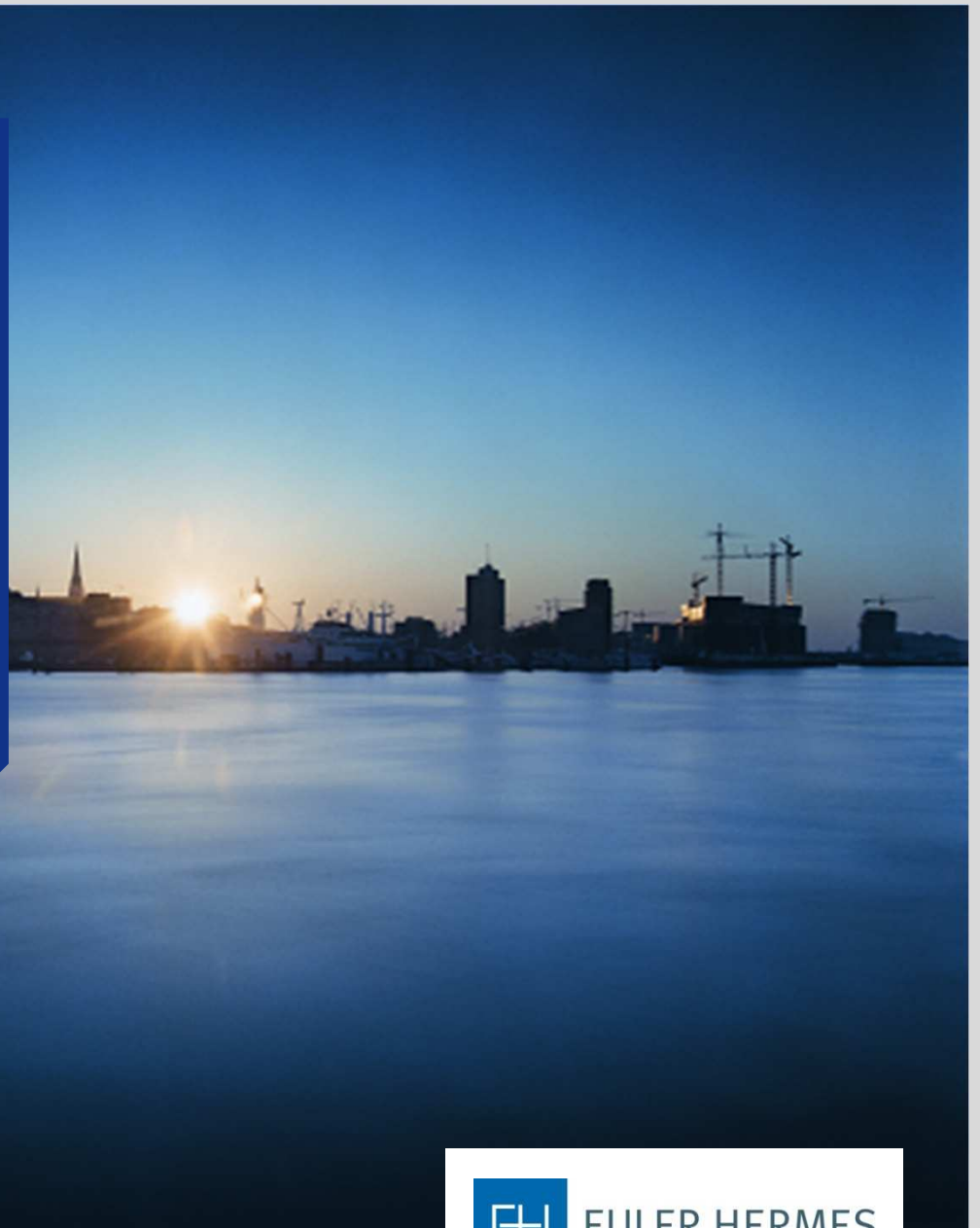


# H1 2014 Financial results

Financial analysts meeting

July 30, 2014



1

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

# 1H 2014 Operational highlights

**Improving claims environment**

**Softening market leading to pressure on prices**

**Good growth on alternative business lines: bonding, trade finance cover and excess of loss**

**Distribution agreement signed with BNPP for French customers in April 2014  
HSBC partnership now live in all target markets.**

**9 awards globally for excellence in credit insurance, innovation, specialty lines**

**Legal restructuring project on track**

**Standard & Poor's and Dagong Europe ratings of AA- with stable outlook**

# 1H 2014 Financial highlights

**Turnover reaches €1 269 million, up by 2.2% at constant exchange rates (+1.3% at actual exchange rates), supported by growth markets (Asia Pacific, Americas, the UAE and Turkey)**

**Net loss ratio all attachment years : 46.8%, lower than last year (-6 pts)**

**Gross technical expense ratio : 28.5%, up versus last year (27.6%) due to lower collection revenues**

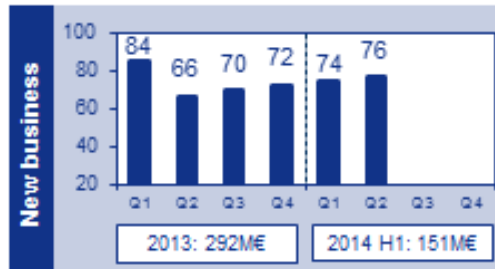
**Operating income remains very solid at €242.6 million, up +9% against last year putting aside the €31.7 million one-off gain recorded last year on the legal contribution of Spanish and Argentinean entities to the Solunion JV.**

