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

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Coface's first quarter 2014 earnings (January to March)

## Significant improvement in all operational and financial indicators

- +2.6% consolidated revenues growth on a like-for-like basis
- New production up +13% and record retention rate (93.8%)
- Strong improvement in the loss ratio gross of reinsurance to 47.4% (-4.7 points)
- Decline in the cost ratio net of reinsurance to 25.0% (-1.3 points)
- Combined ratio net of reinsurance of 77.3% (-4.1 points)
- Current operating income[1] (+14.1%) and net result (Group share) of €36.7 M (+23.8%)

Variations in % expressed in comparison with Q1 2013

**Jean-Marc Pillu**, Chief Executive Officer of Coface S.A., stated:

*"The first quarter 2014 results reflect the relevant of the profitable growth model that we have developed over the past three years.*

*On the one hand, the significant improvement in our loss ratio confirms the quality of our risk monitoring. On the other hand, a dynamic commercial policy supported by product innovations allows us to offer our customers a range of increasingly efficient services, increase our retention rate, and improve our turnover.*

*On these solid foundations, Coface fixed medium-term objectives for growth and profitability based on a combined ratio net of reinsurance declined significantly."*

[1] Operating income including financial costs

The board of directors of Coface SA examined the summarised consolidated accounts for 1st quarter 2014 at its meeting on 25 April 2014.
The 1st quarter 2014 data underwent a limited review by the statutory auditors.

## Key figures as at 31 March 2014

| *Income statement items - in €M* | Q1 2013 | **Q1 2014** | **%** | **% like-for-like[2]** |
|---|---|---|---|---|
| **Consolidated revenues** | **369.7** | **370.0** | **+0.1%** | **+2.6%** |
| *of which earned premiums* | *287.6* | *287.5* | *-0.0%* | *+2.9%* |
| **Underwriting income after reinsurance** | **35.7** | **45.7** | **+28.2%** | |
| Investment income net of expenses[3] | 11.5 | 9.1 | -20.9% | |
| **Operating income (including financial costs)** | **46.3** | **52.8** | **+14.1%** | |
| **Net result (group share)** | **29.7** | **36.7** | **+23.8%** | |
| *Key ratios* | Q1 2013 | **Q1 2014** | | |
| Loss ratio gross of reinsurance | 52.1 | 47.4 | - 4.7 pts | |
| **Loss ratio net of reinsurance** | **55.1** | **52.3** | **- 2.9 pts** | |
| Cost ratio gross of reinsurance | 28.1 | 27.2 | - 0.9 pts | |
| **Cost ratio net of reinsurance** | **26.3** | **25.0** | **- 1.3 pts** | |
| Combined ratio gross of reinsurance | 80.2 | 74.6 | - 5.6 pts | |
| **Combined ratio net of reinsurance** | **81.5** | **77.3** | **- 4.1 pts** | |
| *Balance sheet items - in €M* | 13/12/31 | **14/03/31** | | |
| Equity (group share) | **1,780.2** | **1,828.1** | +2.7 % | |
| *Gross financial debt ratio* | ***< 1%*** | ***~ 18%*** | | |

## 1. Consolidated revenues

The first quarter business activity confirms the commercial rebound begun in 2013. Coface's consolidated revenues totalled **€370.0 M and increased by +2.6% on a like-for-like basis[2]** and +0.1% at current scope and exchange rates.

**All commercial performance indicators showed dramatic improvement:**

- the new policy production was up +13% compared with first quarter 2013,
- a new record policy retention rate was set, at 93.8%, with stable pricing conditions,
- our customers' business activity is picking up, in line with the evolution of the global macroeconomic environment.

**This trend confirms the confidence of our customers and the success of the new credit insurance product and service offerings** launched in 2013: *Coface Dashboard* for large accounts and *TopLiner* to supplement cover for existing policies as well as the enrichment of *Cofanet* with new functionalities.

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[2] The change is calculated on a like-for-like basis. The scope effect of +0.3% is primarily associated with the consolidation of Coface RUS Insurance Company in September 2013.

[3] Investment income net of expenses and excluding costs of debt.

