



Q1-2018 RESULTS

—
PRESENTATION TO FINANCIAL ANALYSTS

APRIL 24TH, 2018

Q1-2018 Results:

Net income at €35.5m; RoATE stands at 8.8%

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PART 1

Q1-2018 HIGHLIGHTS

Fit to Win execution drives profitability in a supportive economic environment

Turnover reached €344m y-t-d, up 2.1% at constant FX and perimeter

- Both mature and emerging markets growing driven by client activity
- Client retention climbs further in competitive pricing environment

Q1-2018 net loss ratio down by (18.3) ppts. at 39.8%; Net combined ratio at 72.5%

- Continuing favourable trend in losses driven by Asia and North America; mature markets stable
- Favourable past claims management and recoveries continue in a supportive economic environment
- Net cost ratio at 32.7% vs. 33.9% in Q1-2017; driven by strict cost control and higher reinsurance commissions
- Business investments fully funded by cost savings

Net income (group share) at €35.5 m

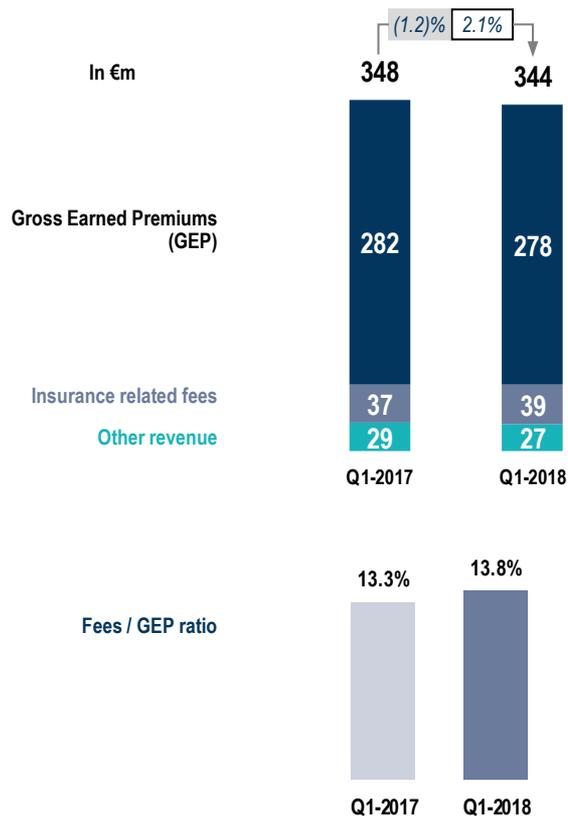
RoATE at 8.8%

Fit to Win execution continues:

- Continuing to drive deep cultural, process and systems transformation
- Achieved €9m y-t-d (€6m additional cost savings vs. Q1-2017), confirming €30m 2018 annualised target
- Disciplined investment of €8m (€6m additional) into growth, risk management, compliance and process transformation

PART 2
Q1-2018 RESULTS

Turnover growth at 2.1% driven by client activity



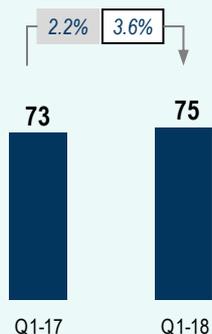
V% V% ex. FX

Total revenue up 2.1% vs. Q1 2017 at constant FX

- ▶ Growth mainly driven by client activity (better volume effect) and higher retention rate
- ▶ Improved economic environment continues to drive pricing pressure
- ▶ Other revenue (Factoring and Services) down by (4.9)% vs. 2017 due to lower factoring revenues in Germany
- ▶ Fees / GEP higher by 0.5ppt on information sales

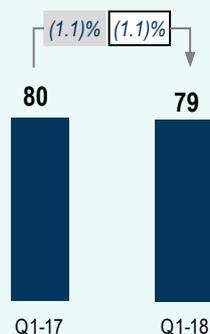
Fit to Win growth strategies starting to deliver

Western Europe



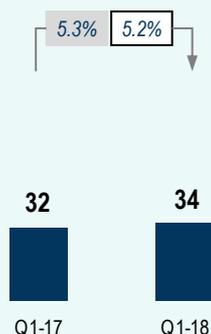
Record retention and growing client activity

Northern Europe



Lower factoring and stable insurance revenues

Central Europe



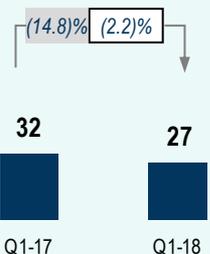
Insurance and factoring growing

Mediterranean & Africa



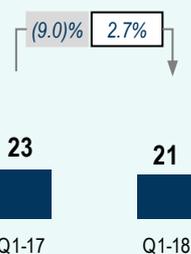
Positive net production and client activity

