

Topics & Basics

June 2020
Sompo Holdings, Inc.



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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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Overview of SOMPO Holdings

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

Group at a glance


SOMPO HOLDINGS

Domestic P&C

- Sompo Japan
- Saison Automobile & Fire
- Sompo Japan Partners
- DC Securities
- Risk Management, etc.

Overseas insurance

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

Domestic life

- SOMPO Himawari Life

Nursing care & healthcare business, etc.

- SOMPO Care
- Asset management business, etc.

Selected financial data (Consolidated)

(¥ bn.)	FY2018	FY2019	FY2020 (Forecasts)
Consolidated Ordinary Income	3,643.0	3,760.3	-
Consolidated Ordinary Profit (Loss)	198.9	192.4	223.0
Consolidated Net Income (Loss)	146.6	122.5	150.0
Total Assets	12,018.2	11,977.8	-
Total Net Assets	1,779.9	1,612.5	-
Market Capitalization	1,528.4	1,217.2	-

Credit Ratings (As of May 2020)

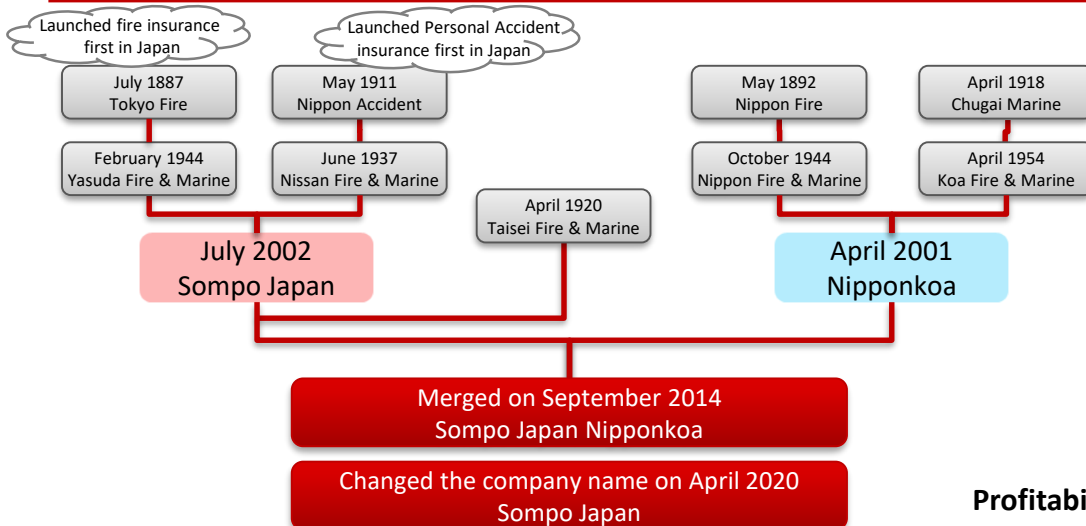
	Sompo Japan	SI*	Himawari Life
S&P	A+ (Stable)	A+ (Stable)	A+ (Stable)
Moody's	A1 (Stable)	-	-
A.M. Best	A+ (Stable)	A+ (Stable)	-
R&I	AA (Stable)	-	AA (Stable)
JCR	AA+ (Stable)	-	-

* Sompo International Holdings Ltd. main subsidiaries

Overview of Sompo Japan

◆ 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

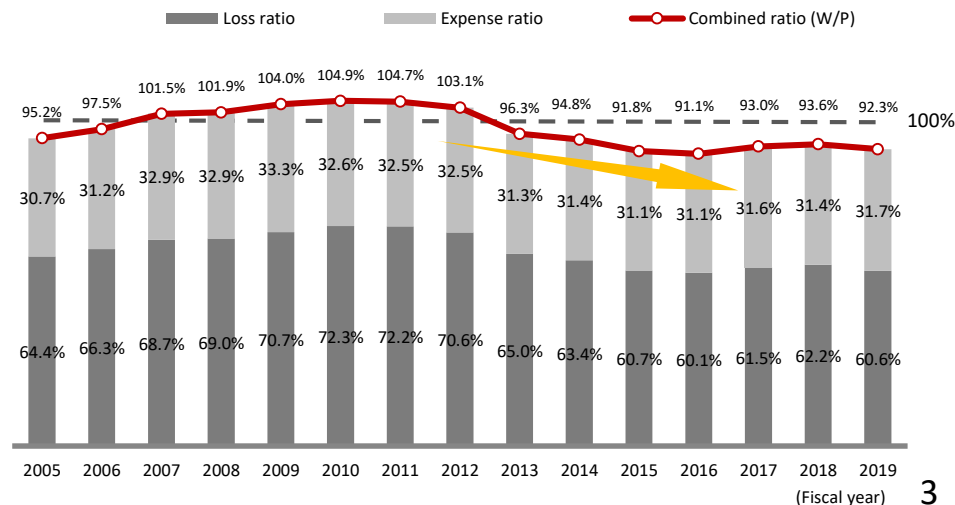
(¥ bn.)	FY2018	FY2019	FY2020 (Forecasts)
Net Premiums	2,148.6	2,184.7	2,173.5
Ordinary Profit (Loss)	215.5	182.3	210.0
Net Income (Loss)	175.7	130.5	156.0
Total Assets	7,515.8	7,166.0	-
Total Net Assets	1,469.3	1,301.9	-
Combined Ratio (W/P)*1	101.6%	97.3%	94.6%

*1 excl. CALI, household earthquake.

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

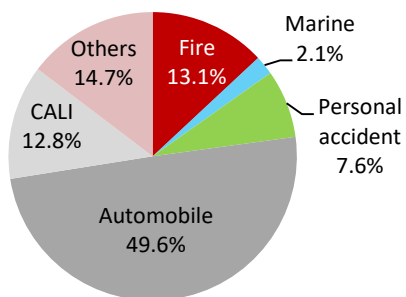
W/P loss ratio means written-paid loss ratio; numerator is net claims paid, and denominator is net premiums written (The same shall apply hereafter.)

Profitability in Automobile insurance

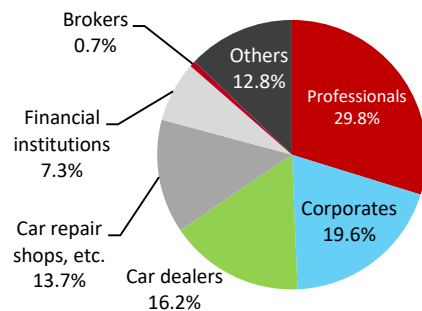


Premiums in FY2019

By products (Net premiums)



By distribution channel*2 (Gross premiums)



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

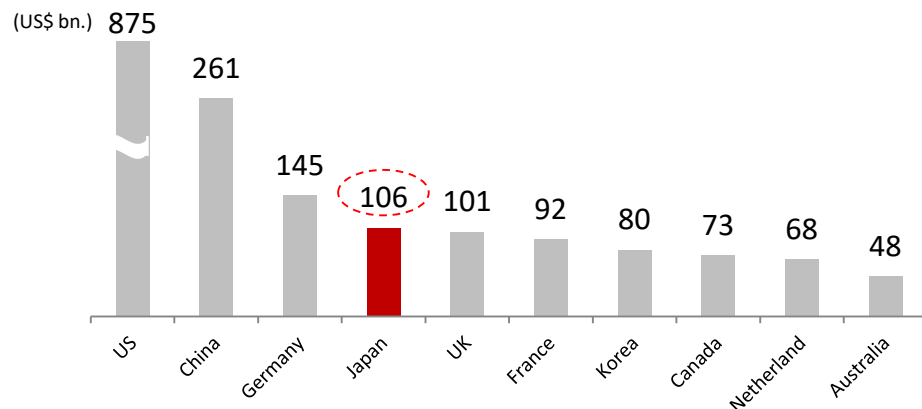
"Professionals", "Corporates", "Car dealers", "Car repair shops, etc.",

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

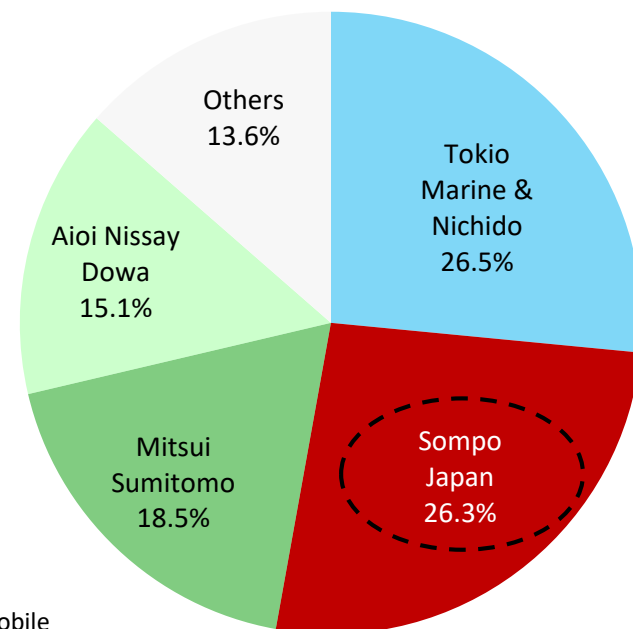
Overview of the Japanese P&C Insurance Market and Our Position

- ◆ 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.

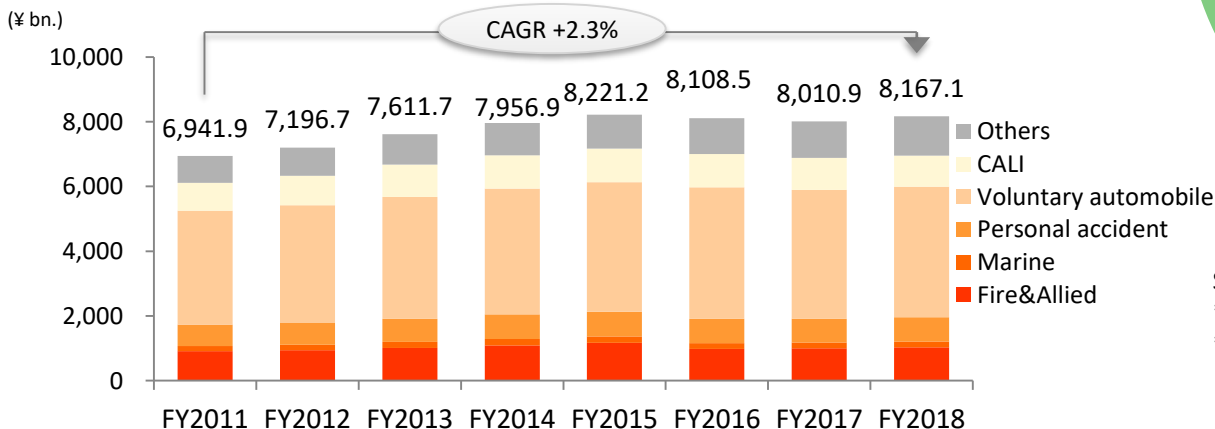
Size of P&C insurance market by country*¹ (FY2018)



Market share in the Japanese P&C insurance market*² (FY2018)



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

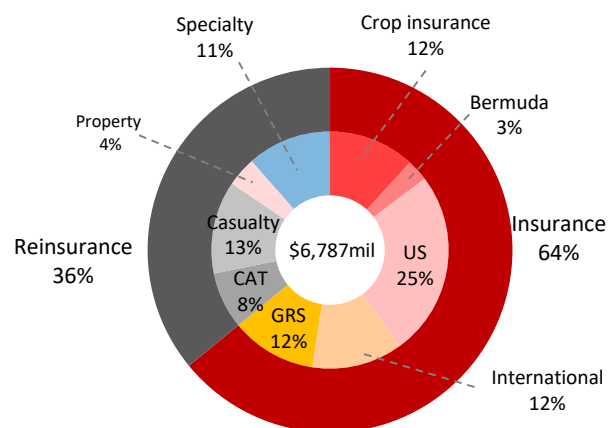
Selected financial data of SI*1

(\$mil)	FY2018	FY2019	FY2020 (Forecasts)
Gross premiums written	5,960	6,787	7,111
Net premiums written	3,319	3,921	4,363
Adjusted profit	177	320	377
Total assets	19,460	23,797	-
Total net assets	5,627	6,662	-
Combined ratio	99.4%	96.2%	93.0%

Selected financial data of Himawari Life

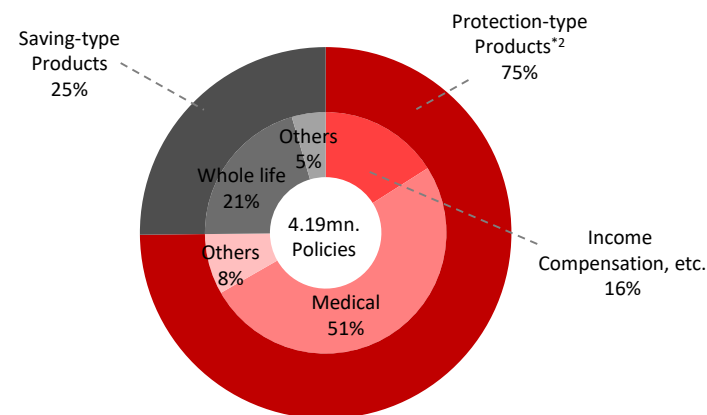
(¥ bn.)	FY2018	FY2019	FY2020 (Forecasts)
Annualized new premium	37.0	25.0	31.0
Premium and other income	444.4	446.5	453.6
Ordinary profit	26.5	28.4	27.5
Net income	15.3	16.5	17.0
Total assets	3,006.0	3,217.7	-
Total net assets	157.8	147.6	-

Gross premiums written by product line (FY2019)



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

Product mix (policies in force, as of end of FY2019)



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

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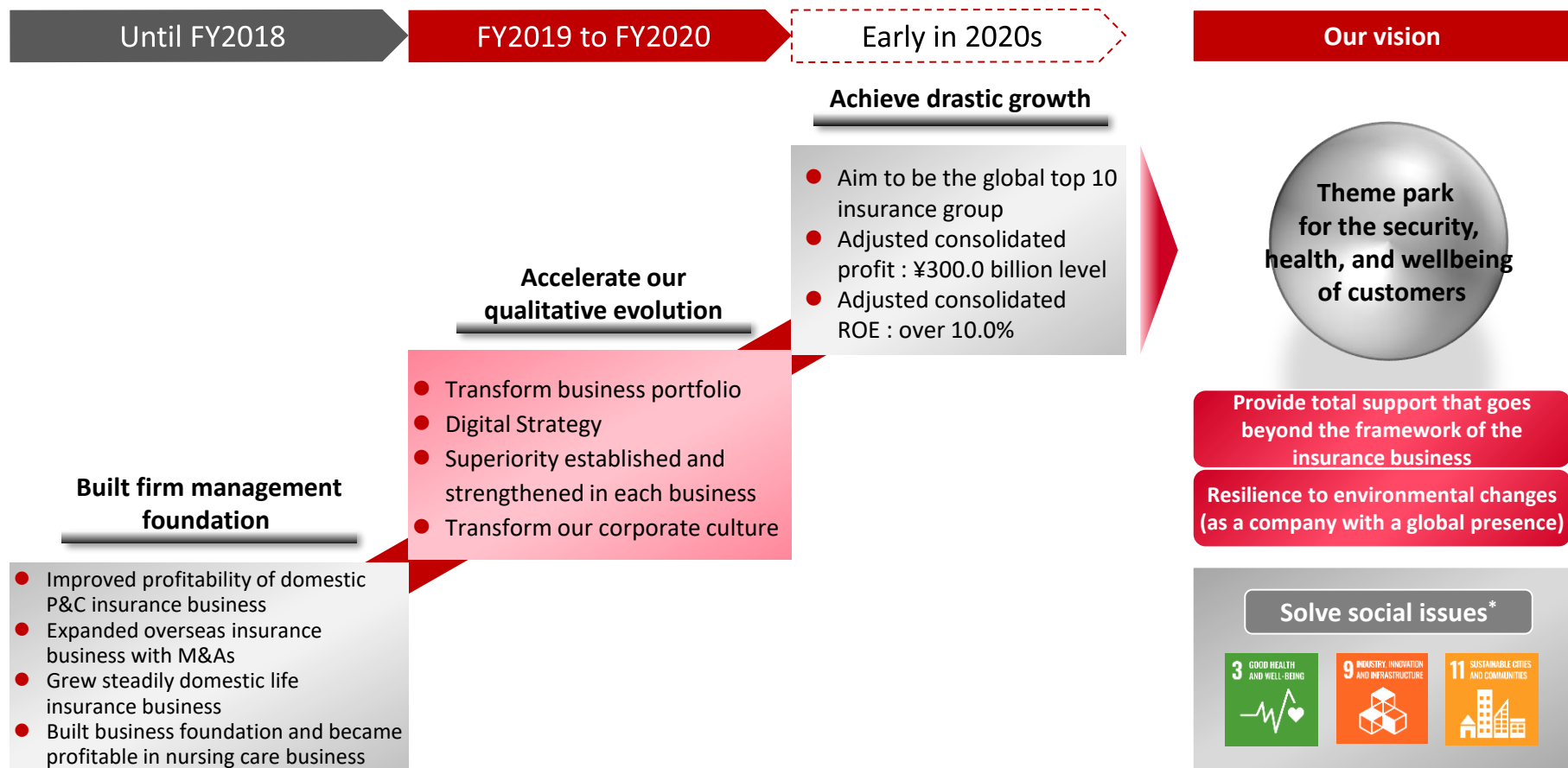
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2nd Half of Mid-term Management Plan

- ◆ Current mid-term management plan period is from FY2016 to FY2020.
- ◆ 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.



