



Q1 2012 financial results

Financial analysts meeting

May 16th, 2012

A company of **Allianz** 

 **EULER HERMES**
Our knowledge serving your success

Contents

- 1. Highlights**
- 2. Commercial overview**
- 3. Risk overview**
- 4. Financial results**
- 5. Economic outlook**
- 6. Appendices**

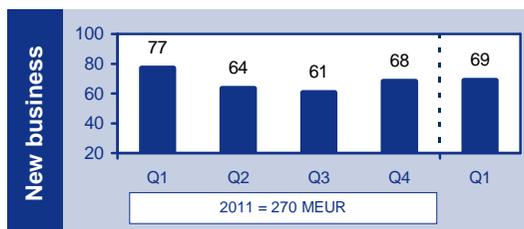
Financial highlights

	Q1 2012	Q1 2012 to Q1 2011
▶ Another quarter of solid top line growth	589.9 M€	+8%
▶ Net combined ratio is still low...	73.9%	-1.1 pt
▶ ... and operating income is strong again	105.9 M€	+4%
▶ Net income below Q1 2011 due to one-off tax effects	66.4 M€	-12%

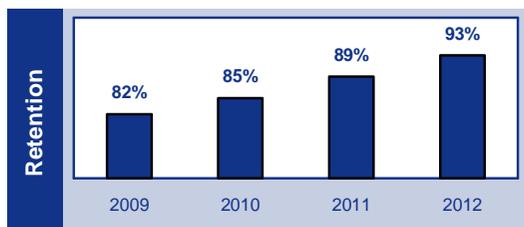
Contents

1. Highlights
2. Commercial overview
3. Risk overview
4. Financial results
5. Economic outlook
6. Appendices

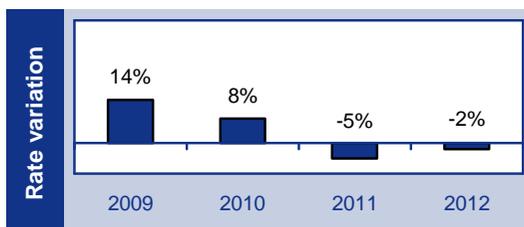
Q1 2012 commercial performances



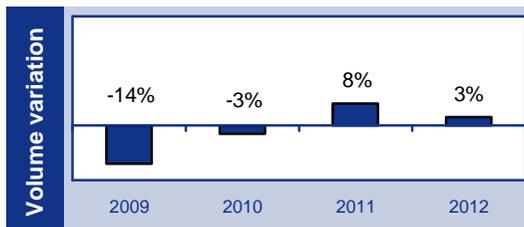
New production is slightly below Q1 2011 but follows the positive dynamics of the last quarters.



Retention is at 93% of renewed portfolio (48% of total portfolio) and hits a historical high, reflecting positive outcome of the customer centricity initiatives.



Negative pricing trend is starting to reverse, reflecting EH willingness to maintain risk / price adequacy in the deteriorating economic environment.



Lower volume variation compared to last year reflects slower economic growth across all countries.

