Please note that the conference call was accompanied by a complementary presentation in PDF format available on the Group's website: http://www.coface.com/Investors, under the "Financial results and reports" section.

9M-2023 results

Conference Call Transcription

Paris, 14 November 2023

Presentation

Moderator

Ladies and gentlemen, welcome to the conference call for the presentation of Coface's 9M-2023 results. As a reminder, this conference call is being recorded. Your hosts for today's call will be Xavier Durand, CEO and Phalla Gervais, CFO.

Xavier DURAND, CEO

Thank you and good evening, everyone. Welcome to our third-quarter earnings call. You will have seen on the headlines that we're reporting close to €190m in net profit in the first nine months of the year, including €60.9m in the third quarter. It's been another strong quarter for Coface in a changing environment. If I go through the numbers very quickly, you see turnover for the first nine months is up 7.1% everything else equal, with premiums growing 6.6%. Now what's new here is in the third quarter we've seen negative client activity. That's driven by lower inflation – I think the current headline news is highlighting this pretty well – and a significant slowdown in the economy, which is weighing on premium growth, particularly in the sectors in which we traditionally operate. There are a number of good metrics out there – client retention is still at a record at close to 94%, pricing is still down but better than last year, and more importantly I think the growth of our business information business is continuing at close to 15%, 14.7% at constant FX to be exact. Factoring slowed down earlier in the year – I think we had the opportunity to comment on this already – and is up 3.8% for the year, but clearly, we're seeing better growth now in the fees services business than we are in trade credit insurance.

On the loss slide, the net loss ratio for the first nine months is 40.2%. That's up 1.4 points from last year. Last year, we still had the tail end of the government programme payouts, so clearly losses are a bit higher than last year. That brings the net combined ratio to 66%, which is just slightly higher than what we had last year with the same comments. The gross loss ratio at 38.8% is up 3.3 points in an environment that is getting closer to the historical average. The cost ratio is at the lowest it's been for us at 25.7%. That's helped by high reinsurance commissions in this quarter and the business mix with better fees as we continue to invest in the final stretch of our Build to Lead strategic plan.

That brings the net combined ratio to 66.8% which is 3 points better on the loss ratio. And then just a word on Israel. We have €4.6bn of exposures. It's not a very big country for us, but it is significant in the business information activity where we have a historic presence as one of the country's credit bureaus. It's historic and it's not the high-growth part of our business, but it represents about a quarter of our total business information revenues.

Net income stands at €189.7m. The annualised return on average tangible equity is 14.1%, which is well above the midpoint in our cycle targets. You've seen the news on Moody's having upgraded our rating from A2 to A1 with a stable outlook. We take this as recognition of the work that's been done on risk management and the ongoing diversification of the business model. Obviously, it's still early days. And basically, the general impression on how the business is run.

We have added a page on page 5 and I'm going to turn it over to Phalla Gervais, our CFO, to talk about it. This is about the insurance finance expense, a new line under IFRS 17, which has been generating a lot of discussion, so she's going to try to clarify how this thing actually works.

Phalla GERVAIS, Group CFO and Risk Director

Good evening, everybody. I think on this page, on the IFE page, we had a couple of questions last quarter, so I hope that these ones will be clarified a bit. IFRS 17 has introduced an item which is the discounting of reserves and then of course the unwind of the discounting which is also called 'moving forward'. The specific feature of this is that the discount on the reserve is booked on the loss line but the unwind of the discount is booked on the financial expense line.

What we want to illustrate here is what this really means for Coface. So the first chart is the amount of the moving forward impact in the interest expense line, quarter after quarter, so this is a quarterly amount. Of course, the unwind impact depends on two items. The first one is the level of reserves. So, when you increase the reserves, the unwind will increase. And then as the level of interest rates has been increasing for the last two years, this also drives the level of the unwind effect. As you can see in 2023, now that interest rates have levelled off somewhat, especially in the last two quarters, you can see that the level has pretty much stabilised. The second chart basically shows the convergence between the two items. Of course, you discount it at inception, and you unwind the discount over time. This is really our numbers, and if you look at it from a cumulative point of view over the past seven quarters, you can see in the green bar the discount effect of the reserves and in the blue bar the cumulative unwind of the discount effect, which is booked to the interest expense line. After seven quarters, given that our business is very short duration with a maximum of two or three years, you can see that it's a kind of convergence. Of course, it all depends on the interest rate trend. If interest rates trend differently, there will be a lag, but after a couple of quarters you can see that it will converge. I hope that this clarifies some of the questions that you had in the second quarter.

