



Shaping tomorrow together

Annual Report Summary 2019
Atradius N.V.

This is Atradius

Atradius' core principles are timeless. We are committed to providing leading credit insurance and credit management products tailored to the individual needs of our customers.

The human touch is essential – building relationships with a deep understanding of each customer's business and working together towards mutual growth and prosperity.

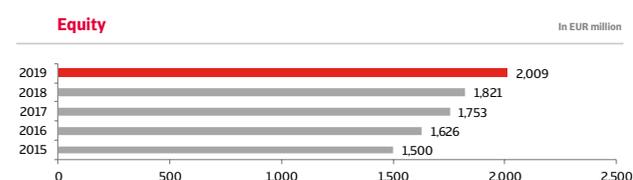
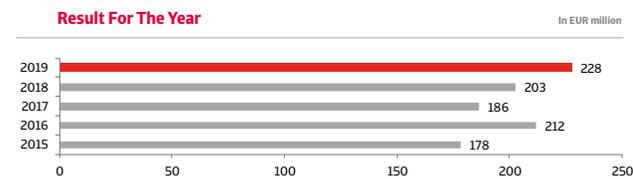
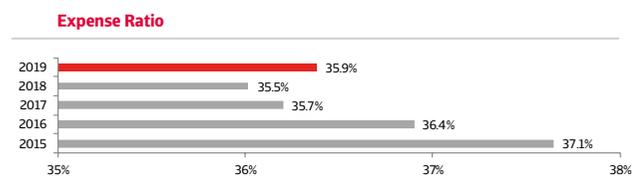
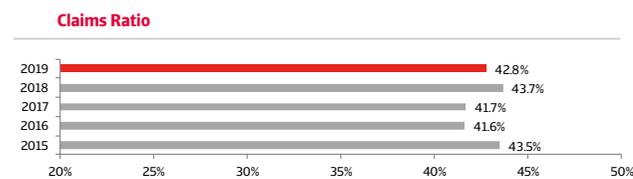
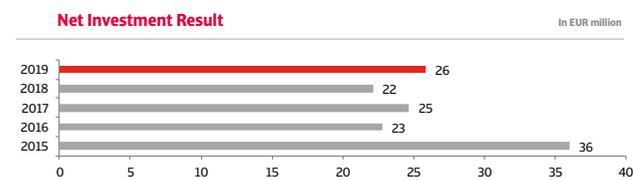
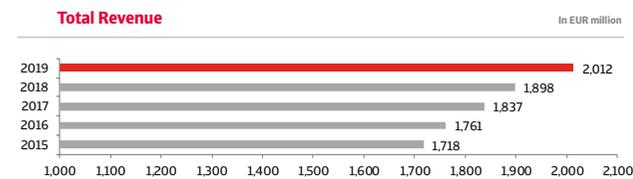
As global business evolves in new and more digital directions, we too need to transform and provide innovative and efficient ways to bring our value proposition to the market.

'Shaping Tomorrow Together' has been an important call-to-action throughout Atradius in 2019, determining the way we interact with each other, our customers and partners. That's why we focus on the things that matter most to those customers and partners, taking the time to listen to their views and investing in what will make a positive difference.

Our performance at a glance

Strong profit and growth across the Group

- Total revenue surpassed the EUR 2 billion milestone.
- The result for the year grew to EUR 227.7 million, a 12.4% increase from 2018.
- Insurance premium revenue increased 6.7% (6.1% at constant foreign exchange rates) with favourable portfolio development in most countries.
- Atradius achieved a claims ratio of 42.8%, maintaining balanced risk acceptance while continuing to provide comprehensive coverage to our customers.
- The expense ratio for the year was 35.9%, following substantial investment in innovation and technological development.
- The gross combined ratio was 78.7%.
- A positive EUR 25.9m contribution to the result for the year from our prudent investment portfolio despite constrained interest rates.
- Our shareholders' equity and subordinated debt position was further strengthened by 8.7%.



“ **The human touch is essential** ”

Shaping tomorrow together



The Atradius culture is paramount to the success of our business, providing the foundation for the quality of service we deliver to our customers.

That's why 'Shaping Tomorrow Together' has been an important theme for us throughout 2019, and a call-to-action for every employee to be actively involved in our digital transformation. As a global business active across many locations and time zones, our extensive investment in transformation and innovation projects and partnerships is vital to the way we serve our customers. We want all our people to be part of that journey: to understand the trends that shape the future of our business. And we are helping them adapt to new systems and to learn about new technologies.

