

9M 2015 Financial results

Financial analysts meeting

October 29th, 2015



1

- 1 Highlights**
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results
- 5 Appendices

3Q 2015 Operational highlights

Deterioration in the claims environment in emerging markets, but no spill-over effect on mature markets where combined ratios are healthy.

Risk exposure decreasing for the first time since Q2 2011.

On-going pressure on rates is continuing in mature markets but reversing in emerging countries.

The company is ready for January 1st Solvency II implementation and will communicate on solvency level beginning 2016.

9M 2015 Financial highlights

Turnover reaches €1,985.0 million, up +4.8% at actual exchange rates (+1.0% at constant exchange rates).

Net loss ratio all attachment years is 51.1%, higher than last year by +2.9 pts driven by lower run-off.

Net combined ratio at 78.3%.

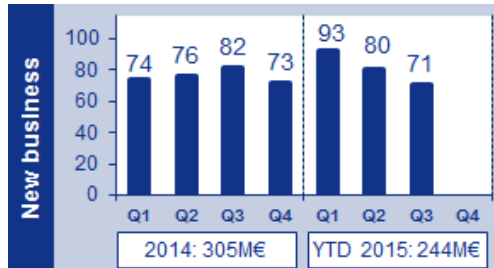
Operating income solid at €325.3 million up 3.2%.

Net income Group Share stands at €226.8 million, down 2.5 % impacted by a higher tax rate than last year in Q3.

2

- 1 Highlights
- 2 Commercial & Risk overview**
- 3 Quarterly results
- 4 Year-to-date results
- 5 Appendices

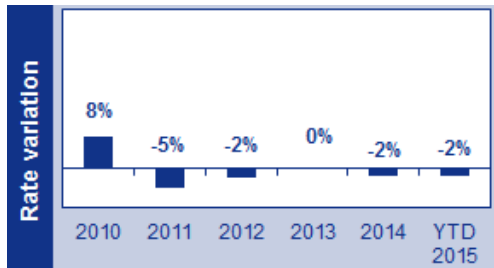
Commercial Overview



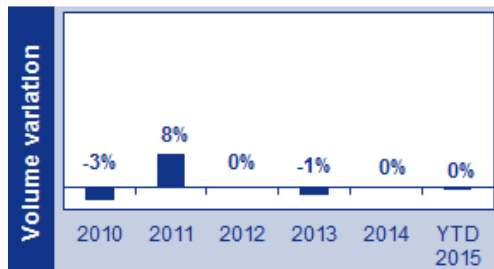
New business YTD is 5% above last year despite relatively lower Q3.



At the end of Q3, the retention rate stands at 90% in line with previous years.



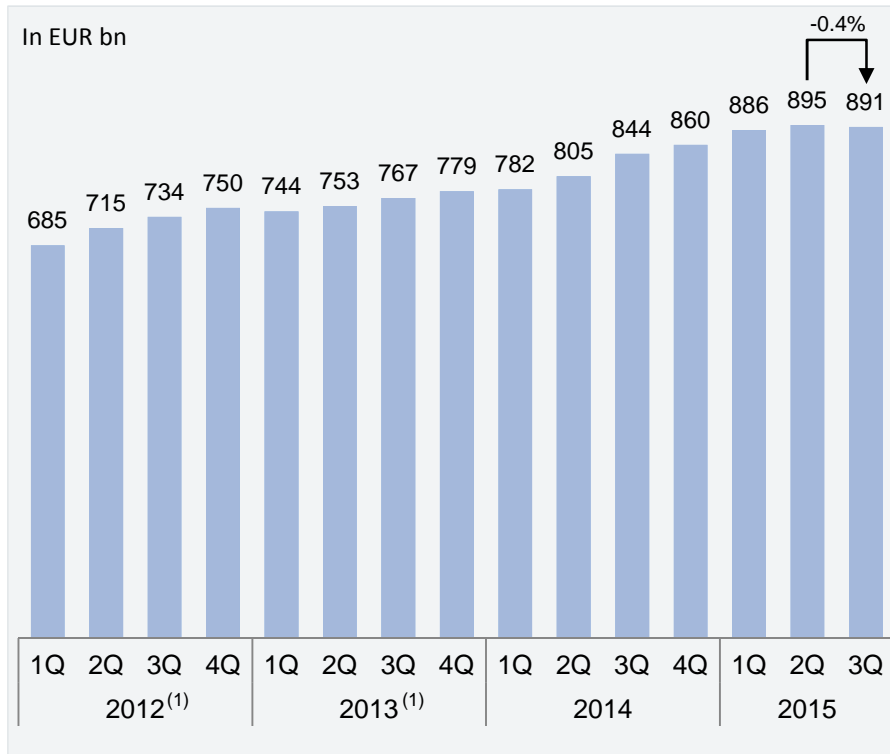
Renewal rate evolution is still negative (-2%) globally but is starting to reverse in emerging markets.



