

## Press Release

February 27, 2020 - N° 4

### 2019 Annual Results

## SCOR in 2019: profitable growth, strong capital generation, high solvency

### Net income of EUR 422 million and dividend of EUR 1.80 per share

SCOR navigates 2019 with disciplined and profitable franchise expansion, leveraging its balanced portfolio of risks between Life reinsurance and P&C reinsurance, and continues its strong value creation through delivering solid capital generation. In line with its consistent capital management process and dividend policy, the Group is proposing a dividend of EUR 1.80<sup>1</sup> per share for 2019.

- **Gross written premiums** total EUR 16,341 million in 2019, up 4.1% at constant exchange rates compared with 2018 (up 7.1% at current exchange rates).
- **SCOR Global P&C** gross written premiums are up 12.7% at constant exchange rates compared with 2018 (up 15.8% at current exchange rates). Altogether SCOR Global P&C adds approximately EUR 1.0 billion of gross written premiums in 2019 whilst absorbing a high level of natural catastrophe and man-made claims, and demonstrating technical profitability with a net combined ratio of 99.0% in 2019.
- **SCOR Global Life** gross written premiums are slightly down 1.8% at constant exchange rates compared with 2018 (up 1.2% at current exchange rates). This variation is largely driven by the renewal of certain Financial Solutions transactions as fee business (rather than as premiums) in 2019. Excluding these transactions, Life gross written premiums have grown by 4.5%<sup>2</sup> at constant exchange rates. SCOR Global Life continues to successfully expand its franchise and delivers a strong level of technical profitability in 2019 by recording a technical margin of 7.5%.
- **SCOR Global Investments** pursues a prudent asset management strategy and delivers a strong return on invested assets of 3.0% in 2019, benefiting from capital gains.
- **The Group cost ratio** which stands at 4.7% of gross written premiums, is better than the “Quantum Leap” assumption of ~5.0%.
- **The Group net income** stands at EUR 422 million for 2019, up 31.1% compared to 2018. The **return on equity** (ROE) stands at 7.0%, 636 bps above the risk-free rate<sup>3</sup>. The normalized<sup>4</sup> return on equity for the year is 9.0%, exceeding the profitability target of the strategic plan “Quantum Leap”.
- **Group net operating cash flows** stand at EUR 841 million in 2019, with robust cash flows from SCOR Global P&C in line with expectations despite significant payments on 2017 and 2018 natural catastrophe events. SCOR Global Life experienced lower cash flow as a result of the volatility on claim payments. 2018 was positively affected by a large one-off transaction. The Group’s total liquidity stands at EUR 1.5 billion at December 31, 2019.

<sup>1</sup> 2019 dividend subject to approval of the 2020 shareholders’ Annual General Meeting, pursuant to the decision of the Board of Directors at its meeting of February 26, 2020, to adopt the Group’s accounts and consolidated financial statements as of December 31, 2019.

<sup>2</sup> The 2018 GWP include EUR 547 million coming from Financial Solutions transactions which were renewed as fee business under deposit accounting (rather than premiums) in 2019

<sup>3</sup> Based on a 5-year rolling average of 5-year risk-free rates (65 bps in Q4 2019)

<sup>4</sup> Normalize for nat cat (7% budget cat ratio), reserve release and Ogden rate

## Press Release

February 27, 2020 - N° 4

- **Shareholders' equity** stands at EUR 6,374 million at December 31, 2019, up by EUR 546 million compared with December 31, 2018, after the net income contribution of EUR 422 million and dividend payment of EUR 325 million in May 2019. This results in a strong book value per share of EUR 34.06, compared to EUR 31.53 at December 31, 2018.
- **Financial leverage** stands at 26.4% on December 31, 2019, improving by 1.1% points compared to December 31, 2018. Allowing for the intended call of the debt<sup>5</sup> callable on October 20, 2020, the adjusted financial leverage ratio would be at 25.5%.
- **The Group's estimated solvency ratio** stands at 226%<sup>6</sup> on December 31, 2019, above the optimal solvency range of 185% - 220% as defined in the "Quantum Leap" strategic plan. This elevated solvency level is driven by strong capital generation and efficient capital management.

**Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments:** "In 2019, the third consecutive year marked by a high level of natural catastrophes and man-made claims, as well as the persistence of a low interest rate environment, SCOR demonstrates once again its capacity to absorb shocks. The Group continues its development and its strong value creation, recording sustainable growth, an increase in profitability, and further strengthening of solvency. Our shareholder return is attractive with a proposed dividend of EUR 1.80 for 2019 subject to the approval of the Annual General Assembly. SCOR as an independent global Tier one reinsurance company is fully mobilized to reach the targets of its "Quantum Leap" strategic plan."

SCOR Group Full-Year and Q4 2019 key financial details:

In EUR millions (at current exchange rates)	YTD			QTD		
	2019	2018	Variation	Q4 2019	Q4 2018	Variation
Gross written premiums	16,341	15,258	+7.1%	4,286	3,922	+9.3%
Group cost ratio	4.7%	5.0%	-0.3 pts	4.6%	4.9%	-0.3 pts
Annualized ROE	7.0%	5.5%	+1.5 pts	1.3%	-1.3%	+2.6 pts
Net income*	422	322	+31.1%	21	-20	n/a
Shareholders' equity	6,374	5,828	+9.4%	6,374	5,828	+9.4%

\* Consolidated net income, Group share.

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<sup>5</sup> CHF 125 million undated subordinated note lines, issued on October 20, 2014, and callable in October 2020

<sup>6</sup> Solvency ratio based on Solvency II requirements. The Group solvency final results are to be filed to supervisory authorities by May 2020 and the final Solvency ratio may differ from this estimate

## Press Release

February 27, 2020 - N° 4

### SCOR Global P&C adds approximately EUR 1.0 billion of gross written premiums in 2019 whilst demonstrating technical profitability and absorbing a high level of natural catastrophes

In 2019, SCOR Global P&C delivers a strong growth of 12.7% at constant exchange rates (+15.8% at current exchange rates) with gross written premiums reaching EUR 7,147 million. The strong profitable growth is largely driven by robust successive renewals in H2 2018 and 2019 on U.S Treaty reinsurance as well as on Specialty insurance.

SCOR Global P&C key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	2019	2018	Variation	Q4 2019	Q4 2018	Variation
Gross written premiums	7,147	6,175	+15.8%	1,883	1,582	+19.1%
Net combined ratio	99.0%	99.4%	-0.4 pts	108.8%	115.9%	-7.1 pts

SCOR Global P&C absorbs an elevated level of natural catastrophes activity whilst delivering technical profitability with a resilient net combined ratio of 99.0% in 2019:

- A nat cat ratio of 11.6% (vs. 7% nat cat budget) in 2019 mainly driven by Typhoons Hagibis (EUR 227 million net of retrocession and pre-tax) and Faxai (EUR 156 million net of retrocession and pre-tax) in Japan, Hurricane Dorian (EUR 90 million net of retrocession and pre-tax) in the Bahamas as well as by the development of Japanese Typhoons Jebi and Trami that occurred in 2018 (EUR 66 million net of retrocession and pre-tax) in H1 2019. The Group's exposure to these events is within the Group's risk appetite;
- A net attritional loss and commission ratio of 80.5%, slightly higher than 2018 (79.7%) due to a modestly higher level of man-made claims and the impact of the decision taken on the Ogden rate in the United Kingdom (EUR 13 million pre-tax); and
- A reserve release of EUR 110 million<sup>7</sup> (pre-tax) in 2019, versus EUR 100 million (pre-tax) in 2018.

The 2019 normalized net combined ratio stands at 96.1%<sup>8</sup>, slightly above the 95% to 96% assumption of "Quantum Leap"<sup>9</sup> due to the elevated man-made claims.

### SCOR Global P&C has limited exposure to social inflation

SCOR Global P&C has limited exposure to social inflation, with a modest and recently built U.S. casualty portfolio representing approximately 12% of reserves and 11% of gross written premiums. Furthermore, there is very limited or no appetite to those business lines most impacted by social inflation:

- No appetite for workers compensation; and
- Very limited appetite for commercial auto and medical malpractice business, with these lines representing only approximately 1.5% of SGP&C reserves.

