

Press Release

27 July 2017 - N° 17

Half-Year 2017 Results

**SCOR delivers a strong performance in H1 2017
with a net income of EUR 292 million
and launches a share buy-back program**

H1 2017 Highlights

- **Excellent profitable growth** on gross written premiums of 10.1% at constant exchange rates compared to the same period in 2016 (+11.7% at current exchange rates), coming from both divisions: Life (+9.7% at constant exchange rates) across all product lines, particularly in the Americas and Asia-Pacific, and P&C (+10.6% at constant exchange rates), leveraging on successful January, April and June renewals;
- **Strong technical results**, as demonstrated by the strong 7.1% Life technical margin, the robust 93.5% P&C net combined ratio and the 2.7% return on invested assets;
- **Net income** of EUR 292 million recorded in H1 2017, up 6.2% compared to H1 2016, with an annualized return on equity of 9.1%, outperforming the “Vision in Action” profitability target of 800 bps above the 5-year risk-free rate over the cycle¹. Excluding the Ogden rate and reserve release impacts fully accounted for in the first quarter of 2017, the net income would stand at EUR 350 million (+27.3% compared to H1 2016) and the ROE at 10.9%, demonstrating the strong core earnings of the Group;
- **Robust estimated solvency ratio** of 226% at 30 June 2017, marginally above the optimal range of 185% - 220% as defined in the “Vision in Action” plan;
- **Share buy-back program** to commence on 27 July 2017, for an amount of up to EUR 200 million over the next 24 months².

Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: “SCOR delivers strong results in the first six months of 2017, outperforming both its profitability and solvency targets from the “Vision in Action” plan. At the same time, the Group continues to expand its footprint in targeted territories and business lines. In addition, by launching this share buy-back program, the Group reaffirms its confidence in the strength of its underlying fundamentals, excellent ratings and optimal debt leverage.”

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

² Please refer to Press Release No. 18 published on 27 July 2017 at www.scor.com.

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SCOR delivers on its first year of “Vision in Action”

SCOR Group H1 and Q2 2017 key financial details:

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Gross written premiums	7,523	6,735	+11.7%	3,784	3,452	+9.6%
Group cost ratio	4.9%	5.1%	-0.2 pts	4.7%	4.9%	-0.2 pts
Annualized ROE	9.1%	8.9%	+0.2 pts	9.7%	6.9%	+2.8 pts
Annualized ROE <i>excluding Ogden rate and reserve release impact</i>	10.9%	8.9%	+2.0 pts	9.7%	6.9%	+2.8 pts
Net income*	292	275	+6.2%	153	105	+45.7%
Net income* <i>excluding Ogden rate and reserve release impact</i>	350	275	+27.3%	153	105	+45.7%
Shareholders' equity	6,406	6,282	+2.0%	6,406	6,282	+2.0%

* Consolidated net income, Group share.

Gross written premiums reach EUR 7,523 million, up 10.1% at constant exchange rates compared to H1 2016 (+11.7% at current exchange rates). This growth comes from both Life (+9.7% at constant exchange rates) across all product lines, particularly in the Americas and Asia-Pacific, and from P&C (+10.6% at constant exchange rates), leveraging on successful January, April and June renewals.

The Group cost ratio decreases to 4.9% of premiums in H1 2017, compared to 5.1% in the same period in 2016.

Group net income reaches EUR 292 million in H1 2017. Excluding the impacts of the change in the Ogden rate and of reserve releases, the net income would be EUR 350 million in H1 2017, up from EUR 275 million in H1 2016. The annualized **return on equity** (ROE) stands at 9.1% or 841 bps above the risk-free rate³, above the “Vision in Action” target. Excluding the Ogden rate and reserve release impacts, the annualized return on equity would stand at 10.9% in H1 2017.

The business model delivers **operating cash flow** of EUR 328 million in the first half of 2017, coming from both the Life and P&C divisions. SCOR Global Life cash flows reflect delays in the settlement of retrocession recoverables and claims payment timing differences, which are expected to normalize in the second half of 2017.

Shareholders' equity stands at EUR 6,406 million at 30 June 2017 after the net income contribution of EUR 292 million, payment of EUR 308 million in dividends for 2016 and a EUR 333 million negative impact from currency translation adjustments, mainly resulting from the weakening of the U.S. dollar recorded in the first half. This results in a book value per share of EUR 34.09 at 30 June 2017, compared to EUR 35.94 at 31 December 2016.

³ Based on a 5-year rolling average of 5-year risk-free rates.

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SCOR's **financial leverage** stands at 25.2% at 30 June 2017, reflecting the impact on shareholders' equity from the dividend payment and currency translation adjustments. It is expected to fall below 25% by the end of the year, in line with "Vision in Action".

