

# **Financial Analyst Conference Call for the Six Months Ended September 2024**

November 29, 2024

Dai-ichi Life Holdings, Inc.



**Dai-ichi Life**  
Holdings

# Agenda

Time	Topic	Speaker	Title
10:00 ~ 10:10	H1 FY2024 Results & Key KPIs	Taisuke Nishimura	Executive Officer Chief Financial Officer
10:10 ~ 10:20	Vision for FY2030	Tetsuya Kikuta	President and Representative Director Chief Executive Officer
10:20 ~ 10:40	Dai-ichi Life's Sales Strategy	Toshiaki Sumino	President and Representative Director Dai-ichi Life Insurance Company, Limited
10:40 ~ 11:45	Q&A session		

# H1 FY2024 Results & Key KPIs

## Financial Results / Outlook

### H1 Results

Group  
Adj. Profit

H1 FY2024  
**¥245.2bn**  
(72% vs. full-year forecast)

Group VNB

H1 FY2024  
**¥89.9bn**  
(86% vs. full-year forecast)

DL's profit and new business results  
were strong compared to initial plan

### Upside/Downside Factors (vs Group adj. profit full-year forecast disclosed in May)

- ⊕ (DL) Upside in positive spread due to increased dividends from equities and mutual investment funds
- ⊕ Downward adjustment in amortization of intangible assets related to the acquisition of Benefit One

- ⊕ (DL) Capital gains (from other than sales associated with the risk reduction plan)
- ⊕ (DL) Lower reinsurance cost forecast due to Japanese interest rates hikes
- ⊖ (DL) Loss on sales of policy-reserve-matching bonds
- ⊖ (DL) Extraordinary loss associated with the "Second Career Special Support Framework"

Amounts for the bottom four items are expected to be offset by the total

- Considering revision of the FY2024 full-year target of the Group adj. profit
- In addition, expecting to see an improvement in investment yields during the mid-term management plan period (FY2025 & 2026) by increasing and replacing Japanese bonds (in response to rising interest rates in Japan)

\*The effect of the improvement in investment yields with the increase and replacement of Japanese bonds in H1 FY2024 is expected to be + ca.¥11.0bn/year.

## Capital Circulation Management / Market Evaluation

### Cash Generation / Allocation



### Risk Control



### Market Evaluation<sup>(1)</sup>



The possible upward DL profit will be directly linked to an increase in remittance and shareholder dividends

Progressing steadily in risk reduction

Kept Superiority in the Relative TSR

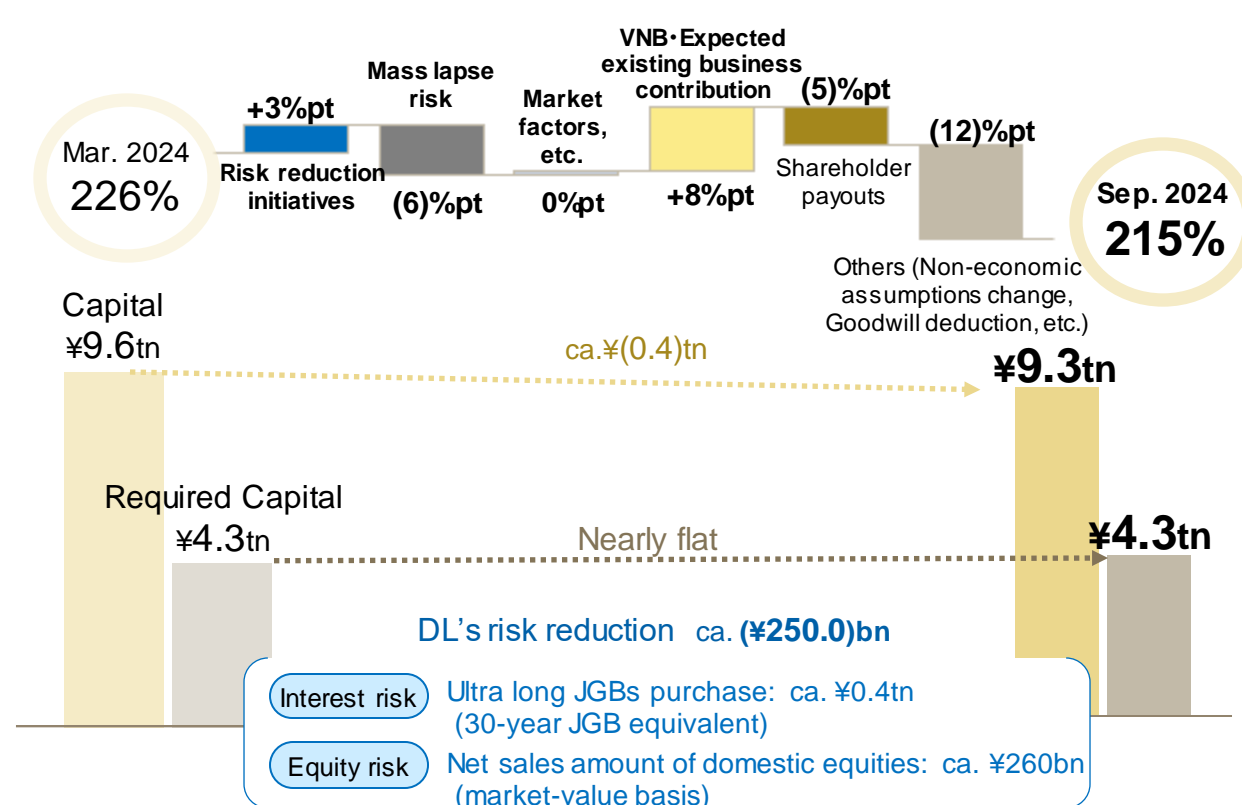
(1) Calculated by the Company based on Bloomberg data

# Market Risk Reduction and ESR

- ▶ The required capital remained flat as an increase in lapse risk due to Japanese interest rates hikes was offset by decrease factors such as sale of equities. ESR decreased by 11%pt to 215% compared to the end of FY2023, mainly due to a decrease in the capital resulting from the goodwill deduction of Benefit One and shareholder payouts.
- ▶ In terms of market sensitivity, the sensitivity to a decline in Japanese interest rate rose as the mass lapse risk was adopted even when Japanese interest rates decline.

## ESR (Economic Solvency Ratio)

Sep. 2024 **215%** Down 11%pt (vs Mar. 2024)



## Financial market sensitivities with ESR

ESR as of end of Sep 2024	215%
Japanese interest rate 50bps Rise	(6)%pt
Japanese interest rate 50bps Drop	+5%pt
US interest rate 50bps Rise	(1)%pt
US interest rate 50bps Drop	+1%pt
Australian interest rate 50bps Rise	(1)%pt
Australian interest rate 50bps Drop	+1%pt
Japanese UFR 50bps Drop	(0)%pt
10% decline in stocks and real estates	(6)%pt
Exchange rate 10% yen appreciation	(0)%pt

### (Reference) Definition of each lapse risk

- Normal lapse risk:** Amount of decrease in net assets when a certain level of stress is applied to the surrender rate over the contract period in the measurement model (J-ICS compliant).
- Mass lapse risk:** Decrease in net assets in the event of sudden stress on the surrender rate (J-ICS compliant)
- Dynamic lapse risk:** Risk of losses incurred due to fluctuations in surrender rates for savings products, such as single-payment whole life insurance, due to switching to other financial products in response to changes in market interest rates, etc.

