

Press Release

7 September 2023 - N° 17

SCOR launches its new strategic plan

“Forward 2026”

Driving value creation. Shaping the reinsurer of tomorrow.

At its 2023 Investor Day in Paris, SCOR presents its new strategic plan for 2024-2026, **Forward 2026**.

SCOR takes a step forward to fully benefit from the most supportive market environment in the past two decades

As the world continues to undergo fundamental changes, risks are multiplying, and intensifying, creating unprecedented challenges for societies. This rapidly evolving risk landscape has led to a growing demand for protection, and to favorable market conditions for reinsurers. At the same time, the increase in both P&C reinsurance rates and interest rates is expected to support reinsurers' margins.

In such an environment, SCOR is well placed to seize market opportunities, benefiting from its leading global franchise, strong balance sheet, and differentiating in-house expertise. **Forward 2026** will combine the art and science of risk to protect societies, while firmly maintaining sustainability at the heart of the Group's raison d'être.

SCOR is set to accelerate value creation over the next three years

Forward 2026 sets two ambitious and equally weighted targets over the duration of the plan:

- A financial target: an Economic Value growth rate of 9% per annum, at constant interest and foreign exchange rates¹.
- A solvency target: a solvency ratio in the optimal 185% to 220% range. The Group aims to maintain a AA-level of security for its clients.

With **Forward 2026**, SCOR will drive value creation for its shareholders, clients, employees, and for society as a whole. The Group maintains a controlled risk appetite and disciplined underwriting as it acts on business opportunities created by the supportive market conditions, fueling growth on its diversified and equally weighted P&C and L&H portfolios.

All three businesses contribute to growth and value creation:

- **In Life & Health (L&H) reinsurance**, SCOR leverages the full potential of its leading platform to grow its Contractual Service Margin (CSM) through (i) further growth of the Protection portfolio across geographies, (ii) diversification of the Longevity franchise globally, (iii) increased revenues from Financial Solutions, and (iv) further deployment of digital services to differentiate its product offering. L&H actively manages its portfolio to ensure the translation of profits into cash flows. SCOR aims to deliver a L&H insurance service result between EUR 500 million and EUR 600 million per annum over 2024-2026. Improved operating cash flows should reach between EUR 0.2 billion and EUR 0.4 billion by 2026.

¹ Annual growth at constant economics (the starting point of each year being adjusted for the dividend for the preceding year)

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- **In Property & Casualty (P&C) (re)insurance**, SCOR expects the hard market to continue, which should enable the Group to grow in selected attractive lines while building a balanced and resilient portfolio. In Reinsurance, SCOR enhances portfolio diversification, maintains a prudent approach on business exposed to climate change and accelerates the development of Alternative Solutions. In Specialty Insurance, SCOR grows diversifying lines whilst considering their respective cycles, leverages leading position in Construction and Energy to meet the world's infrastructure and transition needs, and actively manages volatility. SCOR aims to deliver a P&C insurance revenue CAGR of 4% to 6% between 2023 and 2026. It targets a P&C net combined ratio of below 87% over 2024-2026. The Nat Cat ratio is maintained at 10% of the net insurance revenue.
- **In Investments**, SCOR maintains its prudent and sustainable investment strategy, capitalizes on its relatively short portfolio duration, and benefits from a high reinvestment rate environment to increase its regular income yield to between 3.4% and 3.8% by 2026. SCOR continues to expand its third-party asset management at SCOR Investment Partners, offering differentiated value propositions through strategies focused on recurring returns, with limited downside risk and sustainable offerings.
- Based on the assumptions above, the **return on equity** is expected to be in excess of 12% per annum² over 2024-2026.

SCOR is shaping the reinsurer of tomorrow

The Group is enhancing the platform to be future-ready, through four value-creation levers:

- Capital allocation and performance, by steering capital allocation at a more granular level to drive disciplined cycle management, and by progressively growing a balanced and diversified portfolio with a lower capital intensity that maximizes value creation;
- Risk partnerships with both existing and new partners, enabling SCOR to monetize its franchise and expertise, and doubling related fee income³;
- Asset and Liability management (ALM), by adopting a more granular framework, with a refined view on liabilities duration and cash flow projections to improve the stability of cash flows and secure the balance sheet against market volatility;
- Tech and Data, by enhancing the use of data through a unique data platform and holistic governance, as a single source of truth, in order to improve capital allocation and performance, and promote the development of new models, products and services.

SCOR continues its transformation and simplification, which will allow the Group to maintain flat total management expenses⁴ between 2023 and 2026, thanks to cost savings of EUR 150 million⁵ by the end of 2026.

