Please note that the conference call was accompanied by a complementary presentation in PDF format available on the Group's website: http://www.coface.com/Investors, under the "Financial reporting" section.

H1-2017 Results

Conference Call Transcription

Paris, 28 July 2017

Presentation

Xavier Durand, CEO - Coface

Welcome to our 2017 first-half conference call. Today we are announcing a net profit of 20.2 million euros, driven by continued improvements in the loss ratio. I would just like to point to our summary page 4 for the quarter and the half year. Our turnover was 691.7 million euros, which is down 0.5% at constant FX and perimeter. The second quarter was up 1.2% from last year. What we are seeing underlying these trends is mature markets growing by 2.1% and a lower decline in emerging markets which, as you are aware, has been an area of focus for us. Our insured turnover also notably grew in all regions during the second quarter.

Our net loss ratio was 58.3%, with a net combined ratio of 93.7%. Over the second quarter of 2017, our gross loss ratio improved by 3.6% versus the first quarter. The first half of this year saw an improvement of 5.9% versus the first half of 2016. Underlying these trends were, once again, improvements in North America and Asia Pacific, as well as normalisation in Western Europe. Our net loss ratio is almost stable quarter on quarter, but there was a two-point favourable effect in the first quarter, which was reversed in the second quarter. Taking out FX, the Q2 net loss ratio improved by 4.8% versus Q1.

Our net cost ratio comes in at 35.5%. We had a one-off tax event in Italy, which impacted the second quarter. If we exclude this one-off, our net cost ratio would be 34.0%.

Our net income, as I said, came in at 20.2 million, of which 12.9 was in the second quarter. We are seeing better loss ratios and improved investment income.

I would like to give you an update on our Fit to Win plan, which is progressing well. We are upgrading our guidance for 2017 and we are continuing to invest in information, risk-management infrastructures and technology. We have achieved 5.4 million euros of cost savings so far for the year to date. This puts us slightly ahead of the objective of 10 million euros we had set for the year.

The upgraded guidance forecasts a net loss ratio of below 58% for 2017. This is three points under the "below 61%" that we previously gave as guidance at the beginning of the year.

Finally, our solvency ratio, as estimated at the end of the first half, comes in at 148%. This figure is in the middle of our target range.

I would like to spend some time on page 5, about the progress of our Fit to Win plan as we are now approximately 10 months into the implementation of the three pillars of our strategic plan. We have been working hard on strengthening our risk management and we have invested in information quality and data tools. We have made staff hires in risk-sensitive countries - and particularly in the ones we previously specified.

I think we are pretty much where we wanted to be at this stage. We have worked hard to reinforce our underwriting process and created a new underwriting organisation. Commercial and risk underwriting are now being regrouped. There has been a great improvement in the granularity of our risk analysis and we are now analysing every country and every sector separately. As you are aware, we been strengthening our local risk talents, with a number of new recruitments. We have also assembled a central support team of experts to support the local regions and so we are pretty much where we wanted to be in our plan to enhance risk management.

Our teams have been working hard on improving operational efficiency and client service throughout the company. We have reached agreements with our unions and workers' organisations in France and Germany, to implement early retirement plans and voluntary leave plans. Our French employee benefit schemes have been renegotiated, to bring them back in line with market practices. As previously announced, we have simplified our structure in three geographical areas where we have smaller countries - the Nordics, the Adriatic, and the Baltics. This has reduced the number of legal entities and simplified the way we operate.

We have had quite a lot of success in generating savings, through more systematic use of sourcing and rationalising our use of real estate around the globe. There have been investments in technology, including the launch of 10 large IT projects throughout the company. In June we inaugurated our new IT centre in Romania. Finally, we have begun the implementation of a Lean programme, company-wide, to address process efficiency and improve quality of service. Although these projects are still in their early stages, they have shown promise, by identifying potential double-digit productivity gains and significant improvements in response times. The Lean programme is still in its early days, but it is making its way through the company.

The third pillar of this plan is to implement differentiated growth strategies, according to individual markets. We have been driving sales efficiency in mature markets and there has been a reorganisation of our sales teams in France. We are introducing nomad technology and allowing our salespeople to do quite a lot of their work online. New partnerships have been put into place with banks. More resources have been allocated to under-penetrated markets, with more staff in Japan and the reorganisation of our distribution in the US. We have been driving growth in what we call the 'emerging stable' markets, with enhanced targeting and hunting techniques.

