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# SCOR maximizes value creation thanks to its active capital management

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# The SCOR Finance Way

## The Finance way

<b>Strong solvency and capitalization</b>	<ul style="list-style-type: none"><li>• Ensure SCOR's solvency remains within the optimal range of the solvency scale</li><li>• Secure ratings that are required to successfully execute the strategic plan</li></ul>
<b>Financial flexibility</b>	<ul style="list-style-type: none"><li>• Retain high financial flexibility by securing low-cost long-term financing to support the Group's strategic plans</li><li>• Optimize SCOR's gearing with a leverage ratio in the range of 20% to 25% by using its debt efficiently</li></ul>
<b>Strong liquidity and fungibility</b>	<ul style="list-style-type: none"><li>• Ensure a strong level of liquidity and operating cash flow</li><li>• Ensure SCOR's capital is securely and efficiently located in the most advanced economies, and held in major currencies</li></ul>
<b>Attractive shareholder remuneration</b>	<ul style="list-style-type: none"><li>• Remunerate shareholders on the basis of a well-defined, sustainable dividend policy</li><li>• Favor cash dividends, and if relevant include special dividends or share buy-backs</li></ul>
<b>Seeking value and minimizing risks</b>	<ul style="list-style-type: none"><li>• Evaluate M&amp;A opportunities within the Strategic Plan and cornerstone parameters</li><li>• Tax compliance</li><li>• Monitoring of global legal entities' financial performance and capital efficiency</li></ul>

## An excellent start to “Vision in Action”

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SCOR’s capital management is highly effective



SCOR’s track record and franchise are recognized by AM Best with an upgrade to A+ Stable Outlook



Merger of the three SE entities is on track



SCOR confirms its attractive and consistent shareholders’ remuneration policy



The strength of the underlying business fundamentals supports high solvency and solid capital generation, allowing share buy-backs

## SCOR outperforms the “Vision in Action” targets

		H1 2017	“Vision in Action” From July 1 <sup>st</sup> , 2016 to June 30 <sup>th</sup> , 2019
<b>Targets</b>	Return on Equity	9.1%	At least 800 bps above the 5-year risk-free rate <sup>1)</sup>
	Solvency ratio	226%	185%-220%

		5 year average (2012-2016) <sup>2)</sup>	12 months from June 2016 to June 2017	“Vision in Action” From July 1 <sup>st</sup> , 2016 to June 30 <sup>th</sup> , 2019
<b>Assumptions</b>	Gross written premium growth	10.2%	7.0%	~4%-7% p.a.
	P&C combined ratio	92.7%	93.0%	~95%-96%
	Life technical margin	7.2%	7.0%	~6.8%-7.0%
	Return on invested assets <sup>3)</sup>	3.0%	2.7%	2.5%-3.2%
	Leverage Ratio	19.6%	24.7%	≤25%
	Group cost ratio	5.1%	4.9%	~4.9%-5.1%

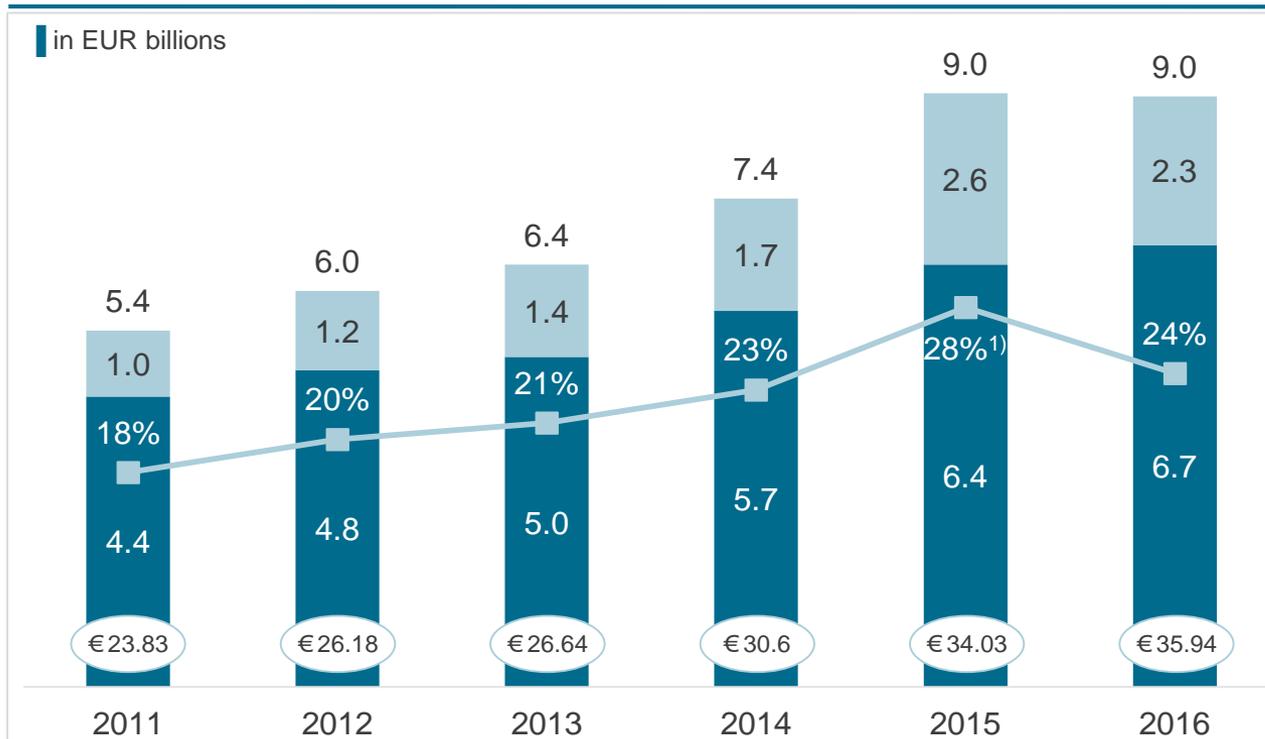
1) Based on a 5-year rolling average of 5-year risk-free rates

2) Based on SCOR’s annual publications

3) Annualized return on invested assets expected in the upper part of the 2.5%-3.2% range, under current market conditions

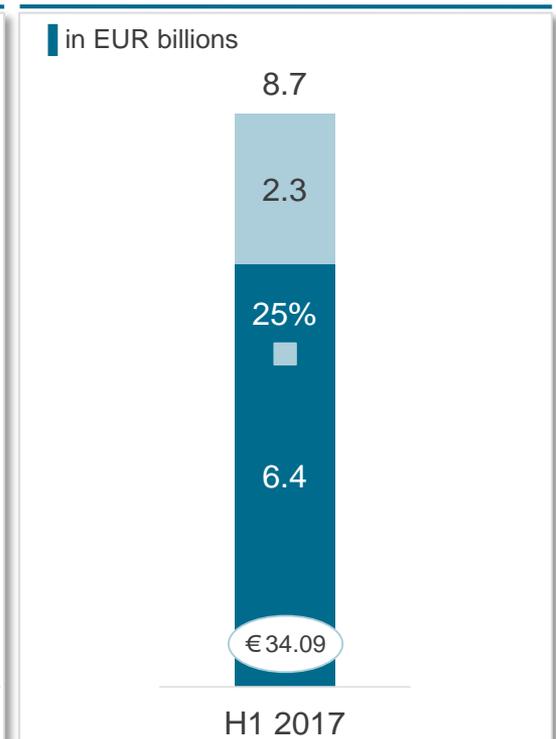
# Sustained development of shareholders' equity is clear evidence of SCOR's very strong capitalization

