



INVESTOR DAY

25 FEBRUARY 2020

AGENDA - TUESDAY 25 FEBRUARY 2020



BTL	10:00	Build to Lead – Vision 2023
ECO	10:40	Staying on top of a more challenging world
UW	11:00	Underwriting risk in a volatile environment
OPS	11:20	Driving client service & operations
PPL	11:40	Developing People & Culture
	12:00	Q&A
	12:30	Lunch
GWT	13:45	Creating value through growth
US	14:10	Realizing US potential
CFZ	14:25	The German factoring opportunity
FIN	14:40	Being profitable in the long term
	15:10	Q&A
	16:00	End

BUILD TO LEAD - VISION 2023

XAVIER DURAND

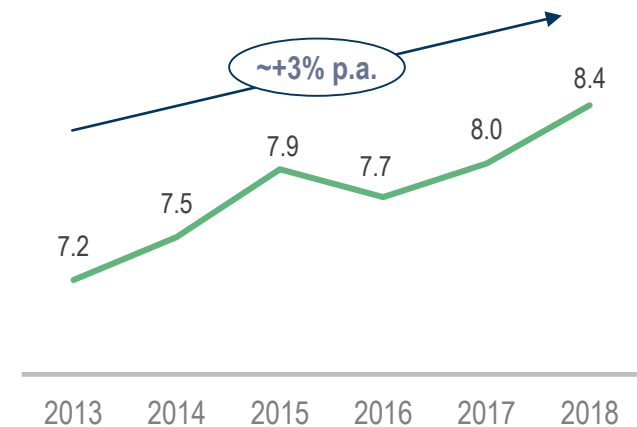
CEO

—

- **TCI is a service-driven business and profitable, with high entry barriers**
- **Coface’ strategy is right and the business transformation is delivering**
- **There is potential for much more to be accomplished**
- **We expect moderate economic slowdown going forward, with more volatility and uncertainties but also opportunities**
- **Key to future performance is continued building of skills, scale and agility**
- **Our new plan seeks to balance continued short term delivery with required investments for long term resilience and profitable growth**

GROWING MARKET WITH POTENTIAL

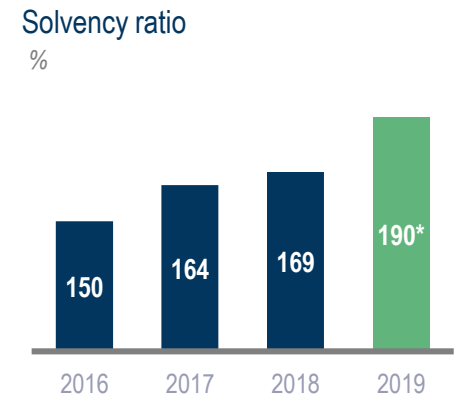
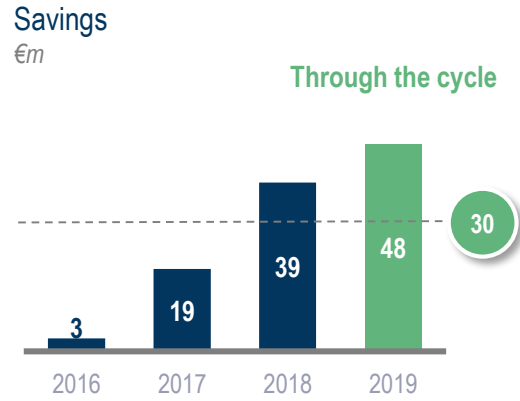
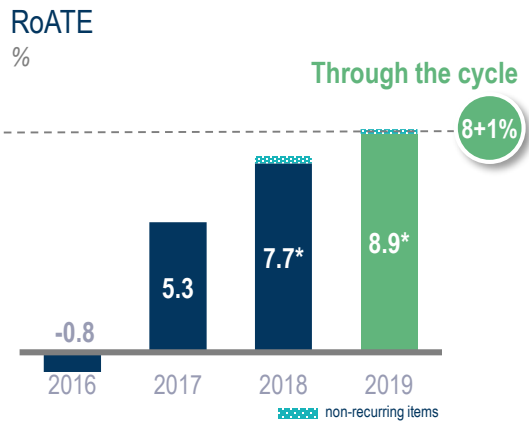
TCI premiums
In €bn



STRONG BARRIERS TO ENTRY

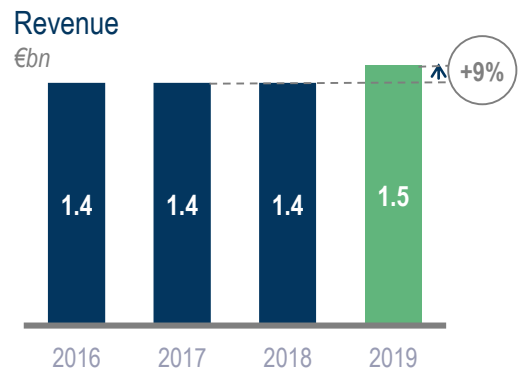
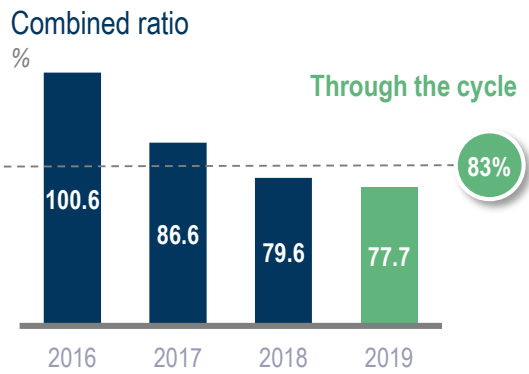
- Proprietary information & risk history
- Global reach
- Regulatory & legal set up
- Balance sheet strength

WE CLEARLY MET OR EXCEEDED OUR FTW OBJECTIVES THROUGH THE CYCLE



* Excluding non-recurring items: 8.0% in 2018 and 9.1% in 2019

* Switch to Partial Internal Model



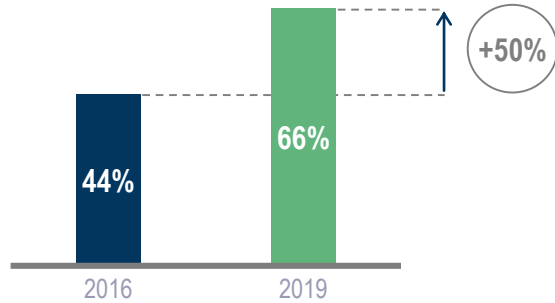
Number of claims per week and loss ratio

of cases and % of premium

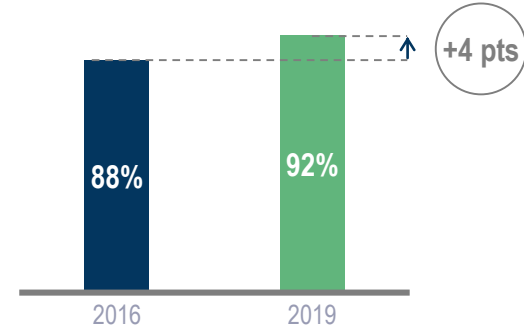


BTL | WE DELIVERED MANY SIGNIFICANT OPERATIONAL IMPROVEMENTS

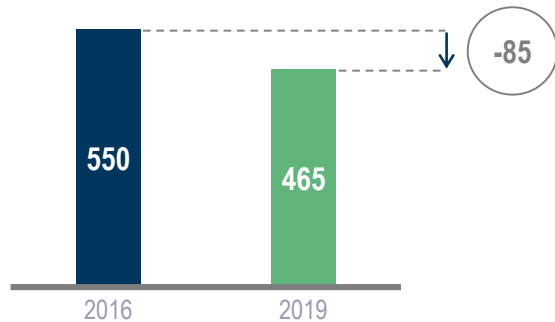
Share of Automated decision



Client retention rate

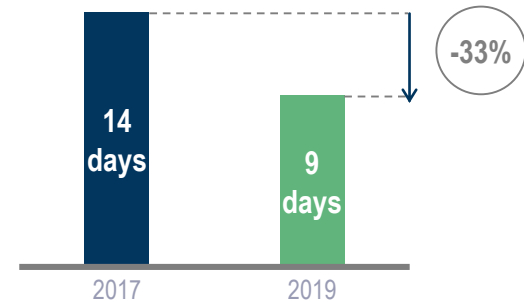


of systems



**TIME TO DECISION
DIVIDED BY 4
(from 3.6 days to 0.9 day)**

Time to offer
*mid-market**



* Non-FI and non-CGS clients, in 13 countries, TCI only

“FIT TO WIN” IS PROFOUNDLY CHANGING COFACE

Simplifying structure, made more efficient

- Deploying shared service centers
- Offshoring relevant activities
- Set up new efficiency functions: Lean, Transformation Office

Standardizing processes

- Industrialize and scaling back office
- Connecting with information providers through APIs
- Developed client-facing online tools (Broker portal, CGS Dashboard) to improve service quality

Rationalizing complex legacy systems

- Created Business Technology, aligning IT and business
- Upgraded core business tools: debt collection, accounting, claims & invoicing

Spreading shared values and culture

- Upgraded leadership, developed new competencies
- Reinforced meritocracy and differentiation
- Enhanced employer's brand and engagement

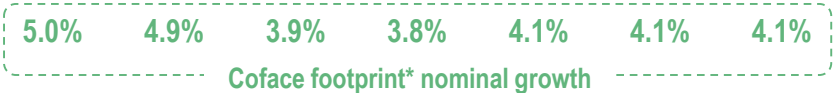
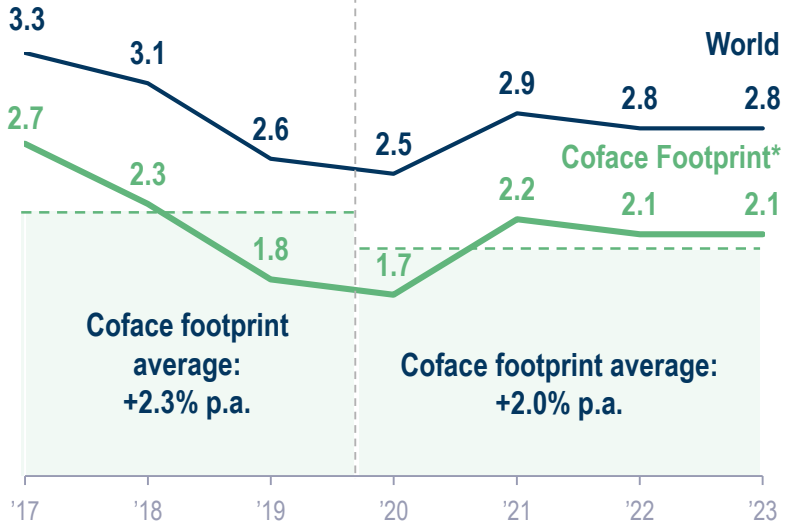
Leaving no stone unturned

BTL | LOWER GLOBAL GROWTH IS THE NEW NORM

HIGH SHARE OF EUROPE WEIGHTING ON COFACE GROWTH

GDP real growth

%

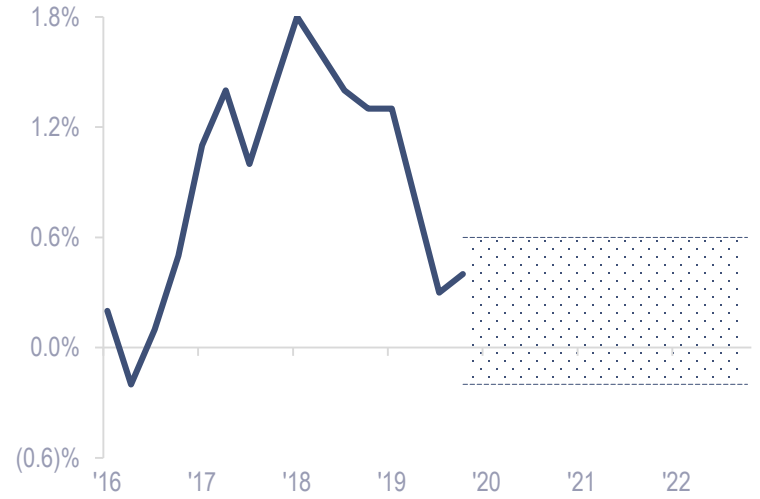


* World GDP weighted by Coface exposure

COFACE FIGURES CONFIRM ACTIVITY SLOWDOWN

Coface clients activity variation

%, Q1 2016 – Q4 2019

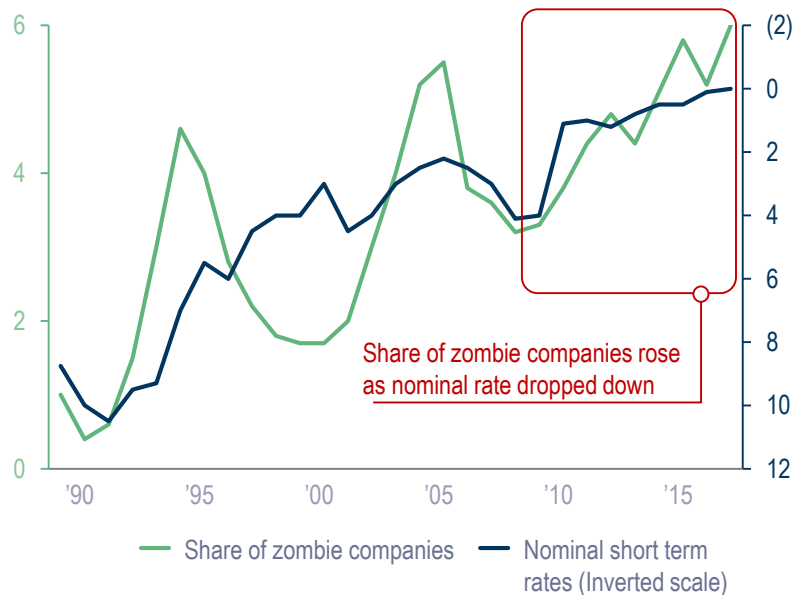


Source: IMF, national statistics and Coface Forecast

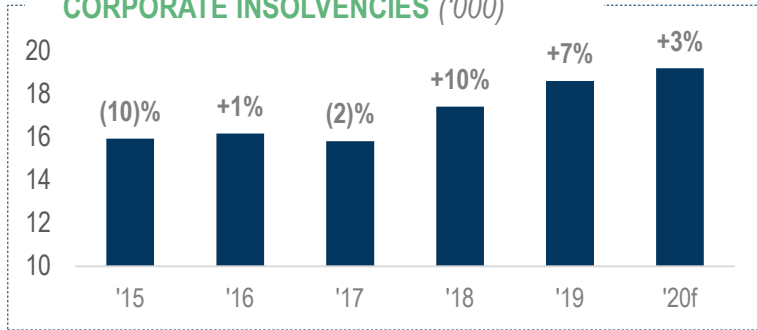
- **Low rates and Quantitative Easing fueling debt growth and zombies companies survival**
- **Continued technological shifts**
- **Rising political and security risks**
- **Growing climate emergency**

“ZOMBIE” FIRMS VS SHORT TERM NOMINAL RATES

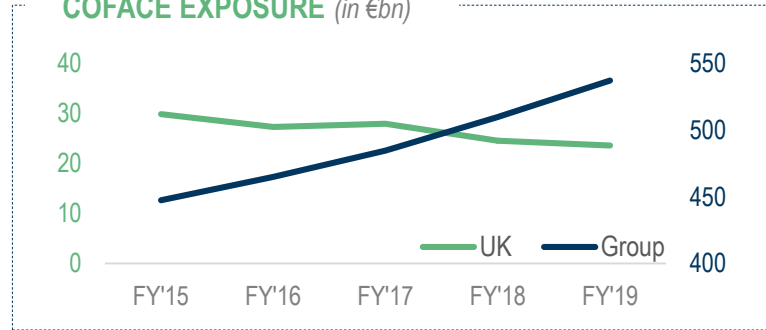
Advanced economies, % of total # of companies and 00' of basis points



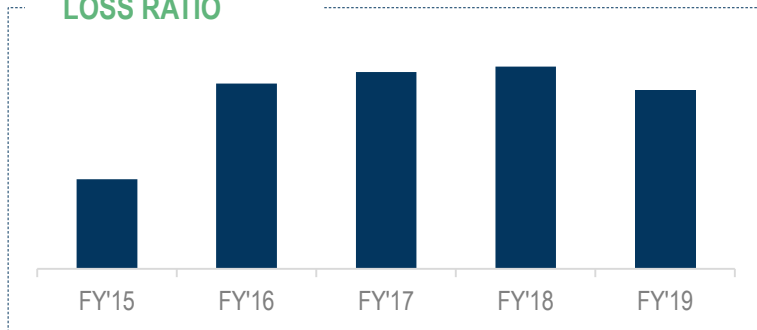
CORPORATE INSOLVENCIES ('000)



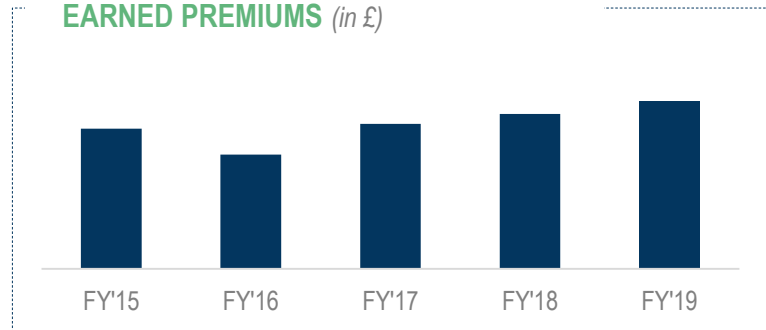
COFACE EXPOSURE (in €bn)



LOSS RATIO



EARNED PREMIUMS (in £)



Source: Insolvency Service's National Statistics

SKILLS

- Information sourcing and processing
- Risk modelling
- Underwriting knowledge and history
- Sales tools and technology
- Cross-sell experience
- Product depth

SMEs

MID-MARKET

LARGE
CORPORATESFINANCIAL
INSTITUTIONScöface
FOR TRADE**SCALE**

- Global footprint and reach
- Investment in systems and data
- Unit production cost
- Channel diversity
- Shareable infrastructure
- Product breadth

Culture and values drive agility

OUR “RAISON D’ÊTRE” COFACE FOR TRADE IS UNDERPINNED BY 4 CORPORATE VALUES



- **Develop shared culture and increase employee engagement**
- **Build a client-centric, agile mindset**
- **Align with corporate governance**
- **Create a long-term differentiating advantage**

BUILD ON SOLID FTW ACHIEVEMENT

Refined country risk rating methodology with a green component

Underwriting policy excludes coal mines, landmines, offensive weapons

SRI policy covers 98% of our portfolio

91/100 grade in the mandatory French gender equality index

ISS-oekom awards Coface "Prime" status for its social responsibility performance

Sustainable global travel policy

A
RESPONSIBLE
PLAYER

RESPONSIBLE
EMPLOYER

ENVIRONMENT &
SUSTAINABILITY

CULTURE OF
RESPONSIBILITY

MAIN INITIATIVES / 2023 PLAN

- Use our business to contribute to the protection of environment
- Improve the rating of our investment portfolio

- Align Gender Pay equality initiatives across all our geographies

- Analyse the impact of the Energy transition on our own risks and define our risk appetite

- Foster awareness on ESG challenges at every level of the company

BTL | 6 KEY INITIATIVES TO DRIVE OUR 2023 AMBITION

**BUILD TRADE CREDIT INSURANCE
LEADERSHIP**
(88% of revenue)

GROW SELECT SPECIALTIES
(12% of revenue)

