

Munich Re

Minor update post FY24 results; increasing PT to €530

We update our model for Munich Re post results and our 2025-28E estimates see minimal changes. We update our Aug-26 PT from €520 to €530.0

- For 2025E our net income estimate stands at ~€6.0bn in line with target, with management confirming today that the guidance is unchanged despite the impact from the California wildfires. Our P&C Re combined ratio increases to 84.1% for 2025, or 82.8% on a normalized basis vs ~83% comparable guidance. This is mostly offset by higher investment income with an ROI assumption of ~3.1% for 2025. In L&H Re our technical result estimate is €1.78bn vs ~€1.7bn guidance.
- Our 2025-28E dividend forecasts increase to reflect the higher than expected proposed dividend for FY24. We assume a ~6% increase in DPS YoY and maintain our SBB assumption of €2bn annually.

Table 1: Munich Re - summary of estimate changes

€ million

	New 2023E	New 2024E	New 2027E	New 2028E	Old 2025E	Old 2026E	Old 2027E	Old 2028E	% change 2023E	% change 2028E	% change 2027E	% change 2028E
Insurance service result	7,946	8,629	8,977	9,339	8,341	8,719	9,063	9,422	-5%	-1%	-1%	-1%
Total technical result	8,466	9,169	9,537	9,899	8,861	9,259	9,623	9,982	-4%	-1%	-1%	-1%
Investment result	7,285	6,884	5,986	7,988	6,941	6,841	6,941	7,043	5%	1%	1%	1%
Operating result	8,303	8,433	8,654	8,807	8,349	8,400	8,613	8,848	-1%	0%	0%	1%
Net result	6,005	6,111	6,327	6,510	6,047	6,084	6,294	6,472	-1%	0%	1%	1%
EPS	45.9	48.1	51.2	54.3	46.9	49.0	52.6	56.3	-2%	-2%	-3%	-4%
DPS	21.2	22.5	23.8	25.2	17.0	18.0	19.0	20.0	25%	25%	25%	26%
Operating result by divisions												
L&H Re	2,383	2,382	2,440	2,478	2,357	2,379	2,430	2,460	2%	0%	0%	1%
PAC Re	4,335	4,567	4,707	4,888	4,539	4,558	4,699	4,880	-4%	0%	0%	0%
ERGO L&H	425	382	383	385	349	365	366	368	22%	5%	5%	5%
ERGO P&C	609	595	611	626	593	596	611	627	3%	0%	0%	0%
ERGO Int'l	540	507	513	519	512	502	508	513	6%	1%	1%	1%
P&C Re COR	84.1%	83.1%	83.1%	83.1%	83.0%	83.1%	83.1%	83.1%	1.0%	0.0%	0.0%	0.0%
ERGO P&C COR	88.7%	88.7%	88.7%	88.7%	88.8%	88.8%	88.8%	88.8%	-0.1%	-0.1%	-0.1%	-0.1%

Source: J.P. Morgan estimates.

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 6 for analyst certification and important disclosures, including non-US analyst disclosures.

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Neutral

MUVGn.DE, MUV2 GR
Price (25 Feb 25):€534.40

▲ Price Target (Aug-26):€530.00
Prior (Jun-26):€520.00

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Style Exposure

Quant Factors	Current		Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y	
Value	39	63	71	46	48	
Growth	39	72	34	52		
Momentum	18		51	28		
Quality	61	11		26		
Low Vol	78	41	26	35	2	
ESGQ	9	4	5	18	11	

Price Performance



Company Data

Shares O/S (mn)	134
52-week range (€)	539.20-401.00
Market cap (\$ mn)	75,156.49
Exchange rate	0.95
Free float (%)	100.0%
3M ADV (mn)	0.26
3M ADV (\$ mn)	137.9
Volatility (90 Day)	22
Index	MSCI Europe
BBG ANR (Buy Hold Sell)	9 12 3

Key Metrics (FYE Dec)

€ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Operating profit - Life	586	965	889	897
Life Reinsurance Operating Profit	2,228	2,393	2,382	2,440
P&C Insurance Operating Profit	428	609	595	611
P&C Reinsurance Operating Profit	4,727	4,335	4,567	4,707
Other pre-tax operating profit	(207)	(256)	(256)	(256)
Pre Tax Operational Income	7,762	8,047	8,178	8,399
Adj. net income	5,671	6,005	6,111	6,327
Comprehensive Profit	7,571	6,017	6,043	6,277
Adj. EPS	42.78	45.92	48.06	51.21
Comprehensive EPS	57.11	46.02	47.53	50.81
DPS	20.00	21.20	22.47	23.82
BVPS	246.2	263.0	280.9	300.9
Comprehensive BVPS	374.05	394.46	415.58	439.19
Margins and Growth				
Adj. EPS growth	26.3%	7.3%	4.7%	6.5%
Comprehensive EPS growth	50.3%	(19.4%)	3.3%	6.9%
DPS growth	33.3%	6.0%	6.0%	6.0%
Ratios				
Primary P&C combined ratio (%)	89.2%	88.7%	88.7%	88.7%
Reinsurance P&C combined ratio (%)	82.4%	84.1%	83.1%	83.1%
Life New Business CSM	2,750	1,496	1,509	1,522
Life New Business CSM Margin (%)	-	-	-	-
CSM Release Ratio (%)	7.4%	7.7%	7.6%	7.6%
ROE	18.2%	18.0%	17.7%	17.6%
Comprehensive ROE	16.1%	12.0%	11.8%	11.9%
Debt leverage ratio	11.8%	11.5%	11.3%	11.0%
Valuation				
Dividend yield	3.7%	4.0%	4.2%	4.5%
P/BV	2.2	2.0	1.9	1.8
Comprehensive P/BV	1.4	1.4	1.3	1.2

Summary Investment Thesis and Valuation

Investment Thesis

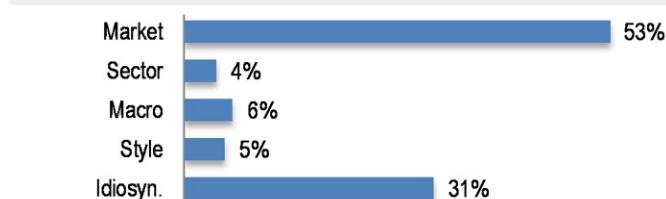
We see Munich Re as a reliable stock to own given its excellent track record. But with earnings trends now being reflected in estimates and the stock having re-rated in the last couple of years, we see limited near-term scope for further re-rating with a likely slowing in the reinsurance market in 2025. Neutral.

- Track record of reliability.** The company produces dependable returns and has a premier track record on dividend payments in the sector.
- Earnings estimates have increased materially since 2022.** Looking ahead, we expect to see less earnings surprises given the rapid earnings upgrades that the company has seen and high expectations built into numbers, especially as the reinsurance market slows down.
- Growth in capital returns expected but now built into expectations.** We assume that the SBB increases to €2bn but we think that this is as far as the company would be willing to push the level to in the near term.

Valuation

We value Munich Re by estimating its sustainable across-the-cycle comprehensive ROE of 10% and derive a valuation multiple on Comprehensive Equity. We adjust for dividends and share buybacks and apply a CoE of 8% and growth rate of 0%. This results in our Aug-26 PT of €530.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Europe ex UK	0.78	0.73
Sect: Financials	0.57	0.32
Ind: Insurance	0.74	0.72
Macro:		
Eurozone CPI	0.20	-0.25
Eurozone Exports	0.05	0.16
Germany Govt 10Y Yield	-0.18	-0.11
Quant Styles:		
LowVol	0.19	0.39
Momentum	0.53	0.32
Size	0.09	0.22

Investment Thesis, Valuation and Risks

Munich Re (*Neutral; Price Target: €530.00*)

Investment Thesis

We view Munich Re as a reliable stock to own given its excellent track record. But with earnings trends now being reflected in estimates and the stock having re-rated in the last couple of years, we see limited near-term scope for further re-rating with the likely slowing down in the reinsurance market in 2025 and rate the stock Neutral.

- **Track record of reliability.** This conservatism and reliability has a value with the company producing dependable returns and has also translated this into the premier track record on dividend payments in the sector with share buybacks complementing the regular dividends in recent years.
- **Earnings estimates have increased materially since 2022.** Munich Re has seen a material increase in its level of earnings which have increased more than 50% between 2022 and 2025E. Looking ahead, we expect to see less earnings surprises at Munich Re given the rapid earnings upgrades that the company has seen and high expectations built into numbers, especially as the reinsurance market slows down.
- **Growth in capital returns expected but now built into expectations.** We assume that the SBB programme increases to €2bn but we think that this is as far as the company would be willing to push the level to in the near term and is well built into consensus.

