



# H1-2020 RESULTS

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PRESENTATION TO FINANCIAL ANALYSTS

29 JULY 2020

# H1-2020 RESULTS: NET INCOME AT €24.0M; ROATE AT 2.8%

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**PART 1**  
**H1-2020 HIGHLIGHTS**

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# COFACE CONTINUES TO EXECUTE, REPORTS PROFITABLE Q2-2020 AND €24M NET PROFIT IN H1-2020

Turnover reached €725m y-t-d, down 0.6% at constant FX and perimeter; Q2-2020 decline limited to -2.1% despite lockdown impact

- Record new business and retention drive positive net production (€33m)
- First positive impact of repricing now visible (+0.2%)
- Services are growing by 7% including information services up by +13%
- Activity continues to slowdown, expecting continued impact in coming quarters

H1-2020 net loss ratio up by 13.4 ppts at 57.4%; Net combined ratio at 88.6% and 91.4% in Q2-20

- Gross loss ratio up 18.1 ppts driven in particular by provisions taken to cover higher anticipated loss frequency
- Net loss ratio only up 13.4 ppts, as government schemes come into play
- Net cost ratio down by -0.8 ppt at 31.2% reflecting strict cost discipline and growing service revenues

Net income (group share) at €24.0m, of which €11.3m in Q2-2020; annualised RoATE<sup>1</sup> at 2.8%

Estimated Solvency ratio at 191%<sup>2</sup> and 183%<sup>2</sup> excluding government schemes, above the target range (155% - 175%)

Finalised the acquisition of GIEK Kredittforsikring (expecting to book a badwill<sup>3</sup> in Q3-2020 accounts, currently estimated at a positive €8m)

<sup>1</sup> RoATE = Average return on equity

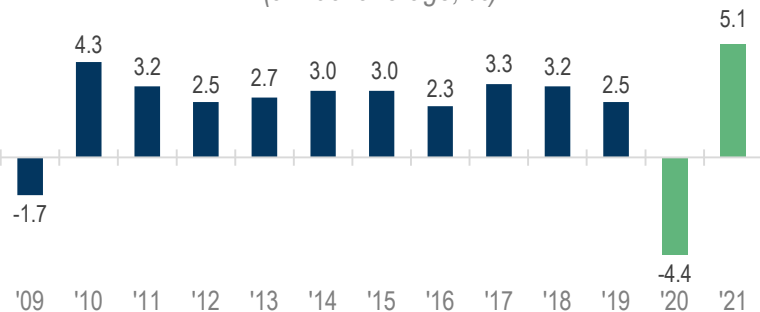
<sup>2</sup> This estimated solvency ratio disclosed is a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated Solvency ratio is not audited.

<sup>3</sup> Badwill is based on preliminary estimates and could vary pending final analysis

# ECONOMIC ENVIRONMENT REMAINS CHALLENGING

## COFACE'S WORLD GDP GROWTH FORECAST

(annual average, %)

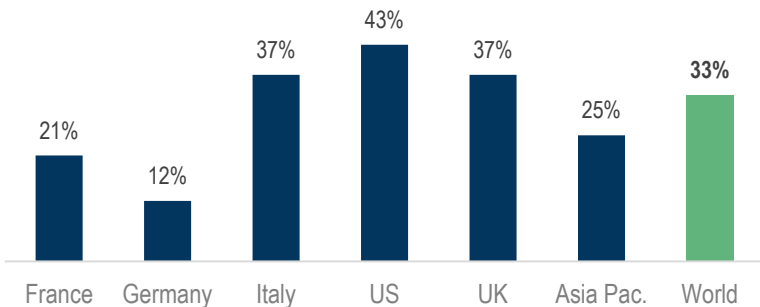


## ECONOMIC OUTLOOK IS UNCERTAIN

- 2020 GDP will be significantly down despite recent rebound
- Expecting pandemic impact to last into 2021 until a vaccine and/or a cure is effective
- Expecting a slow and differentiated recovery

## 2020-2021 CORPORATE INSOLVENCIES PER COUNTRY

(annual evolution in % - June forecasts)



## STATES AND CENTRAL BANKS ACT TO CONTROL DAMAGES

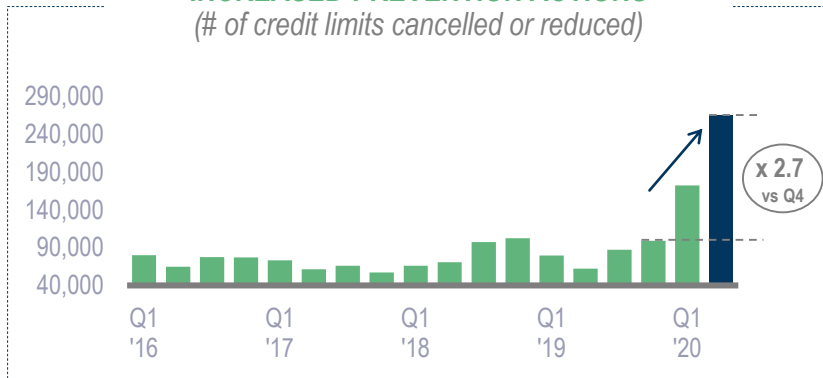
- Broad government support create disconnect between macro and micro impact. So far, claims activity well below 2008 level
- Monetary policies should remain highly expansionary
- 11 credit insurance government schemes already finalised, a few other ongoing discussions

Source: IMF, National authorities, National data, Datastream, Coface

# ACTIVELY ACTING TO MITIGATE IMPACT OF COVID-19 CRISIS

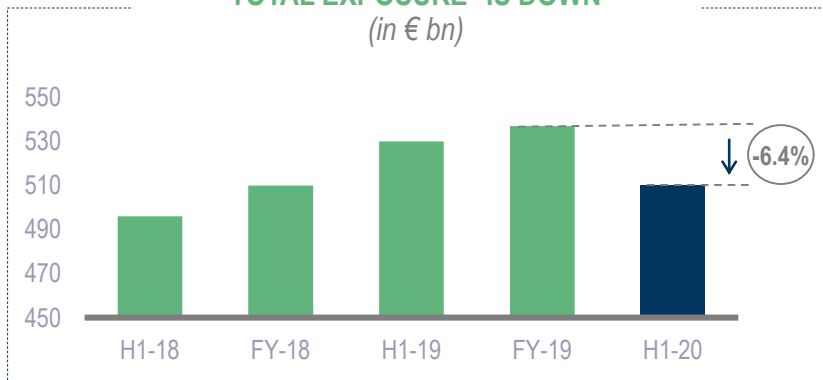
## INCREASED PREVENTION ACTIONS

(# of credit limits cancelled or reduced)



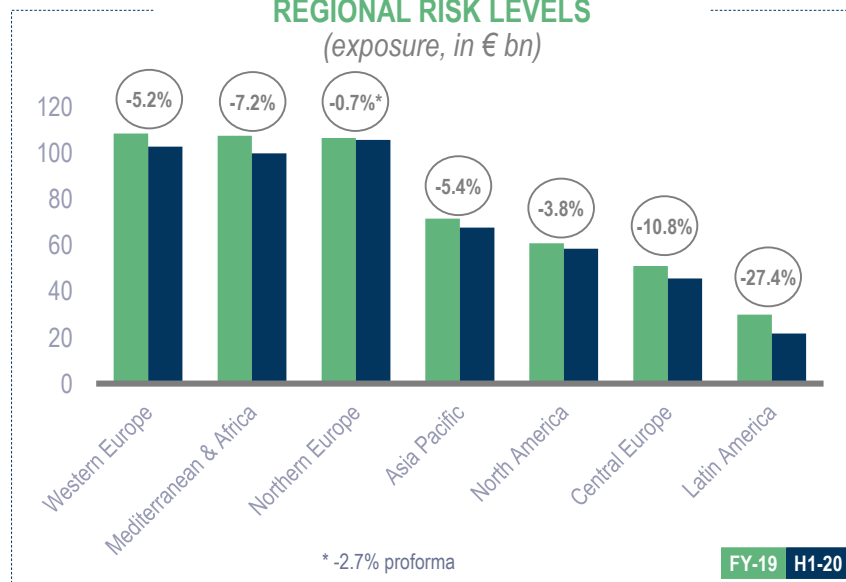
## TOTAL EXPOSURE\* IS DOWN

(in € bn)



## EXPOSURE EVOLUTION REFLECTS REGIONAL RISK LEVELS

(exposure, in € bn)



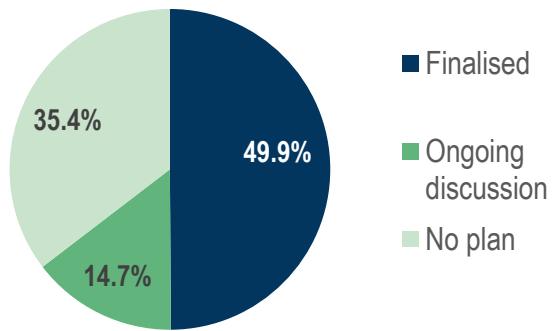
Source: Coface

\* The historical data under the new methodology are presented on page 34

# HIGH LEVEL OF PROTECTION FROM EXTERNAL REINSURANCE, REINFORCED BY GOVERNEMENT SCHEMES

## GOVERNMENT SCHEMES\*

(% of total exposure protected - policyholder view)



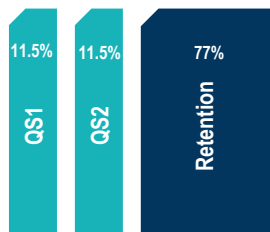
- Recognition by governments that credit insurance is key to support inter company credit
- 11 countries have already finalised schemes covering up to end 2020
- Ongoing discussions with other countries (Italy, Poland,...)

