

9M 2014 Financial results

Financial analysts meeting

October 28th, 2014

A company of **Allianz** 



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9M 2014 Financial highlights

Turnover reaches €1 894 million, up 2.2% at constant exchange rates (+1.8% at actual exchange rates), supported by growth markets (Americas, Asia and the Middle East)

Net loss ratio all attachment years is 48.2%, lower than last year by -4.4 pts

Gross technical expense ratio is 28.8% up compared to last year (27.5%)

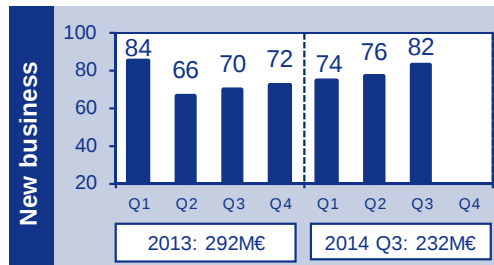
Operating income remains solid at €315.2 million down 5.8% year on year but up 9.8% excluding a positive one-off of €31.7m linked to the contribution of entities to Solunion last year and an impairment of €17.2m on the German headquarters this year

Net income at €233 million, is up 5.0% linked to a higher contribution of entities consolidated at equity, of which Solunion, and a more favorable tax rate

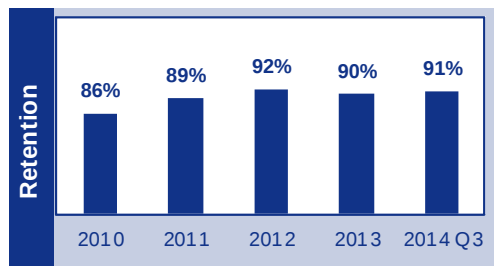
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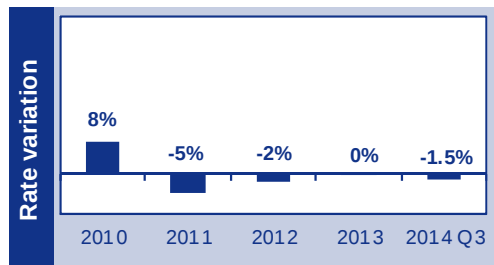
Commercial overview



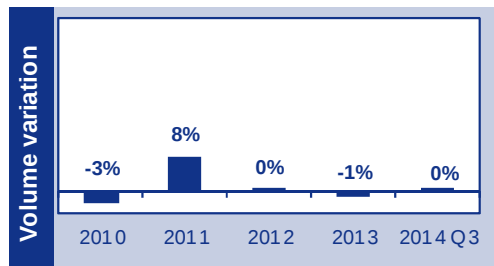
At the end of Q3 2014, new business reached €232 million which is €12 million above the level of same period in 2013 due to the good performance in Q3. New business is supported by growth markets in Americas, Asia and in the Middle East.



Retention rate stands at 91%, slightly above 2013 level. 85% of the total portfolio was renewed at the end of Q3 2014.



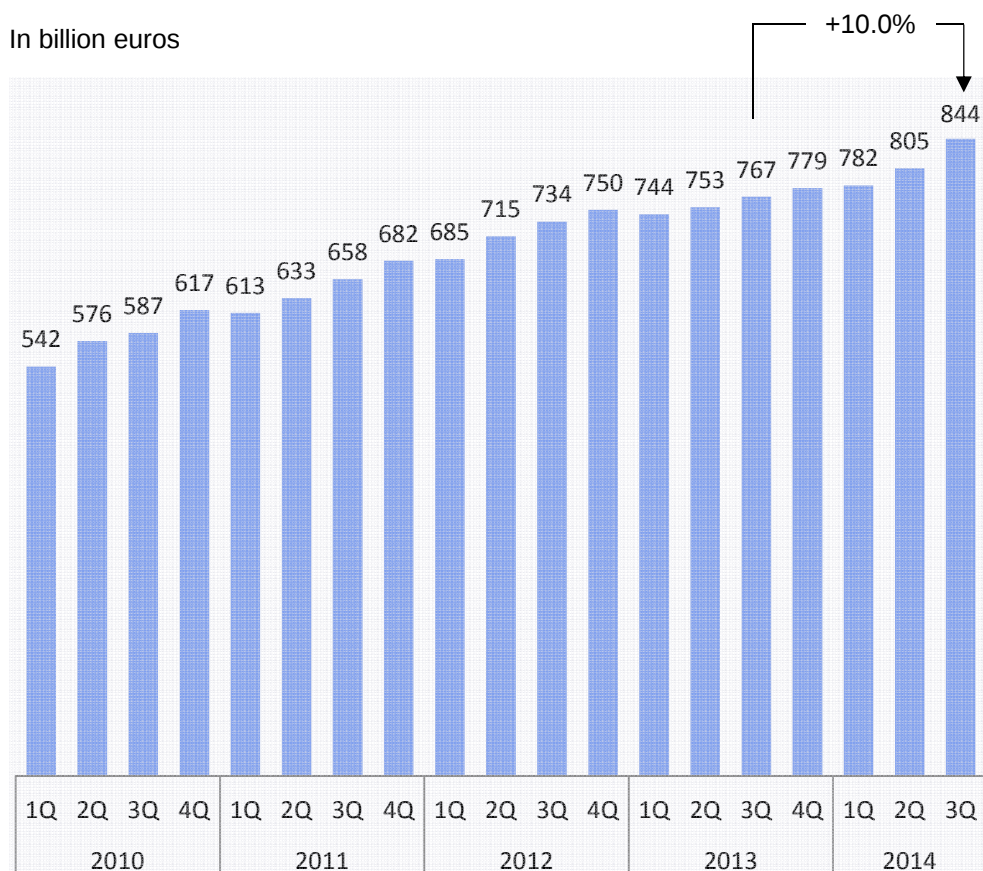
Average rates evolution is negative (-1.5%) due to the low frequency claims environment.