Finally, you are aware of the work that we have been doing in the high-risk markets which were hot spots for us over the last couple of years. We have been successful in repricing our book in Latin America and we have been working hard to exit the lower return, higher-risk areas in our Asian business, which obviously impacts on the numbers. I will comment on the effects of these plans as we go through the numbers on the slides.

On page 7, we have the usual information on growth. Our turnover is down 0.5% ex FX and at constant perimeter from last year. It is flat if you exclude FX. As I said, quarter on quarter, our revenue is up 1.2%. Pricing is still a challenge, but is offset by better client activity. You can also see the variation in growth rates between the regions, based on the differentiated growth strategies that we have put in place. Finally, other revenues (factoring and services) are up by 3% versus last year and we are continuing to push in this direction.

On page 8, we can see the split by region and it is interesting to note that Western Europe is up by 2.3% for the first half versus last year. This has been driven by robust retention rates and better new-business numbers. This is interesting for us, because this market had been shrinking for quite some time and we are actually starting to see better numbers.

Northern Europe is down by 2.0%, although it is not as negative as it has been in previous years. We are starting to see some progression here, with an improved retention rate. Nevertheless, new-business performance was flat in Q2. Central Europe is flat, but we feel good about the underlying growth of the business. There has been a premium adjustment in Poland, but besides that, this region is continuing to grow steadily. Med and Africa is growing nicely, at 5%, driven by the performances in Italy and Spain.

North America is down by 10.5% from last year. You may recall that we had -14 or -15 in the first quarter, as large deals that were booked in the first half were not repeated. In Canada we have been cleaning higher-risk elements from our portfolio, so there has been some improvement. Asia Pacific is pretty much the same story and is showing the impact of the action plans that we have put in place. Q2 started to show a little bit of improvement. In Latin America, we are continuing to grow prudently. We have put the emphasis here on making sure we get the right reward for the risks that we are taking and we have been successful in driving prices.

On page 9 we have the usual splits. New production is down from previous years. It is in fact growing in all mature markets, except for Germany, so I would say these are better results. As mentioned before, new business is lower in the emerging markets and higher-risk areas.

Looking at our retention numbers, this is the highest rate of retention we have achieved for the last four years. The retention rate stood at 91.0% for the first half of 2017 and this is good news for the business. The price effect is still negative, as a lot of the markets at this point in the cycle are under significant pricing pressure. However, it is better than it was in 2015 and 2016. Finally, client activity has rebounded, with a pick-up in our clients' business from last year, which is also good news. This is on the back of an improved economic cycle. Commodities, in particular, have been better.

On page 10 we can see the risk numbers. Our loss ratio before reinsurance stood at 56.0%, down from the 61.9% we saw in the first half of 2016. If you look at the quarterly split, we are in the fifth quarter of improvement, with a ratio for Q2 of 54.2%. This is an improvement on the 57.8% we saw in Q1. These loss ratio improvements are mainly driven by Asia and North America, which have both been regions for concern over the past couple of years. The other regions are seeing stable performance.

On the bottom of page 10, you can see how our loss ratio before reinsurance is split between new vintage, which we opened at 71.9% (pretty much in line with our policy over recent years). The boni[1] on prior vintages increased to 18.2% (so back to more similar numbers experienced in previous years).

Looking at page 11, we have given the split, by region, of our loss ratios. As in prior quarters, the four regions which are the more mature and stable markets (and also the largest regions for Coface) continue to be stable. Central Europe, at 51.8%, is fairly in line with the previous year. Western Europe, which had been very low, is progressively normalising, at 45.8%.

Northern Europe is stable versus last year, at 58.6%, as is the Mediterranean and Africa region, at around the 50% mark. The good news is that North America is at 57.6%, down from the 85.0% reported in 2016. Asia Pacific is performing better, at 91.6% for the first half, down from the 146.8% that was causing us concern last year. Latin America is back to 51.0% - which I would call a normalisation at this stage.

On page 12 we have the story on costs. I would like to start by explaining how we have been managing costs here at Coface. The first thing we have done, as you are aware, is to work on the Fit part of the plan. This is about driving productivity in our processes through a variety of means. We have committed to some very specific numbers within this initiative. As at mid-year, we have generated cost savings of 5.4 million euros. This is slightly ahead of the schedule of 10 million euros we had set for ourselves for 2017.

In parallel to this, however, we are making deliberate investments in two areas. The first of these is the restructuring of the company. Secondly, we are working on processes and investing in technologies to improve the business. We are also investing in growth initiatives which we believe will deliver for us in the future. If you look at the numbers on the top of the chart for 2017, our costs are up by 2.9%. This is because we experienced a one-off event in Italy, linked to tax, which impacted our cost base by around 1.5% during the first half. This event accounts for the 6 million euros indicated in the presentation.

