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Please refer to the section 2.4 “Report from the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures” as well as chapter 5 “Main risk factors and their management within the Group” of the Coface Group’s 2016 Registration Document in order to obtain a description of certain major factors, risks and uncertainties likely to influence the Coface Group’s businesses. The Coface Group disclaims any intention or obligation to publish an update of these forecasts, or provide new information on future events or any other circumstance.

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Welcome to our third-quarter call and good morning or good evening, depending on where you are in the world. Today we are presenting our results for the first nine months of 2017. Moving directly to page 4, we are announcing a net profit of EUR 55 million for the year-to-date. This is clearly driven by the improvement in the loss ratio. Our turnover reached EUR 1.021 billion, down 0.3% at constant FX and excluding last year’s business for the public state guarantees. Q3 is up 0.2% year on year - very much in line with the trends we have seen during the first two quarters of the year.

You will see later in the presentation that the same trends are at play here. Mature markets continue to grow at 2.2%, while trends in emerging markets remain unchanged. We also have a favourable economic environment which is not only driving client activity, but also some higher premium refunds for our clients.

Our net loss ratio comes in at 54.4%, with a net combined ratio at 89.8%. There are two factors at play here. The loss ratio of 46.3% in Q3 shows a clear improvement, driven by both the Asian and the North American regions. Our net cost ratio comes in at 35.4% and if we include the EUR 6 million Italian one-off we explained and commented on in Q2, it is 34.5%.

Our net income, as I said, is EUR 55 million and EUR 34.8 million of this was in Q3. The effects of our ‘Fit to Win’ action plan are now visible and we are also confirming our strategic targets. In the year-to-date, we have achieved just under EUR 12 million in cost savings, which is ahead of the schedule that we previously set out. We are confirming our goal of EUR 30 million in savings for 2018 and the remaining investments for the three-year period of 2017, 2018 and 2019 – as highlighted at the launch of the Fit to Win plan.

There are two major factors at play here. On the one hand, we are expecting lower restructuring expenses than initially anticipated, as we walk through the social plans and departure actions. On the other hand, we are seeing opportunities to invest in and accelerate our digital transformation and business model.

On page 6, starting with the top line, you can see that turnover is down by 0.3% from the same period last year. The growth trends are very consistent with what we saw during H1. Western Europe is picking up and Med and Africa are continuing to grow nicely, but there is still some weak performance in Northern Europe. The quarter is up 0.2% versus last year. I think we are seeing an economic environment which is continuing to drive pricing pressure. Our services and factoring businesses are up 2.5% versus the same period last year, and our fees to premium ratio is slightly down, by 0.2%.

Looking at the geography of our volume, on page 7, Western Europe is clearly performing better than last year, with growth at 3.2% for the 9 months. Underlying this is better performance both on trade credit insurance and on the single risk business. The numbers in Northern Europe are very similar to what we saw in H1. On one side, the retention rate of clients has actually improved, but at the same time there is less new business and more pressure on prices - which materialises through increased premium refunds in Germany.

The trend in Central Europe remains similar to H1, with some accelerating growth offset by one-time premium adjustments in Poland and some price pressure in Austria - which is following a similar trend to Germany. The Med and Africa region is growing nicely at 5.6%, driven by stronger performance in the Southern European countries of Italy and Spain. North America remains similar to previous quarter, at minus 11.8%, with the effects that we have already explained of non-repeat large deals and some portfolio pruning in Canada. In Asia-Pacific we have a similar performance as in H1, again at minus 10%, as we continue to see the effects of the risk plans we put in place in 2016. Latin America is showing a slight rebound from last year, at 2.7%, with good performance in Argentina but higher attrition in Brazil and Mexico.

Looking at the composition of our growth, new production is lower than in prior years, at EUR 98 million year-to-date. It is still being impacted by our risk action plans in emerging markets and new production is flat in mature markets versus last year. The retention rate is actually the best we have had in the last four years, so it is continuing to improve. The price effect is still negative, so there is price erosion, but it is less than we have seen in previous years. Compared to last year, we are seeing much better performance on volume from our clients’ activities. Growth from our clients’ businesses was close to zero last year, and it is
now back up to 3.3%. This is partially driven by commodity prices which are showing signs of recovery compared with previous years.

