

Euler Hermes 2015 nine-month results

PARIS – 29 OCTOBER 2015

- Revenues at €1,985 million, up 4.8% for the first nine months year-on-year at actual exchange rates (+1.0% at constant exchange rates)
- Operating income increased by 3.2%, at €325.3 million
- Net income at €226.8 million, down by 2.5%

“Euler Hermes continues to grow at nearly 5% year-on-year. The third quarter of 2015 was characterized by increasing claims activity in some of the emerging markets”, commented Wilfried Verstraete, Chairman of the Euler Hermes Board of Management. “As usual we have adapted our underwriting accordingly whilst preserving our unrivaled service to our clients.”

I. Results for the first nine months of 2015

A. Key figures*

P&L information € million	30 September 2015	30 September 2014	Variation vs. 30 September 2014	
Gross Earned premiums	1,660.1	1,588.6	71.6	4.5%
Service revenues	324.8	305.0	19.8	6.5%
Turnover	1,985.0	1,893.6	91.4	4.8%
Net technical result	247.3	271.0	-23.7	-8.7%
Net investment income	79.4	66.0	13.4	20.3%
Current operating income	326.7	337.0	-10.3	-3.0%
Non-ordinary operating income & expenses	-1.4	-21.7	20.3	-93.7%
Operating income	325.3	315.2	10.1	3.2%
Net income, Group share	226.8	232.5	-5.8	-2.5%
Net claims ratio	51.1%	48.2%	2.9 pt.	
Net expense ratio	27.3%	26.5%	0.7 pt	
Net combined ratio	78.3%	74.7%	3.6 pt.	

Balance sheet information € million	30 September 2015	31 December 2014	Variation vs. 31 December 2014	
Total assets	6,542.1	6,359.7	182.4	2.9%
Shareholders' equity, Group share	2,644.3	2,580.5	63.8	2.5%
Total financial liabilities	252.6	284.2	-31.6	-11.1%

*not audited

Shareholders' equity Group share is up by €63.8 million compared to year-end 2014, driven mainly by the net positive result, partially offset by the dividend paid in June 2015.

B. Turnover

Revenues rise by 4.8% (1.0% at constant exchange rate). Progression is driven by our strategic markets and by improved revenue services.

Turnover € million	30 September 2015	30 September 2014 (published)	Variation %	30 September 2014 (1)	Variation % (1)
Regions					
Germany, Austria, Switzerland	562.8	570.3	-1.3%	574.9	-2.1%
France	295.6	302.5	-2.3%	302.5	-2.3%
Northern Europe	422.6	413.1	2.3%	427.7	-1.2%
Mediterranean Countries, Middle East & Africa	258.7	245.9	5.2%	251.6	2.8%
Americas	245.7	196.0	25.4%	230.5	6.6%
Asia-Pacific	107.2	76.2	40.8%	86.8	23.5%
Inward from non-conso. OE's and other (2)	92.4	89.6	N/A	91.1	N/A
Euler Hermes Group	1,985.0	1,893.6	4.8%	1,965.1	1.0%

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

(1) At constant exchange rates

(2) Corporate entities + inter-region eliminations

Premiums alone increase by 4.5% driven by good growth in hard currency markets.

A solid new business level combined with an overall stable retention compensates the soft insured turnover evolution and declining prices in mature European markets.

France continues to suffer from low insured turnover volumes whilst Germany has begun to reverse the negative trend of previous quarters.

C. Operating income

Net combined ratio stands at 78.3% against 74.7% at the end of September last year, due to an increase in claims.

The net claims ratio stands at 51.1%, 2.9 points higher than last year. It includes a 9.7% net run-off ratio, compared to 15.6% at the end of September 2014. The lower run-off ratio is linked to a strengthening of reserves in emerging markets and a few mid-size claims in the Middle-East and Russia.

The net expense ratio stands at 27.3%, compared to 26.5% for the same period last year. The net expense ratio evolution is mainly linked to an adverse foreign exchange impact. Effectively, Euler Hermes' cost mix is unfavourably affected by increases in US dollar linked currencies.

Net financial income reaches €79.4 million against €66 million in 2014, linked to a positive foreign exchange result of €7.2 million and higher realized gains on bonds and equity markets.

The operating income stands at €325.3 million at the end of September 2015 compared to €315.2 million for the same period last year, which was impacted by a €17.2 million impairment of the German headquarters booked during the third quarter 2014.

D. Investment portfolio

At the end of September 2015, the market value of Euler Hermes' investment portfolio stands at €4,575.7 million. The €117.8 million increase compared to year-end 2014 is linked to positive operating cash flows partly offset by the dividend paid in June.

E. Net income

Net income is down by 2.5% compared to September 2014 and amounts to €226.8 million. This decrease is mainly due to a higher average tax rate and a €3.9 million impairment on an information company consolidated at equity method.

F. Outlook

Our expectations for the global economy have been conservative since the beginning of the year. Since the summer, mature markets have remained reasonably stable, whereas we have seen clear signs of deterioration in emerging economies.

Adapting and adjusting to such situations is the bedrock of our profession. We have taken steps, and will continue to take them, in order to ensure greater than ever discipline on both pricing and underwriting.

Euler Hermes has proven its agility and resilience many times. We are confident that, despite temporary obstacles in some areas, our Group will continue to deliver quality to our customers and profitability for our shareholders.

II. Results for the third quarter of 2015

P&L € million	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	Variation vs. 3Q 2014	
Gross Earned premiums	537.8	558.0	564.3	537.3	524.5	13.3	2.5%
Service revenues	109.4	109.4	106.0	96.1	100.4	9.0	8.9%
Turnover	647.2	667.4	670.3	633.4	625.0	22.3	3.6%
Net technical result	54.3	99.2	93.8	80.1	75.1	-20.9	-27.8%
Net investment income	19.7	31.2	28.4	19.1	17.1	2.6	15.0%
Ordinary operating income	74.0	130.5	122.2	99.2	92.3	-18.3	-19.8%
Non-ordinary operating income & expenses	0.0	-0.2	-1.2	-1.3	-19.7	19.7	
Operating income	74.0	130.3	121.1	97.9	72.6	1.4	1.9%
Net income, Group share	54.4	85.2	87.1	69.5	59.3	-4.9	-8.3%
Net claims ratio	57.3%	45.2%	50.8%	50.6%	50.9%	6.4 pts	
Net expense ratio	27.8%	28.7%	25.3%	26.9%	27.1%	0.7 pt	
Net combined ratio	85.2%	73.9%	76.1%	77.5%	78.0%	7.2 pts	

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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 first nine months results to analysts.

On Thursday, 29 October 2015, the Group Management Board of Euler Hermes (ELE.PA), a worldwide leader in credit insurance and in the areas of bonding and collections, presented its consolidated results as of 30 September 2015 to the Euler Hermes Supervisory Board. The results have been reviewed by the Audit Committee.

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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 over 50 countries with 6,400+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor's and Dagong Europe. The company posted a consolidated turnover of over €2.5 billion in 2014 and insured global business transactions for €860 billion in exposure at the end of 2014. Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

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