



# FY-2016 Results

*Operating performance and progression of Fit to Win  
in line with plan, confirming our ambition to become  
the most agile global credit insurer in the industry*

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*Presentation to financial analysts*

February 8<sup>th</sup>, 2017

**coface**

# Today's agenda

**1** Key business highlights for FY-2016

**2** FY-2016 results

**3** Capital management

**4** Fit to Win update

**5** Key take-aways & outlook





**1**

## **Key business highlights for FY-2016**

# '16 operating results in line with guidance

FY-2016 financial highlights (1/2)

- **Operating trends evolving in line with guidance**
  - Turnover in line with previous trends, at €1,411m down (3.6)% vs. '15 (ex. FX)
  - Net loss ratio in target range at 65.5%
  - Net cost ratio: 31.9% ; keeping tight control on expenses
- **Net income (group share) FY '16 at €41.5m**
  - Includes €36.5m French State guarantees and *Fit to Win* one-offs <sup>1</sup>
- **State export guarantees management transfer finalized**
  - €75m one-off gain before tax
  - Teams (~250 FTEs) and IT systems transferred as from Jan. 2<sup>nd</sup> '17
- ***Fit to Win* launched and progressing in line with expectations**
  - Launched risk and cost actions as per schedule
  - Work councils consultations well underway
  - First benefits materializing
  - Took first step of capital optimization, with quota-share cession increased to 26% (vs. 20% in '16)

1 €75.0m gain on French State export guarantees management transfer, €38.6m restructuring expenses, €14.1m of social benefits reserves releases and €5.1m linked to actuarial rates change, totalling €55.6m before tax (see Note 30 of the FY 2016 financial statements); After tax (tax rate of 34.43% applied), contribution of these elements to FY-2016 net income (group share) is €36.5m

# '16 operating results in line with guidance

FY-2016 financial highlights (2/2)

- **Solvency ratio in target range at c.150%<sup>1</sup>**
- **Proposed dividend: €0.13 per share<sup>2</sup>**
  - €0.07 normal, 62% of adjusted EPS<sup>3</sup>
  - €0.06 special in line with pre-announcement

1 Estimated coverage ratio calculated according to Coface's interpretation of Solvency II standard formula. Non audited

2 The distribution of €0.07 normal dividend and € 0.06 special dividend are subject to the approval of the General Assembly that takes place on May 17th 2017

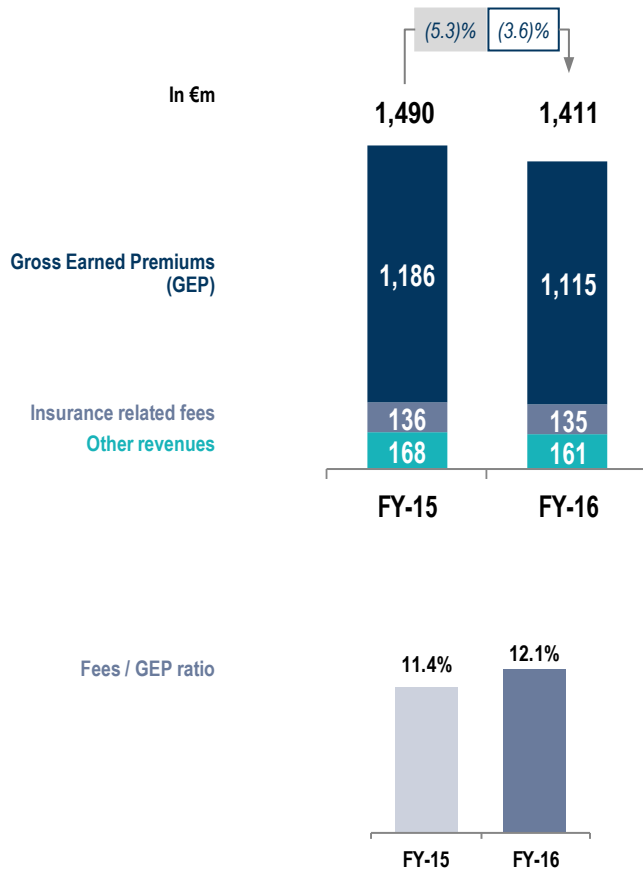
3 To calculate adjusted earnings, the following elements have been excluded: €75.0m gain on State export guarantees management transfer and €38.6m restructuring expenses, totaling 36.3m€ before tax (see Note 30 of the FY 2016 financial statements); After tax (tax rate of 34.43% applied), the contribution of these elements to FY-2016 net income (group share) amounts €23.8m



**2**

**FY-2016 Results**

# Turnover driven by soft conditions and risk actions



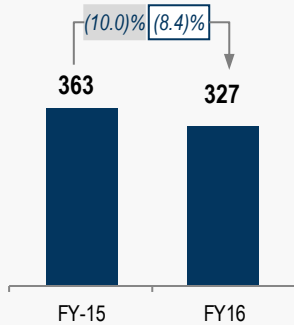
## Continuous trends all through '16

- ▶ Premiums impacted by weaker client activity and persisting soft conditions in mature markets
- ▶ Effect of risk measures in emerging markets
- ▶ Other revenues impacted by lower State export guarantees management fees
- ▶ Fees/GEP ratio up by 0.6pt

V% V% ex. FX

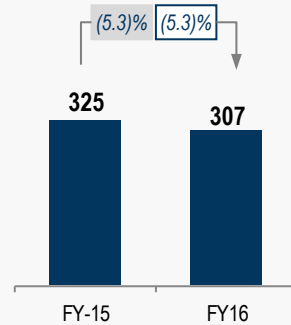
# Contrasted regional performances

## Western Europe

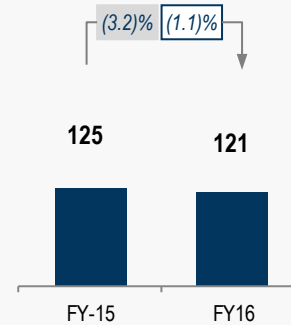


Price continues to be under pressure reflecting benign loss activity and competition

## Northern Europe

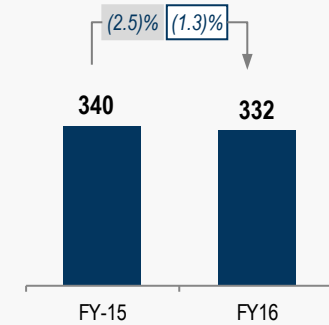


## Central Europe



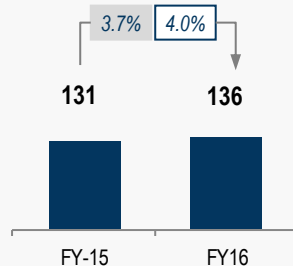
Services revenues down (debt coll. fees), driven by low claims level

## Mediterranean & Africa



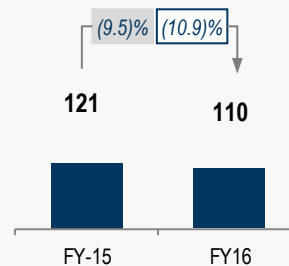
Good commercial momentum in Italy  
Premium refunds in Spain driving revenues down

## North America



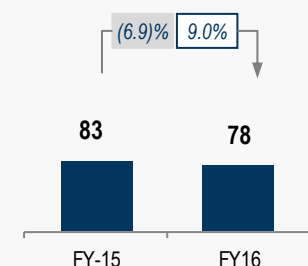
Growth driven by some global clients

## Asia Pacific



Revenues impacted by portfolio adjustments

## Latin America



Some positive re-pricing

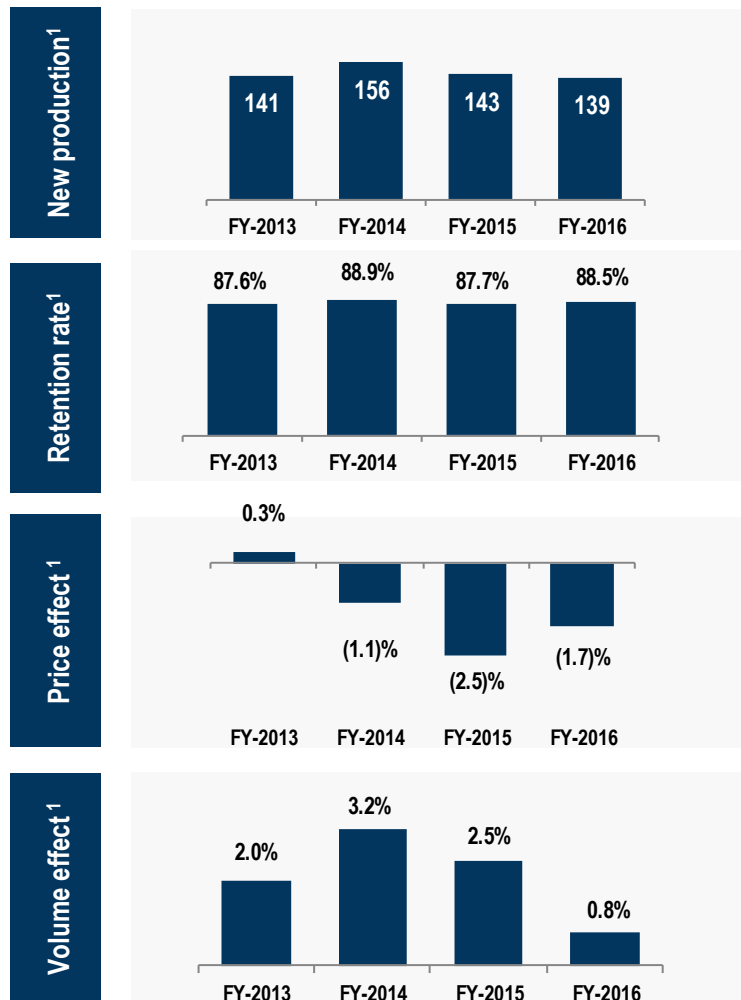
V% V% ex. FX Revenues by region, in €m



Note: For comparison purposes, published 2015 data has been restated to take into account the following changes in scope: Spain and Portugal moved to Mediterranean and Africa (vs. Western Europe) and Russia moved to Central Europe (vs. Northern Europe)