In the first half of 2017, SCOR Global P&C achieves both controlled growth and strong technical profitability

In the first half of 2017, SCOR Global P&C gross written premiums stand at EUR 3,120 million, up 10.6% at constant exchange rates compared to the same period last year (+11.4% at current exchange rates), with 8.9% growth in the second quarter standalone (+9.6% at current exchange rates). The growth rate includes the positive impact of large contracts written in the USA during the second half of 2016. Premium growth for 2017 should normalize in the second half of the year within "Vision in Action" assumptions⁴.

SCOR Global P&C key figures:

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Gross written premiums	3,120	2,801	+11.4%	1,562	1,425	+9.6%
Net combined ratio	93.5%	93.8%	-0.3 pts	92.6%	97.5%	-4.9 pts

(*) The net combined ratio calculation has been refined to exclude some immaterial non-technical items that were previously included. Considering their potential growth, these items have been excluded to ensure they do not distort the combined ratio in the future. The impact on the previously reported ratios for H1 2016 is +0.25% pts YTD and +0.20% pts QTD.

The P&C division's net combined ratio net is 93.5% in the first half, with a "normalized" net combined ratio of 94.7%⁵.

Profitability in the first half of 2017 was driven by:

- Low natural catastrophe losses. Catastrophe events totalled 2.1 pts of net combined ratio on a year-to-date basis including storm & fire in South Africa (EUR 15 million), tropical cyclone Debbie (EUR 20 million) and an earthquake in Australia (EUR 9 million) as the main events;
- Roughly flat net attritional losses and commissions net of Ogden. The attritional loss and commission ratio was 84.7%⁶ for H1 2017, similar to the first half of last year (79.9%) when excluding the impact of the change in the Ogden rate (4.3 pts), which was fully taken into account in Q1 2017.

P&C renewal outcomes in June and July are in line with "Vision in Action". Gross renewed premiums grew by 4.7% at constant exchange rates to EUR 547 million, driven by Credit & Surety and EMEA. The

⁴ See appendix p.7 for more information on targets and assumptions set in the "Vision in Action" plan.

⁵ Please refer to page 28 of the investor presentation for the detailed calculation of the normalized net combined ratio.

⁶ With a EUR 45 million (pre-tax) positive effect from reserve releases in long-tail lines of business and a EUR 116 million (pre-tax) negative one-off linked to the change in the Ogden rate in Q1 2017.

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US book was roughly flat after growing substantially earlier this year. In the US, the Division growth on clients and segments outlined in “Vision in Action” was offset by property portfolio management actions and the decision to reduce risk with Florida-focused monoline carriers. Overall, pricing at the June/July renewals declined -0.5%, driven by Property. The year-to-date price change remains at -0.5%.

SCOR Global Life successfully delivers profitable growth in the first half of 2017

SCOR Global Life records excellent growth in the first half of 2017, with gross written premiums standing at EUR 4,403 million, up 9.7% at constant exchange rates compared to the same period last year (+11.9% at current exchange rates). This is driven by:

- Robust new business flow across all product lines;
- Strong growth in Asia-Pacific, in line with “Vision in Action”, while maintaining leadership positions in EMEA and the Americas;
- Longevity business expansion in the UK, with a new deal underwritten in the second quarter of 2017, leveraging SCOR’s track record and expertise.

SCOR Global Life key figures:

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Gross written premiums	4,403	3,934	+11.9%	2,222	2,027	+9.6%
Life technical margin	7.1%	7.1%	+0.0 pts	7.1%	7.0%	+0.1 pts

Full-year 2017 premium growth is expected to normalize, in line with the “Vision in Action” annual premium growth assumption⁷.

SCOR Global Life records a strong technical margin of 7.1%, slightly above the “Vision in Action” assumption⁷, benefiting from profitable new business development in accordance with the Group’s ROE target and from the performance of the in-force portfolio, in line with expectations.

SCOR Global Investments delivers a return on invested assets of 2.7% in the first half of 2017, in line with “Vision in Action”⁷

After a significant wave of reinvestment executed in the first quarter of 2017, further portfolio rebalancing has been temporarily put on hold in the second quarter of 2017, taking into account the uncertain environment and the lower level of interest rates at a global level:

- liquidity has been conservatively maintained at 9%;
- the government bond portfolio has been moderately increased (+4 pts vs. Q1 2017) at the expense of the corporate bond portfolio;

⁷ See appendix p.7 for more information on targets and assumptions set in the “Vision in Action” plan.

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- the duration of the fixed income portfolio has been slightly decreased to 4.5 years⁸, compared to 4.8 years in Q1 2017.

