



H1 2012 Financial results

Financial analysts meeting

July 26th, 2012



A company of **Allianz** 



EULER HERMES

Our knowledge serving your success

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- 1. Financial highlights**
- 2. Commercial performance**
- 3. Risk overview**
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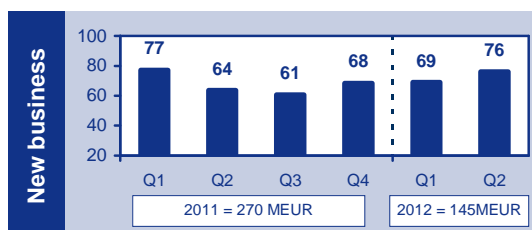
Financial highlights

	H1 2012	H1 2012 vs H1 2011
▶ Top line growth is solid	1 189.8 M€	+6%
▶ Net combined ratio is still low: <ul style="list-style-type: none"> • frequency claims under control • limited impact of larger claims through effective reinsurance scheme • low cost ratio 	73.1%	+7.3 pts
▶ Although lower than last year, operating profit remains strong	237.1 M€	-11%
▶ And so is the net income	161.4 M€	-16%

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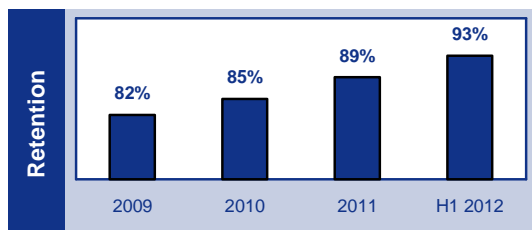
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Commercial performance



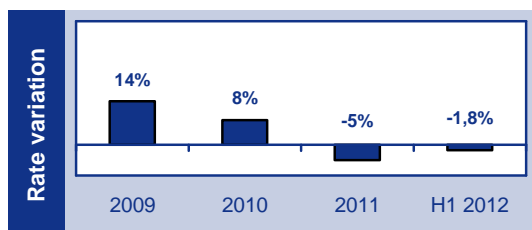
Demand gained momentum in Q2 and drove the overall commercial performance.

End of H1, new production is ahead of last year which was a record year.

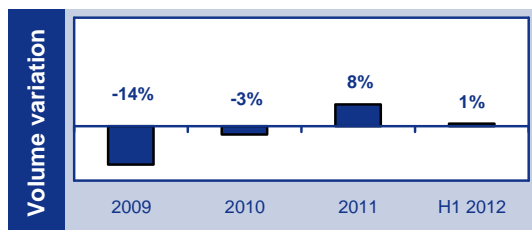


Retention remained stable at 93% in Q2.

With 2/3 of the total portfolio renewed, EH is in a good position to hit a historical high on the total portfolio.



Net rate increase already effective in Q2 in the Mediterranean region and catching up across Europe reflecting EH willingness to maintain risk / price adequacy.



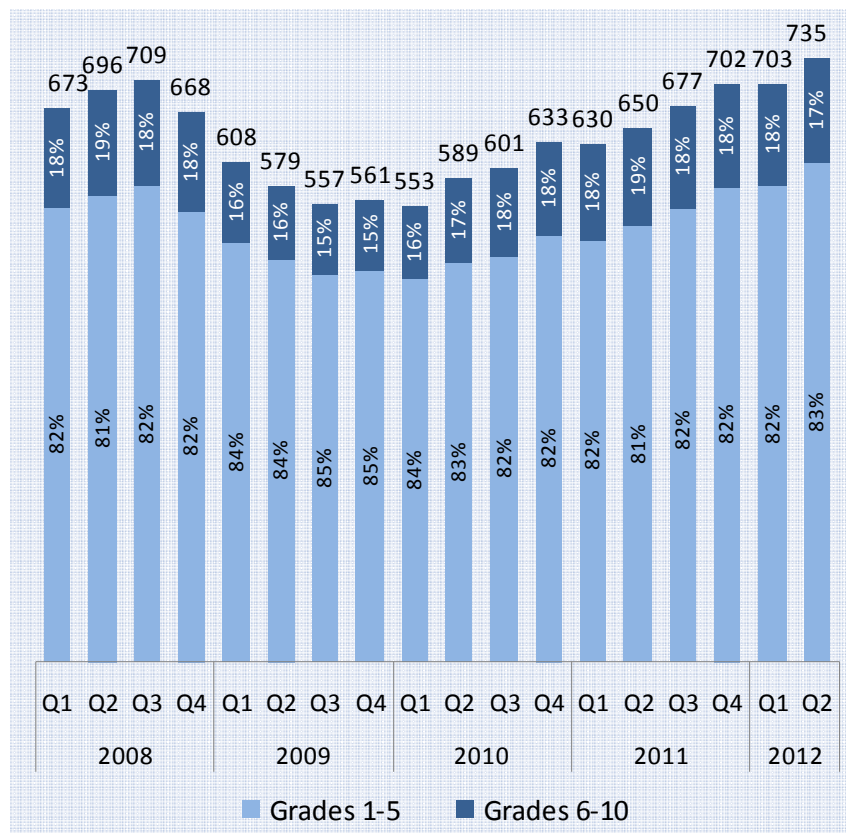
Lower volume variation compared to last year reflects the balance between a depressed environment in Europe and a still solid growth in the Americas and Asia.

