

# 1Q 2015 Financial results

Financial analysts meeting

April 28<sup>th</sup>, 2015



A company of **Allianz** 



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# 1Q 2015 Financial highlights

**Turnover reaches €670.3 million, up 5.1% at actual exchange rates (+1.4% at constant exchange rates),** supported by Americas, Asian and Middle East markets and the multinational segment.

**Net loss ratio all attachment years is 50.8%,** higher than last year by +1.7 pt., linked to less favorable reinsurance mix.

**Net cost ratio improving by 0.2 pt to 25.3%.**

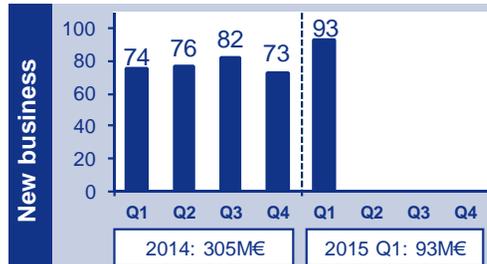
**Operating income solid at €121.1 million,** up 4.1% year on year carried by the positive FX impact.

**Net income Group Share stands at €87.1 million,** up 5.3%.

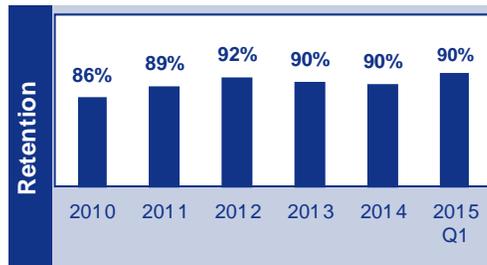
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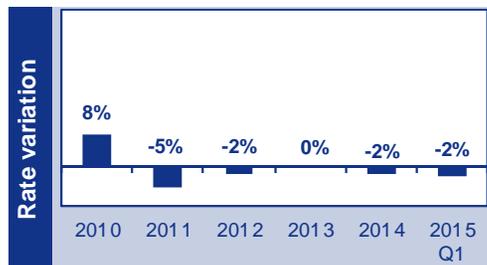
# Commercial overview – 1Q 2015



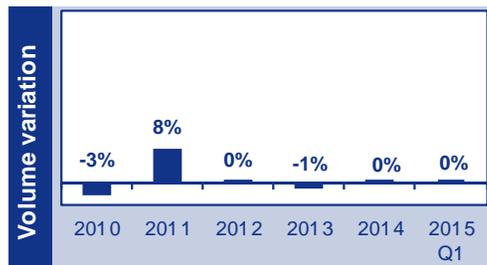
New business stands at a record level of €93m driven by FX but also strong underlying new business (€89m), supported by growing markets (Americas, Asia and MMEA) and the multinational segment.



The Q1 retention rate stands at 90% in line with previous years.

