AGENDA - TUESDAY 25 FEBRUARY 2020

10:00  Build to Lead – Vision 2023
10:40  Staying on top of a more challenging world
11:00  Underwriting risk in a volatile environment
11:20  Driving client service & operations
11:40  Developing People & Culture
12:00  Q&A
12:30  Lunch
13:45  Creating value through growth
14:10  Realizing US potential
14:25  The German factoring opportunity
14:40  Being profitable in the long term
15:10  Q&A
16:00  End
FROM “FIT TO WIN” TO “BUILD TO LEAD”

- TCI is a service-driven business and profitable, with high entry barriers
- Coface’ strategy is right and the business transformation is delivering
- There is potential for much more to be accomplished
- We expect moderate economic slowdown going forward, with more volatility and uncertainties but also opportunities
- Key to future performance is continued building of skills, scale and agility
- Our new plan seeks to balance continued short term delivery with required investments for long term resilience and profitable growth
GROWING INDUSTRY WITH POTENTIAL AND HIGH BARRIERS TO ENTRY

GROWING MARKET WITH POTENTIAL

TCI premiums

\( \text{In €bn} \)

\(~+3\% \text{ p.a.}\)

\begin{tabular}{cccccc}
7.2 & 7.5 & 7.9 & 7.7 & 8.0 & 8.4 \\
\end{tabular}

STRONG BARRIERS TO ENTRY

- Proprietary information & risk history
- Global reach
- Regulatory & legal set up
- Balance sheet strength
WE CLEARLY MET OR EXCEEDED OUR FTW OBJECTIVES THROUGH THE CYCLE

RoATE

% Through the cycle

<table>
<thead>
<tr>
<th>Year</th>
<th>RoATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-0.8</td>
</tr>
<tr>
<td>2017</td>
<td>5.3</td>
</tr>
<tr>
<td>2018</td>
<td>7.7*</td>
</tr>
<tr>
<td>2019</td>
<td>8.9*</td>
</tr>
</tbody>
</table>

* Excluding non-recurring items: 8.0% in 2018 and 9.1% in 2019

Savings

€m Through the cycle

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3</td>
</tr>
<tr>
<td>2017</td>
<td>19</td>
</tr>
<tr>
<td>2018</td>
<td>39</td>
</tr>
<tr>
<td>2019</td>
<td>48</td>
</tr>
</tbody>
</table>

Revenue

€bn Through the cycle

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.4</td>
</tr>
<tr>
<td>2017</td>
<td>1.4</td>
</tr>
<tr>
<td>2018</td>
<td>1.4</td>
</tr>
<tr>
<td>2019</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Solvency ratio

% Through the cycle

<table>
<thead>
<tr>
<th>Year</th>
<th>Solvency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>150</td>
</tr>
<tr>
<td>2017</td>
<td>164</td>
</tr>
<tr>
<td>2018</td>
<td>169</td>
</tr>
<tr>
<td>2019</td>
<td>190*</td>
</tr>
</tbody>
</table>

* Switch to Partial Internal Model

Combined ratio

% Through the cycle

<table>
<thead>
<tr>
<th>Year</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>100.6</td>
</tr>
<tr>
<td>2017</td>
<td>86.6</td>
</tr>
<tr>
<td>2018</td>
<td>79.6</td>
</tr>
<tr>
<td>2019</td>
<td>77.7</td>
</tr>
</tbody>
</table>

Number of claims per week and loss ratio

# of cases and % of premium

<table>
<thead>
<tr>
<th>Year</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>600</td>
</tr>
<tr>
<td>2017</td>
<td>800</td>
</tr>
<tr>
<td>2018</td>
<td>1,000</td>
</tr>
<tr>
<td>2019</td>
<td>1,200</td>
</tr>
</tbody>
</table>

INVESTOR DAY – 25 FEBRUARY 2020
WE DELIVERED MANY SIGNIFICANT OPERATIONAL IMPROVEMENTS

Share of Automated decision

- 2016: 44%
- 2019: 66%

/+50%

# of systems

- 2016: 550
- 2019: 465

/-85%

Client retention rate

- 2016: 88%
- 2019: 92%

/+4 pts

Time to offer

- 2017: 14 days
- 2019: 9 days

/-33%

TIME TO DECISION DIVIDED BY 4
(from 3.6 days to 0.9 day)

* Non-FI and non-CGS clients, in 13 countries, TCI only
“FIT TO WIN” IS PROFOUNDLY CHANGING COFACE

Simplifying structure, made more efficient
• Deploying shared service centers
• Offshoring relevant activities
• Set up new efficiency functions: Lean, Transformation Office

Standardizing processes
• Industrialize and scaling back office
• Connecting with information providers through APIs
• Developed client-facing online tools (Broker portal, CGS Dashboard) to improve service quality

Rationalizing complex legacy systems
• Created Business Technology, aligning IT and business
• Upgraded core business tools: debt collection, accounting, claims & invoicing

Spreading shared values and culture
• Upgraded leadership, developed new competencies
• Reinforced meritocracy and differentiation
• Enhanced employer’s brand and engagement

Leaving no stone unturned
LOWER GLOBAL GROWTH IS THE NEW NORM

HIGH SHARE OF EUROPE WEIGHTING ON COFACE GROWTH

GDP real growth
%

World

Coface footprint average: +2.3% p.a.

Coface footprint average: +2.0% p.a.

Coface clients activity variation, Q1 2016 – Q4 2019

COFACE FIGURES CONFIRM ACTIVITY SLOWDOWN

Coface footprint* nominal growth

* World GDP weighted by Coface exposure

Source: IMF, national statistics and Coface Forecast
MORE CHALLENGING ENVIRONMENT OFFERS RISKS AND OPPORTUNITIES

- Low rates and Quantitative Easing fueling debt growth and zombies companies survival
- Continued technological shifts
- Rising political and security risks
- Growing climate emergency

“ZOMBIE” FIRMS VS SHORT TERM NOMINAL RATES
Advanced economies, % of total # of companies and 00’ of basis points

Share of zombie companies rose as nominal rate dropped down
CASE STUDY: BREXIT

CORPORATE INSOLVENCIES (’000)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY'15</th>
<th>FY'16</th>
<th>FY'17</th>
<th>FY'18</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10%</td>
<td>+1%</td>
<td>(2)%</td>
<td>+10%</td>
<td>+7%</td>
</tr>
</tbody>
</table>

COFACE EXPOSURE (in €bn)

- UK
- Group

LOSS RATIO

<table>
<thead>
<tr>
<th>Year</th>
<th>FY'15</th>
<th>FY'16</th>
<th>FY'17</th>
<th>FY'18</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss</td>
<td>(10)%</td>
<td>+1%</td>
<td>0%</td>
<td>+10%</td>
<td>+7%</td>
</tr>
</tbody>
</table>

