

12M 2014 Financial results

Financial analysts meeting

February 18th, 2015



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12M 2014 Operational highlights

Extension of the product range: Success of new Lines of Business: Trade Finance and Excess of Loss; Opening of Bonding in Italy (April 2014), Australia.

Geographical extension: 9% of turnover growth in Americas, 21% in Asia. Opening of the Chinese export market.

Development of distribution partnerships:

- expansion of the HBSC partnership in the US (Jan 2014) and Malaysia (Feb 2014)
- distribution partnership signed with BNP Paribas in France (May 2014)
- partnership with Bpifrance to support their new short-term financing product Advance+ Export (Sept 2014)

Euler Hermes SA rated AA- by S&P and Dagong Europe, and Aa3 by Moody's.

Legal restructuring achieved on November 4th, 2014: EH France, EH Deutschland, EH Switzerland, EH Singapore, EH Japan and EH Hong Kong are now all branches of Euler Hermes (SA), completing the former merger program achieved with other European entities in 2011.

Launch of **Euler Hermes 3.0** an initiative aimed at “being more easy to work with”.

12M 2014 Financial highlights

Turnover reaches €2 527 million, up 1.7% at constant exchange rates (+1.6% at actual exchange rates) supported by Americas, Asian and Middle East markets, and new products

Net loss ratio all attachment years is 48.8%, lower than last year by -1.7 pts

Net combined ratio is stable at 75.4%

Ordinary operating income improves by +1.1% at €436.2 million.

Net income Group Share is at €302.1 million, down 3.7% linked to a positive one-off in 2013⁽¹⁾ and a negative one-off in 2014⁽²⁾. Excluding these one-offs, net income is up +8.7%.

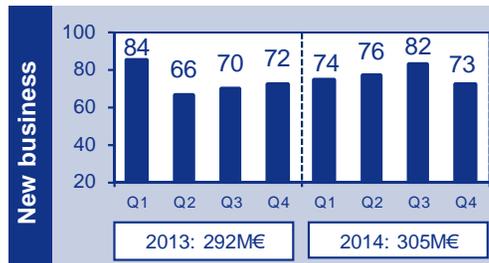
⁽¹⁾ Exceptional gain on the legal contribution of the Spain and LatAm entities to the Solunion JV for €36.9 million in non-ordinary operating income, and €25 million in net income

⁽²⁾ Impairment of the German headquarters for €17.2 million in non-ordinary operating income, and €12 million in net income

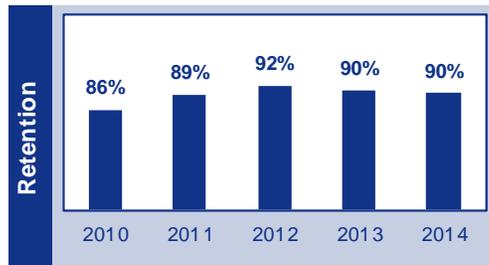
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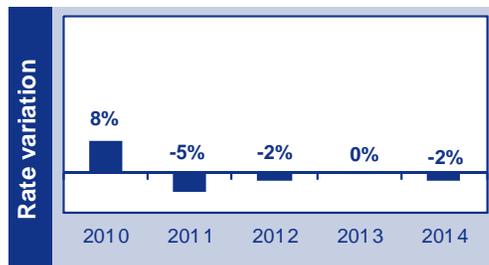
Commercial overview



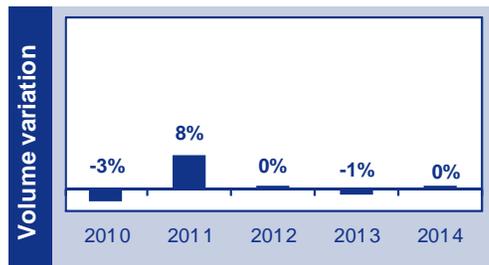
At the end of 2014, new business reached €305 million which is €13 million above the level of 2013 and a record level in EH history. New business is supported by Americas, Asian and Middle East markets and new lines of business, namely Trade Finance and Excess of Loss.



2014 retention rate stands at 90%, on a par with 2013. The lowest retention rates are observed in the World Programs and China, while France shows good performance.



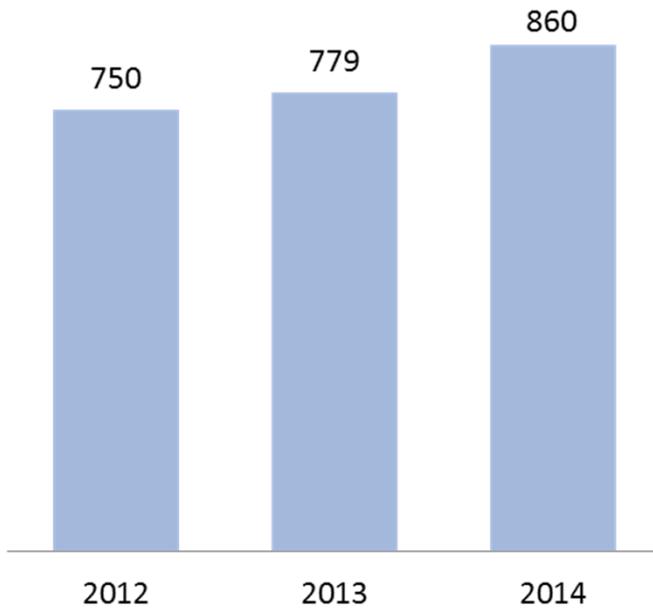
Average rates evolution is negative (-2%) due to the benign claims environment.



The contribution from customers' insured turnover is flat overall, driven by lack of GDP growth and inflation in Europe.

