



S1 2010 Results

30 | 08 | 2010

Press presentation

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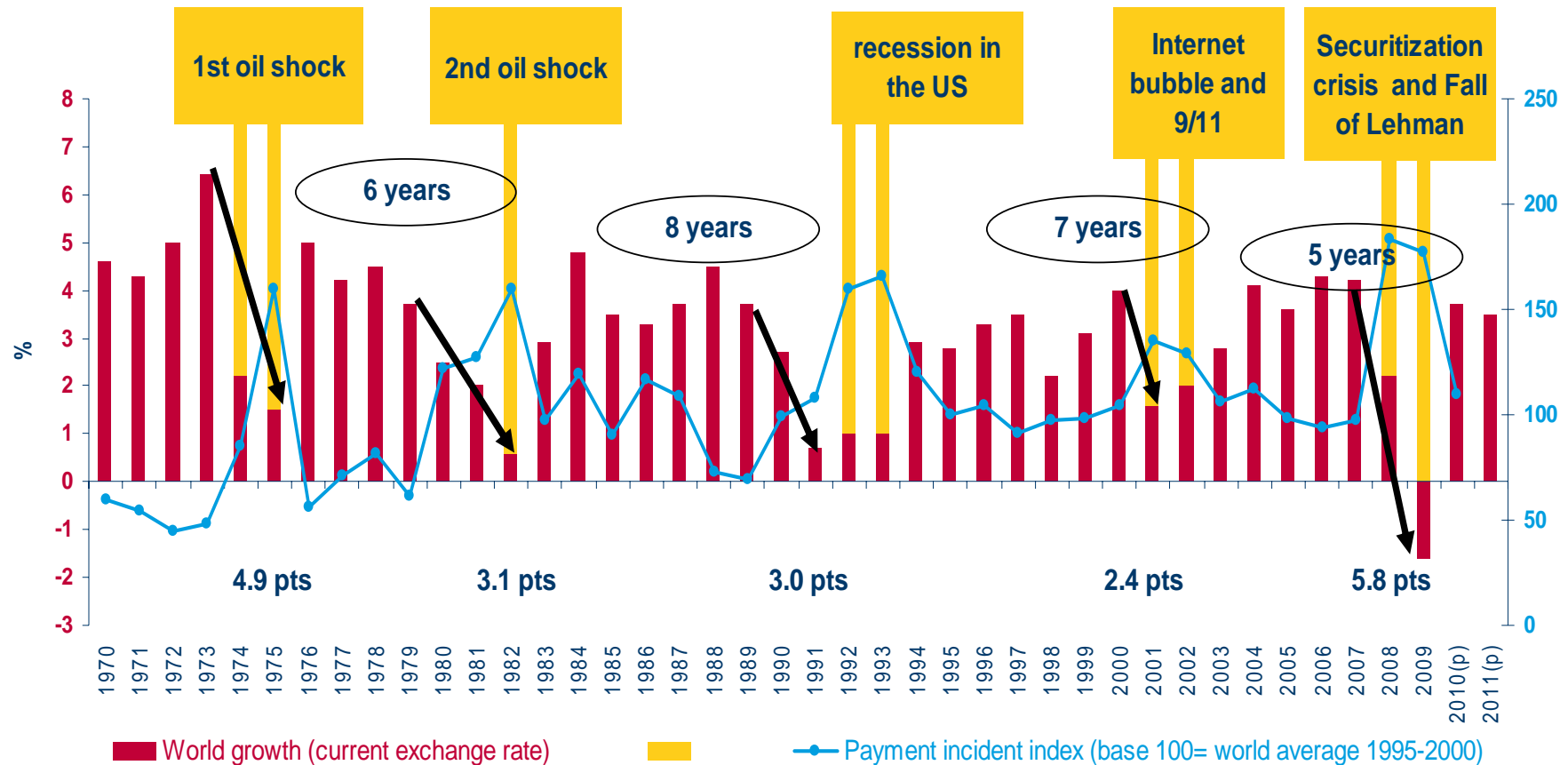
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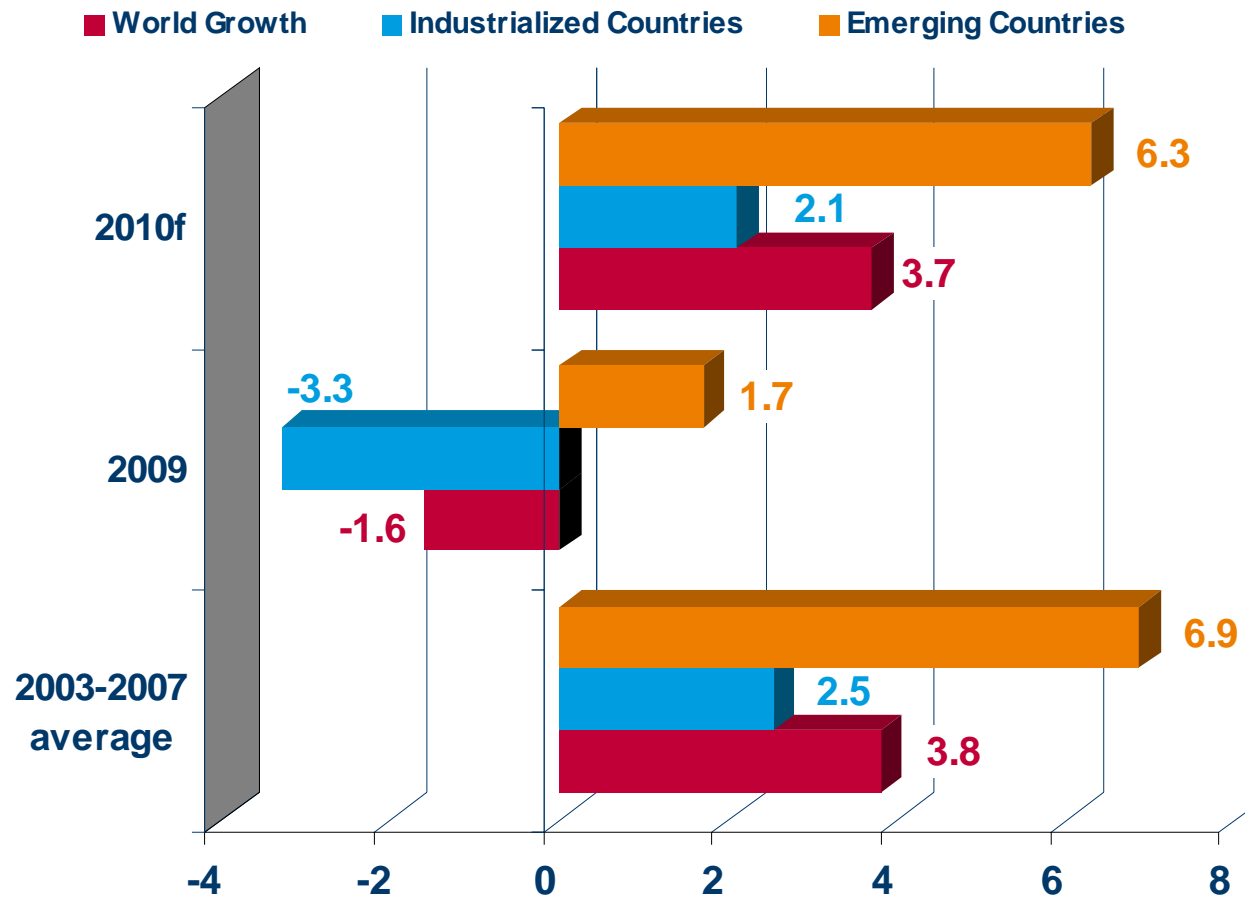
Chapter 1