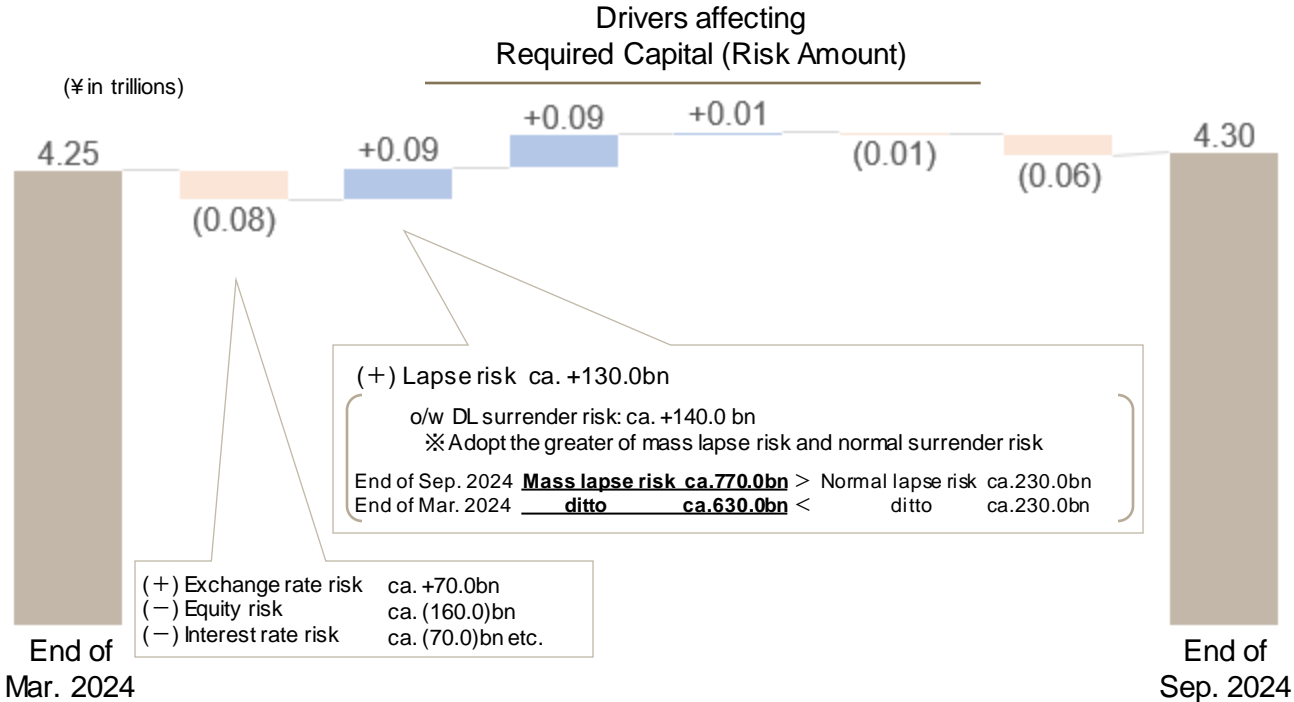
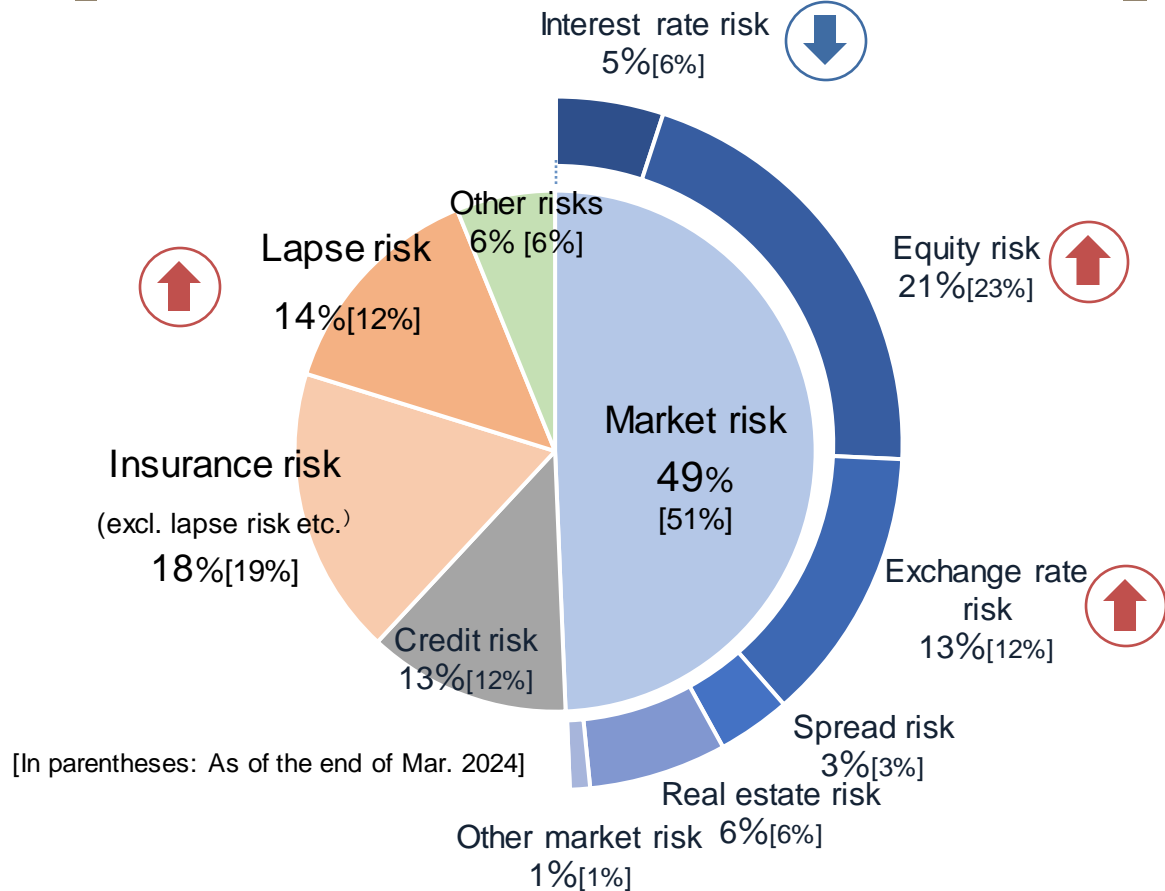
# Group Risk Profile Transformation



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- ▶ Compared to the end of FY2023, interest rate risk has steadily decreased. Equity risk has also declined, driven by the smooth progress of equity sales during the first half. On the other hand, lapse risk increased as mass lapse risk rose due to interest rate hikes, surpassing the level of normal lapse risk.
- ▶ Overall required capital remained almost flat compared to the end of FY2023, as the increase in life insurance risk was offset by a decrease in market risk.

Group Integrated Risk Breakdown<sup>(1)</sup>  
(as of end of Sep. 2024, before diversification effect)



	Market risk	Insurance risk	Credit Risk	Operational risk	Other risks	Diversification effect	Required Capital
End of Sep. 2024	2.80	1.65	0.97	0.20	0.27	(1.60)	4.30
End of Mar. 2024	2.88	1.56	0.88	0.19	0.28	(1.54)	4.25

(1) Breakdown excludes the exchange rate risk against JPY, associated with the group consolidation.

# New Business Results (Group Value of New Business)



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- ▶ VNB of DL and overseas subsidiaries exceeded the full-year forecast. DL grew with increased activity from new products launches, and TAL showed strong progress, mainly due to an acquisition of a large-size group insurance contract. Total group VNB was ¥89.9 bn, 86% of the full-year forecast.

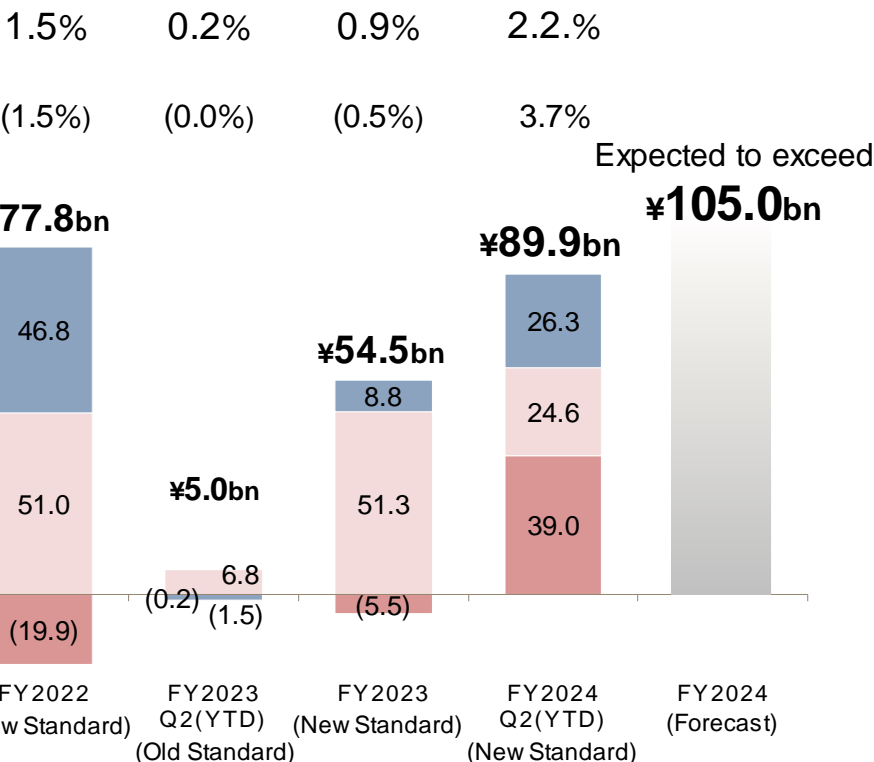
## Group VNB

H1 FY2024 **¥89.9bn** (vs. full-year forecast) 86%  
Entire group including 3 Asian affiliates: ¥89.2bn

