

20th June 2016

Insurance

Allianz

Price EUR130.35

Acquisition in Morocco

Fair Value EUR180 (+38%)

BUY

Bloomberg	ALV GR
Reuters	ALVG.DE
12-month High / Low (EUR)	168.0 / 126.6
Market Cap (EUR)	59,570
Avg. 6m daily volume (000)	1,698

ANALYSIS

- The company has signed a binding agreement to acquire Zurich's subsidiary in Morocco, currently #7 in the P&C market with more than 600,000 customers and EUR114m GWP. The company also has a licence for Life/Health products, which Allianz plans to use.
- Morocco is currently Africa's second largest insurance market behind South Africa. Today Allianz is present in 15 countries in Africa, where it generates less than 2% of total operating profit, but the area is usually seen as one of the important future growth markets.
- The purchase price is EUR244m, which is quite small for a company the size of Allianz. The deal is expected to close end-2016.

VALUATION

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

NEXT CATALYSTS

- Q2 results on 5th August.

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	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.9%	-10.6%	-20.1%	-20.3%
Insurance	-4.2%	-10.6%	-19.7%	-19.9%
DJ Stoxx 600	-2.7%	-4.4%	-10.7%	-10.9%

	2015	2016e	2017e	2018e
P/E	9.0x	9.2x	8.7x	
Div yield (%)	5.6%	5.6%	5.7%	

Olivier Pauchaut, opauchaut@bryangarnier.com



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Distribution of stock ratings

BUY ratings 56.5%

NEUTRAL ratings 34%

SELL ratings 9.5%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
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
Authorised and regulated by the	Financial Conduct Authority (FCA) and the			Geneva
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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