# Commercial performance reflects continued market trend



Stable new production outside of Asia



Overall retention rate remains close to record levels, improves slightly vs. '15



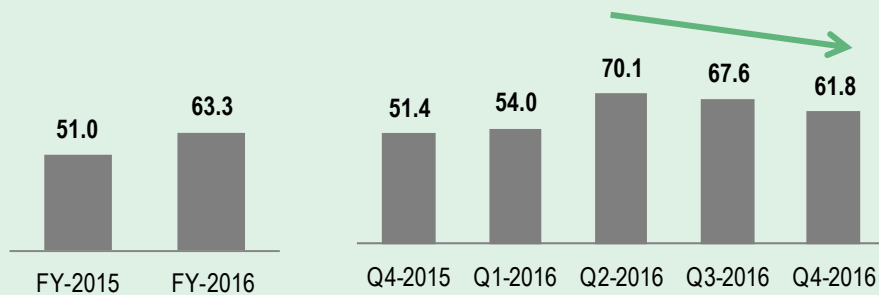
Price erosion slowing down vs. '15, driven by re-pricing actions in LatAm



Slower growth of client activity, with strong decrease in some sectors (metals, commodities...). Some improvement towards the end of the year

# Risk actions plans impact materializing

Loss ratio before reinsurance and including claims handling expenses, in %

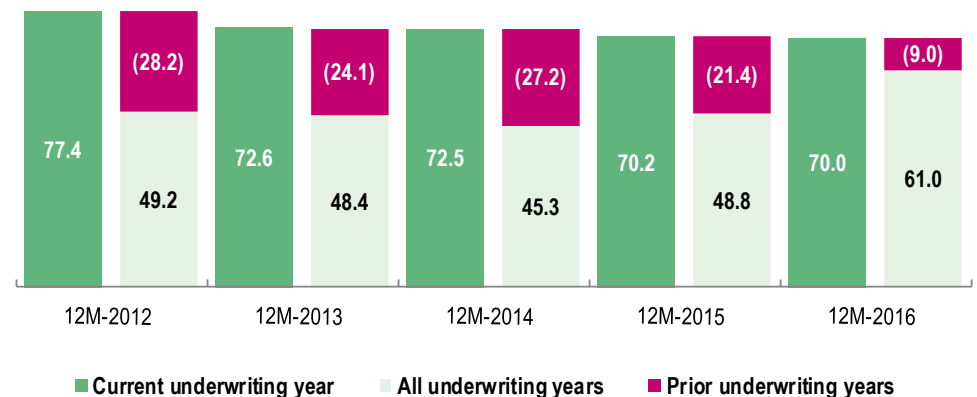


## Effects of risk reduction measures taken throughout 2015-2016 appear gradually

- ▶ FY-16 loss ratio impacted by higher claims in emerging markets
- ▶ Q4-16 loss ratio decreasing but still at elevated level

- ▶ Lower run-off from prior underwriting year (uwy) linked to loss development in emerging markets (uwy '14 and '15)

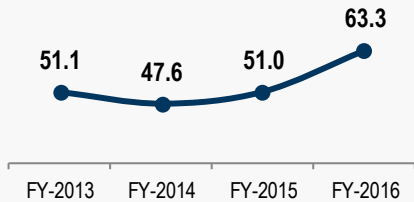
Loss ratio before reinsurance and excluding claims handling expense, in %



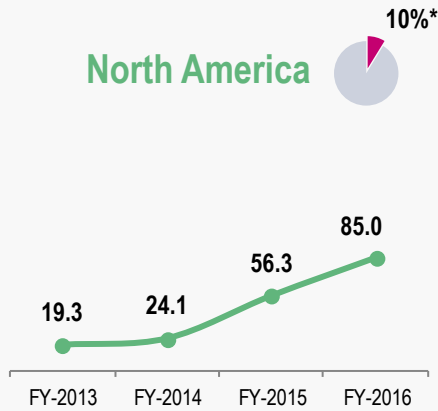
# Loss ratio: Asia remains at very high levels, LatAm shows signs of improvement

Loss ratio before reinsurance, including claims handling expenses – in %

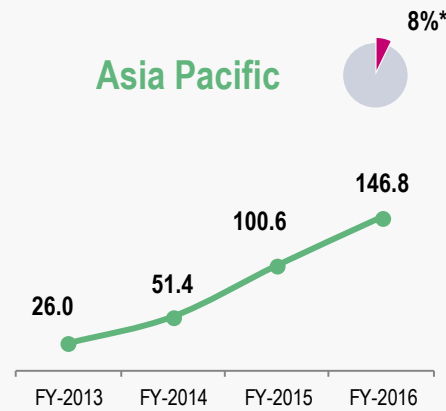
## Group



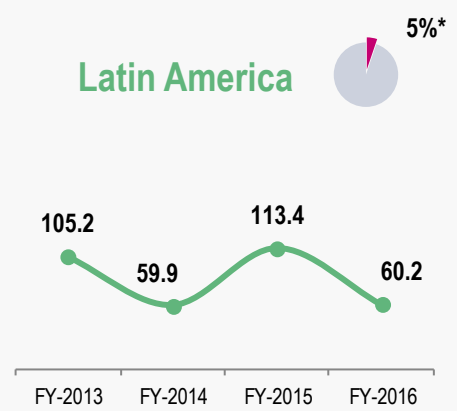
## North America



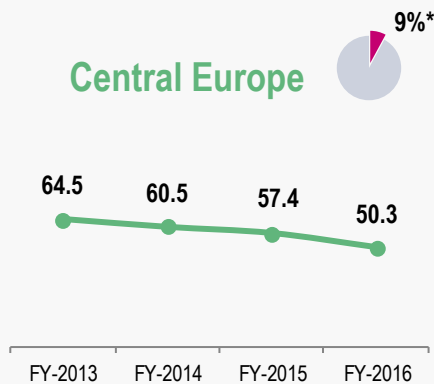
## Asia Pacific



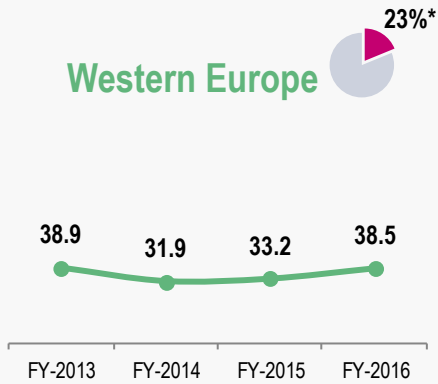
## Latin America



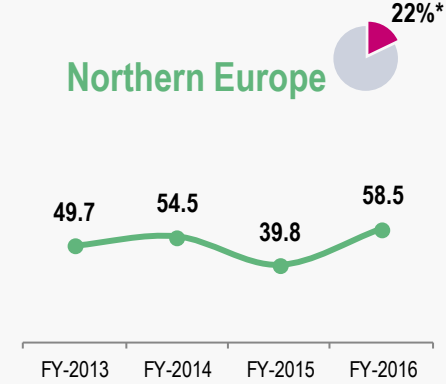
## Central Europe



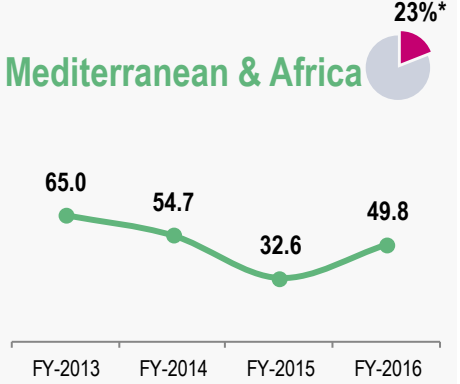
## Western Europe



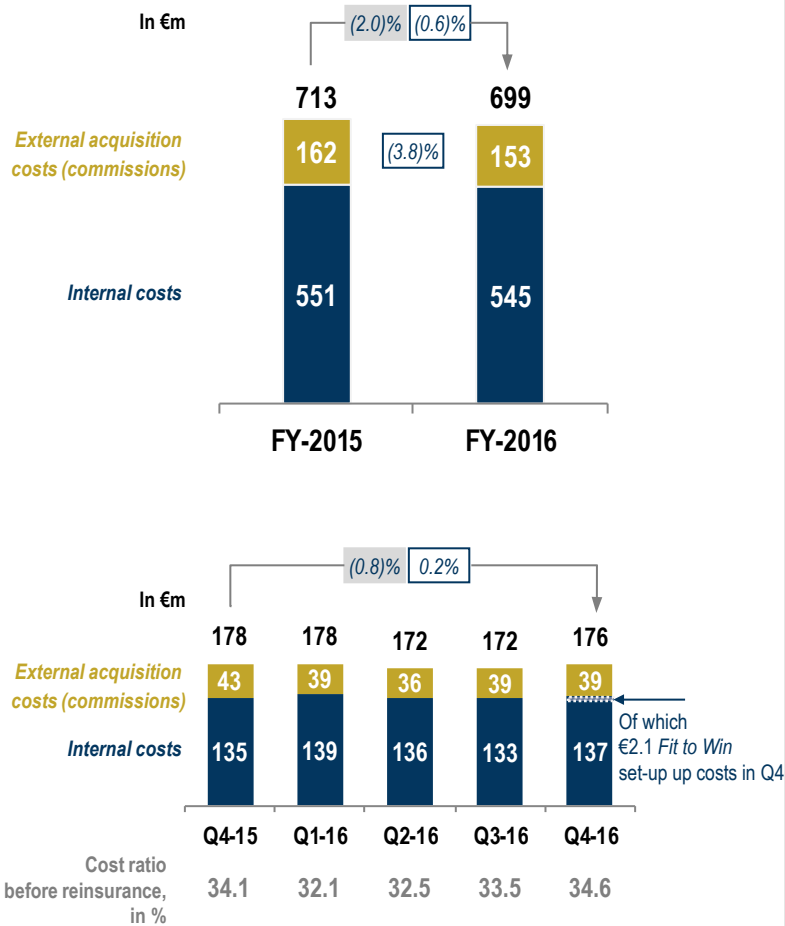
## Northern Europe



## Mediterranean & Africa



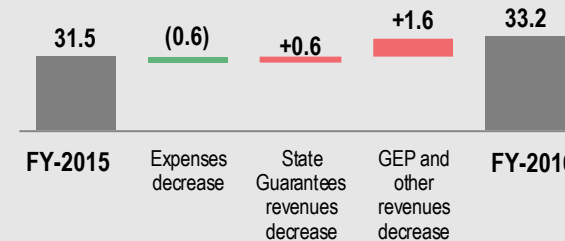
# Costs under control, *Fit to Win* launched