At the same time, the transformation of Atradius' core systems continue to make good progress. This year, for instance, we celebrated the early successes of our new Credit Insurance systems. As with all our transformation projects, the key aim is to enhance our value proposition, streamline our processes and deliver the best digital experience for our employees, customers and prospects. To this end we have also

made impressive progress in 2019, particularly in the areas of Big Data and AI, connectivity, platforms, ecosystems and blockchain.

We maintain strong ratings from AM Best (A, excellent) and Moody's (A2), both with a stable outlook. These ratings show us to be a financially strong, geographically well-diversified company with a solid growth and risk profile. Indeed, our financial strength rating has never been better, supported by our robust capitalisation, solid revenue growth and consistently healthy profitability.

Our ambition, as ever, is to lead the way in standards of excellence within our industry while continuing to pursue growth in new markets. In 2020 our prudent investment portfolio will remain in place, as will our disciplined underwriting, excellent solvency position and reinsurance programme, all of which help to mitigate potentially adverse eventualities.

With this combination of our values, commitment to customers, human capital and investment in technological systems, 2020 is set to be another year of solid performance.

The global economic environment in 2019

Global growth decreased in 2019, with global output expanding at a rate of just 2.6%, compared to 3.2% in 2018.

Major economies saw a decline in growth. The US experienced weaker business confidence, the unwinding of fiscal stimulus and an escalating trade war with China, while weak exports kept a lid on growth in the Eurozone. In addition, production lines in the Eurozone car industry were adjusting to comply with new emission standards. Domestic demand remained fairly resilient as employment expanded and low inflation provided a boost to real incomes. The unemployment rate looks to have bottomed out at around 7.4%.

Over the course of the year both the Federal Reserve (Fed) and the European Central Bank (ECB) took steps towards monetary loosening. As a result, credit growth in the Eurozone continued to recover, with credit conditions broadly unchanged over the year.

“ The number of company insolvencies around the world rose

Emerging market economies also experienced weakening growth, with those in Asia feeling the impact of China's trade tensions with the US, and a global decline in industrial output affecting emerging markets in Eastern Europe and Latin America.

In China, GDP growth slowed to 6.2%, with fiscal stimuli initiated in the second half of 2018 only partially compensating for weakening domestic demand and export growth. In Latin America, growth almost stalled, with Argentina still in recession and Brazil seeing softening household consumption, shrinking investments and the after effects of a mining disaster. In Mexico, political uncertainty and tough trade relations with the US led to slowing private consumption and weakening business sentiment, both of which hampered growth.

For the first time in a decade, the number of company insolvencies around the world rose. While this is to be expected in a maturing business cycle, the global industrial downturn and US-China trade war compounded the challenges that businesses face. North America experienced the strongest rate of insolvency growth.

In the Eurozone, overall insolvencies decreased but the picture was mixed. Germany saw a fall in insolvencies despite weak manufacturing output, particularly in the car industry. Southern Europe had another year of strong economic performance, with insolvencies declining in most countries, including Portugal and Greece. Insolvencies also fell in Italy, although in the context of low economic growth and political uncertainty. There was however a rise in insolvencies in several countries including Spain, where the increase came despite another year of robust economic growth. In Northern Europe, lower external demand dampened growth in the Netherlands and Belgium, causing insolvencies to rise.

US insolvencies rose due to the strong dollar and unwinding of pro-cyclical fiscal policy, compounded by trade policy uncertainty. The UK too saw a sharp rise in insolvencies as labour costs increased and business confidence was rocked by Brexit-related uncertainty. Several advanced markets in Asia-Pacific, notably South Korea, Hong Kong and Singapore, felt the negative impact from the US-China trade war.

Among major emerging economies, insolvencies rose in Turkey and Brazil. Turkey's economy came to a near standstill with a loss of confidence in the lira accompanied by a sharp contraction in fixed investments. Brazil's economic recovery was hampered by low domestic demand and the impact of a mining disaster. While the picture for Russia was more benign, it too suffered from weakening consumer demand, the depreciation of the rouble and a lower-than-expected oil price.

Upholding our values while embracing change

'Shaping Tomorrow Together' is a theme that sits well with Atradius' commitment to playing our part in upholding human rights and safeguarding the future of the planet. As a responsible global company, we aim to manage the ethical, environmental and social risks of the way we do business.

