

The Hannover Re share

- Share price reaches new all-time high of EUR 64.34
- Attractive dividend proposal of EUR 3.00 per share
- Increased need for information owing to rising competition

Global equity markets scale record highs

In 2013 the effects of the Euro debt crisis on capital markets could still be clearly felt. Against the backdrop of a continued expansionary monetary policy on the part of central banks, the stock markets most relevant to our company soared in some cases to all-time highs. The German DAX share index started 2013 at 7,612 points and – aside from taking a few minor breathers – climbed steadily higher. It closed the year with a gain of 25.5% at 9,552 points. The MDAX performed even more strongly, rallying from 11,914 points at the beginning of the year to 16,574 points after twelve months – a gain of 39.1%. Driven by good economic data, the Dow Jones also closed 2013 at a record level of 16,504, equivalent to an increase of 27.6%. The strongest gains, however, were delivered by the Japanese Nikkei, which put on 56.7% to reach 16,291 points – its highest level in six years.

Hannover Re share generates annual return of 11%

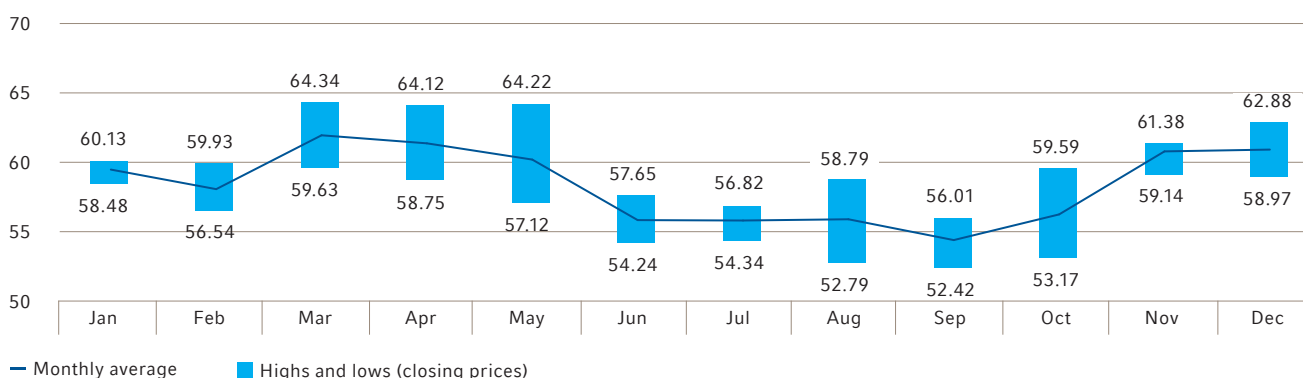
The Hannover Re share opened 2013 at EUR 58.96, having significantly outperformed its sector in the prior year with a price gain of 53.8%. Assisted by expectations of another very good result for the financial year, the share fared well in the first quarter to reach its highest point of the year – and at the same time a new record high – of EUR 64.34 on 14 March. The information that came out of the treaty renewals in non-life reinsur-

ance during the year gave indications of growing competitive pressure, especially for coverage of US natural catastrophe risks. These insights prompted uncertainty among investors as to the implications for reinsurers' growth and earnings prospects going forward. Furthermore, heavy overall losses were caused by weather events in Hannover Re's domestic German market towards the middle of the year, while at the same time discussions were ongoing in relation to the effects of the low interest rate environment on the investment return generated by insurers and reinsurers. Against this backdrop the share ultimately sank to its lowest point of the year of EUR 52.42 on 6 September. The price recovery that subsequently set in was driven inter alia by a loss experience that remained within expectations overall as well as by a more intensive dialogue initiated with investors in view of the concerns mentioned above. At the end of the financial year the Hannover Re share was listed 5.8% higher at EUR 62.38, thereby delivering a performance of 11.1% including reinvested dividends.

