

# GREAT EASTERN HOLDINGS LIMITED

Financial Results for Q4-17 and FY-17  
Supplementary Information

13 February 2018

## Overview of Q4-17 and FY-17 Financial Results

| S\$'m  | Q4-17        | Q4-16 | Δ     | FY-17          | FY-16   | Δ     |
|--|--------------|-------|-------|----------------|---------|-------|
| <b>Total Weighted New Sales<sup>1&amp;4</sup></b>  | <b>471.7</b> | 346.5 | +36%  | <b>1,321.0</b> | 1,077.7 | +23%  |
| <b>New Business Embedded Value<sup>2 to 4</sup></b>                                      | <b>204.4</b> | 151.6 | +35%  | <b>548.3</b>   | 469.6   | +17%  |
| <b>Operating Profit (net of tax)<sup>4 &amp; 5</sup><br/>from Insurance Business</b>     | <b>156.1</b> | 113.6 | +37%  | <b>598.7</b>   | 502.2   | +19%  |
| <b>Non-Operating Profit (net of tax)<sup>4 &amp; 5</sup><br/>from Insurance Business</b> | <b>80.0</b>  | 11.6  | +590% | <b>224.3</b>   | -46.5   | nm    |
| <b>Profit (net of tax) from Shareholder's<br/>fund</b>                                   | <b>190.6</b> | 72.0  | +165% | <b>344.4</b>   | 143.1   | +141% |
| <b>Non-Controlling Interest</b>  | <b>-3.1</b>  | -2.0  | nm    | <b>-10.9</b>   | -9.5    | nm    |
| <b>Group Profit Attributable to<br/>Shareholders</b>                                     | <b>423.6</b> | 195.2 | +117% | <b>1,156.5</b> | 589.3   | +96%  |

^ Note:

- Total Weighted New Sales (TWNS) = (Single Premium x 10%) + New Regular Premium
- New Business Embedded Value (NBEV) is a measure of the long-term profitability of new sales.
- NBEV figures for periods prior to Q4-16 have been restated to take into account revised actuarial assumptions implemented in Q4-16.
- For comparative reasons, TWNS, NBEV, Operating and Non-Operating Profit figures for prior reported period have been restated using exchange rates as at 31 December 2017. The difference between the restated Operating Profit figures for prior period and what were previously reported are included in the Non-Operating Profit. (Q4-16: -\$1.1m; FY-16: S\$2.0m)
- Profit from insurance business in the Group Profit and Loss Statements are presented gross of tax for all life assurance funds in Malaysia and the Participating Fund in Singapore. Reconciling tax adjustment is S\$29.2m for Q4-17 (Q4-16: S\$23.1m).

nm: not meaningful

# FY-17 Key Highlights

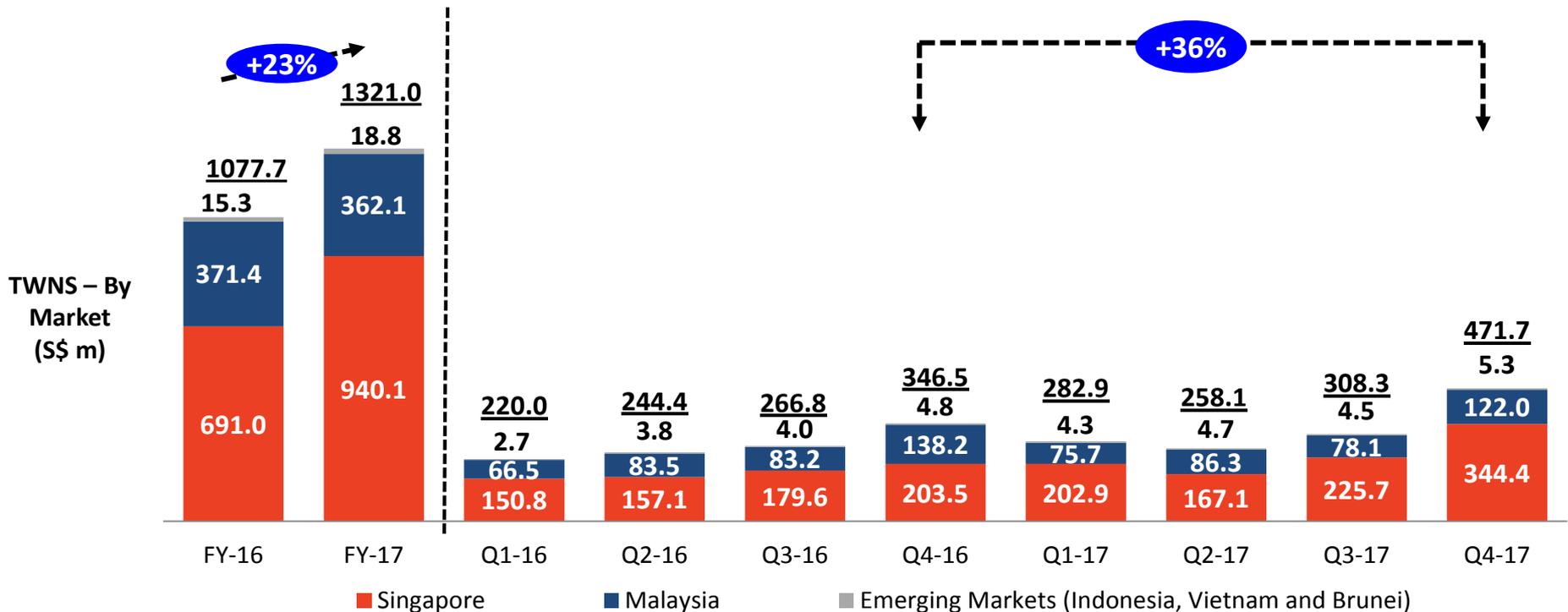
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- Group's TWNS was 23% higher at S\$1,321.0 million for FY-17, underpinned by continuing growth in Singapore.
- Group's NBEV was 17% higher at S\$548.3 million for FY-17, driven by higher sales in Singapore and higher margin in Malaysia.
- Operating profit at S\$598.7 million for FY-17 was 19% higher than last year due to higher profit in the Singapore Non-Participating Insurance business.
- Non-operating profit of S\$224.3 million for FY-17 due to gains from favorable market conditions.
- Group's profit attributable to shareholders of S\$1,156.5 million for FY-17 was higher than the same period last year because of higher operating and non-operating profit and profit from Shareholder's Fund.
- FY-17 embedded value of S\$13.4 billion or an embedded value per share of S\$28.29, a 14% growth over 2016.
- The Board of Directors have recommended a final one-tier tax exempt dividend of 50 cents per ordinary share, plus a special one-tier tax exempt dividend of 10 cents per ordinary share, payable on 8 May 2018. Total dividends for FY-17 amounts to 70 cents per ordinary share.