North America



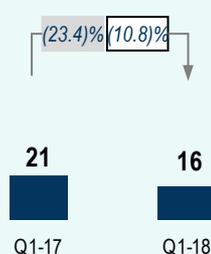
Stabilised portfolio and higher premium refunds

Asia Pacific



Growing new business and client activity

Latin America

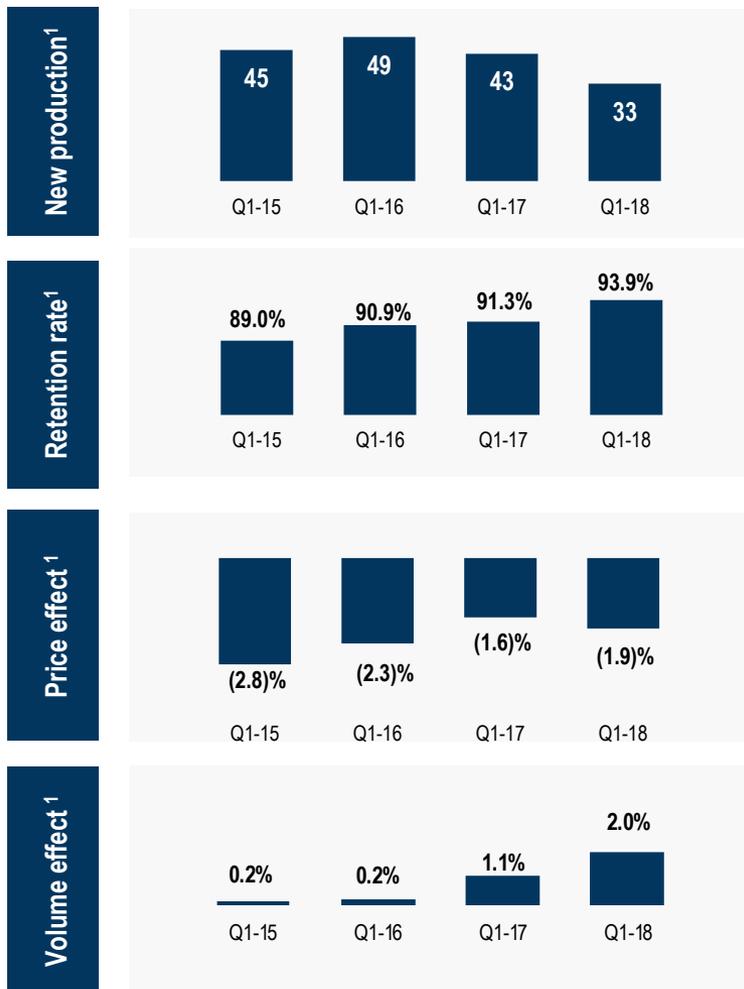


Delayed large contract bookings and higher premium refunds (better losses)

V% V% ex. FX

Total revenue by region, in €m

Supportive client activity and record retention



▶ Slow start in new production though noticeable improvement in Asia

▶ Record/high level of retention across all regions

▶ Controlled price decrease reflecting good loss experience

▶ Client activity rebounding in all markets confirming Q4-17 performance

¹ Portfolio as of March 31 2018; and at constant FX and perimeter
New Production: in m€

Gross Loss ratio at record low driven by underwriting focus and good economy

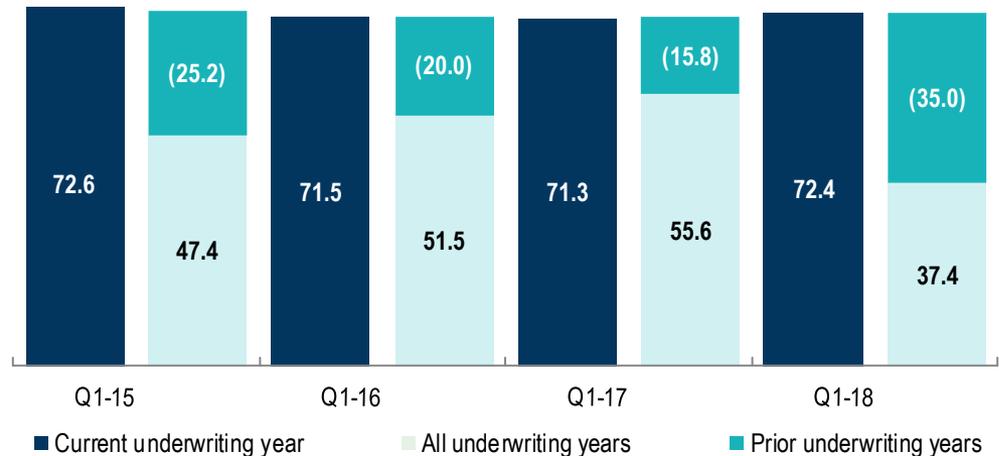
Loss ratio before reinsurance and including claims handling expenses, in %



