

Paris, 26 April 2017 – 17h35

**Coface results for Q1-2017:
Net income at €7.3m driven by an improvement in net loss ratio
Fit to Win progressing as planned**

- **Turnover reaches €348.3m down (2.2)% at constant FX and perimeter***
 - Mature markets stable
 - North America declining given the non-repeat of large deals signed in '16
 - Emerging markets are still impacted by the effect of risk action plans
- **Net loss ratio at 58.2%, net combined ratio at 92.0%**
 - Gross loss ratio improved 4ppts. at 57.8% (vs 61.8% in Q4-16) driven by improvement in North America and Asia
 - Net loss ratio improved by 9.7ppts. vs. Q4-16 also reflecting increased recourse to reinsurance
 - Net cost ratio at 33.9%
- **Net income €7.3m**
- **Fit to Win is progressing as planned**
 - Roll out of risk action plan complete
 - Reached €2.0m cost savings year-to-date, in line with €10m objective for the year
- **Reminder of 2017 guidance: net loss ratio below 61% for the full year**

Unless otherwise stated, changes are in comparison with 3M-2016
*Constant perimeter = excluding State Export Guarantees Management (€12.0m revenues in Q1-2016)
Coface ceded this activity as from 1 January 2017 : 2016 figures impacted by this activity have been restated so as to be comparable to 2017

Xavier Durand, CEO of Coface, commented:

“In a global economic environment where political risks remain high, the first quarter of 2017 continues to show the positive impacts of the Fit to Win plan: the actions taken to strengthen our risk infrastructure are now complete and starting to bear fruit. In Q1-17 we delivered a net profit of €7.3m thanks to a reduction in our loss ratio, in line with our guidance. The cost reductions are in line with expectations and we are making significant progress in the implementation of the operational efficiency programme, with additional impacts expected later in 2017. Turnover is still down but mature markets are now stabilizing, in part due to a good level of client activity and client retention. 2017 is a transition year, where we remain focused on the execution of our plan.”

Key figures as at March 31st 2017

The Board of Directors of Coface SA examined the summary consolidated financial statements for the first three months during its meeting on 26 April 2017. They were subject to review by the Audit Committee.

Income statement items - in €m	Q1-2016	Q1-2016 ex. SEGM	Q1-2017	V%*	V%* ex. FX
Consolidated revenues	365.0	353.0	348.3	(1.3)%	(2.2)%
<i>of which gross earned premiums</i>	288.5	288.5	282.2	(2.2)%	(3.2)%
Underwriting income after reinsurance	26.5	20.8	14.5	(30.3)%	
Investment income net of expenses	10.8	10.8	5.6	(85.7)%	
Current operating income	37.3	31.6	20.1	(36.2)%	
Other operating income and expenses	(1.0)	(1.0)	(1.0)	(2.8)%	
Operating income	36.3	30.6	19.2	(37.3)%	
Net result (group share)	22.3	18.6	7.3	(60.6)%	(60.1)%
Key ratios - in %					
Loss ratio net of reinsurance	55.0%	55.0%	58.2%	+3.2	ppts.
Cost ratio net of reinsurance	32.0%	34.7%	33.9%	(0.8)	ppts.
Combined ratio net of reinsurance	87.0%	89.7%	92.0%	+2.3	ppts.

Balance sheet items - in €m	31/12/2016	31/12/2016 ex. SEGM	31/03/2017	
Equity (group share)	1755.2	1 751.5	1 770.4	+0.9%

* V% : Variation Q1-2017 vs. Q1-2016 excluding State Export Guarantees Management (ex. SEGM)

Ex. SEGM = excluding State Export Guarantees Management ; Coface ceded this activity as from 1 January 2017
2016 figures impacted by this activity have been restated so as to be comparable to 2017

1. Turnover

Coface registered a turnover of €348.3m for Q1-2017, down (1.3)% against Q1-2016 and (2.2)% ex. FX, all figures adjusted for the transfer of the French State export guarantee management which took place at the end of '16. This activity had no impact on the turnover in Q1-2017.

