Today’s agenda

1. Start 10:30 am
   Introduction: Fit to Win 3 year plan - Xavier Durand

2. 11:00 am
   Economic outlook - Julien Marcilly

3. 11:20 am
   Strengthen information & risk management - Nicolas de Buttet

4. 11:40 am
   Improve operational efficiency & client service - Carine Pichon

5. 12:00 am
   Q & A session 1 - followed by lunch

6. 1:30 pm
   Differentiated growth strategies - Thibault Surer

5.1 2:35 pm
   Latin America – Case study
   Bart Pattyn

5.2 2:35 pm
   Germany – Case study
   Thibault Surer

5.3 2:35 pm
   Italy – Case study
   Ernesto de Martinis

6. 3:00 pm
   Financial targets & capital - Carine Pichon

Q & A session 2
8 intense months preparing in depth transformation of Coface

**Addressed issues**

- Emerging risk performance
- Client defiance versus risk actions
- State Guarantees “limbo”
- Mature market volume challenge
- Reserving & guidance

**Ran diagnosis**

- Met >100 clients, >100 brokers, >50% employees base
- Met investors, and conducted deep-dive perception analysis
- Performed full scale strategic review

**Defined strategy**

- Shared vision
- Bottom-up in 31 countries, all key functions
- Top-down targets to meet market expectations
- Fully shared & owned throughout organization

**Launched initiatives**

- Upgrade key leadership positions
- Drive risk actions
- Adjust growth / price targets
- Start workstreams
- Drive cultural change
Trade credit insurance is an attractive industry

Continued historic growth

Trade Credit Premiums growth (1)

- +4.9%
- +3.2%

Strong structural positives

- Ability to maintain returns through the cycle
  - Cancellable coverage is bulk of business
  - Less exposed to financial markets volatility

- Limited # of global competitors
  - Local ECAs, specialty insurers
  - 3 truly Global players

- “Sticky” client relationships
  - Driven by service, systems integration and trust

- Significant barriers to entry
  - Risk expertise and database, IT infrastructure, global franchise & presence for export service, capital

Estimated 5% trade credit insurance (TCI) penetration on global receivables

1 / ICISA database only includes ICISA's partners (players and countries) and does not reflect the whole credit insurance market
Coface can leverage strong historic capabilities

Unparalleled global presence & network

Coface Global credit insurance offer
Available in 100 countries

Strong expertise

70 years of experience through key cycles

Integrated systems and infrastructure
- Data management
- Risk
- Collections

Strong client base
- ~50,000 companies in 100 countries*
- ~90% retention rate

Good franchise & reputation
- 96% Trusted company**
- 98% Key player in credit insurance**
- 89% Close to its client**

* All products included
** Coface’s 2016 survey
**But the environment for Coface has evolved**

<table>
<thead>
<tr>
<th>Slower, more bifurcated growth</th>
<th>Increased market risk volatility</th>
<th>Impact of technology</th>
<th>Loss of State Guarantees business</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Lower growth &amp; price pressure in mature markets</td>
<td>- Economic &amp; Financial in Emerging markets</td>
<td>- Progressive commoditization of information</td>
<td>- Contribution shortfall (€30m)</td>
</tr>
<tr>
<td>- Non profitable Emerging Market growth</td>
<td>- Political risk in Mature Markets</td>
<td>- Investment race in technology</td>
<td>- Scale reduction</td>
</tr>
<tr>
<td>- Single digit Emerging Market growth</td>
<td>- Low claims in Mature Markets</td>
<td>- Potential facilitation of new entrants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Case for credit insurance remains strong</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>- Opportunity for enhanced service &amp; cost</td>
<td></td>
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<tr>
<td></td>
<td>- Potential distribution game change</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- Opens up new data sourcing space</td>
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<tr>
<td></td>
<td>- Clarifies company mission &amp; status</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In this environment, Coface needs significant change

<table>
<thead>
<tr>
<th>Key issues</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Aggressive expansion in Emerging Markets</td>
<td>• Adapt growth strategy to market realities</td>
</tr>
<tr>
<td>– Under estimated volatility</td>
<td>• Continue investment in risk &amp; information infrastructure</td>
</tr>
<tr>
<td>– Untested teams and infrastructure</td>
<td>• Address cost base and offset margin loss in ’18</td>
</tr>
<tr>
<td>• Loss of State Guarantees business</td>
<td>• Renew focus on client service, partnership &amp; innovation</td>
</tr>
<tr>
<td>• Mature markets momentum</td>
<td>• Upgrade &amp; better align organization</td>
</tr>
<tr>
<td>• Organization &amp; structure</td>
<td></td>
</tr>
</tbody>
</table>

Deteriorated performance in risk, costs & growth                             Bring business back in line with industry in ’19
Vision: to be the most agile, global trade credit partner in the industry

Clear ambition

- Most global credit insurer
- Best Credit Information in industry
- Specialized offer by segment
- Quality servicing, innovative in select places

Fit to Win principles

- Prioritize value creation over “growth for growth”
- Maintain strong financial position

Global connected scale

- Specialized sales close to the client
- Unique integrated systems
- Differentiated information
- Close to the Risk Underwriting

Financial institutions  Large corporates  Mid-market  SMEs  Partners retail bankers – B2B2B
Strategic plan around 2 pillars and 3 priorities

Ambition

1. Position Coface as the most agile, global trade credit partner in the industry

And…

2. Steer business towards more efficient capital model

Transformation

A. Strengthen Risk Management & Information
   Bring infrastructure into coherence with risk reality

B. Improve Operational Efficiency & Client Service
   Enhance back office and system capabilities for client benefit

C. Implement Differentiated Growth Strategies
   Capture value from our Global presence

Benefits

- Return to normalized loss ratio over the cycle
- Adjust cost structure to market realities
- Drive profitable growth over the long-term

~83% combined ratio over the cycle
**Strengthen information & risk management**

### Invest in information quality & data tools
- Enhance data purchasing policy
- Invest in data enhancement staff in key markets
- Complete close to the risk organization model

### Reinforce UW processes in higher risk segments
- Align commercial & risk underwriting (UW) in key sectors
- Further differentiate exposure guidelines according to each market risk volatility
- Increase industry sector granularity
- Align economic research and risk UW segmentation

### Upgrade & enhance risk talent & resources
- Upgrade leadership (e.g.: Asia, risk management, specialty lines)
- Create centralized senior experts support team
- Reinforce information teams in specific countries
- Systematize key underwriting training and career path

---

**While adjusting growth ambitions to reality of each market risk**

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*Investor Day – September 22\(^{nd}\), 2016*
Fit to Win will utilize State Guarantees gain to invest in efficiency while enhancing client service levels.