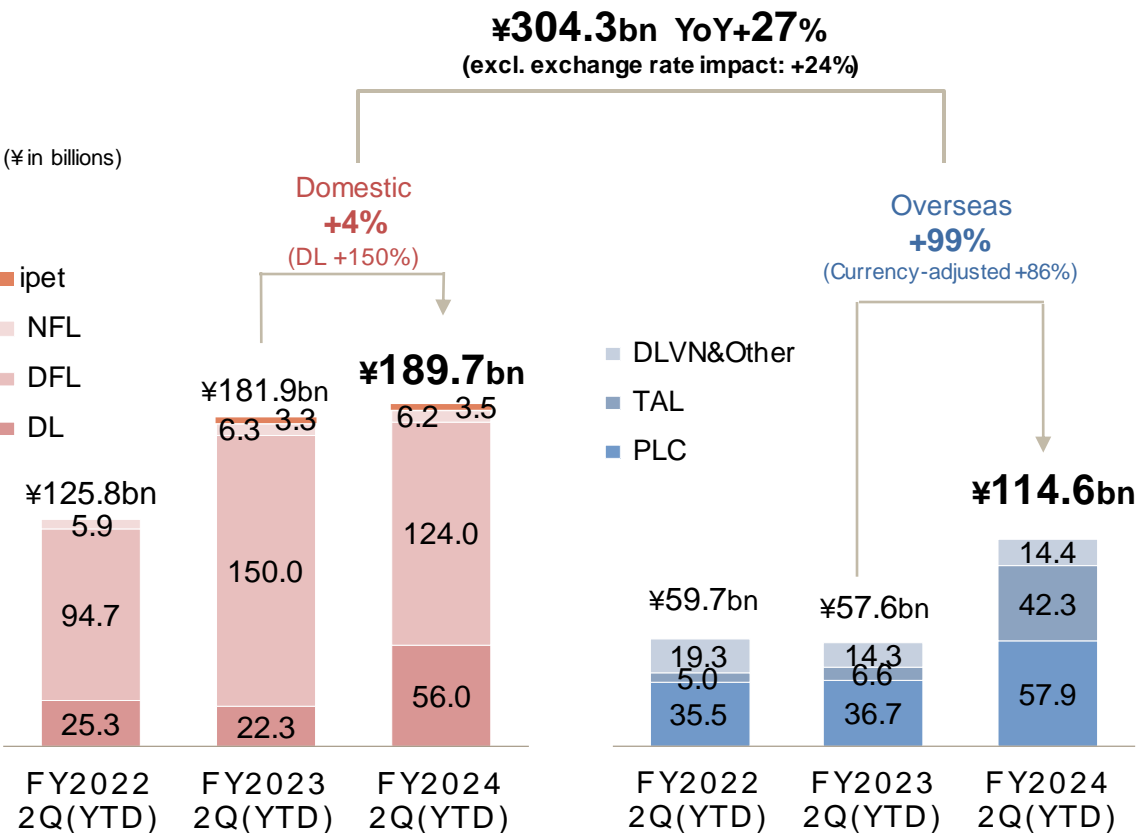
### New Business Margins

DL

(¥ in billions)



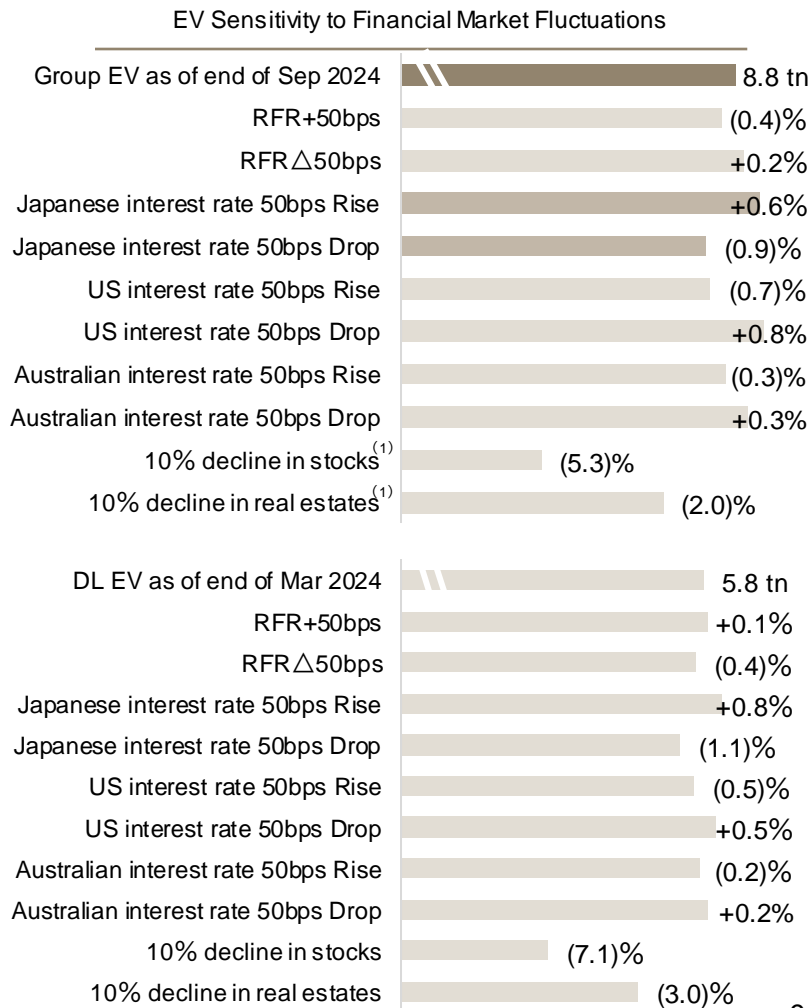
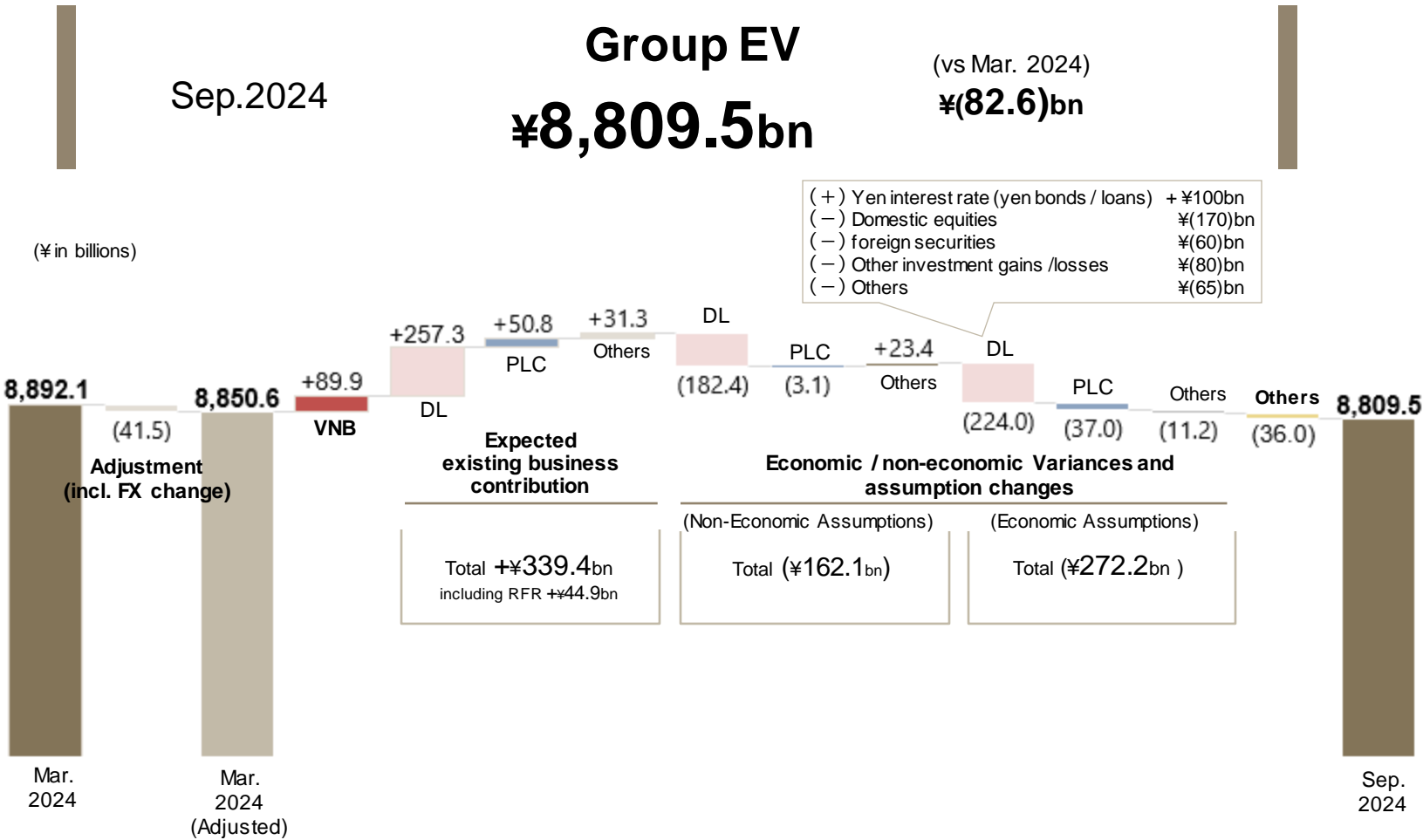
## Annualized Premiums from New Policies (ANP)





# Economic Value (Group EV)

- ▶ Group EV remained almost flat, as increases from new business acquisitions and the impact of JPY depreciation were offset by shareholder returns and stock market decline.
- ▶ The EV sensitivity<sup>(1)</sup> remains generally flat compared to Mar. 2024. On a group basis, equity sensitivity decreased compared to Mar. 2024 due to the impact of DL's equity sales and other factors.

