

Financial Analyst Conference Call for the Six Months Ended September 2021

November 18, 2021

Dai-ichi Life Holdings, Inc.



Dai-ichi Life
Holdings

Agenda

Time	Topics	Presenter	Title
Overseas Business (Developed Countries) Update: Strategy for Responding to Environment Changes for Sustainable Growth (Refer to separate presentation)			
9:35 ~ 9:50	[Protective Life] Growth opportunities and response to Covid-19 and financial market changes	Steven G. Walker	Executive Vice President, Chief Financial Officer, Protective Life Corporation
9:50 ~ 10:05	[TAL] TAL's presence in Australian market amid environment changes	David Lees	Chief Financial Officer, TAL
10:05 ~ 10:45	Q&A [1]		
Group Performance and MMP Key KPIs / Domestic Business Strategy Update			
10:50 ~ 11:05	<ul style="list-style-type: none">• FY2021 1H Financial Results• Medium-Term Management Plan Key KPIs• Domestic Business Strategic Initiatives	Seiji Inagaki	President and Representative Director, Dai-ichi Life Holdings, Inc.
11:05 ~ 11:45	Q&A [2]		

Group Performance and Medium-Term Management Plan Key KPIs Domestic Business Strategy Update

Seiji Inagaki
President and Representative Director,
Dai-ichi Life Holdings, Inc.



Dai-ichi Life
Holdings

Key Results for the First Half of the Fiscal Year Ending March 2022

Key KPIs of the Medium-Term Management Plan



Sales Performance (New Business ANP, Value of New Business(VNB))

- Group new business ANP exceeded pre-Covid levels, while domestic business moves toward recovery but still down by 8%.
- Revised the group VNB forecast downward due to low progress at DL and DFL. Accumulating future profit remains a challenge.

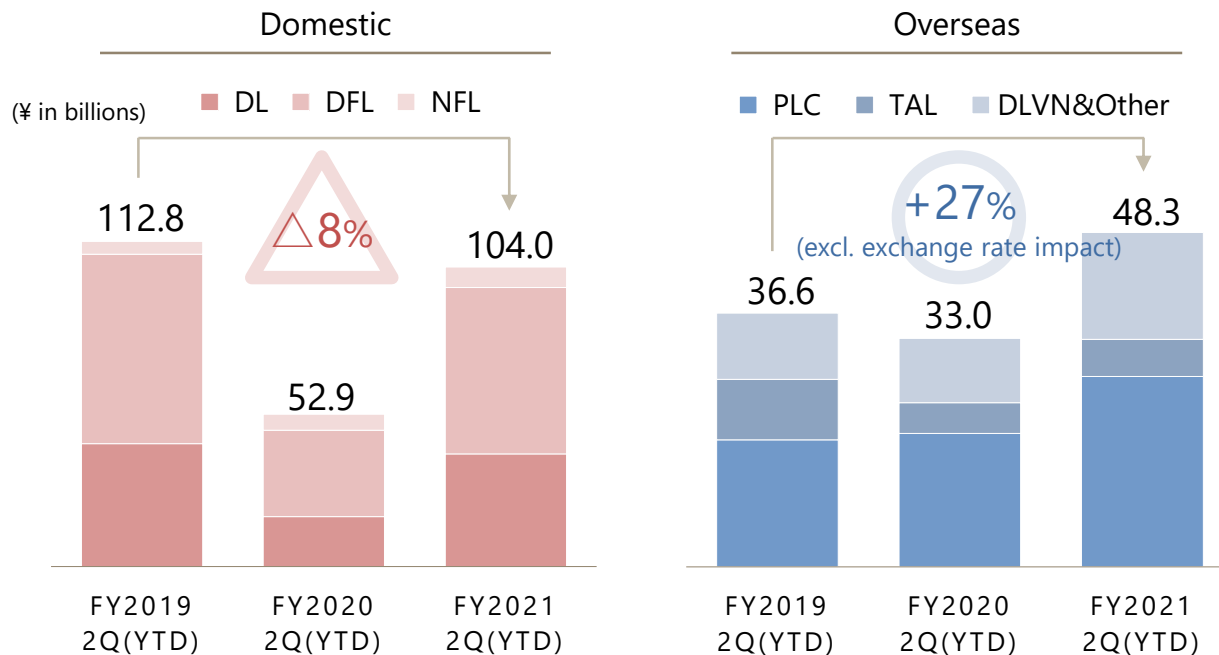
New Business ANP

FY2021 2Q(YTD)
Result

¥152.4bn

(excl. exchange rate impact)
YoY +75%
vs FY2019 2Q(YTD) +1%

While NFL is strong, overall domestic new business decreased by 8%. Overseas business increased steadily mainly driven by PLC and DLVN.



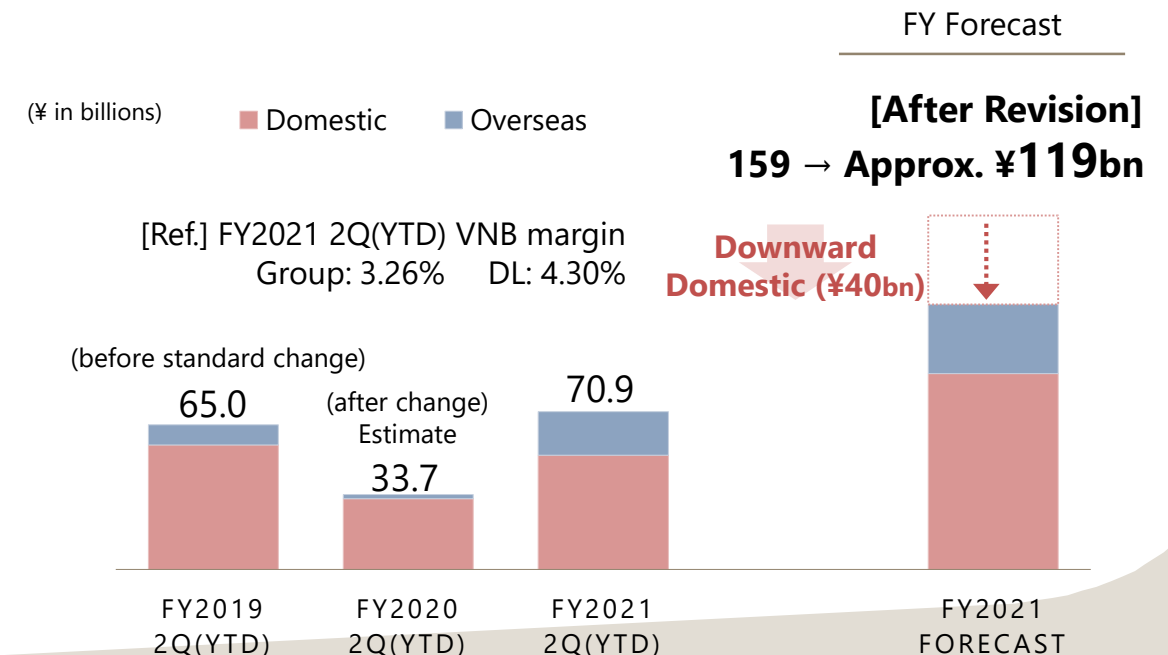
Group VNB

FY2021 2Q(YTD)⁽¹⁾
Result

¥70.9bn

(YoY)
After EEV standard change
+110%

Revised forecast due to increase in low-value-added policy conversion at DL and unexpected decline of reference credit spread added on the VNB calculation at DFL.



(1) For FY2020 2Q(YTD), In light of the extraordinary circumstances of the COVID-19, the guaranteed life plan designers' salary compensation and a portion of sales operation related fixed expenses (total approx. ¥50bn) was excluded from VNB calculation and deducted directly from EEV adjusted net worth.

Accounting Profit (Group Adjusted Profit, Adjusted ROE, Net Income)

- Revised forecast upward based on the high profit progress thanks to favorable financial market, even after execution of the reinsurance ceding at DL which had been planned in this fiscal year.
- Group adjusted profit and net income to be approx. ¥270bn and ¥349bn. Net income includes impact from Group Tax sharing System.

