

**talanx.**

Insurance. Investments.

# Talanx: Sustainable profitability

German Investment Seminar

8<sup>th</sup> January 2024

New York

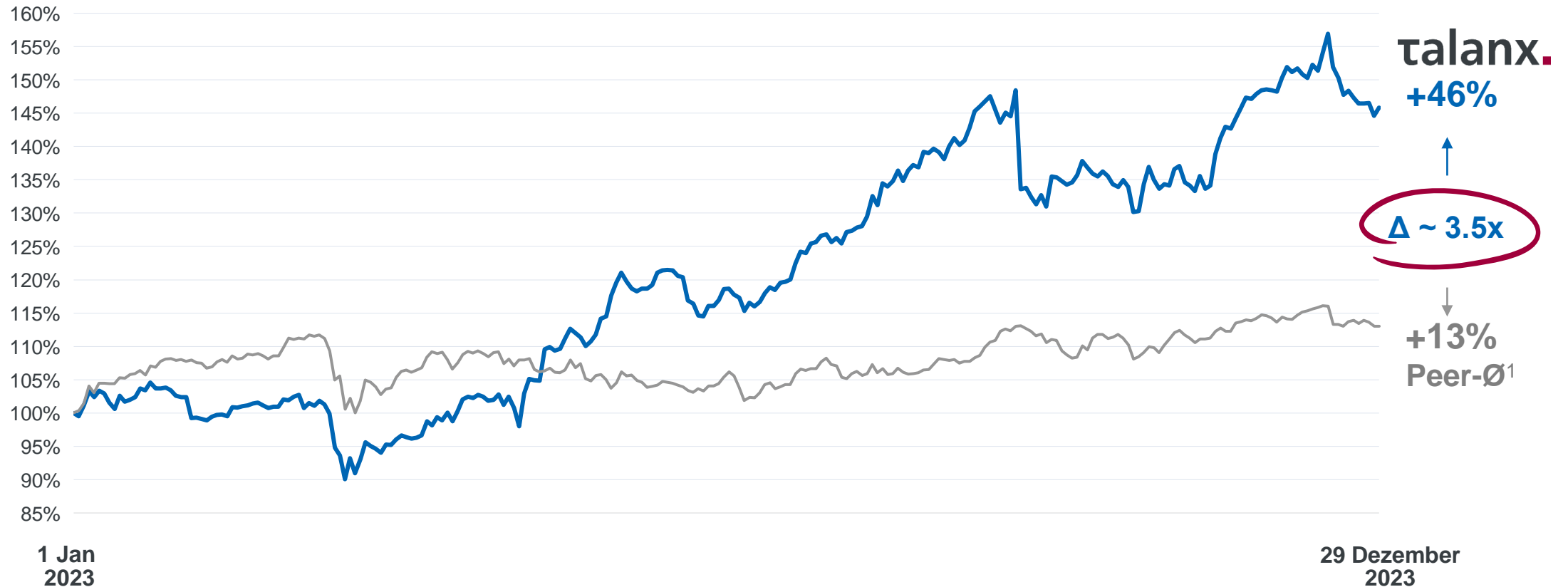
Torsten Leue  
CEO



# Talanx was the best performing insurance stock in Europe in 2023

## Talanx share price development 2023 vs. Peers

Indexiert

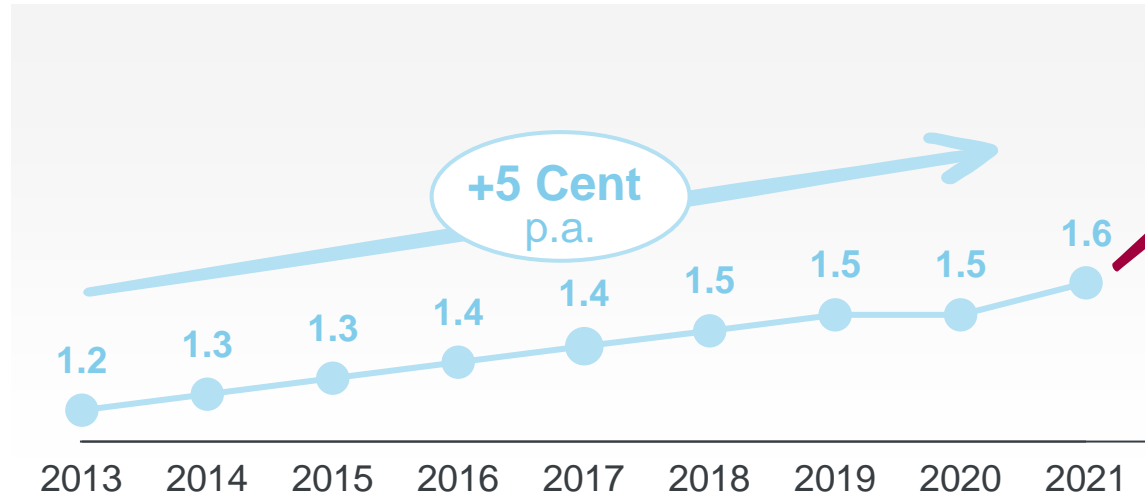


<sup>1</sup> Peers include Allianz, AXA, Generali, Mapfre, Zurich, VIG, Munich Re, Swiss Re

# Shareholders will benefit from better primary insurance performance

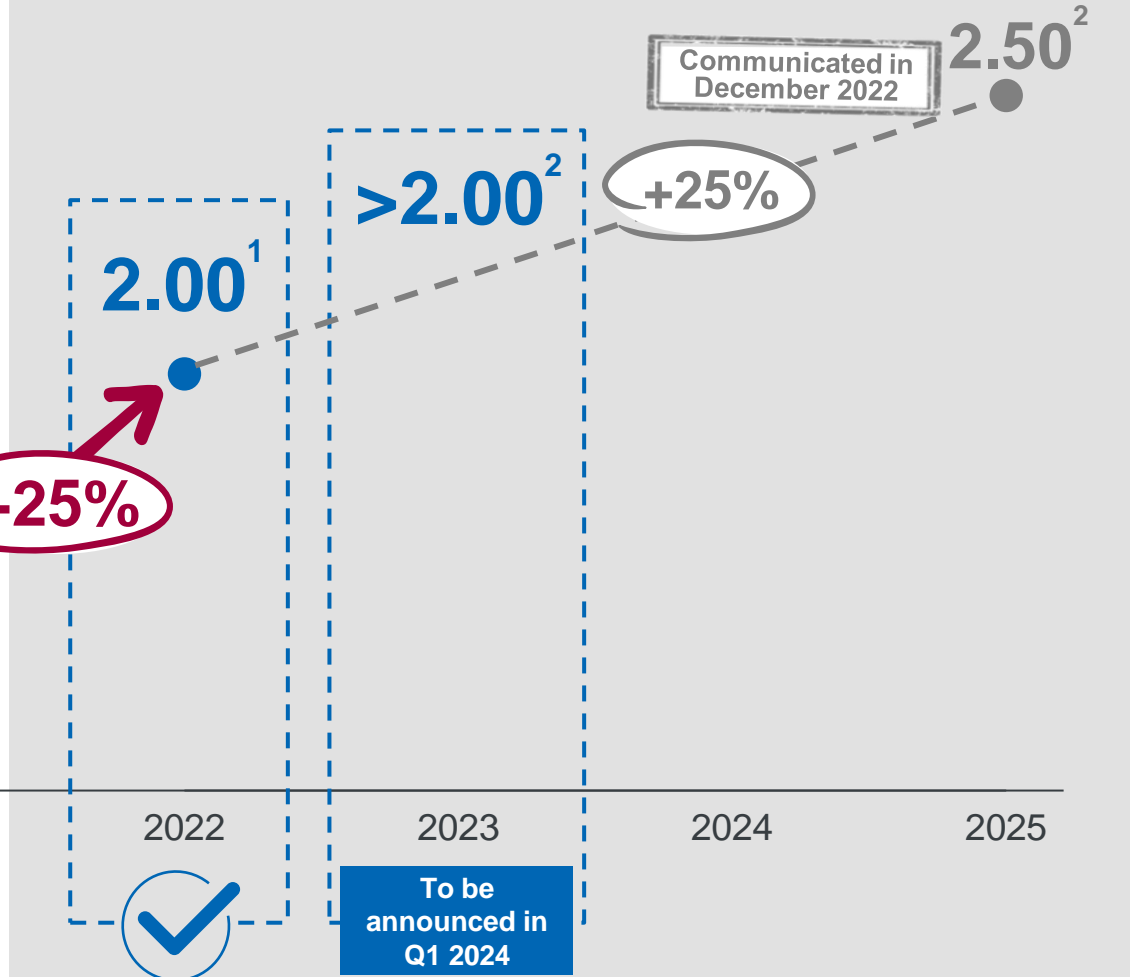
## 2013 - 2021: Stable or upwards

in EUR per share



1 Dividend for FY 2022 paid in 2023 | 2 Subject to AGM approval

## 2022 - 2025e: Upwards



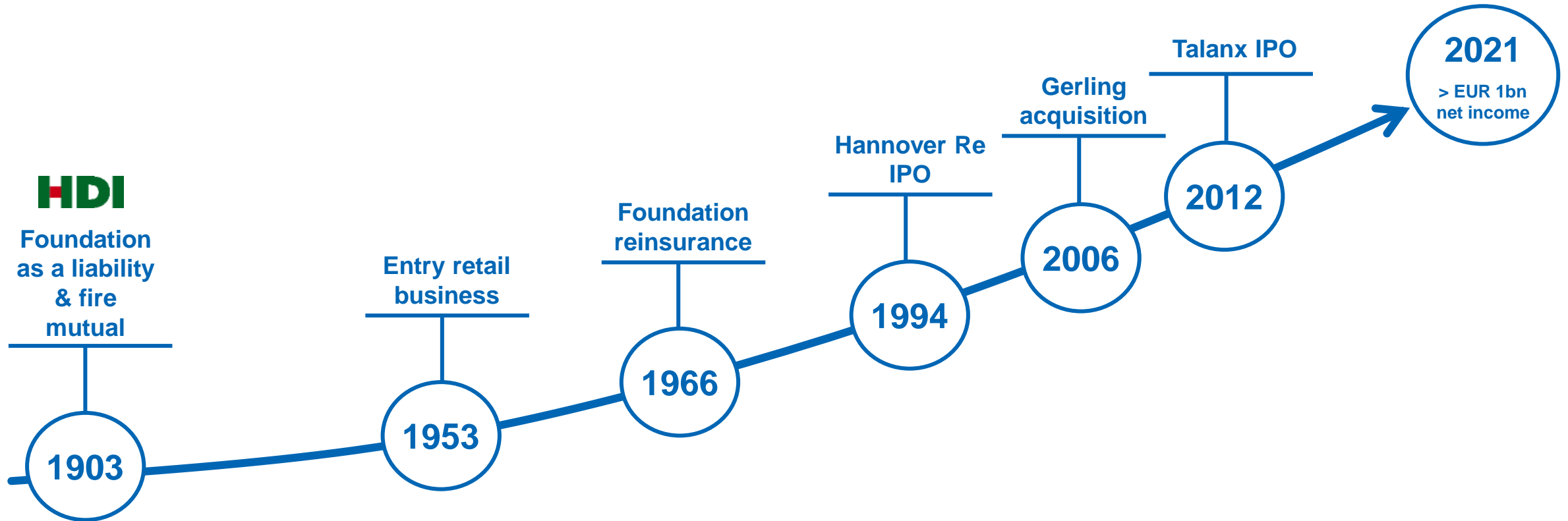


# Agenda

- 1 Talanx at a glance**
- 2 Group strategy
- 3 Financial performance
- 4 Appendix



# 1 Talanx has a history of more than 100 years



# 1 Talanx operates a multi-brand business with 4 segments...

## Primary Insurance

## Reinsurance

### Industrial Lines

**HDI**

- Lines of business include coverage of standard industrial risks (e.g. liability, motor, fire & property)
- Segment also includes specialty lines business (e.g. financial lines, aviation etc.)