Risk overview

Total exposure (EUR bn)

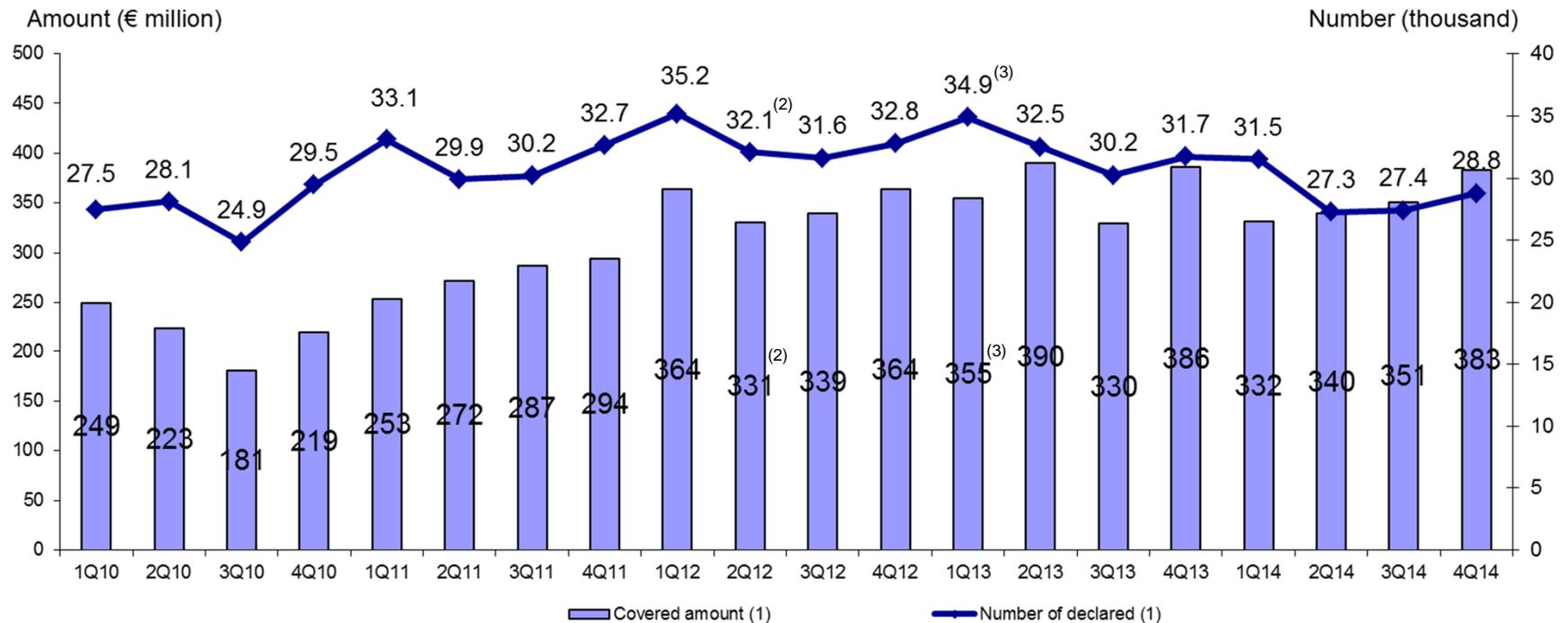


	4Q 2012	4Q 2013	4Q 2014
Grade weight			
1-5	83.1%	84.8%	85.4%
6-10	16.9%	15.2%	14.6%

2012-2013 proforma excluding Spain & Latin America

Exposure increases more rapidly than premium but the grade mix continues to improve with grades 6-10 representing less than 15% of the total portfolio.

Incoming claims decreased year-on-year, both in number and amount



2010-2013 proforma excluding Spain & Latin America

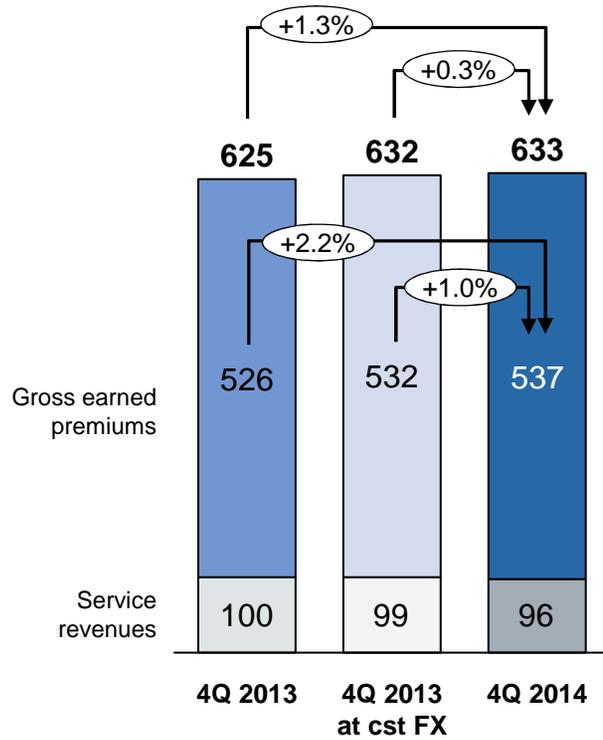
- The number of declared claims decreased by 9% compared to prior year.
- Covered amount is down compared to 2013 (-4%).
- 4Q includes a large claim (OW Bunker) for €37m.

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

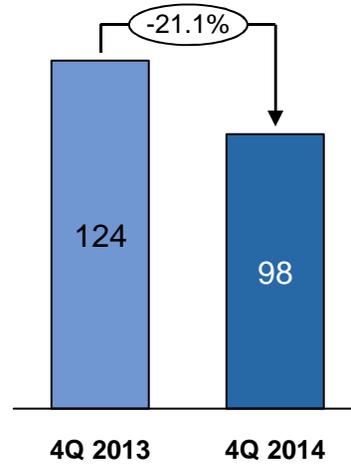
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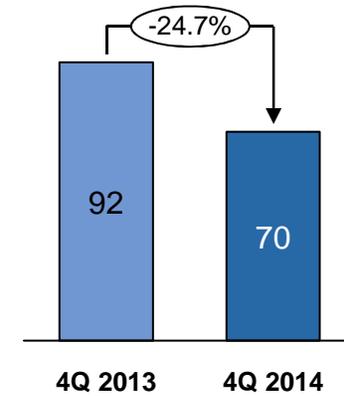
4Q: The profitability comparison to 2013 is impacted by exceptional reserve releases in 4Q 2013



