

9M 2016 Financial Results

Financial Analysts' Meeting

November 8th, 2016

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9M 2016 Operational highlights

The combination of decreasing prices in mature markets and a more prudent stance in non-mature markets puts pressure on topline.

Promising partnerships will contribute to fuel growth going forward:

- Distribution partnership with **Unicredit** in Italy is at full speed and commercial portfolio stood at €10 million at end of September
- **Distribution JV with CPIC in China** went operational in August
- **EH collaboration with Moody's** to provide tailored rating services to European SMEs
- **Digital:** EH launches an innovative insurance offer plugged-in on **URICA's** online supply chain platform

Risk exposure is now stable after a few quarters of decline and claims reported are at their lowest quarterly level in two years.

Restructuring plans prioritizing voluntary leavers and natural attrition have been announced in Germany and France, and a cumulative restructuring cost of €37 million was booked at end of September.

Sale of Graydon, a Dutch information provider, at end of September: €10.8 million realized gain before tax.

S&P confirmed **AA- rating (A+ on a stand-alone basis)**, Moody's confirmed Aa3 rating, Dagong confirmed AA- rating.

9M 2016 Financial highlights

Turnover reaches €1,929.5 million, stable at constant exchange rates and scope⁽¹⁾. The slowdown in premium growth is offset by dynamic growth in service revenues (+3.5% at constant FX and scope).

Net loss ratio all attachment years is 52.7%, compared to 51.1% in 9M last year due to lower net run offs. Net loss ratio improves over 4Q 2015 (60.3%) and 1Q 2016 (53.9%),

Net cost ratio at 27.0%, in line with last year.

Net financial income is down €12.1 million, under pressure from lower reinvestment yield and impacted by lower FX gains.

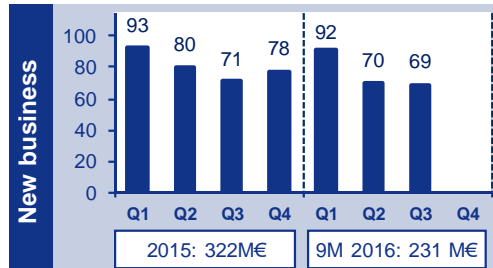
Operating income amounts €291.5 million, down 10.4% year on year. It includes a €35 million realized gain on the sale of two information entities (Bürgel in February and 27.5% in Graydon in September) and €-37 million in restructuring cost.

Net income Group Share stands at €225.9 million, stable year on year, despite restructuring charge.

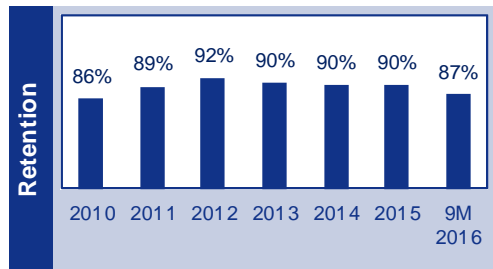
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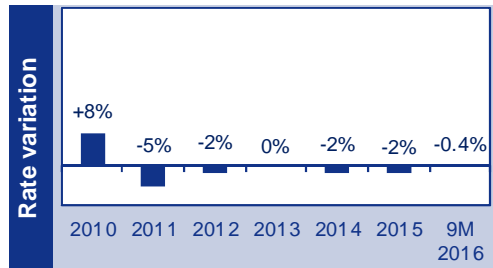
Commercial Overview – 9M 2016



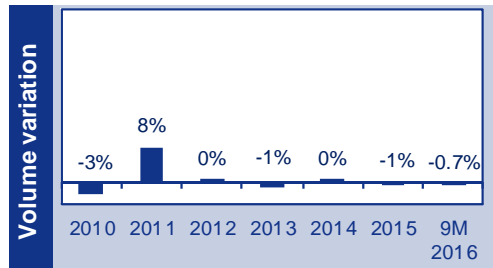
New business at end of 9M reached €231 million which is €13 million behind the level of last year due to the reduced risk appetite, but 3Q is only €2 million lower than 3Q2015



At the end of Q3 2016, the retention rate stands at 87%, lower than last year due to reduced exposure in some countries and the intentional clean up of non-profitable policies.



