

W&W Group

Financials and Business Outlook

April 2019

Wüstenrot & Württembergische AG



Agenda

1 W&W at a glance

2 Financials

3 Strategy

4 Outlook 2019 and Guidance

W&W at a glance

200 years of experience in financial issues



1828 Württembergische Privat-Feuerversicherungsgesellschaft was established, the oldest private property insurance in southern Germany

1921 Wüstenrot (Gemeinschaft der Freunde) was founded, Germany's first home loan and savings bank

1999 Merger of Wüstenrot und Württembergische

2005 Acquisition of Karlsruher Versicherungsgruppe

2010 Acquisition of Allianz Dresdner Bauspar AG

2017 Introducing new digital brand "Adam Riese"

2018 online platform Wüstenrot Wohnwelt started

1833 Allgemeine Rentenanstalt, the first pension insurance in Germany was established



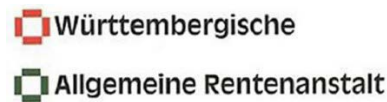
1991 Württembergische Feuerversicherung and Allgemeine Rentenanstalt merged into Württembergische Versicherung AG

2001 Acquisition of Leonberger Bausparkasse AG

2009 Acquisition of Vereinsbank Victoria Bauspar AG

2017 Participation in treefin GmbH; creating "W&W FinanzGuide-App"

2019 Acquisition of Aachener Bausparkasse AG



W&W at a glance

W&W as diversified insurance & banking company

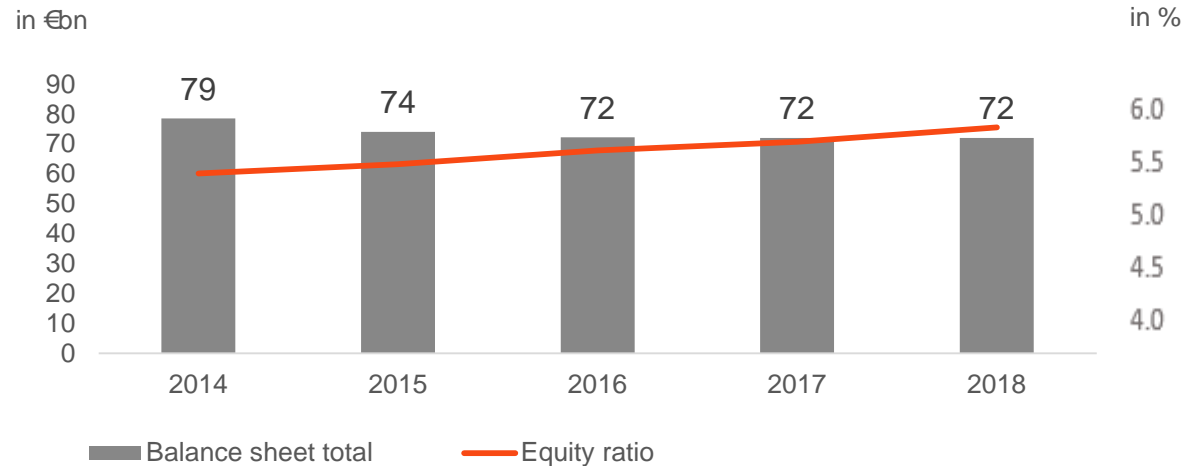
Established player with well-known brands

- Diversified insurance & banking company
- Reputation of 200 years of expertise in financial issues
- Well known brands: Wüstenrot and Württembergische
- Approx. 6 million customers in total
- Headquarters in Stuttgart, Germany
- Approx. 6,540 employees

Key figures consolidated balance sheet 31/12/2018:

- Total assets: 72.0 €bn
- Net profit: 215.2 €mn
- Capital investments: 45.9 €bn
- Senior fixed-income securities: 21.3 €bn
- Building loans: 23.1 €bn
- Technical provisions: 34.7 €bn
- Equity: 4.2 €bn

Balance sheet total and equity



Geographic focus



- Core Market: Germany
- Additional Bauspar and banking business in Czech Republic

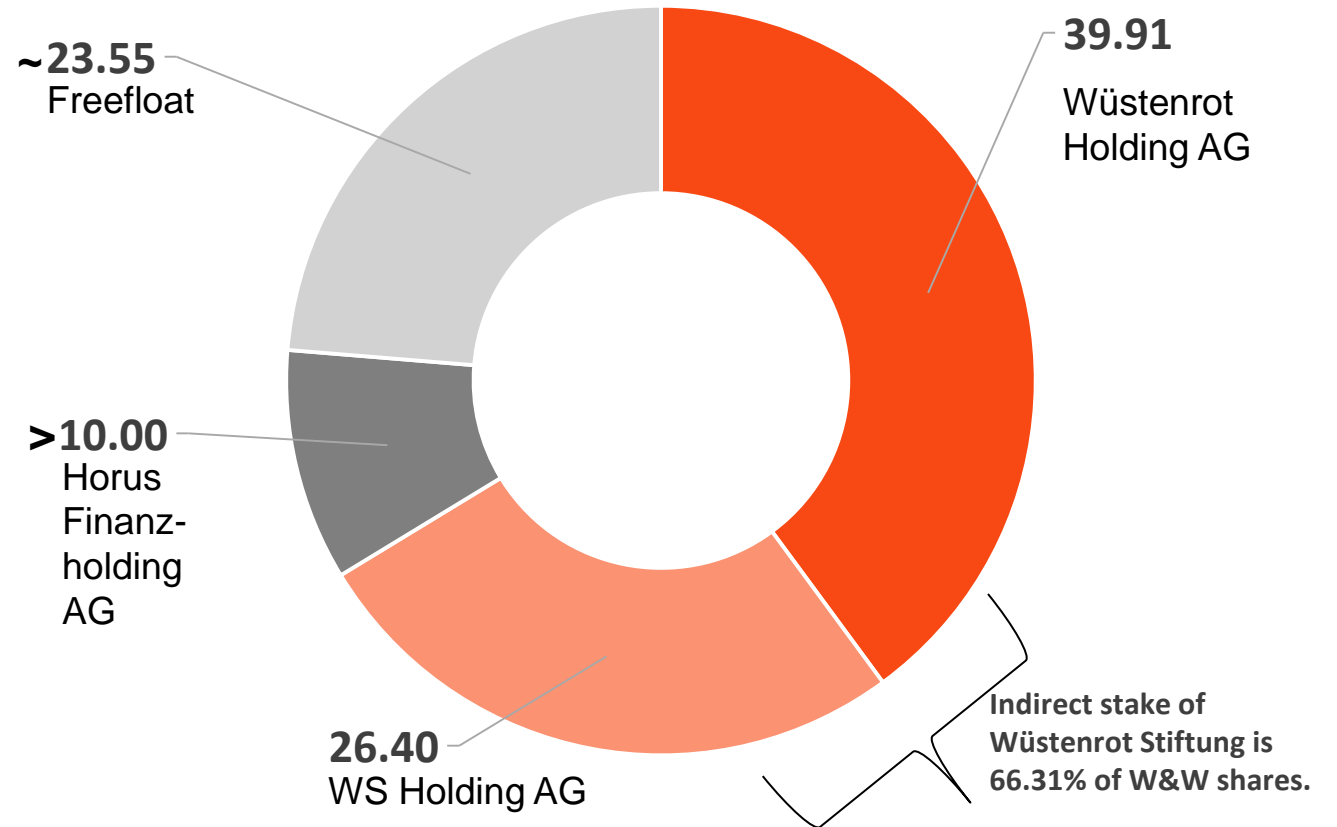
W&W at a glance

Investors of W&W-Group

















W&W registered shares are listed on the Stuttgart and Frankfurt stock exchange. W&W AG is part of the SDAX since March 2016. Anchor shareholder is Wüstenrot Stiftung, holding an indirect stake of 66.31%.

