12-May-2026

Coface SA (COFA.FR)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Coface SAQ1 2026 Results Presentation. At this time, all participants are in a listen-only mode. After the speakers' presentation, there'll be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Xavier Durand, CEO. Please go ahead.

Xavier Pascal Durand

Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

Thank you. And just last time, welcome, everyone, to this first quarter 2026 report from in Coface. You will all have seen the numbers. We are reporting a net income close to €54 million, down from last year. But I would call this a good quarter in an economic environment, which is obviously not easy. The turnover of €465 million is stable at constant FX and perimeter and then there's a few moving parts inside that. You see that insurance revenue is down 1.3%. That's really driven by, I would say, a slow economy and client activity being positive but with low and lower than historic average. But the operating metrics of the business as you will see later remain really strong with the retention close to our record. Pricing still negative but improving and I think that's also linked to the environment. And at the same time, we see our services growing close to 20% with business information on a consolidated basis growing 12% organically and almost 18% on a reported basis with the acquisition that we made last year. Debt collection is strong at almost 32%, factoring positive after a few quarters of actually flat or negative. And when you look at the total perimeter growth, including those businesses that are not consolidated, you see 15% organic for BI and 40% for debt collection, so strong revenue growth on services.

I think the other point, the strong point I think for the quarter is the net loss ratio standing at a 37.6%, bringing the net combined ratio to 70%. You'll see really a very flat and a benign story on the last slide. The net cost ratio is up 3 points to 32.5%. We are continuing our investments. I mean I've been saying this now for a couple of years in-line with our Power the Core plan and we continue to move forward. So we've appointed a new CEO for Strategic

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Partnerships and this is [ph] Kasia (00:03:08) Kompowska, who was running Northern Europe. She is being replaced by the Head of Sales for that region, Christian Stoffel, who has been with us for a number of years and has been leading both our factoring business and then been the sales leader for that region. And then we have a succession of further changes down the chain, all internal. And I think it shows that we continue to move and we have strong talent. So net income close of €54 million. Return on average tangible equity stands at 11%, which is the range that we had set ourselves through the cycle. Clearly, the economy is, as I said, and it's pretty obvious, not very supportive.

We added a page now as we very often do on page 5 to talk about Power the Core. I mean we are really halfway through the plan. We issued the plan two years ago. And if you remember, this is all about data, connectivity and technology. This is about building an ecosystem that really links clients, partners, distributors, building solutions around the credit space and investing in the digital tools, automation and artificial intelligence-driven solutions, which are now enabled by the incredible surge in AI that we're seeing. So, we are executing on that plan, it requires investment and we're making a significant progress and significant investments. And I think it's given us a very unique and differentiated platform at a limited cost because as I have explained through many – through the couple of years, we're doing this for pretty much a zero impact on the P&L and the external revenues we generate from this activity are actually allowing us to fund the services growth and also some of these benefits percolate into the insurance business.

What's different? I would say from what we plan when we launched the plan is that the economy is tougher. Clearly, there's been tariffs, there's been de-globalization, there's the events in the Gulf and the war in the Middle East, a shock in energy. I think you're starting to see some of the impacts of that. The level of insolvency stands at a record for the last 13 years or so and it continues to grow in advanced economies. Geopolitical headwinds, I don't think I think I need to explain the details. And – so that's one side. The economy is not very supportive. And the other thing that's happening I think is the advance of AI and the huge changes we're seeing in the technology space with the AI now starting to impact all of the different areas of a frankly a wide array of businesses.

So as I step back and look three years back, I think we have the right orientation. I think we have the right strategy. It's just the environment that is on, one hand, a little bit tougher on the economy. And also accelerating on the digital space, which only reinforces our view that we should continue to invest and differentiate. To me, it's pretty clear.

I've laid on the right-hand side of the chart here the revenues we generate from services, which is business information and debt collection and you see that it's been growing about 20% a year for the last two years and is still growing about 20% this quarter. And when you look at it on an annualized basis, we're over €100 million now of revenues, which is starting to be meaningful for us. The other thing I would say is that the total EFTs allocated to these businesses now is over 1,000 people. So for Coface it's really material. It gives us capabilities, technical capabilities, intelligence and knowledge that we didn't have and again I think it explains part of the performance that you're seeing here today.