## Capital increased by 66% during the 2011- 2016 period



- Adding back dividend payments, the capital base would have grown by **88%** over the same period
- The published shareholders' equity increased by 11% CAGR. Adding back dividend payments, it would have grown by 14% CAGR

## Capital position EUR 8.7 billion in H1 2017



- H1 2017 book value per share impacted by distribution of EUR 308 million of cash dividends

Shareholders' equity

Hybrid debt

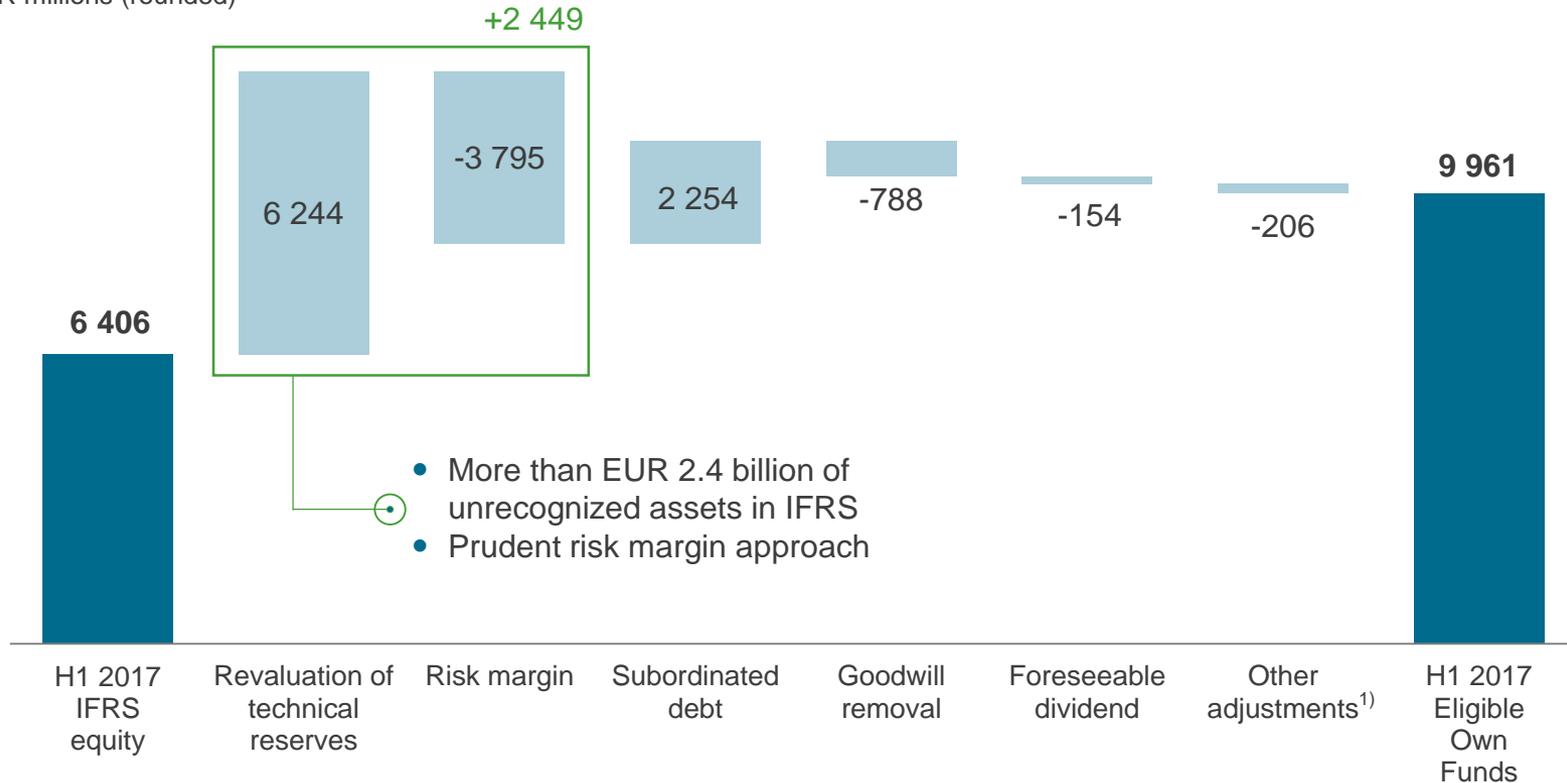
Financial leverage

€ Book value per share

# SCOR generates significant economic value

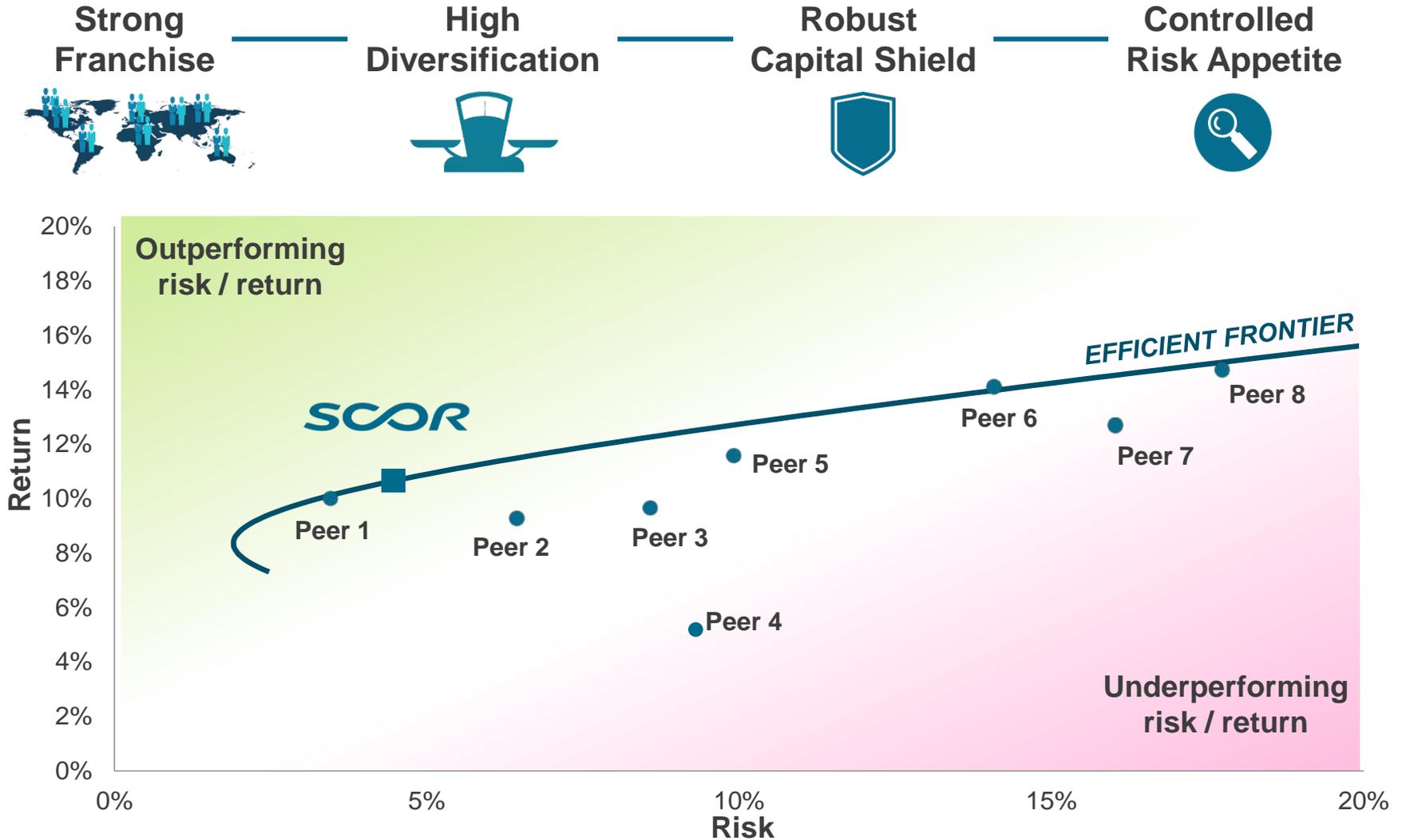
## H1 2017 IFRS Shareholders' Equity to Eligible Own Funds reconciliation

