

Talanx increases dividend to EUR 2.35 following record Group net income in 2023 and lifts earnings targets

- Record Group net income of EUR 1,581 million clearly surpasses original earnings forecast of EUR 1,400 million
- Insurance revenue climbs to EUR 43.2 (39.6) billion
- Combined ratio improves to 94.3 (95.2) percent
- Primary Insurance contributes 46 percent to Group net income
- Return on equity of 16.6 percent significantly above target of at least 10 percent
- Board of Management and Supervisory Board propose 35 cent dividend increase to EUR 2.35 per share (+17.5%) to General Meeting
- 2024 Group net income outlook of more than EUR 1.7 billion confirmed, reaching and exceeding original target for 2025 of EUR 1.6 billion ahead of schedule
- Earnings target for 2025 lifted to more than EUR 1.9 billion
- Publication of new medium-term targets planned for Capital Market Day in December 2024

Hannover, 21 March 2024

After again generating record Group net income of EUR 1,581 million in financial year 2023, the Talanx Group is proposing that the General Meeting lift the dividend per share by 35 cents to EUR 2.35. The Group is also optimistic about the future: for 2024, Talanx is expecting Group net income of more than EUR 1.7 billion and a dividend per share of EUR 2.50. For 2025, it is anticipating earnings in excess of EUR 1.9 billion. This means it expects to reach and clearly exceed the original earnings target for 2025 of EUR 1.6 billion ahead of schedule. The Talanx Group will present new targets for the period from 2025 to 2027 at its Capital Market Day in December. Insurance revenue rose 9 percent to EUR 43.2 (39.6) billion in financial year 2023, while operating profit improved to EUR 3.1 (2.8) billion. All divisions contributed to earnings growth, with Primary Insurance accounting for 46 percent of Group net income. A strong insurance service result for the year

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benefited from large losses remaining within budget and inflation-related price adjustments. At 16.6 percent, the return on equity was clearly above the strategic target of at least 10 percent.

“We proved yet again in 2023 that our focused and ambitious strategy is a success. We are growing sustainably and profitably in the interests of our business partners, customers, shareholders and employees. We generated record Group net income while also enhancing our resilience despite macroeconomic and geopolitical challenges. This demonstrates the high quality of our earnings and makes us optimistic for the coming years”, said Torsten Leue, Chairman of Talanx AG’s Board of Management.

The insurance service result for financial year 2023 rose 32 percent to EUR 3.2 (2.5) billion due to inflation-related price adjustments, interest rate effects and large loss payments of EUR 2,168 million – within the budget of EUR 2.2 billion. Man-made large losses amounted to EUR 557 million, while large losses from natural disasters totalled EUR 1,611 million. Large loss payments in the Primary Insurance area were EUR 439 million, while the figure for Reinsurance was EUR 1,621 million. The Group’s largest single loss was the summer storm in Italy, which impacted the large loss budget by EUR 354 million. The combined ratio improved to 94.3 (95.2) percent.

The net insurance financial and investment result before currency effects rose to EUR 1,130 (824) million, while operating profit (EBIT) increased to EUR 3.1 (2.8) billion. Group net income climbed to EUR 1,581 million.

Acquisition makes Talanx second-largest insurer in Latin America

The Talanx Group continued to diversify its business activities in 2023 and strategically expanded its activities through acquisitions and partnerships. In May, Talanx’s Retail International Division signed a contract to buy Liberty Mutual’s personal and small commercial

business operations in Brazil, Chile, Colombia and Ecuador. This is one of Talanx Group's largest-ever acquisitions. The move will make the Talanx Group the second-largest property/casualty insurer in Latin America, measured in terms of insurance revenue. The transaction to acquire Liberty's business in Brazil closed in November 2023, and the purchase of its activities in Chile, Colombia and Ecuador was completed in March 2024.

Capital increase cements position in share indices

The Talanx Group successfully implemented a cash capital increase in September 2023. 4,878,048 new shares worth approximately EUR 300 million and 1,626,016 Talanx shares from HDI V.a.G.'s holdings worth approximately EUR 100 million were placed with institutional investors at a price of EUR 61.50 per share in an accelerated bookbuilding procedure. The move was designed to increase Talanx's free float and the trading liquidity of its shares. Majority shareholder HDI V.a.G.'s interest in the share capital held fell from 78.9 percent to 76.7 percent after the transaction closed, while Talanx's free float rose from 21.1 percent to 23.3 percent. The larger free float is having positive effects on daily trading in, and turnover of, Talanx's shares, and solidifies their standing in equity indices. In addition, the proceeds of the transaction have lifted Talanx's already extremely robust capital resources and its flexibility to achieve future growth.

