



SOMPO HOLDINGS

A Theme Park for Security, Health & Wellbeing

Highlights of FY2019 Results

May 20, 2020

Sompo Holdings, Inc.



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*1 W/P loss ratio means written-paid loss ratio; numerator is net claims paid, and denominator is net premiums written.

*2 SI stand for “Sompo International (Corporate)”. (The same shall apply hereafter.)

Highlights of FY2019 Results

- ◆ Consolidated ordinary profit for FY2019 decreased by ¥6.5 billion to ¥192.4 billion and consolidated net income for FY2019 decreased by ¥24.1 billion to ¥122.5 billion, mainly due to the rebound of accelerating reduction of strategic-holding stocks in Sompo Japan in FY2018, partly offset by the organic growth of SI.
- ◆ Consolidated ordinary profit for FY2020 is expected to be ¥223.0 billion and consolidated net income is expected to be ¥150.0 billion, mainly due to the normalization of the impact from domestic natural disasters, in addition to organic growth in each business, while impact of COVID-19 is included in the forecast for FY2020.

FY2019 Actual

- Sompo Japan : Underwriting profit increased, mainly due to a decrease in domestic natural disasters and improvement of base loss ratio, while investment profit decreased, mainly due to the rebound of accelerating reduction of strategic-holding stocks in FY2018.
- Overseas insurance : Adjusted profit increased by ¥17.0 billion, mainly due to the organic growth of SI and Sompo Sigorta.
- Himawari life : Net income increased, mainly due to growth in policies in force centered on protection type products.
- Nursing care (SOMPO Care) : Net income increased, mainly due to improvement of occupancy rate and cost reduction with higher efficiency.

FY2020 Forecast

- Consolidated ordinary profit is expected to increase by ¥30.5 billion, mainly due to the normalization of the impact from domestic natural disasters, in addition to organic growth in each business.
- Consolidated net income plan to increase by ¥27.4 billion to ¥150.0 billion.
- Impact of COVID-19 is expected to be - ¥14.0 billion, which is included in the forecast for FY2020.

Shareholder Return

- Management approved increase in dividend per share for the seventh consecutive year (including FY2020 forecast) and share buy back of ¥35.3 billion. (Total payout ratio in FY2019 was 60%.)

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

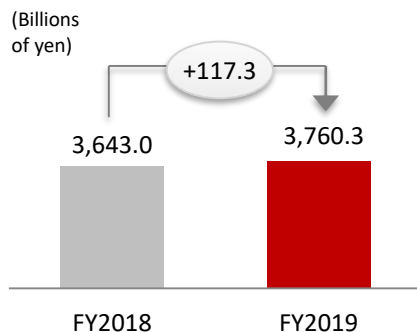
5. Nursing care & healthcare, etc.

6. ERM & asset management

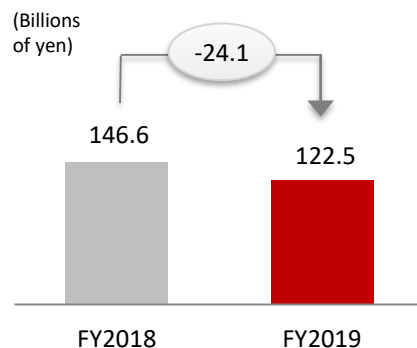
Overview of FY2019 Results – Consolidated Basis

- ◆ SI and Sompo Japan continued to expand, with net premiums written increasing by ¥107.3 billion.
- ◆ Consolidated net income was ¥122.5 billion, mainly due to the rebound of accelerating reduction of strategic-holding stocks in FY2018.

Consolidated ordinary income



Consolidated net income



(Billions of yen)	FY2018	FY2019	Change
Consolidated ordinary income	3,643.0	3,760.3	+117.3 (+3.2%)
Net premiums written (P&C)	2,718.1	2,825.4	+107.3 (+3.9%)
Life insurance premiums	349.6	356.0	+6.4 (+1.8%)
Consolidated ordinary profit	198.9	192.4	-6.5
Sompo Japan	215.5	182.3	-33.1
Overseas insurance subsidiaries	-5.8	87.9	+93.7
Himawari Life	23.2	25.5	+2.2
Nursing care and healthcare*1	5.9	10.1	+4.2
Consolidated adjustment*2/Others	-39.9	-113.5	-73.5
Consolidated net income*3	146.6	122.5	-24.1
Sompo Japan	175.7	130.5	-45.1
Overseas insurance subsidiaries	-6.1	75.3	+81.4
Himawari Life	15.3	16.5	+1.1
Nursing care and healthcare	4.2	6.1	+1.9
Consolidated adjustment/Others	-42.5	-106.1	-63.6
(Reference) Adjusted profit (by business)	113.5	150.8	+37.2
Domestic P&C insurance	42.3	60.8	+18.5
Overseas insurance	33.0	50.1	+17.0
Domestic life insurance	32.8	32.0	-0.7
Nursing care & healthcare, etc.	5.2	7.7	+2.5

*1 Nursing care and healthcare is sum of SOMPO Care and SOMPO health support.

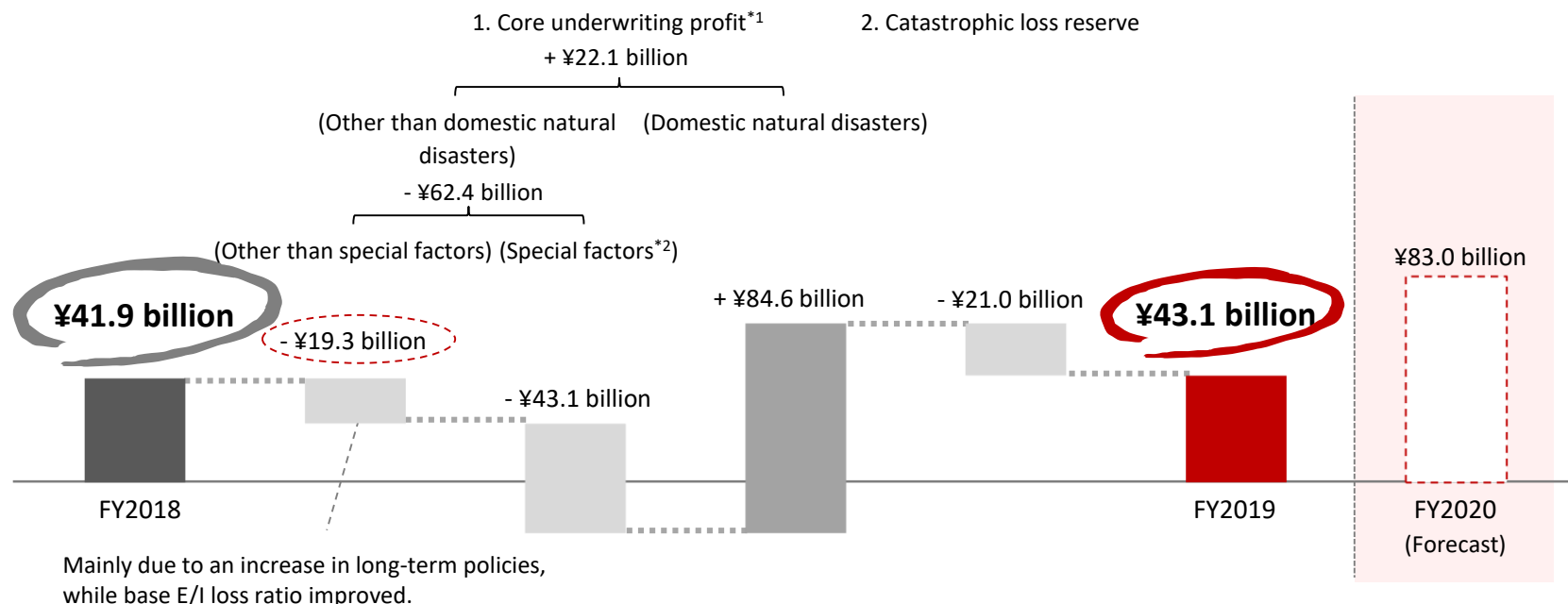
*2 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

*3 Consolidated net income denotes net income (loss) attributable to shareholders of the parent. (The same shall apply hereafter.)

Main Points of Consolidated Results – (1) Underwriting Profit (Sompo Japan)

- ◆ Underwriting profit increased by ¥1.1 billion to ¥43.1 billion, mainly due to a decrease in impact from domestic natural disasters.
- ◆ Base E/I loss ratio improved, despite of the impact of growth in long-term policies and the consumption tax hike.

Changing factors of underwriting profit (Sompo Japan)



	1. Core underwriting profit			2. Catastrophic loss reserve	Underwriting profit
		(Other than domestic natural disasters)	(Domestic natural disasters)		
FY2018	- ¥12.7 billion	¥165.1 billion	- ¥177.8 billion	¥54.7 billion	¥41.9 billion
FY2019	¥9.4 billion	¥102.6 billion	- ¥93.2 billion	¥33.6 billion*3	¥43.1 billion

*1 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

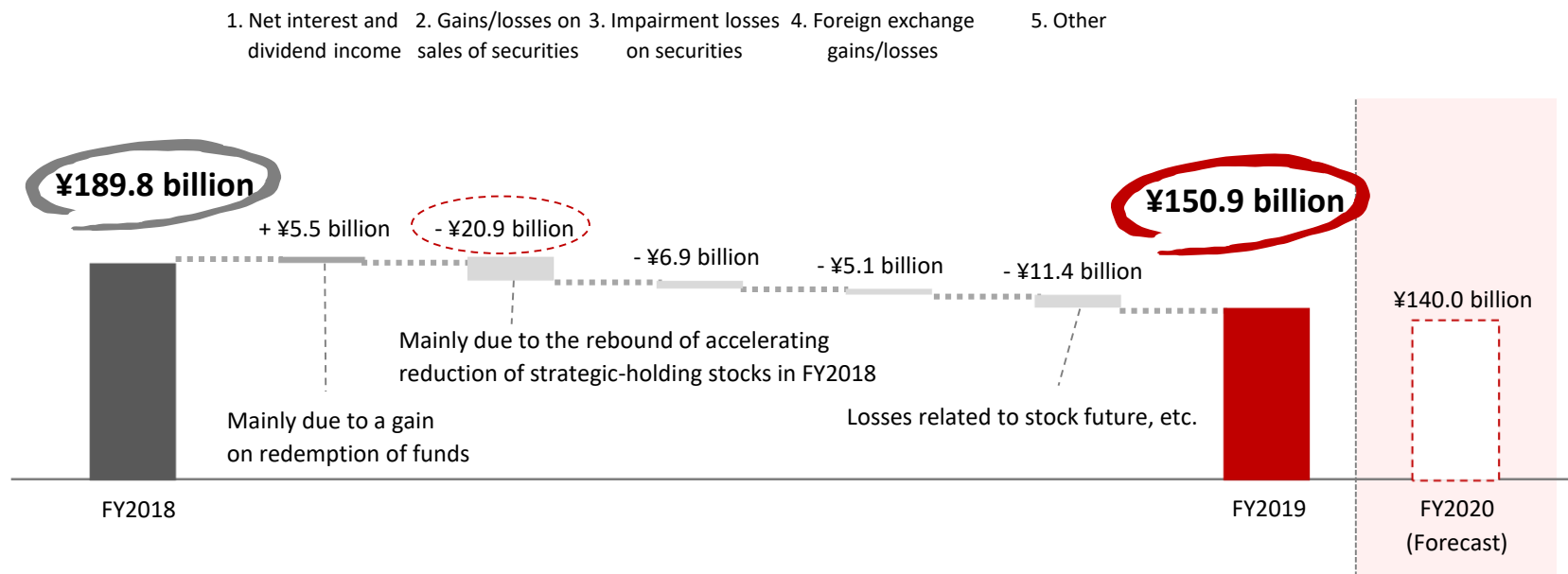
*2 Temporary provisions in underwriting reserve (Underwriting reserve related to natural disasters), reinstatement premiums for reinsurance and the impact of consumption tax hike.

*3 Incl. extra ordinary provisions (- ¥10.0 billion).

Main Points of Consolidated Results – (2) Investment Profit (Sompo Japan)

- ◆ Net interest and dividend income grew steadily, despite of the strong reduction of strategic-holding stocks in FY2018.

Changing factors of investment profit (Sompo Japan)

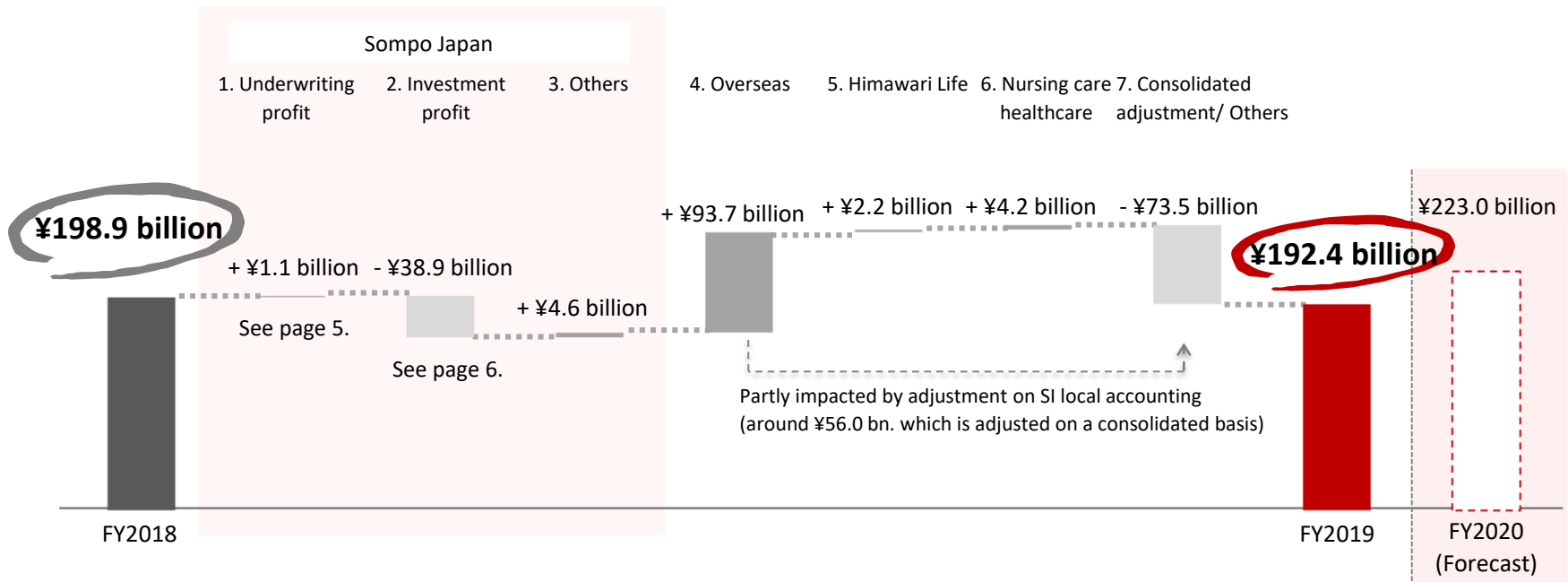


	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Impairment losses on securities	4. Foreign exchange gains/losses	5. Other	Investment profit
FY2018	¥96.4 billion	¥100.0 billion	- ¥4.8 billion	¥3.2 billion	- ¥5.1 billion	¥189.8 billion
FY2019	¥102.0 billion	¥79.1 billion	- ¥11.7 billion	- ¥1.8 billion	- ¥16.6 billion	¥150.9 billion

Main Points of Consolidated Results – (3) Ordinary Profit

- ◆ Consolidated ordinary profit decreased by ¥6.5 billion to ¥192.4 billion, due to the rebound of accelerating reduction of strategic-holding stocks on Sompo Japan in FY2018, partly offset by profit growth in other businesses including the organic growth led by SI within overseas insurance business.

