

Topics & Basics

November 2019
Sompo Holdings, Inc.



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Overview of SOMPO Holdings

- ◆ Positioning the Sampo Japan Nipponkoa as the core, SOMPO Holdings develops domestic and overseas insurance businesses, etc.
- ◆ Ordinary income amounted to over ¥3.6 trillion and total assets amounted to around ¥12 trillion.

Group at a glance



SOMPO HOLDINGS

Domestic P&C

- Sampo Japan Nipponkoa
*Change the company name to
"Sampo Japan Insurance Inc."
as of April 1, 2020 (scheduled date)
- Saison Automobile & Fire
- Insurance Service
- DC Securities
- Risk Management

Overseas insurance

- Sampo International (SI)
- Sampo Seguros (Brazil)
- Sampo Sigorta (Turkey)
- Berjaya Sampo (Malaysia)
- Sampo Singapore, etc.

Domestic life

- SOMPO Himawari Life

Nursing care & healthcare business, etc.

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

Selected financial data (Consolidated)

(¥ bn.)	FY2017	FY2018	FY2019 (Forecasts)
Consolidated Ordinary Income	3,770.0	3,643.0	-
Consolidated Ordinary Profit (Loss)	141.8	198.9	185.0
Consolidated Net Income (Loss)	139.8	146.6	118.0
Total Assets	11,948.3	12,018.2	-
Total Net Assets	1,916.2	1,779.9	-
Market Capitalization	1,632.1	1,528.4	-

Credit Ratings (As of November 2019)

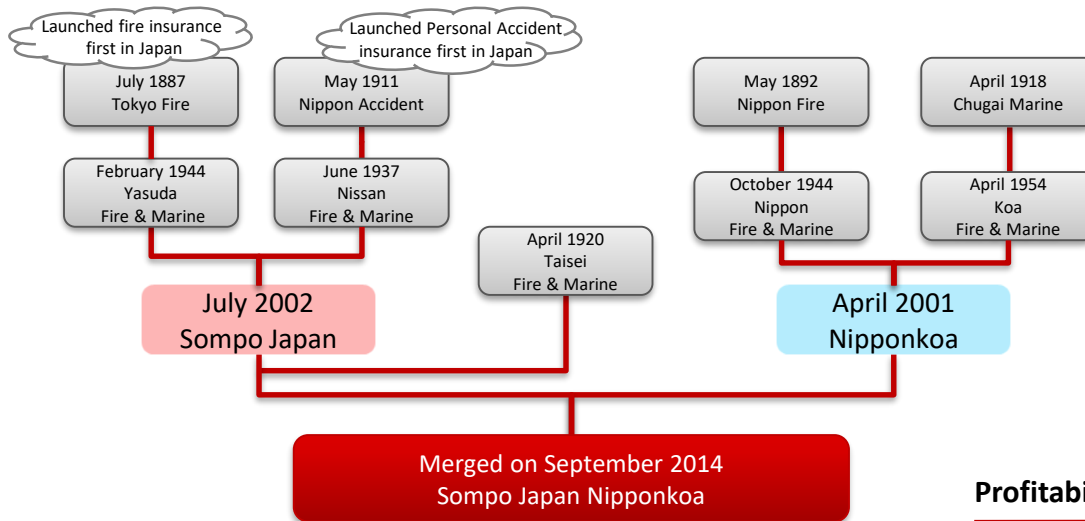
	Sampo Japan Nipponkoa	SI*	Himawari Life
S&P	A+ (Stable)	A+ (Stable)	A+ (Stable)
Moody's	A1 (Stable)	-	-
A.M. Best	A+ (Stable)	A+ (Stable)	-
R&I	AA (Stable)	-	AA (Stable)
JCR	AA+ (Stable)	-	-

* Sampo International Holdings Ltd. main subsidiaries

Overview of Sompo Japan Nipponkoa

◆ We have a history of over 130 years, and net premiums written amount to around ¥2.1 trillion.

History of domestic P&C insurance



Selected financial data

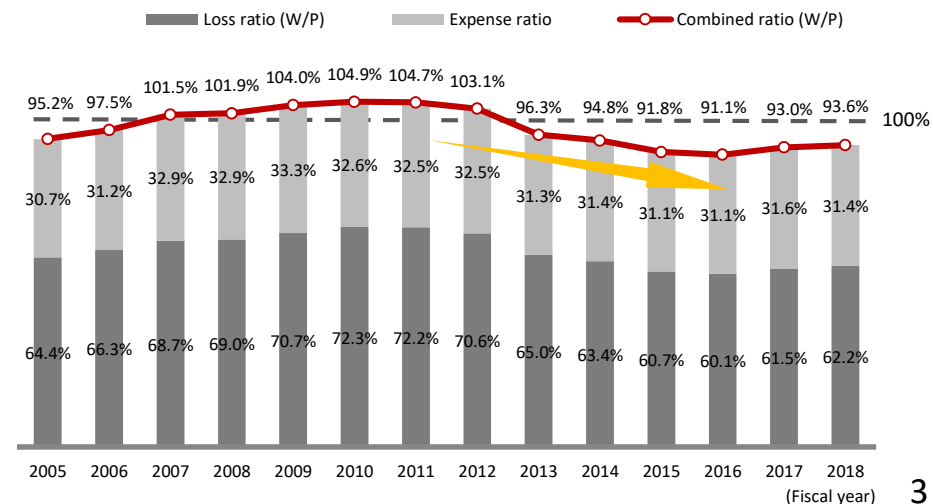
(¥ bn.)	FY2017	FY2018	FY2019 (Forecasts)
Net Premiums	2,168.0	2,148.6	2,185.5
Ordinary Profit (Loss)	175.2	215.5	180.0
Net Income (Loss)	170.0	175.7	130.0
Total Assets	7,688.1	7,515.8	-
Total Net Assets	1,574.5	1,496.3	-
Combined Ratio (W/P)* ¹	95.9%	101.6%	97.9%

*1 excl. CALI, household earthquake.

Sum of W/P loss ratio and net expense ratio.

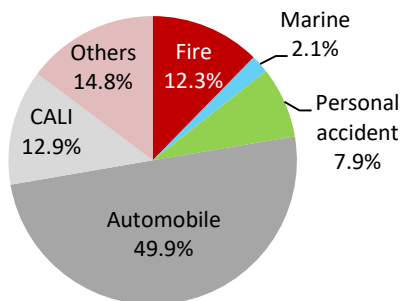
W/P loss ratio means written-paid loss ratio; numerator is net claims paid, and denominator is net premiums written (The same shall apply hereafter.)

Profitability in Automobile insurance

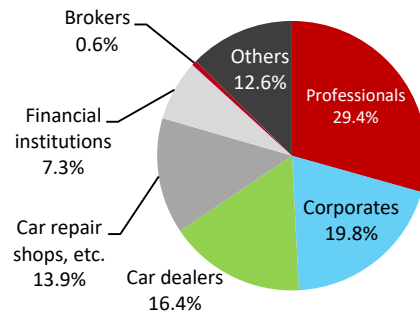


Premiums in FY2018

By products (Net premiums)



By distribution channel*² (Gross premiums)



*² Gross premium on a performance evaluation basis, excluding saving-type insurance.

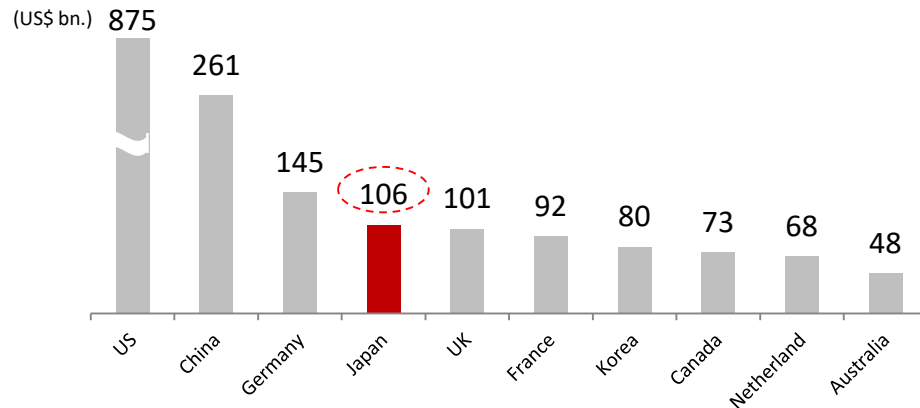
"Professionals", "Corporates", "Car dealers", "Car repair shops, etc.",

"Financial institutions" and "Others" are all agents.

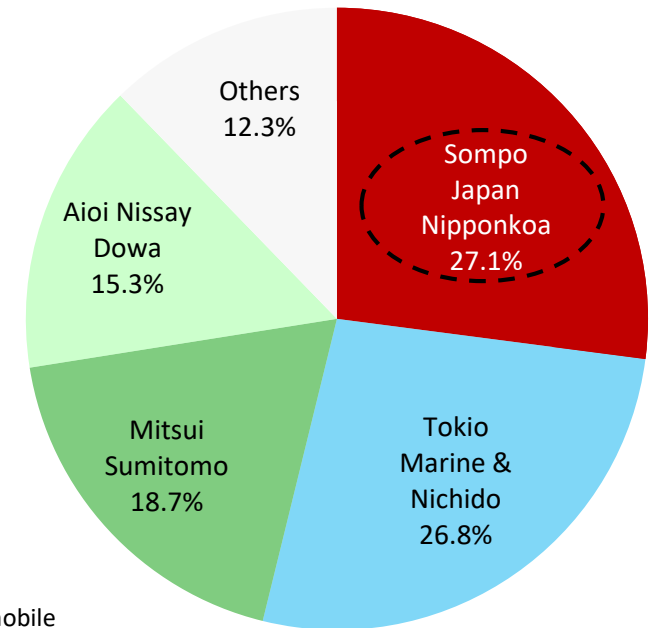
Overview of the Japanese P&C Insurance Market and Our Position

- ◆ The market Premiums have been growing mainly in automobile insurance.
- ◆ The total market share of the top 4 companies is approximately 90% and the profit is stable.

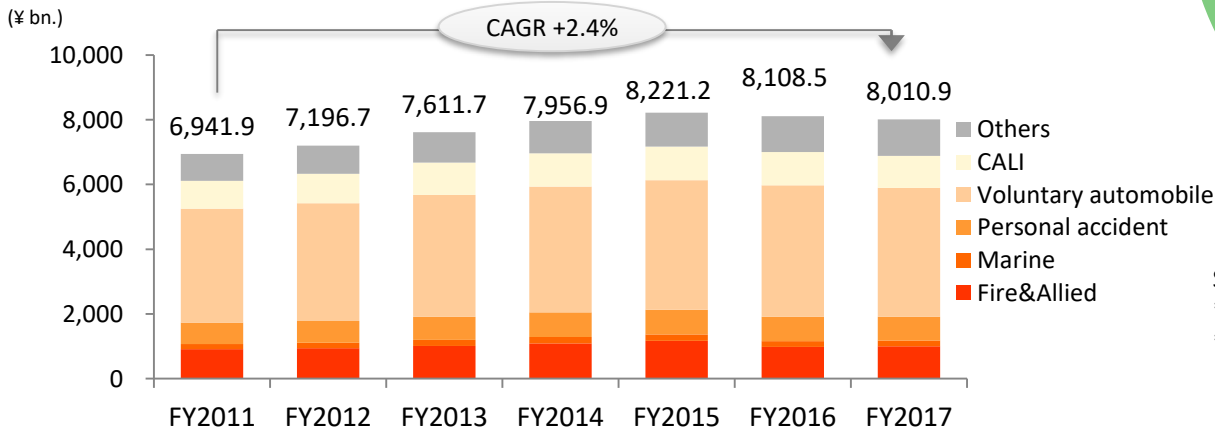
Size of P&C insurance market by country*¹ (FY2018)



Market share in the Japanese P&C insurance market*² (FY2017)



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 SI and Himawari Life

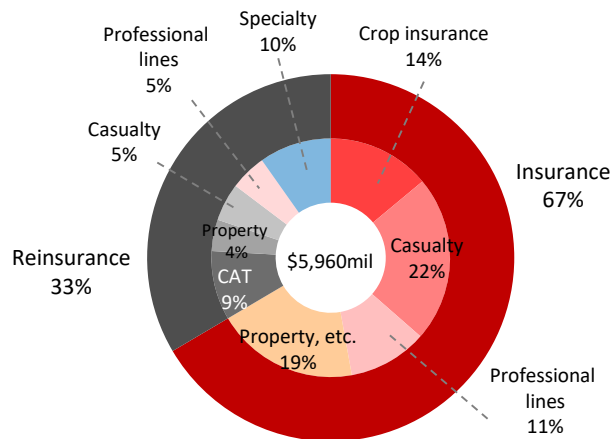
Selected financial data of SI*1

(\$mil)	FY2017	FY2018	FY2019 (Forecasts)
Gross premiums written	5,281	5,960	6,681
Net premiums written	2,888	3,319	3,869
Adjusted profit	511	177	318
Total assets	17,528	19,460	-
Total net assets	5,573	5,627	-
Combined ratio*2	113.6%	99.4%	96.1%

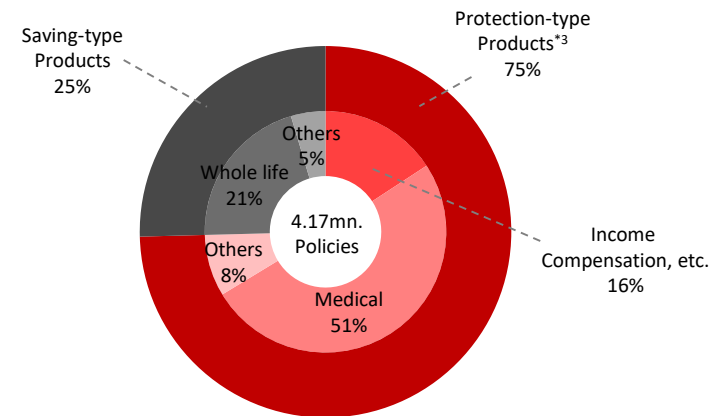
Selected financial data of Himawari Life

(¥ bn.)	FY2017	FY2018	FY2019 (Forecasts)
Annualized new premium	35.8	37.0	28.0
Premium and other income	438.4	444.4	447.0
Ordinary profit	16.7	26.5	28.3
Net income	8.1	15.3	16.0
Total assets	2,796.2	3,006.0	-
Total net assets	133.9	157.8	-

Gross premiums written by product line (FY2018)



Product mix (policies in force, as of end of Sep. 2019)



*1 Incl. former Sampo America, Sampo Mexico and SJNK Europe.

*2 One-time merger cost was excluded as a special factor in combined ratio in FY2017.

*3 Mainly medical, cancer, income compensation, and term life insurance (excluding long term life insurance, etc.)

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2nd Half of Mid-term Management Plan

- ◆ In the 2nd half of the Mid-term Management Plan, the main priority will be qualitative evolution towards dramatic growth in the 2020s.
- ◆ 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, thereby solving social issues and increasing corporate value over the medium and long terms.

Until FY2018

FY2019 to FY2020

Early in 2020s

Our vision

Accelerate our qualitative evolution

- Transform business portfolio
- Digital Strategy
- Superiority established and strengthened in each business
- Transform our corporate culture

Built firm management foundation

- Improved profitability of domestic P&C insurance business
- Expanded overseas insurance business with M&As
- Grew steadily domestic life insurance business
- Built business foundation and became profitable in nursing care business

Achieve drastic growth

- Aim to be the global top 10 insurance group
- Adjusted consolidated profit : ¥300.0 billion level
- Adjusted consolidated ROE : over 10.0%

**Theme park
for the security,
health, and wellbeing
of customers**

**Provide total support that goes
beyond the framework of the
insurance business**

**Resilience to environmental changes
(as a company with a global presence)**

Solve social issues*



* Identify and mark the main United Nations' Sustainable Development Goals (SDGs) that correspond to SOMPO's initiatives

Overview of 1st Half of Mid-term Management Plan – Typical Achievements –

- ◆ Current mid-term management plan period is from FY2016 to FY2020.
- ◆ Steadily executed plans with the aim to achieve a transformation (qualitative evolution) of the group and each business in 1st half of mid-term management plan.

Typical achievements of 1st half of mid-term management plan (FY2016 to FY2018)

Group common initiatives	Governance	<ul style="list-style-type: none"> ✓ Established strong and agile management framework with introduction of business owner / CxO systems ✓ Accelerated speed of management decision-making based on diversified knowledge with introduction of Global ExCo
	ERM/ Capital allocation	<ul style="list-style-type: none"> ✓ Enhanced profitability and capital efficiency with ERM and issued hybrid bonds leveraging low interest rate environment ✓ Expanded shareholder returns while balancing properly between financial soundness, growth strategies and ROE level
	Digital Strategy	<ul style="list-style-type: none"> ✓ Established trilateral structure in Tokyo, Silicon Valley and Tel Aviv and promoted the use of digital technology ✓ Completed roughly 100 PoC cases and put 20 in practical use, including call center AI
Domestic P&C		<ul style="list-style-type: none"> ✓ Reviewed our pricing and reinsurance strategies and also improved capital efficiency through reducing strategic-holding stocks and other measures ✓ Strengthened customer contact mainly through the Portable Smiling Road app and LINE (messaging app) insurance
Overseas insurance		<ul style="list-style-type: none"> ✓ Completed our reorganization in developed countries with the acquisition of Endurance (now SI), sale of Canopius ✓ Launched the retail platform vision and our global brands such as AgriSompō
Domestic life		<ul style="list-style-type: none"> ✓ Launched the Linkx (“link cross”) brand and started developing products and services centering on health management and improvement ✓ Launched initiatives aimed at improving disruptive productivity mainly through the concentration of administrative operations at head quarter
Nursing care and healthcare, etc.		<ul style="list-style-type: none"> ✓ Entered into the nursing care business in earnest and explored new business opportunities in surrounding fields ✓ Merged our two nursing care companies and quickly moved into profitability through integration and higher productivity

Initiatives of 2nd Half of Mid-term Management Plan – Main Strategy –

- ◆ Aim to materialize the effect of our initiatives toward the vision of “theme park for the security, health, and wellbeing of customers”.
- ◆ Plan to complete our transformation successfully into a resilient company, and boost profit and ROE levels.