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Exposure per grade

In billion euros



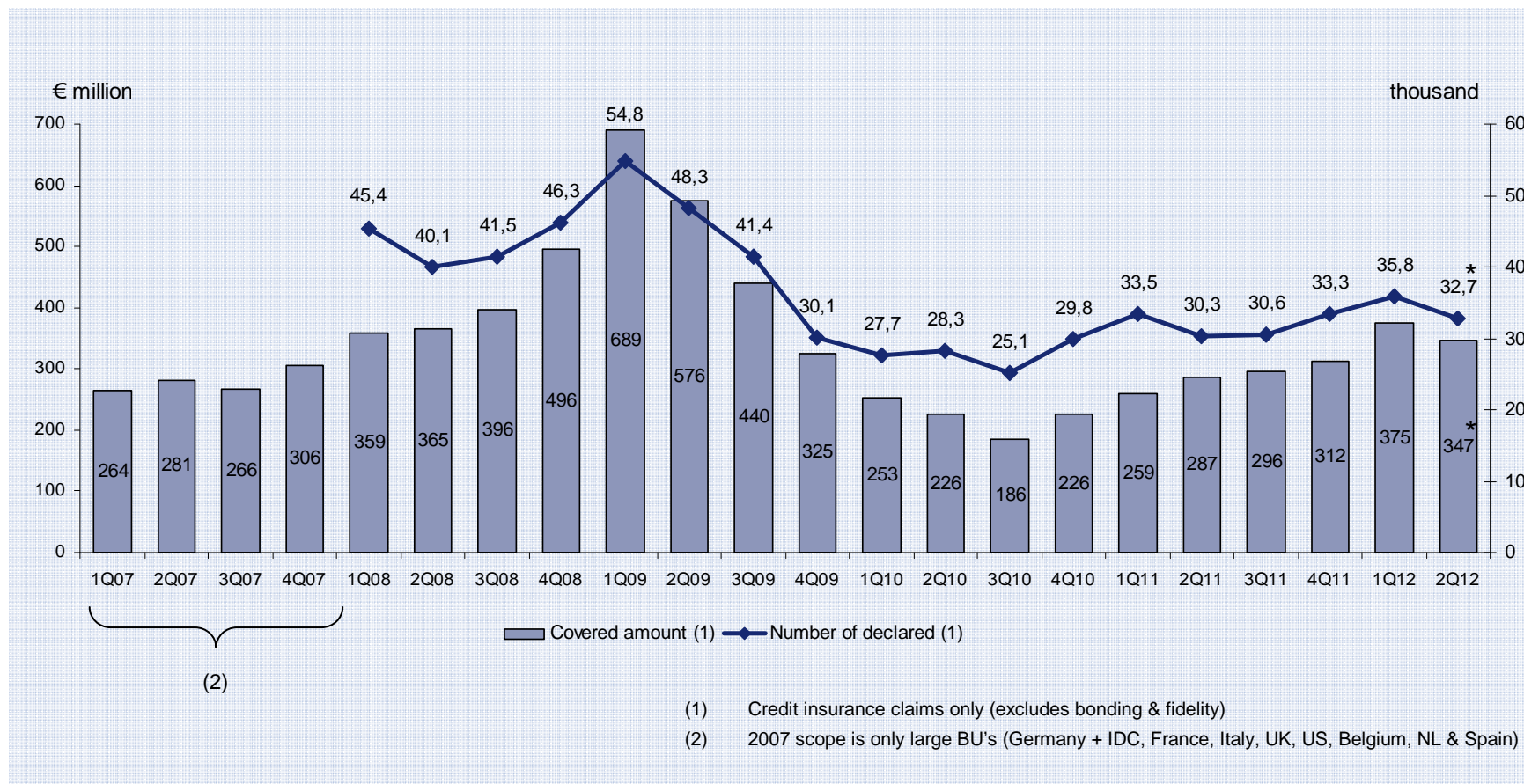
Exposure is increasing but only on selected grades...

In billion euros

	Q4 2011	Q2 2012
Grade		
1-5	575.2	607.8
6-10	127.2	127.3
Total	702.4	735.1

... exposure on grades 6 to 10 is stabilising while exposure on grades 1 to 5 is increasing

Claims development*



- Claims covered amount is increasing towards last year but is still below the budgeted level
- Deceleration observed in Q2 compared to Q1 both in credit insurance claims frequency (-8.7%) and covered amount (-7.5%) putting aside the Schlecker claim

