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

London, 28 July 2016

H1-2016 results in line with July 4th announcement

Strategic plan *Fit to Win* designed to transform Coface into the most agile global trade credit partner in the industry

- **Net income (group share) down at €26m, of which €3m in Q2**
  - Impacted by increased loss ratio, reaching 67% in Q2 in line with July 4th announcement
- **Turnover at €717m, down 5.7% vs. H1-2015 (-3.4% ex. FX), similar to Q1 trend**
  - Price erosion in mature markets combined with the impact of risk measures taken in emerging markets and lower client activity
- **Net combined ratio at 92.2% (90.8% ex. one-offs[1]) for H1**
  - Net loss ratio of 60.8% impacted by higher claims than expected in emerging markets, combined with longer collection times in these regions
  - Net cost ratio is stable at 30.0% excluding one-offs[1] (31.4% reported), reflecting continued good cost control
- **Coface reiterates its expectation of a net loss ratio of 63% to 66% for full-year 2016**
- **Solvency remains strong at 155%[2] allowing to confirm 60% long term pay-out policy; in addition an exceptional dividend of €0.06 per share proposed for 2016**
- **State export guarantees transfer postponed to end-2016 / early-2017, driven by French State legal constraints**
  - Exceptional gain of €73.4m before tax to be recorded at effective date of transfer
- ***Fit to Win* 2016-2019 strategic plan to position Coface as the most agile global trade credit partner in the industry** by continuing to reinforce risk management capabilities in emerging markets, entirely offsetting, through cost savings, the shortfall linked to loss of State guarantees by 2018; driving differentiated profitable growth strategies by market, with the ambition to evolve to a more capital efficient model over the long-term

Unless otherwise stated, changes are in comparison with results at 30 June 2015

[1] Restated one-off items at €5.8m: former CEO severance costs (€2.6m) + State guarantees revenues adjustment for 2015 (€2.7m) + others (€0.5m). Others include contingent capital costs, audit and consultant fees. One-off after taxes : €4.9m

[2] Coverage ratio calculated according to Coface's interpretation of Solvency II standard formula. See Interim Financial Report (First-Half 2016) for the calculation.

coface

PRESS RELEASE

Commenting on the first-half 2016 results and main axes of the 3-year strategic plan, Xavier Durand, CEO of Coface, said:

"In line with what we communicated on July 4th, our results for the first half of 2016 have been impacted by a higher than anticipated increase in claims and longer recovery times in emerging markets: our net income stands at €26m, while our net loss ratio is 60.8% for the period, reflecting the 67% net loss ratio anticipated for Q2.

We have taken strong measures to proactively adapt our risk management and reserve policies to this new environment. This comes in addition to actions taken last year to reduce exposures in Latin America and as of end-2015 in Asia. Today, we continue to rigorously adjust our commercial and underwriting policies according to specific sector, debtor profile and geographic market evolutions.

Our strategic plan Fit to Win 2016-2019 is designed to transform Coface into the most agile global credit partner in the industry. The plan is structured around 3 core priorities: continue to enhance risk management and information capabilities in emerging markets; drive operational efficiency improvements under a much more client-centric business model; and put in place differentiated profitable growth strategies by market and customer segment. It is ambitious yet realistic – and consistent with the challenging global macro- and micro-economic environment we see today. In addition, we ambition to evolve to a more efficient capital model over the long-term.

By implementing the actions set out in Fit to Win, we aim to return to a normalized loss ratio over the cycle, adjust our cost structure to market realities and drive profitable growth over the long-term.

We will present this strategic plan extensively at our Investor Day to be held on September 22nd in London".

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

Key figures as at June 30th 2016

The Board of Directors of Coface SA has examined the consolidated financial statements for the first half year 2016 during its meeting on July 27th 2016. These interim consolidated financial statements have been subject to a limited examination by the Statutory Auditors. The Statutory Auditors' review report is under preparation.

