

# 1Q 2015 Financial results

Financial analysts meeting

April 28<sup>th</sup>, 2015



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# 1Q 2015 Financial highlights

**Turnover reaches €670.3 million, up 5.1% at actual exchange rates (+1.4% at constant exchange rates),** supported by Americas, Asian and Middle East markets and the multinational segment.

**Net loss ratio all attachment years is 50.8%,** higher than last year by +1.7 pt., linked to less favorable reinsurance mix.

**Net cost ratio improving by 0.2 pt to 25.3%.**

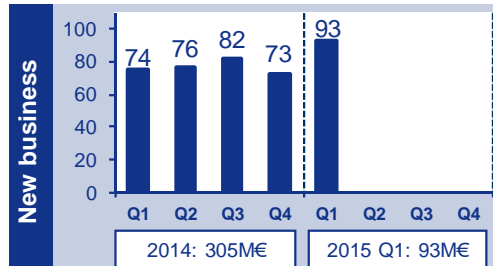
**Operating income solid at €121.1 million,** up 4.1% year on year carried by the positive FX impact.

**Net income Group Share stands at €87.1 million,** up 5.3%.

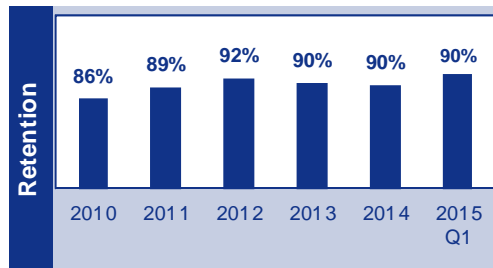
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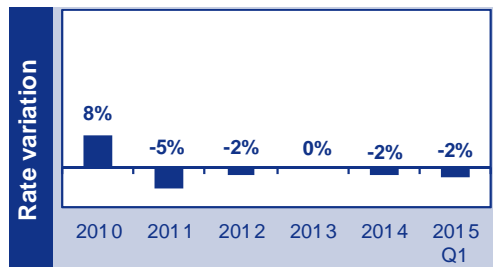
# Commercial overview – 1Q 2015



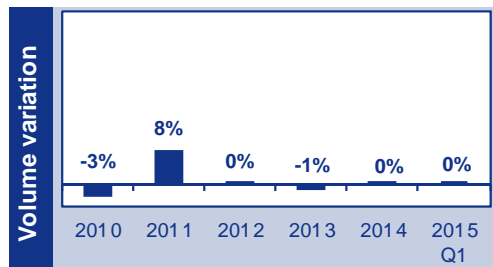
New business stands at a record level of €93m driven by FX but also strong underlying new business (€89m), supported by growing markets (Americas, Asia and MMEA) and the multinational segment.



The Q1 retention rate stands at 90% in line with previous years.