In EUR millions (rounded)



1) Other adjustments include non-controlling interests, deferred taxes and real estate

# SCOR optimizes the use of its capital with an excellent risk/reward profile



# SCOR benefits from a best-in-class rating with all agencies giving a positive assessment of its current financial strength and capitalization

Sept 1<sup>st</sup>, 2017  
**Upgrade**



**A+**  
Stable outlook

*“Track record of strong and resilient operating profitability and very strong risk-adjusted capitalisation”*

July 14<sup>th</sup>, 2017  
**Affirmation**

**FitchRatings**

**AA-**  
Stable outlook

*“Very strong level of capitalization”*

Sept 23<sup>rd</sup>, 2016  
**Upgrade**

**MOODY'S**

**Aa3**  
Stable outlook

*“Consistently good profitability with a very low level of volatility, strong financial flexibility”*

Sept 12<sup>th</sup>, 2016  
**Affirmation**

**STANDARD & POOR'S**

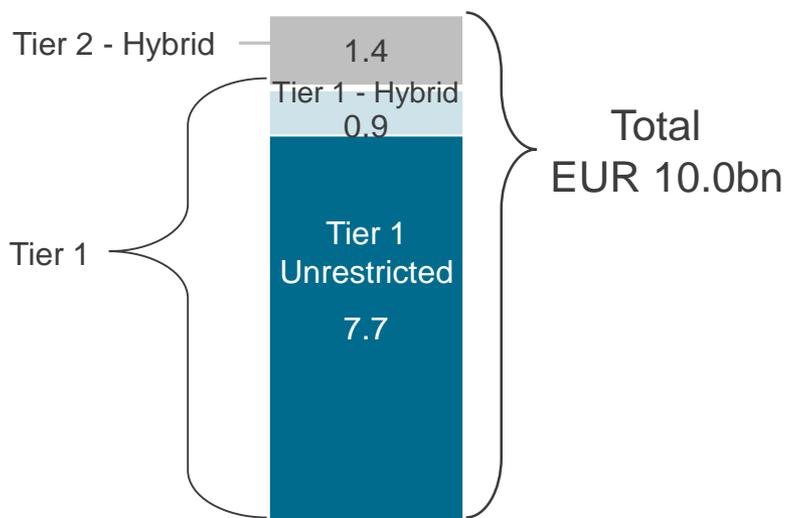
**AA-**  
Stable outlook

*“Very strong capital and earnings, strong financial profile and exceptional liquidity”*

# SCOR has a high quality capital structure under Solvency II, with 86% in Tier 1 capital, providing the Group with flexibility and capacity

## Eligible own funds are mainly Tier 1

As at June 30<sup>th</sup> 2017 - in EUR billions (rounded)



## Significant remaining capacity

As at June 30<sup>th</sup> 2017 - in EUR billions (rounded)

Capital Tiering	SCOR's issuance capacity
Tier 3 <sup>1)</sup>	674
Tier 2 - Hybrid	910
Tier 1 - Hybrid	1 010
Tier 1 – Unrestricted (e.g. equity)	Unlimited



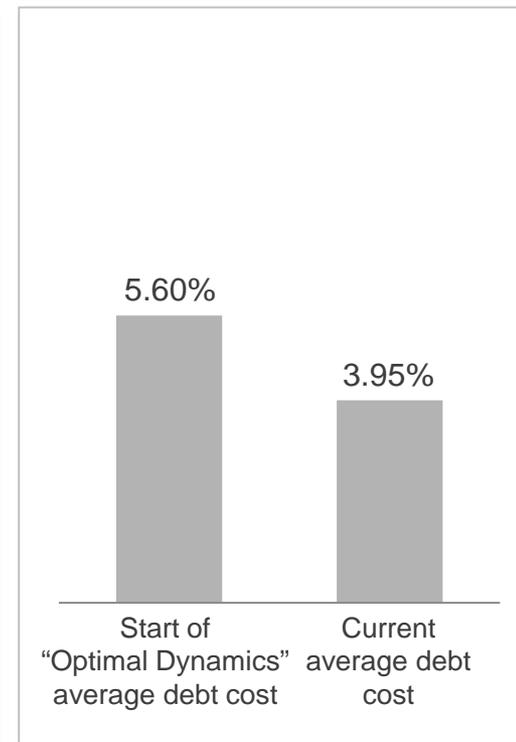
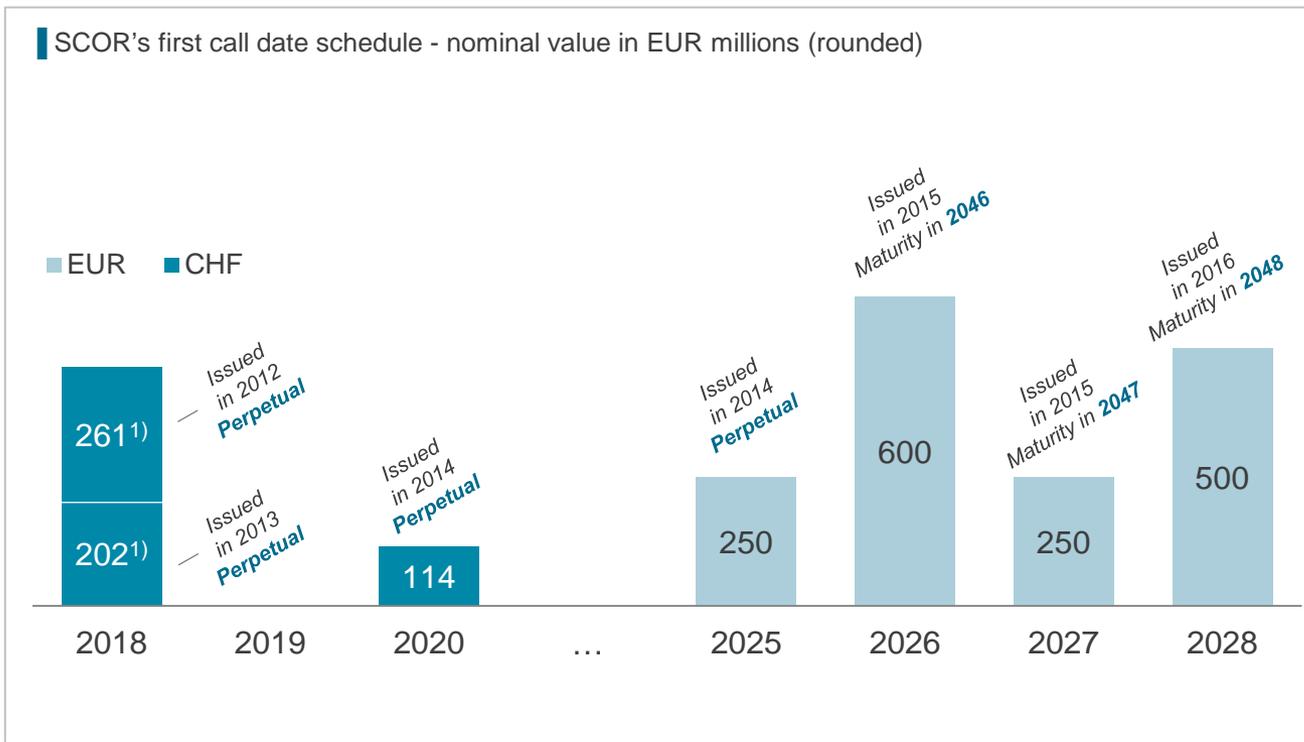
**SCOR utilizes its debt efficiently, with expected financial leverage not exceeding 25%**

