



**SOMPO
HOLDINGS**

Innovation for Wellbeing

IR Meeting Presentation

Progress of Mid-term Management Plan

May 25, 2017

Sompo Holdings, Inc.



Table of Contents

Achievements in FY2016 and future growth	2
Today's points	3
1. Group management	
Progress of mid-term management plan (1) – Group	5
Progress of mid-term management plan (2) – Businesses	6
Growth story going forward	7
Highlight (1) – Acquisition of SI (Endurance) and PMI	8
Highlight (2) – Shareholder return	9
Highlight (3) – Robust financial base and growth strategy	10
Initiatives to achieve the plan (1) – Digital strategy	11
Initiatives to achieve the plan (2) – Governance	12
Initiatives to achieve the plan (3) – Asset management	13
(Reference) Numerical management targets, etc.	14

2. Businesses

2-1. Domestic P&C insurance

Progress of domestic P&C insurance	16
Combined ratio	17
Direct business	18

2-2. Domestic life insurance

Progress of Himawari Life	19
Progress of growth strategy in domestic life insurance	20
(Reference) Policies in force and product mix	21

2-3. Nursing care & healthcare, etc.

Progress of nursing care & healthcare, etc.	22
Medium-term strategy of nursing care business	23

2-4. Overseas insurance

Progress of overseas insurance	24
Progress of global expansion	25
(Reference) Earnings plan by region	26

Achievements in FY2016 and Future Growth

- Rapidly realized our strategies in FY2016, and will put our soul into them in FY2017 in order to become a stronger group.

Major achievements in FY2016

Brand

- Changed our name to SOMPO Holdings, integrating brand.

Overseas and nursing

- Acquired Sompo International (Endurance).
- Entered into nursing care business in earnest (integrated operation, strengthened internal management, collaborated with academia, etc. from the first year).

Finance

- Decided to issue hybrid bonds in low interest rate environment (¥300 billion in total).

Management

- Established Sompo Digital Lab (started digital strategy).
- Introduced business owner system and CxO system

FY2017

Put soul into the achievements to become a stronger group.

Further enhancement of earnings and capital efficiency

FY2018 onward

Our vision

- Adjusted consolidated profit Over ¥300 billion
- Adjusted consolidated ROE Over 10%

Transformation to global top 10 insurance group

- Reform of group's business portfolio
- Reform of business model in each business

Today's Points

- Mid-term management plan made steady start, with prospects for outperforming FY2018 targets.
- Maintained solid financial soundness, and can expand our capital buffer through reduction of strategic-holding stocks, appropriate capital policies, etc.
- Aim at global top 10 insurance group through transformational capital allocation and acceleration of growth strategies.

Group strategy

- Adjusted consolidated profit was ¥183.2 billion (+¥18.9 billion) in FY2016, and is expected to reach ¥205.0 billion in FY2017.
- Adjusted consolidated ROE is expected to be 8.1% as of the end of FY2017, paving the way for reaching 9% level in FY2018.
- Earnings and ROE will improve mainly due to the impact of Sompo International (Endurance).
- We have proactively expanded shareholder return (increased DPS for 4th consecutive years). Total shareholder return yield reached 5.7%.
- Our financial soundness presents no problem. we will expand capital buffer by committing to reducing strategic-holding stocks at constant pace.
- Aim at earnings of ¥300 billion and double-digit ROE through further growth strategies (as early as possible after FY2020).

Businesses

- Domestic P&C insurance progressed as planned, and kept capability of generating cash flow.
- Domestic life was also steady. New initiatives with the keyword of “health” has progressed.
- In nursing care & healthcare, as internal management progressed, occupancy rate turned to improving trend. The business is expected to be profitable from FY2017.
- In overseas insurance, in addition to M&A impact, organic growth is also in line with the plan.

1. Group management

2. Businesses

2-1. Domestic P&C insurance

2-2. Domestic life insurance

2-3. Nursing care & healthcare, etc.

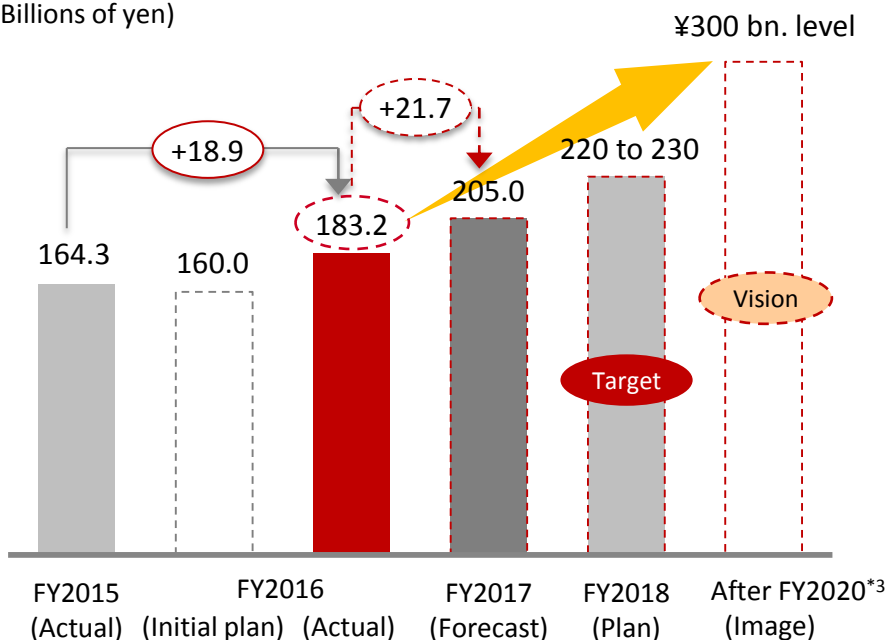
2-4. Overseas insurance

Progress of Mid-term Management Plan (1) – Group

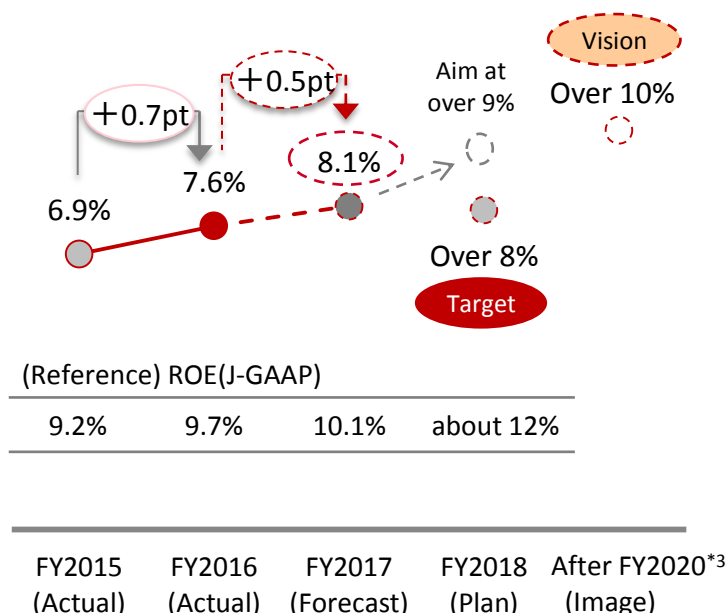
- ◆ First year of the mid-term management plan made steady start more than expected, and had the largest earnings in history.
- ◆ FY2018 targets (earnings and ROE) could outperform the initial plan due to the impact of Sompo International (Endurance)^{*1}, etc.

Adjusted consolidated profit^{*2}

(Billions of yen)



Adjusted consolidated ROE^{*2}



^{*1} On the completion date of the acquisition, March 28, 2017, Endurance changed its brand to Sompo International. We use SI (Endurance) hereafter.

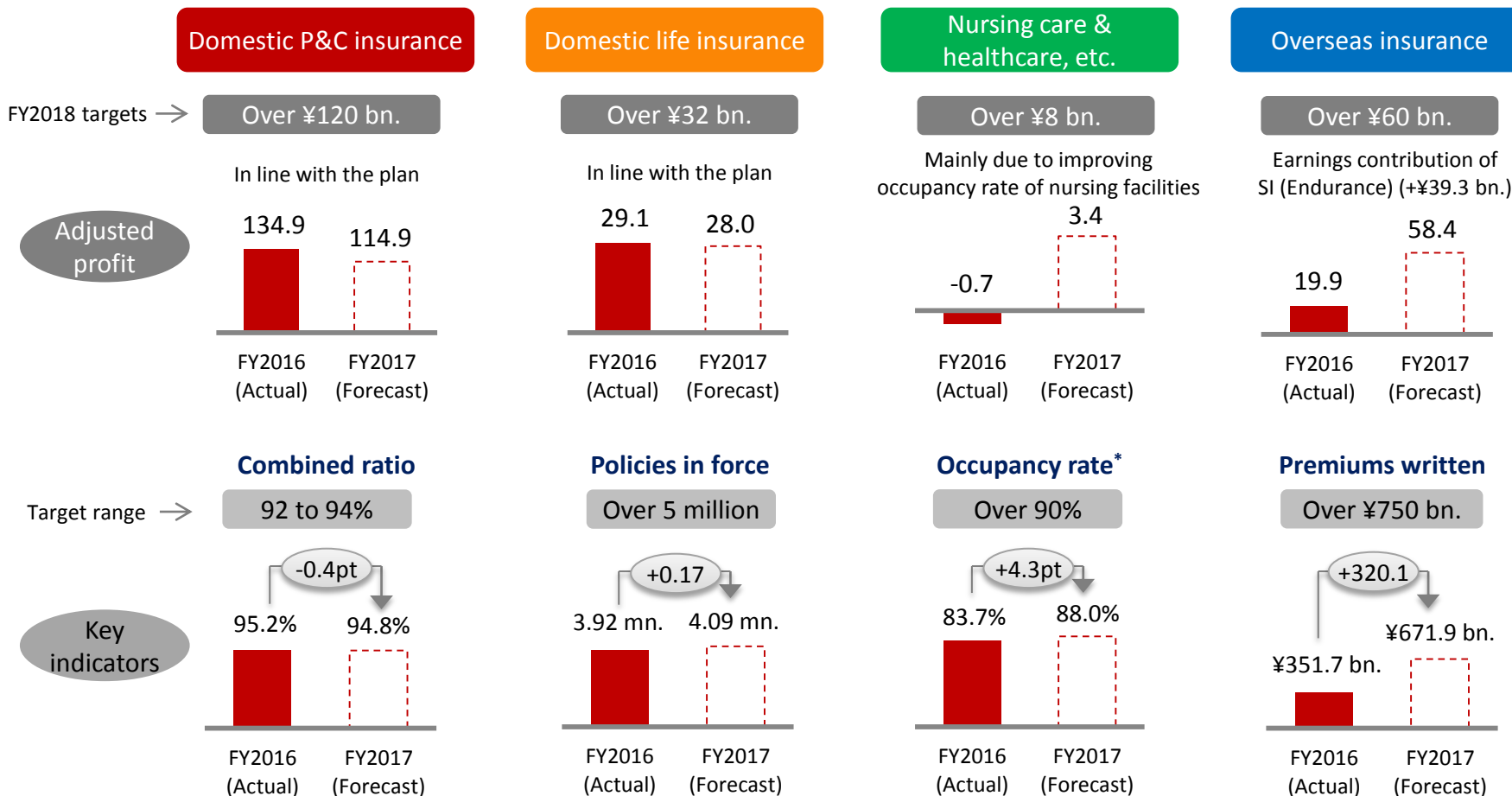
^{*2} See page 14 for definitions of adjusted consolidated profit and adjusted consolidated ROE.

