

Topics & Basics

May 2018
Sompo Holdings, Inc.



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1. Mid-term management plan

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(1) Key points of management plan

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(2) Business strategies for each business segment

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(3) ERM, capital policy & asset management

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2. About SOMPO Holdings

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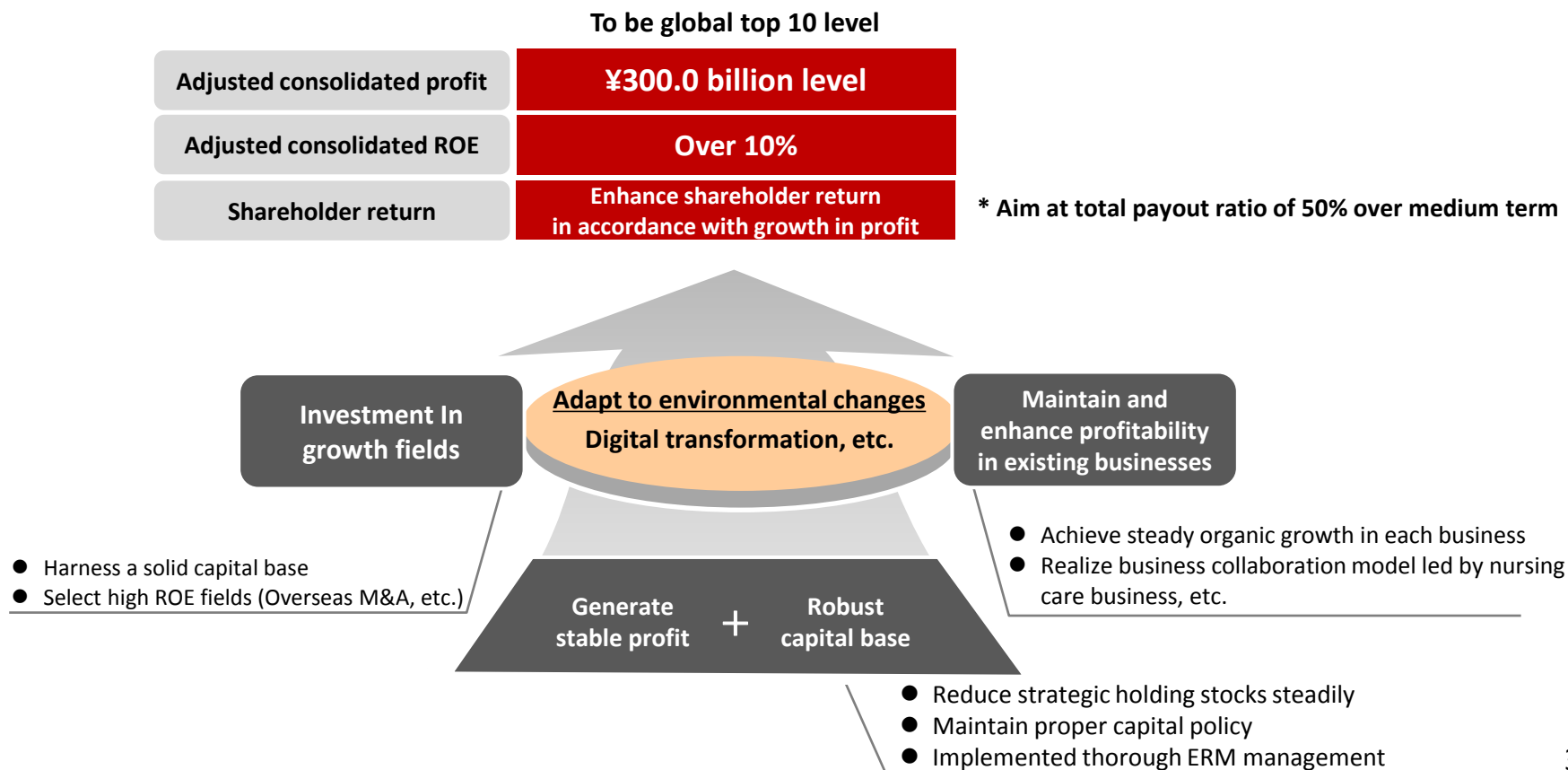
Appendix

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Mid and long term strategy of SOMPO Holdings

- ◆ 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.

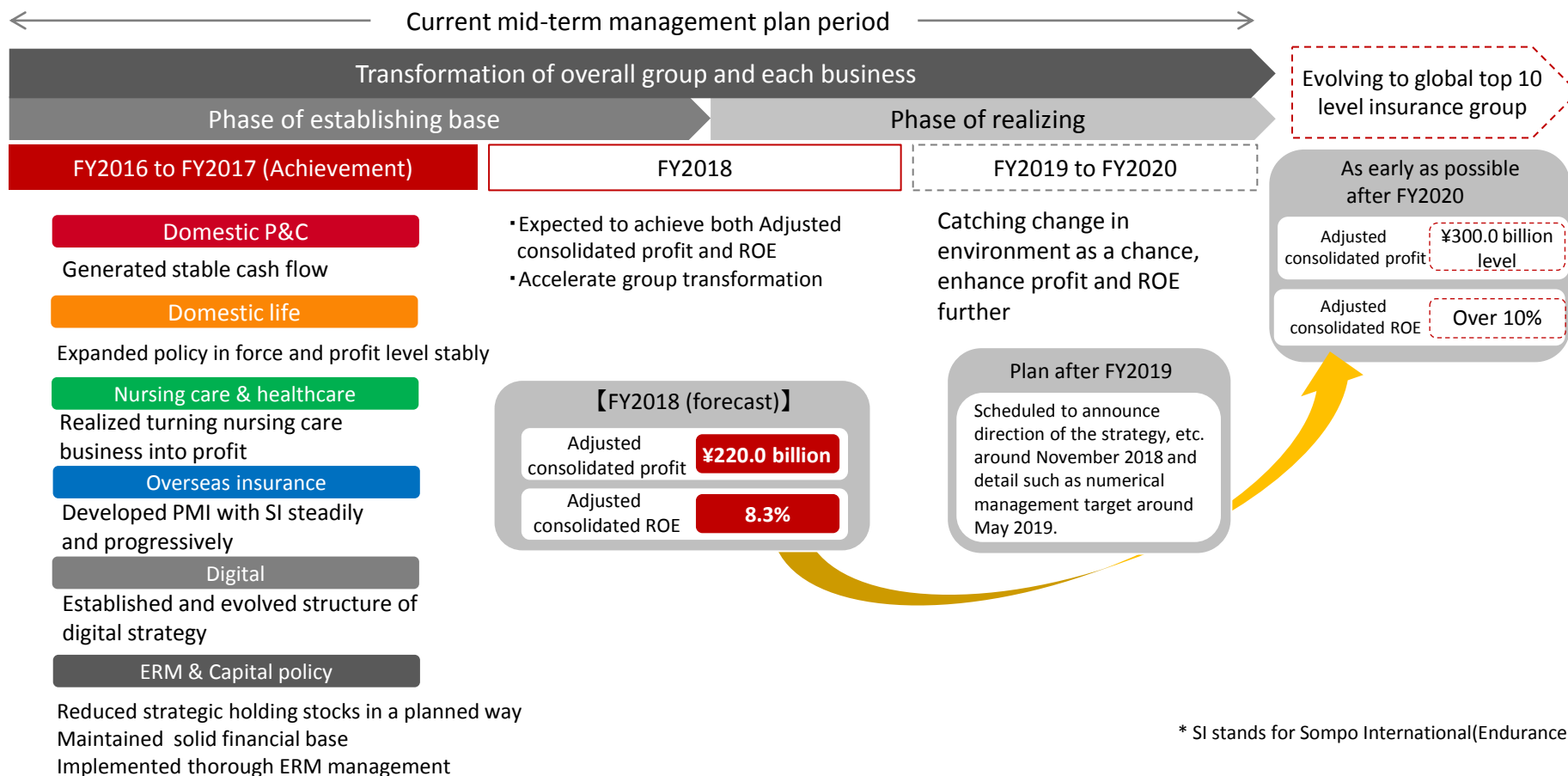
Our vision of growth strategy



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.

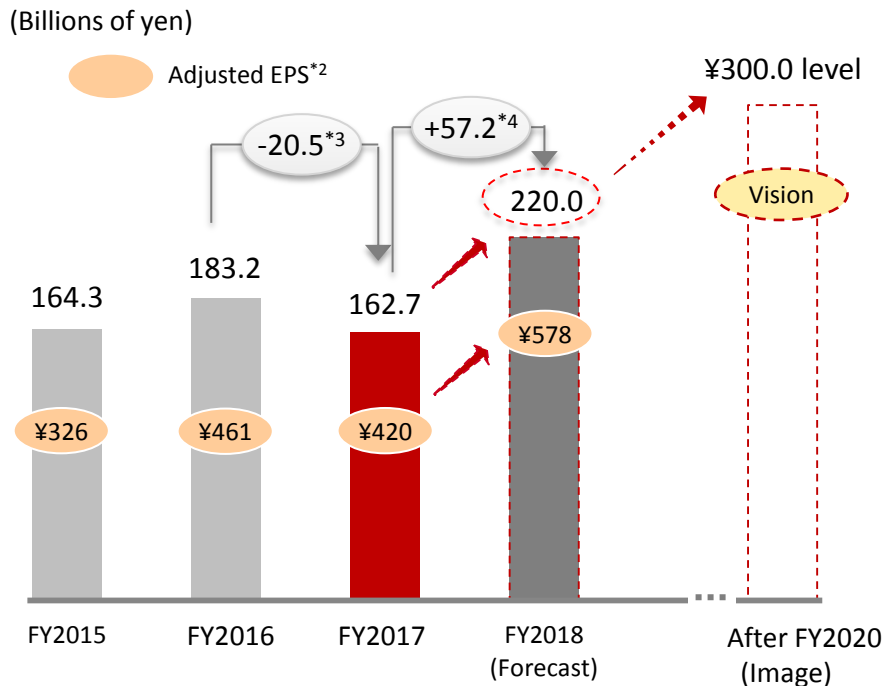
Progress of mid-term management plan



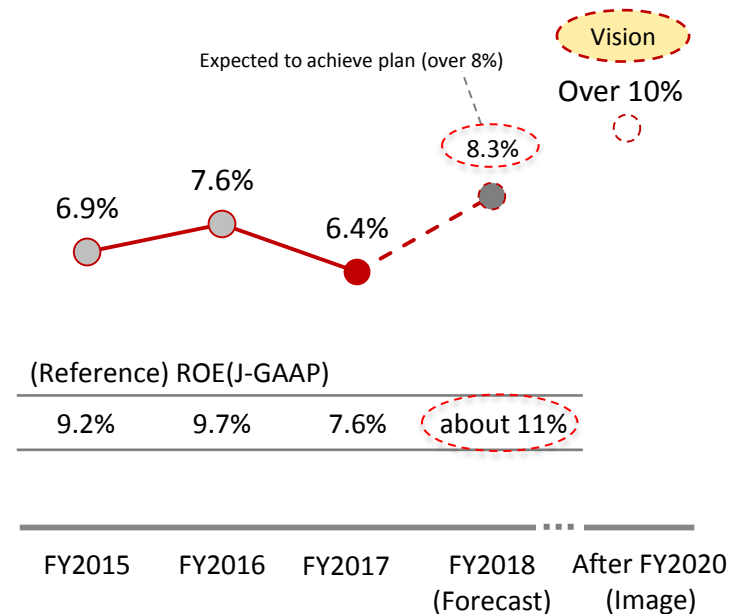
Progress of Mid-term Management Plan – Group

- ◆ 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



Adjusted consolidated ROE*1



*1 See page 12 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.)

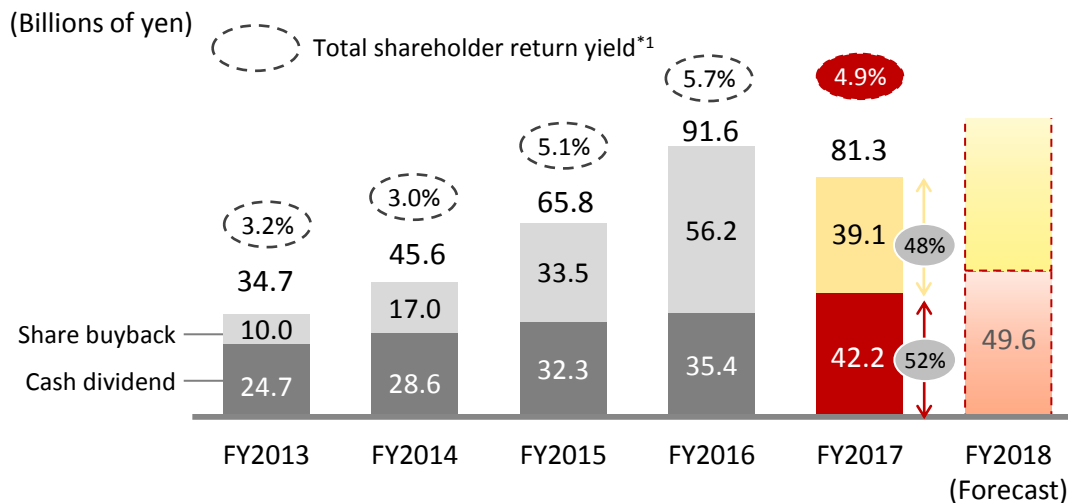
*3 Decreased mainly due to one time factors such as hurricanes in North America, etc. and other large losses.

*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).

Shareholder return

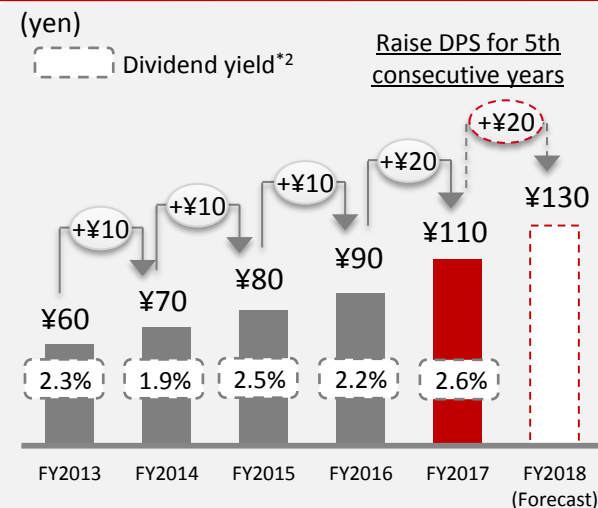
- ◆ Unchanged shareholder return policy, total payout ratio maintained 50% for 4th consecutive years since FY2014.
- ◆ Projected to raise DPS in FY2018 for 5th consecutive years, mainly due to record-high profit forecast (DPS: ¥110 to ¥130).

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.

Business portfolio transformation

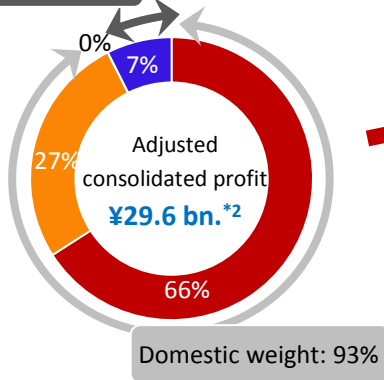
◆ Since holdings company was established, entire group risk diversification has progressed while expanding the weight of overseas insurance business.

Progress of business portfolio

■ Domestic P&C
 ■ Domestic Life
 ■ Nursing care & healthcare, etc.
 ■ Overseas Insurance

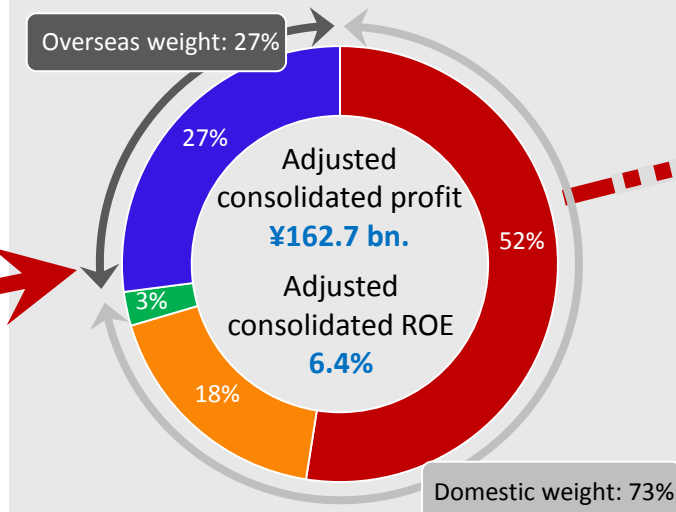
FY2010*1

Overseas weight: 7%



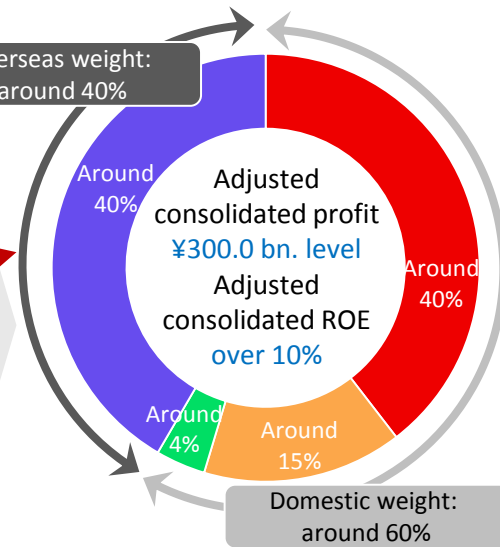
FY2017

Overseas weight: 27%



When achieve vision (Image)

Overseas weight: around 40%



*1 FY of SOMPO holdings establishment

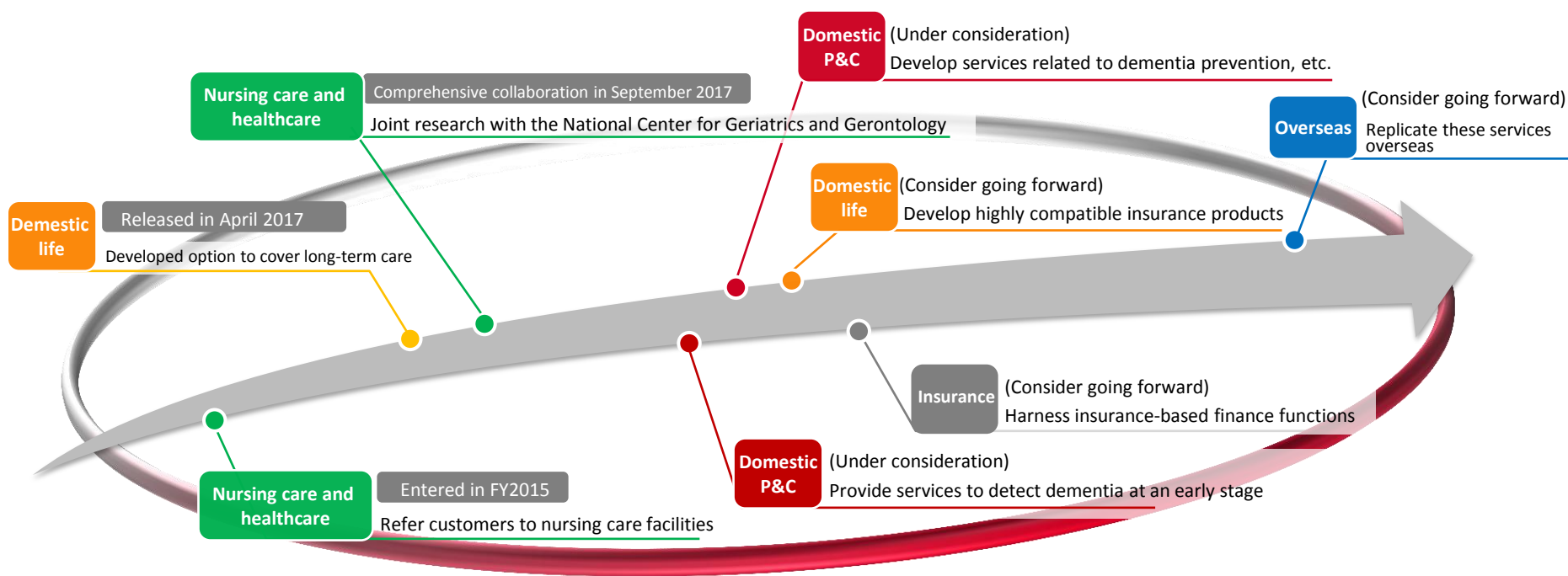
*2 Estimation based on current definition of adjusted profit

New business collaboration model targeting the evolution of the Group (example)

- ◆ Link organically between the business platforms of the P&C and life insurance businesses, where we have extensive expertise, and the nursing care business we have entered into.

Development led by nursing care business (image)

Enhance profitability while developing high-value-added Group services by organically linking the nursing care business and insurance businesses using services related to extending healthy life expectancy, such as dementia prevention.



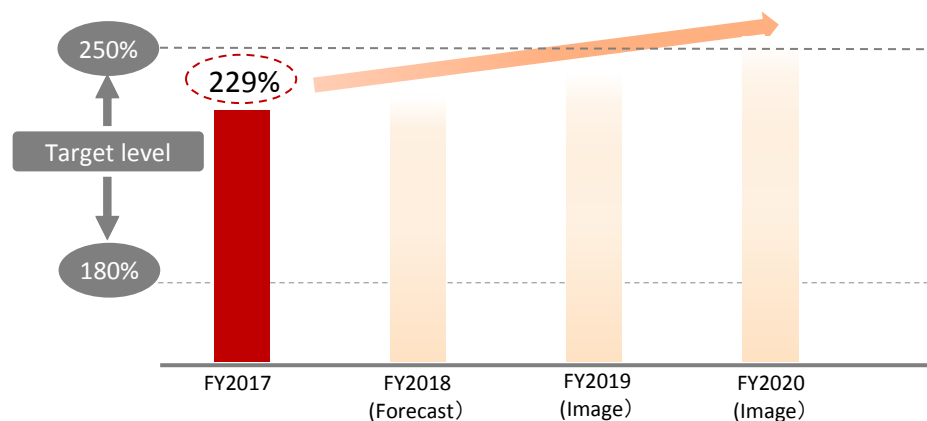
Robust financial base and ERM for growth strategy

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

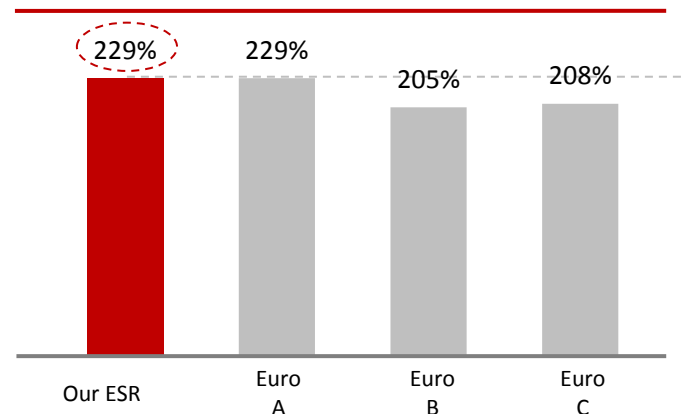
ESR (99.5%VaR) progress forecast

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

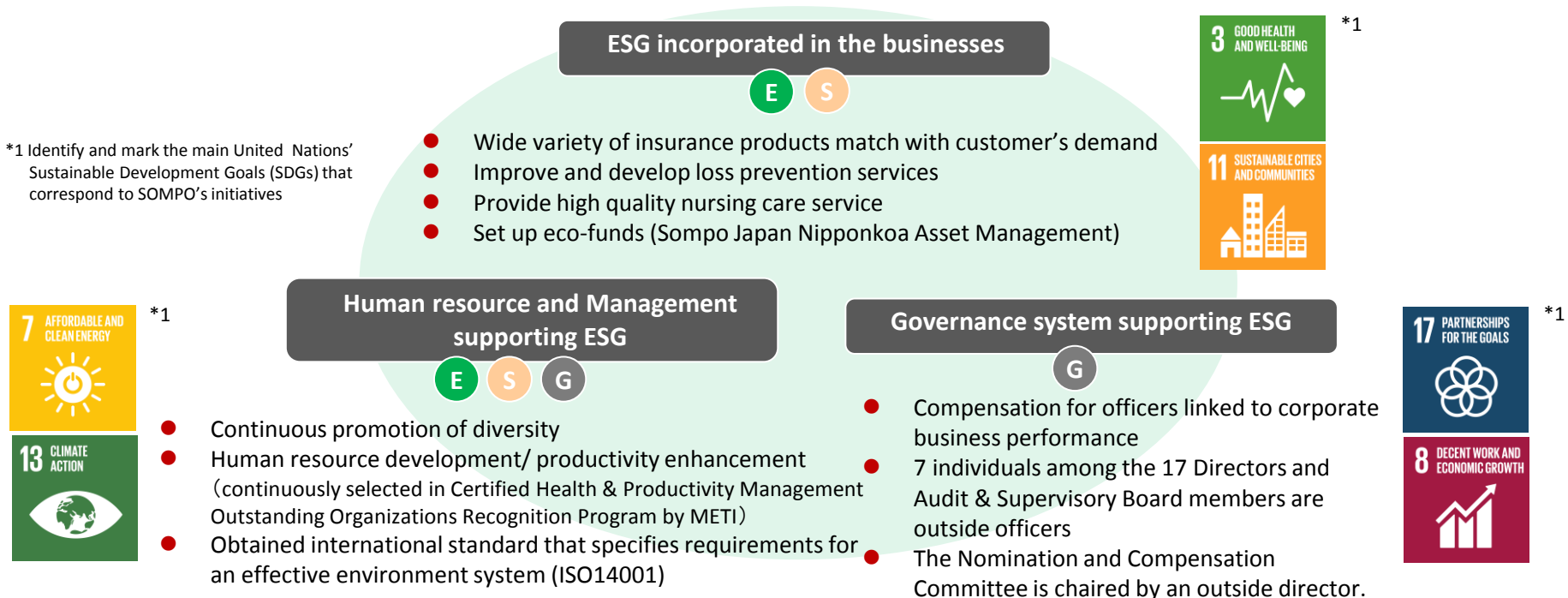
*2 SOMPO uses ESR (99.5%VaR) as of end of FY2017.

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)

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)



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)

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, 2018)

Robust governance

- Diverse plural outside directors
(4 out of 11 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
- 100% of attendance rate (FY2017)



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), CIO (IT system), CDO (digital), CHRO (human resource), CSO (strategy), CBO (brand)

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.

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 Sampo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sampo Japan Nipponkoa Insurance Services, DC Securities and Sampo 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.