**Turnover
(EUR mn)**



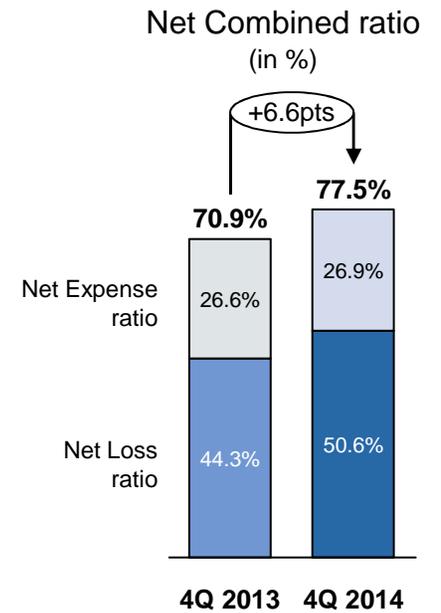
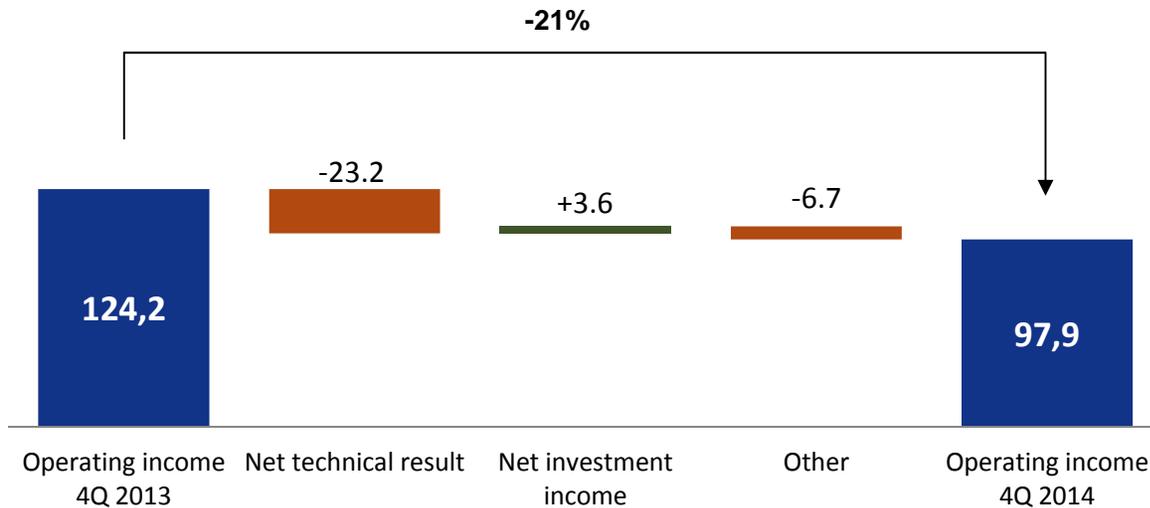
**Operating income
(EUR mn)**



**Net income,
Group share
(EUR mn)**

Operating income in 4Q is lower than last year due to exceptional run-off releases in 4Q 2013

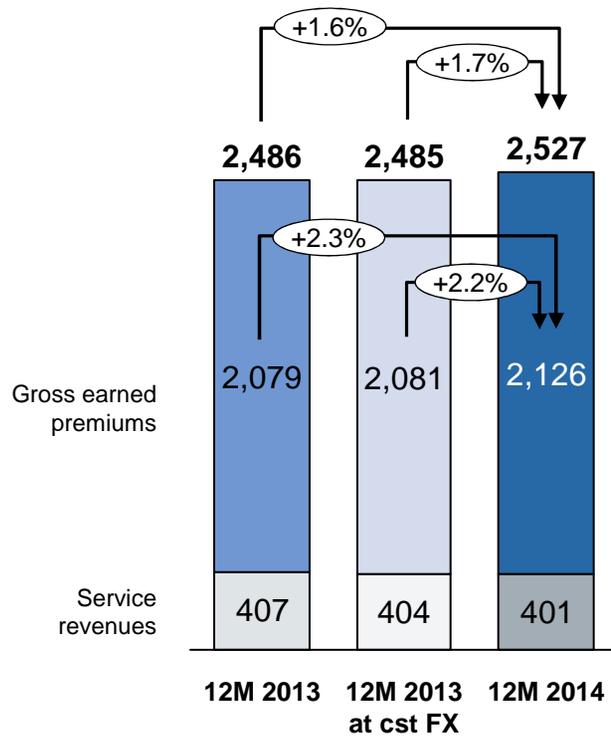
Operating income drivers vs 4Q 2013



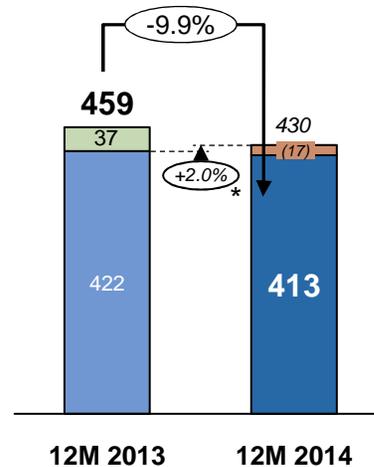
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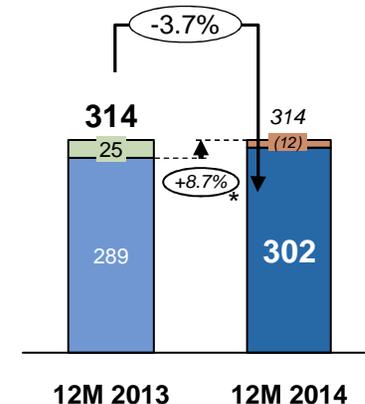
12M: Profitability is higher than in 2013 putting aside exceptional items in both years



**Turnover
(EUR mn)**



**Operating income
(EUR mn)**



**Net income,
Group share
(EUR mn)**

- Gain on the legal contribution of the Spanish and LatAm entities to the Solunion JV
- Impairment of the Hamburg headquarter building

* Restated evolution without the Solunion-related gains in 2013 and without the impairment of the Hamburg headquarter building in 2014