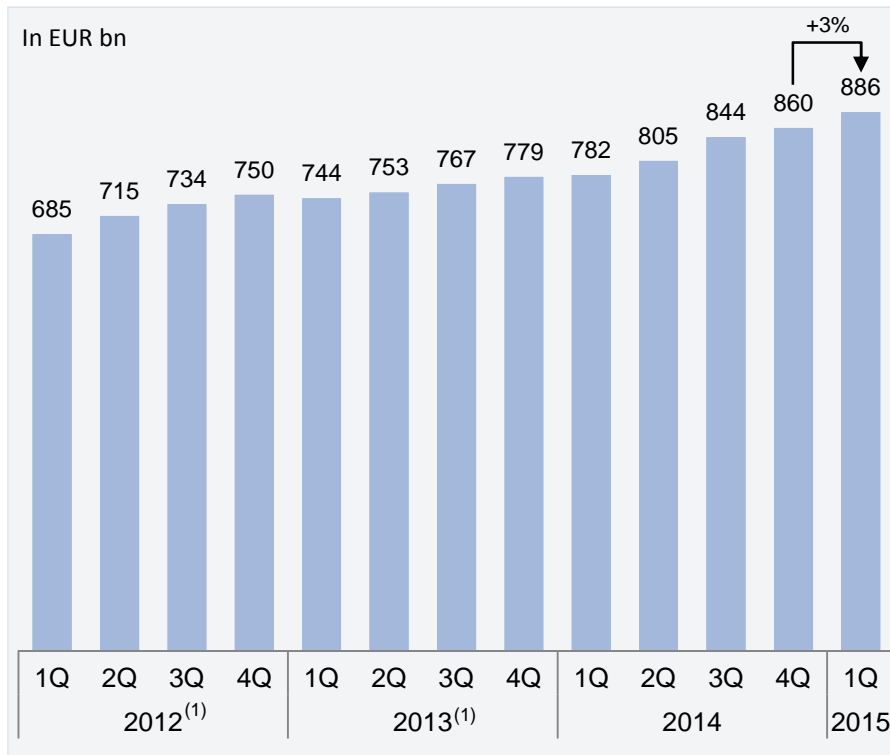


Renewal rates evolution is negative (-2%) due to the benign claims environment.



The contribution from customers' insured turnover is flat overall, driven by lack of GDP growth and inflation in Europe.