Actions

1. Drive sourcing & real estate utilization
2. Leverage centers of excellence
3. Simplify and automate processes
4. Streamline organization

€30m savings in 2018

Utilize €70m State Guarantees gain to

- Invest in technologies and process transformation (€35m)
- Drive people change & skills upgrade through voluntary actions (€35m)
Driving differentiated growth strategies by market

- **Geographical vision**
  - Underpenetrated
  - Emerging stable
  - Mature
  - High risk

- **Strategy**
  - Drive sales efficiency & innovate to differentiate
  - Invest in distribution
  - Seek scale through safe growth
  - Stabilize risk and demonstrate ability to make returns before growing
Differentiate value proposition for key segments

<table>
<thead>
<tr>
<th>Segment needs</th>
<th>Strategy</th>
</tr>
</thead>
</table>
| **Large corporates** | • BS and P&L optimization  
• Credit process management and hedging  
• Project protection  
• Increase quality of service, retention & selection |
| **Mid-market** | • Credit process management  
• Foreign/oversea access and support  
• Adapt offer and develop distribution (agents, direct sales force) |
| **SMEs** | • Payment protection  
• Develop simple product to be distributed with partners |
| **Financial institutions** | • Capacity provision and aggregation  
• Credit enhancement  
• Invest in dedicated team & offering |
## Enhancing management framework

### From

1. Replicate successful Western Europe organization everywhere around the globe
2. Centralized decision making
3. Norm-based planning
4. Standard bonus schemes
5. Siloed functional goals

### To

1. Build tailored infrastructure in each market, prove capacity to handle risk, then invest to grow
2. Strong functional matrix for enhanced controllership
3. Market-driven planning
4. Ambitious yet realistic goals & objectives, aligned with Fit to Win KPIs
5. Integrated functional goals, e.g.:
   - UW & growth
   - Economic research & risk
   - Risk & audit frameworks

While upgrading leadership and skills
Driving a cultural transformation to support execution

Client focus

- **Client satisfaction at the center**: offers, service levels & flexibility
- **Connected to the market**: macro-eco, competition moves
- Strong, durable relationships with brokers & partners

Collaboration

- Cross-functional
- Cross-markets
- Transparency

Courage & accountability

- **Bottom line accountability** requiring to balance growth versus risk
- **Transparent delegation** and reporting
- **Empowered local teams**, participative strategy & budget processes

Expertise

- **Functional**: UW, risk, sales, systems, process
- **Industry**: Geographies, industry sectors
- Leadership, people management

- Strong internal support: 50% of employees responded to internal survey, 400 people volunteered to champion
Clear financial ambitions supported by aligned incentives

1. Position Coface as the most agile, global trade credit partner in the industry

2. Steer business towards more efficient capital model

RoATE expectations

- H1 2016: 3.3%
- H1 2016 Restated*: ~2.2%
- Risk management: A
- Operational efficiency: B
- Selected growth: C
- RoATE through the cycle: ~8%
- Capital efficiency: ≥ 9%
- RoATE through the cycle: ~83% combined ratio across cycle
- ≥ 60% payout
- Complementary distribution

* Excluding State Guarantees management activity
Wrap-up: Fit to Win ‘16 to ‘19 will transform Coface

- Become the **most agile trade credit** partner in the industry
  - Reinforce risk management
  - Drive **operational efficiency & client service**
  - Drive **differentiated growth strategies**
- **Optimize** capital
- **Enhance** management structure & execution
- Drive **cultural change**
- **Deliver ≥ 9% RoATE** through the cycle
Economic outlook
Julien Marcilly
Chief Economist
Economic Research:
a unique expertise at the service of Coface and its clients

**Externally**

- Economic expertise supporting Coface clients with important information and risk decision making
- Strong flow of economic publications and events

**Internally**

- Support risk underwriting policy and decision making thanks to a coordinated set of process and tools
- Closed loop, integrated process:
  - Anticipate changes in economic and risk outlook
  - Take into account Coface payment experience
Challenging global environment with lower growth, lower inflation and higher debt

World: GDP, inflation and trade (yoy growth in %)

Global debt by type (USD trillion)

Sources: Coface, IMF, BIS, McKinsey
Advanced economies: lower interest rates mitigate corporate credit risk

Business insolvencies: % growth between June 2014 and June 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>-43.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>-17.4%</td>
</tr>
<tr>
<td>US</td>
<td>-16.2%</td>
</tr>
<tr>
<td>UK</td>
<td>-14.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>-2.5%</td>
</tr>
<tr>
<td>France</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>

Sources: National Statistical Offices

Benchmark corporate bond yield (5-year AA, %)

Source: Datastream
But advanced economies still have to deal with the legacy of global financial crisis

Europe: non performing loans (as a % of total)

Political uncertainty index

Sources: ECB, National Central Banks

Source: EPU
Emerging Markets: the adjustment process is not over, especially at the “micro” level

Emerging market GDP growth and oil price

China: corporate Bond Defaults and NPL

Sources: Coface, IMF

Source: Bloomberg and NBS
Emerging Markets: differentiation is essential...

GDP growth: gap between Emerging Markets and Advanced Economies (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.6</td>
</tr>
<tr>
<td>2007</td>
<td>5.2</td>
</tr>
<tr>
<td>2008</td>
<td>4.8</td>
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<tr>
<td>2009</td>
<td>5.1</td>
</tr>
<tr>
<td>2010</td>
<td>4.9</td>
</tr>
<tr>
<td>2011</td>
<td>4.7</td>
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<tr>
<td>2012</td>
<td>4.5</td>
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<tr>
<td>2013</td>
<td>4.3</td>
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<tr>
<td>2014</td>
<td>4.1</td>
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<tr>
<td>2015</td>
<td>3.9</td>
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<tr>
<td>2016</td>
<td>3.7</td>
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<tr>
<td>2017</td>
<td>3.5</td>
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<tr>
<td>2018</td>
<td>3.3</td>
</tr>
<tr>
<td>2019</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Standard deviation of GDP growth in Emerging Markets (152 countries)

- 2005-2008 Average: 4.3%
- 2011-2015 Average: 6.0%

Sources: Coface, IMF
...on a country by country basis

World: expected GDP growth and Current account balance by country (as a % of GDP)

