

Press Release

April 26, 2019 - N° 16

First quarter 2019 results

SCOR delivers a strong start to the year and records a net income of EUR 131 million

- SCOR delivers a **strong start to 2019** by combining profitable growth, good technical profitability and strong solvency.
- **Gross written premiums** stand at EUR 3,985 million, up 5.7% at current exchange rates (up 2.0% at constant exchange rates). In P&C, gross written premiums are up 16.1% at current exchange rates (up 12.8% at constant exchange rates). This reflects the very positive January renewals¹ and is driven by the growth of the portfolio, particularly in the U.S., in the second half of 2018. In Life, gross written premiums are down 1.1% at current exchange rates (down 5.0% at constant exchange rates); the variation is largely driven by the renewal of certain Financial Solutions deals recorded as fee business rather than as premiums in Q1 2019. Excluding these deals, gross written premiums would have grown by 2.5% at constant exchange rates.
- **SCOR Global P&C** delivers excellent profitable growth in Q1 2019. The net combined ratio of 94.6% is better than the “Vision in Action” assumption, despite the impact of the significant upward market revisions during Q1 2019 of the estimated cost of Typhoons Jebi and Trami, which took place in Q3 2018 (+ EUR 53 million before tax / + EUR 38 million after tax).
- **SCOR Global Life** delivers strong profitability alongside franchise development in Asia-Pacific and records an excellent technical margin of 7.2%.
- **SCOR Global Investments** delivers a strong return on invested assets of 2.8%, supported by an income yield of 2.7%.
- **Group net income** is EUR 131 million for the quarter. The **return on equity (ROE)** is 9.0%, or 828 bps above the risk-free rate².
- **Net operating cash flows** stand at EUR 117 million, with positive contributions from both divisions. SCOR Global P&C’s cash flow has been impacted by payments on 2018 cat events and SCOR Global Life provides strong cash flow, despite the seasonality of client settlements.
- **Shareholders’ equity** is EUR 6.3 billion at March 31, 2019. This results in a strong book value per share of EUR 33.64, compared to EUR 31.53 at December 31, 2018.
- **Financial leverage** stands at 25.9% on March 31, 2019, down 1.6 pts compared to December 31, 2018.
- **Estimated solvency ratio** is 219% at the end of the quarter, at the upper end of the optimal solvency range of 185% - 220% as defined in the “Vision in Action” plan, up 4 pts compared to December 31, 2018.

¹ See press release dated February 7, 2019

² Based on a 5-year rolling average of 5-year risk-free rates.

Press Release

April 26, 2019 - N° 16

- The Group completed the **merger of its 3 SEs** during the quarter³, optimizing its capital under Solvency II, leading to approximately EUR 200 million of solvency capital benefits.
- SCOR is proposing a 2018 **dividend per share** of EUR 1.75 at today's Annual General Meeting, up 6% compared to last year, to be paid on May 2, subject to shareholders' approval.

SCOR Group Q1 2019 key financial details:

<i>In EUR millions (rounded, at current exchange rates)</i>	Q1 2019	Q1 2018	Variation
Gross written premiums	3,985	3,771	+5.7%
Group cost ratio	4.9% ⁴	5.0%	-0.1 pts
Annualized ROE	9.0%	11.2%	-2.2 pts
Net income*	131	166	-21.1%
Net income* excluding revisions of Japanese typhoons	169	166	+1.8%
Shareholders' equity	6,282	6,177	+1.7%

(*) Consolidated net income, Group share.

Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *“The strong start to 2019 bears witness to the depth of SCOR’s franchise and the relevance of the Group’s strategy. The Group’s technical profitability is highly satisfactory, as demonstrated respectively by the P&C combined ratio and the Life technical margin. Both the solvency ratio and the ROE are in line with the targets of the plan. SCOR continues to create long-term value and provides its shareholders with attractive returns, raising the dividend per share to EUR 1.75 subject to approval by today’s Annual General Meeting.”*

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³ See press release dated April 1, 2019.

⁴ Q1 2019 Group cost ratio of 4.7% if calculated on a same basis as Q1 2018.