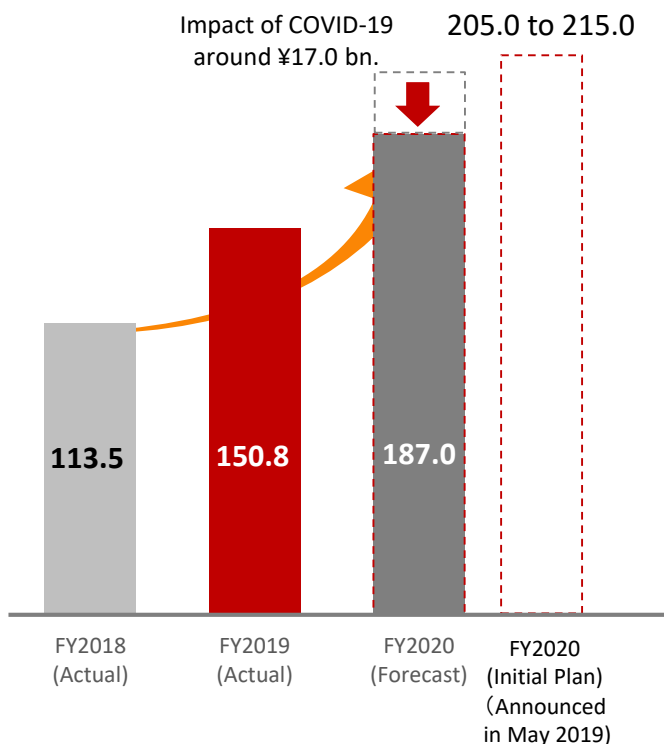
* Identify and mark the main United Nations' Sustainable Development Goals (SDGs) that correspond to SOMPO's initiatives

Progress of mid-term management plan

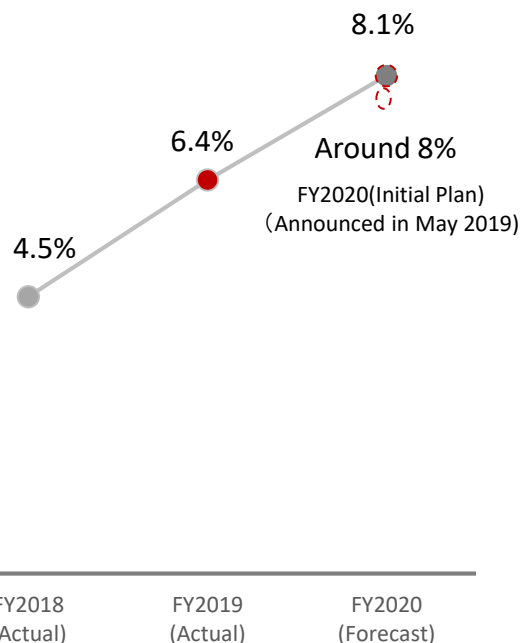
- ◆ Adjusted consolidated profit for FY2020 is expected to increase by ¥36.1 billion yen against FY2019, while nearly achieving initial FY2020 plan.
- ◆ While we can't clearly predict the impact of COVID-19 yet, the mid-term plan has progressed steadily so far.
- ◆ With profit expansion, plan to increase dividend per share for FY2020 for the seventh consecutive year.

Adjusted consolidated profit

(Billions of yen)

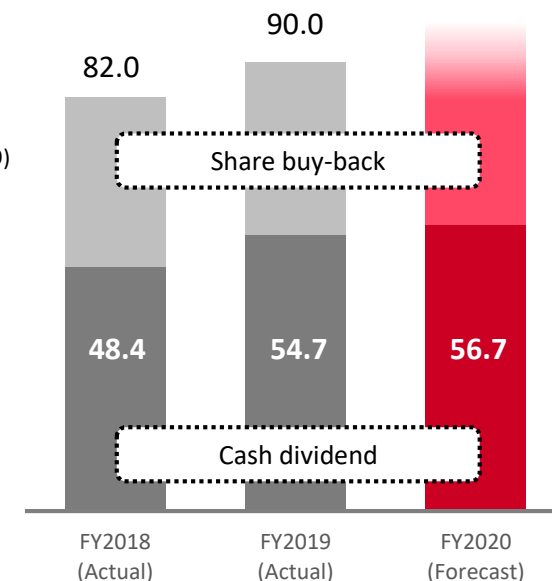


Adjusted consolidated ROE



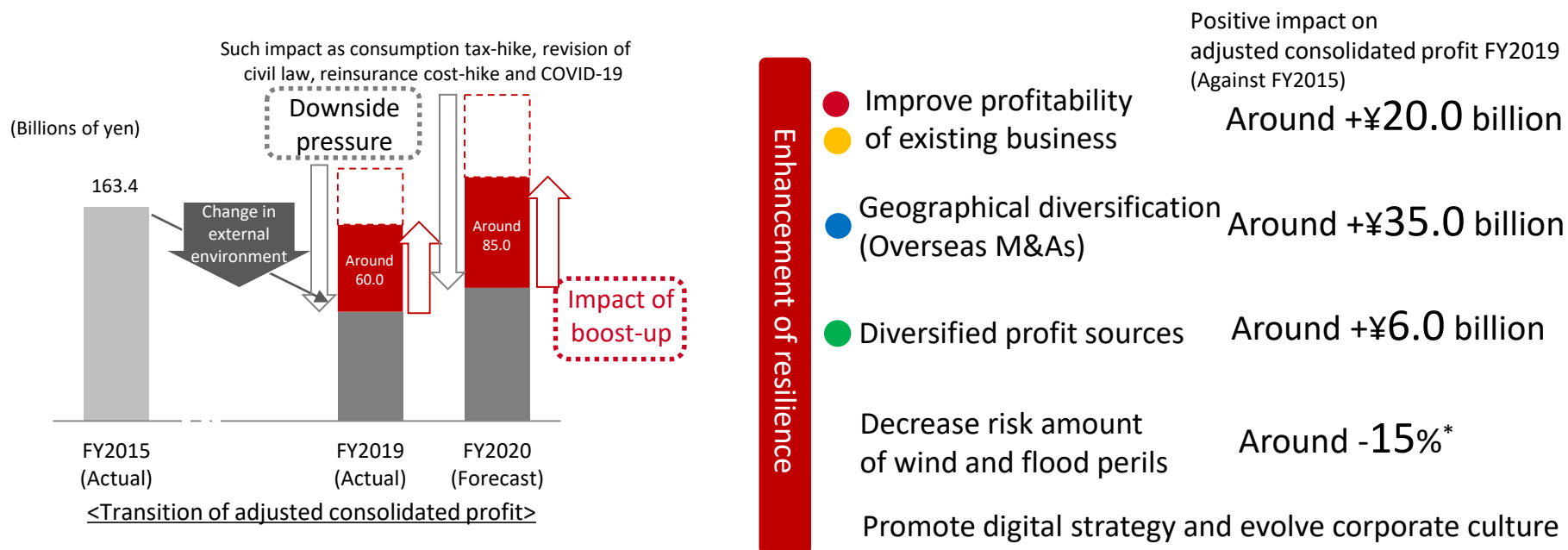
Amount of total return

(Billions of yen)

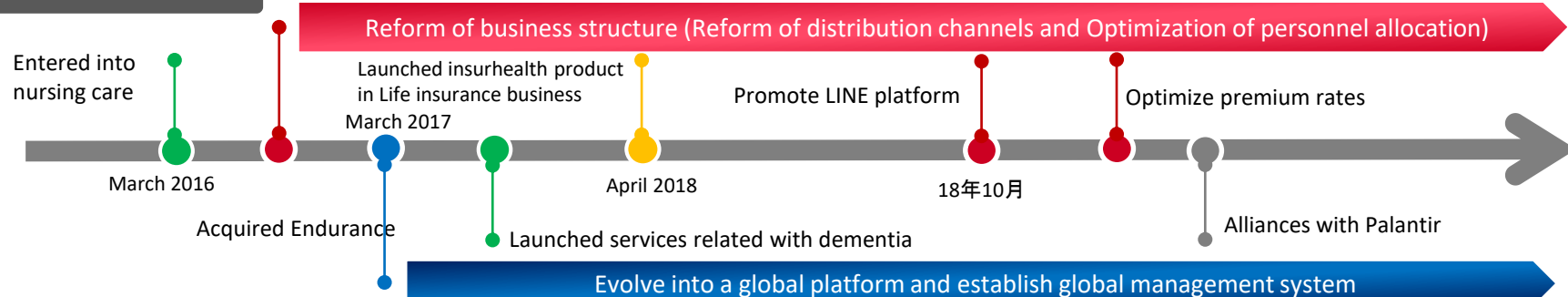


(Reference) History of strengthening group resilience

- ◆ Our initiatives toward qualitative transformation has enhanced Group resilience.
- ◆ Under COVID-19 perils, our active digital strategy underpins our solid business foundation.



Initiatives until now



* At 80% VaR as of April 2020 against end of FY2015

Change in society structure and behavior with/after COVID-19

- ◆ To survive VUCA era, executed our initiatives toward group transformation.
- ◆ COVID-19 will change drastically society structure, behavior and mind-set going forward. The future agendas and evolutions became reality.

Change in society structure, behavior and mind-set

New normal environment

Changing international situations

Fourth industrial revolution

Population ageing (developed countries)

Changes in society

Remote-works as a normal style

Rising uncertainties

Data utilization as an infrastructure
Acceleration of virtualization

Aggravation of healthcare/nursing care issues & rise of smart services
Progress of remote and online operations

Changes with/after COVID-19

COVID-19 perils

- ✓ The future agendas and evolution quickly becomes reality
- ✓ Matches with our vision "A Theme Park for Security, Health and Wellbeing"

Our initiatives

Business portfolio transformation

Digital & data strategy

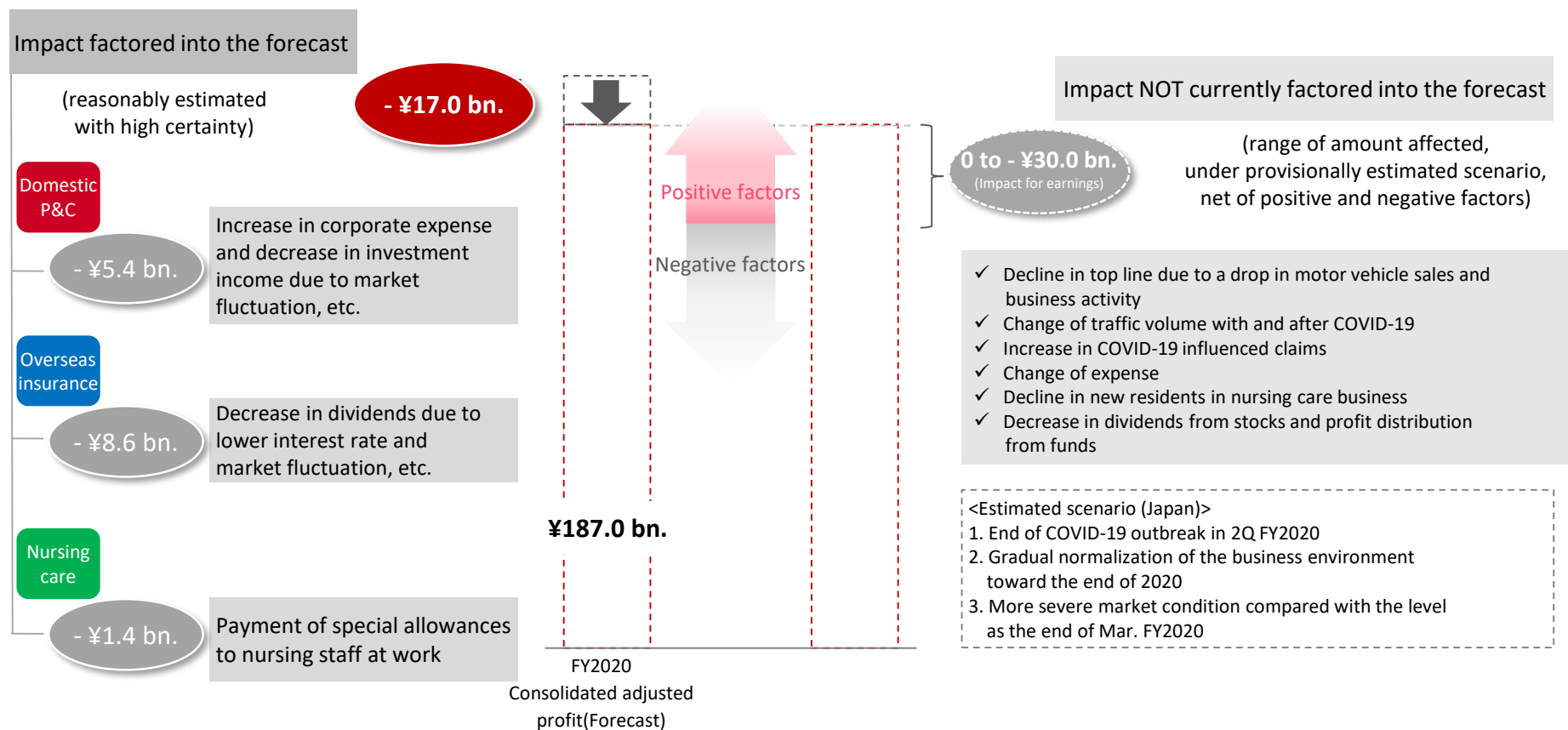
Solve the social agendas

Challenges for new business

"A Theme Park for Security, Health and Wellbeing"

(Reference) Impact of COVID-19

Impact for the forecast for FY2020



Prioritized initiatives in FY2020 (1) Scale and diversification - strengthening group resilience

- ◆ Promote optimization of premium rates and improvement of loss ratio further.
- ◆ Through accelerating reform of working practices, aim to further evolve to a group with output oriented culture as well as higher value services.

Impact of boost-up on
Adjusted profit*¹

Around +¥20.0 billion

Improvement of loss ratio



Around
+9.0 billion

- ✓ Improvement of profitability on corporate lines, etc. (Domestic)
- ✓ Underwriting in collaboration with SI (Overseas)*²

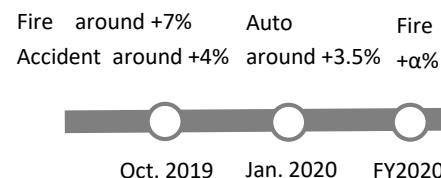
Around
+7.0 billion
Around
+2.0 billion

Optimization of premium rates



Around
+7.0 billion

- ✓ Revision of rate on retail lines (Domestic)
- Auto, fire and accident insurance



Enhancement of productivity

(Mainly reduction of expenses in domestic operation)



Around
+4.0 billion

- ✓ Invest in remote work facility
- ✓ Accelerate reform of distribution channels
- ✓ Promote digital claim settlement (Domestic P&C and life insurance)

Percentage of
work from home*³
Around 85%

Downsizing of headcounts
toward end of FY2020(Plan)

-4,000 staff

Currently reduced around 3,000 staff*⁴,
which larger than expected

Utilize digital technology

*1 Against FY2019 on rough

*2 Underwriting profit of overseas reinsurance business at Sompo Japan in FY2020

*3 HQ divisions at Sompo Japan as of end of April 2020

*4 Sompo Japan stats. as of end of march 2020 against 1st of April 2017)

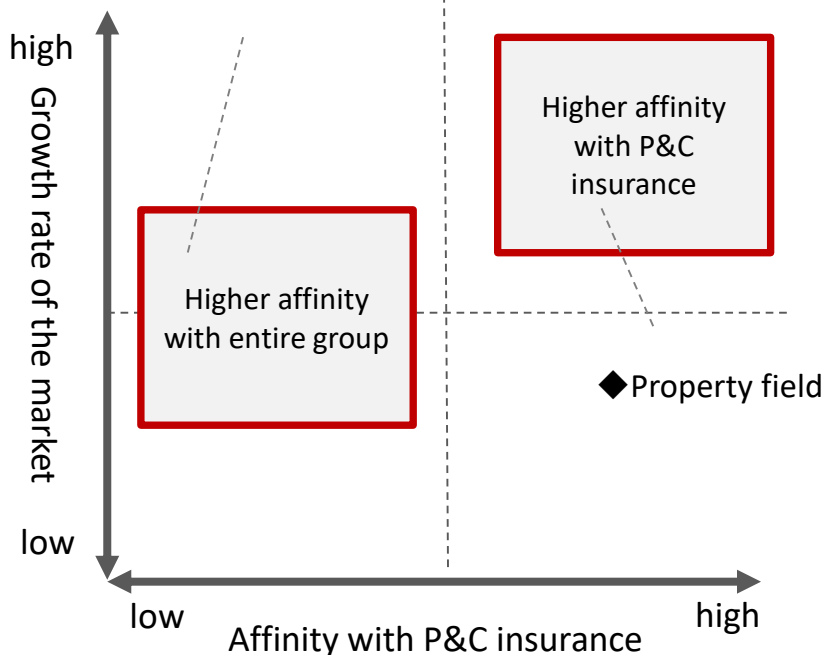
Prioritized initiatives in FY2020 (2) - Expansion of business field and data strategy -

- ◆ Defined new business field with higher affinity with existing business.
- ◆ Aim to generate profit from new business and create a virtuous cycle build with data utilization toward group enhancement.

