

Annual Report 2018 W&W Group

Analyst Conference Call
March, 29th 2019

Wüstenrot & Württembergische AG



Agenda

- 1 Overview Group Financial Results
- 2 Segment Details
- 3 Group Strategy and Outlook

Highlights 2018

Successful year 2018.

- Group net profit 2018 with €215.2mn as expected below 2017 but despite big investments in future development and digitalisation above target (min. €200.0mn).
- Productivity growth rate of 5.2% above plan (5.0%).
- Disproportionately small increase in administrative expenses to €1,073.1mn (2017: €1,062.5mn).
- Again strong result in the property & casualty insurance segment. Combined Ratio at 89.5% (2017: 90.7%).
- Lower financial result driven by lower result from unit linked portfolio but compensated by lower insurance benefits. In life insurance deliberately controlled due to lower requirements for additional interest reserves.
- €271.5mn increase in IFRS equity. All entities fulfil all risk-bearing capacity ratios.
- Stable and reliable dividend of €0.65 per share, yield exceeding expected weighted yield of both MDAX and SDAX.

Growth above average market rate in relevant areas achieved.

- Gross new business Bausparen +1.4% above strong previous year.
- New construction finance business increased with +14.0% noticeably above market.
- Increase in gross premiums written in property & casualty insurance with +5.5% noticeably above market.
- Life insurance is catching up significantly with + 4.1% compared to the previous year and the market. Company pension schemes: amount of contributions continues to grow strongly by + 6.4%.
- Health insurance premiums at + 8.0%, significantly higher than previous year and the market.
- Growth of gross fund portfolio at + 4.6%, well above market.

Journey shows successes.

- Digital business models exceed expectations (e.g. Adam Riese, Wohnwelt, FinanzGuide).
- Acquisition of Aachener Bausparkasse grants Wüstenrot exclusive distribution partnership with 8 insurance companies (e.g. HUK).
- Further progress in modernisation of our traditional brands Wüstenrot and Württembergische.

Results 2018 – Overview

Group segments	2017 (in €mn)	2018 (in €mn)	Δ Delta (in €mn)
Segment Home Loan and Savings Bank	58.5	59.1	+0.6
Segment Life and Health Insurance	31.8	24.7	-7.1
Segment Property/Casualty Insurance	125.8	131.4	+5.6
Others/Consolidation	41.9	0.0	-41.9
Group Net Profit	258.0	215.2	-42.8
<i>Earnings before income taxes</i>	292.4	320.5	+28.1
<i>Income taxes</i>	- 34.4	-105.3	+70.9

 Net profit as communicated below previous year's result and above guidance.

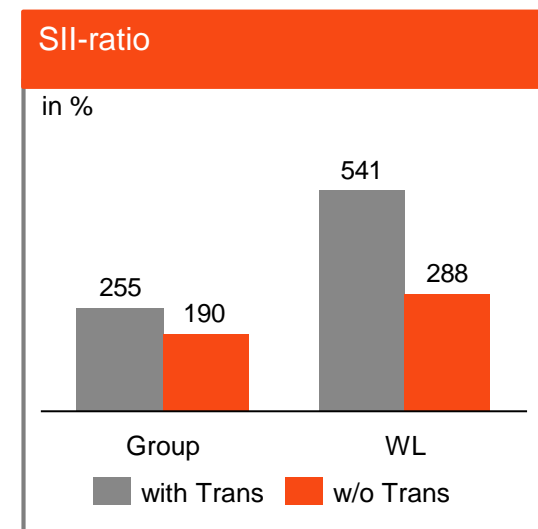
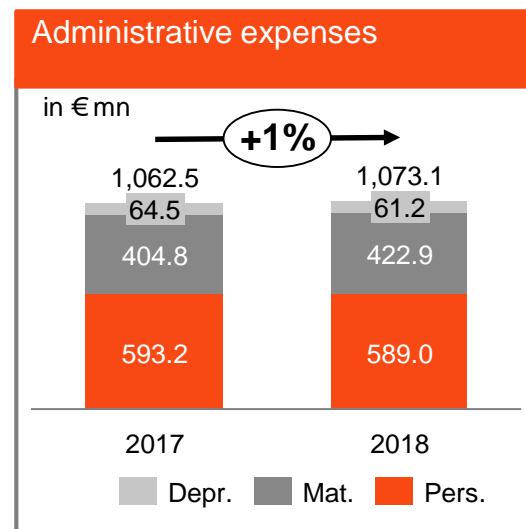
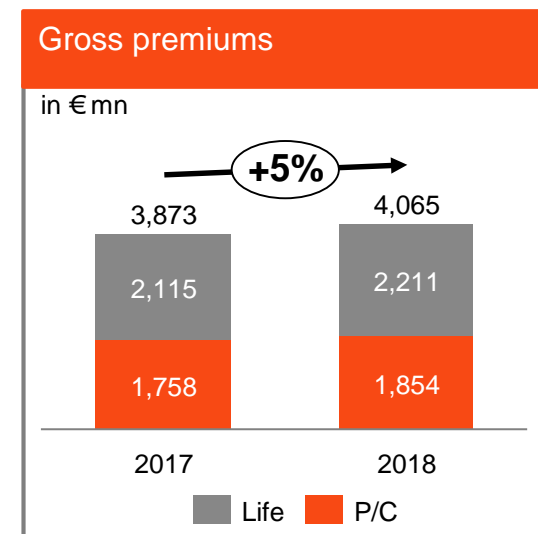
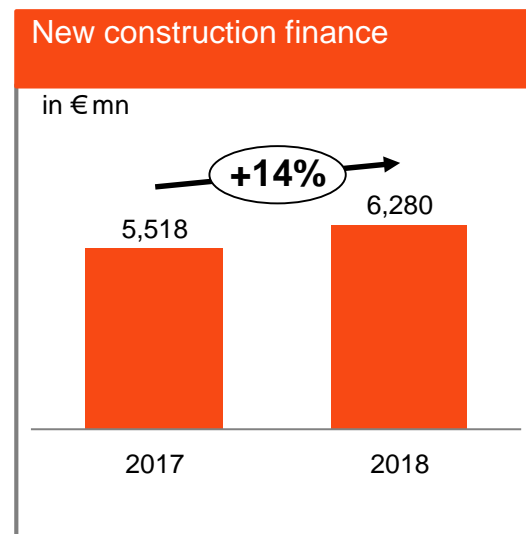
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Consolidated net results W&W Group

