

## The Hannover Re share

- Share price reaches new record high of EUR 75.92
- Proposed dividend of EUR 3.00 per share plus special dividend of EUR 1.25 per share surpasses strategic payout ratio
- Inclusion in FTSE4Good sustainability index achieved

### Volatile equity markets deliver reduced overall return

After the record year of 2013 investors had to settle for a more modest performance in 2014, especially on the German stock market. The international financial landscape remained under strain in the year just ended. Geopolitical crises, such as the clashes in the Russia-Ukraine conflict, as well as flashpoints in the Middle East, the sustained drop in the price of oil, poor economic data from Europe and the termination of the US Federal Reserve's bond-buying programme all served to trigger recurring uncertainty on markets throughout the year. At the same time, though, positive economic data from the US and an expansionary monetary policy on the part of the European Central Bank led to growing optimism in some areas. This was reflected in the volatility of movements on equity markets.

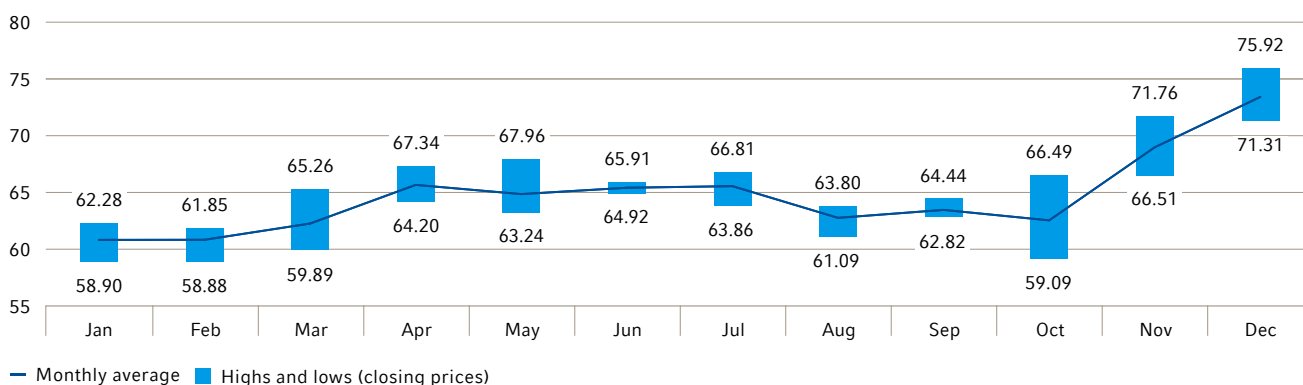
The German DAX stock index entered 2014 at a level of 9,552. On 9 June, after some initial ups and downs, the index passed the magic number of 10,000. Yet this new high proved impossible to sustain over the longer term. In October the index – comprised of Germany's 30 largest stocks – slipped back below 9,000, only to close the year after a fresh price rally in the fourth quarter at 9,806, i.e. a gain of some 2.7%. The performance of the MDAX was similarly volatile, which began the year at 16,574 points and closed 12 months later – after a rollercoaster ride – with a gain of 2.2% at 16,935. Driven by encouraging economic data, the Dow Jones ended 2014 at an outstanding level of 17,823, an increase of 7.5%.

### Hannover Re share reaches new all-time high of EUR 75.92

The Hannover Re share stood at EUR 62.38 as 2014 got underway. In the early weeks of the year the share moved lower, retreating to its lowest point of the year on 3 February 2014 at EUR 58.88. This slide was prompted by the challenging round of fiercely competitive renewals in property and casualty reinsurance and the associated rate erosion. The price rally that subsequently took hold was chiefly driven by a major loss experience that was significantly lower than expected overall as well as analyst expectations surrounding the sustained healthy profit outlook for Hannover Re. This latter assumption is based on the recognition that Hannover Re, thanks to its thoroughly comfortable capital resources and very conservatively calculated loss reserves, should be in a position to deliver good results even in a highly competitive market environment and despite reduced growth prospects. The company's robust capitalisation also triggered debate among investors as to the possibility of a higher payout ratio or a share repurchase programme. Against this backdrop the share ultimately soared to its new record high of EUR 75.92 on 23 December. On the back of its price rally in the fourth quarter the Hannover Re share closed the financial year with a gain of 20.2% at EUR 74.97, thereby delivering a performance of 25.8% including reinvested dividends. Over the year the Hannover Re share thus clearly outperformed its benchmark indices, namely the DAX (+2.7%) and MDAX (+2.2%), and also beat the Global Reinsurance (Performance) Index (+24.4%).