The contribution from customers' insured turnover is flat overall.

Risk overview

In billion euros



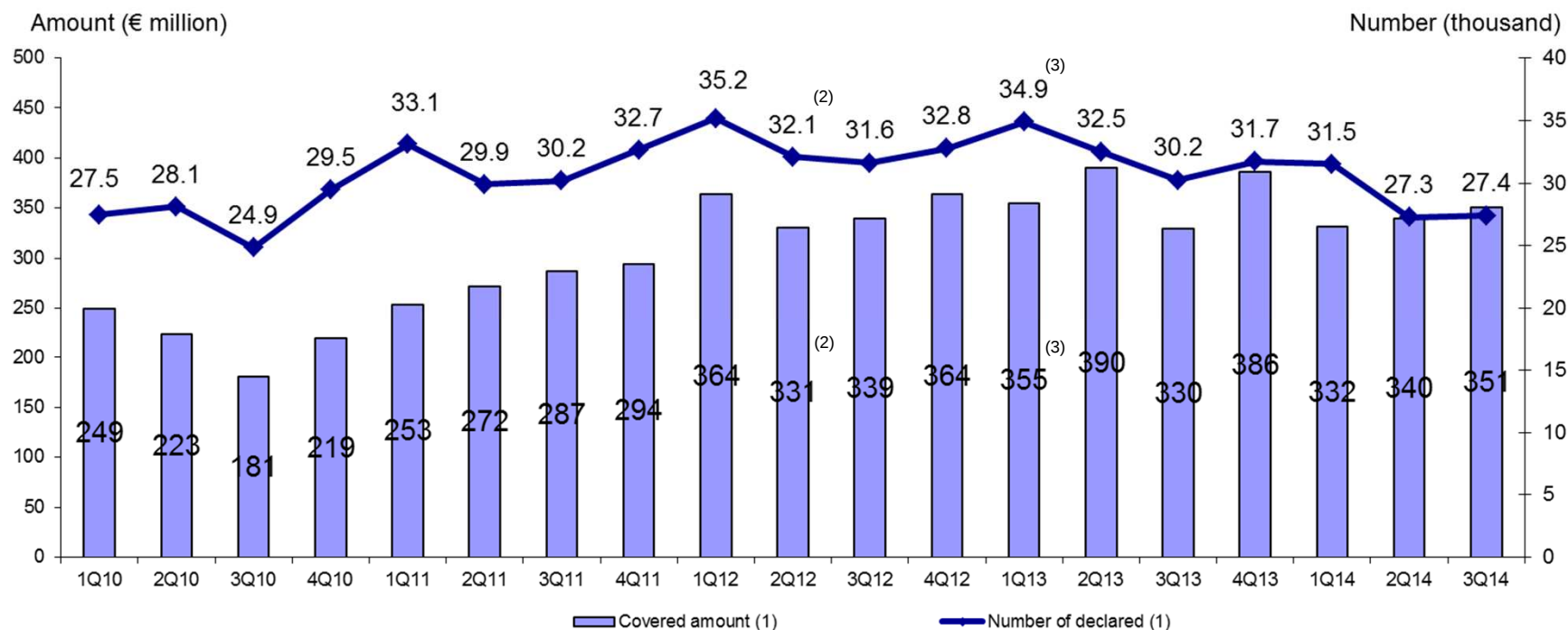
2010-2013 proforma excluding Spain & Latin America

	3Q 2013	3Q 2014
Grade weight		
1-5	84.5%	85.3%
6-10	15.5%	14.7%

Exposure increases more rapidly than premiums but the grade mix continues to improve with grades 6-10 representing less than 15% of the total portfolio.

Continuous good trend on claims development despite a few mid-size claims in September

