



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

Paris, 2 November 2015

**Results at 30 September:  
Coface stabilizes results and posts profit of EUR 98 million**

- Regular growth in turnover: +5,1% at current scope and exchange rates (+2.5% at constant scope and exchange rates)
- Following an increase in Q2, claims and costs are under control: combined ratio after reinsurance stands at 81.8% (down 0.1 point compared with H1 2015)
- Net income (group share): €98M, with €32M in Q3 (Q1 2015 €40M and Q2 2015 €26M)
- Work on-going by Bpifrance to integrate Coface's public guarantees activity, effective transfer date not yet specified

*Unless otherwise stated, changes are in comparison with results at 30 September 2014  
Published results for 2014 have been restated to take into account the impact of IFRIC 21*

**Jean-Marc Pillu**, CEO of the Coface Group, commented:

*“Coface once again posts an increase in turnover this quarter. In spite of a difficult economic climate in certain emerging markets, we have managed our loss ratio well by applying our expertise in risk management. In doing so, we are pursuing our path of profitable growth while protecting and supporting that of our clients.”*

## Key figures as at 30 September 2015

The Board of Directors of Coface SA examined the summary consolidated financial statements for the first nine months during its meeting on 2 November 2015. They were subject to review by the Audit Committee.

<i>Income statement items - in €M</i>	9M-2014	9M-2014	9M-2015	Change	Change
	published	*restated IFRIC 21		9M-2015 vs. 9M-2014 restated IFRIC 21	on a like-for-like basis <sup>1</sup>
<b>Consolidated turnover</b>	<b>1 072.0</b>	<b>1 072.0</b>	<b>1 126.3</b>	<b>+5.1%</b>	<b>+2.5%</b>
<i>of which earned premiums</i>	836.7	836.7	894.1	+6.9%	+3.6%
Underwriting income after reinsurance	134.0	133.5	116.0	-13.1%	
Investment income net of expenses, excluding cost of debt	31.6	31.6	40.5	+28.2%	
Operating income	165.5	157.7	152.5	-3.3%	
<b>Operating income,</b> excluding restated items <sup>2</sup>	<b>163.9</b>	<b>163.5</b>	<b>154.8</b>	<b>-5.3%</b>	<b>-6.6%</b>
Net income (group share)	103.1	102.8	98.3	-4.4%	-6.2%
<b>Net income (group share),</b> excluding restated items <sup>2</sup>	<b>113.6</b>	<b>113.3</b>	<b>109.6</b>	<b>-3.3%</b>	<b>-5.1%</b>
<b>Key ratios</b>					
	9M-2014	9M-2014*	9M-2015		
Loss ratio net of reinsurance	49.7%	49.7%	52.5%	+2.8 pts.	
Cost ratio net of reinsurance	27.6%	27.7%	29.3%	+1.6 pts.	
<b>Combined ratio net of reinsurance</b>	<b>77.4%</b>	<b>77.4%</b>	<b>81.8%</b>	<b>+4.4 pts.</b>	
<b>Balance sheet items - in €M</b>					
	31/12/2014	31/12/2014*	30/09/2015		
<b>Total equity (group share)</b>	<b>1 717.4</b>	<b>1 717.8</b>	<b>1 714.9</b>	<b>-0.2%</b>	

\*Published results for 2014 have been restated to take into account the impact of IFRIC 21

## 1. Turnover

For the first nine months of 2015, consolidated turnover reached €1 126.3M, up 5.1% compared with the first nine months of 2014 (+2.5% at constant scope and exchange rates).

New policy production remains healthy, taking into account that 2014 was marked by the signing of some significant contracts. Our client retention rate is good.

Price pressure, linked to competitive pressures and the sound profitability of contracts in maturing markets, is under control: at 30 September 2015, the contract price effect is -2.4%, stable compared with the situation at 30 June 2015.

Turnover in €M	9M-2014	9M-2015	Change	Change on a like-for-like basis <sup>1</sup>
Western Europe	347.4	351.1	+1.1%	-0.6%
Northern Europe	267.6	256.0	-4.3%	-3.2%
Mediterranean & Africa	162.4	183.4	+12.9%	+12.1%
North America	83.5	99.4	+19.1%	+0.8%
Central Europe	84.1	85.8	+2.0%	+1.8%
Asia Pacific	69.7	86.8	+24.6%	+8.9%
Latin America	57.3	63.8	+11.3%	+17.0%
<b>Consolidated turnover</b>	<b>1 072.0</b>	<b>1 126.3</b>	<b>+5.1%</b>	<b>+2.5%</b>

Emerging markets are driving the Group's turnover. In the other regions – mature markets where competition is fierce – the implementation of Coface's new commercial strategy involves deep structural changes whose effects will only materialize over time.

## 2. Results

### - Combined ratio

For the first nine months of 2015 the combined ratio was 81.8%. Claims and costs were brought under control during the last quarter enabling the combined ratio to remain stable (-0.1 point) in comparison with its H1 level (81.9%).

Our rigorous risk management allowed us to stabilize the loss ratio despite a worsening economic environment in emerging markets. The loss ratio stood at 52.5% for the first nine months of 2015, in line with the end of the H1 2015 (+0.5 point). Proactive and selective in its risk management, Coface continues to adjust its cover of the most fragile companies and sectors in order to preserve its profitability and that of its clients. The effects of this approach materialize gradually, depending on observed payment behavior.