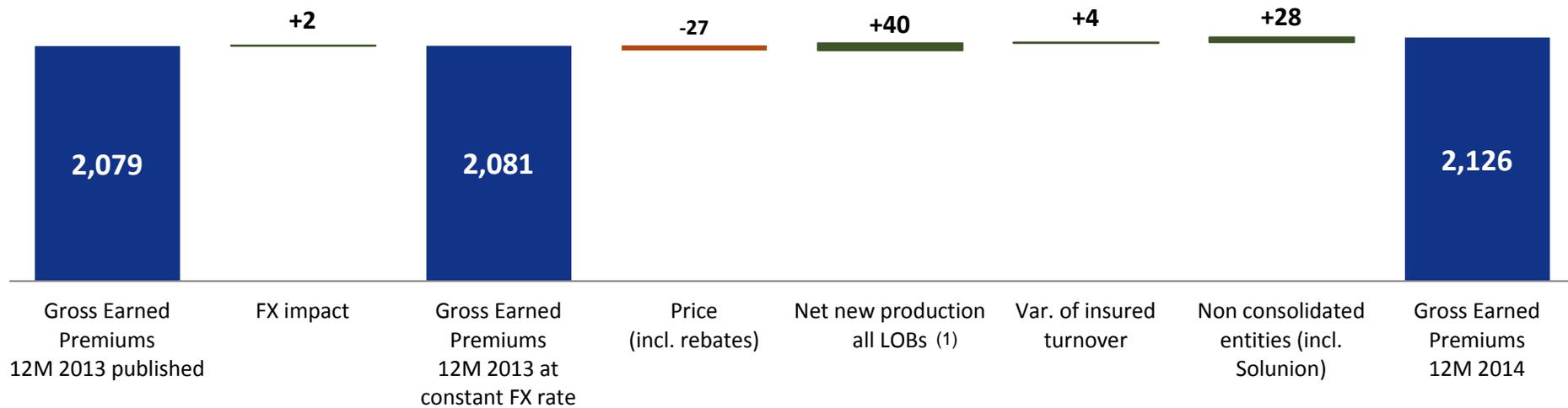
Turnover growth is at +1.7% at constant FX rates (+1.6% at actual rates)

EUR mn	2014	2013 Published	Δ %	2013 proforma & cst FX ⁽¹⁾	Δ %
DACH	760	793	-4%	793	-4%
France	399	398	0%	398	0%
Northern Europe	551	551	0%	555	-1%
Med. Countries, Middle East & Africa	323	309	4%	306	5%
Americas	266	275	-3%	244	9%
Asia Pacific	108	92	18%	89	21%
Non-consolidated OEs & Inter region elim.	120	68	76%	99	21%
Turnover	2,527	2,486	1.6%	2,485	1.7%

(1) 2013 pro forma with Mexico, Chile & Colombia transferred to Solunion

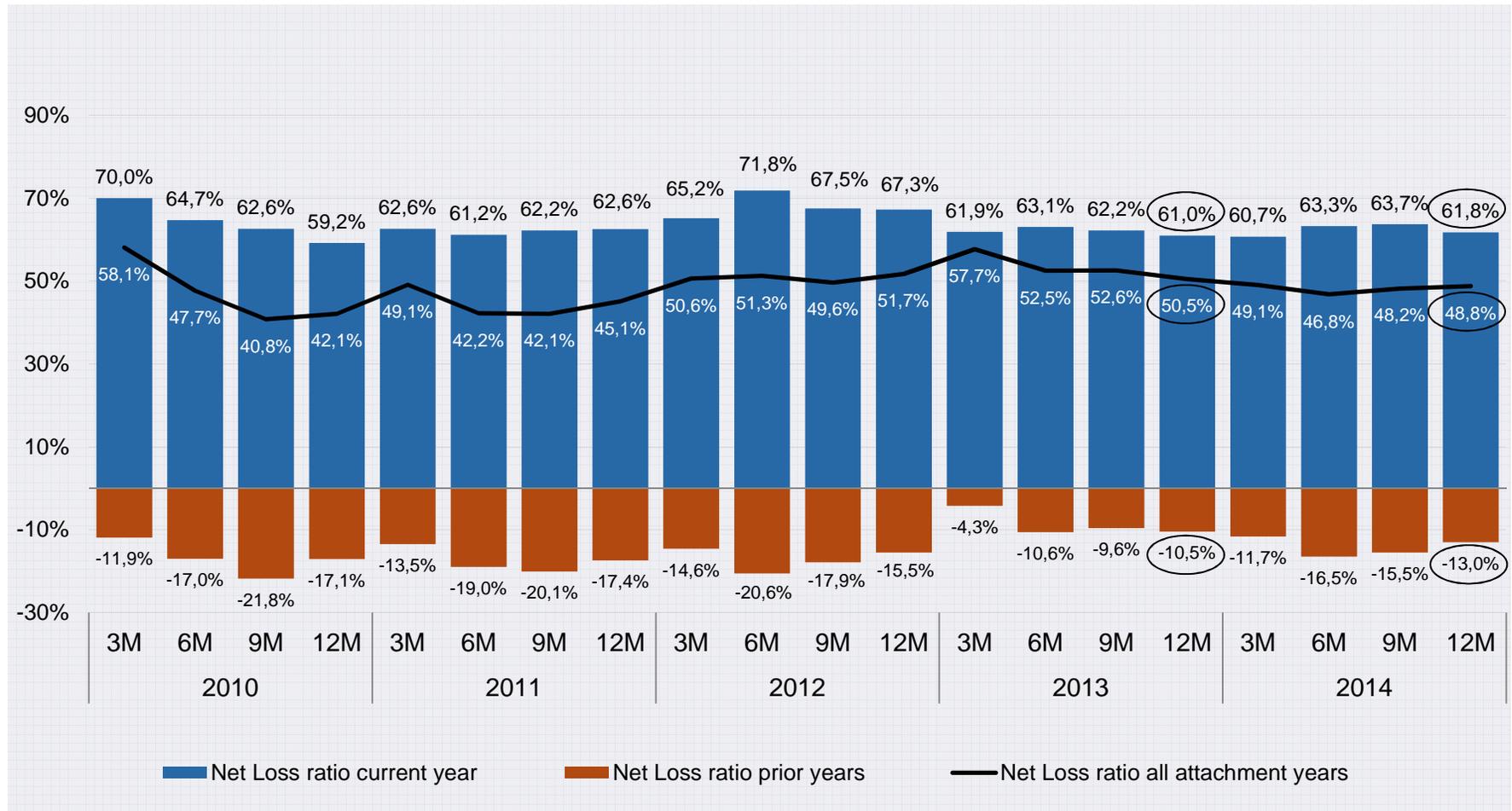
Premium growth driven by a solid net new production, a dynamic bonding business and growth in the JVs