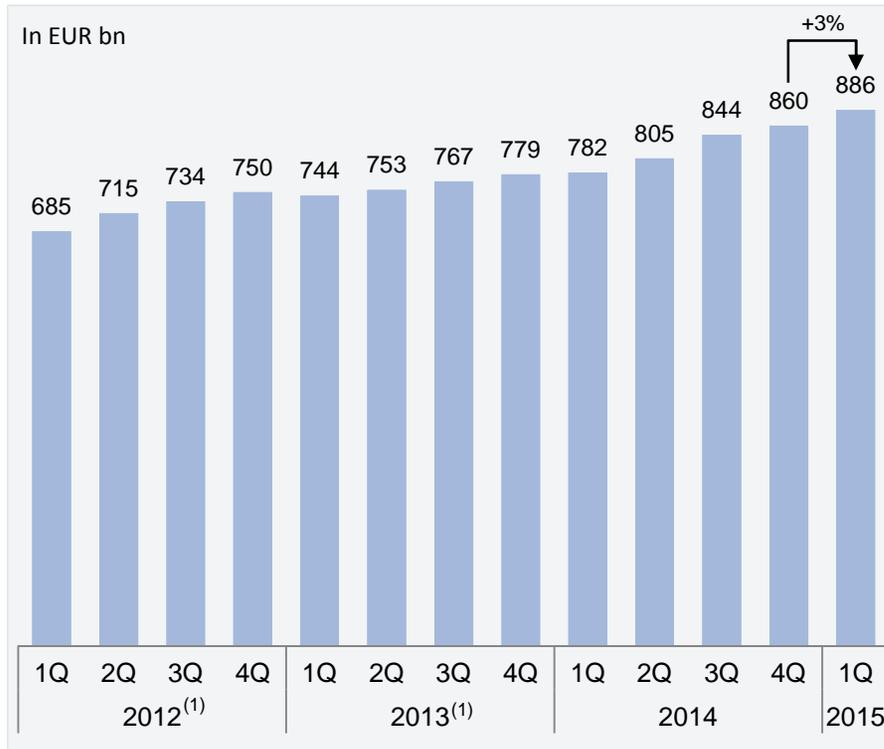


Renewal rates evolution is negative (-2%) due to the benign claims environment.