**Highs and lows of the Hannover Re share**  
in EUR

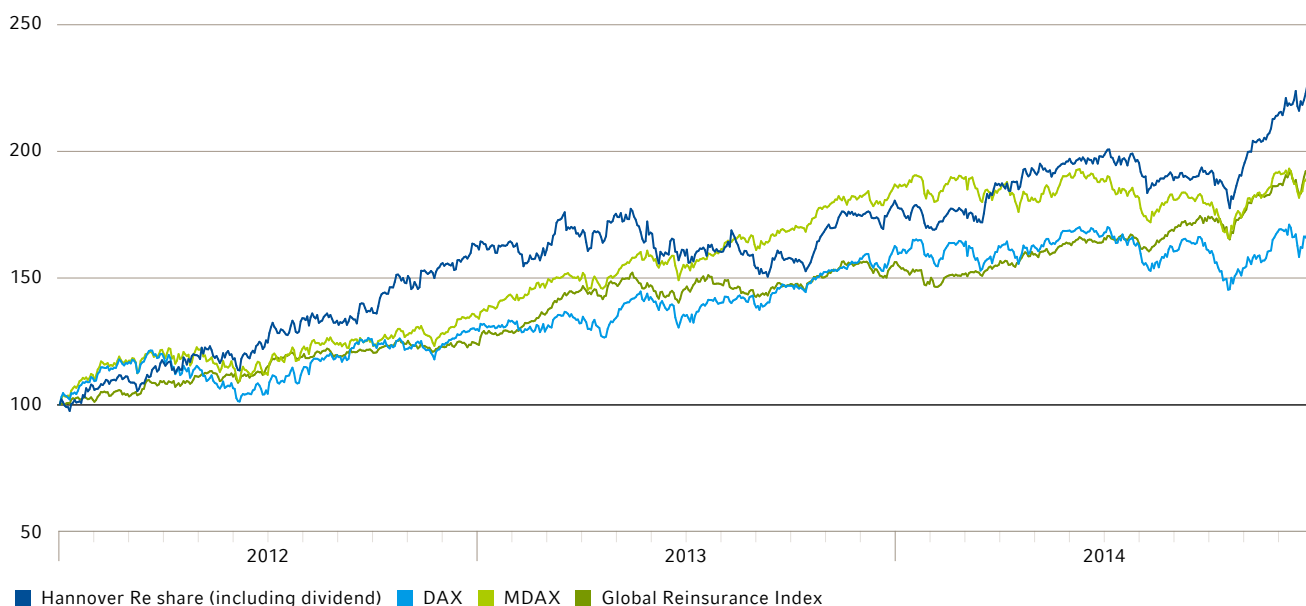
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## Relative performance of the Hannover Re share

in %

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In a three-year comparison the Hannover Re share delivered a performance (including reinvested dividends) of 125.2%. It therefore once again clearly outperformed the DAX (66.3%) and MDAX (90.2%) benchmark indices and the Global Reinsurance Index (94.3%).

Based on the year-end closing price of EUR 74.97, the market capitalisation of the Hannover Re Group totalled EUR 9.0 billion at the end of the 2014 financial year, an increase of EUR 1.5 billion or 20.2% compared to the previous year's figure of EUR 7.5 billion. According to the rankings drawn up by Deutsche Börse AG, the company placed ninth in the MDAX at the end of December with a free float market capitalisation of EUR 4,396.4 million. Measured by trading volume over the past twelve months, the share came in at number 11 in the MDAX with a volume of EUR 3,311.7 million. All in all, the Hannover Re Group thus continues to rank among the 40 largest listed companies in Germany.

With a book value per share of EUR 62.61 the Hannover Re share showed a price-to-book (P/B) ratio of 1.2 at the end of the year under review; compared to the average MDAX P/B ratio of 2.17 as at year-end the share thus continues to be very moderately valued.

## Proposed dividend again above the strategic payout ratio

The Executive Board and Supervisory Board intend to propose to the Annual General Meeting on 6 May 2015 that a dividend of EUR 3.00 plus a special dividend of EUR 1.25 per share should be distributed. At around 52%, the proposed distribution thus surpasses the strategically planned payout ratio

of 35% to 40% of Group net income after tax for the fourth year in succession. Based on the year-end closing price of EUR 74.97, this produces a dividend yield of 5.7%.

## Annual General Meeting looks back on a successful financial year

The Annual General Meeting of Hannover Rück SE was held on 7 May 2014 in Hannover. Numerous shareholders, shareholder and bank representatives as well as guests took up the invitation of the Executive Board and Supervisory Board to attend the meeting in the HCC (Hannover Congress Centrum). Altogether, including postal ballots a good 72.4% of the share capital was represented.

In his address to shareholders Chief Executive Officer Ulrich Wallin took the opportunity to look back once more on the very pleasing 2013 financial year, in which the company had again surpassed the profit generated in the previous year. A very good underwriting performance in property and casualty reinsurance had put in place the cornerstone for the new record result of EUR 895.5 million. Against this backdrop, the Executive Board and Supervisory Board proposed to the Annual General Meeting that a gross dividend of EUR 3.00 per share should be distributed for the 2013 financial year. This proposal, together with all the other items on the agenda, was approved by the Annual General Meeting by a large majority. The Annual General Meeting re-elected the existing shareholder representatives as members of the Supervisory Board of Hannover Rück SE. All voting results and the attendance were published on the company's website following the Annual General Meeting. The next Annual General Meeting will be held in Hannover on 6 May 2015.

## Need for information among our shareholders remains high

In light of the sustained competitive market environment, especially in property and casualty reinsurance, we noted further strong demand for information on the part of our investors in 2014. Our event activities were consequently stepped up to altogether 15 capital market conferences (previous year: 14) and 21 roadshows (18). Once again we concentrated on the financial centres of Frankfurt and London, which we visited at least once a quarter. Other destinations included the cities of Amsterdam, Dublin, Edinburgh, Geneva, Copenhagen, Los Angeles, Lugano, Luxembourg, Milan, Munich, Stockholm, Vienna and Zurich. In 2014 we also had the opportunity for the first time to meet interested investors in Lyon, Miami, Philadelphia, Singapore and Tokyo.

Hannover Re's 17th Investors' Day was held on 23 October 2014 in London. Around 40 analysts and institutional investors took up our invitation to engage in an intensive exchange of views with members of the Executive Board on the opportunities and risks associated with reinsurance business in the current market climate. On this occasion the focus was on, among other things, the 2014 review of the company's strategy as well as discussions revolving around the opportunities and challenges presented by a protracted low interest rate environment and at the same time soft reinsurance market, the general hallmark of which is an oversupply of capacity.

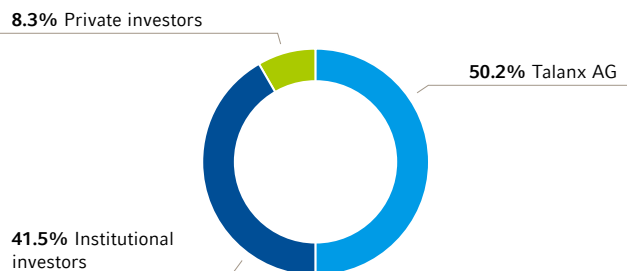
In addition, in the year just ended we again provided information about our achievements as a responsible enterprise in the form of a stand-alone sustainability report drawn up in accordance with the internationally recognised reporting standards of the Global Reporting Initiative (GRI). Based on this structured reporting format, which was presented for the third year in succession, Hannover Re's sustainability performance was also assessed by the rating agency Oekom Research. Our above-average fulfilment of industry-specific requirements was recognised with the award of "Prime" status. Furthermore, Hannover Re was added to the worldwide FTSE4Good Index Series for the first time in the year under review by the FTSE4Good Advisory Committee. Inclusion was based on our sustainability rating according to ESG (environmental, sustainability and governance) criteria in 2014.

## Shareholding structure

The shareholding of Talanx AG in Hannover Re was unchanged at 50.2%. The breakdown of the free float similarly remained virtually unchanged year-on-year. The stake held by private investors increased marginally by 0.5 percentage points to 8.3%, while the proportion in the hands of institutional investors decreased to 41.5%.

### Shareholding structure as at 31 December 2014

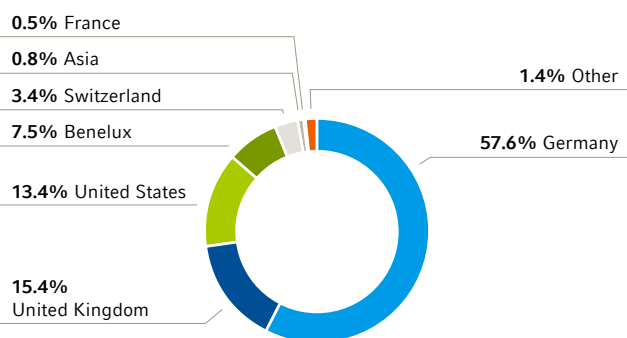
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Based on the entries in the company's share register as at the end of the financial year, there were significant shifts within our free float away from foreign investors, particularly in the United States and Benelux countries, in favour of German shareholders: the proportionate holding in the United States fell by an appreciable 8.1 percentage points to 13.4%, while holdings in the United Kingdom and Benelux countries decreased by 1.0 percentage points and 2.5 percentage points to 15.4% and 7.5% respectively. The proportionate holdings in Switzerland, France and Asia similarly declined, albeit only marginally. The total shareholding in Germany, on the other hand, rose from 44.2% to 57.6%.

