

Press

Allianz achieves strong results in 2012

- Revenues rise 2.7 percent to 106.4 billion euros
- Operating profit increases to 9.5 billion euros, achieving raised outlook for 2012
- Net income attributable to shareholders doubles to 5.2 billion euros
- Solvency ratio improves to 197 percent
- Proposed dividend of 4.50 euros per share at previous year's level

Allianz Group reported strong results for the financial year 2012. Revenues reached 106.4 billion euros for the year, an increase of 2.7 percent compared to 103.6 billion euros in the previous year. Operating profit rose 20.8 percent in 2012 to 9.5 billion euros from 7.9 billion euros in 2011. Allianz achieved its operating profit target that had been raised in October 2012 to over 9 billion euros. Until then, Allianz had expected to earn an operating profit of 8.2 billion euros, plus/minus 500 million euros.

All business segments delivered double-digit growth in operating profit in 2012. Property and Casualty insurance benefited from an improved underwriting result including lower losses from natural catastrophes. The Life and Health insurance business stayed the course and successfully withstood a very competitive and challenging low-interest rate environment. Asset Management delivered another excellent year.

Net income attributable to shareholders more than doubled in 2012. It reached 5.2 billion euros after 2.5 billion euros in 2011, an increase of 103.1 percent. The 2011 result had been impacted by impairments from Greek sovereign debt and investments, particularly in financials.

Shareholders' equity increased to 53.553 billion euros from 44.915 billion euros in 2011. At the end of 2012, the conglomerate solvency ratio was 197 percent, up 18 percentage points from 179 percent the year before.

The Board of Management will propose to the Supervisory Board of Allianz SE a dividend of 4.50 euros per share.

"Our business had developed so well for the first three quarters that we raised our operating profit outlook. Despite the impact from the storm Sandy, we exceeded our forecast," said Michael Diekmann, CEO of Allianz SE. "Our results show how well our business model can handle the various turbulences from the financial crisis. The sustainability and continuity of our business are also reflected in our dividend policy. That is why we are again recommending a dividend of 4.50 euros per share, a payout ratio of 40 percent."

Property and Casualty insurance grows premiums and profitability

Gross written premiums in Property and Casualty insurance increased 4.7 percent in 2012 to 46.9 billion euros from 44.8 billion euros the previous year. Adjusted for foreign currency and consolidation effects, internal revenue growth of 2.5 percent stemmed almost equally from price and volume effects. Premiums rose in nearly all markets with significant growth in Australia, the global unit Allianz Global Corporate & Specialty and the Latin America region. Germany also increased revenues for the first time after several years.

Annual operating profit for Property and Casualty insurance rose 12.5 percent in 2012 to 4.7 billion euros from 4.2 billion euros in 2011. The main reason for this was a strong increase of 701 million euros in the underwriting result supported by a positive loss ratio development.

In nearly all markets the combined ratio was well below 100 percent in 2012. The Group combined ratio improved by 1.5 percentage points to 96.3 percent from 97.8 percent in 2011. Despite the effects of the storm Sandy, natural catastrophes contributed only 1.7 percentage points to the loss ratio in 2012, compared to 4.4 percentage points the year before. The accident year loss ratio for 2012 fell to 71.2 percent from 74.1 percent for the previous year. The expense ratio of 28.0 percent remained at last year's level of 27.9 percent.

"I am encouraged by our healthy growth in premiums, especially by recoveries in key European markets. This development shows that we are an attractive risk partner," said Dieter Wemmer, Chief Financial Officer of Allianz SE. "We can't influence risks like natural catastrophes, but we can influence the protection of our customers."

Life and Health insurance stays strong in difficult environment

The Life and Health insurance business showed stable development in statutory premiums, generating 52.3 billion euros in 2012, compared to 52.9 billion euros the previous year. The market remained difficult for the entire industry in 2012, in particular in the area of investment-oriented products.

Operating profit increased 22.1 percent in 2012 to 3.0 billion euros from 2.4 billion euros, in particular due to a better operating investment result from higher realized gains and lower impairments compared to the previous year.

Interest and similar income also rose as the growth in the asset base offset the effect of slightly lower yields. The operating asset base increased to 475.9 billion euros from 431.1 billion euros in 2011.

The new business margin was 1.8 percent in 2012, compared to 2.3 percent the previous year. This reflects the persistent low-interest rate environment. As a result, the value of new business was 790 million euros, compared to 940 million euros in 2011.

“The results in our Life and Health insurance business exceed our expectations from a year ago. We can be very satisfied with that, especially in the face of persistent low interest rates, flat economic growth and the effects of financial repression,” said Dieter Wemmer. “We were able to pay out more than 20 billion euros to our customers in this segment last year. Our performance figures confirm not only the short-term value for customers and shareholders but also the sustainability of our business model.”

Asset Management finishes another excellent year

The Asset Management business at Allianz produced one of the strongest performances in the market in 2012. Net fees and commission income grew 23.1 percent to 6.7 billion euros from 5.5 billion euros for 2011. Internal growth was 15.0 percent.

At 3.0 billion euros, operating profit in 2012 was 33.6 percent above 2.3 billion euros for 2011. Internal growth amounted to 24.9 percent. The cost-income ratio for 2012 continued to improve to 55.6 percent down from 59.0 percent the year before and well below last year’s target level of 65 percent.

