

# Allianz Group – an opportunity

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Conference  
London, September 2016

# Agenda

- 1 Allianz equity story**
- 2 Outlook**

## Allianz at a glance

**EUR  
125bn**  
revenues<sup>1</sup>

**EUR  
6.6bn**  
net income<sup>2</sup>

**EUR  
61bn**  
market cap<sup>3</sup>

**#1  
P/C insurer**  
EUR 52bn  
revenues<sup>1</sup>

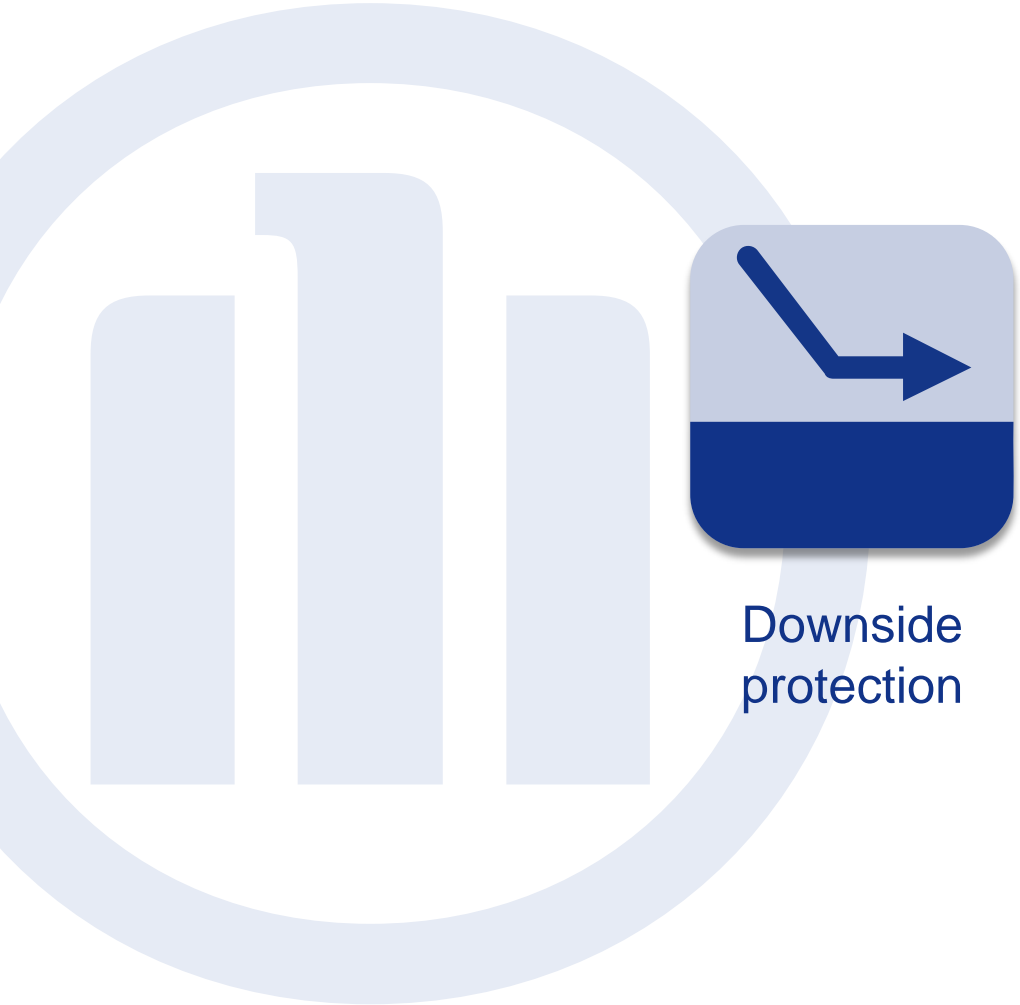
**Top 5  
life insurer**  
EUR 67bn  
revenues<sup>1</sup>

