November 19, 2021

Conference Call Presentation Script

Thank you all for joining us today. I am Ishiguro of the IR Group. We will now begin a conference call on Tokio Marine Holdings' fiscal year 2021 Q2 results and fiscal year 2021 revised projections announced today.
Group CEO Komiya and Group CFO Yuasa will give you a presentation on our performance, view of business environment, capital policy, etc.

Presentation by CEO Komiya

Good evening, everyone. I am Komiya. Thank you very much for participating in this conference call today despite your busy schedule. I also want to express our gratitude for the support you have always given us.
I will first explain the highlights of our latest financial results and deliver a message from management based on these results.

[Key messages]
Please look at page 3 of the materials. We have summarized three points that we especially want to communicate to you today.
Before we start, let me first tell you this: Tokio Marine has to date developed and implemented a strategy of diversifying risks globally while absorbing high growths achieved overseas. At the same time, we have brought together the wisdom and passion of our domestic, overseas, Group, and global human resources as a global insurance company to develop and raise the so-called *power of Group management*. I am pleased to tell you that this approach is starting to bear a remarkable fruit.
I will explain this using specific numbers. First, our adjusted net income for the six months ended September 30, 2021 was 318.1 billion yen, up 70% from the same period of the previous year. It represents a 75% progress rate against the original projections, which is quite high compared to the average of the past five years. In short, I can say that this result is *strong*.
Second, based on this current business trend, we want to revise upward our full-year projections for the fiscal year 2021 by 66 billion yen to 490 billion yen.
As our medium- to long-term target, we have so far explained that we aim to achieve adjusted net income of over 500 billion yen and adjusted ROE of around 12% during the three years under the current Mid-Term Business Plan that began in this fiscal year. We expect that our adjusted net income for the fiscal year 2023 will also be revised upward and easily exceed 500 billion yen.
This *strong profit growth* in our businesses should naturally be aligned with our *shareholder returns*. We therefore hope to raise the dividend payout ratio to 50% in the fiscal year 2023. We have, in fact, decided to bring forward our goal to achieve this to the fiscal year 2023.
Based on this decision, we have also raised the dividend payout ratio for the fiscal year 2021 from the original projections of 43% to 47% and have decided to increase dividend per share by 30 yen from the original projections or by 45 yen from the previous fiscal year to 245 yen.
During the period of the current Mid-Term Business Plan, we endeavor to increase our shareholder returns through two drivers of *profit growth* and *higher payout ratio*.
I will now explain these points in a little more detail. Please turn to page 4.

[Top-line results (2Q results / full-year projections)]
First, let us look at top-line results.
As of September 30, 2021, net premiums written rose 4.5% year on year, while life insurance premiums increased 0.6% from the same period of the previous year. Both grew at a pace faster than originally projected and presented *strong* results.
To reflect this trend, we are going to revise the full-year projections upward.
More specifically, we will revise our full-year projections of net premiums written, which is shown on the left, to a 3.8% year-on-year increase. We will also revise our projections on life insurance premiums upward as shown here on the right.
I will next talk about adjusted net income. Please move onto page 5.

[Adjusted net income (2Q results)]
I have already explained that adjusted net income for the six months ended September 30, 2021 was 318.1 billion yen and the progress rate against the original projections was 75%, which was significantly higher than the average progress rate of the past five years. We will now look at the breakdown of adjusted net income.
In the domestic business, Tokio Marine & Nichido Fire (TMNF) had a strong top-line result combined with a smaller net incurred loss mainly due to the impact of COVID-19 and decline of natural catastrophes. As a result, their progress rate of adjusted net income for the six months ended September 30, 2021 is 94.8% compared with the average progress rate of 29.8% in the past five years.
Overseas, underwriting profits and investment income were both strong, despite the impact of the winter storm in Texas. Their progress was significantly better than the projections, more than offsetting the impact of the Texan winter storm. Adjusted net income of major North American businesses for the six months ended September 30, 2021 was also strong, exceeding the projections by 25 billion yen.
Based on these results, I will now explain the upward revision to the full-year projections. Please look at page 6.