Premium growth drivers (EUR mn)

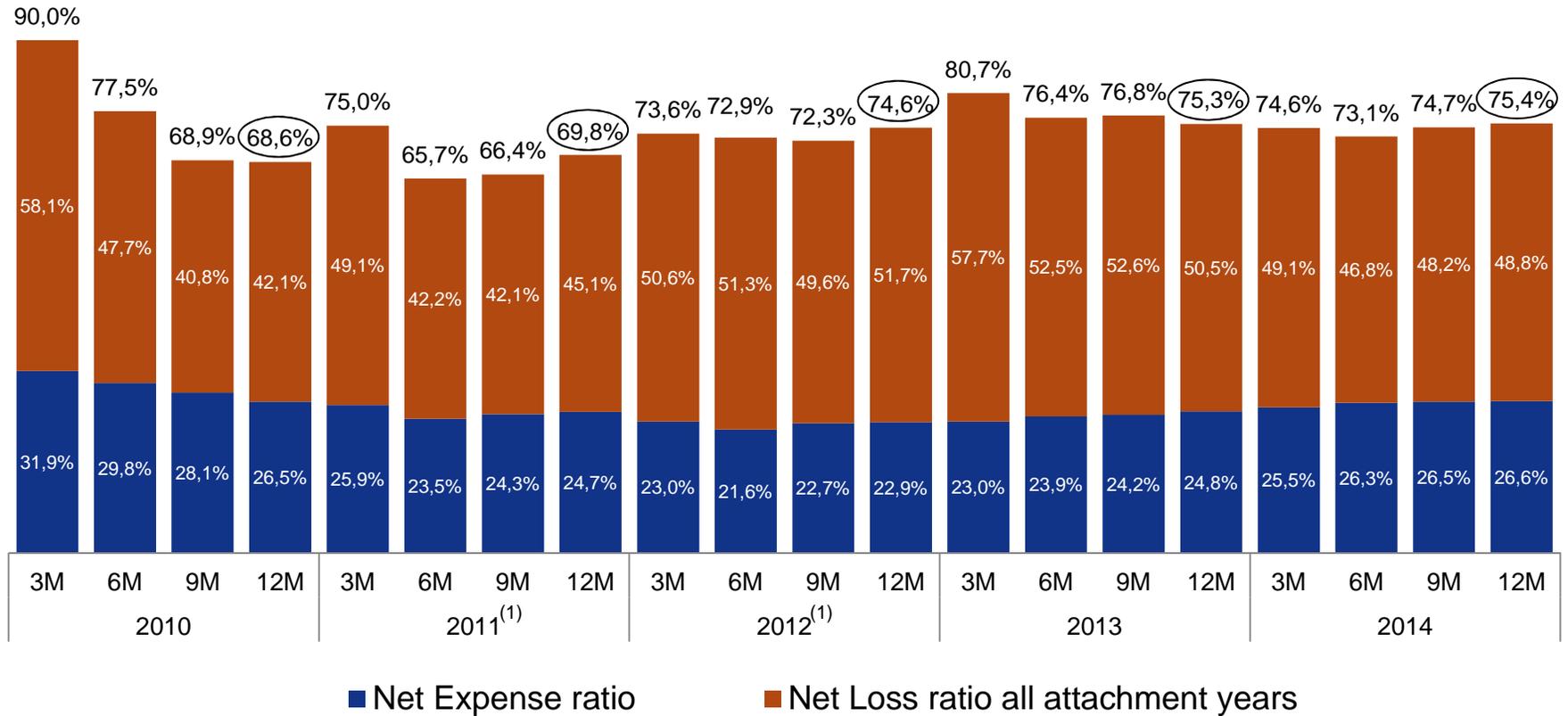


(1) New production net of wastage

Net loss ratio improved from 50.5% in 12M 2013 to 48.8% in 12M 2014



Net combined ratio stable at 75.4%

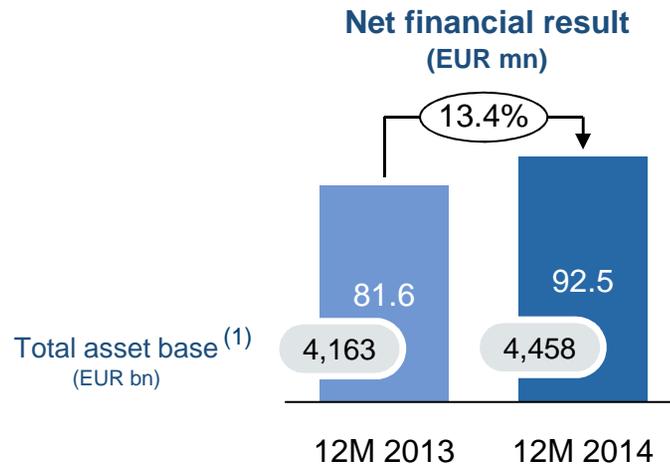


(1) IAS 19 restatement

Reinsurance result evolution

EUR mn	2014	2013	Δ	Δ%
Gross earned premiums	2126	2079	47	2%
Ceded premiums	-644	-643	0	0%
Net earned premiums	1,482	1436	46	3.2%
<i>Cession rate</i>	30.3%	31.0%	-0.7 pts	-0.7 pts
Gross claims costs	-999	-1047	48	5%
Ceded claims costs	276	322	-46	-14%
Net claims costs	-723	-725	2	0.3%
<i>Cession rate</i>	27.6%	30.7%	-3.1 pts	-3.1 pts
Reinsurance commission	223	220	3	1.5%
<i>Reinsurance commission rate</i>	34.6%	34.1%	0.5 pts	0.5 pts
Net Claims ratio CY	61.8%	61.0%	0.8 pts	
Net Claims ratio PY	-13.0%	-10.5%	-2.5 pts	
Net Claims ratio	48.8%	50.5%	-1.7 pts	
Net Costs ratio	26.6%	24.8%	1.8 pts	
Net Combined ratio	75.4%	75.3%	0.1 pts	