Valuation

We value Munich Re by estimating its sustainable across-the-cycle comprehensive ROE of 10% and derive a valuation multiple on Comprehensive Equity. We adjust for dividends and share buybacks and apply a CoE of 8% and growth rate of 0%. This results in our Aug-26 PT of €530.

Munich Re – IFRS17-based valuation

€ million, unless stated otherwise

Business unit	Sustainable comprehensive profit €mn	Insurance service result €mn	Sustainable life margin on liabilities (%)	Sustainable P&C combined ratio (%)	Net financial result €mn	Investment margin (%)	Other profit €mn	CSM value added €mn	Sustainable life new business margin (%)
P&C Re	3,835	4,755	-	84.5%	2,377	3.60%	-3,297		
L&H Re	2,082	953	5.00%	-	819	4.30%	72	238	
ERGO P&C	423	475	-	90.0%	303	4.30%	-355		
ERGO L&H	-116	943	0.80%	-	2,122	1.80%	-2,830	-351	
ERGO Intl	306	550	3.00%	92.0%	403	2.20%	-670	23	
Pre-tax sustainable comprehensive profit FY26E	6,531	7,676	-	-	6,026	-	-7,081	-90	-
Tax	-1,633	Assume 25%							
Minorities and other	0								
Sustainable comprehensive profit FY26E	4,898								
Comprehensive equity FY25E	50,868								
Sustainable comprehensive ROE	9.6%								
COE	8.1%								
g	0%								
Valuation price to Comp BV	1.2x								
Valuation FY25E	60,320								
Dividends / buybacks outstanding	4,734								
Valuation roll-forward	3,265								
Valuation	68,319								
NOSH mn	129								
Value per share €	529.8								
Target price €	530.0								

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks include better-than-expected improvements in P&C Re margins and a special one-off capital return. Downside risks include elevated catastrophe losses, reserve deficiency due to rising inflation and lower capital returns than we forecast.

Munich Re: Summary of Financials

INCOME STATEMENT	FY24A	FY25E	FY26E	FY27E	BALANCE SHEET	FY24A	FY25E	FY26E	FY27E
Divisional profit					Cash & Cash Equivalents	6,116	6,116	6,116	6,116
Life operating profit	586	965	889	897	Investments	213,569	216,074	222,768	229,714
Life reinsurance operating profit	2,228	2,393	2,382	2,440	Investment property	10,189	10,189	10,189	10,189
P&C operating profit	428	609	595	611	Goodwill	3,443	3,443	3,443	3,443
P&C reinsurance operating profit	4,727	4,335	4,567	4,707	Other intangibles	892	892	892	892
Other pre-tax profit	(207)	(256)	(256)	(256)	Other assets	29,459	29,656	30,181	30,727
					Total Assets	286,515	289,372	297,009	304,933
Consolidated P&L					Insurance liabilities	222,297	224,904	231,871	239,101
Insurance revenue	60,830	63,076	65,418	67,861	o/w CSM	-	-	-	-
Insurance service result	8,191	7,946	8,629	8,977	o/w Risk adjustment	-	-	-	-
Insurance net financial result	1,198	2,227	1,654	1,507	o/w PVCF	-	-	-	-
Interest expense	(207)	(256)	(256)	(256)	Investment contract liabilities	0	0	0	0
Other income and expenses	(1,420)	(1,870)	(1,850)	(1,830)	Senior debt	300	300	300	300
Total pre-tax profit	7,762	8,047	8,178	8,399	Subordinated debt	6,321	6,321	6,321	6,321
Income taxes	(2,091)	(2,042)	(2,066)	(2,072)	Other liabilities	22,355	21,334	20,709	19,977
Minority interest	-	-	-		Total Liabilities	253,769	255,355	261,697	268,195
Net income	5,671	6,005	6,111	6,327	Shareholders' equity	32,641	33,913	35,207	36,634
Pre Tax Operational Income	7,762	8,047	8,178	8,399	Preferred equity / hybrid capital	0	0	0	0
Adjusted Net income	5,671	6,005	6,111	6,327	Minority Interests	104	104	104	104
Comprehensive profit	7,571	6,017	6,043	6,277	Total Liabilities and Shareholder Equity	286,515	289,372	297,009	304,933
Adj. EPS	42.78	45.92	48.06	51.21	Comprehensive equity	49,479	50,763	51,990	53,367
Comprehensive EPS	57.11	46.02	47.53	50.81	Net CSM	21,100	21,112	21,044	20,995
DPS	20.00	21.20	22.47	23.82					
Ratio Analysis					Ratio Analysis				
Insurance margin	-	-	-	-	BVPS	246.2	263.0	280.9	300.9
Adj. EPS y/y Growth	26.3%	7.3%	4.7%	6.5%	Comprehensive BVPS	374.05	394.46	415.58	439.19
Comprehensive EPS y/y growth	50.3%	(19.4%)	3.3%	6.9%	ROE	18.2%	18.0%	17.7%	17.6%
DPS y/y Growth	33.3%	6.0%	6.0%	6.0%	Comprehensive ROE	16.1%	12.0%	11.8%	11.9%
Adj. P/E (x)	12.5	11.6	11.1	10.4	P/BV	2.2	2.0	1.9	1.8
Comprehensive P/E (x)	9.4	11.6	11.2	10.5	Comprehensive P/BV	1.4	1.4	1.3	1.2
Dividend Yield	3.7%	4.0%	4.2%	4.5%	Debt leverage ratio	11.8%	11.5%	11.3%	11.0%
P&C combined ratio	89.2%	88.7%	88.7%	88.7%					
Reinsurance P&C combined ratio	82.4%	84.1%	83.1%	83.1%					
Life new business CSM	2,750	1,496	1,509	1,522					
Life new business CSM margin	-	-	-	-					
CSM release ratio	7.4%	7.7%	7.6%	7.6%					