**Top 5  
asset  
manager**  
EUR 1,830bn  
AuM<sup>4</sup>

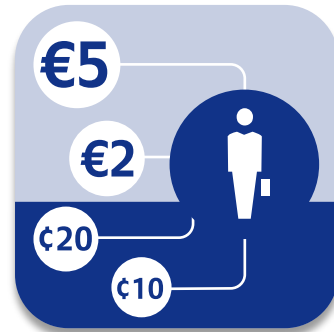
1) FY 2015  
2) FY 2015, attributable to shareholders

3) As per September 15, 2016  
4) As per 06/2016

# Allianz equity story in a nutshell



Downside protection



Attractive and transparent dividend policy



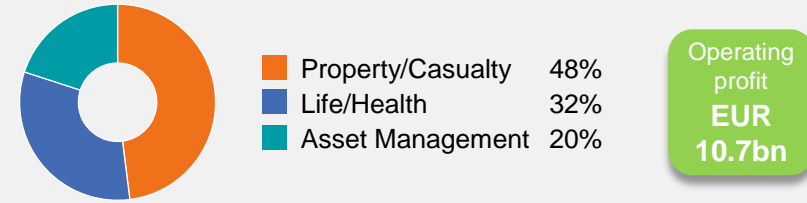
Upside potential

# 1. Downside protection

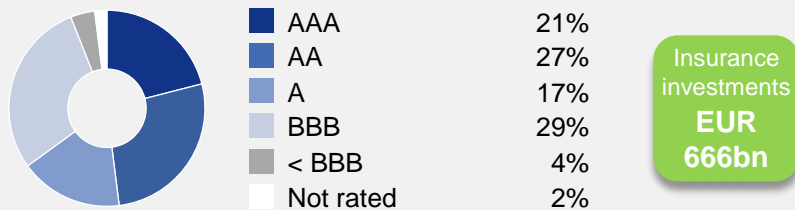
## Excellent capital position<sup>1</sup>



## Diversification – operating profit by segments<sup>2</sup>



## High quality debt portfolio<sup>2</sup> (EUR 598bn)



## Diversification – operating profit by geography<sup>2</sup>



1) Figures refer to 2Q 2016  
2) Figures refer to 2015

3) W & S Europe = Western and Southern Europe  
4) Broker markets include US, UK, Ireland, Australia

## Excursus Allianz Leben

Business in-force (2Q 2016)

**0.0%**

Break-even  
re-investment yield<sup>1</sup>

New business (6M 2016)

**2.9%**

New business  
margin

1) Simplified approach to calculate minimum reinvestment yield based on contractual guarantees only (without any further p/h participation - incl. withdrawal of terminal bonuses and withdrawal of p/h participation in hidden reserves - and without consideration of other b/s restrictions). Calculation based on 2Q 2016 data.

## 2. Attractive and transparent dividend policy



### Pay-out ratio

- 50%** 50% regular pay-out ratio
- 6%** ~6% yield<sup>1</sup>
- Remainder used for growth and dividend continuity

### Continuity

- Dividend no less than previous year
- 10%** DPS CAGR in last 5ys
- 3 dividend hikes and 0 cuts in last 5ys

### Discipline

- 20%** 20% of net income allocated to M&A
- 3y** Unused M&A budget to be paid out after 3ys, first term 2014 – 2016
- €** Unused budget for external growth or capital repatriation: EUR 2.5 – 3.0bn