Income statement items - in €m	H1-2015	**H1-2016**	V%	V% ex. FX
Consolidated revenues	**760.3**	**716.7**	**(5.7)%**	**(3.4)%**
of which gross earned premiums	*603.0*	*565.7*	*(6.2)%*	*(3.4)%*
Underwriting income after reinsurance	77.6	28.9	(62.7)%	
Investment income net of expenses	28.2	24.6	(12.8)%	
Operating income	102.6	51.8	(49.6)%	
Operating income excluding restated items[3]	**95.5**	**50.1**	**(47.5)%**	**(46.3)%**
Net result (group share)	66.1	25.6	(61.3)%	(59.4)%
Net result (group share) excluding restated items[3]	**68.3**	**30.5**	**(55.4)%**	**(54.1)%**
Key ratios - in %				
Loss ratio net of reinsurance	52.0%	60.8%	+8.8	ppts.
Cost ratio net of reinsurance	29.8%	31.4%	+1.6	ppts.
Combined ratio net of reinsurance	**81.9%**	**92.2%**	**+10.4**	**ppts.**
Balance sheet items - in €m	31/12/2015	**30/06/2016**		
Total Equity	1,767.0	1,740.4	**(1.5)%**	

[3] Restated one-off items at €5.8m: former CEO severance costs (€2.6m) + State guarantees revenues adjustment for 2015 (€2.7m) + others (€0.5m). Others include contingent capital costs, audit and consultant fees. One-off after taxes: €4.9m.

1. Turnover

Coface registered a turnover of €717m in H1-2016, down 5.7% against H1-2015 (-3.4% ex. FX).

Mature markets – particularly France and Germany in the Western and Northern Europe regions - continue to experience price pressure given the relatively low level of domestic risk in these regions. In the Mediterranean & Africa region, Spain and Italy have been affected by the same trend, while other countries registered growth in turnover. Central & Eastern Europe continued to grow steadily (+2.0%, at constant scope and exchange rates compared with H1-2015).

In North America, business turnover was up 5.2% for the first half (ex. FX), mainly driven by global clients.

Emerging markets showed high risk volatility, leading Coface to take action on its portfolio in certain markets (Latin America and Asia Pacific), which had a knock-on effect on revenue growth.

New business production dropped 5.0% vs. H1-2015 to €81m driven by a lower number of large deals. Coface's client retention rate, however, remains strong, at 90.2%, buoyed by a targeted, customer-focused approach. Price effect is stabilizing at -1.8%.

Client activity, which also drives premiums, is still contributing to turnover growth but its impact is weakening, and is notably decreasing in some sectors (metals, commodities…).

Business turnover in €m	H1-2015	**H1-2016**	**V%**	V% ex. FX
Western Europe	187.5	167.0	(10.9)%	(10.0)%
Northern Europe	165.9	158.2	(4.7)%	(4.7)%
Mediterranean & Africa	178.8	166.3	(7.0)%	(5.2)%
North America	66.3	68.9	+3.9%	+5.2%
Central & Eastern Europe	62.2	61.3	(1.4)%	+2.0%
Asia-Pacific	56.7	55.5	(2.0)%	(1.5)%
Latin America	42.9	39.5	(7.8)%	+14.3%
Consolidated business turnover	**760.3**	**716.7**	**(5.7)%**	**(3.4)%**

2. Results

– Combined ratio

The Group's net combined ratio stood at 92.2% (90.8% excluding one-offs[4]) for H1-2016.

The loss ratio net of reinsurance for the half year stood at 60.8% (+5.8 ppts compared with Q1-2016), i.e. 66.9% net loss ratio for Q2-2016, in line with the announcement made on July 4th. As indicated in this recent communication, the net loss ratio over the period is impacted by a higher than expected increase in claims in emerging countries, which also affected claims from exporting companies located in mature markets, combined with longer collection times in these emerging regions.

The positive impact of risk reduction measures taken in Latin America over the last year are materializing, though the Brazilian environment remains risky, driven by a prolonged economic slowdown. The full effects of actions taken in late 2015 to reduce the Group's risk exposure in Asia will translate into its results progressively.

Excluding one-offs[5] (which had a -1.4 ppts impact), the net cost ratio was stable, at 30.0%, reflecting the Group's continued good cost management. Expenses decreased in line with premiums to €347m[5] compared with €361m in H1-2015 (-2.0% at constant FX[5]), of which internal costs, excluding one-offs, stood at €272m (compared with €282m in H1-2015).

– Financial income

Financial income[6] was €24.6m (of which -€1.3m loss on sales) at June 30th 2016, against €28.2m (of which €7.9m gains on sales) for H1-2015. Given its diversified portfolio and proactive investment strategy, Coface's accounting yield[7], excluding capital gains and losses, was stable at 0.9% for H1-2016, compared with 1.0% for H1-2015, in spite of the current low rates environment.

– Operating income and net income

Operating income stood at €52m and net income (group share) at €26m.

---

[4] Adjustment of state guarantees management revenues for FY2015 (€2.7m), CEO severance (€2.6m), and other items (€0.5m). Other items include costs linked to implementation of contingent equity line, audit and consultancy fees

[5] Excluding CEO severance (€2.6m), and other items (€0.5m). Other items include costs linked to implementation of contingent equity line, audit and consultancy fees

[6] Investment income net of expenses, excluding cost of debt. O/W gains (losses), exclude investments in non-consolidated subsidiaries and derivatives.

[7] Accounting profitability ratio calculated on average investment portfolio

3. Financial strength – Solvency II

At June 30th 2016, IFRS equity (group share) was €1 734.5m. The change in equity is mainly the result of positive net income of €26m offset by the distribution of €75m to shareholders and an increase in re-evaluation reserves of financial assets available for sale.

Coface is prepared for the new regulatory framework, Solvency II, which came into force on January 1st 2016. Calculated on the basis of the standard formula, the coverage ratio of required capital to insurance and factoring risk coverage remains strong at 155%[8] as at June 30th 2016, allowing the Group to confirm its long term pay-out policy in addition to a proposed exceptional dividend of €0.06 per share for 2016.[9]

Ratings agencies Fitch and Moody's reconfirmed the Group's ratings (IFS) at respectively AA- and A2 (stable outlook), on June 10th and May 23rd 2016.

4. Transfer of State export guarantees activity

The transfer of Coface's State export guarantees activity to Bpifrance remains subject to modification of the French applicable legislative and regulatory framework, which will come into effect by decree. Coface will continue to be remunerated by the State until the effective transfer, now postponed to end of 2016/early 2017 due to French State legal constraints.

As agreed with the French State and communicated in July 2015, the amount due to the Group on the transfer of the public guarantees activity is €89.7 million before tax. The exceptional net gain of €73.4 million after immediate depreciation charges (estimated at €16.3 million euros before tax as at December 31st 2015) will be recorded when the transfer becomes effective, and is now expected at end 2016/early 2017. Coface continues to manage the activity and will be remunerated until the effective date of transfer.

An agreement between the two parties signed in April 2016 defines the terms of cooperation between Coface and Bpifrance to ensure maintenance of a seamless service for all insured parties.

5. Strategic plan: Fit to Win 2016-2019

The ambition of Coface's strategic plan, *Fit to Win*, is to transform Coface into the most agile global trade credit partner in the industry while seeking ways to evolve to a more capital efficient model.

Fit to Win is built around three key strategic priorities:

- Reinforce risk management capabilities and information quality in emerging markets;
- Significantly improve operational efficiency and client service; and
- Implement differentiated profitable growth strategies, adapted to specific market/sector/customer profiles.

[8] Coverage ratio calculated according to Coface's interpretation of Solvency II standard formula. See Interim Financial Report (First-Half 2016) for the calculation.
[9] Proposals subject to approval of the Shareholder's Assembly for the accounting year concerned

Fit to Win aims notably at returning progressively to a normalised loss ratio over the cycle and to adjust the Group's cost structure to market realities and a challenging global environment. This includes an objective to entirely offset the loss of the French state export guarantees business by 2018, which represented a shortfall of c. €30m as at December 31st 2015[10].

The plan is coherent with a global economic environment that has significantly changed in the aftermath of the 2008 crisis, bringing an era of slower growth in developed economies, major challenges for emerging economies, shorter economic cycles and greater uncertainty. It will be presented in full on September 22nd 2016.

6. Outlook and Calendar

Coface remains cautious overall for 2016.

As announced on July 4th, the Group, faced with a greater than anticipated increase in risk in emerging countries, has taken strong measures to adjust its risk management policies in these regions and continues to strengthen its teams accordingly.

The development of claims in emerging countries at a higher level than expected, also affecting claims from exporting companies located in mature markets, combined with an increased average cost of claim and longer collection times in emerging regions, lead Coface to foresee a net loss ratio of 63% to 66% for FY 2016 (compared with 52.5% in 2015).