Group Adjusted Profit

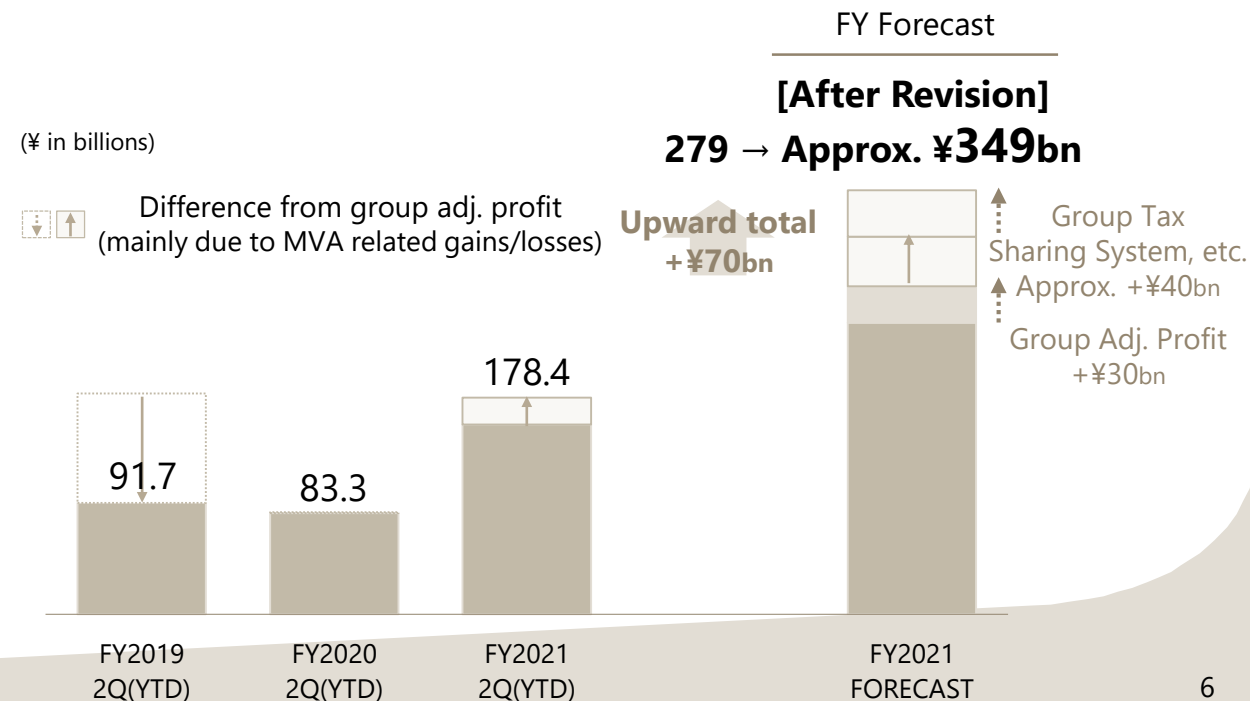
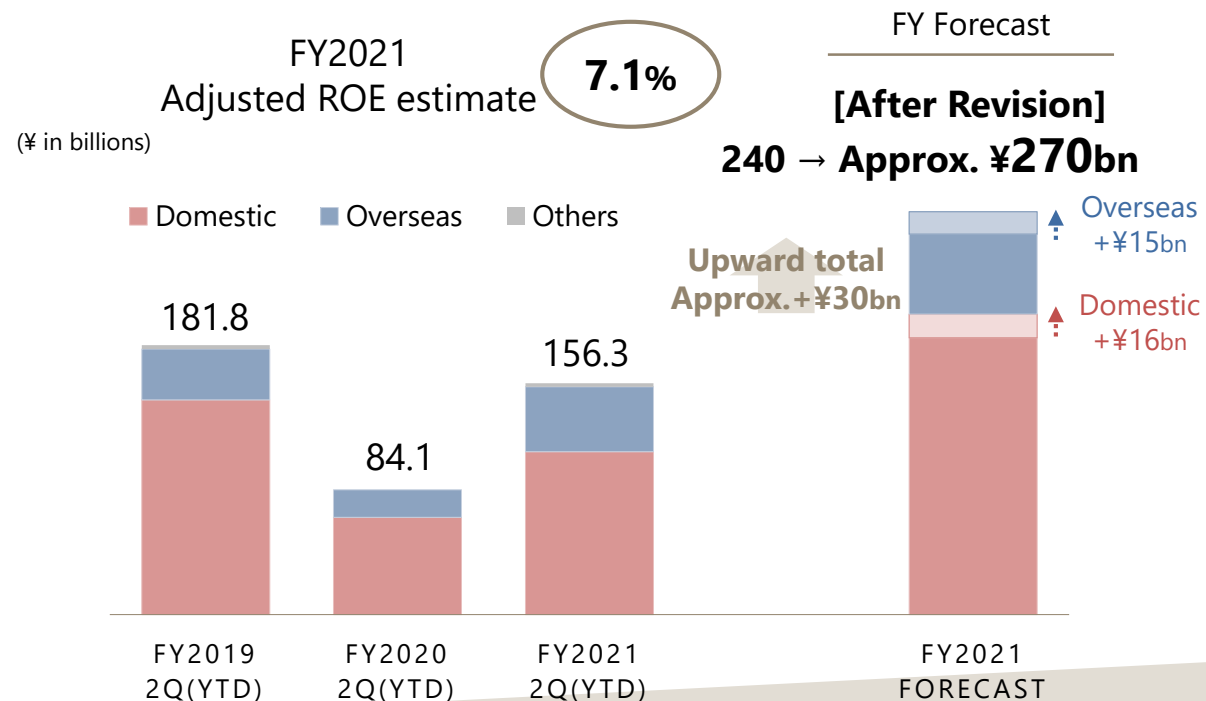
FY2021 2Q(YTD)
Result **¥156.3bn** YoY +86%

Increase in investment income at DL and PLC contributed.
Revised forecast upward for both domestic and overseas businesses after taking additional ceding at DL and other items into account.

Consolidated Net Income

FY2021 2Q(YTD)
Result **¥178.4bn** YoY +114%

New forecast reflected the upward revision of group adjusted profit and expected increase in deferred tax assets due to introduction of Group Tax Sharing System from the next fiscal year.





Economic Value based Capital Efficiency (Group EEV, ROEV, EV market sensitivity)

- Group EEV increased to ¥7.4tn with 8.8% return on EV thanks to favorable financial market.
- Stability of EEV as a corporate value improved through steady decline of financial market sensitivity thanks to the good progress of market related risk reduction initiatives at DL.