2022, IFRS 4 in EURm

**GWP**

**8,913**

**Net  
income**

**177**

### Retail Germany

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

- Standard Retail Property & Casualty and Life products operated under HDI brand
- Bancassurance business with various German banks (e.g. Deutsche Bank, Sparkassen and Targobank)

**5,994**

**150**

### Retail International

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

- Standard retail Property & Casualty and Life products
- Regional focus on CEE (Poland, Turkey, Hungary, Austria), Italy and LatAm (Brazil, Mexico, Chile, Colombia, Argentina)

**7,104**

**214**

*hannover re*  
e+s **rück**

- 3<sup>rd</sup> largest reinsurer worldwide offering full range of life and non-life reinsurance products
- Listed since 1994
- 50.2% owned by Talanx

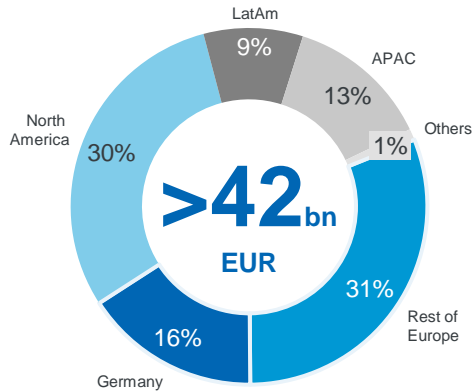
**33,276**

**707**

# 1 ...that is well-balanced business with a low risk profile

## Underwriting

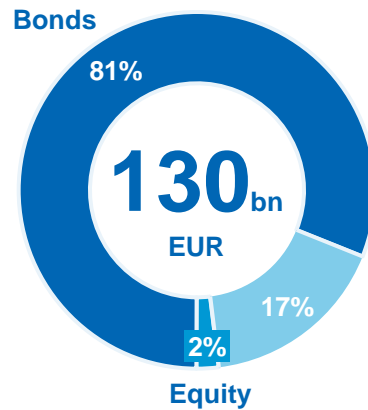
Insurance revenues, IFRS 17 2023e<sup>1</sup>



**High  
diversification**

## Investments

Investment portfolio as of 30.09.2023



**Low  
investment risk**

## Solvency

Solvency 2 CAR for HDI Group as of 30.09.2023



**Solid  
Capitalization**

## Ratings

Financial strength rating (Talanx Primary Group)



**Strong  
Ratings**

<sup>1</sup> Split as of 9M 2023



# Agenda


- 1 Talanx at a glance
- 2 **Group strategy**
- 3 Financial performance
- 4 Appendix



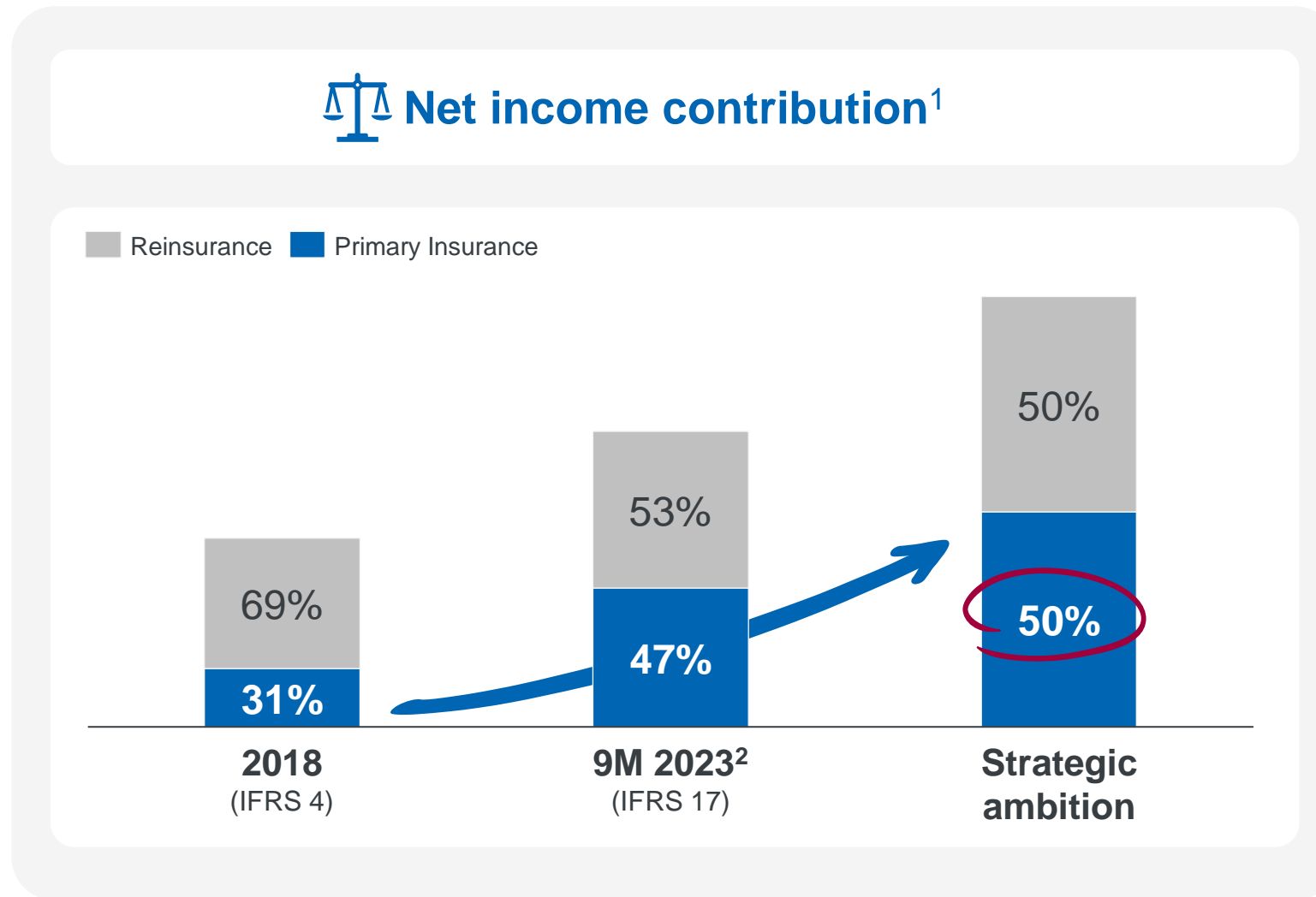
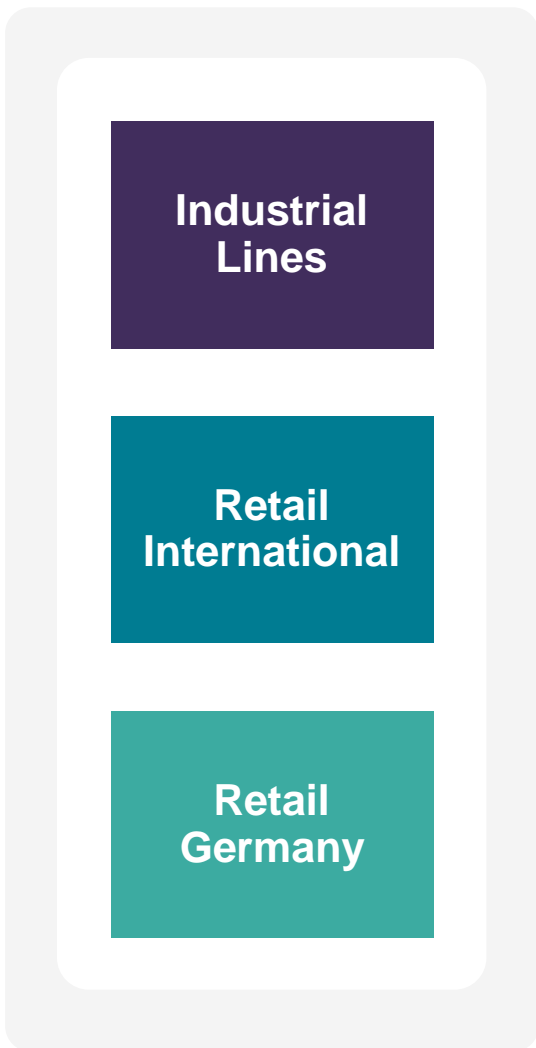
## 2 Talanx Strategy 2023-2025



  
**Keep  
resiliency**

  
**Increase...**  
Return on equity  
Earnings growth  
Dividends per share

# Focused divisonal strategies – Further lifting Primary Insurance contribution



Note: no consideration of Liberty transaction

<sup>1</sup> Percentages are calculated in percent of Group net income adjusted for Corporate Operations and Consolidation

<sup>2</sup> Primary insurance contribution by Segments: Industrial Lines 18%, Retail International 17%, Retail Germany 12%

German Investment Seminar 2024 | Talanx AG | Torsten Leue

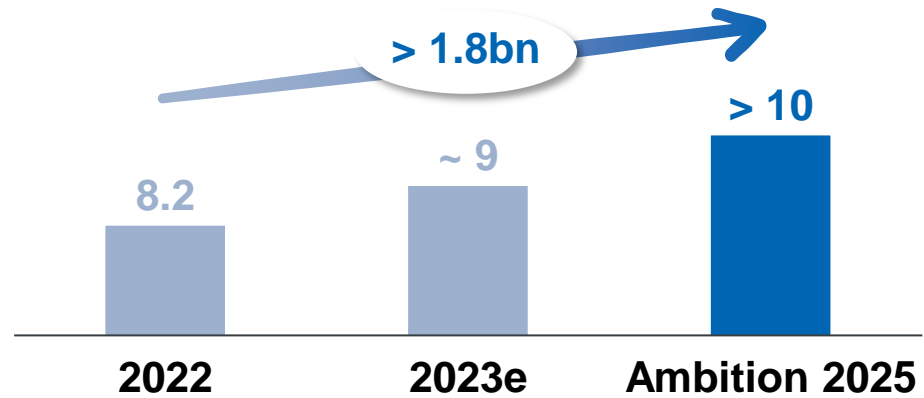
# Focused divisional strategies – Industrial Lines

## Scaling Quality<sup>3</sup>



- Underwriting Champion
- Leading IP and captive service provider
- Specialty Powerhouse

