

This document is an unofficial English-language translation of the offer document (*note d'information*) filed with the AMF on April 5, 2018, provided for information purposes. In the event of any differences between this unofficial English-language translation and the official French document, the official French document shall prevail.

**SIMPLIFIED TENDER OFFER FOLLOWED BY A SQUEEZE-OUT  
FOR THE SHARES OF THE COMPANY**



**INITIATED BY**



**PRESENTED BY**



**PRESENTING BANK**

**AND**



**PRESENTING AND GUARANTEEING BANK**

**OFFER DOCUMENT PREPARED BY ALLIANZ SE**

**OFFER PRICE:**

122 Euros per Euler Hermes Group share

**DURATION OF THE OFFER:**

**10 trading days**



Pursuant to article L.621-8 of the French Monetary and Financial Code and article 231-26 of its general regulations, the Autorité des marchés financiers (the “AMF”) affixed visa No. 18-111 dated April 5, 2018 on this offer document. This offer document was prepared by Allianz SE whose signatories are taking responsibility for it. The visa, as per the provisions of article L.621-8-1 I of the French Monetary and Financial Code, was received after the AMF has verified that the document is complete and comprehensible and that the information it contains are coherent. This does not entail the advisability of the transaction, nor the certification of the accounting and financial data presented.

### IMPORTANT NOTICE

Since, as of the date of this offer document, the shares held by the minority shareholders of Euler Hermes Group already represent less than 5% of the share capital and voting rights of Euler Hermes Group, Allianz SE will request from the AMF, immediately after the publication of the final results of this simplified tender offer, pursuant to Articles L. 433-4 III of the French Monetary and Financial Code and 237-14 *et seq.* of the AMF general regulations, the implementation of a squeeze-out (“*retrait obligatoire*”) procedure in order to acquire the Euler Hermes Group shares not tendered into this offer in exchange for a compensation of 122 Euros per Euler Hermes Group share, equal to the price of the simplified tender offer, net of costs and fees.

This offer document is available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and Allianz SE ([www.allianz.com](http://www.allianz.com)) and may be obtained free of charge from:

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The information relating to, in particular, the legal, financial and accounting characteristics of Allianz will be made available to the public, pursuant to Article 231-28 of the AMF general regulations, no later than the day before the opening of the simplified tender offer.

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## 1. PRESENTATION OF THE OFFER

Pursuant to Title III of Book II and more specifically Articles 233-1 *et seq.* of the AMF general regulations, including its Article 233-1, 1°, Allianz SE, a European company organized under the laws of the European Union and Germany, having its registered office at Koeniginstrasse 28, 80802 Munich, Germany, registered with the Commercial Register of the local court of Munich under number HRB 164232 (“**Allianz**” or the “**Offeror**”), makes an irrevocable offer to the shareholders of Euler Hermes Group, a *société anonyme à directoire et conseil de surveillance* organized under the laws of France with a share capital of 13,645,323.20 Euros, having its registered office at 1 place des Saisons, 92048 Paris-La-Défense Cedex, France, registered with the Nanterre Trade and Companies Register under number 552 040 594 (“**Euler Hermes**” or the “**Company**”) and whose shares are admitted to trading on Compartment A of the regulated market of Euronext in Paris (“**Euronext Paris**”) under ISIN code FR0004254035, mnemonic “ELE”, to acquire all of their shares of Euler Hermes, at the price of 122 Euros per share, under the conditions described hereafter (the “**Offer**”).

The Offer, which will be immediately followed by a squeeze-out (“*retrait obligatoire*”) procedure (the “**Squeeze-Out**”), pursuant to Articles L. 433-4 III of the French Monetary and Financial Code and 237-14 *et seq.* of the AMF general regulations, will be made under the simplified procedure in accordance with Article 233-1 *et seq.* of the AMF general regulations, including its Article 233-1, 1°. The Offer will be open for a period of ten (10) trading days.

As of the date of this offer document, the Offeror holds, directly and indirectly through the companies it controls, 40,024,315 shares of the Company, representing 93.86% of the share capital and theoretical voting rights of the Company.

The Offer covers all of the existing shares of the Company which are not held by the Offeror (directly or indirectly through the companies it controls), excluding the treasury shares held by the Company<sup>1</sup>, i.e. a maximum aggregate number of 1,998,131 shares, representing, as of the date of this offer document, 4.69% of the share capital and theoretical voting rights of the Company, on the basis of a total of 42,641,635 shares and 42,641,635 theoretical voting rights.

To the Offeror’s knowledge, there exists no other equity security or any other financial instrument or right giving access, immediately or in the future, to the share capital or the voting rights of the Company other than the shares of the Company. It is specified that the Restricted Stock Units (“**RSUs**”) granted to certain employees and to members of the Board of Management (*Directoire*) of the Company (and/or its subsidiaries) as part of the Euler Hermes Group Long Term Incentive plans, which are described in the response document prepared by the Company, will not give rise to any issuance or allocation of shares of the Company.

Pursuant to Article 231-13 of the AMF general regulations, Rothschild Martin Maurel and Société Générale, acting as presenting banks for the Offer (the “**Presenting Banks**”), filed with the AMF, on March 21, 2018, the Offer and a draft offer document, on behalf of the Offeror. It is specified that only

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<sup>1</sup> The Offer does not cover the 619,189 treasury shares owned by the Company which, pursuant to the decision of the Supervisory Board of Euler Hermes dated March 21, 2018, will not be tendered into the Offer.

Société Générale guarantees the content and the irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

## 1.1 CONTEXT AND RATIONALE OF THE OFFER

### 1.1.1 Historic shareholding of the Offeror

The shareholding of Allianz in the Company dates back more than two decades. In 1996, Allianz acquired a controlling stake in the German credit insurer Hermes Kreditversicherungs-AG. In 1998, through the acquisition of the company Assurances Générales de France S.A. (AGF), Allianz indirectly acquired a controlling stake in Euler-SFAC. Both businesses were merged upon the acquisition of Hermes Kreditversicherungs-AG by Euler in 2002. Since 2003, the group and its subsidiaries adopt the name Euler Hermes.

As at December 31, 2015, the Allianz group held, through Allianz Vie and Allianz France, 30,744,048 shares of the Company, representing 67.8% of the share capital and theoretical voting rights of the Company.

#### ➤ *Private placement, repurchase and cancellation of shares*

On May 19, 2016, Allianz Vie announced that it has completed the sale of 3,879,818 shares of the Company, representing its entire stake, i.e. 8.56%, of the share capital of the Company, through a private placement to institutional investors via an accelerated bookbuilt offer (the “**Share Placement**”). The price of the Share Placement was equal to 75.94 Euros per share.

As part of the Share Placement, Euler Hermes repurchased 2,200,000 shares representing 4.9% of the share capital of the Company, at a price equal to the price of the Share Placement (the “**Repurchase**”). The Repurchase has been completed pursuant to the share buyback program approved by the shareholders’ meeting of May 27, 2015.

Following completion of the Share Placement and the Repurchase, the Company cancelled, on May 23, 2016, the 2,200,000 shares so repurchased, together with 500,542 treasury shares it already owned, i.e. 2,700,542 shares in aggregate, representing 6.33% of the share capital of the Company post cancellation.

Following such transactions, the Allianz group’s aggregate shareholding was reduced from 67.80% to 63.00% of the share capital and theoretical voting rights of the Company.

The Share Placement was a capital optimization transaction benefiting all stakeholders: Euler Hermes shareholders through EPS and DPS accretion and Allianz Vie policyholders with full liquidity. From Allianz Vie standpoint it was intended to optimize and diversify policyholders’ investments portfolio. From Allianz shareholders standpoint, there was no disposal nor reduction of exposure. On the contrary, Allianz increased its economic interests in Euler Hermes post transaction and cancellation and reiterated at that time the strategic nature of its long-term participation in Euler Hermes.

#### ➤ *Acquisition of shares off-market and simplified tender offer*

Pursuant to share purchase agreements dated November 24, 2017, Allianz Argos 14 GmbH, a wholly owned subsidiary of Allianz, acquired (i) 3,399,258 shares of the Company (representing 7.97% of its

share capital and theoretical voting rights) from funds managed by Silchester International Investors LLP, and (ii) 1,438,278 shares of the Company (representing 3.37% of its share capital and theoretical voting rights) from funds managed by Kiltarn Partners LLP<sup>2</sup>, i.e. a total of 4,837,536 shares of the Company (representing 11.34% of its share capital and theoretical voting rights), for a price of 122 Euros per Euler Hermes share in cash, without any possible price supplement mechanism<sup>3</sup>.