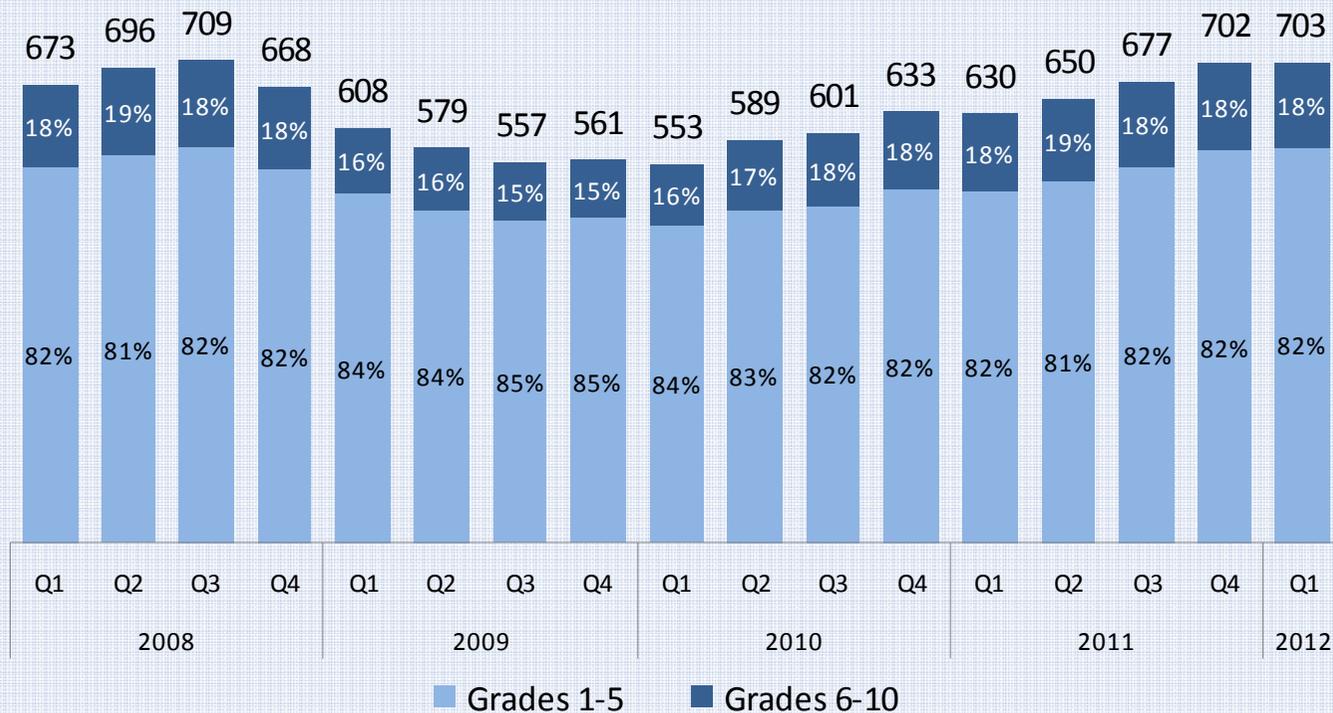
Contents

- 1. Highlights**
- 2. Commercial overview**
- 3. Risk overview**
- 4. Financial results**
- 5. Economic outlook**
- 6. Appendices**

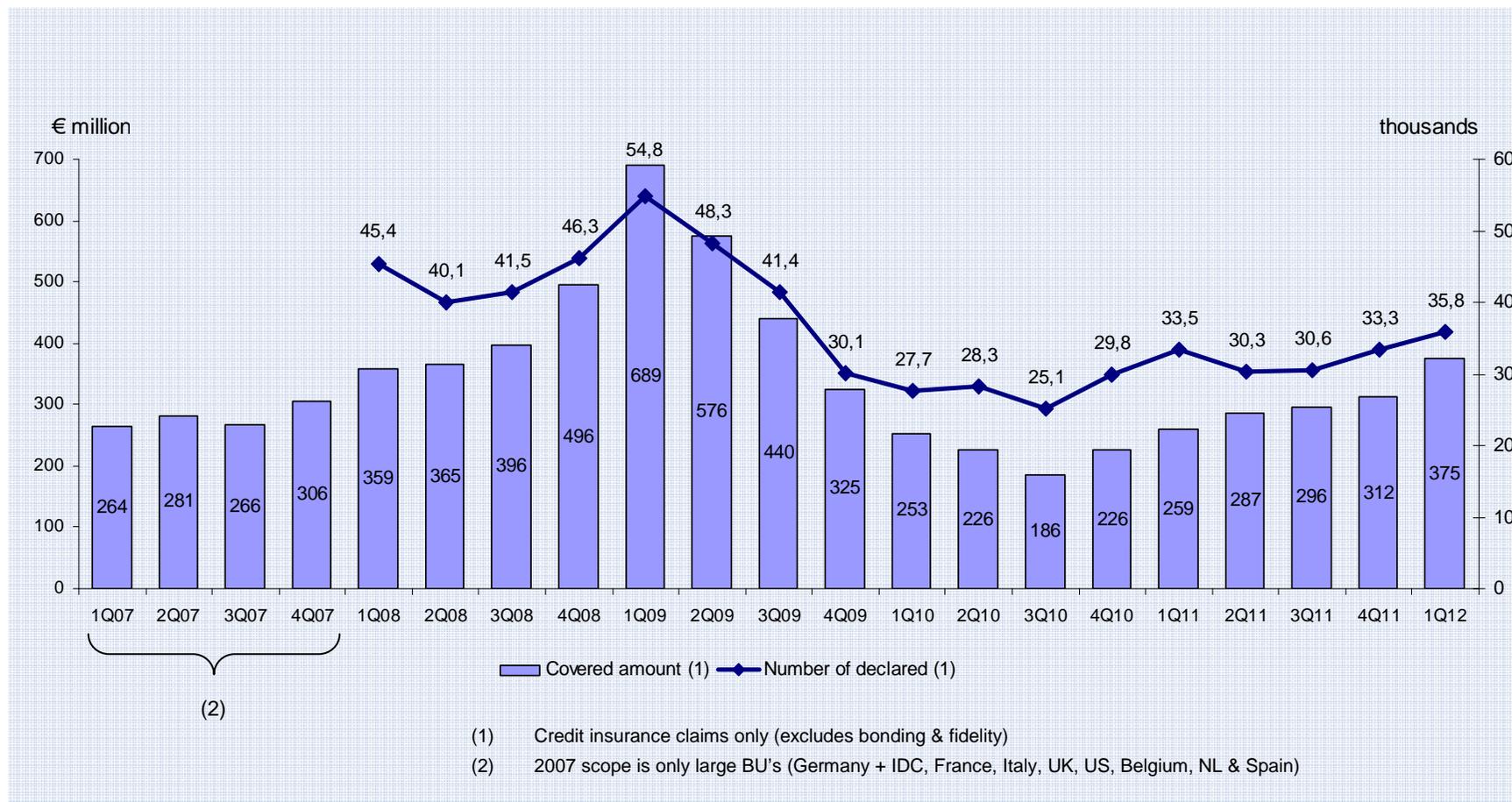
Exposure per grade

The exposure is stabilising at the pre-crisis level of €700bn

In billion euros



Claims development*



* without Schlecker

Contents

- 1. Highlights**
- 2. Commercial overview**
- 3. Risk overview**
- 4. Financial results**
- 5. Economic outlook**
- 6. Appendices**

Key figures

In million of euros	Actual YTD MAR 2012	Actual YTD MAR 2011	Variation in amount	Variation in %
Turnover	589,9	544,1	45,8	8%
Net technical result	81,0	70,5	10,5	15%
Net financial income (excluding financing costs)	24,3	32,9	-8,6	-26%
Operating income	105,9	102,2	3,7	4%
<i>Of which realised gains and losses</i>	4,4	13,7	-9,3	-68%
<i>Net of realised gains and losses</i>	101,5	88,5	13,0	15%
Net consolidated result	66,4	75,3	-8,9	-12%
Euler Hermes Net combined ratio (including Service margin)	-73,9%	-75,0%		
Euler Hermes Net Loss Ratio	-50,6%	-49,1%		
Euler Hermes Net Cost Ratio	-23,2%	-25,9%		

Quarterly results overview

(€million)	2008				2009				2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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
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
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
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