Changing factors of consolidated ordinary profit



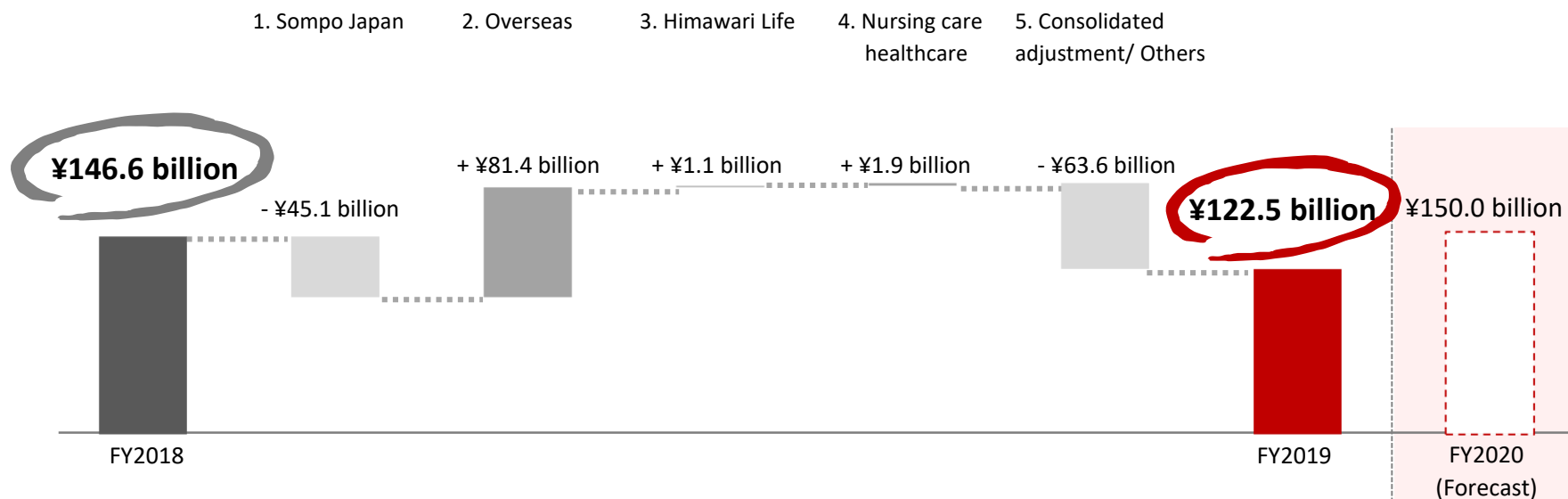
	1. Underwriting profit	2. Investment profit	3. Others	4. Overseas subsidiaries	5. Himawari Life	6. Nursing care healthcare	7. Consolidated adjustment/others	Ordinary profit
FY2018	¥41.9 billion	¥189.8 billion	- ¥16.2 billion	- ¥5.8 billion	¥23.2 billion	¥5.9 billion	- ¥39.9 billion	¥198.9 billion
FY2019	¥43.1 billion	¥150.9 billion	- ¥11.6 billion	¥87.9 billion	¥25.5 billion	¥10.1 billion	- ¥113.5 billion*	¥192.4 billion

* Net amortization amount (before tax) of goodwill and intangible assets, etc. of SI for FY2019: ¥24.5 billion

Main Points of Consolidated Results – (4) Net Income

◆ Consolidated net income decreased by ¥24.1 billion to ¥122.5 billion.

Changing factors of consolidated net income



	1. Somo Japan	2. Overseas subsidiaries	3. Himawari Life	4. Nursing care	5. Consolidated adjustment/others	Net income
FY2018	¥175.7 billion	- ¥6.1 billion	¥15.3 billion	¥4.2 billion	- ¥42.5 billion	¥146.6 billion
FY2019	¥130.5 billion	¥75.3 billion	¥16.5 billion	¥6.1 billion	- ¥106.1 billion	¥122.5 billion

Business Forecasts for FY2020 – Consolidated Basis

(Billions of yen)	FY2019 (Actual)	FY2020 (Forecasts)	Change
Net premiums written (P&C)	2,825.4	2,860.0	+34.5 (+1.2%)
Life insurance premiums	356.0	358.5	+2.4 (+0.7%)
Consolidated ordinary profit	192.4	223.0	+30.5
Sompo Japan	182.3	210.0	+27.6
Overseas subsidiaries	87.9	60.1	-27.7
Himawari Life	25.5	24.6	-0.8
Nursing care (SOMPO Care)	10.1	10.4	+0.3
Consolidated adjustment/others	-113.5	-82.3	+31.2
Consolidated net income	122.5	150.0	+27.4 (+22.4%)
Sompo Japan	130.5	156.0	+25.4
Overseas subsidiaries	75.3	48.9	-26.3
Himawari Life	16.5	17.0	+0.4
Nursing care (SOMPO Care)	6.1	6.4	+0.2
Consolidated adjustment/others	-106.1	-78.3	+27.8
(Reference) Adjusted profit (by business)	150.8	187.0	+36.1 (+24.0%)
Domestic P&C insurance	60.8	96.5	+35.6
Overseas insurance	50.1	51.0	+0.8
Domestic life insurance	32.0	32.5	+0.4
Nursing care & healthcare, etc.	7.7	7.0	-0.7

Main Points of Business Forecasts for FY2020

- ◆ Consolidated ordinary profit is expected to increase by ¥30.5 billion to ¥223.0 billion and consolidated net income is expected to increase by ¥27.4 billion to ¥150.0 billion, mainly due to the normalization of the impact from domestic natural disasters, in addition to organic growth in each business, while the initial impact of COVID-19 is included in the forecast for FY2020.
- ◆ Adjusted consolidated profit as funds of shareholder return is expected to increase by ¥36.1 billion to ¥187.0 billion.

Sompo Japan

- Underwriting profit is expected to increase by ¥39.8 billion, mainly due to the top-line growth with rate revisions in addition to the normalization of the impact from domestic natural disasters and the rebound of one-time special factors.
- Amount of the reduction of strategic-holding stocks is expected to around ¥100.0 billion.
- Investment profit is expected to decrease by ¥10.8 billion due to the rebound of the gain on sale of bonds, partly offset by a decrease in impairment losses on securities.
- As a result, ordinary profit is expected to increase by ¥27.6 billion to ¥210.0 billion and net income is expected to increase by ¥25.4 billion to ¥156.0 billion.

Overseas insurance

- Adjusted profit is expected to increase due to the organic growth of SI insurance business, while impact of market fluctuation caused by CPVID-19, etc. is factored into the forecast for FY2020.

Himawari Life

- Base profit is expected to increase based on growth in policies in force, etc.

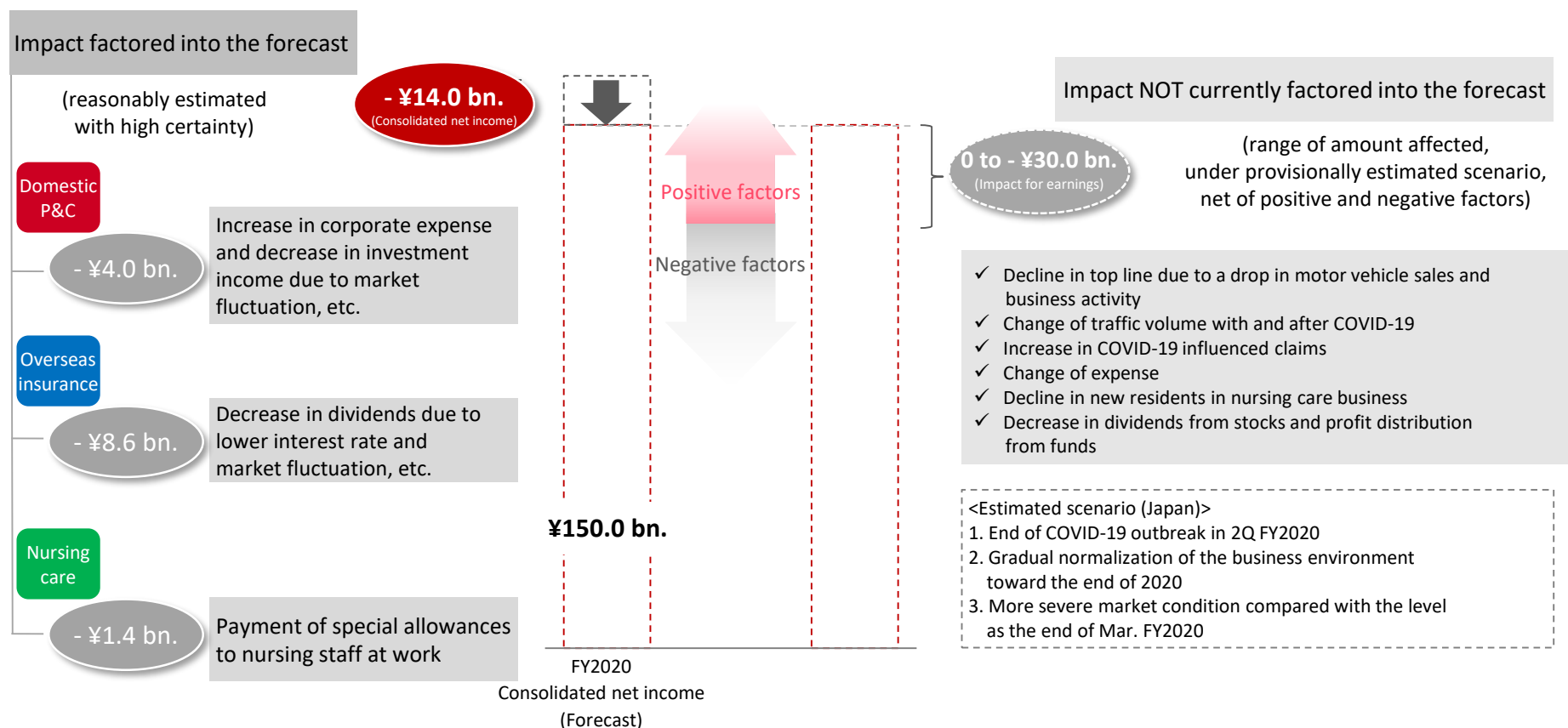
Nursing care

- The expense related to COVID-19 is factored into the forecast for FY2020, while occupancy rate is expected to be further improvement.

Impact of COVID-19

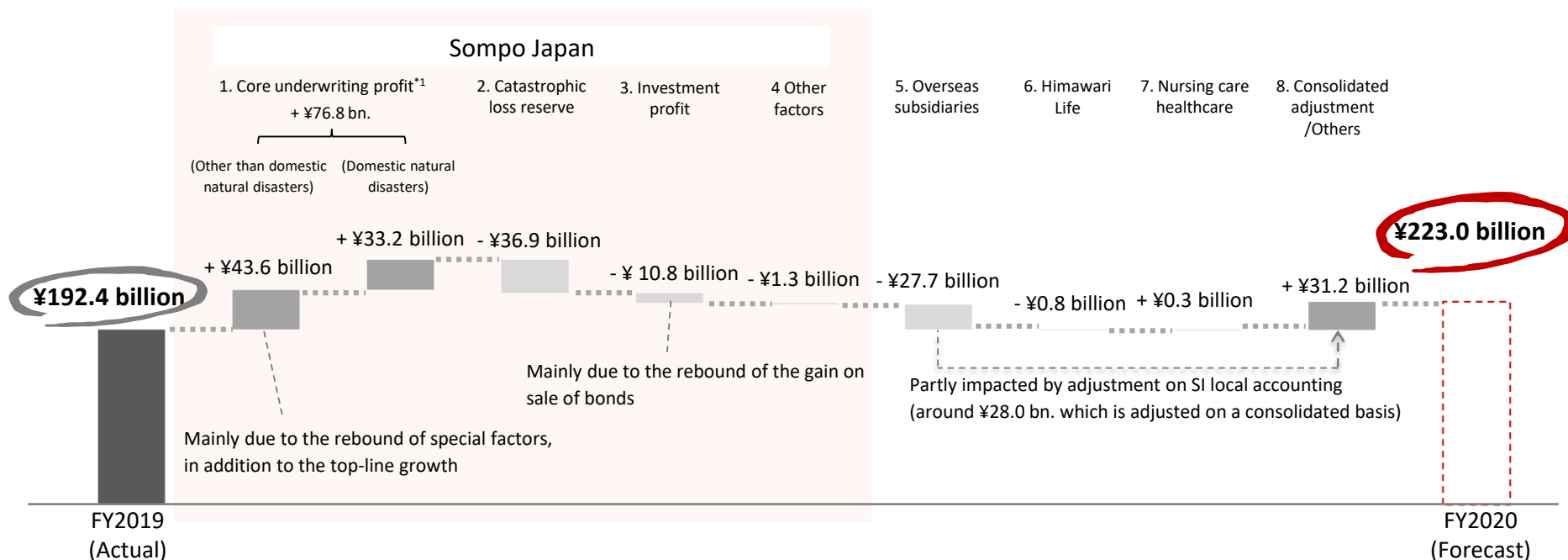
- ◆ Initial impact of COVID-19 for the forecast of consolidated net income for FY2020 is expected to be - ¥14.0 billion at this time.
- ◆ Additional impact based on provisionally estimated scenario is calculated to be from 0 to -¥30.0 billion.

