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

Paris, 4th May 2016

Coffee Q1-2016 results:
A tough quarter in a polarized environment

- Turnover: €365m, -6.3% (-3.8% on a comparable basis[1]) against a strong Q1-2015, stable vs. Q4-15
- Contrasted regional sales performance
    - Lasting soft conditions in mature markets, particularly Europe
    - Actions taken on portfolio in emerging markets impact growth
- New business production flat, client retention rate at record level of 92.5%
- Net combined ratio of 87.0% (84.3% excl. one-offs[2]) stable vs. Q4-15
    - Net loss ratio at 55.0% mainly impacted by losses in Asia Pacific region, Commodities Trading sector, and two claims in North America
    - Net cost ratio of 29.3% (excl. 2.7 ppts one-offs[1]) driven by disciplined cost execution
- Net income of €22m (group share), €27m ex. one-offs[2]
- Agreement on transfer of public guarantees activities signed with Bpifrance on April 18th, effective transfer to take place before end 2016
- Operational efficiency review progressing well, outcome to be integrated into strategic plan, the main themes of which will be communicated at the time of H1-2016 results and presented in full at an Investor Day in London, September 22nd, 2016

Xavier Durand, CEO of Coface, commented: *"This has been a tough first quarter. Business turnover and profits were lower compared to the same period last year, against the backdrop of a polarized and volatile economic environment.*

Our performance reflects a stark contrast between mature credit insurance markets - where risk is low and competitive pressures are driving down revenue - and emerging markets where risk is high, particularly in the commodities sector. Though the positive impacts of measures taken to reduce our risk exposure in Latin America over the last year are already materializing, it is too early to see the full effects of risk initiatives launched in Asia at the end of last year; these will translate progressively into our results. Given the volatile global economic environment, we remain cautious for 2016.

We are conducting a comprehensive strategic review of the business, which includes the work currently on-going on operational efficiency to improve our competitiveness. Its conclusions will be integrated into the new strategic plan, the main themes of which will be communicated at the time of our half-year results and presented in full on September 22nd."

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[1] (4.4)% at constant exchange rate; (3.8)% at constant exchange rate and excluding adjustment of FY2015 revenues from public guarantees activity (€2.7m)

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

Key figures as at 31 March 2016

The Board of Directors of Coface SA examined the summary consolidated financial statements for the first three months during its meeting on 4 May 2016. They were subject to review by the Audit Committee.

Income statement items - in €m	Q1-2015	Q1-2016	V%	V% ex. FX
Consolidated revenues	389.6	365.0	(6.3)%	(4.4)%
of which gross earned premiums	*306.9*	*288.5*	*(6.0)%*	*(3.6)%*
Underwriting income after reinsurance	49.7	26.5	(46.6)%	
Investment income net of expenses	13.0	10.8	(16.9)%	
Operating income	60.5	36.3	(40.1)%	
Operating income excluding one-offs[3]	58.0	38.2	(34.1)%	(32.7)%
Net result (group share)	40.3	22.3	(44.7)%	(42.8)%
Net result (group share) excluding restated items[3]	41.8	26.9	(35.8)%	(34.6)%
Key ratios - in %				
Loss ratio net of reinsurance	49.8%	55.0%	+5.1	ppts.
Cost ratio net of reinsurance	27.7%	32.0%	+4.3	ppts.
Combined ratio net of reinsurance	77.5%	87.0%	+9.4	ppts.
Balance sheet items - in €m	31/12/2015	31/03/2016		
Total Equity	1,767.0	1,797.8	+1.7%	

[3] Adjustment of public activity 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 consultant fees

1. Turnover

Coface registered turnover of €365m in Q1-2016, down 6.3% against a strong Q1-2015 (-3.8% on a comparable basis[4]), and stable compared to Q4-2015.

The Group's turnover was impacted by lasting soft conditions in mature markets: Western and Northern Europe are experiencing price pressure, particularly in France and Germany, given the low level of risk in these regions. In North America, business turnover increased again this quarter, although a long term growth trend is yet to be confirmed.

Emerging markets faced high risk volatility which led Coface to take action on its portfolio in some markets (Latin America and Asia Pacific), impacting revenue growth. The Group's Central Europe and Mediterranean (excluding Spain) & Africa regions reported slight increases in turnover.

In this context, Coface decided to reorganize its European regions: Spain and Portugal has moved to Mediterranean & Africa (from Western Europe) and Russia to Central Europe (from Northern Europe) allowing Western and Northern Europe to focus more on growth and operational efficiency.

New business production, supported by mid-size and local business growth, was in line with Q1-2015. Coface's client retention rate reached a record level of 92.5% thanks to a targeted, customer-focused approach. The start of pro-active re-pricing in emerging markets partially offset the overall price erosion driven by mature European markets (price effect -1.6%).

