

## Euler Hermes 2016 first quarter results: holding course on profitability

PARIS – 29 APRIL 2016

- Revenues at €660 million, up 0.7% at constant exchange rates and constant scope
- Sale of the Euler Hermes stake in Bürgel, a German information company, generating a gain before tax of €24.3 million
- Operating income at €127 million, up 5%
- Net income at €101 million, up 16%

“The risk of non-payment remains a cause for understandable concern and there is no reason why that concern should recede anytime soon,” said Wilfried Verstraete, chairman of the Euler Hermes board of management. “The good news is that this is precisely what we are good at: helping our clients triage between good and bad risk. We will continue to adjust our underwriting stance to reflect the subdued economic environment. Targeting profitable growth enables us to invest further in our clients and in promising digitalization initiatives.”

### A. Key figures\*

P&L € million	31 March 2016	31 March 2015 <i>(published)</i>	Variation vs. 31 March 2015	
Earned premiums	556.7	564.3	-7.6	-1.4%
Service revenues	103.6	106.0	-2.4	-2.3%
<b>Turnover</b>	<b>660.3</b>	<b>670.3</b>	-10.0	-1.5%
Net technical result	78.1	93.8	-15.7	-16.7%
Net investment income	25.7	28.4	-2.7	-9.4%
<b>Ordinary operating income</b>	<b>103.8</b>	<b>122.2</b>	-18.4	-15.1%
Non-ordinary operating income & expense	23.3	-1.2	24.5	
<b>Operating income</b>	<b>127.2</b>	<b>121.1</b>	6.1	5.0%
<b>Net income, Group share</b>	<b>101.2</b>	<b>87.1</b>	14.1	16.2%
Net claims ratio	53.9%	50.8%	3.1 pt.	
Net expense ratio	25.4%	25.3%	0.1 pt	
Net combined ratio	79.3%	76.1%	3.2 pt.	

Balance sheet information € million	31 March 2016	31 December 2015	Variation vs. 31 December 2015	
Total assets	6,751.7	6,596.6	155.1	2.4%
Shareholders' equity, Group share	2,784.3	2,715.4	68.9	2.5%
Total financial liabilities	253.5	252.2	1.3	0.5%

*\*not audited*

Shareholders' equity, Group share increased by €68.9 million in Q1 2016, mainly driven by the €101.2 million positive net income generated in the quarter.

## B. Turnover

At €660 million at end of March, turnover was down 1.5% compared to 2015 Q1 published figures. The sale of Bürgel in February 2016, retroactive to January 1st, accounts for most of the decrease (€9.6 million service revenues); foreign exchange also contributed negatively. At constant scope and constant FX, topline increased by 0.7% compared to Q1 last year.

<i>Turnover</i> € million	<b>31 march</b> <b>2016</b>	<b>31 march</b> <b>2015</b> <i>(published)</i>	<i>Variation %</i>	<b>31 march</b> <b>2015</b> <i>(1)</i>	<i>Variation %</i> <i>(1)</i>
<b>Regions</b>					
Germany, Austria, Switzerland (DACH)	180.6	189.3	-4.6%	181.3	-0.4%
France	104.7	102.9	1.7%	102.9	1.7%
Northern Europe	137.1	142.6	-3.9%	142.3	-3.7%
Mediterranean Countries, Middle East & Africa	90.2	87.6	3.0%	87.4	3.2%
Americas	85.3	81.9	4.2%	83.1	2.6%
Asia-Pacific	38.8	35.2	10.0%	34.7	11.8%
Inward from non-consolidated OE's and other <sup>(2)</sup>	23.5	30.7	-23.5%	23.6	-0.4%
<b>Euler Hermes Group</b>	<b>660.3</b>	<b>670.3</b>	<b>-1.5%</b>	<b>655.4</b>	<b>0.7%</b>

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

(1) At constant exchange rates and constant scope. For comparison purposes, published 2015 data has been restated to take into account the following changes in scope: a) starting January 2016, Collection entities are included in the regions to foster business synergies; b) the Bürgel entities in Germany have been sold with retroactive impact to January 2016.

(2) Corporate entities + inter-region eliminations

At constant scope and FX, premium decreased by 0.6% while service revenues remained dynamic (+8.8%).

Northern Europe posted negative turnover growth while DACH almost stabilized and France turned positive. The U.S., Asia and World Agency growth rates abated consecutively to the risk and commercial action plans implemented in these areas. Europe continued to suffer from pressure on rates.

## C. Operating income

Operating income was solid at €127.2 million, up 5.0% year-on-year. It includes a €24.3 million realized gain before tax on the sale of the Bürgel entities on February 26, 2016.

The net claims ratio reached 53.9%, up 3.1 points compared to the same period last year, essentially due to the situation in emerging markets. However it was lower than the claims ratio of Q3 and Q4 2015.

The net expense ratio stood at 25.4%, on par with last year (25.3%).

Net investment income reached €25.7 million in the first quarter of 2016 compared to €28.4 million for the same period in 2015. The financial income was negatively impacted by a loss in foreign exchange result, partly compensated by higher realised gains on the portfolio.

## D. Investment portfolio

At the end of March 2016, the market value of the Group's investment portfolio had increased by €141 million to €4,759 million versus year-end 2015, driven mostly by positive operating cash flows.



## E. Net income

Net income stood at €101.2 million, an increase of 16.2% compared to the first quarter of 2015. The increase is mostly due to the realized gain from the sale of Bürgel and a one-off gain in income tax.

## F. Outlook

In turbulent markets, Euler Hermes took a series of necessary actions to protect profitability: reduction of exposure and rate increases to reflect higher risks. Six months on, positive results are visible. We will continue to monitor old and new hot spots and adjust our commercial ambition and risk underwriting accordingly to deliver strong profitability in each and every market.

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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 consolidated financial statements and the presentation of the quarterly results to analysts.

On Friday, 29 April 2016, 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 quarterly results as of 31 March 2016 to the Euler Hermes Supervisory Board. The results have been reviewed by the Audit Committee.

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Further information: [www.eulerhermes.com](http://www.eulerhermes.com), [LinkedIn](#) or Twitter [@eulerhermes](#).

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