



talanx.
Insurance. Investments.

FY 2019 Results
16 March 2020

Torsten Leue, CEO
Dr Immo Querner, CFO

Talanx posts record results of EUR 923m in 2019

Double-digit growth: Top-line +13% y/y – bottom-line +31% y/y

All divisions contribute to top-line and bottom-line growth

“20/20/20” target outperformed: 34.9% price increases – Industrial Lines CR down 8%pts

Group RoE at 9.8% - significantly up from FY 2018 level of 8.0% and well above target

Dividend proposal of EUR 1.50 per share, the seventh consecutive increase since IPO











FY 2020 Group net income outlook confirmed – on track for $\geq 5\%$ EPS CAGR until 2022

Agenda

- 1** Group Highlights 2019
- 2 Segments
- 3 Investments / Capital
- 4 Outlook 2020
- 5 Appendix
 - Mid-term Target Matrix
 - Additional Information
 - Risk Management

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FY 2019 results – Delivering on our Outlook 2019

	Outlook 2019	Achievement	
 Dividend payout	35 - 45% DPS at least stable y/y	41.1% DPS up to EUR 1.50	
 Return on equity	>9.5%	9.8%	
 Group net income	>900 EURm	923m EURm	
 Net return on investment	>2.7%	3.5%	
 Curr.-adj. GWP growth	>4%	11.9%	

Note: Talanx's mid-term ambition comprises a minimum target for return on equity of at least 800 bps over the risk-free rate, defined as the 5-year average of 10-year Bunds. Thus, for 2019, the minimum RoE target corresponds to 8.3%. The mid-term target matrix also includes at least 5% EPS growth on average until 2022. For FY 2019, EPS growth amounts to 8.6% based on original Group net income Outlook of EUR 850m for FY 2018. The targeted dividend payout is 35-45% of IFRS earnings, with DPS at least stable y/y. Here, DPS reflects the proposal to the Talanx AGM.

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FY 2019 results – Strong profitable growth drives new record result

EURm	FY 2019	FY 2018	Delta	Comments
Gross written premiums (GWP)	39,494	34,885	+13%	Strong growth momentum continues, especially driven by P/C Reinsurance, Industrial Lines, and Retail International. Curr.-adj. +11.9%
Net premiums earned	33,054	29,574	+12%	
Net underwriting result	(1,833)	(1,647)	(11%)	Extraordinary investment result more than doubled, mainly driven by ZZR build-up in Retail Germany and the positive Viridium one-off in L/H Reinsurance
thereof P/C	307	285	+8%	
thereof Life	(2,140)	(1,932)	(11%)	
Net investment income	4,323	3,767	+15%	
Other income / expenses	(60)	(88)	+32%	
Operating result (EBIT)	2,430	2,032	+20%	
Financing interests	(191)	(170)	(13%)	
Taxes on income	(568)	(503)	(13%)	
Net income before minorities	1,671	1,359	+23%	All divisions contributed to net income increase. In 2019, the share of Primary Insurance earnings increased by 10%pts to 33%
Non-controlling interests	(748)	(656)	(14%)	
Net income after minorities	923	703	+31%	
Combined ratio	98.3%	98.2%	+0.1%pts	Primary divisions offset increase in Reinsurance
Tax ratio	25.4%	27.0%	(1.6%pts)	
Return on equity	9.8%	8.0%	+1.8%pts	After significant increase RoE well above the (800 bps + risk-free rate) minimum target
Return on investment	3.5%	3.3%	+0.3%pts	

Note: The min. RoE target (800 bps + 5-year average of 10-year Bund yields) was 8.3% for FY 2019

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Q4 2019 results – Higher EBIT, higher tax ratio

EURm	Q4 2019	Q4 2018	Delta	Comments
Gross written premiums (GWP)	9,169	7,794	+18%	Ongoing growth momentum, particularly in Reinsurance, Industrial Lines, and Retail International. Curr.-adj. +16.6%
Net premiums earned	8,868	7,733	+15%	
Net underwriting result	(551)	(223)	(147%)	Lower technical result stems from higher RfB-contribution in Retail Germany Life and negative base effect in L/H Re
thereof P/C	111	123	(10%)	
thereof Life	(662)	(346)	(91%)	
Net investment income	1,166	866	+35%	Higher ZZR-induced realisation of capital gains plus other extraordinary gains mainly in Reinsurance
Other income / expenses	(48)	(82)	+41%	
Operating result (EBIT)	567	562	+1%	
Financing interests	(49)	(41)	(18%)	
Taxes on income	(160)	(103)	(56%)	
Net income before minorities	357	417	(14%)	
Non-controlling interests	(176)	(202)	+13%	Q4 a below-average quarter in 2019. Further build-up of volatility buffers. Tax effects in Reinsurance in Q4 2018
Net income after minorities	181	215	(16%)	
Combined ratio	97.8%	97.2%	+0.6%pts	Base effect from last year's tax-exempt capital gains in Reinsurance
Tax ratio	31.0%	19.8%	+11.2%pts	
Return on equity	7.1%	10.0%	(2.9%pts)	Rol inflated by ZZR-driven realisation of capital gains. Current Rol (excl. ZZR) of 2.6% (Q4 2018: 2.9%)
Return on investment	3.6%	3.0%	+0.6%pts	

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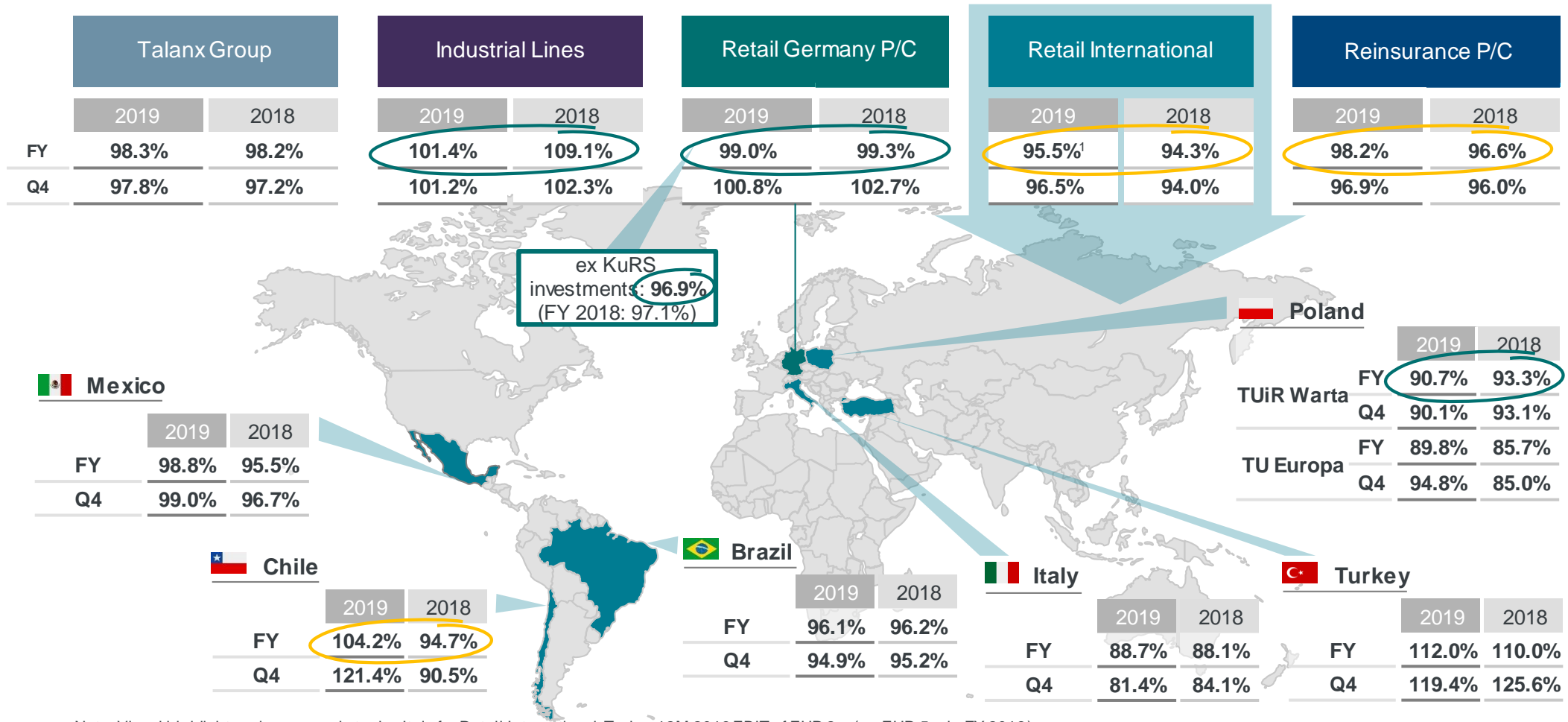
Large losses: All divisions slightly above budget and previous year – Industrial Lines down

Net losses Talanx Group in EURm, FY 2019 (FY 2018)	Industrial Lines	Retail Germany	Retail International	Σ Primary Insurance	+ Reinsurance	= Talanx Group
Hurricane <i>Dorian</i> , Bahamas & USA [Sep.]	18.5			18.5	194.7	213.3
Typhoon <i>Hagibis</i> , Japan [Oct.]	13.0			13.0	183.8	196.9
Typhoon <i>Faxai</i> , Japan [Sep.]	0.8			0.8	83.8	84.6
Hailstorm <i>Jörn</i> , Central Europe [Jun.]	16.6	18.6		35.1	14.9	50.0
Bush fire <i>New South Wales</i> , Australia [Dec.]	3.5			3.5	46.3	49.9
Tornados <i>Middle West</i> , USA [May]					38.7	38.7
Flood <i>Queensland</i> , Australia [Jan.-Feb.]	6.6			6.6	27.5	34.1
Flood <i>Santo Andre</i> , Brazil [Mar.]	29.9		1.0	30.9		30.9
Flood <i>Middle West</i> , USA [Mar.]	12.5			12.5	17.6	30.1
Earthquake <i>Mamurras</i> , Albania [Nov.]	0.7			0.7	14.9	15.6
Storm <i>Eberhard</i> , Central Europe [Mar.]	5.0	7.0	2.7	14.7		14.7
Typhoon <i>Lekima</i> , China [Aug.]					14.3	14.3
Sum NatCat	107.3 (95.5)	25.6 (11.9)	3.7 (0.9)	136.6 (112.8)	636.5 (609.1)	773.1 (722.0)
Fire/Property	146.1		18.1	166.5	174.2	340.7
Credit					97.1	97.1
Marine	28.8			28.8	15.1	43.9
Aviation	1.9			1.9	33.2	35.1
Casualty	26.2			26.2		26.2
Cyber	2.5			2.5		2.5
Sum other large losses	205.6 (280.8)	0.0 (0.0)	18.1 (0.0)	225.9 (280.8)	319.5 (240.7)	545.5 (521.5)
Total large losses	312.8 (376.4)	25.6 (11.9)	21.8 (0.9)	362.5 (393.7)	956.1 (849.8)	1,318.6 (1,243.5)
FY large loss budget	277.6	24.0	8.0	314.6	875.0	1,189.6
Impact on CR: materialised large losses	10.5%pts (14.3%pts)	1.7%pts (0.8%pts)	0.6%pts (0.0%pts)	4.6%pts (5.3%pts)	7.5%pts (7.9%pts)	6.4%pts (6.8%pts)
Impact on CR: large loss budget	9.4%pts (9.9%pts)	1.6%pts (1.7%pts)	0.2%pts (0.2%pts)	3.9%pts (4.1%pts)	6.8%pts (7.6%pts)	5.7%pts (6.2%pts)

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. EUR 2.3m large losses (net) in Corporate Operations in FY 2019 Primary Insurance (FY 2018: EUR 4.5m)

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Combined Ratios – Material improvement in Industrial Lines

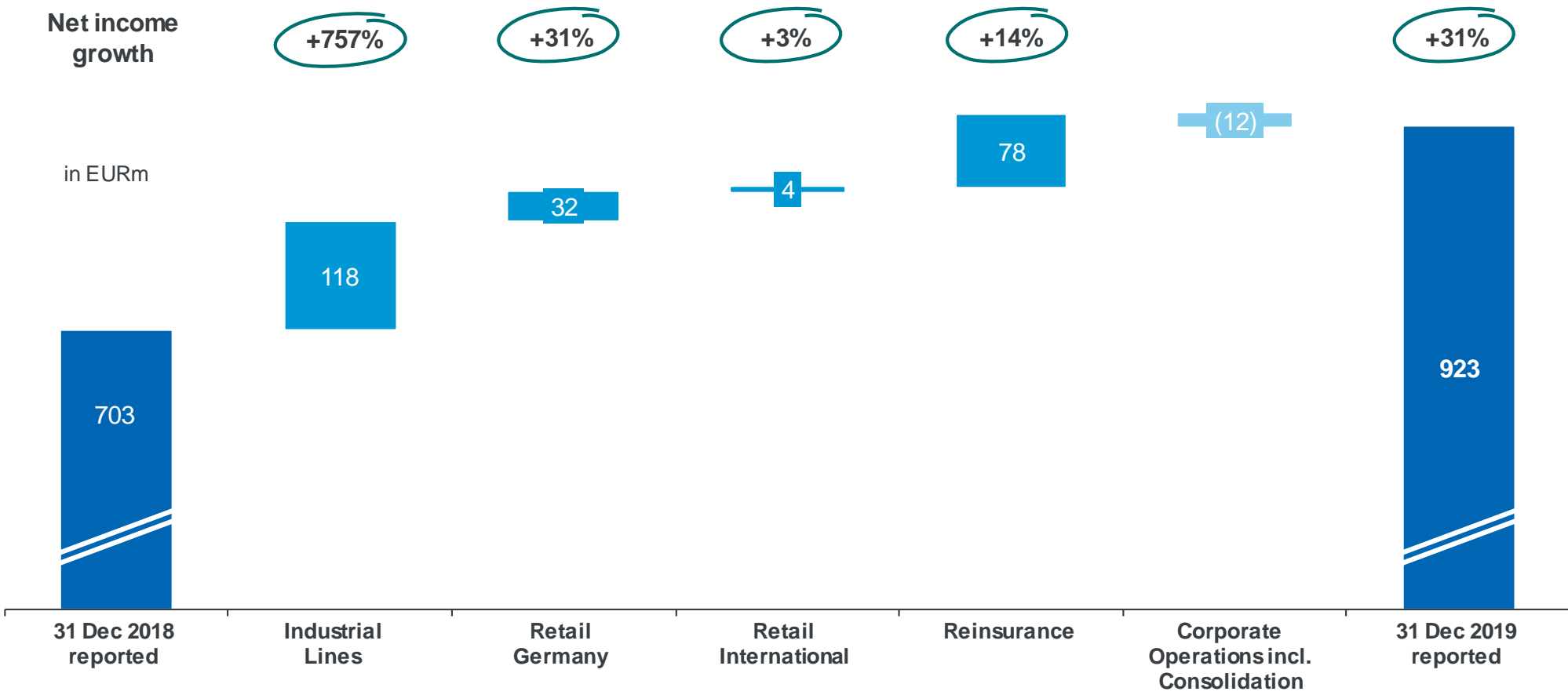


Note: Visual highlight only core markets plus Italy for Retail International. Turkey 12M 2019 EBIT of EUR 2m (vs. EUR 5m in FY 2018).

