

# Q1 2013 Financial results

Financial analysts meeting

April 25<sup>th</sup>, 2013

# Agenda

- 1** Q1 2013 highlights
- 2** Commercial overview
- 3** Risk overview
- 4** Financial results
- 5** Appendices

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## Q1 2013 highlights

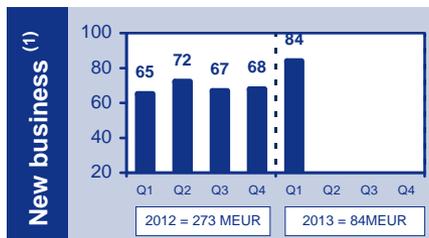
|  | Q1 2013  | Q1 2013<br>vs Q1 2012 <sup>(1)</sup> |
|--|----------|--------------------------------------|
| Same solid top line as in 2012, essentially from growth markets  | 619.3 M€ | +5%                                  |
| Net combined ratio is impacted by a single large claim (Pescanova), costing 4.9 pts                                    | 80.7%    | +7.1 pts                             |
| But the operating income benefits from a one-shot gain of 31.7M€ on the contribution of entities to the JV with Mapfre | 127.3 M€ | +19%                                 |
| Net income follows the positive trend of the operating income  | 85.3 M€  | +28%                                 |

(1) Against Q1 2012 with revised IAS 19

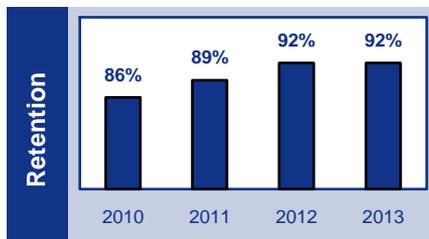
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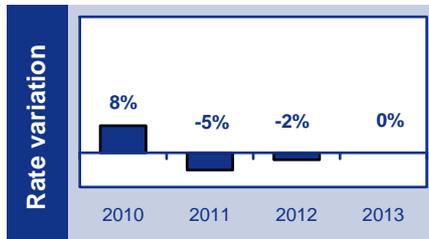
# Commercial overview



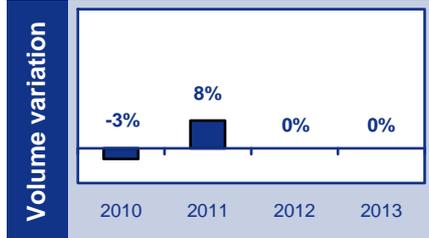
In Q1 2013, new business has reached a record level of 84 M€ which is 19 M€ above Q1 2012. The strong performance is driven by the growth markets (Americas, Asia, Middle East & Russia) and the multinational segment.



Retention is at 92%, at the same record level as in Q1 2012, driven by high demand for credit insurance in the complex economic environment and an effective service model.



Overall rate variation is flat : rates have increased where technically necessary (Med. Countries & Northern Europe) but have been under pressure in growing markets and segments.



As in 2012, there is no contribution from insured turnover volumes in the start of 2013.

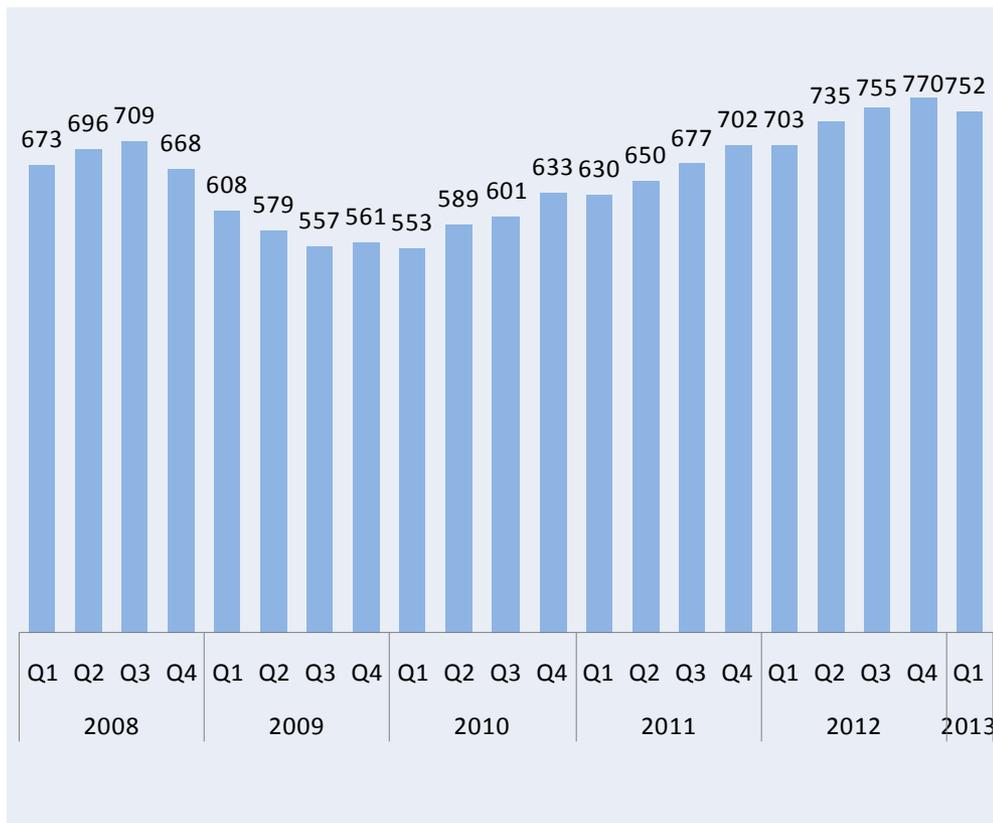
(1) 2012 pro forma excluding Spain & Latin America business units

