

## Talanx Group starts 2024 with strong quarterly results

- Insurance revenue up 9 percent to EUR 11.7 (10.7) billion – Primary Insurance sees growth of 23 percent
- Combined ratio improves to 90.9 (93.5) percent
- Return on equity of 21.2 (18.9) percent reflects very good claims experience in the first quarter
- Group net income up 35 percent to EUR 572 (423) million
- Talanx is reiterating its annual forecast for Group net income of more than EUR 1.7 billion – and is increasingly confident of clearly exceeding EUR 1.7 billion

Hannover, 15 May 2024

**The Talanx Group has made a strong start to 2024: it lifted its first-quarter insurance revenue by 9 percent year-on-year to EUR 11.7 (10.7) billion and its Group net income by a clear double-digit 35 percent to EUR 572 (423) million. Primary Insurance was the driver behind the positive trend, generating revenue growth of 23 percent and increasing its share of Group net income to 47 (43) percent. The first quarter also saw a strong insurance service result and a positive overall claims experience. The return on equity, which fluctuates over the course of the year, rose to 21.2 (18.9) percent, clearly exceeding the strategic target of “more than 10 percent”. The Group is confirming its full-year Group net income forecast of more than EUR 1.7 billion, but is now confident of clearly exceeding this target.**

"Our strong start to 2024 underscores the sustainable and profitable path we are on with our decentralised strategy and diversified business model", said Torsten Leue, Chairman of Talanx AG's Board of Management. "Despite our very good Group net income of EUR 572 million, we are reiterating our forecast for the full year of more than EUR 1.7 billion: potential large loss events such as the hurricane season

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### Financial Calendar

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6M results

14 November 2024  
9M results

11 December 2024  
Capital Markets Day

and our continued goal of shifting from low-yield to higher-yield investments may impact net income over the course of the year. Nevertheless, we are increasingly confident of clearly exceeding our Group net income target for 2024 of more than EUR 1.7 billion.”

The insurance service result rose by 22 percent to EUR 1,072 (880) million on the back of a low loss frequency. Total claims paid for large losses in the first quarter were EUR 76 (419) million. Man-made large losses amounted to EUR 28 million of this. At EUR 48 million, large losses from natural disasters were unusually small compared to previous first quarters and were clearly below the prior-year figure of EUR 354 million. The largest single loss from a natural disaster was the earthquake in Japan, at EUR 25 million. The combined ratio improved to 90.9 (93.5) percent. This includes the pro rata large loss budget, which was recognised in full.

The net insurance financial and investment result before currency effects climbed 19 percent to EUR 395 (330) million, while operating profit (EBIT) rose 17 percent to EUR 1.2 (1.0) billion. Group net income rose in line with this to EUR 572 (423) million. The Solvency 2 ratio as at 31 March 2024 was 217 percent.

The Group further increased its robustness in the past year and enhanced its balance sheet resilience<sup>1</sup>. This resilience, expressed as the best estimate for the (undiscounted) net provisions for losses in the property/casualty area before taxes and minority interests, amounted to EUR 3.7 billion as at the 2023 year-end. Roughly EUR 1.5 billion of this figure was attributable to Primary Insurance and EUR 2.1 billion to Reinsurance. This corresponds to a year-on-year increase of EUR 1.1 billion, or 40 percent.

### **Industrial Lines: strong growth in revenue and earnings**

Industrial Lines generated clear growth in revenue and earnings after the first three months of 2024. The division’s insurance revenue rose by

13 percent in the first quarter (14 percent adjusted for currency effects) to EUR 2.3 (2.1) billion. Growth came primarily from inflation-related price adjustments and new property, liability and specialty insurance business. The insurance service result rose by 37 percent to EUR 192 (141) million on the back of improved loss ratios for natural disasters and frequency losses. At EUR 17 (34) million, aggregate large losses at Industrial Lines were lower than in the prior-year period. The division's combined ratio improved to 91.8 (93.2) percent. The net insurance financial and investment result before currency effects rose to EUR 47 (21) million due to the higher net current return on investments and lower realised losses. Operating profit (EBIT) at Industrial Lines rose to EUR 140 (86) million, while the division's contribution to Group net income increased to EUR 104 (69) million.