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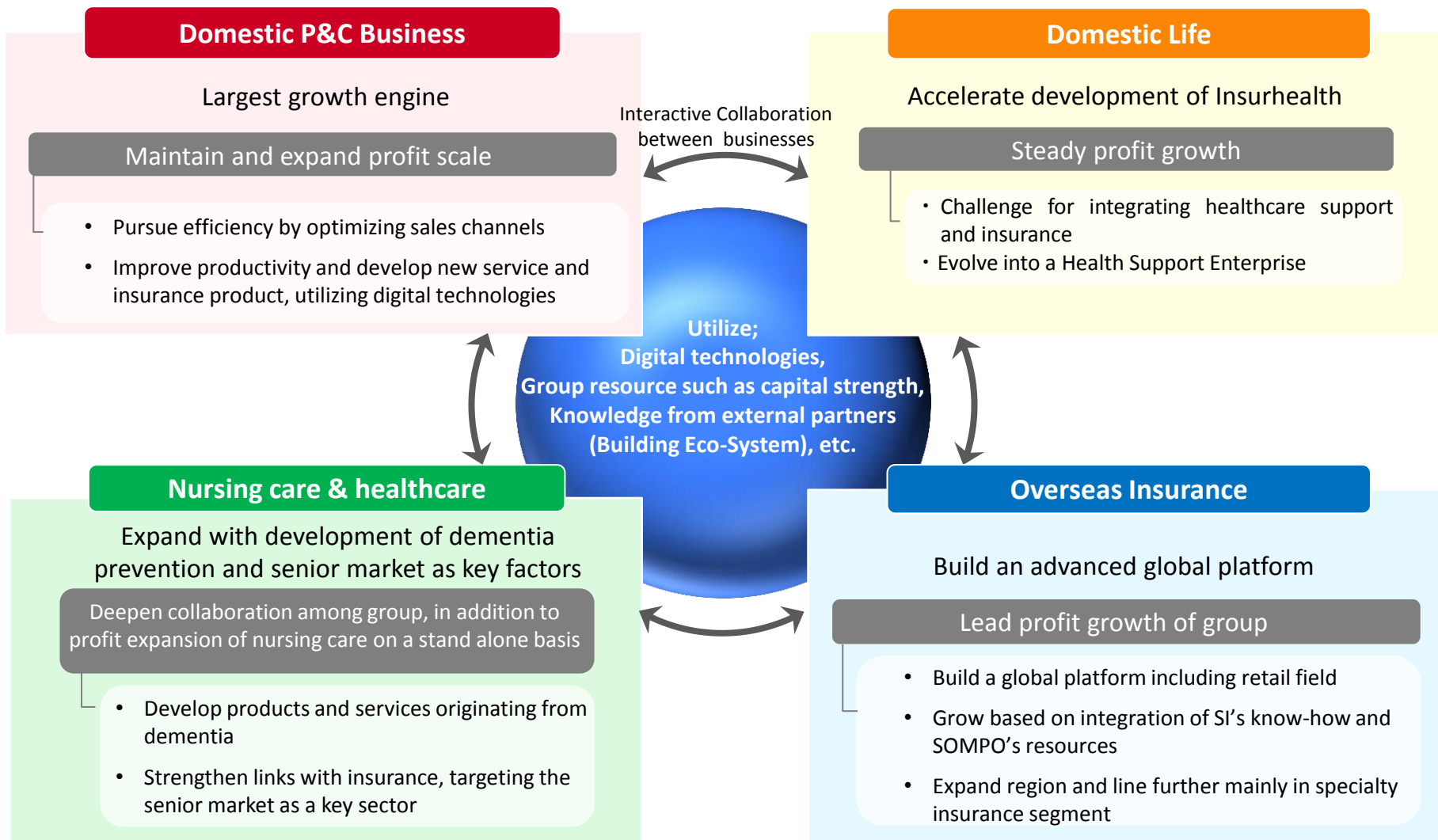
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Appendix

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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.



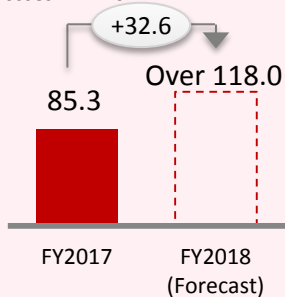
Progress of Mid-term Management Plan – Businesses

◆ 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

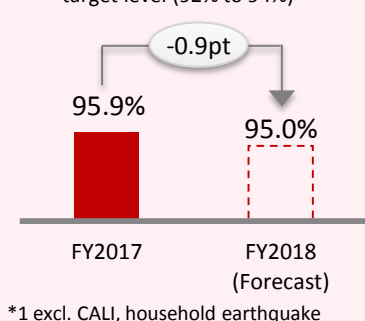
Adjusted profit (Billions of yen)

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%)



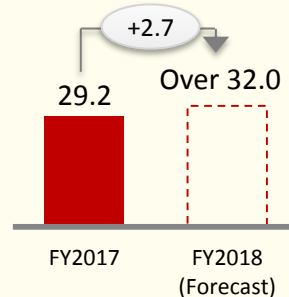
*1 excl. CALI, household earthquake

Domestic P&C

Domestic Life

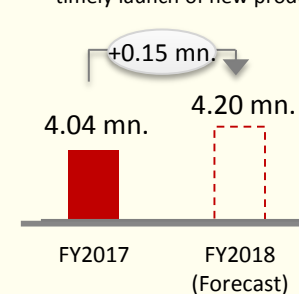
Adjusted profit (Billions of yen)

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



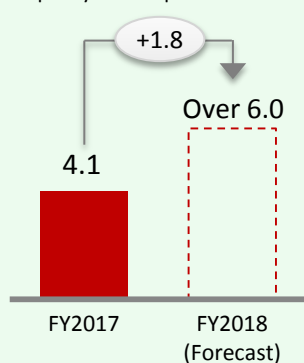
Policies in force

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



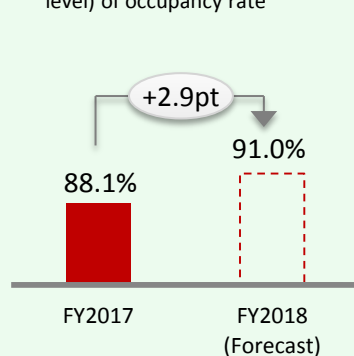
Adjusted profit (Billions of yen)

Expected to increase in light of occupancy rate improvement



Occupancy rate*²

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



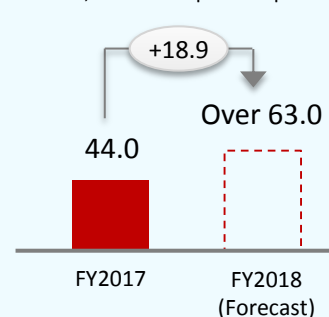
*2 Sum of SOMPO Care and SOMPO Care Next

Nursing care & healthcare, etc.

Overseas

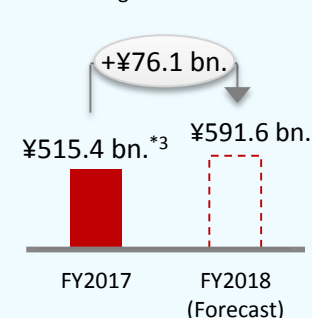
Adjusted profit (Billions of yen)

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



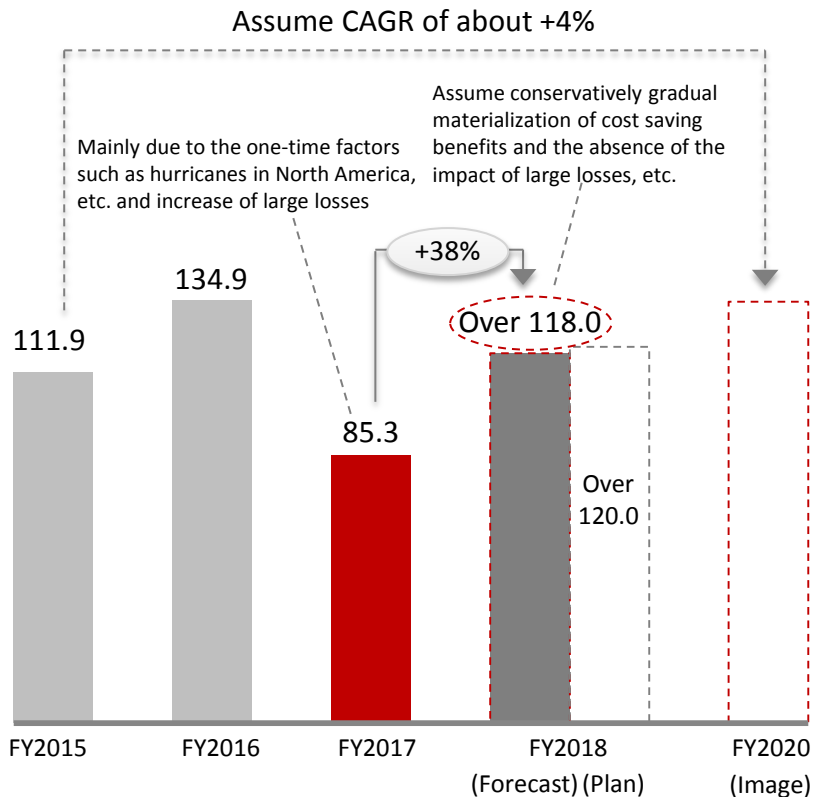
*3 excl. Sompo Canopus portion

Progress of 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.

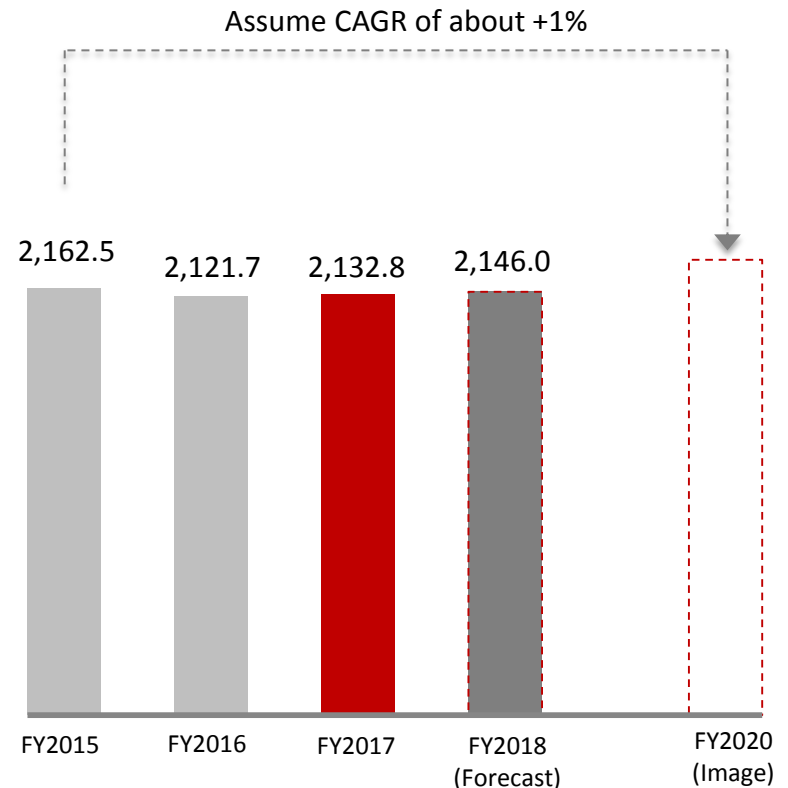
Plan for adjusted profit

(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.

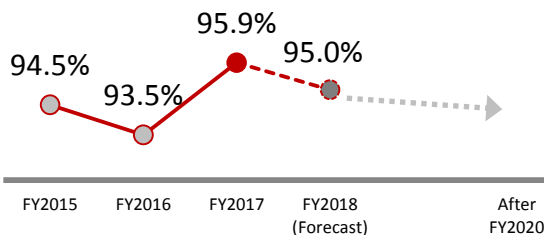
Key Points for Domestic P&C Insurance

◆ 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

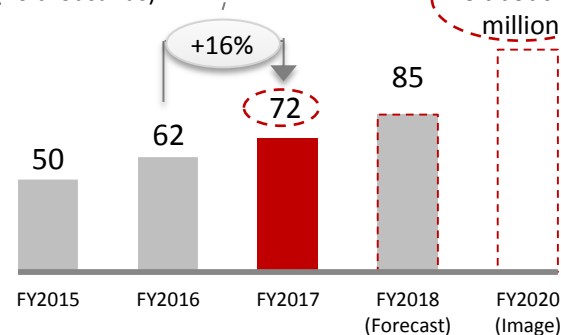
Key point (3)

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}

(10 thousands)



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

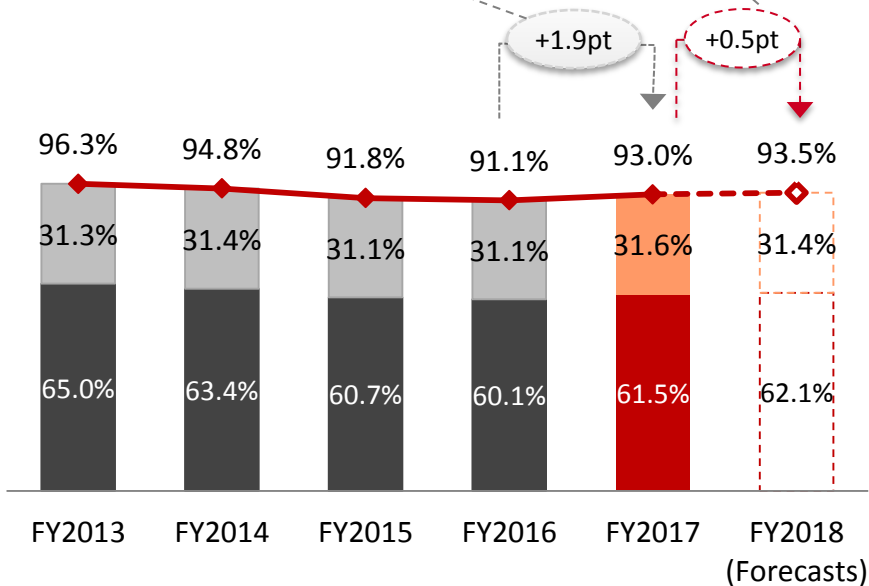
*4 As of the end of 3Q FY2017

Combined ratio

Loss ratio
 Expense ratio
 Combined ratio

Mainly based on a conservative forecast for repair costs per claim.

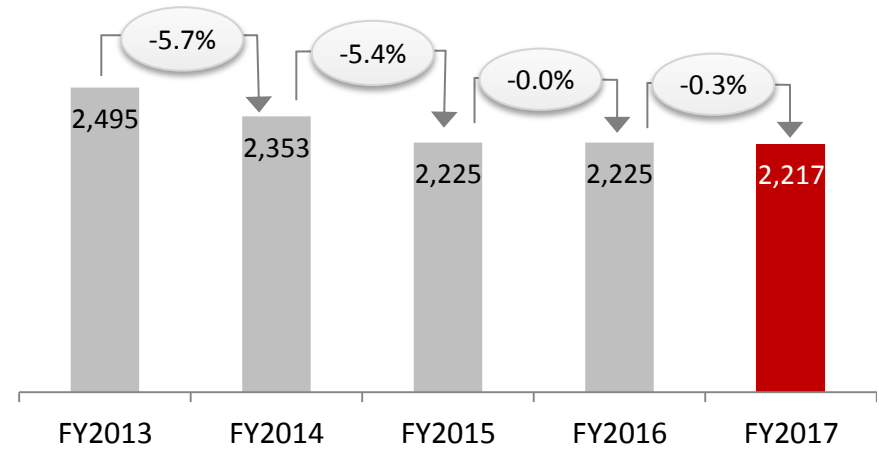
Mainly due to an improvement in the completion rate for claim payments.