1) Tier 3 includes Senior notes and net Deferred Tax Assets

# SCOR maintains high financial flexibility and has secured low-cost long-term financing to support the new plan and beyond

## SCOR has secured the financing of “Vision in Action” plan developments

at a very low cost<sup>1)</sup>

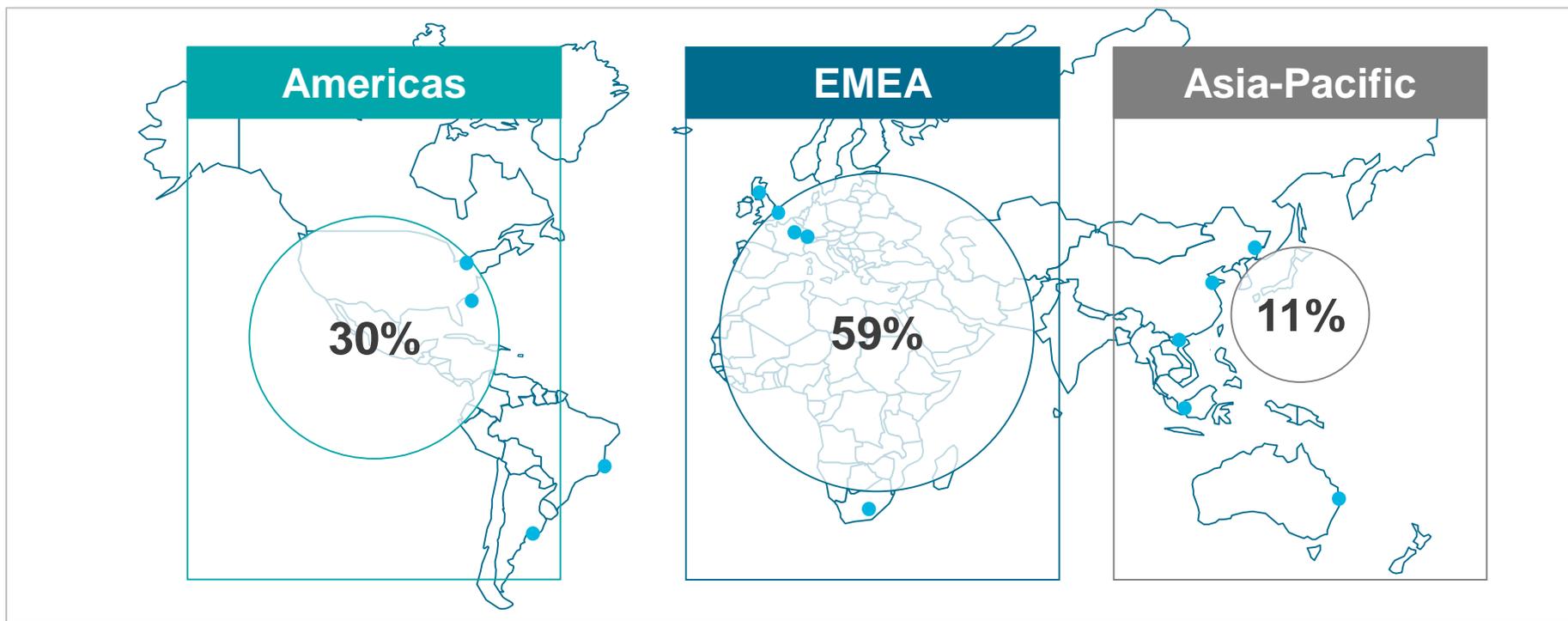


**SCOR has a long weighted average maturity of 9.7 years, and a low weighted average cost for its EUR-denominated hybrid debt**

1) After cross-currency swap

# SCOR's capital is fungible, secure and efficiently allocated, with most of its capital in advanced economies

## Three pools of capital<sup>1)</sup>

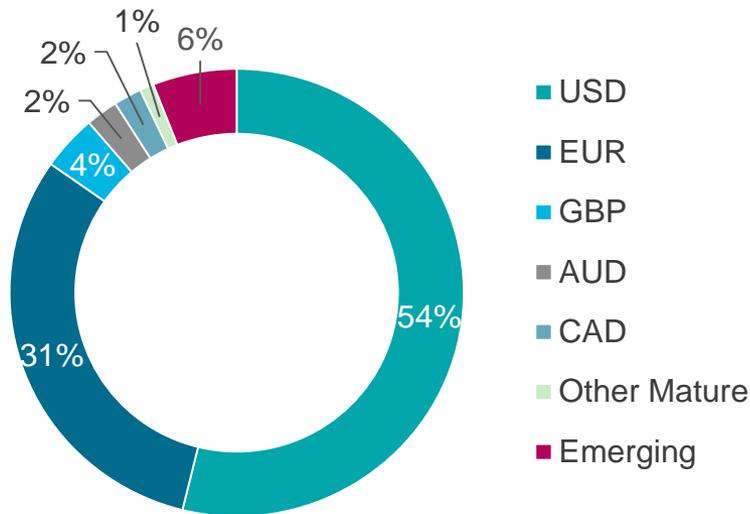


- Three pools of capital secured and principally located in mature and advanced economies<sup>2)</sup>
- Limited number of subsidiaries, enhancing fungibility of capital while supporting local business presence
- Group dividend secured thanks to dividend plan by pool of capital and by legal entity reviewed every year

