

Euler Hermes finishes 2014 with good results

PARIS – 18 FEBRUARY 2015

- Turnover up 1.7% at constant exchange rates: €2.5 billion
- Ordinary operating income, up 1.1%: €436.2 million
- Net income +8.7% on a comparable basis: €302.1 million (-3.7% versus 2013 published result)
- Proposed dividend up 4.8% versus previous year: €4.4 per share

“In 2014, Euler Hermes again demonstrated its leadership”, said Wilfried Verstraete, Chairman of the Euler Hermes Board of Management. “After an optimistic start, the economic environment was ultimately a disappointment this year, particularly in Europe. Euler Hermes’ answer was to focus on market expansion outside Europe, to innovate in both product and distribution, and to maintain vigilance on risk. In a challenging market, this strategy enabled us to both continue growing and deliver solid results once again.”

I. Results 2014

A. Key figures

| P&L information € million | 12M2014 | 12M2013 | Variation vs. 2013 | |
|--|----------------|----------------|---------------------------|-------|
| Earned premiums | 2,125.9 | 2,079.0 | 46.9 | 2.3% |
| Service revenues | 401.1 | 407.2 | -6.1 | -1.5% |
| Turnover | 2,527.0 | 2,486.2 | 40.8 | 1.6% |
| Net technical result | 351.1 | 345.3 | 5.8 | 1.7% |
| Net investment income | 85.1 | 86.2 | -1.1 | -1.2% |
| Ordinary operating income | 436.2 | 431.4 | 4.8 | 1.1% |
| Non-ordinary operating income & expenses | -23.0 | 27.2 | -50.2 | |
| Operating income | 413.1 | 458.6 | -45.5 | -9.9% |
| Net income, Group share | 302.1 | 313.7 | -11.7 | -3.7% |
| Net claims ratio | 48.8% | 50.5% | -1.7 pts | |
| Net expense ratio | 26.6% | 24.8% | 1.8 pts | |
| Net combined ratio | 75.4% | 75.3% | 0.1 pt | |

| Balance sheet information € million | 31 December 2014 | 31 December 2013 | Variation vs. 31 December 2013 | |
|---|-------------------------|-------------------------|---------------------------------------|------|
| Total assets | 6,359.7 | 6,062.7 | 297.0 | 4.9% |
| Shareholders' equity, Group share | 2,580.5 | 2,461.9 | 118.7 | 4.8% |
| Total financial liabilities | 284.2 | 261.7 | 22.4 | 8.6% |

Shareholders' equity increased by €118.7 million in 2014, driven essentially by the retained earnings.

B. Turnover

At €2,527 million, total turnover grew by 1.6% over the previous year (1.7% adjusted from foreign exchange currency effects).

| Turnover € million | 12M2014 | 12M2013 (published) | Variation % | 12M2013 (1) | Variation % (1) |
|---|----------------|-------------------------------|-----------------------|-----------------------|------------------------------|
| Regions | | | | | |
| Germany, Austria, Switzerland | 759.8 | 793.2 | -4.2% | 793.5 | -4.2% |
| France | 399.0 | 397.9 | 0.3% | 397.9 | 0.3% |
| Northern Europe | 550.7 | 551.3 | -0.1% | 554.7 | -0.7% |
| Mediterranean Countries, Middle East & Africa | 322.7 | 308.8 | 4.5% | 306.2 | 5.4% |
| Americas | 266.5 | 274.9 | -3.1% | 243.8 | 9.3% |
| Asia-Pacific | 108.2 | 91.7 | 18.0% | 89.5 | 20.9% |
| Non-consolidated OE's and other (2) | 120.1 | 68.3 | N/A | 99.3 | N/A |
| Euler Hermes Group | 2,527.0 | 2,486.2 | 1.6% | 2,484.9 | 1.7% |

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

(1) At constant exchange rates and pro forma (Mexico, Chile & Colombia in 2013 in EH Re.)

(2) Corporate entities + inter-region eliminations

Topline growth was driven by large credit insurance programs, solid growth in Bonding and an increasing contribution from new lines of business, namely Trade Finance Cover and Excess of Loss (XoL).

The Americas, Asia and the Middle East markets continued to be growth engines for the Group, up 9% versus last year at constant exchange rates, while mature markets were soft again, with lower prices and flat insured turnover volumes.

