



PRESS RELEASE

FY-2023 results: net income at €240.5m and proposed dividend at €1.30 per share

Paris, 27 February 2024 – 17.35

- **Turnover: €1,868m, up +6.0% at constant FX and perimeter and up +3.8% on a reported basis**
 - Trade credit insurance premiums increased by +5.4%; growth in client activities was negative in the second half of the year as a result of falling inflation and economic slowdown
 - Client retention stood at a record high (93.1%); price effect was still negative (-1.9%) but stabilised in Q4-23
 - Double digit growth in business information (+17.3% at constant FX and +23.4% in Q4 23) and debt collection, which is less cyclical. Factoring up by +2.6%
- **Net loss ratio at 37.7%, down by 2.0 ppts; net combined ratio at 64.3%, down by 3.3 ppts**
 - Gross loss ratio at 35.8%, up 0.3 ppt in a risk environment now close to historical averages
 - Net cost ratio improved by 1.4 ppt at 26.6% reflecting high reinsurance commissions and business mix while we continue to invest
 - Net combined ratio for Q4-23 at 59.0%, improving by 14.4 ppts on positive development in major claims
- **Net income (group share) of €240.5m, of which €50.8m in Q4-23. Annualised RoATE¹ at 13.4%**
 - Earnings per share reached €1.60
- **Coface continues to be backed by a solid balance sheet:**
 - Estimated solvency ratio at ~199%², above the upper end of target range (155% to 175%)
 - Proposal to distribute a dividend³ per share of €1.30 representing an 81% pay-out ratio
- **Renewal of the mandate of CEO, Xavier Durand, for 4 years and presentation of the next strategic plan “Power the Core” on 5 March 2024**

Unless otherwise indicated, change comparisons refer to the results as at 31 December 2022 (applying IFRS 17 methodology)

Xavier Durand, Coface's Chief Executive Officer, commented:

“Coface delivered another strong year in a volatile and relatively weak global economic environment in 2023. Our turnover rose +6.0% at constant FX over the year due to an excellent first half, client retention which remained at record highs and an increase of service revenues. Business information revenue was up +23.4% in the last quarter, with FY growth of +17.3%, confirming this activity's growth potential.

Annual net income under IFRS 17 was stable at €240m thanks to an excellent underwriting margin, leading to an annualised RoATE of 13.4% despite the negative impact of the fall of certain foreign currencies (Argentina, Turkey) and a drop in real estate prices, which affected our net income.

In an increasingly uncertain environment, Coface's teams confirmed their dedication to and their high level of expertise at the service of our clients.

We will propose a dividend of €1.30 per share at the Shareholders' Meeting, representing a payout ratio of 81%³. This is in line with the ambitions of the Build to Lead strategic plan – the objectives of which have all been met or exceeded. We will present our new strategic plan 2024 - 2027, on 5 March.”

¹ Return on average tangible equity

² This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated solvency ratio is not audited.

³ The distribution proposal will be submitted to the Annual General Shareholders' Meeting to be held on 16 May 2024.

PRESS RELEASE

Key figures at 31 December 2023

The Board of Directors of COFACE SA approved the consolidated financial statements at 31 December 2023 at its meeting of 27 February 2024. The Audit Committee at its meeting on 26 February 2024 also previously reviewed them. Accounts are non-audited, certification is in progress.

Income statements items in €m	2022	2023	Variation	% ex. FX*
Insurance revenue	1,515.7	1,559.1	+2.9%	+5.4%
Services revenue	283.4	309.2	+9.1%	+9.5%
REVENUE	1,799.0	1,868.2	+3.8%	+6.0%
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	348.6	395.4	+13.4%	+14.3%
Investment income, net of management expenses	35.7	12.4	(65.2)%	(123.2)%
Insurance Finance Expenses	(17.6)	(40.0)	+127.7%	+133.7%
CURRENT OPERATING INCOME	366.8	367.9	+0.3%	(4.8)%
Other operating income / expenses	(9.5)	(5.0)	(48.1)%	(42.1)%
OPERATING INCOME	357.2	362.9	+1.6%	(3.8)%
NET INCOME	240.4	240.5	+0.0%	(10.0)%
Key ratios	2022	2023	Variation	
Loss ratio net of reinsurance	39.7%	37.7%	(2.0)	ppts
Cost ratio net of reinsurance	28.0%	26.6%	(1.3)	ppt
COMBINED RATIO NET OF REINSURANCE	67.6%	64.3%	(3.3)	ppts
Balance sheet items in €m	2022	2023	Variation	
Total Equity (group share)	2,018.6	2,050.8	+1.6%	
Solvency ratio	201%¹	199%¹	(2)	ppts

* Also excludes scope impact

¹ This estimated solvency ratio constitutes a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited.