# Increase in risk exposure essentially linked to FX

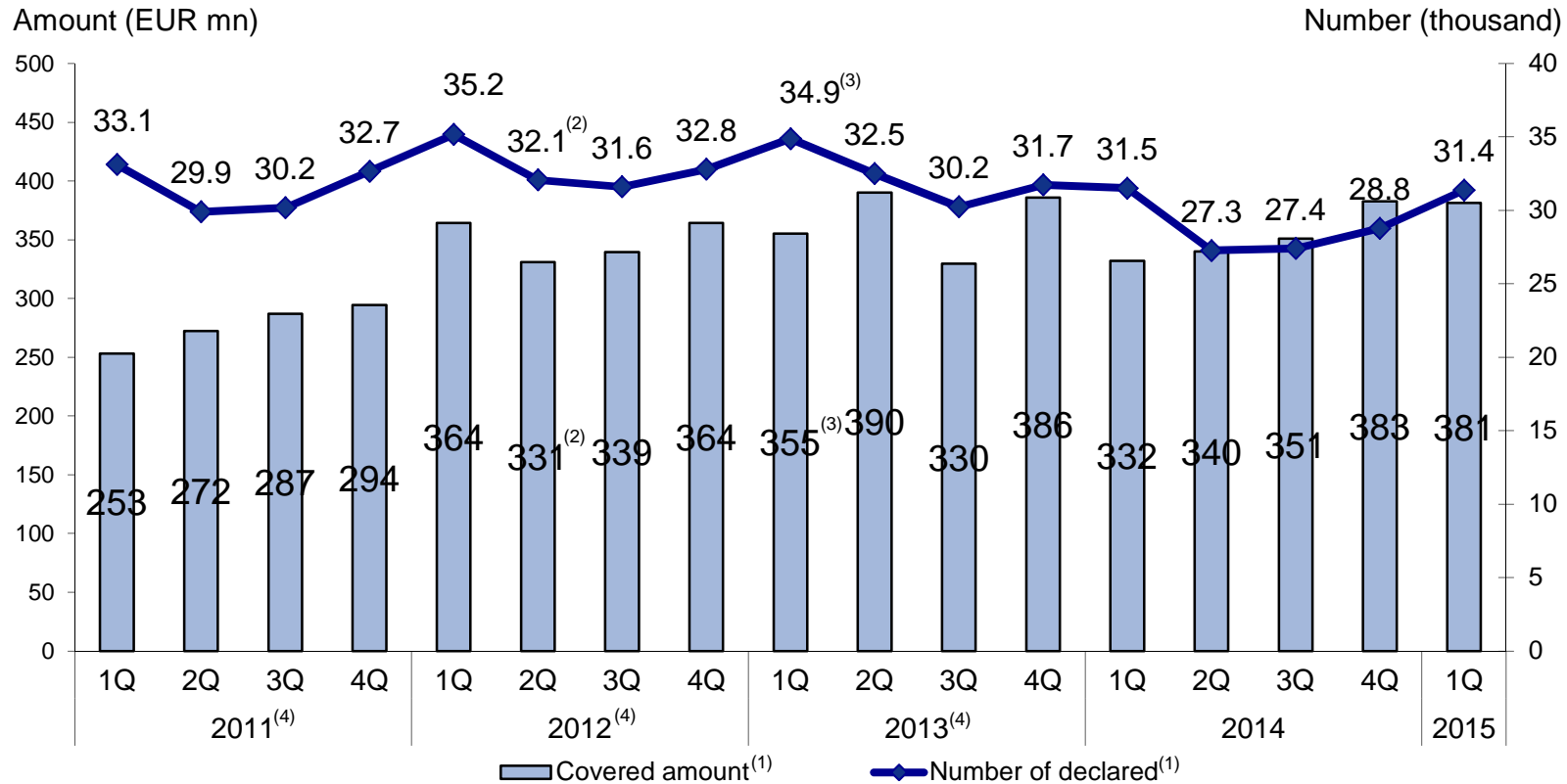


	4Q 2012 <sup>(1)</sup>	4Q 2013 <sup>(1)</sup>	4Q 2014	1Q 2015
Grade weight				
1-5	83.1%	84.8%	85.4%	85.4%
6-10	16.9%	15.2%	14.6%	14.6%

The increase in exposure in the last quarters was essentially driven by FX.  
The grade mix is healthy.

(1) 2012-2013 proforma excluding Spain & Latin America

# Claims frequency picking up in 1Q 2015



- Frequency is picking up compared to previous quarters but it is too early to derive a trend as Q1 is on average a high frequency quarter.
- Covered amounts are stable between 4Q 2014 and 1Q 2015.

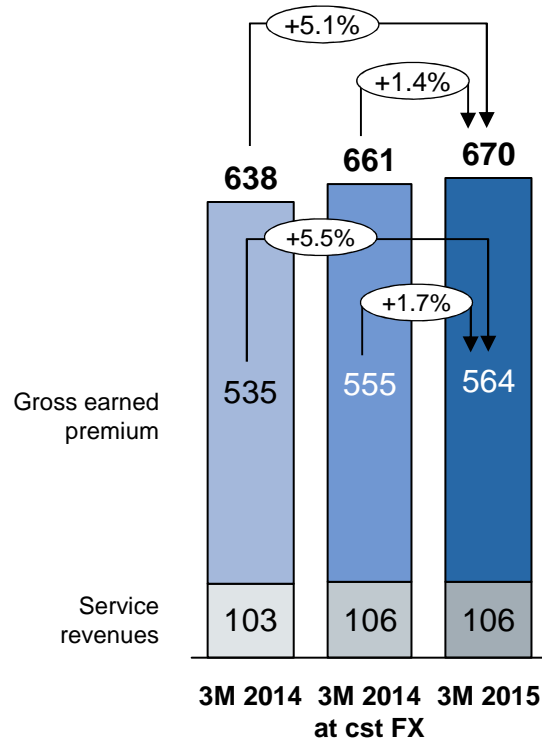
(1) Credit insurance claims only (excludes bonding & fidelity)  
 (2) Excluding Schlecker claim  
 (3) Excluding Pescanova claim  
 (4) 2011-2013 proforma excluding Spain & Latin America

# 3

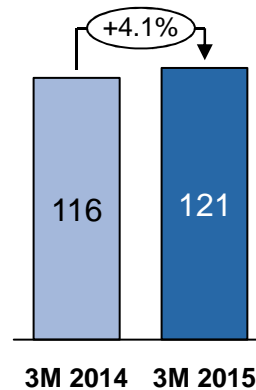
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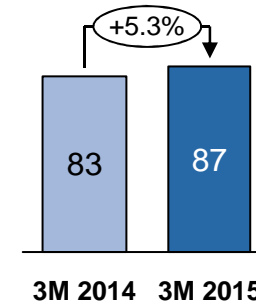
# 1Q: Gross earned premium and operating result benefit from positive FX impact



**Turnover**  
(EUR mn)



**Operating income**  
(EUR mn)



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

# Turnover growth is at +5.1% at constant FX rates (+1.4% at actual rates)

EUR mn	3M 2015	3M 2014 Published	Δ %	3M 2014 cst FX	Δ %
DACH	189	196	-3%	198	-4%
France	103	103	0%	103	0%
Northern Europe	143	141	1%	146	-2%
Med. Countries, Middle East & Africa	88	79	11%	80	10%
Americas	82	63	30%	75	9%
Asia Pacific	35	26	38%	30	19%
Inward from non-consolidated OEs & Other <sup>(1)</sup>	31	30	3%	31	0%
<b>Turnover</b>	<b>670</b>	<b>638</b>	<b>5.1%</b>	<b>661</b>	<b>1.4%</b>