That is the summary for the growth side. Moving to page 8, on risk, clearly, as we highlighted earlier, our action plans are paying off and that is on the back of a robust economic environment. The loss ratio for the first nine months before reinsurance was 51.8%. This is 12% better than in the same period last year. The split by quarter from Q3 last year continues to improve, with a loss ratio before reinsurance coming in at 43% for the quarter. We will see later that this is driven by Asia and the Americas. We are also seeing better recoveries than in prior years in these regions and in both we are seeing average costs and frequencies of claims coming down. This reflects the actions we have taken over the last 18 months to improve our risk underwriting. There is also a better economic environment. On the bottom of the chart we can see reserving for new business and boni for prior vintages. It can be seen that the first nine months of 2017 are normalising back to the levels we experienced in previous years.

On page 10 we have the graphs showing risk performance by region. Again the split is similar to previous quarters. At the bottom of the page we see the more mature and typically more stable markets – which are also the largest. You can see here the performance cumulated over nine months compared to the performance in prior years. Clearly Central Europe is still around the 50% mark, at 52.3%, Western Europe is normalising back to 45.4%, Northern Europe is slightly below last year at 57.6%, and the Med and Africa is also slightly below last year, at 47.9%.

The good news comes from the fact that North America is back down to 44.5%, after a very strong quarter in Q3. Asia-Pacific is also clearly coming down, with 75.3% cumulated for the first nine months. Latin America is now seeing continued stability in terms of performance, at 47.5%. That is the news on risks.

Turning to the costs side on page 11, our costs are up 2.6% over the first nine months of the year. Excluding the one-off event last quarter in Italy, which we explained, they are up by 1.4%, and looking at it from a quarter-on-quarter basis compared to last year, we are up by about 2.1%.

We have achieved EUR 11.8 million in cost savings through our Fit to Win initiatives. We are ahead of schedule, and we have been going through the FTE reduction programme, particularly in two of our more mature markets. This has been going pretty well. We are therefore ahead of schedule timing-wise and we are confirming our EUR 30 million cost savings target for 2018.

Comparing the first nine months of this year to the same period last year, we have had EUR 1 million through better FX and EUR 12 million in cost savings. We have deliberately reinvested EUR 11 million of these savings into growth investments, as we try to improve our performance on the growth side, and we have invested in risk and process transformation in order to strengthen the business. There is also EUR 8 million in inflation, the one-off Italian cost event, minus some one-offs last year, which explains the difference.

On page 12, we wanted to provide you with a read on how we are progressing with our restructuring. I would start by reminding everyone of what we said at the launch of Fit to Win. We decided to take the EUR 70 million proceeds from the sale of the state guarantees business and to split it in two. EUR 35 million is going into technology investments and the remaining EUR 35 million into restructuring the business.

Our initial restructuring wave is actually coming in cheaper than we had expected. We are seeing, as we go through the social plan negotiations and people are starting to leave, that the total cost is less than we expected. At the same time, we see new investment opportunities to invest into technological changes, particularly digital ones, and to further enhance our business model. What we are showing here on this slide is how we are evolving from our initial schedule, to a revised schedule for making these investments. The top line shows what we originally presented at the beginning of Fit to Win, with projected savings of zero, 10, 30, 30, and a schedule for investments of 40, 21, 6 and 3. What we are now showing is an improved savings performance for 2017, up from EUR 10 to 15 million, with a further EUR 30 million continued for each of 2018 and 2019. Then, as we have had to spend less on the initial restructuring, our EUR 21 million for restructuring will actually be 2. We are still planning to make these investments, but we will do them in 2018 and in 2019, with the numbers you can see on the page which are EUR 19 million and EUR 9 million. There will be investments in further evolving our business model through digital and other continued transformations.
I will now pass it over to Carine to take us through the reinsurance results.