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

# Increase in risk exposure essentially linked to FX

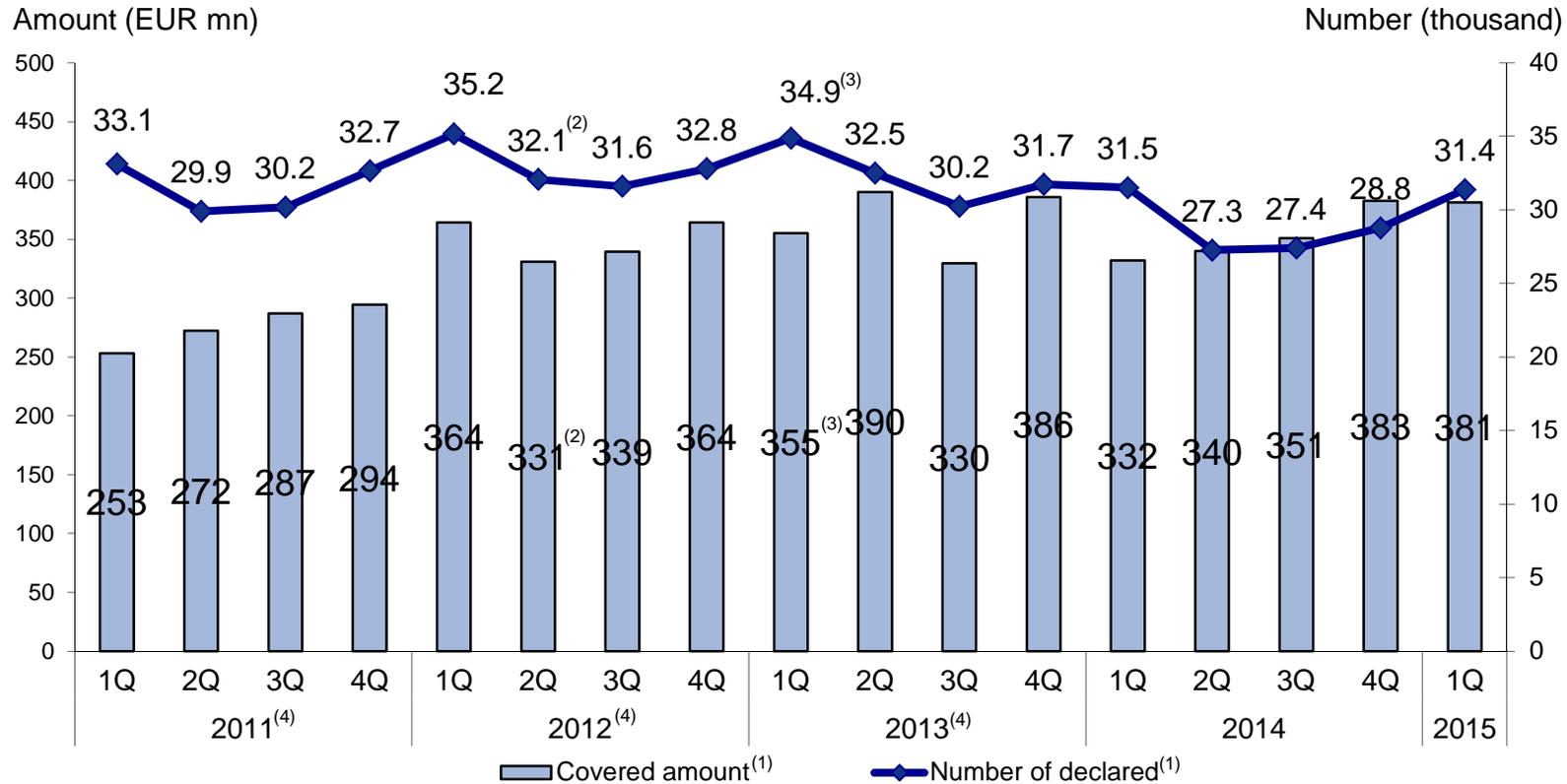


	4Q 2012 <sup>(1)</sup>	4Q 2013 <sup>(1)</sup>	4Q 2014	1Q 2015
Grade weight				
1-5	83.1%	84.8%	85.4%	85.4%
6-10	16.9%	15.2%	14.6%	14.6%

The increase in exposure in the last quarters was essentially driven by FX.  
The grade mix is healthy.

(1) 2012-2013 proforma excluding Spain & Latin America

# Claims frequency picking up in 1Q 2015



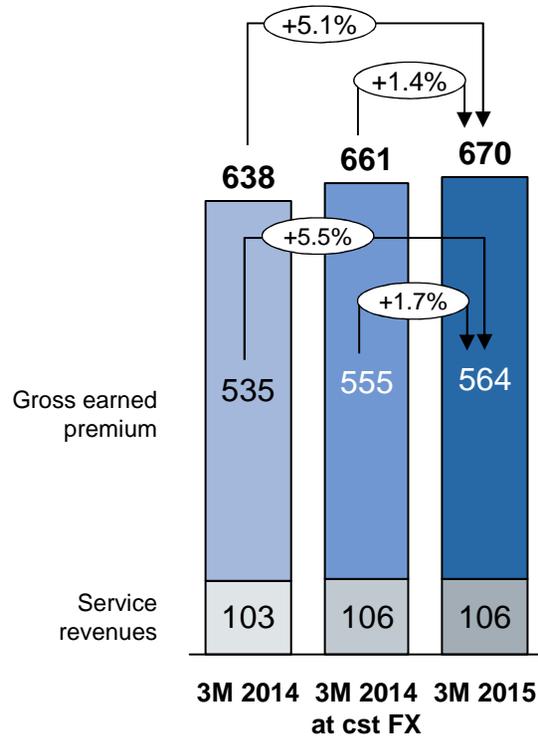
- Frequency is picking up compared to previous quarters but it is too early to derive a trend as Q1 is on average a high frequency quarter.
- Covered amounts are stable between 4Q 2014 and 1Q 2015.

(1) Credit insurance claims only (excludes bonding & fidelity)  
 (2) Excluding Schlecker claim  
 (3) Excluding Pescanova claim  
 (4) 2011-2013 proforma excluding Spain & Latin America

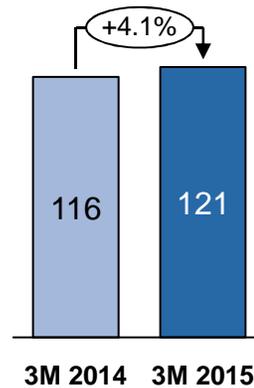
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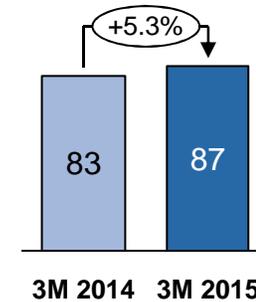
# 1Q: Gross earned premium and operating result benefit from positive FX impact



**Turnover**  
(EUR mn)



**Operating income**  
(EUR mn)



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

# Turnover growth is at +5.1% at constant FX rates (+1.4% at actual rates)

EUR mn	3M 2015	3M 2014 Published	Δ %	3M 2014 cst FX	Δ %
DACH	189	196	-3%	198	-4%
France	103	103	0%	103	0%
Northern Europe	143	141	1%	146	-2%
Med. Countries, Middle East & Africa	88	79	11%	80	10%
Americas	82	63	30%	75	9%
Asia Pacific	35	26	38%	30	19%
Inward from non-consolidated OEs & Other <sup>(1)</sup>	31	30	3%	31	0%
<b>Turnover</b>	<b>670</b>	<b>638</b>	<b>5.1%</b>	<b>661</b>	<b>1.4%</b>