EARNED PREMİUMS (in £)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY'15</th>
<th>FY'16</th>
<th>FY'17</th>
<th>FY'18</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>10</td>
<td>12</td>
<td>14</td>
<td>16</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Insolvency Service’s National Statistics
SUCCESS FOR THE LONG TERM REQUIRES BUILDING SKILLS, SCALE AND AGILITY

**SKILLS**

- Information sourcing and processing
- Risk modelling
- Underwriting knowledge and history
- Sales tools and technology
- Cross-sell experience
- Product depth

**SCALE**

- Global footprint and reach
- Investment in systems and data
- Unit production cost
- Channel diversity
- Shareable infrastructure
- Product breadth

Culture and values drive agility
WE WILL CONTINUE TO DEVELOP A MODERN CORPORATE CULTURE

OUR “RAISON D’ÊTRE” COFACE FOR TRADE IS UNDERPINNED BY 4 CORPORATE VALUES

- Develop shared culture and increase employee engagement
- Build a client-centric, agile mindset
- Align with corporate governance
- Create a long-term differentiating advantage
SUSTAINABILITY IS BUILT INTO OUR CULTURE

BUILD ON SOLID FTW ACHIEVEMENT

- Refined country risk rating methodology with a green component
- Underwriting policy excludes coal mines, landmines, offensive weapons
- SRI policy covers 98% of our portfolio
- 91/100 grade in the mandatory French gender equality index
- ISS-oekom awards Coface “Prime” status for its social responsibility performance
- Sustainable global travel policy

MAIN INITIATIVES / 2023 PLAN

- Use our business to contribute to the protection of environment
- Improve the rating of our investment portfolio
- Align Gender Pay equality initiatives across all our geographies
- Analyse the impact of the Energy transition on our own risks and define our risk appetite
- Foster awareness on ESG challenges at every level of the company
6 KEY INITIATIVES TO DRIVE OUR 2023 AMBITION

BUILD TRADE CREDIT INSURANCE LEADERSHIP
(88% of revenue)

SIMPLIFY AND DIGITIZE OPERATING MODEL
DIFFERENTIATE THROUGH INFORMATION AND RISK CAPABILITIES
CREATE VALUE THROUGH GROWTH

GROW SELECT SPECIALTIES
(12% of revenue)

FACTORIZING
SINGLE RISK AND BONDING
INFORMATION AND SERVICES
SIMPLIFY AND DIGITIZE OPERATING MODEL

Be the most agile player:
- Client centric
- Operationally efficient
- Innovative

2023 AMBITION

- Upgrade quality of service
- Simplify product, process and IT
- Drive and implement innovation
DIFFERENTIATE THROUGH INFORMATION AND RISK CAPABILITIES

2023 AMBITION

- Increase resilience
- & reduce risk volatility

- Continue to strengthen information, underwriting and claims management
- Invest in new technologies
- Manage with a PIM
CREATING VALUE THROUGH DIFFERENTIATED GROWTH STRATEGY

- Drive differentiated growth strategies by geography
- Address segmented customer needs

2023 AMBITION

- Achieve profitable growth
- Build long lasting advantage
Leverage Coface assets and synergies to build a portfolio of growth options: capital, risk knowledge, client upsell, infrastructure and expertise.

**Strategy**

- **FACTORIZING**
  Drive profitable growth
- **SINGLE RISK AND BONDING**
  Grow organically
- **INFORMATION AND SERVICES**
  Build upon existing and explore new business models

**Means**

Earmark capacity to finance potential growth, including opportunistic acquisitions of businesses and/or critical skills.
MORE PROFITABLE THROUGH THE CYCLE

**Fit to Win targets**

**New target range revised at the request of French regulator (ACPR) following the announced change in Coface shareholding**

- Combined ratio: 80%
- RoATE: 9.5%
- Solvency ratio: 155%-175% target range**
- Pay-out: ≥80%
### KEY TAKEAWAYS: CONTINUING TRANSFORMATION TO LEADERSHIP

#### FROM FIT TO WIN …

| RISK MANAGEMENT | • Regain control  
|                | • Defensive       |
| SERVICE        | • Mending issues  |
| OPERATING MODEL| • Complex and fragmented |
| GROWTH         | • Turnaround      |
| RETURNS        | • Clawing back    |
| CULTURE        | • Build the culture |

#### … TO BUILD TO LEAD

| • Industry leading  
| • Agile, proactive  |
| • Fast, consistent, flexible |
| • Simple, integrated, digitized |
| • Invest in profitable growth position |
| • Above cost of capital |
| • Live the culture |
STAYING ON TOP OF A MORE CHALLENGING WORLD

JULIEN MARCILLY

CHIEF ECONOMIST
2 KEY TRENDS

1. Corporate credit issues will be driven by non-economic risks in the next 4 years
   • Businesses will be affected by various forms of political risks: trade protectionism, geopolitics, social protests, …
   • … along with transition risks related to environmental changes

2. The world economy will be more “Japanized”
   • Expecting slower global GDP and trade growth
   • Slow but steady increase in business insolvencies
   • “Zombie” companies will be more numerous
THE NEW NORMAL OF POLITICAL RISKS

Sources: Uppsala Conflict Date Program (UDP), & Coface Political Risk Model.
Coface’s political risk model takes into account 2 categories: 1) Security risk (conflicts and terrorist acts); 2) Social fragility, which takes into account 2 pillars: a) Degree of social frustration (inflation, unemployment, income inequalities, GDP per capita, corruption, homicide rate); b) Instruments to express frustration (education, adult literacy, internet access, youth proportion, fertility rate, urbanization rate and female participation rate).
COFACE 2019 POLITICAL RISK INDEX
**TRADE TENSIONS AT THE CORE OF ECONOMIC UNCERTAINTIES**

**ECONOMIC POLICY UNCERTAINTY INDEX**

- Global economic policy uncertainty
- Uncertainty over global trade (RHS)

**NUMBER OF INTERNATIONAL TRADE POLICY INTERVENTIONS IMPLEMENTED**

- Discriminatory
- Liberalising

* between 1 Jan. and 15 Nov.
Sources: Global Trade Alert, Coface
TRADE AND OTHER ECONOMIC POLICIES WILL REMAIN AFFECTED BY LONG-TERM STRATEGIC OPPOSITIONS BETWEEN SUPER POWERS

Geopolitical and strategic oppositions

- Exchange rate policy
- Trade policy
- Fiscal policy (corporate taxes)
- Sanctions

Strong economic and financial links
ENVIRONMENTAL CHANGE AND TRANSITION RISKS FOR BUSINESSES: A HOT TOPIC IN THE NEXT 4 YEARS

PHYSICAL RISKS

Extreme weather events will increase in frequency and/or severity: cyclone, heat wave, wildfire, flood, landslide

Longer-term shifts in climate patterns: warming, sea level, drought, rainfall

TRANSITION RISKS

Regulatory development: changing business environment regarding legal framework

Technological change: adoption of low-emission technologies

Market risk: shifts in the supply and demand for certain goods, services or raw materials (e.g., plastic products in the chemical sector)

Reputation risk: changes in consumers' perceptions

SECTORS MOST IMPACTED BY TRANSITION RISKS

2018-2019: Automotive in Europe and China

2020: Global maritime transport, Automotive in the US and India
ENVIRONMENTAL TRANSITION RISK: A RISING DRIVER OF CORPORATE DISRUPTION

Sources: Coface, GGEI
CORONAVIRUS: WHAT IMPACT ON BUSINESSES?