Insurance revenue, in EURbn

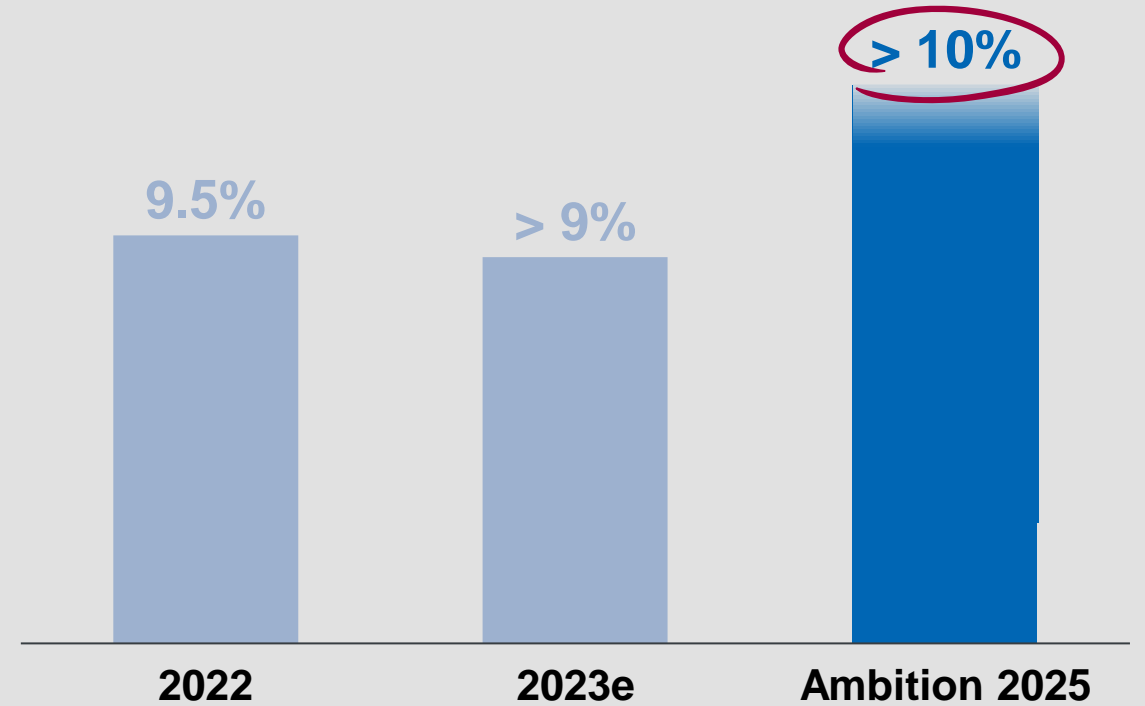


Combined ratio



Note: all figures under IFRS 17

## Double-digit RoE



Note: 2022 under IFRS 4, 2023e and ambition 2025 under IFRS 17

# Focused divisional strategies – Retail International

## Top 5 in core markets



- Organic and anorganic growth
- Sustain technical excellence
- Geographic portfolio diversification

## Top 5 in core P/C markets

Reaching Top 2 in LatAm<sup>1</sup>

Ambition 2025



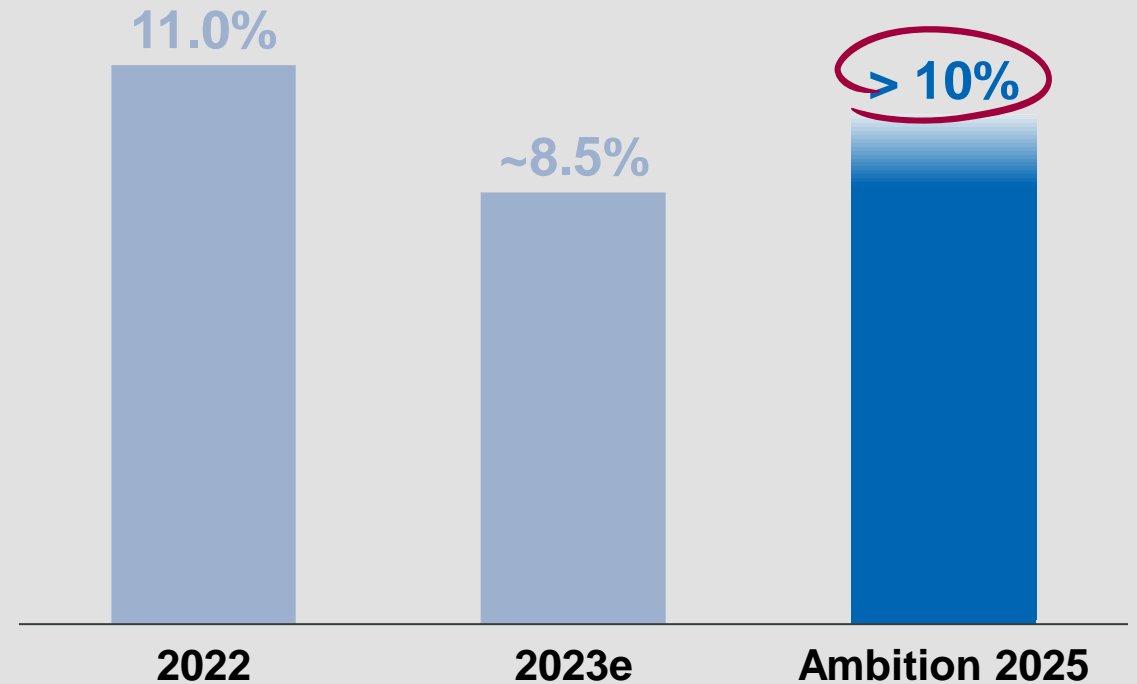
Liberty Transaction

5 out of 5 in P/C<sup>2</sup>



## Double-digit RoE

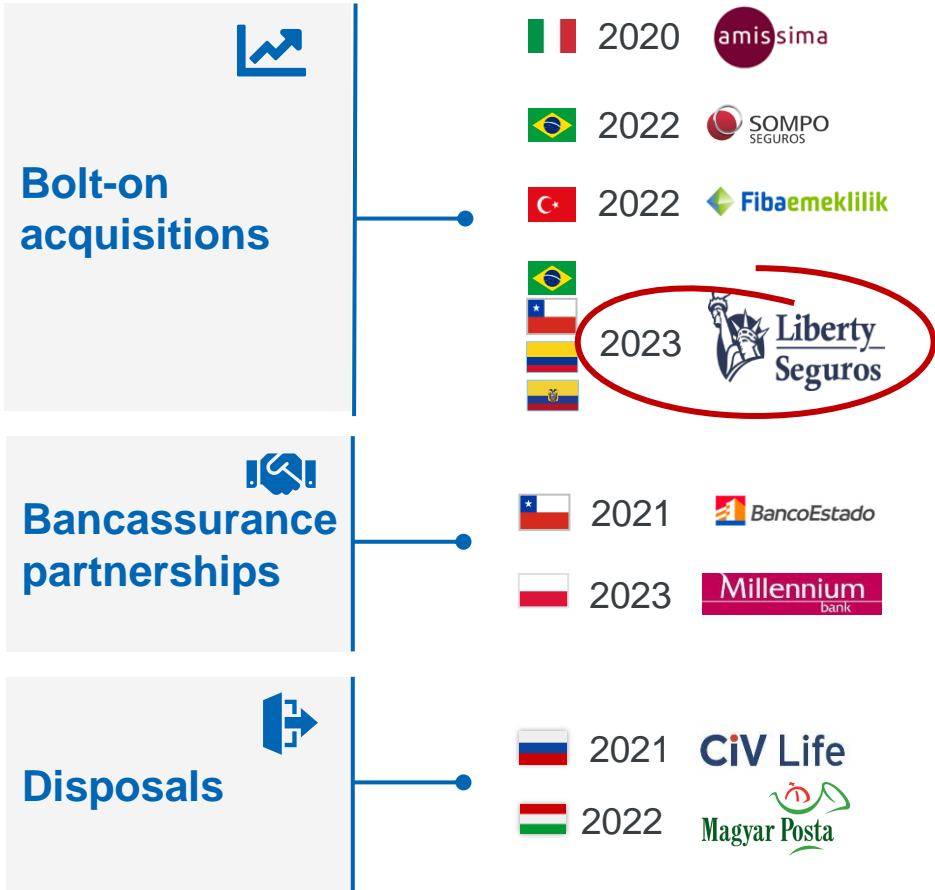
in %



Note: 2022 under IFRS 4, 2023e and ambition 2025 under IFRS 17  
 1 Pro forma incl. Liberty Seguros | 2 FY 2022 4 out of 5 according to local GAAP  
 German Investment Seminar 2024 | Talanx AG | Torsten Leue

# Focused divisional strategies – Successful portfolio moves

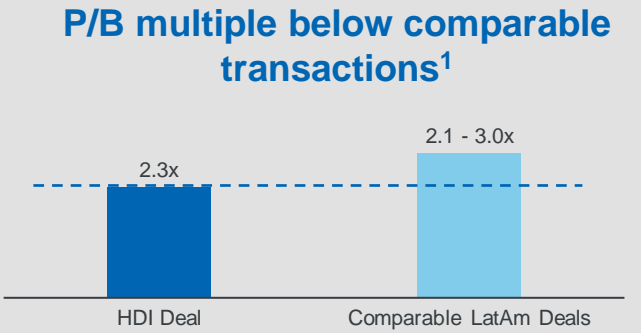
## Solid M&A track record



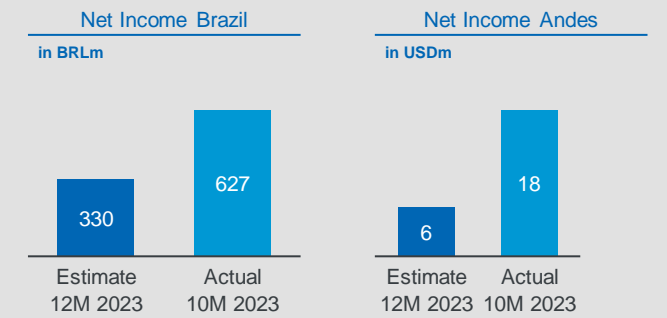
## Liberty is a stellar M&A showcase

**Attractive Price**

**Right timing**



### Outperformance even pre-synergies



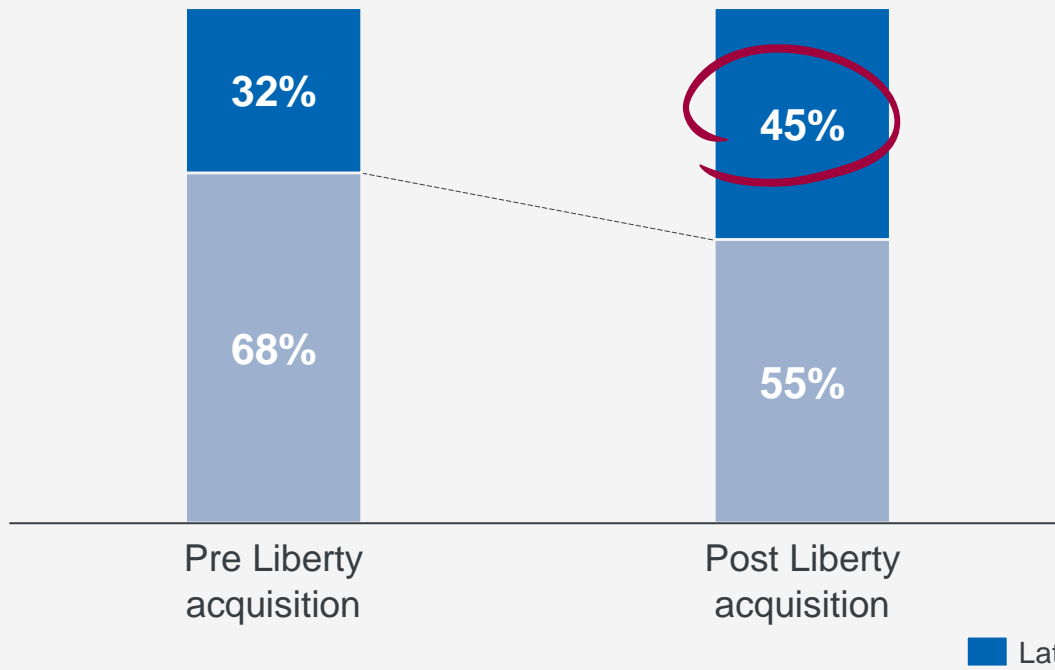
Note: Local GAAP figures

1) LatAm P/B transaction multiples range from 2.1x as mean for LatAm excluding Brazil to 3.0x as mean for Brazil; European comparative multiples based on latest transactions in Spain  
 German Investment Seminar 2024 | Talanx AG | Torsten Leue

