



**SOMPO
HOLDINGS**

Innovation for Wellbeing

IR Meeting Presentation

Progress of Mid-term Management Plan

May 24, 2018

Sompo Holdings, Inc.



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* SI stands for Sompo International(Endurance).

1. Group management

2. Businesses

2-1. Domestic P&C insurance

2-2. Domestic life insurance

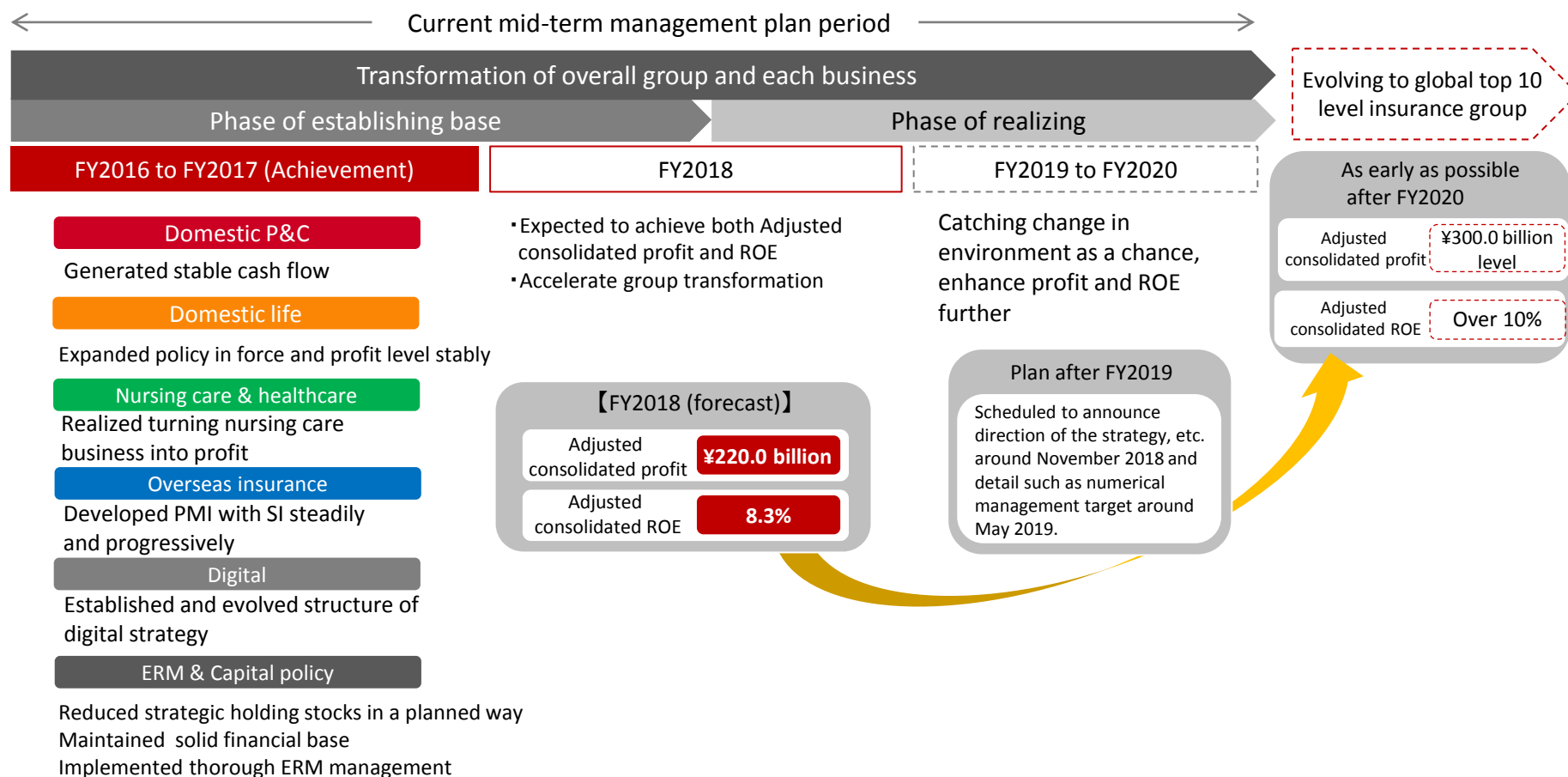
2-3. Nursing care & healthcare, etc.

2-4. Overseas insurance

Progress of Group management

- ◆ Executed management strategies steadily, and evolve into a global enterprise “SOMPO ” while establishing business foundations in Japan.
- ◆ Moved to next phase of realizing Group qualitative evolution (transformation). Aim at long-term sustainable growth.

Progress of mid-term management plan

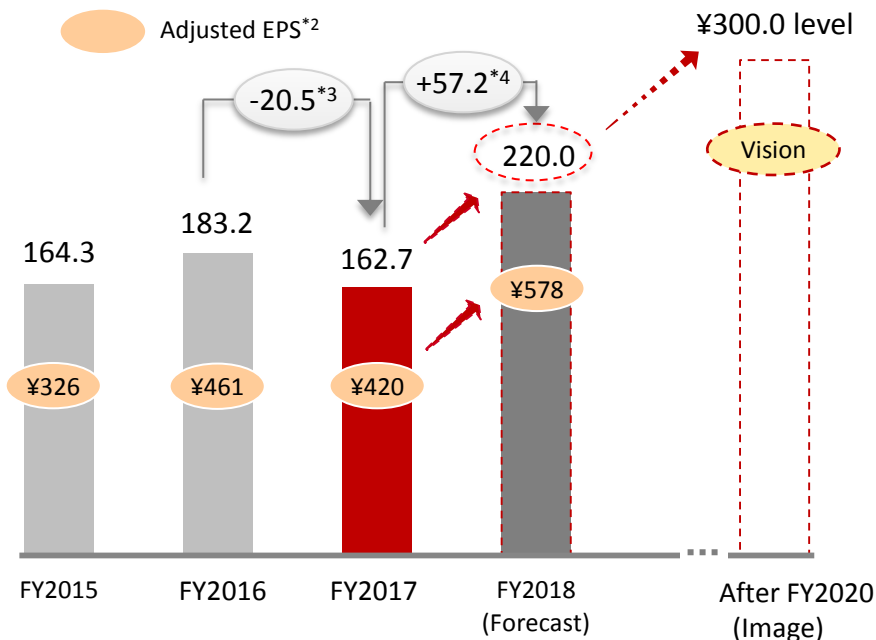


Progress of Mid-term Management Plan (1) – Group

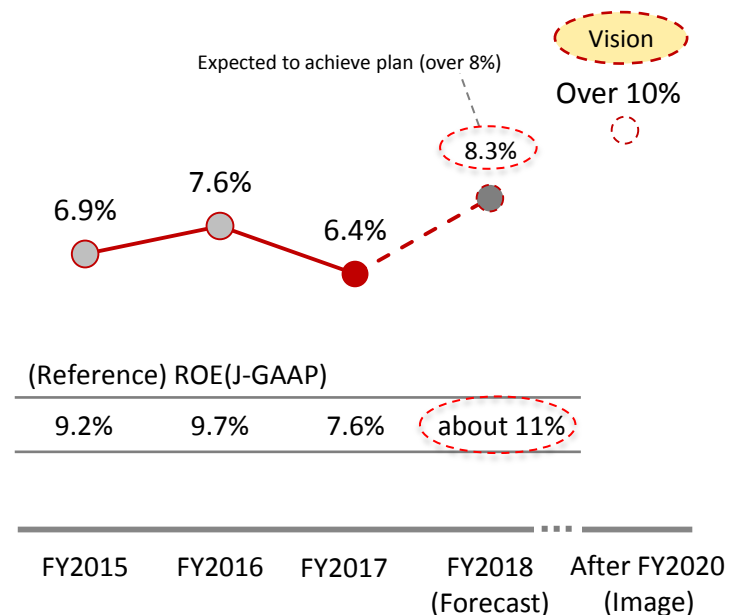
- ◆ While the impact of hurricanes in North America and other large losses, etc., executed strategies aiming at global top 10 steadily.
- ◆ In FY2018 expect adjusted consolidated profit to increase drastically and adjusted consolidated ROE to achieve over 8%.

Adjusted consolidated profit*1

(Billions of yen)



Adjusted consolidated ROE*1



*1 See page 17 for definitions of adjusted consolidated profit and adjusted consolidated ROE.

(Reference) Adjusted consolidated net assets (average balance of beginning and end of FY)

FY2015: 2,378.3, FY2016:2,403.3, FY2017:2,553.9, FY2018(forecast):2,650.1 (billions of yen)

*2 Adjusted EPS = adjusted consolidated profit / the number of issued stocks (excluding portion of share buy-back, etc.)

*3 Decreased mainly due to one time factors such as hurricanes in North America, etc. and other large losses.

*4 Increased mainly due to the rebound of one time factors in FY2017 and overseas profit expansion. Expected to achieve FY2018 plan (¥220.0 to ¥230.0 billion).

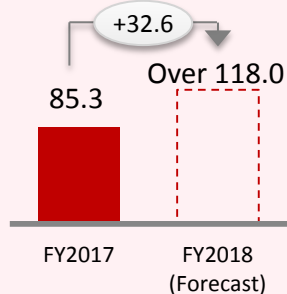
Progress of Mid-term Management Plan (2) – Businesses

◆ Adjusted profit in FY2018 of each business is expected to increase (Key factors are improving as well).

