

Dai-ichi Life Group New Medium-term Management Plan



Covering FY2018-2020

March 29, 2018

Dai-ichi Life Holdings, Inc.



Dai-ichi Life
Holdings



New Medium-term Management Plan “CONNECT 2020”

~ Overview ~

New Medium-term Management Plan “CONNECT 2020”



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CONNECT 2020

~ Strategic Direction ~

- We will offer products & services using different distribution channels that help improve quality of life^(Note) by building stronger relationships with customers, communities and diverse business partners in a rapidly changing environment.
- We will create unique synergies by leveraging our global network as a competitive advantage and nurture the growth of each group company by strengthening our ties within the group in an intensely competitive market.

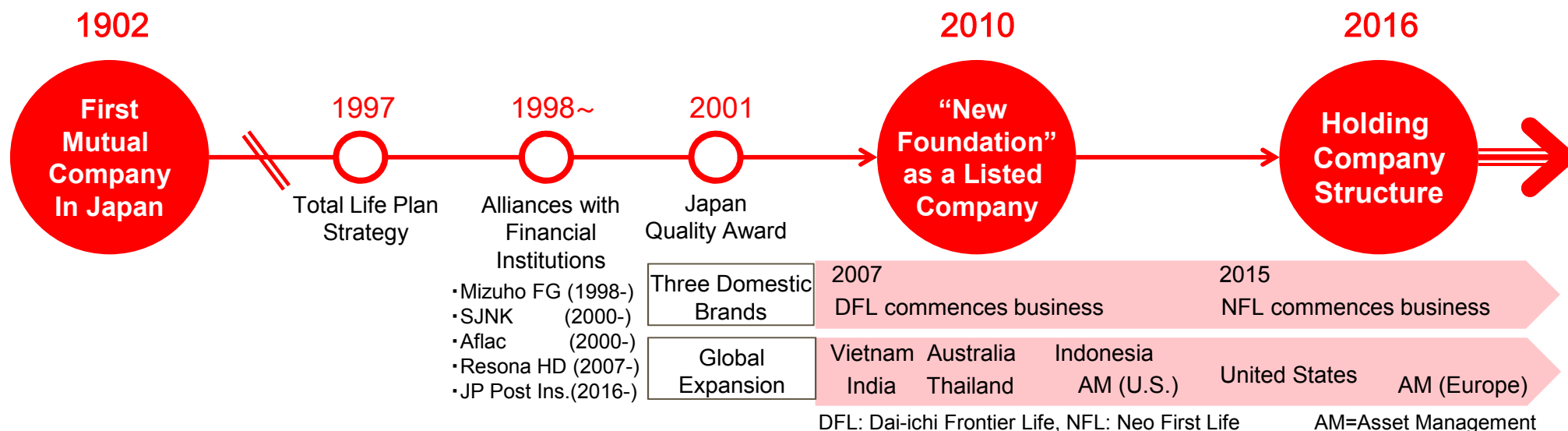
(Note) Quality of Life is a concept that reflects not only material wealth and personal independence but also the overall well-being, including emotional aspect and self-realization.

Strengths of Dai-ichi Life Group



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- Continuing to innovate for the improvement in quality of life as a company that stands “By your side, for life”



Strong brand value built over a history of more than a century

一生のパートナー

第一生命

1902~

Protective.

1907~

TAL

1869~

Strong Business Foundation & Diverse Talents

I Domestic Life

- High Market Share
 - ✓ No. 1 in Bancassurance
 - ✓ No. 2 in the Third-Sector

I Overseas Life

- Leader in U.S. Acquisition Business with 56 transactions completed
- No. 1 Market Share in Australia
- No. 3 Market Share in Vietnam

I Asset Management

- Scale of AUM No. 1 in Asia
- AUM of over 10 trillion yen each in U.S. and Europe

I Diverse talents to support innovation and growth, high expertise developed over the years

- 70,000 employees with diverse talents in 7 countries
- Overseas employees increased by 10,000 over the past 10 yrs.
- No. of MDRT* Members: 180 in Japan 106 overseas
- No. of global exchange program participants: 1,700 in 5 years

*Million Dollar Round Table (MDRT), is a global independent association of life insurance and financial services professionals from more than 500 companies in 69 nations and territories and recognized internationally as the standard in excellence in life insurance and financial services business

To Achieve Growth



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- Maximize our strengths with the “CONNECT” concept to improve quality of life

Basis Elements of New Mid-term Plan

Deliver products and services
that improve quality of life

Address social issues
through our business

**CONNECT
better with
customers**

**CONNECT
deeper with
communities**

CONNECT 2020

Expand opportunities with
outside partners

Further synergies
between group companies

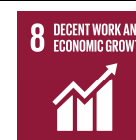
**CONNECT
with diverse
partners**

**CONNECT
tighter as a
group**

Improve Quality of Life through Social Value We Create



Promote
Health



Stability
through
Insurance



Sense of security
in later life



Building safe and
secure communities



Development of
cutting-edge
technologies



Contribute to society



Empowerment of women
Protect rights of workers



The above goals are selected from Sustainable Development Goals (SDGs) set forth by the U.N. that the Dai-ichi Life Group considers as a priority to create value by leveraging its strengths.