Total assets under management reached 1,852 billion euros at the end of 2012, an increase of 11.8 percent from 1,657 billion euros at the end of the previous year. Third-party assets under management rose to 1,438 billion euros from 1,281 billion euros at the end of 2011.

Third-party net inflows for 2012 increased strongly to 113.6 billion euros from 38.3 billion euros in the previous year. The regional split for these net inflows became more balanced, with Europe’s contribution more than tripling to comprise around one third of the total for 2012.

“Allianz Asset Management has further strengthened its position among the leading asset managers in the world and now contributes nearly a third to our group operating profit – this is an excellent achievement,” said Dieter Wemmer. “The new structure of the business has been a complete success. It has enabled Allianz Global Investors and PIMCO to sharpen their profiles, serving individual client needs even better all over the world.”

Outlook 2013

“There seem to be first signs of stability in the euro zone, and some observers expect the world economy to regain a bit of momentum towards the end of the year. However, interest rates are expected to remain low, and there are still many uncertainties – primarily around sovereign debt levels and the lack of strong growth in developed markets,” said Michael Diekmann.

“Nonetheless, I am confident that again in 2013 Allianz will maintain its profitability and continue to provide a safe haven to our customers and shareholders. With cautious optimism and assuming that natural catastrophes and capital market turbulence do not exceed expected levels, our operating profit outlook for 2013 is 9.2 billion euros, plus/minus 500 million euros,” he added. “This is consistent with our strong operating profit for 2012, adjusted according to our new presentation for restructuring charges implemented at the beginning of 2013.”

Allianz Group - Preliminary key figures 4th quarter and fiscal year 2012

		4Q 2011	4Q 2012	Δ	12M 2011	12M 2012	Δ	
Total revenues	€ bn	25.0	25.9	3.7%	103.6	106.4	2.7%	
Operating profit / loss	€ mn	2,000	2,275	13.8%	7,866	9,501	20.8%	
- Property-Casualty	€ mn	1,093	1,259	15.2%	4,196	4,719	12.5%	
- Life/Health	€ mn	519	486	-6.4%	2,420	2,955	22.1%	
- Asset Management	€ mn	663	917	38.3%	2,256	3,014	33.6%	
- Corporate and Other	€ mn	-236	-381	61.4%	-897	-1,128	25.8%	
- Consolidation	€ mn	-39	-6	-84.6%	-109	-59	-45.9%	
Income before income taxes	€ mn	1,102	2,141	94.3%	4,846	8,631	78.1%	
Income taxes	€ mn	-542	-852	57.2%	-2,042	-3,140	53.8%	
Net income / loss	€ mn	560	1,289	130%	2,804	5,491	95.8%	
- Property-Casualty	€ mn	790	1,014	28.4%	2,812	3,471	23.4%	
- Life/Health	€ mn	267	363	36.0%	1,198	2,035	69.9%	
- Asset Management	€ mn	381	564	48.0%	1,312	1,809	37.9%	
- Corporate and Other	€ mn	-854	-786	-8.0%	-2,501	-1,887	-24.6%	
- Consolidation	€ mn	-24	134	-	-17	63	-	
Net income	€ mn	560	1,289	130%	2,804	5,491	95.8%	
- attributable to non-controlling interests	€ mn	68	69	1.5%	259	322	24.3%	
- attributable to shareholders	€ mn	492	1,220	148%	2,545	5,169	103%	
Basic earnings per share	€	1.09	2.69	147%	5.63	11.42	103%	
Diluted earnings per share	€	1.06	2.66	151%	5.48	11.34	107%	
Dividend per share	€	-	-	-	4.50	4.50 ¹	0.0%	
Ratios								
- Property-Casualty	Combined ratio	%	97.6%	95.4%	-2.2% -p	97.8%	96.3%	-1.5% -p
- Life/Health	Margin on reserves ²	bps	50	43	-7 bps	58	67	9 bps
- Asset Management	Cost-income ratio	%	58.6%	54.3%	-4.3% -p	59.0%	55.6%	-3.4% -p
					12/31/11	12/31/12	Δ	
Shareholders' equity³	€ bn	-	-	-	44.9	53.6	19.2%	
Conglomerate solvency ratio⁴	%	-	-	-	179%	197%	18.0% -p	
Third-party assets under management	€ bn	-	-	-	1,281	1,438	12.3%	

¹ Proposal

² Operating profit (annualized) divided by average net reserves

³ Excluding non-controlling interests

⁴ Including off-balance sheet reserves (12/31/12: € 2.2bn, 12/31/11: € 2.2 bn). The solvency ratio excluding off-balance sheet reserves would amount to 188% as of 12/31/12 and 170% as of 12/31/11

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These assessments are, as always, subject to the disclaimer provided below.

About Allianz

Together with its customers and sales partners, Allianz is one of the strongest financial communities. Around 78 million private and corporate customers rely on Allianz's knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks.

In 2012, around 144,000 employees in over 70 countries achieved total revenue of 106.4 billion euros and an operating profit of 9.5 billion euros. Benefits for our customers reached 89.2 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

Cautionary Note Regarding 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.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.