

Coface Holding's 36% rise in net income boosted by factoring and international expansion

Following the creation of Coface Holding in July 2007, the accounts presented at the end of June and which related only to Coface, will henceforth integrate those of Natixis Factor. Indeed, Coface Holding, which is the Trade Receivables division of Natixis, brings together the activities of both Coface and Natixis Factor.

- ⇒ Turnover up by 7.5% (7.8% like-for-like¹).
- ⇒ Net income has increased by 36% and operating income by 15%.
- ⇒ International expansion for its four business lines: direct presence in 64 countries at the end of 2007.
- ⇒ Strong growth of 22.4% for factoring, making it – with presence in 20 countries – the first integrated worldwide network by its geographical cover.

<i>(in millions of euros)</i>	2006	2007	Change (at constant scope ¹)	Change (at current scope)
Consolidated turnover	1,461	1,571	7,8%	7.5%
⇒ Insurance	1,069	1,111	6,3%	3.9%
⇒ Company information	124.9	145	3,7%	16%
⇒ Receivables management	36.4	44	8,1%	21%
⇒ Factoring	172	210	22,4%	22.3%
⇒ Public procedures management	58	61	4,1%	4.1%
Operating income	242	279		+15.3%
Net income	150	204		+36.3%

¹ Excluding removals from scope, acquisitions and exchange rate effects

Activity is increasing, especially in factoring

The division's activity in 2007 was perfectly satisfactory, with increased turnover of 7.5% compared to 2006 – and record profits. The accelerated rollout of the factoring activity continues, with direct presence in 16 countries at the end of 2007 against 8 at the end of 2006. Four more have been added since the beginning of this year. Coface Holding is in the process of becoming the world's No. 1 integrated factoring network by its geographical cover.

- **The company information line** reported growth of 16%, one reason being the acquisition of Kompass France and Belgium in March 2007 (along with their sub-offices). It was rolled out in 4 new countries in 2007.
- Turnover from **the receivables management line** rose by 21% compared with 2006. This performance was accompanied by a rapid expansion of this line in many parts of the world; 2007 saw 8 new countries offer this product to their companies.
- **The credit insurance line** (both domestic and export credit insurance) saw its turnover increase by 3.9% compared to 2006, and two new countries are now in a position to offer these services: Romania and Morocco. Turnover from export credit insurance went up by 7.4%, spurred on by the solid performances of German and Austrian exports, the dynamic climate of the Asian market and a strong showing by business activity in Italy. Domestic credit insurance grew more modestly, finishing the year up 1.1%. The operating income took advantage of the excellent loss ratio (49%, the same level as the previous year).
- Also on the rise was the **factoring line's** turnover, climbing by 22.3% with growth in factored receivables of 40%.
In France, activity is supported by Natixis Factor, which consolidated its No. 3 position in domestic factoring in 2007, with turnover of +16% and volume of factored receivables shooting up by 18.3%. Growth was particularly strong in the French overseas departments and territories (+33%) as well as for exports (+35%).
On an international scale, the division continued its speedy rollout: kicked off in Germany in 2000 (where Coface Finanz is number 1), the network has gone from 8 countries at the end of 2006 to 16 one year later and 20 today.

In 2007, Coface Holding achieved nearly 60% of its consolidated turnover outside France. All geographical areas are experiencing growth except for Great Britain. Growth in the main markets (France, Germany, Italy and the United States) was 8.9%. This figure reached 30% in Spain and 11% in South America.

The €37 million increase in **current operating income** was carried by the financial profit (+ €6 million) and factoring profit (+ €1 million).

Coface Holding's **net income** went up by 36.3% compared with 2006. It was greatly helped by the lowering of the corporate tax rate in Germany as well as the first consolidation for Cerved, an Italian information provider taken over in December 2007 and equity-accounted.

The **shareholders' equity** stood at €1,253 million at the end of 2007, as against €1,085 million one year earlier. Its return attained 16%, taking into account the impact of the tax rate in Germany.

The **loss ratio** was excellent (42%). It combined a splendid loss ratio in factoring (7%) and a very good one in credit insurance (49%), quite close to the all-time record of 46% attained in 2004.

Best worldwide coverage for each of its four business lines

With 64 countries of direct presence at the end of 2007, Coface Holding is worldwide leader for each of its four business lines regarding its geographical presence and intends to strengthen and reinforce this lead. This international rollout aim at satisfying its customers needs, especially big companies, who need trade receivables management tools all over the world.

In 2007, Coface opened offices in Luxembourg, Serbia, Morocco and the Emirates.

Egypt, the 65th country, is the first country in which Coface establishes a direct presence in 2008.

Coface Holding is also present thanks to its CreditAlliance network, created in 1992, and provides its customers with a service in 38 countries in Europe, 17 in Asia, 33 in Africa and Middle East and 14 in North and South America.

Coface strengthens its rating expertise

In 2007 Coface received approval for its status as an ECAI (External Credit Assessment Institution) from the Banking Commission for its company solvency rating activities in France, thanks to its Score @rating, whose quality is thus confirmed.

Coface also made public at the beginning of 2008 its news "Business Climate" rating. Therefore Coface is making available to everyone via the new rating system its longstanding and thorough experience with the reality of the business climate (financial transparency, legal environment) to improve the approach to credit risk on companies.

Coface drew on its experience in risk underwriting, company information, and receivables management gained through its worldwide network of local operations to develop the BusinessClimate@rating system. Like Country@ratings, the new ratings fall on a scale with seven levels in increasing order of risk, A1, A2, A3, A4, B, C, and D, where A1 represents least risk.

Outlook for 2008

"The loss ratio in 2007 is fine, for the 5th year in a row" explains Jérôme Cazes, CEO of Coface Holding. "However, we foresee an increase for 2008, more moderate than during the 2001 crisis as companies are much stronger today in average: if a slowdown affects the United States (but no recession), payment defaults should increase by 10% in the world in 2008, the third of the rise occurred in 2001".

Since January 2008, Coface effectively notes a clear increase in payment defaults in North America, beyond sectors directly connected to real estate: difficulties are already affecting real economy. Outside North America, the impact of the crisis is still weak, but harder credit granted conditions and a growth decline is expected. It is already possible to note harder business relations (payment delays, rise in the litigations).

Preventive measures have already been applied within Coface from the second half of 2007. Risk monitoring has been significantly reinforced, in connection with the company information activity. Besides, a 10% increase in all the new credit insurance contracts has been announced: in Germany at the end of 2007, and early 2008 in the other countries where Coface has a direct presence.

Coface considers that these measures are necessary but sufficient to carry on supporting its customer operations, while limiting the disadvantageous impact on its accounts.

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About Coface Holding

Coface Holding, Natixis' Trade Receivables line, brings together Coface and Natixis Factor. Coface Holding offers its 120.000 customers four product lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, company information and ratings, receivables management and factoring. Abroad, Coface Holding is present through Coface's network of specialized brokers and local partners within the CreditAlliance Network. Thanks to the worldwide local service delivered by 6,000 staff in 65 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface.