

6M 2017 Financial Results

Financial Analysts' Call
Thursday, July 27th, 2017



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H1 2017 Operational highlights

New Business H1 2017 reached **€170 million**, above last year's level by €8 million. **Retention** remains **stable at 89%** and volume variations are turning positive. Renewal rate evolution remains slightly negative.

Exposure increases in **low risk markets and sectors**, and the grade mix continues to improve. H1 2017 claims covered amounts are down 10% vs. H1 2016.

Rollout of a new broker portal: developed in close **collaboration with brokers**.

New Product: Launch of “**TRIBRating**” – an SME & MidCap rating service with Moody's.

Agreement signed with **PricewaterhouseCoopers** in March 2017 to reallocate business services within the German export support scheme. Closing date was July 1st.

H1 2017 Financial highlights

Turnover reaches €1,286 million, down 1.1% at constant exchange rates vs. H1 last year.

Net loss ratio all attachment years is 51.8%, down 1.5pts vs. H1 last year. The attritional claims are at a low level after a continuous decrease during 2016.

Net cost ratio at 27.1%, above last year by +0.5 points, mainly due to lagging topline growth and internal investments (digital), where the underlying impacts on revenues and productivity gains are not yet visible.

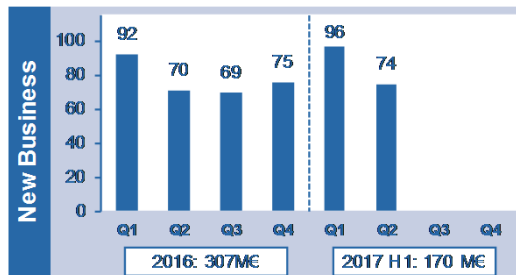
Ordinary operating income of €214 million is up 6.4% year on year due to an improved net loss ratio.

Net income Group Share stands at €164 million, up €16 million(+11.0%) when excluding Bürgel impact⁽¹⁾.

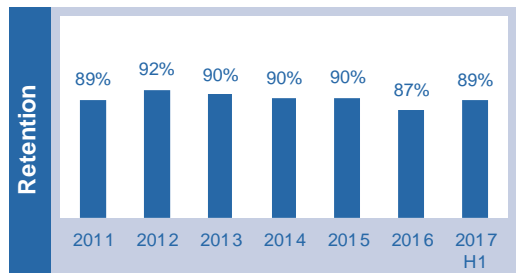
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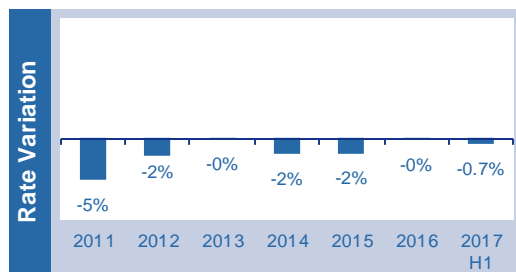
Commercial Overview – H1 2017



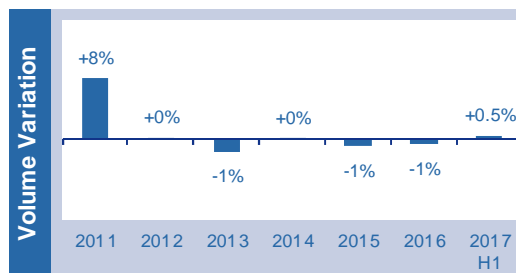
H1 2017 New Business reached €170 million, €8 million above the level of H1 last year. The positive contribution is mainly from the USA, multinational segment and UK, which is offset by Italy and Germany.



At the end of H1 2017, the retention rate stood at 89%, a 2% increase above the level of 2016.



Renewal rate evolution is negative at -0.7%. The positive contribution from the multinational segment, UK and the emerging markets is offset by Italy and Germany.