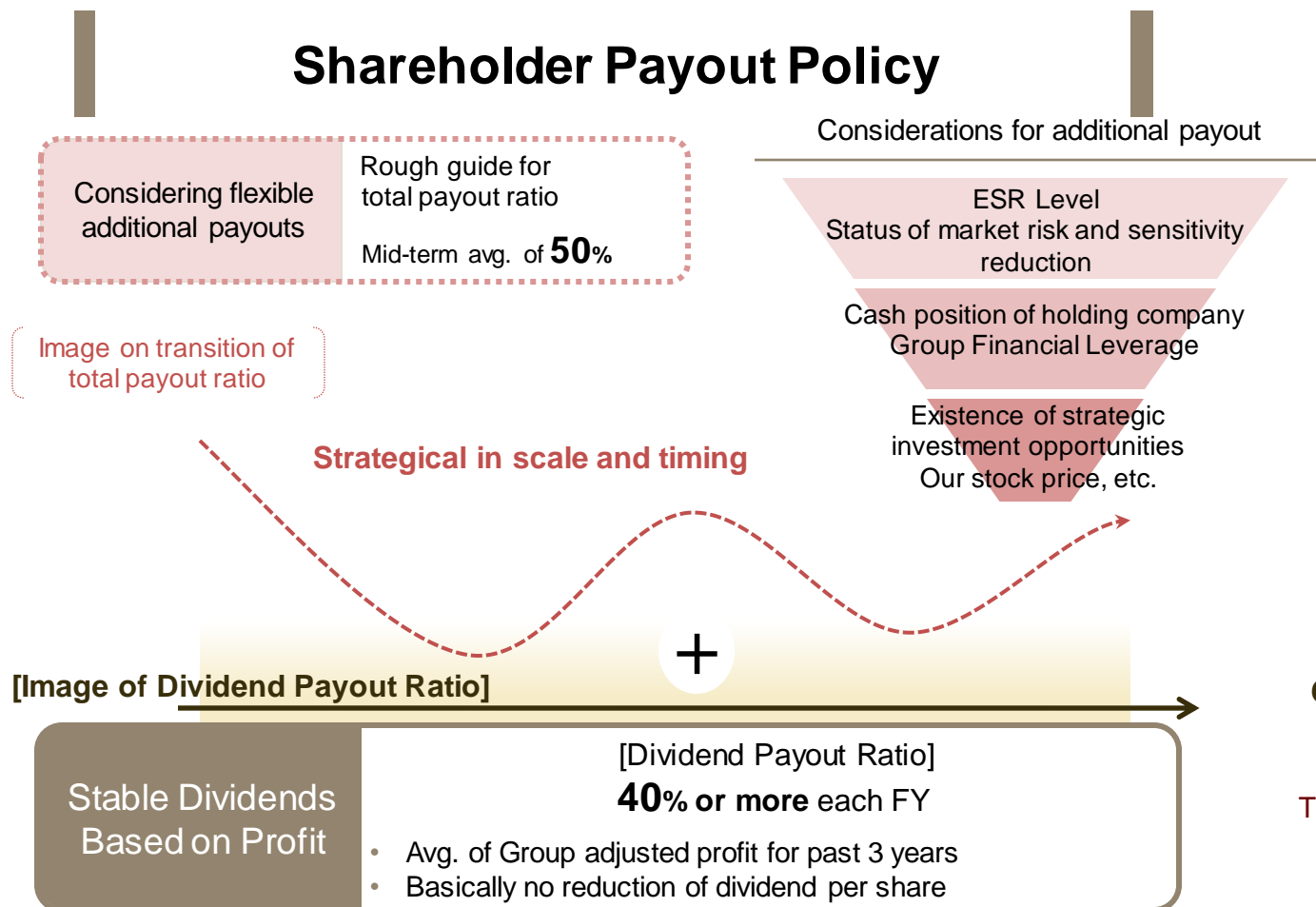


(1) From the end of Sep. 2024, we included in fluctuations in non-covered business. Based on the same criteria, the sensitivity of Group EV at the end of March 2024 was (5.6%) for a 10% decrease in stocks and (1.9%) for a 10% decrease in real estates

# Shareholder Payout Policy and Actual Payouts

- ▶ The share buyback up to ¥100.0bn has been completed.
- ▶ An interim dividend will be implemented starting from FY2024, with a dividend per share of ¥61. The effective date is Dec. 5.

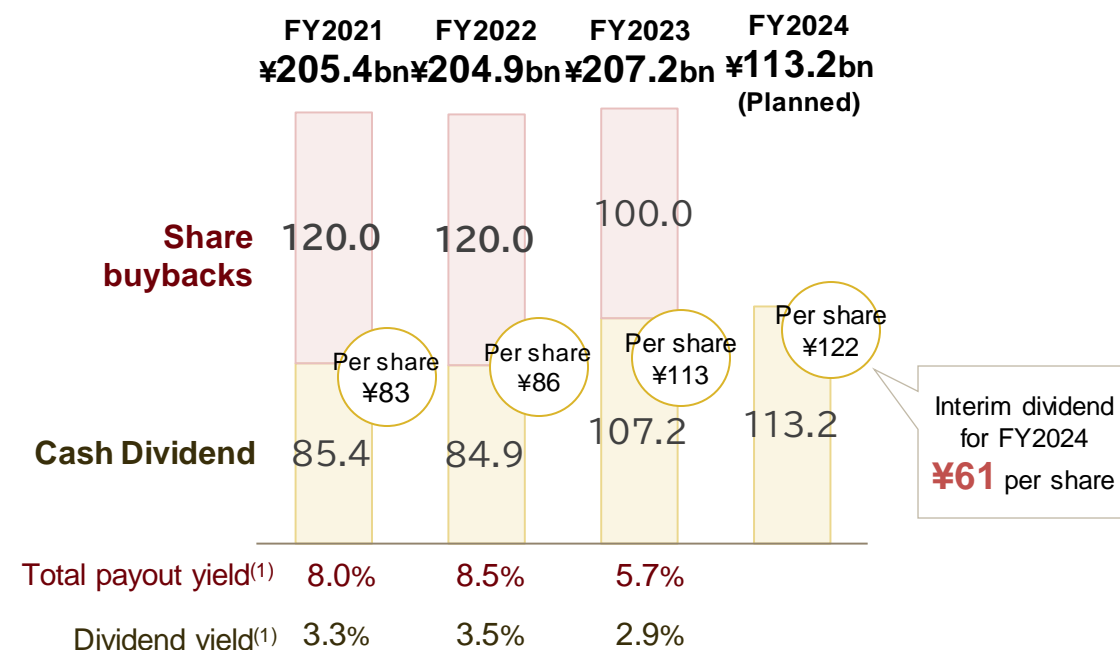
## Shareholder Payout Policy



[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.

Result of shareholder payout  
since FY2021

Shareholder payout  
Total ca. **¥730.0bn**



(1) Calculated based on the total number of issued shares exclude treasury stock and stock price at end of the Mar. 2021, 2022, and 2023

# Outlook for Cash Positions at HD (Holding Company)

- ▶ Regarding strategic investments for FY2024, the projects disclosed in May were executed as expected (ca. ¥250bn). We will carefully examine new investment opportunities aimed at improving capital efficiency, with investment discipline including examining the IRR level.
- ▶ The possible upward DL profit for FY2024 will be directly linked to an increase in free cash and dividend payment (FY2024 year-end dividend).

## Change of HD Cash Positions<sup>(1)(2)</sup>

FY2023 Cash remittances  
from subsidiaries  
(dividend remittance)

Remittance ratio<sup>(3)</sup>  
ca. **93%**

	Remittance [Adj. profit]	Remittance Ratio	(FY2022)
DL	¥203.8bn [¥203.8bn]	100%	130%
PLC <sup>(2)</sup>	58mUSD [116mUSD]	50%	50%
TAL <sup>(4)</sup>	574mAUD [430mAUD]	133%	101%
Group	ca. ¥300.0bn [¥319.4bn]	ca. 93%	ca. 140%

(Unit: ¥bn)

- Acquisition of Benefit One (third-party allotment & squeezeout cost) ca.¥165bn
- Investment in Canyon Partners ca.¥42bn
- Cashout related to PLC's acquisition (ShelterPoint) ca.¥36bn

Free Cash<sup>(2)(5)</sup> from  
FY2023 profit  
(After interest expenses, etc.)

+350

Shareholder  
payouts<sup>(6)</sup>  
(264)

\*o/w share  
buybacks of (100)

ca. 400

Group  
internal  
finance<sup>(7)</sup>  
+30

Strategic  
Investments  
(250)

FY2024 Forecast

Free Cash<sup>(2)</sup> from  
FY2024-2025 profit

+600+

\*Assuming  
an overall  
remittance  
rate of  
ca. 90%.

