



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

China, 23 September 2016

***Fit to Win* plan to transform Coface into the most agile global trade credit partner in the industry, while evolving to a more efficient capital model**

***Fit to Win* 3-year plan financial ambitions**

- Return on Average Tangible Equity (RoATE) of more than 9% across the cycle after capital optimization, including:
 - Combined ratio of ~83% across the cycle
 - Cost savings of €30M in 2018, offsetting shortfall from loss of State Guarantees
- An attractive pay out policy of above 60% of net income, supported by a strong capital position:
 - Solvency ratio at upper end of 140-160% target
 - Continued strong rating by Fitch and Moody's

Xavier Durand, CEO of Coface, said:

"Our ambition is to be the most agile global trade credit partner in the industry, while evolving to a more capital efficient business model.

Building on Coface's long-standing reputation, deep technical expertise, and the largest geographic footprint in the industry, *Fit to Win* is structured around three strategic priorities:

- strengthen our risk management expertise and infrastructure, particularly in emerging markets,
- drive an ambitious operational efficiency program under a client-centric business model,
- differentiate our growth strategies based on the reality of each market.

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

Its success will be based on the mobilization of the energies and expertise of our broad employee and partner base around the world, to best serve our clients. Our new values (client focus, expertise, collaboration, courage and accountability), combined with a refreshed management culture and framework, will support the deep transformation which underpins *Fit to Win*."



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An attractive business in a changing environment

Coface believes that credit insurance is an attractive industry, presenting significant barriers to entry (risk expertise and data infrastructure, global franchise and presence) and a limited number of truly global competitors. Credit insurance still has a relatively low penetration of its potential markets, leaving further opportunities to grow. In addition, increasing integration within clients' systems, and the trust and proximity required in managing high volume and speed trade flows, drive long-lasting commercial relationships. All these factors enable the generation of attractive returns through the cycle.

Coface can leverage its competitive strengths in the market: its strong brand, extensive global presence and integrated data management, risk selection and debt collection infrastructure. Its client base is extensive: more than 50,000 clients in 100 countries have chosen Coface as a trusted partner.

However, the trade credit industry is evolving, as is the global economy: slower and more bifurcated economic growth, a more volatile economic and risk environment, especially in emerging markets, as well as the progressive impact of new technologies. Coface has to adapt its infrastructure to these changes, as well as to the loss of its State Guarantees business in France.

Fit to Win to transform Coface in the most agile, global trade credit partner in the industry

Fit to Win has identified 3 strategic priorities for Coface to become the most agile global trade credit partner in the industry:

Strategic priority 1: Strengthen risk management & information

Building on its strong technical infrastructure and more than 1,500 risk specialists throughout the world, Coface has decided to further invest in its information quality and data tools, continue to strengthen its underwriting risk processes, increase the granularity of its risk assessment capabilities, and further align its commercial and risk underwriting. The Group will invest in technology, recruitment and training, for example, through the creation of a central team of senior underwriters able to support operating entities as needed and to share best practice across the Group.

Strategic priority 2: Improve operational efficiency & client service

Fit to Win will bring operational efficiency and client service one step forward, building on Coface's long-standing culture of cost control. Key initiatives will include better sourcing and real estate utilization, leveraging centres of excellence for improved service and productivity, simplifying and automating processes, as well as streamlining the organization.

The expected cost savings (EUR30m in 2018) will fully compensate the loss of the French State Guarantees margin and costs. The gain made on the transfer of this activity to Bpifrance (circa EUR70m) will be used to cover both restructuring and implementation costs (EUR35m), as well as to fund additional investments (EUR35m) in technology and process transformation.



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Strategic priority 3: Implement differentiated growth strategies

Coface has developed an unparalleled global footprint, on which it intends to continue to build, while clearly prioritizing value creation over growth as a principle. This means that the Group's growth strategy will be finely adapted to the realities of each market. In mature markets Coface will mostly seek innovation and efficiency. In stable growth markets it will further invest to upgrade its distribution capabilities and reach scale through prudent growth. In high risk emerging markets the priority will be to demonstrate an ability to control risks and achieve positive returns while serving the needs of our global clients.

At the heart of this transformation is the drive to enhance Coface's management culture through core values that foster greater client focus, increased collaboration, a renewed focus on expertise, and the promotion of courage and accountability. In addition, the Group's management structure will continue to evolve to foster enhanced efficiency, speed and client service while enabling strong control.

Steer business towards more efficient capital model

Coface is committed to maintaining a strong capital position, illustrated by a targeted solvency ratio towards the upper end of the 140-160% range, and a minimum single A financial strength rating.

Without compromising these fundamentals, *Fit to Win* has identified ways to further improve Coface's capital efficiency, in particular, through increased use of reinsurance. This will allow the Group to improve its RoATE by over 100 bps from its current position, contributing to its ambition to achieve more than 9% RoATE across the cycle.

This capital management action will further strengthen Coface's ability to return capital to its shareholders, as evidenced by its commitment to continue to distribute over 60% of its normalized earnings as a dividend, and to address any excess capital beyond the upper end of the targeted solvency ratio (160%) with special dividends or buyback, over time.

Coface presents *Fit to Win* on 22 September at an Investor Day in London. The event, which starts at 10:30am GMT (11:30am CET) will be webcast live and supporting documents made available on the Coface website

<https://3xscreen.videosync.fi/2016-09-08-skctxcaj>

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FINANCIAL CALENDAR 2016 (subject to change)

November 3rd 2016: publication of 9M-2016 results

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>

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.

www.coface.com

Coface SA. is listed on Euronext Paris – Compartment A
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