Xavier DURAND, CEO

I'm going to move to page 7 on growth. So pretty much the numbers I mentioned. Turnover increased 7.1% in the first nine months cumulative. As I said, trade credit insurance premiums rose 6.6%. The other revenues are growing faster at 9.8% versus the first nine months of last year, and business information is up 14.7%. Third-party debt collection, which we are now starting to market more aggressively because there's more demand, or we think there's going to be more, is up 41.3% – a small number but significant growth rate. Factoring is up 3.8%, and then the insurance fees we get from the insured clients are also growing 10.2% at constant FX, so higher as a percentage of premiums than it was before.

If I go to page 8 and we look at the growth per region, you see lower numbers on those pages than the ones we've seen in the prior quarters. The slowdown is more marked in Europe than in the rest of the world, but you see Western Europe at 7% now. Northern Europe, which is Germany, is probably the most impacted country right now with a large industrial base at 4%. Central Europe is negative now – you have to correct that number for the gradual exclusion of Russia, so that you have 1.7% growth if you exclude the Russian numbers. Med and Africa is still in double digits. We see that these countries tend to be impacted later when there's a slowdown in Europe at least in this case, it started with the industrial base in Northern Europe. North America is at 6.9%, Asia Pacific 6.5%, and Latin America, which had been hovering at strong double-digit numbers over the course of the last year or two, is now down back to 6% with a significant slowdown in prices, particularly of metals and commodities.

If you go to page 9, the way we look at the business in terms of components, you see a bit better new production for the first nine months. There's more demand out there and clearly, we see a little bit better numbers than the disappointing year last year. It seems like it was the lowest year we've had. The retention rate is still at a record at 93.9%. There is pressure in the market, the market is extremely competitive. So, clients are still seeing that over the last three years they've had very benign claims, and that's clearly weighing on prices well. You're seeing that the -2% for the first nine months compares favourably to the -3% we had last year, but still, it's a negative number. Then the volume effect, which is really the turnover of our own clients, has sharply declined from where it was last year in the first nine months, and it was negative in Q3. So, there is there something shifting in the world here as inflation is down and volumes traded are also down, particularly in the B-to-B industrial space.

In terms of the losses on page 10, the gross loss ratio stands at 38.8%. I've been talking about normalisation for two and a half years almost, and it’s continuing. We've seen the number of claims increase since mid-2021. They are now about 8% lower than in 2019, but the claims amount is now similar, so the claims are slightly bigger. Initially, smaller companies started facing more difficulties and this trend is now moving into the middle market space. We continue to reserve at a pretty high level. You see that on the bottom right hand side chart without the discount, we would have been close to 77% – a little bit lower with the discount effect under IFRS 17. The reserve releases we get from prior vintages as you can see in the intense blue line at -36.8% are less than we got in the last three years and are reverting slowly to where we were before the Covid crisis, although it's still pretty good.

If I look at the annual loss ratios on page 11, there's really not that much to say. We know that from the prior quarters, Latin America has been the hotspot with a large event at the beginning of the year in Brazil, but the rest is fairly benign.

I'd like to go to page 12 where you see the quarterly sequence. At this stage, you can see that the four largest more stable markets at the bottom have a fairly benign story quarter by quarter, so there’s not much to report here. I think it's a tribute to the work the company has been doing on underwriting. On the top are the three smaller and traditionally more volatile markets, and again there's not that much to report. I spoke about Latin America, and we've been discussing what's happened there over the last couple of quarters. Losses are a bit higher this quarter as we see the lower commodity, metal and soft commodity prices starting to have an impact on the economy.