Strengths of the Dai-ichi Life Group

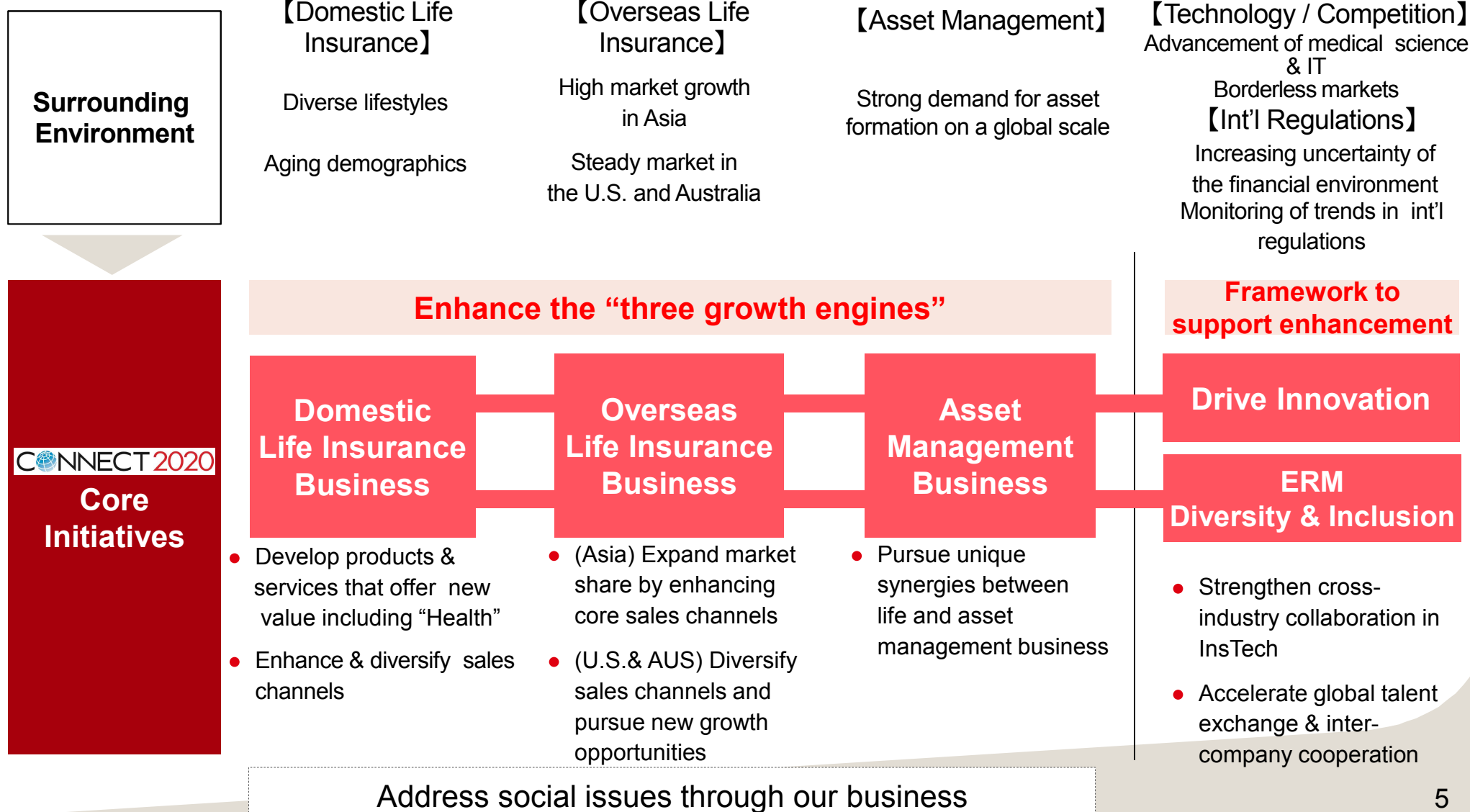
Growth of the Dai-ichi Life Group

Core Initiatives for Growth



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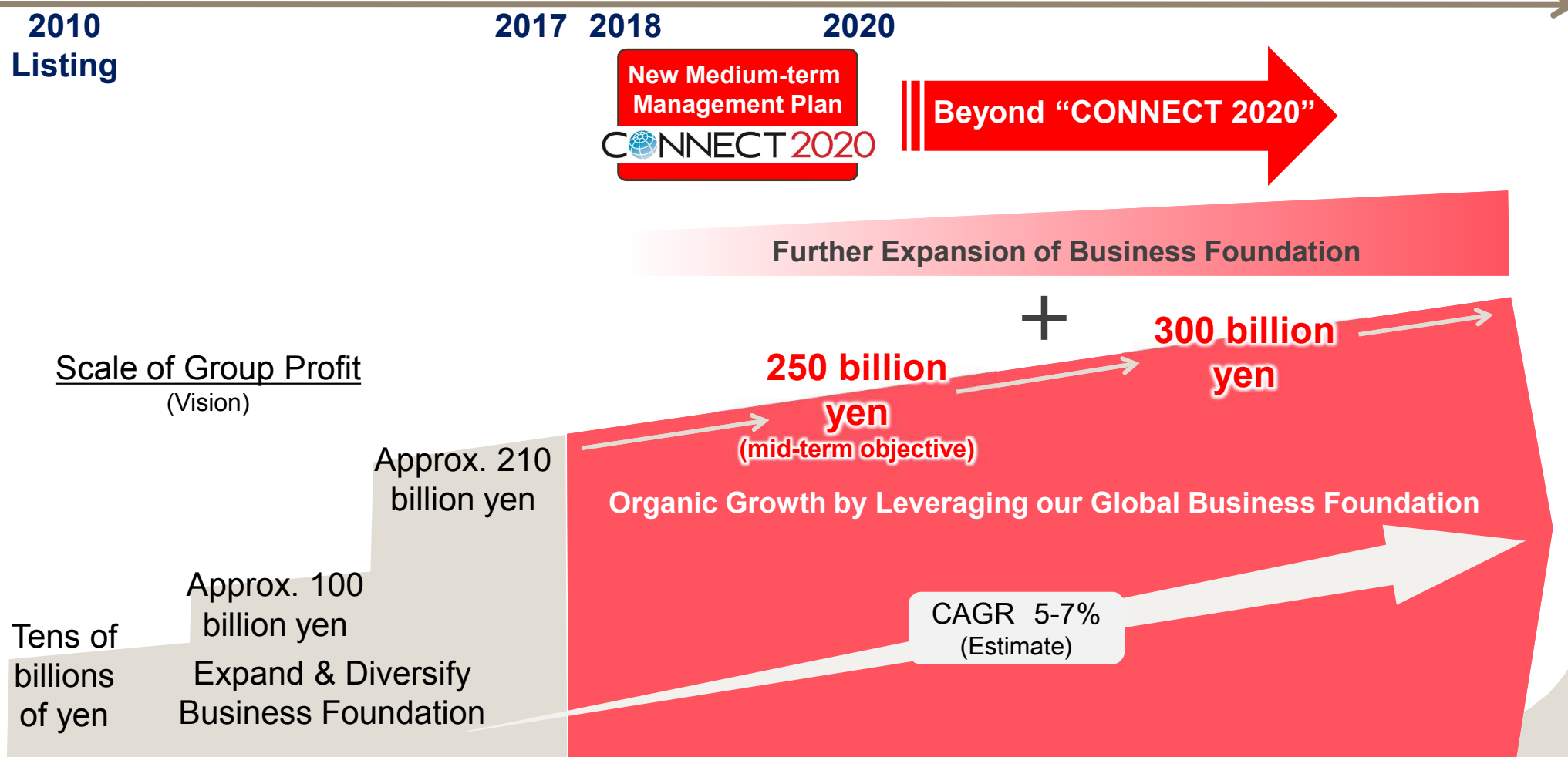
- Enhance the “three growth engines” against changes in surrounding environment





Our Vision for Profit Growth

- Securing sustainable growth will support profit to reach 300 billion yen in the post “CONNECT 2020” time frame
- Organic growth of each business domain is key in securing sustainable growth



Management Objectives and Mid- to Long-term Vision



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		Indicators	Objectives
Group Management Objectives (Quantitative Targets)	Accounting Profit	Group Adjusted Profit	250 billion yen in FY2020
	Future Profit (Economic Value)	Group Value of New Business	230 billion yen in FY2020

		Indicators	Targets for the Mid- to Long-term
Group Mid- to Long-term Vision	Capital Efficiency	Average EV Growth (RoEV)	8% average growth
	Financial Soundness	Economic Solvency Ratio (ESR)	170% to 200% range

