

Paris, 9 November 2009

Euler Hermes third quarter 2009 results  
**Turnover: €512.7 million**  
**Technical result: -€11.6 million**  
**Operating income: €12.4 million**  
**Net income at breakeven**

*“In spite of the rebound in the world economy during the third quarter of 2009, the crisis is far from over. The shock was indeed of unprecedented force, and companies’ health has been badly affected”, said Wilfried Verstraete, Chairman of the Euler Hermes Group Management Board. “In this still uncertain environment, Euler Hermes has once more posted positive operating results for the third quarter of 2009.”*

The Group Management Board submitted the results for the first quarter of 2009 to the Euler Hermes Supervisory Board on 9 November 2009.

**A. Results for the third quarter of 2009**

The world economy returned to growth in the third quarter of 2009, vis-à-vis the second quarter of 2009. This rebound was due to the de-stocking phenomenon and to the effect of the various stimulus plans. However, in most of the countries the crisis is far from over.

Net income for the third quarter of 2009, at €0.2 million, continued to be penalised by the current economic environment, while nonetheless showing an improvement compared with the €15.8 million loss recorded in the second quarter.

**B. Key figures – Third quarter 2009 (unaudited)**

€ millions	Q3 2009	Q3 2008	Change	Change(%)
Premiums	414.5	443.8	-29.3	-6.6%
Service revenues	98.2	96.5	1.7	1.8%
<b>Total turnover</b>	<b>512.7</b>	<b>540.3</b>	<b>-27.6</b>	<b>-5.1%</b>
Net technical result	-11.6	23.3	-34.8	-149.6%
Net investment income	24.0	23.4	0.6	2.5%
<b>Operating income</b>	<b>12.4</b>	<b>46.7</b>	<b>-34.3</b>	<b>-73.4%</b>
<b>Net income</b>	<b>0.2</b>	<b>30.0</b>	<b>-29.8</b>	<b>-99.4%</b>
Net loss ratio	77.1%	70.8%		
Net expense ratio	26.3%	22.2%		
Net combined ratio	103.5%	93.0%		



Clients' sales continued to fall faster in the third quarter 2009 in most countries, leading to a 3.5% fall in Euler Hermes' turnover for the quarter year-on-year, at constant scope and exchange rates.

The loss ratio, while still high at 77.1%, nonetheless showed some improvement on the 88.4% ratio for the first half-year of 2009. This improved loss performance in the third quarter bears witness to the effectiveness of the action plan implemented by Euler Hermes.

The fall in net earned premiums, which exceeded the reduction in net operating expense, continued to weigh heavily on the net expense ratio, which deteriorated by 4.1 points to 26.3%, as against 22.2% for the third quarter of 2008.

Euler Hermes generated net financial income of €24 million, slightly up (2.5%) relative to the third quarter of 2008, mainly thanks to capital gains of €4 million.

Operating income and net income for the third quarter of 2009 were affected by substantial operating losses at the Baltic branches. Euler Hermes decided not to recognise deferred tax assets for these losses, and the effective consolidated tax rate for the third quarter suffers as a result. For the third quarter of 2009, this rate stood at 90.4%, resulting from significant tax rate differentials between the parent company and subsidiaries (Euler Hermes Re in Switzerland) and from specific tax positions (Japan and the Baltic states).

### C. Key figures – First nine months of 2009 (unaudited)

Euler Hermes expects the number of corporate failures to increase further in 2009, by 35% (after a rise of 27% in 2008). Against this uncertain backdrop, the group posted net income of €0.9 million for the first nine months of 2009, as against €152.3 million for the first nine months of 2008.

€ millions	YTD 30 Sep 09	YTD 30 Sep 08	Change	Change (%)
Premiums	1,295.9	1,334.6	-38.6	-2.9%
Service revenues	301.3	289.4	11.9	4.1%
<b>Total turnover</b>	<b>1,597.2</b>	<b>1,623.9</b>	<b>-26.7</b>	<b>-1.6%</b>
Net technical result	-71.1	137.5	-208.6	-151.7%
Net investment income	118.9	110.6	8.3	7.5%
<b>Operating income</b>	<b>47.9</b>	<b>248.1</b>	<b>-200.3</b>	<b>-80.7%</b>
<b>Net income</b>	<b>0.9</b>	<b>152.3</b>	<b>-151.4</b>	<b>-99.4%</b>
Net loss ratio	85.0%	66.1%		
Net expense ratio	22.4%	19.9%		
Net combined ratio	107.4%	86.1%		

#### 1. Turnover

For the nine months to 30 September 2009, Euler Hermes's turnover amounted to €1,597.2 million, slightly down (0.4%) at constant scope and exchange rates on the first nine months of 2008.