— Review of the economic situation

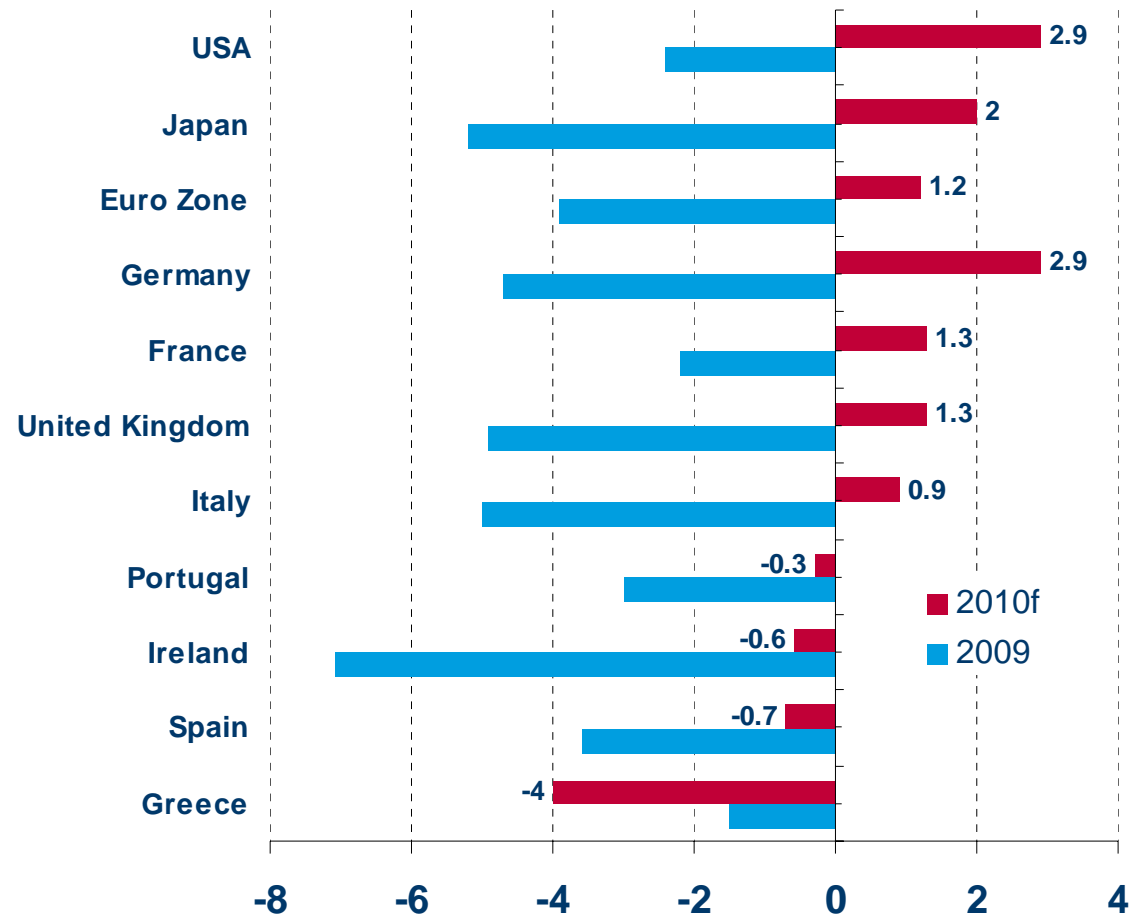
World growth : towards stabilization



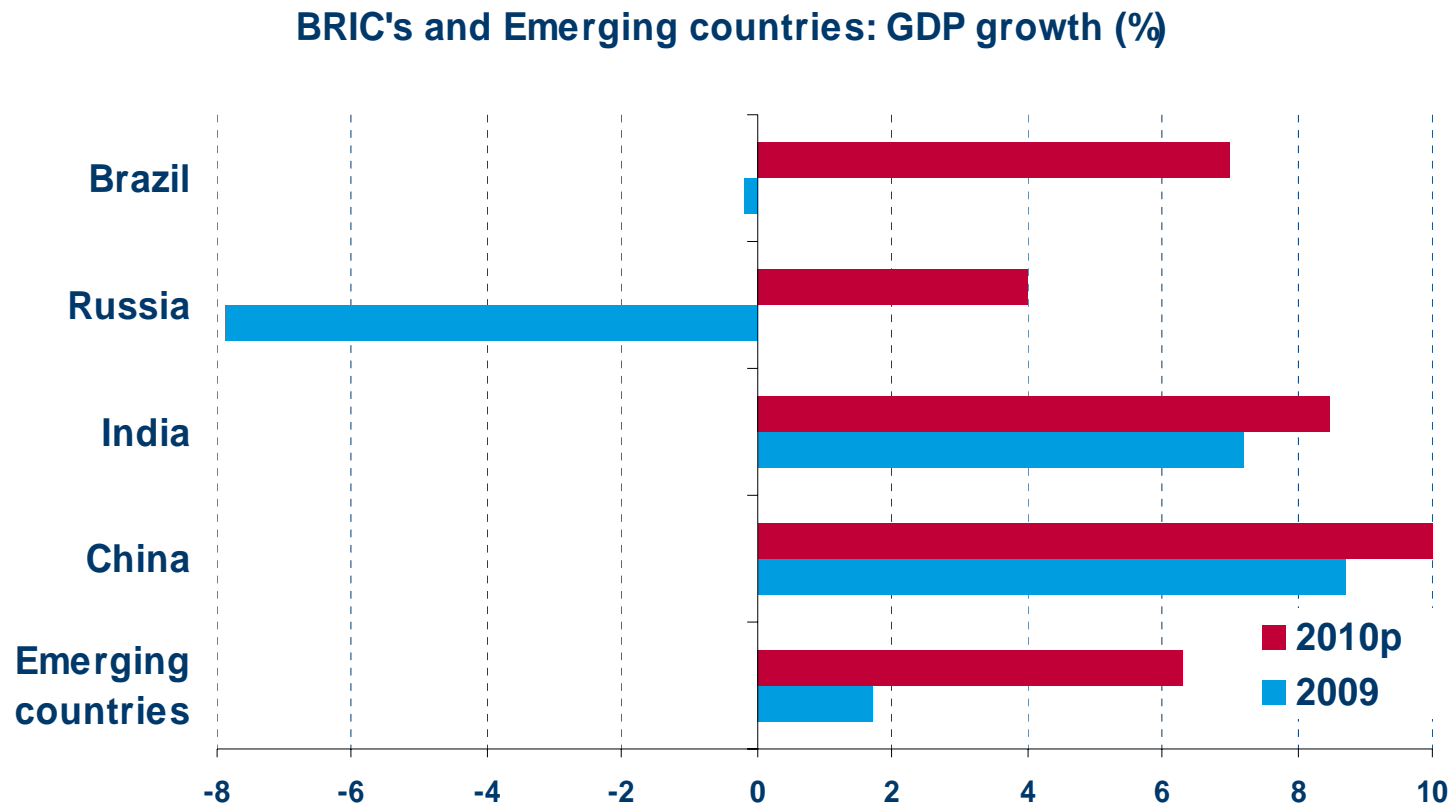
2010 : the end of the crisis is confirmed



2010: a multi-speed recovery → among industrialized countries



2010: a two-speed recovery → among emerging countries



2011 : slowdown looming but no double dip

- There are constraints to growth : drop in US households consumption (18% of World GDP) ; restrictive budgetary policies in Europe.
- But the *Double dip scenario* should be avoided thanks to a still possible recourse to reflationary policies in China and in the US and to the world trade dynamism sustained by emerging countries growth.
- Coface GDP forecasts for 2011 are far from the “credit crisis” thresholds (a world growth contraction larger than 2 GDP points leading to a growth level lower than 2%).

	Coface forecasts 2011	"credit crisis" thresholds
GDP growth contraction	-0,2%	less than -2%
GDP growth level	3.5%	less than 2%

A double dip could result from an increase of the Chinese bubble, and even more from a persisting significant leverage of speculative liquidities

	<i>Current Stage</i>	<i>Outlook</i>
➤ <i>Public Debts</i>	<i>stabilisation</i>	<i>starts resorbing itself</i>
➤ <i>Credit</i>		
