



Q1 2011 Financial Results

Financial analysts – 6 May 2011

A company of Allianz 



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Contents

- 1 Economic outlook
- 2 Q1 2011 Review
 - Commercial
 - Risk
- 3 Q1 2011 Financial results

Contents

1 Economic outlook

2 Q1 2011 Review

- Commercial
- Risk

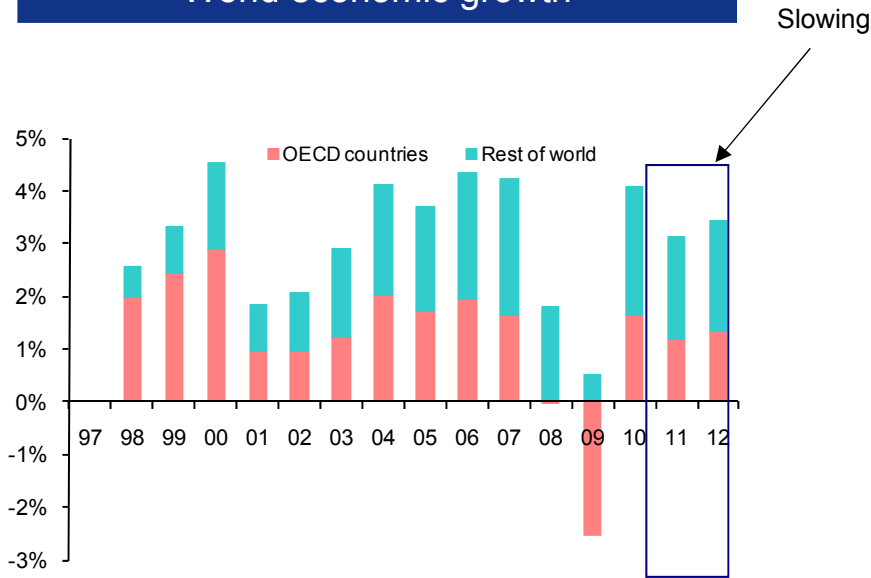
3 Q1 2011 Financial results

Economic outlook: Key news and changes since December 2010

- Strong Q4 2010 growth in world GDP, albeit uneven performances per countries – with US faster and Germany leading in Europe
- Still positive signs of growth for Q1 2011 and, so far, for Q2 2011 (confidence indicators)
- Short and medium term perspectives expected at lower tempo...
 - ... for already known reasons
 - in OECD
 - ✓ end of recovery programs
 - ✓ fiscal consolidation
 - ✓ weakness in global demand
 - in emerging countries
 - ✓ rebalancing measures
 - ✓ monetary policy
 - ... and for new reasons:
 - ✓ Surge in oil prices and other commodities
 - ✓ Continued turmoil in the Middle East – North Africa
 - ✓ Devastating earthquake/tsunami and nuclear threat/radioactivity contagion in Japan
- World GDP to moderate: from +4.1% in 2010 to +3.1% in 2011 and +3.4% in 2012
- Similar scenario for World Trade : from +14% in 2010 to +8% in 2011 and +9% in 2012

World economic growth promises to be weaker from 2011...

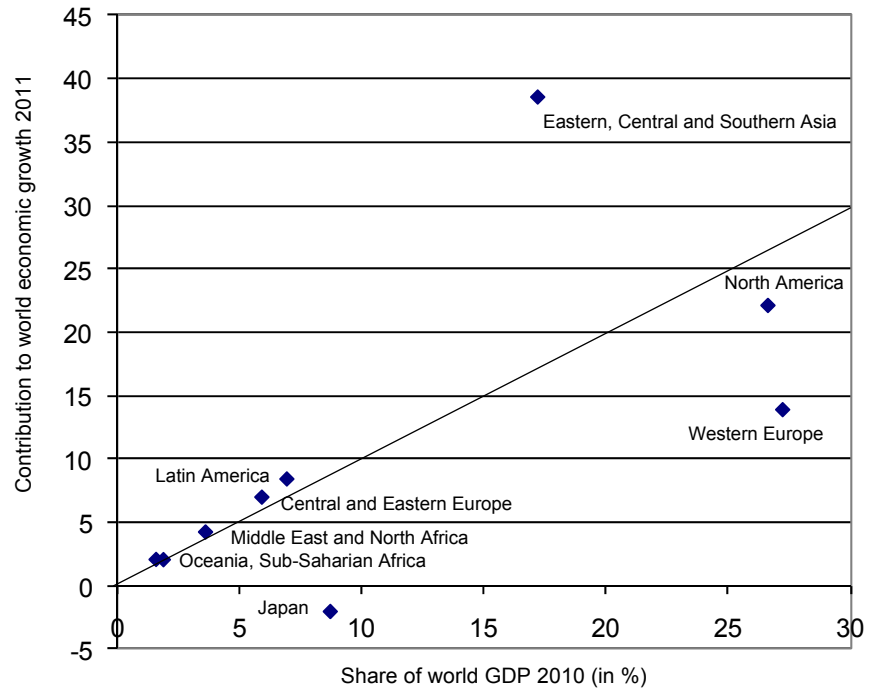
World economic growth



Average annual contribution to world economic growth in %

Sources: IHS Global Insight, Euler Hermes

Contributors to world economic growth, 2011



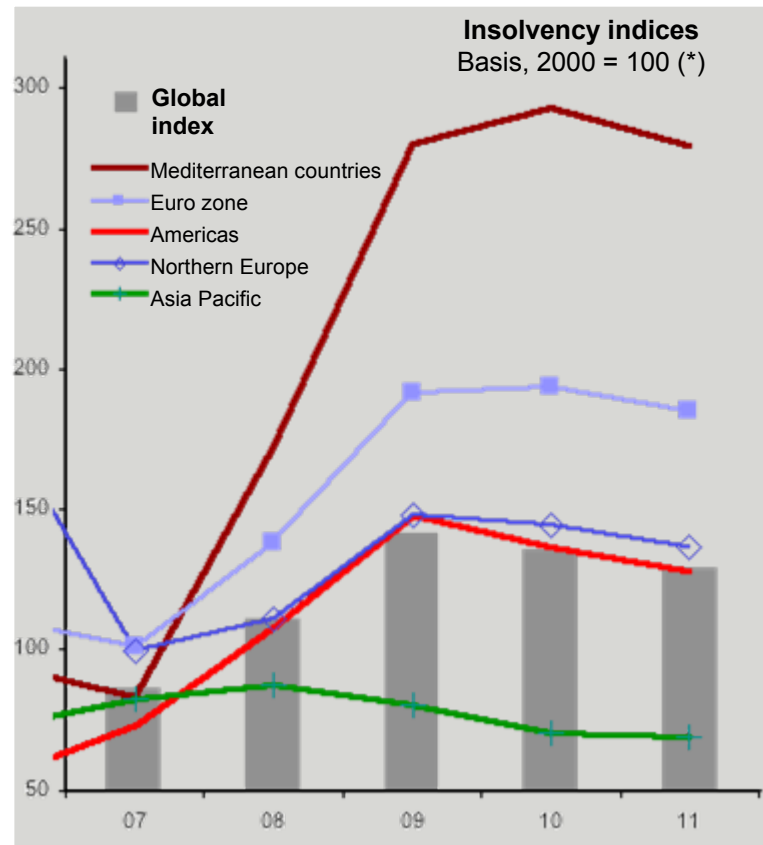
Sources: IHS Global Insight, Euler Hermes

... particularly in the European developed countries

Change, in %	2009	2010	2011	2012
GDP				
United States	-2.6	2.9	2.9	2.6
Japan	- 6.3	4.0	-0.7	1.7
Euro zone	- 4.0	1.7	1.6	1.7
Germany	-4.7	3.5	2.6	1.9
United Kingdom	- 4.9	1.3	1.4	1.8
East & Central Europe	- 5.9	4.2	3.7	3.9
Asia (excl. Japan)	5.8	8.8	7.0	7.2
China	9.1	10.3	8.5	8.6
India	7.4	8.8	8.5	8.5
Latin America	- 1.8	5.7	3.8	3.8
Brazil	- 0.6	7.5	4.3	4.5
Africa & Mid-East	1.4	4.2	4.3	4.5
WORLD	- 2.0	4.1	3.1	3.4
of which, OECD	- 3.8	2.5	1.8	2.1
non-OECD	1.5	7.0	5.6	5.8
Trade in goods and services (volume)				
WORLD	-12	14	8	9

Insolvencies started to reduce in 2010 and are expected to decrease further in 2011 but should remain on a relatively high level

Insolvencies began to fall in 2010



Sources: national statistics, Euler Hermes
(*) Weighting: 2009 GDP at current exchange rate

Contents

1 Economic outlook

2 Q1 2011 Review

- **Commercial**
- Risk

3 Q1 2011 Financial results

Credit Insurance portfolio evolution (1/2)

(in M€)

Quarterly commercial figures

	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11
New Business	90.0	64.2	52.1	48.9	84.2	60.4	57.0	57.5	77.1
	<i>Total: 255</i>				<i>Total: 259</i>				
Lost Premiums	-84.9	-66.4	-69.2	-65.9	-97.7	-54.5	-40.6	-35.7	-79.8
	<i>Retention rate 82%</i>				<i>Retention rate 85%</i>				<i>Retention rate 90%</i>
Rate Variation	67.1	46.3	42.0	29.6	93.8	17.9	-1.5	-2.1	-38.9
	<i>Increase of +14%</i>				<i>Increase of +8%</i>				<i>Decrease of -5%</i>
Organic Variation	72.1	44.1	24.9	12.6	80.3	23.8	14.9	19.7	-41.6

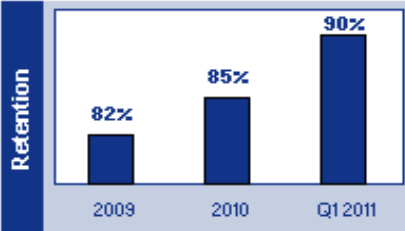
Credit insurance portfolio evolution

(In M€)