Contribution from customers' insured turnover is still flat overall.

Commercial data in this slide is credit insurance only (excludes bonding and fidelity) and do not include figures related to non-consolidated entities.

Risk exposure

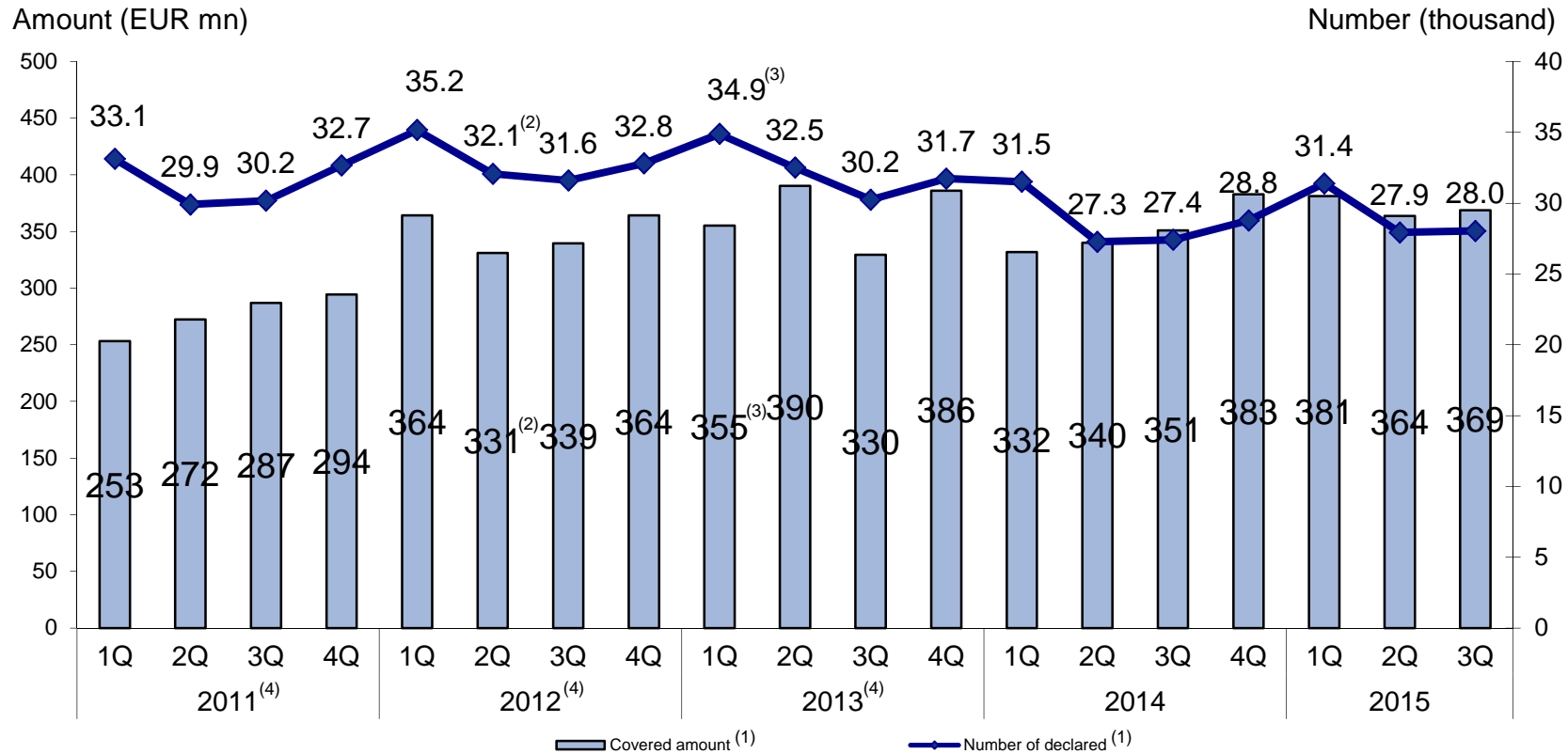


	4Q 2012 ⁽¹⁾	4Q 2013 ⁽¹⁾	4Q 2014	3Q 2015
Grade weight				
1-5	83.1%	84.8%	85.4%	85.8%
6-10	16.9%	15.2%	14.6%	14.2%

After 3 years of steady growth, exposure is slightly decreasing by -0.4% compared to previous quarter. Decrease is driven by Fx and risk action plans initiated in emerging markets.