* Excluding Schlecker claim

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Key figures Q2 2012

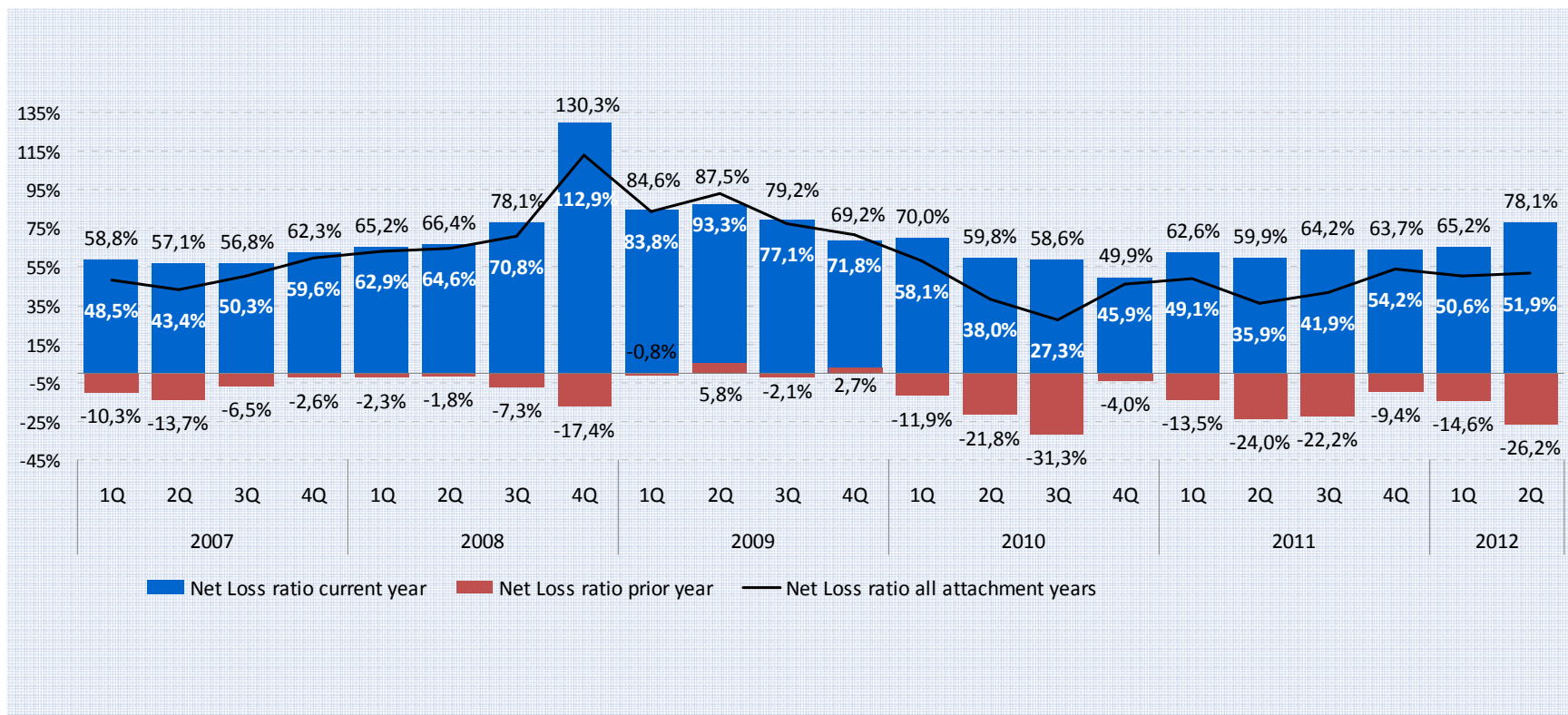
(€ mn)	Actual Q2 2012	Actual Q2 2011	Variation in amount	Variation in %
Turnover	600.0	582.4	17.5	3%
Net technical result	91.6	132.4	-40.8	-31%
Net financial income (excluding financing costs)	43.3	35.2	8.1	23%
Operating income	131.2	165.0	-33.8	-21%
• Of which realised gains and losses	12.5	7.3	5.2	71%
• Net of realised gains and losses	118.7	157.7	-39.0	-25%
Net consolidated result	95.0	117.2	-22.2	-19%
Euler Hermes Net combined ratio (including Service margin)	72.3%	57.4%		
• Euler Hermes Net loss ratio	51.9%	35.9%		
• Euler Hermes Net cost ratio	20.4%	21.5%		

Quarterly results overview

(€million)	2008				2009				2010				2011				2012	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Consolidated Turnover	527,2	556,4	540,4	542,5	548,6	535,9	512,7	488,6	505,5	534,0	542,2	567,0	544,2	582,4	580,1	568,2	589,9	600,0
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	58,2	81,0	91,6
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	80,8	105,3	134,9
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	54.2	66.4	95.0

Net loss ratio evolution

Quarterly ratio



Key financials

(€ mn)	Actual Q2 2012	Actual Q2 2011	Variation in amount	Variation in %
Technical result	91.6	132.4	-40.8	-31%
Financial income net of expenses	43.3	35.2	8.1	23%
Ordinary operating Income	134.9	167.6	-32.8	-20%
Other non ordinary operating income and expense	-3.7	-2.6	-1.1	-41%
Operating income	131.2	165.0	-33.8	-21%
Financing expenses	-3.4	-4.1	0.6	16%
Income from non-consolidated companies	5.2	2.7	2.5	90%
Profit before tax	133.0	163.7	-30.7	-19%
Corporation tax	-36.5	-45.8	9.3	20%
Minority interest	-1.4	-0.7	-0.7	-106%
Consolidated net income	95.0	117.2	-22.2	-19%
Tax rate	27.5%	28.0%		

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Key figures

(€ mn)	Actual H1 2012	Actual H1 2011	Variation in amount	Variation in %
Turnover	1,189.8	1,126.5	63.3	6%
Net technical result	172.6	202.9	-30.3	-15%
Net financial income (excluding financing costs)	67.6	68.1	-0.6	-1%
Operating income	237.1	267.2	-30.1	-11%
• Of which realised gains and losses	16.8	21.0	-4.1	-20%
• Net of realised gains and losses	220.2	246.2	-26.0	-11%
Net consolidated result	161.4	192.5	-31.1	-16%
Euler Hermes Net combined ratio (including Service margin)	73.1%	65.8%		
• Euler Hermes Net loss ratio	51.3%	42.2%		
• Euler Hermes Net cost ratio	21.8%	23.6%		