Industrial Lines: strategy is paying off

Insurance revenue in the Industrial Lines Division rose by 10 percent in financial year 2023 (12 percent adjusted for currency effects) to EUR 9.1 (8.2) billion. The division's strategy of being a global industrial insurer and transformation partner that offers first-rate service and profitable underwriting, is clearly paying off. The main growth driver is the property and liability business, which generated a strong insurance

service result of EUR 770 (574) million on the back of higher interest rates, a low level of frequency losses, and low large losses. Large loss payments were within budget at EUR 334 (381) million. As a result, Industrial Lines' combined ratio improved to 91.5 (93.0) percent. The net insurance financial and investment result before currency effects in financial year 2023 was EUR 11 (169) million; this was due among other things to higher interest rates and the conscious decision to accept disposal losses when rebalancing from lower-yield investments to higher-yield ones. Operating profit rose to EUR 446 (430) million, while the division's contribution to Group net income rose by 13 percent to EUR 351 (311) million.

Retail International: strong organic growth in revenue and earnings

The Retail International Division saw strong growth in earnings and revenue in financial year 2023. Insurance revenue rose by 33 percent year-on-year (41 percent adjusted for currency effects) to EUR 7.1 (5.3) billion. Both the Property/Casualty Insurance and the Life Insurance segments contributed to this strong growth. EUR 642 million in insurance revenue was contributed by the companies in Brazil (Sompo and Liberty) and Türkiye (Fiba), which were included in this item for the first time in financial year 2023. Roughly two-thirds of revenue growth was organic. This development underscores the division's continuing strong growth.

Insurance revenue in Europe climbed 27 percent to EUR 4.4 (3.4) billion, due above all to inflation-related increases in average premiums in Türkiye and in motor vehicle and homeowners insurance in Poland. The Latin America region benefited from double-digit growth in all core markets, lifting insurance revenue by 44 percent to EUR 2.7 (1.9) billion.

The combined ratio for the property/casualty companies fell to 95.0 (98.8) percent due to operating improvements, especially in Brazil. As a result, the division's insurance service result rose tangibly to EUR 426 (109) million. Large loss payments amounted to EUR 35 (17) million; the largest single loss was the earthquake in Türkiye, with a loss of EUR 8 million. The net insurance financial and investment result rose to EUR 368 (232) million on the back of higher interest rates in Türkiye and Poland, among other things.

Operating profit increased to EUR 507 (139) million. The division's contribution to Group net income also rose in line with this to EUR 277 (56) million.

Retail Germany: strong operating profit

The Retail Germany Division lifted its insurance revenue to EUR 3.6 (3.4) billion in financial year 2023. The Property/Casualty Insurance segment was the main driver behind this revenue growth. Operating profit climbed significantly to EUR 260 (129) million. The division's contribution to Group net income rose to EUR 161 (72) million.

Property/Casualty Insurance segment: all lines contribute to premium growth

Insurance revenue in the Property/Casualty Insurance segment rose to EUR 1.8 (1.6) billion. All lines contributed to revenue growth. Large loss payments increased to EUR 70 (46) million. The largest single loss was caused by Storm "Lambert", which led to insurance payments of EUR 24 million. The combined ratio rose to 97.5 (95.1) percent on the back of these developments. The net insurance financial and investment result before currency effects rose to EUR 77 (55) million thanks to higher net investment income. Operating profit amounted to

EUR 49 (61) million; this was largely due to higher losses in the motor vehicle business.

Life Insurance segment: bancassurance enhances profitability

Insurance revenue in the Life Insurance segment increased slightly to EUR 1,793 (1,771) million, while new business rose to EUR 368 (250) million thanks in particular to improved biometric business in the bancassurance area. The net insurance financial and investment result before currency effects benefited from an improvement in net investment income, rising to EUR 43 (28) million. Fuelled by these developments, operating profit climbed to EUR 211 (69) million.

Reinsurance: strong growth in Group net income

Insurance revenue in the Reinsurance segment rose to EUR 24.5 (24.0) billion in financial year 2023; at constant exchange rates, growth would have been 5 percent. The insurance service result jumped 24 percent to EUR 1.7 (1.3) billion, while the net insurance financial and investment result before currency effects increased to EUR 741 (413) million. Operating profit amounted to EUR 2.0 (2.2) billion, with the rise in the Life/Health Reinsurance segment being unable to fully offset the decline in the Property/Casualty Reinsurance segment caused by higher resilience in the reserves. The division's contribution to Group net income rose to EUR 917 (392) million.