Q4-2017 negatively impacted (+9.7ppts.) by facultative business (very high cession rate)

- ▶ Gross loss ratio at record low levels in line with recent quarters
- ▶ Strong momentum supported by positive economic environment and favourable prior periods underwriting development
- ▶ Full effect of action plans now visible

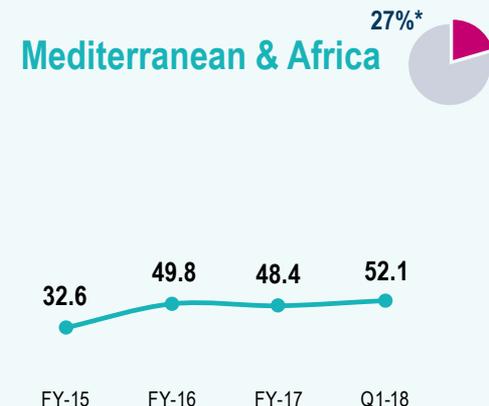
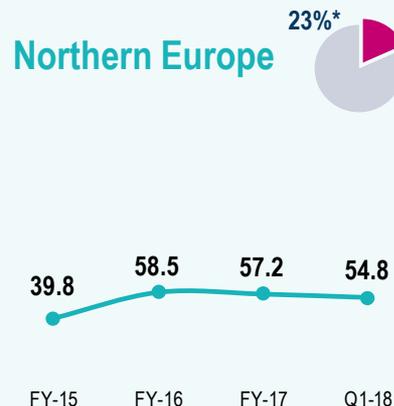
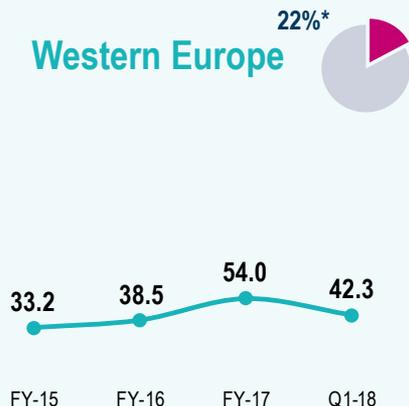
Loss ratio before reinsurance and excluding claims handling expenses, in %



- ▶ No change in reserving policy
- ▶ Prior years boni well above historical average

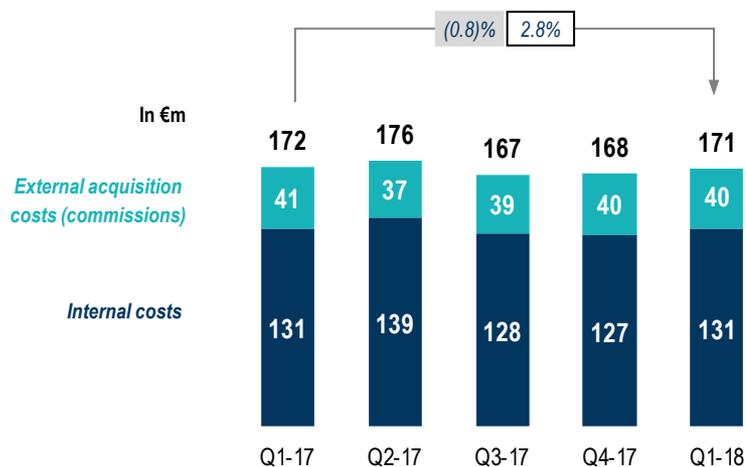
Continued improvement driven by Asia and North America