**SIMPLIFY AND
DIGITIZE
OPERATING
MODEL**

**DIFFERENTIATE
THROUGH
INFORMATION
AND RISK
CAPABILITIES**

**CREATE VALUE
THROUGH
GROWTH**

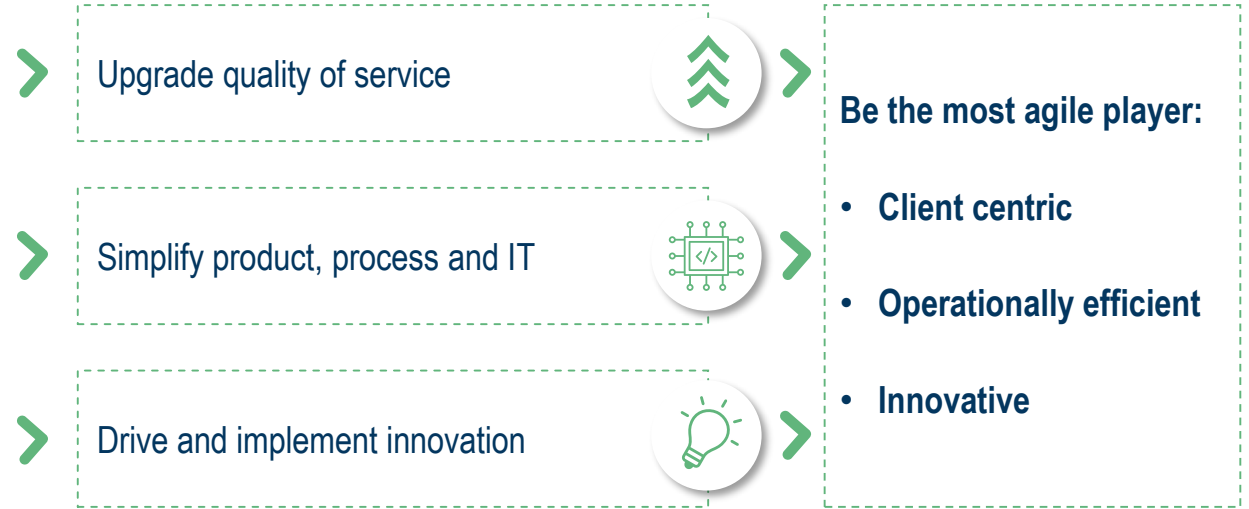
FACTORING

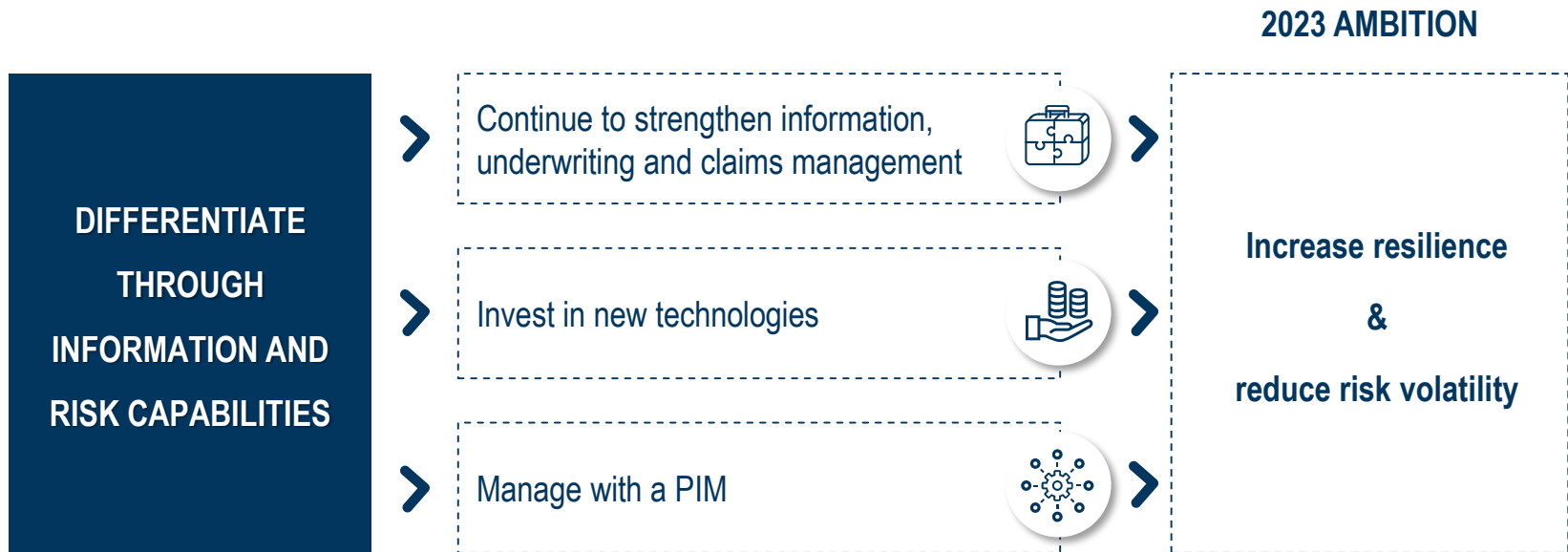
**SINGLE RISK
AND BONDING**

**INFORMATION
AND SERVICES**

2023 AMBITION



**SIMPLIFY
AND DIGITIZE
OPERATING MODEL**





CREATING VALUE THROUGH DIFFERENTIATED GROWTH STRATEGY

**CREATING VALUE
THROUGH GROWTH**

- > Drive differentiated growth strategies by geography 
- > Address segmented customer needs 

2023 AMBITION

**Achieve
profitable growth
&
Build long lasting
advantage**

BTL | DEVELOP SELECT ADJACENT SPECIALTY BUSINESSES

Lever

Leverage Coface assets and synergies to build a portfolio of growth options: capital, risk knowledge, client upsell, infrastructure and expertise



FACTORING

Drive profitable growth



**SINGLE RISK
AND BONDING**
Grow organically



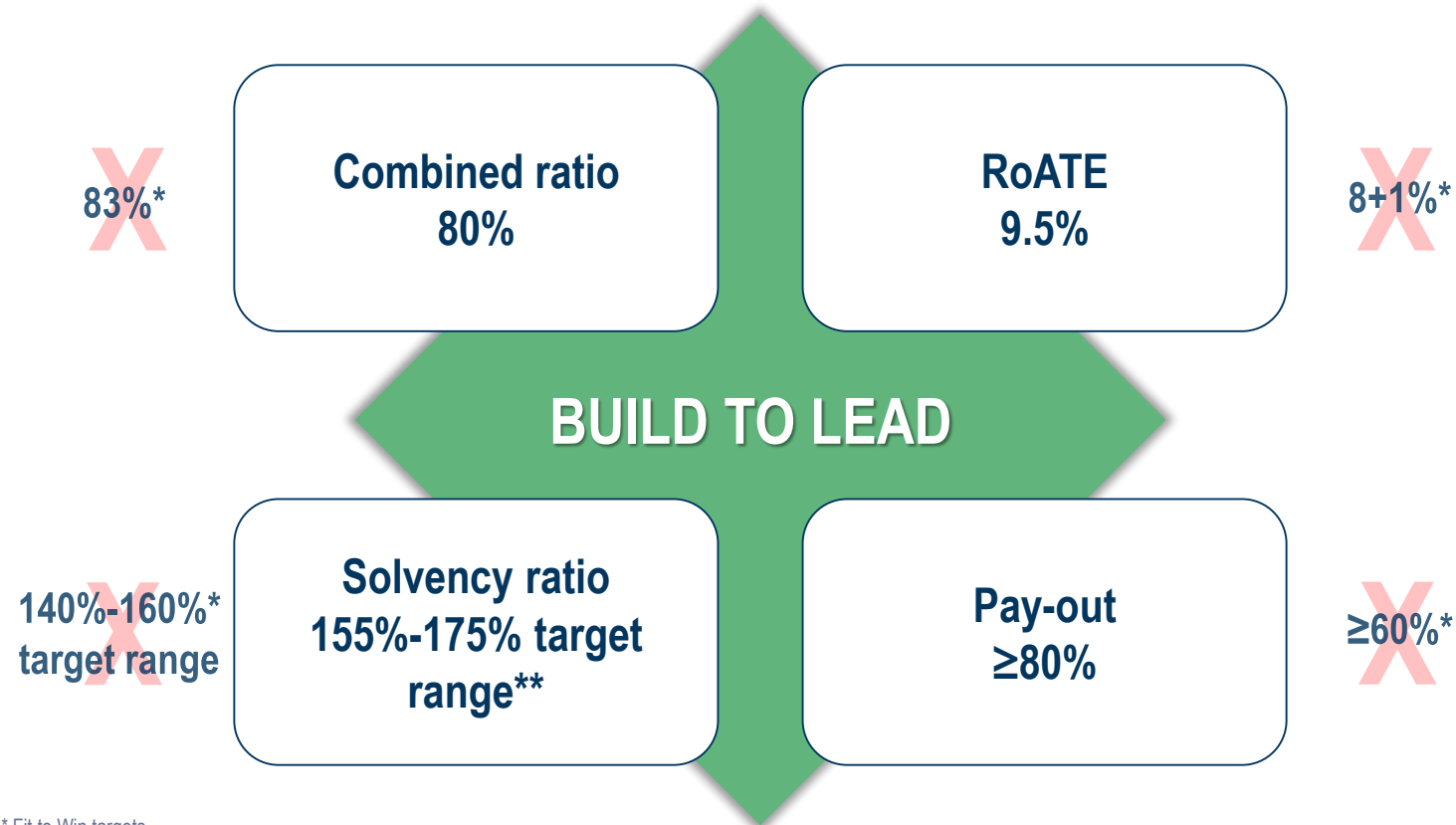
**INFORMATION
AND SERVICES**

Build upon existing and
explore new business
models

Strategy

Means

Earmark capacity to finance potential growth, including opportunistic acquisitions of businesses and/or critical skills



* Fit to Win targets

** New target range revised at the request of French regulator (ACPR) following the announced change in Coface shareholding

FROM FIT TO WIN ...

... TO BUILD TO LEAD

RISK MANAGEMENT

- Regain control
- Defensive

- Industry leading
- Agile, proactive

SERVICE

- Mending issues

- Fast, consistent, flexible

OPERATING MODEL

- Complex and fragmented

- Simple, integrated, digitized

GROWTH

- Turnaround

- Invest in profitable growth position

RETURNS

- Clawing back

- Above cost of capital

CULTURE

- Build the culture

- Live the culture

**STAYING ON TOP OF A MORE
CHALLENGING WORLD**

JULIEN MARCILLY
CHIEF ECONOMIST

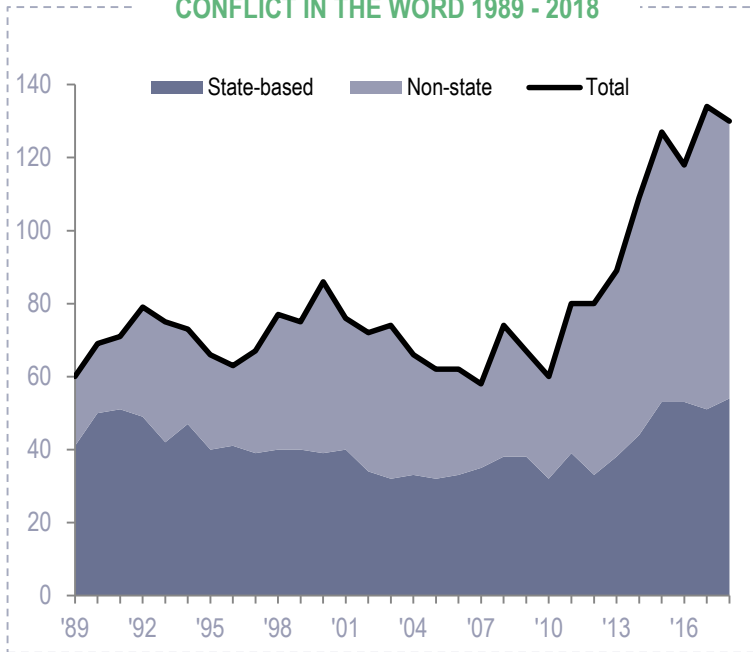
1. Corporate credit issues will be driven by non-economic risks in the next 4 years

- Businesses will be affected by various forms of political risks: trade protectionism, geopolitics, social protests, ...
- ... along with transition risks related to environmental changes

2. The world economy will be more “Japanized”

- Expecting slower global GDP and trade growth
- Slow but steady increase in business insolvencies
- “Zombie” companies will be more numerous

CONFLICT IN THE WORD 1989 - 2018



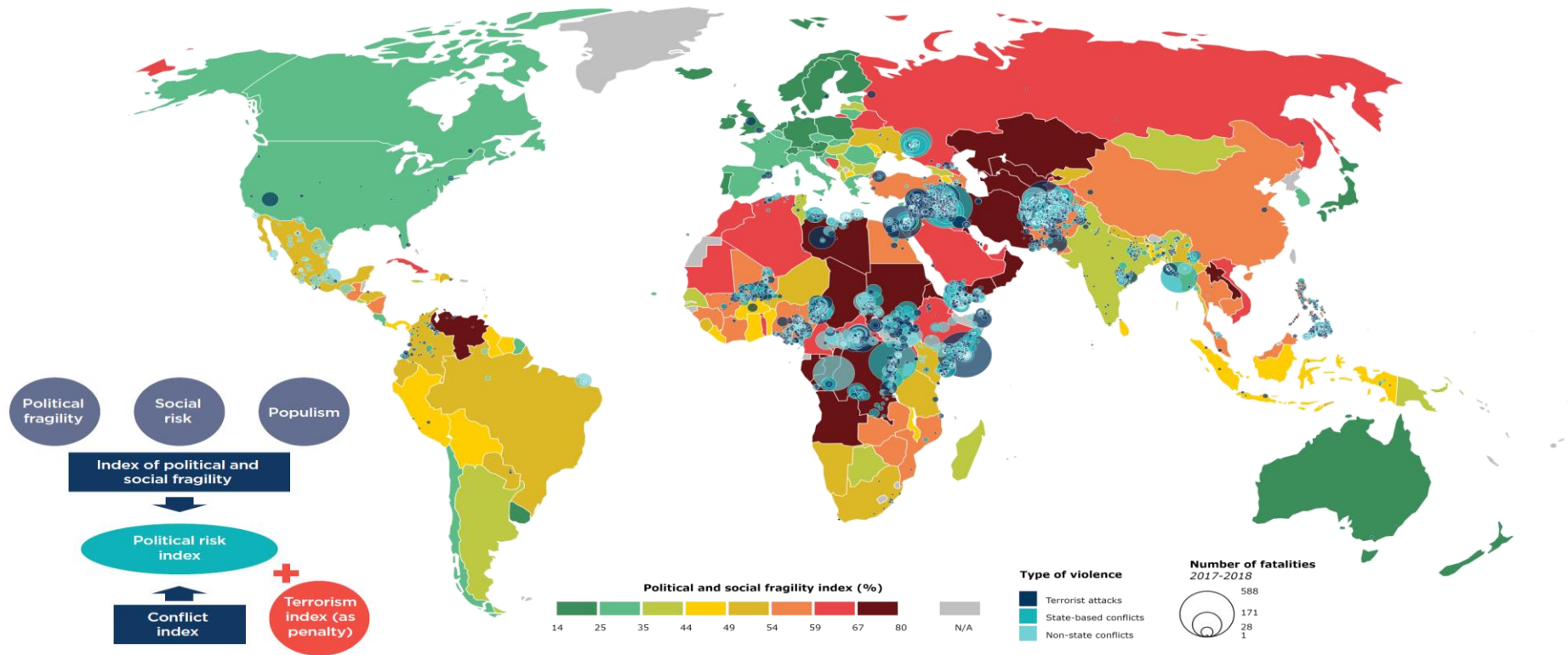
SOCIAL RISK INDEX – WORLD AVERAGE



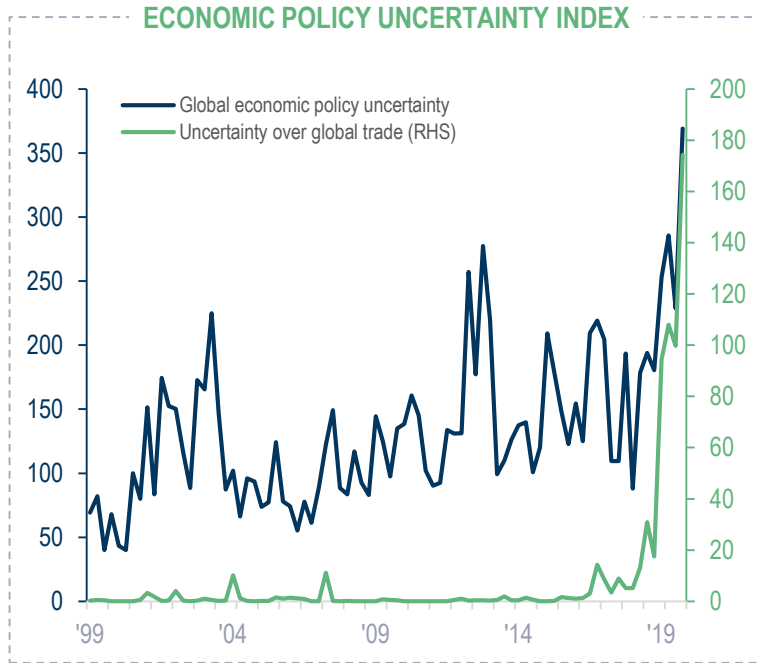
Sources: Uppsala Conflict Date Program (UDP), & Coface Political Risk Model.

Coface's political risk model takes into account 2 categories: 1) Security risk (conflicts and terrorist acts); 2) Social fragility, which takes into account 2 pillars: a) Degree of social frustration (inflation, unemployment, income inequalities, GDP per capita, corruption, homicide rate); b) Instruments to express frustration (education, adult literacy, internet access, youth proportion, fertility rate, urbanization rate and female participation rate).