^{*3} We will set targets in FY2020 by FY2018 based on our vision, etc.

Progress of Mid-term Management Plan (2) – Businesses

◆ Each business has steadily progressed. Key indicators are also improving to FY2018 targets.

Adjusted profit by segment and key factors

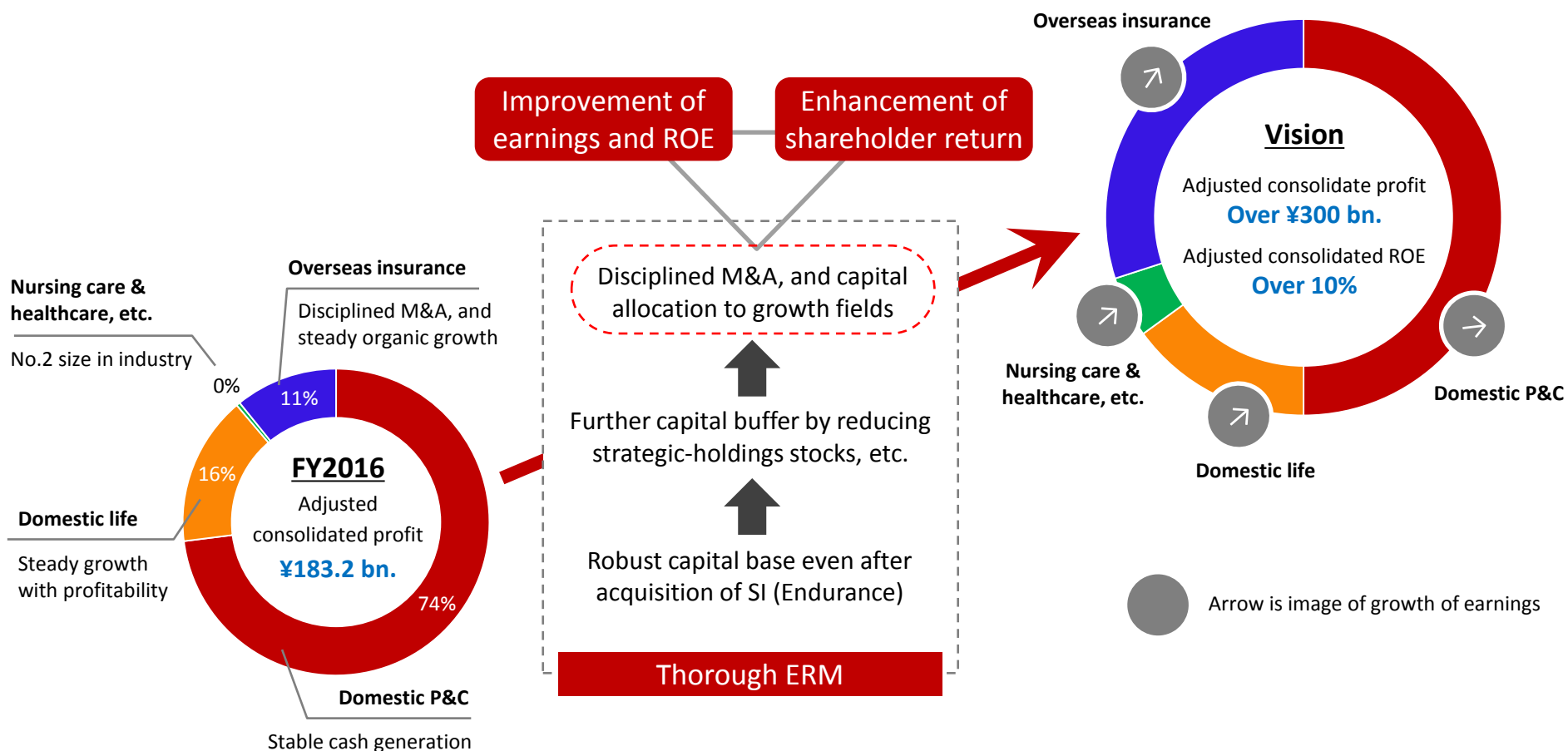


* Sum of SOMPO Care Message and SOMPO Care Next

Growth Story Going Forward

◆ Based on further enhancement of robust capital base, aim at global top 10 level of earnings and ROE.

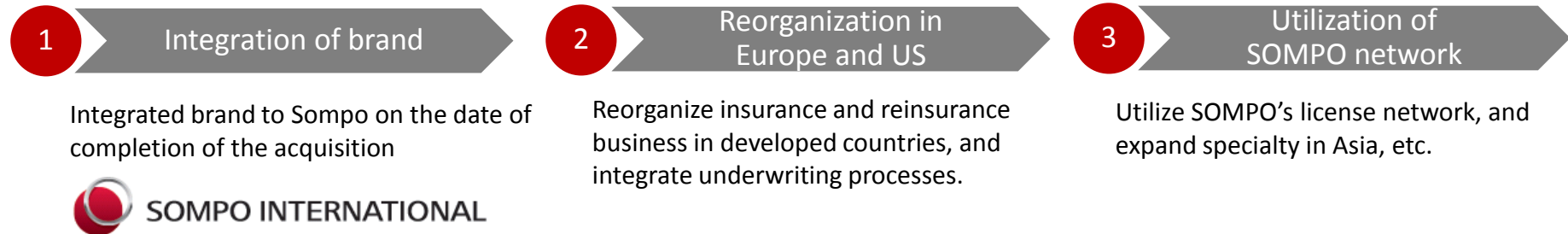
Group's growth story and transformation



Highlight (1) – Acquisition of SI (Endurance) and PMI

- ◆ Complete PMI, and then accelerate growth in developed countries by integrating resources.

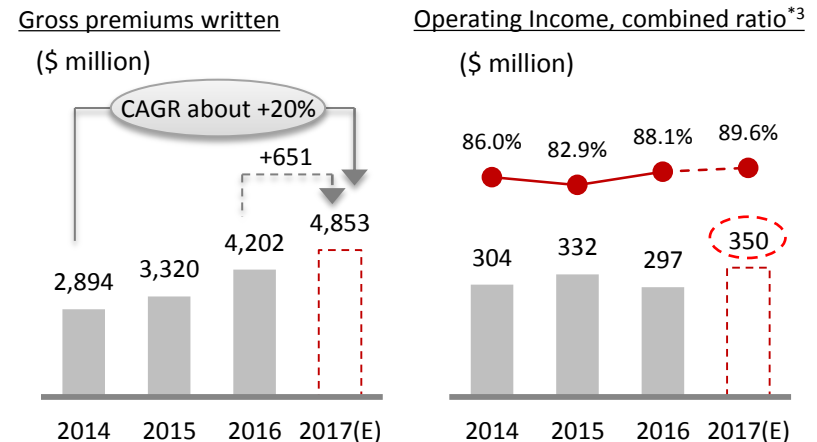
Growth by completing PMI (Post Merger Integration)



Key points regarding the acquisition

- Total consideration is \$6,288 million (about ¥683.1 bn.)
- B/S was consolidated as of end of FY2016, and earnings of \$350 million (¥39.3 bn. *¹) will be consolidated in FY2017.
- Adopt Operating Income*² for adjusted profit, which controls one-time factors, such as market volatility.

SI (Endurance)'s performance



*1 Exchange rate as of end of March 2017 (\$1=¥112.19)

*2 Operating Income = Net income – Net foreign exchange gains
– Net realized and unrealized gains – Net impairment losses, etc.

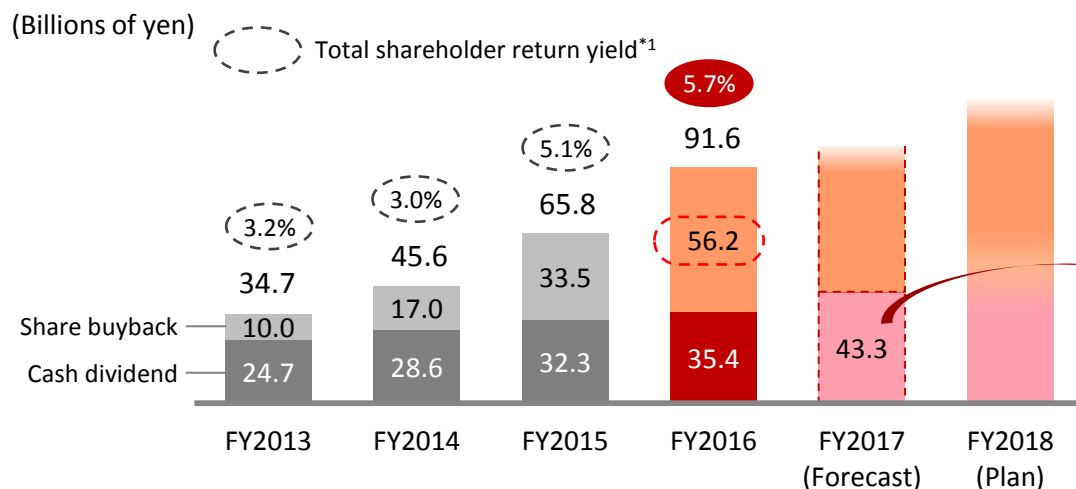
*3 In FY2017 forecast, one-time merger cost of \$62 million is excluded from expense as a special factor.
(If it is not excluded, Operating Income is \$288 million and combined ratio is 92.0%.)