<i>Industrialised Countries</i>	<i>has burst</i>	<i>absorbing itself</i>
<i>Emerging Countries</i>	<i>has burst</i>	<i>absorbing itself</i>
➤ <i>Real Estate</i>	<i>has burst</i>	<i>absorbing itself</i>
➤ <i>Stock Markets</i>	<i>reforming</i>	<i>high volatility</i>
➤ <i>Overcapacities in China</i>	<i>reforming</i>	<i>amplification</i>
➤ <i>Speculation in financial markets (exchange rates, stocks, bonds, commodities...)</i>	<i>reforming</i>	<i>high volatility</i>

Coface's observatory of French bankruptcies : a strong improvement in July

A good first half year : the 3 indicators are improving

(on rolling 12 months period)

- Number of bankruptcies :
 - at the end of June 2010 (64,626) compared with end December 2009 (64,434) : **0%**
- Financial cost for suppliers :
 - at the end of June 2010 (€4.1bn) compared with end December 2009 (€4.8bn) : **-13%**
- Number of jobs threatened :
 - at the end of June 2010 (223,130) compared with end December 2009 (229,097) : **-3%**

An excellent month of July :

- Number of bankruptcies :
 - July 2010 (4,692) compared with July 2009 (5,221) : **-10%**
- Financial cost for suppliers :
 - July 2010 (€285m) compared with July 2009 (€439m) : **-35%**
- Number of jobs threatened :
 - July 2010 (15,871) compared with July 2009 (22,229) : **-29%**

