

## PRESS RELEASE

# Coface confirms its very good start to the year with a net income of €142.3m, up 10%

Paris, 5 August 2024 – 17.35

- **Turnover: €923m, down -3.1% at constant FX and perimeter**
  - Credit insurance premiums down -5.3%; client activity remains slightly negative
  - Client retention still high (92.8%) but down from 2023 record; pricing effect remained negative (-1.4%) in line with historical trends
  - Renewed double-digit growth in information services (+16.9% at constant FX) and debt collection (+20.3% vs. a low base); factoring down -2.6% but up 1.0% in Q2
- **Net loss ratio at 35.0%, improved by 5.3 ppts; net combined ratio at 63.4%, improved by 3.2 ppts**
  - Gross loss ratio at 32.5%, improved by 6.9 ppts with stable opening reserving and high reserve releases
  - Net cost ratio up by 3.2 ppts to 28.4%, reflecting lower revenues, offset by a better product mix, while we continue to invest
- **Net income (group share) at €142.3m, including €73.8m for Q2-24 and annualised RoATE<sup>1</sup> at 15.3%**
- **Estimated solvency ratio at 195%<sup>2</sup>, above the target range (155%-175%)**

*Unless otherwise indicated, change comparisons refer to the results as at 30 June 2023*

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

*"Our results reflect the disciplined execution of our strategy and a still sluggish economic environment. The continuing decline in inflation and the lack of a rebound in our clients' activities are reflected in a fall in our insurance revenues of 5.3%, from a record high comparison basis.*

*In line with our strategic priorities, our service revenues (information services, debt collection) once again recorded double-digit growth, limiting the decline in our overall turnover to 3.1%.*

*Our combined ratio was resilient at 63.4%, an excellent level, due to our successful risk management. We benefited from the past rise in interest rates to record an increase in financial income.*

*Our net income rose once again, to €142.3m, which corresponds to a return on average tangible equity of 15.3%, well above our mid-cycle targets.*

*Our solvency ratio remains very high, at 195%, which provides our clients with a high level of security while enabling us to seize growth opportunities as they arise."*

<sup>1</sup> Return on average tangible equity

<sup>2</sup> This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated solvency ratio is not audited.

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### Key figures at 30 June 2024

The Board of Directors of COFACE SA examined the consolidated financial statements at 30 June 2024 at its meeting of 5 August 2024. The Audit Committee at its meeting on 2 August 2024 also previously reviewed them. These interim consolidated financial statements have been subject to limited review by the statutory auditors. The limited review report is being issued.

Income statements items in €m	H1-23	H1-24	Variation	% ex. FX*
Gross earned premiums	803.1	754.3	(6.1)%	(5.3)%
Other revenues	156.6	168.5	+7.6%	+7.9%
<b>REVENUE</b>	<b>959.7</b>	<b>922.7</b>	<b>(3.8)%</b>	<b>(3.1)%</b>
<b>UNDERWRITING INCOME/LOSS AFTER REINSURANCE</b>	<b>198.8</b>	<b>195.0</b>	<b>(1.9)%</b>	<b>(0.5)%</b>
Investment income, net of management expenses, excluding finance costs	1.4	40.8	+2,779%	+2,521%
Insurance Finance Expenses	-14.7	-18.1	+22.8%	+33.0%
<b>CURRENT OPERATING INCOME</b>	<b>185.5</b>	<b>217.7</b>	<b>+17.3%</b>	<b>+15.4%</b>
Other operating income / expenses	-0.7	-0.5	(26.1)%	(23.3)%
<b>OPERATING INCOME</b>	<b>184.8</b>	<b>217.2</b>	<b>+17.5%</b>	<b>+15.6%</b>
<b>NET INCOME (GROUP SHARE)</b>	<b>128.8</b>	<b>142.3</b>	<b>+10.4%</b>	<b>+7.3%</b>
<b>Key ratios</b>	<b>H1-23</b>	<b>H1-24</b>	<b>Variation</b>	
Loss ratio net of reinsurance	40.3%	35.0%	(5.3)	ppts
Cost ratio net of reinsurance	25.2%	28.4%	3.2	ppts
<b>COMBINED RATIO NET OF REINSURANCE</b>	<b>65.5%</b>	<b>63.4%</b>	<b>(2.1)</b>	<b>ppts</b>
<b>Balance sheet items in €m</b>	<b>2023</b>	<b>H1-24</b>	<b>Variation</b>	
Total equity (group share)	2,050.8	2,002.9	(2.3)%	
	<b>H1-23</b>	<b>H1-24</b>		
Solvency ratio	192% <sup>1</sup>	195% <sup>1</sup>	+3	ppts

\* Also excludes scope impact

<sup>1</sup> This estimated solvency ratio constitutes a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated solvency ratio is not audited.