Sources: Coface, IMF
…and on a sector by sector basis

### SECTOR RISK ASSESSMENT

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>WESTERN EUROPE</th>
<th>EMERGING ASIA</th>
<th>NORTH AMERICA</th>
<th>LATIN AMERICA</th>
<th>CENTRAL EUROPE</th>
<th>MIDDLE EAST + TURKEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrofood</td>
<td>![Risk Level]</td>
<td>![Risk Level]</td>
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<tr>
<td>Automotive</td>
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<td>Chemical</td>
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<td>Construction</td>
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<tr>
<td>Energy</td>
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<tr>
<td>ICT*</td>
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<tr>
<td>Metals</td>
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<tr>
<td>Paper-wood</td>
<td>![Risk Level]</td>
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<tr>
<td>Pharmaceuticals</td>
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<tr>
<td>Retails</td>
<td>![Risk Level]</td>
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</tr>
<tr>
<td>Textile-clothing</td>
<td>![Risk Level]</td>
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<tr>
<td>Transportation</td>
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</tr>
</tbody>
</table>

* Information and Communications technologies

- Low risk
- Medium risk
- The risk has improved
- High risk
- Very high risk
- The risk has deteriorated

Sources: Coface
Fit To Win has to deal with all time high country risk

160 countries under the magnifying glass

A unique methodology

- Macroeconomic expertise in assessing country risk
- Comprehension of the business environment
- Microeconomic data collected over 70 years of payment experience

Sources: Coface
3

Strengthen information & risk management

Nicolas de Buttet

Information, Risk Underwriting and Claims Director
Coface has a solid risk prevention infrastructure

**Core competencies**

- Information gathering
  - Database: 16 m companies

- Risk underwriting
  - Portfolio: 50,000 contracts, 5m credit-limits

- Claims & collection management
  - Volume: 60,000 Claims/year, 50,000 Collection

**Key principles**

- Proximity to the risk
- Industrial process
- Common global standards, tools, and process
- Constant monitoring and adjustment
- Robust governance
- Experienced and independent teams

**Key figures**

- **Information**
  - Teams: 49
  - FTEs: 684

- **Risk underwriting**
  - Teams: 45
  - FTEs: 356

- **Claims**
  - Teams: 35
  - FTEs: 154

- **Collection**
  - Teams: 44
  - FTEs: 242
But increased losses in Emerging Markets highlighted need for continued investment

Strong increase in claims in 2015…

Asia + Latam average monthly claim amount

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
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<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
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</tbody>
</table>

Impacting group gross loss ratio in 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>FY-2013</th>
<th>FY-2014</th>
<th>FY-2015</th>
<th>H1-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51.1%</td>
<td>47.6%</td>
<td>51.0%</td>
<td>61.9%</td>
</tr>
</tbody>
</table>

- First impacted EM domestic policies, then export from mature markets
- Several key emerging countries facing simultaneous crisis is a new phenomenon
### Efficient organization in Mature Markets…

- **Information**
  - Standardized & available information
  - Reliable and monitored information

- **Underwriting processes**
  - Rules based on homogeneous market practices
  - Longstanding partnerships with clients

- **Collection**
  - Predictable legal systems enabling strong and fast actions
  - Shorter payment terms

- **People**
  - Teams and top managers proven through multiple cycles

### ...not sufficient in Emerging Markets

- **Information**
  - Unstable information supply chains
  - Uneven information quality & reliability

- **Underwriting processes**
  - Varied set of business practices
  - TCI purchased more as a commodity

- **Collection**
  - Less predictable & effective legal systems
  - Longer payment terms and claims notification period

- **People**
  - More recent industry with teams yet unproven through major cycle reversals
First set of actions implemented in the last months

<table>
<thead>
<tr>
<th>Information</th>
<th>Adjusted country ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting processes</td>
<td></td>
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<tr>
<td>Reviewed portfolio exposures</td>
<td></td>
</tr>
<tr>
<td>Updated commercial and risk underwriting rules</td>
<td></td>
</tr>
<tr>
<td>Changed reserving policy</td>
<td></td>
</tr>
<tr>
<td>People</td>
<td></td>
</tr>
<tr>
<td>Rebuilt 2016 bonus scheme</td>
<td></td>
</tr>
</tbody>
</table>

**Achievements**

- Aligned Economic research & risk UW ranking methodology
  - Improves coherence of communications with customers
  - Improves consistency of risk evaluation over time

- Steel, commodities, construction
- Emerging Markets
- Traders
- Single risk

Resulting in -20% claims from 2015 to 2016

- New commercial UW rules for commodity traders
- Decentralized decision allowing 50% more HQ time for controls and focus on sensitive sectors

- Reflect increased average cost of claims

- Country region manager bonuses aligned with group loss metrics

54% EM Exposure reduction from 01/15 to 06/16

-56%, -49%, -43%, -36%, -28%, -23%

Brazil China Russia South Turkey Mexico Africa

54% EM Exposure reduction from 01/15 to 06/16

-56%, -49%, -43%, -36%, -28%, -23%

Brazil China Russia South Turkey Mexico Africa
Strengthen information & risk management

**Invest in information quality & data tools**
- Enhance data purchasing policy
- Invest in data enhancement staff in key markets
- Complete close to the risk organization model

**Reinforce UW processes in higher risk segments**
- Align commercial & risk underwriting (UW) in key sectors
- Further differentiate exposure guidelines according to each market risk volatility
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**Upgrade & enhance risk talent & resources**
- Upgrade leadership (e.g.: Asia, risk management, specialty lines)
- Create centralized senior experts support team
- Reinforce information teams in specific countries
- Systematize key underwriting training and career path

While adjusting growth ambitions to reality of each market risk
## Fit to Win: Invest in information quality & data tools

### Actions

<table>
<thead>
<tr>
<th>Revisit Data purchasing policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invest in information enhancement in key markets</strong></td>
</tr>
</tbody>
</table>

### Investment

- Enhance information sources in 18 countries, mainly on emerging countries
- Examples: China, Mexico, Turkey…
- Add 25 FTE in 19 countries
  - +10% of total Enhanced Information Center (EIC) FTEs
  - +33% of emerging markets EIC FTEs
- More corporate contacts depending on
  - Information availability
  - Level of risk
  - Level of exposure
  \( \rightarrow \) Targeting mid market

### Objectives

- Increase reliability by signing up new sources
- Increase monitoring rhythm in emerging markets
- Keep driving direct contacts with debtors