\* Please refer to page 32 to see the main features of the government schemes

## Coface reinsurance program is made of:

- 2 Quota-share (QS) with one up for renewal in 2021
- A per risk Excess of Loss (XS or XoL),
- A Stop Loss on accounting year (SL) active beyond 1/50y crisis level with a duration up to 2 years based on Coface's decision
- **Panel of reinsurers:** 22 reinsurers / average rating between AA- & A+

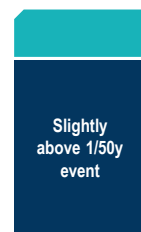
### QUOTA-SHARE (%)



### EXCESS OF LOSS PER RISK (In millions €)



### STOP LOSS (% of Earned premium)



Cession Retention



# BTL PLAN DEMONSTRATE AGILITY AND RESILIENCE IN STRESSED ENVIRONMENT

## BUILD TO LEAD

- RISK MANAGEMENT**
  - Industry leading
  - Agile, proactive
- SERVICE**
  - Fast, consistent, flexible
- OPERATING MODEL**
  - Simple, integrated, digitised
- GROWTH**
  - Invest in profitable growth position
- RETURNS**
  - Above cost of capital
- CULTURE**
  - Live the culture

## EXECUTING ON WHAT WE CAN CONTROL

- New business
- Retention
- Preventions actions
- Total exposure
- Pricing
- Information sales
- Costs

## MONITORING CAREFULLY WHAT WE DON'T CONTROL

- Client activity
- Factoring volume
- Fees volume
- Financial revenues

- Fully leveraging our new culture of agility
- 94% participation to the “My Voice\*” survey (vs 92% in 2018)

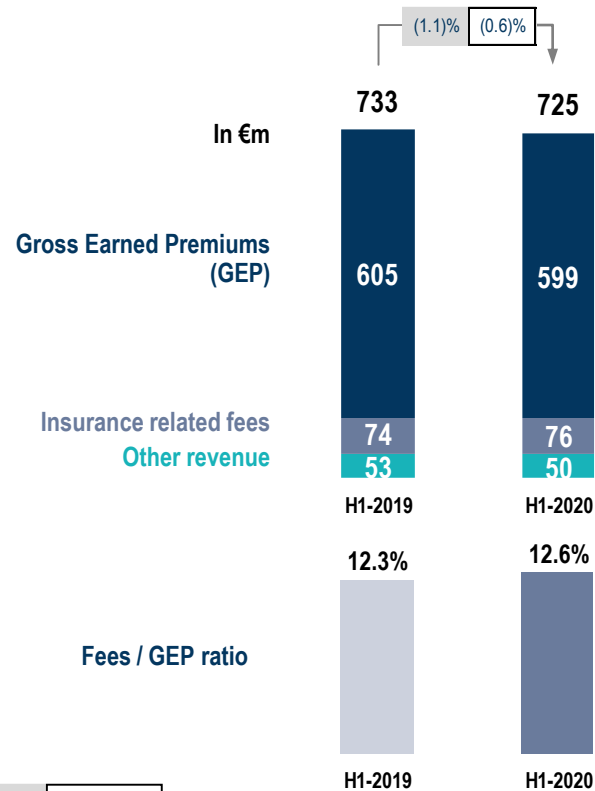
\* My Voice: internal engagement survey



PART 2  
H1-2020 RESULTS

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# TURNOVER DECREASING SLIGHTLY AT -0.6%



## Total revenue down -0.6% vs H1-2019 at constant FX

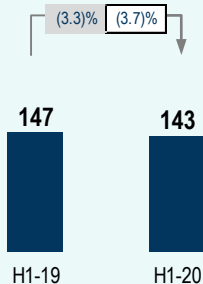
- Trade Credit Insurance<sup>1</sup> decreasing by 2.3% at constant FX and perimeter driven by declining client activity (past and projected)
- Turnover still benefitting from positive net production
- Services revenues up 7% vs H1-2019 at constant FX and perimeter, with information sales up 13%
- Factoring down by -13.8% due to volume decline while repricing actions have started
- Fees up by 1.8% at constant FX and perimeter

<sup>1</sup> Including Bonding and Single Risk | <sup>2</sup> Other revenue includes Factoring and Services

V%    V% ex. FX

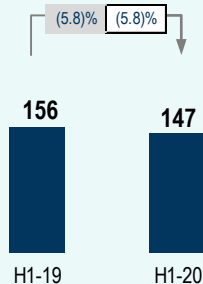
# TURNOVER REFLECTING LOWER CLIENT ACTIVITY

## Western Europe



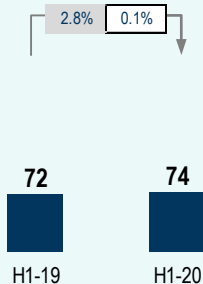
Low level of client activity, higher bond sales

## Northern Europe



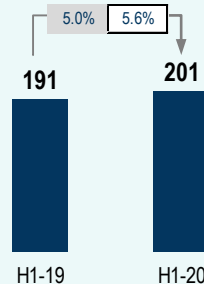
Very low client activity in TCI (revenues down -4%) and decline in factoring volumes

## Central Europe



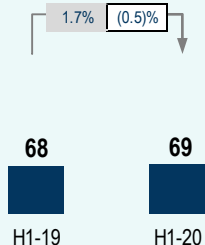
1.8% growth on insurance (constant scope) offset by factoring decline

## Mediterranean & Africa



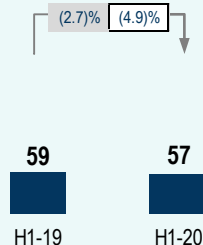
High new sales and strong retention on TCI. High fees and services.

## North America



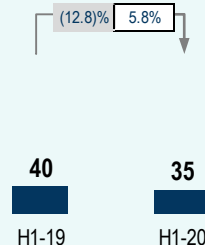
Higher new business and improved pricing offset by lower activity

## Asia Pacific



Lower client activity offsetting good retention

## Latin America

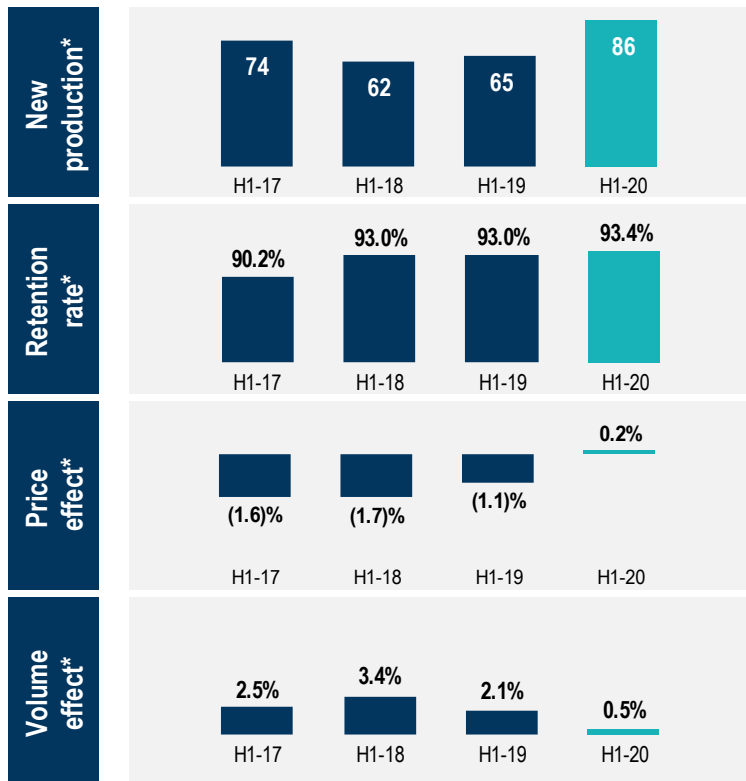


Low new business in difficult environment

V% V% ex. FX

Total revenue by region, in €m

# DELIVERING STRONG RETENTION, NEW BUSINESS AND POSITIVE PRICING



Confirming new business rebound while keeping selective growth strategy



Record high retention



Repricing initiatives showing first positive impacts

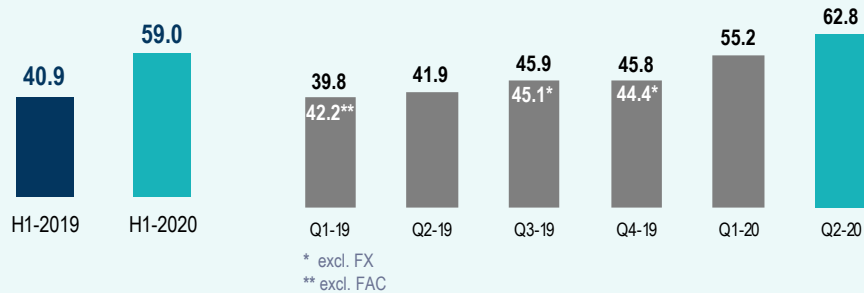


Slower activity growth continuing as expected  
Further decline expected in coming months

