



2012 Financial results

Financial analysts meeting

February 13th, 2013



A company of **Allianz** 



EULER HERMES

Our knowledge serving your success

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- 1. 2012 highlights**
- 2. Commercial performance**
- 3. Risk overview**
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2012 financial highlights

	12M 2012	12M 2012 vs 12M 2011
▶ Top line growth is solid, particularly in non mature markets	2 397.9 M€	+5% ⁽¹⁾
▶ Net combined ratio is satisfactory	75.2%	+5.2 pts
▶ Hence, operating income remains strong...	424.7 M€	-8%
▶ ... and so does the net income	300.2 M€	-9%
▶ ... which yields an attractive dividend of €4 per share	Dividend yield 6.2% ⁽²⁾	-2.8 pts

(1) +3% at constant FX rate

(2) Estimation based on a stock price of 65 euros

2012 operational highlights

- ✓ **+33% premiums outside Europe**
- ✓ **JV with Mapfre** signed in May; Solunion brand announced in November; Launch in January 2013
- ✓ **Insurance licence obtained in Russia**
- ✓ **Launch of Excess of Loss product** in September
- ✓ **HSBC partnership** signed for UK, Hong Kong & Brazil
- ✓ **Blue Europe I** ⁽¹⁾ operational since January
- ✓ **Real estate rationalization** in Paris and Brussels
- ✓ Significant improvement of **AES results** in a context of rapid transformation of the company

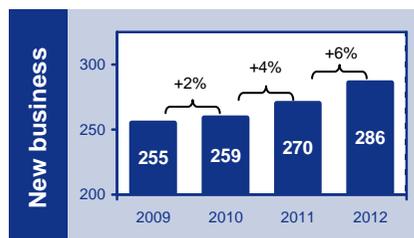
(1) Legal restructuring : Merger of 13 legal entities into 1



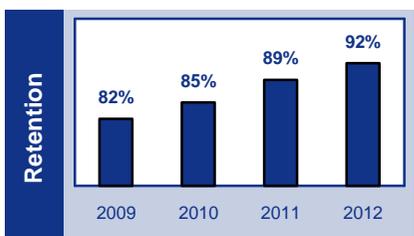
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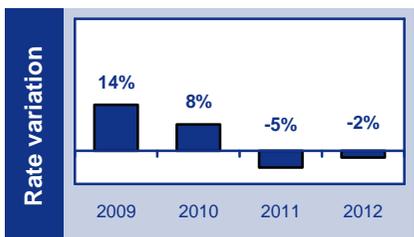
Commercial performance



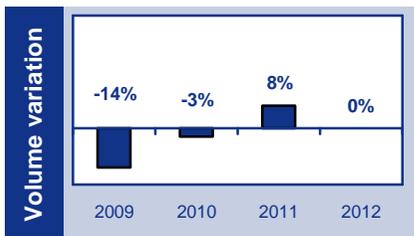
At 286 M€, new production is ahead of last year which was already a record year (270 M€). Growth has been supported by our new markets strategy and by the cross-selling with Allianz.



Retention is increasing for the fourth consecutive year. At 92%, it is breaking a previous record set in 2005 (91%).



Overall rate variation across Region is reflecting EH willingness to maintain risk / price adequacy: increases in the Mediterranean region and decreases in fast growing markets.



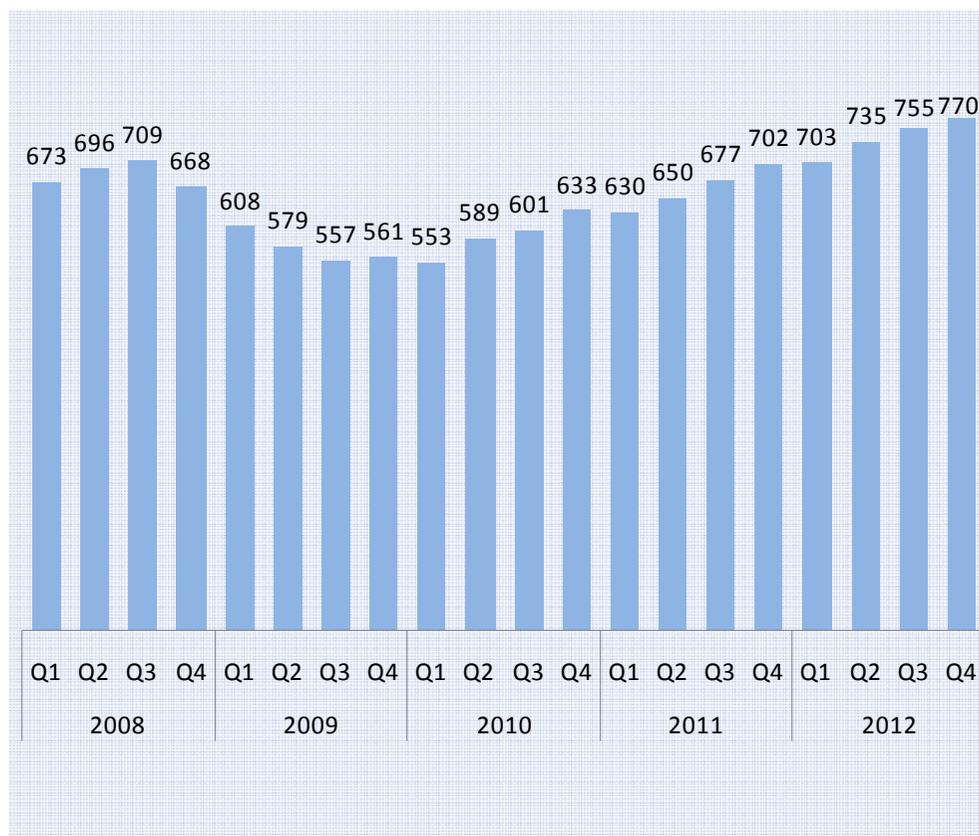
Lower volume variation reflects the slowdown of the European economies