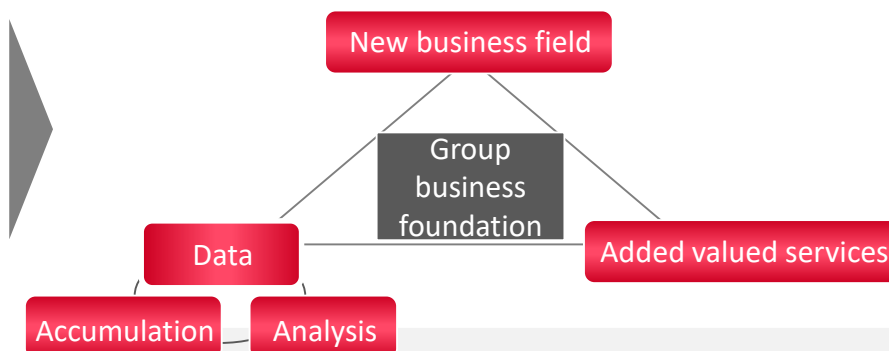
Newly prioritized business fields

<Newly prioritized business fields>

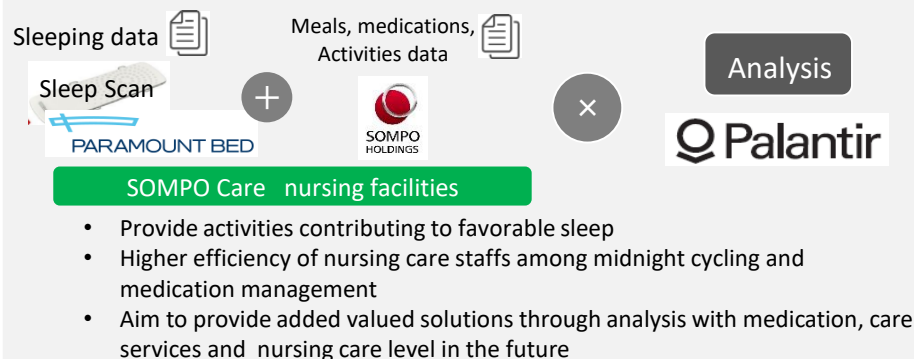
- ◆ Healthcare and wellness field
- ◆ Emerging risks field (Data analytics etc.)



<Business model in new business fields>



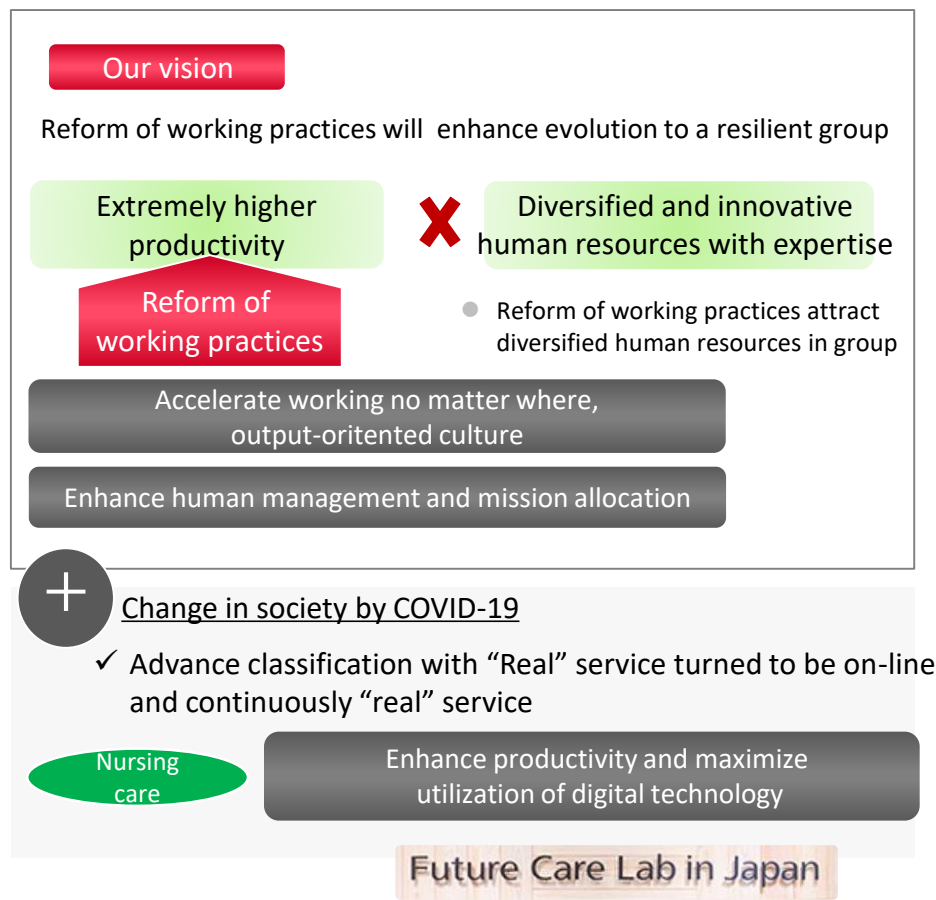
<Case of data strategy: Utilization of sleeping data with Paramount bed>



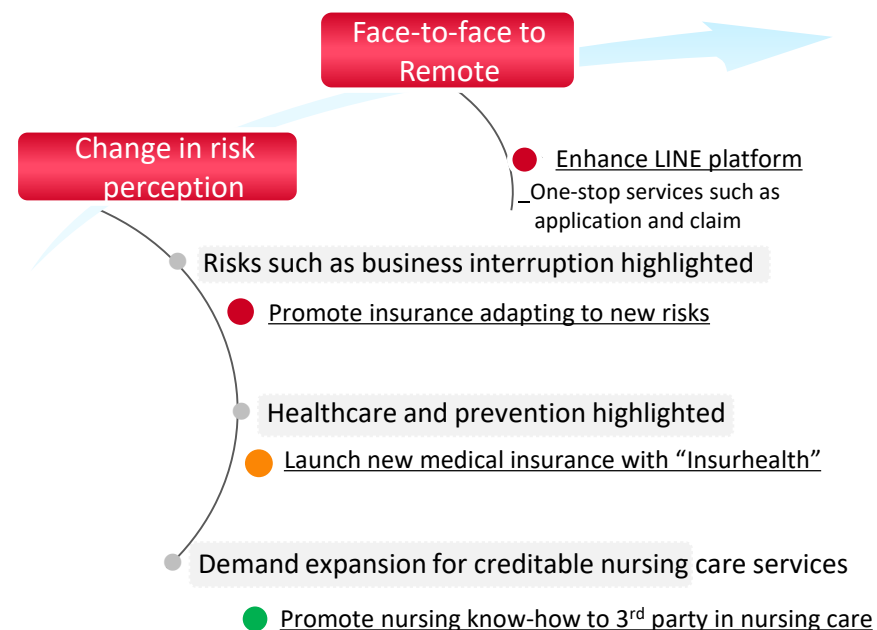
Prioritized initiatives in FY2020 (3) - Adaption looking ahead to with/after COVID-19 -

- ◆ Accelerating reform of working practices taking COVID-19 as opportunity, which supports a group transformation.
- ◆ Adapt flexibly to change in market demand, and take business chance properly.

Accelerate reform of working practices taking COVID-19 as opportunity



Adapt to change in market needs



(Reference) Business Portfolio Transformation

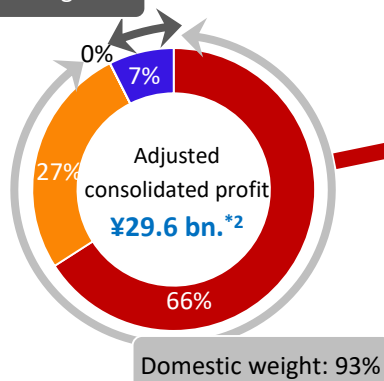
◆ Progress risk diversification of entire group, aim to achieve well-balanced business portfolio.

Vision of optimizing business portfolio

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

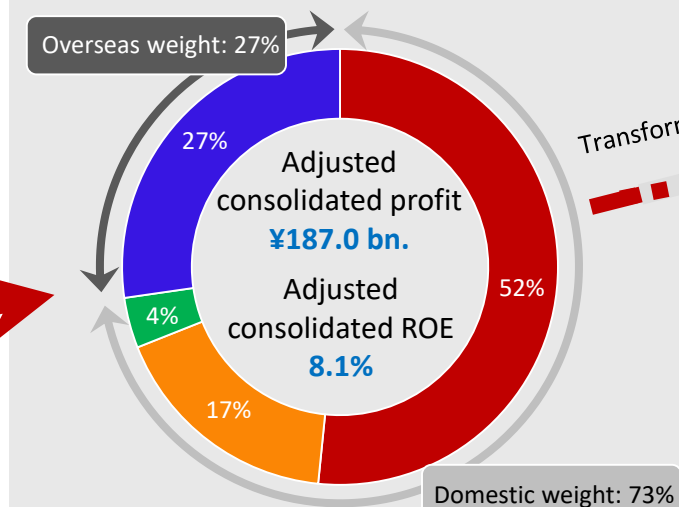
FY2010^{*1}

Overseas weight: 7%



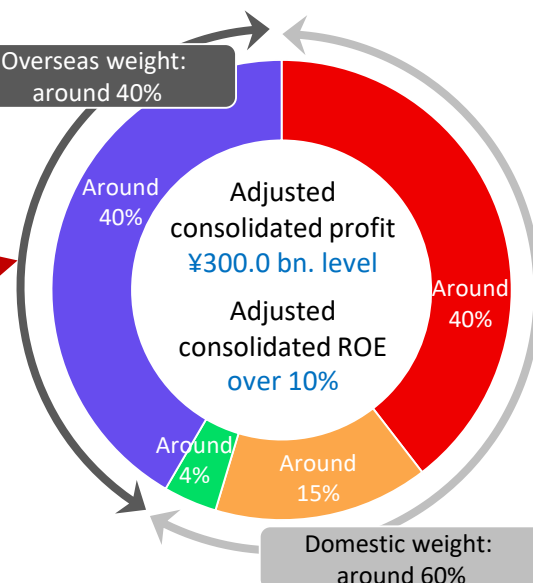
FY2020(Forecast)

Overseas weight: 27%



Transformation

Early 2020s (Rough estimate)

Overseas weight:
around 40%

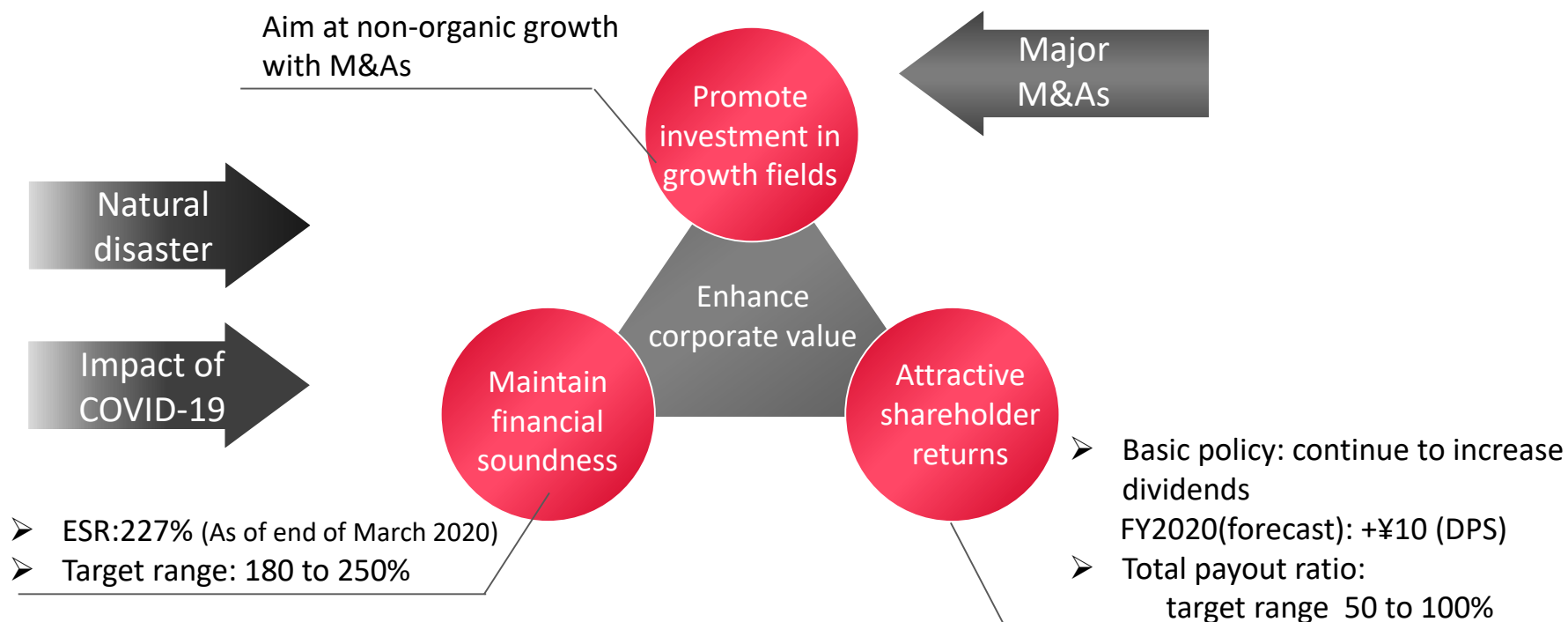
*1 FY of SOMPO holdings establishment

*2 Estimation based on current definition of adjusted profit

Capital policy and Shareholder return

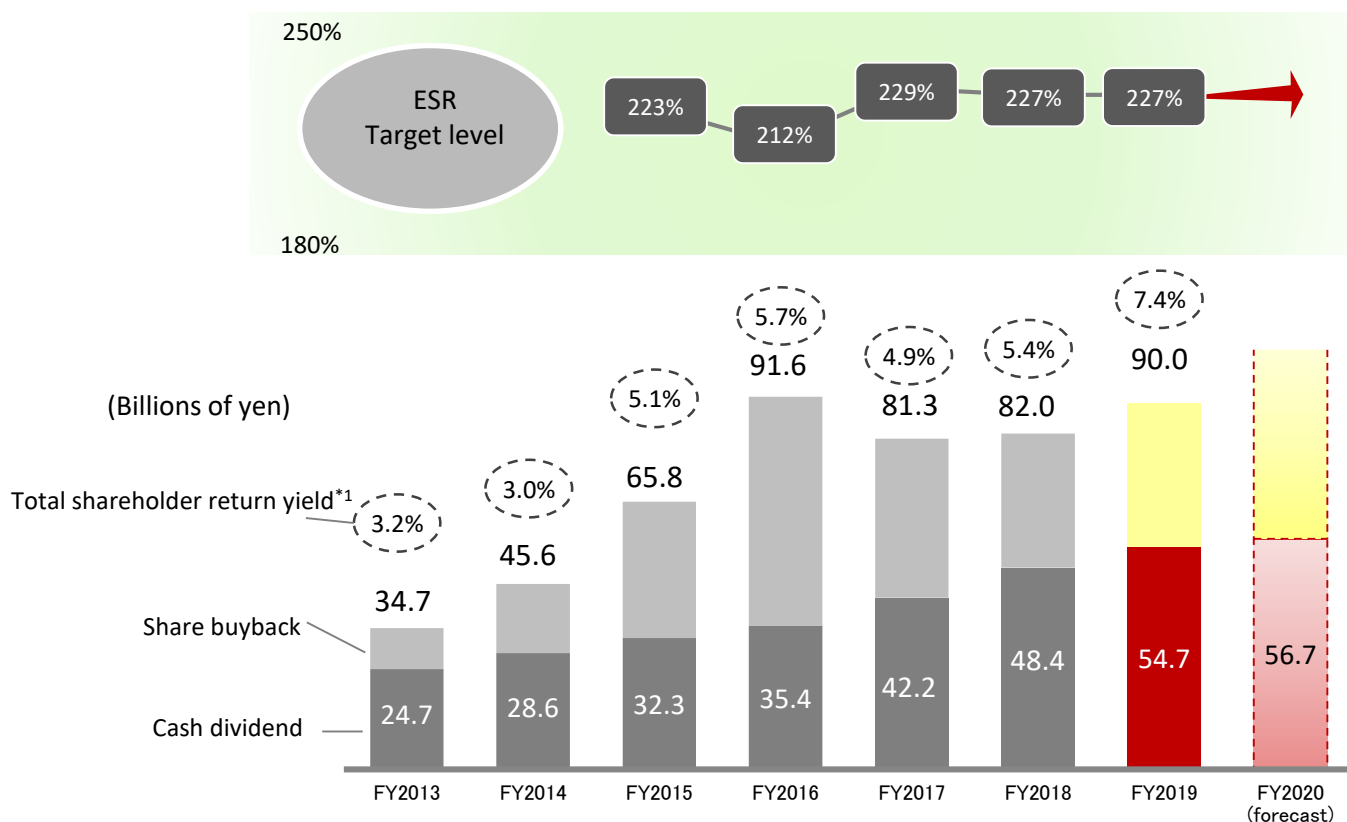
- ◆ Capital policy basically balances investment in growth fields, financial soundness and attractive shareholder returns.
- ◆ Shareholder return policy stays the same. Plan to increase dividend per share for FY2020 for seven consecutive years.
- ◆ We will consider total payout ratio for FY2020 taking factors comprehensively such as mid-term COVID-19 impact, financial soundness and possibility of investment in growth fields.