Press Release

April 26, 2019 - N° 16

SCOR Global P&C delivers excellent profitable growth in Q1 2019

SCOR Global P&C records excellent growth in Q1 2019 with gross written premiums standing at EUR 1,718 million, up 16.1% at current exchange rates compared to the same period of last year (up 12.8% at constant exchange rates). This reflects the very positive January renewals and is driven by the growth of the portfolio, especially in the U.S., in the second half of 2018.

Growth for the whole of 2019 is expected to normalize to the upper range of the “Vision in Action” growth assumption range of 5-8%⁵.

The Q1 2019 net combined ratio of 94.6% is driven by:

- a cat ratio of 6.5%, below the 7% cat budget, mainly impacted by significant upward market revisions during Q1 2019 of the Japanese Typhoons that took place in Q3 2018 (Jebi for + EUR 36 million⁶ and Trami for + EUR 17 million). Smaller natural events that occurred in Q1 2019 total EUR 27 million.
- a robust net attritional loss and commission ratio of 81.1%, driven by the quality of underlying portfolios.
- an expense ratio of 7.0% positively impacted by strong premium growth.

Excluding the market revisions of the Japanese typhoons, the combined ratio would have been 90.7%.

The Q1 2019 normalized net combined ratio stands at 95.1%⁷, within the 95%-96% assumption of “Vision in Action”.

SCOR Global P&C key figures:

<i>In EUR millions (rounded, at current exchange rates)</i>	Q1 2019	Q1 2018	Variation
Gross written premiums	1,718	1,480	+16.1%
Combined ratio	94.6%	91.8%	+2.8 pts

SCOR Global Life delivers a high level of profitability in Q1 2019 and continues its franchise development in Asia-Pacific

SCOR Global Life’s gross written premiums are EUR 2,267 million for Q1 2019, down 1.1% at current exchange rates (down 5.0% at constant exchange rates) compared to Q1 2018. This variation is largely driven by certain Financial Solutions deals being renewed as fee business (rather than as premiums) in Q1 2019.

Excluding these deals, gross written premiums would have grown by 2.5% at constant exchange rates, driven by the expansion of the franchise in Asia-Pacific Protection, US Financial Solutions and Longevity.

⁵ See Appendix.

⁶ Of which EUR 22 million had already been announced in the year-end 2018 results.

⁷ See page 24 of the Q1 2019 earnings presentation for the detailed calculation of the combined ratio.

Press Release

April 26, 2019 - N° 16

Premium growth is in line with the “Vision in Action” assumption of 5-6% over the cycle. Yearly growth rates can fluctuate due to timing of business occurrence between years.

The net technical results stand at EUR 152 million in Q1 2019.

The excellent technical margin of 7.2%⁸ in Q1 2019 is in line with “Vision in Action” assumptions and benefits from:

- the positive impact of 0.4% from the above-mentioned Financial Solutions deals that renewed in Q1 2019 as fee business⁹;
- the technical result from the in-force portfolio, which is in line with “Vision in Action” assumptions; and
- the profitability of new business, which is in line with the Group's ROE target.

SCOR Global Life key figures:

<i>In EUR millions (rounded, at current exchange rates)</i>	Q1 2019	Q1 2018	Variation
Gross written premiums	2,267	2,291	-1.1%
Life technical margin	7.2%	6.8%	+0.4 pts

SCOR Global Investments delivers a strong return on invested assets of 2.8%, supported by an income yield of 2.7%

Total investments reach EUR 27.8 billion, with total invested assets of EUR 19.6 billion and funds withheld¹⁰ of EUR 8.2 billion.

The portfolio positioning is in line with the “Vision in Action” target asset allocation:

- Liquidity at 6%;
- Corporate bonds at 48% (vs. 49% in Q4 2018);
- Fixed income portfolio of very high quality, with an average rating of A+, and a duration at 4.3 years¹¹.

The investment portfolio remains highly liquid, with financial cash flows¹² of EUR 5.8 billion expected over the next 24 months.

Investment income on invested assets is EUR 136 million in Q1 2019, corresponding to a return on invested assets of 2.8%.

This performance is supported by the increase of the income yield, which stands at 2.7% in Q1 2019.

⁸ See page 25 of the Q1 2019 earnings presentation for the detailed calculation of the Life technical margin

⁹ See Appendix F the Q1 2019 earnings presentation for the calculation of the impact of the fee business on the Life technical margin

¹⁰ Funds withheld & other deposits.