Adjusted profit by segment and typical key factors

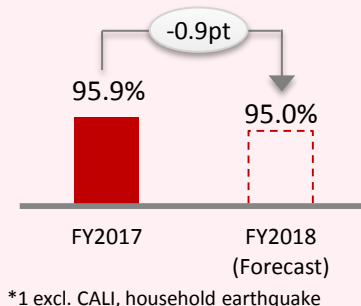
Adjusted profit (Billions of yen)

Expected to increase drastically mainly due to the absence of large losses in FY2017



Combined ratio*¹

Plan to implement measures to improve the loss ratio and boost efficiency, aiming at the target level (92% to 94%)



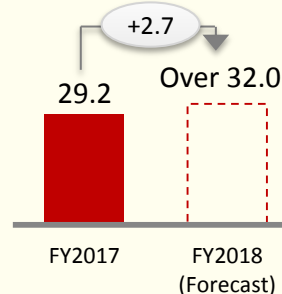
*1 excl. CALI, household earthquake

Domestic
P&C

Domestic
Life

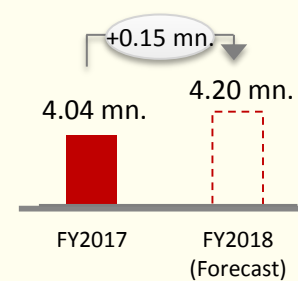
Adjusted profit (Billions of yen)

Projected to increase steadily mainly based on expansion of policies in force



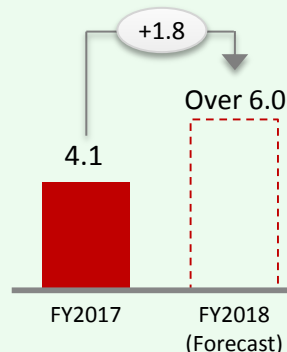
Policies in force

Target a doubling over the mid- and long term mainly through the timely launch of new products



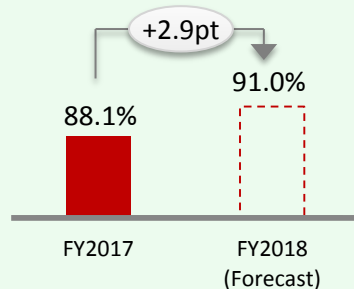
Adjusted profit (Billions of yen)

Expected to increase in light of occupancy rate improvement



Occupancy rate*²

Projected to achieve target (90% level) of occupancy rate



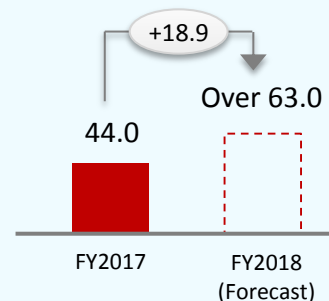
*2 Sum of SOMPO Care and SOMPO Care Next

Nursing care &
healthcare, etc.

Overseas

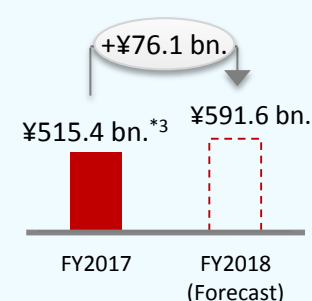
Adjusted profit (Billions of yen)

Expected to increase mainly due to the absence of hurricanes in North America, etc. and SI profit expansion



Premium written

Plan to increase the weight of business centered on specialty insurance, such as U.S. on the ground

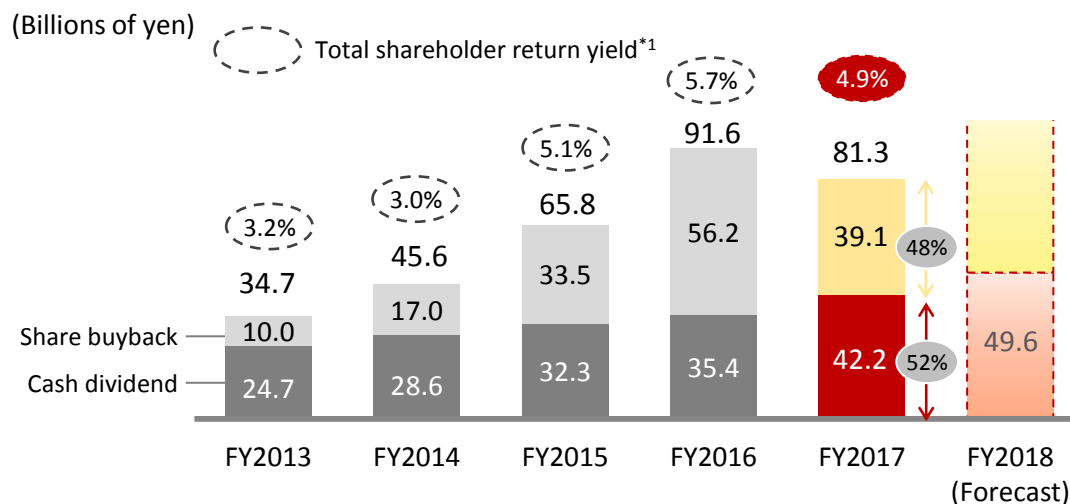


*3 excl. Sompo Canopus portion

Progress of mid-term management plan (3) – Shareholder return

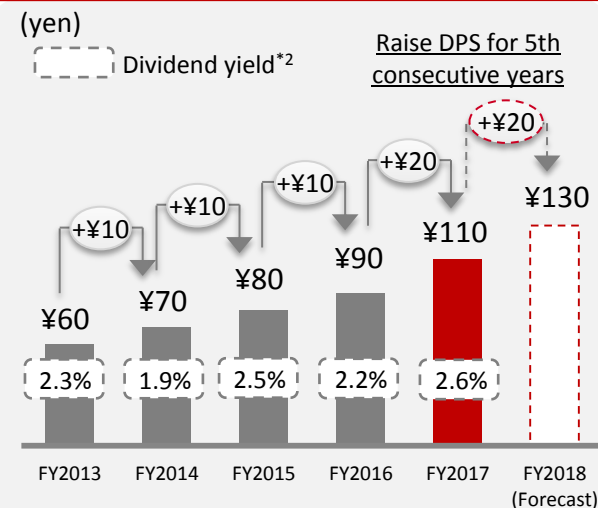
- ◆ Unchanged shareholder return policy, total payout ratio maintained 50% for 4th consecutive years since FY2014.
- ◆ Projected to raise DPS in FY2018 for 5th consecutive years, mainly due to record-high profit forecast (DPS: ¥110 to ¥130).

History of shareholder returns



Adjusted consolidated profit	15.8	90.8	132.0	183.2	162.7	220.0
Total payout ratio	220%	50%	50%	50%	50%	—
(Reference) Share price (End of fiscal year)	¥2,652	¥3,735	¥3,188	¥4,079	¥4,282	—

(Reference) DPS



Shareholder return policy

Aim at attractive shareholder return through stable dividend and flexible share buyback, taking into account relative level of dividend yield or DPS growth. (Target level of total payout ratio: around 50%*³ over medium term.)

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

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

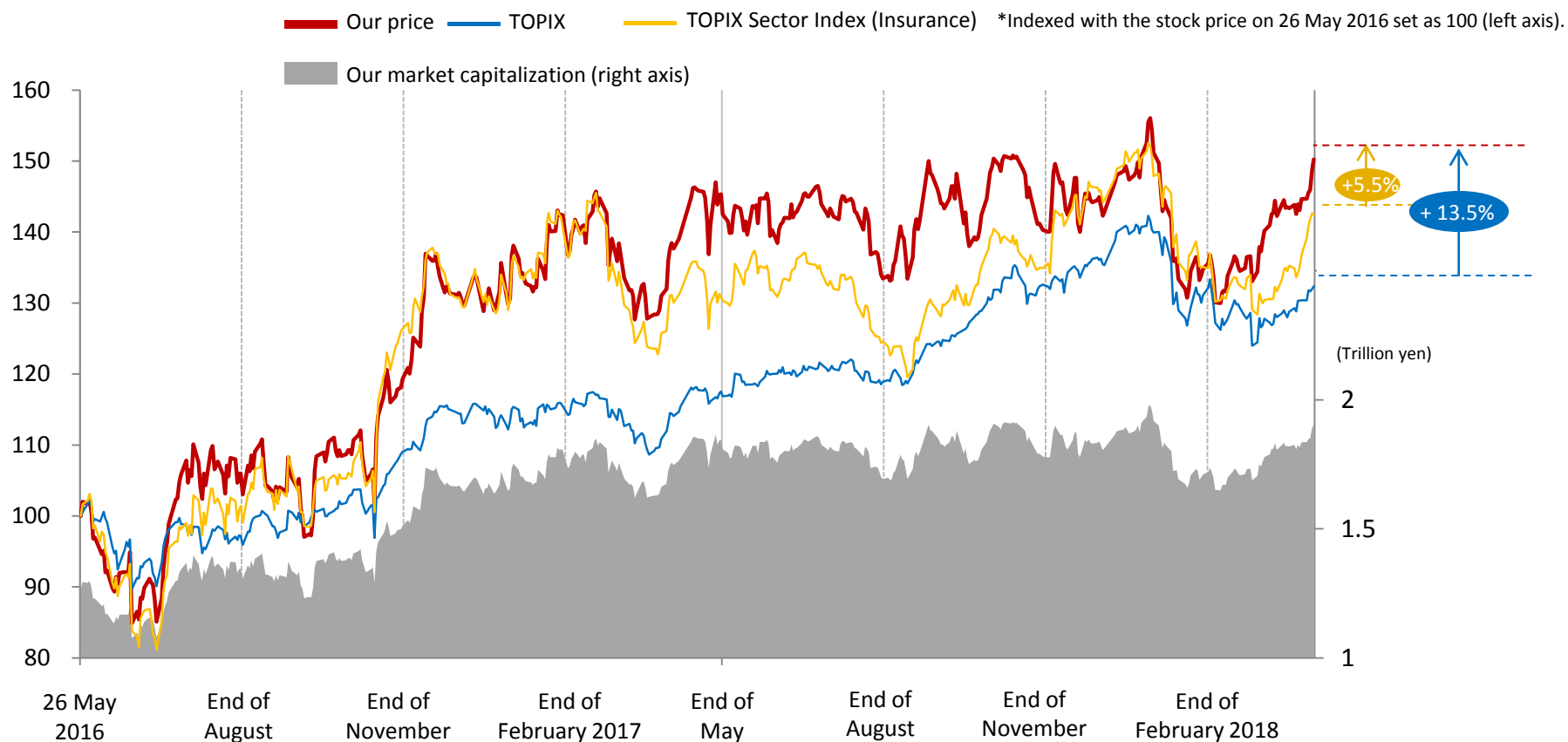
*² Dividend yield = Cash dividend / Market cap. as of end of FY

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

(Reference) Progress of mid-term management plan (4) – Stock price

◆ Since announced mid-term management plan on 26 May 2016, our stock price has progressed steadily.

