

12M 2013 Financial results

Financial analysts meeting

February 13, 2014



1

- 1 Highlights**
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results
- 5 Shareholders' equity & Economic solvency
- 6 Appendices

Operational highlights

On-going selective underwriting in a still challenging environment

Launch of Solunion, JV with Mapfre covering Spain, Argentina, Chile, Mexico, Colombia:

- Launch of operations in January with Spain and Argentina
- Launch of a single platform in July to manage credit risks and unify the insurance offering to new clients
- Chile, Mexico and Colombia entered the JV in December

Successful roll-outs of Trade Finance Cover and Excess of Loss products

Dagong Europe rating: AA- with stable outlook

Legal restructuring on track:

- Legal restructuring phase 1 achieved in Europe: 13 risk carriers merged into 1, located in Belgium
- Legal restructuring phase 2 underway for remaining risk carriers : France, Germany including Asian branches

Final phase of Excellence: FTE level kept stable since 2010 with reallocation of FTEs from mature to emerging markets

Further IT Harmonization: Galileo go-live in EH Germany (new Policy Administration platform)

Turnover reaches 2 486 mn€, showing a solid growth of +5.0% at constant FX rates vs 2012 (+3.7% at actual FX rates):

- Slow down in non-European markets, at constant FX rates: +11.7% growth in 2013 vs +17.6% growth in 2012
- But a growth speed up in Europe (at constant FX : +3.5% growth in 2013 vs +1.5% in 2012)

Net loss ratio all attachment years is 50.5%, lower than last year (-1.2 pts)

Gross technical expense ratio is 27.7%, lower than last year (-0.4 pt)

Operating income reaches 458.6 mn€ (+6% vs 2012), including the exceptional profit linked to the cession of the Spanish and Latin American (except Brazil) entities to Solunion, the joint-venture with Mapfre.

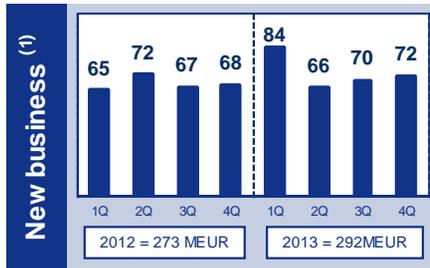
Net income, Group share, is at 313.7 mn€ up 2.7% against 2012

Please note: Prior years figures have been restated throughout the whole presentation to reflect the retrospective application of the amended standard IAS 19 and inclusion of restructuring charges in operating profit

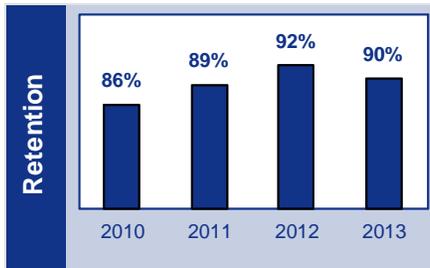
2

- 1 Highlights
- 2 Commercial & Risk overview**
- 3 Quarterly results
- 4 Year-to-date results
- 5 Shareholders' equity & Economic solvency
- 6 Appendices

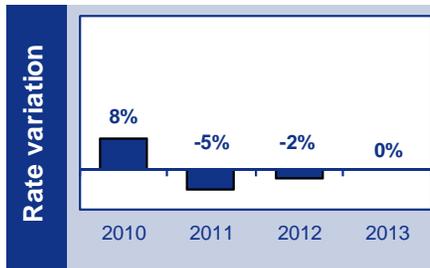
Commercial overview



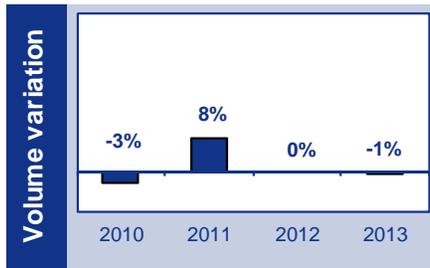
At the end of 2013, new business is 19 mn€ ahead of the prior year. Strong performances in APAC, Middle East and the Multinational segment. Successful launch of trade finance cover and excess of loss products.



Retention rate stands at 90% which is below last year but remains a second high level in the last 4 years.



Average rates are flat. They have increased in Northern and Southern Europe but have been under pressure in growing markets and segments.

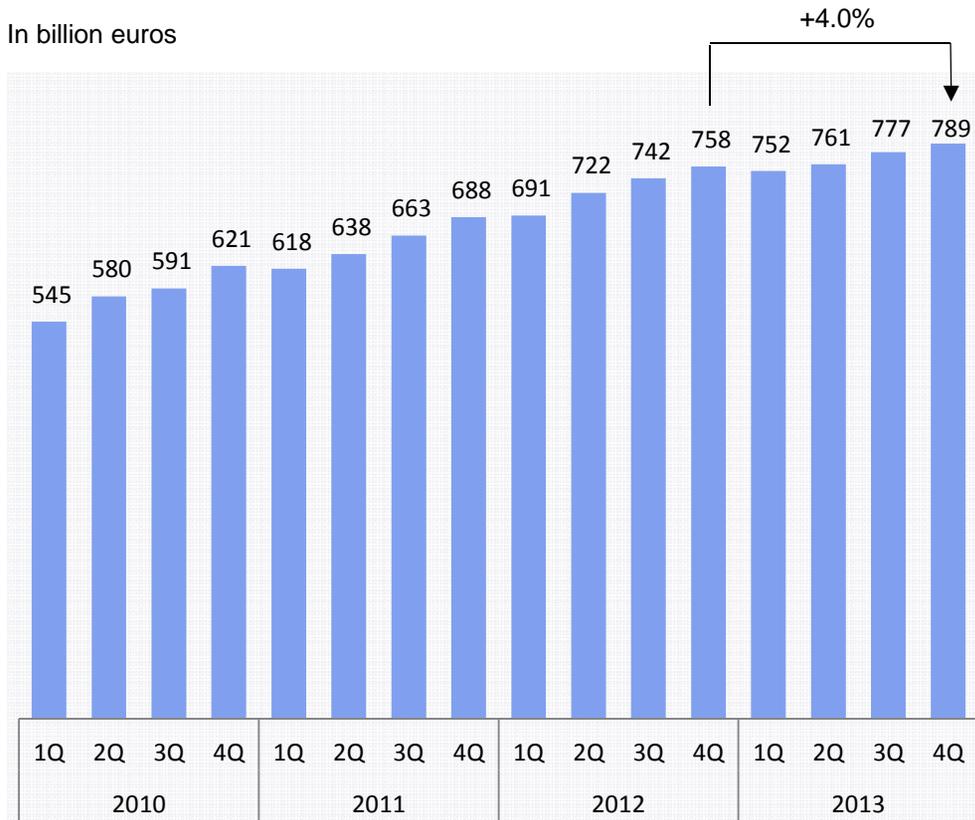


After a flat 2012, the contribution from customers' insured turnover is negative due to France and Italy.