Dividend  
payment

(FY2024 year-end  
dividend)  
(56+)

ca. 270

HD Cash  
Position  
(Until Mar. 2027)

ca. 800

## HD Cash Position Basic Approach to Use of Funds

- To secure the liquidity at HD required capital expenditure needs

[Base cash]

- Under the strict capital management, ca. ¥100bn is a target to secure the certain liquidity for subsidiaries.

- Repayment of inter-group finance

- [Shareholder payouts]  
Sources of cash dividends

- [Shareholder payouts]  
Consideration of flexible additional payouts  
and/or

- [Strategic investments]  
Selective investment in high-growth and capital-efficient businesses

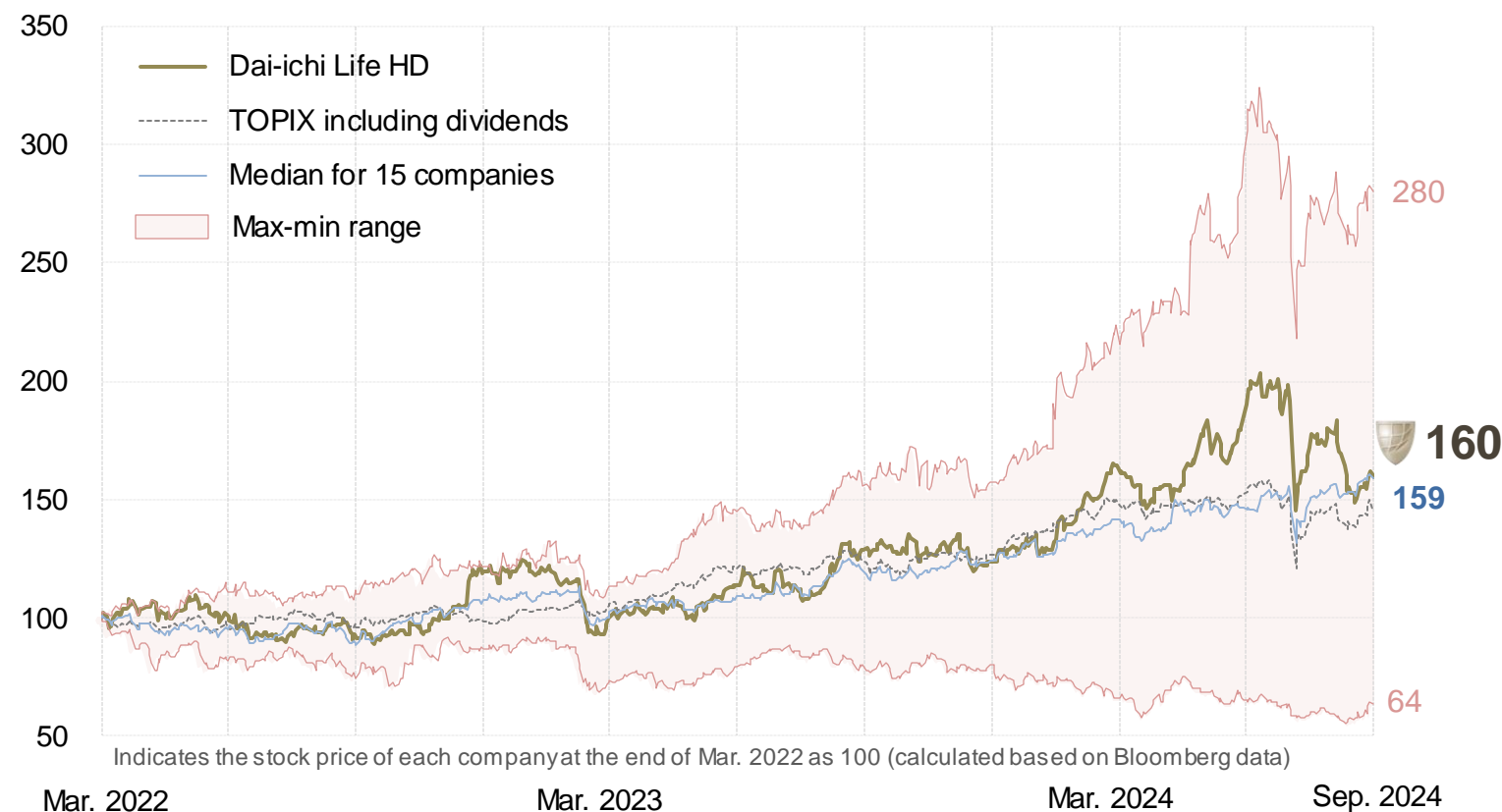
\*Up to a maximum of ¥300bn including ca.¥80bn for investment in Canyon Partners and cashout related to PLC's acquisition (ShelterPoint), etc.

(1) Incl. the balance and change in cash at the intermediate HD, as well as cash held to maintain liquidity at HD. Excl. remittances to subsidiaries that are incorporated in the business plan and strategic investments that are insignificant in amount. (2) Remittances from overseas subsidiaries such as PLC are accounted as if they are deposited in the next FY of the HD similarly to domestic subsidiaries in this chart. (3) Calculated by dividend remittances from subsidiary to HD divided by the adj. profit. (4) Includes ca. ¥23.5bn for the redemption of issued preferred shares. (5) Incl. the interim dividend from DL to HD of ca. ¥50bn (remittance in the second half) with the commencement of interim dividends to shareholders. (6) Incl. interim dividends for FY2024. (7) For group finance, the net amount of repayments and new borrowings is shown.

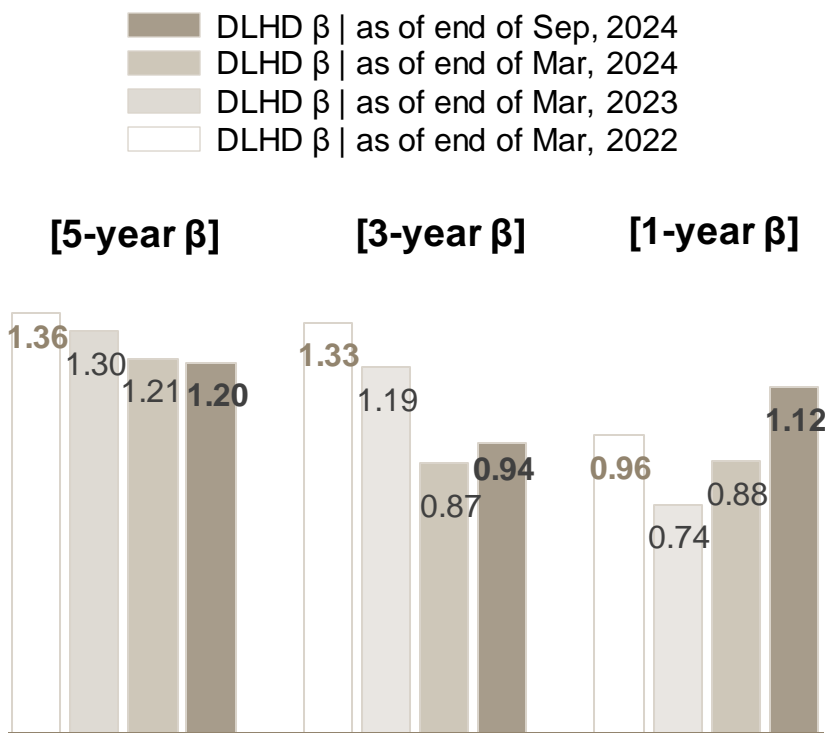
# Relative TSR

- ▶ Ranked 7<sup>th</sup>(<sup>1</sup>) in relative TSR(<sup>2</sup>) with 14 peers(<sup>3</sup>) for the period starting from the end of Mar. 2022.
- ▶ Our stock price  $\beta$  of the 3-year and 5-year periods have continuously declined due in part to our efforts to reduce the market risks.

TSR | Apr. 2022 – Sep. 2024



Our stock price  $\beta$  (vs TOPIX, weekly)



(1) As of end of Sep, 2024.  
(2) Total Shareholder Return(TSR) is a performance measure that indicates the total return an investor receives over a specific period. TSR includes both capital gains and dividends  
(3) Five domestic insurance companies (Japan Post Insurance, T&D HD, Tokio Marine HD, MS&AD Insurance Group HD, and SOMPO HD) and nine overseas insurance companies (AIA, Aflac, Allianz, AXA, Manulife, MetLife, Prudential (UK), Prudential (US) and Zurich) are set as 14 comparative peers.

