

Press Release

September 9, 2020 - N° 18

Investor Day 2020

SCOR is well positioned to capture profitable growth opportunities from the new supportive market environment

At its annual Investor Day, SCOR's Executive Management team, led by Denis Kessler, presents an overview of the first year of the "Quantum Leap" strategic plan. SCOR has three key positive messages for its Investor Day.

Firstly, SCOR is absorbing the impact of the Covid-19 crisis. Based on data currently available, information received from cedants to date and the results of the models used, Life claims are emerging better than expected and better than booked at H1 2020. P&C claims are developing as expected.

Secondly, even though there are challenges placed on the industry from the very low yield environment, SCOR's prudent asset management has safeguarded the value of its investment portfolio since the beginning of the Covid-19 crisis. SCOR has resumed its reinvestment strategy on credit markets and value creation assets. More importantly SCOR extracts value first and foremost from its underwriting activities.

Thirdly, SCOR is very positive on the new P&C market conditions and is expecting strong growth with positive pricing dynamics. SCOR is well positioned to benefit from this improving environment thanks to its optimal solvency and the depth of its global franchise.

SCOR absorbs the shock of the Covid-19 pandemic and confirms the assessment communicated on July 23, 2020 within the Group's H1 2020 results:

- On the Life side, the Covid-19 claims are emerging better than expected on the U.S. reinsured portfolio, with EUR 85 million paid as of August 31, 2020, translating into an actual over expected claims ratio of 62%;
- On the P&C side, the Covid-19 claims are developing as expected, with unchanged assessment compared to H1 2020 and EUR 3 million claims paid as of August 28, 2020.

Covid-19 is contributing to create the conditions for stronger growth with positive pricing dynamics. The exacerbation by Covid-19 of the increase in risk aversion *lato sensu* will drive higher demand for risk covers globally and therefore stronger growth for the reinsurance industry, on both the Life side and the P&C side. Furthermore, Covid-19 and the persisting low yield environment are expected to be acting as additional catalysts to an already hardening market on the P&C side.

SCOR is well positioned in this supportive environment:

- The company is absorbing the impact of the Covid-19 crisis, both operationally and financially;
- There are clear profitable growth opportunities ahead;
- The SCOR Group has a strong balance sheet, with superior credit ratings and an optimal solvency, after having taken into account all known current and future Covid-19 claims; and

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- The Group benefits from a global scalable platform that will continue to bring operating leverage as market opportunities are seized.

SCOR reaffirms its “Quantum Leap” strategy, based upon consistency of focus upon the twofold targets of profitability and solvency, and based upon the transformation of the business through an increasing investment in technology. The Group is further enhancing value creation through accelerated growth in the new and supportive P&C reinsurance market environment.

Out of the EUR 250 million investments in technology planned over “Quantum Leap”, EUR 113 million has already been deployed since the start of the plan.

Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *“With the Covid-19 pandemic, SCOR has once again demonstrated its capacity to absorb major shocks combined with the resilience of its business model. Regarding the assessment of our exposure to the Covid-19 pandemic that we provided at the end of July 2020, on the P&C side, claims are developing as expected. On the Life side, at this stage, claims experience is emerging better than expected. In addition, the pandemic has also exacerbated society’s growing aversion to risk, creating the conditions to drive stronger growth for the reinsurance industry. SCOR is uniquely positioned to benefit from the hardening of the pricing environment and improved terms and conditions. SCOR is well on track with the execution of its strategic plan “Quantum Leap” with a faster than expected profitable growth prospect on the P&C side, and reaffirms its strategy based on consistency and transformation to enhance value creation.”*

SCOR Global P&C

For 2020, SGP&C is expecting a positive growth in Gross Written Premiums at constant exchange rates, as the effects of Covid-19 and of the pruning on the 2020 portfolio are expected to be mitigated by the strong growth of the 2018 and 2019 portfolios following the disciplined renewals.

The Covid-19 pandemic is leading to a reinforcement of the P&C (re)insurance market hardening which is expected to be significant, generalized and long-lasting. The outlook for the P&C (re)insurance market is very positive.