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# Risk overview

In billion euros



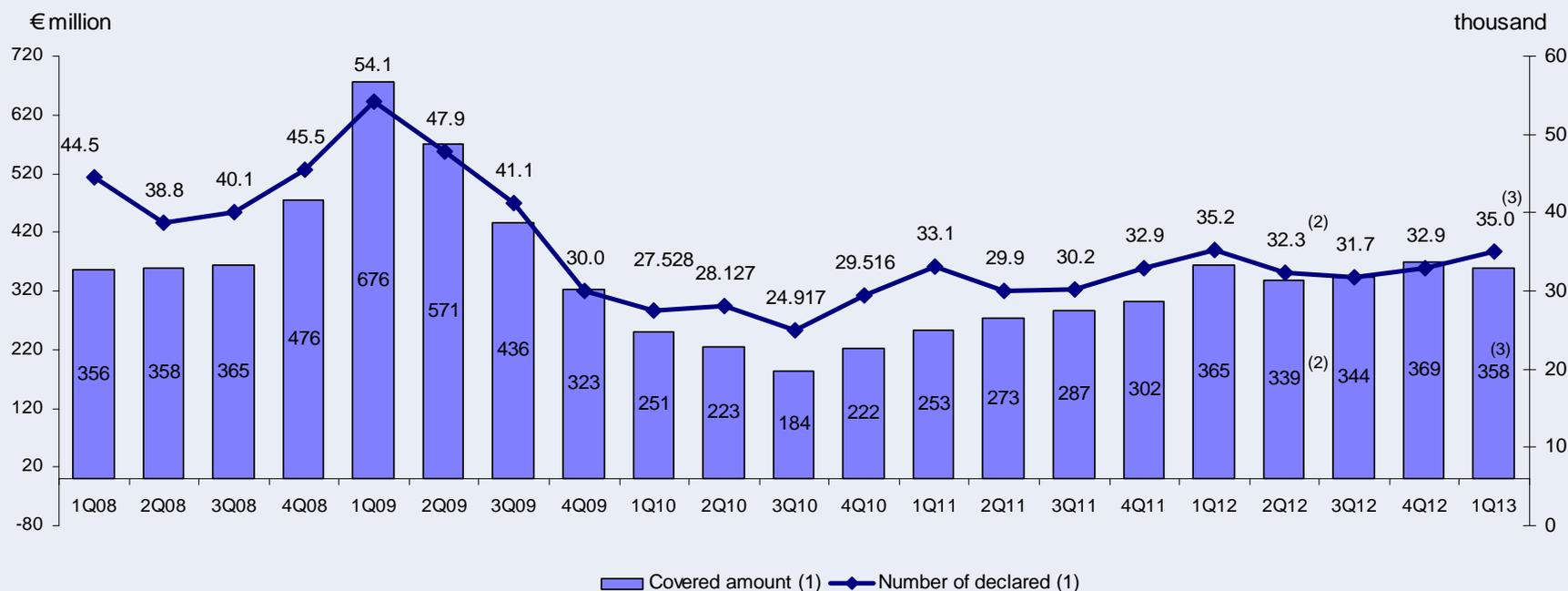
In billion euros

|              | Q4 2012 | Q1 2013 |
|--------------|---------|---------|
| Grade weight |         |         |
| 1-5          | 83.1%   | 83.3%   |
| 6-10         | 16.9%   | 16.7%   |

