

Euler Hermes nine-month results: holding course

**PARIS – 5 NOVEMBER 2013**

- Despite headwinds on foreign exchange, revenues rise by 3.8% year-on-year to € 1.86 billion (by 4.9% at constant exchange rates)
- Operating income: a solid € 334.4 million, in spite of the subdued economic environment and persistently low interest yield
- Net income: € 221.4 million, following the trend on operating income

“Euler Hermes has again demonstrated its ability to grow business in a difficult economic environment and despite some strong foreign exchange headwinds,” said Wilfried Verstraete, chairman of the Euler Hermes board of management. “Asia is still leading the way with 25% growth at constant exchange rates and the World Agency business is growing by 21% year-on-year. Good commercial performance, plus our agility in adapting our risk underwriting to changes in traditional and growth markets, allows us to post a solid € 334.4 million operating income to the end of September.”

**I. Results for the first nine months of 2013**

**A. Key figures**

| <b>P&amp;L information</b><br>€ million | <b>9M 2013</b> | <b>9M 2012</b><br><small>(after application of IAS 19 revised)</small> | <b>Change vs. 9M 2012</b> |        |
|---|----------------|--|---------------------------|--------|
| Earned premiums                         | 1,553.4        | 1,491.9  | 61.5                      | 4.1%   |
| Service revenues                        | 307.5          | 301.0  | 6.5                       | 2.1%   |
| <b>Turnover</b>                         | <b>1,860.9</b> | <b>1,792.9</b>   | 68.0                      | 3.8%   |
| Net technical result                    | 242.0          | 270.2  | -28.3                     | -10.5% |
| Net investment income                   | 70.7           | 85.7   | -15.0                     | -17.5% |
| Non-ordinary operating income & expense | 21.8           | 0.6  | 21.2                      | N/A    |
| <b>Operating income</b>                 | <b>334.4</b>   | <b>356.6</b>   | -22.1                     | -6.2%  |
| <b>Net income, Group share</b>          | <b>221.4</b>   | <b>249.8</b>   | -28.4                     | -11.4% |
| Net claims ratio                        | 52.6%          | 49.6%  | 2.9 pts                   |        |
| Net expense ratio                       | 24.2%          | 22.7%  | 1.5 pt                    |        |
| Net combined ratio                      | 76.8%          | 72.4%  | 4.4 pts                   |        |

| <b>Balance sheet information</b><br>€ million | <b>30 September 2013</b> | <b>31 December 2012</b><br><small>(after application of IAS 19 revised)</small> | <b>Change vs. 31 December 2012</b> |       |
|---|--------------------------|---|------------------------------------|-------|
| Total assets                                  | 6,161.6                  | 6,077.1   | 84.5                               | 1.4%  |
| Shareholders' equity, Group share             | 2,354.4                  | 2,345.2   | 9.1                                | 0.4%  |
| Total financial liabilities                   | 388.2                    | 389.7   | -1.6                               | -0.4% |

The impact of revised IAS 19 cancelling the “corridor” on pensions is a €122 million decrease in shareholders' equity.

Shareholders' equity increased by €9.1 million, with €221.4 million of positive net income being offset by the €176.0 million dividend paid in May 2013 and a €25.9 million negative revaluation of the bond portfolio following a recent rise in interest rates.

**B. Turnover**

Turnover reached € 1,860.9 million at the end of September, up 3.8% compared to September 2012, but higher by 4.9% at constant exchange rates.

| <b>Turnover</b><br>€ million                  | <b>9M 2013</b> | <b>9M 2012</b><br><i>(published)</i> | <b>Variation</b><br>% | <b>9M 2012</b><br><i>(1)</i> | <b>Variation</b><br>% <i>(1)</i> |
|---|----------------|--------------------------------------|-----------------------|------------------------------|----------------------------------|
| <b>Regions</b>                                |                |                                      |                       |                              |                                  |
| Germany, Austria, Switzerland                 | 596.4          | 581.0                                | 2.6%                  | 580.2                        | 2.8%                             |
| France  | 305.0          | 312.2                                | -2.3%                 | 312.2                        | -2.3%                            |
| Northern Europe                               | 409.1          | 393.3                                | 4.0%                  | 386.5                        | 5.9%                             |
| Mediterranean Countries, Middle East & Africa | 230.3          | 240.2                                | -4.1%                 | 211.6                        | 8.8%                             |
| Americas                                      | 204.4          | 197.7                                | 3.4%                  | 190.5                        | 7.3%                             |
| Asia-Pacific                                  | 69.2           | 58.4                                 | 18.5%                 | 55.1                         | 25.4%                            |
| EH Reinsurance + others <i>(2)</i>            | 46.6           | 10.1                                 | N/A                   | 37.6                         | N/A                              |
| <b>Euler Hermes Group</b>                     | <b>1,860.9</b> | <b>1,792.9</b>                       | <b>3.8%</b>           | <b>1,773.7</b>               | <b>4.9%</b>                      |

Area contribution : After intra-region eliminations & before inter-region eliminations

(1) At constant exchange rates and pro forma (Spain and Argentina in 2012 in EH Re.)

(2) EH Reinsurance + Corporate entities + inter-region eliminations

Foreign exchange headwinds again weighed negatively on the top line in Q3, but at constant exchange rates all regions except France are growing. Asia and the Middle East continue to be strong growth drivers, as is the dynamic World Agency multinationals segment.

New business and client retention remain solid and drive growth. However, the impact from policyholders' insured turnover is globally negative for the Group – particularly for the top line in France.

### C. Operating income

Operating income is down €22 million versus last year but still solid at €334.4 million.

The net claims ratio stands at a healthy level of 52.6%, up 2.9 points compared to last year, and in line with the net claims ratio at the end of June 2013.