\* Portfolio as of 30 June 2020; and at constant FX and perimeter. New production: in €m

# GROSS LOSS RATIO INCREASING TO 59.0% IN RISKIER ENVIRONMENT

Loss ratio before reinsurance and including claims handling expenses, in %

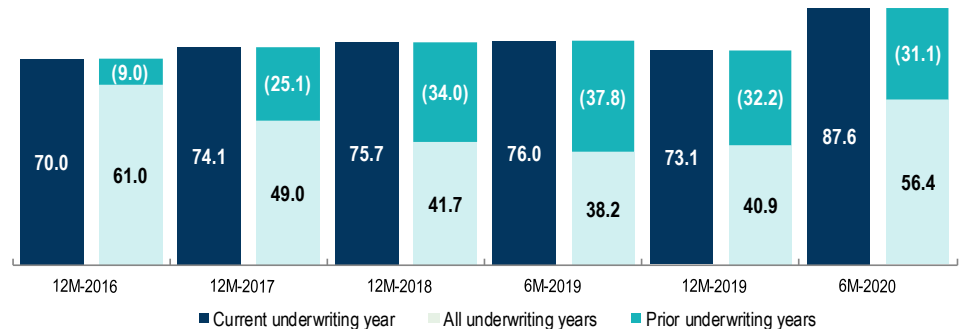


► Gross loss ratio increased by 7.6 points vs Q1-20 driven by:

- Increased claims due to Covid-19 crisis
- Further anticipation of an increase in corporate bankruptcies

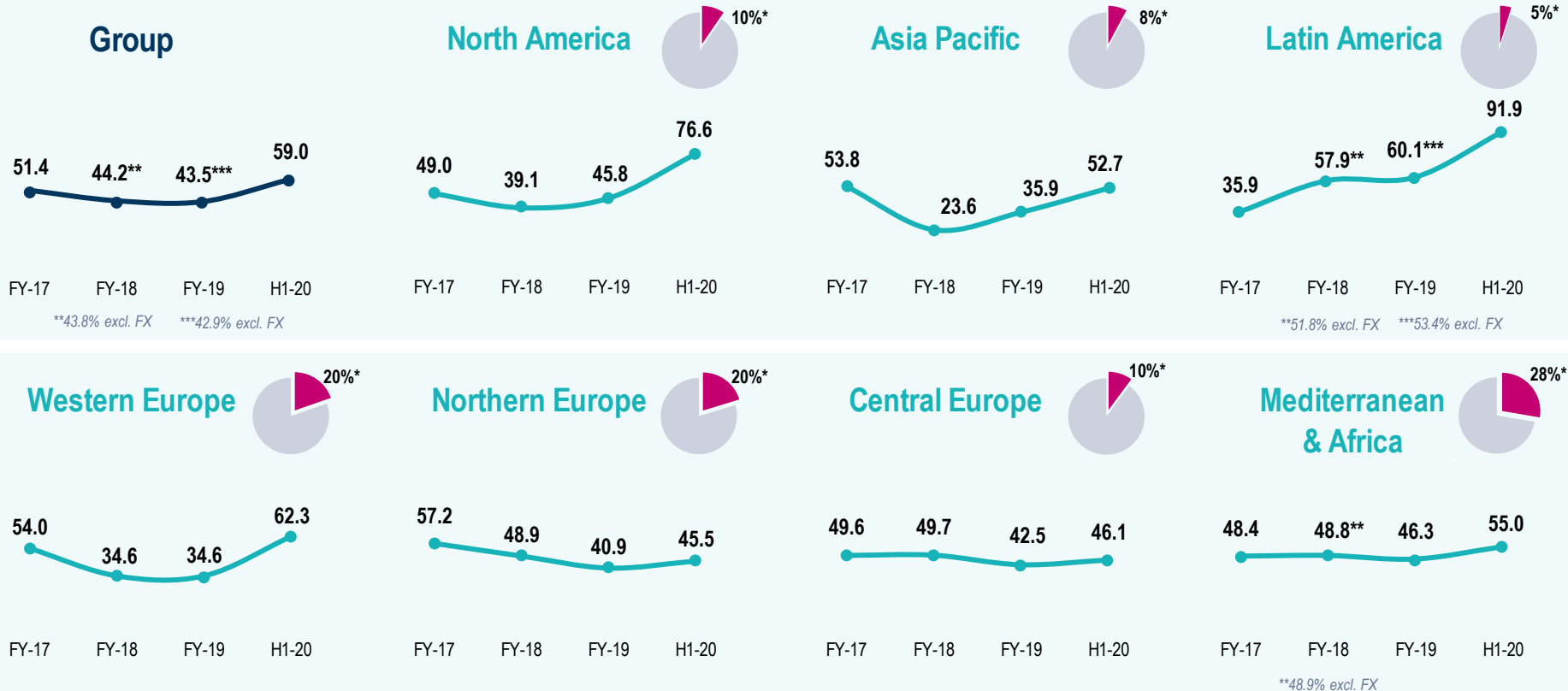
- No change in reserving policy
- Opening year higher due to anticipation of future losses
- Continued good recoveries

Loss ratio before reinsurance and excluding claims handling expenses, in %



# LOSS RATIO INCREASED FROM RECORD LOWS

Loss ratio before reinsurance, including claims handling expenses – in %

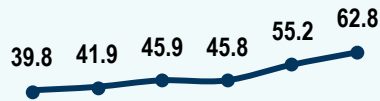


\* % of Total revenue by region

# LOSS RATIO INCREASED FROM RECORD LOWS

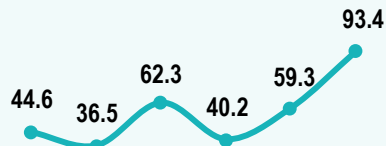
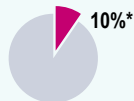
Loss ratio before reinsurance (by quarter), including claims handling expenses – in %

## Group



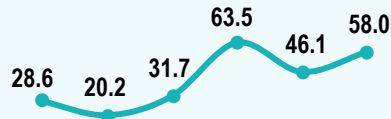
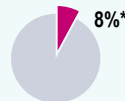
Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

## North America



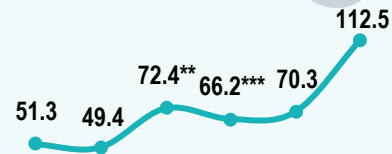
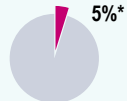
Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

## Asia Pacific



Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

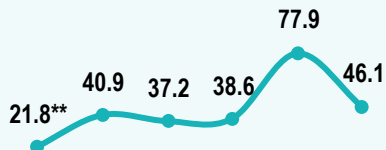
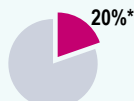
## Latin America



Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

\*\*58.9% excl. FX\*\*\*54.0% excl. FX

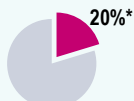
## Western Europe



Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

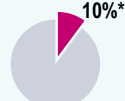
\*\* 32.7% excl. FAC

## Northern Europe



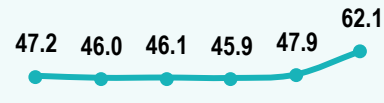
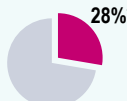
Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