- Group exposure decreases beyond the impact of the transfer of the Spanish and Argentinean entities to Solunion, the JV with Mapfre (-12 bn€ out of a total of -18 bn€ decrease)

# Claims development

2008 – 2012 – Proforma excluding Spain & Argentina



- Covered amounts are stable, excluding the large Pescanova claim, which is accounted for in Solunion
- The number of declared claims is back to the level of Q1 2012

# 4

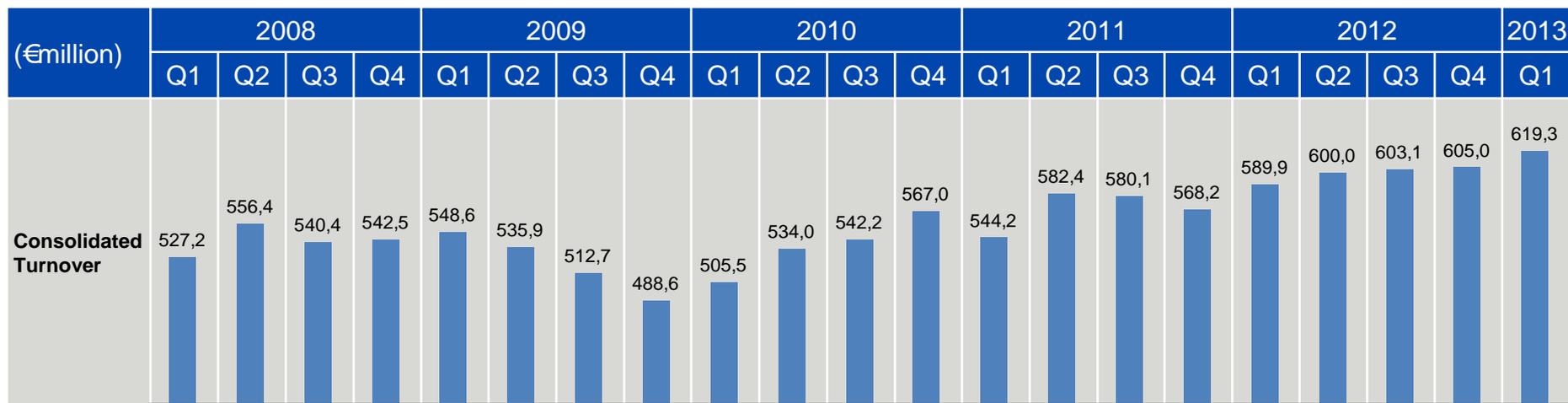
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# Key figures

| (€ mn)   | Actual<br>3M 2013 | Actual<br>3M 2012 <sup>(1)</sup> | Variation<br>in amount | Variation<br>in % |
|--|-------------------|----------------------------------|------------------------|-------------------|
| Turnover   | 619.3             | 589.9                            | 29.5                   | +5.0%             |
| <b>Net technical result</b>                                | <b>64.6</b>       | <b>81.8</b>                      | <b>-17.2</b>           | <b>-21.0%</b>     |
| Net financial income (excluding financing costs)           | 32.9              | 24.3                             | 8.6                    | 35.5%             |
| Operating income   | 127.3             | 106.7                            | 20.6                   | 19.4%             |
| • of which non ordinary operating income                   | 29.8              | 0.6                              | 29.2                   |                   |
| • of which ordinary operating income                       | 97.5              | 106.1                            | -8.6                   |                   |
| <b>Net consolidated result (Group share)</b>               | <b>85.3</b>       | <b>66.9</b>                      | <b>18.4</b>            | <b>27.5%</b>      |
| Euler Hermes Net combined ratio (including Service margin) | <b>80.7%</b>      | <b>73.6%</b>                     |                        |                   |
| • Euler Hermes Net loss ratio                              | 57.7%             | 50.6%                            |                        |                   |
| • Euler Hermes Net cost ratio                              | 23.0%             | 23.0%                            |                        |                   |