Impact for the forecast for FY2020



Breakdown of Business Forecasts for FY2020

Main components of consolidated ordinary profit



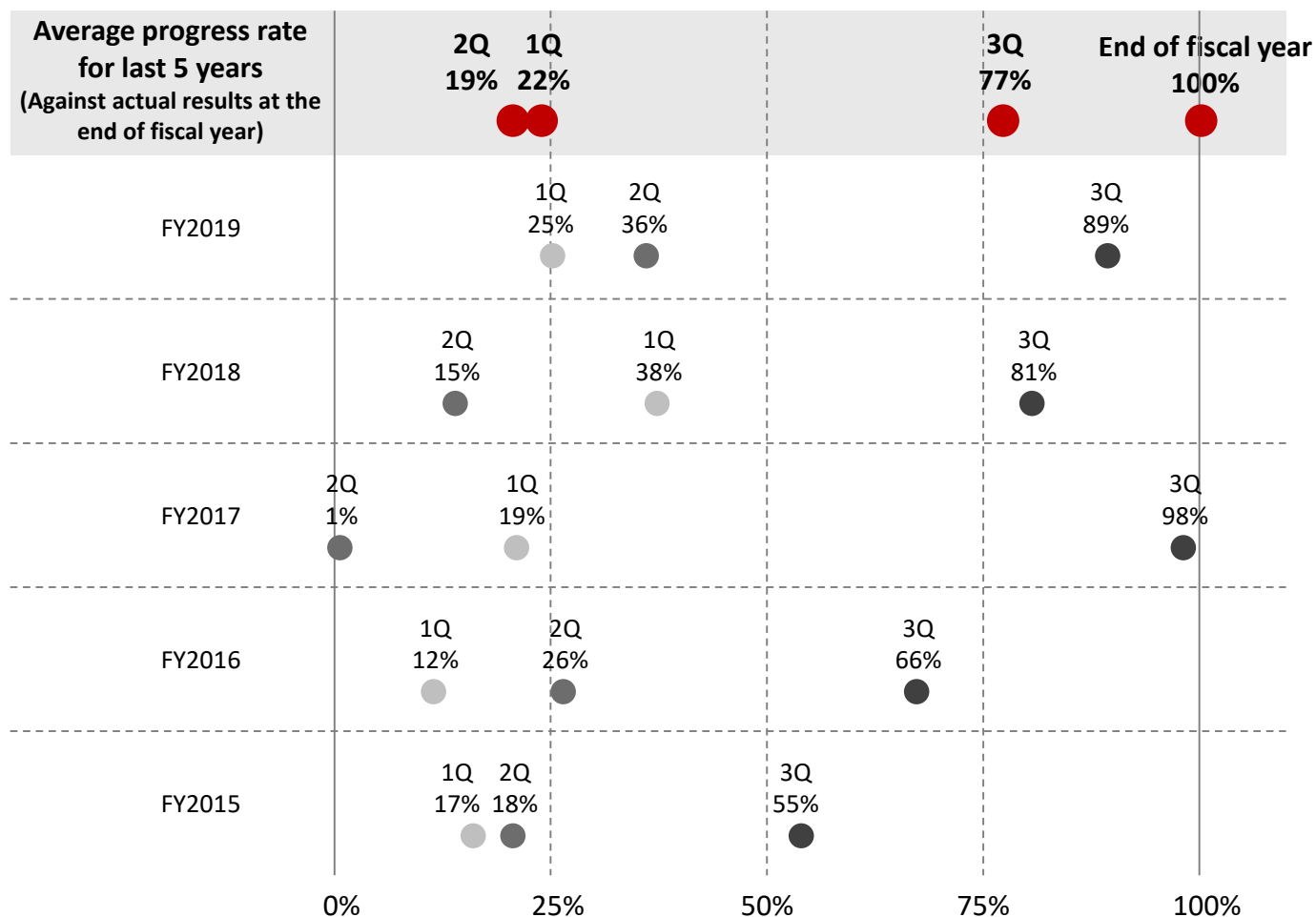
	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Other Factors	5. Overseas subsidiaries	6. Himawari Life	7. Nursing care healthcare	8. Consolidated adjustment /Others	Ordinary profit
	(Other than domestic natural disasters)	(Domestic natural disasters)								
FY2019 Actual	¥102.6 billion	- ¥93.2 billion	¥33.6 billion	¥150.9 billion	- ¥11.6 billion	¥87.9 billion	¥25.5 billion	¥10.1 billion	- ¥113.5 billion	¥192.4 billion
FY2020 forecasts	¥146.2 billion	- ¥60.0 billion	- ¥3.2 billion	¥140.0 billion	- ¥13.0 billion	¥60.1 billion* ²	¥24.6 billion	¥10.4 billion	- ¥82.3 billion* ²	¥223.0 billion

*1 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

*2 The goodwill for the SI acquisition is \$1,513 million. Combined with intangible assets, the net amortization amount is around \$2,000 million(as of the date of acquisition). The amortization period for the goodwill is 10 years, and the amortization period for intangible asset has been set appropriately. The total annual amortization costs is projected at ¥24.2 billion for FY2020 forecast. Due to changes in SI's accounting policy, no adjustment will be made from FY2019 onwards for amount of adjustment related to intangible assets, etc.

(Reference) Historical Progress Rates of Quarterly Results

Progress in each quarter (consolidated net income)



(Reference) Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2018	FY2019		FY2020	
	(Actual)	(Actual)	Change	(Forecasts)	Change
Domestic P&C insurance	42.3	60.8	+18.5	96.5	+35.6
Overseas insurance	33.0	50.1	+17.0	51.0	+0.8
Domestic life insurance	32.8	32.0	-0.7	32.5	+0.4
Nursing care & healthcare, etc.	5.2	7.7	+2.5	7.0	-0.7
Total (Adjusted consolidated profit)	113.5	150.8	+37.2	187.0	+36.1
Adjusted consolidated ROE*²	4.5%	6.4%	+1.9pt	8.1%	+1.8pt
ROE (J-GAAP)	8.0%	7.3%	-0.7pt	9.4%	+2.1pt

Definition of adjusted profit*¹

Domestic P&C insurance

Net income
 + Provisions for catastrophic loss reserve, etc. (after tax)
 + Provisions for reserve for price fluctuation (after tax)
 – Gains/losses on sales of securities and impairment losses on securities (after tax)

Overseas insurance

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

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

*1 Adjusted profit for each business excludes one-time factors and special factors such as subsidiary dividends, etc.

*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, etc. 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 Operating income of SI = Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of FY2019 Results – Sompo Japan

- ◆ Net income decreased by ¥45.1 billion, mainly due to the rebound of accelerating reduction of strategic-holding stocks in FY2018, partly offset by a decrease in domestic natural disasters.
- ◆ On the other hand, adjusted profit increased by ¥17.3 billion, due to the improvement of base E/I loss ratio.

(Billions of yen)	FY2018	FY2019	Change
Net premiums written	2,148.6	2,184.7	+36.1 (+1.7%)
(excl. CALI, household earthquake)	1,869.8	1,903.8	+33.9 (+1.8%)
Net premiums earned (excl. CALI, household earthquake)	1,869.2	1,873.9	+4.6 (+0.2%)
E/I loss ratio (excl. CALI, household earthquake)	67.2%	63.3%	-3.9pt
W/P Loss ratio	69.8%	64.9%	-4.9pt
(excl. CALI, household earthquake)	68.0%	63.5%	-4.6pt
Net expense ratio	32.1%	32.4%	+0.3pt
(excl. CALI, household earthquake)	33.6%	33.8%	+0.3pt
Combined ratio (W/P) (excl. CALI, household earthquake)	101.6%	97.3%	-4.3pt
(Reference) Combined ratio (E/I)*1 (excl. CALI, household earthquake)	100.8%	97.2%	-3.6pt
Underwriting profit	41.9	43.1	+1.1
Investment profit	189.8	150.9	-38.9
Ordinary profit	215.5	182.3	-33.1
Net income	175.7	130.5	-45.1
Provisions for catastrophic loss reserve (after tax)	-39.2	-23.9	+15.2
Provisions for reserve for price fluctuation (after tax)	+2.8	+2.8	-0.0
Gains/losses on sales of securities and impairment losses on securities (after tax)	-68.6	-46.9	+21.7
Special factors (after tax)*2	-23.9	+1.5	+25.5
Adjusted profit	46.7	64.1	+17.3

Mainly due to the rebound of accelerating reduction of strategic-holding stocks in FY2018

Incl. the rebound of gain on sale of fixed assets

(Reference)
Adjusted
profit

*1 Sum of E/I loss ratio and net expense ratio. (The same shall apply hereafter.)

*2 Special factors area gains /losses related to stock future, etc.

◆ Fire and automobile insurance drove top-line growth. Other lines for small and medium-sized enterprises also continued to grow.

Net premiums written by product line

(Billions of yen)	FY2018	FY2019	Change		FY2020 (Forecasts)
Fire and Allied Lines	265.0	285.1	+20.0	(+7.6%)	291.2
Marine	44.3	46.9	+2.5	(+5.8%)	45.2
Personal Accident	170.7	166.9	-3.7	(-2.2%)	168.5
Voluntary Automobile	1,073.1	1,084.7	+11.5	(+1.1%)	1,106.9
CALI	278.1	280.5	+2.3	(+0.8%)	229.9
Other	317.2	320.5	+3.2	(+1.0%)	331.4
of which Liability	169.2	168.5	-0.7	(-0.4%)	167.7
Total	2,148.6	2,184.7	+36.1	(+1.7%)	2,173.5
Total (excl. CALI, household earthquake)	1,869.8	1,903.8	+33.9	(+1.8%)	1,943.1

(Main change factors)

Fire and Allied Lines: Mainly due to an increase in new policies centered on long-term policies and optimizing underwriting and pricing centered on corporate line

Voluntary Automobile: Expanded driven by increase in non-fleet unit premium with product and rate revisions in Jan. 2019 and Jan.2020, and new large fleet contracts

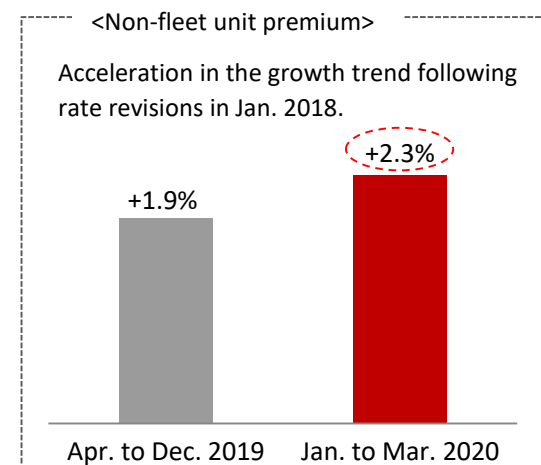
Other: Maintained strong sales of packaged products for small and medium-sized enterprises

(Reference) Year-on-Year comparison of voluntary automobile insurance
(April 2019 - March 2020)

(Performance evaluation basis)

	# of vehicles*	Unit premium	Total Premium
Non-fleet	-0.8%	+2.0%	+1.1%
Fleet	+3.1%	-1.0%	+2.0%
Total	-0.0%	+1.3%	+1.3%

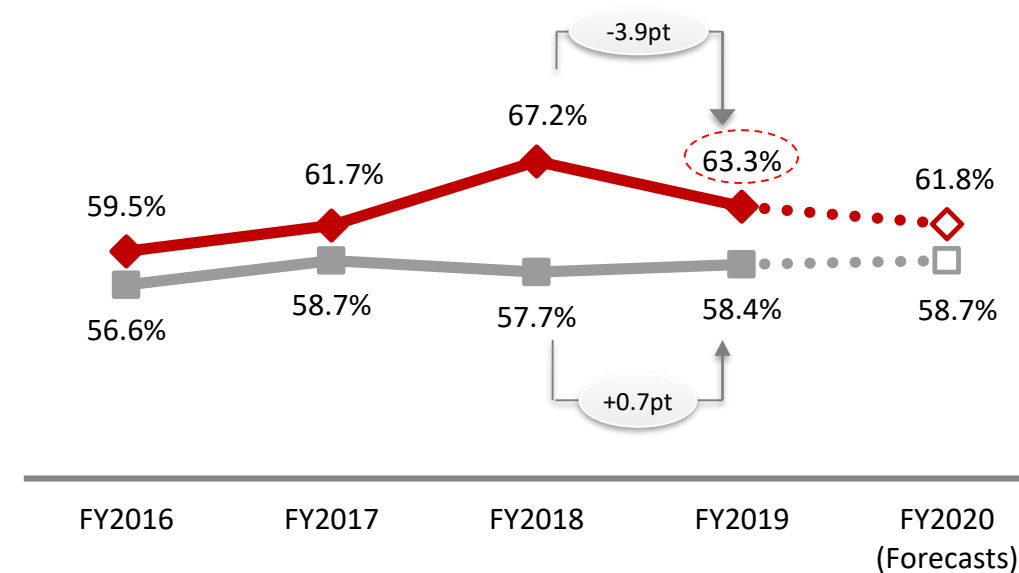
* Exclude per hour type automobile insurance



Loss Ratio (E/I)

- ◆ E/I loss ratio improved by 3.9 points, mainly due to a decrease in net losses incurred from domestic natural disasters.
- ◆ Forecast for FY2020 reflects the impact of amendments to Japan's Civil Code, reinsurance cost hike, and an increase in repair costs per claim in auto line.

Loss ratio (E/I) by product line



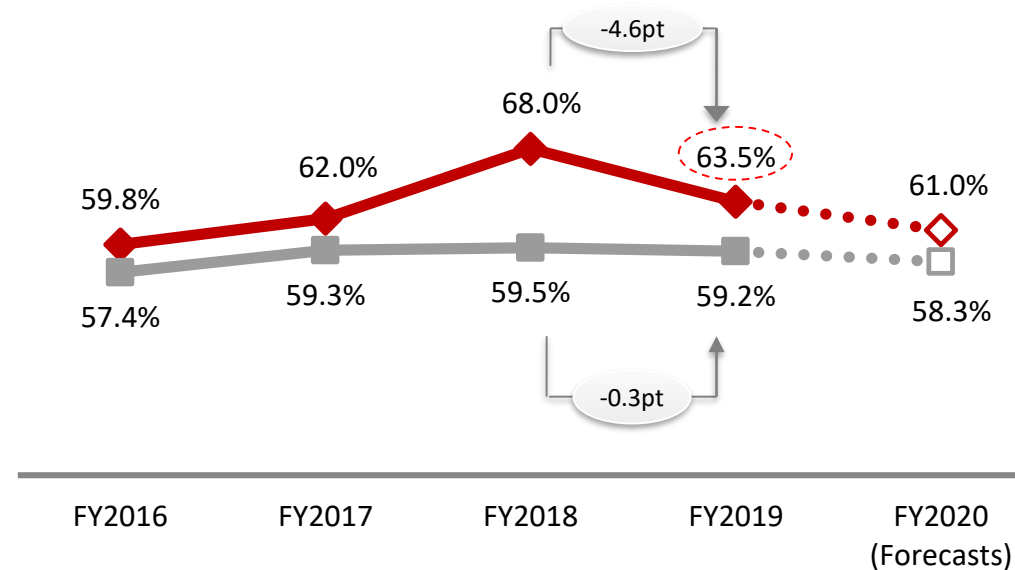
◆ Loss ratio (excl. CALI, household earthquake)

■ (Reference) Loss ratio (excl. CALI, household earthquake, domestic natural disasters)

(Reference) Loss ratio (E/I) by product line

	FY2019		FY2020 (Forecasts)
	Loss ratio	Change	Loss ratio
Fire and Allied lines (excl. household earthquake)	84.1%	-17.4pt	65.4%
Marine	57.2%	-26.4pt	56.9%
Personal Accident	52.6%	-0.6pt	55.4%
Voluntary Automobile	59.8%	-1.7pt	62.5%
Other	64.3%	+3.3pt	60.0%
Total (excl. CALI, household earthquake)	63.3%	-3.9pt	61.8%

Loss ratio (W/P) by product line



◆ Loss ratio (excl. CALI, household earthquake)

■ (reference) Loss ratio (excl. CALI, household earthquake, domestic natural disasters)