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

The number of reported claims

(Thousands)

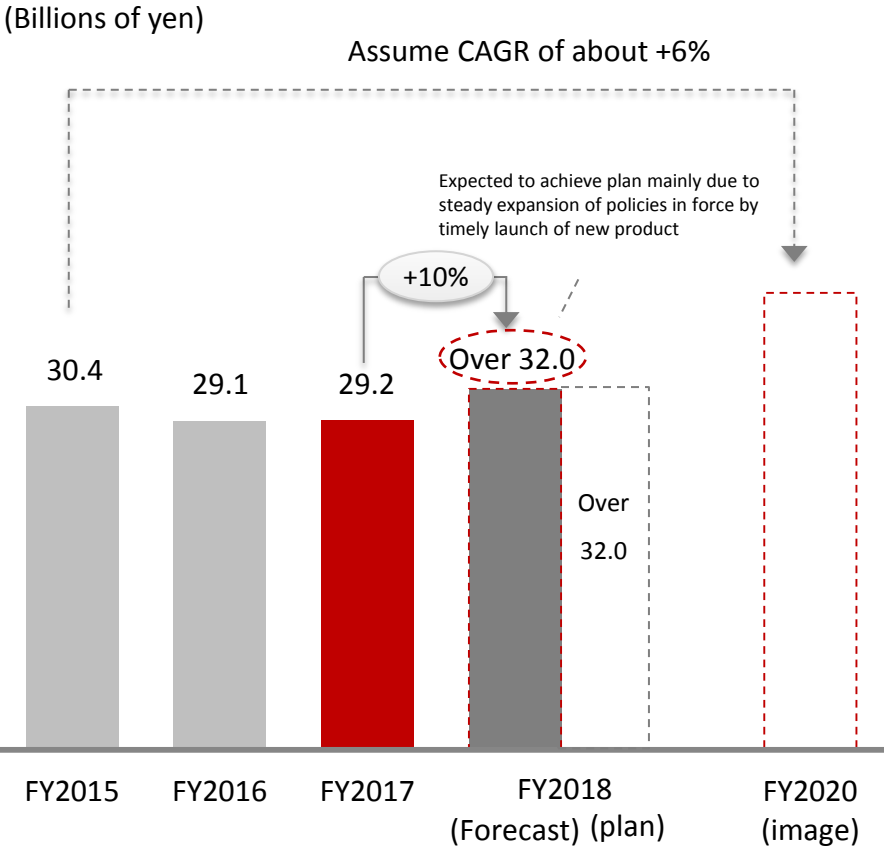


* Exclude certain natural disasters, whose incurred loss exceeds certain threshold.

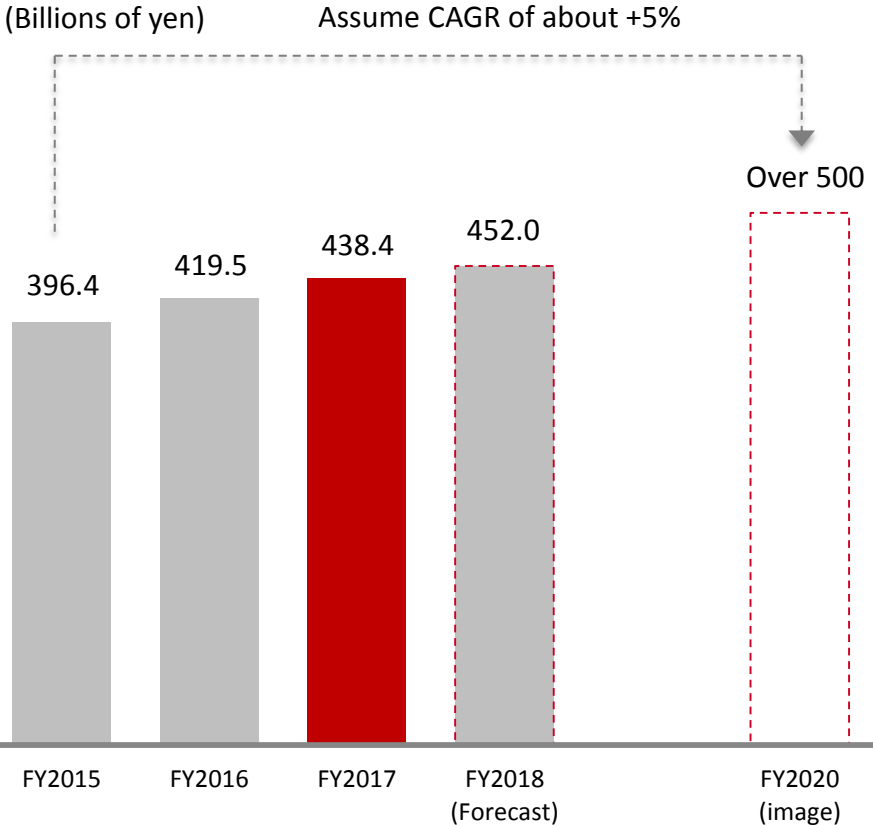
Progress of Domestic life insurance

◆ 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

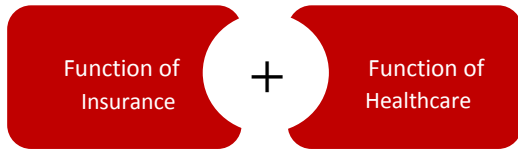
◆ While timely launch of innovative products and services, aim at evolving into a health support enterprise for customers.

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”】



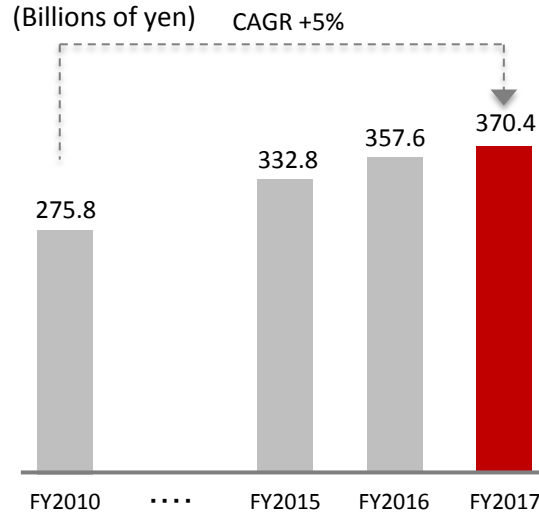
- March 2018 Comprehensive breast cancer-related services for women
Linkx pink
- April 2018 Health management App for employees
Linkx carada
- Industry's first*1 income compensation insurance designed to support the health of policyholders
Linkx じぶんと家族のお守り
- Going forward Launch new products and services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

Key point (2)

Annualized premium in force

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

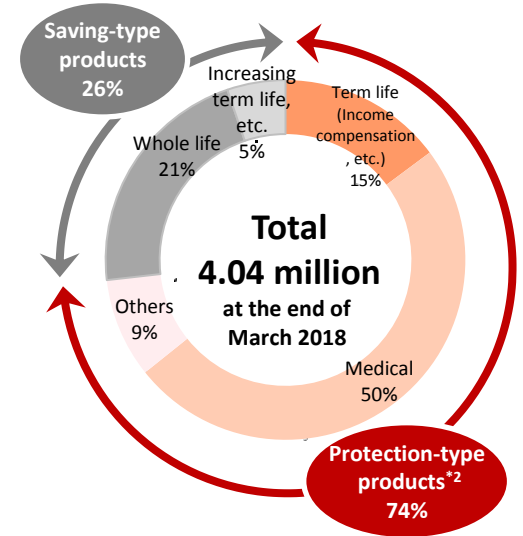
【annualized premium in force after FY2010】



Key point (3)

Product mix (policies in force)

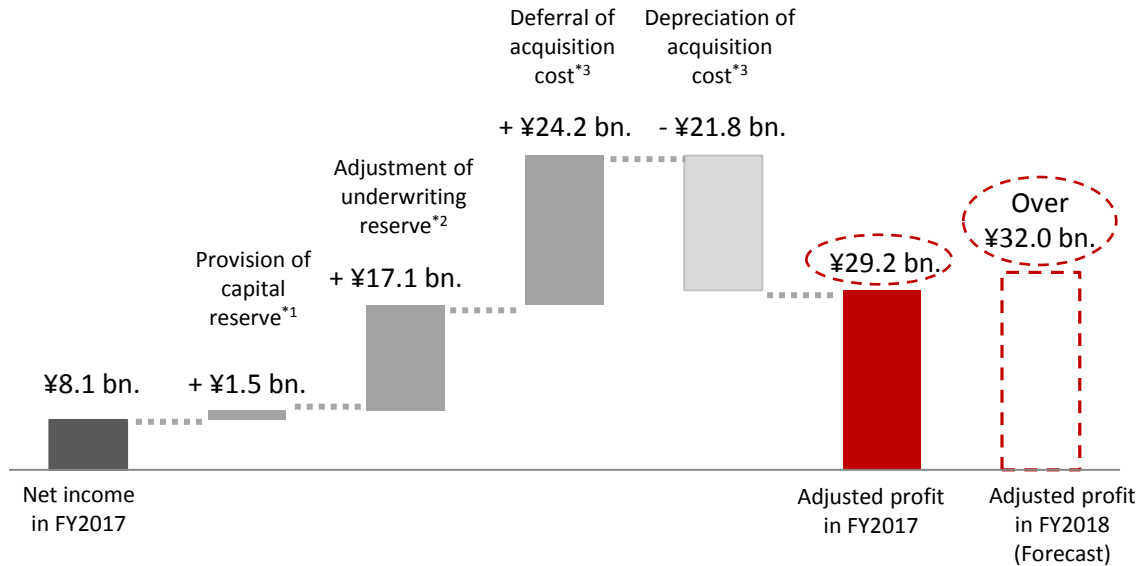
Maintain product mix mainly with highly profitable products



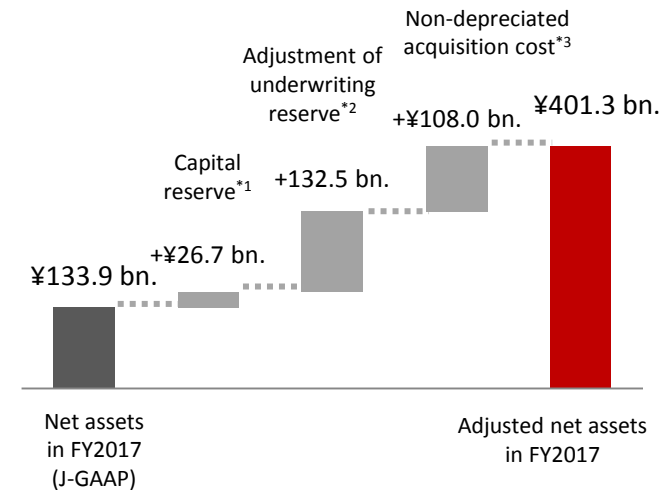
*1 If a policyholder improves health condition by meeting certain conditions after policy enrollment, premiums are reduced and the difference between the former and reduced premiums are reimbursed retroactively, going back to the policy enrollment date.

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

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



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

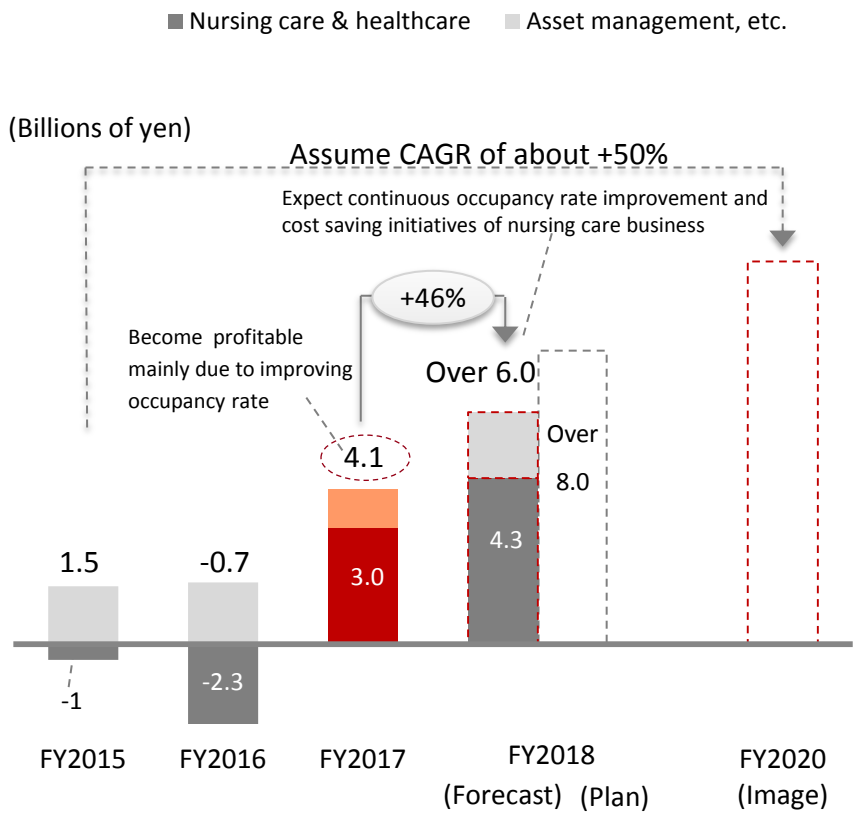
*2 Re-calculate underwriting reserve, which is calculated conservatively, with factors used for calculation of premiums (after tax).

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

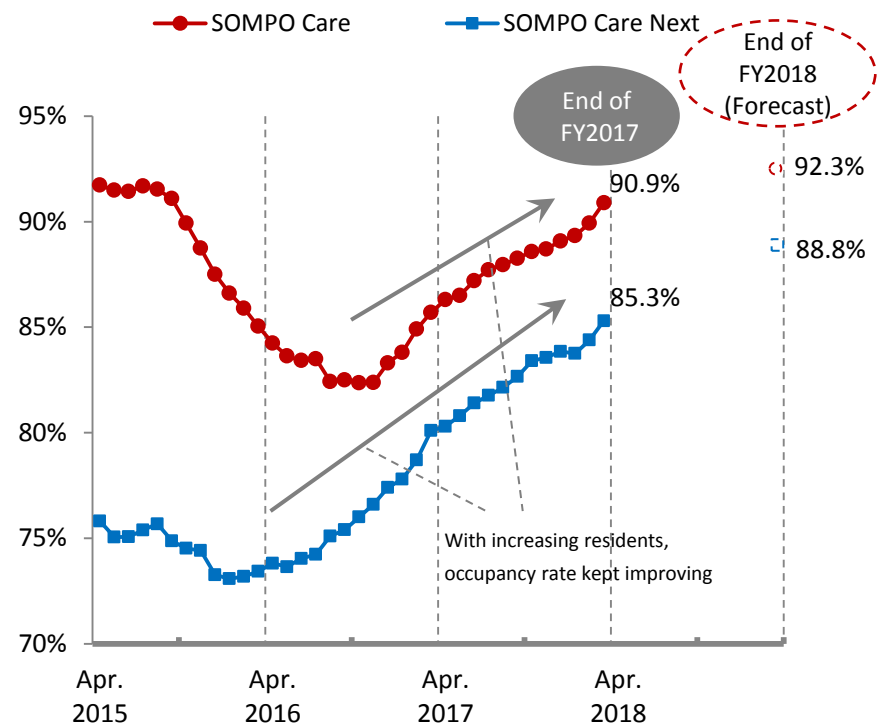
Progress of Nursing Care & Healthcare, etc.