Chapter 2

— S1 2010 Results

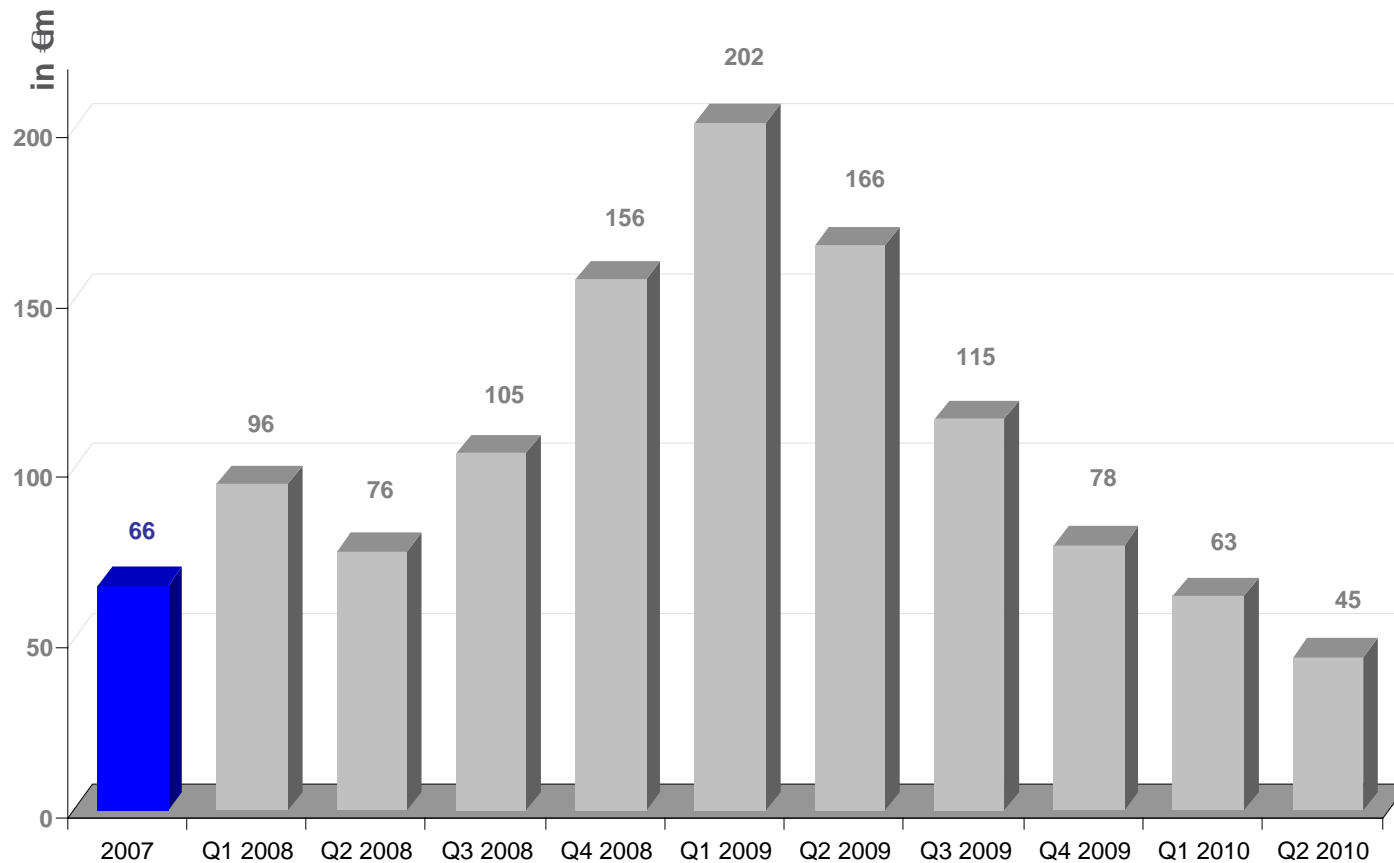
A result trend once again very positive thanks to the rebound in insurance...

<i>in €m</i>	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10
Consolidated Net Profit (Loss)	-37	-80	-49	3	15	20
Current operating profit (loss)	-76	-126	-38	-9	24	31
Insurance	-90	-143	-54	-20	13	15
Services	12	12	6	6	8	6
Factoring	2	5	10	4	3	10

(*) net of financing costs

...carried by a fast recovery of the claims rate

Claims notifications (monthly average)



Estimated of the claims rate to be taken into account for the first half year (61%) remains very cautious

<i>in %</i>	2007	S1 08	S2 08	S1 09	S2 09	S1 10	Q1 10	Q2 10
Insurance ratio (*)	49%	56%	89%	116%	78%	61%	63%	59%

(*) excluding operating expenses for claims and earned premiums

The accounting claims rate results of S1 2010 is explained by :

- ✓ at 37 % by the end of the underwriting years 2008-2009 ; the hypothesis of the ratio to the ultimate claims rate is brought back from 112% to 110% and that of 2009 from 78% to 75% (liquidation boni).
- ✓ at 63% by the beginning of the underwriting year 2010 positive run off effect cautiously estimated at 59%.
 - ✓ As a comparison, the instantaneous loss ratio over the first 6 months of 2010 is only 39%

This strong improvement of the claims rate can be explained by the evolution of the economic situation and by a much larger quality of insured risks

<i>In €bn</i>	2007	2009	June -10	Change June 10/Dec 2007
Gross exposure	354	366	377	+ 6%
Weighted exposure	677	439	501	-26%
Weighted exposure / premiums	774	470	508	-34%