FY2019 to FY2020

After FY2021

Superiority established and strengthened in each business

Enhance our competitive advantage further and bolster our business base

Refer to page 20 afterwards

Domestic P&C

- Optimize our product-pricing strategies and transform earnings structure with drastic initiatives for cost reduction, etc.
- Generate new customer contact and create new sources of earnings through alliances and digitalization

Overseas

- Accelerate growth by harnessing a global platform
- Expand our business base through bolt-on M&As, etc.
- Maintain disciplined underwriting focusing on risk-return

Domestic Life

- Enhance Insurhealth, which integrates insurance function with customers' health management and improvement
- Improve drastically productivity by harnessing AI, etc.

Nursing care and healthcare, etc.

- Improve productivity with the use of the Future Care Lab, etc.
- Transform earning portfolio by creating profits in peripheral businesses in contrast with current public nursing care insurance revenue
- Build a strong SOMPO brand in the area of dementia care

Digital Strategy

Aim at digital transformation

- ✓ Promote digitalization in our existing businesses
- ✓ Implement open innovation through investments in start-ups
- ✓ Enhance business strategy by utilizing “Data”

Transform business portfolio

Enhance stability through diversifying our business domain and earnings sources

- ✓ Create a lot of synergies among businesses
- ✓ Strategic tie-ups and disciplined M&As
- ✓ Develop business in peripheral business fields, such as the healthcare market. Through that, enhance business diversification effect

Transform our corporate culture

Continue to transform our corporate culture and globalize our corporate governance

- ✓ “Mission Driven, Result Oriented”
- ✓ Globalize our management structure
- ✓ Move to “company with committees”

“Theme park for the security, health, and wellbeing of customers”

Provide total support that goes beyond the framework of the insurance business

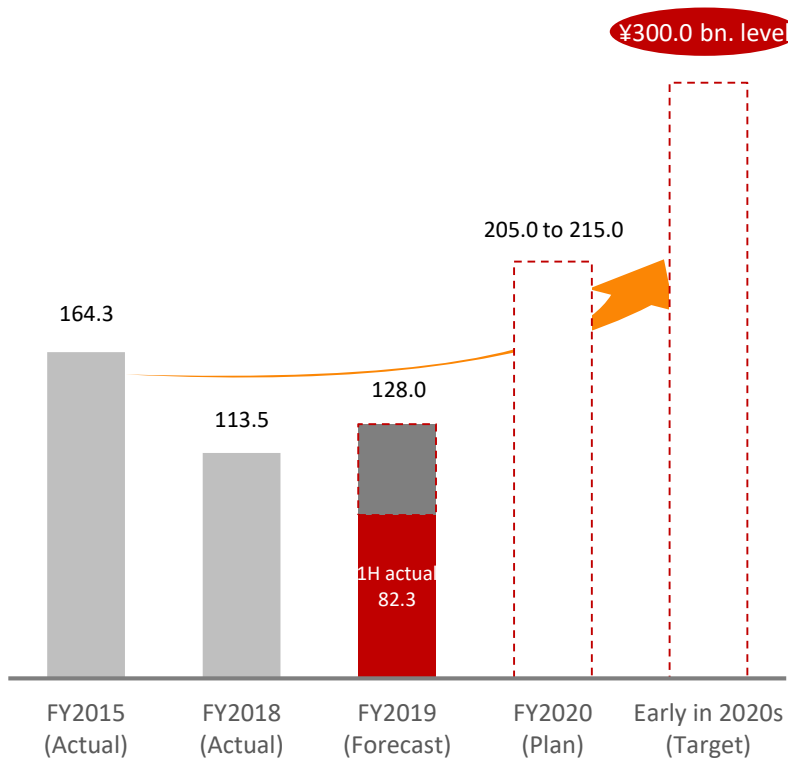
Resilience to environmental changes (as a company with a global presence)

Numerical Management Targets

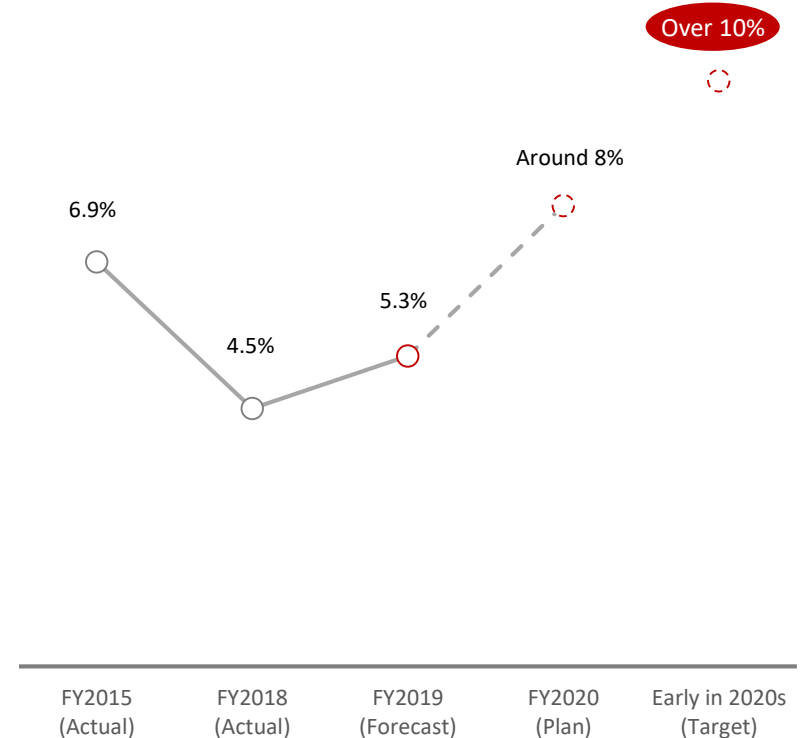
- ◆ Revised the adjusted consolidated profit forecast for FY2019 to ¥128.0 billion, mainly due to the impact of natural disasters.
- ◆ Pave the way for dramatic growth from the next Mid-Term Management Plan onward after fortifying Sompo's business foundation by speedily addressing environmental changes.

Adjusted consolidated profit*

(Billions of yen)



Adjusted consolidated ROE



* The figures for FY2015 Estimation based on current definition of adjusted profit

(Reference) Business Portfolio Transformation

◆ Progress risk diversification of entire group, aim to achieve well-balanced business portfolio.

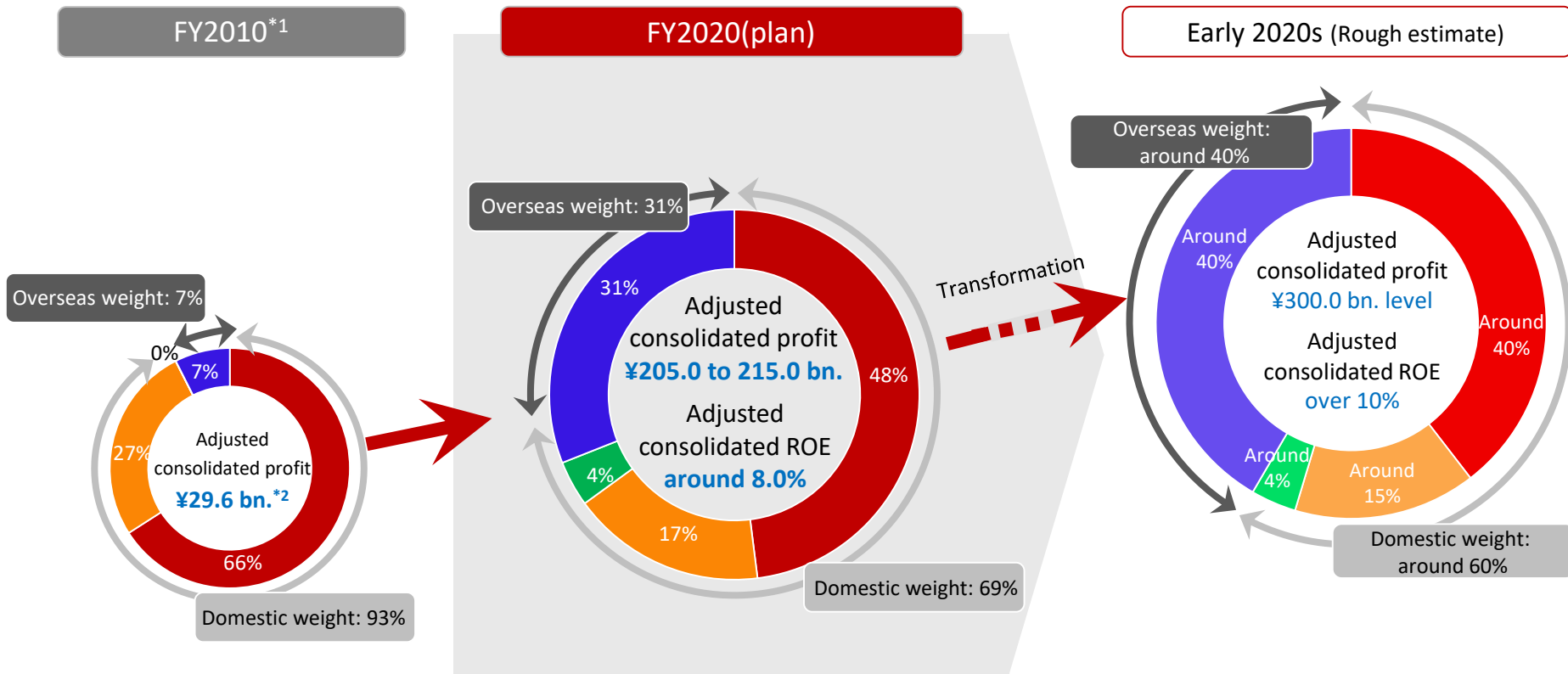
Vision of optimizing business portfolio

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

FY2010^{*1}

FY2020(plan)

Early 2020s (Rough estimate)



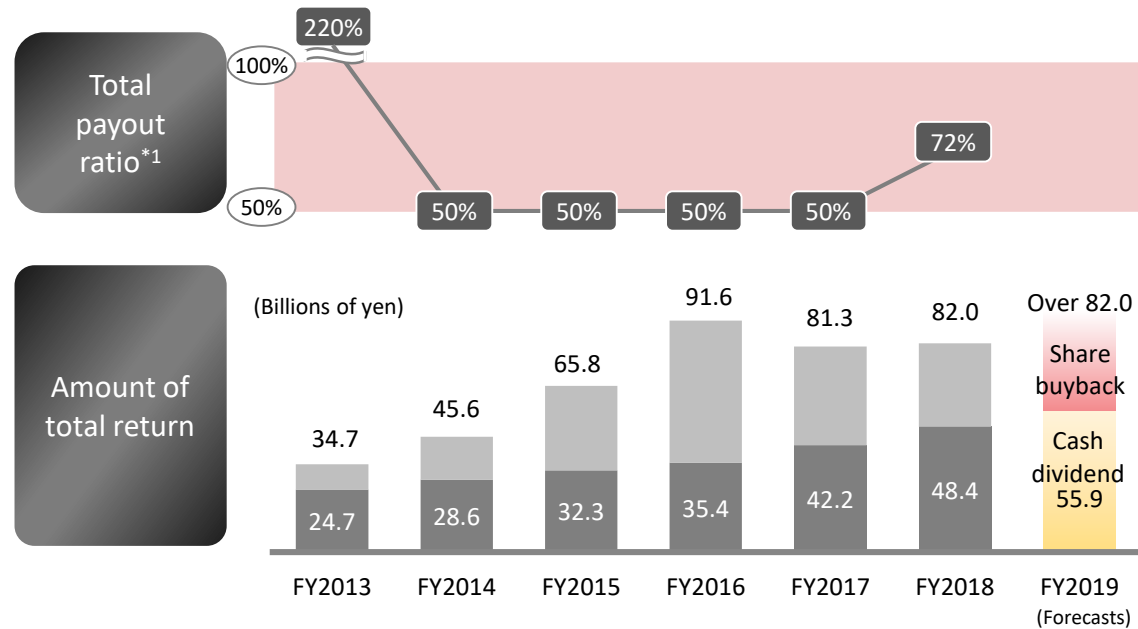
*1 FY of SOMPO holdings establishment

*2 Estimation based on current definition of adjusted profit

Shareholder Return

- ◆ As for total shareholder returns for FY2019, plan to exceed the amount of total shareholder returns for FY2018 on the premise that adjusted consolidated profit forecast doesn't change largely going forward.
- ◆ Continue to aim to enhance shareholder return through drastic growth of adjusted consolidated profit as resource of shareholder return in mid-term.

History of shareholder returns



Shareholder return policy

- Aim to deliver attractive shareholder returns in consideration of financial soundness, earnings, and other factors.
- Target a total payout ratio of 50%–100% and determine total shareholder returns flexibly, comprehensively take into account factors such as chance of large-scale M&As and capital adequacy.
- Adopt a basic policy of continuing to increase dividends.

Annually determine the balance of dividends and share buybacks based on stock price and dividend yield, etc.

Adjusted consolidated profit*2 (Billions of yen)	15.8	90.8	132.0	183.2	162.7	113.5	128.0
DPS (yen)	60	70	80	90	110	130	150
(Reference)Total shareholder return yield*3	3.2%	3.0%	5.1%	5.7%	4.9%	5.4%	-

*1 Total payout ratio = (Cash dividend + Share buyback) / Adjusted consolidated profit

*2 Adjusted consolidated profit before FY2015 was amount of resource of shareholder return

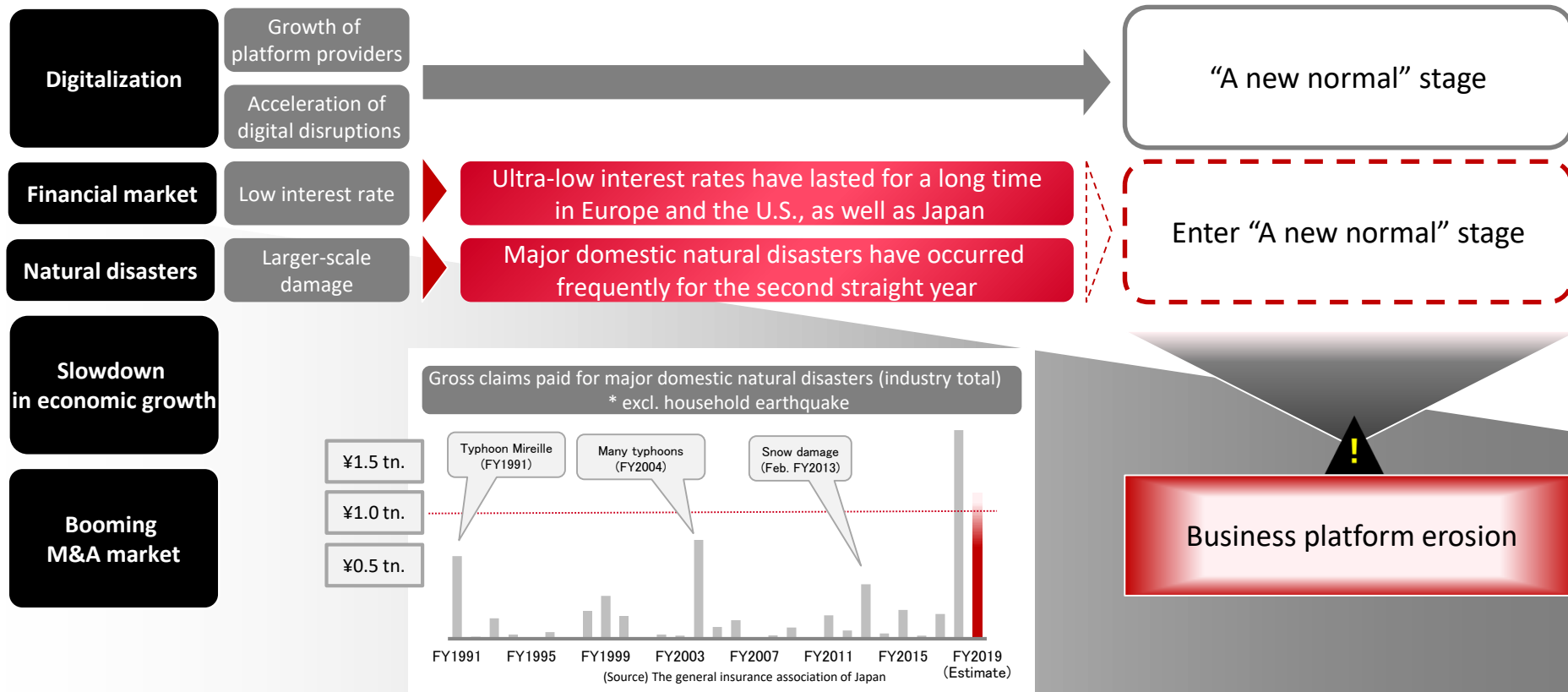
*3 Total shareholder return yield = (Cash dividend + Share buyback) / Market cap. as of end of FY

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Further Changes in External Environment - "A New Normal" Stage -

- ◆ Cyclical changes in external environment have become even shorter and digitalization has already reached "a new normal" stage.
- ◆ The frequent occurrence and increasing severity of natural disasters and the ultra-low interest rate environment are also entering "a new normal" stage.