Year-on-year evolution percentages mentioned below exclude FX effects

## Continuous control of expenses

- ▶ Year-to-date total expenses down (0.6)%  
External acquisition costs down (3.8)%
- ▶ Keeping tight control on expenses outside of the *Fit to Win* investments areas (€2.1m set-up costs in Q4)
- ▶ Year-to-date cost ratio before reinsurance up 1.6pts, driven by lower revenues



Cost ratio before reinsurance, in %

V% V% ex. FX

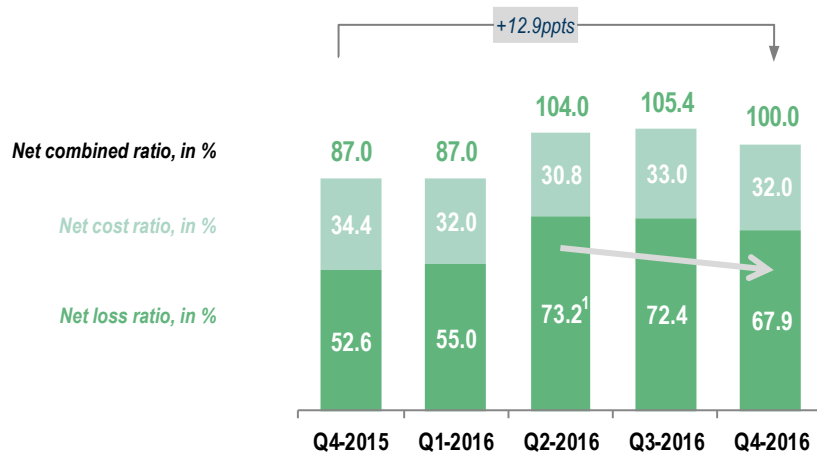
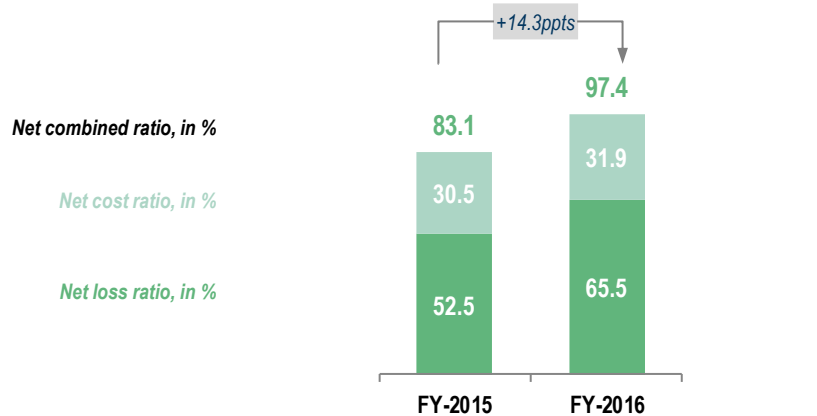
# Reinsurance absorbs part of the loss ratio volatility

- ▶ Increased ceded premiums driven by additional non proportional cover purchased in '16

	In €m	FY-2015	FY-2016
Gross earned premiums		1,185.9	1,115.1
Net earned premiums		920.2	857.6
<b>Premium cession rate</b>		<b>22.4%</b>	<b>23.1%</b>
Gross claims expenses	-	605.3	- 705.7
Net claims expenses	-	483.5	- 561.5
<b>Claims cession rate</b>		<b>20.1%</b>	<b>20.4%</b>

	In €m	FY-2015	FY-2016	V%
<b>Underwriting income before reinsurance</b>		<b>194.8</b>	<b>30.4</b>	<b>(84)%</b>
<i>Reinsurance result</i>		(51.4)	(17.6)	(66)%
<b>Underwriting income after reinsurance</b>		<b>143.4</b>	<b>12.8</b>	<b>(91)%</b>

# Combined ratio stabilizing, in line with expectations



<sup>1</sup> Q2-2016 reported loss ratio: 66.9% underlying loss ratio at 73.2% excl. 13.8M€ reinsurance one-off

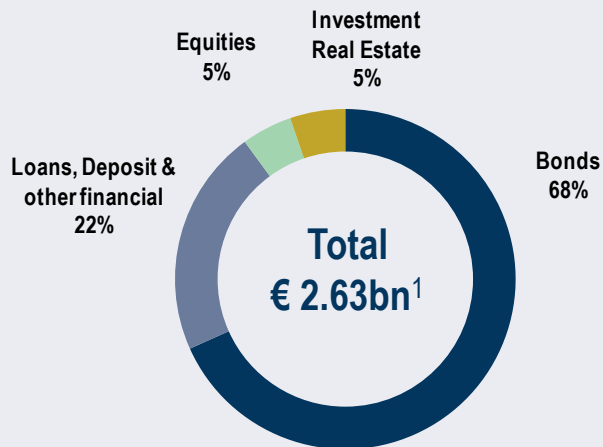
## FY-2016 net combined ratio in line with expectations

- ▶ Year to date net combined ratio +14.3ppts, driven by higher loss ratio in emerging markets
- ▶ FY-16 net loss ratio in the target range, at 65.5%
- ▶ Net cost ratio up 1.4ppt, driven by lower revenues

- ▶ Quarterly trend in net loss ratio shows signs of improvements coming mainly from Latin America; Asia still high

# Financial result pressured by low rates

## Keeping a diversified and proactive investment strategy

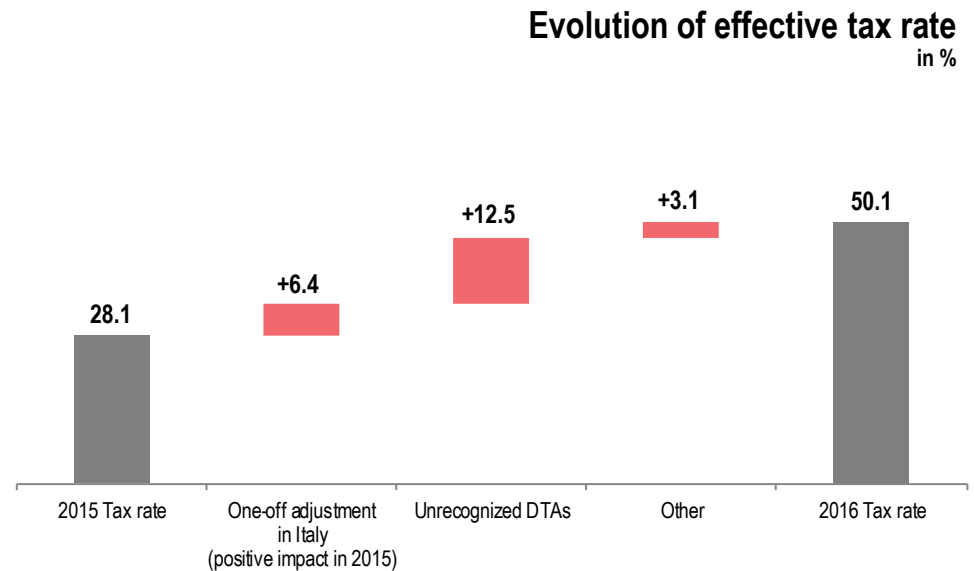


€m	12M 2015	12M 2016
Income from investment portfolio <sup>2</sup>	49.9	43.5
o/w gains on sales <sup>3</sup>	4.5	3.5
Investment management costs	(2.7)	(3.2)
Other	5.9	7.7
<b>Net investment income</b>	<b>53.1</b>	<b>48.0</b>
<b>Accounting yield on average investment portfolio</b>	<b>2.0%</b>	<b>1.7%</b>
<b>Accounting yield on average investment portfolio excl. gains on sales</b>	<b>1.8%</b>	<b>1.6%</b>

- 1 Excludes investments in non-consolidated subsidiaries
- 2 Excludes investments in non-consolidated subsidiaries, FX and investment management costs
- 3 Excludes investments in non-consolidated subsidiaries and derivatives

# Effective tax rate impacted by unrecognized DTAs in loss making regions

- ▶ 2015 effective tax rate (ETR) was positively impacted by 6.4pts one-off adjustment of tax expenses in Italy
- ▶ Increase of 2016 ETR is mainly driven by unrecognized potential deferred tax assets (DTAs) linked to losses in EM
- ▶ Other impacts include +2.1pt linked to tax on dividend in France (2015 result distribution)