Client activity, which also drives premiums, is still contributing to growth but to a lesser extent than in the previous year.

Business turnover in €m	Q1-2015*	Q1-2016	V%	V% ex. FX
Western Europe	95.7	84.4	(11.8)%	(11.3)%
Northern Europe	88.6	83.4	(5.8)%	(5.8)%
Mediterranean & Africa	90.1	84.6	(6.1)%	(4.0)%
North America	33.8	36.3	+7.2%	+6.8%
Central Europe	31.2	30.9	(0.8)%	+1.7%
Asia-Pacific	28.1	26.9	(4.0)%	(4.5)%
Latin America	22.2	18.4	(16.9)%	+4.7%
Consolidated business turnover	389.6	365.0	(6.3)%	(4.4)%

**Published 2015 data has been restated to take into account the changes in scope.*

[4] (4.4)% at constant exchange rate and (3.8)% at constant exchange rate and excluding adjustment of FY2015 revenues from the public guarantees activity (€2.7m)

2. Results

– Combined ratio

The Group's net combined ratio stood at 87.0% (84.3% excluding one-offs[5]) and remained stable compared with Q4-2015.

The loss ratio net of reinsurance reached 55.0% as a consequence of losses in Asia, in the Commodities Trading sector, and two claims in North America. The positive impact of risk reduction measures taken in Latin America over the last year are already materializing. However, the full effects of actions taken in late 2015 to reduce our risk exposure in Asia will translate into our results progressively over time.

Excluding one-offs[5] (which have a -2.7 ppts impact), the net cost ratio stood at 29.3% reflecting the Group's disciplined execution on internal expenses, which decreased to €136m[6] compared with €143m in Q1-2015.

– Financial income

Financial income[7] reached €10.8m (of which -€2.9m externalization of capital losses) at 31 March 2016 against €13.0m (of which €4.1m externalization of capital gains) in 2015. Thanks to its diversified portfolio and proactive investment strategy, Coface's accounting yield[8], excluding capital gains and losses, remained stable at 0.4%, the same level as in the Q1-2015.

– Operating income and net income

Excluding restated items[5], operating income stood at €38.2m and net income (group share) at €26.8m.

3. Transfer of public guarantees activity

Coface agreed terms with Bpifrance on April 18th 2016 for the transfer of management of French state guarantees to Bpifrance, in line with the preliminary protocol agreed with the French State in July 2015. The recent agreement defines the terms of cooperation between Coface and Bpifrance to ensure maintenance of a seamless service for all insured parties.

The transfer of the public guarantees activity remains subject to modification of the applicable legislative and regulatory framework, which will come into effect by decree. Coface will continue to be remunerated by the French State until the effective transfer, which is scheduled to take place before the end of 2016.

As agreed with the French state and communicated last July, the amount due to the Group on the activity's transfer is €89.7 million before tax. The exceptional gain, after immediate depreciation charges (estimated at €16.3 million euros before tax as at 31 December 2015) will be recorded when the transfer becomes effective.

The reduction in costs linked to managing the public guarantees activity has led to a reduction in remuneration of €2.7 million for fiscal year 2015: this one-off adjustment has been accounted for in Q1-2016.

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[5] Adjustment of public activity 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
[6] 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
[7] Investment income net of expenses, excluding cost of debt
[8] Accounting profitability ratio calculated on average investment portfolio

Coface and Bpifrance have also started discussions with the aim of establishing a solid and sustainable partnership to better serve French companies which will draw on Coface's 70 years of global risk coverage expertise.

4. Outlook and Calendar

In a global economy which remains volatile, where growth is sluggish and risks high in emerging markets and certain sectors (commodities, metals…), Coface remains cautious for 2016.

In mature markets, where risks are low, we expect commercial pressure to remain strong. While the positive impacts of the risk reduction measures taken last year in Latin America are beginning to materialize, we anticipate that the effects of risk actions taken end 2015 in Asia Pacific will translate progressively in our results over time.

We continue to focus on finely managing and adjusting our risk exposures as required by the current environment and on improving our operational and structural efficiency.

We will present our strategic plan, including the outcome of a comprehensive cost review, on September 22nd 2016.

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FINANCIAL CALENDAR 2016 (subject to change)
May 19 2016: general shareholders' meeting
July 27 2016: publication of H1-2016 results
November 3 2016: publication of 9M-2016 results

FINANCIAL INFORMATION
This press release, as well as Coface SA's integral regulatory information, consolidated accounts and analyst presentations, can be found on the Group's website: http://www.coface.com/Investors

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 340 underwriters located close to clients and their debtors.
In France, Coface manages export public guarantees on behalf of the French State.

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Coface SA. is listed on Euronext Paris – Compartment A
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