(1) Corporate entities + inter-region eliminations

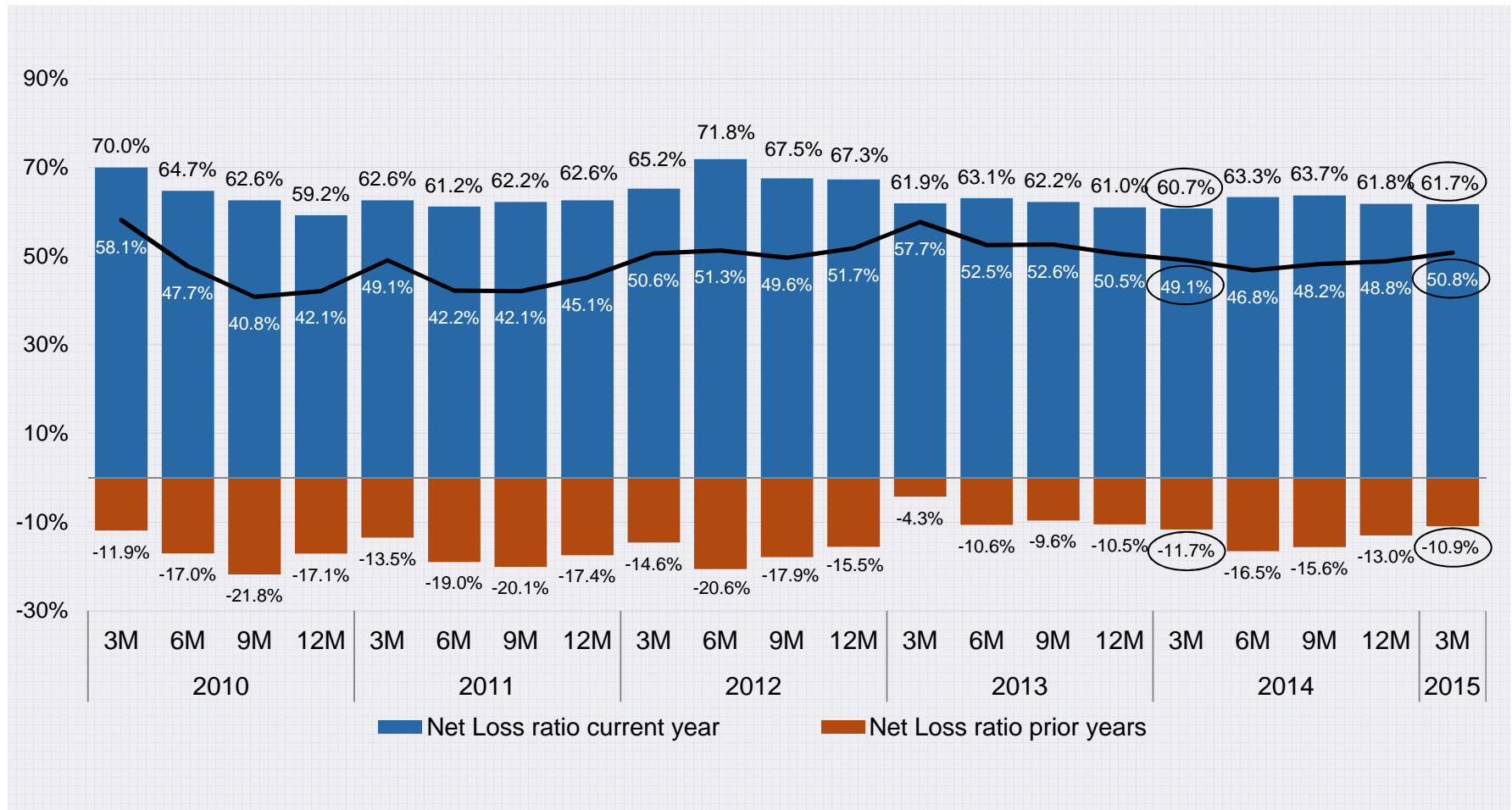
# FX impact, and a timid improvement in the insured turnover volumes are the drivers for growth

