



talanx.
Insurance. Investments.

Oddo BHF Small & Mid Cap Conference

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24 February 2021

1 Equity Story – Five arguments for an investment in Talanx

#1

Diversified insurance group: majority owner of Hannover Re, growing contribution from primary insurance

#2

Proven capacity to generate above-average growth backed by cost leadership in 3 out of 4 divisions

#3

Resilient business model driven by the good solvency position and the risk-conscious investment policy

#4

Group net income outlook “EUR 800m to EUR 900m” in 2021. Expected return to mid-term growth path in 2022

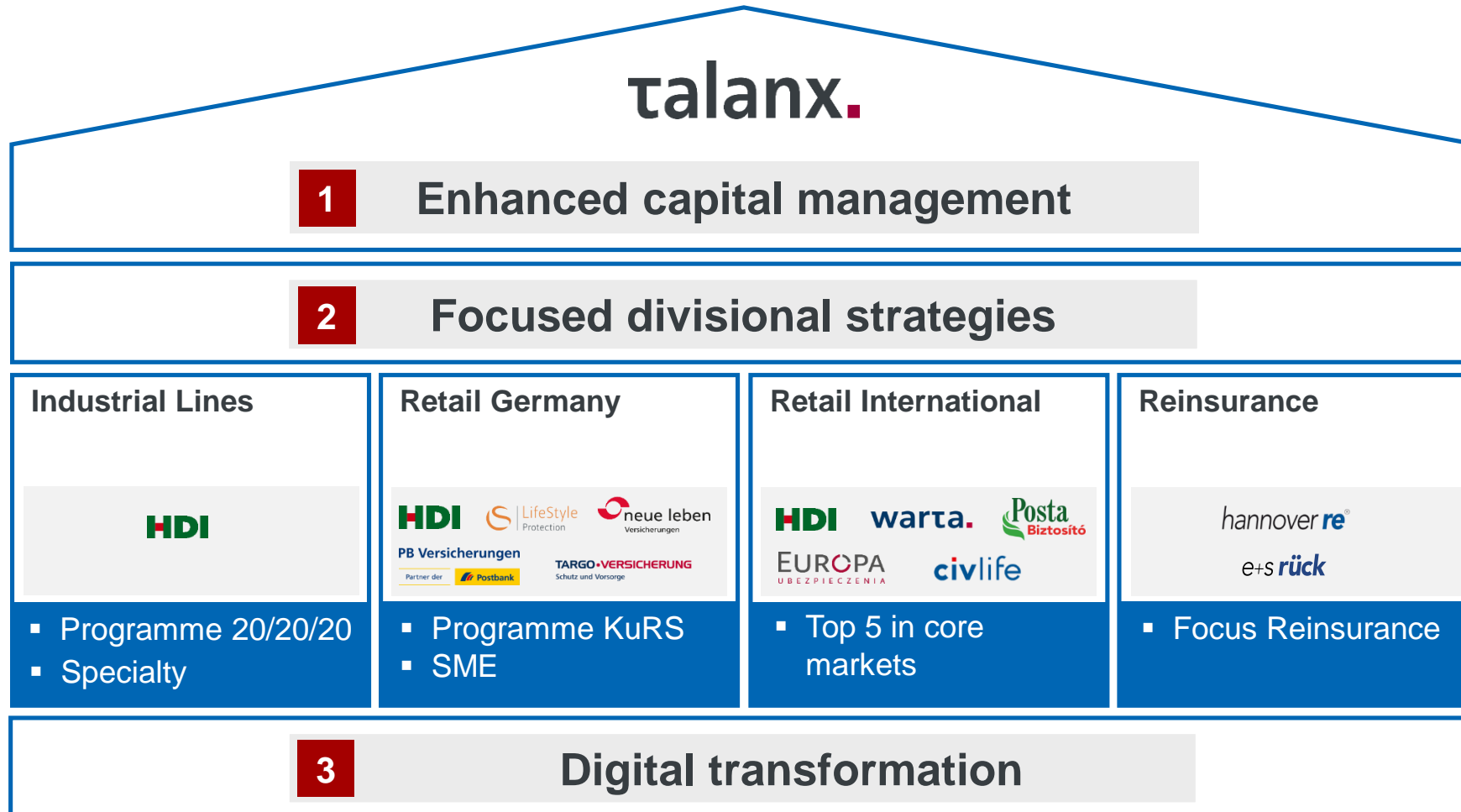
#5

Attractive and consistent dividend policy. Unchanged dividend proposal of EUR 1.50 per share for 2020 (subject to regulator’s approval)

