

Paris, 3 November 2016 – 17h35

Coface results at 30 September 2016: Operating trends in line with Fit to Win

- **Operating income in line with expectations at €56.3m, of which €4.5m for Q3**
- **Turnover at €1,065.4m, in line with previous trends; Q3 down (3.7)% vs. Q3-2015 (ex. FX)**
 - Continuing pressure in mature markets and effects of risk measures in emerging markets
- **Net combined ratio 9M-2016 at 96.6%**
 - Net loss ratio in the middle of target range at 64.6%
 - Net cost ratio at 31.9% driven by flat costs in Q3
- **Year to date net income (group share) €14.4m, €22.2m ex. Q3 minority interest one-off¹**
- **Confirming net loss ratio guidance of 63% to 66% for full-year 2016**

Unless otherwise stated, changes are in comparison with 9M 2015

Xavier Durand, CEO of Coface, commented:

“These results are in line with the trends that we highlighted last September at our Investor Day. Net loss ratio for the period remains well within the 63-66% range on which we guided for the year 2016. Emerging market losses, mainly Latin America and Asia, remain high as the impacts of our risk action plans have yet to fully materialize in time. Coface continues to rigorously adjust commercial and risk underwriting in these countries. Underlying an operating result slightly positive for Q3, we are delivering a stabilized net loss ratio, at 72.4%, and a 33.0% net cost ratio.

In recent weeks, we continued to strengthen our leadership positions and initiated the implementation of our 3-year strategic plan Fit to Win with our clients, partners and employees. This new plan is designed to transform Coface into the most agile global credit partner in the industry, and aims to return Coface to normalized loss ratios over the cycle, improve our client service and operational efficiency, and drive selected profitable growth while evolving towards a more efficient capital model.”

¹ €22.2m net result (group share) excluding €(7.8)m Q3 one-off loss (ceding risk) linked to 36% minority holding in Cofacredit

Key figures as at September 30th 2016

The Board of Directors of Coface SA examined the summary consolidated financial statements for the first three months during its meeting on 3 November 2016. They were subject to review by the Audit Committee.

<i>Income statement items - in €m</i>	9M-2015	9M-2016	V %	V% ex. FX
Consolidated revenues	1,126.3	1,065.4	(5.4)%	(3.5)%
<i>of which gross earned premiums</i>	894.1	841.5	(5.9)%	(3.6)%
Underwriting income after reinsurance	116.0	15.4	(86.7)%	
Investment income net of expenses ²	40.5	43.1	+6.4%	
Operating income	152.5	56.3	(63.1)%	
Operating income excluding restated items ³	142.7	50.3	(64.7)%	(63.2)%
Net result (group share)	98.3	14.4	(85.4)%	(83.6)%
Of which interest in associate one-off ⁴		(7.8)		
Net result (group share) excluding restated items ²	101.1	19.4	(80.8)%	(78.8)%
<i>Key ratios - in %</i>	9M-2015	9M-2016	Variation	
Loss ratio net of reinsurance	52.5%	64.6%	+12.1 ppts.	
Cost ratio net of reinsurance	29.3%	31.9%	+2.6 ppts.	
Combined ratio net of reinsurance	81.8%	96.6%	+14.8 ppts.	
<i>Balance sheet items - in €m</i>	31/12/2015	30/09/2016	Variation	
Equity (group share)	1,761.0	1,734.5	(1.5)%	

² Investment income net of expenses, excluding cost of debt. O/W gains (losses), exclude investments in non-consolidated subsidiaries and derivatives.

³ Operating income including finance costs and net result (group share) excluding the following restated one-off items: former CEO severance costs (€2.6m) + State guarantees revenues adjustment for 2015 (€2.7m) + others (€0.5m). Others include contingent capital costs, audit and consultant fees. Please refer to the Annexe "Bridge Table" on the analyst presentation for 9M-2016 Results

⁴ €(7.8)m Q3 one-off loss (ceding risk) linked to 36% minority holding in Cofacredit

1. Turnover

For the first nine months of 2016, Coface registered a turnover of €1,065.4m, down (5.4)% against 9M-2015 ((3.5)% ex. FX).

