



3Q 2011 Financial Results

Financial Analysts – 9th November 2011

A company of Allianz 



EULER HERMES
Business insured. Success ensured.



Contents

- 1 Economic outlook
- 2 Key figures
- 3 Commercial overview
- 4 Risk overview
- 5 3Q 2011 Financial results
- 6 9M 2011 Financial results
- 7 Appendices



EH Group 3Q 2011 Economic Outlook



Economic outlook 2011-2012

Where are we now?

- ❑ The global economy is facing tumultuous times: amid few green shoots, uncertainty on growth perspectives holds, due to a series of worrying signs and sovereign debt concerns

Where are we going?

- ❑ In September, we already forecast a weaker than expected global growth for 2011 and 2012, with serious threats looming ahead
 - In other words: a sluggish but at-risk recovery scenario, with world GDP at +3.0% in 2011 and +3.2% in 2012, US respectively at +1.6% and +2%, euro zone at +1.6% and +1.3%, and China at +9% and +8.5%.
- ❑ Recent economic development (at best flat for the euro zone) and current uncertainties, especially around the intertwined debt and banking crises (and likely extreme case of unilateral and disorderly Greek default), are already sufficient enough to lead another and major downward revision of our central scenario
- ❑ In the euro zone, even in the case of contagion contained, first-round effects are estimated at 0.5 percentage point cut, growth topping off at 0.7% for 2012, with protracted political immobility postponing productive investment and consumption to second semester 2012 at best.
 - These forecasts will be refined and confirmed in our December update of the Economic Outlook
 - The probability of a more unfavourable scenario – possibly recessionary in the euro zone – has increased. Close monitoring of the situation will be necessary in the coming weeks and months.



Economic outlook 2011-2012

What to expect?

❑ *Regional risks*

There are different situations across the world: From risks of slowdown in emerging economies (monetary tightening and depressed demand), to a debt and banking deadlock in the US and the EU, to possibilities of depressed trade for commodity exporters, to name a few

Global level of Euler Hermes country risks still on a negative net trend, with more countries on a worse direction than in better direction

❑ *Sector risks*

Expect delayed consumption of key durable goods for households (retail sector at-risk), and of critical productive investments for companies, though better prepared than in 2008-2009

❑ *Insolvency risks*

As global slowdown will cut corporate profitability and payments performance, business insolvencies will not decelerate as much as previously expected in 2011, and may increase in several countries in 2012, especially in the euro zone. Our December update will offer a new estimate



Key figures



Key Figures

Continued increase of top line and profitability

	3Q11	9M11
▶ Turnover at historical high :	€580mn (+7%)	€1.707mn (+8%)
▶ Net Combined Ratio below pre-crisis level :	67.8%	66.5%
▶ Ordinary Operating Profit :	€120mn (-27%)	€391mn (+9%)

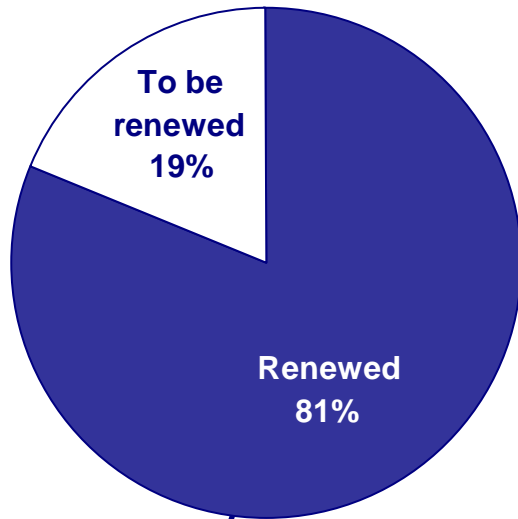


EH Group 3Q 2011 Commercial Overview



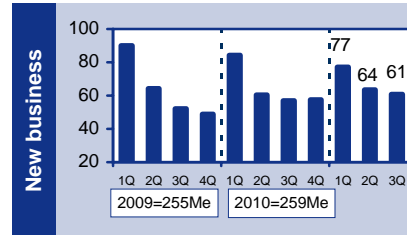
Dynamic credit insurance portfolio evolution

RENEWALS 2011

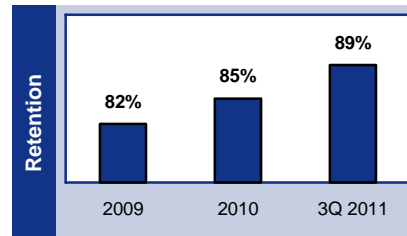


Renewed portfolio

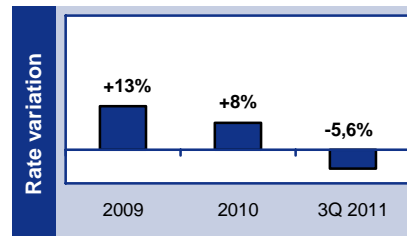
- Retention rate 89%
- Rate variation -5.6%
- Turnover variation +7.6%



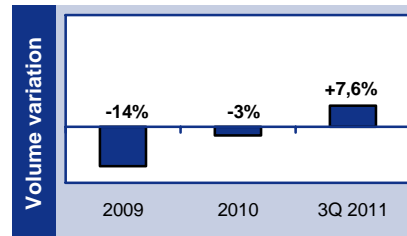
▶ New production is keeping pace with last year's record level, Q3 2011 new business is 4 M€ above Q3 2010



▶ At 89%, retention is good and 81% of the portfolio has already been renewed



▶ Rate decreases of -5.6% on the renewed portfolio but progressively slowing month after month



▶ Strong insured turnover increase on the renewed portfolio: +7.6%



Credit Insurance portfolio evolution

(€m)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	
New Business	90,0	64,2	52,1	48,9	84,2	60,4	57,0	57,5	77,1	63,5	60,7	
	← Total : 255 →				← Total : 259 →				← Total : 201 →			
Lost Premiums	-84,9	-66,4	-69,2	-65,9	-97,7	-54,5	-40,6	-35,7	-79,8	-34,9	-33,2	
	← Retention rate 82% →				← Retention rate 85% →				← Retention rate 89% on renewed portfolio →			
Rate Variation	67,1	46,3	42,0	29,6	93,8	17,9	-1,5	-2,1	-38,9	-15,9	-12,2	
	← Increase +13% →				← Increase +8% →				← Decrease -5.6% on renewed portfolio →			
Organic Variation	72.1	44.1	24.9	12.6	80.3	23.8	14.9	19.7	-41.6	12.7	15.3	



Credit Insurance portfolio evolution

(€m)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
Organic Variation	72,1	44,1	24,9	12,6	80,3	23,8	14,9	19,7	-41,6	12,7	15,3
Volume Variation	-20,6	-35,5	-44,6	-69,2	-50,4	-8,8	7,0	9,2	29,6	34,0	26,9
	← Decrease -14%				← Decrease -3%				← Increase +7.6% on renewed portfolio →		
Other Variations ¹	1,9	11,7	-12,0	4,2	11,8	34,9	-18,3	-10,4	-21,5	-8,5	4,2
Total Variation	53.5	20.3	-31.8	-52.5	41.7	49.9	3.6	18.5	-33.5	38.2	46.5

1. [mostly currency change impact]