W&W investors in %*



W&W at a glance

Broad product portfolio to create and secure values

Brand						
Business segment	Home Loan & Savings		Life & Health Insurance	Property & Casualty Insurance	brandpool	
Position 31/12/18	# 2 in Germany for Bausparen 13.8% market share One of the top-brands for <u>construction finance</u>		# 13 in German life insurance 2.17% life market share*	# 9 in Germany 2.48% market share**	New business segment with new approaches to financial products	
Product groups	 Home loan & savings	 Life & retirement	 Car & mobility	 Fintech for digital construction finance		
	 Construction financing	 Health & care	 Liability & law	 Digital insurance brand of W&W		
	 Home & living		 Accident etc.	 Digital financial assistant		














W&W at a glance

Our sales force: broadly positioned to capture further growth

Own sales channels

~ 3,000 tied agents Württembergische	~ 3,000 tied agents Wüstenrot	Direct channel
		  

Partnerships and cooperations

Banks	Insurance companies	Financial sales networks	Brokers	Others
   	     		8,000 brokers	 

 Potential access to more than 55 million customers.

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Financials

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.

Financials

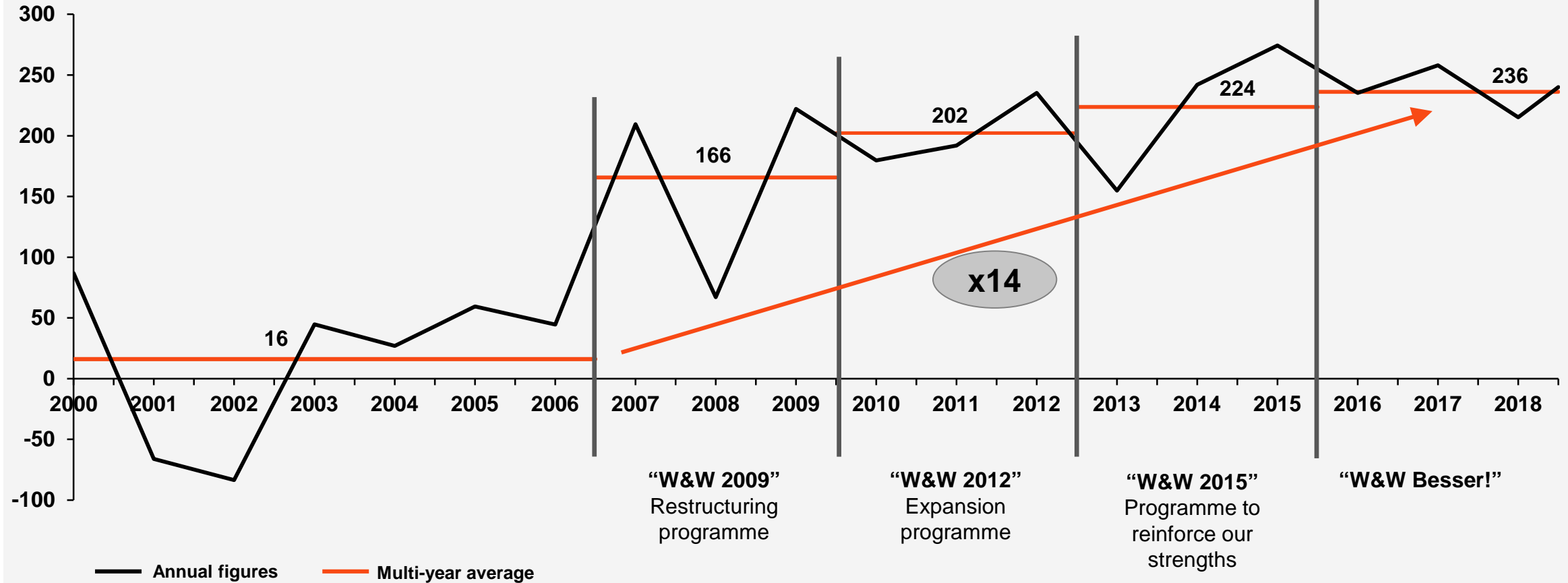
Results 2013 – 2018: Overview

Group Net Profit (IFRS) in €mn	2013	2014	2015	2016	2017	2018
Segment Home Loan and Savings Bank	19.8	51.8	57.0	58.7	58.5	59.1
Segment Life and Health Insurance	44.3	45.7	40.3	49.7	31.8	24.7
Segment Property/Casualty Insurance	50.5	128.2	114.9	108.3	125.8	131.4
Others/Consolidation	40.2	16.3	62.1	18.6	41.9	0.0
Group Net Profit	154.9	242.0	274.3	235.3	258.0	215.2
<i>Earnings before income taxes</i>	184.6	283.0	323.6	291.6	292.4	320.5
<i>Income taxes</i>	-29.7	-41.0	- 49.3	- 56.3	-34.4	-105.3