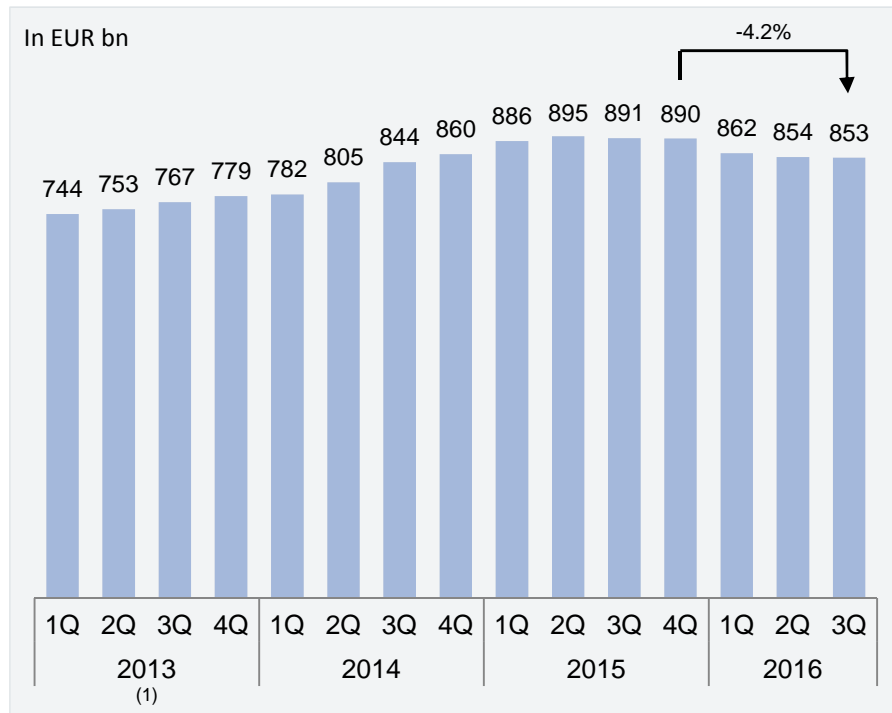
Renewal rate evolution is slightly negative (-0.4%) close to the 0% target set end of last year and improving except in certain Western European countries.



Contribution from customers' insured turnover is -0.7% in total, positive volume variation from Germany and France offset by negative contribution from the US and lower contribution from emerging markets.

Commercial data in this slide is credit insurance only (excluding bonding and fidelity) and does not include figures related to non-consolidated entities.

Risk exposure stabilized in 3Q after it was reduced over several quarters since the peak of 2Q 2015



	4Q 2013 ⁽¹⁾	4Q 2014	4Q 2015	3Q 2016
Grade weight				
1-5	84.8%	85.4%	85.8%	86.2%
6-10	15.2%	14.6%	14.2%	13.8%

Exposure stabilized, back at 2014 level, with an improved average grade.

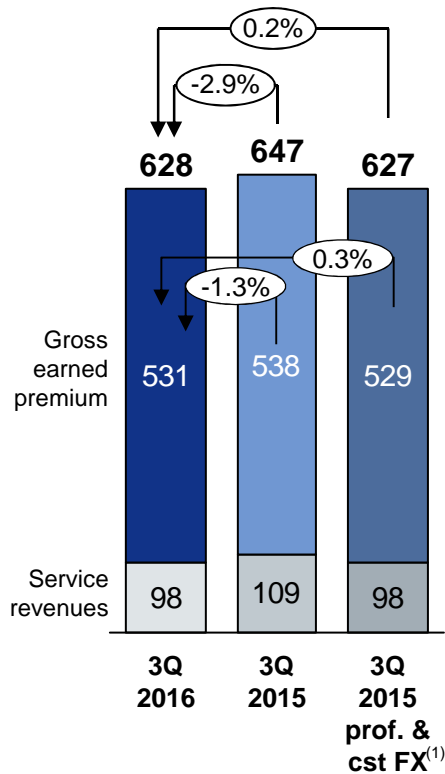
(1) 2013 proforma excluding Spain & Latin America
Risk exposure data in this slide is credit insurance only (excludes bonding and fidelity)



