The Art & Science of Risk

**Press Release**
27 April 2017 - N° 11

# First quarter 2017 results

## SCOR delivers strong results and records net income of EUR 140 million

**Q1 2017 Highlights**

- **Excellent profitable growth** of +12.1% at constant exchange rates compared to the same period in 2016 (+13.9% at current exchange rates) coming from both divisions: Life (+12.0% at constant exchange rates) across all product lines, particularly in the Americas and Asia-Pacific, and P&C (+12.3% at constant exchange rates), leveraging on successful January and April renewals;
- **Strong technical results**, as demonstrated by the strong 7.2% Life technical margin, the robust 94.5% P&C combined ratio and the 2.6% return on invested assets;
- Absorption of the external shock of EUR 116 million pre-tax caused by the UK Ministry of Justice's recent decision to reduce the discount rate used to calculate lump sum awards in UK bodily injury cases (the **Ogden Rate)**, thanks to the low level of natural catastrophes in Q1 and reserve releases of EUR 45 million pre-tax;
- **Net income** of EUR 140 million recorded in Q1 2017 with a return on equity of 8.6%. Excluding the Ogden rate and reserve release impacts, the net income would stand at EUR 197 million (+15.9% compared to Q1 2016) and the ROE would stand at 12.2%, demonstrating the strong core earnings of the Group;
- **Robust estimated solvency ratio** of 224% at 31 March 2017, above the optimal range of 185% - 220% as defined in the "Vision in Action" plan. SCOR reaffirms its ambition for share buybacks, as disclosed in the full-year 2016 results[1].

**Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments:** *"In the first quarter of 2017, our teams have continued to implement successfully the strategic plan "Vision in Action". SCOR's core earnings level bears witness to the quality of the Group's technical fundamentals. At the same time, the Group is gaining market shares in targeted territories and business lines, as demonstrated by the successful P&C January and April renewals and the strong expansion of the Life footprint."*

*

* *

[1] Press release distributed on 22 February 2017.

SCOR SE
5, Avenue Kléber
75795 Paris Cedex 16, France
Tél + 33 (0) 1 58 44 70 00
RCS Paris B 562 033 357
Siret 562 033 357 00046
Société Européenne au capital
de 1 516 589 466,80 euros

SCOR
The Art & Science of Risk

# Press Release

27 April 2017 - N° 11

**In the first quarter of 2017, SCOR is paving the way for the success of its strategic plan by combining profitable growth, strong technical profitability and robust solvency in line with "Vision in Action"**

*SCOR Group Q1 2017 key financial details:*

| *In EUR millions (rounded, at current exchange rates)* | **Q1 2017** | **Q1 2016** | **Variation** |
|---|---|---|---|
| Gross written premiums | 3,739 | 3,283 | +13.9% |
| Group cost ratio | 5.1% | 5.3% | -0.2 pts |
| Annualized ROE | 8.6% | 11.2% | -2.6 pts |
| Annualized ROE *excluding Ogden rate and reserve release impacts* | 12.2% | 11.2% | +1.0 pt |
| Net income* | 140 | 170 | -17.6% |
| Net income *excluding Ogden rate and reserve release impacts* | 197 | 170 | +15.9% |
| Shareholders' equity | 6,840 | 6,358 | +7.6% |

*(*) Consolidated net income, Group share.*

**Gross written premiums** reach EUR 3,739 million, up 12.1% at constant exchange rates compared to Q1 2016 (+13.9% at current exchange rates). This growth comes from both Life (+12.0% at constant exchange rates), across all product lines, particularly in the Americas and Asia-Pacific, and from P&C (+12.3% at constant exchange rates), leveraging on successful January and April renewals.

**The Group cost ratio** decreases to 5.1% of premiums in Q1 2017 compared to the same period in 2016.

**Group net income** reaches EUR 140 million in Q1 2017. Excluding the impacts of the change in the Ogden rate and of reserve releases, the net income would be EUR 197 million in Q1 2017, up from EUR 170 million in Q1 2016. The annualized **return on equity** (ROE) stands at 8.6% or 788 bps above the risk-free rate[2]. Excluding the Ogden rate and reserve release impacts, the annualized return on equity would stand at 12.2% in Q1 2017, above the "Vision in Action" target.