Premiums evolution

By region

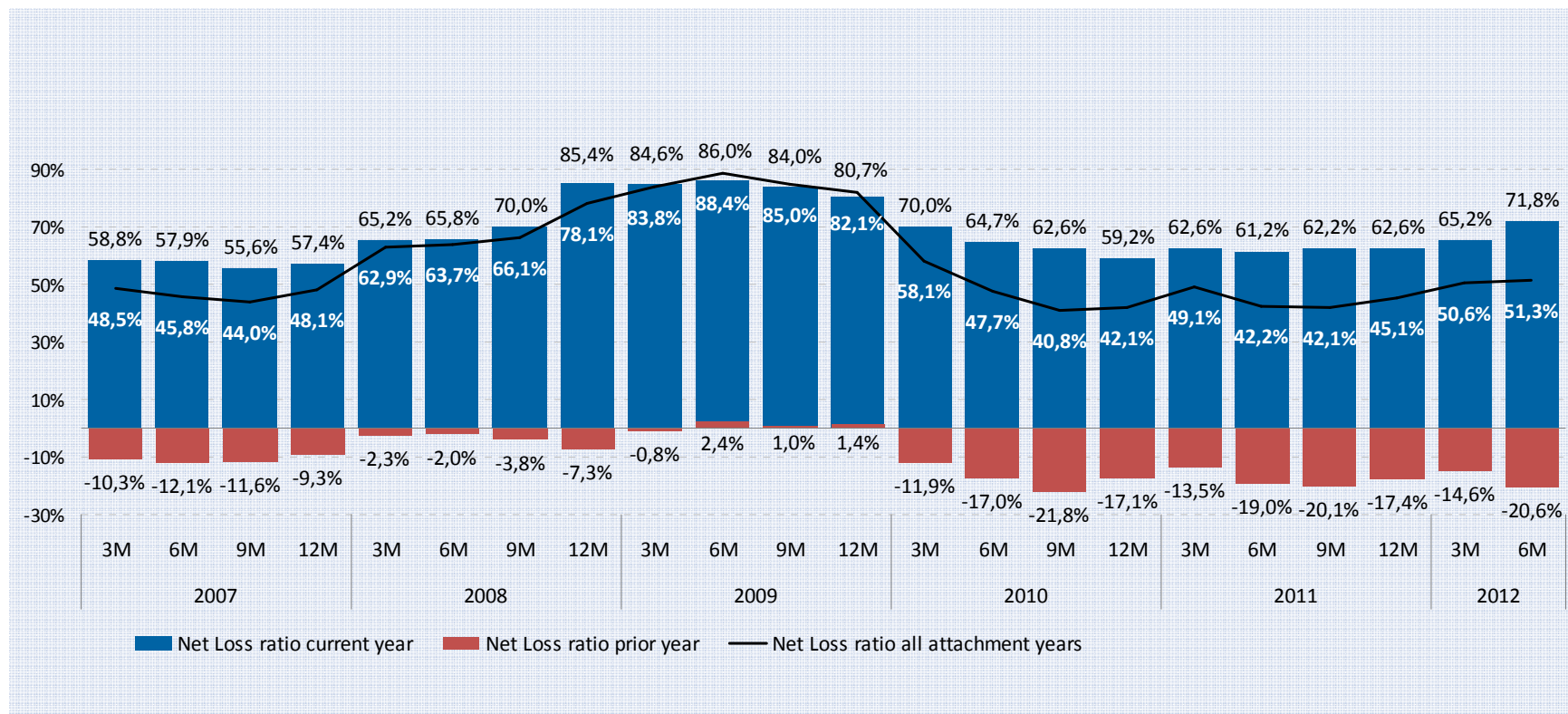
(€ mn)	Actual H1 2012	Actual ⁽²⁾ H1 2011	Variation in amount	Variation in %
DACH	300.0	298.7	1.2	0%
France	174.2	169.7	4.4	3%
Northern Europe	223.6	216.3	7.3	3%
Med. Countries & Africa ⁽¹⁾	129.8	115.3	14.5	13%
Americas	109.3	92.5	16.8	18%
Asia & Pacific	30.4	21.5	8.9	41%
Others (incl. EH Re & inter region elim.)	22.9	24.0	-1.1	-4%
Total Gross Earned Premiums	990.1	938.0	52.0	6%

(1) In 2012, operational responsibility of Gulf countries has been transferred from Asia Pacific to Med. Countries & Africa