Quarterly commercial results

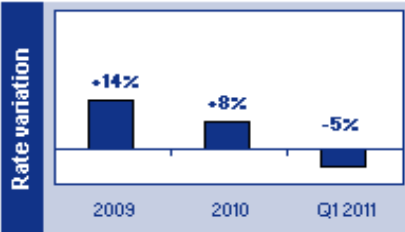


- **Q1 2011 new business is at 77 M€**



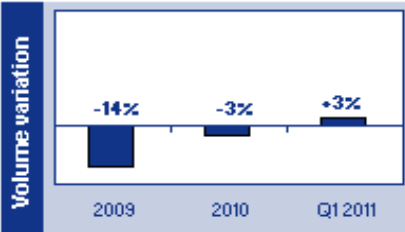
- **Retention in strong progress with a retention rate above 90%**

- ✓ Retention above 91% in France, Germany, Southern Europe & World Agency
- ✓ Retention below 83% in Americas, Asia & Northern Europe



- **Rate decreases of -5% after 2 years of rates increases**

- ✓ Rate decreases below -3% in France and Southern Europe
- ✓ Rate decreases above -6% in the other Regions



- **Volume variation: good news to be expected**

- ✓ Growth above 7% in Americas (13%), France (9%), and Italy (7%)
- ✓ Reported growth below 5% in the other Regions

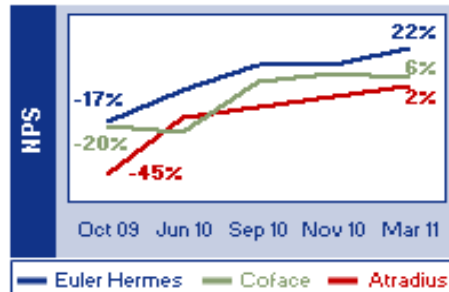
Credit Insurance portfolio evolution (2/2)

(in M€)

Quarterly commercial figures

	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11
Organic Variation	72.1	44.1	24.9	12.6	80.3	23.8	14.9	19.7	-41.6
Volume Variation	-20.6	-35.5	-44.6	-69.2	-50.4	-8.8	7.0	9.2	29.6
				<i>Decrease of -14%</i>				<i>Decrease of -3%</i>	<i>Increase of +3%</i>
Other Variations	1.9	11.7	-12.0	4.2	11.8	34.9	-18.3	-10.4	-21.5
Total Variations	53.5	20.3	-31.8	-52.5	41.7	49.9	3.6	18.5	-33.5

Q1 achievements



- **Euler Hermes is the NPS leader for the 5th consecutive survey**

- ✓ EH has increased its score by 39% vs. October 2009 and by 9% vs. November 2010
- ✓ Our main competitor is still Coface even if the gap vs. Atradius is slightly reducing



- **Signature of the partnership with CPIC (China Pacific Insurance Corporation) on March 17**



- **Opening of Turkish insurance company**



- **Successful implementation of the CRM Copernicus (Salesforces.com) in the UK**
- **France to be implemented mid-May**