On the cost side, you see that quarter on quarter our total costs are up 4% and our internal costs are up 8.8%. So, we're in a situation where the industrial B-to-B prices are now under pressure. You have seen a sharp decrease in prices and in volumes so there's a slowdown. At the same time, you see prices of services are still seeing inflation, so we have wage inflation which accounts for about two and a half points of total growth in costs. We also have services inflation and then we continue to invest. The company continues to build up its technology and its business information, and we don't think we should change our plans just because of the environment. At this point, the gross cost ratio for the first nine months is close to where it was last year, just slightly below, and the business continues to enjoy a pretty good position from that standpoint. I'm going to turn it over to Phalla for the next few slides.

Phalla GERVAIS, Group CFO and Risk Director

If we look at the reinsurance results, I will comment on the premium cession rate at 27% and the claim cession rate at almost 25%. Here we can say that we go back to the application of our third-party reinsurance treaties, which leads to a reinsurance result of -€70m year to date.

On the next page, the net combined ratio is 66%. You can see that the slight increase in the net loss ratio is partially offset by the decrease in the net cost ratio. The decrease in the net cost ratio that Xavier commented on to 25.7%. In terms of cost discipline, we're still investing, and we still have a higher reinsurance commission.

If we move to page 16, the financial portfolio, market value of our investment portfolio stands at €2.9bn. If you look at the asset allocation, it has not changed with bonds at 76%, liquid assets at 15% so we are still very long in liquid assets, also in cash, and we were deploying it. Equity at 3% and we are continuing to decrease the investment in real estate funds. What is noticeable is of course the continuous increase in the accounting yield quarter after quarter, which is now standing at 1.7%, and recurring income at almost €50m. We note that the new money is now invested at almost 4%. The insurance finance expense stands at €30m. I'm not going to comment on that as we just discussed it. Realised gain and loss at almost -€10m, of which we recorded -€25.8m related to the mark to market of the real estate investment funds. This represents an impairment of approximately 15% of our investment there. In terms of FX, we still must account for hyperinflation, so we are applying IAS 29 (hyperinflation) in the Turkey and Argentina service entities, which accounts for -€10m.

This leads us to strong net income year-to-date as of September at almost €190m. You can see that operating income stands at €273m. The tax rate has not changed at 24%.

Moving to return on average tangible equity, the IFRS equity declined from €2.018bn to €1.984bn. Of course, we paid our annual dividends and we accounted for the year-to-date net income. Based on this, the return on average tangible equity increased from 12.7% to 14.1%.

Xavier DURAND, CEO

So just to wrap this up on page 20, it was another good quarter and a good first nine months of the year in an environment which is getting more volatile and more challenging. The TCI revenues are resisting but there's a sharp slowdown in the economy. We have good retention; we have good diversification in terms of geography and sectors. The combined ratio is holding up really nicely at 66%. We're seeing double-digit growth in fee business revenues. The annualised return on tangible equity is really good at 14.1%. We are seeing a turn in the credit cycle. I think we described this in the last quarter in the outlook, and so it's not really a surprise but it is there. We're seeing tighter financing conditions which are starting to bite in the economy, reducing inflation, activity levels that are less than last year, in terms of both price and volume. We think the full impact on the economy is yet to come. We see more geopolitical instability – I don't need to comment on the events in the Middle East. They haven't had an impact so far, but it's anybody's guess as to where the conflict goes in the future. We've been upgraded by Moody's, which we're happy with. It's a recognition of the relevance of our strategy. Now that the economy is slowing, we're starting to see a difference in growth rates between the fees business and the insurance business, which historically has had more GDP-like growth. So, I think that again validates our view that this is something we should continue to invest in, and with that I'm going to stop and open it up for questions.

Q & A session

Michael HUTTNER (Berenberg) Fantastic, thank you for another excellent quarter. So, the reinsurance, can you talk about the reinsurance renewals, whether we should start pencilling in much lower commissions which reduce your expense ratio and what will happen there? Secondly, did I understand correctly the €25m year-to-date impairment on real estate funds is 50%, five zero, of your investment there?