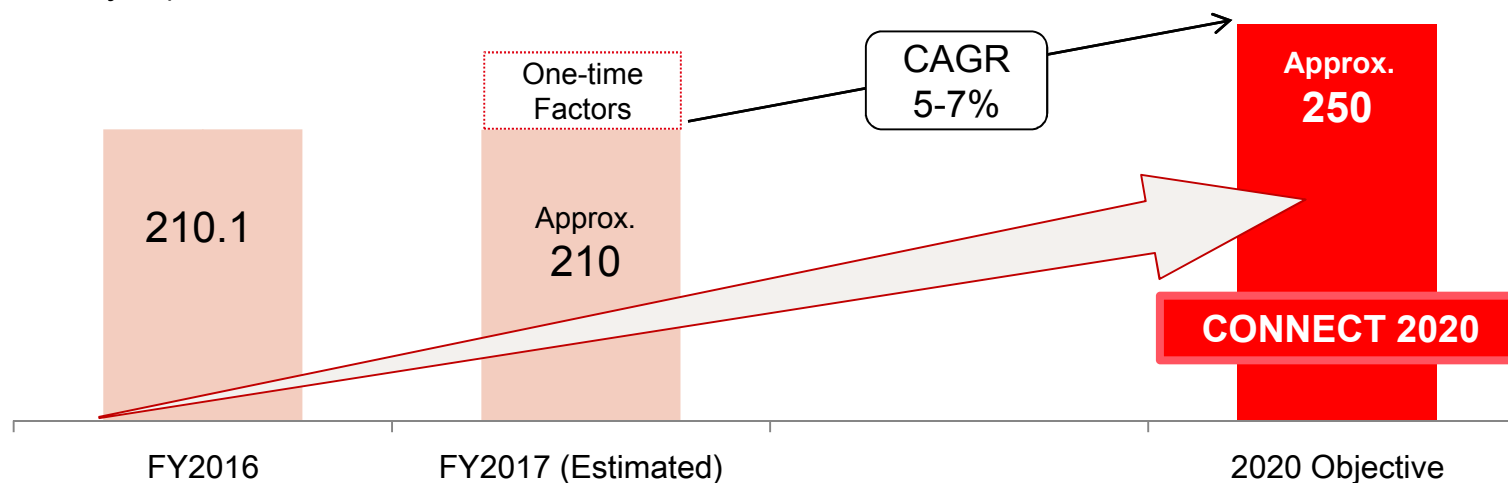


Growth of Adjusted Profit & Value of New Business

- Aim for **Group adjusted profit** of **250 billion yen** from the current level of 210 billion yen excluding one-time factors
- Maintain CAGR of 5-7% to aim for **Group value of new business** of **230 billion yen**

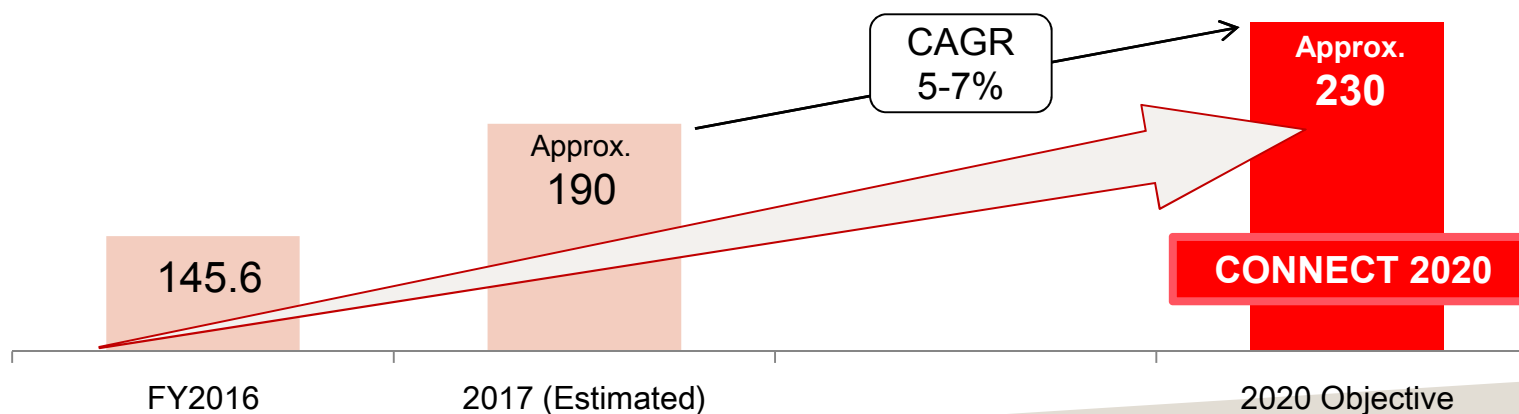
Group Adjusted Profit

(billions of yen)



Group Value of New
Business (Note)

(billions of yen)



(Note) Figures of Dai-ichi Life Vietnam, Star Union Dai-ichi Life (India) and Panin Dai-ichi Life (Indonesia) are accounted for in the calculations for our mid-term objective. The handling of figures for Ocean Life (Thailand) is under consideration. However, because of the limited effect to the entire group, we maintain our 2020 objective regardless of the handling of Ocean Life figures.

Core Initiatives [1]

Domestic Life Insurance Business

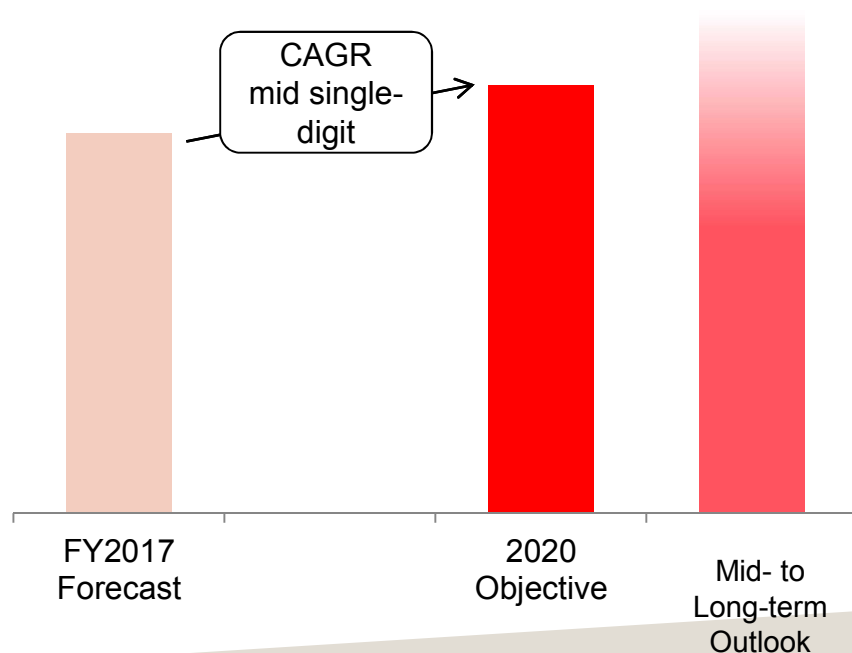


Increase value of new business by investing in products, services and distribution channels while maintaining profit levels

- Three brands enter a new dimension with **more mutual distribution of products and services**
- **Improve consulting capabilities of Total Life Plan Designers** and **expand the agency channel** to accelerate the multi-channel strategy
- Carry out a **product strategy to improve quality of life** and **expand partnerships** ahead of anticipated changes in social and customer needs