1 Equity Story – Forward-looking strategic and cultural positioning



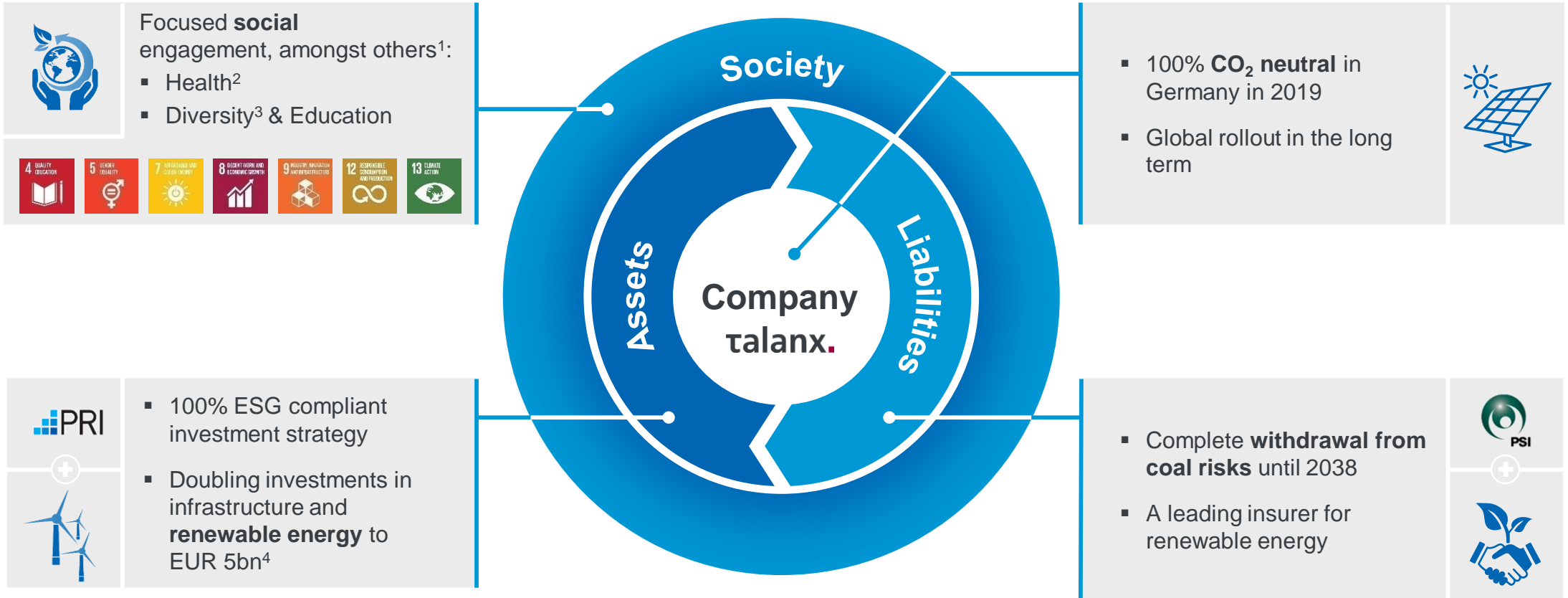
1 Equity Story – Three strategic areas...



Sustainability

ESG
Environmental
Social
Governance

1 ...flanked by our sustainability approach



1 In the "social" area, Talanx focuses specifically on selected sustainability goals of the United Nations (UN SDGs) and supports a wide range of initiatives; for a detailed presentation see Talanx Sustainability Report

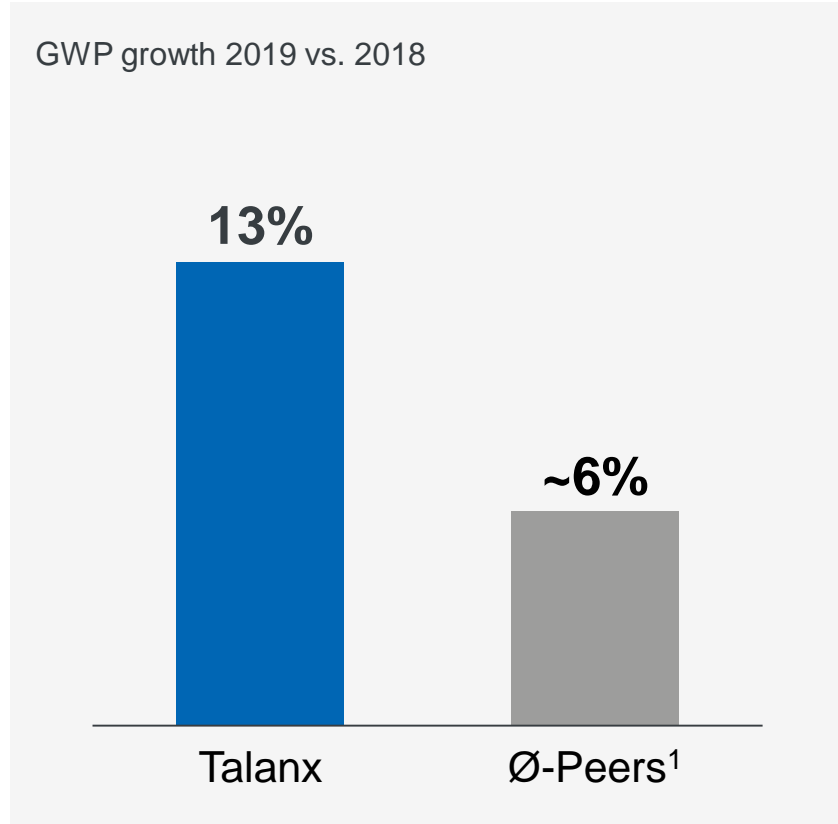
2 e.g. active health management for employees and regular health days and regional employee volunteering activities

3 e.g. promotion of the compatibility of family and work, charter of diversity, women's network