(2) Proforma figures including Gulf countries transfer

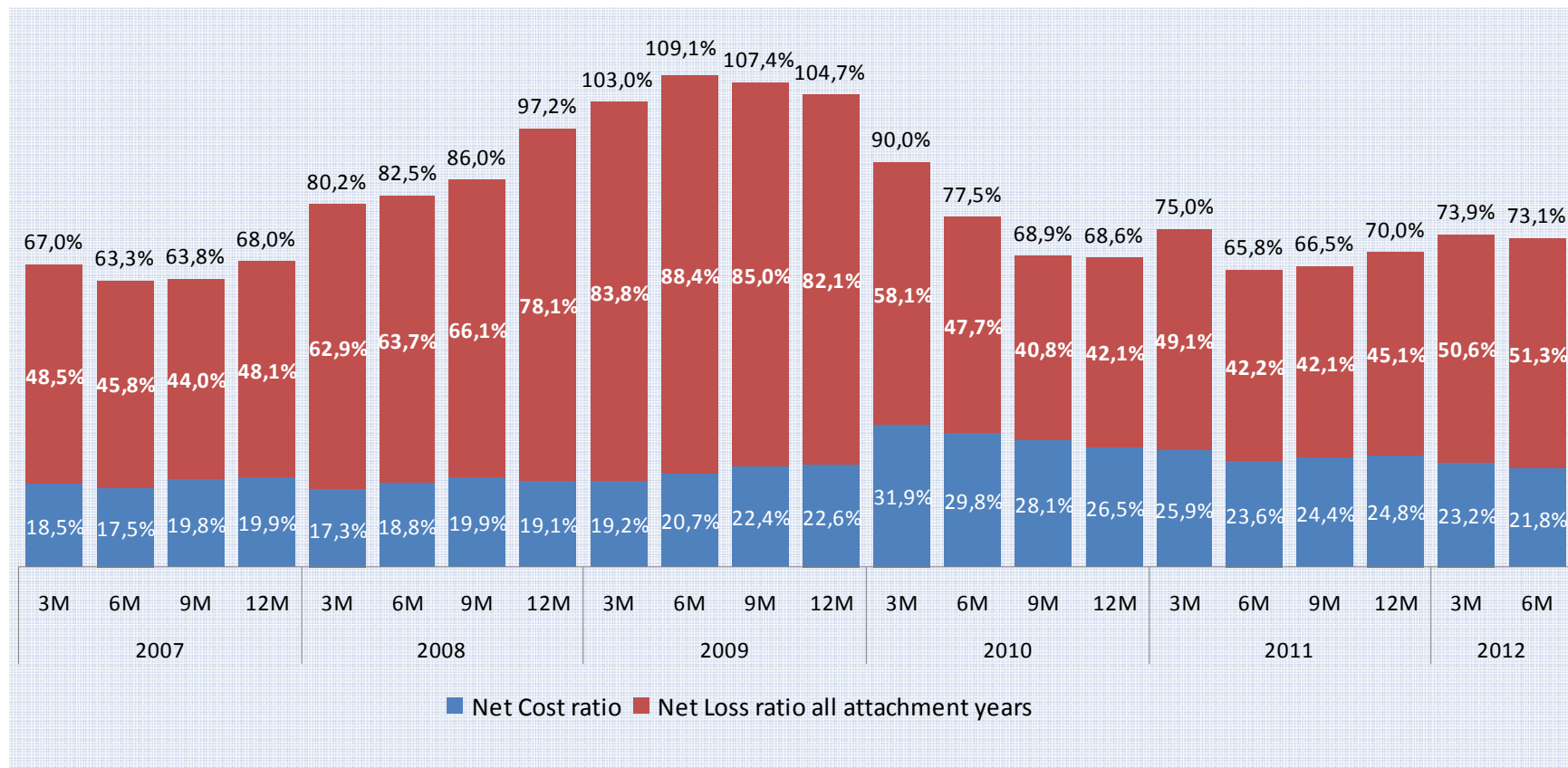
Net loss ratio evolution

Year-to-date ratio



Net combined ratio evolution

Year-to-date ratio



Reinsurance result

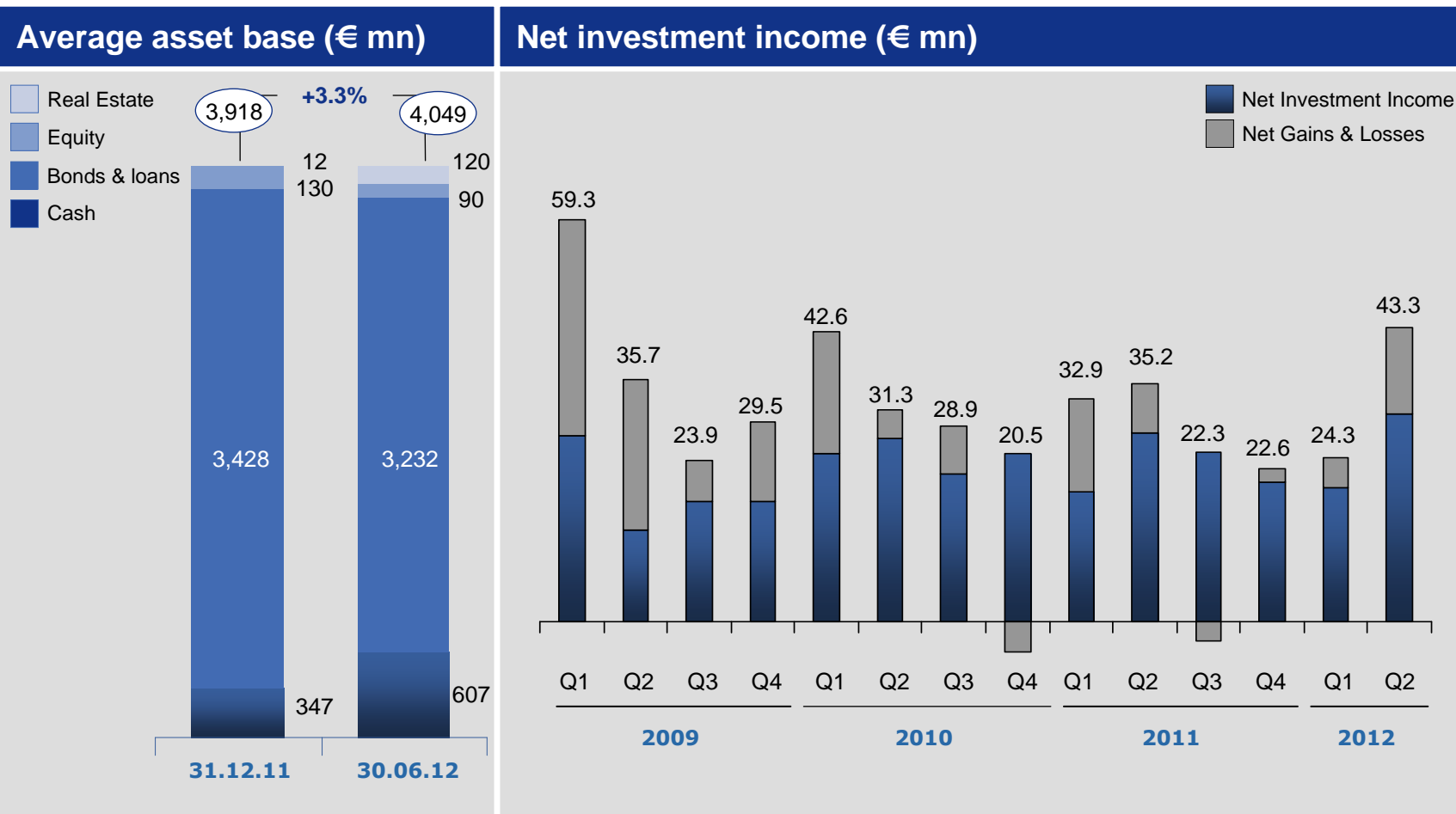
(€ mn)	Actual 6M 2012	Actual 6M 2011	Variation in amount	Variation in %
Gross earned premiums	990.1	938.0	52.0	6%
Ceded premiums	-328.6	-331.7	3.1	1%
Net earned premiums	661.5	606.3	55.2	9%
<i>Cession rate</i>	33.2%	35.4%		-2.2 pts
Gross claims costs	-518.9	-344.1	-174.8	-51%
Ceded claims costs	179.8	88.0	91.7	104%
Net claims costs	-339.1	-256.0	-83.1	-32%
<i>Cession rate</i>	34.6%	25.6%		9.1 pts
Reinsurance commission	133.2	123.9	9.3	8%
<i>Reinsurance commission rate</i>	40.5%	37.4%		3.2 pts
Net claims ratio CY	71.8%	61.2%		10.6 pts
Net claims ratio PY	-20.6%	-19.0%		-1.6 pts
Net claims ratio	51.3%	42.2%		9.0 pts
Net cost ratio	21.8%	23.6%		-1.8 pts
Net combined ratio	73.1%	65.8%		7.2 pts

Financial result

(excluding income from non-consolidated companies)

(€ mn)	Actual YTD 6M 2012	Actual YTD 6M 2011	Variation in amount	Variation in %