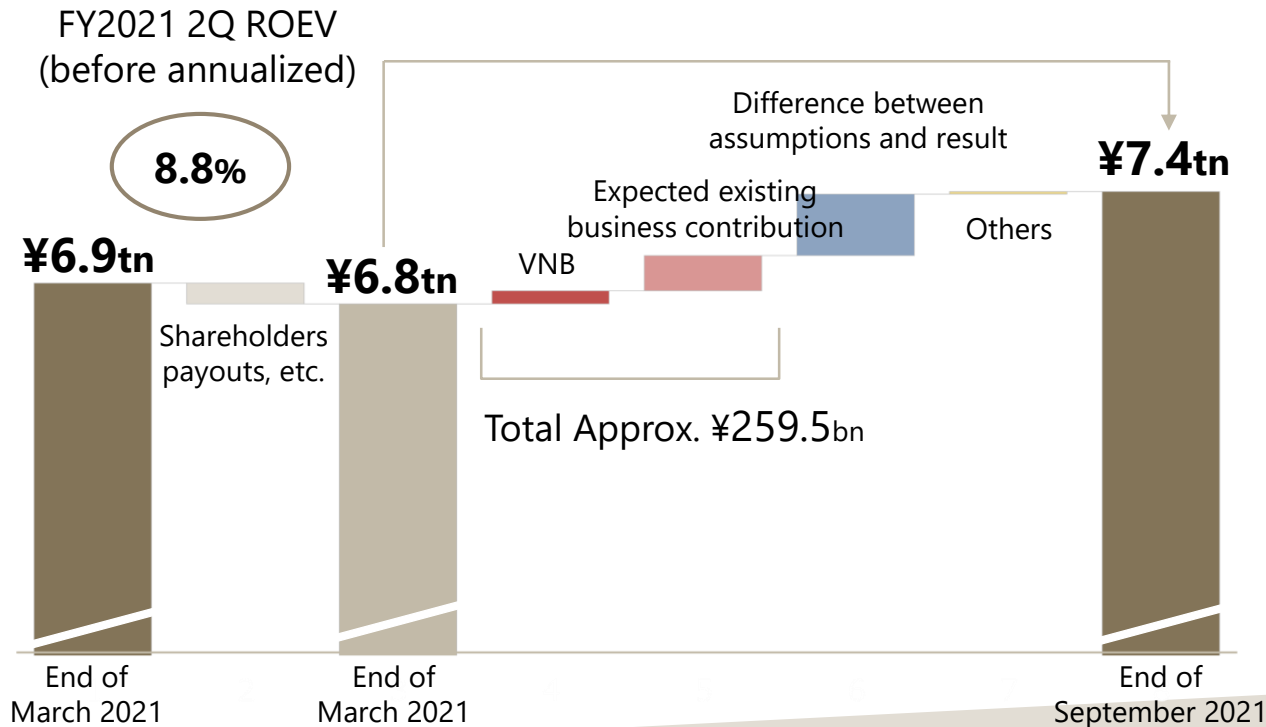
Group EEV

As of end of
September 2021

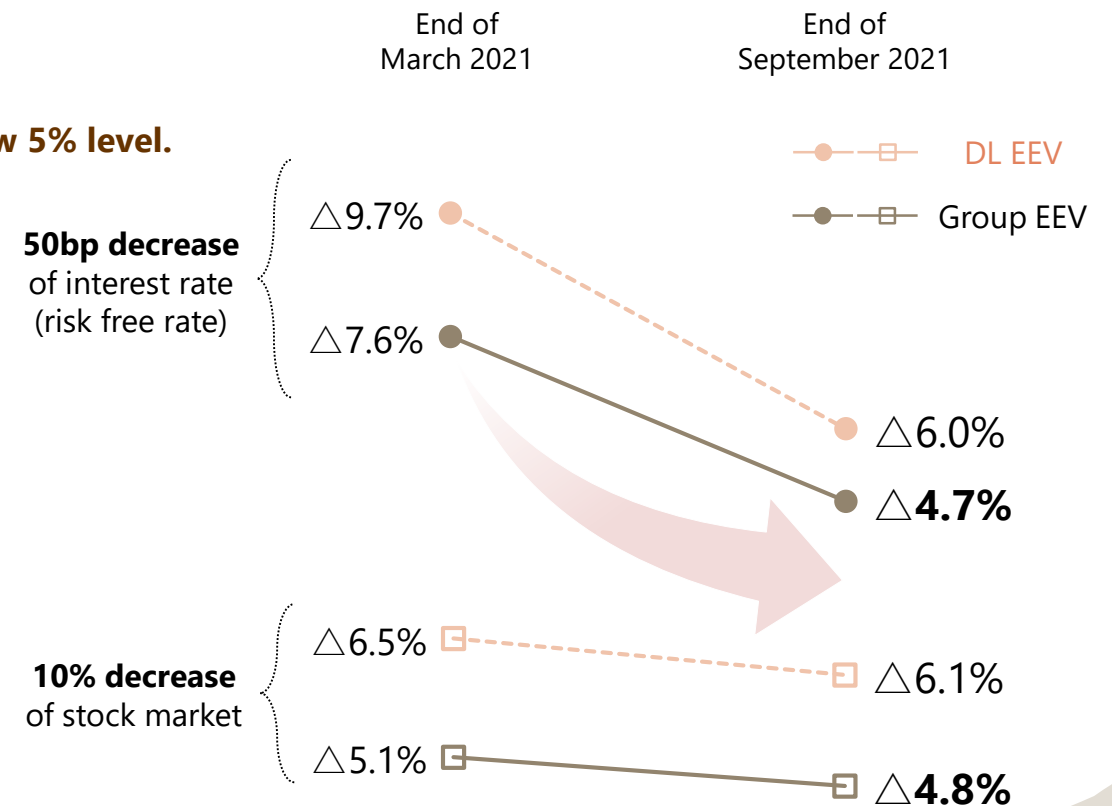
¥7.4tn

YTD +7%

**Thanks to VNB and the impact from the favorable financial market mainly at DL.
EEV sensitivity against interest rate and equity market movements declined below 5% level.**



EV Sensitivity to Financial Market Fluctuations



Economic Value and Financial Soundness (ESR, Risk Profile)

- ESR increased by 17%pt to 220% thanks to favorable financial market and the good progress of market related risk reduction.
- Share of market related risk in the group risk profile slightly improved YTD thanks to decrease in interest rate risk.

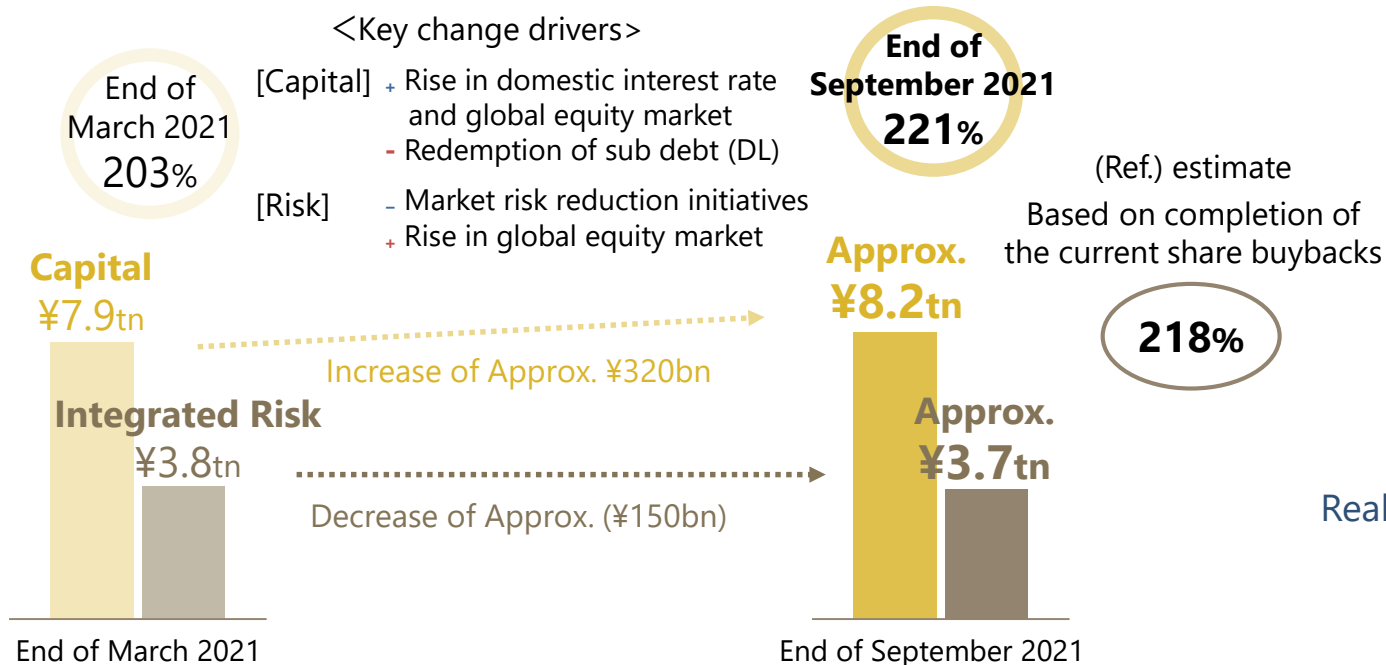
Economic Solvency Ratio (ESR)

As of end of
September 2021

221%

YTD +17%pt

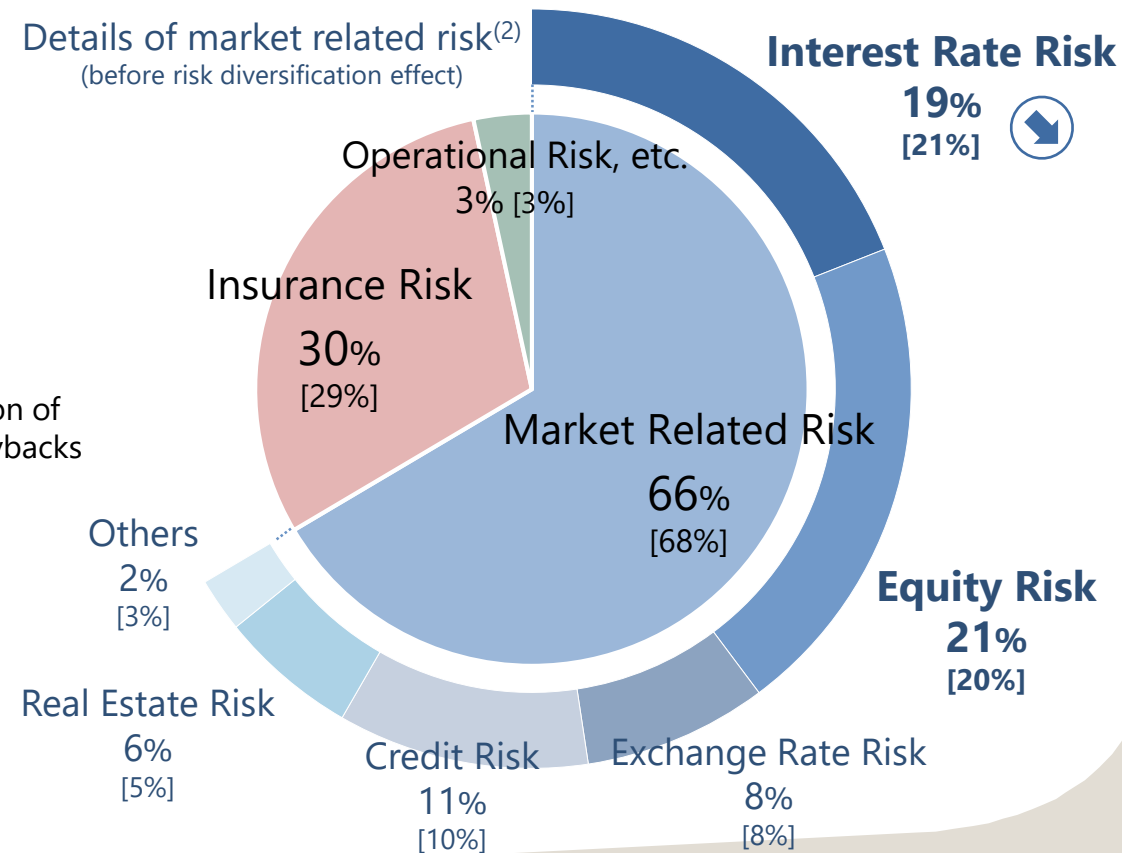
**Risk reduction efforts offset an increase in equity risk from market growth.
ESR improved thanks to increase in capital and decrease in risk amount.**



Group Integrated Risk Breakdown⁽¹⁾

(As of end of September 2021, before risk diversification effect between insurance and market risk)

[Figure in parentheses : as of end of March 2021]



*From EEV calculation as of March 31, 2021, standard changes of UFR(Ultimate Forward Rate, 3.5%→2.5%) and LLP(Last Liquid Point) were applied, and reflected corporate bond spreads in the discount rate at DFL.