**Operating cash flows** stand at EUR 22 million in the first quarter of 2017, due primarily to the seasonality of technical cash flows and delayed retrocession receivable receipts. Operating cash flows would be approximately EUR 200 million when normalized by the seasonality effects from both Life and P&C activities. Operating cash flows are expected to normalize and catch up over the course of 2017.

**Shareholders' equity** stands at EUR 6,840 million at 31 March 2017, compared to EUR 6,695 million at 31 December 2016. This translates into a record book value per share of EUR 36.35 at 31 March 2017, compared to EUR 35.94 at 31 December 2016.

SCOR's **financial leverage** stands at 24.0% at 31 March 2017.

**SCOR announces the creation of an EMEA Hub** (Europe, the Middle East and Africa), combining the existing Paris-London and Zurich-Cologne Hubs. The new EMEA Hub aligns shared services with the organisational structure of the two reinsurance divisions, providing a simplified and integrated structure.

[2] Based on a 5-year rolling average of 5-year risk-free rates over the cycle.

SCOR SE
5, Avenue Kléber
75795 Paris Cedex 16, France
Tél + 33 (0) 1 58 44 70 00
RCS Paris B 562 033 357
Siret 562 033 357 00046
Société Européenne au capital
de 1 516 589 466,80 euros

The newly created Hub is run by Malcolm Newman as Managing Director, reporting to Romain Launay, Group Chief Operating Officer.

## In the first quarter of 2017, SCOR Global P&C records significant growth and robust technical profitability, in line with "Vision in Action"

In the first quarter of 2017, SCOR Global P&C gross written premiums stand at EUR 1,558 million, up 12.3% at constant exchange rates compared to the same period last year (+13.2% at current exchange rates). Beyond the expected growth consistent with the January renewals, the P&C division benefits from the positive impact of large contracts bound in the second half of 2016 in the US.

*SCOR Global P&C key figures:*

| *In EUR millions (rounded, at current exchange rates)* | **Q1 2017** | **Q1 2016** | **Variation** |
|---|---|---|---|
| Gross written premiums | 1,558 | 1,376 | +13.2% |
| Combined ratio | 94.5% | 89.7% | +4.8 pts |

Premium growth for 2017 is expected to normalize in the second half of the year and to return within the "Vision in Action" growth assumptions.

In the first three months of 2017, SCOR Global P&C benefits from strong fundamentals, as illustrated by the 94.5% combined ratio which has been:

- negatively impacted by 8.9 points due to the change in the Ogden discount rate, culminating in a pre-tax charge of EUR 116 million, of which EUR 83 million corresponds to reinforced UK Non-Proportional Motor reserves;
- positively impacted by (i) a low level of Nat Cat losses, which amount to 1.0 point of net combined ratio, with tropical cyclone Debbie in Australia being the main event of the quarter, and (ii) 3.5 points of reserve releases[3].

Underlying the portfolio resilience, the "normalized" net combined ratio stands at an improved 94.0% for Q1 2017.

**At the 1 April 2017 renewals**, SCOR Global P&C grew gross written premiums by 3.3% at constant exchange rates to EUR 509 million, while maintaining a disciplined underwriting policy. Pricing was quasi-stable at -0.3%, with year-to-date pricing marginally down -0.5%, indicating a bottoming of rates. Growth with selected clients in Japan and India, where SCOR recently obtained a reinsurance licence, offset one-off effects in the United States portfolio. Overall, the renewal outcomes are in line with "Vision in Action" assumptions.

[3] EUR 45 million (pre-tax) positive effect from reserve releases in long-tail lines of business.

SCOR SE
5, Avenue Kléber
75795 Paris Cedex 16, France
Tél + 33 (0) 1 58 44 70 00
RCS Paris B 562 033 357
Siret 562 033 357 00046
Société Européenne au capital
de 1 516 589 466,80 euros

### SCOR Global Life successfully combines strong growth and robust profitability, expanding its franchise in Asia-Pacific in the first quarter of 2017

SCOR Global Life records excellent growth in the first quarter of 2017, with gross written premiums standing at EUR 2,181 million, up 12.0% at constant exchange rates compared to the same period last year (+14.4% at current exchange rates). This is driven by:

- New business flow across all product lines, particularly in the Americas and Asia-Pacific;
- Franchise expansion in Asia-Pacific in line with "Vision in Action", with the opening of a branch in Tokyo to bring new and innovative solutions to Japanese customers;
- Successful growth from 2016 Longevity premiums.

