



PRESS RELEASE

Coface records a very good start to the year with a net income of €68.4m, up 11.9%

Paris, 6 May 2024 – 17.35

- **Turnover: €464m, down -1.6% at constant FX and perimeter**
 - Trade credit insurance premiums decreased by -3.3%; growth in client activities was nil at the start of the year, after a negative H2-23
 - Client retention still high (93.8%) but down from records; pricing effect remained negative (-1.3%)
 - Double-digit growth in business information (+21.6% at constant FX) and debt collection (+24.1%); factoring down by -6.3%
- **Net loss ratio at 35.8%, improved by 4.9 pts; net combined ratio at 63.1%, improved by 3.2 pts**
 - Gross loss ratio at 33.2%, improved by 7.5 pts with stable opening year reserving and high reserve releases
 - Net cost ratio up by 1.6 ppt to 27.3%, reflecting lower revenues and continued investments partially offset by better product mix
- **Net income (group share) at €68.4m, up +11.9% compared to Q1-23**
- **Annualised RoATE¹ at 14.8%**

Unless otherwise indicated, change comparisons refer to the results as at 31 March 2023

Xavier Durand, Coface's Chief Executive Officer, commented:

"Our results for the first quarter demonstrate the good execution of our strategy and reflect the current economic cycle. Our credit insurance revenues were affected by the decline in inflation and sluggish client activity, and they were down 3.3%, against a high comparison basis. Negative repricing has eased (-1.3%) in a still competitive market while our new business picked up, on the back of our past investments, in particular in the mid-market segment. Service revenues, which are less cyclical, continued their double-digit rise.

Consistently with the strategy developed in our Power the Core plan, we continued to invest in our risk infrastructure, to better serve our clients.

Last, our net income increased by +11.9% year on year, to €68.4m, as the combined ratio remained under control at 63.1%. RoATE stood at 14.8%, above our mid-cycle objectives."

¹ Return on average tangible equity

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Key figures at 31 March 2024

The Board of Directors of COFACE SA examined the summary consolidated financial statements for the first three months (non-audited) during its meeting on 6 May 2024. The Audit Committee had previously reviewed them at its meeting on 3 May 2024.

Income statements items in €m	Q1-23	Q1-24	Variation	% ex. FX*
Insurance revenue	395.3	378.6	(4.2)%	(3.3)%
Services revenue	79.8	85.0	+6.6%	+6.9%
REVENUE	475.1	463.7	(2.4)%	(1.6)%
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	95.3	100.3	+5.2%	+6.5%
Investment income, net of management expenses	(2.6)	17.9	(786.7)%	(654.3)%
Insurance Finance Expenses	(2.4)	(11.4)	+382.6%	+423.3%
CURRENT OPERATING INCOME	90.4	106.8	+18.2%	+14.7%
Other operating income / expenses	(0.3)	(0.1)	(79.1)%	(75.5)%
OPERATING INCOME	90.0	106.8	+18.6%	+15.0%
NET INCOME	61.2	68.4	+11.9%	+5.3%
Key ratios	Q1-23	Q1-24	Variation	
Loss ratio net of reinsurance	40.6%	35.8%	(4.9)	ppts
Cost ratio net of reinsurance	25.7%	27.3%	+1.6	ppt
COMBINED RATIO NET OF REINSURANCE	66.3%	63.1%	(3.2)	ppts
Balance sheet items in €m	2023	Q1-24	Variation	
Total Equity (group share)	2,050.8	2,118.5	+3.3%	

* Also excludes scope impact

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1. Turnover

Coface recorded a consolidated turnover of €463.7m, down -1.6% at constant perimeter and FX compared to Q1-23. As reported (at current FX and perimeter), turnover was down -2.4%.

Revenues from insurance activities (including bonding and Single Risk) was down by -3.3% at constant FX and perimeter due to a decline in inflation and the economic slowdown. Client retention remains high at 93.8% (down -1.9% on Q1-23), in a competitive market where Coface implemented risk mitigation plans. Buoyed by an increase in demand and the positive effects of investments for growth, new business rose to €37m, up €5m compared to Q1-23.

Growth in client activities was zero over the first three months of the year after two negative quarters in 2023. The price effect remained negative at -1.3% in Q1-24 but improved slightly compared to Q1-23 (-1.5%). This is largely due to very low past losses offset by the current normalisation environment.

Turnover from non-insurance activities was up +6.5% compared to Q1-23. However, not all business lines enjoyed the same momentum. Turnover from factoring was down -6.3%, mainly due to the fall in volumes refinanced in Germany (-7.7%). Information services turnover continued to grow, by +21.6% (vs. +15.0% in Q1-23). Fee and commission income (debt collection commissions) increased +24.1% due to the increase in claims to be collected. Commissions were up +7.3%.