While we continue to make a valuable contribution to successful world trade and our customers' prosperity, we are well aware of the importance of incorporating environmental aspects in our value chain and to acknowledge our responsibility on human rights across our operations. The same applies to our

relationships with our suppliers, associates and the communities in which we operate.

As an essential aspect of our responsibility in helping to secure growth opportunities for future generations and to respect the planet we inhabit, we actively support the ten principles of the United Nations Global Compact (UNGC) on human rights, labour conditions, the environment and anti-corruption.

Each year we report on the progress we are making. This report is available on our Group website atradius.com.



Serving you around the world



Europe

Austria	ⓐ	Vienna
Belgium	ⓐ ⓑ ⓓ ⓔ ⓖ ⓗ	Namur, Antwerp
Bulgaria	ⓐ	Sofia
Czech Republic	ⓐ ⓑ	Prague
Denmark	ⓐ ⓑ ⓓ ⓔ	Copenhagen, Århus
Finland	ⓐ ⓑ	Helsinki
France	ⓐ ⓑ ⓓ ⓔ ⓖ	Paris, Bordeaux, Compiègne, Lille, Lyon, Marseille, Strasbourg
Germany	ⓐ ⓑ ⓓ ⓔ ⓖ	Cologne, Berlin, Bielefeld, Bremen, Dortmund, Düsseldorf, Frankfurt, Freiburg, Hamburg, Hanover, Kassel, Munich, Nuremberg, Stuttgart
Greece	ⓐ	Athens
Hungary	ⓐ ⓑ	Budapest
Iceland	ⓐ	Reykjavik ⁽¹⁾
Ireland	ⓐ ⓑ ⓓ ⓔ ⓖ ⓗ	Dublin
Italy	ⓐ ⓑ ⓓ ⓔ ⓖ	Rome, Milan
Luxembourg	ⓐ ⓑ ⓓ ⓔ ⓖ	Luxembourg
Netherlands	ⓐ ⓑ ⓓ ⓔ ⓖ ⓗ	Amsterdam, Ommen
Norway	ⓐ ⓑ ⓓ ⓔ	Oslo
Poland	ⓐ ⓑ	Warsaw, Krakow, Poznan, Jelenia Gora
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, Valladolid, Zaragoza
Sweden	ⓐ ⓑ ⓓ ⓔ ⓖ	Stockholm
Switzerland	ⓐ ⓑ	Zurich
Turkey	ⓐ ⓑ	Istanbul
United Kingdom	ⓐ ⓑ ⓓ ⓔ	Cardiff, Belfast, Birmingham, London, Manchester

Middle East

Israel	ⓐ	Tel Aviv ⁽¹⁾
Lebanon	ⓐ	Beirut ⁽¹⁾
Saudi Arabia	ⓐ	Riyadh ⁽¹⁾
United Arab Emirates	ⓐ ⓑ	Dubai ⁽¹⁾

Americas

Argentina	ⓐ	Buenos Aires ⁽¹⁾
Brazil	ⓐ ⓑ	São Paulo
Canada	ⓐ ⓑ	Mississauga (Toronto), Pointe Claire (Montreal)
Chile	ⓐ	Santiago de Chile ⁽¹⁾
Mexico	ⓐ ⓑ ⓓ ⓔ	Mexico City, Guadalajara, Monterrey
Peru	ⓐ	Lima ⁽¹⁾
USA	ⓐ ⓑ	Baltimore (Maryland), Indianapolis (Indiana), Chicago (Illinois), Los Angeles (California), Morristown (New Jersey), New York (New York), Dallas (Texas)

Asia

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

Africa

Kenya	ⓐ	Nairobi ⁽¹⁾
Morocco	ⓐ	Casa Blanca ⁽²⁾
South Africa	ⓐ ⓑ	Johannesburg ⁽¹⁾
Tunisia	ⓐ	Tunis ⁽¹⁾

Oceania

Australia	ⓐ ⓑ	Sydney, Adelaide, Brisbane, Melbourne, Perth
New Zealand	ⓐ	Auckland

- ⓐ Credit Insurance
- ⓑ Collections
- ⓓ Information
- ⓔ Bonding
- ⓖ Instalment Credit
- ⓗ DSB
- ⓓ Reinsurance

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

⁽²⁾ Service establishment and co-operation agreement with local partner

Products and services

Tailor-made solutions for companies of all sizes

Atradius Credit Insurance protects against losses arising from non-payment for goods and services sold on credit. Our credit insurance products are based on the 'Modula' concept: a catalogue of policy conditions aligned across our worldwide operation that can combine flexibly to meet each customer's business needs.