*SCOR Global Life key figures:*

| *In EUR millions (rounded, at current exchange rates)* | **Q1 2017** | **Q1 2016** | **Variation** |
|---|---|---|---|
| Gross written premiums | 2,181 | 1,907 | +14.4% |
| Life technical margin | 7.2% | 7.1% | +0.1 pts |

Full-year 2017 premium growth is expected to normalize, in line with the "Vision in Action" annual premium growth assumption.

SCOR Global Life records a strong technical margin of 7.2%, above the "Vision in Action" assumption, benefiting from profitable new business development in line with the Group ROE target and from the healthy performance of the in-force portfolio.

### SCOR Global Investments delivers a return on invested assets of 2.6% in the first quarter of 2017

In the first quarter of 2017, SCOR Global Investments resumed its rebalancing towards the "Vision in Action" asset allocation:

- liquidity stands at 10%, temporarily including the forthcoming SCOR dividend payment in the second quarter of 2017;
- significant rebalancing towards high-quality corporate bonds has been implemented (+6 percentage points since year-end 2016) at good market conditions;
- the duration of the fixed income portfolio has been raised to 4.8 years[4] compared to 4.5 years in 31 December 2016.

The fixed income portfolio is of very high quality, with an average rating of A+.

[4] 3.7-year duration on invested assets (3.6 years in Q4 2016).

*SCOR Global Investments key figures:*

| *In EUR millions (rounded, at current exchange rates)* | Q1 2017 | Q1 2016 | Variation |
|---|---|---|---|
| Total investments | 27,884 | 27,627 | +0.9% |
| ▪ of which total invested assets | 19,373 | 18,184 | +6.5% |
| ▪ of which total funds withheld by cedants and other deposits | 8,511 | 9,443 | -9.9% |
| Return on investments* | 2.3% | 2.6% | -0.3 pts |
| Return on invested assets** | 2.6% | 3.3% | -0.7 pts |

(*) Annualized, including interest on deposits (i.e. interest on funds withheld).
(**) Annualized, excluding interest on deposits (i.e. interest on funds withheld).

SCOR Global Investments is benefiting from its highly liquid portfolio. As at 31 March 2017, the expected financial cash flows over the next 24 months stand at EUR 6.1 billion (including cash, coupons and redemptions).

In the first quarter of 2017, invested assets generate a financial contribution of EUR 122 million. The active asset management policy executed by SCOR Global Investments has enabled the Group to record capital gains of EUR 23 million over the period, coming mainly from the Fixed Income and Other Investment portfolios.

The return on invested assets stands at 2.6% for the first quarter of 2017. Taking account of funds withheld by cedants and other deposits, the net rate of return on investments stands at 2.3% in the first quarter of 2017. The reinvestment yield stands at 2.3%[5] at 31 March 2017, confirming the estimated FY 2017 return on invested assets of 2.7% - 3.2%.

Invested assets (excluding funds withheld by cedants and other deposits) stand at EUR 19,373 million as at 31 March 2017, and are composed as follows: 9% cash, 78% fixed income (of which 1% are short-term investments), 3% loans, 3% equities, 5% real estate and 2% other investments. Total investments, including EUR 8,511 million of funds withheld and other deposits, stand at EUR 27,884 million at 31 March 2017, compared to EUR 27,731 million at 31 December 2016.

SCOR Global Investments continues to **reinforce its ESG policy and announces its full divestment from tobacco companies**, undertaking across its entire invested assets portfolio to make no new financial investment in such companies in the future. With this action, as a responsible Life & Health reinsurer, SCOR demonstrates the crucial positive role the investment community can play in society.

[5] Corresponds to marginal reinvestment yields based on Q1 2017 asset allocation of yielding asset classes (i.e. fixed income, loans and real estate), according to current reinvestment duration assumptions and spreads. Yield curves as at 31/03/2017.

