

Paris – 9 February 2018

Euler Hermes 2017 full year results: Stable ordinary operating income, +10% net result

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- **YTD revenues at 2,567 million**, up 0.4% at constant exchange rates and scope
 - **Net combined ratio** at 80.5%
 - **Stable ordinary operating income** at €376.1 million
 - **Net income** at €315.4 million, **up 10%**.
 - **Solid solvency ratio** at 166%
 - **Allianz simplified tender offer** on Euler Hermes shares **open until February 13**
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“With a 10% growth in net result, 2017 was another year of strong performance for Euler Hermes”, said Wilfried Verstraete, chairman of the Euler Hermes board of management. “This fourth quarter confirmed premiums are back to growth in most countries. The pricing environment remains competitive, but the efforts done by our commercial teams and the various initiatives launched to better serve our customers are bearing fruits. Attritional claims remain low, which proves the robustness of our business model and the efficiency of our risk monitoring. This low level has enabled us to absorb reserves for potential large claims. On the operational side, investments in digital, processes transformation and robotization are continuing. They are key building blocks in our growth strategy and in our focus on improving the customer experience. Our main shareholder, Allianz SE announced on November 27, 2017 their decision to make a simplified cash tender offer on the Euler Hermes share capital it does not yet own. The offer period ends February 13, 2018. I do believe it is a very positive recognition of the hard work and strong results all of us have contributed to achieve and which we will continue to deliver.”

KEY FIGURES

P&L information	31 Dec. 2017	31 Dec. 2016	Variation vs.	
<i>€ million</i>		(published)	31 Dec. 2016	
Earned premiums	2,165.1	2,170.2	-5.1	-0.2%
Service revenues	401.8	399.7	2.1	0.5%
Turnover	2,566.9	2,569.9	-3.0	-0.1%
Net technical result	288.7	301.5	-12.8	-4.2%
Net investment income	87.4	75.3	12.1	16.0%
Ordinary operating income	376.1	376.8	-0.7	-0.2%
Non-ordinary operating income & expenses	-16.6	-3.5	-13.1	na
Operating income	359.5	373.3	-13.8	-3.7%
Net income, Group share	315.4	287.0	28.5	9.9%
Net claims ratio	52.6%	52.2%	0.4 pt	
Net expense ratio	27.9%	27.6%	0.3 pt	
Net combined ratio	80.5%	79.8%	0.7 pt	

Balance sheet information	31 Dec. 2017	31 Dec. 2016	Variation vs.	
<i>€ million</i>		(published)	31 Dec. 2016	
Total assets	6,663.6	6,505.9	157.7	2.4%
Shareholders' equity, Group share	2,716.2	2,622.4	93.8	3.6%
Total financial liabilities	261.6	252.2	9.3	3.7%

1. Turnover

At €2,567 million at the end of December, turnover is stable compared to last year. At constant scope and Fx, topline increased by +0.4%

Turnover € million	31 Dec. 2017	31 Dec. 2016 (published)	Variation %	31 Dec. 2016 (1)	Variation % (1)
Regions					
Germany, Austria, Switzerland (DACH)	705.2	706.4	-0.2%	712.1	-1.0%
France	416.5	403.8	3.1%	404.8	2.9%
Northern Europe	544.7	528.4	3.1%	522.4	4.3%
Mediterranean Countries, Middle East & Africa	321.9	349.9	-8.0%	348.1	-7.5%
Americas	341.1	335.3	1.7%	330.9	3.1%
Asia Pacific	144.5	148.0	-2.3%	145.5	-0.7%
Inward from non-consolidated OEs and other (2)	93.1	98.0	-5.0%	92.3	0.8%
Euler Hermes Group	2,566.9	2,569.9	-0.1%	2,556.1	0.4%

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

Premiums are up +0.7% at constant FX, driven by satisfying commercial activity. Total new business reached €317 million, retention rate improved by 2 pts and insured volumes are showing positive growth. In terms of geographies, France, Northern Europe and Americas are driving premium growth and Germany is stabilizing while Asia was impacted by high wastage and MMEA by weaker performance.

Service revenues were positively driven by the inclusion of additional revenues of the German export guarantee business acquired from PricewaterhouseCoopers. At constant scope and FX, service revenues are lower than last year mostly due to lower information fees and the decrease of collection revenues, a natural consequence of the low claims environment.

2. Operating income

The net combined ratio increased to 80.5%, up +0.7pt compared to last year.

The net loss ratio stands at 52.6% all attachments years, up 0.4pt as compared to last year. Euler Hermes benefited from low claims frequency but this was overturned by several mid-size claims which accumulated during the year, and by an extra reserving in December to account for a specific potential claim.

The net expense ratio is at 27.9%, slightly above last year (27.6%). Increasing indirect distribution costs and higher IT and digital investments are counter balancing the first savings yielded by our restructuring plans and other efficiency measures launched since last year

Net investment income is €87.4 million, up €12.1 million compared to last year, driven by a positive foreign exchange contribution and higher realized gains. Recurring financial revenues are now stable.

