

27th July 2016

Insurance

Scor

Price EUR26.11

Broadly in line Q2 publication; solvency remains comfortable

Fair Value EUR38 (+46%)

BUY

Bloomberg	SCR FP
Reuters	SCOR.PA
12-month High / Low (EUR)	37.2 / 25.3
Market Cap (EUR)	5,013
Avg. 6m daily volume (000)	470.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.5%	-20.2%	-17.2%	-24.3%
Insurance	0.5%	-13.3%	-12.8%	-22.2%
DJ Stoxx 600	6.0%	-1.7%	0.6%	-6.7%

	2015	2016e	2017e
P/E	7.6x	9.0x	8.6x
Div yield (%)	5.7%	5.7%	5.8%

ANALYSIS

- Q2 2016 net income stood at EUR105m, down 31% yoy, in line with consensus (EUR104m).
- In P&C, the reported combined ratio stood at 97.5% (consensus 97.3%) vs. 92.6% last year, including 12.0 points related to natcats (vs. 2.0 points last year) and 3.1% of reserve releases. The normalised Q4 combined ratio (assuming natcats at budget level and without reserve releases) was 94.6% vs. 97.6% in Q2 2015 and 94.3% in Q1 2016, pretty much in line with previous guidance, but slightly ahead of MT targets. H1 GWP was up 0.6% (down 2.0% at constant FX). Strong June-July renewals (premiums up 14% with -0.2% price impact).
- In Life, the technical margin was 7.0% (consensus 7.1%) vs. 7.2% last year, in line with the plan.
- Annualised Q2 ROI was 2.5% vs. 2.9% last year, mainly driven by lower recurring yield as group remains cautious on asset allocation (liquidity at 14% of invested assets).
- NAV came in at EUR32.5 at end-June vs. EUR32.8 at end-March.
- Solvency II margin totalled 210% at end-June vs. 202% at end-March, in the upper-end of the company's optimal range of 185-220%.
- No material consequence (financial or operational) expected from Brexit, as planned.
- -> This is a solid set of numbers considering the more challenging Q2 environment, yet no breakthrough. Solvency remains comfortable, which is good news for dividend prospects.

VALUATION

- Based on our current 2016 estimates, our SOTP valuation is EUR38.

NEXT CATALYSTS

- Investors' Day on 7th September. Q3 numbers on 27th October.

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