

3M 2017 Financial Results

Financial Analysts' Call

Friday, May 5th, 2017

A company of **Allianz** 



1

- 1 Financial highlights**
- 2 Commercial & Risk overview
- 3 Year-to-Date Results
- 4 Appendices

3M 2017 Financial highlights

Turnover reaches €657 million, down 0.7% at constant exchange rates vs Q1 2016, but up +2.2% vs Q4 2016 at constant FX.

Net loss ratio all attachment years is 52.8%, down 1.1 pts vs Q1 2016. Attritional claims are at a low level after a continuous decrease during 2016.

Net cost ratio at 25.6%, slightly above last year by +0.2 pt.

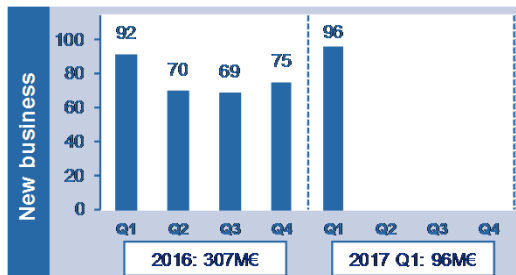
Ordinary operating income amounts to €109 million, up 5.2% year on year due to the improved net combined ratio, which is at its lowest quarterly level since Q2 2015.

Net income Group Share stands at €88 million, down €13.0 million. The decrease is explained by the exceptional gain realized last year on the sale of Bürgel last year in Germany (€22.4 million after tax).

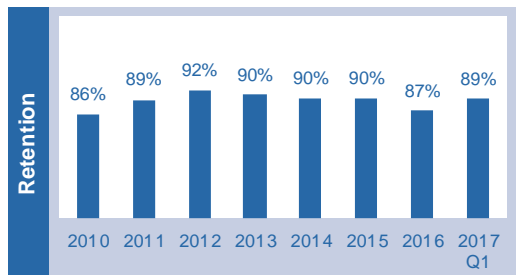
2

- 1 Financial highlights
- 2 Commercial & Risk overview**
- 3 Year-to-Date Results
- 4 Appendices

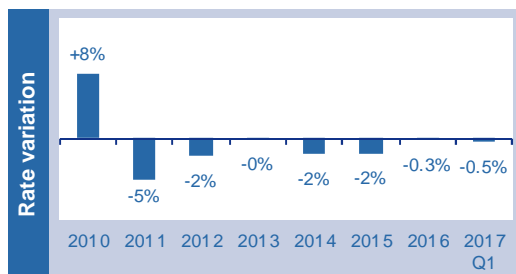
Commercial performance Q1 2017



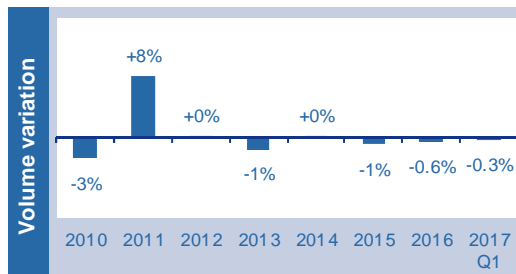
2017 Q1 New Business reached €96 million, which is €4 million above the level of Q1 last year. The positive contribution is from the multinational segment, US and Northern Europe.



At the end of Q1 2017, the retention rate stands at 89% which is slightly better than the level of Q1 2016.



Renewal rate evolution is still slightly negative (-0.5%) but improved vs Q1 2016 (-1.5%).