Profit & Loss	2017 (in €mn)	2018 (in €mn)
Net financial result	1,944,7	1,333,4
Net commission income/expense	-401,8	-428,6
Earned premiums (net)	3,809,3	4,000,1
Insurance benefits (net)	-4,030,4	-3,553,7
General administrative expenses	-1,062,5	-1,073,1
Net other operating income/expense	33,2	42,5
Segment net income from continued operations before income taxes	292,4	320,5
Income taxes	-34,4	-105,3
Segment net income after taxes	258,0	215,2

Result below previous year but above guidance.

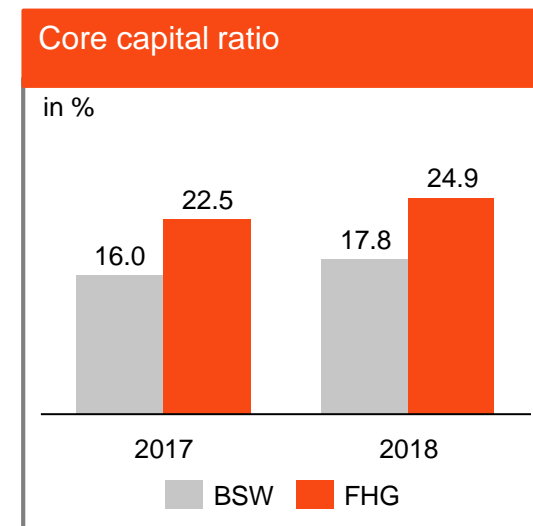
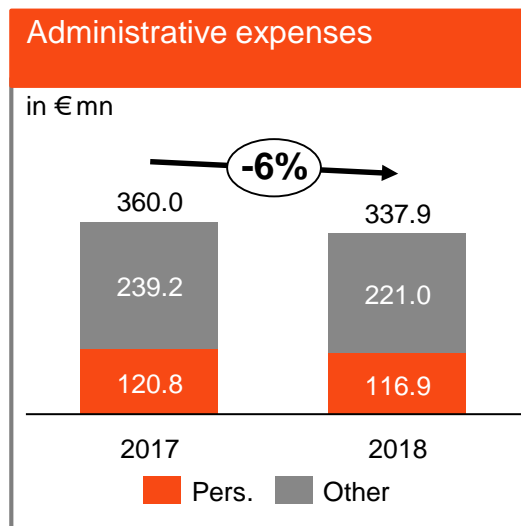
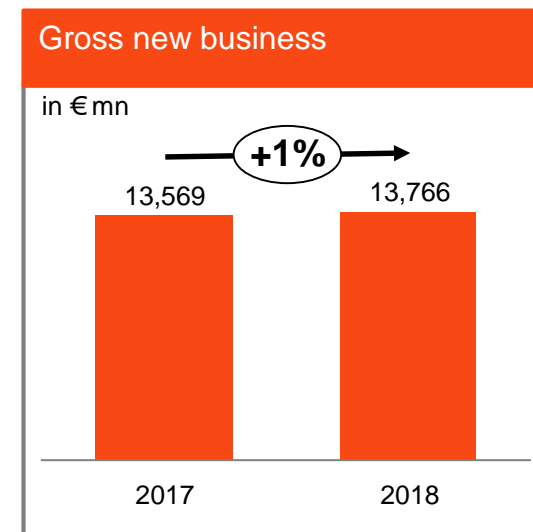
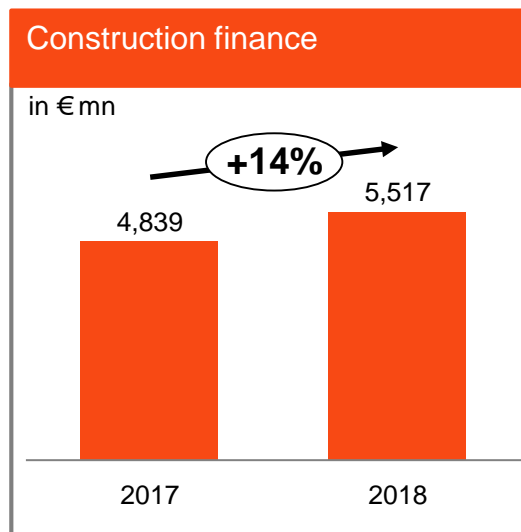


