

Image: Getty Images/Oaltindag

# Preliminary key figures 2018 and January renewals

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# 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

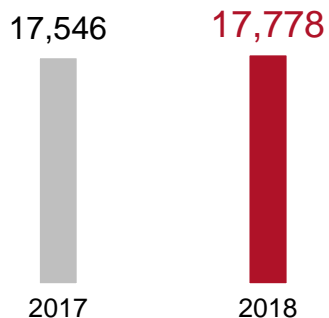
	Q4 2018	2018	2017
<b>Investment result</b>	<b>€1,661m</b>	<b>€6,526m</b>	<b>€7,611m</b>
Regular income	2.9%	2.8%	2.7%
Write-ups/write-downs	-1.0%	-0.5%	-0.1%
Disposal gains/losses	1.2%	0.7%	1.1%
Derivatives	0.2%	0.0%	-0.2%
Other income/expenses	-0.4%	-0.3%	-0.3%
<b>Return on investment</b>	<b>2.9%</b>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

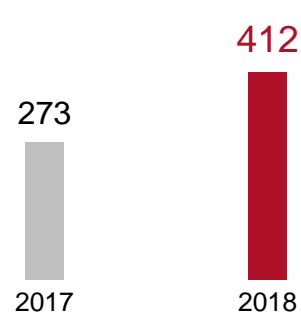
- Slightly increased running yield of 2.8% in 2018
- 3-month reinvestment yield dropped to ~2.1% in Q4 (Reinsurance: 2.4%, ERGO: 1.7%) due to temporarily increased allocation to short-term investments (e.g. sale of equities)
- Q4: Equity impairments compensated for by hedging derivatives and disposal 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