On December 21, 2017, Allianz filed a simplified tender offer pursuant to which Allianz offered to the shareholders of Euler Hermes to acquire all of their Euler Hermes shares, at the price of 122 Euros per share (the “**Initial Offer**”).

On December 22, 2017, the 4,837,536 shares of the Company acquired by Allianz Argos 14 GmbH from funds managed by Silchester International Investors LLP and from funds managed by Kiltarn Partners LLP were transferred to Allianz.

On December 27, 2017, after the filing of the Initial Offer and in accordance with article 231-38 of the AMF general regulations, Allianz purchased 1,550,856 Euler Hermes shares through an off-market transaction at a price of 122 Euros per share.

Following such transactions, the Allianz group’s aggregate shareholding was increased from 63.00% to 77.98% of the share capital and theoretical voting rights of the Company.

During its meeting dated January 11, 2018, the *Collège* of the AMF has declared that the Initial Offer was compliant with the applicable legislative and regulatory provisions, and published a reasoned compliance statement to this end (D&I n°218C0086 of the AMF dated January 11, 2018).

The terms of the Initial Offer are described in the offer document of Allianz approved by the AMF under visa No. 18-010 dated January 11, 2018 and in the response document of Euler Hermes approved by the AMF under visa No. 18-011 dated January 11, 2018.

The Initial Offer was open for twenty-two (22) trading days, from January 15 to February 13, 2018 included (D&I No. 218C0092 of the AMF dated January 12, 2018).

The AMF published the results of the Initial Offer through a notice dated February 14, 2018 (D&I n°218C0414 of the AMF dated February 14, 2018): during the Initial Offer, Allianz acquired 6,158,140 Euler Hermes shares<sup>4</sup> on the market at a price of 122 Euros per share, allowing it to hold, upon the closing of the Initial Offer, directly and indirectly through the company Allianz France, 39,411,562 Euler Hermes shares, representing 92.43% of the share capital and theoretical voting rights of the Company, on the basis of a total of 42,641,635 shares and 42,641,635 theoretical voting rights, it being specified that Euler Hermes owned 619,189 treasury shares.

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<sup>2</sup> The companies Silchester International Investors LLP and Kiltarn Partners LLP, acting in their capacity of investment managers of funds, have sold all the shares they held in Euler Hermes and they no longer hold any shares or voting rights of the Company.

<sup>3</sup> These transactions have been completed off market pursuant to instructions given by the parties to their respective brokers on November 27, 2017.

<sup>4</sup> Excluding 800 shares initially owned by Investitori SGR S.p.a. that have been brought to the Initial Offer on February 2, 2018.

➤ *Acquisition of additional shares on the market*

Since the closing of the Initial Offer and until February 22, 2018 included, Allianz acquired, directly and indirectly through Allianz Argos 14 GmbH, 612,753 additional Euler Hermes shares on the market at a price of 122 Euros per share, representing 1.44% of the share capital and voting rights of Euler Hermes<sup>5</sup>.

As a result of such additional acquisitions, the Allianz group's aggregate shareholding was increased to 40,024,3015 Euler Hermes shares, representing 93.86% of the share capital and theoretical voting rights of Euler Hermes. The number of Euler Hermes shares held by the minority shareholders (excluding the 619,189 treasury shares owned by the Company) was therefore to 1,998,131 shares, representing 4.69% of the share capital and voting rights of Euler Hermes.

The minority shareholders of Euler Hermes representing less than 5% of the share capital and voting rights of Euler Hermes, Allianz announced on February 23, 2018, in continuation with its Initial Offer, its intent to file the Offer, which will be immediately followed by a Squeeze-Out.

Except for the aforementioned acquisitions of Euler Hermes shares, the Offeror has not acquired, directly or indirectly, any Euler Hermes shares during the 12 months preceding February 23, 2018.

### 1.1.2 Company's share capital and voting rights allocation

As of the date of this offer document, to the Offeror's knowledge, the share capital of the Company amounts to 13,645,323.20 Euros divided into 42,641,635 ordinary shares.

At the closing of the Initial Offer, the share capital and theoretical voting rights of the Company were allocated as follows<sup>6</sup>:

Shareholders	Number of shares	% of the shares	Number of theoretical voting rights	% of theoretical the voting rights
Allianz France	26,864,230	63.00%	26,864,230	63.00%
Allianz SE	12,547,332	29.43%	12,547,332	29.43%
<b>Total Offeror</b>	<b>39,411,562</b>	<b>92.43%</b>	<b>39,411,562</b>	<b>92.43%</b>
Treasury shares	619,189	1.45%	619,189	1.45%
Others	2,610,884	6.12%	2,610,884	6.12%
<b>TOTAL</b>	<b>42,641,635</b>	<b>100%</b>	<b>42,641,635</b>	<b>100%</b>

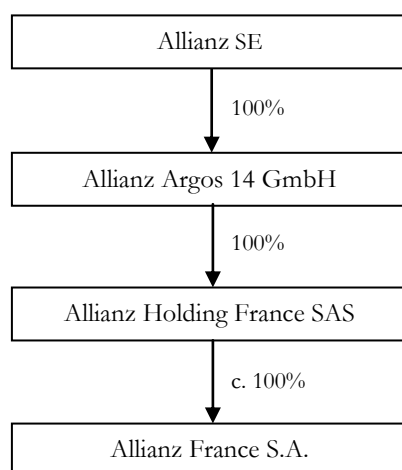
<sup>5</sup> Allianz directly acquired 176,601 additional Euler Hermes shares, representing 0.41% of the share capital and voting rights of Euler Hermes and Allianz Argos 14 GmbH directly acquired 436,152 additional Euler Hermes shares, representing 1.02% of the share capital and voting rights of Euler Hermes. Such acquisitions will not give rise to any price supplement, of any kind, to the benefit of the sellers.

<sup>6</sup> Based on the declaration of the total number of shares and voting rights of the Company as of December 31, 2017.

As of the date of this offer document, following the aforementioned additional acquisitions on the market, to the Offeror's knowledge, the share capital and theoretical voting rights of the Company are allocated as follows<sup>7</sup>:

Shareholders	Number of shares	% of the shares	Number of theoretical voting rights	% of theoretical the voting rights
Allianz France	26,864,230	63.00%	26,864,230	63.00%
Allianz SE	12,723,933	29.84%	12,723,933	29.84%
Allianz Argos 14 GmbH	436,152	1.02%	436,152	1.02%
<b>Total Offeror</b>	<b>40,024,315</b>	<b>93.86%</b>	<b>40,024,315</b>	<b>93.86%</b>
Treasury shares	619,189	1.45%	619,189	1.45%
Others	1,998,131	4.69%	1,998,131	4.69%
<b>TOTAL</b>	<b>42,641,635</b>	<b>100%</b>	<b>42,641,635</b>	<b>100%</b>

Within the Allianz group, the share capital of the Company is held through the following entities (simplified scheme)<sup>8</sup>:



### 1.1.3 Regulatory authorisations

The Offer is not subject to the obtaining of any regulatory authorisation.

### 1.1.4 Rationale of the Offer

Euler Hermes is the leading global trade credit insurer and a core component of Allianz global lines business. Underwriting excellence proven through the cycle, risk analysis and integrated global structure together with a strong and experienced management team provides the basis for the pursuit of Euler Hermes' development in trade credit insurance, bonding and selected other specialties.

<sup>7</sup> Based on the total number of shares and voting rights of the Company mentioned in the response document relating to the Offer prepared by the Company.

<sup>8</sup> Allianz Holding France SAS holds precisely 99.99% of Allianz France SA.

Increasing ownership in Euler Hermes is therefore a logical step for Allianz to deploy capital in strategic businesses delivering solid operating performance, and to strengthen positions in core home markets and in property and casualty in particular.

The Offer, which will be immediately followed by a Squeeze-Out, aims at proceeding with the delisting of the shares of the Company from the stock exchange. It has several advantages, for the Offeror and for the Company, since such transaction would allow the Company to be released from regulatory and administrative constraints related to the admission to trading of its securities, and, therefore, to reduce the related costs. Such operation would also allow to simplify the functioning of the Company.

In this context, the Offeror has mandated the Presenting Banks, which have carried out the valuation of the Euler Hermes shares. Pursuant to Articles 261-1 *et seq.* of the AMF general regulations, on February 28, 2018, the Supervisory Board of Euler Hermes asked to Finexsi, represented by Olivier Péronnet, as independent expert, to prepare a further fairness opinion (“*attestation complémentaire*”) regarding the financial terms of the Offer and of the Squeeze-Out.