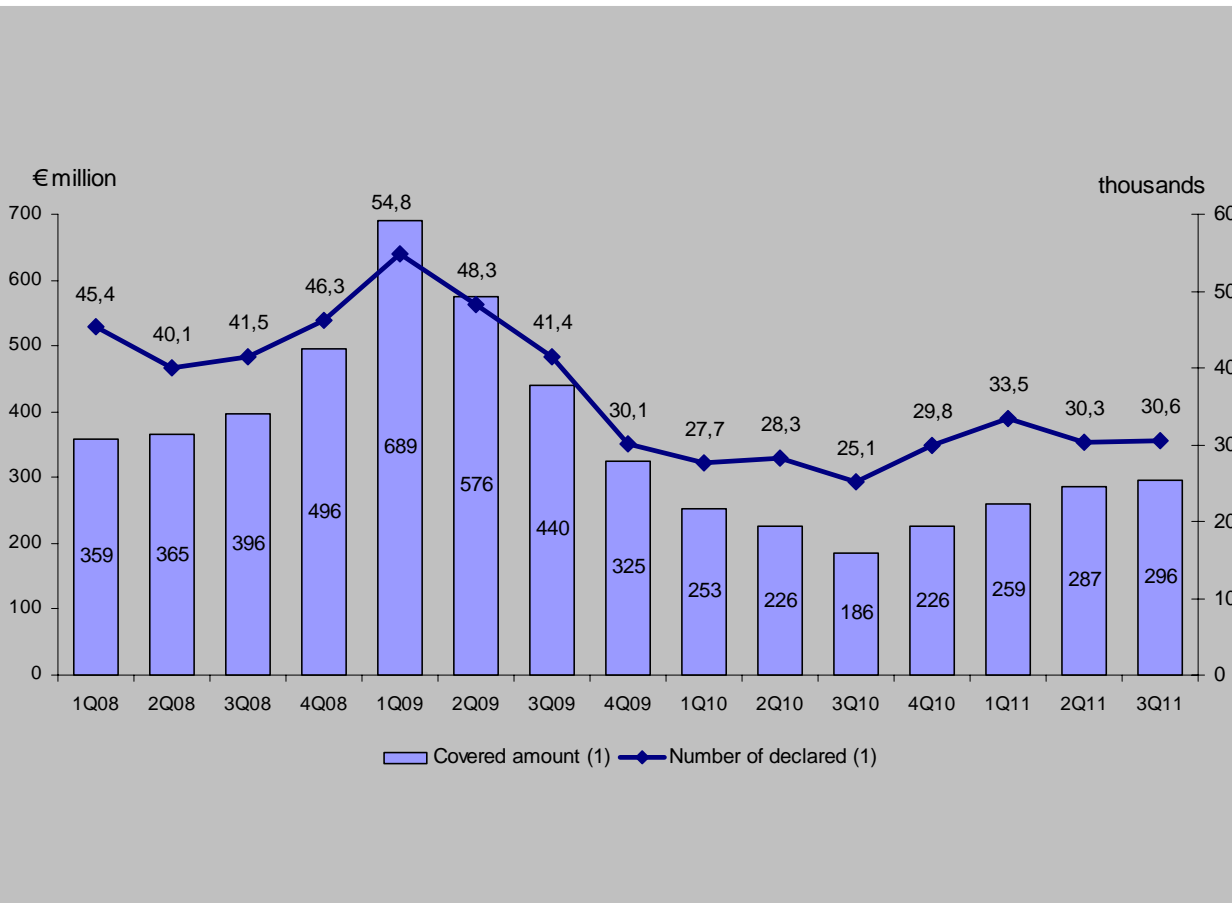


EH Group 3Q 2011 Risk Overview



Claims still under pre-crisis level

Claims development 1Q08 – 3Q11



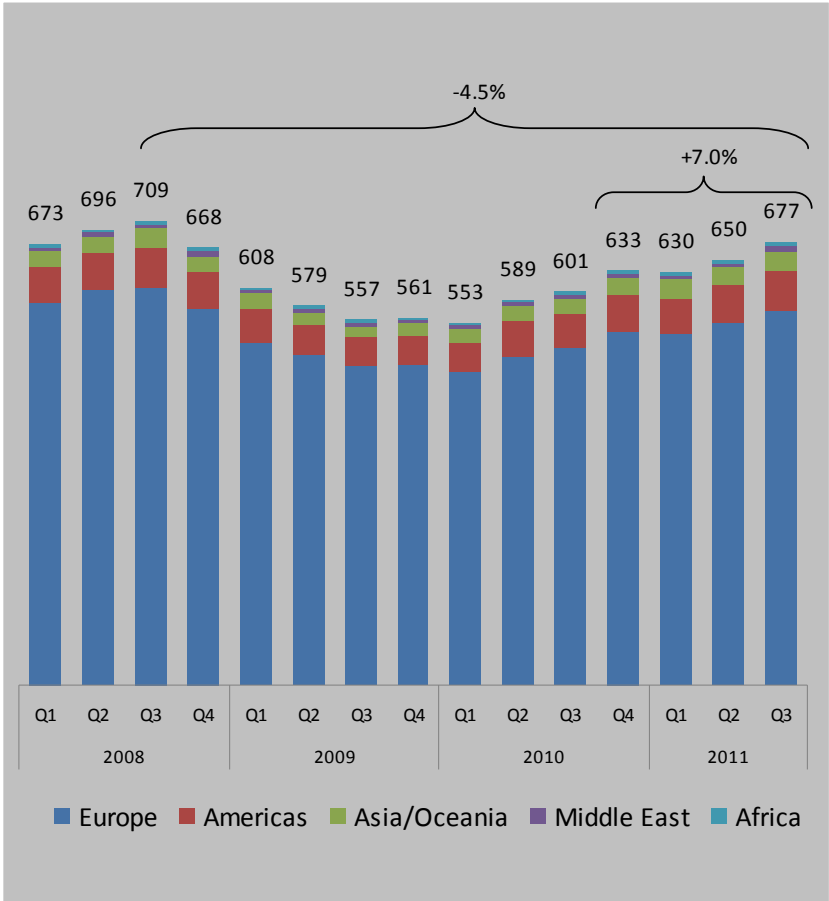
- **Bottom level reached in 3Q 2010**
- **Slight increase in covered amounts in 3Q 2011 vs. 2Q 2011**
- **Number and amount of claims still under pre-crisis level**

(1) Credit insurance claims only (excludes bonding & fidelity)

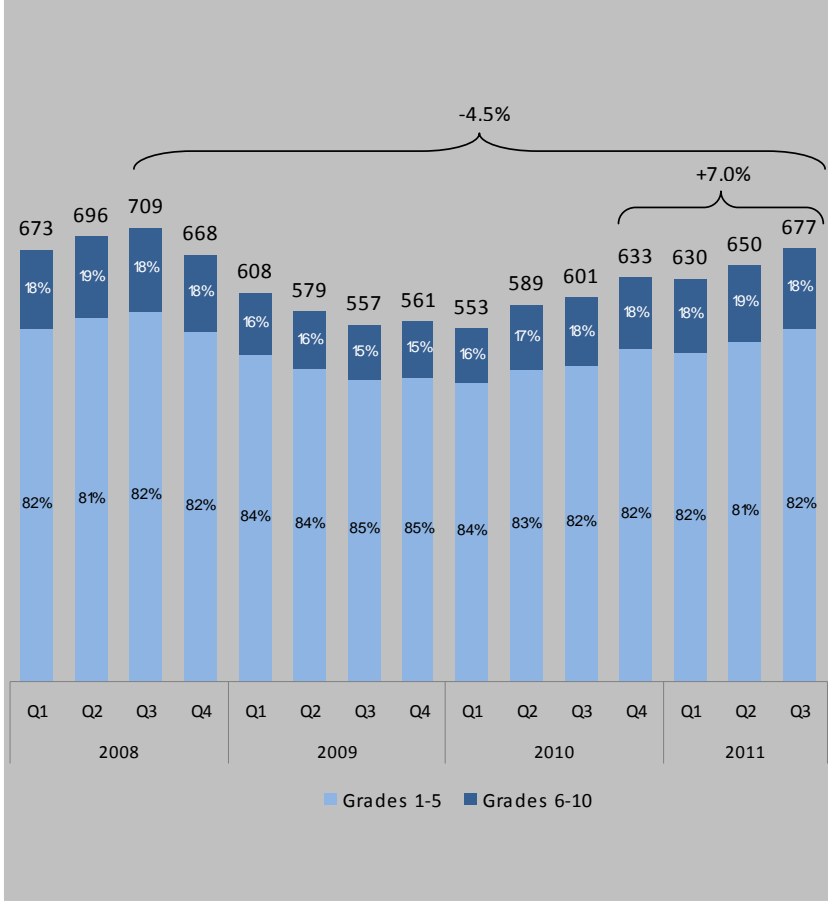


Exposure still below pre-crisis level

Exposure per region (€ billion)



Exposure per grade (€ billion)





Euler Hermes risk governance allows for a more effective risk management that preserves the company's profitability

Challenge



Answer

❑ Deteriorated economic situation

- Lower expected growth
- Capital market turmoil
- PMI* indices
- Euro crisis
- Austerity measures

* Purchasing Managers Index

❑ Firm pricing policy throughout the downturn

❑ Warning signals are in place

- Early warning sector indicators process
- Country risk analysis
- Research team
- Structured input of regions and BUs

❑ Risk action plans are ready in case of sudden deterioration

- Southern Europe under close watch

❑ Customer centricity initiative key to identify promptly crisis signals and to protect franchise

- Joint visits commercial / risk
- Communication: Keep credibility by communicating our analysis and flexible response



Euler Hermes is better prepared in case of a severe economic downturn than it was before the last crisis

- ☐ Claims in number and covered amount still below pre-crisis level
- ☐ Prices 15% higher than in 2008 (+26% in Mediterranean countries)
- ☐ Portfolio is of better quality
- ☐ Terms and conditions were tightened
- ☐ Risk governance in place to preserve the company's profitability
- ☐ Strong capital position



EH Group 3Q 2011 Financial results



Key figures 3Q 2011

In million of Euros	Actual 3Q 2011	Actual 3Q 2010	Variation in amount	Variation in %
Turnover	580.1	542.2	37.9	7.0%
Net technical result	97.6	135.6	-38.0	-28.0%
Net financial income (excluding financing costs)	22.3	28.9	-6.6	-22.8%
Ordinary operating income	119.9	164.5	-44.6	-27.1%
• Of which realised gains and losses	-2.8	6.8	-9.6	-141.2%
• Net of realised gains and losses	122.7	157.7	-35.0	-22.2%
Net consolidated result	83.5	108.4	-24.9	-22.9%
Euler Hermes Net combined ratio (including Service margin)	67.8%	51.9%		
• Euler Hermes Net loss ratio	41.9%	27.3%		
• Euler Hermes Net cost ratio	25.8%	24.6%		



Key figures 3Q 2011 – Profit & Loss

In million of Euros	Actual 3Q 2011	Actual 3Q 2010	Variation in amount	Variation in %
Gross earned premiums	485.8	450.2	35.6	7.9%
Gross claims	-196.8	-111.2	-85.6	77.0%
Gross insurance expense	-148.5	-139.2	-9.3	6.7%
Gross Technical result from insurance activities	140.5	199.8	-59.3	-29.7%
Gross loss ratio	40.5%	24.7%		15.8 pts
Gross cost ratio	30.6%	30.9%		-0.4 pts
Gross combined ratio⁽¹⁾	71.1%	55.6%		15.5 pts
Service revenues	94.4	92.0	2.4	2.6%
Services expenses	-80.8	-83.4	2.6	-3.1%
Service margin	13.6	8.6	5.0	58.1%
Gross Technical result	154.1	208.4	-54.3	-26.1%
Reinsurance result	-56.5	-72.8	16.3	-22.4%
Net technical result	97.6	135.6	-38.0	-28.0%
Net loss ratio	41.9%	27.3%		14.6 pts
Net cost ratio	25.8%	24.6%		1.3 pts
Net combined ratio⁽²⁾	67.8%	51.9%		15.9 pts