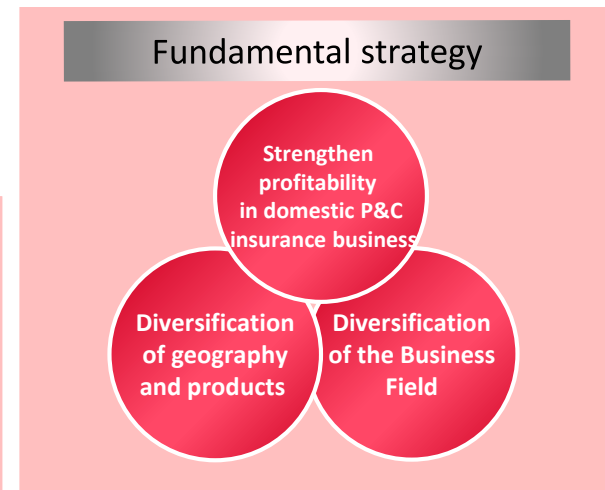
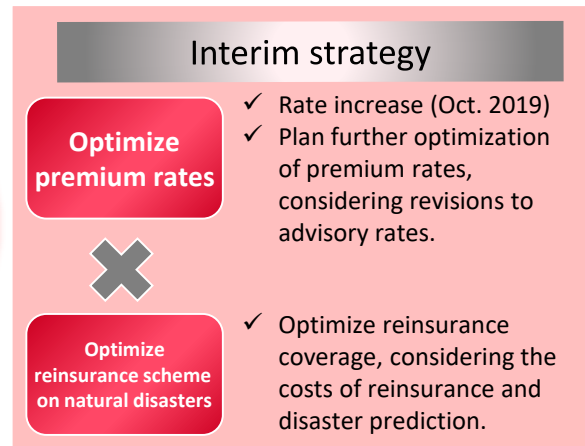
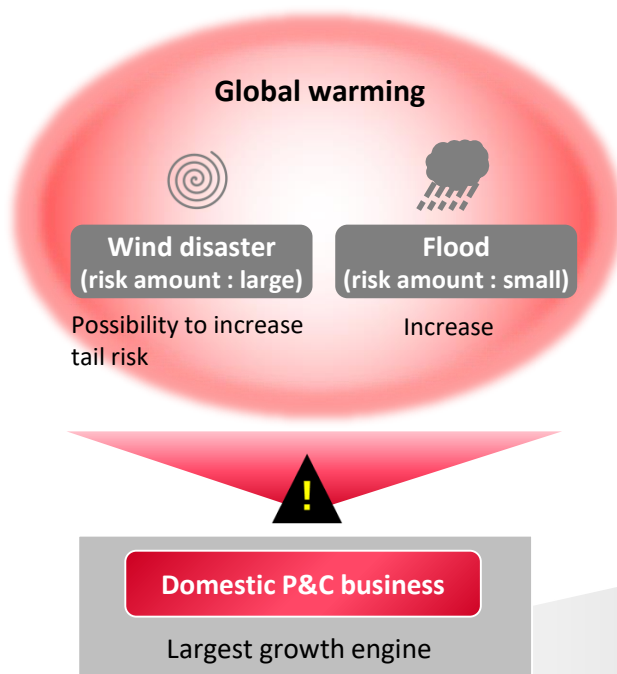
Recent changes in external environment



Strategy for “A New Normal” Stage

- ◆ For the time being, natural disasters and other new normals will be addressed by adjusting premium rates and optimizing reinsurance coverage.
- ◆ At a more fundamental level, there has been no change in our policy of addressing new normals by accelerating qualitative evolution, a key priority for the 2nd half of the Mid-Term Management Plan.

Strategy against changes of external environment



Strengthen Profitability in Domestic P&C Insurance Business

- ◆ Domestic P&C insurance business will strive to enhance profitability further, taking into account the challenging business environment.

Initiatives for strengthening profitability

Strategies for improvement of combined ratio

Loss Control

Optimize
premium
rates

Reflect costs such as the
consumption tax hike
Rate increase in auto line
(About +3% : Jan. 2020 (Plan))

Underwriting

Strengthen underwriting and loss prevention
Optimize premium rates in commercial lines
(Improved earnings from 72%
of eligible policies in 1H FY2019)

Strengthen profitability

Overwhelming
capital efficiency

Productivity

Utilize
digital,
AI and RPA

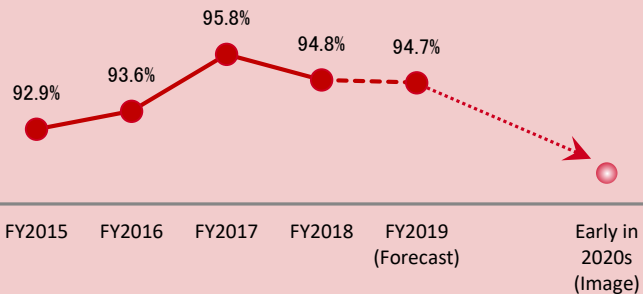
Utilize AI to knowledge management
For employees (Apr. 2018)
For agents (Oct. 2019)^{*3}

Reform
core
system
infrastructure

Drastic simplification
Program step : - 60%
Time required for product revisions : -70%

^{*3} Trial implementation

Combined ratio (W/P)^{*1*2}



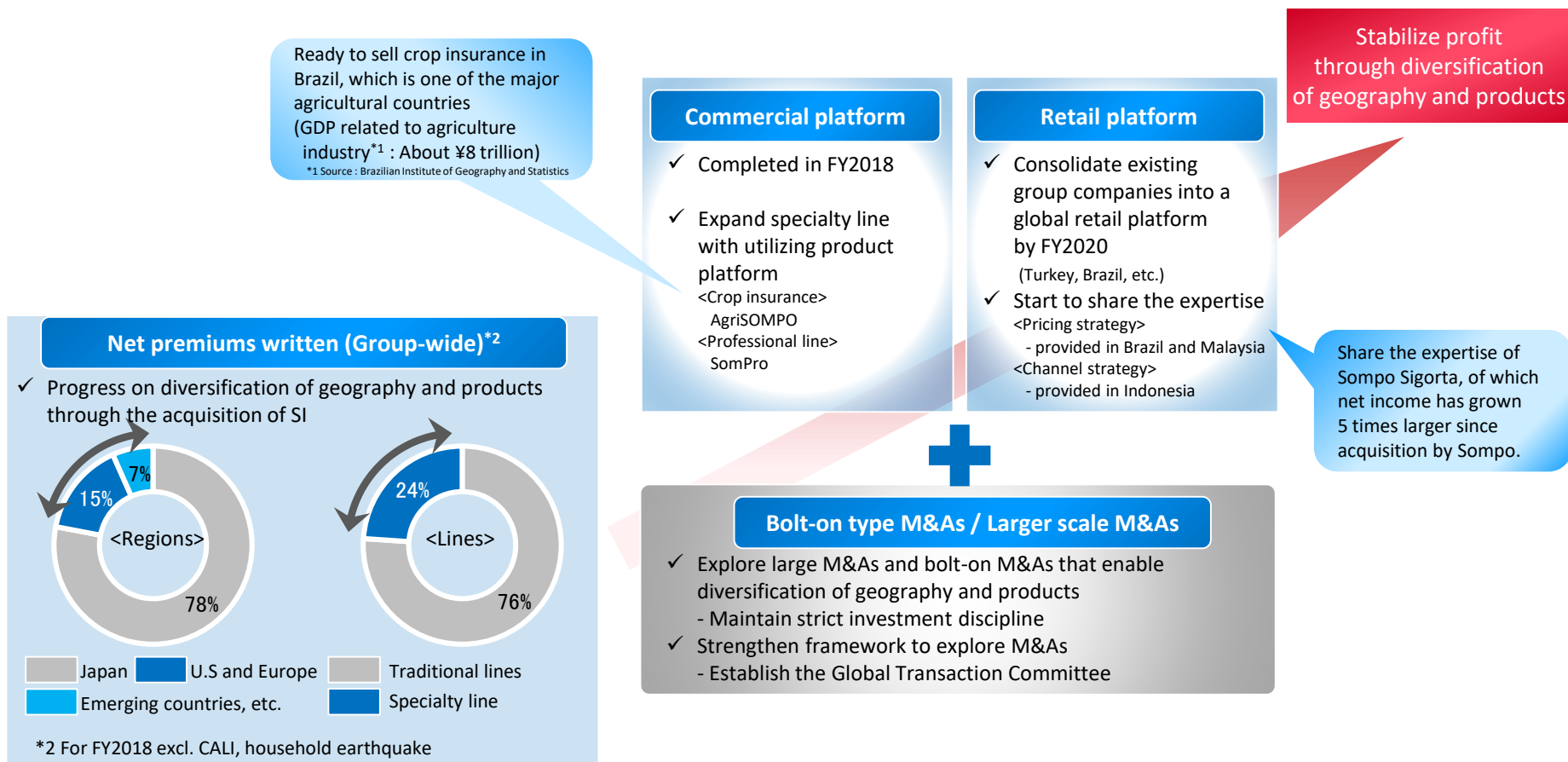
^{*1} Sompo Japan Nipponkoa (excl. CALI, earthquake)
Revised number, assuming an net claims paid of ¥47.0 billion on domestic natural disasters (equivalent to the historical average)

^{*2} Sum of W/P loss ratio and net expense ratio.
W/P loss ratio means written-paid loss ratio;
numerator is net claims paid, and denominator is net premiums written(The same shall apply hereafter.)

Diversification of Geography and Products through the Globalization

- ◆ Diversification of geography and products progressed dramatically as a result of the acquisition of SI.
- ◆ Expand specialty insurance product and enhance profitability of retail business through building SI as a global platform.

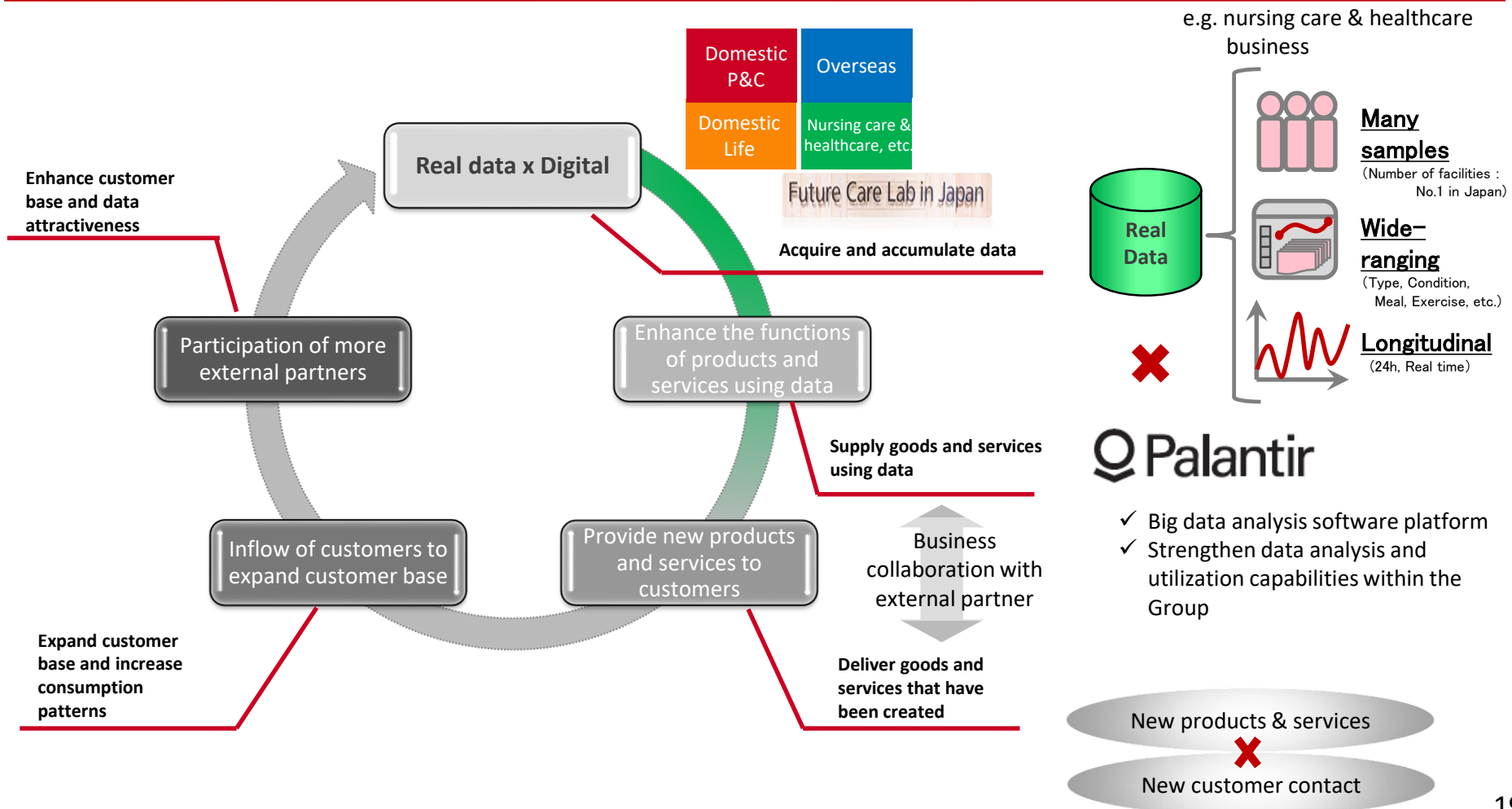
Evolution of diversification of geography and products through qualitative evolution



Diversification of the Business Field - e.g. (1) Real Data Platform -

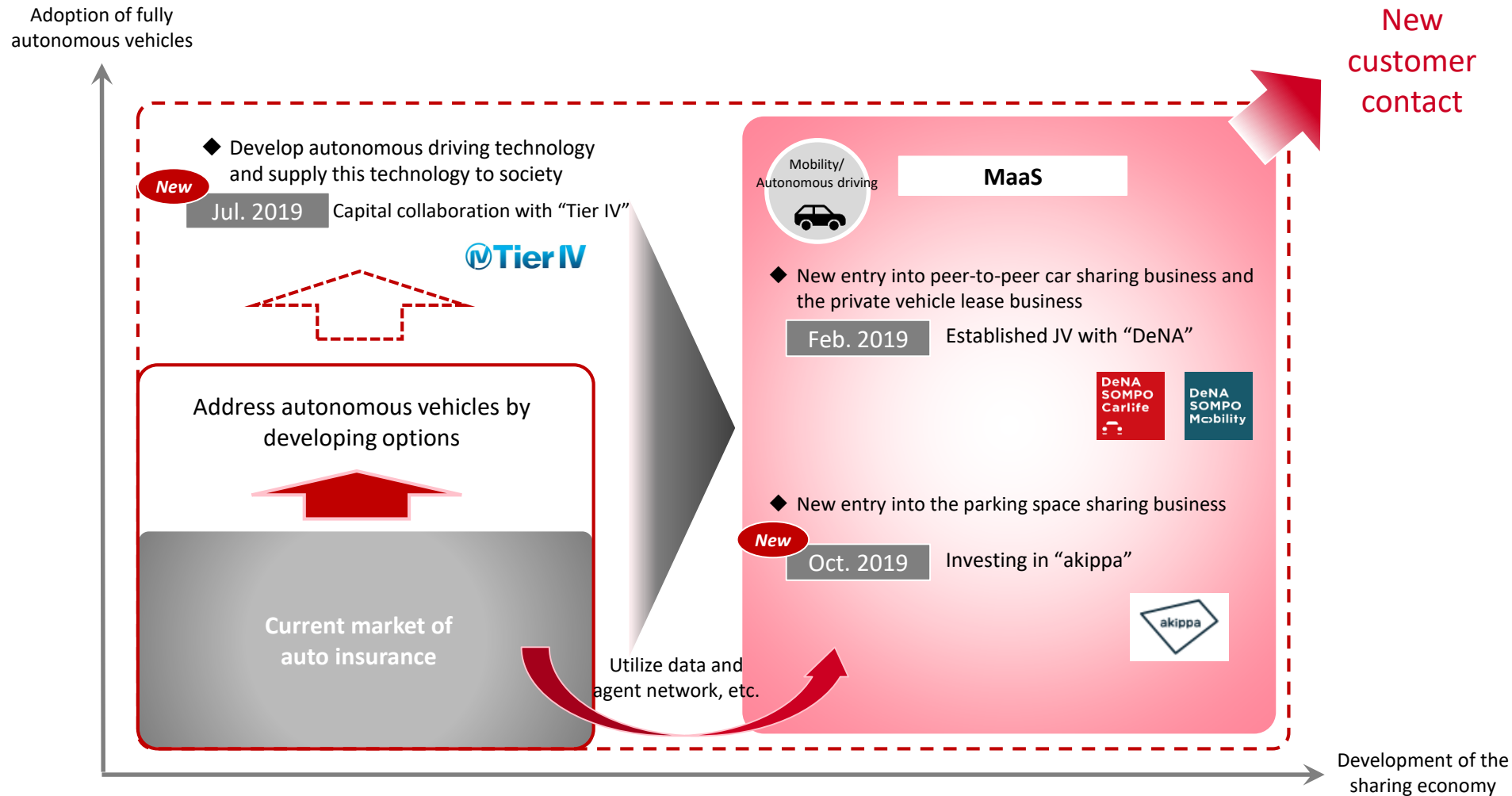
- ◆ Utilize the Sampo Group's real data by forming a partnership with Palantir Technologies Inc., which has superior expertise in big data analysis.
- ◆ In the first stage, aim to create new business in the senior wellness field, where we have data that other companies cannot match in terms of quantity and quality.