ECO | COFACE 2019 POLITICAL RISK INDEX

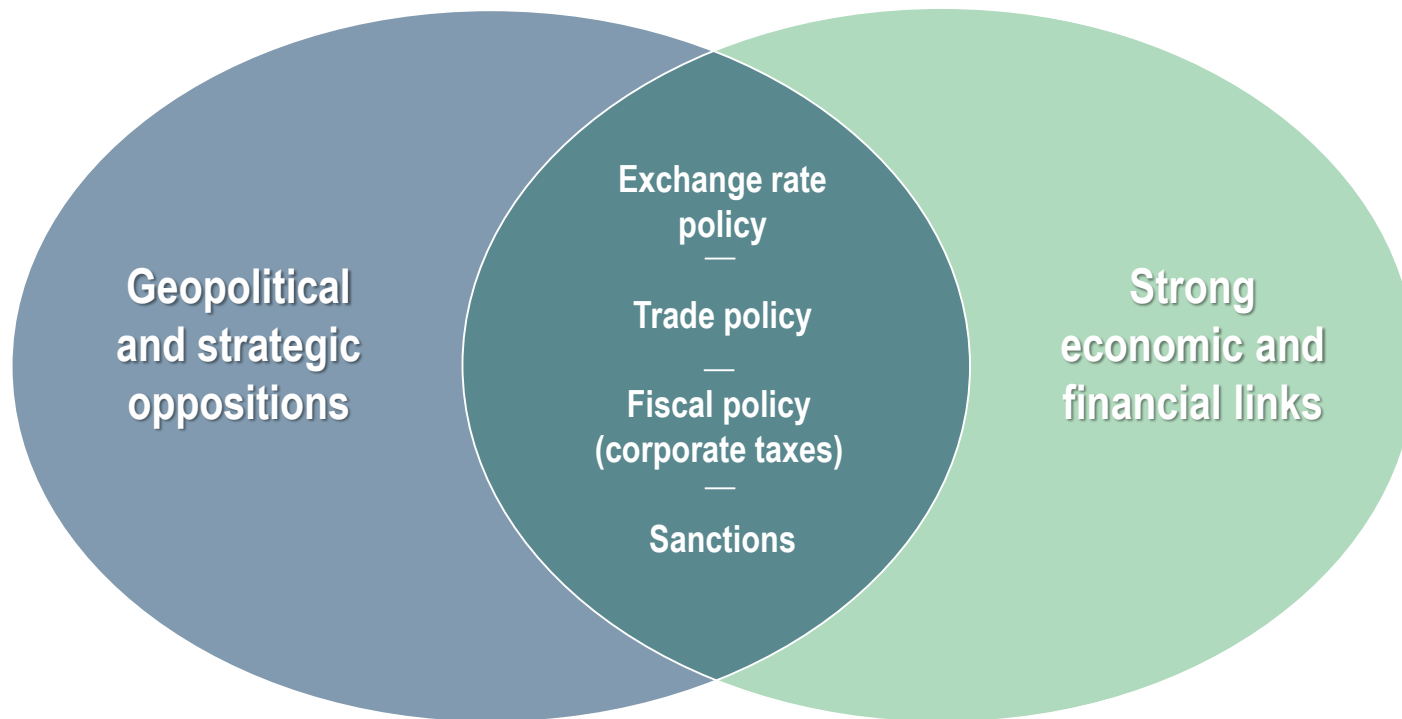


ECO | TRADE TENSIONS AT THE CORE OF ECONOMIC UNCERTAINTIES



* between 1 Jan. and 15 Nov.
Sources: Global Trade Alert, Coface

TRADE AND OTHER ECONOMIC POLICIES WILL REMAIN AFFECTED BY LONG-TERM STRATEGIC OPPOSITIONS BETWEEN SUPER POWERS



ECO ENVIRONMENTAL CHANGE AND TRANSITION RISKS FOR BUSINESSES: A HOT TOPIC IN THE NEXT 4 YEARS

PHYSICAL RISKS

Extreme weather events will increase in frequency and/or severity: cyclone, heat wave, wildfire, flood, landslide

Longer-term shifts in climate patterns: warming, sea level, drought, rainfall

TRANSITION RISKS

Regulatory development: changing business environment regarding legal framework

Technological change: adoption of low-emission technologies

Market risk: shifts in the supply and demand for certain goods, services or raw materials (e.g., plastic products in the chemical sector)

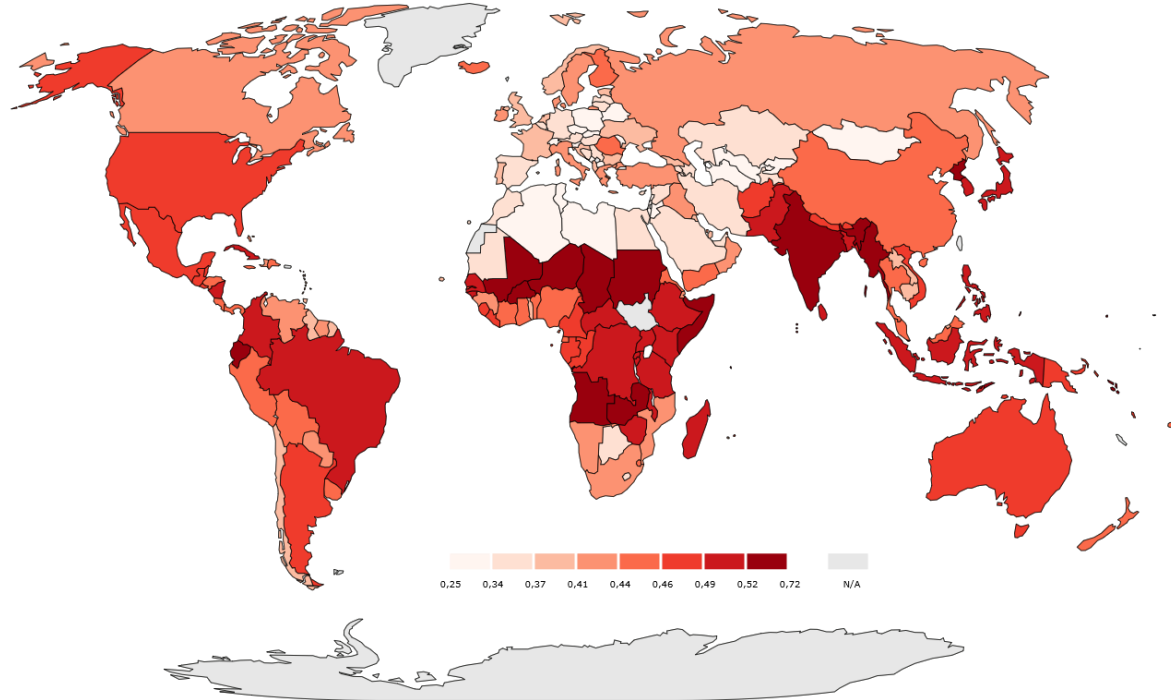
Reputation risk: changes in consumers' perceptions

SECTORS MOST IMPACTED BY TRANSITION RISKS

2018-2019: Automotive in Europe and China

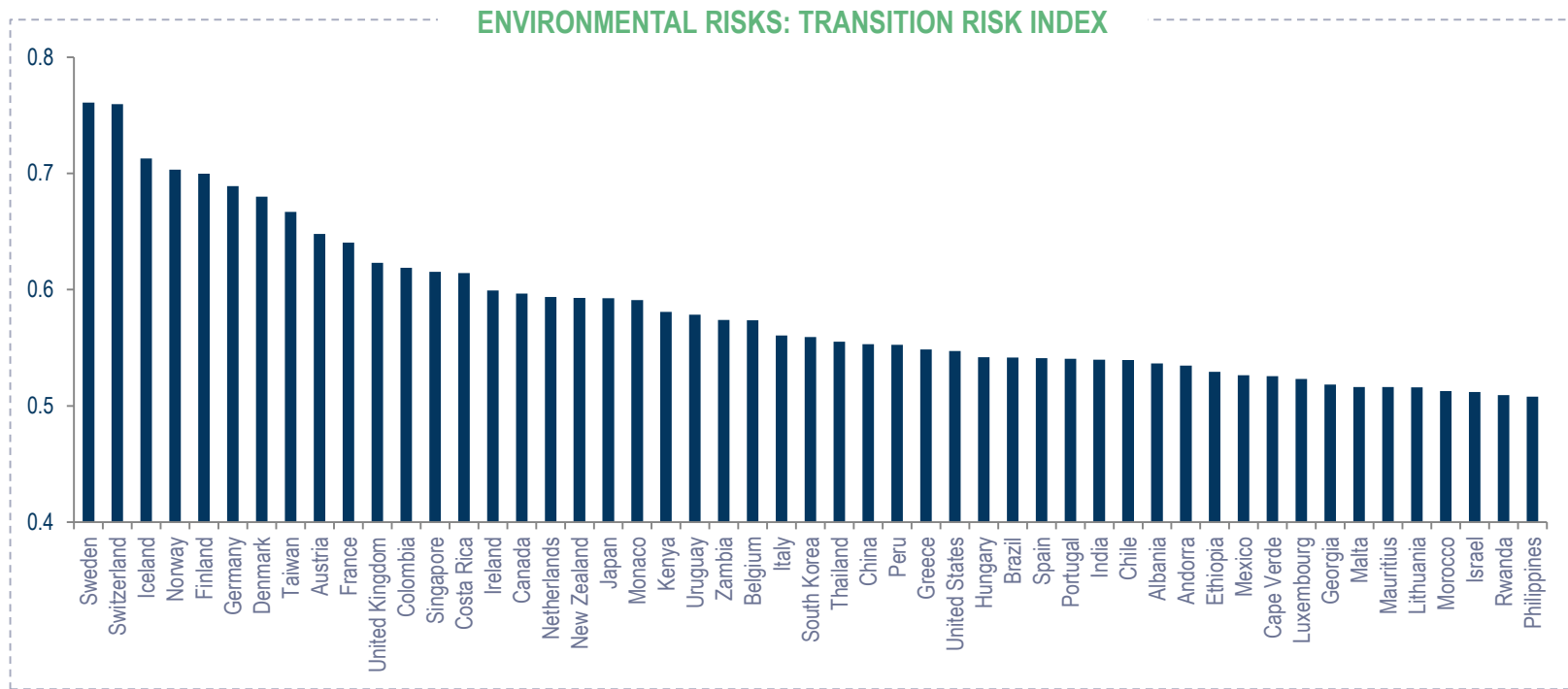
2020: Global maritime transport, Automotive in the US and India

ENVIRONMENT: RISK INDEX OF EXPOSURE TO PHYSICAL RISKS



Sources: Coface, University of Notre Dame

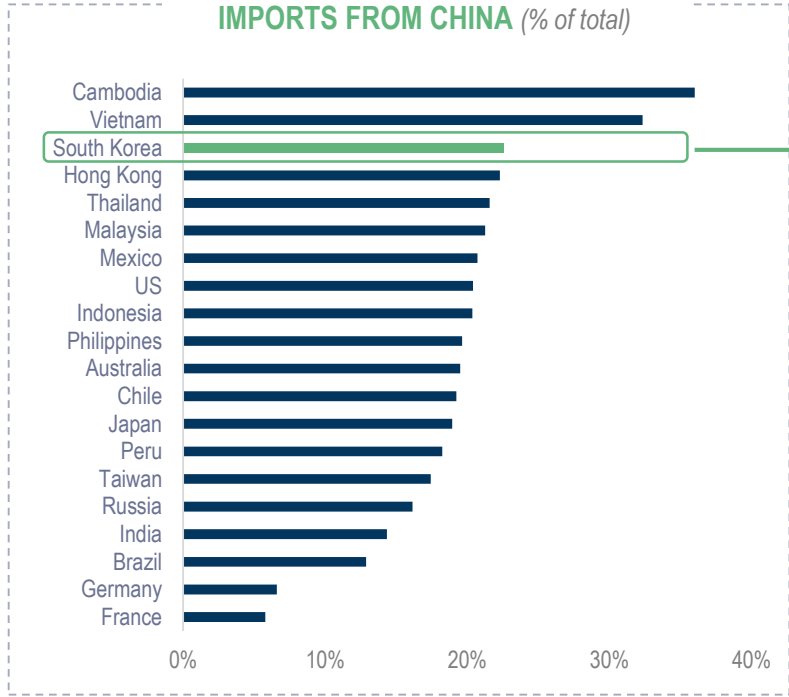
ENVIRONMENTAL TRANSITION RISK: A RISING DRIVER OF CORPORATE DISRUPTION



Sources: Coface, GGEI

ECO | CORONAVIRUS: WHAT IMPACT ON BUSINESSES?

MANUFACTURING INTERMEDIATE GOOD IMPORTS FROM CHINA (% of total)



KOREA: SHARE OF IMPORTS COMING FROM CHINA (%)

Iron or non-alloy steel	91%
Telephone sets	86%
Wire, cable, other electric conductors	80%
Liquid crystal devices	69%
Automatic data processing machines	64%

CHINA: INVENTORIES OVER SALES RATIO OF LISTED COMPANIES (in months)

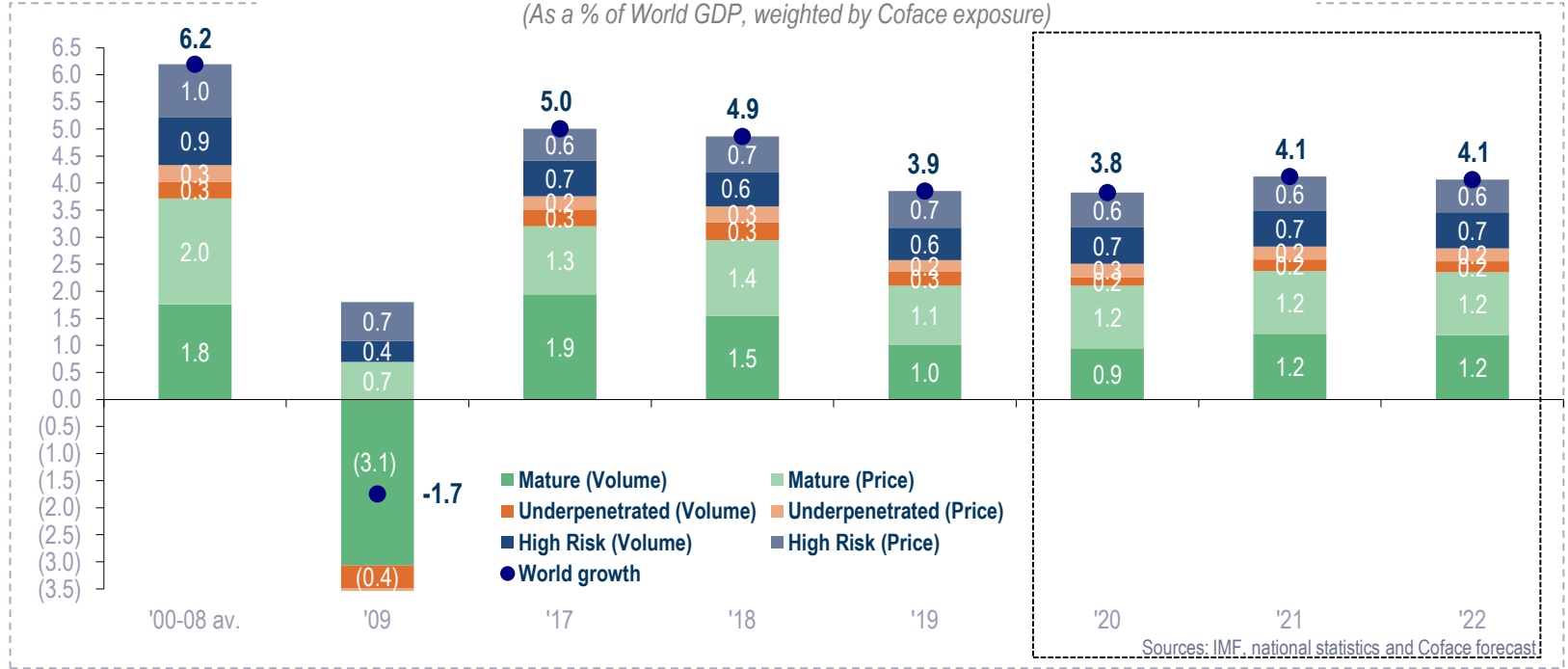


(sources: OECD, Datastream, Coface)

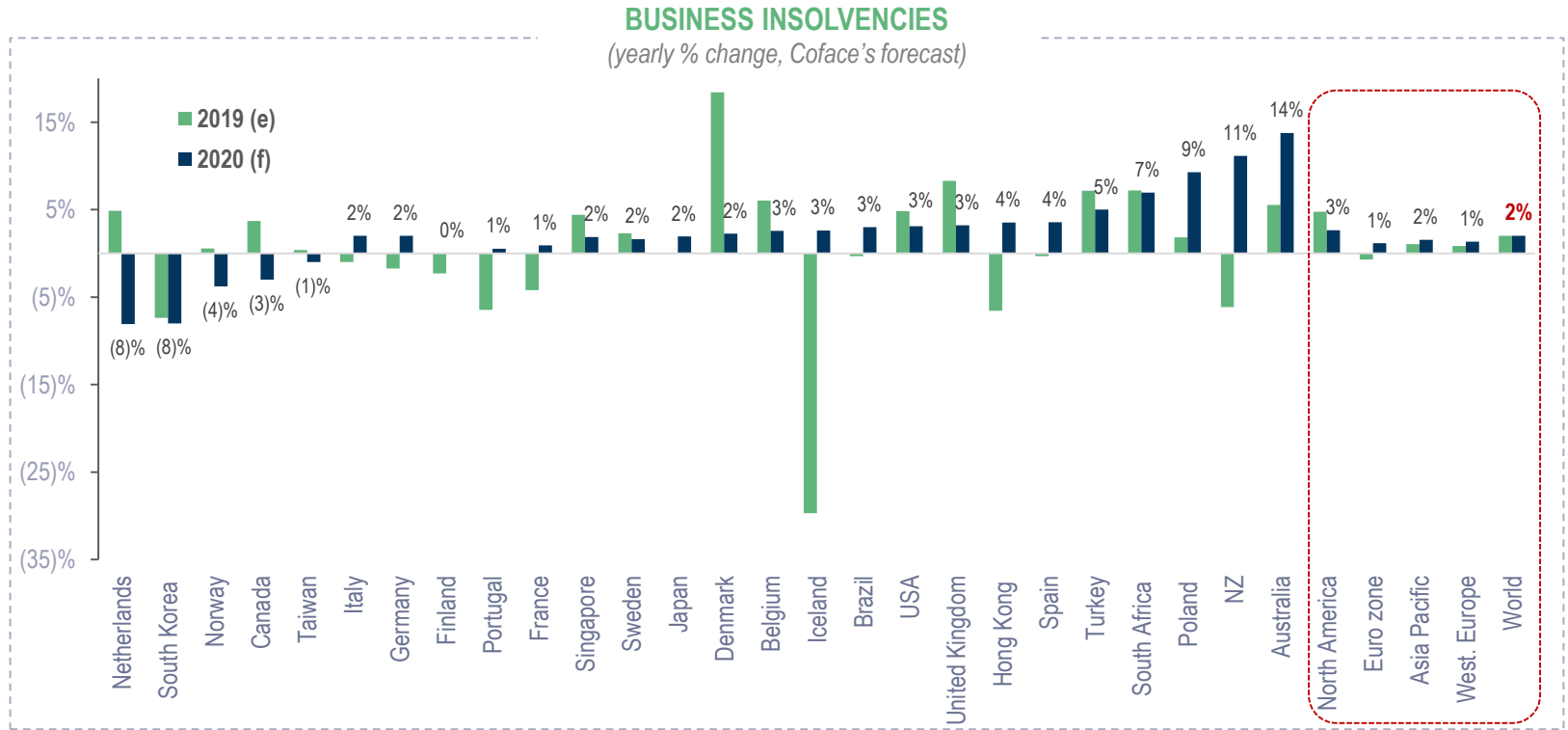
ECO | LOWER GLOBAL GDP GROWTH IS THE NEW NORM

COFACE WORLD NOMINAL GDP GROWTH FORECAST BY CONTRIBUTING COUNTRY

(As a % of World GDP, weighted by Coface exposure)