Home Loan & Savings segment

Profit & Loss	2017 (in €mn)	2018 (in €mn)
Net financial result	414,9	382,1
Net commission income/expense	5,5	17,3
Earned premiums (net)	–	–
Insurance benefits (net)	–	–
General administrative expenses ¹	-360,0	-337,9
Net other operating income/expense	29,5	24,5
Segment net income from continued operations before income taxes	90,0	86,1
Income taxes	-31,5	-27,0
Segment net income after taxes	58,5	59,1

Result slightly above previous year.

¹ Includes rental income with other segments and service revenues

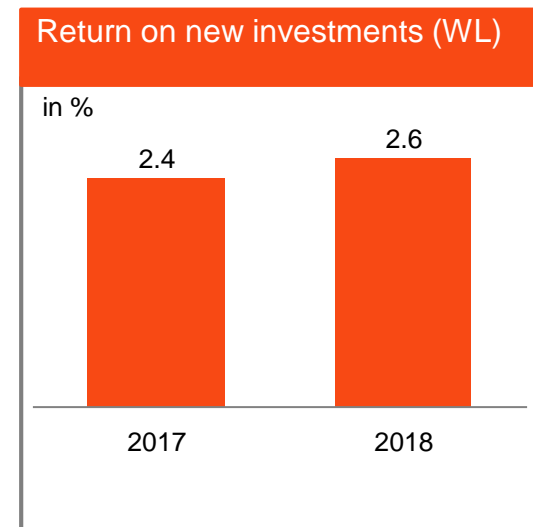
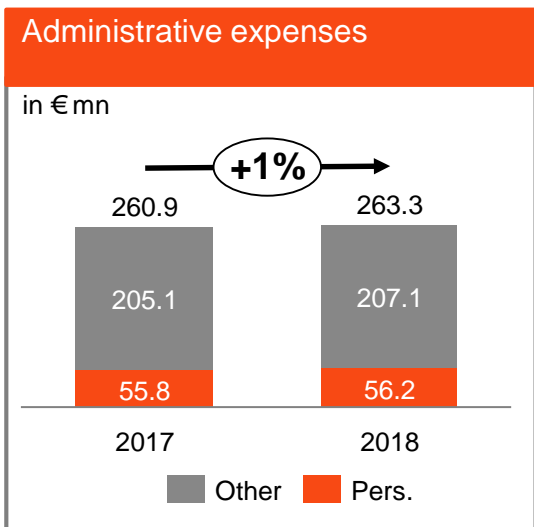
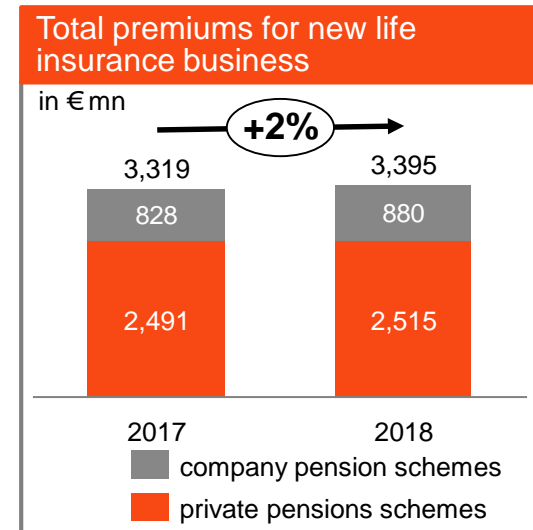
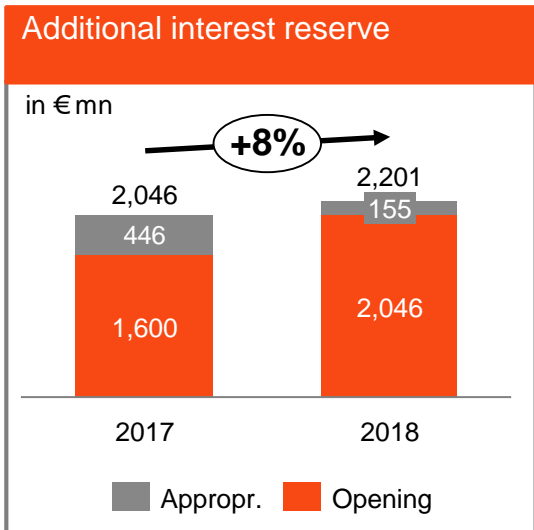