Carine PICHON, CFO, COFACE

Reinsurance results, on page 13, were driven by lower claims and higher cession rates. Premium cession rates at 26.7% are higher, up from 23.6%. This is the immediate result of our choice to increase our quota-share for the 2017 underwriting year. We can also see the same trend for claim cession rates, which is 24.1%, although the 23.3% reported in 2016 does include some one-offs. Without these, it would have been normalised at 20.6%. The reinsurance result is EUR -34 million, taking into account a lower claim level.

On page 14, the net combined ratio stands at 89.8%. This is an improvement of 10% compared with the end of September 2016 and is driven by the lower loss ratio. As a reminder, we have already reviewed our net loss ratio guidance for the end of the year to below 54% for the full year - which means below 50% for the second part of the year. We are continuing to drive costs and also investing in long-term value creation, so our cost ratio at the end of September is 35.4%, including 0.9% from the Italian one-off.

Looking at the view per quarter, our net combined ratio was around 110% in Q3 2016. It has decreased quarter after quarter, mainly on the back of an improvement in the loss ratio, and for this quarter it is 81.7%.

Continuing with our financial portfolio, on page 15, we have a slight increase in investment income. Our net investment income is EUR 44.7 million, which is up from EUR 43.1 million. We have realised more gains on sales during the first nine months of 2017, particularly in Q1 and Q2. Looking at the accounting yield on average, excluding this gain on sales, we are at 1.2%. This is slightly below last year, which was 1.3%, as we are continuing to invest at lower interest rates than the historical average of our portfolio. This is in the context of the current financial environment, where interest rates are still very low.

Net income, detailed on page 16, is EUR 55 million. Operating income is EUR 98.2 million - so there is a sharp improvement in operating performance compared to the previous year. There is also an improvement in tax rates, which rose last year to 49% (62% excluding State Export Guarantees Management). It is now at 37% and there is a further improvement this quarter, with a rate of 27%. Excluding some positive one-offs, the underlying tax rate for this quarter is 35%.

On page 17, the return on average tangible equity stands at 4.7% for the first nine months of 2017. Last year we stood at -0.8%. There were improvements in technical results, mainly in the loss ratio which contributed 3.5% of improvements, as well as slightly higher financial results, tax and other factors, all of which led us to 4.7% at the end of September 2017.

Xavier DURAND

Summarising the quarter, on page 19, we are showing an operating profit which is up by EUR 62 million, to reach EUR 98 million for the first nine months. This translates into EUR 55 million in net income. The key highlights are a net combined ratio down by 10% from the first nine months of 2016, at 89.8%. This improvement in loss ratio is driven by Asia and North America - two regions which have caused us some headaches over the last period. All of this is on the back of an improving economic environment, and we confirm our net loss ratio guidance of below 54% for the whole of 2017.

Clearly, the effects of our Fit to Win actions are now visible. We have delivered EUR 11.8 million in cost savings to date. We are ahead of schedule. We are confirming our goals of saving EUR 30 million in 2018. We are confirming the remaining EUR 30 million of total investments for the next three years, including 2017, that we highlighted in our plan Fit to Win. We are expecting lower restructuring expenses than planned in the initial wave that we had put together, but we also see opportunities to invest in accelerating our digital transformation going forward.

I just want to highlight again that, beyond the short-term numbers, what is really at stake here at COFACE is a deep transformation of the business, both in terms of its skills and its culture. We have been pretty clear throughout this period that we were deliberate in reinvesting in our risk infrastructure, be it in information, risk underwriting, or the skills, expertise and knowledge of our leaders in some of the geographies that we operate in, and we are clearly seeing the benefits in terms of the loss ratio line.

We have also decided to make calculated investments in terms of growth, and the cycle for that is clearly longer. We are being thoughtful in the way we do this. We clearly operate in a competitive market where
there continues to be price pressure, so we will be considering how much investment we make versus what results we will get from these investments. This is really what we committed to doing during Fit to Win. We are making some deliberate investments in trying to find the sweet spot in terms of return and profitability. We also confirm our 83% combined ratio target across the cycle.

