

Paris, 28 July 2017 – 7.30am

**Coface H1-2017 Results:  
Operating income up 17.5% and net income at €20.2m  
Improving guidance for 2017: net loss ratio 3pts better, at below 58%**

- **Turnover: €691.7m down (0.5)% at constant scope<sup>1</sup> and exchange rates**
  - Q2-2017 turnover up 1.2% on a comparable basis
  - +2.1% in mature markets for the quarter, driven by insured clients' turnover
  - Contraction eased in emerging markets
- **Net loss ratio 58.3%, net combined ratio 93.7%**
  - 3.6 points improvement in gross loss ratio to reach 54.2% in Q2-2017 (compared with 57.8% in Q1-2017), on back of Asian turnaround (61.5%)
  - Net loss ratio stable at 58.3%. Reversal of positive foreign exchange (FX) rate effect seen in Q1-2017: excluding FX, net loss ratio improved by 4.8 points (55.5% in Q2-2017)
  - Net cost ratio 35.5% and 34.0% excluding fiscal one-off charge in Italy
- **Net income €20.2m**
  - Operating income up 17.5% to €46.5m
- **Fit to Win is progressing as planned, full year net loss ratio guidance upgraded**
  - Information, risk infrastructure and technology investments continuing
  - €5.4m cost savings year-to-date, in line with €10m objective for the year
  - Improved net loss ratio guidance for 2017: below 58%
- **Estimated solvency ratio: 148%<sup>2</sup>, in target range**

*Unless otherwise stated, changes are in comparison with H1-2016*

*<sup>1</sup> Constant perimeter = excluding State Export Guarantees Management (€25.7m revenues in H1-2016).*

*Coface ceded this activity as of 1 January 2017; 2016 figures impacted by this activity have been restated so as to be comparable to 2017*

*<sup>2</sup> The estimated Solvency ratio disclosed in this presentation is a preliminary calculation based on the interpretation by Coface of Solvency II. Final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.*

**Xavier Durand, CEO of Coface, commented:**

*“The effect of measures taken under the Fit to Win plan continue to materialize in what is now a more favourable economic environment. In the second quarter of 2017 we generated net profit of €12.9m, thanks to our continued loss ratio improvement, particularly in the Asia Pacific zone where losses have reached their lowest levels in a year. We achieved €5.4m savings in the framework of our operational efficiency plan and are in line with our full year cost savings objective of €10m. Finally, Coface’s turnover rose 1.2% in the second quarter, benefiting from our clients’ increased turnover levels and a turnaround in mature markets. These elements enable us to revise our net loss ratio guidance for the year from below 61% to below 58%. We continue to focus on executing the strategic plan presented in 2016.”*

## Key figures as at 30 June 2017

The Board of Directors of Coface SA examined the summary consolidated financial statements for the first half 2017 during its meeting on 27 July 2017. They were subject to review by the Audit Committee.

These summary consolidated financial statements for the first half 2017 were subject to limited review by the company's auditors. The report pertaining to this review is in the process of being issued.

Income statements items in €m	H1-2016 published	H1-2016 ex. SEGM*	H1-2017	%	% ex. FX
Gross earned premiums	565.7	565.7	565.6	(0.0)%	(0.7)%
Services revenue	151.0	125.2	126.2	+0.7%	+0.2%
<b>REVENUE</b>	<b>716.7</b>	<b>691.0</b>	<b>691.7</b>	<b>+0.1%</b>	<b>(0.5)%</b>
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	28.9	16.7	21.5	+28.8%	
Investment income, net of management expenses	24.6	24.6	25.9	+5.2%	
<b>CURRENT OPERATING INCOME</b>	<b>53.5</b>	<b>41.3</b>	<b>47.4</b>	<b>+14.7%</b>	
Other operating income / expenses	(1.8)	(1.8)	(0.9)	(46.8)%	
<b>OPERATING INCOME</b>	<b>51.8</b>	<b>39.5</b>	<b>46.5</b>	<b>+17.5%</b>	
<b>NET INCOME</b>	<b>25.6</b>	<b>17.6</b>	<b>20.2</b>	<b>+14.8%</b>	<b>+13.6%</b>

  