On the top right of the slide you can see the quarterly split, with Q2 coming in at 176 million euros, impacted by the one-off event in Italy. On the bottom right of the page you can see how our cost base has evolved from the first half of 2016 to the first half of 2017. There are 2 million euros in foreign exchange and 5 million from the cost savings described in our Fit initiatives. We reinvested 4 million euros of these savings into new growth initiatives. There were 5 million euros of costs due to inflation, as well as the rise of 3 million in our one-off costs compared to last year : these one-off costs include this year's Italian tax event, offset by some one-offs we had last year.

I will now turn the presentation over to Carine, to talk about reinsurance.

[1] The term *boni* refers to prior year gross loss ratio ie. excess of claims reserves relating to previous years compared to the loss ratio actually recorded – For regulated information on Alternative Performance Measures (APM), please refer to our Interim Financial report for the first half 2017 and the 2016 Registration document

Carine Pichon, Chief Financial & Risk Officer - Coface

Page 13 sets out our reinsurance results. These have been driven by lower claims and higher cession rates. As you may remember, we decided to increase our cession rate for the underwriting year 2017 to 26%. This has materialised in a rise in our premium cession rates, from 23.5% to 26.5%. This is in line with the changes in our reinsurance scheme.

As regards the claims cession rate of 25.7% for H1 2016, you may remember that when we disclosed this figure we explained that there had been some positive recovery one-offs on reinsurance. If we were to accordingly recalculate the claims cession rate for H1 2016, it would have been 20.4% without this positive effect. This would have shown a rise from 20.4% to 24.6% – meaning a further increase in cession rates, due to the changes in our underwriting reinsurance scheme for 2017.

Overall, our reinsurance result for H1 2017 was -17.2 million euros, compared to +0.6 million for the same period last year; excluding this positive effect, we would have been at around -12. There were slightly higher costs for reinsurance, which were clearly linked to the decrease in our claims.

Page 14 sets out our net combined ratio, which is down by 1.5 percentage points compared to H1 2016. This was mainly driven by lower losses, with a loss ratio of 58.3% for the six month period. This is also the reason why we have decided to review the guidance for the end of the year to below 58%.

We are continuing to drive tight cost controls and to invest in growth initiatives. The one-off tax effect in Italy impacted the cost ratio by 1.4 percentage points on a six-month basis. Looking at Q2 and the quarter-on-quarter evolution of the combined ratio, we went from a maximum of around 110% in Q3 ’16, down to 92.6% for this quarter – so there is an improvement, quarter-on-quarter. If we exclude the one-off tax effect, there would have been a net combined ratio of 89.7%.

Our financial portfolio is summarised on page 15. There was a slight increase in our investment income, which rose from 24.6 million in H1 2016 to 25.9 million for H1 2017. The main reason for this is that we externalised some gains on sales, specifically from our bonds portfolio. If you look at the accounting yield on our investment portfolio, excluding these gains on sales, there was a slight decrease from 0.9% to 0.8%. This is quite similar to the performance of the previous year.

Page 16 shows the full view on our net income, at 20.2 million euros. Our current operating income, which is the economic performance of the business, increased by 17.5%, as at the end of June 2017. Our tax rate is still high, at 49% but it was 52% in Q1 2017. There was a slight decrease in Q2, to around 47%.

Our performance based on our average tangible equity is outlined on page 17. At the end of last year we reported a return on average tangible equity of -0.8%. We have had an improvement of 1.1 points, emanating from technical results and the improvement in the loss ratio. There was a slight increase in our financial results and in ‘tax & others’ – particularly in others. You may remember that in 2016, we had a provision on an equity, on an associate that we have. This did not reoccur in the first half of 2017. All in all, our return on tangible equity stands at 2.6% on an annualised basis. That summarises the picture for our P&L.

The presentation of our capital begins on page 19. Our balance sheet is still solid, with no material changes since last year. I would just like to take the opportunity to mention the new IFRS 9 accounting standard, which concern financial assets as a whole. In terms of the implementation of this new accounting standard, Coface will be able to apply for a deferral on insurance business. This means that we will apply these new rules in 2021, when there will also be changes in the rules for insurance contracts. Nevertheless, we will have to apply for our factoring and services companies, as from 1 January 2018. There are no changes in terms of ratings, which are still good – as was reaffirmed last year.