Premiums evolution

By region

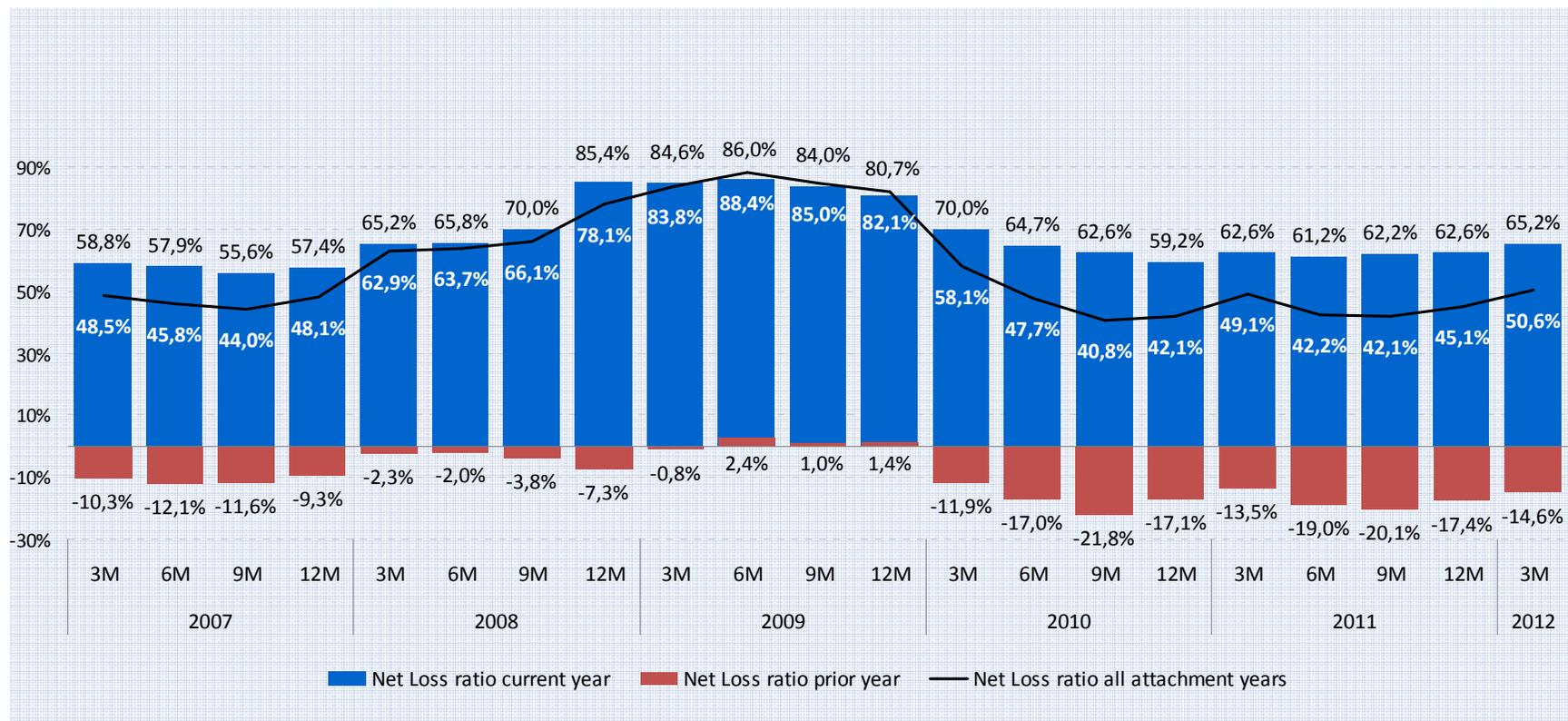
In million of euros	Actual YTD MAR 2012	Actual YTD ⁽²⁾ MAR 2011	Variation in amount	Var. in %
DACH	154,8	148,1	6,7	5%
France	87,7	76,6	11,1	15%
Northern Europe	109,1	105,1	4,0	4%
Med. Countries & Africa ⁽¹⁾	62,6	56,1	6,5	12%
Americas	53,8	46,6	7,2	15%
Asia Pacific	13,6	11,7	1,9	17%
Others (incl. EH Re & Inter region elim.)	10,2	8,5	1,7	20%
Total Gross Earned Premiums	491,7	452,6	39,1	9%