The information used to determine the Offer price per share is presented in Section 3 of this offer document. The further fairness opinion of the independent expert appointed by the Company will be fully reproduced in the response document prepared by the Company.

## **1.2 OFFEROR’S INTENTIONS FOR THE NEXT 12 MONTHS**

### **1.2.1 Strategy and industrial and financial policy**

Since Euler Hermes is already being part of the Allianz group, the Offeror does not anticipate, as a result of the Offer, any change in the industrial and financial policy and strategic orientations currently implemented by Euler Hermes, beyond ordinary course of business.

### **1.2.2 Composition of Euler Hermes management and corporate bodies**

As the Offer, which will be immediately followed by a Squeeze-Out, will result in the delisting of the shares of the Company from Euronext Paris, changes in the legal form and in the composition of corporate bodies of the Company could be contemplated.

### **1.2.3 Intentions regarding employment**

Since Euler Hermes is already being part of the Allianz group, the Offeror does not expect, as a result of the Offer, any particular impact on the Euler Hermes group’s workforce, employment policy or human resources relationships. In particular, Allianz intends to maintain Euler Hermes’ operational headquarters’ location in France.

### **1.2.4 Dividend distribution policy**

Allianz reserves the possibility to review Euler Hermes’ dividend distribution policy upon completion of the Offer in accordance with law and the Company’s articles of association, as well as according to the Company’s distribution capacity and financing requirements.

### **1.2.5 Squeeze-Out and delisting**

Since, as of the date of this offer document, the shares not held by Allianz, directly or indirectly through

the companies it controls (excluding the 619,189 treasury shares owned by Euler Hermes) represent no more than 5% of the share capital or voting rights of Euler Hermes, Allianz will request from the AMF, immediately after the publication of the final results of the Offer, the implementation of a Squeeze-Out in order to acquire the shares of the Company not tendered into the Offer in exchange for a compensation of 122 Euros per Euler Hermes share, equal to the Offer price, net of costs and fees.

It is specified that, as a result of such Squeeze-Out procedure, the shares of the Company would be delisted from Euronext Paris.

### **1.2.6 Intentions regarding mergers**

Following the Squeeze-Out, it is currently not envisaged to proceed with a merger between the Offeror and the Company.

### **1.2.7 Synergies – economic gains**

The advantages expected from the transaction are described in Section 1.1 above.

Euler Hermes belonging to the Allianz group since 1998, except for the saving of listing costs that will result from the delisting of the shares of the Company from Euronext Paris due to the implementation of a Squeeze-Out, no synergies are expected from the Offer since the Offeror does not anticipate any change in the strategy and the operating model of Euler Hermes, beyond ordinary course of business.

### **1.2.8 Advantages of the transaction for the Company and its shareholders**

The Offeror proposes to the shareholders of the Company who will tender their shares into the Offer an immediate liquidity for the entirety of their shares at a price of 122 Euros per share. It is reminded that, as for the Initial Offer, the price presented a premium corresponding to 20.7% over the closing price per share of the Company on November 24, 2017, 22.9% over the volume-weighted average price for three months, 22.2% over the volume-weighted average price for six months, and 30.8% over the volume-weighted average price for twelve months.

The information used to determine the Offer price per share is presented in Section 3 of this offer document.

## **1.3 AGREEMENTS LIKELY TO HAVE AN IMPACT ON THE VALUATION OR OUTCOME OF THE OFFER**

As of the date of this offer document, the Offeror is not party to any agreement likely to have a significant impact on the assessment of the Offer or its outcome, and the Offeror is not aware of the existence of such agreement.

## **2. TERMS AND CONDITIONS OF THE OFFER AND OF THE SQUEEZE-OUT**

### **2.1 TERMS OF THE OFFER**

Pursuant to Articles 231-13 *et seq.* of the AMF general regulations, Rothschild Martin Maurel and Société Générale, as Presenting Banks acting on behalf of the Offeror, filed with the AMF, on March 21, 2018, the Offer in the form of a simplified cash tender offer and the draft offer document relating to the Offer.

It is specified that only Société Générale guarantees the content and the irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

In the context of this Offer which will be made under the simplified procedure in accordance with Articles 233-1 *et seq.* of the AMF general regulations, including its Article 233-1, 1°, the Offeror irrevocably undertakes to acquire from Euler Hermes shareholders all the shares of Euler Hermes which will be tendered into the Offer, at the price of 122 Euros per share, during a minimum period of ten (10) trading days. The attention of Euler Hermes shareholders is drawn on the fact that, the Offer, being made under the simplified procedure, will not be re-opened following the publication of the final results of the Offer.

It is specified, for the avoidance of doubt, that the Offer price covers the Euler Hermes shares cum dividend and that, in the event that the ex-dividend date would be prior to the closing date of the Offer (pursuant to, as the case may be, the approval by the Euler Hermes shareholders' general meeting of a dividend distribution with respect to 2017 financial year), the Offer price (and the compensation of the Squeeze-Out) would be adjusted to take into account the detachment of the coupon.

From the filing of the Offer within the AMF, and until the opening of the Offer, the Offeror reserves the right to acquire shares of the Company on the market, within the limits of Article 231-38 IV of the AMF general regulations.

## **2.2 NUMBER AND TYPE OF SHARES COVERED BY THE OFFER**

As of the date of this offer document, the Offeror holds, directly and indirectly through the companies it controls, 40,024,315 shares of the Company, representing 93.86% of the share capital and theoretical voting rights of the Company, in accordance with Article 223-11 of the AMF general regulations.

Pursuant to Article 231-6 of the AMF general regulations, the Offer covers all of the existing shares of the Company which are not held by the Offeror (directly or indirectly through the companies it controls), excluding the treasury shares held by the Company<sup>9</sup>, i.e. a maximum aggregate number of 1,998,131 shares, representing, as of the date of this offer document, 4.69% of the share capital and theoretical voting rights of the Company, on the basis of a total of 42,641,635 shares and 42,641,635 theoretical voting rights.

To the Offeror's knowledge, there exists no other equity security or any other financial instrument or right giving access, immediately or in the future, to the share capital or the voting rights of the Company other than the shares of the Company. It is specified that the RSUs granted to certain employees and to members of the Board of Management (*Directoire*) of the Company (and/or its subsidiaries) as part of the Euler Hermes Group Long Term Incentive plans, which are described in the response document prepared by the Company, will not give rise to any issuance or allocation of shares of the Company.

## **2.3 CONDITIONS OF THE OFFER**

The Offer was filed with the AMF on March 21, 2018. A notice of filing has been published by the AMF on its website ([www.amf-france.org](http://www.amf-france.org)).

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<sup>9</sup> The Offer does not cover the 619,189 treasury shares owned by the Company which, pursuant to the decision of the Supervisory Board of Euler Hermes dated March 21, 2018, will not be tendered into the Offer.

Pursuant to Article 231-16 of the AMF general regulations, the French version of the draft offer document, as filed with the AMF, is made available to the public free of charge at the registered offices of Rothschild Martin Maurel and Société Générale, and is made available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and Allianz ([www.allianz.com](http://www.allianz.com)).

In addition, a press release disclosing the main terms of the draft offer document and specifying the means by which it was made available has been issued by the Offeror on March 21, 2018.

The AMF has published on its website a reasoned compliance statement for this Offer, after having ensured its compliance with the applicable legislative and regulatory provisions. In accordance with Article 231-23 of the AMF general regulations, the compliance statement constitutes approval of the Offeror's offer document.

Pursuant to Articles 231-27 and 231-28 of the AMF general regulations, the offer document as approved by the AMF, as well as the information relating to, in particular, the legal, financial and accounting characteristics of the Offeror will be filed with the AMF and made available to the public free of charge at the registered offices of Rothschild Martin Maurel and Société Générale, no later than the day before the opening of the Offer. These documents will also be made available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and Allianz ([www.allianz.com](http://www.allianz.com)).

Pursuant to Articles 231-27 and 231-28 of the AMF general regulations, a press release specifying the means by which these documents will be made available will be published by the Offeror.

Prior to the opening of the Offer, the AMF will publish an opening notice and the timetable of the Offer, and Euronext Paris will publish a notice announcing the terms and the timetable of the Offer.

The Offer will be open for a period of ten (10) trading days, pursuant to Article 233-2 of the AMF general regulations.