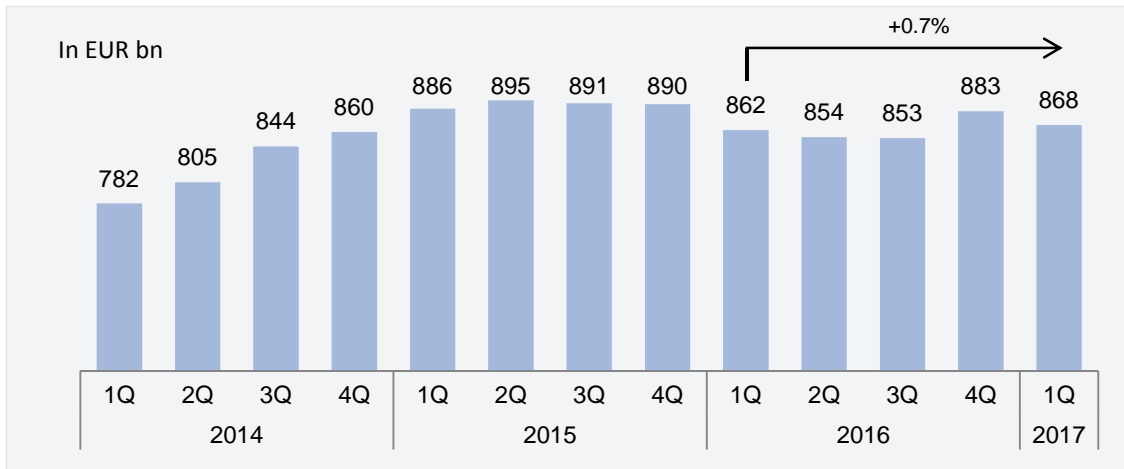


Contribution from customers' insured turnover is almost flat. Positive volume variation from Western European countries is offset by negative contributions from emerging markets.

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

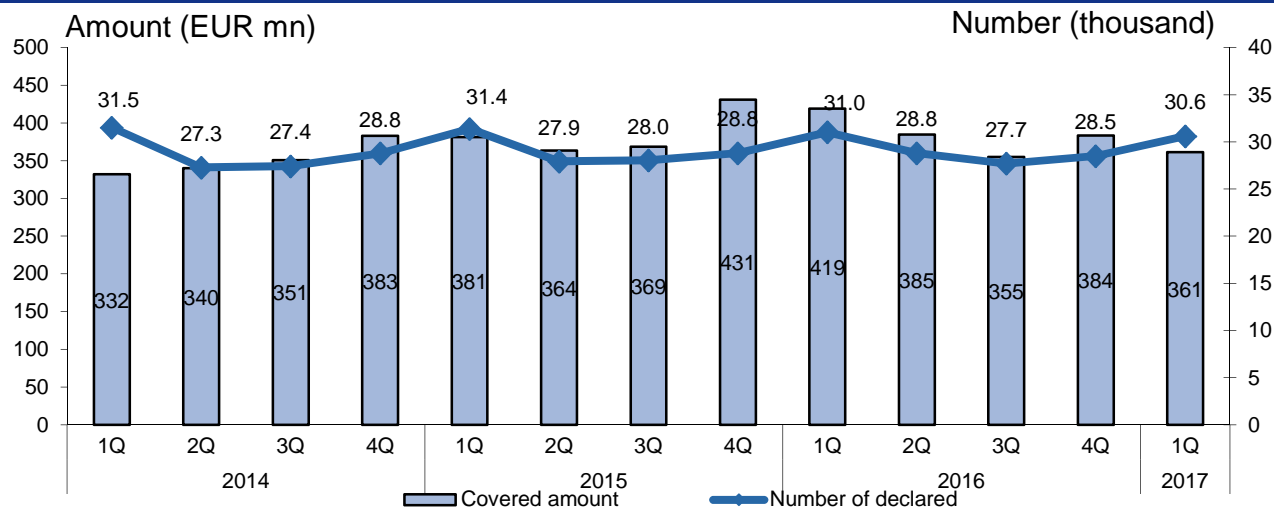
Exposure is almost flat year on year and covered amounts are still decreasing

Exposure is stabilizing at the average 2016 level



	4Q 2014	4Q 2015	4Q 2016	1Q 2017
Grade weight				
1-5	85.4%	85.8%	86.2%	86.3%
6-10	14.6%	14.2%	13.8%	13.7%

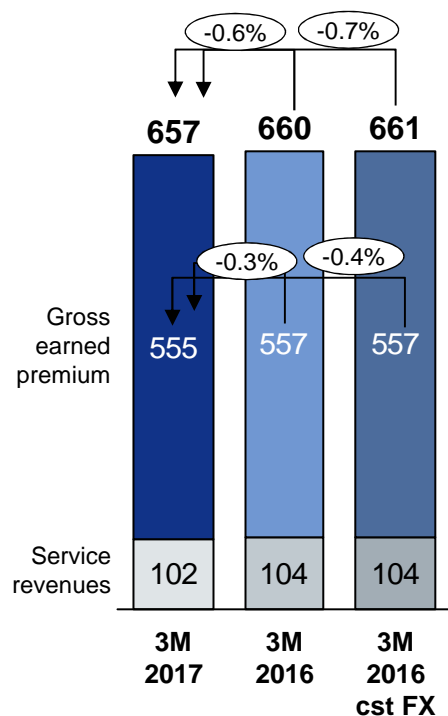
Claims covered amounts continue to trend downwards