Key ratios	H1-2016 published	H1-2016 ex. SEGM*	H1-2017	%	% ex. FX
Loss ratio net of reinsurance	60.8%	60.8%	58.3%	(2.6)	ppts.
Cost ratio net of reinsurance	31.4%	34.4%	35.5%	+1.1	ppts.
<b>COMBINED RATIO NET OF REINSURANCE</b>	<b>92.2%</b>	<b>95.2%</b>	<b>93.7%</b>	<b>(1.5)</b>	<b>ppts.</b>

  

Balance sheet items in €m	2016 published	H1-2017	%	% ex. FX
Total Equity (group share)	1,755.2	1,749.3	(0.3)%	
<b>SOLVENCY RATIO<sup>1</sup></b>	<b>150%</b>	<b>148%</b>	<b>(2)</b>	<b>ppts.</b>

\* % H1-2017 vs. H1-2016 excluding State export guarantees management (ex. SEGM). Coface ceded this activity as from January 1st 2017. 2016 figures impacted by this activity have been restated so as to be comparable to 2017.

<sup>1</sup> The estimated Solvency ratio disclosed in this presentation is a preliminary calculation based on the interpretation by Coface of Solvency II ; final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.

## 1. Turnover

Coface registered turnover of €691.7m in H1-2017, up 0.1% compared with H1-2016 and down (0.5)% at constant FX. These figures have been adjusted for the transfer of the French State export guarantees management which took place at the end of 2016. This activity therefore had no impact on turnover in H1-2017.

In H1-2017, premium volumes benefited from an upturn in Coface's client turnover (+2.7%) against the backdrop of a modest but generalised economic improvement. As in Q1-2017, growth in insured companies' turnover had a positive effect across all regions. Price evolution remained negative, at (1.3)%, but was slightly better in comparison with previous periods, with mature markets continuing to see significant competitive pressure. Prices in Latin America and in Asia continue to increase.

In North America turnover was down by (8.1)% and by (10.8)% at constant FX compared with H1-2016, which benefited from several large deals in H1-2016 that were not repeated this year. The Group also cancelled unprofitable contracts in Canada.

In Central and Eastern Europe turnover was +2.4% and 0.0% at constant FX. Commercial performance in this region remains very positive, but was offset by prior year premium adjustments in Poland and renewed price decline in Austria.

In the Mediterranean & Africa region premiums grew by 5.0% excluding FX thanks to the continued good commercial momentum in the region, driven by Italy and Spain.

Emerging market performance continued to vary widely. Turnover in Latin America grew by 7.5% (and by 2.9% at constant FX), slowing in comparison with previous periods, as the Group has been prudent in Mexico. In Asia, the decline remained significant but showed gradual improvement, at (7.7)% and (10.5)% at constant FX, with the bulk of the impact of risk action plans now behind us.

Total revenue - in €m	H1-2016 published	H1-2016 ex. SEGM*	H1-2017	%	% ex. FX
Northern Europe	158.2	158.2	155.0	(2.0)%	(2.0)%
Western Europe	167.0	141.3	142.5	+0.8%	+2.3%
Central & Eastern Europe	61.3	61.3	62.8	+2.4%	(0.0)%
Mediterranean & Africa	166.3	166.3	174.5	+4.9%	+5.0%
North America	68.9	68.9	63.3	(8.1)%	(10.8)%
Latin America	39.5	39.5	42.5	+7.5%	+2.9%
Asia Pacific	55.5	55.5	51.2	(7.7)%	(10.5)%
<b>Total Group</b>	<b>716.7</b>	<b>691.0</b>	<b>691.7</b>	<b>+0.1%</b>	<b>(0.5)%</b>

\* % H1-2017 vs. H1-2016 excluding State export guarantees management (ex. SEGM). Coface ceded this activity as from January 1st 2017. 2016 figures impacted by this activity have been restated so as to be comparable to 2017.

New business production for H1-2017, at €71m, was down €11m compared with H1-2016. However, new production in mature markets grew, with the exception of Germany. Emerging markets remained affected by prudent underwriting in certain countries e.g. Mexico and Turkey. Finally, Coface's client retention rate reached 91.0%, its highest level for the last 4 years.

## 2. Results

### - Combined ratio

The Group's net combined ratio stood at 93.7% for H1-2017 and 95.4% in Q2-2017.

#### (i) Loss ratio

Gross loss ratio in H1-2017 was 56.0%, an improvement of 5.9 points compared with H1-2016 (61.9%), driven mainly by Asia, which registered its lowest gross loss ratio for the past year at 61.5% in Q2-2017. The improvement observed in North America in Q1-2017 was confirmed. This was partially offset by the increased loss ratio in Western Europe which remained nonetheless at a very good level (51.1% in Q2-2017).