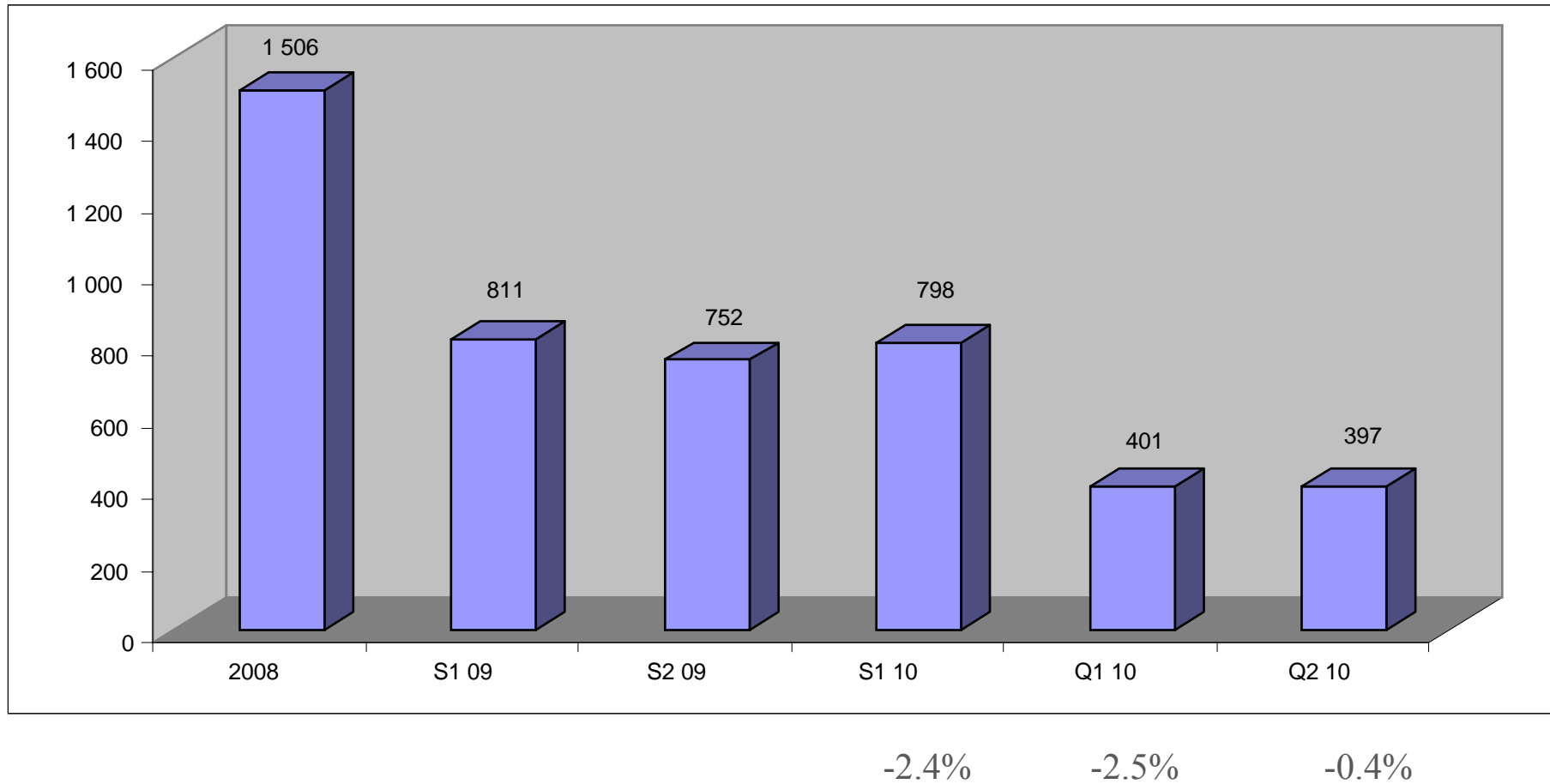
- ✓ The service given to the insured, measured by the gross insured exposures has remained practically stable between end of 2007 and the end of 2009, and increased again from the S1 2010.
- ✓ The risks carried, measured by the exposures weighted by the rating of each insured debtor, have however undergone a very strong decrease from €677m to €501m hence 26%.
- ✓ As the premiums have increased at the same time by 13%, the ratio exposures / premiums has improved by 34% for the same period.

*Gross weighted exposures with the debtors rating

The turnover has stabilised after a 6 month drop

in €m

Consolidated turnover



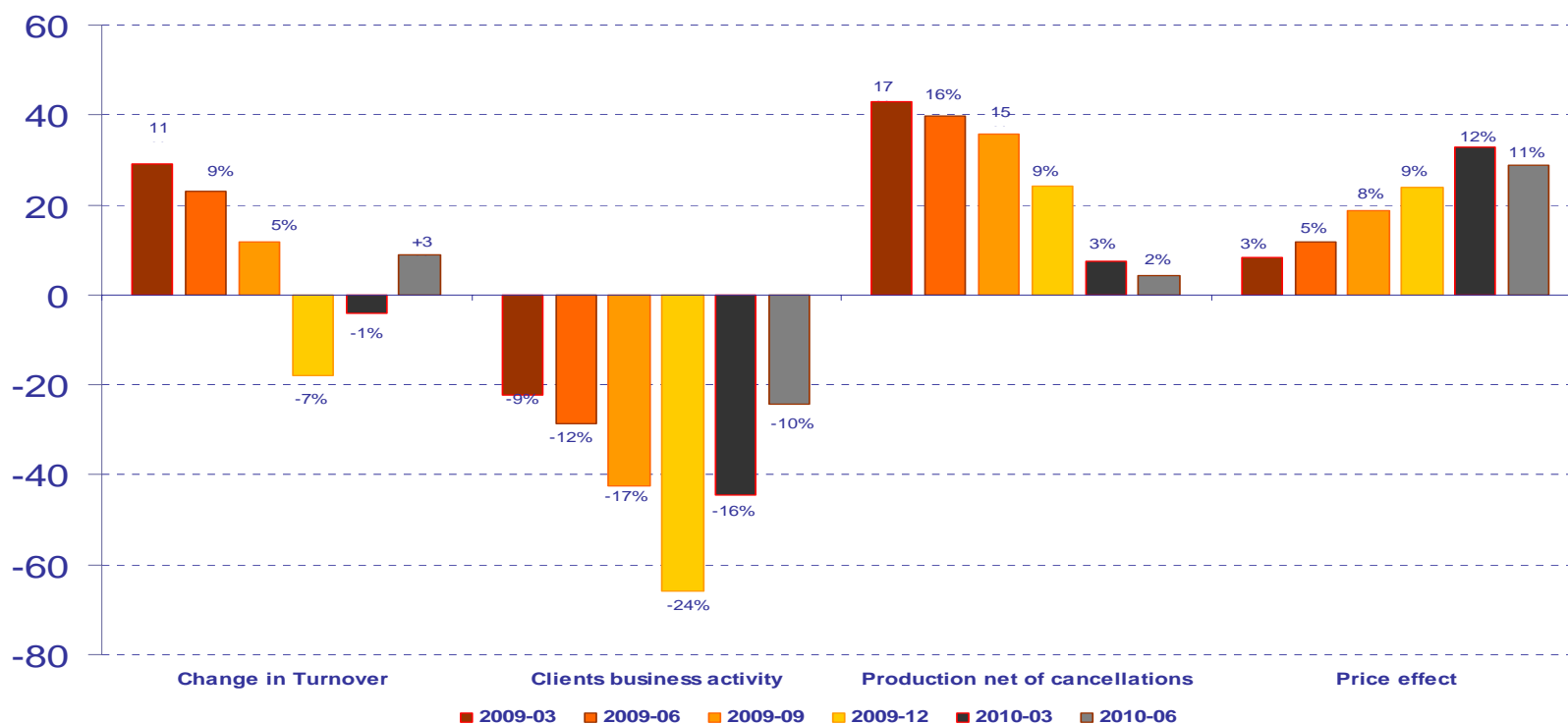
Credit-insurance: growth restarts

The turnaround in the turnover evolution can be explained by...

... by insured companies starting to invoice again on Q3 2009 (*)...

...the sale dynamism which remains positive ...

...and the impact of the pricing revision which is strengthened



* The encashment of the credit insurance premiums is deferred from 1 to 2 quarters compared with the invoicing of the insurants.