MANUFACTURING INTERMEDIATE GOOD IMPORTS FROM CHINA (% of total)

KOREA: SHARE OF IMPORTS COMING FROM CHINA (%)
- Iron or non-alloy steel: 91%
- Telephone sets: 86%
- Wire, cable, other electric conductors: 80%
- Liquid crystal devices: 69%
- Automatic data processing machines: 64%

CHINA: INVENTORIES OVER SALES RATIO OF LISTED COMPANIES (in months)

-sources: OECD, Datastream, Coface
LOWER GLOBAL GDP GROWTH IS THE NEW NORM

COFACE WORLD NOMINAL GDP GROWTH FORECAST BY CONTRIBUTING COUNTRY
(As a % of World GDP, weighted by Coface exposure)

Sources: IMF, national statistics and Coface forecast
BUSINESS INSOLVENCIES: UP BY 2% GLOBALLY IN 2020

BUSINESS INSOLVENCIES
(yearly % change, Coface’s forecast)

Netherlands: (35)%
South Korea: (25)%
Canada: (15)%
Taiwan: (5)%
Italy: 5%
Germany: 15%
Finland: 15%
Portugal: 5%
France: 5%
Singapore: 1%
Sweden: 2%
Japan: 2%
Denmark: 3%
Belgium: 3%
Iceland: 3%
Brazil: 4%
USA: 4%
United Kingdom: 4%
Hong Kong: 5%
Spain: 7%
Turkey: 9%
South Africa: 11%
Poland: 14%
Australia: 3%
North America: 1%
Euro zone: 2%
Asia Pacific: 1%
West Europe: 2%
World: 2%
“JAPANIZATION”: LOW GROWTH, EXPANSIONARY MONETARY POLICIES AND MORE “ZOMBIE” COMPANIES
“JAPANIZATION” WILL PUSH BUSINESSES TO LOOK AT FOREIGN MARKETS

Exports: Cumulative Increase Between 2001 and 2018 (volume, in %)

Japanese and Chinese Outbound Foreign Direct Investment Stock in Asia (in USD bn)

Sources: national sources, Datastream, Coface
1. Corporate credit issues will be driven by non economic risks in the next 4 years
   • Businesses will be affected by various forms of political risks: trade protectionism, geopolitics, social protests, …
   • … along with transition risks related to environmental changes

2. The world economy will be more “Japanized”
   • Expecting slower global GDP and trade growth
   • Slow but steady increase in business insolvencies
   • “Zombie” companies will be more numerous
UNDERWRITING RISK IN A VOLATILE ENVIRONMENT

CYRILLE CHARBONNEL
UNDERWRITING DIRECTOR
THE 3 PILLARS OF RISK MANAGEMENT FOR TCI

INFORMATION

Gathering
- 70 million corporates database
- 100 externals providers
- 50 centers to process information

Risk
To make decisions and monitor the credit limits granted
- 340 risk underwriters in 44 countries
- 2 million decisions / year

Assessment
- 1 unique indicator the DRA on a scale of 0 to 10
- 450 analysts

Commercial
- To validate derogatory clauses and prices
- 70 commercial underwriters
- 70,000 decisions / year

Collection
- 45% recovery rate
- 190 collection officers in 38 countries
- 60 external agencies & 100 law firms

UNDERWRITING

CLAIMS & COLLECTION MANAGEMENT

Claims
- 62,000 claims / year
- €830m entrusted
- 150 analysts in 38 countries

Collection
- 45% recovery rate
- 190 collection officers in 38 countries
- 60 external agencies & 100 law firms

€537bn short term exposure on 2.5m corporates
WE SIGNIFICANTLY UPGRADED OUR RISK MANAGEMENT PRACTICES

INVESTED AND REORGANIZED UNDERWRITING

- Implemented a new organization, better aligning sales and underwriting interests
- Reinforced database structure, with better data flows and higher automatization
- Increased resources dedicated to information
- Upgraded automatic underwriting engine (automatic UW rate: +50%)

REDUCED LOSS DRASTICALLY

Loss ratio before reinsurance incl. claims handling expenses % of revenue

<table>
<thead>
<tr>
<th></th>
<th>Q2 '16</th>
<th>Q1 '17</th>
<th>Q1 '18</th>
<th>Q1 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>58%</td>
<td>40%</td>
<td>40%</td>
<td>46%</td>
</tr>
</tbody>
</table>
WE INCREASED CLIENT SATISFACTION THROUGH BETTER ANTICIPATION

UPGRADED CLIENT SERVICE

- Central senior expert teams increased reactivity in times of stress
- Underwriters have more clients interactions following new underwriting engine implementation
- Better communication on risk prevention actions
- More stringent rules on new business

INCREASED PREVENTION ACTIONS

# of credit limits cancelled or reduced:
+30% in average in 2018 & 2019 versus 2017
WE WILL CONTINUE TO IMPROVE OUR UNDERWRITING PRACTICES

**INFORMATION**

- **Improve data quality**: continuous assessment of content quality and delivery capabilities of external information providers
- **Produce and utilize** new Debtor Risk Assessment (DRA) **based on innovative statistical methods to improve predictability**

**UNDERWRITING**

- **New central team** to steer globally the efficiency of the prevention organization
- **New risk UW functionalities** (to better manage the exposure, to improve customer satisfaction and adapt to new products)
- **Building a unique worldwide clauses library**

**CLAIMS & COLLECTION MANAGEMENT**

- **Implement a global claims tool** with automatic assessment and payment processes
- **Develop a new global collection tool** with a 360° view, including all flows with partners
WE WILL INVEST IN TECHNOLOGY TO FURTHER IMPROVE UNDERWRITING

RISK MANAGEMENT CYCLE

Business information

Risk modelling

Underwriting

Claims management

New technology
Machine learning algorithms, data mining solutions, AI, …

Alternative data sources
Open data, unstructured data, social & peers data

Ambition

Improve predictability
Reduce loss volatility
Increase productivity and reduce costs
Develop more advisory services to clients
WE WILL MANAGE WITH A PARTIAL INTERNAL MODEL

- Dynamic Allocation of Extra Capacity
- Calculation of Expected Losses
- Support Pricing Decisions
- Fine Tuning of Underwriting Policy

PIM
Our ambition is to improve resilience through the cycle.
WE RESHAPED THE OPERATING MODEL
- Aligned product and service offers with client segments
- Set up efficiency functions: Lean and Transformation Office
- Structured a sourcing function delivering significant savings