(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

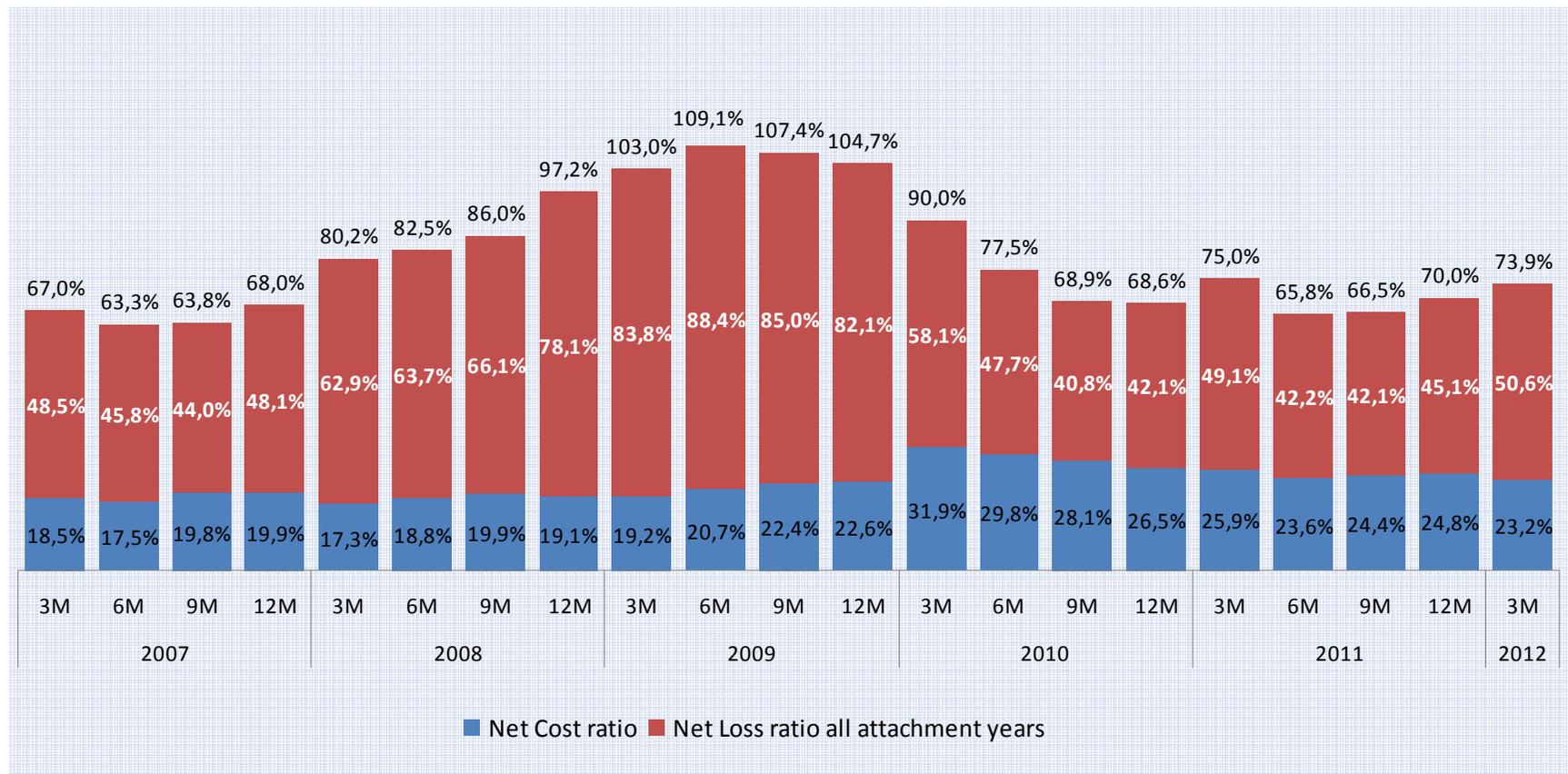
Net loss ratio evolution

Year-to-date ratio



Net combined ratio evolution

Year-to-date ratio



Reinsurance result

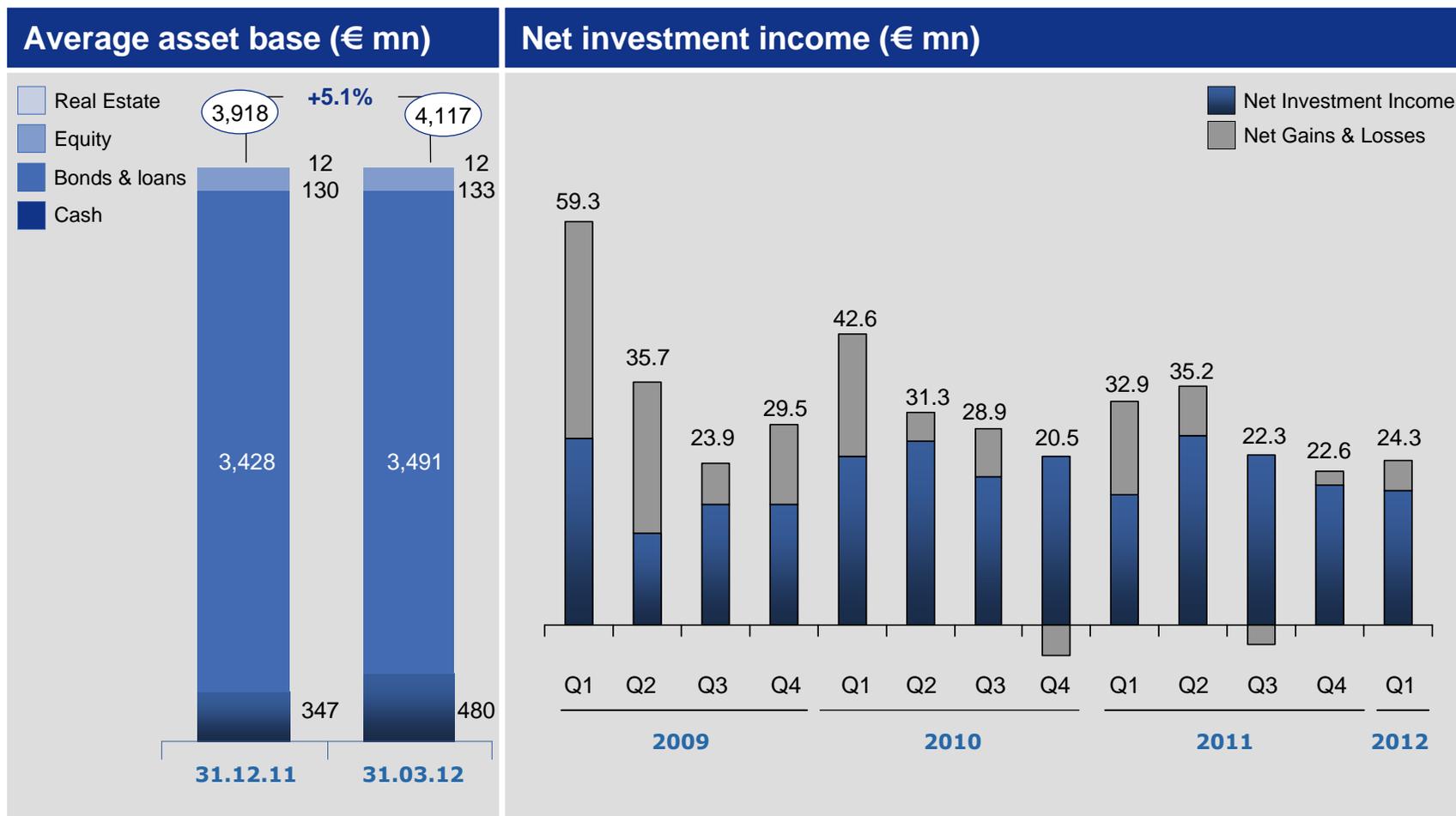
In million of euros	Actual YTD MAR 2012	Actual YTD MAR 2011	Variation in amount	Variation in %
Gross earned premiums	491,7	452,6	39,1	9%
Ceded premiums	-169,8	-162,2	-7,6	-5%
Net earned premiums	321,9	290,4	31,5	11%
<i>Cession rate</i>	34,5%	35,8%		-1 pts
Gross claims costs	-217,1	-189,8	-27,3	-14%
Ceded claims costs	54,2	47,1	7,1	15%
Net claims costs	-162,9	-142,7	-20,2	-14%
<i>Cession rate</i>	25,0%	24,8%		0 pts
Reinsurance commission	64,1	54,5	9,6	18%
<i>Reinsurance commission rate</i>	37,7%	33,6%		4 pts
Net Claims ratio CY	65,2%	62,6%		2,6 pts
Net Claims ratio PY	-14,6%	-13,5%		-1,1 pts
Net Claims ratio	50,6%	49,1%		1,5 pts
Net Costs ratio	23,2%	25,9%		-2,6 pts
Net Combined ratio	73,9%	75,0%		-1,2 pts

Financial result

(excluding income from non-consolidated companies)

In million of euros	Actual YTD MAR 2012	Actual YTD MAR 2011	Variation in amount	Variation in %
Income from investment property	0,2	0,3	-0,1	-35%
Income from securities	18,6	16,6	2,0	12%
<i>Income from securities-Bonds</i>	18,3	16,3	1,9	12%
<i>Income from securities-equities</i>	0,3	0,2	0,1	33%
Other financial income	6,4	6,1	0,3	5%
<i>Income from other financial investments</i>	1,0	0,8	0,2	25%
<i>Other financial income</i>	5,5	5,4	0,1	2%
Current investment income	25,2	23,0	2,2	9%
Investment expenses	-3,0	-1,8	-1,2	-68%
Net Foreign Exchange result	-2,3	-2,0	-0,3	-15%
Net gains and losses on sales of investments less impairment and amortisation	4,4	13,7	-9,3	-68%
Net financial income (excluding financing expense)	24,3	32,9	-8,6	-26%