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Exposure per grade

In billion euros

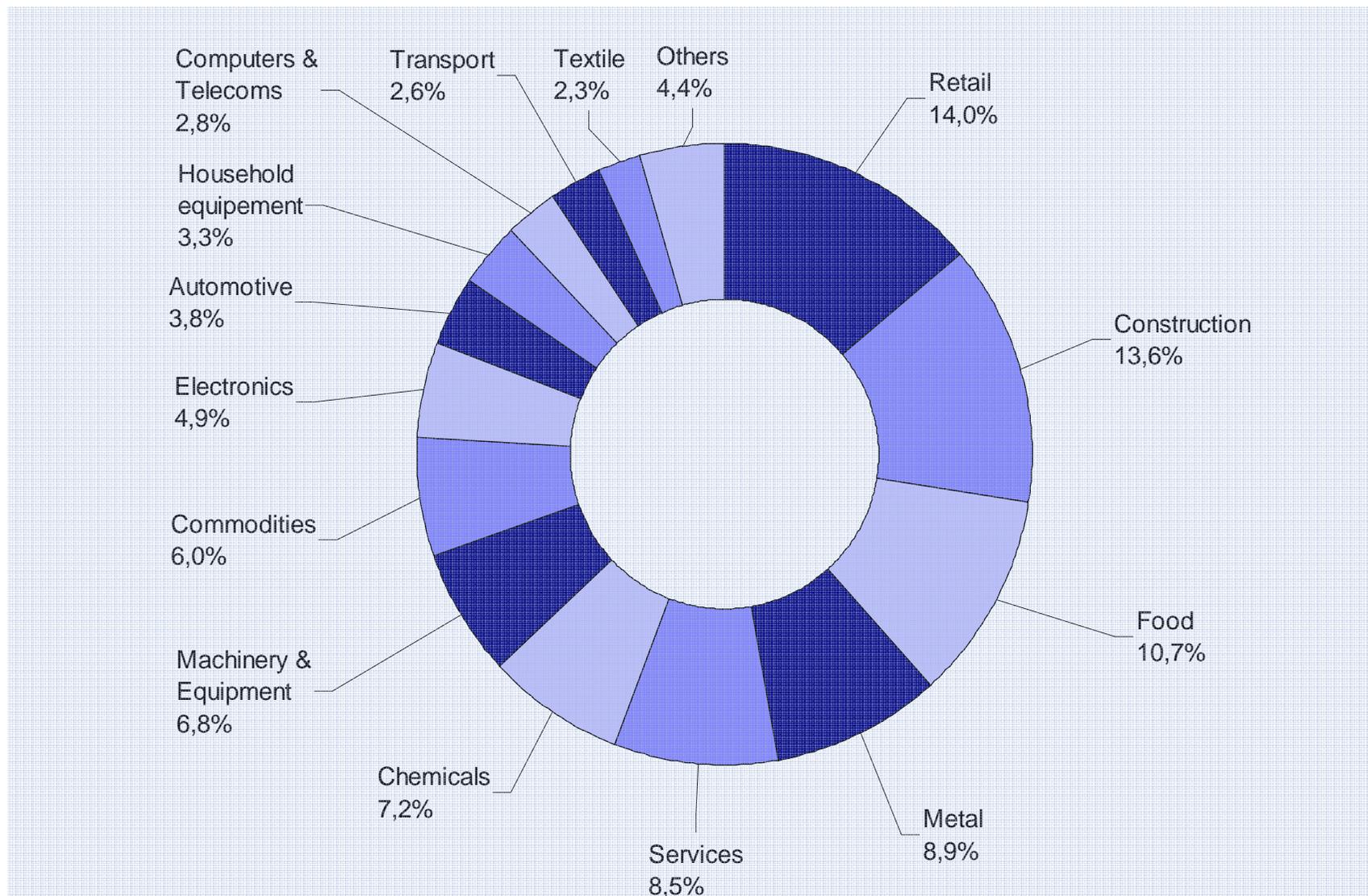


In billion euros

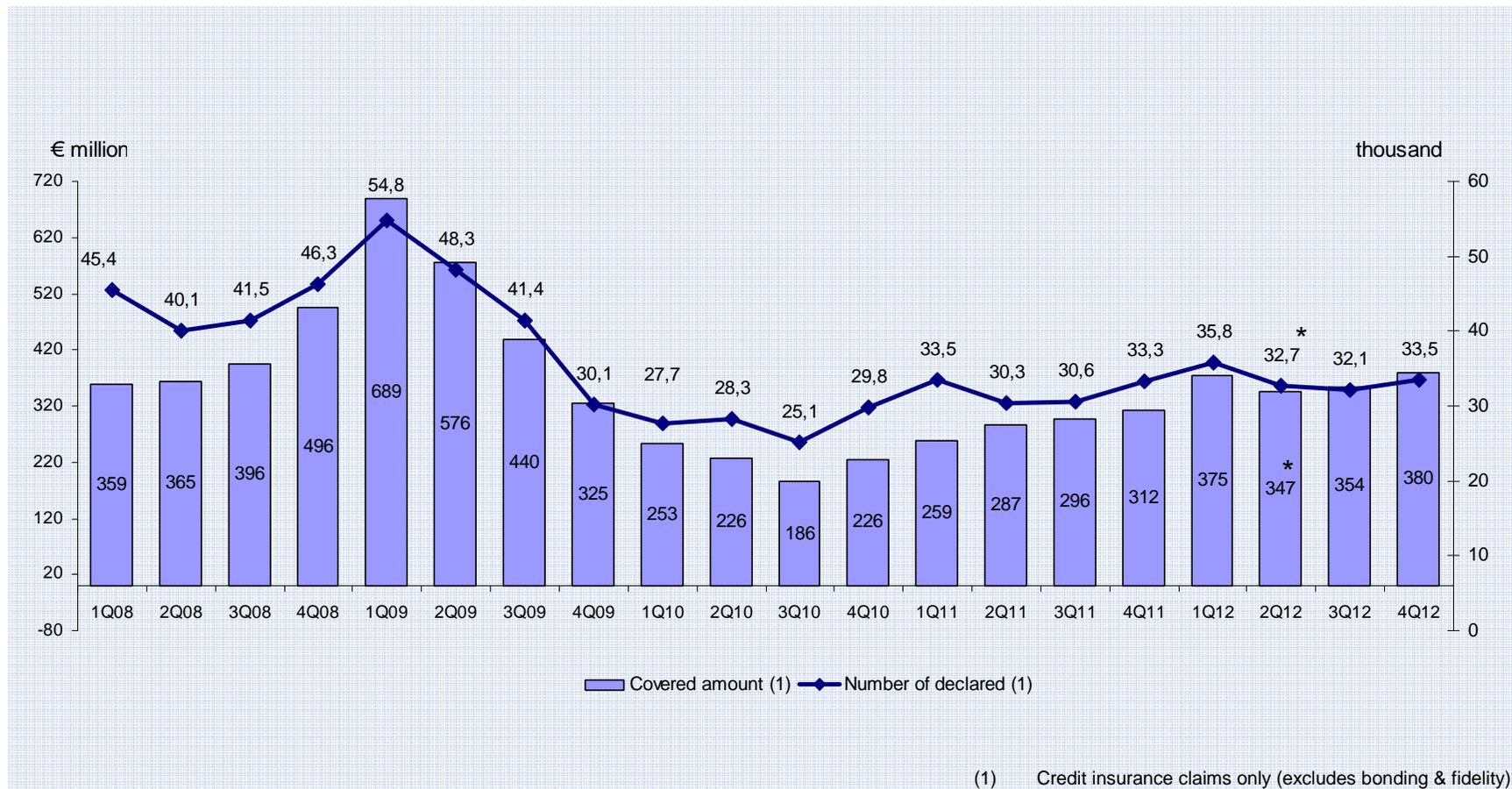


Exposure increased by 10% between 2011 & 2012, essentially on good grades (1-5)

Exposure per trade sector as of 12.31.2012 – Credit insurance



Claims development*



- Stable number of claims
- Slight increase in terms of severity of claims but covered amounts remain under control

* Excluding Schlecker claim

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Key figures Q4 2012

(€ mn)	Actual Q4 2012	Actual Q4 2011	Variation in amount	Variation in %
Turnover	605.0	568.2	36.8	6%
Net technical result	56.8	58.2	-1.3	-2%
Net financial income (excluding financing costs)	23.3	22.6	0.7	3%
Operating income	70.9	83.9	-12.9	-15%
• Of which realised gains and losses	4.5	1.9	2.6	
• Of which non ordinary operating income & expense	-9.2	3.1	-12.3	NA
Net consolidated result	52.4	54.2	-1.8	-3%
Euler Hermes Net combined ratio (including Service margin)	82.6%	80.4%		
• Euler Hermes Net loss ratio	57.9%	54.2%		
• Euler Hermes Net cost ratio	24.7%	26.2%		

Turnover evolution

Quarterly figures

(€million)	2008				2009				2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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	589,9	600,0	603,1	605,0
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	81,0	91,6	94,8	56,8
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	105,3	134,9	112,9	80,2
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	66.4	95.0	86.4	52.4

Key financials

