

Munich, May 12, 2020

oliver.schmidt@allianz.com	+49 89 3800 3963
reinhard.lahusen@allianz.com	+49 89 3800 17224
christian.lamprecht@allianz.com	+49 89 3800 3892
frank.stoffel@allianz.com	+49 89 3800 18124

investor.relations@allianz.com  
www.allianz.com/investor-relations

# Allianz reports 2.3 billion euros operating profit in 1Q 2020

- Internal revenue growth of 3.7 percent in 1Q 2020
- 1Q 2020 operating profit of 2.3 billion euros
- 1Q 2020 net income attributable to shareholders down 28.9 percent to 1.4 billion euros
- Solvency II capitalization ratio of 190 percent
- 2020 operating profit outlook 12 billion euros, plus or minus 500 million euros, has been withdrawn due to COVID-19 uncertainties

---

## Management Summary: Resilient performance in adverse conditions

The COVID-19 induced turmoil in the financial markets and a slowing economy have clearly aggravated business conditions for the financial services industry. However, Allianz with its well-diversified business portfolio and a robust balance sheet is well prepared to manage the Corona crisis and has achieved good results in the first quarter of 2020.

**Internal revenue growth**, which adjusts for currency and consolidation effects, amounted to 3.7 percent, driven in particular by our Life/Health business segment but also supported by our other business segments. **Total revenues** increased 5.7 percent to 42.6 (1Q 2019: 40.3) billion euros. **Operating profit** declined 22.2 percent to 2.3 (3.0) billion euros. Our Asset Management business segment reported a strong increase in operating profit due to a rise in assets under management driven revenues. Our Property-Casualty business segment saw a decrease of the operating profit due to higher claims from natural catastrophes, as well as COVID-19-related losses. Operating profit from our Life/Health business segment also declined mainly driven by the market downturn, which impacted the investment margin and deferred acquisition costs. **Net income attributable to shareholders** decreased 28.9 percent to 1.4 (2.0) billion euros mostly driven by the lower operating profit. The non-operating result also worsened as realized gains from the sale of Allianz Popular were more than offset by COVID-19-related market impacts. A lower tax rate had a partly offsetting effect.

**Basic Earnings per Share (EPS)** decreased 27.8 percent to 3.36 (4.65) euros. Annualized **Return on Equity (RoE)** amounted to 9.3 percent (full year 2019: 13.6 percent). The **Solvency II capitalization ratio** was at 190 percent at the end of the first quarter of 2020, compared to 212 percent at year-end 2019.

In light of the uncertainties for the macroeconomic development caused by the current pandemic and the now available updated financial plans of the operating entities of the Group, as already announced in the media release from 30 April 2020, the Board of Management does not assume that Allianz Group can achieve the target range for the operating profit for 2020 in the amount of 12 billion euros, plus or minus 500 million euros. A new profit target for 2020 will be announced by the Board of Management upon completion of the revised planning once the impact of the Corona crisis can be better assessed.

“The first quarter of 2020 showed the resilience of Allianz in these unprecedented circumstances,” said Oliver Bäte, Chief Executive Officer of Allianz SE. “I am very proud of the operational preparedness of Allianz, the dedication of our employees and our IT that ensures the highest service levels for our customers even in this challenging situation. These are very testing times for us all, but I believe that together we will rise to this challenge.”

---

## Property-Casualty insurance: Combined ratio burdened by COVID-19 and natural catastrophe claims

- **Total revenues** rose by 4.2 percent to 20.3 (19.5) billion euros in the first quarter of 2020. Adjusted for foreign currency translation and consolidation effects, **internal growth** totaled 1.8 percent, driven by a positive price effect of 3.3 percent and a negative volume effect of 1.4 percent. AGCS, Allianz Asia Pacific, and Allianz Turkey were the main growth drivers.
- **Operating profit** decreased strongly by 29.1 percent to 1.0 billion euros in the first quarter of 2020 compared to the year-earlier period. The underwriting result was pressured by an increase in losses from natural catastrophes and COVID-19 impacts. Higher claims were partly offset by a strong improvement of our expense ratio.
- The **combined ratio** rose 4.1 percentage points to 97.8 percent in the first quarter of 2020 compared to the year-earlier period.

“COVID-19 has aggravated operating conditions in our Property-Casualty business segment,” said Giulio Terzariol, Chief Financial Officer of Allianz SE. “Our combined ratio adjusted for natural catastrophes and COVID-19 impacts remains at 94 percent as we continue to focus strongly on technical excellence in underwriting and claims management in order to navigate successfully through this crisis jointly with our customers.”

## Life/Health insurance: Resilient results in times of financial market headwinds

- **PVNB<sup>1</sup>**, the present value of new business premiums, increased to 18.0 (17.6) billion euros in the first quarter of 2020. This was largely driven by higher sales of unit-linked products in Italy, as well as of capital-efficient products in the German life business. Weakened sales of savings products in France partly offset this development.
- The **new business margin (NBM)** decreased to 2.7 (3.5) percent due to the impact of lower interest rates in the first quarter of 2020. The **value of new business (VNB)** dropped to 494 (609) million euros in the first quarter of 2020. The negative effects from the worsening of the interest rate environment were partly offset by increased sales, improved products and the continued shift to preferred lines of business.
- **Operating profit** decreased to 0.8 (1.1) billion euros in the first quarter of 2020. This was mainly due to a lower investment margin, driven predominantly by higher impairments following the market downturn. Further contributing factors were higher hedge costs and increased deferred acquisition costs (DAC) true-up mainly in the United States. The negative effects were partly compensated by an improved technical margin.

