



2011 Financial Results

Financial Analysts – 16th February 2012

A company of Allianz 

 **EULER HERMES**
Business insured. Success ensured.



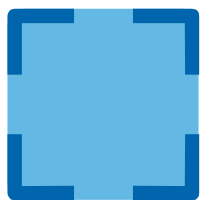
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2011 highlights

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2011 financial highlights

	12M11
▶ Top line is at a historical high	€2,275mn (+6%)
▶ 2011 net combined ratio remains at low level	70.0% (+1.3pts)
▶ Ordinary operating profit is strong	€472mn (stable)
▶ Net income is up 12% against last year...	€330mn (+12%)
▶ ... and yields an attractive dividend of €4.40 per share	dividend yield 8.7%



2011 operational highlights

- ▶ Record new production at €270mn
- ▶ Excellent retention at 89% against 85% in 2010 and 82% in 2009
- ▶ Excellence program is on track
- ▶ Legal restructuring in Europe is achieved
- ▶ Joint-venture initiative with Mapfre
- ▶ Strong push in the multinational business ⁽¹⁾
 - ▢ Multinational portfolio grew from €150mn in 2007 to €260mn in 2011, i.e. a +15% compound annual growth rate

(1) The EH World Program targets companies with more than €500mn consolidated turnover and operating at least in 2 countries

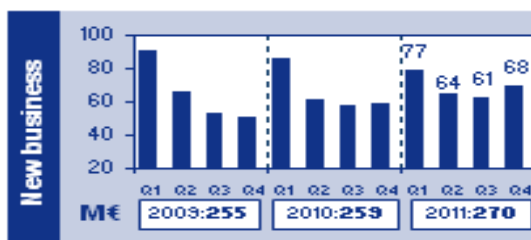


Commercial Overview

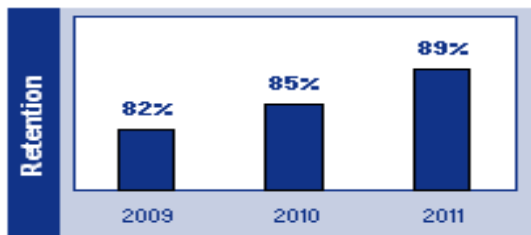
A company of **Allianz** 



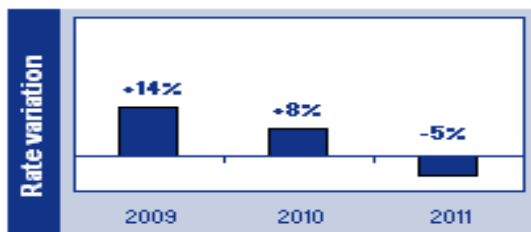
Credit insurance portfolio evolution



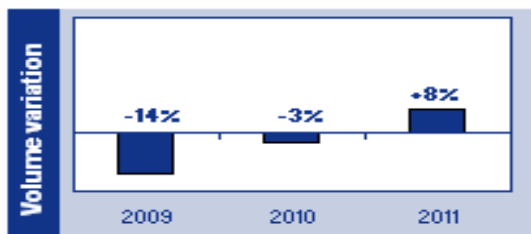
- ▶ 2011 is another record year for Euler Hermes in terms of new production and Q4 new production levels have outperformed Q4 2010 by 19%



- ▶ In line with the development of our customer centricity programs, retention significantly improved in 2011 and has enabled us to save 50 M€ premium



- ▶ Decreasing pressure on rates which stabilised around -5% for the full year 2011



- ▶ Strong insured volume increase in consistency with the evolution of World Trade (+7%)

