

EXPORT CREDIT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

► **Hermes Cover**



“Hermes-Cover” Supporting German Exports To Ukraine

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Who we are | Experts in Export Finance



Euler Hermes AG manages the German Export Credit Guarantee Scheme on behalf and for account of the Federal Republic of Germany

HQ in Hamburg / GER
approx. 350 FTE;
Underwriting 160 FTE



New business signed in 2018
EUR 19.8 bn (2017: 16.9 bn)
for projects in 153 countries

$\frac{3}{4}$ of new business relates to
projects in emerging markets



Doing business with 1,600
exporters and banks globally

“Hermes desk” set up in
Dubai in September 2017

Serial winner of “Best ECA”
awards, both globally and
regionally

Increasing usage of digital
application procedure by
exporters

Our business at a glance | FY 2018



New business signed

19.8

+17%

Bn EUR
(2017: 16.9 bn)



Claims paid

728

+70%

Mn EUR
(2017: 429.3 mn)



Applications received

Volume

35.1

Bn Euro
(last year 29.1)

+21%

No.

9.679

(last year 9.379)

+3%



Q1 2019: New applications

Volume

6.8

Bn Euro

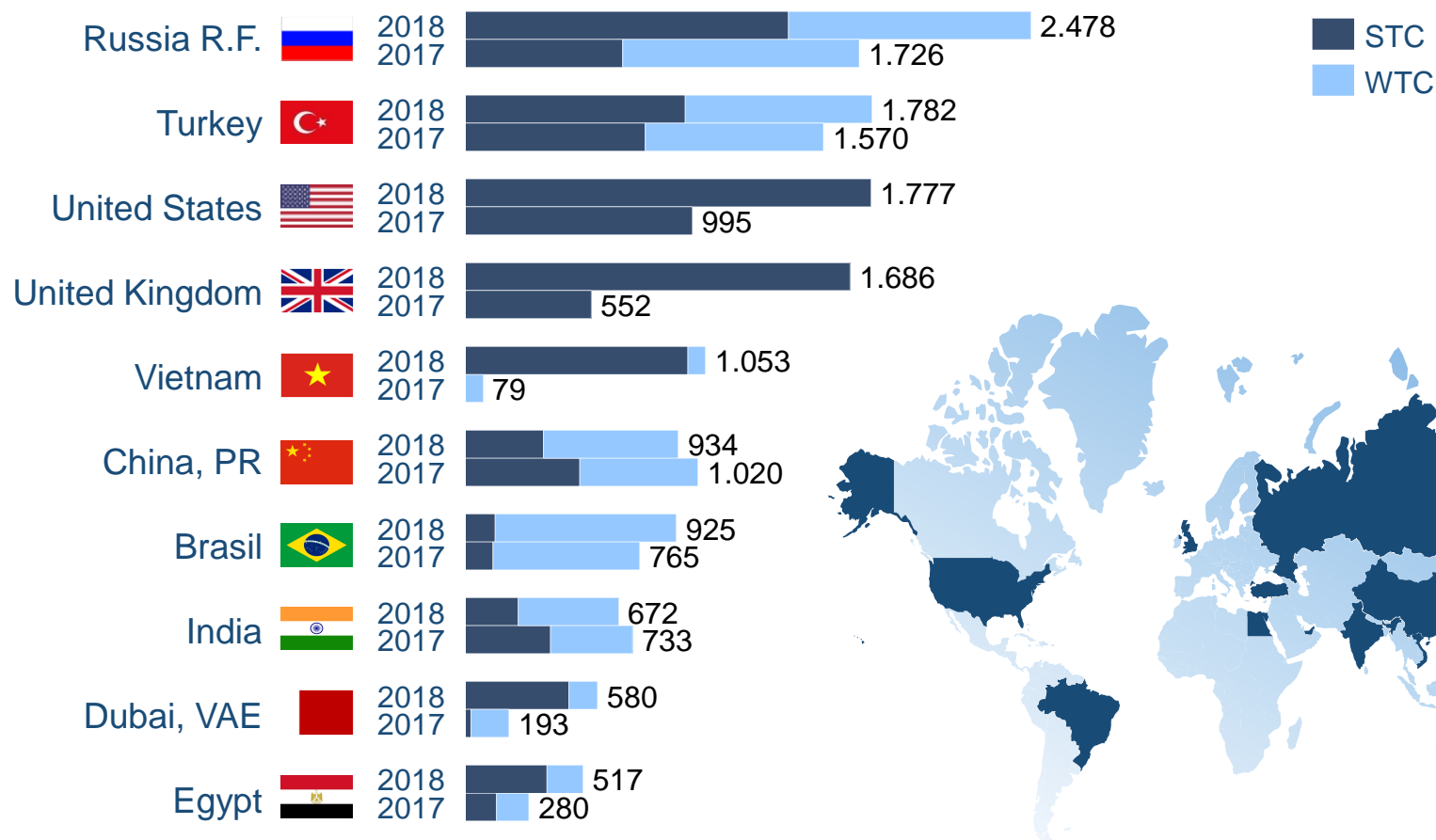
No.