## Central Europe



Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

## Mediterranean & Africa

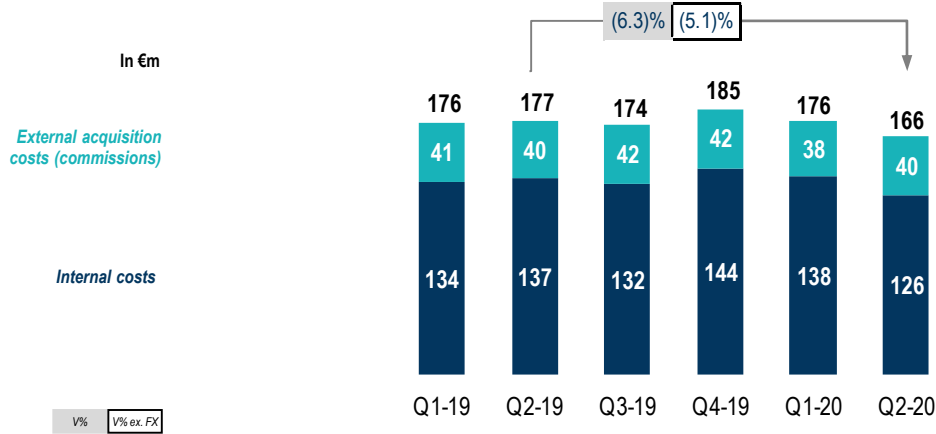


Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20

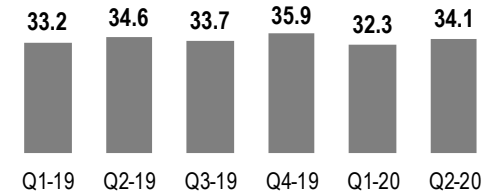
\* % of Total revenue by region



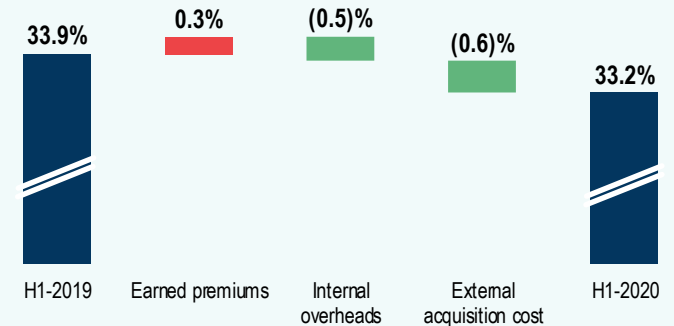
# STRICT COST CONTROL DRIVES COST RATIO IMPROVEMENT



## Cost ratio before reinsurance, in %



- ▶ Decline in absolute cost level on costs discipline and lower variable costs (consultancy, travel, communication...)
- ▶ External acquisition costs benefit from US agents internalisation



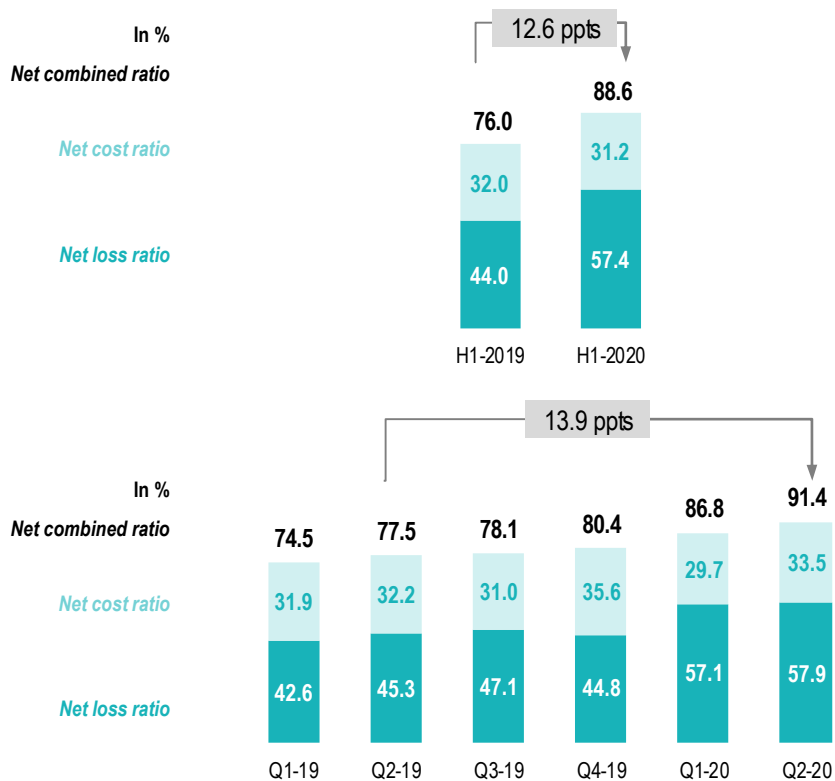
# REINSURANCE RESULT REFLECTS HIGHER LOSS ACTIVITY AND GOVERNMENT SCHEMES

- ▶ Government schemes are in force in several countries for an estimated impact of €8m in Q2-20
- ▶ Premium cession rate is up about 10 ppts as a consequence
- ▶ High cession rate of claims reflects higher opening loss ratio

	H1-19	H1-20
Gross earned premiums	605.3	599.1
Net earned premiums	430.1	361.1
<b>Premium cession rate</b>	<b>28.9%</b>	<b>39.7%</b>
Gross claims expenses	247.4	353.3
Net claims expenses	189.2	207.3
<b>Claims cession rate</b>	<b>23.5%</b>	<b>41.3%</b>

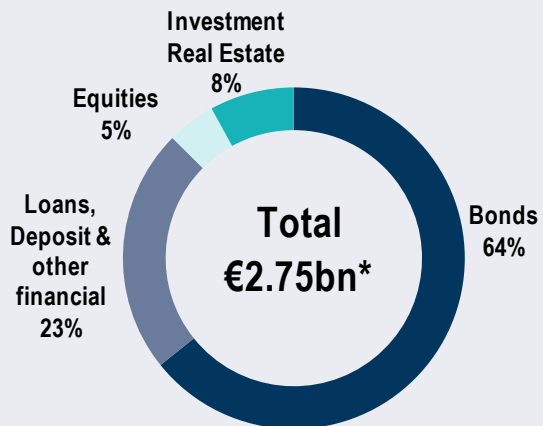
	H1-19	H1-20	V%
<b>Underwriting income before reinsurance</b>	<b>149.2</b>	<b>46.3</b>	<b>(69)%</b>
<i>Reinsurance result</i>	(49.8)	(6.0)	(88)%
<b>Underwriting income after reinsurance</b>	<b>99.5</b>	<b>40.4</b>	<b>(59)%</b>

# NET COMBINED RATIO AT 88.6%



- ▶ Net combined ratio deteriorated to 88.6% (vs 76.0% in H1-2019) due to increase in claims ratio
  - ▶ Cost ratio down 0.8 ppt showing good cost discipline
  - ▶ H1-2020 net loss ratio up by 13.4 ppts in a more complex risk environment
- 
- ▶ Net cost ratio increased to 33.5% (vs 32.2% in Q2-19) on lower commission rate associated with government schemes
  - ▶ Loss ratio is almost stable vs previous quarter at 57.9%, reflecting higher large losses, expected increase in defaults and higher reinsurance

# FINANCIAL PORTFOLIO: RESILIENT INVESTMENT INCOME, LOW RATES WILL CONTINUE TO MATERIALIZE



## Keeping a diversified strategy

- ▶ Conservative strategy protected balance sheet from volatility
- ▶ Low interest rates environment extended beyond 2020

€m	H1-19	H1-20
Income from investment portfolio without gains on sales**	23.5	18.6
Gains on sales and impairment, net of hedging***	0.4	(0.9)
FX effect	(0.3)	1.3
Other	(6.9)	(2.2)
<b>Net investment income</b>	<b>16.6</b>	<b>16.7</b>
<b>Accounting yield on average investment portfolio</b>	<b>0.9%</b>	<b>0.6%</b>
<b>Accounting yield on average investment portfolio without Realized gains</b>	<b>0.9%</b>	<b>0.7%</b>

\* Excludes investments in non-consolidated subsidiaries

\*\* Excludes investments in non-consolidated subsidiaries, FX and investment management charges

\*\*\* This represent the cumulative impact of realized gains and losses, impairments and impairments release, as well as equities & interest rate derivatives. Historical data on page 31

# H1-2020 NET INCOME AT €24.0M OF WHICH €11.3M IN Q2-2020

<i>Income statement items - in €m</i>	H1-19	H1-20
<b>Current operating income</b>	<b>116.1</b>	<b>57.1</b>
Other operating income and expenses	1.1	(1.8)
<b>Operating income</b>	<b>117.2</b>	<b>55.4</b>
Finance costs	(10.5)	(11.0)
Share in net income of associates	0.0	0.0
Badwill*/Goodwill	3.0	0.0
Income tax	(31.1)	(20.4)
<i>Tax rate</i>	<i>29%</i>	<i>46%</i>
Non-controlling interests	0.0	0.0
<b>Net income (group share)</b>	<b>78.5</b>	<b>24.0</b>

► Current operating income at €57.1m down mostly on higher loss ratio and lower financial income

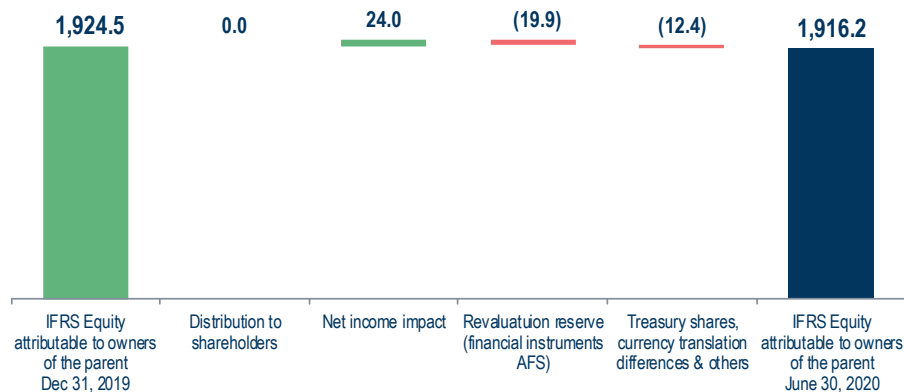
► Tax rate at 46% (39% in Q2-20)