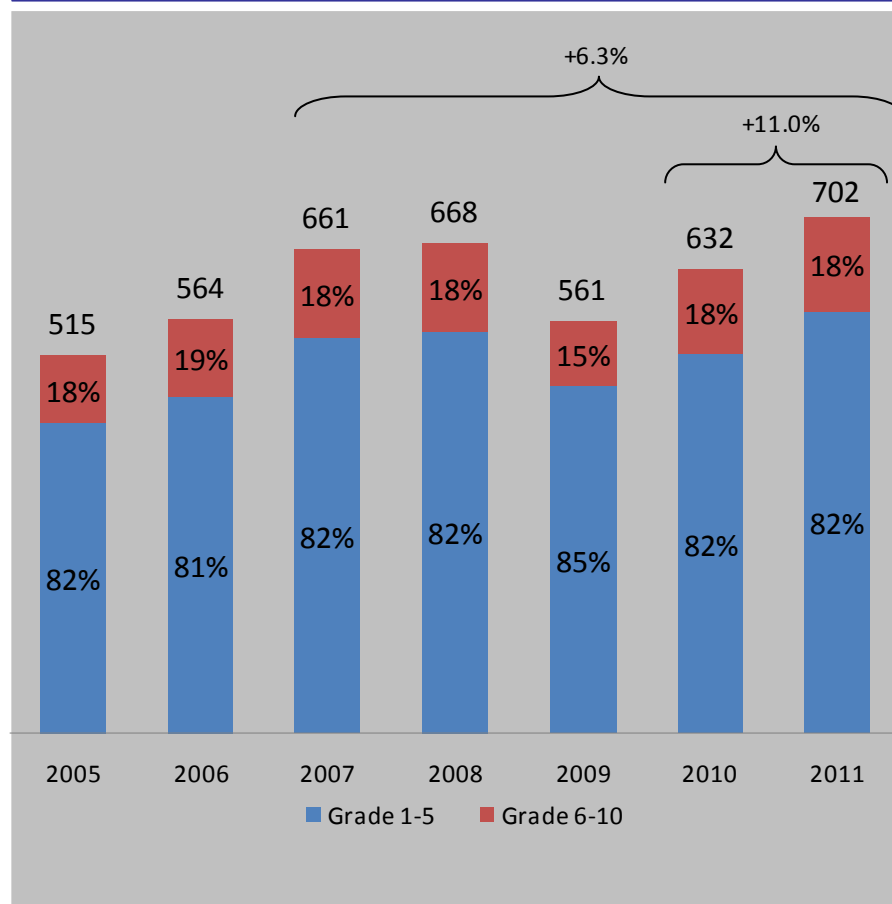


Risk Overview

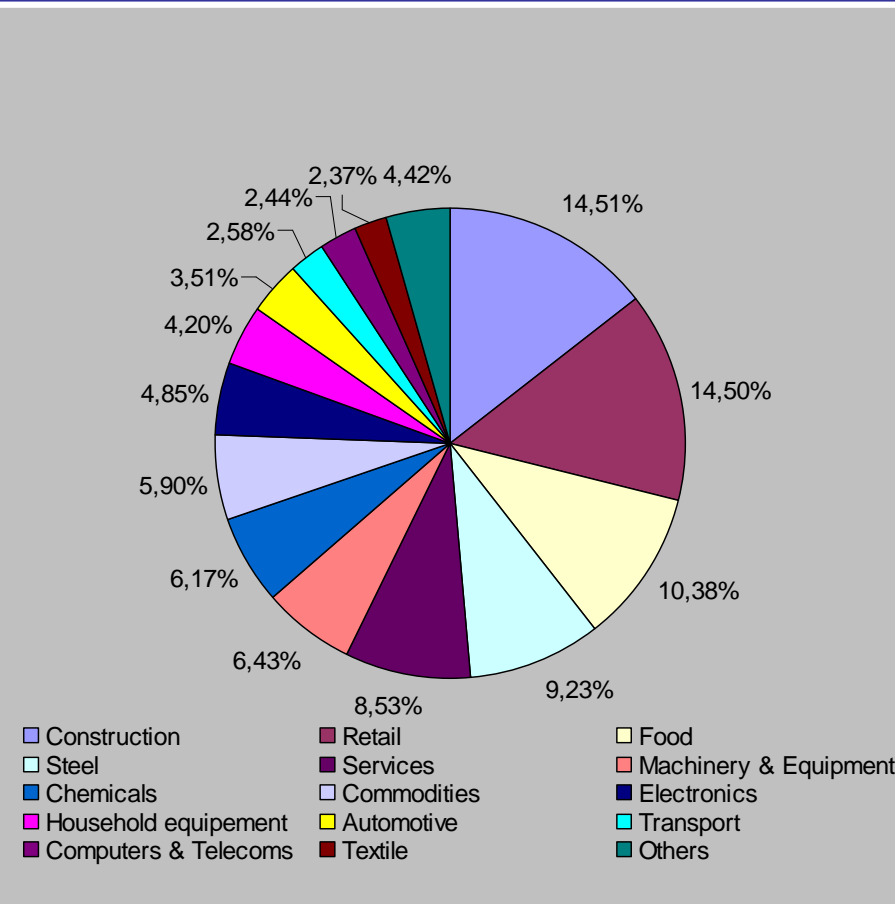


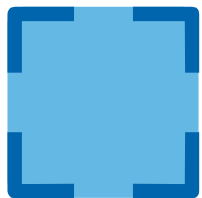
Exposure

Exposure end of period per grade (€ bn)



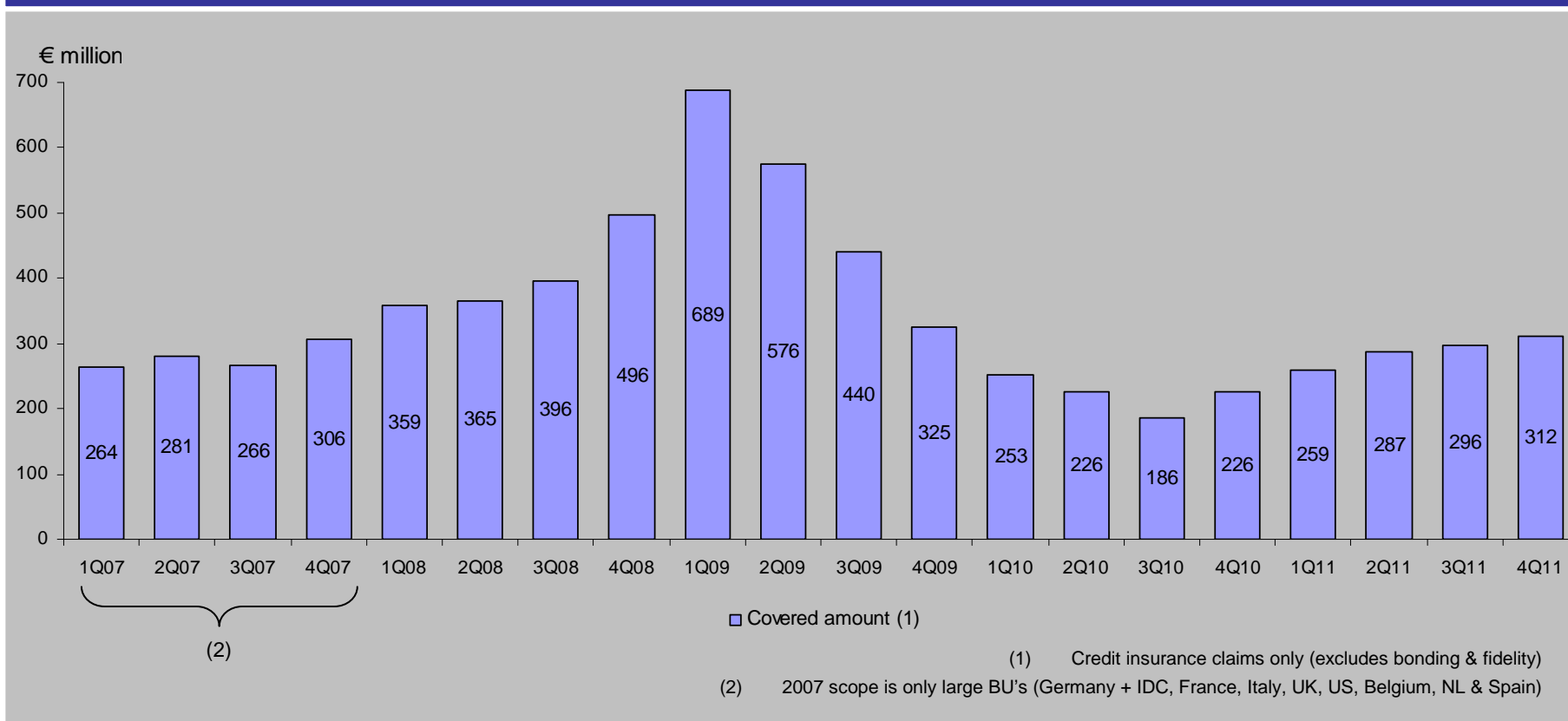
2011 exposure per sector





Claims evolution 2007-2011

Claims development 1Q07 – 4Q11





4Q 2011 Financial results

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Key figures 4Q 2011

(€ mn)	Actual 4Q 2011	Actual 4Q 2010	Variation in amount	Variation in %
Turnover	568.2	566.9	1.3	0%
Net technical result	58.2	92.8	-34.6	-37%
Net financial income (excluding financing costs)	22.6	20.5	2.1	10%
Ordinary operating income	80.8	113.3	-32.5	-29%
• Of which realized gains and losses	1.9	-3.3	5.1	157%
• Net of realized gains and losses	78.9	119.4	-40.5	-34%
Net consolidated result	54.2	38.6	15.6	40%
Euler Hermes Net combined ratio (including Service margin)	80.4%	68.2%		
• Euler Hermes Net loss ratio	54.2%	45.9%		
• Euler Hermes Net cost ratio	26.2%	22.3%		