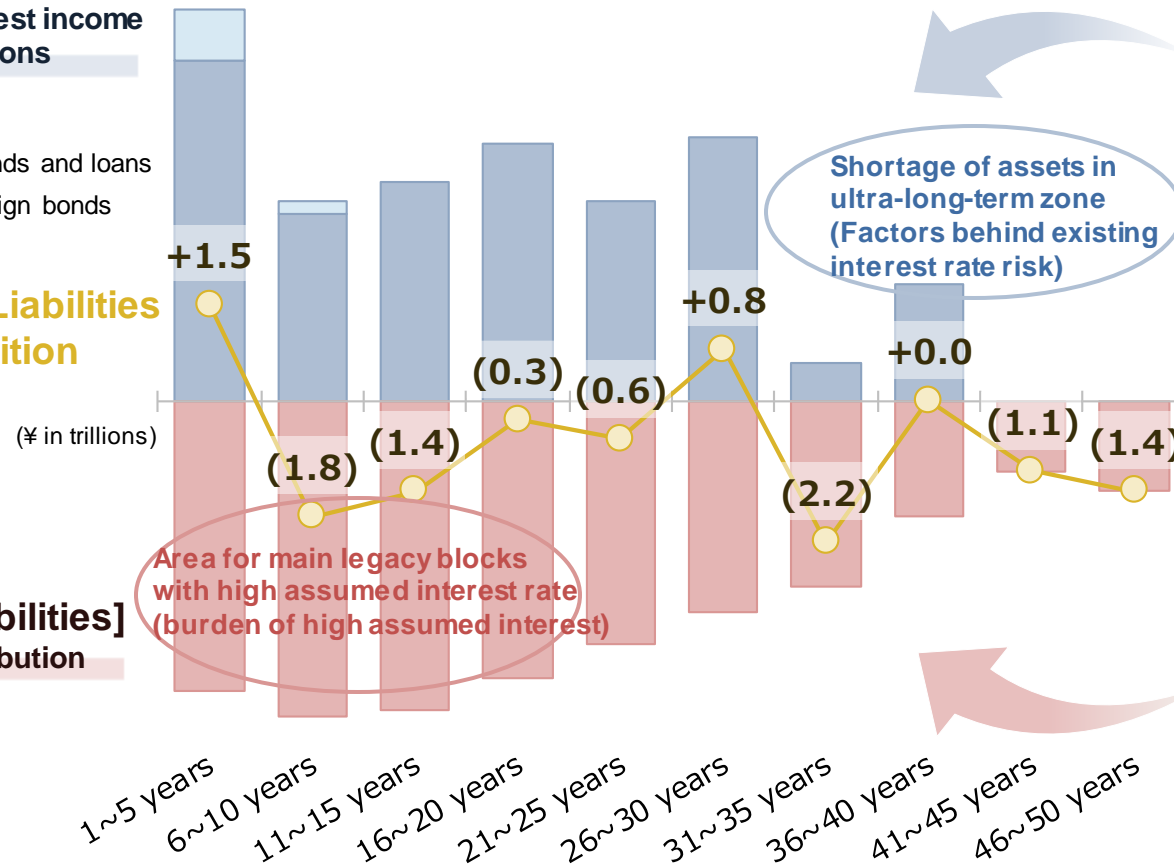
## Fixed Income Assets / Insurance Liabilities Cash Flow

(5-year cumulative/estimate)<sup>(1)</sup>

### [Fixed Income Assets] Distribution of interest income and redemptions

- Yen-denominated bonds and loans
- Currency hedged foreign bonds (Currency swap)

### Assets and Liabilities Net position



### [Insurance Liabilities] Cash flow distribution

### [Interest Rate Risk Reduction]

Purchase of and replacement with ultra-long-term bonds, duration lengthening and hedging

- Steady accumulation of ultra-long-term bonds and replacement for lengthening, considering change in financial markets
- Use of swaptions, etc.

H1 FY2024 additional purchase and replacements

ca. ¥0.4tn  
(30-year JGB equivalent)

### [Interest Rate Risk Reduction]

Reinsurance ceding of legacy blocks

- Proactive restructuring of liabilities structure through strategic reinsurance ceding

H1 FY2024 policy reserve for ceding

Not implemented in H1 FY2024  
(ca. ¥1.1tn from cumulative total since the start of the initiative)

Using part of gains on sales

### [Equity Risk Reduction] Sale and hedging

- Reduction of equities in line with the plan, hedging with derivatives, etc.

H1 FY2024 domestic equities sold

ca. ¥260.0bn  
(market value)

Hedging positions\*

ca. ¥560.0bn

\*Total hedging positions since FY2020

Using gains on sales  
(offset with ceding related expenses)

(1) Cash flows for internal management from fixed income assets and insurance liabilities at the end of September 2024.

# KPI Targets

- Recognize that we have made a good start in the mid-term management plan, with high profit progress and recovery of new business results

	KPIs	FY2024H1 Result	MTP Target (FY2026)	Targeted level by around FY2030
Financial Indicators	Economic Indicators			
	RoEV	-	ca. 8% in the medium-to long term	
	VNB	¥89.9bn	FY2024: ¥105bn *Expecting to exceed the level	—
	Accounting Profits			
	Adjusted ROE	-	ca. 10%	Stably exceeds ca. 10%
Non- Financial Indicators	Adjusted Profit	¥245.2bn	¥400bn	¥600bn
	Cost of Capital			
	Cost of Capital	9%	8%	Maintain a stable rate of 8% or less
	Market Valuation			
	Relative TSR (vs 14 peers)	#7	Relative advantage	
Non- Financial Indicators	Financial Soundness			
	Economic Solvency Ratio <sup>(1)</sup>	215%	170% - 200%	
	Customers			
Non- Financial Indicators	Number of Customers	Domestic ca. 16.35m ppl Overseas ca. 37.00m ppl <sup>(2)</sup>	Domestic ca. 19.00m ppl <sup>(1)</sup> Overseas ca. 45.00m ppl	—
	External Evaluation			
Non- Financial Indicators	ESG Composite Indices			
	DJSI <sup>(3)</sup> Asia Pacific Index MSCI <sup>(4)</sup> BBB		Industry-leading evaluation scores in Japan	

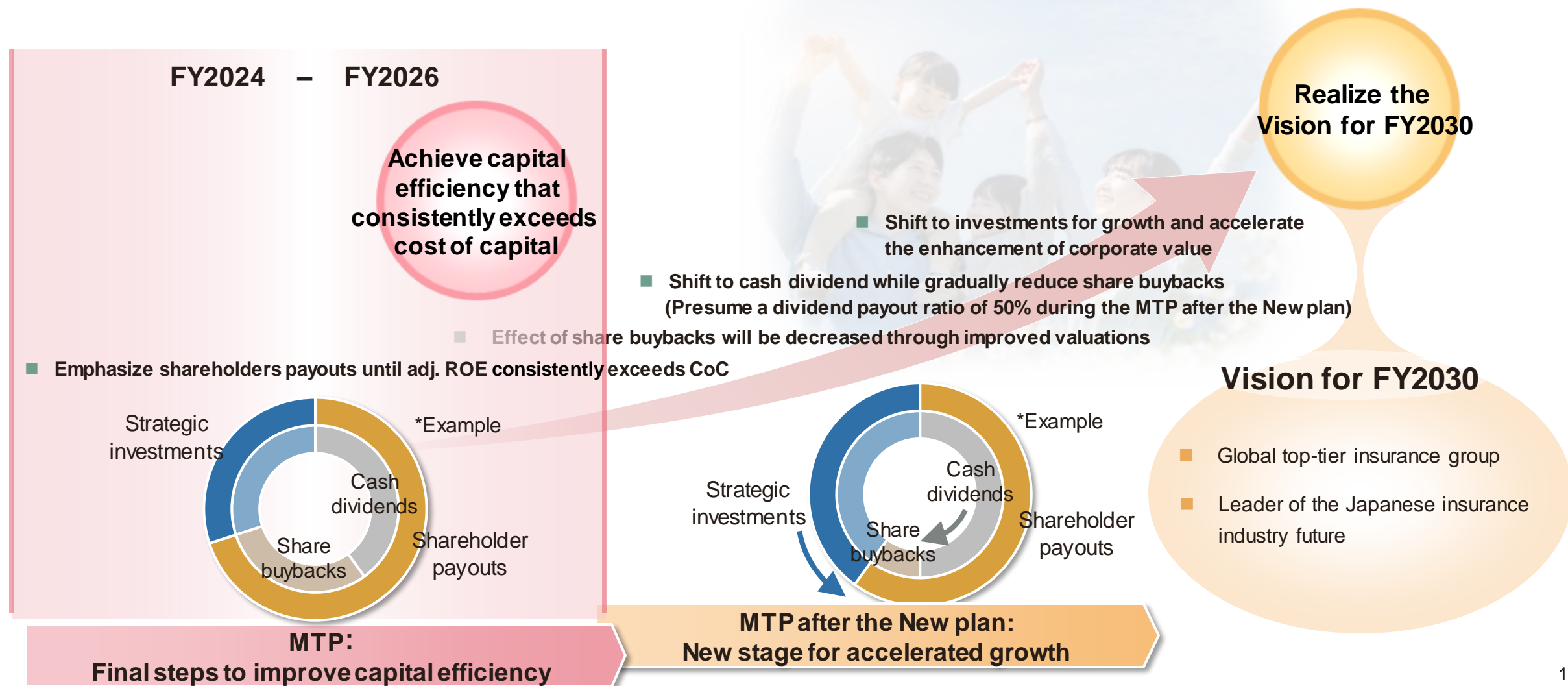
(1) With the addition of Benefit One as a subsidiary, the company's target and actual figures were added as the number of domestic customers. (2) As of the end of March 2024 (3) Dow Jones Sustainability Indices (4) MSCI ESG Rating