Life & Health Insurance segment

Profit & Loss	2017 (in €mn)	2018 (in €mn)
Net financial result	1,425,8	853,0
Net commission income/expense	-131,6	-140,2
Earned premiums (net)	2,149,9	2,253,6
Insurance benefits (net)	-3,152,1	-2,649,1
General administrative expenses ¹	-260,9	-263,3
Net other operating income/expense	-29,9	-14,4
Segment net income from continued operations before income taxes	1,2	39,6
Income taxes	30,7	-14,8
Segment net income after taxes	31,8	24,7

Result below previous year.

¹ Includes rental income with other segments and service revenues

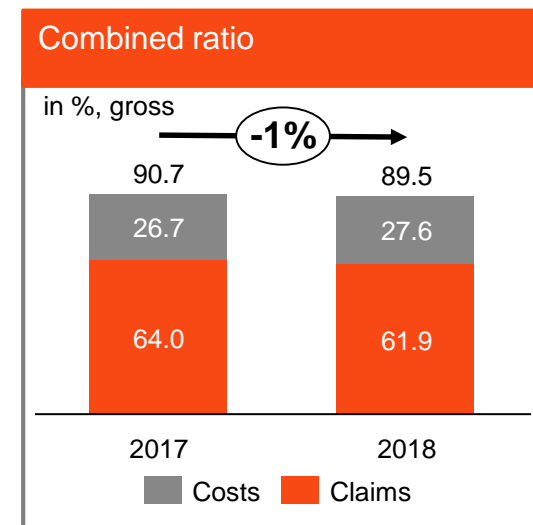
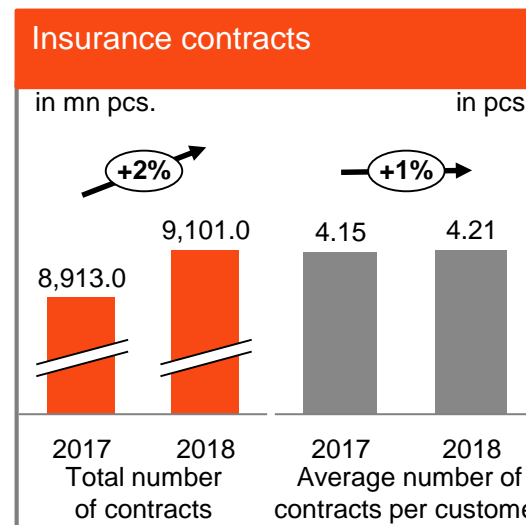
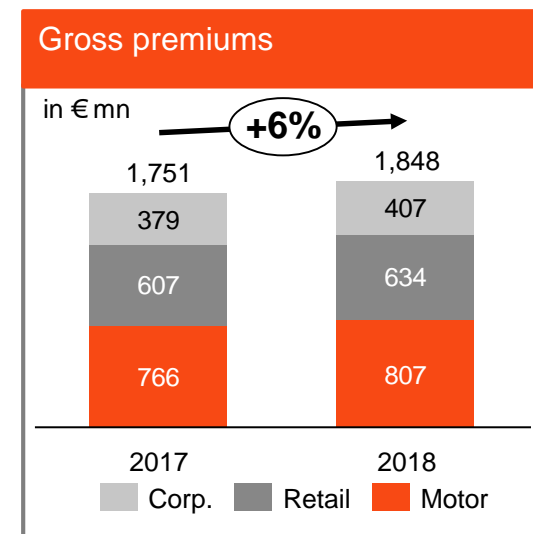
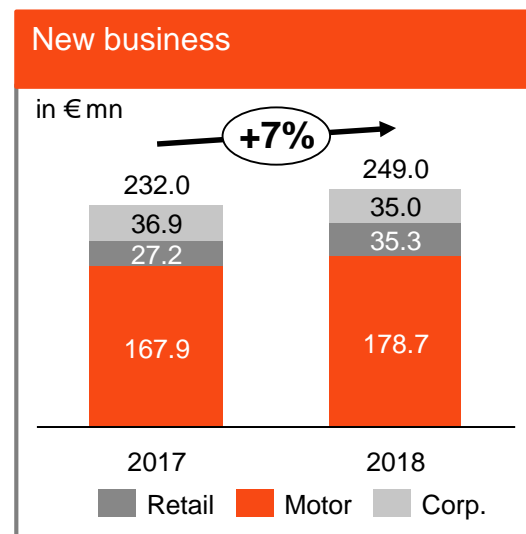