Quarterly results overview

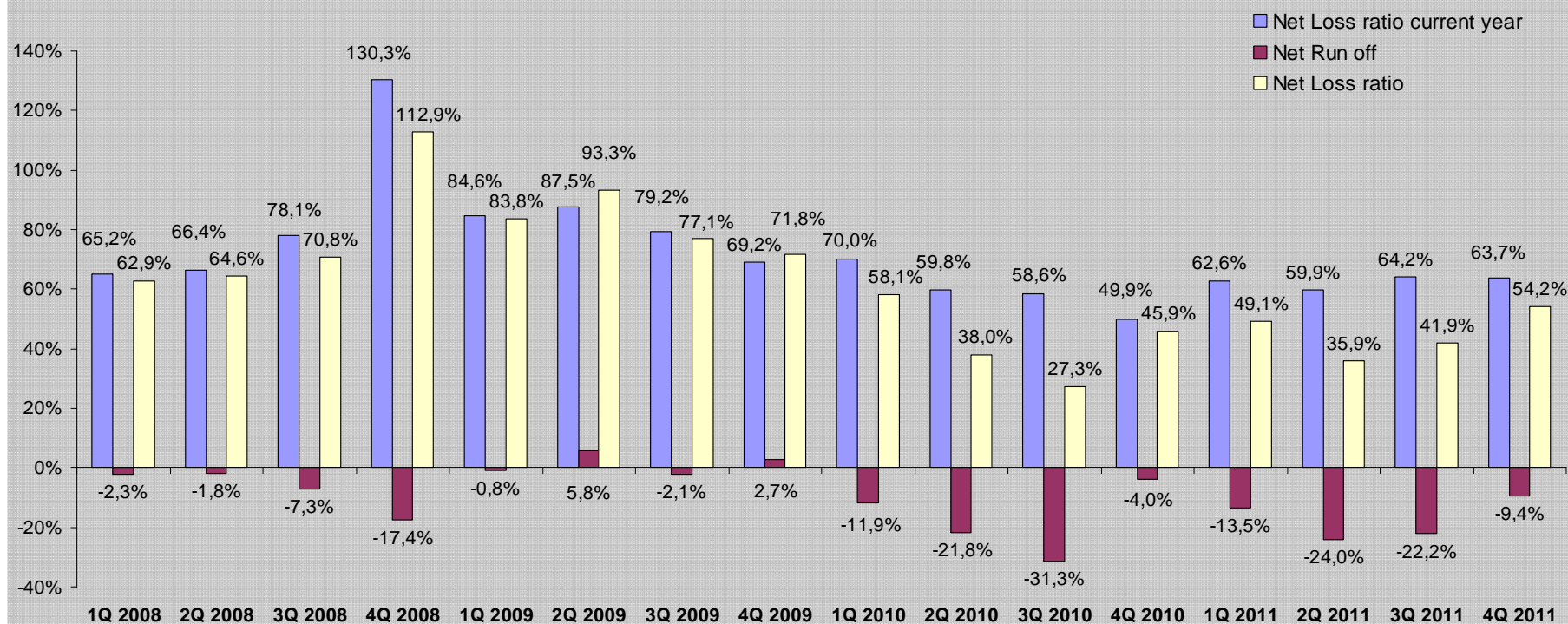
(€ mn)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Consolidated Turnover	527,2	556,4	540,4	542,5	548,6	535,9	512,7	488,6	505,5	534,0	542,2	567,0	544,2	582,4	580,1	568,2
Net Technical Result	53,1	61,1	23,3	-102,0	-11,1	-48,4	-11,6	6,3	24,5	95,8	135,6	92,8	70,5	132,4	97,6	58,2
Ordinary Operating income	74,4	127,0	46,7	-79,6	43,1	-7,6	12,4	35,8	67,1	127,0	164,5	113,3	103,4	167,6	119,9	80,8
Consolidated Net Income	38.4	83.9	30.0	-68.7	16.5	-15.8	0.2	18.1	47.6	99.8	108.4	38.6	75.3	117.2	83.5	54.2



Net loss ratio

Quarter by quarter evolution

Quarterly Net Loss Ratio and Run-off





Key figures 4Q 2011

Net income increases by +40%

(€ mn)	Actual 4Q 2011	Actual 4Q 2010	Variation in amount	Variation in %
Technical result	58.2	92.8	-34.6	-37%
Financial income net of expenses	22.6	20.5	2.1	10%
Ordinary Operating Income	80.8	113.3	-32.5	-29%
Other non ordinary operating income and expense	3.1	-72.0	75.1	NA
Financing expenses	-4.0	-4.6	0.6	14%
Equity method	4.1	4.0	0.1	4%
Corporation tax	-28.8	-1.2	-27.7	-2371%
Minority interest	-0.9	-0.8	-0.1	-17%
Consolidated net income	54.2	38.6	15.6	40%
Tax rate	34.3%	2.9%		



12M 2011 Financial results

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Key figures 12M 2011

Net income increases by +12%

(€ mn)	Actual 12M 2011	Actual 12M 2010	Variation in amount	Variation in %
Turnover	2,274.9	2,147.7	127.2	6%
Technical result	358.7	348.6	10.1	3%
Net financial income (excluding financing costs)	113.1	123.2	-10.2	-8%
Ordinary operating income	471.7	471.9	-0.1	0%
• Of which realized gains and losses	20.0	25.7	-5.6	-22%
• Net of realized gains and losses	451.7	446.2	5.5	1%
Net consolidated result	330.3	294.5	35.8	12%
Euler Hermes Net combined ratio (including Service margin)	70.0%	68.7%		
• Euler Hermes Net loss ratio	45.1%	42.1%		
• Euler Hermes Net cost ratio	24.8%	26.5%		



Turnover

Region contribution before inter-region eliminations

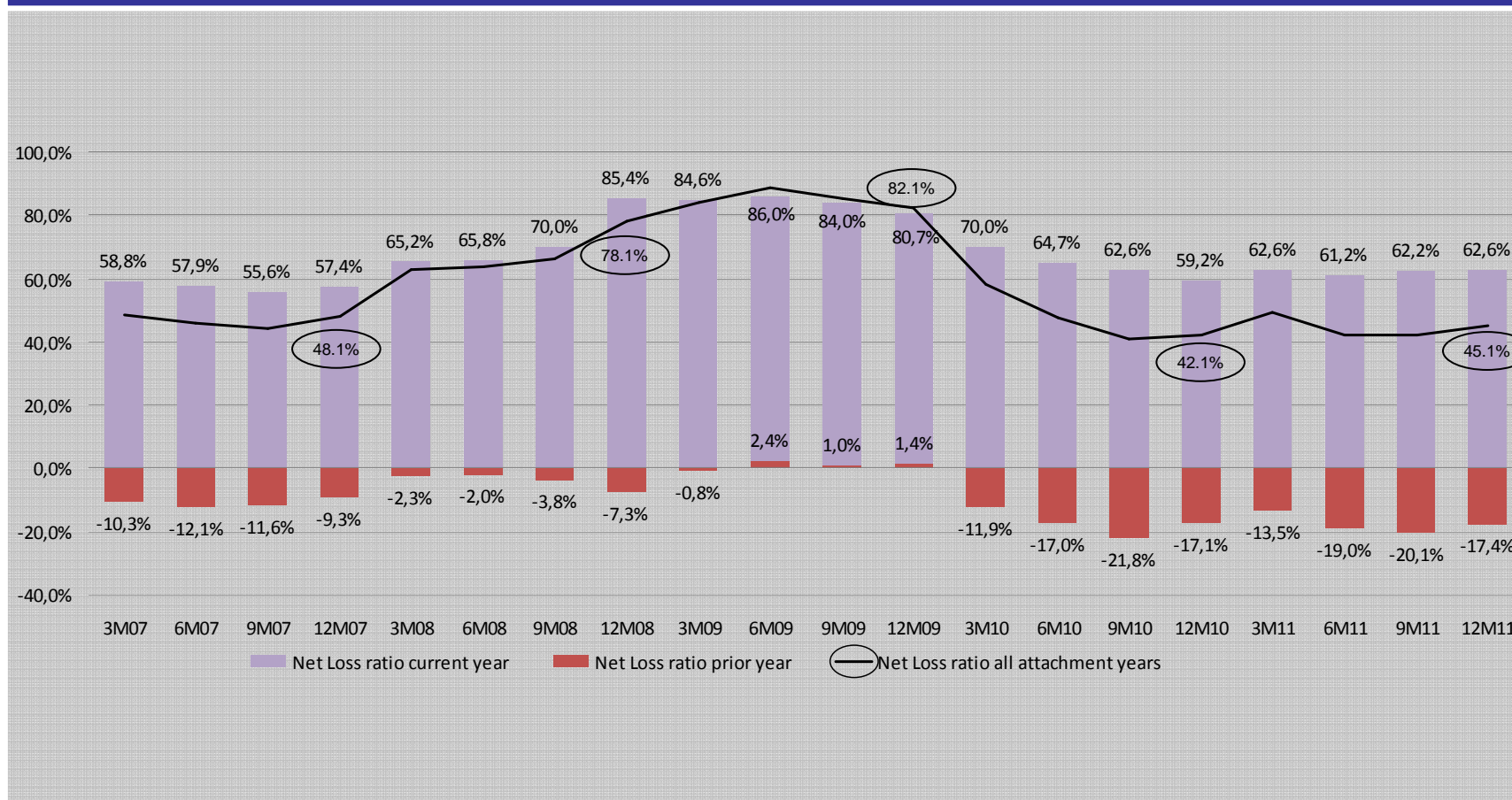
(€ mn)	Actual 12M 2011	Actual ⁽¹⁾ 12M 2010	Variation in amount	Variation in %	Actual 12M 2010	Variation in amount	Variation in %
DACH	773.2	774.5	-1.3	0%	791.6	-18.4	-2%
France	416.5	387.4	29.1	8%	390.3	26.2	7%
Northern Europe	497.4	478.8	18.6	4%	471.7	25.7	5%
Med. Countries & Africa	285.2	224.9	60.3	27%	222.0	63.2	28%
Americas	223.8	215.1	8.7	4%	215.1	8.7	4%
Asia & Pacific	70.2	70.2	0.0	0%	60.2	10.0	17%
Others (incl. EH Re & inter region elim.)	76.4	66.5	9.9	15%	66.5	9.9	15%
Total Turnover	2,274.9	2,147.7	127.2	6%	2,147.7	127.2	6%