2.384

New business signed in 2018 is up 17 % in 2018 supported by a strong project pipeline

New business in 2018 | Breakdown by Country

in Mio. Euro



The shooting star in 2018: Vietnam. Russia and Turkey remain in pole position for Hermes-covered exports. Ukraine ranks 11th in 2018

New Business 2018 | Breakdown by Major Industries

Ships



29 %

United States, UK, Cruise ships
Volume:
EUR 3.2 bn
(2017:
EUR 2.9 bn)

Transport/
Infrastructure



21 %

Vietnam, Switzerland, Ghana:
Automotive sector, pipeline, road construction machinery
Volume:
EUR 2,4 bn
(2017:
EUR 986 mn)

Manufacturing
industry



10 %

India, Russia Saudi Arabia, Mexico:
Steel sector, construction machinery and equipment
Volume:
EUR 1,14 bn
(2017:
EUR 988 mn)

Paper-, timber-,
leather- and textile
industry



11 %

South Africa, Ecuador, Turkey, Egypt:
Textile machines, machinery for packaging, bank note printing plant
Volume:
EUR 1.17 bn
(2017:
EUR 1.15 bn)

Energy



11 %

Israel, Senegal, Ukraine:
Construction & supply of a gas-fired power plant, electrification of 300 villages, wind power systems
Volume:
EUR 1.3 bn
(2017:
EUR 1.5 bn)

Chemical
industry



12 %

Russia, United States, Belarus:
Petrochemical complex, expansion of a polypropylene plant, sulphuric production plant
Volume:
EUR 1.32 bn
(2017:
EUR 313 mn)

Products | Supplier and Buyer Credit Cover in a nutshell

Manufacturing

Manufacturing risk cover

Enables German exporters to insure production costs incurred in connection with an export contract.



Shipment

Supplier Credit Cover

Safeguard the trade receivables due to a German exporter under a single export transaction with short or medium/long payment terms.



Credit Period

Buyer credit cover

Buyer credit cover enables banks to insure their receivables arising from the financing of a German export transaction.



ECA Finance Leverage | Advantages for Exporters and Buyers

For exporter:

- Receives cash payment upon shipment or commissioning
- Immediate balance sheet relief
- Payment by lending bank directly to the exporter
- No negotiations on credit terms

For buyers:

- **Longer Tenors** - receive long term financing (door-to-door tenors in excess of 10 years; PF 14yrs) to match expected revenues with expenditures, making cash flow more efficient
- **Pricing** - obtain financing that is less expensive than local financing which may be subject to restrictions. The all-in cost of an ECA facility can be more competitive than other alternatives, e.g. Syndicated Loans / Bonds
- **Diversification of funding Base** - no public rating required per se (as opposed to bonds), true additional liquidity source, potentially larger market capacity, can open the door to international investors