# FY'16 net income at €41.5m

Proposed distribution €0.13 per share

## Income statement items - in €m

	FY-2015	FY-2016
<b>Current operating income</b>	<b>196.5</b>	<b>60.9</b>
Gain on State export guarantees transfer	-	75.0
Fit to Win investments & restructuring expenses	-	(38.6)
One-off gain on <i>Fit to Win</i> €14.1m social benefits reserve release and €5.1m actuarial rates	-	19.2
Other operating income and expenses	(4.2)	(2.0)
<b>Operating income</b>	<b>192.3</b>	<b>114.4</b>
Finance costs	(18.5)	(18.4)
Share in net income of associates	2.2	(5.8)
Tax	(48.8)	(48.1)
<i>Tax rate</i>	<i>28%</i>	<i>50%</i>
Non-controlling interests	(0.9)	(0.5)
<b>Net income (group share)</b>	<b>126.2</b>	<b>41.5</b>

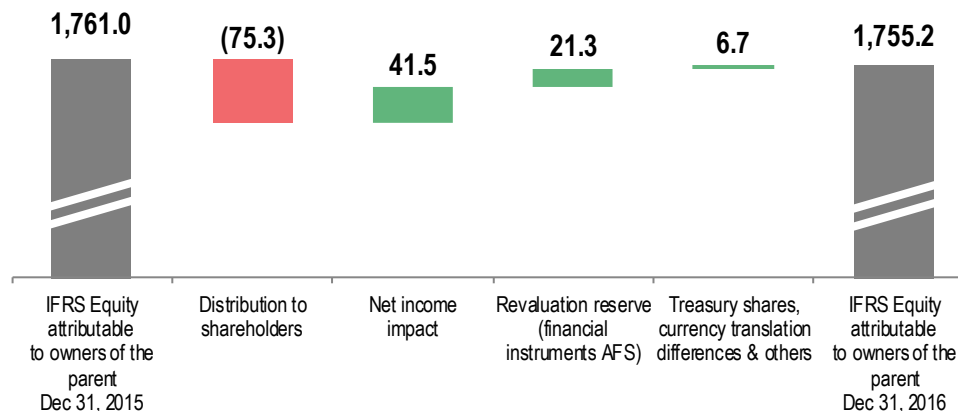
- ▶ Earnings per share (EPS): €0.26
- ▶ Adjusted EPS<sup>1</sup>: €0.11
- ▶ Dividend per share (DPS)<sup>3</sup>: €0.13
  - ▶ €0.07 normal
  - ▶ €0.06 special
- ▶ Pay-out ratio: 62% of adjusted earnings<sup>1</sup>

1 To calculate adjusted earnings, the following elements have been excluded: €75.0m gain on State export guarantees management transfer and €38.6m restructuring expenses, totaling 36.3m€ before tax (see Note 30 of the FY 2016 financial statements); After tax (tax rate of 34.43% applied), the contribution of these elements to FY-2016 net income (group share) amounts €23.8m

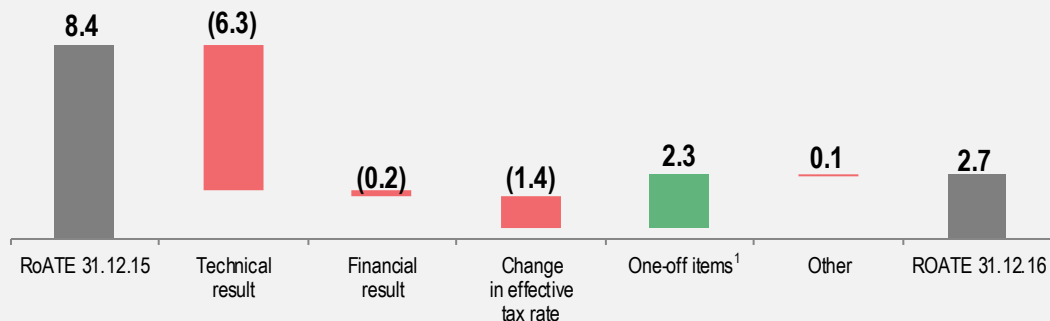
2 The distribution of €0.07 normal dividend and € 0.06 special dividend are subject to the approval of the General Assembly that takes place on May 17th 2017

# RoATE stands at 2.7% for FY-16

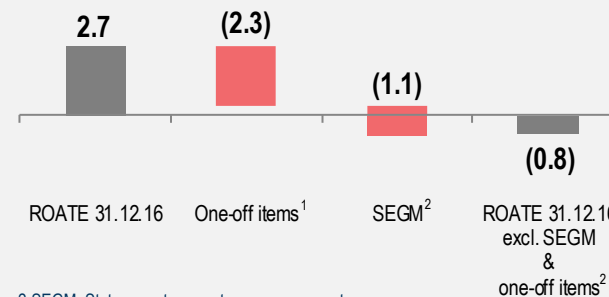
## Change in equity in €m



## Return on average tangible equity (RoATE) in %



## RoATE excluding one-offs & State export guarantees in %



<sup>1</sup> €75.0m gain on French State export guarantees management transfer, €38.6m restructuring expenses, €14.1m of social benefits reserves releases and €5.1m linked to actuarial rates change, totalling €55.6m before tax (see Note 30 of the FY 2016 financial statements); After tax (tax rate of 34.43% applied), contribution of these elements to FY-2016 net income (group share) is €36.5m

<sup>2</sup> SEG M: State export guarantees management

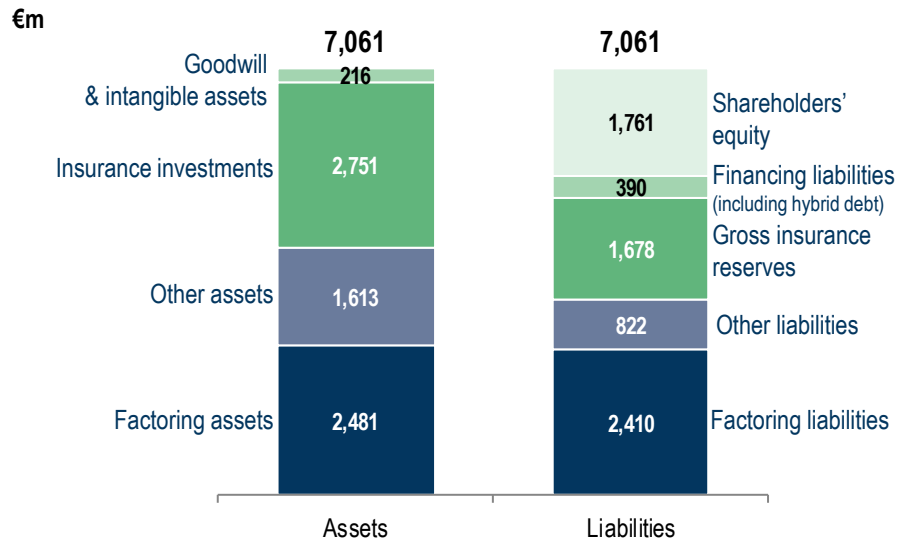


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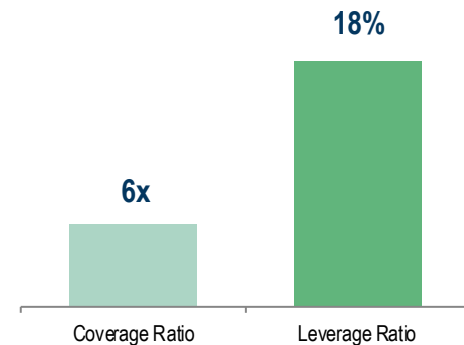
**Capital management**

# Modest balance sheet leverage

## FY 2016 simplified balance sheet



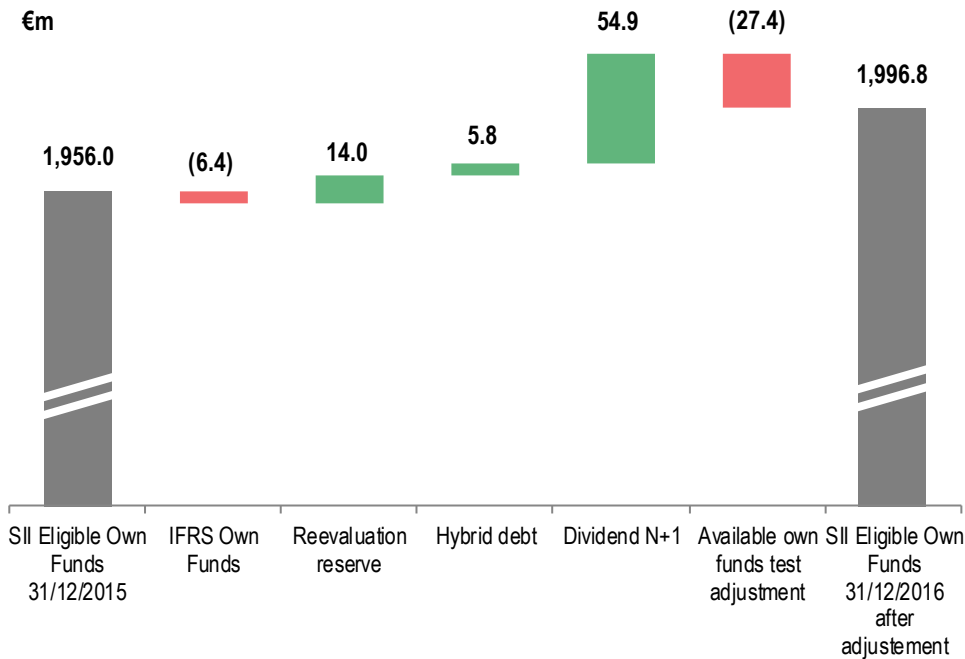
## FY 2016 Capital structure



### Financial strength affirmed

- ▶ Fitch: AA-, stable outlook  
*rating affirmed on September 29<sup>th</sup>, 2016*
- ▶ Moody's: A2, stable outlook  
*credit opinion updated November 28<sup>th</sup>, 2016*