Property & Casualty Insurance segment

Profit & Loss	2017 (in €mn)	2018 (in €mn)
Net financial result	55,8	60,9
Net commission income/expense	-225,0	-246,5
Earned premiums (net)	1,415,0	1,490,1
Insurance benefits (net)	-743,1	-760,1
General administrative expenses ¹	-346,5	-361,1
Net other operating income/expense	14,2	15,0
Segment net income from continued operations before income taxes	170,5	198,3
Income taxes	-44,7	-67,0
Segment net income after taxes	125,8	131,4

Result even above strong previous year.

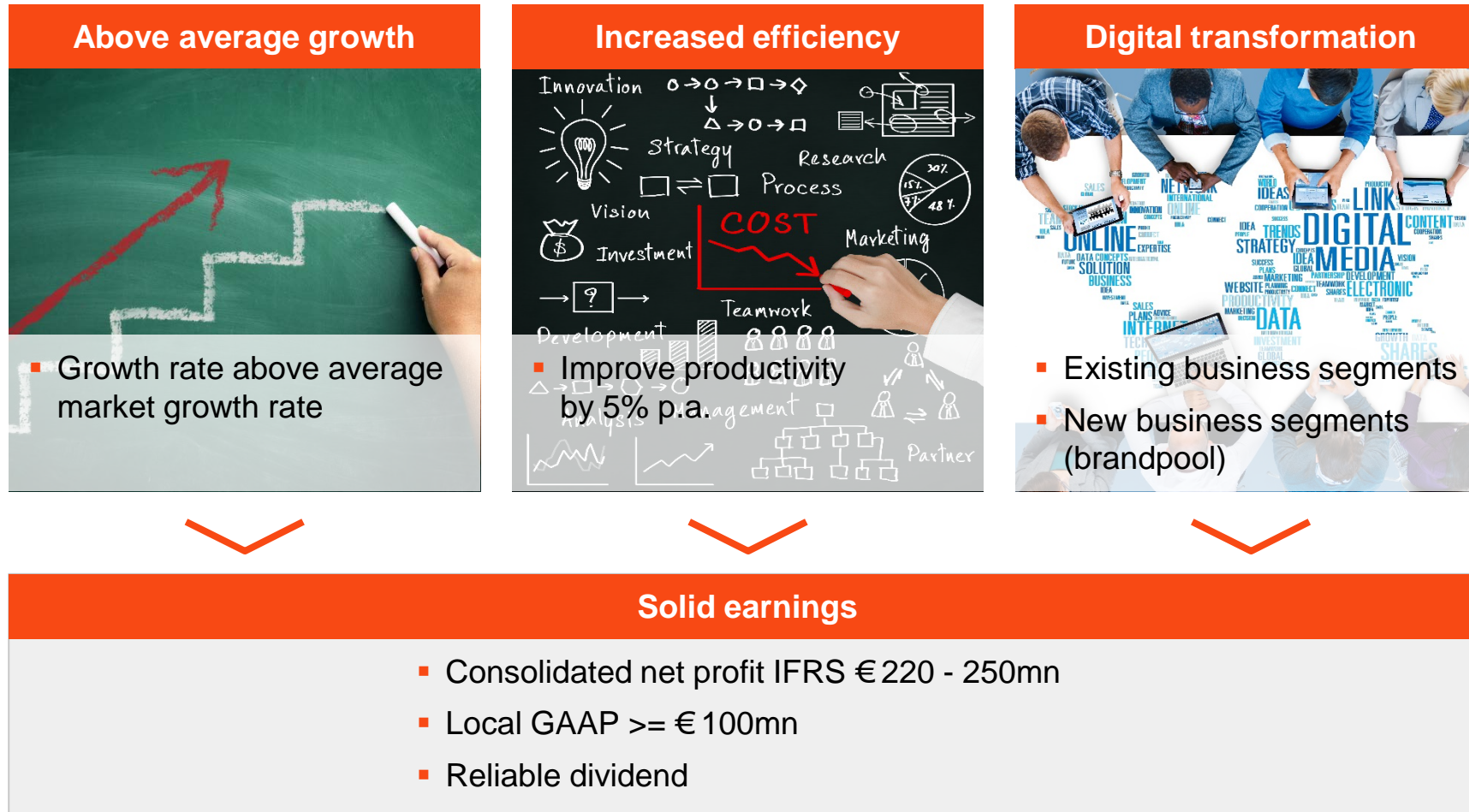
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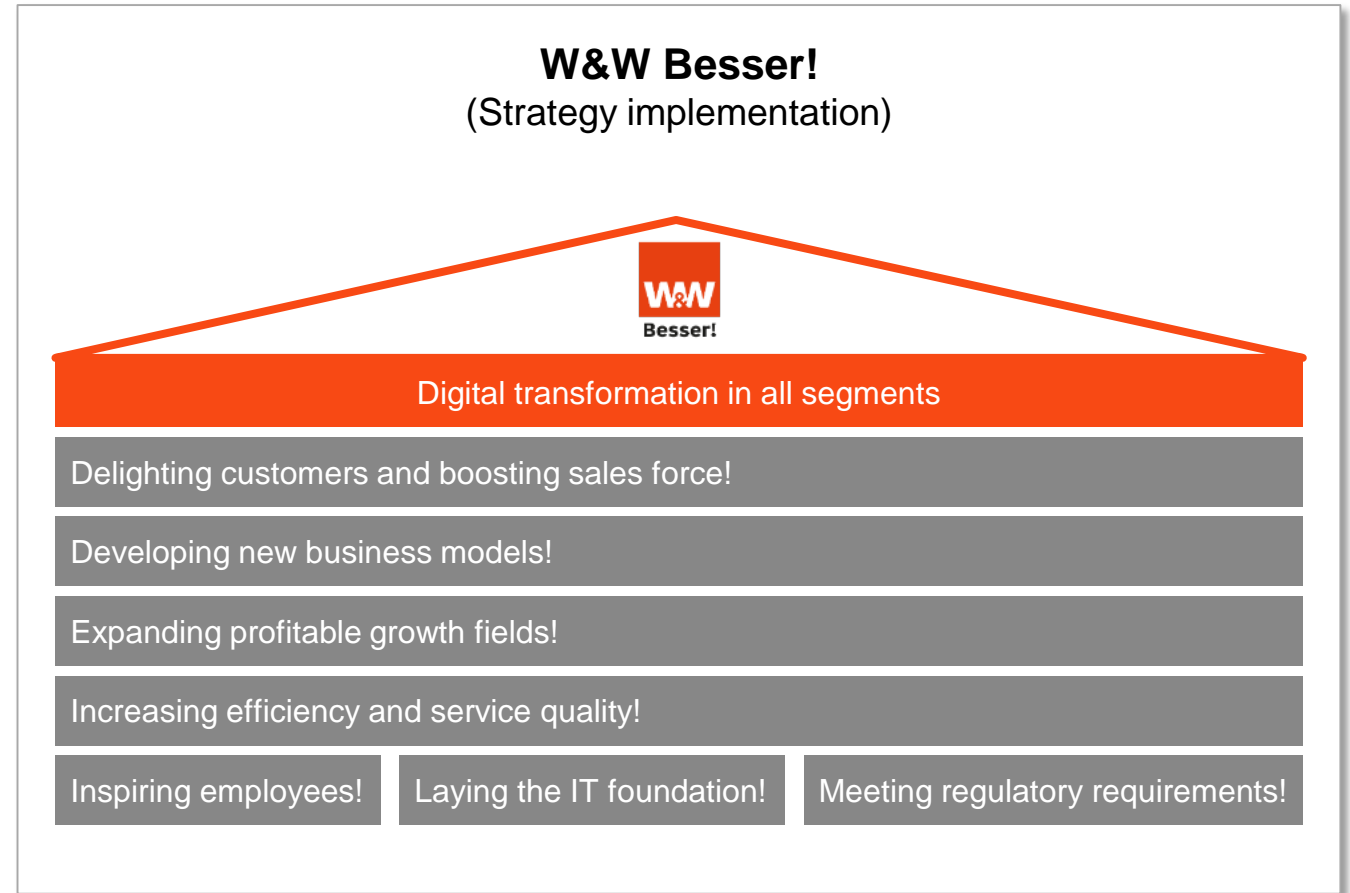
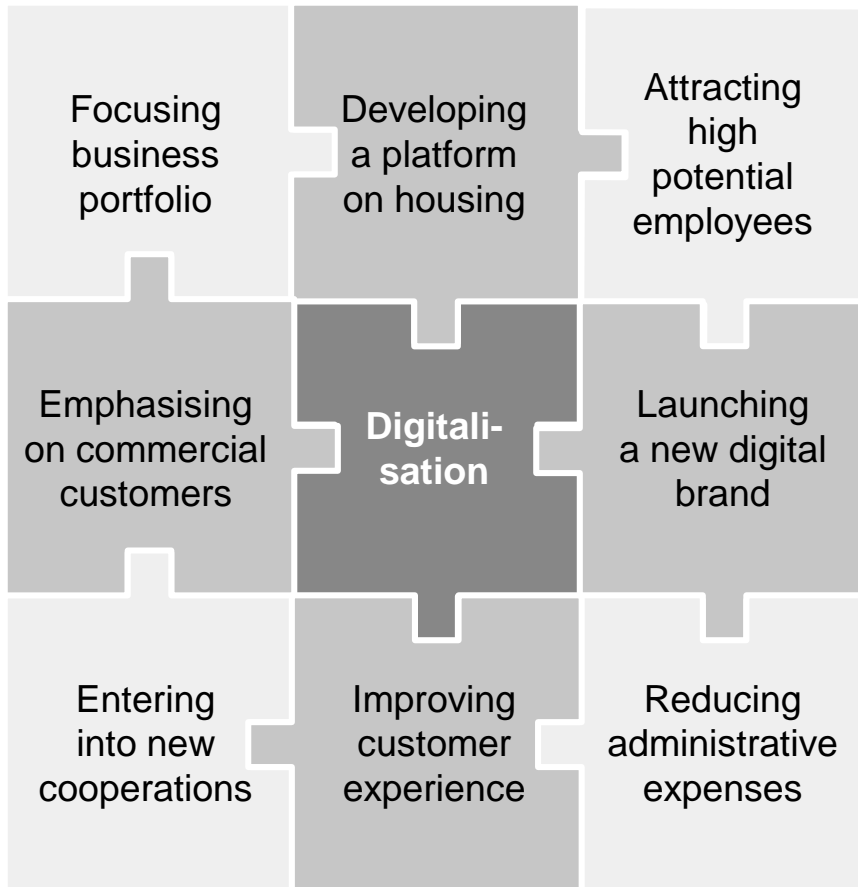
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Top strategic goals – long term