# Vision for FY2030



# Roadmap toward FY2030

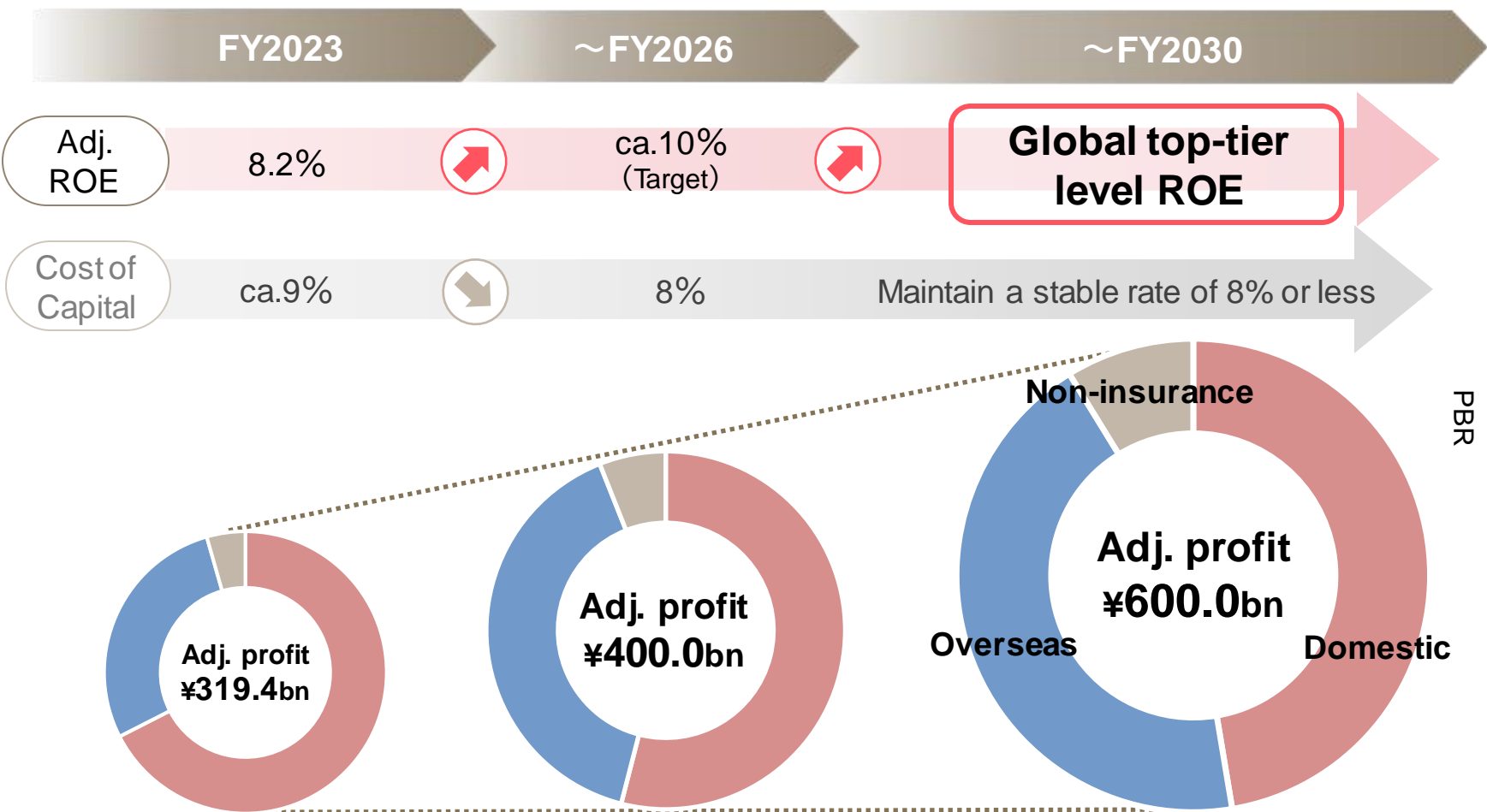
- We set as our principal goal in the mid-term management plan to achieve capital efficiency that consistently exceeds the cost of capital to accelerate growth toward achieving our vision for FY2030.



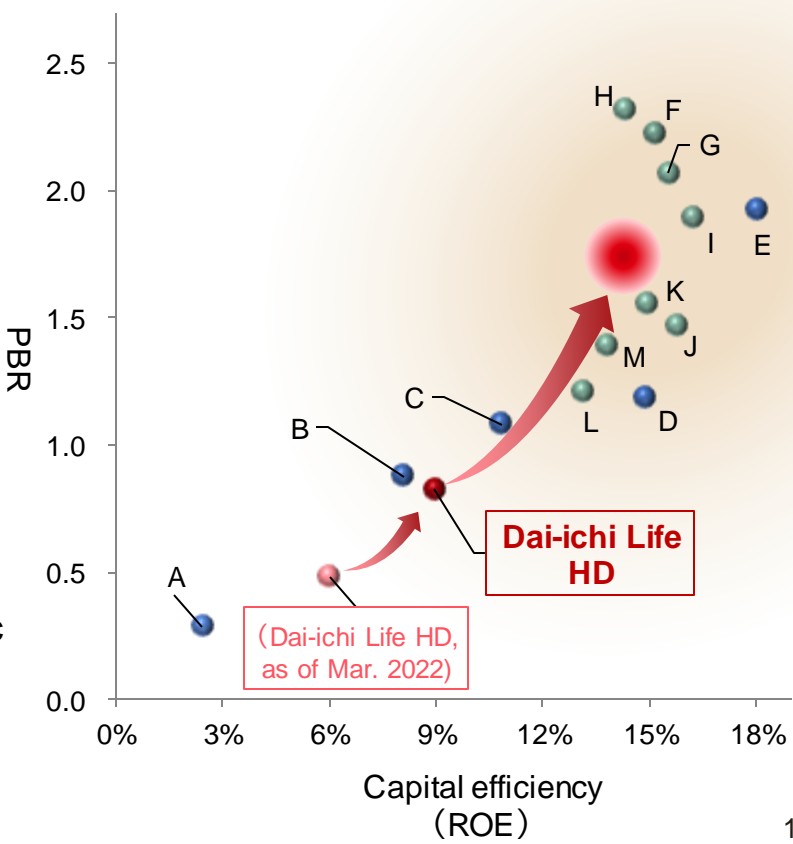


# Improvement of capital efficiency for enhancing corporate value

- ▶ The top priority is to improve capital efficiency for increasing corporate value. We will accelerate our efforts to reduce risk and improve ROE to achieve capital efficiency that consistently exceeds the cost of capital by the end of the current mid-term management plan.
- ▶ For achieving a global top-tier level corporate value, we will re-consider the level of ROE that we should aim for in the next mid-term management plan and beyond.



Relationship b/w capital efficiency and PBR<sup>(1)</sup>



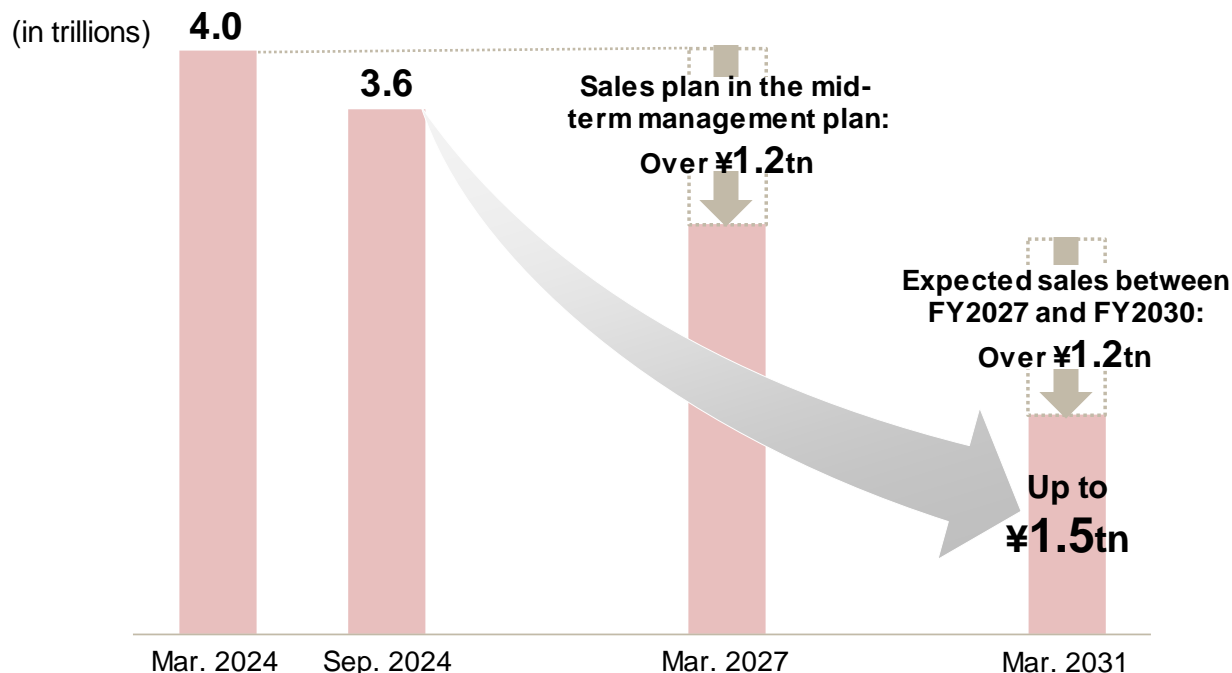
(1) Measured based on the Bloomberg consensus as of the end of September 2024

# Policy for reducing the level of domestic equities holdings<sup>(1)</sup>

- ▶ A future simulation was conducted based on the risk-return efficiency of DL's investment portfolio. We aim for further improvement in ROE after achieving a capital efficiency that exceeds the cost of capital. As part of this effort, DL plans to continue reducing domestic equities holdings in principle beyond the current mid-term management plan as well.
- ▶ At present our policy is to control domestic equities holdings of DL at or below ¥1.5tn on a market value basis by the end of FY2030, with plans to continue selling equities beyond FY2026. We aim to build the investment portfolio with improved risk diversification.