► Net profit at €24.0m

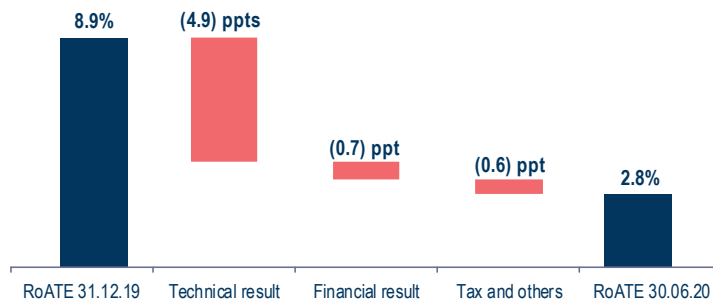
\*Badwill was an initial estimate and has been adjusted for the FY-19

# ROATE STANDS AT 2.8%, DOWN 6.1 PPTS

Change in equity  
In €m



Return on average tangible equity (RoATE)<sup>1</sup>



<sup>1</sup> Annualised RoATE

PART 3  
CAPITAL MANAGEMENT

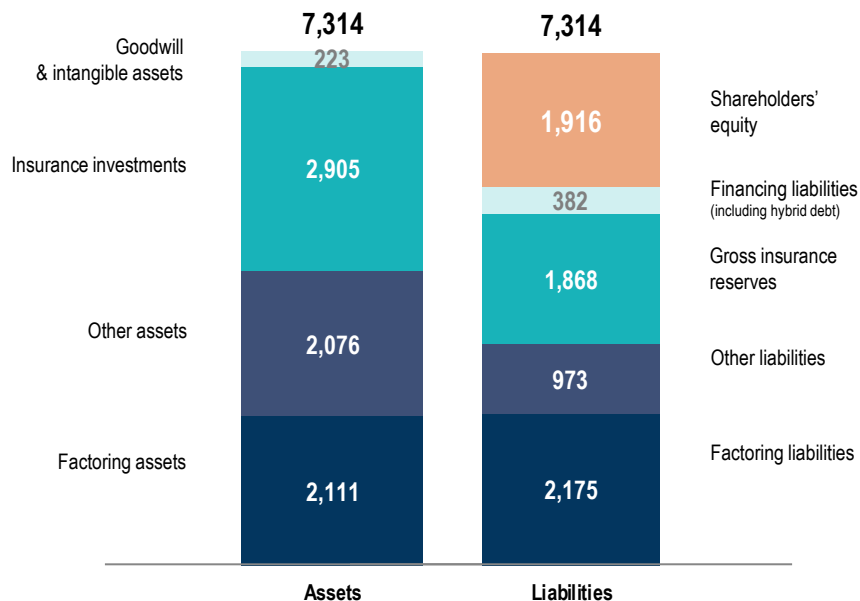
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# SOLID BALANCE SHEET

H1-2020 simplified balance sheet

In €m



## ► IFRS 17 “Insurance contracts”

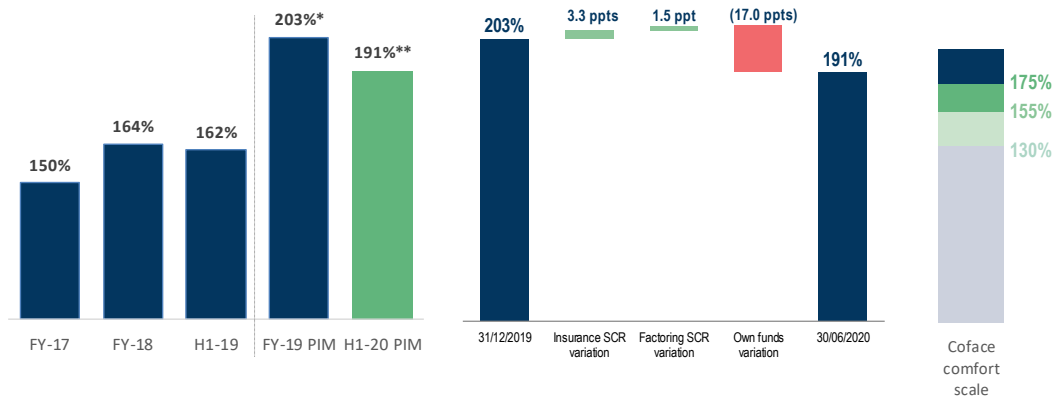
- Postponed by one year but project progressing as planned

## ► Financial strength

- Fitch: AA-, negative watch maintained on 14 May 2020
- Moody’s: A2, negative outlook credit opinion confirmed on 27 March 2020
- AM Best: A (Excellent), stable outlook Rating assigned on 24 February 2020

# ROBUST SOLVENCY OVER TIME

H1-2020 estimated Solvency ratio above target range



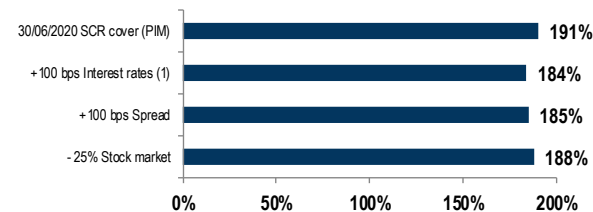
**Estimated Solvency above the upper range of the comfort scale (155% - 175%)**

**Insurance SCR up on premiums growth and higher retention**

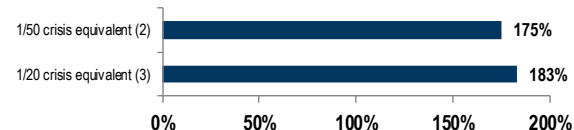
**Factoring required capital reflects new calculation for risk weightings**

\* End-2019 solvency ratio includes the impact of the decision taken on April 1 on the dividend, resulting in a gain of around 13 points on the group's solvency  
 \*\* 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 result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited

**Low sensitivity to market shocks**  
 market sensitivity tested through instantaneous shocks



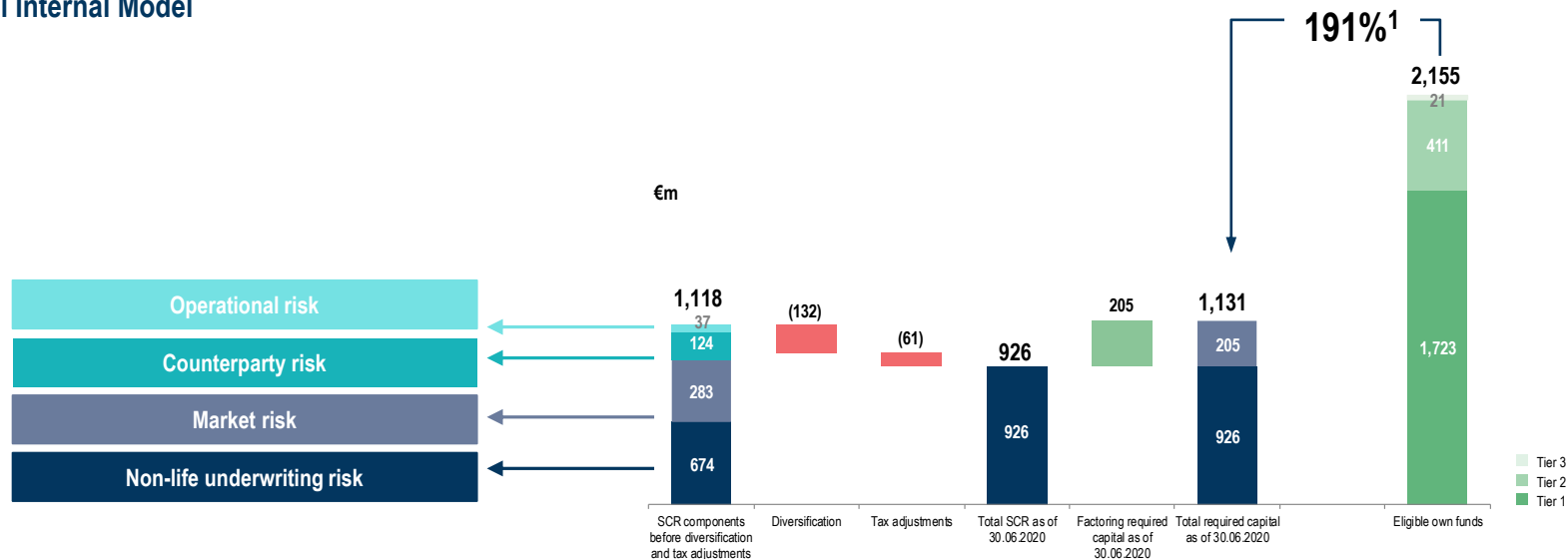
**Solvency requirement respected in crisis scenarios**



(1) +100 bps on credit and +50 bps for OECD government debt  
 (2) Based on the level of loss ratio corresponding to 98% quantile  
 (3) Based on the level of loss ratio corresponding to 95% quantile

# SOLVENCY REQUIRED CAPITAL AT 30 JUNE 2020

## Partial Internal Model



**Total solvency ratio computed by comparing the sum of SCR and Factoring required capital to the total available own funds eligible under Solvency II**

### SCR calculation

- 1 year time horizon; measures maximum losses in own funds with a 99.5% confidence level

### Factoring required capital

- 10.5% x RWA (RWA computed based on standard approach)

<sup>1</sup> The estimated Solvency ratio disclosed in this presentation is a preliminary calculation based on Coface's interpretation of Solvency II and using the Partial Internal Model; final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.