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

SCOR Global Investments key figures:

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Total investments	26,658	27,603	-3.4%	26,658	27,603	-3.4%
▪ of which total invested assets	18,349	18,775	-2.3%	18,349	18,775	-2.3%
▪ of which total funds withheld by cedants and other deposits	8,309	8,828	-5.9%	8,309	8,828	-5.9%
Return on investments*	2.3%	2.6%	-0.3 pts	2.4%	2.5%	-0.1 pts
Return on invested assets**	2.7%	3.1%	-0.4 pts	2.9%	3.0%	-0.1 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 30 June 2017, the expected financial cash flows over the next 24 months stand at EUR 6.2 billion (including cash, coupons and redemptions).

In the first half of 2017, invested assets generate a financial contribution of EUR 258 million. The active asset management policy executed by SCOR Global Investments has enabled the Group to record capital gains of EUR 58 million over the period, coming mainly from the Fixed Income portfolio.

The return on invested assets stands at 2.7% for the first half 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 6 months of 2017. The reinvestment yield stands at 2.6%⁹ in H1 2017, confirming the estimated FY 2017 return on invested asset range of 2.7% - 3.2%.

Invested assets (excluding funds withheld by cedants and other deposits) stand at EUR 18,349 million as at 30 June 2017, and are composed as follows: 9% cash, 77% fixed income (of which less than 1% are short-term investments), 4% loans, 3% equities, 5% real estate and 2% other investments. Total investments, including EUR 8,309 million of funds withheld and other deposits, stand at EUR 26,658 million at 30 June 2017, compared to EUR 27,731 million at 31 December 2016.

SCOR reinforces its ESG policy with the publication of its first ESG report on invested assets for the year 2016¹⁰.

⁸ 3.5-year duration on invested assets (3.7 years in Q1 2017).

⁹ Corresponds to marginal reinvestment yields based on H1 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 30/06/2017.

¹⁰ Please refer to press release No.14 published on 29 June 2017 at www.scor.com.

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APPENDIX

1 - P&L key figures H1 and Q2 2017 (in EUR millions, at current exchange rates)

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Gross written premiums	7,523	6,735	+11.7%	3,784	3,452	+9.6%
P&C gross written premiums	3,120	2,801	+11.4%	1,562	1,425	+9.6%
Life gross written premiums	4,403	3,934	+11.9%	2,222	2,027	+9.6%
Investment income	312	345	-9.5%	161	169	-4.7%
Operating results	462	466	-0.9%	257	183	+40.4%
Net income¹	292	275	+6.2%	153	105	+45.7%
Earnings per share (EUR)	1.57	1.49	+5.5%	0.82	0.57	+43.7%
Operating cash flow	328	450	-27.1%	307	133	+130.8%

1: Consolidated net income, Group share.

2 - P&L key ratios H1 and Q2 2017

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Return on investments¹	2.3%	2.6%	-0.3 pts	2.4%	2.5%	-0.1 pts
Return on invested assets^{1,2}	2.7%	3.1%	-0.4 pts	2.9%	3.0%	-0.1 pts
P&C net combined ratio³	93.5%	93.8%	-0.3 pts	92.6%	97.5%	-4.9 pts
Life technical margin⁴	7.1%	7.1%	+0.0 pts	7.1%	7.0%	+0.1 pts
Group cost ratio⁵	4.9%	5.1%	-0.2 pts	4.7%	4.9%	-0.2 pts
Return on equity (ROE)	9.1%	8.9%	+0.2 pts	9.7%	6.9%	+2.8 pts

1: Annualized; 2: Excluding funds withheld by cedants; 3: The net 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.

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3 - Balance sheet key figures as at 30 June 2017 (in EUR millions, at current exchange rates)

	As at 30 June 2017	As at 31 December 2016	Variation
Total investments ^{1,2}	26,658	27,731	-3.9%
Technical reserves (gross)	28,244	28,715	-1.6%
Shareholders' equity	6,406	6,695	-4.3%
Book value per share (EUR)	34.09	35.94	-5.2%
Financial leverage ratio	25.2%	24.4%	+0.8 pts
Total liquidity ³	1,791	2,282	-21.5%

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.

4 - "Vision in Action" targets

	Targets
Profitability	ROE \geq 800 bps above 5-year risk-free rate ¹ , over the cycle
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	3% 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	~4% p.a. - 7% p.a.
	Cost ratio	4.9% - 5.1%
	Tax rate	22% - 24%

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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 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, net combined ratio and Life technical margin) are detailed in the Appendices of the Investor Relations presentation released on 27 July 2017 (see slide 14 of the presentation).

The financial information included in this report has been subject to the completion of a limited review by SCOR’s independent auditors.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to 30 June 2017 should not be taken as a forecast of the expected financials for these periods.