¹¹ Compared to 4.3 years in Q4 2018 on fixed income portfolio (4.5-year duration on total invested assets vs. 4.5 years in Q4 2018).

¹² Investable cash: includes current cash balances, and future coupons and redemptions.

Press Release

April 26, 2019 - N° 16

The reinvestment yield was 2.5% at the end of Q1 2019¹³.

Under current market conditions, SCOR Global Investments expects an income yield at ~2.5% for FY 2019. This would translate into an annualized return on invested assets in the 2.7%-3.0% range for FY 2019.

SCOR Global Investments key figures:

<i>In EUR millions (rounded, at current exchange rates)</i>	Q1 2019	Q1 2018	Variation
Total investments	27,840	27,563	+1.0%
▪ of which total invested assets	19,645	18,862	+4.2%
▪ of which total funds withheld by cedants and other deposits	8,194	8,701	-5.8%
Return on investments ^(*)	2.3%	2.0%	+0.3 pts
Return on invested assets ^(**)	2.8%	2.3%	+0.5 pts

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

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

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¹³ Corresponds to theoretical reinvestment yield based on Q1 2019 asset allocation of asset yielding classes (i.e., fixed income, loans and real estate), according to current reinvestment duration assumptions and spreads, currencies, yield curves as of March 31, 2019.

Press Release

April 26, 2019 - N° 16

APPENDIX

1 - P&L key figures Q1 2019 (in EUR millions, at current exchange rates)

	Q1 2019	Q1 2018	Variation
Gross written premiums	3,985	3,771	+5.7%
P&C gross written premiums	1,718	1,480	+16.1%
Life gross written premiums	2,267	2,291	-1.1%
Investment income	156	134	+16.3%
Operating results	216	242	-10.7%
Net income¹	131	166	-21.1%
Earnings per share (EUR)	0.71	0.88	-19.5%
Operating cash flow	117	123	-4.9%

1: Consolidated net income, Group share.

2 - P&L key ratios Q1 2019

	Q1 2019	Q1 2018	Variation
Return on investments¹	2.3%	2.0%	+0.3 pts
Return on invested assets^{1,2}	2.8%	2.3%	+0.5 pts
P&C net combined ratio³	94.6%	91.8%	+2.8 pts
Life technical margin⁴	7.2%	6.8%	+0.4 pts
Group cost ratio⁵	4.9% ⁶	5.0%	-0.1 pts
Return on equity (ROE)	9.0%	11.2%	-2.2 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; 6: Group cost ratio of 4.7% if calculated on a same basis as Q1 2018.

Press Release

April 26, 2019 - N° 16

3 - Balance sheet key figures as on March 31, 2019 (in EUR millions, at current exchange rates)

	As on March 31, 2019	As on December 31, 2018	Variation
Total investments ^{1,2}	27,840	27,254	+2.1%
Technical reserves (gross)	30,323	30,253	+0.2%
Shareholders' equity	6,282	5,828	+7.8%
Book value per share (EUR)	33.64	31.53	+6.7%
Financial leverage ratio	25.9%	27.5%	-1.6 pts
Total liquidity ³	1,420	1,214	+17.0%

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.

4 - "Vision in Action" targets

	Targets
Profitability	ROE \geq 800 bps above 5-year risk-free rate ¹
Solvency	Solvency ratio in the optimal 185% - 220% range

¹ Based on a 5-year rolling average of 5-year risk-free rates.

5 - "Vision in Action" assumptions

		Assumptions
P&C	Gross written premium growth	5% p.a. - 8% p.a.
	Combined ratio	95% - 96%
Life	Gross written premium growth	5% p.a. - 6% p.a.
	Technical margin	6.8% - 7.0%
Investments	Return on invested assets	2.5% - 3.2%
Group	Gross written premium growth	5% p.a. - 7% p.a.
	Cost ratio	4.9% - 5.1%
	Tax rate	22% - 24%

Press Release

April 26, 2019 - N° 16

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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 report 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 document 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 2018 reference document filed on March 4, 2019, under number D.19-0092 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 April 26, 2019.

The financial information for the first quarter 2019 included in this report is unaudited.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to March 31, 2019, should not be taken as a forecast of the expected financials for these periods.