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### 1. Turnover

In the first half of the year, Coface recorded a consolidated turnover of €922.7m, down -3.1% at constant perimeter and FX compared to H1-23. As reported (at current FX and perimeter), turnover was down -3.8%.

Revenues from insurance activities (including bonding and Single Risk) were down by -5.3% at constant FX and perimeter due to a decline in inflation and the absence of a rebound in client activities. Client retention remains high at 92.8% (down -1.6% on H1-23), in a competitive market where Coface implemented risk mitigation plans. Buoyed by an increase in demand and the positive effects of investments for growth, new business rose to €69m, up €6m compared to H1-23.

Client activities have not returned to growth and were slightly negative over the first half of the year (-0.1%). The price effect remained negative at -1.4% in H1-24, in line with long-term trends. This is largely due to very low past losses offset by the current normalisation environment.

Turnover from non-insurance activities was up +7.9% compared to H1-23. Factoring turnover was down by -2.6% over the first half of the year. However, it increased by 1.0% in Q2-24. Information services turnover rose +16.9%. Fee and commission income (debt collection commissions) increased by +20.3%, from a low base, due to the increase in claims to be collected. Commissions were up +8.9%.

Total revenue - in €m (by country of invoicing)	H1-23	H1-24	Variation	% ex. FX <sup>1</sup>
Northern Europe	200.1	185.0	(7.5)%	(7.5)%
Western Europe	194.3	187.6	(3.4)%	(3.8)%
Central and Eastern Europe	91.1	87.0	(4.5)%	(7.3)%
Mediterranean & Africa	267.0	276.0	+3.4%	+6.0%
North America	85.4	88.7	+3.8%	(6.9)%
Latin America	54.5	38.2	(29.9)%	(7.8)%
Asia Pacific	67.3	60.2	(10.6)%	(9.4)%
<b>Total Group</b>	<b>959.7</b>	<b>922.7</b>	<b>(3.8)%</b>	<b>(3.1)%</b>

In Northern Europe, turnover was down by -7.5% at constant and current FX. The region was hit by a slowdown in client activities and the selective non-renewal of some loss-making policies. This decline was partially offset by the growth in adjacent activities. Factoring revenues were down -1.5%, an improvement compared to the previous quarter.

In Western Europe, turnover was down by -3.8% at constant FX (-3.4% at current FX). The slowdown in client activities was partially offset by the rise in information sales.

In Central and Eastern Europe, turnover fell -7.3% at constant FX (-4.5% at current FX) due to the decline in client activities, which weighed on credit insurance. Factoring was down -6.9% at constant exchange rates.

In the Mediterranean and Africa region, which is driven by Italy and Spain, turnover rose +6.0% at constant FX and +3.4% at current FX on the back of robust sales in credit insurance and services and a stronger economic environment.

<sup>1</sup> Also excludes scope impact



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In North America, turnover was down -6.9% at constant FX but increased by +3.8% at current FX due to the integration of Mexico. The region saw a slowdown in client activities despite higher retention.

In Latin America, turnover fell by -7.8% at constant FX and -29.9% at current FX. The region was hit by a decline in client activities, mainly in commodities and metals, and the transfer of Mexico to the North America region.

In Asia-Pacific, turnover decreased by -9.4% at constant FX and -10.6% at current FX, due to a slowdown in client activities.

### 2. Result

#### - Combined ratio

The combined ratio net of reinsurance stood at 63.4% for H1-24 (an improvement of 2.1 ppts year on year and almost flat against the previous quarter).

##### (i) Loss ratio

The gross loss ratio stood at 32.5%, a 6.9-ppt improvement on the first half of the previous year. This improvement reflects the gradual normalisation of the loss experience, offset by high reserve releases. The number of mid-sized claims increased but remains below long-term trends.

The Group's provisioning policy remained unchanged. The amount of provisions related to the underwriting year, although discounted, remained in line with the historical average. Strict management of past claims enabled the Group to record 44.4 ppts of recoveries.

The net loss ratio improved by 5.3 ppts compared to H1-23, at 35.0%.

##### (ii) Cost ratio

Coface is pursuing a strict cost management policy while maintaining its investments, in line with the Power the Core strategic plan. In H1-24, costs rose by +6.5% at constant perimeter and FX, and +6.3% at current FX.

