

EULER HERMES 2018 FULL YEAR RESULTS: HIGHEST EARNINGS IN 10 YEARS BOOSTING NEW STRATEGIC PLAN

- 2018 revenues at €2,705 million, up 7% at constant exchange rates
- Net combined ratio at 77.9% (-3.3%-p)
- Operating profit at €431 million, up 17%
- Net income at €345 million, up 8%
- Historically highest level of portfolio value at €2,096 million, up 6%
- #1 brand recommended for trade credit insurance in 2018, for customers¹ and brokers²

Paris, 13th March 2019 – Euler Hermes accomplished very strong results in 2018, with revenues rising 7% to €2,705 million and volume-driven growth spread across most regions.

Operating profit increased by 17% to €431 million, due to a combination of revenues growth, higher service margins, and a lower net combined ratio. The last, which stands at 77.9%, is decreasing (-3.3%-p) thanks to higher claims run off and a lower expense ratio. Net income increased by 8% to €345 million.

In commercial terms, Euler Hermes achieved this year the highest level of new business in its history, which, combined with a healthy retention rate of 90%, boosted organic growth to its highest level since 2013. Consequently, as of December 31st, 2018, Euler Hermes reached its historically highest level of commercial portfolio value in trade credit at €2,096 million, up 6%. In addition, the Group also confirmed its rank as #1 brand recommended for trade credit insurance in 2018, for customers and brokers.

These excellent results allow Euler Hermes to speed up its new strategy “**Confidence to be bold**” to expand beyond its traditional business line, trade credit insurance (TCI), thus reinforcing surety, fraud solutions, insurance financing, and digital partnerships. Indeed, Euler Hermes is paving its way to becoming the most innovative B2B trade credit insurer and redefining trade finance. This translated into various initiatives throughout the year.

New services for new clients

On the commercial side, Euler Hermes launched several new digital services and products in 2018 to address the SME market, one of its core targets within its 2019-2021 strategy, such as Invoice-to-Cash in Germany, FraudReflex, “Ma Caution en Ligne” (digital bonding) in France and Credable in the Nordics.

It also implemented a new series of services offered throughout the customer journey to reinforce interactions with customers, as well as their confidence to trade. In addition, the “MyEH” portal will soon provide innovative features to digitalize and differentiate customers’ experience: 36% of its features will be new to the market.

¹ Source: Ipsos survey. 3919 interviews in Sep-Oct 2018 in the 10 largest Euler Hermes entities

² Source : internal research based on interviews on a panel of 698 brokers, in 21 countries

Innovation boosting growth

On the innovation side, the Euler Hermes Digital Agency, together with the Datalab, are boosting their collaboration with the various business units within the Group. Many projects have entered the industrialization phase, from churn detection to predictive models. The Group is now recognized for its ability to roll out innovation projects very quickly and efficiently until the operational stage thanks to close links between innovation and operational teams.

This led to the global deployment of “Single Invoice Cover”, a product that not only protects B2B trade from defaults, transaction by transaction, but also optimizes end-to-end supply chains by extending the best possible credit terms to buyers, while ensuring suppliers and platforms remain in total control of their credit exposure. This new offer, available through a single API³, was integrated by various platforms such as “Cash in time” in France, AgriDigital in Asia and C2FO in the US, in which AllianzX invested to support a digital strategic partnership with EH.

In 2018, Euler Hermes also launched TradeScore, a new service which allows customers to view and act on their Euler Hermes rating, check the financial health of their business partners and compare their company's performance in its sector of activity. In 2 months, this new service already convinced 20,000 customers in France.

“This year has been very special, with our main shareholder Allianz now owning 100% of our company, thanks to the successful simplified tender offer it has launched in 2018. It is a very positive recognition of the hard work and strong results all of us have contributed to achieve over the years. Our 2018 full year results confirm the relevance of our strategic plan with record highs in terms of commercial performance. Our net income reaches €345 million, up 8.4%, with all regions contributing to organic growth. In parallel, we are boosting our investments in terms of innovation and customer centricity, to speed up the activation of our 2019-2021 strategic plan. We want to become the most innovative B2B insurance company and these latest results clearly confirm that we are on the right track”, said **Wilfried Verstraete, Chairman of the Euler Hermes Board of Management.**

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³ API: Application Programme Interface - a set of functions and procedures allowing the creation of applications that access the features or data of an operating system, application or other service

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For more information, please visit: eulerhermes.com

We predict trade and credit risk today, so companies can have confidence in tomorrow.



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