**Questions and Answers**

**Guilhem Horvath, Exane BNP Paribas**

My first question is on the cost ratio, which even excluding the one-off looks like it is a little higher than what was expected by consensus. Is there any reason for that, for example, any seasonality we should be aware of, or any other explanation? Secondly, on loss ratios, you posted a very low net loss ratio in Q3, and it looks as if a net loss ratio of below 54% for the year is quite realistic and should be reached without too much difficulty. Can you elaborate a little on the potential reserve releases in Asia-Pacific? Do you expect this to normalise at some point, or should we expect you to continue having reserve releases? I think you probably had some in this region. What should be the normalised net loss ratio in Western Europe? I think it improved a little versus what happened in H1, but it is still higher than in the past. What should we think about this going forward?

Finally, on the tax rates, these are normalising quite quickly. How should we view the tax rates for the next few quarters?

**Xavier DURAND**

I will start with the loss ratio. Regarding the dynamics of this business, there needs to be the right balance between the amount of claims we pay and what we ask the clients to pay. Our job is to help the clients make decisions on selling, or not selling, to some of their own clients, and clearly this is a cyclical business. Every time we cut our limits, which improves the loss ratio, we also trigger further decreases in prices.

What you are seeing at play here is our endeavour to find a balance. Regarding the question around Western Europe, we have seen that lower claims drive lower prices, which as a consequence immediately increases the claims level. We have seen this at play in this part of the cycle in most of the large economies.

The way to think about this business is that it will always oscillate around a mean, which is around 50%. We are just trying to find the right balance between the amount of risk we take, alongside our clients, and the amount of service and coverage that we provide.

**Guilhem Horvath**

Should we see the 50% net loss ratio as a mean which is true for all geographies, or is it specific to Western Europe? Should we consider your net loss ratio across the regions to be around 50%?

**Xavier DURAND**

It is through the cycle, and basically, the same forces are at play in every part of the world. There is nothing specific to one particular region. The cycles may be different, or what triggers the economic cycles may be different, but the relationship we have with the client is, if the price is too high they will ask for a price rebate, and if the loss ratio goes too low, the client will ask for a price rebate, or they will decide not to insure. If their loss ratio is too high, then we will either cut our limits or ask the client for higher prices. That is just the normal balance through the cycle.

Carine will address the cost ratio question.

**Carine PICHON**

Regarding the cost ratio, what we are saying is that we have updated our cost saving plans, and we expect to achieve EUR 15 million instead of EUR 10 million this year. So we are slightly ahead, even if it remains at EUR 30 million for next year. However, we need to reinvest with a mid-term view and we have the capability for good growth and good investment. This is on track and we plan to continue in this trend.
The tax rate has improved because of the improved loss ratios in regions that were previously making losses. For example, the quarterly loss ratio in Asia is very low, so we are making a profit there - and we do not have any tax in our P&L because we are using past deferred tax losses. There is a kind of mechanism via which our tax rate is normalised at around 35% for this quarter.

**Xavier DURAND**

We highlighted that the geography of our losses or our profits had a strong influence on our tax rates in the past quarters. It is actually playing the other way round this time.

**Guilhem Horvath**

Should this continue to improve going forward? Should we expect you to post a tax rate of below 35%?

**Carine PICHON**

I will not give guidance, but we are in a more normalised world. I would just like to remind you that we still have an audit in France and we do not yet have any news of the possible impact of that.

**Guilhem Horvath**

Coming back on the cost ratio, there is no reason for having something structurally higher except from what than you mentioned in Q3. Is that correct?

**Carine PICHON**

There is no specific seasonality effect in Q3. What we have in terms of seasonality is that the cost ratio of Q1 is always lower, because we have higher fees. The fees appear as deductions, so we have more seasonality in Q1.

**Guilhem Horvath**

What about the releases in Asia-Pacific?

**Carine PICHON**

There are several aspects to the reserve releases in Asia. Firstly, we have higher recovery rates on some claims, which is a good thing. We also have lower average costs of claims. These are clearly effects of the action plans we have implemented. We had massive action plans in Asia last year and the year before and so we are benefiting from that this quarter.