(1) Excluding service margin

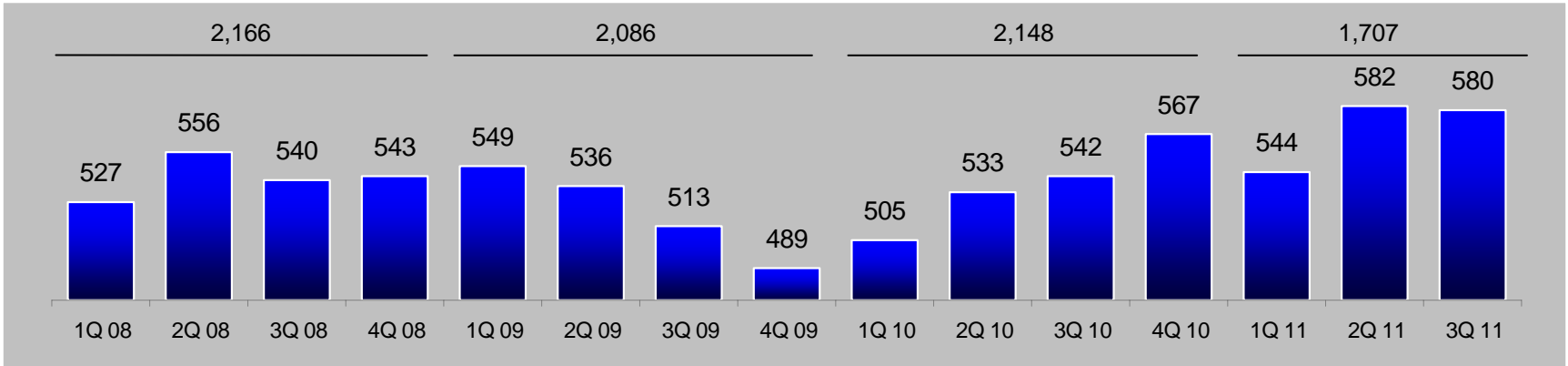
(2) Including service margin



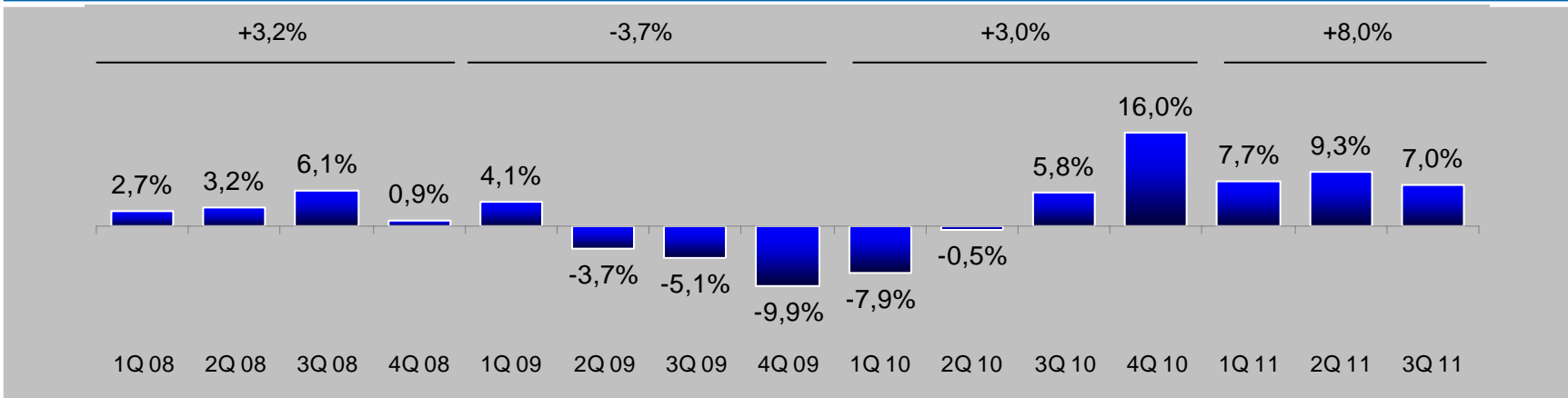
Consolidated Turnover Quarterly

Record level of turnover for 2 consecutive quarters

Quarterly Consolidated Turnover (€ million)



Consolidated Turnover Evolution (versus previous year quarter)





Gross Earned Premiums

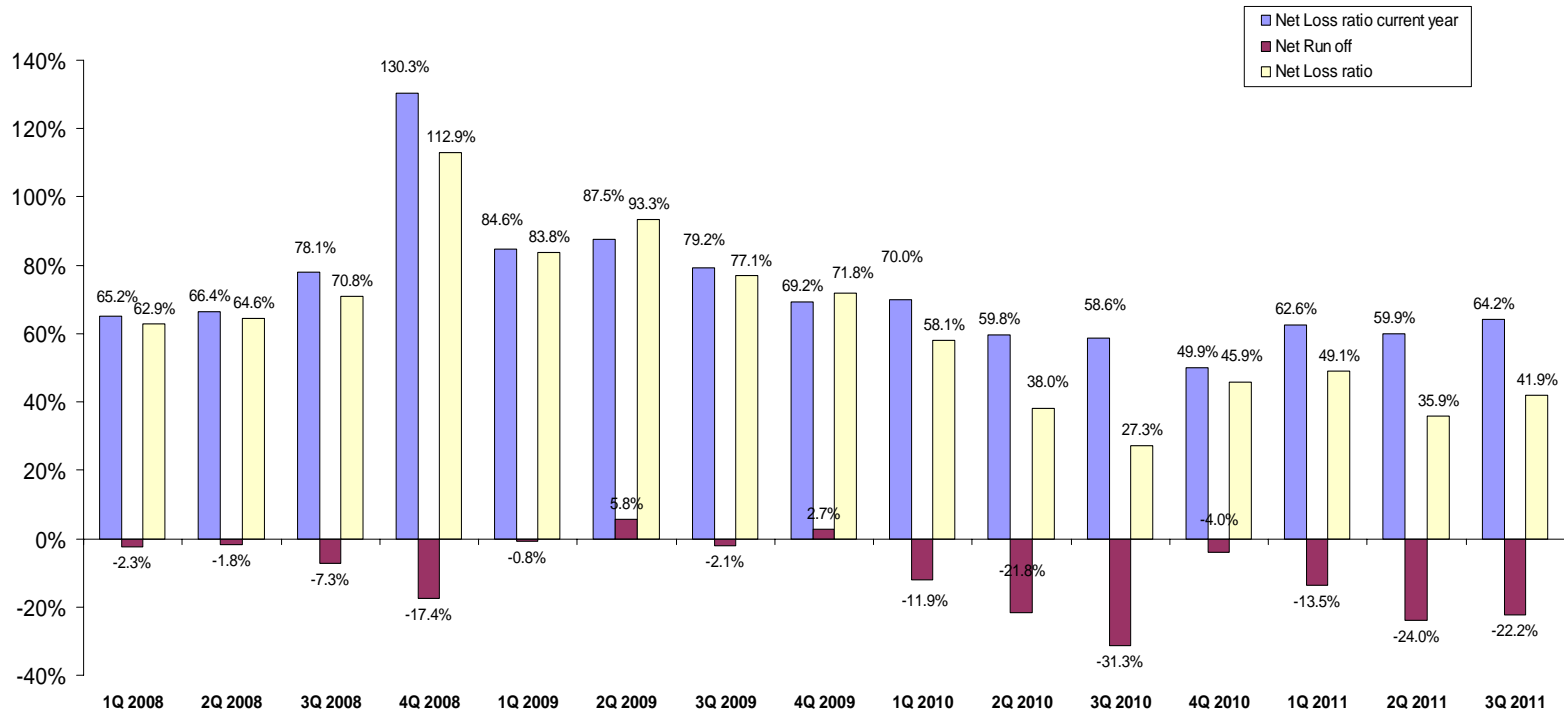
Region contribution before inter-region eliminations

In million of Euros	Actual YTD 3Q 2011	Actual YTD ⁽¹⁾ 3Q 2010	Variation in amount	Variation in %	Actual YTD 3Q 2010	Variation in amount	Variation in %
Germany area	158.1	162.6	-4.6	-2.8%	166.5	-8.4	-5.0%
France	86.1	75.3	10.7	14.3%	77	9.1	11.8%
Northern Europe	103.4	97.7	5.7	5.8%	96.5	6.9	7.2%
Med. Countries & Africa	60.2	42.6	17.7	41.3%	40.9	19.3	47.2%
Americas	48.7	48.2	0.5	1.0%	48.2	0.5	1.0%
Asia & Pacific	16.5	15.4	1.1	7.1%	12.9	3.6	27.9%
Others (incl. EH Re & inter region elim.)	12.8	8.2	4.6	56.1%	8.2	4.6	56.1%
Total Gross earned premiums	485.8	450.2	35.6	7.9%	450.2	35.6	7.9%

(1) Pro forma, same perimeter as in 2011



Net loss ratio – Quarter by quarter evolution





Quarterly results overview

Record level of turnover for 2 consecutive quarters

(€million)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
Consolidated Turnover	527	556	541	542	548	536	513	489	505	533	542	567	544	582	580
Net Technical Result	53,1	61,1	23,3	-102,0	-11,1	-48,4	-11,6	6,3	24,5	95,8	135,6	92,8	70,5	132,4	97,6
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	167,6	119,9
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	117.2	83.5



+6% on current income

before Fx result and realized gains and losses

In million of Euros	Actual 3Q 2011	Actual 3Q 2010	Variation in amount	Variation in %
Income from investment property	0.3	0.4	-0.1	-27%
Income from securities	18.1	18.8	-0.7	-4%
Other financial income	7.1	4.9	2.3	46%
Investments income	25.5	24.0	1.5	6%
Investment expenses	-3.3	-1.3	-2.1	-164%
Net Foreign Exchange result	2.9	-0.9	3.8	440%
Net gains and losses on sales of investments less impairment and amortization	-2.8	6.9	-9.7	-140%
Net financial income*	22.3	28.9	-6.6	-23%

