

Talanx raises 2024 earnings target significantly after record nine-month Group income

- Insurance revenue up by a double-digit 12 percent to EUR 36.0 (32.3) billion
- Group net income rises twice as fast by 24 percent to EUR 1,592 (1,279) million
- Combined ratio improves to 91.2 (93.5) percent despite numerous natural catastrophe events
- Return on equity of 19.4 (18.4) percent
- New targets for 2024 and 2025: Talanx significantly lifts its earnings forecast for 2024 from more than EUR 1.7 billion to more than EUR 1.9 billion; projected Group net income for 2025 is more than EUR 2.1 billion

Hannover, 14 November 2024

The Talanx Group has generated nine-month Group net income of EUR 1,592 (1,279) million, already exceeding the full prior-year figure, and is lifting its earnings forecast for financial year 2024 from more than EUR 1.7 billion to more than EUR 1.9 billion. At the same time, it is now expecting Group net income in excess of EUR 2.1 billion for 2025. The Group had originally forecast Group net income for 2025 of EUR 1.6 billion at its Capital Market Day at the end of 2022; based on its current business performance, it now not only expects to hit this target a year earlier than planned but also to substantially exceed it. Insurance revenue rose 12 percent to EUR 36.0 (32.3) billion as at 30 September 2024, while operating profit (EBIT) climbed 33 percent to EUR 3.7 (2.8) billion. Thanks to its prudent risk management and underwriting expertise, the Talanx Group grew its insurance service result despite a year-on-year rise in large loss payments and a large number of major natural disasters. The main drivers for this positive trend were the Reinsurance Division's extremely strong performance and the even better growth recorded by Primary Insurance, whose insurance revenue was up 20 percent and which contributed 47 percent to Group net income. Another factor influencing the strong earnings

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Financial Calendar

11 December 2024
Capital Markets Day

7 February 2025
Preliminary FY2024 results

19 March 2025
FY2024 results

15 May 2025
3M results

14 August 2025
6M results

13 November 2025
9M results

figure was the ongoing successful integration of the former Liberty companies in Latin America. The Group's return on equity rose to 19.4 (18.4) percent and the full-year figure is expected to be well above the strategic target of at least 10 percent.

"We have taken our Group net income to a new, record level and exceeded last year's figure after only nine months – our risk-aware underwriting, our diversified business model including the acquisition of the companies in Latin America and our decentralised strategy are paying off yet again", said Torsten Leue, Chairman of Talanx AG's Board of Management. "The rise in large losses in the third quarter, which was due to the large number of natural disasters, is in line with our expectations and our budget. This means we still have a cushion for the rest of the year and are upbeat about the future: we have lifted our earnings forecast for 2024 to more than EUR 1.9 billion and are now expecting 2025 Group net income of more than EUR 2.1 billion. In other words, we are not only going to hit our original 2025 earnings target of EUR 1.6 billion one year ahead of schedule, but will probably also exceed it substantially."

The insurance service result for the first nine months of 2024 was up 45 percent to EUR 3.7 (2.6) billion. At EUR 1.8 billion, large loss payments were in line with expectations despite a large number of large loss events, remaining within the pro rata budget for the period of EUR 1.9 billion. Man-made losses amounted to EUR 488 million, while large loss payments for natural disasters totalled EUR 1.3 billion. The largest single loss incurred by the Group were the floods in Eastern Europe (EUR 265 million). Other large losses included Hurricane "Helene" in the USA and the floods in southern Germany. All in all, Primary Insurance reported large losses of EUR 422 million, while the corresponding figure for Reinsurance was EUR 1,304 million. The Group's combined ratio improved to 91.2 (93.5) percent despite the large number of loss events.

The net insurance financial and investment result before currency effects remained almost stable at EUR 956 (1,004) million. Operating profit (EBIT) grew 33 percent to EUR 3.7 (2.8) billion, while Group net income rose 24 percent to EUR 1,592 (1,279) million. The Solvency 2 ratio as at 30 September 2024 was 220 percent (30 June 2024: 218 percent).