Total revenue - in €m (by country of invoicing)	Q1-23	Q1-24	Variation	% ex. FX ¹
Northern Europe	102.2	97.8	(4.2)%	(4.2)%
Western Europe	96.6	91.7	(5.1)%	(5.8)%
Central & Eastern Europe	45.0	45.1	+0.2%	(3.5)%
Mediterranean & Africa	133.2	138.9	+4.3%	+7.3%
North America	41.9	42.6	+1.6%	(6.7)%
Latin America	26.4	18.6	(29.5)%	(11.0)%
Asia Pacific	29.8	28.9	(3.1)%	(0.4)%
Total Group	475.1	463.7	(2.4)%	(1.6)%

In Northern Europe, turnover was down by -4.2% at constant FX and -4.2% at current FX. The region was hit by a slowdown in client activities and the selective renewal of some loss-making policies. This decline was partially offset by the growth in adjacent activities. Factoring turnover declined by -7.7%.

In Western Europe, turnover was down by -5.8% at constant FX (-5.1% at current FX). The slowdown in client activities was partially offset by information sales. Q1-23 benefited from a positive accounting effect, the renewal of which impacted turnover by 1.5 ppt.

In Central and Eastern Europe, turnover fell -3.5% at constant FX (+0.2% at current FX) due to the decline in client activities, which weighed on credit insurance.

In the Mediterranean and Africa region, which is driven by Italy and Spain, turnover rose +7.3% at constant FX and +4.3% at current FX on the back of robust sales in credit insurance and services and a stronger economic environment.

¹ Also excludes scope impact



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In North America, turnover was down -6.7% at constant FX but increased by +1.6% as reported due to the integration of Mexico. The region saw a slump in client activity despite higher retention.

In Latin America, turnover fell by -11.0% at constant FX and -29.5% at current FX. The region was hit by a fall in client activity, mainly in commodities and metals, and the transfer of Mexico to the North America region.

In Asia-Pacific, turnover decreased by -0.4% at constant FX and -3.1% at current FX, due to a slowdown in client activities.

2. Result

- Combined ratio

The combined ratio net of reinsurance stood at 63.1% for Q1-24 (an improvement of 3.2 ppts year on year and 4.1 ppts compared to the previous quarter).

(i) Loss ratio

The gross loss ratio stood at 33.2%, down 7.5 ppts compared to the previous year. This improvement reflects the gradual normalisation of the loss experience, offset by high reserve releases. The number of mid-sized claims was below long-term trends.

The Group's provisioning policy remained unchanged. The amount of provisions related to the underwriting year, although discounted, remained in line with the historical average. Strict management of past claims enabled the Group to record 43.7 ppts of recoveries.

The net loss ratio improved by 4.9 ppts compared to Q1-23, at 35.8%.

(ii) Cost ratio

Coface is pursuing a strict cost management policy while maintaining its investments, in line with the Power the Core strategic plan. In Q1-24, costs rose by +6.2% at constant perimeter and FX, and +5.6% at current FX.

The cost ratio net of reinsurance was 27.3% in Q1-24, up 1.6 ppt year on year. This rise was mainly due to the decline in revenues (1.3 ppt), cost inflation (1.3 ppt) and ongoing investments (1.1 ppt). In contrast, the improved product mix (information services, debt collection and fee and commission income) had a positive effect of 1.4 ppt. High reinsurance commissions explain the remaining of the variation.

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- Financial result

Net financial income was +€17.9m over the first quarter. This amount includes realised capital gains, which more than offset negative market value adjustments on real estate investments (-€6.5m) and an FX effect of -€2.7m, mostly due to the application of IAS 29 (Hyperinflation) in Turkey and Argentina (service company).

The portfolio's current yield (i.e. excluding capital gains, depreciation and FX) was €19.9m. The accounting yield¹, excluding capital gains and fair value effect, was 0.6% in Q1-24. The yield on new investments was 3.9%.

Insurance Finance Expenses (IFE) stood at €11.4m for the first quarter due to higher discount rates and higher loss reserves.

- Operating income and net income

Operating income amounted to €106.8m, up 18.6%.

The effective tax rate was 27%, compared to 25% for Q1-23.

In total, net income (group share) stood at €68.4m, up 11.9% compared to Q1-23.

3. Shareholders' equity

At 31 March 2024, Group shareholders' equity stood at €2,118.5m, up €67.7m, i.e. +3.3% (compared to €2,050.8m at 31 December 2023).

This change is mainly due to positive net income of €68.4m.

The annualised return on average tangible equity (RoATE) was 14.8% in Q1-24, mainly due to the improvement in underwriting income.

¹ Book yield calculated on the average of the investment portfolio excluding non-consolidated subsidiaries.

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4. Outlook

There were no major changes in the Global economic growth outlook in the first quarter of the year. Coface continues to expect full year growth to be down slightly from last year, with continued outperformance from the United States compared with Europe.

On the inflation front, the slowdown in price increases led the market to anticipate several interest rate cuts. However, the start of the year saw an about-turn in market expectations. The market is now expecting more moderate rate cuts in the United States, where growth and the labour market remain robust. Europe should act sooner to reduce rates. As a result, the environment is likely to remain risky as diverging monetary policies generally cause financial tension and higher risks. High interest rates for a prolonged period typically put greater pressure on highly indebted companies.

Political risk remains higher than ever with many elections still to come and several conflicts that have potential to take a turn for the worse.