In mature markets, the trend is similar to previous periods and price continues to be under pressure given the relatively low level of domestic risk in these regions.

Turnover of Central Europe region is flat for the period, driven by lower debt collection revenues in Q3.

In North America, turnover was up 5.8% (ex. FX), mainly driven by global clients.

In emerging markets, restoring profitability is the number one priority and revenue growth is negatively impacted by portfolio adjustments.

New business production is stable vs. 9M-2015 at €113m, driven by an improved performance in Q3. Coface's client retention rate remains strong, at 89.4% supported by a targeted, customer-focused approach. Price decline is stabilizing at (1.9)% yoy.

Client activity, a key driver of premium growth, is flat as it is affected by strong declines in some sectors (metals, commodities...), offsetting low growth in most other sectors.

<i>Business turnover in €m</i>	9M-2015	9M-2016	V%	V% ex. FX
Western Europe	276.7	247.5	(10.6)%	(9.3)%
Northern Europe	248.0	235.0	(5.2)%	(5.2)%
Mediterranean & Africa	257.8	246.6	(4.3)%	(2.9)%
North America	99.4	104.3	+4.8%	+5.8%
Central Europe	93.9	91.3	(2.8)%	(0.1)%
Asia-Pacific	86.8	83.4	(3.8)%	(4.6)%
Latin America	63.8	57.4	(10.1)%	+8.1%
Consolidated business turnover	1,126.3	1,065.4	(5.4)%	(3.5)%

2. Results

- Combined ratio

The Group's net combined ratio stood at 96.6% for 9M-2016.

(i) Loss ratio

Against the backdrop of a volatile and risky environment, the loss ratio has been driven by claims in emerging countries. Measures were taken throughout 2015 and 2016 to reduce our risk exposures in these areas and their effects will materialize gradually.

The loss ratio net of reinsurance is stabilizing in Q3 at 72.4% vs. 73.2% in Q2-2016, excluding the €13.8m positive Q2 reinsurance one-off. It stood at 64.6% at 30 September 2016, in the middle of the 63%-66% targeted range for 2016.

(ii) Cost ratio

Excluding one-offs⁵ (which had a (0.9) ppt impact in 9M-2016), the net cost ratio stood at 31.0%. Expenses decreased to €519m compared with €536m at 30 September 2015 (-1.4% at constant FX¹), of which internal costs, excluding one-offs, stood at €405m (compared with €416m for 9M-2015).

- Financial income

Financial income⁶ was €43.1m (of which €(0.2)m realized loss on sales⁷) at 30 September 2016, against €40.5m (of which €4.1m gains on sales⁵) for 9M-2015. Coface's accounting yield⁸, excluding capital gains and losses, stood at 1.3% for 9M-2016, compared with 1.6% for 9M-2015.

- Operating income and net income

Operating income stood at €56.3m in 9M-2016, of which €4.5m in Q3, in line with previous announcements.

Net income (group share) is down at €14.4m, impacted by a €(7.8)m one-off loss (ceding risk) in Q3 linked to 36% minority holding in Cofacrédit. Excluding this exceptional, recurring net income was €22.2m at 30 September of which €(3.4)m in Q3.

⁵ Restated one-off items: former CEO severance costs (€2.6m) + State guarantees revenues adjustment for 2015 (€2.7m) + others (€0.5m). Others include contingent capital costs, audit and consultant fees

⁶ Investment income net of expenses, excluding cost of debt. O/W gains (losses), exclude investments in non-consolidated subsidiaries and derivatives.

⁷ Excluding investments in non-consolidated subsidiaries and derivatives

⁸ Accounting profitability ratio calculated on average investment portfolio



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

3. Outlook

The Group recently presented its new strategic plan called *Fit to Win*, which aims at positioning Coface as the most agile global trade-credit partner in the industry, while evolving to a more capital efficient business model.