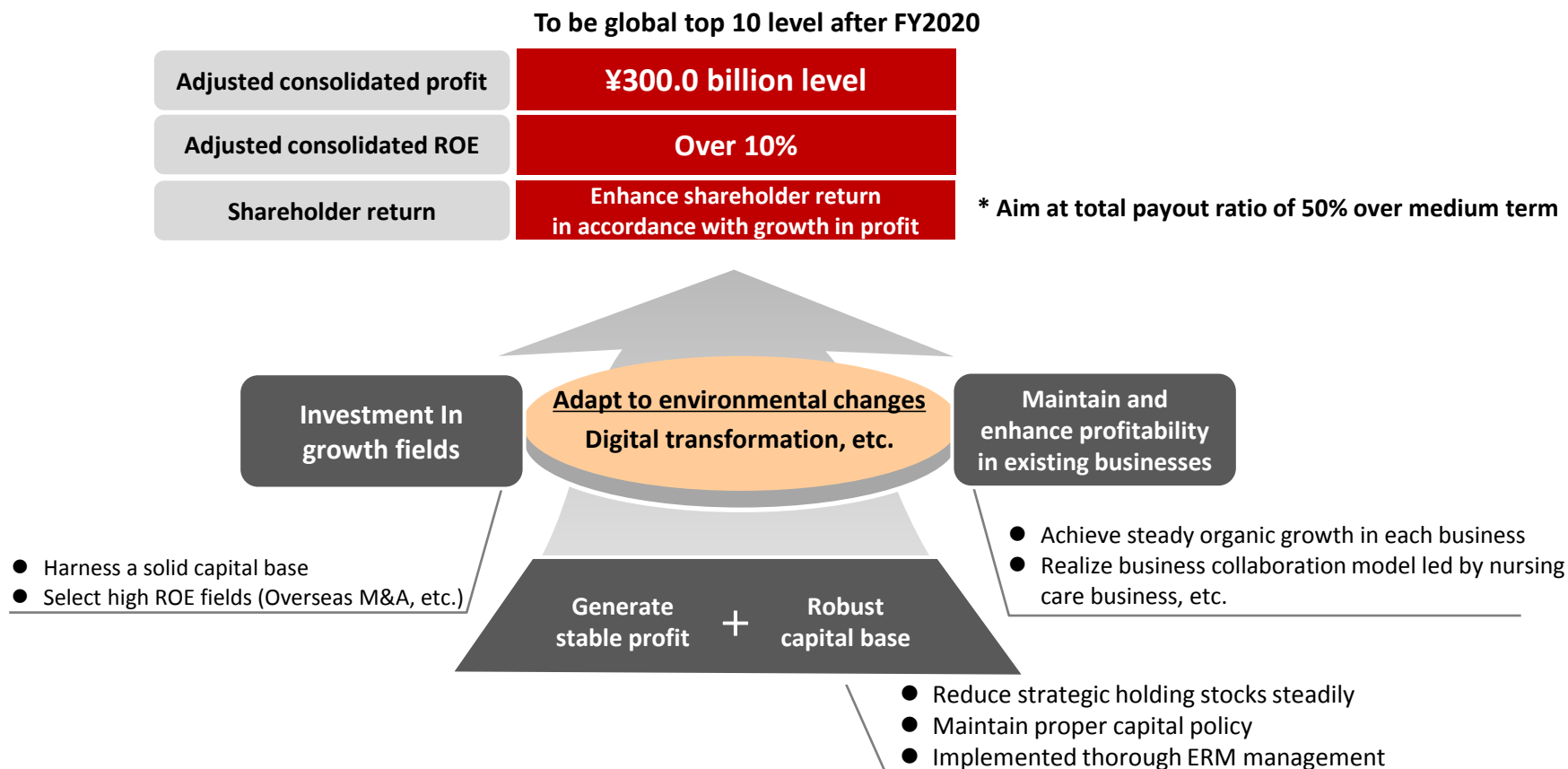
Progress of stock price(from 26 May 2016 to 30 April 2018)



(Reference) Mid and long term strategy of SOMPO Holdings 【As previously shown】

- ◆ Evolve to global top 10 insurance group.
- ◆ With proactive shareholder returns, maintain capital buffer sufficient to execute our strategies.
- ◆ Build a sustainable growth cycle by capturing opportunities to execute growth investments, with organic growth as our fundamental premise.

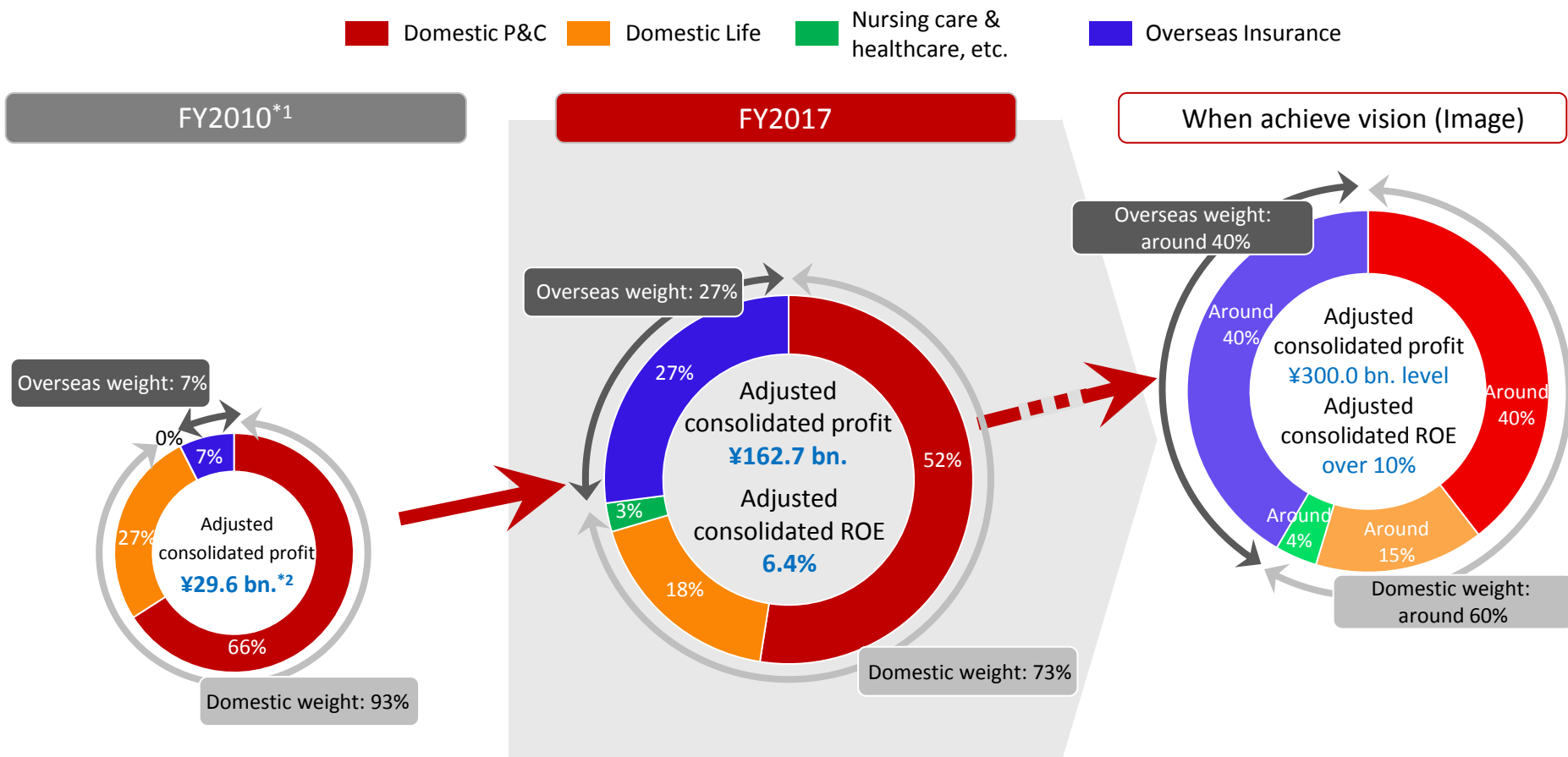
Our vision of growth strategy



(Reference) Business portfolio transformation

- ◆ Since holdings company was established, entire group risk diversification has progressed while expanding the weight of overseas insurance business.