Contents

1 Economic outlook

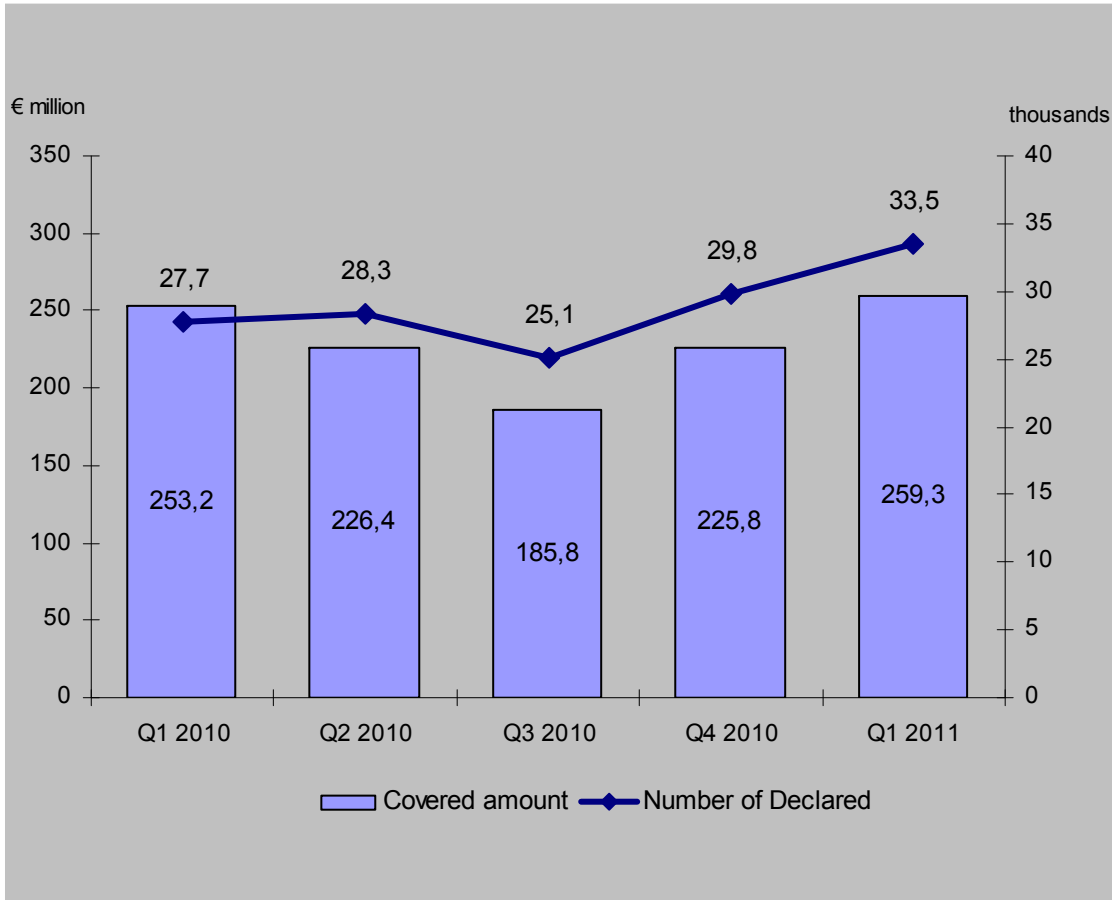
2 Q1 2011 Review

- Commercial
- **Risk**

3 Q1 2011 Financial results

Claims development Q1 2010 – Q1 2011

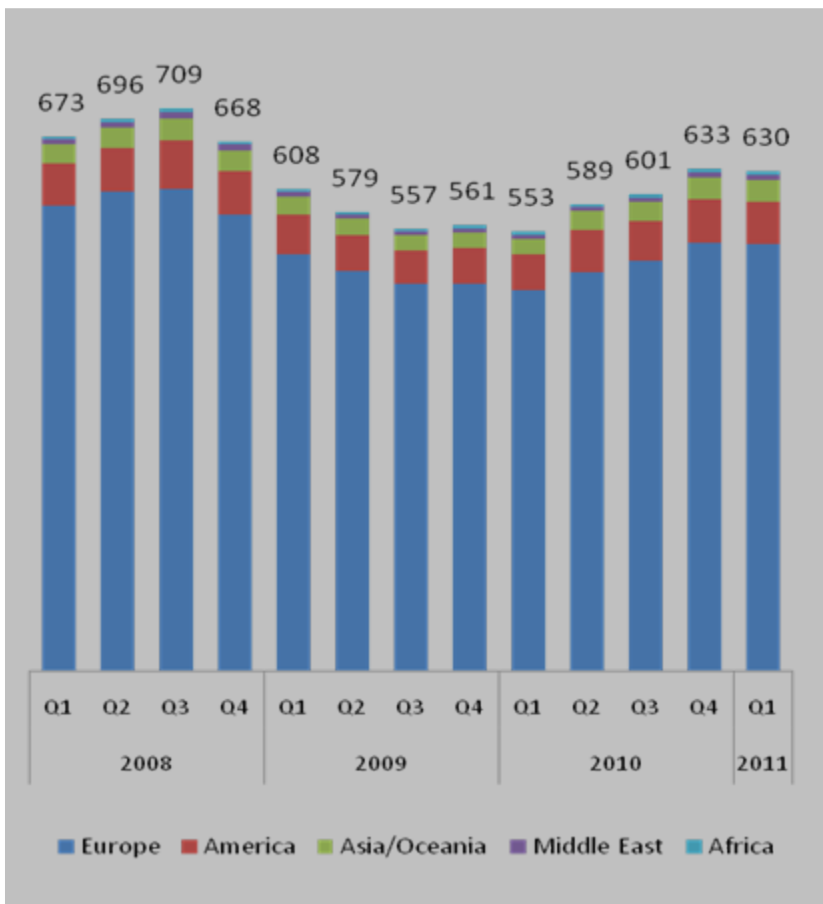
Claims development Q1 2010 – Q1 2011



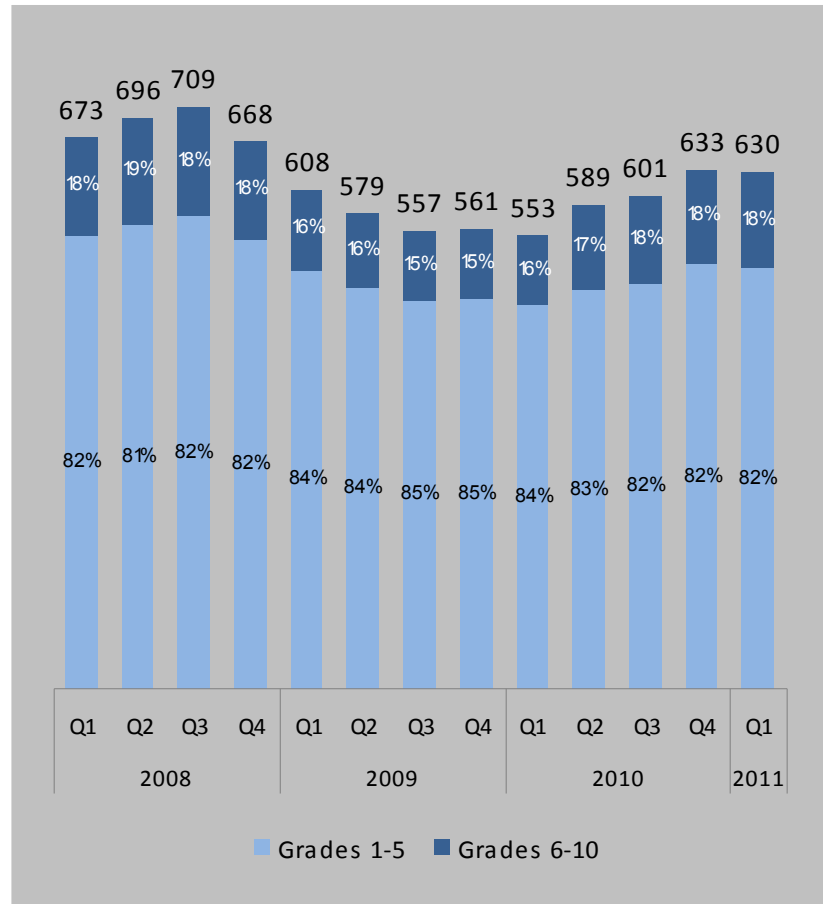
- Clear bottom line in Q3 2010
- Q1 2011 back to the level of Q1 2010 in €
- +15% in Q1 2011 vs. Q4 2010 in amount
- Severity claims (>1M€): Same volume in 2010 and 2011 (8 claims in 2011 against 9 in 2010) with the same level of covered amount (17M€ vs. 19M€ in 2010)

Exposure evolution 2008 – 2011 per quarter

Exposure per region (€bn)



Exposure per grade (€bn)



MENA political uprisings

Situation

Macro

- Political change under way in Egypt and Tunisia
- (Civil) war in Libya
- Major tensions in Yemen, Syria, Bahrain
- Minor tensions in Saudi Arabia

**EH
(beginning of crisis)**

- Exposure only in Morocco, Saudi Arabia, UAE > €1Billion
- Exposure in Jordan, Lebanon, Syria < €100Mio

Actions

- Major action plans implemented (in M€)
 - Egypt*: 414 → 207
 - Tunisia: 473 → 383
 - Libya 65 → 1
 - Bahrain 108 → 73
- Action plans prepared for other countries in the region, e.g. Algeria
- Careful underwriting of new limits across the region (exception UAE, Israel)

* Exposure in € M at January 31st vs April 8th

Earthquake Japan

Situation

Macro

- Severe damages (\$200-300B estimated reconstruction costs)
- GDP Japan 2011 -0.7% (EH estimate, consensus +0.3)
- Effects of supply chain interruption (also outside Japan) and power shortages hard to assess
- Further development of Fukushima situation not predictable

EH (beginning of crisis)

- Total exposure €3.9B—thereof ≈ 1.6B for foreign policy holders
- Risks well spread

Actions

- Disaster area (€28M exposure before action, €17M after):
 - Limits for non-Japanese customers cancelled (exception subsidiaries of large groups)
 - Limits for Japanese customers adjusted
- For all of Japan critical limits (by size and grade) reviewed
- Careful underwriting of new limits
- Only slight reduction of exposure to €3.7B
- Global risk organization put on alert to watch for negative impact on buyers outside of Japan
- Drastic measures prepared for nuclear catastrophe scenario
- BCM measures implemented (in co-operation with Allianz)

Contents

1 Economic outlook

2 Q1 2011 Review

- Commercial
- Risk

3 Q1 2011 Financial results

Key Figures Q1 2011 (1/2)



- Turnover of 544 M€
- 70.5 M€ Net Technical Result
- Net Combined Ratio at 75%
- Ordinary Operating Profit of 103 M€
- Net income of 75 M€

Key Figures Q1 2011 (2/2)

In million of euros	Actual YTD MAR 2011	Actual YTD MAR 2010	Variation in amount	Variation in %
Turnover	544,1	505,5	38,6	8%
Technical result	70,5	24,5	46,1	188%
Net financial income (excluding financing costs)	32,9	42,6	-9,7	-23%
Ordinary operating income	103,4	67,1	36,4	54%
<i>Of which realised gains and losses</i>	13,7	17,6	-3,9	-22%
<i>Net of realised gains and losses</i>	89,8	49,5	40,3	81%
Net consolidated result	75,3	47,6	27,7	58%
AZ Net combined ratio	78,4%	91,8%		
Euler Hermes Net combined ratio (including Service margin)	75,0%	90,0%		
Euler Hermes Net Loss Ratio	49,1%	58,1%		
Euler Hermes Net Cost Ratio	25,9%	31,9%		

Key figures Q1 2011 – Profit & Loss

In million of euros	Actual YTD MAR 2011	Actual YTD MAR 2010	Variation in amount	Variation in %
Gross earned premiums	452,6	417,4	35,2	8%
Gross Claims	-189,8	-243,4	53,6	-22%
Gross insurance expenses	-139,6	-132,9	-6,7	5%
Gross technical result from insurance activities	123,2	41,0	82,1	200%
Gross loss ratio	41,9%	58,3%		-16% pts
Gross cost ratio	30,8%	31,8%		-1% pts
Gross combined ratio (1)	72,8%	90,2%		-17% pts
Service revenues	91,5	88,2	3,4	4%
Service expenses	-83,6	-81,5	-2,1	3%
Service margin	7,9	6,7	1,2	18%
Gross technical result	131,1	47,7	83,4	175%
Reinsurance result	-60,6	-23,3	-37,3	160%
Net technical result	70,5	24,5	46,1	188%
Net loss ratio	49,1%	58,1%		-9% pts
Net cost ratio	25,9%	31,9%		-6% pts
Net combined ratio (2)	75,0%	90,0%		-15% pts

(1) Excluding service margin

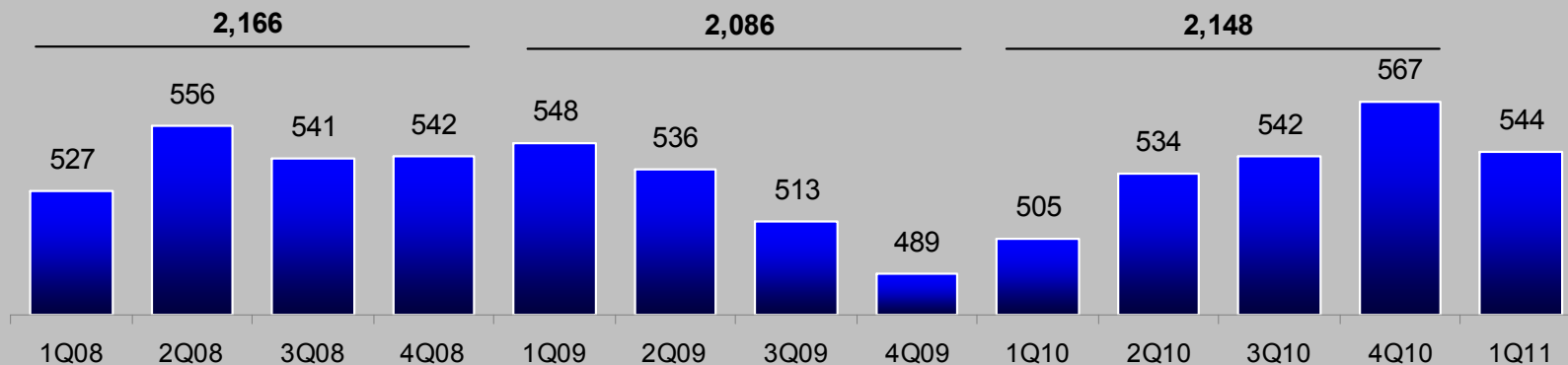
(2) Including service margin

Quarterly Results Overview

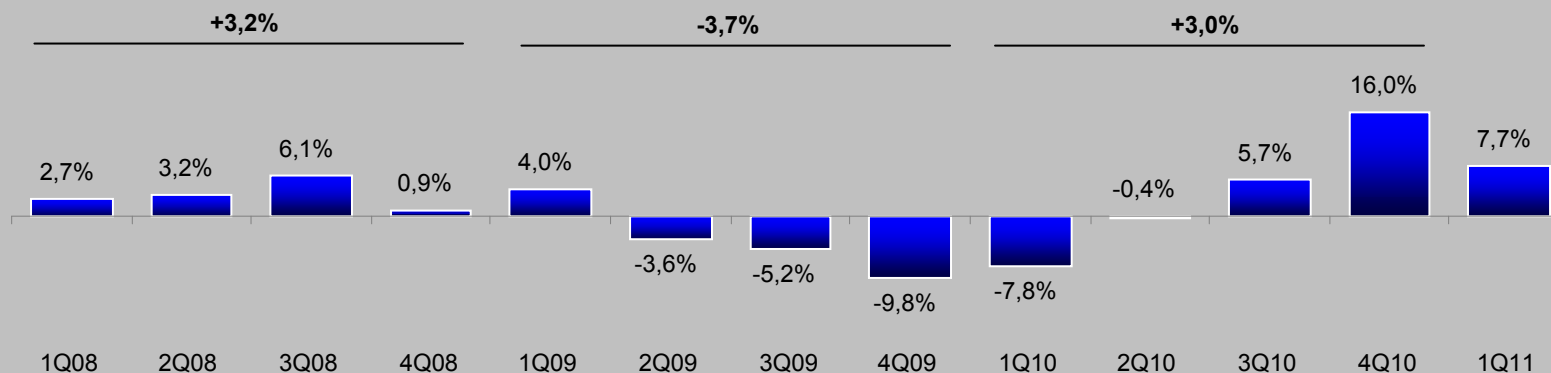
(€m)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11
Consolidated Turnover	527	556	541	542	548	536	513	489	505	534	542	567	544
Net Technical Result	53,1	61,1	23,4	-102,0	-11,1	-48,4	-11,6	6,3	24,5	95,8	135,6	92,8	70,5
Ordinary Operating income	74,4	127,0	46,7	-79,6	43,1	-7,6	12,4	35,8	67,1	127,0	164,5	113,3	103,4
Consolidated Net Income	38.4	83.9	30.0	-68.7	16.5	-15.8	0.2	18.1	47.6	99.8	108.4	38.6	75.3

