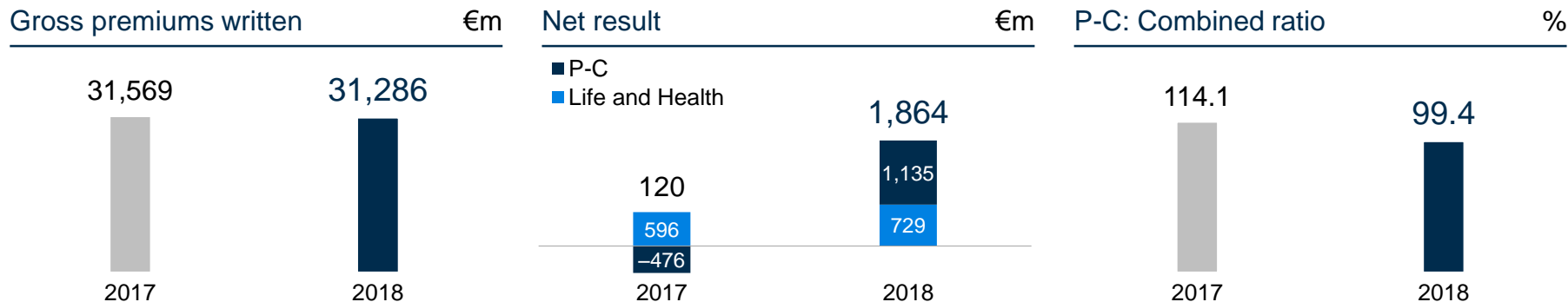


## P-C International: CR<sup>1</sup> %



<sup>1</sup> Combined ratio.

# Reinsurance – Key financials



## Life and Health

- Technical result incl. fee income of €584m significantly exceeds guidance
- Better-than-expected overall claims experience, especially in the US
- Strong Q4 contribution of €165m driven by favourable claims experience and positive impact from new business; negative result in Australia largely offset by positive reserving effects in other markets

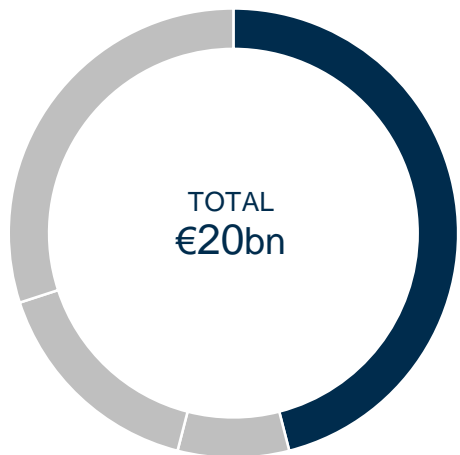
## Property-casualty

	Major losses	Nat cat	Man-made	Reserve releases <sup>1</sup>	Normalised combined ratio <sup>2</sup>
				€m    %-pts.	
2018	11.6	6.7	4.8	~860    -4.6	100.3
Q4 2018	17.9	14.1	3.8	~290    -5.8	101.0

# January renewals – Almost half of total P-C book up for renewal

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

Remaining business	30	January renewals	46
--------------------	----	------------------	----



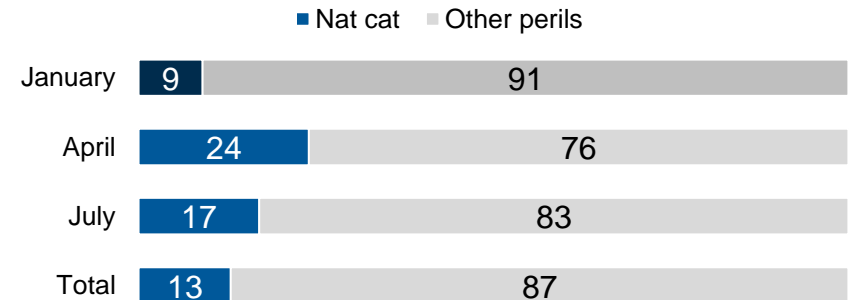
July renewals	16	April renewals	8
---------------	----	----------------	---

## Regional allocation of January renewals %

Worldwide	23	Europe	32
Latin America	3	North America	32
Asia/Pacific/Africa	11		



## Nat cat shares of renewable portfolio<sup>2</sup> %

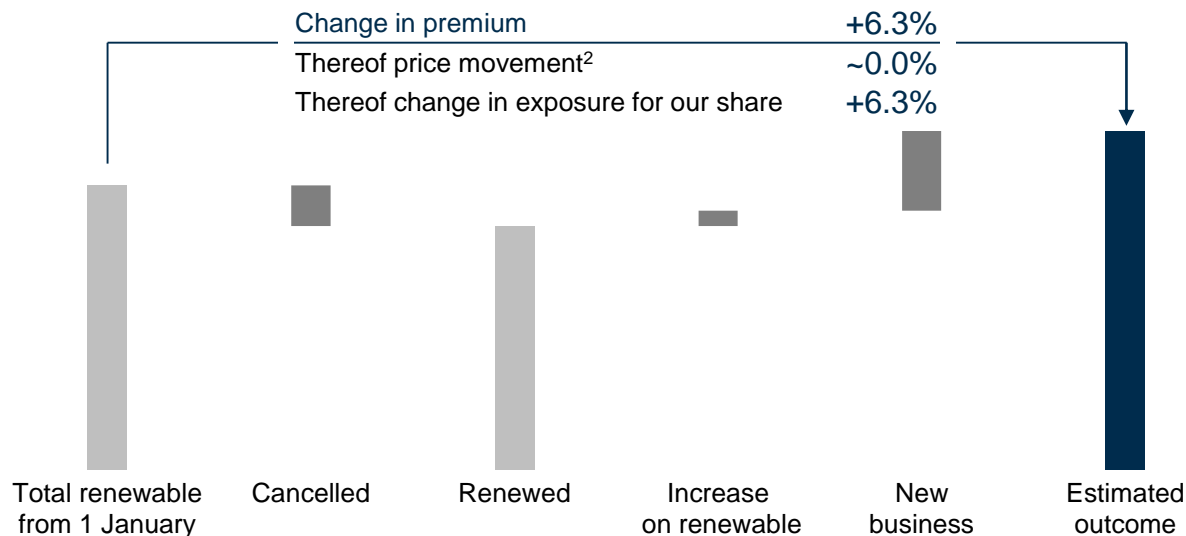


<sup>1</sup> Gross premiums written. Economic view – not fully comparable with IFRS figures. <sup>2</sup> Total refers to total P-C book, incl. remaining business.

# Overall price development largely flat – Top-line growth driven by selected expansion in proportional and XL business

## January renewals 2019

%	100	-8.3	91.7	5.1	9.5	106.3
€m	9,445 <sup>1</sup>	-783	8,661	481	899	10,042



- Broadly diversified portfolio proves beneficial
- Some pressure on rates, especially in European property business ...
- ... offset by price increases in distinct lines of business and loss-affected programmes

<sup>1</sup> Deviation to outcome in January 2018 due to shifts in renewal dates, changes in included business and exchange rates. <sup>2</sup> 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).

---

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.