- ◆ 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

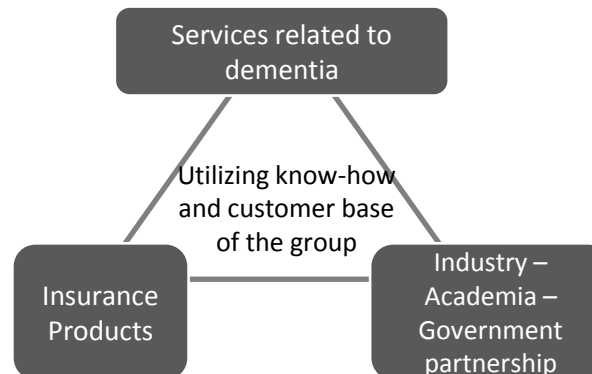
* Merger of SOMPO Care and SOMPO Care Next is scheduled in July, 2018.

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.

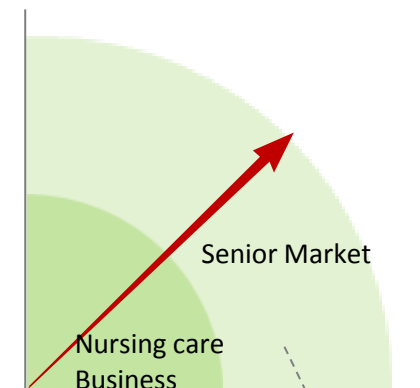
Key Point (3)

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

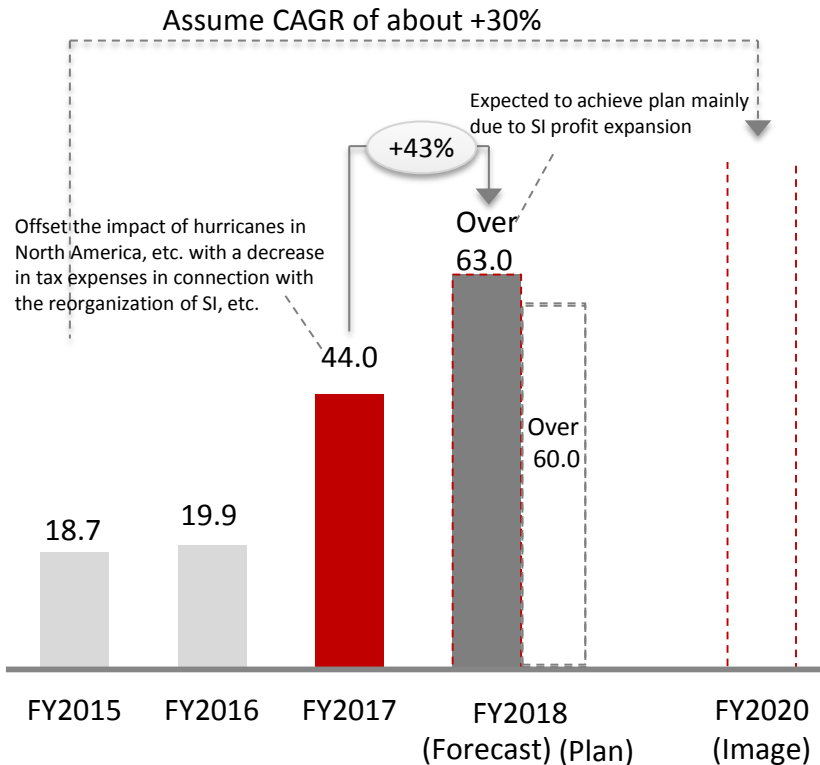


Examples. Meal service, lifestyle support service, etc.

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

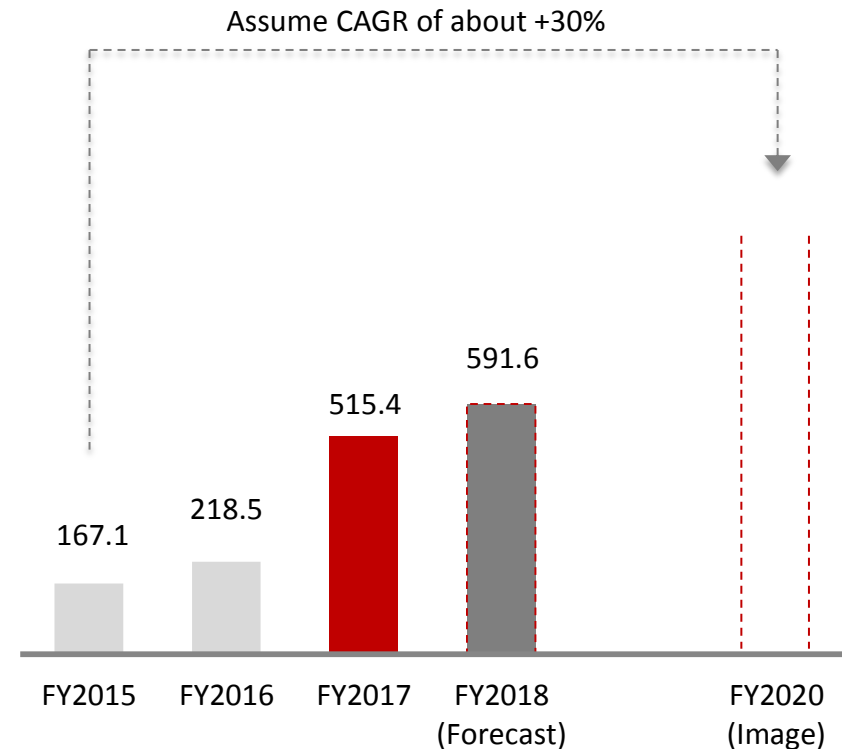
Plan for adjusted profit

(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.

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

Qualitative aspects (typical examples)

+ ¥72.4 billion

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

+ ¥0.3 billion

Specialty insurance to Japanese clients

+ ¥2.0 billion

reduced cost for reinsurance guarantee, etc.

Organization

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

Underwriting

- Unified further insurance underwriting standards
- Progressed Agri Sompo

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.

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 Sompo
- 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)

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

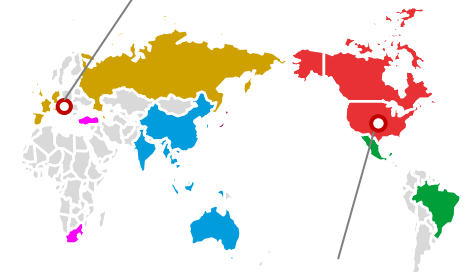
Key point (3)

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)

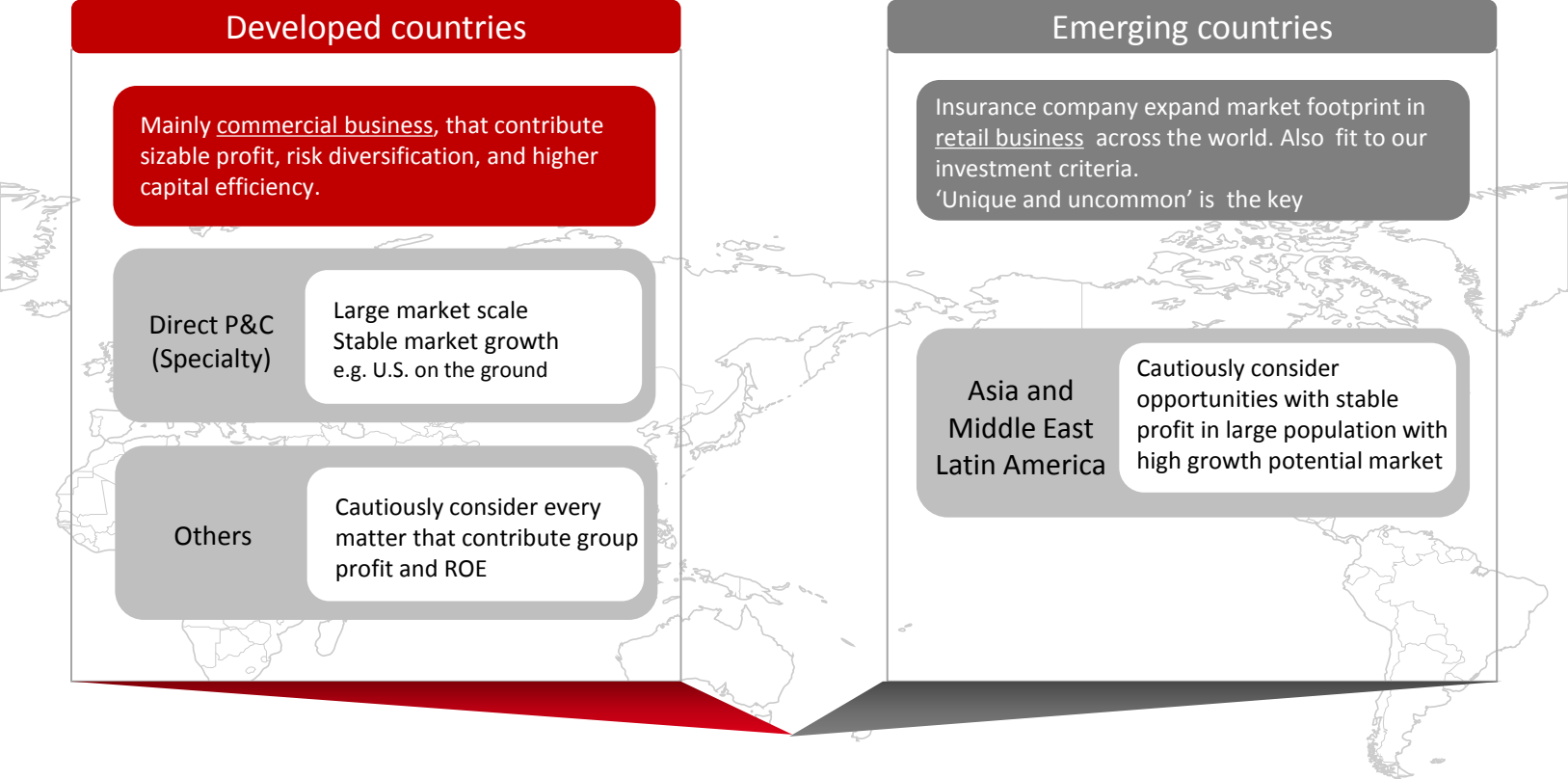


Accomplish Lexon merger in June 2018 (U.S.: surety insurance company)

◆ 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



Business Results of Group subsidiaries

(Billions of yen)		Net Premiums written			Adjusted profit			Key points	(Reference) Exchange rate	
		FY2017	Change	FY2018 (Forecasts)	FY2017	Change	FY2018 (Forecasts)		Dec. 2017 (YoY Change)	
North America & Europe	SI	303.2	+303.2	399.0	53.2	+53.2	50.8	In FY2018, it is expected to improve due to stripping out one-time factors and organic growth in insurance business	113.00 JPY/USD	(-3.0%)
	Sompo America	21.5	+0.3	Integrated by SI	3.2	-0.7	Integrated by SI	In FY2017, the impact of hurricanes in North America, etc.	113.00 JPY/USD	(-3.0%)
	SJNK Europe	1.2	+0.2	1.1	0.9	-0.0	-0.3	In FY2018, integration costs with SI and related expenses are expected.	151.95 JPY/GBP	(+6.3%)
	Sompo Canopus	129.7	-3.4	Sold 100% of the shares	-26.8	-32.8	Sold 100% of the shares	In FY2017, adjusted profit decreased mainly due to the impact of hurricanes in North America, etc.(¥25.8 bn.) (Sold 100% of the shares in March 2018).	113.00 JPY/USD	(-3.0%)
Asia & Middle East	SJ Sigorta (Turkey)	45.5	-13.2	42.5	8.3	+3.8	6.7	Positive contributions from a improving loss ratio and investment profit in FY2017. In FY2018, the loss ratio is expected conservatively.	29.90 JPY/TRY	(-9.7%)
	Sompo Singapore	7.3	+0.9	7.7	1.1	+0.0	0.8	Basically in line with the plan.	84.49 JPY/SGD	(+4.8%)
	Berjaya Sompo (Malaysia)	11.9	+0.9	15.5	0.9	-0.0	1.0	Strengthening bancassurance with CIMB in FY2018.	27.79 JPY/MYR	(+7.0%)
	Sompo Indonesia	5.6	+1.6	8.9	-0.1	-0.5	0.4	Investment profit was below plan in FY2017, while it is expected to improve in FY2018 through measures such as curtailing expenses.	0.0084 JPY/IDR	(-3.4%)
	Sompo China NK China	5.6	+0.1	5.3	-0.1	+0.9	0.1	While the impact of Typhoon No.13, basically in line with the plan.	17.29 JPY/RMB	(+3.2%)
	Sompo Hong Kong	3.3	-0.1	3.2	0.5	+0.1	0.4	Basically in line with the plan.	14.46 JPY/HKD	(-3.7%)
	Universal Sompo (India)	5.9	+2.9	7.4	1.2	+1.0	0.2	In FY2017, crop insurance and automobile insurance performed favorably. In FY2018, underwriting profit in crop insurance is expected conservatively.	1.65 JPY/INR	(-4.1%)
Latin America	Sompo Seguros (Brazil)	98.3	-0.9	96.6	1.9	-0.2	2.2	In FY2017, the bottom line improved, following the execution of measures to improve the loss ratio, including changes in underwriting conditions.	34.11 JPY/BRL	(-4.7%)
Other (non-consolidated)*		5.8	-3.1	3.9	-0.4	-1.1	0.1	—	—	-
Total		645.2	+293.4	591.6	44.0	+24.0	Over 63.0	—	—	-