**Net income at €173 million, up 19% excluding one-off realized gains in 2013**

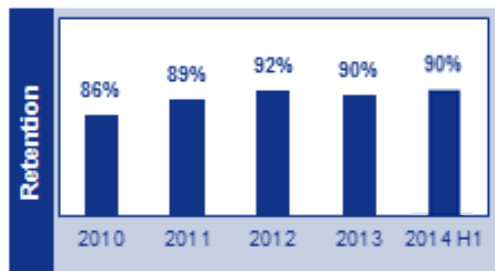
# 2

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

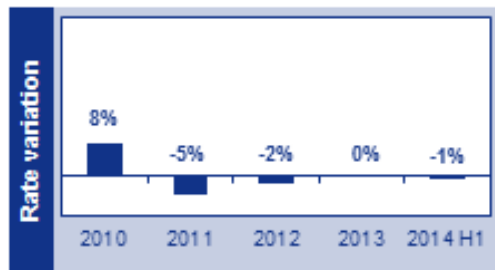
# Commercial overview



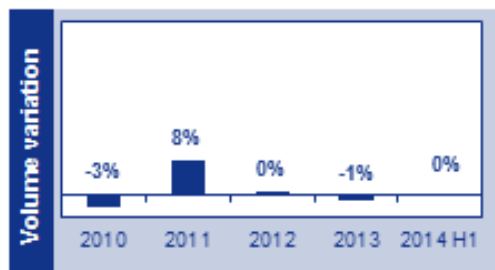
At the end of H1 2014, new business reaches €150 million, the same level as H1 2013. Q1 and Q2 both exceed the average quarterly level of last year.



Retention rate stands at 90%, also at the same level as in 2013. 67% of the total portfolio was renewed in the first half of 2014.



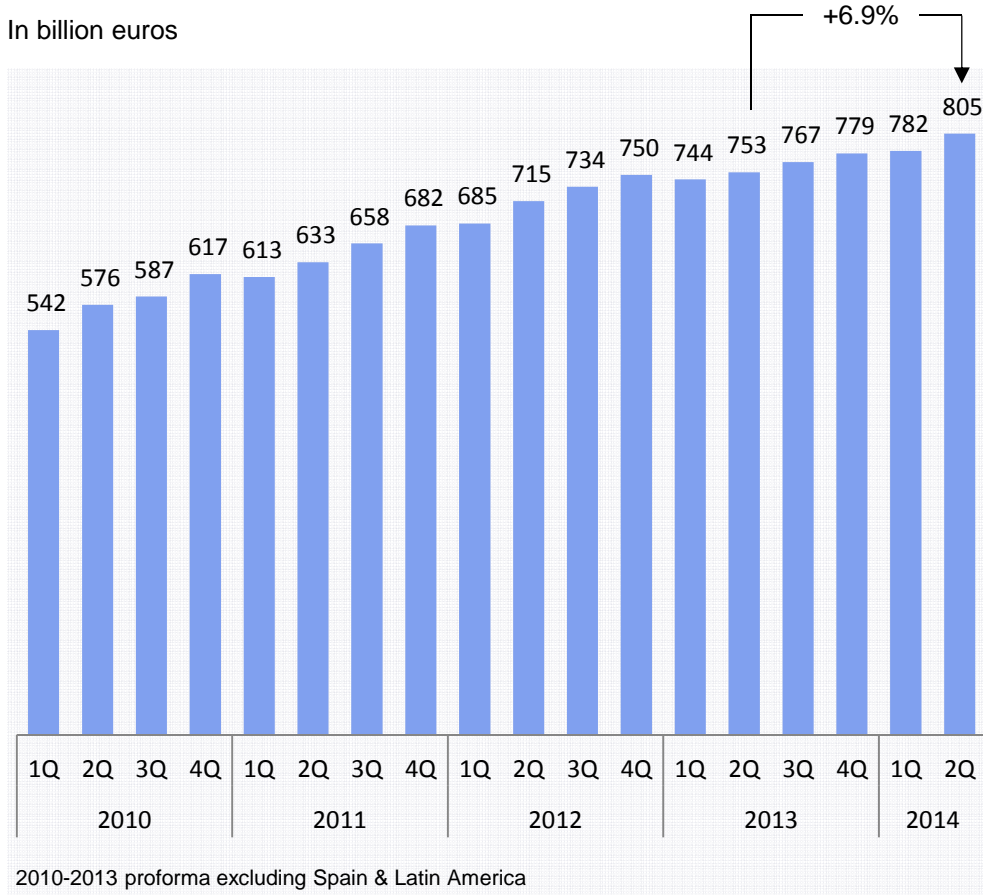
Average rates are negative (-1%) due to the lower claims environment and due to intensifying competitive pressure. Rates increase in Southern Europe but are under pressure in some growth markets and on large programs.



The contribution from customers' insured turnover is flat overall, but the situation is improving due to the moderate economic recovery in the US and the Eurozone.

