



## PRESS RELEASE

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# Strong profitability and sustained growth in the 1<sup>st</sup> half of 2007

The first half of 2007 was marked by a significant increase in net income (+26.2%) and sustained turnover growth (+8.3% compared with the first half of 2006). These results are in line with the objectives fixed by Coface, which is targeting a higher growth rate than its main competitors.

Furthermore, Coface has been awarded the status of ECAI (External Credit Assessment Institution) by the Banking Commission for its rating activity in France.

**Turnover** for the half-year period reached €725m, up 8.3% at current consolidation scope. At constant consolidation scope and exchange rates, the turnover has increased by 8.2%, with the negative deconsolidation effects due to the upward revision of the consolidation thresholds being offset by the positive effects generated by acquisitions. At current scope, and not including disintegrations, growth is +10.8%.

All the business lines have reported growth:

- The insurance line has reported growth of 5.5% at €574m (+7.8% excluding consolidation withdrawals).
- Turnover in the credit management services line (company information and receivables management) total €90m (+21.1%). This line has notably benefited from the recent acquisitions of Kompass in France, Belgium and Spain (company referencing activity) and Dafsaliens (human and financial links between major groups and their shareholders and subsidiaries).
- Factoring continues to show very strong growth, i.e. +32.9% at €33m
- Turnover generated by the public procedures managed by Coface on behalf of the French State has reached €29m (+6.8%).

All the geographical zones have reported growth, with the exception of the English market, where the portfolio of credit insurance contracts has been streamlined after a poor year in 2006. The growth rate in Spain, for example, reached +32.5%, and North America posted growth of +26.7%. Coface's traditional markets (France, Germany and Austria) have reported an increase of +8.9% (excluding the de-consolidation effect).

**Operating income** totals €128m, an increase of 16.5% in relation to June 30, 2006. The following performances are worth noting:

- Operating income in the insurance line is stable at €65m. This stability, however, conceals a 10% improvement, in view of the exceptional favourable VAT effect in 2006. This result reflects a 1-point improvement in the loss ratio (at 46%) in relation to the first half of 2006 (which was already historically low).
- The operating income generated by the credit management services line has shown a 30.8% growth (at €12m) at the end of June 2007.
- The factoring line's operating income has increased by 20% (at €12m) at the end of June 2007.
- Non-operating revenues and expenses (excluding financing charges) totalled €37m on June 30, 2007, representing an increase of 49.7% compared with June 30, 2006, thanks to the favourable market conditions.

**Net income** totals €86.1m, representing an increase of 26.2% compared with June 30, 2006.

*"The financial adjustments in progress have not as yet had an impact on the payment indicators monitored by Coface for several million companies worldwide. The Coface teams are increasing their vigilance but do not intend to contribute to the current uncertainties by adjusting their guarantees too early or too sharply"* explains Jérôme Cazes, CEO of Coface.

### **CREATION OF COFACE HOLDING**

July 2007 saw the creation of Coface Holding, a Coface and Natixis Factor (Natixis' factoring subsidiary) holding company. Owned 100% by Natixis, it brings together all the resources of the bank's Trade Receivables line.

There is an operational aspect to the creation of Coface Holding. It will facilitate certain acquisition or debt operations carried out by Coface, by making a clearer distinction between its operational insurance company activity and its holding operations, now that the group includes more than 190 companies in 64 countries.

There is also a strategic aspect:

- It reinforces the strategy to bring closer together the offerings of the 4 lines of Natixis' 4 Trade Receivables line, i.e. credit-insurance, factoring, company information and receivables management.
- It reflects the consolidated strength of this business line. With turnover of €792 million and pro forma earnings of €107 million in the first half-year period, Coface Holding is amongst the world leaders in each of its 4 business lines, the number 1 in the French market and the only company capable of providing its clients with such a broad offer.
- Coface Holding is re-asserting the multi-network strategy developed by Coface and supported by its shareholder Natixis. The line's offerings are made available, under the Coface brand-name or via "white labelling", to all the financial partners concerned. This in turn enables these partners, both in France and elsewhere throughout the world, to provide their own clients with a better service.

### **CONTINUATION OF THE WORLDWIDE ROLL-OUT. COFACE IS STRENGTHENING ITS NETWORK OF DIRECT BASES, ALREADY THE BIGGEST IN THE MARKET**

Coface has announced the opening of its new offices in Luxembourg, Serbia, Morocco and the Emirates, bringing the number of countries in which it has a direct presence up to 64. The

second half-year period should also see the inclusion of Egypt. Coface is consequently continuing with its international development strategy, which enables the company to provide a direct service for its clients, thanks to these bases, in 30 countries in Europe, 10 in Asia, 12 in Africa and the Middle East and 12 in North America and Latin America.

In the first half of 2007, Coface continued with the implementation of its 4 business lines in the countries where it has a presence. As a result, Coface has brought its factoring network up to 12 countries, now covering Poland, Austria, the United States and Canada. The credit-insurance line has also been extended to Morocco, Bahrain, Vietnam, and Romania. It consequently now covers 75 countries.

### **GLOBAL DEALS**

More than 45% of the 500 biggest world groups are already Coface customers. In order to improve its service even further, Coface has recently created a new "Global Deals" team, dedicated to these major accounts. This team is managed by Gordon Cessford and consists of high-level experts, supporting the Coface sales teams in the 64 countries where it has a presence.

### **COFACE APPROVED AS A RATING AGENCY FOR THE BANKS**

Thanks to its Score@rating, Coface has received approval for its status as an ECAI (External Credit Assessment Institution) by the Banking Commission for its rating activity in France. The Score@rating provides the financial establishments (that choose the standard approach according to the Basel II regulations for measuring their credit risks and capital requirements) with probabilities of default.

### **MORE THAN 21 MILLION COMPANIES ALREADY REFERENCED WITHIN EASYNUMBER**

EASYNUMBER is a universal company identification system that functions via a single number. It has been jointly developed by Coface and CreditReform, respectively No 2 and No 1 in the Credit Management services sector in Europe (company information and receivables management) as part of a partnership agreement. With more than 21 million companies already listed in more than 100 countries, the objective is to reach 50 million companies by 2008.

### **A FOOTBALL STADIUM CARRYING THE NAME OF COFACE IN GERMANY**

Coface Deutschland has recently signed an agreement with "Mainz 05", the football club in the city of Mainz. The new football stadium being built in Mainz is to be christened the "Coface Arena". Its inauguration is scheduled for 2009. This initiative clearly illustrates the Coface strategy, i.e. a global service and brand-name but with very localised involvement and implementation.

### **About Coface**

Coface, rated AA+ by Fitch Ratings, AA by S&P and Aa3 by Moody's, is a subsidiary of Natixis whose share capital (Tier 1) was 11.6 billion euros end June 2007. Coface's mission is to facilitate global business-to-business trade by offering its 105.000 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. Coface also offers, in France, management of government export guarantees. Thanks to the worldwide local service delivered by 6,000 staff in 64 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface.

[www.coface.com](http://www.coface.com)