On page 7, the usual pages, and I'm going to go relatively quickly through these pages. Because the numbers, first of all, they're always presented in the same way and a lot of these I've already discussed. You see insurance revenue is down 1.3%. Other revenues, which includes factoring and services up 9.2%. And I've already mentioned the double-digit growth in both business information and third-party debt collection.

The one thing I want to point out on this page 7 is the performance on insurance fees, which are the fees we charge our clients. You see that we're at 13.9%, which I think is our record so far. Of course, part of this is because the premiums are lower but also I think the fees are up 2.1%. And these are services that we charge to

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our clients inside our insurance contracts. And to me, what it means is that the services that we are proposing and we are offering are being taken up by our clients and we're able to price them. And I think that's a recognition of the service side of this business that we've been driving, both on the insurance side and on selling services independently.

On the next, page 8, you're very accustomed to these charts. Nothing really new here except a couple of things. Western Europe, Northern Europe, Central Europe I think are showing very low growth. This is really driven by a slow economy and a slowing economy I would say even further than we had in 2025. And obviously, energy shock and tariffs and all of the change in globalization is impacting Europe clearly. The new thing here is that Med & Africa, which used to grow historically at a 4% to 5% range, is now not growing anymore. Obviously, that contains the Gulf area and the Middle East, which is impacted but also Southern Europe and we're seeing a slower growth there.

The other big news on this page from the prior quarters is the slowdown in emerging markets. Latin America and Asia Pacific have higher growth and Latin America came from a double-digit growth place to as you see flat or slightly negative. And this is client activity, which is slowing down and clearly, emerging markets are impacted by what's happening in the economy and geopolitics more probably or quicker because a lot of these countries are buying products that are now more expensive or in less supply.

If you go to page 9, I think that's an important page because it highlights the operational performance of the business and there's some good news here actually. The new production is at a record level in the last five years. And you can see that the investments we're making in distribution, et cetera are actually bearing fruit and continuing to drive some growth. The retention rates at first quarter, 94.8%, is very close to the records we have ever had in this business. The pricing is still negative. I mean the competition in the market continues to be very high. There's a lot of capital that's looking for a home and a place to be invested. But at the same time, you see that pricing while being negative is not as negative as it was in the prior years. There is demand in the market and I think the execution on that front from Coface is actually good. And then the volume effect remains very, very subdued. You can see that the Q1 at 0.7% is of course positive but one of the slowest years that we've had historically. So good operational performance from the business.

I will then go to page 10 to talk about losses. And you see here we had a good quarter with loss ratio before reinsurance, including claims handling expenses at 36.3%, comparing favorably to the first quarter of 2025 and most of the quarters and in the prior year. A few comments here. First of all, claims are rising in number and that's consistent with what I say about insolvencies, which are reaching a very high-level across the majority of the economies around the world. At the same time, we're not seeing severity rise at the same level and that's good news. I mean it's also a tribute to the work that the teams in Coface are doing to monitor the events and remain very close to the risk.

And you see at the bottom that we haven't changed our reserving methodology. We still open the new vintage at a high level, 80%. And then we still see some very nice reserve throwbacks from the prior vintages, which continue to perform. So I would say really a benign for Coface risk story here.

I will skip page 11, which compares entire years, 2023, 2024, 2025, which is just the first quarter of 2026.

To go to page 12, which describes the last five quarters. I think that's probably an easier way to look at the same numbers. And you see here that I really don't have much to report. I mean because the things are extremely stable, whether it is the large, more stable markets at the bottom; Western Europe, Northern Europe, Central

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Europe and Med & Africa or even I would say the more volatile, smaller places; North America, Latin America and Asia Pacific. So really not much to say and the risk is continuing to be well under control.

I will spend some time now on page 13, which talks about the costs. And we've had this discussion now for several quarters that post the COVID shock, we have embarked inflation in our cost structure and at the same time we are seeing no more inflation in client activity and that's creating a headwind for us. And you see that again this quarter but at a lesser level I would say than prior. The increase in costs from Q1 2025 to Q1 2026 is 5%. We have seen higher numbers I think in the prior quarters and you see the cost ratio going up driven by this difference in inflation between the costs and the premiums that's 1.6 points and continued investments that we make deliberately, both in insurance and in the services that drives another 1.8% cost ratio up. At the same time, we're getting some of this back through the increase in sales and services and that's 1.2 points, which drives the cost ratio for the quarter at 35.2%.

So I would say a continuation of the story, no surprise in deliberate investments and I think made even more critical by the change in the environment that I described before, i.e., more risk. We need to stay closer and make sure we invest the money that's going to allow us to keep the risk under control. And on the other side, developing new solutions, new ecosystems, and investing in the services side of the business, which so far has been a bottom-up story that is now €100 million annualized.

With that, I'm going to pass it on to Phalla, who's going to take us through the rest of the presentation.

Phalla Gervais

Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA

Good evening, all. So we are now on page 14 on the reinsurance page. I'll start with division results so you can see that we are passing on €25 million before tax to our insurers. This is plus 24% compared to last year, driven by the fact that the premium cessions they have has slightly increased and the reinsurers following the [indiscernible] (00:15:47) are benefiting from the decrease on the claims ratio, as the claims cessions, where it has decreased from 26% to 25%. This lead us to a net combined ratio at 70%.

On page 15, you can see that we're moving up 1.4 percentage points with the net loss ratio decreasing and the net cost ratio increasing following what Xavier has described in terms of investment that we have made in our business.

If we move to page 16, which is the financial portfolio, so the mark-to-market value is at €3.260 billion. You can see that in terms of asset allocation, 15% is now holding on cash and liquid assets as we are going to pay almost €190 million of dividend by the end of the month. Otherwise, I think, as I said, the allocation has not changed much. If we move to the right-hand side, which is the investment income, so the P&L side of the revenue of our investment portfolio. In terms of recurring revenue, the accounting yield has been pretty much stabilized. Of course, we are now – and we're not seeing anymore interest rate in fees and it's stable at 0.8%, so moving from €24.9 million to €25.7 million. I would have the same comment on the FX. I think that you can see the FX line on the investment income at €0.3 million in Q1 2026. This is made of a loss, which is minus €4.6 million related to hyperinflation booking on Turkey. And this is compensated – and more than compensated with the FX gains that we have in investment portfolio €4.9 million. And as usual on the liability side, which is what you see on the line insurance finance expenses, €15.8 million is FX gain is compensated or have not set from the liability side as in the €15.8 million of IFE. Well, it includes €5.3 million of FX loss. So net investment income net of IFE from one quarter to another so we have increased the amount by €300,000.

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This leads us to a net income on page 17. The way that you look at that of course the net earned premium is down 4.4%, and this is one thing – one of the key driver on the revenue's decrease and this leads us to a net income decreased by 13%. Net book value €15.1, tangible book value of €13.3. I think we are trading today around €16, still slightly below €16.

We are now moving on page 18 and return on average tangible equity. The equity IFRS equity is moving from €2.2 billion to almost stable as we accounted for the income of the period and then we have the mark-to-market on our investment portfolio that goes through to equity. So a slight increase at the end of the day and then return on average tangible equity moving from 11.4% to 11%. Of course, we have increased slightly the equity and we have the net return that has decreased compared to last year. Xavier?

Xavier Pascal Durand

Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

So just to wrap it up and then we will have the usual Q&A session. I think it's a good quarter in what I would describe as a soft economy. Clearly, you're starting to see some of the geopolitics percolate into the economy. Companies are hesitant to invest. There's obviously a lot of increase in commodity prices but also a much less volume, et cetera, et cetera. And I would say the whole the credit insurance market or industry is affected by this and we are too. Our services strategy is paying off. We're seeing almost 20% growth in that. The combined ratio is holding up very well. In a world where insolvencies are and I would say at a record in the last 13 or more years. The RoATE at 11% is in-line with the through-the-cycle targets even though we're I think in the slowest growth economy we've seen in a very, very long time. So clearly, we don't like the environment but the business continues to perform. We are investing – despite this uncertainty, we're investing along the lines that we have described for Power the Core. We know that I think it's the right strategy. We are building technology and skills and an ecosystem and solutions that are valued by clients. We know that the data and AI revolution supports the choices we've made. We didn't think it would go as fast as it does quite frankly. And so it only reinforces our conviction that we need to continue to invest. Because I think slowing down in this world would be actually probably more dangerous than the taking the risk of investing and not getting everything right. So I think for me, this is important. And we're right in-line with the things we said and the business continues to perform.

So with that, I think we will open it up for questions.

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QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We will now go to the first question. One moment please. And your first question today it comes from the line of Michael Huttner from Berenberg. Please go ahead,

Michael Huttner
Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Q

Fantastic. Thank you very much. I just had two. One is what are our insurance services? So you've got the different the – your business information, the debt collection. But I just wondered what is insurance service, which is different from that?