“New business margin in our Life/Health business segment held up very well during the first quarter of 2020 and sales were concentrated on our preferred lines,” said Giulio Terzariol. “On the other hand, our operating result reflects the turbulences in financial markets. We continue to manage actively our product range and asset base to ensure the resilience and value proposition of our Life/Health business segment.”

<sup>1</sup> PVNB<sup>1</sup> is shown after non-controlling interests, unless otherwise stated.

---

## Asset Management: Operating profit increased by 19 percent

- **Third-party assets under management (AuM)** decreased by 129 billion euros to 1,557 billion euros in the first quarter of 2020, compared to the end of 2019. This development was driven by negative market effects of 107.6 billion euros and net outflows of 46.4 billion euros, mostly in March. Positive foreign currency translation effects of 25.0 billion euros could not outweigh the aforementioned negative effects.
- **Total assets under management** decreased to 2,134 billion euros in the first quarter of 2020.
- The **cost-income ratio (CIR)** went down by 2.0 percentage points to 61.7 percent in the first quarter of 2020 compared to the first quarter of 2019. This was due to higher net fee and commission income, largely driven by higher average AuM, supported by an increase in AuM-driven margins. As a result, **operating profit** increased by 18.6 percent to 679 (573) million euros in the first quarter of 2020 compared to the year-earlier period.

“I am pleased with the operating performance of our Asset Management business segment,” said Giulio Terzariol. “We observed headwinds from financial markets towards the end of the first quarter of 2020 which might persist in the coming quarters. As the fundamentals of our business are very solid, I am confident about the mid- and long-term value creation of our Asset Management franchise.”

## Allianz Group - key figures 1st quarter 2020

		1Q 2020	1Q 2019	Delta	
<b>Total revenues</b>	€ bn	<b>42.6</b>	<b>40.3</b>	<b>5.7%</b>	
- Property-Casualty <sup>1</sup>	€ bn	20.3	19.5	4.2%	
- Life/Health	€ bn	20.5	19.3	6.5%	
- Asset Management	€ bn	1.8	1.6	12.5%	
- Corporate and Other	€ bn	0.1	0.1	5.4%	
- Consolidation	€ bn	-0.1	-0.1	-4.9%	
<b>Operating profit / loss</b>	€ mn	<b>2,304</b>	<b>2,962</b>	<b>-22.2%</b>	
- Property-Casualty	€ mn	1,032	1,455	-29.1%	
- Life/Health	€ mn	819	1,096	-25.3%	
- Asset Management	€ mn	679	573	18.6%	
- Corporate and Other	€ mn	-228	-164	38.4%	
- Consolidation	€ mn	2	4	-47.9%	
<b>Net income</b>	€ mn	<b>1,483</b>	<b>2,051</b>	<b>-27.7%</b>	
- attributable to non-controlling interests	€ mn	84	82	2.4%	
- attributable to shareholders	€ mn	1,400	1,969	-28.9%	
<b>Basic earnings per share</b>	€	<b>3.36</b>	<b>4.65</b>	<b>-27.8%</b>	
<b>Diluted earnings per share</b>	€	<b>3.21</b>	<b>4.65</b>	<b>-30.9%</b>	
<b>Additional KPIs</b>					
- Group	Return on equity <sup>2,3</sup>	%	9.3%	13.6%	-4.3% -p
- Property-Casualty	Combined ratio	%	97.8%	93.7%	4.1% -p
- Life/Health	New business margin	%	2.7%	3.5%	-0.7% -p
- Life/Health	Value of new business	€ mn	494	609	-18.9%
- Asset Management	Cost-income ratio	%	61.7%	63.7%	-2.0% -p
			03/31/2020	12/31/2019	Delta
<b>Shareholders' equity<sup>3</sup></b>	€ bn	<b>69.4</b>	<b>74.0</b>	<b>-6.2%</b>	
<b>Solvency II capitalization ratio<sup>4</sup></b>	%	<b>190%</b>	<b>212%</b>	<b>-23% -p</b>	
<b>Third-party assets under management</b>	€ bn	<b>1,557</b>	<b>1,686</b>	<b>-7.6%</b>	

**Please note:** The figures are presented in millions of Euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1\_ Total revenues comprise gross premiums written and fee and commission income.

2\_ Represents the annualized ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period. Annualized figures are not a forecast for full year numbers. For 1Q 2019, the return on equity for the respective full year is shown.

3\_ Excluding non-controlling interests.

4\_ Risk capital figures are group diversified at 99.5% confidence level.

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

#### **Cautionary note regarding forward-looking statements**

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements. Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting 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, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

#### **No duty to update**

The Allianz Group assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

#### **Other**

The figures regarding the net assets, financial position and results of operations have been prepared in conformity with International Financial Reporting Standards. This Quarterly Earnings Release is not an Interim Financial Report within the meaning of International Accounting Standard (IAS) 34.

This is a translation of the German Quarterly Earnings Release of the Allianz Group. In case of any divergences, the German original is binding.

#### **Privacy Note**

Allianz SE is committed to protecting your personal data. Find out more in our [Privacy Statement](#).