(1) 2012 pro forma excluding Spain, Portugal & Latin Americas business units

Risk overview

In billion euros



2010-2012 proforma excluding Spain & Argentina (Chile, Mexico and Colombia included across all years)

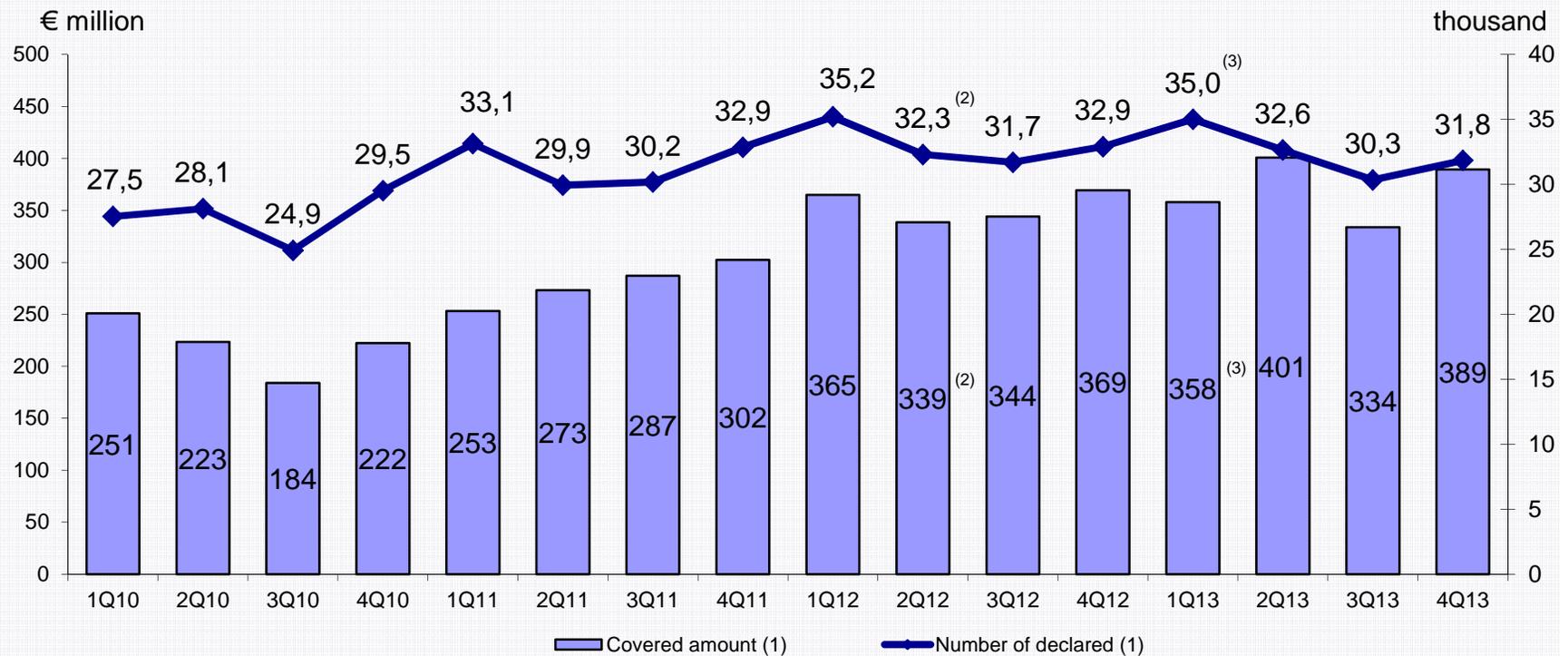
In billion euros

	4Q 2012	4Q 2013
Grade weight		
1-5	83.1%	84.8%
6-10	16.9%	15.2%

- Total exposure increases at the same pace as premiums and the grade mix continues to improve.

Trade credit insurance claims development

2010-2012 proforma excluding Spain & Argentina (Chile, Mexico and Colombia included across all years)



- The number of declared claims decreased from 2012 to 2013 (-1.8%)
- However, credit insurance covered amount increased from 2012 to 2013 (+4.6%), in line with premiums and despite 4Q including a few mid-size claims.

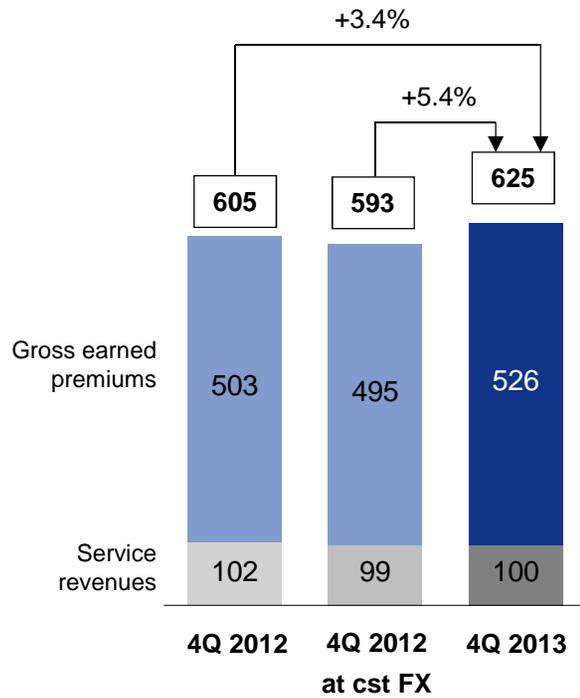
(1) Credit insurance claims only (excludes bonding & fidelity)
 (2) Excluding Schlecker claim
 (3) Excluding Pescanova claim