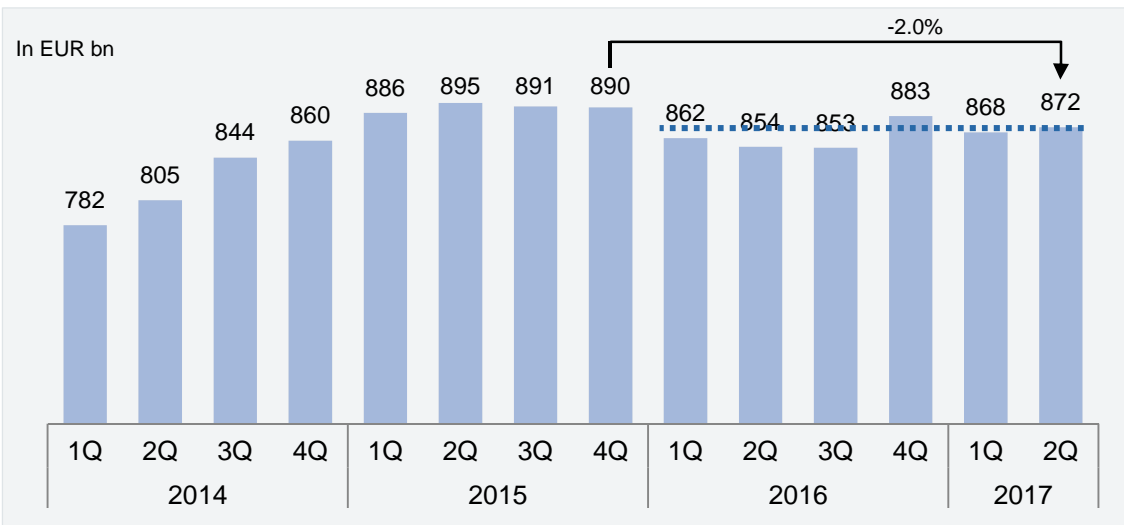


Contribution from customers' insured turnover is positive at +0.5% in total. Positive volume variations are mainly from European countries, which offset the emerging markets and the multinational segment.

Commercial data in this slide is credit insurance only (excluding Bonding, Fidelity & Mid-term) and does not include figures related to non-consolidated entities.

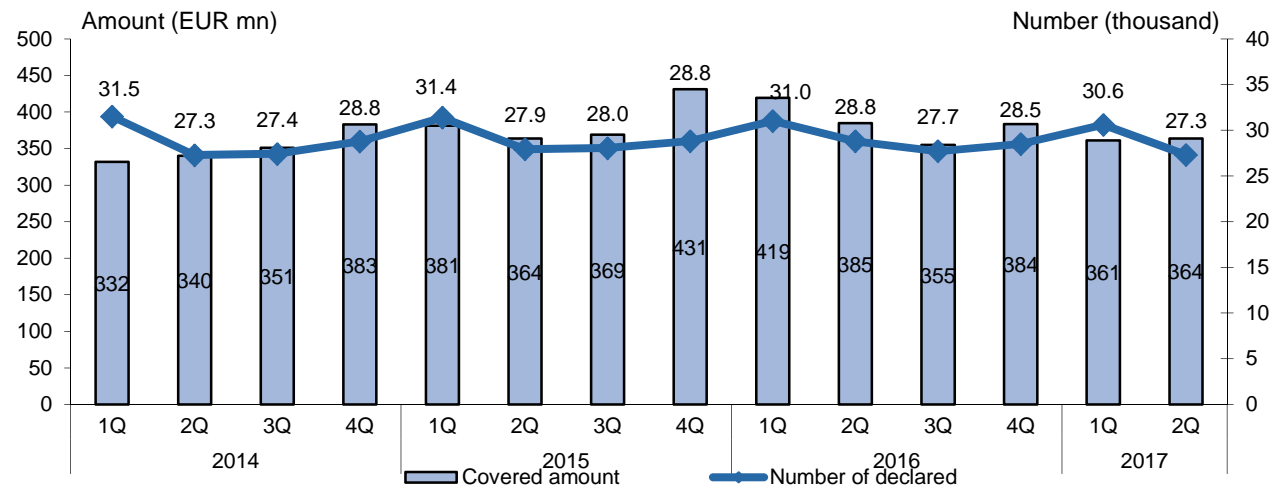
Slight exposure growth in a low claims environment

Exposure slightly increases from Q1 2017



	4Q 2014	4Q 2015	4Q 2016	2Q 2017
Grade weight				
1-5	85.4%	85.8%	86.2%	86.4%
6-10	14.6%	14.2%	13.8%	13.6%

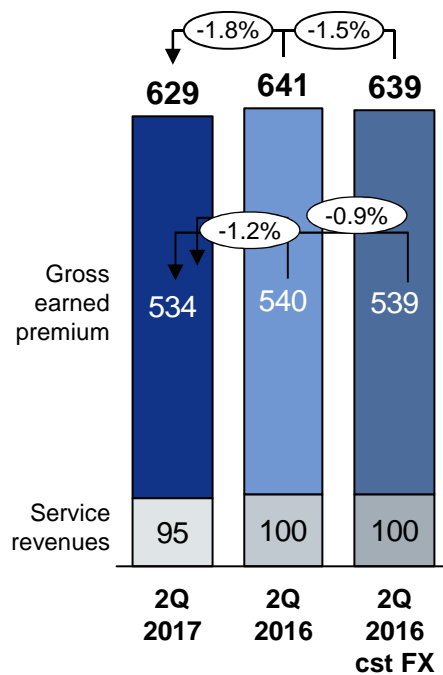
H1 2017 claims covered amounts -10% vs. H1 2016