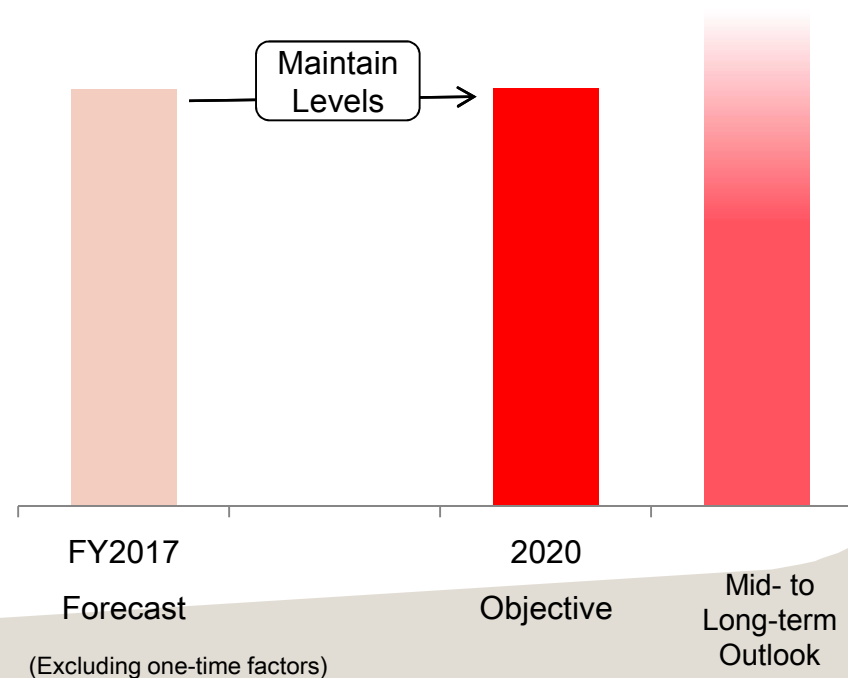
Value of New Business

Increase value of new business through improvement in products, services and distribution channels



Adjusted Profit

Maintain profit levels while investing in new strategy



Core Initiatives [2]

Overseas Life Insurance Business

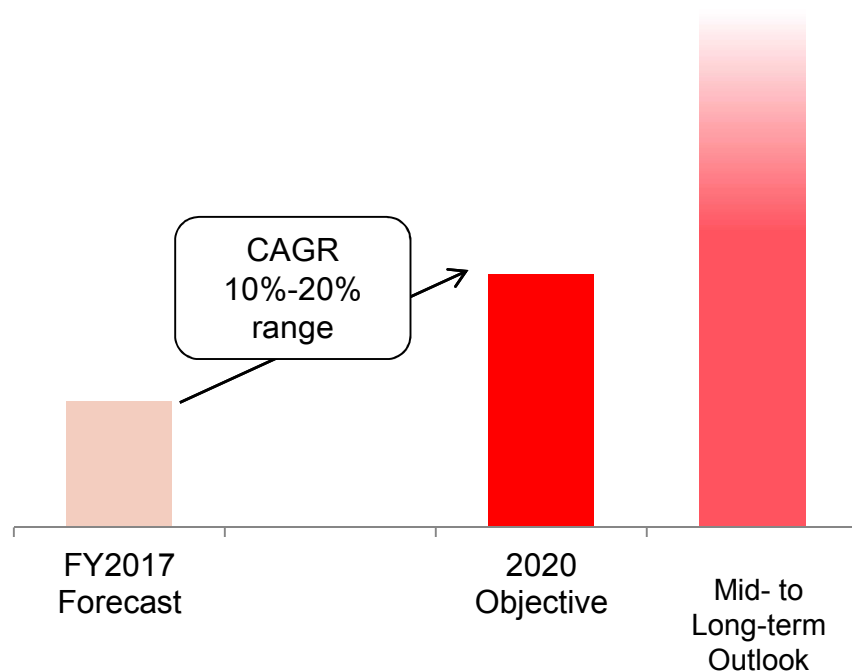


Implement custom strategy reflecting each region's growth stage while exploring new growth opportunities

- In developed countries, sustainable growth will **drive profit growth of our overseas life insurers**. In emerging countries, focus on the top line and expand market share through enhancement of sales channels
- Move forward towards realization of business opportunities in **Mekong region** including other growth opportunities that are abundant in Early Stage* markets

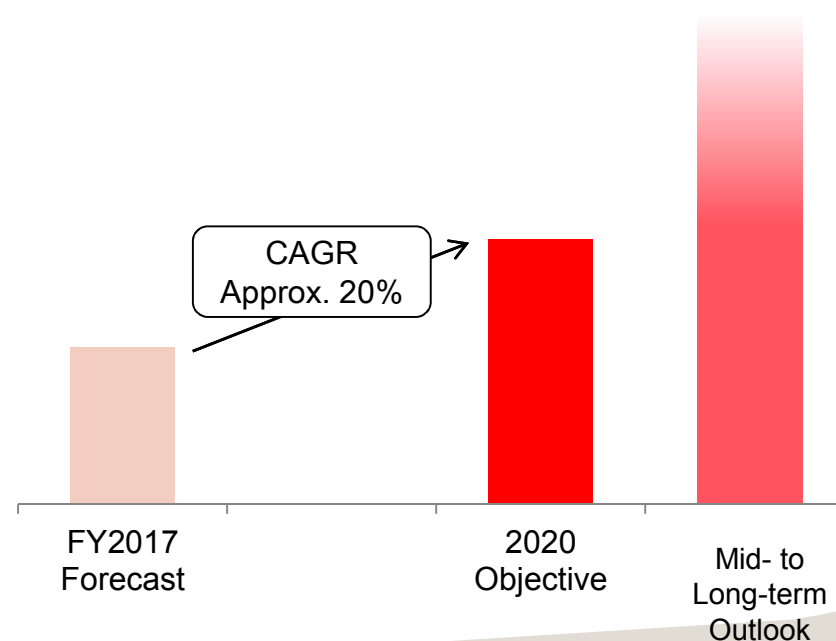
Value of new business

Significant increase in new policies through enhancement of sales channels



Adjusted Profit

Sustainable growth in developed countries to support expand profit contribution



* Early Stage market: market in early stage of life insurance industry development and with lower life insurance penetration rate.

Core Initiatives [3] Asset Management Business

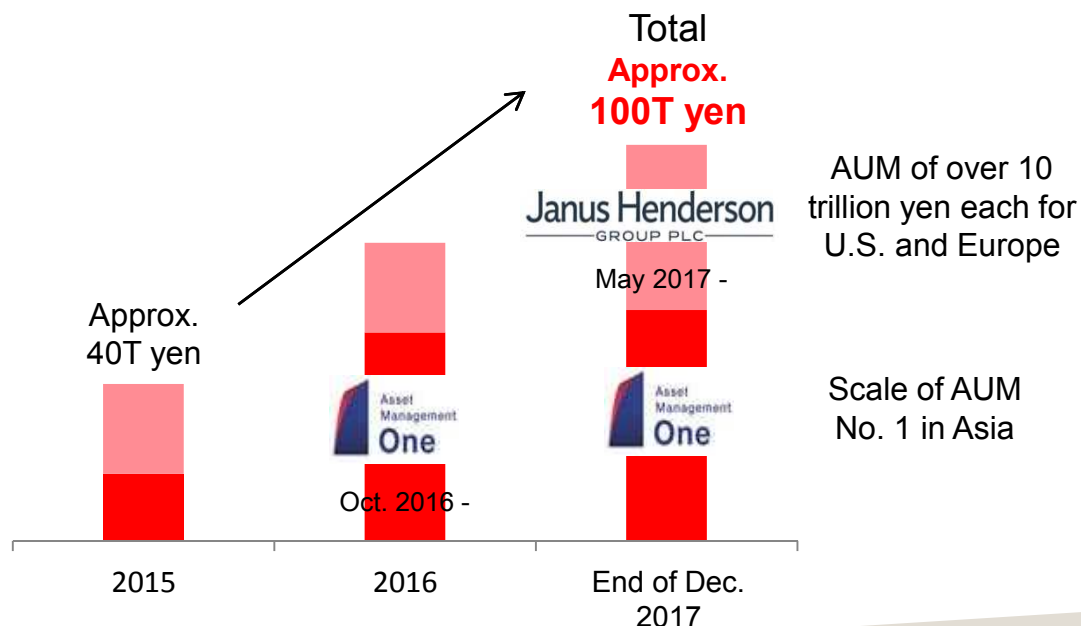


Pursue synergies with group life insurers while benefiting from the growth of the global asset management market