For multinationals we offer a sophisticated credit management solution: our Global policy. As a market leader in this segment we have an excellent understanding of the requirements of multinationals, whether their credit management is centralised or devolved locally. For medium-size and large companies we offer cover solutions that can be adapted to fit all kinds of businesses, in any sector, doing business domestically or internationally. For SMEs our products, again built on the 'Modula' principle, are simple to understand and administer.

Atradius' on-line tool 'Atrium' eases policy administration for customers, while the additional credit management service 'Insights' lets customers analyse the risk in their portfolio.

While credit insurance normally covers a customer's whole turnover, we offer a range of structured credit risk solutions designed 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.

To accommodate the rise of digital trading, our Single Transaction Credit Insurance product can be bought on-line at the same time that trading decisions are being taken.

Reinsurance: Specialised solutions for credit and bonding

Atradius Reinsurance DAC (Atradius Re) is the leading monoline credit and bonding reinsurer, offering reinsurance solutions for credit insurance and bonding business of primary insurers around the globe. Currently Atradius Re supports 126 clients in 61 countries.

Bonding: Leading bond supplier in Europe

Present in 12 European countries, Atradius Bonding, an acknowledged leading bond supplier, serves an extensive portfolio of businesses in a wide range of industries, helping them secure their performance and support their business development.

Instalment Credit Protection: Risk protection for instalment-based credit agreements

Atradius Instalment Credit Protection (ICP) covers short- and medium-term risks involved in instalment-based credit agreements with private individuals and businesses. It serves financial and corporate policyholders in Belgium and Luxembourg. Covering mainly consumer credit, leasing and renting risks, our product range extends also to residential real estate insurance products for co-ownerships and for rental guarantees, private car leasing arrangements and the construction sector, to protect against payment default by homeowners.

Debt Collection: Professional and reliable collections backed by a global network

With a presence in 33 countries, Atradius Collections helps businesses - both insured and uninsured - collect domestic and international trade debts, while maintaining sound business relationships with their clients. Our strong reputation as a business-to-business specialist is built on our expertise, the strength of the Atradius brand, and our fully integrated international network of collectors, lawyers and insolvency practitioners, as well as online capabilities.

Dutch State Business: The export credit agency of the Netherlands

Atradius Dutch State Business (ADSB) is the export credit agency of the Netherlands, working on behalf of the Dutch state. To minimise the risks of non-payment not covered by the private market, and to enable the financing of Dutch export, ADSB offers a wide range of insurance and guarantee products to Dutch exporters of capital goods, internationally operating construction companies, and their financiers or investors.

Credit Information Services: Business intelligence to support credit management decisions

Atradius offers information services through Iberinform in Spain and Portugal, Graydon in the Netherlands, Belgium and UK and Informes in Mexico. These provide business intelligence solutions to help our customers manage risk and make smart decisions in their credit management, risk and compliance management and marketing.

Outlook for 2020



In 2020 growth is likely to decelerate further to 2.3%.

Continuing uncertainty concerning trade policies will be compounded by the impact of the rapid spread of the coronavirus, which is already affecting global supply chains. Across emerging markets, growth is forecast to remain essentially the same as in 2019. Latin America will continue to underperform but growth is projected to strengthen, with expectations of recovery in Brazil and Mexico. Argentina's economy is likely to contract again, but by less than in 2019. Eastern Europe is forecast to extend its 2019 growth rate. A projected pick-up of growth in Russia and Turkey will lift overall growth in the region, although this will be undermined by lower growth in several other Eastern European countries. Asia will show the highest growth rates, although the coronavirus is exacerbating the underlying slow-down in Asia.

Advanced markets are expected to see their growth rates decline as trade measures and the effects of the coronavirus detract from economic activity. Eurozone growth will slow further in 2020 amid a challenging external environment, while US growth is forecast to moderate as fiscal policy shifts from expansionary to broadly neutral. In line with this subdued growth, business failures in advanced markets are likely to

rise. However, easing monetary policy should provide some support for economic growth and corporate activity.