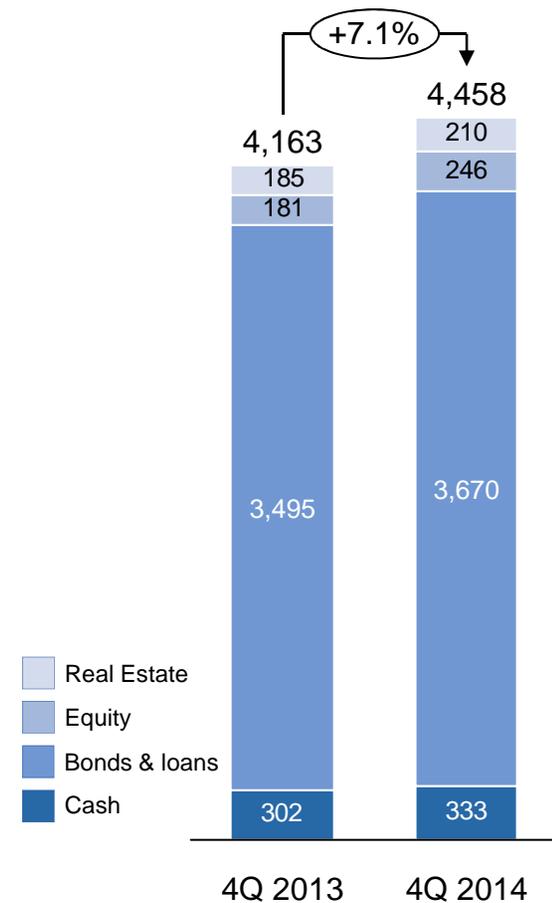
Lower current investment income compensated by higher realized gains



Current investment income	88.4	81.1
Investment management charges	-8.4	-9.0
Net change in foreign currency	-0.5	-5.4
Net gain (loss) on sales of investments less impairment and depreciation write-backs	6.7 ⁽²⁾	18.3
Net financial result before financing⁽³⁾ expense and before 'at equity' result	86.2	85.1
Financing expense	-11	-8.3
At equity result	6.4	15.7
Net financial result	81.6	92.5

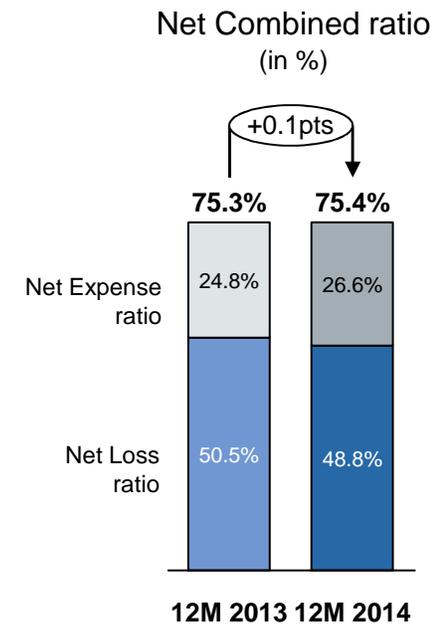
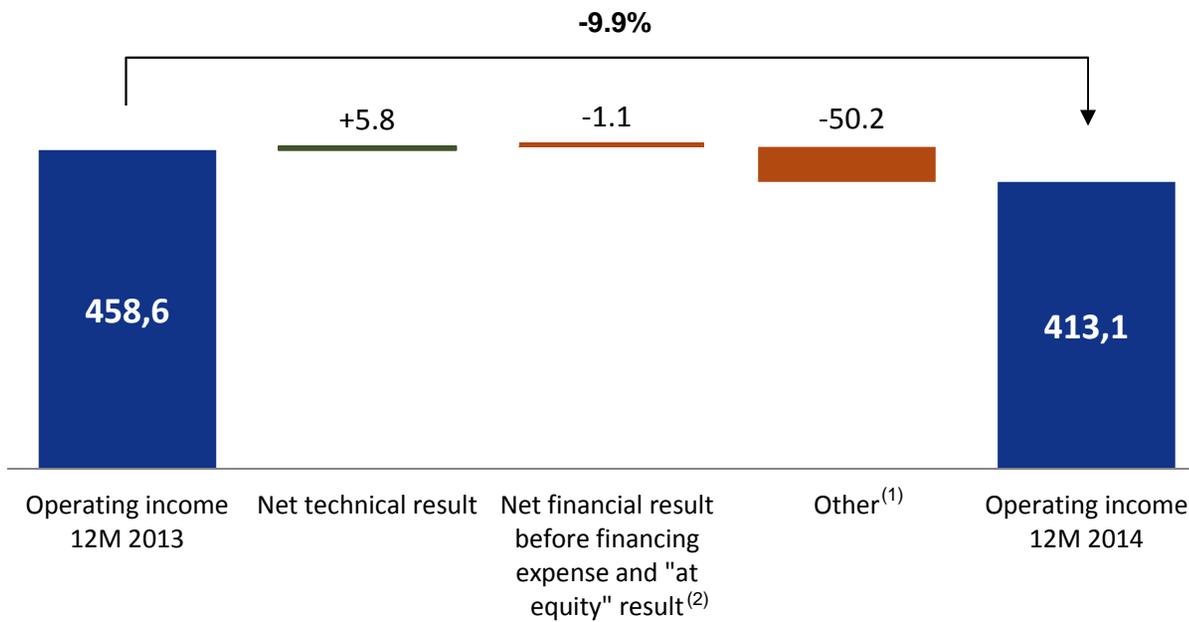
- (1) Market value
- (2) Excluding realized gains from entities spined-off to Solunion (Spain & LatAm)
- (3) Share of income from companies accounted by the equity method

