

## Euler Hermes 2015 first quarter results: A solid start to 2015

### PARIS – 28 APRIL 2015

- Revenues at €670 million, up 5.1% over Q1 2014 at actual exchange rates (+1.4% at constant exchange rates)
- Operating income at €121 million, up 4.1%
- Net income at €87 million, up 5.3%

“Euler Hermes begins the year on a positive note, with growth increasing over the last quarter of 2014 fueled by a record level of new production and the strengthening of non-euro currencies,” said Wilfried Verstraete, chairman of the Euler Hermes board of management. “Because the claims ratio remained healthy, operating income and net income grew in line with turnover. Despite the softening market, our range of geographic, products and distribution initiatives enabled us to capture profitable growth”.

#### A. Key figures\*

P&L € million	31 March 2015	31 March 2014	Variation vs. 31 March 2014	
Earned premiums	564.3	534.7	29.6	5.5%
Service revenues	106.0	102.8	3.2	3.1%
<b>Turnover</b>	<b>670.3</b>	<b>637.5</b>	32.8	5.1%
Net technical result	93.8	93.9	-0,1	-0.1%
Net investment income	28.4	23.4	5,0	21.3%
<b>Ordinary operating income</b>	<b>122.2</b>	<b>117.3</b>	4.9	4.2%
Non-ordinary operating income & expense	-1.2	-1.1	-0.1	9.8%
<b>Operating income</b>	<b>121.1</b>	<b>116.3</b>	4.8	4.1%
<b>Net income, Group share</b>	<b>87.1</b>	<b>82.7</b>	4.4	5.3%
Net claims ratio	50.8%	49.1%	1.7 pts	
Net expense ratio	25.3%	25.5%	-0.2 pt	
Net combined ratio	76.1%	74.6%	1.5 pts	

Balance sheet information € million	31 March 2015	31 December 2014	Variation vs. 31 December 2014	
Total assets	6,794.3	6,359.7	434.6	6.8%
Shareholders' equity, Group share	2,759.5	2,580.5	179.0	6.9%
Total financial liabilities	284.6	284.2	0.5	0.2%

\*not audited

Shareholders' equity, Group share increased by €179.0 million in Q1 2015, mainly driven by the €87.1 million positive net income generated in the quarter and the positive impact of translation differences for €56.8 million.

## B. Turnover

Revenues grew by 5.1% and by 1.4% at constant FX rate versus the first quarter of 2014, an improvement from last quarter's growth.

<i>Turnover</i> € million	<b>31 march</b> <b>2015</b>	<b>31 march</b> <b>2014</b> <i>(published)</i>	<i>Variation %</i>	<b>31 march</b> <b>2014</b> <i>(1)</i>	<i>Variation %</i> <i>(1)</i>
<b>Regions</b>					
Germany, Austria, Switzerland	189.3	196.2	-3.5%	197.8	-4.3%
France	102.9	102.5	0.4%	102.5	0.4%
Northern Europe	142.6	141.1	1.1%	145.5	-2.0%
Mediterranean Countries, Middle East & Africa	87.6	79.2	10.6%	79.8	9.7%
Americas	81.9	63.1	29.8%	75.1	9.0%
Asia-Pacific	35.2	25.7	37.6%	29.6	19.1%
Inward from non-consolidated OE's and other <sup>(2)</sup>	30.7	29.9	2.7%	30.7	0.3%
<b>Euler Hermes Group</b>	<b>670.3</b>	<b>637.5</b>	<b>5.1%</b>	<b>661.0</b>	<b>1.4%</b>

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

(1) At constant exchange rates

(2) Corporate entities + inter-region eliminations

Growth markets - the Americas, Asia, and the Middle East - remain dynamic and drove most of the Group's growth. Asia revenues increased by 19.1% driven by almost all markets in which the Group is present; the Americas continued to grow at 9.0%.

Traditional European markets continue to be under pressure, with timid new production and decreasing rates in France and Germany and slowing momentum in Eastern Europe.

New production overall, however, hit an all-time record this quarter, which enabled posting 1.7% premium growth (at constant exchange rates) and 5.5% at actual rates.

## C. Operating income

Operating income is solid at €121.1 million, up 4.1% year-on-year.

The net claims ratio remains at a healthy level of 50.8%, up 1.7 points compared to Q1 2014 but in line with the fourth quarter of 2014 (50.6%).

In gross terms, before reinsurance, the claims ratio improved compared to March 2014 by 2.5 points. This improvement is not reflected in net terms as proportionally fewer claims were ceded to the reinsurers in Q1 2015 due to a change in the mix of claims by line of business and attachment year versus Q1 2014.

The net expense ratio stood at 25.3%, -0.2 point compared to Q1 2014 but -1.3 points compared to the full 2014, mostly driven by an improvement of the reinsurance commissions.

Net investment income reached €28.4 million in the first quarter of 2015 versus €23.4 million in the first quarter of 2014. The rise is essentially linked to positive foreign exchange result this year.

At the end of March 2015, operating income reached €121.1 million, €4.8 million above last year.

## D. Investment portfolio

At the end of March 2015, the market value of the Group's investment portfolio had increased by €243 million to €4,701 million compared to year-end 2014, driven by positive operating cash flows and a re-evaluation of the bond portfolio.



## E. Net income

Net income stood at €87.1 million, an increase of 5.3% compared to the first quarter of 2014, driven by the improving operating income and a more favorable tax rate.

## F. Outlook

Low interest rates, low oil prices and the weak euro are positive factors for the Eurozone in particular. However the concrete translation in GDP growth and policyholder turnover is not visible yet and should materialize at best in the second semester of 2015.

Strong growth is still to be expected in non-mature markets, coming from increasing awareness of credit insurance and despite the slowdown expected in China, Russia and Brazil.

Insolvencies are expected to decrease globally by 2% in 2015, which will put additional pressure on prices. In this context, we will manage our risk underwriting stance to preserve the risk/price adequacy in both mature and non-mature markets.

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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 Tuesday, 28 April 2015, 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 2015 to the Euler Hermes Supervisory Board. The results have been reviewed by the Audit Committee.



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