# SCOR's capital is fungible, secure and efficiently allocated, with most of its capital held in major currencies

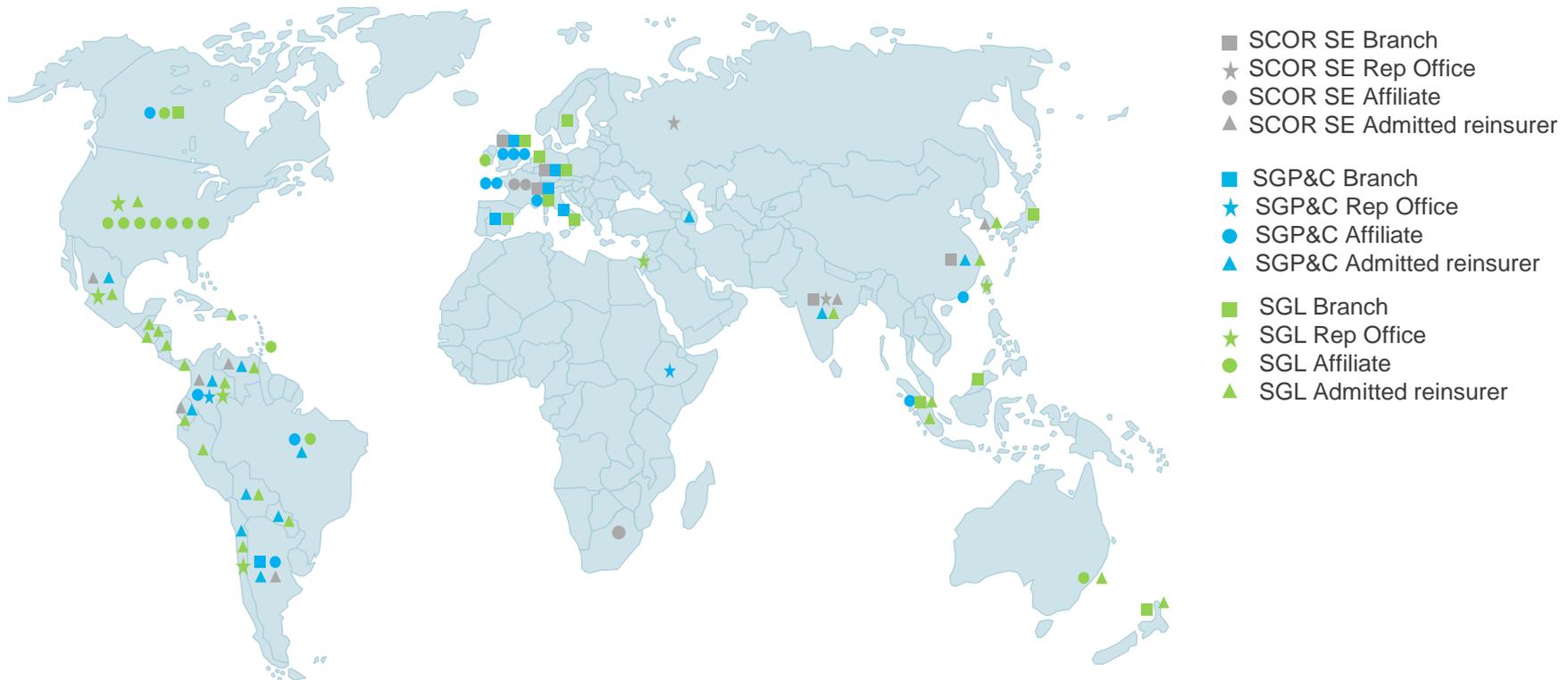
**~90% of capital held in USD, EUR and GBP**

Q2 2017 shareholders' equity by currency – in %



- Active and prudent FX management at local entity level to naturally hedge its capital, most of which is held in major currencies
- Strict IFRS FX congruency policy to hedge monetary assets and liabilities

# SCOR merger of the three SE entities is on track – 48 jurisdictions in the scope of the merger



The merger of the 3 entities is on track and is expected to be completed early 2019, with potential solvency benefit of up to EUR 200 million

# EUR 2.3 billion in dividends paid to shareholders, translating into +11.5% CAGR between 2005 and 2016

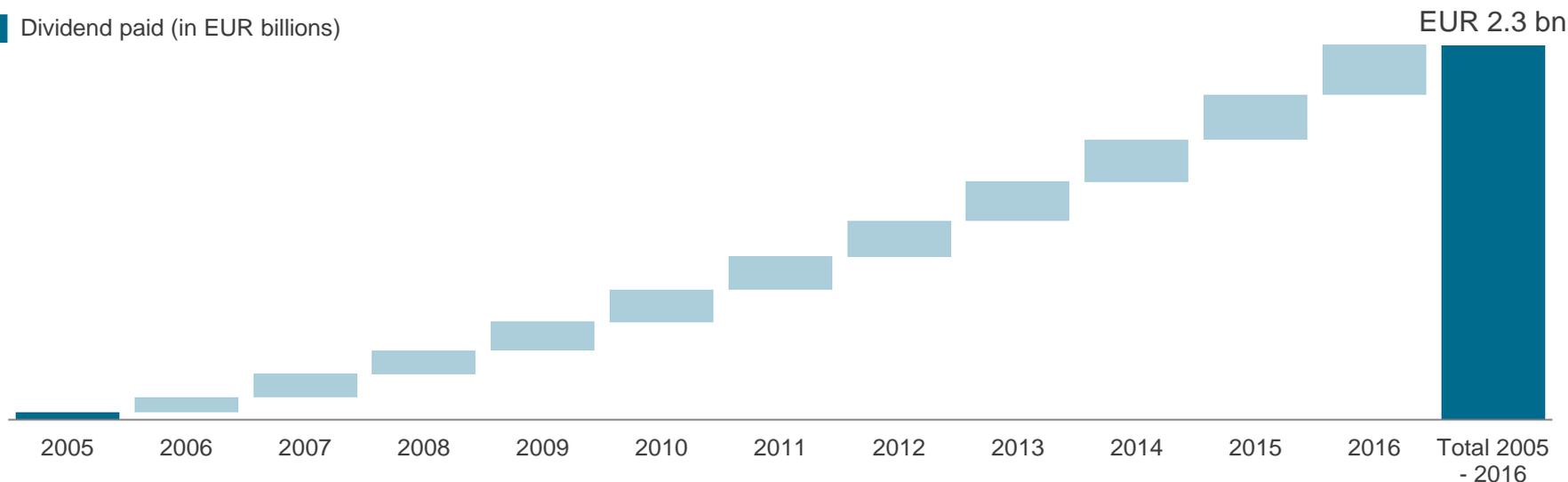
## SCOR manages its capital optimally thanks to a disciplined annual process

- **Step 1:** the Group ensures the projected solvency position is in the optimal range
- **Step 2:** SCOR estimates and allocates capital to support future accretive growth
- **Step 3:** the Group defines the amount of a sustainable regular dividend accordingly
- **Step 4:** the Group evaluates any excess capital for shareholder repatriation or future use