Factoring : excellent performances confirmed

<i>in €m</i>	2008	S1 09	S2 09	S1 10	Q1 10	Q2 10
Turnover (NBI)	100	48	54	54	25	29
Loss ratio (*)	14%	26%	11%	16%	22%	11%
Operational margin	37	7	14	13	3	10
(*) cost of risk / net banking income						

- ✓ The growth of turnover is back to double digits, its pre-crisis pace (+14% at S1 2010 and even 21% at Q2).
- ✓ The claims rate is still under control and this business line confirms its positive contribution to the margin all along the cycle.

Services: good control of operational margin in a still affected market

<i>in €m</i>	2008	S1 09	S2 09	S1 10	Q1 10	Q2 10
Turnover	270	143	133	131	66	65
Operating margin	39	24	12	14	8	6

- ✓ The external turnover is still under pressure with -8% over 6 months, due to a base effect on public guarantees' remuneration, the economic situation recovery which weights on receivables management and a still affected market of the marketing information.
- ✓ The internal turnover (cancelled in consolidation) is still increasing (+33% at €17m) due to the ongoing integration of the group.
- ✓ The strict control of costs allows a stable operational margin.

The control of management costs

in €m	S1 10	S1 09	% Current basis	% Comparable basis
Commissions	66	65	2,3%	0,0%
Operational management costs	336	334	0,4%	0,2%
Total management costs	402	399	0,7%	0,2%

Geographical breakdown of results

	S1 09	S1 10	change S1 10/S109	
<i>in €m, management costs</i>			in €m	in %
France				
Turnover	242	223	-19	-8%
Operational margin	-116	24	140	NA
Germany				
Turnover	158	176	18	12%
Operational margin	7	37	30	405%
Rest of Europe				
Turnover	286	280	-6	-2%
Operational margin	-80	4	84	NA
Outside Europe				
Turnover	174	148	-26	-15%
Operational margin	-72	16	88	NA

A reinforced financial solidity

<i>in €m</i>	2007	2008	2009	June 10
Consolidated shareholders' equity	1 176	1 165	1 084	1 311
Debt ratio(*)	24%	32%	42%	24%

- The shareholders equity at the end of June 2010 is increasing by 21% compared to December 2009, and by 11% compared to December 2007, pre-crisis.
- The RWE (**) are decreasing at the same time by 26%.
- And the premiums are increasing by 13%.
 - These are the three main indicators of the financial solidity of Coface which have considerably improved as compared to the pre-crisis.
- The debt ratio is now back to 24%, its pre-crisis level.

(*) financial debts / Shareholders' equity, excluding factoring debts

(**) Risk Weighted Exposures (RWE) = weighted exposures in function of the rating of the debtor, in € bn

The strategic plan 2010 - 2012 is being set up

It aims at 3 objectives :

- an improvement in service to clients
- an improvement in the quality of underwriting
- and productivity gains of 3 points per year

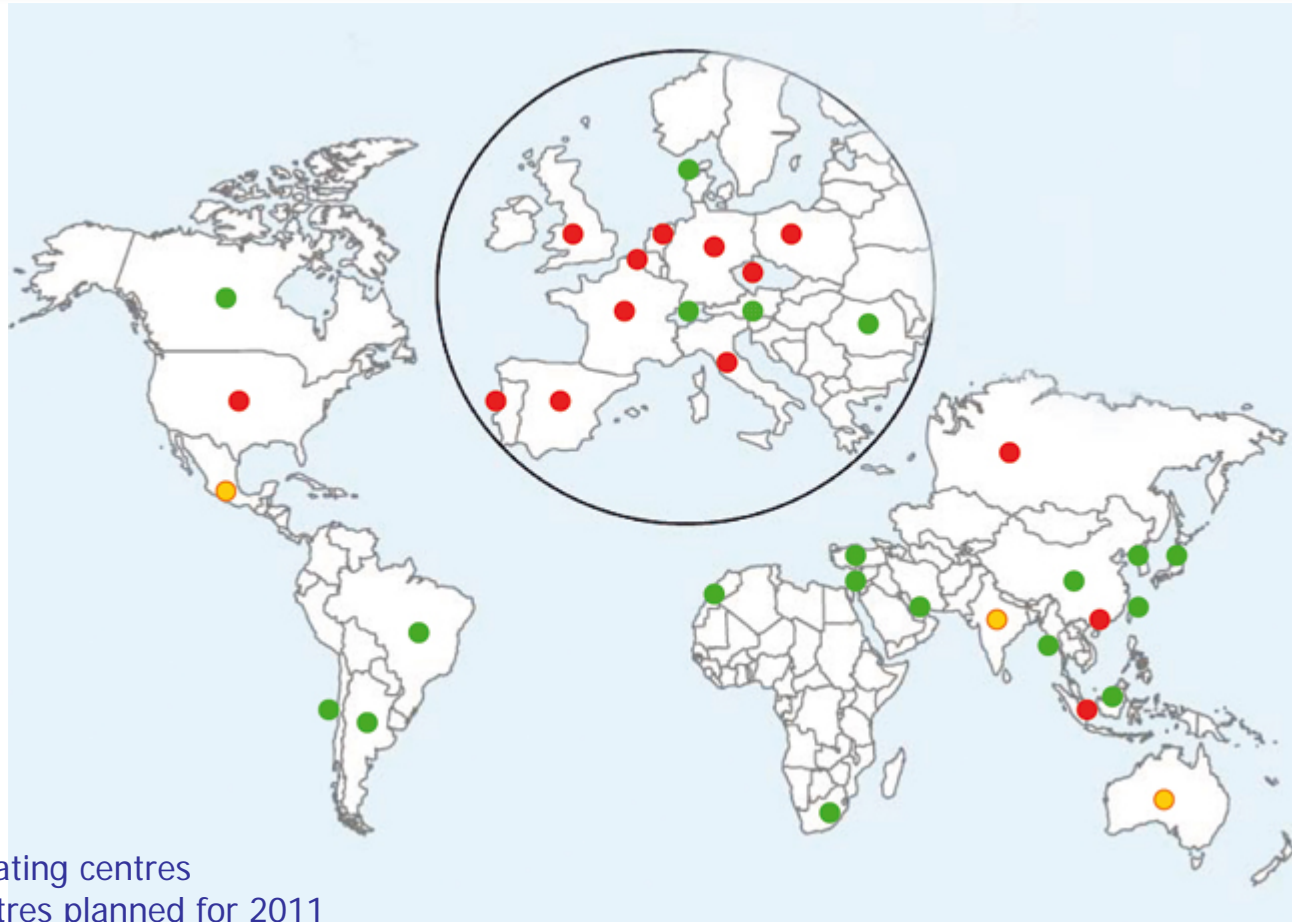
Among the first realizations :