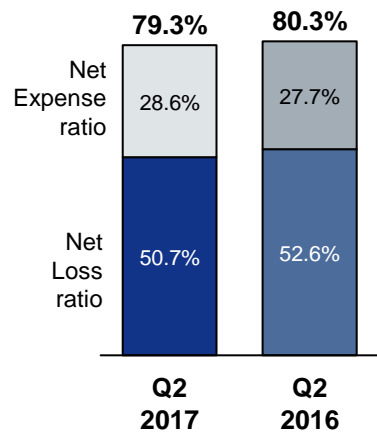
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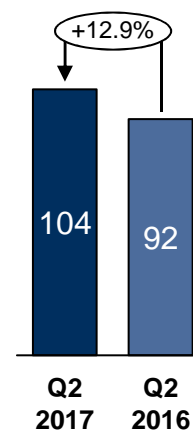
Q2: Operating profit and net income higher than last year due to a lower loss ratio



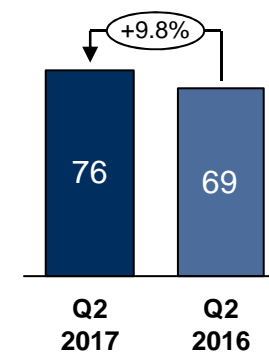
Turnover
(EUR mn)



Net Combined ratio
(in %)



Operating income
(EUR mn)



Net income, Group share
(EUR mn)

Q2: The portfolio clean-up in emerging markets is still impacting growth while service revenues (collections) are under pressure in the low claims environment

EUR mn	Q2 2017	Q2 2016	Δ %	Q2 2016 Pro-forma @Cst Fx ⁽¹⁾	Δ %
DACH	170	173	-1.5%	172	-1.3%
France	103	104	-1.0%	104	-1.3%
Northern Europe	137	132	3.4%	130	4.7%
Med. Countries, Middle East & Africa	80	88	-9.1%	89	-9.7%
Americas	83	82	1.1%	84	-1.3%
Asia Pacific	34	36	-6.1%	38	-9.6%
<i>Inward from non-consolidated OEs & Other⁽²⁾</i>	23	26	-11.5%	22	5.0%
Turnover	629	641	-1.8%	639	-1.5%

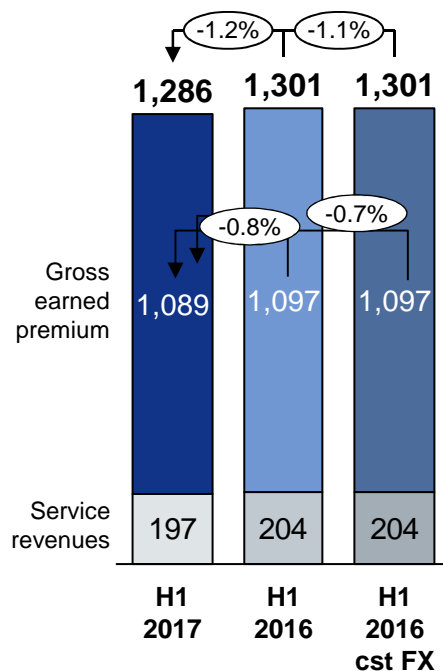
(1) At constant exchange rates and pro-forma: A new collection business model was set up starting January 2017, impacting intragroup flows within regions (no impact at consolidated level)

(2) Corporate entities + inter-region eliminations.

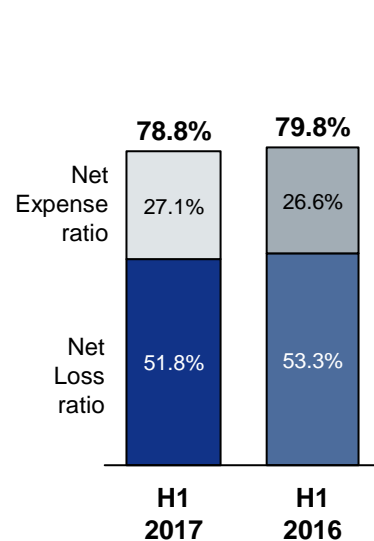
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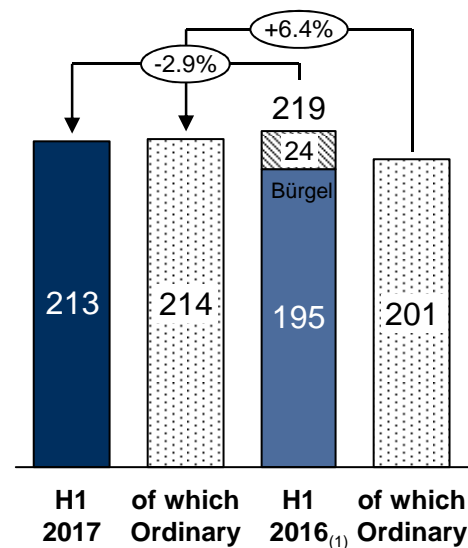
H1: Operating profit and net income higher than last year excluding Bürgel impacts