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

1. Mid-term management plan

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(1) Key points of management plan

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(2) Business strategies for each business segment

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(3) ERM, capital policy & asset management

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2. About SOMPO Holdings

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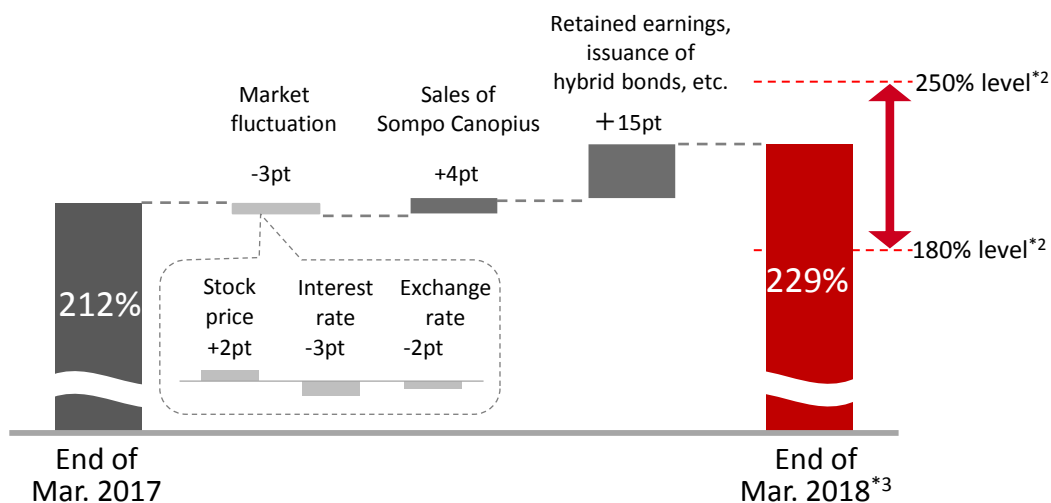
Appendix

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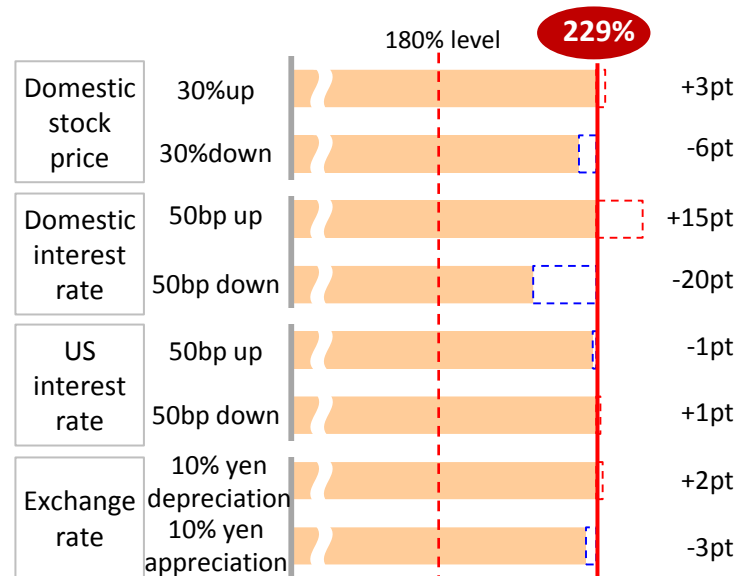
Financial Soundness – ESR (99.5%VaR)

◆ Maintained a robust financial base by steadily evolving ERM management.

Trend of ESR (99.5%VaR)*1



Sensitivity of ESR (99.5%VaR)



*1 In accordance with Solvency II

*2 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.

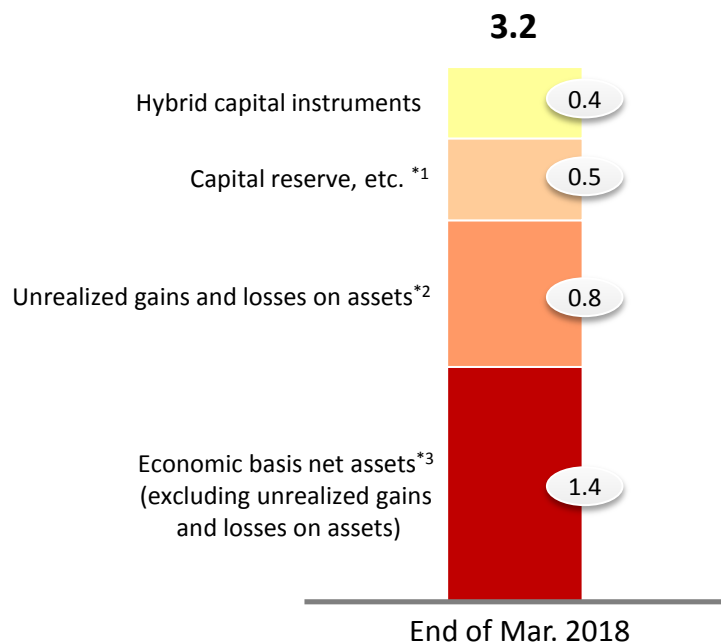
*3 (Reference) ESR (99.95%VaR) at the end of March 2018: 157%
(Target range under this standard was around 120% to 170%)

(Reference) Market indicators	End of Mar. 2017	End of Mar. 2018	
Domestic stock price (Nikkei 225)	¥18,909	¥21,454	(+13.5%)
Domestic interest rate (30y JGB)	0.85%	0.74%	(-11bp)
US interest rate	2.39%	2.73%	(+35bp)
Exchange rate (JPY/USD)	¥112.19/USD	¥106.24/USD	(-5.3%)
Exchange rate (JPY/EUR)	¥119.79/EUR	¥130.52/EUR	(+9.0%)

Breakdown of Adjusted Capital and Risk (99.5% VaR)

Adjusted capital

(Trillions of yen)



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

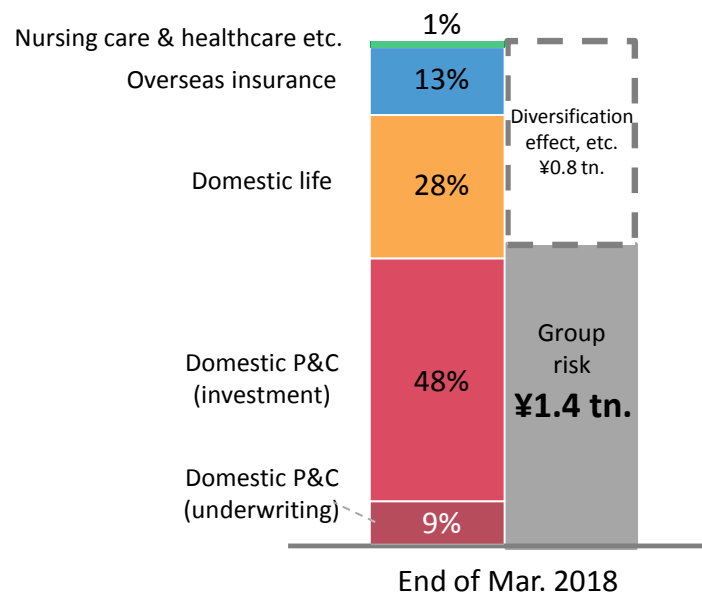
*2 Unrealized gains and losses on securities, etc., including non mark-to-market assets (e.g. policy reserve matching bonds).

*3 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business.

(Reference) 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

Risk amount*4



*4 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.

Group Asset Management

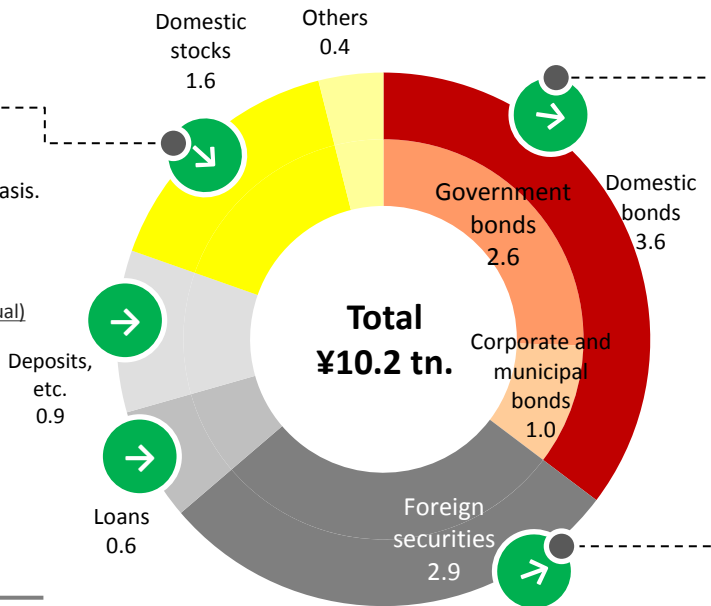
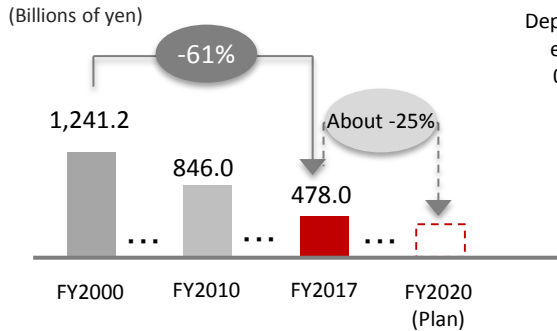
- ◆ No change in plans to undertake stable asset management, taking liquidity, safety and so on into consideration.
- ◆ While continuously reducing strategic-holding stocks in a planned way, aim at maintaining and enhancing yield based on asset management diversification, etc.

<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)

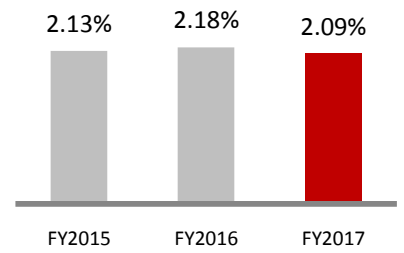
Balance of strategic-holding stocks on book value (Plan and actual)



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.

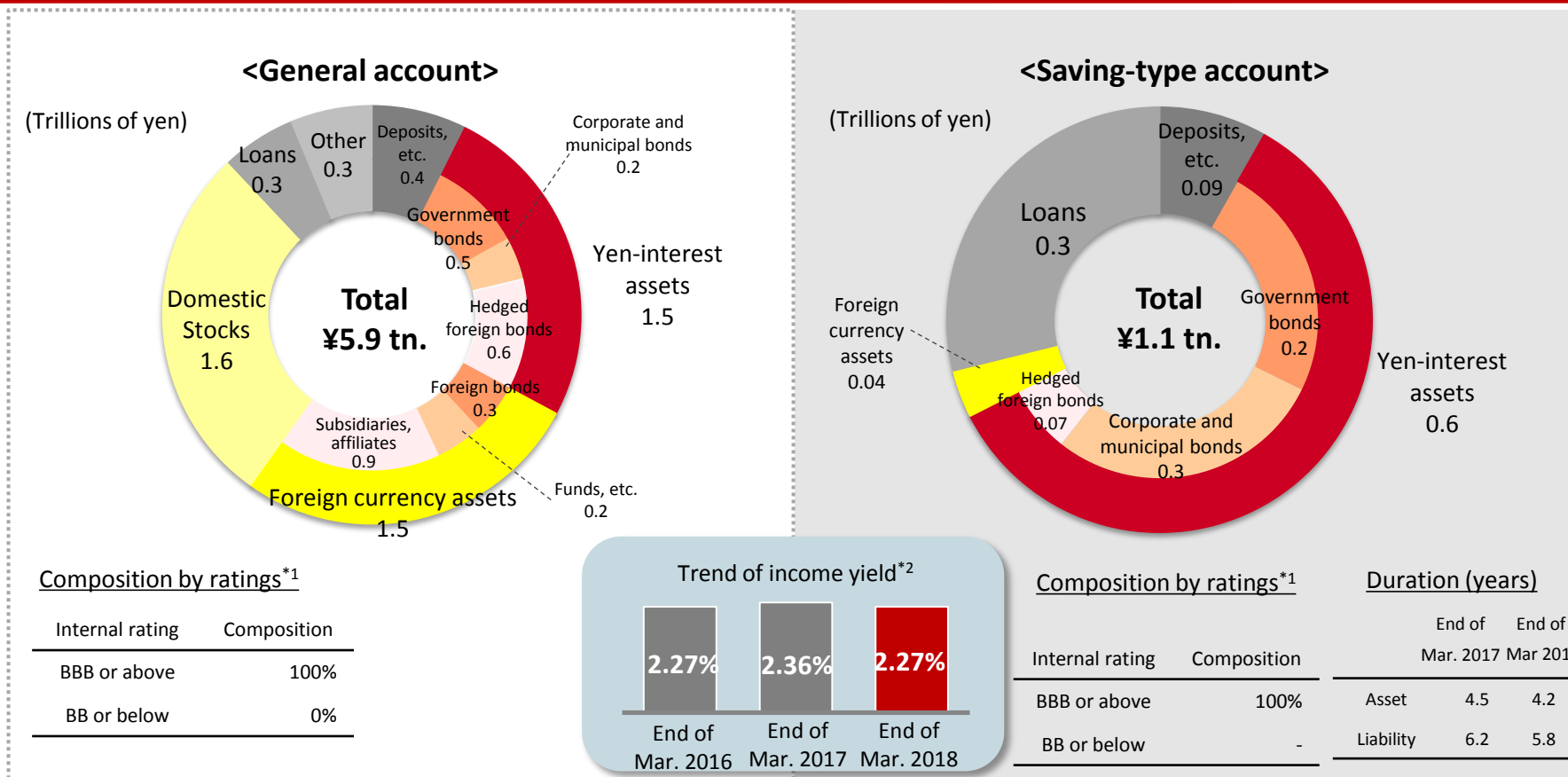
*1 End of FY2017, group-wide basis

*2 Excluding group companies' stocks, etc.

Asset Portfolio – Sompo Japan Nipponkoa

- ◆ The general account is managed with diversified investments while the saving-type account utilizes portfolio management based on ALM.
- ◆ While diversifying investment methods, considering the risk-return balance in light of the domestic low interest rate environment, keep focusing on stability of asset management.