* excluding financing expense and revenues from investments in associates



Key figures 3Q 2011 – Profit & Loss

In million of Euros	Actual 3Q 2011	Actual 3Q 2010	Variation in amount	Variation in %
Technical result	97.6	135.6	-38.0	-28%
Financial income net of expenses	22.3	28.9	-6.6	-23%
Ordinary Operating Income	119.9	164.5	-44.6	-27%
Other non ordinary operating income and expense	-7.3	-10.9	3.6	33%
Financing expenses	-4.7	-3.6	-1.1	-30%
Equity method	4.5	3.4	1.1	31%
Corporation tax	-28.3	-43.9	15.6	35%
Minority interest	-0.5	-1.1	0.5	49%
Consolidated net income	83.5	108.4	-24.9	-23%
Tax rate	25.2%	28.6%		



EH Group 9M 2011 Financial results



Key figures 9M 2011

Consolidated ordinary operating income +9%

In million of Euros	Actual YTD Sep 2011	Actual YTD Sep 2010	Variation in amount	Variation in %
Turnover	1 706.7	1 580.8	125.8	8%
Technical result	300.5	255.9	44.6	17%
Net financial income (excluding financing costs)	90.4	102.7	-12.3	-12%
Ordinary operating income	391.0	358.6	32.4	9%
• Of which realised gains and losses	18.2	31.8	-13.6	-43%
• Net of realised gains and losses	372.8	326.8	46.0	14%
Net consolidated result	276.0	255.8	20.2	8%
Euler Hermes Net combined ratio (including Service margin)	66.5%	68.9%		
• Euler Hermes Net loss ratio	42.1%	40.8%		
• Euler Hermes Net cost ratio	24.4%	28.1%		



Key figures 9M 2011 – Profit & Loss

In million of Euros	Actual YTD Sep 2011	Actual YTD Sep 2010	Variation in amount	Variation in %
Gross earned premiums	1 423.8	1 305.6	118.2	9%
Gross claims	-540.8	-497.2	-43.6	-9%
Gross insurance expenses	-435.3	-400.0	-35.3	-9%
Gross Technical result from insurance activities	447.7	408.4	39.3	10%
Gross loss ratio	38.0%	38.1%		-0.1 pts
Gross cost ratio	30.6%	30.6%		-0.1 pts
Gross combined ratio⁽¹⁾	68.6%	68.7%		0.2 pts
Service revenues	282.9	275.2	7.6	3%
Services expenses	-253.8	-257.3	3.5	1%
Service margin	29.1	18.0	11.2	62%
Gross technical result	476.8	426.4	50.4	12%
Reinsurance result	-176.3	-170.5	-5.8	-3%
Net technical result	300.5	255.9	44.7	17%
Net loss ratio	42.1%	40.8%		1.3 pts
Net cost ratio	24.4%	28.1%		-3.7 pts
Net combined ratio⁽²⁾	66.5%	68.9%		-2.4 pts

(1) Excluding service margin

(2) Including service margin



Gross Earned Premiums

Region contribution before inter-region eliminations

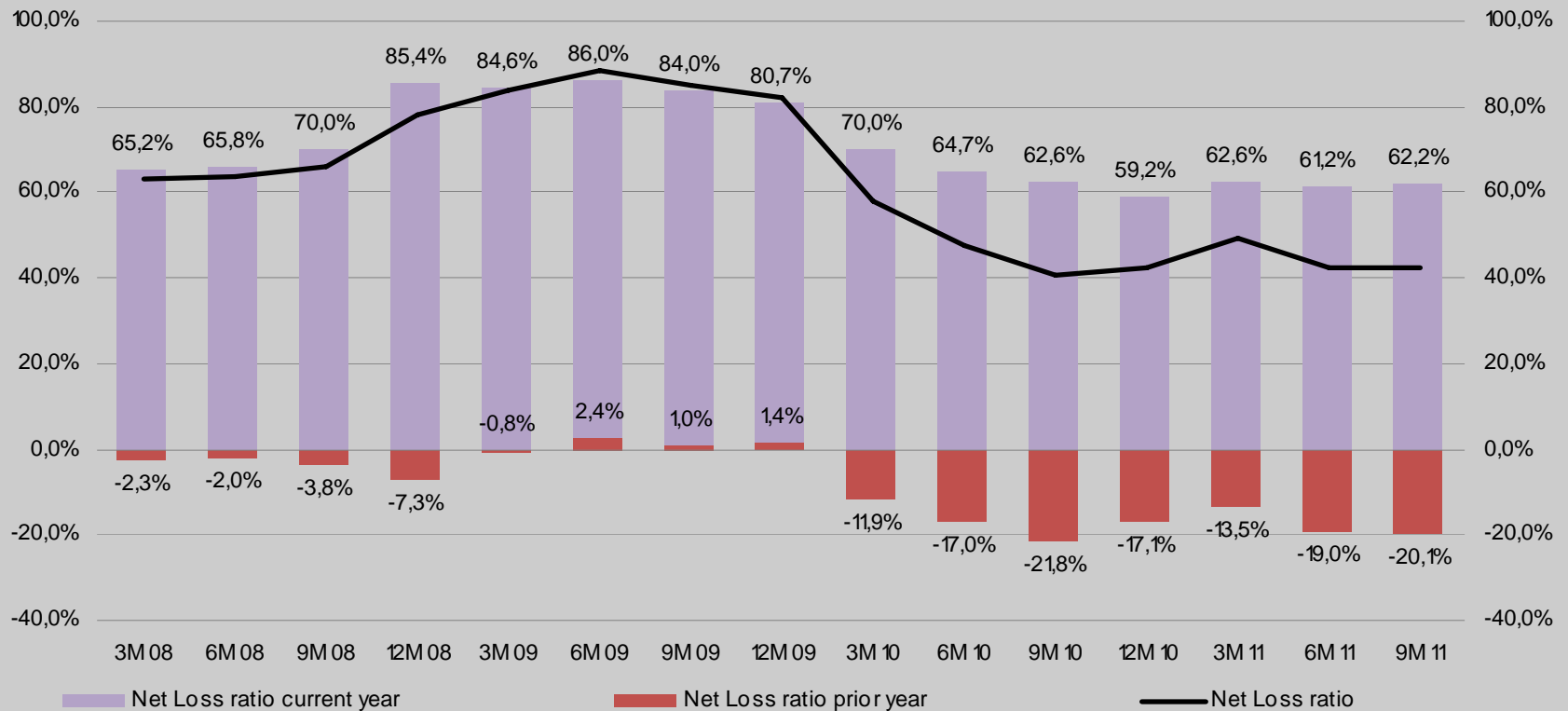
In million of Euros	Actual YTD Sep 2011	Actual YTD ⁽¹⁾ Sep 2010	Variation in amount	Variation in %	Actual YTD Sep 2010	Variation in amount	Variation in %
Germany (area)	456.8	447.1	9.7	2%	459.7	-2.9	-1%
France	255.8	231.2	24.6	11%	233.7	22.1	9%
Northern Europe	319.6	299.0	20.6	7%	293.8	25.8	9%
Med. Countries & Africa	169.4	129.4	40.0	31%	126.9	42.5	33%
Americas	141.2	132.9	8.3	6%	132.9	8.3	6%
Asia & Pacific	44.2	41.7	2.6	6%	34.4	9.9	29%
Others (incl. EH Re & inter region elim.)	36.8	24.3	12.5	51%	24.3	12.5	51%
Total Gross earned premiums	1 423.8	1 305.6	118.2	9%	1 305.6	118.2	9%