### Number of direct contacts

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,500</td>
<td>9,800</td>
<td>27,000</td>
<td>36,000</td>
</tr>
</tbody>
</table>

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**Coface**

Investor Day – September 22nd, 2016
Fit to Win: Reinforce UW processes in higher risk segments

Guidelines

- Develop more granular risk approach
  - Evolve exposure monitoring system from 10 to 150 segments
    Before: 10 segments (Debtor Risk Assessment: DRA)
    Now: 150 segments (5 country levels, 38 sectors)

- Increase differentiation by client/sector
  - Adjust policy commercial & risk terms to sector risk
  - Further differentiate risk appetite by client type
  - Adjust portfolio monitoring rhythm and intensity to risk level

- Better connect the organization
  - Align risk & commercial underwriting strategy and management
  - Reinforce relationship between economic research and risk underwriting

Objectives

- Increase reduction / expansion action accuracy & efficiency
- Find right balance between price, terms and risk
- All stakeholders focused on same profitability metrics
### Fit to Win: Upgrade & enhance risk talent & resources in key areas

#### Reinforce teams & leadership

<table>
<thead>
<tr>
<th>Actions</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Create new senior expert teams based in HQ</strong> to support country UW &amp; collection teams (+6 FTEs)</td>
<td><strong>Enhanced risk management</strong></td>
</tr>
<tr>
<td><strong>Add 25 FTEs</strong> focused on information enhancement</td>
<td><strong>Monitor and support regional teams</strong></td>
</tr>
<tr>
<td><strong>Continue to reinforce leadership</strong> : increase new hire selection on risk experience</td>
<td><strong>Increase direct debtor contacts</strong></td>
</tr>
</tbody>
</table>

#### Train teams

<table>
<thead>
<tr>
<th>Actions</th>
<th>Objectives</th>
</tr>
</thead>
</table>
| **Create risk underwriting school**  
  - From 5 to 20 e-learning sessions  
  - For all 350 underwriters located in 46 locations | **Boost risk & commercial underwriting expertise** |
| **Create commercial school**  
  - From 10 to 22 e-learning sessions  
  - For 1,000 commercial people located in 66 locations | |
In summary, we are building a stronger, more tailored risk infrastructure to match market risk realities

Fit to Win aims at returning to normalized loss ratio over the cycle

• **Capitalize on our expertise** and draw on our strengths to consolidate Coface organization

• Move from “One size fits all” to **tailored organizations in emerging markets**

• **Invest in information** quality where necessary

• **Reinforce and align commercial & risk UW** to ensure improved profitability & customer satisfaction

• **Empower local teams and align incentives**
Improve operational efficiency & client service
Carine Pichon
CFO
Coface has demonstrated good internal costs control

Evolution of internal costs vs. inflation

Evolution of staff (2011-2015)

- Total: -11.7%
- Western Europe: -18.9%
- Northern Europe: -15.9%
- North America: -13.4%
- Mediterranean & Africa: -2.2%
- Latin America: 1.3%
- Central Europe: 3.2%
- Asia-Pacific: 12.5%
Environment requires both continued efficiency gains and stronger focus on client service

**State Guarantees activity transfer**
- €30m shortfall\(^1\) in margin & costs
- Scale reduction

**Slowing & bifurcated growth**

<table>
<thead>
<tr>
<th>GDP Growth in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.8</td>
</tr>
<tr>
<td>4.3</td>
</tr>
<tr>
<td>4.1</td>
</tr>
<tr>
<td>3.4</td>
</tr>
<tr>
<td>3.7</td>
</tr>
<tr>
<td>2.6</td>
</tr>
<tr>
<td>2.8</td>
</tr>
<tr>
<td>2.6</td>
</tr>
<tr>
<td>2.5</td>
</tr>
<tr>
<td>Av. '06-'07 '14 '15 '16f</td>
</tr>
</tbody>
</table>

- World
- Advanced
- Emerging

**Revenue challenge in mature markets**

**Western Europe**
- Turnover €m: 188 (H1-2015), 167 (H1-2016)
- Cost ratio: (10.0)%\(^*\)
- Cost ratio: +5 ppts

**Northern Europe**
- Turnover €m: 166 (H1-2015), 158 (H1-2016)
- Cost ratio: (4.7)%\(^*\)
- Cost ratio: -1.5 ppts

**New technologies opportunity**
- Differentiate in ability to access corporate financial information & data
- Enhance underwriting capability
- Enhance client experience
- Drive cost savings

---

\(^1\) 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
Fit to Win will utilize State Guarantees gain to invest in efficiency while enhancing client service levels.

**Actions**

1. Drive sourcing & real estate utilization
2. Leverage centers of excellence
3. Simplify and automate processes
4. Streamline organization

**Utilize €70m State Guarantees gain to**

- Invest in technologies and process transformation (€35m)
- Drive people change & skills upgrade through voluntary actions (€35m)

€30m savings in 2018
Built integrated global procurement organization

Team now sized for global management of the function:

- **8 purchasing specialists** at Group procurement Department
- **International network** of purchasing correspondents

Initiatives

**Aggregate purchasing of key expenses**
- Reduce number of vendors
- Leverage scale

**Align spending policies**
- Travels
- Cars
- Data/Phone

**Drive consistent purchase process**
- Systematic benchmark
- ‘4 eyes principle’
- Consistent RFP process

**Rationalize Real Estate (RE) Policy**
- Optimize density / m² per FTE
- 134 sites in total
- Systematic review of rental prices

Key goal

Purchasing & RE Cost base

(5)%*

* incl. inflation
<table>
<thead>
<tr>
<th>Opportunity to in-source and offshore IT contractors to Romania</th>
<th>Complete roll out of “close to the risk model” to France and Germany</th>
<th>Evaluate further leveraging Centers of Excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong>: key development and test functions, on a large application scope</td>
<td><strong>Fully devolve debtor underwriting to local markets</strong> as in rest of world</td>
<td><strong>Key functions</strong></td>
</tr>
<tr>
<td><strong>Partly reallocate to centralized senior experts support teams to drive coaching and capacity intervention for “hot spots”</strong></td>
<td><strong>Leveraging existing infrastructures</strong></td>
<td></td>
</tr>
</tbody>
</table>

Investor Day – September 22nd, 2016
3-year journey to:

**Drive a Lean process management culture**

- Create central Lean management team
- Support with dedicated local correspondents
- Streamline key processes to eliminate waste, lead time and focus on value-add functions and client service
- Free-up time and resources for client critical missions