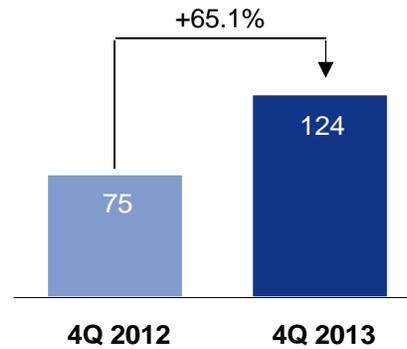
3

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results**
- 4 Year-to-date results
- 5 Shareholders' equity & Economic solvency
- 6 Appendices

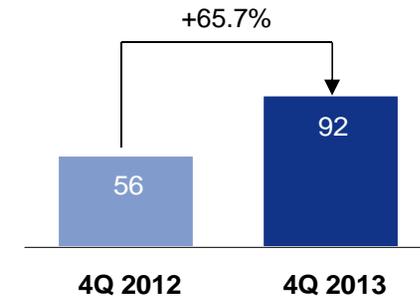
4Q: solid growth and strong improvement in profitability versus same quarter last year



Turnover
(EUR mn)

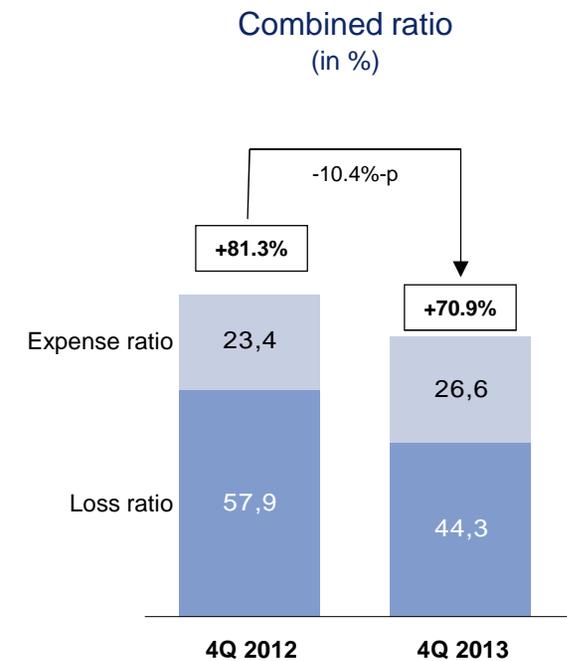
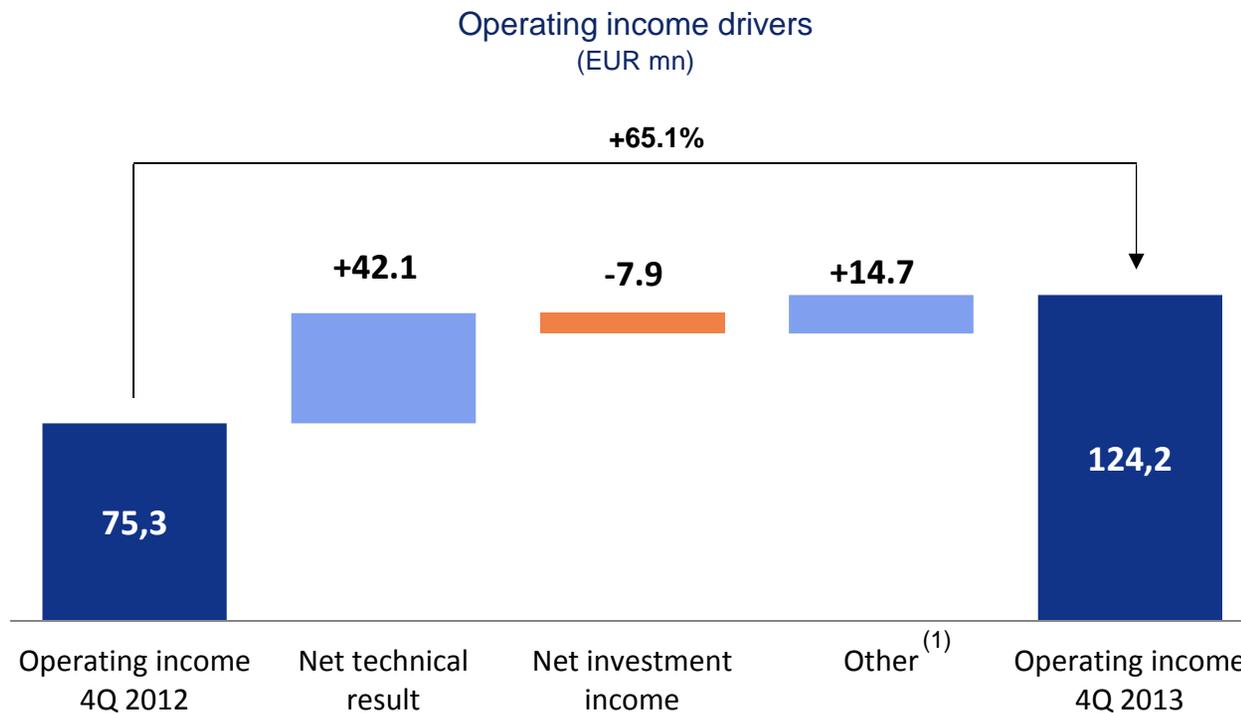


Operating income
(EUR mn)



Net income, Group share
(EUR mn)

