



PRESS RELEASE

Coface records a strong start to the year with a net income of €66.2m

Paris, 28 April 2022 – 17.35

- **Turnover: €431m, up 12.8% at constant FX and perimeter**
 - Trade Credit Insurance premiums growing by 14.7% at constant FX driven by high client activity
 - Client retention at record highs (94.8%); pricing impact negative (-2.7%)
 - Information services continued to grow (+11.0% at constant FX)
- **Net loss ratio at 40.7% and net combined ratio at 67.3% (respectively 30.4% and 55.3% excluding government schemes)**
 - Gross loss ratio at 28.9%, improved by 0.6 ppt
 - Net cost ratio down by -1.7 ppt at 26.6% reflecting operating leverage and higher reinsurance commissions
 - Government schemes have lowered pre-tax profit by €33m for the quarter (€199m cumulated); no further material impact expected going forward
- **Net income (group share) at €66.2m, up by +17.5% vs Q1-2021**
- **Annualised RoATE¹ at 13.2% ; a dividend of €1.50² for the 2021 financial year will be proposed to the Shareholders' Meeting on 17 May 2022**

Unless otherwise indicated, change comparisons refer to the results as at 31 March 2021.

Xavier Durand, Coface's Chief Executive Officer, commented: "While the beginning of 2022 was encouraging for the global economy, Russia's invasion of Ukraine, sanctions imposed against Russia and retaliatory sanctions have caused the global economic outlook to be revised down. Beyond the substantial human cost, this invasion has triggered another increase in commodity prices, especially energy and food. This crisis is causing repercussions across all regions and sectors. Many importer countries are being particularly affected and are seeing the risk of social unrest increase.

In this increasingly uncertain world, Coface has continued to support its clients and to implement its strategic plan.

The strong economic growth in 2021 and our solid operating performance led to double-digit growth in trade credit insurance and information services, where we are continuing our proactive investment policy.

Coface's net income increased 17.5% to €66.2m. This figure is all the more impressive given that we booked the remaining cost of the government schemes (€33m, bringing the total to €199m). It corresponds to an annualised return on tangible equity of 13.2%, which is above our mid-cycle targets.

Finally, we are pleased to confirm that a dividend per share of €1.50 will be proposed at our next Shareholders' Meeting, which represents 100% of our 2021 income."

¹ Return on average tangible equity

² The distribution proposal will be submitted to the Annual General Shareholders' Meeting to be held on 17 May 2022.

PRESS RELEASE

Key figures at 31 March 2022

The Board of Directors of COFACE SA examined the summary consolidated financial statements for the first three months (non-audited) during its meeting on 28 April 2022. The Audit Committee had previously reviewed them at its meeting on 27 April 2022.

Income statements items in €m	Q1-21	Q1-22	%	% ex. FX*
Gross earned premiums	312.1	361.3	+15.8%	+14.7%
Services revenue	65.9	69.5	+5.4%	+3.8%
REVENUE	377.9	430.8	+14.0%	+12.8%
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	74.3	84.9	+14.2%	+12.3%
Investment income, net of management expenses	5.7	12.3	+115.4%	+125.6%
CURRENT OPERATING INCOME	80.0	97.2	+21.5%	+20.4%
Other operating income / expenses	(0.4)	(1.2)	+201.6%	+203.4%
OPERATING INCOME	79.6	96.1	+20.6%	+19.5%
NET INCOME	56.4	66.2	+17.5%	+17.2%
Key ratios	Q1-21	Q1-22	%	% ex. FX*
Loss ratio net of reinsurance	24.5%	40.7%	+16.1	ppts
Cost ratio net of reinsurance	28.3%	26.6%	(1.7)	ppt
COMBINED RATIO NET OF REINSURANCE	52.8%	67.3%	+14.5	ppts
Balance sheet items in €m	Q1-21	Q1-22	%	% ex. FX*
Total Equity (group share)	2,049.3	2,135.5	+4.2%	

* Also excludes scope impact

PRESS RELEASE

1. Turnover

Coface recorded a consolidated turnover of €430.8m, up +12.8% at constant FX and perimeter compared to Q1-21. On a reported basis (at current FX and perimeter), turnover was up +14.0%.

Revenues from insurance activities (including bonding and Single Risk) increased by +14.7% at constant FX and perimeter (and by +15.8% at current FX). Growth benefited from an increase in client activity.

The retention rate reached a record level of 94.8%, up +1.0% compared to Q1-21 (and up +0.5% compared to the previous record from Q1-20). New business totalled €35m, down €5m compared to Q1-21 but in line with pre-pandemic levels.

The growth in Coface's client activity had a positive impact of +4.4% during Q1-22. This record increase for a first quarter reflects the scale of the economic recovery and the rise in the cost of commodities. The price effect reversed, coming in at -2.7% in Q1-22 compared to +2.9% in Q1-21. This is largely due to past very low loss experience.

Revenues from other activities were up +3.8% compared to Q1-21, with ongoing contrasting trends in the different businesses. Turnover from factoring rose +8.2%, mainly due to the increase in volumes refinanced in Poland. Revenues from information service continued to grow, rising +11.0% (vs. +9.0% in Q1-21). Fee and commission income (collection fees) was impacted by the decline in claims to be recovered and dropped -38.7%, while commissions were up slightly by +2.4%.