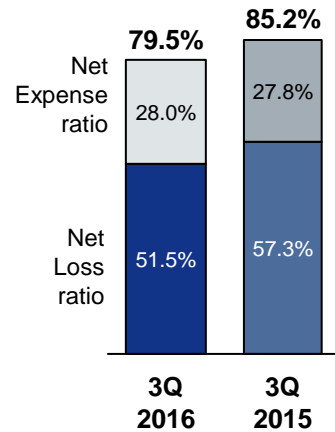
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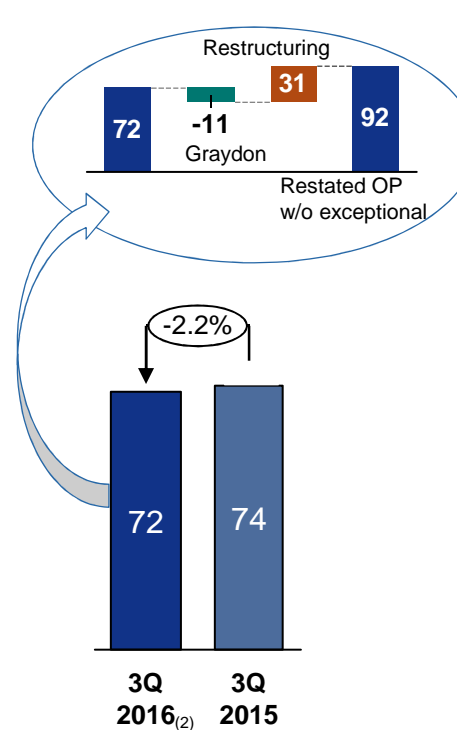
3Q net result is 2.7% above last year: the restructuring cost is offset by the lower loss ratio and the gain realized on the sale of Graydon



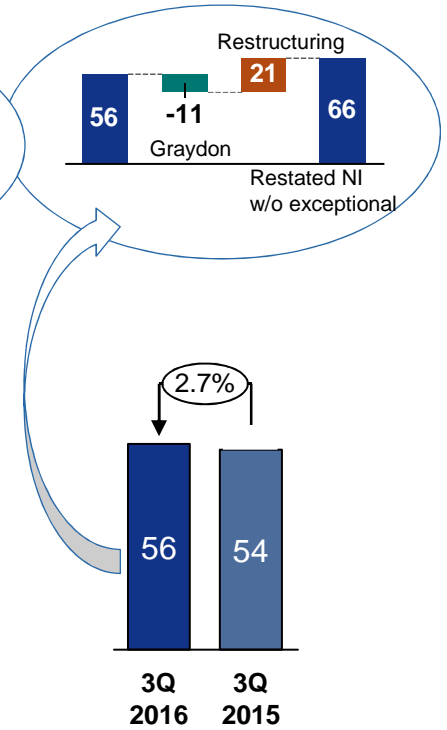
Turnover
(EUR mn)



Net Combined ratio
(in %)



Operating income
(EUR mn)



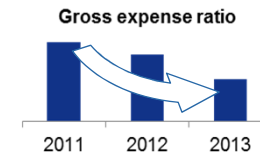
Net income, Group share
(EUR mn)

(1) 3Q2015 proforma excluding service revenues from Bürgel (9.9m€ in 3Q2015).