(1) After IAS 19 restatement

# Quarterly turnover evolution



# Premiums evolution

## Per region

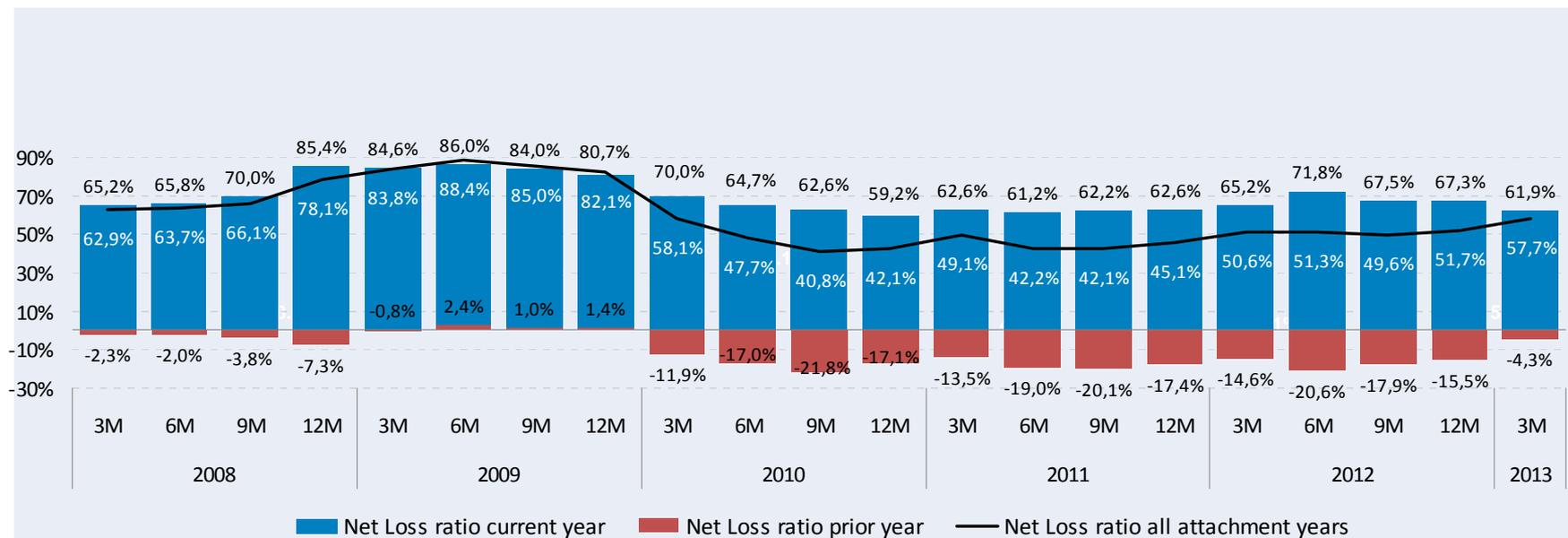
| (€ mn)                                    | Actual<br>3M 2013 | Actual <sup>(1)</sup><br>3M 2012 | Actual <sup>(2)</sup><br>3M 2012 | Variation<br>vs 3M<br>2012 <sup>(2)</sup> |
|---|-------------------|----------------------------------|----------------------------------|---|
| DACH                                      | 157.0             | 154.8                            | 154.6                            | +1%                                       |
| France                                    | 85.1              | 87.7                             | 87.7                             | -3%                                       |
| Northern Europe                           | 114.5             | 109.1                            | 109.0                            | +5%                                       |
| Med. Countries, Middle East & Africa      | 60.4              | 62.6                             | 54.6                             | +11%                                      |
| Americas                                  | 57.3              | 53.8                             | 52.7                             | +9%                                       |
| Asia & Pacific                            | 17.7              | 13.6                             | 13.5                             | +31%                                      |
| Others (incl. EH Re & inter region elim.) | 23.5              | 10.2                             | 18.5                             | +27%                                      |
| <b>Total Gross Earned Premiums</b>        | <b>515.5</b>      | <b>491.7</b>                     | <b>490.8</b>                     | <b>+5%</b>                                |

(1) Published in Q1 2012

(2) At constant FX rate & proforma figures (Spain & Argentina 2012 in EH Re)

