

NEWS RELEASE

Eurohold continued its upward trend in 2018

The group posted record-high revenue and confirmed its position as the largest public holding in Bulgaria

- Revenue edged up +2.4% to BGN 1.3 billion
- Assets increased by +5% to BGN 1.4 billion
- Car sales grew at the highest pace, income up by +11% to BGN 237 million
- #1 public holding in BG by revenue
- #2 among all holdings in BG

Sofia, 1st March 2019 - [Eurohold Bulgaria](#) AD, a leading independent business group operating in the CEE/SEE/CIS region, continued its stable upward trend in 2018, booking record-high revenue for a second straight year, showed the company's annual unaudited consolidated financial statement submitted with the BSE. With the results achieved Bulgaria-based group sustained the momentum generated in 2017 when it improved significantly its operational and financial performance. It also confirmed its position as the largest publicly listed holding company in Bulgaria by revenue and the second largest among all holdings in the country.

Eurohold's consolidated operating revenue amounted to BGN 1.3 billion in 2018, up by +2.4% on the year and a record value in the history of the company. The group's operating profit declined by -9% year-on-year to BGN 52.28 million, while the consolidated net profit dropped -26% year-on-year, to BGN 18.15 million, due largely to a profitable, but yet lower-margin overall insurance performance in 2018 compared to the highly profitable 2017. At the end-2018, the group's consolidated assets totalled BGN 1.4 billion, which is +5% higher compared to the end-2017 figure.

The automotive segment contributed most for the growth

Eurohold's revenue growth in 2018 was driven by the increased volume of sales in the automotive segment within the group, represented by Avto Union AD, one of the largest car dealer and importer on the Bulgarian market. The car business of the company posted double-digit sales growth. The group's operating income from the automotive business rose by around +11% on the year to nearly BGN 237 million on the back of robust economic growth and benign environment. The leasing and asset management operations, represented by Eurolease Group AD and Euro-Finance AD respectively, also contributed positively. Eurohold's operating revenue from the two segments grew by +9% and +2% on the year respectively (*check out the chart below*).

The group's operating revenue from the insurance operations fell slightly by -2% on the year to BGN 985 million, but this figure does not include the revenue generated by Eurohold's growing insurance business in Russia the results of which will be added to the consolidated financial statement of the holding, starting from 2019. In addition to that, the group's 2018 consolidated financial report included just one-quarter results reported by the new insurance

subsidiaries of the holding in Georgia and Ukraine (IC Group and ERV Ukraine). The insurance and automotive segments, represented by Euroins Insurance Group AD (EIG) and Avto Union AD respectively, continue to generate the bulk of the group revenues, accounting for 97% of all sales in 2018.

EIG further expanded its presence in CEE/SEE/CIS markets

Euroins Insurance Group AD (EIG), the insurance arm of Eurohold, recorded gross written premiums (GWP) of BGN 643 million in 2018, flat compared with the previous year. Despite the significant sales growth in Bulgaria and Greece, EIG's Romanian subsidiary relied on a more conservative sales policy throughout 2018, limiting its overall revenues.

EIG demonstrated strong historic growth in GWP with compound average growth rate of more than 16% for the last 5 years. The increase in premiums achieved was due to a certain extent also to successful M&A record of the insurance group. In the last couple of years EIG acquired directly or through its subsidiaries: 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 (including its life insurance operations); Australian group QBE's operations in Romania and Bulgaria; the non-life insurance portfolio of ATE Insurance Romania, a subsidiary of Greece's Piraeus Bank; IC Group, one of the leading insurers in Georgia; ERV Ukraine, the travel insurance business of Germany-based ERGO, part of Munich-Re, one of the major reinsurance groups on the global market; and a significant stake in OOO RSO Euroins, a Russian insurer.

"EIG continued building up on its acquisition track record throughout 2018. We already proved to be the preferred regional transaction partner of many renowned companies which sought exit from the region. Our group managed to leverage on those acquisitions and achieved the needed synergies in the past five years and this contributed to our growth. We are becoming more innovative and more customer centric with every step we make and this can only further improve our performance.", explained Georgi Markov, EIG's deputy CEO.

Focus on expansion of the insurance business

With reference to its development strategy to become one of the leading insurance groups in the CEE/SEE/CIS region, EIG plans to remain focused on expanding its presence in this region through acquisitions and organic growth while diversifying its product portfolio and distribution channels and maintaining high liquid and capital position. At the end of the last year the insurance group has achieved a Solvency Capital Requirement coverage ratio of 185% well above the current regulatory requirement of 100% and it aims to sustain this high capital buffer in the next years.

Consolidated results of Eurohold Bulgaria in 2018

Segments	Revenue			EBITDA			Net Profit		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
	000'BGN	000'BGN	%	000'BGN	000'BGN	%	000'BGN	000'BGN	%

Insurance	987,071	1,006,257	-2%	17,273	48,435	-64%	12,427	41,681	-70%
Automotive	237,547	214,285	11%	9,649	5,605	72%	3,019	258	1070%
Leasing	28,790	26,527	9%	5,574	4,289	30%	135	112	21%
Asset management and brokerage	5,092	4,991	2%	956	282	239%	834	209	299%
Total subsidiaries	1,258,500	1,252,060	1%	33,452	58,611	-43%	16,415	42,260	-61%
Parent company	24,107	4,268	465%	20,487	1,522	1246%	1,797	(17,306)	-110%
Total without eliminations	1,282,607	1,256,328	2%	53,939	60,133	-10%	18,212	24,954	-27%
<i>Intragroup eliminations</i>	<i>(16,304)</i>	<i>(15,612)</i>	<i>4%</i>	<i>(1,656)</i>	<i>(2,540)</i>	<i>-35%</i>	<i>(60)</i>	<i>(539)</i>	<i>-89%</i>
Total	1,266,303	1,240,716	2%	52,283	57,593	-9%	18,152	24,415	-26%

Source: Annual unaudited consolidated financial statement for 2018

Eurohold Bulgaria AD

Eurohold Bulgaria is a leading independent financial services groups in the CEE/SEE region, operating in insurance, leasing, car sales, asset management and investment services and listed on the BSE and the WSE. It owns Euroins Insurance Group (EIG), one of the largest independent insurance groups in the CEE/SEE region, operating in 9 markets, including own subsidiaries in Bulgaria, Romania, Northern Macedonia, Ukraine and Georgia. EIG also operates in Greece and Russia, and has niche insurance operations in Spain and Italy. Currently the insurance group has over 2.5 million clients and over 3000 employees. The company generated nearly EUR 350 million in gross written premiums (GWPs) in 2018.

www.eurohold.bg www.eig.bg