- Strengthened competitiveness through business integration of our two asset managers, accelerate **profit growth** with AUM scale
- In addition to synergies between the two asset managers, pursue **global synergies** with group life insurance companies
- Additional purchase of Janus Henderson shares through the stock market for conversion to an affiliated company

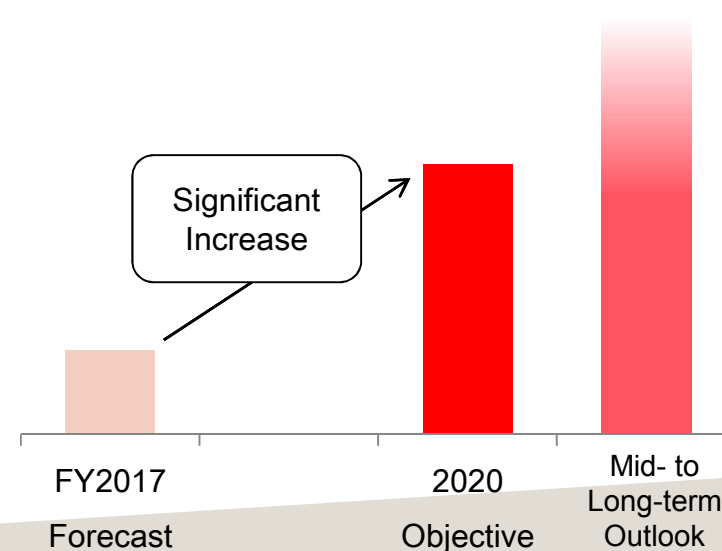
Asset Manager's AUM

Expand scale of business and earnings base through business integration in markets with high growth prospects



Adjusted Profit

Maximize Integration Synergies and Accelerate Profit Contribution



Core Initiatives [4] Drive Innovation



Take on challenges to create new value



- Progressively apply cutting-edge technologies to offer more **user-friendly products & services** and to **improve productivity** of domestic and global operations
- Leverage medical big data analysis to provide new products and services with broader insurance coverage possibilities
- **Drive further innovation** to create **new markets and competitive advantages** free from existing business models or price competition

Improving User-friendliness & Productivity *

- Improve usability through digital technology

Benefits payments and other procedures made easier and faster

- Improve productivity through automation

[1] Digitalization [2] Automation of routine tasks
[3] Work-style reform

Secure talent even in a tight labor market

Shift 2,100 skilled employees to growth areas in next 5 years

Utilization of Medical Big Data

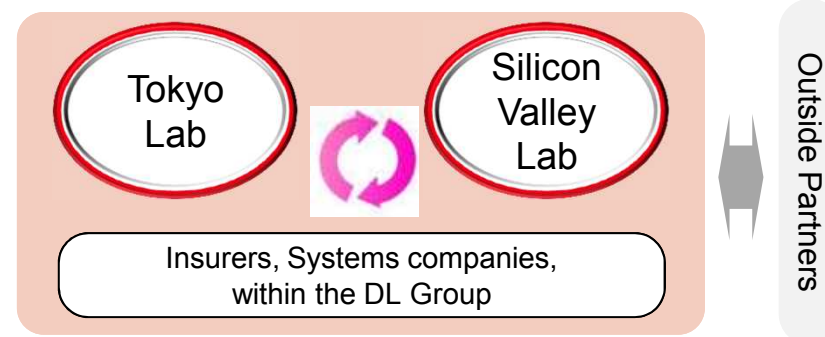
- Partnerships with national institutions, universities and tech companies
- Analysis of internal and external medical big data

Broader insurance coverage possibilities

Develop new products and services

Driving Further Innovation

- Establishment of “Dai-ichi Life Innovation Lab”
Create new business models through innovation
Incorporate diverse outside talent



- Consider investing in start-ups that own cutting-edge technologies or business models

*e.g. initiative at Dai-ichi Life

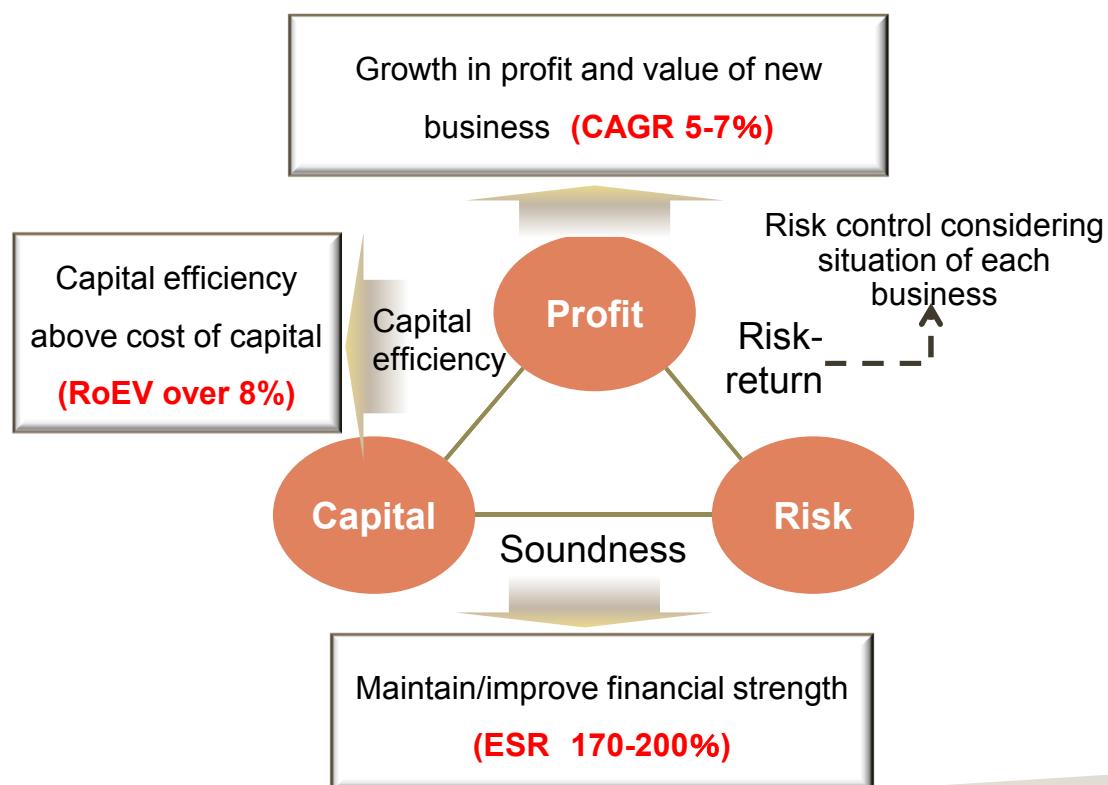
Core Initiatives [5-1] Enterprise Risk Management



