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NEWS RELEASE

Eurohold improves its profitability in the first half of 2018

- Double-digit operating profit growth up to BGN 19.4 million (+12%)
- Net profit increases to BGN 4.08 million (+4 %)

[Eurohold Bulgaria](#) AD, a leading financial group operating in the CEE/SEE region, improved its profitability in the first half of 2018 reporting 12% growth year-on-year of its operating profit to BGN 19.4 million, according to the company's interim financial statement filed with the Sofia bourse.

The company's net profit grew 4% on the year in the first six months to BGN 4.08 BGN million. It generated a consolidated revenue of 600 BGN million for the period, represented a fall of 7 percent compared to the previous year. The equity and the total assets of the company rose slightly, respectively by 1% и 2.4% y-o-y reaching BGN 216.5 million and BGN 1.33 billion.

Increased profitability in the insurance segment

The insurance business of Eurohold across Southeast Europe, grouped under Euroins Insurance Group AD (EIG), contributed most of all to the increased profitability of the holding company. Taking into account the decrease of the revenues in the segment in the first half of the year and due to the improved management of the expenses, both the operating and the net profit, generated by the insurance business line, grew 3% on the year reaching respectively BGN 13.7 million and BGN 11.5 million. The car and the leasing business of [Eurohold Bulgaria](#) AD, operating under Avto Union AD and Eurolease Group EAD brands, also improved their profitability. The operating profit generated by the leasing business went up by 26% y-o-y to BGN 2.7 million while the net profit accumulated by the car business rose by 9% on the year to BGN 0.3 million.

Fitch assigned a rating to Euroins Bulgaria and affirmed the rating of Euroins Romania and Eurohold

On August 1st the international rating agency Fitch Ratings assigned Euroins Bulgaria, Eurohold's Bulgarian insurance subsidiary, an insurer financial strength (IFS) rating of 'BB-' for the first time. At the same time the agency affirmed Euroins Romania Asigurare Reasigurare, the largest Eurohold's insurance subsidiary, an insurer financial strength (IFS) rating of 'BB-', and Eurohold Bulgaria AD, the holding company, a long-term issuer default rating (IDR) of 'B', both with stable outlook. The agency has also affirmed the ratings of Eurohold's 200 million euro medium term note programme, and 70 million euro senior notes issued under the programme at 'B'/RR4'.

Fitch's analysts accesses Eurohold's business profile positively in the agency's report, considering the upward trend in terms of improved financial leverage - from 84% in 2016 to 63% in 2017 as well as the significant growth of EIG's solvency ratio - from 123% in 2016 to 177% in 2017.

Ukraine authorities approved the deal for ERV

Meanwhile in July the financial regulator in Ukraine gave nod to EIG to acquire ERV Ukraine, the travel insurance business of Germany-based ERGO, part of Munich-Re, one of the major reinsurance groups on the global market. The purchase agreement was signed in April this year. The shares are expected to be transferred till the end of the third quarter of the year.

In the last couple of years [EIG](#) has acquired: Germany-based Talanx Group's subsidiaries in Bulgaria and Ukraine, operating under HDI brand; Dutch insurer Achmea's insurance business in Bulgaria, known under Interamerican brand; as well as Australian group QBE's operations in Romania and Bulgaria. In 2017 the Bulgaria-based company purchased the non-life insurance portfolio of ATE Insurance Romania, a subsidiary of Greece's Piraeus Bank, and acquired a significant stake in OOO RSO Euroins, a Russian insurer.

"One of our main goals for 2018 is to improve the profitability of our business and we have been accomplishing it. This confirms our strong intention to be a stable, reliable partner for our customers", said **Kiril Boshov, chairman of Eurohold Bulgaria's management board**, summarising the result at the end of the first half of 2018.

Consolidated results of Eurohold Bulgaria in January-June 2018

Segments	Revenue			EBITDA			Net profit		
	H1.2018	H1.2017	Change	H1.2018	H1.2017	Change	H1.2018	H1.2017	Change
	000'BGN	000'BGN	%	000'BGN	000'BGN	%	000'BGN	000'BGN	%
Insurance and health assurance	459,396	540,003	-15%	13,692	13,231	3%	11,534	11,216	3%
Automotive business	131,630	95,349	38%	3,091	3,079	0%	395	434	-9%
Leasing services	12,261	13,113	-6%	2,744	2,178	26%	110	122	-10%
Asset management and brokerage services	2,138	1,931	11%	73	201	-64%	36	171	-79%
Total subsidiaries	605,425	650,396	-7%	19,600	18,689	5%	12,075	11,943	1%
Parent company	1,834	2,627	-30%	840	854	-2%	(7,787)	(7,478)	4%
Total without eliminations	607,259	653,023	-7%	20,440	19,543	5%	4,288	4,465	-4%
<i>Intragroup eliminations</i>	<i>(6,802)</i>	<i>(7,063)</i>	<i>-4%</i>	<i>(1,084)</i>	<i>(2,219)</i>	<i>-51%</i>	<i>(209)</i>	<i>(539)</i>	<i>-61%</i>
Total	600,457	645,960	-7%	19,356	17,324	12%	4,079	3,926	4%

Source: Consolidated statement for the period ended June 30th, 2018

Eurohold Bulgaria AD

Eurohold Bulgaria is a leading Bulgarian company, listed on the BSE-Sofia and the WSE. The holding company operates across CEE and SEE, focused on non-banking financial services and asset management. Eurohold Bulgaria is a majority shareholder of Euroins Insurance Group (EIG), one of the largest independent insurance groups operating in the CEE and SEE insurance markets. EIG operates in seven European countries and owns insurance subsidiaries in four of them –

Bulgaria, Romania, FYROM and Ukraine. The insurance group has been operating in Greece since 2014. It has over 2.5 million clients and 2100 employees.

www.eurohold.bg www.eig.bg