Strong operating income driven by improving claims activity

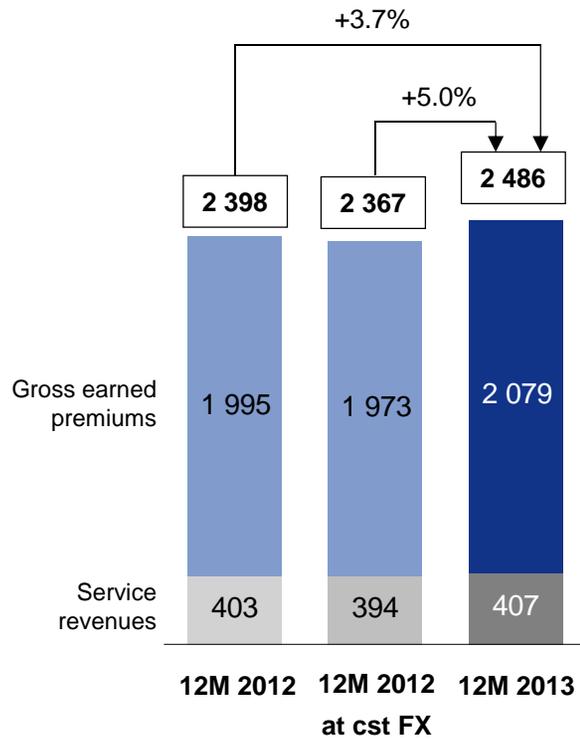


(1) In 4Q 2012 : Restructuring charges booked for EUR -5.4mn, write-off of UMA goodwill for EUR -3.3mn
 In 4Q 2013 : Realised gains on the contribution of Mexico, Chile & Colombia to Solunion for EUR +5.4mn

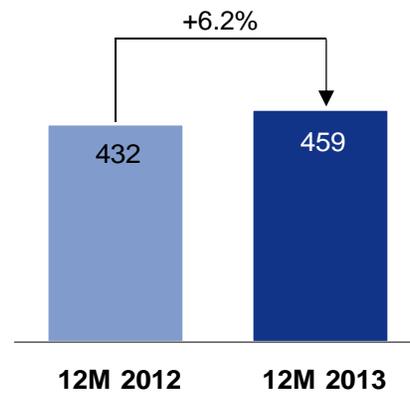
4

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results**
- 5 Shareholders' equity & Economic solvency
- 6 Appendices

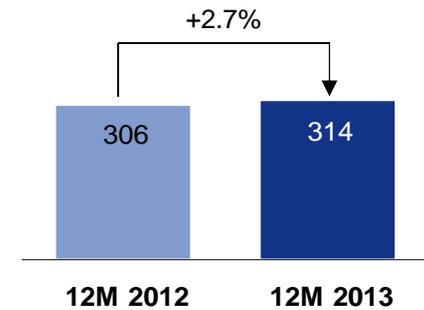
Robust growth and profitability in a challenging environment



Turnover
(EUR mn)



Operating income
(EUR mn)



Net income, Group share
(EUR mn)

Turnover growth is +5.0% at constant FX rates and +3.7% at actual rates despite recession in Europe...

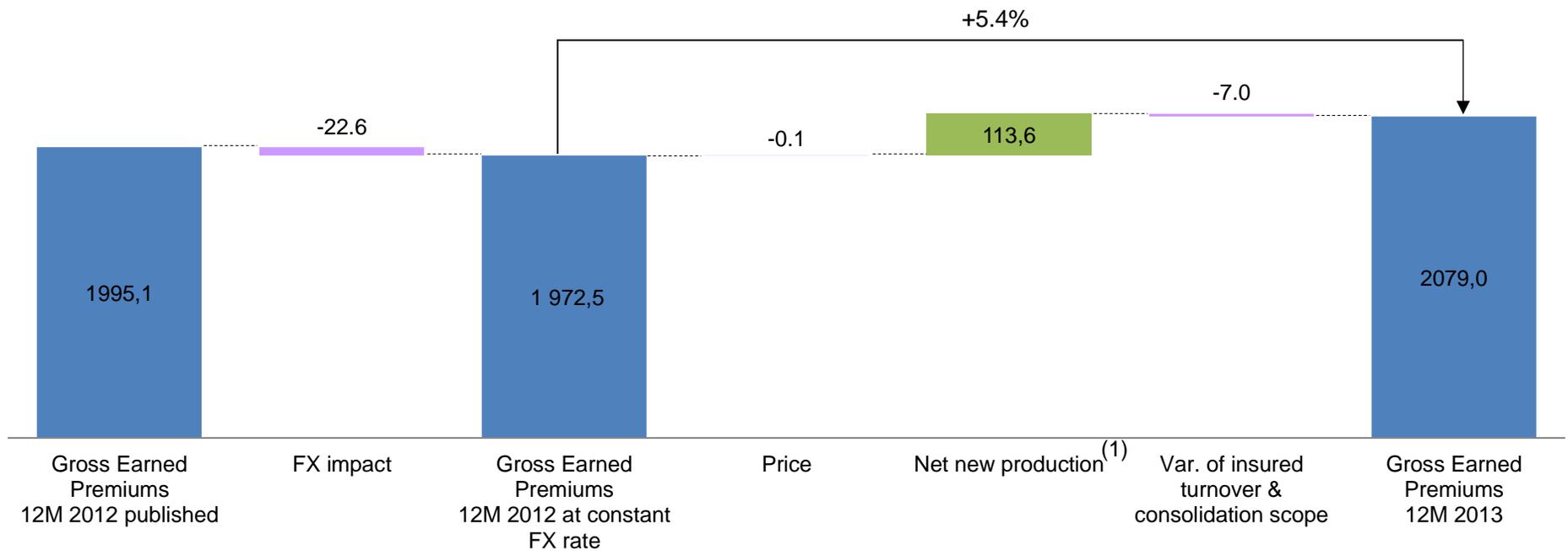
EUR mn	2013	2012 Actual FX	Δ	Δ %	2012 CST FX & proforma ⁽¹⁾	Δ	Δ %
DACH	793	777	16	2%	776	17	2%
France	398	414	-16	-4%	414	-16	-4%
Northern Europe	551	525	27	5%	515	36	7%
Med. Countries, Middle East & Africa	309	321	-12	-4%	281	28	10%
Americas	275	266	9	3%	253	22	9%
Asia Pacific	92	80	12	15%	74	18	24%
Non-consolidated OEs & Inter region	68	16	52	N/A	54	14	26%
Turnover	2 486	2 398	88	3,7%	2 367	119	5,0%
Europe ⁽²⁾	2 094	2 032	62	3%	2 016	78	4%
Outside Europe	392	365	27	7%	351	41	12%