## **2.4 TERMS AND CONDITIONS OF THE SQUEEZE-OUT**

Since, as of the date of this offer document, the shares not held by Allianz, directly or indirectly through the companies it controls (excluding the 619,189 treasury shares owned by Euler Hermes) represent no more than 5% of the share capital or voting rights of Euler Hermes, Allianz will request from the AMF, immediately after the publication of the final results of the Offer, the implementation of a Squeeze-Out in order to acquire the shares of the Company not tendered into the Offer in exchange for a compensation of 122 Euros per Euler Hermes share, equal to the Offer price, net of costs and fees.

The AMF will publish a notice regarding the implementation of the Squeeze-Out, and Euronext Paris will publish a notice announcing the timetable of the implementation of the Squeeze-Out.

The Squeeze-Out will cover the Euler Hermes shares which are not held by the Offeror, directly or indirectly through the companies it controls, at the closing date of the Offer, excluding the 619,189 treasury shares owned by the Company.

The total amount of the indemnity will be paid by Allianz, at the latest on the date of implementation of the Squeeze-Out into a blocked account opened for this purpose at Société Générale, acting as the centralizing agent for the indemnity procedure of the Squeeze-Out.

In accordance with the provisions of Article 237-16 III of the AMF general regulations, the Offeror will publish a press release informing the public of the implementation of the Squeeze-Out and specifying the means by which the offer document has been made available.

In accordance with the provisions of Article 237-17 of the AMF general regulations, the Offeror will publish a notice informing the public of the Squeeze-Out in a journal empowered to publish legal notices in the place of the registered office of Euler Hermes.

The Euler Hermes shares will be delisted from Euronext Paris on the day at which the Squeeze-Out will be effective.

## **2.5 OFFER TENDER PROCEDURE**

Holders of shares of the Company held in an account managed by a financial intermediary (e.g. bank, credit institution, investment company) and who wish to tender their shares into the Offer shall send an order to their financial intermediary at the latest at the closing date (included) of the Offer, using the standard forms made available to them by such financial intermediary.

Shares of the Company held in registered form must be converted and held in bearer form to be tendered into the Offer. Therefore, holders of shares held in registered form who wish to tender the shares of the Company into the Offer will have to ask for the conversion of these shares to hold them in bearer form as soon as possible. The financial intermediaries managing account will have, prior to the sale, to convert in bearer form the shares of the Company tendered into the Offer. The holders of shares held in registered form will therefore lose the benefits attached to the registered form for those shares then converted into bearer form.

The shares of the Company tendered into the Offer must be freely transferable and free of any and all liens, pledges, charges and restrictions of any kind whatsoever restricting the free transfer of ownership. The Offeror reserves the right, in its sole discretion, to reject any tendered share of the Company which does not comply with this condition.

The Offer will be completed through purchases on the Euronext Paris market, pursuant to Article 233-2 of the AMF general regulations. The settlement-delivery will take place on an ongoing basis as the tender orders are executed, two (2) trading days after each execution of the tender orders. Société Générale, an investment service provider authorised as a buying market-maker (*membre du marché acheteur*), will acquire, on behalf of the Offeror, all the shares of the Company tendered to the Offer.

The brokerage fees, increased by the corresponding VAT costs, will remain payable by the selling shareholders.

This Offer is governed by French law. Any disagreement or dispute of any nature relating to this Offer will be brought before the relevant courts.

## 2.6 INDICATIVE TIMETABLE OF THE OFFER

An indicative timetable is proposed below:

Dates	Key steps of the Offer
21 March 2018	<ul style="list-style-type: none"> <li>- Filing with the AMF of the Offer and the Offeror's draft offer document</li> <li>- Filing with the AMF of the Company's draft response document, including the reasoned opinion of the Company's Supervisory Board and the independent expert's further fairness opinion</li> </ul>
21 March 2018	<ul style="list-style-type: none"> <li>- Offeror's draft offer document made available to the public and publication of the Offeror's draft offer document on the websites of the AMF (<a href="http://www.amf-france.org">www.amf-france.org</a>) and the Offeror (<a href="http://www.allianz.com">www.allianz.com</a>)</li> <li>- Company's draft response document made available to the public and publication of the Company's draft response document on the websites of the AMF (<a href="http://www.amf-france.org">www.amf-france.org</a>) and the Company (<a href="http://www.fr.eulerhermes.com">www.fr.eulerhermes.com</a>)</li> <li>- Publication of press releases announcing the filing of the draft Offer as well as the availability of the Offeror's draft offer document and the availability of the Company's draft response document</li> </ul>
5 April 2018	<ul style="list-style-type: none"> <li>- AMF's compliance statement of the Offer, which serves as the "visa" of the Offeror's draft offer document and the Company's draft response document</li> </ul>
5 April 2018	<ul style="list-style-type: none"> <li>- Filing with the AMF of the information relating to, in particular, the legal, financial and accounting characteristics of the Offeror</li> <li>- Filing with the AMF of the information relating to, in particular, the legal, financial and accounting characteristics of the Company</li> </ul>
6 April 2018	<ul style="list-style-type: none"> <li>- Approved Offeror's offer document made available to the public and publication of the approved Offeror's offer document on the websites of the AMF (<a href="http://www.amf-france.org">www.amf-france.org</a>) and the Offeror (<a href="http://www.allianz.com">www.allianz.com</a>)</li> <li>- Approved Company's response document made available to the public and publication of the approved Company's response document on the websites of the AMF (<a href="http://www.amf-france.org">www.amf-france.org</a>) and the Company (<a href="http://www.fr.eulerhermes.com">www.fr.eulerhermes.com</a>)</li> </ul>
6 April 2018	<ul style="list-style-type: none"> <li>- Information relating to, in particular, the legal, financial and accounting characteristics of the Offeror made available to the public and publication of such information on the websites of the AMF (<a href="http://www.amf-france.org">www.amf-france.org</a>) and the Offeror (<a href="http://www.allianz.com">www.allianz.com</a>)</li> <li>- Information relating to, in particular, the legal, financial and accounting characteristics of the Company made available to the public and publication of such information on the websites of the AMF (<a href="http://www.amf-france.org">www.amf-france.org</a>) and the Company (<a href="http://www.fr.eulerhermes.com">www.fr.eulerhermes.com</a>)</li> <li>- Publication of press releases announcing the availability of the approved Offeror's offer documents, of the approved Company's response document, and of information relating to, in particular, the legal, financial and accounting characteristics of the Offeror and the Company</li> </ul>
9 April 2018	<ul style="list-style-type: none"> <li>- Opening of the Offer</li> </ul>
20 April 2018	<ul style="list-style-type: none"> <li>- Closing of the Offer</li> </ul>
23 April 2018	<ul style="list-style-type: none"> <li>- Publication by the AMF of a notice announcing the results of the Offer</li> </ul>
23 April 2018	<ul style="list-style-type: none"> <li>- Request to the AMF for the implementation of the Squeeze-Out</li> </ul>

Dates	Key steps of the Offer
30 April 2018 at the latest	- Implementation of the Squeeze-Out

## 2.7 COST AND FINANCING OF THE OFFER

### 2.7.1 Costs of the Offer

The overall amount of all fees, costs and external expenses incurred in connection with the Offer by the Offeror, including the fees and expenses of their financial, legal and accounting advisers, as well as publicity costs, is estimated at approximately 2 million Euros<sup>10</sup> (excluding tax).

### 2.7.2 Financing of the Offer

In the event that all of the shares of the Company covered by the Offer were to be tendered into the Offer, the total cash consideration to be paid by the Offeror to shareholders of the Company having tendered their shares into the Offer (excluding fees and related expenses) would amount to 244 million Euros.

The Offer will be financed through available funds and resources of Allianz.

## 2.8 RESTRICTIONS CONCERNING THE OFFER ABROAD

The Offer is made exclusively in France and this offer document is not be distributed in countries other than France, with the exception of the provisions set forth below.

The Offer will not be registered or approved outside of France and no action will be taken to register or approve it abroad. This offer document and the other documents relating to the Offer do not constitute an offer to sell or purchase transferable securities or a solicitation of such an offer in any other country in which such an offer or solicitation is illegal or to any person to whom such an offer or solicitation could not be duly made.

The holders of the shares of the Company located outside of France can only participate in the Offer if permitted by the local laws to which they are subject, without the Offeror having to carry out additional formalities. Participation in the Offer and the distribution of this offer document may be subject to particular restrictions applicable in accordance with laws in effect outside France. The Offer will not be made to persons subject to such restrictions, whether directly or indirectly, and cannot be accepted in any way in a country in which the Offer would be subject to such restrictions. Accordingly, persons in possession of this offer document are required to obtain information on any applicable local restrictions and to comply therewith. Failure to comply with these restrictions could constitute a violation of applicable securities and/or stock market laws and regulations in one of these countries. The Offeror will not accept any liability in case of a violation by any person of the local rules and restrictions that are applicable to it.