Consolidated Turnover Quarterly: 7.7% growth in Q1 2011

Quarterly Consolidated Turnover (€m)

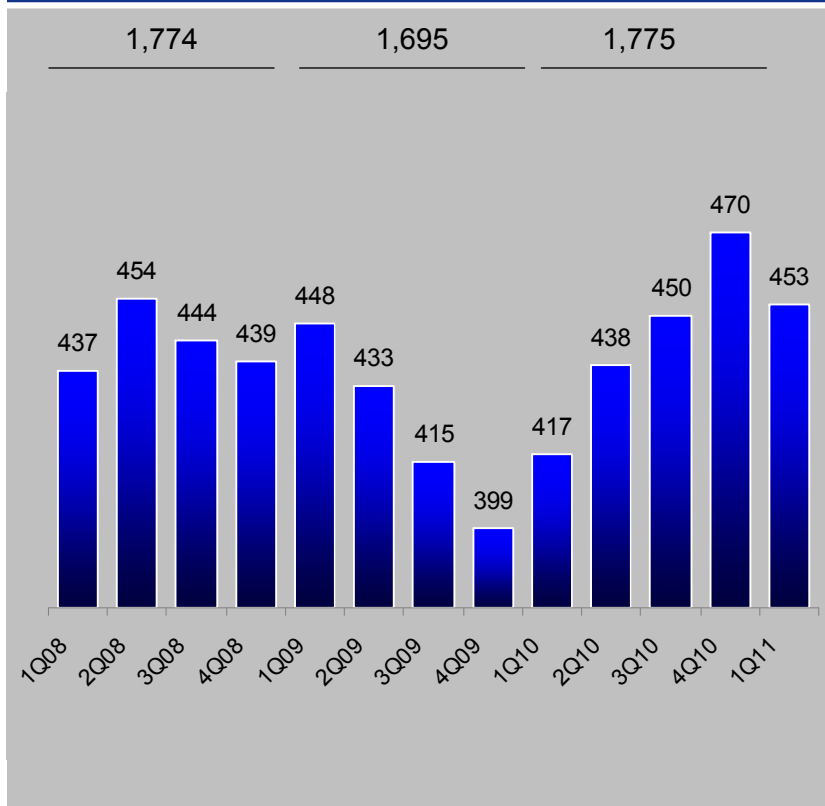


Consolidated Turnover Evolution (versus previous year)



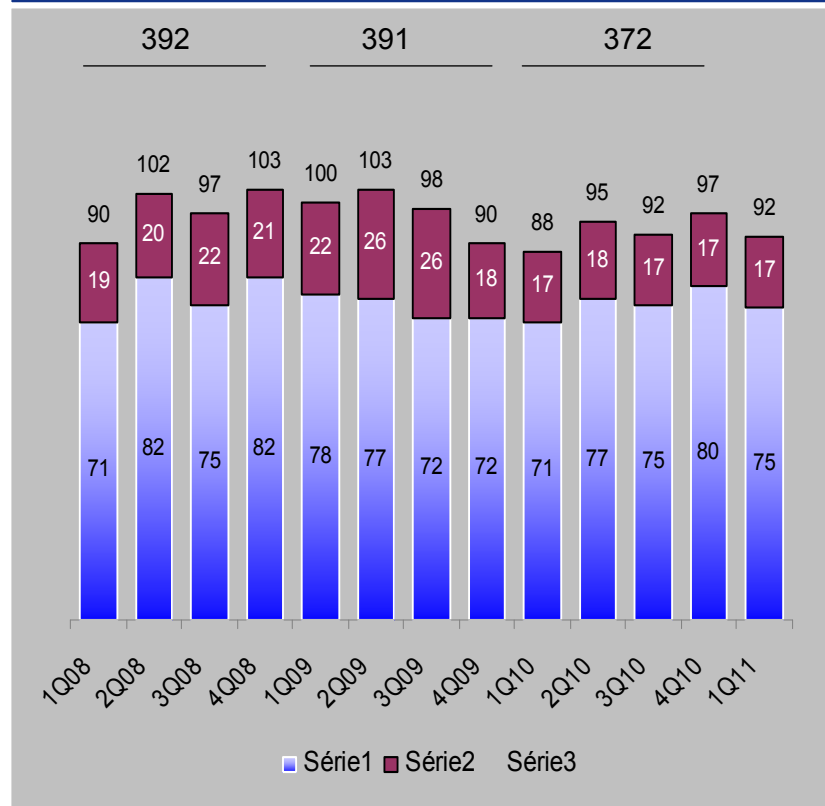
Consolidated Turnover: improved trend of Gross Premium and Service Fees

Gross Earned Premium (€m)



1Q10/09	2Q10/09	3Q10/09	4Q10/09	1Q11/10
-6.9%	1.2%	8.4%	17.8%	8.5%

Service Fees (€m)



1Q10/09	2Q10/09	3Q10/09	4Q10/09	1Q11/10
-12.0%	-7.8%	-6.1%	7.8%	4.1%

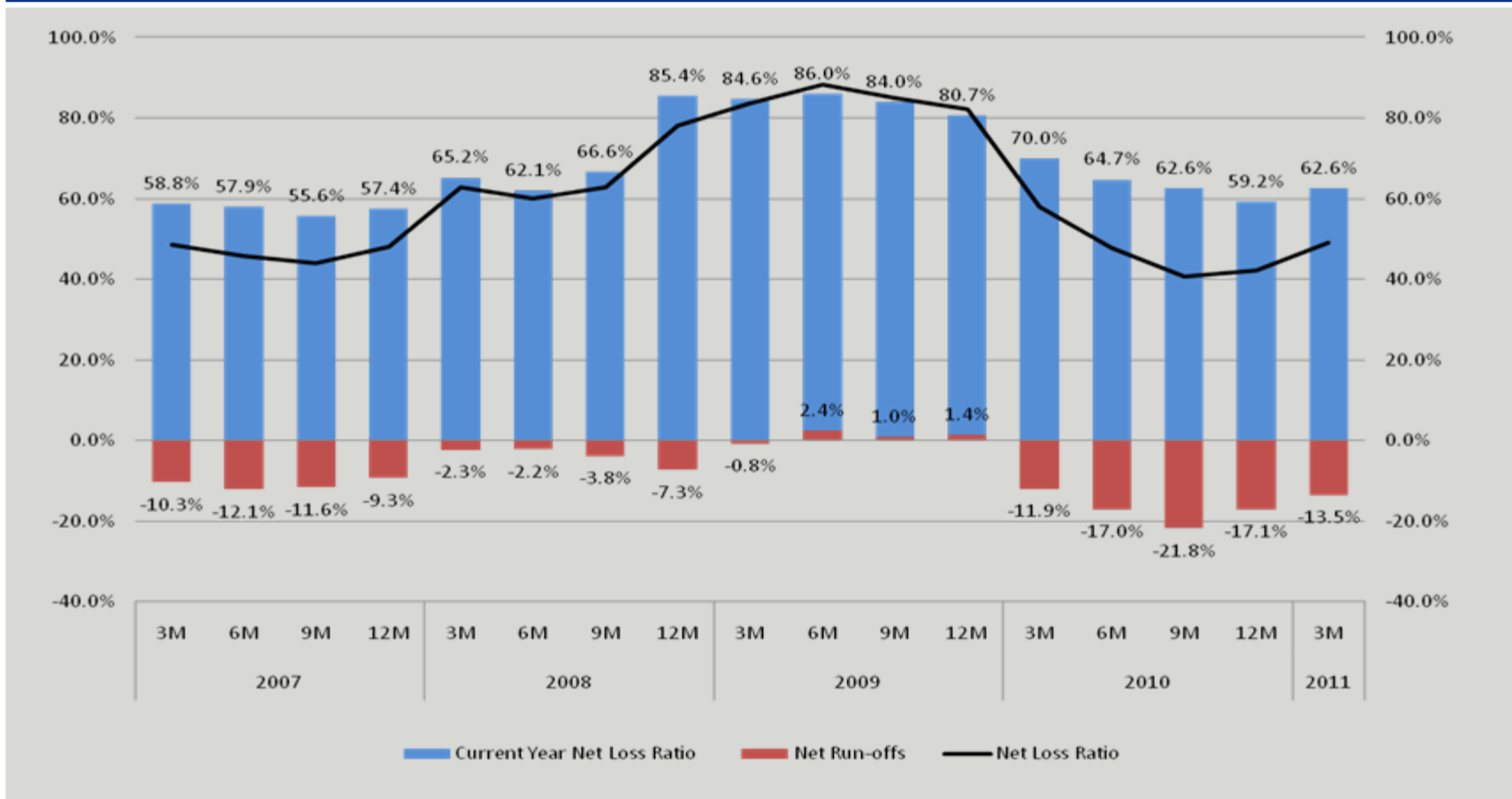
Gross Earned Premium

Area contribution before inter-region eliminations (M€)