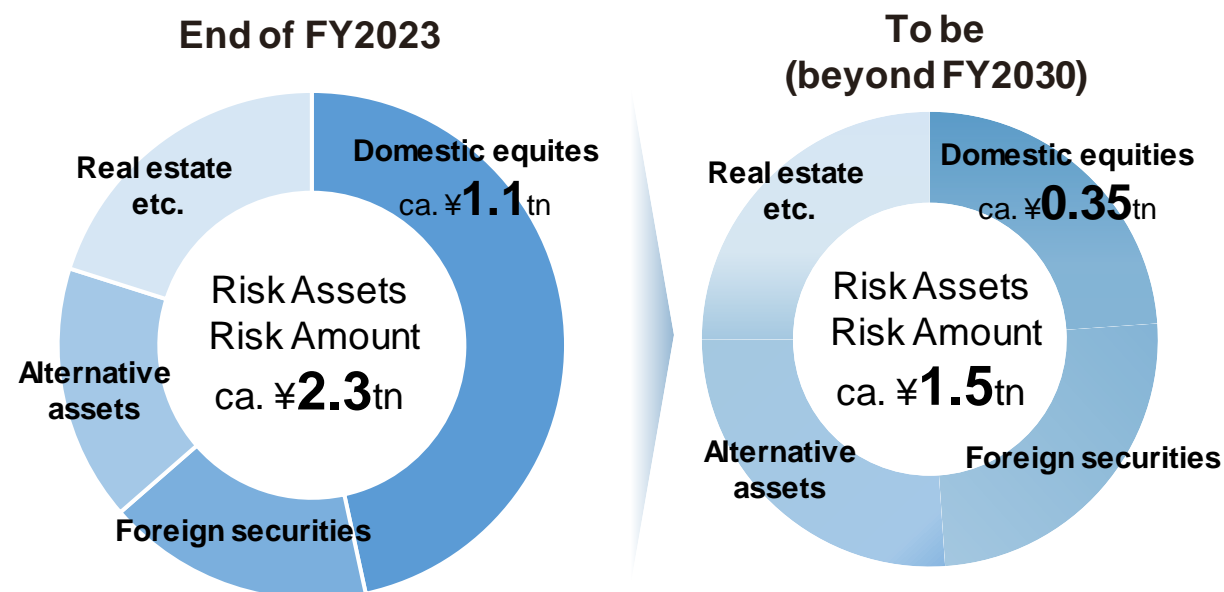
## DL Domestic Equities Holdings Balance Trend and Outlook

By the end of FY2030, DL aims to limit the balance to a maximum of ¥1.5tn. Between FY2027 and FY2030, DL plans to sell over ¥1.2tn, in line with the approach outlined in the current mid-term management plan.



## Risk Distribution of Risk Assets at DL (Preliminary estimate before considering diversification effects)

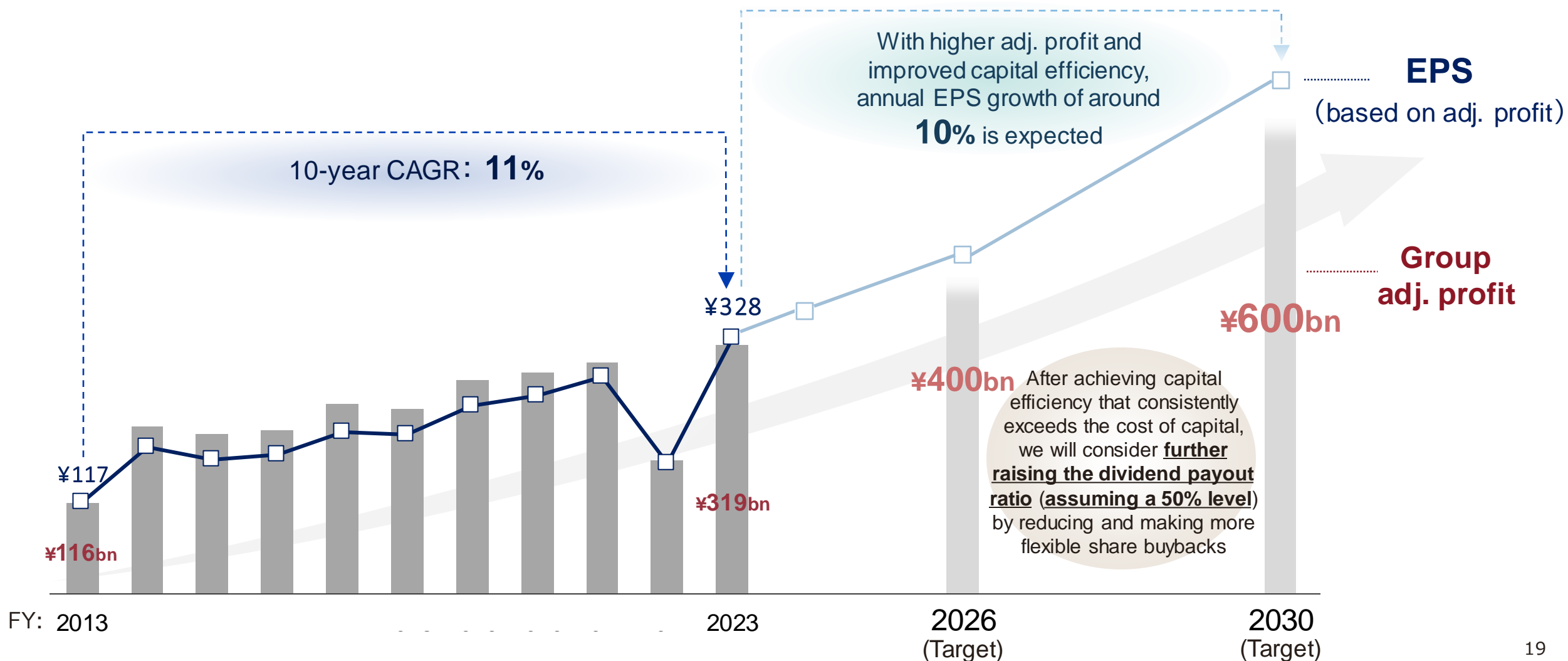
Regarding risk assets, the risk profile is heavily concentrated in domestic equities. By reducing equity risk while increasing the proportion of alternatives and real estate, we aim to build a well-diversified portfolio. (A fixed-income portfolio dedicated to insurance liabilities will be prepared separately.)



(1) This analysis is based on the economic environment and outlook as of the end of Sep 2024.

# EPS growth by improving adj. profit and capital efficiency

- As we work to increase Group adj. profit and improve capital efficiency to achieve the global top-tier level corporate value, we assume EPS to increase further as well.



## Group Company Name Abbreviation

Domestic Insurance Business		Overseas Insurance Business		Non-Insurance Business (Asset Management Business, New Fields of Business)		Others	
DL	Dai-ichi Life	PLC	Protective Life Corporation	BO	Benefit One	DLRe	Dai-ichi Life
DFL	Dai-ichi Frontier Life	TAL	TAL Dai-ichi Life Australia	AMOne	Asset Management One		Reinsurance Bermuda
NFL	Neo First Life	PNZ	Partners Group Holdings	VTX	Vertex Investment Solutions		
ipet	ipet Insurance	DLVN	Dai-ichi Life Insurance Company of Vietnam				
		DLKH	Dai-ichi Life Insurance (Cambodia)				
		DLMM	Dai-ichi Life Insurance Myanmar				
		SUD	Star Union Dai-ichi Life Insurance Company				
		PDL	PT Panin Dai-ichi Life				
		OLI	OCEAN LIFE INSURANCE PUBLIC COMPANY				

## Investor Contact

Dai-ichi Life Holdings, Inc.  
Investor Relations Group  
Corporate Planning Unit

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