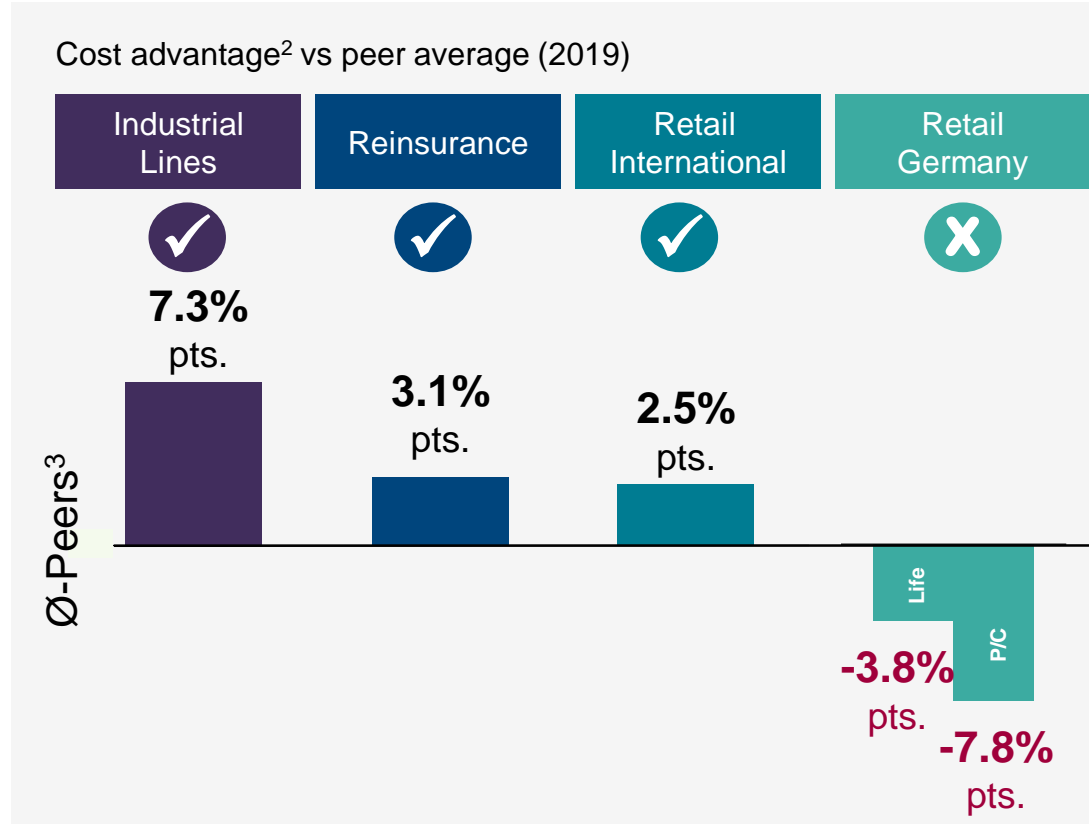
4 -EUR 3bn achieved

1 Equity Story – Strong growth profile and structural cost leadership

>2x higher growth than peers



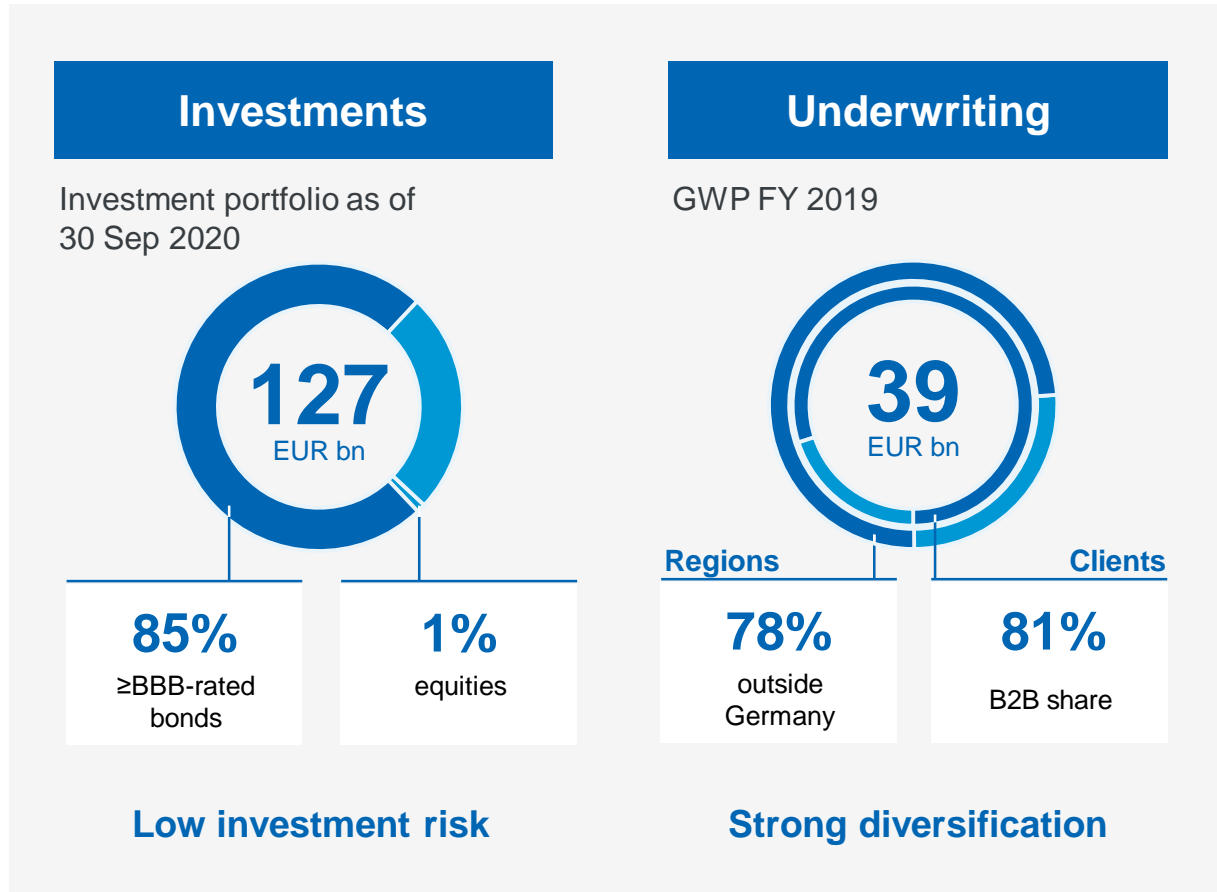
Cost leadership in 3 out of 4 divisions



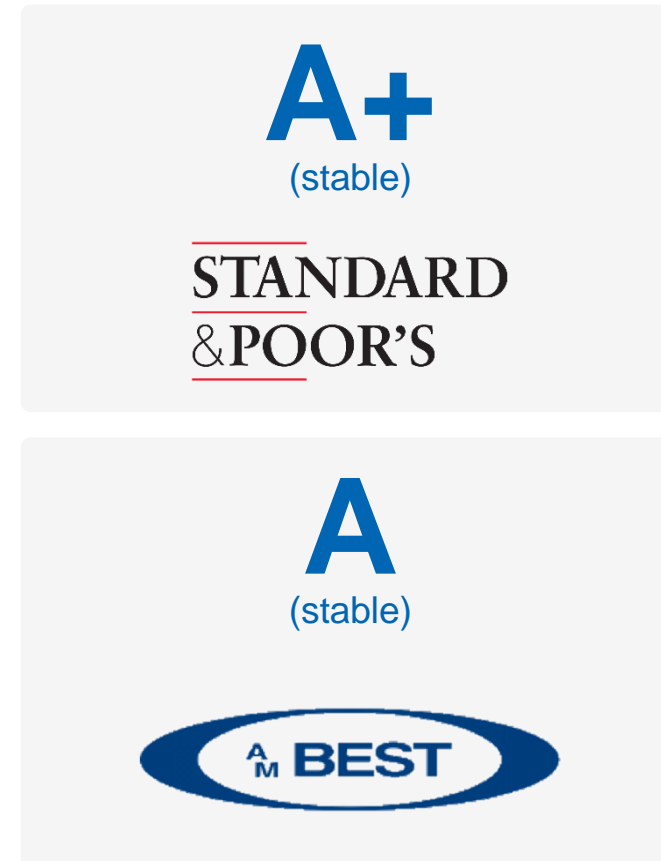
¹ Talanx peer group: Allianz SE, Munich Re, AXA, Generali, Mapfre, Swiss Re, VIG, Zurich. ² Definition: Industrial Lines and Retail International: acquisition and administrative costs at NPE; Reinsurance: administrative costs at NPW. Retail Germany Life: Administrative expenses to GWP; Retail Germany P/C Non-Life: Acquisition & administrative expenses to GWP. ³ Segment-specific peer group

