



**Connected**

**Annual Report 2017 Atradius N.V.**

# This is Atradius

**We are a global organisation, actively engaged in supporting national and international trade through our credit insurance, surety and debt collection services.**

To do so effectively, it's essential that we stay connected with the businesses – and the people – we serve: through the advanced technology that we continue to develop and the mutually beneficial business relationships we build with our customers and partners.

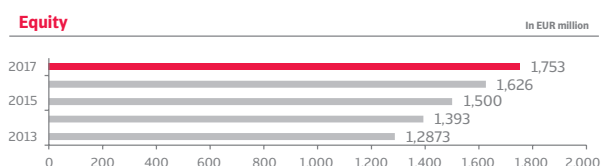
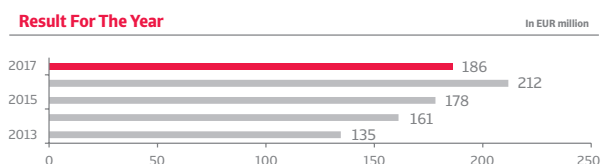
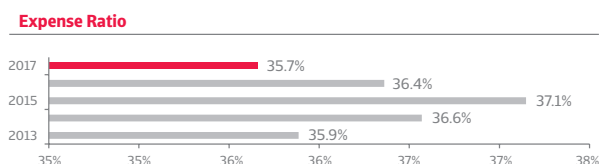
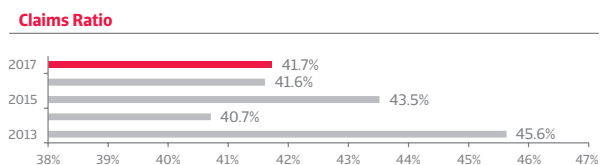
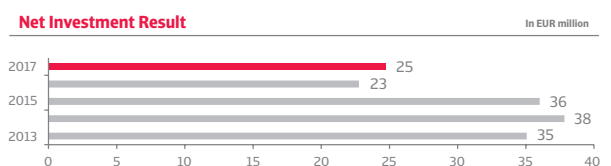
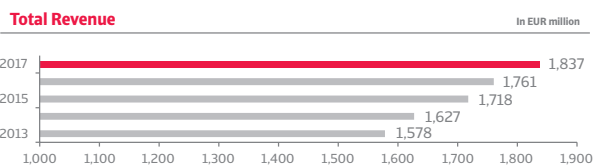
That this philosophy pays off is evident from our customer retention rate of 93% and the additional business that customers continue to place with us. It shows the real value that our customers gain from our association, not only in our excellent record in paying their claims and recovering their debts, but also in the way we guide them away from unacceptable financial risk and towards potentially profitable trade.

## Our 2017 performance at a glance

**Building our business by connecting with our customers across the world.**

- Total revenue increased by 4.3% (5.1% at constant foreign exchange rates), supported by growth in North America, Asia and Central and Eastern Europe as well as good performance from the Global and Bonding units.
- Our risk acceptance remained balanced in 2017 with a solid 41.7% claims ratio.
- The combined ratio ended at 77.4% (1).
- The result after tax for the year was EUR 186.2 million.
- Our shareholders' equity and subordinated debt position was further strengthened by 6.6%, resulting from profit generation.

“ **It's essential that we stay connected with the businesses – and the people – we serve.** ”



# Atradius – always connected



“ People don't care how much you know until they know how much you care.

Theodore Roosevelt

**Roosevelt may have been addressing politics, but his is a principle that applies equally to business. And Atradius' customers know that we genuinely care about their businesses and their success.**

That's because we engage in a very real sense with all of them: connecting on many levels to provide the best possible service.

As our customers' businesses grow, so do the demands that they place on us, and so we constantly seek new opportunities to enrich the ways that we serve them. For instance, we continue to raise the industry standard of online connections, with tools like Atradius Insights and Atradius Atrium providing our customers and partners with vital information about their accounts and buyers, and making regular tasks such as applying for credit limits or making claims much simpler and less time-consuming.

But digitalisation can also present businesses with challenges. Across the globe, commercial data and financial transactions are becoming increasingly complex and, as recent history has shown, are also subject to security threats. To stay ahead of these risks, we continue to invest in next generation technologies, setting our customers' minds at rest and

strengthening both the bonds we have with them - and the trust that they place in us.