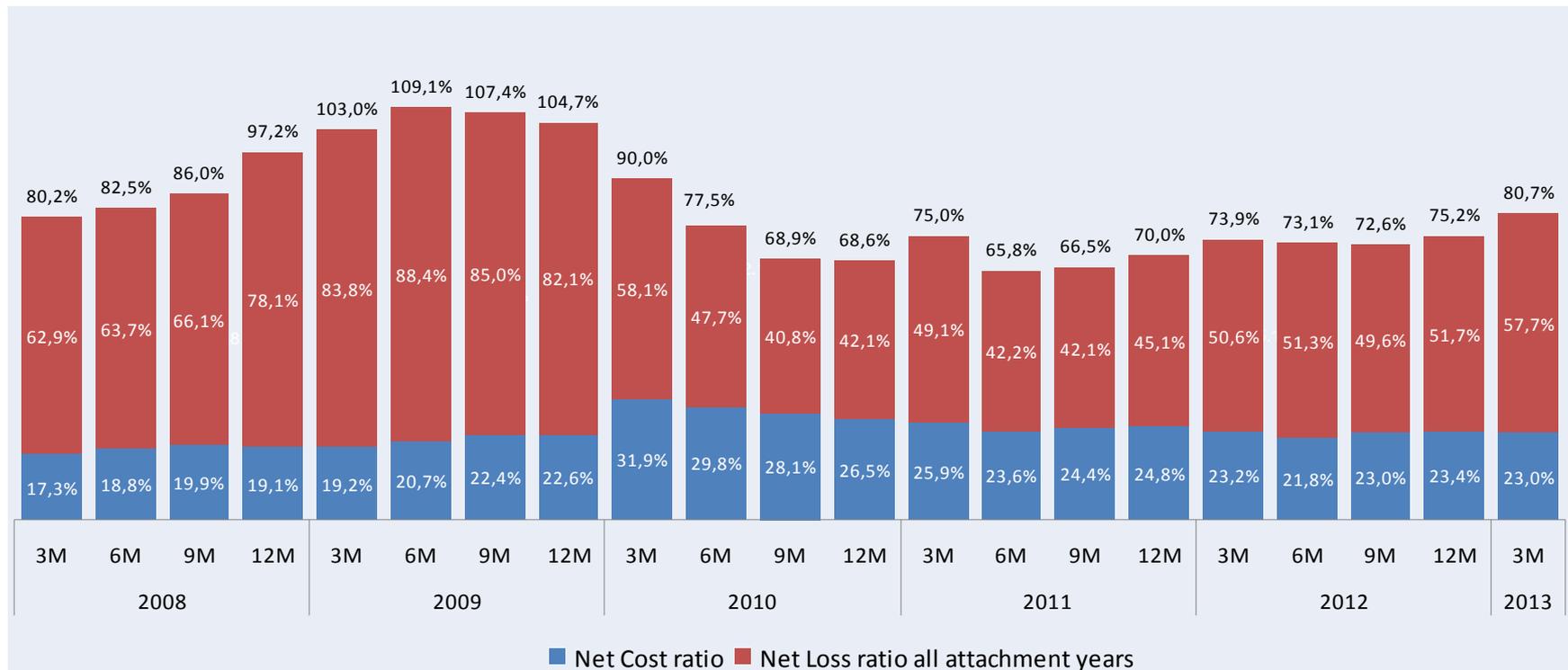
# Net loss ratio evolution

## Year-to-date ratio



# Net combined ratio evolution

## Year-to-date ratio



Historical figures (without IAS 19 restatement)

# Reinsurance result evolution

| (€ mn)                             | Actual<br>3M 2013 | Actual<br>3M 2012 <sup>(1)</sup> | Variation<br>in amount | Variation<br>in % |
|------------------------------------|-------------------|----------------------------------|------------------------|-------------------|
| Gross earned premiums              | 515.5             | 491.7                            | 23.8                   | 5%                |
| Ceded premiums                     | -171.8            | -169.8                           | -1.9                   | -1%               |
| <b>Net earned premiums</b>         | <b>343.8</b>      | <b>321.9</b>                     | <b>21.9</b>            | <b>7%</b>         |
| <i>Cession rate</i>                | 33.3%             | 34.5%                            |                        | -1.2 pts          |
| Gross claims costs                 | -275.4            | -217.1                           | -58.2                  | -27%              |
| Ceded claims costs                 | 77.1              | 54.2                             | 22.9                   | 42%               |
| <b>Net claims costs</b>            | <b>-198.2</b>     | <b>-162.9</b>                    | <b>-35.4</b>           | <b>-22%</b>       |
| <i>Cession rate</i>                | 28.0%             | 25.0%                            |                        | 3.0 pts           |
| <b>Reinsurance commission</b>      | <b>63.0</b>       | <b>64.1</b>                      | <b>-1.0</b>            | <b>-2%</b>        |
| <i>Reinsurance commission rate</i> | 36.7%             | 37.7%                            |                        | -1.0 pts          |
| <b>Total ceded result</b>          | <b>-31.7</b>      | <b>-51.5</b>                     | 19.9                   | -39%              |
| Net claims ratio CY                | 61.9%             | 65.2%                            |                        | -3.3 pts          |
| Net claims ratio PY                | -4.3%             | -14.6%                           |                        | 10.3 pts          |
| <b>Net claims ratio</b>            | <b>57.7%</b>      | <b>50.6%</b>                     |                        | <b>7.1 pts</b>    |
| <b>Net cost ratio</b>              | <b>23.0%</b>      | <b>23.0%</b>                     |                        | <b>0.0 pts</b>    |
| <b>Net combined ratio</b>          | <b>80.7%</b>      | <b>73.6%</b>                     |                        | <b>7.1 pts</b>    |