¹ FY 2019 combined ratio impacted by EBIT neutral alignment of cost allocation within the Group, adding +1%pt to CR. Impact was most pronounced in Turkey (+6.8%pts), Mexico (+3.0%pts), and Chile (+2.0%pts)

1 Net income improvement – especially Industrial Lines

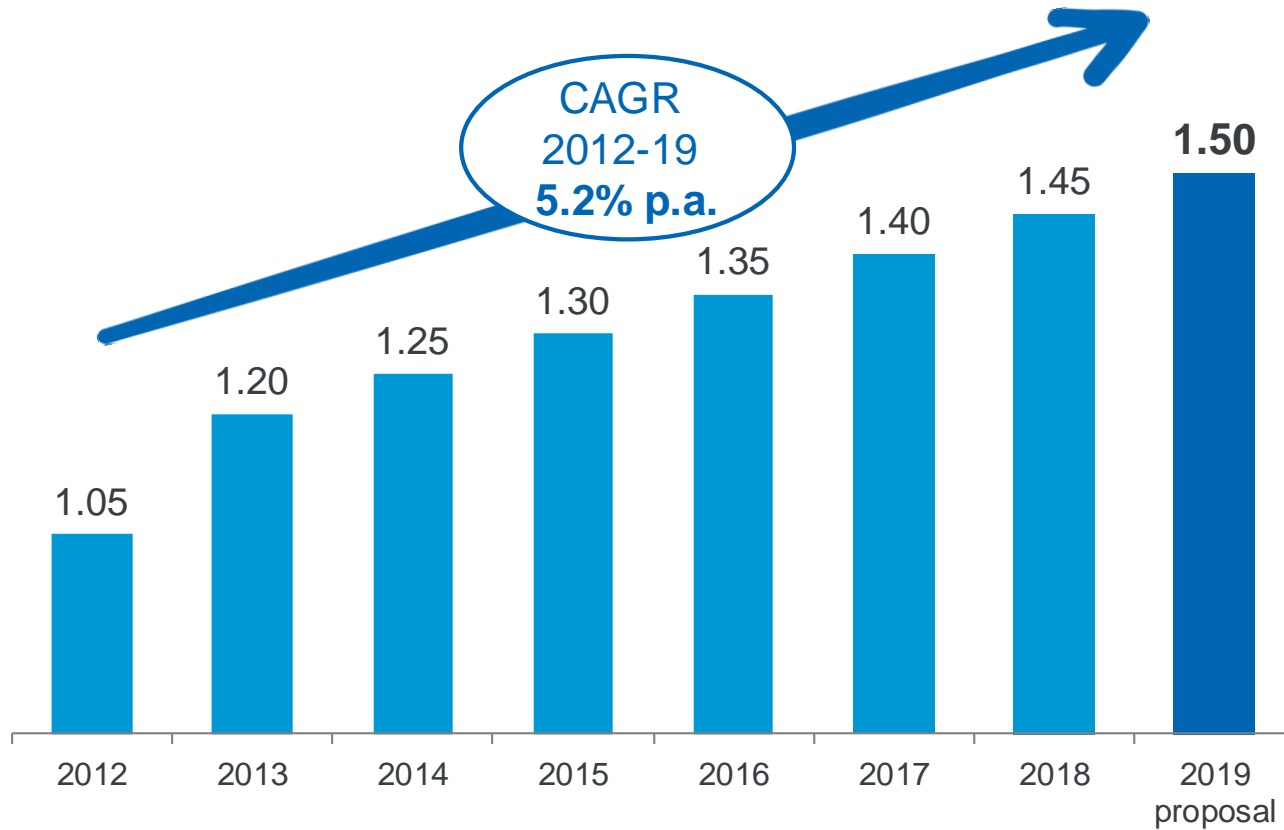
FY 2019 – development by division



Note: Numbers may not add up due to rounding. Net income improvement in Reinsurance includes EUR ~50m bottom-line contribution from Viridium in Life/Health Reinsurance in Q2 2019

1 Dividend proposal of EUR 1.50 – 7th consecutive dividend rise since IPO

Dividend per share (EUR)



Dividend yield



Note: 2019 dividend proposal implies a pay-out ratio of 41% of IFRS earnings. Dividend yield based on average Talanx share price for 2019 (EUR 37.53)

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Strategy 2022 – Focus on three strategic areas

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Enhanced capital management

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Focused divisional strategies

Industrial Lines

HDI

- Programme 20/20/20
- Specialty

Retail International

HDI **warta.** **Posta Biztosító**
EUROPA **CiV Life**
UBEZPIECZENIA

- Top 5 in core markets

Retail Germany

HDI **LifeStyle Protection** **neue leben**
neue leben Versicherungen
PB Versicherungen **TARGO-VERSICHERUNG**
Partner der Postbank Schutz und Vorsorge

- Programme KuRS
- SME

Reinsurance

hannover re **e+s rück**

- Focus Reinsurance

3

Digital transformation

1 ESG – Further expanding sustainable investments in line with our strategy



Amendment vs. CMD 2019

- Phase-out coal until 2038
- Exclusion of oil sands
- Strict ESG body “Responsible Underwriting Committee”

Note: Talanx has committed to seven out of the United Nation’s 17 Sustainable Development Goals. 1 EUR 2.8bn reached

Agenda

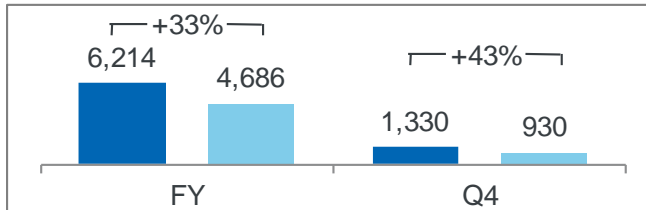
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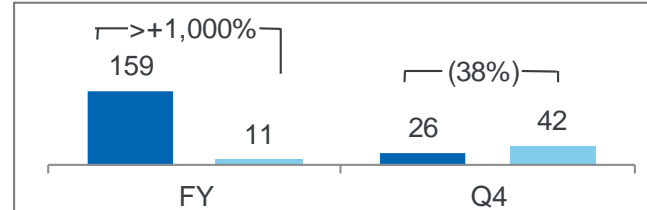
Industrial Lines: Profitabilisation in Fire will have an impact

EURm, IFRS ■ 2019 ■ 2018

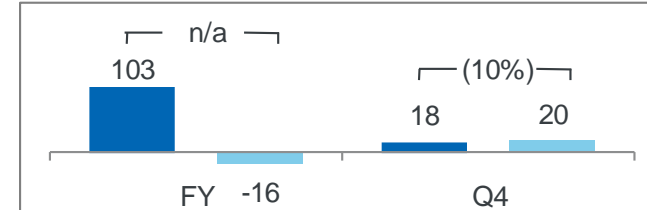
Gross written premiums (GWP)



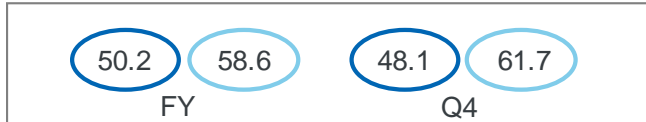
Operating result (EBIT)



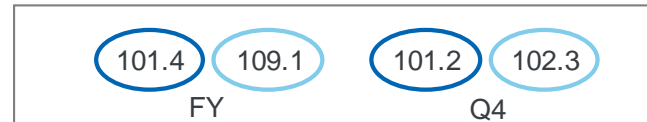
Net income



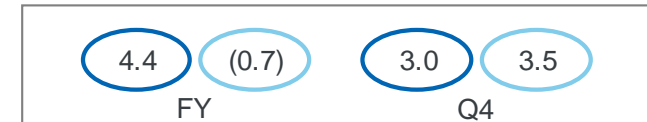
Retention rate in %



Combined ratio in %



RoE in %



- FY 2019 GWP up 32.6% (currency-adj.: +30.8%). Adjusted for Specialty transfer effect (EUR 947m in FY 2019 and EUR 245m in Q4 2019, both before growth), GWP was up 12.4% in FY 2019, and up 16.7% in Q4 2019 y/y
- Strong momentum backed by significant Specialty growth (GWP up >30% in 2019 from growth synergies)
- Increase in NPE for FY 2019 smaller (+12.7%) mainly due to the initially high cession of Specialty business to Hannover Re. Divisional self-retention of 50.2% down vs. FY 2018 (58.6%)

- FY 2019 large losses of EUR 313m, but significantly below prior-year level of EUR 376m. Total loss ratio 80% after 87%
- Positive run-off result in FY 2019 of EUR 24m (FY 2018: EUR 129m), with a prudent stance on reserving policy given the delivery on CR outlook
- Combined ratio of Fire business was 106% in FY 2019, materially down from 141% in FY 2018. "20/20/20" with price increases of 34.9%
- Divisional combined ratio outlook for 2020 unchanged at below 100%; building up further buffers for volatility in case of better-than-expected underlying performance

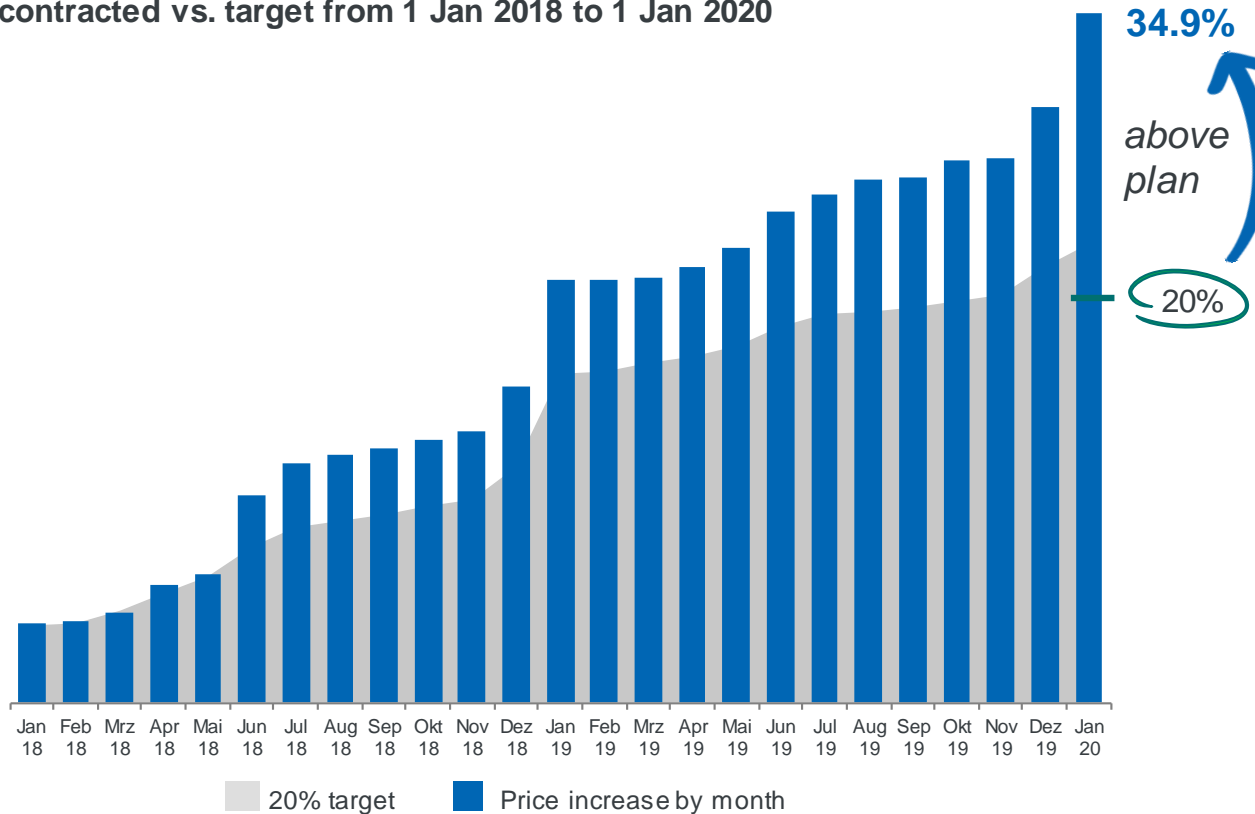
- FY 2019 return on investment of 3.3% benefited from unrealized gains on equity (EUR 32m) and low write-downs. Extraordinary investment income up by EUR ~30m y/y
- Since Jan 2019, other result includes recognition of administrative costs for Specialty business (EUR 25m in FY 2019)
- FY 2018 other result included EUR 37m one-off gain from sale of office buildings in Q3
- Return on Equity significantly up to 4.4% in FY 2019 and 3.0% in Q4 2019. Well on track to achieve the mid-term RoE ambition of 8-10%