(1) Pro forma, same perimeter as in 2011



Stable net loss ratio over 2011

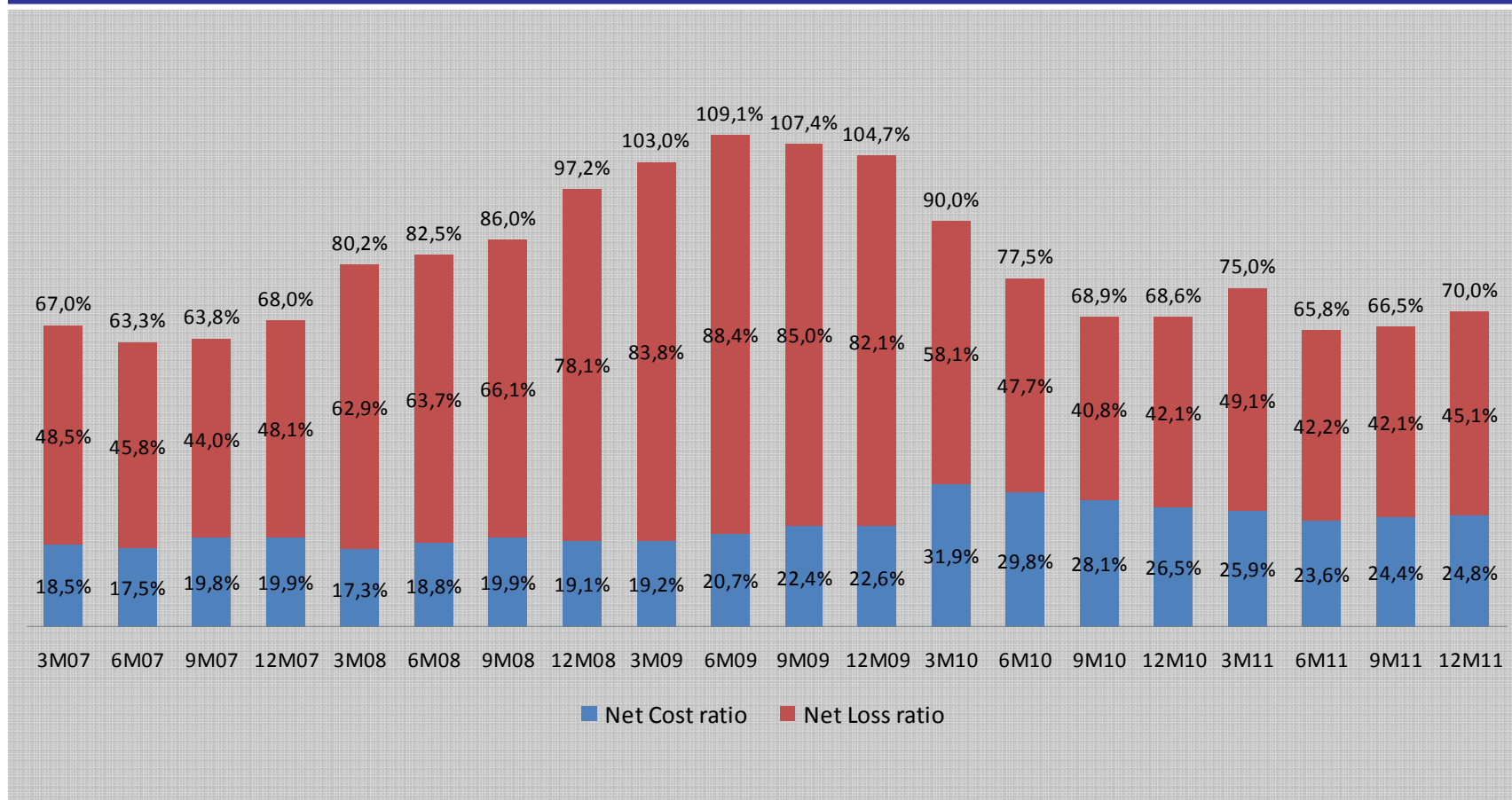
YTD Net Loss Ratio and Run-off





YTD Net Combined Ratio evolution

YTD Net Combined Ratio





12M 2011 Net Technical Results drivers

Net technical result drivers (€ mn)





