

**Euler Hermes nine-month 2012 results:  
Solid fundamentals and steady profitability**

**PARIS – 6 NOVEMBER 2012** – The Group Management Board of Euler Hermes (ELE.PA), a worldwide leader in credit insurance and in the areas of bonding, surety and collections, today presented its consolidated nine-month results as of 30 September 2012 to the Euler Hermes Supervisory Board. The results have been reviewed by the Audit Committee.

**Highlights**

- Turnover up 5.1% year-on-year: €1,792.9 million despite a demanding environment
- Very satisfactory net combined ratio: 72.6%
- Solid operating income: €353.7 million
- Net income of €247.8 million
- Customer retention at a high level: 92%
- AA- rating confirmed, valuable competitive advantage

Wilfried Verstraete, chairman of the Euler Hermes Board of Management, said: “Even in a strongly deteriorating environment, Euler Hermes is holding course to deliver growth and robust profitability, which demonstrates the validity of our strategy.”

**I. Results for the first nine months of 2012**

**A. Key figures**

Turnover growth remains strong, up 5.1% versus the prior year. Risk is closely monitored and reinsurance mechanisms have proven their effectiveness on a few larger cases, so that the net claims ratio is below 50% at end of September. The expense ratio is also below plan, at 23%. Operating profit remains very satisfactory at €353.7 million.

<b>P&amp;L information</b>			<b>Change</b>	
<i>€ million</i>	<b>9M 2012</b>	<b>9M 2011</b>	<b>vs. 9M 2011</b>	
Premiums written	1,665.3	1,575.1	90.1	5.7%
Earned premiums	1,491.9	1,423.8	68.1	4.8%
Service revenues	301.0	282.9	18.1	6.4%
<b>Turnover</b>	<b>1,792.9</b>	<b>1,706.7</b>	86.2	5.1%
Net technical result	267.4	300.5	-33.1	-11.0%
Net investment income	85.7	90.4	-4.7	-5.3%
Non-ordinary operating income & expense	0.6	-11.1	11.8	-105.6%
<b>Operating income</b>	<b>353.7</b>	<b>379.8</b>	-26.1	-6.9%
<b>Net income, group share</b>	<b>247.8</b>	<b>276.0</b>	-28.2	-10.2%
Net claims ratio	49.6%	42.1%	7.5 pts	
Net expense ratio	23.0%	24.4%	-1.4 pts	
Net combined ratio	72.6%	66.5%	6.1 pts	

Balance sheet information € million	30	31	Change vs.	
	September 2012	December 2011	31 december 2011	
Total assets	6,096.7	5,818.1	278.6	4.8%
Total shareholders' equity	2,428.1	2,295.9	132.2	5.8%
Total financial liabilities	389.7	393.4	-3.7	-0.9%

## B. Turnover

The +5.1% top line growth is the result of the increasing appetite for credit insurance in a context of rising insolvencies, a good client retention level of 92%, a stronger penetration of the growing American and Asian markets, and a positive exchange rate impact.

### Evolution of turnover by region

Business in traditional markets remains overall increasing, with contrasted situations in the different markets. Net new production is strong, with both new production and retention increasing for the fourth consecutive year. Except in France and Germany, this more than compensates flattening insured turnover volumes on the existing portfolio caused by slow GDP growth.

In the third quarter again, the Americas and Asia have been strong growth drivers, confirming a trend observed since the beginning of the year.

Turnover € million	9M	9M (1)	Variation %	9M (2)	Variation %
<b>Regions</b>					
Germany, Austria, Switzerland	581.0	584.8	-0.7%	585.8	-0.8%
France	312.2	312.1	0.0%	312.1	0.0%
Northern Europe	393.3	370.5	6.2%	380.8	3.3%
Mediterranean Countries & Africa	240.2	221.2	8.6%	221.4	8.5%
Americas	197.7	164.7	20.1%	179.1	10.4%
Asia-Pacific	58.4	45.6	27.9%	49.5	17.9%
EH Reinsurance + others (3)	10.1	7.8	30.2%	6.1	64.6%
<b>Euler Hermes Group</b>	<b>1,792.9</b>	<b>1,706.7</b>	<b>5.1%</b>	<b>1,734.8</b>	<b>3.3%</b>

Area contribution : After intra-region eliminations & before inter-region eliminations

(1) Pro forma with Gulf Countries transfer from Asia Pacific to Med. Countries & Africa

(2) Pro forma with Gulf Countries transfer from Asia Pacific to Med. Countries & Africa and at constant exchange rates

(3) EH Reinsurance + Corporate entities + inter-region eliminations

## C. Operating income

The net combined ratio remains low (72.6%) in the difficult economic context thanks to sound underwriting, good reinsurance protection and a low cost ratio.