Phalla GERVAIS (CFO and Risk Director, Coface) 15, one five.

Michael HUTTNER (Berenberg) And then the last two then, on the gross loss ratio and the growth. The gross loss ratio is at 38% at this stage in the cycle, and I know you've been saying it's getting more normal, but I'm assuming we can't be that far from a fully more normal level. 38% is an extraordinary number. I just wondered whether you could reflect on this and then compare it with your experience and say 'well, yes, it is really a much better company than back in 2019' or whenever when the ratios were clearly a lot higher. And then the other question, you might not be able to comment because it's looking forward, but you might give us some indication… In terms of turnover, should we start pencilling in declines in turnover going forward? In Q3 it was -3%. That's it, thanks.

Xavier DURAND (CEO, Coface) Thanks for those questions. I think Phalla answered the real estate question. By the way, the percentage of real estate in our book has gone from 8-9% down to 6%, so we've been managing this for the last nine months, and I think I highlighted this at one of our quarterly calls. In terms of reinsurance, it's early days because the reinsurance renewals happen right around the end of the year, so I don't have any comment to make, but I think we have had very consistent performance as you highlighted in your last question in terms of underwriting, so I think we have arguments to put forward. Obviously, others will bring in but it's too early for me to give you an indication, but I think we have a good story. In terms of the gross loss ratio at 38%, as we said in the last three years I've seen a slow normalisation, but I think we're seeing a shift in the market at this point, and you are seeing the policies of higher rates and tighter financing by the central banks start to bite. There's still a lot of cash, there was a lot of cash when this started out in companies' balance sheets. I don't think the central banks are inclined to abandon these policies before they are absolutely sure that inflation is going to come down, because they don't want to do this exercise twice and their credibility is at stake. So, I think the impact of this is probably going to continue in the future and we expect the cycle to continue.

In terms of turnover, we're impacted directly by what happens in the economy, so inflation translates directly into nominal turnover for our clients and impacts our premiums just one for one. Same for volumes and same for prices, but the real price that they are able to pass on to their clients and how much margin they regain for themselves. So, the way our clients report their numbers to us varies by region, but I would say there's always going to be a lag between the time that they see their turnover and the time that they report it to us, and we actually bill them on that revised basis, so I would expect this to go on for some time. In the context of a slowing economy and the reporting time, I think we're going to see lower turnover for some time.

Michael HUTTNER (Berenberg) Sorry, I'm hogging the line, I'll keep it brief. Two points. On Americanas, to give a feel for how much I should or maybe should not adjust. And just a very simple number – the tangible net asset value on which you're earning the 14%. Solvency, I know you don't report, it was 192% at the half year, just to get a feeling for the trend. I always see it as more of a comfort check. For Americanas, you highlighted that it was around 140 in the Q1 combined loss ratio, but it was gross loss ratio, and I can't remember the number. It'll give me some comfort when I think in terms of combined ratio for next year.

Xavier DURAND (CEO, Coface) Do you want to take those questions Phalla?

Phalla GERVAIS (CFO and Risk Director, Coface) I will start with the tangible NAV, was that your question Michael? I think we're probably, 12.9 is that your question for the second quarter?

Michael HUTTNER (Berenberg) €12.9 a share. Just to understand you're earning 14% on €12.9, I mean I know it should be average but €12.9 tangible net asset value.

Phalla GERVAIS (CFO and Risk Director, Coface) I will take it offline.

Michael HUTTNER (Berenberg) Sure, ok thank you.

Phalla GERVAIS (CFO and Risk Director, Coface) And the question on Americanas.

Xavier DURAND (CEO, Coface) I don't think we disclosed the amount of the file.

Phalla GERVAIS (CFO and Risk Director, Coface) I don't think we did. We see that it was the first time that we reached the first layer.

Xavier DURAND (CEO, Coface) It was the first time we've reached the layer of retention that we have in the reinsurance treaties.