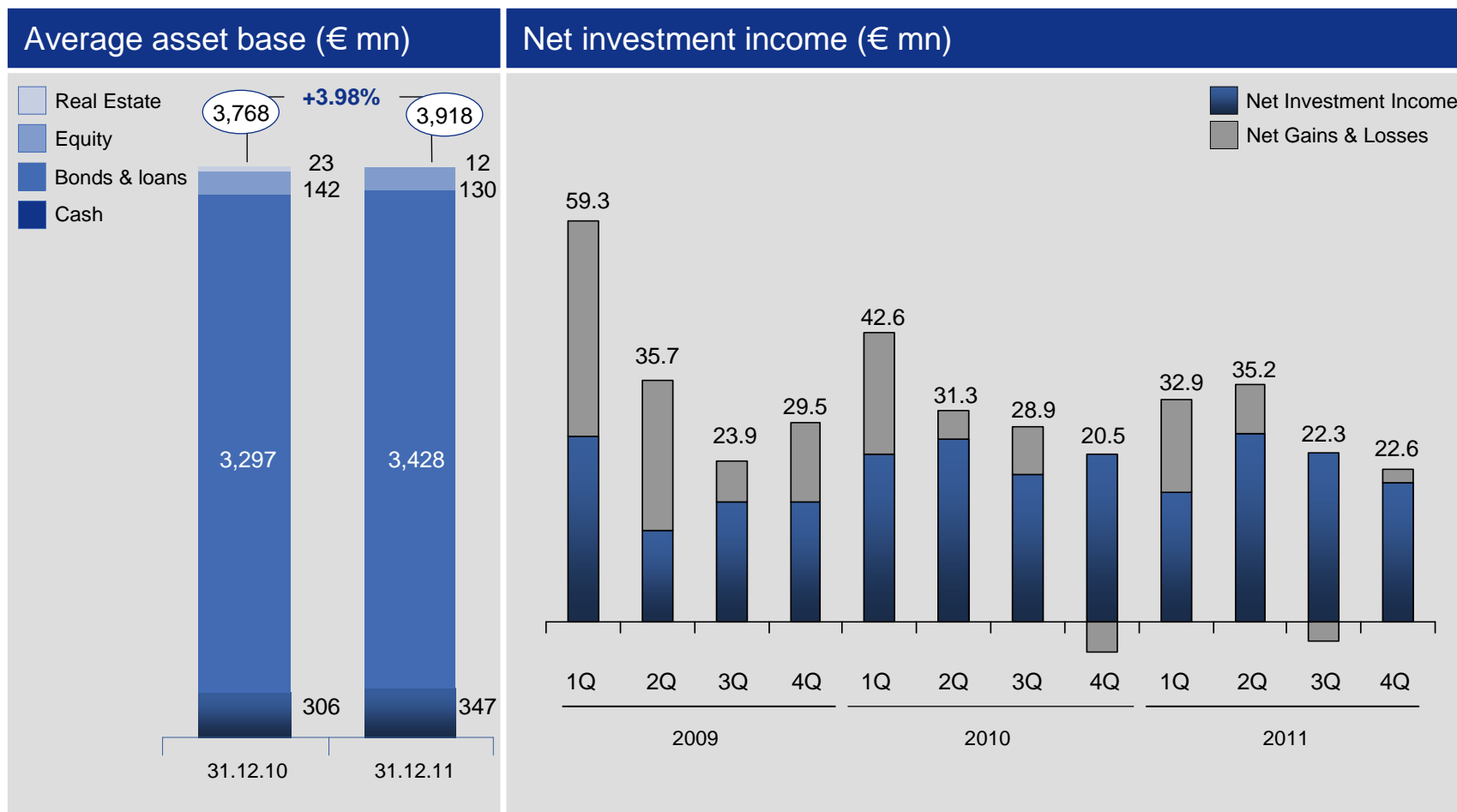
12M 2011 Net Financial income evolution

(w/o revenues from investments in associates)

(€ mn)	Actual YTD 12M 2011	Actual YTD 12M 2010	Variation in amount	Variation in %
Income from investment property	1.2	1.7	-0.5	-30%
Income from securities	71.9	67.8	4.1	6%
Other financial income	28.0	23.9	4.1	17%
Investments income	101.1	93.4	7.7	8%
Investment expenses	-10.5	-8.8	-1.7	-20%
Net Foreign Exchange result	2.5	13.0	-10.5	-81%
Net gains and losses on sales of investments less impairment and amortization	20.0	25.7	-5.6	-22%
Net financial income (excluding financing expense)	113.1	123.2	-10.2	-8%



Stable net investment income





Consolidated net income

+8% increase over 2011

(€ mn)	Actual 12M 2011	Actual 12M 2010	Variation in amount	Variation in %
Technical result	358.7	348.6	10.1	3%
Financial income net of expenses	113.1	123.2	-10.2	-8%
Ordinary Operating Income	471.7	471.9	-0.1	0%
Other non ordinary operating income and expense	-8.0	-82.9	74.9	90%
Financing expenses	-17.1	-13.6	-3.5	-26%
Equity method	17.0	15.8	1.2	8%
Corporation tax	-130.2	-93.4	-36.8	-39%
Minority interest	-3.2	-3.3	0.1	3%
Consolidated net income	330.3	294.5	35.8	12%
Tax rate	28.1%	23.9%		



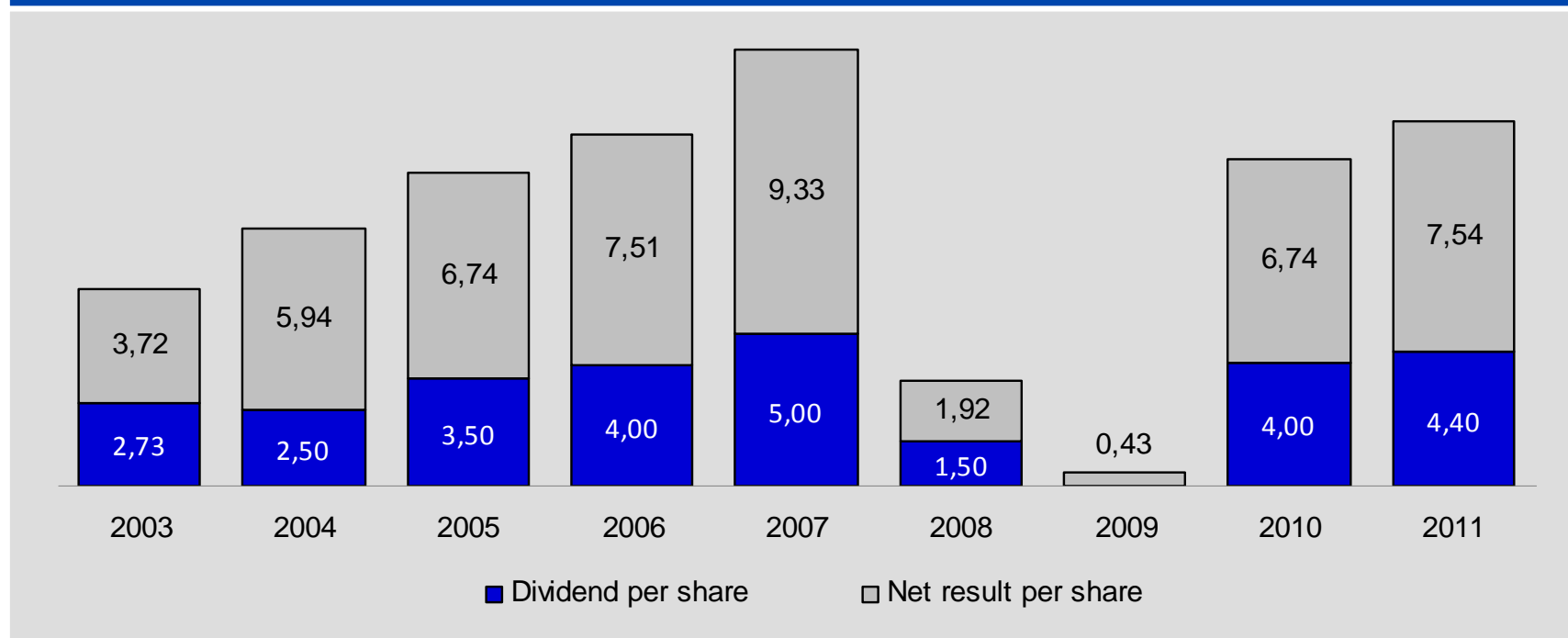
Dividend, Return on equity & Solvency margin



Dividend per share

+10% increase in 2011

Result and Dividend per share (€)



