

Euler Hermes maintains strong 2015 profitability in a more difficult environment

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- Revenues at €2,638 million, up 4.4%
- Operating income at €417 million, up 1.0%
- Net income stable at €302.5 million
- Solvency II internal model validated. Solid solvency ratio of 173%
- Proposed dividend unchanged at €4.40 per share

“In 2015 Euler Hermes maintained its overall profitability, demonstrating resilience and agility in the face of increased economic volatility and socio-political uncertainty,” said Wilfried Verstraete, Chairman of the Euler Hermes Board of Management. “Collapsed commodity prices and growth deceleration in emerging markets formed a backdrop for the year. Euler Hermes faced a marked slowdown and increased insolvencies in these countries. Despite these factors, the Group delivered strong results due to its solid underwriting, efficient reinsurance protection, targeted cost-reductions actions and strong investment income performance. The Group’s solidity is further illustrated by its first published solvency position after internal model validation in November: 173%.”

I. Results 2015

A. Key figures

P&L information € million	12M2015	12M2014	Variation vs. 2014
Earned premiums	2,205.4	2,125.9	3.7%
Service revenues	432.9	401.1	7.9%
Turnover	2,638.4	2,527.0	4.4%
Net technical result	301.4	351.1	-14.1%
Net investment income	116.3	85.1	36.7%
Ordinary operating income	417.8	436.2	-4.2%
Non-ordinary operating income & expenses	-0.4	-23.0	-98.2%
Operating income	417.4	413.1	1.0%
Net income, Group share	302.5	302.1	0.1%
Net claims ratio	53.3%	48.8%	4.5 pt.
Net expense ratio	26.8%	26.6%	0.2 pt
Net combined ratio	80.1%	75.4%	4.7 pt.

Balance sheet information € million	31 December 2015	31 December 2014	Variation vs. 31 December 2014
Total assets	6,567.5	6,359.7	3.3%
Shareholders' equity, Group share	2,715.4	2,580.5	5.2%
Total financial liabilities	252.2	284.2	-11.2%

Shareholders' equity increased by €134.9 million in 2015, driven essentially by the retained earnings.

B. Turnover

Turnover was up +4.4% at the end of December at actual rates, and +0.9% at constant rates.

Turnover € million	12M2015	12M2014 (published)	Variation %	12M2014 (1)	Variation % (1)
Regions					
Germany, Austria, Switzerland	751.9	759.8	-1.0%	766.0	-1.8%
France	391.8	399.0	-1.8%	399.0	-1.8%
Northern Europe	557.5	550.7	1.2%	569.5	-2.1%
Mediterranean Countries, Middle East & Africa	344.2	322.7	6.7%	328.6	4.8%
Americas	326.5	266.5	22.5%	307.8	6.1%
Asia-Pacific	143.3	108.2	32.4%	121.3	18.2%
Inward from non-consolidated OE's and other (2)	123.1	120.1	2.5%	121.8	1.1%
Euler Hermes Group	2,638.4	2,527.0	4.4%	2,613.9	0.9%

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

(1) At constant exchange rates

(2) Corporate entities + inter-region eliminations

At € 2,638.4 million at year-end, compared to € 2,527.0 million in 2014, the topline benefited from a strong increase in service revenues (+8% at actual FX rates) and from positive foreign exchange contributions from countries outside Europe.

Premiums were up 3.7%, also driven by foreign exchange, and by non-traditional business lines (bonding, transactional cover, excess of loss).

C. Operating income

Operating income increased by 1.0% compared to 2014, at € 417.4 million, with a lower net technical result being compensated by higher investment income and realized gains on the financial portfolio.

The net claims ratio reached 53.3%, 4.5 points higher year-on-year, in the wake of increasing claims activity over the last two quarters. The claims trend relates to emerging markets and the USA, while Europe further improved its loss ratio in 2015.

The net expense ratio stood at 26.8%, on par with 2014 (26.6%), despite upward pressure from negative topline growth in Western Europe and including the positive impacts of an improved service margin and targeted cost control actions.

As a result of the net loss ratio development, the combined ratio increased from 75.4% at the end of 2014 to 80.1% in 2015.

Net investment income grew to € 116.3 million vs. €85.1 million in 2014 and contributed materially to the operating profit. This favorable financial income was mainly driven by a positive foreign exchange result and higher realized gains on bonds and equity markets.

D. Investment portfolio

At the end of 2015, the market value of the Group's investment portfolio increased by €160.2 million to €4,618.1 million, versus €4,457.9 million at 2014 year-end, driven by positive cash flows from operations.

E. Net income

Euler Hermes net income reached €302.5 million, ending the year comparable to 2014 (+0.1%).

F. Solvency II capitalization

Euler Hermes' Solvency II internal model was approved by the Group's regulators at the end of 2015. The Solvency II economic ratio for Euler Hermes Group is a strong 173% as of December 31, 2015.

G. Dividend

Based on a net result of €6.85 per share, the Euler Hermes Management Board will propose to distribute a dividend of €4.40 per share, maintaining the level of 2014. This corresponds to a payout ratio of 64.3%.

H. Outlook

Continuing market uncertainty and volatility in 2016 will require sustained selectivity and prudence in our business approach. We will remain disciplined on both pricing and risk underwriting, while ensuring quality service to our customers. Cost vigilance remains a priority, in mature markets and in our more recent investment areas. Euler Hermes has a proven record of agility and resilience and we are confident we will continue to deliver strong value for our clients and shareholders.

II. Results for the fourth quarter of 2015

P&L € million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Variation vs. Q4 2014	
Earned premiums	545.3	537.8	558.0	564.3	537.3	8.0	1.5%
Service revenues	108.1	109.4	109.4	106.0	96.1	12.0	12.5%
Turnover	653.4	647.2	667.4	670.3	633.4	20.0	3.2%
Net technical result	54.1	54.3	99.2	93.8	80.1	-26.0	-32.4%
Net investment income	37.0	19.7	31.2	28.4	19.1	17.9	93.6%
Ordinary operating income	91.1	74.0	130.5	122.2	99.2	-8.1	-8.2%
Non-ordinary operating income & expenses	0.9	0.0	-0.2	-1.2	-1.3	2.2	
Operating income	92.0	74.0	130.3	121.1	97.9	-5.9	-6.0%
Net income, Group share	75.7	54.4	85.2	87.1	69.5	6.2	8.9%
Net claims ratio	60.3%	57.3%	45.2%	50.8%	50.6%	9.7 pt.	
Net expense ratio	25.2%	27.8%	28.7%	25.3%	26.9%	-1.7 pt.	
Net combined ratio	85.6%	85.2%	73.9%	76.1%	77.5%	8.1 pt.	

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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, 17 February 2016, 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 2015 to the Euler Hermes Supervisory Board. The accounts 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 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 €2.6 billion in 2015 and insured global business transactions for €890 billion in exposure at the end of 2015. Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

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