Income from investment property	0.4	0.6	-0.2	-36%
Income from securities	38.8	36.4	2.5	7%
Other financial income	12.2	12.7	-0.5	-4%
Investments income	51.4	49.7	1.7	3%
Investment expenses	-5.1	-3.8	-1.3	-35%
Net Foreign Exchange result	4.4	1.2	3.2	255%
Net gains and losses on sales of investments less impairment and amortization	16.8	21.0	-4.1	-20%
Net financial income (excluding financing expense)	67.6	68.1	-0.6	-1%

Investments



Key financials

(€ mn)	Actual 6M 2012	Actual 6M 2011	Variation in amount	Variation in %
Technical result	172.6	202.9	-30.3	-15%
Financial income net of expenses	67.6	68.1	-0.6	-1%
Ordinary operating Income	240.2	271.1	-30.9	-11%
Other non ordinary operating income and expense	-3.1	-3.9	0.8	20%
Operating income	237.1	267.2	-30.1	-11%
Financing expenses	-7.1	-8.4	1.3	16%
Income from non-consolidated companies	6.0	8.4	-2.4	-29%
Profit before tax	236.0	267.2	-31.2	-12%
Corporation tax	-72.3	-73.0	0.7	1%
Minority interest	-2.3	-1.8	-0.5	-31%
Consolidated net income	161.4	192.5	-31.1	-16%
Tax rate	30.6%	27.3%		

