

Munich RE

## June teaser before December CMD

We anticipate a near-term positive catalyst from Munich Re to highlight strength of investment case vs broader P&C reinsurance softening; sell-side meetings on 26 June should support 2025 earnings outlook, capital flexibility angle (both through buyback and M&A) and L&H Re mid-term prospects.

Munich Re will host several sell-side meetings on Thursday 26th June as part of annual summer analyst meetings series. The meetings will feature three presentations from Management Board members - Mari-Lizette Malherbe (Life & Health Re), Mike Kerner (Global Specialty Insurance) and Christoph Jurecka (Group CFO). While no new targets have been presented at such events in the past, we consider featured business areas to be substantial to the investment case and the idiosyncratic nature of our Overweight case vs a Neutral industry view on the reinsurance sub-sector (see downgrade note [European Insurance: Still stable and sustainable, but less value; d/g to Neutral, 11 Jun 2025](#)). The next potential catalyst – 5-year strategy presented at the 11 December Investor Day – will be more significant, in our view, offering Munich Re the opportunity to differentiate strength of capital generation and capital flexibility against likely softening returns of the reinsurance market in the mid-term.

Focus areas for the analyst update:

- **Capital surplus - room for flexibility into December CMD:** We expect the CFO session to focus on (a) reiterating financial targets for 2025, namely €6bn net income target, and (b) hinting the priorities for the December CMD when Munich Re will provide an updated 5-year strategy. We believe the strategic focus will be on capital flexibility; on our calculations, Munich Re currently has c. €10.4bn of surplus capital above top end of 185-220% S2 target range, and another c. €3.3-6.9bn of potential debt leverage headroom (from 10.8% current financial leverage to 15.5%/20% peer min/average financial leverage). That should allow room for both stronger capital return - and we expect a €3bn buyback - as well as potential M&A which may improve earnings power. Even deploying half of that surplus inorganically at the sector average 2026E P/E multiple of 11.5x may add 9-12% to FY26 earnings, and push Munich Re below 10x P/E 2026E multiple.
- **Life & Health Re - strongest growth, solid track record:** Since adopting IFRS17, Munich Re has grown Life CSM by 34% cumulatively (4Q22-1Q25), compared to 18% for Hannover Re, -7% for SCOR and -10% for Swiss Re (the latter in 4Q23-1Q25 only). Experience variances have also been positive at €493m over the period, suggesting solid reserving. We expect to hear

MUVGn.DE/MUV2 GR	<b>OVERWEIGHT</b>
European Insurance	<b>NEUTRAL</b>
Price Target	EUR 600.00
Price (23-Jun-25)	EUR 547.60
Potential Upside/Downside	+9.6%
Source: Bloomberg, Barclays Research	

### European Insurance

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continued optimism on new business pipeline and the health of the back-book, supported by ongoing medical and pharmaceutical advancements.

- **GSI - spotlight on underlying improvements:** After FY24-1Q25 results that showed minimal profits from a newly separated GSI unit, we believe the market expectations to have turned sour; indeed we have made substantial cuts in our GSI profit estimates ourselves after the publication of standalone financials, trimming GSI profit by 36-39% in 2026-29. We believe there may be room for upside vs lower baseline expectations, i.e. by highlighting growth initiatives, room for combined ratio improvements through potentially leveraging attractive reinsurance market, or stronger growth initiatives. However, this is also where more negative surprises can be expected if increased reinsurance purchasing and FX headwind result in walking back from targets (€10bn top line, 90% combined ratio).

**Geopolitical backdrop should support defensive positioning:** In our view, the elevated geopolitical uncertainty in relation to both Middle East conflict and ongoing trade tensions make defensive features of Munich Re attractive in relative terms. The prospects of a quick EU/US trade deal appear more remote, while the escalation in US/Iran conflict raises the potential chance of extreme risk scenarios (Strait of Hormuz may still be low probability, according to our analysts - see [replay](#) for **Barclays: US/Iran: Escalation, 23 June 2025**). In our view, this places Munich Re (a substantial USD earner, EU services exporter) relatively better vs broader index. Against this backdrop, Munich Re shares have come off 5.2% in the past 3 months vs sector down 0.9%, SXXP down 2.7%.

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**Munich RE** (MUVGn.DE, 23-Jun-2025, EUR 547.60), Overweight/Neutral, CD/E/J/K/L/M/N

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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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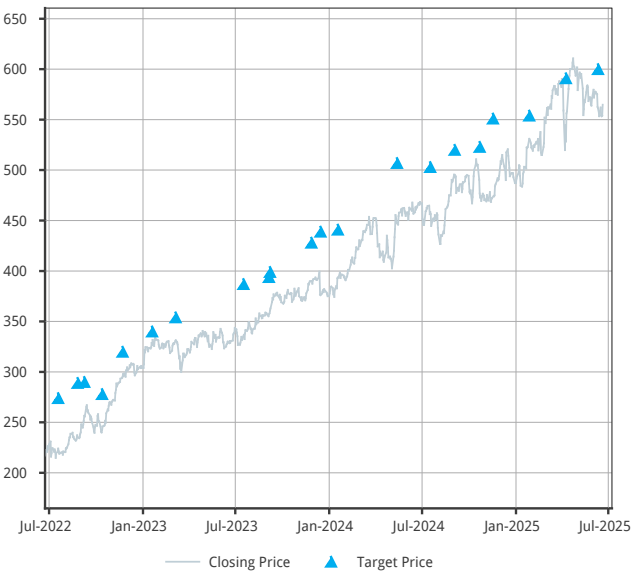
Stock Rating: **OVERWEIGHT**

Industry View: **NEUTRAL**

Closing Price: **EUR 547.60** (23-Jun-2025)

Rating and Price Target Chart - EUR (as of 23-Jun-2025)

Currency=EUR



Source: IDC, Barclays Research

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

Publication Date	Closing Price*	Rating	Adjusted Price Target
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
19-Jul-2022	220.70		274.00

On 23-Jun-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 286.00.

Source: Bloomberg, Barclays Research

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