

## Press Release

22 February 2017 - N° 06

### 2016 Annual Results

## SCOR records net income of EUR 603 million, increases its dividend to EUR 1.65 and envisages share buy-backs

In 2016, SCOR delivers a strong set of results and continues to successfully combine profitability and solvency, delivering a strong start to its “Vision in Action” strategic plan.

- **Gross written premiums** reach EUR 13,826 million in 2016, up 5.3% at constant exchange rates compared to 2015 (+3.0% at current exchange rates), with:
  - a strong contribution from SCOR Global Life, with gross written premiums reaching EUR 8,187 million over the period (+8.3% at constant exchange rates and +6.4% at current exchange rates);
  - an increase in SCOR Global P&C gross written premiums, which stand at EUR 5,639 million at the end of 2016, up 1.2% at constant exchange rates (-1.5% at current exchange rates).
- **SCOR Global P&C** records strong technical profitability in 2016, with a net combined ratio of 93.1%.
- **SCOR Global Life** records a robust technical margin of 7.0% in 2016, reflecting the change in business mix in accordance with “Vision in Action”.
- **SCOR Global Investments** achieves a robust return on invested assets of 2.9% in 2016, while being on track regarding the execution of its “Vision in Action” asset management policy.
- **The Group cost ratio** remains stable compared to 2015 at 5.0% of premiums.
- **Group net income** reaches EUR 603 million in 2016. The annualized **return on equity (ROE)** stands at 9.5% in 2016, or 883 basis points above the risk-free rate<sup>1</sup>, after taking into account the impact of the French corporate tax rate decrease on deferred taxes. Excluding this impact, the 2016 net income would be EUR 660 million and the ROE would be 10.4%. The ROE for the second half of 2016 stands at 10.6%, and at 12.5% excluding the impact on deferred taxes.
- The business model delivers a **very strong operating cash flow** of EUR 1,354 million as at 31 December 2016, compared to EUR 795 million at 31 December 2015. As well as the generation of strong recurring cash flows in 2016, this is due to one exceptional item: SCOR Global P&C received a non-recurring fund withheld payment of approximately EUR 300 million. Excluding this exceptional item, the operating cash flow stands at EUR 1 billion in 2016.
- **Shareholders’ equity** stands at EUR 6,695 million at 31 December 2016, compared to EUR 6,363 million at 31 December 2015 after the payment in May 2016 of EUR 278 million of cash dividends for the year 2015. This translates into a record book value per share of EUR 35.94<sup>2</sup> at 31 December 2016, compared to EUR 34.03 at 31 December 2015.
- SCOR’s **financial leverage** stands at 24.4% at 31 December 2016.

<sup>1</sup> Based on a 5-year rolling average of 5-year risk-free rates over the cycle, according to the new methodology disclosed with the “Vision in Action” strategic plan.

<sup>2</sup> Record book value level since the launch of the strategic plan “Back on Track” in 2002.

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- Carried by a strong operating performance, SCOR's **estimated solvency ratio** at 31 December 2016 stands at 225% compared to 211%<sup>3</sup> at year-end 2015, above the optimal range of 185% - 220% as defined in the "Vision in Action" plan.
- SCOR proposes to the Annual General Meeting an **increased dividend** of EUR 1.65<sup>4</sup> per share for 2016, up from EUR 1.50 for 2015, representing a payout ratio of 50.7%. The ex-dividend date for 2016 will be set on 2 May 2017 and the dividend will be paid on 4 May 2017.
- SCOR could consider **share buy-backs** over the next 24 months. The Group's solvency ratio stands at a high level, above the optimal range. SCOR also benefits from solid underlying fundamentals, excellent ratings and optimal debt leverage. In view of this, out of the specific management actions provided by the Group's solvency scale, SCOR could consider accelerating its growth (provided that such growth meets the profitability target of the "Vision in Action" plan), adapting its risk profile, increasing the dividend growth rate and/or buying back shares. The level of excess capital above the optimal range is approximately EUR 200 million as at 31 December 2016. The terms of the share buy-backs (amount and timing) will be settled by the Board of Directors, in accordance with the Group's growth performance.
- SCOR is also progressing in its project to **optimize its legal entities** and expects to complete the merger of SCOR SE, SCOR Global P&C SE and SCOR Global Life SE<sup>5</sup> in early 2019. The potential savings of the reorganization may reach up to EUR 200 million in solvency capital.