C. Operating income

The ordinary operating income was up 1.1% driven by growth in topline as the combined ratio was stable year-on-year.

The net loss ratio stood at a healthy level of 48.8%, down 1.7 points compared to last year, with lower claims activity overall and in bonding specifically.

The net expense ratio was up 1.8 points compared to 2013 (26.6% versus 24.8%), due to a service margin squeeze linked to the low claims activity generating less collection revenues, and due to a growth in turnover mostly coming from higher cost ratio countries.

Net investment income was virtually stable at €85.1 million versus €86.2 million in 2013 despite decreasing investment yields, as a result of diversification efforts and higher realized gains.

Non-ordinary operating expenses included a €17.2 million impairment in 2014 related to the German branch headquarters in Hamburg, following the decision to dispose of the premises and move to a new building in 2018. Conversely, in 2013, the non-ordinary operating income included a €36.9 million gain linked to the contribution of Spanish and Latin American entities to the Solunion joint venture.

D. Investment portfolio

At the end of 2014, the market value of the Group's investment portfolio increased by €294.5 million to €4,457.9 million, versus €4,163.4 million at 2013 year-end, driven by positive cash flows from operations.

E. Net income

At €302.1 million, net income decreased by 3.7% year-on-year. Net income in 2014 included the impairment of the Hamburg building, while 2013 benefitted from exceptional gains on the Solunion operation. Excluding these one-off impacts in their respective years, the net income is up +8.7%, driven by the good performance of entities consolidated at equity and by a lower average tax rate.

F. Dividend

Based on a net result of €6.86 per share, Euler Hermes Management Board will propose to distribute a dividend of €4.40 per share, +4.8% versus last year, which corresponds to a payout ratio of 61.6% excluding the one-off impact related to the Hamburg building impairment.

G. Outlook

In 2015, global growth should show a timid improvement. There are green shoots for companies as demand picks up, liquidity continues to flow and energy prices remain low. However, a full-fledged recovery requires sturdier foundations and non-payment risks are expected to only slightly decrease. Euler Hermes' strategy remains three-fold: non-mature market investment, distribution expansion and product innovation.

We are interweaving this strategy with our traditional values of sound underwriting, to ensure the enduring profitability of the business.

II. Results for the fourth quarter of 2014

| P&L € million | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 | Variation vs. Q4 2013 | |
|--|--------------|--------------|--------------|--------------|--------------|--------------------------|---------------|
| Earned premiums | 537.3 | 524.5 | 529.3 | 534.7 | 525.6 | 11.8 | 2.2% |
| Service revenues | 96.1 | 100.4 | 101.8 | 102.8 | 99.8 | -3.7 | -3.7% |
| Turnover | 633.4 | 625.0 | 631.1 | 637.5 | 625.3 | 8.1 | 1.3% |
| Net technical result | 80.1 | 75.1 | 101.9 | 93.9 | 103.3 | -23.2 | -22.4% |
| Net investment income | 19.1 | 17.1 | 25.4 | 23.4 | 15.5 | 3.6 | 23.5% |
| Ordinary operating income | 99.2 | 92.3 | 127.3 | 117.3 | 118.8 | -19.5 | -16.5% |
| Non-ordinary operating income & expenses | -1.3 | -19.7 | -1.0 | -1.1 | 5.4 | -6.7 | -124.1% |
| Operating income | 97.9 | 72.6 | 126.4 | 116.3 | 124.2 | -26.3 | -21.1% |
| Net income, Group share | 69.5 | 59.3 | 90.5 | 82.7 | 92.3 | -22.8 | -24.7% |
| Net claims ratio | 50.6% | 50.9% | 44.4% | 49.1% | 44.3% | 6.3 pts | |
| Net expense ratio | 26.9% | 27.1% | 27.0% | 25.5% | 26.6% | 0.3 pt | |
| Net combined ratio | 77.5% | 78.0% | 71.5% | 74.6% | 70.9% | 6.6 pts | |

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Financial and regulated information is 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 full year results to analysts.

On Wednesday, 18 February 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 results as of 31 December 2014 to the Euler Hermes Supervisory Board. The results have been reviewed by the external auditors and 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](#).

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.