



# State guarantees management activity transfer

*Presentation to financial analysts*

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January 2<sup>nd</sup>, 2017


coface

# Management of State export credit guarantees transferred to Bpifrance as from January '17

## Scope of the transfer

- State guarantees management activity performed on behalf of the French State
- Service activity representing 4% of consolidated revenues in '15
- Teams (~ 250 FTEs) and IT systems transferred to Bpifrance as from Jan. 2<sup>nd</sup> 2017<sup>1</sup>

## Financial impacts

- Indemnity estimated at €75m before tax ,  to be booked in Q4-16 and to be fully taxed in France
- Top line will decrease mechanically *€57.3m remuneration in '15*
- Expenses will go down by 3.7% *€26.0m transferrable costs*

Continuing to develop in core business, trade credit insurance

# Impact on recurring numbers

<i>Income statement items - in €m</i>	FY-2015	FY-2015 excl. DGP*	DGP* impact
<b>Consolidated revenues<sup>1</sup></b>	<b>1,489.5</b>	<b>1,432.3</b>	<b>(57.3)</b>
<i>of which gross earned premiums</i>	<i>1,185.9</i>	<i>1,185.9</i>	<i>-</i>
Total general expenses <i>including expenses from other activities</i>	(713.2)	(687.2)	+26.0
<b>Net result (group share)</b>	<b>126.2</b>	<b>104.9</b>	<b>(21.3)</b>
<b>Key ratios - in %</b>			
Loss ratio net of reinsurance	52.5%	52.5%	-
Cost ratio net of reinsurance	30.5%	34.2%	+3.7pt
<b>Combined ratio net of reinsurance</b>	<b>83.1%</b>	<b>86.8%</b>	<b>+3.7pt</b>
<b>RoATE</b>	<b>8.5%</b>	<b>7.1%</b>	<b>(1.4)pt</b>

\*State guarantees management activity

The cessation of this activity as of 2017 will impact the Group's financials:

- **Recurring €30m gross margin shortfall<sup>2</sup>, driven by:**
  - the decrease in consolidated revenues
  - the scale reduction
- **Scissor effect pushes the cost ratio by +3.7ppt on 2015 numbers**
- **RoATE declines by 1.4pt**

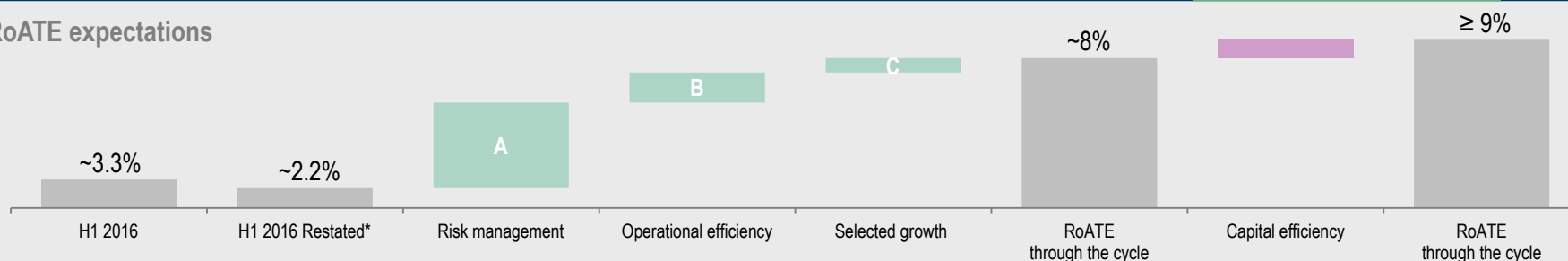
Offsetting cost-cutting is phased-in,  
investments have started

<sup>1</sup> €57.3m remuneration from French State export guarantees is net of the €(2.7)m adjustment for FY2015 accounted for in Q1 2016

<sup>2</sup> Total shortfall before tax as at 31/12/2015: €10m lost margin (incl. remuneration adjustment mentioned above) and €20m retained fixed costs

# With Fit to Win 3-year plan, Coface aims at delivering above 9% RoATE through the cycle

RoATE expectations



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

**A** Strengthen Risk Management & Information

**B** Improve Operational Efficiency & Client Service

**C** Implement Differentiated Growth Strategies



- Expect full pay-off after 2 years



- Re-invest the €75m gain on State Guarantees transfer
- Offset the €30m shortfall<sup>1</sup> in '18



- Progressive as per business cycle

## 2 Steer business towards more efficient capital model



- Leverage reinsurance as a tool of risk & capital management, with effects from '18 to '20
- Special dividends or buyback to address excess capital

Drive cultural transformation to support execution

# Financial calendar & Investor Relations contacts

## Calendar

Next Event	Date
FY-2016 Results	8 February 2017, after market close
Q1-2017 Results	26 April 2017, after market close
AGM	17 May 2017
Q2-2017 Results	28 July 2017, before market opening
Q3-2017 Results	25 October 2017, after market close

## Coface is scheduled to attend the following investor conferences

Next Event	Date
Oddo Forum, Lyon	5&6 January 2017
Natixis Insurance Conference, Paris	9 January 2017

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