*Integrated risk is calculated based on an internal model with reliability level of 99.5% (holding period of one year, after-tax)

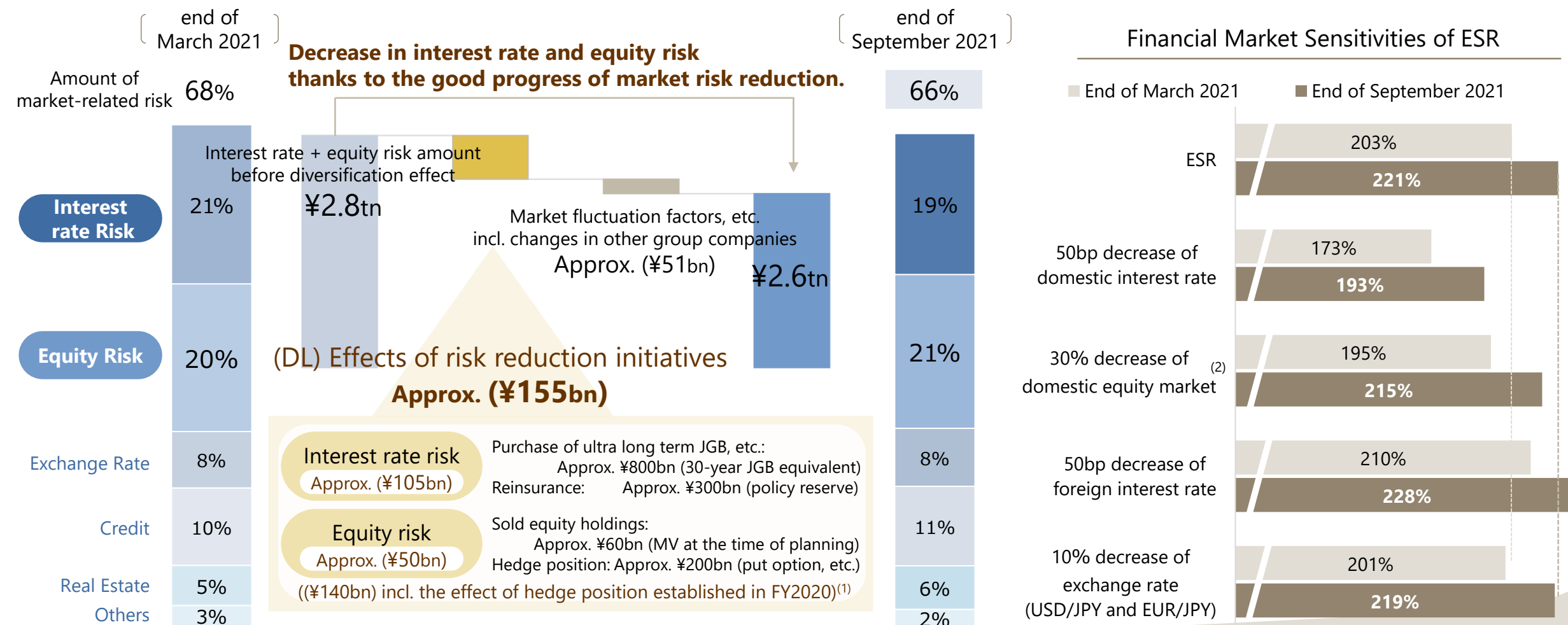
(1) Breakdown excludes the exchange rate risk against yen, associated with the Group Consolidation.

(2) Percentage of each risk in the details are proportional to the amount of each risk in market risk, before taking into account the diversification effects.



FY2021 2Q Status of Market Risk Reduction and ESR Market Sensitivity

- Market related risk reduction initiatives achieved steady progress, thanks to mainly lower interest rate risk. Completed establishment of additional derivative position to hedge equity risk as planned in MMP.
- ESR sensitivity against interest rate downward movements significantly improved.



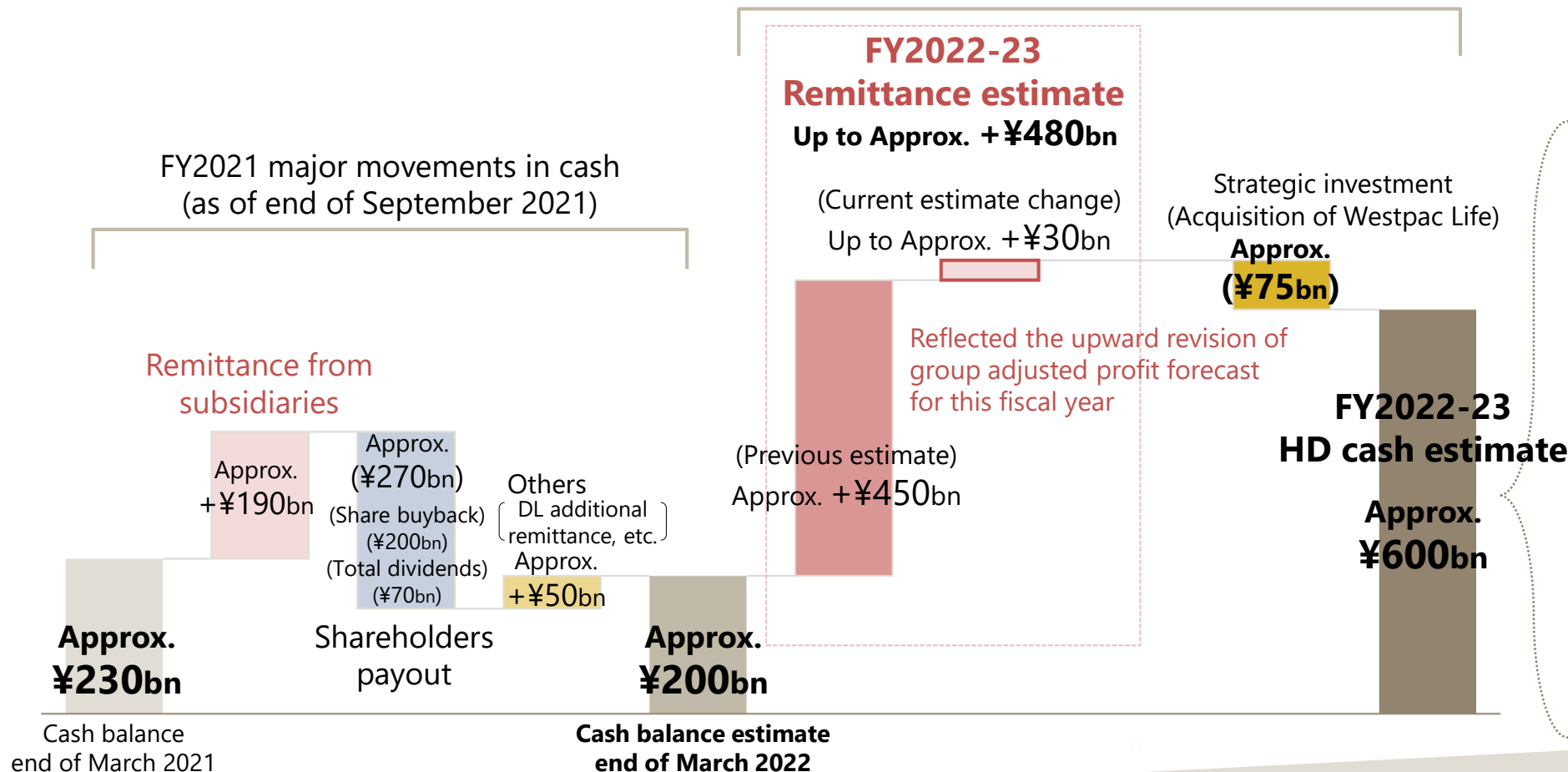
(1) Incl. (¥90bn) in advance constructed hedge position established in FY2020, an initiative for current MMP. (2) Sensitivity is calculated by excluding investment in hedge funds which have low correlation to domestic equity market.



Holding Company (HD) Cash Position Update

- Increased expected remittance from subsidiaries in FY2022-23 based on the upward revision of group adjusted profit forecast.
- HD cash is deployed to stable shareholder dividend, consideration of additional payout to shareholder and/or strategic investment, after securing necessary liquidity position at HD.

Change in Holding Company Cash Position⁽¹⁾⁽²⁾⁽³⁾



Basic idea for uses of HD cash

- Secure necessary liquidity and capital spending at HD
 - [Shareholders payout]
Source for cash dividends (expected in FY2022-23)
 - [Shareholders payout]
Consider flexible additional payouts
- and / or
- [Strategic investment]
Consider investment in high growth and high capital efficient business selectively

Consider Stable Dividends in line with Profits and Flexible Additional Payouts

- Raised dividend per share forecast to ¥80 (+¥3 from initial forecast and +¥18 from previous year) in line with profit forecast.
- Aim to realize attractive shareholder return through continuous consideration of flexible additional payout.

Shareholder Payout Policy

Considering flexible additional payouts (from FY2020)

Rough guide for total payout ratio

Mid-term avg. of 50%

Image on transition of total payout ratio

Strategical in scale and timing
(Share buyback up to ¥200bn in progress)

Considerations for additional payout



[Image of Dividend Payout Ratio]

Stable Dividends Based on Profit (From FY2021)

[Dividend Payout Ratio]

30% or more each FY

- Avg. of Group adjusted profit for past 3 years
- Basically no reduction of dividend per share

Dividend per share FY2021 forecast **¥80(+¥18)**

ESR Level and Capital Policy Concept

- Consider stable dividends in line with profits
- Actively consider strategic investments and/or flexible additional payouts

218%: end of September 2021 (based on completion of the current share buybacks)

200%

- ▶ Maintain stable dividends in line with profits
- ▶ Consider strategic investments and/or flexible additional payouts based on financial soundness

170%

- Maintain stable dividends in line with profits
- Consider strategic investments and/or flexible additional payouts based on prospect of improvement to medium-term target

(Reconsider risk-taking and/or shareholder payouts as needed)

130%

- Consider risk-reduction and Reconsider shareholder payouts (Consider recapitalization as needed)

[Policy on cancellation of treasury stock]

The treasury stock is expected to be cancelled at an appropriate timing unless it is held for any specific reason.

