PRESS RELEASE

Euler Hermes Report: Global car market back on track

PARIS- 24 SEPTEMBER 2014 - Global car production is set to exceed 100 million units a year by 2017, according to a new survey by leading trade credit insurer Euler Hermes. Published on the eve of the prestigious Paris Motor Show, the report paints a positive outlook for the sector with global output returning to its medium-term growth rate of 4 percent.

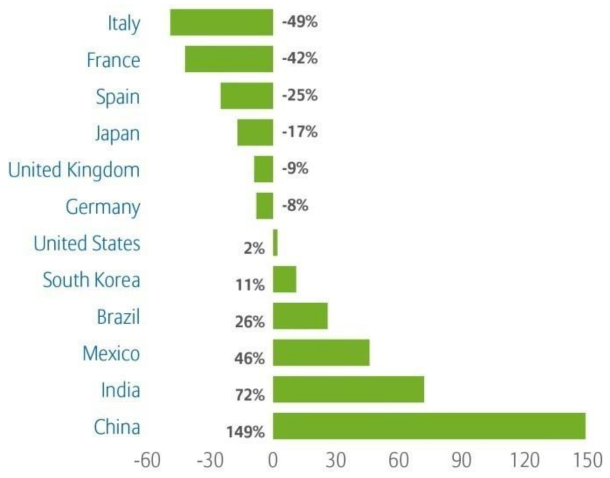
"The global automotive market appears to be back on track after veering off course during the financial crisis," said Ludovic Subran, chief economist at Euler Hermes. "In that time, production has transferred to new economies, where ownership rates remain very low – as little as 2 percent in India and 5 percent in China – resulting in good prospects for long-term growth as these figures are set to increase."

The report predicts that the main driver of overall global growth will continue to be China, which overtook the US as the world's largest vehicle manufacturer in 2009. The country is set to extend its global dominance, producing almost 20 million units this year.

The bullish forecast for the motor industry comes despite continued sluggishness in major European markets such as France and Italy – where output is set to remain at less than half its pre-crisis peak – and falling car production levels in countries such as Brazil and Russia.

Elsewhere, Germany remains solid with forecast growth of 6 percent this year. Spain is set for double-digit expansion, albeit starting from a lower point than most of its European counterparts. Euler Hermes' report also reconfirms the "reindustrialization" of both the United Kingdom and United States, where structural changes have contributed to production figures returning to levels last seen before the 2008crisis.

"This shift in production has impacted some economies more than others," said Yann Lacroix, lead author of the report. "For example, Germany now produces more than four times as many vehicles as France – a decade ago the difference was less than twice as much. The US automotive industry has regained the competitiveness it had previously lost. The workforce has been reduced by a fifth, many production lines shut down and the product range was completely restructured. As for the UK, thanks to a flexible labor market and an increasingly attractive corporate tax regime, it has once again become a world-class car producer."



World vehicle production: Country change (2007-2013), in millions of units
Sources: OICA, Euler Hermes

Looking ahead, the report notes that if China - a market dominated by Western companies via joint ventures with local manufacturers - is to continue enjoying double-digit growth, sales prices will need to fall. To ensure sustained growth, manufacturers will need to look for new consumers in rural China. But lower purchasing power means these consumers may need cheaper products.

With 75 percent of global sales concentrated in four key areas (China, Europe, Japan and the United States), emerging markets have yet to make a dent in terms of sales volumes. Economic and political crises are impacting household vehicle ownership rates.

“In the short term, the biggest winners seem to be the major car parts manufacturers,” added Subran. “Many automotive companies restructuring are in regions in decline and investing in growth areas. “However, industry suppliers have globalized as well as relocated to follow car production. In the process, they’ve ended their reliance on weaker domestic markets and increased their negotiating power. This has done wonders for their margins, which have increased steadily since 2010 and are forecast to be a healthy 7.5 percent next year.”

# # #

Media contacts:

Euler Hermes Group Media Relations
Remi Calvet – +33(0)1 84 11 61 41
remi.calvet@eulerhermes.com

Publicis Consultants
Romain Sulpice +33 (0)1 44 82 46 21
romain.sulpice@mslfrance.com

Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 6,000+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor’s and Dagong. The company posted a consolidated turnover of €2.5 billion in 2013 and insured global business transactions for €789 billion in exposure at the end of 2013. Further information: www.eulerhermes.com, LinkedIn or Twitter @eulerhermes.