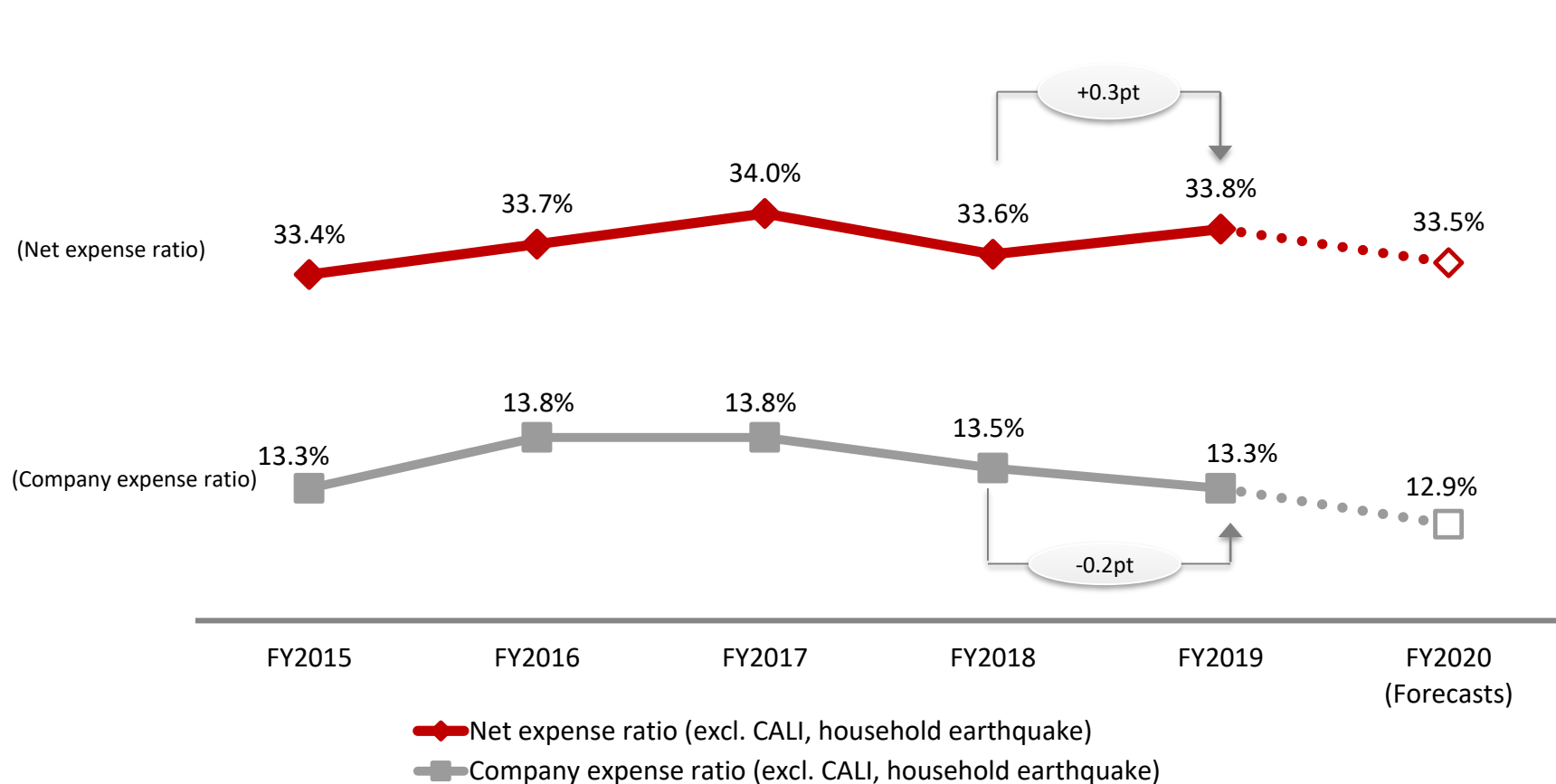
(Reference) Loss ratio (W/P) by product line

	FY2019		FY2020 (Forecasts)
	Loss ratio	Change	Loss ratio
Fire and Allied lines (excl. household earthquake)	84.7%	-21.3pt	69.4%
Marine	63.5%	-16.7pt	62.9%
Personal Accident	54.7%	-2.2pt	54.9%
Voluntary Automobile	60.6%	-1.7pt	60.5%
Other	59.0%	-1.2pt	58.2%
Total (excl. CALI, household earthquake)	63.5%	-4.6pt	61.0%

Net Expense Ratio

◆ Company expense ratio improved steadily.

Net expense ratio, Company expense ratio* (excl. CALI, household earthquake)

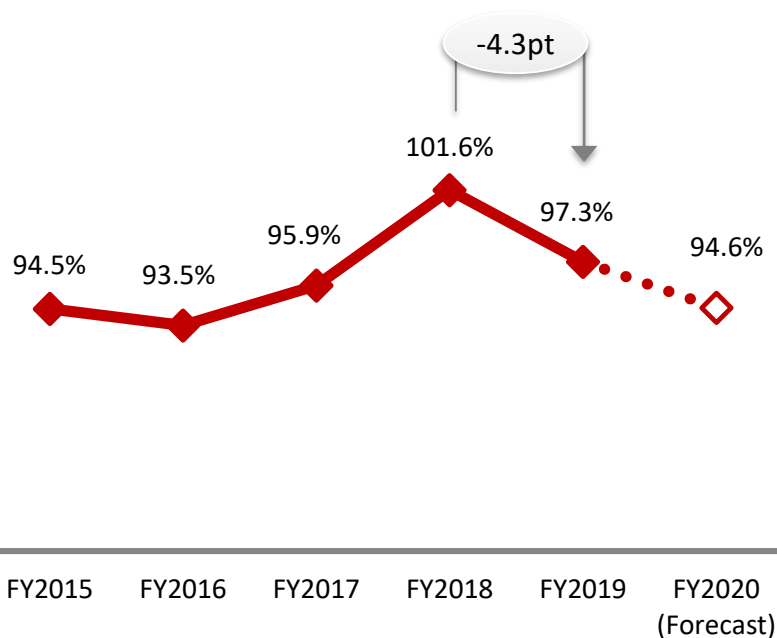


* Ratio of general administrative and selling expense related with underwriting to net premium written

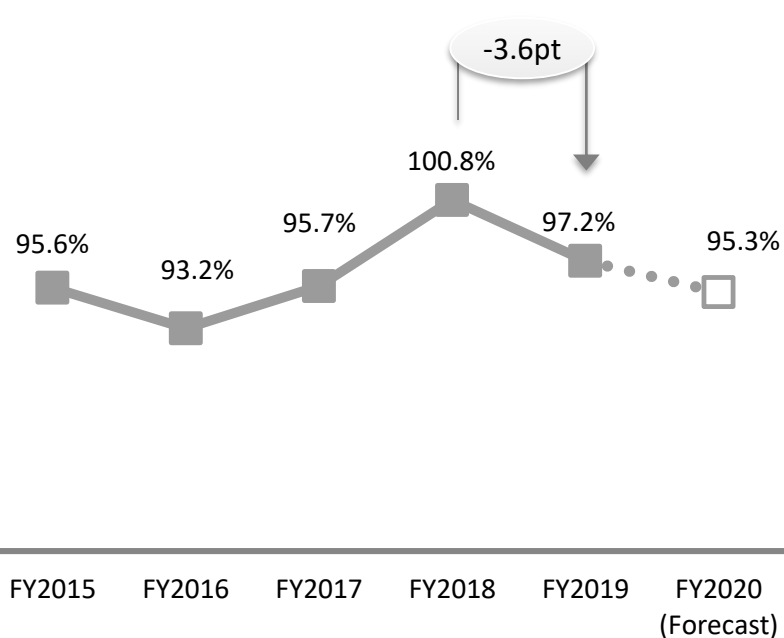
Combined Ratio

◆ Combined ratio improved by 4.3 points to 97.3%.

Combined ratio (W/P) (excl. CALI, household earthquake)



(Reference) Combined ratio (E/I) (excl. CALI, household earthquake)



◆ Managed to reduce strategic-holding stocks roughly in line with the plan.

Investment profit (Sompo Japan, non-consolidated)

(Billions of yen)		FY2018	FY2019	Change	FY2020 (Forecasts)
Net interest and dividend income	1	96.4	102.0	+5.5	82.6
Interest and dividend income ^{*1}		134.6	137.1	+2.5	116.8
of which, dividends from overseas subsidiaries		23.1	22.7	-0.4	21.7
Gains on sales of securities [*]	2	100.0	79.1	-20.9	63.5
of which, domestic stocks		101.2	64.9	-36.2	61.0
Impairment losses on securities	3	-4.8	-11.7	-6.9	-3.0
of which, domestic stocks		-3.2	-8.9	-5.7	-2.0
Gains on derivatives	4	-6.4	-9.2	-2.7	-6.9
Other investment income	5	4.5	-9.3	-13.8	3.8
Investment profit 1+2+3+4+5		189.8	150.9	-38.9	140.0

(Reference)
Reduction of strategic-holding stocks

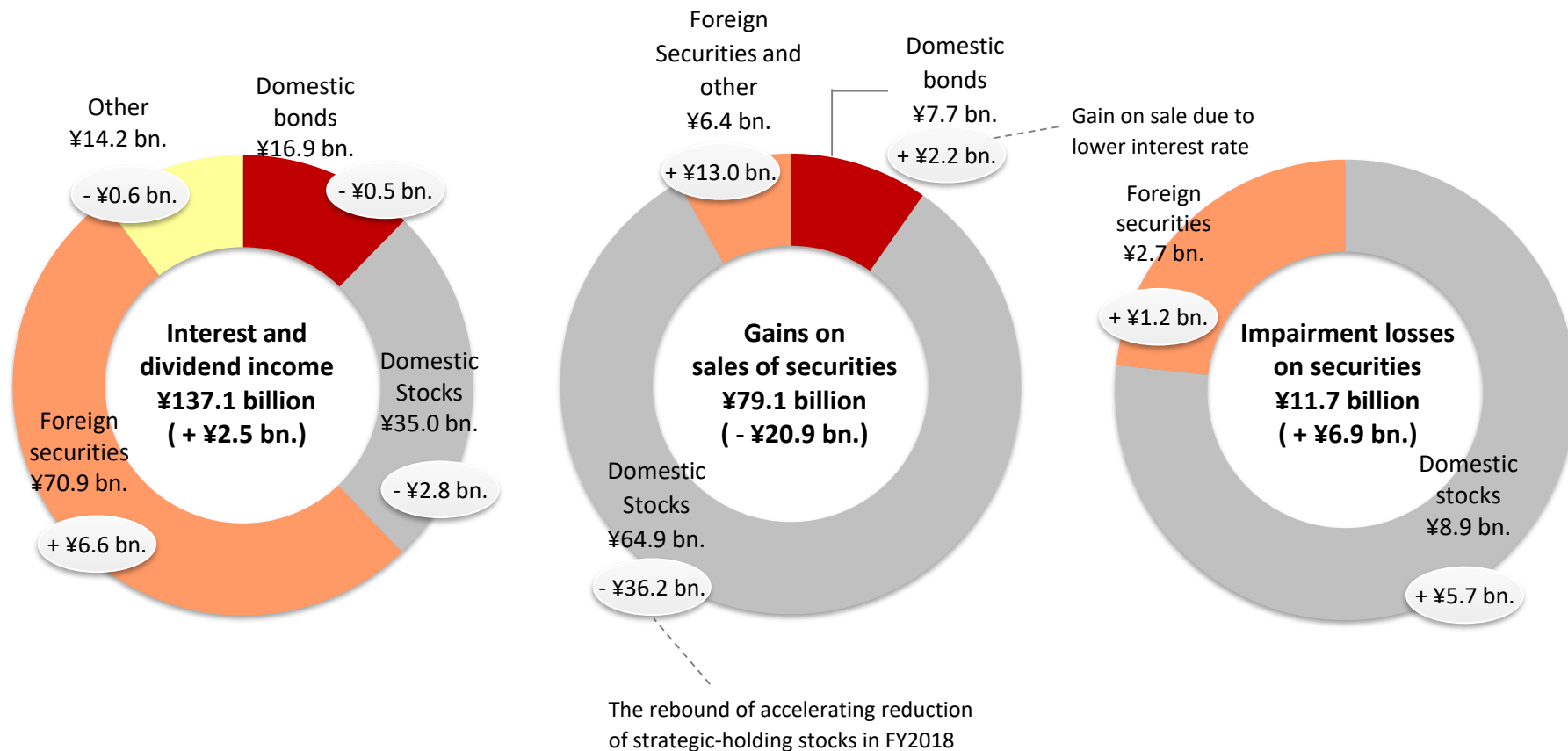
¥100.4 billion

Net reduction on fair value basis
(market value of sales minus market value of purchase)

* Refer to next page for the breakdown

(Reference) Breakdown of Investment Profit

Breakdown of interest and dividend income and gains on sales of securities (FY2019)



Changes from FY2018

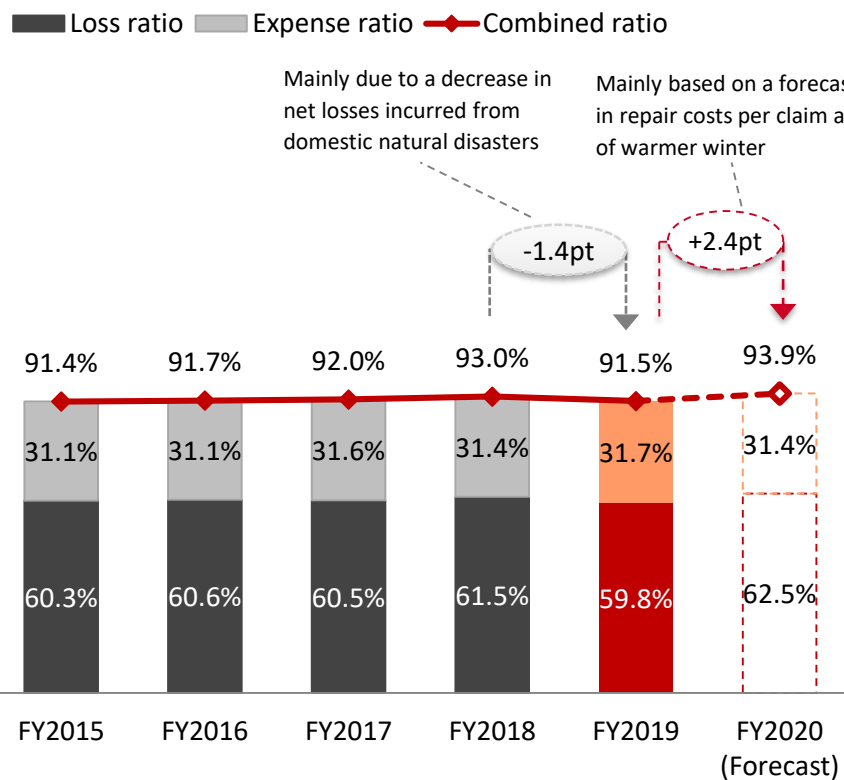
Business Forecasts for FY2020 – Sampo Japan

	(Billions of yen)	FY2019 (Actual)	FY2020 (Forecasts)	Change
	Net premiums written	2,184.7	2,173.5	-11.2 (-0.5%)
	(excl. CALI, household earthquake)	1,903.8	1,943.1	+39.3 (+2.1%)
	Net premiums earned (excl. CALI, household earthquake)	1,873.9	1,925.0	+51.1 (+2.7%)
	E/I loss ratio (excl. CALI, household earthquake)	63.3%	61.8%	-1.5pt
	Written paid (W/P) loss ratio	64.9%	64.1%	-0.8pt
	(excl. CALI, household earthquake)	63.5%	61.0%	-2.4pt
	Net expense ratio	32.4%	32.8%	+0.4pt
	(excl. CALI, household earthquake)	33.8%	33.5%	-0.3pt
	Combined ratio (W/P) (excl. CALI, household earthquake)	97.3%	94.6%	-2.8pt
	Combined ratio (E/I) (excl. CALI, household earthquake)	97.2%	95.3%	-1.8pt
	Underwriting profit	43.1	83.0	+39.8 (+92.5%)
	Investment profit	150.9	140.0	-10.8 (-7.2%)
	Ordinary profit	182.3	210.0	+27.6 (+15.1%)
	Net income	130.5	156.0	+25.4 (+19.5%)
(Reference) Adjusted profit	Provisions for catastrophic loss reserve (after tax)	-23.9	+2.4	+26.4
	Provisions for reserve for price fluctuation (after tax)	+2.8	+2.8	+0.0
	Gains/losses on sales of securities and impairment losses on securities (after tax)	-46.9	-43.6	+3.2
	Special factors (after tax)*	+1.5	-19.0	-20.6
	Adjusted profit	64.1	98.6	+34.4 (+53.8%)

* Dividend from consolidated subsidiaries, etc.

