

Paris, 24 April 2019 – 17h35

Coface delivers a strong first quarter 2019:

Net income at €36.4m and RoATE¹ at 9.0%, supported by full impact of Fit to Win plan, portfolio growth and sound underwriting management

- **Turnover reached €365m y-t-d, up 6.7% at constant FX and perimeter**
 - Most regions are contributing positively to growth, while new production is improving in mature markets
 - Revenues supported by past client activity growth
- **Net loss ratio up 2.8 pts. from Q1-2018 record low at 42.6%; Net combined ratio at 74.5%**
 - Gross loss ratio (39.8%) almost stable vs Q1-2018 (39.7%), driven by favourable recoveries and disciplined underwriting
 - Net cost ratio down by (0.7) pt at 31.9% (vs. 32.7% in Q1-2018) reflecting positive operating leverage
- **Net income (group share) at €36.4m and annualised RoATE of 9.0%**
- **Execution of Fit to Win plan continues:**
 - Closed acquisition of SID - PKZ, the leading credit insurer in Slovenia
 - Proposed dividend of €0.79² per share (100% payout) to be paid on May 22nd
 - Still targeting to apply for Partial Internal Model in the summer 2019. Discussions with the regulator continuing

Unless otherwise indicated, changes are expressed in comparison with the results as at 31 March 2018.

Xavier Durand, Coface's Chief Executive Officer, commented:

"Coface delivered a strong first quarter: the effects of our Fit to Win strategic plan are now fully visible. Our revenues grew by 6.7%, driven by positive net production and past client activity growth, while maintaining our disciplined underwriting. Combined with rigorous cost controls, this growth allowed a significant reduction in our cost ratio. Our loss ratio remains close to the record low levels we achieved a year ago, in a less favourable context. Over the quarter, the annualised return on average tangible equity reached 9.0%, the objective of our Fit to Win strategic plan.

The year 2019 is an important one for Coface. We are maintaining our goal of filing our Internal Model this summer and are continuing discussions with the regulator.

Finally, by acquiring SID - PKZ, Coface is concluding its first acquisition in more than a decade. This demonstrates our renewed ability to grow, including through acquisitions."

¹ RoATE = Average return on tangible equity

² The proposed distribution is subject to approval by the general shareholders meeting on 16th May 2019.

Key figures as of 31 March 2019

The Board of Directors of COFACE SA examined the summary consolidated financial statements for the first three months (non-audited) during its meeting on 24 April 2019. The Audit Committee, at its meeting on 19 April 2019, has previously reviewed them.

Income statements items in €m	Q1-18	Q1-19	%	% ex. FX
Gross earned premiums	278.4	299.0	+7.4%	+8.0%
Services revenue	65.6	66.4	+1.3%	+1.0%
REVENUE	344.0	365.5	+6.2%	+6.6%
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	52.4	52.0	(0.7)%	
Investment income, net of management expenses	8.3	5.1	(38)%	
CURRENT OPERATING INCOME	60.7	57.2	(5.8)%	
Other operating income / expenses	(2.3)	(0.2)	x0.1	
OPERATING INCOME	58.4	56.9	(2.4)%	
NET INCOME	35.5	36.4	+2.3%	+3.4%
Key ratios	Q1-18	Q1-19	%	% ex. FX
Loss ratio net of reinsurance	39.8%	42.6%	+2.8	ppts.
Cost ratio net of reinsurance	32.7%	31.9%	(0.7)	ppts.
COMBINED RATIO NET OF REINSURANCE	72.5%	74.5%	+2.0	ppts.
Balance sheet items in €m	Q1-18	Q1-19	%	% ex. FX
Total Equity (group share)	1,817.9	1,881.8	+3.5%	

1. Turnover

Coface recorded a consolidated turnover of €365.5m in Q1-2019, up 6.7% at constant FX and perimeter compared to Q1-2018. On a reported basis (at current FX), revenues increased by 6.2%, mainly due to the slight strengthening of the Euro against other currencies in which the Group transacts.

Coface's clients' activity had a positive impact of +1.3% during the quarter. This figure marks a slight slowdown compared to the previous year (+ 2.0%), but is in line with long-term trends. Pricing is still negative at -1.2%, but the extent of the decline is narrowing (compared to -1.9% for Q1-2018). This is mainly due to price increases in the United Kingdom and a lower price decline in Germany.

Client retention, at 94.0% for the Group, remains high in all regions. New business grew by 8.4%, to reach €34.9m. This was mainly driven by large contracts in Western and Northern Europe.