In Q1-2017 premiums have benefited from a pick-up in Coface's clients activity at +1.3%, a rebound that is seen in almost all markets. This was offset by a negative (1.4)% pricing impact (though improving from last year) as mature markets continue to see significant competitive pressure. Latin America continues to see a positive re-pricing.

In North America turnover is down by (11.3%) and (14.8%) at constant FX as Q1-2016 had benefited from several large deals that were not repeated this quarter.

In Central Europe, turnover was up 3.2% and 0.9% ex. FX, driven by continued good sales dynamism.

In the Mediterranean & Africa region, premiums grew by 2.6% ex. FX thanks to a continued good commercial momentum in the region.

Emerging markets had very different performances with Latin America growing at 14.4% (and 7.5% at constant FX) as the portfolio is benefiting from past price increases, whereas the impact of the risk action plans can be seen in Asia, where turnover is down by (13.0)% and (16.8)% ex. FX.

Business turnover in €m	Q1-2016	Q1-2016 ex. SEGM	Q1-2017	V%*	V%* ex. FX
Western Europe	84.4	72.4	73.1	+1.0%	+2.6%
Northern Europe	83.4	83.4	79.8	(4.3)%	(4.3)%
Mediterranean & Africa	84.6	84.6	86.8	+2.5%	+2.6%
North America	36.3	36.3	32.2	(11.3)%	(14.8)%
Central Europe	30.9	30.9	31.9	+3.2%	+0.9%
Asia-Pacific	26.9	26.9	23.4	(13.0)%	(16.8)%
Latin America	18.4	18.4	21.1	+14.4%	+7.5%
Consolidated business turnover	365.0	353.0	348.3	(1.3)%	(2.2)%

* V% : Variation Q1-2017 vs. Q1-2016 excluding State Export Guarantees Management (ex. SEGM)

Ex. SEGM = excluding State Export Guarantees Management (€12.0m revenues in Q1-2016) Coface ceded this activity as from 1 January 2017
2016 figures impacted by this activity have been restated so as to be comparable to 2017

New business production, at €39m, is down vs. Q1-2016. However, mature markets are at the same level as last year, the decline being driven by the risk action plans in emerging markets. Coface's client retention rate remains at a satisfactory 92.5%.

2. Results

- Combined ratio

The Group's net combined ratio stood at 92.0% for Q1-2017.

(i) Loss ratio

Gross loss ratio in Q1-17 stands at 57.8%, improving by 4ppts vs Q4-16. Compared to the gross loss ratio of FY-2016 (63.3%), the decline in loss ratio was mostly driven by North America, Asia and, to a lesser extent Latin America. The loss ratio in Asia is still at a high level though improving (128.5% vs. 146.8% for FY-16). The impact of the measures taken in 2015 and 2016 to reduce our risk exposures starts to materialize.

The Group's loss ratio after reinsurance was down (9.7) ppts. in Q1-2017, at 58.2% against 67.9% in Q4-2016. It has benefited from the decrease in gross loss ratio as well as the impact of the higher cession rate to reinsurers. It has also benefited from FX effect (for 2.1ppts.). Adjusted for this gain, the loss ratio would have been 60.3%.

Coface reminds its guidance of a net loss ratio below 61% for the full year 2017.

(ii) Cost ratio

Coface continues to keep a good control on expenses. *Fit to Win* expense reductions reached €2.0m, in line with the annual target of €10m cost savings.

The Group's cost ratio after reinsurance stood at 33.9% for Q1-2017.

- Financial income

Coface has maintained its prudent investment strategy and in particular took some additional protections ahead of key election in France. Excluding gains, revenues from the portfolio were flat at €9.8m, despite the continuous low rates environment.

Net investment income reached €5.6m for the quarter, a sharp decline vs. Q1-2016 due to negative impact from FX variations, partially offsetting the FX gain seen on the loss ratio.

The accounting yield¹, excluding capital gains, was 0.4% for Q1-2017, at the same level as in Q1-2016.

- Operating income and net income

Operating income stood at €19.2m at 31 March 2017, including €(0.6)m of investment and restructuring expenses related to *Fit to Win*.