(Reference) Indicators Related to Automobile Insurance

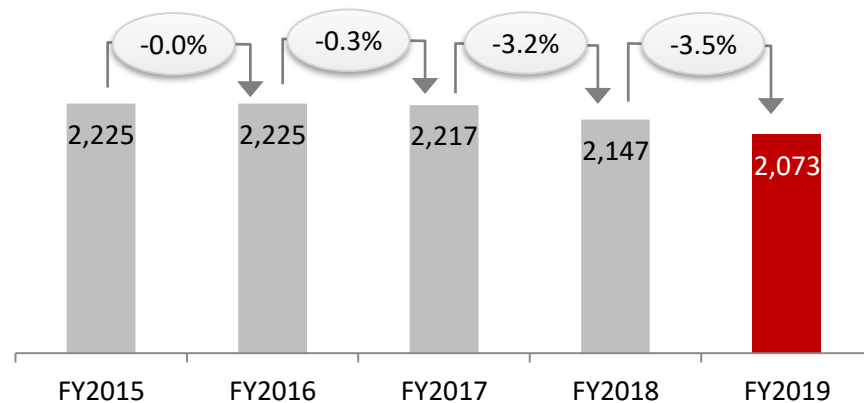
Combined ratio (E/I)



* Loss ratio is on a E/I basis (including loss adjustment expense).

The number of reported claims

(Thousands)

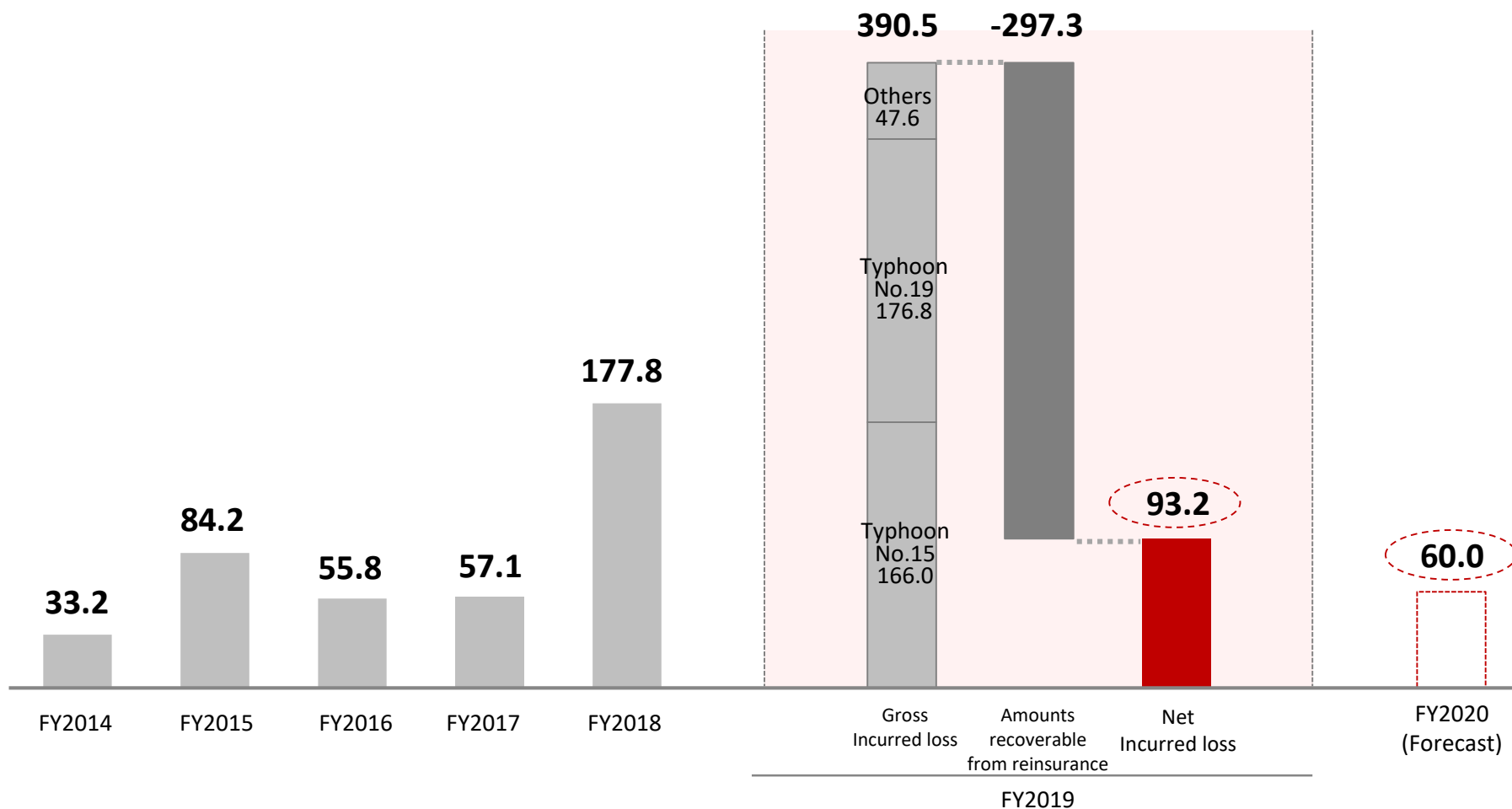


* Exclude certain natural disasters, whose incurred loss exceeds certain threshold.

(Reference) Domestic Natural Disasters

Net claims incurred for natural disasters that occurred in the fiscal year (excluding CALI, household earthquake)*

(Billions of yen)



Underwriting reserves and reserve for outstanding losses and claims (at the end of FY2019)

(Billions of yen)	Ordinary underwriting reserve* ¹		Catastrophic loss reserve		Reserve for outstanding losses and claims	
	Amount	Change	Amount	Change	Amount	Change
Fire and allied lines* ²	760.2	+42.5	106.9	-28.2	108.6	-15.3
Marine	21.5	+6.8	44.0	+0.2	22.5	-4.0
Personal accident	127.4	+1.8	71.5	+2.0	53.9	-4.3
Voluntary automobile	319.4	+5.0	35.7	-3.2	378.2	-11.3
CALI* ²	463.0	+24.2	-	-	68.8	-5.1
Other	346.7	+6.0	199.6	-4.4	227.0	+13.6
Total	2,038.3	+86.5	457.8	-33.6	859.1	-26.5
Total (excluding CALI and household earthquake)	1,569.7	+62.2	457.8	-33.6	790.2	-21.3
Amount		Change	Change			
Reserve for saving-type products* ³	1,220.9	-75.6	Impact of exchange rates on reserve for outstanding losses and claims		-3.6	

*1 Include reserves for maturity refund of non-saving-type insurance.

*2 Underwriting reserves of earthquake insurance and CALI are included in ordinary underwriting reserves.

*3 Deposit of premiums by policyholders and its investment profit cumulated as total of reserves for maturity refund and reserves for policyholders' dividends.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of FY2019 Results – Overseas Insurance

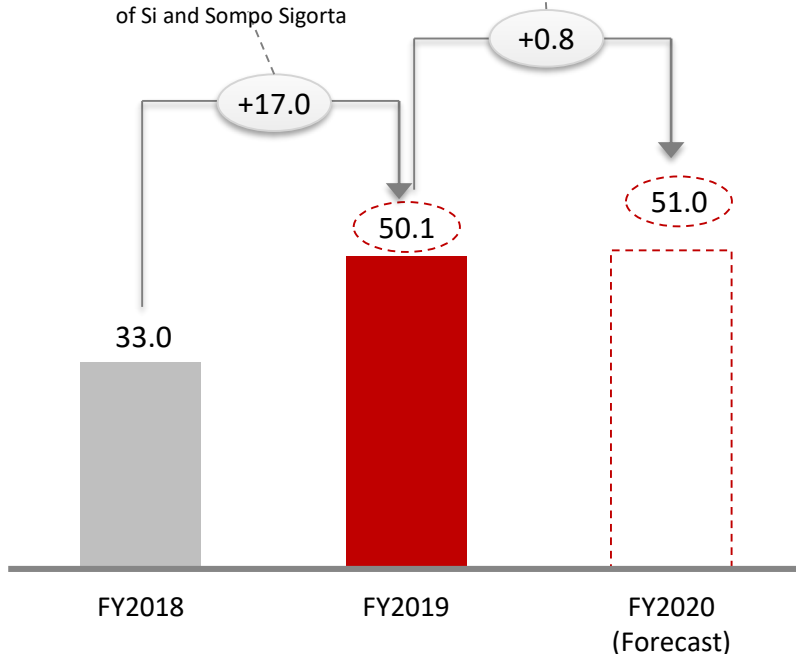
◆ Adjusted profit increased by ¥17.0 billion to ¥50.1 billion, mainly due to the organic growth of SI and Sampo Sigorta.

Adjusted profit*

(Billions of yen)

Expect the organic growth of SI, partly offset by lower interest rate and yen appreciation

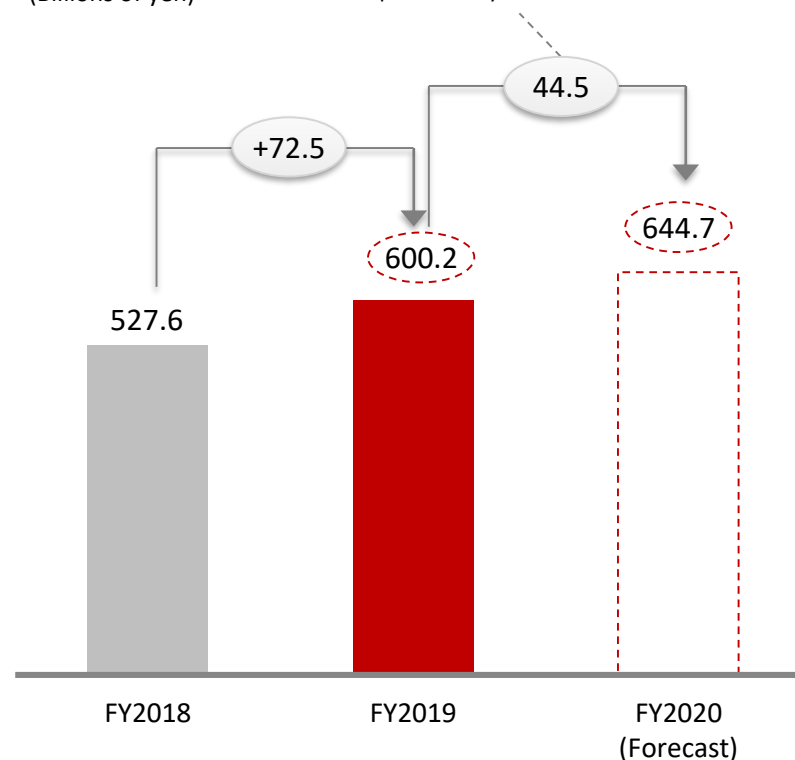
Mainly due to profit growth of SI and Sampo Sigorta



(Reference) Net premiums written*

(Billions of yen)

Expand mainly in SI insurance business



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

(Reference) Business Results by Company

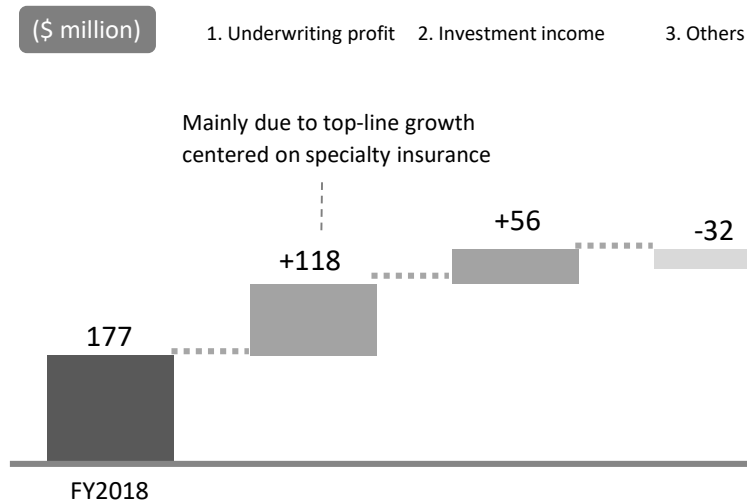
(Billions of yen)		Net premiums written			Adjusted profit			Key points	(Reference) Exchange rate
		FY2019		FY2020	FY2019		FT2020		Dec. 2019*2
		Actual	Change	Forecasts	Actual	Change	Forecasts		(YoY Change)
North America & Europe	SI	429.5	+61.0	474.8	35.1	+15.3	41.0	*Refer to page 31 and 32	109.56 JPY/USD (-1.3%)
Asia & Middle East	Sompo Sigorta (Turkey)	40.5	+8.6	44.2	8.2	+1.3	4.6	In FY2019, loss ratio improved in addition to an increase in premiums mainly in auto line. In FY2020, investment profit is expected to decrease due to currency depreciation and lower deposit rate.	18.42 JPY/TRY (-12.2%)
	Sompo Singapore	7.7	+0.1	7.5	0.1	-0.2	0.6	In FY2020, loss ratio is expected to improve due to strict underwriting conditions.	81.07 JPY/SGD (+0.1%)
	Berjaya Sompo (Malaysia)	14.4	+0.4	14.8	1.4	+0.3	1.2	In FY2019, investment profit was favorable.	26.61 JPY/MYR (-0.3%)
	Sompo Indonesia	6.5	-0.0	8.0	0.5	+0.4	0.5	In FY2019, loss ratio improved favorably. In FY2020, premiums centered on auto line is expected to increase.	0.0079 JPY/IDR (+2.6%)
	Sompo China NK China	6.3	+0.9	7.5	0.9	+0.0	0.6	-	15.67 JPY/RMB (-3.0%)
	Sompo Hong Kong	3.5	-0.3	3.5	0.2	-0.2	0.3	-	14.07 JPY/HKD (-0.8%)
	Universal Sompo (India)	7.4	+0.8	9.0	0.7	+0.0	0.3	In FY2019, crop insurance was favorable. In FY2020, premiums centered on auto line is expected to increase.	1.46 JPY/INR (-9.3%)
	AYA SOMPO (Myanmar)	-	-	0.2	-	-	0.0	Consolidated from FY2020.	0.0737 JPY/MMK (-)
Latin America	Sompo Seguros (Brazil)	80.3	+0.7	70.2	2.0	-0.2	1.5	In FY2019, loss ratio improved due to strict underwriting conditions. In FY2020, premiums in BRL is expected to increase, centered on auto line.	27.07 JPY/BRL (-5.5%)
Other (non-consolidated)*1		3.5	-0.0	4.4	0.5	+0.2	0.0	-	-
Total		600.2	+72.5	644.7	50.1	+17.0	51.0	-	-

*1 Sum of Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam).

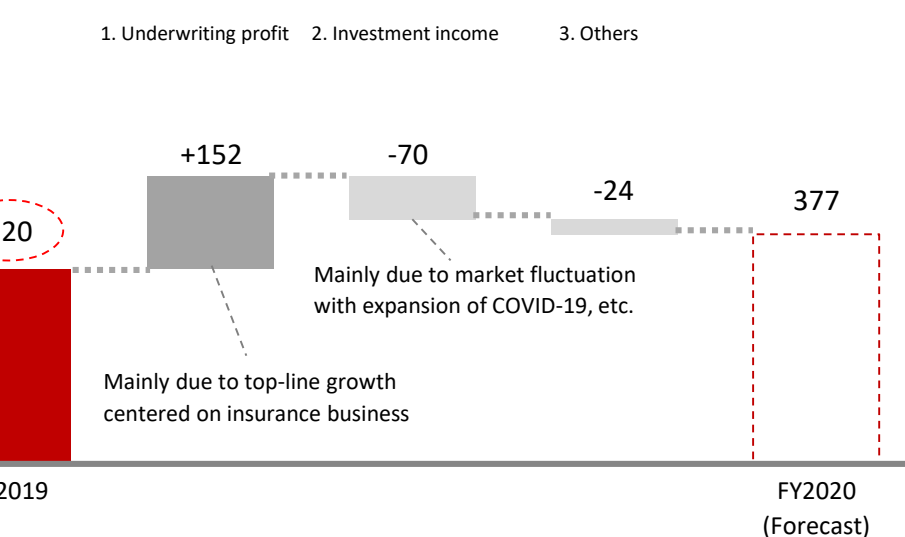
*2 Universal Sompo's exchange rate is based at the end of March 2020. Exchange rate for forecasts for FY2020 is based at the end of March 2020.