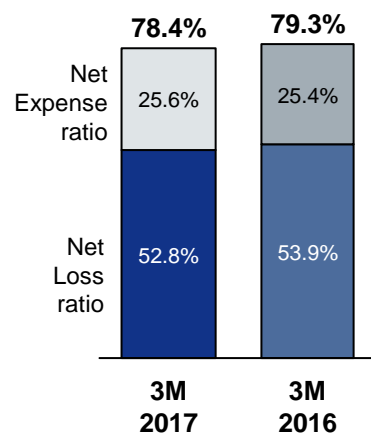
3

- 1 Financial highlights
- 2 Commercial & Risk overview
- 3 Year-to-Date Results**
- 4 Appendices

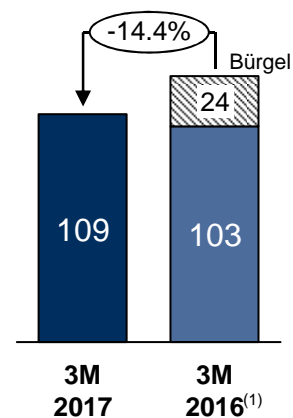
Operating profit and net income higher than last year excluding Bürgel impacts



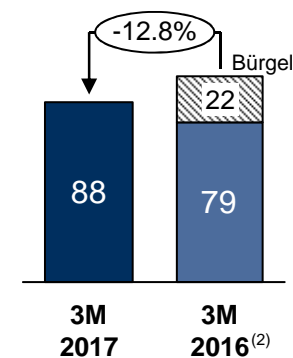
Turnover
(EUR mn)



Net Combined ratio
(in %)



Operating income
(EUR mn)



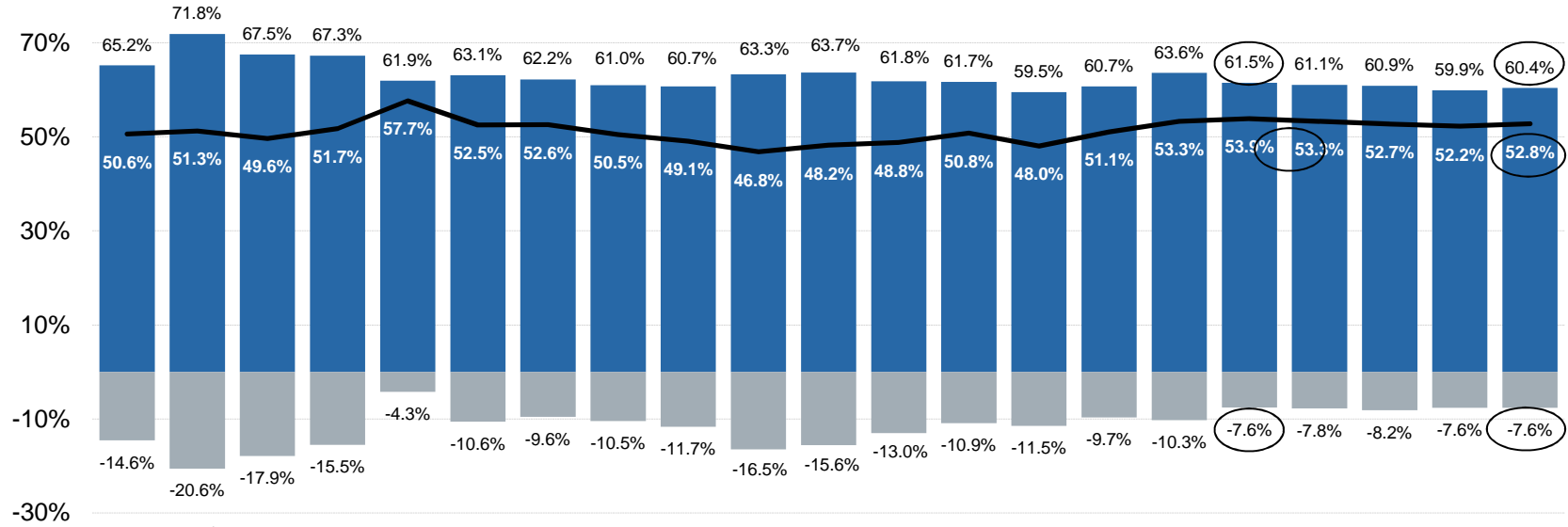
Net income, Group share
(EUR mn)

