

Paris – 7 November 2017

Euler Hermes 2017 nine-months results: turnover growth returns, solid net result

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- **Q3 revenues up 3.2%** vs Q3 2016, YTD revenues up 0.3% at €1,929 million
 - **Improved YTD net combined ratio** at 78.9%
 - **Ordinary operating income 9M** at €312.3 million, **up 6.3%** against last year
 - **Net income 9M** at €228.1 million, **up 0.9%**
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This third quarter confirms an improving trend on the turnover, with short term credit insurance back to growth in most European countries and the specialty line which develops nicely. The Group is confident in its commercial outlook, especially in the US where we recently received the T-listing approval that will enable us to launch bonding, and in Europe where we are piloting new online products that are key to our future success. Our risk monitoring allows us to support these developments while maintaining a net loss ratio below 52%. At the same time, the Group is stepping up the pace of its digital transformation. The efficiency plans we implemented last year are starting to bear fruit. As a result, net combined ratio stands at 78.9% at the end of September, which is below last year's level, allowing Euler Hermes to deliver a solid net income.

Wilfried Verstraete, Chairman of the Euler Hermes Board of Management

KEY FIGURES

| P&L information | 30 Sept. 2017 | 30 Sept. 2016 | Variation vs. | |
|--|----------------------|----------------------|----------------------|-------------|
| <i>€ million</i> | | (published) | 30 Sept. 2016 | |
| Earned premiums | 1,628.1 | 1,627.8 | 0.3 | 0.0% |
| Service revenues | 300.7 | 301.7 | -1.0 | -0.3% |
| Turnover | 1,928.8 | 1,929.5 | -0.7 | 0.0% |
| Net technical result | 236.7 | 226.6 | 10.1 | 4.5% |
| Net investment income | 75.6 | 67.2 | 8.4 | 12.5% |
| Ordinary operating income | 312.3 | 293.8 | 18.5 | 6.3% |
| Non-ordinary operating income & expenses | -16.8 | -2.3 | -14.5 | Na |
| Operating income | 295.5 | 291.5 | 4.0 | 1.4% |
| Net income, Group share | 228.1 | 225.9 | 2.1 | 0.9% |
| Net claims ratio | 51.8% | 52.7% | -0.9 pt | |
| Net expense ratio | 27.1% | 27.0% | 0.1 pt | |
| Net combined ratio | 78.9% | 79.7% | -0.8 pt | |

| Balance sheet information | 30 Sept. 2017 | 31 Dec. 2016 | Variation vs. | |
|--|----------------------|---------------------|----------------------|--------------|
| <i>€ million</i> | | (published) | 31 Dec. 2016 | |
| Total assets | 6,548.8 | 6,505.9 | 42.9 | 0.7% |
| Shareholders' equity, Group share | 2,618.8 | 2,622.4 | -3.6 | -0.1% |
| Total financial liabilities | 254.5 | 252.2 | 2.3 | 0.9% |

1. Turnover

At €1,929 million at the end of September, turnover is stable compared to published figures last year. At constant scope and constant Fx, topline increased by +0.3%, with earned premiums at +0.6% while service revenues decreased by -1.5%.

| Turnover € million | 30 Sept. 2017 | 30 Sept. 2016 (published) | Variation % | 30 Sept. 2016 (1) | Variation % (1) |
|--|----------------------|-------------------------------------|------------------------------|------------------------------------|----------------------------------|
| Regions | | | | | |
| Germany, Austria, Switzerland (DACH) | 526.1 | 529.4 | -0.6% | 532.4 | -1.2% |
| France | 311.3 | 304.3 | 2.3% | 305.2 | 2.0% |
| Northern Europe | 408.3 | 399.9 | 2.1% | 393.5 | 3.8% |
| Mediterranean Countries, Middle East & Africa | 251.2 | 263.7 | -4.7% | 263.3 | -4.6% |
| Americas | 256.2 | 250.4 | 2.3% | 252.8 | 1.3% |
| Asia Pacific | 105.7 | 109.2 | -3.3% | 109.1 | -3.1% |
| Inward from non-consolidated OEs and other (2) | 70.0 | 72.6 | -3.6% | 67.5 | 3.7% |
| Euler Hermes Group | 1,928.8 | 1,929.5 | 0.0% | 1,923.8 | 0.3% |

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

(1) At constant exchange rates and proforma: ECA business acquired from PwC is included starting July 2017, and a new collection business model was set up starting January 2017, impacting intragroup flows within regions (no impact at consolidated level). 2016 has been restated accordingly.

(2) Corporate entities + inter-region eliminations

Stronger commercial performance observed from Q2 continues in this third quarter: Europe is recovering progressively (+0.6% compared to last year at constant scope and Fx), especially in France and Northern Europe, and Italy which posted disappointing topline in the first semester is getting back on track. Premium evolution in Asia and Gulf countries remains negative as a result of the more restrictive underwriting stance.

Service revenues are positively driven by the inclusion, for the first time in Q3, of the additional revenues of the German ECA business acquired from PricewaterhouseCoopers. At constant scope and constant Fx, service revenues are down -1.5% compared to last year, mostly due to the lack of collection revenues, natural consequence of the low claims environment.

2. Operating income

The net combined ratio is at 78.9%, down 0.8pt compared to last year, driven by an improved net loss ratio.

The net loss ratio as per end of September stands at 51.8% all attachments years, down by 0.9pt compared to last year: attritional claims remain low in mature markets and claims ratios improved in most of emerging markets.