(1) 2012 pro forma with Spain & Argentina transferred to Solunion

(2) APAC, North America, Brazil, Middle East and Africa

As in 2012, commercial performance is the strongest driver of premium growth. FX and insured turnover volumes were down in 2013

(EUR mn)

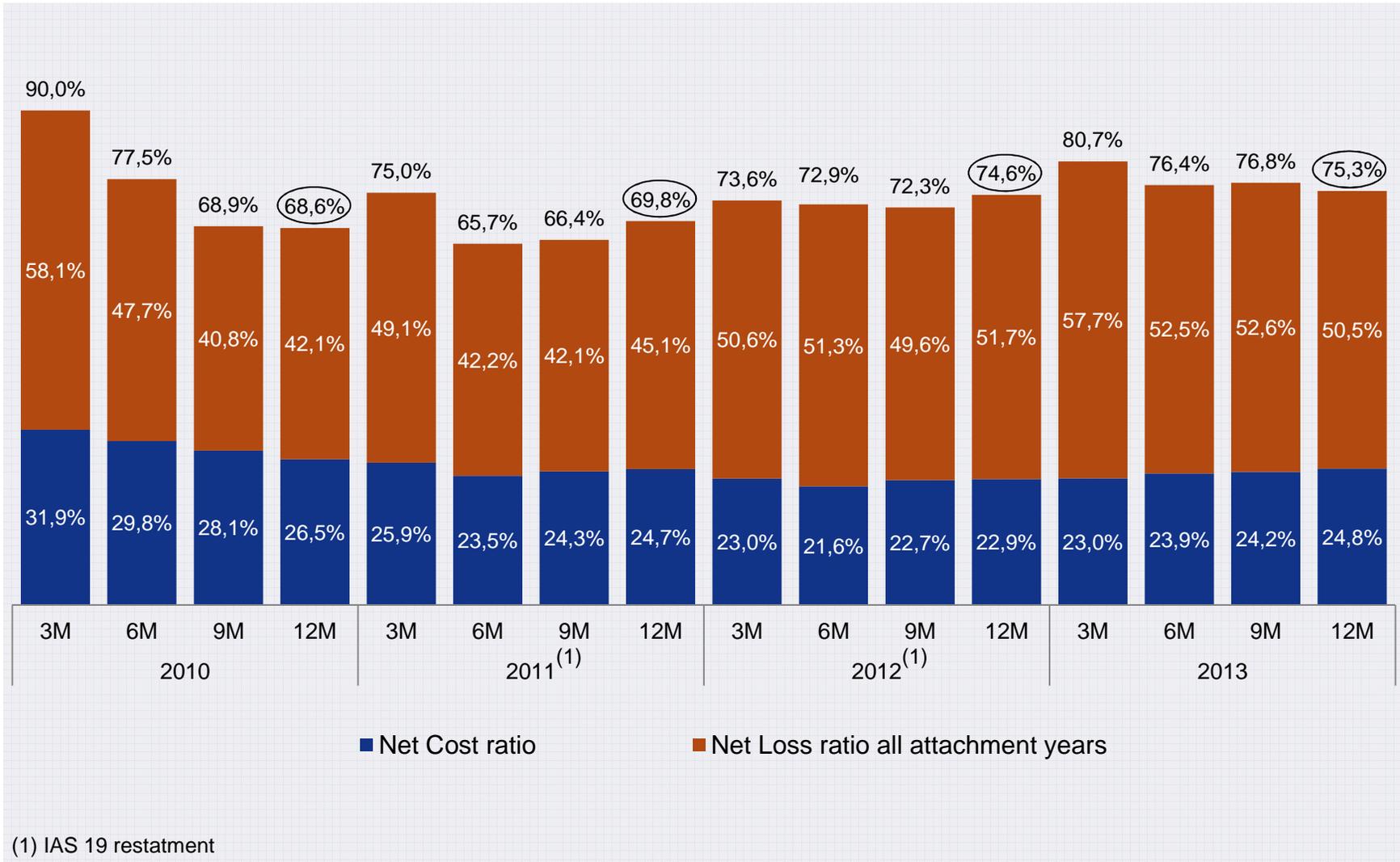


(1) New production net of wastages

Net loss ratio lower than in previous quarters and lower than in 2012



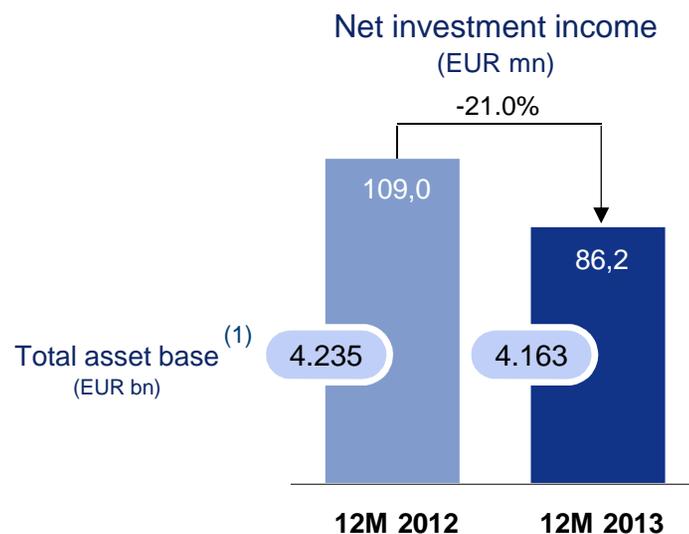
Net combined ratio stabilised at 75%



Reinsurance result evolution

EUR mn	2013	2012 proforma	Δ	Δ%
Gross earned premiums	2 079,0	1 995,1	83,9	4,2%
Ceded premiums	-643,5	-650,7	7,3	-1,1%
Net earned premiums	1 435,6	1 344,3	91,2	6,8%
<i>Cession rate</i>	31,0%	32,6%	-1,7 pts	
Gross claims costs	-1 046,5	-1 049,8	3,3	-0,3%
Ceded claims costs	321,5	354,2	-32,7	-9,2%
Net claims costs	-725,0	-695,5	-29,4	4,2%
<i>Cession rate</i>	30,7%	33,7%	-3,0 pts	
Reinsurance commission	219,6	253,5	-33,9	-13,4%
<i>Reinsurance commission rate</i>	34,1%	39,0%	-4,8 pts	
Net Claims ratio CY	61,0%	67,3%	-6,2 pts	
Net Claims ratio PY	-10,5%	-15,5%	5,0 pts	
Net Claims ratio	50,5%	51,7%	-1,2 pts	
Net Costs ratio	24,8%	22,9%	1,9 pts	
Net Combined ratio	75,3%	74,6%	0,7 pts	

Net investment income impacted by low interest rates and lower gains on investments



Current investment income	98.8	88.4
Investment management charges	-11.8	-8.4
Net change in foreign currency	-0.8	-0.5
Net gain (loss) on sales of investments less impairment and depreciation writebacks	22.9	6.7 ⁽²⁾

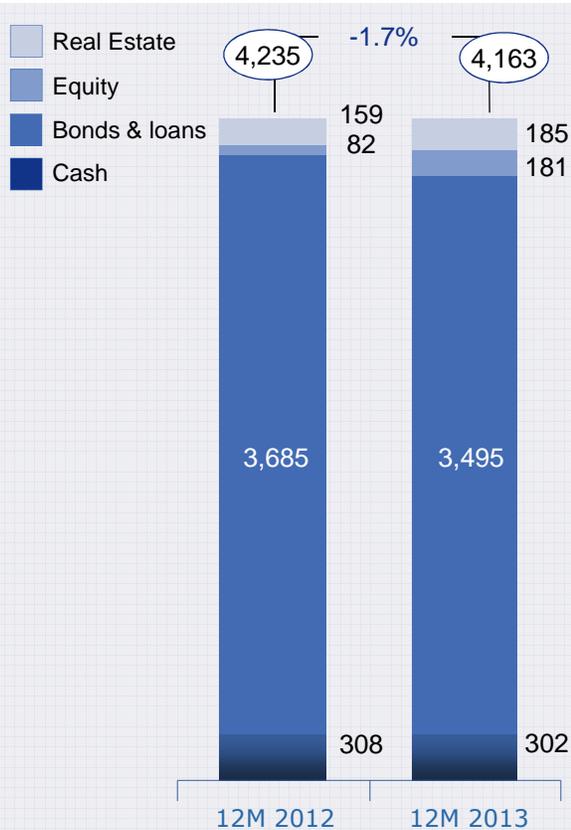
(1) Market value

(2) Excluding realised gains from entities spined-off to Solunion (Spain & Latin America)

Asset allocation

(EUR mn)

Asset base (1)



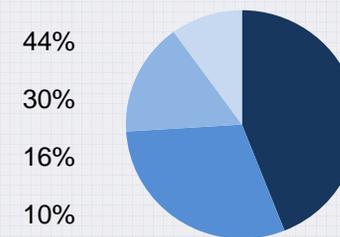
Portfolio size reduction following :

- lower unrealised gains on bonds
- negative FX impact
- deconsolidation of Spain and Mexico