Highlight (2) – Shareholder Return

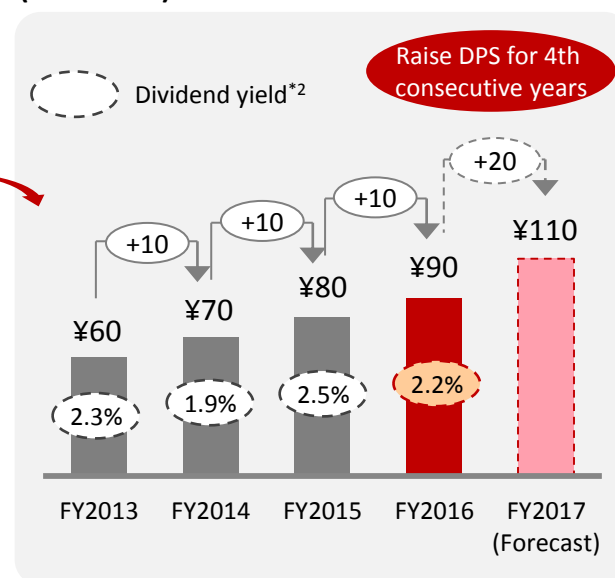
- ◆ Based on growth of adjusted consolidated profit, realized proactive shareholder return.
- ◆ Considering dividend yield in relative terms, expectation from the market, etc., decided to raise DPS for the fourth consecutive years. Share buyback is ¥56.2 billion*, which is the largest in our history.

* About 3.5% of outstanding shares

History of shareholder returns



(Reference) DPS



Adjusted consolidated profit	15.8	90.8	132.0	183.2	205.0	220 to 230
Total payout ratio	220%	50%	50%	50%	—	—
(Reference) share price (End of fiscal year)	¥2,652	¥3,735	¥3,188	¥4,079	—	—

Shareholder return policy

Unchanged policy of total payout ratio of 50% over medium term.*3

* Determine balance of dividends and share buybacks based on relative level of dividend yield, share price, etc.

*1 Total shareholder return yield = (Cash dividend + Share buyback) / Market cap. as of end of FY

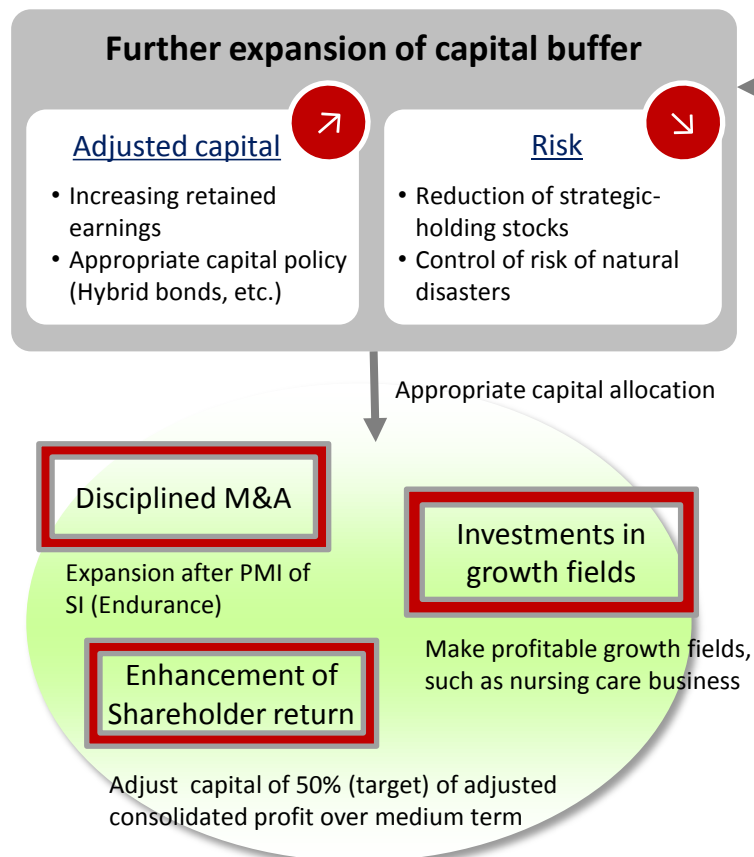
*2 Dividend yield = Cash dividend / Market cap. as of end of FY

*3 Total payout ratio = (Cash dividend + Share buyback) / Adjusted consolidated profit
Could be adjusted based on capital level, ROE, etc.

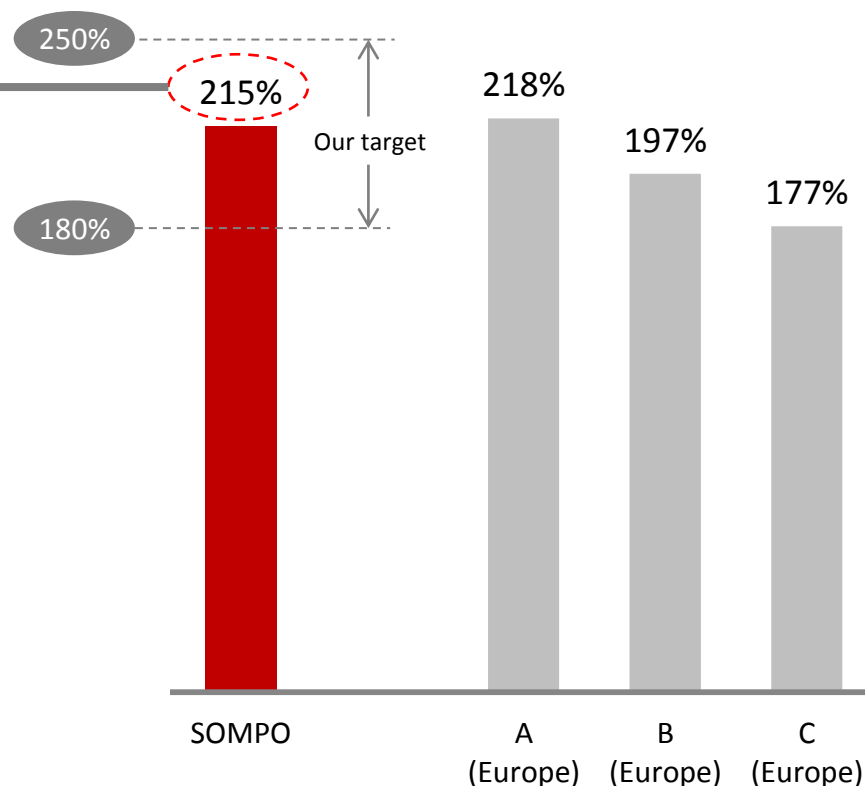
Highlight (3) – Robust Financial Base and Growth Strategy

- ◆ Can realize further improvement of earnings and capital efficiency, utilizing capital buffer generated by reduction of strategic-holding stocks, etc.

Growth strategy based on ERM framework



Comparison with global peers*



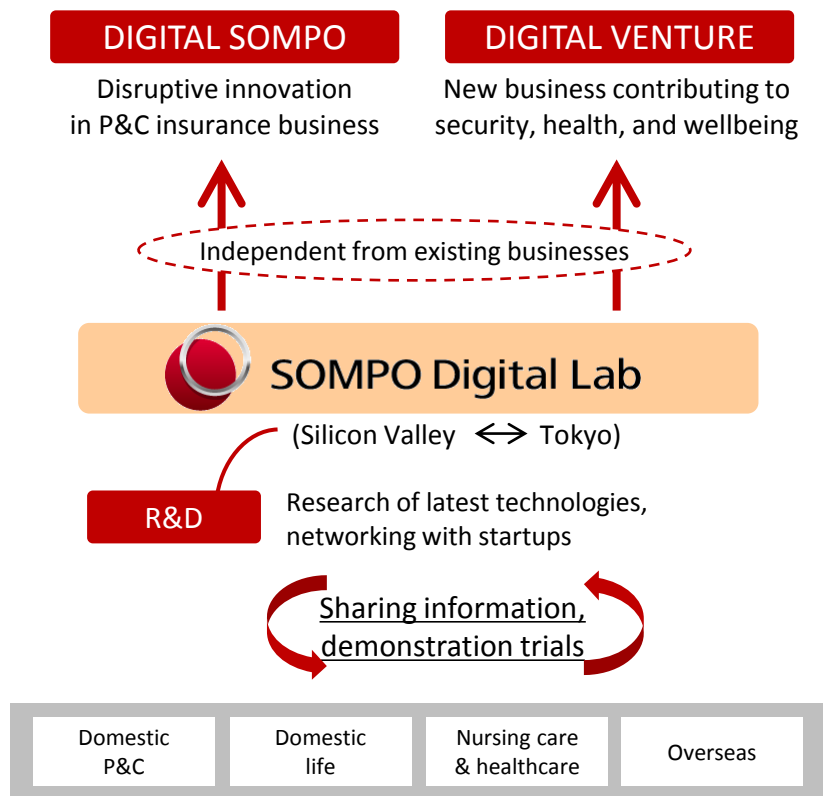
* SOMPO uses ESR (99.5VaR) as of end of March 2017.

Other companies use solvency ratio based on Solvency II as of end of December 2016.

Initiatives to Achieve the Plan (1) – Digital Strategy

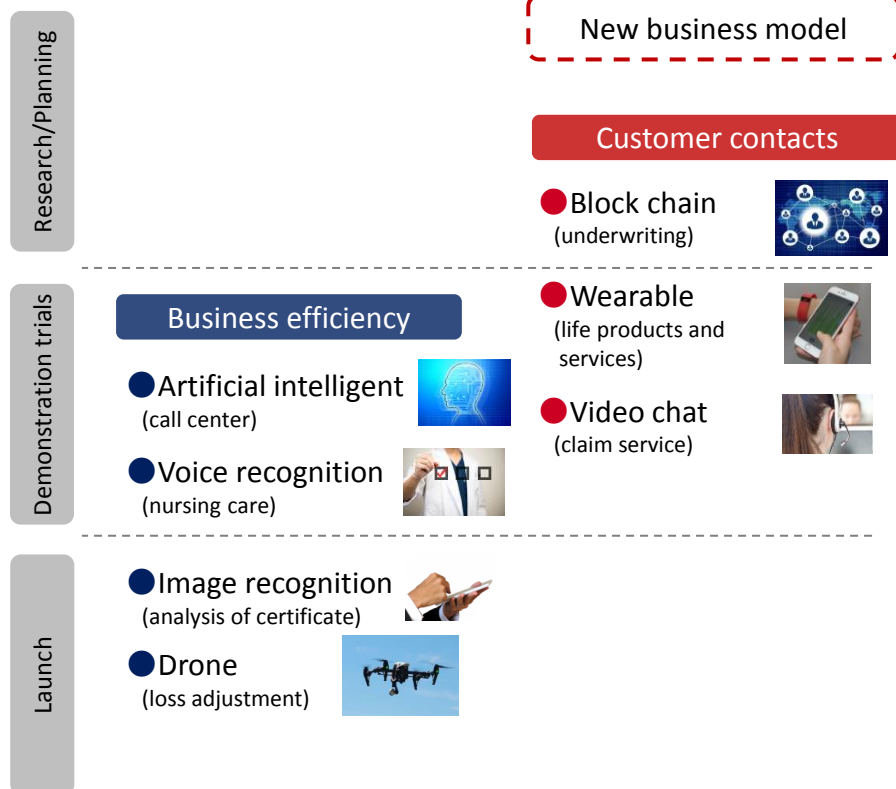
- ◆ Accelerate demonstration trials utilizing digital technologies beyond conventional frameworks.