Total revenue - in €m (by country of invoicing)	Q1-21	Q1-22	%	% ex. FX ¹
Northern Europe	82.2	93.0	+13.1%	+13.0%
Western Europe	75.5	80.8	+7.1%	+6.0%
Central & Eastern Europe	36.6	44.6	+22.0%	+21.8%
Mediterranean & Africa	106.5	116.7	+9.5%	+10.9%
North America	32.7	38.8	+18.5%	+10.2%
Latin America	16.0	22.6	+41.2%	+34.8%
Asia Pacific	28.3	34.3	+21.0%	+15.7%
Total Group	377.9	430.8	+14.0%	+12.8%

In Northern Europe, turnover increased by +13.0% at constant FX (+13.1% at current FX). Trade credit insurance benefited from the increase in client activity and solid levels of new business. Factoring turnover increased by +2.0%.

In Western Europe, turnover was up by +6.0% at constant FX (+7.1% at current FX) thanks to a high retention rate and the recovery in client activities, which were partially offset by premium refunds.

In Central and Eastern Europe, turnover was up by +21.8% and by +22.0% at constant FX, due to high retention, growth in trade credit insurance driven by client activity and service revenues. Factoring turnover increased significantly by +34%.

In Mediterranean and Africa, a region driven by Italy and Spain, turnover grew by +10.9% and by +9.5% at current FX. This was due to the recovery of activity, high levels of new business, high retention and expansion in services.

¹ Also excludes scope impact

PRESS RELEASE

In North America, turnover increased +10.2% at constant FX and +18.5% as reported, driven by increased client activity and new business gains, which were partially offset by premium refunds.

In Latin America, turnover was up +34.8% at constant FX and +41.2% at current FX, driven by high retention and the increase in new business bolstered by the rise in commodity prices.

In Asia-Pacific, turnover increased +15.7% at constant FX and +21.0% at current FX. This growth was driven by high retention and increased client activity.

2. Result

- Combined ratio

The combined ratio, net of reinsurance, stood at 67.3% for Q1-22 (an improvement of 14.5 ppts compared to Q1-21). Excluding the effect of government schemes, the net combined ratio was 55.3%, an improvement of 5.8 ppts.

(i) Loss ratio

The gross loss ratio stood at 28.9%, an improvement of 0.6 ppt compared to the previous year. This improvement reflects a lack of major claims, low claims frequency and a limited number of claims related to the crisis in Ukraine so far.

The Group's reserving policy remains unchanged. Strict management of past claims enabled the Group to record 49.1 ppts of recoveries. The loss ratio for the 2022 underwriting year is still high at 75.4%, signalling that Coface anticipates an increase in the number of bankruptcies in the coming quarters.

The loss ratio net of reinsurance came out at 40.7%, up by 16.2 ppts compared to Q1-21. Excluding the impact of government schemes, the net loss ratio would have been 30.4%.

(ii) Cost ratio

Coface is following its strict policy of cost management. In the first quarter of 2022, Coface maintained its discipline, with costs growing by +10.6% at constant FX and perimeter, and +12.2% at current FX. This increase in costs is lower than the growth in turnover, even though Coface continued to invest. The gross reinsurance cost ratio was 31.6%, an improvement of 0.4 ppt year-on-year.

The cost ratio, net of reinsurance was 26.6% in Q1-22, an improvement of 1.7 ppt year-on-year.

PRESS RELEASE

- Financial result

Net financial income for Q1-22 was €12.3m, up by €6.6m compared to Q1-21. This figure includes realized capital gains and positive hedging results for €4.4m as well as a currency effect of €2.0m.

The portfolio's current yield (i.e. excluding capital gains, depreciation and FX impact) is €7.2m (compared to €7.9m in Q1-21). The accounting yield¹, excluding capital gains and depreciation, stood at 0.4% in Q1-21, and was slightly higher than the previous year (0.3%).

- Operating income and net income

Operating income for Q1-22 was €96.1m, up +20.7% compared to the previous year, mainly due to increased growth and a still low loss ratio.

The effective tax rate was 27%, compared to 25% for Q1-21.

In total, net income (group share) was €66.2m, up +17.5% compared to Q1-21.

3. Shareholders' equity

At 31 March 2022, Group shareholders' equity stood at €2,135.5m, down €5.6m, or -0.3% (compared to €2,141.0m at 31 December 2021).

These changes are mainly due to the positive net income of €66.2m, offset by negative adjustments to the fair value of investments (€77.7m) against a backdrop of rising interest rates.

The annualised return on average tangible equity (RoATE) was 13.2% in Q1-22.

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



PRESS RELEASE

4. Outlook

Global growth was expected to be strong in 2022, however, Russia's invasion of Ukraine has hit the economy from all sides. Energy, commodities and food prices have risen further, certain supply chains have been disrupted, and some international trade has been halted due to sanctions on Russia and Russia's own retaliatory sanctions.