### SCOR Group 2016 YTD and Q4 2016 standalone key financial details:

*In EUR millions (rounded, at current exchange rates)*

	YTD			QTD		
	2016	2015	Variation	Q4 2016	Q4 2015	Variation
Gross written premiums	13,826	13,421	+3.0%	3,610	3,425	+5.4%
Group Cost Ratio	5.0%	5.0%	0.0 pts	5.2%	5.0%	+0.2 pts
Return on invested assets	2.9%	3.1%	-0.2 pts	3.0%	2.9%	+0.1 pts
Annualized ROE	9.5%	10.6%	-1.1 pts	10.4%	10.0%	+0.4 pts
Net income*	603 <sup>6</sup>	642	-6.1%	165	150	+10.0%
Shareholders' equity (at 31/12)	6,695	6,363	+5.2%	6,695	6,363	+5.2%
P&C Combined ratio	93.1%	91.1%	+2.0 pts	93.3%	92.2%	+1.1 pts
Life technical margin	7.0%	7.2%	-0.2 pts	6.9%	7.2%	-0.3 pts

(\*) Consolidated net income, Group share.

<sup>3</sup> The estimated solvency ratio at YE 2015 of 211% was adjusted for the two debts that were called in Q3 2016 (the 6.154% undated deeply subordinated EUR 257 million notes called in July 2016 and the 5.375% fixed to floating rate undated subordinated CHF 650 million notes called in August 2016). The estimated solvency ratio based on Solvency II requirements was 231% at year-end 2015.

<sup>4</sup> 2016 dividend subject to approval of the Shareholders' Annual General Meeting on 27 April 2017.

<sup>5</sup> Refer to 2016 Investor Day presentation, in particular slide 102.

<sup>6</sup> After taking into account the impact of the French corporate tax rate decrease on deferred taxes. Excluding this impact, the 2016 Net income would be EUR 660 million.

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### SCOR Group view on 2017:

In 2017, through the consistent execution of its strategy, SCOR is ideally positioned to continue its successful development:

- Thanks to its high level of diversification, the Group is ready to leverage on the positive prospects that the reinsurance market offers, both in P&C and Life;
- Overall, SCOR will benefit from the foreseeable increase in interest rates;
- SCOR has built a secure and fungible capital base, enabling high financial flexibility.

**Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments:** *“In 2016, SCOR delivers a strong set of results, in line with the profitability and solvency targets of its new plan “Vision in Action”. SCOR has also enhanced its franchise, notably with the expansion of its Life footprint in Asia and the gain of additional market shares on the P&C side in the United States. In the meantime, the Group is pursuing innovative initiatives and developing new tools to improve its underwriting and management. SCOR is well on track to reach its strategic targets for “Vision in Action”. SCOR is actively pursuing its shareholder remuneration policy, raising its dividend to EUR 1.65, and now envisages share buy-backs.”*

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\* \*

### SCOR Global P&C records another year of strong technical profitability in 2016, with a net combined ratio of 93.1%

In 2016, SCOR Global P&C gross written premiums stand at EUR 5,639 million, up by 1.2% at constant exchange rates (-1.5% at current exchange rates). This was achieved thanks to healthy 5.4% growth (+2.8% at current exchange rates) in Q4 2016 standalone. Over the quarter, SCOR Global P&C benefited from the progressive strengthening of its positions in the US, which is fully consistent with the “Vision in Action” strategic plan.

SCOR Global P&C key figures:

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	2016	2015	Variation	Q4 2016	Q4 2015	Variation
Gross written premiums	5,639	5,723	-1.5%	1,405	1,367	+2.8%
Combined ratio	93.1%	91.1%	+2.0 pts	93.3%	92.2%	+1.1 pts

Following two years of combined ratio close to 91%, technical profitability remains very strong in 2016 with a net combined ratio of 93.1%. This was achieved while maintaining the technical reserves above the best estimate. The margin above the best estimate at year-end 2016 stands at a similar level to that of 2015, despite the reserves released in Q2 2016<sup>7</sup>.

<sup>7</sup> See Press Release distributed on 27 July 2016.

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The 2016 net combined ratio of 93.1% includes:

- A net attritional and commission ratio of 80.9%<sup>8</sup> in 2016, compared to 82.1% in 2015;
- A 5.5% net nat cat ratio in 2016, due to a series of mid-size events: mainly Fort McMurray wildfires in Canada, Hurricane Matthew in the US and the Kumamoto earthquake in Japan.

