

**Euler Hermes achieves strong first quarter 2012 results
despite deteriorating economic environment**

- Turnover of €589.9 million was up 8.4% against last year
- Net technical result grew by 14.9% to €81.0 million
- Operating income rose to €105.9 million
- Net income reached €66.4 million
- Net combined ratio improved to 73.9%

Paris, 16 May 2012 – For the first quarter of 2012, Euler Hermes, again, reports a robust performance. Turnover increased by 8.4% against the first quarter of 2011 to €589.9 million. Driven by record customer retention levels and a positive price/volume balance, earned premiums rose by 8.6%. Though business insolvencies are increasing, the Group's net combined ratio improved to 73.9%, compared to 75.0% in Q1 2011. As a result, operational performance was strong, with operating income reaching €105.9 million against €102.2 million in the first quarter of 2011.

As **Wilfried Verstraete, Chairman of the Euler Hermes Board of Management**, declared *“The fact that Euler Hermes managed to post such a strong operating performance in a troubled economic environment is, by no means, a coincidence. The high premium level achieved in the first quarter underlines the attractiveness and usefulness of our trade credit insurance products in an environment of higher insolvencies and the level of our combined ratio shows our constant vigilance in proactively managing and monitoring our risk exposure”*.

The Group Management Board presented the consolidated results for the first quarter of 2012 to the Euler Hermes Supervisory Board on 16 May 2012. The results have been reviewed by the Audit Committee.

A. Key figures

Thanks to a strong top line and a low combined ratio, and despite lower realized gains on the financial portfolio, the Group posted an increase in operating profit of 3.6% against the same quarter last year.

| € million | March 2012 | March 2011 | Change vs. March 2011 | |
|---|-----------------------|-----------------------|--------------------------------------|--------|
| Premiums written | 589.4 | 534.5 | 55.0 | 10.3% |
| Earned premiums | 491.7 | 452.6 | 39.1 | 8.6% |
| Service revenues | 98.2 | 91.5 | 6.6 | 7.3% |
| Turnover | 589.9 | 544.1 | 45.8 | 8.4% |
| Net technical result | 81.0 | 70.5 | 10.5 | 14.9% |
| Net investment income | 24.3 | 32.9 | -8.6 | -26.2% |
| Non-ordinary operating income & expense | 0.6 | -1.2 | 1.8 | N/A |
| Operating income | 105.9 | 102.2 | 3.7 | 3.6% |
| Net income | 66.4 | 75.3 | -8.9 | -11.9% |
| Net combined ratio | 73.9% | 75.0% | -1.1 | pt |

B. Turnover

First quarter 2012 **turnover reached €589.9 million**, the Group's highest quarterly level so far, 8.4% above Q1 2011 (7.7% at constant exchange rates).

This improvement was driven by a strong net new production in the last twelve months combined with a positive price/volume balance.

Evolution of turnover by region

All regions contributed to the Group's business growth; traditional European markets which posted an increase of over 7% in turnover as well as growth markets – Americas and Asia – where turnover increased by more than 15%.

| <i>Turnover</i> | <i>March 2012</i> | <i>March 2011</i> | <i>Variation %</i> | <i>March 2011</i> | <i>Variation %</i> |
|----------------------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
| <i>€ million</i> | | <i>(1)</i> | | <i>(2)</i> | |
| Regions | | | | | |
| Germany, Austria, Switzerland | 196.9 | 187.9 | 4.8% | 187.9 | 4.8% |
| France | 106.6 | 95.1 | 12.1% | 95.1 | 12.1% |
| Northern Europe | 126.7 | 122.5 | 3.4% | 123.2 | 2.9% |
| Mediterranean Countries & Africa | 78.4 | 70.8 | 10.7% | 70.8 | 10.7% |
| Americas | 62.7 | 54.1 | 15.8% | 57.1 | 9.7% |
| Asia-Pacific | 17.5 | 15.1 | 16.1% | 15.5 | 13.5% |
| Other ⁽³⁾ | 1.0 | -1.5 | N/A | -1.8 | N/A |
| Euler Hermes Group | 589.9 | 544.1 | 8.4% | 547.8 | 7.7% |

Area contribution : After intra-region eliminations & before inter-region eliminations

(1) Pro forma with Gulf Countries transfer from Asia Pacific to Med. Countries & Africa

(2) Pro forma with Gulf Countries transfer from Asia Pacific to Med. Countries & Africa and at constant exchange rates

(3) EH Reinsurance + Collections entities + inter-region eliminations

C. Operating income

At the end of March 2012, **net technical result** amounted to **€31 million**, up €10.5 million against the first quarter of 2011, driven by a strong level of top line and an improved combined ratio.

The **net claims ratio** deteriorated by 1.5 points against last year to **50.6%**. The net claims ratio on the current attachment year increased by 2.6 points but the rise was partially offset by a higher level of run-off on previous attachment years.

The **net expense ratio** decreased from 25.9% to **23.2%** between Q1 2011 and Q1 2012, as a result of a decreasing gross expense ratio and higher reinsurance commissions. The Excellence program is on track and yielding the expected savings.

Consequently, the **net combined ratio improved to 73.9%** in Q1 2012 compared to 75.0% in Q1 2011.

Net investment income amounted to **€24.3 million** against €32.9 million in Q1 2011 due to lower realized gains compared to last year.

At the end of March 2012, **the operating income reached €105.9 million**, € 3.7 million above last year.

D. Investment portfolio

At the end of the first quarter 2012, the market value of the Group's investments was €4.12 billion, up €200 million from the end of 2011 linked to net cash inflows from operations and a positive market evolution. Euler Hermes maintained its conservative financial strategy with limited investments on the stock market and with 87% of its bond portfolio in AAA/AA rated issuers. The exposure to sovereign debt of European peripheral countries is very limited (€60 million in Italy).

E. Net result

Net result came in at €66.4 million at the end of Q1 2012 against €75.3 million in the same quarter of last year. Despite a higher operating income, the net result decreased by €8.9 million. The net income in Q1 2012 was impacted by higher tax charges, which translated into a tax rate of 34.8% to be compared to a target Group tax rate of 28%. The main drivers of this negative deviation of 6.8 points are non-recurrent elements (tax on dividends, corrections on prior years' tax charges, etc.) with an impact of 4.8 points and a higher average tax rate for the on-going year.

F. Outlook

Euler Hermes expects 2012 to be a year of resilience rather than of pronounced recovery. The Euro-zone should see its GDP¹ fall by 0.3%, burdened especially by the slow-down in Italy and Spain, while the United States should register a moderate pick-up. Emerging countries will grow at a slower pace than in prior years due to a slow down in global demand. Thus, Euler Hermes expects world growth to decelerate from +2.9% in 2011 to +2.6% in 2012.

“Euler Hermes constantly adapts to the changing economic environment. As world growth is slowing and corporate insolvencies are on the rise again, we will use our risk expertise and knowledge to help our customers trade with confidence throughout the difficult times ahead” concludes **Wilfried Verstraete**.

All financial information is available on Euler Hermes' website
<http://www.eulerhermes.com/en/finance/finance.html>

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Euler Hermes is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated turnover of €2.27 billion in 2011**.

Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40+ million businesses across the globe.

The Group insured worldwide business transactions totaling €702 billion exposure end of December 2011.

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor's.

www.eulerhermes.com

¹ GDP : Gross Domestic Product

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