1 Equity Story – Strong resilience of business model

Talanx Group

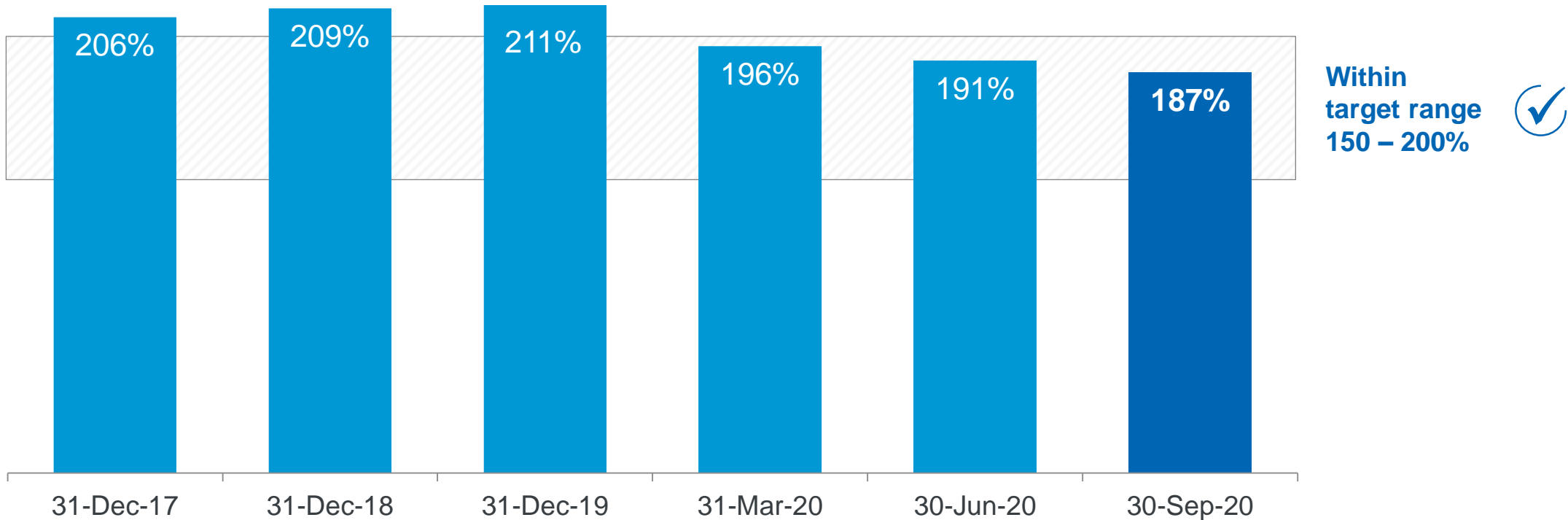


Solid ratings



1 Equity Story – Solvency II capitalisation in upper half of target range

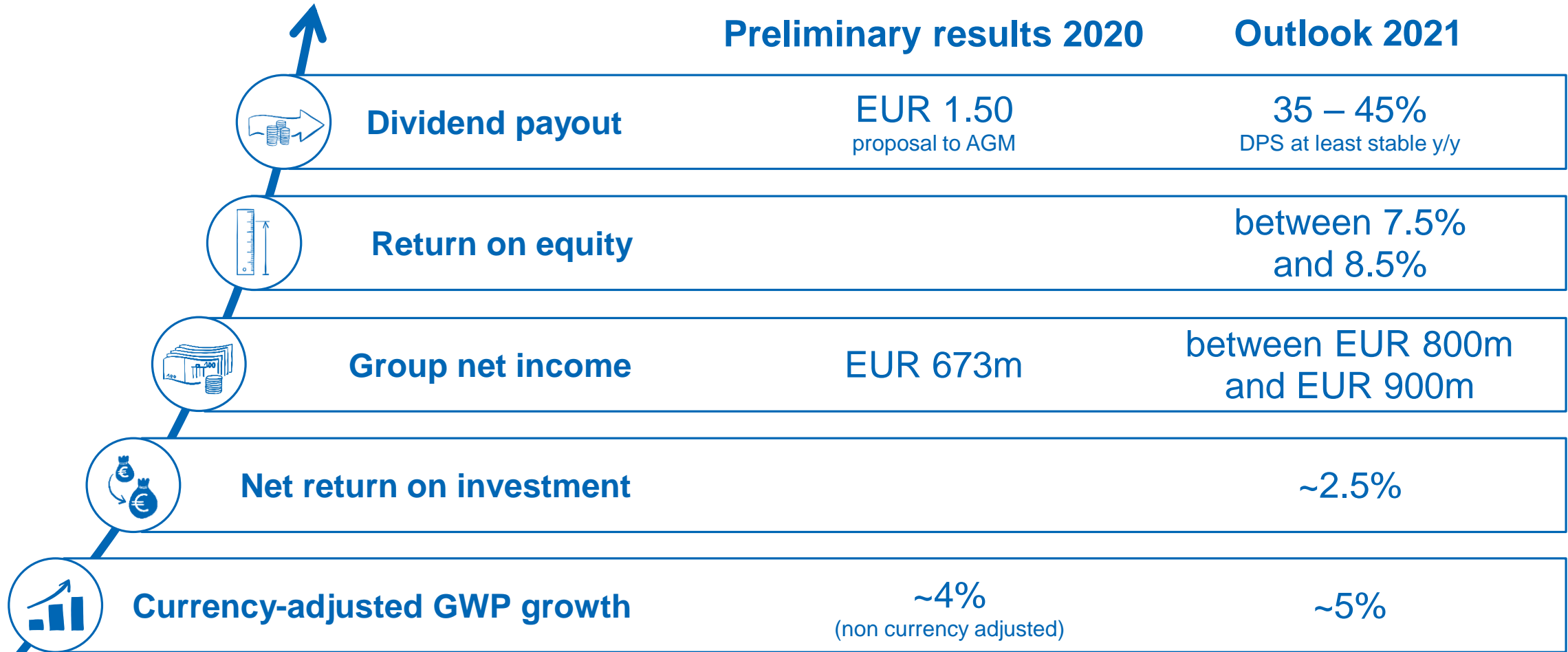
Development of Solvency II capitalisation (Regulatory View - SII CAR) excl. transitional