Progress of business portfolio

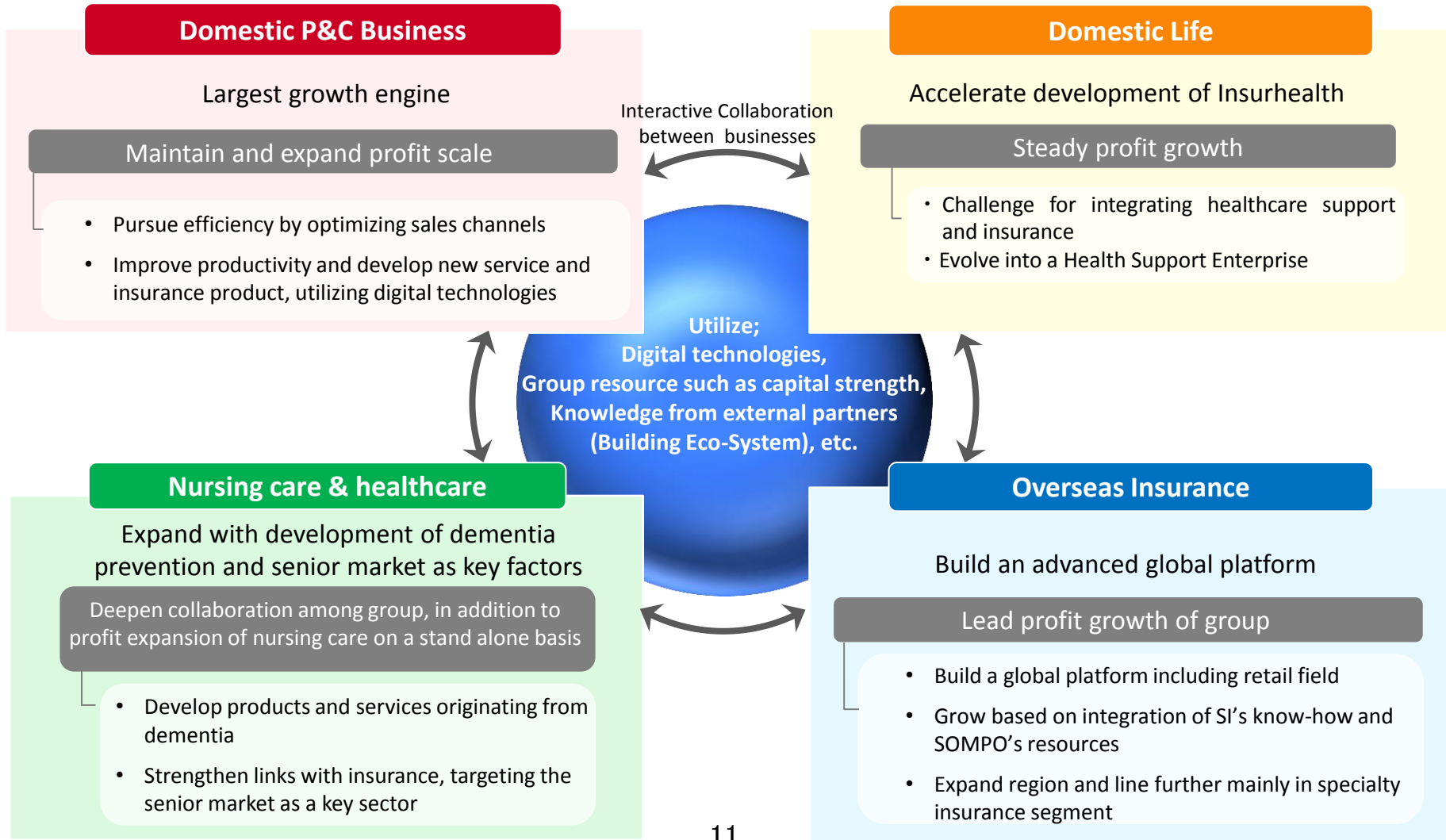


*1 FY of SOMPO holdings establishment

*2 Estimation based on current definition of adjusted profit

Drive Group's qualitative evolution looking ahead to the period after mid-term management plan

- ◆ Achieve sustainable growth by pursuing transformation of entire group and each business.



Dramatic growth with SI's evolution into a global platform

- ◆ PMI has progressed steadily and built SI in as an advanced global platform. Quantitative synergies have materialized as well.
- ◆ Aim to expand further while realizing steady organic growth.

Progress of PMI (Post-Merger Integration) with SI

FY2017

PMI has progressed steadily. Both qualitative and quantitative benefits have materialized.

Quantitative synergies

+ ¥72.4 billion

A decrease in tax expenses in connection with the reorganization of SI, etc.

Qualitative aspects (typical examples)

Organization

- Set up SIH, integrated U.S. existing company

Underwriting

- Unified further insurance underwriting standards
- Progressed Agri Sampo

ERM

- Unified methods
- Optimized global CAT management

Progress of bolt-on M&A

- Merged Lexon and A&A

HR

- Initiated personnel exchange programs aimed at integration of personnel systems.

+ ¥0.3 billion

Specialty insurance to Japanese clients

+ ¥2.0 billion

reduced cost for reinsurance guarantee, etc.

FY2018 to FY2020

SI growth target (Net written premium) CAGR: +10% ~ 15% (for around next 3 years)

【Build a truly integrated global platform】



Further dramatic growth

- Accelerate to expand globally mainly focused on U.S. on the ground business
- Develop and Execute on new strategies such as Agri Sampo
- Continue bolt-on M&A, etc.

Entities of developed countries

With SI's expertise, etc., develop mainly specialty commercial business across the world.

Entities of emerging countries

Leveraging with group resources and know-how, etc., expected to integrate accordingly. (complete by around the end of FY2020)

Progress of digital strategy

- ◆ While continuing researches and trials (PoC), qualitative effect can be expected after FY2018 by accelerating practical implementation of digital technologies.

Pioneering approach for utilizing digital technologies

FY2016~FY2017

Structured framework and researches and trials (PoC) led to practical implementation

After FY2018~

Actual effect of digital strategy

● Example of effect (Rough Image)

By utilizing RPA, etc. in HQ, 400 thousand hours of clerical works are assumed to be cut down.
⇒ Including the above, targeting several tens of billions yen level of cost reduction in the future.

【Build digital strategy trilateral structure】 【From PoC* to practical implementation】

CDO (Chief Digital Officer)

SOMPO Digital Lab



Silicon Valley

Israel

Tokyo



-Advanced Cyber Security Nation

SOMPO Digital Lab Israel

Productivity enhancement

56%

Practical implementation phase (16 Cases)

Enhancement customer contact

38%

New Business Model

6%

Typical Examples

- Automation of clerical works by implementation of RPA
- Introduction of urination prediction sensor in nursing care business
- Utilization of AI in call centers



DRIVING!

<Automobile insurance with safe driving support service>

LINE Financial

Alliance with LINE aiming at building new insurance distribution model

<Designated insurance service for Smartphone>



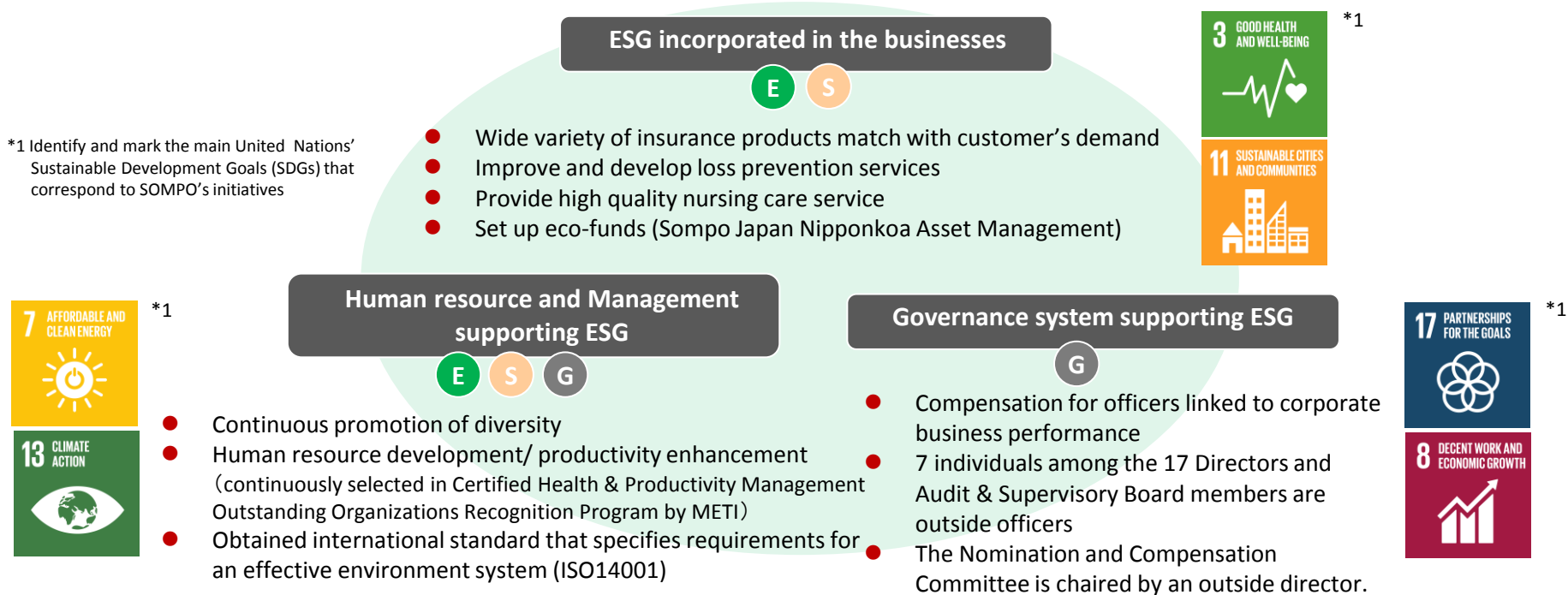
SOMPO
DEFNAVI

<Cyber Security Service>

* Research and trial phase: 50 cases (as of the end of FY2017)

(Reference) Enhance Corporate value through initiatives for ESG

- ◆ Tackle the challenge of solving social issues through businesses in conjunction with working to increase sustainable corporate value on the ESG front.



Inclusion in Socially Responsible Investment (SRI) indexes and other indexes

- Selected for inclusion in the Dow Jones Sustainability Index for 18 consecutive years (longest-running record for a Japanese company).
- Adopted by all ESG indexes selected by the Government Pension Investment Fund (GPIF)



2017 Constituent
MSCI Japan Empowering
Women Index (WIN)
2017 Constituent
MSCI Japan ESG
Select Leaders Index



Selected for inclusion in the highest rank of the CDP^{*2} for second consecutive years.

^{*2} International project on climate change strategy, etc.
(Carbon Disclosure Project)

(Reference) Group Asset Management

- ◆ No change in plans to undertake stable asset management, taking liquidity, safety and so on into consideration.
- ◆ While continuously reducing strategic-holding stocks in a planned way, aim at maintaining and enhancing yield based on asset management diversification, etc.