But it isn't only *digital* connections that single Atradius out as a strong and reliable partner. It's *personal* contact - the relationship that we build with our many business partners - that plays the most significant role in defining what we stand for and creating long-lasting and mutually beneficial bonds. Through this personal interaction, and the special attention that naturally follows, we can better understand what our customers expect of us and respond accordingly.

We always aim to be geographically close to our customers' operations and to the markets in which they trade. Our physical presence in over 50 countries across five continents ensures that our customers can profit from our in-depth understanding of the business culture, political and economic stability, and trading laws of their chosen markets. In essence, all of the links that we make are designed to help our customers achieve success, by making their lives simpler and more secure while increasing the value of the services we provide. And, when our customers are successful, so are we. As a result, we don't just work *for* our customers: we genuinely work *with* them.

# The global economic environment in 2017



## **Atradius' understanding of the global economy is vital to our connection with customers.**

The global economy rebounded in 2017, with higher growth rates in both advanced and emerging economies. Overall global growth rose to 2.9% from 2.4% in 2016.

The Eurozone saw a continued recovery, with private consumption, investment and external demand all contributing, while domestic demand remained the pillar of growth. Private consumption was boosted by rising employment, low inflation and strong sentiment. The unemployment rate fell to 8.7% in November 2017, compared to 9.6% at the start of the year.

However, Eurozone growth continues to be unevenly distributed, with Southern European member states lagging behind their Northern European counterparts. Spain is the exception in Southern Europe: for the third consecutive year showing robust GDP growth of 3.1%.

Low interest rates made it relatively cheap for consumers and firms to borrow. Southern Europe remained a weak spot in bank lending, as banks still have to cope with weak balance sheets and high levels of non-performing loans.

The US experienced robust recovery, with GDP growth of 2.3%. Private consumption, accounting for more than two-thirds of the US economy, remained the main driver of growth. Labour market conditions improved, with an unemployment rate of 4.1% in December 2017, better than its 2007 low.

Growth in emerging markets also strengthened. China's growth went up a notch thanks to higher domestic demand and exports, while Russia, Brazil and Argentina emerged from their 2015-2016 recessions. Overall, the emerging world benefitted from a cyclical recovery in global trade, with trade expanding particularly in emerging Asia and Latin America. Mexico maintained its momentum, despite uncertainty related to NAFTA negotiations and significant tightening of monetary policy.

Moreover, net importers of commodities such as oil, steel and coal profited from another year of relatively low prices, providing stimulus to domestic demand. Among these net importers are many Latin American countries.

Growth in Central and Eastern Europe tracked the Eurozone recovery, translating into higher exports and more inward investment.

“ **Eurozone growth continues to be unevenly distributed.** ”



# Connected to success in 2017

**2017 was another successful year for Atradius: our financial results demonstrating that we remain a strong and reliable business partner.**

Global trade is evolving, bringing new challenges for our customers if they are to grow their businesses safely. That's why we use our advanced digital capabilities to adapt to the changing environment and strengthen our connections with our customers.