(1) 2012-2013 proforma excluding Spain & Latin America
 Risk exposure data in this slide is credit insurance only (excludes bonding and fidelity)

Covered amounts and number of claims flat in 3Q 2015 compared to previous quarter but are higher than last year on a cumulated basis



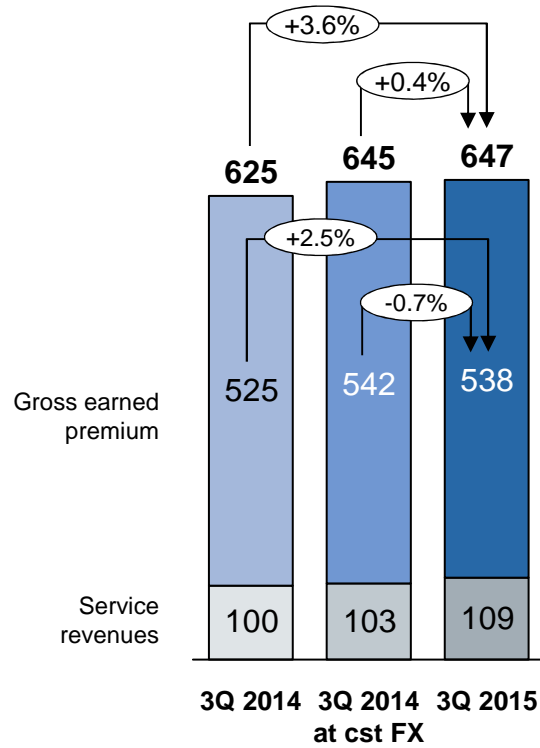
- On a 9M basis, covered amounts have increased by 9% compared to 9M 2014.

(1) Credit insurance claims only (excludes bonding & fidelity)
 (2) Excluding Schlecker claim
 (3) Excluding Pescanova claim
 (4) 2011-2013 proforma excluding Spain & Latin America

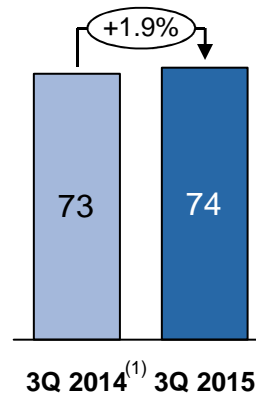
3

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results**
- 4 Year-to-date results
- 5 Appendices

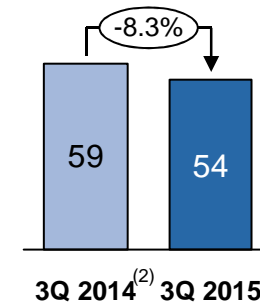
3Q: Topline driven by FX and higher service revenues. Operating Profit at 2014 level.



Turnover
(EUR mn)



Operating income
(EUR mn)



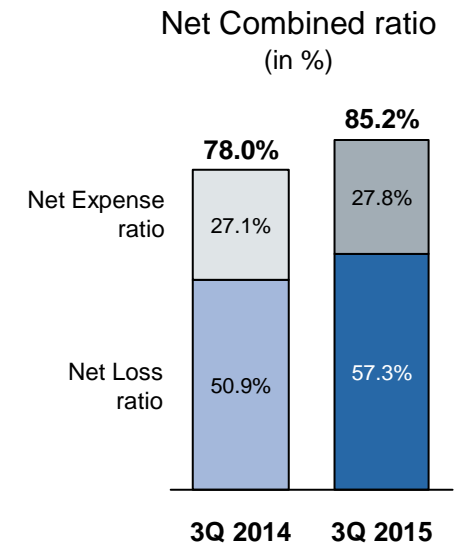
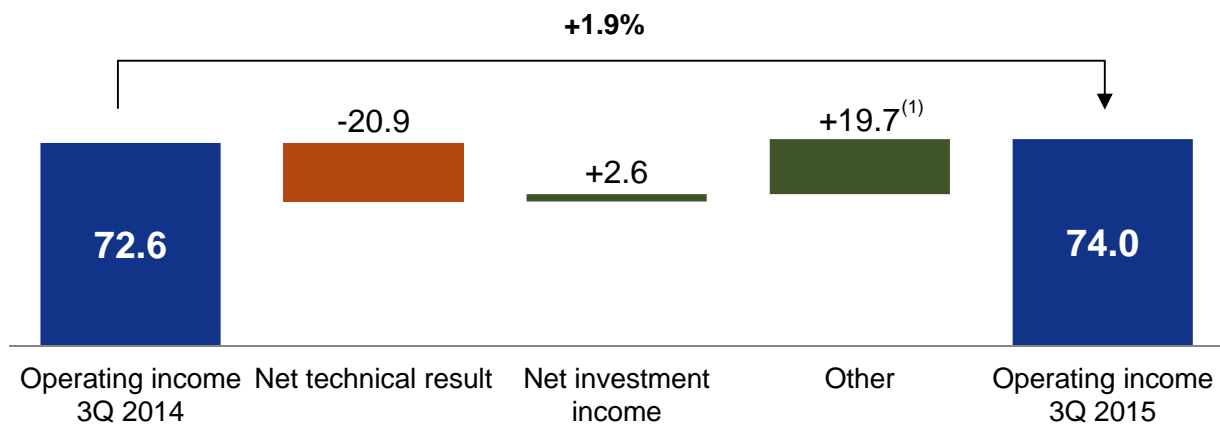
Net income, Group share
(EUR mn)

(1) of which EUR 17mn of exceptional impact from the impairment of the German building in 3Q 2014

(2) of which EUR 12mn of exceptional impact from the impairment of the German building in 3Q 2014

Operating income at €74.0 million impacted by the lower run-off level in 3Q.