Turnover is slightly lower than last year but growth is picking up in Europe, mainly in Northern Europe and France

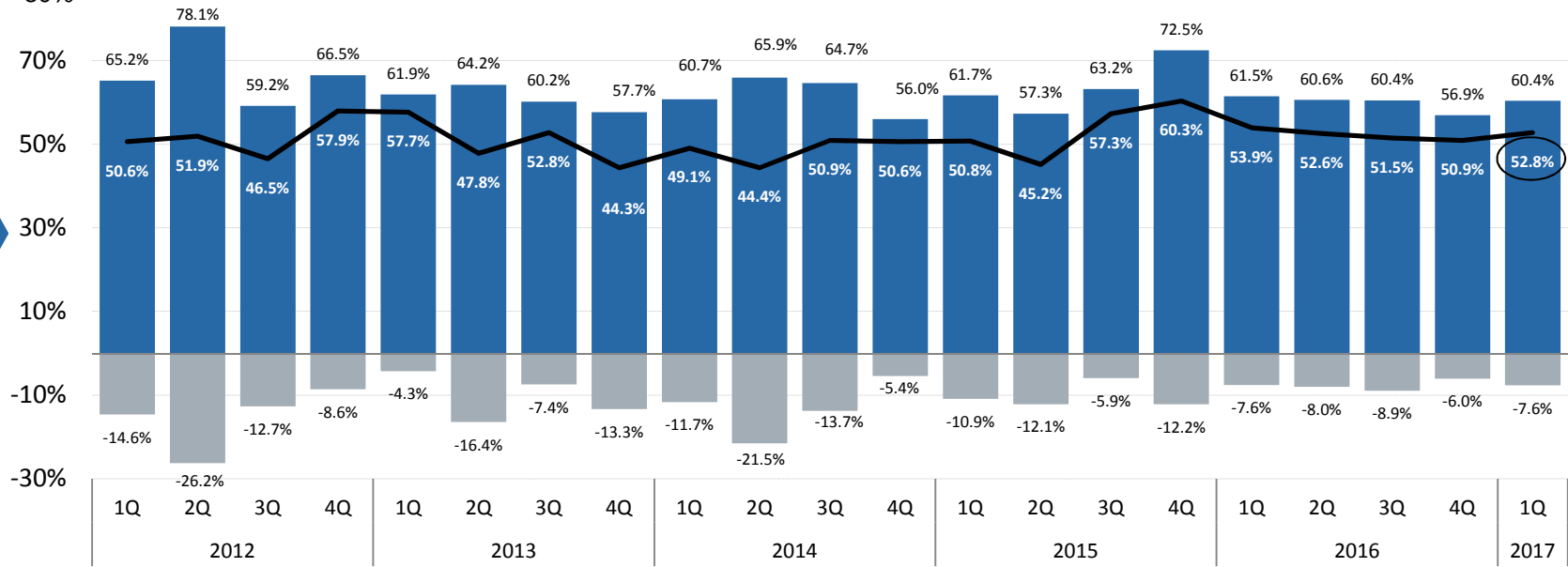
EUR mn	3M 2017	3M 2016 Published	Δ%	3M 2016 cst Fx	Δ%
DACH	178	181	-1.6%	181	-1.8%
France	106	105	1.5%	105	1.5%
Northern Europe	137	137	-0.4%	133	2.7%
Med. Countries, Middle East & Africa	89	90	-1.5%	90	-1.1%
Americas	90	85	5.3%	90	0.4%
Asia Pacific	35	39	-9.1%	40	-11.6%
Inward from non-consolidated OEs & Other ⁽¹⁾	22	24	-5.9%	24	-5.9%
Turnover	657	660	-0.6%	661	-0.7%