In mature markets, where risks are low, commercial pressure should remain strong. While the positive impacts of the risk reduction measures taken last year in Latin America are beginning to materialize, the environment remains risky in Brazil due to a prolonged slowdown, and the Group anticipates that the effects of risk actions taken end 2015 in Asia Pacific will translate progressively in its results over time.

Coface continues to focus on finely managing and adjusting its risk exposures as required by the current environment and on improving its operational and structural efficiency.

[10] Total shortfall before tax as at 31/12/2015: €10m lost margin (incl. adjustment of State guarantees management remuneration made in Q1-2016 for FY-2015) and €20m retained fixed costs

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

Appendix

Income statement items - in €m	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	% Q2-2016 vs. Q2-2015	% like-for-like [1]
Consolidated revenues	**389.6**	**370.7**	**366.0**	**363.2**	**365.0**	**351.7**			**(5.1)%**	**(2.4)%**
of which gross earned premiums	306.9	296.1	291.1	291.8	288.5	**277.2**			*(6.4)%*	*(3.2)%*
Underwriting income after reinsurance	49.7	27.9	38.5	27.4	26.5	**2.4**			(91.3)%	
Investment income net of expenses	13.0	15.2	12.3	12.6	10.8	**13.8**			(9.3)%	
Operating income	60.5	42.1	49.9	39.8	36.3	**15.5**			(63.2)%	
Operating income excluding restated items[2]	**58.0**	**37.6**	**47.2**	**38.5**	**38.2**	**12.0**			**(68.1)%**	**(67.2)%**
Net result (group share)	**40.3**	**25.8**	**32.2**	**28.0**	**22.3**	**3.3**			(87.3)%	(85.2)%
Net result (group share) excluding restated items[2]	**41.8**	**26.5**	**32.8**	**30.5**	**26.9**	**3.6**			**(86.4)%**	**(86.2)%**

Key ratios - in %	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	% Q2-2016 vs. Q2-2015
Loss ratio net of reinsurance	49.8%	54.3%	53.5%	52.6%	55.0%	66.9%			+12.6 ppts.
Cost ratio net of reinsurance	27.7%	32.1%	28.1%	34.4%	32.0%	30.8%			(1.3) ppts.
Combined ratio net of reinsurance	**77.5%**	**86.4%**	**81.6%**	**87.0%**	**87.0%**	**97.7%**			**+11.3 ppts.**

1 The like-for-like change is calculated at constant FX and scope

2 Please refer to the Annexe "Bridge Table" on the analyst presentation for H1-2016 Results for the calculation of the operating income excluding restated items. For the calculation of the net income (group share), a normalised tax rate has been applied to the restated elements for Q2-2015 (June 30th 2015) and Q2-2016 (June 30th 2016), respectively

coface

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

CONTACTS

MEDIA

Trevor BYRNE
T. +44 (0)1923 478393
trevor.byrne@coface.com

ANALYSTS / INVESTORS

Cécile COMBEAU
T. +33 (0)1 49 02 22 94
investors@coface.com

FINANCIAL CALENDAR 2016 (subject to change)
September 22nd 2016: Investors' Day (London)
November 3rd 2016: publication of 9M-2016 results

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 Interim half year financial report

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 2015, the Group, supported by its 4,500 staff, posted a consolidated turnover of €1.490 billion. Present directly or indirectly in 100 countries, it secures transactions of 40,000 companies in more than 200 countries. 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 660 underwriters and credit analysts located close to clients and their debtors. In France, Coface manages export public guarantees on behalf of the French State.

www.coface.com

Coface SA. is listed on Euronext Paris – Compartment A
ISIN: FR0010667147 / Ticker: COFA

COFA LISTED EURONEXT

In the **UK and Republic of Ireland** Coface has been a leading provider of credit management services since 1993 - its objective being to enable businesses to trade securely at home and overseas. Operating from offices in London, Dublin, Watford, Birmingham and Manchester allows Coface to provide a local service.

The company's credit insurance offer integrates credit assessment, collection services and cover for unpaid debts. Multinational businesses can protect their worldwide subsidiaries through Coface's international network.

The company also provides access to domestic and international business information and a collection network at home and overseas. Coface is also a recognised operator in the London political risk market.www.cofaceuk.com and www.coface.ie