# PART 4

## KEY TAKE-AWAYS & OUTLOOK

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# KEY TAKE-AWAYS & OUTLOOK

## **Q2-2020 demonstrates Coface's continued resilience, agility and ability to remain profitable**

- Coface has generated €11.3m net profit in Q2-20 in a disrupted economic environment while maintaining prudent reserving
- Solvency ratio, excluding the temporary benefit from government schemes, remains well above the target range

## **Coface has successfully managed the first phase of the crisis and continues to deploy its Build to Lead strategy**

- Risk prevention actions remain at an elevated level, while selectively growing new business. Risk exposures are significantly down.
- New business, client retention, pricing and service revenues are all developing favourably
- Solvency is well above the target range allowing to continue to seize tactical opportunities as illustrated by recent acquisition (GK-Coface)
- We continue to cooperate with governments to support the economy

**The economic environment remains uncertain and is dependant on the sanitary situation.**

**In this context, Coface continues to both focus on execution in a difficult environment and to confidently implement its Build to Lead strategy for the long term.**

PART 5  
APPENDICES

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# KEY FIGURES (1/3)

## Quarterly and cumulated figures

Income statements items in €m - Quarterly figures	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	%	% ex. FX*
Gross earned premiums	299.0	306.3	312.6	317.7	301.2	297.9	(2.7)%	(1.1)%
Services revenue	66.4	60.8	58.3	59.9	69.3	56.3	(7.5)%	(7.1)%
<b>REVENUE</b>	<b>365.5</b>	<b>367.1</b>	<b>370.9</b>	<b>377.6</b>	<b>370.5</b>	<b>354.2</b>	<b>(3.5)%</b>	<b>(2.1)%</b>
<b>UNDERWRITING INCOME(LOSS) AFTER REINSURANCE</b>	<b>52.0</b>	<b>47.4</b>	<b>46.3</b>	<b>42.2</b>	<b>28.2</b>	<b>12.1</b>	<b>(74.4)%</b>	<b>(76.2)%</b>
Investment income, net of management expenses	5.1	11.5	11.8	8.5	2.7	14.0	+22.4%	+32.9%
<b>CURRENT OPERATING INCOME</b>	<b>57.2</b>	<b>58.9</b>	<b>58.0</b>	<b>50.7</b>	<b>30.9</b>	<b>26.2</b>	<b>(55.6)%</b>	<b>(54.6)%</b>
Other operating income / expenses	(0.2)	1.3	(1.0)	(6.1)	(0.2)	(1.6)	N.A	N.A
<b>OPERATING INCOME</b>	<b>56.9</b>	<b>60.3</b>	<b>57.0</b>	<b>44.6</b>	<b>30.7</b>	<b>24.6</b>	<b>(59.2)%</b>	<b>(58.2)%</b>
<b>NET INCOME</b>	<b>36.4</b>	<b>42.2</b>	<b>38.8</b>	<b>29.4</b>	<b>12.7</b>	<b>11.3</b>	<b>(73.2)%</b>	<b>(72.4)%</b>
Income tax rate	29.4%	28.9%	25.0%	29.1%	50.5%	39.9%	+ 11 pts	

Income statements items in €m - Cumulated figures	Q1-19	H1-19	9M-19	FY-19	Q1-20	H1-20	%	% ex. FX*
Gross earned premiums	299.0	605.3	917.9	1,235.6	301.2	599.1	(1.0)%	(0.4)%
Services revenue	66.4	127.3	185.6	245.5	69.3	125.5	(1.4)%	(1.5)%
<b>REVENUE</b>	<b>365.5</b>	<b>732.6</b>	<b>1,103.4</b>	<b>1,481.1</b>	<b>370.5</b>	<b>724.6</b>	<b>(1.1)%</b>	<b>(0.6)%</b>
<b>UNDERWRITING INCOME(LOSS) AFTER REINSURANCE</b>	<b>52.0</b>	<b>99.5</b>	<b>145.7</b>	<b>187.9</b>	<b>28.2</b>	<b>40.4</b>	<b>(59.4)%</b>	<b>(58.1)%</b>
Investment income, net of management expenses	5.1	16.6	28.4	36.9	2.7	16.7	+0.7%	+11.3%
<b>CURRENT OPERATING INCOME</b>	<b>57.2</b>	<b>116.1</b>	<b>174.1</b>	<b>224.9</b>	<b>30.9</b>	<b>57.1</b>	<b>(50.8)%</b>	<b>(48.2)%</b>
Other operating income / expenses	(0.2)	1.1	0.1	(6.0)	(0.2)	(1.8)	N.A	N.A
<b>OPERATING INCOME</b>	<b>56.9</b>	<b>117.2</b>	<b>174.2</b>	<b>218.9</b>	<b>30.7</b>	<b>55.4</b>	<b>(52.8)%</b>	<b>(50.2)%</b>
<b>NET INCOME</b>	<b>36.4</b>	<b>78.5</b>	<b>117.3</b>	<b>146.7</b>	<b>12.7</b>	<b>24.0</b>	<b>(69.5)%</b>	<b>(67.0)%</b>
Income tax rate	29.4%	29.2%	27.8%	28.0%	50.5%	46.0%	+ 16.8 pts	

\* Also excludes scope impact



# KEY FIGURES (2/3)

## Revenue by region: quarterly and cumulated figures

Total revenue by quarter - in €m	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	V% ex. FX*
Northern Europe	80.2	75.9	76.7	74.7	81.5	65.5	(13.7)%
Western Europe	74.9	72.6	71.9	75.3	71.8	70.7	(2.8)%
Central Europe	33.7	37.9	38.6	38.0	37.6	35.9	(2.1)%
Mediterranean & Africa	96.8	94.1	97.8	105.5	102.1	98.4	+5.6%
North America	31.5	36.6	34.6	35.8	34.7	34.5	(7.1)%
Latin America	21.1	18.7	21.8	19.0	17.0	17.7	+18.4%
Asia Pacific	27.3	31.3	29.5	29.4	25.7	31.4	(1.9)%
<b>Total revenue</b>	<b>365.5</b>	<b>367.1</b>	<b>370.9</b>	<b>377.6</b>	<b>370.4</b>	<b>354.2</b>	<b>(2.1)%</b>

Total revenue cumulated - in €m	Q1-19	H1-19	9M-19	FY-19	Q1-20	H1-20	V% ex. FX*
Northern Europe	80.2	156.1	232.8	307.5	81.5	147.0	(5.8)%
Western Europe	74.9	147.5	219.4	294.6	71.8	142.6	(3.7)%
Central Europe	33.7	71.5	110.1	148.1	37.6	73.5	+0.1%
Mediterranean & Africa	96.8	190.9	288.7	394.2	102.1	200.5	+5.6%
North America	31.5	68.1	102.7	138.5	34.7	69.2	(0.5)%
Latin America	21.1	39.8	61.6	80.7	17.0	34.7	+5.8%
Asia Pacific	27.3	58.7	88.2	117.6	25.7	57.1	(4.9)%
<b>Total Group</b>	<b>365.5</b>	<b>732.6</b>	<b>1,103.4</b>	<b>1,481.1</b>	<b>370.4</b>	<b>724.6</b>	<b>(0.6)%</b>

\* Also excludes scope impact

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# KEY FIGURES (3/3)

## Financial portfolio: quarterly figures

Financial portfolio	Q1-18	H1-18	9M-18	FY-18	Q1-19	H1-19	9M-19	FY-19	Q1-20	H1-20
Bonds	62%	64%	65%	66%	66%	67%	72%	74%	64%	64%
Loans, Deposit & other financial	22%	20%	20%	19%	20%	19%	13%	11%	23%	23%
Equities	8%	8%	7%	7%	6%	6%	6%	6%	4%	5%
Investment Real Estate	8%	8%	8%	8%	8%	9%	8%	8%	9%	8%
<b>Total investment portfolio (in €bn)*</b>	<b>2.75</b>	<b>2.73</b>	<b>2.69</b>	<b>2.70</b>	<b>2.79</b>	<b>2.78</b>	<b>2.90</b>	<b>2.85</b>	<b>2.77</b>	<b>2.75</b>