[Adjusted net income (full-year projections)]
As I have explained earlier, we have revised our full-year projections of adjusted net income upward by 66 billion yen to 490 billion yen. Let’s look at the breakdown.
The blue portion represents TMNF in the domestic business. As stated, TMNF expects an increase in underwriting profit and has revised its full-year projections upward by 37 billion yen.
In making this revision, our budget for natural catastrophe in the second half of the fiscal year 2021 is approximately 30 billion yen before tax.
Next, please look at the orange portion, which represents our international business. Despite the impact of natural catastrophes such as Hurricane Ida in the second half of the fiscal year, underwriting profits and investment income were both generally strong. We have therefore revised our projections upward by 35 billion yen.
As I have explained, we are finally reaping the fruit of the strategies we have developed and implemented so far in a material manner. Based on our current capabilities or conditions, we expect our adjusted net income to easily surpass 500 billion yen in the fiscal year 2023.
We, management team, will further steel ourselves to raise the Group’s profits and ROE in this and subsequent fiscal years. We will explain this in the IR Conference.

This is the end of my presentation.

Presentation by CFO Yuasa

[Shareholder returns]

I am Chief Financial Officer Yuasa. As the last item of this conference call, I will explain our shareholder returns. Please turn to page 7.

The basis of our shareholder returns is dividends. We will keep increasing our dividends in keeping with profit growth.

Within this framework, we have previously said that we will raise our dividend payout ratio to 50%, a level comparable to our global peers, once we achieved our medium- to long-term target of over 500 billion yen in adjusted net income and around 12% in adjusted ROE. The timing of this move, however, has been unclear as we have only said that we would do so *when we could stably achieve the targets*.

As Mr. Komiya has explained earlier, we have implemented our management and business strategies to realize our medium- to long-term target. As demonstrated by the upward revision to the fiscal year 2021 profit, our capabilities are definitely growing.

In May this year, we said that we were in sight of achieving over 500 billion yen in adjusted net income in the fiscal year 2023. Currently, the management team are confident that we will achieve and keep steadily exceeding this target, unless something beyond our expectations occurs.

With this view, we have brought forward the timing of achieving the 50% dividend payout ratio, which has been unclear, to the time when our adjusted net income is expected to exceed 500 billion yen, in other words, to the fiscal year 2023, in an effort to improve transparency.

Based on this decision, we have also raised the dividend payout ratio for the fiscal year 2021 from the original projections of 43% to 47% and have decided to increase dividend per share by 30 yen from the original projections or by 45 yen in comparison with the previous fiscal year to 245 yen.

We are confident that our profit growth will continue beyond the fiscal year 2023. After we raised the dividend payout ratio to 50%, we intend to raise dividend per share using profit growth as a driver. In principle, we intend not to reduce our dividend payment.

Next, I will explain capital level adjustments. In May 2021, we said, "We would flexibly use 100 billion yen in the fiscal year 2021 including the execution of bolt-on M&As." In fact, we made announcements on share buybacks worth 30 billion yen in June and 30 billion yen in September and have executed both.

There is no change to our promise of spending the remaining 40 billion yen during the fiscal year 2021. We will flexibly determine the timing of our announcement.

Please note, however, that at this stage we do not expect to execute any bolt-on M&A, which will be deducted from the 40 billion yen.

We have used the capital we have generated for business investments to achieve growth from a medium- to long-term perspective. At the same time, we have provided shareholder returns using the surplus capital in a disciplined manner. Going forward, we are committed to implementing our capital policies to achieve profit growth and raise ROE.

Based on this perspective, the new method introduced in the fiscal year 2021 was designed to show our commitment to implementing capital level adjustments, instead of discussing whether to implement them. It has, however, invited many opinions from the participants in the stock market. We will, therefore, revise its contents to satisfy our shareholders in the fiscal year 2022.

We are committed to steadily implementing our business strategies to first realize our medium- to long-term target, and then to meet the expectations placed on us by the participants of capital markets. We very much appreciate your continued support for us.
This is the end of my presentation.

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