PRESS RELEASE

1. Turnover

In 2023, Coface recorded a consolidated turnover of €1,868.2m, up +6.0% compared to 2022 at constant FX and perimeter. As reported (at current FX and perimeter), turnover rose +3.8%.

Revenues from insurance activities (including surety bonds and single risk) increased by +5.4% at constant FX and perimeter. Growth benefited from a rise in client activity in the first half of the year, but this fell into negative territory in the second half following a decline in inflation and the economic slowdown. The retention rate reached a record level of 93.1% (up +0.2% compared to 2022). Buoyed by an increase in demand, new business rose to €117m, up €7m compared to 2022.

The growth in Coface's client activities had a positive impact of +2.3% during 2023. However, this growth reflects the slowdown of the economy and inflation (-11.5 pts compared to 2022). The price effect remained negative, coming in at -1.9% for FY-23 (compared to -3.0% for FY-22) and stabilised in Q4-23. This is largely due to very low past losses offset by the current normalisation environment.

Turnover from non-insurance activities was up +10.3% compared to 2022. All the business lines are experiencing positive growth. Turnover from factoring rose +2.6%, mainly due to the increase in volumes refinanced in Germany (+3.9%). Revenues from information services continued to grow, rising +17.3% (+23.4 in Q4-23). Fee and commission income (debt collection commissions) increased +42.1% due to the increase in claims to be collected. Commissions were up +8.7%.

Total revenue - in €m (by country of invoicing)	2022	2023	Variation	% ex. FX ¹
Northern Europe	373.1	379.6	+1.7%	+2.0%
Western Europe	359.6	380.1	+5.7%	+5.9%
Central & Eastern Europe	182.0	177.1	(2.7)%	(4.5)%
Mediterranean & Africa	484.7	526.3	+8.6%	+12.4%
North America	168.4	171.8	+2.1%	+5.6%
Latin America	100.8	100.3	(0.5)%	+11.1%
Asia Pacific	130.5	133.1	+2.0%	+5.2%
Total Group	1,799.0	1,868.2	+3.8%	+6.0%

In Northern Europe, turnover increased +2.0% at constant FX and +1.7% at current FX. The region saw a slump in client activity, but adjacent activities were on the rise. Factoring turnover rose by +3.9%.

In Western Europe, turnover increased +5.9% at constant FX (+5.7% at current FX). Client activities were resilient and information sales increased.

In Central and Eastern Europe, turnover fell -4.5% at constant FX (-2.7% at current FX) due to the decline in business in Russia. Excluding Russia, growth would be +1.3%.

In the Mediterranean and Africa region, which is driven by Italy and Spain, turnover rose +12.4% at constant FX and +8.6% at current FX on the back of strong sales performance.

¹ Also excludes scope impact



PRESS RELEASE

In North America, turnover increased +5.6% at constant FX and +2.1% as reported, driven by the return in client activity and rising commissions.

In Latin America, turnover increased +11.1% at constant FX and fell -0.5% at current FX. The region saw a slump in client activity, mainly in commodities and metals, and the consequences of the devaluation of the Argentine peso.

In Asia-Pacific, turnover increased +5.2% at constant FX and +2.0% at current FX. The boost in revenue was driven by past sales performances, which sustained the growth of the portfolio, and high retention rates.

2. Result

- Combined ratio

The combined ratio net of reinsurance was 64.3% for the year, improved by 3.3 ppts year on year. The combined ratio net of reinsurance for Q4-23 stood at 59.0%, improved by 14.4 ppts year on year, and 7.8 ppts compared to Q3-23.

(i) Loss ratio

The gross loss ratio stood at 35.8%, up 0.3 ppt compared to the previous year. This reflects an increased claims frequency since H1-21, with the number of claims nearing pre COVID levels. The amount of claims recorded is now higher than in 2019. Lastly, large losses have become relatively significant in size again while remaining below the historical average.

The Group's provisioning policy remained unchanged. The amount of provisions related to the underwriting year, although discounted, remained in line with the historical average. Strict management of past claims enabled the Group to record 47.1 ppts of recoveries.

The net loss ratio improved to 37.7%, down 2.0 ppts compared to 2022.