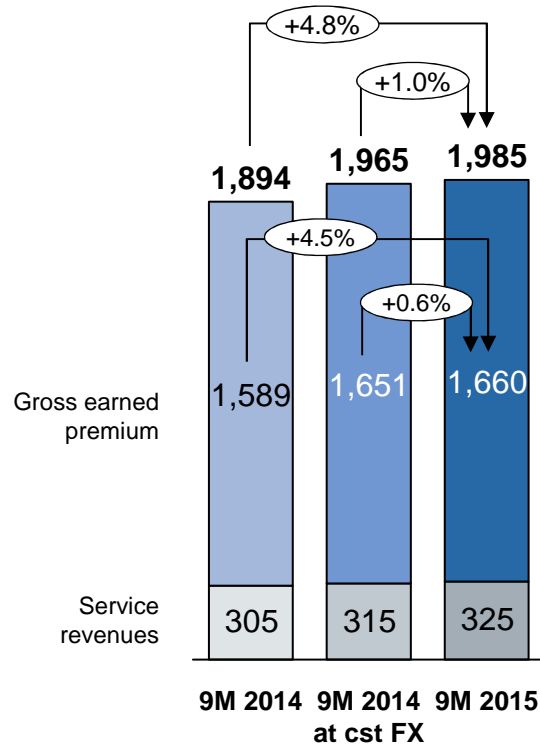
Operating income drivers vs 3Q 2014



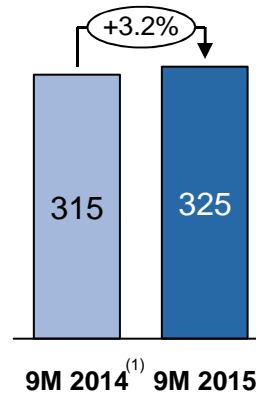
4

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results**
- 5 Appendices

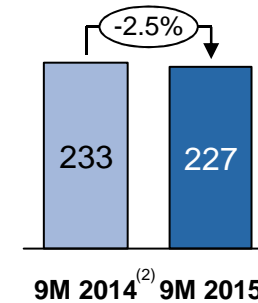
9M: Positive trend on turnover and operating income



Turnover
(EUR mn)



Operating income
(EUR mn)



Net income, Group share
(EUR mn)

(1) of which EUR 17mn of exceptional impact from the impairment of the German building in 3Q 2014

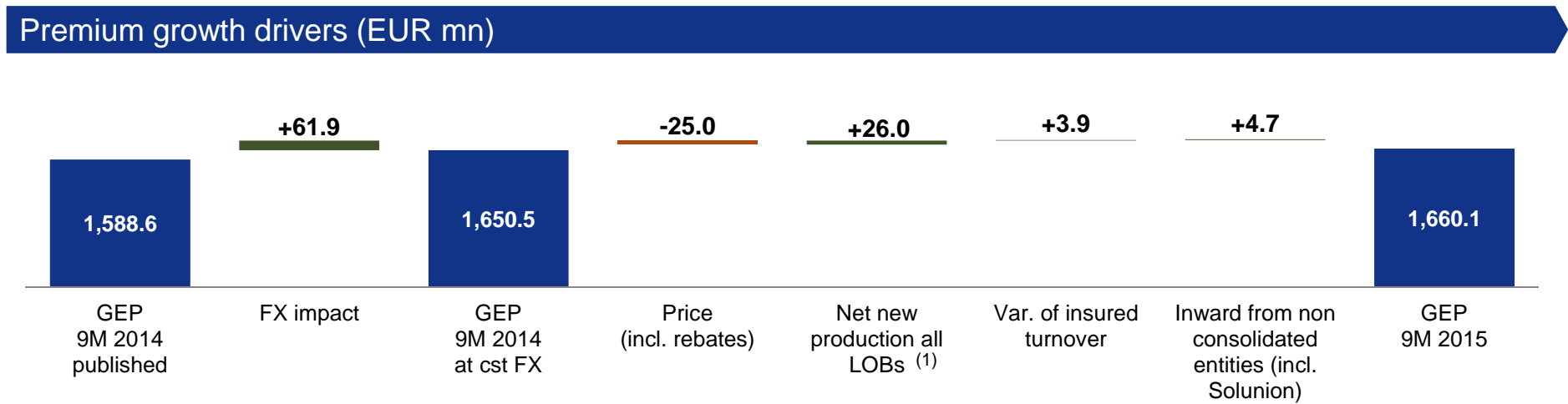
(2) of which EUR 12mn of exceptional impact from the impairment of the German building in 3Q 2014