In this context, SCOR Global P&C is ideally positioned to benefit from the upcoming hard market across the risk-to-capital value chain. SCOR Global P&C is actively delivering “Quantum Leap” strategic developments by redeploying capital on value-creating segments and clients, growing P&C Partners as an innovation enabler and building a 360° risk taking platform. In this environment, SCOR Global P&C expects to deliver stronger growth than expected for 2021. SCOR Global P&C’s revised assumptions for 2021 are:

- Estimated Gross Premium Income¹ growth of +15%², translating to Gross Written Premium growth of +11%² at constant exchange rates;
- A combined ratio trending down to 95% and below; and
- A VNB³ annual growth assumption improved from 6%-9% to 7%-10% with positive trends.

¹ EGPI - Underwriting Year

² Could be revised down if market not improving as expected

³ Value of New Business after Risk Margin and tax

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SCOR Global Life

The Covid-19 pandemic has accelerated a transformation of the life insurance industry. With an increased desire for protection and security, consumers have greater awareness of the importance of life and health insurance. Engaging and easy to access products are in strong demand. In line with “Quantum Leap” strategic priorities, SCOR Global Life is transforming its value proposition, from simple risk taking to partnering for impact, developing innovative solutions with clients centered around the needs of the consumer.

SCOR Global Life continues to see strong growth from Asia-Pacific and maintains a leading position in EMEA. A leadership position in the US enables a strong focus on making life insurance more accessible.

After the absorption of the financial impact of Covid-19 pandemic, SCOR Global Life expects to return to “Quantum Leap” long term financial assumptions by H2 2021. SCOR Global Life’s revised assumptions are:

- A net technical margin for full year 2020 estimated at 5.5% to 6.0% (compared to 5.2% to 5.4% as communicated at H1 2020 results);
- A net technical margin for full year 2021 estimated at 6.5% to 7.0%, with technical profitability expected to fully return to “Quantum Leap” assumptions in H2 2021;
- Gross Written Premium for 2020 down 1.6% due to a slowdown in large transactions but growth returning to “Quantum Leap” assumptions for 2021;
- A VNB⁴ annual growth assumption maintained at 6% to 9%.

SCOR Global Investments

During the Covid-19 pandemic, SCOR Global Investments has proven its ability to maximize value creation while safeguarding the value of the portfolio. As of September 2, 2020, total unrealized capital gains on invested assets are estimated at EUR 680 million, up EUR 208 million compared to December 31, 2019.

Its portfolio delivers a resilient financial contribution. SCOR Global Investments portfolio, which amounts to EUR 20.7 billion as of June 30, 2020, is highly liquid with EUR 8.7 billion of financial cash-flows⁵ to be reinvested in the next 24 months. Its credit portfolio is designed to be very resilient, even faced with a significant deterioration of the economic environment.

After a voluntary freeze of its reinvestment activity between March and May 2020, SCOR Global Investments has resumed in June 2020 its investment strategy on credit markets and value-creation assets, reflecting an improved economic outlook and a less volatile market context.

SCOR Global Investments continues to execute the “Quantum Leap” roadmap and accelerates its sustainability journey towards carbon neutrality. Thanks to the superior and stress-tested track record of its investment solutions and the acquisition of Coriolis Capital, SCOR Investment Partners is now positioned as a leading player in Insurance-Linked Securities (ILS).

⁴ Value of New Business after Risk Margin and tax

⁵ As of June 30, 2020. Investible cash: includes current cash balances and future coupons and redemption

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SCOR Global Investment's revised assumptions are:

- An annualized return on invested assets estimated at ~2.2%⁶ for FY 2020;
- An average return on invested assets over the course of the "Quantum Leap" plan at 2.4% to 2.9%.

The SCOR Investor Day 2020 webcast starts at 13:00 pm CEST today: [click here to watch it live](#)

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⁶ Including updated allowance for impairments

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This publication is an ad hoc disclosure pursuant to article 17 of the Regulation (EU) n°596/2014 of 16 April 2014.

General

Numbers presented throughout this document 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 document 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 impacted by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR, and in particular by the impact of the Covid-19 crisis which cannot be accurately assessed at this stage, given the uncertainty related to the magnitude and duration of the Covid-19 pandemic and to the possible effects of future governmental actions and/or legal developments.

Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2019 universal registration document filed on March 13, 2020, under number D.20-0127 with the French Autorité des marchés financiers (AMF) posted on SCOR’s website www.scor.com.

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

Financial information

The Group’s financial information contained in this document 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 H1 2020 presentation (see page 22).

The first half 2020 financial information included in this document 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 June 30, 2020 should not be taken as a forecast of the expected financials for these periods. The Solvency II results are unaudited.