Financials

Increased results: strong development

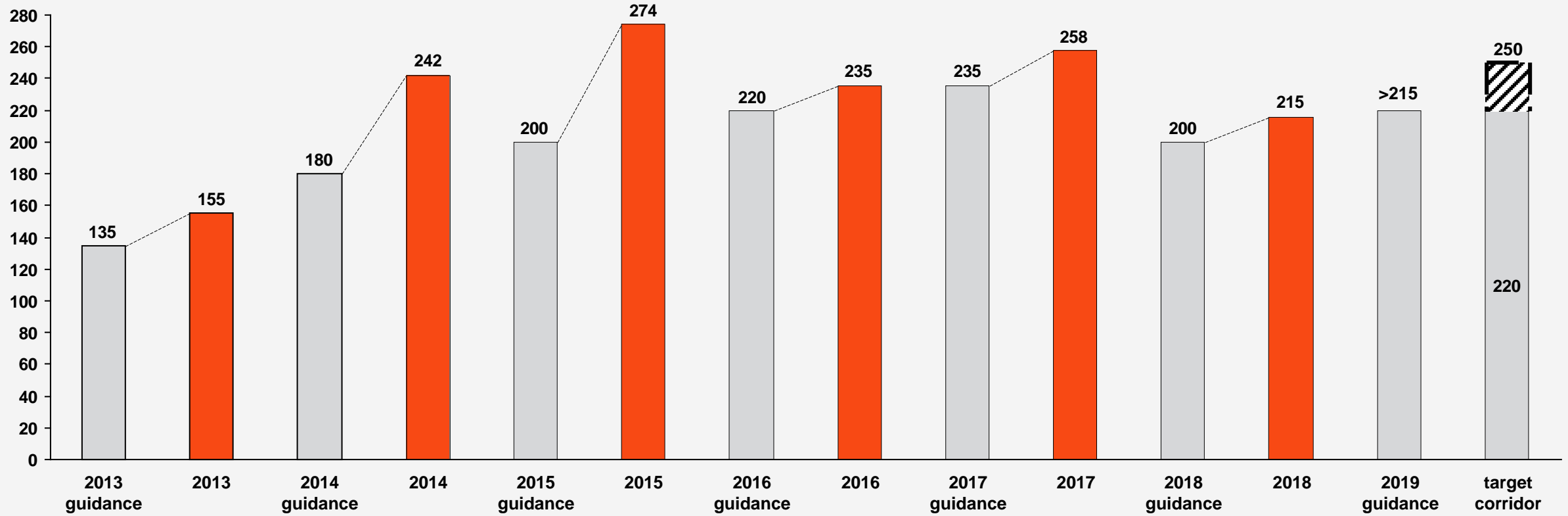
Consolidated net profit (IFRS), in €mn



Financials

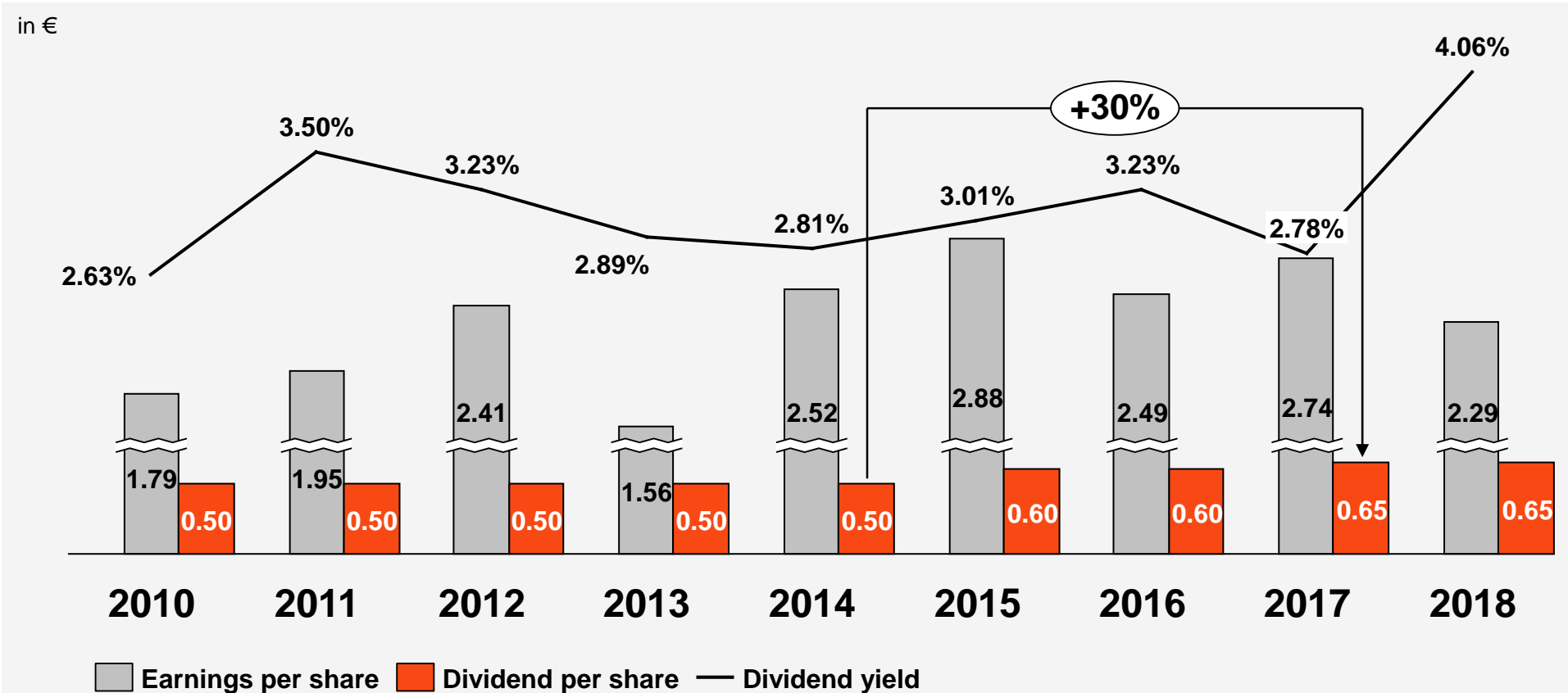
W&W constantly exceeds its forecasts

Consolidated net profit (IFRS), in €mn



Financials

Sustainable dividend policy



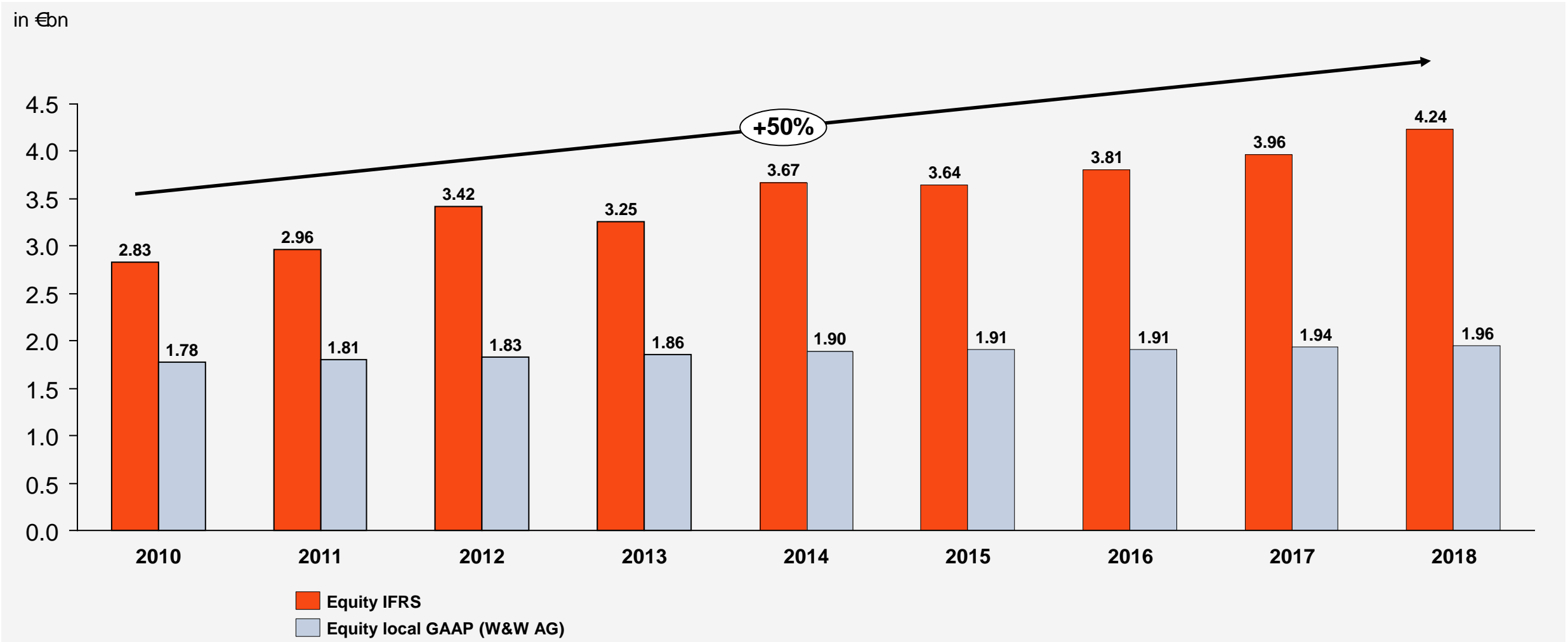
- Dividend increase 2017 from 0.60 to 0.65 €
- Since 2014: + 30%
- Dividend yield currently 4.06%
- For comparison:
 - MDAX (2.75%)
 - SDAX (2.09%)



Our dividend policy: Reliable dividend at least at the previous year's level.

Financials

W&W significantly increased IFRS equity



Financials