(1) Corporate entities + inter-region eliminations

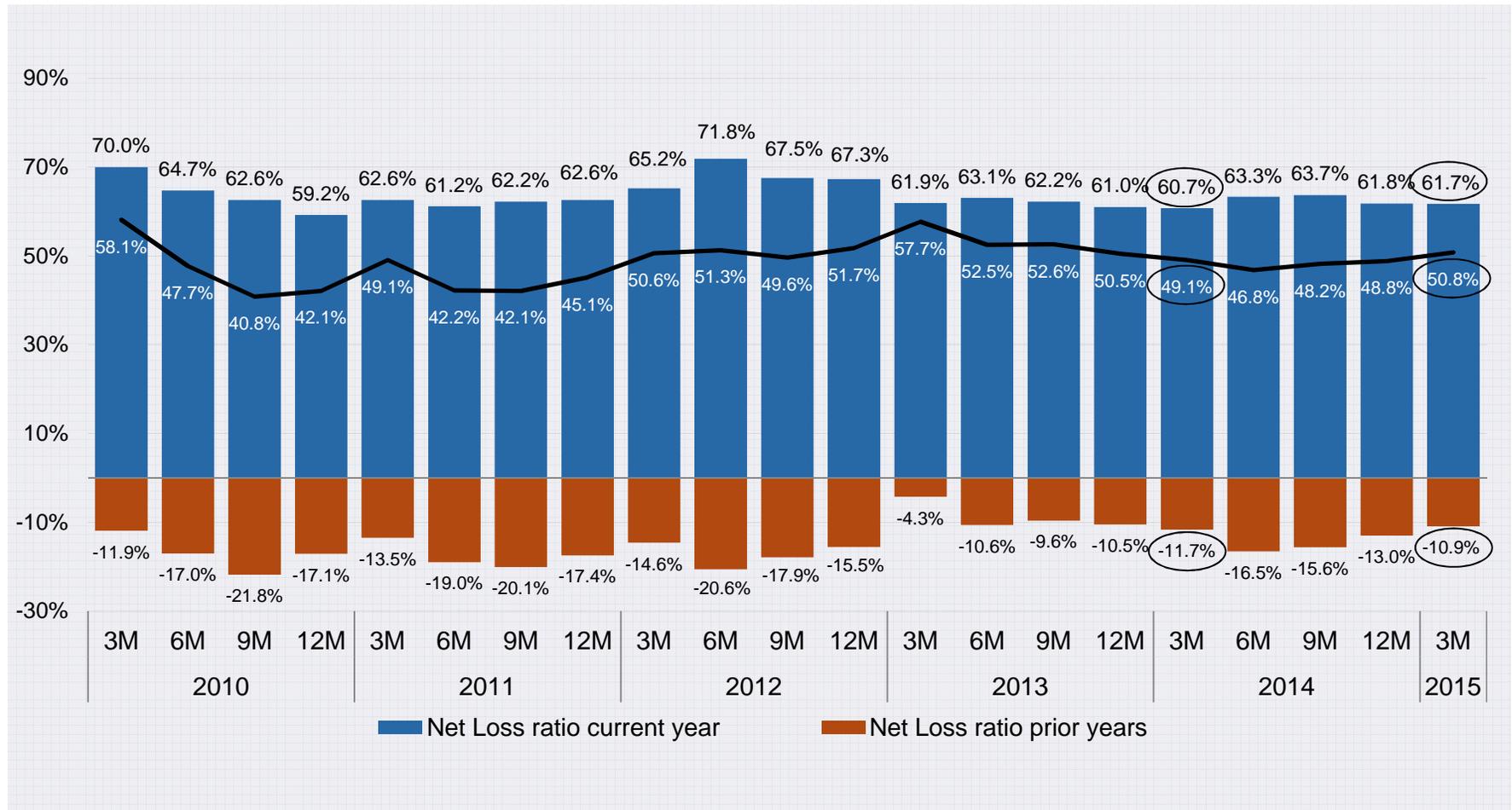
# FX impact, and a timid improvement in the insured turnover volumes are the drivers for growth

