

11th May 2016

Insurance

**Allianz**

Price EUR141.70

**A decent yet unspectacular set of Q1 numbers**

**Fair Value EUR180 (+27%)**

**BUY**

Bloomberg	ALV GR
Reuters	ALVG.DE
12-month High / Low (EUR)	168.0 / 126.6
Market Cap (EUR)	64,757
Avg. 6m daily volume (000)	1,714

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.0%	6.1%	-10.3%	-13.4%
Insurance	0.9%	4.0%	-15.0%	-15.5%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

  

	2015	2016e	2017e	2018e
P/E	9.7x	10.0x	9.5x	
Div yield (%)	5.2%	5.2%	5.3%	

#### ANALYSIS

- Q1 2016 net income of EUR2.19bn was up 20% yoy, mainly driven by higher capital gains, a positive contribution from hedging-related activities and lower taxes. Operating profit fell 3% yoy to EUR2.76bn. These numbers are consistent with the preliminary figures released last week.
- P&C operating profit totalled EUR1.44bn, up 12% yoy and was mainly driven by low natcats. Reported combined ratio stood at 93.3% vs. 94.6% in Q1 2015. Excluding natcats (0.2 point vs. 1.9) and run-offs (3.5 points vs. 3.2), the underlying combined ratio worked out to 96.6% vs. 95.9% in Q1 2015. Internal growth is +2.7%, o/w prices +1.0%.
- In Life, operating profit fell 16% to EUR927m, mainly driven by investment margins. NBV rose 37% to EUR367m, with a new business margin at 2.5% vs. 1.5% in Q1 2015.
- In Asset Management, operating profit dropped 17% to EUR463m, mainly driven by lower average AuM and performance fees. Net outflows are EUR9bn.
- Solvency II margin stood at 186% vs. 200% at end-2015.
- FY guidance (operating profit EUR10.0-11.0bn) is confirmed.

#### VALUATION

- Based on our current estimates, our SOTP valuation is EUR180.

#### NEXT CATALYSTS

- Q2 2016 numbers on 5th August.

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Olivier Pauchaut, [opauchaut@bryangarnier.com](mailto:opauchaut@bryangarnier.com)



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## Distribution of stock ratings

BUY ratings 57.9%

NEUTRAL ratings 33.6%

SELL ratings 8.6%

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<b>London</b>	<b>Paris</b>	<b>New York</b>	<b>Munich</b>	<b>New Delhi</b>
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
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Financial Conduct Authority (FCA)	Autorité de Contrôle prudentiel et de			rue de Grenus 7
	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
				Regulated by the FINMA

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