And then the other question is if commodity prices are increasing as US CPI is kind of inching up a little bit, when do you think we'll see the benefits in your revenues? Thank you.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

All right. So the insurance services are the things we do on behalf of our clients inside the insurance contract. Like if they ask us for limit, a new limit, or if they ask us for help on collections or stuff like this, we will do that inside the insurance contract, right? So it's a different source of revenues from the contracts we have, which do not include the insurance, but only services, right, standalone. So...

Michael Huttner
Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Q

But the debt collection appears as both, right?

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

Yes. It appears on both sides. I mean, we – clearly. But I would say the bulk of this pertains to management of credit lines, probably...

Michael Huttner
Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Q

Oh! Okay.

Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

[indiscernible] (00:23:32).

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

The monitoring of portfolios and stuff like this. Your second question was about inflation. So, yeah, we're entering a world – I think it's pretty clear that we're entering a world with lower growth, lower I would say effective growth and then we have more inflation and we're starting to see it. You saw the numbers just released in the US but it's not clear that one is going to compensate for the other. I mean we're getting closer to a stagflation situation,

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where nominal growth is actually probably the combination – is the combination of actual growth of the economy plus the inflation. But I think right now the combination is not favorable. I mean I think that's basically what you're seeing. It's hard to say where it goes. Because I think you have a first effect on commodity prices. You have the second effect on businesses that produce from these commodities that are going to be seeing increasing costs and they're going to try to pass on those increased costs to businesses. And then the question is how is that going to affect demand? And then you have central banks that are going to say, wait, inflation is coming back so what are we going to do about it? And are we going to raise interest rates, which is going further potentially, if that happens and it might, reduce demand further? So this is the process that's going to take some months. It depends how long the Gulf crisis last. But I think elevated commodity prices, that's going to last a while. It's not going to return to normal anytime soon. And if it lasts for several more months, the bulk of the impact will be 2027. So that's really the issue here.

Michael Huttner
Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Q

Brilliant. Thank you.

Operator: Thank you. We will now go to our next question. And our next question comes from the line of Benoît Valleaux from Oddo BHF. Please go ahead.

Benoît Valleaux
Analyst, Oddo BHF SCA

Q

Yes. Hi. Good afternoon. Thank you for taking my question. I have two question if I may. The first one is regarding to this appointment of a new CEO of Strategic Partnerships. Can you please elaborate a little bit what you are targeting in terms of what is behind I would say Strategic Partnerships and the potential of growth coming from those partnerships?

I have a second question. You mentioned that you still need to invest into data and AI and so on. Does it mean that you plan maybe to revisit your profitability target you had for your BI business in 2027 in order to capture opportunity and to continue to invest on technology or is it maybe too early for you to have a review on next year contribution from this business unit?

And I have a third question if I may regarding loss ratio per geographical area. You have a negative loss ratio in LATAM in Q1. I know that LATAM is a smaller part of your business but – and you also had the negative loss ratio by the way in Q3 [indiscernible] (00:26:49) it's a bit unusual. Is there anything special, which explains this negative loss ratio in Q1? Thank you.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

Well, that one is -I'll start with that one. I mean this is 4% of our business divided by one quarter so it's a very small number. A lot of the business we write in Latin America are actually linked to international contracts. And we take risk in Latin America that are disproportionate to the premiums we get in Latin America because these are global contracts, right? So whenever you have one file that moves up or down, it throws off either a high loss ratio or it can even become negative when we get the...

Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

[indiscernible] (00:27:31)

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Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

...we recover and we release the reserves. So, there's really not that much to – much more to say. It's just the mechanics of running a very small business inside a larger group.

On the CEO of Partnerships and Strategy, this is a recognition that for a firm like us, which is now developing services on top of credit insurance and other things, these services can become a solution. And TCI, by the way, can become solutions for a broader set of partners out there. We have had long standing partnerships in Europe or in other parts of the world with large institutions, could be financial institutions, could be technology, could be anything. And I think it's a way for us to make our offering relevant to a broader set of clients that we will never be able to reach ourselves directly because we just don't have the manpower or the reach or the brand or whatever it is. There's only 5,000 people in Coface covering the world. If you compare that to the EFTs of the services industry, it's minuscule, right? So that's the idea here. And we're making that a group position because I think it is something that matters and that we should pay attention to.