### Growth

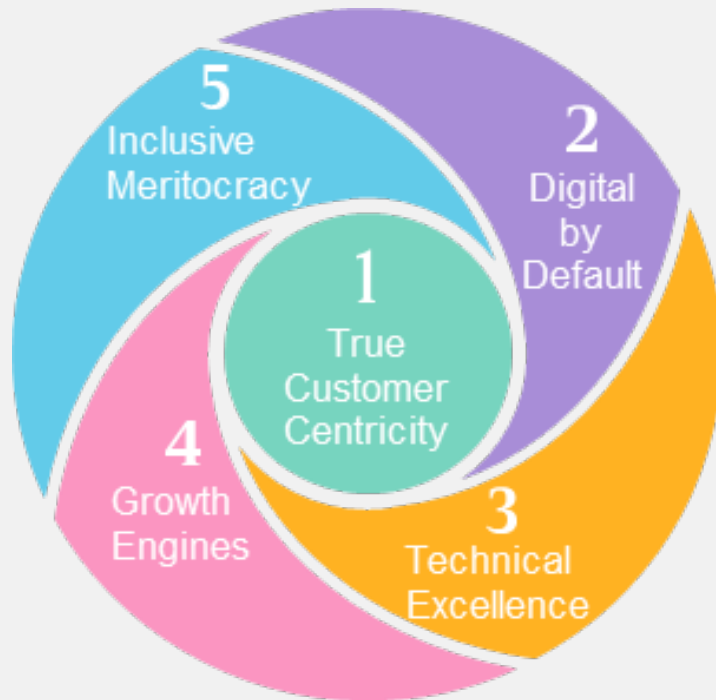
- DPS 5%** EPS ambition 5% DPS CAGR for 2015 – 2018e
- Solvency II 160%** Entire dividend policy subject to sustainable Solvency II ratio >160%

1) Based on 2015 DPS of EUR 7.30 and closing price of Allianz share of EUR 132.6 on September 15, 2016




### 3. Upside potential



#### Renewal Agenda



#### Competitive advantages for leading firms

-  Investments in digitalization
-  Investment capabilities
-  Solvency II

#### Headwinds to disappear

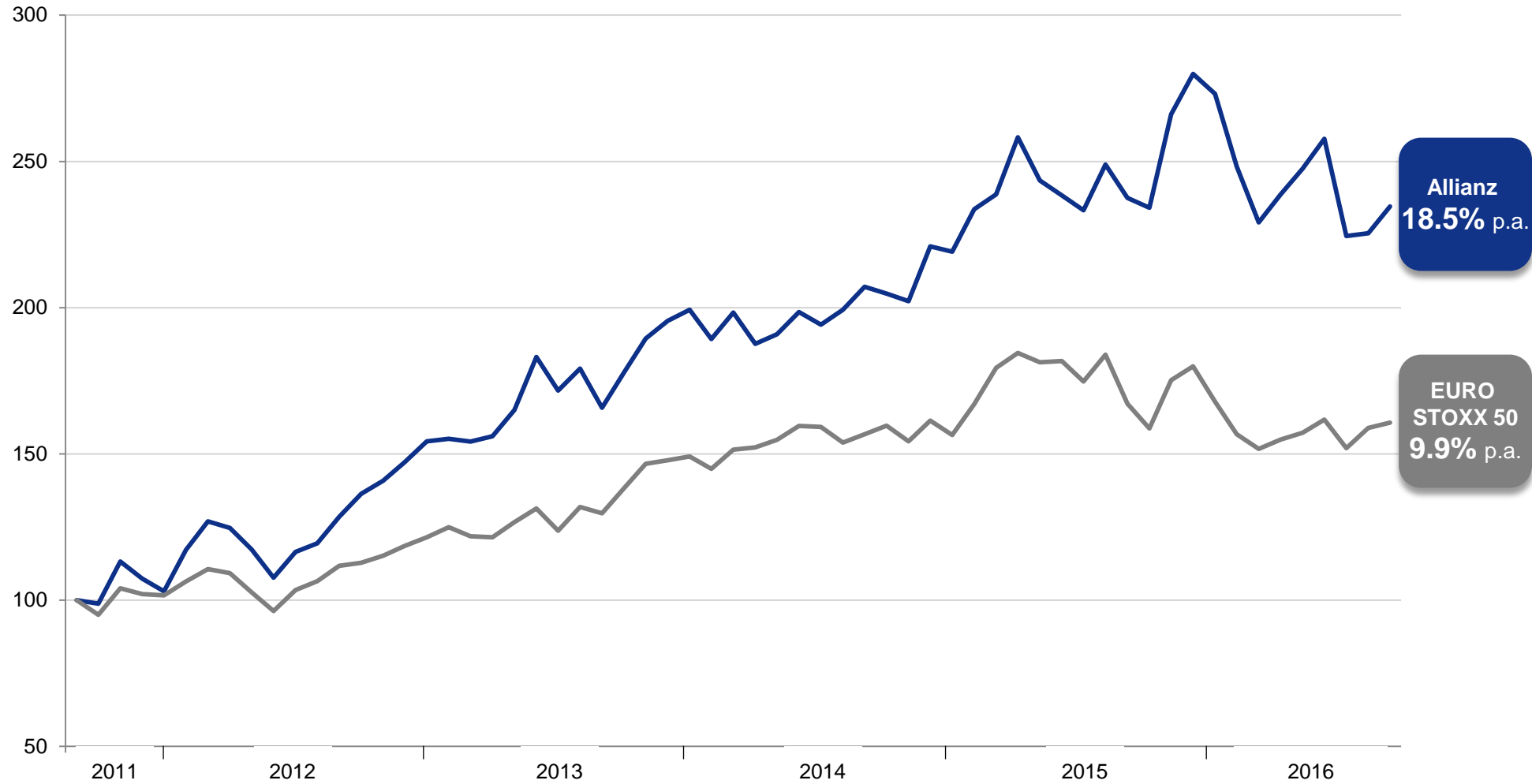
-  Korea (short-term)
  - EUR -414mn net income impact in 1H 2016
-  LatAm (medium-term)
  - EUR -154mn P/C operating loss 2015