**Standardize IT applications on business critical processes**

- Reduce complexity and obsolescence risk (eg. contract management, accounting, invoicing, …)
- Ensure connectivity between systems across the enterprise and with clients
Streamline organisation

Geographies
- Merge/simplify Baltics entities
- Merge/simplify Adriatic entities
- Simplify West Africa

HQ Functions
- Merge 3 project management teams into one single team

Social Structure
- Selectively review/align social benefits policies to market standards

Drive productivity while ensuring skill & talent vitality
- Reallocate resources to higher value added work
- Continue to hire in critical areas to refresh skills & talent

Prioritize
- Early retirement plan
- Voluntary leave
- Natural attrition

<table>
<thead>
<tr>
<th></th>
<th>#FTE</th>
<th>Contractors</th>
<th>Internal staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>410</td>
<td>289</td>
</tr>
<tr>
<td>Contractors</td>
<td></td>
<td>121</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td></td>
<td>162</td>
<td>173</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46</td>
<td>75</td>
</tr>
</tbody>
</table>

Expected outflow: 121 + 116 = 237
Expected inflow: 46 + 75 = 121
Net impact: 237 - 121 = 116
France: streamline commercial organization
Case study

From

A geographies-based organization

Marketing & commercial director

- Single Risk
- Back office
- Marketing
- Client relation
- Commercial

National network
- International Brokers
- Global Solutions
- Bonding
- Financial institutions

- Lille
- Nantes
- Toulouse
- Marseille
- Lyon
- Strasbourg
- Île de France 1
- Île de France 2

Broker Sales
- Direct Sales
- …

Direct Sales
- Broker Sales
- …

Commercial UW
- Commercial UW
- …

Account manager
- Account Manager
- …

- 8 geographies x 4 processes
- 6 layers

To

A function-based organization

Commercial

- Direct Sales
- Broker Sales
- Commercial UW
- Account Management
- Specific lines

- Île de France
- West
- South

- 3/4 geographies x 5 processes
- 4 layers
Wrap-up

Fit to Win aims at adjusting cost structure to market realities

- A clear set of initiatives serving customer experience and sustainable operational efficiency
- 4 different levers to generate €30m savings in ‘18
- Clear governance between Group and country projects teams
- Continue dynamic out and in-flow policy to reallocate and maintain talent & skills vitality
- Prioritize voluntary leaves, early retirement plans and natural attrition
- Lay foundations for digital transformation
Lunch
Differentiated growth strategies

Thibault Surer

Group Strategy & Business Development Director
Building our business through selective and profitable growth

- Differentiate commercial ambition and approach by geography
- Adapt product/service offering and delivery model to our 4 main client segments
- Maintain strong focus on retention of existing clients and distribution partners
- Promote local accountability to ensure rigorous commercial execution
- Progressively reverse attrition on mature markets and readjust ambition to reality of emerging markets
Market growth driven by both economy and risk & commercial decision

Market growth drivers (in %)

- Economic environment
- GDP growth and international trade
- New clients
- Up-selling
- Attrition
- Pricing pressure
- Credit limit reduction
- Risk action plan adjustment
- Market growth btw ‘09 and ‘14

Importance of levers varies by geography

ILLUSTRATIVE
Differentiate growth strategy by geography

Geographical vision

- Underpenetrated
- Emerging stable
- Mature
- High risk

Market features

- High market penetration
- Most businesses equipped
- Intense competition and pricing pressure
- Underlying economic growth
- Information available
- Presence of main competitors
- Intermediate product penetration
- Economic potential
- Competitive environment
- Volatility and lack of information
- Limited product awareness

Strategy

- Drive sales efficiency & innovate to differentiate
- Invest in distribution
- Seek scale through safe growth
- Stabilize risk and demonstrate ability to make returns before growing

Stability

TCI Penetration

Investor Day – September 22nd, 2016
# Differentiate approach by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Needs</th>
<th>Strategy</th>
</tr>
</thead>
</table>
| Large corporates | • BS and P&L optimization  
                   • Speed and tailor-made solutions  
                   • Timely program setup and consolidated reporting  | • Invest in systems and processes  
                                                                    • Centralize program information  
                                                                    • Design tailor-made solutions  
                                                                    • Account selection and pricing conditions |
| Mid-market       | • Outsourced credit process management and debt collection   
                   • Foreign/overseas access and support | • Full range of products (including industry specific offering)  
                                                                 • Improve client satisfaction through better communication  
                                                                 • Select relevant distribution channels and drive mix |
| SMEs             | • Payment protection through simple product and credit management process | • Leverage digital capabilities to offer 100% online end-to-end solution |
| Financial institutions | • Capacity provision, credit enhancement and RWA reduction  
                                       • New fee-based revenues | • Complete range of receivable / payable finance and financial guarantee  
                                             • Leverage bank networks to distribute simple product to SMEs |
Drive sales efficiency and innovate to differentiate in mature markets

Market share of total TCI (~€6 Bn)

- Mature: 52%
- Underpenetrated
- Emerging stable
- High risk

Growth strategy

- Increase client retention through enhanced credit process management
  - Improve communication on risk and limit decisions
  - Provide access to key decision makers
  - Increase speed of policy issuance and enhance quality of invoicing

- Drive sales efficiency
  - Improve sales force management
  - Increase segmentation granularity and industry focus
  - Reorganize sales force by channel

- Develop a specific product and distribution solution for SMEs

Examples

- UK
- Germany
- France
- Italy
Invest in distribution and new client acquisition in underpenetrated markets

Market share of total TCI (~€6 Bn)

- Mature
- Underpenetrated
- Emerging stable
- High risk

15%

Growth strategy

- Drive distribution mix to improve market coverage
  - Strengthen direct sales force focusing on SMEs and mid-market
  - Develop activity with brokers to improve penetration of upper mid-market and large accounts
- Build critical mass and expertise through industry focused commercial approach
- Penetrate Financial Institutions with specialized team

Example

USA
Seek scale through safe growth in emerging stable markets

Market share of total TCI (~€6 Bn)

- Mature
- Underpenetrated
- Emerging stable
- High risk

6%

Example

Central Europe

Growth strategy

- Progressively “industrialize” commercial practices
  - Leverage critical mass to improve distribution effectiveness (e.g., account management organization)
  - Invest selectively and retain sales talents
  - Keep on investing in expertise and information

- Target new clients segments (Financial institutions, large accounts) or new distribution channels (partnerships)
Stabilize risk and demonstrate ability to make returns before growing in high risk markets

Market share of total TCI (~€6 Bn)