Organization structure for digital strategy



Examples of utilization of digital technologies

Stages of development



Initiatives to Achieve the Plan (2) – Governance

- ◆ Achieve both robust governance and agile and flexible execution of operation.
- ◆ Established unique governance structure in overseas insurance business (developed countries).

Governance structure of Sampo Holdings (as of April 1, 2017)

Robust governance

- Diverse plural outside directors
(4 out of 12 directors are outside directors.)
- Voluntary establishment of Nomination and Compensation Committee
(4 out of 5 members are outside directors. Committee is chaired by a outside director)

Proactive engagement of outside directors

- Diverse background: 2 executives, 1 lawyer, and 1 professor
(2 women, 1 non-Japanese)
- Integrating preliminary briefing session and Board of Directors meeting
- 98% of attendance rate (FY2016)



Agile and flexible execution of operation

- Agile decision-making by delegating authority to business owners
- Introduction of CxO* system (April 2017), appointing heads of functions in the group

* CFO (finance), CRO (risk management), CACO (internal control and compliance), CIO (IT system), CDO (digital), CHRO (human resource)

Governance of overseas insurance business (developed countries)

- Out of 3 directors of a management company of business in developed countries, Sampo Holdings sends 2 directors to keep effectiveness of governance.
- Delegating authority to Board of Directors of Sampo International to realize agile decision-making.

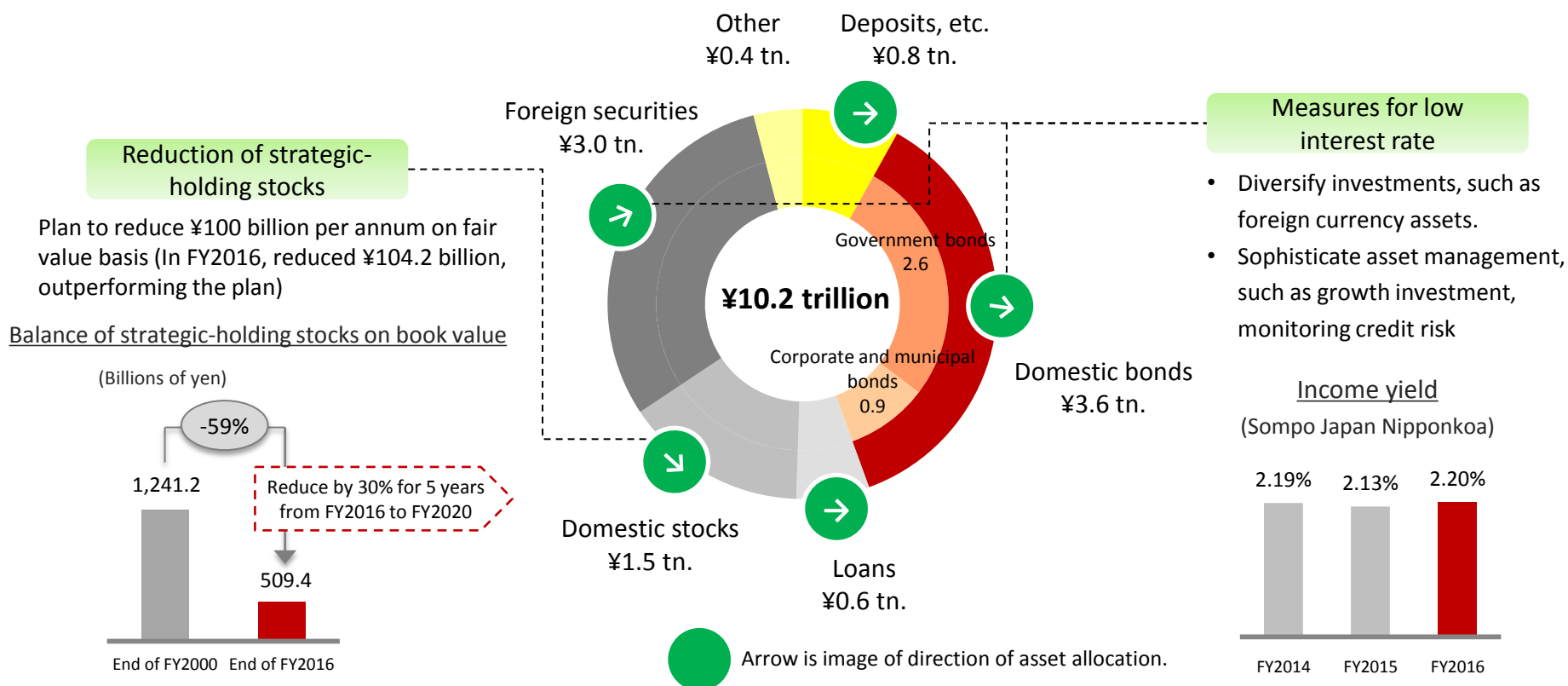


Initiatives to Achieve the Plan (3) – Asset Management

- ◆ Keep reducing strategic-holding stocks, and improve return on risk by diversifying investments.
- ◆ Aim at stable investment profit by thorough ALM, considering characteristics of liability, liquidity, safety, etc. of investment assets.

Basic policy of group's asset management

<Balance of investment assets (end of March 2017, group-wide basis)>



(Reference) Numerical Management Targets, etc.

Numerical management targets

	FY2015	FY2016	FY2017	FY2018(Plan)
(Billions of yen)	(Actual)	(Actual)	(Forecast)	Reviewed and Announced on November 2016
Domestic P&C insurance* ¹	111.9	134.9	114.9	Over 120.0
Domestic life insurance	30.4	29.1	28.0	Over 32.0
Nursing care & healthcare, etc.	1.5	-0.7	3.4	Over 8.0
Overseas insurance	20.4	19.9	58.4	Over 60.0
Total (Adjusted consolidated profit)	164.3	183.2	205.0	220.0 – 230.0
Adjusted consolidated ROE*²	6.9%	7.6%	8.1%	Over 8%
(Reference) ROE (J-GAAP)	9.2%	9.7%	10.1%	Around 10% level

Definition of adjusted profit

Domestic P&C insurance

Net income
 + Provisions for catastrophic loss reserve (after tax)
 + Provisions for reserve for price fluctuation (after tax)
 – Gains/losses on sales of securities and impairment losses on securities (after tax)
 – Special factors (e.g. dividend from subsidiaries)

Domestic life insurance

Net income
 + Provision of contingency reserve (after tax)
 + Provision of reserve for price fluctuation (after tax)
 + Adjustment of underwriting reserve (after tax)
 + Deferral of acquisition cost (after tax)
 – Depreciation of acquisition cost (after tax)

Nursing care & healthcare, etc.

Net income

Overseas insurance

Net income
 (including major non-consolidated subsidiaries)
 Adjusted profit of SI (Endurance) is operating income*³

*1 Total of Sompo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, DC Securities and Sompo Risk Management & Healthcare (from FY2017)

*2 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax)

+ Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance net assets = Net assets (J-GAAP, after tax) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)

+ Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

*3 Adjusted profit of SI (Endurance) is defined as operating income, which excludes one-time factors (operating income = net income - net foreign exchange gains/losses - net realized and unrealized gains/ losses - net impairment losses recognized in earnings, etc.)

1. Group management

2. Businesses

2-1. Domestic P&C insurance

2-2. Domestic life insurance

2-3. Nursing care & healthcare, etc.

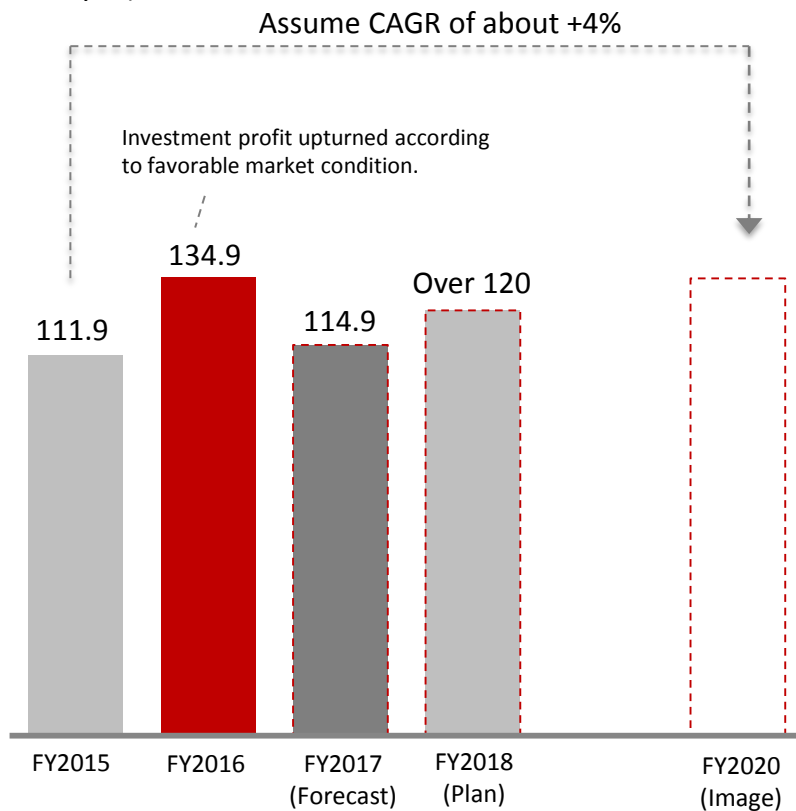
2-4. Overseas insurance

Progress of Domestic P&C Insurance

- ◆ Domestic P&C insurance business made steady start against mid-term management plan.
In FY2017, level of adjusted profit is expected to stay in line with the initial plan.
- ◆ Premiums is expected to be on increasing trend due to appropriate product and rate revisions, etc.