1) 1Q 2016 EUR -63mn, 2Q 2016 EUR -352mn



# Five-year total return


(Indexed on 100, 31.08.2011 – 31.08.2016)




# Wrap-up



Upside potential



Attractive and transparent dividend policy



Downside protection

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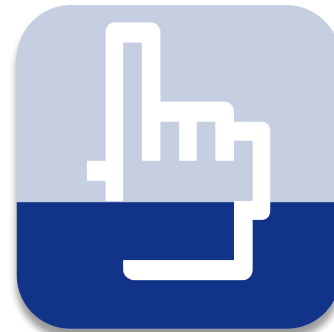
# Outlook



Macro to remain difficult



Successful evolution of business model



Digitalization



Our targets

# We do not plan for an economic recovery<sup>1</sup>, ...



## Challenging environment

likely to persist, e.g. geopolitical tensions or prospects for Chinese economy

## Emerging Markets'

weight in global output to continue to rise  
- but at a slower pace

## Global economic growth

to remain moderate

## Government bond yields

to rise modestly

Normalization of

## monetary policy

to be gradual and cautious – first in the US, later in Europe

## Interest rates

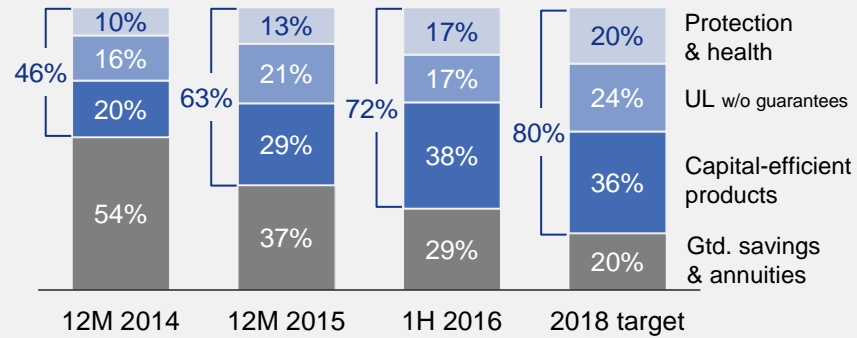
to stay low for much longer – hunt for yield to continue