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20/20/20” initiative: A key driver to turn around Industrial Lines

“20/20/20” initiative summary

Cumulative monthly price increase in Fire on renewed business: contracted vs. target from 1 Jan 2018 to 1 Jan 2020



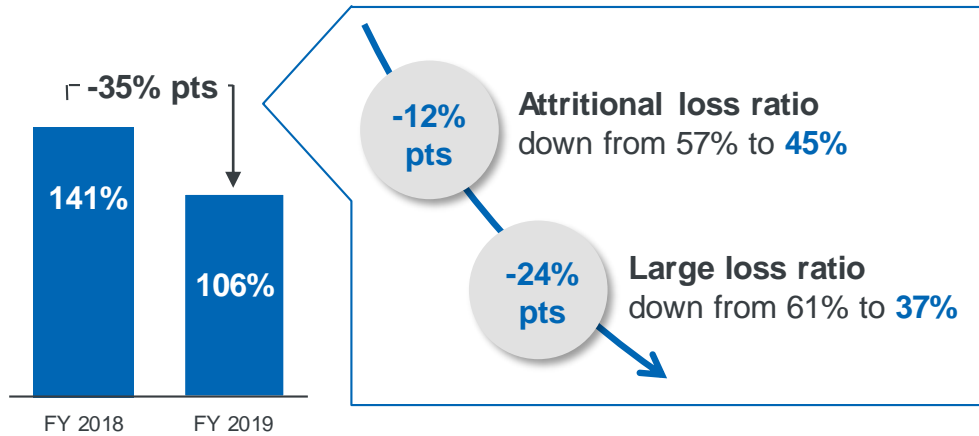
- Profitabilisation of Fire book ahead of plan
- Combined ratio in Fire at 106% in FY 2019, down from 141% in FY 2018
- No adverse selection – portfolio structure remained broadly unchanged
- We will continue to make Fire profitable from the much improved base

Note: Premium base defined as total premiums on 28 Feb 2019 minus dropped business. Price increase data include both premium increases and premium-equivalent measures.

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Industrial Lines: Strong rate increases – tangible improvement in Fire book

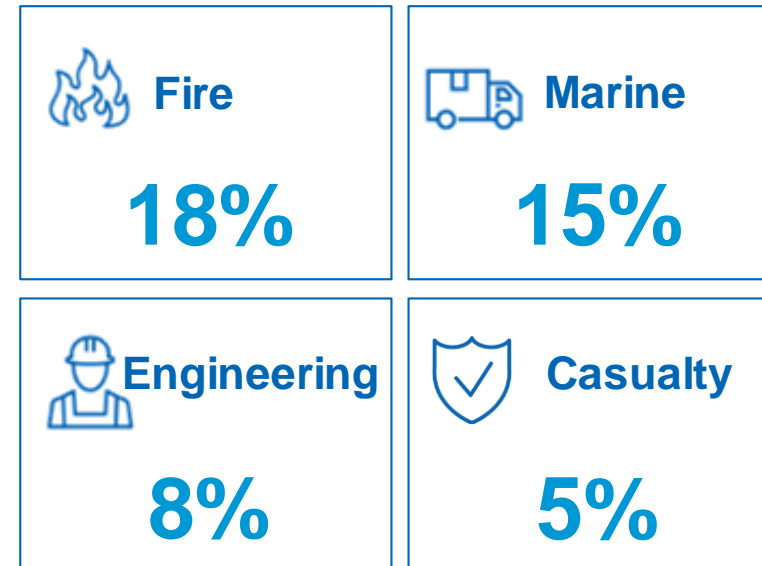
Significant improvement in technical performance in Fire ...



...backed by de-risking of Fire book

	# policies	2020/2018 in %
High exposure	< 50	-62%
Medium exposure	< 1,000	-33%
Low exposure	> 10,000	+2.3%

Rate increases for selected lines (Jan 2020 y/y)



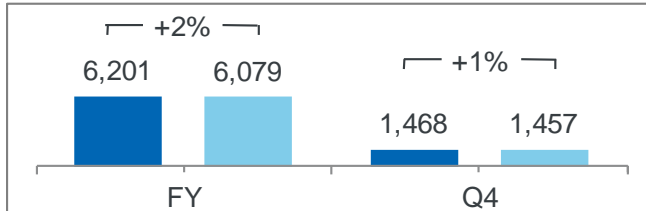
Note: Rate increase in Fire reflects the 2019 result of the 20/20/20 programme (overall +34.9%). Figure for Fire includes both premium increases and premium-equivalent measures. High exposure defined by Probable Maximum Loss (PML) >EUR 200m; medium exposure EUR 100-200m; low exposure <EUR 100m (all gross)

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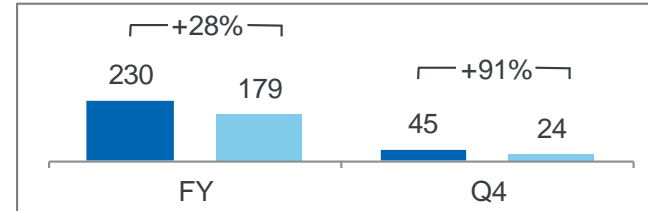
Retail Germany Division: Getting closer to 2021 EBIT target of EUR 240m

EURm, IFRS ■ 2019 ■ 2018

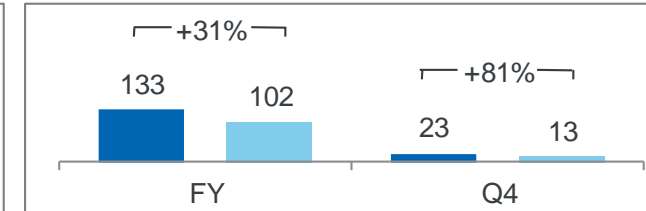
Gross written premiums (GWP)



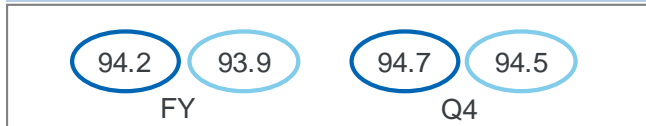
Operating result (EBIT)



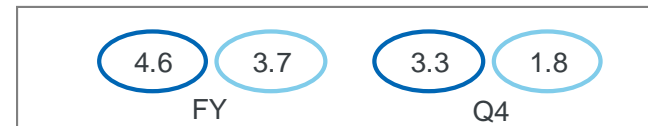
Net income



Retention rate in %



EBIT margin in %



RoE in %



- Gross written premiums growth in FY 2019 y/y in both P/C and Life businesses. Business with SME grew by 6.7% y/y – twice as strong as market
- GWP in P/C up 1.6% y/y in FY 2019 and -0.1% in Q4 2019; GWP in Life up 2.1% y/y in FY 2019 and 0.9% in Q4 2019
- Net premiums earned up 3.1% in FY 2019, up 4.5% in Q4 2019 y/y

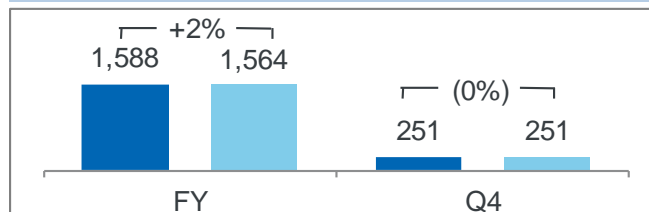
- Significant FY 2019 EBIT growth in both P/C (+43.5% y/y in FY 2019) and Life (+18.5% y/y in FY 2019). Q4 2019 EBIT almost doubled on a yearly basis (P/C >500% y/y in Q4 2019, Life 20.2% y/y)
- Total KuRS costs of EUR 59m in FY 2019 (EUR 48m in FY 2018) with P/C EBIT impact of EUR 44m (EUR 36m)
- Very well on track to deliver EBIT of at least EUR 240m in 2021 as targeted

- Contribution to Group net income significantly increased by 31.3% y/y in FY 2019
- Tax rate stable from 36.7% in FY 2018 to 36.5% in FY 2019
- RoE increases by 1.3%pts to 5.5% in FY 2019, reflecting the improved profitability. Well on track to achieve the mid-term RoE ambition of 7-8%

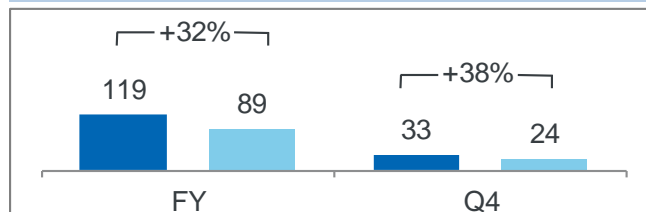
2 Retail Germany P/C: Further profitable growth

EURm, IFRS ■ 2019 ■ 2018

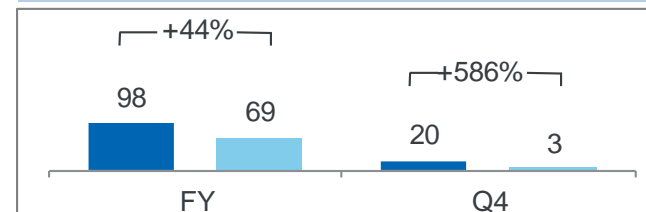
Gross written premiums (GWP)



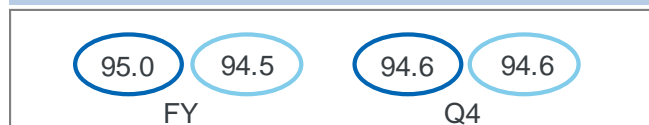
Net investment income



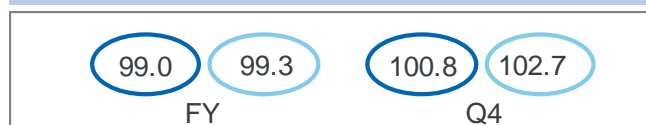
Operating result (EBIT)



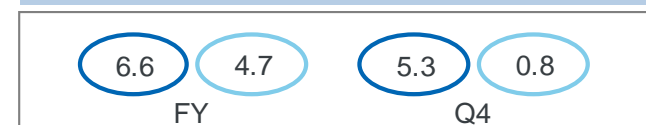
Retention rate in %



Combined ratio in %



EBIT margin in %



- FY and Q4 2019 GWP increase driven by business with SMEs (Fire, MultiRisk), self-employed professionals, and bancassurance business
- Focus in Motor business remains on profitability at the expense of volume: FY 2019 GWP -4.6% (EUR -31.1m). Q4 2019 GWP down 9.5% y/y

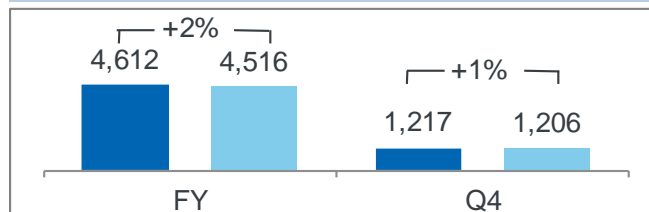
- Combined ratio impacted by KuRS costs of EUR 31m in FY 2019 (EUR 32m in FY 2018). Adjusting for these, combined ratio improved to 96.9% (FY 2018: 97.1%)
- Loss ratio down 2.4%pts y/y. Portfolio shift towards SME with positive impact
- FY 2019 net return on investment significantly increased to 3.0% (from 2.3% in FY 2018) due to higher ordinary investment income, increased disposal gains as well as higher unrealised gains

- EBIT impact of KuRS costs with EUR 44m in FY 2019 higher than FY 2018 (EUR 36m)

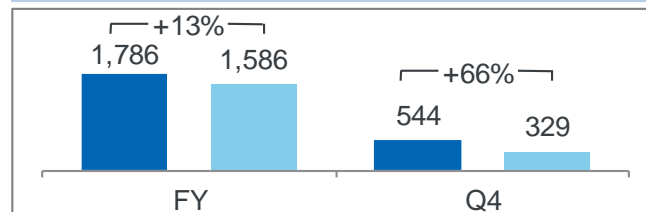
2 Retail Germany Life: Top and bottom line growth continues

EURm, IFRS ■ 2019 ■ 2018

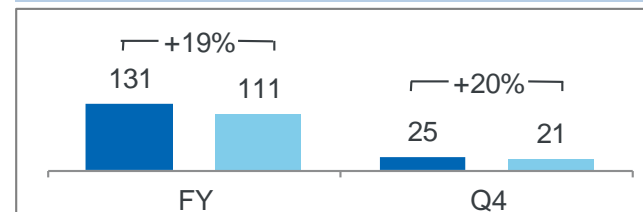
Gross written premiums (GWP)