The Group's net loss ratio for H1-2017, at 58.3%, was almost stable compared with the previous quarter (58.2% in Q1-2017). This apparent stability masks a significant underlying improvement: Q1-2017 benefited from a positive FX effect, which lowered the published loss ratio by 2.1%. This effect almost wholly reversed in Q2-2017. Excluding FX, the net loss ratio therefore improved by 4.8 points compared to the previous quarter, to reach 55.5%, reflecting better gross ratios.

Given H1-2017 results, Coface is setting improved net loss ratio guidance for the full year, at below 58%. This represents an improvement of 3 points compared with previous guidance. The more favorable economic climate which amplifies the impact of *Fit to Win* initiatives, enables a more rapid than anticipated improvement in results.

#### (ii) Cost ratio

Coface continues to execute its operational efficiency programme. Savings achieved over H1-2017 amounted to €5.4m, enabling the Group to re-affirm its cost savings objective of €10m for the full year.

The Group's cost ratio after reinsurance stood at 35.5% in H1-2017. During the course of Q2-2017 the Group registered a one-off fiscal charge of €6m (Italy) which increased its net cost ratio by 1.4 point in H1-2017.

### - Financial income

During the semester, net financial income stood at €25.9m, up 5.3%.

Portfolio management generated net capital gains of €8.6m in H1-2017. As in Q1-2017, the FX impact includes the compensation for the one incurred in the technical result. Cumulatively over H1-2017 the contribution of FX (Net foreign exchange gains/losses) was negative by €(2.2)m vs €(8.8)m in Q1-2017.

Despite a slight rise in risk free rates at the end of H1-2017, the environment remains characterised by historically low interest rates. In this context, Coface limited the decline in its portfolio yield, which stood at €20.7m for the

period (versus €21.5m in H1-2016). The accounting yield<sup>1</sup>, excluding capital gains, was 0.8% in H1-2017, down slightly compared with H1-2016 (0.9%).

– Operating income and net income

Operating income stood at €46.5m at 30 June 2017, up 17.5% compared to H1-2016. This includes a charge of €(0.8)m corresponding to investment and restructuring expenses planned under *Fit to Win*.

Net income (group share) was €20.2m, of which €12.9m in Q2-2017. During H1-2017 the tax rate remained high, at 49%, in line with previous quarters.

### 3. Equity

At 30 June 2017, IFRS equity (group share) was €1,749.3m, down (0.3)% over H1-2017. The change in equity during the quarter is mainly the result of positive net income of €20.2m, offset by the dividend payment of €20.4m in Q2-2017.

The estimated solvency ratio stands at 148%<sup>2</sup>, within the target range.

### 4. Outlook

Coface continues to implement its strategic plan, *Fit to Win*.

Given H1-2017 results, Coface is setting improved net loss ratio guidance for the full year, at “below 58%”. This represents an improvement of 3 points compared with previous guidance. The more favorable economic climate which amplifies the impact of *Fit to Win* initiatives, enables a more rapid than anticipated improvement in results.

The Group is confident it will achieve its €10m cost savings target in 2017, while investments and restructuring charges for the year are expected to amount to €21m.

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<sup>1</sup> Accounting profitability ratio calculated on average investment portfolio

<sup>2</sup> The estimated Solvency ratio disclosed in this presentation is a preliminary calculation based on the interpretation by Coface of Solvency II ; final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.

## Conference call with financial analysts

A conference call to discuss Coface H1-2017 results with financial analysts will be held on 28 July 2017 at 9.30am Paris time. Dial in numbers: +33(0)1 70 77 09 40 (France), +44 (0)203 367 9457 (UK), +1 646 722 4908 (US). The presentation will be available at the following address: <http://www.coface.com/Investors/Financial-reporting>