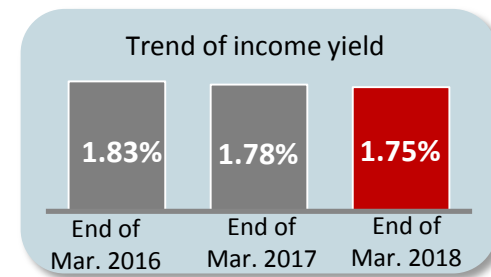
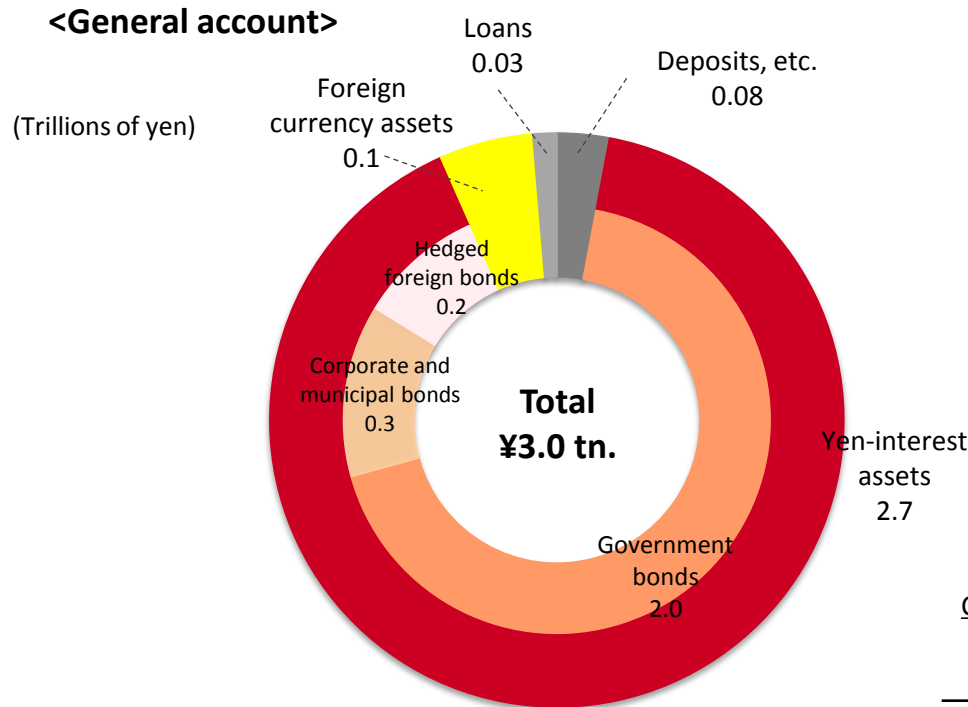
Amount of investment assets (end of March 2018, Sompo Japan Nipponkoa, non-consolidated)



Asset Portfolio – Himawari Life

- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Slightly increased allocation to foreign currency assets, in light of the domestic low interest rate environment.

Amount of investment assets (end of March 2018, Himawari Life, non-consolidated)



Composition by ratings*

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

Duration (years)

	End of Mar. 2017	End of Mar. 2018
Asset	13	13
Liability	21	23

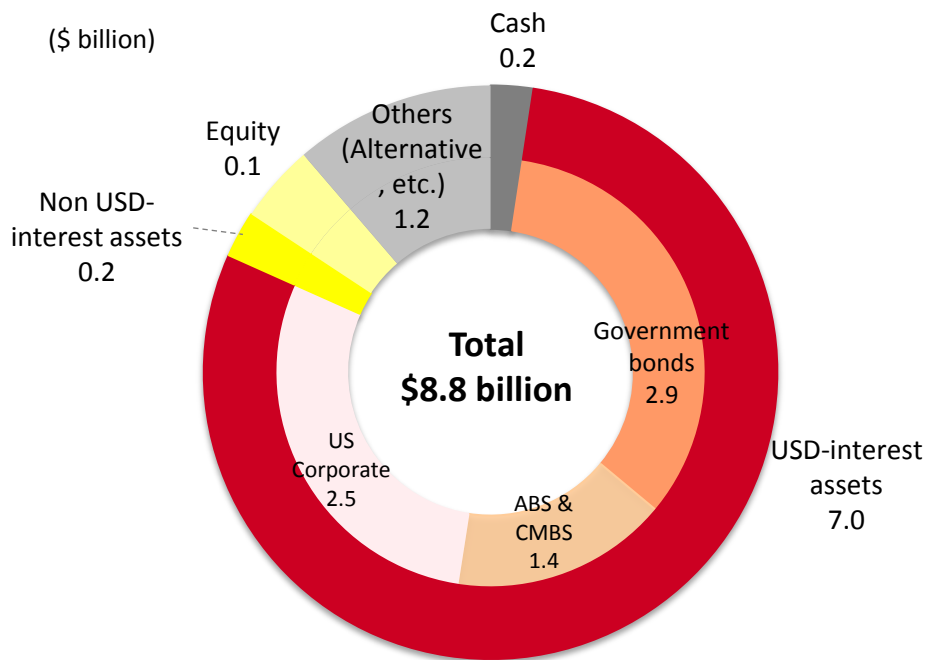
(Reference) Amount of separate account (End of Mar. 2018): ¥22.7 billion
(mainly investment in domestic stocks and bonds in the separate account)

* Total of yen-interest assets and foreign currency bonds

Asset Portfolio - SI

- ◆ Emphasis on liquid, high quality assets to meet company liabilities.
- ◆ While investing in USD-interest assets at the base, maximizing risk adjusted returns by adjusting allocations.

Amount of investment assets (end of December 2017, SI, consolidated)



Composition by ratings

Rating	Composition
BBB or above	92%
BB or below	8%

Duration (years)

	End of Dec. 2016	End of Dec. 2017
Asset	3.4	3.6
Liability	2.6	2.9

(Reference) Income yield * in FY2017 : 2.85%

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

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1. Mid-term management plan P2

(1) Key points of management plan P2

(2) Business strategies for each business segment P14

(3) ERM, capital policy & asset management P30

2. About SOMPO Holdings P38

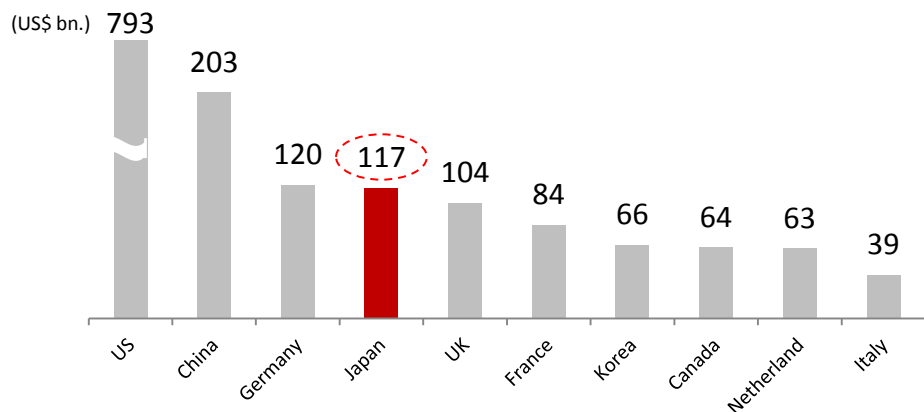
Appendix P44

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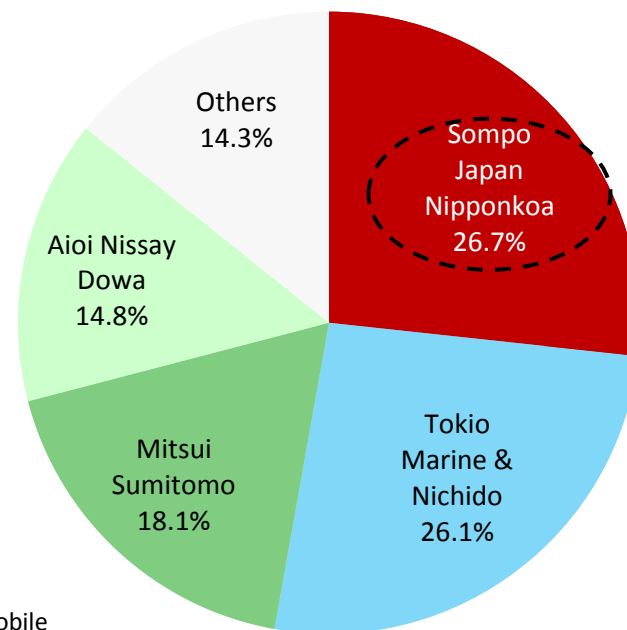
Overview of the Japanese P&C Insurance Market and our Position

- ◆ The market Premiums have been growing mainly in automobile insurance. The total market share of the top 4 companies is approximately 90%.
- ◆ Sompo Japan Nipponkoa has the largest share in the Japanese P&C insurance market.

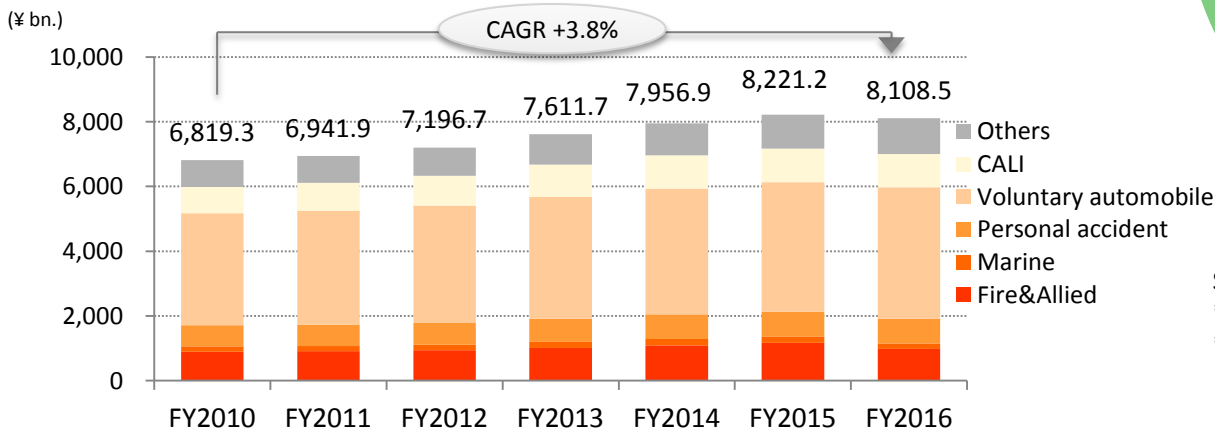
Size of P&C insurance market by country*1 (FY2016)



Market share in the Japanese P&C insurance market*2 (FY2016)



Historical premiums in the Japanese P&C insurance market*2



Source: Swiss Re "Sigma Report", Hoken Kenkyujo "Insurance".
 *1 Gross premiums, including reinsurance premiums
 *2 Based on net premiums of P&C insurers in Japan excluding reinsurance companies

Overview of SOMPO Holdings

- ◆ Positioning the Sompo Japan Nipponkoa as the core, SOMPO Holdings develops insurance businesses at home and abroad, etc.
- ◆ Ordinary income amounted to over ¥3.7 trillion and total assets amounted to around ¥12 trillion.

Group at a glance



Domestic P&C

- Sompo Japan Nipponkoa
- Saison Automobile & Fire
- Sonpo 24
- Insurance Service
- DC Securities
- Risk Management & Healthcare

Domestic Life

- Himawari Life

Nursing care & healthcare business, etc.

- SOMPO Care
- SOMPO Care Next
- Asset management business
- Assistance business, etc.

Overseas insurance

- SI
- Sompo Seguros (Brazil)
- SJ Sigorta (Turkey)
- Berjaya Sompo (Malaysia)
- Sompo Singapore, etc.

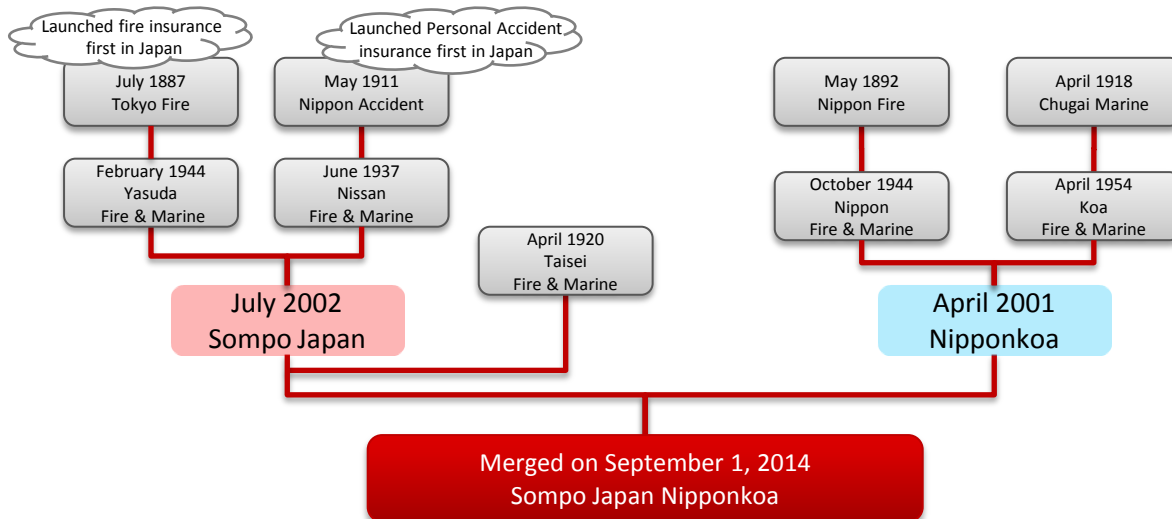
Selected financial data (Consolidated)

(¥ bn.)	FY2016	FY2017	FY2018 (Forecasts)
Consolidated Ordinary Income	3,419.5	3,770.0	-
Consolidated Ordinary Profit (Loss)	241.7	141.8	290.0
Consolidated Net Income (Loss)	166.4	139.8	210.0
Total Assets	11,931.1	11,948.3	-
Total Net Assets	1,868.9	1,916.2	-
Market Capitalization	1,607.1	1,632.1	-

Overview of Sompo Japan Nipponkoa

◆ We have 130 years of history, and net premiums written amount to around ¥2.2 trillion.