Gross Earned Premium	Q1 10	Q1 11	Δ11/10
France	75.2	76.6	+1.8%
Germany/Austria/Switzerland	141.1	148.1	+5.0%
Northern Europe	95.6	105.1	+9.9%
Mediterranean Countries	48.6	54.0	+11.2%
Americas	39.7	46.6	+17.4%
Asia Pacific	10.6	13.7	+29.1%
Captive & Others	6.6	8.5	+28.8%
EH GROUP	417.4	452.6	+8.4%

YTD Net Loss Ratio: 2010 & Q1 2011 strongly impacted by positive run offs

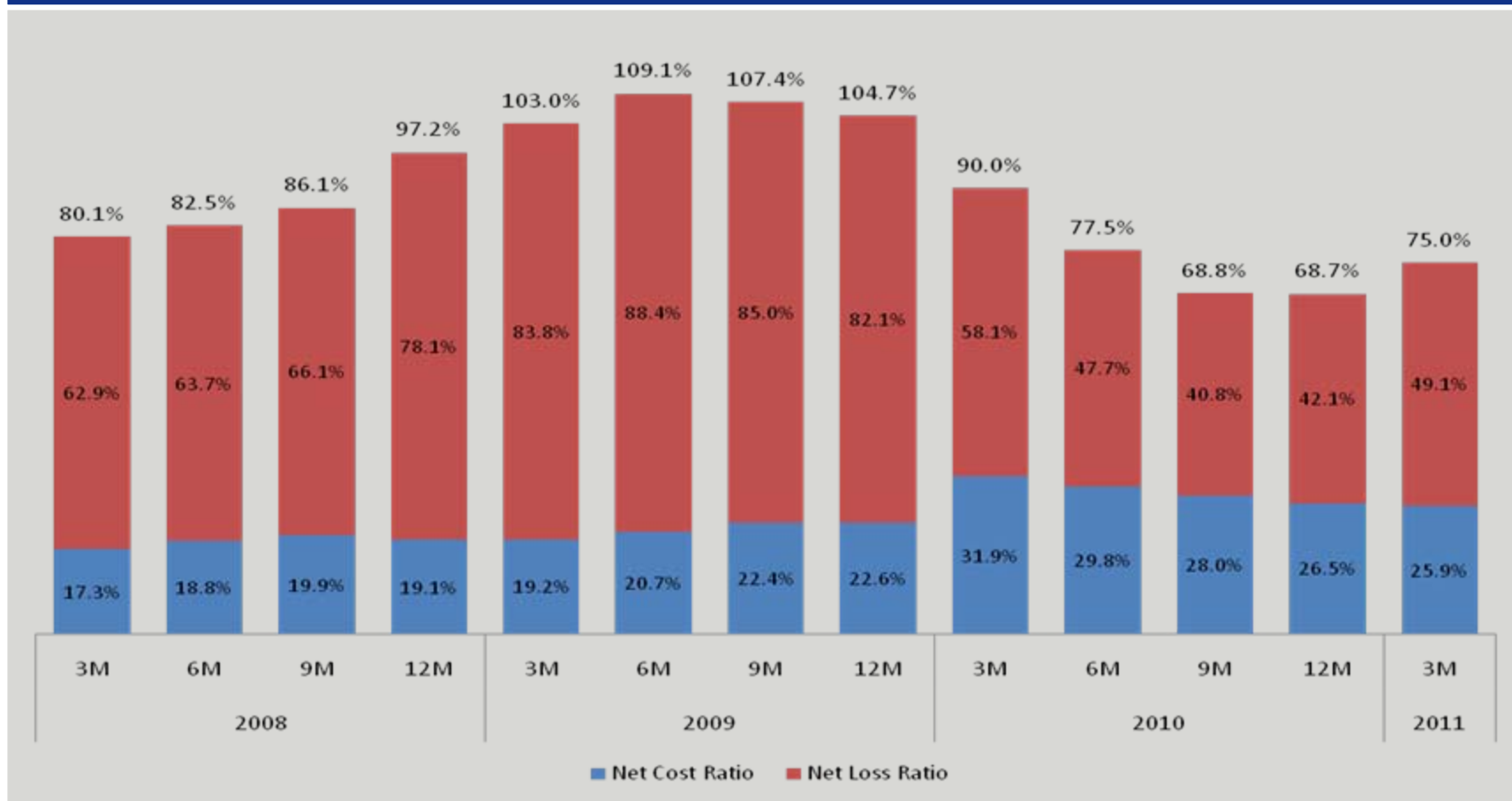
YTD Net Loss Ratio and Run-off



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YTD Net Combined Ratio evolution

YTD Net Combined Ratio (before restructuring charges)



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Allianz 

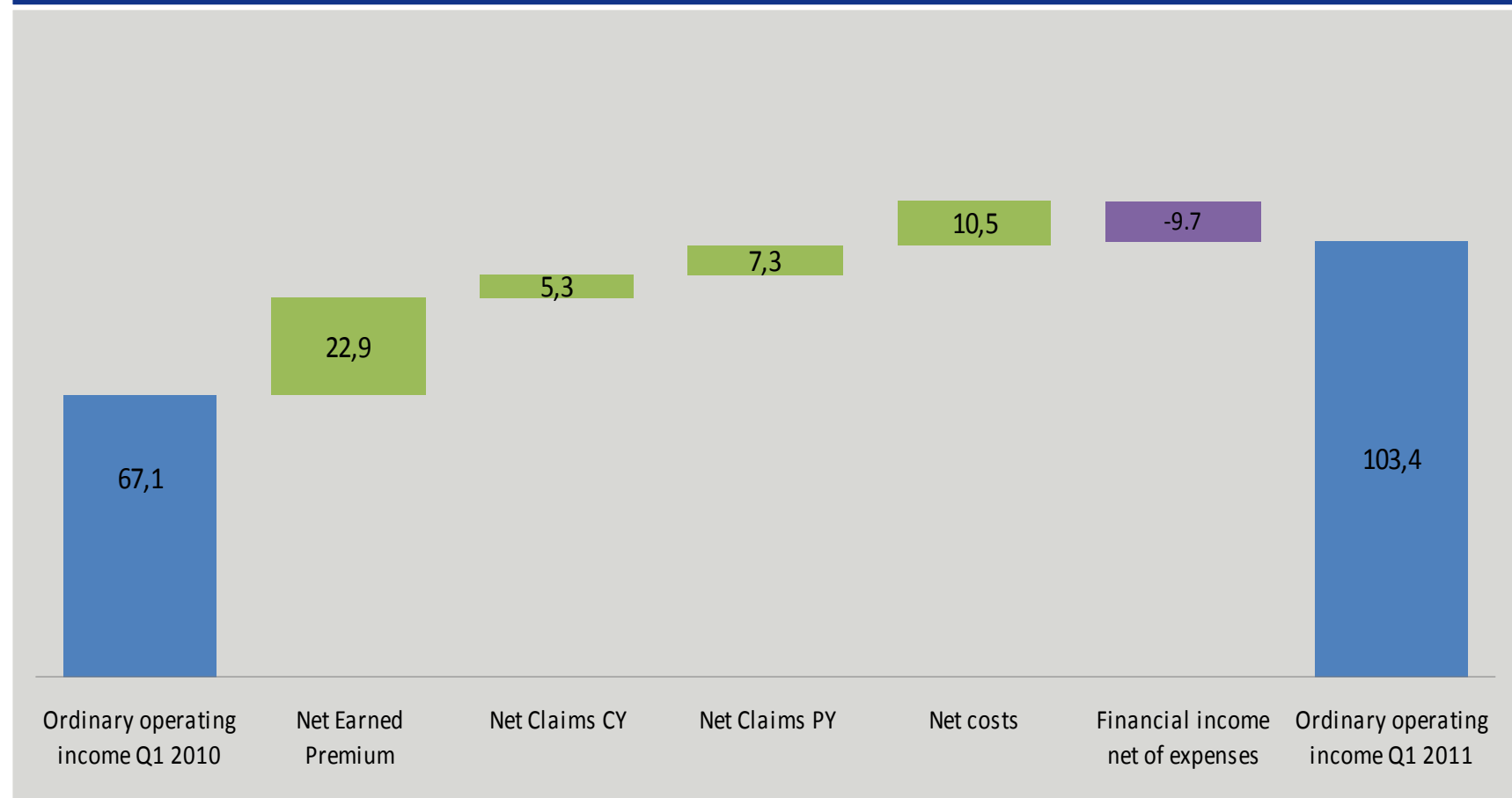
Gross combined ratio per region

Combined Ratio (1)	Q1 10	Q1 11	Δ11/10
France	63.3%	67.6%	+4.3 pts
Germany/Austria/ Switzerland	90.9%	61.9%	-29 pts
Northern Europe	91.2%	70.5%	-21 pts
Mediterranean Countries	85.9%	67.9%	-18 pts
Americas	85.4%	84.1%	-1 pts
Asia Pacific	74.0%	100.1%	+26 pts
Total Group	88.0%	70.6%	-17 pts

(1) Including service margin

Ordinary operating profit drivers for Q1 2011

Ordinary operating income drivers (€m)