2010-2013 proforma excluding Spain & Latin America



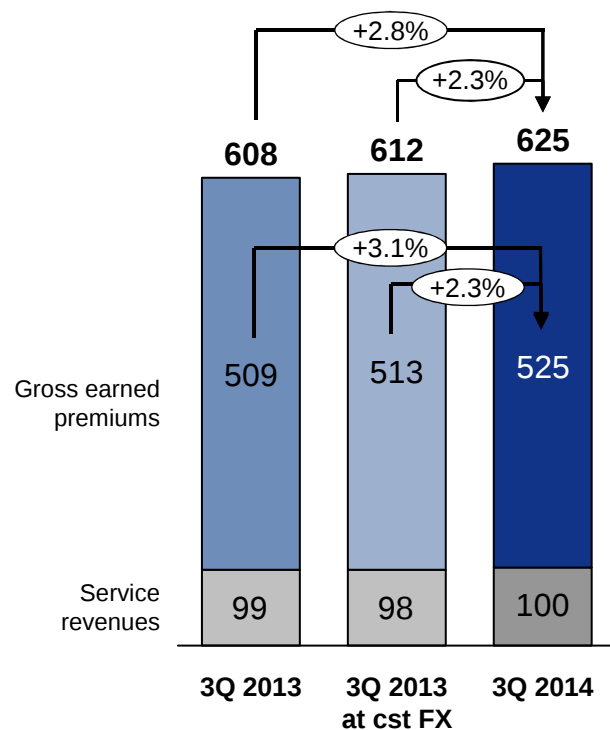
- The number of declared claims stabilised on the low level of Q2 2014
- The covered amount is 3% up compared to 2Q 2014, including mid-size claims that occurred in September

(1) Credit insurance claims only (excludes bonding & fidelity)
 (2) Excluding Schlecker claim
 (3) Excluding Pescanova claim

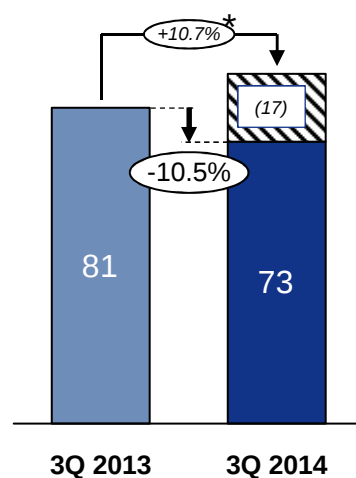
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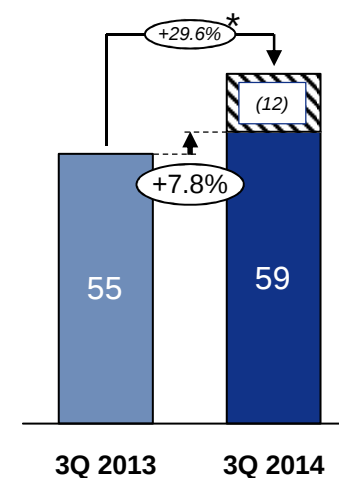
Q3: Net income is up 7.8% despite a negative one-off impact in the quarter (German HQ)



**Turnover
(EUR mn)**



**Operating income
(EUR mn)**



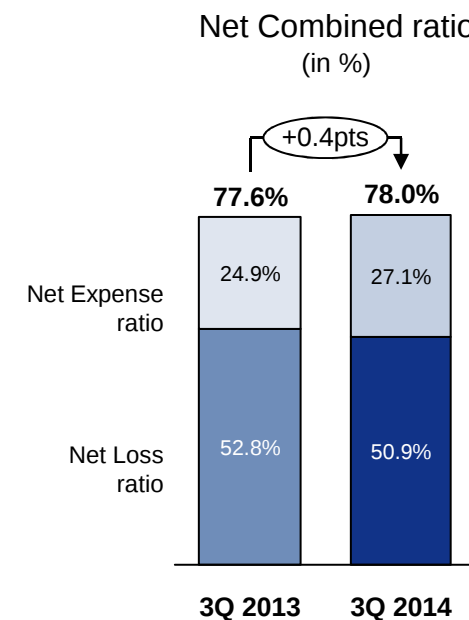
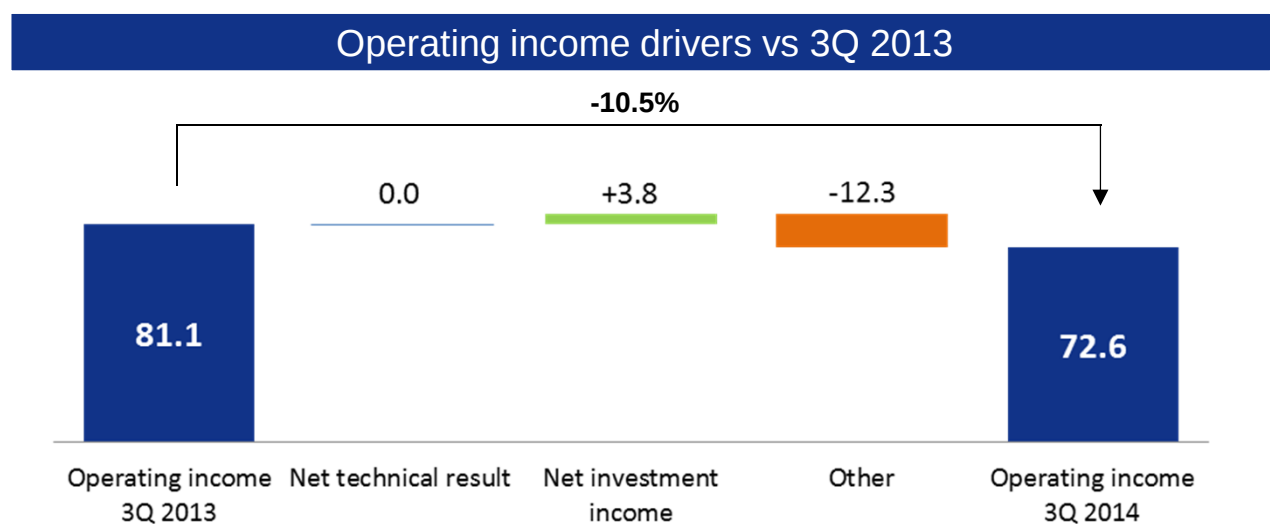
**Net income, Group share
(EUR mn)**