# 2016 Solvency II Available Own Funds

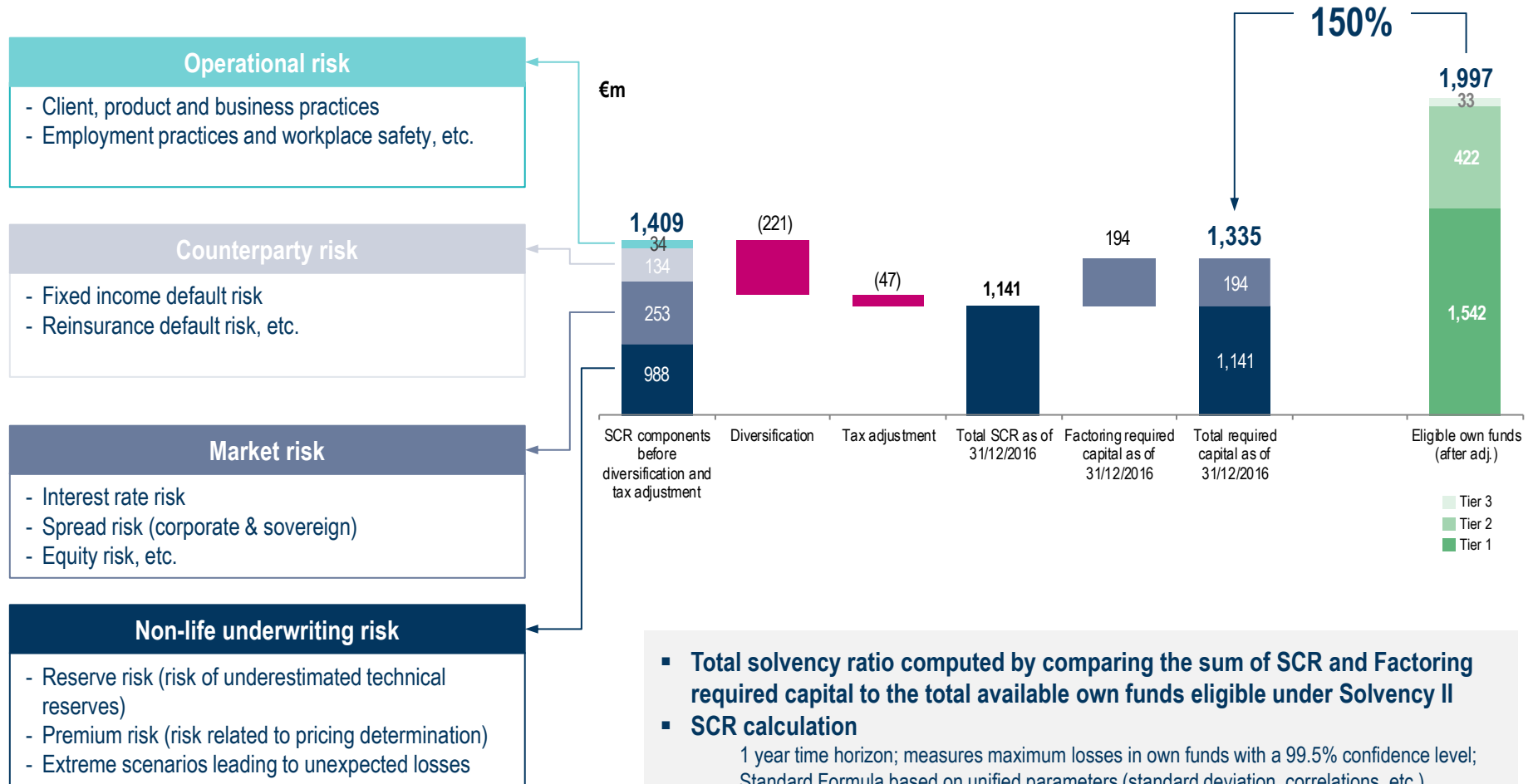


- ▶ Increase in reevaluation reserve (unrealized gains on investment portfolio)
- ▶ Hybrid debt reevaluation based on updated interest rate curve
- ▶ Test adjustments linked to own funds availability within the group

Note: Coface's interpretation of Solvency II. Preliminary calculation  
Not audited

# Solvency required capital at FY-2016

Standard model

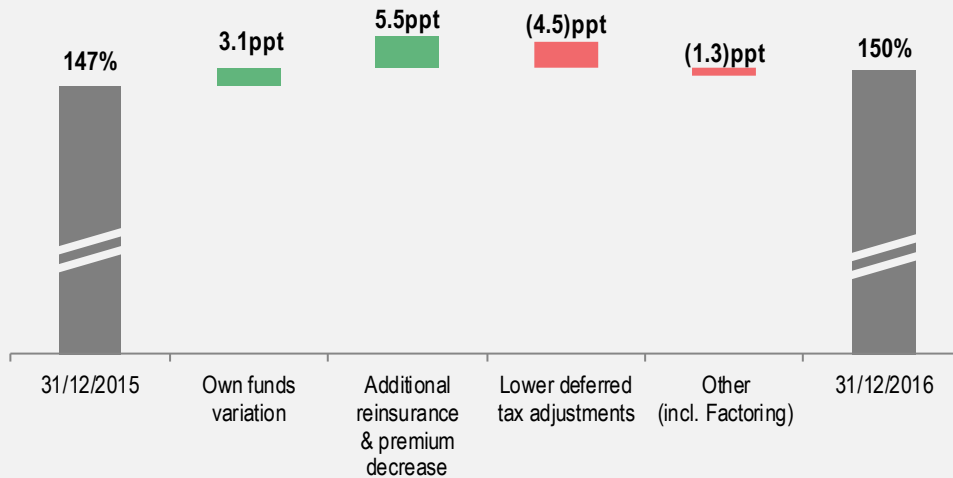


- **Total solvency ratio computed by comparing the sum of SCR and Factoring required capital to the total available own funds eligible under Solvency II**
- **SCR calculation**  
1 year time horizon; measures maximum losses in own funds with a 99.5% confidence level; Standard Formula based on unified parameters (standard deviation, correlations, etc.)
- **Factoring required capital**  
9% x RWA (RWA computed based on Natixis methodology)

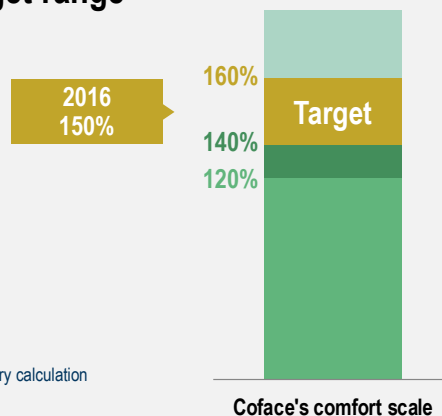
Note: Coface's interpretation of Solvency II. Preliminary calculation  
Not audited

# Robust solvency over time proved by stress tests

## Solvency ratio variation



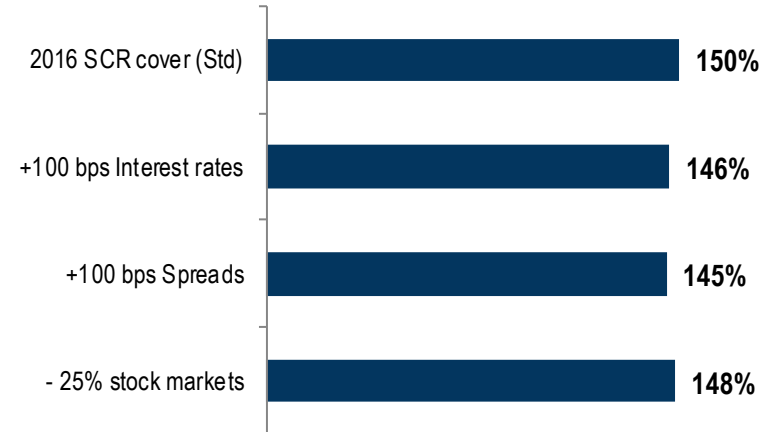
## 2016 Solvency ratio in target range



Note: Coface's interpretation of Solvency II. Preliminary calculation  
Not audited

## Low sensitivity to market shocks

Market sensitivity tested through instantaneous shocks



## Solvency requirement respected in crisis scenarios



1 Based on level of loss ratio observed on during 2008 crisis.

2 Based on level of loss ratio corresponding to 95% quantile.



4

*Fit to Win* update








# Fit to Win progressing as planned

## Strengthen Risk Management & Information

- Drove enhanced information recruitments 75%
- Updated underwriting guidelines & processes 90%
- Dedicated senior experts support team 90%

Expect full pay-off after 2 years

## Improve Operational Efficiency & Client Service

- Launched Work Councils consultations 
- Started project of centralized IT Center in Romania 
- Began renegotiation of office rentals and achieved some relocations 
- Launched early retirement plan in France 
- Reviewed social benefits agreements in France 

Targeting  
€10m  
costs savings  
in '17  
&  
€30m  
in '18  
-----  
€21m  
invest. & restr.  
costs in '17  
&  
€6m and €3m  
in the subsequent  
years

## Implement Differentiated Growth Strategies

- Some positive re-pricing in LatAm
- New partnerships with BoC, UniCredit and BPCE
- Restructured portfolio in Asia
- Reinforced account management teams and processes in mature markets

