

## In 2013, Euler Hermes continues to post strong full year results

### PARIS – 13 FEBRUARY 2014

- Record full year revenues at €2.5 billion up by 5.0% at constant exchange rates (+3.7% at actual exchange rates)
- Robust operating income at €458.6 million, up by 6.2%, an outstanding performance in the context of the difficult economic environment
- Net income rose 2.7% to €313.7 million
- Proposed dividend of €4.2 per share, up by 5%

“Euler Hermes reinforced its industry leadership in 2013 and posted record revenues,” said Wilfried Verstraete, chairman of the Euler Hermes Board of Management. “As anticipated, non-mature markets and our multinational segment, as well as the new product offering, drove growth. Sound risk management in all regions generated strong operating income. We believe further growth opportunities are beginning to emerge after nearly six years of economic crisis and uncertainty. To meet the increasing demand for trade credit insurance, and to deliver our growth strategy, we continue to strengthen our product range, distribution channels and international presence.”

## I. Results 2013

### A. Key figures

P&L information € million	12M 2013	12M 2012 (after application of IAS 19 revised)	Change vs. 12M 2012*	
Earned premiums	2,079.0	1,995.1	83.9	4.2%
Service revenues	407.2	402.8	4.4	1.1%
<b>Turnover</b>	<b>2,486.2</b>	<b>2,397.9</b>	<b>88.3</b>	<b>3.7%</b>
Net technical result	345.3	331.4	13.9	4.2%
Net investment income	86.2	109.0	-22.9	-21.0%
Non-ordinary operating income & expenses	27.2	-8.6	35.8	N/A
<b>Operating income</b>	<b>458.6</b>	<b>431.8</b>	<b>26.8</b>	<b>6.2%</b>
<b>Net income, Group share</b>	<b>313.7</b>	<b>305.5</b>	<b>8.2</b>	<b>2.7%</b>
Net claims ratio	50.5%	51.7%	-1.2 pts	
Net expense ratio	24.8%	22.9%	1.9 pts	
<b>Net combined ratio</b>	<b>75.3%</b>	<b>74.6%</b>	<b>0.7 pt</b>	

\*variation with 12M 2012 restated after application of IAS 19 revised

Balance sheet information € million	31 December 2013	31 December 2012 (after application of IAS 19 revised)	Change vs. 31 December 2012*	
Total assets	6,062.7	6,077.1	-14.4	-0.2%
Shareholders' equity, Group share	2,461.9	2,345.2	116.6	5.0%
Total financial liabilities	261.7	389.7	-128	-32.8%

\*variation with 31 December 2012 restated after application of IAS 19 revised (€122 million negative impact on net equity Group share)

Shareholders' equity increased by €116.7 million, with €313.7 million of positive net income being partially offset by the €176.0 million dividend paid in May 2013 and a €29.2 million negative revaluation of the investment portfolio following a recent rise in interest rates.

## B. Turnover

At €2,486 million, revenues increased by 3.7% versus the previous year and by 5% without foreign exchange (FX) headwinds.

<b>Turnover</b>	<b>12M 2013</b>	<b>12M 2012</b> <i>(published)</i>	<b>Variation %</b>	<b>12M 2012</b> <i>(1)</i>	<b>Variation %</b> <i>(1)</i>
<i>€ million</i>					
<b>Regions</b>					
Germany, Austria, Switzerland	793.2	777.0	2.1%	775.9	2.2%
France	397.9	413.7	-3.8%	413.7	-3.8%
Northern Europe	551.3	524.6	5.1%	515.1	7.0%
Mediterranean Countries, Middle East & Africa	308.8	321.0	-3.8%	280.8	10.0%
Americas	274.9	266.0	3.4%	253.1	8.6%
Asia-Pacific	91.7	79.7	15.1%	74.0	23.9%
Non-consolidated OEs and other <i>(2)</i>	68.3	16.0	N/A	54.3	25.8%
<b>Euler Hermes Group</b>	<b>2,486.2</b>	<b>2,397.9</b>	<b>3.7%</b>	<b>2,367.0</b>	<b>5.0%</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) Corporate entities + inter-region eliminations

While turnover growth from non-European markets slowed somewhat (12% at constant FX rates versus 18% at constant FX rates in 2012), growth in Europe began to rebound, fuelled not only by the Solunion joint venture with MAPFRE, but also by Germany, Italy and Eastern European countries.