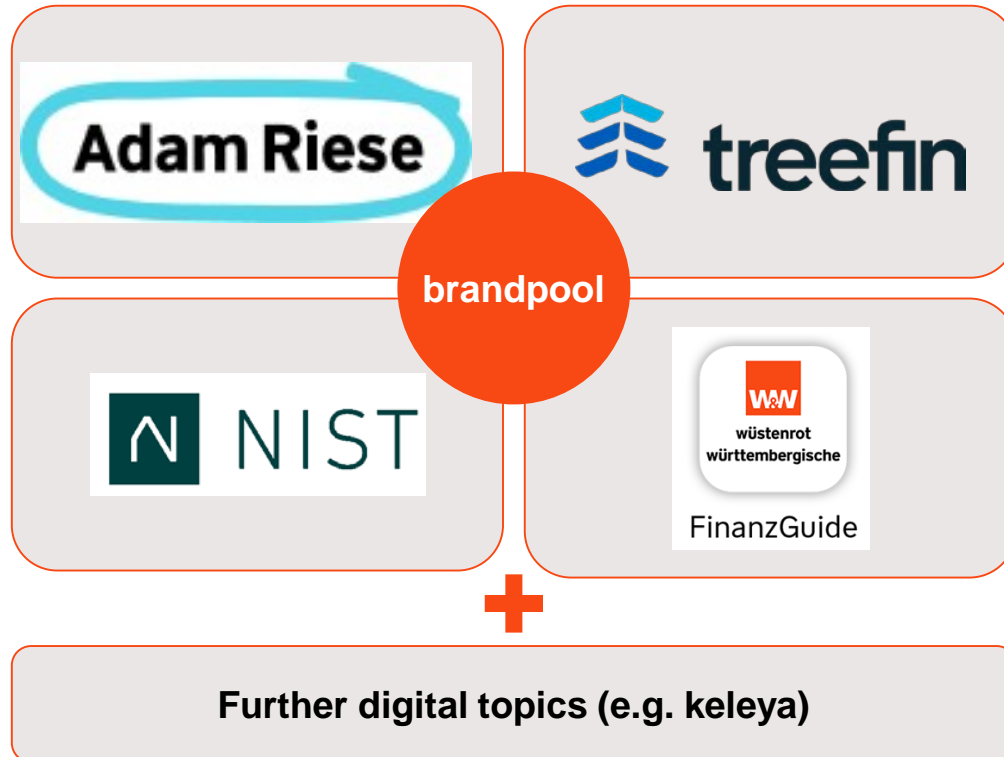
➤ **Goal: Long-term profitable, risk-averse growth above market average.**

Strategy implementation bundled in “W&W Besser!”