## Appendix

### Quarterly results

Income statements items in €m – 2016 figures ex. SEGM*	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	%	% ex. FX
Gross earned premiums	288.5	277.2	275.8	273.6	282.2	283.4	+2.2%	+1.9%
Services revenue	64.5	60.8	58.5	59.0	66.1	60.0	(1.2)%	(1.8)%
<b>REVENUE</b>	<b>353.0</b>	<b>338.0</b>	<b>334.3</b>	<b>332.7</b>	<b>348.3</b>	<b>343.4</b>	<b>+1.6%</b>	<b>+1.2%</b>
<b>UNDERWRITING INCOME/LOSS AFTER REINSURANCE</b>	<b>20.8</b>	<b>(4.1)</b>	<b>(21.5)</b>	<b>(8.5)</b>	<b>14.5</b>	<b>7.0</b>	<b>(272.2)%</b>	
Investment income, net of management expenses	10.8	13.8	18.5	4.9	5.6	20.2	+46.4%	
<b>CURRENT OPERATING INCOME</b>	<b>31.6</b>	<b>9.7</b>	<b>(3.0)</b>	<b>(3.5)</b>	<b>20.1</b>	<b>27.3</b>	<b>+180.3%</b>	
Other operating income / expenses	(1.0)	(0.8)	(0.5)	55.7	-1.0	0.0	(104.9)%	
<b>OPERATING INCOME</b>	<b>30.6</b>	<b>9.0</b>	<b>(3.4)</b>	<b>52.2</b>	<b>19.2</b>	<b>27.3</b>	<b>+204.4%</b>	
<b>NET INCOME</b>	<b>18.6</b>	<b>-1.0</b>	<b>(16.4)</b>	<b>23.3</b>	<b>7.3</b>	<b>12.9</b>	<b>NS</b>	<b>NS</b>

\* excluding State export guarantees management (ex. SEGM). Coface ceded this activity as from January 1st 2017.

Income statements items in €m – 2016 published	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	%	% ex. FX
Gross earned premiums	288.5	277.2	275.8	273.6	282.2	283.4	+2.2%	+1.9%
Services revenue	76.5	74.5	72.9	72.3	66.1	60.0	(19.5)%	(19.9)%
<b>REVENUE</b>	<b>365.0</b>	<b>351.7</b>	<b>348.7</b>	<b>345.9</b>	<b>348.3</b>	<b>343.4</b>	<b>(2.4)%</b>	<b>(2.7)%</b>
<b>UNDERWRITING INCOME/LOSS AFTER REINSURANCE</b>	<b>26.5</b>	<b>2.4</b>	<b>(13.5)</b>	<b>(2.6)</b>	<b>14.5</b>	<b>7.0</b>	<b>+188.6%</b>	
Investment income, net of management expenses	10.8	13.8	18.5	4.9	5.6	20.2	+46.4%	
<b>CURRENT OPERATING INCOME</b>	<b>37.3</b>	<b>16.3</b>	<b>5.0</b>	<b>2.4</b>	<b>20.1</b>	<b>27.3</b>	<b>+67.8%</b>	
Other operating income / expenses	(1.0)	(0.8)	(0.5)	55.7	(1.0)	0.0	(104.9)%	
<b>OPERATING INCOME</b>	<b>36.3</b>	<b>15.5</b>	<b>4.5</b>	<b>58.1</b>	<b>19.2</b>	<b>27.3</b>	<b>+76.2%</b>	
<b>NET INCOME</b>	<b>22.3</b>	<b>3.3</b>	<b>(11.2)</b>	<b>27.1</b>	<b>7.3</b>	<b>12.9</b>	<b>+291.1%</b>	<b>+281.8%</b>

Cumulated results

Income statements items in €m – 2016 figures ex. SEGM*	Q1 2016	H1 2016	9M 2016	FY 2016	Q1 2017	H1 2017	%	% ex. FX
Gross earned premiums	288.5	565.7	841.5	1,115.1	282.2	565.6	(0.0)%	(0.7)%
Services revenue	64.5	125.2	183.8	242.8	66.1	126.2	+0.7%	+0.2%
<b>REVENUE</b>	<b>353.0</b>	<b>691.0</b>	<b>1,025.3</b>	<b>1,357.9</b>	<b>348.3</b>	<b>691.7</b>	<b>+0.1%</b>	<b>(0.5)%</b>
<b>UNDERWRITING INCOME/LOSS AFTER REINSURANCE</b>	<b>20.8</b>	<b>16.7</b>	<b>(4.8)</b>	<b>(13.2)</b>	<b>14.5</b>	<b>21.5</b>	<b>+28.8%</b>	
Investment income, net of management expenses	10.8	24.6	43.1	48.0	5.6	25.9	+5.2%	
<b>CURRENT OPERATING INCOME</b>	<b>31.6</b>	<b>41.3</b>	<b>38.3</b>	<b>34.8</b>	<b>20.1</b>	<b>47.4</b>	<b>+14.7%</b>	
Other operating income / expenses	(1.0)	(1.8)	(2.2)	53.5	(1.0)	(0.9)	(46.8)%	
<b>OPERATING INCOME</b>	<b>30.6</b>	<b>39.5</b>	<b>36.1</b>	<b>88.3</b>	<b>19.2</b>	<b>46.5</b>	<b>+17.5%</b>	
<b>NET INCOME</b>	<b>18.6</b>	<b>17.6</b>	<b>1.2</b>	<b>24.4</b>	<b>7.3</b>	<b>20.2</b>	<b>+14.8%</b>	<b>+13.6%</b>