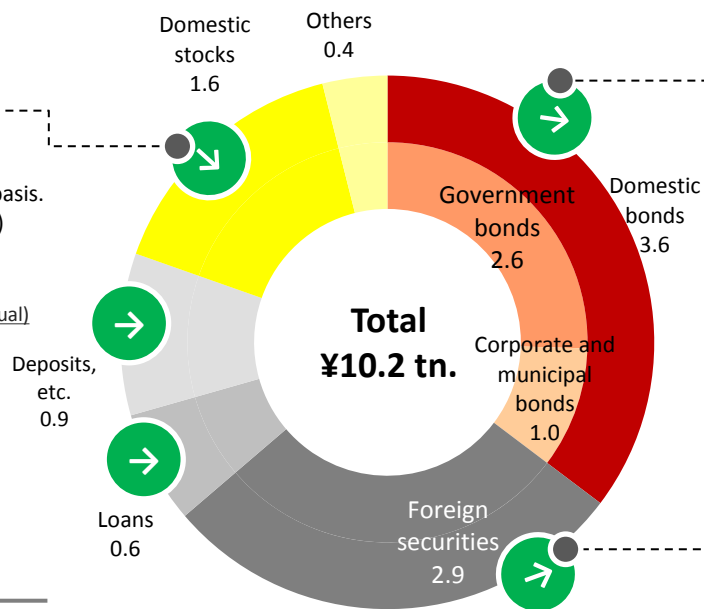
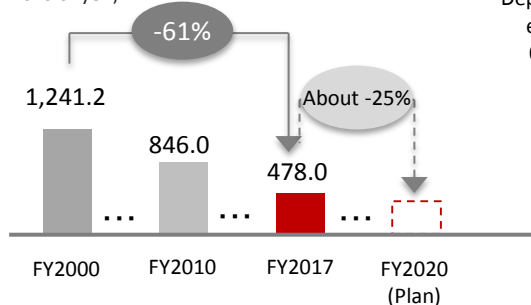
<Balance of group investment assets^{*1} (Trillions of yen)>

Reduction of strategic-holding stocks

Plan to reduce ¥100 billion per annum on fair value basis.
(In FY2017, reduced ¥109.6 billion on fair value basis)

Balance of strategic-holding stocks on book value (Plan and actual)

(Billions of yen)

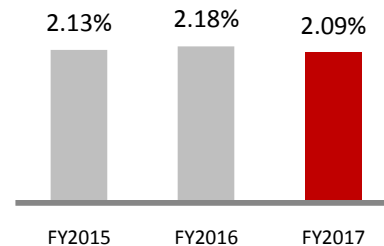


Measures against low interest rate

- Diversify investments, such as foreign currency assets
- Sophisticate asset management, such as growth investment, monitoring credit risk

Progress of income yield^{*2}

(Sompo Japan Nipponkoa and Himawari Life)



● Arrow is image of direction of asset allocation.

^{*1} End of FY2017, group-wide basis

^{*2} Excluding group companies' stocks, etc.

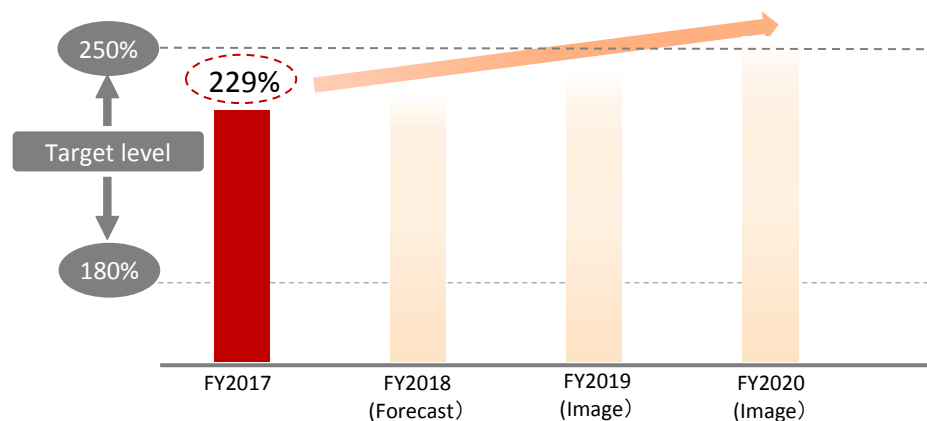
(Reference) Robust financial base and ERM for growth strategy

- ◆ Achieve the stable growth of the Group based on the fundamental premise of maintaining and enhancing a robust financial base by implementing ERM thoroughly.

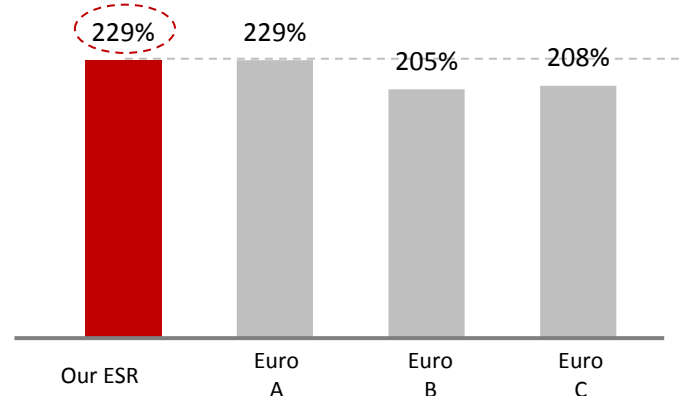
ESR (99.5%VaR) progress forecast

Organic increases in ESR in the range of +5% to nearly 10% are expected every year mainly through the steady reduction of strategic-holding stocks, in addition to retained earnings, while proactively implementing shareholder returns.

(In terms of the cash management policy, Group companies that have adequate capital for the medium term will pay dividends 50% of adjusted profit in principle to parent company.)



(Reference) Comparison in ESR with European insurance companies*2



Implement ERM thoroughly

(Our main initiatives in FY2018)

- Build a global ERM framework including SI*1
- Optimize global CAT risk structure (including reinsurance cover)
- Support appropriate management decision-making on all fronts, including product development and M&A activity
- Accelerate Group-wide penetration of an ERM culture further

*2 SOMPO uses ESR (99.5%VaR) as of end of FY2017.

Other companies use solvency ratio based on Solvency II as of end of December 2017.

*1 SOMPO group ERM evaluation by S&P global: Raised to "Strong" (April 2018)

(Reference) Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2016	FY2017	FY2018	
			(Forecast)	(Reference: Plan) Announced on November 2016
Domestic P&C insurance* ¹	134.9	85.3	Over 118.0	Over 120.0
Domestic life insurance	29.1	29.2	Over 32.0	Over 32.0
Nursing care & healthcare, etc.	-0.7	4.1	Over 6.0	Over 8.0
Overseas insurance	19.9	44.0	Over 63.0	Over 60.0
Total (Adjusted consolidated profit)	183.2	162.7	220.0	220.0 – 230.0
Adjusted consolidated ROE*²	7.6%	6.4%	8.3%	Over 8%
(Reference) ROE (J-GAAP)	9.7%	8.2%	About 11%	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 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 adjusted net assets = Net assets (J-GAAP) + 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 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.). Forecasts for the overseas insurance business in FY2017 include a decrease in tax expenses in connection with the reorganization of SI.

1. Group management

2. Businesses

2-1. Domestic P&C insurance

2-2. Domestic life insurance

2-3. Nursing care & healthcare, etc.

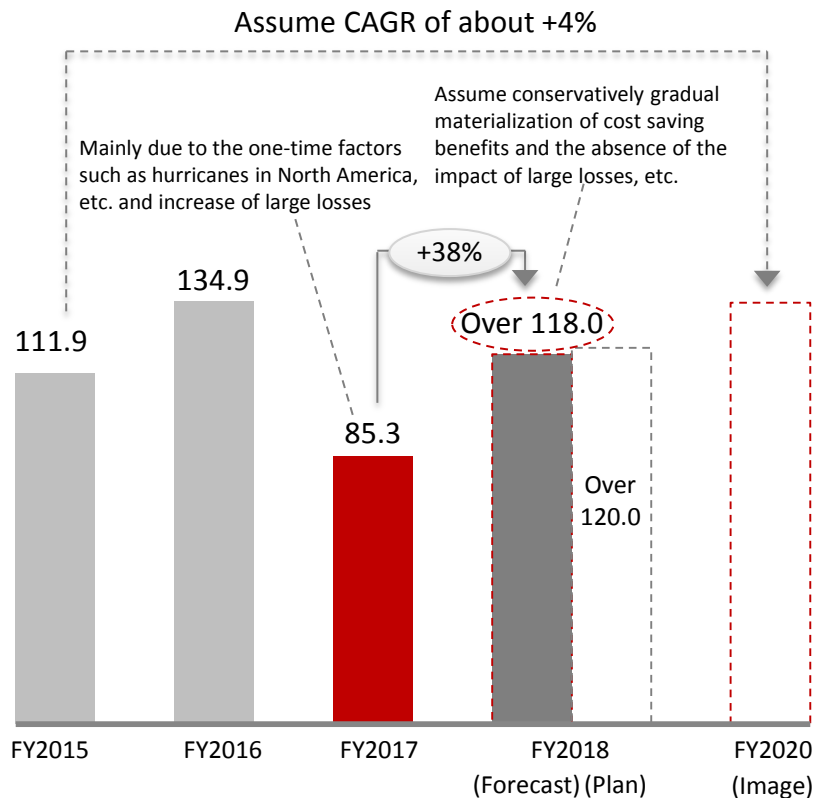
2-4. Overseas insurance

Progress of Domestic P&C Insurance

- ◆ Adjusted profit for FY2018 is expected to improve drastically by over ¥32.0 billion mainly due to the materialization of cost saving benefits and the absence of the impact of one-time factors in FY2017.