(€ mn)	Actual Q4 2012	Actual Q4 2011	Variation in amount	Variation in %
Operating income	70.9	83.9	-13.0	-15%
Financing expenses	-3.6	-4.0	0.4	-11%
Income from non-consolidated companies	3.9	4.1	-0.2	-6%
Profit before tax	71.2	84.0	-12.8	-15%
Corporation tax	-17.8	-28.8	11.0	-38%
Minority interest	-1.0	-0.9	-0.1	+13%
Consolidated net income	52.4	54.2	-1.8	-3%
Tax rate	24.9%	34.3%		

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Key figures

(€ mn)	Actual 12M 2012	Actual 12M 2011	Variation in amount	Variation in %
Turnover	2,397.9	2,274.9	123.0	+5%
Net technical result	324.2	358.7	-34.5	-10%
Net financial income (excluding financing costs)	109.0	113.1	-4.0	-4%
Operating income	424.7	463.7	-39.1	-8%
• Of which realised gains and losses	22.9	20.0	2.9	+14%
• Of which non ordinary income & expense	-8.6	-8.0	-0.6	-7%
Net consolidated result	300.2	330.3	-30.1	-9%
Euler Hermes Net combined ratio (including Service margin)	75.2%	70.0%		
• Euler Hermes Net loss ratio	51.7%	45.1%		
• Euler Hermes Net cost ratio	23.4%	24.8%		

Premiums evolution

By region

(€ mn)	Actual 12M 2012	Actual ⁽²⁾ 12M 2011	Variation in amount	Variation in %	Actual ⁽³⁾ 12M 2011	Variation in amount	Variation in %
DACH	602.3	603.0	-0.7	-0.1%	603.0	-0.7	-0%
France	340.1	341.9	-1.8	-1%	341.9	-1.8	-1%
Northern Europe	449.9	429.3	20.6	5%	443.6	6.3	1%
Med. Countries & Africa ⁽¹⁾	258.0	240.2	17.8	7%	241.2	16.8	7%
Americas	229.5	192.6	36.8	19%	207.6	21.9	11%
Asia & Pacific	63.8	43.7	20.1	46%	47.7	16.1	34%
Others (incl. EH Re & inter region elim.)	51.5	45.4	6.1	13%	45.4	6.1	13%
Total Gross Earned Premiums	1,995.1	1,896.1	98.9	5%	1,930.4	64.7	3%

