

Paris, 27 April 2021 – 17.35

Coface records a good start to the year with a net income of €56.4m

- **Turnover: €378m, up 4.2% at constant FX and perimeter**
 - Trade credit insurance growing by 6.1% at constant FX benefiting from stabilising client activity
 - Client retention close to record highs; positive price effect (+2.9%)
 - Business Information continues to grow (+9% at constant FX)
 - Factoring and debt collection down on lower volumes
- **Net loss ratio at 24.5%, down by 32.6 pts; combined ratio at 52.8% (61.1% excluding the effect of government schemes)**
 - Gross loss ratio at 29.5%, an improvement by 25.7 pts; low level of claims worldwide
 - Net cost ratio down by 1.5 ppt to 28.3%, thanks to strict cost discipline and revenue growth
 - Government schemes have lowered pre-tax profit by €15m
- **Net income (group share) at €56.4m, grew more than four-fold over one year, up 55% vs Q1-2019**
- **Annualised RoATE¹ at 12.0%, benefiting from extraordinary low level of claims**
- **Financial strength reinforced; Fitch raises rating outlook to stable**
- **Coface pursues its strategy by appointing a Chief Operating Officer**

Unless otherwise indicated, change comparisons refer to the results as at March 31, 2020.

Xavier Durand, Coface CEO, commented:

“Our first-quarter results reflect our continued strong operating performance and an exceptional environment, where the number of bankruptcies has declined. We anticipate that bankruptcies will increase again once the health crisis is over and special measures to support the economy are phased out.

In the context of a vigorous economic rebound, but one that is varying widely by sector and by region, we are supporting our clients' business recovery. This is reflected in a 2.7% increase in our exposures during the first quarter, while our preventive actions are back to pre-crisis levels. At the same time, we continue to cooperate with governments to support the withdrawal of governmental schemes, under which we paid €15m in the first quarter.

Finally, we are continuing to implement our strategic plan and to strengthen our operational efficiency and the quality of service we provide to our customers with the appointment of a Group Operations Director.”

¹ Return on average tangible equity

Key figures at 31 March 2021

The Board of Directors of COFACE SA examined the summary consolidated financial statements for the first three months (non-audited) during its meeting on 27 April 2021. The Audit Committee had previously reviewed them at its meeting on 23 April 2021.

Income statements items in €m	Q1-20	Q1-21	%	% ex. FX*
Gross earned premiums	301.2	312.1	+3.6%	+6.1%
Services revenue	69.3	65.9	(4.9)%	(3.9)%
REVENUE	370.5	377.9	+2.0%	+4.2%
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	28.2	74.3	+163.1%	+185.7%
Investment income, net of management expenses	2.7	5.7	+113.7%	+111.4%
CURRENT OPERATING INCOME	30.9	80.0	+158.8%	+184.9%
Other operating income / expenses	(0.2)	(0.4)	+95.5%	(13.0)%
OPERATING INCOME	30.7	79.6	+159.2%	+185.5%
NET INCOME	12.7	56.4	+345.1%	+452.0%

Key ratios	Q1-20	Q1-21	%	% ex. FX*
Loss ratio net of reinsurance	57.1%	24.5%	(32.6)	ppts
Cost ratio net of reinsurance	29.7%	28.3%	(1.5)	ppt
COMBINED RATIO NET OF REINSURANCE	86.8%	52.8%	(34.0)	ppts

Balance sheet items in €m	Q1-20	Q1-21	%	% ex. FX*
Total Equity (group share)	1,854.7	2,049.3	+10.5%	

* Also excludes scope impact

1. Turnover

Coface recorded consolidated turnover of €377.9m, up by +4.2% at constant FX and perimeter compared to Q1-2020. On a reported basis (at current FX and perimeter), turnover grew by +2.0%.

Coface's customer activity had a positive impact of +0.2% for the quarter, down slightly from 2020, while prices rose +2.9% as a result of portfolio re-pricing initiatives taken in 2020 to deal with the economic crisis.

The retention rate remained high in most regions, reaching 93.8% for the group, a slight decrease from the record set in Q1-2020 (94.3%). New business amounted to €40m, down €11m from 2020, which was a new record for the group. Compared to 2019, new business was up by €5m.

Revenues from insurance activities (including bonding and Single Risk) grew by +6.1% at constant FX and perimeter compared to Q1-2020, thanks mainly to more stable client activity, a high level of client retention and positive pricing trends that began during 2020.