€m	Q1-18	H1-18	9M-18	FY-18	Q1-19	H1-19	9M-19	FY-19	Q1-20	H1-20
Income from investment portfolio without gains on sales**	10.0	21.3	32.7	40.7	10.6	23.5	32.6	44.6	9.4	18.6
Gains on sales and impairment, net of hedging***	2.3	1.8	4.5	4.3	(0.5)	0.4	1.6	3.1	(2.1)	(0.9)
FX effect	(3.1)	(8.3)	9.6	8.2	(1.1)	(0.3)	4.0	1.8	(2.4)	1.3
Other	(0.9)	(1.8)	(4.3)	(2.1)	(3.9)	(6.9)	(9.8)	(12.6)	(2.3)	(2.2)
<b>Net investment income</b>	<b>8.3</b>	<b>12.9</b>	<b>42.5</b>	<b>51.1</b>	<b>5.1</b>	<b>16.6</b>	<b>28.4</b>	<b>36.9</b>	<b>2.7</b>	<b>16.7</b>
<b>Accounting yield on average investment portfolio</b>	<b>0.4%</b>	<b>0.8%</b>	<b>1.4%</b>	<b>1.6%</b>	<b>0.4%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.7%</b>	<b>0.3%</b>	<b>0.6%</b>
<b>Accounting yield on average investment portfolio without Realized gains</b>	<b>0.4%</b>	<b>0.8%</b>	<b>1.2%</b>	<b>1.5%</b>	<b>0.4%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.6%</b>	<b>0.3%</b>	<b>0.7%</b>

\* Excludes investments in non-consolidated subsidiaries

\*\* Excludes investments in non-consolidated subsidiaries, FX and investment management charges

\*\*\* This represent the cumulative impact of realized gains and losses, impairments and impairments release, as well as equities & interest rate derivatives

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# GOVERNMENT SCHEMES FINALISED: MAIN FEATURES

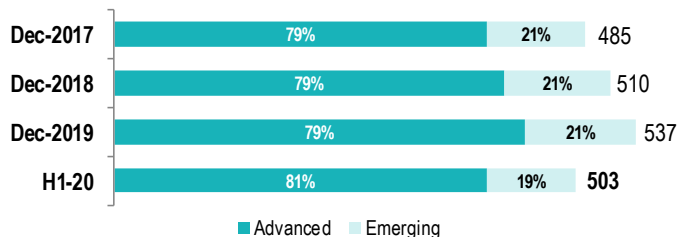
Country	% of exposure*	Type	Eligible Policy holders	Ceded premium	Ceded claims	Commissions
France	17.8%	Top-up	Domestic			
		Quota share	Domestic	75%	75%	35%
Germany	17.4%	Guarantee	Domestic & co-Insured	65%	90%	
Netherlands	4.5%	Quota share	All existing ones	100%	90%	~36%
			New Business	90%	90%	
UK	3.4%	Quota share	Any Insured paying insurance tax to UK	90%	90%	35%
Belgium	3.2%	Quota share	Domestic	Variable: 50%-84%		35%
Denmark	1.1%	Guarantee	Domestic	65%	90%	
Canada	0.6%	Top-up	Domestic			
Slovenia	0.6%	Top-up	Domestic			
Portugal	0.5%	Top-up	Domestic			
Israel	0.4%	Top-up	Domestic			
Norway	0.3%	Quota share	Domestic	65%	90%	

\* % of total exposure protected - policyholder view

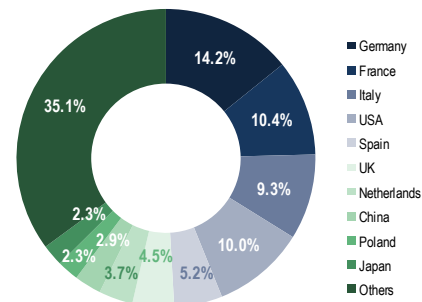
# TOTAL EXPOSURE DOWN 6.4%; EMERGING MAINTAINED AT A STABLE SHARE

Coface has improved the calculation of exposures with a consequence to show lower number due to the cancellation of some double counting. The historical data under the new methodology are presented on page 34.

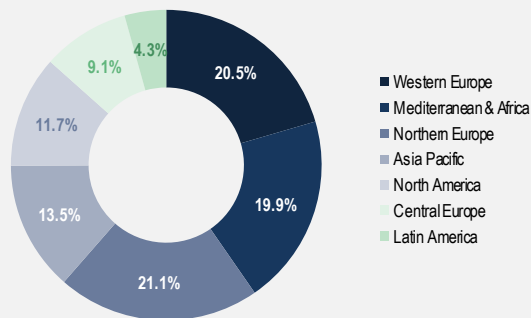
Evolution of total exposure<sup>1</sup> by country of debtor  
In €bn



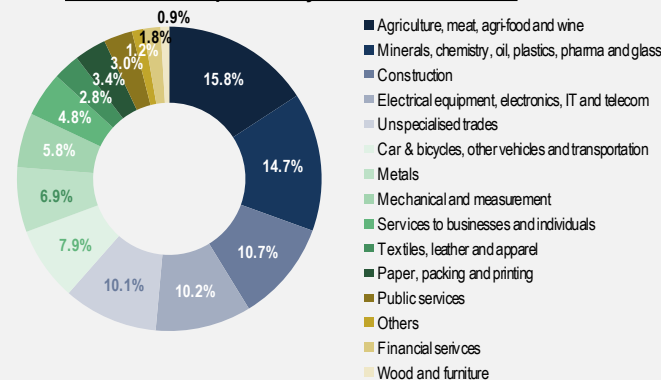
H1-2020 total exposure<sup>1</sup> – Top 10 countries vs. others  
In %



H1-2020 total exposure<sup>1</sup> by region



H1-2020 total exposure<sup>1</sup> by debtors' trade sector



<sup>1</sup> Insured receivables: theoretical maximum exposure under the group's insurance policies : €503.0bn as of 30/06/2020 vs €537.2bn as of 31/12/2019

# HISTORICAL EXPOSURE DATA

Coface has improved the calculation of exposures. The historical data under the new methodology are presented in the table below.

## Historical total exposure

In %

### By region

	FY-17	H1-18	FY-18	H1-19	FY-19	H1-20
Western Europe	21.5%	21.1%	21.0%	20.6%	20.2%	20.5%
Mediterranean & Africa	19.7%	19.3%	19.2%	19.6%	20.1%	19.9%
Northern Europe	21.2%	21.0%	20.7%	20.6%	19.9%	21.1%
Asia Pacific	12.9%	13.4%	13.4%	13.2%	13.3%	13.5%
North America	9.7%	10.0%	10.6%	11.0%	11.4%	11.7%
Central Europe	9.2%	9.2%	9.1%	9.1%	9.5%	9.1%
Latin America	5.8%	5.9%	6.0%	5.9%	5.6%	4.3%
<b>Total Group</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Top 10 countries vs. Others

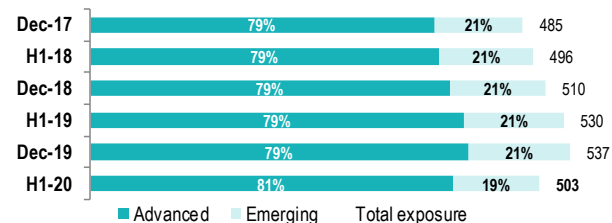
	FY-17	H1-18	FY-18	H1-19	FY-19	H1-20
Germany	15.1%	14.8%	14.6%	14.2%	13.6%	14.2%
France	10.6%	10.8%	10.9%	10.8%	10.5%	10.4%
Italy	8.6%	8.3%	8.2%	8.4%	8.8%	9.3%
USA	8.2%	8.4%	9.0%	9.4%	9.7%	10.0%
Spain	5.7%	5.7%	5.6%	5.6%	5.4%	5.2%
UK	5.8%	5.2%	4.8%	4.6%	4.4%	4.5%
Netherlands	3.2%	3.3%	3.3%	3.4%	3.4%	3.7%
China	2.5%	2.7%	2.7%	2.7%	2.8%	2.9%
Poland	2.6%	2.5%	2.3%	2.3%	2.4%	2.3%
Japan	2.2%	2.2%	2.2%	2.3%	2.3%	2.3%
Others	35.6%	36.2%	36.3%	36.3%	36.7%	35.1%
<b>Total Group</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### By debtors' trade sector

	FY-17	H1-18	FY-18	H1-19	FY-19	H1-20
Agriculture, meat, agri-food and wine	16.1%	16.0%	15.4%	15.4%	15.0%	15.8%
Minerals, chemistry, oil, plastics, pharma and glass	14.0%	14.1%	14.2%	14.5%	14.6%	14.7%
Construction	10.8%	10.9%	10.7%	10.8%	10.8%	10.7%
Electrical equipment, electronics, IT and telecom	10.2%	10.2%	10.5%	10.0%	10.2%	10.2%
Unspecialised trades	10.5%	10.1%	9.9%	9.8%	10.1%	10.1%
Car & bicycles, other vehicles and transportation	8.0%	8.2%	8.4%	8.6%	8.6%	7.9%
Metals	7.6%	7.8%	7.9%	7.8%	7.6%	6.9%
Mechanical and measurement	5.7%	5.8%	5.8%	5.8%	5.7%	5.8%
Services to businesses and individuals	3.9%	4.0%	4.3%	4.5%	4.5%	4.8%
Textiles, leather and apparel	3.6%	3.5%	3.3%	3.2%	3.2%	2.8%
Paper, packing and printing	3.2%	3.2%	3.1%	3.1%	3.1%	3.4%
Public services	2.4%	2.4%	2.6%	2.8%	2.9%	3.0%
Others	1.4%	1.4%	1.3%	1.3%	1.3%	1.2%
Financial services	1.4%	1.4%	1.5%	1.5%	1.5%	1.8%
Wood and furniture	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%
<b>Total Group</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Evolution of total exposure<sup>1</sup> by country of debtor