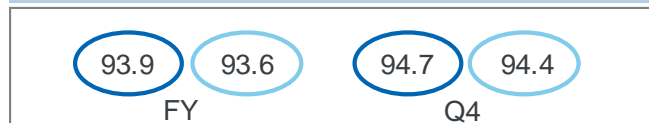
Net investment income



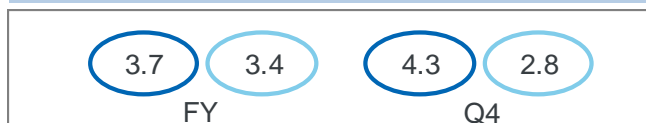
Operating result (EBIT)



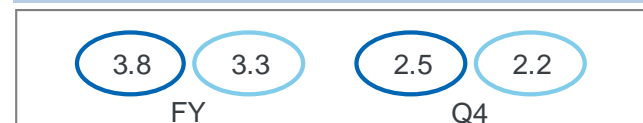
Retention rate in %



Return on investment in %



EBIT margin in %



- Growth in biometric risk protection business and selective growth in capital-efficient single premium business in Q4 and FY 2019 significantly overcompensate decline in regular premiums
- Increase in net premiums earned in FY 2019 by 3.3% y/y, in Q4 2019 by 5.8% y/y

- Net investment income up in FY (13% y/y) driven by higher realisations to fund *Zinszusatzreserve* (ZZR)
- ZZR allocation (HGB) of EUR 443m in FY 2019 (EUR 301m), EUR 119m in Q4 2019 (Q4 2018: EUR 112m). Total stock of ZZR as of 31 Dec 2019 at EUR 3.8bn
- Ordinary investment income in FY 2019 decreased modestly to EUR 1,379m (EUR 1,451m in FY 2018)

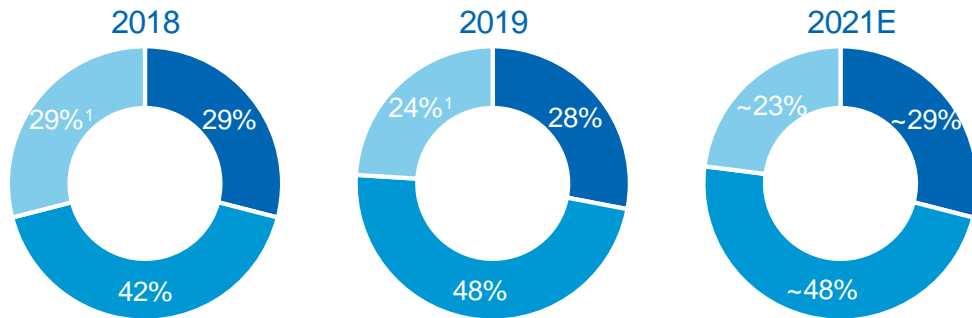
- As previously, change in ZZR allocation was EBIT neutral
- EBIT increase mainly reflects positive net effect from one accounting-driven one-off in Life business in FY 2019

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Investment spreads in Retail Germany Life have widened

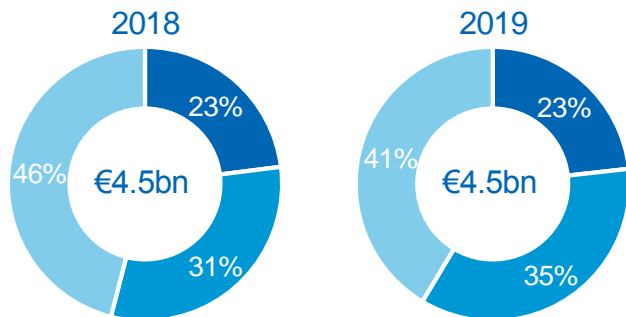
New business premium by product

■ Biometric, Credit Life & Others ■ Capital-efficient products ■ Non-capital-efficient products



Note: Dynamics in existing contracts impact new business premium split in favour of traditional Life products

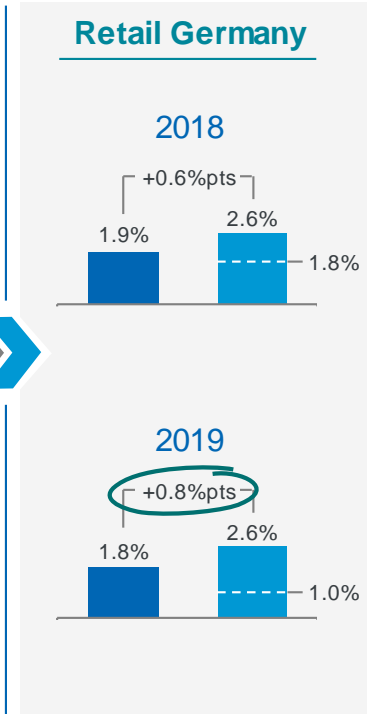
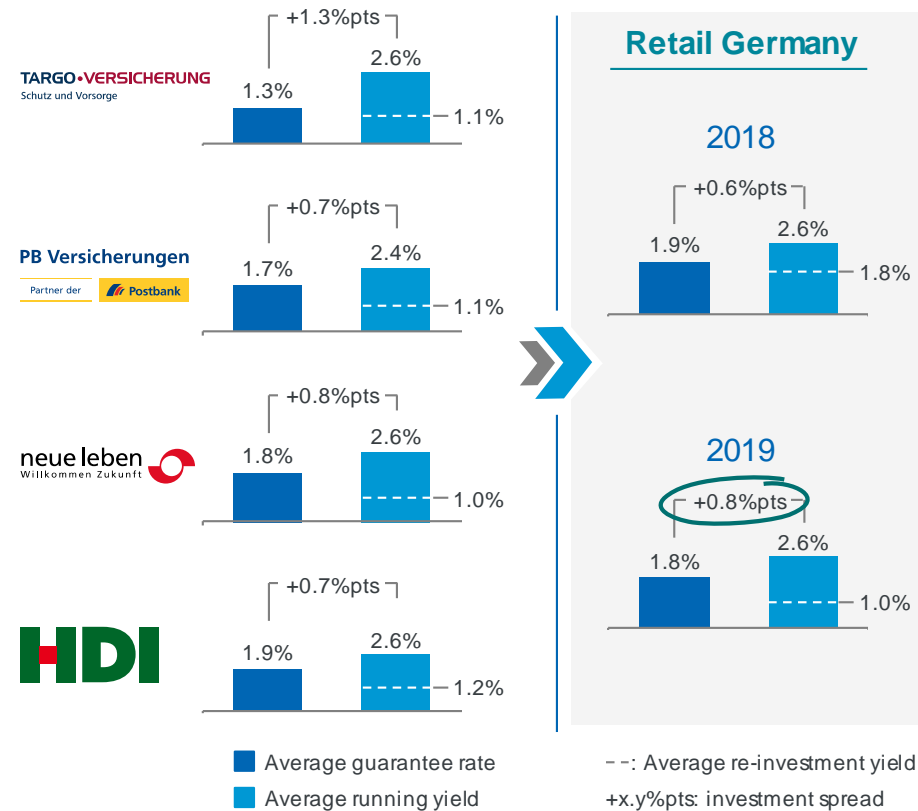
Split of in-force-business by product (GWP)



¹ Split 2019 (2018): ~10%pts (~11%pts) profitable new business, ~4%pts (~6%pts) 'unwanted' classic business, ~10%pts (~11%pts) effects from dynamics

Business in force 2019

According to German GAAP

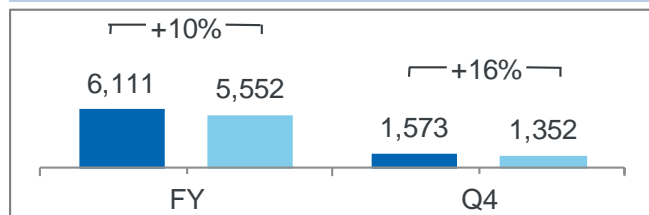


--: Average re-investment yield
+x.y%pts: investment spread

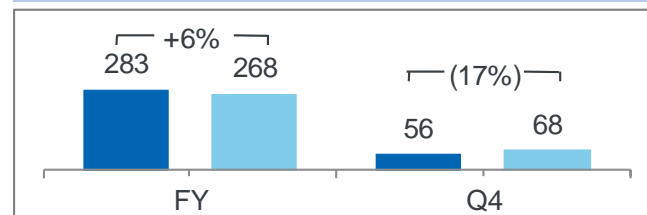
2 Retail International: Profitable growth continues

EURm, IFRS ■ 2019 ■ 2018

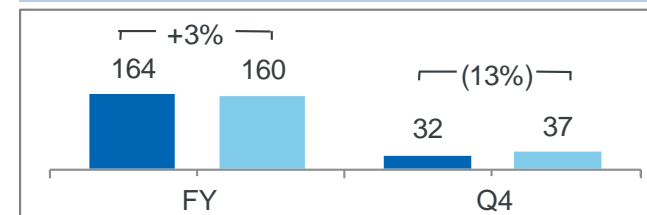
Gross written premiums (GWP)



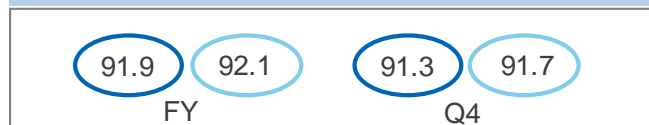
Operating result (EBIT)



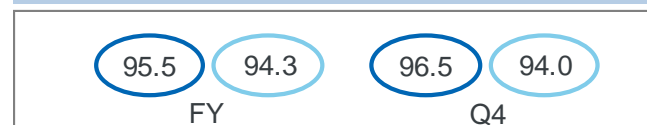
Net income



Retention rate in %



Combined ratio P/C in %



RoE in %



- FY GWP grew by 10.1% (curr.-adj. +11.8%) despite negative currency impact in Turkey, Poland and Brazil
- FY GWP in P/C increased by 7.6% (curr.-adj. +9.9%), strongest contributions in Q4 from Warta and Turkey
- Europe +13.4% to EUR 4,359m (more than half of increase from Warta P/C, Turkey, and single premium Italian Life business)
- LatAm +3.3% to EUR 1,752m, driven mainly by Mexican business

- FY 2019 5.6% EBIT increase driven by Warta P/C (34.9% y/y or EUR 46m); Europe up 20.0%, Latin America down -10.0% (mainly caused by effect from violent demonstrations in Chile in Q4 2019 of approx. EUR 13m)
- FY 2019 combined ratio in P/C impacted by EBIT neutral alignment of cost allocation within the Group, adding +1%pt to CR. Without this effect, CR would have been below 2018 figure. The impact was most pronounced in Turkey (+6.8%pts), Mexico (+3.0%pts), and Chile (+2.0%pts)

- FY 2019 ordinary investment result up 11.6% to EUR 339m, driven by higher asset volumes in Italy and at Warta as well as higher interest rates in Mexico; FY 2019 return on investments 3.3% vs. 3.1% in FY 2018
- Acquisition of Ergo Sigorta in Turkey closed on 27 August 2019, contributed EUR 33m GWP per FY 2019. Integration and initial consolidation costs of EUR 6m in Q4 2019
- Well on track to achieve mid-term RoE ambition of 10-11%

2 Retail International: Core markets overview

Market share 9M
2019 (FY 2018)

Brazil

Motor: 8.7% (8.7%) P/C: 4.6% (4.7%)		
▪ GWP growth (local currency)	3.8%	<u>FY 2018</u>
▪ Combined Ratio	96.1%	96.2%
▪ EBIT (EUR)	38.0m	38.2m

Mexico

Motor: 6.4% (7.0%) P/C: 2.8% (3.2%)		
▪ GWP growth (local currency)	5.1%	<u>FY 2018</u>
▪ Combined Ratio	98.8%	95.5%
▪ EBIT (EUR)	15.9m	11.8m

Chile

Motor: 17.0% (18.2%) P/C: 9.1% (10.3%)		
▪ GWP growth (local currency)	-0.6%	<u>FY 2018</u>
▪ Combined Ratio	104.2%	94.7%
▪ EBIT (EUR)	-6.7m	0.3m

Poland

Motor ¹ : 17.6% (16.5%) P/C ¹ : 14.4% (13.8%)		
▪ GWP growth (local currency)	4.1%	
– thereof Non-Life	+8.7%	
– thereof Life	-13.0%	<u>FY 2018</u>
▪ Combined Ratio ¹	90.7%	93.3%
▪ EBIT (EUR)	195m	152m
– thereof Non-Life	180m	141m
– thereof Life	15m	11m

Turkey

Motor: 5.9% (4.3%) P/C: 5.2% (3.5%)		
▪ GWP growth (local currency)	57.1%	<u>FY 2018</u>
▪ Combined Ratio	112.0%	110.0%
▪ EBIT (EUR)	1.6m	5.1m

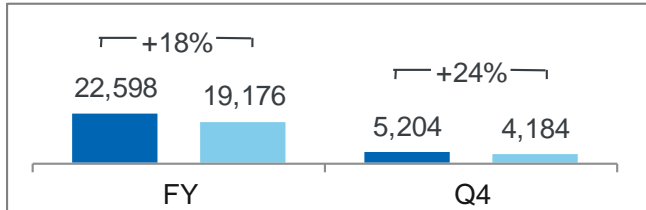
¹ Warta only

Note: Market shares based on regional supervisory authorities or insurance associations (Polish KNF, Turkish TSB, Brazilian Siscorp, Mexican AMIS, Chilean AACH); figures for Brazil restated on the base of IAS 8