Following on the heels of a stellar performance in the previous year, the share thus fared considerably more poorly over the year than its benchmark indices – the DAX (+25.5%), MDAX (+39.1%) and Global Reinsurance Index (+26.4%).

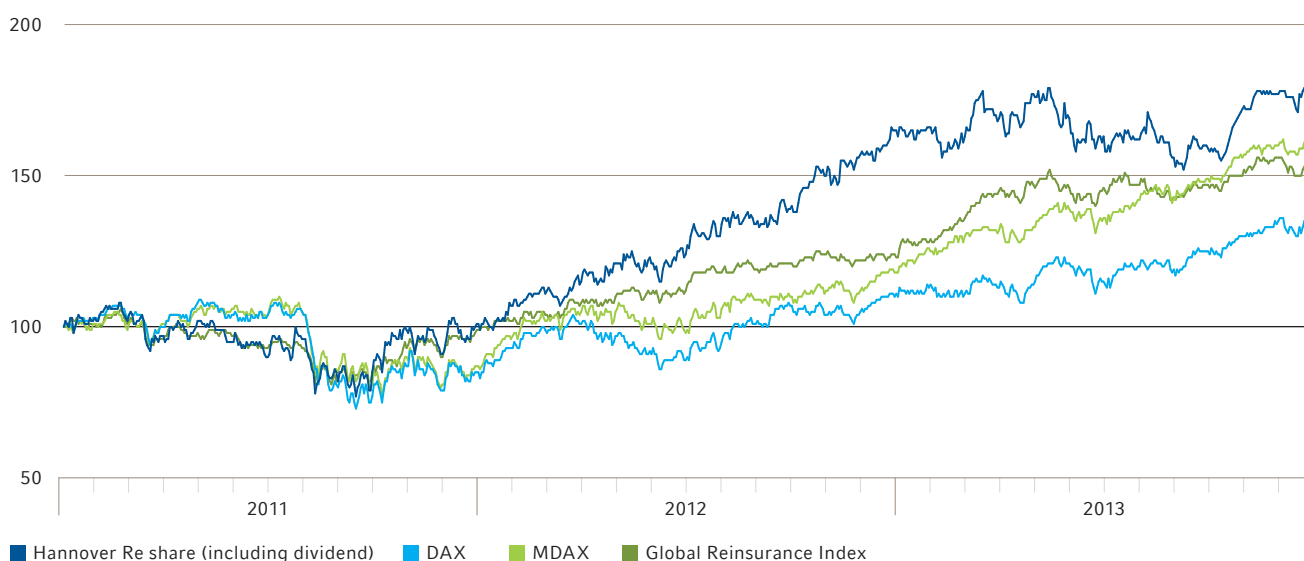
In a three-year comparison (see chart on the following page) the Hannover Re share delivered a performance (including reinvested dividends) of 81.3%, thereby again clearly beating the DAX (38.2%), MDAX (64.6%) and Global Reinsurance Index (55.7%).

Highs and lows of the Hannover Re share
in EUR



Relative performance of the Hannover Re share

in %



Based on the year-end closing price of EUR 62.38, the market capitalisation of the Hannover Re Group totalled EUR 7.5 billion at the end of the 2013 financial year, an increase of EUR 0.4 billion or 5.8% compared to the previous year's figure of EUR 7.1 billion. According to the rankings drawn up by Deutsche Börse AG, the company placed eighth in the MDAX at the end of December with a free float market capitalisation of EUR 3,659.4 million. Measured by trading volume over the past twelve months, the share came in at number 9 in the MDAX with a volume of EUR 3,039.9 million. The Hannover Re Group thus continues to rank among the 40 largest listed companies in Germany.

With a book value per share of EUR 48.83 the Hannover Re share showed a price-to-book (P/B) ratio of 1.3 at the end of the year under review; compared to the average MDAX P/B ratio of 2.4 as at year-end the share thus continues to be very moderately valued.