**Retail International: extremely strong, profitable growth**

The Retail International Division lifted its insurance revenue by 45 percent in the first quarter (51 percent adjusted for currency effects) to EUR 2.2 (1.5) billion. Both the property/casualty and the life insurance business at all major companies contributed to this positive trend. Property/casualty insurance revenue grew by 44 percent (51 percent adjusted for currency effects), largely due to growth in Brazil and Poland. Life insurance revenue climbed 47 percent (49 percent after adjustment for currency effects). Both lines also benefited from the first-time inclusion of Liberty Mutual's activities in Brazil. The acquisition of Liberty Mutual's retail customer/small and medium-sized enterprise business in Chile, Colombia and Ecuador closed in March 2024 and is not yet included in the statement of income for the first quarter, whereas the transaction for its Brazilian business closed in November 2023. Integration of all purchased companies has started as planned and without any complications.

The division's insurance service result rose to EUR 208 (119) million, with growth mainly being driven by operating improvements in Brazil, Chile and Türkiye. In line with this, the combined ratio fell to 91.2 (93.4) percent, benefiting from a lower loss frequency in the Latin American markets in particular; this is expected to normalise again over the rest of the year. The net insurance financial and investment result before currency effects increased to EUR 92 (72) million. Operating profit grew to EUR 216 (137) million, and the division's contribution to Group net income rose as a result to EUR 120 (75) million.

**Retail Germany: good operating profit**

First-quarter insurance revenue in the Retail Germany Division increased by 7 percent to EUR 860 (807) million and the insurance service result by 5 percent to EUR 81 (76) million. The division's operating profit (EBIT) also increased on the back of this, climbing 26 percent to EUR 75 (59) million. The segment contributed EUR 43 (40) million to Group net income. This growth in revenue and earnings was largely due to improvements in the Life Insurance segment compared to a below-average prior-year quarter.

*Property/Casualty Insurance segment: all lines contribute to revenue growth*

Insurance revenue in the Property/Casualty Insurance segment rose by 5 percent to EUR 440 (421) million in the first quarter. All lines contributed to revenue growth. Ongoing claims inflation in the motor vehicles area negatively impacted the first-quarter insurance service result, which amounted to EUR 9 (21) million. However, the good profitability in the other lines muted the rise in the combined ratio, which merely rose to 97.9 (95.1) percent as a result. The net insurance financial and investment result before currency effects was stable in the first

quarter at EUR 17 (19) million, while operating profit (EBIT) was EUR 16 (24) million.

*Life Insurance segment: higher operating profit*

Insurance revenue in the Life Insurance segment grew 9 percent to EUR 421 (386) million, partly due to a below-average prior-year quarter. The insurance service result rose 28 percent to EUR 71 (56) million, while the net insurance financial and investment result before currency effects was EUR 8 (19) million. Operating profit rose to EUR 58 (36) million.

**Reinsurance: greater contribution to Group net income**

Insurance revenue in the Reinsurance Division amounted to EUR 6.7 (6.6) billion in the first quarter; adjusted for currency effects, the increase would have been 3 percent. The insurance service result rose 27 percent to EUR 720 (568) million, while the net insurance financial and investment result before currency effects was up 11 percent at EUR 246 (222) million and the operating result grew by 13 percent to EUR 813 (722) million. The contribution made by the division to Group net income rose in line with this, climbing 24 percent to EUR 305 (247) million.

First-quarter insurance revenue in the Property/Casualty Reinsurance segment totalled EUR 4.7 (4.6) billion. The insurance service result rose tangibly to EUR 509 (315) million. The largest single loss in the quarter – the collapse of the bridge in Baltimore – cannot yet be quantified precisely as at the date of the quarterly financial statements. However, the impact of the large losses occurring in the first quarter will be within the large loss budget, which was recognised in full, as is customary. Other large losses were the earthquake in Japan, which totalled EUR 25 million, and the forest fires in Chile, which impacted the large loss budget by EUR 16 million. The combined ratio improved to 88.0 (92.3) percent,

below the expected figure for the full year of 89.0 percent. The net insurance financial and investment result before currency effects rose by 15 percent to EUR 202 (176) million, while operating profit (EBIT) climbed by 35 percent to EUR 634 (471) million.