The cost ratio net of reinsurance was at the same level as H1 2015, at 29.3%. Internal overheads are under control and have evolved over the first nine months at a rate (+2.2%, or 0.6%<sup>3</sup> at constant scope and exchange rates) that is considerably lower than those of premiums (+6.9%, or 3.6% at constant scope and exchange rates).

In July 2015 Coface announced it was studying implementation of an operational efficiency plan with the aim of reducing its cost structure.

This initiative is consistent with the Group's Strong Commitment plans I & II and will cover all of the Group's countries and functions. Through this project, Coface is examining all possible means of optimizing costs. The design of the plan is currently underway and Coface will present its main axes before the end of 2015.

- Financial income

At the end of the first nine months of 2015, financial income<sup>4</sup> stood at €40.5M against €31.6M for the same period in 2014.

- Operating income and net income

Excluding restated items, operating income<sup>2</sup> was €154.8M and net income (group share)<sup>2</sup> €109.6M.

For the third quarter of 2015, net income (group share) was €32.2M, a level that is in line with average net income recorded in the first half of 2015 (€40.3M and €25.8M in Q1 and Q2 respectively).

### **3. Financial solidity**

Total IFRS equity was €1 714.9M at 30 September 2015, compared with €1 717.8M at end-December 2014. The increase is due to the impact of net income for the first nine months of 2015 of €98.3M, the distribution of €75.5M to shareholders and a decrease in re-evaluation reserves of financial assets ready for sale.

Rating agencies Fitch and Moody's reconfirmed the Group's ratings (IFS) at respectively AA- and A2 (stable outlook), on 17 September and 13 October 2015.

### **4. Transfer of public guarantees activity**

Work by Bpifrance to integrate Coface's public guarantees activity is on-going. The effective date of the transfer has not yet been specified.

Coface will continue to be remunerated by the French State until transfer of the activity is effective.

### **5. Outlook**

In 2015, Coface expects world growth to be below 3%. The advanced economies are experiencing a weak recovery and certain large emerging economies continue to register disappointing growth or are in crisis, which threatens to have a knock-on effect on other economies.

In this economic climate, Coface will maintain its policy of disciplined underwriting and selective risk management.

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## NOTES

<sup>1</sup> Constant scope and exchange rates. Published results for 2014 have been restated to take into account the impact of IFRIC 21.

<sup>2</sup> See annex below, "Reconciliation Table", for the calculation of operating income excluding restated items. For the calculation of net income (group share), a normalized tax rate has been applied to restated items for 9M 2014 (30 September 2014) and 9M 2015 (30 September 2015) respectively.

<sup>3</sup> Internal overheads are restated to exclude charges linked to the creation of Coface Re (employment costs, rental costs and others) (-€0.7M) for 9M 2015.

<sup>4</sup> Investment income net of expenses, excluding cost of debt

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### FINANCIAL CALENDAR 2016

February 9 2016: publication of 2015 results  
May 4 2016: publication of Q1-2016 results  
May 26 2016: general shareholders' meeting  
July 27 2016: publication of H1-2016 results  
November 8 2016: publication of 9M-2016 results

### FINANCIAL INFORMATION

This press release, as well as Coface SA's integral regulatory information, consolidated accounts and Q1 analyst presentation, 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 2014, the Group, supported by its 4,406 staff, posted a consolidated turnover of €1.441 billion. Present directly or indirectly in 99 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 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](http://www.coface.com)

Coface SA. is listed on Euronext Paris – Compartment A  
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## ANNEX – Reconciliation Table: Operating income excluding restated items

In thousands of euros	Q3-2014*	Q3-2015	9M-2014*	9M-2015
<b>Operating income</b>	<b>54 561</b>	<b>49 904</b>	<b>157 669</b>	<b>152 503</b>
Financing costs	-4 589	-3 559	-9 408	-13 785
<b>Operating income including financing costs</b>	<b>49 972</b>	<b>46 345</b>	<b>148 261</b>	<b>138 718</b>
<u>Other proceeds and operating costs</u>				
- Charges linked to initial public offering <i>including matching payments to employees who acquired shares</i>	1 280		8 206	
- Restructuring costs (SBCE)			1 021	
- Provision for compensation of American agents (restructuring and densification of distribution network in USA)				1 889
- Stamp duty - Coface Re				383
- Proceeds linked to restructuring (Italy)			-1 534	
- Other operational costs	436	2 241	436	2 241
- Other operational proceeds	-708	-490	-708	-490
- Others	-87	-881	1	-1
<i>TOTAL Other proceeds and operating costs (Note 19 – Annex to consolidated accounts)</i>	921	870	7 422	4 022
<b>Operating income including financing costs &amp; other products and operating costs</b>	<b>50 893</b>	<b>47 215</b>	<b>155 683</b>	<b>142 740</b>
<u>Other restated items</u>				
Interest charges on hybrid debt	3 781	4 000	7 800	12 100
<b>Operating income excluding restated items</b>	<b>54 674</b>	<b>51 215</b>	<b>163 483</b>	<b>154 840</b>

\* Published results for 2014 have been restated to take into account the impact of IFRIC 21