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



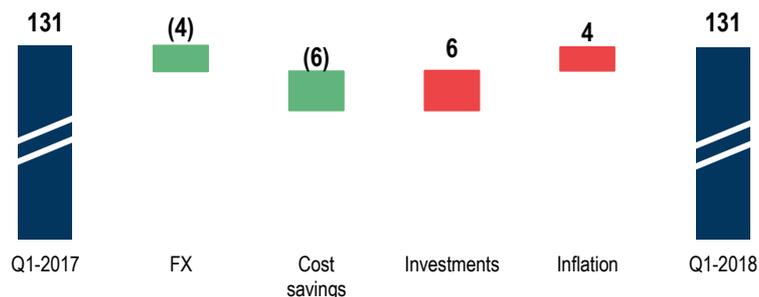
* % of Total revenue by region

Continued tight cost controls



Internal costs

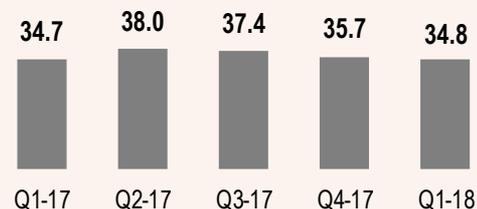
In €m



V% V% ex. FX

- ▶ Achieved €9m y-t-d (€6m additional cost savings vs Q1-2017), confirming €30m annualised 2018 target
- ▶ Invested €8m (€6m additional) into growth, risk management, compliance and process transformation
- ▶ Cost base impacted by 2.9% inflation
- ▶ Q1-2018 gross cost ratio at 34.8%

Cost ratio before reinsurance, in %



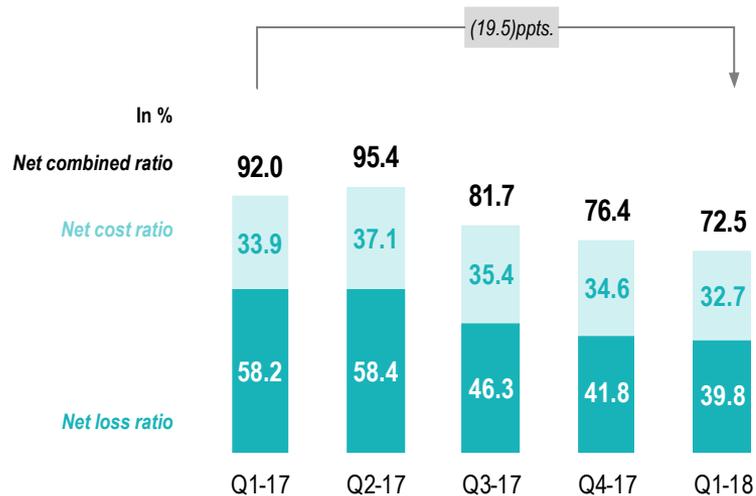
Reinsurance result impacted by record low loss ratios and growing accounting cession rate

- ▶ Higher premium cession rate (underwriting years 2017 and 2018) materialising in accounting numbers (+2.4ppts in Q1-18)
- ▶ Claims cession rate in line with premium cession

	Q1-17	Q1-18
Gross earned premiums	282.2	278.4
Net earned premiums	207.9	198.6
Premium cession rate	26.3%	28.7%
Gross claims expenses	(163.2)	(110.4)
Net claims expenses	(120.9)	(79.1)
Claims cession rate	25.9%	28.4%

	Q1-17	Q1-18	V%
Underwriting income before reinsurance	19.1	68.9	+261%
<i>Reinsurance result</i>	(4.6)	(16.5)	N.S.
Underwriting income after reinsurance	14.5	52.4	+261%

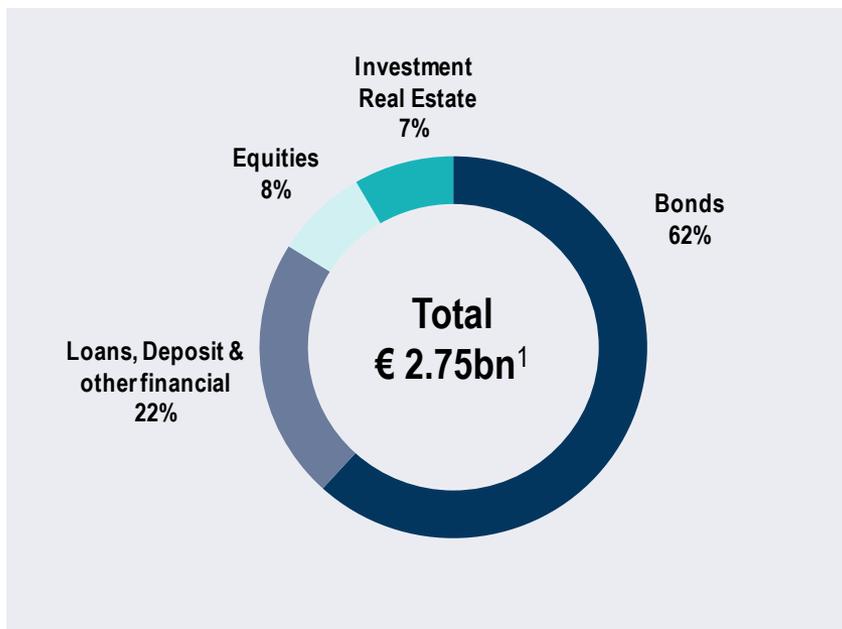
Net combined ratio at 72.5% driven by lower loss ratio