(1) Pro forma, same perimeter as in 2011



2010 & 2011 strongly impacted by positive run-offs

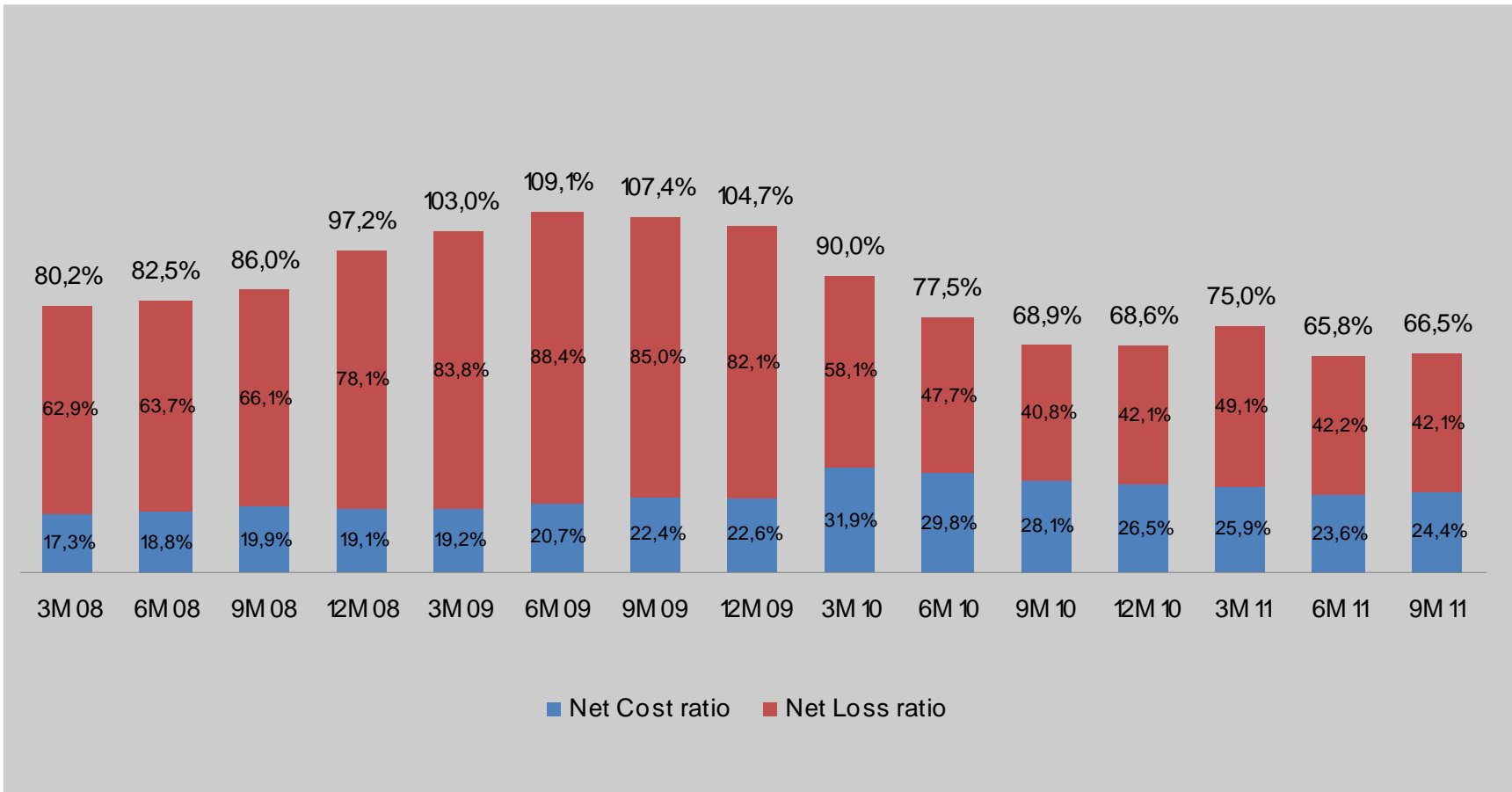
9M Net Loss Ratio and Run-off





9M Net Combined Ratio evolution

YTD Net Combined Ratio (before restructuring charges)





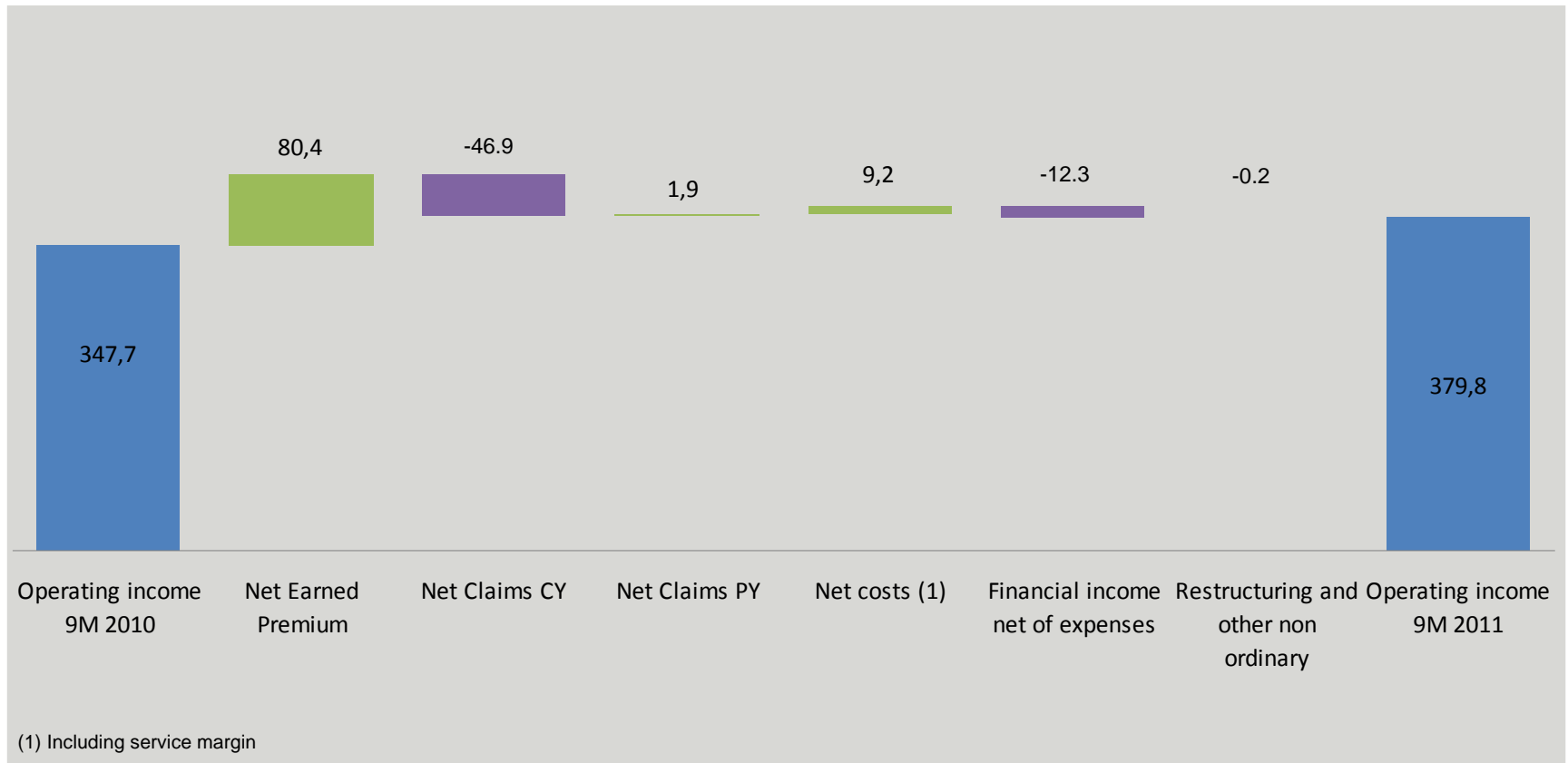
Detail of reinsurance – 9M 2011

In million of Euros	Actual 9M 2011	Actual 9M 2010	Variation in amount	Variation in %
Gross earned premiums	1,423.8	1,305.6	118.2	9%
Ceded premiums	-506.9	-469.1	-37.8	8%
Net earned premiums	916.9	836.5	80.4	10%
Gross claims costs	-540.9	-497.2	-43.7	9%
Ceded claims costs	154.7	156.1	-1.4	-1%
Net claims costs	-386.2	-341.1	-45.1	13%
Reinsurance commission	176.0	142.5	33.5	24%



9M 2011 Operating and non operating profit drivers

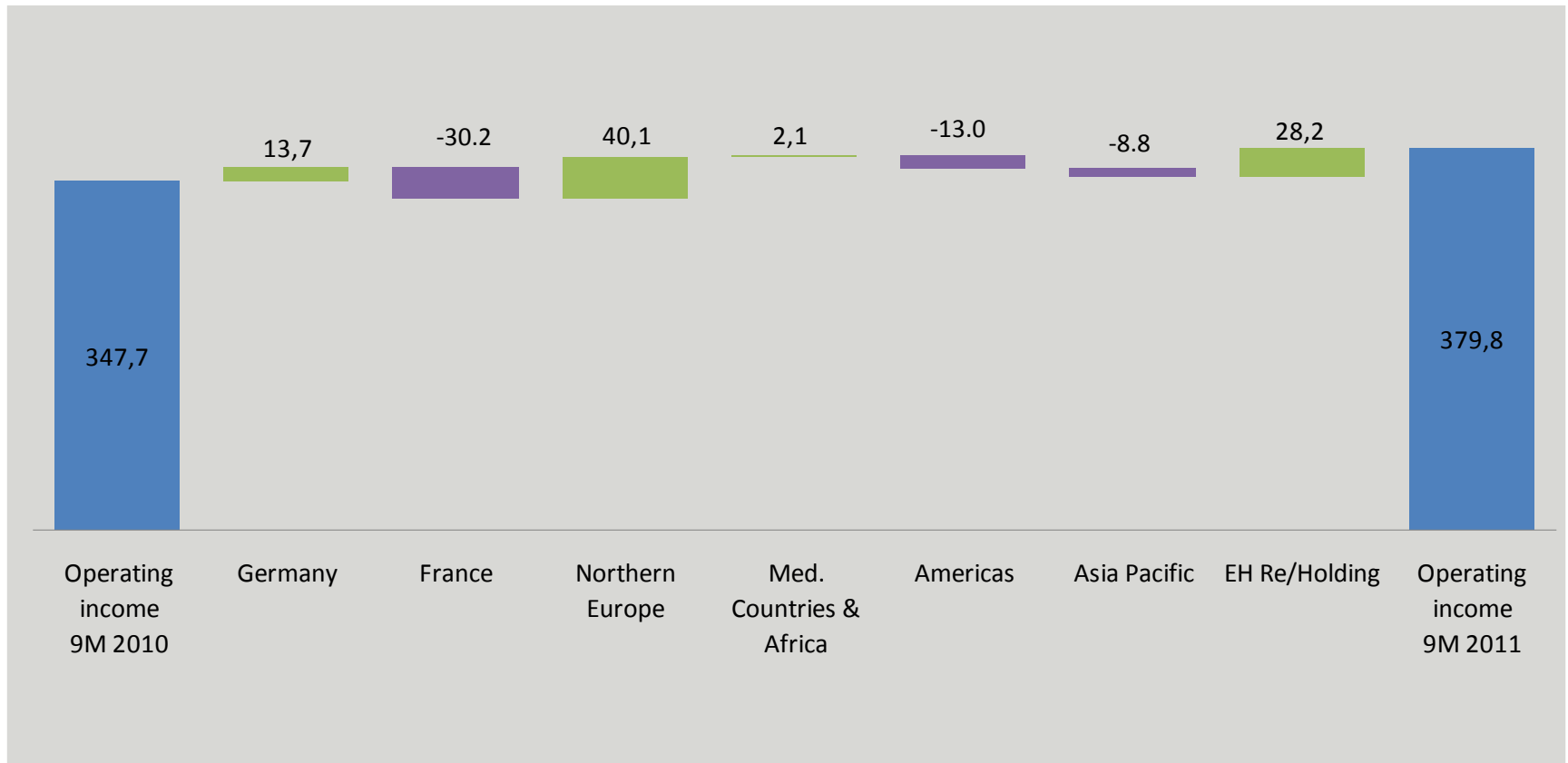
Operating income drivers (€ million)