## Premium growth drivers (EUR mn)

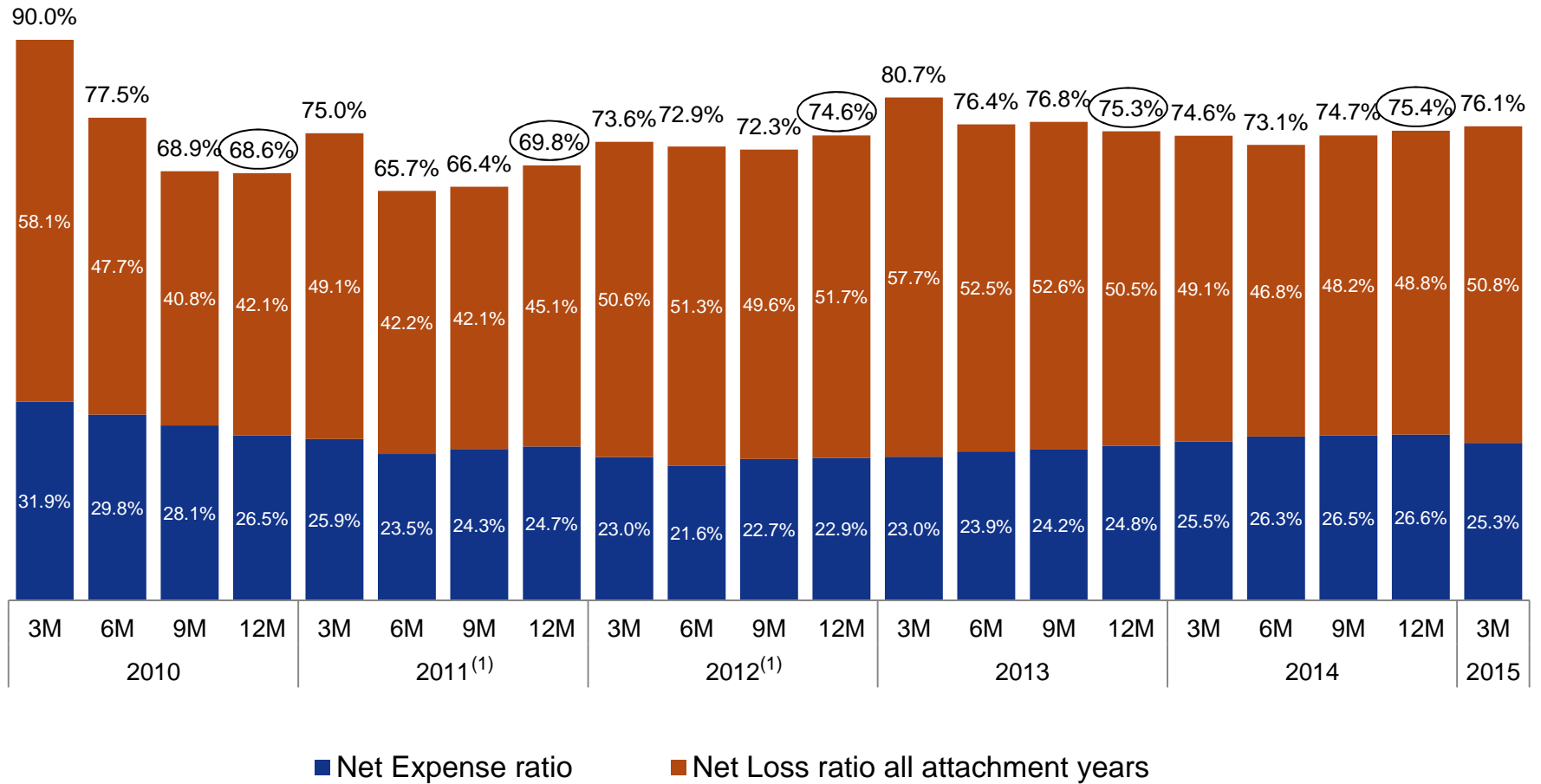


(1) New production net of wastage

# Net loss ratio is increasing due to the effect of less favorable mix in the lines of business on reinsurance



# Net cost ratio is improving due to higher reinsurance commission

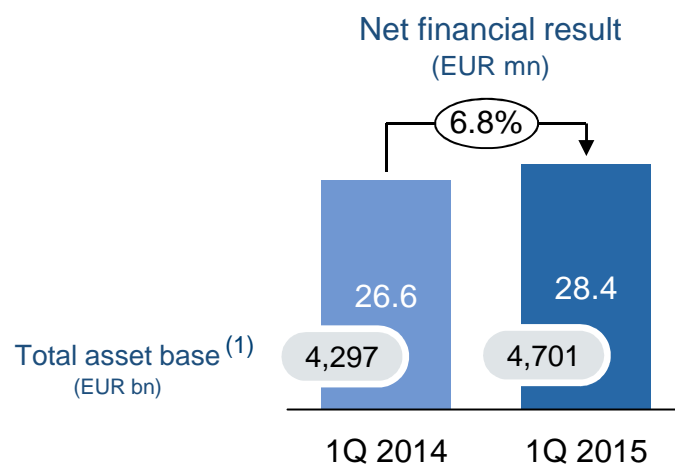


(1) IAS 19 restatement

## Reinsurance result evolution

EUR mn	3M 2015	3M 2014	Δ
Gross earned premium	564	535	30
Ceded premium	-161	-157	-5
<b>Net earned premium</b>	<b>403</b>	<b>378</b>	<b>25</b>
<i>Cession rate</i>	28.5%	29.3%	-0.7 pts
Gross claims costs	-258	-258	0
Ceded claims costs	53	72	-19
<b>Net claims costs</b>	<b>-205</b>	<b>-186</b>	<b>-19</b>