Proposed dividend again on a high level

The Executive Board and Supervisory Board intend to propose to the Annual General Meeting on 7 May 2014 that a dividend of EUR 3.00 per share be distributed. The proposed distribution is thus at the upper end of the strategically planned payout ratio of 35% to 40% of Group net income after tax. Based on the year-end closing price of EUR 62.38, this produces a dividend yield of 4.8%.

Annual General Meeting looks back on a successful financial year

The Annual General Meeting of Hannover Rück SE was held on 7 May 2013 in Hannover. Some 600 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, a good 65% of the share capital was represented. In his address to the meeting Chief Executive Officer Ulrich Wallin took the opportunity to look back once more on the financial year just ended, which had passed off exceptionally successfully for Hannover Re. Despite the losses from hurricane "Sandy" the company had generated a new record result. Against this backdrop, the Annual General Meeting unanimously approved, among other things, the proposal of the Executive Board and Supervisory Board regarding distribution of a record dividend in the amount of EUR 2.60 plus a bonus of EUR 0.40.

All voting results and the attendance were published on the company's website following the Annual General Meeting.

Investor relations activities stepped up in response to greater need for information

Given the increasingly competitive market environment in non-life reinsurance Hannover Re noted a greater need for information on the part of investors, especially from the early summer of 2013 onwards. Our travel activities undertaken in response to this demand took us to altogether 14 capital market conferences (previous year: 14) and 18 roadshows (15). Our concentration was once again on the financial centres of Frankfurt and London, which we visited at least once a quarter. Other destinations included Brussels, Geneva, Helsinki, Copenhagen, Lugano, Milan, Paris, Stockholm and Zurich. North America was another special focus of our travels in 2013, which gave us an opportunity to meet interested investors not only in New York and Boston but also in San Francisco, Los Angeles, Montreal and Toronto. Not only that, we profiled ourselves for the first time to Asian investors at a capital market conference in Hong Kong.

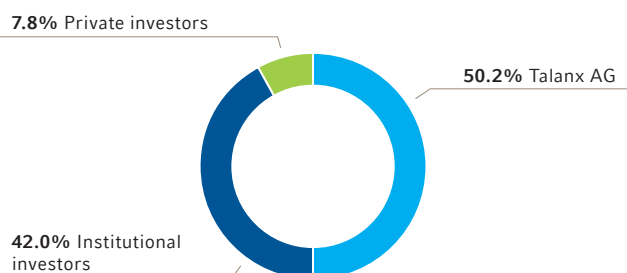
Our 16th Investors' Day was held on 23 October 2013 in Frankfurt/Main. Around 35 analysts and institutional investors took up our invitation to engage in an intensive exchange of views with the Executive Board on the opportunities and risks offered by non-life reinsurance in the current market climate. The discussions focused on, among other things, the inflow of alternative capital into the reinsurance market for US natural catastrophe risks and the resulting intensification of competitive pressure as well as the medium-term strategic challenges facing the company in light of the protracted low interest rate environment.

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 second year in succession, Hannover Re's sustainability performance was also assessed on a rotating basis at the beginning of the year by the rating agency oekom research. Not only was our fulfilment of the minimum industry-specific requirements confirmed, we were also included in the oekom research Prime Standard. From the standpoint of its sustainability initiatives, Hannover Re is thus ranked as one of the leading companies in the insurance sector.

Stable and well diversified shareholding structure

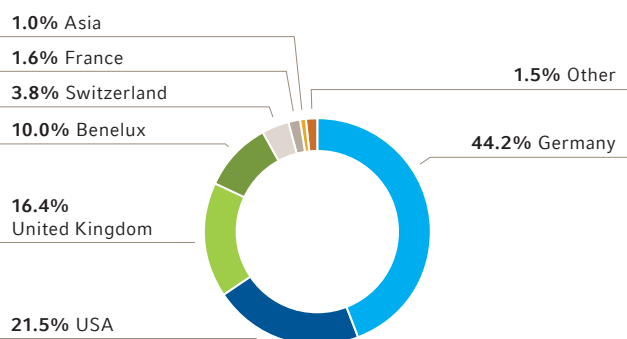
The shareholding structure of Hannover Re was stable in the year under review. The interest held by Talanx AG remained unchanged at 50.2%. The stake held by private investors grew by 0.9 percentage points to 7.8%, while the proportion in the hands of institutional investors decreased to 42.0%.