Revenues from other activities (factoring and services) rose by 1.5% (at constant FX) vs. Q1-2018. This was particularly supported by higher revenues for information services in Western, Central and Northern Europe.

Total revenue - cumulated - in €m	Q1-18	Q1-19	%	% ex. FX
Northern Europe	79.0	80.2	+1.5%	+1.7%
Western Europe	74.8	74.9	+0.1%	(0.3)%
Central & Eastern Europe	33.6	33.7	+0.2%	+2.1%
Mediterranean & Africa	91.8	96.8	+5.4%	+6.8%
North America	27.4	31.5	+14.9%	+7.0%
Latin America	16.2	21.1	+30.7%	+53.0%
Asia Pacific	21.3	27.3	+28.2%	+20.7%
Total Group	344.0	365.5	+6.2%	+6.7%

In Northern Europe, turnover rose by 1.5% compared to Q1-2018 (and by +1.7% at constant FX). The decline in factoring revenues was mainly offset by increased revenues from credit insurance (+ 2.3% at constant FX).

In Western Europe, turnover increased by 0.1% and decreased by -0.3% at constant FX. Growth in the credit insurance business was offset by the weakness of Single Risk within a context of prudent underwriting (Brexit).

In Central and Eastern Europe, revenues grew by 0.2% and by 2.1% at constant FX. Credit insurance premiums continue to grow, despite very strict risk control – particularly in Poland.

In the Mediterranean and Africa, a region driven by Italy and Spain, turnover rose by 5.4% and 6.8% at constant FX. This was supported by continuing strong sales and positive clients' activity.

In North America, turnover increased by 14.9% and by 7.0% at constant FX. Despite the impact from FX, the Group has been able to stabilise its portfolio. Client retention has also improved.

Emerging markets are returning to steady growth. Sales in the Asia-Pacific region were up by 28.2% and by 20.7% at constant FX. Client activity in the region is showing positive growth and the continuation of strong commercial performance. Latin America rose by 30.7% and by 53.0% at constant FX. These figures were supported by the signing of large international global contracts and by lower premium refunds. A large number of contracts is written in international currencies (mainly USD). An elevated FX volatility leads to a higher growth rate. Adjusted from this, growth rate would be +28.8%.

2. Results

- Combined ratio

The combined ratio net of reinsurance was 74.5% in Q1-2019. This is a rise of 2.0 pts compared to Q1-2018, but an improvement of 6.9 pts against the previous quarter.

(i) Loss ratio

The gross loss ratio stood at 39.8% for the quarter, representing a minor rise of +0.1 pts compared to the record low level achieved last year. The Group's reserving policy remains unchanged. The rigorous management of past claims enabled the Group to record 33.8 points of recoveries on previous years. The loss ratio was impacted positively due to recoveries on highly reinsured facultative business.

The loss ratio net of reinsurance for the quarter was 42.6%, up 2.8 points vs. Q1-2018. The greater increase in the net loss ratio is due to recoveries recorded on highly facultative business.

(ii) Cost ratio

Coface is continuing its policy of strict cost controls and investments. Over the one-year period, costs rose by 3.0% (2.7% at constant FX). This rate of growth represents less than half of the increased rate recorded for revenues. This operational leverage reduces the net cost ratio by 0.8 pts, to 31.9%.

- Financial income

Net financial income was €5.1m for the Q1-2019 period, including €3.4m of net realised gains and depreciations³.

In an environment still marked by historically low interest rates, Coface managed to record a slight increase in its current investment income (excluding capital gains & depreciations) with €10.6m (vs. €10.0m in Q1 2018). The accounting yield⁴, excluding capital gains & depreciations, stood at 0.4% in 2019 – stable compared to the 0.4% recorded the previous year.

The financial result is affected by the rise in the markets, which reduced the value of hedging instruments which movement is recognised in the income statement. The financial result is also affected by depreciations in equity investments, particularly in Peru following the decision to reorganise the country's operations.

- Operating income and net income

Operating income for the first quarter was €56.9m, representing a slight decrease (-€1.5m) compared to the previous year. This was mainly due to lower net financial income.

The effective tax rate fell from 35% in Q1-2018, to 29% in Q1-2019.

In total, net income (group share) amounted to €36.4m.

As previously announced, a dividend of €0.79⁵ per share will be proposed for the 2018 financial year. This corresponds to a payout ratio of 100% of earnings per share (€0.79 per share).