The net expense ratio is at 27.1%, stable compared to last year. Restructuring plans implemented last year in Germany, France and Corporate entities are starting to deliver the expected savings, which allows to further invest in digital initiatives and specialty lines.

Net investment income is €75.6 million, up €8.4 million compared to September last year, driven by a positive foreign exchange contribution.

As a result, the ordinary operating income amounts to €312.3 million, up +6.3% versus last year.

Productivity initiatives are on-going. The focus has been put on the centralization of non-client facing activities (project Alchemy in Northern Europe) and of accounting processes (One Finance) into existing shared service centers. For these two initiatives, a restructuring cost of €15 million has been accounted for at end of September 2017.

Including non-ordinary items, total operating income is €295.5 million, above last year which amounted to €291.5 million.

3. Net income

Net income stands at €228.1 million, up +0.9% compared to last year.

4. Subsequent events

On October 6, 2017, the French constitutional court ("Conseil Constitutionnel") ruled the 3% taxation on paid dividends unconstitutional, which will entail a tax reimbursement by the French State to the companies affected. It is certain at this stage that compensating measures will be introduced by the Government in order to keep the national budget under control. In view of the uncertainties surrounding the matter, no impact has been recognized in the financial statements as at September 30, 2017. Potential impact to be accounted for in Q4 is expected to increase the net income 2017 by minimum 5%.

5. Solvency II Capitalization

The published Solvency II economic ratio for Euler Hermes Group was 165% at end of June 2017. The Group will communicate its solvency position at year end with the 2017 full year results.

Results for the first nine months of 2017

| P&L | 3Q 2017 | 2Q 2017 | 1Q 2017 | 4Q 2016 | 3Q 2016 | 2Q 2016 | 1Q 2016 | Variation vs. | |
|--|----------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------------|--------------|
| € million | | | | | <i>Published data</i> | | | 3Q 2016 | |
| Earned premiums | 539.3 | 533.9 | 554.8 | 542.4 | 530.7 | 540.4 | 556.7 | 8.6 | 1.6% |
| Service revenues | 103.5 | 95.4 | 101.8 | 98.0 | 97.7 | 100.4 | 103.6 | 5.8 | 5.9% |
| Turnover | 642.8 | 629.4 | 656.6 | 640.4 | 628.5 | 640.8 | 660.3 | 14.3 | 2.3% |
| Net technical result | 76.0 | 76.5 | 84.2 | 74.9 | 74.6 | 73.9 | 78.1 | 1.4 | 1.9% |
| Net investment income | 22.2 | 28.4 | 25.0 | 8.1 | 17.9 | 23.6 | 25.7 | 4.3 | 24.0% |
| Ordinary operating income | 98.2 | 104.9 | 109.2 | 83.0 | 92.5 | 97.5 | 103.8 | 5.7 | 6.2% |
| Non-ordinary operating income & expenses | -15.4 | -1.1 | -0.3 | -1.2 | -20.1 | -5.5 | 23.3 | 4.7 | -23.3% |
| Operating income | 82.8 | 103.8 | 108.9 | 81.8 | 72.4 | 92.0 | 127.2 | 10.4 | 14.3% |
| Net income, Group share | 64.3 | 75.6 | 88.2 | 61.0 | 55.9 | 68.8 | 101.2 | 8.4 | 15.0% |
| Net claims ratio | 51.9% | 50.7% | 52.8% | 50.9% | 51.5% | 52.6% | 53.9% | 0.4 | pt |
| Net expense ratio | 27.2% | 28.6% | 25.6% | 29.3% | 28.0% | 27.7% | 25.4% | -0.8 | pt |
| Net combined ratio | 79.1% | 79.3% | 78.4% | 80.1% | 79.5% | 80.3% | 79.3% | -0.4 | pt |

Outlook

The world's economic growth is accelerating therefore we are revising upwards our 2017 global growth forecast to +3.0%.

In this improved context, Euler Hermes has posted strong Q3 revenues, at +3.2% against the same quarter last year, driving turnover growth year on year to +0.3% at constant scope and exchange rates. We believe the recovery of short term credit insurance and the strong developments of our specialty lines are likely to continue in the months to come, enabling the company to post growing revenues over 2017 and 2018.

On the claims side, the observed trend is being confirmed quarter after quarter as claim frequency is decreasing in all regions. Consequently, the 2017 target of a combined ratio below 80% should be achieved.

Euler Hermes has engaged in various efficiency initiatives. Besides plans unveiled last year and currently being implemented, the company is now focusing on expanding the scope of existing shared service centers and centralizing financial processes. This cost reduction effort will allow Euler Hermes to further invest in the digital transformation of the company.

Glossary

Expense Ratio or Cost Ratio: contract acquisition expenses, administration expenses and service margin as a proportion of earned premiums. The service margin corresponds to service revenues less other ordinary operating income and expenses. It can be in “gross terms” i.e. before reinsurance, or “net terms” which includes the reinsurance commission.

Claims Ratio: claims costs from all attachment years as a proportion of earned premiums. It can be in “gross terms” i.e. before reinsurance, or “net terms” which includes the part ceded to the reinsurers.

Combined Ratio: sum of the expense ratio and the claims ratio.

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

The financial documentation section includes the press release, the condensed consolidated financial statements and the presentation of the half-year results to analysts.

On Tuesday, November 7th, 2017, 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 September 30th, 2017 to the Euler Hermes Supervisory Board. The results have been reviewed by the Audit Committee.

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Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 5,800+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor's. The company posted a consolidated turnover of €2.6 billion in 2016 and insured global business transactions for €883 billion in exposure at the end of 2016. Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

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