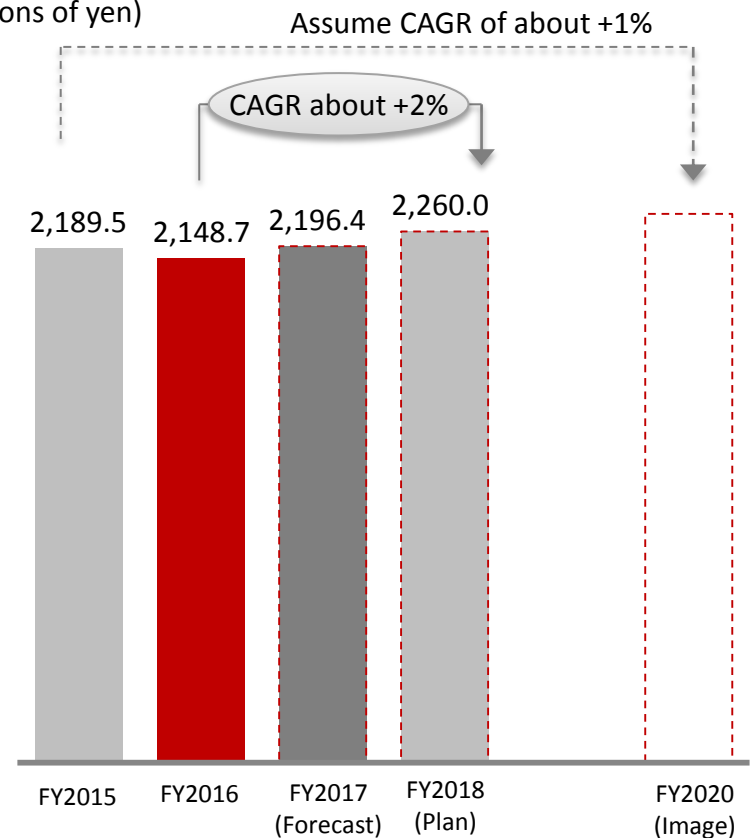
Plan for adjusted profit

(Billions of yen)



Net premiums written (Sompo Japan Nipponkoa)*

(Billions of yen)



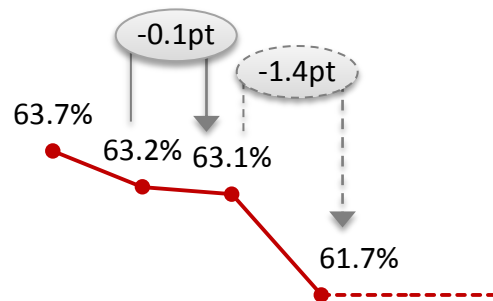
* Net premiums written do not include assumed reinsurance premiums transferred to Sompo Japan Canopus Re (about ¥30 billion).

◆ Due to appropriate control of expense, progress is steady against the plan.

Combined ratio (Sompo Japan Nipponkoa)

Loss ratio^{*1}

Profitability keeps on improving trend due to top-line growth.

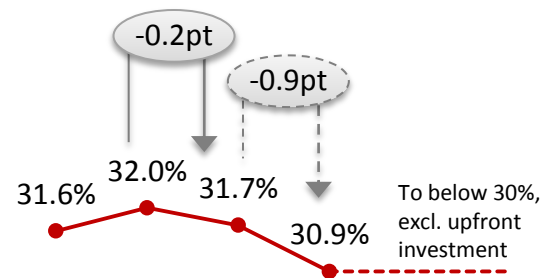


FY2015 FY2016 FY2017 (Forecast) FY2018 (Plan) FY2020 (Image)

^{*1} Loss ratio is on a written paid basis (including loss adjustment expense).

Expense ratio

Initiated upfront investment for future^{*2}.
Effect will be realized gradually after FY2018.

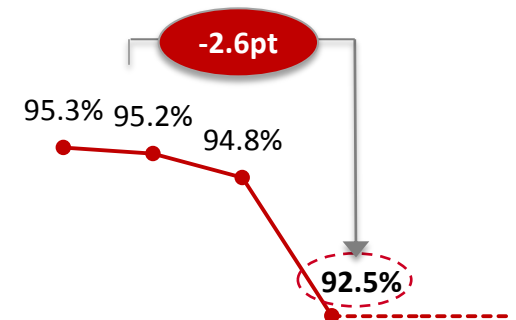


FY2015 FY2016 FY2017 (Forecast) FY2018 (Plan) FY2020 (Image)

^{*2} The amount of upfront investments for the entire line item:
In FY2016, ¥14.7 billion,
In FY2017 (forecast) and FY2018 (plan), around ¥10.0 billion

Combined ratio

Unchanged plan to aim at combined ratio of 92 to 94% level.



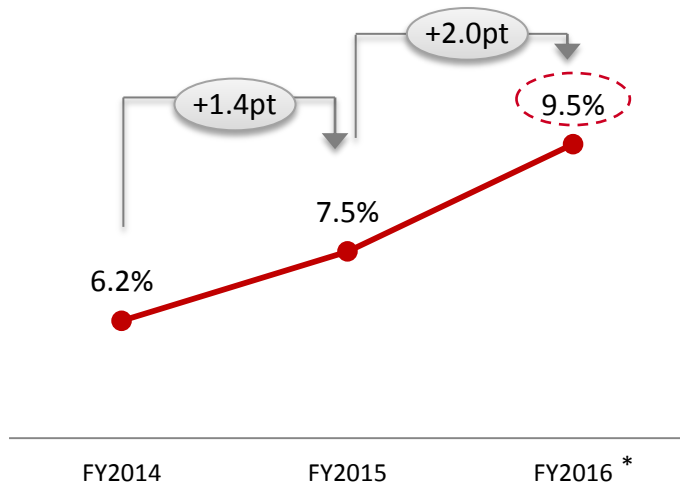
FY2015 FY2016 FY2017 (Forecast) FY2018 (Plan) FY2020 (Image)

- ◆ Market share in terms of new business premiums rose to No. 2 in the direct market.
- ◆ Policies in force are steadily increasing in line with the plan to be profitable in FY2020.

Market share in direct automobile insurance market

Due to “ALSOK reliable accident site support service,” etc.
new policies increased by 20% in FY2016
(No. 2 in market share of new business premiums in the market*)

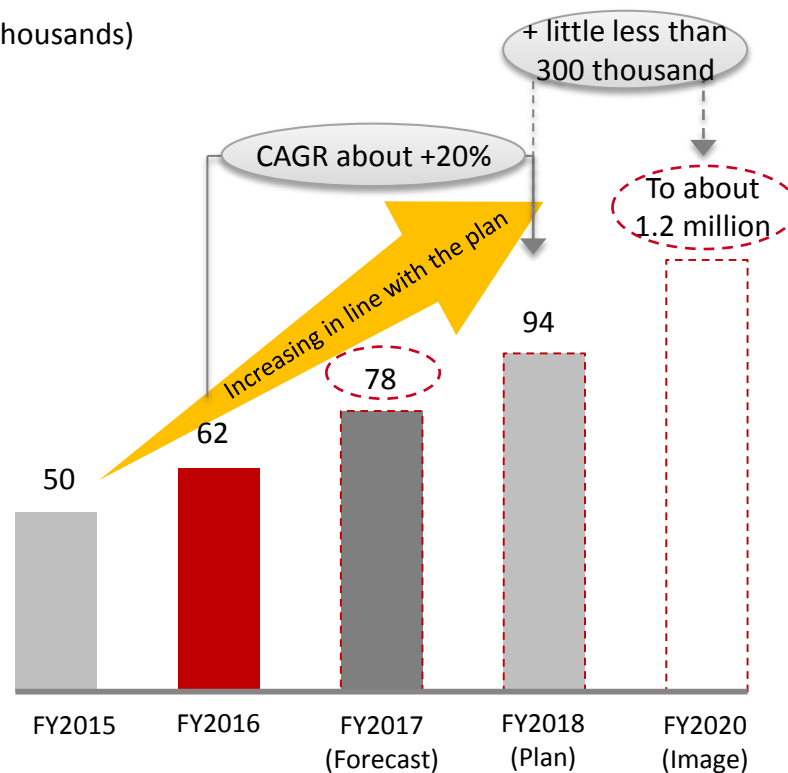
Market share in the direct market



* Until 3Q FY2016 (Market share of new business premiums is estimation by Saison Automobile & Fire based on direct premiums.)

Policies in force of “Otona no Jidosha Hoken”

(10 thousands)



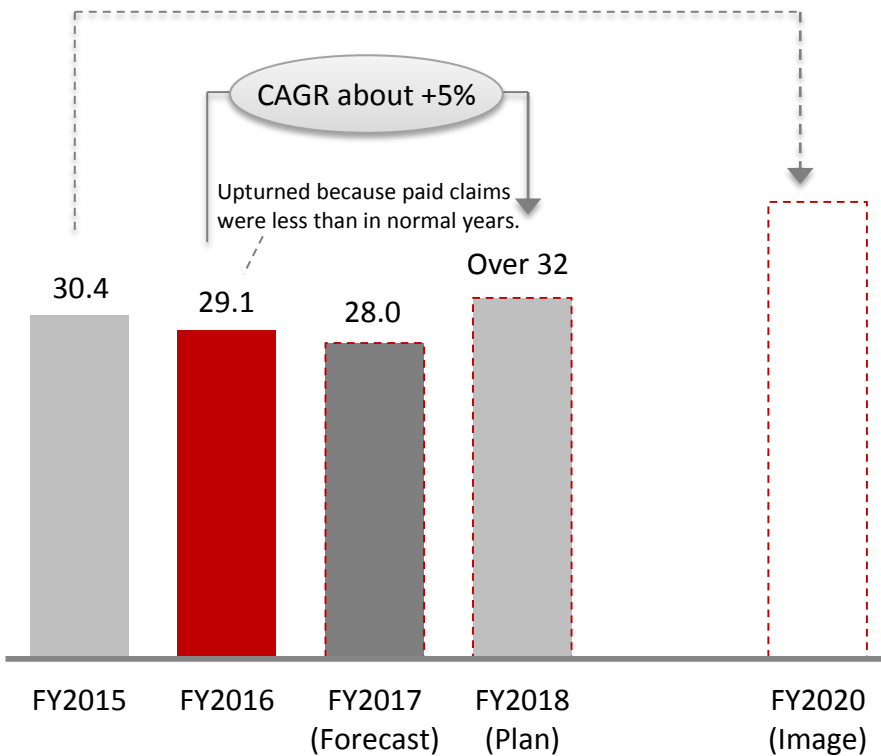
Progress of Himawari Life

◆ Policies in force expanded in line with the initial plan. Adjusted profit in FY2016 increased larger than planned.

