

Talanx Group raises its sights significantly for period up to 2025

- 25 percent earnings increase targeted: Group net income to rise to approximately EUR 1,600 million by 2025
- Dividend for 2022 to rise by 25 percent: EUR 2.00 (1.60) proposed
- Further 25 percent increase to EUR 2.50 per share in the period up to 2025 puts dividend on strong growth trajectory
- Group-wide return on equity target of above 10 percent
- Goals for 2019–2022 strategy cycle exceeded despite adverse external factors

Hannover, 6 December 2022

The Talanx Group is significantly raising its sights for the next three years with its new Strategy 25: the goal is for the Group's return on equity to permanently exceed 10 percent. Group net income should rise by more than 25 percent to approximately EUR 1,600 million¹ by the end of financial year 2025. Shareholders are to clearly benefit from this and from the growth in net income in the current strategy cycle: the Board of Management will propose a dividend increase of 25 percent to EUR 2.00 (1.60) for financial year 2022 to the 2023 General Meeting and is aiming for a further overall increase of 25 percent over the next three years, bringing the target dividend for financial year 2025 to EUR 2.50. A new human resources strategy that focuses on attracting specialists and on leveraging the opportunities offered by diversity and new work is to flank these strategic Group goals. In 2018, the Group set itself medium-term targets for its return on equity, earnings per share and dividend distribution under its expiring strategy cycle. These targets have been exceeded in the last four years, despite a wide range of adverse external factors.

¹ On initial application of IFRS 17 as of January 2023, unearned profit (known as the "contractual service margin" or CSM) in the Life Insurance segments of Talanx's primary insurance and reinsurance operations must be deferred and reversed to income in subsequent years. The Talanx Group expects this to positively impact Group net income by approximately EUR 100 million compared to the current net income forecast of EUR 1,050–1,150 million for financial year 2022. For simplicity's sake, the medium-term goal for the period up to 2025 has been calculated using the upper end of the current forecast range for 2022 Group net income plus the positive effect on net income of approximately EUR 100 million.

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“We have more than delivered on all our medium-term targets from 2018 despite negative impacts that were mainly due to COVID-19 and a large number of natural disasters. This shows we can withstand external shocks well thanks to our resilience and diversification. Our primary insurance operations played a particularly large role in these successes, and it is clear that our optimisation measures and growth programmes have paid off. We are aiming to build on this clear show of strength to improve our performance even further, and are setting ourselves additional, highly ambitious goals that are bundled together in our Strategy 25”, said Talanx CEO Torsten Leue. “The key factors underpinning these ambitious plans are ongoing organic and non-organic growth, underwriting excellence, a focus on profitable business in the divisions and a decentralised corporate culture that is based on trust.”

Ambitions overachieved: 2018 medium-term targets more than met despite adverse external factors

The Group has more than delivered on the targets it set itself in its expiring strategy cycle for 2019–2022 despite significant adverse external factors. For example, the average return on equity for 2019–2022 was approximately 9 percent, above the minimum target of 800 basis points above the risk-free rate. For the coming financial year, the Group is expecting a return on equity in excess of 10 percent – a figure that is already clearly aligned with its target for the period up to 2025. As regards earnings per share, Talanx set itself a minimum growth target of 5 percent in 2018 and is likely to outperform this as well with a profit forecast to be in the range of EUR 1,050–1,150 million. The same applies to the distribution ratio, which at an average of 46 percent was also exceeded in 2019–2021.

Primary insurance operations played a major role in the success of the expiring strategy cycle 2019–2022, improving its share of Group net income from 31 percent to roughly 40 percent during this period. The drivers for this positive trend are the efficiency gains achieved in the Industrial Lines and Retail Germany divisions, plus the constant growth trajectory in the Retail International division. Looking to the future, the Group intends to lift the share of Group net income attributable to its primary insurance operations to 50 percent.

Divisional strategies confirmed: on track despite adverse external factors

Industrial Lines is on the way to achieving the target profitability it was aiming for one year ahead of schedule, while also achieving profitable growth of more than 17 percent. The division is expecting a combined ratio of 96.5 percent for the current financial year, putting it fully on track to meet its target of 95 percent by 2025. It is aiming to further increase its return on equity in the coming years to total more than 10 percent. In addition, the division will continue its global scale-up, focusing on underwriting excellence, the continued expansion of its specialty business and the expansion of services for captives, among other things. The measures are designed to help ensure gross written premiums top EUR 10 billion by 2025.

The Retail Germany Division has confirmed the core targets for its “GO 25” programme, which focus on the Life Insurance segment and on its business with small and medium enterprises (SMEs), among other things. The division is also aiming to play a leading role in the bancassurance business and to continue expanding its top-five market position in Germany in the period up to 2025. It is responding to current challenges – and especially inflation, natural disasters and rising interest rates – with price adjustments and by cutting costs. The objective is both to generate a solid contribution to profits and to substantially increase

the distribution ratio, and hence to make an important contribution to the Group's adjusted dividend strategy.

The Retail International Division has also confirmed its ambitious targets for the period up to 2025: as with all the other divisions, it is aiming to grow its return on equity to more than 10 percent over the next three years. The division's other core goal remains to achieve a top five position for its entire property/casualty business in its core markets of Poland, Turkey, Brazil, Mexico and Chile. This target was already met in the motor vehicle insurance business in 2021. The division is aiming to achieve its strategic targets through organic and non-organic growth in its core markets, by further improving the quality of its underwriting from its already high level, by expanding its diversification through growth in its non-motor insurance business in particular, and by continuing to drive forward digitalisation activities.

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[The Capital Markets Day presentation can be found on the event page.](#)

About Talanx

Talanx is a major European insurance group with premium income of EUR 45.5 billion (2021) and roughly 24,000 employees worldwide. Based in Hannover, Germany, the Group is active in more than 175 countries. Talanx is a multibrand 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 about 120 years. Other Group brands include Hannover Re, one of the world's leading reinsurers; the bancassurance specialists Targo insurers, PB insurers 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 agency Standard & Poor's has awarded the Talanx Primary Insurance Group a financial strength rating of A+/stable ("strong") and the Hannover Re Group one of AA-/stable ("very strong"). Talanx AG is listed on the Frankfurt Stock Exchange, where it is a member of the