(2) 3Q2016 Operating income includes -31m€ restructuring costs before tax (-6m€ already taken in 2Q)

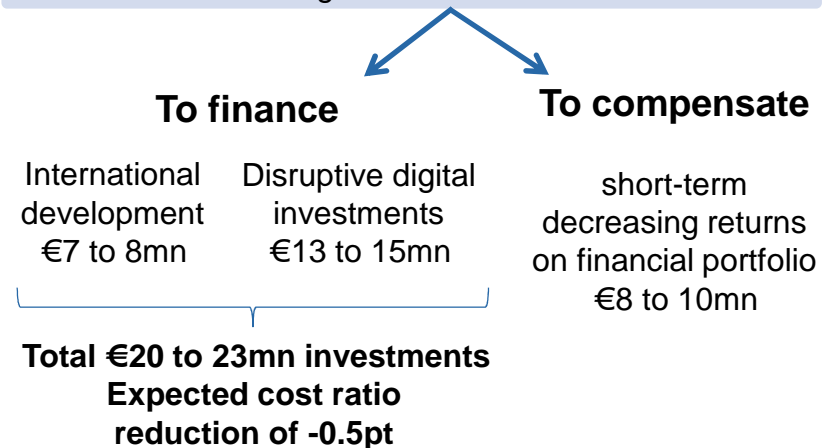
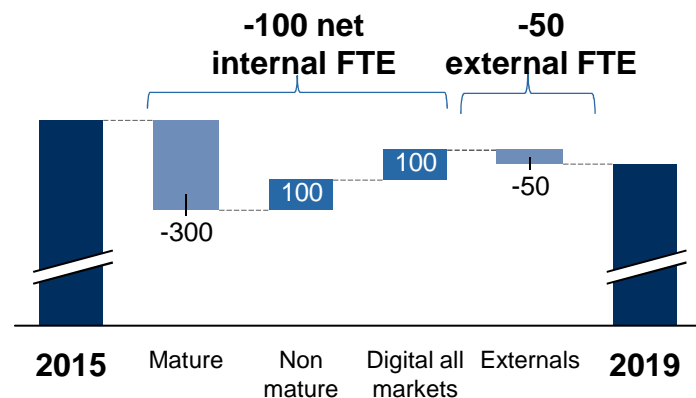
Productivity improvements are needed in mature markets and will give the company the flexibility to adapt to changes in market demand (digital, international, new business lines)

- **Excellence (2010-2012) was a first step** towards business transformation, cost base flexibility and improved productivity
- Necessity to further free-up capacity to face upcoming digital challenges. The Group will continue adapting the product offering to new market realities and pursue the international development,
- €37mn restructuring expenses booked at the end of September.



- Target of **150 net leavers**
- Priority given to **voluntary leavers program** and **natural attrition** in Germany and France

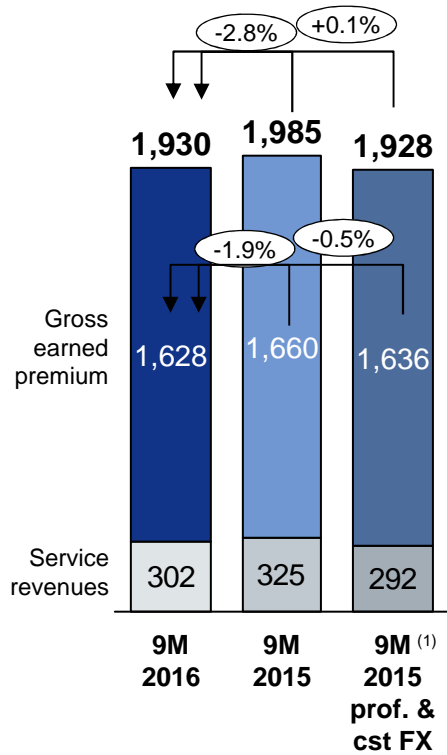
Annual savings €32 to 35mn p.a.
After full implementation of the plans:
 FTE (internal/ external) €25 to 27mn
 Other savings €7 to 8mn