Total turnover growth is +4.8% at actual rates and +1.0% at constant FX rates

EUR mn	9M 2015	9M 2014 Published	Δ %	9M 2014 cst FX	Δ %
DACH	563	570	-1%	575	-2%
France	296	303	-2%	303	-2%
Northern Europe	423	413	2%	428	-1%
Med. Countries, Middle East & Africa	259	246	5%	252	3%
Americas	246	196	25%	231	7%
Asia Pacific	107	76	41%	87	24%
Inward from non-consolidated OEs & Other ⁽¹⁾	92	90	3%	91	2%
Turnover	1,985	1,894	4.8%	1,965	1.0%

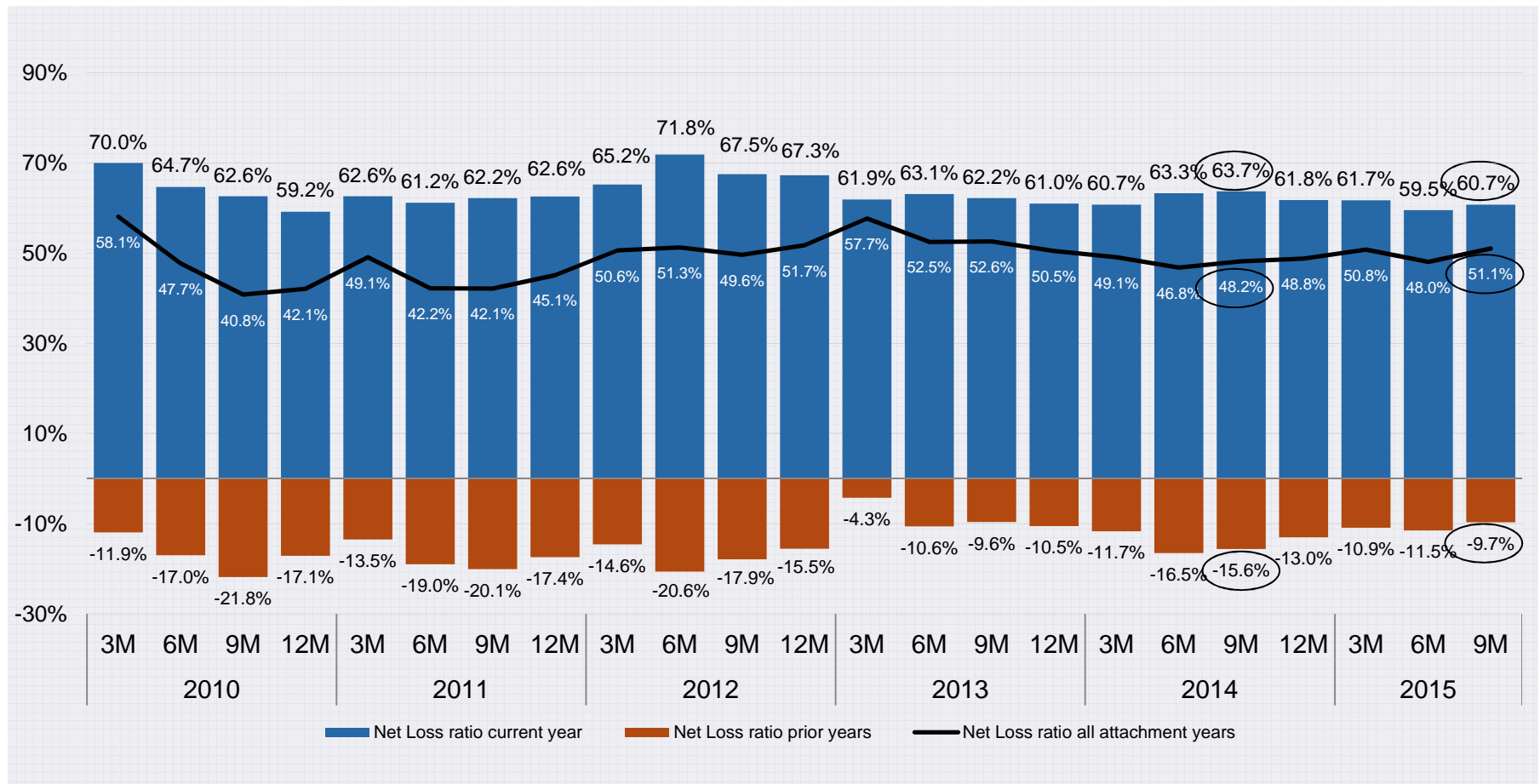
(1) Corporate entities + inter-region eliminations