History of domestic P&C insurance



Selected financial data

(¥ bn)	FY2016	FY2017	FY2018 (Forecasts)
Net Premiums	2,165.6	2,168.0	2,146.0
Ordinary Profit (Loss)	230.4	175.2	250.0
Net Income (Loss)	164.4	170.0	187.0
Total Assets	7,568.7	7,688.1	-
Total Net Assets	1,455.2	1,574.5	-
Combined Ratio* ¹	93.5%	95.9%	95.0%

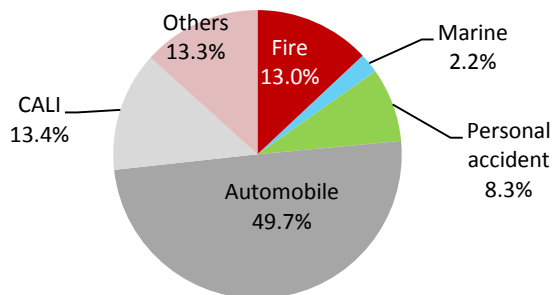
*1 excl. CALI, household earthquake.

Credit Ratings (As of May 2018)

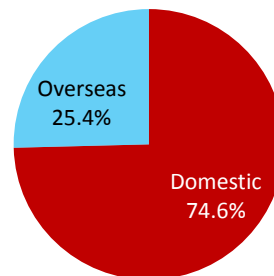
Moody's	S&P	R&I	JCR	A.M. Best
A1 (Stable)	A+ (Stable)	AA (Stable)	AA+ (Stable)	A+ (Stable)

Premiums in FY2017

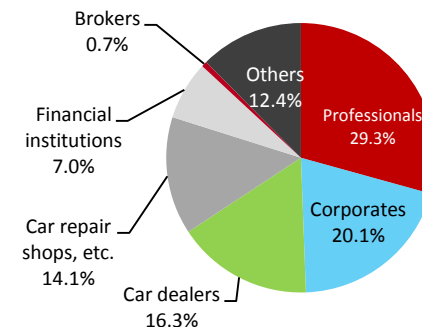
By products (Net premiums)



Domestic vs. Overseas*² (Net premiums)



By distribution channel*³ (Gross premiums)



*² Overseas net premiums = Net premiums of overseas subsidiaries + Net premiums from overseas insurance contracts of Sompo Japan Nipponkoa

*³ Gross premium on a performance evaluation basis, excluding saving-type insurance.

"Professionals", "Corporates", "Car dealers", "Car repair shops, etc.", "Financial institutions" and "Others" are all agents.

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1. Mid-term management plan P2

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Appendix

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Group Management Philosophy

Group Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Group Action Guidelines

To provide the highest possible quality of service to our customers we will:

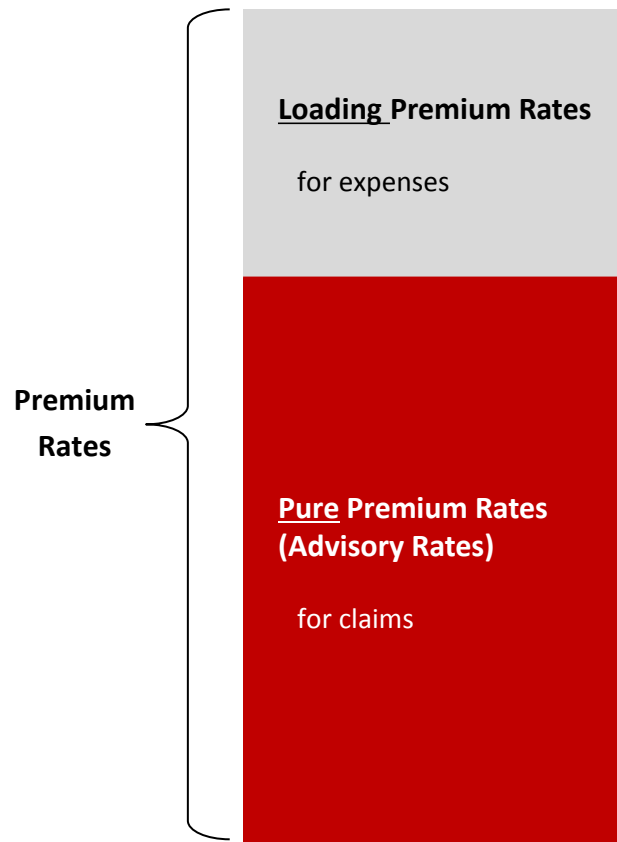
1. treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a company;
2. act with initiative, set ourselves the highest goals, and always learn from our actions;
3. strive to be both prompt and clear in our dealings and activities; and,
4. act with the utmost integrity.

Group Vision

Our goal is to always be the best customer service provider both at home and abroad.

(Domestic P&C) Advisory Rating System in Japan

- ◆ Advisory rates are pure premium calculated based on a wide range of statistics, and member insurance companies*¹ refer them when calculating their own premiums.
- ◆ The advisory rating system functions as a profit stabilizer.



Advisory Pure Premium Rates

- Calculated for: fire insurance, personal accident insurance, automobile insurance, etc.
- Calculated by the GIROJ.*²
- The GIROJ collects large quantities of data from member insurance companies.
- The GIROJ uses statistical approach to calculate the advisory pure premium rates and present it to member insurance companies.
- Member insurance companies can use the advisory pure premium rates with respect to the pure premium rates as a basis of calculating their own premium rates.
- The GIROJ annually reviews whether the current advisory pure premium rates are at an appropriate level and reports the result to FSA. If they are judged to be inappropriate, the advisory rates are promptly recalculated.

*1 Member companies of the General Insurance Association of Japan

*2 General Insurance Rating Organization of Japan

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

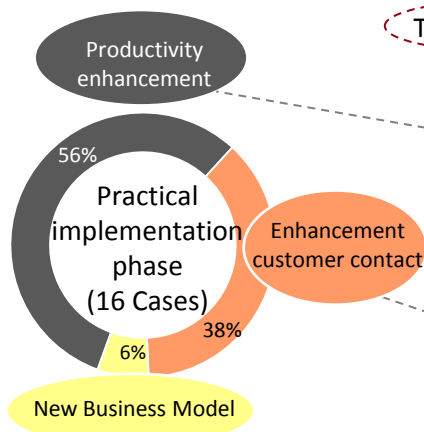
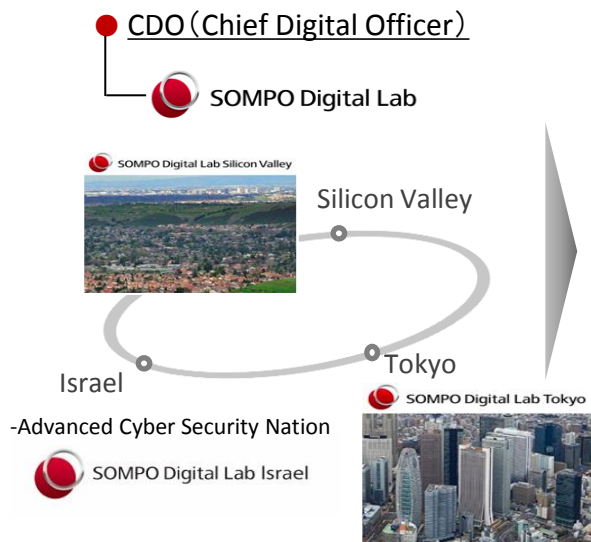
After FY2018~

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】



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!
1991~2020

<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)

Overview of FY2017 Results and Business Forecasts for FY2018 – Consolidated Basis

(Billions of yen)	FY2016	FY2017	Change	FY2018 (Forecasts)	Change (against FY2017)
Consolidated ordinary income	3,419.5	3,770.0	+350.5 (+10.3%)	-	-
Net premiums written (P&C)	2,550.3	2,854.7	+304.4 (+11.9%)	2,780.0	-74.7 (-2.6%)
Life insurance premiums	323.8	346.9	+23.1 (+7.1%)	360.0	+13.0 (+3.7%)
Consolidated ordinary profit	241.7	141.8	-99.8	290.0	+148.1
Sompo Japan Nipponkoa	230.4	175.2	-55.2	250.0	+74.7
Himawari Life	12.9	12.7	-0.2	17.6	+4.8
Nursing care (SOMPO Care and Care Next)	-1.2	3.4	+4.7	6.7	+3.2
Overseas subsidiaries	22.7	-36.6	-59.3	41.0	+77.7
Consolidated adjustment* ¹ /others	-23.1	-12.8	+10.2	-25.4	-12.5
Consolidated net income* ²	166.4	139.8	-26.5	210.0	+70.1
Sompo Japan Nipponkoa	164.4	170.0	+5.6	187.0	+16.9
Himawari Life	8.3	8.1	-0.2	12.0	+3.8
Nursing care (SOMPO Care and Care Next)	-2.9	2.9	+5.9	4.2	+1.2
Overseas subsidiaries	19.5	-37.8	-57.3	30.1	+68.0
Consolidated adjustment* ¹ /others	-22.9	-3.4	+19.4	-23.4	-19.9
(Reference) Adjusted profit (by business)	183.2	162.7	-20.5	220.0	+57.2
Domestic P&C insurance	134.9	85.3	-49.5	Over 118.0	+32.8
Domestic life insurance	29.1	29.2	+0.0	Over 32.0	+2.7
Nursing care & healthcare, etc.	-0.7	4.1	+4.8	Over 6.0	+1.8
Overseas insurance	19.9	44.0	+24.0	Over 63.0	+18.9

*1 "Purchase method" accounting was adopted upon the establishment of Sompo Holdings. The figures therefore include adjustments for gains/losses on sales, etc.

*2 Consolidated net income denotes net income (loss) attributable to shareholders of the parent.

Overview of FY2017 Results and Business Forecasts for FY2018 – Businesses (1)

Sompo Japan Nipponkoa

(Billions of yen)	FY2016	FY2017	Change	FY2018 (Forecasts)	Change (against FY2017)
Net premiums written	2,165.6	2,168.0	+2.3 (+0.1%)	2,146.0	-22.0 (-1.0%)
(excl. CALI, household earthquake)	1,869.5	1,876.0	+6.4 (+0.3%)	1,863.5	-12.4 (-0.7%)
Net premiums earned (excl. CALI, household earthquake)	1,883.7	1,882.1	-1.6 (-0.1%)	1,872.8	-9.2 (-0.5%)
Loss ratio	63.2%	64.4%	+1.2pt	64.1%	-0.3pt
(excl. CALI, household earthquake)	59.8%	62.0%	+2.2pt	61.5%	-0.5pt
E/I loss ratio (excl. CALI, household earthquake)	59.5%	61.7%	+2.2pt	60.2%	-1.5pt
Net expense ratio	32.0%	32.3%	+0.3pt	32.0%	-0.3pt
(excl. CALI, household earthquake)	33.7%	34.0%	+0.3pt	33.6%	-0.4pt
Combined ratio	95.2%	96.7%	+1.5pt	96.1%	-0.6pt
(excl. CALI, household earthquake)	93.5%	95.9%	+2.4pt	95.0%	-0.9pt
Underwriting profit	112.4	94.8	-17.6	128.0	+33.1 (+35.0%)
Investment profit	132.3	97.8	-34.5	142.1	+44.3 (+45.3%)
Ordinary profit	230.4	175.2	-55.2	250.0	+74.7 (+42.7%)
Net income	164.4	170.0	+5.6	187.0	+16.9 (+10.0%)
Adjusted profit	138.5	87.8	-50.7	120.6	+32.8 (+37.4%)

Himawari Life

(Billions of yen)	FY2016	FY2017	Change	FY2018 (Forecasts)	Change (against FY2017)
Annualized new premium	50.2	35.8	-14.3	42.3	+6.4 (+18.0%)
Premium and other income	419.5	438.4	+18.9	452.0	+13.5 (+3.1%)
Investment profit (general account)	43.3	43.5	+0.1	44.7	+1.1 (+2.7%)
Ordinary profit	16.8	16.7	-0.1	21.9	+5.2 (+31.1%)
Net income	8.3	8.1	-0.2	12.0	+3.8 (+47.8%)
Adjusted profit	29.1	29.2	+0.0	Over 32.0	+2.7 (+9.6%)

Overview of FY2017 Results and Business Forecasts for FY2018 – Businesses (2)

Two major nursing care
operating companies*1

(Billions of yen)	FY2016	FY2017	Change	FY2018 (Forecasts)	Change (against FY2017)
Sales	110.8	119.2	+8.3	123.2	+3.9
Occupancy rate (SOMPO-no-le)*2	87.4%	91.7%	+4.3pt	93.5%	+1.8pt
(SOMPO-no-le S)*2	83.6%	90.0%	+6.3pt	91.0%	+1.0pt
(La vie Re)*2	80.1%	85.3%	+5.2pt	88.8%	+3.5pt
Net income	-2.9	2.9	+5.9	4.2	+1.2

SI

(\$ million)	FY2016	FY2017	Change	FY2018 (Forecasts)	Change (against FY2017)
Gross premiums written	4,202	4,707	+505	6,311	+1,604
Net premiums written	2,369	2,683	+313	3,755	+1,072
Net premiums earned	2,363	2,515	+151	3,209	+694
Net losses and loss expenses	1,321	2,073	+751	1,940	-132
Expense*3	760	819	+58	927	+108
Loss ratio*3	55.9%	82.4%	+26.5pt	60.4%	-22.0pt
Expense ratio*3	32.2%	32.6%	+0.4pt	28.9%	-3.7pt
Combined ratio*3	88.1%	115.0%	+26.9pt	89.3%	-25.7pt
Underwriting income	281	-434	-715	353	+788
Net investment income	176	221	+44	277	+55
Net income (After Preferred dividend)	333	-234	-568	478	+713
Adjusted profit	297	471	+173	478	+7

*1 SOMPO Care and SOMPO Care Next. These are scheduled to merge in July 2018.

*2 SOMPO-no-le, SOMPO-no-le S, and La vie Re are brands of SOMPO Care's nursing homes, SOMPO Care's serviced residential complexes for elderly, and SOMPO Care Next's nursing facilities respectively.

*3 The denominator of loss ratio, expense ratio and combined ratio is net premiums earned. One-time merger cost is excluded as a special factor in expense, expense ratio and combined ratio in FY2017.

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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