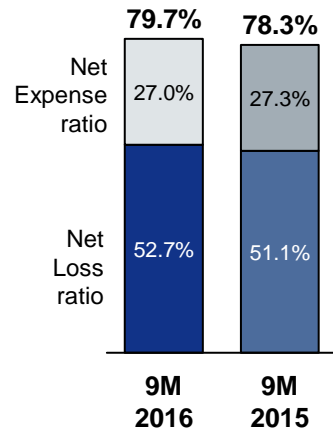
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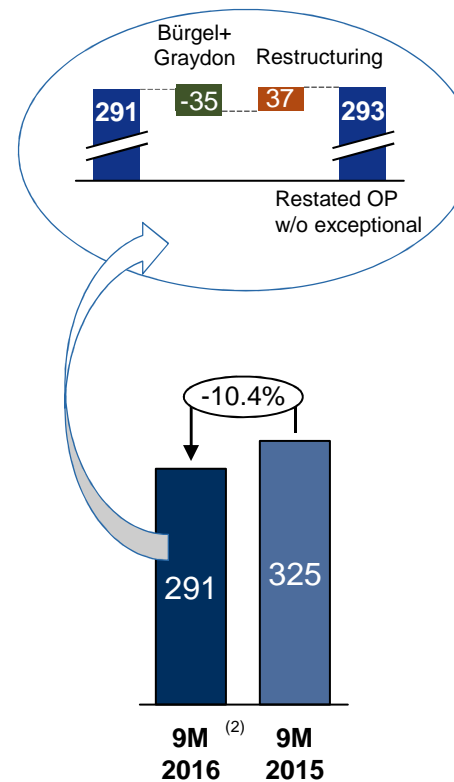
9M net income is at last year's level: realized gains on the sales of Bürgel and Graydon fully offset the restructuring cost.



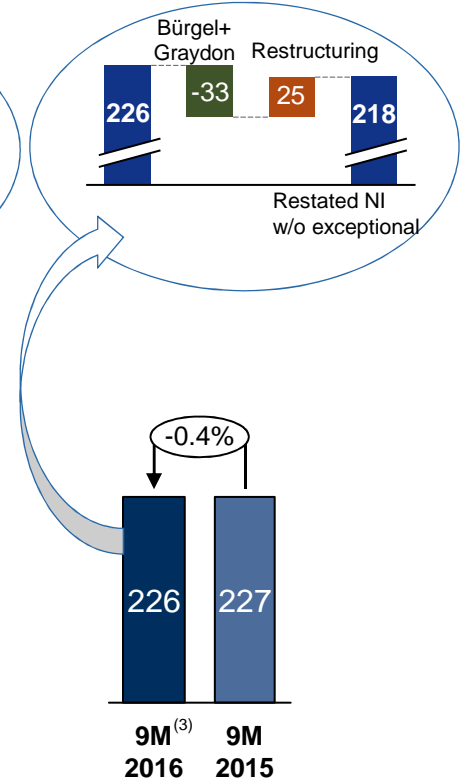
Turnover
(EUR mn)



Net Combined ratio
(in %)



Operating income
(EUR mn)



Net income, Group share
(EUR mn)