Impairment of the German building

* Restated evolution without the impairment of the German building

Operating income in 3Q negatively impacted by the impairment of the German headquarters*

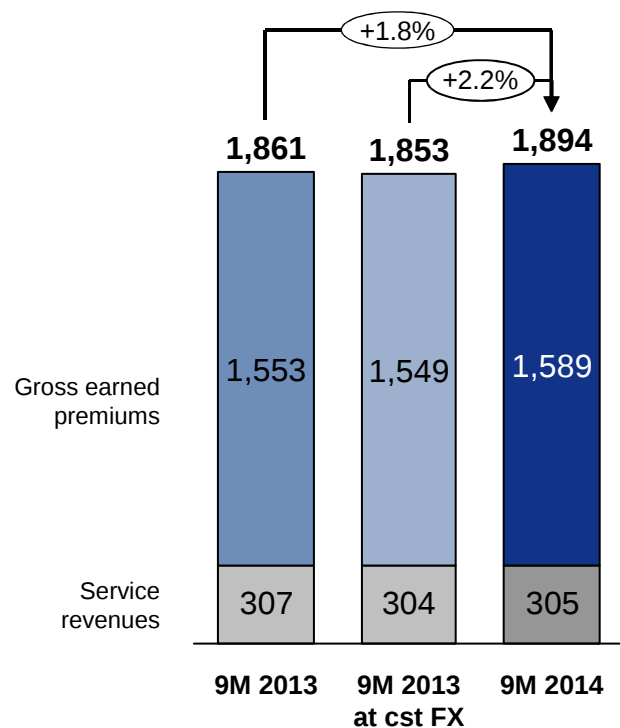


* Exceptional impact from the impairment of the German building for €17.2m in Q3

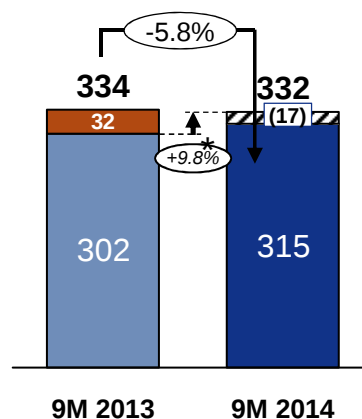
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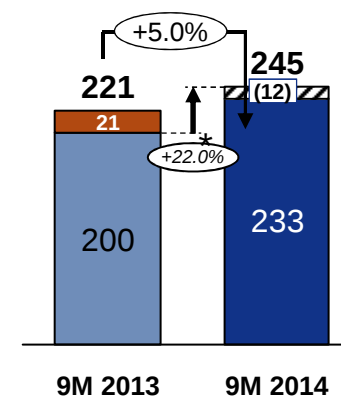
Net income up +5% year on year despite adverse one-off impacts



Turnover
(EUR mn)



Operating income
(EUR mn)



Net income, Group share
(EUR mn)



Gain on the legal contribution of the Spanish and Argentinean entities to the Solunion JV

Impairment of the German building

* Restated evolution without the Solunion-related gains in 2013 and without the impairment of the German building in 2014

Turnover growth is at +2.2% at constant FX rates
(+1.8% at actual rates)