<sup>10</sup> Amount calculated based on the assumption that all of the shares of the Company covered by the Offer were to be tendered into the Offer.

## *United States*

In the specific case of the United States of America, it is stipulated that the Offer will not be made, directly or indirectly, in the United States of America, or by the use of postal services, or by any other means of communication or instrument (including by fax, telephone or email) concerning trade between States of the United States of America or between other States, or by a stock market or a trading system of the United States of America or to persons having residence in the United States of America or "*US persons*" (as defined in and in accordance with Regulation S of the US Securities Act of 1933, as amended). No acceptance of the Offer may come from the United States of America. Any acceptance of the Offer that could be assumed as resulting from a violation of these restrictions shall be deemed void.

The subject of this offer document is limited to the Offer and no copy of this offer document and no other document concerning the Offer or the offer document may be sent, communicated, distributed or submitted directly or indirectly in the United States of America other than in the conditions permitted by the laws and regulations in effect in the United States of America.

Any holder of the shares of the Company who will tender its shares into the Offer shall be deemed to represent that (i) it has not received a copy of this offer document or any other document relating to the Offer into the United States of America and it has not sent or otherwise transmitted any such document into the United States of America, (ii) it is not a person having residence in the United States of America and not being a "*US person*" (as defined in Regulation S of the US Securities Act of 1933, as amended) and that it is not issuing a tender order for the Offer from the United States of America, (iii) it was not located in the United States of America when it has accepted the terms of the Offer or its tender order for the Offer, and (iv) it is acting on a non-discretionary basis for a principal located outside the United States of America that is not giving an order to participate in the Offer from the United States of America. For the purposes of this section, "United States of America" means the United States of America, its territories and possessions, any one of these States, and the District of Columbia.

## **2.9 TAX REGIME OF THE OFFER**

Under current French laws, the following outline, provided for general information purposes only, summarizes the tax consequences that are likely to be applicable to shareholders of the Company who will participate to the Offer .

Participating shareholders are however cautioned that this information is only a summary of the applicable tax regime under the laws currently in effect and is not meant to be an exhaustive analysis of all tax effects likely to be applicable to them. They are therefore invited to contact their usual tax advisor in order to become informed of the tax regime applicable to their own situation.

This summary is based on the French legal provisions in force as at the date of this offer document, and is therefore likely to be affected by potential changes in French tax rules, which could have a retroactive effect or apply to the current year or fiscal year, and by their interpretation from the French tax administration and case law.

Persons who are not tax residents of France must also comply with the tax legislation in force in their country of residence and, as the case may be, international tax treaties that have been entered into between France and said jurisdiction.

### **2.9.1 Individual shareholders who are tax residents of France, managing their private assets and not carrying out stock exchange transactions on a habitual basis**

#### *a) Standard regime*

##### *(i) Personal income tax*

Pursuant to articles 150-0 A *et seq.* and 200 A of the French General Tax Code (*Code général des impôts*) (the “CGI”), net capital gains from the sale of shares made by individuals, after deduction of available carried-forward capital losses and unless otherwise stated, will be subject to a flat withholding tax at a rate of 12.8%.

Pursuant to the provisions of article 150-0 D, 11° of the CGI, the capital losses may be set off only against capital gains of the same nature realized during the year of the sale, before taking into account any allowance for duration of ownership. In case of positive difference, the available capital gains are reduced, if applicable, by capital losses of the same nature realized during previous years up to the tenth (included) and by an allowance for duration of ownership if any. In case of negative difference, the excess of capital losses may be carried forward on the capital gains realized during the following ten years up to the tenth (included).

Individuals that have carried-forward capital losses or that make a capital loss on the sale of shares in connection with the Offer should consult with their usual tax advisers on how to use these capital losses.

However, shareholders of the Company having acquired Company’s shares before January 1st, 2018 are entitled to opt, expressly and irrevocably for their entire revenues and capital gains of the year, in order to take into account the capital gains made on the sale of these shares when determining the net overall income that is subject to the progressive income tax scale, after deduction of available carried-forward capital losses under the conditions exposed above and, if applicable, of an allowance based on the duration of ownership as provided for by article 150-0 D of the CGI equals to 50% of their amount when the shares have been held for at least two years and less than eight years on the date of sale; and 65% of their amount when the shares have been held for at least eight years on the date of sale. Subject to certain exceptions, duration of ownership for the purpose of such allowance is computed from the date of subscription or acquisition of the shares.

Individual taxpayers that may be concerned should consult with their usual tax advisers to determine the appropriate tax regime given their personal situation.

The contribution of shares to the Offer may have the effect of terminating any potential postponement or stay of taxation that may have benefited the shareholders within the framework of prior operations.

##### *(ii) Social security contributions*

Net capital gains from the sale of shares made by the above-mentioned individuals in the context of the Offer will also rise to social security contributions, before deduction of available carried-forward capital losses and, if applicable, application of the allowance for duration of ownership described above at (i), at a

global rate of 17.2% allocated as follows:

- 9.9% for the general social contribution (the “CSG”);
- 0.5% for the contribution for repayment of the social debt;
- 4.8% for the social withholding tax and its additional contribution; and
- 2% for the solidarity withholding tax.

These social contributions are not deductible from the taxable income. By exception, the CSG is deductible up to 6.8% from the overall taxable income for the year in which it is paid provided that the corresponding revenue is taxed according to the progressive income tax scale and not according to the flat withholding tax referred to in (i).

(iii) Other contributions

Article 223 *sexies* of the CGI imposes on taxpayers subject to income tax an additional contribution on high income, applicable when the taxpayer’s reference taxable income exceeds certain limits.

This contribution is computed by applying a rate of:

- 3% to the portion of the taxpayer’s reference taxable income between 250,000 and 500,000 Euros for unmarried, widowed, separated or divorced taxpayers and to the portion of the taxpayer’s reference taxable income between 500,000 and 1,000,000 Euros for taxpayers filing joint tax returns; and
- 4% to the portion of the taxpayer’s reference taxable income greater than 500,000 Euros for unmarried, widowed, separated or divorced taxpayers and to the portion of the taxpayer’s reference taxable income greater than 1,000,000 Euros for taxpayers filing joint tax returns.

The reference household taxable income referred to above is defined in accordance with article 1417, IV, 1° of the CGI, without applying the income splitting rules defined in article 163-0 A of the CGI.

This reference income will include, in particular, net capital gains from the sale of shares made by the taxpayers in question as taken into account for establishing income tax before, if applicable, application of the allowance for duration of ownership described above at (i).

b) *Shares held under a share savings plan (plan d’épargne en actions “PEA”)*

Individuals owning shares in connection with a PEA may participate in the Offer.

The PEA gives the right, under certain conditions, (i) for the duration of the PEA, to an exemption from income tax and social security contributions on proceeds and capital gains generated by investments made in connection with the PEA, provided, however, that such proceeds and capital gains remain invested in the PEA; and (ii) upon the expiration of the PEA (if it occurs more than 5 years after the opening of the PEA, including as the result of a partial withdrawal after 5 years but before 8 years) or as a result of a partial withdrawal more than 8 years after its opening, to an exemption from income tax on the net gain realized since the opening of the plan, with such net gain remaining, however, subject to social security

contributions as described in (a)(ii) above (it being noted however that the effective rate of these social security contributions may vary (from 0% to 17.2%) depending on the date on which the gain was acquired or recorded).

Specific provisions that are not described in this offer document apply in the event of capital losses, closure of the PEA prior to the fifth year following its opening, or exit from the PEA in the form of a lifetime annuity.

Individuals owning shares in connection with a PEA should consult with their usual tax advisers.

## **2.9.2 Corporate shareholders which are tax residents of France and subject to corporate income tax**

### *a) Standard regime*

Capital gains and losses made on the sale of the shares in connection with the Offer are in principle included in income subject to the corporate income tax at the ordinary rate (currently 28% on the taxable profit lower than 500,000 Euros and 33.1/3% for the excess), and, if applicable, to the 3.3% social security contribution (article 235 *ter* ZC of the CGI), based on the amount of corporate income tax less an allowance that may not exceed 763,000 Euros per twelve-month period.