The “normalized” net combined ratio (with a natural catastrophe budget of 6% and without the 0.8 points of reserve releases in the second quarter) stands at 94.4% at year-end 2016, in line with the latest assumptions communicated during the 2016 Investor Day<sup>9</sup>.

### SCOR Global Life delivers strong growth and robust profitability in 2016, expanding its franchise in Longevity and in the Asia-Pacific region

SCOR Global Life records strong growth in 2016, with gross written premiums standing at EUR 8,187 million, up 8.3% at constant exchange rates compared to 2015 (+6.4% at current exchange rates), thanks to:

- A continued new business flow across all product lines in EMEA and the Americas;
- The expansion of its franchise in Asia-Pacific with new business flow in Protection and Financial Solutions;
- The successful execution of new Longevity deals, demonstrating SCOR’s ability and ambition to leverage its experience across a breadth of deal sizes.

SCOR Global Life delivers a robust performance in 2016 with a technical margin of 7.0%, in line with “Vision in Action” assumptions, benefiting from:

- Profitable new business, with an increased share of Longevity business in the product mix;
- Healthy performance of the in-force portfolio, with results in line with expectations.

#### SCOR Global Life key figures:

*In EUR millions (rounded, at current exchange rates)*

	YTD			QTD		
	2016	2015	Variation	Q4 2016	Q4 2015	Variation
Gross written premiums	8,187	7,698	+6.4%	2,205	2,057	+7.2%
Life technical margin	7.0%	7.2%	-0.2 pts	6.9%	7.2%	-0.3 pts

<sup>8</sup> With a 0.8 point positive impact of Q2 2016 EUR 40 million reserve releases in long-tail lines of business.

<sup>9</sup> See Press Release distributed on 7 September 2016.

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### SCOR Global Investments delivers a robust return on invested assets of 2.9% in 2016

In the second half of 2016, SCOR Global Investments executed its asset management strategy in line with “Vision in Action”. Liquidity was reduced by 3 points, the proportion of high quality corporate bonds increased by 5 points and the duration of the fixed income portfolio was increased from 4.0 to 4.5 years, compared to 30 June 2016 levels. The very high quality of the fixed income portfolio has been maintained, with an average rating of AA- and currently no sovereign exposure to GIIPS<sup>10</sup> or to French OATs. The redeployment, which was tactically halted before the US elections and Italian referendum at the end of Q4 2016, resumed at the beginning of 2017 under good market conditions.

In a context of rising interest rates and the return of inflation, SCOR Global Investments is benefiting from its unique currency mix, with 48% of the total invested assets denominated in USD, and from its highly liquid portfolio - as at 31 December 2016, expected cash flows over the next 24 months stand at EUR 6.7 billion (including cash, coupons and redemptions).

#### SCOR Global Investments key figures:

In EUR millions (rounded, at current exchange rates)

	YTD			QTD		
	2016	2015	Variation	Q4 2016	Q4 2015	Variation
Total investments	27,731	27,552	+0.6%	27,731	27,552	+0.6%
▪ of which total invested assets	19,226	17,963	+7.0%	19,226	17,963	+7.0%
▪ of which total funds withheld by cedants	8,505	9,589	-11.3%	8,505	9,589	-11.3%
Return on investments*	2.5%	2.6%	-0.1 pts	2.5%	2.5%	0.0 pts
Return on invested assets**	2.9%	3.1%	-0.2 pts	3.0%	2.9%	+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).

In 2016, SCOR Global Investments delivers a significant and recurring financial contribution of EUR 550 million. Its active asset management policy has enabled the Group to record capital gains of EUR 207 million over the period, coming mainly from the fixed income and real estate portfolios.

The return on invested assets stands at 2.9% in 2016, in a continued low yield environment, compared to 3.1% in 2015. Taking account of funds withheld by cedants, the net rate of return on investments stands at 2.5% in 2016. The reinvestment yield<sup>11</sup> stands at 2.5% at 31 December 2016. For 2017, SCOR estimates that it should achieve a return on invested assets in the range of 2.7% to 3.2%.

<sup>10</sup> Greece, Ireland, Italy, Portugal, Spain.

<sup>11</sup> Corresponds to marginal reinvestment yields based on Q4 2016 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 31/12/2016.