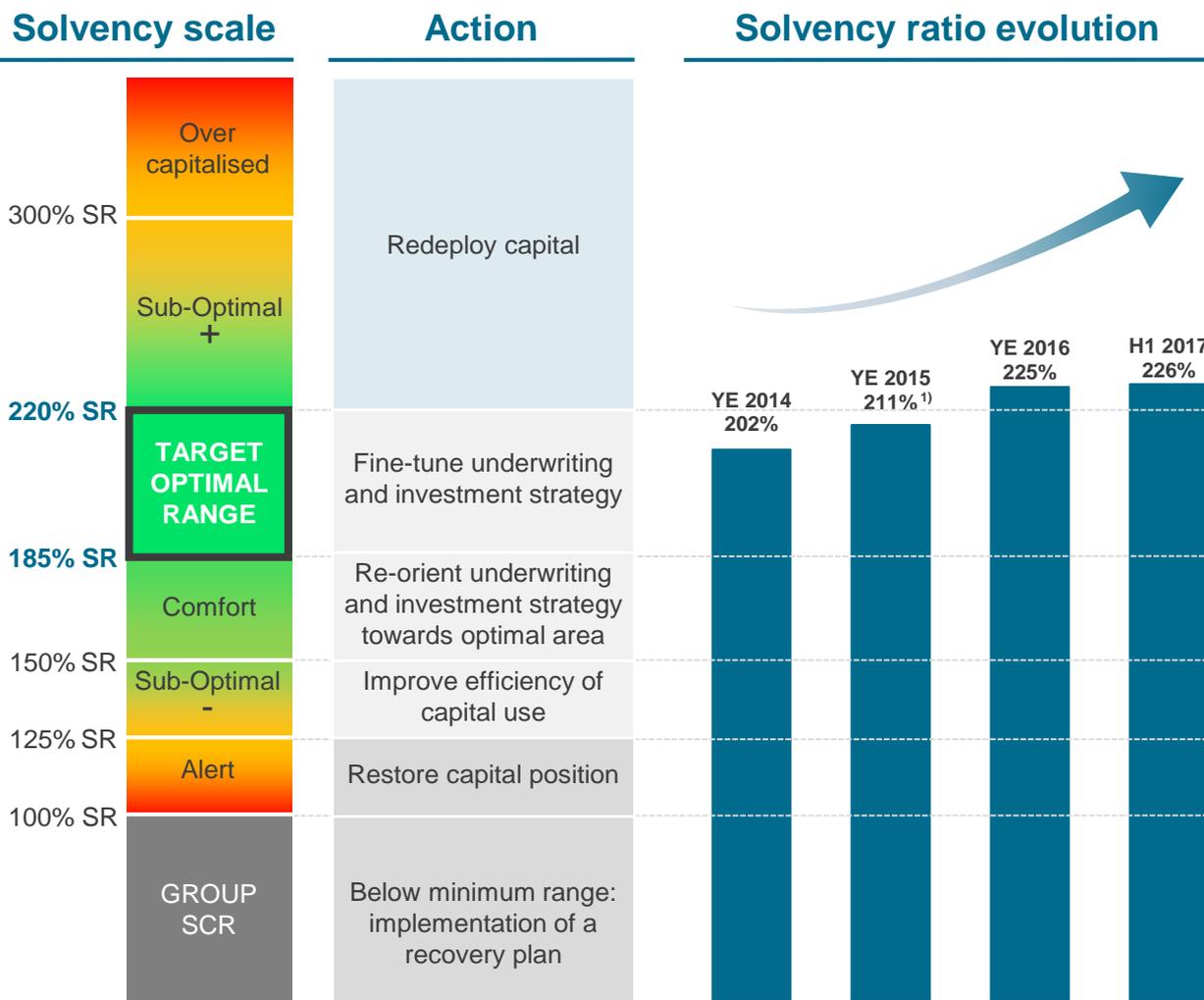
## SCOR remunerates shareholders on the basis of a well-defined dividend policy

- SCOR favors cash dividends, and if relevant includes special dividends or share buy-backs
- Minimum dividend payout ratio of 35%

Dividend paid (in EUR billions)



# SCOR launches a share buy-back program of up to EUR 200 million on the basis of robust underlying fundamentals



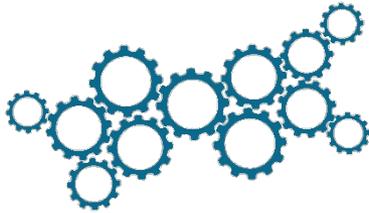
**SCOR announced a share buy-back<sup>2)</sup> with an amount of up to EUR 200 million over the next 24 months**

- The strong and profitable growth, driven by the successful start to the “Vision in Action” plan, remains in line with the capital plan of the Group
- Solvency exceeds the upper end of the optimal range
- SCOR has demonstrated its ability to self-finance its growth, in addition to providing an attractive dividend to shareholders

1) The YE 2015 estimated solvency ratio has been adjusted for the calls of the two debts redeemed in August 2016. The solvency ratio based on Solvency II requirements was 231% at year-end 2015

2) SCOR General Assembly sets the maximum number of shares that can be bought back at 10% of the number of shares comprising the Company share capital, excluding treasury shares owned by the Group

# SCOR Finance develops global IT solutions to enhance its productivity and timing efficiency while reducing its operational risks



## Increased productivity

**Global treasury tool**  
for enhanced management  
and efficiency

## Timing efficiency

**Springbok**  
to accelerate the financial  
closing process



## Reduced operational risks

**Centralized data  
warehouse**  
to feed regulatory,  
management and market  
reporting requirements



SCOR is preparing for IFRS 17 and IFRS 9

# For M&A in the reinsurance industry, the dance floor is open but SCOR is observing from the side



**" I'M SORRY, BUT I ONLY DANCE WITH PODIATRISTS. "**

CartoonStock.com

# SCOR keeps executing its strategic plans successfully and continues to enhance its financial strength and global franchise