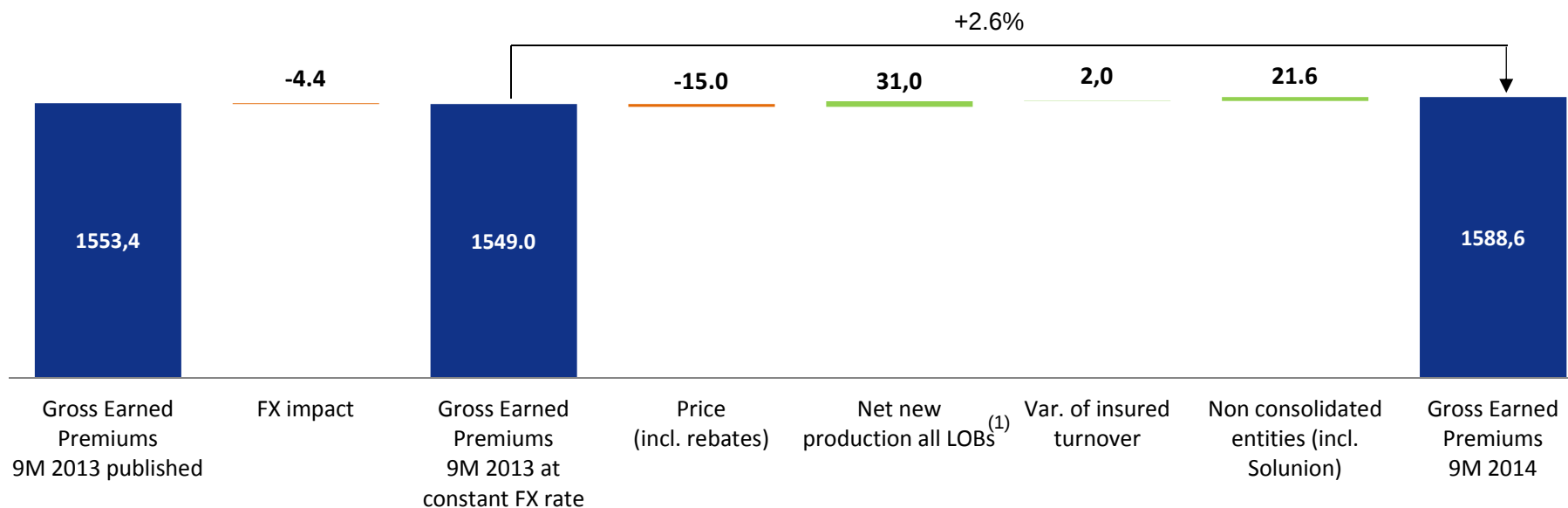
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EUR mn	9M 2014	9M 2013 Published	Δ %	9M 2013 proforma & cst FX ⁽¹⁾	Δ %
DACH	570	596	-4%	596	-4%
France	302	305	-1%	305	-1%
Northern Europe	413	409	1%	411	1%
Med. Countries, Middle East & Africa	246	230	7%	228	8%
Americas	196	204	-4%	176	11%
Asia Pacific	76	69	10%	66	15%
Non-consolidated OEs & Inter region elim.	90	47	92%	71	26%
Turnover	1,894	1,861	1.8%	1,853	2.2%

(1) 2013 pro forma with Mexico, Chile & Colombia transferred to Solunion

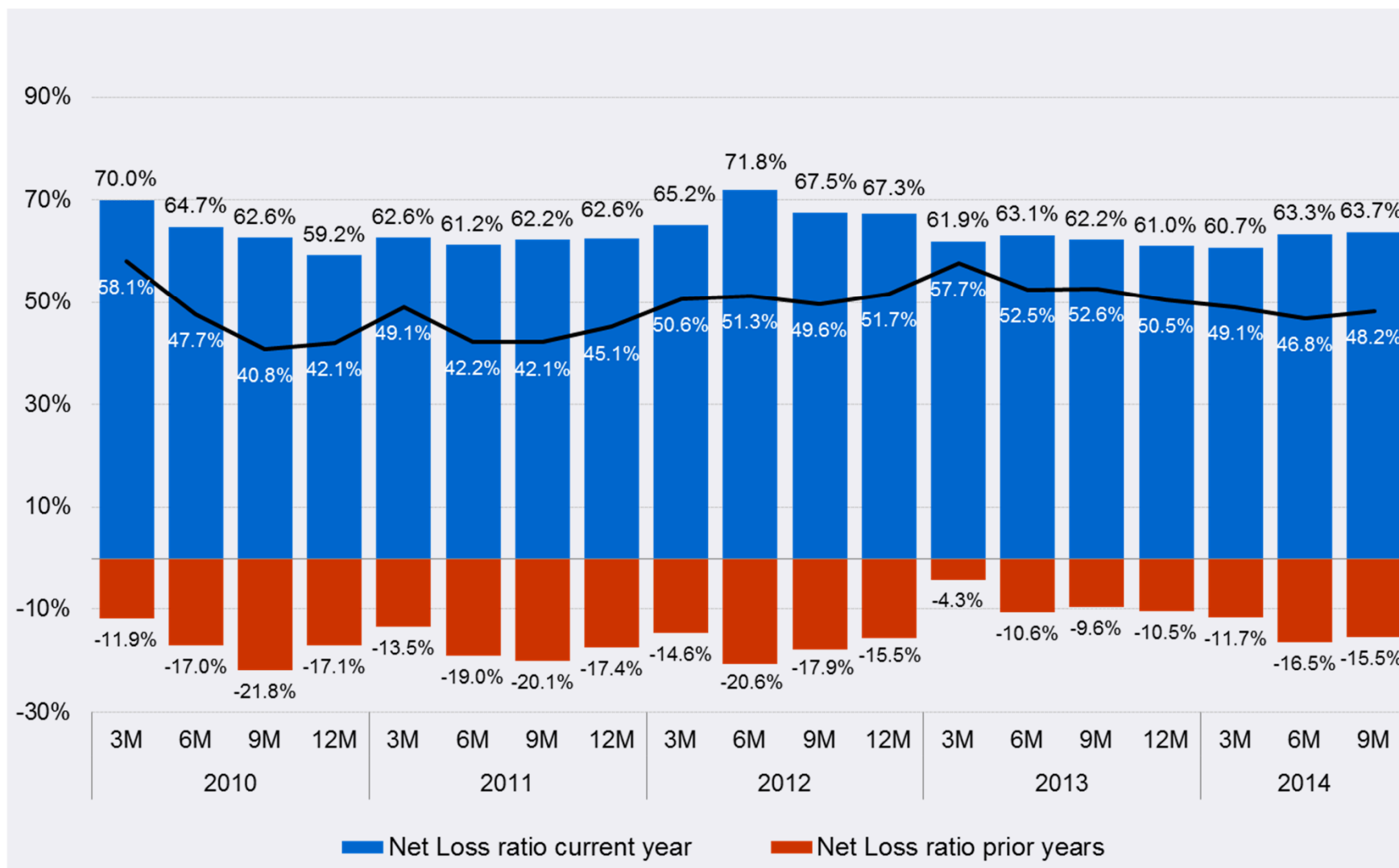
Net new production and increasing inward business are the drivers for growth

