Allianz SE
Group Communications

Press

Allianz on track for full-year target

- Nine-month operating profit stable at 8.15 billion euros
- Nine-month net income attributable to shareholders up 3.9 percent to 5.20 billion euros
- Quarterly operating profit down 7.5 percent to 2.45 billion euros
- Quarterly net income attributable to shareholders decreases by 15.4 percent to 1.36 billion euros
- Targeted shift in Life product mix improves profitability for new business
- Strong Solvency II capitalization of 200 percent

Over the first nine months of the year, Allianz Group total revenues rose 3.5 percent to 95.5 (92.2) billion euros. Operating profit remained stable at 8.15 (8.14) billion euros. Net income attributable to shareholders increased 3.9 percent to 5.20 (5.00) billion euros.

“In a volatile financial market environment, Allianz’s fundamentals remained at a solid level in all business segments in the third quarter. We expect the full year operating profit to grow and arrive in the upper end of our target range of 10.0 to 10.8 billion euros,” said Dieter Wemmer, CFO of Allianz SE.

In the third quarter of 2015, Allianz Group maintained revenues at a high level and achieved a solid operating profit, although both weakened slightly compared to one year ago. Total quarterly revenues were 27.5 (third quarter of 2014: 28.8) billion euros, a decrease of 4.3 percent. Operating profit was 2.45 (2.65) billion euros, down 7.5 percent. Net income attributable to shareholders amounted to 1.36 (1.61) billion euros, a decrease of 15.4 percent, in part due to one-off tax benefits in the year-earlier quarter.

In the quarter, the segment Property and Casualty insurance saw revenues increase while the operating profit was affected by lower investment and underwriting results. In the Life and Health insurance segment, sales shifted towards unit-linked and other capital efficient products while statutory premiums for traditional products decreased. In the segment Asset Management, operating profit continued to be impacted by the effects of prior period outflows.

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Solvency II capitalization was 200 percent as of September 30, 2015. This represented an increase of 9 percentage points compared to December 31, 2014. Shareholders' equity increased by 0.9 percent to 61.3 billion euros from 60.7 billion euros as of December 31, 2014.

Property and Casualty insurance with healthy operating profit

Gross premiums written in Property and Casualty insurance increased 2.4 percent to 11.52 (11.25) billion euros in the third quarter. Adjusted for foreign exchange and consolidation effects, internal growth was 0.4 percent. Strong premium growth was recorded in particular in Turkey with 37.6 percent internal growth. At the global business line Allianz Worldwide Partners, Allianz Global Assistance was the main driver of the 12.1 percent internal growth, while in Spain premiums increased by 7.3 percent. Australia continued its strong growth at 4.2 percent on an internal basis, in particular in the areas of motor and property insurance.

Operating profit in the Property and Casualty segment was down 5.0 percent to 1.35 (1.42) billion euros in the third quarter. This decline was mainly driven by a lower investment result and further impacted by a weaker underwriting result. The impact from natural catastrophes was 137 million euros higher than in the previous year and totaled 144 million euros. The combined ratio deteriorated by 0.6 percentage points to 94.1 (93.5) percent.

"Our Property and Casualty business continued with a strong underwriting margin despite an increase in weather related claims compared to the year before, as well as several large claims," said Dieter Wemmer. "The overall development of the segment is on track."

Life and Health insurance: shift in product mix improves new business margin

Overall, premiums shifted further towards unit-linked and other capital efficient products. This was particularly evident in core markets, including Germany, France and Italy. As a result of this targeted shift, the new business margin improved by 0.3 percentage points to 3.0 percent.

Also as a result, statutory premiums in Life and Health insurance were down 9.7 percent compared to elevated sales in the previous-year quarter, amounting to 14.31 (15.85) billion euros. Operating profit decreased by 6.6 percent to 738 (790) million euros, hampered in part by a write-down of deferred acquisition costs in South Korea.

The value of new business decreased slightly by 1.6 percent to 325 (330) million euros. Compared to the second quarter, the value of new business increased by 55 percent. This improvement is a further result of the targeted shift away from capital intensive products.

"Our product mix in the Life and Health segment continues to move in the right direction -- away from traditional and towards new products," said Dieter Wemmer. "Our improved new business margin is clear evidence that the execution of our strategy is paying off."

Asset Management third party net outflows slow further

In the third quarter, operating revenues of the segment Asset Management reached 1.64 (1.62) billion euros, an increase of 1.1 percent. This increase was driven by a high level of performance fees and the significantly strengthened US dollar, which more than compensated for the impact of lower average third-party assets under management.

Operating profit declined 13.5 percent to 600 (694) million euros. Impacted by current and prior-period net outflows, the cost-income ratio weakened year-on-year to 63.3 (57.1) percent but strengthened when compared to the second quarter level of 67.4 percent.