Domestic Business Strategic Initiatives



Strategies of New Mid-term Management Plan: Domestic Business

Protection

- ▶ Expand product lineup/underwriting and related services to address (at the time) diversifying protection needs of each customer

By your side, for life

DAI-ICHI LIFE

Dai-ichi Life Group

Increase efficiency of sales representatives to support financial needs in conjunction with consulting based on social security

ネオファースト生命
第一生命グループ
Neo First Life

Differentiate medical products (made-to-order, etc.) and expand to affinity/digital channels

第一スマートほけん
Dai-ichi Life Group

Develop simple/full-digital insurance for millennials and Z generation who will drive the coming era

Health and Medical Care

- ▶ Tapping into the prevention domain (Commercialization and utilization of accumulated data by creating an ecosystem)

Tapping into the health/medical field

Healstep
健康事業を、その先へ
QOLeap

Healthcare financial support for employees⁽¹⁾

- Medical cost assumptions via AI/consulting
- Health initiative support (partnering)
- Health promotion app (QOLism)

(1) Joint effort by Dai-ichi Life Group/Mizuho Financial Group

New MMP Domestic Business Strategy

CX Design Strategy



Dai-ichi Life Holdings

Re-connect 2023

Enhance business efficiency to strengthen our competitiveness

Structural reform of the sales representative channel and raise efficiency

Fixed cost reduction and strategic human capital management/shift

Asset Formation/Succession

- ▶ Leverage the group strengths in asset management, product development and sales force to develop products, consult and develop related services for asset formation and succession

Asset Management

Investment expertise, product development

Asset Management One
Janus Henderson GROUP PLC
第一生命リアルティアセットマネジメント株式会社
Dai-ichi Life Group

Individual Savings

Sales and product development expertise

By your side, for life

DAI-ICHI LIFE
Dai-ichi Life Group
第一フロンティア生命
Dai-ichi Frontier Life

Group Annuity

Sales and product development expertise (Separate account, etc.)

By your side, for life

DAI-ICHI LIFE
Dai-ichi Life Group

+ Related Domains (supplementary fields)

Enhancing Connections

- ▶ Create new contact points with customers and insurance opportunities through efforts to resolve issues for an ideal society

Proactive business partnerships

Matchmaking

IBJ

Succession

FORVAL

Near end of life

鎌倉新書
Kamakura Shinsho

+ and more

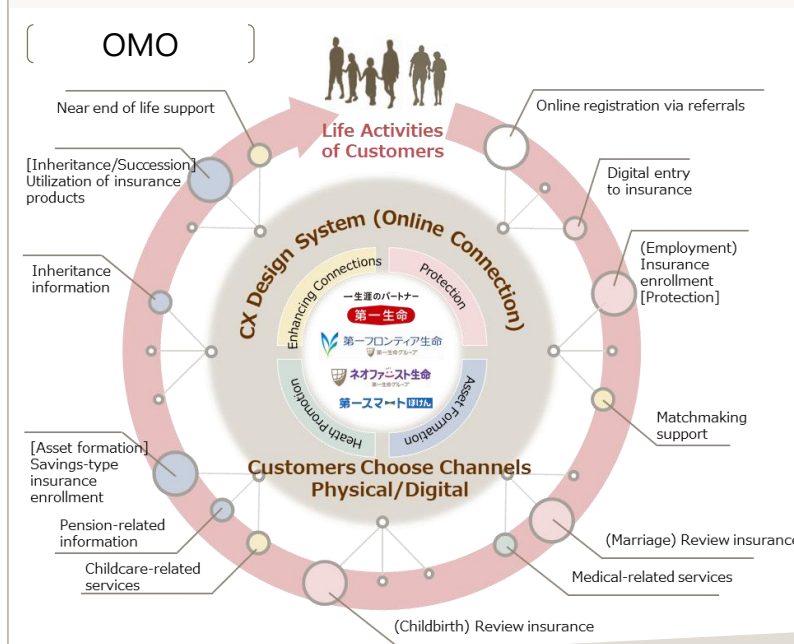
CX Design Strategy

- Construction of CX design system has progressed smoothly for launch scheduled in the next fiscal year.
- Aim to enhance sales productivity and to improve the quality of customer procedures and services as life insurance functions through establishment of our original OMO.

Optimal customer experience through CX Design & System at timely manner

Vision

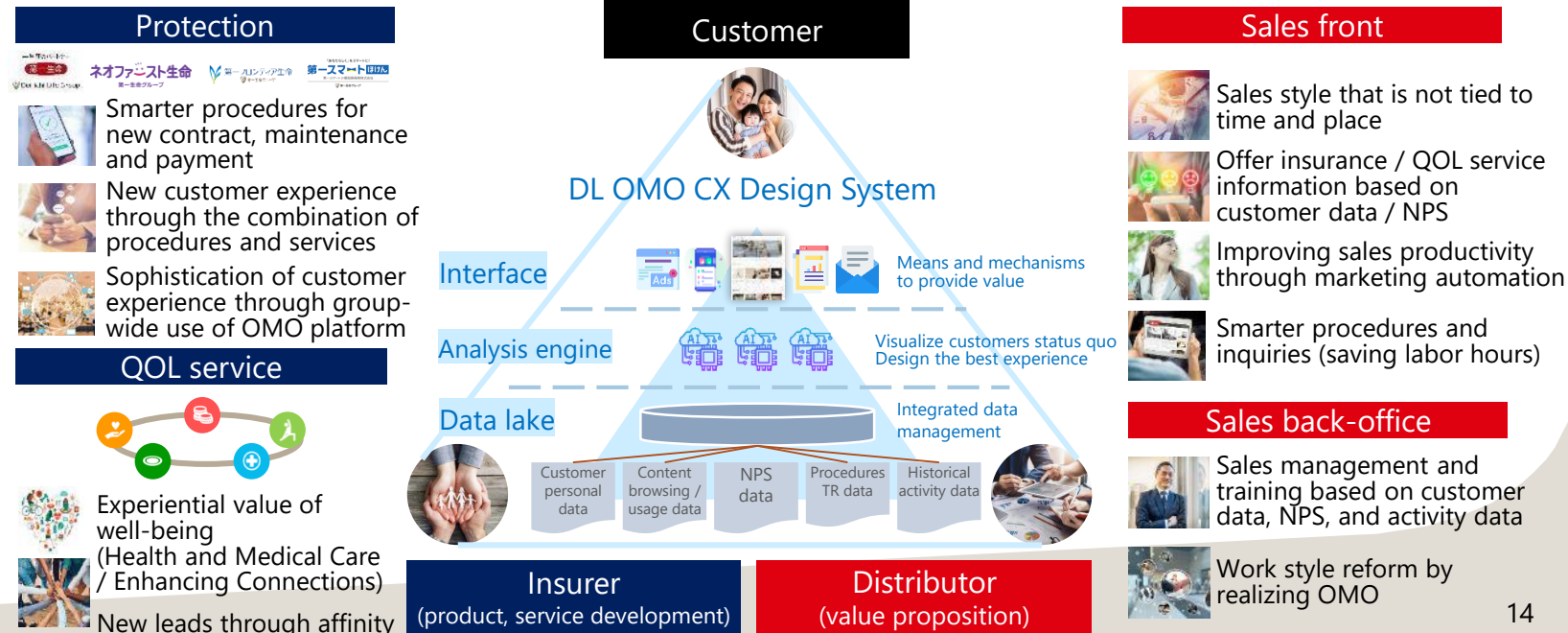
- Customer touch point in everyday life
- Customers choose channel
- Insurance+ non-insurance
- Big data and AI Analysis
- More Active Entry



CX Design System Development Progress Update

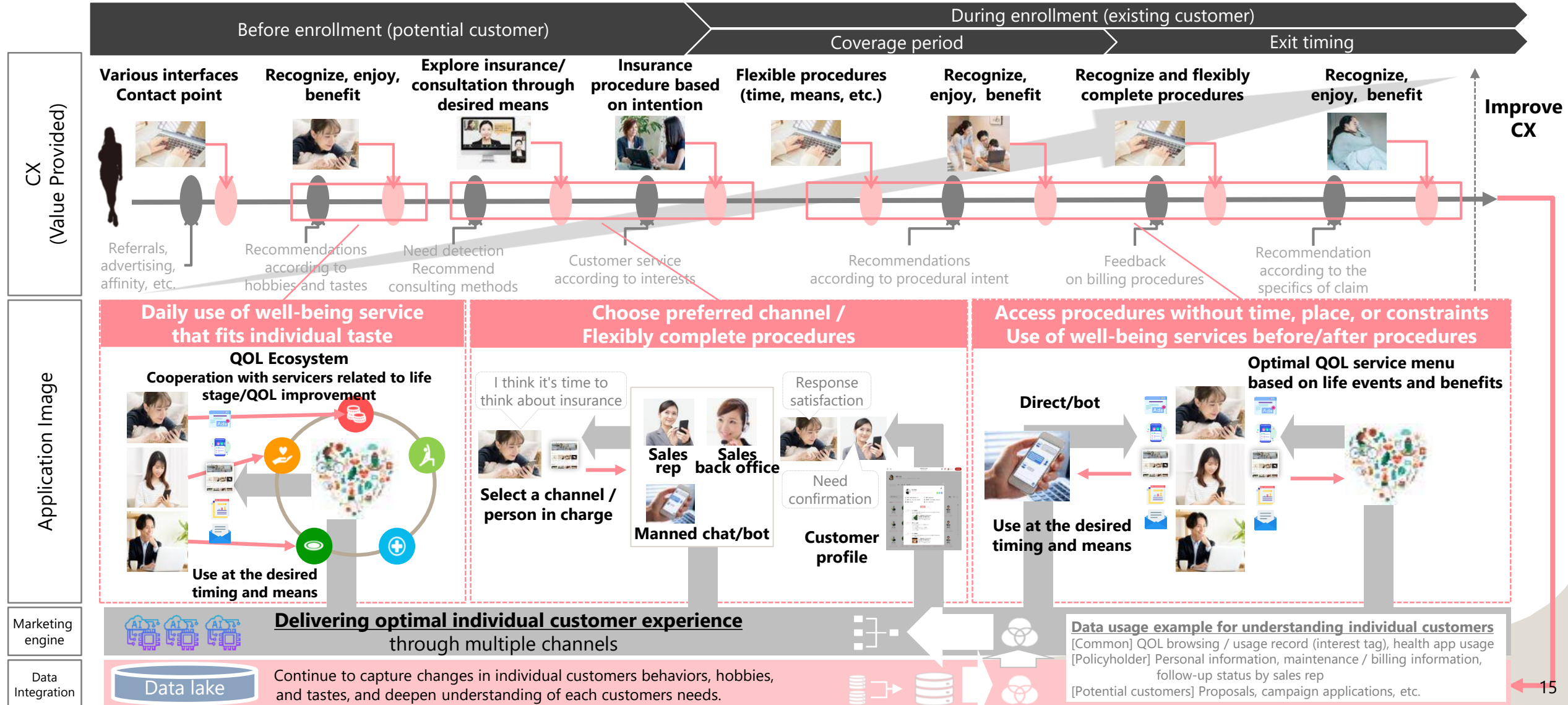
- ✓ Smooth progress on the development of online customer platform for launch scheduled in the next fiscal year. Establishing a new framework to increase contact point and content/service lineup for providing experimental value.
- ✓ In addition to competitor benchmarking analysis, plan to introduce our original transactional NPS (to be examined in/after 2H) for establishing PDCA cycle to recognize issues and improve CX.
- ✓ Aim to enhance sales productivity and to improve the quality of customer procedures and services as life insurance functions through establishment of our original OMO.