Insurance revenue in the Life/Health Reinsurance segment totalled EUR 1.9 (2.0) billion in the first three months of the year. At EUR 211 (253) million, the insurance service result was in line with expectations and is on course to hit the full-year target of more than EUR 850 million. The continued strong showing by the financial solutions business and the longevity risks business had positive effects here. The net insurance financial and investment result before currency effects was EUR 43 (45) million, while operating profit (EBIT) was EUR 179 (251) million.

### **Outlook: targets affirmed and increasing confidence**

The Talanx Group is affirming its 2024 goal of achieving Group net income of more than EUR 1.7 billion. However, the strong quarterly figure of EUR 572 million has increased its confidence of clearly exceeding its target for Group net income. The Group is also confirming its 2024 target of a return on equity of more than 15 percent.

- 1) Resilience is defined as the difference between Talanx's recognised provisions (based on its own best estimates) and analyses by external experts. Since resilience was calculated in the previous year using the undiscounted IFRS 4 provisions for losses, undiscounted IFRS 17 provisions for losses were used for the current-year calculation so as to enhance comparability. This makes it easier to interpret the comparison with the previous year. The calculations by external experts are based on data provided by Talanx.

**Condensed consolidated balance sheet for the Talanx Group**

EUR billion	31.03.2024	31.12.2023
Intangible assets	2.5	2.4
Insurance contract assets	1.1	1.0
Reinsurance contract assets	7.6	7.1
Investments for own risk	138.2	135.4
Other assets	24.6	23.4
<b>Total assets</b>	<b>174.0</b>	<b>169.3</b>
<b>Equity excluding non-controlling interests</b>	<b>11.2</b>	<b>10.4</b>
Non-controlling interests in equity	6.6	6.3
<b>Total equity</b>	<b>17.8</b>	<b>16.8</b>
Insurance contract liabilities (technical provisions)	132.9	130.3
Reinsurance contract liabilities	0.5	0.7
Other equity and liabilities	22.8	21.5
<b>Total equity and liabilities</b>	<b>174.0</b>	<b>169.3</b>
Contractual service margin (CSM)	11.8	10.7

**Condensed consolidated statement of income for the Talanx Group**

EUR million	Q1 2024	Q1 2023	Change
Insurance revenue	11,654	10,711	9%
Insurance service expenses	-9,891	-9,408	-5%
Net income/net expenses from reinsurance contracts held	-691	-423	-63%
<b>Insurance service result</b>	<b>1,072</b>	<b>880</b>	<b>22%</b>
<b>Net investment income for own risk</b>	<b>1,165</b>	<b>764</b>	<b>52%</b>
Net investment income for the account and risk of life insurance policyholders	924	394	135%
Net insurance financial result before currency effects	-1,694	-827	-105%
<b>Net insurance financial and investment result before currency effects</b>	<b>395</b>	<b>330</b>	<b>19%</b>
Net currency result	-29	24	-218%
Other income/expenses	-219	-192	-14%
<b>Operating profit/loss (EBIT)</b>	<b>1,219</b>	<b>1,043</b>	<b>17%</b>
Financing costs	-58	-61	3%
Taxes on income	-329	-249	-32%
<b>Net income</b>	<b>832</b>	<b>734</b>	<b>13%</b>
of which attributable to non-controlling interests	260	311	16%
of which attributable to shareholders of Talanx AG	572	423	35%
Earnings per share (EUR)	2.22	1.67	+0.55
Return on equity <sup>1</sup>	21.2%	18.9%	+2.3 ppts
Combined ratio <sup>2</sup>	90.9%	93.5%	-2.6 ppts

- 1) The ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.
- 2)  $1.0 - [(\text{net insurance service result divided by insurance revenue (gross)})]$ .


The figures for the Group's assets, liabilities, financial position and financial performance were prepared in accordance with the International Financial Reporting Standards (IFRSs). However, this quarterly statement does not represent an interim report as defined by IAS 34.



**About Talanx**

Talanx is a major European insurance group with insurance revenue of around EUR 43.2 billion (2023) and roughly 29,000 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).

*Talanx – Together we take care of the unexpected and foster entrepreneurship*

For further information, please see [www.talanx.com](http://www.talanx.com). 

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Current photographs and Company logos are available at <https://mediathek.talanx.de>.

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