FX impact and net new production are the drivers for growth

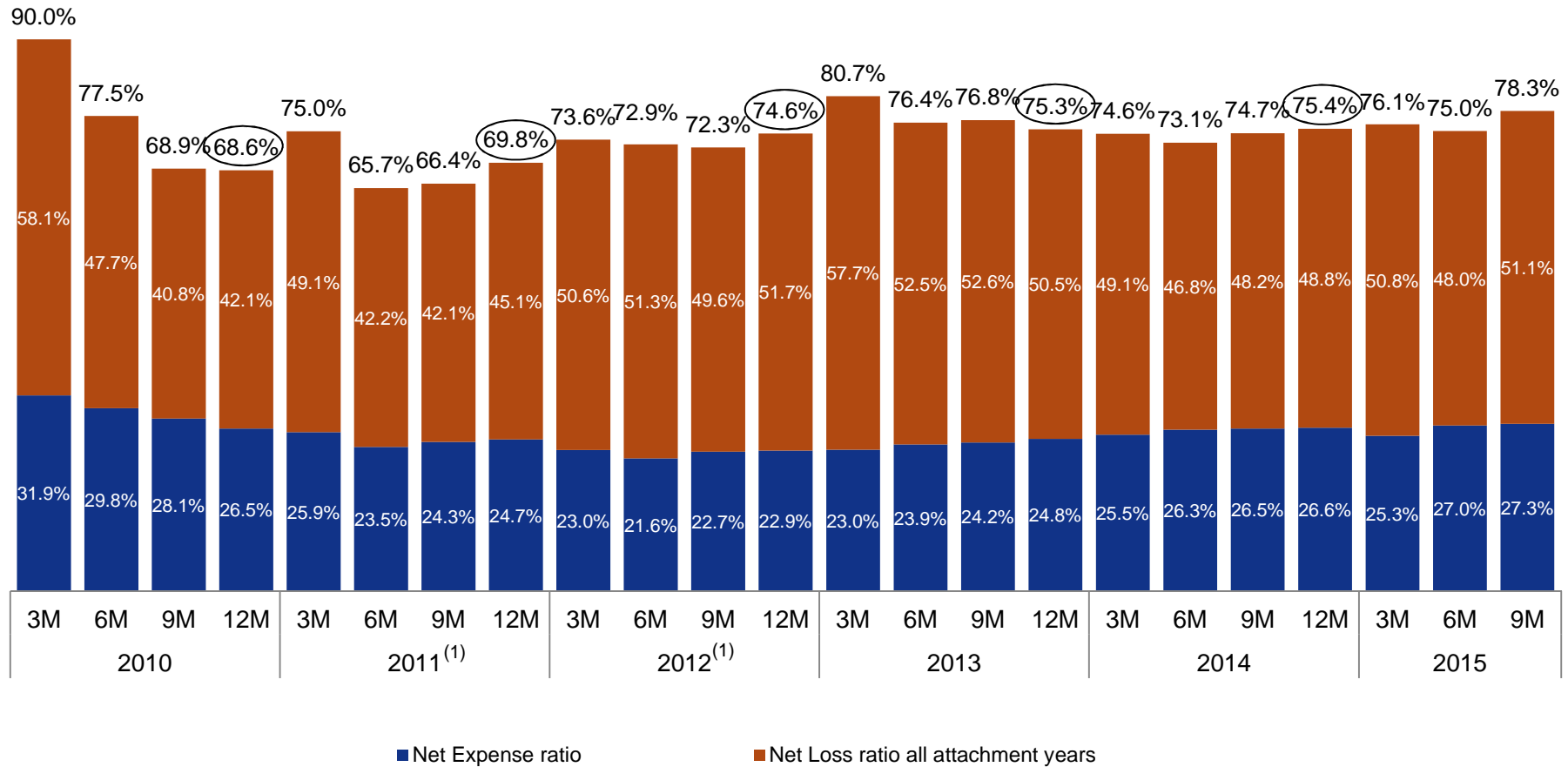


(1) New production net of wastage

The net loss ratio increase compared to 9M2014 is essentially driven by the lower run-off linked to claims in emerging markets

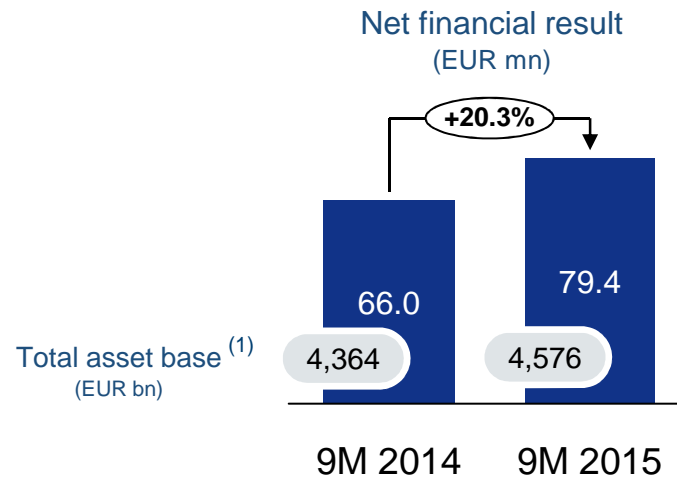


Combined ratio higher than previous quarter driven by the increased claims ratio



(1) IAS 19 restatement

The improvement in the net financial result is driven by FX gains and higher realized gains