Fixed income portfolio

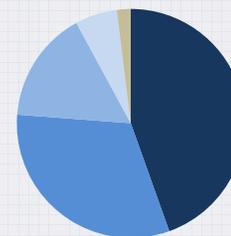
By type of issuer

- Treasuries
- Securitized
- Corporates
- Cash

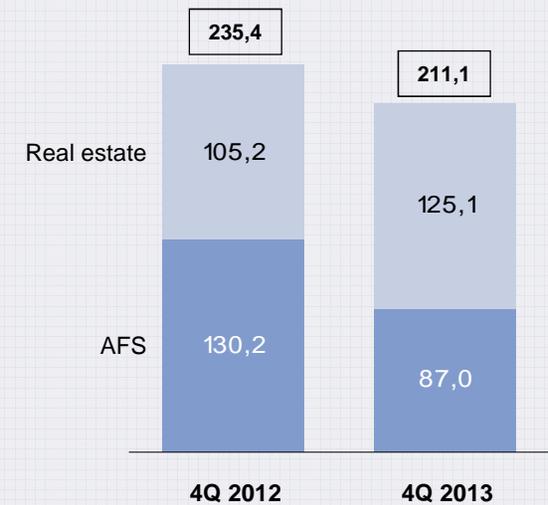


By rating

- AAA 45%
- AA 32%
- A 16%
- BBB 6%
- Not rated 2%

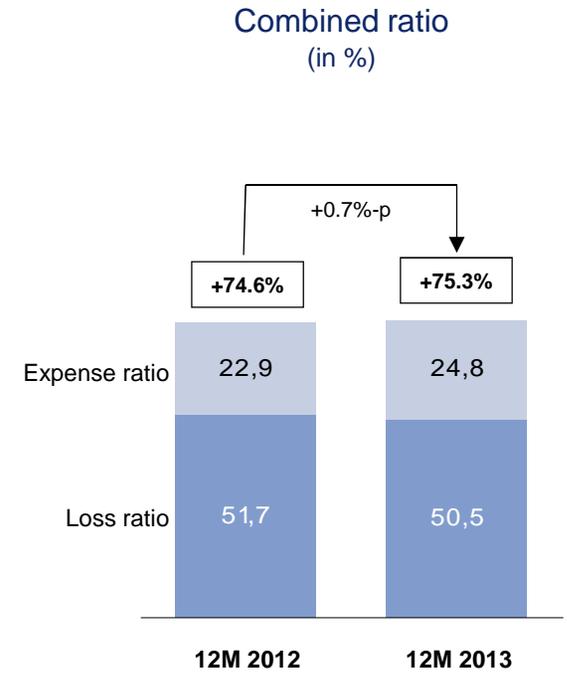
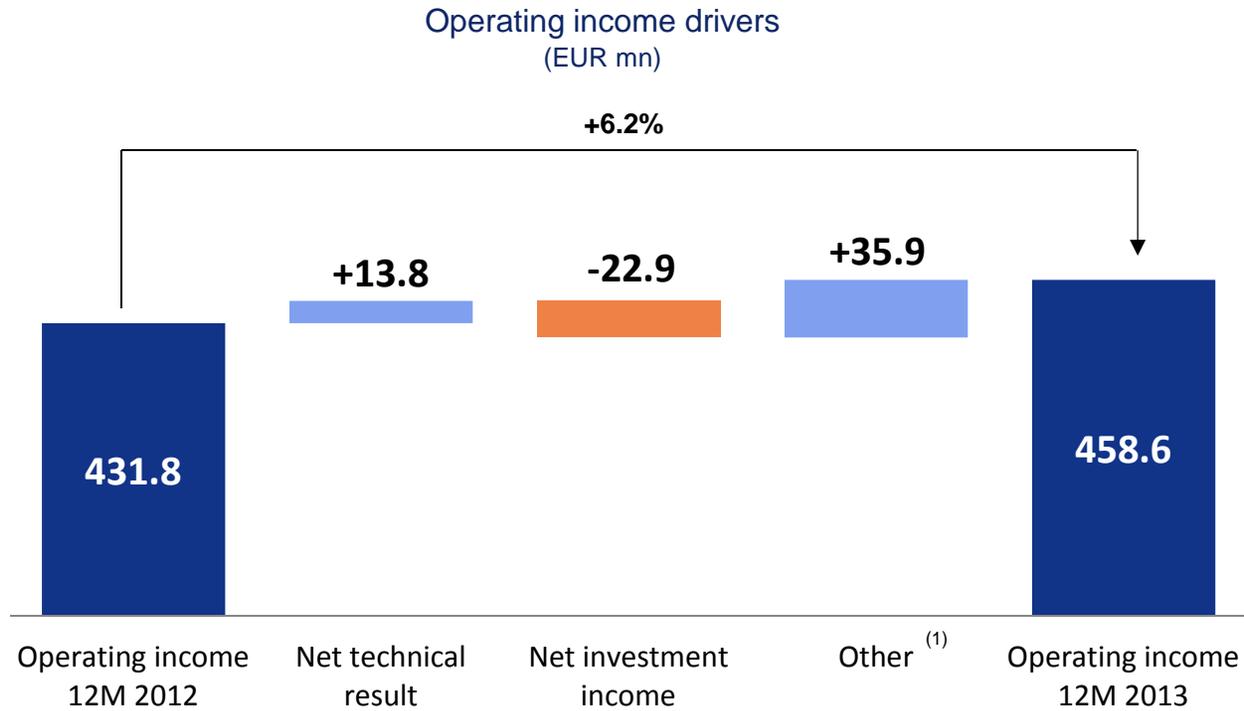


Unrealized gains/ losses



(1) Market value

Strong operating income

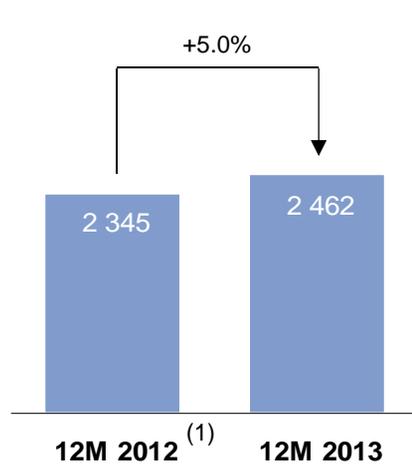