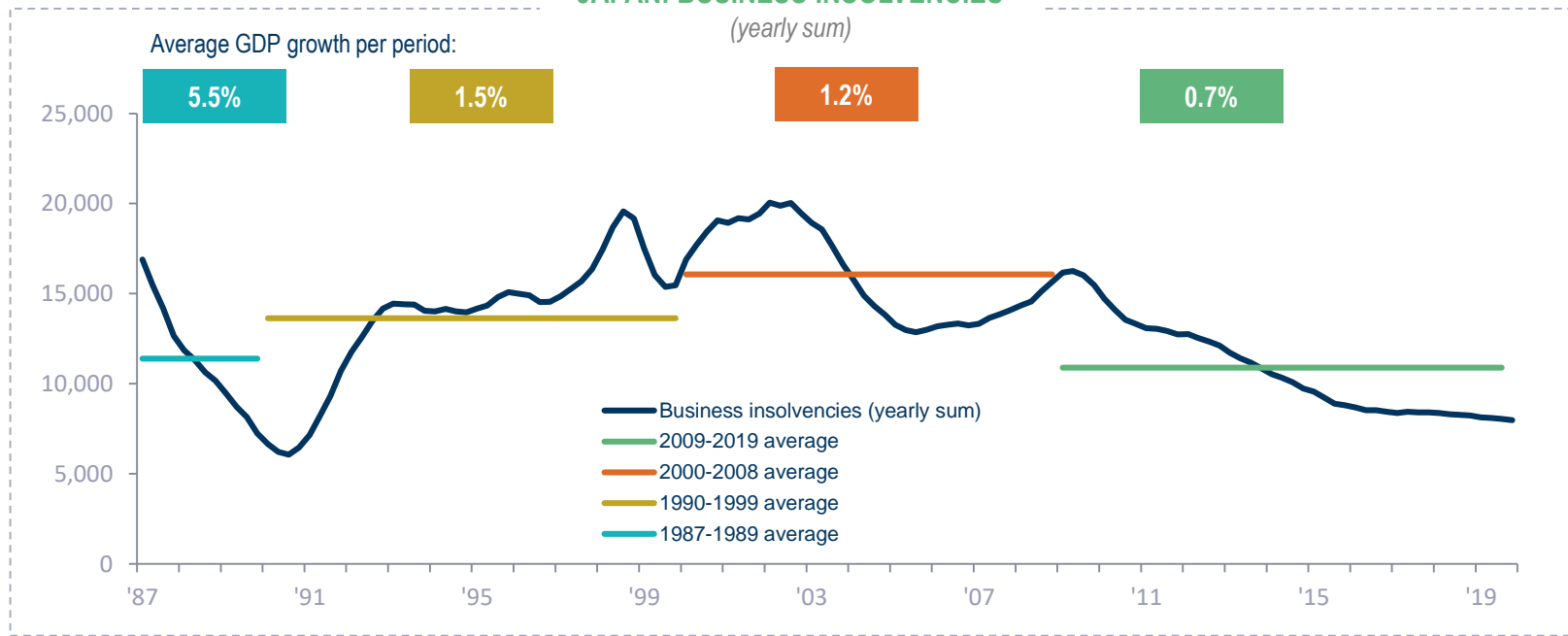


ECO BUSINESS INSOLVENCIES: UP BY 2% GLOBALLY IN 2020



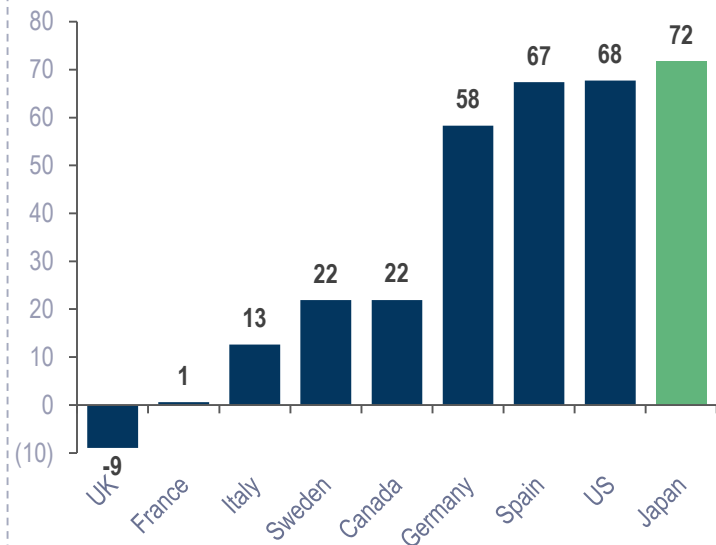
“JAPANIZATION”: LOW GROWTH, EXPANSIONARY MONETARY POLICIES AND MORE “ZOMBIE” COMPANIES

JAPAN: BUSINESS INSOLVENCIES

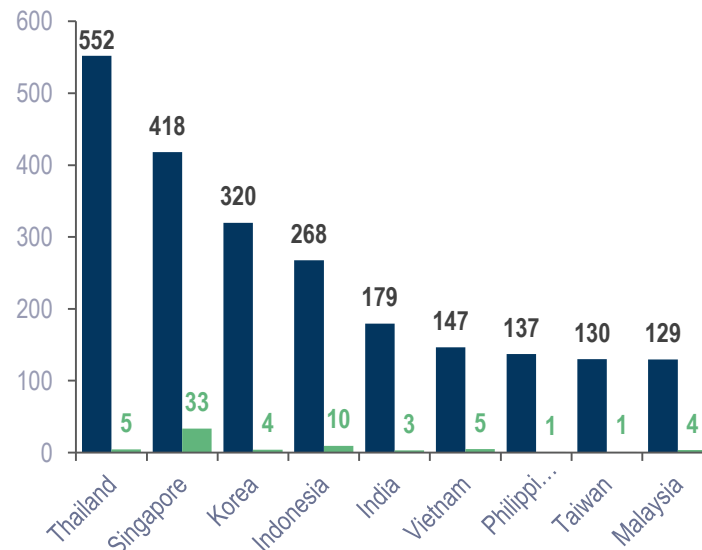


“JAPANIZATION” WILL PUSH BUSINESSES TO LOOK AT FOREIGN MARKETS

**EXPORTS: CUMULATIVE INCREASE
BETWEEN 2001 AND 2018** (volume, in %)



**JAPANESE AND CHINESE OUTBOUND FOREIGN
DIRECT INVESTMENT STOCK IN ASIA** (in USD bn)



Sources: national sources, Datastream, Coface

1. Corporate credit issues will be driven by non economic risks in the next 4 years

- Businesses will be affected by various forms of political risks: trade protectionism, geopolitics, social protests, ...
- ... along with transition risks related to environmental changes

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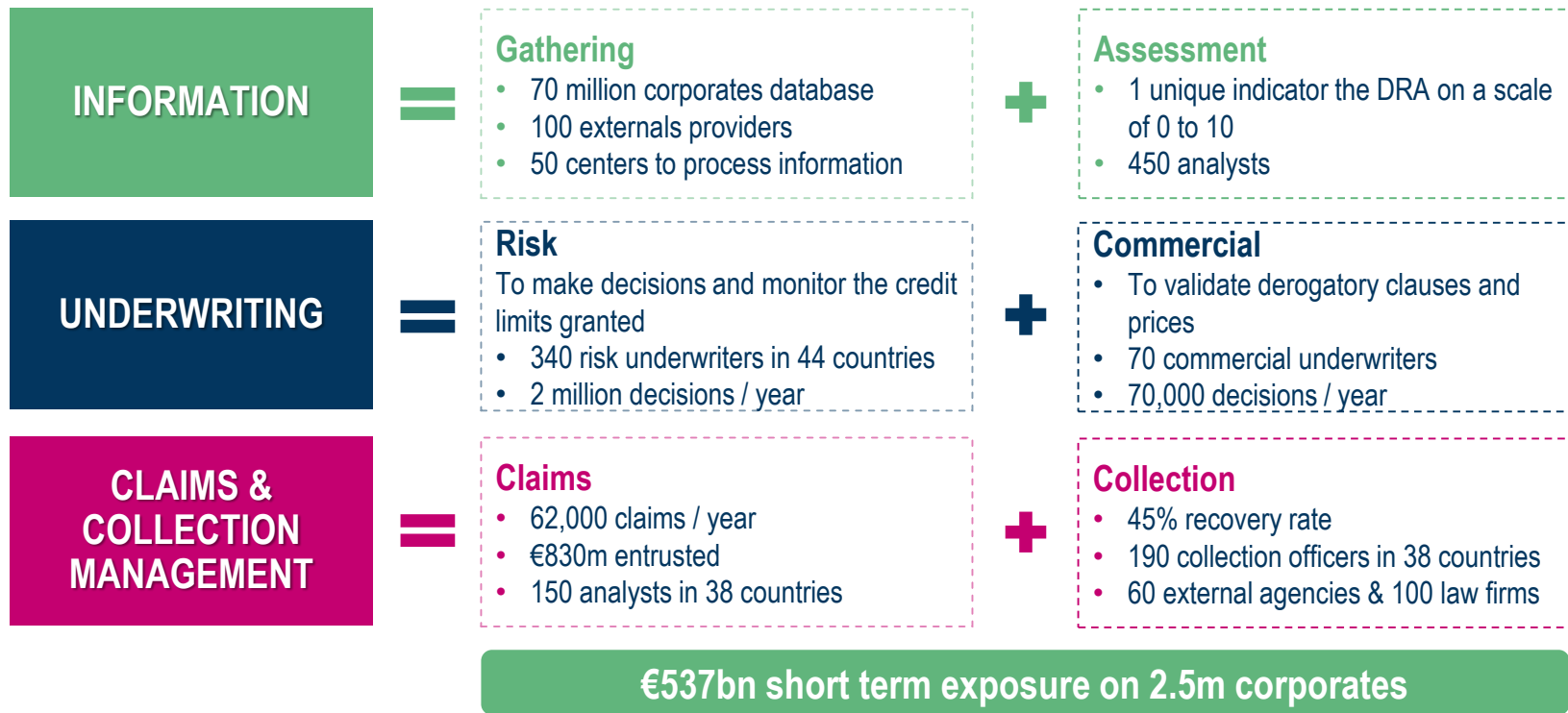
- Expecting slower global GDP and trade growth
- Slow but steady increase in business insolvencies
- “Zombie” companies will be more numerous

UNDERWRITING RISK IN A VOLATILE ENVIRONMENT

CYRILLE CHARBONNEL

UNDERWRITING DIRECTOR

—



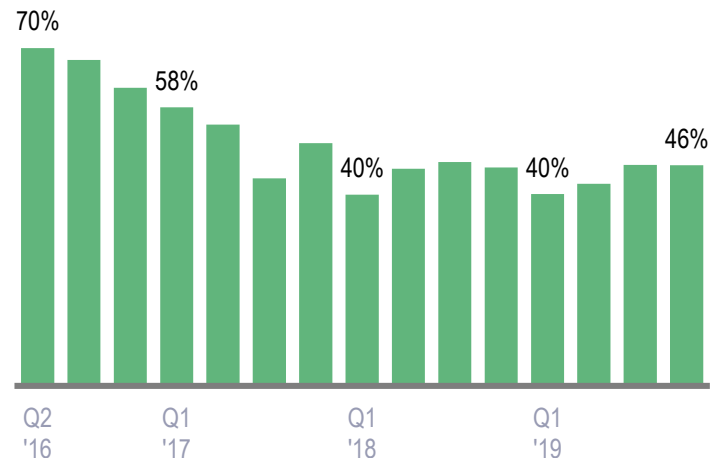
INVESTED AND REORGANIZED UNDERWRITING

- Implemented a new organization, better aligning sales and underwriting interests
- Reinforced database structure, with better data flows and higher automatization
- Increased resources dedicated to information
- Upgraded automatic underwriting engine (automatic UW rate: +50%)



REDUCED LOSS DRASTICALLY

Loss ratio before reinsurance incl. claims handling expenses
% of revenue



WE INCREASED CLIENT SATISFACTION THROUGH BETTER ANTICIPATION

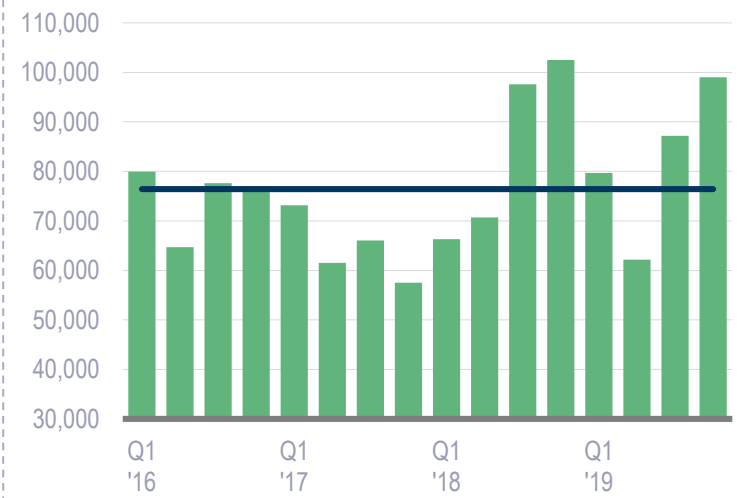
UPGRADED CLIENT SERVICE

- **Central senior expert teams increased reactivity in times of stress**
- **Underwriters have more clients interactions following new underwriting engine implementation**
- **Better communication on risk prevention actions**
- **More stringent rules on new business**



INCREASED PREVENTION ACTIONS

of credit limits cancelled or reduced:
+30% in average in 2018 & 2019 versus 2017



WE WILL CONTINUE TO IMPROVE OUR UNDERWRITING PRACTICES

INFORMATION



- **Improve data quality:** continuous assessment of content quality and delivery capabilities of external information providers
- Produce and utilize **new Debtor Risk Assessment (DRA)** based on innovative statistical methods to improve predictability

UNDERWRITING



- **New central team** to steer globally the efficiency of the prevention organization
- **New risk UW functionalities** (to better manage the exposure, to improve customer satisfaction and adapt to new products)
- Building a unique **worldwide clauses library**

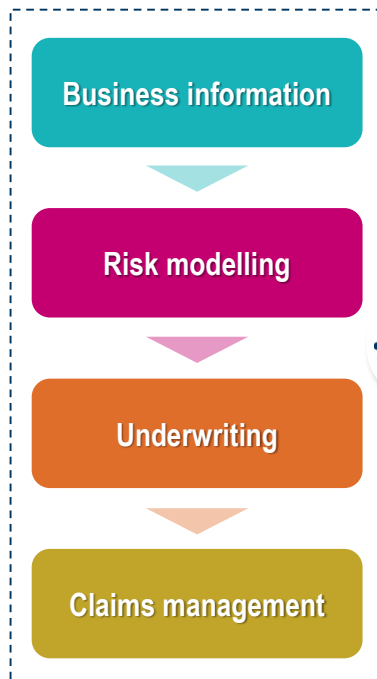
CLAIMS & COLLECTION MANAGEMENT



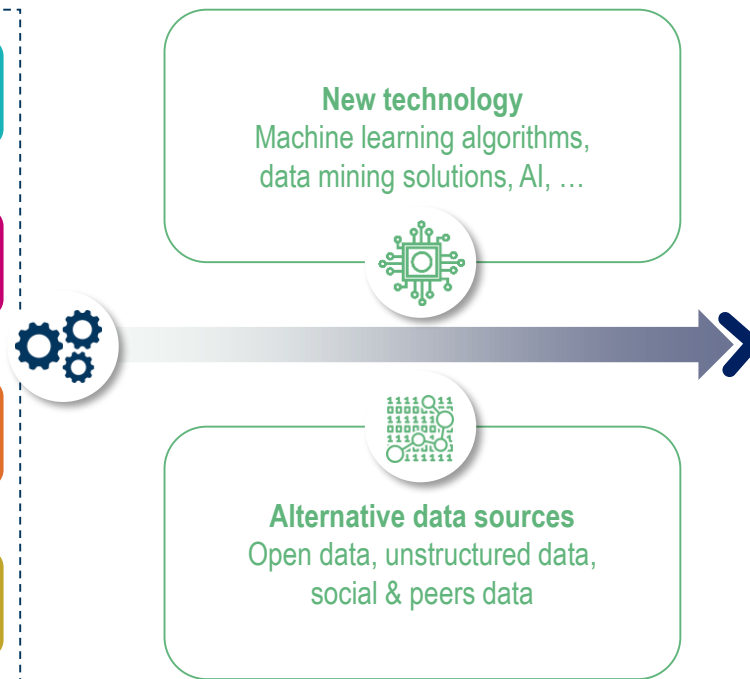
- Implement a **global claims tool** with automatic assessment and payment processes
- Develop a new **global collection tool** with a 360° view, including all flows with partners

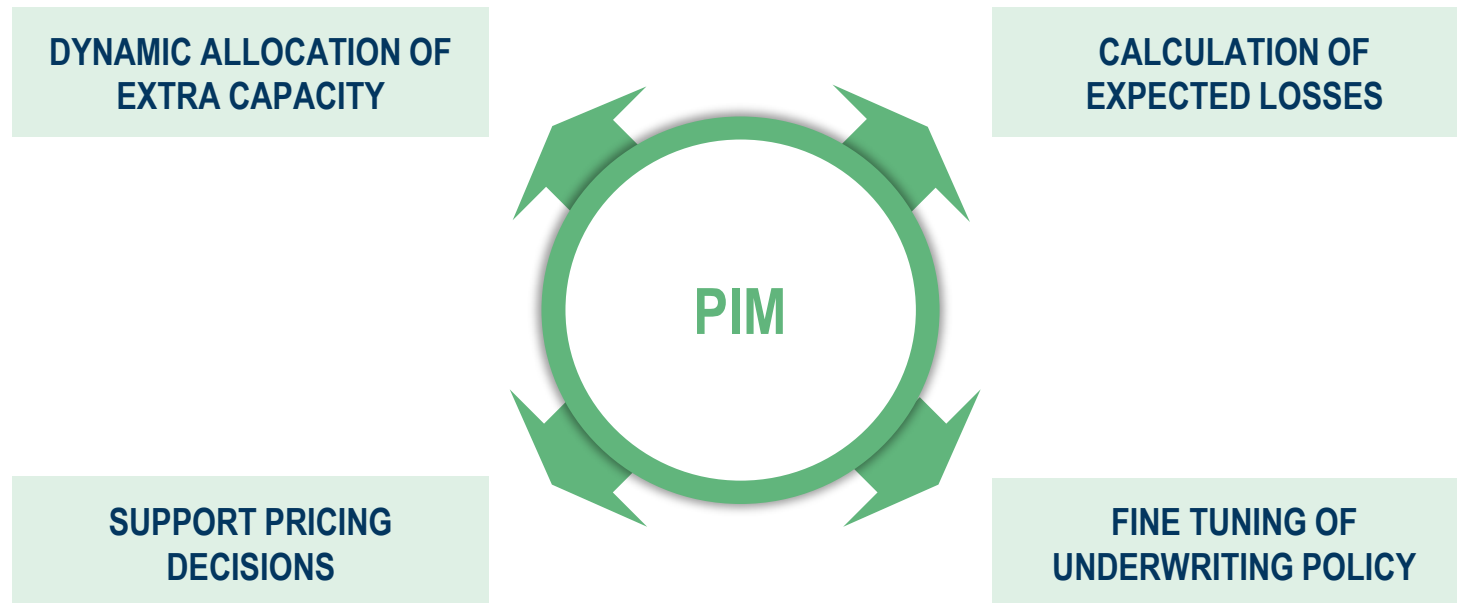
WE WILL INVEST IN TECHNOLOGY TO FURTHER IMPROVE UNDERWRITING

RISK MANAGEMENT CYCLE



AMBITION





KEY LEVERS

INVESTING ON PEOPLE

IMPROVING DATA

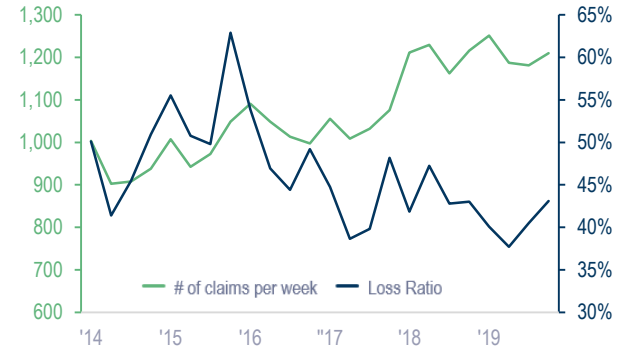
UPGRADING SYSTEMS

LEVERAGING TECHNOLOGIES



**Our ambition is to
improve resilience
through the cycle**

Number of claims per week and loss ratio
of cases and % of premium



**BUSINESS IMPROVEMENTS ALLOWS
FOR CONTROLLED LOSSES
IN INCREASINGLY RISKY ENVIRONMENT**

DRIVING CLIENT SERVICE & OPERATIONS

THIBAUT SURER

STRATEGY & BUSINESS DEVELOPMENT DIRECTOR

KEYVAN SHAMSA

BUSINESS TECHNOLOGY DIRECTOR

—

FTW FOCUSED ON CORE OPERATIONAL EFFICIENCY ...