(Reference) Overview of Business Results of SI (1)

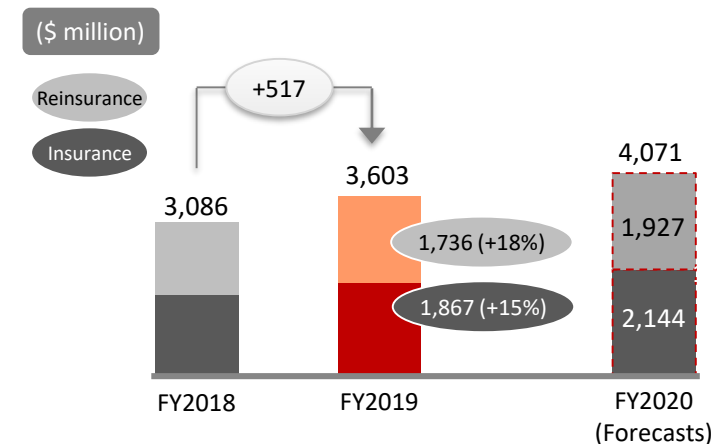
Changing factors of net income (FY2019, actual)



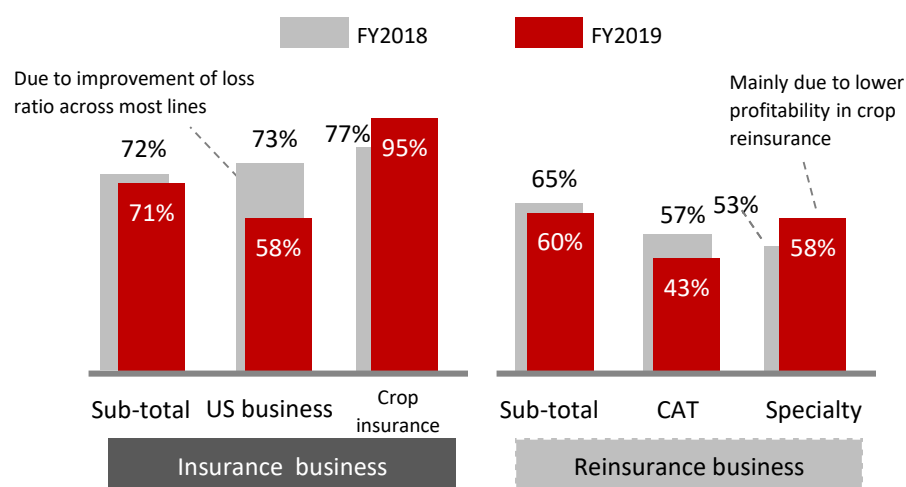
Changing factors of net income (Forecast for FY2020)



Net premiums earned



Loss ratio (Main lines of business)



(Reference) Overview of Business Results of SI (2)

	FY2018 (Actual)	FY2019		FY2020		
		(Actual)	YoY Change	(Forecasts)	YoY Change	
(\$ million)						
Gross premiums written	5,960	6,787	+827	7,111	+323	Driven by improving pricing and organic growth
Net premiums written	3,319	3,921	+601	4,363	+442	
Net premiums earned	3,086	3,603	+517	4,071	+467	
Net losses and loss expenses	2,114	2,372	+257	2,550	+178	
Expense	952	1,095	+142	1,234	+138	
Loss ratio ^{*1}	68.5%	65.8%	-2.7pt	62.6%	-3.2pt	Mainly due to improvement of loss ratio in US insurance business
Expense ratio ^{*1}	30.9%	30.4%	-0.5pt	30.3%	-0.1pt	Company expense ratio improved
Combined ratio ^{*1}	99.4%	96.2%	-3.2pt	93.0%	-3.3pt	
Underwriting income	24	143	+118	295	+152	
Net investment income	244	301	+56	230	-70	
Other income	-175	177	+352	-71	-249	Mainly due to increase in unrealized gains on securities
Net income (After Preferred dividend)	72	553	+481	377	-176	
(Reference) Adjusted profit	+) Net foreign exchange gains	-15	+6	+21	-	-6
	+) Net realized and unrealized gains, net impairment losses, etc. ^{*2}	+123	-274	-398	-	+274
	+) Tax (loss) benefit	-1	+35	+37	-	-35
	+) Others	-	-	-	-	-
	Adjusted profit	177	320	+142	377	+57

*1 The denominator of loss ratio, expense ratio and combined ratio is net premiums earned

*2 Includes unrealized gains and losses of securities

(Reference) Timing of recognizing net premiums earned in crop insurance (Seasonality)
1Q : 10-15% 2Q : 25-30% 3Q : 30-35% 4Q : 25-30%

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc.

6. ERM & asset management

Overview of FY2019 Results – Himawari Life

- ◆ Ordinary profit and net income grew due to expansion of policies in force centered on protection type products.
- ◆ Net income in FY2020 is expected to increase by ¥0.4 billion to ¥17.0 billion, mainly due to continued growth in policies in force.

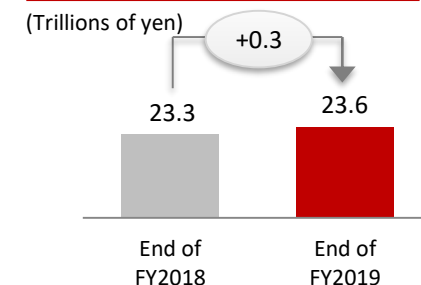
Major indicators

(Billions of yen)

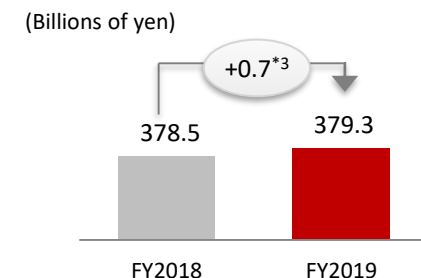
	FY2018	FY2019	Change		FY2020	
					(Forecasts)	(Change)
Annualized new premium	37.0	25.0	-12.0	(-32.5%)	31.0	+6.0
Premium and other income ^{*1}	444.4	446.5	+2.0	(+0.5%)	453.6	+7.0
Paid claims, etc.	67.9	73.3	+5.3	(+7.9%)	75.1	+1.7
Expense	93.2	87.6	-5.6	(-6.1%)	93.4	+5.8
Investment profit	45.1	45.8	+0.7	(+1.7%)	47.6	+1.7
of which, general account	44.7	47.8	+3.0	(+6.9%)	47.0	-0.7
Basic profit	27.8	27.2	-0.5	(-2.0%)	26.9	-0.3
Ordinary profit ^{*1}	26.5	28.4	+1.8	(+7.0%)	27.5	-0.8
Net income	15.3	16.5	+1.1	(+7.7%)	17.0	+0.4
Adjusted profit	32.8	32.0	-0.7	(-2.4%)	32.5	+0.4

^{*1} Figures based on legally required format for life insurance companies (which differs from the consolidated format).

(Reference)
Amount of business in force^{*2}



(Reference)
Annualized premium in force^{*2}



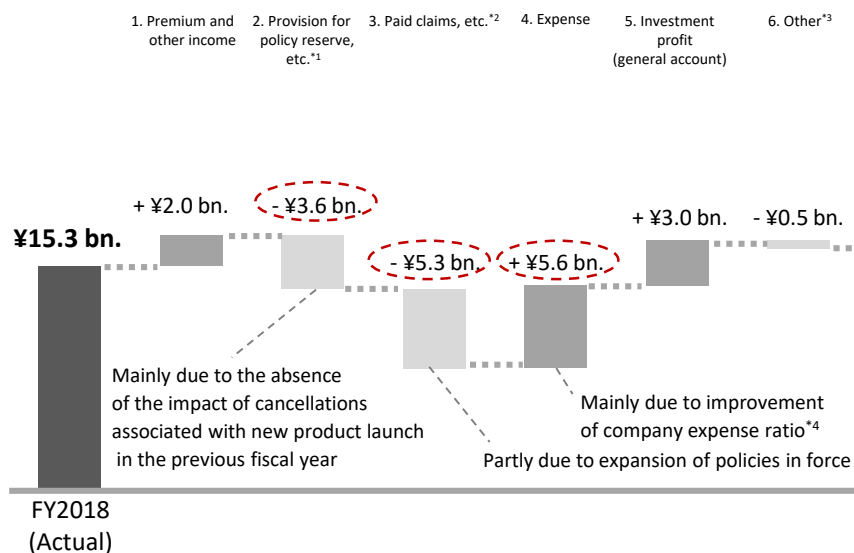
^{*2} The sum of individual insurance and individual annuities.

^{*3} Of which protection-type + ¥5.8 bn.

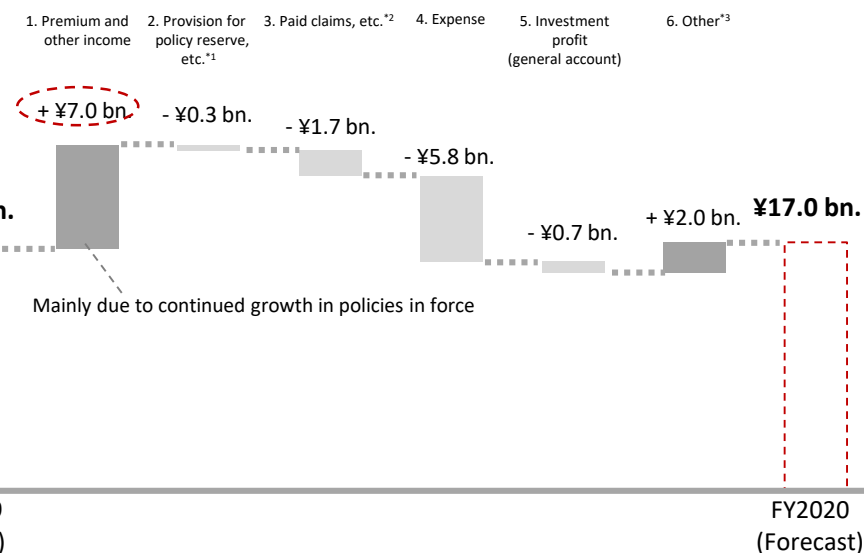
Net Income (J-GAAP) – Himawari Life

- ◆ Mainly due to growth in policies in force and cost reduction, net income in FY2019 increased.
- ◆ Net income in FY2020 is expected to increase, mainly due to an increase in premium and other income.

Changing factors of net income (FY2019, actual)



Changing factors of net income (Forecast for FY2020)



	1. Premium and other income	2. Provision for policy reserve, etc.	3. Paid claims, etc.	4. Expense	5. Investment profit (general account)	6. Other	Net income
FY2018	¥444.4 billion	- ¥298.8 billion	- ¥67.9 billion	- ¥93.2 billion	¥44.7 billion	- ¥13.6 billion	¥15.3 billion
FY2019	¥446.5 billion	- ¥302.5 billion	- ¥73.3 billion	- ¥87.6 billion	¥47.8 billion	- ¥14.1 billion	¥16.5 billion
FY2020 (Forecasts)	¥453.6 billion	- ¥302.9 billion	- ¥75.1 billion	- ¥93.4 billion	¥47.0 billion	- ¥12.1 billion	¥17.0 billion

*1 Include the impact of cancellation refund, maturity insurance amount, survival benefits, pension and other refund and gains or losses on investments in separate accounts

*2 Include the effect of provision or reversal for reserve for outstanding claims (excluding maturity insurance amount and survival benefits)

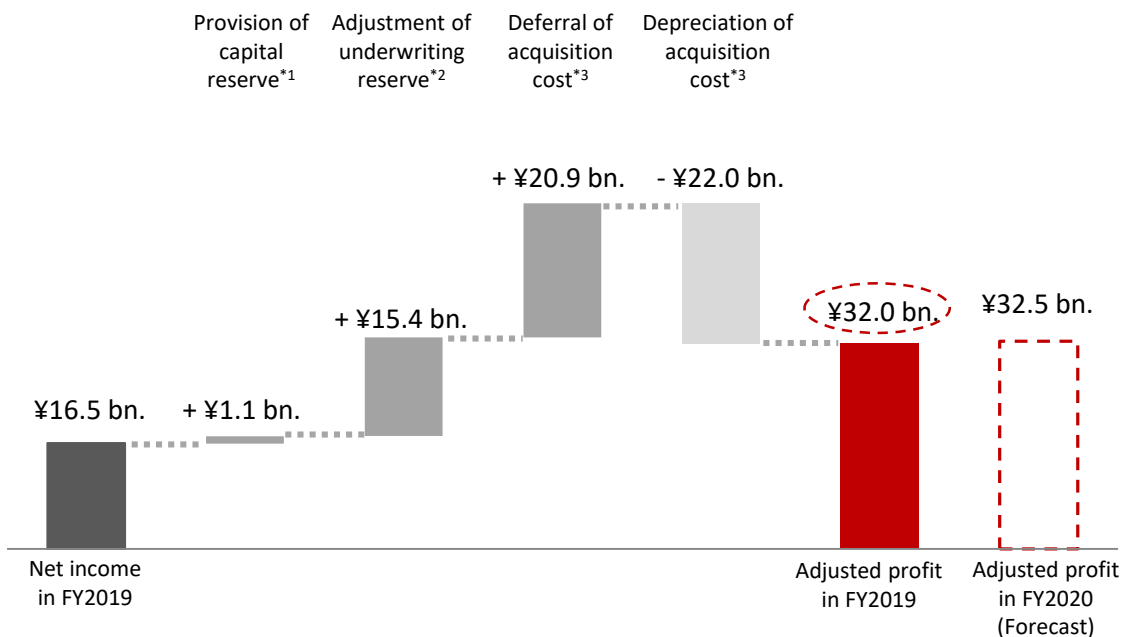
*3 The sum of other ordinary gains and losses, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

*4 General administrative cost / premiums

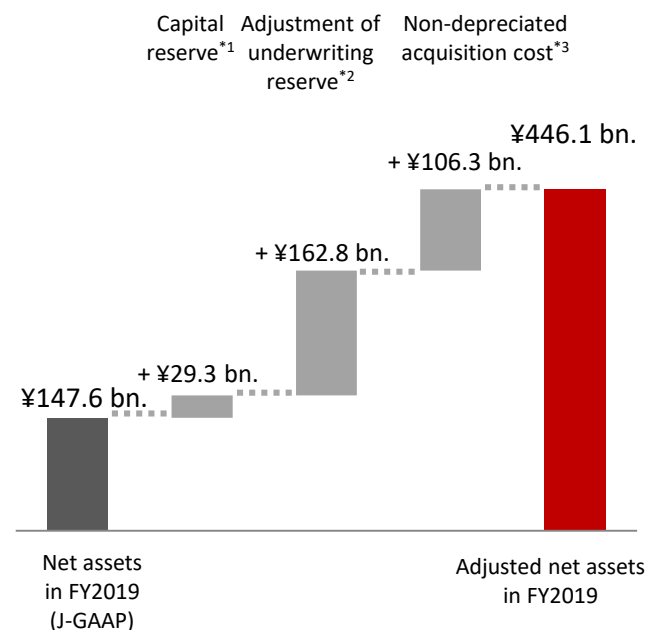
Adjusted Profit and Adjusted Net Assets – Himawari Life

- ◆ In FY2019, adjusted profit was ¥32.0 billion, modestly below the previous year (¥32.8 billion), mainly due to a decrease in new policies and an increase in paid claims.
- ◆ In FY2020, adjusted profit is expected to increase by ¥0.4 billion to ¥32.5 billion, mainly based on growth in premium and other income centered on new protective type products.