## Premium growth drivers (EUR mn)

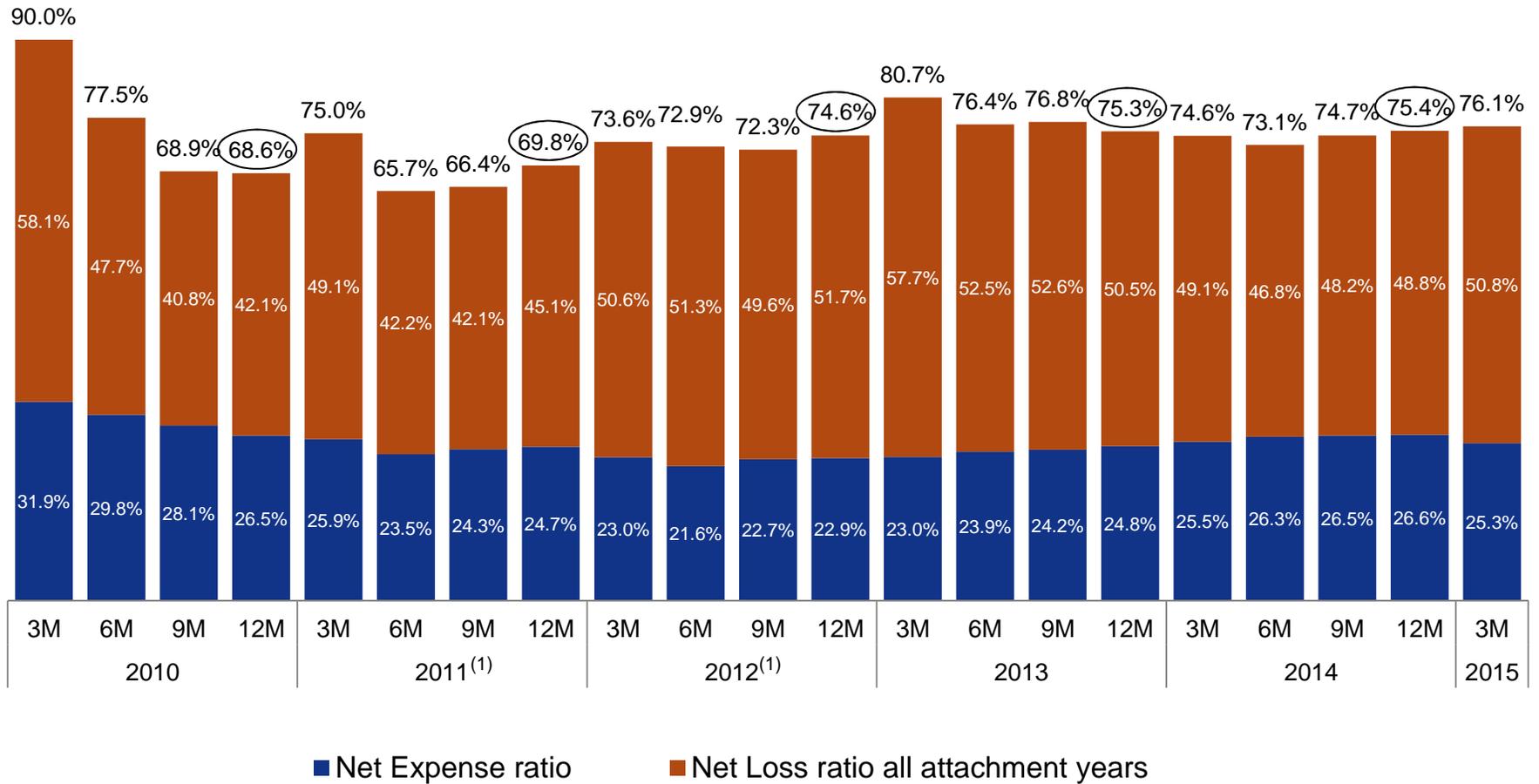


(1) New production net of wastage

# Net loss ratio is increasing due to the effect of less favorable mix in the lines of business on reinsurance



# Net cost ratio is improving due to higher reinsurance commission

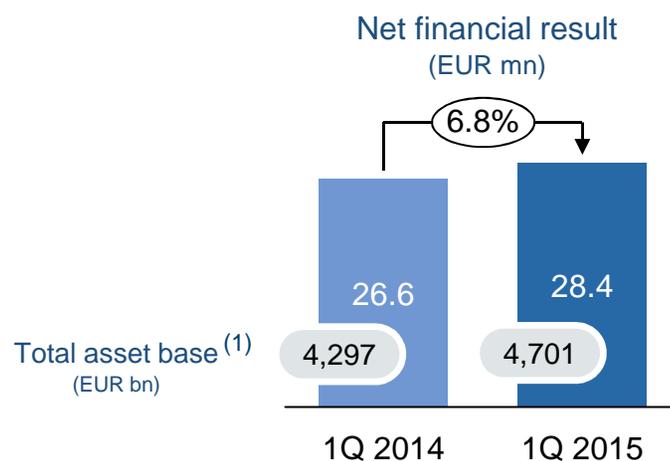


(1) IAS 19 restatement

## Reinsurance result evolution

EUR mn	3M 2015	3M 2014	Δ
Gross earned premium	564	535	30
Ceded premium	-161	-157	-5
<b>Net earned premium</b>	<b>403</b>	<b>378</b>	<b>25</b>
<i>Cession rate</i>	28.5%	29.3%	-0.7 pts
Gross claims costs	-258	-258	0
Ceded claims costs	53	72	-19
<b>Net claims costs</b>	<b>-205</b>	<b>-186</b>	<b>-19</b>