27%

Growth strategy

- Improve risk underwriting capabilities before growing
- Define selective “target zone” to improve profitability and reduce volatility through expertise
  - Select countries / industries
  - Export vs import vs domestic
- Invest in information and monitoring
- Focus on serving global accounts

Examples

Brazil
China
Invest in a dedicated, specialist financial institutions team

Positive environment

- Growing market
  - Evolution of product mix towards receivable finance solutions (e.g., Factoring)

- Favorable market and regulatory trends
  - Increased regulation putting pressure on RWA consumption
  - Low interest rates driving banks to seek alternative revenues

- Emergence of new players
  - Fintech (funding, supply chain solution providers)

Growth strategy

- Capitalize on Coface experience
  - Large product range in receivable, payable, financial guarantee, debt collection and information services
  - Successful experiences of distribution partnerships

- Reinforce FI commercial team
  - Create central team to support local teams (Banking, legal & risk expertise)
  - Strengthen the existing local team with both insurance and banking skills
## Innovate to differentiate

<table>
<thead>
<tr>
<th>Products &amp; services</th>
<th>Information</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund dynamic innovation funnel and “Lab”</td>
<td>Experiment “big data” approach to enhance business model</td>
<td>Leverage Digital</td>
</tr>
<tr>
<td>• Feed and manage project funnel</td>
<td>• Access non conventional information (web crawling)</td>
<td>• Fully “web-enable” products &amp; services</td>
</tr>
<tr>
<td>• Enable low cost reactive testing</td>
<td>• Process information leveraging new data processing technologies</td>
<td>• Partner with Fintechs (receivable financing platform) to tap into new clients and leverage digital channels</td>
</tr>
<tr>
<td>• Foster environment for joined contribution: marketing experts, local managers, risk specialists</td>
<td>Develop our service revenue with an information offer</td>
<td></td>
</tr>
</tbody>
</table>
Differentiated growth strategies

Latin America - Case study

Bart Pattyn
Regional CEO
Current crisis in Latin America is more severe than in 2008/2009

Latam currencies experienced a sharper decline vs USD

- High level of payment incidents across all countries
- Specific sectors severely impacted:
  - Agricultural
  - Construction
  - Consumer
10 action plans have been implemented since end of 2014 showing positive results on loss ratio

**Actions taken**
- Review of Debtor Risk Assessment
- Launch of specific prevention plans
  - Sector specific
  - Country specific

**Results: Re-balancing our business**

**Brazil: evolution of the exposure – targeted sectors**

1 / Theoretical maximum exposure at the end of each month – trade credit insurance risks located in Region / Countries
2 / Source: Coface internal data
Fit to Win in Latin America
“One size fits all” not adapted to market realities

Common:
- Dependence on commodities
- Deteriorated Public accounts
- Social tensions

Mexico:
- €51m market, Coface #2 with €16m
  Specific: “Nafta”
  - Low inflation
  - Construction sector suffering from lower public investment (oil price)
  - Integration with the US economy

Peru:
- €6m market, Coface leader >50%
  Specific: “production platform”
  - Low inflation & stable growth
  - Fast growing agro-food sector
  - Tourism potential

Chile:
- €73m market, Coface #2 with €19m
  Specific: “stable”
  - Low inflation & Stable growth
  - Stable political environment
  - High corporate debt
  - International companies operating in distribution, air transport and paper

Colombia:
- €18m market, Coface #3 with €5m
  Specific: “fast emerging”
  - Low inflation
  - Tourism potential
  - Construction sector suffering from lower public investment (oil price)

Brazil:
- €69m market, Coface clear leader with €30m
  Specific: “Deep Crisis”
  - Growing inflation & unemployment
  - Broad-based recession despite a diversified manufacturing industry
  - High production costs (wages, energy, logistics, etc.)

Argentina:
- €30m market, Coface clear leader with €18m
  Specific: “prolonged turmoil”
  - High inflation (unreliable official statistics)
  - Businesses affected by a poor access to credit and numerous regulations
  - Car sector affected by the recession in Brazil

Differentiated growth strategy to support profitability
Each country has a specific priority

**Peru**
- Small Trade Credit insurance market
- Cost-efficient and good quality information production capability for 18 countries

**Actions:**
- Build Latam information production factory:
  - Add resources (+11 FTE i.e. 20% staff)
  - Specialize teams by sector
  - Monitoring & alerts

**Brazil**
- Pricing of brazilian risk did not reflect the reality in the prolonged downturn
- 137% industry loss ratio in 2015

**Actions:**
- Invest in information enhancement (6 → 8 staff)
- Increase number of underwriters (5 → 7 staff)
- Re-price selectively to reflect real risks
- Cut exposures in high risk segments
- Service Global Accounts as a priority

**Argentina**
- Lasting economic and political crisis
- High “Real” inflation & devaluation
- Compounded by rest of Latam impacts since 2015

**Actions:**
- Rebalance domestic vs. export
- Focus on cost control
- Tight risk monitoring

**Chile**
- Open economy vulnerable to external shocks
- Mature, highly competitive environment
- Brokers resistant to risk adjustments

**Actions:**
- Active communication with brokers on the changing realities
- Precise, surgical “one-go” risk adjustments.

**Investment in infrastructure & better alignment of risk and commercial strategy**
Germany - Case study
Thibault Surer
Group Strategy & Business Development Director

5.2 Differentiated growth strategies
Germany: a mature market environment with strong price pressure

Market background:

- **Strong economy:** GDP growth (1.8%), low inflation and low level of insolvencies
- **Large credit insurance market:** €800M premium, but decreased by approx. 2.9% in last 3 years.
- **Coface:** 20% market share in credit insurance; full range of products/services (also including: information, debt collection)

Forces at work and implications:

- **Increasing requirements from large accounts:** industry-specific solutions, growing share of self-insurance
- **Fierce competition:** between credit insurers and between brokers

⇒ Substantial pressure on price
Commercial transformation program launched in 2014

3 Key levers

- Reorganize sales force:
  - Stop agent structure because of poor performance
  - Decentralize commercial teams into 11 regions (except for large accounts)
  - Segment sales force and introduce a “hunter – farmer” organization
  - Change sales force compensation scheme towards more individual, performance-based bonuses

- Adapt product offering and services per segment:
  - Strengthen penetration of the mid-market segment (Mittelstand)
  - Increase penetration of “Financial Institutions” market
  - Develop a sectorial approach (e.g., energy, electrical equipment, “Industrie 4.0” ie “Smart Factories”)
  - Codify client service and relationship management; differentiate it according to client size & premium level