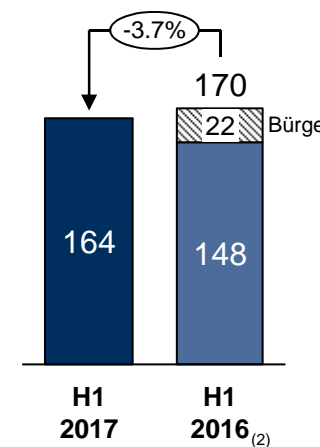
Turnover
(EUR mn)



Net Combined ratio
(in %)



Operating income
(EUR mn)



Net income, Group share
(EUR mn)

H1: Turnover slightly lower than last year. Growth in Northern Europe partly offsets the decline in MMEA and Asia

EUR mn	H1 2017	H1 2016	Δ %	H1 2016 Pro-forma @Cst Fx ⁽¹⁾	Δ %
DACH	347	353	-1.7%	353	-1.6%
France	209	209	0.2%	209	-0.1%
Northern Europe	273	269	1.5%	264	3.5%
Med. Countries, Middle East & Africa	169	178	-5.3%	179	-5.8%
Americas	173	168	3.2%	174	-0.6%
Asia Pacific	69	75	-7.7%	78	-10.8%
<i>Inward from non-consolidated OEs & Other⁽²⁾</i>	45	49	-8.0%	43	4.1%
Turnover	1,286	1,301	-1.2%	1,301	-1.1%