The net expense ratio is up 1.5 points against 2012, when most remaining positive run-offs on reinsurance commissions linked to previous attachment years were booked. Before reinsurance, the expense ratio improved against last year.

As a result, the net combined ratio stands at 76.8%, vs. 72.4% at the end of September 2012.

Lower average bond yields, combined with reduced realized gains and negative foreign exchange, decreased net investment income by 17.5% to €70.7 million.

However, an exceptional profit of €32 million linked to the cession of Euler Hermes' Spanish and Argentinean entities to Solunion, the joint venture with MAPFRE, partially offsets this lower ordinary operating income.

Operating income for the first nine months of 2013 therefore stands at €334.4 million.

### D. Investment portfolio

In the first nine months of 2013 the market value of the Group's investment portfolio increased by €8 million compared to end of year 2012 -- to €4,243 million. This evolution is linked to positive operating cash flows, partially offset by the dividend payment and the lower bond portfolio value

### E. Net income

Net income reached €221.4 million in the first nine months of 2013. The decrease vs. last year is linked to the lower operating income.

### F. Outlook

With the economic recovery still to materialize fully, Euler Hermes remains on course to deliver solid results in 2013 and is on track with previous guidance.

Business confidence is improving in the advanced economies, although downside risks remain. As in 2012 and 2013, Euler Hermes expects to drive its growth primarily from outside Europe. The Group will maintain its prudent approach to risk, while continuing its expansion strategy in growth markets to secure future profitability.

## II. Results for the third quarter of 2013

| P&L information<br>€ million            | Q3<br>2013   | Q2<br>2013   | Q1<br>2013   | Q4<br>2012*  | Q3<br>2012*  | Variation<br>vs. Q3 2012 |               | Q3<br>2012*  | Variation<br>vs. Q3 2012 |             |
|---|--------------|--------------|--------------|--------------|--------------|--------------------------|---------------|--------------|--------------------------|-------------|
| Earned premiums                         | 508.9        | 529.0        | 515.5        | 503.2        | 501.8        | 7.1                      | 1.4%          | 494.7        | 14.2                     | 2.9%        |
| Service revenues                        | 99.3         | 104.4        | 103.8        | 101.8        | 101.2        | -2.0                     | -1.9%         | 98.2         | 1.1                      | 1.1%        |
| <b>Turnover</b>                         | <b>608.2</b> | <b>633.4</b> | <b>619.3</b> | <b>605.0</b> | <b>603.1</b> | <b>5.1</b>               | <b>0.8%</b>   | <b>592.8</b> | <b>15.3</b>              | <b>2.6%</b> |
| Net technical result                    | 75.1         | 102.3        | 64.6         | 56.8         | 94.8         | -19.8                    | -20.8%        |              |                          |             |
| Net investment income                   | 13.3         | 24.5         | 32.9         | 23.3         | 18.1         | -4.8                     | -26.5%        |              |                          |             |
| Non-ordinary operating income & expense | -7.3         | -0.7         | 29.8         | -9.2         | 3.7          | -11.1                    | N/A           |              |                          |             |
| <b>Operating income</b>                 | <b>81.1</b>  | <b>126.1</b> | <b>127.3</b> | <b>70.9</b>  | <b>116.7</b> | <b>-35.6</b>             | <b>-30.5%</b> |              |                          |             |
| <b>Net income, Group share</b>          | <b>55.0</b>  | <b>81.0</b>  | <b>85.3</b>  | <b>52.4</b>  | <b>86.4</b>  | <b>-31.4</b>             | <b>-36.3%</b> |              |                          |             |
| Net claims ratio                        | 52.8%        | 47.8%        | 57.7%        | 57.9%        | 46.5%        | 6.3 pts                  |               |              |                          |             |
| Net expense ratio                       | 24.9%        | 24.6%        | 23.0%        | 24.7%        | 25.3%        | -0.4 pt                  |               |              |                          |             |
| <b>Net combined ratio</b>               | <b>77.6%</b> | <b>72.4%</b> | <b>80.7%</b> | <b>82.6%</b> | <b>71.8%</b> | <b>5.8 pts</b>           |               |              |                          |             |

\*published figures before application of IAS 19 revised

\*\*at constant exchange rates

Financial and regulated information are available on Euler Hermes' website  
<http://www.eulerhermes.com/finance/>

The financial documentation section includes the press release, the consolidated financial statements and the presentation of the quarterly results to analysts.

On Tuesday, 5 November 2013, the Group Management Board of Euler Hermes (ELE.PA), a worldwide leader in credit insurance and in the areas of bonding, surety and collections, presented its consolidated results as of 30 September 2013 to the Euler Hermes Supervisory Board. The results have been reviewed by the auditors and the Audit Committee.

\*\*\*\*

### CONTACTS

#### Euler Hermes Investor Relations

Clarisse Kopff – +33 (0)1 84 11 51 38  
[clarisse.kopff@eulerhermes.com](mailto:clarisse.kopff@eulerhermes.com)

#### Ogilvy Public Relations Worldwide

Lorenzo Ricci – +33(0)1 53 67 12 83  
[lorenzo.ricci@ogilvy.com](mailto:lorenzo.ricci@ogilvy.com)

#### Euler Hermes Group Media Relations

Remi Calvet – +33(0)1 84 11 61 41  
[remi.calvet@eulerhermes.com](mailto:remi.calvet@eulerhermes.com)

**Euler Hermes** is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and posted a consolidated turnover of €2.4 billion in 2012.

Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40+ million businesses across the globe.

The Group insured worldwide business transactions totaling €770 billion exposure end of December 2012.

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor's.

For more information visit [www.eulerhermes.com](http://www.eulerhermes.com) or follow us on Twitter @eulerhermes

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.

The company assumes no obligation to update any forward-looking statement.