<sup>7</sup> Reserve release of EUR 60 million in Q3 2019 QTD and EUR 50 million in Q4 2019 QTD, mostly generated from non-U.S. casualty and Decennial business lines

<sup>8</sup> See page 41 of the Q4 2019 Earnings Presentation for the detailed calculation of normalized net combined ratio

<sup>9</sup> See page 53 of the Q4 2019 Earnings Presentation for details

## Press Release

February 27, 2020 - N° 4

Of the casualty business written by SGP&C, the book is highly diversified across personal and professional lines and across sectors. The portfolio is largely proportional and so benefits directly from primary market price increases, with limited 'edge-effect' from excess of loss treaties.

The Group is confident in the secure reserving position, with a best estimate reserving evaluation that includes consideration of upward market loss trends.

### SCOR Global Life's profitable growth is driven by continued successful franchise expansion

In 2019, SCOR Global Life's gross written premiums stand at EUR 9,194 million, slightly down 1.8% at constant exchange rates (up 1.2% at current exchange rates) compared to 2018. The renewal of certain Financial Solutions transactions as fee business (rather than premium business) in 2019 has mechanically reduced the gross written premiums growth, with no impact on profitability.

Excluding these transactions, gross written premiums have grown by 4.5%<sup>10</sup> at constant exchange rates, driven by continued franchise development.

SCOR Global Life key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	2019	2018	Variation	Q4 2019	Q4 2018	Variation
Gross written premiums	9,194	9,083	+1.2%	2,403	2,340	+2.7%
Life technical margin	7.5%	7.0%	+0.5 pts	8.3%	7.0%	+1.3 pts

The net technical result stands at EUR 624 million in 2019 (+6.0% at current FX).

The technical margin of 7.5% in 2019 stands broadly in line with "Quantum Leap" assumptions<sup>11</sup> benefiting from:

- Positive impact of 0.4% from the above-mentioned Financial Solutions transactions that renewed in 2019 as fee business<sup>12</sup>;
- Solid technical result from in-force business. U.S. claims are approximately EUR 80 million<sup>13</sup> higher than in 2018, balanced by active portfolio management and a strong reserve position; and
- Profitability of new business in line with the Group's ROE target.

### SCOR Global Investments delivers a strong return on invested assets of 3.0 % in 2019, pursuing a prudent asset management strategy and benefitting from capital gains

Total investments reach EUR 28.9 billion, with total invested assets of EUR 20.6 billion and funds withheld<sup>14</sup> of EUR 8.3 billion.

In the current financial environment, SCOR's pursues a prudent asset allocation and adopts a more

<sup>10</sup> The 2018 GWP include EUR 547 million coming from Financial Solutions transactions which were renewed as fee business under deposit accounting (rather than premiums) in 2019

<sup>11</sup> See page 53 of the Q4 2019 Earnings Presentation for details

<sup>12</sup> See Appendix F, page 42 of the Q4 2019 Earnings Presentation for calculation of the impact of the fee business on the Life technical margin

<sup>13</sup> Estimation after allowance for natural aging of the in-force, and allowance of new business on the book

<sup>14</sup> Funds withheld & other deposits

## Press Release

February 27, 2020 - N° 4

cautious positioning of its fixed income portfolio:

- Liquidity is at 6 % of total invested assets;
- Corporate bonds account for 43 % (compared to 49% vs. Q4 2018) of total invested assets; and
- The fixed income portfolio is of very high quality, with an average rating of A+, and a duration of 3.4 years<sup>15</sup>.

SCOR Global Investments key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	2019	2018	Variation	Q4 2019	Q4 2018	Variation
Total investments	28,854	27,254	+5.9%	28,854	27,254	+5.9%
▪ of which total invested assets	20,571	19,153	+7.4%	20,571	19,153	+7.4%
▪ of which total funds withheld by cedants and other deposits	8,283	8,101	+2.2%	8,283	8,101	+2.2%
Return on investments*	2.4%	2.3%	+0.1 pts	2.5%	2.9%	-0.4 pts
Return on invested assets**	3.0%	2.8%	+0.2 pts	3.1%	3.8%	-0.7 pts

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

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

The investment portfolio remains highly liquid, with financial cash flows<sup>16</sup> of EUR 7.8 billion expected over the next 24 months.

