PRESS RELEASE

Paris, 29 July 2014

# Results for the first half of 2014: Growth and profitability in line with guidance

- Turnover growth of +1.8% on a like-for-like basis
- Customer retention rate increased to 92.3% and production of new contracts up +14%
- Continuous improvement in the combined ratio net of reinsurance at 77.8% (-4.8 points[1])
- Increase in current operating income[2] of +24% and net result (group share) of +40.4% on a like-for-like basis[3]

Variations in % expressed in comparison with the first half of 2013

**Jean-Marc Pillu**, Chief Executive Officer of the Group stated:

*"These results are in line with the guidance announced during Coface's introduction onto the stock market a month ago. During the second half of the year we will continue our commercial impetus, supported by our strategy of innovation and geographical expansion, as well as our effective risk management. We are confident in Coface's ability to continue to deliver its performance objectives. "*

1 Excluding costs of the Group's head office relocation in the first half of 2013 (€8 million)
2 Current operating income including finance costs and excluding restated items
3 Current operating income including finance costs and excluding restated items together with the net result are restated from the following items: cost of relocation (€8 million) and capital gains (€27 million) in the first half of 2013, interest charges on the hybrid debt (€4 million) and IPO costs (€7 million) in the first half of 2014

## Key figures as at 30 June 2014

The Board of Directors of Coface SA examined the summarized consolidated accounts for the first half 2013 and 2014 at its meeting on 25 July 2014. The first half 2013 and 2014 data underwent a limited review by the statutory auditors.

| Income statement items - €m | H1 2013 | H1 2014 | % | % like-for-like[4] |
|---|---|---|---|---|
| **Consolidated turnover** | **726.1** | **723.6** | **(0.3)%** | **+1.8%** |
| *from which earned premiums* | *569.2* | *564.8* | *(0.8)%* | *+1.7%* |
| **Underwriting income after reinsurance** | **59.8** | **87.8** | **+46.8%** | |
| Investment income net of expenses, and excluding restated items[5] | 24.0 | 22.3 | (7.0)% | |
| Current operating income | 110.5 | 110.2 | (0.3)% | |
| **Current operating income** excluding restated items[3] | **89.4** | **109.4** | **+22.3%** | **+24.0%** |
| Net income (group share) | **67.9** | **69.4** | **+2.3** | **+4.6%** |
| **Net income (group share)** excluding restated items[3] | **55.7** | **76.7** | **+37.7%** | **+40.4%** |

| *Key ratios – in %* | 1H 2013[1] | **1H2014** | |
|---|---|---|---|
| Loss ratio net of reinsurance | 56.2 | 50.9 | (5.3) pts |
| Cost ratio net of reinsurance | 26.5 | 26.9 | +0.4 pt |
| Combined ratio net of reinsurance | 82.6 | 77.8 | (4.8) pts |

| *Balance sheet items – in €m* | 31/12/2013 | **30/06/2014** | |
|---|---|---|---|
| Total equity | **1,793** | **1,667** | (7)% |

4 Like-for-like variation expressed on a comparison basis calculated at constant FX rates and Group structure. The +0.3% Group structure effect on consolidated turnover is primarily due to the consolidation of Coface RUS Insurance Company in September 2013

5 Capital gains resulting from the reallocation of assets in 2013 linked to the centralization of the assets' portfolio management (€27 million)

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## 1. Turnover

The consolidated turnover of the Group increased by +1.8% on a like-for-like basis and was virtually stable (-0.3%) at current Group structure and exchange rates. This performance was driven by sales rebound started in 2013: the production of new contracts was up (+14% compared with the first half of 2013) and the contract retention rate remained high (92.3%), in all regions.

Coface continued to implement its strategy of innovation. After *EasyLiner* (dedicated to SMEs) and *CofaServe* (Coface service solutions integrated into the clients' IT information systems), launched in the first quarter, came *PolicyMaster* and *CashMaster* (two new services which simplify day-to-day management of contracts and access to bank financing).

The Group's geographical expansion is continuing, as was shown during the first half of the year with the acquisition of a new license in Colombia, the opening of an office in the Philippines and, more recently, the launch of our credit insurance offer in Serbia via a new partnership.

Emerging and North American markets are performing well. The roll-out of new commercial organizations is currently under way, notably in Western and Northern Europe.

| Change in turnover in €M | H1 2013 | H1 2014 | Change | Like-for-like change[4] |
|---|---|---|---|---|
| **Western Europe** | 246.0 | **238.5** | (3.1)% | (3.5)% |
| **Northern Europe** | 179.4 | **182.1** | +1.5% | +0.6% |
| **Mediterranean & Africa** | 108.7 | **110.6** | +1.8% | +5.2% |
| **Central Europe** | 53.6 | **56.1** | +4.8% | +5.2% |
| **North America** | 50.6 | **53.1** | +5.1% | +11.4% |
| **Latin America** | 42.4 | **38.0** | (10.4)% | +8.1 % |
| **Asia/Pacific** | 45.4 | **45.2** | (0.5)% | +6.3% |
| **Consolidated turnover** | **726.1** | **723.6** | (0.3)% | +1.8% |

## 2. Results

Coface continues to control costs and manage its risks effectively, thanks to industrialised processes and strong local footprint, which allow it to support its customers all over the world.

These advances are realized in:

- an improvement in the loss ratio net of reinsurance to 50.9%, down - 5.3 points;
- a near-stability of the cost ratio net of reinsurance at 26.9% (+0.4 points)[1].

In total, the combined ratio net of reinsurance shows an improvement of 4.8 points[1] at 77.8%.

On a like-for-like basis, the current operating income[2] increased by +24,0% to €109 million and the net result (group share) was up +40.4% at €77 million, both excluding restated items[3].

## 3. Financial strength

In order to strengthen its regulatory own funds and optimise its capital structure, Coface issued €380 million subordinated notes in March 2014.

Following this operation, Fitch and Moody's affirmed the AA- and A2 Insurer's Financial Strength ratings, both with stable outlook.

Coface SA total IFRS equity amounted to €1,667 million as at end of June 2014, after distribution of €227 million share premium.

## 4. Outlook

The Group confirms its financial guidance for 2014 [6] given during its IPO :

- a growth in turnover from 1.5% to 2.5%;
- a combined ratio net of reinsurance below 80%;
- a double digit average growth in its current operating income over 2013-2016[7]

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6 Financial targets based on macroeconomic projections of Coface
7 Based on a 2013 current operating income restated from costs linked to the Group's head office and capital gains linked to the reallocation of the assets' portfolio

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## 2014 FINANCIAL CALENDAR

October 29th, 2014: publication of the 3rd quarter 2014 results

## FINANCIAL INFORMATION

The present press release and the full regulated information concerning COFACE SA are available 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 2013, the Group, supported by its 4,440 staff, posted a consolidated turnover of €1.440 billion. Present directly or indirectly in 98 countries, it secures transactions of over 37,000 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 350 underwriters 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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