In addition, the spread of the Omicron variant in China has led to widespread lockdowns that are also having a negative impact on growth. Finally, in light of inflation, central banks – especially the Fed – have announced that they intend to continue tightening their monetary policy.

Faced with these pressures, the global economy has held up well until now, even though leading indicators are pricing in at least a temporary slowdown.

While in several countries, the number of bankruptcies has already returned to above pre-pandemic levels, Coface has continued to experience moderate claims levels, which is a testament to the quality of its underwriting in recent years.

The government reinsurance schemes cost Coface €33m in the first quarter and €199m since the beginning of 2020. Coface is not anticipating any additional material impact on its accounts.

Coface will propose to the Shareholders' Meeting to be held on 17 May 2022 a dividend per share of €1.50, which represents a pay-out ratio of 100% of 2021 income.

Conference call for financial analysts

Coface's results for 3M-2022 will be discussed with financial analysts during the conference call on 28 April at 18.00 (Paris time). Dial one of the following numbers:

- By webcast: [Coface Q1-22 results - Webcast](#)
- By telephone (for the sell-side analyst): [Coface Q1-22 - conference call](#)

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

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

PRESS RELEASE

Appendix

Quarterly results

Income statements items in €m quarterly figures	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	%	% ex. FX*
Gross earned premiums	312.1	326.7	330.7	343.2	361.3	+15.8%	+14.7%
Services revenue	65.9	63.4	59.6	66.3	69.5	+5.4%	+3.8%
REVENUE	377.9	390.1	390.4	409.5	430.8	+14.0%	+12.8%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	74.3	81.5	79.4	38.7	84.9	+14.2%	+12.3%
Investment income, net of management expenses	5.7	10.1	15.0	11.3	12.3	+115.4%	+125.6%
CURRENT OPERATING INCOME	80.0	91.6	94.5	49.9	97.2	+21.5%	+20.4%
Other operating income / expenses	(0.4)	0.8	(1.3)	(2.3)	(1.2)	+201.6%	+203.4%
OPERATING INCOME	79.6	92.4	93.2	47.6	96.1	+20.6%	+19.5%
NET INCOME	56.4	66.9	67.7	32.9	66.2	+17.5%	+17.2%
<i>Income tax rate</i>	24.6%	23.0%	23.3%	20.6%	27.2%		

Cumulated results

Income statements items in €m cumulated figures	Q1-21	H1-21	9M-21	FY-21	Q1-22	%	% ex. FX*
Gross earned premiums	312.1	638.7	969.5	1,312.6	361.3	+15.8%	+14.7%
Services revenue	65.9	129.3	188.9	255.2	69.5	+5.4%	+3.8%
REVENUE	377.9	768.0	1,158.4	1,567.9	430.8	+14.0%	+12.8%
UNDERWRITING INCOME(LOSS) AFTER REINSURANCE	74.3	155.8	235.2	273.9	84.9	+14.2%	+12.3%
Investment income, net of management expenses	5.7	15.9	30.9	42.2	12.3	+115.4%	+125.6%
CURRENT OPERATING INCOME	80.0	171.6	266.1	316.0	97.2	+21.5%	+20.4%
Other operating income / expenses	(0.4)	0.4	(0.8)	(3.2)	(1.2)	+201.6%	+203.4%
OPERATING INCOME	79.6	172.1	265.3	312.9	96.1	+20.6%	+19.5%
NET INCOME	56.4	123.2	190.9	223.8	66.2	+17.5%	+17.2%
<i>Income tax rate</i>	24.6%	23.8%	23.6%	23.2%	27.2%		

* Also excludes scope impact

PRESS RELEASE

CONTACTS

ANALYSTS / INVESTORS

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

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

MEDIA RELATIONS

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

Corentin HENRY: +33 1 49 02 23 94 – corentin.henry@coface.com

FINANCIAL CALENDAR 2021/2022

(subject to change)

Annual General Shareholders' Meeting 2021: 17 May 2022

H1-2022 results: 28 July 2022 (after market close)

9M-2022 results: 27 October 2022 (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 S1-2021 and our [2021 Universal Registration Document](#) (see part 3.7 "Key financial performance indicators").

COFACE: FOR TRADE

With more than 75 years of experience and the most extensive international network, Coface is one of the leader in trade credit insurance and adjacent specialty services, including Factoring, Single Risk insurance, Bonding and Information services. Coface's experts work to the beat of the global economy, helping ~50,000 clients build successful, growing, and dynamic businesses across the world. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets. In 2021, Coface employed ~4,538 people and registered a turnover of €1.57 billion.

www.coface.com

COFACE SA is quoted in Compartment A of Euronext Paris

Code ISIN: FR0010667147 / Mnémonique : COFA



DISCLAIMER - Certain declarations featured in this press release may contain forecasts that notably relate to future events, trends, projects or targets. By nature, these forecasts include identified or unidentified risks and uncertainties, and may be affected by many factors likely to give rise to a significant discrepancy between the real results and those stated in these declarations. Please refer to chapter 5 "Main risk factors and their management within the Group" of the Coface Group's 2021 Universal Registration Document filed with AMF on 6 April 2022 under the number D.22-0244 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.