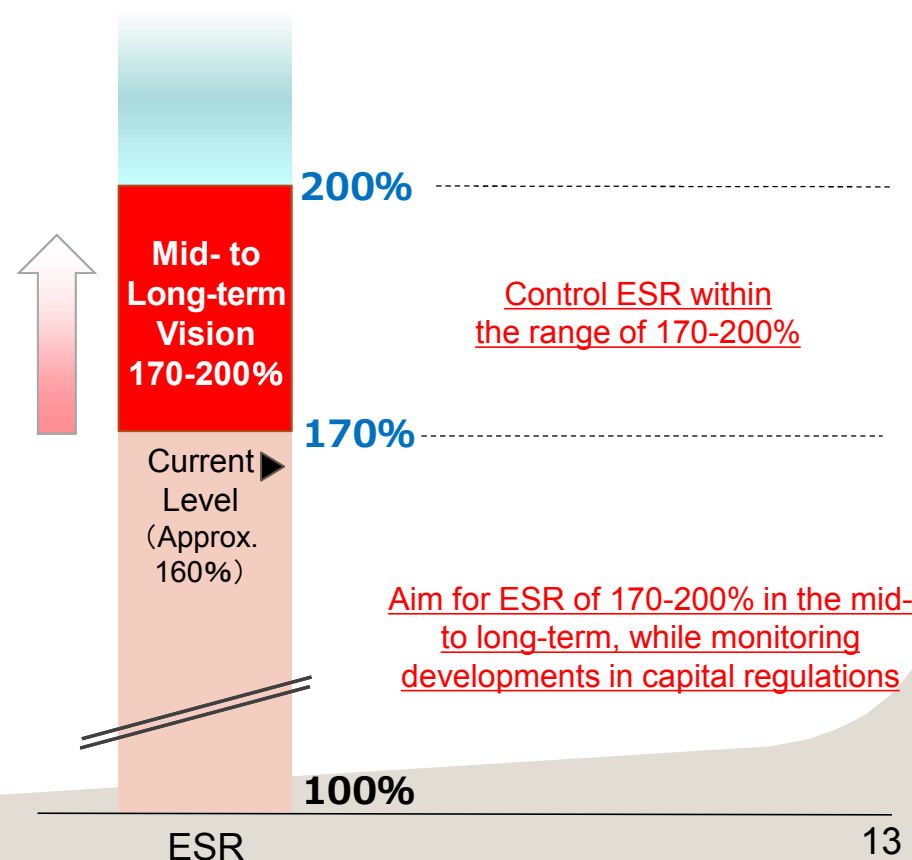
Sustainable growth by achieving balance between profit, capital and risk

- Achieve profit and also average EV growth of 8% by **enhancing the fundamental growth capacity** of each group company
- Achieve ESR of 170-200% through **disciplined risk control** getting ready for international capital regulations to be implemented
- **Achieve total payout ratio of 40%. Reallocate internal reserves for selected growth opportunities** to support growth of the group

Improve capital efficiency and enhanced corporate value through ERM



Risk control based on Economic Solvency Ratio (ESR)



Core Initiatives [5-2] Diversity & Inclusion



Innovate and create new value with diversity & inclusion of talent as the driving force for sustainable growth

- **Increase productivity & competitiveness of individuals and the organization** by promoting diversity & inclusion
- Create synergies by **combining our talent capabilities** with the concept of “respecting each other, learn from each other, grow together”



“Company Empowering Women in Japan” No.1* (2017)

Percentage of women in managerial positions expected to reach 25% in Apr. 2018



- Further expand global talent exchange
- Participation of overseas CEOs in group management



Certified "Company Empowering the Disabled" (Dai-ichi Life Challenged) (2017)

work with Pride



Top Gold Rating on PRIDE Index Evaluation of LGBT Initiatives (2017)



Maximize expertise & experience



Incorporate values and ideas of the younger generation



健康経営銘柄
Health & Productivity
Stock Selection (2015)

Achieve
Management
Objectives

Realize Sustainable
Growth



Empowerment
of women



Protect rights of
workers

* Nikkei WOMAN (Nikkei BP)

Japanese Life Insurance Business Strategy

Dai-ichi Life's New Product "Just"



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“Customer First” Commitment



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1902

“Customer First”
Management Philosophy

2018 New Medium-term Management
Plan “CONNECT 2020”
Customer-oriented Proposition

JUST

Health Check-up
Discount

Expectation of Customers and Society

- Economic Protection & Asset Formation
- +
- Response to diverse lifestyles, customer needs and values
- Flexible policies reflecting changing lifestyles and values
- Contribution to sustainable social security system
- Extension of healthy life span

Health Check-up
Discount

new product concept providing premium discount for submitted health check-up

Details of New Product to be Introduced in March 2018



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April 2017
(Lowered standard
rate of return)

April 2018 New Product Introduction
(Revision of standard life expectancy table)

Expectation of Customers and Society

- Response to diverse lifestyles, customer needs and values
 - Flexibility to changing lifestyles and values after insurance coverage starts
-
- Contribution to sustainable social security system
 - Extension of healthy life span

New Product Customer-oriented Proposition

JUST

Based entirely on primary policies

Introduction of new
coverage review system

Support health promotion / early treatment

Health Check-up
Discount

1st in the Industry

New benefits (for diabetes) etc.

KENKO
DAIICHI

Health promotion app / service

Health Check-up
Discount

Based on Dai-ichi Life research as of February 2018. First product to provide discount for health check-up result submission. 17

Introduction of

Health Check-up
Discount

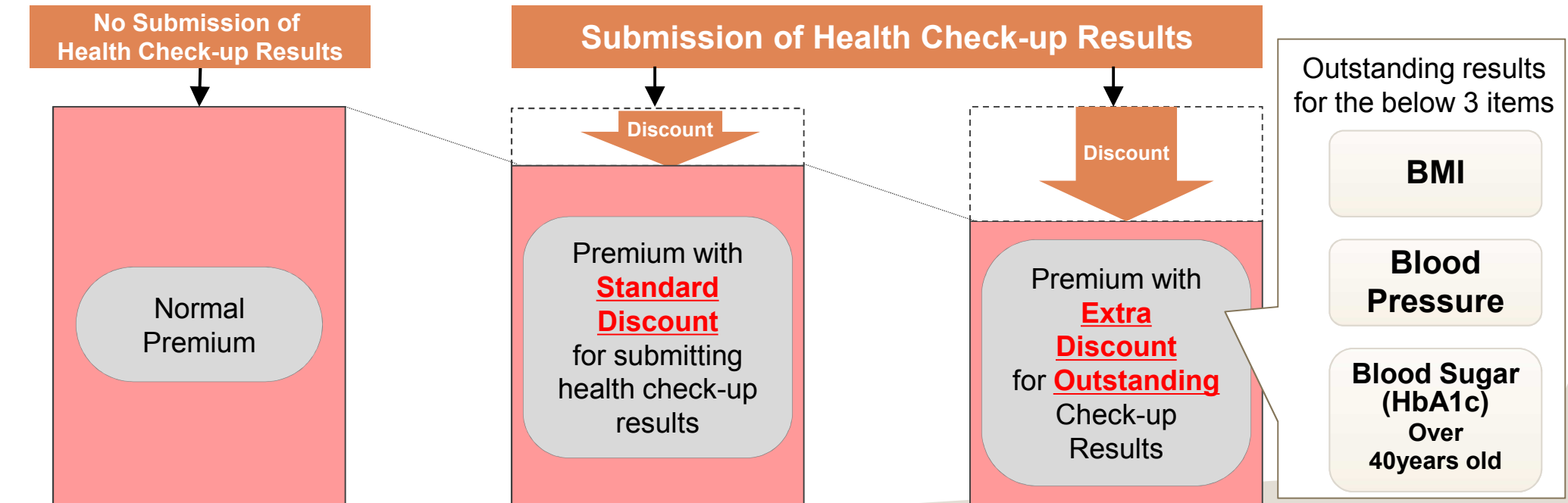
1st in the Industry



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- Extensive support to people who are health conscious based on the idea that “the first step to becoming healthy is from a health check-up”
- Convey the significance of health check-ups to each customer with our network of 40,000 Life Plan Designers
- Can contribute to “extending healthy life span” and “sustainable social security system”