Turnover from other activities (factoring and services) was down -1.6% compared to Q1-2020 due to lower factoring revenues in Germany against a backdrop of weak volumes, as well as lower debt collection revenues. Information service revenues continued to grow (+9% at constant FX).

Total revenue - in €m	Q1-20	Q1-21	%	% ex. FX*
Northern Europe	81.5	82.2	+0.9%	(2.2)%
Western Europe	71.8	75.5	+5.1%	+5.5%
Central & Eastern Europe	37.6	36.6	(2.7)%	+1.0%
Mediterranean & Africa	102.1	106.5	+4.3%	+6.1%
North America	34.7	32.7	(5.7)%	+2.2%
Latin America	17.0	16.0	(5.8)%	+12.5%
Asia Pacific	25.7	28.3	+10.3%	+16.3%
Total Group	370.4	377.9	+2.0%	+4.2%

In the Northern Europe region, revenues increased by +0.9% at current FX but declined by -2.2% at constant FX. New business increased, but customer activity remained below expectations. The low loss rate translated to higher premium refunds. Factoring revenues declined as a result of weak financed volumes.

In Western Europe, turnover was up by +5.1% and by +5.5% at constant FX. The portfolio benefited from re-pricing efforts and stabilised customer activity, partially offset by higher premium refunds.

In Central and Eastern Europe, turnover was down -2.7% on a reported basis but up +1.0% at constant FX and perimeter, mainly due to growth in fee and commission income and in service revenues, offset by higher premium refunds.

In the Mediterranean and Africa, a region driven by Italy and Spain, turnover rose by +4.3%, and +6.1% at constant FX, thanks to growth in insurance premiums.

In North America, turnover declined by -5.7% on a reported basis but increased by +2.2% at constant FX. Premiums rose in both trade credit insurance and single risk.

* Also excludes scope impact

In Latin America, turnover fell by -5.8% at current FX, but rose by +12.5% at constant FX. The portfolio benefited from significant upward rate adjustments in a persistently challenging risk environment as well as a levelling-off in customer activity.

Turnover for the Asia-Pacific region rose by +10.3% at current FX and by +16.3% at constant FX. The region enjoyed a healthy level of new business, high retention, and growth in customer activity in an area that is currently under relatively few restrictions.

2. Results

- Combined ratio

The combined ratio, net of reinsurance, stood at 52.8% for Q1-2021 (an improvement of 34.0 pts over one year and 5.5 pts compared to the previous quarter). Excluding the effect of government schemes, the combined ratio was 61.1%, an improvement of 25.7 pts over one year.

(i) Loss ratio

The gross loss ratio stood at 29.5%, a drop of 25.7 pts compared to the levels achieved one year ago. This improvement reflects a lack of major claims and low claims frequency in all geographic areas.

The Group's reserving policy remains unchanged. Strict management of past claims enabled the Group to record 49.1 pts of recoveries. The loss ratio for the 2021 underwriting year is still high at 76.0%, signalling that Coface anticipates an increase in the number of business failures when economic support measures are withdrawn.

The loss ratio net of reinsurance fell to 24.5%, an improvement of 32.6 pts compared to Q1-2020. Excluding the impact of government schemes, the net loss ratio would have been 32.4%.

(ii) Cost ratio

Coface is continuing its policy of strict cost controls. During the first quarter, costs were down by -1.4% (and rose slightly by 0.7% at constant FX and perimeter). The net cost ratio was down by 1.4 ppt to stand at 28.3%.

- Financial income

Net financial income amounted to €5.7m in the first quarter, an increase of €3m compared to Q1-2020, when there was severe turbulence in the financial markets.

The portfolio's current yield (i.e. excluding capital gains, depreciation and currency effects) is €7.9m (compared to €9.4m in Q1-2020). The accounting yield¹, excluding capital gains and depreciation, stood at 0.28% in Q1-2021, and was only very slightly lower than the previous year (0.34%).

Coface continues to gradually reduce its liquidity surplus, a result of the risk-reduction programme initiated at the beginning of the health crisis.

- Operating income and net income

Operating income for Q1-2021 was €79.6m, more than double compared to the previous year, mainly due to the improvement in the loss ratio.

The effective tax rate was 25%, compared to 50% for Q1-2020.

In total, the net income (group share) was €56.4m.

3. Shareholders' equity

As of 31 March 2021, Group's equity stood at €2,049.5m, up €50.9m, or +2.5% (compared to €1,998.6m as at 31 December 2020).

This change is mainly due to the positive net income of €56.4m, offset by negative adjustments to the value of investments (€6.2m).

The return on average tangible equity (RoATE) was 12.0% for the first quarter 2021.