In €bn



<sup>1</sup> Insured receivables: theoretical maximum exposure under the group's insurance policies : €503.0bn as of 30/06/2020 vs €537.2bn as of 31/12/2019

# COMBINED RATIO CALCULATION

## ▶ Combined ratio before reinsurance

$$\text{loss ratio before reinsurance } \frac{(B)}{(A)} + \text{cost ratio before reinsurance } \frac{(C)}{(A)}$$

## ▶ Combined ratio after reinsurance

$$\text{loss ratio after reinsurance } \frac{(E)}{(D)} + \text{cost ratio after reinsurance } \frac{(F)}{(D)}$$

Ratios	H1-19	H1-20
Loss ratio before reinsurance	40.9%	59.0%
<b>Loss ratio after reinsurance</b>	<b>44.0%</b>	<b>57.4%</b>
Cost ratio before reinsurance	33.9%	33.2%
<b>Cost ratio after reinsurance</b>	<b>32.0%</b>	<b>31.2%</b>
Combined ratio before reinsurance	74.8%	92.1%
<b>Combined ratio after reinsurance</b>	<b>76.0%</b>	<b>88.6%</b>

In €k	H1-19	H1-20
<b>Earned Premiums</b>		
<b>Gross earned premiums [A]</b>	<b>605,297</b>	<b>599,087</b>
Ceded premiums	(175,172)	(237,957)
<b>Net earned premiums [D]</b>	<b>430,125</b>	<b>361,129</b>
<b>Claims expenses</b>		
<b>Claims expenses [B]</b>	<b>(247,368)</b>	<b>(353,275)</b>
Ceded claims	56,763	78,216
Change in claims provisions	1,378	67,714
<b>Net claims expenses [E]</b>	<b>(189,226)</b>	<b>(207,344)</b>
<b>Technical expenses</b>		
Operating expenses	(334,825)	(325,165)
Employee profit sharing and incentive plans	2,420	894
Other revenue	127,283	125,533
<b>Operating expenses, net of revenues from other services before reinsurance [C]</b>	<b>(205,122)</b>	<b>(198,739)</b>
Commissions received from reinsurers	67,267	86,058
<b>Operating expenses, net of revenues from other services after reinsurance [F]</b>	<b>(137,855)</b>	<b>(112,681)</b>

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## Q2-20 RESULTS VS CONSENSUS

in M€	# of replies	Consensus	Q2-20	Spread	Comment
<b>Total revenue</b>		341	<b>354</b>	<b>+13</b>	Better new business and retention offset weak activity
Gross Earned Premiums		287	298	+11	
Net Earned Premiums		195	142	(53)	Government schemes come in force
<b>NEP/GEP</b>		<b>67.9%</b>	<b>47.7%</b>	<b>(20.2) ppts</b>	<b>Government schemes come into force</b>
<b>Net underwriting income</b>		<b>-8</b>	<b>12</b>	<b>+20</b>	<b>Better loss ratio</b>
Net Investment Income		8	14	+6	Positive impact from market rebound
<b>Current operating income</b>		<b>0</b>	<b>26</b>	<b>+26</b>	<b>Better underwriting and financial income</b>
Other operating & Restructuring charges (Fit to Win)		0	-2	(2)	Limited charges
<b>Operating Income</b>		<b>0</b>	<b>25</b>	<b>+25</b>	<b>Better underwriting and financial income</b>
<b>Net income</b>		<b>-3</b>	<b>11</b>	<b>+14</b>	<b>Higher tax rate on higher losses</b>
Net Loss Ratio (%)		69.4%	57.9%	(11.5) ppts	Resilient in the crisis
Net Cost Ratio (%)		33.6%	33.5%	(0.1) ppt	Strict cost control offset lower commissions
<b>Net Combined Ratio (%)</b>		<b>103.0%</b>	<b>91.4%</b>	<b>(11.6) ppts</b>	<b>Better loss ratio</b>



# MANAGEMENT TEAM

## GROUP CENTRAL FUNCTIONS

**Xavier DURAND**  
CEO



30+ years of international experience in regulated financial services  
Working for Coface since 2016

**Pierre BEVIERE**  
Human Resources Director



25+ years of experience in insurance & related services  
Working for Coface since 2017

**Nicolas de BUTTET**  
Transformation Office Director



15+ years of experience in credit insurance  
Working for Coface since 2012

**Cyrille CHARBONNEL**  
Underwriting Director



25+ years of experience in credit insurance  
Working for Coface since 2011

**Nicolas GARCIA**  
Commercial Director



20 years of experience in credit insurance  
Working for Coface since 2013

**Carole LYTTON**  
General Secretary



30+ years of experience in credit insurance  
Working for Coface since 1983

**Carine PICHON**  
CFO & Risk Director



15+ years of experience in credit insurance  
Working for Coface since 2001

**Keyvan SHAMSA**  
Business Technology Director



25+ years of experience in financial market information systems  
Working for Coface since 2018

**Thibault SURER**  
Strategy & Business Development Dir.



25+ years of experience in financial services  
Working for Coface since 2016

## REGIONAL FUNCTIONS

**Carmina ABAD SANCHEZ**  
Latin America CEO



30+ years of experience in the insurance industry  
Working for Coface since 2018

**Declan DALY**  
Central Europe CEO



25 years of experience in financial services and manufacturing  
Working for Coface since 2017

**Bhupesh GUPTA**  
Asia Pacific CEO



25 years of international experience in credit, origination and risk  
Working for Coface since 2016

**Katarzyna KOMPOWSKA**  
Northern Europe CEO



25 years of experience in credit insurance & related services  
Working for Coface since 1990

**Antonio MARCHITELLI**  
Western Europe CEO



20 years of experience in insurance  
Working for Coface since 2013

**Cécile PAILLARD**  
Mediterranean & Africa CEO



15+ years of experience in insurance  
Working for Coface since 2017

**Oscar VILLALONGA**  
North America CEO



20+ years of experience in financial services  
Working for Coface since 2019

# CORPORATE GOVERNANCE

Board of Directors									
<b>Chairman</b>	<table border="1"> <tr> <td><b>François RIAHI</b></td> </tr> <tr> <td><i>CEO of Natixis</i></td> </tr> </table>			<b>François RIAHI</b>	<i>CEO of Natixis</i>				
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<b>Non independent members</b>	<table border="1"> <tr> <td><b>Jean ARONDEL</b></td> </tr> <tr> <td>➤ BPCE</td> </tr> </table>	<b>Jean ARONDEL</b>	➤ BPCE	<table border="1"> <tr> <td><b>Nathalie BRICKER</b></td> </tr> <tr> <td>➤ Natixis</td> </tr> </table>	<b>Nathalie BRICKER</b>	➤ Natixis	<table border="1"> <tr> <td><b>Daniel KARYOTIS</b></td> </tr> <tr> <td>➤ BPCE</td> </tr> </table>	<b>Daniel KARYOTIS</b>	➤ BPCE
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# FINANCIAL CALENDAR & INVESTOR RELATIONS CONTACTS

## Calendar

Next Event	Date
9M-2020 Results	29 October 2020 after market close

## Coface is scheduled to attend the following investor conferences

Next Event	Date
Autumn conference - Kepler	7 September 2020 (virtual)
BoA-ML CEO Conference	22 September 2020 (virtual)
European Mid Cap CEO Conference - Exane BNP Paribas	16 November 2020 (virtual)

## Own shares transactions

Date	Liquidity Agreement	LTIP	Buy-back (cancellation)	Own shares transactions		
				TOTAL (in shares)	% Total of # Shares	Voting rights
30/06/2020	271,322	1,063,069	0	1,334,391	0.88%	150,697,558

## IR Contacts: [investors@coface.com](mailto:investors@coface.com)

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# IMPORTANT LEGAL INFORMATION

## IMPORTANT NOTICE:

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Participants should read the interim financial report for the period ending 30 June 2020 and complete this information with the Universal Registration Document for the year 2019. The Universal Registration Document for 2019 was registered by the *Autorité des marchés financiers* ("AMF") on 16 April 2020 under the number D.20-0302. These documents all together present a detailed description of the Coface Group, its business, strategy, financial condition, results of operations and risk factors.

This presentation contains certain forward-looking statements. Such forward looking statements in this presentation are for illustrative purposes only. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on Coface Group's current beliefs, assumptions and expectations of its future performance, taking into account all information currently available. The Coface Group is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document.

Forward-looking information and statements are not guarantees of future performance and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Coface Group. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under Chapter 5 "Main risk factors and their management within the Group" (*Chapitre 5 "Principaux facteurs de risque et leur gestion au sein du Groupe"*) in the Universal Registration Document.

This presentation contains certain information that has not been prepared in accordance with International Financial Reporting Standards ("IFRS"). This information has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under IFRS.

More comprehensive information about the Coface Group may be obtained on its Internet website (<http://www.coface.com/Investors>).

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