Net income (group share) stood at €7.3m. Coface continued to suffer from a high tax rate of 52% due to the uneven profitability level between the various regions.

¹ Accounting profitability ratio calculated on average investment portfolio



P R E S S R E L E A S E

3. Equity

At 31 March 2017, IFRS equity (group share) was €1,770.4m (up 0.9% vs FY-2016). The change in equity during the quarter is mainly the result of positive net income of €7.3m and a positive impact from FX movements for €5.9m.

4. Outlook

Coface is totally focused on the execution of *Fit to Win* and the impacts of the initiatives we have now started to implement are expected to materialise gradually.

In 2017, our priority remains to execute our strategic plan while monitoring closely the development of the risk landscape. We remind that, in line with the first signs of improvement observed at this stage, we anticipate a net loss ratio below 61% in 2017. We expect to begin to benefit from the *Fit to Win* operational efficiency measures already taken and have planned to achieve €10m costs savings in 2017, while investments and restructuring charges for the year should amount to €21m.

Conference call with financial analysts

A conference call to discuss Coface Q1-2017 results with financial analysts will be held on 26 April 2017 at 6.00 pm Paris time. Dial in numbers: +33(0)1 70 77 09 46 (France), +44 (0)20 3043 2439 (UK), +1 646 722 49 08 (US). The presentation will be available at the following address: <http://www.coface.com/Investors/Financial-reporting>

Appendix

Income statement items - in €m	2016								2017				% Q1-2017 vs. Q1-2016 ex. SEGM	% ex. FX	
	Q1	Q1 ex. SEGM	Q2	Q2 ex. SEGM	Q3	Q3 ex. SEGM	Q4	Q4 ex. SEGM	Q1	Q2	Q3	Q4			
Consolidated revenues	365,0	353,0	351,7	337,9	348,7	334,3	345,9	332,7	348,3					(1,3)%	(2,2)%
<i>of which gross earned premiums</i>	288,5	288,5	277,2	277,2	275,8	275,8	273,6	273,6	282,2					(2,2)%	(3,2)%
Underwriting income after reinsurance	26,5	20,8	2,4	-4,1	-13,5	-21,4	-2,6	-8,5	14,5					(30,3)%	
Investment income net of expenses	10,8	10,8	13,8	13,8	18,5	18,5	4,9	4,9	1,5					(85,7)%	
Current operating income	37,3	31,6	16,2	9,7	5,0	-3,0	2,4	-3,5	20,1						
Other operating income and expenses <i>incl. SEGM transfer and Fit to Win one-offs</i>	(1,0)	-1,0	(0,8)	-0,8	(0,5)	-0,5	55,7	55,7	-1,0						
Operating income	36,3	30,6	15,5	9,0	4,5	-3,4	58,1	52,2	19,2					(37,3)%	
Net result (group share)	22,3	18,6	3,3	-1,0	-11,2	-16,4	27,1	23,3	7,3					(60,6)%	(60,1)%
Key ratios - in %													Q1-2017 vs. Q1-2016 ex. SEGM		
Loss ratio net of reinsurance	55,0%	55,0%	66,9%	66,9%	72,4%	72,4%	67,9%	67,9%	58,2%					+3,2 ppts.	
Cost ratio net of reinsurance	32,0%	34,7%	30,8%	34,0%	33,0%	36,9%	32,0%	34,4%	33,9%					(0,8) ppts.	
Combined ratio net of reinsurance	87,0%	89,7%	97,7%	100,9%	105,4%	109,4%	100,0%	102,3%	92,0%					+2,3 ppts.	



P R E S S R E L E A S E

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FINANCIAL CALENDAR 2017 (subject to change)

Annual General Meeting: 17 May 2017

H1-2017 results: 28 July 2017, before market opening

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

FINANCIAL INFORMATION

This press release, as well as Coface SA's integral regulatory information, can be found on the Group's website:

<http://www.coface.com/Investors>

For regulated information on Alternative Performance Measures (APM),
please refer to our 2016 Registration document.

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.

www.coface.com

Coface SA. is listed on Euronext Paris – Compartment B
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