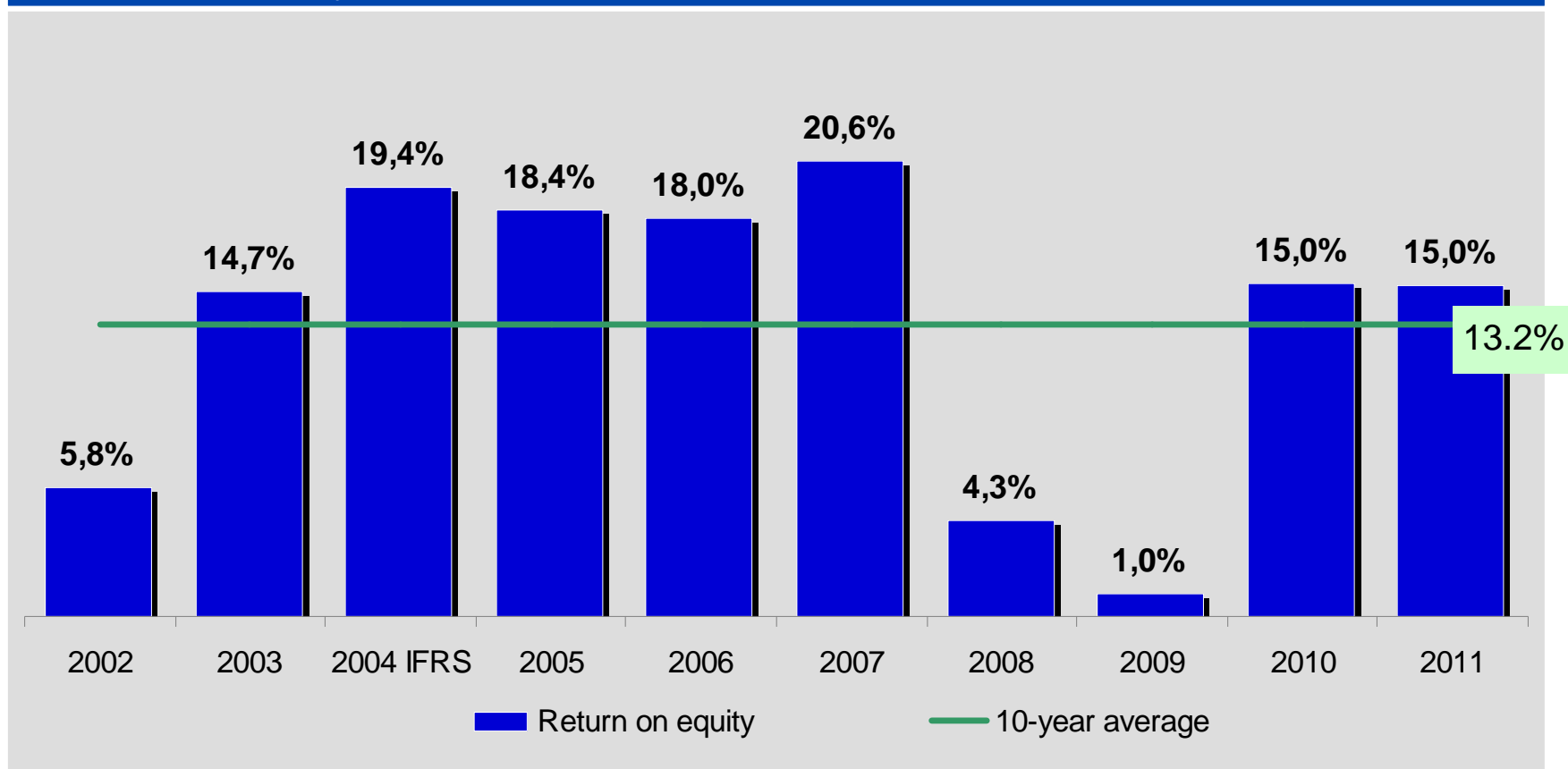
Average Payout Ratio of 52% over the 2003-2011 period

2003	2004	2005	2006	2007	2008	2009	2010	2011
73%	43%	53%	53%	54%	78%	0%	59%	60%



Shareholder return on equity

Return On Equity (ROE)





Dividend yield

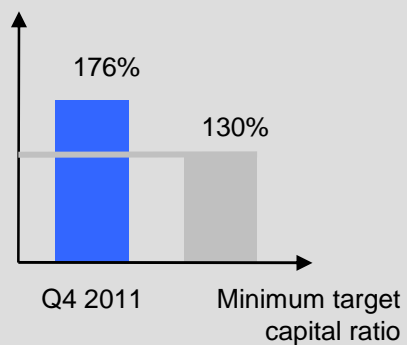
Dividend yield over the past 10 years





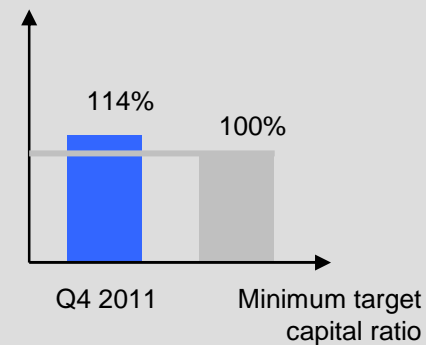
2011 capital base

Economic capital*



* Computed with the internal model developed with Az
Value at 99,93% (rating A)

S&P**



** Computed according to the methodology
developed by S&P
Value corresponding to a rating A

EHs actual capital base allows:

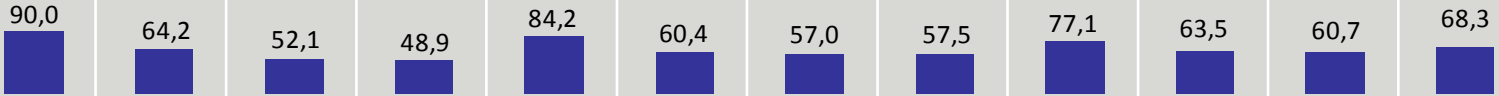

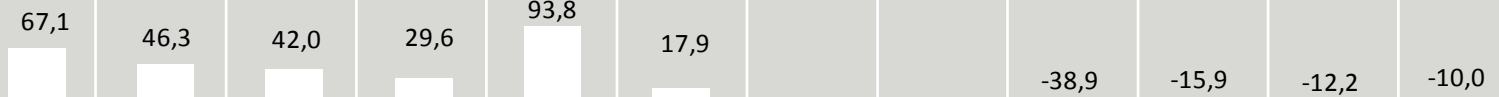
- an attractive dividend policy to shareholder (pay-out ratio of 60%)
- to dispose of accurate RC excess to support commercial development



Appendices



Credit insurance portfolio evolution

(€ mn)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
New Business	90,0 	64,2	52,1	48,9	84,2	60,4	57,0	57,5	77,1	63,5	60,7	68,3
	Total : 255				Total : 259				Total : 270			
Lost Premiums	-84,9 	-66,4	-69,2	-65,9	-97,7	-54,5	-40,6	-35,7	-79,8	-34,9	-33,2	-31,3
	Retention rate 82%				Retention rate 85%				Retention rate 89% on renewed portfolio			
Rate Variation	67,1 	46,3	42,0	29,6	93,8	17,9	-1,5	-2,1	-38,9	-15,9	-12,2	-10,0
	Increase +13%				Increase +8%				Decrease -5% on renewed portfolio			
Organic Variation	72.1	44.1	24.9	12.6	80.3	23.8	14.9	19.7	-41.6	12.7	15.3	27.0