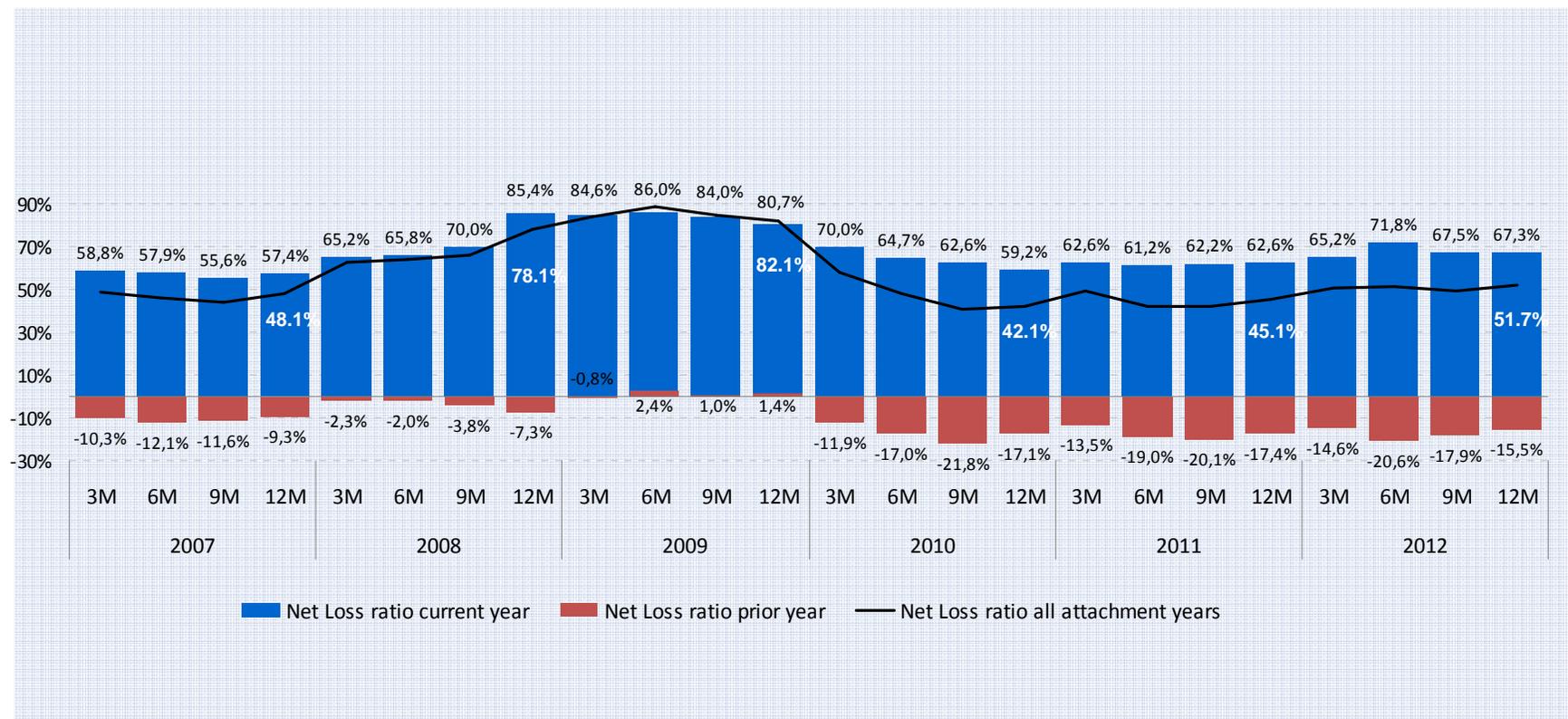
(1) In 2012, operational responsibility of Gulf countries has been transferred from Asia Pacific to Med. Countries & Africa