Corporate & Specialty: strong growth in both revenue and earnings

The Corporate & Specialty Division is continuing its strong revenue and earnings growth. Insurance revenue rose 11 percent year-on-year to EUR 7.3 (6.6) billion; the figure after adjustment for currency effects was also 11 percent. This encouraging performance was due both to new business and to inflation-related price adjustments in its existing business. The insurance service result rose to EUR 692 (481) million on the back of an improved frequency loss ratio in particular. Large loss payments climbed year-on-year to EUR 313 (267) million but undershot the pro rata budget for the period, which was recognised in full, by EUR 48 million. The combined ratio improved to 90.5 (92.7) percent. The net insurance financial and investment result before currency effects rose to EUR 65 (22) million due to higher investment volumes and an increase in current interest income. Operating profit increased to EUR 479 (293) million and the contribution to Group net income to EUR 362 (243) million.

Retail International: strong, profitable growth

Retail International also generated clear growth in both revenue and earnings. Insurance revenue rose 42 percent year-on-year to EUR 7.0 (4.9) billion; the figure after adjustment for currency effects was 51 percent. This encouraging performance is due both to organic growth (18 percent after adjustment for currency effects) and to the inclusion for the first time of the companies in Latin America that were acquired from Liberty. Following the acquisition, the two regions of Latin America and

Europe now contribute almost the same amount to the division's insurance revenue, at 49 percent and 51 percent respectively. The combined ratio, which improved to 93.0 (94.9) percent, also benefited from the acquisition of the former Liberty companies and from operational improvements in Türkiye and in the Chilean motor vehicle business. These drivers and the continuation of the very strong business performance in Poland, Italy and Brazil clearly more than offset the large losses from natural disasters in Eastern Europe and Chile. In line with this, the insurance service result climbed to EUR 550 (303) million. The net insurance financial and investment result before currency effects rose to EUR 324 (262) million. Operating profit rose 55 percent to EUR 631 (407) million as a result, while the division's contribution to Group net income was up 53 percent to EUR 340 (223) million.

Retail Germany: stable revenue

Insurance revenue in the Retail Germany Division was stable at EUR 2,668 (2,627) million. The insurance service result was EUR 270 (314) million. The net insurance financial and investment result before currency effects amounted to EUR 61 (87) million, while operating profit (EBIT) was EUR 206 (268) million. The division contributed EUR 117 (158) million to Group net income.

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

The Property/Casualty Insurance segment saw slight revenue growth of 4 percent to EUR 1,348 (1,300) million, with all lines contributing to this. The insurance service result declined to EUR 10 (58) million due to the second-quarter floods in southern Germany, ongoing claims inflation in the motor vehicle business and the low level of losses experienced in the prior-year period. The combined ratio rose to 99.2 (95.6) percent as a result. The net insurance financial and investment result before currency

effects was EUR 42 (59) million. Operating profit amounted to EUR -8 (72) million.

Life Insurance segment: operating profit increases

In the Life Insurance segment, insurance revenue and the insurance service result remained stable at EUR 1,320 (1,327) million and EUR 259 (257) million respectively. The net insurance financial and investment result before currency effects was EUR 19 (28) million. Operating profit (EBIT) benefited from higher interest income, rising to EUR 214 (196) million.

Reinsurance: operating profit and Group net income up substantially

Insurance revenue in the Reinsurance Division was up 6 percent after nine months (7 percent adjusted for currency effects) at EUR 19.7 (18.5) billion. This positive performance was mainly driven by revenue growth in the Property/Casualty Reinsurance segment. The insurance service result climbed 36 percent to EUR 2.1 (1.6) billion, while the net insurance financial and investment result before currency effects was stable at EUR 689 (688) million. Operating profit rose 33 percent to EUR 2.5 (1.9) billion. The division's contribution to Group net income increased in line with this, climbing 30 percent to EUR 915 (704) million.