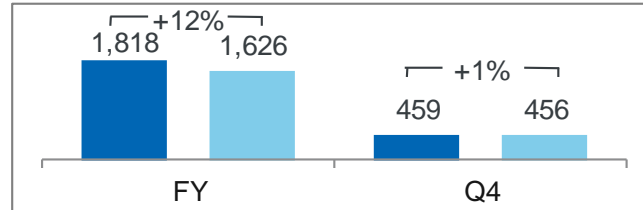
2 Reinsurance: RoE well above minimum target

EURm, IFRS ■ 2019 ■ 2018

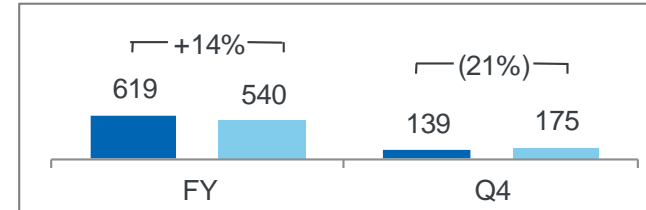
Gross written premiums (GWP)



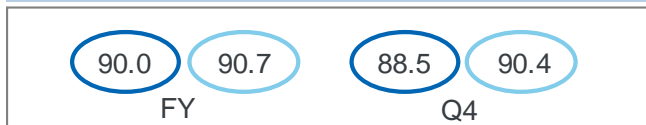
Operating result (EBIT)



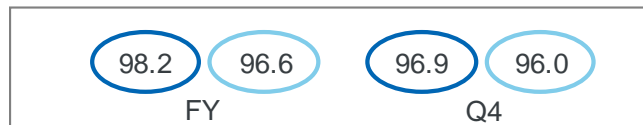
Net income (excl. minorities)



Retention rate in %



Combined ratio P/C in %



RoE (excl. minorities) in %



- GWP up by 17.8% (currency-adj. +15.2%) in FY 2019, growth driven by EUR 2,805m, or 23.4%, increase in P/C
- Net premiums earned are up by +14.1% y/y in FY 2019 on a reported basis and by +11.8% on a currency-adjusted basis
- Retention ratio slightly down to 90.0% in FY 2019

- FY 2019 EBIT up by 11.7% y/y, supported by positive one-off effect in Life/Health business in Q2 2019 (Viridium, EUR 100m); adjusted for Viridium, FY 2019 EBIT increased by 5.6%
- Disposal gain of EUR ~50m of share in Svedea AB. Acquirer is HDI Global Specialty, thus no positive net effect on Talanx P&L due to consolidation
- Ordinary investment income increased by 5.3% y/y, total investment income by 14.1% y/y (including Viridium)
- Assets under own management up by 11.4% vs. FY 2018 to EUR 47.6bn

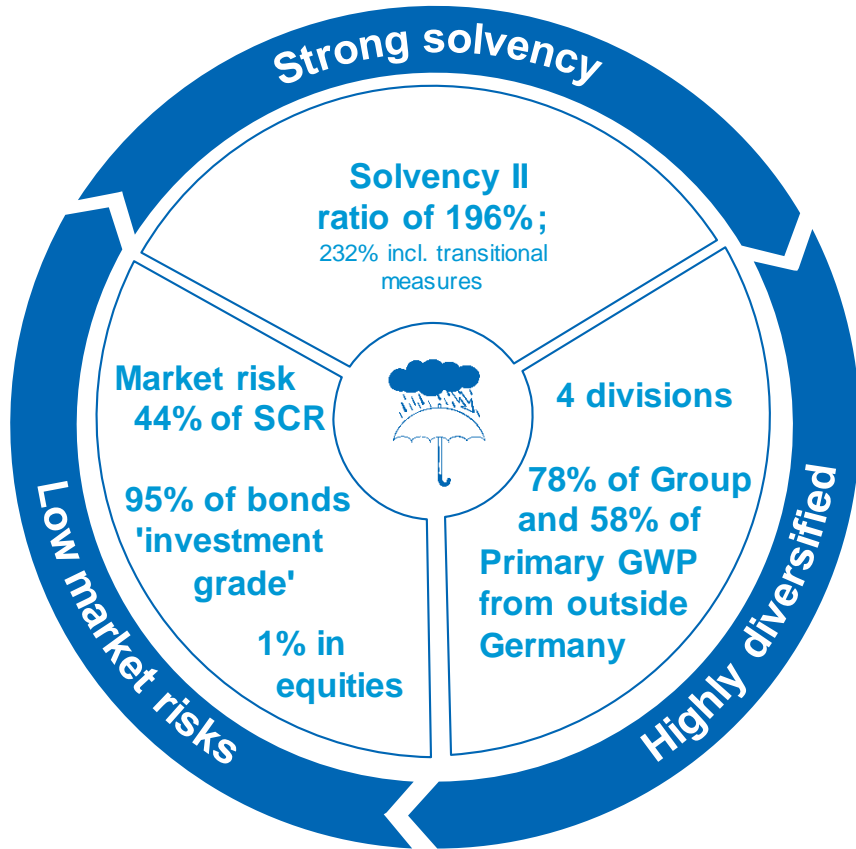
- FY 2019 net income attributable to Talanx shareholders up by +14.4% y/y
- Return on equity for FY 2019 at 13.3% (+0.4%pts. vs FY 2018) despite ~20% increase in shareholder equity. 11th consecutive year with double-digit RoE
- Q4 2019 net income materially impacted by an almost doubled tax burden. Operating profit stable
- Well on track to reach mid-term RoE ambition of at least 10%

Agenda

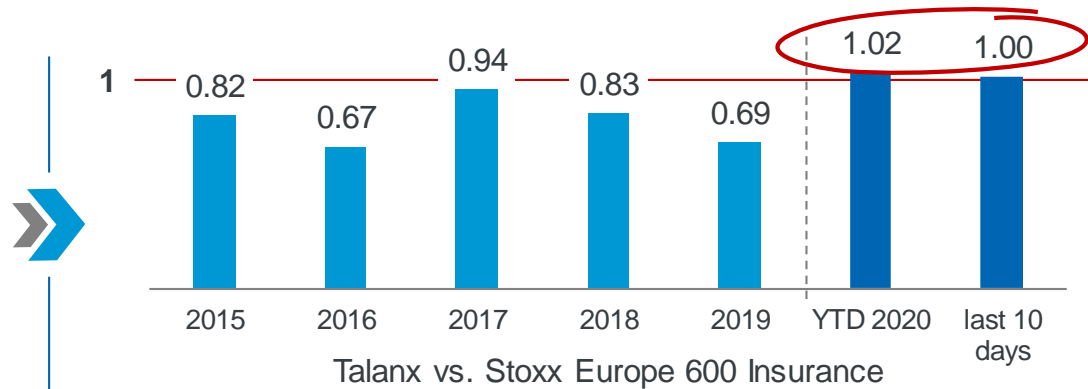
- 1 Group Highlights 2019
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 - Mid-term Target Matrix
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3 High resilience against economic and capital market downturns

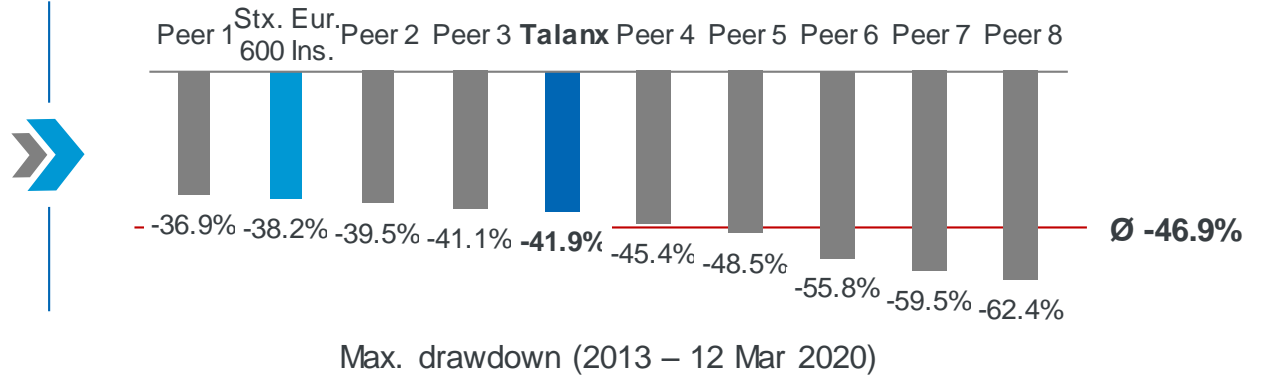
High level of resilience...



...with below-average betas...



...and historically below-average downside



Note: Solvency II ratio and market risk as of Sep 2019; Beta calculation "TLX vs." based on daily prices until 12 March 2020; Peers: Allianz, Axa, Generali, Mapfre, Munich Re, Uniqa, VIG, Zurich

3 Net investment income

EUR m, IFRS	FY 2019	FY 2018	Change	Q4 2019	Q4 2018	Change	Comments
Ordinary investment income	3,503	3,445	+2%	885	878	+1%	Ordinary investment income in 2019 slightly up on the back of significant increase in AuM
thereof current interest income	2,713	2,711	+0%	664	686	(3%)	
thereof income from real estate	332	288	+15%	85	81	+4%	
Extraordinary investment income	899	392	+129%	304	26	+1,072%	Strong increase in realised net gains both in FY 2019 as well as in Q4 2019 driven by ZZR-induced capital gains FY 2019 includes EUR 100m one-time Viridium gain in L/H Reinsurance in Q2 2019
Realised net gains / losses on investments	938	585	+60%	353	100	+252%	
Write-ups / write-downs on investments	(169)	(181)	+6%	(52)	(57)	+9%	
Unrealised net gains / losses on investments	131	(12)	n.a.	4	(17)	n.a.	
Other investment expenses	(272)	(261)	(4%)	(78)	(77)	(1%)	
Income from assets under own management	4,130	3,576	+15%	1,111	828	+34%	
Interest income on funds withheld and contract deposits	190	192	(1%)	54	38	+40%	
Income from investment contracts	3	(1)	n.a.	1	0	+278%	
Total: Net investment income	4,323	3,767	+15%	1,166	866	+35%	
Assets under own management	122,638	111,868	+10%	122,638	111,868	+10%	
Net return on investment¹	3.5%	3.3%	+0.2%pts	3.6%	3.0%	+0.6%pts	
Current return on investment ²	2.8%	2.9%	(0.1%pts)	2.6%	2.9%	(0.3%pts)	

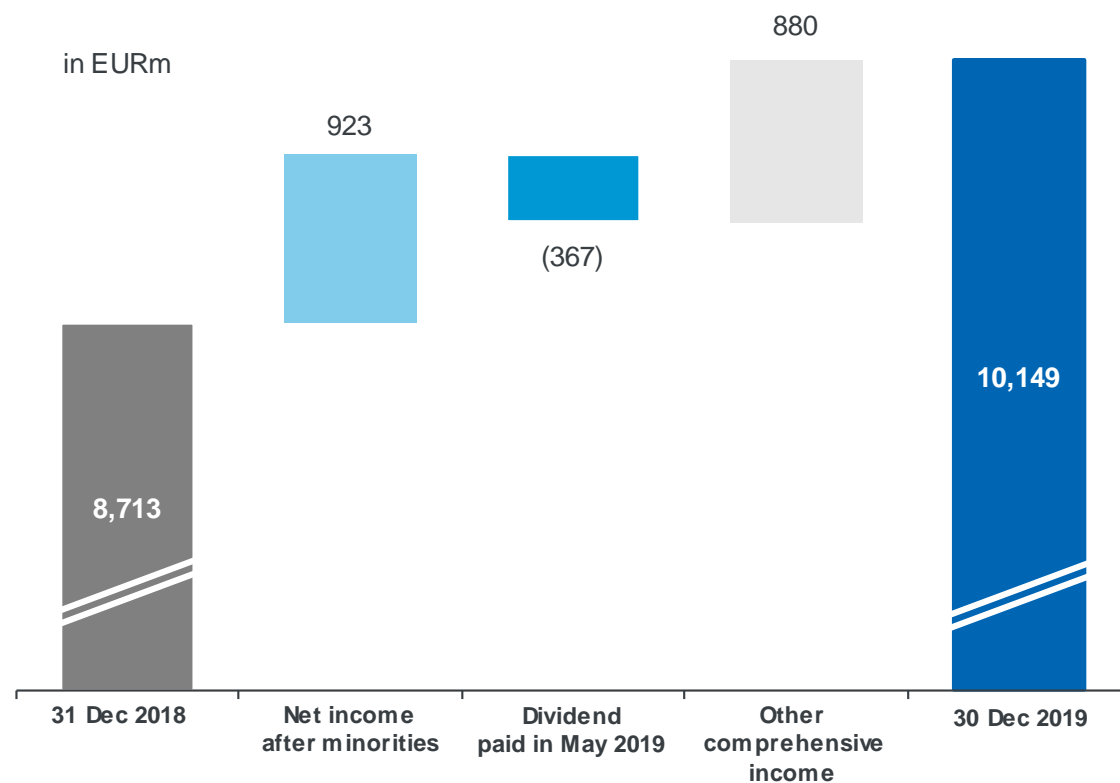
1 Net return on investment: Income from assets under own management divided by average assets under own management

2 Current return on investment: Income from investments under own management (excl. (un-)realized gains/losses, excl. impairments/appreciation) in relation to average investments under own management

3

Changes in equity - Shareholders' equity materially up, reflecting record results and the increase in OCI