Strong Earnings Generation



Exceptional Liquidity

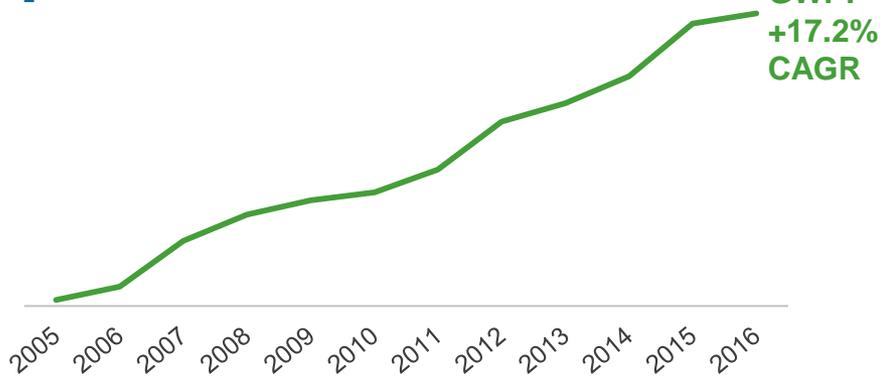


Very strong capitalization

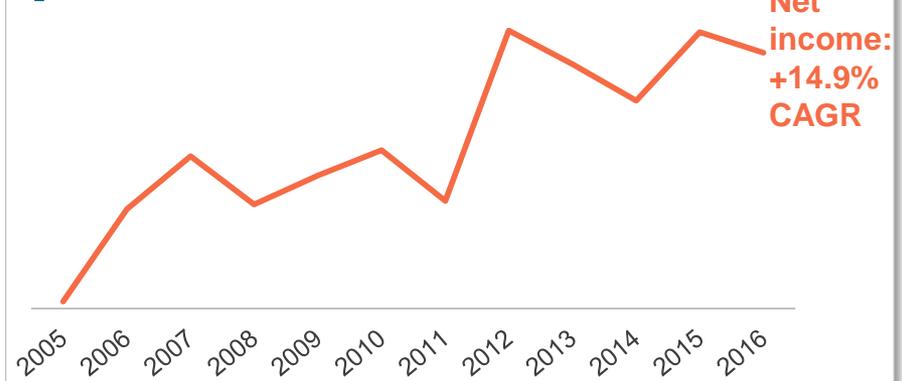


Strong Financial Flexibility

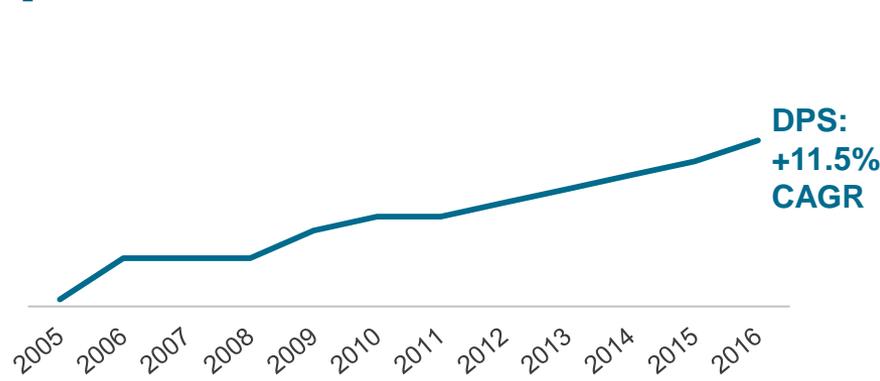
Indexed GWP based on 2005



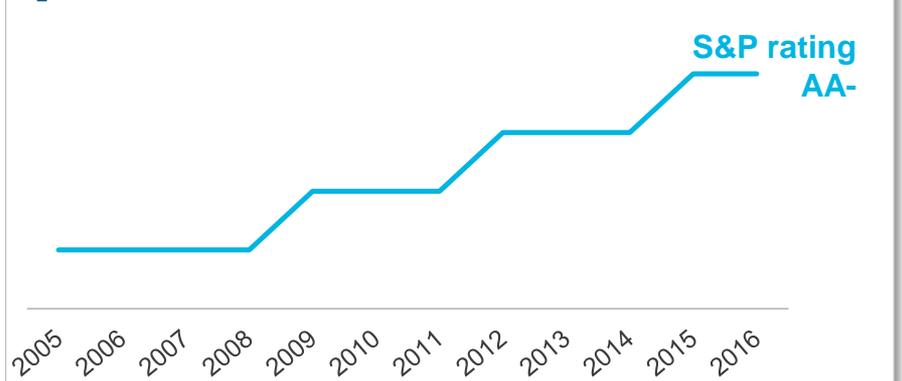
Indexed net income based on 2005



Indexed dividend per share based on 2005



S&P rating evolution since 2005

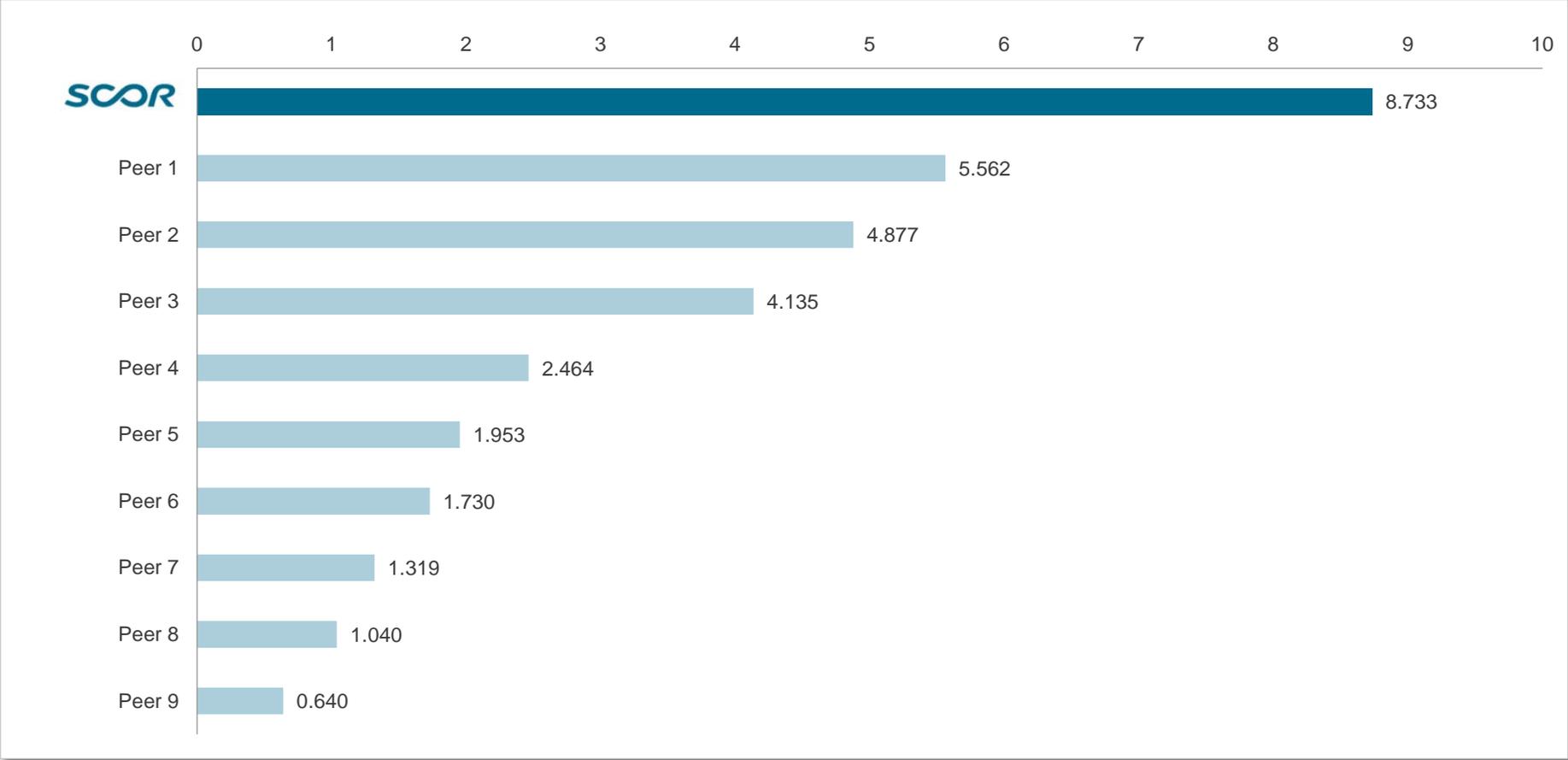


## APPENDICES

- 1 SCOR Group
- 2 SCOR Global P&C
- 3 SCOR Global Life
- 4 SCOR Global Investments
- 5 ERM
- 6 Capital management**
- 7 Glossary