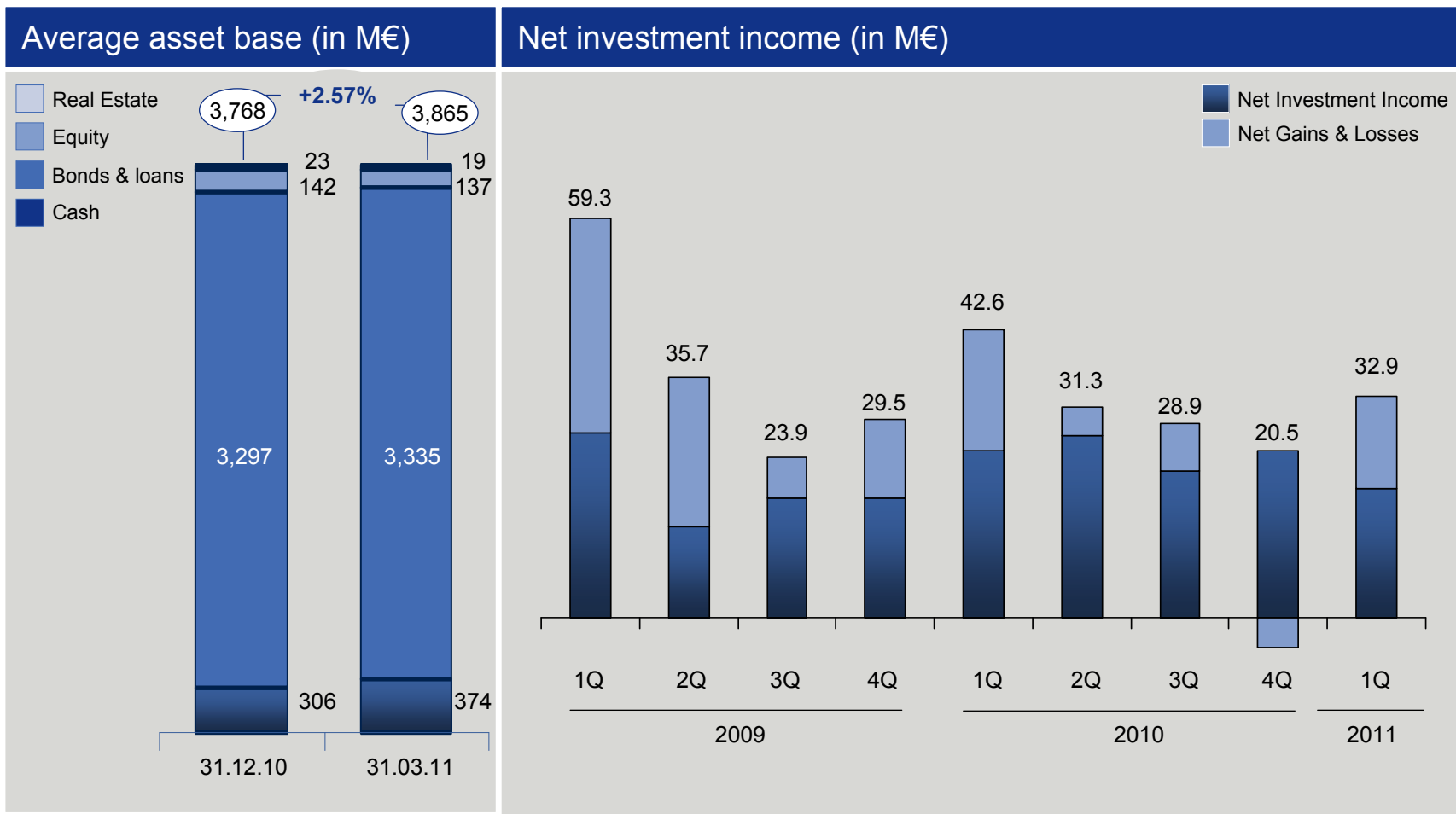


Investment Income from financial portfolio

(€m)	Q1 2010	Q1 2011	Δ Q1
▪ Income from investment properties	0.5	0.3	ns
▪ Income from securities	14.9	16.6	+1.7
▪ Other financial income	5.1	6.1	+1.0
Investment Income	20.5	23.0	+2.5
Investment expenses	-1.9	-1.8	ns
Net foreign exchange result	6.3	-2.0	-8.3
Net gains and losses on sales of investments	17.8	13.7	-4.1
Net investment income ¹	42.6	32.9	-9.7

1. Excluding financing costs

Stable net investment income



Consolidated Net Income: €75.3m

(€m)	Q1 2010	Q1 2011	Δ Q1
Ordinary Operating Income	67.1	103.4	x1.5
▪ Non ordinary	-	-1.2	
Operating Income	67.1	102.2	x1.5
Financing expenses	-2.0	-4.3	x2
Corporation tax	-19.7	-27.2	-7.5
Other ¹	2.2	4.6	x2
Consolidated Net Income	47.6	75.3	x1.5

1. Of which Equity method and minority interests

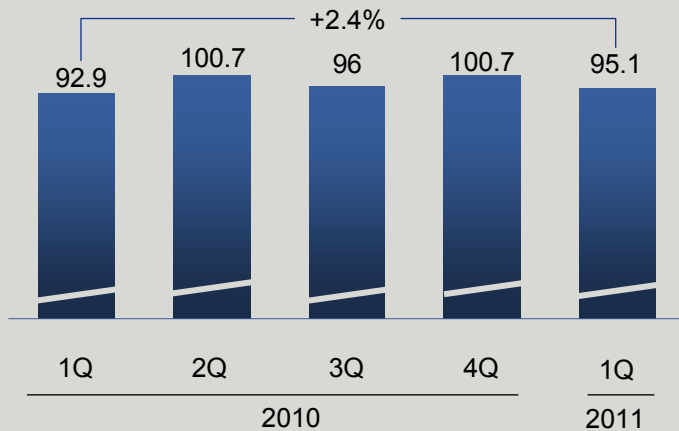
Appendices

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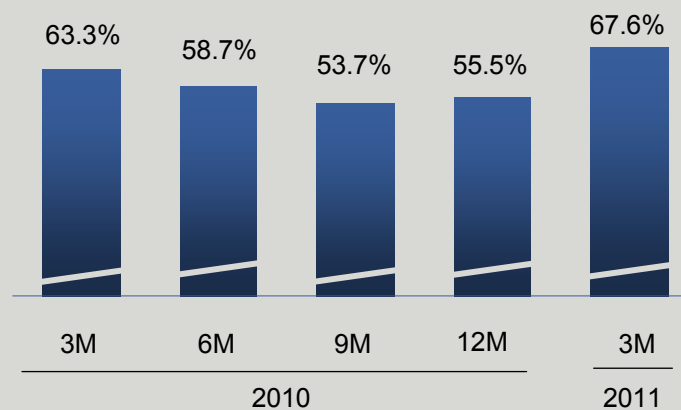
Snapshot by Region: France

Area contribution before inter-region eliminations (M€)

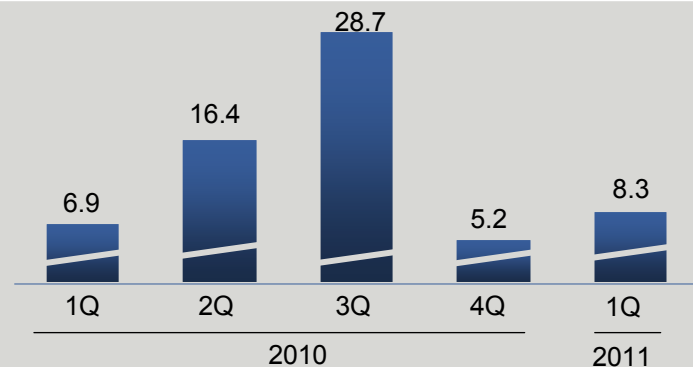
5-quarter turnover overview



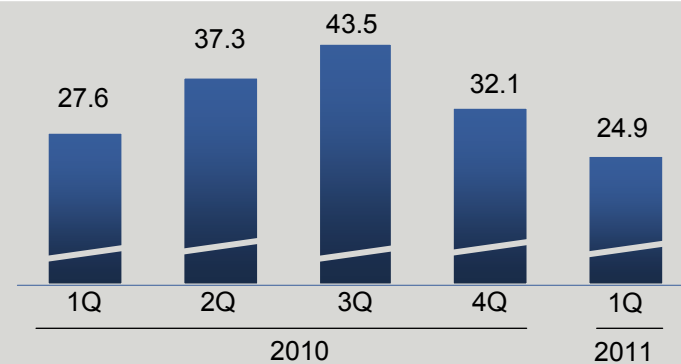
YTD Gross Combined Ratio



Gross Run-off



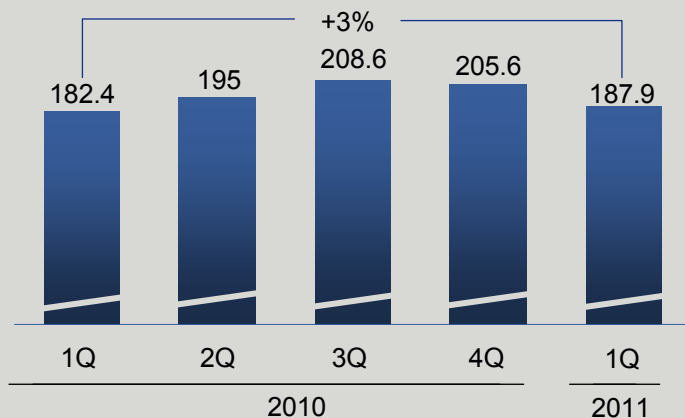
Gross Technical Result



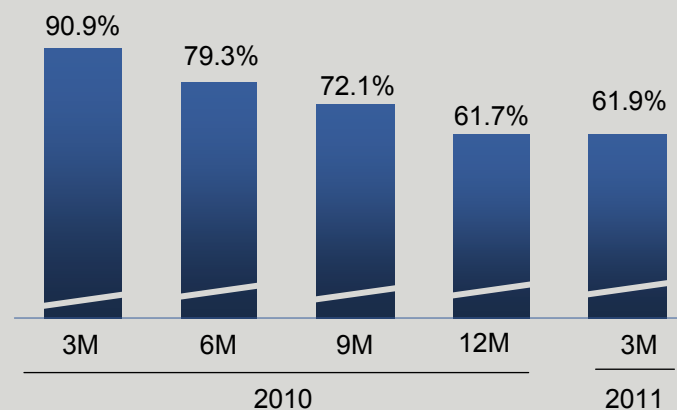
Snapshot by Region: Germany/Austria/Switzerland