Plan for adjusted profit

(Billions of yen)

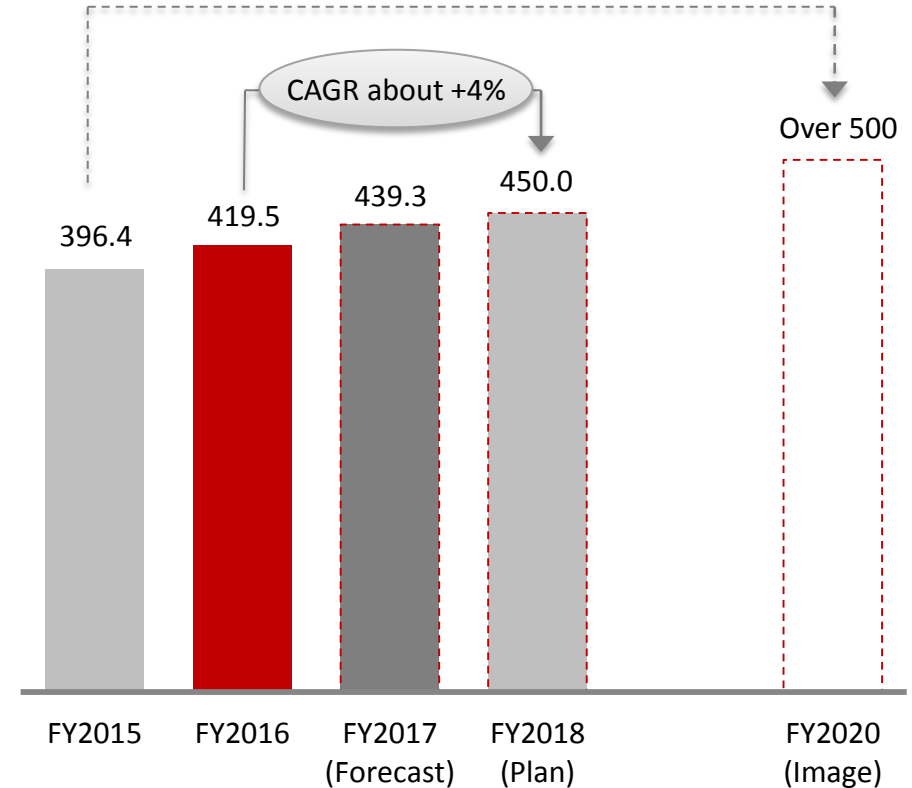
Assume CAGR of about +6%



Premium and other income

(Billions of yen)

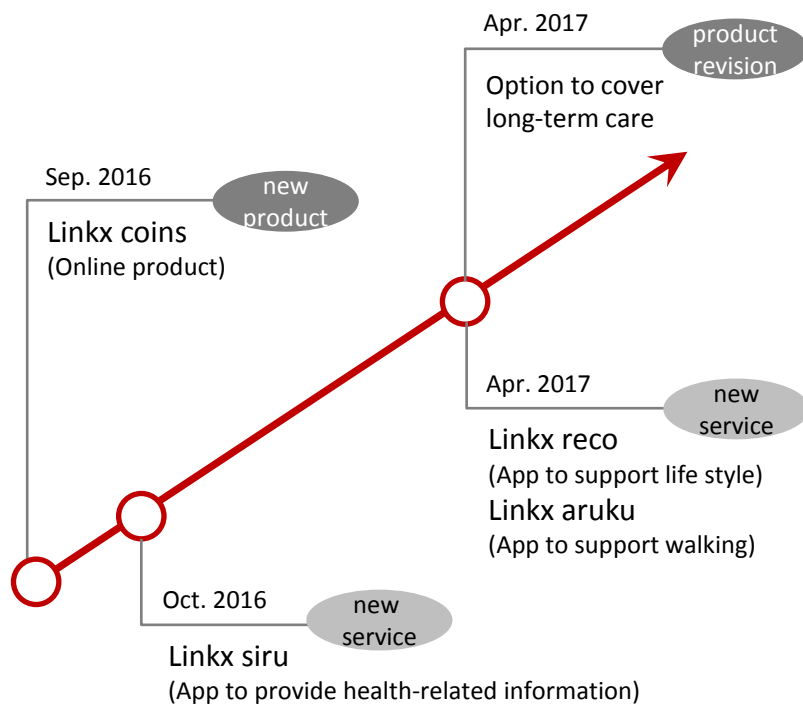
Assume CAGR of about +5%



Progress of Growth Strategy in Domestic Life Insurance

- ◆ Aim to evolve into a health support enterprise by going beyond boundaries of “insurance.”
- ◆ Increase the number of customers and earnings in the future through new business model.

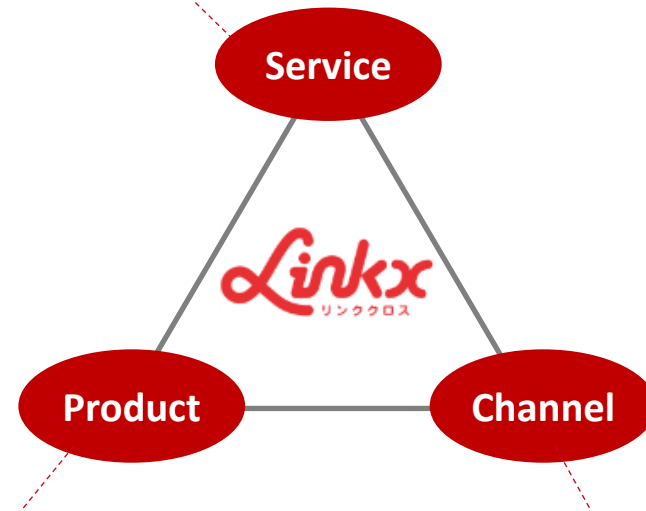
New products and services



(Reference) Business model

- Establish lifelong connection with customers.
- Accelerate growth strategy centered on health service brand “Linkx (Link cross).”

Increase the number of customers by providing health-related services one by one.



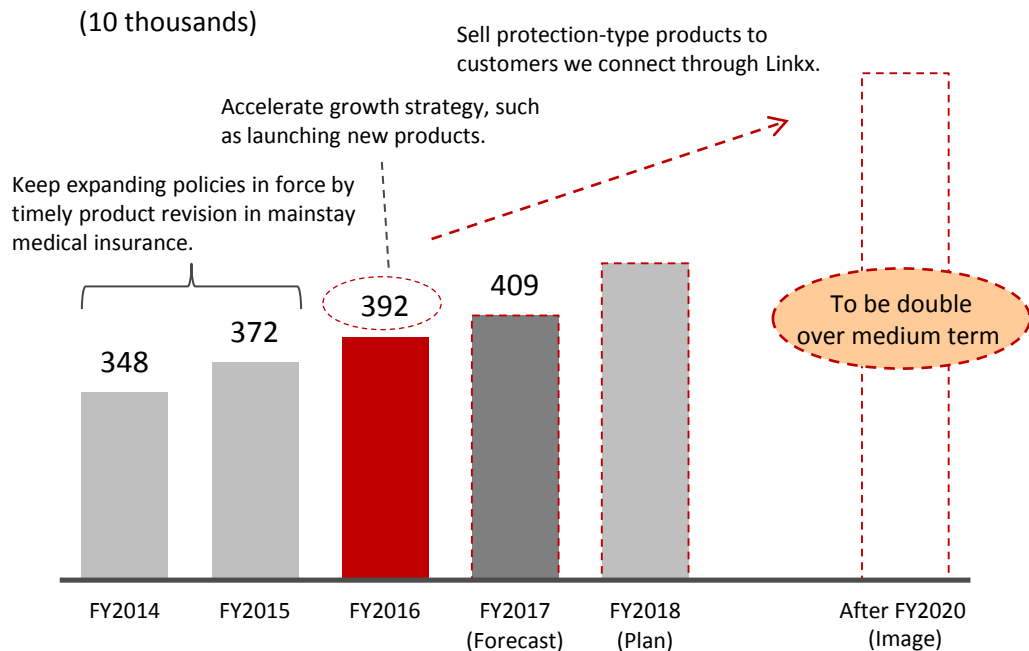
Proactively develop products from customers' perspective, such as a product utilizing vital data.

Himawari Life connects digitally with customers through products and services, and high-quality sales representatives follow them.

(Reference) Policies in Force and Product Mix

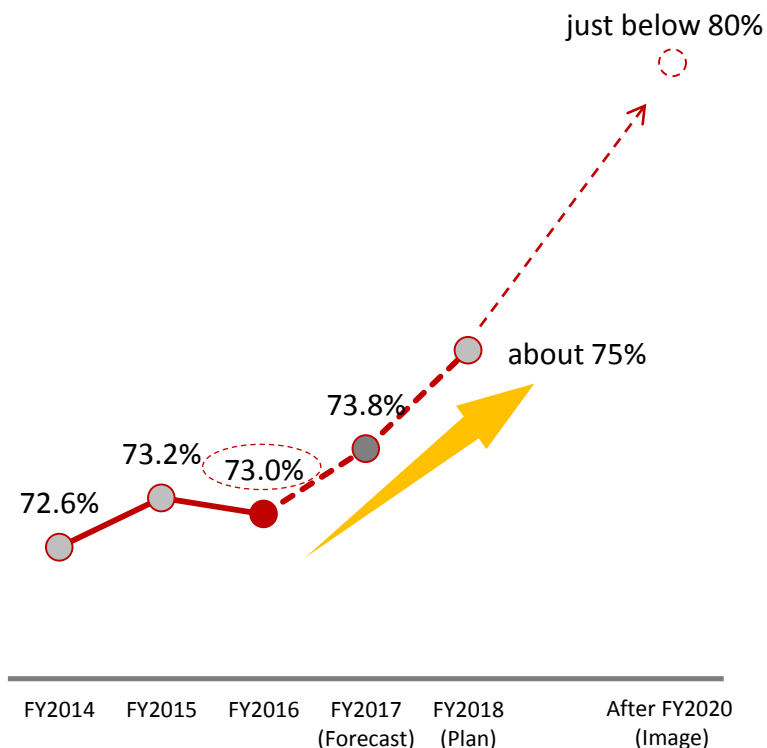
The number of policies in force

Steadily increased the number of policies in force by executing strategy based on protection-type products focused on medical insurance, with health as the keyword.