Shareholders' equity



Comments

- Shareholders' equity rose to EUR 10,149m, which is EUR 1,436m, or 16%, above the level of Dec 2018 and EUR 83m, or -0.8%, below 30 Sep 2019

Book value per share

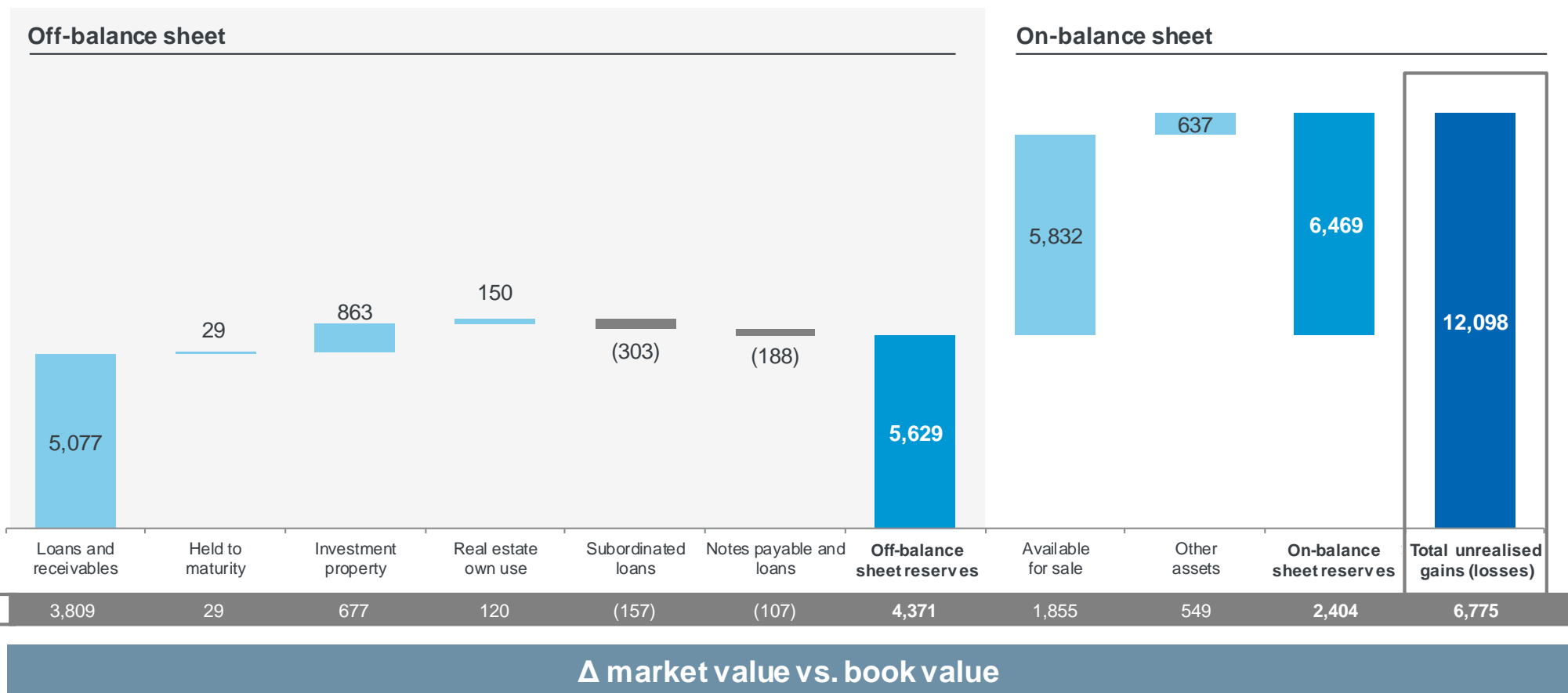
in EUR	31 Dec 2018	31 Dec 2019	Change	
			Abs.	%
Book value per share	34.47	40.15	5.68	+16.5
excl. goodwill	30.28	35.78	5.50	+18.2

Note: Figures restated on the basis of IAS 8

3

Unrealised gains of EUR 12.1bn – EUR 596m or EUR 2.36 per share of off-balance sheet reserves attributable to shareholders

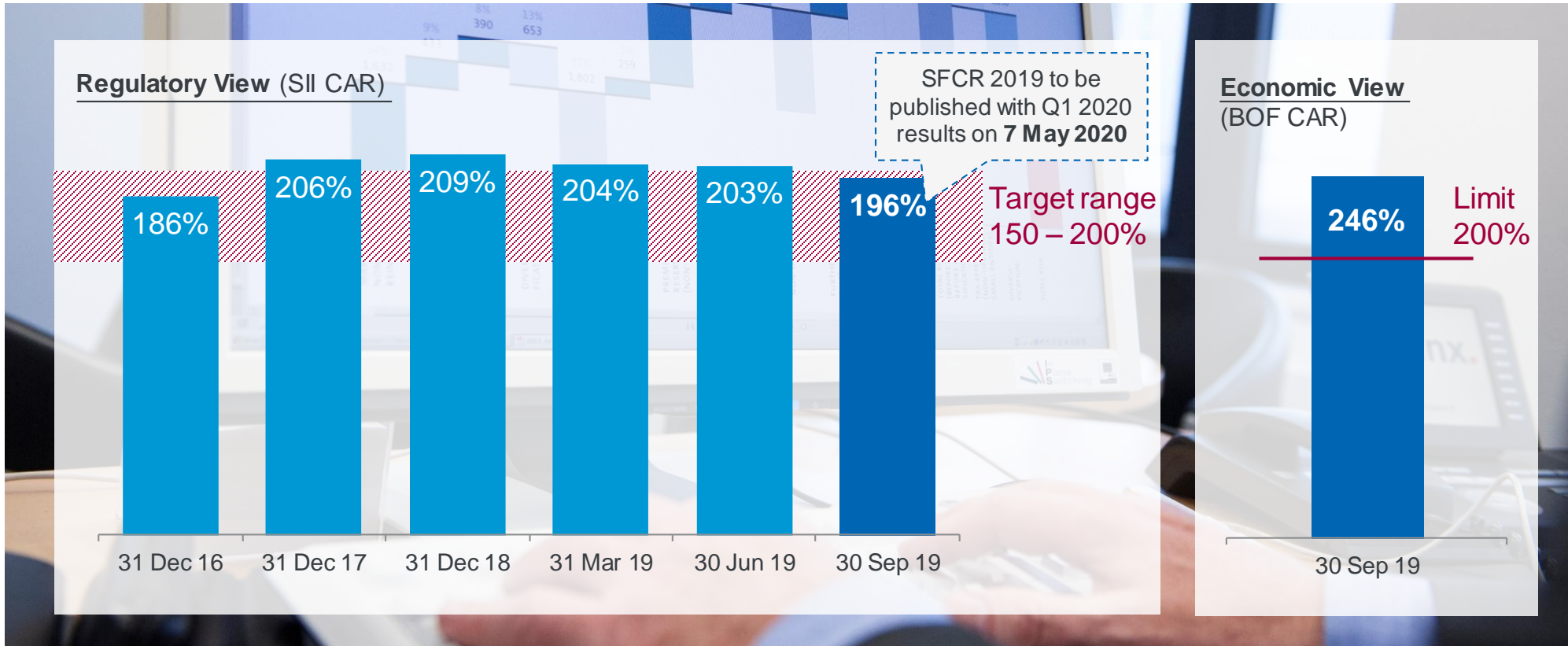
Unrealised gains and losses (off- and on-balance sheet) as of 31 December 2019 (EURm)



Note: Shareholder contribution estimated based on historical profit sharing pattern

3 Solvency II capitalisation remains at very solid level

Development of Solvency II capitalisation (excl. transitional)



Note: Solvency II ratio relates to HDI Group as the regulated entity. The chart does not contain the effect of transitional measures. Solvency II ratio including transitional measures for 30 Sep 2019: 232% (30 Jun 2019: 240%; 31 Mar 2019: 241%; 31 Dec 2018: 252%).

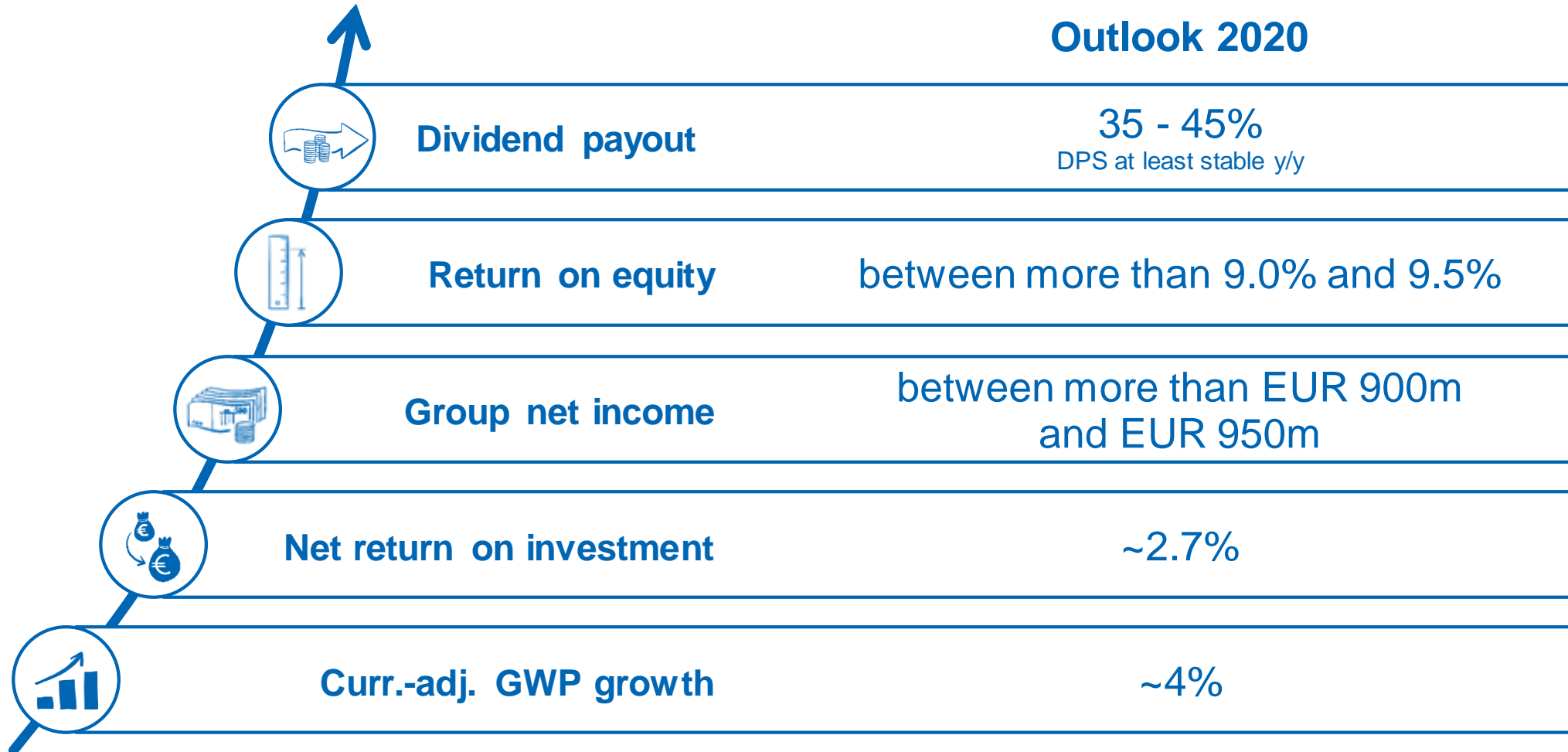
Agenda

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Outlook 2020 for Talanx Group

Outlook 2020



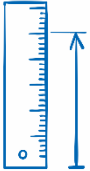


Note: The Outlook2020 is based on a large loss budget of EUR 360m (2019: EUR 315m) in Primary Insurance, of which EUR 301m in Industrial Lines (2019: EUR 278m). The large loss budget in Reinsurance stands at EUR 975m (2019: EUR 875m). All targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations

Agenda

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Mid-term target matrix

Targets	<p>Return on equity</p>  <p>High level of profitability</p> <p>≥ 800bp above risk-free rate</p>	<p>EPS growth</p>  <p>Profitable growth</p> <p>≥ 5% on average p.a.</p>	<p>Dividend payout ratio</p>  <p>Sustainable & attractive payout</p> <p>35% - 45% of IFRS earnings</p> <p>DPS at least stable y/y</p>
	<p>Strong capitalisation</p> <p>Solvency II target ratio 150 - 200%</p>	<p>Market risk limitation (low beta)</p> <p>Market risk ≤ 50% of Solvency Capital Requirement</p>	<p>High level of diversification</p> <p>targeting 2/3 of Primary Insurance premiums to come from outside of Germany</p>
	<p>Constraints</p>		

Note: Targets are relevant as of FY 2019. EPS CAGR until 2022 (base level: original Group net income Outlook of ~EUR 850m for 2018). The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield. Targets are subject to large losses staying within their respective annual large-loss budgets as well as no major turmoil on currency and/or capital markets