Page 20 summarises our solvency ratio, which remains robust. We are currently at 148%, which is within the target range of between 140 and 160%. Last year it was 150%. From an insurance point of view, this is stable. The changes come from higher factoring-required capital, due to an increase in our outstanding receivables – but a small part of this increase is coming from that; the main of this change is coming from a higher regulatory minimum ratio. This minimum ratio now stands at 9.25% of risk-weighted assets (RWA), compared to 9% previously. This is a new Basel III rule that we have been applying since the beginning of the year.

In terms of the sensitivity of this ratio to several scenarios: it is still low-sensitive to market shocks. There are several typical scenarios that we are running, such as an increase in interest rates, or increasing spreads, or falls in the stock market. Each of these scenarios represents around 3 to 4 points of difference to the 148%. In terms of crisis scenarios on our loss ratio, an equivalent of the 2008 crisis would have led to a solvency ratio of 114%, while another type of crisis would have led to 127%. All in all, we are keeping our solvency ratio robust.

The split of the solvency capital requirements per component are shown on page 21. As always, the non-life underwriting risk is the main component, at just under 1 billion euros. There is also market risk, counter-party risk and operational risk. Overall for insurance, we need 1.1 billion euros of capital, plus 222 million euros for factoring, for this first half-year. This equates to around 1.4 billion euros of required capital as at the end of June 2017.

Xavier Durand

I will pick it up from here. Just to summarise, operating profit is up by 17.5% year on year. There was a decrease in the net combined ratio. What is notable is that we are seeing improvements in Asia and North America when it comes to the loss line. This shows that our risk measures are working, but it is also on the back of an improving economy. Our Fit to Win plan is progressing well and we are where we want to be.

Our solvency is in the middle of the range, at 148. The slight change here is driven by a regulatory change on factoring, but we are pretty much where we want to be.

We are lowering the guidance for our net loss ratio for 2017, from the “below 61%” we previously announced to “below 58%”. The risk actions in our Fit to Win plan are complete. We are confirming our target of 10 million euros in cost savings for 2017. In terms of investments and restructuring expenses, as these tend to be back-end loaded in our plan we will not exceed the 21 million we had planned for the year. That is the update on our guidance, and with this, I would like to open it up for questions.

Questions and Answers (Q&A)

Guilhem Horvath, Exane BNP Paribas

I have three questions to start with. The first one is on the reserve releases. I would like to understand how you have come up with a bit more than 20 percentage points of reserve releases over the quarter. As you said, this was similar to what you did in the past. I would like to understand if this is something you expect to be able to continue releasing in the future. It looks like the emerging markets crisis had an impact over the past few quarters, but has now completely disappeared from your run-off policy.

The second question is on the Western Europe gross loss ratio, which apparently deteriorated this quarter. I would like to have a better view on what is happening here, what you are seeing in this geography and what the outlook is.

The third question is in terms of growth prospects for the year because, as you mentioned, client activity is quite strong. I would like to understand what your plans are now, in terms of what you can achieve in terms of top-line growth. This is excluding the State-guarantees business, on a comparable basis with last year.

Xavier Durand

I will try to pick up the questions here. I think your first question is on the reserve releases on page 10. There is no change to our risk policy and I think we have gone through this in prior calls. As I said, we opened the new vintage pretty much as we have in the past and then each vintage runs through its life. The 18.2% (not at the 20% you highlighted, but the number of boni coming from prior years) is returning closer to the historic level of around 20% that we previously saw in the business. I think this translates to a normalisation of the risk curves and I think that is what is really going on here. There is no change to the way we are looking at risks, or computing reserves.

Guilhem Horvath

So this is the half year view but you are over 20% during the quarter? If I understand correctly, you say that this is more or less a normal level, as was experienced in the past. Is that what we should expect in the future?

Carine Pichon

We are more or less back to historical levels. I cannot say if this will become the norm, as it will depend on the outlook. What we can say, for the moment, is that we have the capacity to have a higher release, as the situation is improving (for example in Asia). This was not the case before, as it was still deteriorating in H1 2016 and we were still receiving some late claims. This is no longer the case today.

Xavier Durand

Western Europe has been particularly low. As you know, this industry does not target a 30% loss ratio. We did enjoy this level for some time, but we have seen some claims come in - from the UK in particular and from Switzerland. So there has been some activity on the claims side in this region. As you know, in this part of the cycle, the business is also under pressure from a price standpoint, so we cannot expect these numbers to be significantly below the 50% range for a very long time.