Source: Company reports and J.P. Morgan estimates.
 Note: € in millions (except per-share data). Fiscal year ends Dec

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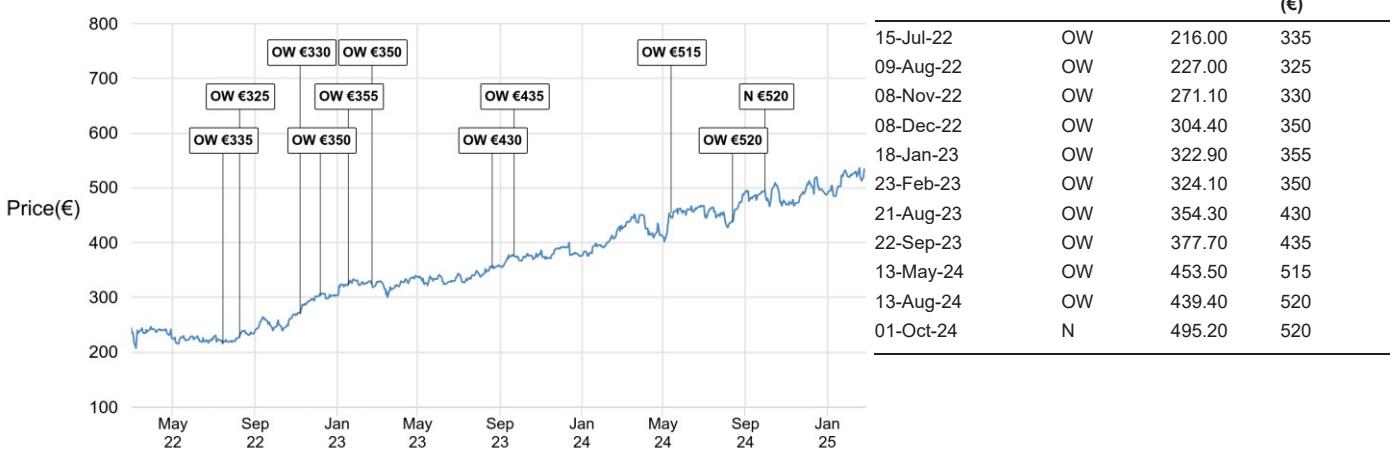
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Munich Re (MUVGn.DE, MUV2 GR) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Apr 14, 2000. All share prices are as of market close on the previous business day.

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