<i>Cession rate</i>	20.6%	28.0%	-7.4 pts
<b>Reinsurance commission</b>	<b>61</b>	<b>55</b>	<b>6</b>
<i>Reinsurance commission rate</i>	37.5%	35.1%	2.5 pts
<b>Net Claims ratio CY</b>	<b>61.7%</b>	<b>60.7%</b>	<b>1.0 pts</b>
<b>Net Claims ratio PY</b>	<b>-10.9%</b>	<b>-11.7%</b>	<b>0.8 pts</b>
<b>Net Claims ratio</b>	<b>50.8%</b>	<b>49.1%</b>	<b>1.7 pts</b>
<b>Net Costs ratio</b>	<b>25.3%</b>	<b>25.5%</b>	<b>-0.2 pts</b>
<b>Net Combined ratio</b>	<b>76.1%</b>	<b>74.6%</b>	<b>1.5 pts</b>

# The improvement in the investment income is driven by FX gains

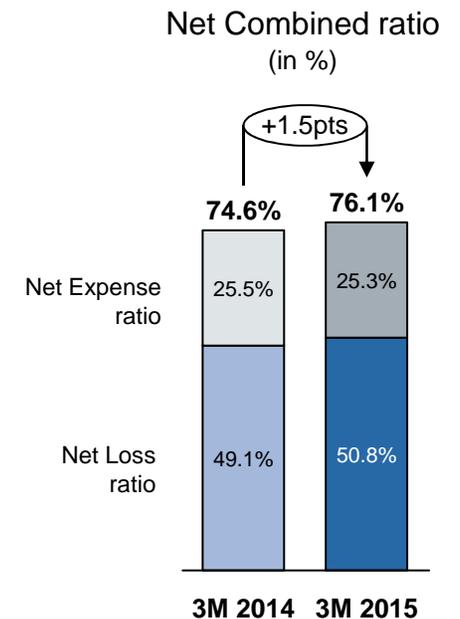
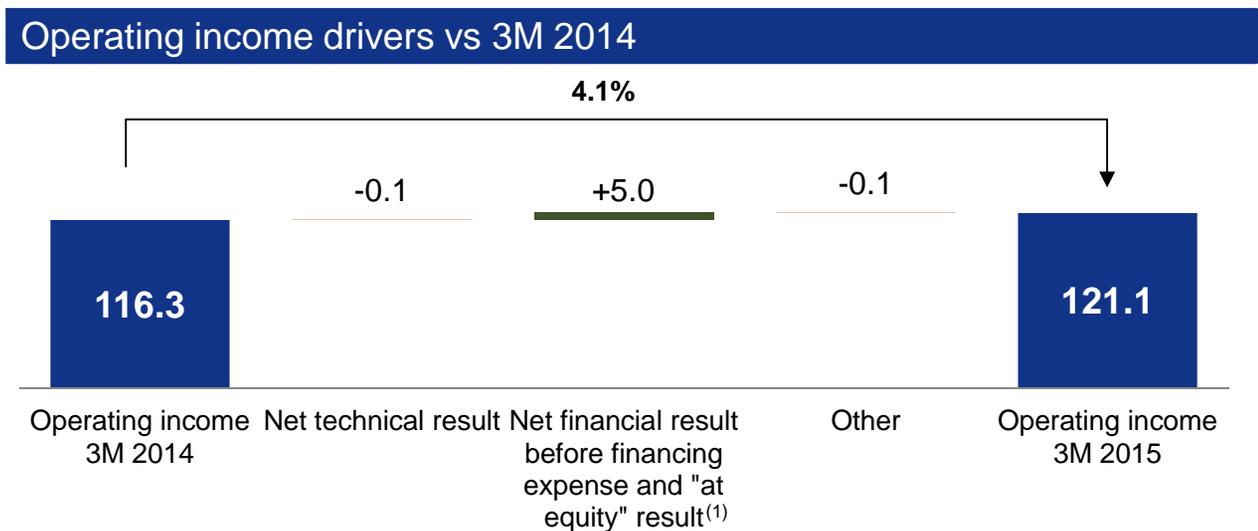