1) High-level 3-5 year macro and interest rate outlook. Source: Allianz Economic Research

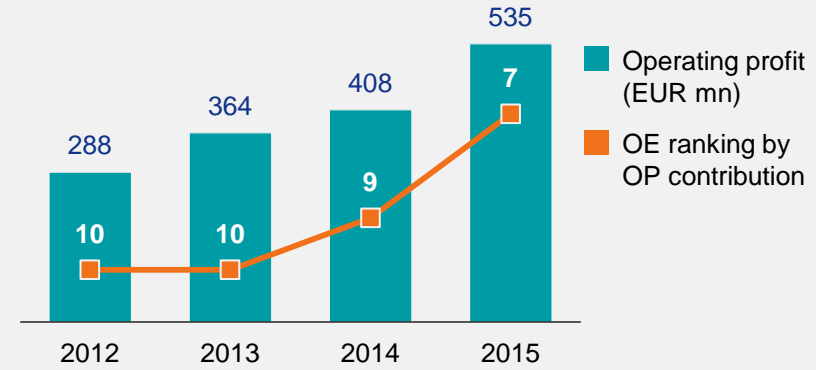
# ... we adapt our business model: some early success stories ...



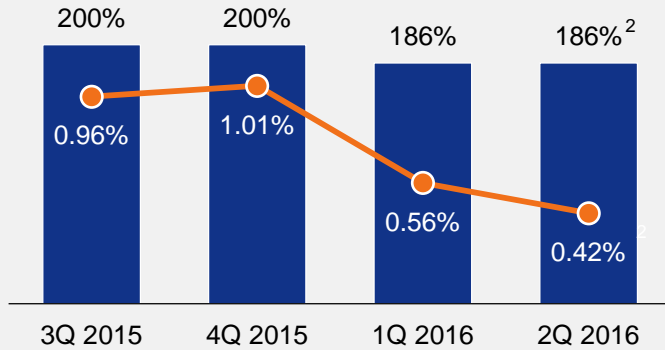
### New business mix shift in L/H



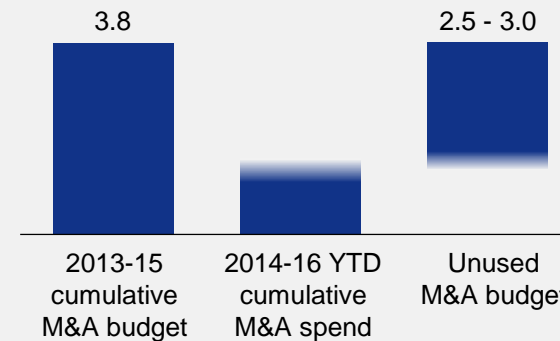
### Growing weight of AllianzGI



### Stable SII ratio despite rate<sup>1</sup> decline



### Disciplined capital management (EUR bn)

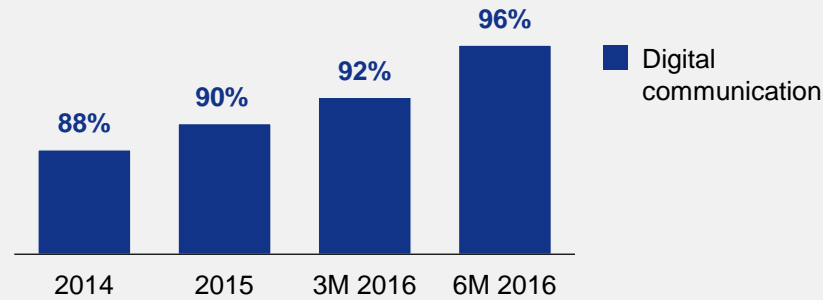


1) 10Y EUR swap rates. Source: Thomson Reuters Datastream  
 2) Before positive impact from sale of Korean Life operation