3M 2017 Net Loss ratio is 1.1 points lower year on year

YTD

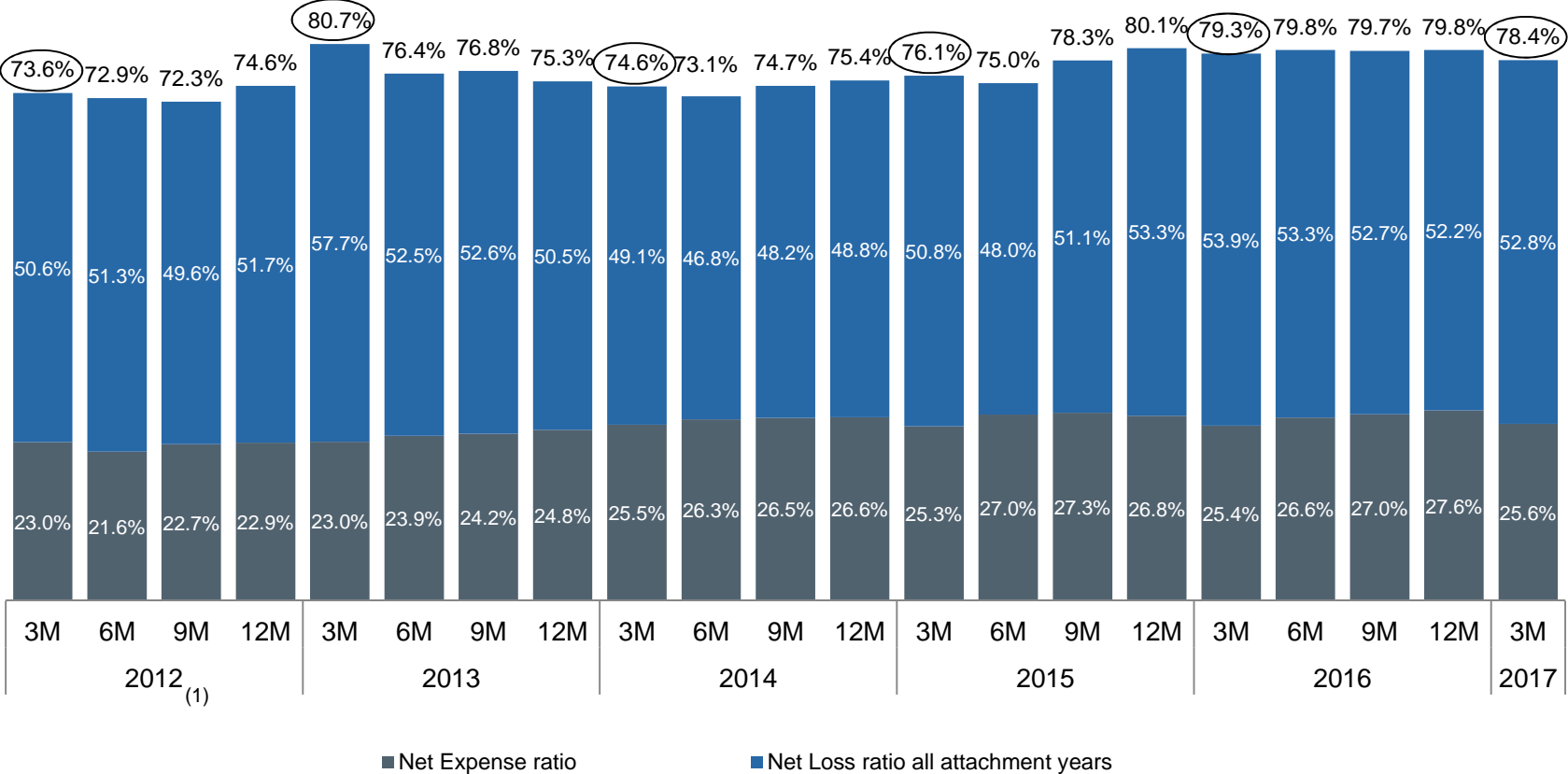


Quarterly



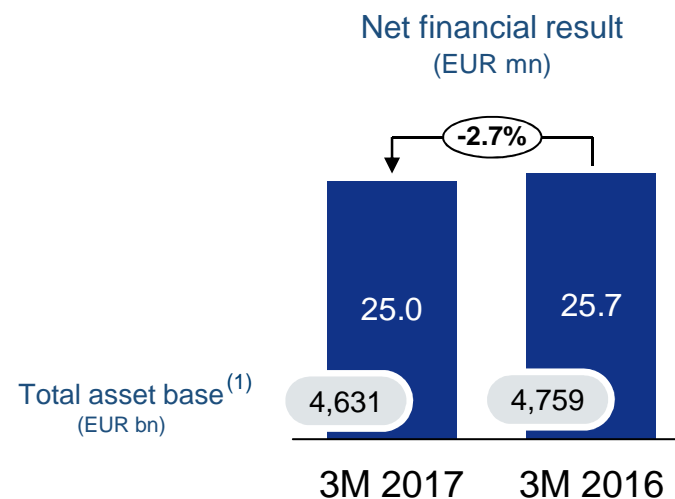
■ Net Loss ratio current year
 ■ Net Loss ratio prior years
 — Net Loss ratio all attachment years

