



PRESS RELEASE

COFACE SA launches Power the Core, its 2024-2027 strategic plan with a view to develop a global ecosystem of reference for credit risk management

Paris, 4 March 2024 – 18.15

- **Power the Core will build upon the successes of the previous strategic plans. Coface has laid strong foundations which will support its development. It has indeed:**
 - Built a best in industry risk infrastructure
 - Developed a high-performance sales organisation in key markets
 - Simplified its operating model
 - Established Business Information services (BI) foundations
 - Defined a clear Corporate Social Responsibility roadmap
 - Nurtured a strong leadership culture
- **The new plan will deepen and broaden the quality of Coface's franchise. Its targets are, in particular, to:**
 - Reach data and technology excellence
 - Deepen and broaden Coface's historical Trade Credit Insurance (TCI) franchise
 - Grow profitably Business Information services at double digit growth rate
 - Leverage its unique culture of a human-sized multinational with a strong commitment to sustainability
- **Coface, again, raises its through-the-cycle financial targets:**
 - **An undiscounted combined ratio at ~78% through-the-cycle, a 2 pts improvement** compared to Build to Lead
 - **A RoATE of 11.0% through-the-cycle, an increase of 1.5 pt** at the current level of interest rate environment
 - **A solvency ratio towards the upper end of the 155%-175% target range with a payout ratio of at least 80%**
 - **An additional contribution from Business Information services to group RoATE of 50bp starting in 2027**

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

"The numerous successes of our strategic plans Fit to Win and Build to Lead have built solid foundations for Coface. We have demonstrated that our businesses complement each other, allowing for the development of a credit risk management ecosystem of reference to increase our value proposition to our customers. Our new plan Power the Core aims at building upon our strengths and our employees' commitment and expertise in order to accelerate our transformation. We will in particular deliberately invest in data and technology, for our Trade Credit Insurance and our Business Information services. We will further reinforce our leadership in credit insurance while pursuing a double-digit profitable growth in information services. In order to reach these ambitious targets, we will leverage our unique culture of a human-sized multinational, dedicated to its clients and deeply committed to our responsibilities in sustainability matters. We are again upgrading our through-the-cycle financial targets and are now targeting an additional positive 50bp contribution from Business Information services to the group RoATE starting in 2027. Our employees' and partners' commitment will be, like for our previous plan a critical pillar of our collective success at the service of our clients."



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1. Strong foundations: Build to Lead has met or exceeded all of its targets

Our Build to Lead plan was presented in February 2020. Its execution happened in a particularly shaky environment: pandemic, inflation outbreak, brutal rise in interest rates, war coming back in Europe. Coface has stuck with its strategic direction and was able to rely on its agility to reach or exceed, all of its plan's targets.

Beyond the financial targets, Coface has simplified its operating model, notably by reducing the number of IT systems by 40% and by decreasing its IT complexity index by 25%.

Over the 2020-2023 period, Coface's combined ratio was significantly reduced and reached 69.1% on average, a level well below the Build to Lead target and at the best level in the industry. The cost ratio constantly decreased while the loss ratio benefited from past investments in the risk management infrastructure.

Revenues grew on average by 6% per annum, supported by a record retention and by our clients' turnover growth.

Over the last 4 years, return on average tangible equity was 10.8%, above the 9.5% target.

Finally, despite the numerous shocks, be it economic, financial, or political, Coface's solvency has constantly remained above its target range which permitted to Coface to be in 2020 one of the very first European insurance companies to restart, with a share buyback, returns to shareholders.

In 2019, the Business Information services were still relatively immature. Since then, they pursued their development and confirmed their growth potential. This activity has strong synergies with Trade Credit Insurance and relies on the same risk infrastructure. It is currently profitable despite significant growth investments. The growth of this pure service activity, which requires no regulatory capital, reached 13% on average between 2019 and 2023.

2. Power the Core aims at developing a global credit risk management ecosystem of reference

Coface's conviction is intact: Trade Credit Insurance is a service business which exhibits high barriers to entry, is growing and among which Coface has built the best risk infrastructure in the market. The latter relies on proprietary data and scores, a global reach, a worldwide technology platform, a through-the-cycle underwriting experience, a robust regulatory and legal set up and a strong balance sheet.

Our strategic plan Power the Core will thus, relying on these strong foundations, broaden and deepen Coface's franchises. In particular, it will:

1. **Invest deliberately in data and technology** to build new differentiating data and scoring capabilities, integrating the most modern modelling techniques, data science and artificial intelligence in particular. Investments will be specifically oriented towards technology and connectivity for the benefit of our clients.



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2. **Deepen and broaden our TCI franchise.** Risk underwriting will remain disciplined while we will continue to invest for growth, especially on the SME and Mid-market segments, and deliver on the simplification of the customer experience.
3. **Pursue profitable double-digit growth in Business Information services.** We will invest to keep building sales teams with consistency, broaden data sourcing, expand use cases, and upgrade IT platforms.
4. **Leverage Coface's unique culture.** We will further enhance attractive employer value proposition and deliver on our CSR commitments.

3. Power the Core will give Coface ambitious financial targets for 2027 and beyond

The rigorous execution of the strategic plan will allow Coface to reach its improved through-the-cycle financial targets:

- An undiscounted combined ratio of ~78% through-the-cycle, a 2 ppts improvement compared to the previous plan
- A return on average tangible equity of 11.0% through-the-cycle. This target is valid at the current level of interest rate environment
- A solvency ratio towards the upper end of the 155%-175% target range with a payout ratio of at least 80% of net income
- An additional contribution from Business Information services to group RoATE of 50bp starting in 2027

Webcast:

The strategic plan will be presented on 5 March 2024 at 09.00am (Paris time) and available as a webcast at the following link:

- Webcast: [Coface - strategic plan "Power the Core"](#)

The presentation will be available at 08.30am on 5 March 2024 (in English only) at the following address: <http://www.coface.com/Investors/financial-results-and-reports>



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FINANCIAL CALENDAR 2023/2024 (subject to change)

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)

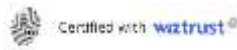
9M-2024 results: 5 November 2024 (after market close)

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").



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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
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