WE LEVERAGED THE COFACE SCALE

WE IMPROVED IT GOVERNANCE
- Rationalised IT infrastructure to make it more agile
- Decommissioned 85 IT applications
- Upgraded core business tools: debt collection, claims, accounting and invoicing

WE REALIGNED COSTS WITH REVENUES

Coface Cost Ratio

€48M SAVINGS IN 2019
… BUT THERE ARE STILL A LOT OF OPPORTUNITIES

MAIN INITIATIVES

INCREASE QUALITY OF SERVICE

• Meet or exceed client expectations
• Instill client-centric mindset and behaviours

SIMPLIFY PRODUCTS AND PROCESSES

• Complete roll out of unique simplified product suite
• Automate back office

BUILD AGILE IT CLOSE TO BUSINESS

• Rationalize IT infrastructure
• Increase IT agility and connectivity

DRIVE INNOVATION

• Drive actionable innovation
• Build a data-centric culture

2023 AMBITION

Be the most agile player

• Client centric
• Simple
• Agile
• Innovative
PUT SERVICE QUALITY AT THE HEART OF BUSINESS OPERATIONS

MEET OR EXCEED CLIENT EXPECTATIONS

Time to offer in working days
Mid market in 13 top countries

- Improve operations through simplification and automation to focus on value adding tasks
- Assess service quality from the client perspective: 7 client-centric KPIs monitored
- Change mindset and behaviors: trainings, role modelling, communication, incentives

<table>
<thead>
<tr>
<th>Year</th>
<th>Prospect expectations</th>
<th>Our ambitions for 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>'17</td>
<td>14 days</td>
<td>9 days</td>
</tr>
<tr>
<td>'19</td>
<td>9 days</td>
<td>5 days</td>
</tr>
</tbody>
</table>
### ROLL OUT UNIFIED X-LINER PRODUCT SUITE

<table>
<thead>
<tr>
<th>MARKET SEGMENTS</th>
<th>PRODUCTS</th>
<th>BENEFITS</th>
<th>2023 AMBITION</th>
</tr>
</thead>
</table>
| MULTINATIONALS  | [GlobalLiner](#) | • Simplified worldwide agreement  
                 • Faster program implementation | 90% of portfolio equipped with the X-Liner range  
(from ~45% in 2019) |
| MID-MARKET      | [TradeLiner](#) | • Simplified clause library  
                 • Industrialized contract management | New contract tool and process automation covering 80% of mid-market |
| SMES            | [EasyLiner](#) | • Simplified policy management  
                 • Easier distribution | |
RATIONALISE IT INFRASTRUCTURE TO MAKE IT MORE AGILE

A COMPLEX IT LEGACY

465 applications to manage

MAIN TRANSFORMATION INITIATIVES

- Continue application architecture rationalization and modernization
- Re-build our data backbone and operating model (Data-as-a-Service)
- Digitize workflows and automate processes and reconciliation
- Transform to optimize project delivery and time to market: CI/CD, dev-ops, Agile
- Develop API management for internal and external use
- Introduce bi-modal deployment approach
- Leverage new digital approaches (Cloud as Service, AI, ML,...)

2023 AMBITION

- Reduce ITCI (IT complexity index) by 30%
- From 465 to 300 apps
- From 50 to 19 datawares
- Rebalance IT spending from RUN to BUILD

CI/CD: Continuous Integration / Continuous Development, ITCI: Calculated based on the complexity of an application and number of interfaces
INVEST IN DATA & TECHNOLOGY TO DRIVE OPERATIONAL INNOVATION

3 innovation areas and 1 platform

- Risk capabilities
- Offer, sales and distribution
- Operational efficiency
- Data management and governance

Organization:
- Data Office, Data Lab and innovation team

Illustrations:
- Automatic underwriting
- New debtor risk assessment model
- Churn management
- Automation of accounting data reconciliation
- Coface Data Lake
- Enterprise global data dictionary
- Data Monetization
SUMMARY AND PRIORITIES

- **DRIVE CLIENT SERVICE QUALITY**
- **SIMPLIFY PRODUCT, PROCESSES AND IT**
- **EMBED TECHNOLOGY & INNOVATION IN OPERATIONS**
- **ALIGN AND DESIGN FOR AGILITY**
DEVELOPING PEOPLE & CULTURE
CAROLE LYTTON
GENERAL SECRETARY
DECLAN DALY
CENTRAL EUROPE CEO
HOW CULTURE AND PEOPLE SUPPORT OUR STRATEGY

A COMPLEX BROAD BUSINESS
- €537bn exposure
- 70m corporate database
- 2m decisions / year
- Presence in 100 countries
- 50,000 policies
- 4,273 employees / 72 nationalities

AN UNPREDICTABLE AND FAST CHANGING ENVIRONMENT
- Trade wars
- Political and social risks
- Fast evolving technologies
- Changing regulations
- Growing pace of business decisions

NEED FOR AGILITY
- Local expertise
- Quick decision making
- Decentralised while controlled

CULTURE DRIVES BEHAVIOUR PREDICTABILITY
Client • Expert • Collaboration • Courage
OUR VALUES ARE FUNDAMENTAL TO THE WAY WE DO BUSINESS

1. CREDIT LIMIT REQUEST
2. TRANSFER OF THE REQUEST
3. CREDIT LIMIT DECISION
   made by a risk underwriter located in Sweden, Thailand and Brazil (close to the debtor)
4. CREDIT LIMIT REVIEW
   possibility to override the credit limit decision made for specific cases (e.g. consideration for the client)

CLOSE TO THE CUSTOMER

INSURED PARTY in Spain

BUYER in Sweden, Thailand & Brazil

CLOSE TO THE RISK
Attract and develop talent

- Attract new skills & leverage existing competencies
  - 83 new top managers recruited
  - 39 top managers promoted

- Enhance set of skills:
  - 500+ managers in a leadership programme
  - 100 CGS account managers in a customer excellence programme
  - Commercial school

Spread culture through mobility

- 61 ongoing expat assignments in 19 countries
  - 29 new ones in 2019 (x2.5 vs last 3 years average)
  - 73% of expats are non-French

Reward

- Create awards specifically based on our values
- Incorporate behaviour and culture as full fledge components of our assessments
VALUES EMBEDDED INTO BUSINESS GOVERNANCE
CREATING VALUE THROUGH GROWTH
THIBAULT SURER
STRATEGY & BUSINESS DEVELOPMENT DIRECTOR
NICOLAS GARCIA
COMMERCIAL DIRECTOR
FTW PUT COFACE BACK ON THE PATH TO PROFITABLE GROWTH

Coface TCI GWP

€0.8bn

€1.0bn

€1.2bn

€1.4bn

Coface loss ratio

80%

50%

30%

2014-2015

2016

2017-2019: Fit To Win

Growth on emerging markets onboarding high volatility and risks

Risk action plans to reduce losses with impacts on top line and reputation

Back to profitable growth
WITH FTW, WE IMPLEMENTED A DIFFERENTIATED GROWTH STRATEGY