Conversion from net income to adjusted profit



(Reference) Adjusted net assets

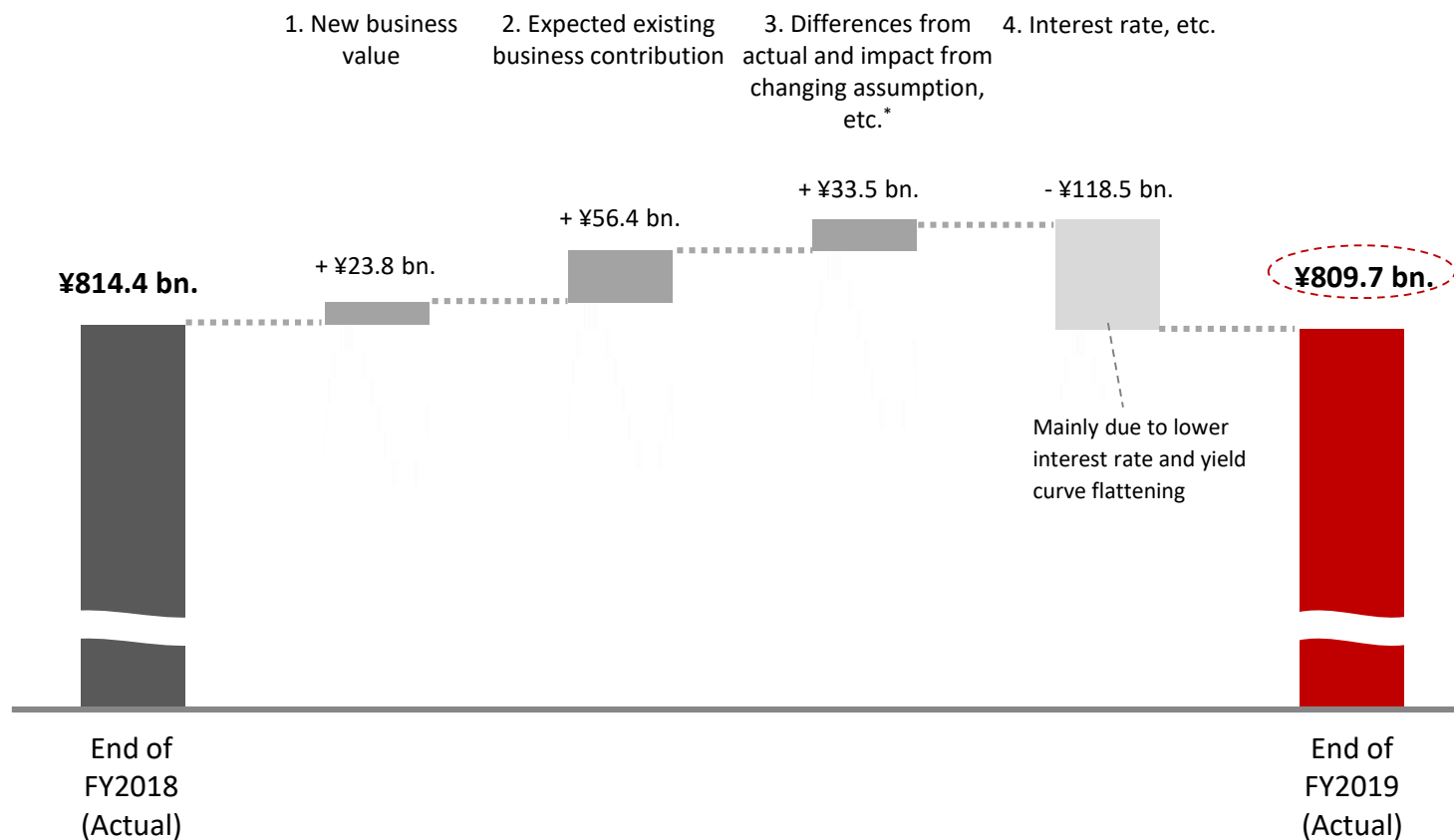


*1 Contingency reserve and reserve for price fluctuation (after tax).

*2 Re-calculate underwriting reserve, which is calculated conservatively, with factors used for calculation of premiums (after tax).

*3 Acquisition cost, such as commissions for new contracts, depreciated over 10 years (after tax).

Changing factors of MCEV



* Impact from changing assumption of cancellation ratio and paid dividend, etc.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & healthcare, etc

6. ERM & asset management

Overview of FY2019 Results – Nursing Care & Healthcare, etc.

- ◆ Adjusted profit in nursing care increased by ¥2.1 billion due to improvement of occupancy rate and cost reduction with higher efficiency.
- ◆ The expense related to COVID-19 is factored into the forecast of adjusted profit for FY2020.

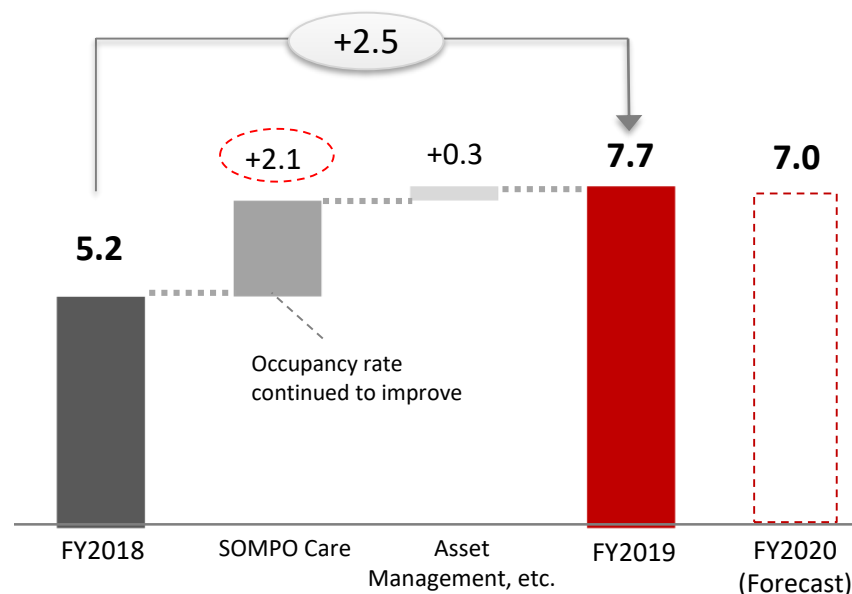
Results of nursing care business (SOMPO Care)

Changing factors of adjusted profit (Nursing Care & Healthcare, etc.*²)

	FY2019		FY2020
(Billions of yen)	(Actual)	(Change)	(Forecasts)
Sales	128.4	+4.5	132.5
Net income	6.2	+2.1	6.3
Occupancy rate* ¹			
(SOMPO-no-le)	92.4%	+0.3pt	93.8%
(SOMPO-no-le S)	94.0%	+0.6pt	95.1%
(La vie Re)	88.5%	+0.9pt	90.2%

*1 Occupancy rate = the number of residents / capacity of facilities
SOMPO-no-le, SOMPO-no-le S, and La vie Re are brands of former SOMPO Care's nursing homes, serviced residential complexes for elderly, and former SOMPO Care Next's nursing homes respectively.

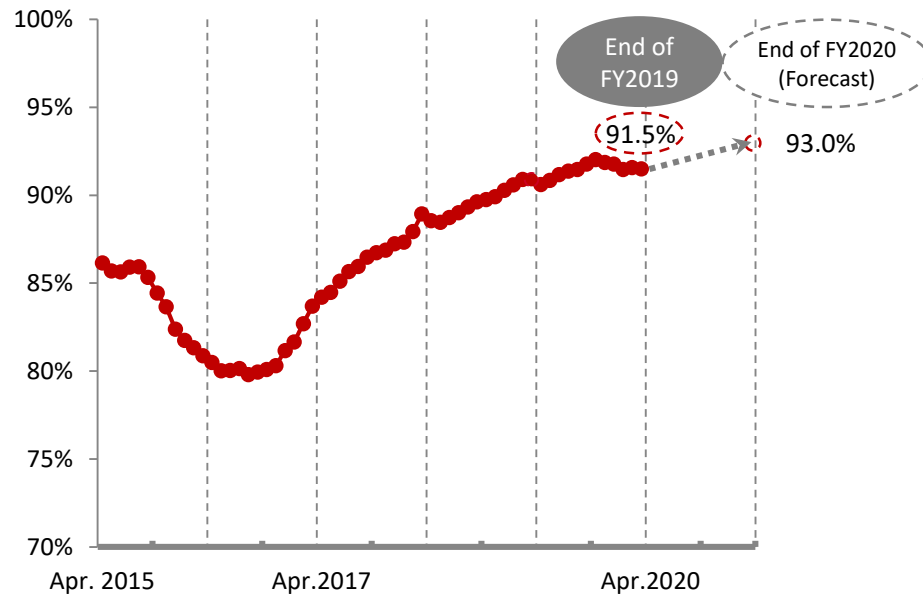
(Billions of yen)



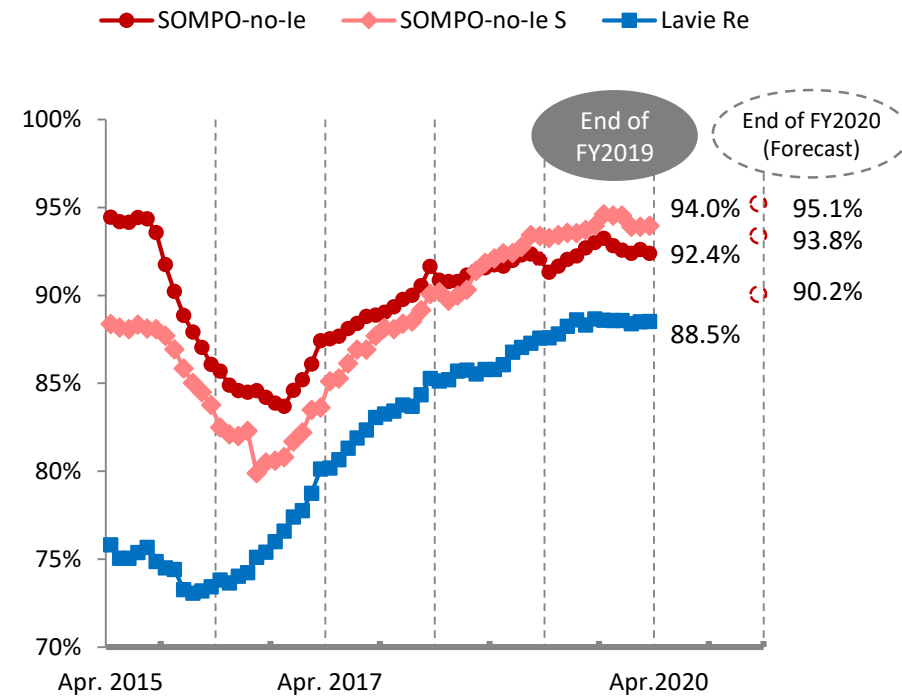
*2 Nursing care & healthcare business is the sum of SOMPO Care and asset management, etc.

(Reference) Major Indicators of SOMPO Care

Progress of occupancy rate*



Progress of occupancy rate by brand



* Integrate the occupancy rate of former SOMPO Care and SOMPO Care Next

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

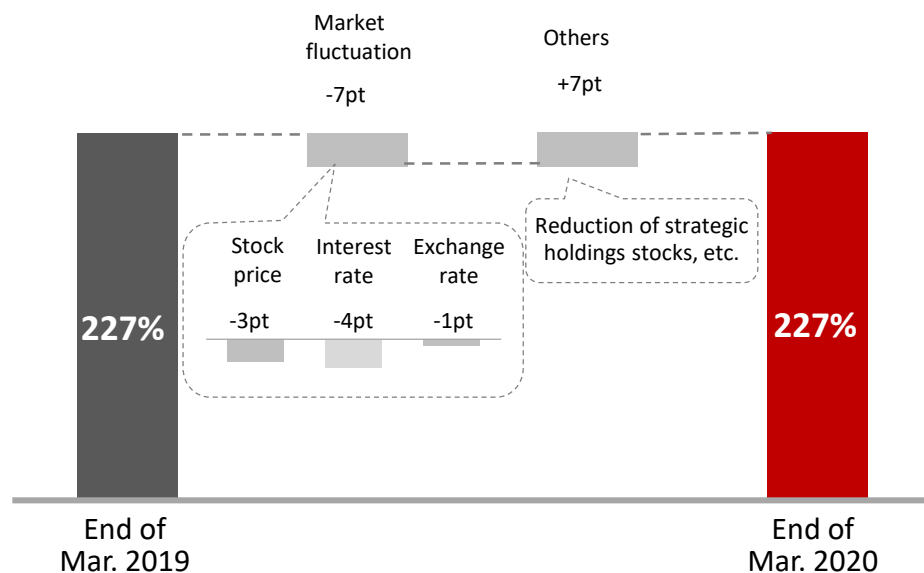
5. Nursing care & healthcare, etc.

6. ERM & asset management

Financial Soundness – ESR (99.5%VaR)

◆ ESR (99.5%VaR) as of end of FY2019 was 227%, within target range level.

Trend of ESR (99.5%VaR)*1



*1 In accordance with Solvency II

Target range is around 180% to 250% (99.5%VaR).

250% level: The level set based on capital efficiency (ROE).

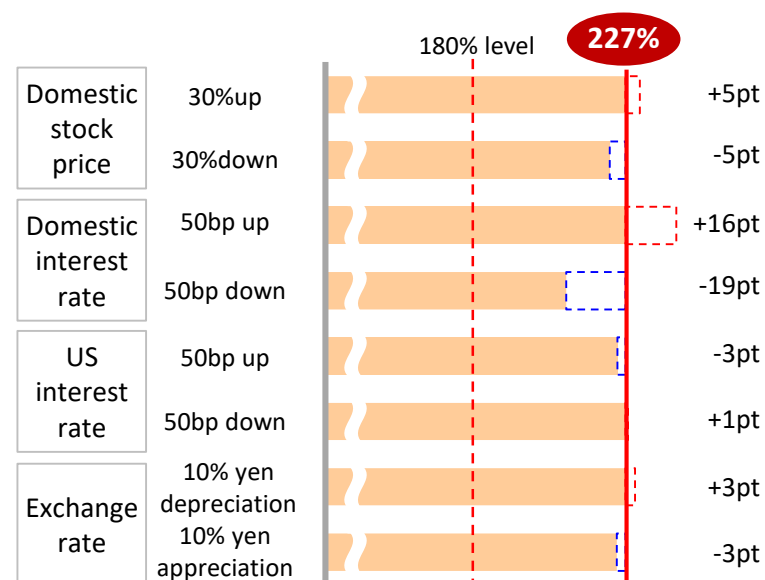
180% level: The level leading to stable financial soundness based on the result of stress test, etc.