Note: Solvency II ratio relates to HDI Group as the regulated entity. The chart does not contain the effect of transitional measure. Solvency II ratio including transitional measure as of 30 September 2020: 231%

2

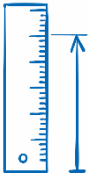


Preliminary results 2020 and Outlook 2021 for Talanx Group



Note: The targeted dividend payout is subject to the regulator's approval. The Outlook 2021 is based on a large loss budget of EUR 410m (2020: EUR 360m) in Primary Insurance, of which EUR 331m in Industrial Lines (2020: EUR 301m). The large loss budget in Reinsurance stands at EUR 1,100m (2020: EUR 975m). All targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations.

2

Strategy 2022: Mid-term target matrix

Targets	Return on equity  High level of profitability ≥ 800bp above risk-free rate ¹	EPS growth  Profitable growth ≥ 5% on average p.a. ²	Dividend payout ratio  Sustainable & attractive payout 35% - 45% of IFRS earnings DPS at least stable y/y
	Strong capitalisation Solvency II target ratio 150 - 200%	Market risk limitation (low beta) Market risk ≤ 50% of Solvency Capital Requirement	High level of diversification targeting 2/3 of Primary Insurance premiums to come from outside of Germany
	Constraints		

Note: All targets are subject to large losses not exceeding the large loss budget, no major turbulences on capital markets and no material currency fluctuations

¹ The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield.

² EPS CAGR until 2022 (base level: original Group net income Outlook of -EUR 850m for 2018).

Contacts and financial calendar

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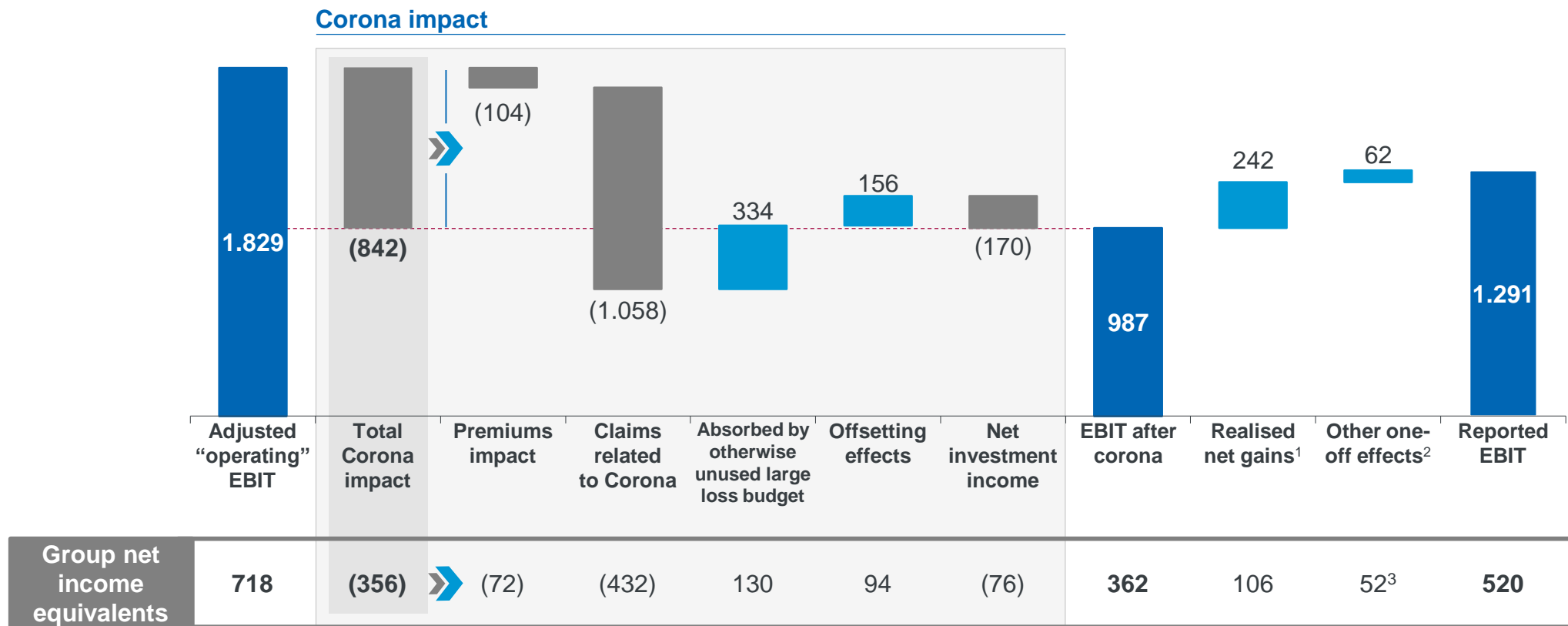
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Appendix

- Highlights from the results 9M 2020

3 Robust underlying profitability in 9M 2020

EBIT (before taxes and minorities) in 9M 2020, in EURm



1 Realised net gains / losses on fixed income and real estate investments (net losses on equities and derivatives included in corona-related effects). Group excluding Primary Insurance life business. Largest part realised in P/C Reinsurance. A portion of the realised gains would have occurred in a normalised quarter as well