Area contribution before inter-region eliminations (M€)

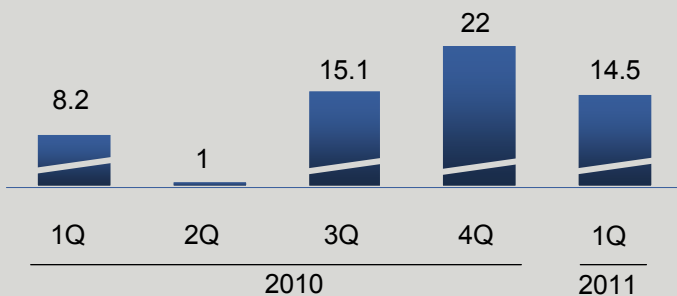
5-quarter turnover overview



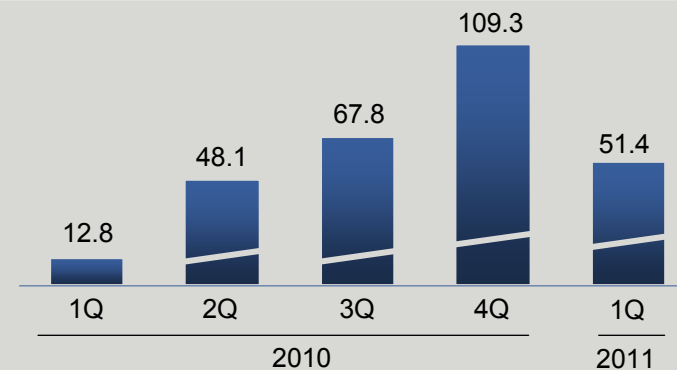
YTD Gross Combined Ratio



Gross Run-off



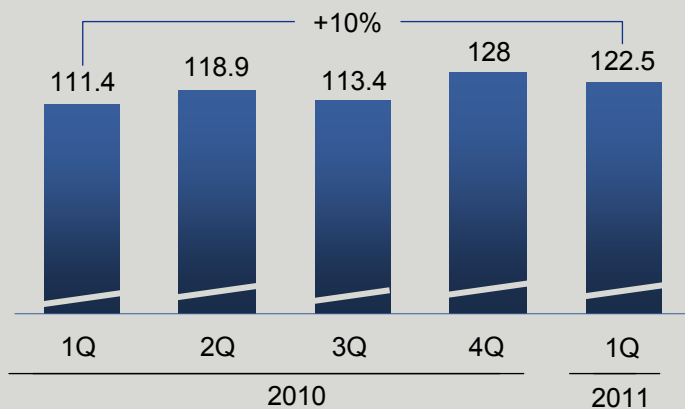
Gross Technical Result



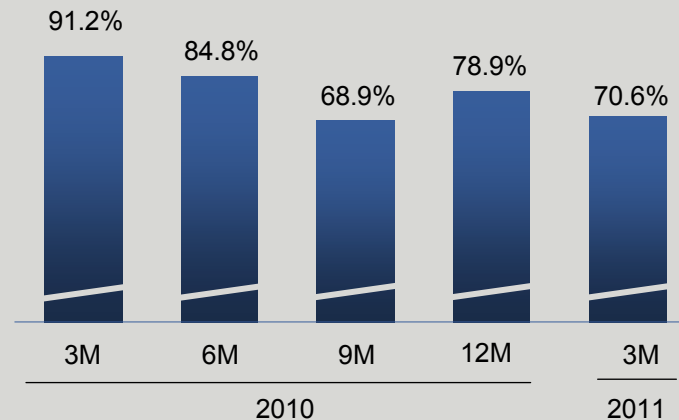
Snapshot by Region: Northern Europe

Area contribution before inter-region eliminations (M€)

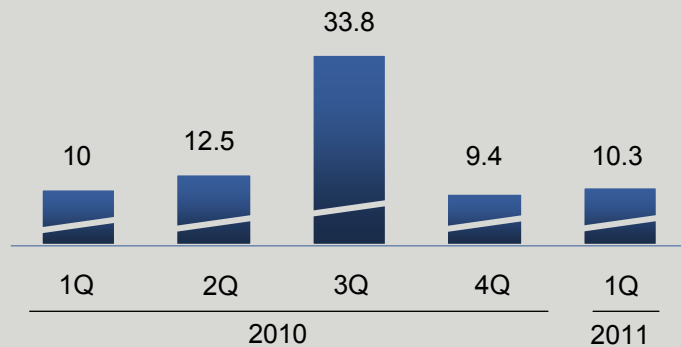
5-quarter turnover overview



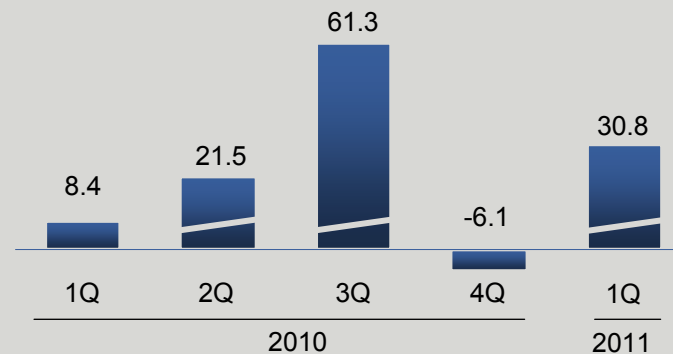
YTD Gross Combined Ratio



Gross Run-off



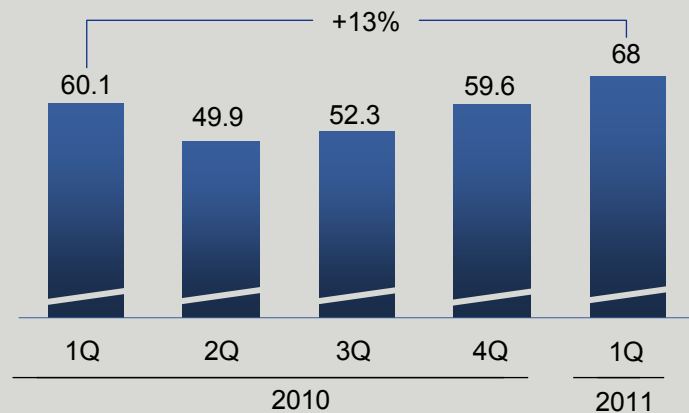
Gross Technical Result



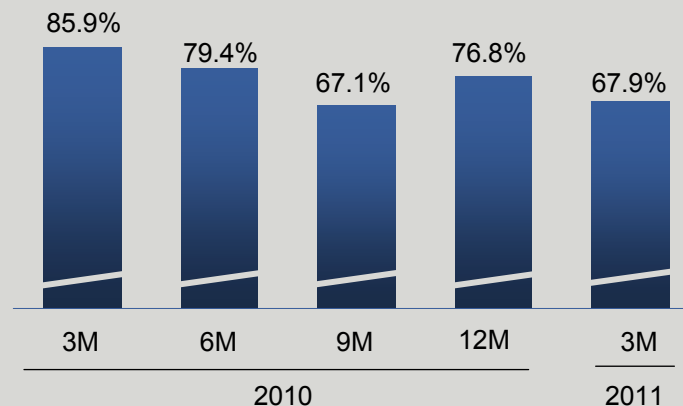
Snapshot by Region: Southern Europe

Area contribution before inter-region eliminations (M€)

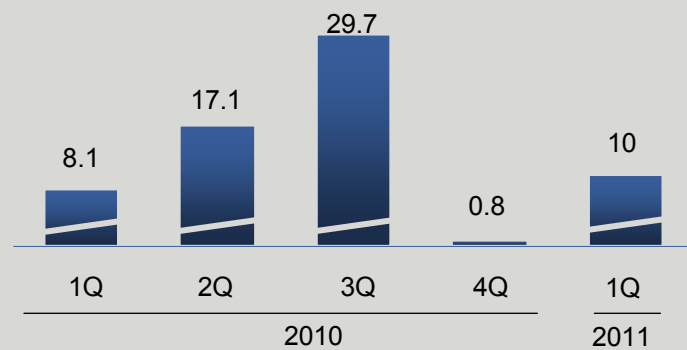
5-quarter turnover overview



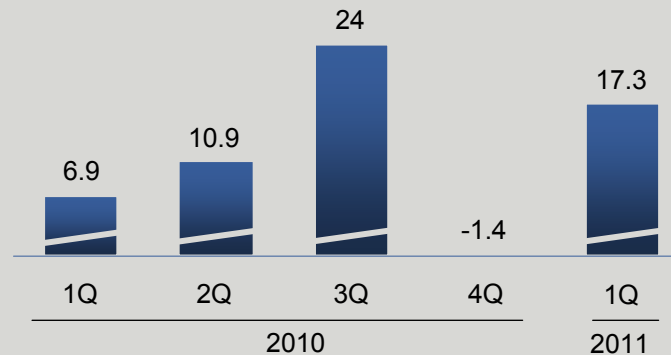
YTD Gross Combined Ratio



Gross Run-off



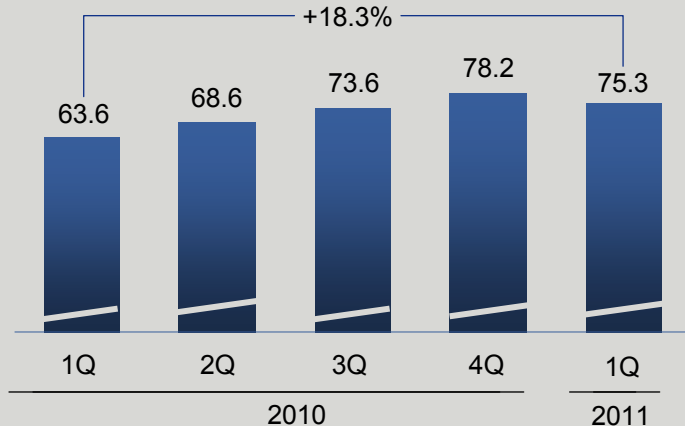
Gross Technical Result



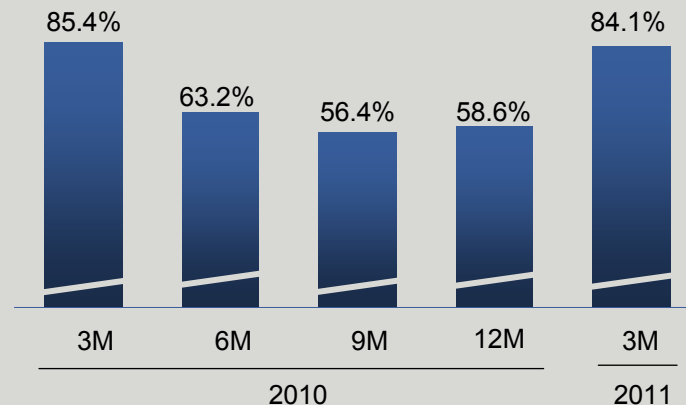
Snapshot by Region: Americas

Area contribution before inter-region eliminations (MUSD)