In terms of data and AI, I mean I've basically described what we've done over the last few years, right? We have been investing from scratch basically to create the whole data and services area, which I just described during the prior discussion. And it's been growing nicely and it requires investments obviously. And these investments are benefiting obviously that services business, but also directly and indirectly the insurance business. Because every time we develop a new score, we have a data lab, we have new solutions, we have more connectivity. It's increased service, increased predictability for the insurance business, et cetera, et cetera.

I think with the way things are evolving, I see the need to continue to invest. It's very clear. I mean I think AI was probably on the charts but – and the rhythm at which it is coming at us is a surprise I think for most businesses around the world, including for us. So it's working. We need to continue to invest. We've ran it so far very close to the neutral line. So we know we make a little bit of money or we lose a little bit of money. And that's been what I've been saying now for several years. It's not changing. There's a natural rhythm at which we can invest efficiently or smartly, and there's a natural rhythm at which the business can grow efficiently and smartly. Some of this will be probably impacted by what's happening in the Gulf or – because none of this us is completely immune to the geopolitics either. So it's a bit hard, as you say, to know exactly where this is going.

The only thing I can tell you is the business has been on, overall, if you take the overall Coface performance, it's been I would say above our targets for the last few years. And I know that we need to continue to invest. So I think this is a question that we'll have to look from a business needs standpoint. I think there's potential for growth and there's need for investment.

Benoît Valleaux
Analyst, Oddo BHF SCA

Q

Okay. Thank you very much.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

On – I think that's – I think these were your three questions, right?

Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

Yeah.

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Benoît Valleaux
Analyst, Oddo BHF SCA

Q

Yeah. Yes. Thank you.

Operator: Thank you. Your next question today comes from the line of Pierre Chedeville from CIC. Please go ahead.

Pierre Chedeville
Analyst, CIC Market Solutions SA

Q

Yes. Good evening. Two question from my side. I would like you to come back on slide 7 because I did not really understood why you were so happy regarding insurance-related fees. Because when we look at figures, it's €51 million and €51 million. So it's a very slight increase. So if you could come back on the fact that you're happy with these figures? It was not very clear for me

And second question, a more structural one. It's about your combined ratio, which is obviously very good this quarter and particularly if you compare quarter-on-quarter and not year-on-year. Of course, I guess that we are on a kind of a seasonality and also affecting in cost ratio. But I would like to know if you feel that your performance is going to be structurally better that what you previously anticipated in your previous comment in terms of a cautious stance. Or if you think that we are going to have an increase in the combined ratio as we have seen last year in Q2, Q3 and Q4 compared to Q1 in 2025? Thank you very much.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

That's a tough one. So let me first address the fees, the insurance-related fees to the insurance premiums ratio, right? So, it's €51 million to €51 million. We're saying in the document that the fees grew 2%. At the same time, we're saying that the premiums shrank by 4%. So that's what I'm happy about. It means that within the insurance contract, the premiums are driven by the activity of our clients. Once you sign the deal, we build them a percentage of their turnover. So their turnover grows, our premiums grow. If their turnover doesn't grow or shrinks, our premiums shrink, right? So that's one thing that there's some mechanics about this.

On the other hand, the fees we charge are relative to the management of their portfolios and they're accessing some of the services we provide within these contracts. And I think that was [ph] holding (00:33:55) but I don't know if that clarifies for you?

Pierre Chedeville
Analyst, CIC Market Solutions SA

Q

Yes. Okay. I understand. Okay. Thank you.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

I mean – okay. And the second thing on the quarterly results, I mean there's always some seasonality here obviously because all the billings and the costs and expenses and then the reserving of it doesn't happen completely in a linear manner through the year. So there is some seasonality. But your question is also what's going to happen in the next few quarters? I mean we never make forward-looking statements but you understand that the environment is what it is, right? So it can go either way. The Gulf thing could disappear tomorrow, in which case things will get better probably over a period of time or it could go on for another six months. And then I

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think we're going to have some pretty interesting impacts across all sorts of industries, across all sorts of geographies. And that's going to go well into 2027. So very hard to predict what the environment looks like.

Do you want to say something, Phalla?

Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

Yeah. I think what is important to say is that we kept exactly the same reserving methodology. So here, I think, as Xavier said, we have opened the quarter pretty high at 80% for the new vintage. I think that's probably what you have to look at. I think it's probably more – it's the consistency of the way that we're reserving and of course we're not doing forward-looking. And that's something that...