The Property/Casualty Reinsurance segment benefited from improved prices and terms, lifting insurance revenue to EUR 16.8 (16.3) billion. Adjusted for currency effects, growth would have been 7 percent. Financial year 2023 saw a large number of medium-sized losses. Total large loss payments amounted to EUR 1.6 billion, within the budget for the period of EUR 1.7 billion. The largest single losses were the summer storm in Italy, which impacted the large loss budget by

EUR 313 million, and the earthquake in Türkiye and Syria, which led to expenses of EUR 270 million. Other large loss payments were attributable to Hurricane “Otis” in Mexico (EUR 142 million), the forest fires on Hawaii (EUR 97 million) and the earthquake in Morocco (EUR 74 million). The insurance service result rose to EUR 848 (801) million. The combined ratio (net/net) improved to 94.0 (94.5) percent. The net insurance financial and investment result before currency effects was EUR 483 (163) million, while operating profit amounted to EUR 1.1 (1.5) billion, largely as a result of reserving.

Insurance revenue in the Life/Health Reinsurance segment amounted to EUR 7.6 (7.8) billion; adjusted for currency effects, the increase would have been 2 percent. The insurance service result increased to EUR 810 (535) million on the back of improvements in the mortality business and continuing strong financial solutions business. The net insurance financial and investment result before currency effects was EUR 258 (250) million. Consequently, operating profit jumped 34 percent to EUR 864 (642) million.

Outlook for 2024: Ambitions earnings target of EUR 1.7 billion

The Talanx Group is aiming for Group net income of more than EUR 1.7 billion for financial year 2024, exceeding its original strategic goal for 2025 one year earlier than planned. For 2025, Talanx is now targeting Group net income in excess of EUR 1.9 billion. The Group is expecting a return on equity of approximately 15 percent for financial year 2024, substantially more than its strategic target of above 10 percent. New earnings targets for the period from 2025 to 2027 will be announced at the Capital Market Day planned for December 2024.

As usual, the targets for financial year 2024 are subject to the proviso that no turbulence occurs on the currency and capital markets, and that large losses remain in line with expectations. The geopolitical conflicts

in Ukraine and the Middle East will continue to be sources of uncertainty in the current financial year.

Key data from the Talanx Group income statement, FY 2023, consolidated (IFRS)

EUR million	FY 2023	FY 2022 ¹	+/-
Insurance revenue	43,237	39,645	+9%
Insurance service result	3,234	2,454	+32%
Combined ratio for property/casualty primary insurance and property/casualty reinsurance	94.3%	95.2%	-0.9 ppts
Net insurance financial and investment result before currency effects	1,130	824	+37%
Operating profit/loss (EBIT)	3,068	2,815	+9%
Group net income (after non-controlling interests)	1,581	706	+123%
Return on equity ²	16.6%	8.2%	+8.4 ppts


- 1) Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8.
 2) The ratio of annualised net income for the reporting period excluding non-controlling interests to average shareholders' equity excluding non-controlling interests.

About Talanx

Talanx is a major European insurance group with insurance revenue of around EUR 39.7 billion (2022, according to IFRS 17) and roughly 24,000 employees worldwide. Based in Hannover, Germany, the Group is active in more than 175 countries. Talanx is a multi-brand provider with a focus on B2B insurance. Its industrial insurance and retail business in Germany and abroad is operated under the HDI brand, which has a rich tradition stretching back more than 120 years. Other Group brands include Hannover Re, one of the world's leading reinsurers; the bancassurance specialists TARGO insurers, LifeStyle Protection and neue leben; and Polish insurer Warta. Ampega, one of Germany's largest asset management companies, manages the Talanx Group's assets and is also an experienced provider of asset management solutions for non-group institutional investors. Rating agencies have awarded the

Talanx Primary Insurance Group financial strength ratings of A+ (“strong”/Standard & Poor’s) and A+ (“superior”/AM Best). Hannover Re Group is rated AA– (“very strong”/S&P) and A+ (“superior”/AM Best). Talanx AG is listed on the Frankfurt Stock Exchange, where it is a member of the MDAX, and on the Hannover stock exchange (ISIN: DE000TLX1005, German Securities Code: TLX100).

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For further information, please see www.talanx.com. 

Podcast: https://www.talanx.com/en/talanx-group/group/talanx_corporate_podcast

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