In the UK insolvencies are expected to rise again, although the risk of a no-deal Brexit has reduced now that the UK and the EU have reached a withdrawal agreement. However, uncertainty will persist as the two parties begin to negotiate a future trade agreement, clouding the outlook for growth. Depending on the final outcome of negotiations, the number of UK business failures could be higher than expected and this would impact other EU countries.

How does the outlook affect Atradius and our customers?

Overall, the picture for 2020 is one of moderating global growth. Economic conditions are expected to remain challenging in view of trade policy tensions and the potential impact of the coronavirus on supply chains, both affecting trade and investment. However, we expect relatively strong consumer spending to keep a recession at bay.

Balancing these factors to manage risk will be a demanding task. But, as always, we will use our expertise and the dedication of our people to work with our customers to 'shape tomorrow together' and guide them toward profitable trade.

Consolidated financial statements

All amounts in thousands of Euro

Consolidated statement of financial position

Assets	31.12.2019	31.12.2018
Intangible assets	257,701	253,297
Property, plant and equipment	210,051	132,317
Investment property	13,988	9,641
Investments in associated companies	63,110	63,428
Financial investments	2,589,165	2,328,948
Reinsurance contracts	611,602	597,716
Deferred income tax assets	35,615	37,271
Current income tax assets	40,889	48,935
Receivables	239,565	237,071
Accounts receivable on insurance and reinsurance business	192,782	180,503
Other accounts receivable	46,783	56,568
Other assets	601,443	570,315
Deferred acquisition costs	76,300	71,743
Other assets and accruals	525,143	498,572
Cash and cash equivalents	404,244	446,357
Total	5,067,373	4,725,296
Equity		
Capital and reserves attributable to the owners of the Company	2,008,726	1,821,405
Non-controlling interests	-	33
Total	2,008,726	1,821,438
Liabilities		
Subordinated debt	323,982	323,790
Employee benefit liabilities	124,884	100,182
Insurance contracts	1,706,229	1,619,869
Provisions	2,620	2,679
Deferred income tax liabilities	103,509	101,155
Current income tax liabilities	38,747	47,992
Payables	178,682	227,008
Accounts payable on insurance and reinsurance business	122,186	152,802
Trade and other accounts payable	56,496	74,206
Other liabilities	579,994	480,847
Borrowings	-	336
Total	3,058,647	2,903,858
Total equity and liabilities	5,067,373	4,725,296

Consolidated income statement

	2019	2018
Insurance premium revenue	1,759,523	1,648,527
Insurance premium ceded to reinsurers	(685,288)	(671,988)
Net premium earned	1,074,235	976,539
Service and other income	252,497	249,517
Share of income/ (losses) of associated companies	(1,093)	4,652
Net income from investments	18,776	17,493
Total income after reinsurance	1,344,415	1,248,201
Insurance claims and loss adjustment expenses	(892,311)	(775,244)
Insurance claims and loss adjustment expenses recovered from reinsurers	370,095	282,938
Net insurance claims	(522,216)	(492,306)
Net operating expenses	(479,103)	(469,789)
Total expenses after reinsurance	(1,001,319)	(962,095)
Operating result before finance costs	343,096	286,106
Finance income	2,629	5,858
Finance expenses	(32,887)	(14,599)
Result for the year before tax	312,838	277,365
Income tax expense	(85,130)	(74,710)
Result for the year	227,708	202,655
Attributable to:		
Owners of the Company	227,708	202,638
Non-controlling interests	-	17
Total result for the year	227,708	202,655

Consolidated statement of comprehensive income

	2019	2018
Result for the year	227,708	202,655
Other comprehensive income:		
Items that will not be reclassified to the income statement:		
Effect of the asset ceiling on defined benefit pension plans	-	3,286
Actuarial gains/(losses) on defined benefit pension plans	(21,023)	(15,269)
Income tax relating to items that will not be reclassified	4,829	4,909
Items that may be subsequently reclassified to the income statement:		
Net fair value gains/(losses) on available-for-sale financial investments	75,516	(47,569)
Share of other comprehensive income of associated companies	-	-
Exchange gains/(losses) on translating foreign operations and associated companies	11,723	(7,201)
Income tax relating to items that may be reclassified	(19,682)	11,248
Other comprehensive income for the year, net of tax	51,363	(50,596)
Total comprehensive income for the year	279,070	152,059
Attributable to:		
The owners of the Company	279,070	152,042
Non-controlling interests	-	17
Total comprehensive income for the year	279,070	152,059