Beneficial cycle arising from real data and business network effect expansion



Diversification of the Business Field - e.g. (2) MaaS/Property -

- ◆ Execute full-scale strategic investments in platform providers, in anticipation of expansion in the MaaS field.



(Reference) Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2018	FY2019		FY2020
	(Actual)	(1H Actual)	(Forecasts)	(Plan)
Domestic P&C insurance	42.3	34.4	41.5	Over 95.0
Overseas insurance	33.0	27.7	47.0	Over 65.0
Domestic life insurance	32.8	17.1	34.0	Over 37.0
Nursing care & healthcare, etc.	5.2	2.9	5.5	Over 8.0
Total (Adjusted consolidated profit)	113.5	82.3	128.0	205.0 to 215.0
Adjusted consolidated ROE*²	4.5%	-	5.3%	Around 8%
ROE (J-GAAP)	8.0%	-	6.9%	Around 9.5%

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.

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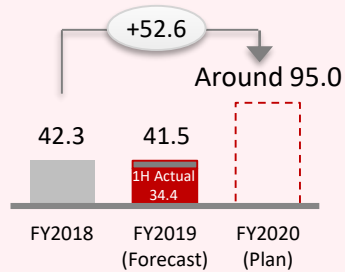
Businesses of 2nd Half of Mid-term Management Plan

◆ Quantitative evolution has progressed steadily in each business.

Adjusted profit by segment and typical key factors

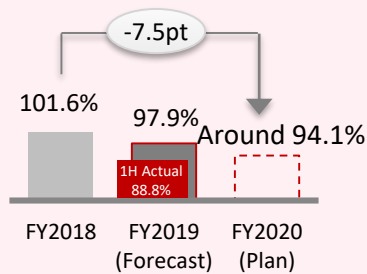
Adjusted profit (Billions of yen)

Plan to expand profit drastically despite impact of consumer tax hike and others.



Combined ratio(W/P)*1

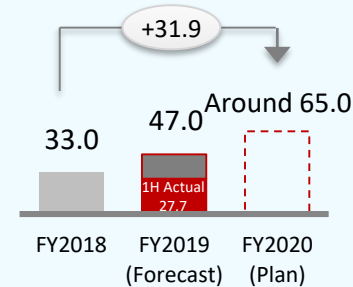
Accelerating proper pricing and streamlining of personnel allocation



*1 excl. CALI, household earthquake

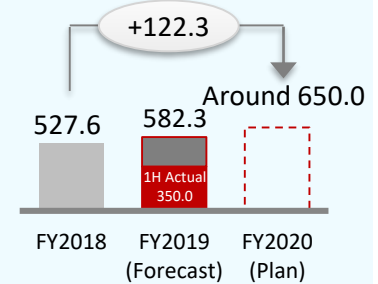
Adjusted profit (Billions of yen)

Plan to expand profit drastically while adequately managing cat risk



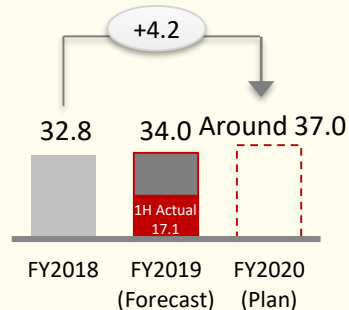
Net premium written (Billions of yen)

Plan to expand premium written centered in specialty line on global base



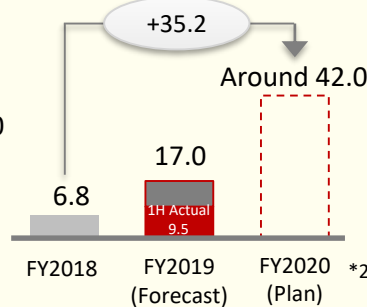
Adjusted profit (Billions of yen)

Through expansion of policies in force, plan to increase profit steadily



Annualized premium in force*2 (Billions of yen)

Through promoting insurhealth, plan to expand policies in force



Domestic P&C

Overseas

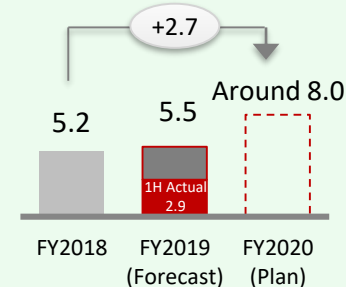
Domestic Life

Nursing care & healthcare, etc.

*2 Insurhealth product

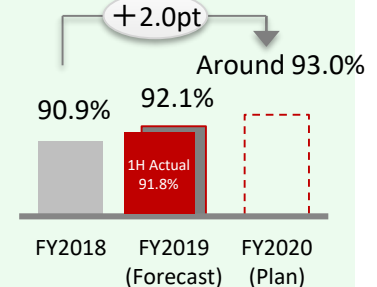
Adjusted profit (Billions of yen)

Continue growth trend in light of occupancy rate improvement



Occupancy rate

Aim to continue to steadily improve



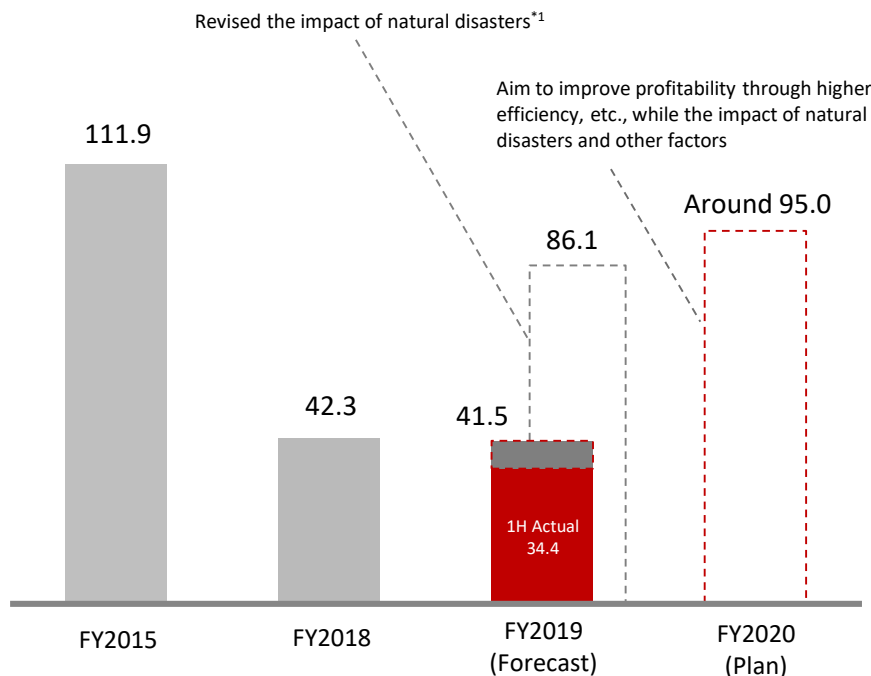
Domestic P&C	Overseas
Domestic life	Nursing care & healthcare, etc.

Progress of Domestic P&C Insurance

- ◆ Prepare for future external environmental changes through achieving quantitative evolution and higher operating efficiency with upfront investments such as AI, RPA and IT system.
- ◆ Aim at further profit growth and stability through transformation of product portfolio such as thorough optimization of premium rates.

Plan for adjusted profit

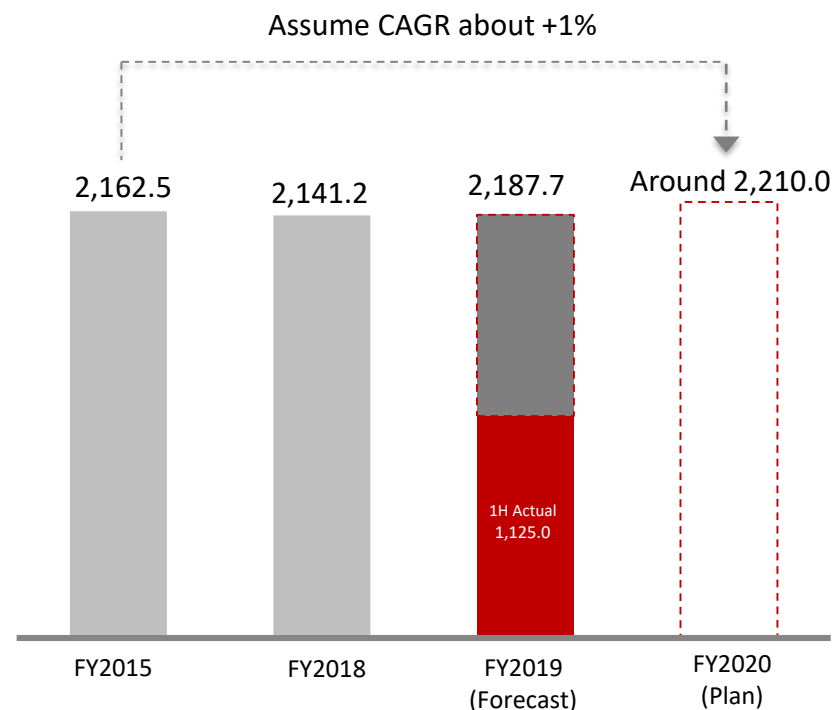
(Billions of yen)



*1 Revised adjusted consolidated profit, assuming an incurred loss on domestic natural disasters of ¥53.0 billion (equivalent to the historical average and estimated amount in initial forecasts for FY2019)

Net premiums written (Sompo Japan Nipponkoa)*2

(Billions of yen)



*2 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

- ◆ Improvement of profitability and qualitative evolution in light of changes in customer needs have progressed.

(1) Improvement of customer satisfaction in existing business

Strengthened measures to improve quality and enhance productivity, with an improving trend in customer satisfaction

Channel Innovation Growth

Strengthen support for agency

- Build business foundation
- Improve autonomy and productivity
- Improve administrative quality
- Sales

Innovation of claim services

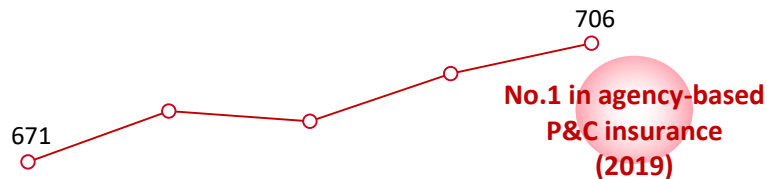
Provide security

- One to one service
- Polite approach

Speed

- Utilize digital technology
- Simplify rules

<Automobile insurance claims satisfaction*1>



*1 J.D. Power automobile insurance claims satisfaction (Perfect score : 1,000)

(2) Growth strategy

Organically expand new customer contact and new products and services, in order to continuously increase the number of customers

LINE*2 platform

Customer contact & Information control

One to One marketing

AI Chatbot

- Distribution of maturity notices
- Links with personal website accounts

SOMPO Park

LINE platform

*2 Messaging app

Claim services

Business ecosystem of 80 million people

Insurance products

LINE-based accident reporting/claims service

AI-based automated repair estimates

- LINE-based accident reporting/claims service
- Automobile photograph support/ AI-based automated repair estimates
- Complete the entire process from accident reporting to claims payment in as little as 30 minutes
- Around 20% of all cases can be processed with AI-based estimates

Easy-to-purchase insurance

New customer experience

- LINE insurance with 9.3 million friends
- Track record of 220,000 policies sold cumulatively
- Small amount and short-term insurance company "Mysurance"
- Launched on Mar, 2019

Direct business (Saison Automobile & Fire)



LINE Financial

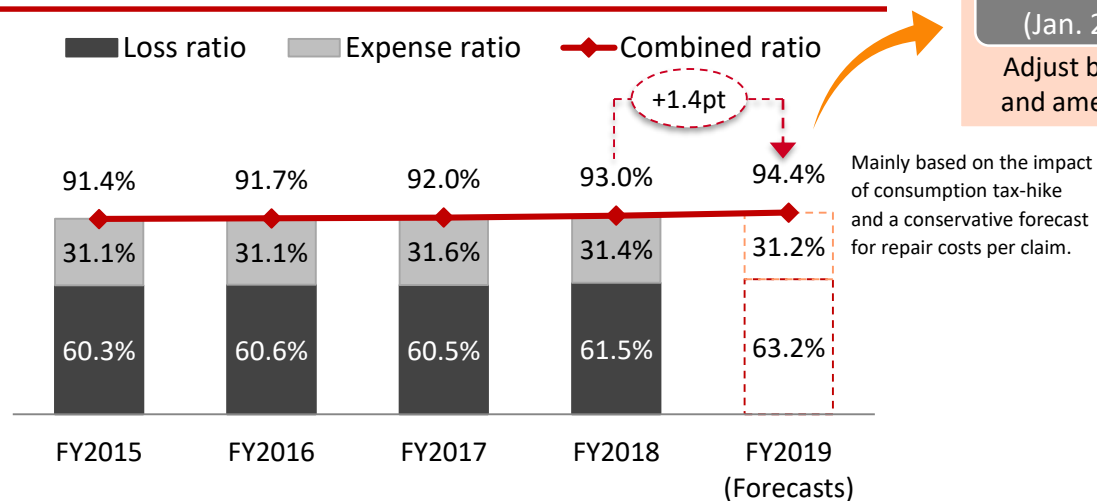
- ✓ Mainly due to differentiated product, No.1 growth rate in the industry
- ✓ Became the industry's third largest direct P&C insurer through a merger with Sonpo 24 Insurance Company Limited in July 2019

おとなの自動車保険

(Reference) Automobile Insurance

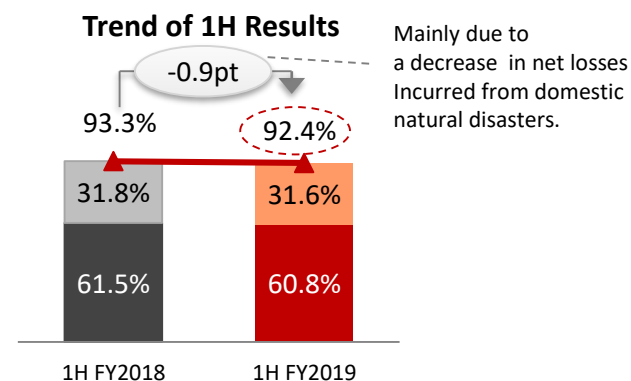
◆ Plan rate-hike as well as cost reduction, based on consumption tax hike and amendments to Japan's Civil Code.

(Reference) E/I Combined ratio

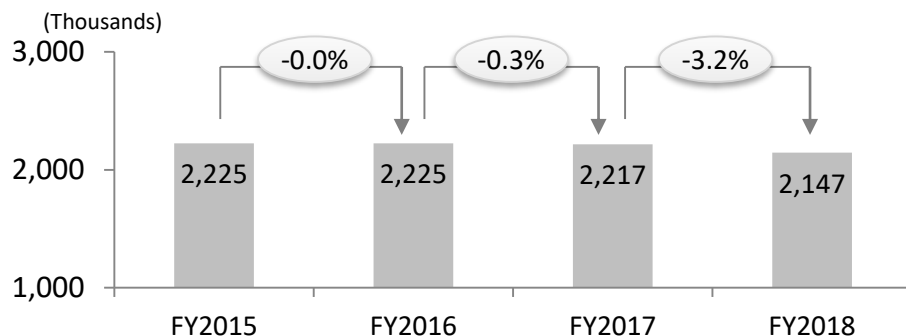


* Loss ratio is on a earned incurred basis (including loss adjustment expense).