Insurance revenue in the Property/Casualty Reinsurance segment rose by 9 percent (10 percent adjusted for currency effects) to EUR 13.9 (12.7) billion, buoyed by new business and improved prices. Large loss payments amounted to EUR 1.3 (1.2) billion, within the pro rata budget for the period of EUR 1.4 billion. The largest single losses included the floods in Eastern Europe (EUR 225 million), Hurricane "Helene" in the USA (EUR 130 million) and the floods in Dubai (EUR 121 million). The figure also includes potential claims for losses relating to the Baltimore

bridge collapse in the first quarter of the year (approximately EUR 100 million). The combined ratio (net/net) improved to 87.9 (91.9) percent, within the expected full-year figure of less than 89 percent. In line with this, the insurance service result jumped 65 percent to EUR 1,461 (885) million. The net insurance financial and investment result before currency effects was stable at EUR 509 (502) million, while operating profit (EBIT) climbed 56 percent to EUR 1.8 (1.1) billion.

Insurance revenue in the Life/Health Reinsurance segment was stable at EUR 5,762 (5,778) million, in line with expectations. At EUR 668 (677) million, the insurance service result is on course to hit its full-year target of more than EUR 850 million. New financial solutions business and the strong demand for longevity risk coverage had positive effects. The net insurance financial and investment result before currency effects was EUR 180 (186) million, while operating profit (EBIT) was EUR 710 (725) million.

Outlook: on track to break records – 2024 and 2025 targets lifted

The Talanx Group has lifted its previous Group net income target of more than EUR 1.7 billion for 2024 to more than EUR 1.9 billion. This means it will reach – and clearly exceed – its original 2025 target of EUR 1.6 billion, which it announced back in December 2022, a year earlier than planned. The Group is confirming its return on equity target of more than 15 percent.

For 2025, the Talanx Group is now expecting Group net income of more than EUR 2.1 billion. It will announce new medium-term Group targets, outline its future dividend policy and give an overview of the Retail International Division's Latin America business at its Capital Market Day on 11 December 2024.

As usual, targets are subject to the proviso that no turbulence occurs on the currency and capital markets, and that large losses remain in line

with expectations. The current geopolitical and macroeconomic situation is an additional source of uncertainty.

Condensed consolidated balance sheet for the Talanx Group

EUR billion	30.09.2024	31.12.2023
Intangible assets	2.4	2.4
Insurance contract assets	1.6	1.0
Reinsurance contract assets	7.8	7.1
Investments for own risk	142.6	135.4
Other assets	24.6	23.4
Total assets	178.9	169.3
Equity excluding non-controlling interests	11.4	10.4
Non-controlling interests in equity	6.9	6.3
Total equity	18.3	16.8
Insurance contract liabilities (technical provisions)	137.7	130.3
Reinsurance contract liabilities	0.5	0.7
Other equity and liabilities	22.3	21.6
Total equity and liabilities	178.9	169.3
Net contractual service margin (CSM)	11.6	10.7

Condensed consolidated statement of income for the Talanx Group

EUR million	9M 2024	9M 2023	Change
Insurance revenue	36,000	32,274	+12%
Insurance service expenses	-30,301	-27,832	-9%
Net income/net expenses from reinsurance contracts held	-1,954	-1,865	-5%
Insurance service result	3,745	2,577	+45%
Net investment income for own risk	3,105	2,657	+17%
Net investment income for the benefit of life insurance policyholders who bear the investment risk	1,476	707	+109%
Net insurance financial result before currency effects	-3,625	-2,360	-54%
Net insurance financial and investment result before currency effects	956	1,004	-5%
Net currency result	12	0	>999%
Other income/expenses	-1,036	-822	-26%
Operating profit/loss (EBIT)	3,677	2,760	+33%
Financing costs	-170	-175	+3%
Taxes on income	-901	-540	-67%
Net income	2,606	2,045	+27%
of which attributable to non-controlling interests	1,014	765	+32%
Group net income (after non-controlling interests in Talanx AG)	1,592	1,279	+24%
Earnings per share (EUR)	6.17	5.05	+22%
Return on equity ¹	19.4%	18.4%	+1.0 ppt
Combined ratio (Property/Casualty insurance only) ²	91.2%	93.5%	-2.4% ppts

1) The ratio of annualised net income for the reporting period excluding non-controlling interests to average shareholders' equity excluding non-controlling interests.

2) $1.0 - [(\text{net insurance service result} / \text{insurance revenue (gross)})]$.


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 28,000 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).

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For further information, please see www.talanx.com. 

Podcast: https://www.talanx.com/en/talanx-group/group/talanx_corporate_podcast

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

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