(1) Includes realised gains on the contribution of Spain, Argentina, Mexico, Chile & Colombia to Solunion for EUR 37mn

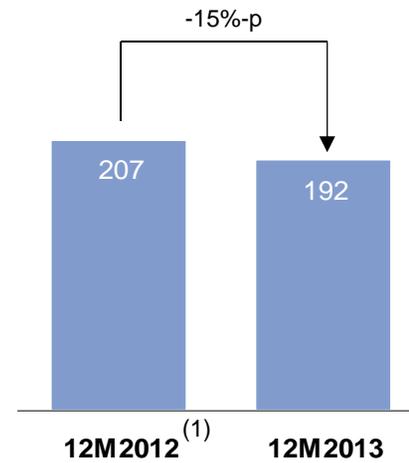
5

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results
- 5 Shareholders' equity & Economic solvency**
- 6 Appendices

Solid shareholders' equity and solvency position



**Shareholders' equity,
Group share
(EUR mn)**



**Economic solvency
(%)**

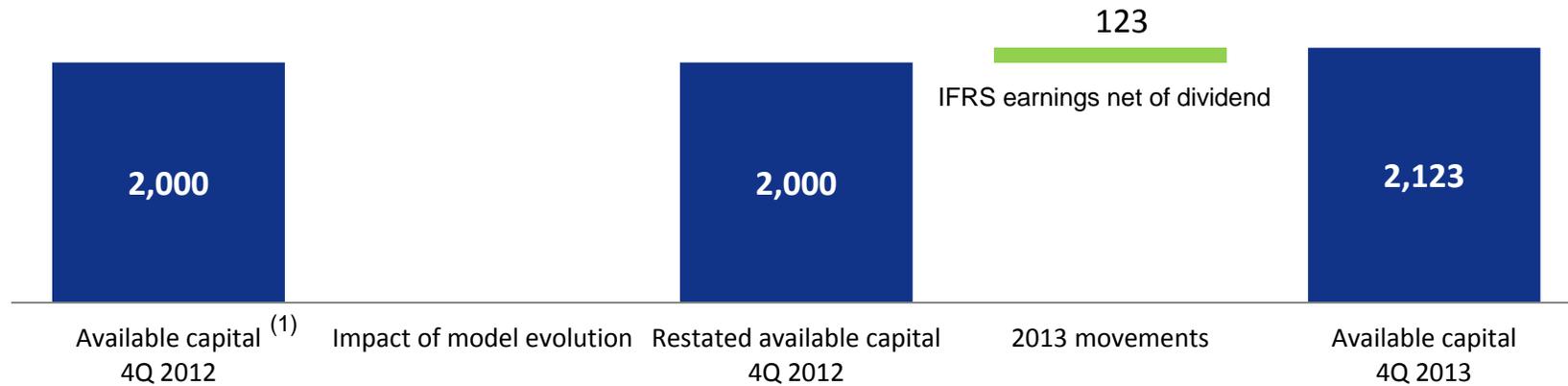
(1) Proforma with IAS 19 revised

Economic solvency evolution

(EUR mn)



