

SCOR launches its new strategic plan, “Optimal Dynamics”

At its Investors' Day today, 4 September 2013, SCOR presents its new three-year strategic plan covering the period mid-2013 to mid-2016. Called “Optimal Dynamics”, this plan respects the four cornerstones of the Group - strong franchise, high diversification, controlled risk appetite and robust capital shield. It reaffirms the demanding profitability and solvency targets SCOR has set itself, and achieved, to date.

Continuing on from “Back on Track”, “Moving Forward”, “Dynamic Lift” and “Strong Momentum”, “Optimal Dynamics” is the fifth strategic plan drawn up and implemented by the Group under the chairmanship of Denis Kessler. This latest plan was approved by the Board of Directors during its meeting of 31 July 2013. With this, the three-year strategic plan “Strong Momentum”, launched in September 2010 and updated following the acquisition of Transamerica Re in August 2011, has come to a successful conclusion.

“Strong Momentum” a success; SCOR continues to strengthen its global reinsurance market position

SCOR has delivered on all its three-year plans since 2002, including the recently-concluded “Strong Momentum”. The relevance of its strategy, combined with the quality of its underwriting policy and the recognised skills of its teams, enabled the Group to record an ROE of more than 1000bps over the risk-free rate¹ over the period of the last plan, while maintaining solvency at the AA level of security. This has been unanimously recognised by the rating agencies, which have all upgraded the Group's ratings over the course of the plan.

At the same time, the Group has strengthened its positioning, notably through robust organic growth marked by expansion into new product lines and markets, a policy of selective external growth with Transamerica Re in 2011 and Generali US in the first half 2013,² and the re-balancing of its business portfolio towards the US, Asia-Pacific/rest of the world and emerging markets. Annual growth between 2010 and 2012 was 12.3%, significantly faster than the 5.4% recorded by peers.

The successful execution of its last three-year strategic plan has enabled the Group to record excellent results in terms of profitability, solvency and growth. This excellent performance is all the more striking in that it was achieved in a challenging economic and financial environment.

“Optimal Dynamics”: two main objectives

In the face of a macroeconomic environment that remains highly uncertain, challenging regulatory developments and evolving trends in the reinsurance market, SCOR maintains a steady course with

¹ Before impairment charges.

² The transaction is subject to regulatory approvals and other customary conditions and is expected to close in the second half of 2013.

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“Optimal Dynamics”. The plan balances profitability and solvency, together with a strong shareholder remuneration policy.

The two specific targets of “Optimal Dynamics” are:

- An ROE of 1000 basis points above the three-month risk-free rate over the cycle;
- A solvency ratio in the 185-220% range (percentage of SCR, according to the Group Internal Model).³

A focus on technical profitability, operational excellence and optimized capital management results in added value for all stakeholders

The “Optimal Dynamics” plan defines a set of key assumptions for each of the Group’s three engines, including a Group-wide organic growth rate of 7% over the course of the plan:

- SCOR Global P&C is well positioned to further extend sustainable growth thanks to the up-scaling of its core reinsurance business, the development of alternative business platforms and the use of its Cat capacity and retrocession as a strategic leverage tool. It continues to benefit from its recognised expertise and very positive brand image amongst its clients. On the assumption of a stable pricing environment, the Group’s P&C arm anticipates a further improvement of the combined ratio to 93-94% while projecting annual premium growth of 8.5%.
- SCOR Global Life pursues growth whilst strengthening its market position and benefits from a dynamic franchise thanks to its status as leader on the US market, the development of its Protection business and the strengthening of its Longevity and financial solutions offerings. The Group’s Life reinsurance arm anticipates a technical margin of around 7%, which is aligned with its new business mix (the combination of Protection, Longevity and Financial Solutions), while anticipating annual premium growth of 6%.
- SCOR Global Investments sees upside potential thanks to the current positioning of the investment portfolio and the progressive rebalancing towards both a new strategic asset allocation and the target effective duration. It expects a return on invested assets in excess of 3% by 2016.

“Optimal Dynamics” also further refines the Group’s risk and capital management. Retrocession strategy is optimized, ALM strategy enhanced and solvency governance strengthened. Moreover, the Group’s structurally long liquidity position remains strong thanks to significant operating cashflow from its business engines.

With “Optimal Dynamics”, SCOR will bring added value to all of its stakeholders.

Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *“Today SCOR published its new three-year strategic plan, “Optimal Dynamics”, which is designed to strengthen the Group’s positioning on the global reinsurance market. In spite of the numerous economic, financial and regulatory uncertainties which have characterized the industry over the past few years and still represent challenging variables, the SCOR group can leverage on the success of its “Strong Momentum” plan to set its ambitions towards renewed profitability, solvency and growth. The entire Group is now mobilized towards the execution of the new plan, to achieve the profitability and solvency objectives it sets out, thereby continuing to create value for all our stakeholders”.*

³ This is the ratio of Available Capital over SCR (Solvency Capital Requirements).

A detailed presentation of the “Optimal Dynamics” plan is available on SCOR’s website:
www.scor.com

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Forward-looking statements

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Please refer to SCOR’s Document de référence filed with the AMF on 6 March 2013 under number D.13-0106 (the “Document de référence”), for a description of certain important factors, risks and uncertainties that may affect the business of the SCOR Group. As a result of the extreme and unprecedented volatility and disruption of the current global financial crisis, SCOR is exposed to significant financial, capital market and other risks, including movements in interest rates, credit spreads, equity prices, and currency movements, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings.

The Group’s financial information is prepared on the basis of IFRS and interpretations issued and approved by the European Union. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 “Interim Financial Reporting”.