Typical actions in case of constant deviation from target range

【Over 250% level】 Consider additional risk-taking (investments in growth fields) and enhance shareholder returns by share buy-back and others

【Under 180% level】 Execute a variety of measures to reduce risks, consider enhancing capital buffer by hybrid bond issuance, etc. and retain more earnings and others

Sensitivity of ESR (99.5%VaR)



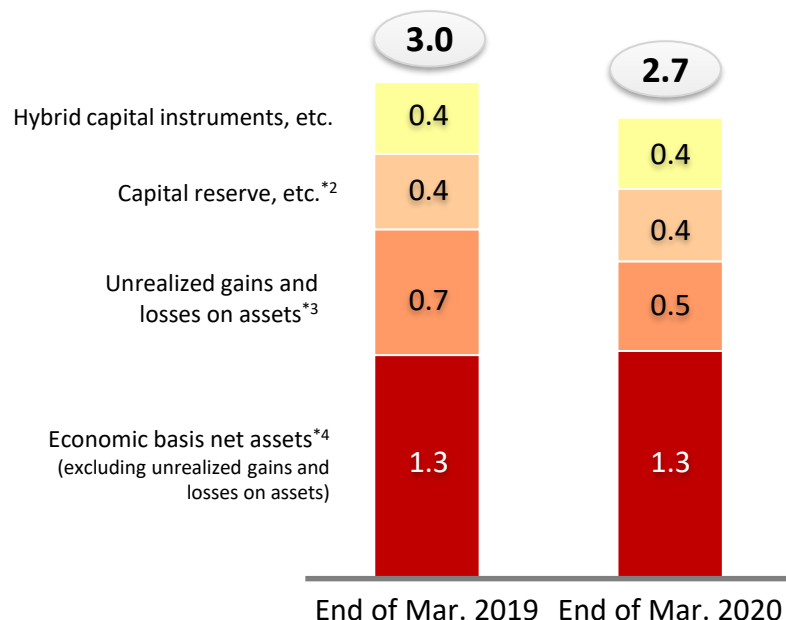
(Reference) Market indicators	End of Mar. 2020	(change*2)
Domestic stock price (Nikkei 225)	¥18,917	(-10.8%)
Domestic interest rate (30y JGB)	0.43%	(-8bp)
US interest rate	0.67%	(-174bp)
Exchange rate (JPY/USD)	¥108.83	(-1.9%)

*2 Against the end of March 2019

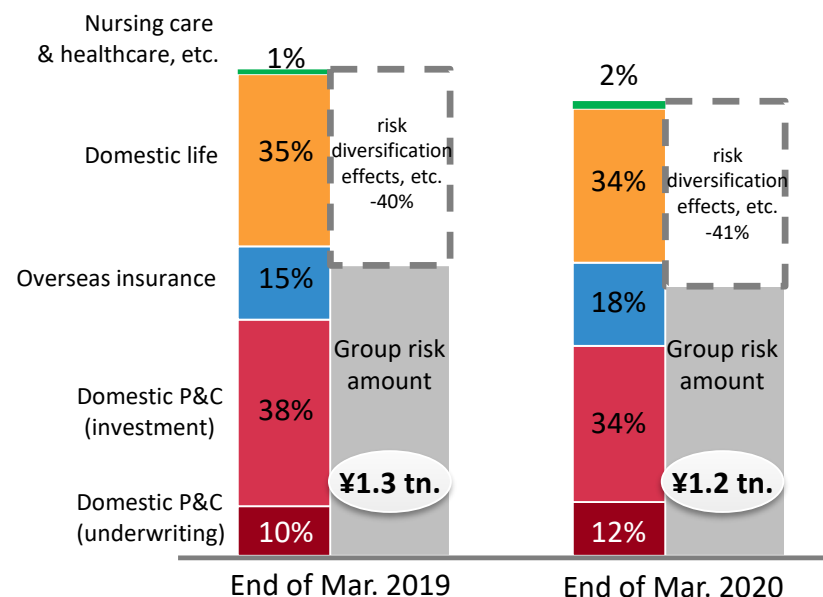
(Reference) Breakdown of Adjusted Capital and Risk

Adjusted capital*1

(Trillions of yen)



Risk amount*5



*1 Formula for adjusted capital: Adjusted capital = Total of net assets on the non-consolidated balance sheet + value in force – goodwill, etc.

+ unrealized gains and losses on non mark-to-market assets + capital reserve, etc. + hybrid capital instruments

*2 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

*3 Unrealized gains and losses on securities, etc., including non mark-to-market assets.

*4 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business. (excl. goodwill and attributable to non-controlling shareholders, etc.)

*5 Risk : 1 year holding period, 99.5% VaR

• Risk amount of each business : Before reflecting risk diversification effect among businesses and before-tax basis.

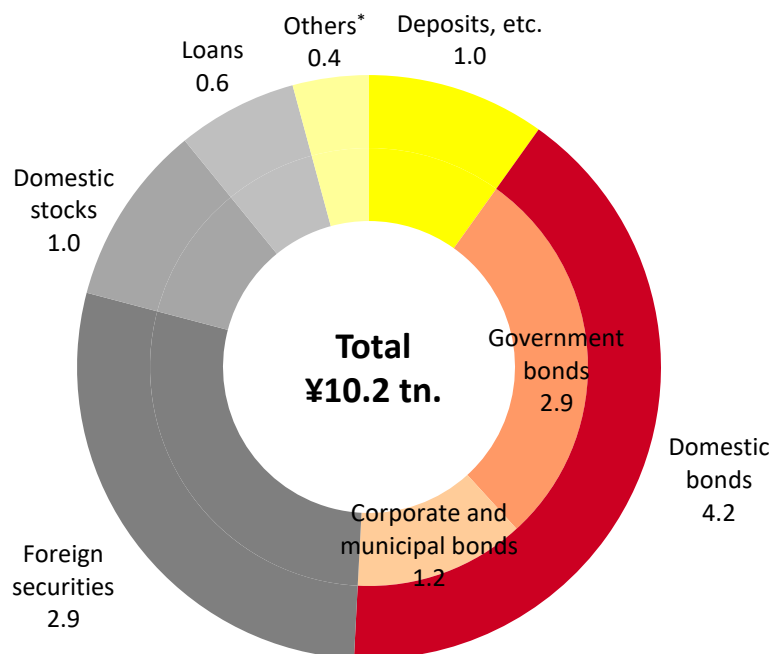
• Group total risk : Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

Asset Portfolio – Group Consolidated

- ◆ Built a stable portfolio centered on bonds, considering liability, liquidity, quality and other characteristics.

Amount of investment assets (as of end of March 2020, group consolidated basis)

(Trillions of yen)



Investment assets by company

(Billions of yen)	Amount of investment assets	Composition
Sompo Japan	5,168.5	50.3%
Overseas group subsidiaries	1,487.4	14.5%
Himawari Life (General account)	3,457.6	33.6%
Saison Automobile & Fire	59.8	0.6%
Other domestic subsidiaries	106.6	1.0%
Total	10,280.0	100%

* Others include lands, buildings and stocks of non-consolidated subsidiaries, etc.

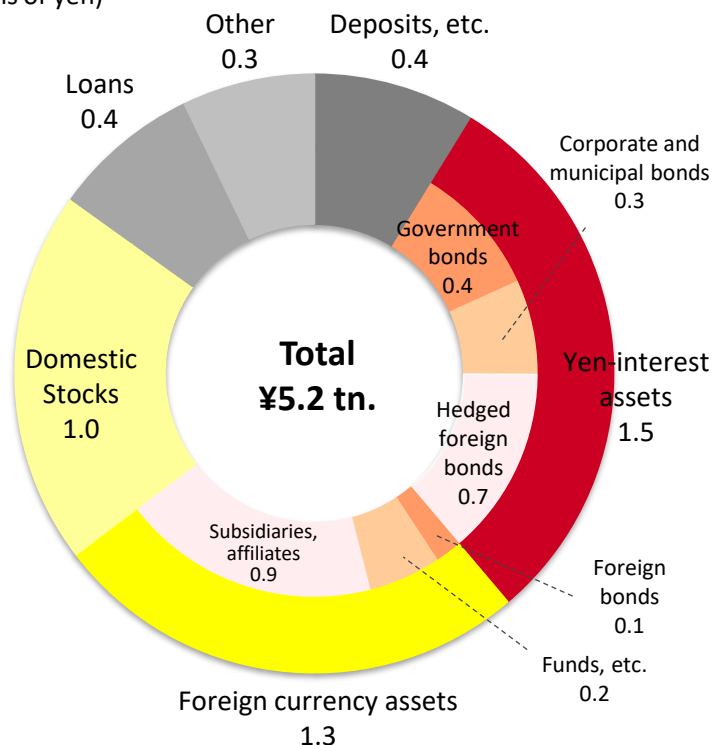
Asset Portfolio – Sompo Japan

- ◆ Continues to manage reduction of strategic-holding stocks and maintain diversified investments.

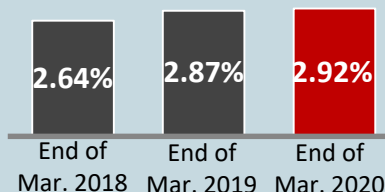
Amount of investment assets (as of end of March 2020, Sompo Japan, non-consolidated)

<General account>

(Trillions of yen)



Trend of income yield*¹ (General account)



Composition of ratings*²

Internal rating	Composition	Duration (years)	
		End of Mar. 2019	End of Mar. 2020
BBB or above	100%	Asset 7.8	7.9
BB or below	0%	Liability 8.5	8.4

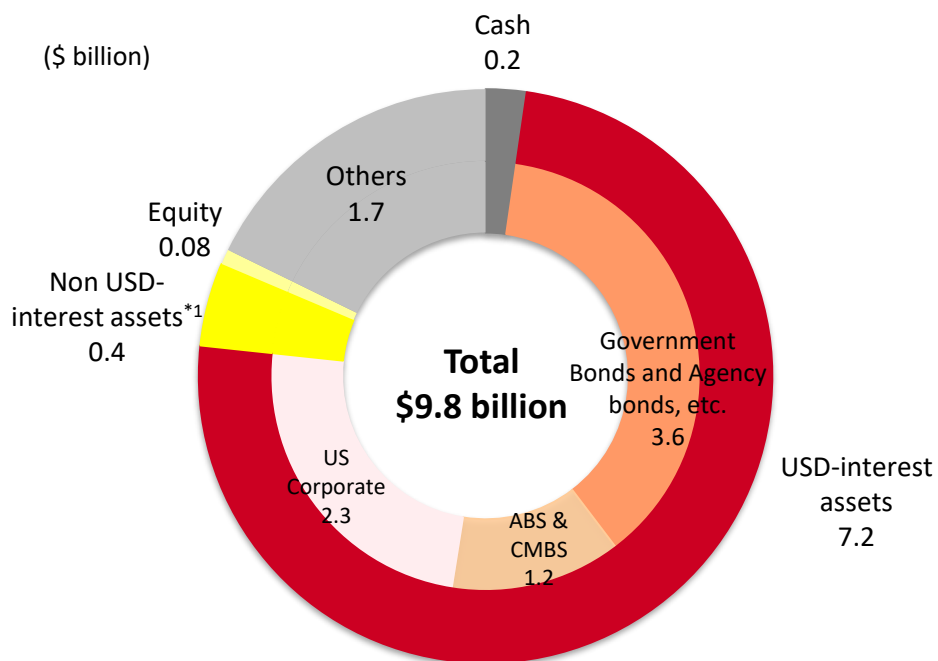
*1 Excluding overseas subsidiaries' shares, etc.

*2 Total of yen-interest assets and foreign currency bonds

Asset Portfolio - SI

- ◆ Maintains liquid, high quality assets to meet company liabilities, while investing predominantly in USD-interest assets.

Amount of investment assets (as of end of December 2019, SI, consolidated)



Composition of ratings*3

Rating	Composition
BBB or above	89%
BB or below	11%

Duration (years)

	End of Dec. 2018	End of Dec. 2019
Asset	3.2	3.0
Liability	2.9	3.0

(Reference) Income yield*2 at the end of December 2019: 3.18%

*1 Incl. cash

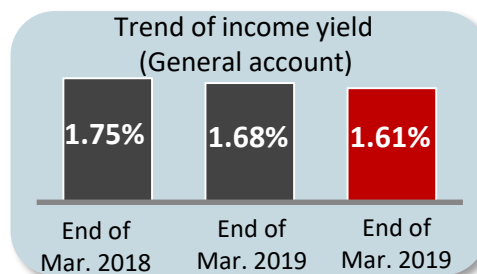
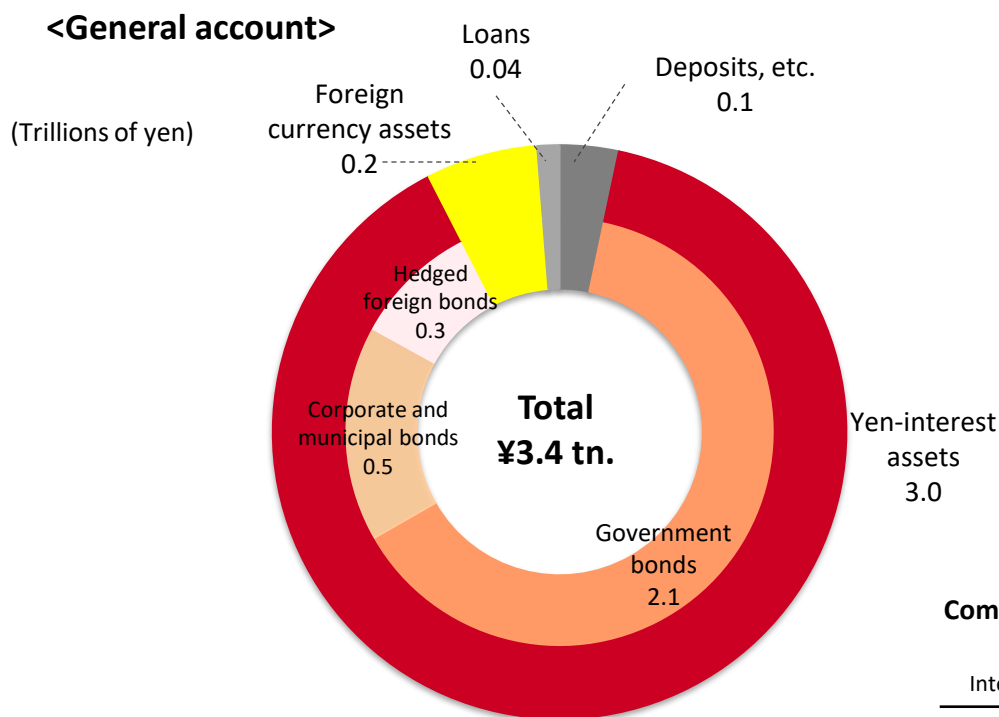
*2 Incl. changes in unrealized gains and losses on certain funds, etc.

*3 Total of bond assets

Asset Portfolio – Himawari Life

- ◆ Manages the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Slightly increased allocation to corporate bonds, etc. in light of the domestic low interest rate environment.

Amount of investment assets (as of end of March 2020, Himawari Life, non-consolidated)



Composition of ratings*

Internal rating	Composition
BBB or above	100%
BB or below	-

Duration (years)

	End of Mar. 2019	End of Mar. 2020
Asset	14	14
Liability	25	28

(Reference) Amount of separate account (End of Mar. 2020): ¥20.2 billion
(mainly investment in domestic stocks and bonds in the separate account)

* Total of yen-interest assets and foreign currency bonds

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



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