[Functional enhancement through realization of our OMO (to be realized by 2026)]



Enhancing Customer Value Proposition Targeted by the CX Design System

- Aim to improve CX through realization of appropriate content / service provision and revolution of communication with customers based on the deep customer understanding at every touch point (before enrollment, coverage period and exit timing)



[4 Experiential Values] Protection

- Accelerate new product development to expand our customer base at every 3 group brands.
- Strengthening differentiation of our products and related services in anticipation of the trends shift towards further segmented and personalized value provision in protection domain.

Protection product / service to address diversifying life styles & needs

Social Issues

- Low insurance coverage in young generations
- Medical/care needs due to aging society

Environmental Change

- Diversification of life style/needs
- QOL・health promotion
- Preference for digital touch points

Initiative KPIs

Number of customers
Value of gross sales revenue

Multi-brand/Multi-channel Strategy

	Dai-ichi Life 一生のパートナー 第一生命	Neo First Life ネオファースト生命 第一生命グループ	Dai-ichi Smart 第一スマートほけん
Customer (Market)	Mass market (mid age to seniors)	Mass market (prefer to compare)	Millennials & Z generation
Product	Comprehensive	Medical Differentiation	Community
Core Channel	Exclusive	Partnerships (WebDirect)	Direct (Smartphone)

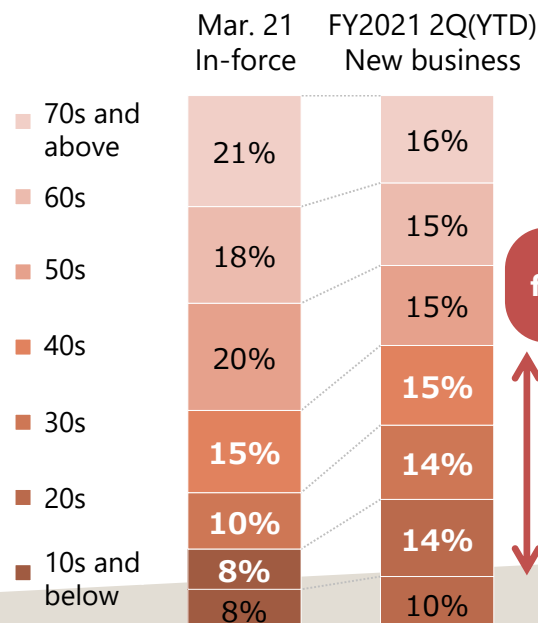
[To be] Connect to CXDesign platform

Accelerating product development to expand customer base

- ✓ Accelerate new product development at 3 group brands to expand customer base such as the hospitalization insurance with lump sum benefit (simplified application type) at DL.
- ✓ Strengthening differentiation of our products and related services in anticipation of the trends shift towards further segmented and personalized value provision in protection segment.
- ✓ Aim to establish new product lineup fully linked to our life consulting services based on social security system at DL.

[In-force and new business policyholders by age and new product development]

*In-force policies as of Mar.21 and new business for FY2021 2Q(YTD) represent the total number of policies for DL and NFL



[DL]

- Simplified application even with sickness
- Lump sum hospitalization coverage after enrollment



[NFL]

- Coverage for women specific diseases
- Can be enrolled during pregnancy (up to the 21st week)



[Digi-Ho]

- Launched income protection insurance to freelancers with fully digital procedures
- Established scheme to share burden of insurance premiums with our business partners

[4 Experiential Values] Asset Formation/Succession

- Expand new products and unique services contributing asset formation for both individual and corporate customers based on the change of the financial environment and diversifying customer needs.
- For corporate customers, provide value added services using digital technologies in addition to strengthening of SA product lineup.

Competitive product / consulting service utilizing group capabilities & strengths

Social Issues

- Asset formation for population aging
- Succession for next generations

Environmental Change

- Global trend of ultra-low interest rate
- Opportunities for investment utilizing tax incentive and digital

Initiative KPIs

Number of customers
AUM

[Group Capabilities]



Expanding unique products and services for asset formation

- ✓ DFL launched new individual annuities for asset formation ("Safety Road Sign") that can be expected to increase investment returns while controlling risk of loss of principal in a steady equity market and low interest rate environment.
- ✓ DL group pension business increased the value in the separate accounts by offering new products to meet the diverse investment needs of corporate customers and proactive consulting activities amid the implementation of a reduction in the assumed interest rate in the general accounts group pension from October.
- ✓ In addition to expanding the Robo-advisor app (DC supplement) for DC plan subscribers, plan to provide a pension dashboard that visualizes the overall picture of future income and expenditures, incl. public and corporate pensions, etc.

[Unique pension products and services for corporates]

[Separate account] Launching 2 new products in 2H

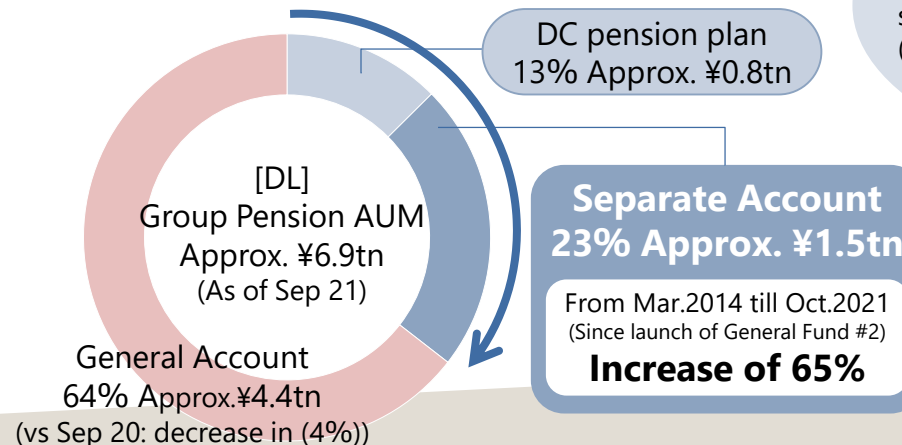
- Index-Linked Dividend Fund (October)
- Global Equity Comprehensive Fund (January)

[Expansion of digital services]

- Raise awareness of asset formation by visualizing future income and expenses
- Investment education and operational support through robo-advisor function (for companies adopting DC plans)

DC Supplement App
introduce at 47 companies*
(about 100K DC plan members)

* As of Oct 21



Separate Account
23% Approx. ¥1.5tn

From Mar.2014 till Oct.2021
(Since launch of General Fund #2)

Increase of 65%

[Asset formation using tax incentives]

- Steadily develop investment trusts for individuals (NISA utilization) and iDeco + proposal activities for SMEs.
- Strengthening human capital development to provide high-value-added consulting.

[4 Experiential Values] Health and Medical Care / Enhancing Connections

- Steady expansion of healthcare cost control business. The number of associations that have introduced the service grew as expected.
- Expanding joint R&D and digital marketing along with the development of various services through a business alliance with DeNA, which has strengths in the digital field.