**Michael Huttner, JP Morgan**

Well done on the great results. I have a few questions. Firstly, I calculate the Q3 standalone return on average tangible equity to be 8.9%, so in a way you have actually achieved your 2019 target. Do you stop here and say you are now in cruising mode? What I am really asking is, are these extraordinary results in Q3 a guide for what is achievable going forward - or are there too many one-offs that need to be cleaned up?

Secondly, asked a different way, we have a 90% combined ratio at nine months and a through-cycle of 83%, but this 90% is entering into your through-cycle guidance, so it implies that at some stage we will be lower than 83%. Mechanically it means we should be at 78% at some stage. Given what you said about the 50% and the cost ratio of around 33%, when could that happen?

Thirdly, on the growth of these investments, there are two angles. Firstly, I have the feeling that you would like to invest more and that you have the margin to do so, because your results are so good. At what stage might we see an update of the EUR 30 million figure? Secondly, when will we see the benefits of these investments into growth in terms of extra premiums?

**Xavier DURAND**

It is a good quarter when you look at the headline numbers, but the loss ratio is actually significantly below 50%. There are one-offs in there that are linked to the tax rate being particularly low and the investments being particularly strong. There are also some FX components that have helped us. More importantly, if you think of what we have done with the business, we identified weaknesses in the way risk was underwritten,
we have committed to fixing these, and we have taken deliberate steps to invest in the business. It matters more at this stage to get it right than to be completely obsessed with the cost ratio, because I think we are seeing the return in the loss line.

The second thing, as you mentioned, is the ability we have to grow or not grow during the cycle and we committed to doing two things. One is making sure that when we push for growth we look for value creation over the long term, and second, that we can actually deliver this growth with an acceptable level of risk. We are now trying to really focus on making the right amount of investment that we think makes sense. These are longer cycles and we are seeing some movement in the geography of our growth. We are also seeing a competitive environment. Carine, do you want to add anything?

Carine PICHON

You asked about return on average tangible equity. As of today, we stand at 4.7%. This means that the quarter is good and that the investments we are making are helping us to reach our targets. You asked when we will see a result of the investments we have made and that will be in future quarters.

Michael Huttner

I am not sure I asked the right questions. I was expecting something a little more specific, but I will leave my colleagues to ask them in a more structured way.

Benoit PETRARQUE, Kepler Cheuvreux

On page 11, regarding the EUR 11 million investments this year and the inflation figure of EUR 8 million, were these two figures anticipated in the Fit to Win plan? It did come as a surprise to me that the cost savings were basically not visible and offset by investments. Can you clarify whether the investment of EUR 11 million here will be a recurring cost for next year? I also find the inflation figure of 2.7% a bit high. What do you expect going forward in terms of overall cost ratio? It looks as if the 30% level will not be achieved. Do you have a cost ratio level in mind?

Finally, on North America, could you just explain what happened there? You probably had reserve releases in Q3, and you had a loss ratio of 16% in North America. Could you come back on this region please?

Xavier DURAND

When we thought through Fit to Win and how we could articulate our strategy going forward, we focused on the around 83% combined ratio mark. This was calculated knowing that there were trade-offs to be made between the amount of investments made in the business and expenses, the amount of infrastructure to be built, the robustness of the risk infrastructure to be built around different parts of the world and the amount of growth to be targeted. We need to retain flexibility when building this strong infrastructure, depending on the cycle and what parts of the world we are expanding in, in order to do that safely.

Therefore, rather than giving very specific guidance on each of the elements, the way we think about it is to ask whether we can get to the 83% combined ratio by building the right amount of infrastructure based on the right amount of growth and the geography of that growth. We have been deliberate about making these investments throughout the plan period.

Carine PICHON

Regarding North America and the loss ratio, you are right that the loss ratio for the quarter is very low, at below 20%. This mainly comes from North America and also from the very good recovery rates we have had on some files. More globally, there has also been a decrease in frequency. So these have all been factors at play this quarter. As a reminder, just one or two recoveries can have an impact on a quarter, so I prefer to look at the trends rather than just at one quarter which shows some specific effects from some files.