\* excluding State export guarantees management (ex. SEGM). Coface ceded this activity as from January 1st 2017.

Income statements items in €m – 2016 published	Q1 2016	H1 2016	9M 2016	FY 2016	Q1 2017	H1 2017	%	% ex. FX
Gross earned premiums	288.5	565.7	841.5	1,115.1	282.2	565.6	(0.0)%	(0.7)%
Services revenue	76.5	151.0	223.9	296.2	66.1	126.2	(16.4)%	(16.9)%
<b>REVENUE</b>	<b>365.0</b>	<b>716.7</b>	<b>1,065.4</b>	<b>1,411.3</b>	<b>348.3</b>	<b>691.7</b>	<b>(3.5)%</b>	<b>(4.1)%</b>
<b>UNDERWRITING INCOME/LOSS AFTER REINSURANCE</b>	<b>26.5</b>	<b>28.9</b>	<b>15.4</b>	<b>12.9</b>	<b>14.5</b>	<b>21.5</b>	<b>(25.6)%</b>	
Investment income, net of management expenses	10.8	24.6	43.1	48.0	5.6	25.9	+5.2%	
<b>CURRENT OPERATING INCOME</b>	<b>37.3</b>	<b>53.5</b>	<b>58.5</b>	<b>60.9</b>	<b>20.1</b>	<b>47.4</b>	<b>(11.4)%</b>	
Other operating income / expenses	(1.0)	(1.8)	(2.2)	53.5	(1.0)	(0.9)	(46.8)%	
<b>OPERATING INCOME</b>	<b>36.3</b>	<b>51.8</b>	<b>56.3</b>	<b>114.4</b>	<b>19.2</b>	<b>46.5</b>	<b>(10.2)%</b>	
<b>NET INCOME</b>	<b>22.3</b>	<b>25.6</b>	<b>14.4</b>	<b>41.5</b>	<b>7.3</b>	<b>20.2</b>	<b>(21.1)%</b>	<b>(21.9)%</b>



P R E S S R E L E A S E

## CONTACTS

### MEDIA

Monica COULL  
T. +33 (0)1 49 02 25 01  
[monica.coull@coface.com](mailto:monica.coull@coface.com)

Maria KRELLENSTEIN  
T. +33 (0)1 49 02 16 29  
[maria.krellenstein@coface.com](mailto:maria.krellenstein@coface.com)

### ANALYSTS / INVESTORS

Thomas JACQUET  
T. +33 (0)1 49 02 12 58  
[thomas.jacquet@coface.com](mailto:thomas.jacquet@coface.com)

Cécile COMBEAU  
T. +33 (0)1 49 02 18 03  
[cecile.combeau@coface.com](mailto:cecile.combeau@coface.com)

## FINANCIAL CALENDAR 2017 (subject to change)

9M-2017 results: 25 October 2017, after market close

## FINANCIAL INFORMATION

This press release, as well as Coface SA's integral regulatory information, can be found on the Group's website:

<http://www.coface.com/Investors>

For regulated information on Alternative Performance Measures (APM), please refer to our Interim Financial Report for S1-2017 and our 2016 Registration Document.

## About Coface

Coface, a world-leading credit insurer, offers 50,000 companies around the globe solutions to protect them against the risk of financial default of their clients, both on their domestic and export markets. The Group, which aims to be the most agile global credit insurer in the industry, is present in 100 countries, employs 4,300 people, and posted consolidated turnover of €1.411 billion in 2016. Coface publishes quarterly country and sector risk assessments based on its unique knowledge of companies' payment behavior and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors.

[www.coface.com](http://www.coface.com)

Coface SA. is listed on Euronext Paris – Compartment B  
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