Total asset base (Market value, EUR bn)



Operating income at €413.1million, down 9.9% but up 2.0% excluding one-offs in 2013 and 2014 (contribution of entities to Solunion in 2013, Hamburg HQ impairment in 2014)

Operating income drivers vs 12M 2013



- (1) Includes realised gains on the contribution of Spain and LatAm entities to Solunion for €36.9m and €17.2m impairment of the Hamburg HQ
- (2) Share of income from companies accounted by the equity method

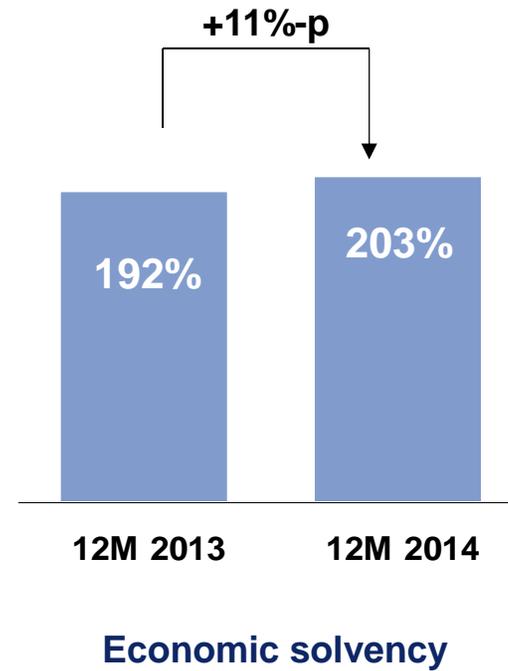
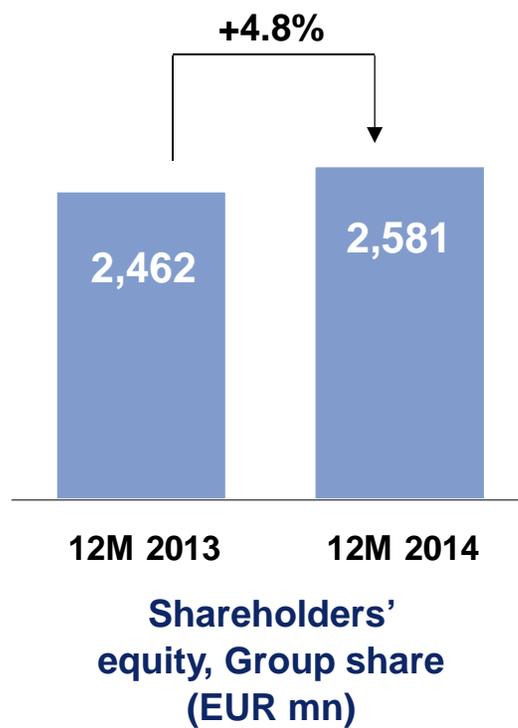
Net income at €302 million including the net impact of the building impairment in Germany

EUR mn	2014	2013	Δ
Ordinary operating Income	436	431	5
Other non ordinary operating income and expense	-23	27	-50
Operating income	413	459	-45
Financing expenses	-8	-11	3
Income from non-consolidated companies	16	6	9
Profit before tax	420	454	-34
Corporation tax	-116	-137	21
Minority interest	-2	-3	1
Net income (Group share)	302	314	-12

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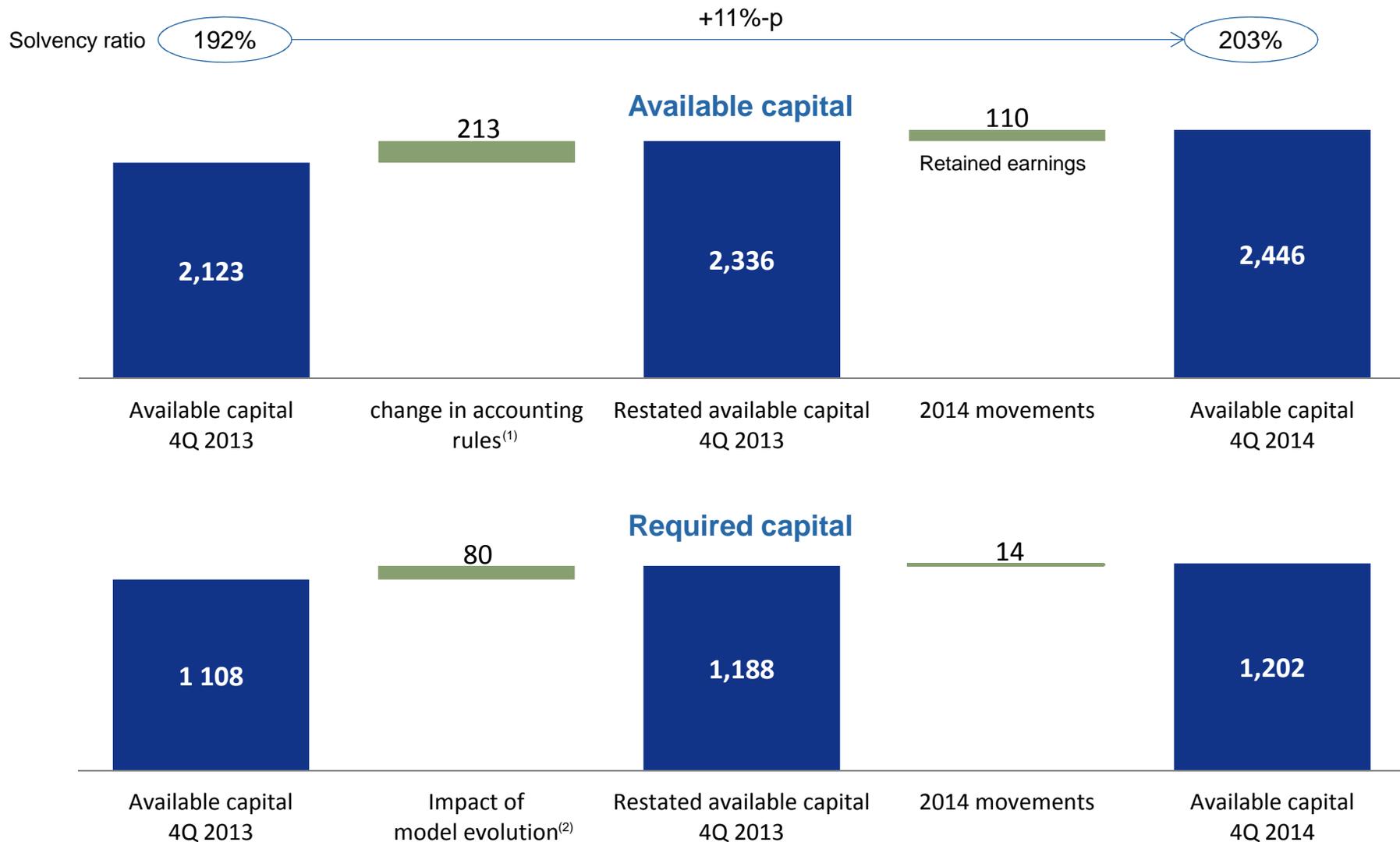
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Strong capital position