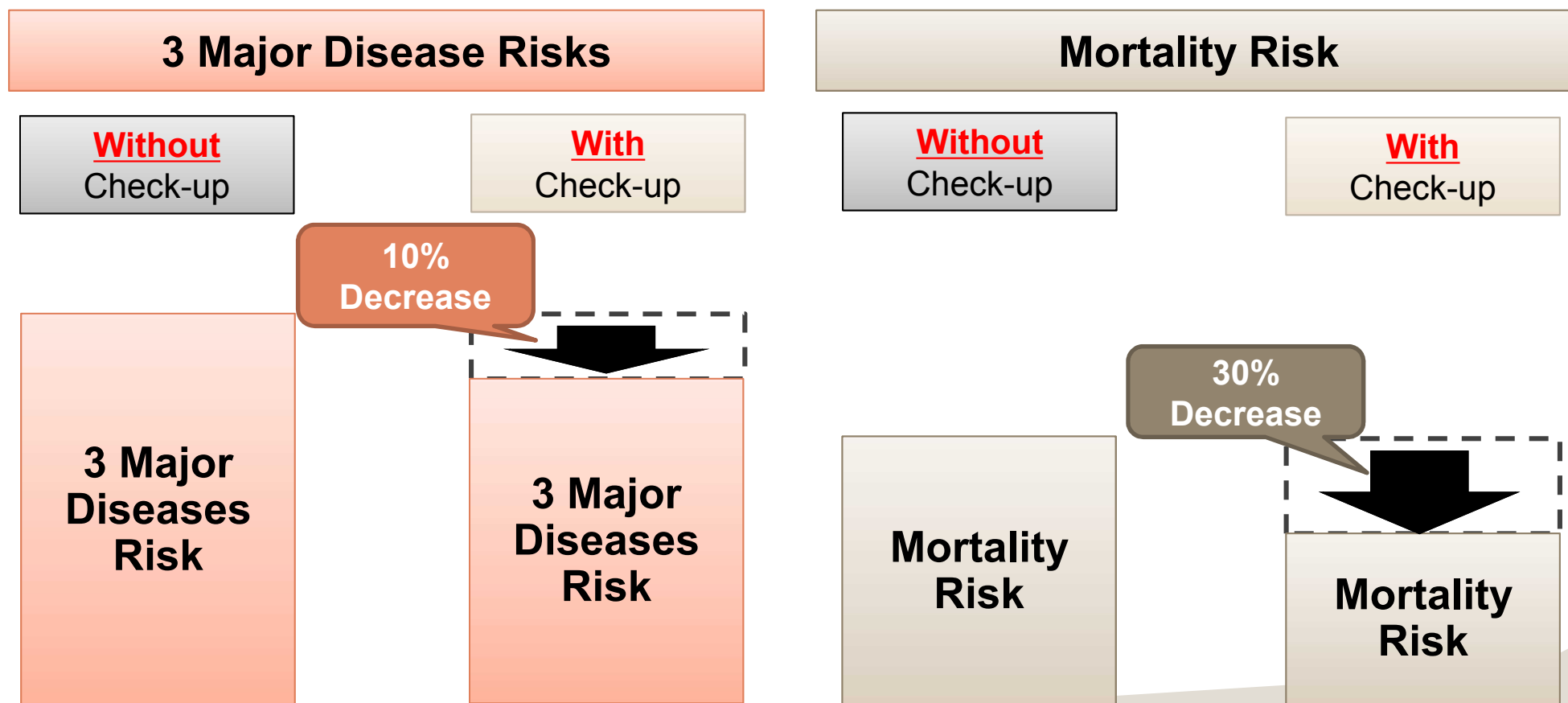
➤ Health Check-up Discount Program



Health Check-up
Discount

Based on Dai-ichi Life research as of February 2018. First product to provide discount for health check-up result submission. 18

- Through in-depth analysis of information from over 10 million in-force policies, we have found that there is a significant difference in risk of mortality and certain diseases between those who received health check-ups and those who did not. (Outcome of the Company's InsTech initiatives)



- Based on Dai-ichi Life's big data analysis three indicators turned out to be significant (**BMI, blood pressure, blood sugar level**)

~Criteria for Outstanding Health Qualification~

Test items	Result Range
BMI	18.0~27.0
Blood Pressure	Diastolic: less than 85mmHg AND Systolic: less than 130mmHg
Blood Sugar (HbA1c) ※Over 40years old	Less than 5.5% ※If no HbA1c results, blood glucose level should be less than 100mg/dl

Worse Results

	Covered with “Assist Wide Plus”	Covered with “Assist Wide”
Impact on the body	Early Stage	Late Stage
<ul style="list-style-type: none"> ✓ Increase of burden on the heart and increase body internal fat ⇒ Higher cancer risk, high blood pressure, diabetes · arteriosclerosis 	<ul style="list-style-type: none"> Risk of large intestine intraepithelial cancer (Higher risk with obesity) 	<ul style="list-style-type: none"> Invasive cancer of large intestine
<ul style="list-style-type: none"> ✓ Increase burden on cerebral vessels ⇒ Cerebral vascular disease 	<ul style="list-style-type: none"> Risk of heart attack due to arteriosclerosis → surgery 	<ul style="list-style-type: none"> Acute myocardial infarction
<ul style="list-style-type: none"> ✓ Blood vessels inside damage ⇒ Risk of retinopathy, nephropathy, neuropathy ✓ Risk of dementia 	<ul style="list-style-type: none"> Brain aneurysm surgery 	<ul style="list-style-type: none"> Stroke
	<ul style="list-style-type: none"> Three major complications of diabetes <ul style="list-style-type: none"> · Neuropathy · Retinopathy · Nephropathy 	<ul style="list-style-type: none"> · Hand & foot amputation · Loss of eyesight · Artificial dialysis
	<ul style="list-style-type: none"> Nursing care need level 1 due to dementia (Increased risk due to diabetes) 	<ul style="list-style-type: none"> Nursing care need level 2 or equivalent



New Benefit for Diabetes

- Diabetes is incurable and has an adverse effect on quality of life when symptoms become severe

➡ Introducing benefit for “complications from diabetes” to prevent deterioration of quality of life

➤ One in five adults are with or at risk for diabetes

Estimated number of people with or at risk for diabetes

20 million



(Source) Ministry of Health, Labor and Welfare/National Health and Nutrition Survey 2016

➤ Diabetes and quality of life

Percentage of persons identified as diabetic but not receiving treatment (over age of 20)

35.7%

3 Major Diabetes Complications

Nephropathy

Retinopathy

Neuropathy

Severe Symptoms

Dialysis

Blindness

Amputation

(Source) Ministry of Health, Labor and Welfare/
National Health and Nutrition Survey 2016

Benefit to support early treatment



Based Entirely on Primary Policies

- Combination from a selection of 17 policies, offering tailored coverage to each customer

Coverage for 3 Major Diseases and Nursing	Assist Wide ✓	Income Support Wide ✓
	Assist Wide Plus ✓	Critical Illness Term ✓
	Care Annuity Insurance	Specific illness coverage term insurance ✓
Coverage for Mortality	Term Insurance ✓	Whole Life Insurance
	Decreasing Term Insurance ✓	Endowment Insurance
	Term Life Insurance with Survival Benefit	
Coverage for Illness and Injuries	General Medical Insurance	Advanced medical care insurance
	Life style related syndrome hospitalization Insurance	Elle for Ladies More
	Gynecological disease hospitalization insurance	Specific damage insurance

(Note)
✓ - products
applicable
for health
check-up
discount.