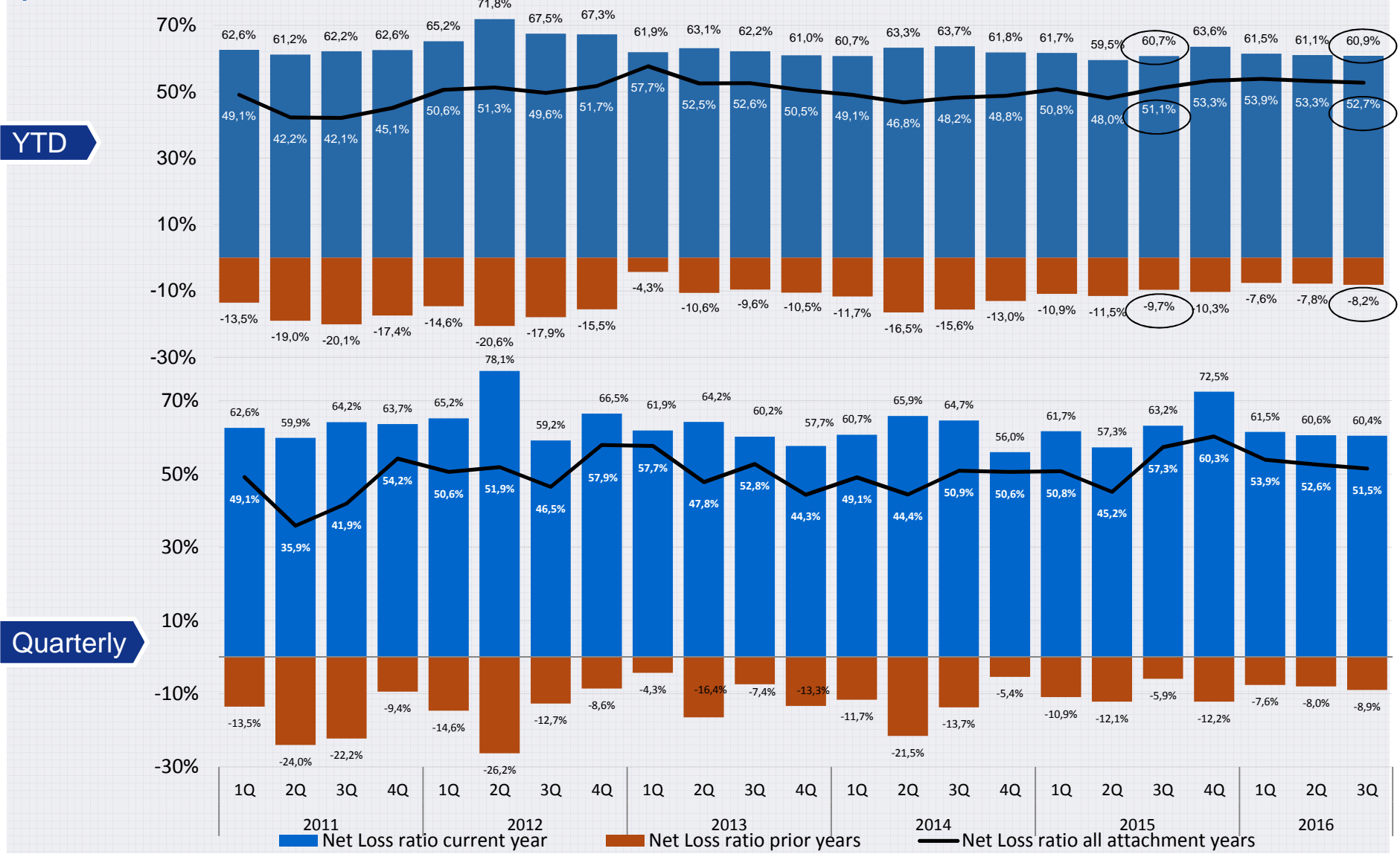
(1) 9M2015 proforma excluding service revenues from Bürgel (28.8m€ in 9M2015)
 (2) Of which 35m€ realized gains before tax from the sales of Bürgel and Graydon entities (respectively 24.3m€ and 10.8m€)
 (3) Of which 33m€ realized gains net of tax from the sale of Bürgel and Graydon entities (respectively 22.4m€ and 10.7m€)