(2) Proforma figures including Gulf countries transfer

(3) At constant FX rate & proforma figures including Gulf countries transfer

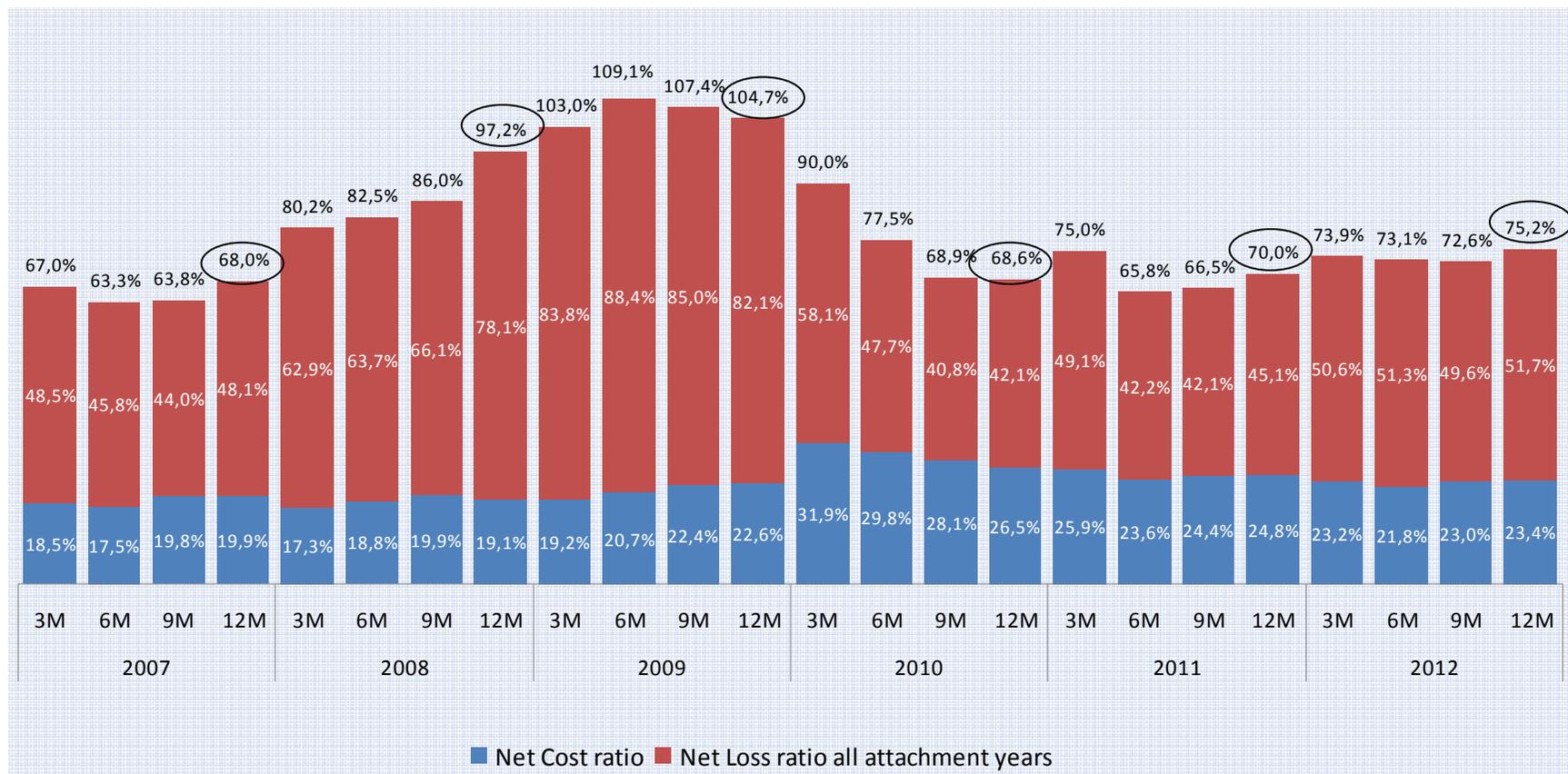
Net loss ratio evolution

Year-to-date ratio



Net combined ratio evolution

Year-to-date ratio



Reinsurance result

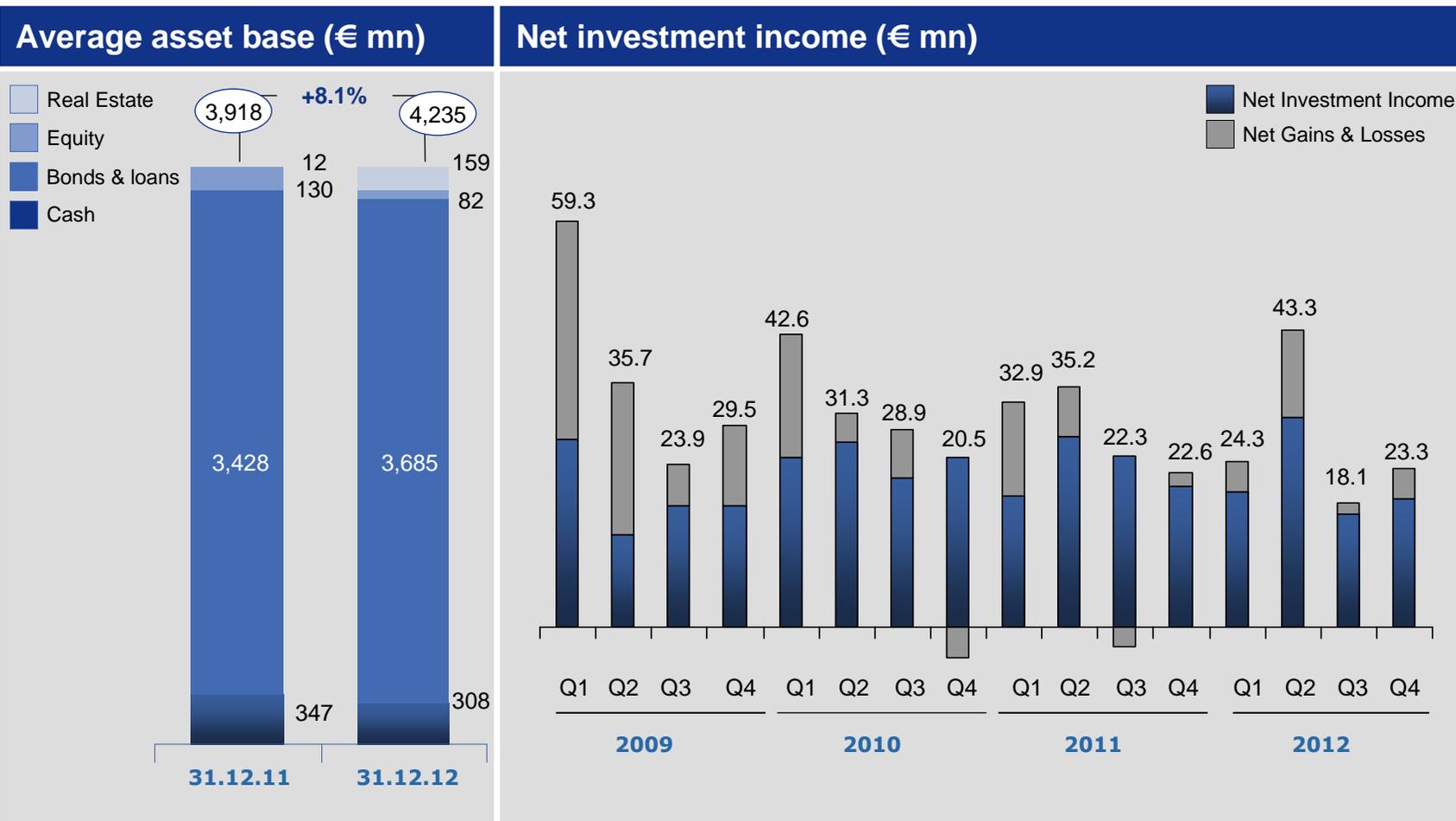
(€ mn)	Actual 12M 2012	Actual 12M 2011	Variation in amount	Variation in %
Gross earned premiums	1,995.1	1,896.1	98.9	5%
Ceded premiums	-650.7	-675.8	25.0	4%
Net earned premiums	1,344.3	1,220.4	123.9	10%
<i>Cession rate</i>	32.6%	35.6%		-3.0 pts
Gross claims costs	-1,049.8	-786.4	-263.4	-33%
Ceded claims costs	354.2	235.5	118.7	50%
Net claims costs	-695.5	-550.9	-144.7	-26%
<i>Cession rate</i>	33.7%	29.9%		3.8 pts
Reinsurance commission	253.5	237.8	15.8	7%
<i>Reinsurance commission rate</i>	39.0%	35.2%		3.8 pts
Total ceded result	-43.0	-202.5	159.5	-79%
Net claims ratio CY	67.3%	62.6%		4.7 pts
Net claims ratio PY	-15.5%	-17.4%		1.9 pts
Net claims ratio	51.7%	45.1%		6.6 pts
Net cost ratio	23.4%	24.8%		-1.4 pts
Net combined ratio	75.2%	70.0%		5.2 pts