2 EUR 7m deconsolidation gain in German Life and EUR 55m at equity gain in L&H Reinsurance

3 Includes EUR 7m deconsolidation gain in German Life (tax-free), EUR 18m one-time tax effects in L&H Reinsurance and Corporate Operations, and EUR 28m net income equivalent of at equity gain in L&H Reinsurance

3

Corona details 9M 2020: Aggregate net income impact of EUR 356m

Total EBIT impact (before taxes and minorities) in 9M 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	∑ Primary Insurance	Reinsurance	Corporate Operations	Talanx Group
Premiums impact	(59)	(12)		(27)	(98)	(6)		(104)
Corona-related claims (net)	(129)	(23)		(36)	(188)	(859)	(10)	(1,058)
Absorbed by otherwise unused large loss budget	34				34	300		334
Offsetting effects (and other)	8	18	(1)	99 ¹	124	32		156
Net investment income	(8)	(5)	(6)	(8)	(27)	(140)	(3)	(170) ²
Total EBIT impact	(155)	(21)	(7)	28	(155)	(674)	(13)	(842)
Group net income impact	(118)	(16)	(6)	15	(124)	(222)	(10)	(356)

Accounting impact of 9M claims: EUR 724m

Note: Numbers may not add up due to rounding. Group net income impact is after taxes and minorities.

¹ Includes EUR 20m premium deficiency reserves.

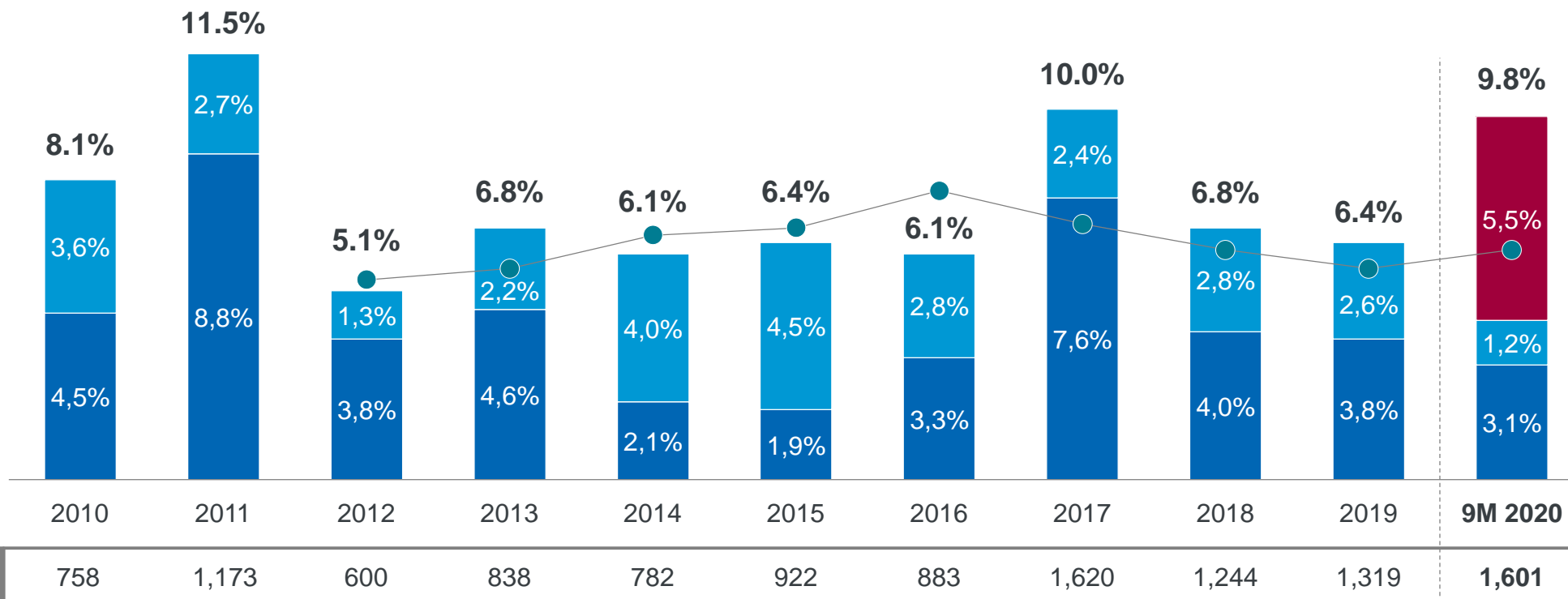
² Approx. 50% of this amount reflects lower ordinary investment income which is to a certain extent affected by but cannot exclusively be attributed to Corona. Generally, for corona-related effects on investments it is not possible in all cases to draw a clear line between Corona and effects triggered by Corona which have been in the markets before.

3

2020 is becoming an exceptional large loss year

Net large losses Talanx Group, in % of net premiums earned (P/C business only)