We are not providing forward-looking statements on growth prospects. Throughout the creation of Fit to Win, we said that we would be focussing on creating value for the long-term. This means arbitraging the areas where we think we can get the right reward for the risk that we take. I think that what you are seeing in the numbers here, is clearly a better performance than last year and the years before. This is driven by the improvement in growth in mature markets. As mentioned, client activity has improved so we are seeing a better economic cycle and that is helping. Our strategy continues to focus on being thoughtful about where we seek growth. You can also see the impact of the actions that we have taken on the most volatile markets, which are Latin America and Asia.

Benoît Pétrarque, Kepler Cheuvreux

My first question is on Asia. I was wondering if you could talk about the improvement we have seen this quarter, with the fall to a 61% loss ratio in Q2. Have you seen any large claims, or does it seem to be quite loaded this quarter? What is the pipeline in terms of claims in the quarter and the coming quarters? Where are we treading in Asia? Is that exceptionally low and what do you expect going forward?

Secondly, I wondered if you could update your thoughts on capital optimisation and ultimately, the efforts you want to put in your balance sheet to improve your return on equity. Where are you now on this optimisation? Obviously, Solvency II is at 148% - so below the 160% level. When do you think we are going to see the first sign of an optimisation here?

Finally, the Western Europe claims ratio is 51% for the quarter - which is up by about 10 percentage points compared to the 40% level we have been running at during recent quarters. What do you see there in terms of specific large claims? What is the trend for the coming quarters?

Xavier Durand

We are seeing improvements in Asia. I think the actions we have taken are bearing fruit. As I said in previous calls, I would not look at one quarterly number too closely, because the region is not very large and over one quarter we can expect to see some volatility. I think, overall, it is clear that we are seeing some improvement, so we feel that the actions we have taken are working.

In terms of capital optimisation, we are basically at a stage here where you are not going to see a lot of changes from one quarter to another. The reason is that the business is not generating a lot of own equity. We are now profitable, but we are not creating a lot of capital on a quarter to quarter basis. As you know, we took a first step in our reinsurance programme at the end of last year and at this stage, we are still working on what we are going to do going forward. I would expect that this stability is where we would want it to be and that we will not change our view on what we want to do in the future. That is to say, to optimise our capital using reinsurance and to try to generate 1% of ROE improvement by the end of this plan.

In terms of Western Europe, I do not have much more to add on from the previous question. I think we have seen some increase in claims, with a few from the UK and Switzerland, but nothing out of the ordinary for our kind of business.

Michael Huttner, J. P. Morgan

Great underlying numbers. Can you say what the tax rate would be going forward, as I see that there is a decline?

On factoring, it sounds like there is more change coming from Basel, with factors on the risk-weighted assets. Can you say how much extra drag on the solvency this will bring once it is completed? Can you give the figure for exposure growth? I think that Euler-Hermes gives it, which kind of gives a feeling for what the underlying growth is.

On factoring in particular, can you share your thoughts on the profitability, given that the capital allocated is rising quite fast?

Xavier Durand

I will talk a little bit about the tax rate, because clearly you have seen this and I think we have already discussed this on prior calls. As we have seen losses increase in specific areas of the world where we cannot tax deduct them and we are generating profits in higher tax areas, our tax rate has gone up. We did expect it to be still high and we do expect it to normalise over time, but it will take some time. There is nothing here that we had not anticipated would happen.

Carine Pichon

In terms of upcoming changes for factoring, there will be an increase in the percentage of RWA - not for 2017, but for next year. However, all in all, to answer your question on the profitability or the return on equity on this activity, it is pretty good. We do not disclose this figure, but our target is in line with the insurance one. Even including this change in methodology, in computing figures, it is still in line with a good return on equity and our objectives.

Michael Huttner

I really appreciate you telling me what the trends are, but it would help me a lot more if you gave me the figures. What would be the cost of this extra increase in RWA in terms of Solvency? In terms of the factoring, how much extra capital will you need to put in, due to the regulatory changes which are still coming?

Carine Pichon

We are still making the calculations, so we cannot disclose these figures now. In any case, it will be low. I can tell you that the main changes have already been done. I think that we should be able to disclose something next quarter. It will be lower than the change we already have here.

Michael Huttner

What is the figure for the total exposure in insurance?

Carine Pichon

We are not publishing the exposure for this half year, but we can say that there is a slightly positive evolution. What is more important, is the quality of the exposure, which we are working on more and more. As Xavier said at the beginning, we now have a more granular approach to underwriting per sector, per country. This also helps us to better analyse exactly where we want to go in terms of exposure.