³ Excluding non-consolidated subsidiaries

⁴ Book yield calculated on the average of the investment portfolio excluding non-consolidated subsidiaries

⁵ Ex-dividend date is on May 22nd 2019 and Payment date is on May 24th 2019. The proposed distribution of 0.79€ per share is subject to approval of the Annual Shareholders' Meeting that takes place on May 16th 2019.

3. Shareholders' equity

As of 31 March 2019, shareholders' total equity was €1,881.8m, representing a rise of €75.6m, or +4.2% (vs. €1,806.2m at 31 December 2018).

These evolutions are mainly due to the positive net income of €35.5m and the rise in unrealised capital gains on equities and bonds (lower interest rates) recorded directly in equity.

The annualised Return on Average Tangible Equity (RoATE) stood at 9.0%, as of 31 March 2019.

4. Outlook

Coface maintains its scenario of a gradual slowdown in economic growth and an international environment that will remain complex. The first quarter did not provide the anticipated clarifications over Brexit, which pushed back the timeframe for resolving uncertainties. Although central banks have returned to a more accommodating tone and China has announced a stimulus package, the outlook in Europe remains contrasted.

Within this context during the first quarter, Coface benefited from its investments in risk management. Despite the environment of increasing uncertainties, claims remained under control.

The group has also achieved stronger sales momentum, without loosening its underwriting discipline.

Coface is maintaining its objective of filing its Internal Model in the summer of 2019. Discussions with the regulator are continuing.

Conference call for financial analysts

Coface's results for Q1-2019 will be discussed with financial analysts during the conference call on 24 April 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: **47856162#**.

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	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	%	% ex. FX
Gross earned premiums	278.4	282.3	292.2	289.7	299.0	+7.4%	+8.0%
Services revenue	65.6	58.7	58.5	59.3	66.4	+1.3%	+1.0%
REVENUE	344.0	340.9	350.7	349.1	365.5	+6.2%	+6.6%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	52.4	35.9	34.5	35.0	52.0	(0.7)%	
Investment income, net of management expenses	8.3	4.6	29.6	8.6	5.1	(38)%	
CURRENT OPERATING INCOME	60.7	40.5	64.1	43.6	57.2	(5.8)%	
Other operating income / expenses	(2.3)	1.5	(1.0)	(3.2)	(0.2)	x0.1	
OPERATING INCOME	58.4	42.0	63.1	40.5	56.9	(2.4)%	
NET INCOME	35.5	27.3	35.4	24.1	36.4	+2.3%	+3.4%
<i>Income tax rate</i>	35.3%	26.4%	39.7%	32.8%	29.4%		

Cumulated results

Income statements items in €m - cumulated figures	Q1-18	H1-18	9M-18	FY-18	Q1-19	%	% ex. FX
Gross earned premiums	278.4	560.7	852.9	1,142.6	299.0	+7.4%	+8.0%
Services revenue	65.6	124.3	182.8	242.1	66.4	+1.3%	+1.0%
REVENUE	344.0	685.0	1,035.7	1,384.7	365.5	+6.2%	+6.6%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	52.4	88.3	122.8	157.8	52.0	(0.7)%	
Investment income, net of management expenses	8.3	12.9	42.5	51.1	5.1	(38)%	
CURRENT OPERATING INCOME	60.7	101.2	165.3	208.9	57.2	(5.8)%	
Other operating income / expenses	(2.3)	(0.8)	(1.8)	(5.0)	(0.2)	x0.1	
OPERATING INCOME	58.4	100.4	163.4	203.9	56.9	(2.4)%	
NET INCOME	35.5	62.8	98.2	122.3	36.4	+2.3%	+3.4%
<i>Income tax rate</i>	35.3%	31.7%	34.8%	34.4%	29.4%		



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

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FINANCIAL CALENDAR 2019 (subject to change)

Annual General Shareholders' Meeting 2018: 16 May 2019

H1-2019 results: 25 July 2019 (after market close)

9M-2019 results: 23 October 2019 (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 S1-2018 and our 2018 Registration Document.

Coface: for trade - Building business together

70 years of experience and the most finely meshed international network have made Coface a reference in credit insurance, risk management and the global economy. With the ambition to become the most agile, global trade credit insurance partner in the industry, Coface's experts work to the beat of the world economy, supporting 50,000 clients in building successful, growing and dynamic businesses. The Group's services and solutions protect and help companies take credit decisions to improve their ability to sell on both their domestic and export markets. In 2018, Coface employed ~4,100 people and registered turnover of €1.4 billion.

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