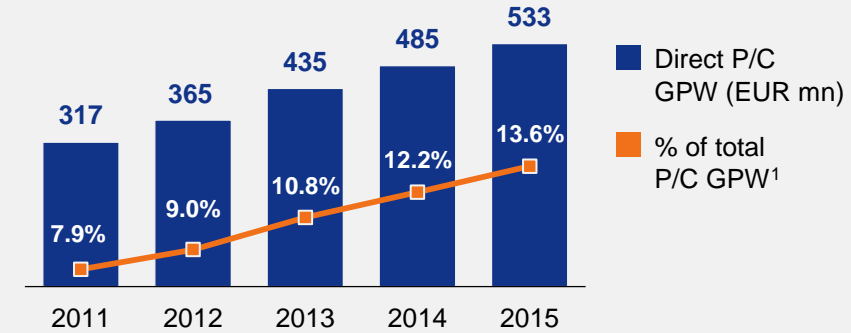
# ... including digitalization along all parts of the value chain ...



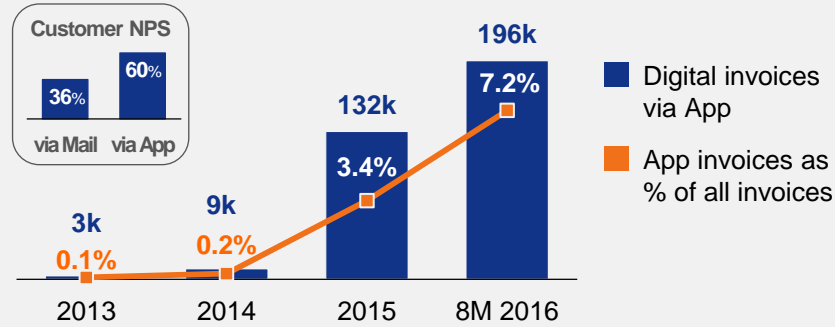
## Communications



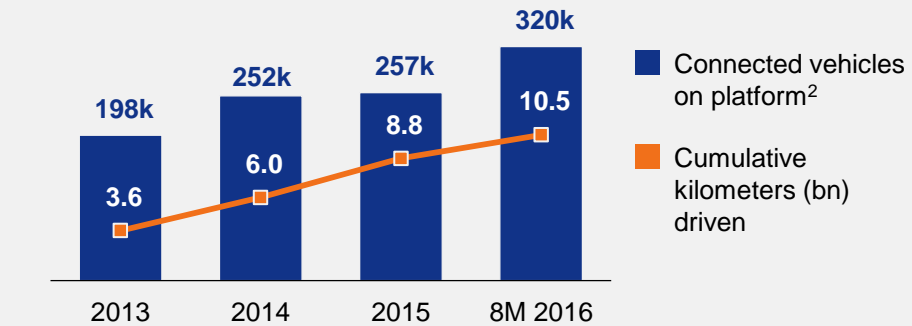
## Sales



## Claims



## Products



1) Percentage of total P&C GPW at AZ Italy excludes premiums resulting from the 2014 acquisition of MiSa  
 2) In 2015, Allianz actively promoted the further development and use of a Group-wide connected car platform

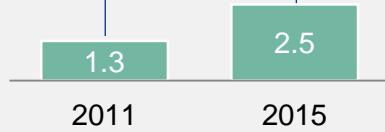
# ... with simultaneous emphasis on sustainability

## Achievements and ...

### Environment

Renewable energy investments  
[EUR bn]

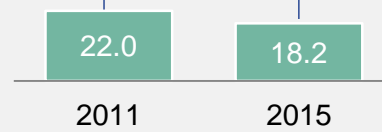
CAGR  
+18%



### Environment

Energy consumption  
[GJ per employee]

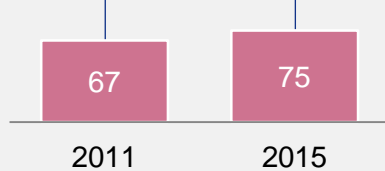
CAGR  
-5%



### Social

Employee Engagement Index [score]