Current investment income	61.7	62.3
Investment management charges	-6.4	-8.3
Net change in foreign currency	-5.9	7.2
Net gain (loss) on sales of investments less impairment and depreciation write-backs	16.5	18.1
Net financial result before financing expense and before 'at equity' result (2)	66.0	79.4

(1) Market value

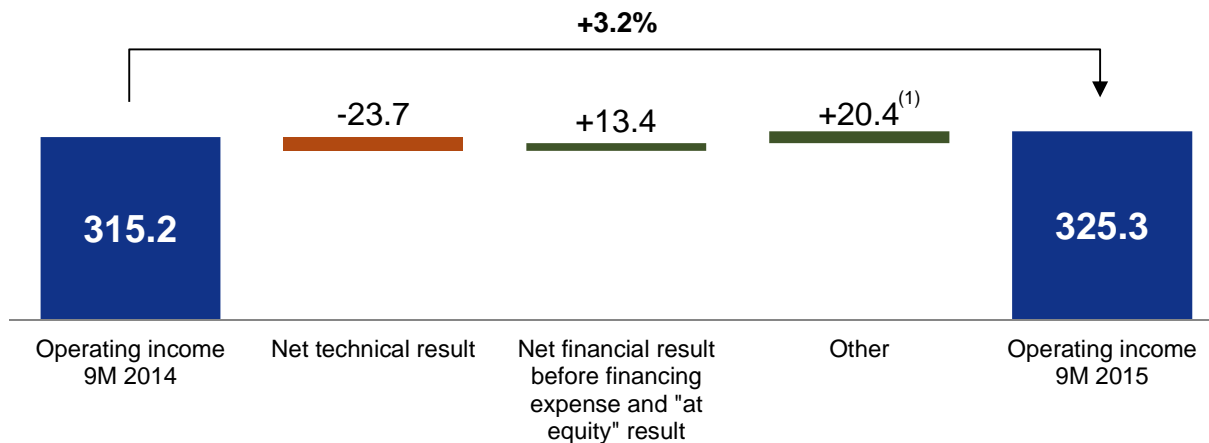
(2) Share of income from companies accounted by the equity method

Reinsurance result evolution

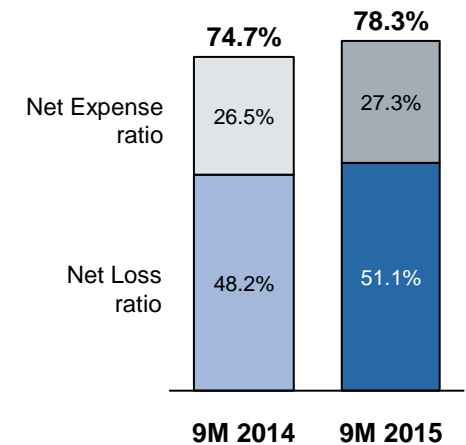
EUR mn	9M 2015	9M 2014	Δ
Gross earned premium	1,660.1	1,588.6	71.6
Ceded premium	-485.9	-478.9	-7.0
Net earned premium	1,174.3	1,109.7	64.6
<i>Cession rate</i>	29.3%	30.1%	-0.9 pt.
Gross claims costs	-785.5	-741.7	-43.8
Ceded claims costs	185.9	207.4	-21.4
Net claims costs	-599.5	-534.3	-65.2
<i>Cession rate</i>	23.7%	28.0%	-4.3 pt.
Reinsurance commission	169.3	163.7	5.6
<i>Reinsurance commission rate</i>	34.9%	34.2%	0.7 pt.
Ceded technical result	-130.6	-107.8	-22.8
Net technical result	247.3	271.0	-23.7
Net Claims ratio CY	60.7%	63.7%	-3.0 pt.
Net Claims ratio PY	-9.7%	-15.6%	5.9 pt.
Net Claims ratio	51.1%	48.2%	2.9 pt.
Net Costs ratio	27.3%	26.5%	0.7 pt.
Net Combined ratio	78.3%	74.7%	3.6 pt.