The investment income on invested assets stands at EUR 588 million in 2019, benefiting from strong performance of the real estate and fixed income portfolios, with realized gains of EUR 93 million, generating a return on invested assets of 3.0% in 2019.

This performance is also supported by a strong income yield, standing at 2.6% in Q4 2019 YTD.

The reinvestment yield stands at 2.0% at the end of Q4 2019<sup>17</sup>.

### In line with the “Quantum Leap” strategic plan, SCOR accelerates the delivery of ambitious large digital projects to enhance its value proposition

Within our strategic plan “Quantum Leap”, SCOR is committed to a profound transformation to design the reinsurance company of tomorrow. The Group accelerates the use of new technologies across the organization to innovate, broaden its product and service offering, and improve its efficiency. In 2019, SCOR delivered many ambitious large digital projects including:

- “Alpha”, SCOR Global P&C’s platform for Managing General Agents (MGAs) which fully leverages the latest technologies (data capture, artificial intelligence, robotic process automation, system integration and analytics). This tool which is now fully operational will be deployed to the whole SCOR Global P&C portfolio (including SCOR Channel and Essor) by 2021;

<sup>15</sup> Compared to 3.6 years in Q3 2019 on fixed income portfolio (3.6-year duration on total invested assets vs. 3.7 years in Q3 2019)

<sup>16</sup> Investable cash includes current cash balances, and future coupons and redemptions

<sup>17</sup> Corresponds to theoretical reinvestment yields based on Q4 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 December 31, 2019

## Press Release

February 27, 2020 - N° 4

- “My Underwriting Manager”, a redesigned electronic application process developed by SCOR Global Life for a client based in New Zealand which was successfully launched in November 2019. This collaboration aims at creating a better customer experience through a complete redesign of the underwriting application process (using a behavioral economic approach, removing medical terminology and insurance jargon). It leverages a powerful underwriting logic, designed to replicate the decisions of a senior underwriter, and enables significant administration efficiency with redesign of entire back-office processes; and
- “Move 2 Cloud”, an internal project which is part of SCOR’s multi-cloud ambition to move key technology assets (such as the Group Internal Model) to the public cloud environment. The objective is to offer flexibility, to benefit from an extensive computing capacity and to optimize cost in an innovation-friendly environment.

### **SCOR actively integrates environmental, social and governance considerations across all its operations; its efforts are recognized through non-financial rating agency upgrades**

SCOR actively integrates environmental, social and governance considerations across all its operations.

The priority driver of SCOR’s policy in this area is to contribute to mitigation of climate change and adapt its organization to its subsequent effects, as illustrated by the numerous commitments made during the last 10 years and further enhanced within the “Quantum Leap” strategic plan. In particular:

- In addition to its voluntary approach to reduce the intensity of emissions related to its operations and its decision to offset the remaining emissions as soon as 2019, the Group is committed to being zero net carbon by 2050 with regard to its investments, with the first concrete steps undertaken in the areas of coal, oil sands and Arctic drilling.
- This commitment extends to the Group’s underwriting policy, of which one of the strategic drivers is to support energy transition and the development of solutions that facilitate this change
- The Group actively contributes to numerous initiatives and / or regional and international institutions, such as the “Technical Expert Group” of the European Commission and the “Insurance Development Forum”.

Beyond climate change, SCOR, through the strong integration of new technologies, participates to the creation of a more inclusive and healthier society by working with clients to develop life insurance products that incentivize a healthy lifestyle and create innovative solutions for people not able to access protection today.

This voluntary approach has been positively reflected in the non-financial ratings to which the Group is subject, with in particular two upgrades in 2019.

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## Press Release

February 27, 2020 - N° 4

### APPENDIX

#### 1 - P&L key figures 2019 and Q4 2019 standalone

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	2019	2018	Variation	Q4 2019	Q4 2018	Variation
<b>Gross written premiums</b>	16,341	15,258	+7.1%	4,286	3,922	+9.3%
P&C gross written premiums	7,147	6,175	+15.8%	1,883	1,582	+19.1%
Life gross written premiums	9,194	9,083	+1.2%	2,403	2,340	+2.7%
<b>Investment income</b>	671	615	+9.1%	175	190	-7.7%
<b>Operating results</b>	713	658	+8.4%	46	-7	n/a
<b>Net income<sup>1</sup></b>	422	322	+31.1%	21	-20	n/a
<b>Earnings per share (EUR)</b>	2.27	1.72	+32.0%	0.11	-0.10	n/a
<b>Operating cash flow</b>	841	891	-5.6%	268	80	+235.0%

1: Consolidated net income, Group share.