Expected timeline impact  
as per business cycle

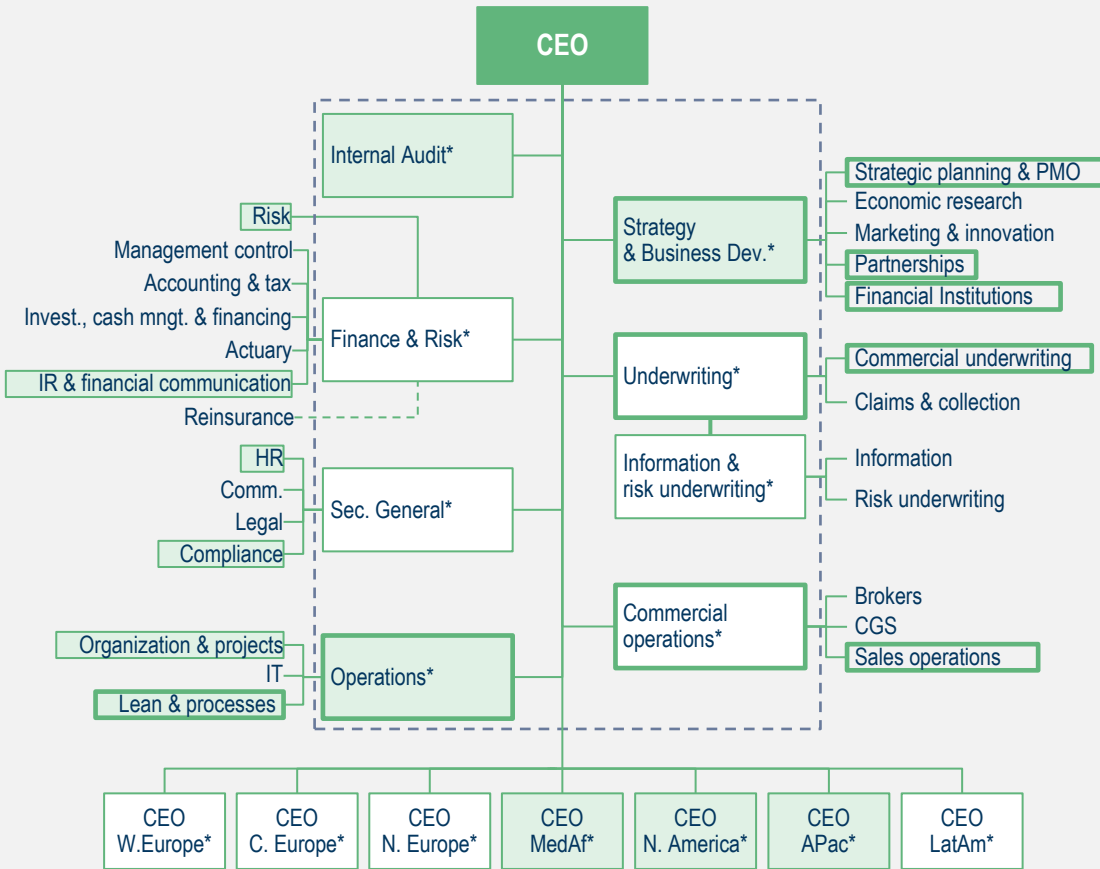


## Reduce capital intensity

- First step achieved with quota-share cession increased to 26% as from Jan. 1st '17 (vs. 20% in '16)

# Enhanced management framework and culture

## Fully staffed, with a re-centered Management Board



: new/ renovated positions  : new recruitments

: Group Management Board \*Member of the Group Executive Committee

## Transforming company culture

- ▶ Launched Lean process optimization program
- ▶ Executed participative strategic and budget processes
- ▶ Strengthened functional matrix



**Client focus**



**Courage & accountability**



**Collaboration**



**Expertise**



**5**

**Key takeaways  
& outlook**

# Key takeaways & outlook

- **Operating results in line with expectations**
  - First signs of loss ratio improvement coming from LatAm ; Asia still high
  - Implementation of *Fit to Win* has started, progressing as planned
- **Tighter management structure and strengthened team**
- **Business entirely focused on the execution of *Fit to Win* 3-year plan**
- **2017 guidance:**
  - €21m investments and restructuring expenses
  - €10m costs savings
  - Net loss ratio below 61%





**Annexes**

# FY-2016 key figures excl. State guarantees management activity

<i>Income statement items - in €m</i>	FY-2016	FY-2016 excl. SEGM*	SEGM* impact
<b>Consolidated revenues</b>	<b>1,411.3</b>	<b>1,357.9</b>	(53.4)
<i>of which gross earned premiums</i>	1,115.1	1,115.1	-
Total general expenses <i>including expenses from other activities</i>	(698.8)	(671.5)	+27.3
<b>Current operating income</b>	<b>60.9</b>	<b>34.8</b>	<b>(26.1)</b>
Operating income	114.4	88.3	(26.1)
<b>Net result (group share)</b>	<b>41.5</b>	<b>24.4</b>	<b>(17.1)</b>

<i>Key ratios - in %</i>			
Loss ratio net of reinsurance	65.5%	65.5%	-
Cost ratio net of reinsurance	31.9%	35.0%	+3.0pt
<b>Combined ratio net of reinsurance</b>	<b>97.4%</b>	<b>100.5%</b>	<b>+3.0pt</b>
<b>RoATE</b>	<b>2.7%</b>	<b>1.6%</b>	<b>(1.1)pt</b>

\*State export guarantees management activity

## The cession of this activity as of 2017 will impact the Group's financials:

- ▶ Margin shortfall, driven by:
  - the decrease in consolidated revenues
  - the scale reduction
  
- ▶ Scissor effect pushes the cost ratio by +3.0ppt on 2016 numbers
  
- ▶ RoATE declines by 1.1pt

**Offsetting cost-cutting is phased-in,  
investments have started**

# Key figures (1/4)

Q4-2016 focus

Income statement items - in €m	2015				2016				% Q4-2016 vs. Q4-2015	% ex. FX
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
<b>Consolidated revenues</b>	<b>389.6</b>	<b>370.7</b>	<b>366.0</b>	<b>363.2</b>	<b>365.0</b>	<b>351.7</b>	<b>348.7</b>	<b>345.9</b>	<b>(4.8)%</b>	<b>(4.0)%</b>
<i>of which gross earned premiums</i>	306.9	296.1	291.1	291.8	288.5	277.2	275.8	273.6	(6.2)%	(5.4)%
Underwriting income after reinsurance	49.7	27.9	38.5	27.4	26.5	2.4	(13.5)	-2.6	(109.5)%	
Investment income net of expenses	13.0	15.2	12.3	12.6	10.8	13.8	18.5	4.9	(60.8)%	
<b>Operating income</b>	<b>60.5</b>	<b>42.1</b>	<b>49.9</b>	<b>39.8</b>	<b>36.3</b>	<b>15.5</b>	<b>4.5</b>	<b>58.1</b>	<b>+46.0%</b>	
<b>Net result (group share)</b>	<b>40.3</b>	<b>25.8</b>	<b>32.2</b>	<b>28.0</b>	<b>22.3</b>	<b>3.3</b>	<b>(11.2)</b>	<b>27.1</b>	<b>(2.9)%</b>	<b>+0.4%</b>
<i>of which minority interest one-off</i>							(7.8)			
<b>Key ratios - in %</b>									<b>Q4-2016 vs. Q4-2015</b>	
Loss ratio net of reinsurance	49.8%	54.3%	53.5%	52.6%	55.0%	66.9%	72.4%	67.9%	+15.3 pts.	
Cost ratio net of reinsurance	27.7%	32.1%	28.1%	34.4%	32.0%	30.8%	33.0%	32.0%	(2.4) pts.	
<b>Combined ratio net of reinsurance</b>	<b>77.5%</b>	<b>86.4%</b>	<b>81.6%</b>	<b>87.0%</b>	<b>87.0%</b>	<b>97.7%</b>	<b>105.4%</b>	<b>100.0%</b>	<b>+12.9 pts.</b>	

# Key figures (2/4)

FY-2016 focus

Income statement items - in €m	2015				2016				% FY-2016 vs. FY-2015	% ex. FX			
	Q1	H1	9M	FY	Q1	H1	9M	FY					
<b>Consolidated revenues</b>	<b>389.6</b>	<b>760.3</b>	<b>1,126.3</b>	<b>1,489.5</b>	<b>365.0</b>	<b>716.7</b>	<b>1,065.4</b>	<b>1,411.3</b>	<b>(5.3)%</b>	<b>(3.6)%</b>			
of which gross earned premiums	306.9	603.0	894.1	1,185.9	288.5	565.7	841.5	1,115.1	(6.0)%	(4.1)%			
Underwriting income after reinsurance	49.7	77.6	116.0	143.4	26.5	28.9	15.4	12.8	(91.1)%				
Investment income net of expenses	13.0	28.2	40.5	53.1	10.8	24.6	43.1	48.0	(9.5)%				
Operating income	<b>60.5</b>	<b>102.6</b>	<b>152.5</b>	<b>192.3</b>	<b>36.3</b>	<b>51.8</b>	<b>56.3</b>	<b>114.4</b>	<b>(40.5)%</b>				
Net result (group share)	<b>40.3</b>	<b>66.1</b>	<b>98.3</b>	<b>126.2</b>	<b>22.3</b>	<b>25.6</b>	<b>14.4</b>	<b>41.5</b>	(67.1)%	(65.0)%			
<b>Key ratios - in %</b>									<b>FY-2016 vs. FY-2015</b>				
Loss ratio net of reinsurance	49.8%	52.0%	52.5%	52.5%	55.0%	60.8%	64.6%	65.5%	+12.9 pts.				
Cost ratio net of reinsurance	27.7%	29.8%	29.3%	30.5%	32.0%	31.4%	31.9%	31.9%	+1.4 pts.				
<b>Combined ratio net of reinsurance</b>	<b>77.5%</b>	<b>81.9%</b>	<b>81.8%</b>	<b>83.1%</b>	<b>87.0%</b>	<b>92.2%</b>	<b>96.6%</b>	<b>97.4%</b>	<b>+14.3 pts.</b>				
<b>Balance sheet items - in €m</b>				<b>31/12/2015</b>				<b>31/12/2016</b>				<b>Var. 9M-2016 vs. FY-2015</b>	
<b>Equity group share</b>				1,761.0				1,755.2				<b>(0.3)%</b>	