Investments



Key financials

In million of euros	Actual YTD MAR 2012	Actual YTD MAR 2011	Variation in amount	Variation in %
Technical result	81,0	70,5	10,5	15%
Financial income net of expenses	24,3	32,9	-8,6	-26%
Ordinary operating Income	105,3	103,4	1,9	2%
Other non ordinary operating income and expense	0,6	-1,2	1,8	149%
Operating income	105,9	102,2	3,7	4%
Financing expenses	-3,6	-4,3	0,7	16%
Income from non-consolidated companies	0,8	5,7	-4,9	-86%
Profit before tax	103,0	103,6	-0,5	-1%
Corporation tax	-35,8	-27,2	-8,6	-32%
Minority interest	-0,9	-1,1	0,2	18%
Consolidated net income	66,4	75,3	-8,9	-12%
Tax rate	34,8%	26,3%		

Contents

- 1. Highlights**
- 2. Commercial overview**
- 3. Risk overview**
- 4. Financial results**
- 5. Economic outlook**
- 6. Appendices**

Economic outlook

Where are we now ?

- **In Q4 2011, the global real GDP registered its slowest quarterly growth since the global recession ended in Q1 2009, mainly due to:**
 - ✓ The flooding in Thailand, disrupting Asian industries
 - ✓ More significantly, the recession of the euro zone, dampened by the debt crisis and the deeper difficulties of Southern countries
- **In Q1 2012, contrasted situations amongst regions:**
 - ✓ US in a better shape, but still signs of weakness and challenging questions over public finance
 - ✓ Emerging world (esp. China) continued to slow, but remains quite solid with a scope for policy easing in many countries
- **Global financial stress has eased, thanks to:**
 - ✓ substantial monetary policy responses
 - ✓ some progress in resolving the euro zone crisis
- But many challenges remain:**
 - ✓ Still high strains in inter-bank markets
 - ✓ Tightened bank lending conditions
- **Oil prices have gone up again, following concerns about:**
 - ✓ Tension over Iran's nuclear program
 - ✓ The Middle East generally
 - ✓ Supply disruptions