9M 2011 Operating and non operating profit drivers *Per region*

Operating income drivers per region (€ million)





9M 2011 Net Financial income evolution

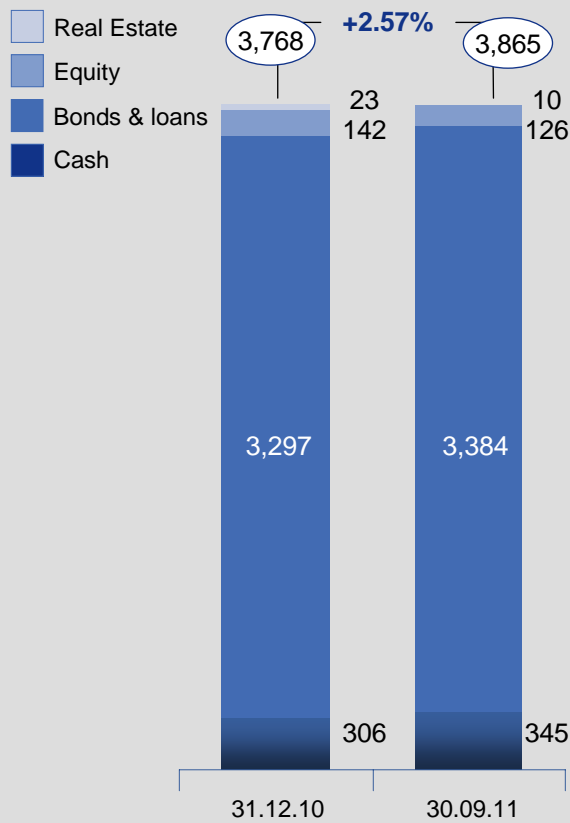
(w/o revenues from investments in associates)

In million of Euros	Actual YTD Sep 2011	Actual YTD Sep 2010	Variation in amount	Variation in %
Income from investment property	0,9	1.3	-0.4	-32%
Income from securities	54	50.8	3.3	6%
Other financial income	20.3	16.6	3.7	22%
Investments income	75.2	68.7	6.5	10%
Investment expenses	-7.1	-6.0	-1.1	-19%
Net Foreign Exchange result	-4.1	11.1	-6.9	-63%
Net gains and losses on sales of investments less impairment and amortization	18.2	29.0	-10.8	-37%
Net financial income (excluding financing expense)	90.4	102.7	-12.3	-12%

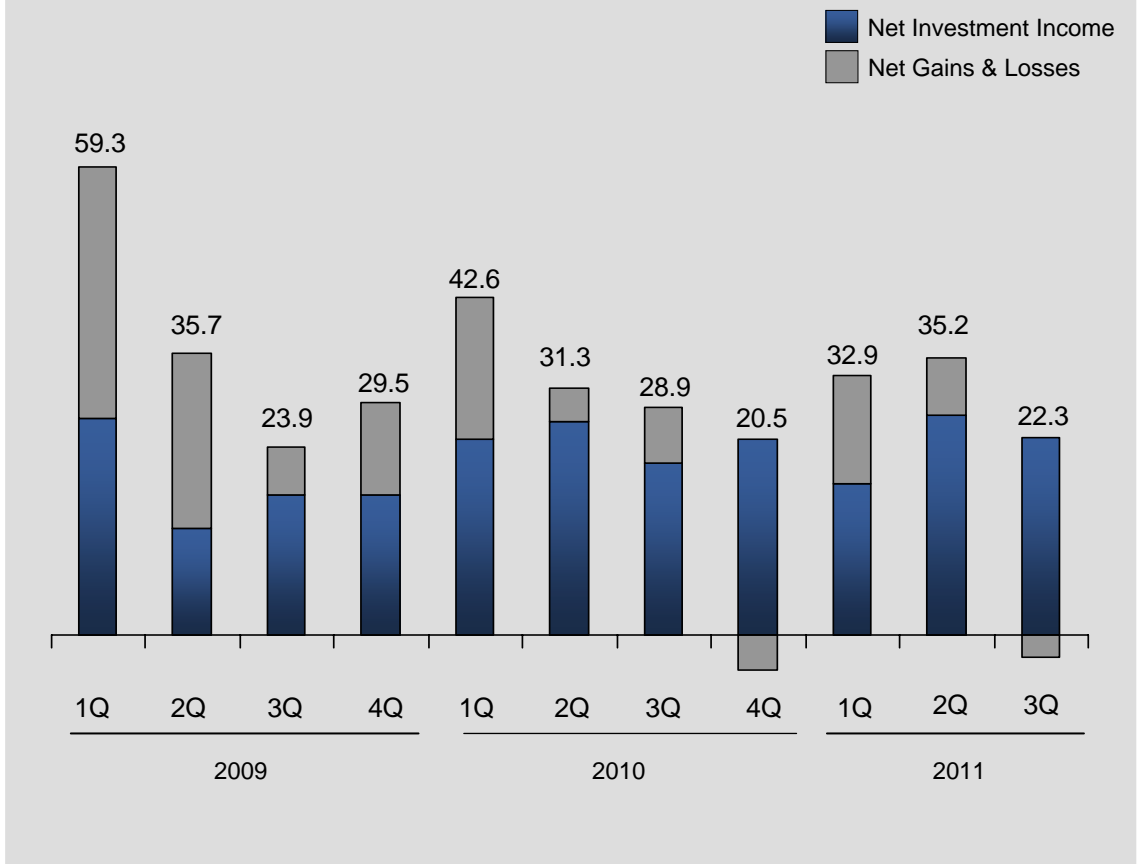


Stable net investment income

Average asset base (€ million)



Net investment income (€ million)





Consolidated net income: +8% in 2011

In million of Euros	Actual YTD Sep 2011	Actual YTD Sep 2010	Variation in amount	Variation in %
Technical result	300.5	255.9	44.7	17%
Financial income net of expenses	90.4	102.7	-12.3	-12%
Ordinary Operating Income	391.0	358.6	32.4	9%
Other non ordinary operating income and expense	-11.1	-10.9	-0.2	-2%
Financing expenses	-13.1	-8.9	-4.1	-46%
Equity method	12.9	11.8	1.1	9%
Corporation tax	-101.3	-92.2	-9.1	-10%
Minority interest	-2.3	-2.5	0.2	9%
Consolidated net income	276.0	255.8	20.2	8%
Tax rate	26.7%	26.3%		



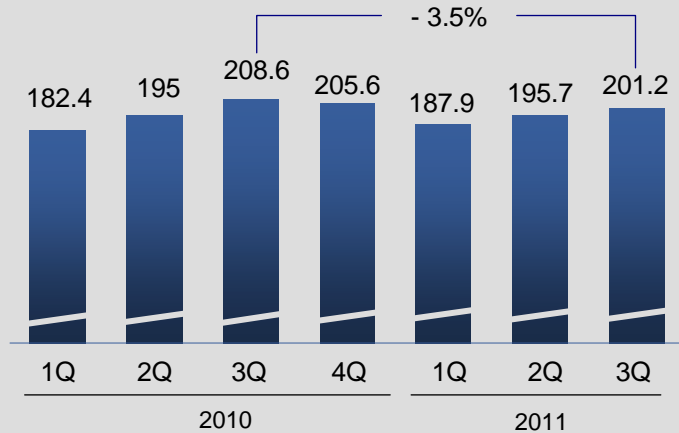
EH Group 3Q 2011 Appendices



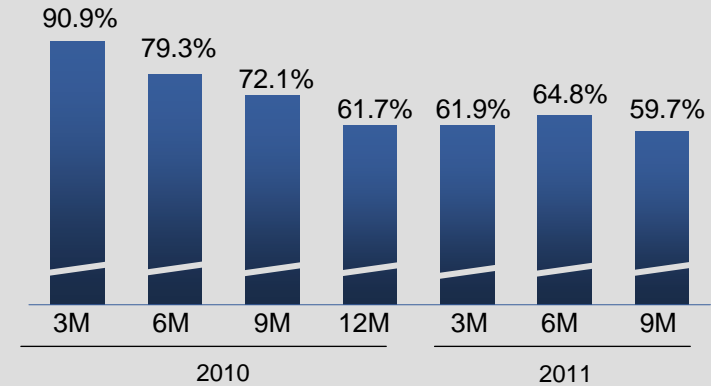
Snapshot by Region: Germany/Austria/Switzerland

Area contribution before inter-region eliminations (€ million)