Michael HUTTNER (Berenberg) And on solvency just to get a feel for the trend because that's sensitive to outlooks, isn't it?

Phalla GERVAIS (CFO and Risk Director, Coface) The trend of what, because we've booked everything?

Michael HUTTNER (Berenberg) So it's a very clumsy question and I'm really sorry about this. The way I read solvency is often it includes your looking forward, your combined ratio, so it's a polite way of asking for your outlook really. At half year it was 192% and I know you don't report it quarterly.

Phalla GERVAIS (CFO and Risk Director, Coface) You know that we don't disclose it in Q3, however, we have not changed the profile of our investment portfolio at all, so we didn't take on any additional risk. The profile of business is probably even getting a little bit better, so I don't see much change since Q2 in terms of solvency ratio.

Benoit VALLEAUX (Oddo BHF) Good evening, everyone. Just a few additional questions on my side. The first one on solvency again. Just to understand, because you mentioned that turnover growth is decreasing partly due to lower inflation, so does this mean nevertheless that normally solvency should go up a little bit? What is the relationship of your solvency to inflation? Second question just to come back on the reinsurance renewals, just to understand if you plan to change anything in your reinsurance programme structure in terms of maximum exposure per event or things like this. You mentioned that for the first time you reached your coverage with Americanas. Do you plan to change anything on that or not? And just to come back on the loss ratio. You mentioned that we see that there is some increase in Q3, and you mentioned the fact that it's partly due to changing prices on commodities so just to understand if you believe that you should still have a quite high level of loss ratio for the next few quarters.

Xavier DURAND (CEO, Coface) You're talking about Latin America?

Benoit VALLEAUX (Oddo BHF) Exactly

Xavier DURAND (CEO, Coface) OK. Well let me start with the solvency. So, our solvency, the capital requirements in our business are mainly driven by the exposures, the risk exposures that we have, so I would say ultimately the exposures will reflect the underlying transactions of our clients, but that's not an immediate adjustment. That's something that takes a while, and it takes dialogue with our clients. Do they, over the medium term, need less commitments from us? That would drive lower exposures, that would drive lower solvency requirements, but that's not a short-term thing. In terms of reinsurance renewals, we've thought long and hard about our programme and we're looking for long-term stability. Are we going to change one thing here or there? Every year we do, but again this is too early to comment on. And then in terms of losses in Latin America, it's typically one of the most volatile segments in our portfolio. It's cyclical because also it's a part of the world that is highly exposed to commodities. I think we highlight this on literally every call, so when commodity prices move as they do now up or down, it always creates some friction. So, I see nothing unusual or that we're not aware of. It's actually been quite benign for the last few years, but I think losses in general have been quite benign over the last few years. When that happens, we work with our clients as we usually do, and we basically stay very close to them and adjust our risk exposure to what we believe is reasonable in a market like this. Then we go through the game of renewals at the end of the year and decide whether we can make those programmes right. But these are not cycles that play out over a quarter. These are things that play along economic cycles with the adjustments that we can make on our underwriting side. That's as much as I'm able to say.

Benoit VALLEAUX (Oddo BHF) Thank you. May I ask a quick follow up question on turnover? Just two small questions. First one, is it fair to assume that we could still have some price decreases next year from your point of view. When you see the trend in terms of number of claims and your good combined ratio in your main geographies, is it a fair assumption from your point of view? And the second question regarding new production. I would assume in the current environment that there should be an increase in demand for coverage. We seem to have started a rebound in new production this year. Do you expect to further increase your new production next year or to remain more conservative and cautious?

Xavier DURAND (CEO, Coface) I think the two questions are kind of linked in a way, because on price as I pointed out in the presentation, when you look at it from a client standpoint, you look at the last few years and the losses are pretty benign and so I'm entitled to ask for better prices. And that's not just us. That's an industry situation. And then over the long term, our prices tend to come down regularly. Over the last 20 years on average they tend to come down every year, so I don't see anything changing that picture. In terms of new production, there is more demand. Again, there's a lot of competition for the same reasons that I explained on price. There's a lot of competition on the market so we remain thoughtful about how we underwrite. We want to create long-term profitable relationships with clients that we're going to be able to partner with for a long time and at the same time we're not here to just drive short-term volumes or anything like that. You'll see that only 6% or 7% of our book shifts from one year to another. So, the impact of what we could do on new production is always going to be secondary to the turnover of the business.