New Business Development in non-insurance domains and creating customer touchpoints through solving social issues

Social Issues

- Rising healthcare costs
- Gap b/w average life expectancy & healthy life expectancy
- Declining birth rate

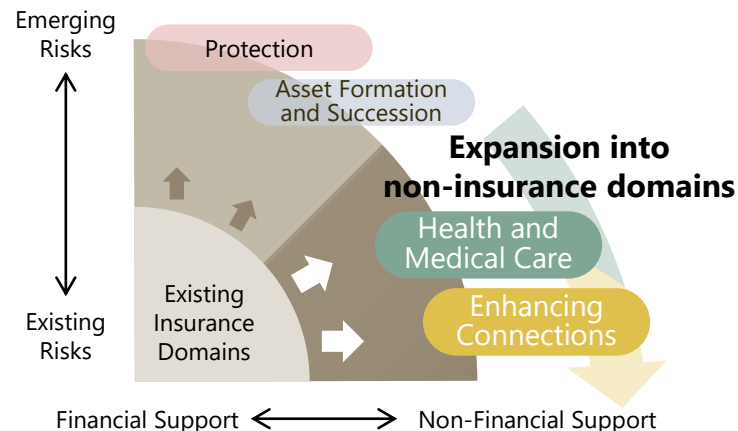
Environmental Change

- Rapid digitalization due to COVID-19
- Weakening of local communities

Initiative KPIs

- Number of users for provided service
- Utilizing accumulated data through services

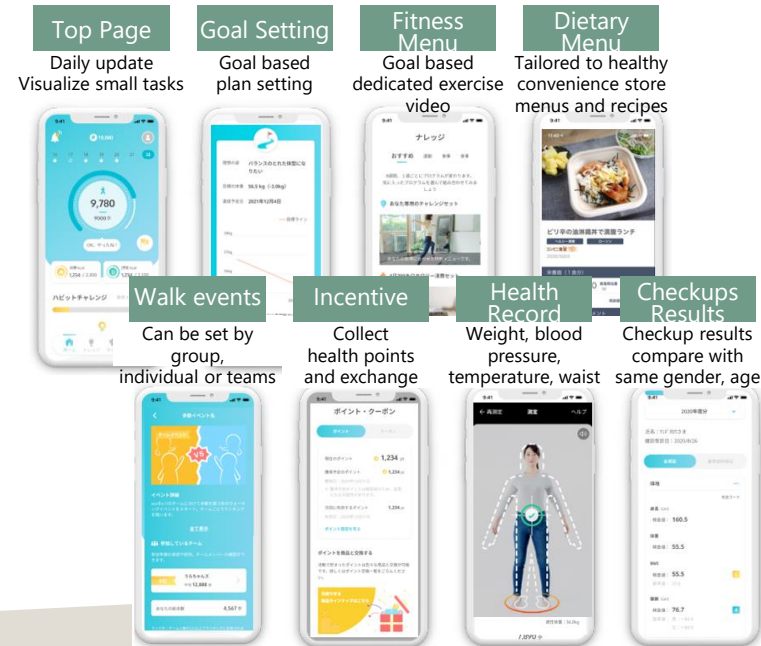
Expansion into domains peripheral to insurance



Promoting healthcare cost control for healthcare insurance associations

- ✓ Since the start of operations in April, 8 health insurance associations (with approx. 300K cumulative number of members) have decided to introduce the system.
- ✓ Enhance further services based on customer feedback (mental health, promotion of women's health, etc.)

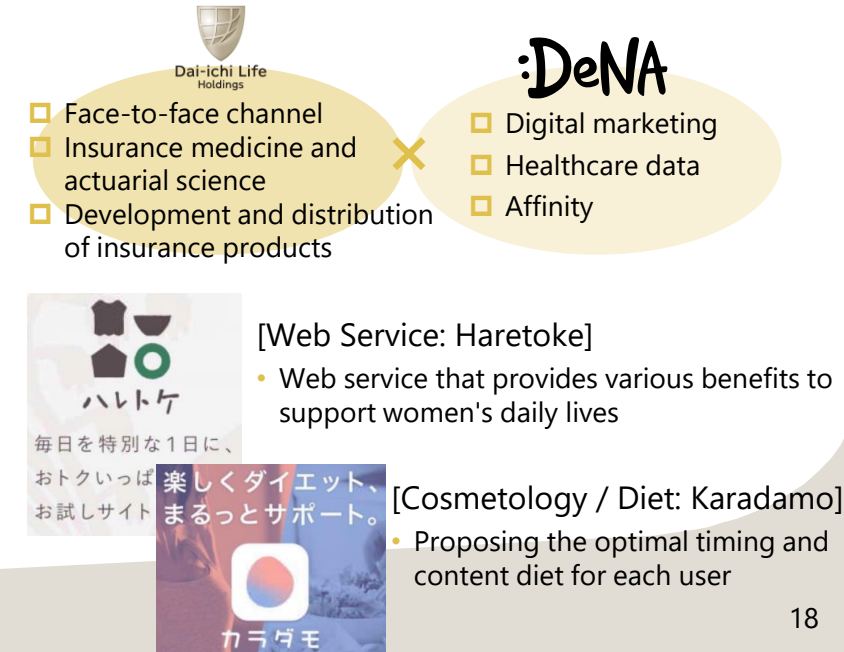
Providing a rich content through QOLism app



New customer experiences co-creation with DeNA

- ✓ Leveraging our expertise in the face-to-face consulting capabilities and DeNA's expertise in the digital field, launched healthcare services for females.
- ✓ Consider joint research using healthcare data and create new customer contact points using digital marketing, etc.

Collaboration areas in business alliance with DeNA



Improving Productivity to Ensure DL's Mid-to Long-Term Competitiveness

- Started new recruitment and training systems to realize structural reforms in an effort to be continually selected by customers.
- Continuously renovate DL-wide business structure, while investing in CX/DX and promoting strategic personnel shift.

Sales Representative Channel Reform for Higher Efficiency

Goal

Improve Operating Revenue by over 10% vs pre-Covid-19 level (after FY2026)

Implement more quality-oriented reforms that differ from past practices, incl. performance evaluation, recruitment and training systems.

- No. of highly efficient life plan designers: Approx. 10,000+ (increase share from 20% to 30%)
- Individual efficiency: Increase by more than +20% vs pre-Covid-19 level (expected to remain unchanged till FY2023)

Fixed Cost Reduction and Strategic Personnel Shift

Goal

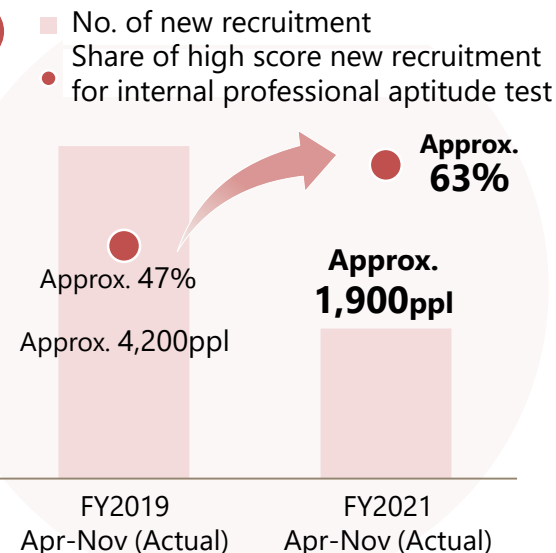
Fixed Cost Reduction by ¥30 billion vs FY2020 (by FY2026)

Improve operational efficiency through digitalization, and strategic personnel shift. Pursue operational cost rationalization adapted to changes in business style.

- Reduction by approx. 13% (FY2020 total approx. ¥240bn)
- Cost reduction of ¥5bn expected by FY2023
- Excl. investment on CX/DX promotion (¥13bn per FY)
*Incl. investments other than operating expenses
- Incl. strategic personnel shift of about 3,100 employees (approx. 23% of all employees excl. sale reps)

Started new recruitment system and enhanced training

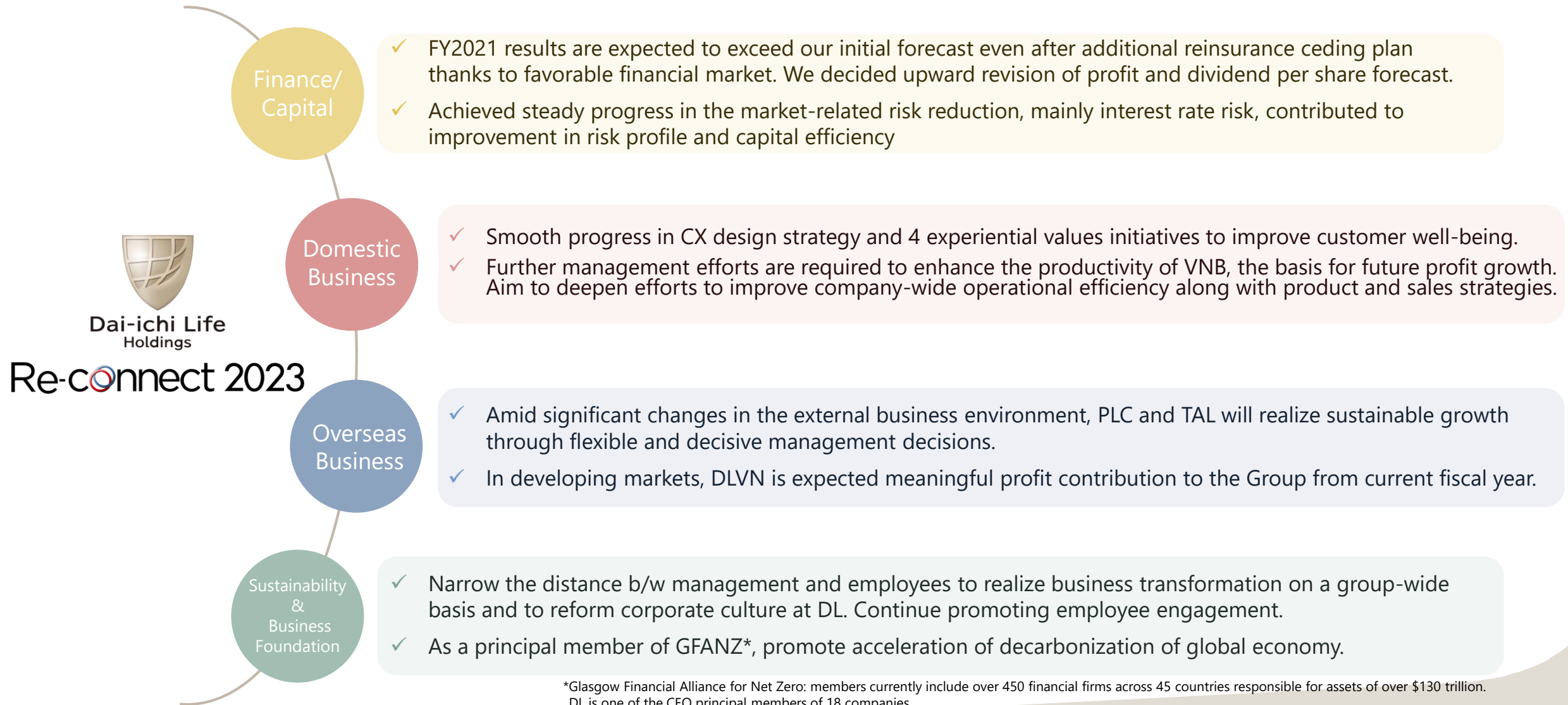
- ✓ While tightening recruitment standards and introducing a quarterly recruitment cycle, established the maximum hiring limit set for each sales office.
- ✓ Developing training program on Social Security Systems.
- ✓ In order to secure capable talent and improve retention rates, plan to stabilize and simplify the compensation structure up to the 5th year of employment.
- ✓ In addition to significantly expanding the initial training system, period and curriculum, visualize of skill levels through the qualification system (to a system in which activities allowed after reaching a certain level)