Price level with significant upside potential



Analysts' estimates

Upside per
01/04/19

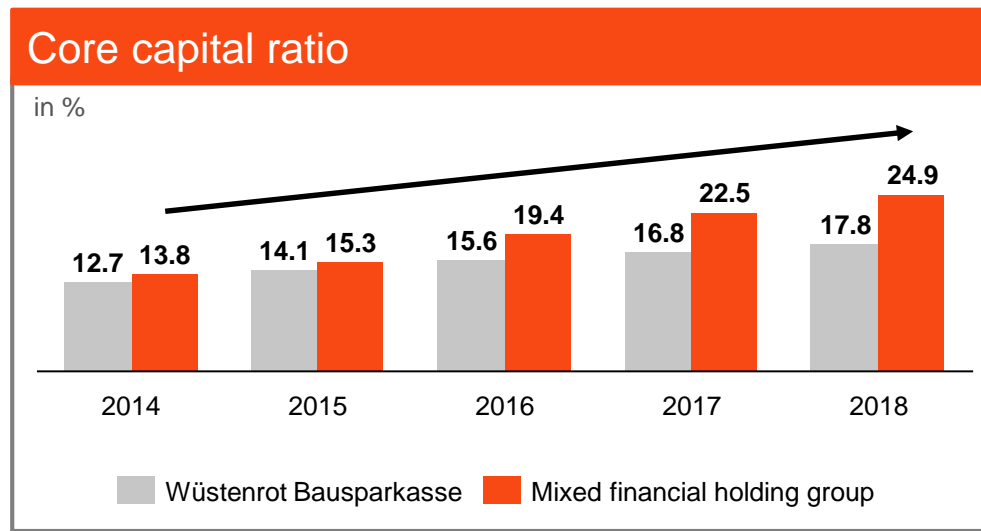
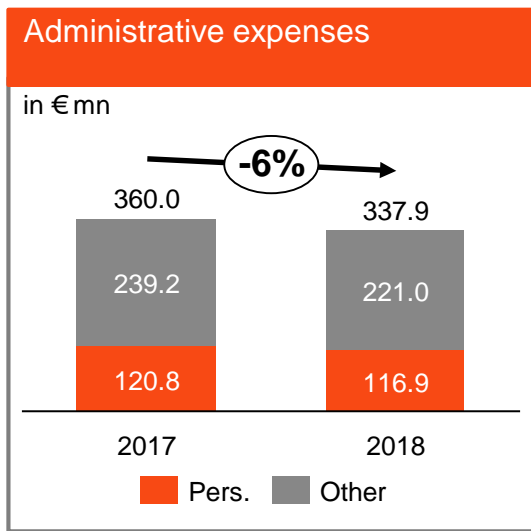
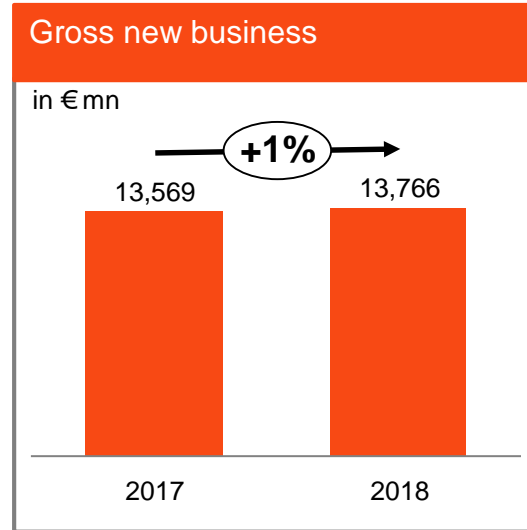
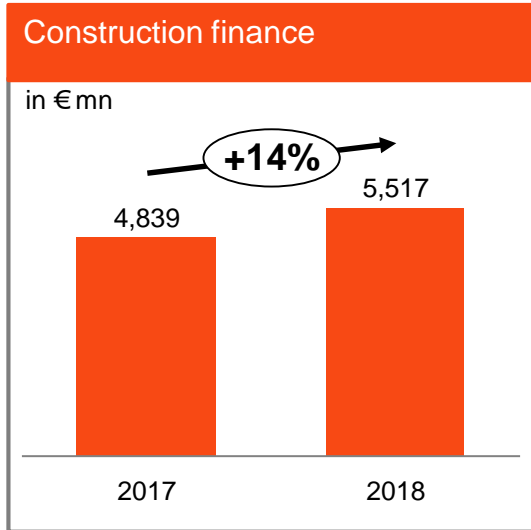
Commerzbank	02/04/19	buy / targetprice: 23.00 €	33%
Lampe	02/04/19	buy / targetprice: 23.50 €	36%
Metzler	01/04/19	buy / targetprice: 23.00 €	33%
Montega	02/04/19	buy / targetprice: 21.50 €	25%
LBBW	02/04/19	buy / targetprice: 23.00 €	33%

- Analysts see a clear upside potential and recommend the stock as a buy
- 31/12/2018:
 - Equity per share: 45.51 €
 - Earnings per share: 2.29 €

➔ Current valuation offers attractive entry level.