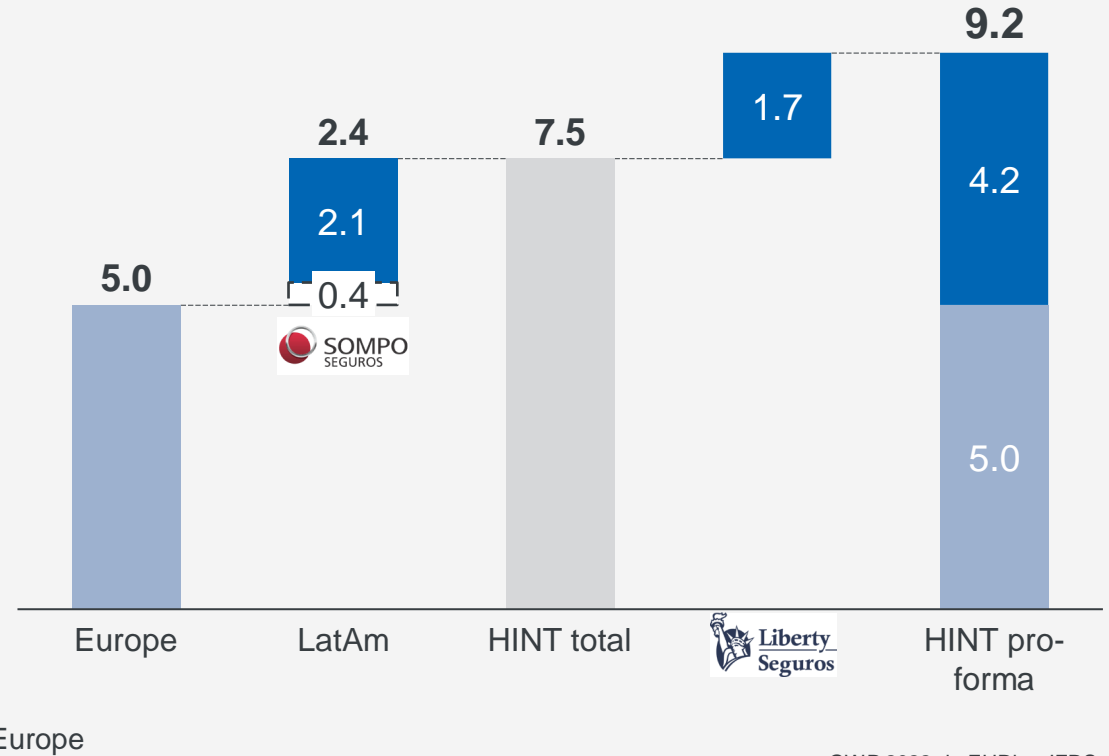


# Focused divisional strategies – Retail International with more balanced regional business mix

### Regional business mix



### Scaling of GWP



GWP 2022, in EURbn, IFRS 4

Note: GWP 2022, IFRS 4, whole Retail International

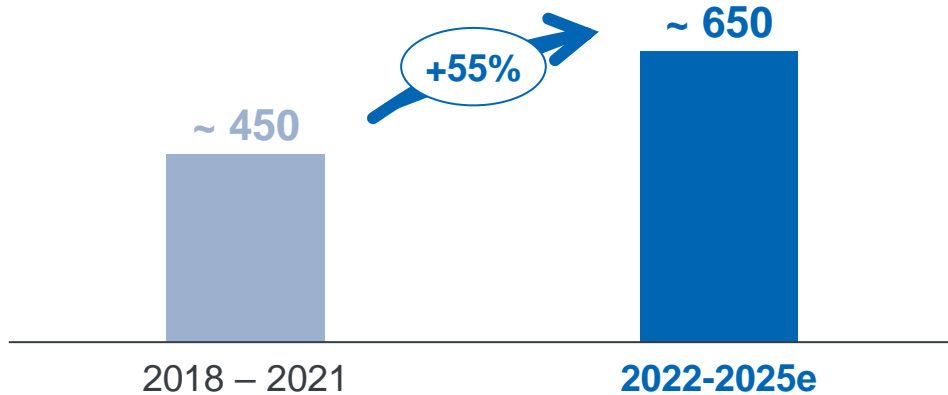
# Focused divisional strategies – Retail Germany

## B2B player



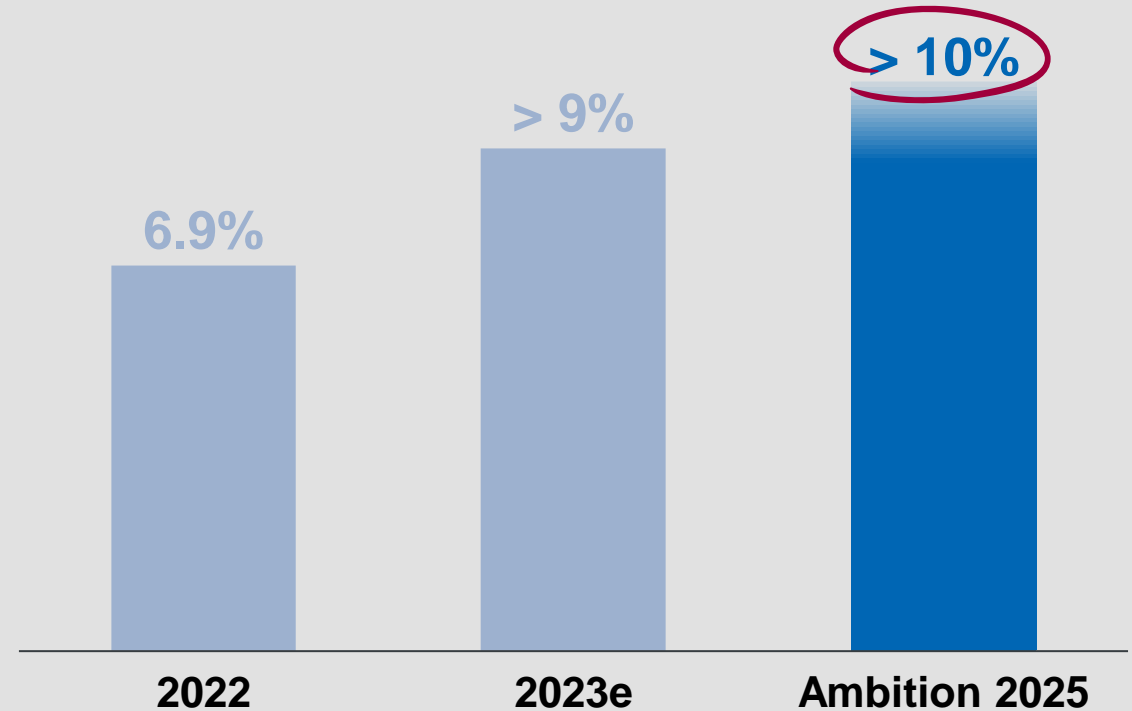
- Life: Accelerating profit & cash contribution
- P&C: Continued SME growth
- RoE > 10%

## Profit transfer, in EURm (German GAAP)



## Double-digit RoE

in %



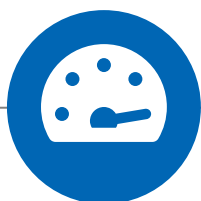
Note: RoE excl. Asset Management contribution; 2022 under IFRS 4, 2023e and ambition 2025 under IFRS 17

## 2 Our three financial promises 2023 – 2025

Liberty not included

### Return on equity

> 10%



High level of profitability

### Net income

> 25%<sup>1</sup>



Strong earnings growth

### Dividend payout

+25%

(increase in 2022 to EUR 2.00)<sup>2</sup>

+25%

(additional increase until 2025)<sup>3</sup>



Attractive dividend

Note: Targets are relevant as of FY2023. Targets are subject to large losses staying within their respective annual large-loss budgets as well as no occurrence of major turmoil on currency and/or capital market

<sup>1</sup> Until 2025 with normalised net income 2022 baseline of EUR 1,250m | <sup>2</sup> Dividend per share for FY2022 paid in 2023 | <sup>3</sup> subject to supervisory board and AGM approval



# Agenda

- 1 Talanx at a glance
- 2 Group strategy
- 3 **Financial performance**
- 4 Appendix

### 3 On track for another record year...

## 9M 2023 Primary Insurance results

### Revenue growth



>10%

### Net income growth



>50%

## Group outlook 2023

### Group net income

>1,500<sup>1</sup>



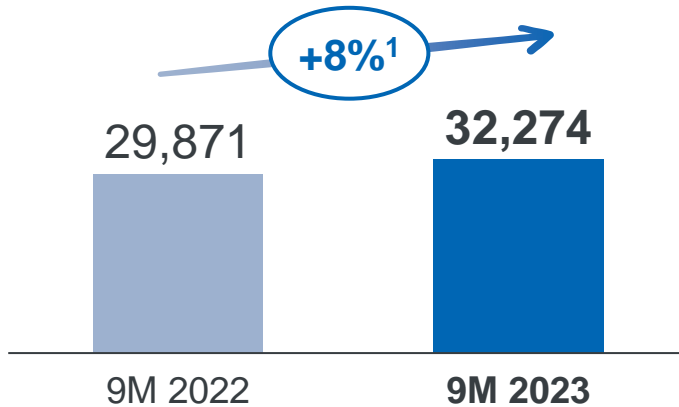
Note: Financial targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations. In addition, the targets may be subject to fluctuations due to the application of the new IFRS 9 accounting standard for the valuation of the investment portfolio.  
1 As announced on 23 October 2023