The net claims ratio increased 7.5 points year-on-year but is still below 50%, of which 3.2 points are linked to three claims, including Schlecker. The remaining increase versus last year is due to higher claims frequency compared to the low point observed in the first nine months of 2011.

The expense ratio is decreasing versus last year to 23%, reflecting the continuous attention given to cost containment and adequate reinsurance terms.

The net investment income has decreased from €90.4 million at the end of September 2011 to €85.7 million at the end of September 2012, mainly due to lower foreign exchange result (+€1.4 million at the end of September 2012 versus +€4.1 million at the end of September 2011).

As a result, the operating profit, at €353.7 million, is still very robust.

## D. Investment portfolio

In the first nine months of 2012, the market value of the Group's investment portfolio increased by €285.8 million versus year-end of 2011, to €4,203.8 million, after €193 million of dividends were paid in early June.

## E. Net income

Net income was €247.8 million in the first nine months of 2012, compared to €276.0 million in the first nine months of 2011, a decrease of 10.2%. The decrease is linked to the lower operating profit and to higher taxes.

## F. Outlook

The global economic slowdown continues, affecting most of Euler Hermes' traditional markets, and corporate insolvencies are still increasing.

More than ever in these turbulent times, Euler Hermes' superior information and high underwriting standards are proving to be key in protecting the Group's profitability, combined with other mitigating factors including a consistent pricing, an adequate reinsurance protection and permanent cost control. Beyond the robustness of its own business model, it is in these challenging times when Euler Hermes also fully demonstrates to its clients the value of its expertise and prevention capabilities in growing and protecting their own business in all types of environments.

## II. Results for the third quarter of 2012

### Key figures

P&L information € million	Q3	Q2	Q1	Q4	Q3	Variation		Variation	
	2012	2012	2012	2011	2011	vs Q3 2011		vs Q2 2012	
Earned premiums	501.8	498.4	491.7	472.4	485.8	16.1	3.3%	3.5	0.7%
Service revenues	101.2	101.6	98.2	95.9	94.4	6.8	7.2%	-0.4	-0.4%
<b>Turnover</b>	<b>603.1</b>	<b>600.0</b>	<b>589.9</b>	<b>568.2</b>	<b>580.1</b>	<b>22.9</b>	<b>3.9%</b>	<b>3.1</b>	<b>0.5%</b>
Net technical result	94.8	91.6	81.0	58.2	97.6	-2.8	-2.9%	3.2	3.5%
Net investment income	18.1	43.3	24.3	22.6	22.3	-4.2	-18.7%	-25.2	-58.1%
Non-ordinary operating income & expense	-3.7	-3.7	0.6	3.1	-7.3	11.0	N/A	7.4	N/A
<b>Operating income</b>	<b>116.7</b>	<b>131.2</b>	<b>105.9</b>	<b>83.9</b>	<b>112.6</b>	<b>4.0</b>	<b>3.6%</b>	<b>-14.5</b>	<b>-11.1%</b>
<b>Net income, groupe share</b>	<b>86.4</b>	<b>95.0</b>	<b>66.4</b>	<b>54.2</b>	<b>83.5</b>	<b>2.9</b>	<b>3.5%</b>	<b>-8.6</b>	<b>-9.0%</b>
Net claims ratio	46.5%	51.9%	50.6%	54.2%	41.9%	4.6	pts	-5.4	pts
Net expense ratio	25.3%	20.4%	23.2%	26.2%	25.8%	-0.5	pt	4.9	pts
Net combined ratio	71.8%	72.3%	73.9%	80.4%	67.8%	4.1	pts	-0.5	pt

Financial and regulated information are available on Euler Hermes' website

<http://www.eulerhermes.com/finance/>

The financial documentation section includes the press release, the consolidated financial statements and the presentation of the quarterly results to analysts.

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**Euler Hermes** is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ 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 €2.27 billion in 2011.**

Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40+ million businesses across the globe.

The Group insured worldwide business transactions totaling €702 billion exposure end of December 2011.

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor's.

[www.eulerhermes.com](http://www.eulerhermes.com)

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