The multinational segment remained very strong (+38% premium growth) while growth also picked up in other lines of business: bonding, trade finance cover and excess of loss (XoL).

## C. Operating income

Operating income is very solid at €458.6 million, up 6.2% versus 2012.

The net claims ratio at 50.5% is 1.2 points below last year, due to sound risk management that resulted in lower claims activity despite increasing business volumes and still-high insolvency levels in European markets.

While the gross expense ratio improved again in 2013, by 0.4 point, the net expense ratio is up 1.9 points against 2012, when most of the remaining positive run-offs on reinsurance commissions linked to previous attachment years were booked.

The net combined ratio is slightly higher than last year at 75.3% versus 74.6%, but the net technical result is up by €13.9 million to €345.3 million, driven by top line growth.

Lower average bond yields, combined with reduced realized gains from investment activities, decreased net investment income by €22.9 million to €86.2 million.

However, the reduced realized gains from investment activities are offset by an exceptional profit of €37 million linked to the contribution of Euler Hermes' Spanish and Latin American entities to the Solunion joint venture.

## D. Investment portfolio

By year-end 2013, the market value of the Group's investment portfolio had decreased by €71 million to €4,163 million compared to year-end 2012. Positive operating cash flows were offset by the

payment of €176 million in dividends, the revaluation of the bond portfolio following rising interest rates and the negative currency fluctuations vs euro.

## E. Net income

Net income reached €313.7 million, up 2.7% against 2012. Realized gains on the contribution of entities to Solunion were partly compensated by higher taxes.

## F. Dividends

On the basis of a net result of €7.12 per share, the Euler Hermes Management Board will propose the distribution of a dividend of €4.20 per share, a 5% increase compared to last year's €4.00 dividend per share and representing a payout ratio of 61%.

## G. Outlook

After falling to +2.3% in 2013 – the slowest pace since 2009 – world GDP growth should progressively gain traction in 2014 and is expected to reach +3.1%. This modest upturn should support another year of positive growth for Euler Hermes, and enable the company to penetrate new markets and segments more deeply. However, insolvencies will remain at a high level. The company will draw on its demonstrated ability to be both agile and robust in volatile environments, and will retain its dual focus on helping clients to trade safely while managing their risks effectively.

## II. Results for the fourth quarter of 2013

P&L information € million	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012 (after application of IAS 19 revised)	Variation vs. Q4 2012*		Variation vs. Q4 2012**		
						22.4	4.5%	494.6	31.0	6.3%
Earned premiums	525.6	508.9	529.0	515.5	503.2	22.4	4.5%	494.6	31.0	6.3%
Service revenues	99.8	99.3	104.4	103.8	101.8	-2.1	-2.0%	98.6	1.2	1.2%
<b>Turnover</b>	<b>625.3</b>	<b>608.2</b>	<b>633.4</b>	<b>619.3</b>	<b>605.0</b>	<b>20.3</b>	<b>3.4%</b>	<b>593.2</b>	<b>32.1</b>	<b>5.4%</b>
Net technical result	103.3	75.1	102.3	64.6	61.2	42.1	68.9%			
Net investment income	15.5	13.3	24.5	32.9	23.3	-7.9	-33.7%			
Non-ordinary operating income & expenses	5.4	-7.3	-0.7	29.8	-9.2	14.7	N/A			
<b>Operating income</b>	<b>124.2</b>	<b>81.1</b>	<b>126.1</b>	<b>127.3</b>	<b>75.3</b>	<b>48.9</b>	<b>65.0%</b>			
<b>Net income, Group share</b>	<b>92.3</b>	<b>55.0</b>	<b>81.0</b>	<b>85.3</b>	<b>55.7</b>	<b>36.6</b>	<b>65.7%</b>			
Net claims ratio	44.3%	52.8%	47.8%	57.7%	57.9%	-13.6 pts				
Net expense ratio	26.6%	24.9%	24.6%	23.0%	23.4%	3.2 pts				
Net combined ratio	70.9%	77.6%	72.4%	80.7%	81.3%	-10.4 pts				

\*variation with 12M 2012 restated after 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 full year results to analysts.

On Thursday, 13 February 2014, 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 31 December 2013 to the Euler Hermes Supervisory Board. The results have been reviewed by the external auditors and the Audit Committee.

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