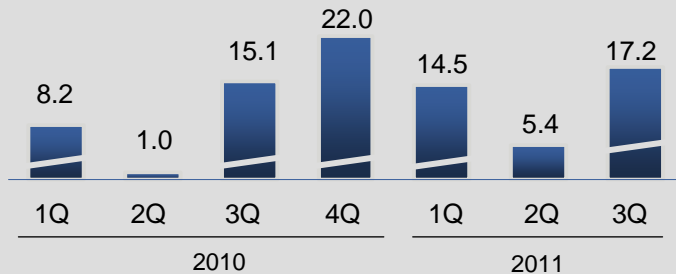
7-quarters turnover overview



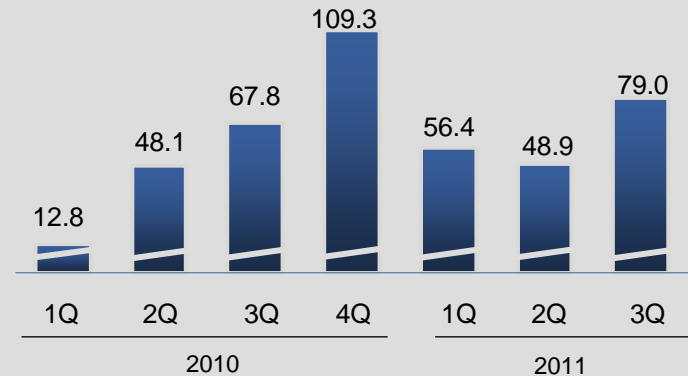
YTD Gross Combined Ratio



Gross Run-off



Gross Technical Result

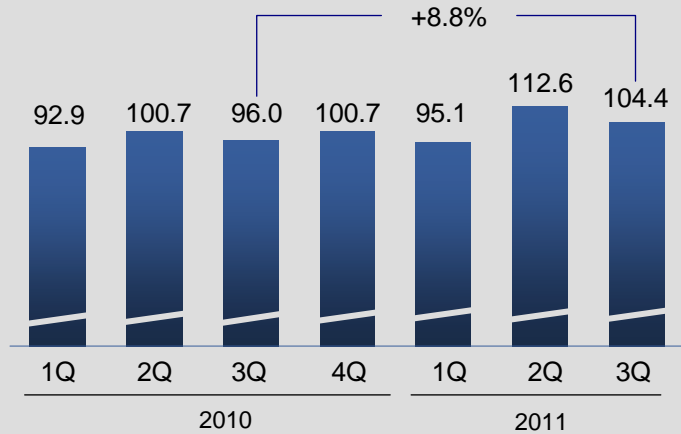




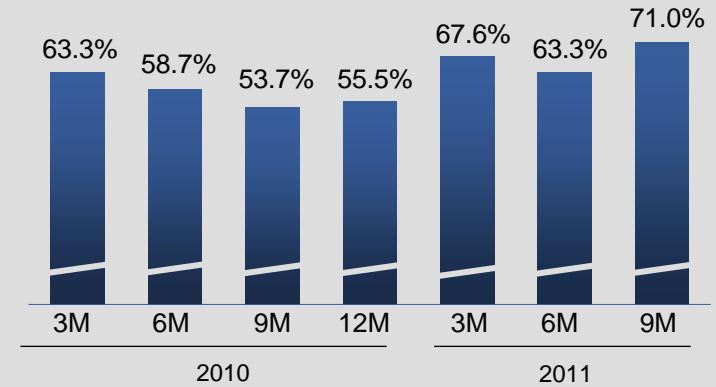
Snapshot by Region: France

Area contribution before inter-region eliminations (€ million)

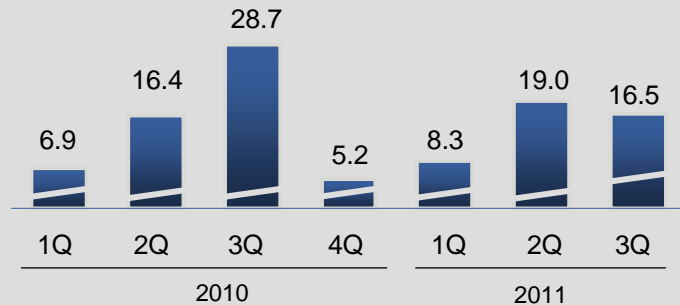
7-quarters turnover overview



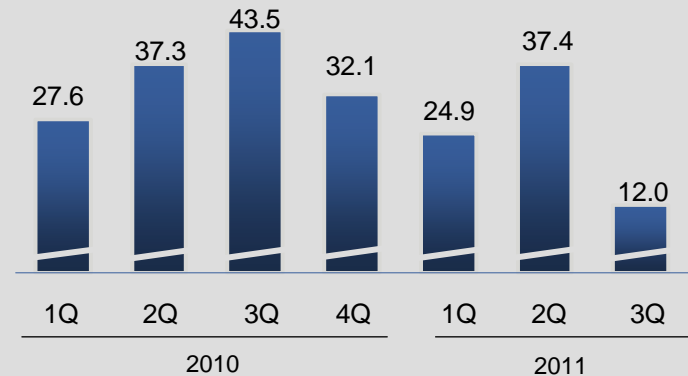
YTD Gross Combined Ratio



Gross Run-off



Gross Technical Result

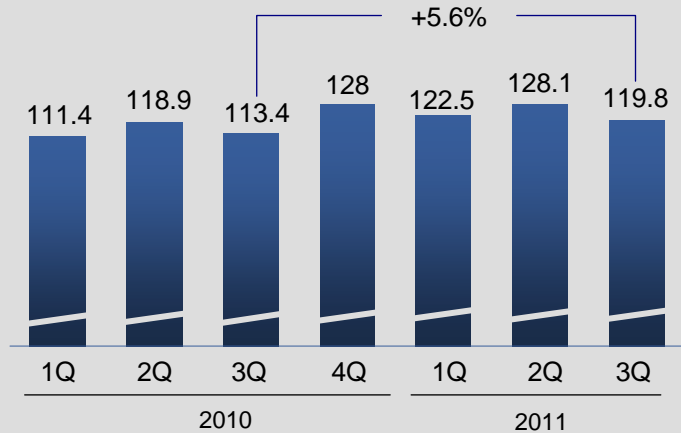




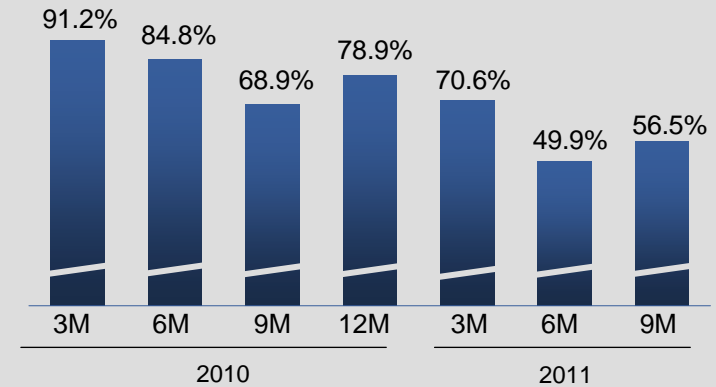
Snapshot by Region: Northern Europe

Area contribution before inter-region eliminations (€ million)

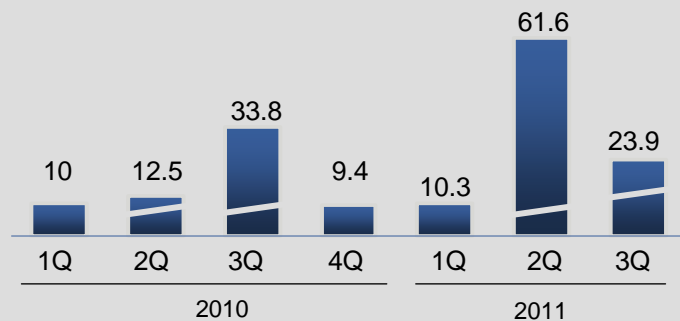
7-quarters turnover overview



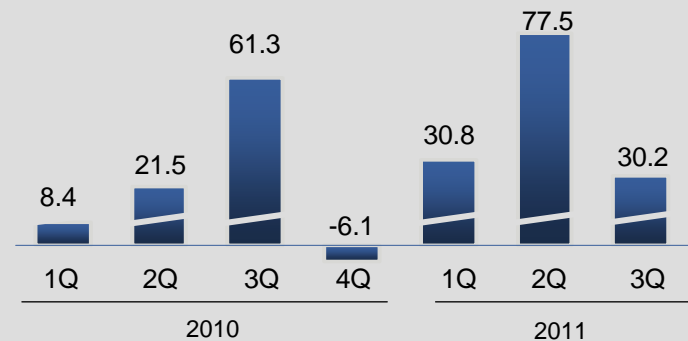
YTD Gross Combined Ratio



Gross Run-off



Gross Technical Result

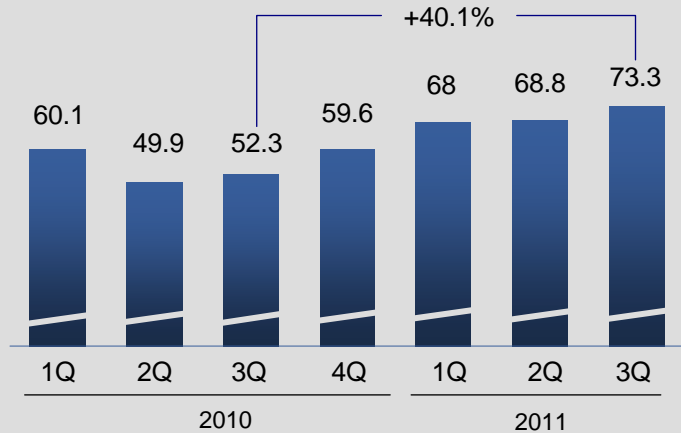




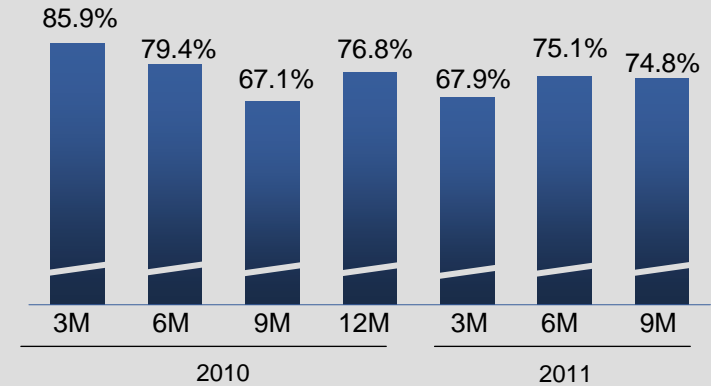
Snapshot by Region: Southern Europe

Area contribution before inter-region eliminations (€ million)