However, companies whose revenue is less than 7,630,000 Euros, whose share capital is fully paid up and 75% of whose share capital has been continuously held during the relevant fiscal year by individuals or by companies that satisfy these conditions, have a reduced corporate income tax of 15%, within a limit of a taxable income of 38,120 Euros per twelve-month period. These companies are also exempt from the additional 3.3% contribution referred to above.

For the fiscal years opened from January 1, 2018 and before January 1, 2019, companies having a reduced corporate income tax of 15% will apply the 28% rate on the part of their taxable income between 38,120 Euros and 500,000 Euros. Parts of their taxable income lower than 38,120 Euros and higher than 500,000 Euros will respectively be taxed at the rates of 15% and 33.1/3%.

Finally, it is specified that tendering shares in the Offer may have the effect of ending any potential postponement, stay of taxation or favourable tax regime from which shareholders that are legal entities may have benefited in connection with prior operations.

### *b) Specific regime applicable to long-term capital gains (capital gains on sale of equity interests)*

Pursuant to article 219 I-a *quinquies* of the CGI, net capital gains made on the sale of shares qualifying as “equity interest” (*titres de participation*) and held for more than two years are exempted from corporate income tax, provided the recapture of an amount of 12% of the gross capital gains in their taxable income subject to the ordinary corporate income tax rate.

Equity interest within the meaning of article 219 I-a *quinquies* of the CGI is defined as: (a) shares qualifying as such per accounting rules, (b) shares bought by an offeror in the context of a tender or exchange offer, and (c) shares qualifying for the parent subsidiary regime (as defined in articles 145 and 216 of the CGI) as long as they represent more than 5% of the voting rights in the issuing company should the shares be booked in an equity interest account or in a special subdivision of another balance sheet account corresponding to their accounting qualification, apart for shares in a predominantly real

estate company.

Long-term net capital losses are not deductible from the taxable income.

Corporate shareholders that may be concerned should consult with their usual tax adviser to make sure that the shares they own qualify as “equity interest” within the meaning of article 219 I-a *quinquies* of the CGI.

Rules on how to use and to carry-forward long term capital losses obey specific conditions and taxpayers must contact their usual tax adviser in this respect.

### **2.9.3 Shareholders who are not tax residents of France**

Subject to the provisions of any international tax treaty that may apply, capital gains on the sale of shares made by individuals who are not residents of France for tax purposes within the meaning of article 4 B of the CGI or by legal persons that are not French tax residents (and the ownership of whose shares is not connected to a fixed base or a permanent establishment subject to taxation in France and on whose balance sheet the shares are recorded as an asset) are in principle not subject to taxation in France, provided that (i) they have at no time during the five years preceding the sale held, directly or indirectly, alone or together with the members of their family, greater than a 25% stake in the company’s profits (articles 244 *bis* B and C of the CGI) and that (ii) the seller is not domiciled, established or formed in a non-cooperating State or territory within the meaning of article 238-0 A of the CGI, the list of such jurisdictions being published by ministerial decree, updated on a yearly basis and applying starting from the first day on the third month following the decree publication. In the latter case, regardless of the percentage of the company’s profits to which it holds the right, capital gains will be taxed at the flat rate of 75%, subject to the provisions of any international tax treaty that may apply.

Shareholders who are not residents of France for tax purposes should discuss their particular situation with their usual tax adviser to take into consideration the tax regime applicable to their specific case, both in France and in the country where they reside for tax purposes.

### **2.9.4 Shareholders who are subject to a different tax regime**

Shareholders subject to a tax regime other than those referred to above and who participate in the Offer, in particular taxpayers whose securities transactions go beyond the mere management of their portfolio by carrying out transactions on the stock exchange on an habitual basis or who have recorded their shares as assets on their commercial balance sheet, must contact their usual tax adviser regarding the tax regime applicable to their particular situation.

### **2.9.5 Registration duties**

In accordance with article 726 of the CGI, no registration tax is payable in France with respect to the sale of shares of a listed company that has its registered office in France unless the sale is recorded in an agreement signed in France or abroad. In the latter case, the sale of shares is subject to a transfer tax at a rate of 0.1% of the higher of the sale price or the real value of the shares, subject to certain exceptions referred to in article 726 II of the CGI. Pursuant to article 1712 of the CGI, the transfer tax due if the sale is recorded in an agreement will be payable by the purchaser (in the absence of any contractual provision to the contrary). However, pursuant to articles 1705 et seq. of the CGI, all parties to the agreement will be jointly and severally responsible for the payment of transfer tax to the tax authorities.

Transactions in the Company's shares carried out in 2018 are subject to the tax on financial transactions provided for by article 235 *ter* ZD of the CGI, since the Company's market capitalization exceeded one billion Euros as of December 1, 2017. The tax has to be paid by the Offeror and is equal to 0.3% of the Offer Price per share.

### **3. VALUATION CRITERIA FOR THE OFFER**

#### **3.1 TERMS AND CONTEXT OF THE OFFER**

The Offeror offers the possibility to Euler Hermes shareholders to tender their shares and to receive 122 Euros in cash for each Euler Hermes share.

Valuation rationale of the Offer price of 122 Euros per Euler Hermes share has been prepared by the Presenting Banks, in agreed form and on behalf of the Offeror (especially regarding valuation methodologies and assumptions retained), based on public information and on information provided by the Company or on behalf of it. Information received is considered as realistic and reasonable and the Presenting Banks relied upon without assuming responsibility or liability for independent verification.

The Euler Hermes valuation is based on the following key information:

- Audited consolidated full-year accounts of Euler Hermes from 2006 to 2017;
- Euler Hermes risk reports;
- Latest Euler Hermes internal projections prepared by Euler Hermes for the next years (2018, 2019, 2020) and shared with Allianz.

It has been indicated to the Presenting Banks that there has been no update to the internal projections provided, nor that there has been to its knowledge any events deemed to materially affect the prospects established in the internal projections.

Euler Hermes belonging to the Allianz group since 1998, except for the saving of listing costs that will result from the delisting of the shares of the Company from Euronext Paris due to the implementation of a Squeeze-Out, no synergies are expected from the Offer since Allianz does not anticipate any change in the strategy and the operating model of Euler Hermes, beyond ordinary course of business.

The following valuation is based on 42,641,635 shares of Euler Hermes as of February 22, 2018, excluding 619,189 treasury shares held by Euler Hermes leading to a number of shares retained of 42,022,446. There are no dilutive instruments as at the Offer date (other than the shares of the Company, it being specified that the RSUs will not give rise to any issuance or allocation of shares of the Company).

The selected reference trading share prices (the "**Reference Trading Share Prices**") for the valuation criteria of the Offer price have been calculated as of February 22, 2018.

Comparable listed companies multiples have been calculated on the basis of the 2018 and 2019 brokers estimates, as provided by Factset. Trading multiples are calculated on the basis of trading share prices as of February 22, 2018. Transaction multiples are calculated on the basis of the latest available twelve-month figures prior to the respective transactions.

## **3.2 EULER HERMES VALUATION METHODOLOGY**

The analysis of the financial terms of the Offer has been made through a multi-criteria analysis (*"analyse multicritères"*) based on commonly used valuation methods.

### **3.2.1 Selected valuation methodologies**

The selected methodologies aim at valuing Euler Hermes on a stand-alone basis. No synergy is expected from the transaction since Euler Hermes is already majority owned by Allianz and since Allianz intends no material change in strategy, operating model and organisation.

The valuation analysis is based on objective valuation methods typically used for insurance companies: (i) reference to the market price of the company, (ii) recent transactions on Euler Hermes shares, (iii) reference to the financial analysts' price targets (iv) the Discounted Dividend Method (method known as **"DDM"**), and (v) peers' trading multiples.

Given Euler Hermes business specificities and lack of recent transactions as the earliest pure-play transaction is 5-year old in context of different capital requirement, comparable transaction multiples and reference to former transactions have not been retained as main valuation methodologies but are disclosed for reference in Section 3.4.

### **3.2.2 Discarded valuation methodologies**

Among the commonly used valuation methodologies, the following have been discarded:

#### **3.2.2.1 Net asset value**

The net asset value criterion is not considered as relevant to capture the value of the Company nor of its assets. In particular, this criterion does not take into account the profitability prospects of Euler Hermes.

For information, the consolidated IFRS book value per share was 65 Euros as of 31/12/2017 and the consolidated tangible book value per share (book value less goodwill and other intangibles) was 57 Euros as of 31/12/2017.

