News Release

Talanx AG

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Large and frequency losses in industrial property insurance lead to loss for the quarter in the Industrial Lines Division

- Talanx anticipates Group net income for 2018 of around EUR 700 million
- Profitabilisation in fire: 20/20/20 programme very successful up to now
- Dividend payout at least equal to the level of the previous year guaranteed
- Outlook on higher Group net income of around EUR 900 million for 2019

Hannover, 15 October 2018

Based on the current state, the Talanx Group is assuming a large-loss burden for Industrial Lines after nine months of more than EUR 260 million. This therefore is likely to have exceeded the large loss budget for the entire year in Industrial Lines already on 30 September 2018. This has been caused in particular by several large losses and an unusually large accumulation of frequency losses in industrial property insurance. In the third quarter, this is likely to have led to a quarterly loss before taxes in the Industrial Lines Division amounting to more than EUR 100 million. As planned, Talanx is presenting the detailed nine-month results on 12 November.

Irrespective of the latest large losses, Talanx is very optimistic for profitabilisation in the fire line within the Industrial Lines Division. The changes already completed in management and the “20/20/20” programme are expected to lead to a balanced underwriting result in 2019 and to a positive underwriting result in the division from 2020. The “20/20/20” programme is directed towards reducing the combined ratio in the burdened 20 percent of the Industrial Lines portfolio to significantly less than 100 percent by 2020. By the middle of October, more than 60% of the rate increases were already under contract. All the other divisions, Retail Germany, Retail International and Reinsurance, are developing in line with expectations.

Talanx is now assuming a Group net income of around EUR 700 million for the year 2018 overall. The return on equity is correspondingly likely to be around 8 percent and therefore at the level of the target for minimum return on equity. This earnings forecast is based on the assumption of a large loss burden for the fourth quarter within the scope of a quarterly budget. From today's perspective, a dividend payout for 2018 at least equal to the year-earlier level is assured.

Talanx is expecting Group net income amounting to around EUR 900 million for the coming financial year 2019 and this entails a higher profit than originally planned for 2018.

All forecasts assume that any large losses will be within the expected range and that there will be no disruptions on the currency and capital markets.

About Talanx

With premium income of EUR 33.1 billion (2017) and about 20,000 employees, Talanx is one of the major European insurance groups. The Hannover-based Group is active in more than 150 countries. Talanx operates as a multi-brand provider with a focus on B2B insurance. Under the HDI brand, which can look back on more than 100 years of tradition, Talanx operates both in Germany and abroad in industrial insurance as well as retail business. Further Group brands include Hannover Re, one of the world's leading reinsurers, Targo insurers, PB insurers and neue leben, the latter all specialised in bancassurance, as well as the Polish insurer Warta. Talanx Asset Management is one of the top asset management companies in Germany and manages the assets of the Talanx Group. With its subsidiary Ampega Investment, Talanx Asset Management is also an experienced provider of solutions for outsourcing in the B2B market. The rating agency Standard & Poor's has given the Talanx Primary 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 in the MDAX as well as on the stock exchanges in Hannover and Warsaw (ISIN: DE000TLX1005, German Securities Code: TLX100, Polish Securities Code: TNX).

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