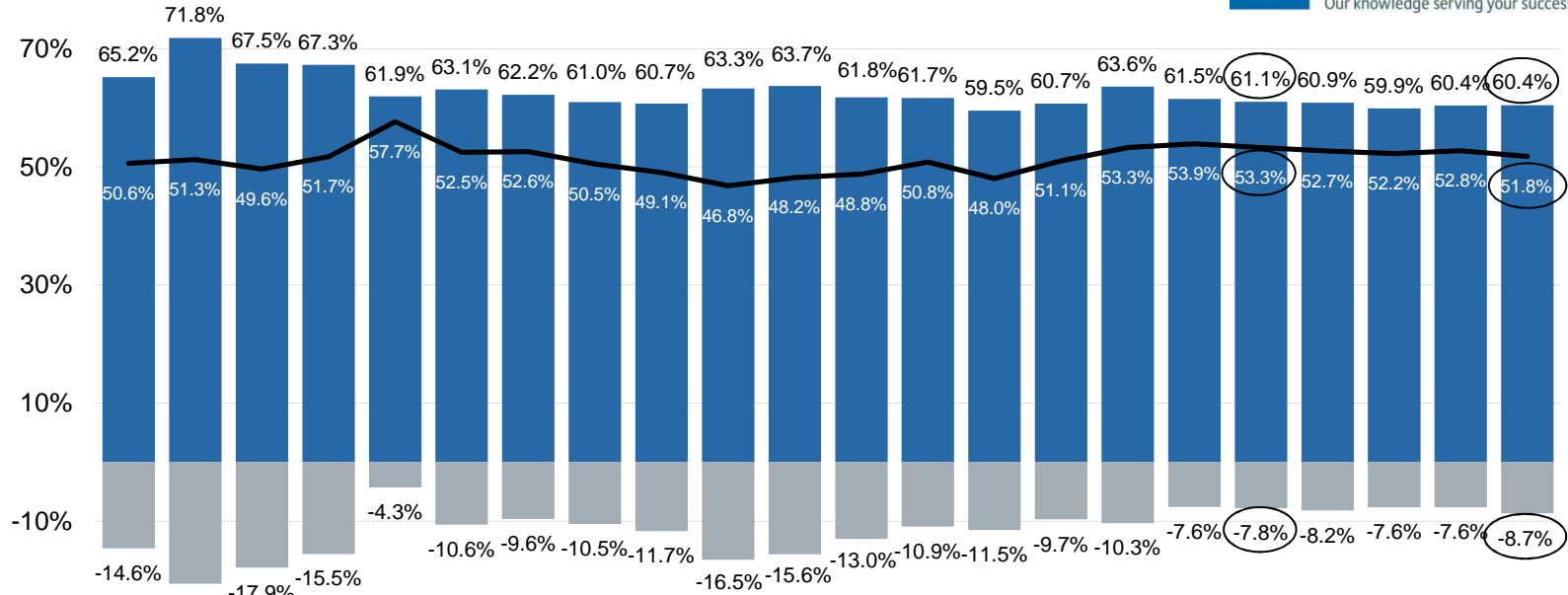
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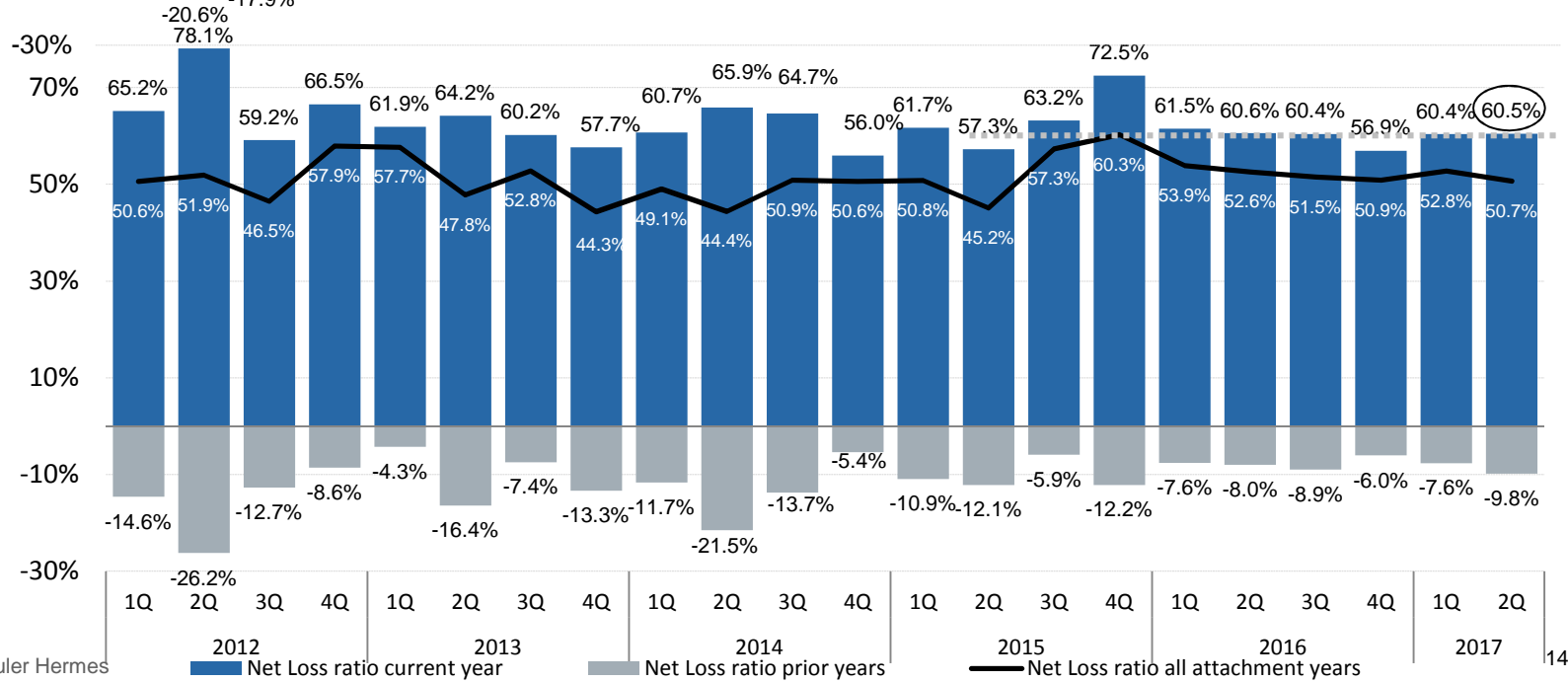
H1 2017 net loss ratio is 1.5 points lower than last year