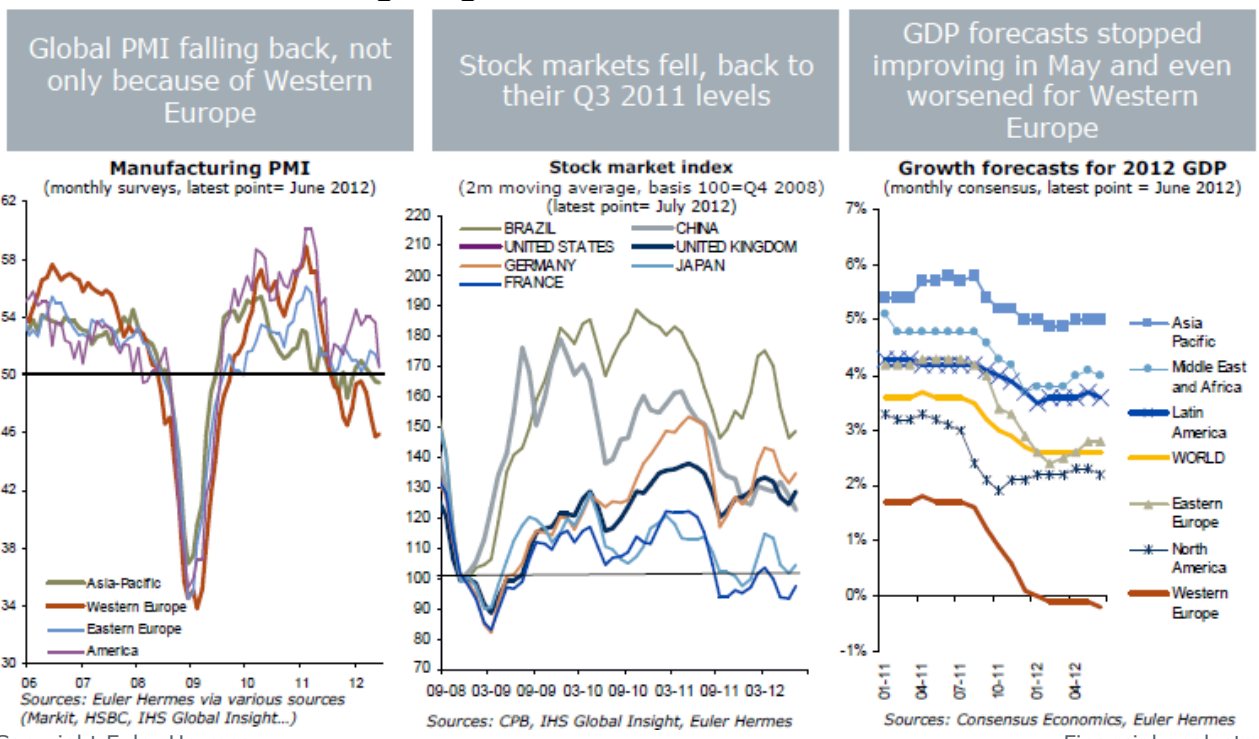
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Economic outlook

Where are we now ?

- **The world economy rebounded in Q1 2012...**
 - ✓ Worldwide real GDP gained +0.9% quarter-on-quarter, but at +3,1% year-on-year
 - ✓ With uneven performances amongst regions:
 - ✓ US accelerated year-on-year, but decelerated quarter-on-quarter
 - ✓ Eurozone just stabilized after contracting in Q4 2011, but with huge disparities
 - ✓ Emerging countries still positive but decelerating in year-on-year terms
- **... but the loss of confidence emerged again in Q2 2012**

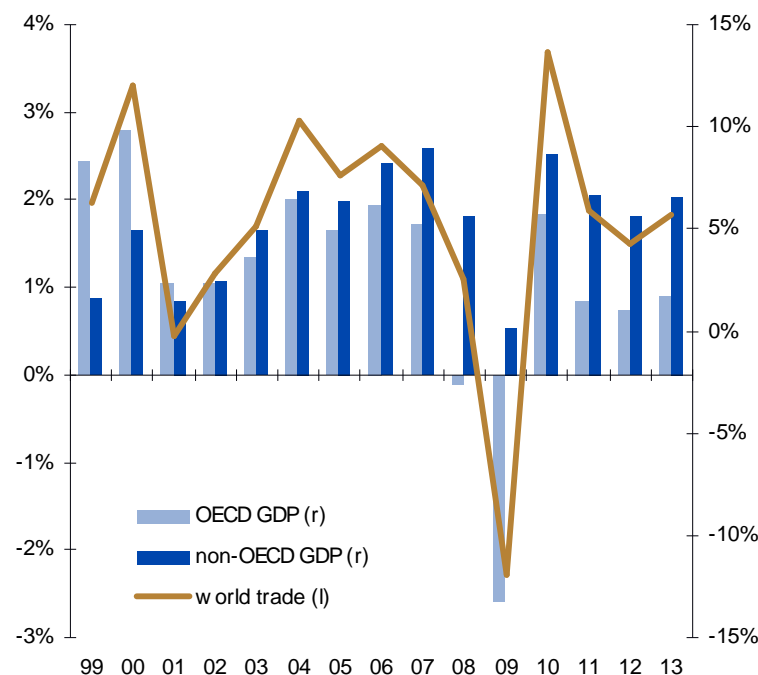


Economic outlook

Where are we going ?