Hadley COHEN (Deutsche Bank) I have a few quick questions please. So firstly Xavier, I think you effectively mentioned the loss experience is normalising but it's almost back to normal. I think the only real difference now is the still low level of large loss activity, and I'm just wondering if you could quantify the extent to which large loss activity is below average levels, i.e. what are average levels and what are you seeing right now? Second question, the IFE impact in the third quarter was €15m or just over €15m from what I can tell, but when I look at the top chart on slide 5, it suggests that the 3Q impact is only about €11m or €12m. Maybe I'm misinterpreting something, but could you just help me understand the difference there and explain what's the right number to use to extrapolate going forward? Third question, the ordinary investment income was about €18m in the third quarter, and if I'm right given your current reinvestment rate that should be pushing closer to the mid to high twenty million per quarter going forward assuming bond yields stay where they are. Is that the right maths that I'm thinking or are there any sort of funnies within that that I should be aware of? And then just the final question please, are there any funnies that I should be aware of for the final quarter of the year, so seasonality on expenses or any expectation of further negative revaluations on the real estate portfolio or anything like that?

Xavier DURAND (CEO, Coface) I'll take the first one and I'll leave Phalla to take the next three. In terms of loss experience, I don't have a number to share with you in terms of what the midpoint of the cycle would be for medium or large losses. I mean we don't typically go into that. The other thing I would point out is there's no such thing as being in the middle of the cycle. I mean the middle cycle is where you are after you've gone through the whole cycle, so it's ups and downs. There's no absolute truth in being in the middle. I think what I'm commenting on is the trends, what we're seeing in the marketplace. So, on one hand we observe the trends, and we try to predict and forecast them, and on the other hand we have a team that's trying to work with those and trying to make sure that our clients can trade safely. And then what we get at the end in our loss line is the combination of these two things. We can't ignore the environment. The environment is absolutely critical and when the tide rises, we rise with the tide, but we can minimise or optimise the way we navigate those trends, so I'm not answering your question I know, but at least I just want to point out those things to you. I'm going to turn it to Phalla here.

Phalla GERVAIS (CFO and Risk Director, Coface) I will take the first one on the IFE. You know in the IFE you have two components – the moving forward that we described on page 5 is the key item and probably the more predictable one, but it's not the only item in the IFE. You also have the adjustments on the interest rate that has been locked in that smooths the IFE effect as well. This is why in the IFE you have a couple of items going there, the more important one being the 'moving forward' and then the other ones I can take it offline.

Hadley COHEN (Deutsche Bank) Thanks for that, but just to be clear on that point, which number should we be using to extrapolate? Should we be using the one in the chart on slide 5 or the €15m impact in the third quarter?

Phalla GERVAIS (CFO and Risk Director, Coface) I think you can take the one on page 5.

Hadley COHEN (Deutsche Bank) OK, thank you.

Phalla GERVAIS (CFO and Risk Director, Coface) Then in terms of investment income, you know we don't give you anything forward looking, but what is true, which you've seen quarter after quarter, is that our accounting yield is increasing, and we will continue to invest at a higher rate. So yes, we do expect some increase in recurring income. This is clear, this is true. In terms of Q4, a couple of things. Usually, you have some seasonality in costs in Q4, especially if you are having a good year, because you accrue for more bonuses and this type of compensation. So, in terms of seasonality, if you look at the past couple of years, Q4 shows a higher cost ratio than the other quarters. And then Q4 tends to be a little bit lower in terms of net income than the other quarters, but again no one knows. Last year for instance in Q4 we booked partial Americanas losses coming in, so it really depends. I cannot comment on this one but the only thing we can say is yes, on the cost side usually you have some seasonality.