<i>Cession rate</i>	20.6%	28.0%	-7.4 pts
<b>Reinsurance commission</b>	<b>61</b>	<b>55</b>	<b>6</b>
<i>Reinsurance commission rate</i>	37.5%	35.1%	2.5 pts
<b>Net Claims ratio CY</b>	<b>61.7%</b>	<b>60.7%</b>	<b>1.0 pts</b>
<b>Net Claims ratio PY</b>	<b>-10.9%</b>	<b>-11.7%</b>	<b>0.8 pts</b>
<b>Net Claims ratio</b>	<b>50.8%</b>	<b>49.1%</b>	<b>1.7 pts</b>
<b>Net Costs ratio</b>	<b>25.3%</b>	<b>25.5%</b>	<b>-0.2 pts</b>
<b>Net Combined ratio</b>	<b>76.1%</b>	<b>74.6%</b>	<b>1.5 pts</b>

# The improvement in the investment income is driven by FX gains

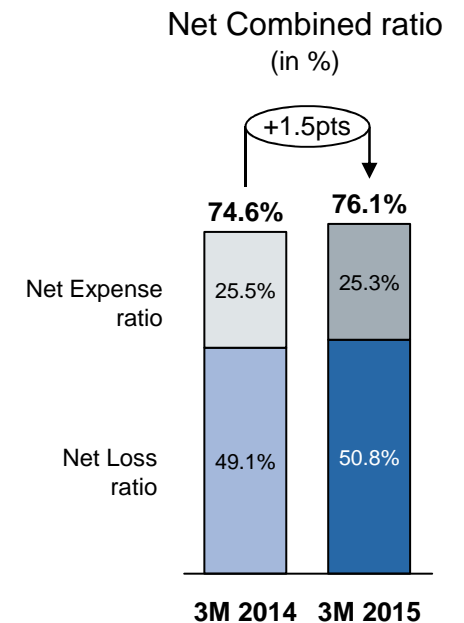
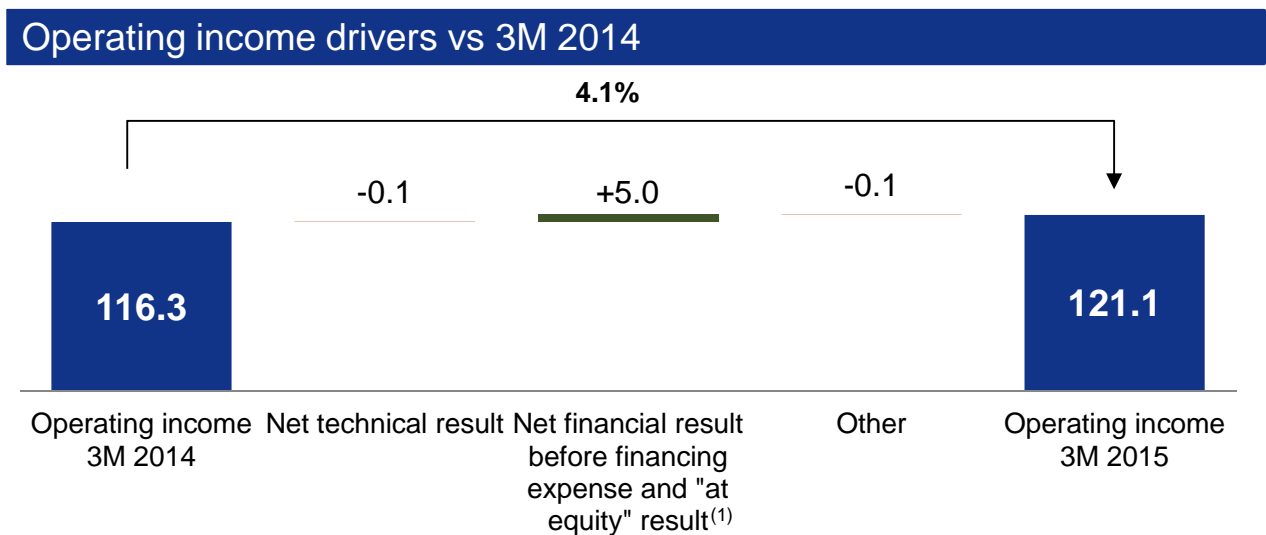