#### **3.2.2.2 Yield method**

This method was not used as such insofar as it would duplicate the method based on the estimate of future flows of results distributable to the shareholders, used hereafter in the DDM valuation method, and as the yield method would not capture Euler Hermes growth prospects.

## **3.3 ASSESSMENT OF THE OFFER PRICE BASED ON THE VARIOUS SELECTED VALUATION METHODOLOGIES**

### **3.3.1 Reference to the market price of the company**

The Euler Hermes share (ISIN code FR0004254035) is listed in compartment A of the Euronext Paris Eurolist. The average daily volume traded over the last three months is around 169,669.

The Reference Trading Share Prices for Euler Hermes were evaluated as of February 22, 2018.

## Euler Hermes last two years share price performance



Source: Factset as of 22/02/2018

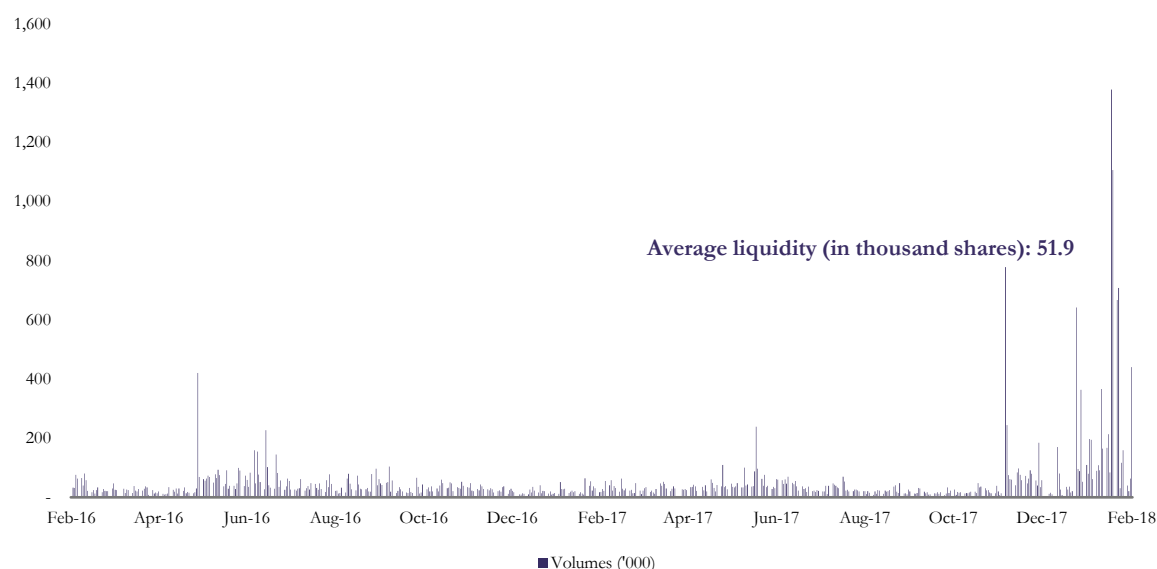
The following table summarises the performance and the implied premia of the proposed Offer price on the volumes weighted average share prices of Euler Hermes over different time periods.

<b>Period considered</b>	<b>Easter Share Price</b>	<b>Premium / Discount of Offer price on share price</b>
Spot - closing price as of Feb. 22	122,0	0,0%
VWAP - 1 month	122,0	+0,0%
VWAP - 60 trading days	121,9	+0,0%
VWAP - 3 months	121,9	+0,1%
VWAP - 6 months	119,9	+1,7%
VWAP - 1 year	114,7	+6,4%
VWAP - 2 years	103,9	+17,4%
Minimum - 12 months	82,6	+47,7%
Maximum - 12 months	122,2	(0,2%)

Source: Factset (Euronext platform only) as of 22/02/2018

Compared to Euler Hermes's weighted average share prices before the announcement of the Offer by Allianz, the Offer price implies premia between +0.0% and +17.4% depending on time periods considered.

### Euler Hermes last two years liquidity



Source: Bloomberg (all electronic platforms, ticker ELE1 EU) as of 22/02/2018

The following table summarises the liquidity of the Euler Hermes shares over different periods. Liquidity is defined as the Average Daily Trading Volumes (ADTV) which corresponds to the volumes traded in average each day over a determined period.

<b>Period considered</b>	<b>Euler Hermes ADTV in '000</b>	<b>Euler Hermes ADTV in % of capital</b>	<b>Euler Hermes ADTV in % of float</b>
1 month	284.9	0.67%	14.26%
60 trading days	164.8	0.39%	8.25%
3 months	169.7	0.40%	8.49%
6 months	93.0	0.22%	4.66%
1 year	65.9	0.15%	3.30%
2 years	51.9	0.12%	2.60%

Source: Bloomberg (all electronic platforms, ticker ELE1 EU) as of 22/02/2018

Euler Hermes liquidity has been significantly increased because of the Initial Offer. On February 22, 2018, the float was composed of 1,998,131 shares, representing 12 trading days based on 3-month ADTV.

### **3.3.2 Recent transactions on Euler Hermes shares**

Allianz and Allianz Argos 14 GmbH, a wholly owned subsidiary of Allianz, recently acquired Euler Hermes shares for a price of 122 Euros per share, representing a 0.0% premium compared to spot price as of February 22, 2018 and 0.0%, 0.0%, 0.1%, 1.7% and 6.4% versus the 1-m, 60 trading days, 3-m, 6-m and 12-m volume weighted average prices.

Recent transactions include:

- Acquisition by Allianz Argos 14 GmbH of a total of 4,837,536 Euler Hermes shares (representing 11.34% of its share capital) from funds managed by Silchester International Investors LLP and funds managed by Kiltearn Partners LLP pursuant to share purchase agreements dated November 24, 2017;
- Acquisition by Allianz of 1,550,856 Euler Hermes shares (representing 3.64% of its share capital) as part of an Over-the-Counter transaction on December 27, 2017;
- Acquisition by Allianz of 6,158,140 Euler Hermes shares (representing 14.44% of its share capital and excluding 800 shares initially owned by Investitori SGR S.p.a. that have been brought to the Initial Offer on February 2, 2018) during the Initial Offer period from January 15, 2018 to February 13, 2018;
- Acquisition by Allianz and Allianz Argos 14 GmbH of 612,753 Euler Hermes shares on the market (representing 1.44% of its share capital) between the closing of the Initial Offer on February 13, 2018 and February 22, 2018.

Following these transactions, Allianz held, directly and indirectly through the companies it controls, 40,024,315 Euler Hermes shares representing 93.86% of its share capital.

### 3.3.3 Reference to financial analysts target prices

The reference to the price targets of the brokers, complementary to the market price methods, consists in valuing a share that is subject to 6 studies by financial analysts who publish target prices. It is forward looking in nature.

The following table summarises the financial analysts' price objectives as of February 22, 2018 for analysts following Euler Hermes.

<b>Analyst</b>	<b>Last Update</b>	<b>Target Price</b>	<b>Premium / (Discount) of Offer Price vs. target price</b>
Natixis	15/02/2018	122	-
J.P. Morgan	12/02/2018	93	+31.2%
Bryan Garnier	12/02/2018	122	-
Exane	05/02/2018	122	-
Kepler	05/01/2018	122	-
HSBC	28/11/2017	122	-
<b>Minimum</b>		<b>93</b>	<b>+31.2%</b>
<b>Average</b>		<b>117</b>	<b>+4.1%</b>
<b>Maximum</b>		<b>122</b>	<b>-</b>

Source: Bloomberg as of 22/02/2018

The analysts' target prices imply a valuation range between 93 Euros and 122 Euros per Euler Hermes share with an average at 117 Euros per share.

### 3.3.4 Discounted Dividend Method (DDM)

The “DDM” (Discounted Dividend Method) method consists of directly valuing future profits distributable to shareholders, after allowing for solvency capital requirements.

DDM valuation relies on:

- The business plan of Euler Hermes provided by Allianz which sets out expected Profit and Loss statement for the next years (2018, 2019 and 2020). This business plan, which reflects the Company’s objectives, has been established by Euler Hermes management and approved by the Supervisory Board on November 7, 2017. The 2017 net income of €315m includes an exceptional tax reimbursement by the French State of €28m regarding 3% taxation rule on paid dividends.
- Business plan main assumptions include:
  - o revenues annual growth rates between 2.5% and 3.5%;
  - o net combined ratio slightly improving over the plan period;
  - o a pay-out ratio of 70% enabling to maintain a solvency 2 cover ratio of almost 160% as per management target and as communicated to the market;
  - o a net investment yield in line with currently observed levels.