Current investment income	19.4	20.1
Investment management charges	-2.1	-2.5
Net change in foreign currency	-2.3	5.9
Net gain (loss) on sales of investments less impairment and depreciation write-backs	8.4	4.9
<b>Net financial result before financing expense and before 'at equity' result <sup>(2)</sup></b>	<b>23.4</b>	<b>28.4</b>
Financing expense	-1.4	-2.6
At equity result	4.6	2.6
<b>Net financial result</b>	<b>26.6</b>	<b>28.4</b>

(1) Market value

(2) Share of income from companies accounted by the equity method

# Operating income at €121.1million, up 4.1% versus last year



## Net income improvement driven by higher operating income and more favorable tax rate

EUR mn	3M 2015	3M 2014	Δ
<b>Ordinary operating Income</b>	<b>122</b>	<b>117</b>	<b>5</b>
Other non ordinary operating income and expense	-1	-1	0
<b>Operating income</b>	<b>121</b>	<b>116</b>	<b>5</b>
Financing expenses	-3	-1	-1
Income from non-consolidated companies	3	5	-2
<b>Profit before tax</b>	<b>121</b>	<b>119</b>	<b>2</b>
Corporation tax	-33	-36	3
Minority interest	0	-1	0
<b>Net income (Group share)</b>	<b>87</b>	<b>83</b>	<b>4</b>
<b>Tax rate</b>	<b>27.6%</b>	<b>30.3%</b>	

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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

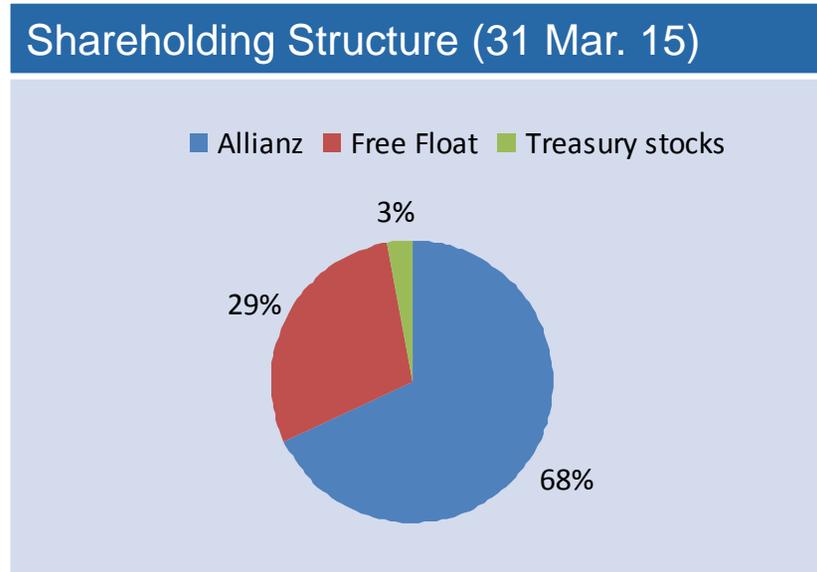
Next Events	Date
General Assembly	May 27 <sup>th</sup> , 2015
2Q 2015 Earnings (webcast)	Jul. 28 <sup>th</sup> , 2015
3Q 2015 Earnings (webcast)	Oct. 29 <sup>th</sup> , 2015

Stock Market Data	As at 31 Mar. 15
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	4,493

### Investors Relations Contact

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

Loeiz Limon Duparcmeur, Group Finance Director  
+33 (0)1 84 11 39 19  
[loeiz.limonduparcmeur@eulerhermes.com](mailto:loeiz.limonduparcmeur@eulerhermes.com)



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