Financials

Home Loan & Savings segment



¹ Includes rental income with other segments and service revenues

Financials

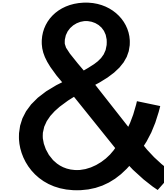
Home Loan & Savings segment: acquisition of Aachener Bausparkasse

Wüstenrot Bausparkasse is **THE** cooperation Bausparkasse in Germany with a huge network of exclusive distribution partnerships.

The Acquisition of Aachener Bausparkasse in 2019 grants Wüstenrot new exclusive distribution partnerships with 8 insurance companies.



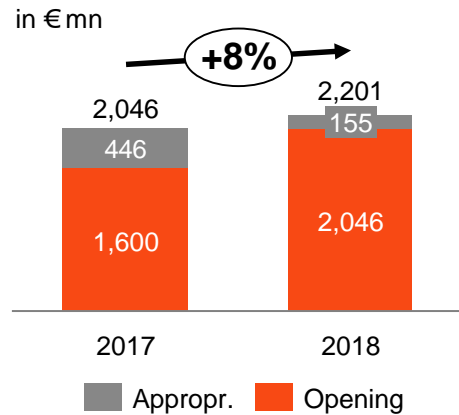
Wünsche werden Wirklichkeit.



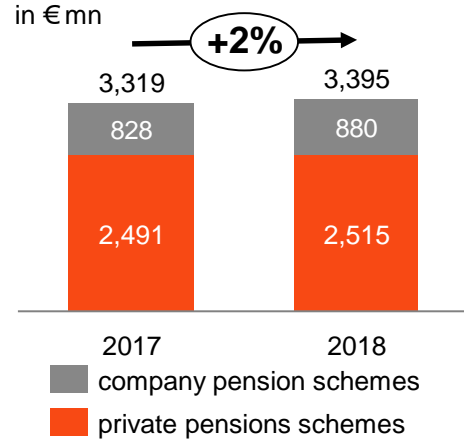
Financials

Life & Health Insurance segment

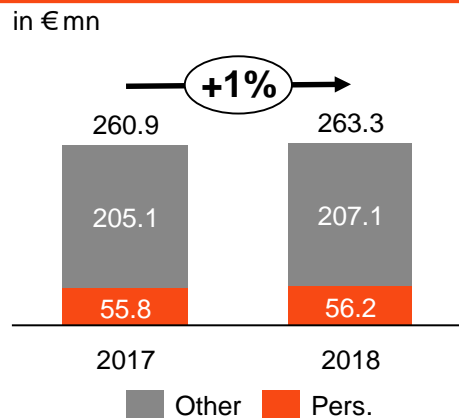
Additional interest reserve



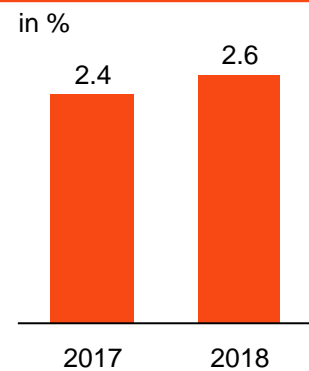
Total premiums for new life insurance business



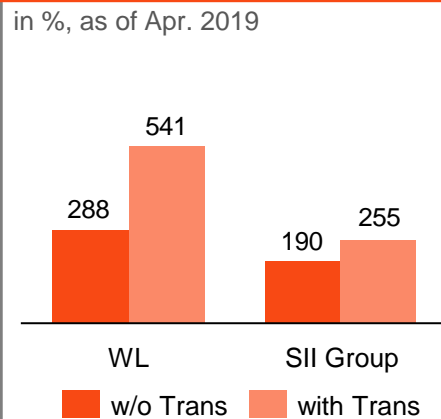
Administrative expenses



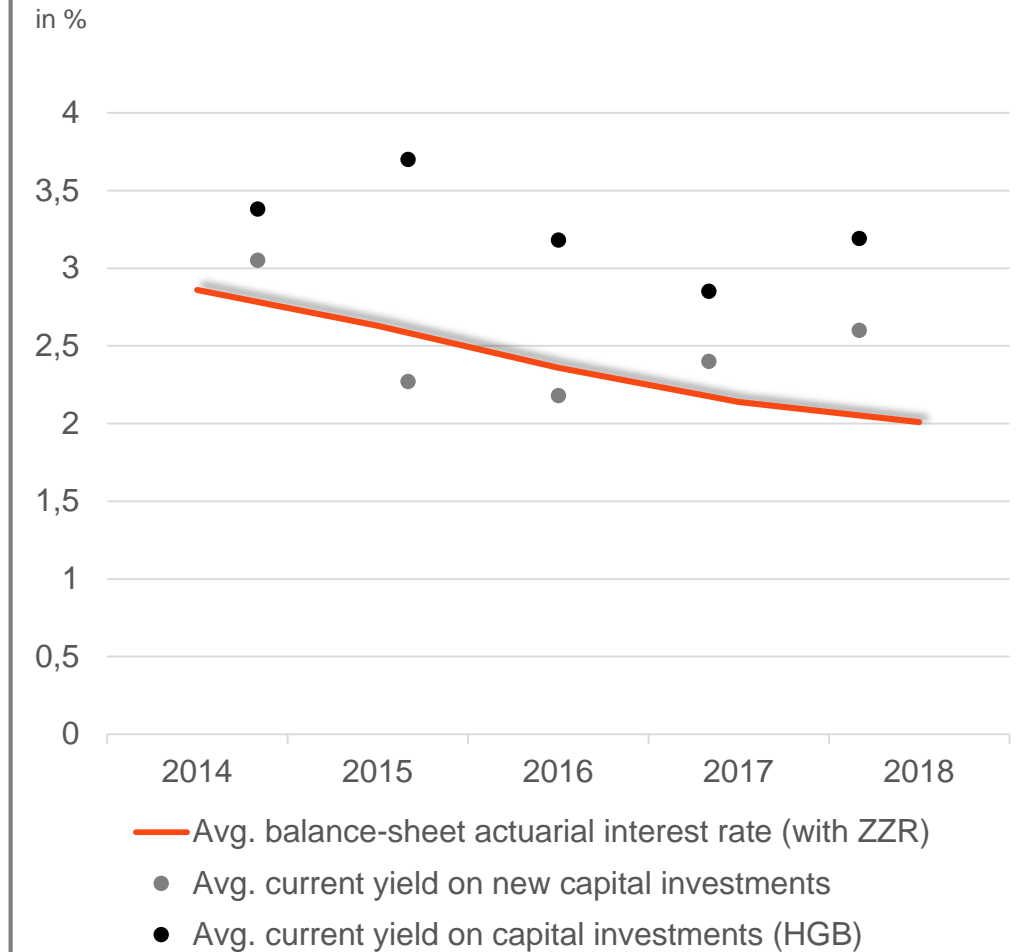
Return on new investments (WL)