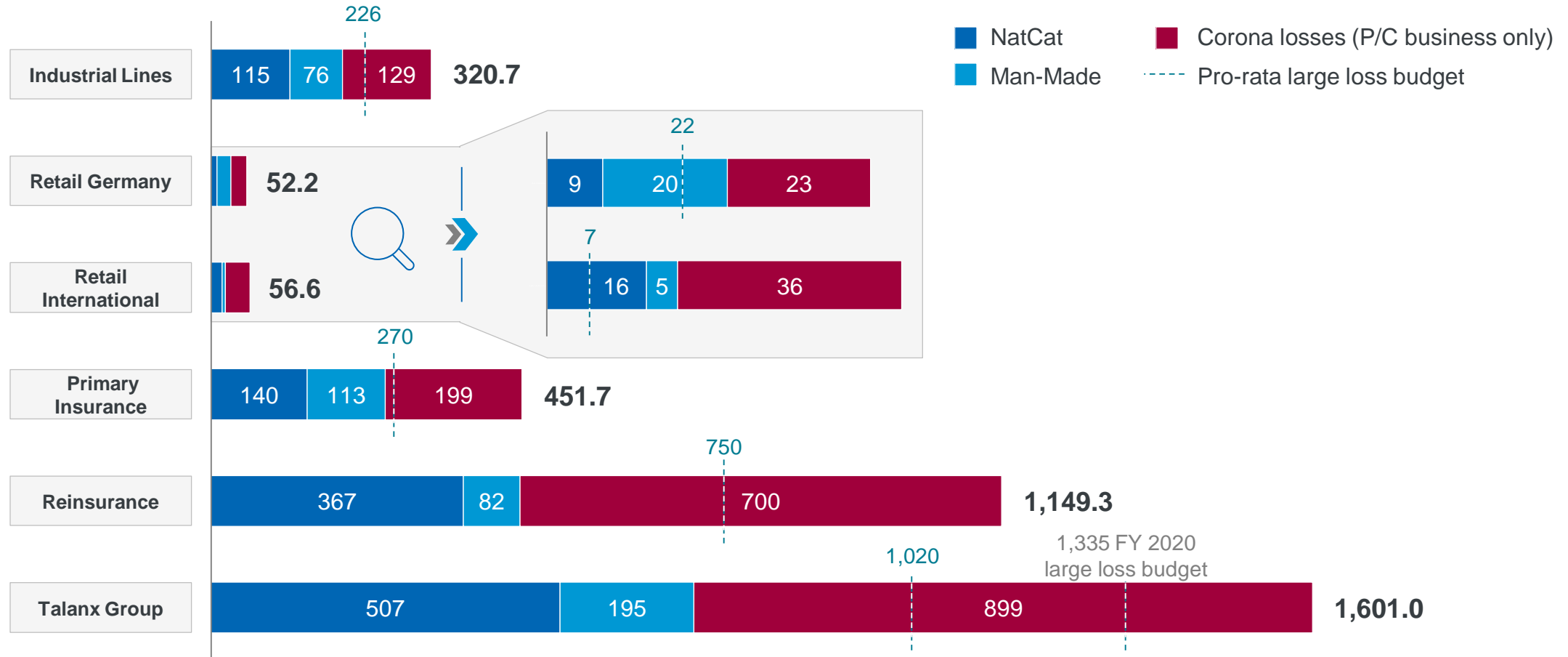
- NatCat
- Man-Made
- Corona losses (P/C business only)
- Impact of large loss budget on Combined Ratio



Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance.

3 Large loss overview: Budget exceeded due to Corona

Net large losses in EURm, 9M 2020



Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. Corona losses in P/C business only. Primary Insurance includes EUR 22.1m large losses (net) in Corporate Operations in 9M 2020.

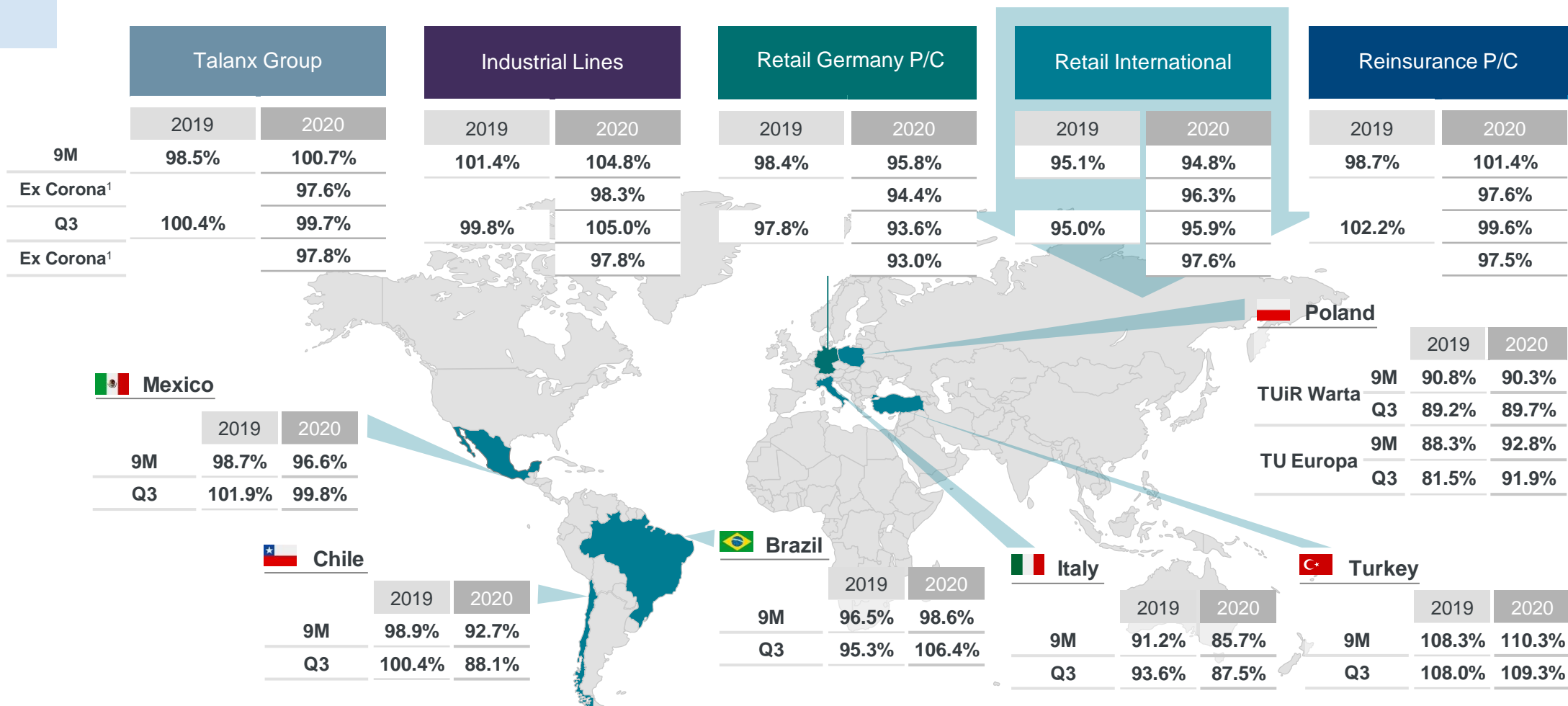
3 Corona claims and outlook by risk bucket