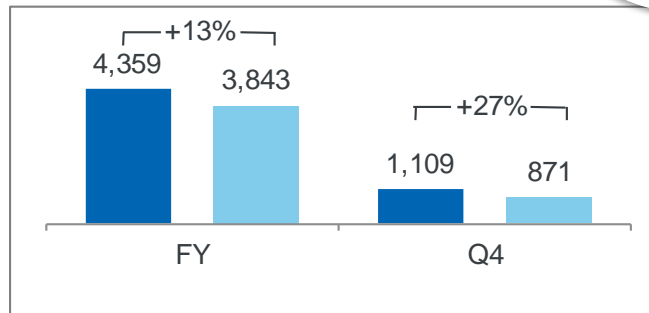
5

Additional Information – Retail International Europe: Key financials

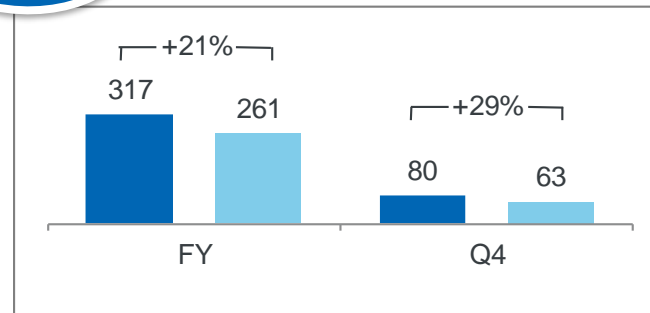
EURm, IFRS ■ 2019 ■ 2018

FY 2019
(currency adjusted)
GWP: +14.8%

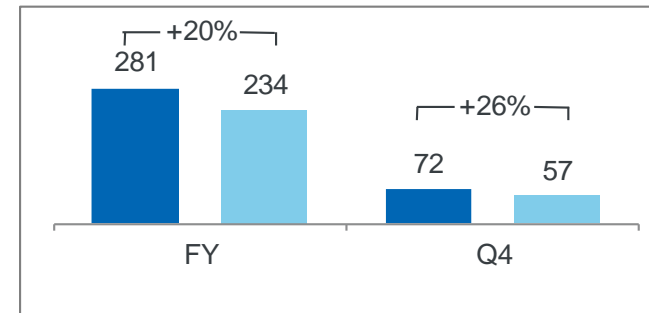
Gross written premiums



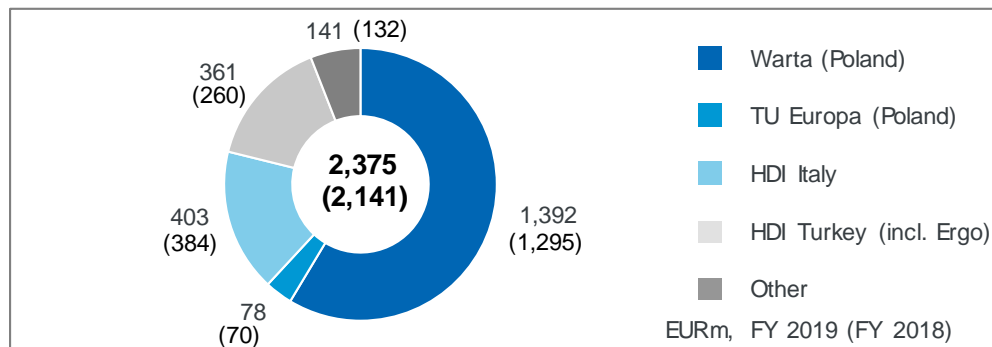
Investment income



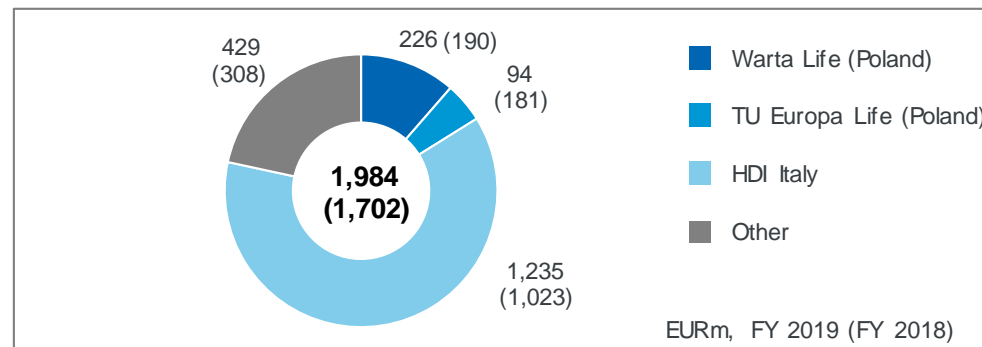
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



► Strong EBIT increase of 20% – driven by excellent P/C results at Warta

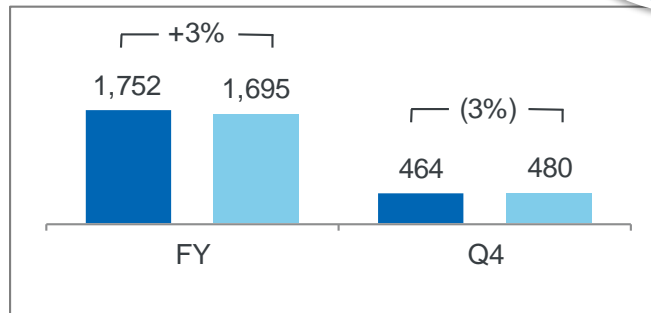
5

Additional Information – Retail International LatAm: Key financials

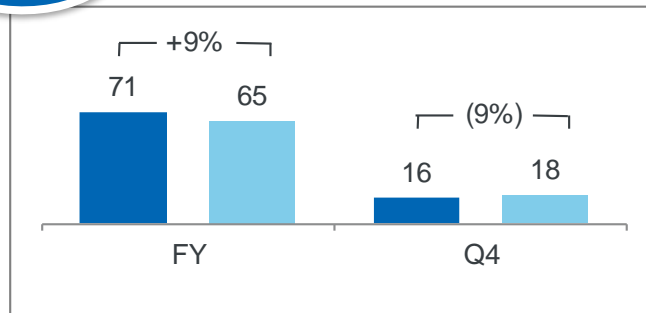
EURm, IFRS ■ 2019 ■ 2018

FY 2019
(currency adjusted)
GWP: +5.9%

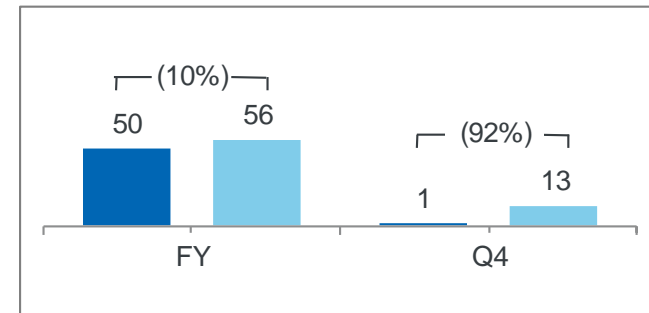
Gross written premiums



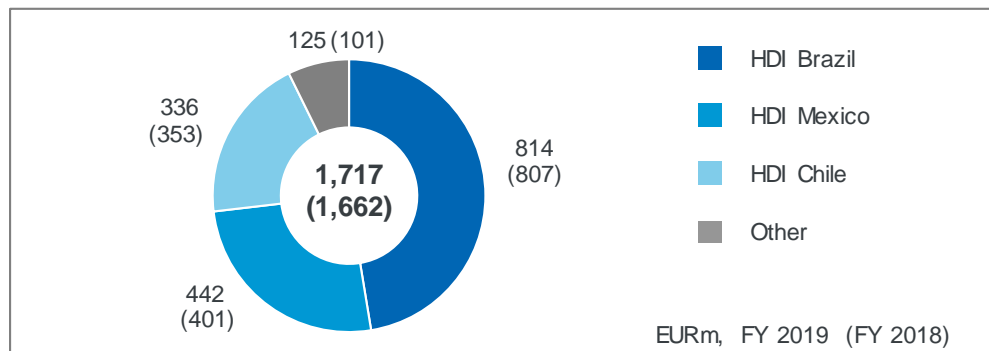
Investment income



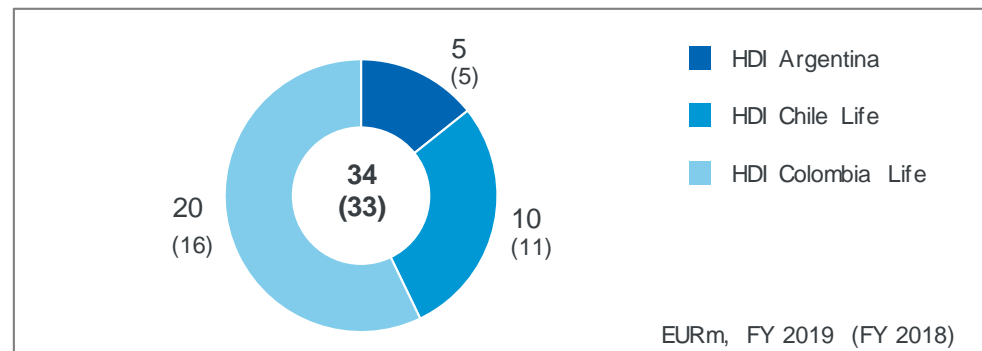
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



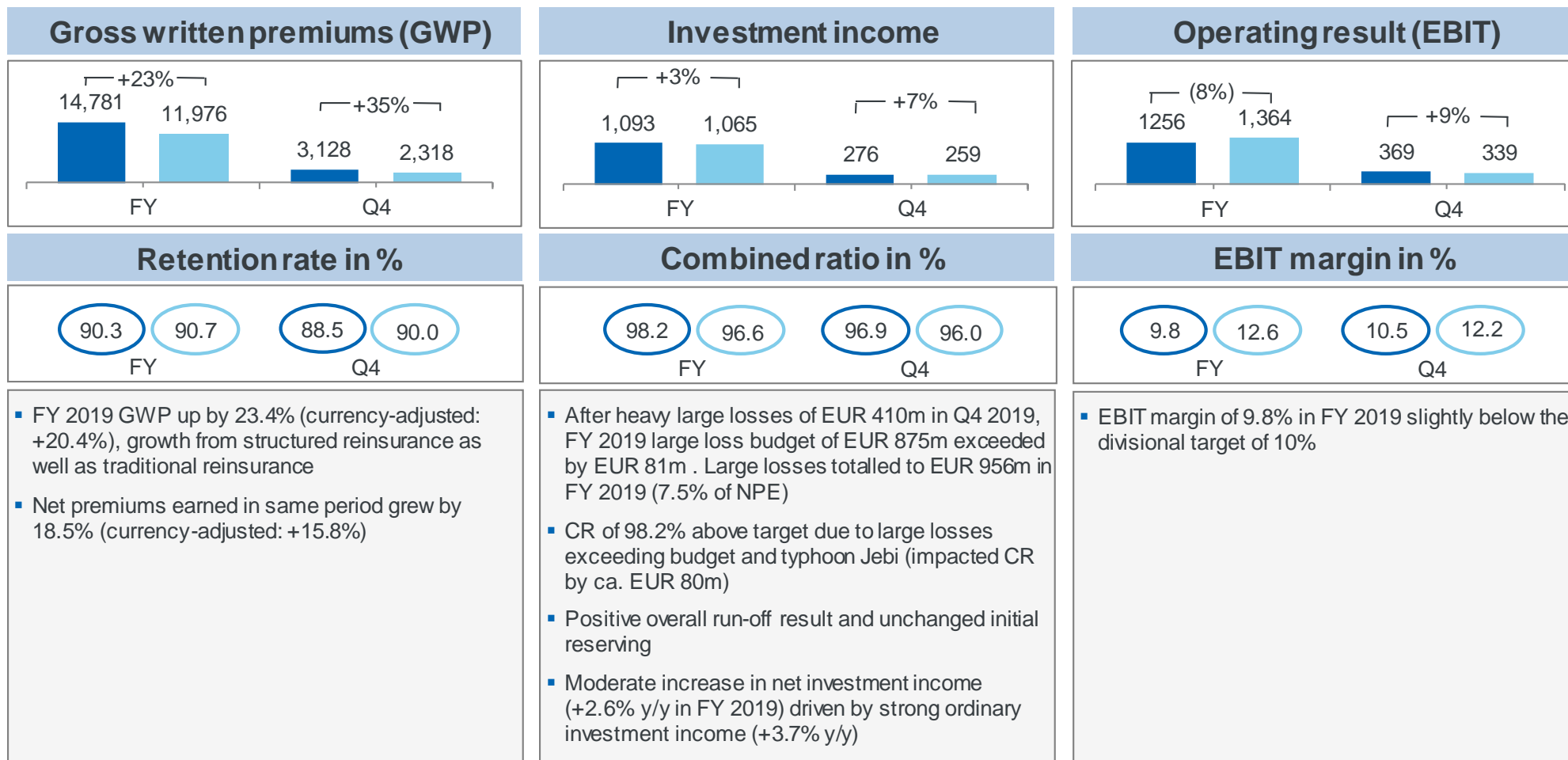
▶ EBIT improvement supported by further improved investment results in Brazil and in Mexico

Note: Due to industrial action, the 9M and Q3 2018 reporting for HDI Chile has been carried out on the basis of the figures for the first eight months of 2018 only. Numbers may not add up due to rounding