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Invested assets (excluding funds withheld by cedants) stand at EUR 19,226 million as at 31 December 2016, and are composed as follows: 8% cash, 79% fixed income (of which 3% are short-term investments), 4% loans, 2% equities, 5% real estate and 2% other investments. Total investments, including EUR 8,505 million of funds withheld, stand at EUR 27,731 million at 31 December 2016, compared to EUR 27,552 million at 31 December 2015.

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### APPENDIX

#### 1 - P&L key figures 2016 YTD and Q4 2016 standalone

*In EUR millions (audited, rounded, at current exchange rates)*

	YTD			QTD		
	2016	2015	Variation	Q4 2016	Q4 2015	Variation
<b>Gross written premiums</b>	13,826	13,421	+3.0%	3,610	3,425	+5.4%
P&C gross written premiums	5,639	5,723	-1.5%	1,405	1,367	+2.8%
Life gross written premiums	8,187	7,698	+6.4%	2,205	2,057	+7.2%
<b>Investment income</b>	670	666	+0.5%	169	161	+5.0%
<b>Operating results</b>	951	1,048	-9.3%	241	246	-2.0%
<b>Net income<sup>1</sup></b>	603 <sup>2</sup>	642	-6.1%	165	150	+10.0%
<b>Earnings per share (EUR)</b>	3.26	3.46	-5.9%	0.89	0.81	+10.2%
<b>Operating cash flow</b>	1,354	795	+70.3% <sup>3</sup>	50	237	-78.9% <sup>4</sup>

*1: Consolidated net income, Group share; 2: After taking into account the impact of the French corporate tax rate decrease on deferred taxes. Excluding this impact, the 2016 Net income would be EUR 660 million; 3: SCOR Global P&C benefited from approximately EUR 300 million non-recurring fund withheld payment in Q3 2016; 4: SCOR Global Life quarter-to-date operating cash flow reflects timing differences in claims payments. Year-to-date flows are in line with expectations.*

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### 2 - P&L key ratios 2016 YTD and Q4 2016 standalone

(Audited)

	YTD			QTD		
	2016	2015	Variation	Q4 2016	Q4 2015	Variation
<b>Return on investments</b> <sup>1</sup>	2.5%	2.6%	-0.1 pts	2.5%	2.5%	0.0%
<b>Return on invested assets</b> <sup>1,2</sup>	2.9%	3.1%	-0.2 pts	3.0%	2.9%	+0.1 pts
<b>P&amp;C net combined ratio</b> <sup>3</sup>	93.1%	91.1%	+2.0 pts	93.3%	92.2%	+1.1 pts
<b>Life technical margin</b> <sup>4</sup>	7.0%	7.2%	-0.2 pts	6.9%	7.2%	-0.3 pts
<b>Group cost ratio</b> <sup>5</sup>	5.0%	5.0%	0.0 pts	5.2%	5.0%	+0.2 pts
<b>Return on equity (ROE)</b>	9.5% <sup>6</sup>	10.6%	-1.1 pts	10.4%	10.0%	+0.4 pts

1: Annualized; 2: Excluding funds withheld by cedants; 3: The 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. 6: After taking into account the impact of the French corporate tax rate decrease on deferred taxes. Excluding this impact, the 2016 ROE would be 10.4%.

### 3 - Balance sheet key figures as at 31 December 2016 (in EUR millions, at current exchange rates)

	As at 31 December 2016	As at 31 December 2015	Variation
<b>Total investments</b> <sup>1,2</sup>	27,731	27,552	+0.6%
<b>Technical reserves (gross)</b>	28,715	27,839	+3.1%
<b>Shareholders' equity</b>	6,695	6,363	+5.2%
<b>Book value per share (EUR)</b>	35.94	34.03	+5.6%
<b>Financial leverage ratio</b>	24.4%	27.5%	-3.1 pts
<b>Total liquidity</b> <sup>3</sup>	2,282	2,034	+12.2%

1: Total investment portfolio includes both invested assets and funds withheld by cedants, accrued interest, cat bonds, mortality bonds and FX derivatives; 2: Excluding 3rd party net insurance business investments; 3: Includes cash and cash equivalents from third parties.

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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 2015 reference document filed on 4 March 2016 under number D.16-0108 with the French Autorité des marchés financiers (AMF) and posted on SCOR’s website [www.scor.com](http://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, combined ratio and Life technical margin) are detailed in the Appendices of the Investor Relation presentation released on 22 February 2017 (see slide 22 of the presentation).

The financial information included in this report has been audited by SCOR’s independent auditors.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to 31 December 2016 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 June 2017, and may differ from the estimates expressed or implied in this report.