### 3 ...driven by strong performance of primary insurance

#### Group insurance revenue

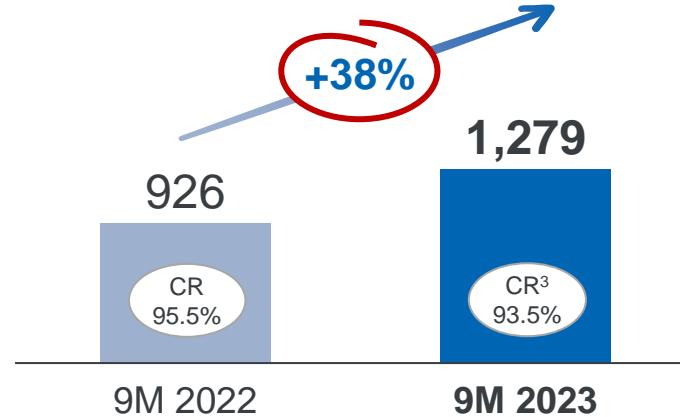
in EURm



Primary Insurance with double digit growth rate driving group insurance revenues

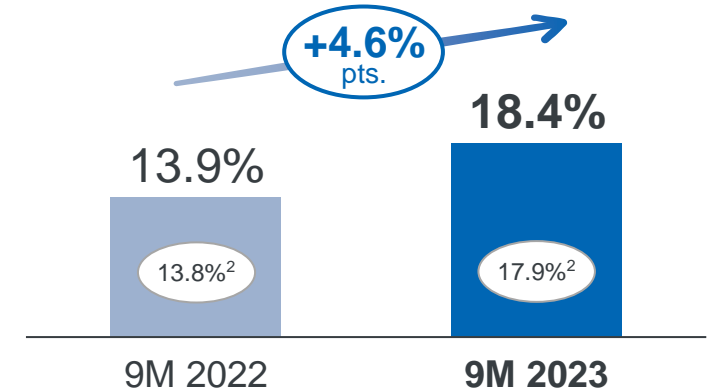
#### Group net income

in EURm



Significantly improved insurance service result leads to strong rise in profitability

#### Group return on equity



Rising RoE despite retained earnings and EUR 300m capital increase

<sup>1</sup> Currency adjusted: 11%

<sup>2</sup> Return on equity adjusted for net income impact from fair value through p&l (FVPL) assets

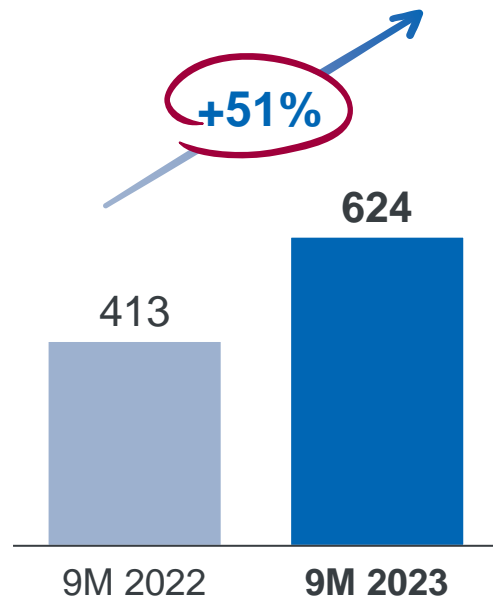
<sup>3</sup> Impact of interest rate changes on CR due to discounting: 1.7%-pts (Discount rate 9M23: 4.6% vs 2.9% in 9M2022)

3

# Accelerated growth in Primary Insurance lifts earnings contribution to almost 50%

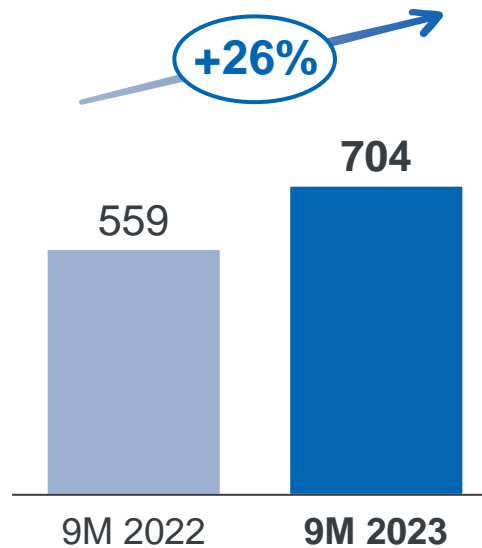
## Primary Insurance net income

in EURm



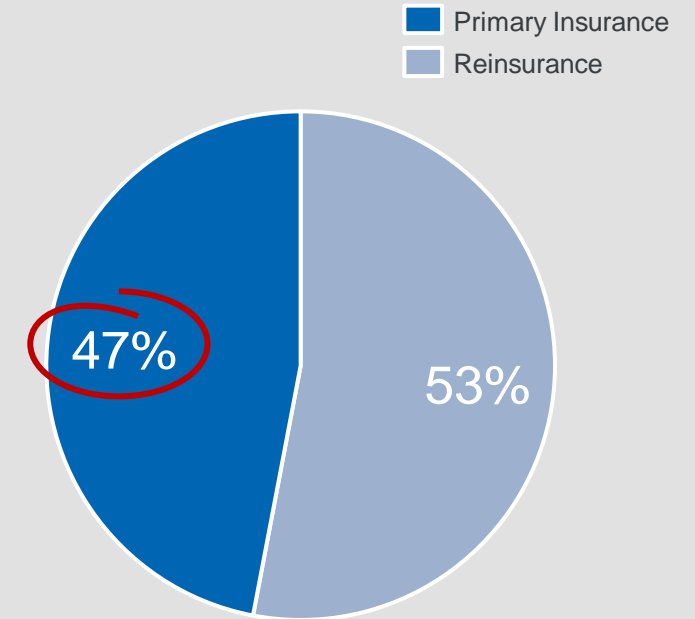
## Reinsurance net income

in EURm



## Total net income split

in % of total<sup>1</sup>



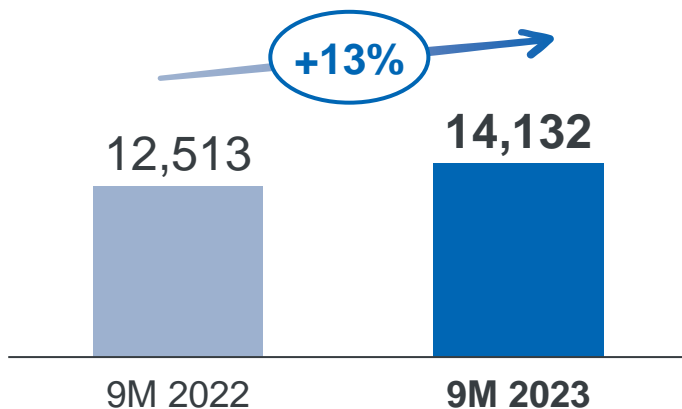
Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International  
1 Percentages are calculated in percent of Group net income adjusted for Corporate Operations and Consolidation

# Primary Insurance

## 3 Bottom line growth exceeds top line growth

### Primary Insurance insurance revenue

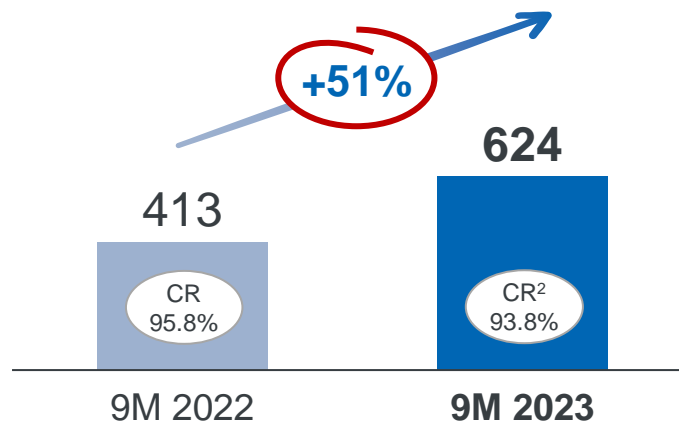
in EURm



Retail International and Industrial Lines with strongest top line contribution

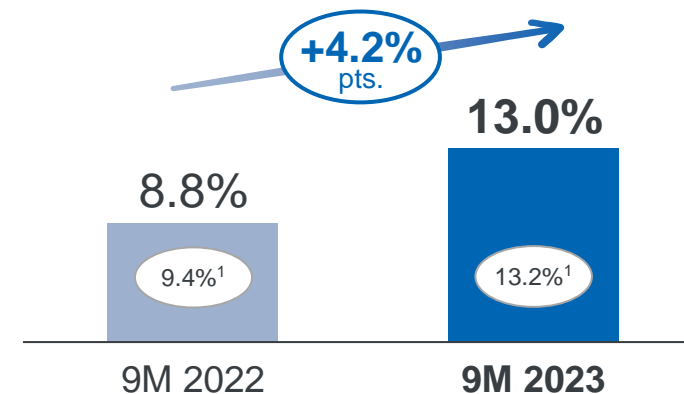
### Primary Insurance net income

in EURm



Benefit from change in discount rate partially used for reserve strengthening

### Primary Insurance return on equity

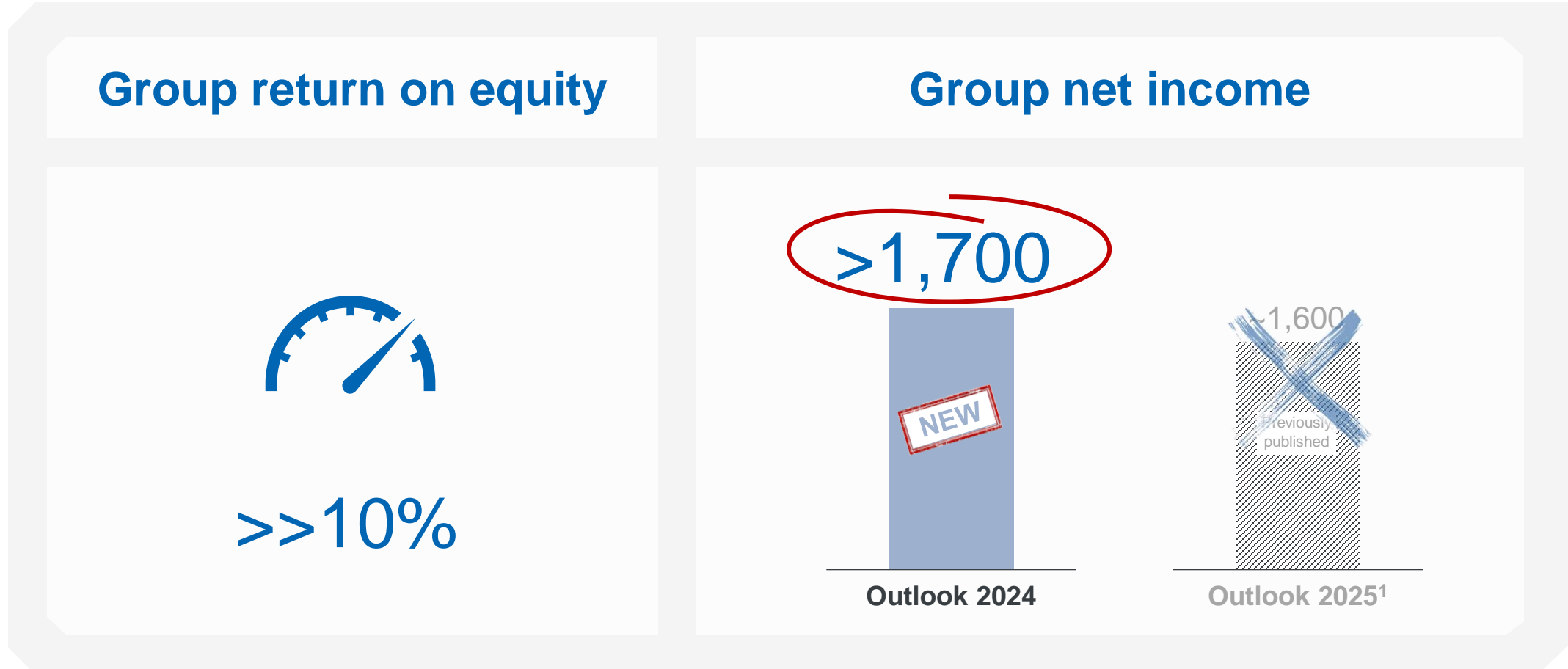


Increased return on equity driven by improved insurance service result

<sup>1</sup> Return on equity adjusted for net income impact from fair value through p&l (FVPL) assets  
<sup>2</sup> Impact of interest rate changes on CR due to discounting: 2.0%-pts (Discount rate 9M23: 4.6% vs 2.6% in 9M2022)

