

September 7, 2018  
Tokio Marine Holdings, Inc.

**Tokio Marine forms strategic partnership with Hollard through acquiring 22.5% equity stake of its operations in South Africa and adjacent countries**

Tokio Marine Holdings, Inc. (President and Group CEO: Tsuyoshi Nagano, "Tokio Marine") today announced that it has entered into a definitive agreement to acquire 22.5% stake in Hollard Holdings ("HH") and Hollard International ("HINT"; collectively "Hollard"). The total consideration is approximately 5 Billion South African Rand (approximately 40 Billion Yen)<sup>1</sup>. The transaction enables Tokio Marine to acquire a precious foothold in full-scale expansion to Sub-Saharan African market.

**1. Background of the acquisition**

- (1) Tokio Marine Group has been focused on expanding its international business as the driving force of the Group's growth strategy. Tokio Marine Group is aiming to pursue strategic M&A initiatives in both developed and emerging markets to achieve this objective. In the developed markets we have significantly expanded our presence through a series of acquisitions for the last 10 years.
- (2) With respect to emerging markets, their present contribution to the total profit of our international business remains at around 10%. We aspire to significantly expand our business in these markets with high growth potential through acceleration of our strategic M&A initiatives to achieve further diversification of our global portfolio, which is stated as one of the key initiatives of our current Mid-Term Business Plan "To Be a Good Company 2020" announced in May 2018. One of the examples is our acquisition of the Thailand and Indonesia insurance businesses of Insurance Australia Group Limited which is predominantly comprised of Safety Insurance Public Company Limited in Thailand.
- (3) Based on this background, Tokio Marine has entered into a definitive agreement to acquire 22.5% stake of HH and HINT, with both of which Tokio Marine has already formed a partnership through various insurance arrangements in African countries for Japanese enterprises since February 2015. Tokio Marine has also been engaged in a life insurance joint project with them in Indonesia. The agreement will further strengthen the strategic relationship between Tokio Marine and Hollard.

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<sup>1</sup> ZAR/JPY exchange rate: JPY 8.00

## 2. Overview of the Partnered Companies

Company Name	Hollard Holdings (HH: South Africa)	Hollard International (HINT: Adjacent Countries)
Main Location	South Africa	Namibia, Botswana, Mozambique, Ghana, Lesotho, Zambia
Established	1980	2015 (Started expansion to adjacent African countries since 2001 through HH)
Paid up capital (as of June 2017)	JPY 12.8 billion	JPY 3.5 billion
Gross written premium (FY 2017)	JPY 158.2 billion	JPY 25.5 billion (adjacent Countries in total)
Number of employees (as of December 2017)	2,189	Approximately 600 (HINT and adjacent African Operations in total)
Business Model	<ul style="list-style-type: none"> <li>• #2 non-life insurer (10% in market share)</li> <li>• #6 life insurer (1% in market share)</li> <li>• 18 non-life branches covering across South Africa; 200 life branches with robust omni channels including business partners, brokers and agents</li> </ul>	<ul style="list-style-type: none"> <li>• (Non-life) #1 non-life insurer in Botswana, #2 in Namibia, #4 in Mozambique, 10-15 years since their foundation</li> <li>• (Life) #3 life insurer in Botswana, #3 in Mozambique, #6 in Namibia, leveraging business models succeeded in South Africa</li> </ul>

## 3. Strategic rationale of this transaction

The insurance market in Sub-Saharan African Countries is expected to significantly grow and therefore contribute to geographical diversification in the medium and long term; however, given Tokio Marine's limited presence and experience in the local market, we see it more prudent to explore the market through partnership with a local player rather than greenfield investment or 100% acquisition. Through the transaction, Tokio Marine will be able to acquire a precious foothold in full-scale expansion to Sub-Saharan African market. Going forward, in the

Sub-Saharan African insurance market, Tokio Marine, through partnering with Hollard, will pursue further scale and profitable growth, and contribute to the evolution of the insurance market in Sub-Saharan African Countries.

- ✓ By 2050, the attractiveness of population in Sub-Saharan African countries is expected to reach 2.2 billion, accounting for 1/4 of world population, and GDP is expected to quadruple.
- ✓ HH has already established significant presence in South African insurance market with significant market size (\$49B). Furthermore, HH has acquired stable franchise through robust relationships with brokers and strategic distribution partners supported by a unique partnership business model, and through challenging to underwrite new risks, HH has been viewed as an innovative and advanced insurance company with a strong brand by the market.
- ✓ HINT has a remarkable track record of adjacency expansion, already ranked among top 3 non-life insurance companies in various countries. HINT has also established robust and proven life insurance business models in these countries specifically focusing on mass markets by providing micro-insurance type of products.
- ✓ Furthermore, as Hollard's company vision statement, "Hollard Purpose", demonstrates, Hollard possesses sustainable corporate philosophy and culture, which strongly emphasizes the importance of corporate citizenship and strong commitment to contribute to the society and to positive social change, the philosophy and culture fits extremely well with Tokio Marine's "To Be A Good Company" concept.

#### **4. Transaction Structure**

Acquiring 22.5% stake of Hollard through subscribing new shares in cash

#### **5. Funding**

Cash on hand (no debt / equity financing).

#### **6. Timing of Completion**

The above acquisitions are expected to be completed in the end of 2018 or early 2019 subject to regulatory procedures required in respective countries.