➤ Other Products (the following products will be continued and sold as a standalone product)

Long-term term insurance "Success"	Whole Life Annuity "Nagaiki Monogatari"	Life disability pension term insurance "Exceed"
Increasing term insurance "Majesty"	M i c k e y	
Pension Plan "Shiawase Monogatari"	Child Support Saving Type Insurance	



Examples of Customer Needs & Product Combination

Customer need for coverage of:

- Loss of ability to work due to illness/disability
- The risk of developing diabetes
- Hospitalization expenses

Assist Wide Plus

Income Support Wide

General Medical Insurance

Customer need for coverage of:

- Cancer, diabetes, nursing care need, hospitalization expenses
- Death

Assist Wide

Assist Wide Plus

Nursing Care Annuity

Term Insurance

General Medical Insurance

Customer need for coverage of:

- Whole life at fixed premium
- Death, nursing care need and medical expenses

Nursing Care Annuity

Whole Life Insurance

General Medical Insurance

Customer need for coverage of:

- Risk of gynecological disease
- Medical treatment as well as medical care expenses with lump sum payment

Assist Wide Plus

General Medical Insurance

Gynecological disease hospitalization insurance

Elle for Ladies More

Three Highlights of **JUST**



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Tailor-made

Can be “Tailor-made” to cater to individual protection needs

- ✓ **Based entirely on primary policies**
with the freedom to combine policies

- ✓ **Introduction of new coverage review system**
to cope with changes in life phase

Broad Coverage

Be prepared for future risks with “Broad Coverage”


- ✓ **Broad coverage** for various risks of three major diseases, nursing care need, death, etc.
- ✓ **New benefits (for diabetes)** to support early treatment

Discount

Submit health check-up results for a discount

- ✓ **Health Check-up Discount**

1st in the Industry

- ✓ Providing premium discount for only submitting health check-up and extra discount if certain health condition criteria are met. 
- ✓ Promote taking health check-up, supporting customer health improvement leading to a society that can live healthy and long lives!

Product Pricing Following April 2018



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Pricing Principles

Profitability

Competitiveness

Health Promotion

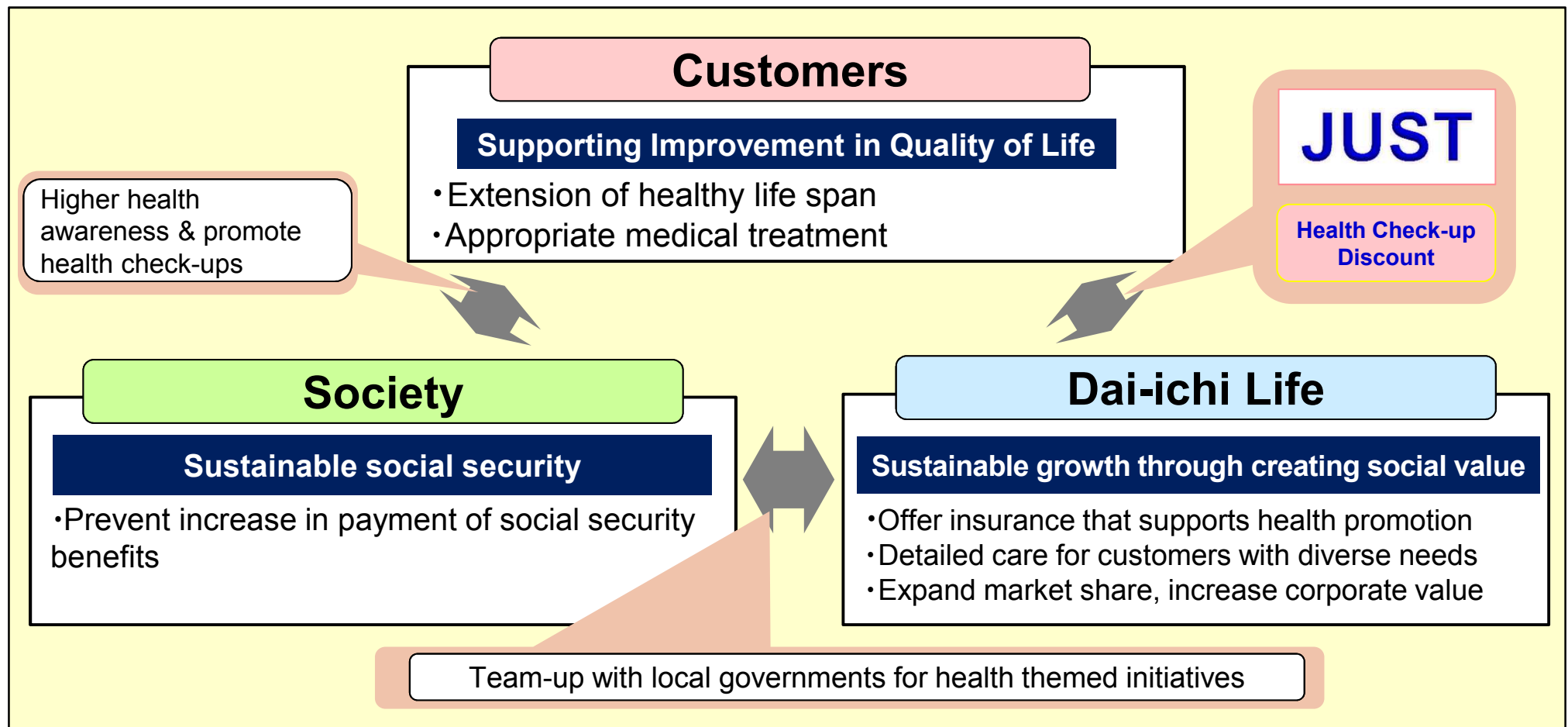
- Strategic pricing to secure both profitability and competitiveness in light of lowered assumed rate of mortality, introduction of health check-up discount and revision to probability rate of receiving medical care
- Assumed rate of return lowered (0.9%) for protection-type products and business owner insurance (assumed rate of return for savings-type products was lowered in April 2017)
- Value of gross sales revenue* to maintain current levels by offering fulfilling coverage reflecting customer needs

* An internal index of revenue of the sales force and is the value of new business before deduction of operating expenses etc. excluding the effect associated with environmental changes.

Initiatives for Customers, Society and Dai-ichi Life to Connect



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Sustainable Growth of Corporate Value



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