#### 2 - P&L key ratios for 2019 and Q4 2019 standalone

	YTD			QTD		
	2019	2018	Variation	Q4 2019	Q4 2018	Variation
<b>Return on investments<sup>1</sup></b>	2.4%	2.3%	+0.1 pts	2.5%	2.9%	-0.4 pts
<b>Return on invested assets<sup>1,2</sup></b>	3.0%	2.8%	+0.2 pts	3.1%	3.8%	-0.7 pts
<b>P&amp;C net combined ratio<sup>3</sup></b>	99.0%	99.4%	-0.4 pts	108.8%	115.9%	-7.1 pts
<b>Life technical margin<sup>4</sup></b>	7.5%	7.0%	+0.5 pts	8.3%	7.0%	+1.3 pts
<b>Group cost ratio<sup>5</sup></b>	4.7%	5.0%	-0.3 pts	4.6%	4.9%	-0.3 pts
<b>Return on equity (ROE)</b>	7.0%	5.5%	+1.5 pts	1.3%	-1.3%	+2.6 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.

## Press Release

February 27, 2020 - N° 4

### 3 - Balance sheet key figures as of December 31, 2019 (in EUR millions, at current exchange rates)

	As of December 31, 2019	As of December 31, 2018	Variation
<b>Total investments</b> <sup>1,2</sup>	28,854	27,254	+5.9%
<b>Technical reserves (gross)</b>	31,236	30,253	+3.2%
<b>Shareholders' equity</b>	6,374	5,828	+9.4%
<b>Book value per share (EUR)</b>	34.06	31.53	+8.0%
<b>Financial leverage ratio</b>	26.4%	27.5%	-1.1 pts
<b>Total liquidity</b> <sup>3</sup>	1,532	1,214	+26.2%

<sup>1</sup>Total investment portfolio includes both invested assets and funds withheld by cedants and other deposits, accrued interest, cat bonds, mortality bonds and FX derivatives; <sup>2</sup> Excluding 3rd party net insurance business investments; <sup>3</sup> Includes cash and cash equivalents.

## Press Release

February 27, 2020 - N° 4

### 4 - “Quantum Leap” targets

	Targets
<b>Profitability</b>	ROE > 800 bps above 5-year risk-free rate <sup>1</sup> across the cycle
<b>Solvency</b>	Solvency ratio in the optimal 185% - 220% range

<sup>1</sup> Based on a 5-year rolling average of 5-year risk-free rates.

### 5 - “Quantum Leap” assumptions

		Assumptions
<b>P&amp;C</b>	Gross written premium growth	~4% to 8% annual growth
	Net combined ratio	~95% to 96%
	Value of New Business <sup>1</sup>	~6% to 9% annual growth
<b>Life</b>	Gross written premium growth	~3% to 6% annual growth
	Net technical margin	~7.2% to 7.4%
	Value of New Business <sup>1</sup>	~6% to 9% annual growth
<b>Investments</b>	Annualized return on invested assets	~2.4% to 2.9% <sup>2</sup>
<b>Group</b>	Gross written premium growth	~4% to 7% annual growth
	Leverage	~25%
	Value of New Business <sup>1</sup>	~6% to 9% annual growth
	Cost ratio	~5.0%
	Tax rate	~20% to 24%

<sup>1</sup> Value of New Business after risk margin and tax

<sup>2</sup> Annualized ROIA on average over “Quantum Leap” under Summer 2019 economic and financial environment

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## Press Release

February 27, 2020 - N° 4

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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 presentation 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 in the 2019 Interim Financial report which are available on SCOR’s website [www.scor.com](http://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 presentation 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 Q4 2019 Investor Relations presentation released on February 27, 2020.

The financial results for the full year 2019 included in the presentation have been audited by SCOR’s independent auditors.

Unless otherwise specified, all figures are presented in Euros.

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

The Group solvency final results are to be filed to supervisory authorities by May 2020, and may differ from the estimates expressed or implied in this report.