In this environment of continued uncertainty and modest growth outlook, Coface continues to implement its Power the Core strategic plan. The first quarter of 2024 marked an excellent start to this plan, with most key performance indicators positive.

Conference call for financial analysts

Coface's results for 3M-2024 will be discussed with financial analysts during the conference call on Monday 6 May at 18.00 (Paris time). Dial one of the following numbers:

- By webcast: [Coface Q1-24 results - Webcast](#)
- By telephone (for the sell-side analyst): [Coface Q1-24 results - conference call](#)

The presentation will be available (in English only) at the following address:

<http://www.coface.com/Investors/financial-results-and-reports>

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Appendix

Quarterly results

Income statements items in €m quarterly figures	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	%	% ex. FX*
Insurance revenue	395.3	407.8	384.7	371.3	378.6	(4.2)%	(3.3)%
Other revenues	79.8	76.8	73.4	79.2	85.0	+6.6%	+6.9%
REVENUE	475.1	484.5	458.1	450.4	463.7	(2.4)%	(1.6)%
UNDERWRITING INCOME (LOSS) AFTER REINSURANCE	95.3	103.5	91.2	105.4	100.3	+5.2%	+6.5%
Investment income, net of management expenses	(2.6)	4.0	13.0	(2.0)	17.9	(786.7)%	(654.3)%
Insurance Finance Expenses	(2.4)	(12.3)	(15.4)	(9.9)	(11.4)	+382.6%	+423.3%
CURRENT OPERATING INCOME	90.4	95.2	88.9	93.5	106.8	+18.2%	+14.7%
Other operating income / expenses	(0.3)	(0.4)	(0.2)	(4.0)	(0.1)	(79.1)%	(75.5)%
OPERATING INCOME	90.0	94.8	88.6	89.5	106.8	+18.6%	+15.0%
NET INCOME	61.2	67.7	60.9	50.8	68.4	+11.9%	+5.3%
Income tax rate	25.5%	21.9%	24.2%	36.0%	27.2%	+1.8 ppt.	

Cumulated results

Income statements items in €m cumulated figures	Q1-23	H1-23	9M-23	2023	Q1-24	%	% ex. FX*
Insurance revenue	395.3	803.1	1,187.8	1,559.1	378.6	(4.2)%	(3.3)%
Other revenues	79.8	156.6	230.0	309.2	85.0	+6.6%	+6.9%
REVENUE	475.1	959.7	1,417.8	1,868.2	463.7	(2.4)%	(1.6)%
UNDERWRITING INCOME (LOSS) AFTER REINSURANCE	95.3	198.8	290.0	395.4	100.3	+5.2%	+6.5%
Investment income, net of management expenses	(2.6)	1.4	14.5	12.4	17.9	(786.7)%	(654.3)%
Insurance Finance Expenses	(2.4)	(14.7)	(30.1)	(40.0)	(11.4)	+382.6%	+423.3%
CURRENT OPERATING INCOME	90.4	185.5	274.4	367.9	106.8	+18.2%	+14.7%
Other operating income / expenses	(0.3)	(0.7)	(0.9)	(5.0)	(0.1)	(79.1)%	(75.5)%
OPERATING INCOME	90.0	184.8	273.4	362.9	106.8	+18.6%	+15.0%
NET INCOME	61.2	128.8	189.7	240.5	68.4	+11.9%	+5.3%
Income tax rate	25.5%	23.7%	23.8%	26.8%	27.2%	+1.8 ppt.	

* Also excludes scope impact

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CONTACTS

ANALYSTS / INVESTORS

Thomas JACQUET: +33 1 49 02 12 58 – thomas.jacquet@coface.com

Benoît CHASTEL: +33 1 49 02 22 28 – benoit.chastel@coface.com

MEDIA RELATIONS

Saphia GAOUAOU: +33 1 49 02 14 91 – saphia.gaouaoui@coface.com

Adrien BILLET: +33 1 49 02 23 6394 – adrien.billet@coface.com

FINANCIAL CALENDAR 2024

(subject to change)

Annual General Shareholders' Meeting 2023: 16 May 2024

H1-2024 results: 5 August 2024 (after market close)

9M-2024 results: 5 November 2024 (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 Interim Financial Report for H1-2023 and our [2023 Universal Registration Document](#) (see part 3.7 "Key financial performance indicators").



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COFACE: FOR TRADE

With over 75 years of experience and the most extensive international network, Coface is a leader in Trade Credit Insurance & risk management, and a recognized provider of Factoring, Debt Collection, Single Risk insurance, Bonding, and Information Services. Coface's experts work to the beat of the global economy, helping ~100,000 clients in 100 countries build successful, growing, and dynamic businesses. With Coface's insight and advice, these companies can make informed decisions. The Group's solutions strengthen their ability to sell by providing them with reliable information on their commercial partners and protecting them against non-payment risks, both domestically and for export. In 2023, Coface employed ~4,970 people and registered a turnover of €1.87 billion.

www.coface.com

COFACE SA is quoted in Compartment A of Euronext Paris

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