# SCOR offers the best adjusted risk return in the industry

Sharpe ratio: Average of RoC / Standard deviation of RoC<sup>1)</sup>

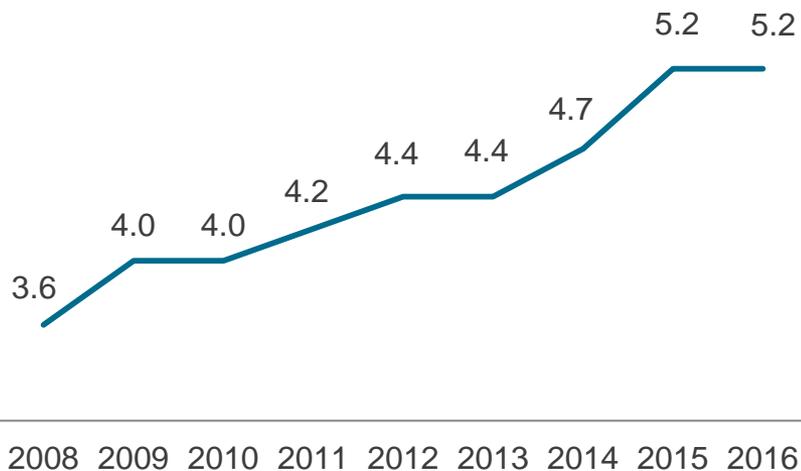


1) RoC is the return on capital as defined by Moody's: Adjusted Net income / (Debt + Shareholder's Equity). Average and standard deviation of the yearly RoC between 2011 and 2015. Metrics as published by Moody's, in each company's reports at YE 2015 (YE 2016 not available yet)  
Peers in alphabetical order: Axis, Arch, Aspen, Hannover Re, Munich Re, Renaissance Re, RGA, Swiss Re, Validus

# SCOR manages to consistently improve both its productivity and its cost management

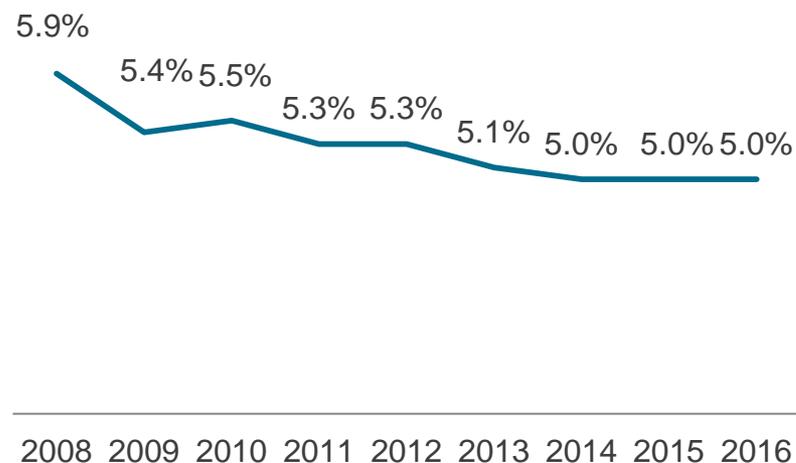
## SCOR improves its productivity

GWP per employee - in EUR millions (rounded)



## SCOR reduces its cost ratio

Cost ratio - in %



**Increasing productivity resulting from:**

**Economies of scale through premium growth**



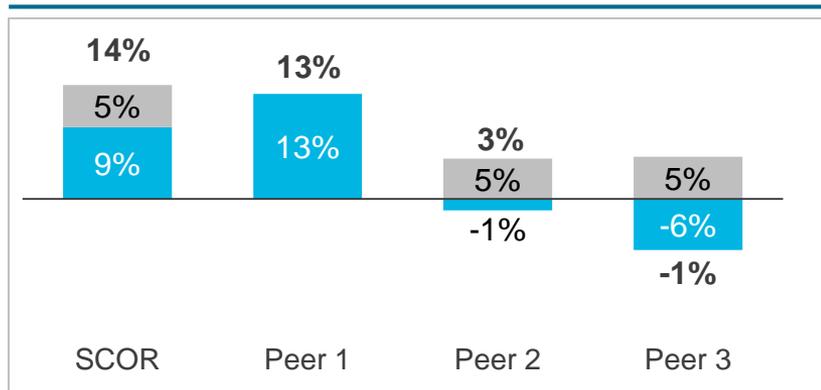
**Investment in technology**



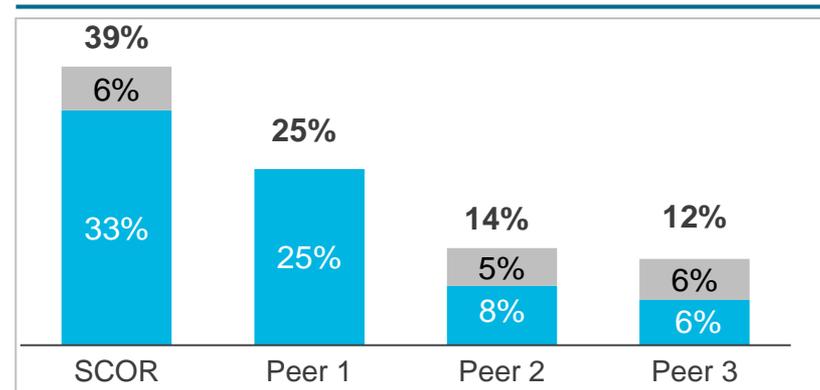
**Talent attraction and retention**

# SCOR's total shareholder return is ahead of European peers in recent years

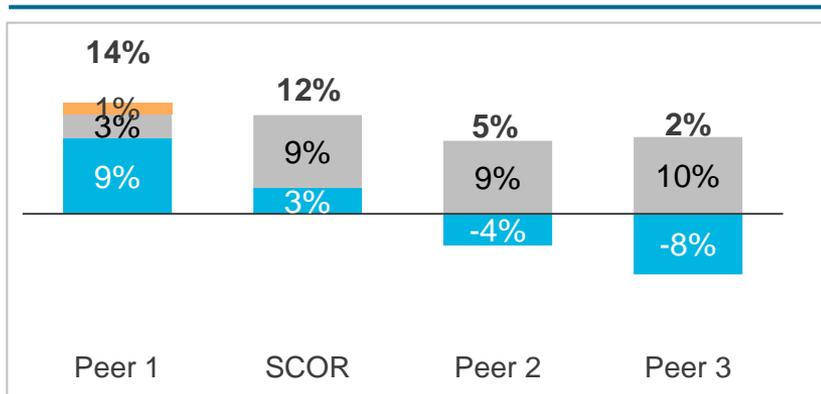
## TSR since January 2017



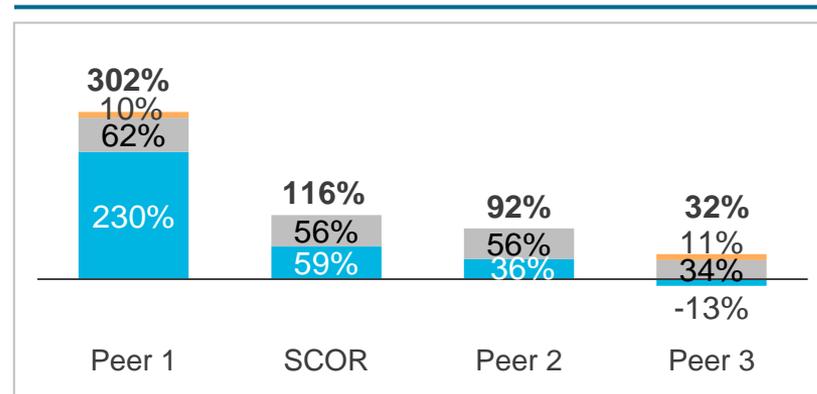
## TSR since September 7, 2016 (IR Day 2016)



## TSR since January 2016



## TSR since January 2007 (10 years)



Dividend paid    Ordinary    Special

Share price appreciation<sup>1)</sup>