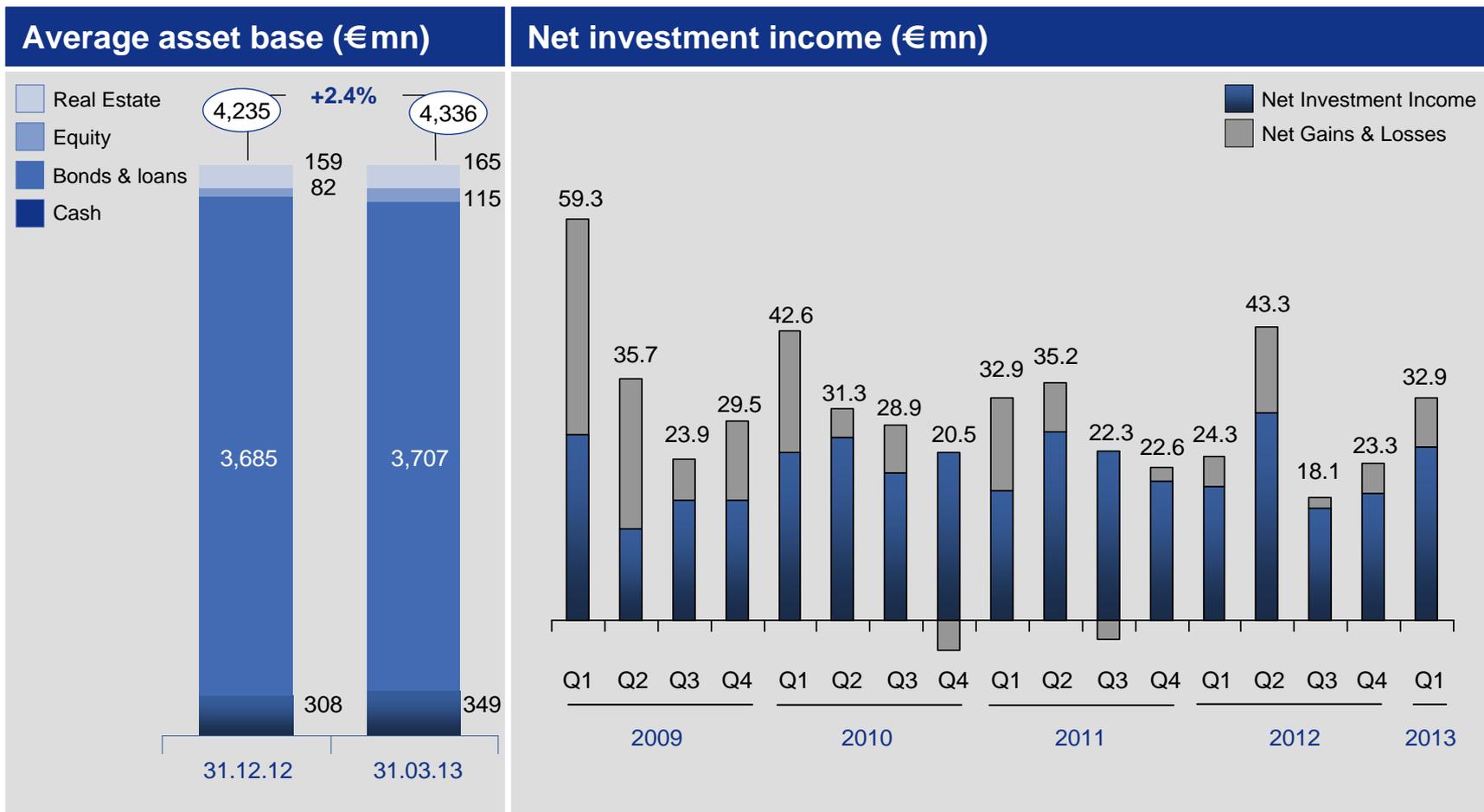
(1) After IAS 19 restatement

# Financial result evolution

(excluding income from non-consolidated companies)

| (€ mn)   | Actual YTD<br>3M 2013 | Actual YTD<br>3M 2012 | Variation<br>in amount | Variation<br>in % |
|--|-----------------------|-----------------------|------------------------|-------------------|
| Income from investment property  | 0.8                   | 0.2                   | 0.6                    | x 3.8             |
| Income from securities   | 15.8                  | 18.6                  | -2.8                   | -15%              |
| Other financial income   | 5.7                   | 6.4                   | -0.7                   | -12%              |
| <b>Investment income</b>   | <b>22.2</b>           | <b>25.2</b>           | <b>-3.0</b>            | <b>-12%</b>       |
| <b>Investment expenses</b>   | <b>-1.4</b>           | <b>-3.0</b>           | <b>1.6</b>             | <b>53%</b>        |
| <b>Net Foreign Exchange result</b>   | <b>4.9</b>            | <b>-2.3</b>           | <b>7.1</b>             | <b>NA</b>         |
| <b>Net gains and losses on sales of investments less<br/>impairment and amortization</b> | <b>7.2</b>            | <b>4.4</b>            | <b>2.8</b>             | <b>64%</b>        |
| <b>Net financial income (excluding financing expense)</b>                                | <b>32.9</b>           | <b>24.3</b>           | <b>8.6</b>             | <b>36%</b>        |

# Investments



# Key financials

| (€ mn)   | Actual<br>3M 2013 | Actual<br>3M 2011 <sup>(1)</sup> | Variation<br>in amount | Variation<br>in % |
|--|-------------------|----------------------------------|------------------------|-------------------|
| <b>Ordinary operating income</b>               | <b>97.5</b>       | <b>106.1</b>                     | <b>-8.6</b>            | <b>-8%</b>        |
| Other non ordinary operating income & expenses | 29.8              | 0.6                              | 29.2                   |                   |