1 WE RESHAPED THE OPERATING MODEL

- Aligned product and service offers with client segments
- Set up efficiency functions: Lean and Transformation Office
- Structured a sourcing function delivering significant savings

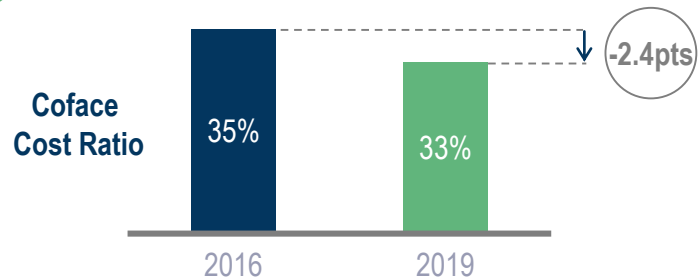
2 WE LEVERAGED THE COFACE SCALE



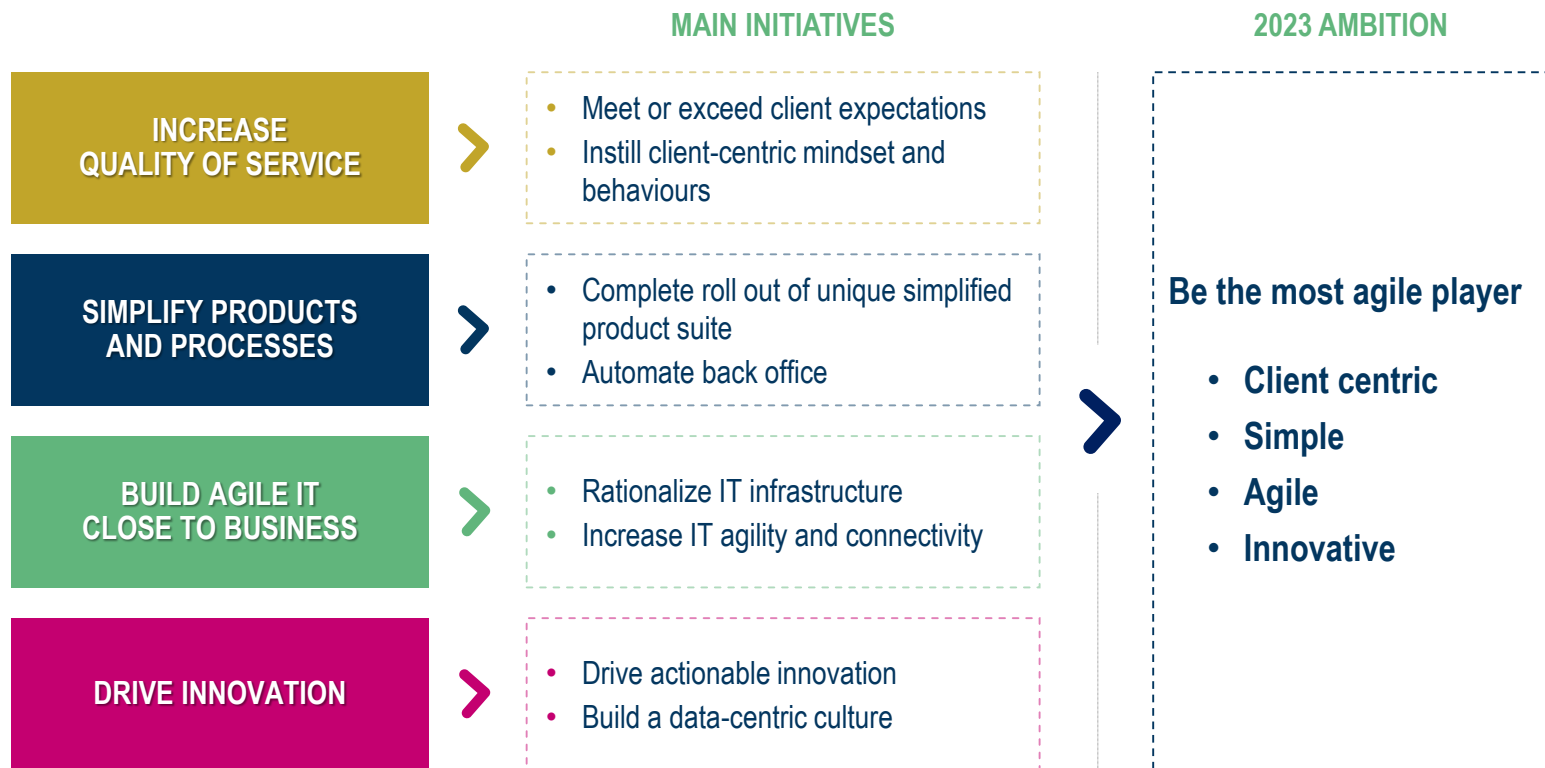
3 WE IMPROVED IT GOVERNANCE

- Rationalised IT infrastructure to make it more agile
- Decommissioned 85 IT applications
- Upgraded core business tools: debt collection, claims, accounting and invoicing

4 WE REALIGNED COSTS WITH REVENUES



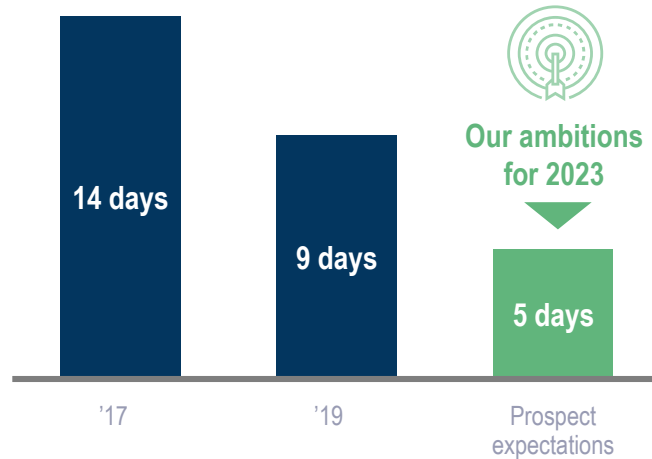
€48M SAVINGS IN 2019



OPS | PUT SERVICE QUALITY AT THE HEART OF BUSINESS OPERATIONS

MEET OR EXCEED CLIENT EXPECTATIONS

Time to offer in working days
Mid market in 13 top countries



DRIVE COFACE-WIDE SERVICE QUALITY PROGRAM

- **Improve operations** through simplification and automation to **focus on value adding tasks**
- **Assess service quality from the client perspective:** 7 client-centric KPIs monitored
- **Change mindset and behaviors:** trainings, role modelling, communication, incentives

OPS | ROLL OUT UNIFIED X-LINER PRODUCT SUITE

MARKET SEGMENTS

PRODUCTS

BENEFITS

2023 AMBITION

MULTINATIONALS

/ **GlobaLiner**

- Simplified worldwide agreement
- Faster program implementation

MID-MARKET

/ **TradeLiner**

- Simplified clause library
- Industrialized contract management

SMES

/ **EasyLiner**

- Simplified policy management
- Easier distribution



90% of portfolio equipped with the X-Liner range
(from ~45% in 2019)

New contract tool and process automation covering 80% of mid-market

RATIONALISE IT INFRASTRUCTURE TO MAKE IT MORE AGILE

A COMPLEX IT LEGACY

465 applications to manage



MAIN TRANSFORMATION INITIATIVES

Continue **application architecture rationalization** and modernization

Re-build our **data backbone and operating model** (Data-as-a-Service)

Digitize workflows and automate processes and reconciliation

Transform to **optimize project delivery** and time to market: CI/CD, dev-ops, Agile

Develop API management for internal and external use

Introduce bi-modal deployment approach

Leverage **new digital** approaches (Cloud as Service, AI, ML,...)

2023 AMBITION

Reduce ITCI (IT complexity index) by 30%

From 465 to 300 apps

From 50 to 19 datawares

Rebalance IT spending from RUN to BUILD

3 innovation areas and 1 platform



Organization:

- Data Office, Data Lab and innovation team

Illustrations:

- Automatic underwriting
- New debtor risk assessment model
- Churn management
- Automation of accounting data reconciliation
- Coface Data Lake
- Enterprise global data dictionary
- Data Monetization

DRIVE CLIENT SERVICE QUALITY

SIMPLIFY PRODUCT, PROCESSES AND IT

EMBED TECHNOLOGY & INNOVATION IN OPERATIONS

ALIGN AND DESIGN FOR AGILITY

DEVELOPING PEOPLE & CULTURE

CAROLE LYTTON

GENERAL SECRETARY

DECLAN DALY

CENTRAL EUROPE CEO

—

HOW CULTURE AND PEOPLE SUPPORT OUR STRATEGY

A COMPLEX BROAD BUSINESS

- €537bn exposure
- 70m corporate database
- 2m decisions / year
- Presence in 100 countries
- 50,000 policies
- 4,273 employees / 72 nationalities



AN UNPREDICTABLE AND FAST CHANGING ENVIRONMENT

- Trade wars
- Political and social risks
- Fast evolving technologies
- Changing regulations
- Growing pace of business decisions



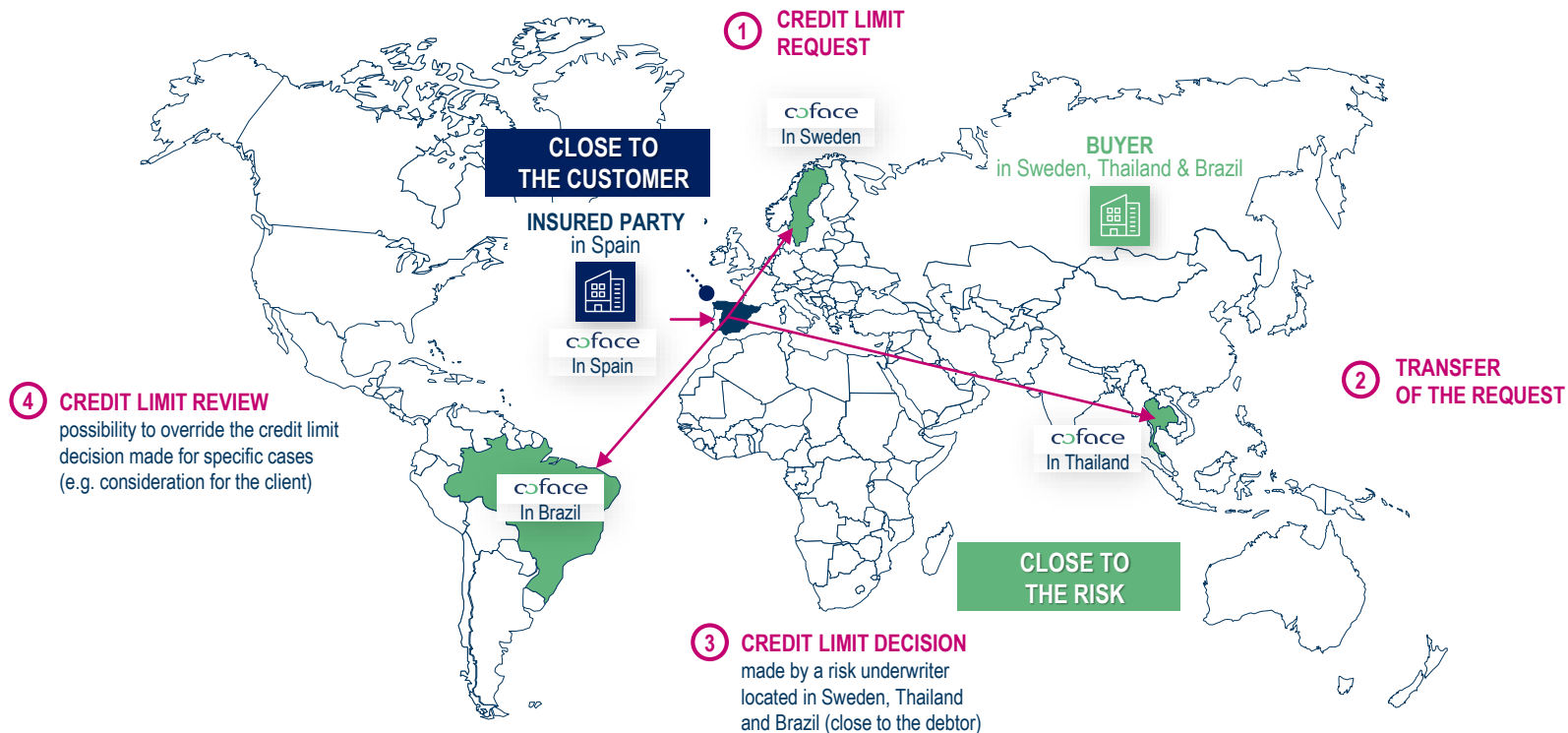
NEED FOR AGILITY

- **Local expertise**
- **Quick decision making**
- **Decentralised while controlled**

CULTURE DRIVES BEHAVIOUR PREDICTABILITY

Client • Expert • Collaboration • Courage

OUR VALUES ARE FUNDAMENTAL TO THE WAY WE DO BUSINESS



REINFORCED LEADERSHIP AND MOBILITY DRIVE A COMMON CULTURE

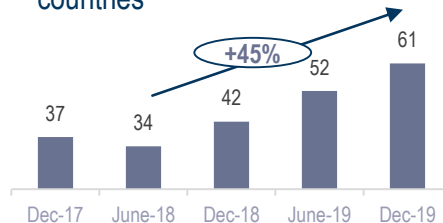
Attract and develop talent

Spread culture through mobility

Reward

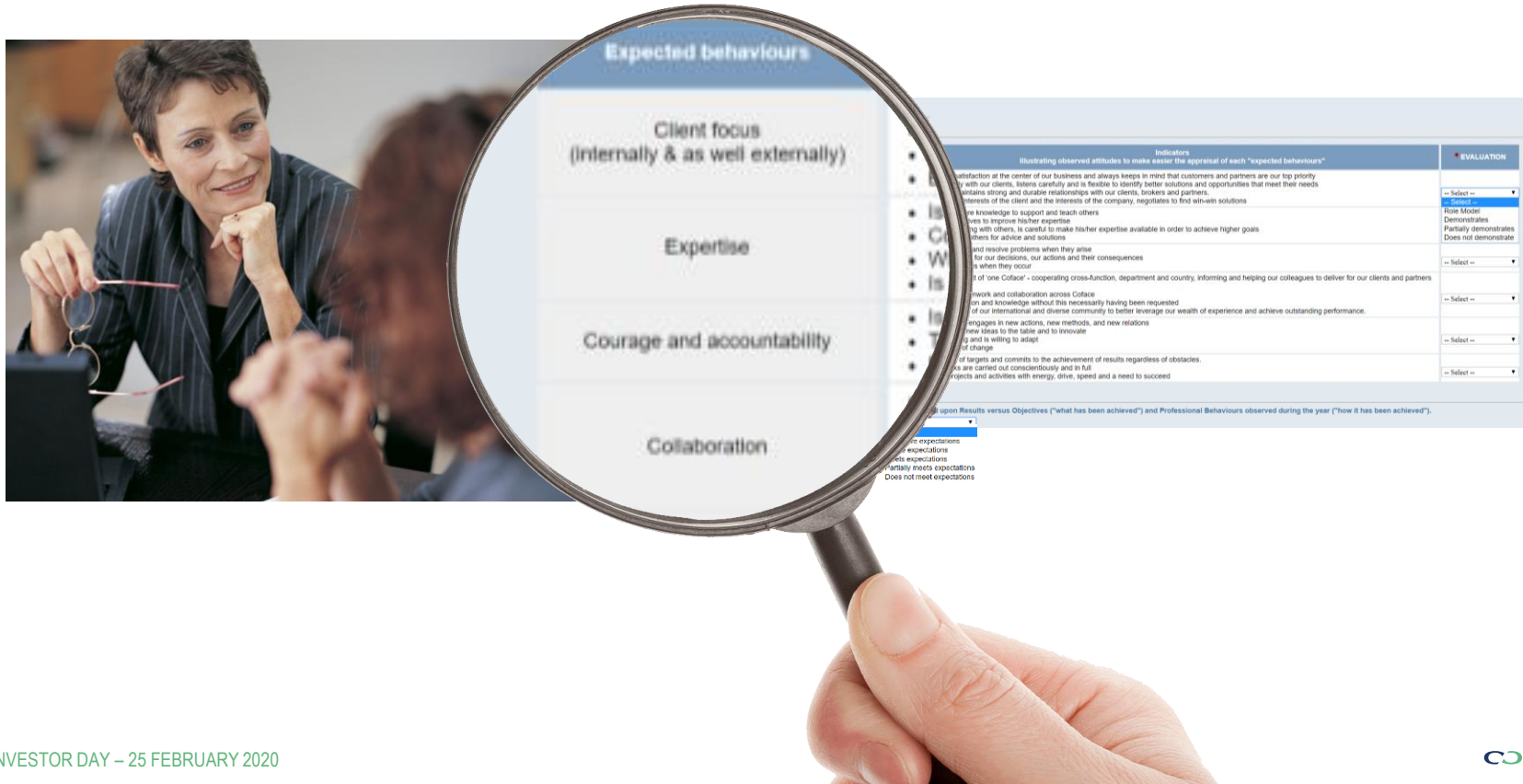
- **Attract new skills & leverage existing competencies**
 - 83 new top managers recruited
 - 39 top managers promoted
- **Enhance set of skills:**
 - 500+ managers in a leadership programme
 - 100 CGS account managers in a customer excellence programme
 - Commercial school

- 61 ongoing expat assignments in 19 countries



- 29 new ones in 2019 (x2.5 vs last 3 years average)
- 73% of expats are non-French

- **Create awards specifically based on our values**
- **Incorporate behaviour and culture as full fledge components of our assessments**



Expected behaviours

Client focus
(internally & as well externally)

Expertise

Courage and accountability

Collaboration

Indicators	EVALUATION
Illustrating observed attitudes to make easier the appraisal of each "expected behaviour"	
<ul style="list-style-type: none"> • satisfaction at the center of our business and always keeps in mind that customers and partners are our top priority • ly with our clients, listens carefully and is flexible to identify better solutions and opportunities that meet their needs • maintains strong and durable relationships with our clients, brokers and partners. • interests of the client and the interests of the company, negotiates to find win-win solutions • has the knowledge to support and teach others • strives to improve his/her expertise • working with others, is careful to make his/her expertise available in order to achieve higher goals • offers for advice and solutions • and resolve problems when they arise • for our decisions, our actions and their consequences • is when they occur • is part of 'one Coface' - cooperating cross-function, department and country, informing and helping our colleagues to deliver for our clients and partners • network and collaboration across Coface • tion and knowledge without this necessarily having been requested • of our international and diverse community to better leverage our wealth of experience and achieve outstanding performance. • engages in new actions, new methods, and new relations • new ideas to the table and to reinvent • ing and is willing to adapt • of change • of targets and commits to the achievement of results regardless of obstacles. • As are carried out conscientiously and in full • projects and activities with energy, drive, speed and a need to succeed 	<p>-- Select --</p> <p>How Meets</p> <p>Demonstrates</p> <p>Partially demonstrates</p> <p>Does not demonstrate</p> <p>-- Select --</p> <p>-- Select --</p> <p>-- Select --</p> <p>-- Select --</p>

Q&A

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CREATING VALUE THROUGH GROWTH