# Risk overview

In billion euros

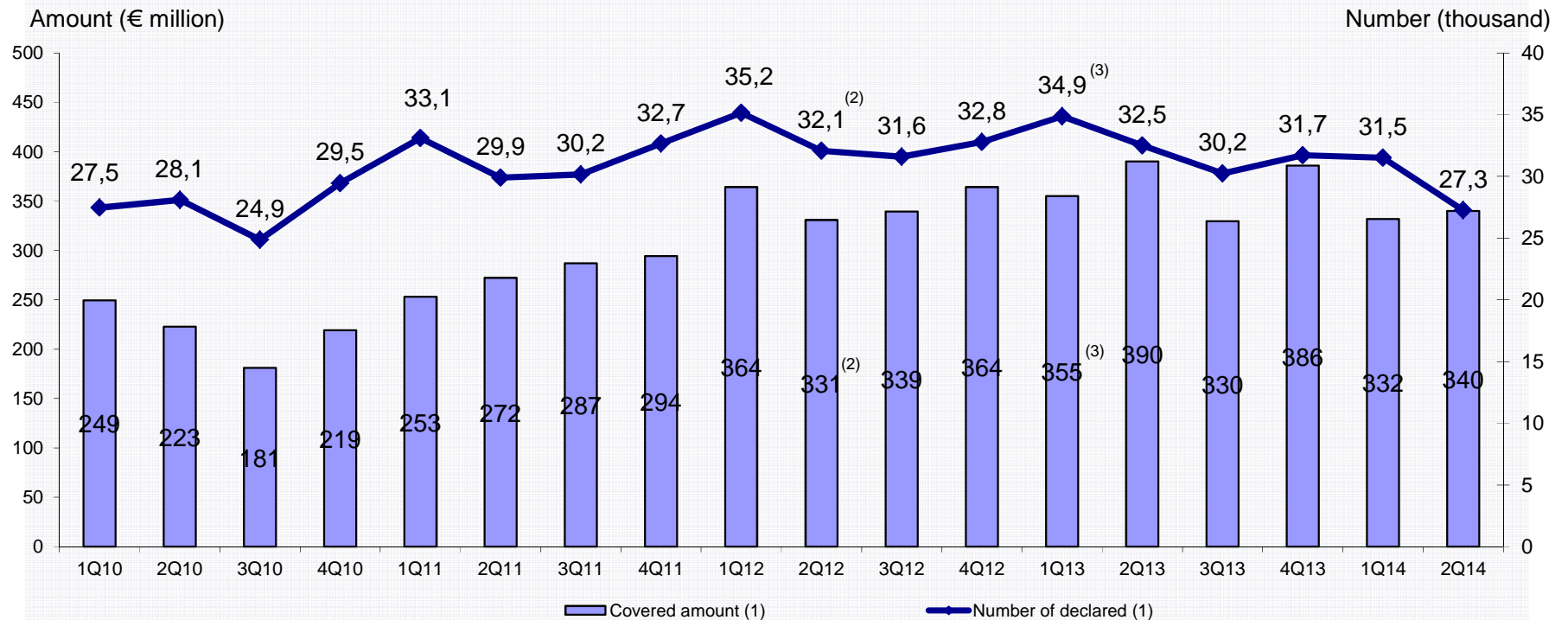


	4Q 2013	2Q 2014
Grade weight		
1-5	84.8%	85.2%
6-10	15.2%	14.8%

Exposure increases more rapidly than premiums, but the grade mix continues to improve with grades 6-10 now representing less than 15% of the total portfolio.

# Trade credit insurance claims development

2010-2013 proforma excluding Spain & Latin America



- The number of declared claims decreases and is at its lowest level since 2010
- The covered amount decreases by 10% compared to 1H 2013, which included a few mid-size claims

(1) Credit insurance claims only (excludes bonding & fidelity)  
 (2) Excluding Schlecker claim  
 (3) Excluding Pescanova claim

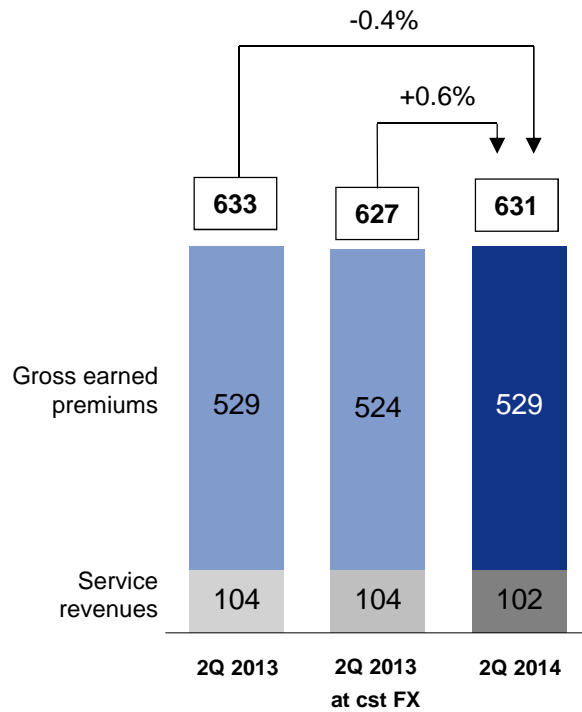




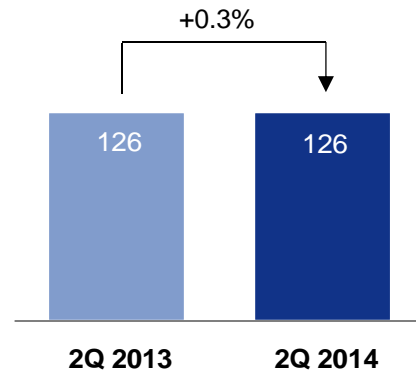
# 3

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

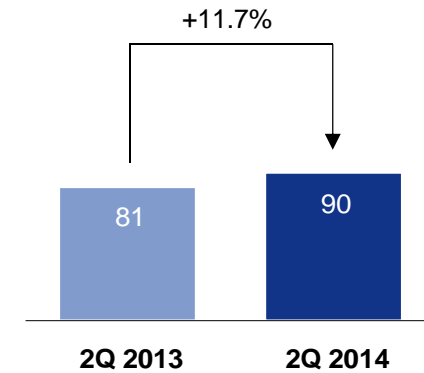
# 2Q: Timid turnover growth at constant FX rates but improving net income thanks to non-consolidated entities and improved tax



**Turnover**  
(EUR mn)

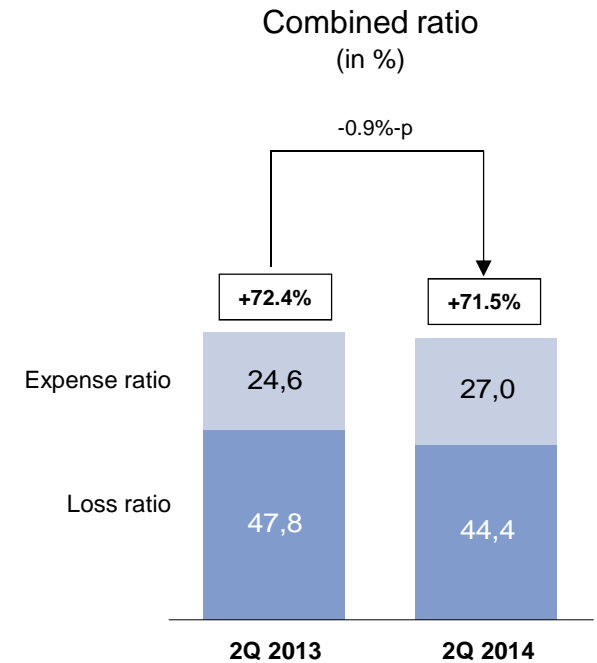
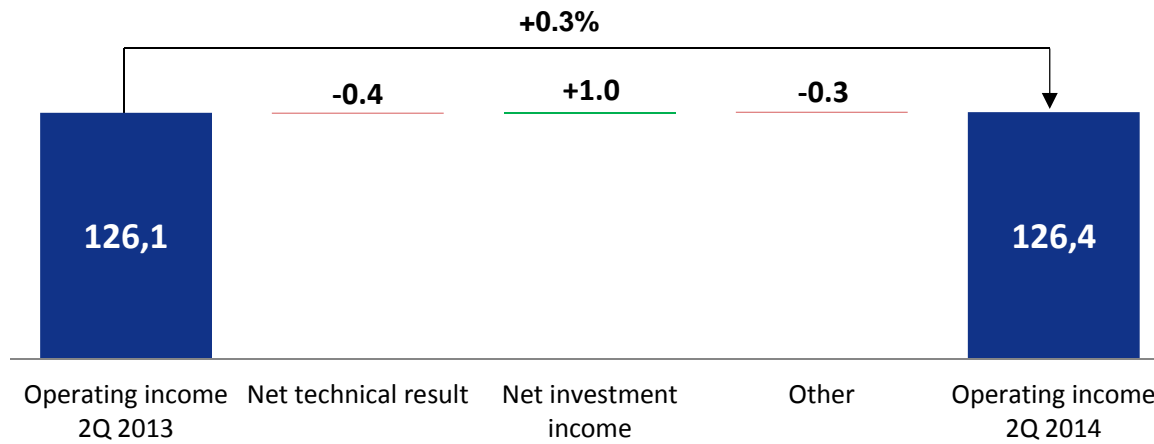


**Operating income**  
(EUR mn)



**Net income, Group share**  
(EUR mn)

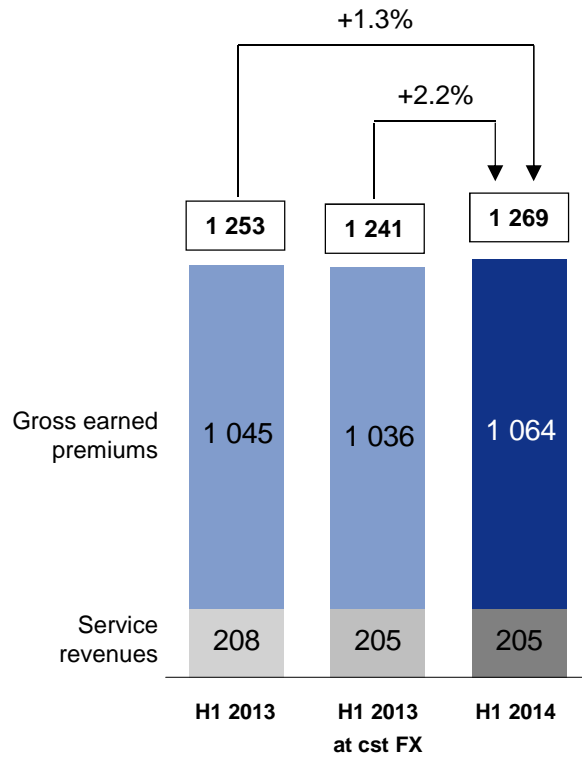
# Flat operating income due to lower collection revenues and a negative reinsurance commission impact



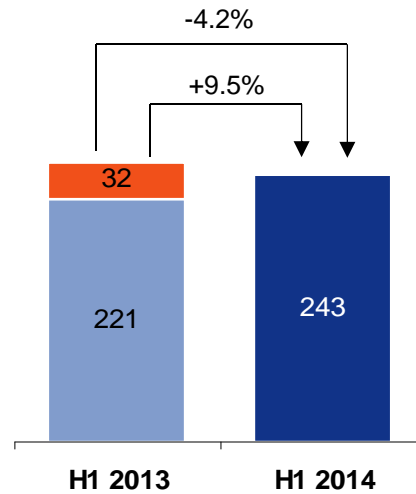
# 4

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

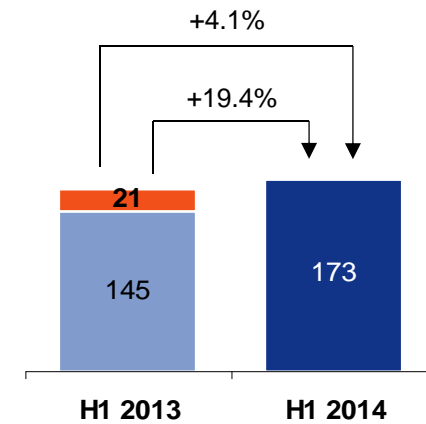
# Slower turnover growth but very solid profitability



**Turnover**  
(EUR mn)



**Operating income**  
(EUR mn)



**Net income, Group share**  
(EUR mn)



Gain on the legal contribution of the Spanish and Argentinean entities to the Solunion JV