<table>
<thead>
<tr>
<th>Market clusters</th>
<th>Illustrative initiatives</th>
<th>'16-'19 Impact</th>
</tr>
</thead>
</table>
| STABLE MATURE MARKETS            | • Germany commercial structure redeployment  
                                    | • Referral and distribution partnerships  
                                    | • Hubs in Adriatics and Baltics; PKZ acquisition | High            |
| UNDERPENETRATED ADVANCED ECONOMIES | • Internalized agent network in the US  
                                    | • Developed Japanese solutions in Asia  
                                    | • Centralized broker relationships into Broker Desk | Low             |
| HIGHLY VOLATILE MARKETS          | • Reviewed risk appetite: cancelled 200+ loss making policies  
                                    | • Enhanced underwriting structures      | Medium          |
WE WILL CONTINUE TO DRIVE DIFFERENTIATED GROWTH STRATEGIES

<table>
<thead>
<tr>
<th>Market clusters</th>
<th>Example</th>
<th>Weight in TCI Revenue</th>
<th>Guidance</th>
<th>'19-'23 annual growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>STABLE MATURE MARKETS</td>
<td></td>
<td></td>
<td>• Drive multichannel distribution in Mid-Market</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65%</td>
<td>• Leverage distribution partnership to further penetrate SMEs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Grow Financial institution revenue</td>
<td></td>
</tr>
<tr>
<td>UNDERPENETRATED ADVANCED ECONOMIES</td>
<td></td>
<td></td>
<td>• Reach natural market share</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14%</td>
<td>• Target specific segments by adapting offer and distribution</td>
<td></td>
</tr>
<tr>
<td>HIGHLY VOLATILE MARKETS</td>
<td></td>
<td></td>
<td>• Build a long term presence: underwriting expertise, partnerships, reputation, …</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21%</td>
<td>• Strengthen service for CGS</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Defend leadership position</td>
<td></td>
</tr>
</tbody>
</table>
## Target All Segments of Clients with Adapted Strategies

<table>
<thead>
<tr>
<th>Client segments</th>
<th>Weight in TCI Revenue</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERNATIONAL GROUPS</td>
<td>34%</td>
<td>• Providing worldwide coverage: e.g. Japanese solutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Invest in quality of service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase penetration in key geographies</td>
</tr>
<tr>
<td>MID-MARKET</td>
<td>42%</td>
<td>• Offer insurance cover and advisory on domestic and export trade</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Invest in multi-channel distribution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Roll out sales force effectiveness</td>
</tr>
<tr>
<td>SMES</td>
<td>19%</td>
<td>• Provide simple, user-friendly products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Combine digital investment with distribution partnerships</td>
</tr>
<tr>
<td>FINANCIAL INSTITUTIONS</td>
<td>5%</td>
<td>• Develop relationships with select financial institutions</td>
</tr>
</tbody>
</table>
CASE STUDY: JAPANESE SOLUTIONS, A SERVICE DEDICATED TO JAPANESE MNCS

300+ JAPANESE CORPORATIONS WITH GLOBAL REACH … … ADDRESSED SPECIFICALLY

- Support Japanese Groups worldwide
- Central coordination with local support
- Native Japanese staff worldwide
- 75% of revenue made outside Japan
CASE STUDY: PARTNERSHIPS, A DYNAMIC CHANNEL WITH POTENTIAL

3 TYPES OF DISTRIBUTION PARTNERS … … WITH A SOLID TRACK RECORD

- Fronters
- Referrals
- Pure distribution

- A proven expertise for more than 30 years
- Contributes to Coface global reach
- High growth and transformation rate
- Win-Win relationship
Adjacent specialty businesses provide significant synergies (capital, risk knowledge, client upsell, shared infrastructure and expertise) while diversifying and mitigating risks.

We will focus on:

- Driving profitable growth in Factoring
- Organically growing our Bonding and Single Risk franchises
- Grow on core information business and explore new business models in B2B services

We will earmark capacity to finance potential growth, including opportunistic acquisition of businesses and/or critical skills.
## REVENUE IN TCI-ADJACENT SPECIALTY BUSINESSES EXCEEDED €180M IN 2019

<table>
<thead>
<tr>
<th>2019 Revenue</th>
<th>Footprint</th>
<th>Developments and current status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€m</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FACTORING</td>
<td>64</td>
<td>Germany and Poland</td>
</tr>
<tr>
<td>SINGLE RISK AND BONDING</td>
<td>76</td>
<td>Mainly in Europe</td>
</tr>
<tr>
<td>INFORMATION AND SERVICES</td>
<td>41</td>
<td>Present in over 50 countries</td>
</tr>
</tbody>
</table>

### Developments and current status

- Part of the top 3 Factoring players in Germany with 13% market share in a growing industry
- RoE deterioration: lack of commercial focus, adverse refinancing conditions and regulatory environment
- Amongst the top bonding players in Italy with 8% market share. Growing business in France and in Germany.
- Historical presence in single risk with Unistrat. Redefined Coface risk appetite in 2017. Improved performance
- Leadership positions in Eastern Europe and Israel
- Recent developments focused on cross-selling information reports and scores to existing TCI clients
Coface has key assets to stand out in adjacent specialty businesses

<table>
<thead>
<tr>
<th>Coface assets to leverage</th>
<th>Strategic directions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FACTORING</strong></td>
<td><strong>SINGLE RISK AND BONDING</strong></td>
</tr>
<tr>
<td>• Multi-jurisdiction presence</td>
<td>• Long standing experience in bonding and single risk</td>
</tr>
<tr>
<td>• Expertise on debtor risk assessment</td>
<td>• Expertise in risk assessment</td>
</tr>
<tr>
<td>• International information and debt collection infrastructure</td>
<td>• Relationships with brokers, agents and banks</td>
</tr>
<tr>
<td><strong>INFORMATION AND SERVICES</strong></td>
<td><strong>INFORMATION AND SERVICES</strong></td>
</tr>
<tr>
<td>• International information database and specific IT infrastructure</td>
<td>• Develop cross-border factoring and niche solutions</td>
</tr>
<tr>
<td>• Expertise to transform data into insights</td>
<td>• Cross-sell TCI and factoring offers</td>
</tr>
<tr>
<td>• Coface brand and image</td>
<td>• Manage capital efficiency and restore RoE</td>
</tr>
<tr>
<td>• Develop single risk revenues within existing risk appetite</td>
<td>• Deliver “intelligent decisioning”: information products and advisory services, on an international scope, embedding Coface risk expertise and economic research</td>
</tr>
<tr>
<td>• Explore new business models and partnerships to reduce cost of production and expand distribution</td>
<td></td>
</tr>
</tbody>
</table>
INVEST IN GROWTH OF INFORMATION AND B2B SERVICES