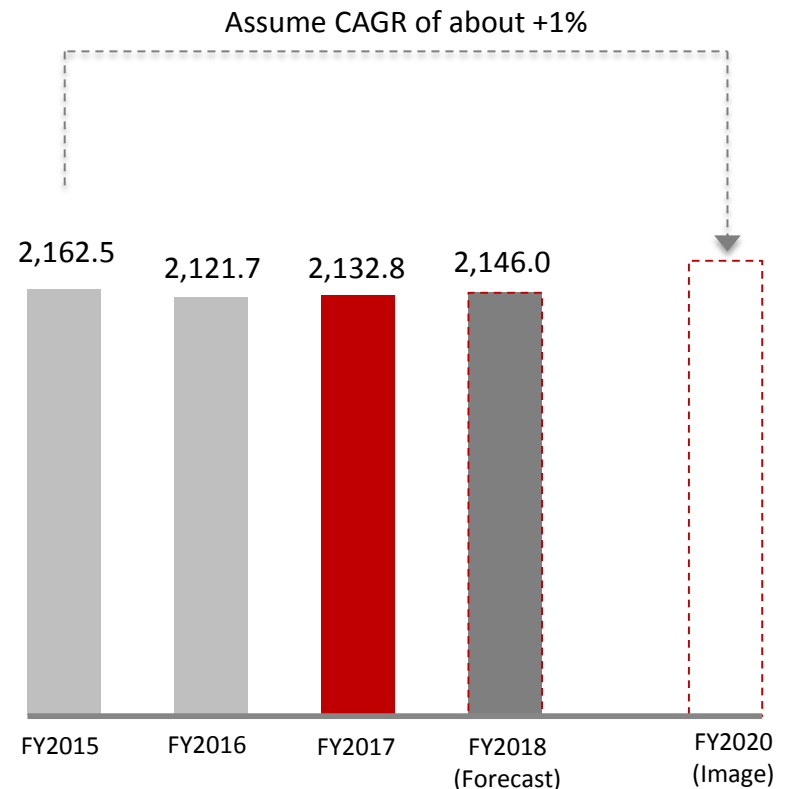
Plan for adjusted profit

(Billions of yen)



Net premiums written (Sompo Japan Nipponkoa)*

(Billions of yen)



* Presented by adjusting reinsurance policies scheduled for successive transfer to overseas subsidiaries: Deducting the portion of the total transfer amount (approx. ¥60.0 billion) that has yet to be transferred in each fiscal year.

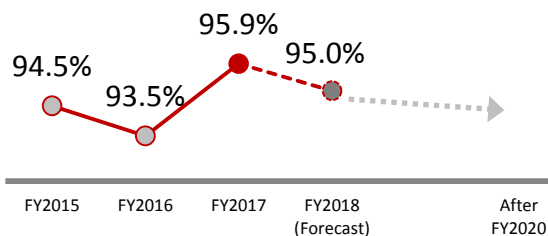
Key Points for Domestic P&C Insurance

◆ Aim to maintain and enhance profitability by taking the initiatives such as implementation of digital technology and collaboration with innovative players.

Key point (1)

Combined ratio^{*1}

Keep on upfront investment^{*2} in IT and digital tech. Aim at combined ratio of 92 to 94% level by optimizing sales network and applying AI and RPA early.



*1 Sampo Japan Nipponkoa (excl. CALI, household earthquake)

*2 FY2016:¥14.7 billion, FY2017:¥9.4 billion, FY2018(Forecast): around ¥10.0 billion

Key point (2)

Growth strategy

Create a new business model for growth by collaborating with innovative players.

<Examples of recent alliances>

LINE Financial

Smartphone-optimized insurance service



Products and services that contribute to private lodging business



Next-generation services for self-dependence to a casualty etc.



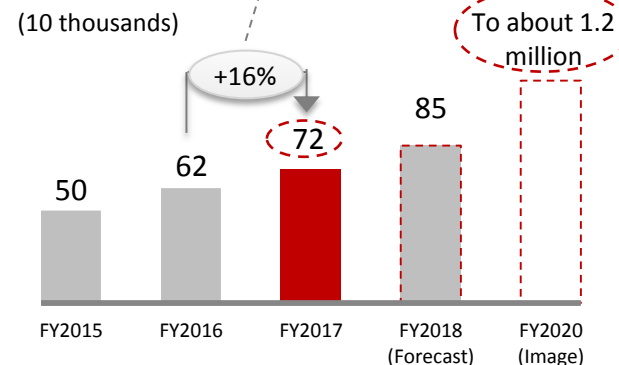
R&D of insurance products that contribute to disease prevention

Key point (3)

Direct business (Saison Automobile & Fire)

Expand steadily toward becoming profitable. Direct group companies will merge into one^{*3}, which will improve our efficiency and profitability further.

<Policies in force of direct auto insurance>
No.1 growth rate in the industry^{*4}



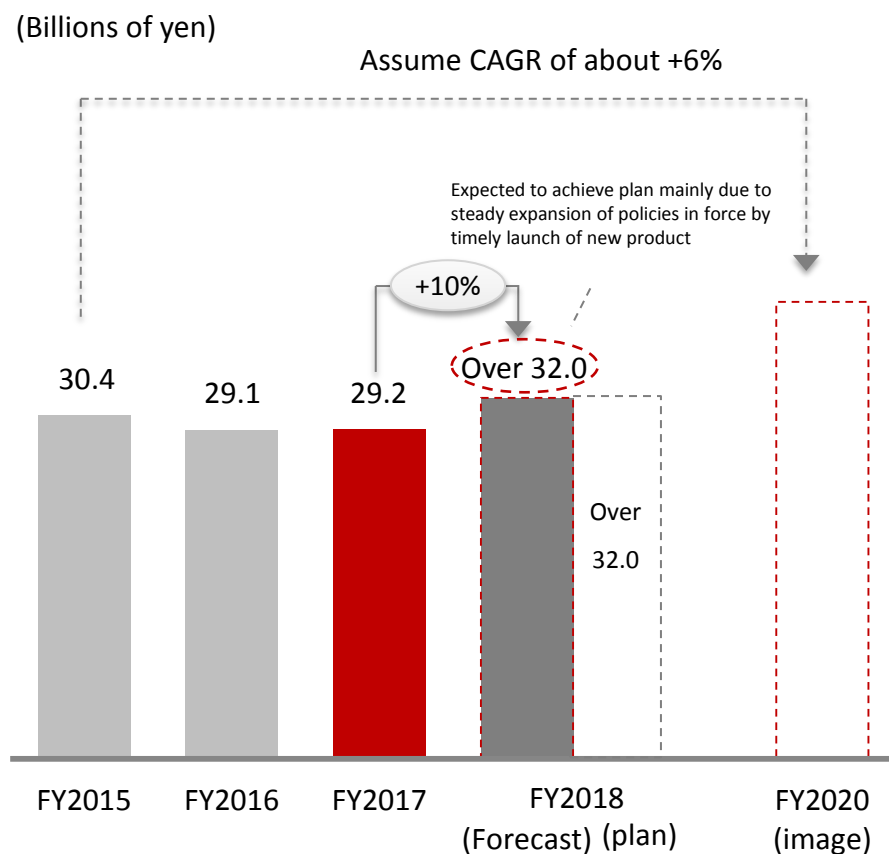
*3 Merger of Saison Automobile & Fire and Sonpo 24 insurance (expected date: FY2019)

*4 As of the end of 3Q FY2017

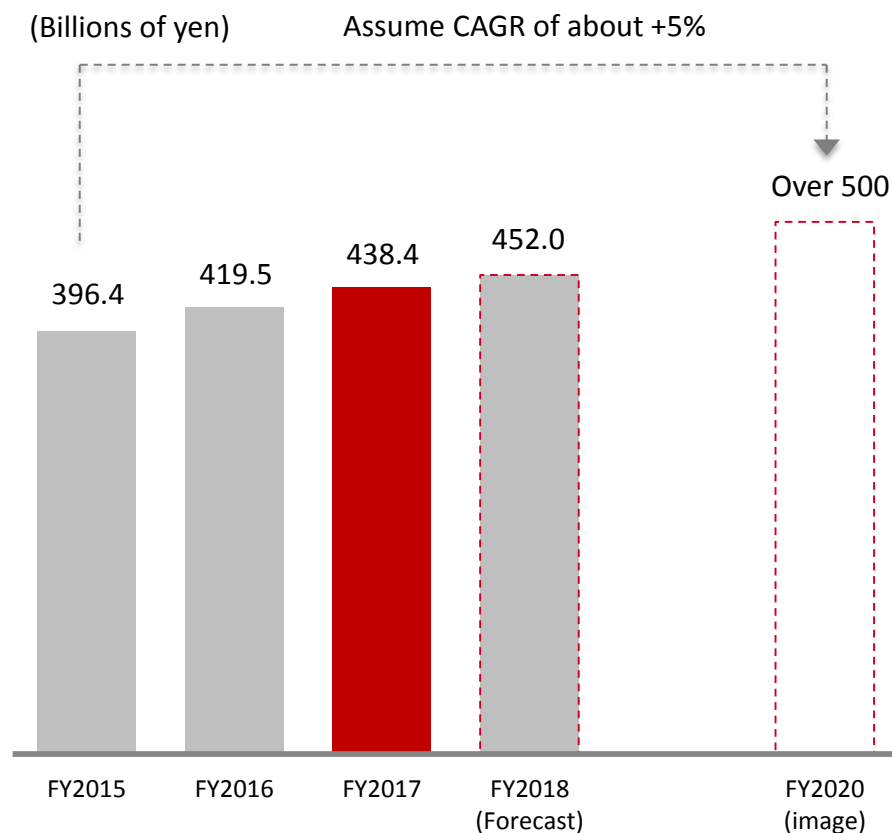
Progress of Domestic life insurance

- ◆ Expanded policies in force steadily and adjusted profit for FY2018 is expected to achieve over ¥32.0 billion as planned.

Plan for adjusted profit



Premium and other income



Key Points for Domestic Life Insurance

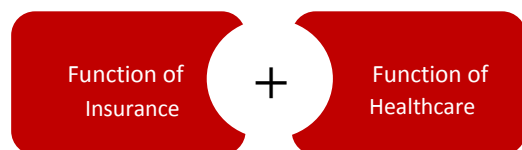
- ◆ While timely launch of innovative products and services, aim at evolving into a health support enterprise for customers.