- ▶ Net combined ratio improved to 72.5% (vs. 76.4% in Q4-17)
- ▶ Investments fully financed by cost savings
- ▶ Full year net combined ratio down by (19.5)ppts. mainly driven by lower losses and improved reinsurance commissions
- ▶ Loss ratio well below through the cycle average

Financial portfolio: slight increase of investment income

Keeping a diversified investment strategy



€m	Q1-17	Q1-18
Income from investment portfolio ²	13.7	12.3
Income from investment portfolio without gains on sales	9.8	10.0
o/w gains on sales	3.9	2.3
Investment management costs	(0.8)	(0.9)
FX effect	(8.8)	(2.4)
Other	1.5	(0.6)
Net investment income	5.6	8.3
Accounting yield on average investment portfolio	0.5%	0.4%
Accounting yield on average investment portfolio excl. gains on sales	0.4%	0.4%

¹ Excludes investments in non-consolidated subsidiaries

² Excludes investments in non-consolidated subsidiaries, FX and investment management costs

Q1-2018 net income at €35.5m

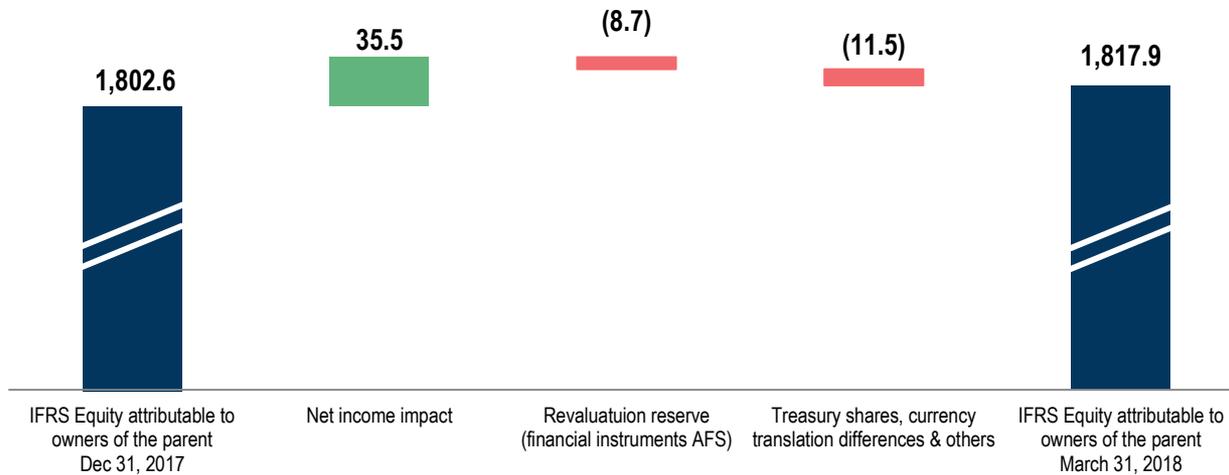
Income statement items - in €m

	Q1-17	Q1-18
Current operating income	20.1	60.7
Fit to Win investments & restructuring expenses	(0.6)	(2.2)
Other operating income and expenses	(0.4)	(0.2)
Operating income	19.2	58.4
Finance costs	(4.4)	(4.4)
Share in net income of associates	0.3	0.6
Income tax	(7.7)	(19.0)
<i>Tax rate</i>	<i>52%</i>	<i>35%</i>
Non-controlling interests	(0.1)	0.1
Net income (group share)	7.3	35.5