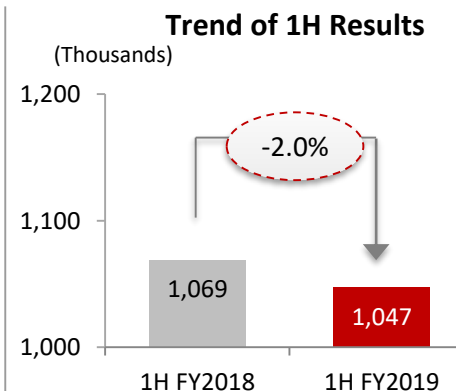
Rate-hike (Jan. 2020) × Cost reduction
Adjust based on consumption tax hike and amendments to Japan's Civil Code



(Reference) The number of reported claims



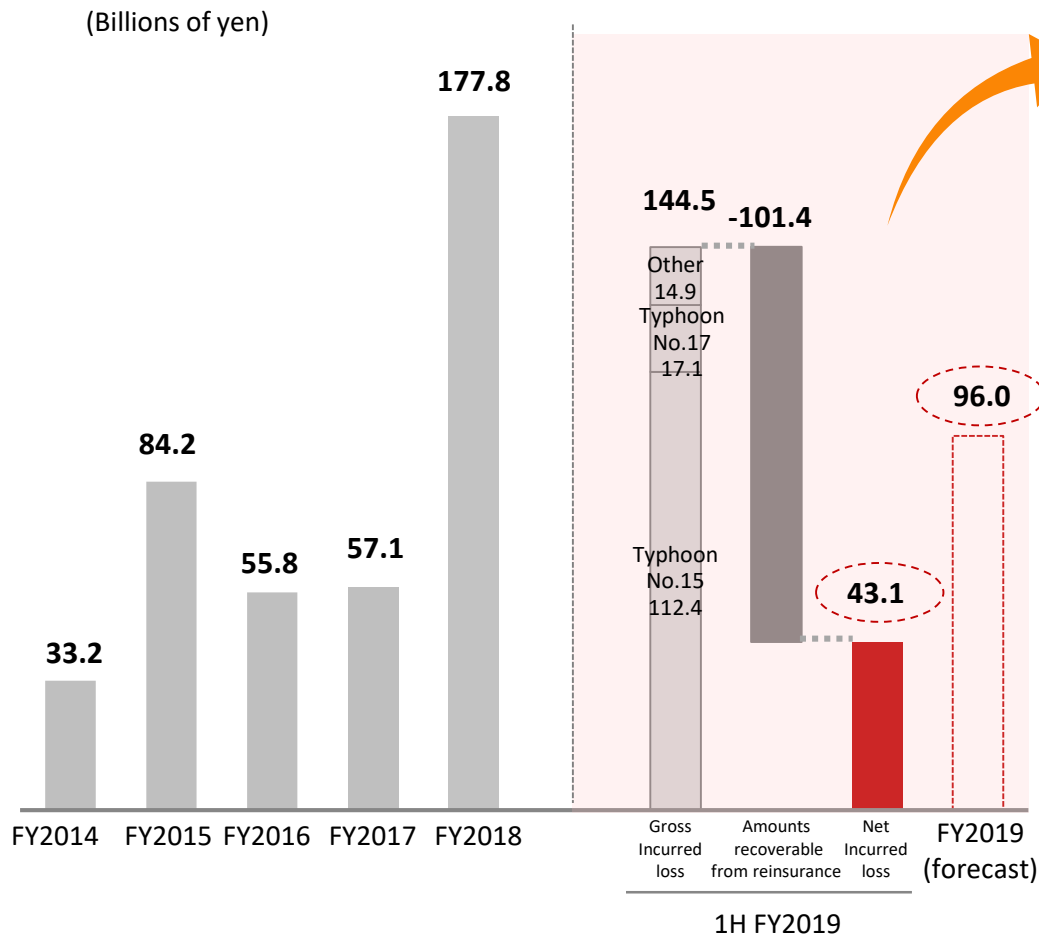
* Exclude certain natural disasters, whose incurred loss exceeds certain threshold.



Domestic Natural Disasters

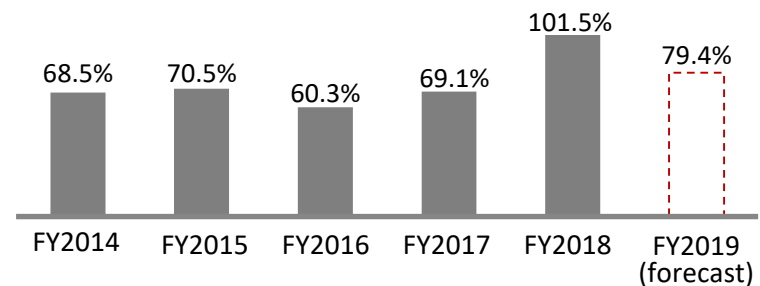
◆ Control the balance of returns and risks with rate-hike and optimizing reinsurance schemes.

Trends of net loss occurred for domestic natural disasters (events that occurred in the fiscal year)*1



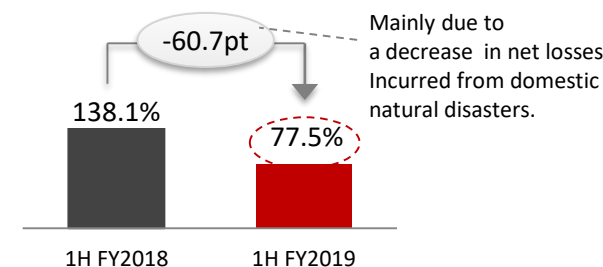
Rate-hike (Oct. 2019) × Optimizing reinsurance schemes
Control the balance of returns and risks

(Reference) E/I loss ratio of fire and allied lines (excl. household earthquake)*2



*2 Incl. loss adjustment expense

Trend of 1H Results*3



*1 Excluding CALI, household earthquake.

Progress of Overseas Insurance

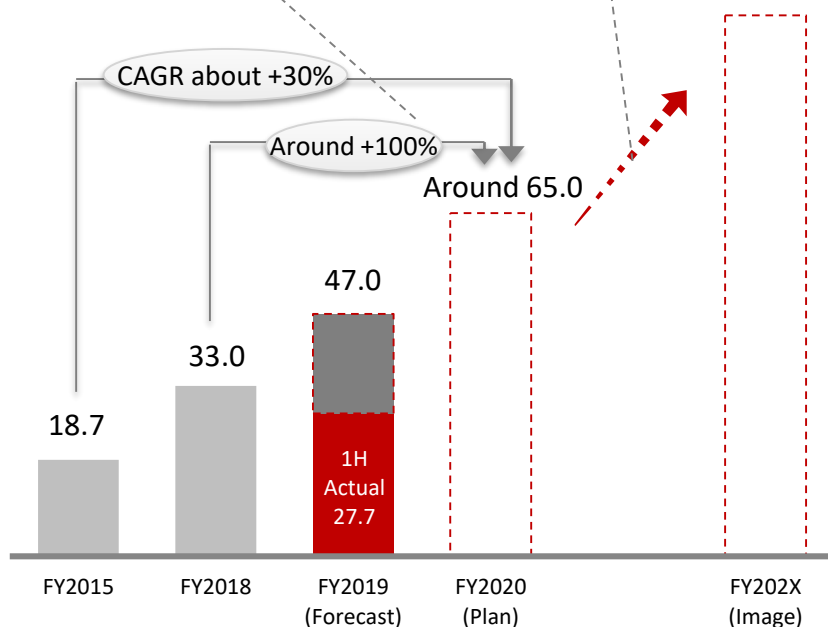
- ◆ Plan to expand FY2020 profit based on steady organic growth centering on specialty lines.
- ◆ Aim at further expansion of overseas insurance business weight through consolidating and expanding retail platform.

Plan for adjusted profit

(Billions of yen)

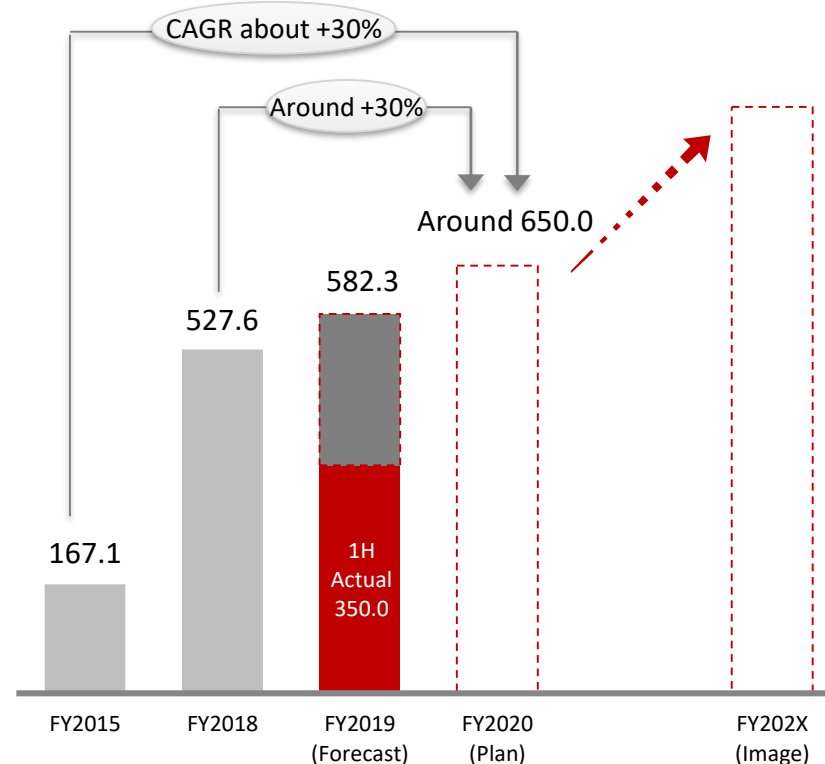
Plan to expand steadily, based on expansion of specialty lines by leveraging global platform

Aim to grow further through leveraging retail platform M&As, etc.



Premiums*

(Billions of yen)



* Remove the portion attributable to Sompo Canopus due to sales completion. Premiums reflect holding shares. This treatment does not coincide with consolidated financial statements.

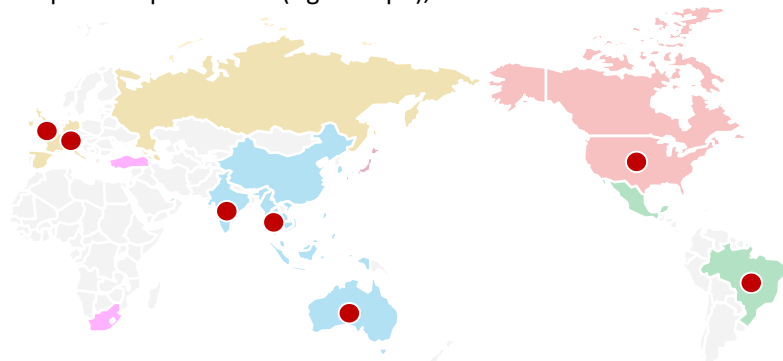
Key Points for Overseas Development

- ◆ Commercial business has expanded steadily centered on specialty insurance, while global platform is being consolidated in retail business.
- ◆ Aim at around +10%: CAGR of net premiums over mid-term.

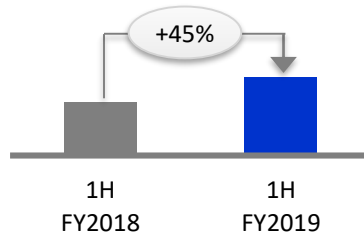
(1) Strategy in commercial platform

- Accelerate to expand globally with utilizing SOMPO's licenses and SI's expertise centered on crop insurance and specialty insurance.

<Expand crop insurance(AgriSompo), etc.>



<Gross premiums written in professional lines(SomPro, etc.) >



+

(2) Strategy in retail platform

- Aim for a premium growth rate and profitability at the industry's top level in each country's market by creating a consolidated retail platform by FY2020.

Start sharing expertise / personnel exchanges (FY2019)

Provide solutions that fit the actual conditions of each country's market



Reorganization(FY2019)

Successively realigning major overseas Group companies under SI



(3) Bolt-on type M&As

- Continue to selectively consider bolt-on type M&A to contribute to greater geographic and product diversification and support further growth.

Mid-term target

Expand net written premiums exceeding industry average growth (CAGR: around +10%) and enhance profitability drastically.

Business Results by Company (1H FY2019)

(Billions of yen)		Net premiums written (FY2019)				Adjusted profit (FY2019)				Key points	(Reference) Exchange rate
		1H Actual		Forecasts		1H Actual		Forecasts			Jun. 2019*2
			Change	Initial	Revised		Change	Initial	Revised		(YoY Change)
North America & Europe	SI	272.1	+29.7	430.6	417.5	20.5	+0.4	45.7	34.3	*Refer to page 50	107.79 JPY/USD (-2.5%)
Asia & Middle East	Sompo Sigorta (Turkey)	17.7	+0.2	34.3	32.9	4.2	+0.6	7.1	6.8	Top-line grew driven by automobile and fire insurance, with investment income also performing favorably. Adjusted profit progressed briskly.	18.69 JPY/TRY (-22.3%)
	Sompo Singapore	3.9	+0.1	7.9	7.5	0.1	-0.1	0.6	0.2	Loss ratio deteriorated, mainly in automobile insurance.	79.68 JPY/SGD (-1.4%)
	Berjaya Sompo (Malaysia)	7.3	+0.3	15.2	14.8	0.7	+0.1	1.4	1.3	-	26.02 JPY/MYR (-4.8%)
	Sompo Indonesia	2.3	-0.8	9.8	8.7	0.2	+0.1	0.5	0.5	-	0.0077 JPY/IDR (-)
	Sompo China NK China	3.0	+0.1	5.5	6.0	0.7	-0.1	0.4	0.7	Loss ratio improved.	15.69 JPY/RMB (-5.8%)
	Sompo Hong Kong	1.8	-0.1	3.5	3.1	0.1	-0.1	0.4	0.2	Due to the impact of large losses.	13.79 JPY/HKD (-2.1%)
	Universal Sompo (India)	2.9	+0.7	8.4	8.0	0.2	-0.0	0.3	0.3	-	1.54 JPY/INR (-2.5%)
Latin America	Sompo Seguros (Brazil)	36.9	-1.8	89.2	79.7	0.2	-0.4	2.0	1.8	Top-line growth has been basically in line with the plan, mainly in automobile insurance, offset by impacts from large losses, etc.	28.22 JPY/BRL (-1.4%)
Other (non-consolidated)*1		1.7	-0.1	3.0	3.6	0.4	+0.1	0.2	0.3	-	-
Total		350.0	+28.4	607.9	582.3	27.7	+0.5	59.0	47.0	-	-

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

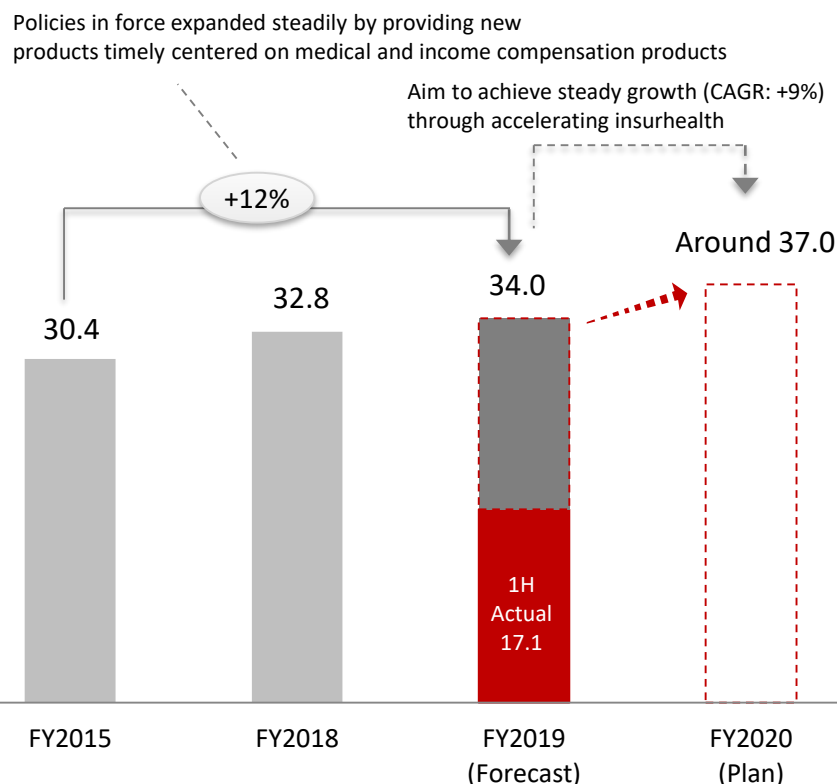
*2 Universal Sompo's exchange rate is based at the end of September 2019. Exchange rate for Revised forecasts for FY2019 is based at the end of September 2019.

Progress of Domestic Life Insurance

- ◆ Plan to achieve profit growth through expanding policies in force centering on protection-type products.
- ◆ Aim at further growth by accelerating Insurhealth (products and services) with health support function.