Operating income at €325.3 million, up 3.2% with less favorable combined ratio offset by a stronger financial income and a one-off write-off last year

Operating income drivers vs 9M 2014



Net Combined ratio (in %)



Net income decreasing by 2.5%, impacted by an impairment on a company consolidated at equity and a less favorable tax rate

EUR mn	9M 2015	9M 2014	Δ
Ordinary operating Income	326.7	337.0	-10.3
Other non ordinary operating income and expense	-1.4	-21.7	20.4
Operating income	325.3	315.2	10.1
Financing expenses	-6.7	-5.9	-0.8
Income from non-consolidated companies	8.4 ⁽¹⁾	12.3	-4.0
Profit before tax	327.1	321.6	5.5
Corporation tax	-99.2	-87.5	-11.7
Minority interest	-1.1	-1.6	0.5
Net income (Group share)	226.8	232.5	-5.8
Tax rate	30.3%	27.2%	

5

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results
- 5 Appendices**

- **Ceded Claims Costs**

Gross Claims Costs corresponding to business assigned to reinsurers

- **Ceded Premium**

Premium corresponding to business assigned to reinsurers

- **Cession Rate**

Ceded Premium divided by Gross Earned Premium

- **Combined Ratio**

Sum of the Cost ratio and the Loss ratio

- **Cost ratio (or Expense ratio)**

Overheads and service margin as a proportion of earned premiums

- **Credit insurance**

Insurance against the risks of non-payment of companies trade receivables

- **Gross Claims Costs**

Claims Costs before reinsurance

- **Gross Earned Premium**

Earned premium before reinsurance

- **Gross Technical Result**

Result from insurance activities (excluding reinsurance operations and including service income and expenses)

- **Loss**

Situation in which a risk is realized and which entitles the policyholder to indemnification, thus triggering application of the indemnification provided for in the credit insurance policy.

- **Loss ratio (or Claim ratio)**

Claims costs as a proportion of the earned premiums

- **Net Claims Costs**

Gross Claims Costs net of reinsurance

- **Net Earned Premium**

Gross Earned Premiums net of reinsurance

- **Net Technical Result**

Result from insurance activities (including reinsurance operations and service income and expenses)

- **Outward commission**

Remuneration paid by the reinsurer to the ceding insurer for the premiums ceded

- **Premium**

Amount paid by the policyholder to the insurance company in exchange for risk coverage. A distinction is made between:

- **Written premium**

Amount invoiced during the period for coverage against the risks stipulated in the policy

- **Earned premium**

Portion of the premium written during the period or earlier corresponding to the coverage of risks during the period concerned

- **Reinsurance**

An operation by which an insurer obtains cover from a third party (the reinsurer) for part of the risks that it has guaranteed, in exchange for the payment of a premium

- **Retention Rate**

Net Earned Premium divided by Gross Earned Premium

- **Run-off**

Claims reserves release related to previous years policies which risks are over

- **Services**

- **Information services**

Researches and analysis carried out to provide our policyholders with the required credit insurance cover, and monitoring of the solvency of their customers

- **Collection services**

Extra-judicial and/or judicial procedure conducted by Euler Hermes to secure payment of a receivable from the debtor

- **Turnover**

Turnover is composed of gross earned premiums and service revenues

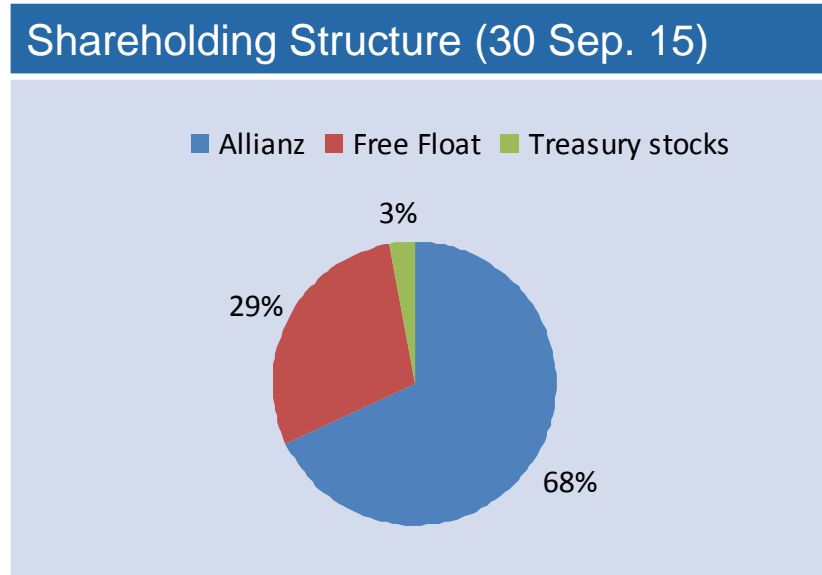
Investors relations

Next Events	Date
4Q 2015 Earnings (webcast)	Feb. 17 th , 2016
1Q 2016 Earnings (webcast)	Apr. 29 th , 2016

Stock Market Data	As at 30 Sep. 15
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	3,763

Investors Relations Contact

Loeiz Limon Duparcmeur, Group Finance Director
+33 (0)1 84 11 39 19
loeiz.limonduparcmeur@eulerhermes.com



Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Euler Hermes Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) persistency levels, (v) the extent of credit defaults, (vi) interest rate levels,

(vii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions, including related integration issues, (xii) reorganization measures, and (xiii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update.

The company assumes no obligation to update any information contained herein.

Thank you for your attention

www.eulerhermes.com

A company of **Allianz** 



EULER HERMES
Our knowledge serving your success