- **The 2012 weak start will be followed at best by a gradual improvement**
 - ✓ World GDP revised down again slightly this quarter (vs March forecast: -0.1pp for 2012 & -0.2pp for 2013)
 - ✓ mainly because of Brazil and the Eurozone (being in deeper recession than expected (-0,4% in 2012))

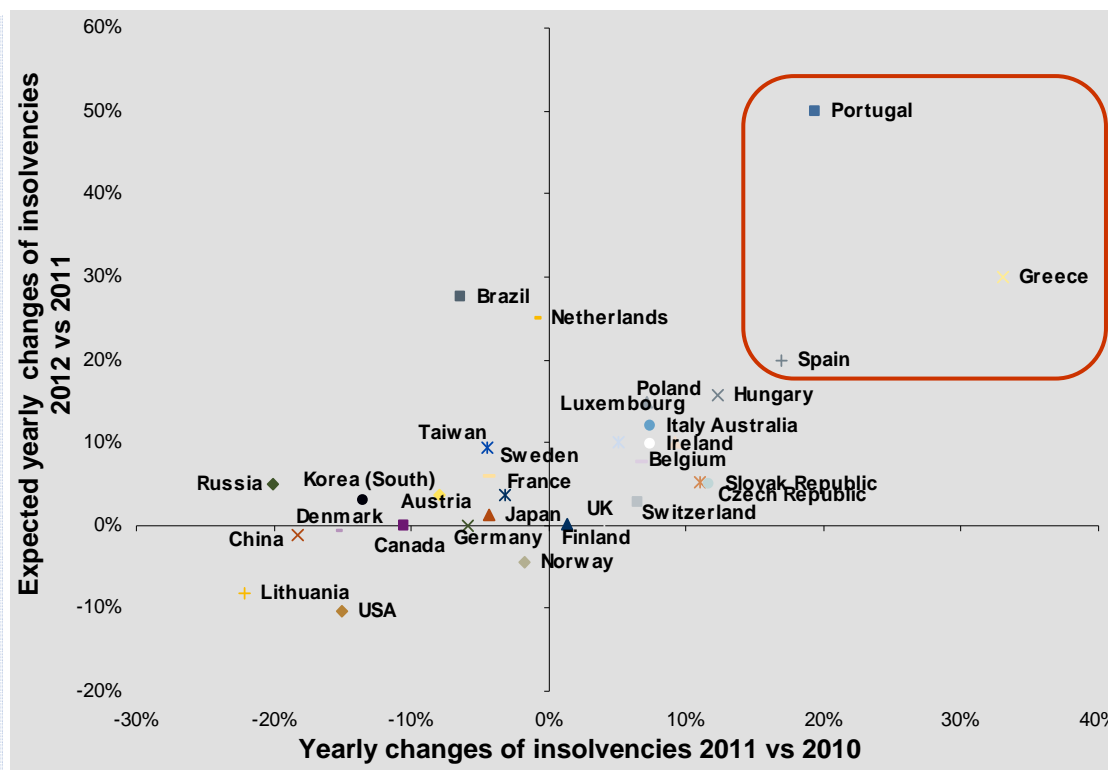
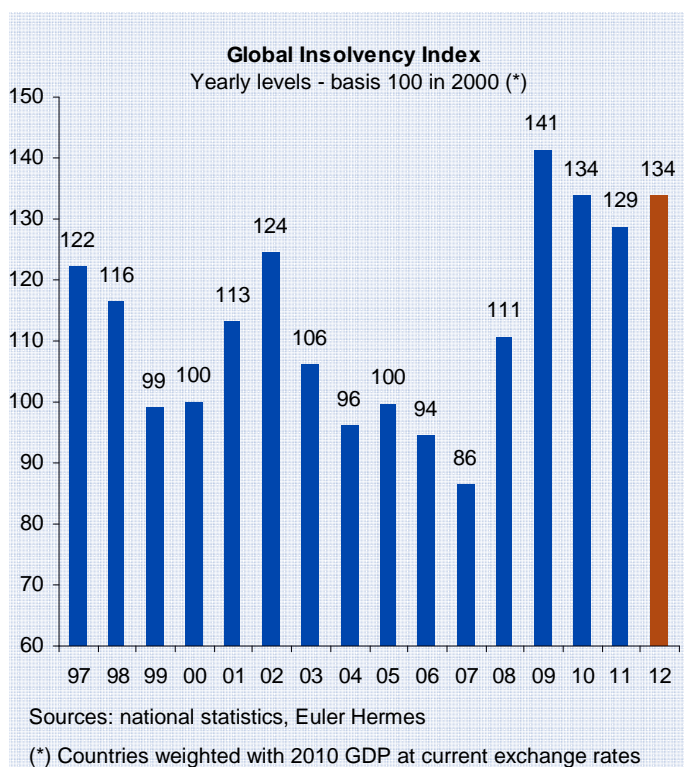
- **But there are still reasons for caution with:**
 - ✓ **The Eurozone concerns**
 - ✓ Greek crisis
 - ✓ sovereign debt issues
 - ✓ bank's solvency and deleveraging
 - ✓ **The G7 concerns**
 - ✓ US and Japan government debt levels
 - ✓ US housing weakness
 - ✓ **The MENA concerns**
 - ✓ oil price shock/supply disruptions
 - ✓ **The China concerns**
 - ✓ soft landing/successful transition



Economic outlook

What is the insolvencies evolution?

- The slowdown of world activity is expected to generate a rebound of worldwide insolvencies in FY 2012, mainly in (Southern) Europe
- The 2012 Global Insolvency Index has been adjusted from +3% (March forecast) to +4%



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Glossary

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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)

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
Q3 2012 Earnings (webcast)	Nov. 6 th , 2012
Q4 2012 Earnings (webcast)	Feb. 14 th , 2013

Stock Market Data	As at 30 Jun. 12
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,202,777
Market cap. (€ mn)	2,305

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Shareholding Structure (30 Jun. 12)

■ Allianz ■ Free Float ■ Treasury stocks