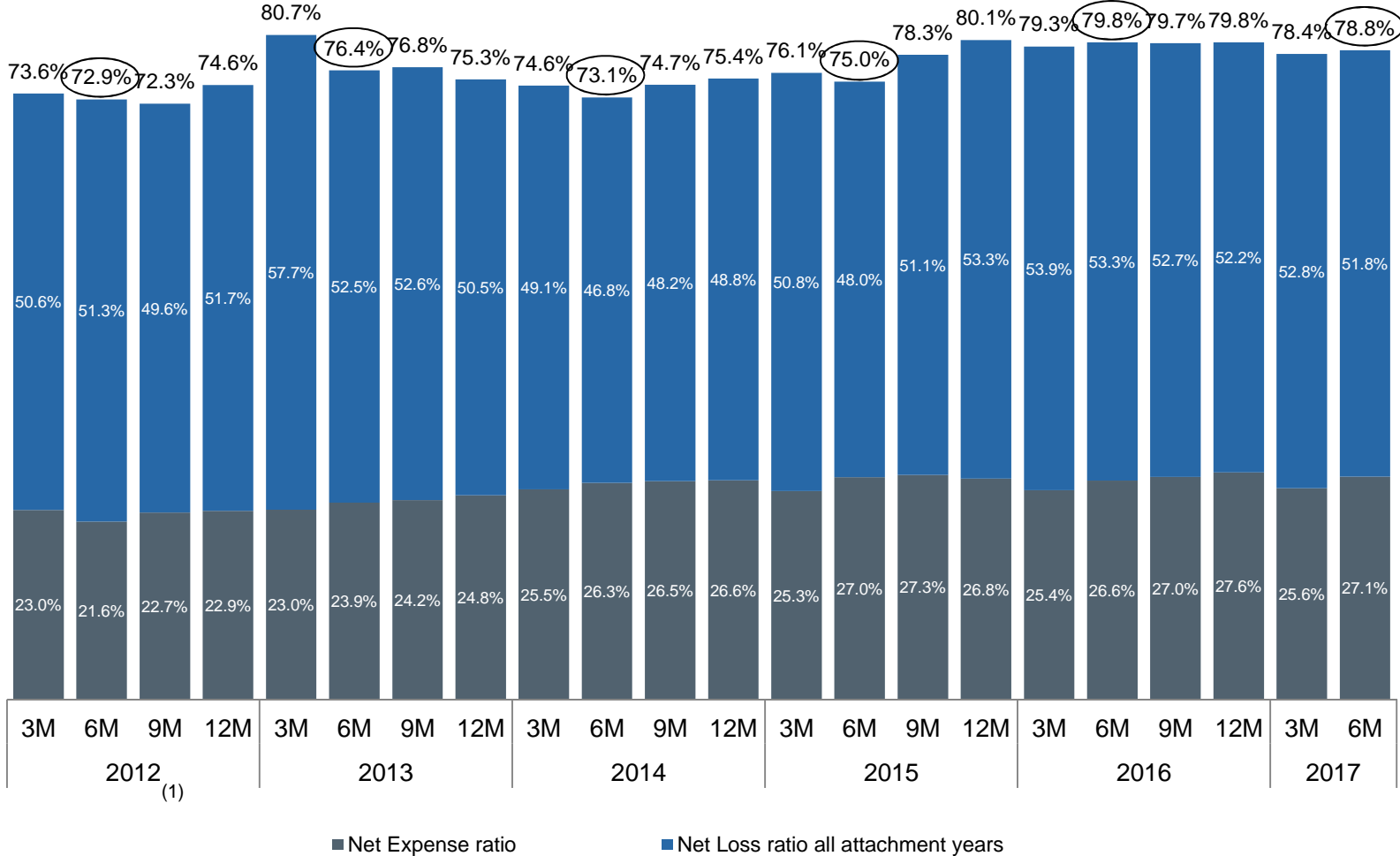
YTD



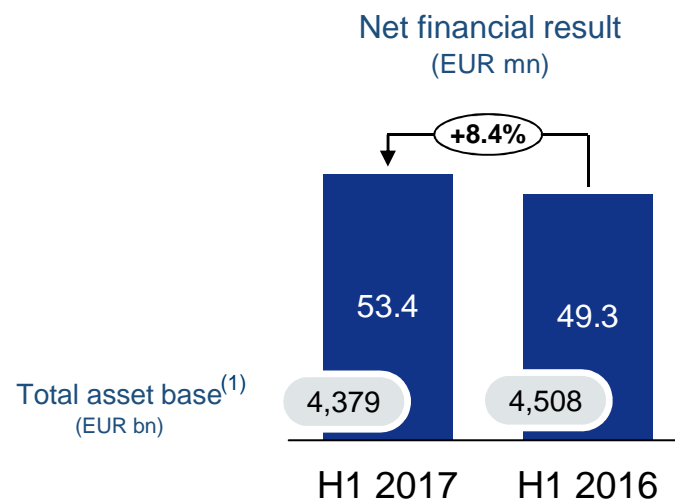
Quarterly



Net combined ratio remains below 80%



Net financial income above last year due to a favorable FX result



Current investment income	38.7	37.7
Investment management charges	-5.5	-5.9
Net change in foreign currency	2.7	-3.5
Net gain (loss) on sales of investments less impairment and depreciation write-backs	17.6	21.1
Net financial result before financing expense and before 'at equity' result⁽²⁾	53.4	49.3

