

Paris, 7 May 2010.

Euler Hermes results for the first quarter of 2010

Turnover: €505.5 million
Technical result: €24.5 million
Operating income: €67.1 million
Net income: €47.6 million

Despite the fragile economic recovery Euler Hermes posted a quarter on quarter increase in turnover of 3.5% compared to the fourth quarter of 2009. The group achieved a positive net income development of €47.6 million versus €16.5 million for the first quarter of 2009. The combined ratio improved significantly from 103.0% to 90.0% due to decisive management actions to handle the global financial crisis and improvement in economic environment.

The Group Management Board presented the consolidated results for the first quarter of 2010, as reviewed by the Audit Committee, to the Euler Hermes Supervisory Board on May 7, 2010.

Wilfried Verstraete, Chairman of the Euler Hermes Group Management Board, commented: "In the first quarter of 2010, Euler Hermes reaped the rewards of the action plans it has implemented, enabling the group to achieve a combined ratio of 90% at end-March 2010 and a positive technical result of €24.5 million in the first quarter of 2010, as against a loss of €11.1 million in the first quarter of 2009. However, it will take some time to emerge from the crisis. In many industries, a large number of companies have seen their revenues flatten out well below their 2008 levels, and the rate of business failures remains high. For Euler Hermes, this has meant a decline in its insured turnover, which explains the 8% fall in its premiums and service revenues."

I. Results for the first quarter of 2010 (unaudited)

Key figures

<i>In € million</i>	Q1 2010	Q4 2009	Q1 2009	Change vs Q4 2009		Change vs Q1 2009	
Earned premiums	417.4	398.5	448.3	18.9	+5%	-30.9	-7%
Services	88.1	90.0	100.2	-1.9	-2%	-12.1	-12%
Total turnover	505.5	488.5	548.5	17.0	+3%	-43.0	-8%
Net technical result	24.5	6.3	-11.1	18,2	+289%	35.6	-321%
Net financial income	42.6	29.5	54.2	13.1	+44%	-11.6	-21%
Operating income	67.1	35.8	43.1	31.3	+87%	24.0	+56%
Net income	47.6	18.1	16.5	29.5	+163%	31.1	+188%
Net loss ratio	58.1%	71.8%	83.8%				
Net cost ratio	31.9%	24.4%	19.2%				
Net combined ratio	90.0%	96.2%	103.0%				

The net technical result was supported by a fall in claims. However, the decline in insured customers' sales, witnessed in most countries in the last three quarters of 2009, was confirmed in the first quarter of 2010, as reflected by an 8% fall in Euler Hermes' turnover, at constant scope and exchange rates, compared with the first quarter of 2009.

In this low interest-rate environment, Euler Hermes generated net financial income of €42.6 million, down by €11.6 million against the first quarter of 2009. This was due to a €15.7 million decrease in realised capital gains in the first quarter of 2010 compared with the first quarter of 2009.

Net income for the first quarter of 2010 was not affected by any exceptional items and was taxed at 28.9%, owing to positive tax rate differences between the parent company and its subsidiaries.

First-quarter 2010 net income amounted to €47.6 million, up by €31.1 million compared with the first quarter of 2009.

1. Business activity

Turnover for the first quarter of 2010 totalled €505.5 million, falling by 7.8% (or 8.4% at constant scope and exchange rates) from €548.5 million in the first quarter of 2009.

Turnover by country (based on earned premiums)

In € million	31/03/2010 (1)	31/03/2009 (2)	Change (1)/(2)	31/03/2009 (3)	Change (1)/(3)
Germany	175.5	190.9	-8.1%	190.9	-8.1%
France	91.3	100.6	-9.3%	100.6	-9.3%
Northern Europe	108.2	107.6	+0.5%	112.2	-3.6%
Southern Europe	57.7	69.9	-17.3%	69.9	-17.4%
Americas	45.3	51.9	-12.8%	49.8	-9.0%
Asia	14.5	12.3	+17.8%	12.5	+16.3%
Captive + others	13.0	15.3	-15.0%	16.0	-18.8%
Euler Hermes	505.5	548.5	-7.8%	551.9	-8.4%

Notes: (1) Turnover taking into account geographic reclassifications (average rate as at March 2010)

(2) Turnover taking into account pro forma geographic reclassifications (average rate as at March 2009)

(3) Turnover taking into account pro forma geographic reclassifications corrected for exchange rate and scope effects

Turnover in all regions, except Asia, was down compared with the first quarter of 2009, due to: (i) a 7% drop in earned premiums, owing to the decline in Euler Hermes' insured turnover; and (ii) lower service revenues resulting from weaker demand for new credit limits from insured customers.

This decline in insured turnover is affecting France, the Americas and Germany to a similar degree, but is less pronounced in Northern Europe.

Southern Europe experienced the sharpest fall in turnover, owing to the additional impact of its 2008-09 business plan, resulting in an intentionally smaller business portfolio.

2. Operating income

Operating income for the Euler Hermes group increased by 56% to €67.1 million. This improvement was driven by a lower combined ratio of 90%, which was down by 6.2 points compared with the fourth quarter of 2009 (96.2%) and by 13 points compared with the first quarter of 2009.

The loss ratio and the cost ratio – the two components of the combined ratio – changed as follows:

- the net loss ratio decreased to 58.1%, a 25.7-point improvement compared with the first quarter of 2009 (83.8%);
- the net cost ratio increased to 31.9%, from 19.2% in the first quarter of 2009.

The 12.7-point increase in the net cost ratio mainly stems from the decline in net earned premiums and the rise in reinsurance expenses.

Net financial income for the first quarter of 2010 amounted to €42.6 million, owing in particular to €17.6 million in capital gains, which were mainly generated by the equity and property portfolios. However, net financial income was down compared with the first quarter of 2009, as realised capital gains in the first quarter of 2010 were €15.7 million lower than in the first quarter of 2009.

3. Exceptional charges and events

Euler Hermes did not record any exceptional charges during the first quarter of 2010.

4. Investment portfolio

With the uncertain outlook on the financial markets, Euler Hermes maintained its very cautious investment management policy. At end-March 2010, the fair value of the investment portfolio, including cash and cash equivalents, held steady at €3,463 million, compared with €3,339.1 million at year-end 2009.

Despite the quarter's sales and market movements, unrealised capital gains and revaluation reserves stood at €97 million, virtually unchanged from end-December 2009 (€102 million).

5. Net income

Euler Hermes' net income after tax and financial expenses came to €47.6 million, up by 188% compared with the first quarter of 2009.

6. Shareholders' equity

The group's shareholders' equity stood at €1,893 million at the end of the first quarter, an increase of 4.3% from €1,816 million at year-end 2009.

II. Outlook

In spite of an uncertain environment, the actions taken in 2009 should continue to deliver their full impact in 2010, enabling Euler Hermes to improve its results progressively.

The first signs of the end of the crisis have not cancelled out the effects of the unprecedented recession through which developed countries have come. A direct repercussion of this fragile recovery is that the rate of business failures is unlikely to fall significantly in 2010, after having peaked in 2009.

Euler Hermes is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,200 employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated turnover of €2.1 billion in 2009.**

Euler Hermes has developed a credit intelligence network that enables it to analyse the financial stability of 40 million businesses across the globe. The group protects worldwide business transactions totalling €700 billion.

Euler Hermes, a member of the Allianz group, is listed on Euronext Paris. The group and its principal credit insurance subsidiaries are rated AA- by Standard & Poor's.

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