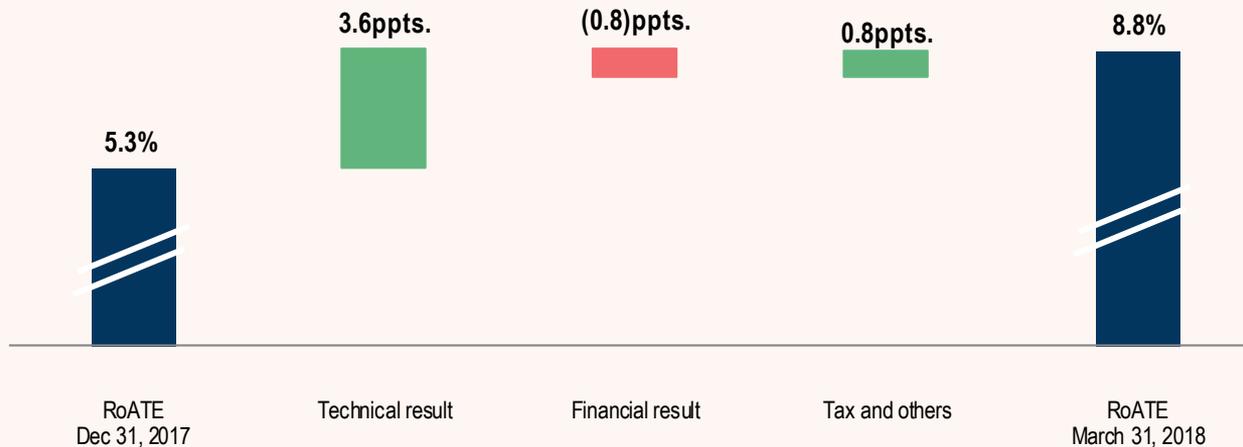
- ▶ Operating income multiplied by 3 at €58.4m, in line with more recent quarters
- ▶ Tax rate keeps improving to 35%

RoATE stands at 8.8% for Q1-2018

Change in equity in €m



Return on average tangible equity (RoATE) ¹



¹ Annualised RoATE

PART 3
KEY TAKE-AWAYS
& OUTLOOK

Key take-aways & outlook

Q1-2018 operating income multiplied by 3x at €58.4m

- Global economic environment remains favourable
- Net combined ratio at 72.5% driven by a record low loss ratio of 39.8%
- RoATE stands high at 8.8%
- Proposed DPS¹ at 0.34€ ; share buyback program execution underway

Fit to Win implementation continues

- Intensifying cultural transformation underpinned by our values: client focus, expertise, collaboration, courage & accountability
- Launching new tagline “**Coface For Trade**”, expressing our belief in commerce as a driver of wealth and stability
- Progressing partial internal model development with goal to submit by end H1-19; closely monitoring potential adverse standard formula regulation
- Confirming guidance
 - €30m cost savings goal in 2018
 - ~83% combined ratio target across the cycle

2018 : driving another year of deep transformation in a continued favourable environment

¹ Ex-dividend date is on May 24th 2018 and Payment date is on May 28th 2018. The proposed distribution of 0.34€ per share is subject to approval of the Annual Shareholders' Meeting that takes place on May 16th 2018.

PART 4

APPENDICES

Key figures (1/2)

Quarterly and cumulated figures

Income statements items in €m - quarterly figures	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	%	% ex. FX
Gross earned premiums	282.2	283.4	271.6	272.5	278.4	(1.3)%	+2.4%
Services revenue	66.1	60.0	57.9	61.2	65.6	(0.8)%	+0.6%
REVENUE	348.3	343.4	329.4	333.7	344.0	(1.2)%	+2.1%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	14.5	7.0	34.2	44.0	52.4	x3.6	
Investment income, net of management expenses	5.6	20.2	18.9	10.6	8.3	+47%	
CURRENT OPERATING INCOME	20.1	27.3	53.1	54.6	60.7	x3.0	
Other operating income / expenses	(1.0)	0.0	(1.3)	1.7	(2.3)	x2.4	
OPERATING INCOME	19.2	27.3	51.7	56.3	58.4	x3.0	
NET INCOME	7.3	12.9	34.8	28.2	35.5	x4.9	x5.1
<i>Income tax rate</i>	52.0%	47.1%	27.3%	47.2%	35.3%		

Income statements items in €m - cumulated figures	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	%	% ex. FX
Gross earned premiums	282.2	565.6	837.2	1,109.7	278.4	(1.3)%	+2.4%
Services revenue	66.1	126.2	184.0	245.2	65.6	(0.8)%	+0.6%
REVENUE	348.3	691.7	1,021.2	1,354.9	344.0	(1.2)%	+2.1%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	14.5	21.5	55.8	99.8	52.4	x3.6	
Investment income, net of management expenses	5.6	25.9	44.7	55.3	8.3	+47%	
CURRENT OPERATING INCOME	20.1	47.4	100.5	155.0	60.7	x3.0	
Other operating income / expenses	(1.0)	(0.9)	(2.3)	(0.6)	(2.3)	x2.4	
OPERATING INCOME	19.2	46.5	98.2	154.4	58.4	x3.0	
NET INCOME	7.3	20.2	55.0	83.2	35.5	x4.9	x5.1
<i>Income tax rate</i>	52.0%	49.0%	36.9%	40.8%	35.3%		