➤ **Clear objective: W&W as winner of the upheaval in the financial industry.**

“brandpool”: developing new digital business models



Our new business segment “**brandpool**”

- ✓ defined its initial scope
- ✓ started in 2018

Our new digital brand **Adam Riese**

- ✓ offerings expanded to personal liability, legal protection, home contents, dog owner liability, and business liability insurance
- ✓ acquired over 30,000 contracts in 2018

Our new innovation **Nist**

- ✓ is a digital, personal companion for buying the desired real estate
- ✓ completed its first business model tests successfully

Our independent insurance broker **treefin**

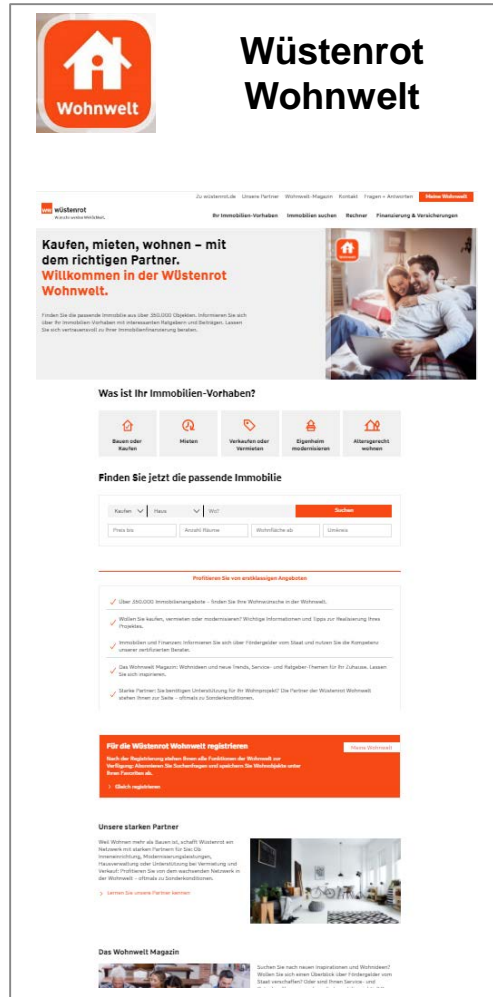
- ✓ targets new customers outside W&W
- ✓ had over 16,000 new registrations in 2018

Our new digital financial assistant **FinanzGuide**

- ✓ launched in 2018 for W&W customers
- ✓ had more than 15,000 registered users at the end of 2018

➤ **W&W invests in innovative, future-oriented new business models.**

Further implemented strategic activities



Our new digital platform “Wüstenrot Wohnwelt”

- ✓ offering for potential real estate buyers and owners
- ✓ real estate search engine
- ✓ third party offerings around living
- ✓ started in 2018
- ✓ approx. 1 million visitors and 6 million page views in 2018

Our new W&W Campus

- ✓ construction phase one completed in time
- ✓ 1,200 new, modern workspaces are in use
- ✓ phase two on-going

Outlook 2019

Growth

- New business expected to rise in all core business segments.

Investments

- We expect continuing high investments in future development and digitalisation.
- In the first half of the year, we expect to close the sale of Wüstenrot Bank AG Pfandbriefbank.
- We expect to close the acquisition of Aachener Bausparkasse in second half year of 2019.

IFRS

- We stick to our long-term goal of € 220 to 250mn net profit. For 2019, we expect to exceed the previous year's result of € 215mn and thus reach the target corridor.

Local GAAP

- Net profits under local GAAP (HGB) at approx. € 90mn.

Dividend

- Stable and reliable dividend policy: at least equal to previous year's level (2017: € 0.65 / share).

➤ W&W Group continues on a stable growth and earnings course.

Thank you for your kind attention!

English website available: www.ww-ag.com
Report German + English



Fact Sheet German + English

IR Newsletter

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Financial calendar 2019

	05/04/2019	Bankhaus Lampe Deutschlandkonferenz, Baden-Baden
	08/04/2019	Montega Roadshow, Frankfurt
	10/04/2019	Commerzbank Roadshow, Zürich
	11/04/2019	Montega Roadshow, Hamburg
	15/05/2019	W&W AG Quarterly Statement 3M 2019
	05/06/2019	W&W AG Annual General Meeting, Ludwigsburg
	13/08/2019	W&W AG Interim Report 6M 2019
	23-25/09/2019	Berenberg Conference, Munich
	14/11/2019	W&W AG Quarterly Statement 9M 2019
	25-27/11/2019	Eigenkapitalforum, Frankfurt

Further information: www.ww-ag.de/calendar

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- the impact of regulatory decisions and changes in the regulatory environment;
- the impact of political and economic developments in Germany and other countries in which the Group operates;
- the impact of fluctuations in currency exchange and interest rates; and
- the Group’s ability to achieve the expected return on the investments and capital expenditures it has made in Germany and in foreign countries.

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