---

**Build on unique information assets ...**

- Deep and extensive data set of B2B information
  - Unique data patrimony: 70m companies
  - Connected with 100+ Information Providers

- Renowned expertise to transform raw data into value adding insights
  - Enriched data through analytics and predictive models used for TCI

**Worldwide sales and delivery capacity**

- Global coverage: Sales in 50 countries. Leadership positions in Eastern Europe and Israel
- Solid IT system used for own TCI operation
- Solid Brand: €41m revenue in 2019

---

**... to accelerate revenue growth**

- Expand data coverage and increase quality
  - Build partnership with Information Providers combining production and distribution
  - Explore alternative data sources: open data

- Enhance data processing to increase value added
  - Develop business oriented insights to better address specific segment: FI, large accounts

- Upgrade sales and delivery capabilities
  - Develop partnerships to address new use cases: Debt collection, compliance, marketing
  - Build API delivery capabilities
  - Dedicate Sales FTEs
REALIZING US POTENTIAL
OSCAR VILLALONGA
NORTH AMERICA CEO
BIG MARKET OPPORTUNITY WITH RISING APPETITE FOR TCI

TCI is significantly under-penetrated in the US

TCI penetration index
Market value * 10,000 / GDP

- US TCI market growing at 2.1% p.a. since 2014
- Exports at a relatively low level of 14% of GDP
- A large appetite for credit information

Risk environment is at a turning point

Corporate insolvencies in the US
Thousands of insolvencies, 2015-2020E

- Mixed growth signals in the U.S
- Insolvencies are expected to rise
FIT TO WIN HAS LEAD TO MANY SUCCESSES

- Loss mitigation turnaround
- Channel & account management internalization
- Commercial innovation of CGS & Japanese desk
INVEST IN UPPER MID-MARKET AND REGAIN “NATURAL” MARKET SHARE

Coface market share* in the US by client revenue size
€m, 2018

- 10% FI
- 18% Upper Mid market & Large
- 1% Mid-Market
- 22% SMEs
- 12% Rest of the market

Target

- Build on solid #2 position
- … provider of Choice
- Nurture traditional SME & Mid-Market
- … grow Upper Mid-Market
- Target markets & sectors
- … that drive growth

* Excluding non US based CGS clients
4 PILLARS TO DRIVE MARKET SHARE

**DIRECT CHANNEL**
- Elevate T1 & specialized broker service & products

**BROKER CHANNEL**
- Industrializing sales force effectiveness & client retention
- Sustain client retention of 90%+
- Accelerate new business growth

**FINANCIAL INSTITUTIONS**
- Established dedicated market team
- Optimize coverage & deployment
- Accelerate efficiency & scale

**GLOBAL SOLUTIONS**
- Building solid program leader practice
- Achieve Employer of Choice Status

2023 AMBITION

US

INVESTOR DAY – 25 FEBRUARY 2020
THE GERMAN FACTORING OPPORTUNITY
KATARZyna KOMPOWSKA
NORTHERN EUROPE CEO
FACTORY AT COFACE GENERATES €64M REVENUE, MOSTLY IN GERMANY

<table>
<thead>
<tr>
<th>Coface Factoring</th>
<th>2019 figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased receivables</td>
<td>€31bn</td>
</tr>
<tr>
<td>Net banking income</td>
<td>€57m</td>
</tr>
<tr>
<td>Operational income as % of NBI</td>
<td>€14m</td>
</tr>
<tr>
<td>ROE</td>
<td>~7%</td>
</tr>
<tr>
<td>Number of clients</td>
<td>c.1,050</td>
</tr>
<tr>
<td>Number of debtors</td>
<td>c. 95 K</td>
</tr>
<tr>
<td>FTE</td>
<td>118</td>
</tr>
</tbody>
</table>

~5% of Coface revenue and ~8% of operating income

RoE currently below target

Efficient operations, synergetic with TCI
Coface is well positioned on the growing German factoring market.

**German Factoring market – Purchased Receivables**

*In €bn, Germany, 2010-2018*

- **+8% p.a.**
- **€251bn**
- **€190bn**
- **€132bn**

- **2010**
- **2011**
- **2012**
- **2013**
- **2014**
- **2015**
- **2016**
- **2017**
- **2018**

- **~13% market share: in the Top 3**
- **Leading in export and cross-border factoring**
- **15 years of operations: strong competitive edge thanks to synergies with Coface TCI business**

Penetration* increased from 5.3% to 7.1%  
Europe: ~11% – France: ~14%

*Computed as purchased receivables / GDP

Source: German and European factors associations, IMF
COFACE HAS BUILT SOLID ASSETS TO STAND OUT IN THE FACTORING BUSINESS

STRONG ASSETS WITHIN COFACE

- Unique international reach: 100+ export coverage and cross-border capabilities in 19 jurisdictions
- Strong risk assessment capabilities combined with extended information and debt collection capacities
- A large and under-tapped TCI client basis, especially international companies
- A solid IT infrastructure to better leverage

A NEW MANAGEMENT TEAM

Recruited top executive team from the German leader

- 20 years of collaboration in the industry
- Solid expertise and leadership addition to Coface
- Well integrated into Coface Governance and culture
- Fully aligned on the plan
COFACE HAS STARTED TO SEIZE THE FACTORING OPPORTUNITY

4 PILLARS

COMMERCIAL

• Refocus on less saturated segments: e.g. M&A deals
• Boost Cross Border Factoring for global clients

RISK

• Enhance risk profile of the portfolio with new risk management practices
• Automatize standard risk processes

EFFICIENCY

• Digitize operations by enhancing IT infrastructure
• Increase operational synergies with TCI: cross-sales, claims management, client management

EQUITY OPTIMIZATION

• Continue to optimize capital efficiency

KEY INITIATIVES

AMBITION

Back to profitable growth

Mitigate risk on client insolvencies

Progressive improvement

Optimized capital use
Coface has strong ambitions on factoring

- Coface is the only trade credit insurance provider in Germany to offer factoring
- It is a key differentiator and an opportunity to leverage major synergies with TCI core business
- Building on investments and transformations, it will become a strong contributor to profit
BEING PROFITABLE IN THE LONG TERM
CARINE PICHON
CFO & RISK DIRECTOR
<table>
<thead>
<tr>
<th>MARKET TRENDS</th>
<th>RISKS &amp; OPPORTUNITIES</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Slowing economy</td>
<td>- Lower client activity</td>
<td>- Improved &amp; disciplined risk management</td>
</tr>
<tr>
<td>- More volatile &amp; unpredictable events</td>
<td>- Rising delinquencies</td>
<td>- Better sales &amp; operational efficiency</td>
</tr>
<tr>
<td>- Rise of “zombies” companies</td>
<td>- Bigger “surprise” events</td>
<td>- Select growth investments</td>
</tr>
<tr>
<td>- Underlying technology shifts</td>
<td>- Stronger demand</td>
<td>- Strong balance sheet</td>
</tr>
<tr>
<td>- Rising climate related events</td>
<td>- Need for financing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Pricing opportunity</td>
<td></td>
</tr>
</tbody>
</table>