(1) Market value

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

Net income at €164 million, up €16 million (+11%) when excluding Bürgel impact⁽¹⁾

EUR mn	H1 2017	H1 2016	Δ
Net technical result	161	152	9
Financial income net of expenses	53	49	4
Ordinary operating Income	214	201	13
Other non ordinary operating income and expense ⁽²⁾	-1	18	-19
Operating income	213	219	-6
Financing expenses	-3	-3	-1
Income from non-consolidated companies	7	8	-1
Profit before tax	216	225	-8
Corporation tax	-51	-55	3
Minority interest	-1	0	-1
Net income (Group share)	164	170	-6
Tax rate	23.7%	24.3%	

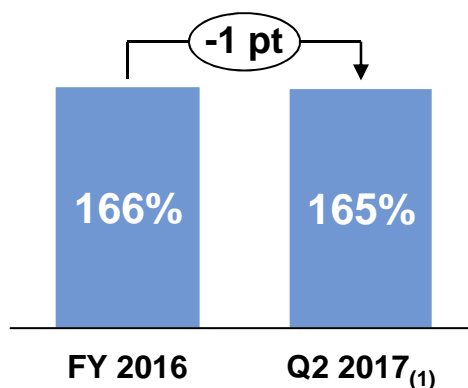
(1) Bürgel impacts net income by 22.4m€ of realized gain net of tax from the sales of the Bürgel entities.

(2) In 2016, other non ordinary operating income and expense included 24.3m€ gains (before tax) from the sale of Bürgel, and -6.5m€ in restructuring costs.

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Solvency II Regulatory Ratio



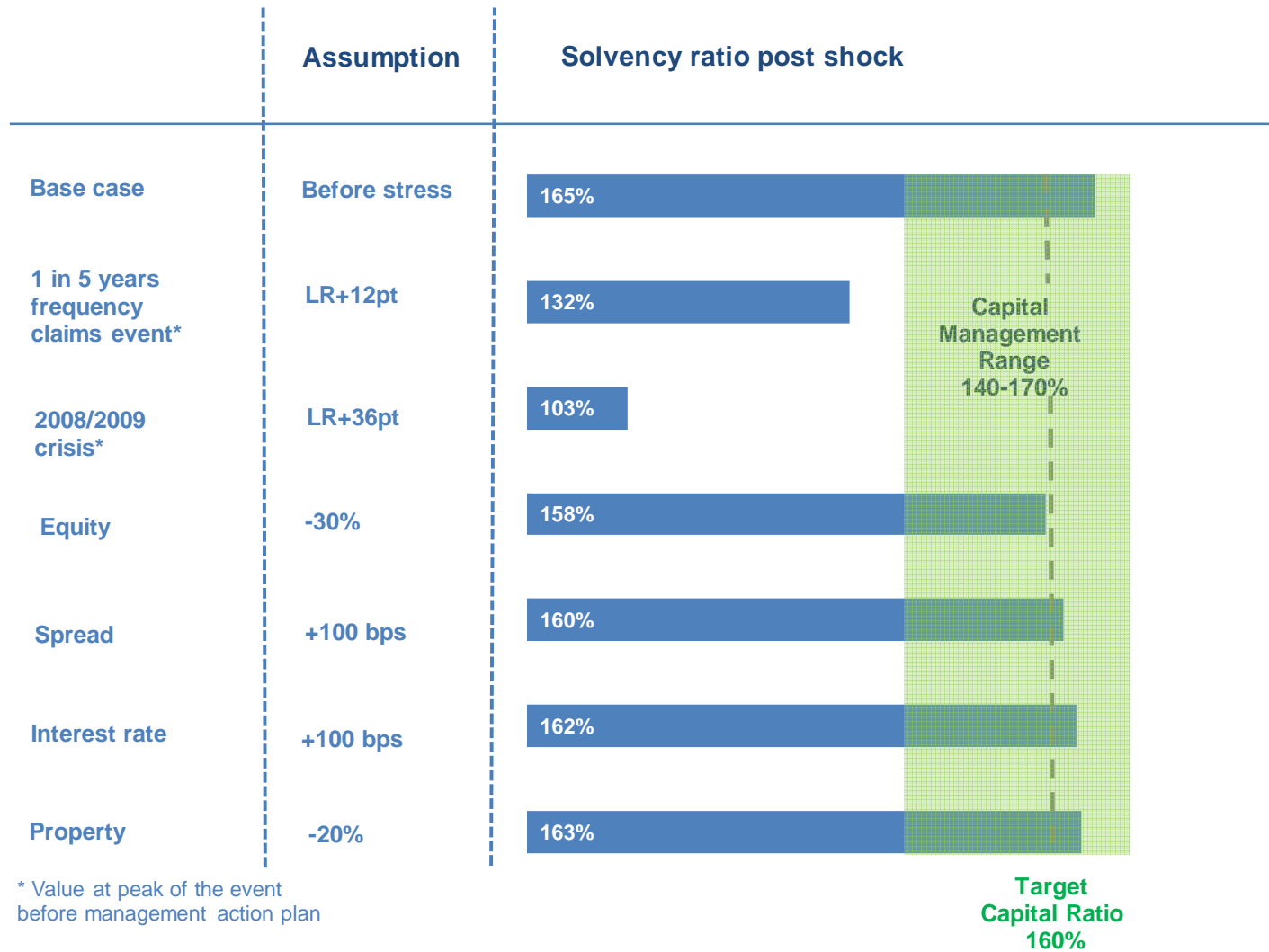
In € mn	FY 2016	Q2 2017 ⁽¹⁾
Shareholder's Equity, Group share	2,622	2,562
Eligible own funds	2,348	2,395
Solvency Capital Requirement	1,414	1,452
Solvency II Economic Ratio	166%	165%