SII-Ratio



Yield on capital investments vs. actuarial interest rate

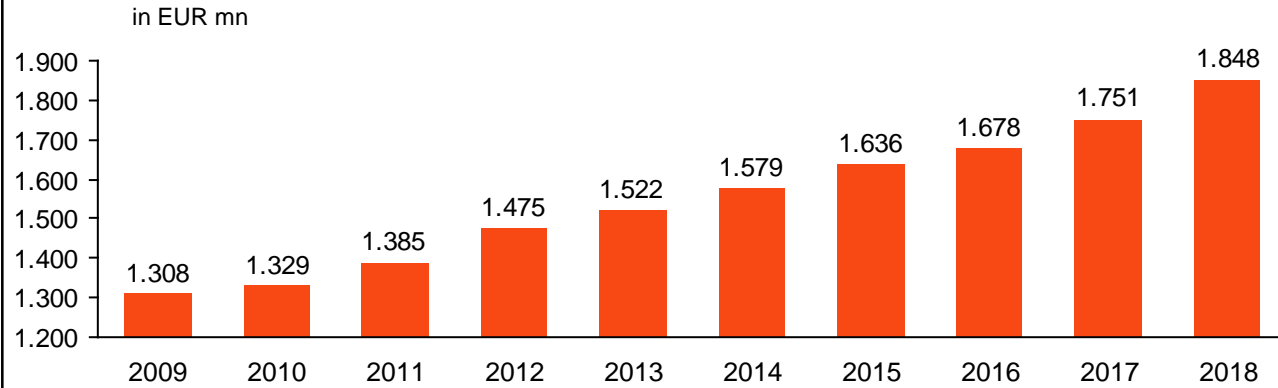


¹ Includes rental income with other segments and service revenues

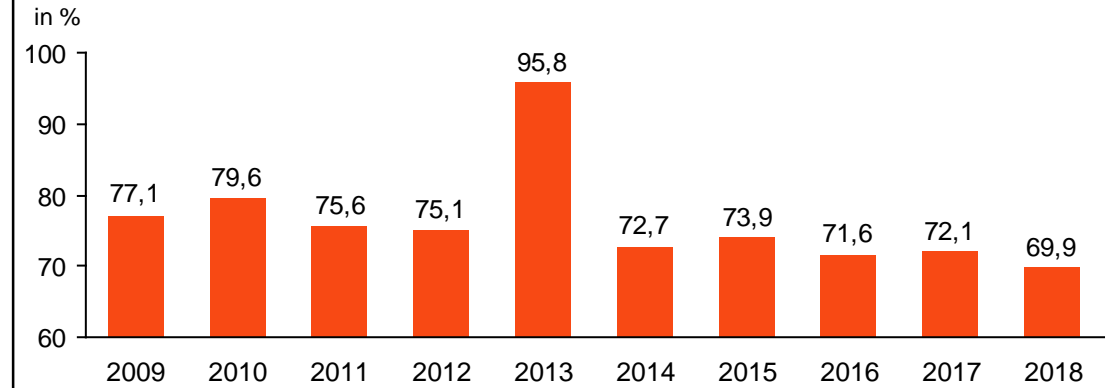
Financials

Property & Casualty Insurance segment

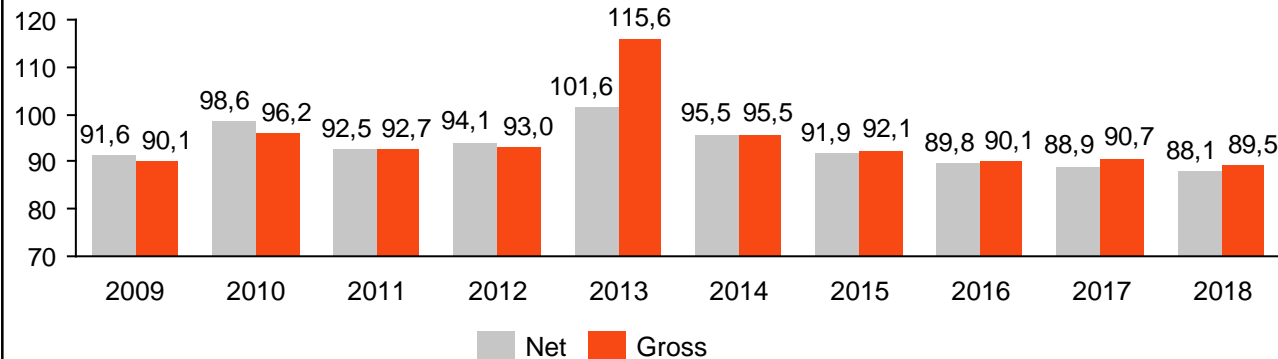
Gross premiums written



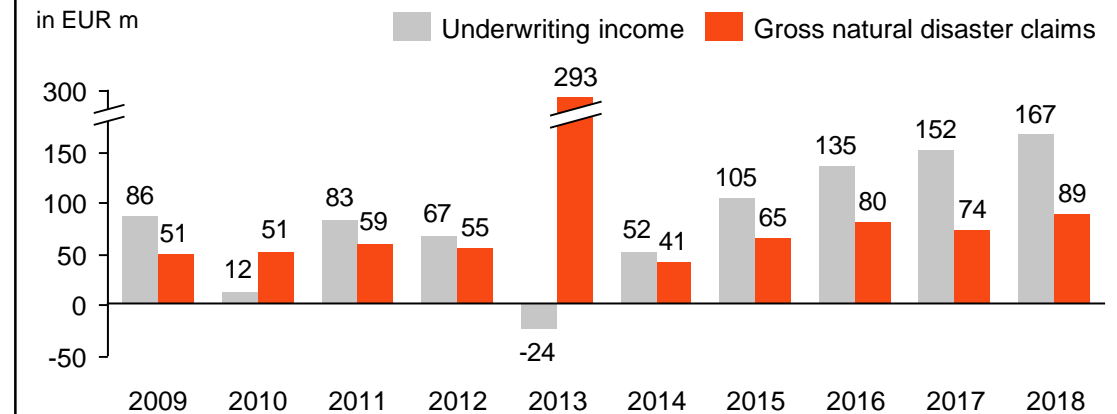
Gross loss ratio business year



Combined ratio (in %)



Gross natural disaster claims and Underwriting income¹ (local GAAP)



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Strategy

W&W in challenging environment



- Shift in customer needs and values
- Change dynamic & demography

- New models in life and share economy
- Increasing plurality of society

- Regulatory requirements
- Consumer protection

- Increasing regulatory requirements for sales force
- Additional consumer data requirements

- Digitalization & technological progress
- Data era & digital networks

- Digitalization of and fight for client interface
- Data as success factors

- Interest rate development
- Capital markets

- Low interest rate environment
- Low risk premiums

Strategy

Top strategic goals – long term

Above average growth



- Growth rate above average market growth rate

Increased efficiency



- Improve productivity by 5% p.a.