Turnover is stable despite risk action plans performed in emerging markets

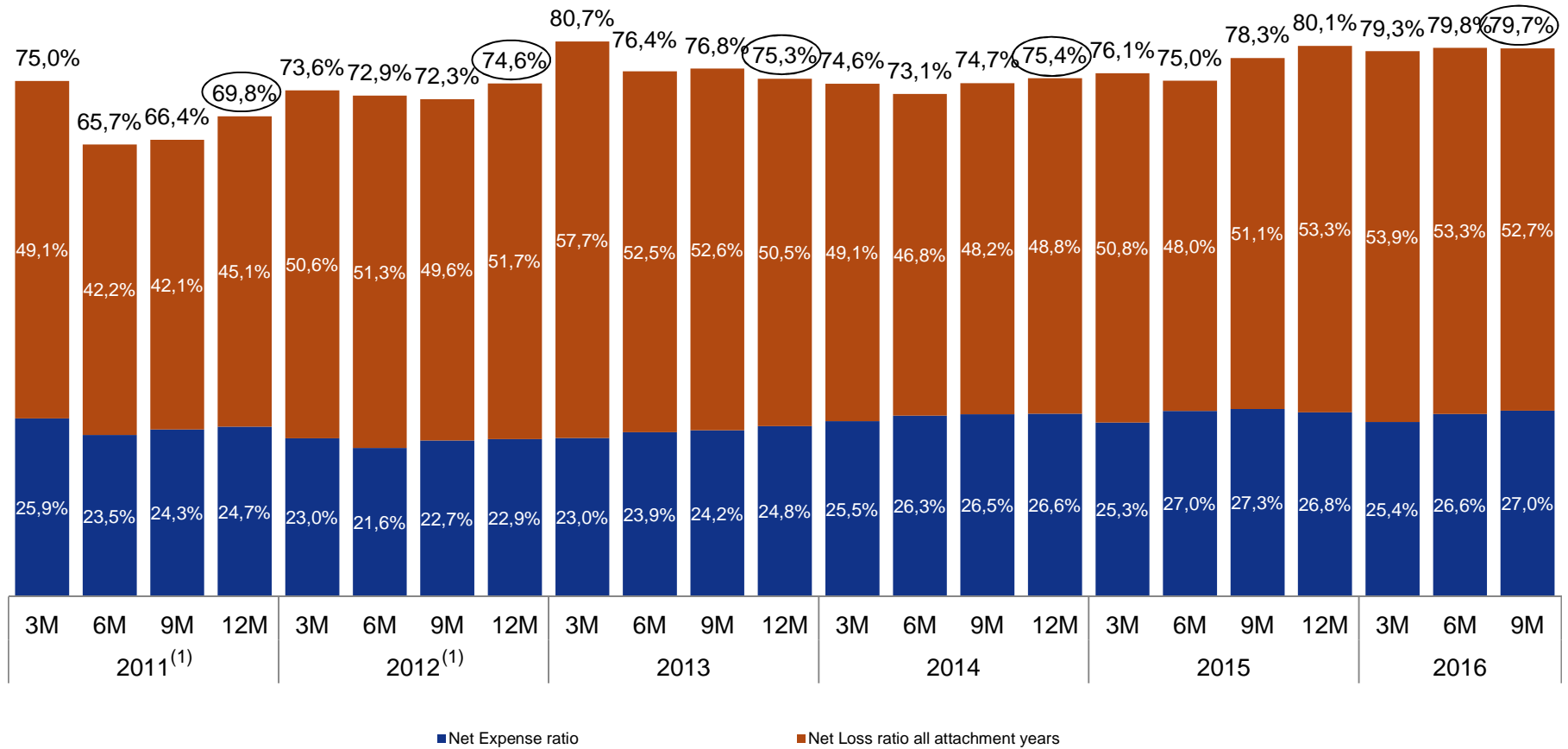
EUR mn	9M 2016	9M 2015 Published	Δ%	9M 2015 Proforma & cst Fx	Δ%
DACH	529.4	562.8	-6%	538.7	-2%
France	304.3	295.6	3%	295.6	3%
Northern Europe	399.9	422.6	-5%	410.3	-3%
Med. Countries, Middle East & Africa	263.7	258.7	2%	258.7	2%
Americas	250.4	245.7	2%	250.1	0%
Asia Pacific	109.2	107.2	2%	105.7	3%
Inward from non-consolidated OEs & Other ⁽¹⁾	72.6	92.4	-21%	68.6	6%
Turnover	1,929.5	1,985.0	-2.8%	1,927.7	0.1%

(1) Inter-region elimination

Net loss ratio 9M is at 52.7%, up +1.6pts compared to 2015 due to lower run-off but Q3 is improving again vs previous quarters

