

With a good performance in the first half of the year, Coface continues its refocusing around credit insurance

**Acceleration of the growth in turnover
Improvement in the combined ratio
Reinforced financial solidity**

The results for the first half of 2011 confirm the recovery of Coface and the relevancy in the refocusing of credit insurance announced in March 2011. A complete strategic review of the business lines and activities carried out in the 66 countries where Coface is present allowed to distinguish the core activities from non-strategic financial stakes, on the basis of criteria such as synergies with credit insurance and profitability.

The 1st half of 2011 showed the following improvements:

- Continued development of credit insurance internationally, especially in the emerging countries.
- Refocusing of the factoring activities in Germany and Poland where Coface enjoys a very favourable competitive positioning with high profitability as a result of good integration with credit insurance.
- Reorientation of the enhanced information activities and debt collection for the needs of credit insurance.

1- Key figures

In the 1st half of 2011, the turnover for Coface's strategic entities amounted to €764 million, up 8% compared to the 1st half of 2010. The combined ratio improved by 12.5 points, reaching 78.3% at the end of June 2011, thanks to the loss ratio which continues to decrease.

Consequently, net income is €64 million, which is a significant increase of 121%.

In €M	HY1 2010	HY1 2011	Change	
			€M	%
Total turnover	708	764	56	8%
⇒ Credit insurance	669	714	45	7%
of which acquired premiums	561	601	40	7%
⇒ Factoring	39	50	10	27%
Loss ratio	65.2%	52.5%	- 12.7 pts	
Cost ratio	25.6%	25.8%	+ 0.2 pts	
Combined ratio	90.8%	78.3%	- 12.5 pts	
Current operating profit	53	87	+34	65%
Net profit	29	64	+ 35	121%

2. Turnover

The 1st half of 2011 recorded an acceleration in the growth of turnover.

All geographical areas contribute to this growth. Growth is particularly marked in the emerging markets, but strong commercial development is also observed in the advanced countries, despite their less dynamic economic context and a more competitive market situation.

In €M	HY1 2010	HY1 2011	Change in %
Northern Europe	209	219	5%
of which Germany	173	185	7%
Western Europe	224	234	5%
of which France	170	177	4%
Other Europe and Africa	160	178	11%
of which Austria	26	30	17%
of which Italy	74	89	19%
North America	46	48	4%
Latin America	28	35	27%
Asia and Pacific	41	50	22%
Turnover	708	764	8%

Credit insurance is showing half-year turnover up by 7%. This growth is obtained thanks to sustained commercial performances resulting in a substantial flow of new customers (+17%) and an improvement in the retention rate, increasing from 86 to 90%.

The strong dynamism of factoring in Germany and in Poland is confirmed (+27% growth in net banking income).

3. Operating profit

While still remaining close to 2010 levels, claims notifications have slightly increased. An adequate underwriting policy has allowed continued support to policyholders with an increase of the overall exposure (+ 7%) and to maintain claims under control. The loss ratio stands at 52.5% confirming its positive trend as compared to the 1st half year of 2010 (65.2%).

The cost ratio compared to premiums is stable at 25.8%.

Globally the combined ratio stands at 78.3%, a 12.5 point improvement compared to the end of June 2010.

In a difficult environment, the financial result of the investment portfolio stands at €21 million, a 2.3% performance on the average portfolio.

Current operating profit stands at €87 million, up 65% notably as a result of the recovery in the credit insurance margin but also due to the good contribution of factoring.

4. Net profit

Net profit stands at €64 million, an improvement of €29 million compared to the 1st half year of 2010, which is a significant increase of 121%.

5. Financial solidity

The restored financial solidity in 2010 was reinforced in the 1st half of 2011 with shareholders' equity at €1.4 billion, up 4.5% compared to the end of 2010. The ratings assigned to Coface by Fitch (AA- with a stable outlook) and by Moody's (A2 with a stable outlook) have been confirmed, reflecting Coface's solid competitive position in the worldwide credit insurance market.

This increase in shareholders' equity comes with a reduction in the indebtedness ratio, changing from 17% at the end of December 2010 to 6% at the end of June 2011.

"The first half of 2011 has significantly improved the performances already recorded in 2010, the year when we returned to a profitable situation, with an acceleration in the growth of turnover, a sharp drop in the combined ratio and net income which doubled. This change reinforces our decision to refocus on credit insurance which has already allowed an autonomous and profitable development of Coface», reports Jean-Marc Pillu, Chief Executive Officer of Coface.

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About Coface

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions for trade receivables management. In 2010 the Group posted a consolidated turnover of € 1.6 billion euros. 6,400 staff in 66 countries provide a local service worldwide. Each quarter, Coface publishes its assessments of country risk for 156 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 250 underwriters.

In France, Coface manages export public guarantees on behalf of the French state.

Coface is a subsidiary of Natixis whose share capital (Tier 1) was 16.8 billion Euros end December 2010.

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