Concept of capital policy



(Reference) Shareholder return track records

History of solid financial soundness(ESR) and shareholder returns



Total payout ratio*2	220%	50%	50%	50%	50%	72%	60%	-
DPS(yen)	60	70	80	90	110	130	150	160
(Reference) Share price (End of fiscal year)	¥2,652	¥3,735	¥3,188	¥4,079	¥4,282	¥4,098	¥3,343	-

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

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

<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.

(Reference) Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2019	FY2020		
	(Actual)	(Forecasts)	(Change)	(Reference) Announced in May 2019
Domestic P&C insurance	60.8	96.5	+35.6	Over 95.0
Overseas insurance	50.1	51.0	+0.8	Over 65.0
Domestic life insurance	32.0	32.5	+0.4	Over 37.0
Nursing care & healthcare, etc.	7.7	7.0	-0.7	Over 8.0
Total (Adjusted consolidated profit)	150.8	187.0	+36.1	205.0 to 215.0
Adjusted consolidated ROE*²	6.4%	8.1%	+1.8pt	Around 8%
ROE (J-GAAP)	7.3%	9.4%	+2.1pt	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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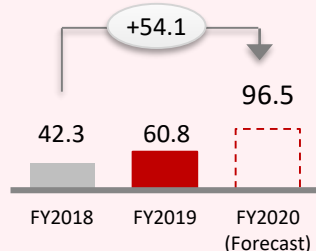
Businesses progress of mid-term management plan

◆ While some impact from COVID-19, Each business expected to continues to grow profitably.

Adjusted profit by segment and typical key factors

Adjusted profit (Billions of yen)

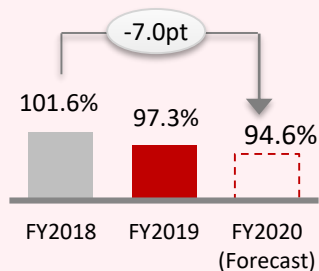
Expect drastic profit growth while impact of COVID-19 and consumption tax-hike, etc.



*1 excl. CALI, household earthquake

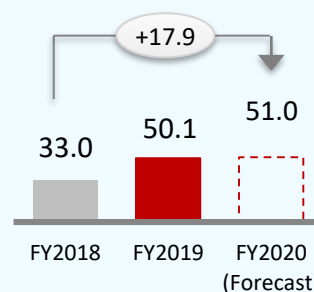
Combined ratio(W/P)*1

Accelerate proper pricing and streamlining of personnel allocation



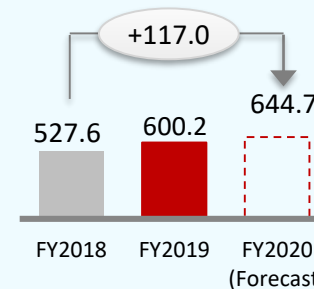
Adjusted profit (Billions of yen)

Expand profit drastically while adequately managing cat risk



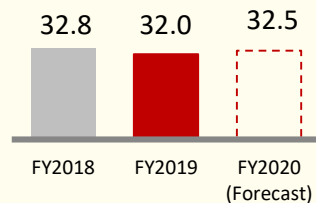
Net premium written (Billions of yen)

Expand premium written centered in specialty line on global base



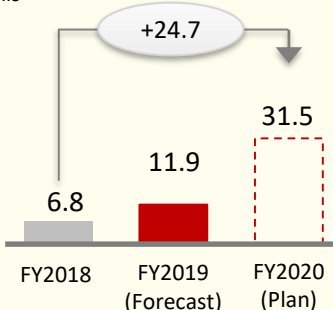
Adjusted profit (Billions of yen)

Through expansion of policies in force, remain stable profit under COVID-19 perils



Annualized premium in force*2 (Billions of yen)

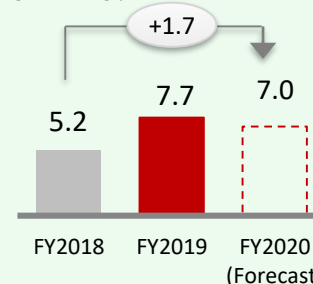
Through promoting insurhealth, plan to expand policies in force



*2 Insurhealth product

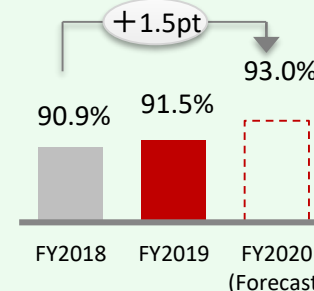
Adjusted profit (Billions of yen)

While impact of additional cost against COVID-19, foundation for generating profit remain solid



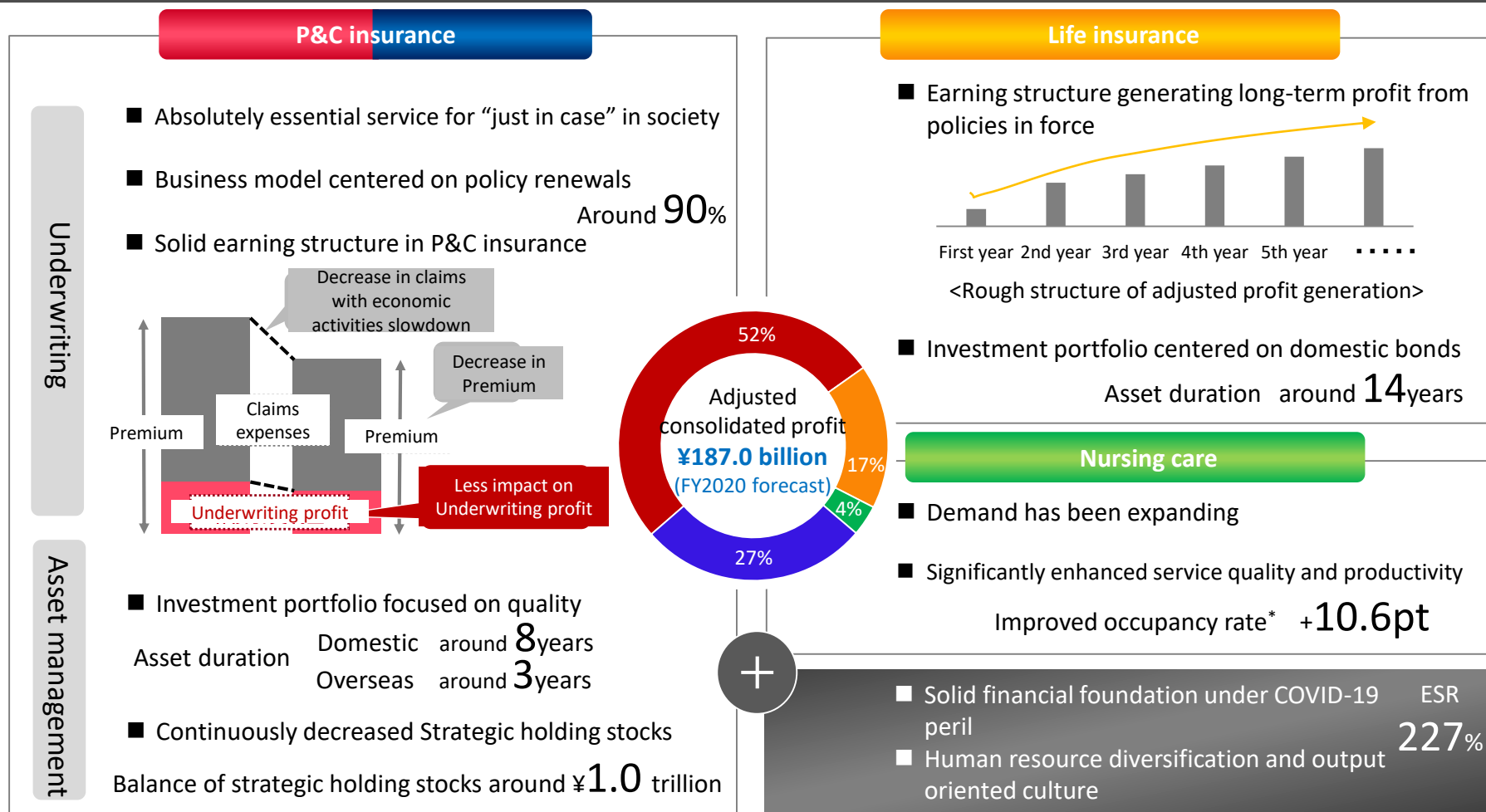
Occupancy rate

Continue to improve despite of impact of COVID-19



(Reference) Solid business foundations under adverse conditions

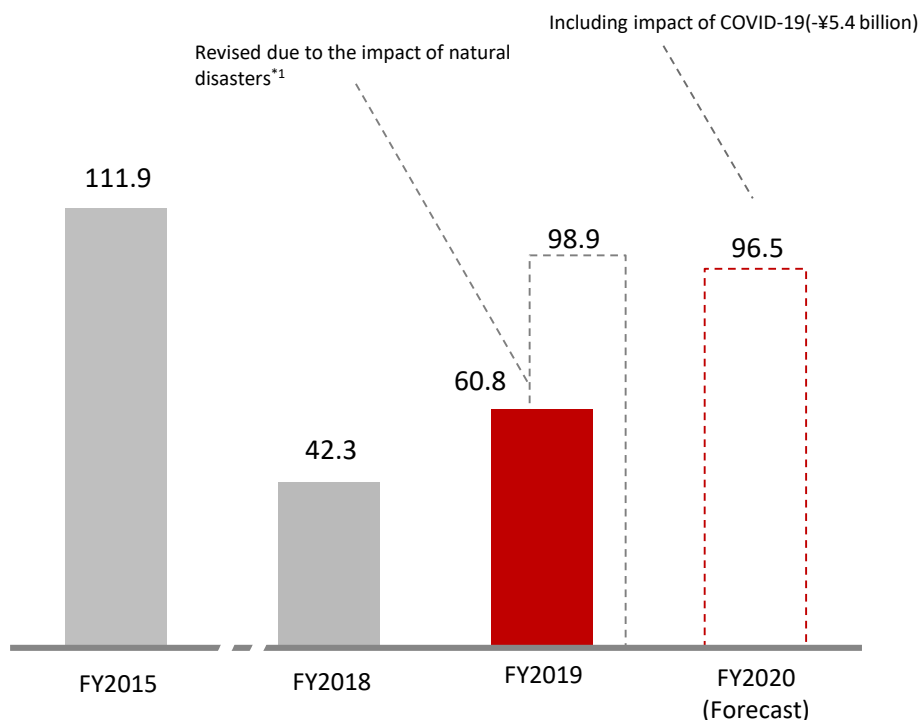
- ◆ While we can't predict economic condition clearly yet, our earning structure centered on P&C insurance business remains stable.



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

Plan for adjusted profit

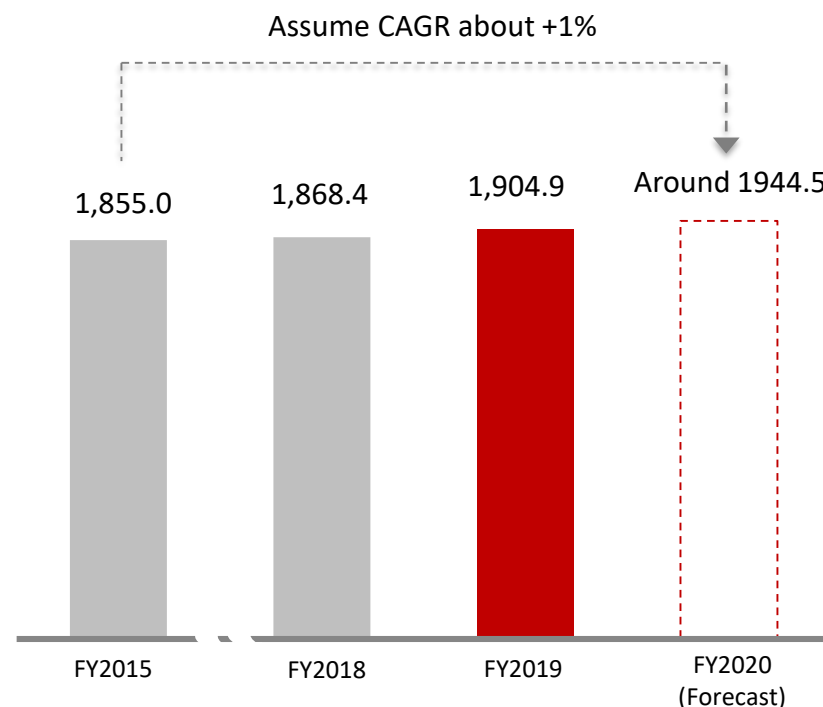
(Billions of yen)



*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)*2

(Billions of yen)



*2 Presented after adjusting reinsurance policies transferred in phases 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. excl. CALI, household earthquake

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

Key Points for Domestic P&C Insurance

- ◆ Has enhanced profitability and expedite qualitative evolution while addressing changes in customer needs.

(1) Improvement of productivity in existing business

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

Higher productivity with digital

- 240 Cases with RPS and generating 0.9 million hours
- Utilization of AI into knowledge management and customer contact

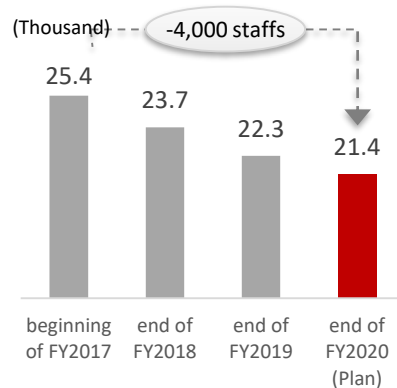
Reform of distribution channels

- Develop self-supported agents with high quality
- Enhance quality with self-completion of agents

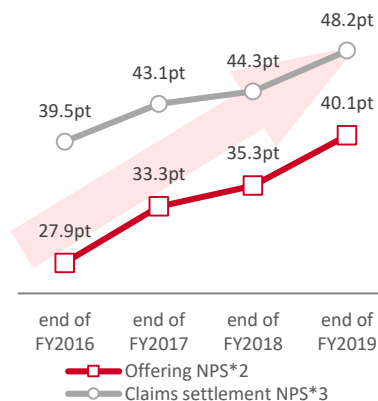
Reform of claims settlement

- Utilize digital and enhance human resource at claims and customer contacts
- Reorganize structure and operating process at widespread disasters

Progress of personnel downsizing*1



Progress of customer satisfaction



*1 Staffs engaging Sompo Japan *2 Net Promoter Score of answer through letters and web about auto insurance contract

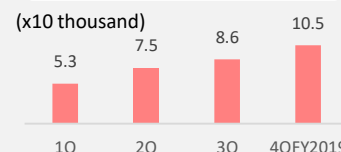
(2) Growth strategy

Organically expand new customer contact and new products and services, in order to continuously expand the customers base

LINE*4 platform

*4 Messaging app

Cases of claims through LINE



Customer contact & Information control

AI chat bot

Renewal notification

SOMPO Park

LINE Platform

Claims settlement

Claims through LINE

AI-based automated repair estimates

Business ecosystem of 83 million people

Insurance products

Easy-to purchase

Registration number: 11 million people

LINE Financial



Direct business (Saison Automobile & Fire)

おとなの自動車保険

- Mainly due to differentiated product, No.1 growth rate in the industry
- Exceeded 1 million policies, became the industry's third largest direct P&C insurer

*3 Net Promoter Score of answer through letters and web about auto insurance claims

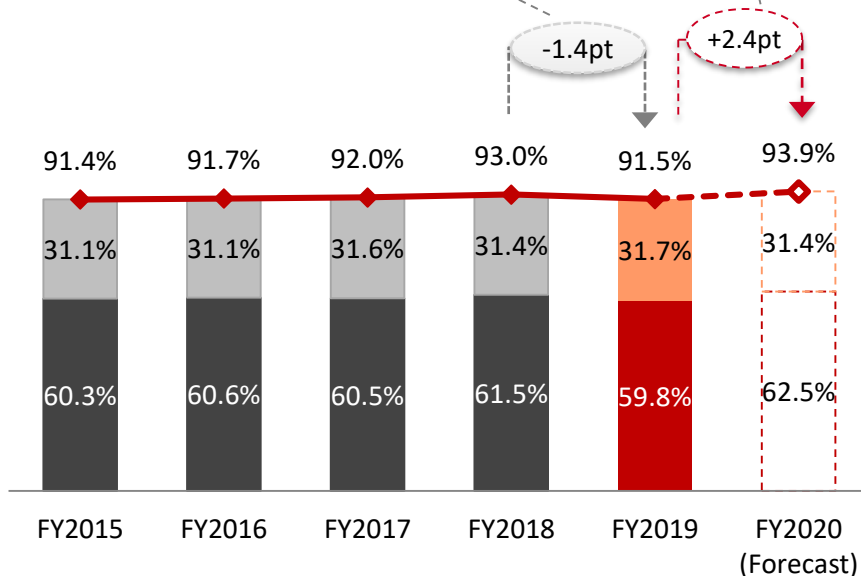
◆ Plan rate-hike as well as cost reduction, based on consumption tax hike and amendments to Japan's Civil Code.