THIBAUT SURER

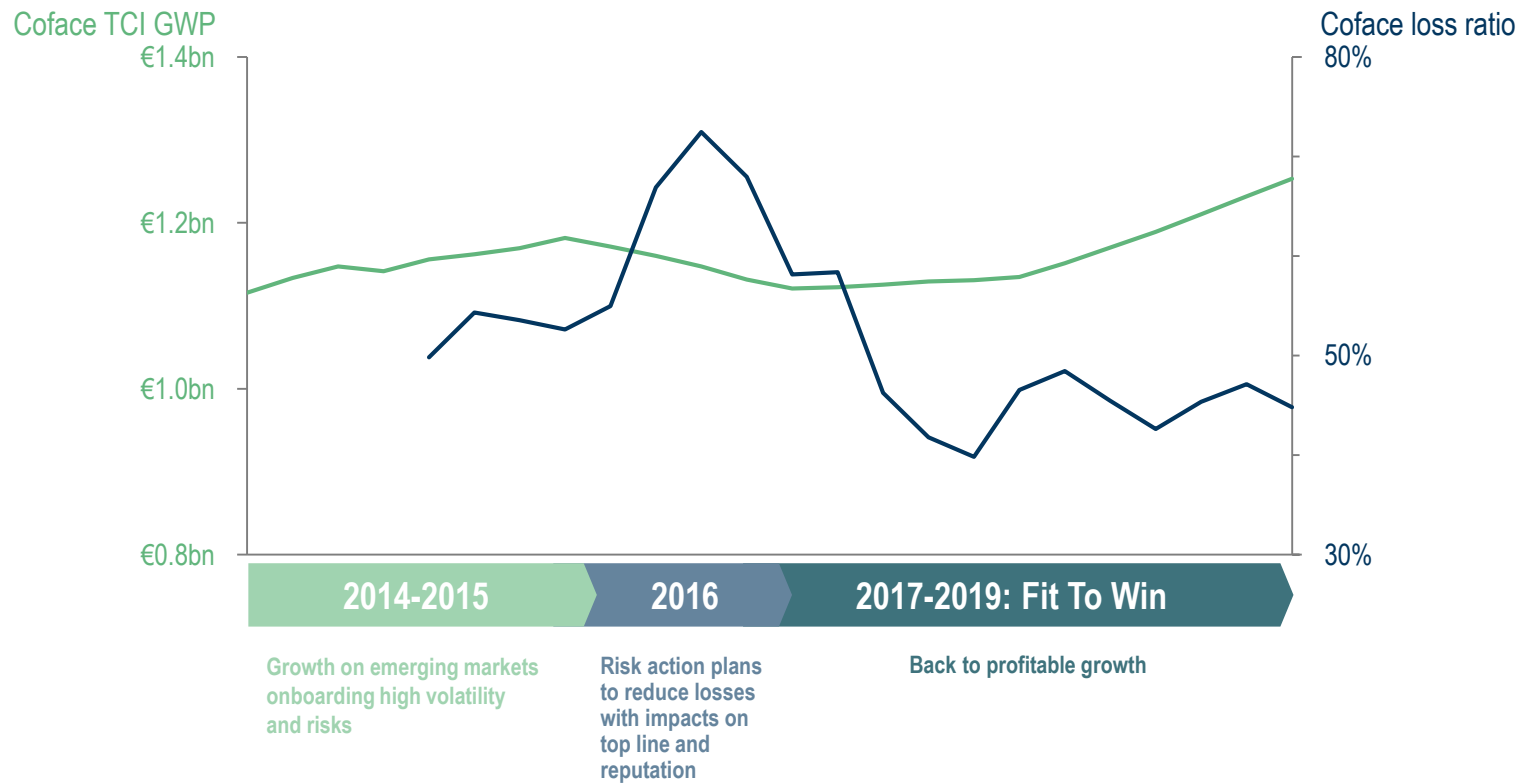
STRATEGY & BUSINESS DEVELOPMENT DIRECTOR

NICOLAS GARCIA




COMMERCIAL DIRECTOR

—










GWT | FTW PUT COFACE BACK ON THE PATH TO PROFITABLE GROWTH




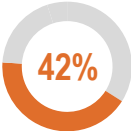

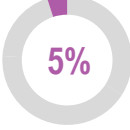
WITH FTW, WE IMPLEMENTED A DIFFERENTIATED GROWTH STRATEGY

Market clusters	Illustrative initiatives	'16-'19 Impact	
		Growth	Loss Ratio Δ
STABLE MATURE MARKETS	<ul style="list-style-type: none"> Germany commercial structure redeployment Referral and distribution partnerships Hubs in Adriatics and Baltics; PKZ acquisition 	High	
UNDERPENETRATED ADVANCED ECONOMIES	<ul style="list-style-type: none"> Internalized agent network in the US Developed Japanese solutions in Asia Centralized broker relationships into Broker Desk 	Low	
HIGHLY VOLATILE MARKETS	<ul style="list-style-type: none"> Reviewed risk appetite: cancelled 200+ loss making policies Enhanced underwriting structures 	Medium	

WE WILL CONTINUE TO DRIVE DIFFERENTIATED GROWTH STRATEGIES

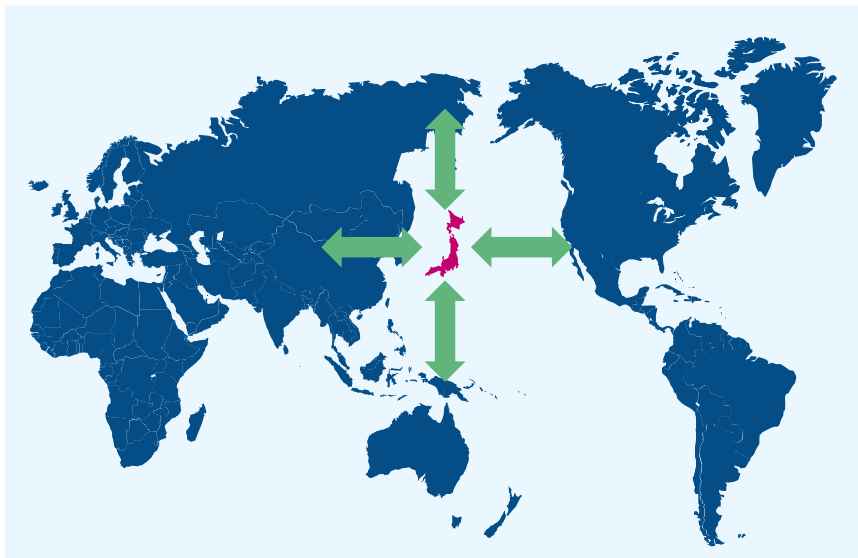
Market clusters	Example	Weight in TCI Revenue	Guidance	'19-'23 annual growth rate
STABLE MATURE MARKETS	 	 65%	<ul style="list-style-type: none"> • Drive multichannel distribution in Mid-Market • Leverage distribution partnership to further penetrate SMEs • Grow Financial institution revenue 	+
UNDERPENETRATED ADVANCED ECONOMIES	 	 14%	<ul style="list-style-type: none"> • Reach natural market share • Target specific segments by adapting offer and distribution 	+++
HIGHLY VOLATILE MARKETS	 	 21%	<ul style="list-style-type: none"> • Build a long term presence: underwriting expertise, partnerships, reputation, ... • Strengthen service for CGS • Defend leadership position 	++

TARGET ALL SEGMENTS OF CLIENTS WITH ADAPTED STRATEGIES

Client segments	Weight in TCI Revenue	Guidance
INTERNATIONAL GROUPS	 34%	<ul style="list-style-type: none">• Providing worldwide coverage: e.g. Japanese solutions• Invest in quality of service• Increase penetration in key geographies
MID-MARKET	 42%	<ul style="list-style-type: none">• Offer insurance cover and advisory on domestic and export trade• Invest in multi-channel distribution• Roll out sales force effectiveness
SMES	 19%	<ul style="list-style-type: none">• Provide simple, user-friendly products• Combine digital investment with distribution partnerships
FINANCIAL INSTITUTIONS	 5%	<ul style="list-style-type: none">• Develop relationships with select financial institutions

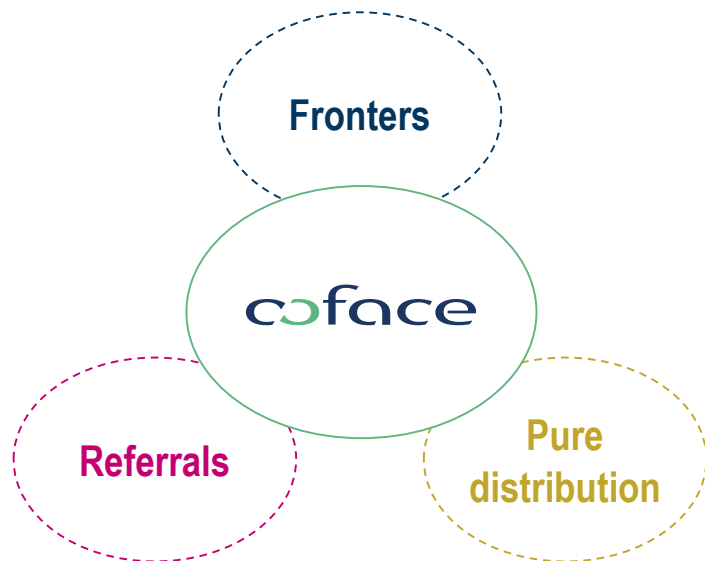
300+ JAPANESE CORPORATIONS WITH GLOBAL REACH ...

... ADDRESSED SPECIFICALLY



- Support Japanese Groups worldwide
- Central coordination with local support
- Native Japanese staff worldwide
- 75% of revenue made outside Japan

3 TYPES OF DISTRIBUTION PARTNERS ...



... WITH A SOLID TRACK RECORD

- A proven expertise for more than 30 years
- Contributes to Coface global reach
- High growth and transformation rate
- Win-Win relationship

DEVELOP SELECT ADJACENT SPECIALTY BUSINESSES TO GROW BEYOND TCI

Adjacent specialty businesses provide significant synergies (capital, risk knowledge, client upsell, shared infrastructure and expertise) while diversifying and mitigating risks

We will focus on:

- Driving profitable growth in Factoring
- Organically growing our Bonding and Single Risk franchises
- Grow on core information business and explore new business models in B2B services

We will earmark capacity to finance potential growth, including opportunistic acquisition of businesses and/or critical skills

REVENUE IN TCI-ADJACENT SPECIALTY BUSINESSES EXCEEDED €180M IN 2019

	2019 Revenue €m	Footprint	Developments and current status
FACTORING	64	Germany and Poland	<ul style="list-style-type: none"> • Part of the top 3 Factoring players in Germany with 13% market share in a growing industry • RoE deterioration: lack of commercial focus, adverse refinancing conditions and regulatory environment
SINGLE RISK AND BONDING	76	Mainly in Europe	<ul style="list-style-type: none"> • Amongst the top bonding players in Italy with 8% market share. Growing business in France and in Germany. • Historical presence in single risk with Unistrat. Redefined Coface risk appetite in 2017. Improved performance
INFORMATION AND SERVICES	41	Present in over 50 countries	<ul style="list-style-type: none"> • Leadership positions in Eastern Europe and Israel • Recent developments focused on cross-selling information reports and scores to existing TCI clients

COFACE HAS KEY ASSETS TO STAND OUT IN ADJACENT SPECIALTY BUSINESSES

	Coface assets to leverage	Strategic directions
FACTORING	<ul style="list-style-type: none"> • Multi-jurisdiction presence • Expertise on debtor risk assessment • International information and debt collection infrastructure 	<ul style="list-style-type: none"> • Develop cross-border factoring and niche solutions • Cross-sell TCI and factoring offers • Manage capital efficiency and restore RoE
SINGLE RISK AND BONDING	<ul style="list-style-type: none"> • Long standing experience in bonding and single risk • Expertise in risk assessment • Relationships with brokers, agents and banks 	<ul style="list-style-type: none"> • Grow bonding in existing and new markets, including bonding reinsurance • Develop single risk revenues within existing risk appetite
INFORMATION AND SERVICES	<ul style="list-style-type: none"> • International information database and specific IT infrastructure • Expertise to transform data into insights • Coface brand and image 	<ul style="list-style-type: none"> • Deliver “intelligent decisioning”: information products and advisory services, on an international scope, embedding Coface risk expertise and economic research • Explore new business models and partnerships to reduce cost of production and expand distribution

Build on unique information assets ...



Deep and extensive data set of B2B information

- Unique data patrimony: 70m companies
- Connected with 100+ Information Providers

Renowned expertise to transform raw data into value adding insights

- Enriched data through analytics and predictive models used for TCI

Worldwide sales and delivery capacity

- Global coverage: Sales in 50 countries. Leadership positions in Eastern Europe and Israel
- Solid IT system used for own TCI operation
- Solid Brand: €41m revenue in 2019

... to accelerate revenue growth



Expand data coverage and increase quality

- Build partnership with Information Providers combining production and distribution
- Explore alternative data sources: open data

Enhance data processing to increase value added

- Develop business oriented insights to better address specific segment: FI, large accounts

Upgrade sales and delivery capabilities

- Develop partnerships to address new use cases: Debt collection, compliance, marketing
- Build API delivery capabilities
- Dedicate Sales FTEs

REALIZING US POTENTIAL

OSCAR VILLALONGA

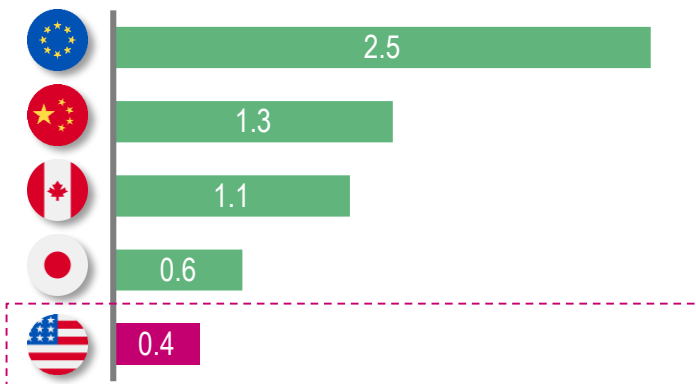
NORTH AMERICA CEO

BIG MARKET OPPORTUNITY WITH RISING APPETITE FOR TCI

TCI is significantly under-penetrated in the US

TCI penetration index

*Market value * 10,000 / GDP*

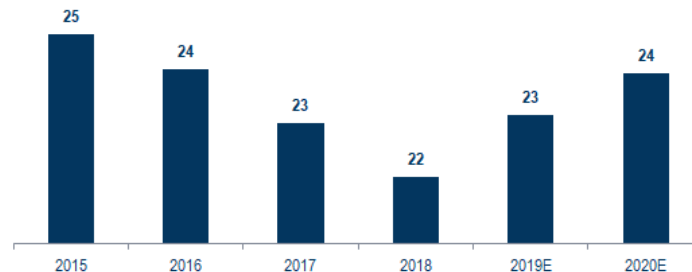


- US TCI market growing at **2.1% p.a. since 2014**
- Exports at a relatively low level of 14% of GDP
- A large appetite for **credit information**

Risk environment is at a turning point

Corporate insolvencies in the US

Thousands of insolvencies, 2015-2020E



- **Mixed growth signals in the U.S**
- Insolvencies are expected to rise

US | FIT TO WIN HAS LEAD TO MANY SUCCESSES

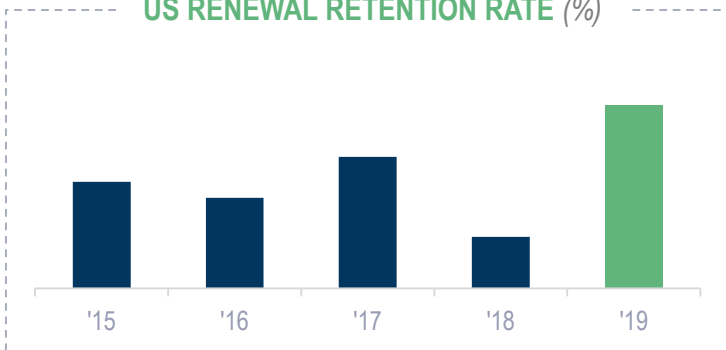
LOSS RATIO (%)



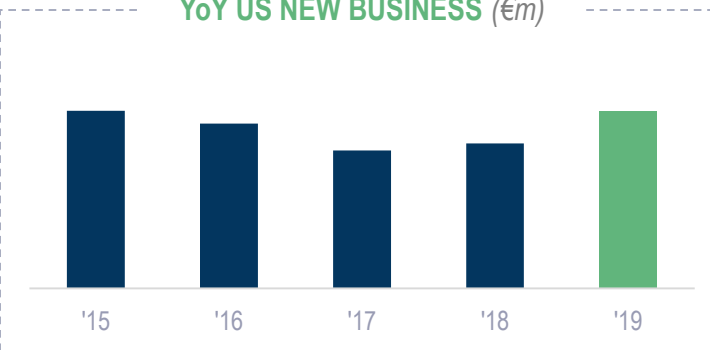
REVAMP THE ORGANIZATION

- Loss mitigation turnaround
- Channel & account management internalization
- Commercial innovation of CGS & Japanese desk

US RENEWAL RETENTION RATE (%)

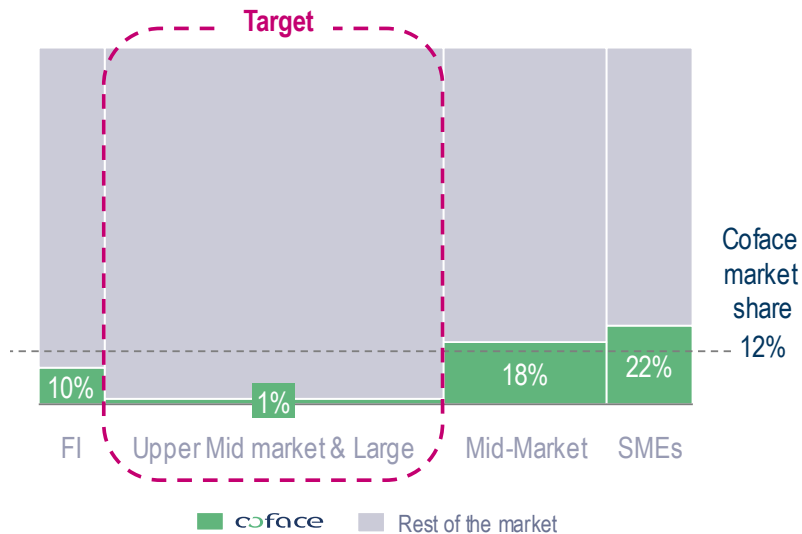


YoY US NEW BUSINESS (€m)



INVEST IN UPPER MID-MARKET AND REGAIN “NATURAL” MARKET SHARE

Coface market share* in the US by client revenue size
€m, 2018



- Build on solid #2 position
... provider of Choice
- Nurture traditional SME & Mid-Market
... grow Upper Mid-Market
- Target markets & sectors
... that drive growth

* Excluding non US based CGS clients

US | 4 PILLARS TO DRIVE MARKET SHARE



THE GERMAN FACTORING OPPORTUNITY

KATARZYNA KOMPOWSKA

NORTHERN EUROPE CEO

—

FACTORING AT COFACE GENERATES €64M REVENUE, MOSTLY IN GERMANY

Coface Factoring

2019 figures



	Germany	Poland
Purchased receivables	€31bn	€4bn
Net banking income	€57m	€8m
Operational income	€14m	€4m
<i>as % of NBI</i>	22%	44%
ROE	~7%	
Number of clients	c.1,050	
Number of debtors	c. 95 K	
FTE	118	