### Shareholding structure by countries/regions as at 31 December 2014 (free float)<sup>1</sup>

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<sup>1</sup> shares outstanding less Talanx holding

## Analyst expectations slightly higher

In total, around 270 analyst recommendations were published for Hannover Re and the insurance sector in the 2014 financial year. By the end of the year 33 analysts had handed down opinions on Hannover Re: six analysts (eleven) recommended the Hannover Re share as "buy" or "overweight"; as in the previous year, altogether 20 opinions were a "hold", making this the most common, while "underweight" or "sell" recommendations were issued a total of seven (three) times. The analysts' average price target climbed slightly in the course of the year from EUR 63.18 at the outset to EUR 66.34 at year-end.

## Basic information

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Securities identification number	840 221
International Securities Identification Number (ISIN)	DE 000 840 221 5
Ticker symbols	
Bloomberg	HNR1
Thomson Reuters	HNRGn
ADR	HVRRY
Exchange listings	
Germany	Xetra, Frankfurt, Munich, Stuttgart, Hamburg, Berlin, Düsseldorf, Hannover (official trading: Xetra, Frankfurt and Hannover)
United States	American Depositary Receipts (Level 1 ADR program; 2 ADR = 1 share)
Market segment	Prime Standard
Index inclusion	MDAX
First listed	30 November 1994
Number of issued shares (as at 31 December 2014)	120,597,134
Common shares (as at 31 December 2014)	EUR 120,597,134.00
Share class	No-par-value registered shares

## Key figures

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in EUR	2014	2013	2012 <sup>1</sup>	2011	2010
Number of shares in million	120.6	120.6	120.6	120.6	120.6
Annual low <sup>2</sup>	58.88	52.42	37.355	29.31	30.61
Annual high <sup>2</sup>	75.92	64.34	59.81	43.29	41.38
Year-opening price <sup>2</sup>	62.38	58.96	38.325	40.135	32.71
Year-ending price <sup>2</sup>	74.97	62.38	58.96	38.325	40.135
Market capitalisation at year-end in EUR million	9,041.2	7,522.8	7,110.4	4,621.9	4,840.2
Equity attributable to shareholders of Hannover Rück SE in EUR million	7,550.8	5,888.4	6,032.5	4,970.6	4,509.0
Book value per share	62.61	48.83	50.02	41.22	37.39
Earnings per share (basic and diluted)	8.17	7.43	7.04	5.02	6.21
Dividend per share	3.00 + 1.25 <sup>3,4</sup>	3.00	2.60 + 0.40 <sup>4</sup>	2.10	2.30
Cash flow per share	16.01	18.45	21.87	20.92	13.94
Return on equity (after tax) <sup>5</sup>	14.7%	15.0%	15.4%	12.8%	18.2%
Dividend yield (after tax) <sup>6</sup>	5.7%	4.8%	5.1%	5.5%	5.7%
Price-to-book (P/B) ratio <sup>7</sup>	1.2	1.3	1.2	0.9	1.1
Price/earnings (P/E) ratio <sup>8</sup>	9.2	8.4	8.4	7.6	6.5
Price-to-cash flow (P/CF) ratio <sup>9</sup>	4.7	3.4	2.7	1.8	2.9

<sup>1</sup> Adjusted pursuant to IAS 8<sup>2</sup> Xetra daily closing prices from Bloomberg<sup>3</sup> Proposed dividend<sup>4</sup> Dividend of EUR 3.00 plus special dividend of EUR 1.25 for 2014 as well as EUR 2.60 plus special dividend of EUR 0.40 for 2012<sup>5</sup> Earnings per share/average of book value per share at start and end of year<sup>6</sup> Dividend per share/year-end closing price<sup>7</sup> Year-end closing price/book value per share<sup>8</sup> Year-end closing price/earnings per share<sup>9</sup> Year-end closing price/cash flow (from operating activities) per share