(ii) Cost ratio

Coface follows a strict cost management policy. Coface remained disciplined throughout 2023, with costs rising 7.0% at constant FX and perimeter (+4.0% in Q4-23). This increase was slightly more than growth in revenue over the year (6.0%) due to ongoing investment. The cost ratio before reinsurance stood at 31.5%, down 0.2 ppt despite slowed revenue growth due to an improvement in the product mix.

In 2023, the cost ratio net of reinsurance was 26.6%, an improvement of 1.4 ppt year on year due to the improved gross ratio and reinsurance commissions that remain high.

PRESS RELEASE

- Financial result

Net financial income came to +€12.4m in 2023. This amount includes market value adjustments for -€21.9m (including -€28.9m on real estate funds), positive hedging results and a currency effect for -€38.7m. This FX effect was due to the major devaluation in Argentina and the application of IAS 29 (Hyperinflation) in Turkey.

The portfolio's current yield (i.e. excluding capital gains, depreciation and FX) was €64.9m. The accounting yield¹, excluding capital gains and fair value effect, was 2.1% for 2023. The yield on new investments was 3.9%.

In 2023, Insurance Finance Expenses (IFE) stood at €40.0m due to higher discount rates and higher loss reserves on the balance sheet.

- Operating income and net income

Operating income amounted to €362.9m in 2023, up 1.6%.

The effective tax rate was 27% (27% in 2022).

In total, net income (group share) stood at €240.5m, stable compared to 2022 under IFRS 17, of which €50.8m in Q4-23.

3. Shareholders' equity

At 31 December 2023, Group shareholders' equity stood at €2,050.8m, up €32.2m or +1.6% (€2,018.6m at 31 December 2022).

This change was mainly due to the positive net income of €240.5m, the payment of the dividend (-€227.0m) and the increase in unrealised capital gains (€25.0m).

The annualised return on average tangible equity (RoATE) was 13.4% at 31 December 2023, mainly due to the improvement in underwriting income.

The solvency ratio reached 199%², representing an decrease of 2 ppts compared to FY-22. It remains well above the upper end of the target range (155%-175%). The solvency ratio excludes the debt that will be repaid in March 2024.

Coface will propose €1.30 dividend per share, corresponding to a payout ratio of 81%³ to shareholders at the Annual Shareholders' Meeting, in line with its capital management policy.

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

² This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated solvency ratio is not audited.

³ The distribution proposal will be submitted to the Annual General Shareholders' Meeting to be held on 16 May 2024.



PRESS RELEASE

4. Outlook

The most pessimistic scenarios for 2023 did not materialise. While the Chinese economy continued to disappoint, the United States continued to surprise on the upside. The economic impact of higher interest rates was delayed in an environment of full employment and still strong corporate balance sheets.

The most notable point of the year was the generalised decline in inflation through the second half of the year due to proactive coordinated actions of central banks and the fall of energy prices despite an increasingly tense geopolitical environment.

For 2024, Coface anticipates a drawn-out soft landing for the global economy, with growth expected at +2.2% after +2.6% in 2023. Downside risks are real, in particular due to the unprecedented number of political elections in the world, culminating with the US presidential election at the end of the year.

As expected, business failures continued to rise, sometimes above pre-pandemic levels. However, the many preventive measures taken by Coface so far avoided a spike in recorded claims. While the number of claims has not yet reached 2019 levels, the total claims amount is now equivalent.

In 2023, Coface's IFRS 17 results were stable against the previous year, once again demonstrating Coface's resilience in a challenging environment. This year marks the end of the Build to Lead strategic plan, with all its objectives having been met or exceeded. Coface will present its new strategic plan 2024 - 2027, which will build on the success of the Build to Lead plan, on 5 March 2024.

Conference call for financial analysts

Coface's results for FY-2023 will be discussed with financial analysts during the conference call on 28 February 2024 at 11.00 (Paris time). Dial one of the following numbers:

- By webcast : [Coface FY-2023 results - Webcast](#)
- By telephone (for the sell-side analysts): [Coface FY-2023 - 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	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	%	% ex. FX*
Insurance revenue	359.2	374.0	403.5	379.0	395.3	407.8	384.7	371.3	(2.1)%	+1.6%
Other revenues	68.8	71.6	70.1	73.0	79.8	76.8	73.4	79.2	+8.6%	+7.8%
REVENUE	428.0	445.6	473.5	452.0	475.1	484.5	458.1	450.4	(0.3)%	+2.7%
UNDERWRITING INCOME (LOSS) AFTER REINSURANCE	82.3	109.5	84.9	72.0	95.3	103.5	91.2	105.4	+46.4%	+44.9%
Investment income, net of management expenses	11.3	11.5	13.5	(0.6)	(2.6)	4.0	13.0	(2.0)	+223.5%	NS
Insurance Finance Expenses	(11.5)	(10.4)	(10.5)	14.9	(2.4)	(12.3)	(15.4)	(9.9)	(166.3)%	(105.3)%
CURRENT OPERATING INCOME	82.0	110.6	87.9	86.2	90.4	95.2	88.9	93.5	+8.4%	(16.9)%
Other operating income / expenses	(1.2)	(3.2)	(0.7)	(4.5)	(0.3)	(0.4)	(0.2)	(4.0)	(11.9)%	(0.6)%
OPERATING INCOME	80.8	107.4	87.3	82.1	90.0	94.8	88.6	89.5	+9.5%	(17.8)%
NET INCOME	52.3	82.5	51.0	54.6	61.2	67.7	60.9	50.8	(7.0)%	(54.1)%
Income tax rate	31.0%	19.3%	32.8%	25.5%	25.5%	21.9%	24.2%	36.0%	+10.5 ppts.	

Cumulated results

Income statements items in €m cumulated figures	Q1-22	H1-22	9M-22	2022	Q1-23	H1-23	9M-23	2023	%	% ex. FX*
Insurance revenue	359.2	733.2	1136.6	1515.7	395.3	803.1	1187.8	1559.1	+2.9%	+5.4%
Other revenues	68.8	140.4	210.4	283.4	79.8	156.6	230.0	309.2	+9.1%	+9.5%
REVENUE	428.0	873.5	1,347.0	1,799.0	475.1	959.7	1,417.8	1,868.2	+3.8%	+6.0%
UNDERWRITING INCOME (LOSS) AFTER REINSURANCE	82.3	191.8	276.7	348.6	95.3	198.8	290.0	395.4	+13.4%	+14.3%
Investment income, net of management expenses	11.3	22.8	36.3	35.7	(2.6)	1.4	14.5	12.4	(65.2)%	(123.2)%
Insurance Finance Expenses	(11.5)	(21.9)	(32.4)	(17.6)	(2.4)	(14.7)	(30.1)	(40.0)	+127.7%	+133.7%
CURRENT OPERATING INCOME	82.0	192.6	280.5	366.8⁽¹⁾	90.4	185.5	274.4	367.9	+0.3%	(4.8)%
Other operating income / expenses	(1.2)	(4.3)	(5.0)	(9.5)	(0.3)	(0.7)	(0.9)	(5.0)	(48.1)%	(42.1)%
OPERATING INCOME	80.8	188.3	275.5	357.7	90.0	184.8	273.4	362.9	+1.6%	(3.8)%
NET INCOME	52.3	134.8	185.8	240.4	61.2	128.8	189.7	240.5	+0.0%	(10.0)%
Income tax rate	31.0%	24.3%	26.8%	26.5%	25.5%	23.7%	23.8%	26.8%	+0.3 ppt.	

* Also excludes scope impact

(1) Expenses for €0.8m have been reclassified as commissions for 2022.



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

Adrien BILLET: +33 1 49 02 23 6394 – adrien.billet@coface.com

FINANCIAL CALENDAR 2023/2024

(subject to change)

Capital market day: 5 March 2024 (Paris)

Q1-2024 results: 6 May 2024 (after market close)

Annual General Shareholders' Meeting 2023 : 16 May 2024

H1-2024 results: 5 August 2024 (after market close)

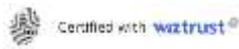
9M-2024 results: 5 November 2024 (after market close)

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 H1-2023 and our [2022 Universal Registration Document](#) (see part 3.7 "Key financial performance indicators").



Regulated documents posted by COFACE SA have been secured and authenticated with the blockchain technology by Wiztrust. You can check the authenticity on the website www.wiztrust.com.

COFACE: FOR TRADE

With over 75 years of experience and the most extensive international network, Coface is a leader in trade credit insurance & risk management, and a recognized provider of Factoring, Debt Collection, Single Risk insurance, Bonding, and Information Services. Coface's experts work to the beat of the global economy, helping ~50,000 clients in 100 countries build successful, growing, and dynamic businesses. With Coface's insight and advice, these companies can make informed decisions. The Group's solutions strengthen their ability to sell by providing them with reliable information on their commercial partners and protecting them against non-payment risks, both domestically and for export. In 2023, Coface employed ~4,970 people and registered a turnover of €1.87 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 2022 Universal Registration Document filed with AMF on 6 April 2023 under the number D.23-0244 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.