Net Combined ratio lowest since 9M 2015



(1) Restated for IAS 19

Net financial income stable due to favorable FX impact variation year on year, which compensates for lower realized gains



Current investment income	17.1	19.2
Investment management charges	-2.8	-3.3
Net change in foreign currency ⁽²⁾	0.6	-8.0
Net gain (loss) on sales of investments less impairment and depreciation write-downs	10.1	17.8
Net financial result before financing expense and before 'at equity' result⁽³⁾	25.0	25.7

(1) Market value

(2) 2016's FX result reflected the long position in GBP, where the depreciation drove the FX loss.

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

Net income at €88 million, down compared to last year, which included the sale of Bürgel in Germany

EUR mn	3M 2017	3M 2016	Δ
Net technical result	84	78	6
Net financial income	25	26	-1
Ordinary operating Income	109	104	5
Other non ordinary operating income and expense ⁽¹⁾	0	23	-24
Operating income	109	127	-18
Financing expenses	-1	-1	0
Income from non-consolidated companies	4	3	1
Profit before tax	112	129	-17
Corporation tax	-23	-27	5
Minority interest	-1	0	-1
Net income (Group share)	88	101	-13
Tax rate	20.5%	21.3%	

4

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Simplified P&L

	3M 2017	3M 2016
Gross Earned Premiums	555	557
Service revenues	102	104
Turnover	657	660
Gross claims CY	-316	-315
Run off	55	42
Claims costs	-261	-273
Gross technical expenses	-263	-264
Gross technical result	133	123
Outward result	-47	-42
Non technical expenses	-2	-3
Technical result	84	78
Net investment income	25	26
Other non ordinary operating income & expenses	0	23
Operating income	109	127
Financing expenses	-1	-1
Share of income from companies accounted at the equity method	4	3
Total profit before tax	112	129
Income taxes	-23	-27
Total profit after tax (at 100%)	89	101
Minority interests	-1	0
Total profit after tax HB3	88	101

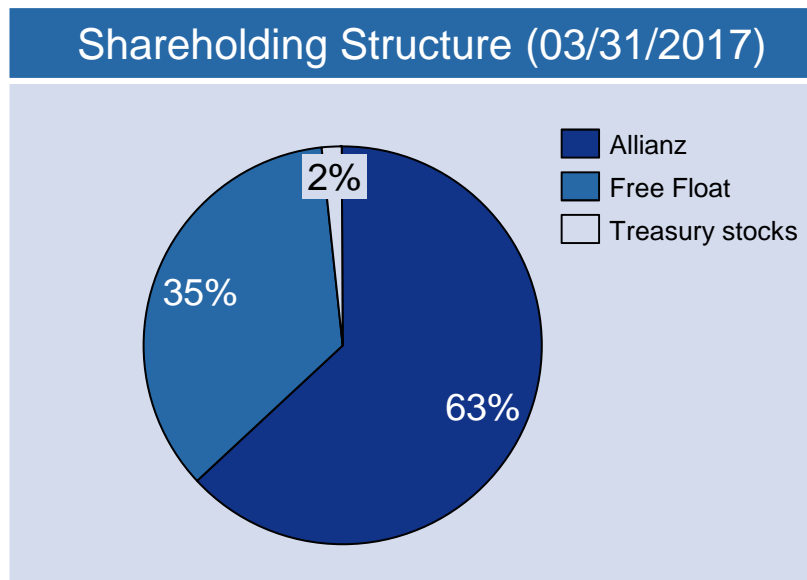
Investor Relations

Next Events	Dates
General Assembly	May 24 th 2017
2Q 2017 Earnings (webcast)	July 27 th 2017
3Q 2017 Earnings (webcast)	November 7 th 2017

Stock Market Data	As of 03/31/2017
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	42,641,635
Market cap. (€ mn)	3,673

Investor Relations Contact

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Glossary

- **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 whose risks are over
- **Information services:** Research 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

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

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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.

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