Weight of protection-type products

Weight of protection-type is already high level, and plan to keep raising it to improve profitability.

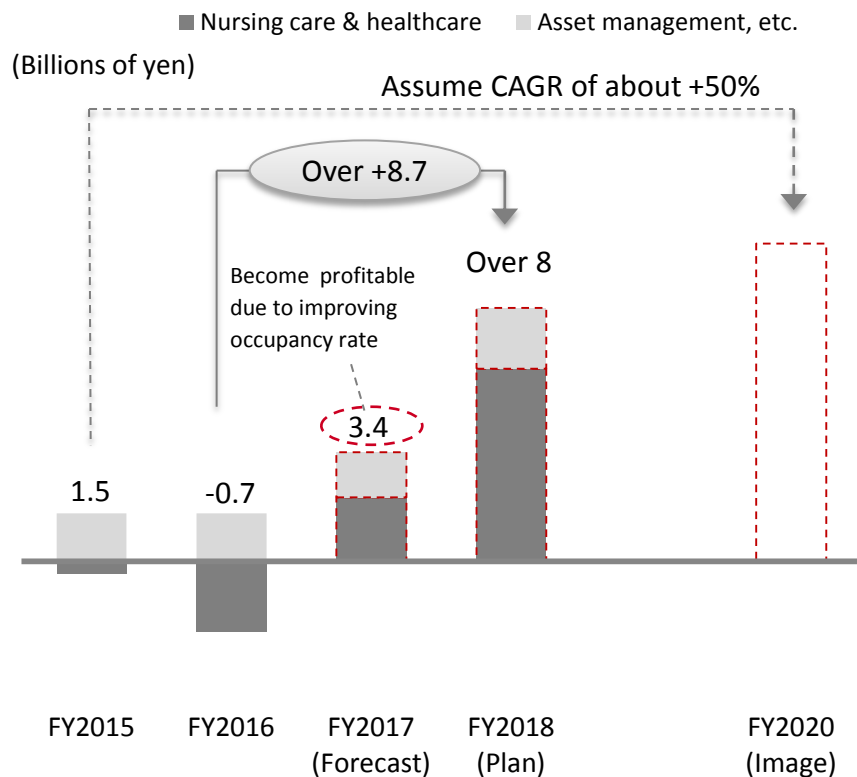


* Based on the number of policies in force.

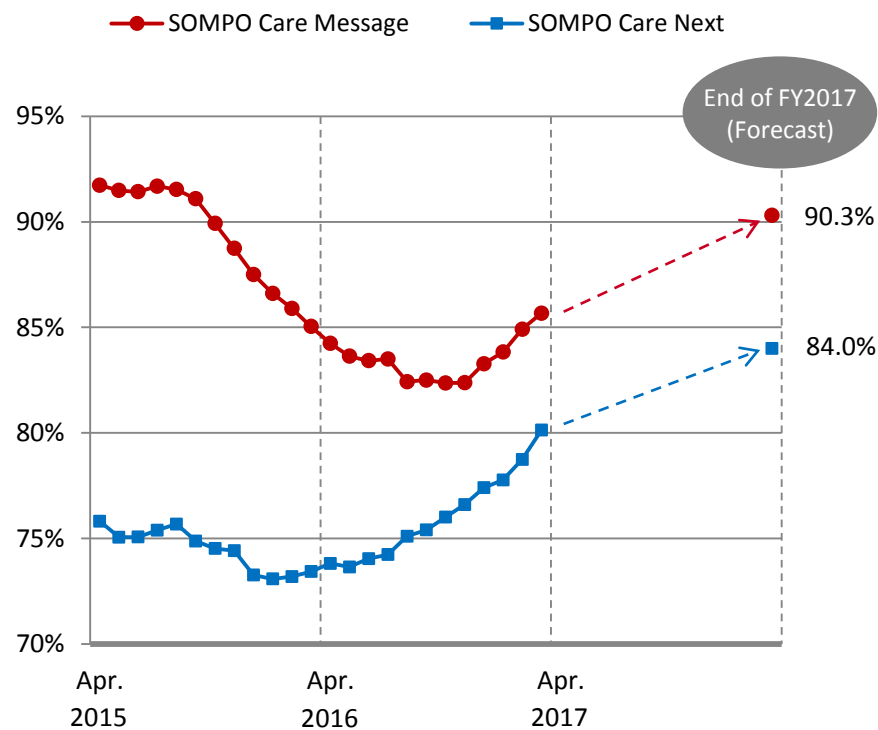
Progress of Nursing Care & Healthcare, etc.

- ◆ In nursing care business, occupancy rate is improving in accordance with progress of strengthening internal management. The business is expected to become profitable in FY2017.

Plan for adjusted profit



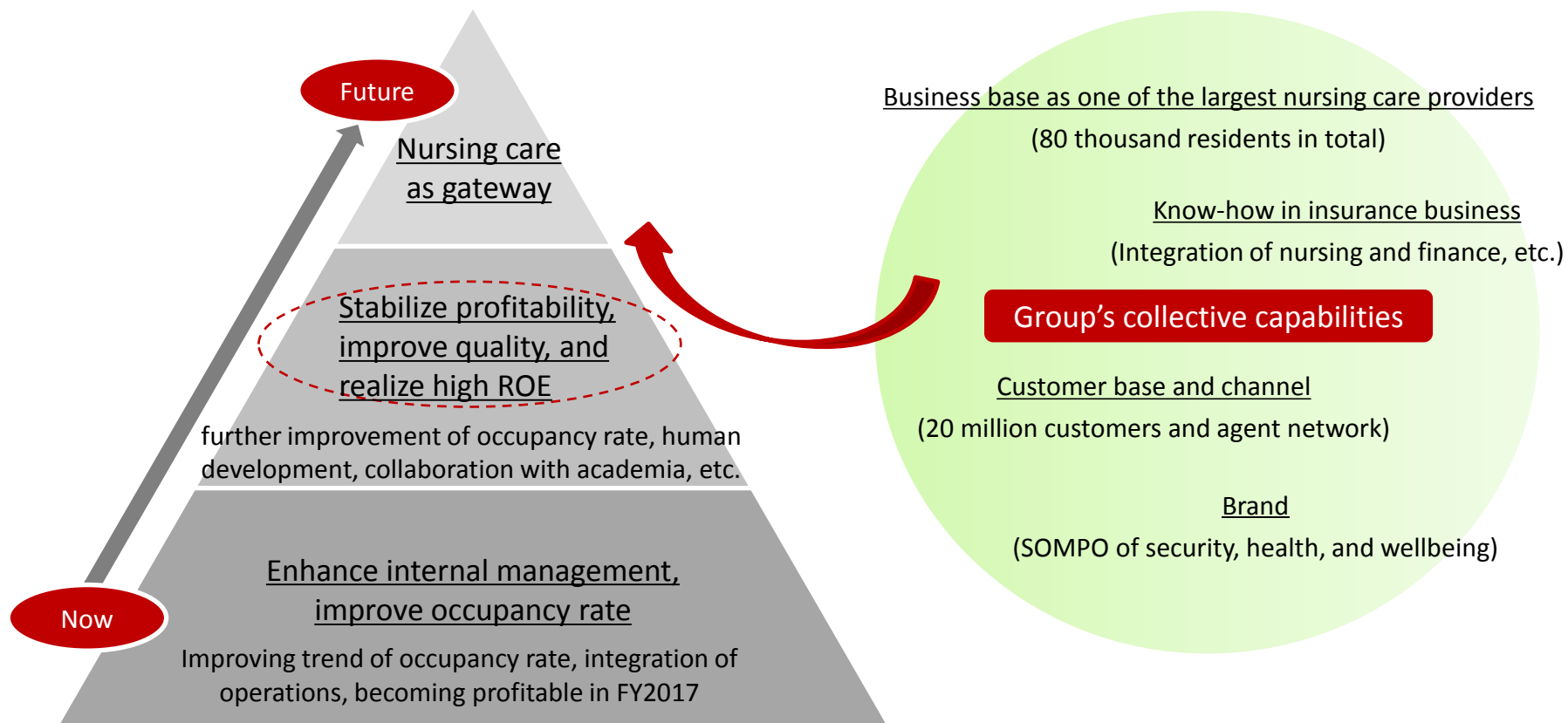
Trends of occupancy rate



Medium-term Strategy of Nursing Care Business

- ◆ Shift to phase of improving profitability in accordance with strengthened internal management.
- ◆ By utilizing group's collective capabilities, become a top level nursing care provider (size, profitability, quality) in domestic market.

Entrenched internal management and phase of improving profitability

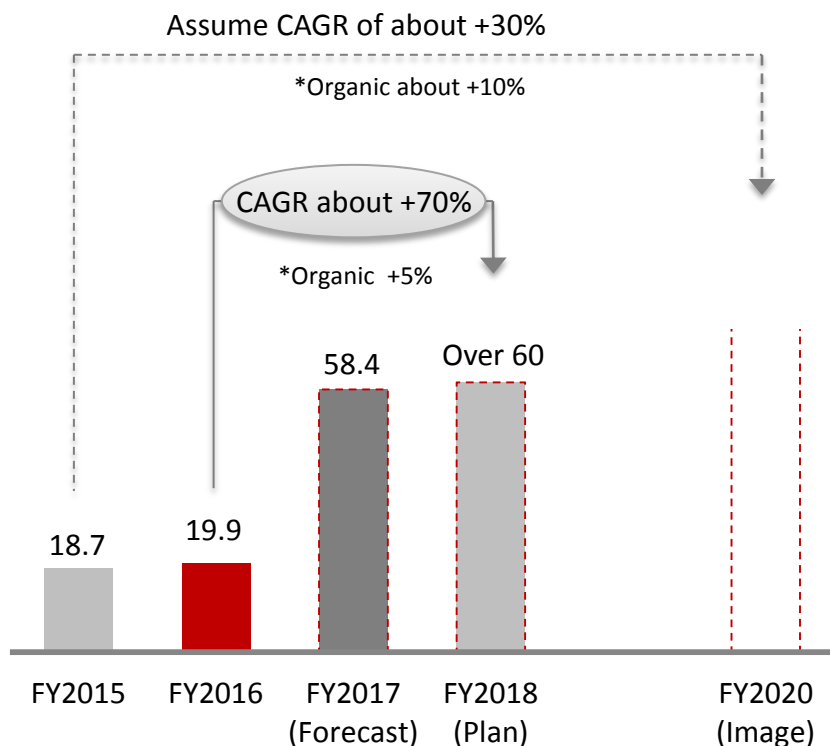


Progress of Overseas Insurance

◆ Thanks to the impact of SI (Endurance), overseas insurance business is drastically expanding.
The targets in FY2018 could be outperformed.