Financial result

(excluding income from non-consolidated companies)

(€ mn)	Actual YTD 12M 2012	Actual YTD 12M 2011	Variation in amount	Variation in %
Income from investment property	0.9	1.2	-0.3	-23%
Income from securities	73.4	71.9	1.5	2%
Other financial income	24.4	28.0	-3.6	-13%
Investment income	98.8	101.1	-2.3	-2%
Investment expenses	-11.8	-10.5	-1.2	12%
Net Foreign Exchange result	-0.8	2.5	-3.3	NA
Net gains and losses on sales of investments less impairment and amortization	22.9	20.0	2.9	14%
Net financial income (excluding financing expense)	109.0	113.1	-4.0	-4%

Investments



Key financials

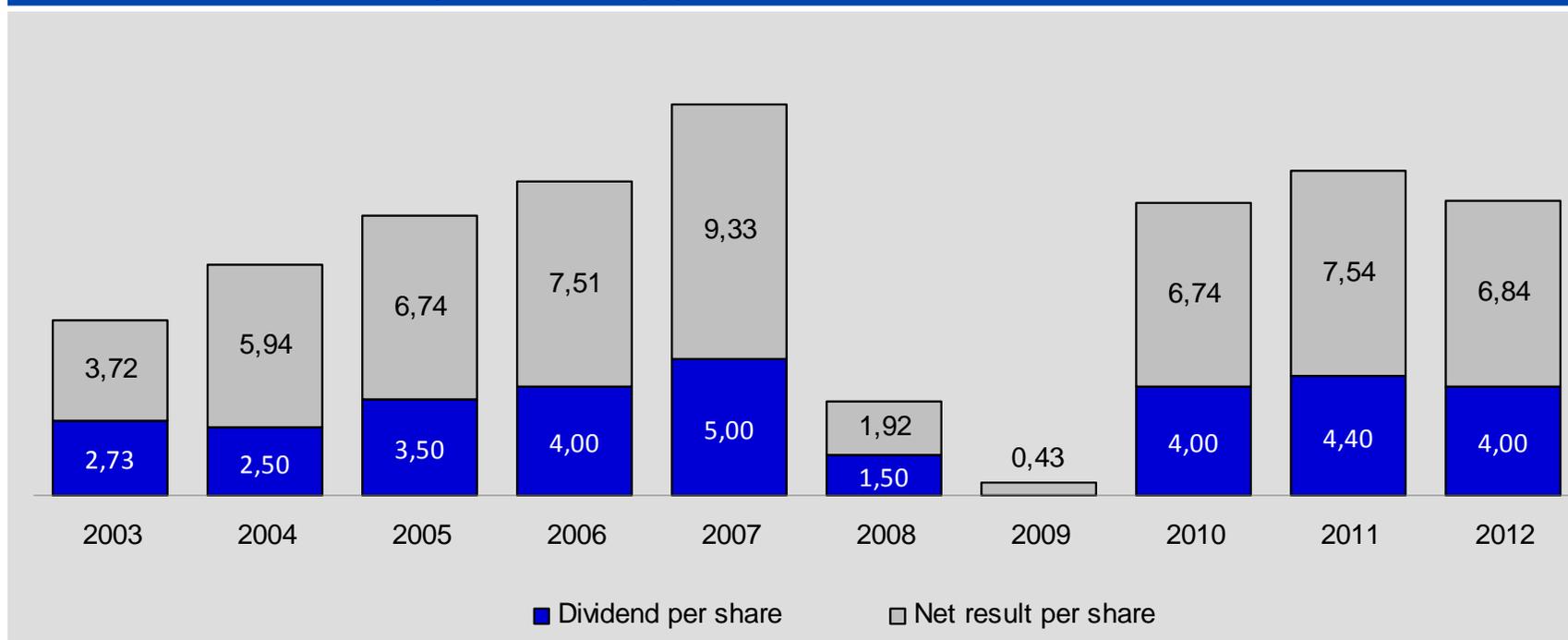
(€ mn)	Actual 12M 2012	Actual 12M 2011	Variation in amount	Variation in %
Operating income	424.7	463.7	-39.1	-8%
Financing expenses	-13.6	-17.1	3.5	20%
Income from non-consolidated companies	14.0	17.0	-3.0	-18%
Profit before tax	425.1	463.7	-38.6	-8%
Corporation tax	-120.6	-130.2	9.6	7%
Minority interest	-4.3	-3.2	-1.0	-32%
Consolidated net income	300.2	330.3	-30.0	-9%
Tax rate	28.4%	28.1%		