- Rebalance distribution towards brokerage:
  - Reposition top 15 brokers as preferred partners and fully integrate them into Coface’s commercial value chain & processes
  - Align broker commissions with service definition and contribution along the value chain
This program has already generated visible results

**Results**

- Increased sales force productivity by 30% in 2015
- New business production for H1-2016: +20% vs H1-2015
- Retention rate grew by 2ppts (from 92% as of H1-2015 to 94.4% as of H1-2016)

**New Business Germany H1 2015 / H1 2016**

**Retention rate**

92.0% 94.4%

H1-2015 H1-2016
5.3 Differentiated growth strategies
Italy - Case study
Ernesto de Martinis
Country Manager
Italy: a difficult environment with positive trends

Macroeconomic indicators

- Strong recession with decline in GDP level and industrial production
- Trend of bankruptcies is improving, but figures still above pre-crisis levels
- Export is the only positive indicator (proximity export)
- Coface is #2 with ~28% market share
## Strategy focused on both risk management and distribution

<table>
<thead>
<tr>
<th>Risk Management</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ambition</strong></td>
<td><strong>Ambition</strong></td>
</tr>
<tr>
<td>By becoming the <em>most accurate information company</em> on the market</td>
<td>To become the <em>preferred company</em> for tied agents in the market</td>
</tr>
<tr>
<td><strong>How</strong></td>
<td><strong>How</strong></td>
</tr>
<tr>
<td>By redefining the information gathering and risk assessment chain</td>
<td>By re-orienting the company capabilities around agents</td>
</tr>
<tr>
<td><strong>What</strong></td>
<td><strong>What</strong></td>
</tr>
<tr>
<td>• Reliable data gathering (including field analysts)</td>
<td>• New agencies and young talents</td>
</tr>
<tr>
<td>• More sophisticated risk assessment algorithms</td>
<td>• Improved proximity and client service</td>
</tr>
<tr>
<td>• More specialized risk underwriting team</td>
<td>• Enhanced retention and repricing capability</td>
</tr>
</tbody>
</table>
Bank networks: new channel for Small / extra small segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Turnover Range</th>
<th>#Targets</th>
<th>Penetration Rate</th>
<th>Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large / Extra large</td>
<td>&gt;50 M€</td>
<td>1,200</td>
<td>+++</td>
<td>International Brokers</td>
</tr>
<tr>
<td>Medium</td>
<td>10-50 M€</td>
<td>10,000</td>
<td>++</td>
<td>Agents</td>
</tr>
<tr>
<td>Small</td>
<td>2-10 M€</td>
<td>84,000</td>
<td>+</td>
<td>Agents and banking networks</td>
</tr>
<tr>
<td>Extra small</td>
<td>&lt;2 M€</td>
<td>63,000</td>
<td>+</td>
<td>Banking networks</td>
</tr>
</tbody>
</table>

Coface strategy in Italy

- **Large / extra large segments**
  - Single entry point
  - Integrated communication with sales, risk & claims

- **Medium / small segments**
  - Open new agencies in areas with business potential
  - Strengthen existing agencies by hiring additional sales and customer service staff

- **Small / extra small segments**
  - Enter partnerships with banks with nationwide networks
  - Design “low cost” commercial and technical support (leveraging the agent’s presence when relevant)

**158,200 targets out of 5 million companies**

Investor Day – September 22nd, 2016
Focus on bank partnerships

Strategy implemented since April 2016 for 3 banks: new channel as intermediary

- +130 contracts signed
- +1,6 M€ premiums
- +90% S and XS business target
Positive results along several dimensions

Coface Italy’s success brought by focusing on risk management and distribution, provides clear evidence & support to key elements of the « Fit to Win » strategy, which includes:
1) Investment in data quality & tools to bring greater accuracy in risk management
2) Distribution via partners with nationwide networks to more effectively reach the SME segment
Wrap-up

Fit to Win aims at driving profitable growth over the long term

- **Our growth ambition is realistic and supported by existing assets and skills**
- **Reversing attrition is an ambitious goal, as we are facing significant headwinds:**
  - Price pressure in developed countries
  - Need to be more selective in emerging markets to reduce our cost of risks
- **What will we do differently?**
  - Be more selective regarding resource allocation
  - Differentiate approach by geography and client segments
  - Empower local teams to reinforce our agility and reactivity
Fit to Win addresses Coface financial challenges

Our financial challenges:

- Deteriorating economics
- Increasing net loss ratio
- €30m shortfall, after transfer of State Guarantees
- Turnover decline (-3.4% in H1 2016), driven by:
  - Effects of risk action plans in EM
  - Price erosion (-2% over the last 3 years)
  - Client activity slow down
- Structurally high capital intensity

Fit to Win transformation drivers:

1. Position Coface as the most agile, global trade credit partner in the industry
   - Strengthen Risk Management & Information
   - Improve Operational Efficiency & Client Service
   - Implement Differentiated Growth Strategies

2. Steer business towards more efficient capital model
…with ambitious yet realistic targets

Position Coface as the most agile, global trade credit partner in the industry

RoATE expectations

3.3%  ~2.2%  A  B  C  ~8%

H1 2016  H1 2016 Restated*  Risk management  Operational efficiency  Selected growth  RoATE through the cycle

* Excluding State guarantees management activity
Effects of Fit to win will materialize gradually

Fit to Win transformation drivers

A. Strengthen Risk Management & Information
B. Improve Operational Efficiency & Client Service
C. Implement Differentiated Growth Strategies

Expected timeline impact

- Expect full pay-off after 2 years
- Re-invest €70m gain on State Guarantees transfer
- Offset State Guarantees shortfall in ’18
- Progressive as per business cycle

Illustration of loss development – per UWY

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>-40</td>
<td>10</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Costs savings (cumulated)</td>
<td>Investments &amp; Restr. costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
</tbody>
</table>

Position Coface as the most agile, global trade credit partner in the industry

Illustration of premium booking development – per UWY

Prospect & Negotiation

Signature

Start of premium booking

9 to 12 months 12 to 24 months
Keep a resilient and secure yield of the investment portfolio in a low interest rate environment.

