

Munich RE

1Q25 First Take - Headline miss but underlying healthy

Technical result is better than expected at L&H Re, P&C Re and ERGO, offset by GSI miss. Investment result reflects €1bn negative from bond mark to market and FX impact. Solvency 2 was better, we believe underlying trends are strong, and guidance has been reiterated.

Munich Re will host a conference call at 10.30 AM London time / 11.30 AM CET.

1Q25 **net result** of €1,093m came 2pp below company collected consensus (€1,112m) but 14% ahead of Barclays, while group **operating result** of €1,465m was 5% below consensus and 10% ahead of our estimate. **Technical result** appears better than expected, while **investment result** was a strong headwind in 1Q25 with €1bn negative.

On a divisional level **ERGO** came in line on the operating profit, while in reinsurance the two new P&C divisions – **P&C Re** and **GSI** – have both missed, while **Life Re** was 30% ahead. **P&C Re** – the largest division that now includes pure reinsurance business – has delivered a **combined ratio** of 83.9%, compared to consensus of 89.5% and Barclays estimate of 96.7%, on the back of lower than anticipated large losses. **Nat cat losses** in 1Q25 were at €756m (including €0.8bn undiscounted impact of LA wildfires), and the discount benefit at 10% was also higher than we've anticipated. The normalised P&C Re combined ratio was at 78.8% as per company calculation, in line with 79% guidance (Barclays FY25 estimate – 79.2%). Munich Re delivered a 6.1% growth at **April renewals**, compared to a 2.4% contraction in January, but risk adjusted prices declined by 2.5% (-1.7% if adjusted for mix, in line with our expectations) – the company flags reduction of some property XL business, offset by growth in proportional casualty business outside North America. **GSI** – primary commercial business – only delivered an operating profit of €10m in 1Q25 vs €174m consensus, and **GSI combined ratio** at 95.5% was 3.1pp worse than consensus due to the impact of wildfires (€0.2bn nominal) and US convective storms. However, management reiterates 90% combined ratio guidance on reported basis, but we believe benign cat losses may be needed to confidently hit it.

L&H Re had a strong quarter with technical result of €0.6bn ahead of the run-rate for €1.7bn guidance, underpinned by strong €143m positive experience variances (including in the US) and a growing CSM – **new business CSM** was €803m in 1Q25 vs €450m we've anticipated, helped by several large transactions.

First Look

MUVGn.DE/MUV2 GR	OVERWEIGHT
European Insurance	POSITIVE
Price Target	EUR 591.00
Price (09-May-25)	EUR 595.20
Potential Upside/Downside	-0.7%
Source: Bloomberg, Barclays Research	

European Insurance

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Investment result was a big driver of the operating profit miss, coming in at €1,323m vs €1,885m consensus and an ROI of 2.2% - it was particularly affected by negative FV changes €527m (mainly on bonds in ERGO), yet running yield remains healthy at 3.5%, and reinvestment yield increased to 4.6% in 1Q25. **Currency result** was negative €506m in 1Q25, vs flat that we've pencilled in. **Solvency 2 ratio** also came well ahead of expectations at 285% (consensus 278%), helped by L&H results while FX was a headwind.

FIGURE 1. Munich Re 1Q25 financial results - actuals vs estimates

	Actuals						1Q25E		Beat (+)/Miss (-) vs			
€m	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	Cons	Barc	Cons	Barc	1Q24
Gross written premium	18,067	16,717	18,981	18,055	18,753	17,018	19,511	19,600	19,755	-0.5%	-1.2%	2.8%
Insurance revenue group (gross)	14,460	14,977	15,061	14,953	15,496	15,320	15,811	15,600	15,577	1.4%	1.5%	5.0%
- Reinsurance	9,456	9,798	9,858	9,875	10,224	10,077	10,251	10,200	9,868	0.5%	3.9%	4.0%
- ERGO	5,004	5,179	5,204	5,078	5,271	5,242	5,560	5,400	5,709	3.0%	-2.6%	6.8%
Operating result	1,345	224	2,796	2,124	1,300	1,588	1,465	1,541	1,328	-5.0%	10.3%	-47.6%
Reinsurance	1,495	554	2,497	1,792	1,095	1,381	1,142	1,269	994	-10.0%	14.9%	-54.3%
- P&C Reinsurance			1,779	1,127	318	1,451	461	578	267	-20.2%	72.8%	-74.1%
- GSI			201	72	34	-64	10	174	200	-94.5%	-95.2%	-95.2%
- Life Reinsurance	495	385	612	647	604	174	671	517	527	29.8%	27.3%	9.6%
ERGO	-149	-330	299	331	205	207	323	313	334	3.1%	-3.5%	8.1%
- ERGO Germany	-273	-402	208	163	161	142	190	197	225			
- International	124	73	91	169	44	65	133	116	109	14.9%	22.4%	46.7%
COR - P&C Re			69.7%	73.7%	89.5%	75.6%	83.9%	89.5%	96.7%	5.6ppt	12.8ppt	-14.2ppt
COR - GSI			87.6%	93.6%	92.6%	100.2%	95.5%	92.4%	92.0%	-3.1ppt	-3.5ppt	-7.9ppt
Technical result - Life Reinsurance	440	349	484	568	507	298	608	443	477	37.3%	27.4%	25.6%
ERGO - net result	173	78	252	284	164	92	241		248		-3.0%	-4.2%
Investment result	760	2,405	2,163	1,470	2,091	1,467	1,323	1,885	2,249	-29.8%	-41.2%	-38.8%
Rol Group	1.41%	4.30%	3.84%	2.59%	3.64%	2.50%	2.2%	3.30%	3.77%	0.0ppt	0.0ppt	0.0ppt
Net income	1,168	1,011	2,140	1,602	907	1,081	1,093	1,112	956	-1.7%	14.4%	-48.9%
Shareholders' equity	27,518	29,650	31,108	30,556	31,233	32,642	33,137	33,300	31,429	-0.5%	5.4%	6.5%
Solvency II ratio	271%	267%	273%	287%	284%	280%	285%	278%	266%	7ppt	19ppt	12ppt
Shareholder EPS (€)	8.60	7.50	15.94	12.00	6.83	8.33	8.34	8.50	7.30	-1.8%	14.3%	-47.7%
BVPS (€)	203.6	219.4	232.5	229.7	236.5	248.4	253.6	255.1	240.8	-0.6%	5.3%	9.1%