| <b>Operating income</b>                        | <b>127.3</b>      | <b>106.7</b>                     | <b>20.6</b>            | <b>19%</b>        |
| Financing expenses                             | -2.8              | -3.6                             | 0.8                    | -23%              |
| Income from non-consolidated companies         | 2.8               | 0.8                              | 2.0                    | 250%              |
| <b>Profit before tax</b>                       | <b>127.3</b>      | <b>103.9</b>                     | <b>23.5</b>            | <b>23%</b>        |
| Corporation tax                                | -40.5             | -36.1                            | -4.4                   | 12%               |
| Minority interest                              | -1.5              | -0.9                             | -0.7                   | 74%               |
| <b>Consolidated net income</b>                 | <b>85.3</b>       | <b>66.9</b>                      | <b>18.4</b>            | <b>28%</b>        |
| <b>Tax rate</b>                                | <b>31.8%</b>      | <b>34.7%</b>                     |                        |                   |

(1) After IAS 19 restatement

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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                         |
|----------------------------|------------------------------|
| General Assembly           | May. 24 <sup>th</sup> , 2013 |
| Q2 2013 Earnings (webcast) | Jul. 24 <sup>th</sup> , 2013 |
| Q3 2013 Earnings (webcast) | Nov. 5 <sup>th</sup> , 2013  |

| Stock Market Data  | As at 28 Mar. 13 |
|--------------------|------------------|
| Listing            | Euronext Paris   |
| Code               | ELE.PA           |
| Shares outstanding | 45,229,777       |
| Market cap. (€ mn) | 3,251            |

## Investors Relations Contact

Clarisse Kopff, Finance  
 +33 (0)1 84 11 51 38  
[clarisse.kopff@eulerhermes.com](mailto:clarisse.kopff@eulerhermes.com)

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

## Shareholding Structure (31 Dec. 12)

■ Allianz ■ Free Float ■ Treasury stocks