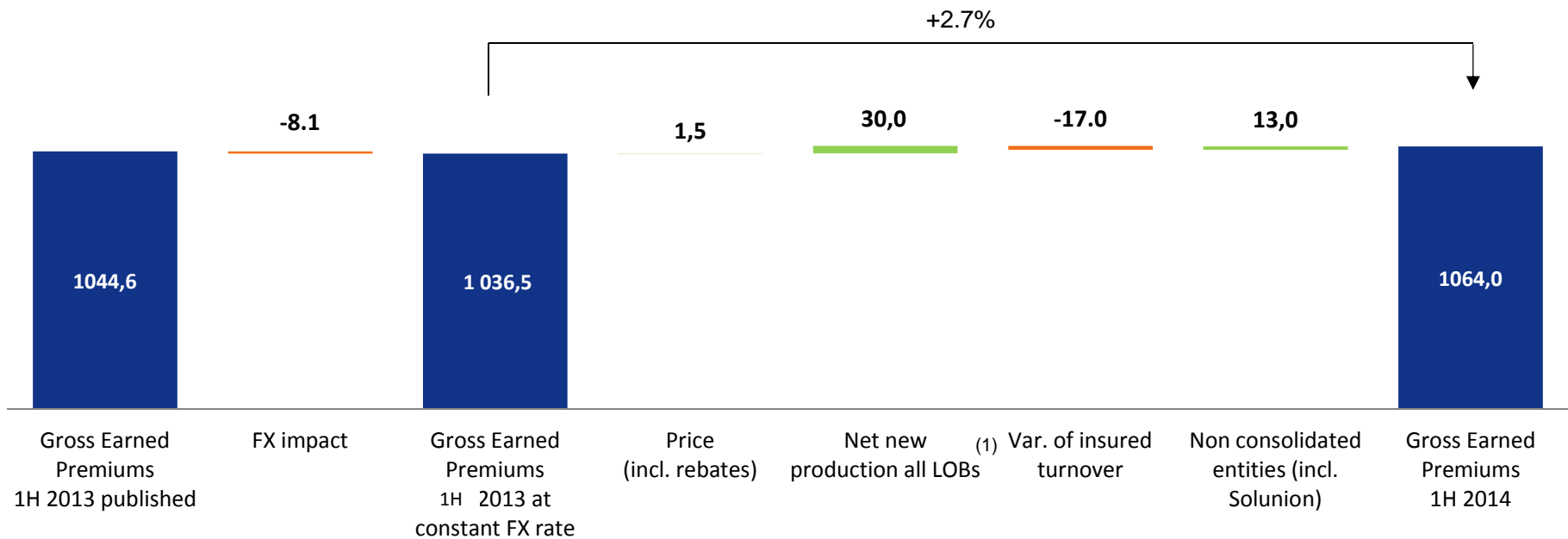
Turnover growth is at +2.2% at constant FX rates (+1.3% at actual rates)

EUR mn	H1 2014	H1 2013 Actual FX	Δ %	H1 2013 CST FX & proforma	Δ %
DACH	383	400	-4%	399	-4%
France	205	207	-1%	207	-1%
Northern Europe	277	274	1%	273	2%
Med. Countries, Middle East & Africa	164	152	8%	150	9%
Americas	125	139	-10%	118 <sup>(1)</sup>	6%
Asia Pacific	51	48	7%	44	17%
Non-consolidated OEs & Inter region	63	35	N/A	52	22%
<b>Turnover</b>	<b>1 269</b>	<b>1 253</b>	<b>1,3%</b>	<b>1 241</b>	<b>2,2%</b>

(1) 2013 pro forma with Mexico, Chile & Colombia transferred to Solunion

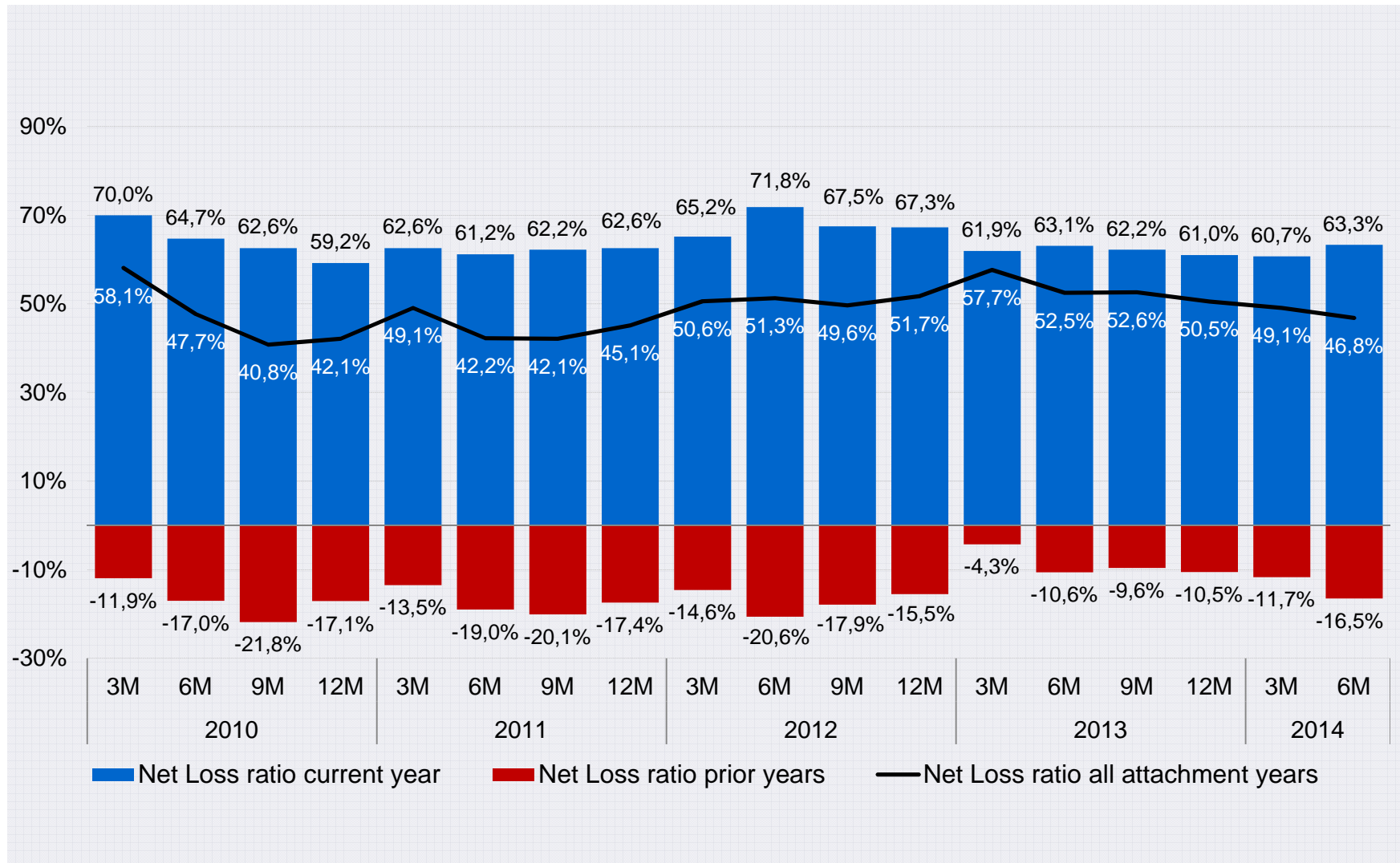
# Net new production remains the first driver for growth