➤ ~5% of Coface revenue and ~8% of operating income

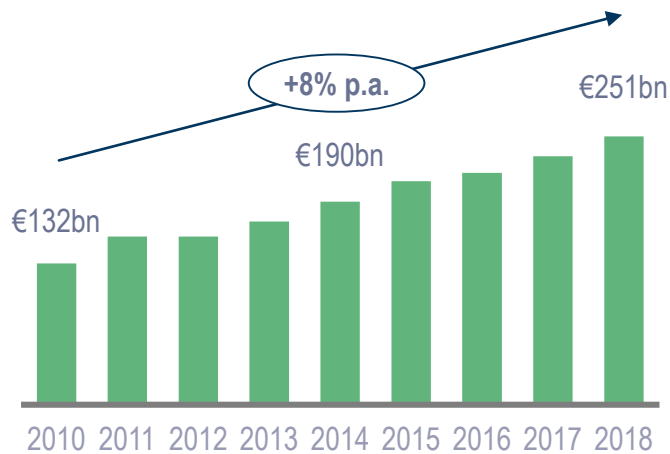
➤ RoE currently below target

➤ Efficient operations, synergetic with TCI

COFACE IS WELL POSITIONED ON THE GROWING GERMAN FACTORING MARKET

German Factoring market – Purchased Receivables

In €bn, Germany, 2010-2018



Penetration* increased from 5.3% to 7.1%
Europe: ~11% – France: ~14%

- ~13% market share: in the Top 3
- Leading in export and cross-border factoring
- 15 years of operations: strong competitive edge thanks to synergies with Coface TCI business

* Computed as purchased receivables / GDP

Source: German and European factors associations, IMF

STRONG ASSETS WITHIN COFACE

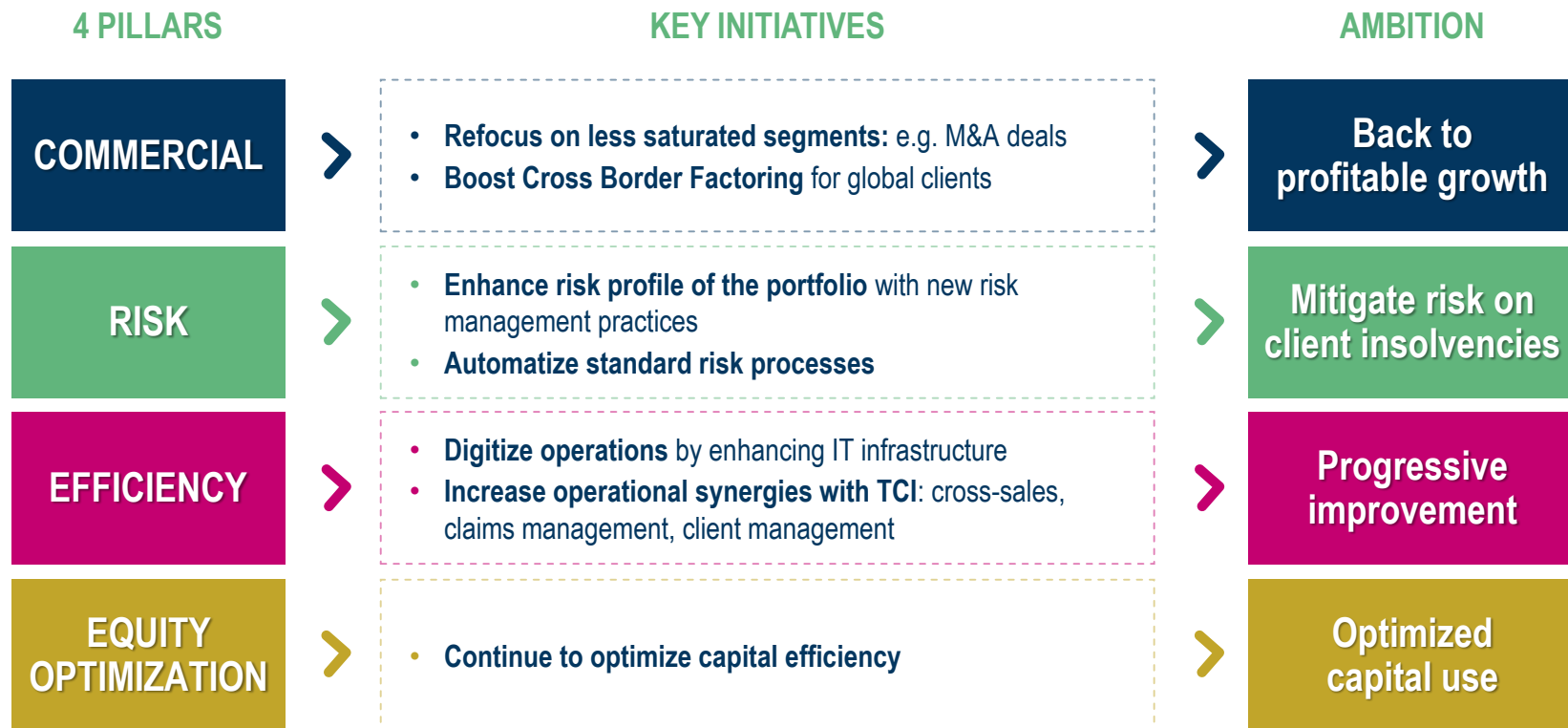
- Unique international reach: 100+ export coverage and cross-border capabilities in 19 jurisdictions
- Strong risk assessment capabilities combined with extended information and debt collection capacities
- A large and under-tapped TCI client basis, especially international companies
- A solid IT infrastructure to better leverage

A NEW MANAGEMENT TEAM

Recruited top executive team from the German leader

- 20 years of collaboration in the industry
- Solid expertise and leadership addition to Coface
- Well integrated into Coface Governance and culture
- Fully aligned on the plan

COFACE HAS STARTED TO SEIZE THE FACTORING OPPORTUNITY



- Coface is **the only trade credit insurance** provider in Germany to offer factoring
- It is a key differentiator and an opportunity **to leverage major synergies** with TCI core business
- Building on investments and transformations, it will become **a strong contributor to profit**

**BEING PROFITABLE
IN THE LONG TERM**

CARINE PICHON

CFO & RISK DIRECTOR

—

FIN | BTL WILL DRIVE MORE PROFITABILITY IN THE LONG TERM

MARKET TRENDS

- Slowing economy
- More volatile & unpredictable events
- Rise of “zombies” companies
- Underlying technology shifts
- Rising climate related events

RISKS & OPPORTUNITIES

- Lower client activity
- Rising delinquencies
- Bigger “surprise” events
- Stronger demand
- Need for financing
- Pricing opportunity

RESPONSE

- Improved & disciplined risk management
- Better sales & operational efficiency
- Select growth investments
- Strong balance sheet

FIN | ACTIVATE MULTIPLE VALUE LEVERS IN A SLOWING ENVIRONMENT

MARKET REALITY

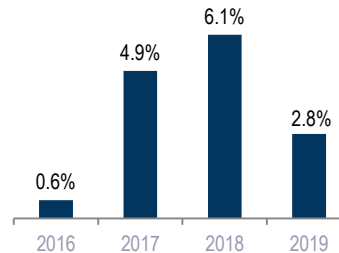
TRADE CREDIT INSURANCE

Insured turnover growth is an important driver of Coface's top line

Tied to economic cycle

Expected to slow down in years '20 & '21

Client activity growth



GROWTH LEVERS

Improved commercial efficiency

Select geographies

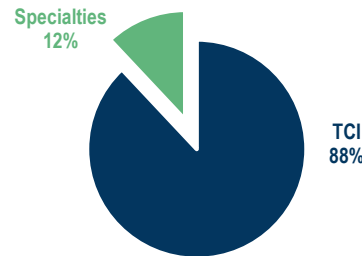
Proactive pricing

Quality of service

SPECIALTIES

Specialties are mostly capital light

They leverage TCI infrastructure

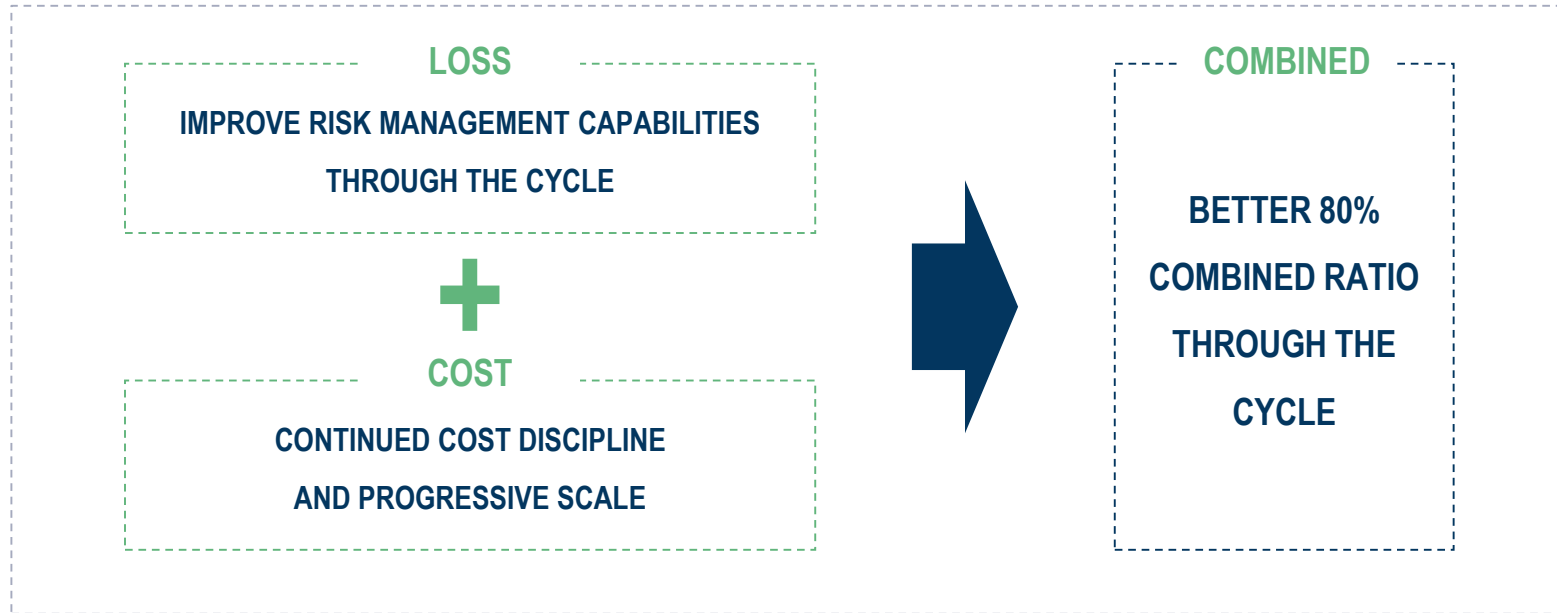


Turn factoring around

Grow bonding and Single Risk in select markets

Accelerate capital-light revenues

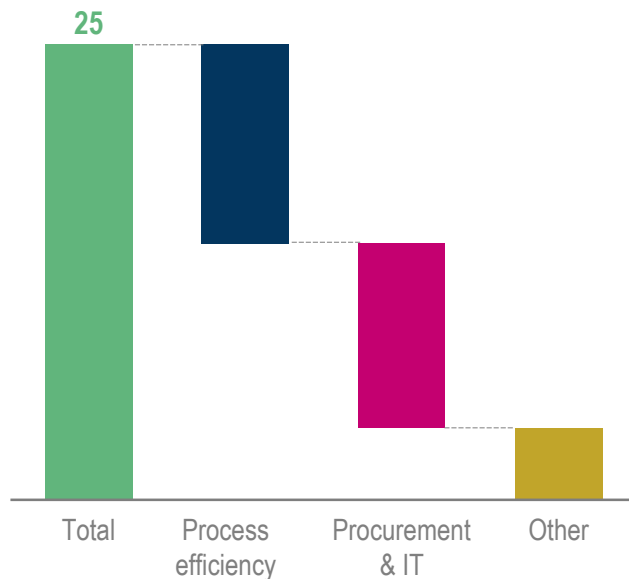
FIN | UPGRADED COMBINED RATIO THROUGH THE CYCLE



FIN | BTL WILL DRIVE €25M ADDITIONAL SAVINGS ...

Run-rate savings projection by 2023

€m, worldwide



- Simplification and digitization: ActX, GlobaLiner
- Increase mutualisation: Shared Service centers
- Optimize Finance operating model

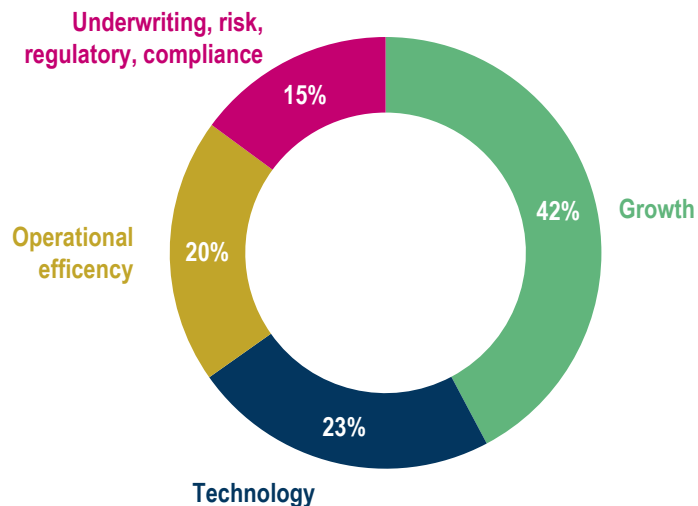


- Centralize and standardize supplier contracting
- Rationalize IT outsourcing



- Local efficiency initiatives

'20-'23 areas of investment
% of investments, excl. acquisitions



US commercial excellence, Factoring, Bonding, ...



IT and tools standardization



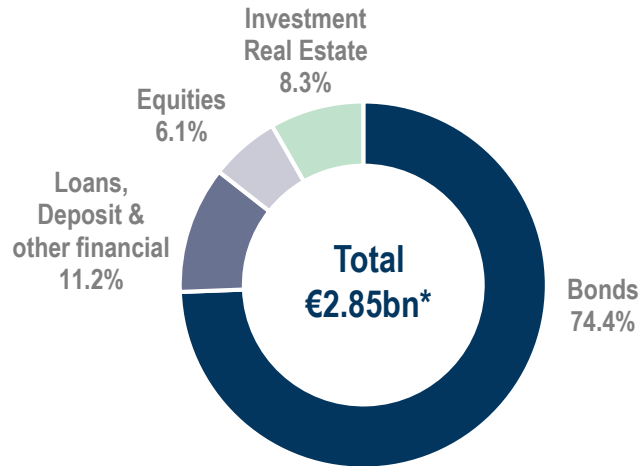
Shared Service Centers, Germany Orgashaker, ...



IFRS 17 & 19, DataLab, Compliance, ...

FIN | STABLE FINANCIAL INVESTMENT STRATEGY THROUGH THE PLAN

Portfolio allocation
%



Fit to Win optimized asset allocation framework

- Took mitigating actions within our risk framework
- Reaping full benefit from increased real estate allocation
- Optimized cash position

We'll maintain investment discipline

- Not chase yield to the detriment of risk volatility

With increased focus on ESG

- 80% of portfolio has ESG rating
- Divested assets with the lowest ESG rating (G)

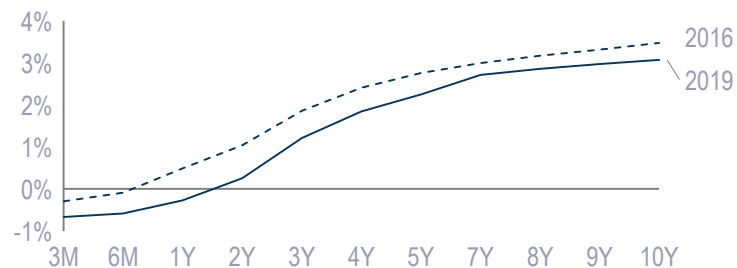
Higher return on capital allocated to operations than on financial investments

* Excludes investment in non-consolidated subsidiaries

FIN | PORTFOLIO RETURN WILL HAVE A LOWER CONTRIBUTION TO OPERATING PROFIT

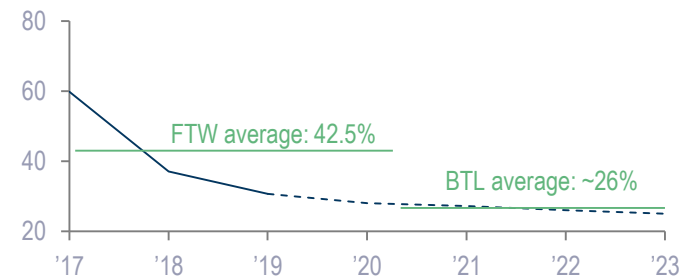
EIOPA interest rates by maturity

%



Investment income contribution to earnings

% of net profit



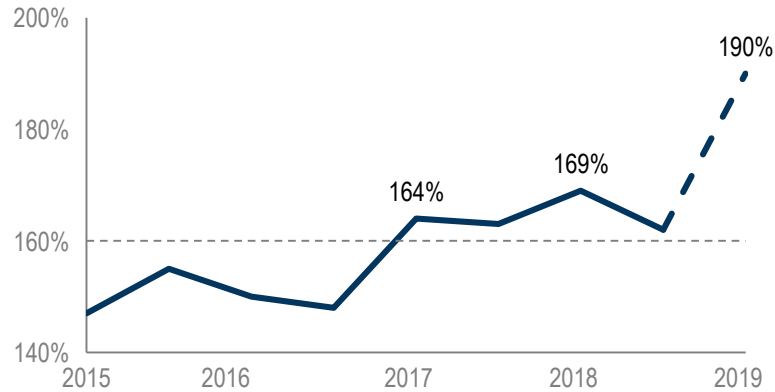
Investment world has become more challenging

- Interest rates coming down across the board
- Sovereign rates now negative along the curve in core Eurozone
- Corporate credit spreads remain stable but at a low level

Investment income contribution to RoATE will be lower than during Fit to Win (c. 100 bps)

FIN | WE RETURNED €390M TO SHAREHOLDERS IN 4 YEARS

IMPROVED SOLVENCY RATIO



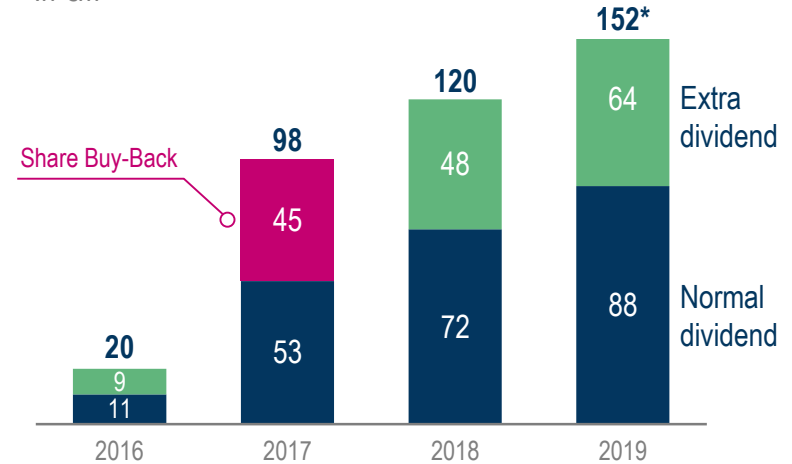
Optimized reserving and solvency formulas

Restructured reinsurance treaty:

- Quota share at 23%
- Split and extended terms, reviewed stop loss

RETURNED EXCESS CAPITAL TO SHAREHOLDERS

In €m



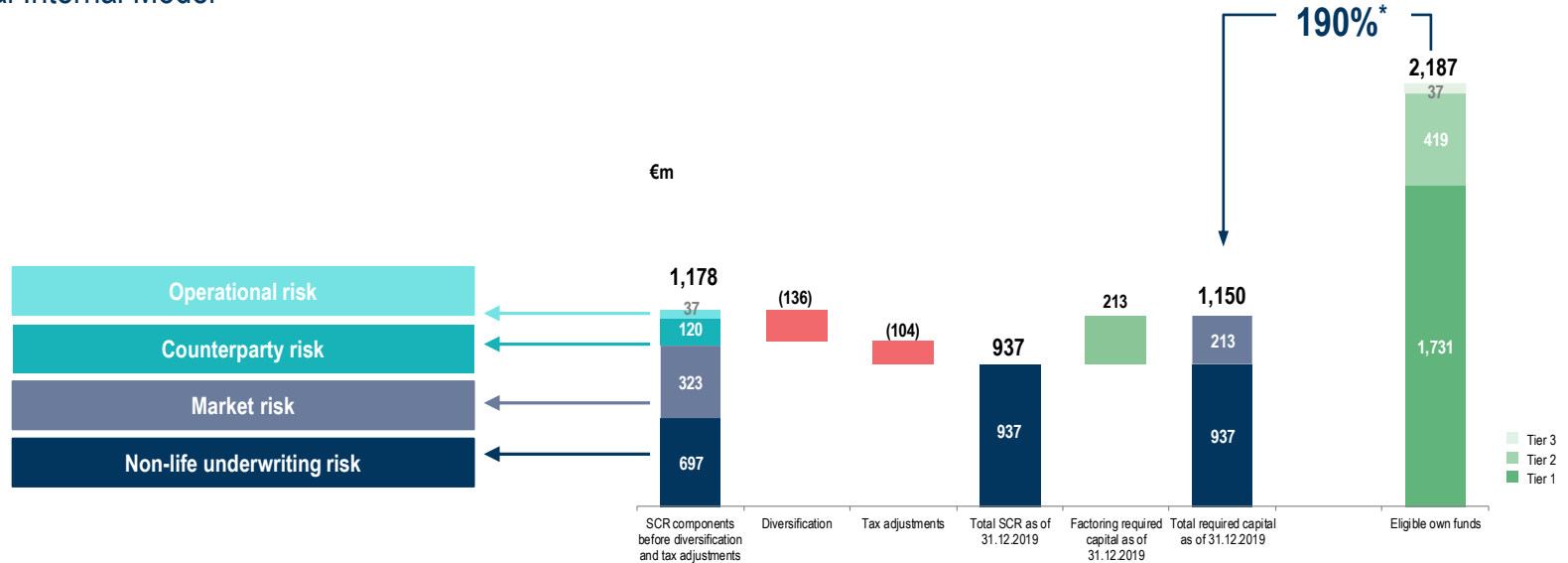
Paid out 100% of profit in '17, '18 and '19

More than 100% total shareholder return

* The proposed distribution is subject to approval by the general shareholders meeting on 14 May 2020

FIN | NEW CAPITAL REQUIREMENT IS CLOSER TO ECONOMIC REALITY

Partial Internal Model



Total solvency ratio computed by comparing the sum of SCR and Factoring required capital to the total available own funds eligible under Solvency II

SCR calculation

- 1 year time horizon; measures maximum losses in own funds with a 99.5% confidence level

Factoring required capital

- 10.5% x RWA (RWA computed based on standard methodology)

* The estimated Solvency ratio disclosed in this presentation is a preliminary calculation based on Coface's interpretation of Solvency II ; final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.

3 YEARS EFFORT

- Team of 80 experts throughout the organization involved
- 3,000 segments analyzed over 20 years+ of history
- Over 500k simulations



DELIVERING MAJOR RISK IMPROVEMENTS

- Differentiate growth appetite per segment / product
- Review pricing based on client profile
- Better define the risk tolerance
- More accurate forecasting
- Optimized the reinsurance scheme

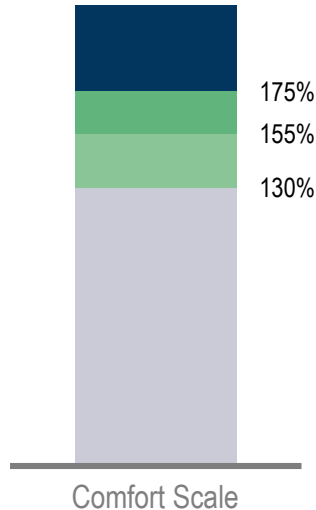


OPTIMIZING CAPITAL NEEDS

- Will support organic growth
- Room for bolt-on M&A
- Attractive capital return profile with higher payout

FIN | BTL IMPROVES PAYOUT TARGET TO 80% FROM 60%

Coface comfort scale
%



Strong balance sheet supports business growth

- High rating profile
- Healthy top line prospects during Build to Lead
- Potential for bolt-on M&A following successful PKZ and GIEK Kredit transactions
- Lower reinsurance cession rate

Significant uncertainty remains

- Future economic cycle is uncertain

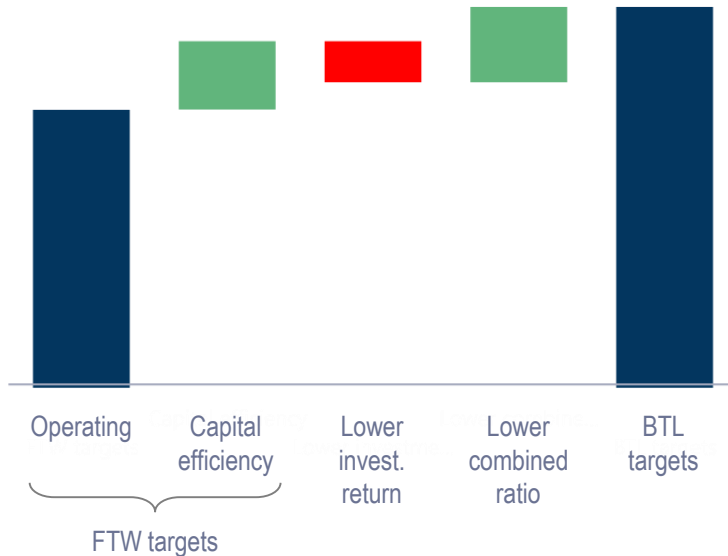
New target range

- Revised at the request of French regulator (ACPR) following the announced change in Coface shareholding

**Targeting a $\geq 80\%$ distribution ratio
over the plan**

FIN | INCREASING ROATE TARGET THROUGH THE CYCLE TO 9.5%

Coface through the cycle RoATE ambitions
%



Core business will further improve its efficiency

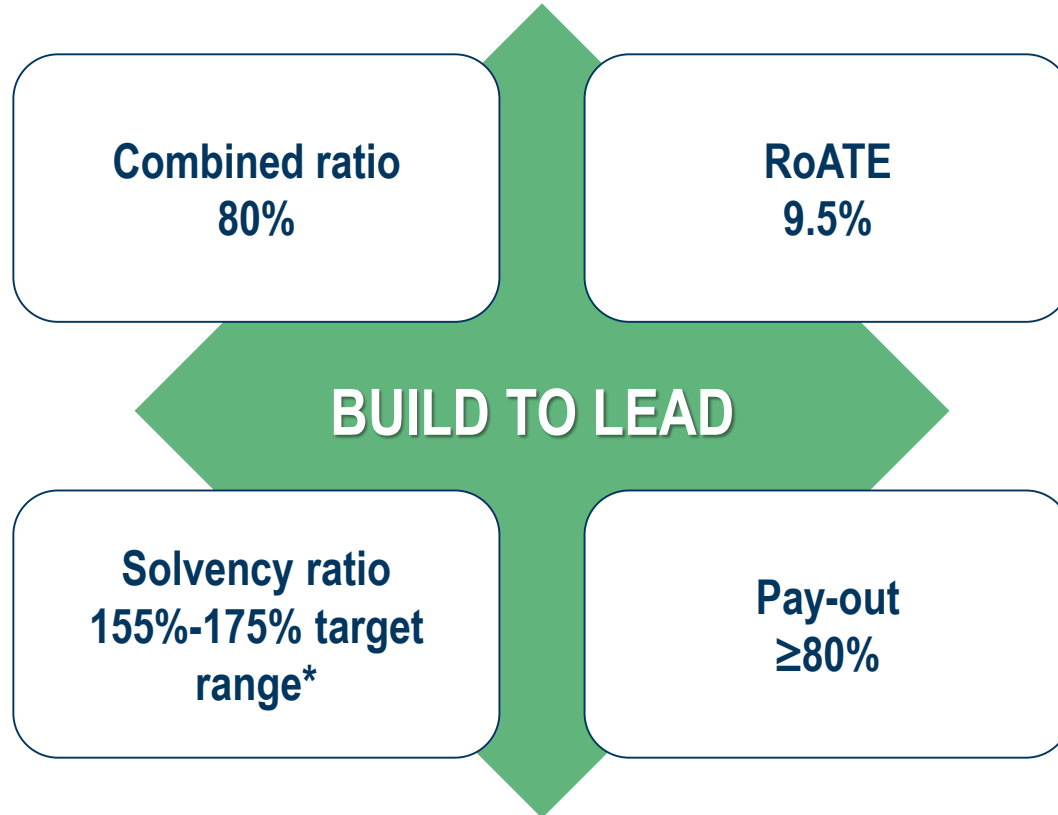
- 80% combined ratio target
- Partial Internal Model utilization
- Growing service revenues
- Factoring turnaround

Additional optionality exists

- Potential M&A
- Factoring capital efficiency

While mitigating expected headwinds

- Slower long term growth
- Lower investment income



* New target range revised at the request of French regulator (ACPR) following the announced change in Coface shareholding

Q&A

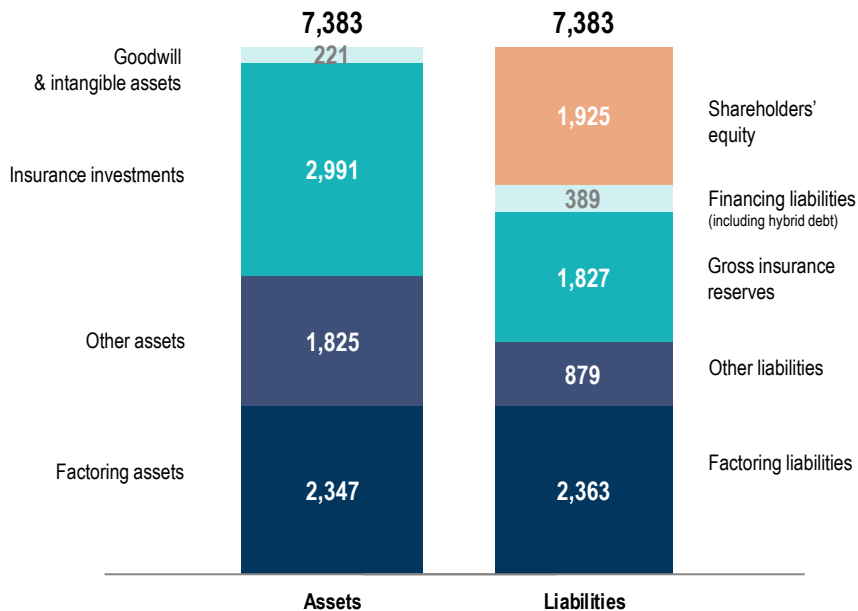
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APPENDICES

SOLID BALANCE SHEET

2019 simplified balance sheet

In €m



- ▶ Shareholders' equity reaches record high on profitability and higher invested assets values
- ▶ **IFRS 17 "Insurance contracts"**
 - Project progressing as planned
- ▶ **Financial strength affirmed**
 - Fitch: AA-, stable outlook rating affirmed on 10 July 2019
 - Moody's: A2, stable outlook credit opinion updated on 21 October 2019
 - AM Best: A, stable outlook Rating assigned on 24 February 2020

UNCHANGED CRITERIA TO SELECT OUR REINSURERS

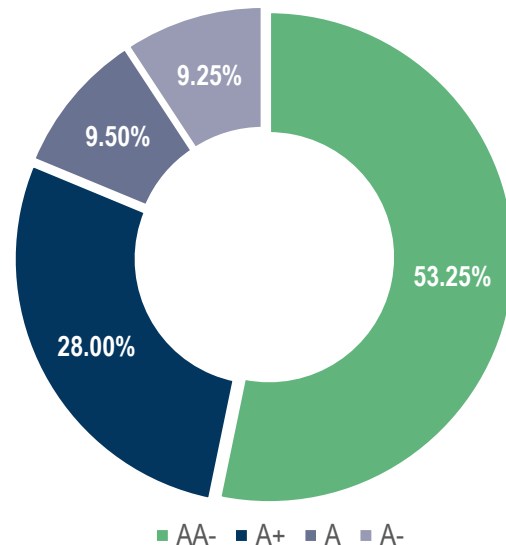
The presence in our reinsurance panel remain subject to the same selection criteria (in declining order):

- Ratings from S&P and other rating agencies
- The rank of the risk carrier
- The quality of the relationship with Coface
- The country of the shareholders / owners
- The long-term involvement in the business ceded
- An eventual listing on the stock market

Concentration:

- An individual reinsurer's share cannot go beyond a certain limit

AVERAGE RATING OF OUR REINSURERS PANEL
(in 2019)

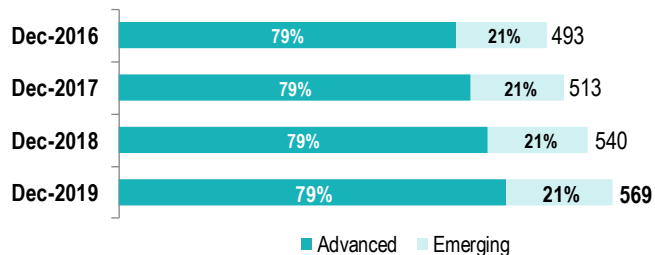


EXPOSURE IN EM MAINTAINED AT A STABLE SHARE

Total exposure up 5.3% vs prior year, growing less than premiums

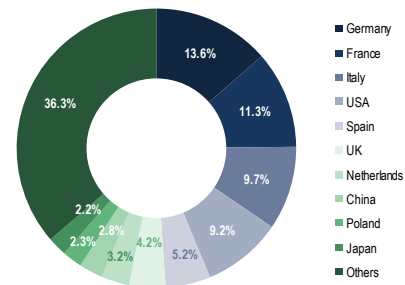
Evolution of total exposure¹ by country of debtor

In €bn

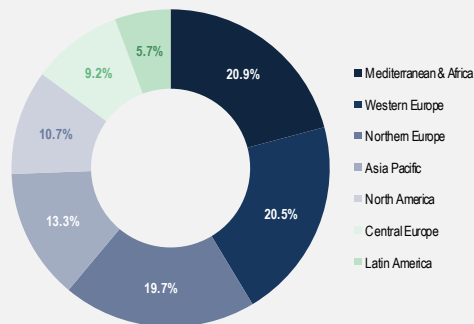


FY-2019 total exposure¹ – Top 10 countries vs. others

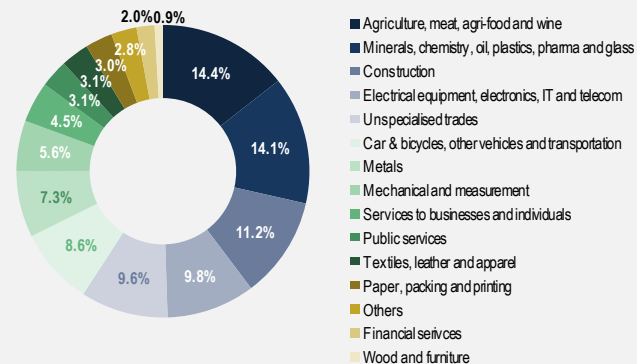
In %



FY-2019 total exposure¹ by region



FY-2019 total exposure¹ by debtors' trade sector



¹ Insured receivables: theoretical maximum exposure under the group's insurance policies : €569.2bn as of 31/12/2019 vs €540.5bn as of 31/12/2018

COMBINED RATIO CALCULATION

▶ Combined ratio before reinsurance

$$\text{loss ratio before reinsurance } \frac{(B)}{(A)} + \text{cost ratio before reinsurance } \frac{(C)}{(A)}$$

▶ Combined ratio after reinsurance

$$\text{loss ratio after reinsurance } \frac{(E)}{(D)} + \text{cost ratio after reinsurance } \frac{(F)}{(D)}$$

Ratios	FY-2018	FY-2019
Loss ratio before reinsurance	44.2%	43.4%
Loss ratio after reinsurance	45.1%	45.0%
Cost ratio before reinsurance	35.9%	34.4%
Cost ratio after reinsurance	34.5%	32.7%
Combined ratio before reinsurance	80.0%	77.8%
Combined ratio after reinsurance	79.6%	77.7%

In €k	FY-2018	FY-2019
Earned Premiums		
Gross earned premiums [A]	1,142,608	1,235,597
Ceded premiums	(327,541)	(353,585)
Net earned premiums [D]	815,067	882,012
Claims expenses		
Claims expenses [B]	(504,509)	(536,247)
Ceded claims	124,537	126,829
Change in claims provisions	12,211	12,622
Net claims expenses [E]	(367,762)	(396,797)
Technical expenses		
Operating expenses	(658,219)	(677,138)
Employee profit sharing sharing and incentive plans	6,219	7,038
Other revenue	242,127	245,491
Operating expenses, net of revenues from other services before reinsurance [C]	(409,872)	(424,609)
Commissions received from reinsurers	128,666	136,172
Operating expenses, net of revenues from other services after reinsurance [F]	(281,207)	(288,437)

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MANAGEMENT TEAM

GROUP CENTRAL FUNCTIONS

Xavier DURAND
CEO



30+ years of international experience in regulated financial services
Working for Coface since 2016

Pierre BEVIERE
Human Resources Director



25+ years of experience in insurance & related services
Working for Coface since 2017

Nicolas de BUTTET
Transformation Office Director



15+ years of experience in credit insurance
Working for Coface since 2012

Cyrille CHARBONNEL
Underwriting Director



25+ years of experience in credit insurance
Working for Coface since 2011

Nicolas GARCIA
Commercial Director



20 years of experience in credit insurance
Working for Coface since 2013

Carole LYTTON
General Secretary



30+ years of experience in credit insurance
Working for Coface since 1983

Carine PICHON
CFO & Risk Director



15+ years of experience in credit insurance
Working for Coface since 2001

Keyvan SHAMSA
Business Technology Director



25+ years of experience in financial market information systems
Working for Coface since 2018

Thibault SURER
Strategy & Business Development Dir.



25+ years of experience in financial services
Working for Coface since 2016

REGIONAL FUNCTIONS

Carmina ABAD SANCHEZ
Latin America CEO



30+ years of experience in the insurance industry
Working for Coface since 2018

Declan DALY
Central Europe CEO



25 years of experience in financial services and manufacturing
Working for Coface since 2017

Bhupesh GUPTA
Asia Pacific CEO



25 years of international experience in credit, origination and risk
Working for Coface since 2016

Katarzyna KOMPOWSKA
Northern Europe CEO



25 years of experience in credit insurance & related services
Working for Coface since 1990

Antonio MARCHITELLI
Western Europe CEO



20 years of experience in insurance
Working for Coface since 2013

Cécile PAILLARD
Mediterranean & Africa CEO



15+ years of experience in insurance
Working for Coface since 2017

Oscar VILLALONGA
North America CEO



20+ years of experience in financial services
Working for Coface since 2019

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Participants should read the financial statements for the period ending 31 December 2019 and complete this information with the Registration Document for the year 2018. The Registration Document for 2018 was registered by the *Autorité des marchés financiers* ("AMF") on 3 April 2019 under the number D.19-0261. These documents all together present a detailed description of the Coface Group, its business, strategy, financial condition, results of operations and risk factors.

This presentation contains certain forward-looking statements. Such forward looking statements in this presentation are for illustrative purposes only. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on Coface Group's current beliefs, assumptions and expectations of its future performance, taking into account all information currently available. The Coface Group is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document.

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