# Key Figures (3/4)

## Turnover by region

Turnover by region - by quarter - in €m	2015				2016*				V% Q4-2016 vs. Q4-2015 ex. FX
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Northern Europe	88.6	77.4	82.0	76.6	83.4	74.7	76.8	72.4	(5.5)%
Western Europe	95.7	91.9	89.2	86.6	84.9	83.8	82.2	81.7	(5.7)%
Central & Eastern Europe	31.2	31.0	31.7	31.4	31.7	31.7	30.4	30.1	(4.1)%
Mediterranean & Africa	90.1	88.7	79.0	82.5	86.4	83.1	80.7	85.6	+3.8%
North America	33.8	32.5	33.2	31.9	36.1	33.6	35.5	31.4	(1.5)%
Latin America	22.2	20.7	20.9	19.7	23.2	25.8	20.0	22.0	+11.6%
Asia Pacific	28.1	28.6	30.1	34.6	26.8	29.0	27.0	25.4	(26.6)%
<b>Total Group</b>	<b>389.6</b>	<b>370.7</b>	<b>366.0</b>	<b>363.2</b>	<b>372.6</b>	<b>361.8</b>	<b>352.6</b>	<b>348.6</b>	<b>(4.0)%</b>

Turnover by region - Cumulated - in €m	2015				2016*				V% FY-2016 vs. FY-2015 ex. FX
	Q1	H1	9M	FY	Q1	H1	9M	FY	
Northern Europe	88.6	165.9	247.9	324.5	83.4	158.2	235.0	307.3	(5.3)%
Western Europe	95.7	187.5	276.7	363.3	84.9	168.7	251.0	332.7	(8.4)%
Central & Eastern Europe	31.2	62.2	93.9	125.3	31.7	63.4	93.8	123.9	(1.1)%
Mediterranean & Africa	90.1	178.8	257.8	340.3	86.4	169.6	250.3	335.9	(1.3)%
North America	33.8	66.3	99.4	131.3	36.1	69.7	105.2	136.6	+4.0%
Latin America	22.2	42.9	63.8	83.5	23.2	49.0	69.0	91.0	+9.0%
Asia Pacific	28.1	56.7	86.8	121.3	26.8	55.8	82.8	108.2	(10.9)%
<b>Total Group</b>	<b>389.6</b>	<b>760.3</b>	<b>1,126.3</b>	<b>1,489.5</b>	<b>372.6</b>	<b>734.4</b>	<b>1,087.0</b>	<b>1,435.6</b>	<b>(3.6)%</b>

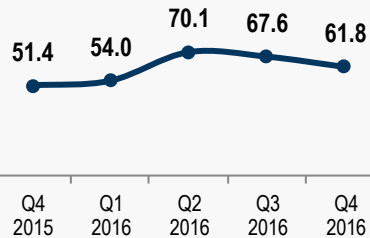
\*2016 is calculated at constant FX and scope

# Key Figures (4/4)

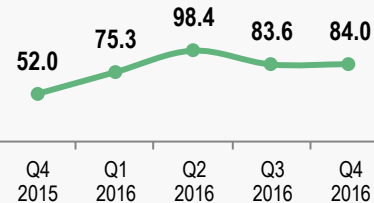
gross loss ratio by region – per quarter

Loss ratio before reinsurance, including claims handling expenses – in %

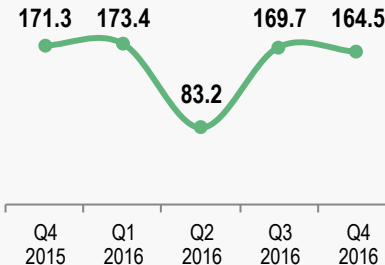
## Group



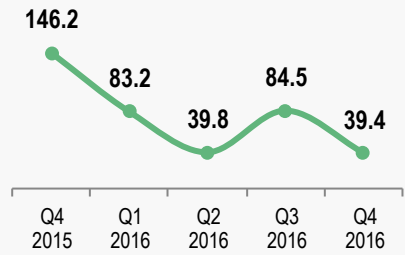
## North America



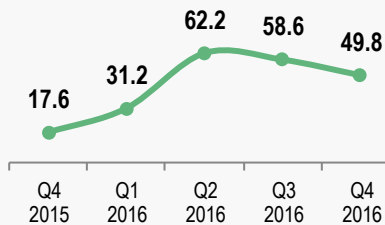
## Asia Pacific



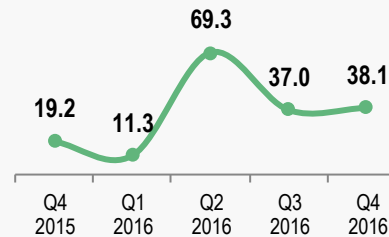
## Latin America



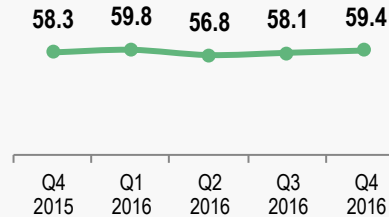
## Central Europe



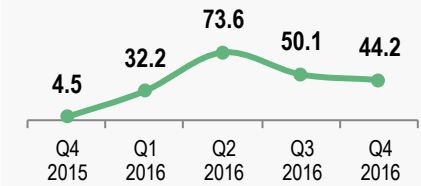
## Western Europe



## Northern Europe



## Mediterranean & Africa



\* % of Total turnover by region

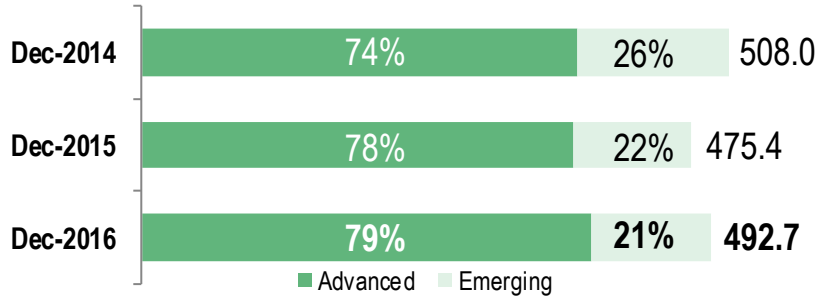
Note: For comparison purposes, published 2015 data has been restated to take into account the following changes in scope: Spain and Portugal moved to Mediterranean and Africa (vs. Western Europe) and Russia moved to Central Europe (vs. Northern Europe)

# Exposure in EM reduced throughout 2015-2016

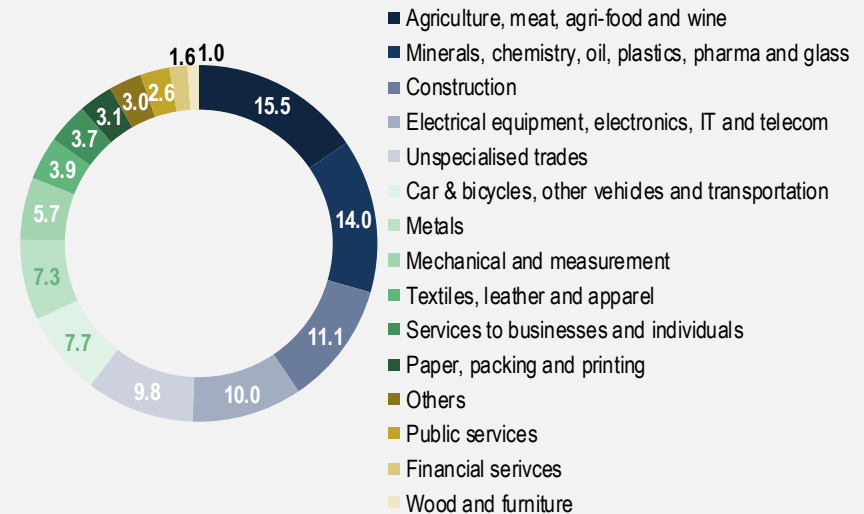
Maintaining a diversified portfolio of risks

## Evolution of total exposure<sup>1</sup> by country of debtor

In €bn



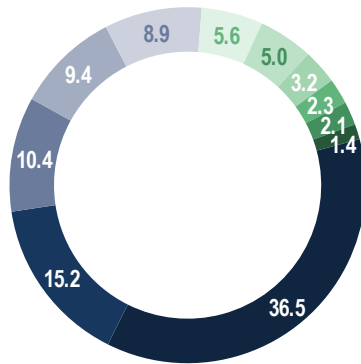
## 2016 total exposure<sup>1</sup> by debtors' trade sector



## 2016 total exposure<sup>1</sup> – Top 10 countries vs. others

In %

- Others
- Germany
- France
- Italy
- United States
- United Kingdom
- Spain
- Poland
- China
- Netherlands
- Japan



# Overview of net combined ratio calculations

## Adjusted Net Earned Premiums

In €k	Notes*	FY 2015	FY 2016
Gross earned premiums (A)	24	1,185,935	1,115,140
Ceded premiums	28	-265,710	-257,539
<b>Net earned premiums (D)</b>		<b>920,225</b>	<b>857,601</b>