- Very liquid portfolio
- Low yield environment is challenging
- Research for compelling risk / return profile in this uncertain financial environment

### Monitoring our risk: Key priority

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average rating of Bond Portfolio</td>
<td>A</td>
</tr>
<tr>
<td>Modified duration of Bond Portfolio</td>
<td>3.4 years</td>
</tr>
<tr>
<td>SCR Market</td>
<td>10% of Investment Portfolio with significant diversification effect</td>
</tr>
<tr>
<td>ALM exposure (country and corporates)</td>
<td>constantly monitored</td>
</tr>
</tbody>
</table>

### Low sensitivity to market shock

- SCR Cover: 100 bps
- +100 bps Interest rates: -3 ppts.
- +100 bps Spreads: -3 ppts.
- -25% stock markets: -4 ppts.

### Tactical Asset Allocation evolution

- Bonds: 31/12/2014 - 70%, 30/06/2016 - 80%
- Cash Instrument: 31/12/2014 - 40%, 30/06/2016 - 20%
- Loans & Other financial: 31/12/2014 - 10%, 30/06/2016 - 10%
- Equities: 31/12/2014 - 5%, 30/06/2016 - 5%
- Investment Real Estate: 31/12/2014 - 0%, 30/06/2016 - 0%
Coface has 2 key capital management goals

Ensure Solvency & Ratings

- Fitch AA- stable outlook
- Moody’s A2 stable outlook

Solvency ratio:
- 160%
- 140%
- 120%

Target:
- H1-2016 155%

Coface’s comfort scale:

Support progressive growth

Underlying scenario
[0-3]% CAGR ex. FX

- Market realities
- Credit insurance cycle opportunities

(*) Note: Coface’s interpretation of Solvency II. See Interim Financial Report (First-Half 2016) for the calculation. The above comfort scale is based on the solvency ratio calculated under standard SII formula and its sensitivities. It is for indicative purposes and gives a general guideline which shall be fine-tuned depending on the comprehensive analysis of the actual situation and on the forecasts.
Coface will continue to optimize capital structure

Steer business towards more efficient capital model

Leverage reinsurance as a tool of risk and capital management

- Broad and strong reinsurers’ pool
- Leverage diversification benefit
- Additional reinsurance, fully integrated into existing scheme
- Effects from ’18 to ’20

Centralized reinsurance, branches, centralized investments and liquidity pool
Capital management will further improve returns for shareholders

Optimize returns for investors

Attractive dividend policy

- ≥ 60% pay-out share
- Normalized earnings

Special dividends or buyback to address excess capital

- Capacity to further improve RoATE by more than 100bp through capital management
- Final impact will depend on market conditions

Confirmed 2016 guidance:

- Loss ratio of 63% to 66%
- 60% payout policy + 0.06 € exceptional dividend per share
Wrap up

Fit to Win aims at reviving Coface’s financial performance with ambitious yet realistic targets

• RoATE: more than **9% across the cycle**, after capital optimization

• Combined ratio: **~83% across the cycle**
  – Progressive return to normalized loss ratio over the cycle, in line with industry
  – €30m savings in 2018

• **≥ 60% dividend policy** on normalized earnings

• Solvency ratio in **upper end of 140%-160%** target range and minimum single-A rating

• Underlying growth scenario: progressive development, **0 to 3% CAGR ex. FX**
Wrap-up: Fit to Win ‘16 to ‘19 will transform Coface

- Become the **most agile global trade credit** partner in the industry
  - Reinforce risk management
  - Drive **operational efficiency & client service**
  - Drive **differentiated growth strategies**
- **Optimize** capital
- **Enhance** governance & execution
- **Drive** cultural change
- **Deliver** ≥ 9% RoATE through the cycle
# Key Figures

## H1-2016

### Income statement items - in €m

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>% H1-2016 vs. H1-2015</th>
<th>% like-for-like 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated revenues</strong></td>
<td><strong>389.6</strong></td>
<td><strong>760.3</strong></td>
<td><strong>1,126.3</strong></td>
<td><strong>1,489.5</strong></td>
</tr>
<tr>
<td>of which gross earned premiums</td>
<td><strong>306.9</strong></td>
<td><strong>603.0</strong></td>
<td><strong>894.1</strong></td>
<td><strong>1,185.9</strong></td>
</tr>
<tr>
<td><strong>Underwriting income after reinsurance</strong></td>
<td><strong>49.7</strong></td>
<td><strong>77.6</strong></td>
<td><strong>116.0</strong></td>
<td><strong>143.4</strong></td>
</tr>
<tr>
<td><strong>Investment income net of expenses</strong></td>
<td><strong>13.0</strong></td>
<td><strong>28.2</strong></td>
<td><strong>40.5</strong></td>
<td><strong>53.1</strong></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td><strong>60.5</strong></td>
<td><strong>102.6</strong></td>
<td><strong>152.5</strong></td>
<td><strong>192.3</strong></td>
</tr>
<tr>
<td><strong>Operating income excluding restated items</strong> 2</td>
<td><strong>58.0</strong></td>
<td><strong>95.5</strong></td>
<td><strong>142.7</strong></td>
<td><strong>181.2</strong></td>
</tr>
<tr>
<td><strong>Net result (group share)</strong></td>
<td><strong>40.3</strong></td>
<td><strong>66.1</strong></td>
<td><strong>98.3</strong></td>
<td><strong>126.2</strong></td>
</tr>
<tr>
<td><strong>Net result (group share) excluding restated items</strong> 2</td>
<td><strong>41.8</strong></td>
<td><strong>68.3</strong></td>
<td><strong>101.1</strong></td>
<td><strong>131.6</strong></td>
</tr>
</tbody>
</table>

### Key ratios - in %

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>% H1-2016 vs. H1-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio net of reinsurance</td>
<td>49.8%</td>
<td>52.0%</td>
<td>52.5%</td>
</tr>
<tr>
<td>Cost ratio net of reinsurance</td>
<td>27.7%</td>
<td>29.8%</td>
<td>30.5%</td>
</tr>
<tr>
<td>Combined ratio net of reinsurance</td>
<td>77.5%</td>
<td>81.9%</td>
<td>83.1%</td>
</tr>
</tbody>
</table>

### Balance sheet items - in €m

<table>
<thead>
<tr>
<th></th>
<th>31/12/2015</th>
<th>30/06/2016</th>
<th>% Var. H1-2016 vs. FY-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Equity</strong></td>
<td>1,767.0</td>
<td>1,740.4</td>
<td>(1.5)%</td>
</tr>
</tbody>
</table>

1. The like-for-like change is calculated at constant FX and scope
2. See Annexes, slide “Bridge Table”, 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 H1-2015 (June 30th 2015) and H1-2016 (June 30th 2016), respectively.
Important legal information

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