

Munich RE

## 2Q25 First Take - Beat on large losses, lower revenue trend

2025 earnings outlook appears strong but revenues missed, with P&C Re top line down 7%YoY and renewals looking softer, which will likely disappoint. However, GSI, ERGO and L&H Re operating trends are running ahead of guidance.

Munich Re are hosting a conference call at 11:00am CEST/ 10:00am GMT, register [here](#) to participate.

2Q25 results show **net income** of €2,085m in line with €2.1bn pre-announcement. **Operating result** of €2,917m came 33% ahead of original company collected consensus, 16% ahead of Barclays estimates, with a 36% beat vs consensus in Reinsurance driven by P&C Re (49% ahead) and GSI (104% ahead) with L&H Re missing by 17%. ERGO operating result also came 11% ahead, with ERGO Germany 19% better than consensus while ERGO International broadly in line (-0.8% miss). **Top line** had disappointed across divisions, with group GWP 5% below consensus and group insurance revenues 4.7% below both in Reinsurance and ERGO; **top line revenue guidance was lowered to €62bn from €64bn. Investment result** at €2,187m also came 11% ahead of consensus, although 12% below Barclays estimate. **Shareholders' equity** missed by 3% (including a 5pp FX headwind in the quarter), and **S2 ratio** came at 287% vs 289% consensus.

Very low major losses have been the major driver of the beat during the quarter. In **P&C Re** Munich Re has shown a 2pp release on major losses (+0.5% nat cat, -2.5% man-made) vs 17% budget and 9.8% consensus, which together with 6% reserve releases (in line), 9% discounting (in line) and +0.4% change in loss component drove combined ratio to just 61% in the quarter. **Normalised P&C Re combined ratio** at 79.6% in 2Q25, on the other hand, was 2.2ppt worse than consensus and above 79% guidance. 1H25 normalised combined ratio of 79.2% is also running slightly above guidance, while reported combined ratio of 72.9% leaves plenty of headroom for the full year. P&C Re net insurance revenues were 9% below consensus in 2Q25; **July P&C Re renewals** showed a 2.5pp decline in pricing and a 3.2pp decline in volumes – year to date price decline for Munich Re sits at -1.2pp. Volume decline in July was driven by a reduction in business in property XL and property QS, keeping share in casualty QS and cutting back casualty XL more actively. **GSI** combined ratio of 77.9% was 11pp better than consensus due to lower than average large claims – for 1H25 the business unit is now running a below guidance combined ratio of 87.3% (90% guidance). **L&H Re** technical result of €305m was 30% below consensus, with the business seeing €133m negative experience variances due to

MUVGn.DE/MUV2 GR	<b>OVERWEIGHT</b>
European Insurance	<b>NEUTRAL</b>
Price Target	EUR 600.00
Price (07-Aug-25)	EUR 607.80
Potential Upside/Downside	-1.3%

Source: Bloomberg, Barclays Research

### European Insurance

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accumulation of single large claims (YTD experience remains positive at €10m) but better than expected CSM release; on the operating result level this was offset by better investment result. Despite currency headwind, L&H Re CSM has been largely unchanged in 2Q25 at €14.7bn due to continued strong new business additions of €751m, while Risk Adjustment was €0.1bn lower.

**ERGO** bottom line of €251m was 13% ahead of Barclays €221m estimate. Management flags stronger technical result in ERGO Germany due to a better result from PAA business on the back of lower claims and seasonality. ERGO Intl saw trends in line with consensus. Stronger **investment result** with ROI of 3.8% during 2Q25 continues so see a positive (if reduced) 40bps gap between running yield (3.8%) and reinvestment yield (4.2%); 1H25 ROI is in line with guidance at 3.0%. Financial result included a €0.6bn negative FX effect (larger than €0.5bn in 1Q25).

Munich Re has kept FY25 **net income guidance** of €6bn unchanged, while lowering the top line guidance for Reinsurance and Group by €2bn, including a €1bn reduction for GSI (to €9bn from €10bn).