Key point (1)

Evolve into a health support enterprise

Aim at doubling number of customers in conjunction with providing new added values integrating health support function for customers and insurance

【Develop “Insurhealth”】



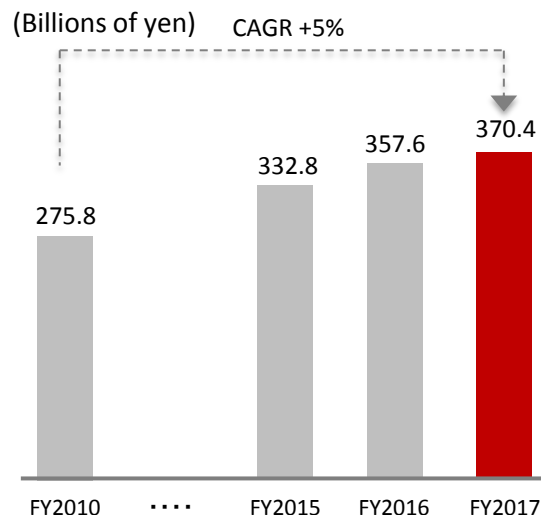
- March 2018 Comprehensive breast cancer-related services for women
Linkx pink
- April 2018 Health management App for employees
Linkx carada
- Industry's first*1 income compensation insurance designed to support the health of policyholders
Linkx じぶんと家族のお守り
- Going forward Launch new products and services timely

Key point (2)

Annualized premium in force

By providing new product at proper timing, etc. expand policies in force centered on protective product

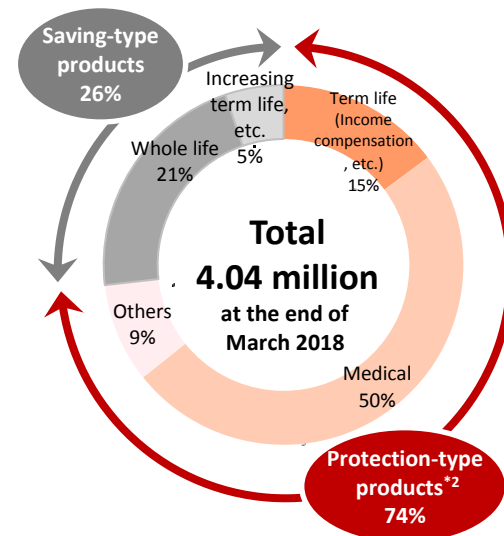
【annualized premium in force after FY2010】



Key point (3)

Product mix (policies in force)

Maintain product mix mainly with highly profitable products



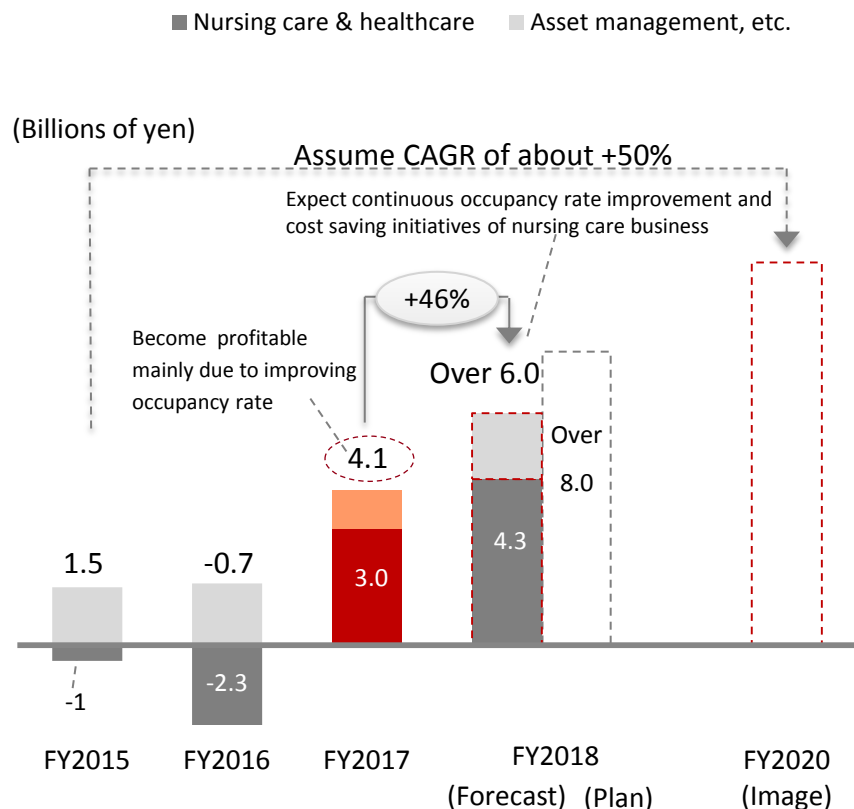
*1 If a policyholder improves health condition by meeting certain conditions after policy enrollment, premiums are reduced and the difference between the former and reduced premiums are reimbursed retroactively, going back to the policy enrollment date.

*2 Protection-type products: Medical, cancer, income compensation, and term life insurance (excluding long term life and increasing term life insurance), etc.

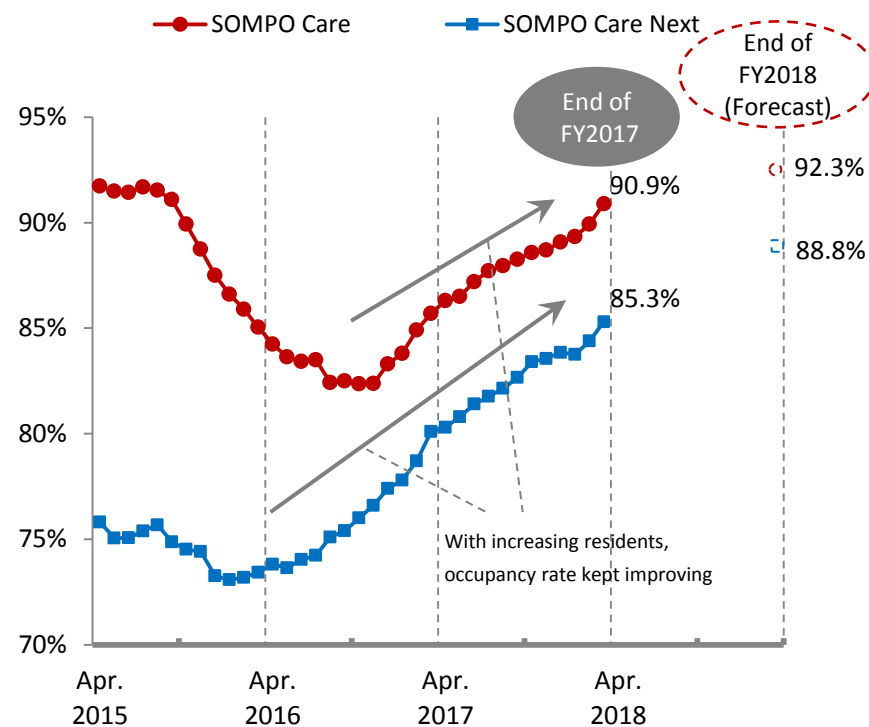
Progress of Nursing Care & Healthcare, etc.

- ◆ Achieved to become profitable in line with occupancy rate improvement of nursing care business as planned.
- ◆ In FY2018, expand profit further and enhance collaboration with group business, while improving occupancy rate and starting initiatives for cost saving.

Plan for adjusted profit



Occupancy rate*



* Occupancy rate = the number of residents / capacity of facilities

Key Points for Nursing Care Business

◆ Pursuing the increase of added value of the group, through initiatives such as service development focused on dementia as a start point, in addition to securing stand-alone basis profitability.

Key Point (1)

Enhance profitability further

Enhance the profitability through the initiatives such as maintaining and improving occupancy rate and cost reduction from merger* of SOMPO care

【FY2018 Business Plan image】

Improve capital efficiency further on nursing care business stand-alone basis

Occupancy Rate



Expected to improve further

Operating Expense



In light of the merger, drive business efficiency with action such as optimization of human resource allocation

Solid Internal Control



Human Resource Development

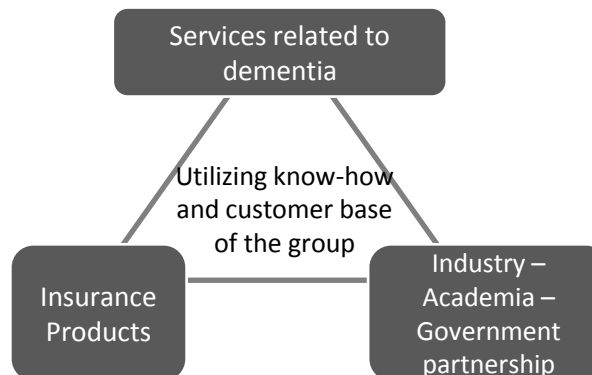
* Merger of SOMPO Care and SOMPO Care Next is scheduled in July, 2018.

Key Point (2)

Strengthen the collaboration with the group businesses

- Utilize external expertise in addition to industry - academia - government partnership
- Strengthen inter-group collaboration by developing service and launching insurance product related to dementia

【Main initiatives】



Launching insurance products and services deeply linked with nursing care going forward, subsequent to the option to cover long-term care launched by Himawari Life.