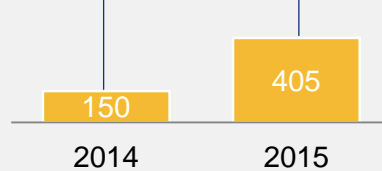
+12%



### Governance

Transactions with ESG screening

+170%



One of world's leading sustainable companies

## ... external acknowledgments<sup>1</sup>

99<sup>th</sup> percentile

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

Industry leader

FTSE4Good

Prime status

Corporate Responsibility Prime  
rated by  
oeekom rjelselarch

AAA rating

MSCI

100 points

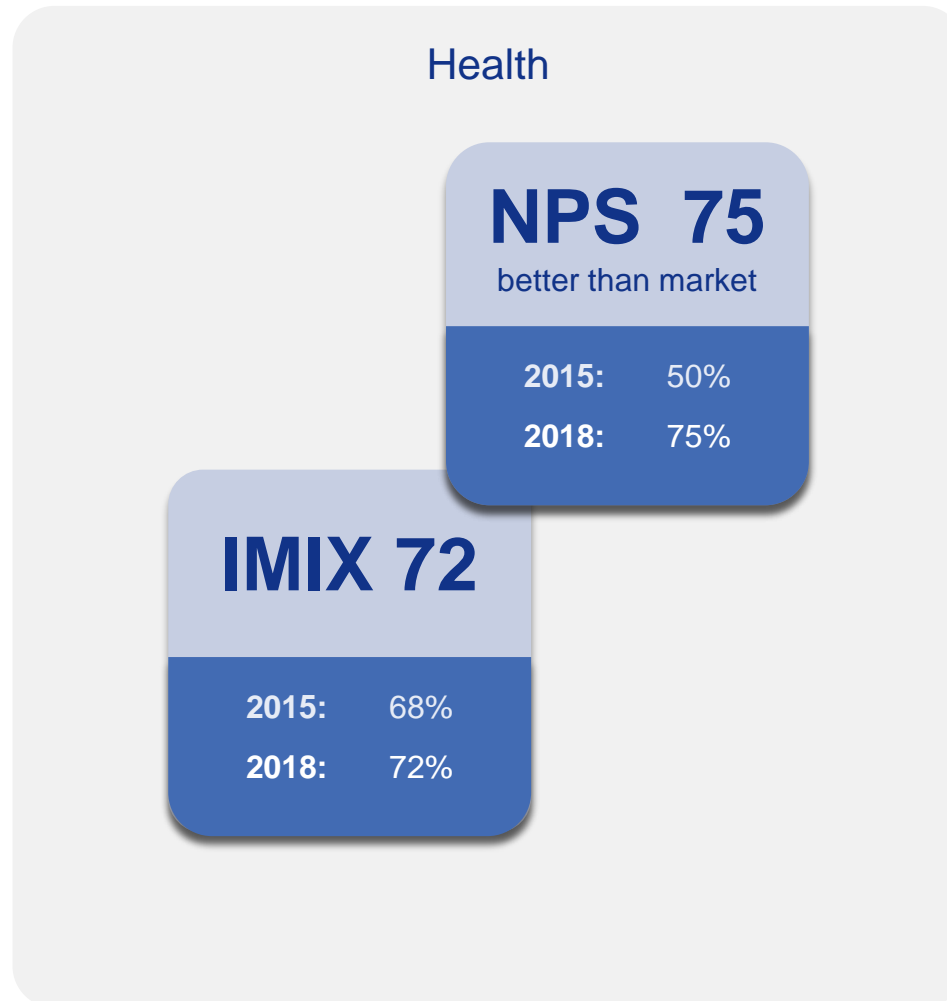
CDP<sup>™</sup>  
CLIMATE DISCLOSURE LEADER 2015



1) Dow Jones Sustainability rating: 2016; all other ratings: 2015



# Clearly defined ambitions for 2018



1) Excluding unrealized gains/losses on bonds net of shadow DAC

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### Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the

extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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