**FIN**

**BTL WILL DRIVE MORE PROFITABILITY IN THE LONG TERM**
ACTIVATE MULTIPLE VALUE LEVERS IN A SLOWING ENVIRONMENT

MARKET REALITY

Insured turnover growth is an important driver of Coface’s top line
Tied to economic cycle
Expected to slow down in years ’20 & ’21

SPECIALTIES

Specialties are mostly capital light
They leverage TCI infrastructure

GROWTH LEVERS

Improved commercial efficiency
Select geographies
Proactive pricing
Quality of service

Turn factoring around
Grow bonding and Single Risk in select markets
Accelerate capital-light revenues

Insured turnover growth is an important driver of Coface’s top line
Tied to economic cycle
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Quality of service

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Grow bonding and Single Risk in select markets
Accelerate capital-light revenues

Client activity growth

Insured turnover growth is an important driver of Coface’s top line
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Specialties are mostly capital light
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Improved commercial efficiency
Select geographies
Proactive pricing
Quality of service

Turn factoring around
Grow bonding and Single Risk in select markets
Accelerate capital-light revenues
UPGRADED COMBINED RATIO THROUGH THE CYCLE

IMPROVE RISK MANAGEMENT CAPABILITIES THROUGH THE CYCLE

+ CONTINUED COST DISCIPLINE AND PROGRESSIVE SCALE

BETTER 80% COMBINED RATIO THROUGH THE CYCLE
BTL WILL DRIVE €25M ADDITIONAL SAVINGS …

Run-rate savings projection by 2023
€m, worldwide

- Total
- Process efficiency
- Procurement & IT
- Other

- Simplification and digitization: ActX, GlobaLiner
- Increase mutualisation: Shared Service centers
- Optimize Finance operating model
- Centralize and standardize supplier contracting
- Rationalize IT outsourcing
- Local efficiency initiatives
… AND WILL ALLOW TO MAINTAIN CURRENT INVESTMENT PACE IN OPERATIONS

'20-'23 areas of investment
% of investments, excl. acquisitions

- Underwriting, risk, regulatory, compliance: 15%
- Operational efficiency: 23%
- Technology: 42%
- Growth: 20%

US commercial excellence, Factoring, Bonding, …
IT and tools standardization
Shared Service Centers, Germany Orgashaker, …
IFRS 17 & 19, DataLab, Compliance, …
STABLE FINANCIAL INVESTMENT STRATEGY THROUGH THE PLAN

Portfolio allocation (%)

- Bonds 74.4%
- Loans, Deposit & other financial 11.2%
- Equities 6.1%
- Investment Real Estate 8.3%
- Total €2.85bn*

* Excludes investment in non-consolidated subsidiaries

Fit to Win optimized asset allocation framework

- Took mitigating actions within our risk framework
- Reaping full benefit from increased real estate allocation
- Optimized cash position

We’ll maintain investment discipline

- Not chase yield to the detriment of risk volatility

With increased focus on ESG

- 80% of portfolio has ESG rating
- Divested assets with the lowest ESG rating (G)

Higher return on capital allocated to operations than on financial investments
PORTFOLIO RETURN WILL HAVE A LOWER CONTRIBUTION TO OPERATING PROFIT

Investment world has become more challenging

- Interest rates coming down across the board
- Sovereign rates now negative along the curve in core Eurozone
- Corporate credit spreads remain stable but at a low level

EIOPA interest rates by maturity

Investment income contribution to earnings

Investment income contribution to RoATE will be lower than during Fit to Win (c. 100 bps)
WE RETURNED €390M TO SHAREHOLDERS IN 4 YEARS

IMPROVED SOLVENCY RATIO

Optimized reserving and solvency formulas
Restructured reinsurance treaty:
- Quota share at 23%
- Split and extended terms, reviewed stop loss

RETURNED EXCESS CAPITAL TO SHAREHOLDERS

In €m

- Share Buy-Back
  2016: 9
  2017: 53
  2018: 72
  2019: 88

- Extra dividend
  2018: 120
  2019: 64

- Normal dividend
  2018: 152

Paid out 100% of profit in ’17, ’18 and ’19

More than 100% total shareholder return

* The proposed distribution is subject to approval by the general shareholders meeting on 14 May 2020
NEW CAPITAL REQUIREMENT IS CLOSER TO ECONOMIC REALITY

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 methodology)

* The estimated Solvency ratio disclosed in this presentation is a preliminary calculation based on Coface’s interpretation of Solvency II; final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.
PARTIAL INTERNAL MODEL WILL SUPPORT THE BUSINESS AND PROFITABILITY

3 YEARS EFFORT

• Team of 80 experts throughout the organization involved
• 3,000 segments analyzed over 20 years+ of history
• Over 500k simulations

DELIVERING MAJOR RISK IMPROVEMENTS

• Differentiate growth appetite per segment / product
• Review pricing based on client profile
• Better define the risk tolerance
• More accurate forecasting
• Optimized the reinsurance scheme

OPTIMIZING CAPITAL NEEDS

• Will support organic growth
• Room for bolt-on M&A
• Attractive capital return profile with higher payout
BTL IMPROVES PAYOUT TARGET TO 80% FROM 60%

Strong balance sheet supports business growth
- High rating profile
- Healthy top line prospects during Build to Lead
- Potential for bolt-on M&A following successful PKZ and GIEK Kredit transactions
- Lower reinsurance cession rate

Significant uncertainty remains
- Future economic cycle is uncertain

New target range
- Revised at the request of French regulator (ACPR) following the announced change in Coface shareholding

Targeting a ≥80% distribution ratio over the plan
INVESTOR DAY – 25 FEBRUARY 2020

INCREASING ROATE TARGET THROUGH THE CYCLE TO 9.5%

Core business will further improve its efficiency
- 80% combined ratio target
- Partial Internal Model utilization
- Growing service revenues
- Factoring turnaround

Additional optionality exists
- Potential M&A
- Factoring capital efficiency

While mitigating expected headwinds
- Slower long term growth
- Lower investment income

Coface through the cycle RoATE ambitions

Operating ROATE
Capital efficiency
Lower invest. return
Lower combined ratio
BTL targets

FTW targets

%
THROUGH THE CYCLE TARGETS

- **Combined ratio**: 80%
- **RoATE**: 9.5%
- **Solvency ratio**: 155%-175% target range*
- **Pay-out**: ≥80%

* New target range revised at the request of French regulator (ACPR) following the announced change in Coface shareholding.
Shareholders’ equity reaches record high on profitability and higher invested assets values