Since the beginning of the year, Coface has launched several new innovative services that will be available around the world: in March *EasyLiner*, dedicated to SMEs, and in April *CofaServe*, which allows Coface services to be integrated within customer information systems.

| Change in turnover in €M | Q1 2013 | Q1 2014 | Change | Like-for-like change[2] |
|---|---|---|---|---|
| **Western Europe** | 120.2 | **122.4** | +1.8% | +1.6% |
| **Northern Europe** | 90.3 | **93.6** | +3.6% | +2.9% |
| **Mediterranean & Africa** | 55.6 | **58.1** | +4.6% | +8.4% |
| **Central Europe** | 29.1 | **28.6** | -1.8% | -1.0% |
| **North America** | 28.6 | **27.0** | -5.4% | +0.0% |
| **Latin America** | 24.1 | **19.6** | -18.8% | +0.7% |
| **Asia/Pacific** | 21.8 | **20.7** | -5.3% | +1.8% |
| **Consolidated turnover** | **369.7** | **370.0** | +0.1% | +2.6% |

Excluding exchange rate effects, which had a negative effect on Latin America, Asia/Pacific and Mediterranean & Africa (Turkey), **business activity across all regions was good compared with first quarter 2013**, reflecting the effects of the commercial recovery seen in 2013.

## 2. Very solid operational performance linked to sharp reduction in combined ratio

In first quarter 2014, the effects of the transformation plan were in full swing compared with Q1 2013. Results improved very significantly:

- **decline of 4.7 points in the loss ratio gross of reinsurance to 47.4%** versus 52.1% (and 51.1% over 2013),
- **further decline in the cost ratios gross and net of reinsurance, by -0.9 and -1.3 points respectively**,
- combined ratio gross of reinsurance down significantly at 74.6% (-5.6 points versus Q1 2013) and **combined ratio net of reinsurance of 77.3%** (-4.1 points versus Q1 2013) **compared with 82.5%[4]** for fiscal year 2013 overall.

The sharp decline in the loss ratio and costs resulted in an **underwriting income after reinsurance of €45.7 M, up +28.2%. The current operating income, including financial costs,** increased by +14.1% to €52.8 M, and the the consolidated net result (group share) reached €36.7 M, up +23.8%.

## 3. Optimisation of the Group's capital structure

With a low level no debt at the end of 2013 and equity that increased over the past three years, Coface decided to optimise its capital structure by issuing €380 M in subordinated bonds to a diversified base of international investors in March.

[4] Excluding relocation costs. Including these costs, the combined ration net of reinsurance stood at 83.5% as of 31 December 2013.

The operation, which was ten times oversubscribed, illustrates the confidence in the profitable growth model implemented by Coface on the basis of strengthened operational and financial fundamentals.

Following this issue, Coface decided on 14 April to carry out a distribution of €227 M, including an exceptional distribution of €100 M, after which the Group's financial debt ratio remained below 20% and the return on equity, net of intangible assets (ROTE)[5], increased by 1 point at 10.2% for the first quarter.

Taking these operations into account, the rating agencies Moody's and Fitch reconfirmed on March 2014 the Group's IFS[6] ratings at A2 and AA- (stable outlook) respectively.

## 4. 2014 outlook

Coface anticipates a sustained global growth this year (+3.1% after +2.6% in 2013). The moderate recovery in the Eurozone combined with the acceleration of growth in the United States, despite a disappointing first quarter, will contribute to this trend. The activity will remain dynamic in most emerging countries.

In this context, Coface intends to take an active part in the development of credit insurance worldwide and pursue its strategy of sustainable and profitable growth based on product innovation and a model of effective multichannel distribution.

This press release is completed by the entire "regulatory information" on the website Coface.com.


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**About Coface**

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2013, the Group recorded consolidated revenues of €1.440 billion. Its 4,400 staff in 67 countries provides a local service worldwide. Each quarter, Coface publishes its assessments of country risk for 160 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 350 risk underwriters closely located to clients and their debtors.
In France, Coface manages export public guarantees on behalf of the French State.
Coface is a subsidiary of Natixis, corporate, investment management and specialized financial services banking arm of the BPCE Group.

www.coface.com

5 RoTE (Return on Tangible Equity) computed as: Net income (group share) including costs of hybrid / Tangible Equity (group share) net of goodwill and intangibles after share premium distribution.
6 Insurer Financial Strength.