

Paris, 16 February 2012.

**Euler Hermes' 2011 results**

**Turnover: €2,274.9 million**  
**Net technical result: €358.7 million**  
**Ordinary operating income: €471.7 million**  
**Net income: €330.3 million**

*Euler Hermes achieved excellent results in 2011. Its strong performance enabled the group to provide continuous high levels of trade risk coverage to clients and further enhance its competitive position. Turnover reached the record amount of €2,275 million, up 5.9% compared to 2010. Premiums alone increased by 6.8% thanks to a good insured turnover volume, high retention and dynamic new production.*

*The net combined ratio remained at a low level of 70.0% in 2011. The Group posted a solid operational performance and a €471.7 million ordinary operating income against €471.9 million in 2010. Net income rose by 12.2 % to reach €330.3 million against €294.5 million last year, allowing the Group to propose a dividend of €4.40 per share, up by 10% against last year.*

Wilfried Verstraete, Chairman of the Euler Hermes Board of Management, declared: *“Despite tough times, we delivered on our commitments and posted very solid results again. Our strategy has proven to be the right one. By putting our customers at the centre of our business development, we have focused our efforts on providing them with the best possible risk coverage and have obtained our highest turnover ever.*

*After One Euler Hermes, Excellence and the creation of Euler Hermes Europe as a result of the merger of thirteen European legal entities, our reshaped Group is now in an even stronger position to face further economic challenges and will continue to stay fully engaged with its clients while managing closely its risk.”*

The Group Management Board presented the consolidated results for 2011 to the Euler Hermes Supervisory Board on 16 February 2012. The results have been reviewed by the Audit Committee and audited by the external auditors.

**I. Results at the end of December 2011**

**A. Key figures**

The Euler Hermes Group posted a 6.8% growth in premiums and a combined ratio of 70% for the full year 2011.

The Group achieved a high ordinary operating income at €472 million driven by top line growth, a decreasing net expense ratio and a still low claims ratio.

€ million			Change vs.	
	YTD Dec. 2011	YTD Dec. 2010	YTD Dec. 2010	
Gross written premiums	2,024.9	1,891.3	133.6	7.1%
Gross earned premiums	1,896.1	1,775.2	120.9	6.8%
Service revenues	378.8	372.5	6.2	1.7%
<b>Total turnover</b>	<b>2,274.9</b>	<b>2,147.7</b>	127.2	5.9%
Net technical result	358.7	348.6	10.1	2.9%
Net investment income	113.1	123.2	-10.2	-8.3%
<b>Ordinary operating income</b>	<b>471.7</b>	<b>471.9</b>	-0.1	0.0%
Non-ordinary operating expenses	-8.0	-82.9	74.9	-90.3%
<b>Operating income</b>	<b>463.7</b>	<b>388.9</b>	74.8	19.2%
<b>Net income</b>	<b>330.3</b>	<b>294.5</b>	35.8	12.2%
Net combined ratio	70.0%	68.7%		

## B. Turnover

2011 turnover reached €2,274.9 million, 5.9% above last year and 6.4% at constant exchange rate.

This improvement was driven by record net new production (€90.4 million) with good results both on the new production side (€270 million) and on the retention side (89% retention rate in 2011 vs. 85% in 2010 and 82% in 2009), combined with dynamic insured turnover growth. These positive effects were only partially offset by the rate decreases granted mostly at the beginning of the year (equivalent to less than 5% of the portfolio).

### Breakdown of turnover by region (based on earned premiums)

Turnover	YTD Dec. 2011	YTD Dec. 2010	Variation %	YTD Dec. 2010	Variation %
€ million	(1)	(2)		(3)	
<b>Regions</b>					
Germany	757.3	764.5	-0.9%	760.7	-0.5%
France	411.4	384.2	7.1%	381.3	7.9%
Northern Europe	479.8	454.4	5.6%	459.9	4.3%
Mediterranean Region	271.1	209.2	29.6%	212.0	27.9%
Americas	218.4	209.7	4.2%	198.5	10.0%
Asia Pacific	60.5	59.3	2.0%	59.4	2.0%
EH Reinsurance + others	76.4	66.5	15.0%	66.5	15.0%
<b>Euler Hermes Group</b>	<b>2,274.9</b>	<b>2,147.7</b>	<b>5.9%</b>	<b>2,138.3</b>	<b>6.4%</b>

Group contribution : After inter-region eliminations & intra-region eliminations

(1) Turnover with geographical reclassification (average FX rate December 2011)

(2) Turnover with geographical reclassification (average FX rate December 2010)

(3) Turnover with geographical reclassification at constant exchange rate

Despite the slowdown in the economy in the second half of 2011, the Group experienced good turnover growth in its core European markets, except in Germany where 2010 had been very high due to positive adjustments on insured turnover related to 2009.

The high performance in the Mediterranean region is linked to dynamic insured turnover combined with relatively low rate decreases. In the last three years, growth in the region was achieved at high rates to preserve profitability.

### **C. Ordinary operating income**

Net technical result reached €358.7 million, up €10.1 million against 2010, driven by strong top line growth and a still low combined ratio.

