

11th November 2016

Insurance

Allianz

Price EUR148.75

Very solid Q3 numbers, FY guidance reiterated

Fair Value EUR180 (+21%)

BUY

Bloomberg	ALV GR
Reuters	ALVG.DE
12-month High / Low (EUR)	168.0 / 119.2
Market Cap (EUR)	67,979
Avg. 6m daily volume (000)	1 593

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.4%	9.5%	5.0%	-9.0%
Insurance	6.5%	8.2%	4.9%	-11.3%
DJ Stoxx 600	-0.9%	-1.5%	0.8%	-7.4%

	2015	2016e	2017e	2018e
P/E	10.2x	10.5x	10.0x	
Div yield (%)	4.9%	4.9%	5.0%	

ANALYSIS

- Q3 2016 net income came in at EUR1855m, up 37% yoy, way above consensus (EUR1580m), mainly driven by operating profit (up 18% yoy to EUR2898m vs. consensus EUR2605m).
- In P&C, operating profit was EUR1410m (consensus EUR1329m), up 4% yoy. Reported combined ratio stood at 93.5% vs. 94.1% in Q3 2015. Excluding natcats (0.2 point vs. 1.2 point) and run-offs (3.0 points vs. 4.4 points), the adjusted combined ratio worked out to 96.3% vs. 97.3% in Q3 2015. Internal growth stood at 3.1%, of which a price effect of 1.6%.
- In Life, operating profit rose 53% to EUR1129m (consensus EUR910m), mainly driven by the investment margin and the non-recurrence of losses in Korea (sold to Anbang). NBV fell 1% to EUR318m and the new business margin was down 30bps to 2.8% (based on the present value of new business premiums, not APE).
- Operating profit in Asset Management was pretty stable at EUR604m, with PIMCO down 9% and Allianz Global Investors up 39%. The cost/income ratio improved slightly (60.8% vs. 63.3%). PIMCO saw quarterly net inflows (EUR4.7bn) for the first time since Q2 2013.
- Economic solvency margin is 186% (stable vs. end-June).
- FY guidance (operating profit EUR10-11bn) has been confirmed.

VALUATION

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

NEXT CATALYSTS

- Investor Day on 30th November. FY 2016 numbers on 17th February 2017.

Olivier Pauchaut, opauchaut@bryangarnier.com



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BUY ratings 56,7%

NEUTRAL ratings 31,8%

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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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