As a result, the ordinary operating income amounts to €376.1 million, stable compared to last year.

Non-ordinary income and expenses include €15 million restructuring costs for additional efficiency initiatives in Northern Europe and across the Group already accounted for in Q3.

Including non-ordinary items, the operating income stands at €359.5 million.

3. Net income and dividend

Net income stands at €315.4 million, up +9.9% compared to last year. It includes an exceptional tax reimbursement from the French government on the 3% taxation on paid dividends which was deemed unconstitutional by the French Constitutional Court (“Conseil Constitutionnel”).

Based on a net result of €7.51 per share, the Euler Hermes Management Board will propose a dividend of €4.85 per share. This corresponds to a payout ratio of 64.6%.

4. Solvency II Capitalization

The published Solvency II economic ratio for Euler Hermes Group is at 166%, the same level as last year.

5. Allianz simplified tender offer

Allianz SE filed with the Autorité des Marchés Financiers (AMF) a simplified cash tender offer for Euler Hermes shares at a price of 122 euros per share, and announced its intention to implement a squeeze-out procedure in the event minority shareholders hold less than 5% of the share capital and voting rights of Euler Hermes upon completion of the offer.

The Supervisory Board of Euler Hermes considered that “the offer is in the interest of the company, of its shareholders to which it offers immediate and full liquidity under favorable price conditions, and its employees”, and accordingly, issued a favorable opinion regarding the offer and recommended to the shareholders of Euler Hermes that they tender their shares into the offer.

The AMF cleared the simplified cash tender offer which started on January 15, 2018 and is open until February 13, 2018 (included).

The results of the offer are expected to be published by the AMF on February 14, 2018.

The offer document approved by the AMF under No. 18-010 and the information relating, in particular, to the legal, financial and accounting characteristics of Allianz SE are available on the websites of the AMF (www.amf-france.org) and Allianz SE (www.allianz.com).

The response offer document approved by the AMF under No. 18-011 and the information relating, in particular, to the legal, financial and accounting characteristics of Euler Hermes are available on the websites of the AMF (www.amf-france.org) and Euler Hermes (www.fr.eulerhermes.com).

Results for 2017 full year results

P&L	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	Variation vs.	
€ million	2017	2017	2017	2017	2016	2016	2016	2016	4Q 2016	
	———— Published data ————									
Earned premiums	537.0	539.3	533.9	554.8	542.4	530.7	540.4	556.7	-5.4	-1.0%
Service revenues	101.1	103.5	95.4	101.8	98.0	97.7	100.4	103.6	3.1	3.2%
Turnover	638.2	642.8	629.4	656.6	640.4	628.5	640.8	660.3	-2.2	-0.3%
Net technical result	52.1	76.0	76.5	84.2	74.9	74.6	73.9	78.1	-22.8	-30.5%
Net investment income	11.8	22.2	28.4	25.0	8.1	17.9	23.6	25.7	3.7	45.1%
Ordinary operating income	63.8	98.2	104.9	109.2	83.0	92.5	97.5	103.8	-19.2	-23.1%
Non-ordinary operating income & expenses	0.2	-15.4	-1.1	-0.3	-1.2	-20.1	-5.5	23.3	1.4	-119.5%
Operating income	64.1	82.8	103.8	108.9	81.8	72.4	92.0	127.2	-17.7	-21.7%
Net income, Group share	87.4	64.3	75.6	88.2	61.0	55.9	68.8	101.2	26.4	43.3%
Net claims ratio	54.9%	51.9%	50.7%	52.8%	50.9%	51.5%	52.6%	53.9%	4.0	pt.
Net expense ratio	30.5%	27.2%	28.6%	25.6%	29.3%	28.0%	27.7%	25.4%	1.2	pt.
Net combined ratio	85.3%	79.1%	79.3%	78.4%	80.1%	79.5%	80.3%	79.3%	5.2	pt.

Outlook

For the first time since 2010, the world economy is outperforming most predictions in every zone of the world, and we expect this trend to continue.

In this favorable context, Euler Hermes revenues are expected to pick up, driven by commercial efforts and diversification in specialty lines. This trend is likely to continue in 2018, in spite of a challenging pricing environment.

The claims environment will also benefit from the return of economic growth, and we expect attritional claims to remain under control. Efficiency measures have been launched, as well as investments in robotisation and process optimization, paving the way for accelerated digital transformation across functions and countries.

The first gains from these joint initiatives will materialize in 2018.

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 Thursday, February 9th, 2018, 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 December 31st, 2017 to the Euler Hermes Supervisory Board. The results have been reviewed by the Audit Committee. The audit procedures for the consolidated accounts have been completed. The audit report will be issued following the completion of the remaining audit procedures.

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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 52 countries with 6,050+ 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 2017 and insured global business transactions for €894 billion in exposure at the end of 2017.

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

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