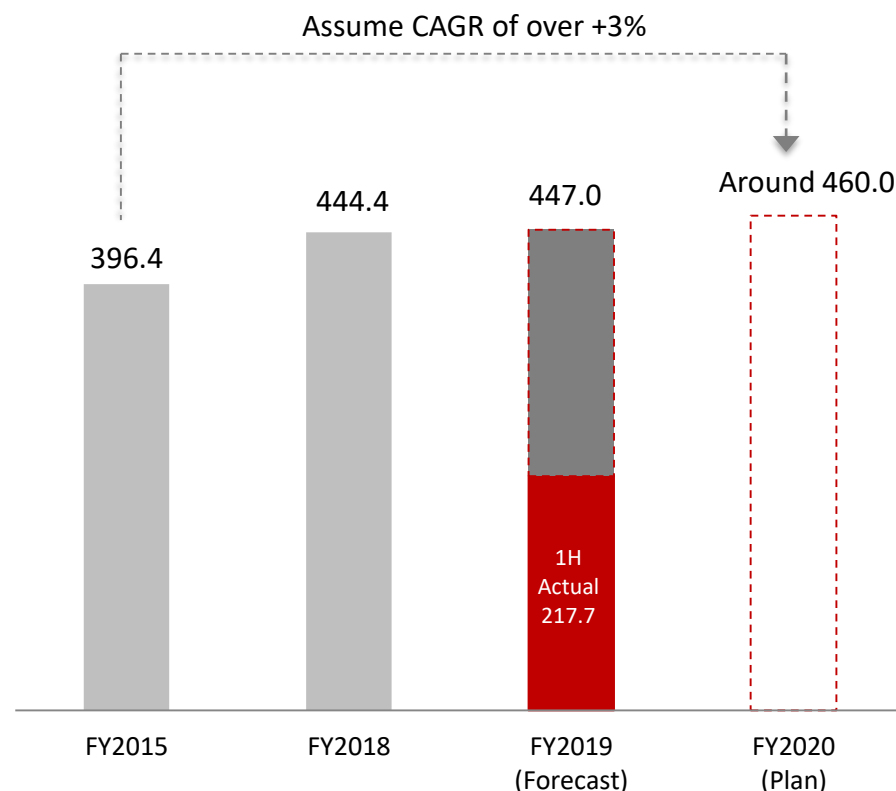
Plan for adjusted profit

(Billions of yen)



Premium and other income

(Billions of yen)

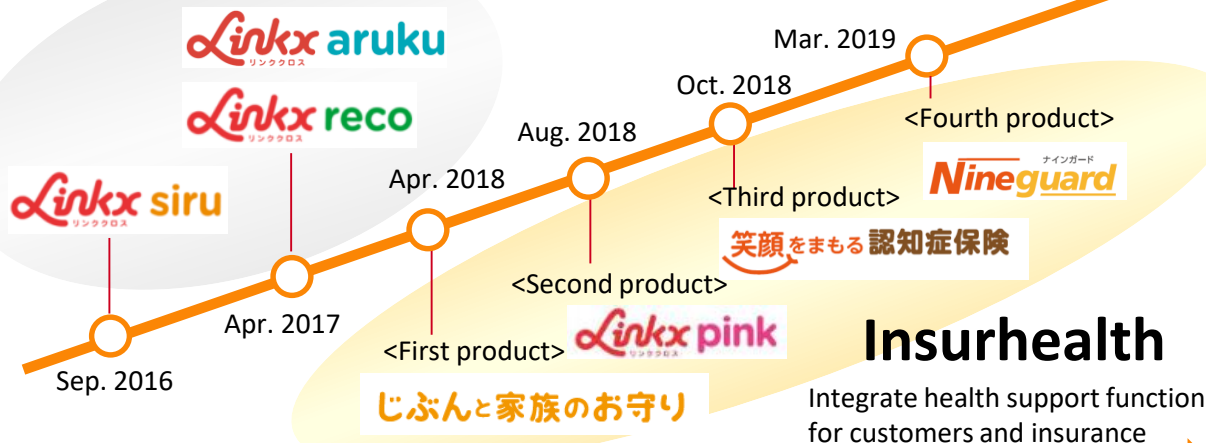


Key Points for Domestic Life Insurance

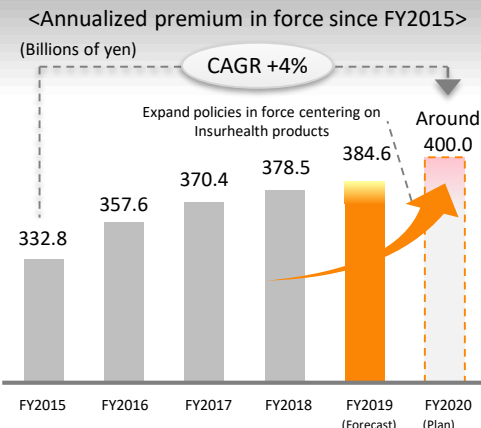
◆ Aim at growth by launch of new “Insurhealth” products as well as higher efficiency.

Healthcare service

New Growth Strategy

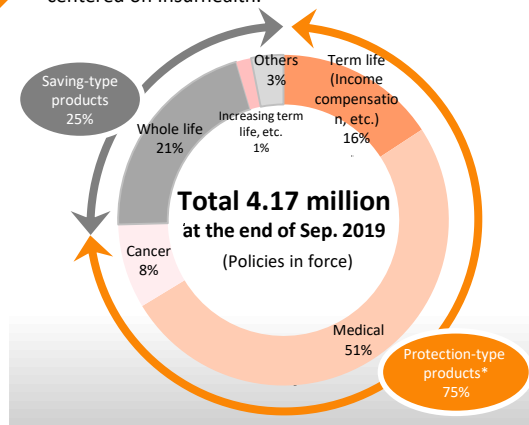


Expand policies in force



Product mix focusing on Protection-type products

Enhance profitability and resilience to interest rate risk by expanding the portfolio of protection-type products centered on Insurhealth.



Evolve into a health support enterprise

Human Resource

➢ Transformation of personnel structure (integrate job positions and revise remuneration system)

Business Innovation

➢ Concentrate administrative work at head office
➢ Promote Paperless

Workstyle Innovation

➢ Flexible workstyles (telework and “Premium Friday”)
➢ Introduce hot desking

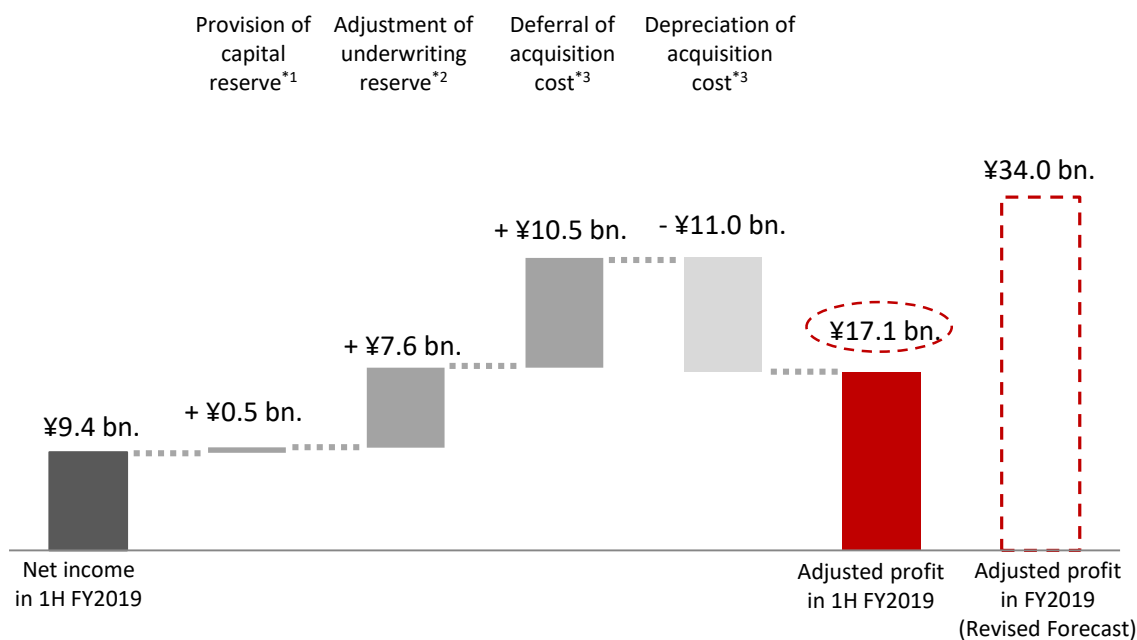
Health & productivity management

➢ No smoking at any time during work hours

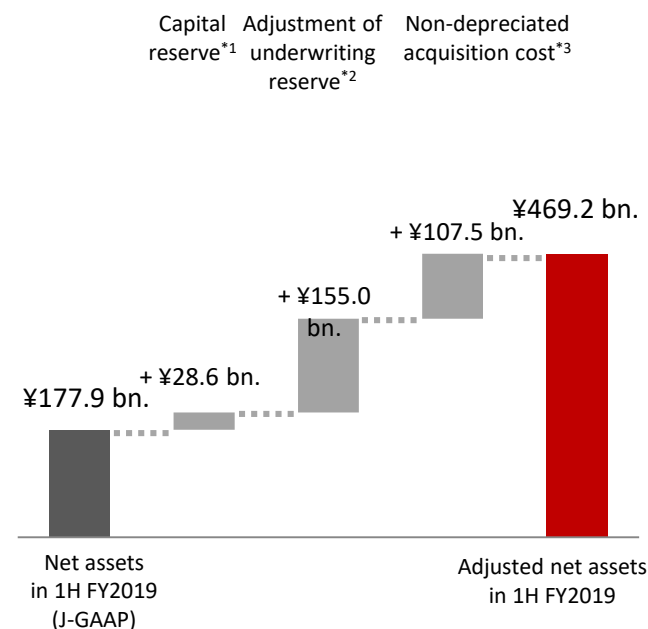
Drastic improvement of profitability

* Mainly medical, cancer, income compensation, and term life insurance (excluding long 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).

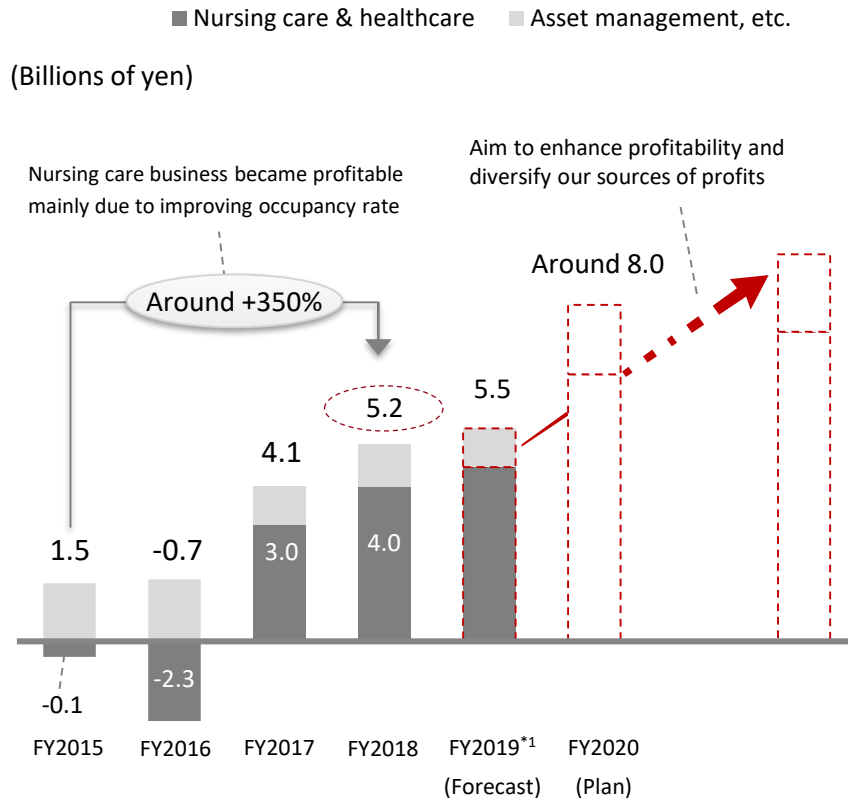
*2 Re-calculate underwriting reserve, which is calculated conservatively, with factors used for calculation of premiums (after tax).

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

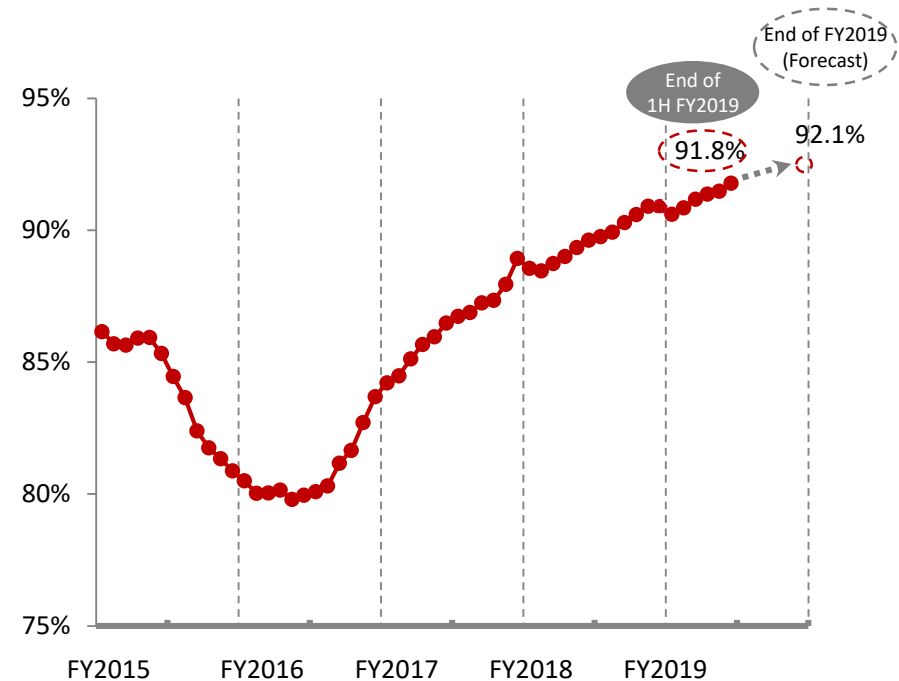
Progress of Nursing Care & Healthcare, etc.

- ◆ Adjusted profit has grown as occupancy rates have steadily improved, with plans to enter an earnings growth phase led by productivity improvements going forward.
- ◆ Strive to ensure a stable business foundation over the medium term through measures such as improving remuneration to secure personnel.

Plan for adjusted profit



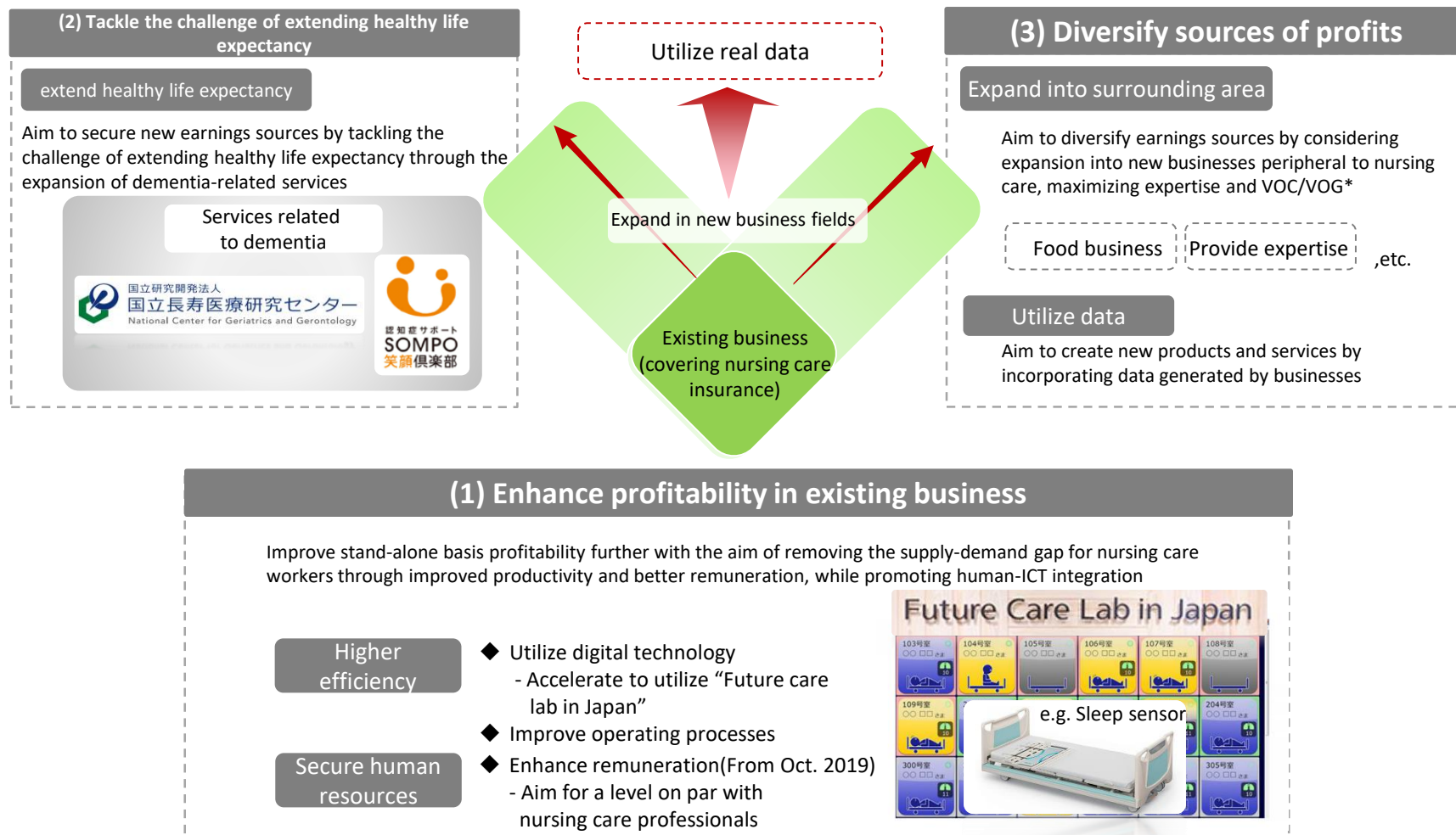
Occupancy rate*2



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

Key Points for Nursing Care Business

- ◆ Drive sustainable growth in profits by improving productivity with digital technology, one of the Group's strengths.
- ◆ Aim to stabilize earnings and diversify earnings sources through measures such as promoting dementia-related services and expanding peripheral businesses.