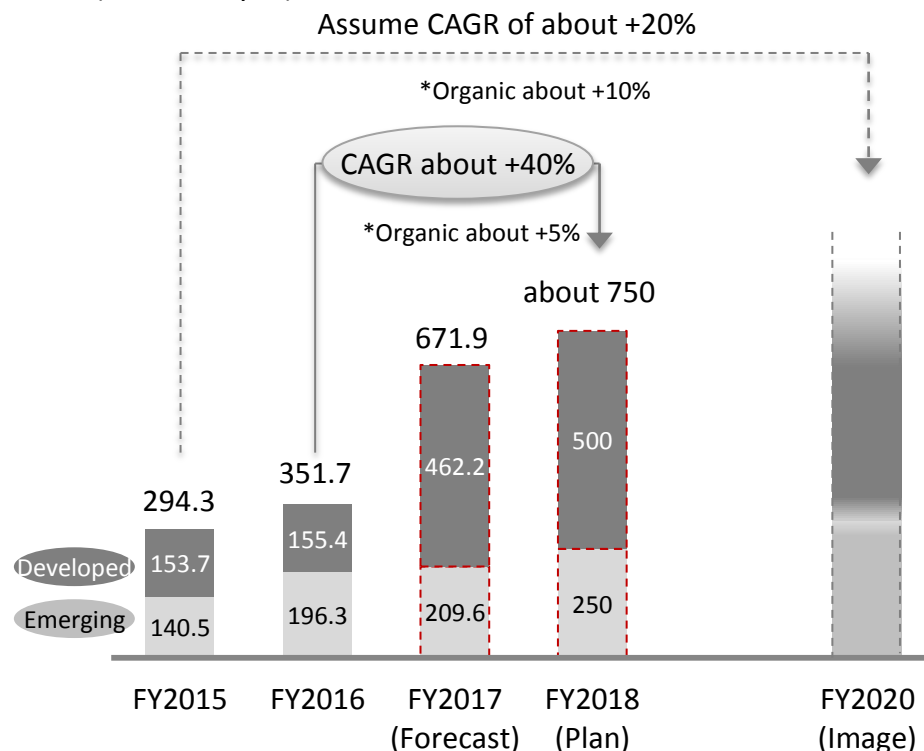
Plan for adjusted profit

(Billions of yen)



Premiums*

(Billions of yen)



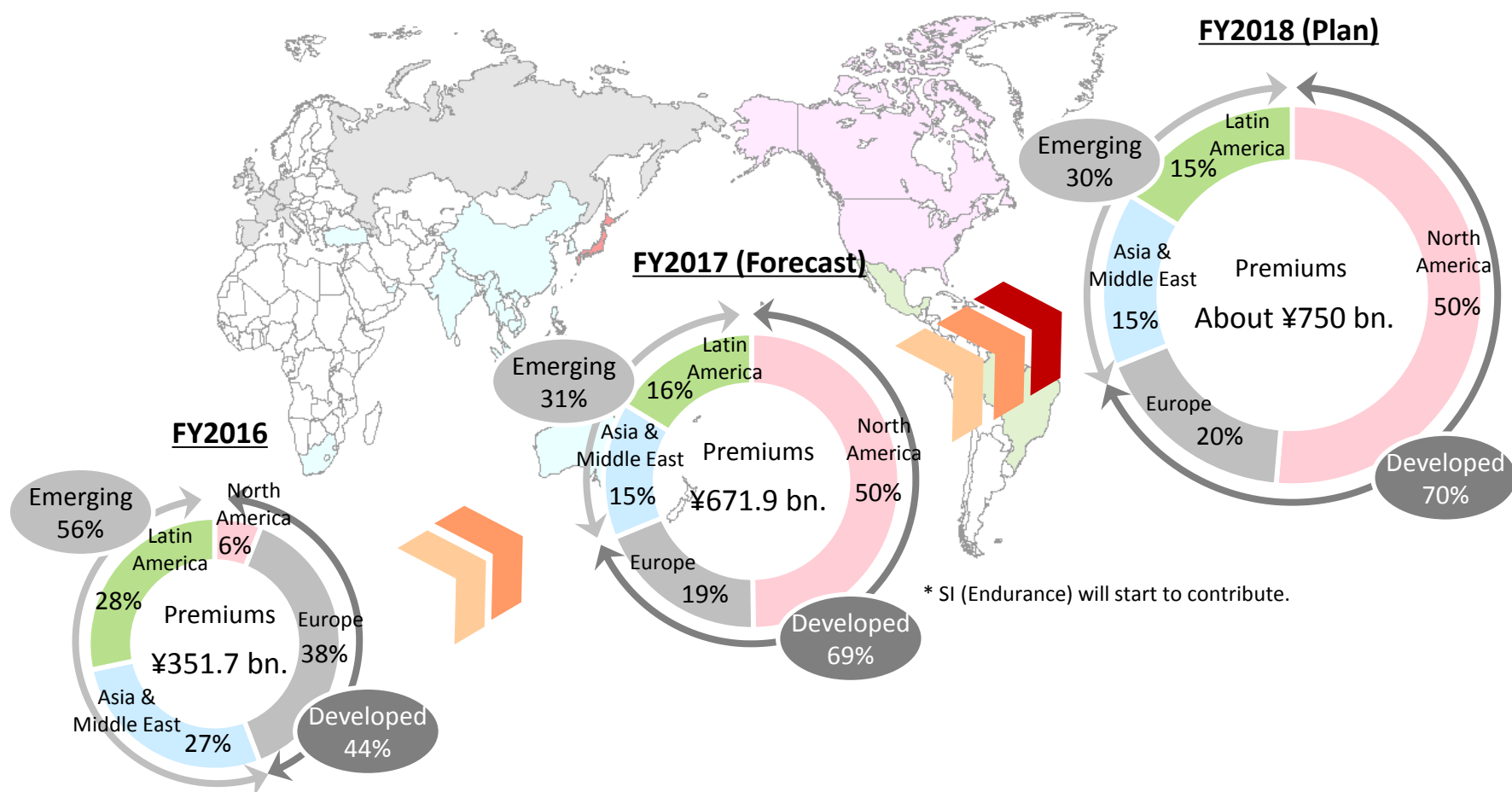
* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.
The net income figures also have been adjusted to reflect shareholdings and other factors.

From FY2016, figures include non-consolidated subsidiaries: Sompo Indonesia, Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam), and Sompo Mexico (The same shall apply hereafter).

Progress of Global Expansion

- ◆ Global geographical diversification improves. Weight of developed countries becomes about 70%, which is close to global market average.

Transformation of portfolio of overseas insurance business (premiums written basis)



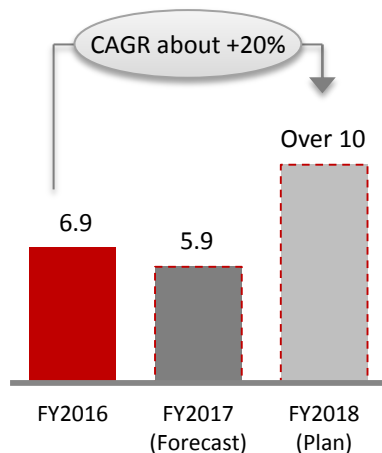
(Reference) Earnings Plan by Region

Net income by region

(Billions of yen)

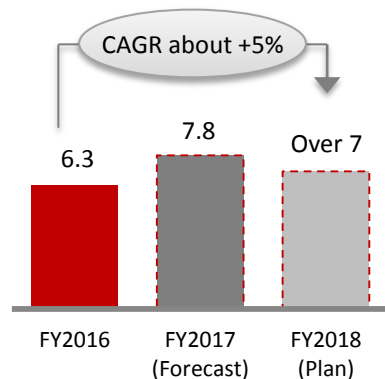
Europe

- In line with the plan due to appropriate underwriting despite impact of soft market.



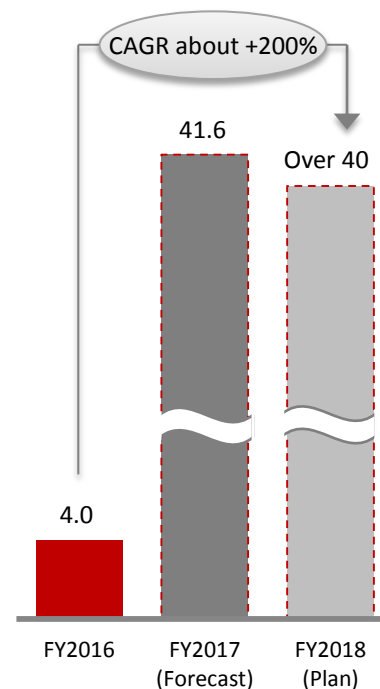
Asia & Middle East

- Motor Third-party Liability Insurance in SJ Sigorta (Turkey) exceeded expectation and contributed to earnings growth.
- Aim at further growth through alliance with CIMB, etc.



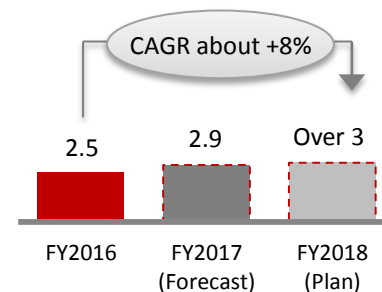
North America

- Loss ratio was lower than planned in FY2016.
- SI (Endurance) start earnings contribution from FY2017.



Latin America

- Benefits of underwriting optimization began to appear.



Note Regarding Forward-looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

Contacts



Sompo Holdings, Inc.

Investor Relations Team, Office of Group CEO

Telephone : +81-3-3349-3913

Fax : +81-3-3349-6545

E-Mail : ir@sompo-hd.com

URL : <http://www.sompo-hd.com/en/>