Economic solvency evolution

(EUR mn)

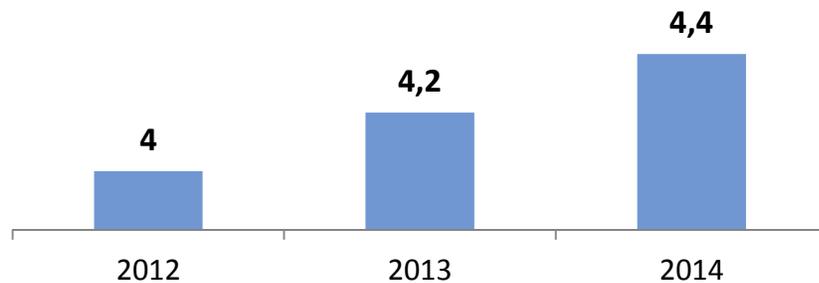


(1) Reviewed method to estimate the premium reserves (future profit on existing contracts)

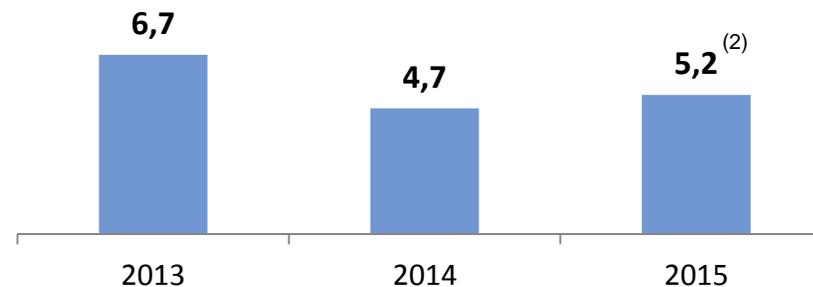
(2) New models on pension funds and inflation mainly

Proposal €4.4 dividend per share (pay-out 61.6%)⁽¹⁾

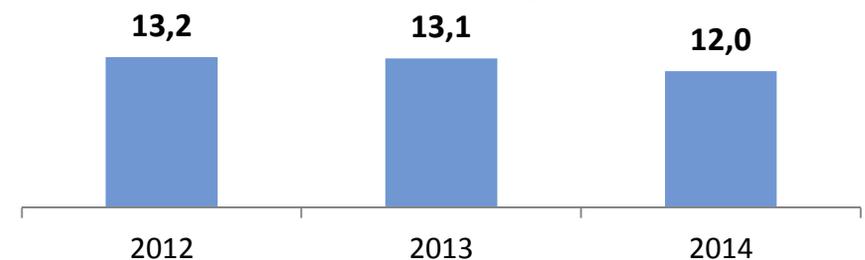
Dividend per share (in EUR)



Dividend yield (in %)



Return on equity (in %)



IAS 19 proforma

(1) Excluding the impairment on the Hamburg headquarter.

(2) Dividend yield 2015 calculated with EH average share price from June 2014 to January 2015.

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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)

- **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

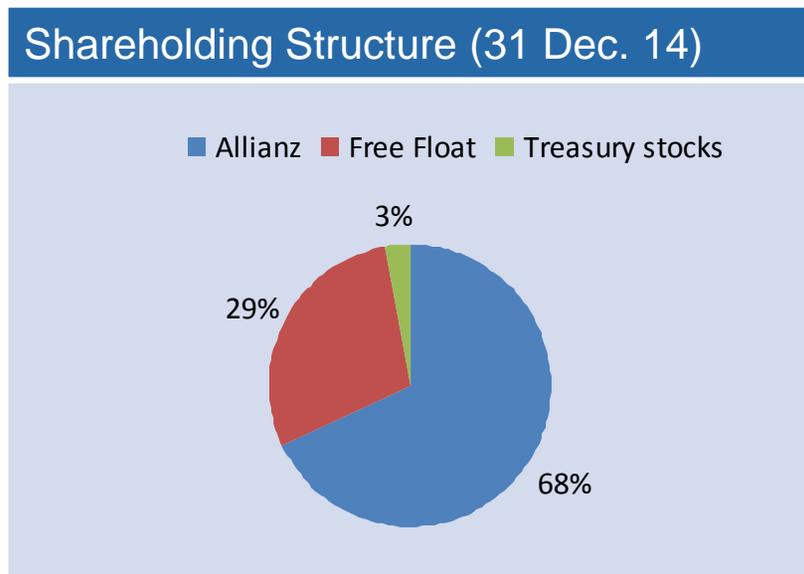
Next Events	Date
1Q 2015 Earnings (webcast)	Apr. 28 th , 2015
General Assembly	May 27 th , 2015
2Q 2015 Earnings (webcast)	Jul. 28 th , 2015
3Q 2015 Earnings (webcast)	Oct. 29 th , 2015

Stock Market Data	As at 31 Dec. 14
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	3,883

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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.

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