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Dividend per share

Result and Dividend per share (€)

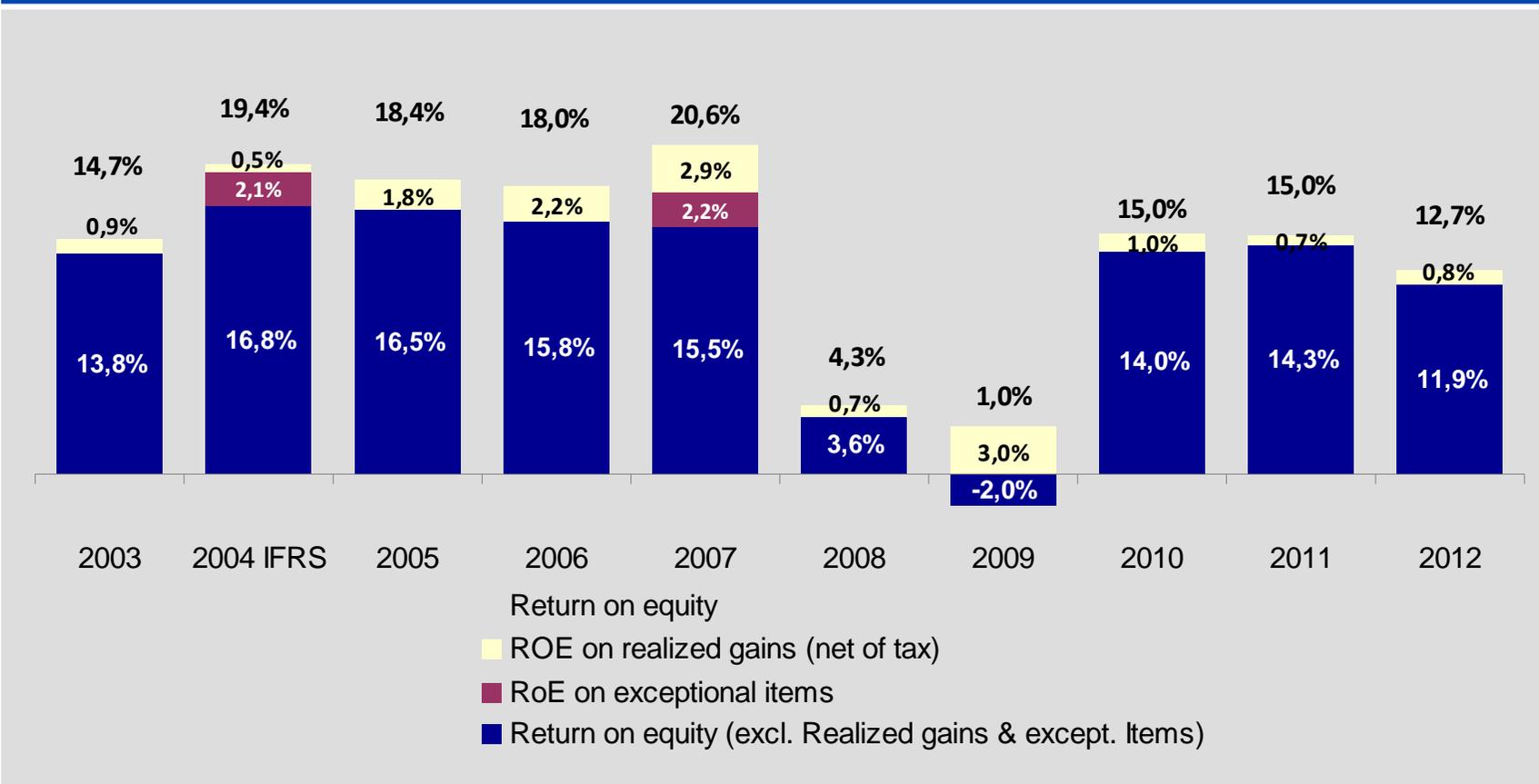


Average Payout Ratio of 53% over the 2003-2012 period

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
73%	43%	53%	53%	54%	78%	0%	59%	60%	60%