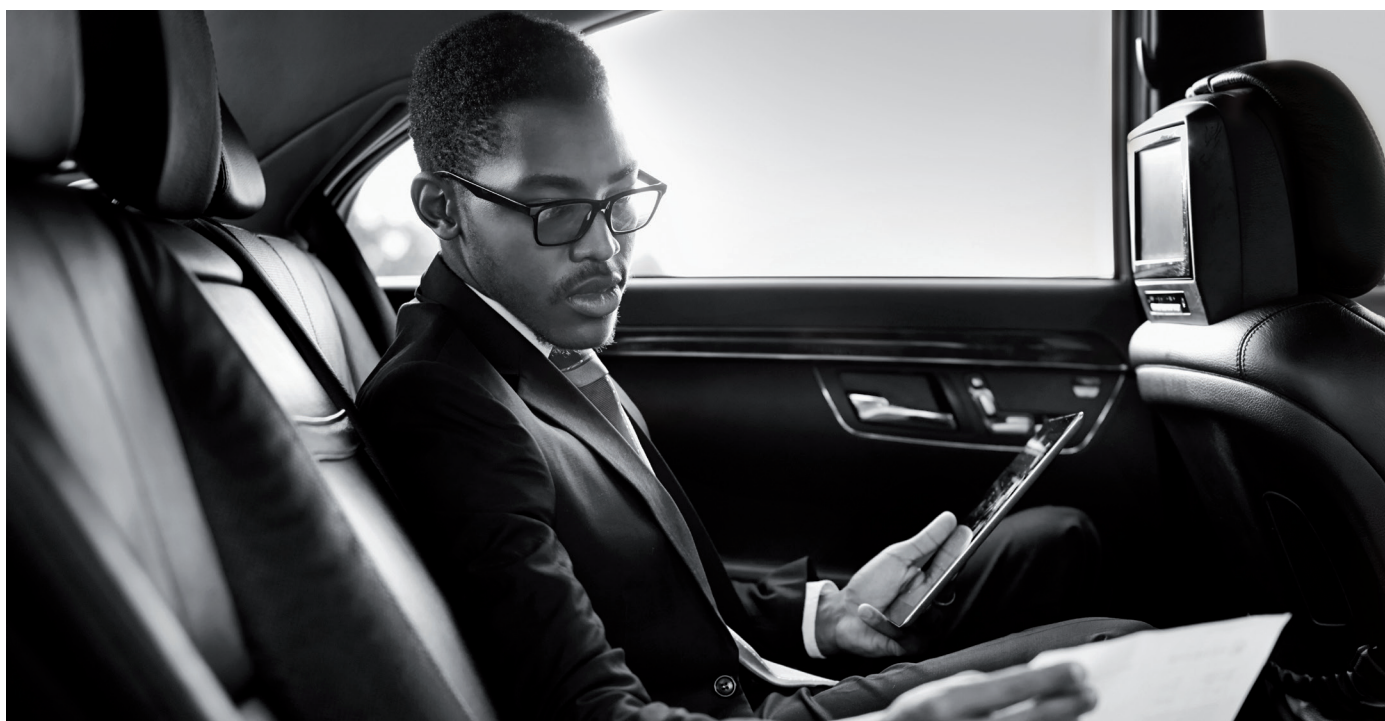
In 2017 we launched Atrium, our new online customer portal, through which our insured customers can access all their Atradius services using streamlined and simplified processes. Atradius Collections has also developed an e-commerce platform so that customers can easily buy our collections services online.

This year we also began a programme to give an improved digital experience to our customers and partners. This will reduce the time customers need to administer their policies, leaving them more time to focus on our insights on risks and opportunities that can keep them one step ahead of the competition. In addition, our partners will see more efficient ways of sharing information, so that our services can be more easily integrated with theirs.

The Atradius Group expanded again in 2017, with new credit insurance offices in Bulgaria and Romania, a 25% stake in the South African Credit Guarantee Insurance Corporation of Africa, and new Atradius Collections offices in China and Turkey. This all helps to deliver an even fuller service to our customers.

We also achieved a significant milestone with the regulatory approval of our partial internal model for underwriting risk. This signifies a recognition by our regulators of our risk modelling capabilities. And our strong solvency position gives welcome reassurance that we can withstand financial stress, meet our financial obligations and ultimately deliver shareholder value. That sound financial position is reflected in the credit ratings assigned to the Atradius Group by A.M. Best ('A' excellent, outlook stable) and Moody's ('A2', outlook stable – upgraded in March 2018).

This year we have continued to prosper as a leader in the credit insurance industry, with a profit of EUR 186 million in 2017 and the shareholders' equity at an historic high.