5

Additional Information – Segment P/C Reinsurance

EURm, IFRS ■ 2019 ■ 2018

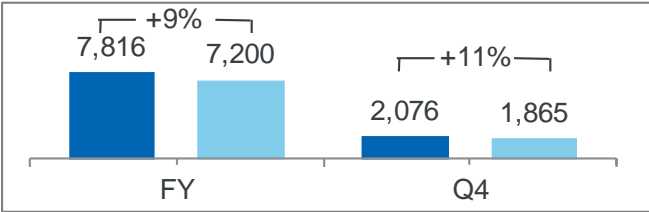
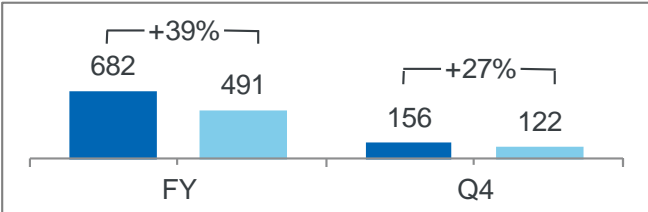
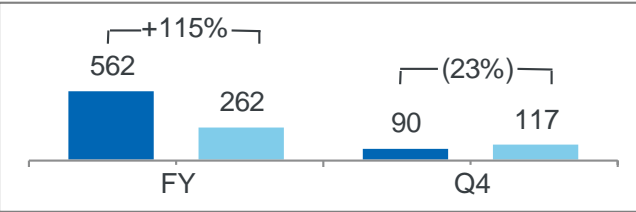





Note: EBIT margin reflects a Talanx Group view

5

Additional Information – Segment Life/Health Reinsurance

EURm, IFRS ■ 2019 ■ 2018

Gross written premiums (GWP)	Investment income	Operating result (EBIT)																																				
 <table border="1"> <tr> <th>Period</th> <th>2019</th> <th>2018</th> <th>% Change</th> </tr> <tr> <td>FY</td> <td>7,816</td> <td>7,200</td> <td>+9%</td> </tr> <tr> <td>Q4</td> <td>2,076</td> <td>1,865</td> <td>+11%</td> </tr> </table>	Period	2019	2018	% Change	FY	7,816	7,200	+9%	Q4	2,076	1,865	+11%	 <table border="1"> <tr> <th>Period</th> <th>2019</th> <th>2018</th> <th>% Change</th> </tr> <tr> <td>FY</td> <td>682</td> <td>491</td> <td>+39%</td> </tr> <tr> <td>Q4</td> <td>156</td> <td>122</td> <td>+27%</td> </tr> </table>	Period	2019	2018	% Change	FY	682	491	+39%	Q4	156	122	+27%	 <table border="1"> <tr> <th>Period</th> <th>2019</th> <th>2018</th> <th>% Change</th> </tr> <tr> <td>FY</td> <td>562</td> <td>262</td> <td>+115%</td> </tr> <tr> <td>Q4</td> <td>90</td> <td>117</td> <td>(23%)</td> </tr> </table>	Period	2019	2018	% Change	FY	562	262	+115%	Q4	90	117	(23%)
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Retention rate in %	RoI in %	EBIT margin in %																																				
 <table border="1"> <tr> <th>Period</th> <th>2019</th> <th>2018</th> </tr> <tr> <td>FY</td> <td>89.5</td> <td>90.7</td> </tr> <tr> <td>Q4</td> <td>88.5</td> <td>91.0</td> </tr> </table>	Period	2019	2018	FY	89.5	90.7	Q4	88.5	91.0	 <table border="1"> <tr> <th>Period</th> <th>2019</th> <th>2018</th> </tr> <tr> <td>FY</td> <td>5.1</td> <td>3.4</td> </tr> <tr> <td>Q4</td> <td>4.1</td> <td>3.5</td> </tr> </table>	Period	2019	2018	FY	5.1	3.4	Q4	4.1	3.5	 <table border="1"> <tr> <th>Period</th> <th>2019</th> <th>2018</th> </tr> <tr> <td>FY</td> <td>8.1</td> <td>4.0</td> </tr> <tr> <td>Q4</td> <td>4.9</td> <td>6.8</td> </tr> </table>	Period	2019	2018	FY	8.1	4.0	Q4	4.9	6.8									
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Q4	4.9	6.8																																				
<ul style="list-style-type: none"> ▪ FY 2019 GWP up 8.6% y/y (currency-adjusted: +6.7%), mainly from APAC and UK Longevity ▪ Net premiums earned in same period up 6.9% (currency-adjusted: +5.1%) 	<ul style="list-style-type: none"> ▪ Net underwriting result from US mortality significantly improved due to in-force management actions. Technical result still negatively impacted by Australian disability business and UK mortality business in 6M 2019 ▪ Extraordinary gain from restructuring of Viridium participation in Q2 2019 (EUR 100m). Favourable ordinary investment income and change in fair value of financial instruments ▪ Other income and expenses mainly the result of strong contribution from deposit accounted treaties in US Financial Solutions in amount of EUR 287m (FY 2019: EUR 198m) 	<ul style="list-style-type: none"> ▪ Strong earnings contribution based on overall favourable underlying profitability, positive Viridium effect as well as absence of recapture charges for US mortality business in H2 2019 ▪ Significant FY 2019 EBIT growth of 114.5% 																																				

Note: EBIT margin reflects a Talanx Group view

5

Additional Information – Segments

	Industrial Lines			Retail Germany P/C			Retail Germany Life		
EURm, IFRS	FY 2019	FY 2018	Change	FY 2019	FY 2018	Change	FY 2019	FY 2018	Change
P&L									
Gross written premiums	6,214	4,686	+33%	1,588	1,564	+1.6%	4,612	4,516	+2%
Net premiums earned	2,968	2,635	+13%	1,486	1,453	+2%	3,493	3,380	+3%
Net underwriting result	(40)	(240)	+83%	15	11	+54%	(1,602)	(1,420)	(13%)
Net investment income	285	242	+18%	119	89	+32%	1,786	1,586	+13%
Operating result (EBIT)	159	11	+1401%	98	69	+44%	131	111	+19%
Net income after minorities	103	(16)	n. a.	-	-	-	-	-	-
Key ratios									
Combined ratio non-life insurance and reinsurance	101.4%	109.1%	(7.7%pts)	99.0%	99.3%	(0.3%pts)	-	-	-
Expense ratio	21.4%	21.8%	(0.4%pts)	38.0%	35.9%	+2.1%pts	-	-	-
Loss ratio	79.9%	87.3%	(7.4%pts)	61.0%	63.4%	(2.4%pts)	-	-	-
Return on investment	3.3%	3.0%	+0.3%pts	3.0%	2.3%	+0.7%pts	3.7%	3.4%	+0.3%pts

5

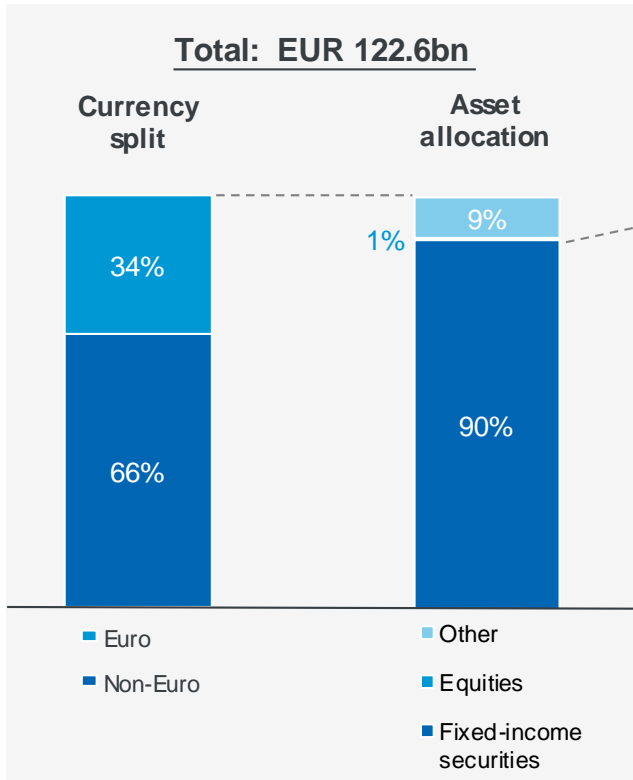
Additional Information – Segments

	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
EURm, IFRS	FY 2019	FY 2018	Change	FY 2019	FY 2018	Change	FY 2019	FY 2018	Change	FY 2019	FY 2018	Change
P&L												
Gross written premiums	6,111	5,552	+10%	14,781	11,976	+23%	7,816	7,200	+9%	39,494	34,885	+13%
Net premiums earned	5,343	4,816	+11%	12,798	10,805	+19%	6,932	6,484	+7%	33,054	29,574	+12%
Net underwriting result	33	91	(63%)	186	333	(44%)	(411)	(416)	+1%	(1,833)	(1,647)	(11%)
Net investment income	381	321	+19%	1,093	1,065	+3%	682	491	+39%	4,323	3,767	+15%
Operating result (EBIT)	283	268	+6%	1,256	1,366	(8%)	562	262	+115%	2,430	2,032	+20%
Net income after minorities	164	160	+3%	-	-	-	-	-	-	923	703	+31%
Key ratios												
Combined ratio non-life insurance and reinsurance	95.5%	94.3%	1.2%pts	98.2%	96.6%	1.6%pts	-	-	-	98.3%	98.2%	+0.1%pts
Expense ratio	29.6%	28.5%	+1.1%pts	29.5%	29.9%	(0.4%pts)	-	-	-	29.0%	29.0%	±0.0%pts
Loss ratio	65.8%	65.8%	±0.0%pts	69.0%	67.0%	+2.0%pts	-	-	-	69.5%	69.5%	±0.0%pts
Return on investment	3.3%	3.1%	0.2%pts	3.0%	3.2%	(0.2%pts)	4.1%	3.5%	+0.6%pts	3.5%	3.3%	+0.2%pts

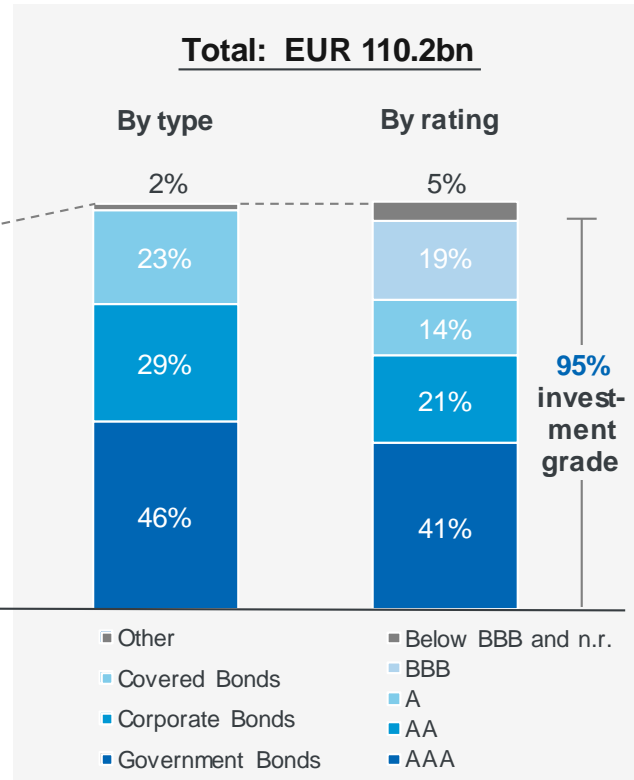
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Additional Information – Breakdown of investment portfolio

Investment portfolio as of 31 Dec 2019



Fixed-income portfolio split



Comments

- Assets under own management increased by 9.6% to EUR 122.6bn from 31 Dec 2018 (EUR 111.9bn)
- Investment portfolio remains dominated by fixed-income securities: 90% portfolio share unchanged vs. 30 September 2019
- Portion of fixed-income portfolio invested in “A” or higher-rated bonds slightly decreased vs. 30 September 2019 at 76%, 95% of bonds ‘investment grade’
- 19% of assets under own management are held in USD (30 Sep 2019: 19%); 34% overall in non-euro currencies (30 Sep 2019: 32%)



Investment strategy unchanged – vast majority of bonds hold an investment grade rating

Note: Percentages may not add up due to rounding. “BB and below” includes non-rated

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Additional Information – Details on selected fixed-income country exposure

Investments into issuers from countries with a rating below A- (in EURm), as of 31 December 2019

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	2,722	-	742	564	478	-	4,506
Brazil	BB-	332	-	68	368	-	15	784
Mexico	BBB+	157	1	164	337	-	-	659
Hungary	BBB	585	-	18	13	29	-	645
Russia	BBB-	316	24	39	211	-	-	589
South Africa	BB+	133	-	4	91	-	1	229
Portugal	BBB	36	-	27	42	1	-	107
Turkey	BB-	134	-	26	31	4	-	196
Other BBB+		145	-	96	115	-	-	356
Other BBB		213	50	115	127	-	-	505
Other <BBB		304	52	112	163	-	247	879
Total		5,077	127	1,410	2,064	512	264	9,454
in % of total investments under own management		4.1%	0.1%	1.1%	1.7%	0.4%	0.2%	7.7%
in % of total Group assets		2.9%	0.1%	0.8%	1.2%	0.3%	0.1%	5.3%

5 IR contacts

Contact us



Carsten Werle, CFA, Head of IR
Phone: +49 511 3747-2231
E-mail: carsten.werle@talnx.com



Bernt Gade, Equity & Debt IR
Phone: +49 511 3747-2368
E-mail: bernt.gade@talnx.com




Carsten Fricke, Equity & Debt IR
Phone: +49 511 3747-2291
E-mail: carsten.fricke@talnx.com



Anna Färber, Event Management
Phone: +49 511 3747-2227
E-mail: anna.farber@talnx.com



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Q1 2020 Results

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KBW Financials Conference, London

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Talanx AG
HDI-Platz 1, 30659 Hannover, Germany
E-mail: ir@talnx.com

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