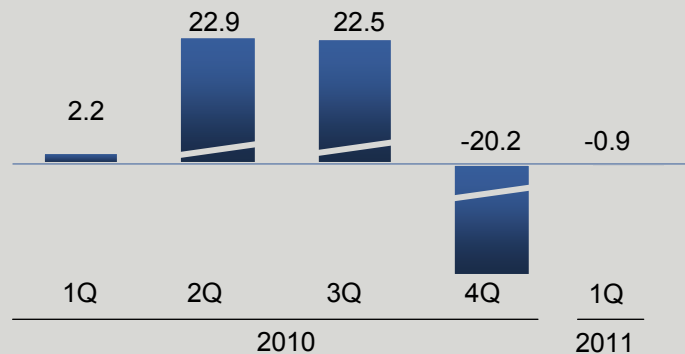
5-quarter turnover overview



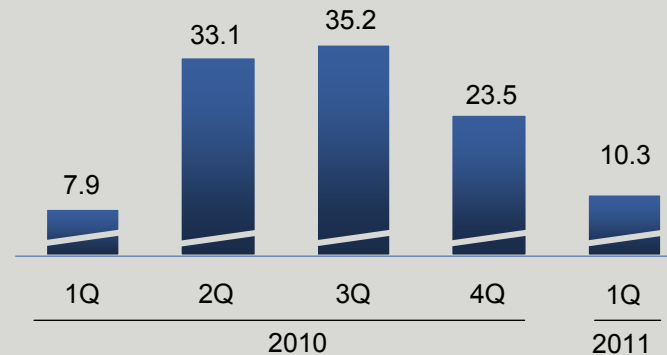
YTD Gross Combined Ratio



Gross Run-off



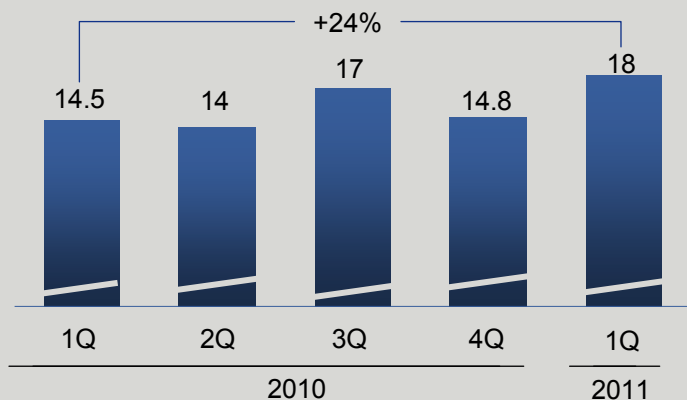
Gross Technical Result



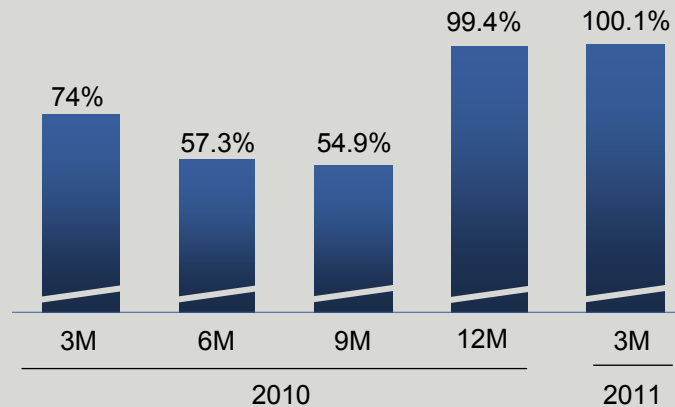
Snapshot by Region: Asia Pacific

Area contribution before inter-region eliminations (M€)

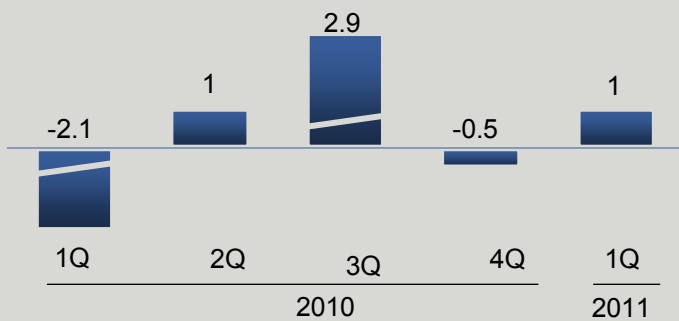
5-quarter turnover overview



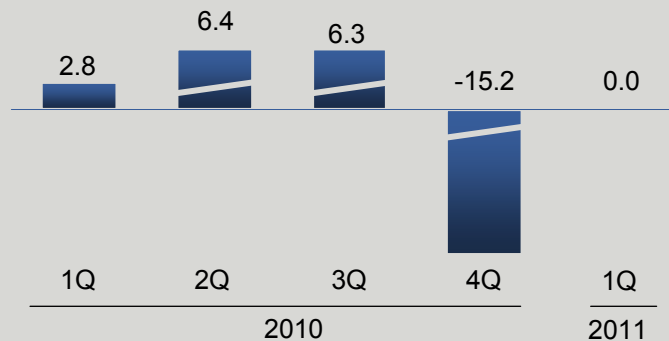
YTD Gross Combined Ratio



Gross Run-off



Gross Technical Result



Glossary (1/2)

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

Collection

Extra-judicial and/or judicial procedure conducted by Euler Hermes to secure payment of a receivable from the debtor

Collection fees

Correspond to the amounts billed for debt collection services provided to policyholders and to companies that are not policyholders.

Combined Ratio

Sum of the Cost ratio and the Loss ratio

Cost ratio (or Expense Ratio)

Defined as the sum of the contract acquisition expense, administration expense, other underwriting income and expense after deduction of premium-related services, relative to earned premiums after deduction of refunds (all together Insurance Expenses). Other non-technical income and expense is excluded from the cost ratio (with the exception of buildings used for operations).

Earned Premium

Portion of the premium written during the period or earlier corresponding to the coverage of risks during the period concerned.

Expense Ratio

Overheads as a proportion of premiums

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 service margin)

Information fees

Billings for research and analysis carried out to provide our policyholders with the required credit insurance cover, and amounts billed for monitoring the solvency of their customers. All these revenues are directly related to our credit insurance business as Euler Hermes does not sell services offering access to business solvency information to third parties that are not policyholders.

Glossary (2/2)

Loss

Situation in which a risk is realised 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)

Defined as the claims costs relative to earned premiums after deduction of policyholder refunds

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 margin)

Premium

Amount paid by the policyholder to his insurer in exchange for risk coverage. Credit insurance policies are designed to cover the risk of non-payment by the policyholder's customers. A distinction is made between: written premium and earned premium. premiums are based mainly on our policyholders' sales or their outstanding customer risk, which also depends on their sales.

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

Net liquidation surpluses/deficits of the previous year

Written premium

Amount invoiced during the period for coverage against the risks stipulated in the policy

Investor Relations

Next Events	Date
EGM (meeting)	May 20, 2011
2Q11 Earnings (webcast)	July 26, 2011
3Q11 Earnings (webcast)	Nov. 9, 2011

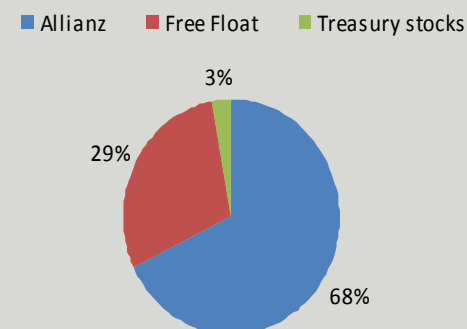
Stock Market Data	As at 31 Mar. 11
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,128,067
Market cap. (€m)	3,015

Investor Relations Contact

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Shareholding Structure (31 Mar. 11)

Capital breakdown



Disclaimer

This document contains forward-looking statements. Although Euler Hermes believes its expectations are based on reasonable assumptions, these statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements.

A description of the risks borne by Euler Hermes appears in Risk Management section of the “Document de Référence” of Euler Hermes filed with the French financial markets authority (AMF) on the 13th of April 2010.

The forward-looking statements contained in this document apply only from the date of this document, and Euler Hermes does not undertake to update any of these statements to take account of events or circumstances arising after the date of the said document or to take account of the occurrence of unexpected events.

The Q1 2011 consolidated financial statements were adopted by the Supervisory Board at its meeting of the 6th of May 2011.