- The **Own Funds** increased by €47m during the 1st semester (+2%), mostly due to the **Profit and Other Comprehensive Income of the period** less dividends (+€30.5m) and the **positive impact of the market value revaluation** of certain investments.

- The **Risk Capital** increased by €38m during the 1st semester (+3%), mostly due to the **Credit Risk** (+€33m) resulting mainly from the introduction of prudency buffers in Q1 2017 and to **Model Changes** for Operational Risk.

Stress scenarios

Adequately capitalized even after severe stress tests with low sensitivity to market shocks



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Simplified Group P&L

	H1 2017	H1 2016	2Q 2017	2Q 2016
Gross Earned Premiums	1,089	1,097	534	540
Service revenues	197	204	95	100
Turnover	1,286	1,301	629	641
Gross claims CY	-614	-625	-299	-309
Run off	97	72	42	30
Claims costs	-518	-553	-257	-280
Gross technical expenses	-530	-528	-267	-265
Gross technical result	238	220	105	96
Outward result	-74	-63	-27	-20
Non technical expenses	-4	-5	-1	-2
Technical result	161	152	76	74
Net investment income	53	49	28	24
Other non ordinary operating income & expenses	-1	18	-1	-6
Operating income	213	219	104	92
Financing expenses	-3	-3	-2	-1
Share of income from companies accounted at the equity method	7	8	3	6
Total profit before tax	216	225	105	96
Income taxes	-51	-55	-28	-27
Total profit after tax (at 100%)	165	170	76	69
Minority interests	-1	0	-1	0
Total profit after tax HB3	164	170	76	69

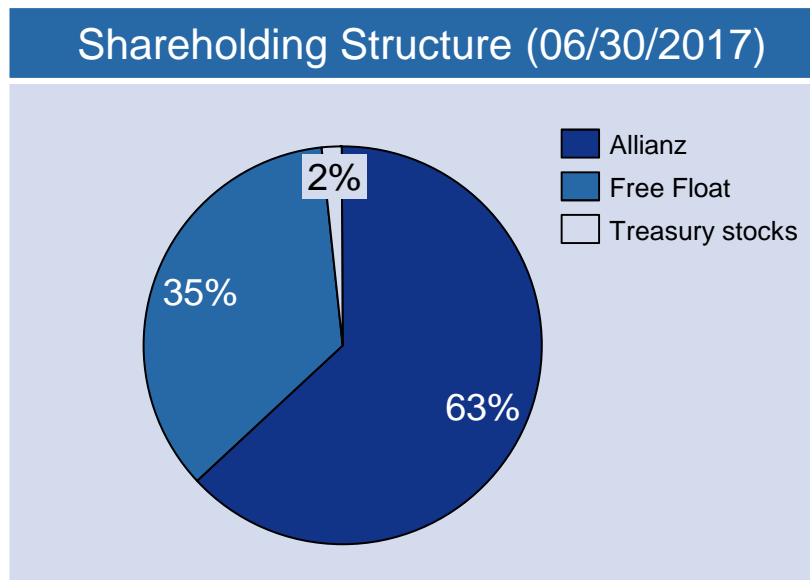
Investor Relations

Next Events	Dates
3Q 2017 Earnings (webcast)	November 7 th 2017

Stock Market Data	As of 06/30/2017
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	42,641,635
Market cap. (€ mn)	4,435

Investor Relations Contact

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Glossary

- **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
- **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

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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