Philip ROSS (BNP Paribas Exane) Hi everyone. It's just one question on net loss ratio please. It seems to be holding up very well despite the normalisation that you talk about. In one of the previous questions you answered, you talk about the time lag for client revenue reporting as it flows through from clients and flows into your top line. I wondered if this lag effect is the same for claims and losses. I might have thought that clients may be quicker to report claims than to report revenues, but maybe I'm being too cynical there. So, any thoughts on the time for claims to flow through would be helpful.

Xavier DURAND (CEO, Coface) In terms of claims, I think we've commented on this a lot, particularly the first years when I was around. We were seeing a lot more volatility in the small emerging markets. Typically, it varies by region, but for clients the payment terms on receivables go from one to two months in some markets like the US to up to six or maybe more in some emerging markets like in Asia. So, for there to be a claim, the payment period has to have expired and there has to be a missed payment. Then there must be some kind of communication between the seller and the buyer as to why there is a delayed payment, then the time it takes for the seller to log in a claim with us, plus the time it takes for us to look at it and assess whether it's serious. And then sometimes they have grace periods, or they are allowed to declare the claims later depending on their own internal stuff, so it can take a bit of time to get the claims through that are relevant to events happening at a certain point in time.

Michael HUTTNER (Berenberg) This is my last chance, thank you so much. They are simple things. First one is your competitors, the competitive environment. I'm obviously under the mistaken impression that there are only three – Atradius, yourselves and Allianz Trade – but maybe you could say who else are the competitors. The second is on the debt and this is really my memory. I had in mind that there was a kind of double level of debt that you haven't redeemed or you're working to redeem or something. Just wondered if you could maybe comment, or otherwise I'll ask offline. And then the last one is on the business information volumes, which are included I guess in the €100m other revenue figure. Just wondered what portion it makes up and I'm guessing it's around €50m. Thank you.

Xavier DURAND (CEO, Coface) I'll take the first one. There are only three western global players, so companies that have a global presence in tens of different markets and a large share of that market and that are focused on what we call whole turnover policies, which is really what we do. So, this granular looking at every line and monitoring risk one by one and working with your clients closely. There are smaller ones – regional or country players. There are ECAs for example that do this job, some of which we work with. And then there are people that play a different game, which is the excessive loss policies where you underwrite the client's own ability to take risks and you basically agree to pay if they miss by a certain amount, so there you find the large insurance companies from the Anglo-Saxon world or others that have traditionally been playing that game. And then there's some connection between the two for large institutions or large clients, but I think we're in a bit of a different space.

Phalla GERVAIS (CFO and Risk Director, Coface) In terms of debt, indeed we have a first tranche of Tier 2 debt that will mature in March 2024, the one that was issued in March 2014, so your memory is good.

Michael HUTTNER (Berenberg) And on the business information?

Xavier DURAND (CEO, Coface) Could you repeat?

Michael HUTTNER (Berenberg) It's just to know how big the number is. I keep forgetting but I think it's around €50m.

Xavier DURAND (CEO, Coface) Business information. What number did we last give Thomas?

Phalla GERVAIS (CFO and Risk Director, Coface) Do you mean the turnover?

Xavier DURAND (CEO, Coface) I think it's around €60m a year.

Xavier DURAND (CEO, Coface) Well, thank you very much and we had lots of questions. Thank you for participating. We're going to have a series of meetings next year. The full year report, which is on 27 February, and then the big milestone for us is the new plan, which we will do on 5 March, so looking forward to that. Thank you again for joining in on this call today.

End of transcript

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FINANCIAL CALENDAR 2023/2024
(subject to change)
FY-2023 results: 27 February 2024 (after market close)
Capital market day: 5 March 2024 (Paris)
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' 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 2022, Coface employed ~4,720 people and registered a turnover of €1.81 billion.

www.coface.com

COFACE SA is quoted in Compartment A of Euronext Paris
Code ISIN: FR0010667147 / Mnémonique: COFA

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