# Connected to all our customers – our global footprint

## Europe

Austria	Vienna
Belgium	Namur, Antwerp
Bulgaria	Sofia
Czech Republic	Prague
Denmark	Copenhagen, Århus
Finland	Helsinki
France	Paris, Bordeaux, Compiègne, Lille, Lyon, Marseille, Rennes, Strasbourg
Germany	Cologne, Berlin, Bielefeld, Bremen, Dortmund, Düsseldorf, Frankfurt, Freiburg, Hamburg, Hanover, Kassel, Munich, Nuremberg, Stuttgart
Greece	Athens
Hungary	Budapest
Iceland	Reykjavik <sup>(1)</sup>
Ireland	Dublin
Italy	Rome, Milan
Luxembourg	Luxembourg
Netherlands	Amsterdam, Ommen
Norway	Oslo
Poland	Warsaw, Krakow, Poznan, Jelená Góra
Portugal	Lisbon, Porto
Romania	Bucharest
Russia	Moscow
Slovakia	Bratislava
Spain	Madrid, Alcalá de Henares, Alicante, Barcelona, Bilbao, A Coruña, Castellón, Girona, Las Palmas de Gran Canaria, Málaga, Murcia, Oviedo, Pamplona, Seville, Tarragona, Terrassa, Valencia, Zaragoza
Sweden	Stockholm
Switzerland	Zurich
Turkey	Istanbul
United Kingdom	Cardiff, Belfast, Birmingham, London, Manchester

## Middle East

Israel	Tel Aviv <sup>(1)</sup>
Lebanon	Beirut <sup>(1)</sup>
Saudi Arabia	Riyadh <sup>(1)</sup>
United Arab Emirates	Dubai <sup>(1)</sup>

## Americas

Argentina	Buenos Aires <sup>(1)</sup>
Brazil	São Paulo
Canada	Almonte (Ontario), Mississauga (Ontario), Pointe Claire (Quebec)
Chile	Santiago de Chile <sup>(1)</sup>
Mexico	Mexico City, Guadalajara, Monterrey
Peru	Lima <sup>(1)</sup>
USA	Baltimore (Maryland), Carmel (Indiana), Chicago (Illinois), Elk Grove (California), Hallendale Beach (Florida), Irvine (California), Los Angeles (California), Morristown (New Jersey), New York (New York), Plano (Texas)

## Asia

China	Beijing, Guanzhou, Nanjing, Shanghai <sup>(2)</sup>
Hong Kong	Hong Kong
India	Mumbai, New Delhi, Kolkata <sup>(2)</sup>
Indonesia	Jakarta <sup>(2)</sup>
Japan	Tokyo
Malaysia	Kuala Lumpur <sup>(1)</sup>
Philippines	Manila <sup>(1)</sup>
Singapore	Singapore
South Korea	Seoul <sup>(2)</sup>
Taiwan	Taipei <sup>(1)</sup>
Thailand	Bangkok <sup>(2)</sup>
Vietnam	Hanoi <sup>(1)</sup>





**Africa**

- Kenya                      Nairobi <sup>(1)</sup>
- South Africa            Johannesburg <sup>(1)</sup>
- Tunisia                    Tunis <sup>(1)</sup>

**Oceania**

- Australia                Sydney, Brisbane, Melbourne, Perth
- New Zealand            Auckland

<sup>(1)</sup> Associated company, minority interest or co-operation agreement with local partner

<sup>(2)</sup> Service establishment and co-operation agreement with local partner

# Our products and services – connected by design

**We design our credit insurance products in a flexible modular format that can be adapted to suit all sizes of business from small and medium-sized enterprises (SMEs) to multinational corporations.**

For multinationals we offer a sophisticated and tailored credit management solution: our Global policy. Customers can choose between a single credit insurance policy serving both the parent company and its subsidiaries, stand-alone policies that accommodate varying performance levels and country conditions, or a combination of both.

For large and medium-size companies, our flexible modular credit insurance policy can be adapted to each customer's needs, whether they conduct their business domestically or across the world. And, to meet the demands of SMEs, we have a range of products that are simple to use and to manage.

'Whole turnover' credit insurance may not be right for every company. Therefore we offer structured credit risk solutions for specific large and complex transactions. These address a range of circumstances from enhanced credit protection for single contracts or buyers to pre-export finance and can be combined to meet multiple needs.

## **Skilled and sensitive debt collections**

With a presence in 29 countries, Atradius Collections helps businesses - insured or uninsured - collect trade debts while maintaining sound business relationships with their clients. It has built a strong reputation as a dedicated business-to-business specialist, combining the strength of Atradius Credit Insurance with its own integrated international network of collectors, lawyers and insolvency practitioners as well as its online capabilities.