Current investment income	19.4	20.1
Investment management charges	-2.1	-2.5
Net change in foreign currency	-2.3	5.9
Net gain (loss) on sales of investments less impairment and depreciation write-backs	8.4	4.9
<b>Net financial result before financing expense and before 'at equity' result <sup>(2)</sup></b>	<b>23.4</b>	<b>28.4</b>
Financing expense	-1.4	-2.6
At equity result	4.6	2.6
<b>Net financial result</b>	<b>26.6</b>	<b>28.4</b>

(1) Market value

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

# Operating income at €121.1million, up 4.1% versus last year





## Net income improvement driven by higher operating income and more favorable tax rate

EUR mn	3M 2015	3M 2014	Δ
<b>Ordinary operating Income</b>	<b>122</b>	<b>117</b>	<b>5</b>
Other non ordinary operating income and expense	-1	-1	0
<b>Operating income</b>	<b>121</b>	<b>116</b>	<b>5</b>
Financing expenses	-3	-1	-1
Income from non-consolidated companies	3	5	-2
<b>Profit before tax</b>	<b>121</b>	<b>119</b>	<b>2</b>
Corporation tax	-33	-36	3
Minority interest	0	-1	0
<b>Net income (Group share)</b>	<b>87</b>	<b>83</b>	<b>4</b>
<b>Tax rate</b>	<b>27.6%</b>	<b>30.3%</b>	

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- **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

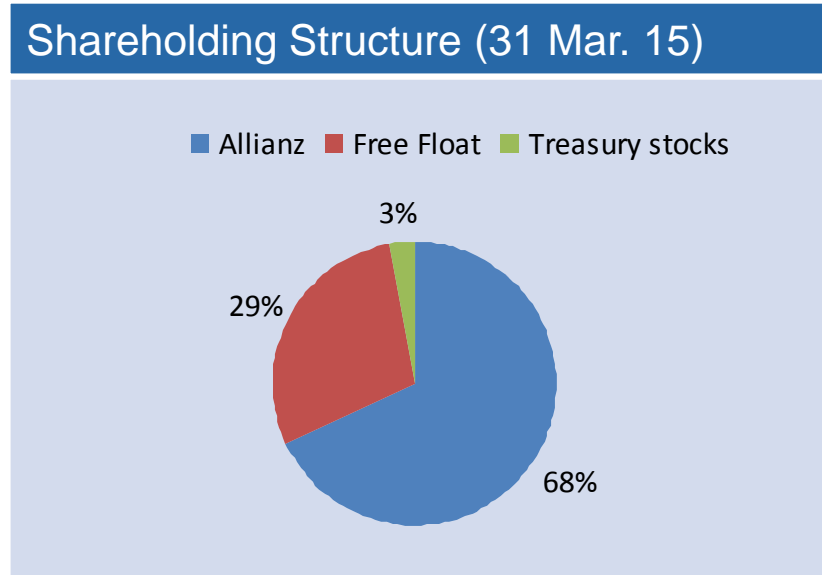
Next Events	Date
General Assembly	May 27 <sup>th</sup> , 2015
2Q 2015 Earnings (webcast)	Jul. 28 <sup>th</sup> , 2015
3Q 2015 Earnings (webcast)	Oct. 29 <sup>th</sup> , 2015

Stock Market Data	As at 31 Mar. 15
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	4,493

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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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