On September 30, 2015, total assets under management were 1,746 billion euros compared to 1,801 billion euros at the end of 2014. Third-party assets under management amounted to 1,259 billion euros, down from 1,313 billion euros at the end of 2014. In addition to the net outflows, volatile capital markets contributed to the decrease.

The third quarter saw third-party net outflows in the Asset Management segment slow further and amounted to 14.8 billion euros, compared to net outflows of 47.4 billion euros in the previous year's third quarter. Net outflows at PIMCO amounted to 16.0 billion euros in the third quarter while Allianz Global Investors recorded net inflows of 1.3 billion euros.

"Net outflows at PIMCO nearly halved compared to the previous quarter and have reached the lowest quarterly level since the start of net outflows in the third quarter of 2013," said Dieter Wemmer. "At Allianz Global Investors, third party net inflows continued for the eleventh consecutive quarter."

Allianz Group - Key figures 3rd quarter and first 9 months of 2015[1]							
		3Q 2014	3Q 2015	Δ	9M 2014	9M 2015	Δ
Total revenues	**€ bn**	**28.8**	**27.5**	**-4.3%**	**92.2**	**95.5**	**3.5%**
Operating profit / loss	**€ mn**	**2,650**	**2,452**	**-7.5%**	**8,144**	**8,149**	**0.1%**
- Property-Casualty	€ mn	1,422	1,352	-5.0%	4,257	4,382	2.9%
- Life/Health	€ mn	790	738	-6.6%	2,655	2,695	1.5%
- Asset Management	€ mn	694	600	-13.5%	2,015	1,661	-17.6%
- Corporate and Other	€ mn	-248	-246	-0.9%	-689	-577	-16.4%
- Consolidation	€ mn	-9	8	-	-94	-11	-87.9%
Income before income taxes	**€ mn**	**2,319**	**2,159**	**-6.9%**	**7,658**	**7,932**	**3.6%**
Income taxes	€ mn	-632	-720	13.9%	-2,373	-2,444	3.0%
Net income / loss	**€ mn**	**1,687**	**1,440**	**-14.7%**	**5,285**	**5,488**	**3.8%**
- Property-Casualty	€ mn	1,083	1,019	-5.9%	2,697	3,285	21.8%
- Life/Health	€ mn	530	547	3.1%	1,891	1,948	3.0%
- Asset Management	€ mn	438	374	-14.5%	1,263	1,033	-18.2%
- Corporate and Other	€ mn	-311	-354	13.7%	-429	-609	41.9%
- Consolidation	€ mn	-52	-146	179%	-137	-168	23.0%
Net income	**€ mn**	**1,687**	**1,440**	**-14.7%**	**5,285**	**5,488**	**3.8%**
- attributable to non-controlling interests	€ mn	81	81	0.2%	283	290	2.3%
- attributable to shareholders	€ mn	1,606	1,359	-15.4%	5,002	5,198	3.9%
Basic earnings per share	**€**	**3.54**	**2.99**	**-15.5%**	**11.02**	**11.44**	**3.8%**
Diluted earnings per share	**€**	**3.52**	**2.98**	**-15.2%**	**10.95**	**11.43**	**4.4%**
Ratios							
- Property-Casualty Combined ratio	%	93.5%	94.1%	0.6% -p	93.6%	94.1%	0.5% -p
- Life/Health Margin on reserves	bps	61	52	-9 bps	70	64	-6 bps
- Asset Management Cost-income ratio	%	57.1%	63.3%	6.2% -p	57.5%	65.1%	7.6% -p
					12/31/14	09/30/15	Δ
Shareholders' equity[2]	**€ bn**	**-**	**-**	**-**	**60.7**	**61.3**	**0.9%**
Conglomerate solvency ratio[3]	**%**	**-**	**-**	**-**	**181%**	**195%**	**14% -p**
Third-party assets under management	**€ bn**	**-**	**-**	**-**	**1,313**	**1,259**	**-4.1%**

1 In 4Q 2014 the French International Health business was reclassified from L/H France to Allianz Worldwide Partners (P/C) effective 01/01/14.

2 Excluding non-controlling interests.

3 Including off-balance sheet reserves (12/31/14: € 2.3bn, 09/30/15: € 2.4bn). The solvency ratio excluding off-balance sheet reserves would amount to 172% as of 12/31/14 and 187% as of 09/30/15.

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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. About 85 million private and corporate customers insured by Allianz rely on its 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 2014, around 147,000 employees in over 70 countries achieved total revenues of 122.3 billion euros and an operating profit of 10.4 billion euros. Benefits for our customers reached 104.6 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/US-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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