Combined ratio (E/I)

Loss ratio Expense ratio Combined ratio

Mainly due to a decrease in net losses incurred from domestic natural disasters

Mainly based on a forecast for an increase in repair costs per claim and the rebound of warmer winter



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

Rate-hike
(Jan. 2020)

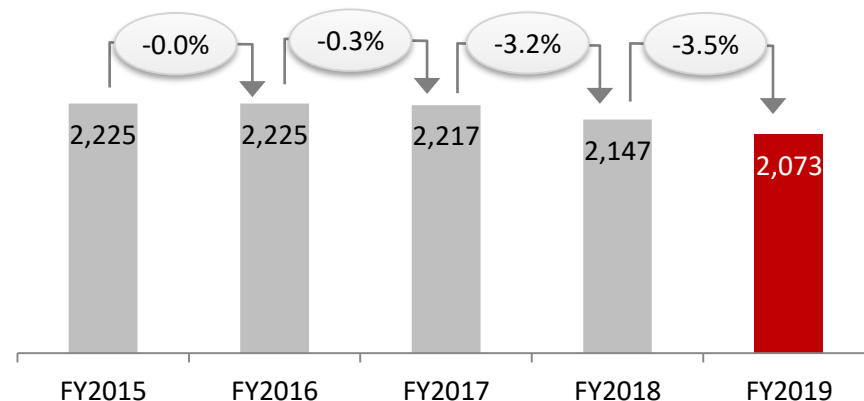
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Cost
reduction

Adjust based on consumption tax hike and amendments to Japan's Civil Code

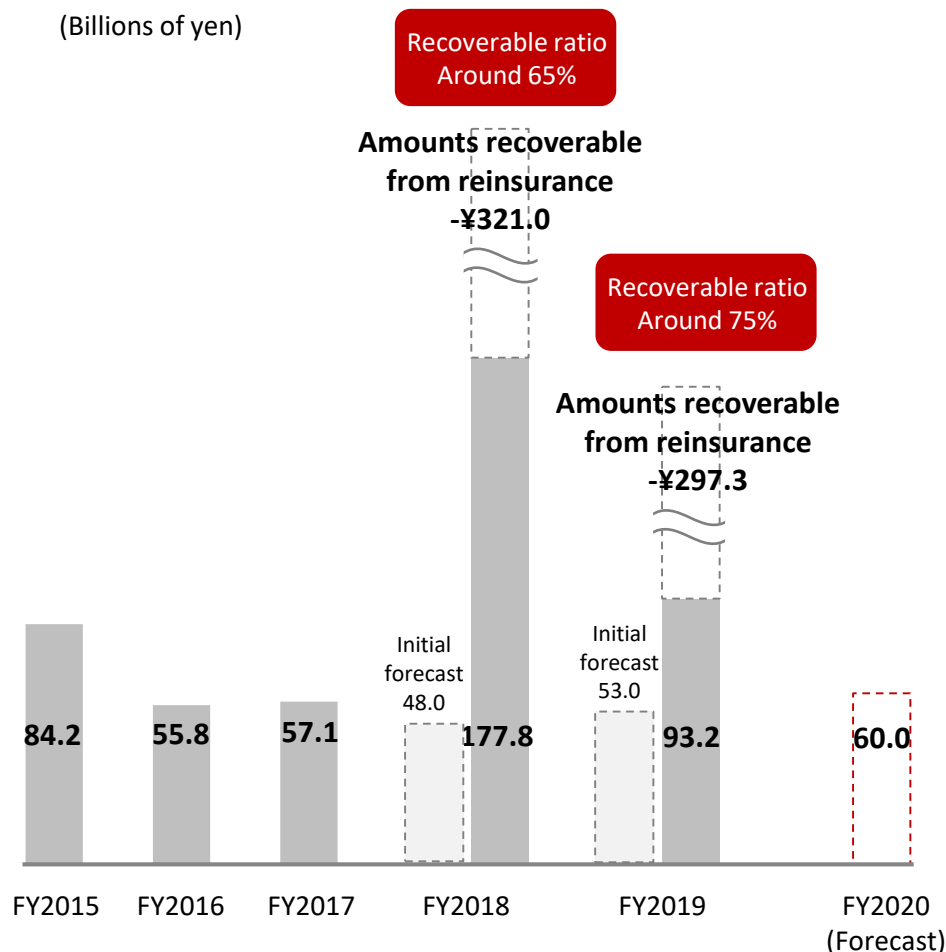
The number of reported claims

(Thousands)



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

Net claims incurred for natural disasters that occurred in the fiscal year and handling domestic natural disasters risks



Key points of our response to domestic natural disasters risks

Proper reinsurance protection

- Cover more serious disaster
- Control earnings volatility



Protection in FY2020

- ✓ Enhanced protection for a series of major natural disasters

Forward-looking perception of risks

- Conservatively factored the impact of climate changes into our model *Increased the assumption of net claims incurred for natural disasters.

Optimize fire insurance rate

- Revision of premiums rate (October 2019)
- Consider further rate optimization in light of revision of advisory rate

(Reference) Public organizations' common opinions on climate changes

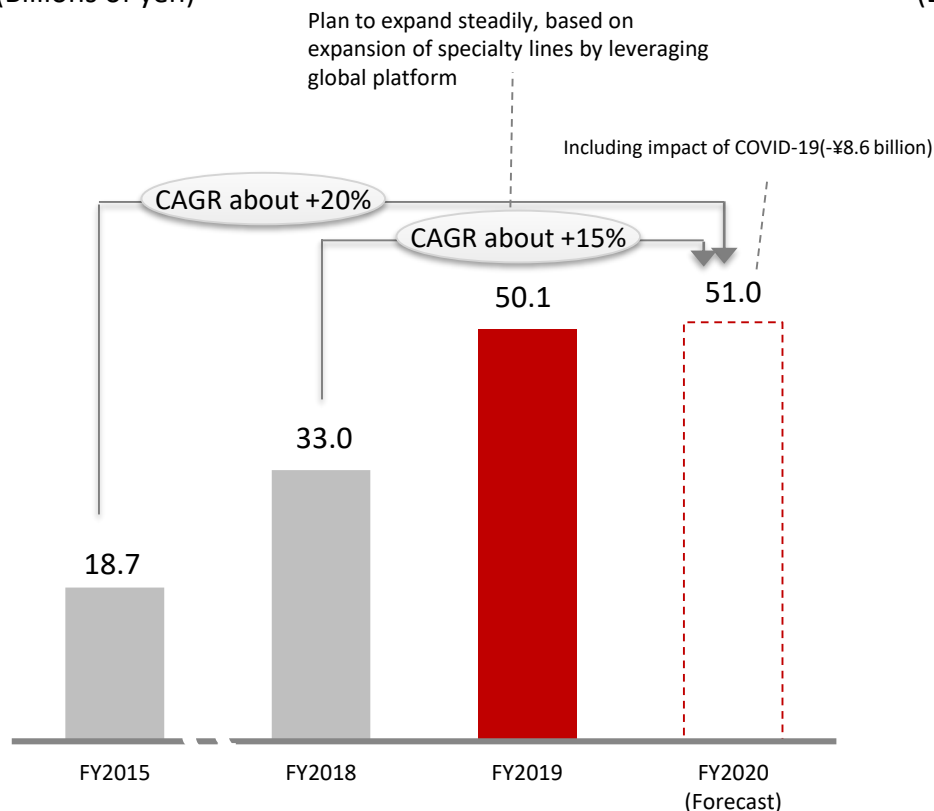
	Hurricanes	Heavy rain
Present	No specific change in frequency and intensity of hurricanes landed	Increase in frequency
Mid and long term	<ul style="list-style-type: none"> ▪ Decrease in frequency ▪ Increase in intensity 	Increase in annual frequency of heavy rain and squalls

Progress of Overseas Insurance

- ◆ Expand profit based on steady organic growth centering on specialty lines.
- ◆ Aim at further expansion of overseas insurance business weight through both commercial and retail platform.

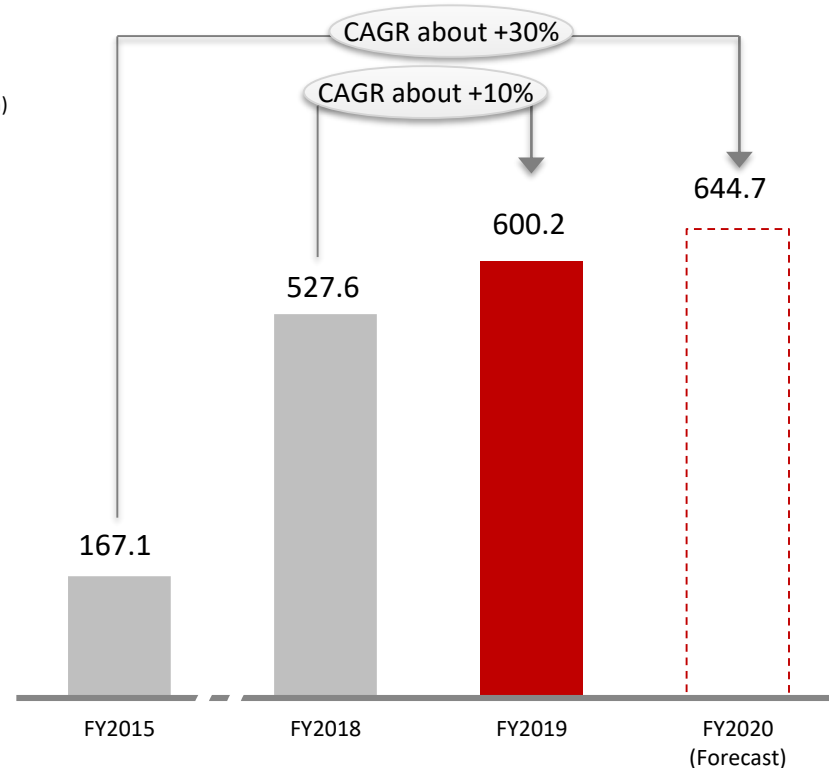
Plan for adjusted profit

(Billions of yen)



Premiums*

(Billions of yen)



* Portion attributable to Sompo Canopus excluded, due to sales completion. Premiums reflect holding shares. This treatment does not coincide with consolidated financial statements.

Key Points for Overseas Business

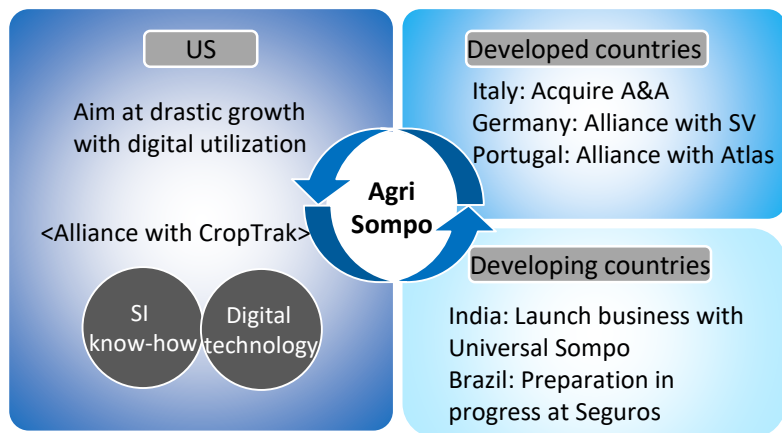
- ◆ Continue to enhance presence of crop insurance business through utilization of global platform and bolt-on M&As.
- ◆ Aim at sustainable and stable growth through accelerating higher profitability in retail lines and selection and concentration of existing business.

(1) Accelerate expansion of crop insurance

Enhance expertise

- Further accelerate AgriSompo's global business
- Aim further geographic diversification and expansion in the U.S. and rest of the world

<Expansion strategy of crop insurance>



(2) Growth strategy through Retail Platform

Accelerate consolidation

- Accelerate consolidation of subsidiaries
- Expect to complete consolidation of main subsidiaries in FY2020

<Expand Retail platform>



Enhance profitability

- Start to share Sigorta know-how such as pricing on auto lines to other subsidiaries

<Sharing Sigorta know-how about auto insurance* globally>

+40% growth

(Earned premiums in FY2019)

92.3%

(Combined ratio of FY2019)

More favorable level than competitors

Enhance group profitability by sharing know-how

* Voluntary auto insurance

(3) Enhance profitability of existing business

Selection and concentration

- Reorganized European business exiting Lloyds distribution channel (writing business directly through London office)



Selective bolt-on M&As

Enhance profitability through geographic diversification and expansion

Business Results by Company (FY2019)

(Billions of yen)		Net premiums written			Adjusted profit			Key points	(Reference) Exchange rate
		FY2019		FY2020	FY2019		FT2020		Dec. 2019*2
		Actual	Change	Forecasts	Actual	Change	Forecasts		(YoY Change)
North America & Europe	SI	429.5	+61.0	474.8	35.1	+15.3	41.0	*Refer to page 50	109.56 JPY/USD (-1.3%)
Asia & Middle East	Sompo Sigorta (Turkey)	40.5	+8.6	44.2	8.2	+1.3	4.6	In FY2019, loss ratio improved in addition to an increase in premiums mainly in auto line. In FY2020, investment profit is expected to decrease due to currency depreciation and lower deposit rate.	18.42 JPY/TRY (-12.2%)
	Sompo Singapore	7.7	+0.1	7.5	0.1	-0.2	0.6	In FY2020, loss ratio is expected to improve due to strict underwriting conditions.	81.07 JPY/SGD (+0.1%)
	Berjaya Sompo (Malaysia)	14.4	+0.4	14.8	1.4	+0.3	1.2	In FY2019, investment profit was favorable.	26.61 JPY/MYR (-0.3%)
	Sompo Indonesia	6.5	-0.0	8.0	0.5	+0.4	0.5	In FY2019, loss ratio improved favorably. In FY2020, premiums centered on auto line is expected to increase.	0.0079 JPY/IDR (+2.6%)
	Sompo China NK China	6.3	+0.9	7.5	0.9	+0.0	0.6	-	15.67 JPY/RMB (-3.0%)
	Sompo Hong Kong	3.5	-0.3	3.5	0.2	-0.2	0.3	-	14.07 JPY/HKD (-0.8%)
	Universal Sompo (India)	7.4	+0.8	9.0	0.7	+0.0	0.3	In FY2019, crop insurance was favorable. In FY2020, premiums centered on auto line is expected to increase.	1.46 JPY/INR (-9.3%)
	AYA SOMPO (Myanmar)	-	-	0.2	-	-	0.0	Consolidated from FY2020.	0.0737 JPY/MMK (-)
Latin America	Sompo Seguros (Brazil)	80.3	+0.7	70.2	2.0	-0.2	1.5	In FY2019, loss ratio improved due to strict underwriting conditions. In FY2020, premiums in BRL is expected to increase, centered on auto line.	27.07 JPY/BRL (-5.5%)
Other (non-consolidated)*1		3.5	-0.0	4.4	0.5	+0.2	0.0	-	-
Total		600.2	+72.5	644.7	50.1	+17.0	51.0	-	-

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

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

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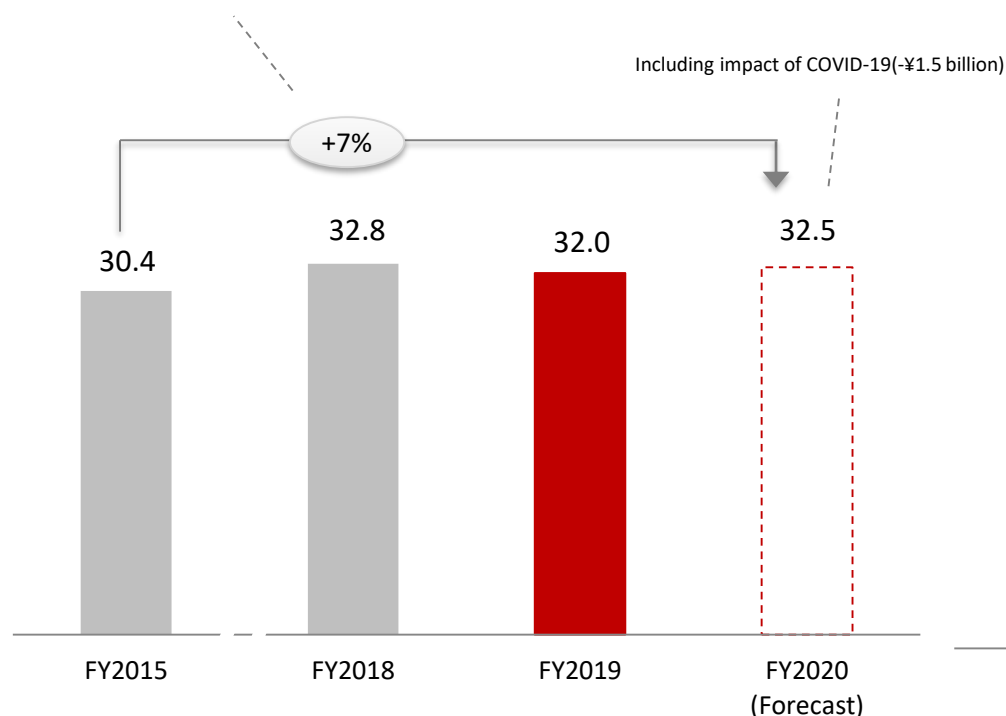
Progress of Domestic Life Insurance

- ◆ Achieve stable profit through expanding policies in force centering on protection-type products.
- ◆ Aim at further growth by accelerating Insurhealth (products and services) with health support function such as launch of new medical insurance.