Cover Policy Ukraine

Abundant cover opportunities but strict risk assessment

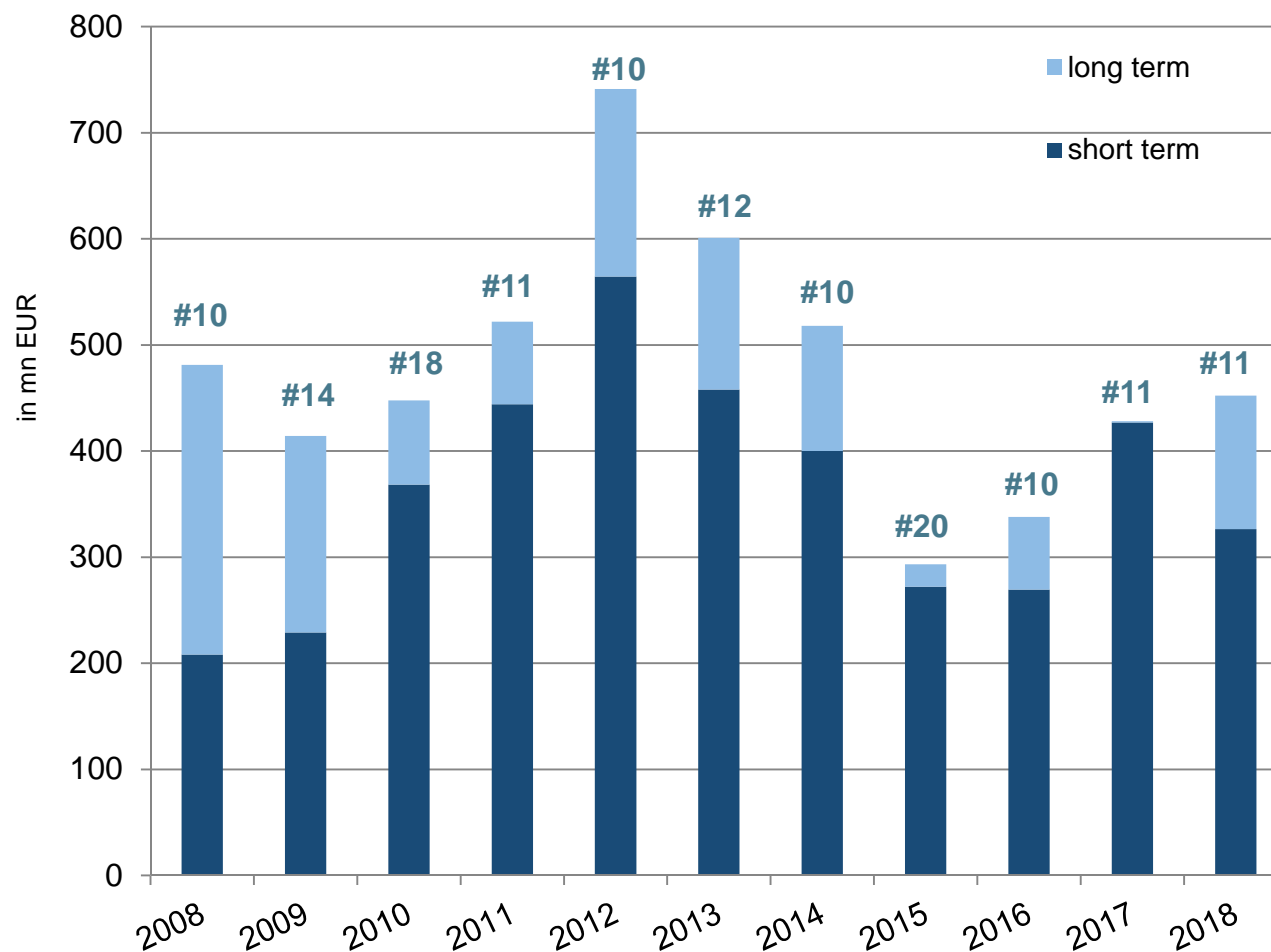
OECD country risk classification for Ukraine:



	Private buyer	Banks	Public buyer
Short term	No formal requirements		
Medium to long term	<p>Cover possibilities: <u>Country ceiling of EUR 250 mn</u> with a benchmark of EUR 25 mn for individual transactions:</p> <ul style="list-style-type: none"> - possibility of exceeding benchmark if special supportability - possibility of cover outside of plafond for project and structured finance transactions <p>Securities: Bank guarantee required except IF:</p> <ul style="list-style-type: none"> - audited annual accounts according to international standards justify the granting of cover without collateral 	<ul style="list-style-type: none"> - All banks will be considered and a decision is made on a case-by-case basis - Some banks have been generally accepted on the strength of their good credit standing: <ul style="list-style-type: none"> ✓ First Ukrainian International Bank (FUIB) ✓ State Export Import Bank of Ukraine (Ukreximbank) ✓ PrivatBank 	<p>No formal Requirements / case-by-case</p>

Our business in Ukraine | SME business & short term

Volume covered per year



Development in 2018:

- Overall increase in volume covered
- Strong increase in long-term guarantees (2017: EUR 1.3 mn; 2018: EUR 125.9 mn)
- Decrease in short term guarantees by 24%

Projects from 2018:

- Delivery of wind power systems
- Iron and steel works
- Tomato drying plant and a sugar beet harvester

Thank you for your attention!

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► **Hermes Cover**

Cover from the Federal Republic of Germany for foreign business

Export Credit Guarantees and Untied Loan Guarantees have been established and effective foreign trade promotion instruments of the Federal Government for decades. Export Credit Guarantees (“Hermes Cover”) protect German exporters and the banks financing them against political and commercial risks. Untied Loan Guarantees are to support raw material projects abroad regarded as eligible for promotion by the Federal Government. Both promotion instruments play an important role in fostering economic growth as well as in protecting and creating jobs.

They are managed on behalf of the Federal Republic of Germany by Euler Hermes Aktiengesellschaft as mandatary of the Federal Government.

Information on other foreign trade promotion instruments of the Federal Government can be found at www.bmwi.de under the search term “Promotion of foreign trade and investment”.



OUR PARTNER



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Recent Developments in the German ECA

Improving cover policies for selected African counties



- Reduction of uninsured portion for countries within the G20-initiative "Compact with Africa" to 5 %

Establishment of Foreign ECA Desks

- First Hermes (ECA) Desk in Dubai established in 2017
- Current planning: Opening two more desks in 2019 in Nairobi and Singapore

Launch of Digital Products: click&cover EXPORT and click&cover BANK

- Launch July 2018 and February 2019
- Online application and digital process
- For standardized transactions (up to EUR 5 million)
- Up to now more than 60 applications