## Premiums growth drivers (EUR mn)



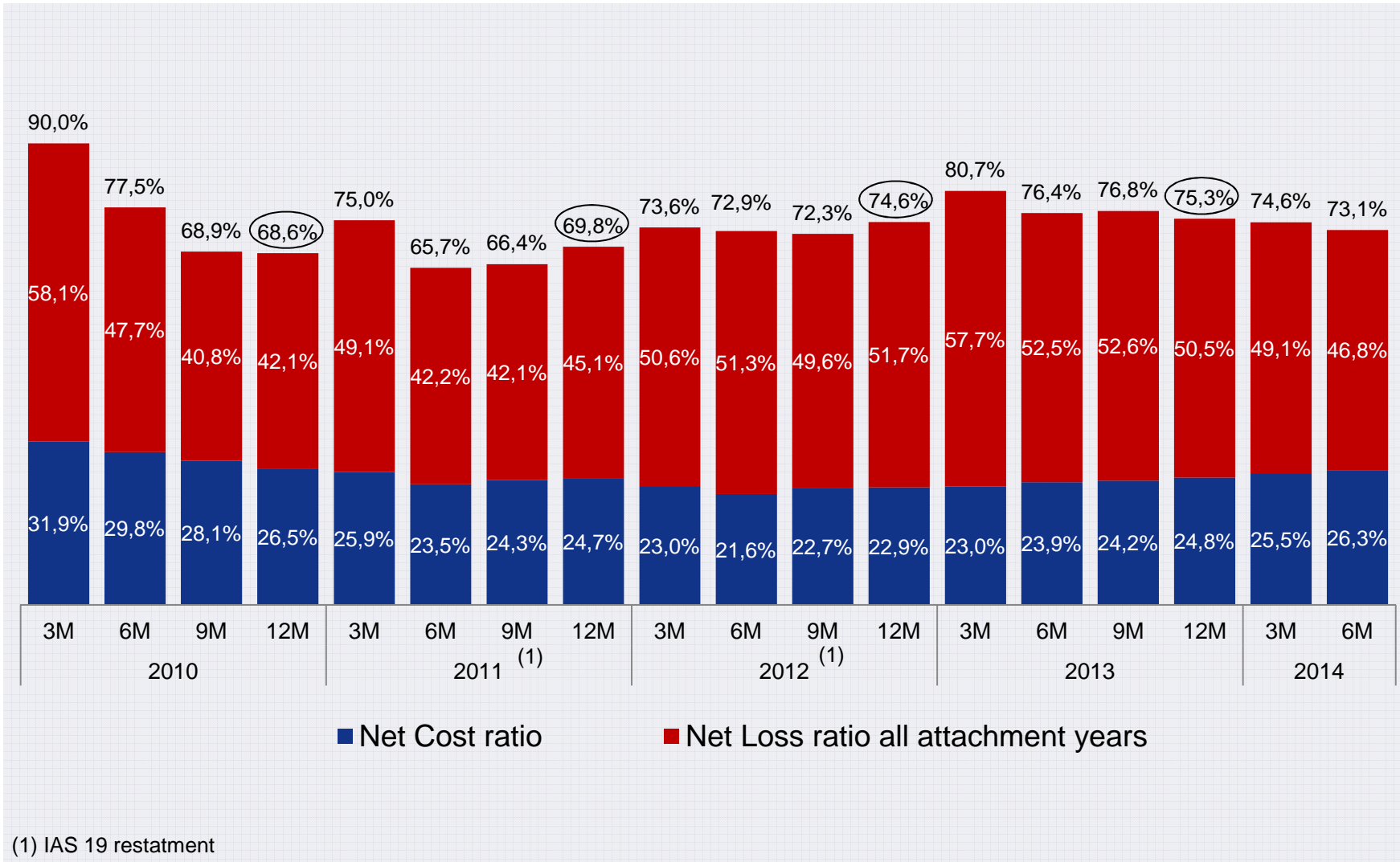
(1) New production net of wastages

# Continuous decrease in the net loss ratio, to 46.8% in 1H 2014





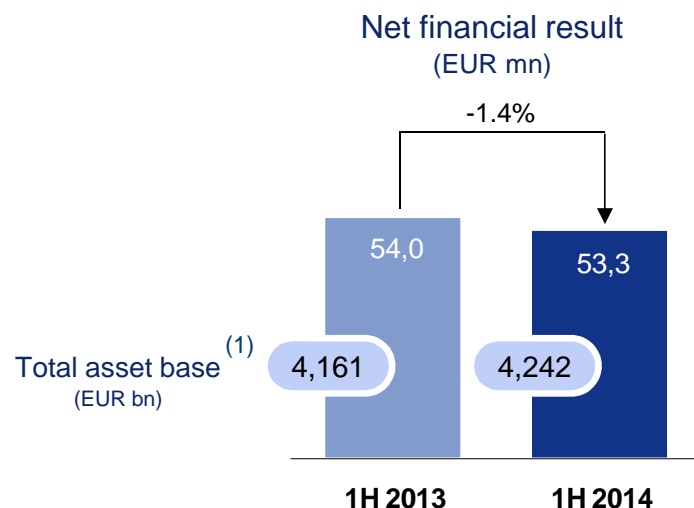
# The net combined ratio follows the decreasing loss ratio trend