Economic outlook

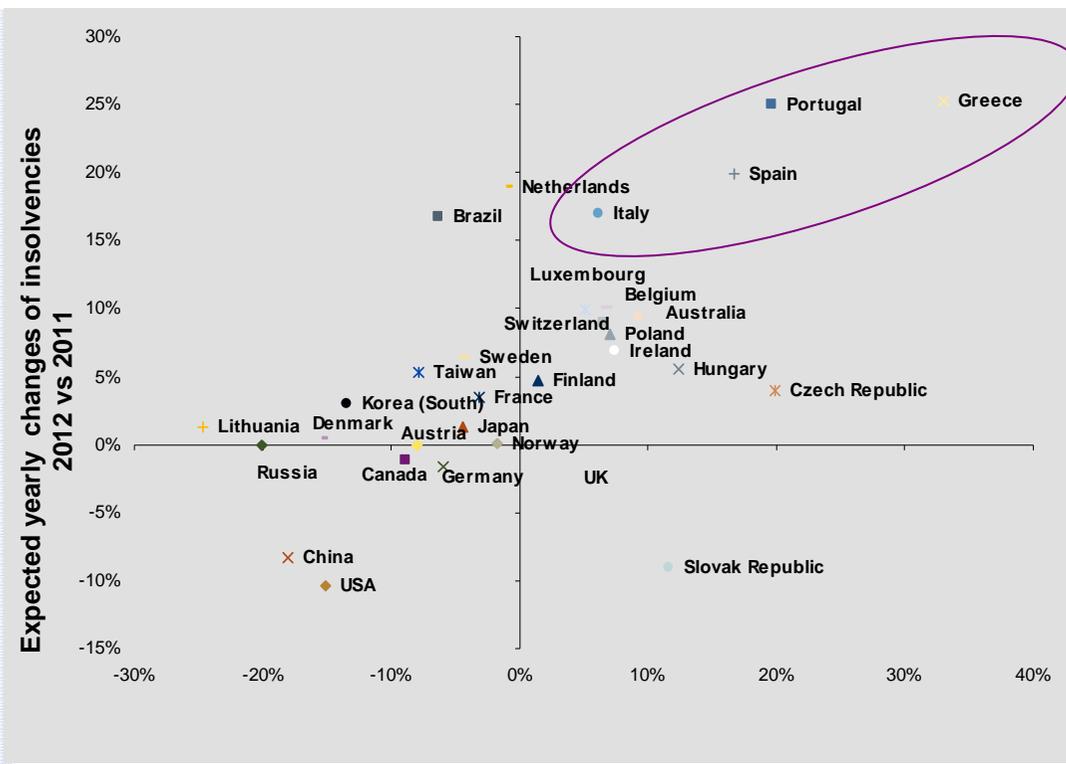
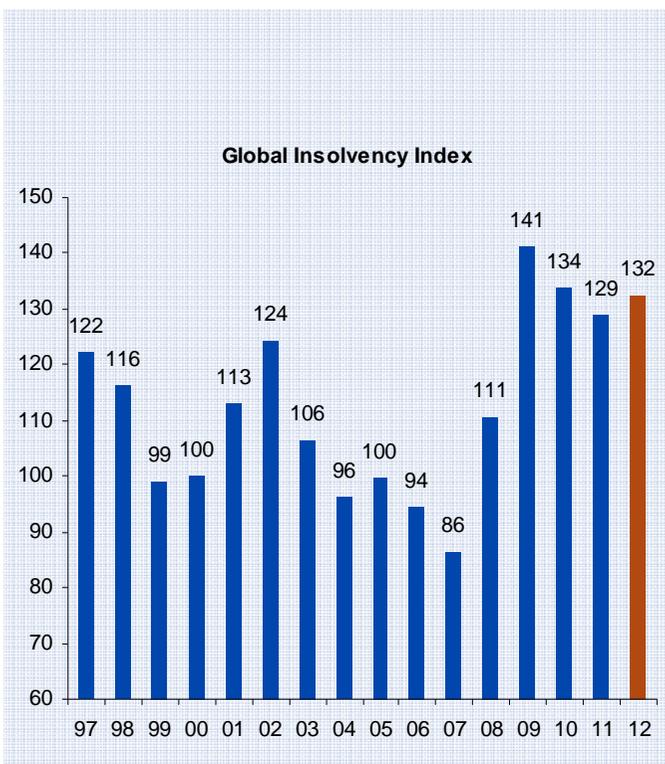
Where are we going ?

- **The world economy is unlikely to recapture a buoyant growth pace. World growth is expected to:**
 - ✓ Decelerate again from +2.9% in 2011 to +2.6% in 2012...
 - ✓ ... before gaining slightly more momentum in 2013 at +3.1% – still below pre-crisis trend
- **The outlook remains uneven:**
 - ✓ The US should register a moderate pick up
 - At +2% assuming no austerity plan is passed before elections*
 - ✓ But the euro zone as a whole will not avoid a recession
 - At -0.3% since forecasts for Southern countries were revised down significantly*
 - ✓ Emerging countries will continue to drive global growth despite a slowdown (from +5.8% in 2011 to +4.9% in 2012), especially for Central and Eastern Europe, but with better prospects for oil exporters and for MENA, following the main “Arab Spring” impact in 2011

Economic outlook

Insolvencies evolution

The slowdown of world activity is expected to generate a rebound of worldwide insolvencies in FY 2012, mainly in (Southern) Europe.



Yearly changes of insolvencies 2011 vs 2010

Sources: national statistics, Euler Hermes

(*) Countries weighted with 2010 GDP at current exchange rates

Contents

- 1. Highlights**
- 2. Commercial overview**
- 3. Risk overview**
- 4. Financial results**
- 5. Economic outlook**
- 6. Appendices**

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
AGM (meeting)	May 25 th , 2012
Q2 2012 Earnings (webcast)	July 26 th , 2012
Q3 2012 Earnings (webcast)	Nov. 6 th , 2012

Stock Market Data	As at 30 Mar. 12
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,166,747
Market cap. (€ mn)	2,370

Investors Relations Contact

Clarisse Kopff
 +33 (0)1 84 11 51 38
clarisse.kopff@eulerhermes.com

Shareholding Structure (30 Mar. 12)