Source: Company collected consensus, company data, Barclays Research

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Munich RE (MUVGn.DE, 09-May-2025, EUR 595.20), Overweight/Positive, A/CD/D/E/J/K/L/M/N

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Allianz SE (ALVG.DE)	ASR Nederland NV (ASRNL.AS)	AVIVA plc (AV.L)
AXA (AXAF.PA)	Beazley (BEZG.L)	Direct Line Insurance Group (DLGD.L)
Generali (GASI.MI)	Gjensidige Forsikring ASA (GJFS.OL)	Hannover Re (HNRGN.DE)
Hiscox Ltd. (HSX.L)	Just Group (JUSTJ.L)	Lancashire Holdings (LRE.L)

Legal & General (LGEN.L)	M&G plc (MNG.L)	Mapfre (MAP.MC)
Munich RE (MUVGn.DE)	NN (NN.AS)	Old Mutual Ltd (OMU.L)
Phoenix (PHNX.L)	Prudential Plc (PRU.L)	Sabre Insurance Group Plc (SBRE.L)
Sampo (SAMPO.HE)	Sanlam Ltd (SLMJ.J)	SCOR (SCOR.PA)
St. James's Place (SJP.L)	Swiss Life (SLHN.S)	Swiss Re (SRENH.S)
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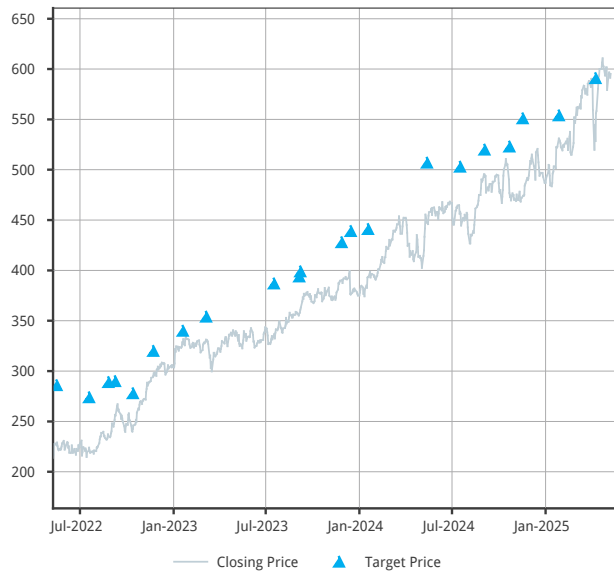
Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **EUR 595.20** (09-May-2025)

Rating and Price Target Chart - EUR (as of 09-May-2025)

Currency=EUR



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
09-Apr-2025	528.40		591.00
27-Jan-2025	522.80		554.00
17-Nov-2024	472.10		551.00
22-Oct-2024	490.30		523.00
03-Sep-2024	495.20		520.00
17-Jul-2024	458.30		503.00
13-May-2024	447.50		507.00
18-Jan-2024	392.80		441.00
15-Dec-2023	376.60		439.00
27-Nov-2023	388.30		428.00
07-Sep-2023	357.10		399.00
05-Sep-2023	357.10		394.00
17-Jul-2023	331.60		387.00
06-Mar-2023	327.70		354.00
19-Jan-2023	324.40		340.00
22-Nov-2022	293.30		320.00
13-Oct-2022	240.00		278.00
08-Sep-2022	251.50		290.00
26-Aug-2022	233.60		289.00
19-Jul-2022	220.70		274.00
16-May-2022	228.10		286.00

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Source: Bloomberg, Barclays Research

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