- in Credit Insurance :
 - from now on the weighted exposures are the central tool for risk management steering : all of the 30,000 insureds have now got access to the scores of all of their 3 million clients, and from October they will permanently be able to have access to the weighted risks corresponding to their contracts; imbalances in one way or another could be corrected.
 - the access for the insureds to a local dialogue on risks will be rolled out to 59 countries (as opposed to 30 today), but the underwriting will be concentrated in 19 platforms (as opposed to 39 today).

The strategic plan 2010 - 2012 is being set up

- in Factoring :
 - Coface maintains the most widespread network of the sector with 27 countries, but has concentrated the underwriting in 10 platforms (as opposed to 27)
- in Services :
 - The local information offer to third parties has been reduced to 24 countries (as opposed to 43) : those in which Coface is or could become in the position of leader
 - The responsibility on the internal ratings of large risks has been transferred to the Services line (already in charge of the scoring of small risks), and the means are reinforced ; at the same time, this rating «large risks» is open to rated companies, to financial institutions which are interested, and on the 13th of July Coface submitted its request for accreditation as a rating agency to the CESR in light of the new European regulation.

A global and decentralised rating agency



- 14 Existing rating centres
- 3 Rating centres planned for 2011
- 19 Countries with at least one rating analyst

2010 outlook

- turnover growth once again positive
- further improvement in the claims rate
- continuation in cost control

Appendices

Country Risk rating

Main changes in S1 2010

→ Country risk rating : positive evolution

		<i>Changes in 2010</i>			<i>Changes in 2010</i>		
Australia	A1	<i>march</i>	Costa Rica	A4	<i>june</i>	Albania	C
Canada	A1	<i>march</i>	Estonia	A4	<i>june</i>	Ecuador	C
Japan	A1	<i>june</i>	Lituania	A4	<i>june</i>	Russia	C ↗
New-Zealand	A1	<i>march</i>	Mexico	A4	<i>march</i>	Côte d'Ivoire	D
Singapore	A1	<i>june</i>	Panama	A4	<i>june</i>	Bolivia	D ↗
Switzerland	A1	<i>june</i>	Brazil	A4 ↗	<i>june</i>	Ukraine	D ↗
Czech Republic	A2	<i>march</i>	El Salvador	B	<i>june</i>		
United States	A2 ↗	<i>march</i>	Guatemala	B	<i>june</i>		
Hong Kong	A2 ↗	<i>june</i>	Dominicam Rep.	B	<i>june</i>		
Taiwan	A2 ↗	<i>june</i>	Jordan	B	<i>march</i>		
Slovakia	A3	<i>march</i>	Peru	B ↗	<i>june</i>		
United Kingdom	A3 ↗	<i>june</i>	Turkey	B ↗	<i>june</i>		
			Uruguay	B ↗	<i>june</i>		

→ Country risk rating : **negative evolution**

Greece **A4** *june*

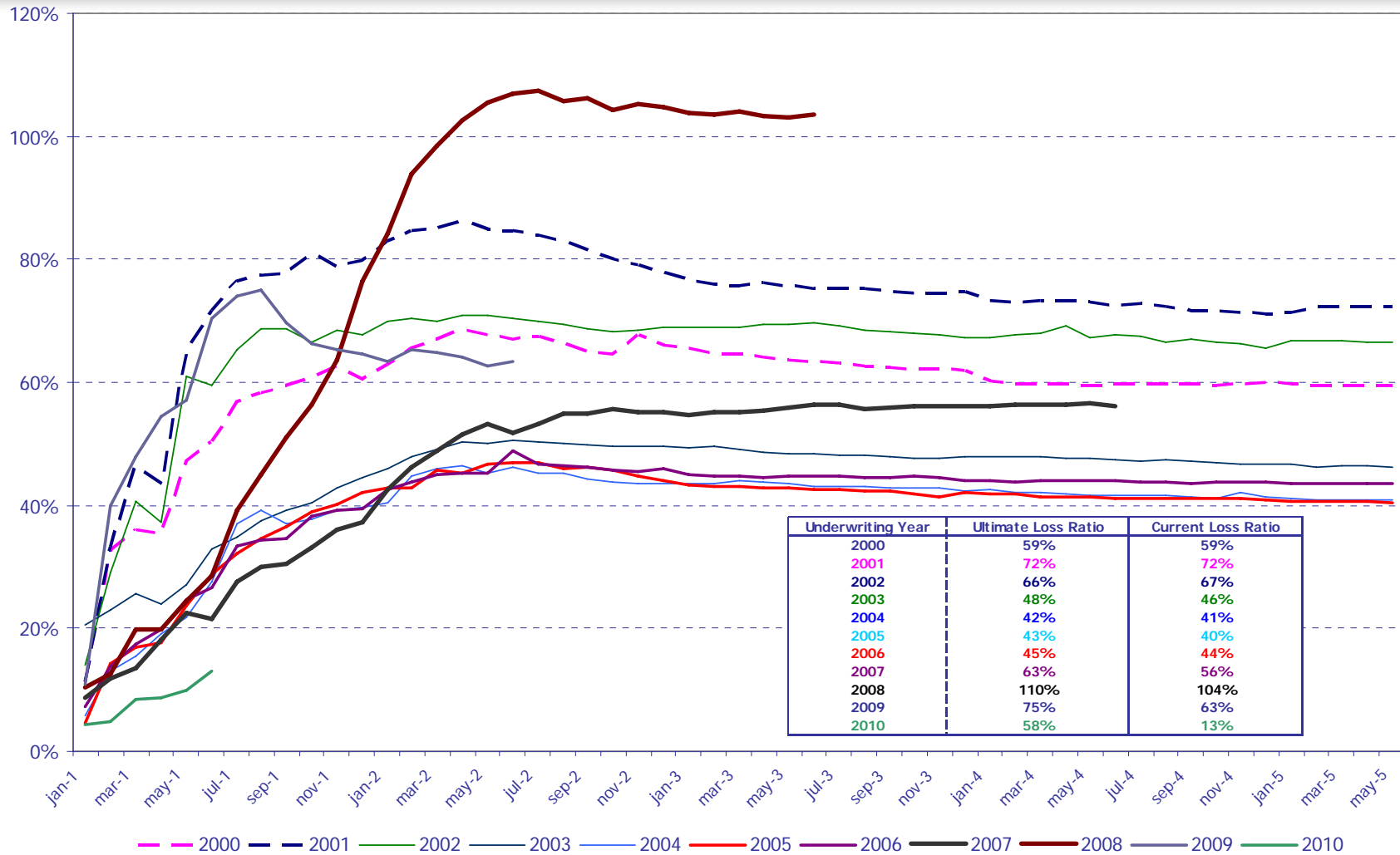
→ Business climate rating : **negative evolution**