# Reinsurance result evolution

EUR mn	H1 2014	H1 2013	Δ
Gross earned premiums	1064	1 045	19
Ceded premiums	-320	-323	3
<b>Net earned premiums</b>	<b>744</b>	<b>721</b>	<b>22</b>
<i>Cession rate</i>	30,1%	31,0%	-0,9 pts
Gross claims costs	-494	-510	17
Ceded claims costs	146	132	14
<b>Net claims costs</b>	<b>-348</b>	<b>-379</b>	<b>31</b>
<i>Cession rate</i>	29,5%	25,8%	3,7 pts
<b>Reinsurance commission</b>	<b>108</b>	<b>116</b>	<b>-7</b>
<i>Reinsurance commission rate</i>	33,8%	35,8%	-2,0 pts
<b>Net Claims ratio CY</b>	<b>63,3%</b>	<b>63,1%</b>	<b>0,2 pts</b>
<b>Net Claims ratio PY</b>	<b>-16,5%</b>	<b>-10,6%</b>	<b>-5,9 pts</b>
<b>Net Claims ratio</b>	<b>46,8%</b>	<b>52,5%</b>	<b>-5,7 pts</b>
<b>Net Costs ratio</b>	<b>26,3%</b>	<b>23,9%</b>	<b>2,4 pts</b>
<b>Net Combined ratio</b>	<b>73,1%</b>	<b>76,4%</b>	<b>-3,3 pts</b>

# Net financial result stable year-on-year despite decreasing bond yields



	1H 2013	1H 2014
Current investment income	44.8	41.9
Investment management charges	-3.7	-4.2
Net change in foreign currency	2.1	-0.9
Net gain (loss) on sales of investments less impairment and depreciation write-backs	14.2 <sup>(2)</sup>	12.0
<b>Net financial result before financing expense and before 'at equity' result<sup>(3)</sup></b>	<b>57.3</b>	<b>48.9</b>
Financing expense	-5.7	-3.7
At equity result <sup>(3)</sup>	2.3	8.1
<b>Net financial result</b>	<b>54.0</b>	<b>53.3</b>

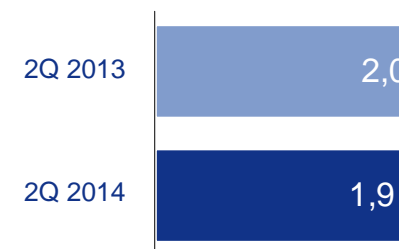
(1) Market value

(2) Excluding realized gains from entities spin-off to Solunion (Spain & Argentina)

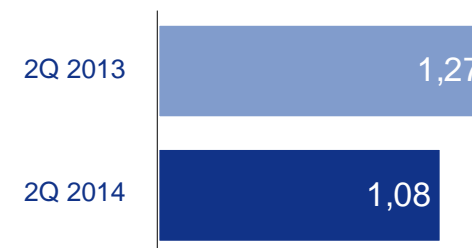
(3) Share of income from companies accounted by the equity method

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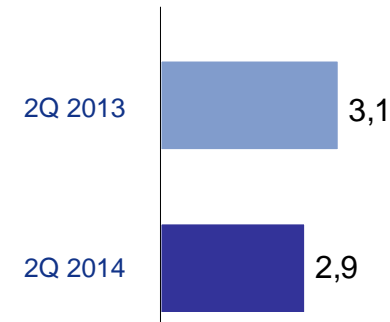
Current yield  
(debt securities, in %)



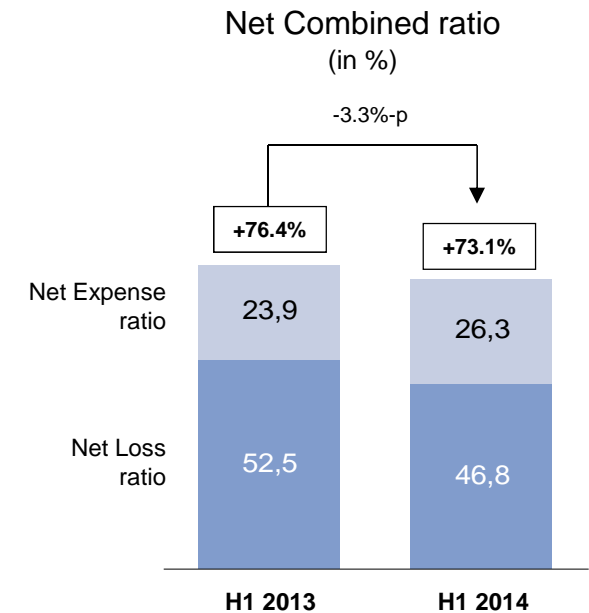
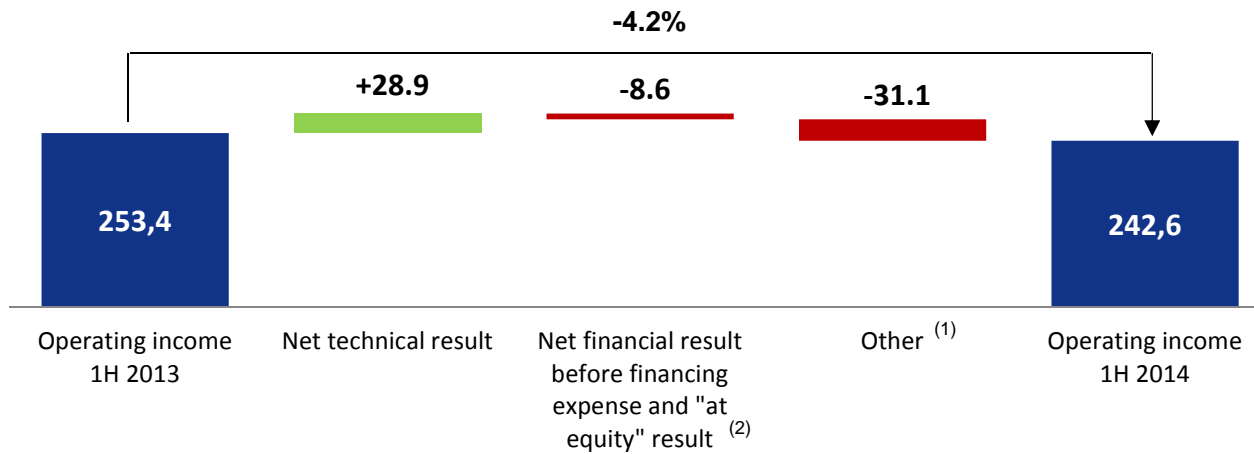
Reinvestment yield  
(debt securities, in %)