Premiums growth drivers (EUR mn)

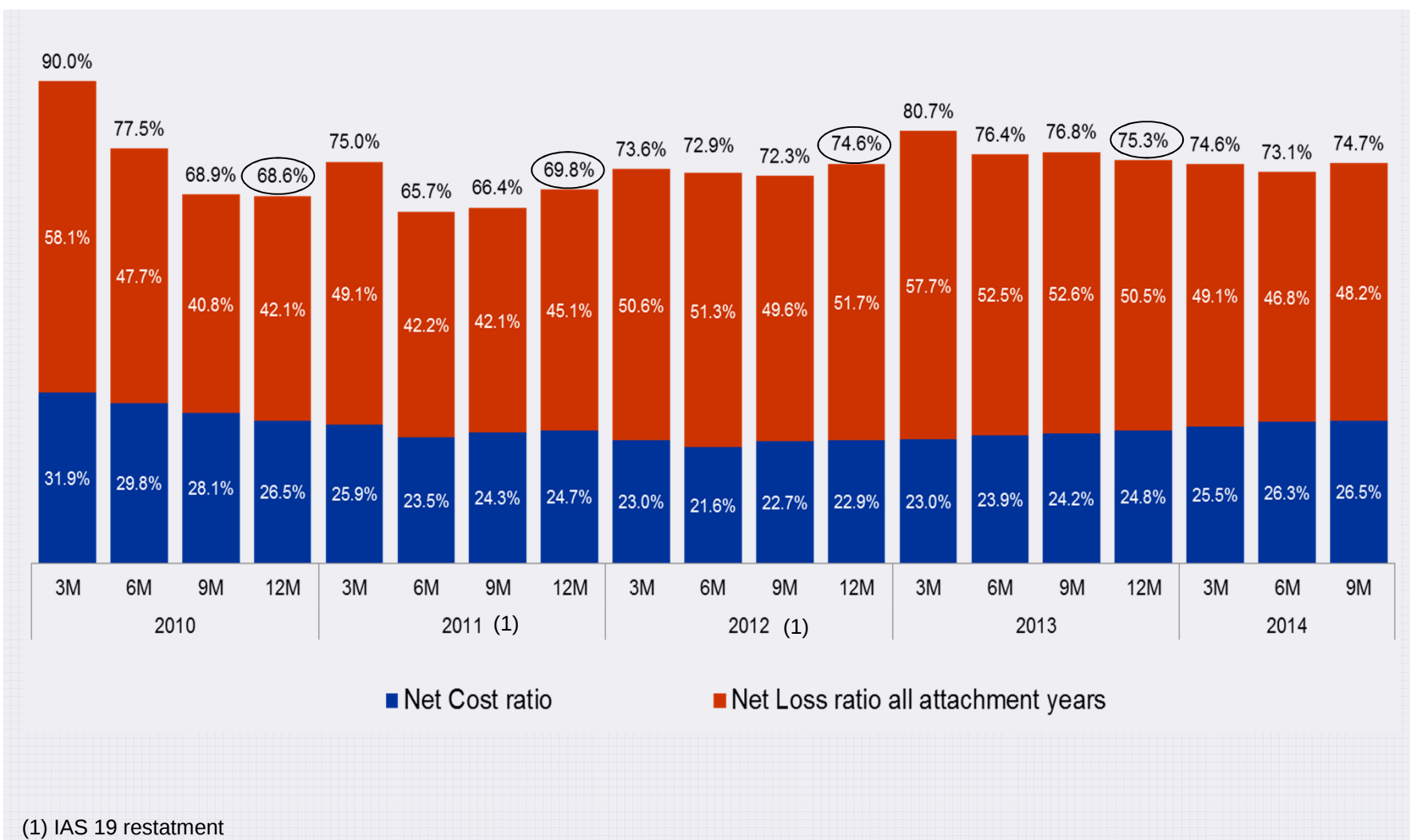


(1) New production net of wastages

Net loss ratio at a healthy level of 48.2%



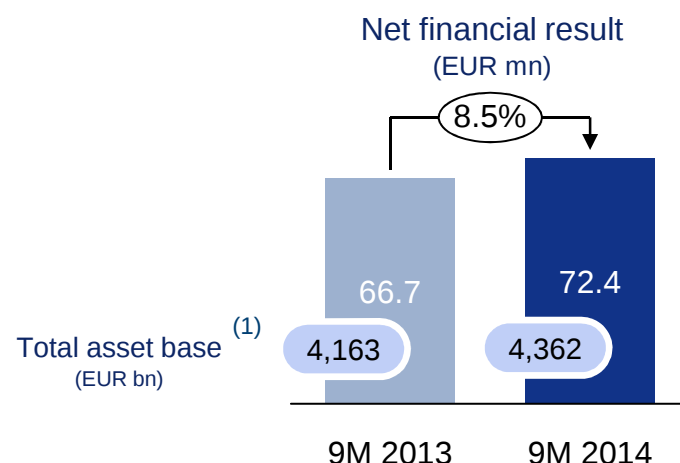
Net combined ratio slightly worsening compared to 6M due to proportionally lower run-off generated in Q3