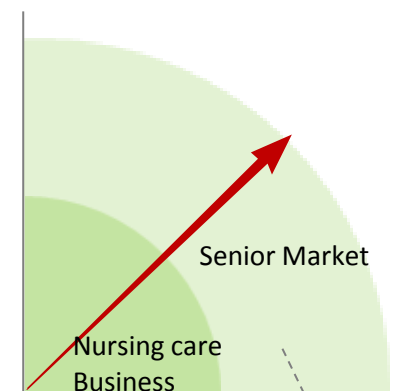
Key Point (3)

Future vision

Expand into senior market area, Maximize expertise in the nursing care business and Voice of the Customer (VOC) and Voice of the Genba (VOG) (direct feedback from over 100,000 users and staff members)

【Future direction (image)】

Expand into surrounding area including insurance, from nursing care basis



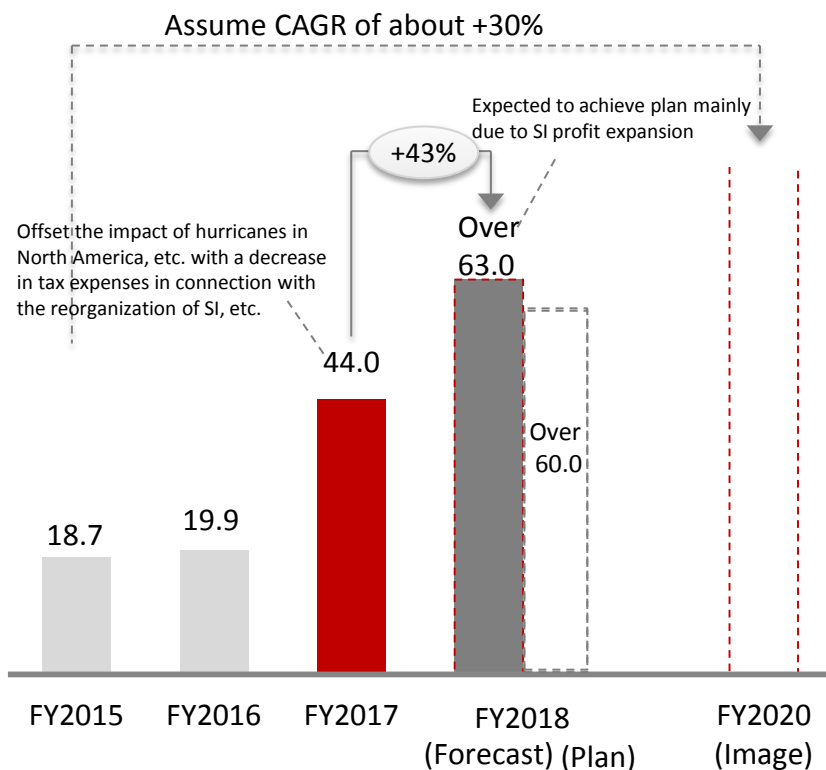
Examples. Meal service, lifestyle support service, etc.

Progress of Overseas Insurance

◆ Adjusted profit for FY2018 is expected to achieve over ¥63.0 billion as planned mainly due to SI profit expansion.

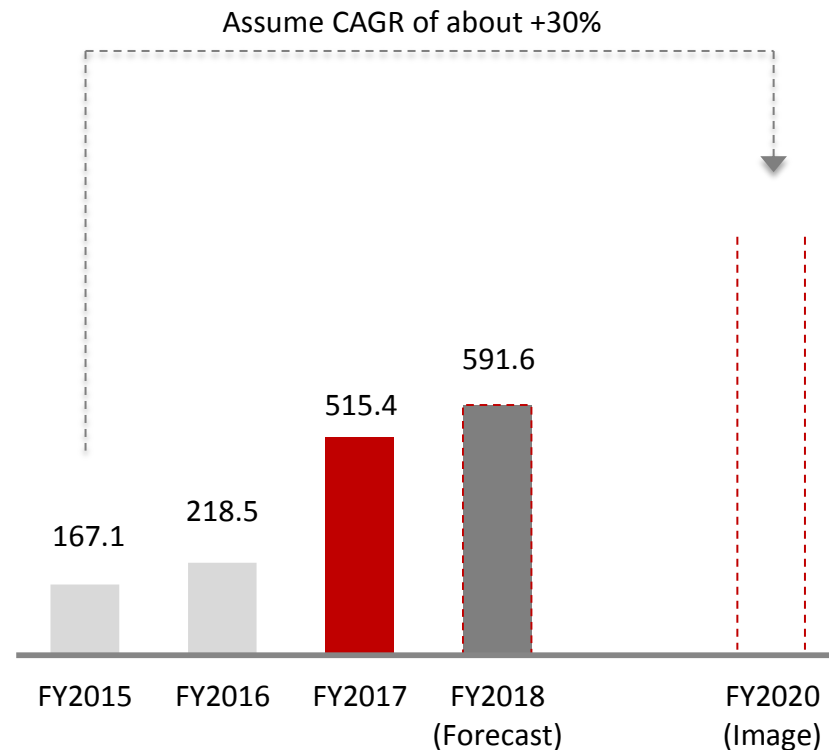
Plan for adjusted profit

(Billions of yen)



Premiums*

(Billions of yen)



* Deduct the portion of Sompo Canopus due to sales completion. premiums reflect holding shares. This treatment does not coincide with financial statements.

Key points of overseas development

◆ Aim to enhance share of overseas insurance business further, while placing SI as an advanced global platform.

Key point (1)

Build a global platform

- Commercial** Integrate existing companies in the U.S. and Europe
Accelerate to harmonize SI's expertise and SOMPO resources
- Retail** Aim at further growth, while sharing group's know-how, etc.

【Retail sector (Image)】

Aim to finish building a global platform by the end of FY2020

→Share of know-how, R&D and talent, etc.



Key Point (2)

SI's organic growth

- Accelerate the growth by acquiring underwriters in specialty lines
- * SI growth target(Net written premium)
CAGR: +10%~15%

【Major activities】

- Further enhancement of underwriters** Acquired Novae's underwriters (May 2017)

(Reference) Number of SI's underwriters
FY2012 Around 100 headcounts → FY2017 Expand to approximately over triple

- Development of Agri Sampo** Expand crop insurance internationally

- Alliance (South Africa)** Alliance with Sanlam and Saham
- Aim to provide specialty lines on African market in future

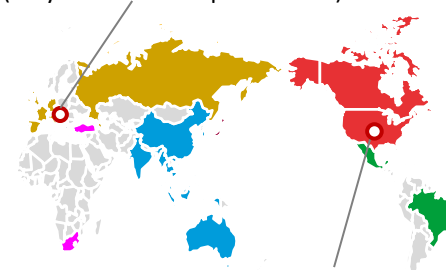
Key point (3)

Bolt-on M&As by SI

- Execute selective bolt-on M&As that contribute to enhance profitability and risk diversification in geographic and line of business

【Bolt-on M&As in FY2017】

Accomplished A&A merger in March 2018 (Italy: broker of crop insurance)



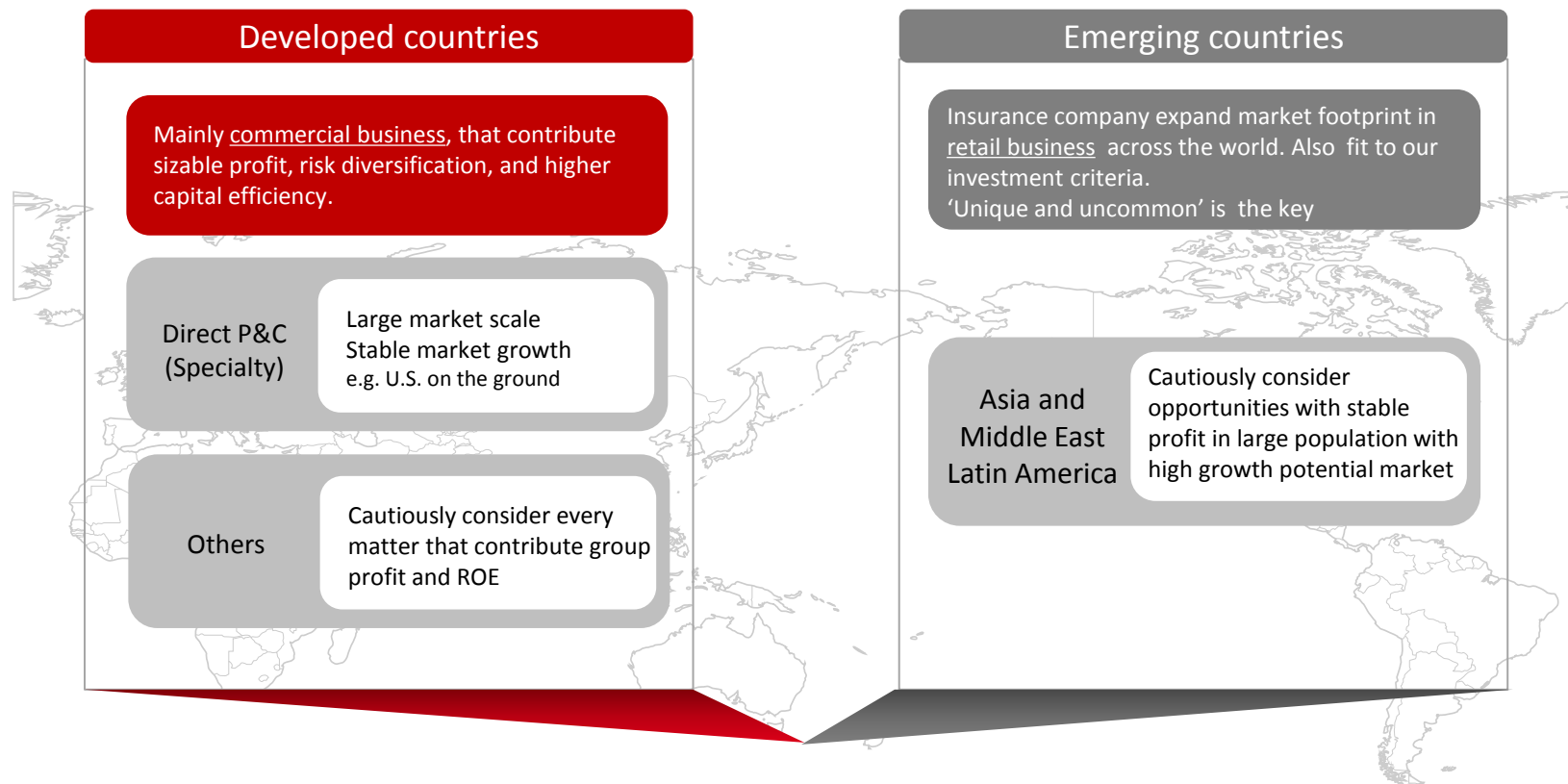
Accomplish Lexon merger in June 2018 (U.S.: surety insurance company)

(Reference) Global M&A strategy [As previously shown]

- ◆ Consider selectively M&As that will enhance Group profit and ROE in a disciplined manner.

Typical criteria of M&A

Our policy is to selectively consider M&As that will enhance Group capital efficiency based on a robust financial base, according to the following perspectives



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.

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