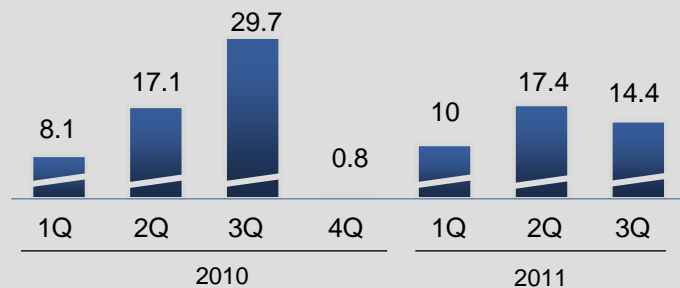
7-quarters turnover overview



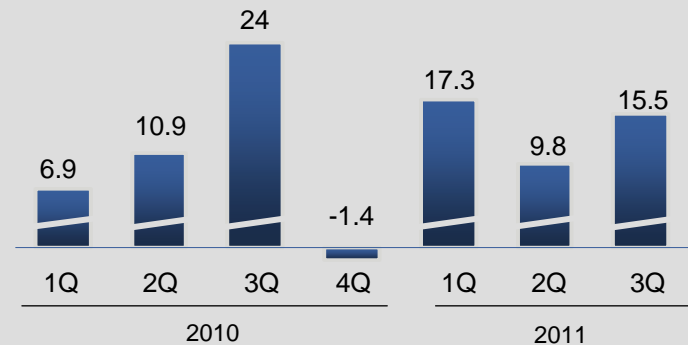
YTD Gross Combined Ratio



Gross Run-off



Gross Technical Result

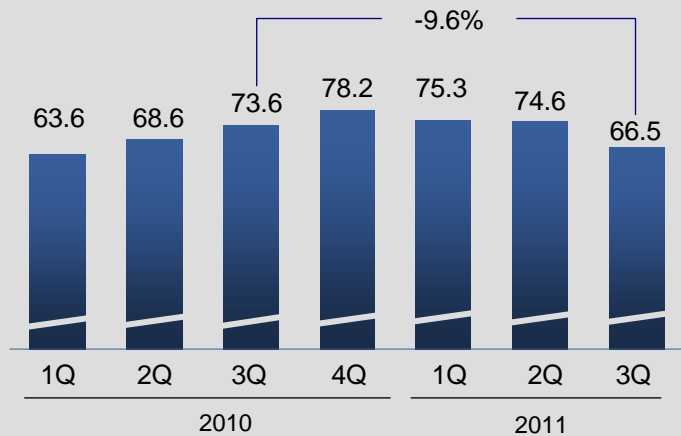




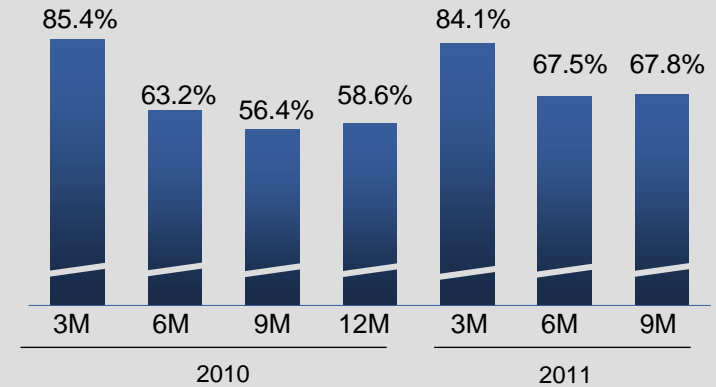
Snapshot by Region: Americas

Area contribution before inter-region eliminations (\$ million)

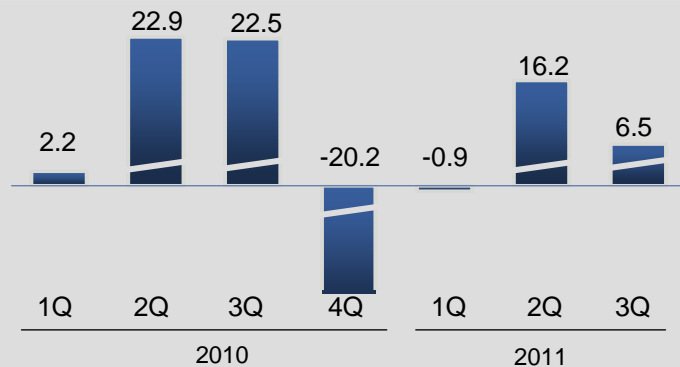
7-quarters turnover overview



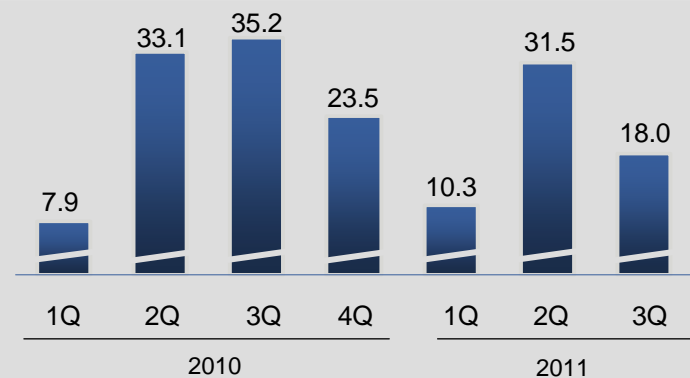
YTD Gross Combined Ratio



Gross Run-off



Gross Technical Result

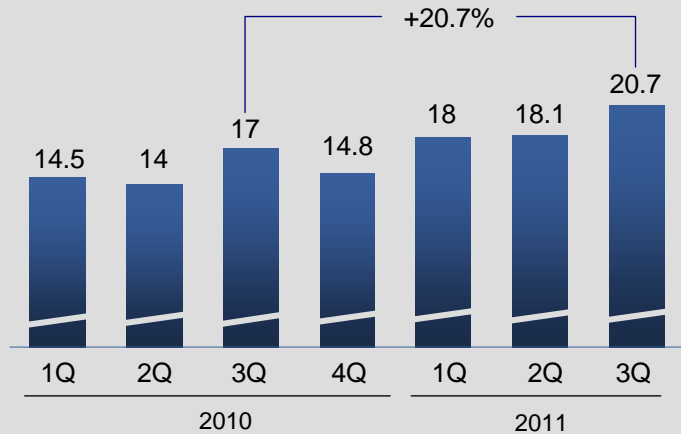




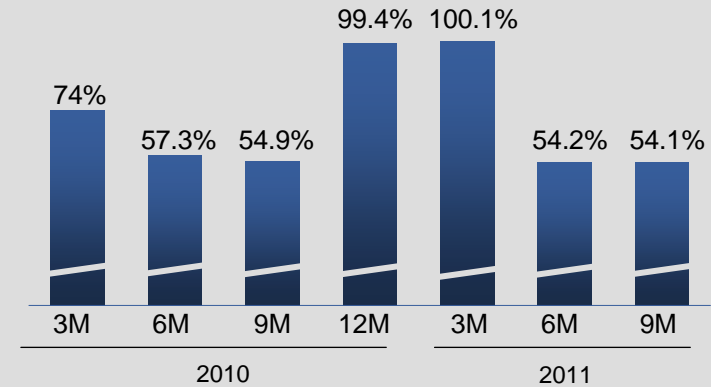
Snapshot by Region: Asia Pacific

Area contribution before inter-region eliminations (€ million)

7-quarters turnover overview



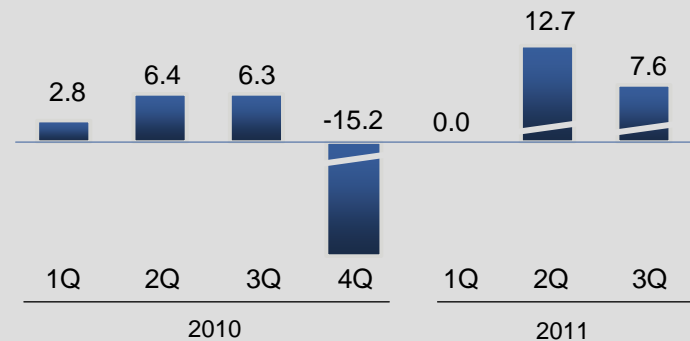
YTD Gross Combined Ratio



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

☐ 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)



Glossary (2/2)

☐ **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
4Q11 Earnings (webcast)	Feb. 16 th , 2012
1Q12 Earnings (webcast)	May, 2012
AGM (meeting)	May, 2012
2Q12 Earnings (webcast)	July, 2012

Stock Market Data	As at 30 Sep. 11
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,159,477
Market cap. (€m)	2,043

Investors Relations Contact

Nicolas Hein
+33 (0)1 40 70 54 65
nicolas.hein@eulerhermes.com

Clarisse Kopff
+33 (0)1 40 70 51 38
clarisse.kopff@eulerhermes.com

Benoît Des Cressonnières
+41 44 2836 580
benoit.descressonnieres@eulerhermes.com

Shareholding Structure (30 Sep. 11)

