

Allianz SE

Group Communications and Corporate Responsibility

# Media Release

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## Allianz announces its intention to file an Offer for Euler Hermes

- Allianz today announces its intention to increase its participation in Euler Hermes through a simplified cash tender offer on 24.20%<sup>1</sup> of Euler Hermes share capital, at the price of 122 euros per Euler Hermes share
- Allianz already secured the purchase of 11.34% of Euler Hermes share capital
- Continuing active capital management through EPS accretive capital deployment in well-known and strategically core credit insurance business
- Unique cash liquidity opportunity for Euler Hermes minority shareholders

Munich, November 27, 2017 - Allianz<sup>2</sup> announces having entered into share purchase agreements with shareholders representing 11.34% of Euler Hermes share capital on November 24, 2017 for a price of 122 euros per share in cash, as a result of which Allianz will own 74.34% of Euler Hermes share capital and voting rights<sup>3</sup>.

Allianz<sup>4</sup> intends to launch a simplified cash tender offer to acquire all outstanding Euler Hermes shares not already owned by Allianz and held by minority shareholders. The consideration for one Euler Hermes share will be 122 euros in cash. This constitutes a premium of 20.7% on Euler Hermes share closing price on 24 November 2017 and of 22.9%, 22.2% and 30.8% compared to three, six and twelve month volume weighted average Euler Hermes share price.

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

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<sup>1</sup> Excluding Euler Hermes shares owned by Allianz (63%) and Euler Hermes shares acquired by Allianz from shareholders of Euler Hermes (11.34%), and without taking into account 621,847 treasury shares representing 1.46% of Euler Hermes share capital (as of 31 October 2017)

<sup>2</sup> The acquisition will be completed through an entity of the Allianz Group.

<sup>3</sup> Calculated in accordance with article 223-11 of the AMF General Regulation.

<sup>4</sup> The offer will be initiated by Allianz SE and by, as the case may be, an entity of the Allianz Group.

integrated global structure together with a strong and experienced management team provides the basis for Euler Hermes' long-term growth prospects in trade credit insurance, bonding and selected other specialties. 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.

Allianz has been and remains supportive of the strategy of Euler Hermes Board of Management. Allianz does not intend to change, as a result of the transaction, Euler Hermes Supervisory Board composition and Euler Hermes operating model beyond ordinary course of business.

Allianz intends to implement a squeeze-out procedure following the contemplated tender offer, in the event Allianz's holding in Euler Hermes reaches 95%<sup>5</sup>.

Given Euler Hermes stock's limited market liquidity, contemplated transaction represents a historic and unique opportunity for Euler Hermes minority shareholders to fully realize their investments in Euler Hermes, at a premium to trading price. In the event that a squeeze-out procedure could not be implemented after the tender offer, Allianz would examine the possibility of a merger of Euler Hermes with Allianz or a company of Allianz Group and would then inform the French *Autorité des marchés financiers* (AMF) in the context of article 236-6 of the AMF general regulation relating to the potential implementation of a buy out offer.

The offer will have no impact on the announced share buy-back program of Allianz SE for 2018 in the amount of up to 2 billion euros. The contemplated transaction is expected to be immediately EPS accretive by around 1%<sup>6</sup> and to impact Allianz solvency position to the tune of -4%-points.

Allianz expects to formally file the tender offer in the coming weeks. Tender offer and the draft offer document will remain subject to the clearance of the French *Autorité des marchés financiers* (AMF).

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**Disclaimer:**

This press release is not an offer to purchase securities. The offer will be made only pursuant to the offer documentation which will contain the full terms and conditions of the offer. The offer documentation will be subject to review by the AMF and the offer will only be opened once the AMF has granted its clearance. Any decision in respect of the offer should be made only on the basis of the information contained in such offer documentation.

This press release was prepared for informational purpose only. The diffusion of this press release, the offer and its acceptance may be subject to specific regulations or restrictions in certain countries. The offer is not made for persons subject to such restrictions, neither directly nor indirectly, and may not be accepted in any way from a country where the offer would be subject to such restrictions. Consequently, persons in

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<sup>5</sup> As determined under French rules.

<sup>6</sup> Assuming acquisition of 11.34% of Euler Hermes share capital prior to the tender offer and 100% acceptance rate of the residual float.

possession of this press release shall inquire about potential applicable local restrictions and comply with them.

Allianz excludes all liability in the event of any breach of the applicable legal restrictions by any person.

### **About Allianz**

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.4 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold the leading position for insurers in the Dow Jones Sustainability Index. In 2016, over 140,000 employees in more than 70 countries achieved total revenues of 122 billion euros and an operating profit of 11 billion euros for the group.

### **About Euler Hermes**

Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyses daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 5.900+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA by Standard & Poor's and Dagong Europe. The company posted a consolidated turnover of €2.6 billion in 2016 and insured global business transactions for €883 billion in exposure at the end of 2016.

These assessments are, as always, subject to the disclaimer provided below.

### **Cautionary note regarding forward-looking statements**

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) 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.

### **No duty to update**

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.