Plan for adjusted profit

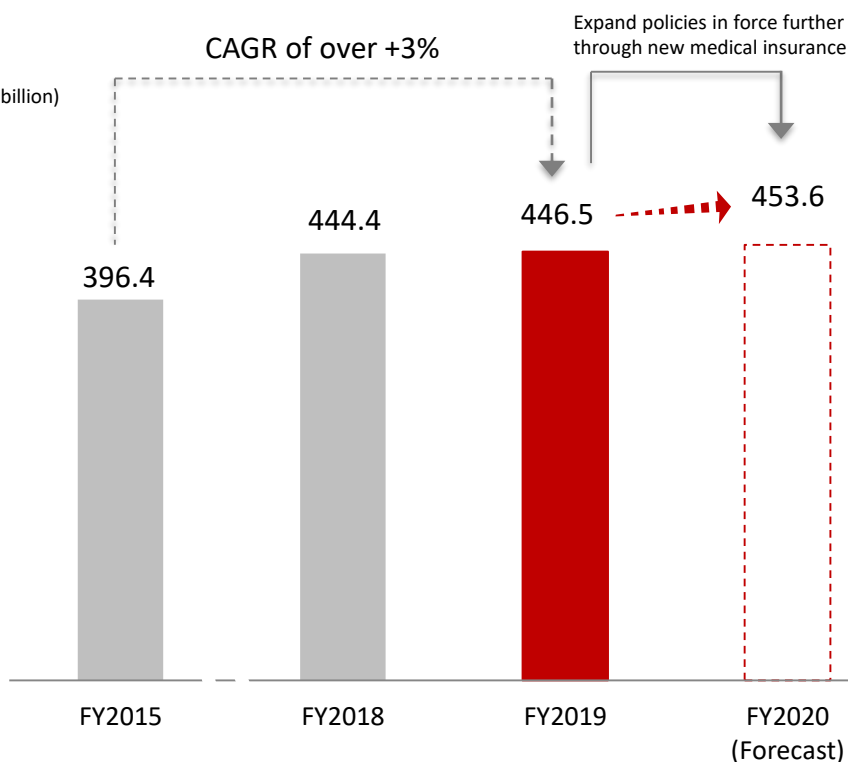
(Billions of yen)

Mainly due to policies in force expanded steadily by providing new products in timely manner centered on medical and income compensation products



Premium and other income

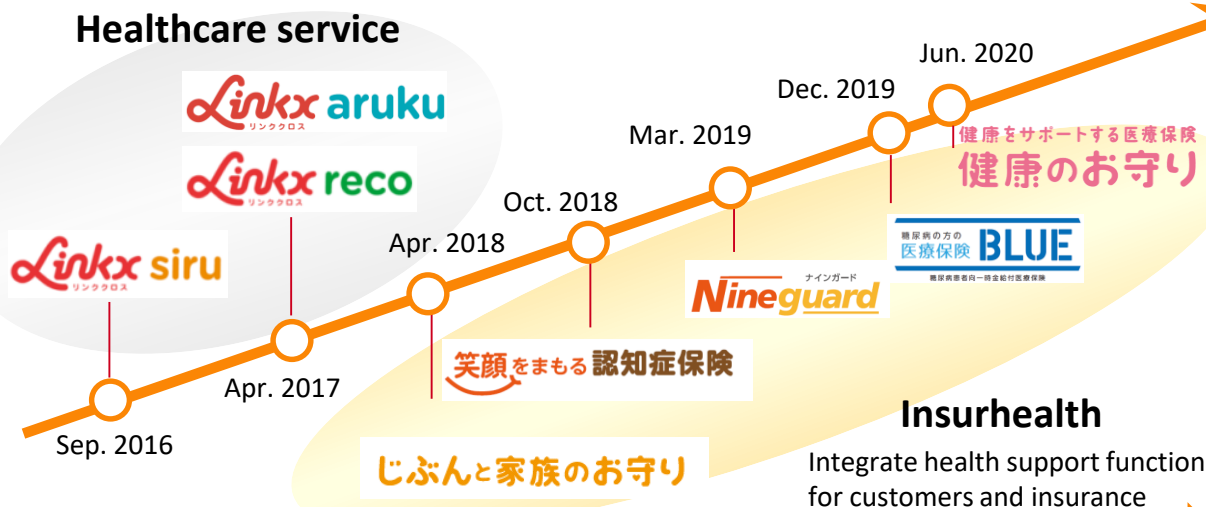
(Billions of yen)



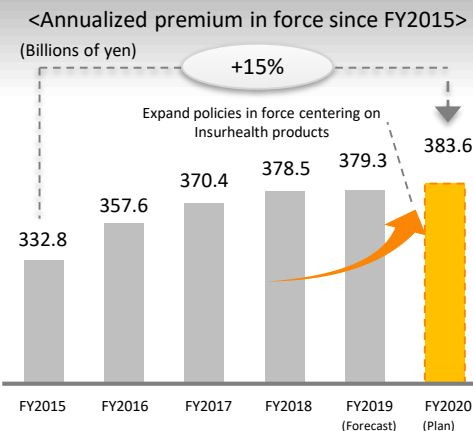
Key Points for Domestic Life Insurance

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

New Growth Strategy

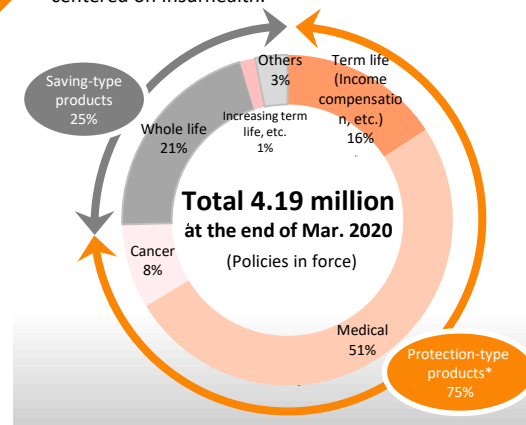


Expand policies in force



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.



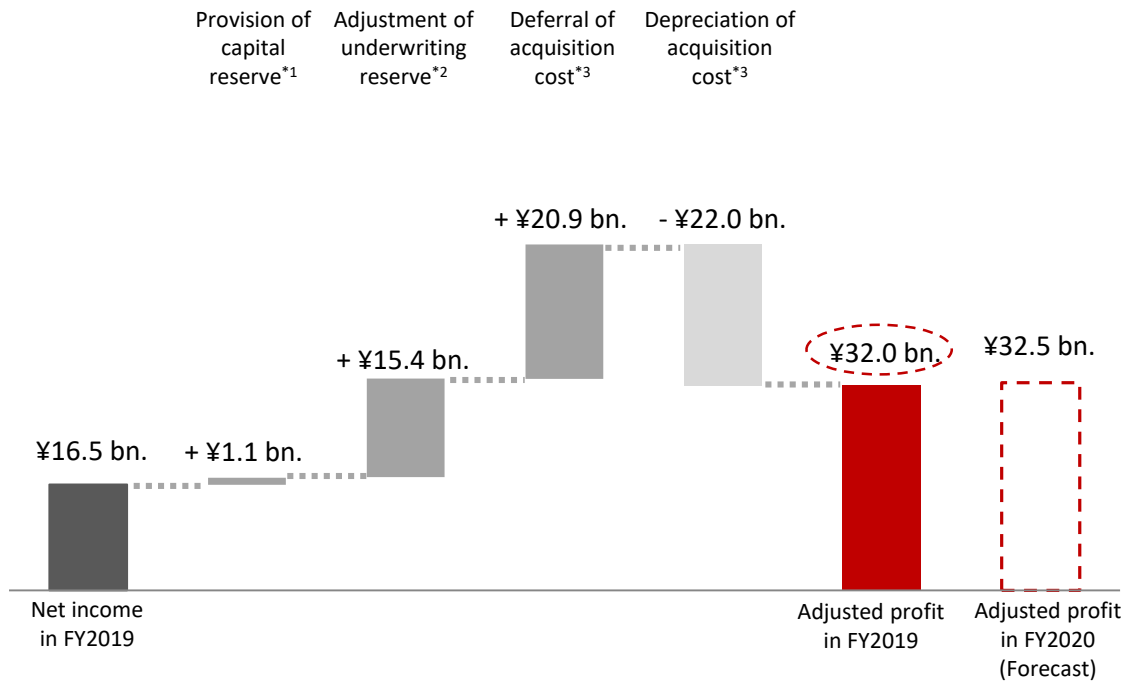
Evolve into a health support enterprise

Drastic improvement of profitability

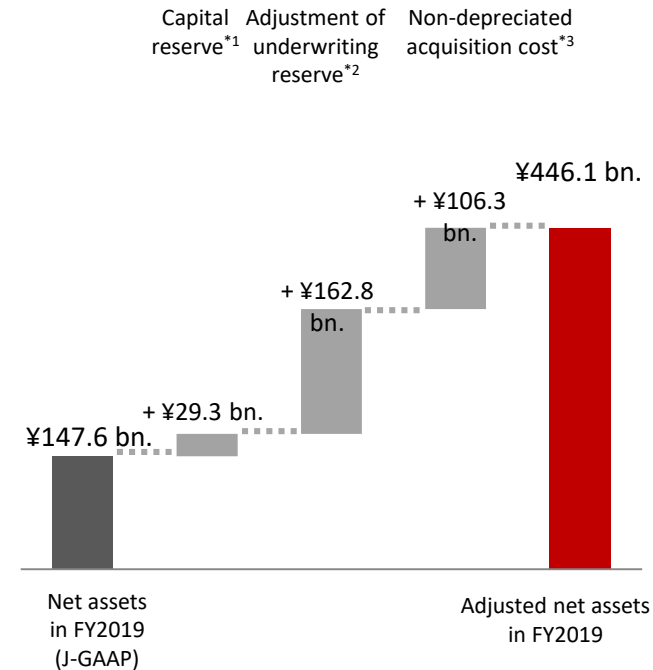
Human Resource	➢ Transformation of HR management policy (integrate job classifications and revise remuneration system)
Business Innovation	➢ Concentrate administrative work at head office ➢ Centralize organization-wide administrative work at head office
Reform of working practices	➢ Flexible workstyles (Accelerate telework) ➢ Introduce hot desking
Health & productivity management	➢ No smoking at any time during work hours

* 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).

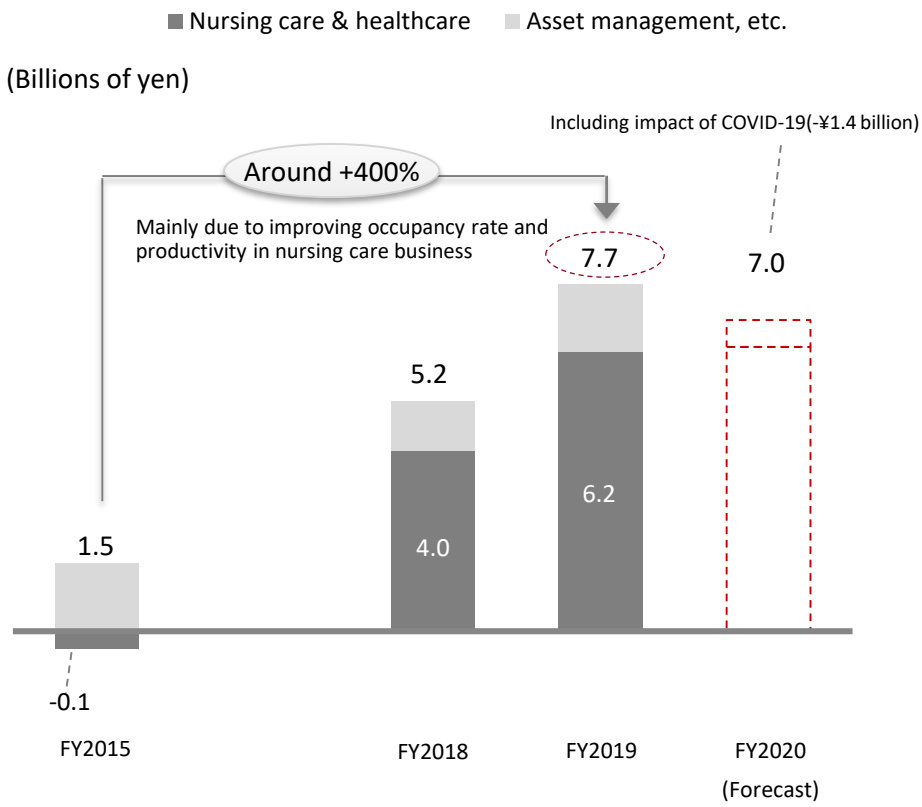
*3 Acquisition cost, such as commissions for new contracts, depreciated over 10 years (after tax).

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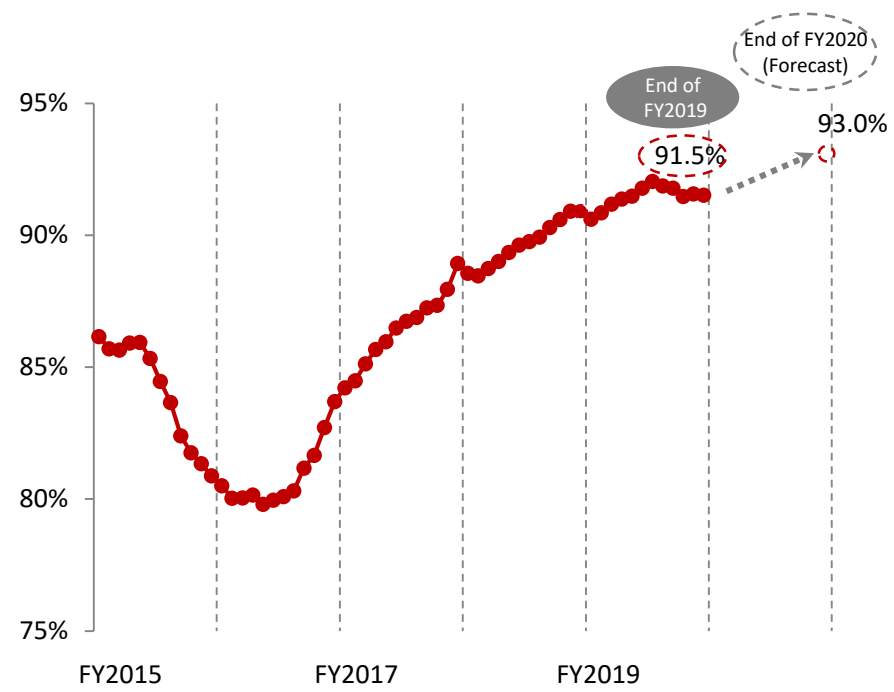
Progress of Nursing Care & Healthcare, etc.

- ◆ Occupancy rate remains stable at favorable level. Move to phase to improve profitability mainly through higher productivity going forward.
- ◆ While impact on profit by additional cost against COVID-19, aim at build stable business foundation through enhancing service quality.

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.

(1) Enhance profitability in existing business

Improve stand-alone basis profitability further with the aim of removing the supply-demand gap for nursing care workers through improved productivity and better remuneration, while promoting human-ICT integration

Higher efficiency

- ◆ Utilize digital technology
 - Accelerate to utilize "Future care lab in Japan"
- ◆ Improve operating processes

Secure human resources

- ◆ Enhance remuneration (From Oct. 2019)
 - In the future, aim for a level on par with nursing care professionals

Future Care Lab in Japan



(Example) Sleeping Scan

PARAMOUNT BED

(2) Tackle the challenge of extending healthy life expectancy

Aim to secure new earnings sources by tackling the challenge of extending healthy life expectancy through the expansion of dementia-related services

Services related to dementia



+

(3) Diversify sources of profits

Aim to diversify earnings sources by considering expansion into new businesses peripheral to nursing care, maximizing expertise and VOC/VOG*

Food business

Provide expertise

, etc.