Thomas Fossard, HSBC

I have two questions from my side, the first one being for Carine. Could you help us to understand what the effect of the net loss ratio has been on the accident year and on the reserve release net of reinsurance, specifically in Q3? Regarding the reserve releases, a couple of quarters ago you showed an interesting slide showing the evolution of the underwriting years 2014 and 2015. At that time, you were at 120% or
130% for Brazil or Asia. I suppose you now have a better understanding of how these underwriting years have evolved. Can you give us a bit more information on the positive trends, starting from this peak level, in terms of development?

Thirdly, on a more general basis, regarding the current claims environment you are seeing across your markets, could you make a parallel versus past history in terms of what levels of frequency and severity you are seeing? How do these compare to the average, and how do they compare to the low claims environment you may have enjoyed in the past?

Xavier DURAND

Before Carine answers, let me try to provide some colour, as a background. We have been analysing the variation in claims between this year and the same period last year. When you look at the company, about two-thirds of the improvements emanate from what we call ‘larger claims’. These are claims that are higher than EUR 500,000 and typically claims that we manage through underwriting processes and the changes that we have made to our risk infrastructure. Then there are about a third that come from an improvement in frequency, in what we call our small claims - the background noise. We could say that these are driven by the economic environment. I think that gives you a feel for what is behind that, and I will let Carine take the next part of the question.

Carine PICHON

You asked about the reserve releases during the quarter, compared with the first nine months of 2017. Our reserve releases for Q3 are around 29.5%, so it is a little higher than we had in Q2, at around 21%, and even Q1, which was around 16%. We can clearly see an improvement on prior years. It is a slight improvement on underwriting year 2014, but particularly important for 2015 and 2016. We clearly have higher recovery rates and we have estimated that the average claim is a little lower than we had previously anticipated. We are benefiting from this, even more so against the backdrop of a more robust economic environment. So all of this is key and the effects are all the more important in regions where we were suffering from losses, such as North America and Asia.

We have therefore come back to something which is more in line with what we saw in 2015 and 2014, on a nine months basis. I am a little worried about answering the question about what a normalised rate would be, but it clearly depends on where we are in the cycle. As a reminder, in 2010 we more or less finished the year at below 40%, and just after the 2008 crisis we opened at 60% or 70% - so we have a kind of volatility based on the cycle we are in. Today we have come back to something which is more in line with 2014 and 2015.

Thomas Fossard

You just said that the standalone reserve release is 29.5% net of reinsurance for Q3. Is that right?

Carine PICHON

That is before reinsurance.

Thomas Fossard

I was asking about net of reinsurance - just to better understand where you currently stand in terms of accident year, net of reinsurance.

Carine PICHON

We are only commenting on the situation before reinsurance. We are not providing the figures on that.

Guilhem Horvath Exane BNP Paribas

I have a further question on the investment return. I think you said you were still reinvesting lower than the running yield. Could I have your view on when you expect this to stabilise? Is it a question of a quarter, or longer than that? Secondly, on your discussions with reinsurers and regulators, I guess you are well ahead in terms of normalising the operating results, but you still have the second part of your plan, which is optimising the capital basis, which is still quite important. Without giving specific details, can you explain to
us how the discussions with the reinsurers went? Did you start discussions with the regulator on a more intense basis, or should we expect this to happen much later, maybe after 2019?

Carine PICHON

Regarding your first question, our reinvestment return is lower. Knowing that, we have decided to invest a little more in real estate to try to capture some return. The question is when will we reverse that situation? The current scenario is that we will have a very low and progressive increase in rates on the markets - so we do not plan to have to something on a quarterly basis immediately. It is more something we see maybe coming at the end of 2018. That is the central scenario we have, but in any case it will not be before.