United Arab Emirates **A4** *june*

Algeria **B ↘** *june*

Mauritania **D** *june*

Loss Ratio per underwriting year

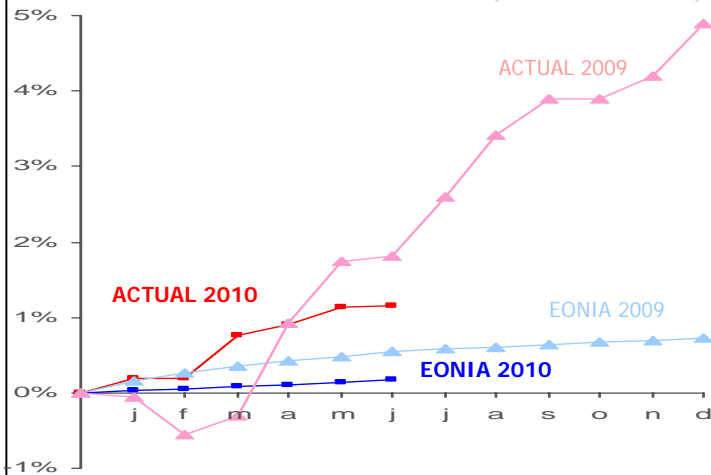


The bounce back in the insurance line with a stabilised change on the premiums

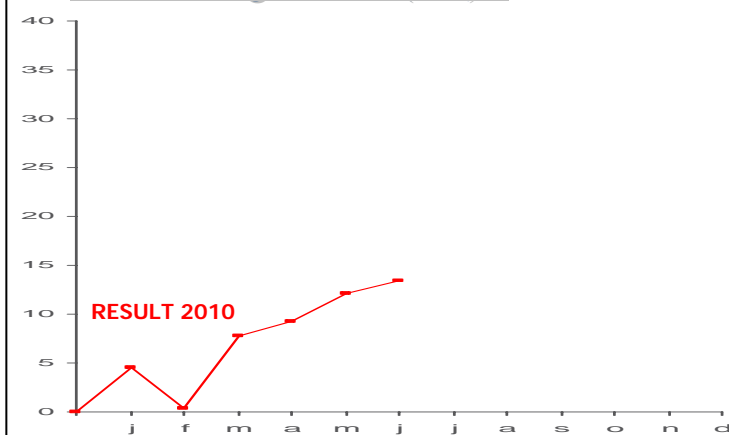
<i>in % evolution</i>	Q1 10	Q2 10	S1 10
Insurance line - current Basis	-3%	1%	-1%
Premiums	-1%	3%	1%
Policy fees	-17%	-17%	-17%
Insurance line - comparable Basis	-4%	-2%	-3%
Premiums	-3%	0%	-1%
<i>Credit insurance</i>	1%	2%	1%
<i>Single Risk</i>	-37%	-25%	-32%
<i>Bonds</i>	-21%	-8%	-15%
Policy fees	-15%	-16%	-15%

Financial portfolio – June 2010

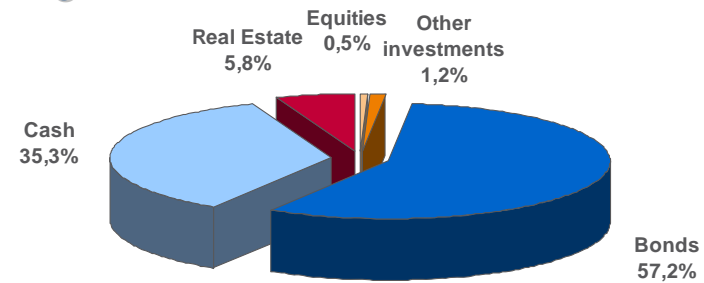
Economic Performance (% of return)



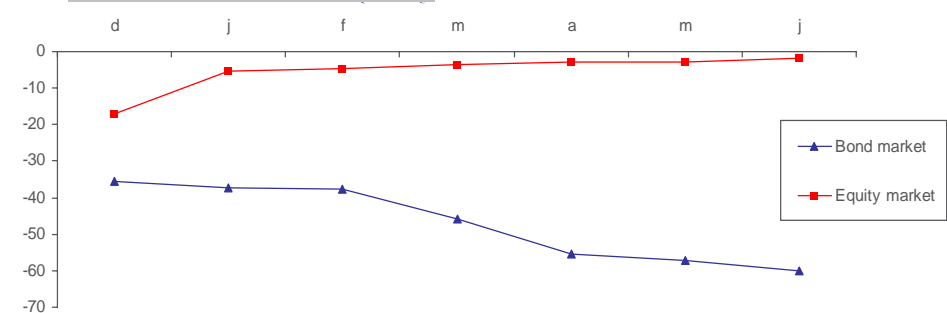
Accounting Result (€m) ¹



Strategic allocation



Stress scenarios (€m)



May Snapshot (year to date)

- Economic Result: €17.6 m
- Accounting Result: €25.4 m and €13.4 m excluding financing and FX moves
- Unrealised gains: €47.4 m (o/w €-1.8 m in equities)
- Total amount of financial portfolio: €1 603.1 m
- Stress Scenarios: Decline of 20% in equity markets: €-1.6 m
Increase of 200bp in interest rates: €-60.0 m

1. Excl. financing costs, FX moves & associated and non consolidated companies