IFRS 17 “Insurance contracts”
- Project progressing as planned

Financial strength affirmed
- Fitch: AA-, stable outlook rating affirmed on 10 July 2019
- Moody’s: A2, stable outlook credit opinion updated on 21 October 2019
- AM Best: A, stable outlook Rating assigned on 24 February 2020
UNCHANGED CRITERIA TO SELECT OUR REINSURERS

The presence in our reinsurance panel remain subject to the same selection criteria (in declining order):

- Ratings from S&P and other rating agencies
- The rank of the risk carrier
- The quality of the relationship with Coface
- The country of the shareholders / owners
- The long-term involvement in the business ceded
- An eventual listing on the stock market

Concentration:

- An individual reinsurer’s share cannot go beyond a certain limit
EXPOSURE IN EM MAINTAINED AT A STABLE SHARE

Total exposure up 5.3% vs prior year, growing less than premiums

Evolution of total exposure¹ by country of debtor
In €bn

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced</td>
<td>79%</td>
<td>79%</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Emerging</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Total</td>
<td>493</td>
<td>513</td>
<td>540</td>
<td>569</td>
</tr>
</tbody>
</table>

FY-2019 total exposure¹ – Top 10 countries vs. others
In %

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>13.6%</td>
</tr>
<tr>
<td>France</td>
<td>11.3%</td>
</tr>
<tr>
<td>Italy</td>
<td>9.7%</td>
</tr>
<tr>
<td>USA</td>
<td>9.2%</td>
</tr>
<tr>
<td>Spain</td>
<td>5.2%</td>
</tr>
<tr>
<td>China</td>
<td>4.2%</td>
</tr>
<tr>
<td>Poland</td>
<td>3.2%</td>
</tr>
<tr>
<td>Japan</td>
<td>2.8%</td>
</tr>
<tr>
<td>UK</td>
<td>2.3%</td>
</tr>
<tr>
<td>Others</td>
<td>36.3%</td>
</tr>
</tbody>
</table>

FY-2019 total exposure¹ by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediterranean &amp; Africa</td>
<td>9.2%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>18.7%</td>
</tr>
<tr>
<td>Northern Europe</td>
<td>13.3%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>10.7%</td>
</tr>
<tr>
<td>North America</td>
<td>2.0%</td>
</tr>
<tr>
<td>Central Europe</td>
<td>11.2%</td>
</tr>
<tr>
<td>Latin America</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

FY-2019 total exposure¹ by debtors’ trade sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, meat, agri-food and wine</td>
<td>2.8%</td>
</tr>
<tr>
<td>Minerals, chemistry, oil, plastics, pharma and glass</td>
<td>3.1%</td>
</tr>
<tr>
<td>Construction</td>
<td>4.5%</td>
</tr>
<tr>
<td>Electrical equipment, electronics, IT and telecom</td>
<td>3.1%</td>
</tr>
<tr>
<td>Unspecialised trades</td>
<td>7.3%</td>
</tr>
<tr>
<td>Car &amp; bicycles, other vehicles and transportation</td>
<td>5.6%</td>
</tr>
<tr>
<td>Metals</td>
<td>9.6%</td>
</tr>
<tr>
<td>Mechanical and measurement</td>
<td>11.2%</td>
</tr>
<tr>
<td>Services to businesses and individuals</td>
<td>14.1%</td>
</tr>
<tr>
<td>Public services</td>
<td>9.8%</td>
</tr>
<tr>
<td>Textiles, leather and apparel</td>
<td>9.6%</td>
</tr>
<tr>
<td>Paper, packing and printing</td>
<td>7.3%</td>
</tr>
<tr>
<td>Others</td>
<td>2.0%</td>
</tr>
<tr>
<td>Financial services</td>
<td>14.4%</td>
</tr>
<tr>
<td>Wood and furniture</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

¹ Insured receivables: theoretical maximum exposure under the group’s insurance policies - €569.2bn as of 31/12/2019 vs €540.5bn as of 31/12/2018
**COMBINED RATIO CALCULATION**

**Combined ratio before reinsurance**

\[
\text{loss ratio before reinsurance} \left( \frac{B}{A} \right) + \text{cost ratio before reinsurance} \left( \frac{C}{A} \right)
\]

**Combined ratio after reinsurance**

\[
\text{loss ratio after reinsurance} \left( \frac{E}{D} \right) + \text{cost ratio after reinsurance} \left( \frac{F}{D} \right)
\]

### Ratios

<table>
<thead>
<tr>
<th>Ratios</th>
<th>FY-2018</th>
<th>FY-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio before reinsurance</td>
<td>44.2%</td>
<td>43.4%</td>
</tr>
<tr>
<td>Loss ratio after reinsurance</td>
<td>45.1%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Cost ratio before reinsurance</td>
<td>35.9%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Cost ratio after reinsurance</td>
<td>34.5%</td>
<td>32.7%</td>
</tr>
<tr>
<td>Combined ratio before reinsurance</td>
<td>80.0%</td>
<td>77.8%</td>
</tr>
<tr>
<td>Combined ratio after reinsurance</td>
<td>79.6%</td>
<td>77.7%</td>
</tr>
</tbody>
</table>

### Earned Premiums

<table>
<thead>
<tr>
<th>Category</th>
<th>FY-2018</th>
<th>FY-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earned premiums [A]</td>
<td>1,142,608</td>
<td>1,235,597</td>
</tr>
<tr>
<td>Ceded premiums</td>
<td>(327,541)</td>
<td>(353,585)</td>
</tr>
<tr>
<td>Net earned premiums [D]</td>
<td>815,067</td>
<td>882,012</td>
</tr>
</tbody>
</table>

### Claims expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>FY-2018</th>
<th>FY-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims expenses [B]</td>
<td>(504,509)</td>
<td>(536,247)</td>
</tr>
<tr>
<td>Ceded claims</td>
<td>124,537</td>
<td>126,829</td>
</tr>
<tr>
<td>Change in claims provisions</td>
<td>12,211</td>
<td>12,622</td>
</tr>
<tr>
<td>Net claims expenses [E]</td>
<td>(367,762)</td>
<td>(396,797)</td>
</tr>
</tbody>
</table>

### Technical expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>FY-2018</th>
<th>FY-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>(658,219)</td>
<td>(677,138)</td>
</tr>
<tr>
<td>Employee profit sharing and incentive plans</td>
<td>6,219</td>
<td>7,038</td>
</tr>
<tr>
<td>Other revenue</td>
<td>242,127</td>
<td>245,491</td>
</tr>
<tr>
<td>Operating expenses, net of revenues from other services before reinsurance [C]</td>
<td>(409,872)</td>
<td>(424,609)</td>
</tr>
<tr>
<td>Commissions received from reinsurers</td>
<td>128,966</td>
<td>136,172</td>
</tr>
<tr>
<td>Operating expenses, net of revenues from other services after reinsurance [F]</td>
<td>(281,207)</td>
<td>(288,437)</td>
</tr>
</tbody>
</table>

### In €k

<table>
<thead>
<tr>
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<th>FY-2019</th>
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