EBIT impact of corona claims, 9M 2020, in EURm

Risk bucket	Primary Insurance	Reinsurance	Group	Comment / Outlook
Business interruption / closure	(91)	(224)	(325) ¹	<ul style="list-style-type: none"> ▪ New business comes with tighter pandemic clauses ▪ Court rulings pending in various jurisdictions
Event protection	(33)	(153)	(186)	<ul style="list-style-type: none"> ▪ Partly multi-year contracts, some events not cancelled yet ▪ New contracts with very tight pandemic clauses
Credit	(9)	(182)	(191)	<ul style="list-style-type: none"> ▪ Conservative reserving with IBNR ratio >90%, incl. cedant IBNR ▪ Uncertainty regarding economic development
Life		(159)	(159)	<ul style="list-style-type: none"> ▪ More claims to come; positive impact of vaccines on excess mortality expected no earlier than Q2/Q3 2021
Other	(56)	(142)	(198)	<ul style="list-style-type: none"> ▪ Engineering, accident, travel, unemployment, health, etc. ▪ Majority of reserves result from second-order effects
Total	(188)	(859)	(1,058)	
IBNR percentage	61%	65%	64%	

¹ Includes EUR 10m claims in Corporate Operations

3 Combined ratios impacted by corona

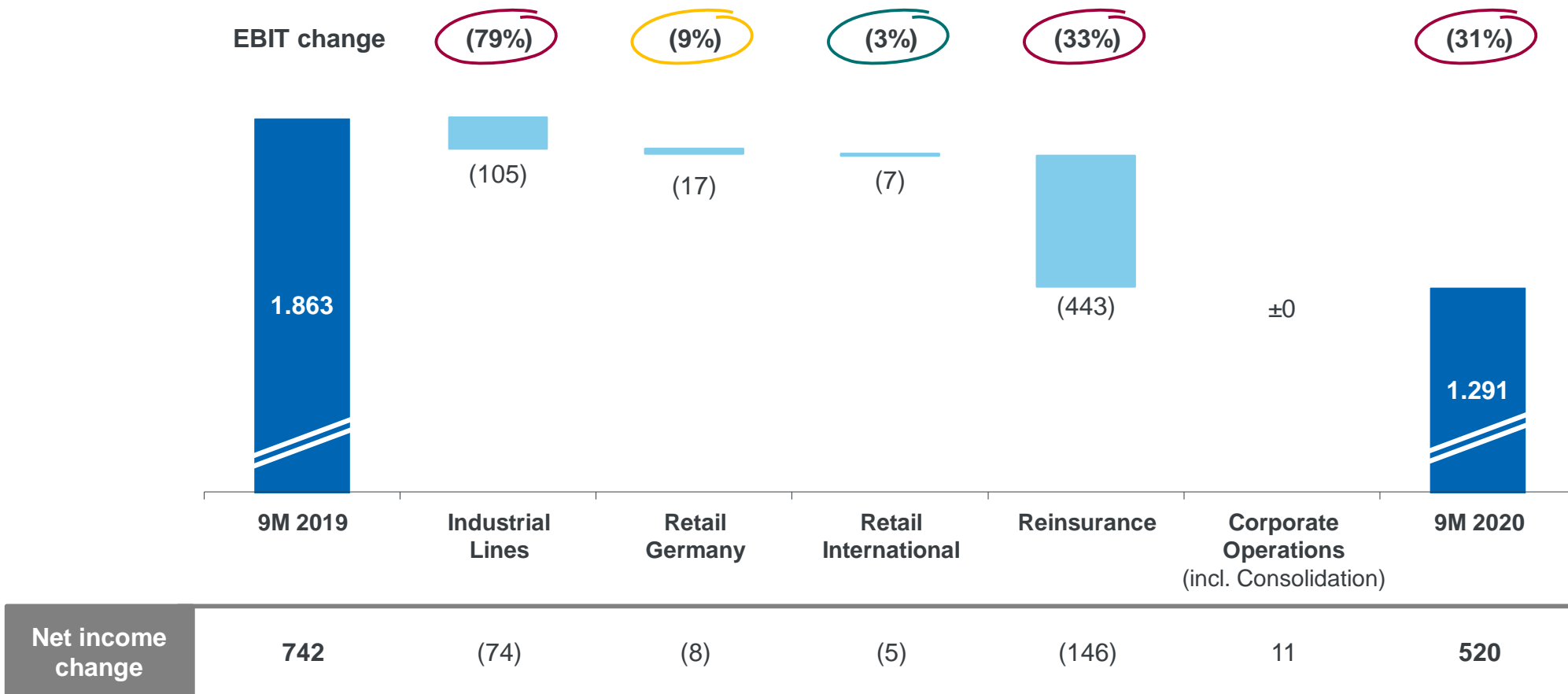


Note: This page highlights Retail International's core markets plus Italy. Turkey 9M 2020 EBIT of EUR 10m (vs. EUR 5m in 9M 2019). Ergo Sigorta acquisition in Turkey fully included in 9M and Q3 2020, with only one month included not in 9M and Q3 2019. - 1 Adjusted for premiums impact, corona-related claims (where not absorbed by otherwise unused large loss budget) and offsetting effects, as per pages 7 and 9 in this presentation.

3

9M EBIT changes: Reinsurance and Industrial Lines driving decline

EBIT and net income development by division, in EURm



Note: Numbers may not add up due to rounding.

3

Talanx Primary Insurance and Reinsurance: contributions to net income

Net income attributable to Talanx AG shareholders, in EURm

	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance		Reinsurance		Corporate Operations	Consolidations	Talanx Group
2014	121	(84)	122	159	24%	508	76%	132	(30)	769
2015	127	(76)	148	199	25%	606	75%	(51)	(20)	734
2016	241	68	124	433	42%	595	58%	(135)	10	903
2017	91	102	138	331	41%	479	59%	(141)	2	671
2018	(16)	102	161	247	31%	540	69%	(80)	(4)	703
2019	103	133	164	400	39%	619	61%	(97)	1	923
9M 2020	10	102	127	239	42%	334	58%	(62)	8	520

Note: Percentages are excluding earnings contributions by Corporate Operations and Consolidations

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