Reinsurance result evolution

EUR mn	9M 2014	9M 2013	Δ
Gross earned premiums	1589	1553	35
Ceded premiums	-479	-481	2
Net earned premiums	1,110	1,073	37
<i>Cession rate</i>	30.1%	30.9%	-0.8 pts
Gross claims costs	-742	-783	41
Ceded claims costs	207	219	-11
Net claims costs	-534	-564	30
<i>Cession rate</i>	28.0%	27.9%	0.0 pts
Reinsurance commission	164	168	-4
<i>Reinsurance commission rate</i>	34.2%	34.9%	-0.7 pts
Net Claims ratio CY	63.7%	62.2%	1.6 pts
Net Claims ratio PY	-15.6%	-9.6%	-6.0 pts
Net Claims ratio	48.2%	52.6%	-4.4 pts
Net Costs ratio	26.5%	24.2%	2.3 pts
Net Combined ratio	74.7%	76.8%	-2.1 pts

Lower current investment income compensated by higher contribution from entities consolidated at equity



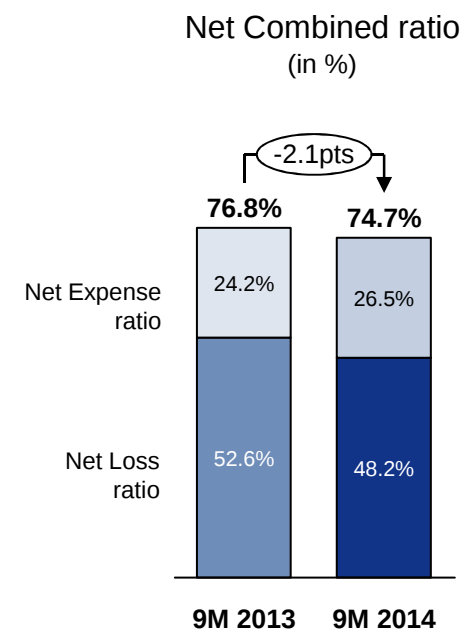
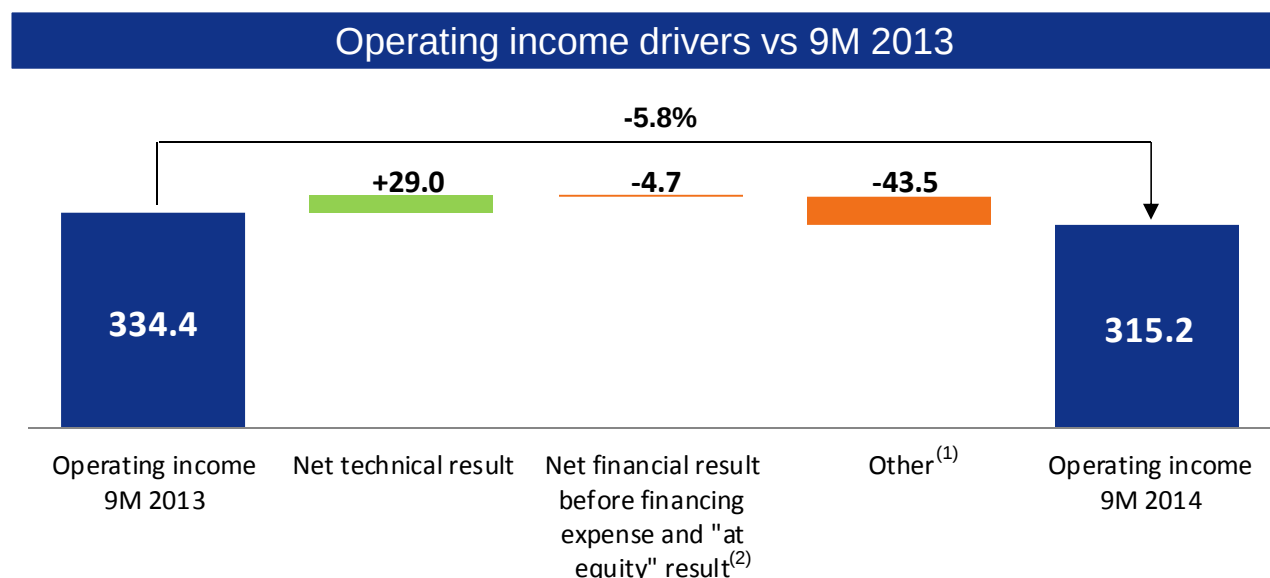
	9M 2013	9M 2014
Current investment income	67.8	61.7
Investment management charges	-6.5	-6.4
Net change in foreign currency	-2.0	-5.9
Net gain (loss) on sales of investments less impairment and depreciation write-backs	11.4 ⁽²⁾	16.5
Net financial result before financing expense and before 'at equity' result⁽³⁾	70.7	66.0
Financing expense	-8.6	-5.9
At equity result⁽³⁾	4.6	12.3
Net financial result	66.7	72.4