Fundamental review of the DL Group-wide operational structure

- ✓ Although the process of various measures aimed at fixed cost reduction of ¥30bn is generally proceeding smoothly, the progress of some initiatives was behind expectation, leading to reexamination of company-wide reduction is under way.
- ✓ As remote operations becoming a new normal through digitalization, promote initiatives to improve productivity and reduce costs by reviewing work styles and training programs operations, such as reducing transportation and entertainment costs and effectively utilizing facilities.
- ✓ In addition to developing communication tools and digital marketing, we plan to invest approx. ¥13bn in CX/DX in this fiscal year, mainly for IT-related investments such as expanding our data management foundation and strengthening the cyber security in conjunction with digital utilization.
- ✓ Over next 6 year incl. next MMP along with strategic personnel shift, established new career rotation and trainee system in which employees selectively improve skills and increase the mobility of employees inside and outside the group

1H Review and Acceleration towards Mid-term Management Plan Goals



[Ref.] Group Key Indicators (KPIs) and Major Domestic Life Business Initiatives



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	Group KPIs	Medium-Term (FY2023) Target Level	Long-Term Direction	Current Result・Outlook
	Capital Efficiency (Accounting Profit)	Adjusted ROE (Based on Adjusted Profit)	approx. 8% Expected cost of capital: reduced to 8% (currently self assessed at 10%)	approx. 9% (around FY2026) FY2021 Forecast 7.1%
	Capital Efficiency (Economic Value)	Group ROEV	Medium-Term Target: approx. average 8% (around FY2026)	FY2021 2Q Result 8.8% (before annualized)
	Risk Profile Reform	Market Risk Reduction Interest rate and equity risk vs Mar-21	Reduction (¥560bn) equivalent to approx. 20% of Mar-21 market risk	Additional Reduction (¥260bn) total of approx. (¥820bn) from Mar-21 FY2021 2Q Result Approx. (¥155bn)
	Financial Soundness (Economic Value)	Economic Solvency Ratio	Maintain a stable level of 170-200% in the long-term Reduction of sensitivity to financial market	End of Sep 2021 221%
	Market Evaluation	Relative TSR (Total Shareholder Return)	Build a Relative Advantage in comparison with 10 domestic and overseas competitors	End of Sep 2021 1st place
	Profit Indicator	Group Adjusted Profit	Expected Range approx. ¥250-¥280bn VNB targets are set annually	FY2021 Forecast Adj. Profit Approx. 270bn VNB Approx. 190bn

Domestic
Business

Improve
Customer Satisfaction

Net Promoter Score (NPS®)
Number of Customers

NPS® for DL:
Total No. of Customers:

Top Level in Japan
Approx. 12mn

(around
FY2026)

Improve productivity

Fixed Cost Reduction
Optimize Talent Placement

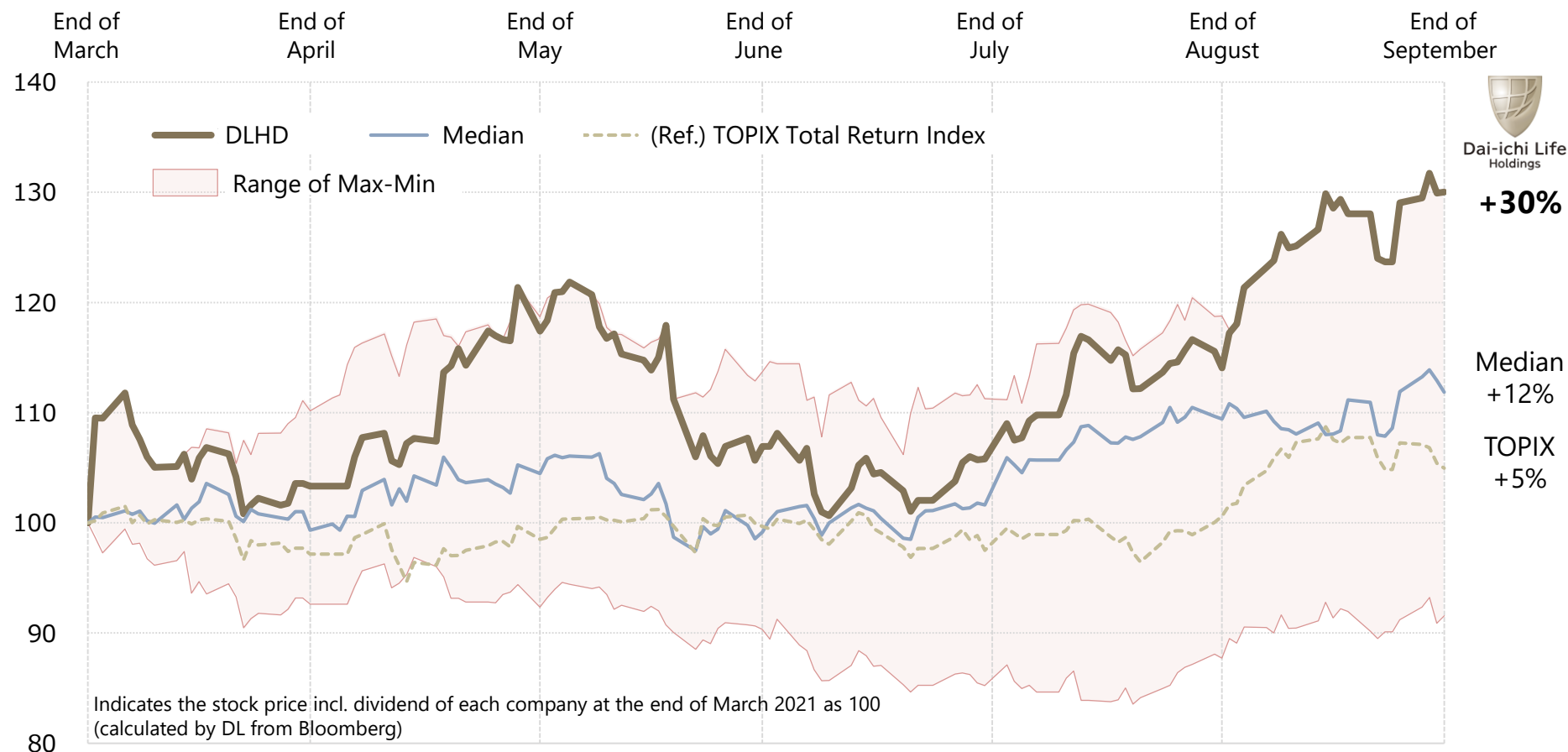
Cost Reduction (DL):
Strategic Personnel Shift:


Approx. ¥30bn
Around 3,100 ppl.

(around
FY2026)

[Ref.] Total Shareholder Return (TSR)⁽¹⁾

TSR since Mid-term Management plan disclosed (end of Mar-2021)



1	 第一生命ホールディングス
2	Domestic company A
3	Overseas company B
4	Domestic company C
5	Domestic company D
6	Overseas company E
7	Domestic company F
8	Overseas company G
9	Overseas company H
10	Overseas company I
11	Domestic company J

Max	130
Median	112
Min	92

[Status of current Share Repurchase (resolved on March 31, 2021)]

- Total No. of shares to be repurchased: Up to 170mn shares Total price of shares to be repurchased: Up to ¥200bn
- No. of repurchased shares (as of end of October): Total 44mn shares (progress rate 26.1%) Purchase price of the shares: ¥98bn (49.0%)

(1) TSR(Total Shareholder Return): Indicates the total investment yield to shareholders, including capital gains and dividends

(2) 5 domestic insurance group: (Japan Post Life, T&D HD, Tokyo Marine HD, MS&AD Insurance Group HD, SOMPO HD) 5 overseas life group: (Aflac, AXA, Manulife, MetLife, Prudential (US)) are set as peer group.

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