## **A leading bond provider in Europe**

Present in 11 European markets, Atradius Bonding serves a wide range of businesses from different sectors, protecting the beneficiary if the supplier (our customer) fails to meet its contractual obligations. Our bonding expertise and market knowledge allow us to offer flexible solutions for each customer.

## **Covering the risks of multiple instalment agreements**

Atradius Instalment Credit Protection (ICP) covers short and medium-term risks involved in multiple instalment agreements with private individuals and businesses in Belgium and Luxembourg – such as consumer credit, leasing and renting. Recently we added residential real estate cover for co-ownerships and rental guarantees, and for private car leasing arrangements, while our product B2C Protect insures customers in the construction sector against payment default by homeowners.

## **Insuring the insurers**

Atradius Reinsurance DAC (Atradius Re) is the leading specialised credit and bonding reinsurer, offering reinsurance solutions for the credit insurance and bonding business of primary insurers around the world. The combination of the skills of a reinsurer with the experience of a leader in credit insurance and bonding reinforces Atradius Re's highly developed proposition to the market.

## **Business Intelligence**

Atradius offers business intelligence services through Iberinform in Spain and Portugal, Graydon in the Netherlands, Belgium and UK, Informes in Mexico and Ignios in Portugal. As well as supporting our own underwriters, this intelligence helps customers make well-informed business decisions in areas of their business such as credit management, risk and compliance and marketing.

“ **Our strategy is to focus on a range of business segments.** ”



# The outlook for 2018

## Increased momentum will drive global growth

Across emerging markets growth is likely to pick up, helped by some recovery in commodity prices. In Latin America, the economic recovery is expected to continue with a higher growth rate for Brazil and Argentina and stable growth for Mexico. However, a possible breakdown of the NAFTA negotiations remains a sizeable risk for Mexico. In Eastern Europe, growth may moderate slightly, while Asia's performance will continue to drive global growth.

Despite this optimism, emerging markets may feel some financial pressure from the tightening of US monetary policy. Advanced markets are expected to maintain their growth rate while that of the Eurozone may cool slightly, with lower growth in exports and consumption. Fiscal stimuli will fuel US growth.

For advanced markets as a whole, the business environment is expected to remain more or less stable with no significant change to insolvencies. Financial conditions are likely to remain accommodative, despite US monetary policy tightening and the gradual scaling back of the European Central Bank's bond-buying programme.

The UK is expected to see the biggest rise in insolvencies, as uncertainty surrounding Brexit and a weak pound will have a real impact, with some negative spill-over to other EU countries.

## What does 2018 hold for Atradius and our customers?

The global business environment in 2018 will again hold many economic and political uncertainties. For our customers, managing the inevitable risks will be demanding but, as ever, we will do our best to guide them toward safe and profitable trade.