(1) Market value

(2) Excluding realized gains from entities spined-off to Solunion (Spain & Argentina)

(3) Share of income from companies accounted by the equity method

Operating income at €315.2million, down 5.8% but up 9.8% excluding one-offs in 2013 and 2014 (Solunion contribution, German HQ)



(1) Includes realised gains on the contribution of Spain and Argentinean entities to Solunion for €31.7m and €17.2m impairment of the German building

(2) Share of income from companies accounted by the equity method

Net income up 5% at €233 million

EUR mn	9M 2014	9M 2013	Δ
Ordinary operating Income	337	313	24
Other non ordinary operating income and expense	-22	22	-44
Operating income	315	334	-19
Financing expenses	-6	-9	3
Income from non-consolidated companies	12	5	8
Profit before tax	322	330	-9
Corporation tax	-88	-105	18
Minority interest	-2	-4	2
Net income (Group share)	233	221	12

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Glossary

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- **Ceded Claims Costs**

Gross Claims Costs corresponding to business assigned to reinsurers

- **Ceded Premium**

Premium corresponding to business assigned to reinsurers

- **Cession Rate**

Ceded Premium divided by Gross Earned Premium

- **Combined Ratio**

Sum of the Cost ratio and the Loss ratio

- **Cost ratio (or Expense ratio)**

Overheads and service margin as a proportion of earned premiums

- **Credit insurance**

Insurance against the risks of non-payment of companies trade receivables

- **Gross Claims Costs**

Claims Costs before reinsurance

- **Gross Earned Premium**

Earned premium before reinsurance

- **Gross Technical Result**

Result from insurance activities (excluding reinsurance operations and including service income and expenses)

- **Loss**

Situation in which a risk is realized and which entitles the policyholder to indemnification, thus triggering application of the indemnification provided for in the credit insurance policy.

- **Loss ratio (or Claim ratio)**

Claims costs as a proportion of the earned premiums

- **Net Claims Costs**

Gross Claims Costs net of reinsurance

- **Net Earned Premium**

Gross Earned Premiums net of reinsurance

- **Net Technical Result**

Result from insurance activities (including reinsurance operations and service income and expenses)

- **Outward commission**

Remuneration paid by the reinsurer to the ceding insurer for the premiums ceded

- **Premium**

Amount paid by the policyholder to the insurance company in exchange for risk coverage. A distinction is made between:

- **Written premium**

Amount invoiced during the period for coverage against the risks stipulated in the policy

- **Earned premium**

Portion of the premium written during the period or earlier corresponding to the coverage of risks during the period concerned

- **Reinsurance**

An operation by which an insurer obtains cover from a third party (the reinsurer) for part of the risks that it has guaranteed, in exchange for the payment of a premium

- **Retention Rate**

Net Earned Premium divided by Gross Earned Premium

- **Run-off**

Claims reserves release related to previous years policies which risks are over

- **Services**

- **Information services**

Researches and analysis carried out to provide our policyholders with the required credit insurance cover, and monitoring of the solvency of their customers

- **Collection services**

Extra-judicial and/or judicial procedure conducted by Euler Hermes to secure payment of a receivable from the debtor

- **Turnover**

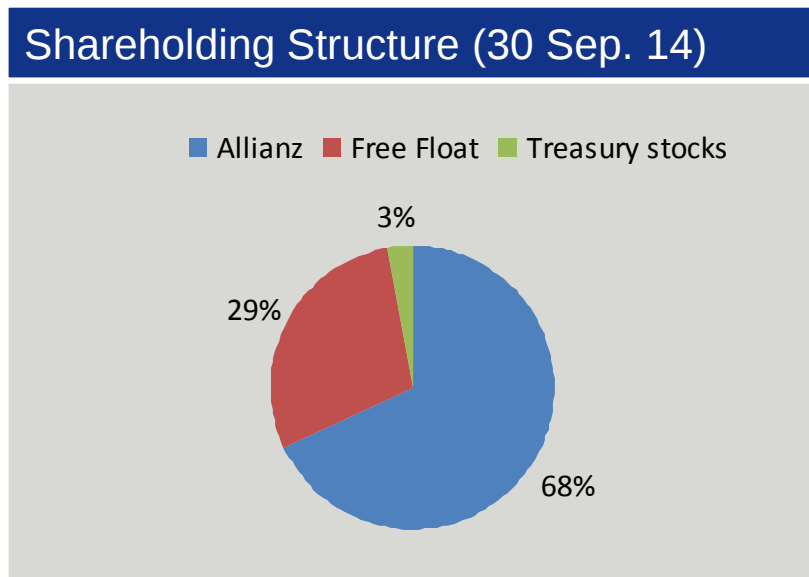
Turnover is composed of gross earned premiums and service revenues

Investors relations

Next Events	Date
4Q 2014 Earnings (webcast)	Feb. 18 th , 2015
1Q 2015 Earnings (webcast)	Apr. 28 th , 2015

Stock Market Data	As at 30 Sep. 14
Listing	Euronext Paris
Code	ELE.PA
Shares outstanding	45,342,177
Market cap. (€ mn)	3,831

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(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.

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