Maintaining sustainability at the heart of its *raison d'être*, SCOR announces additional targets today, on top of those announced during the 2023 General Meeting. These include:

² Assuming a 30% corporate income tax rate for the plan period

³ Compared to the 2023E fee income. Gross fee income from risk partnerships (~EUR 50 million in 2023E), services to clients and investments for third parties. This does not include fee income from Financial Solutions. This fee income is included in the insurance service result

⁴ "Other income and expenses excl. revenues associated with financial reinsurance contracts", "Other operating income and expenses" (for reference, they accounted for respectively EUR+20m and EUR-50m in 2022, under IFRS 17) as well as financing expenses are excluded from the management expenses

⁵ Total savings program started in 2022; updated savings amount is higher than EUR 125m initially announced in 2022

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- Multiplying insurance and facultative reinsurance coverage for low carbon energy by 3.5 by 2030⁶. This measure complements the ambition previously announced at the 2022 General Assembly of doubling such coverage by 2025;
- Engaging with clients representing at least 30% of SCOR Specialty Insurance Single Risk premium regarding their ESG commitments and their transition strategy, over the course of the new strategic plan;
- Reaching net zero emissions on SCOR's operations by 2030.

Through this strategic plan, SCOR will strengthen its global leadership and become a dynamic, data-driven manager of risk, capital, and resources.

SCOR introduces a new attractive capital management framework

SCOR introduces an attractive capital management framework for its shareholders, that favors cash dividends and may also include share buybacks or special dividends. The new capital management framework follows a four-step process:

- Ensure the Solvency Ratio, accounting for future growth or potential management actions, remains in the optimal range (185-220%);
- Consider the Economic Value growth and analyze its drivers;
- Set the regular dividend for the current year at a level at least equal to the level of the regular dividend of the previous year;
- Complement the regular dividend with share buybacks or special dividends on an optional basis.

SCOR intends, through this capital management framework, to distribute to its shareholders a significant portion of the Economic Value growth and to offer a resilient and predictable dividend.

The calibration of the regular dividend for the financial year 2023 and any potential share buyback or special dividend amount will be announced together with the FY 2023 results in March 2024.

The Group's Board of Directors approved the **Forward 2026** plan on 6 September 2023.

Fabrice Brégier, Chairman of SCOR, comments: *“Thierry Léger and his team have built an ambitious strategic plan for SCOR for the next three years. This plan defines the best ways and means for the Group to consolidate its position as a global reinsurer, taking advantage of its global underwriting platform and technical know-how. The Board of Directors is confident in the Group's ability to actively pursue its development, with the twofold objective of solvency and value creation. The new attractive capital management framework which we have adopted bears testimony to this.”*

Thierry Léger, Chief Executive Officer of SCOR, comments: *“I am pleased to share SCOR's new three-year strategic plan today. We are benefiting from the best market conditions seen in the last two decades, and we have a very strong franchise: I am confident that SCOR will thrive in this environment, growing in attractive segments, delivering on its financial and solvency targets, and creating significant value for its shareholders. Over the course of the next three years, we will also be building the SCOR of tomorrow: a dynamic, adaptable and reliable reinsurer, committed to protecting societies and supporting the energy transition. I very much look forward to embarking on this exciting journey with all our shareholders, clients, partners and colleagues.”*

⁶ Using SCOR's Estimated Gross Premium Income (“EGPI”) for 2020 as the baseline

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This press release includes forward-looking statements, assumptions, and information about SCOR's financial condition, results, business, strategy, plans and objectives, including in relation to SCOR's current or future projects.

These statements are sometimes identified by the use of the future tense or conditional mode, or terms such as "estimate", "believe", "anticipate", "expect", "have the objective", "intend to", "plan", "result in", "should", and other similar expressions.

It should be noted that the achievement of these objectives, forward-looking statements, assumptions and information is dependent on circumstances and facts that arise in the future.

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In particular, it should be noted that the full impact of the inflation and geopolitical risks including but not limited to the Russian invasion and war in Ukraine on SCOR's business and results cannot be accurately assessed.

Therefore, any assessments, any assumptions and, more generally, any figures presented in this press release will necessarily be estimates based on evolving analyses, and encompass a wide range of theoretical hypotheses, which are highly evolutive. At this stage, none of these scenarios, assessments, impact analyses or figures can be considered as certain or definitive.

These points of attention are all the more essential that the adoption of IFRS 17, which is a new accounting standard, results in significant accounting changes for SCOR.

Information regarding risks and uncertainties that may affect SCOR's business is set forth in the 2022 Universal Registration Document filed on 14 April 2023, under number D.23-0287 with the French Autorité des marchés financiers (AMF) posted on SCOR's website www.scor.com.

In addition, such forward-looking statements, assumptions and information are not "profit forecasts" within the meaning of Article 1 of Commission Delegated Regulation (EU) 2019/980.

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