**FIGURE 1. Munich Re 2Q25 financial results - actuals vs estimates**

€m	Actuals					2Q pre-announced	2Q25E		Beat (+)/Miss (-) vs			
	2Q24	3Q24	4Q24	1Q25	2Q25		Cons	Barc	Cons	Barc	2Q24	
Gross written premium	18,055	18,753	17,018	19,510	17,859		18,800	19,443	-5.0%	-8.1%	-1.1%	
Insurance revenue group (gross)	14,953	15,496	15,320	15,811	14,775		15,500	15,705	-4.7%	-5.9%	-1.2%	
- Reinsurance	9,875	10,224	10,077	10,251	9,629		10,100	10,130	-4.7%	-4.9%	-2.5%	
- ERGO	5,078	5,271	5,242	5,560	5,146		5,400	5,575	-4.7%	-7.7%	1.3%	
Operating result	2,124	1,300	1,588	1,465	2,917		2,198	2,520	32.7%	15.8%	37.4%	
Reinsurance	1,792	1,095	1,381	1,142	2,561		1,878	2,220	36.4%	15.3%	42.9%	
- P&C Reinsurance	1,127	318	1,451	461	1,757		1,176	1,541	49.4%	14.0%	55.9%	
- GSI	72	34	-64	10	372	"major losses"	182	179	104.4%	107.8%	414.5%	
- Life Reinsurance	647	604	174	671	432	"in line"	520	501	-16.9%	-13.7%	-33.3%	
ERGO	331	205	207	323	356		320	300	11.3%	18.8%	7.4%	
- ERGO Germany	163	161	142	190	229		192	186	19.3%	23.3%	40.8%	
- International	169	44	65	133	127		128	114	-0.8%	11.5%	-24.7%	
COR - P&C Re	73.7%	89.5%	75.6%	83.9%	61.0%		72.5%	77.3%	11.5ppt	16.3ppt	12.7ppt	
COR - GSI	93.6%	92.6%	100.2%	95.5%	77.9%		88.7%	89.0%	10.8ppt	11.1ppt	15.7ppt	
Technical result - Life Reinsurance	568	507	298	608	305		436	464	-30.0%	-34.2%	-46.3%	
ERGO - net result	262	141	181	241	251		221			13.4%	-4.1%	
Investment result	1,470	2,091	1,467	1,323	2,187	"strong"	1,967	2,488	11.2%	-12.1%	48.7%	
RoI Group	2.59%	3.64%	2.50%	2.25%	3.8%		3.30%	4.62%	-0.5ppt	0.8ppt	-1.2ppt	
Net income	1,602	907	1,081	1,093	2,085		2,100	1,624	1,864	28.4%	11.9%	30.1%
Shareholders' equity	30,556	31,233	32,797	33,137	30,762		31,700	31,904	-3.0%	-3.6%	0.7%	
Solvency II ratio	287%	284%	280%	285%	287%		289%	279%	2.0ppt	-8.3ppt	0.0ppt	
Shareholder EPS (€)	12.00	6.83	8.33	8.35	15.97		12.41	14.28	28.7%	11.9%	33.1%	
BVPS (€)	229.7	236.5	249.6	253.9	235.7		242.9	244.4	-3.0%	-3.6%	2.6%	

Source: Company data, Barclays Research, Consensus collected Munich Re

Source: Company collected consensus, company data, Barclays Research

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**Munich RE** (MUVGn.DE, 07-Aug-2025, EUR 607.80), Overweight/Neutral, CD/E/J/K/L/M/N

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**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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AXA (AXAF.PA)	Beazley (BEZG.L)	Chesnara (CSN.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)	Phoenix (PHNX.L)
Prudential Plc (PRU.L)	Sabre Insurance Group Plc (SBRE.L)	Sampo (SAMPO.HE)
SCOR (SCOR.PA)	St. James's Place (SJP.L)	Swiss Life (SLHN.S)
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## Munich RE (MUV2 GR / MUVGn.DE)

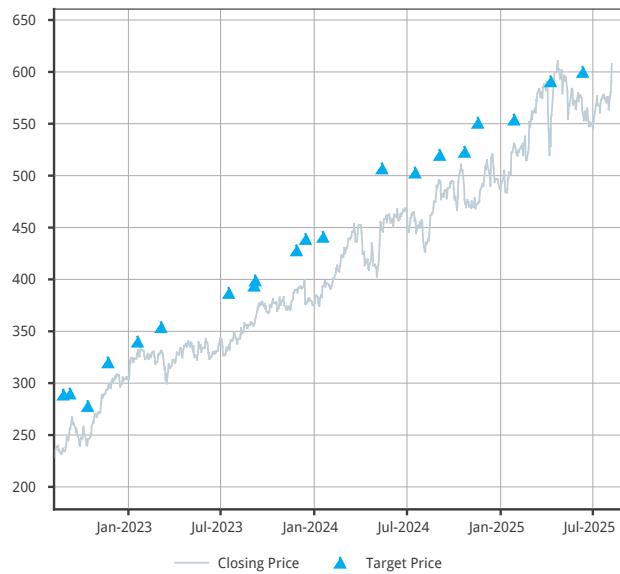
Stock Rating: **OVERWEIGHT**

Industry View: **NEUTRAL**

Closing Price: **EUR 607.80** (07-Aug-2025)

### Rating and Price Target Chart - EUR (as of 07-Aug-2025)

Currency=EUR



Source: IDC, Barclays Research

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

<b>Publication Date</b>	<b>Closing Price*</b>	<b>Rating</b>	<b>Adjusted Price Target</b>
11-Jun-2025	562.60		600.00
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

On 08-Aug-2022, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 274.00.

Source: Bloomberg, Barclays Research

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