As I am sure you know, we are in discussions with reinsurers. Baden-Baden was last week. What we see with reinsurance is that we need a nice balance between the cost of reinsurance on one side and the capital relief on the other. Last year we benefited from very good commission rates with reinsurers as, even though we were in a crisis in emerging markets, they trusted us. We already had price decreases last year, meaning an increase in commission rates. We are now in the early stage of discussions with reinsurers. For the moment it is too early to say what the final decision will be. We will then make the trade-off between the additional cost of reinsurance and the capital relief we could obtain.

Guilhem Horvath

Might there be a case where you decide not to increase the cession rates this year?

Carine PICHON

It is too early to tell. It is open for the moment, as renegotiations started last Monday. We need to find a financial equilibrium.

Guilhem Horvath

What about the regulators?

Carine PICHON

We have had discussions with them, although I would not call them intense. What we plan regarding reinsurance is compliance with Solvency II rules. We are not having that many discussions with them, because as long as we are in some kind of classical reinsurance scheme it is not such an issue. When we need to see them we will do so, once the scheme has been stabilised.

Michael Huttner, JP Morgan

The EUR 34 million costs of reinsurance year-to-date seems a high number - and a similar order of magnitude to your underwriting profit for the quarter. When you think about reinsurance and reinsurance costs, do you think that number is a little higher than your normal run rate? What is the benchmark you use when you think about reinsurance costs?

Carine PICHON

The benchmark is the commission rate. I can tell you that we have a very good commission rate compared with our competitors, so the price is very good at the moment. Regarding reinsurance, it is an issue of return on equity and that is the second part of the plan we are working on.

Xavier DURAND

It is a quarterly number, and clearly the negotiation takes place once a year.

Michael Huttner

Regarding the whole improvement of things, it is a number which has gone the other way. I understand what you are saying about the commission ratio, but in terms of the cash number, the EUR 34 million is the one number which has gone against you this year when everything else is improving. Does it reflect recoveries as well as the ongoing claims?
Carine PICHON

Yes. The higher our margin is, the higher their margin is in terms of the proportion of the share we cede, so it is not abnormal to see an increase in the cost of reinsurance when there is an improvement in results. It is the way it happens – when everything is good they have more profits, and when everything deteriorates they have less. It was exactly the case last year. Within the cycle that there is a kind of smoothing of our reinsurance results.

Michael Huttner

I am aware that the numbers this quarter were very good, partly thanks to some nice reserve releases in the US and Asia. Regarding that EUR 34 million, as part of your results were unusually favourable, such as the 29% reserve release number, could one say that about half of the EUR 34 million is due to this rather exceptional movement and half to the normal run rate?

Carine PICHON

Clearly, on the costs of reinsurance this quarter, it is because we ceded less losses because premiums are more or less the same as in Q2, while commissions are more or less the same. It is just because we have a lower cession, so those are the immediate effects of that. The improvement in North America and Asia is the main explanation, but that is the way it works.

Thomas Fossard, HSBC

I have a question on the group's current Solvency II ratio. How has it changed compared to the 148% reported at the end of June 2017?

Carine PICHON

We have not updated this ratio. We do this on a half-year basis, so we will give you the number at the end of the year, during our February call.

Xavier DURAND

The transformation is continuing, and the business is focused on execution. We are looking forward to updating everyone during the next quarterly call, which will also be the one for end of year 2017.

(End of transcript)
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FINANCIAL CALENDAR 2018 (subject to change)

FY-2017 results: February 12th 2018, after market close
3M-2018 results: April 24th 2018, after market close
Annual Shareholder’s General Meeting 2017: May 16th 2018
H1-2018 results: July 26th 2018, before market opening
9M-2018 results: October 24th 2018, 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 S1-2017 and our 2016 Registration Document.

About Coface

Coface a world-leading credit insurer, offers 50,000 companies around the globe solutions to protect them against the risk of financial default of their clients, both on their domestic and export markets. The Group, which aims to be the most agile global credit insurer in the industry, is present in 100 countries, employs 4,300 people, and posted consolidated turnover of €1.411 billion in 2016. Coface publishes quarterly country and sector risk assessments based on its unique knowledge of companies’ payment behavior and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors.

www.coface.com

Coface SA. is listed on Euronext Paris – Compartment B
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