Available capital



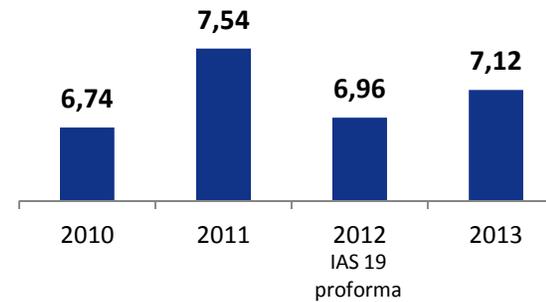
Required capital



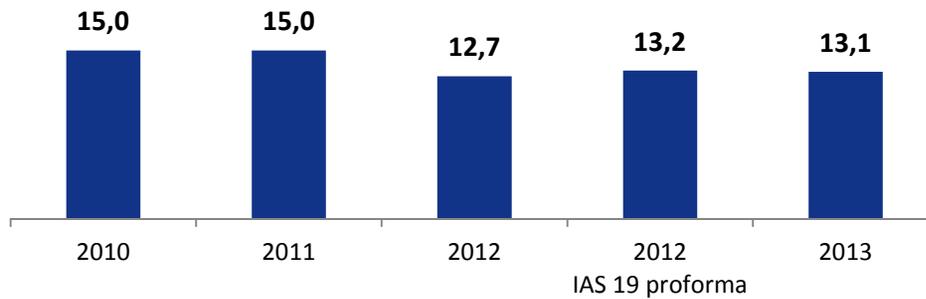
(1) Proforma with IAS 19 revised

+ 5% dividend per share

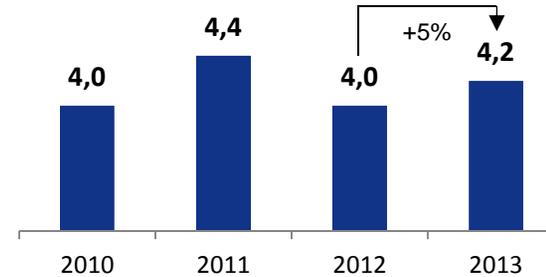
Net result per share (in EUR)



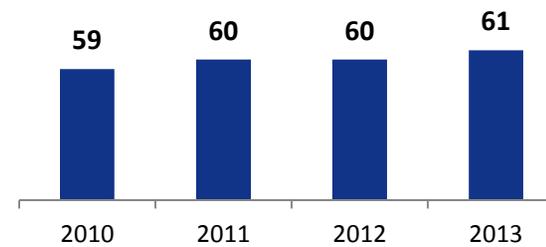
Return on equity (in %)



Dividend per share (in EUR)



Payout ratio (in %)



6

- 1 Highlights
- 2 Commercial & Risk overview
- 3 Quarterly results
- 4 Year-to-date results
- 5 Shareholders' equity & Economic solvency
- 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

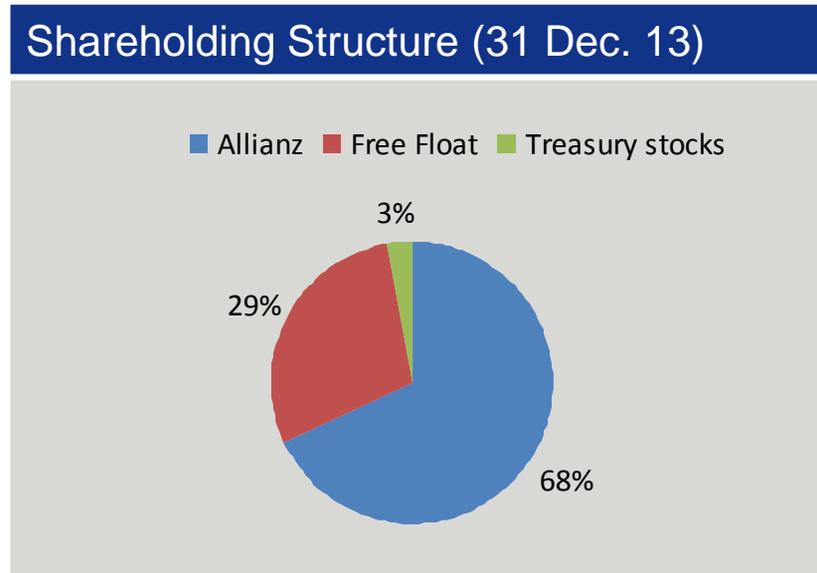
Next Events	Date
1Q 2014 Earnings (webcast)	Apr. 30 th , 2014
General Assembly	May. 28 th , 2014
2Q 2014 Earnings (webcast)	Jul. 30 th , 2014
3Q 2014 Earnings (webcast)	Oct. 28 th , 2014

Stock Market Data	As at 31 Dec. 13
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	4,539

Investors Relations Contact

Clarisse Kopff, Head of Group controlling, accounting and investor relations
 +33 (0)1 84 11 51 38
clarisse.kopff@eulerhermes.com

Catherine Zeller, General secretary
 +33 (0)1 84 11 40 60
catherine.zeller@eulerhermes.com



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(vii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions, including related integration issues, (xii) reorganization measures, and (xiii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update.

The company assumes no obligation to update any information contained herein.