With a 3-year time horizon, *Fit to Win* aims to restore Coface financial performance through three operational transformation drivers: (a) reinforcing our risk management expertise and infrastructure - especially in emerging markets (b) driving operational efficiency under a client-centric business model and (c) differentiating our approach to growth in each one of the markets we are operating in prioritizing value creation over growth for growth.

Coface is totally focused on the execution of *Fit to Win* and the set of initiatives we have now started to implement are expected to materialize gradually.

For the full-year 2016, Coface continues to expect a net loss ratio of 63% to 66%.

In 2017, our priority will be to implement the *Fit to Win* strategic plan while monitoring closely the development of the risk landscape.

Once fully implemented, *Fit to Win* is targeting to position Coface to deliver an ambitious but realistic return on average tangible equity of 9% or above across the cycle.

Conference call

A conference call to discuss Coface 9M-2016 results will be held on November 3, 2016 at 6.00 pm Paris time. Dial in numbers: +33(0)1 70 77 09 37 (France), +44 (0)20 3367 9462 (UK), +1 855 402 77 64 (US). The presentation will be available at the following address: <http://www.coface.com/Investors/Financial-reporting>

Appendix

Income statement items - in €m	2015				2016				% Q3-2016 vs. Q3-2015	% like-for-like ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Consolidated revenues	389.6	370.7	366.0	363.2	365.0	351.7	348.7		(4.7)%	(3.7)%
of which gross earned premiums	306.9	296.1	291.1	291.8	288.5	277.2	275.8		(5.3)%	(4.0)%
Underwriting income after reinsurance	49.7	27.9	38.5	27.4	26.5	2.4	(13.5)		(135.0)%	
Investment income net of expenses	13.0	15.2	12.3	12.6	10.8	13.8	18.5		+50.5%	
Operating income	60.5	42.1	49.9	39.8	36.3	15.5	4.5		(90.9)%	
Operating income excluding restated items ²	58.0	37.6	47.2	38.5	38.2	12.0	0.2		(99.6)%	(97.6)%
Net result (group share)	40.3	25.8	32.2	28.0	22.3	3.3	(11.2)		(134.8)%	(133.5)%
of which minority interest one-off							(7.8)			
Net result (group share) excluding restated items ²	41.8	26.5	32.8	30.5	26.9	3.6	(11.1)		(133.9)%	(130.3)%
Key ratios - in %									% Q3-2016 vs. Q3-2015	
Loss ratio net of reinsurance	49.8%	54.3%	53.5%	52.6%	55.0%	66.9%	72.4%		+18.9 ppts.	
Cost ratio net of reinsurance	27.7%	32.1%	28.1%	34.4%	32.0%	30.8%	33.0%		+4.9 ppts.	
Combined ratio net of reinsurance	77.5%	86.4%	81.6%	87.0%	87.0%	97.7%	105.4%		+23.8 ppts.	

- 1 The like-for-like change is calculated at constant FX and scope
- 2 Operating income including finance costs and net result (group share) excluding the following restated one-off items: former CEO severance costs (€2.6m) + State guarantees revenues adjustment for 2015 (€2.7m) + others (€0.5m). Others include contingent capital costs, audit and consultant fees. Please refer to the Annexe "Bridge Table" on the analyst presentation for 9M-2016 Results. For the calculation of the net income (group share), a normalised tax rate has been applied to the restated elements for Q3-2015 (30 September 2015) and Q3-2016 (30 September 2016), respectively

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FINANCIAL CALENDAR 2017 (subject to change)

FY-2016 results: 8 February 2017, after market close

Q1-2017 results: 26 April 2017, after market close

Annual General Meeting: 17 May 2017

H1-2017 results: 28 July 2017, before market opening

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 half year financial report

About Coface

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2015, the Group, supported by its 4,500 staff, posted a consolidated turnover of €1.490 billion. Present directly or indirectly in 100 countries, it secures transactions of 40,000 companies in more than 200 countries. Each quarter, Coface publishes its assessments of country risk for 160 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors.

In France, Coface manages export public guarantees on behalf of the French State.

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Coface SA. is listed on Euronext Paris – Compartment A
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