*

* *

**APPENDIX**

## 1 - P&L key figures Q1 2017 (in EUR millions, at current exchange rates)

| | Q1 2017 | Q1 2016 | Variation |
|---|---|---|---|
| **Gross written premiums** | 3,739 | 3,283 | +13.9% |
| P&C gross written premiums | 1,558 | 1,376 | +13.2% |
| Life gross written premiums | 2,181 | 1,907 | +14.4% |
| **Investment income** | 151 | 176 | -14.0% |
| **Operating results** | 206 | 283 | -27.2% |
| **Net income**[1] | 140 | 170 | -17.6% |
| **Earnings per share (EUR)** | 0.75 | 0.92 | -18.2% |
| **Operating cash flow** | 22 | 317 | -93.1% |

*1: Consolidated net income, Group share.*

## 2 - P&L key ratios Q1 2017

| | Q1 2017 | Q1 2016 | Variation |
|---|---|---|---|
| **Return on investments** [1] | 2.3% | 2.6% | -0.3 pts |
| **Return on invested assets** [1,2] | 2.6% | 3.3% | -0.7 pts |
| **P&C net combined ratio** [3] | 94.5% | 89.7% | +4.8 pts |
| **Life technical margin** [4] | 7.2% | 7.1% | +0.1 pts |
| **Group cost ratio** [5] | 5.1% | 5.3% | -0.2 pts |
| **Return on equity (ROE)** | 8.6% | 11.2% | -2.6 pts |

*1: Annualized; 2: Excluding funds withheld by cedants; 3: The combined ratio is the sum of the total claims, the total commissions and the total P&C management expenses, divided by the net earned premiums of SCOR Global P&C; 4: The technical margin for*

*SCOR Global Life is the technical result divided by the net earned premiums of SCOR Global Life; 5: The cost ratio is the total management expenses divided by the gross written premiums.*

## 3 - Balance sheet key figures as at 31 March 2017 (in EUR millions, at current exchange rates)

| | As at 31 March 2017 | As at 31 December 2016 | Variation |
|---|---|---|---|
| **Total investments [1,2]** | 27,884 | 27,731 | +0.6% |
| **Technical reserves (gross)** | 28,904 | 28,715 | +0.7% |
| **Shareholders' equity** | 6,840 | 6,695 | +2.2% |
| **Book value per share (EUR)** | 36.35 | 35.94 | +1.2% |
| **Financial leverage ratio** | 24.0% | 24.4% | -0.4 pts |
| **Total liquidity[3]** | 2,066 | 2,282 | -9.5% |

*1: Total investment portfolio includes both invested assets and funds withheld by cedants and other deposits, accrued interest, cat bonds, mortality bonds and FX derivatives; 2: Excluding 3rd party net insurance business investments; 3: Includes cash and cash equivalents.*

*

* *

**Contact details**

**Marie-Laurence Bouchon**
Group Head of Communications
**+33 (0)1 58 44 75 43**
mbouchon@scor.com

**Ian Kelly**
Head of Investor Relations
**+44 203 207 8561**
ikelly@scor.com

http://www.scor.com/

SCOR photo gallery

Twitter: @SCOR_SE

SCOR
The Art & Science of Risk

# Press Release
27 April 2017 - N° 11

**General:**

Numbers presented throughout this report may not add up precisely to the totals in the tables and text. Percentages and percent changes are calculated on complete figures (including decimals); therefore the presentation might contain immaterial differences in sums and percentages due to rounding.

Unless otherwise specified, the sources for the business ranking and market positions are internal.

**Forward-looking statements:**

This report includes forward-looking statements and information about the objectives of SCOR, in particular, relating to its current or future projects. These statements are sometimes identified by the use of the future tense or conditional mode, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the achievement of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR. Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2016 reference document filed on 3 March 2017 under number D.17-0123 with the French Autorité des marchés financiers (AMF) and posted on SCOR’s website www.scor.com.

In addition, such forward-looking statements are not “profit forecasts” in the sense of Article 2 of Regulation (EC) 809/2004.

**Financial information:**

The Group’s financial information contained in this report is prepared on the basis of IFRS and interpretations issued and approved by the European Union.

Unless otherwise specified, prior-year balance sheet, income statement items and ratios have not been reclassified.

The calculation of financial ratios (such as book value per share, return on investments, return on invested assets, Group cost ratio, return on equity, combined ratio and Life technical margin) are detailed in the Appendices of the Investor Relations presentation released on 27 April 2017 (see slide 14 of the presentation).

The financial information included in this report is unaudited.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to 31 December 2016 should not be taken as a forecast of the expected financials for these periods. The Group solvency final annual results are to be filed to supervisory authorities by June 2017, and may differ from the estimates expressed or implied in this report.

SCOR SE
5, Avenue Kléber
75795 Paris Cedex 16, France
Tél + 33 (0) 1 58 44 70 00
RCS Paris B 562 033 357
Siret 562 033 357 00046
Société Européenne au capital
de 1 516 589 466,80 euros