Business process support services

Launched in April 2020

Provide support such as human resources, purchase of goods and IT infrastructure to 3rd party nursing care providers



SOMPOケア

Know-how
human resources,
purchase of goods
and IT infrastructure

Consulting

Provide

Operation
support

3rd party
nursing care
providers

Develop added valued services through data accumulation and analysis

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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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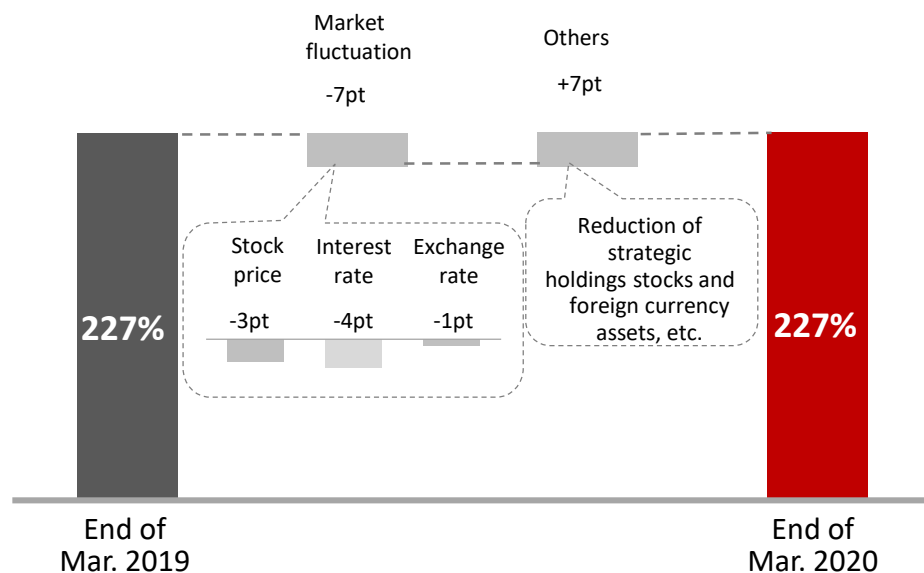
Appendix

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Financial Soundness – ESR (99.5%VaR)

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

Trend of ESR (99.5%VaR)*1



*1 In accordance with Solvency II

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

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

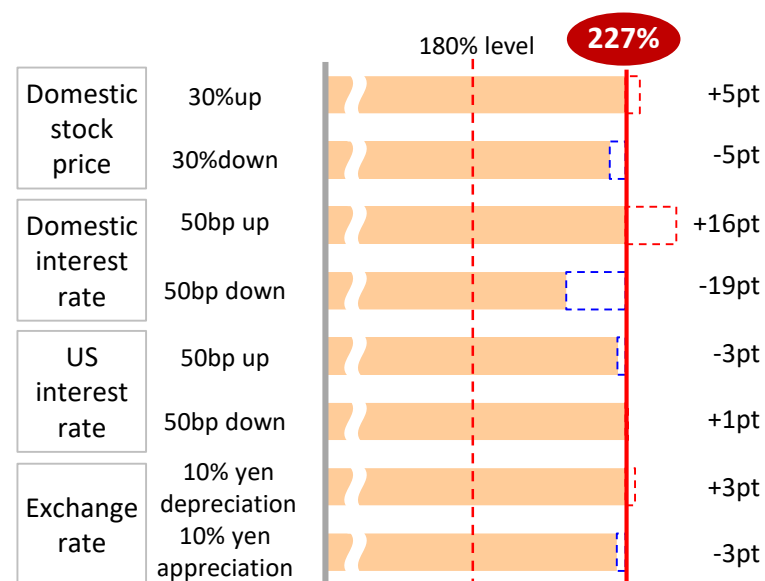
180% level: The level leading to stable financial soundness based on the result of stress test, etc.

Typical actions in case of constant deviation from target range

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

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

Sensitivity of ESR (99.5%VaR)



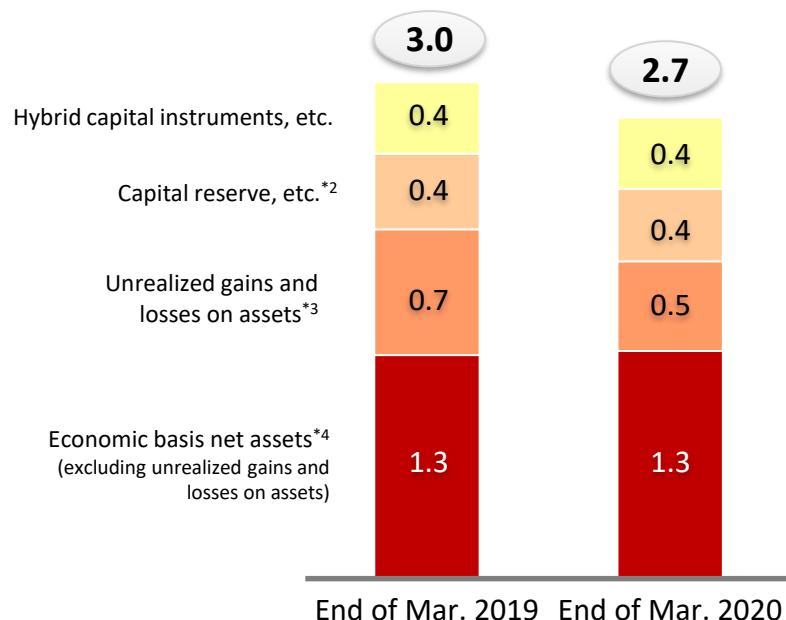
(Reference) Market indicators	End of Mar. 2020	(change*2)
Domestic stock price (Nikkei 225)	¥18,917	(-10.8%)
Domestic interest rate (30y JGB)	0.43%	(-8bp)
US interest rate	0.67%	(-174bp)
Exchange rate (JPY/USD)	¥108.83	(-1.9%)

*2 Against the end of March 2019

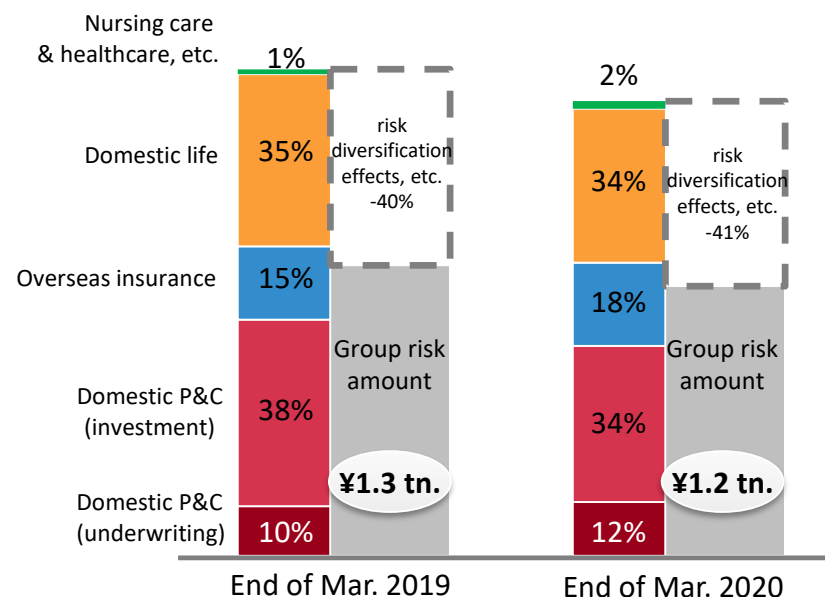
Breakdown of Adjusted Capital and Risk

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

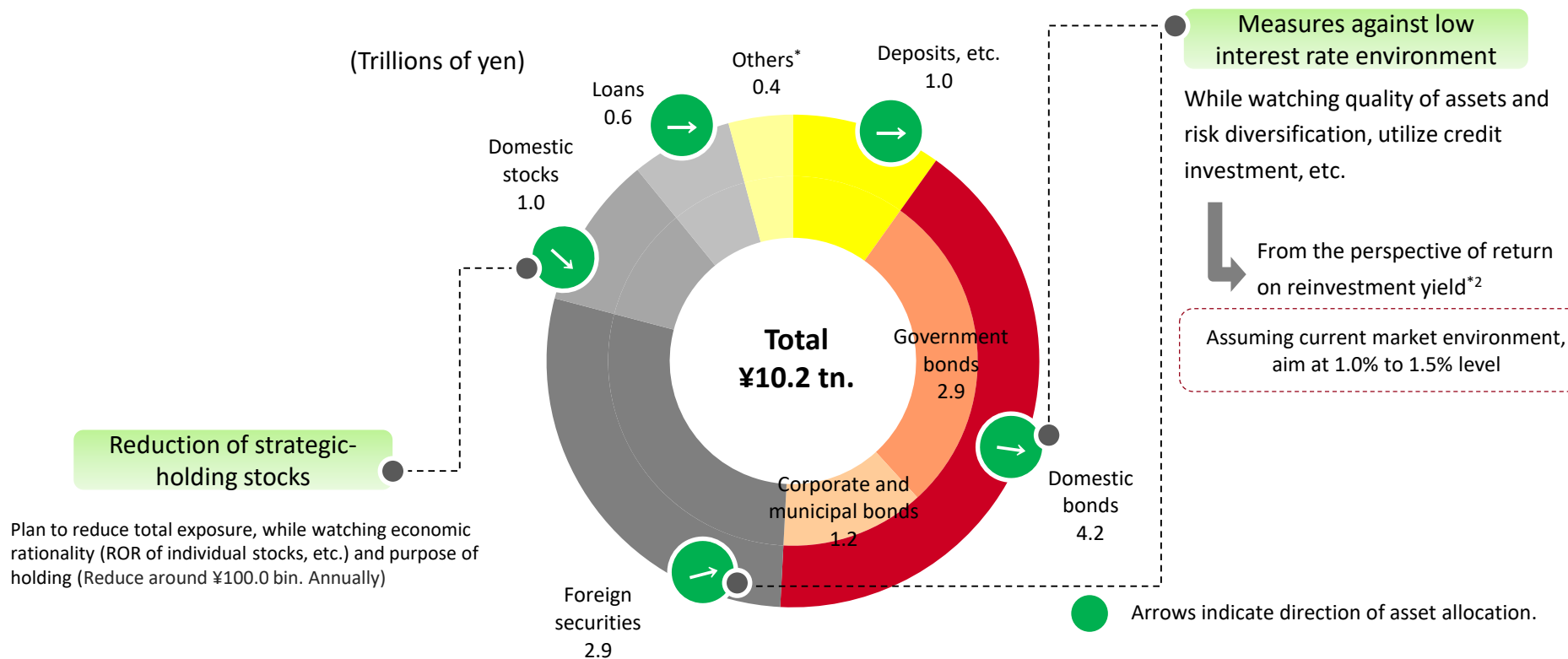
• Risk amount of each business : Before reflecting risk diversification effect among businesses and before-tax basis.

• 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 Mar. FY2020, group-wide basis (Trillions of yen)

*2 Sompo Japan general account and yen-interest assets, etc.

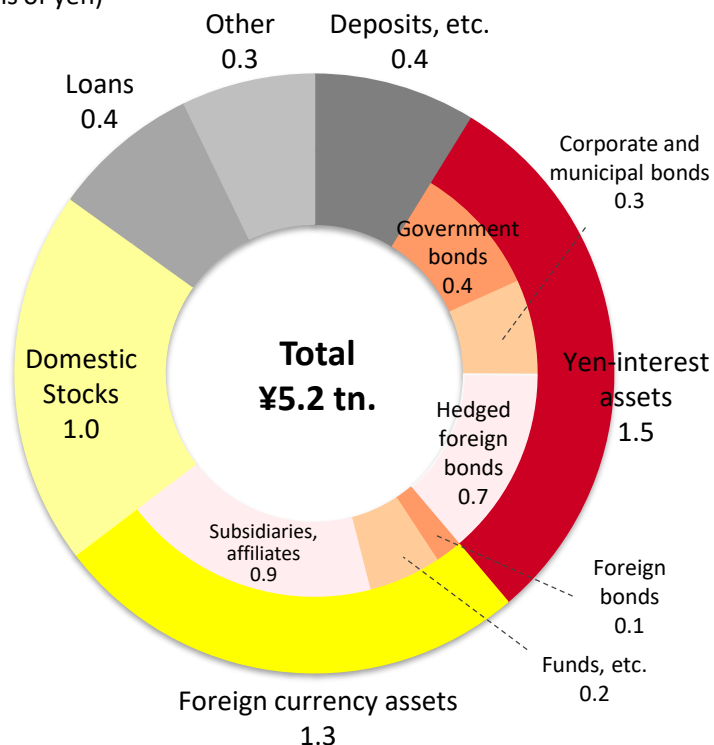
Asset Portfolio – Sompo Japan

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

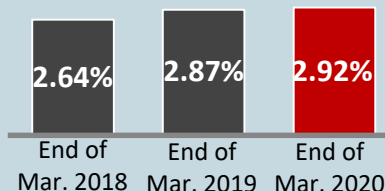
Amount of investment assets (as of end of March 2020, Sompo Japan, non-consolidated)

<General account>

(Trillions of yen)



Trend of income yield*¹ (General account)



Composition of ratings*²

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

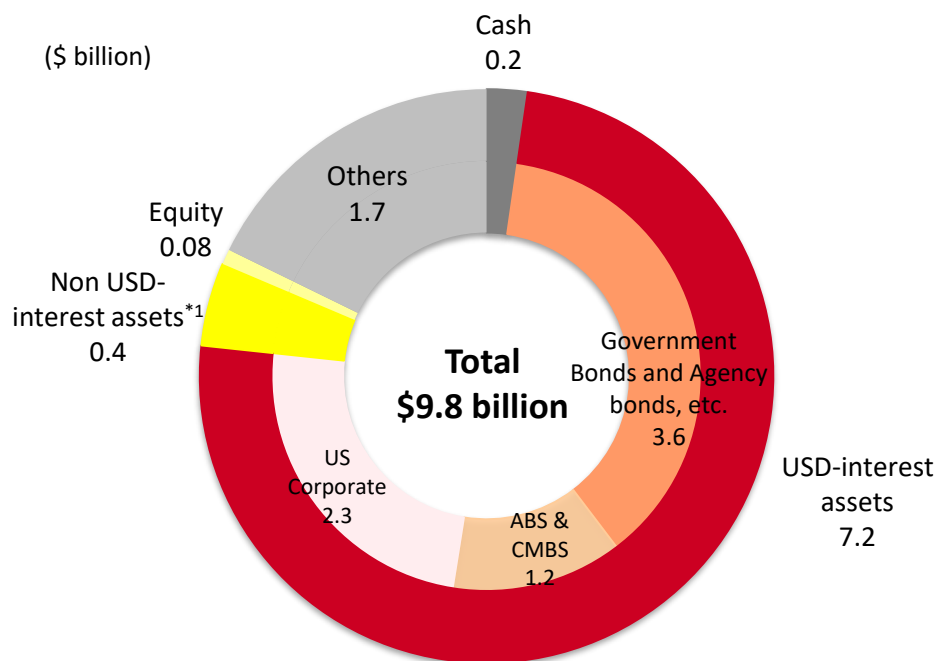
*1 Excluding overseas subsidiaries' shares, etc.

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

Asset Portfolio - SI

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

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



Composition of ratings*3

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

Duration (years)

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

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

*1 Incl. cash

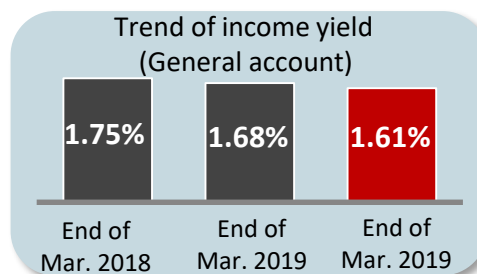
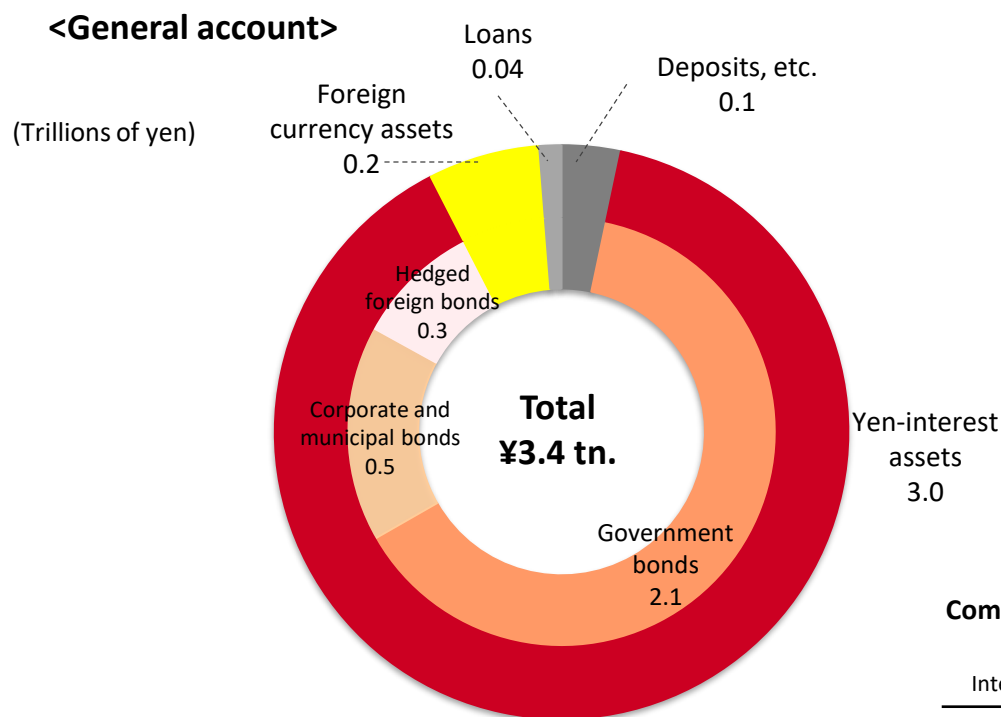
*2 Incl. changes in unrealized gains and losses on certain funds, etc.