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

However, we're not changing our methods. It's just that we adjust our risk management to the environment and then...

[indiscernible] (00:35:44)

Pierre Chedeville
Analyst, CIC Market Solutions SA

Q

Okay. That's very interesting. Thank you.

Operator: Thank you. [Operator Instructions] We'll now go to the next question. And the next question comes from the line of Michael Huttner from Berenberg. Please go ahead.

Michael Huttner
Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Q

Fantastic. Thanks for this second opportunity. I had three. So reinsurance pricing and how it benefits you. The growth in business information, it feels like we've got an inflection point, but maybe I'm wrong? And then finally, business information relative to the US. I always feel that the US is [indiscernible] (00:36:35) – and I just wondered whether something has changed there.

So on the reinsurance pricing, I was hoping to see numbers, which showed that you're a beneficiary of lower reinsurance costs but I can't see them. Maybe you could put me in the right direction? On the growth of business information, so clearly the total growth, 19.5% or 20% or whatever is really lovely and it feels like it's accelerating. Am I right? Have we reached a kind of inflection point? And then finally on the US, where I think one of your major – one of them – if the market resume [ph] and acts like a closed shop (00:37:14). And I just wondered do you have a strategy where you think you will be able to break into it? Thank you.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

All right. So a few things on reinsurance. These are long-negotiated contracts that span two years with – so you can't – you're not going to see change in reinsurance dramatic over the quarter.

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Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA
A

In the course of the year. It's annual negotiations. But what we can say is that we have negotiated probably I think – it's probably one of the highest commissions rate that we have received so the current condition has been pretty good for us. And of course if we performed similarly or performing so far the discussion would happen again at the renewal...

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA
A

Yes.

Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA
A

That's all I can say. It is true that today what you see in the market is the new insurance price is a very soft market, and this is something that we will take into account at the next negotiation discussion.

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA
A

On BI, I mean I've said this either way because we had quarters where, if you recall in the past, growth was less. And then we have sometimes quarters where the growth is better or whatever. I wouldn't derive any big conclusion from the quarter. So I think you need to look at this not on a quarterly basis but you need to look at this on a multi-year basis. This is an endeavor we started probably six, seven years ago from nothing. And that's also linked to the prior question, the prior discussion. We're looking at building something over a number of years, not what's going to happen over the next quarter. I would really caution around that.

And then in terms of the US market, I'm not going to comment that much here because obviously there's only a certain level of information I'm willing to share but it's a big market. All I can say it's a big market with probably the most sophisticated players in the world. But that's fine. It's an important for us too.

Michael Huttner
Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)
Q

And just on the business information if I may, just one more. You did highlight a couple of times or three times, the €100 million kind of a benchmark, you're now above that on an annualized basis. How significant is that and at what level do you kind of say, yeah, we really have achieved what we aimed to do or -yeah. Just to kind of feel for where we are [indiscernible] (00:39:59)?

Xavier Pascal Durand
Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA
A

I'm really – I'm – Michael, I really don't know the answer to your question. What I can say is, for us, it's meaningful in the sense that we have 1,000 people, €100 million, which is $120 million of a business. So, if you look at it and say, how many startups am I seeing that get to 1,000 people and $120 million of turnover and cost zero? Does this...

Phalla Gervais
Chief Financial and Risk Officer & Member-Group Management Board & Group Executive Committee, Coface SA
A

[indiscernible] (00:40:28).

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Xavier Pascal Durand

Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

A

...that in itself I think deserves a notice. On the other hand, we are nowhere close to being done. I mean because this is a huge market, there's formidable competition, it's evolving daily, et cetera, et cetera. So that's all I can say. But at least we got to this point, which was not a given from the get-go I would say.

Michael Huttner

Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Q

Brilliant. Thank you.

Operator: Thank you. I will now hand the call back to Xavier Durand for closing remarks.

Xavier Pascal Durand

Chief Executive Officer & Member-Group Management Board & Group Executive Committee, Coface SA

All right. Well, it seems like for once, we're ahead of schedule here. I don't have much more to say. Coface is focused, the environment is what it is. We will know more in a quarter and we will see you in July. But the business is focused on execution and that's where we are. So thank you very much for your participation. Looking forward to the next call in July.

Operator: Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.

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