Digital transformation



- Existing business segments
- New business segments (brandpool)

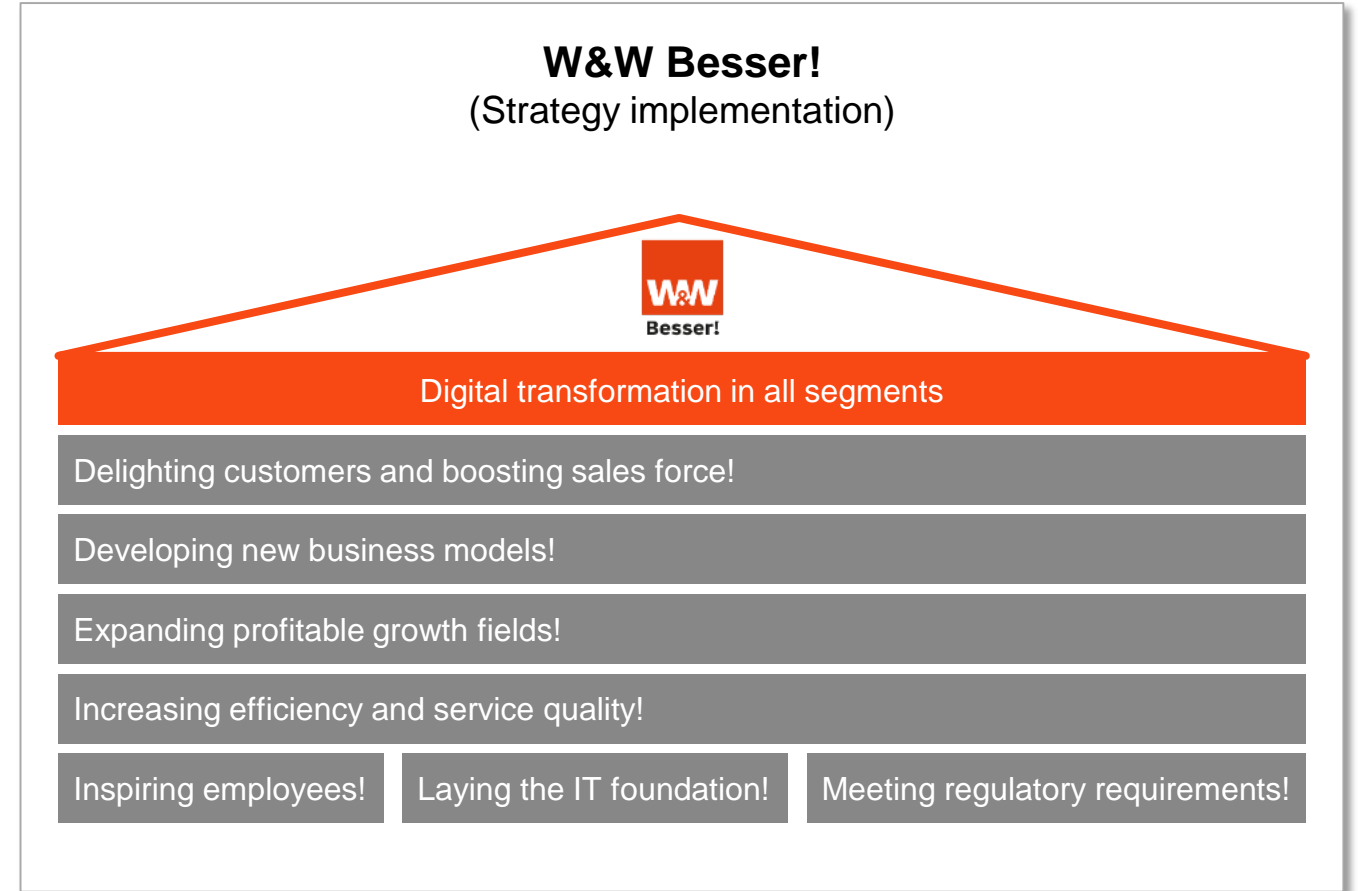
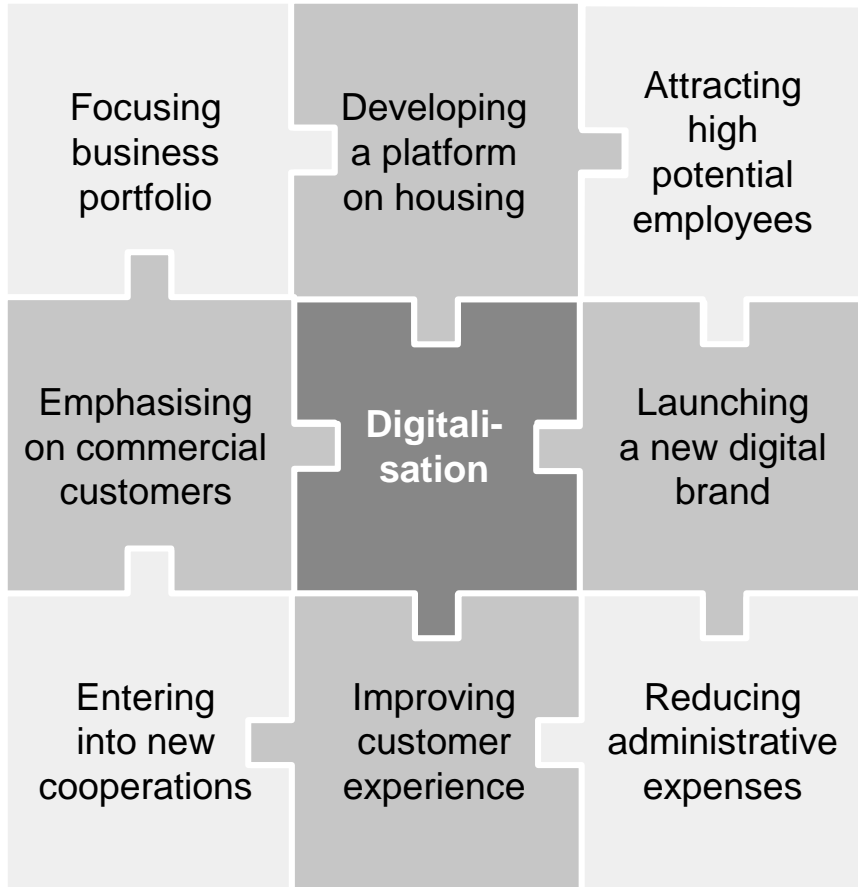
Solid earnings

- Consolidated net profit IFRS € 220 - 250mn
- Local GAAP \geq € 100mn
- Reliable dividend