*3 Total of bond assets

Asset Portfolio – Himawari Life

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

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



Composition of ratings*

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

Duration (years)

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

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

* Total of yen-interest assets and foreign currency bonds

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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	P20
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(3) ERM, capital policy & asset management	P38
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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.

Governance

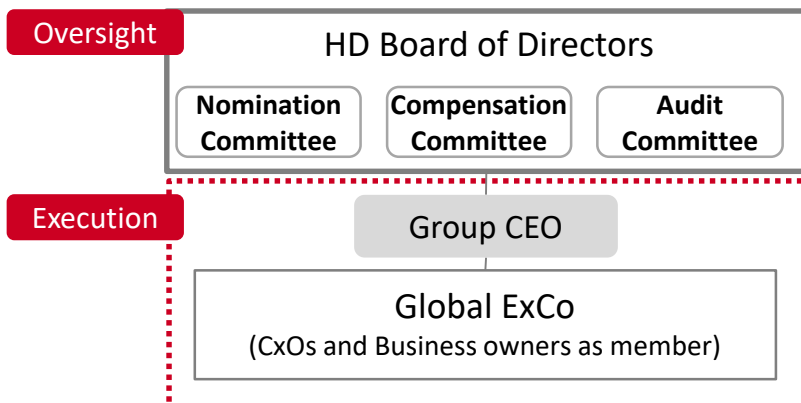
- ◆ Accelerate sustainable growth of the Group through the globalization of group management structure.
- ◆ Evolve the overseas governance structure to develop overseas insurance business.

Governance structure of SOMPO Holdings

More robust group governance structure

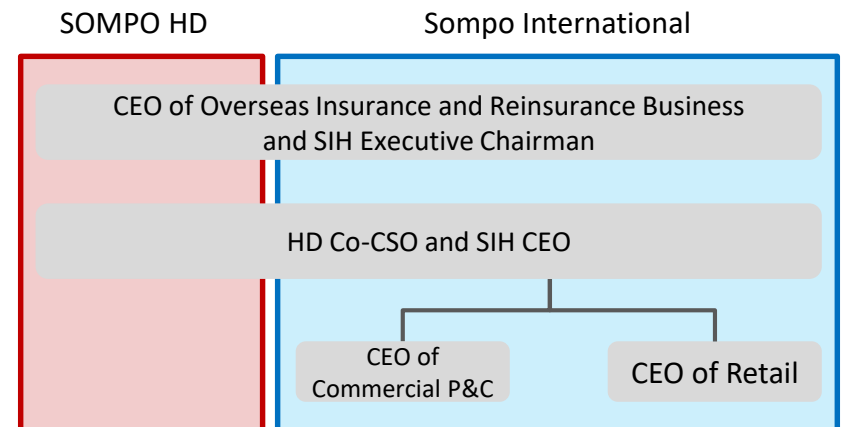
- Majority outside diversified directors
(7 out of 11 directors will be outside directors.)
- Shift to company with committees
- Diversify group management and utilize human resource globally
(Appoint SI chairman to CEO of Overseas Insurance and Reinsurance Business of SOMPO Holdings, and him and SI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

Company with committees



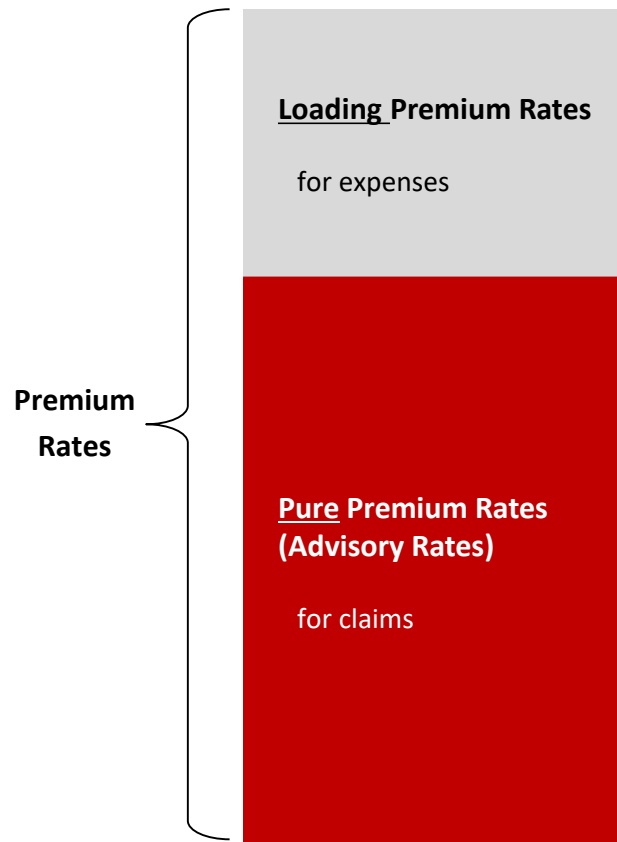
Enhance the overseas governance structure

- 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

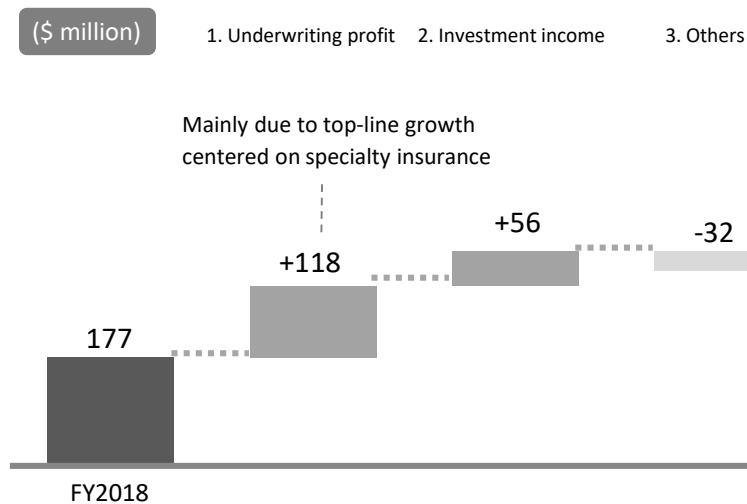
- Calculated for: fire insurance, personal accident insurance, automobile insurance, etc.
- Calculated by the GIROJ.*²
- The GIROJ collects large quantities of data from member insurance companies.
- The GIROJ uses statistical approach to calculate the advisory pure premium rates and present it to member 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

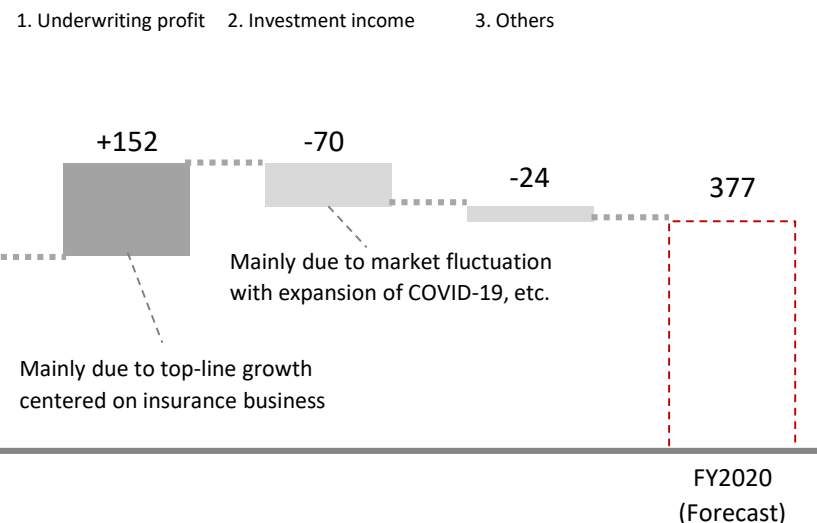
*2 General Insurance Rating Organization of Japan

(Overseas Insurance) Overview of Business Results of SI

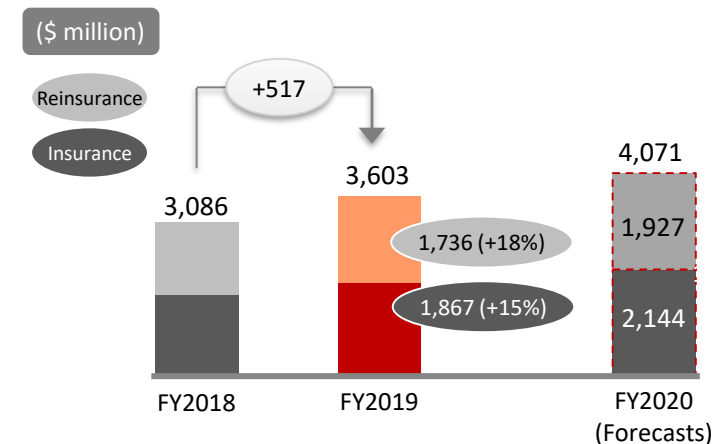
Changing factors of net income (FY2019, actual)



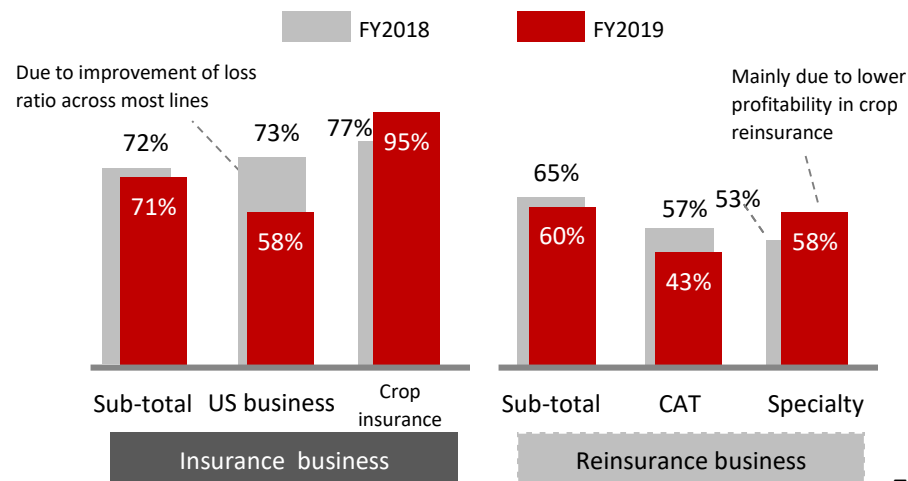
Changing factors of net income (Forecast for FY2020)



Net premiums earned



Loss ratio (Main lines of business)



Overview of FY2019 Results and Business Forecasts for FY2020 – Consolidated Basis

(Billions of yen)	FY2019		FY2020	
	Actual	Change	Forecasts	Change (against FY2019)
Consolidated ordinary income	3,760.3	+117.3 (+3.2%)	-	-
Net premiums written (P&C)	2,825.4	+107.3 (+3.9%)	2,860.0	+34.5 (+1.2%)
Life insurance premiums	356.0	+6.4 (+1.8%)	358.5	+2.4 (+0.7%)
Consolidated ordinary profit	192.4	-6.5	223.0	+30.5
Sompo Japan	182.3	-33.1	210.0	+27.6
Overseas subsidiaries	87.9	+93.7	60.1	-27.7
Himawari Life	25.5	+2.2	24.6	-0.8
Nursing care and healthcare ^{*1}	10.1	+4.2	10.4	+0.3
Consolidated adjustment ^{*2} /others	-113.5	-73.5	-82.3	+31.2
Consolidated net income ^{*3}	122.5	-24.1	150.0	+27.4
Sompo Japan	130.5	-45.1	156.0	+25.4
Overseas subsidiaries	75.3	+81.4	48.9	-26.3
Himawari Life	16.5	+1.1	17.0	+0.4
Nursing care and healthcare	6.1	+1.9	6.4	+0.2
Consolidated adjustment ^{*2} /others	-106.1	-63.6	-78.3	+27.8
(Reference) Adjusted consolidated profit	150.8	+37.2	187.0	+36.1
Domestic P&C insurance	60.8	+18.5	96.5	+35.6
Overseas insurance	50.1	+17.0	51.0	+0.8
Domestic life insurance	32.0	-0.7	32.5	+0.4
Nursing care & healthcare, etc.	7.7	+2.5	7.0	-0.7

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

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

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

Overview of FY2019 Results and Business Forecasts for FY2020 – Businesses (1)

Sampo Japan

(Billions of yen)	FY2019		FY2020	
	Actual	Change	Forecasts	Change (against FY2019)
Net premiums written	2,184.7	+36.1 (+1.7%)	2,173.5	-11.2 (-0.5%)
(excl. CALI, household earthquake)	1,903.8	+33.9 (+1.8%)	1,943.1	+39.3 (+2.1%)
Net premiums earned (excl. CALI, household earthquake)	1,873.9	+4.6 (+0.2%)	1,925.0	+51.1 (+2.7%)
E/I loss ratio (excl. CALI, household earthquake)	63.3%	-3.9pt	61.8%	-1.5pt
W/P loss ratio	64.9%	-4.9pt	64.1%	-0.8pt
(excl. CALI, household earthquake)	63.5%	-4.6pt	61.0%	-2.4pt
Net expense ratio	32.4%	+0.3pt	32.8%	+0.4pt
(excl. CALI, household earthquake)	33.8%	+0.3pt	33.5%	-0.3pt
Combined ratio (W/P) (excl. CALI, household earthquake)	97.3%	-4.3pt	94.6%	-2.8pt
(Reference) Combined ratio (E/I)* (excl. CALI, household earthquake)	97.2%	-3.6pt	95.3%	-1.8pt
Underwriting profit	43.1	+1.1	83.0	+39.8 (+92.5%)
Investment profit	150.9	-38.9	140.0	-10.8 (-7.2%)
Ordinary profit	182.3	-33.1	210.0	+27.6 (+15.1%)
Net income	130.5	-45.1	156.0	+25.4 (+19.5%)
Adjusted profit	64.1	+17.3	98.6	+34.4 (+53.8%)

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

Overview of FY2019 Results and Business Forecasts for FY2020 – Businesses (2)

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(\$ million)	FY2019		FY2020	
	Actual	Change	Forecasts	Change (against FY2019)
Gross premiums written	6,787	+827	7,111	+323
Net premiums written	3,921	+601	4,363	+442
Net premiums earned	3,603	+517	4,071	+467
Net losses and loss expenses	2,372	+257	2,550	+178
Expense	1,095	+142	1,234	+138
Loss ratio*	65.8%	-2.7pt	62.6%	-3.2pt
Expense ratio*	30.4%	-0.5pt	30.3%	-0.1pt
Combined ratio*	96.2%	-3.2pt	93.0%	-3.3pt
Underwriting income	143	+118	295	+152
Net investment income	301	+56	230	-70
Other income	177	+352	-71	-249
Net income	553	+481	377	-176
Adjusted profit	320	+142	377	+57

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

Overview of FY2019 Results and Business Forecasts for FY2020 – Businesses (3)

Himawari Life

(Billions of yen)	FY2019		FY2020	
	Actual	Change	Forecasts	Change (against FY2019)
Annualized new premium	25.0	-12.0	31.0	+6.0
Premium and other income	446.5	+2.0	453.6	+7.0
Investment profit (general account)	47.8	+3.0	47.0	-0.7
Ordinary profit	28.4	+1.8	27.5	-0.8
Net income	16.5	+1.1	17.0	+0.4
Adjusted profit	32.0	-0.7	32.5	+0.4

Sompo Care

(Billions of yen)	FY2019		FY2020	
	Actual	Change	Forecasts	Change (against FY2019)
Sales	128.4	+4.5	132.5	+4.0
Occupancy rate	91.5%	+0.6pt	93.0%	+1.4pt
Net income	6.2	+2.1	6.3	+0.0

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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