The cost ratio net of reinsurance was 32.6% in H1-24, up 3.0 ppts year on year. This rise was mainly due to the decline in revenues (1.0 ppt), embedded cost inflation (1.9 ppts) and ongoing investments (1.6 ppts). In contrast, the improved product mix (information services, debt collection and fee and commission income) had a positive effect of 1.5 ppts. High reinsurance commissions explain the remainder of the variation.

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### - Financial result

Net financial income was +€40.8m over the first half of the year. This amount includes realised capital gains (+€10.1m), which more than offset negative market value adjustments on investments (-€4.2m) and an FX effect of -€7.0m, mostly due to the rise in the euro against most other currencies in which the Group does business.

The portfolio's current yield (i.e. excluding capital gains, depreciation and FX) was €48.0m. The accounting yield<sup>1</sup>, excluding capital gains and fair value effect, was 1.5% in H1-24. The yield on new investments was 4.5%.

Insurance Finance Expenses (IFE) stood at €18.1m for the first half due to higher discount rates and higher loss reserves.

### - Operating income and net income

Operating income amounted to €217.2m in H1-24, up 17.5%.

The effective tax rate was 27% over the first half of the year (vs. 24% for H1-23).

In total, net income (group share) was €142.3m, up 10.4% compared to the first half of 2023.

## 3. Shareholders' equity

As of 30 June 2024, Group shareholders' equity stood at €2,002.9m, down €47.8m, or -2.3% (compared to €2,050.8m at 31 December 2023).

These changes are mainly due to the positive net income of €142.3m and the dividend payment of -€194.3m. Other items such as changes in unrealised capital gains had only a minor impact.

The annualised return on average tangible equity (RoATE) was 15.3% at 30 June 2024, mainly due to the improvement in financial income.

The solvency ratio stood at 195%<sup>2</sup>, up 3 points compared to H1-23. It remains well above the upper end of the target range (155%-175%).

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

<sup>2</sup> This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated solvency ratio is not audited.



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### 4. Outlook

Coface has slightly raised its global growth forecast to 2.5% for 2024, and expects 2.7% in 2025. China and the United States continue to post moderate growth, offset by the performance of some emerging countries. These figures are substantially lower than the pace of growth recorded over the past decade.

On inflation, the rebalancing of the labour market in the United States is good news after the significant tensions caused by labour shortages. However, persistent moderate inflation confirms that it will be very difficult to bring inflation back in line with central bank targets. The target of 2% will only be attainable at the cost of a decline in the labour market or companies' operating margins, with the risk of a renewed increase in company failures.

Political risk remains higher than ever with many elections still to come and several conflicts that have potential to take a turn for the worse. The surprise dissolution of the National Assembly in France has put decisions on hold, which is bad news for economic activity as Paris hosts the Olympic Games, which will provide a temporary boost.

The US presidential election remains the major political event for the end of the year and has already brought a run of surprises.

In this environment of continued uncertainty and with a modest growth outlook, Coface continues to implement its Power the Core strategic plan. The first half of 2024 marked an excellent start to this plan, with most key performance indicators positive.

### Conference call for financial analysts

Coface's H1-2024 results will be discussed with financial analysts during the conference call on Monday 5 August at 18.00 (Paris time). Dial one of the following numbers:

- By webcast: [Coface H1-2024 results - Webcast](#)
- By telephone (for sell-side analysts): [Coface H1-2024 results - Conference call](#)

The presentation will be available (in English only) at the following address:

<http://www.coface.com/Investors/financial-results-and-reports>

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### Appendices

#### Quarterly results

Income statements items in €m Quarterly figures	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	%	% ex. FX*
Insurance revenue	395.3	407.8	384.7	371.3	378.6	375.6	(7.9)%	(7.2)%
Other revenues	79.8	76.8	73.4	79.2	85.0	83.4	+8.7%	+8.8%
<b>REVENUE</b>	<b>475.1</b>	<b>484.5</b>	<b>458.1</b>	<b>450.4</b>	<b>463.7</b>	<b>459.1</b>	<b>(5.3)%</b>	<b>(4.6)%</b>
<b>UNDERWRITING INCOME (LOSS) AFTER REINSURANCE</b>	<b>95.3</b>	<b>103.5</b>	<b>91.2</b>	<b>105.4</b>	<b>100.3</b>	<b>94.7</b>	<b>(8.5)%</b>	<b>(6.9)%</b>
Investment income, net of management expenses, excluding finance costs	(2.6)	4.0	13.0	(2.0)	17.9	22.8	+467.5%	+431.8%
Insurance Finance Expenses	(2.4)	(12.3)	(15.4)	(9.9)	-11.4	-6.7	(46.1)%	(41.7)%
<b>CURRENT OPERATING INCOME</b>	<b>90.4</b>	<b>95.2</b>	<b>88.9</b>	<b>93.5</b>	<b>106.8</b>	<b>110.9</b>	<b>+16.5%</b>	<b>+16.1%</b>
Other operating income / expenses	(0.3)	(0.4)	(0.2)	(4.0)	-0.1	-0.5	+23.0%	+25.2%
<b>OPERATING INCOME</b>	<b>90.0</b>	<b>94.8</b>	<b>88.6</b>	<b>89.5</b>	<b>106.8</b>	<b>110.4</b>	<b>+16.5%</b>	<b>+16.1%</b>
<b>NET INCOME (GROUP SHARE)</b>	<b>61.2</b>	<b>67.7</b>	<b>60.9</b>	<b>50.8</b>	<b>68.4</b>	<b>73.8</b>	<b>+9.1%</b>	<b>+9.2%</b>
Income tax rate	25.5%	21.9%	24.2%	36.0%	27.2%	26.8%	+4.8 pts	

#### Cumulated results

Income statements items in €m Cumulated figures	Q1-23	H1-23	9M-23	2023	Q1-24	H1-24	%	% ex. FX*
Insurance revenue	395.3	803.1	1,187.8	1,559.1	378.6	754.3	(6.1)%	(5.3)%
Other revenues	79.8	156.6	230.0	309.2	85.0	168.5	+7.6%	+7.9%
<b>REVENUE</b>	<b>475.1</b>	<b>959.7</b>	<b>1,417.8</b>	<b>1,868.2</b>	<b>463.7</b>	<b>922.7</b>	<b>(3.8)%</b>	<b>(3.1)%</b>
<b>UNDERWRITING INCOME (LOSS) AFTER REINSURANCE</b>	<b>95.3</b>	<b>198.8</b>	<b>290.0</b>	<b>395.4</b>	<b>100.3</b>	<b>195.0</b>	<b>(1.9)%</b>	<b>(0.5)%</b>
Investment income, net of management expenses, excluding finance costs	(2.6)	1.4	14.5	12.4	17.9	40.8	+2,779%	+2,520.5%
Insurance Finance Expenses	(2.4)	(14.7)	(30.1)	(40.0)	(11.4)	(18.1)	+22.8%	+33.0%
<b>CURRENT OPERATING INCOME</b>	<b>90.4</b>	<b>185.5</b>	<b>274.4</b>	<b>367.9</b>	<b>106.8</b>	<b>217.7</b>	<b>+17.3%</b>	<b>+15.4%</b>
Other operating income / expenses	(0.3)	(0.7)	(0.9)	(5.0)	(0.1)	(0.5)	(26.1)%	(23.3)%
<b>OPERATING INCOME</b>	<b>90.0</b>	<b>184.8</b>	<b>273.4</b>	<b>362.9</b>	<b>106.8</b>	<b>217.2</b>	<b>+17.5%</b>	<b>+15.6%</b>
<b>NET INCOME (GROUP SHARE)</b>	<b>61.2</b>	<b>128.8</b>	<b>189.7</b>	<b>240.5</b>	<b>68.4</b>	<b>142.3</b>	<b>+10.4%</b>	<b>+7.3%</b>
Income tax rate	25.5%	23.7%	23.8%	26.8%	27.2%	27.0%	+3.3 pts	

\* Also excludes scope impact

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### CONTACTS

#### ANALYSTS / INVESTORS

Thomas JACQUET: +33 1 49 02 12 58 – [thomas.jacquet@coface.com](mailto:thomas.jacquet@coface.com)

#### MEDIA RELATIONS

Saphia GAOUAOU: +33 1 49 02 14 91 – [saphia.gaouaoui@coface.com](mailto:saphia.gaouaoui@coface.com)

Adrien BILLET: +33 1 49 02 23 63 – [adrien.billet@coface.com](mailto:adrien.billet@coface.com)

### FINANCIAL CALENDAR 2024 (subject to change)

9M-2024 results: 5 November 2024 (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 H1-2024 and our [2023 Universal Registration Document](#) (see part 3.7 "Key financial performance indicators").



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[www.coface.com](http://www.coface.com)

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