## Adjusted net claims

In €k	Notes*	FY 2015	FY 2016
Gross claims <sup>1</sup> (B)	25	605,344	705,655
Ceded claims	28	-123,389	-124,553
Change in claims provisions net of recoveries	28	1,588	-19,649
<b>Net Claims (E)</b>		<b>483,543</b>	<b>561,453</b>

<sup>1</sup> Including claims handling expenses

$$\text{Gross combined ratio} = \text{Gross loss ratio} \frac{(B)}{(A)} + \text{Gross Cost Ratio} \frac{(C)}{(A)}$$

$$\text{Net combined ratio} = \text{Net loss ratio} \frac{(E)}{(D)} + \text{Net cost ratio} \frac{(F)}{(D)}$$

## Adjusted net operating expenses

In €k	Notes*	FY 2015	FY 2016
<b>Total operating expenses</b>	<b>27</b>	<b>713,226</b>	<b>698,758</b>
Net income from banking activities	24	-70,599	-70,619
Fees and commission income	24	-125,550	-128,795
Other reinsurance-related services	24	-10,129	-5,882
Business information and other services	24	-25,262	-25,170
Receivables management	24	-12,086	-12,330
Public guarantees revenues	24	-59,969	-53,361
Employee profit sharing and incentive plans	27	-7,439	-5,118
Internal investment management charges	27	-2,124	-2,659
Insurance claims handling costs	27	-26,460	-25,139
<b>Adjusted gross operating expenses (C)</b>		<b>373,608</b>	<b>369,685</b>
Received reinsurance commissions	28	-92,499	-95,738
<b>Adjusted net operating expenses (F)</b>		<b>281,109</b>	<b>273,947</b>

Ratios	FY-2015	FY-2016
Loss ratio before Reinsurance	51.0%	<b>63.3%</b>
Loss ratio after Reinsurance	52.5%	<b>65.5%</b>
Cost ratio before Reinsurance	31.5%	<b>33.2%</b>
Cost ratio after Reinsurance	30.5%	<b>31.9%</b>
Combined ratio before Reinsurance	82.5%	<b>96.4%</b>
Combined ratio after Reinsurance	83.1%	<b>97.4%</b>

# Q4-2016 results vs. consensus

in M€	# of reponses	Consensus	Actual	Spread	Comment
<b>Total turnover</b>	6	344	346	2	Similar trends than in 9m-16
Gross Earned Premiums	5	281	274	-7	Continuing pressure in mature markets
Net Earned Premiums	5	215	214	0	EM impacted by risk action plans
<b>NEP/GEP</b>	4	78.3%	78.3%	-	Stable cession, small seasonal effect
<b>Net underwriting income</b>	5	0	0	0	Still high loss ratio
Net Investment Income	6	6	6	0	End of year affected by impairments
<b>Operating Income</b>	5	0	2	2	Break even
<i>Compensation linked to Public Guarantees transfer, before tax</i>	4	75	75	0	<i>In line with Jan 2nd announcement</i>
<i>Fit to Win one-offs, before tax</i>	4	-36	-39	-3	<i>In line with announcement</i>
<i>Income tax</i>	4	-4	-28	-24	<i>No tax deductibility of Asian losses, in line with 9m-16</i>
<b>Net income</b>	5	26	27	1	Social benefits offset higher apparent tax rate
Net Loss Ratio (%)	5	66.6%	68.0%	+2,8ppt	EM losses (LatAm and Asia) remain high
Net Cost Ratio (%)	5	33.7%	32.0%	-2,5ppt	Good cost control continues despite seasonality
<b>Net Combined Ratio (%)</b>	5	100.3%	100.0%	0.3%	Slight improvement vs Q3-16

# Financial strength acknowledged by rating agencies

**Fitch**Ratings

**MOODY'S**

- Coface is rated 'AA-' by Fitch Ratings and 'A2' by Moody's, both with a stable outlook
- The positive assessments by the two agencies is based on 3 key drivers:
  1. Coface's strong competitive position in the global credit insurance market
  2. Robust Group solvency
  3. Proactive management of Coface's risks, based on efficient procedures and tools
- Both rating agencies view Natixis' ownership of Coface as neutral to Coface's ratings which are thus calculated **standalone**

*"Fitch expects that Coface maintains a good underwriting performance over the cycle, resulting from the group's stricter underwriting guidelines and focus on profitability versus growth"*

30 Sep. 2016 - **Press release – Fitch**

*"Fitch considers Coface's capitalisation to be supportive of its ratings."*

June 10<sup>th</sup> 2016 - **Full Rating Report – Fitch**

*The A2 insurance financial strength (IFS) rating of Coface reflects (i) the group's strong position in the global credit insurance industry, (ii) good economic capitalization and underwriting profitability through the cycle, underpinned by Coface's dynamic management of the exposure and effective underwriting risk monitoring tools.*

28 Nov. 2016 - **Credit Opinion - Moody's**

*We view the fundamental features of [Fit to Win] plan as positive from a credit perspective, including some of the tangible steps the group has already taken to enhance its risk management infrastructure.*

28 Nov. 2016 – **Credit Opinion – Moody's**

# Management team

Group central functions

## CEO

### Xavier Durand

25+ years of international experience  
in regulated financial services  
Working for Coface since 2016



## CFO & Risk Director

### Carine Pichon

15+ years of experience  
in credit insurance  
Working for Coface since 2001



## General Secretary

### Carole Lytton

30+ years of experience  
in credit insurance  
Working for Coface since 1983



## Chief Operating Officer

### Valérie Brami

25+ years of experience  
in managing transformation projects  
Working for Coface since 2016



## Strategy & Business Development Director

### Thibault Surer

25+ years of experience  
in financial services  
Working for Coface since 2016



## Commercial Director

### Nicolas Garcia

20 years of experience  
in credit insurance  
Working for Coface since 2013



## Information & Risk Underwriting

### Nicolas de Buttet

15+ years of experience  
in credit insurance  
Working for Coface since 2012



## Underwriting Director from April 17

### Cyrille Charbonnel

25+ years of experience  
in credit insurance  
Working for Coface since 201



Regional functions

## Western Europe Manager

### Antonio Marchitelli

20 years of experience in insurance  
Working for Coface since 2013



## Northern Europe Manager

### Teva Perreau

15+ years of experience  
in financial services  
Working for Coface since 2010



## Mediterranean & Africa Manager

### Cécile Paillard

15+ years of experience in insurance  
Working for Coface from 2017



## Central Europe Manager

### Katarzyna Kompowska

25 years of experience in credit  
insurance & related services  
Working for Coface since 1990



## North America Manager

### Fredrik Murer

20+ years of experience  
in insurance & political risk underwriting  
Working for Coface since 2016



## Asia Pacific Manager

### Bhupesh Gupta

25 years of international experience  
in credit, origination and risk  
Working for Coface since 2016



## Latin America Manager

### Bart Pattyn

30+ years of experience  
in insurance & financial services  
Working for Coface since 2000



# Corporate governance

## Board of Directors

### Chairman

Laurent MIGNON

CEO of Natixis

### Non independent members

BPCE (Marguerite BERARD-ANDRIEU)

▶ BPCE

Jean ARONDEL

▶ BPCE

Jean-Paul DUMORTIER

▶ BPCE

Anne SALLE MONGAUZE

▶ BPCE

Isabelle RODNEY

▶ BPCE

### Independent members

Sharon MACBEATH

▶ Tarkett

Olivier ZARROUATI

▶ Zodiac Aerospace

Eric HÉMAR

▶ ID Logistics

Linda JACKSON

▶ Citroën

Martine ODILLARD

▶ Pathé

### Committees

#### AUDIT COMMITTEE

- 3 members among which 2 independents
- Independent chairman

#### NOMINATION & COMPENSATION COMMITTEE

- 3 members among which 2 independents
- Independent chairman



# Financial calendar & Investor Relations contacts

## Calendar

Next Event	Date
Q1-2017 Results	26 April 2017, after market close
AGM	17 May 2017
Q2-2017 Results	28 July 2017, before market opening
Q3-2017 Results	25 October 2017, after market close

## Coface is scheduled to attend the following investor conference

Next Event	Date
Morgan Stanley European Financials Conference, London	23 March 2017

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Investor Relations Officer

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# Important legal information

## IMPORTANT NOTICE:

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Participants should read the FY-2016 Consolidated Financial Statements and complete this information with the Registration Document for the year 2015. The Registration Document for 2015 was registered by the *Autorité des marchés financiers* ("AMF") on April 13<sup>th</sup>, 2016 under the No. R.16-020. These documents all together present a detailed description of the Coface Group, its business, strategy, financial condition, results of operations and risk factors. For regulated information on Alternative Performance Measures (APM), please refer to the Interim Financial Report (First-Half 2016).

This presentation contains certain forward-looking statements. Such forward looking statements in this presentation are for illustrative purposes only. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on Coface Group's current beliefs, assumptions and expectations of its future performance, taking into account all information currently available. The Coface Group is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document.

Forward-looking information and statements are not guarantees of future performance and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Coface Group. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under paragraph 2.4 "Report from the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures" (*Paragraphe 2.4 "Rapport du président sur le gouvernement d'entreprise, les procédures de contrôle interne et de gestion des risques"*) and Chapter 5 "Main risk factors and their management within the Group" (*Chapitre 5 "Principaux facteurs de risque et leur gestion au sein du Groupe"*) in the Registration Document.

This presentation contains certain information that has not been prepared in accordance with International Financial Reporting Standards ("IFRS"). This information has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under IFRS.

More comprehensive information about the Coface Group may be obtained on its Internet website (<http://www.coface.com/Investors>).

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