Shareholding structure as at 31 December 2013



In the course of the year under review there were significant shifts within our free float away from the Benelux countries in favour of Germany and the United States. The proportionate holdings in the Benelux countries thus fell by 7.9 percentage points to 10.0%, while the holdings in Germany and the United States expanded by 5.3 percentage points and 2.1 percentage points respectively, rising from 38.9% to 44.2% and from 19.4% to 21.5%. While the percentage shares attributable to Switzerland and France showed slight increases at 3.8% and 1.6% respectively, the proportionate holding in the United Kingdom decreased to 16.4%. The total shareholding in Asia remained stable year-on-year at around 1%.

Shareholding structure by countries/regions as at 31 December 2013 (free float)¹



¹ shares outstanding less Talanx holding

Higher analyst expectations despite challenging market environment

In total, around 280 analyst recommendations were published for Hannover Re and the insurance sector in the 2013 financial year. By the end of the year 34 analysts had handed down opinions on Hannover Re: 11 (7) analysts recommended the Hannover Re share as "buy" or "overweight"; altogether 20 (18) opinions were a "hold", making this the most common, while "underweight" or "sell" recommendations were issued a total of 3 (8) times. The analysts' average price target climbed steadily in the course of the year from EUR 56.01 at the outset to EUR 63.18 at year-end.

Basic information

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)
USA	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 2013)	120,597,134
Common shares (as at 31 December 2013)	EUR 120,597,134.00
Share class	No-par-value registered shares

Key figures

in EUR	2013	2012 ¹	2011	2010	2009
Number of shares in million	120.6	120.6	120.6	120.6	120.6
Annual low ²	52.42	37.355	29.31	30.61	20.64
Annual high ²	64.34	59.81	43.29	41.38	34.65
Year-opening price ²	58.96	38.325	40.135	32.71	22.50
Year-ending price ²	62.38	58.96	38.325	40.135	32.71
Market capitalisation at year-end in EUR million	7,522.8	7,110.4	4,621.9	4,840.2	3,944.7
Equity attributable to shareholders of Hannover Rück SE in EUR million	5,888.4	6,032.5	4,970.6	4,509.0	3,714.4
Book value per share	48.83	50.02	41.22	37.39	30.80
Earnings per share (basic and diluted)	7.43	7.04	5.02	6.21	6.08
Dividend per share	3.00 ³	2.60+0.40 ⁴	2.10	2.30	2.10
Cash flow per share	18.45	21.87	20.92	13.94	14.53
Return on equity (after tax) ⁵	15.0%	15.4%	12.8%	18.2%	22.4%
Dividend yield (after tax) ⁶	4.8%	5.1%	5.5%	5.7%	6.4%
Price-to-book (P/B) ratio ⁷	1.3	1.2	0.9	1.1	1.1
Price/earnings (P/E) ratio ⁸	8.4	8.4	7.6	6.5	5.4
Price-to-cash flow (P/CF) ratio ⁹	3.4	2.7	1.8	2.9	2.3

¹ Adjusted pursuant to IAS 8 (cf. Section 3.1 of the notes)

² Xetra daily closing prices from Bloomberg

³ Proposed dividend

⁴ Dividend of EUR 2.60 plus EUR 0.40 bonus

⁵ Earnings per share/average of book value per share at start and end of year

⁶ Dividend per share/year-end closing price

⁷ Year-end closing price/book value per share

⁸ Year-end closing price/earnings per share

⁹ Year-end closing price/cash flow (from operating activities) per share