# Outlook 2024

## 3 Delivering and exceeding 2025 target one year ahead of schedule



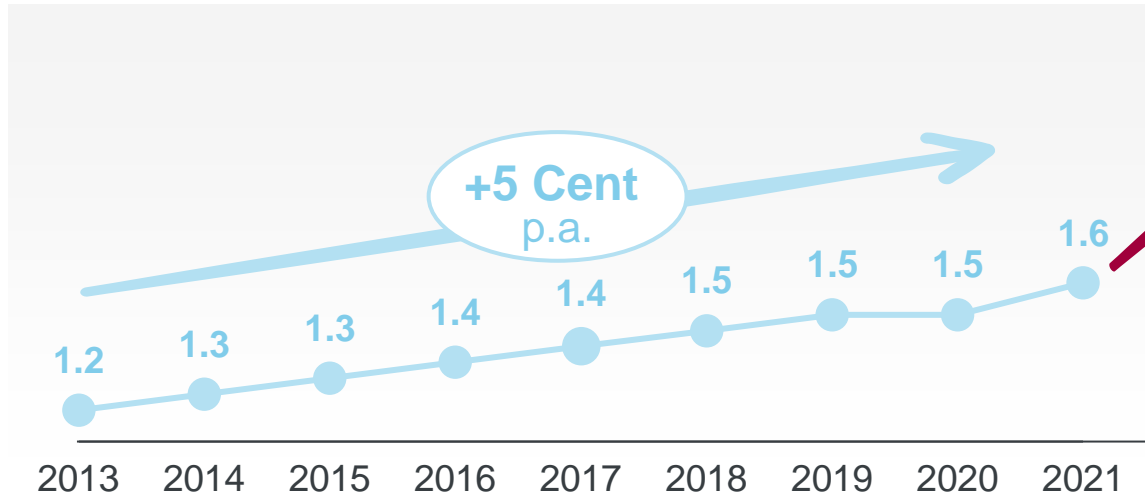
Note: Financial targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations. In addition, the targets may be subject to fluctuations due to the application of the new IFRS 9 accounting standard for the valuation of the investment portfolio.

<sup>1</sup> As communicated on Capital Markets Day on 6 December 2022

# First step of revised dividend policy delivered

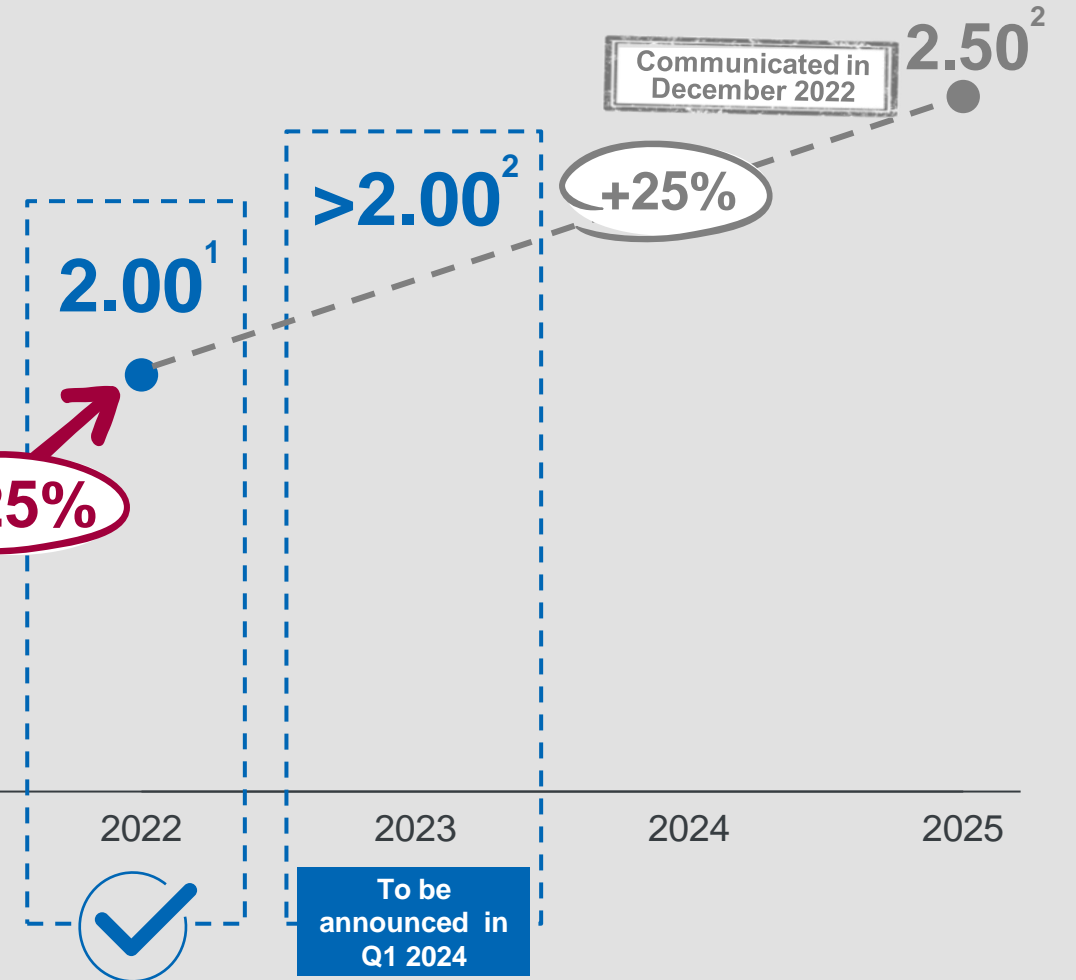
## 2013 - 2021: Stable or upwards

in EUR per share



1 Dividend for FY 2022 paid in 2023 | 2 Subject to AGM approval

## 2022 - 2025e: Upwards



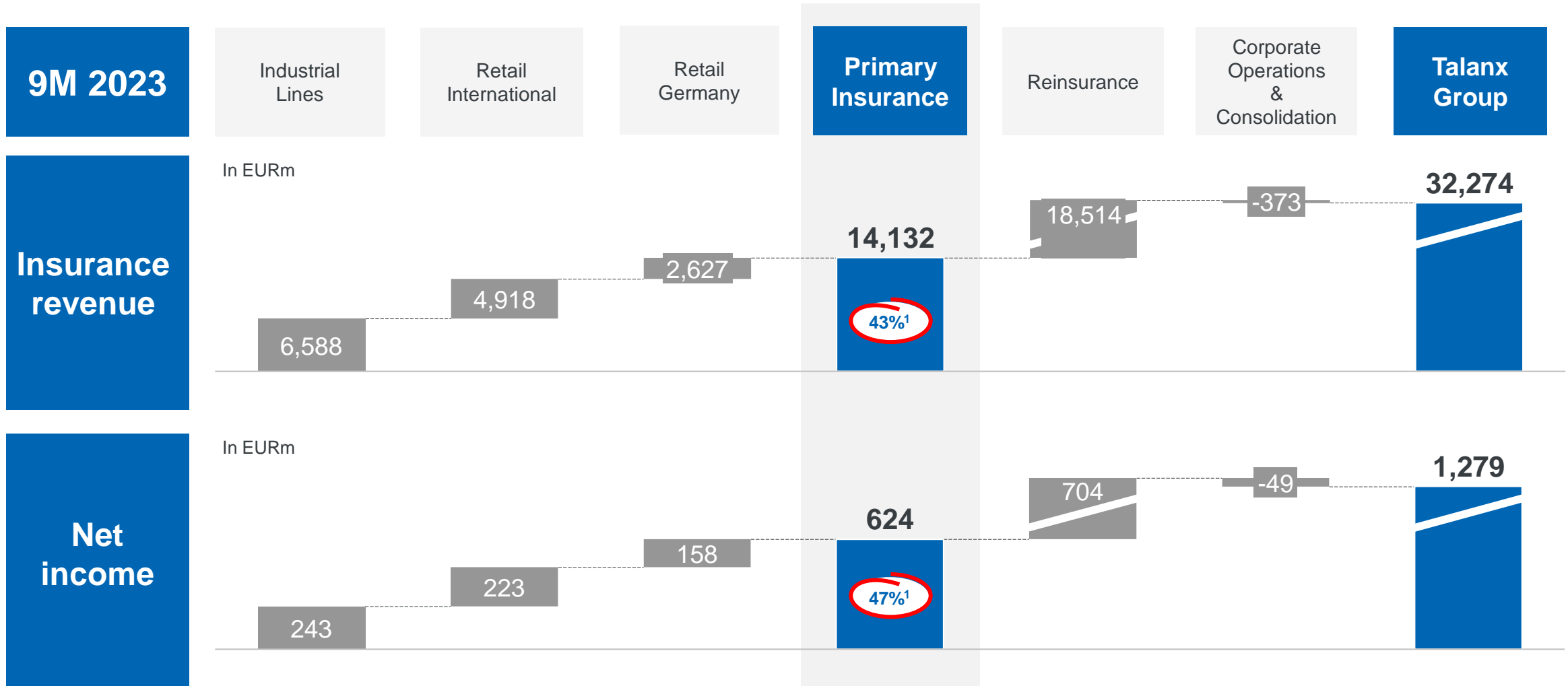




# Agenda

- 1 Talanx at a glance
- 2 Group strategy
- 3 Financial performance
- 4 **Appendix**