Credit insurance portfolio evolution

(€ mn)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Organic Variation	72,1 	44,1 	24,9 	12,6 	80,3 	23,8 	14,9 	19,7 	-41,6 	12,7 	15,3 	27,0
Volume Variation	-20,6 	-35,5 	-44,6 	-69,2 	-50,4 	-8,8 	7,0 	9,2 	29,6 	34,0 	26,9 	21,9
	← Decrease -14%				← Decrease -3%				← Increase +8% on renewed portfolio			
Other Variations ¹	1,9 	11,7 	-12,0 	4,2 	11,8 	34,9 	-18,3 	-10,4 	-21,5 	-8,5 	4,2 	16,3
Total Variation	53.5	20.3	-31.8	-52.5	41.7	49.9	3.6	18.5	-33.5	38.2	46.5	65.1

1. [mostly currency change impact]



Balance sheet

Assets (€ mn)	12.2011	12.2010	Liabilities (€ mn)	12.2011	12.2010
Intangible & tangible assets	328.4	324.5	Shareholders' equity	2,295.9	2,148.4
Financial investment	3,567.8	3,453.2	Provisions for risks and charges	259.7	230.2
Investments accounted for by the equity method	105.2	98.1	Borrowings	393.4	504.3
Technical reserves – reinsurance part	546.0	500.4	Technical reserves	1,899.3	1,781.4
Other assets	923.4	976.8	Other liabilities	969.9	994.9
Cash	347.3	306.2			
Total assets	5,818.1	5,659.2	Total liabilities	5,818.1	5,659.2

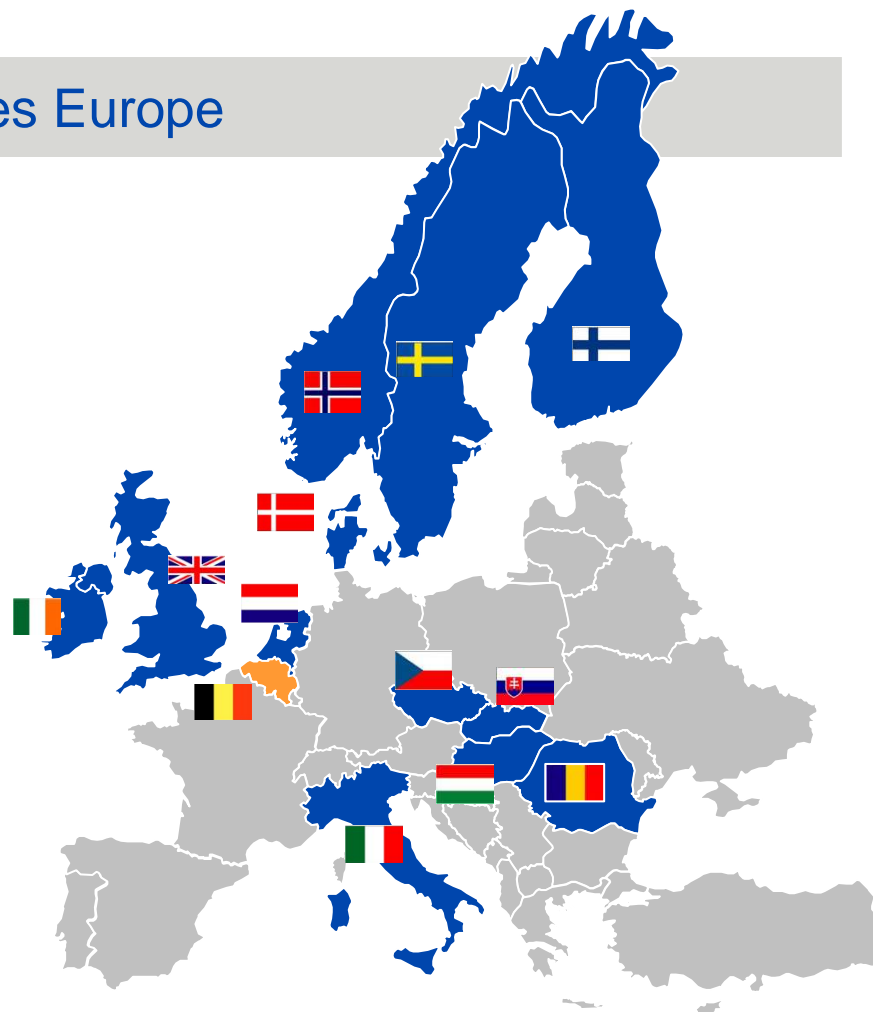


2011 operational highlights

► Legal restructuring – Euler Hermes Europe

Over 2011, Euler Hermes initiated the legal restructuring project “Blue Europe” with the aim of creating a single risk carrier for northern and southern European entities besides the risk carriers in Germany and France

On December 31st, 2011, Euler Hermes has merged in its Belgium entity, renamed “Euler Hermes Europe”, thirteen separate insurance companies or branches. The new single legal structure is based in Belgium with local branches in the Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland





2011 operational highlights

▶ Joint-venture with Mapfre

□ In 2011, Euler Hermes signed a memorandum of understanding with **Spanish insurer Mapfre** to build a strategic alliance

□ This joint venture will help Euler Hermes to grow in **Iberian and Latin American markets**

□ **Mapfre** will play its role as a strong distribution and sales partner and **Euler Hermes** will bring its expertise in credit risk underwriting, its systems, rules and standards





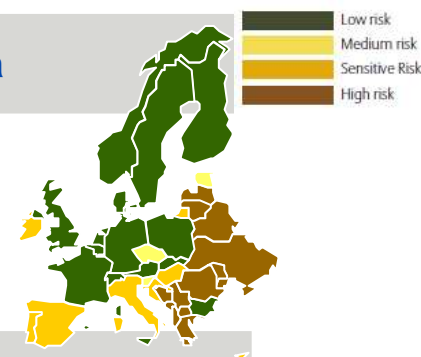
Economic outlook

▶ World recovery has decelerated in 2011, leading to a sluggish perspective for 2012

- ▣ World economic growth slowed sharply in 2011 (+2.9% after +4.2% in 2010) & world trade growth has for its part halved (+6.7% in 2011, after +13.5% in 2010)
- ▣ 2009 recession aftermath, 2011 shocks (Earthquake in Japan, Arab spring), as well as deep cuts in stimulus measures have impacted both developed and emerging economies
- ▣ 1H 2012 is expected to be particularly dull, but 2H 2012 is expected to improve as the measures to support the euro should become effective, with an overall 2.6% annual growth...
- ▣ ... despite contrasted situations: Emerging countries will still be the main contributors (though exposed to monetary tightening & fall of commodity prices risks), the US (driven by consumption) and Japan (supported by post-disaster recovery efforts) should come close to a 2% growth, and the Eurozone should have a flat growth between 0% and 0.5% but should avoid recession or currency zone split

▶ Eurozone fears contraction (or nil growth) but confirms to be a two-tier area

- ▣ Several countries should face contraction, ranging from slower growth (Germany, with a 0.8% annual growth), to actual recession (Greece -2.7%, Portugal -1.9% and Italy -1.2%)...
- ▣ Although sovereign debt crisis should ease at the end of 2012 ...
- ▣ ... disparities are likely to widen in terms of growth, risks and insolvencies



▶ Worse scenarios are plausible but less likely at present, the main significant risks being:

- ▣ (i) Eurozone deeper in difficulty
- ▣ (ii) fragility of the banking system, heavily exposed to European bonds
- ▣ (iii) a speculative attack on US debt
- ▣ (iv) a wait-and-see stance of some major economies in the run-up to elections
- ▣ (v) an overheating in some emerging economies
- ▣ (vi) a collapse in China's real estate bubble.