# Consolidated financial statements

All amounts in thousands of Euro

## Consolidated statement of financial position

Assets	31.12.2017	31.12.2016
<b>Intangible assets</b>	<b>236,419</b>	<b>226,005</b>
<b>Property, plant and equipment</b>	<b>133,445</b>	<b>125,968</b>
<b>Investment property</b>	<b>9,688</b>	<b>9,908</b>
<b>Investments in associated companies</b>	<b>63,538</b>	<b>39,586</b>
<b>Financial investments</b>	<b>2,287,830</b>	<b>2,280,293</b>
<b>Reinsurance contracts</b>	<b>585,887</b>	<b>632,262</b>
<b>Deferred income tax assets</b>	<b>30,087</b>	<b>45,315</b>
<b>Current income tax assets</b>	<b>59,559</b>	<b>50,613</b>
<b>Receivables</b>	<b>225,079</b>	<b>201,287</b>
Accounts receivable on insurance and reinsurance business	164,983	153,405
Other accounts receivable	60,096	47,882
<b>Other assets</b>	<b>540,459</b>	<b>519,356</b>
Deferred acquisition costs	69,441	73,124
Miscellaneous assets and accruals	471,018	446,232
<b>Cash and cash equivalents</b>	<b>347,171</b>	<b>287,080</b>
<b>Total</b>	<b>4,519,162</b>	<b>4,417,673</b>
<b>Equity</b>		
Capital and reserves attributable to the owners of the Company	1,753,232	1,625,470
Non-controlling interests	16	55
<b>Total</b>	<b>1,753,248</b>	<b>1,625,525</b>
<b>Liabilities</b>		
<b>Subordinated debt</b>	<b>323,614</b>	<b>323,437</b>
<b>Employee benefit liabilities</b>	<b>79,554</b>	<b>109,451</b>
<b>Insurance contracts</b>	<b>1,530,339</b>	<b>1,561,155</b>
<b>Provisions</b>	<b>3,034</b>	<b>6,027</b>
<b>Deferred income tax liabilities</b>	<b>124,951</b>	<b>115,179</b>
<b>Current income tax liabilities</b>	<b>37,636</b>	<b>23,960</b>
<b>Payables</b>	<b>200,947</b>	<b>232,746</b>
Accounts payable on insurance and reinsurance business	129,822	183,407
Trade and other accounts payable	71,125	49,339
<b>Other liabilities</b>	<b>459,846</b>	<b>419,582</b>
<b>Borrowings</b>	<b>5,993</b>	<b>611</b>
<b>Total</b>	<b>2,765,914</b>	<b>2,792,148</b>
<b>Total equity and liabilities</b>	<b>4,519,162</b>	<b>4,417,673</b>

# Consolidated income statements

## Consolidated income statement

	2017	2016
Insurance premium revenue	1,588,095	1,557,588
Insurance premium ceded to reinsurers	(675,629)	(663,831)
<b>Net premium earned</b>	<b>912,467</b>	<b>893,757</b>
Service and other income	249,140	203,079
Share of income/ (losses) of associated companies	(7,396)	26,689
Net income from investments	20,586	18,279
<b>Total income after reinsurance</b>	<b>1,174,797</b>	<b>1,141,804</b>
Insurance claims and loss adjustment expenses	(714,482)	(698,392)
Insurance claims and loss adjustment expenses recovered from reinsurers	285,498	271,896
<b>Net insurance claims</b>	<b>(428,984)</b>	<b>(426,496)</b>
Net operating expenses	(473,929)	(431,325)
<b>Total expenses after reinsurance</b>	<b>(902,913)</b>	<b>(857,821)</b>
<b>Operating result before finance costs</b>	<b>271,884</b>	<b>283,983</b>
Finance income	2,696	3,325
Finance expenses	(19,271)	(12,744)
<b>Result for the year before tax</b>	<b>255,309</b>	<b>274,564</b>
Income tax expense	(69,073)	(62,792)
<b>Result for the year</b>	<b>186,236</b>	<b>211,772</b>
Attributable to:		
Owners of the Company	186,275	211,795
Non-controlling interests	(39)	(23)
<b>Total result for the year</b>	<b>186,236</b>	<b>211,772</b>

## Consolidated statement of comprehensive income

	2017	2016
Result for the year	186,236	211,772
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to the income statement:</b>		
Effect of the asset ceiling on defined benefit pension plans	(3,286)	-
Actuarial gains/(losses) on defined benefit pension plans	45,643	(40,045)
Income tax relating to items that will not be reclassified	(9,370)	7,925
<b>Items that may be subsequently reclassified to the income statement:</b>		
Net fair value gains/(losses) on available-for-sale financial investments	12,854	20,324
Share of other comprehensive income of associated companies	-	-
Exchange gains/(losses) on translating foreign operations and associated companies	(25,303)	(1,869)
Income tax relating to items that may be reclassified	(2,303)	(1,699)
<b>Other comprehensive income for the year, net of tax</b>	<b>18,235</b>	<b>(15,364)</b>
<b>Total comprehensive income for the year</b>	<b>204,471</b>	<b>196,408</b>
Attributable to:		
The owners of the Company	204,510	196,431
Non-controlling interests	(39)	(23)
<b>Total comprehensive income for the year</b>	<b>204,471</b>	<b>196,408</b>



This Annual Report Summary 2017 is derived from, and should be read in conjunction with, the Atradius N.V. Annual Report 2017. The Annual Report 2017 is available at [www.atradius.com](http://www.atradius.com)

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