# 4 High degree of diversification with strong primary insurance contribution

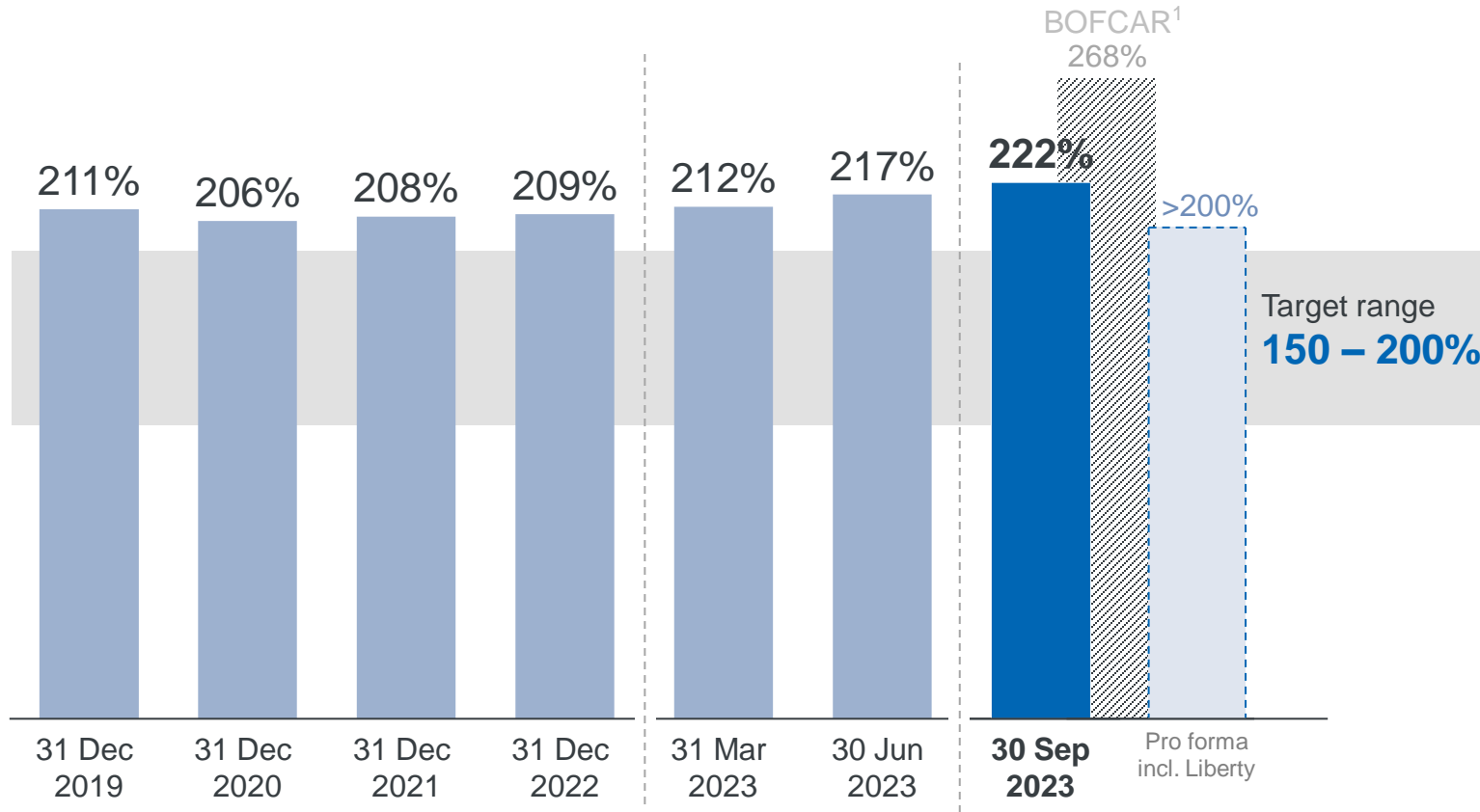


Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International

<sup>1</sup> Percentages are calculated in percent of Group insurance revenue and net income respectively, adjusted for Corporate Operations and Consolidation

## 4 Strong capitalisation

### High solvency capital generation in 2023



Note: Solvency 2 ratio of HDI Group as the regulated entity, as of period end excluding transitional measures. Solvency 2 ratio including transitional measures as of 30 Sep 2023: 253%

<sup>1</sup> Economic funds excl. regulatory haircut for Hannover Re minorities

### Strong ratings

**S&P Global**  
Ratings

**A+**  
(stable)

**AM**  
**BEST**  
SINCE 1899

**A+**  
(stable)

Note: Insurer Financial Strength Rating

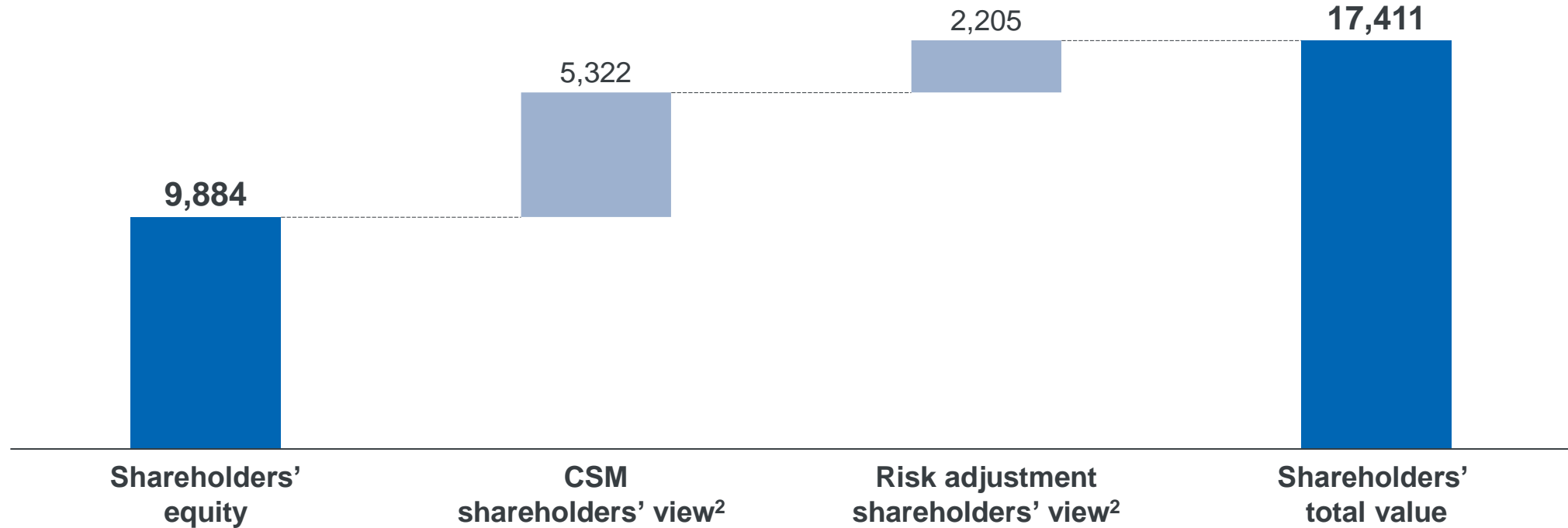
4

# Shareholders' total value

## Intrinsic value of EUR ~67 per share

### Shareholders' capital

After taxes and minorities, as of 30 Sep 2023, in EURm



**Value per share<sup>1</sup>**  
in EUR

38.28<sup>3</sup>

20.61

8.54

67.42<sup>4</sup>

1 Based on 258,228,991 shares

2 Based on flat / average tax rates and minorities

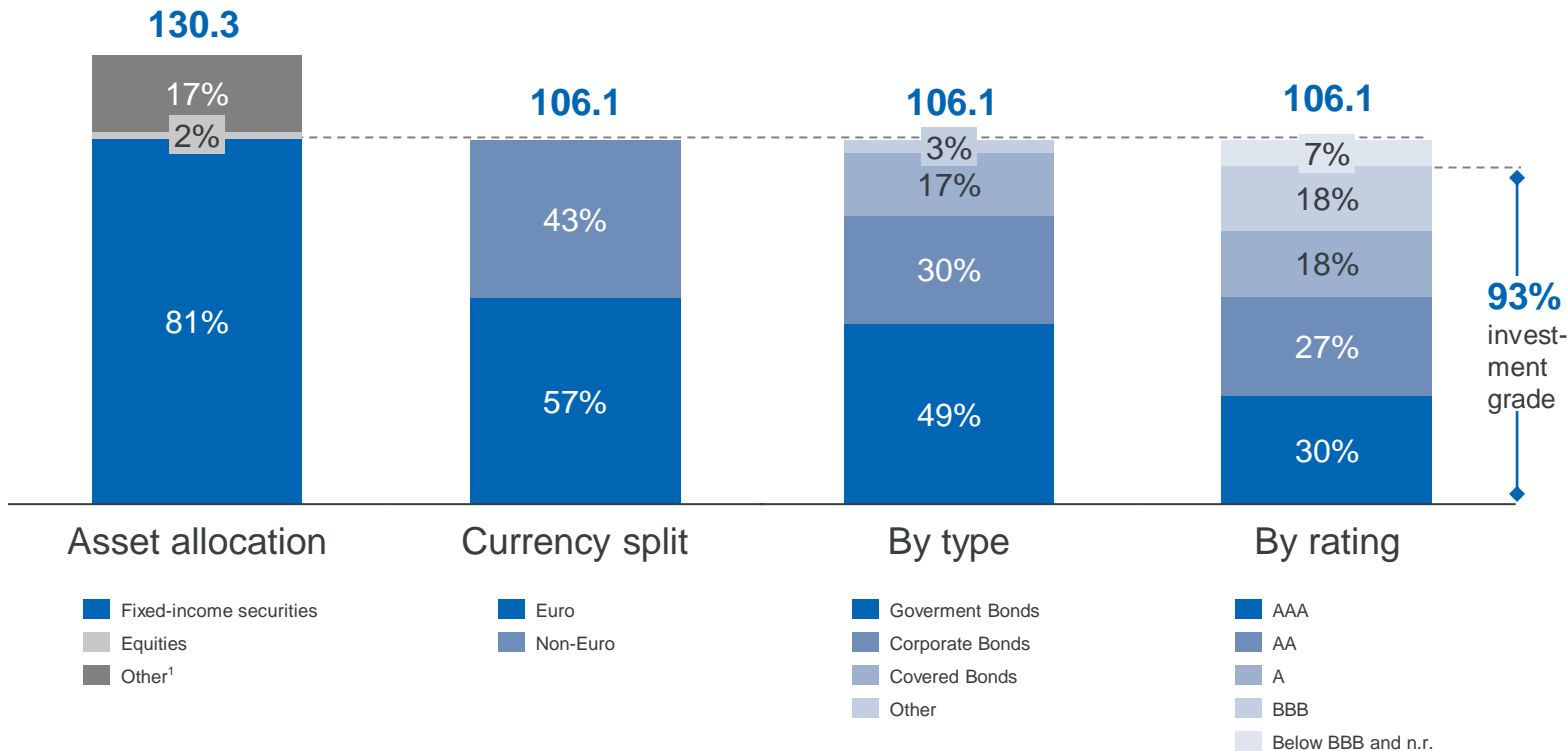
3 Incl. goodwill (excl. goodwill EUR 33.84)

4 Incl. goodwill (excl. goodwill EUR 62.98)

# 4 Our low beta investment portfolio

## Investments for own risk

As of 30 Sep 2023, in EURbn



Investments for own risk increased by ~ EUR 3.0bn vs 31 Dec 2022

~10%pts migration of bond rating from AAA to AA versus 30 Jun 2023 due to U.S. credit rating downgrade

Note: "Below BBB and n.r." includes non-rated bonds

<sup>1</sup> Includes mainly private equity, real estate and infrastructure investments