Asset duration



# Main operating income drivers



(1) Includes realised gains on the contribution of Spain and Argentinean entities to Solunion for EUR 31.7mn  
 (2) Share of income from companies accounted by the equity method

# Net income at €173 million, up 19.4%, excluding the one-off realized gain in 2013

EUR mn	H1 2014	H1 2013	Δ
<b>Ordinary operating Income</b>	245	224	20
Other non ordinary operating income and expense	-2	29	-31
<b>Operating income</b>	243	253	-11
Financing expenses	-4	-6	2
Income from non-consolidated companies	8	2	6
<b>Profit before tax</b>	247	250	-3
Corporation tax	-72	-81	8
Minority interest	-2	-3	1
<b>Net income (Group share)</b>	173	166	7

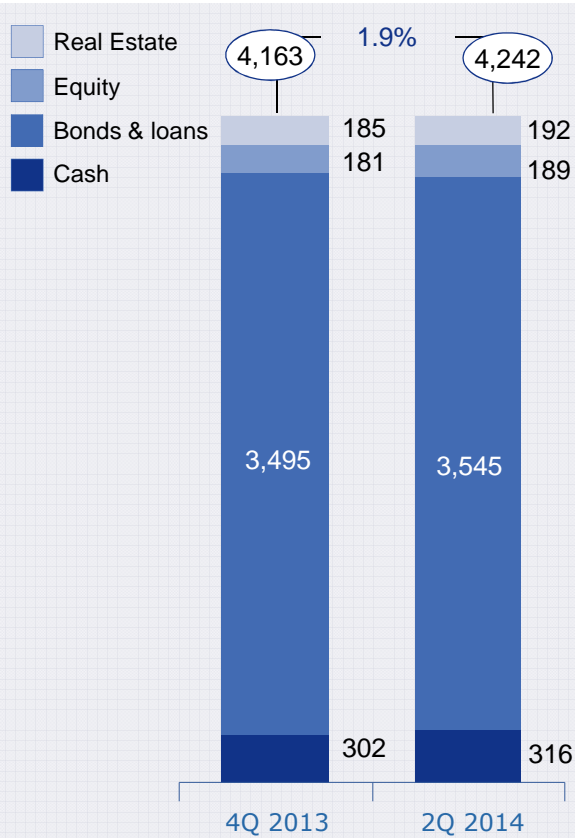
# 5

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

# Asset allocation

(EUR mn)

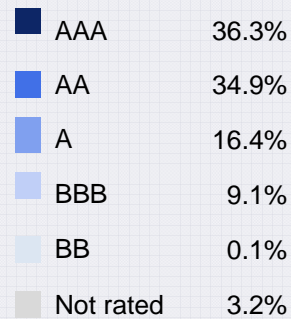
## Asset base (1)



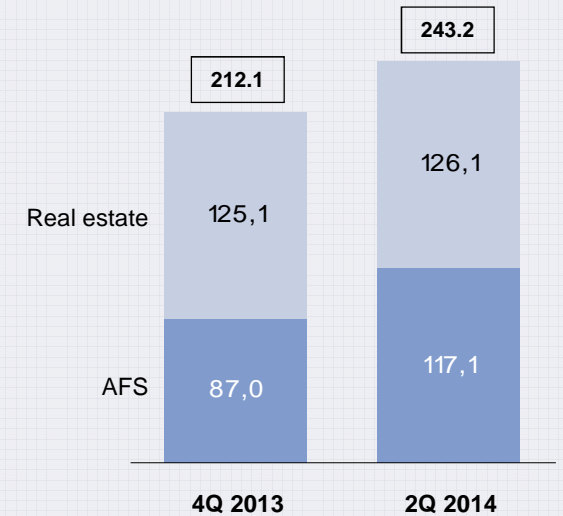
### By type of issuer



### By rating



### Unrealised gains/ losses



(1) Market value

# Glossary

1/2

- **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)



# Glossary

2/2

- **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

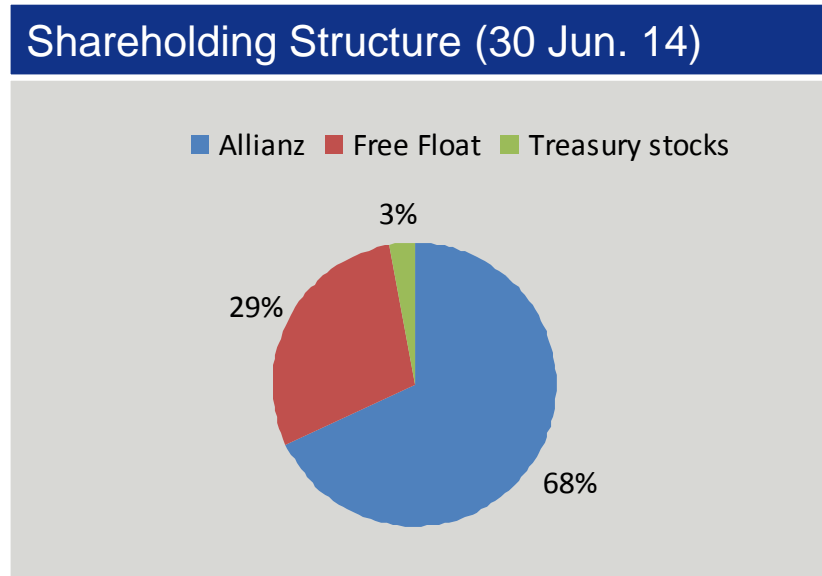
Next Events	Date
3Q 2014 Earnings (webcast)	Oct. 28 <sup>th</sup> , 2014

Stock Market Data	As at 30 Jun. 14
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	3,975

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(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.

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