Business plan also captures capital gains realization anticipated by management.

- The valuation date as of February 22, 2018;
- The payment of yearly dividend assumed on May, 30 of each calendar year;
- A long term growth rate of 2% consistent with long-term inflation rate forecasts published by the IMF and Global Insight;
- A cost of equity of 7.9% used to discount the dividend flows, based on the average of an indirect methodology based on analysts’ assumptions and a direct methodology (CAPM method).

The DDM analysis implies a valuation range between 97 Euros and 105 Euros per share.

<b>DDM valuation</b>	<b>Value per share</b>	<b>Premium / Discount of Offer Price vs. DDM valuation</b>
Central value	101.0	+20.8%
Minimum	96.9	+25.9%
Maximum	105.4	+15.8%

### 3.3.5 Peers trading multiples

This methodology consists in applying to a company’s financials multiples observed for comparable companies in order to determine the implied valuation of the company.

The book value corresponds to shareholders’ equity, group share (excluding non-controlling interests).

One shall note that consensus' net income is higher than Business Plan's net income, multiples were therefore applied to both recurring Business Plan and consensus' metrics. 2018 recurring net income amounts to €292m.

The selected sample of comparable companies includes listed European non-life insurance groups: Allianz, Baloise, Catalana Occidente, Coface, Direct Line, Mapfre, Royal & Sun Alliance, Talanx, Uniq, Zurich insurance. Although these companies have non-life operations like Euler Hermes, none of them is directly or completely comparable to Euler Hermes. This comment applies for each business or company valued with this methodology in this document. Euler Hermes business model only depends on one activity, the credit insurance business whereas the others insurance groups have diversified non-life business models.

Thus a distinction was made between Coface and Catalana Occidente (core peers sample), which are focused on credit insurance, and the other non-life peers mentioned above (enlarged peers).

It should be stressed that Catalana Occidente is not strictly comparable to Euler Hermes as it has a different business mix with only 41% of its sales related to credit-insurance via its wholly owned credit insurance subsidiary Atradius.

The following multiples have been obtained, based on 2017 book value and forecast data for 2018e and 2019e net income from analyst's consensus and from Business plan to which is added a €0.7 per share corresponding to the €28m of tax reimbursement divided by the number of shares retained excluding treasury shares:

***Trading multiples - Core peers***

	P/E		P/BV
	2018	2019	2017
Catalana	11.7x	11.0x	1.5x
Coface	13.0x	11.2x	0.8x
<b>Average</b>	<b>12.3x</b>	<b>11.1x</b>	<b>1.2x</b>
<b><u>Based on Business plan metrics</u></b>			
Implied Equity Value per share	86.2	79.1	75.0
Premium/(Discount) of Offer price	+41.5%	+54.3%	+62.7%
<b><u>Based on analysts' consensus</u></b>			
Implied Equity Value per share	93.5	86.6	75.0
Premium/(Discount) of Offer price	+30.4%	+40.8%	+62.7%

### *Trading multiples - Enlarged peers*

	P/E		P/BV
	2018	2019	Last available
Allianz	10.0x	9.7x	1.2x
Baloise	12.5x	12.1x	1.2x
Catalana Occidente	11.7x	11.0x	1.5x
Coface	13.0x	11.2x	0.8x
Direct Line	12.2x	11.9x	2.0x
Mapfre	9.8x	9.1x	1.0x
RSA	12.2x	11.4x	1.8x
Talanx	10.0x	9.4x	1.0x
Uniq	12.7x	11.6x	0.9x
Zurich Insurance	13.7x	11.7x	1.4x
<b>Average</b>	<b>11.8x</b>	<b>10.9x</b>	<b>1.3x</b>
<b><u>Based on Business plan metrics</u></b>			
Implied Equity Value per share	82.3	77.7	82.8
Premium/(Discount) of Offer price	+48.2%	+56.9%	+47.3%
<b><u>Based on analysts' consensus</u></b>			
Implied Equity Value per share	89.3	85.2	82.8
Premium/(Discount) of Offer price	+36.7%	+43.3%	+47.3%

When applied to the Euler Hermes aggregates, the average multiples give an Euler Hermes value range between 75 and 94 Euros per share.

### **3.4 VALUATION METHODOLOGIES DISCLOSED FOR REFERENCE**

#### **3.4.1 Comparable transaction multiples**

This methodology applies multiples observed in comparable transactions in the insurance sector to a company's financials. The relevant transactions are insurance transactions with a credit-insurance company as target. Multiples have been applied to the Euler Hermes 2017 net income and final year 2017 book value.

The book value corresponds to shareholders' equity, group share (excluding non-controlling interests).

Multiples relating to the selected transactions have been calculated using values induced by the acquisition prices and historical financial metrics for these companies for the fiscal year prior to the date of transaction. To this is added an amount of € 0.7 per share as defined in Section 3.3.5.

The following major credit-insurance transactions in Europe have been reviewed:

## Transaction multiples:

in €m

Date	Acquirer	Target	% acquired	Eq. Value	P/E	P/BV
Apr-12	Grupo Catalana Occidente	Atradius	6.5%	1,540	11.9x	1.4x
Apr-11	Grupo Catalana Occidente	Atradius	2.6%	1,521	12.2x	1.5x
Jan-10	Catalana Occidente / INOC	Atradius (MBO)	35.8%	1,507	n.a.	1.7x
Jun-06	Credito y Caucion	Atradius	9.7%	983	9.8x	1.6x
May-04	Natexis BP	Coface (OPRO)	1.6%	982	11.5x	1.6x
Jul-02	Natexis BP	Coface (OPAS)	41.4%	790	15.0x	1.5x
Average					12.1x	1.5x
Median					11.9x	1.5x

When applied to the Euler Hermes aggregates (corrected for extraordinary items), the mean multiples give a value range for Euler Hermes between 68 and 108 Euros per share.

### 3.5 SUMMARY OF EULER HERMES MULTI-CRITERIA VALUATION

The following table summarises the multi-criteria valuation of Euler Hermes:

#### Selected methodologies

Methodology	Retained valuation			Offer Price Premium / (Discount) vs.		
	Minimum	Central value	Maximum	Minimum	Central value	Maximum
Last share price		122.0			-	
1-month VWAP		122.0			+0.0%	
60 trading days VWAP		121.9			+0.0%	
3-months VWAP		121.9			+0.1%	
6-months VWAP		119.9			+1.7%	
1-year VWAP		114.7			+6.4%	
2-years VWAP		103.9			+17.4%	
Block trades and first offer		122.0			-	
Analysts target prices	93.0	117.2	122.0	+31.2%	+4.1%	0.0%
DDM	96.9	101.0	105.4	+25.9%	+20.8%	+15.8%
Comparable listed companies (core)	75.0	84.3	93.5	+62.7%	+44.8%	+30.4%
Comparable listed companies (enlarged)	77.7	83.5	89.3	+56.9%	+46.1%	+36.7%

#### Illustrative methodologies

Methodology	Retained valuation			Offer Price Premium / (Discount) vs.		
	Minimum	Central value	Maximum	Minimum	Central value	Maximum
Comparable transactions	67.6	87.6	107.6	+80.5%	+39.2%	+13.4%

## 4. TERMS FOR PROVISION OF INFORMATION RELATING TO THE OFFEROR

Pursuant to Article 231-28 of the AMF general regulations, the information relating to, in particular, the legal, financial and accounting characteristics of the Offeror will be the subject to a specific document filed with the AMF and made available to the public in such a manner as to ensure an effective and comprehensive distribution, no later than the day before the opening of the Offer.

## 5. PERSONS RESPONSIBLE FOR THE OFFER DOCUMENT

### 5.1 FOR THE OFFEROR

*"To our knowledge, the information contained in this offer document related to the simplified tender offer followed by a squeeze-out for the shares of Euler Hermes Group initiated by Allianz SE is in accordance with the facts and nothing has been omitted which could affect the scope thereof."*

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**Oliver Bäte**

*Chairman of Board of Management of Allianz SE*

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**Dr. Helga Jung**

*Member of Board of Management of Allianz SE*

### 5.2 FOR THE PRESENTING BANKS OF THE OFFER

*"Pursuant to Article 231-18 of the AMF general regulations, Rothschild Martin and Société Générale, presenting banks of the Offer, certify that to their knowledge, the presentation of the Offer, which they have examined on the basis of the information provided by the Offeror, and the criteria for assessing the offered price, are in accordance with the facts and nothing has been omitted which could affect the scope thereof."*

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**Société Générale**

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**Rothschild Martin Maurel**