* Real voice of more than 100,000 users, residents and staffs

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1. About SOMPO Holdings

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2. Mid-term management plan

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(1) Group management

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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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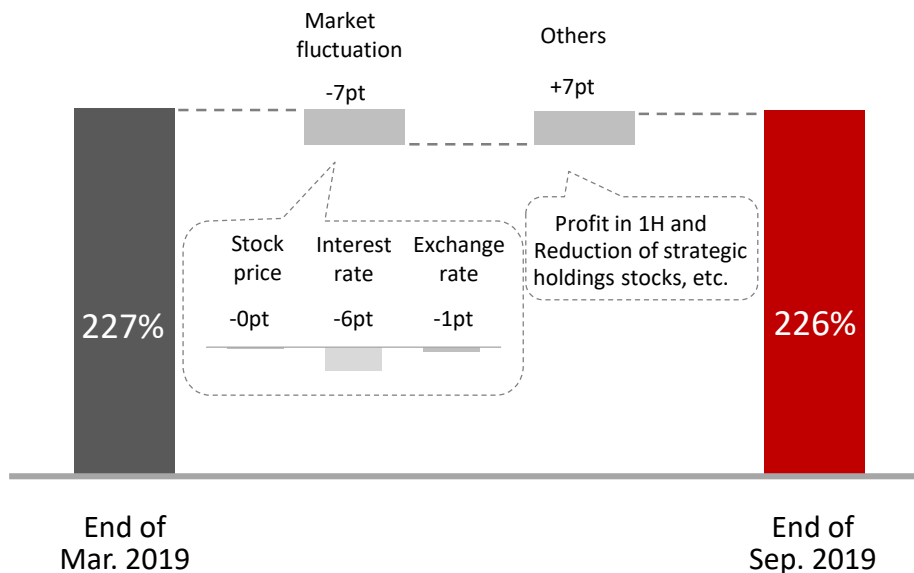
Appendix

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Financial Soundness – ESR (99.5%VaR)

◆ ESR (99.5%VaR) as of end of 1H FY2019 was 226%, stayed at 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).

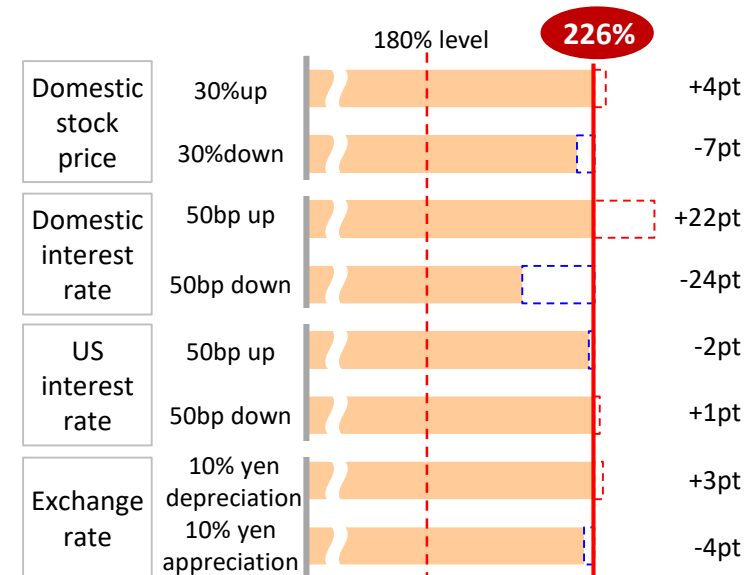
180% level: The level leading to stable financial soundness, based on the result of stress test, etc.

Typical actions in case of constant deviation from target range

【Over 250% level】 Consider additional risk-take (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)



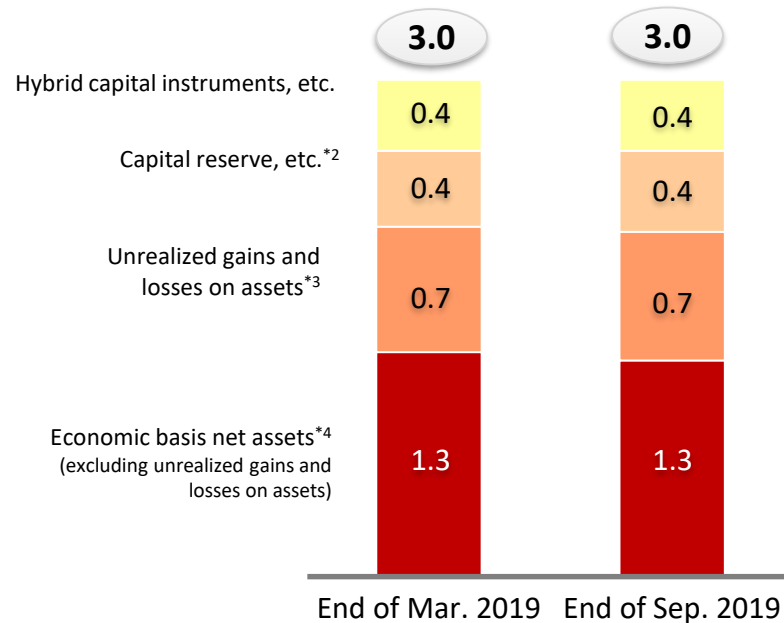
(Reference) Market indicators	End of Sep. 2019	(change*2)
Domestic stock price (Nikkei 225)	¥21,755	(+2.6%)
Domestic interest rate (30y JGB)	0.37%	(-13bp)
U.S. interest rate	1.66%	(-74bp)
Exchange rate (JPY/USD)	¥107.92	(-2.8%)

*2 Against the end of March 2019

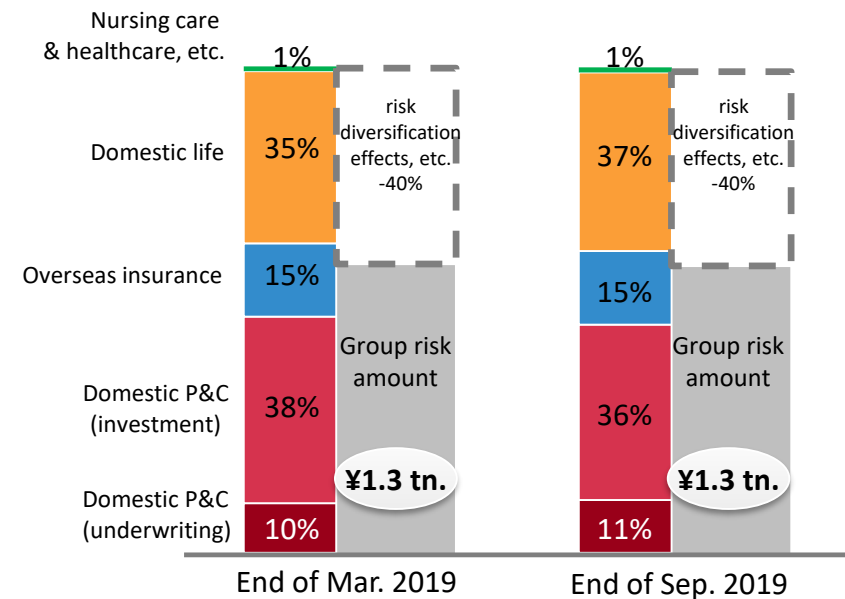
Breakdown of Adjusted Capital and Risk

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

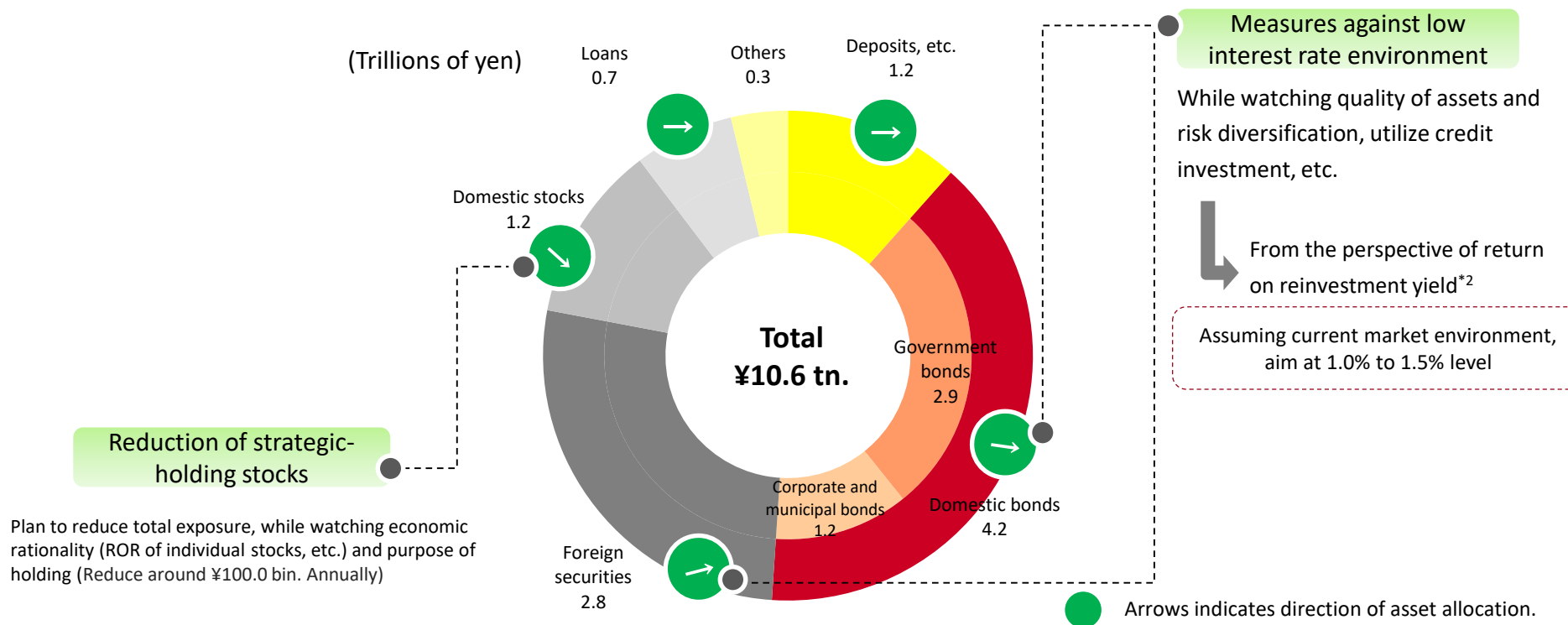
• Risk amount of each business : Before reflecting risk diversification effect among businesses and before-tax basis.

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

Group Asset Management

- ◆ No change in plans to maintain stable asset management, taking liquidity and safety into consideration.
- ◆ Continue to aim at reducing strategic-holding stocks as planned and enhancing yield based on asset management diversification, etc.

Balance of group investment assets^{*1} and asset management policy



^{*1} End of Sep. FY2019, group-wide basis (Trillions of yen)

^{*2} Sompo Japan Nipponkoa general account and yen-interest assets, etc.

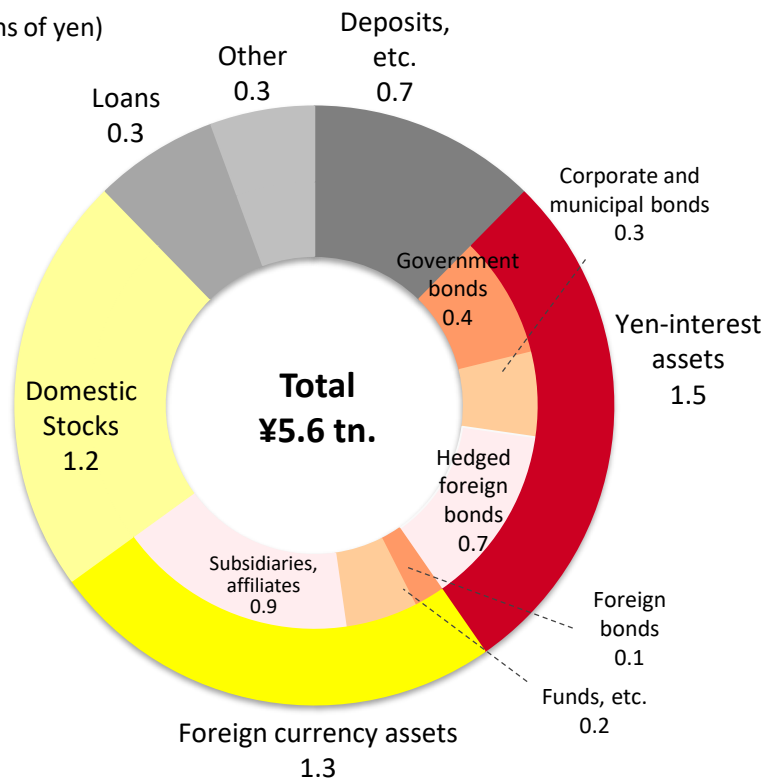
Asset Portfolio – Sompo Japan Nipponkoa

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

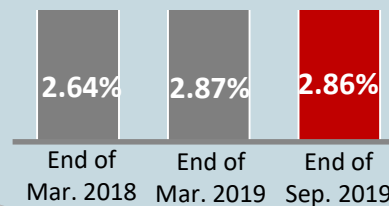
Amount of investment assets (as of end of September 2019, Sompo Japan Nipponkoa, non-consolidated)

<General account>

(Trillions of yen)



Trend of income yield*¹ (General account)



Composition by ratings*²

Internal rating	Composition	Duration (years)		
			End of Mar. 2019	End of Sep. 2019
BBB or above	100%	Asset	7.8	8.1
BB or below	0%	Liability	8.5	8.6

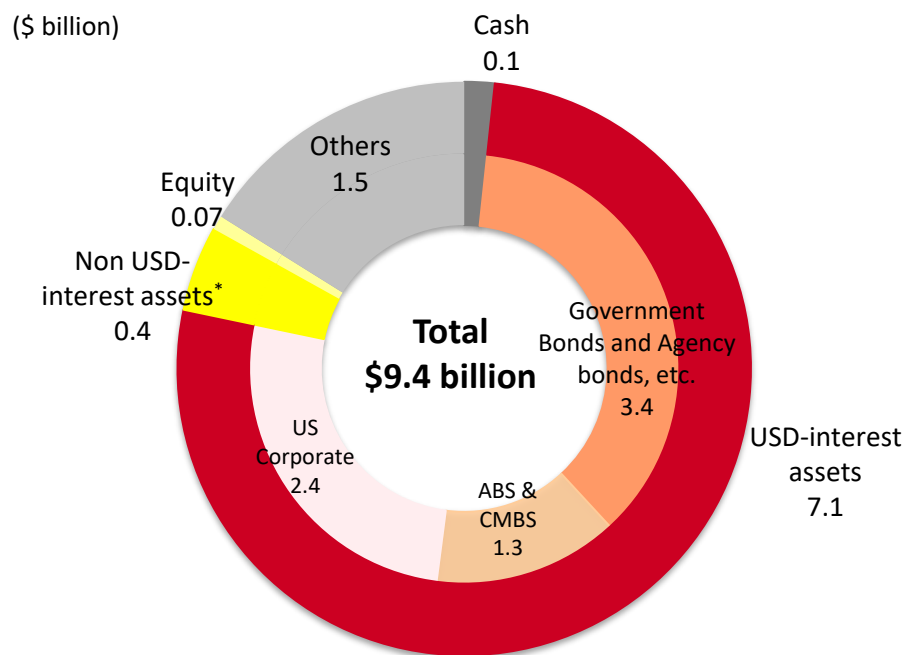
*1 Excluding overseas subsidiaries' shares, etc.

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

Asset Portfolio - SI

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

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



Composition by ratings

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

Duration (years)

	End of Dec. 2018	End of Jun. 2019
Asset	3.2	2.8
Liability	2.9	3.0

(Reference) Income yield* at the end of June 2019: 2.81%

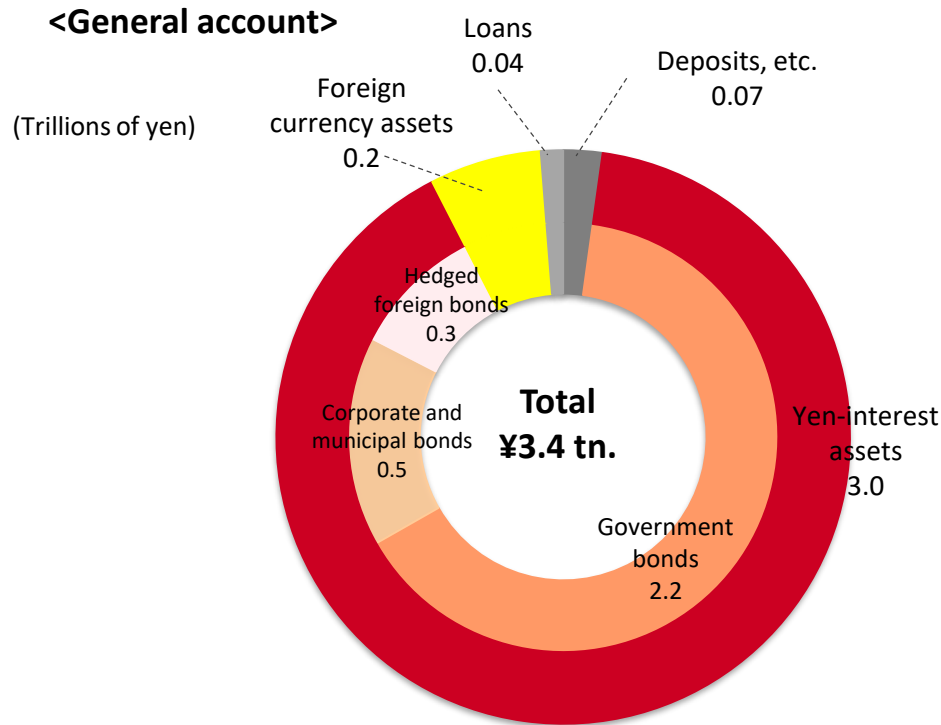
*Incl. Changes in unrealized gains and losses on certain funds, etc.