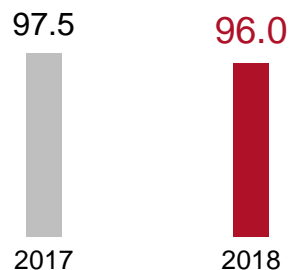
## Net result €m



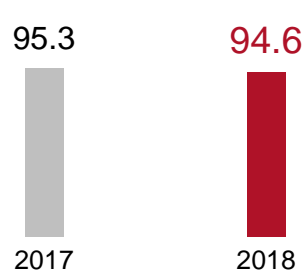
## Major result drivers

- 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> %

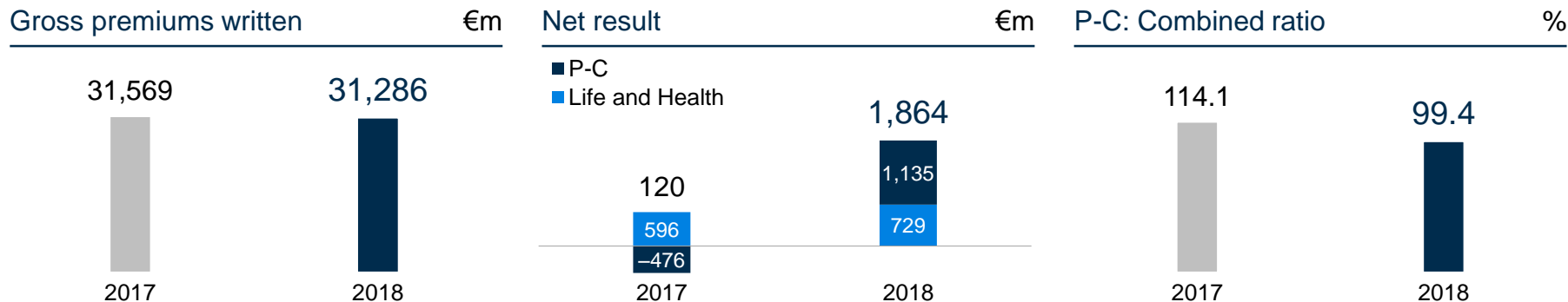


## P-C International: CR<sup>1</sup> %



<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

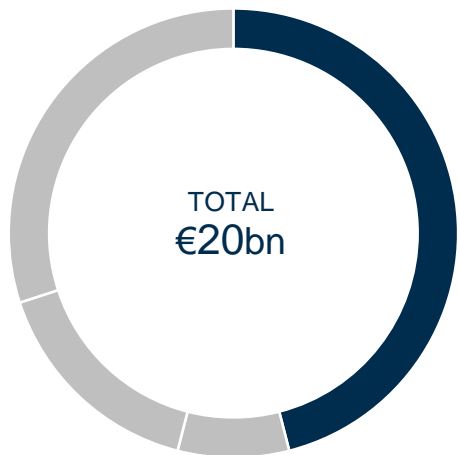
## Property-casualty

	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
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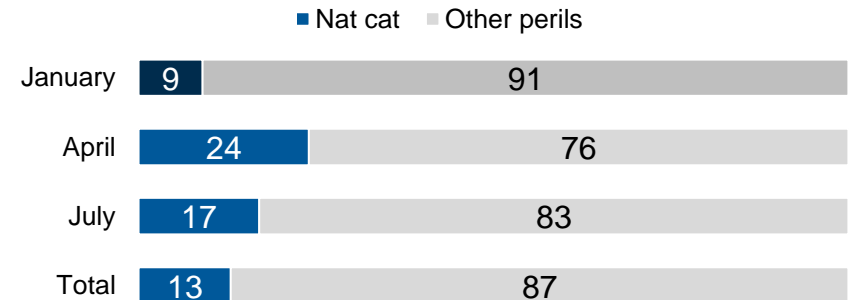
July renewals	16	April renewals	8
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## Regional allocation of January renewals %

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



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

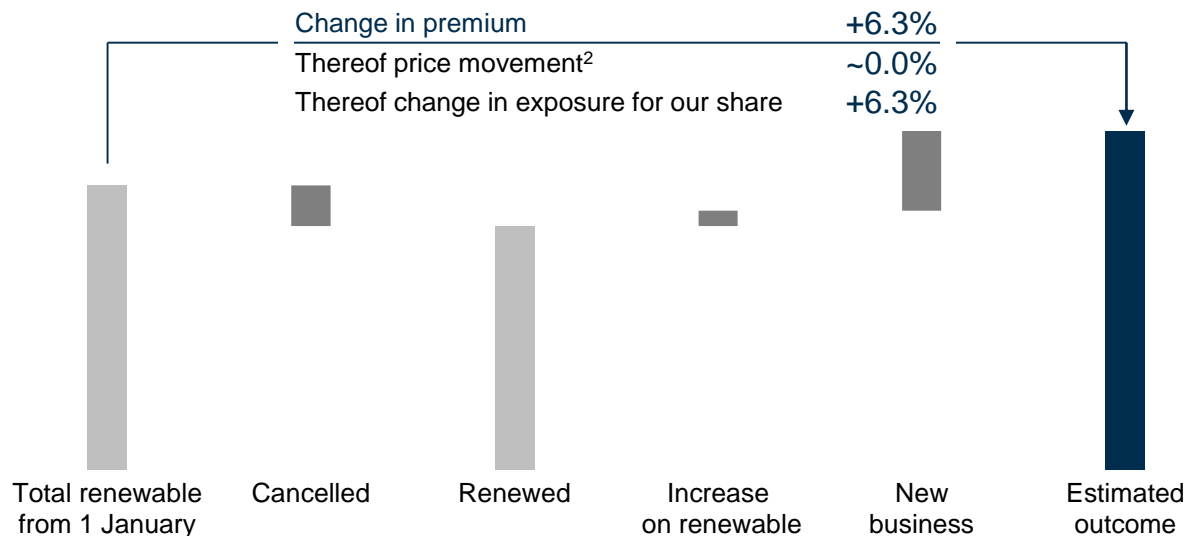


<sup>1</sup> Gross premiums written. Economic view – not fully comparable with IFRS figures. <sup>2</sup> Total refers to total P-C book, incl. remaining business.

# 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).

# Q4 2018 – Actual vs. analysts' consensus

## Operating result – Actual vs. analysts' consensus<sup>1</sup>

	Q4 2018	Consensus	€m	Delta
Reinsurance	116	175		-59
<b>ERGO</b>	<b>288</b>	<b>195</b>		<b>93</b>
Operating result	404	368		36
FX	115			
Other	-221			
Taxes	-61			
<b>Net result</b>	<b>238</b>	<b>133</b>		<b>105</b>

## Major developments in Q4 2018

### Reinsurance

P-C: Combined ratio of 105.1% (cons.: 107.4%) – major loss ratio: 17.9%, reserve releases<sup>2</sup>: -5.8%  
 L&H reinsurance: Technical result incl. fee income €165m  
 Investment result – RoI: 2.3%

### ERGO

P-C Germany: Combined ratio of 97.9% (cons.: 96.3%)  
 P-C International: Combined ratio of 94.5% (cons.: 97.5%)  
 Life & Health Germany: Positive effect from tax-related valuation adjustment  
 Investment result – RoI: 3.2%

<sup>1</sup> 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. <sup>2</sup> Adjusted for commission effects.



# Financial calendar

## 2019

- 20 MARCH** Balance sheet press conference for 2018 financial statements  
Analysts' call
- 30 APRIL** Annual General Meeting 2019
- 8 MAY** Quarterly statement as at 31 March 2019
- 7 AUGUST** Half-year financial report as at 30 June 2019
- 7 NOVEMBER** Quarterly statement as at 30 September 2019

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