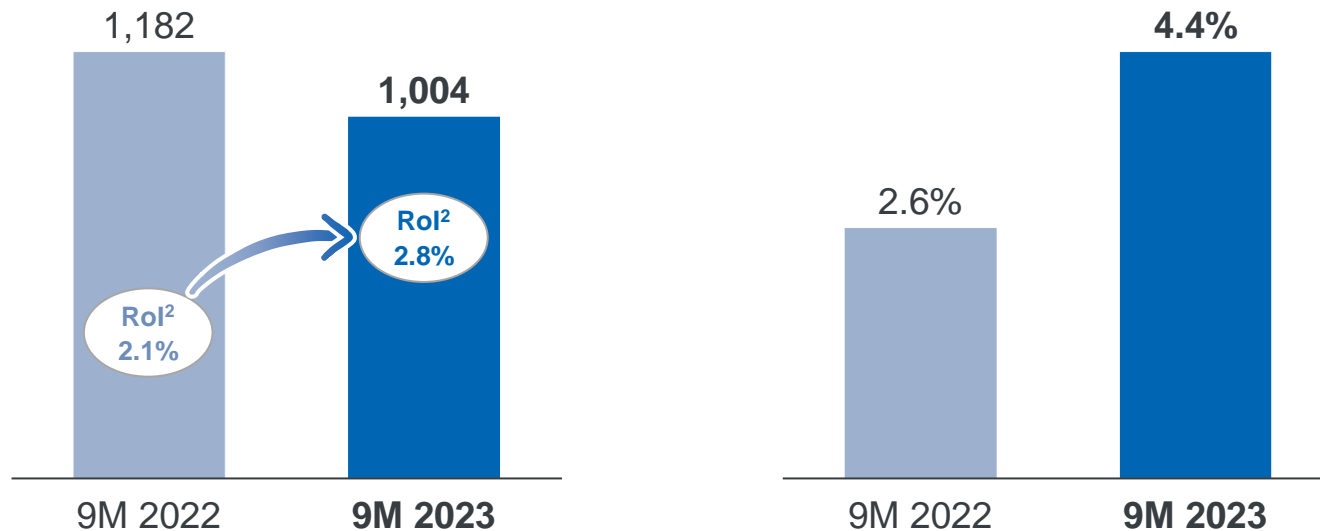


# 4 Group investment portfolio management actions starting to materialise

## Net insurance finance and investment result<sup>1</sup>

## Average reinvestment yield<sup>3</sup>

in EURm



Strong ordinary investment result + EUR 280m versus 9M 2022 mainly benefiting from higher interest rates

Realised losses from bond portfolio management actions of EUR ~180m impacting net insurance finance and investment result in P/C

<sup>1</sup> Before currency effects

<sup>2</sup> Net return on investments for own risk: Income from investments for own risk divided by average investments for own risk

<sup>3</sup> On fixed income securities

## Q3 2023 and 9M 2023 results overview – Talanx Group

EURm	Q3 2022	Q3 2023	9M 2022	9M 2023	9M 2023 / 9M 2022
<b>Insurance revenue (gross)</b>	<b>10,712</b>	<b>11,411</b>	<b>29,871</b>	<b>32,274</b>	<b>+8%</b>
<b>Insurance service result (net)</b>	<b>496</b>	<b>950</b>	<b>1,789</b>	<b>2,577</b>	<b>+44%</b>
<i>thereof Non-Life</i>	314	610	1,078	1,675	+55%
Net investment income for own risk	740	931	2,177	2,657	+22%
Result from unit-linked contracts	-248	-72	-1,850	707	+138%
Net insurance finance result before currency effects	-116	-615	856	-2,360	-376%
<b>Net insurance finance and investment result before currency effects</b>	<b>376</b>	<b>244</b>	<b>1,182</b>	<b>1,004</b>	<b>-15%</b>
Net currency result	66	-36	34	0	-99%
Other result	-192	-356	-756	-822	-9%
<b>Operating result (EBIT)</b>	<b>747</b>	<b>802</b>	<b>2,249</b>	<b>2,760</b>	<b>+23%</b>
Financing costs	-39	-54	-128	-175	-37%
Taxes on income	-220	-91	-461	-540	-17%
Minority interest on profit & loss	-247	-205	-735	-765	-4%
<b>Net income</b>	<b>240</b>	<b>452</b>	<b>926</b>	<b>1,279</b>	<b>+38%</b>
<b>Earnings per share (EPS)</b>	<b>0.95</b>	<b>1.78</b>	<b>3.66</b>	<b>5.05</b>	<b>+1.39</b>
Combined ratio P/C	96.4%	93.3%	95.5%	93.5%	-1.9%pts
Tax ratio	31.1%	12.1%	21.7%	20.9%	-0.8%pts
<b>Return on equity</b>	<b>10.5%</b>	<b>19.0%</b>	<b>13.9%</b>	<b>18.4%</b>	<b>+4.6%pts</b>
Return on investment for own risk	2,3%	2,9%	2.1%	2.8%	+0.6%pts

## 4 Q3 2023 results overview - Segments

EURm	Industrial Lines		Retail Germany		Retail International		Primary Insurance		Reinsurance	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023
<b>Insurance revenue (gross)</b>	2,143	2,367	929	905	1,412	1,830	4,484	5,101	6,515	6,242
<b>Insurance service result (net)</b>	49	189	51	135	17	118	117	442	370	483
Net investment income for own risk	60	27	212	329	109	157	380	513	376	424
Result from unit-linked contracts	0	0	-239	-71	-8	-1	-248	-72	0	0
Net insurance finance result before currency effects	6	-54	35	-241	-47	-52	-6	-346	-113	-260
<b>Net insurance finance and investment result before currency effects</b>	<b>66</b>	<b>-27</b>	<b>7</b>	<b>17</b>	<b>53</b>	<b>104</b>	<b>127</b>	<b>95</b>	<b>263</b>	<b>165</b>
Net currency result	13	-1	32	11	-1	-4	44	7	21	-42
Other result	-31	-60	-56	-46	-46	-60	-133	-165	-104	-115
<b>Operating result (EBIT)</b>	<b>97</b>	<b>102</b>	<b>34</b>	<b>118</b>	<b>23</b>	<b>158</b>	<b>155</b>	<b>378</b>	<b>550</b>	<b>491</b>
Financing costs	-2	-2	-2	-2	-4	-8	-8	-12	-26	-33
Taxes on income	-21	-9	-33	-43	5	-50	-49	-102	-164	-20
Minority interest on profit & loss	0	0	-2	-3	-15	-18	-17	-21	-209	-218
<b>Net income</b>	<b>75</b>	<b>92</b>	<b>-2</b>	<b>70</b>	<b>8</b>	<b>82</b>	<b>81</b>	<b>244</b>	<b>151</b>	<b>220</b>
Combined ratio P/C	97.7%	92.0%	94.7%	94.6%	97.7%	94.1%	97.4%	93.1%	95.4%	93.4%
<b>Return on equity</b>	<b>12.5%</b>	<b>14.5%</b>	<b>-0.5%</b>	<b>18.4%</b>	<b>1.5%</b>	<b>12.3%</b>	<b>4.9%</b>	<b>14.5%</b>	<b>12.8%</b>	<b>19.0%</b>
Return on investments for own risk	2.1%	0.8%	1.7%	2.8%	3.2%	4.8%	2.1%	2.8%	2.7%	2.9%

Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International

## 4 9M 2023 results overview - Segments

EURm	Industrial Lines		Retail Germany		Retail International		Primary Insurance		Reinsurance	
	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023
<b>Insurance revenue (gross)</b>	5,975	6,588	2,641	2,627	3,898	4,917	12,513	14,132	18,331	18,514
<b>Insurance service result (net)</b>	275	481	259	314	127	303	660	1,098	1,064	1,561
Net investment income for own risk	171	135	555	860	278	409	1,004	1,404	1,216	1,291
Result from unit-linked contracts	0	0	-1,790	684	-61	24	-1,850	707	0	0
Net insurance finance result before currency effects	-3	-112	1,253	-1,456	-83	-171	1,168	-1,740	-319	-602
<b>Net insurance finance and investment result before currency effects</b>	<b>169</b>	<b>22</b>	<b>19</b>	<b>87</b>	<b>134</b>	<b>262</b>	<b>321</b>	<b>371</b>	<b>897</b>	<b>688</b>
Net currency result	-27	4	66	1	6	3	45	8	-6	-8
Other result	-146	-214	-165	-135	-139	-161	-450	-510	-278	-389
<b>Operating result (EBIT)</b>	<b>271</b>	<b>293</b>	<b>178</b>	<b>268</b>	<b>128</b>	<b>407</b>	<b>577</b>	<b>967</b>	<b>1.676</b>	<b>1.853</b>
Financing costs	-7	-8	-5	-5	-3	-18	-15	-31	-80	-107
Taxes on income	-65	-42	-8	-96	-25	-107	-98	-246	-368	-318
Minority interest on profit & loss	0	0	-6	-9	-45	-58	-51	-67	-669	-724
<b>Net income</b>	<b>199</b>	<b>243</b>	<b>159</b>	<b>158</b>	<b>55</b>	<b>223</b>	<b>413</b>	<b>624</b>	<b>559</b>	<b>704</b>
Combined ratio P/C	95.4%	92.7%	94.4%	95.6%	96.9%	94.9%	95.8%	93.8%	95.1%	93.1%
<b>Return on equity</b>	<b>11.6%</b>	<b>13.4%</b>	<b>12.7%</b>	<b>14.2%</b>	<b>3.2%</b>	<b>11.9%</b>	<b>8.8%</b>	<b>13.0%</b>	<b>15.5%</b>	<b>20.5%</b>
Return on investments for own risk	2.0%	1.5%	1.4%	2.5%	2.7%	4.2%	1.7%	2.6%	2.9%	3.0%

Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International

## 4 Contact us



### Bernd Sablowsky

Head of Investor Relations and M&A

+49 511 3747-2793

[bernd.sablowsky@talnx.com](mailto:bernd.sablowsky@talnx.com)



### Anna Färber

Event Management

+49 511 3747-2227

[anna.farber@talnx.com](mailto:anna.farber@talnx.com)



### Bernt Gade

Equity & Debt IR

+49 511 3747-2368

[bernt.gade@talnx.com](mailto:bernt.gade@talnx.com)



### Jessica Blinne

Equity & Debt IR

+49 511 3747-2135

[jessica.blinne@talnx.com](mailto:jessica.blinne@talnx.com)



### Steffen Olinski

Equity & Debt IR

+49 511 6455-2556

[steffen.olinski@talnx.com](mailto:steffen.olinski@talnx.com)



Microsoft Teams You can reach us also via video conference

## Join us

08 Jan 2024

ODDO BHF / Commerzbank conference, New York

15 Jan 2024

Kepler Cheuvreux / UniCredit conference, Frankfurt

15 Jan 2024

Oddo BHF Forum, digital

08 Feb 2024 (tbc)

Preliminary FY 2023 results

21 Mar 2024

FY 2023 results



## Follow us

[www.talnx.com](http://www.talnx.com)

## Find us

Talanx AG  
HDI-Platz 1, 30659 Hannover, Germany  
E-mail: [ir@talnx.com](mailto:ir@talnx.com)

**talnx.**

# Qualifications and caveats

This presentation contains forward-looking statements which are based on certain assumptions, expectations and opinions of the management of Talanx AG (the “Company”) or cited from third-party sources. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond the Company’s control, affect the Company’s business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialise, actual results, performance or achievements of the Company may vary materially from those expressed or implied as being expected, anticipated, intended, planned, believed, sought, estimated or projected in the relevant forward-looking statement. The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does the Company accept any responsibility for the actual occurrence of the forecasted developments. The Company neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate.

Presentations of the company usually contain supplemental financial measures (e.g., return on investment, return on equity, gross/net combined ratios, solvency ratios) which the Company believes to be useful performance measures but which are not recognised as measures under International Financial Reporting Standards, as adopted by the European Union (“IFRS”). Therefore, such measures should be viewed as supplemental to, but not as substitute for, balance sheet, statement of income or cash flow statement data determined in accordance with IFRS. Since not all companies define such measures in the same way, the respective measures may not be comparable to similarly-titled measures used by other companies.

This presentation is dated as of 8 January 2024. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. This material is being delivered in conjunction with an oral presentation by the Company and should not be taken out of context.

Numbers and percentages may not add up due to rounding. For the same reason, percentage changes may not be consistent with the absolute numbers they relate to.

**talánx.**

Insurance. Investments.