* Including cash

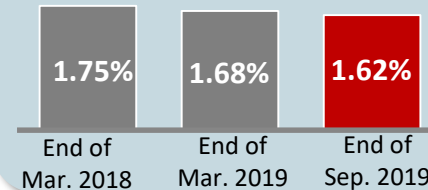
Asset Portfolio – Himawari Life

- ◆ Manage 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 September 2019, Himawari Life, non-consolidated)



Trend of income yield (General account)



Composition by ratings*

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

Duration (years)

	End of Mar. 2019	End of Sep. 2019
Asset	14	14
Liability	25	26

(Reference) Amount of separate account (End of Sep. 2019): ¥22.7 billion
(mainly investment in domestic stocks and bonds in the separate account)

* Total of yen-interest assets and foreign currency bonds

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2. Mid-term management plan	P6
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(1) Group management	P6
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(2) Business strategies for each business segment	P22
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(3) ERM, capital policy & asset management	P38
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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.

Governance

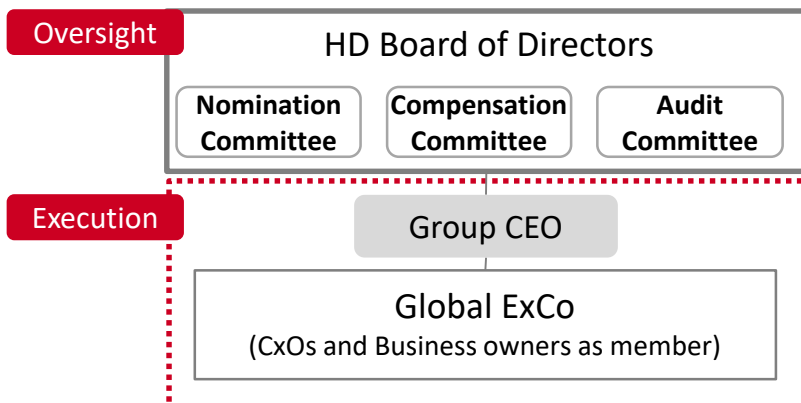
- ◆ Accelerate sustainable growth of the Group through the globalization of group management structure.
- ◆ Evolve the overseas governance structure to develop overseas insurance business.

Governance structure of SOMPO Holdings

More robust group governance structure

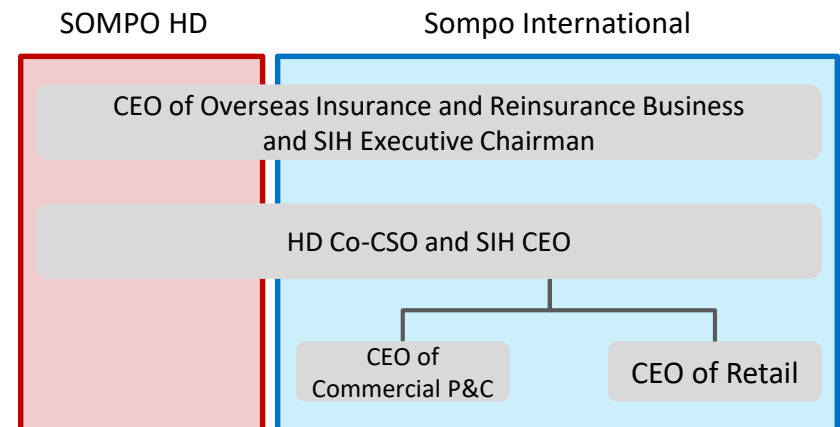
- Majority outside diversified directors
(7 out of 11 directors will be outside directors.)
- Shift to company with committees
- Diversify group management and utilize human resource globally
(Appoint SI chairman to CEO of Overseas Insurance and Reinsurance Business of SOMPO Holdings, and him and SI CEO to members of Global ExCo)

Company with committees



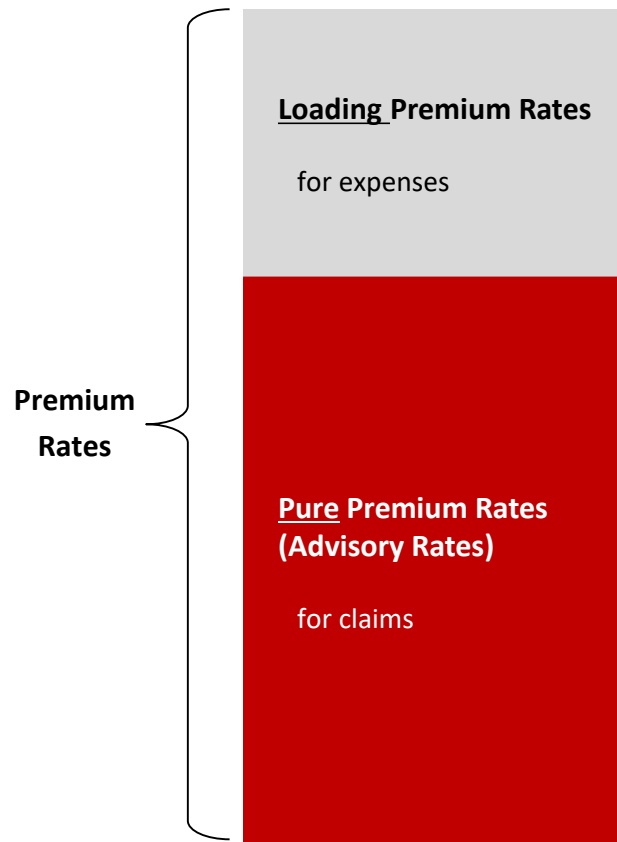
Enhance the overseas governance structure

- Enhance the efficiency of governance further
(Out of 5 directors of SIH, SOMPO Holdings sends 3 directors.)
- CEO of Overseas Insurance and Reinsurance Business supported by SI CEO, CEO of SI Retail and Commercial.
- Accelerate growth with accumulating diversified expertise.



(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

(Overseas Insurance) Overview of Business Results of SI

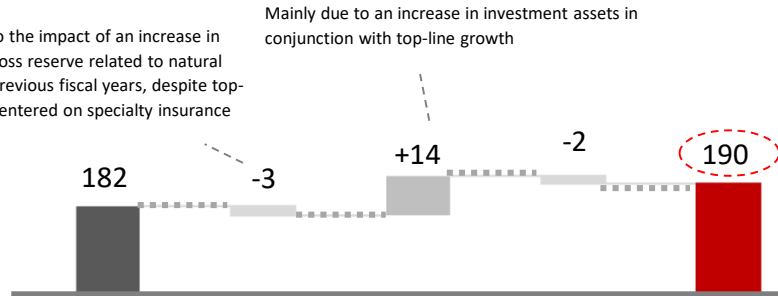
Change factors of adjusted profit (1H FY2019)

(\$ million)

1. Underwriting profit 2. Investment income 3. Others

Mainly due to the impact of an increase in provision of loss reserve related to natural disasters in previous fiscal years, despite top-line growth centered on specialty insurance

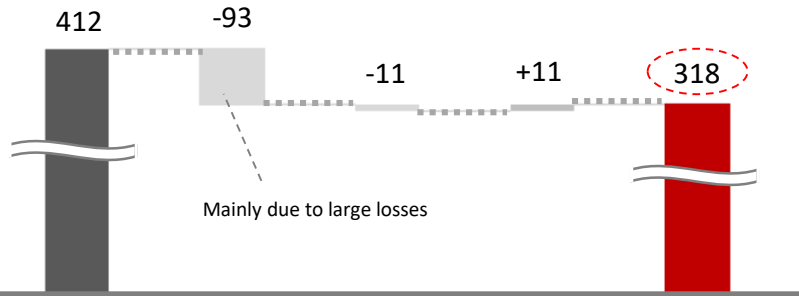
Mainly due to an increase in investment assets in conjunction with top-line growth



1H FY2018

1H FY2019

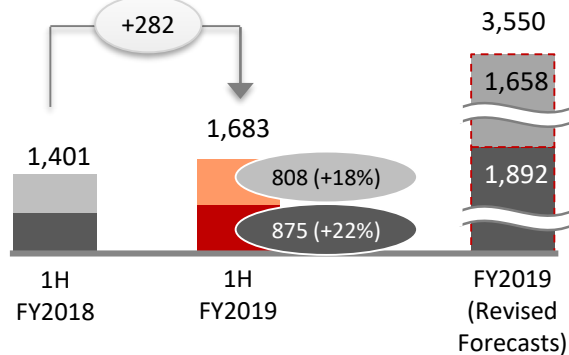
1. Underwriting profit 2. Investment income 3. Others

FY2019
(Forecast)FY2019
(Revised Forecast)

Net premiums earned

(\$ million)

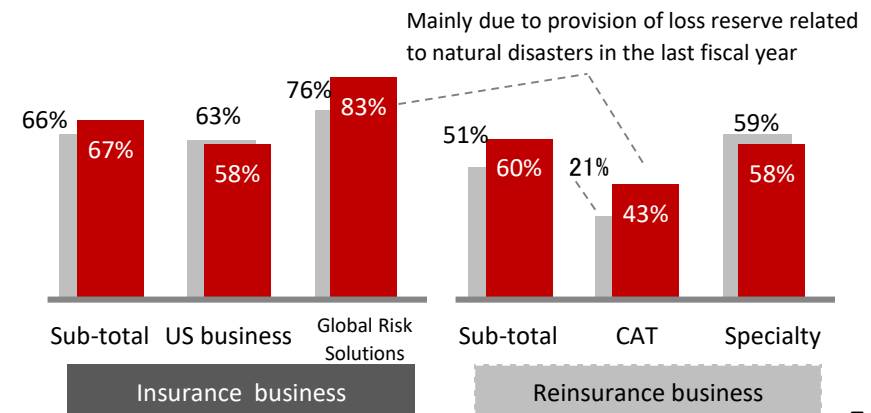
Reinsurance
Insurance

1H
FY20181H
FY2019FY2019
(Revised
Forecasts)

Loss ratio (Main lines of business)

1H FY2018

1H FY2019



Insurance business

Reinsurance business

Overview of 1H FY2019 Results and Business Forecasts for FY2019 – Consolidated Basis

(Billions of yen)	1H FY2019		FY2019		(Reference)
	Actual	Change	Forecasts	Change (against FY2018)	FY2019 (Initial forecasts)
Consolidated ordinary income	1,955.4	+66.1 (+3.5%)	-	-	-
Net premiums written (P&C)	1,502.4	+62.1 (+4.3%)	2,806.5	+88.3 (+3.3%)	2,820.0
Life insurance premiums	172.9	+2.5 (+1.5%)	356.5	+6.8 (+2.0%)	363.0
Consolidated ordinary profit	63.7	+35.9	185.0	-13.9	250.0
Sompo Japan Nipponkoa	33.3	+36.6	180.0	-35.5	226.0
Overseas subsidiaries	58.8	+49.3	86.2	+92.0	68.5
Himawari Life	14.3	+0.8	24.7	+1.4	24.2
Nursing care and healthcare ^{*1}	4.0	+1.9	6.9	+1.0	6.6
Consolidated adjustment ^{*2} /others	-46.9	-52.7	-113.0	-73.0	-75.3
Consolidated net income ^{*3}	43.9	+21.7	118.0	-28.6	168.0
Sompo Japan Nipponkoa	24.9	+24.8	130.0	-45.7	163.0
Overseas subsidiaries	49.2	+43.0	72.8	+78.9	58.3
Himawari Life	9.4	+0.0	16.0	+0.6	16.0
Nursing care and healthcare	2.3	+0.4	4.1	-0.0	3.8
Consolidated adjustment ^{*2} /others	-42.1	-46.5	-104.9	-62.4	-73.2
(Reference) Adjusted consolidated profit	82.3	+53.9	128.0	+14.4	185.0
Domestic P&C insurance	34.4	+53.8	41.5	-0.8	86.5
Overseas insurance	27.7	+0.5	47.0	+13.9	59.0
Domestic life insurance	17.1	-0.5	34.0	+1.1	34.0
Nursing care & healthcare, etc.	2.9	+0.1	5.5	+0.2	5.5

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

^{*2} "Purchase method" accounting was adopted upon the establishment of Sompo Holdings. The figures therefore include adjustments for gains/losses on sales, etc.

^{*3} Consolidated net income denotes net income (loss) attributable to shareholders of the parent.

Overview of 1H FY2019 Results and Business Forecasts for FY2019 – Businesses (1)

Sampo Japan Nipponkoa

(Billions of yen)	1H FY2019		FY2019		(Reference)
	Actual	Change	Forecasts	Change (against FY2018)	FY2019 (Initial forecasts)
Net premiums written	1,128.1	+34.6 (+3.2%)	2,185.5	+36.8 (+1.7%)	2,172.0
(excl. CALI, household earthquake)	982.2	+27.9 (+2.9%)	1,902.9	+33.1 (+1.8%)	1,892.6
Net premiums earned (excl. CALI, household earthquake)	937.5	+1.1 (+0.1%)	1,884.7	+15.4 (+0.8%)	1,885.5
E/I loss ratio (excl. CALI, household earthquake)	63.0%	-10.4pt	64.8%	-2.4pt	61.7%
W/P loss ratio	57.8%	-5.6pt	66.0%	-3.8pt	65.0%
(excl. CALI, household earthquake)	55.7%	-5.1pt	64.4%	-3.6pt	63.0%
Net expense ratio	31.7%	-0.4pt	32.0%	-0.1pt	32.0%
(excl. CALI, household earthquake)	33.1%	-0.5pt	33.4%	-0.1pt	33.5%
Combined ratio (W/P) (excl. CALI, household earthquake)	88.8%	-5.5pt	97.9%	-3.7pt	96.5%
(Reference) Combined ratio (E/I)* (excl. CALI, household earthquake)	96.0%	-10.9pt	98.2%	-2.5pt	95.2%
Underwriting profit	-21.0	+37.3	44.0	+2.0 (+5.0%)	98.0
Investment profit	62.1	-3.1	150.0	-39.8 (-21.0%)	143.1
Ordinary profit	33.3	+36.6	180.0	-35.5 (-16.5%)	226.0
Net income	24.9	+24.8	130.0	-45.7 (-26.0%)	163.0
Adjusted profit	36.5	+53.7	47.4	+0.6 (+1.5%)	91.8

* Sum of E/I loss ratio and net expense ratio

Overview of 1H FY2019 Results and Business Forecasts for FY2019 – Businesses (2)

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(\$ million)	1H FY2019		FY2019		(Reference)
	Actual	Change	Forecasts	Change (against FY2018)	FY2019 (Initial forecasts)
Gross premiums written	4,324	+509	6,681	+720	6,477
Net premiums written	2,524	+332	3,869	+549	3,879
Net premiums earned	1,683	+282	3,550	+464	3,605
Net losses and loss expenses	1,070	+245	2,348	+233	2,262
Expense	501	+41	1,063	+110	1,108
Loss ratio*	63.6%	+4.7pt	66.1%	-2.4pt	62.8%
Expense ratio*	29.8%	-3.0pt	30.0%	-0.9pt	30.7%
Combined ratio*	93.4%	+1.7pt	96.1%	-3.3pt	93.5%
Underwriting income	114	-3	151	+126	245
Net investment income	152	+14	289	+44	300
Other income	188	+293	205	+380	-72
Net income	397	+273	567	+495	412
Adjusted profit	190	+8	318	+140	412

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

Overview of 1H FY2019 Results and Business Forecasts for FY2019 – Businesses (3)

Himawari Life

(Billions of yen)	1H FY2019		FY2019		(Reference)
	Actual	Change	Forecasts	Change (against FY2018)	FY2019 (Initial forecasts)
Annualized new premium	12.0	-5.8	28.0	-9.0	35.0
Premium and other income	217.7	+1.6	447.0	+2.6	453.3
Investment profit (general account)	22.5	+0.9	45.1	+0.4	45.1
Ordinary profit	15.8	+0.4	28.3	+1.7	27.8
Net income	9.4	+0.0	16.0	+0.6	16.0
Adjusted profit	17.1	-0.5	34.0	+1.1	34.0

Sompo Care

(Billions of yen)	1H FY2019		FY2019		(Reference)
	Actual	Change	Forecasts	Change (against FY2018)	FY2019 (Initial forecasts)
Sales	63.3	+1.4	127.8	+3.6	127.4
Occupancy rate	91.8%	+2.1pt	92.1%	+1.2pt	92.1%
Net income	2.5	+0.3	4.3	+0.2	4.3

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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