While turnover continued to grow in new markets, the traditional European and North American markets were faced with a sharp contraction in clients' sales, which depressed earned premiums, translating into a 2.3% fall in turnover to the end of 30 September 2009.

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

€ millions	30/09/2009 (1)	30/09/2008 (2)	Change (1)/(2)	30/09/2008 (3)	Change (1)/(3)
Germany	535.7	554.7	-3.4%	550.9	-2.8%
France	284.6	299.5	-5.0%	300.3	-5.2%
Italy	158.9	186.7	-14.9%	186.7	-14.9%
United Kingdom	139.1	154.6	-10.0%	136.7	1.7%
USA	115.7	100.8	14.7%	112.2	3.0%
Belgium	58.4	59.5	-1.8%	59.5	-1.8%
Netherlands	39.9	37.5	6.2%	37.5	6.2%
Scandinavia	39.0	34.6	12.7%	30.7	27.0%
Poland	41.6	39.7	4.9%	30.8	35.1%
<b>Sub-Total Large BU's</b>	<b>1,412.7</b>	<b>1 467.5</b>	<b>-3.7%</b>	<b>1,445.3</b>	<b>-2.3%</b>
- of which euro zone	1,077.4	1137.8	-5.3%	1,134.9	-5.1%
<b>Sub-total New markets</b>	<b>184.5</b>	<b>156.4</b>	<b>18.0%</b>	<b>159.1</b>	<b>16.0%</b>
<b>Euler Hermes</b>	<b>1,597.2</b>	<b>1,623.9</b>	<b>-1.6%</b>	<b>1,604.4</b>	<b>-0.4%</b>

(1) Credit-Insurance turnover with geographical reclassification

(2) Credit-Insurance turnover with geographical reclassification pro forma

(3) Credit-Insurance turnover with geographical reclassification pro forma at constant exchange rate

In most countries, the downturn in clients' sales, which accelerated further in the third quarter of 2009, could not be offset by increases in premium rates or by new production, dynamic though this was.

## 2. Operating income

The technical result, excluding financial income, was a loss of €71.1 million, compared with a profit of €137.5 million for the first nine months of 2008. The loss is attributable mainly to the sharp deterioration in the net cost of claims, which hit the net combined ratio after reinsurance. This ratio came in at 107.4%, compared with 86.1% as at 30 September 2008. It should be pointed out that the net technical result for the third quarter was a loss of just €11.6 million, as against €59.5 million in the first six months of 2009, and that the net loss ratio for the quarter was 77.1% - the first time in a year that it has fallen below 80%.

This improvement in the technical result during the third quarter of 2009 is linked to the fact that, while net claims continued to increase (by 9%) relative to the first nine months of 2008, the extent of the increase was less significant than that recorded for the six months to the end of June 2009 (23.9%). For the first nine months of 2009, Euler Hermes recognised a net liquidation loss on previous attachment years of €9 million as a result of the high level of claims for the 2008 attachment year, mainly in Eastern Europe and South America. This compares with a net liquidation surplus of €39 million for the corresponding period in 2008.

Despite the 4.7% fall in net operating expenses, the net expense ratio deteriorated by 2.5 points (to 22.4%, down from 19.9% in the first nine months of 2008) due to the lower level of net earned premiums.

Financial income for the year to date amounted to nearly €119 million, thanks notably to the €59.8 million of capital gains realised on the bond and investment property portfolios.

Financial income once more offset the negative technical result, and operating income for the nine months to end-September 2009 was positive at €47.9 million. It was, however, down by a sharp 80.7% compared with the first nine months of 2008.



### 3. Exceptional charges and corporation tax

In the nine months to end-September 2009, Euler Hermes recognised exceptional charges totalling €7.6 million in connection with the restructuring plan for its Italian subsidiary, which has now been finalised.

### 4. Investment portfolio

With volatile financial markets, Euler Hermes maintained its very cautious investment management policy, notably via a reduction in the duration of bond portfolios. The annualised economic performance of the investment portfolio held steady at 4.6%. At the end of September 2009, the fair value of the investment portfolio, including cash and cash equivalents, was slightly up on year-end 2008, at €3,420 million.

## D. Outlook

Euler Hermes does not foresee any significant improvement in its results for the fourth quarter of 2009.

The recovery in the world economy that is forecast for 2010 will be slow, since domestic demand in the major industrialised countries will be weakened by the rise in unemployment and uncertainty regarding households' purchasing power. The direct consequence of this weak recovery is that corporate failures, which have reached an all-time high in 2009, will continue at a high level in 2010.

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

The group protects worldwide business transactions totalling €700 billion.

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The group and its principal credit insurance subsidiaries are rated AA- by Standard & Poor's.

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