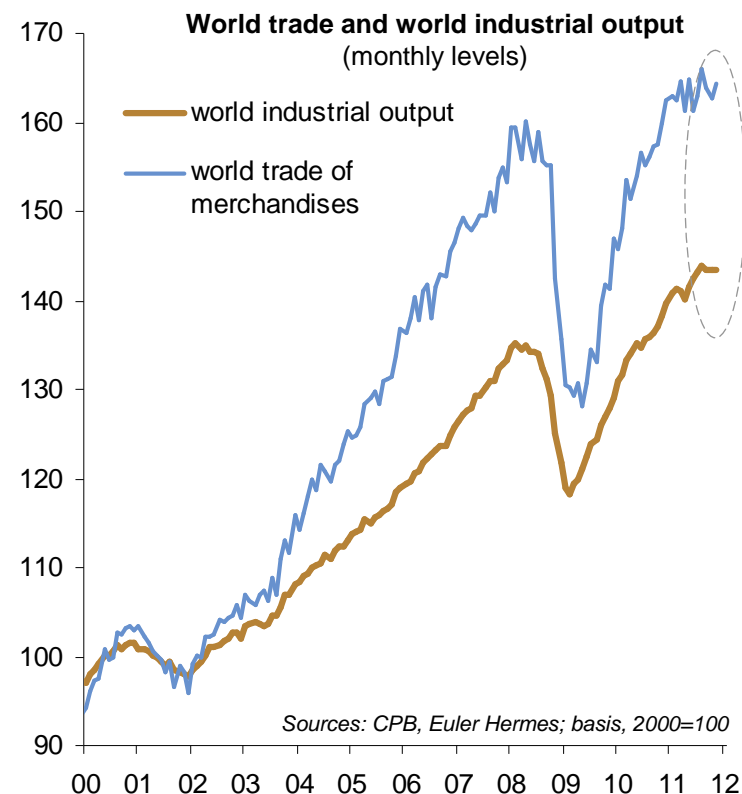


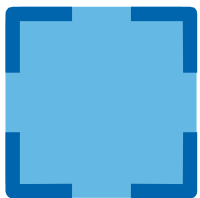
Activity figures at the end of 2011 either levelling off or falling

Summary of forecasts

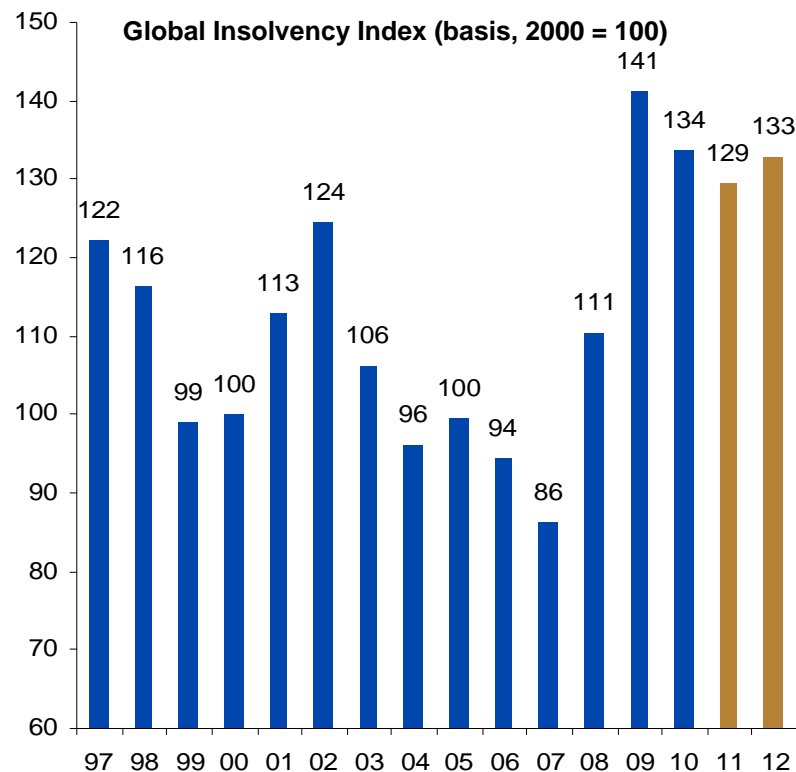
	Weights (%)	2010	2011	2012	2013
World	100,0	4,2%	2,9%	2,6%	3,0%
OECD	64,3	2,7%	1,4%	1,2%	1,6%
USA	24,3	3,0%	1,7%	1,8%	1,9%
Canada	2,6	3,2%	2,4%	2,0%	2,3%
Japan	9,1	4,1%	-0,3%	1,8%	1,3%
Australia	2,1	2,7%	1,9%	2,7%	2,9%
EMU	20,2	1,8%	1,5%	0,0%	1,2%
Germany	5,5	3,6%	3,0%	0,8%	1,6%
France	4,2	1,4%	1,6%	0,4%	1,1%
Italy	3,4	1,4%	0,4%	-1,2%	0,3%
Spain	2,3	-0,1%	0,7%	0,2%	1,1%
UK	3,7	1,8%	0,8%	0,6%	1,2%
Sweden	0,8	5,3%	4,6%	1,1%	2,0%
Denmark	0,5	1,3%	0,9%	0,3%	1,3%
Switzerland	0,9	2,7%	1,8%	0,5%	1,3%
non OECD	35,7	7,1%	5,8%	5,1%	5,5%
Central and Eastern Europe	6,7	4,3%	4,3%	3,1%	3,5%
Russia	2,5	4,0%	4,0%	3,7%	4,0%
Asia (excluding Japan)	18,8	9,0%	7,3%	6,6%	7,0%
China	9,7	10,3%	9,2%	8,1%	8,5%
India	2,5	8,5%	7,5%	7,5%	8,0%
Latin America	7,8	6,2%	4,0%	3,2%	3,6%
Brazil	3,5	7,5%	3,0%	3,0%	3,6%
Middle East and Africa	2,4	4,3%	3,2%	4,4%	5,0%
World trade		13,6%	7%	5%	6%

Activity figures at the end of 2011 either levelling off or falling





Global insolvency index is expected to increase



Source: Euler Hermes

□ The number of insolvencies should rise by +3% in 2012 (after -3% in 2011)

□ Mainly driven by a deterioration in the outlook in Europe (+12%), and most notably in Southern Europe (+20%)



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
1Q12 Earnings (webcast)	May 16 th , 2012
AGM (meeting)	May 25 th , 2012
2Q12 Earnings (webcast)	July 26 th , 2012
3Q12 Earnings (webcast)	Nov. 6 th , 2012

Stock Market Data	As at 30 Dec. 11
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,159,477
Market cap. (€ mn)	2,066

Investors Relations Contact

Clarisse Kopff
+33 (0)1 40 70 51 38
clarisse.kopff@eulerhermes.com

Shareholding Structure (30 Dec. 11)