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Key figures (2/2)

Revenue by region

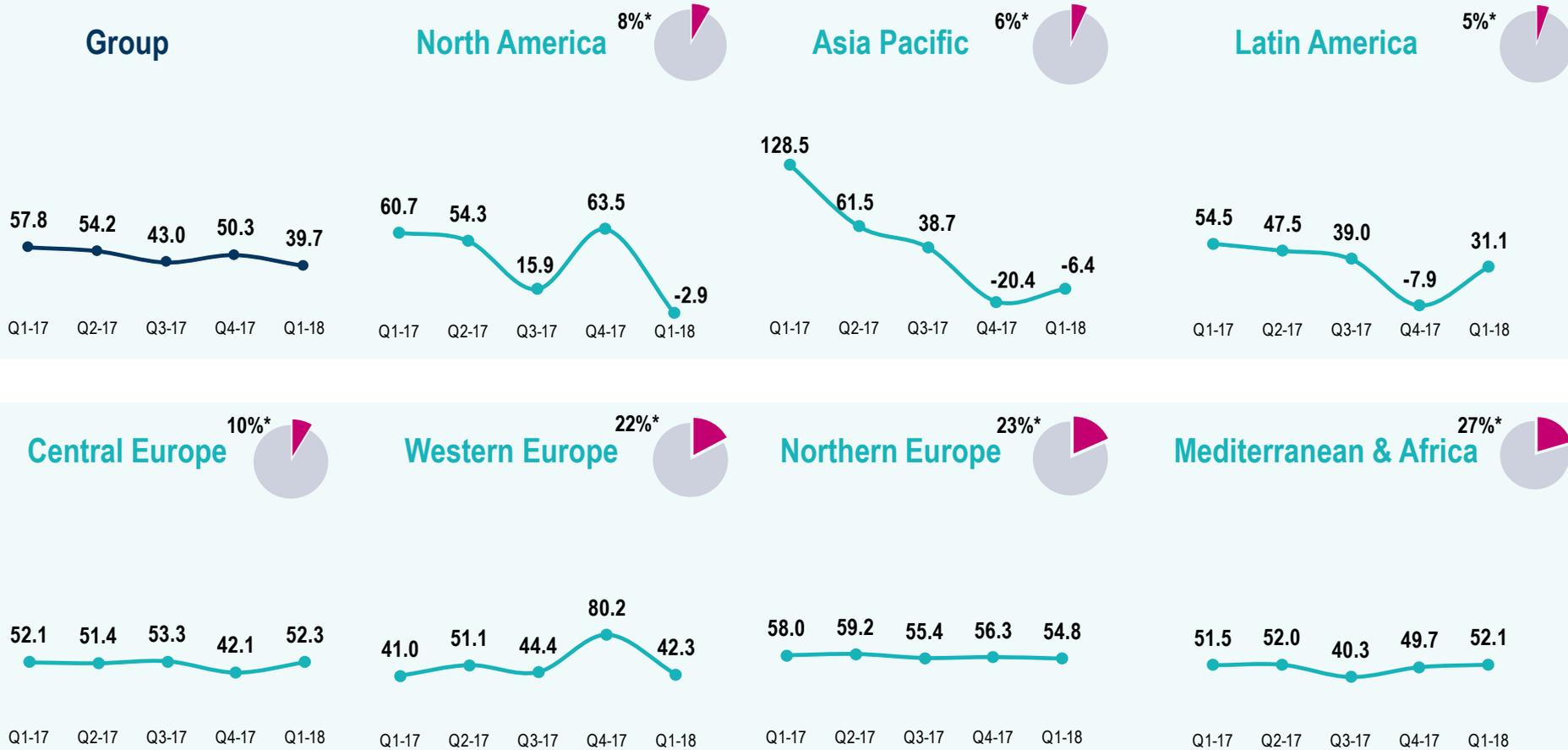
Total revenue - by quarter - in €m	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	V% ex. FX
Northern Europe	79.8	75.1	74.7	74.2	79.0	(1.1)%
Western Europe	73.1	69.3	68.5	69.8	74.8	+3.6%
Central Europe	31.9	30.9	31.0	34.0	33.6	+5.2%
Mediterranean & Africa	86.8	87.7	85.1	88.5	91.8	+7.1%
North America	32.2	31.1	29.2	29.4	27.4	(2.2)%
Latin America	21.1	21.4	17.2	16.1	16.2	(10.8)%
Asia Pacific	23.4	27.8	23.8	21.8	21.3	+2.7%
Total revenue	348.3	343.4	329.4	333.7	344.0	+2.1%