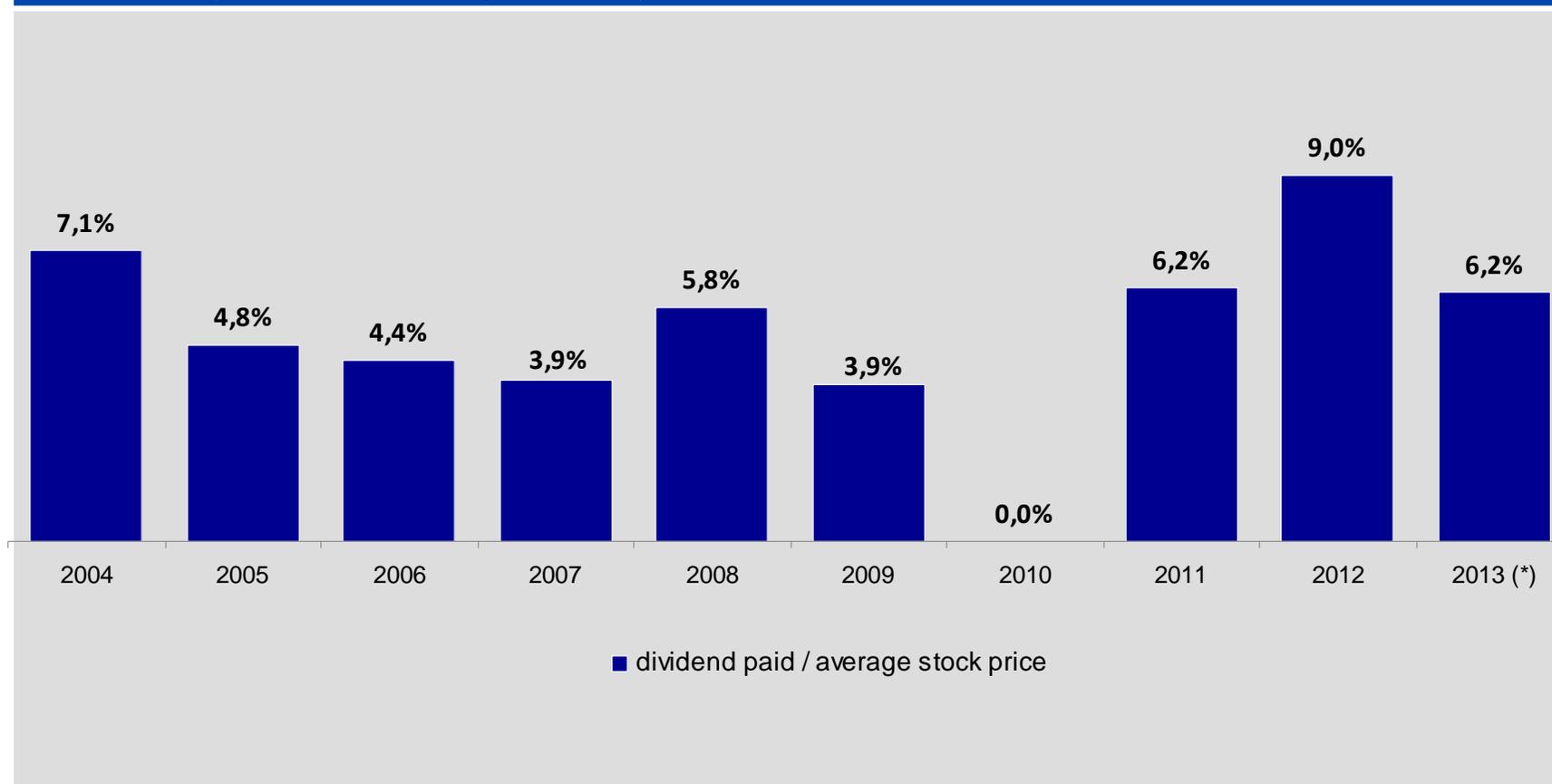
Shareholder return on equity

Return on Equity (RoE)



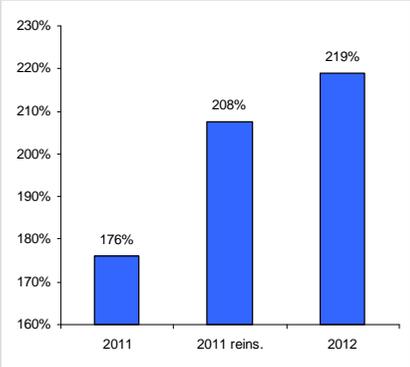
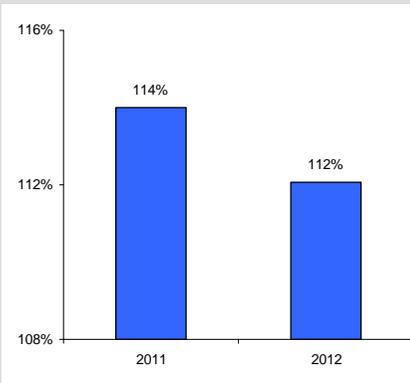
Dividend yield

Dividend yield over the past 10 years



* Estimation based on a stock price of 65 euros

Solvency position

Solvency ratio	Q4 2011 vs Q4 2012	Comments								
<p>Economic solvency</p>	 <table border="1"> <caption>Economic Solvency Ratio</caption> <thead> <tr> <th>Year</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>176%</td> </tr> <tr> <td>2011 reins.</td> <td>208%</td> </tr> <tr> <td>2012</td> <td>219%</td> </tr> </tbody> </table>	Year	Ratio (%)	2011	176%	2011 reins.	208%	2012	219%	<p>Reinstatement of 2011 due to a change in quantile from 99.93% to 99,5%</p> <p>Available capital: increase by 10% to 2 122MEuros driven by the increase in shareholders' net equity</p> <p>Required capital: increase by 4% to 967MEuros mainly driven by the increase of the net earned premiums and the increase in net claims reserve, partly offset by a decrease in the market risk following more precise modeling of FX risk</p>
Year	Ratio (%)									
2011	176%									
2011 reins.	208%									
2012	219%									
<p>S&P</p>	 <table border="1"> <caption>S&P Solvency Ratio</caption> <thead> <tr> <th>Year</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>114%</td> </tr> <tr> <td>2012</td> <td>112%</td> </tr> </tbody> </table>	Year	Ratio (%)	2011	114%	2012	112%	<p>Available capital: increase by 8% to 2 338MEuros driven by the increase in shareholders' net equity</p> <p>Required capital: increase by 10% to 2 086MEuros: also mainly driven by the increase of the net earned premiums and the increase in net claims reserve which impact is more costly than in the internal model</p>		
Year	Ratio (%)									
2011	114%									
2012	112%									

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Glossary

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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)

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
Q1 2013 Earnings (webcast)	Apr. 25 th , 2013
General Assembly	May. 24 th , 2013
Q2 2013 Earnings (webcast)	Jul. 24 th , 2013
Q3 2013 Earnings (webcast)	Nov. 5 th , 2013

Stock Market Data	As at 31 Dec. 12
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,212,727
Market cap. (€ mn)	2,939

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Shareholding Structure (31 Dec. 12)

■ Allianz ■ Free Float ■ Treasury stocks