In 2011, covered claims remained for a few months at a very low level, following the trend of 2010 (bottom level was reached in the third quarter of 2010) but converged back to more standard levels at the end of the year. Net claims ratio for the 2011 attachment year reached 62.6% against 59.2% last year, which was one of the lowest points in the company history.

Run-offs from previous attachment years contributed to decrease the total net claims ratio by 17.4 points and the accounting claims ratio 2011 is still low at 45.1% compared to 42.1%.

To cope with the relative increase in claims frequency, the Group maintains an adequate pricing in line with the economic environment and has reinforced its risk governance. Close monitoring and restrictive measures, when necessary, are applied in more fragile countries and sectors.

The net expense ratio improved by 1.7 points from 26.5% to 24.8% between 2010 and 2011 mainly due to higher reinsurance commissions.

As a result, the net combined ratio hardly deteriorated and is still low, at 70.0% in 2011 compared to 68.7% in 2010.

Net investment income reached €113.1 million against €123.2 million in 2010.

Putting aside foreign exchange effects, financial income was steady at €110.5 million, close to the level of last year. The higher current investment income (+€7.7 million) coming from the reinvestment of operational cash flows was balanced by lower realized gains and higher impairment mostly on Greek bonds (for €2.7 million).

The ordinary operating income remained at a very high level of €471.7 million in 2011.

### **D. Investment portfolio**

At end of 2011, the market value of the Group's investment is up €150 million from the end of year 2010, at €3,918 million, mainly due to net cash inflows.

The Group maintained its very conservative financial strategy with limited investments on the stock market and with 89% of its bond investments in AAA/AA rated issuers. Its positioning on quality issuers enabled its bond portfolio to increase in value since the beginning of the year. The exposure to the riskiest European economies is very limited.

### **E. Non ordinary expenses**

For the year 2011, €8.0 million of restructuring charges were booked on the legal restructuring project and on the on-going project Excellence, to be compared with €82.9 million last year mostly linked to Excellence.

### **F. Net result**

Net income reached €330.3 million against €294.4 million in 2010, driven by strong operational performance.

## G. Dividends

On the basis of a net result of €7.54 per share, the Euler Hermes management board will recommend the distribution of a dividend of €4.40 per share which represents a pay-out ratio of 60% and a 10% increase over last year.

## H. Shareholder's equity

At the end of December 2011, consolidated shareholders' equity amounted to €2,296 million compared to €2,148 million at the end of 2010. This increase is mainly driven by the 2011 result net of dividend paid in 2011 (€180.4 million).

## I. Outlook

In 2012, world economy is walking on a tight rope: sovereign debt issues, especially in the Eurozone, reduced public spending, low growth and increased unemployment have a negative impact on private and public consumption and investments. Euler Hermes anticipates a more difficult environment and has drawn up and prepared for possible scenarios.

Still, Euler Hermes expects that the demand for credit insurance will remain strong and anticipates a 3% to 5% premium growth in 2012.

Euler Hermes considers that the actual macroeconomic environment remains volatile, which implies a potential increase in insolvencies in most European markets. However, the Group has used the past years to reprice its commercial portfolio, improve its risk management tools and governance and streamline its organisation with the Excellence programme. This should allow Euler Hermes to mitigate the negative impact of the upcoming economic slowdown and produce solid financial results in 2012.

## II. Results for the fourth quarter of 2011

### Key figures

€ million	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Change vs. Q4 2010	
Gross earned premiums	472.4	485.8	485.4	452.6	469.6	2.7	0.6%
Service revenues	95.9	94.4	97.0	91.5	97.3	-1.4	-1.4%
<b>Total turnover</b>	<b>568.2</b>	<b>580.1</b>	<b>582.4</b>	<b>544.1</b>	<b>566.9</b>	<b>1.3</b>	<b>0.2%</b>
Net technical result	58.2	97.6	132.4	70.5	92.8	-34.6	-37.3%
Net investment income	22.6	22.3	35.2	32.9	20.5	2.1	10.3%
<b>Ordinary operating income</b>	<b>80.8</b>	<b>119.9</b>	<b>167.6</b>	<b>103.4</b>	<b>113.3</b>	<b>-32.5</b>	<b>-28.7%</b>
Non-ordinary operating expenses	3.1	-7.3	-2.6	-1.2	-72.0	75.1	-104.3%
<b>Operating income</b>	<b>83.9</b>	<b>112.6</b>	<b>165.0</b>	<b>102.2</b>	<b>41.2</b>	<b>42.7</b>	<b>103.6%</b>
<b>Net income</b>	<b>54.2</b>	<b>83.5</b>	<b>117.2</b>	<b>75.3</b>	<b>38.6</b>	<b>15.6</b>	<b>40.5%</b>
Net combined ratio	80.4%	67.8%	57.4%	75.0%	68.2%		

All financial information is available on Euler Hermes website  
<http://www.eulerhermes.com/en/finance/finance.html>

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**Euler Hermes** is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated turnover of €2.27 billion in 2011**.

Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40+ million businesses across the globe.

The Group insured worldwide business transactions totaling €702 billion exposure end of December 2011.

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor's.

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## 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.