Total revenue - cumulated - in €m	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	V% ex. FX
Northern Europe	79.8	155.0	229.7	303.9	79.0	(1.1)%
Western Europe	73.1	142.5	211.0	280.8	74.8	+3.6%
Central & Eastern Europe	31.9	62.8	93.7	127.7	33.6	+5.2%
Mediterranean & Africa	86.8	174.5	259.6	348.0	91.8	+7.1%
North America	32.2	63.3	92.4	121.9	27.4	(2.2)%
Latin America	21.1	42.5	59.7	75.7	16.2	(10.8)%
Asia Pacific	23.4	51.3	75.1	96.9	21.3	+2.7%
Total Group	348.3	691.7	1,021.2	1,354.9	344.0	+2.1%

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Overall improvement visible driven by North America and Asia Pacific

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



* % of Total revenue by region

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	Q1-2017	Q1-2018
Loss ratio before reinsurance	57.8%	39.7%
Loss ratio after reinsurance	58.2%	39.8%
Cost ratio before reinsurance	34.7%	34.8%
Cost ratio after reinsurance	33.9%	32.7%
Combined ratio before reinsurance	92.5%	74.4%
Combined ratio after reinsurance	92.0%	72.5%

In €k	Q1-2017	Q1-2018
Earned Premiums		
Gross earned premiums [A]	282,163	278,416
Ceded premiums	(74,271)	(79,839)
Net earned premiums [D]	207,892	198,577
Claims expenses		
Claims expenses [B]	(163,154)	(110,444)
Ceded claims	31,604	32,656
Change in claims provisions	10,645	(1,316)
Net claims expenses [E]	(120,905)	(79,105)
Technical expenses		
Operating expenses	(165,182)	(163,795)
Employee profit sharing sharing and incentive plans	1,177	1,363
Other revenue	66,146	65,606
Operating expenses, net of revenues from other services before reinsurance [C]	(97,859)	(96,826)
Commissions received from reinsurers	27,443	31,957
Operating expenses, net of revenues from other services after reinsurance [F]	(70,415)	(64,869)

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Q1-18 results vs. consensus

in M€	# of responses	Consensus	Actual	Spread	Comment
Total turnover	6	348	344	(4)	
Gross Earned Premiums	6	284	278	(5)	Adverse FX effect GEP up +2.4% I-FI on good activity
Net Earned Premiums	6	205	199	(7)	
NEP/GEP	6	72.4%	71.3%	(1.1)pt	Higher cession goes through the P&L
Net underwriting income	6	44	52	9	Lower loss ratio
Net Investment Income	6	11	8	-3	Low rates, small FX headwind
Operating Income	6	52	58	6	Beat driven by underwriting income
<i>Fit to Win one-offs, before tax</i>	6	(2)	(2)	(0)	<i>No new significant action take</i>
<i>Income tax</i>	6	(16)	(19)	(3)	<i>Tax rate at 35%</i>
Net income	6	32	36	3	Better loss ratio, high taxes
Net Loss Ratio (%)	6	44.2%	39.8%	(4.4)pt	Low claims and positive prior year development
Net Cost Ratio (%)	6	33.9%	32.7%	(1.2)pt	Tight cost control and better reinsurance commissions
Net Combined Ratio (%)	6	78.1%	72.5%	(5.6)pt	Well below through the cycle target

Financial Calendar & investor relations contacts

Calendar

Next Event

Date

AGM	May 16 th , 2018
H1-2018 Results	Jul. 26 th , 2018 before market opening
9M-2018 Results	Oct. 24 th , 2018 after market close

Coface is scheduled to attend the following investor conferences

Next Event

Date

KBW European Financials	May 15 th , 2018
KeplerCheuvreux Autumn Conference	September 12 th , 2018
BoA-ML CEO Conference, London	September 25 th , 2018

Own shares transactions

Date	Liquidity Agreement	LTIP	Buy-back (cancellation)	Own shares transactions		
				TOTAL (in shares)	% Total of # Shares	Voting rights
31/03/2018	125,349	406,166	554,564	1,086,079	0.69%	156,162,153

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