Xavier Durand

I would say a modest growth, with an improvement in quality.

Thomas Fossard, HSBC

I have a question on the cost ratio. The cost ratio for H1 is around 35%. I think that in your targeted plan to reach 83% combined, the implicit assumption is to be at around 30%. It is therefore 5 or 6 points of improvement. Can I ask what the plan is? If you do not manage to gain much top line growth over the next two years, this will obviously be a significant number to achieve. Are you already thinking of taking additional steps in cost reductions? What is your view at the present time?

My second question is on the pricing outlook for your business. It seems that a lot of geographical regions are now running on loss ratios that are back to normalised levels, or still at very low levels. What are your expectations in terms of overall price evolution? Would you expect clients to ask for more rebates going forward? Any indication would be interesting. Thank you.

Xavier DURAND

On the pricing outlook, we are seeing a backdrop of an improving economy with, I would say, continued performance particularly in the mature markets. I would expect continued pressure on pricing, particularly in the developed markets here, as Europe is picking up some speed economically.

In terms of cost, when we had that discussion at the onset of Fit to Win, we gave a guidance of 83% - not specifying how that would really be broken down. I wanted to keep the flexibility of making the right investment in the business. As we said, we are working hard to improve productivity everywhere we can, but we are also being thoughtful about where we invest in the business in important areas. One is on risk controls, and making sure we optimise spending money versus seeing losses flow through the P&L. The second is on growth initiatives and making sure that we can invest the money we need, in order to grow in the areas where we see opportunities to create value for the business in the long-term. The third area is around technology and the digital arena. As you know, the world is moving fast and we are making deliberate investments on this front, to improve our business over the long-term. For me, it is really an arbitrage between all of these parameters. The decisions we make are really driven by the opportunities we see in the markets, in order to make profitable investments on the growth side. On the other hand, we are doing some pretty heavy lifting on technology, organisation and processes. This will continue and we have been deliberate about that. It is then a question of putting the right risk infrastructure into place, based on what we see out there in the market. The plan is to get to 83%, but how specifically we get there between risk and cost is something I have always left open, for these reasons.

Benoît Pétrarque

Just a follow-up question on the factoring. What is your current Core Tier 1 ratio on your factoring business?

Carine Pichon

We do not disclose specifically the CT1. I can tell you that we just apply the Basel III methodology so it means that we have 9.25% of risk-weighted assets - so using the difference you can calculate the risk.

Benoît Pétrarque

If you have a 9.25% CT1 ratio, the way you calculate your Solvency II is basically by taking out the required capital from your SCR on the factoring. Most insurers actually exclude their banking business when they calculate their Solvency II ratio. Your ratio would be much higher without the factoring business, so is the regulator looking at your insurance solvency ex-banking?

Carine Pichon

That is a very good question. In fact, we have had discussions with the French regulatory body on how we should calculate the Solvency II ratio – whether we should make two separate calculations, or do as we now do, which is an embedded calculation. The answer was that we should continue as we are now doing, as we are a financial conglomerate. Having said that, we could make two calculations, just for financial communications, but as long as it is the way we are regulated, we thought it better to continue as we are.

Michael Huttner

How much was the loss in Switzerland? It sounded as if it were not actually Switzerland but just booked there and related to another country. How much was the amount?

Xavier Durand

There is nothing specific on Switzerland. What we are saying is that in the course of the business relative to prior quarters, more losses come through these two geographies - but nothing that is really worth mentioning here.

Michael Huttner

Is it because it is booked in Switzerland, or is it actually the location of the risk?

Carine Pichon

It is booked in Switzerland, so it is not a domestic risk.

Xavier Durand

As you know, the way that we book business is that each country has clients for whom we take risk in different parts of the world. What happens in one country is also linked to the loss experienced in other parts of the world.

(End of transcript)

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FINANCIAL CALENDAR 2017 (subject to change)

9M-2017 results: 25 October 2017, after market close

FINANCIAL INFORMATION

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About Coface

Coface a world-leading credit insurer, offers 50,000 companies around the globe solutions to protect them against the risk of financial default of their clients, both on their domestic and export markets. The Group, which aims to be the most agile global credit insurer in the industry, is present in 100 countries, employs 4,300 people, and posted consolidated turnover of €1.411 billion in 2016. Coface publishes quarterly country and sector risk assessments based on its unique knowledge of companies' payment behavior and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors.

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