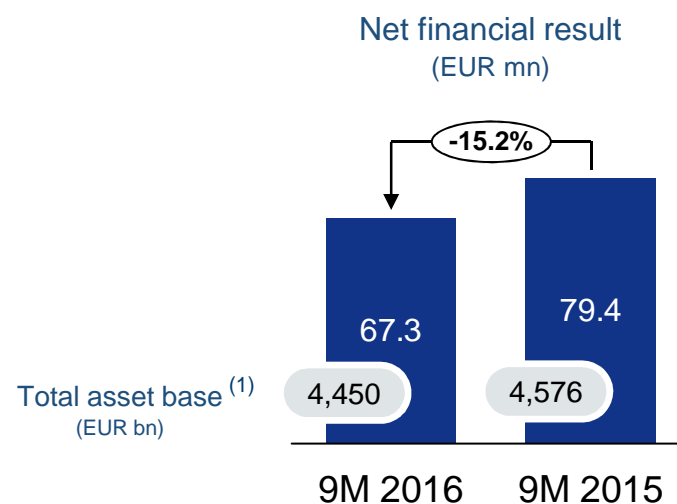


Combined ratio remains below 80%



(1) IAS 19 restatement

Net financial income down €-12.1 million: lower income from bonds and lower FX gains



Current investment income	55.4	62.3
Investment management charges	-8.6	-8.3
Net change in foreign currency	1.1	7.2
Net gain (loss) on sales of investments less impairment and depreciation write-backs	19.4	18.1
Net financial result before financing expense and before 'at equity' result⁽²⁾	67.2	79.4

(1) Market value

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

Net income at €226 million, in line with last year

EUR mn	9M 2016	9M 2015	Δ
Net technical result	227	247	-21
Net financial income	67	79	-12
Ordinary operating Income	294	327	-33
Other non ordinary operating income and expense	-2	-1	-1
Operating income	292	325	-34
Financing expenses	-4	-7	2
Income from non-consolidated companies	11	8	3
Profit before tax	299	327	-28
Corporation tax	-72	-99	27
Minority interest	0	-1	1
Net income (Group share)	226	227	-1
Tax rate	24.3%	30.3%	

Restructuring	-37
Bürgel & Graydon gains	+35
Non ordinary items	-2

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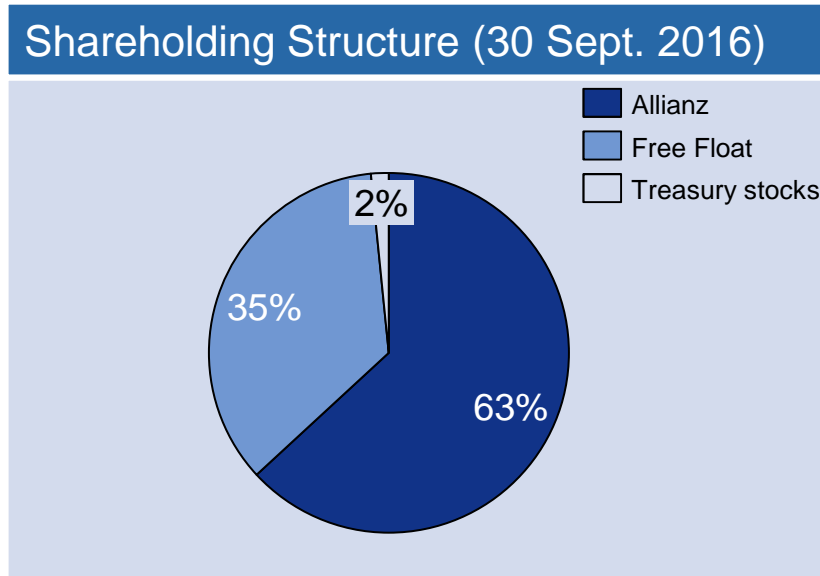
Investor Relations

Next Event	Date
FY 2016 Earnings (webcast)	February 9 th 2017

Stock Market Data	As of 30/09/2016
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	42,641,635
Market cap. (€ mn)	3,227

Investor Relations Contact

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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 whose risks are over

- **Services**

- **Information services**

Research 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

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Euler Hermes Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) persistency levels, (v) the extent of credit defaults, (vi) interest rate levels,

(vii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions, including related integration issues, (xii) reorganization measures, and (xiii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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