¹ Book yield calculated on the average of the investment portfolio excluding non-consolidated subsidiaries.

4. Outlook

The first quarter of the year saw the progressive implementation of vaccination campaigns marked by uncertainties in the choice of vaccines and the supply chain of these programs. However, many countries have had to resort yet again to containment measures to slow the pandemic.

Economic activity reached new highs in countries that were less affected by the pandemic (Asia in particular) or that were in their re-opening phase (United States), triggering upward pressure on prices in transport, semiconductors, and certain commodities. The vote of major stimulus packages has boosted expectations for recovery and sparked a revival of inflation anticipations.

With a solid balance sheet and a strong underwriting policy, Coface is well positioned to support its clients in this anticipated recovery phase.

Coface is also continuing its investments and development in the framework of its strategic plan, including in the information business.

Conference call for financial analysts

Coface's Q1-2021 results will be discussed with financial analysts during the conference call on 27 April 2021 at 18.00 (Paris time). Dial one of the following numbers:

- **+33 1 72 72 74 03** (France)
- **+44 207 1943 759** (United Kingdom)
- **+1 646 722 4916** (United States)

The access code for participants is: **76744830#**

The presentation will be available (in English only) at the following address:
<http://www.coface.com/Investors/financial-results-and-reports>

Appendix

Quarterly results

Income statements items in €m - quarterly figures	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	%	% ex. FX*
Gross earned premiums	301.2	297.9	298.1	307.2	312.1	+3.6%	+6.1%
Services revenue	69.3	56.3	59.7	61.3	65.9	(4.9)%	(3.9)%
REVENUE	370.5	354.2	357.8	368.4	377.9	+2.0%	+4.2%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	28.2	12.1	34.2	52.7	74.3	+163.1%	+185.7%
Investment income, net of management expenses	2.7	14.0	6.7	3.4	5.7	+113.7%	+111.4%
CURRENT OPERATING INCOME	30.9	26.2	40.9	56.2	80.0	+158.8%	+184.9%
Other operating income / expenses	(0.2)	(1.6)	(0.6)	(11.4)	(0.4)	+95.5%	(13.0)%
OPERATING INCOME	30.7	24.6	40.3	44.8	79.6	+159.2%	+185.5%
NET INCOME	12.7	11.3	28.5	30.5	56.4	+345.1%	+452.0%
<i>Income tax rate</i>	<i>50.5%</i>	<i>39.9%</i>	<i>42.4%</i>	<i>24.5%</i>	<i>24.6%</i>		

Cumulated results

Income statements items in €m - cumulated figures	Q1-20	H1-20	9M-20	FY-20	Q1-21	%	% ex. FX*
Gross earned premiums	301.2	599.1	897.2	1,204.3	312.1	+3.6%	+6.1%
Services revenue	69.3	125.5	185.3	246.5	65.9	(4.9)%	(3.9)%
REVENUE	370.5	724.6	1,082.4	1,450.9	377.9	+2.0%	+4.2%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	28.2	40.4	74.6	127.3	74.3	+163.1%	+185.7%
Investment income, net of management expenses	2.7	16.7	23.5	26.9	5.7	+113.7%	+111.4%
CURRENT OPERATING INCOME	30.9	57.1	98.1	154.2	80.0	+158.8%	+184.9%
Other operating income / expenses	(0.2)	(1.8)	(2.4)	(13.8)	(0.4)	+95.5%	+85.9%
OPERATING INCOME	30.7	55.4	95.7	140.4	79.6	+159.2%	+185.5%
NET INCOME	12.7	24.0	52.4	82.9	56.4	+345.1%	+452.0%
<i>Income tax rate</i>	<i>50.5%</i>	<i>46.0%</i>	<i>44.4%</i>	<i>37.4%</i>	<i>24.6%</i>		

* Also excludes scope impact

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FINANCIAL CALENDAR 2021 (subject to change)

Annual General Shareholders' Meeting 2020: 12 May 2021
H1-2021 results: 28 July 2021 (after market close)
9M-2021 results: 28 October 2021 (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 S1-2020 and our 2020 Universal Registration Document.

Coface: for trade

With 75 years of experience and the most extensive international network, Coface is a leader in trade credit insurance and adjacent specialty services, including Factoring, Single Risk insurance, Bonding and Information services. Coface's experts work to the beat of the global economy, helping ~50,000 clients build successful, growing, and dynamic businesses across the world. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets. In 2020, Coface employed ~4,450 people and registered a turnover of €1.45 billion.

www.coface.com

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