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

Strategy

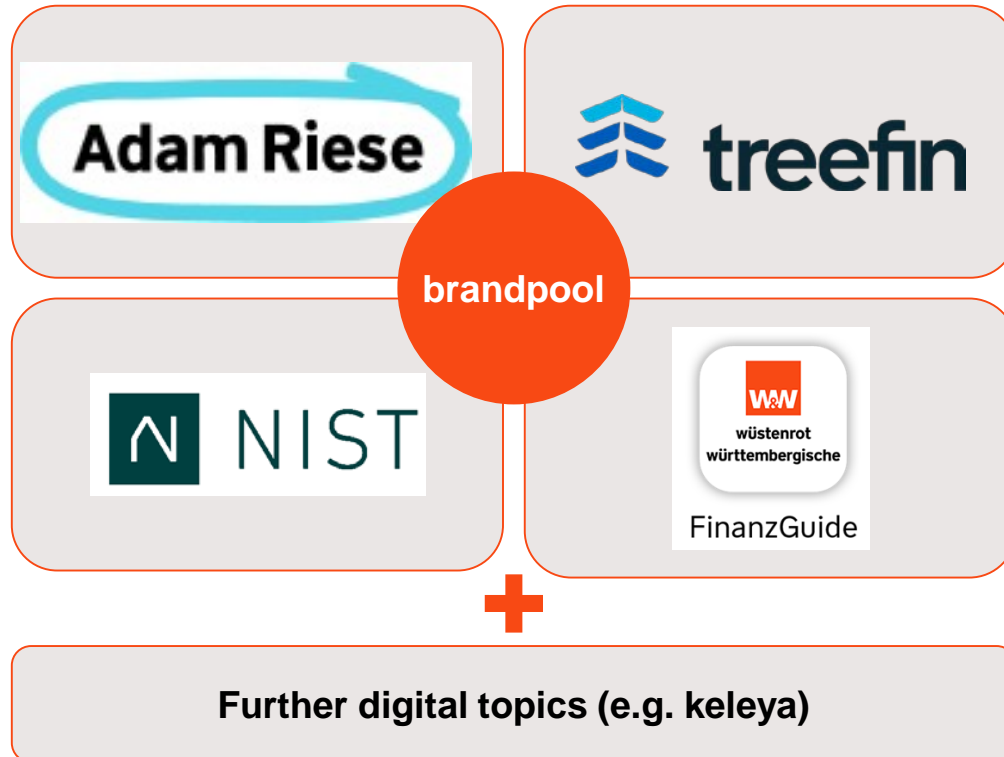
Strategy implementation bundled in “W&W Besser!”



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

Strategy

“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

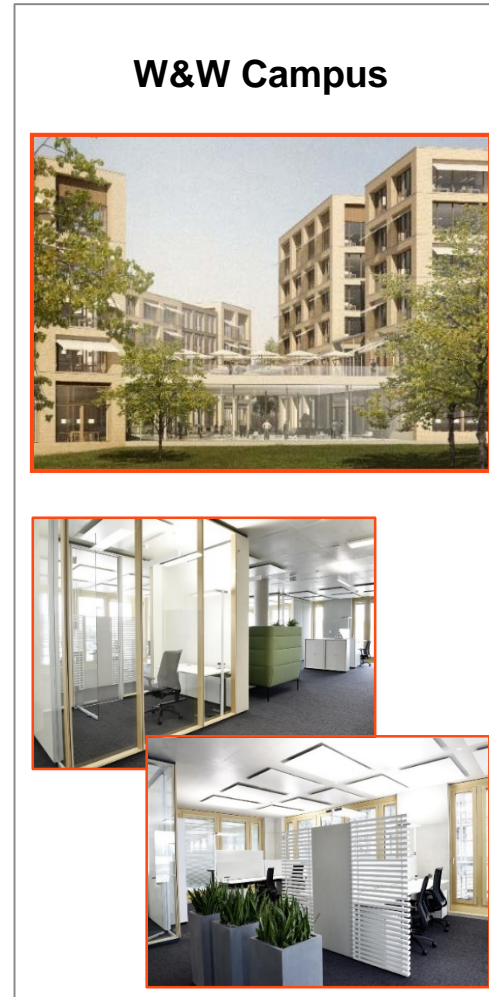
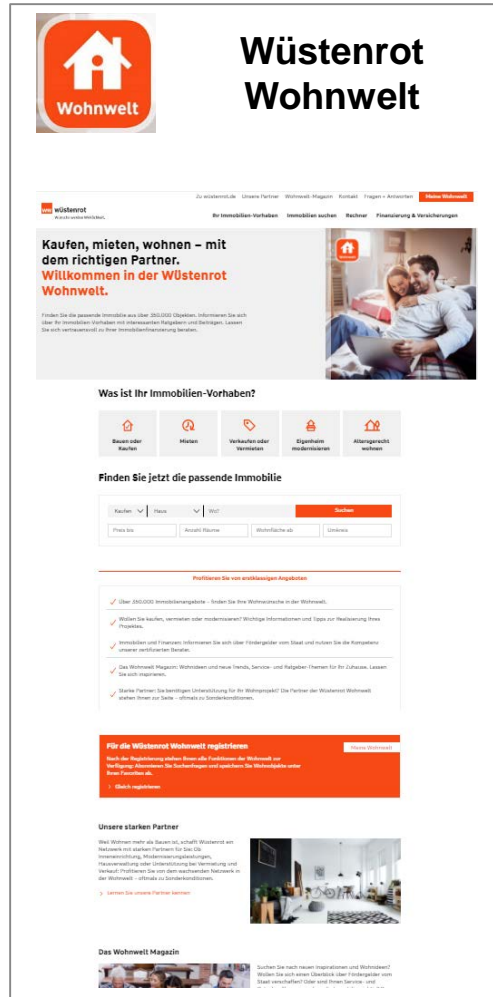
Our independent insurance broker **treefin**

- ✓ 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.**



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

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Outlook 2019 and Guidance

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) expected to rise from € 80mn (2018) to 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

For further information please contact:

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Appendix

Members of W&W Management Board



Jürgen A. Junker,
CEO W&W AG
Chairman of the Management Board
and W&W Executive Board



Jens Wieland, COO/CIO
W&W AG
Member of the W&W Executive Board



Dr. Michael Gutjahr, CFO
W&W AG
Member of the W&W Executive Board



Bernd Hertweck,
Head of Division BausparBank,
Chief Executive Officer of
Bausparkasse AG



Jürgen Steffan
Member of the Executive Board of
Wüstenrot Bausparkasse AG, General
Representative of W&W AG &
Württembergische Versicherung



Thomas Bischof
Head of Division Württembergische
und Chief Executive Officer of
Württembergische Versicherungen



Daniel Welzer
Head of Division and Chairman of
W&W brandpool Board

Appendix

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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This presentation contains certain forward-looking statements and forecasts reflecting W&W management’s current views with respect to certain future events. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding W&W’s future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where W&W participates or is seeking to participate. The W&W Group’s ability to achieve its projected results is dependent on many factors which are outside management’s control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. The following important factors could cause the Group’s actual results to differ materially from those projected or implied in any forward-looking statements:

- 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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