# Total Weighted New Sales (TWNS) – By Market

Higher Group's TWNS of S\$471.7 million for Q4-17 and S\$1,321.0 million for FY-17:

- Driven by strong growth in Singapore (both agency and bancassurance).



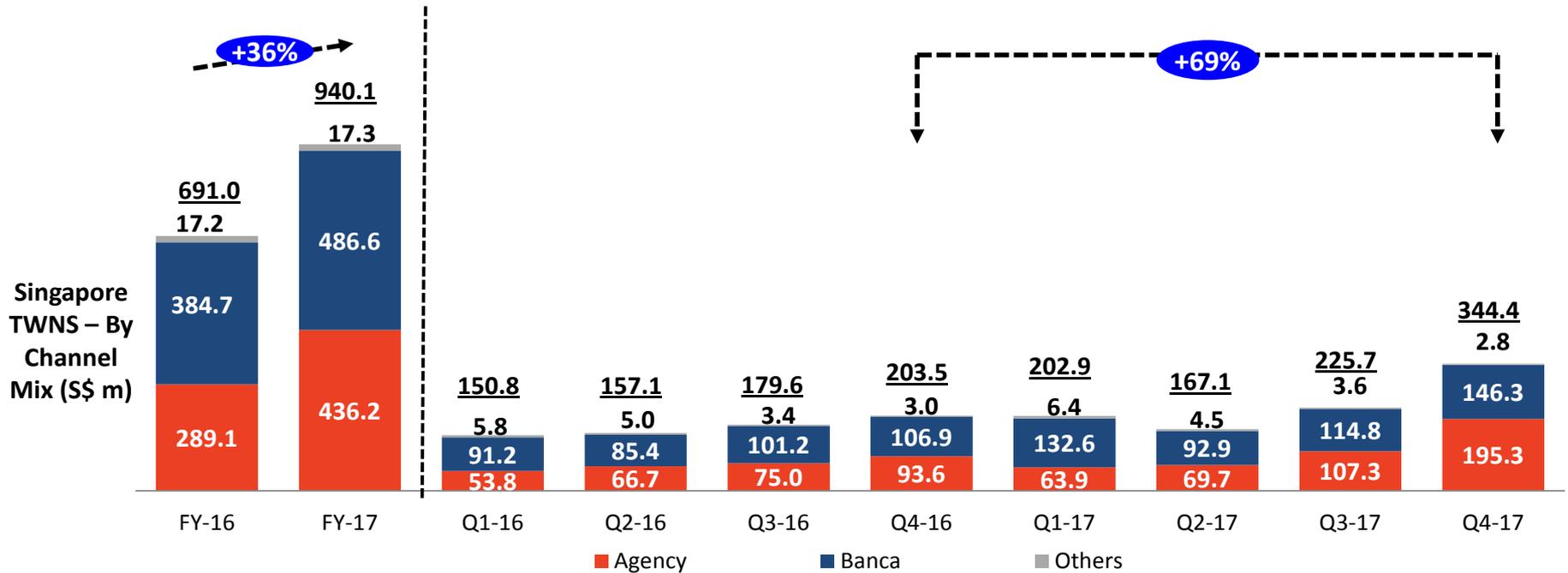
Note:

- For comparative reasons, TWNS figures for periods prior to Q4-17 have been restated using exchange rates as at 31 December 2017.
- TWNS for Q1-16 and Q2-16 include sales from Group's investment in Vietnam up to June 2016.
- QoQ TWNS comparison may not be relevant given seasonality of insurance sales.

# Singapore TWNS – By Channel Mix

Higher TWNS in Singapore of S\$344.4 million for Q4-17 and S\$940.1 million for FY-17:

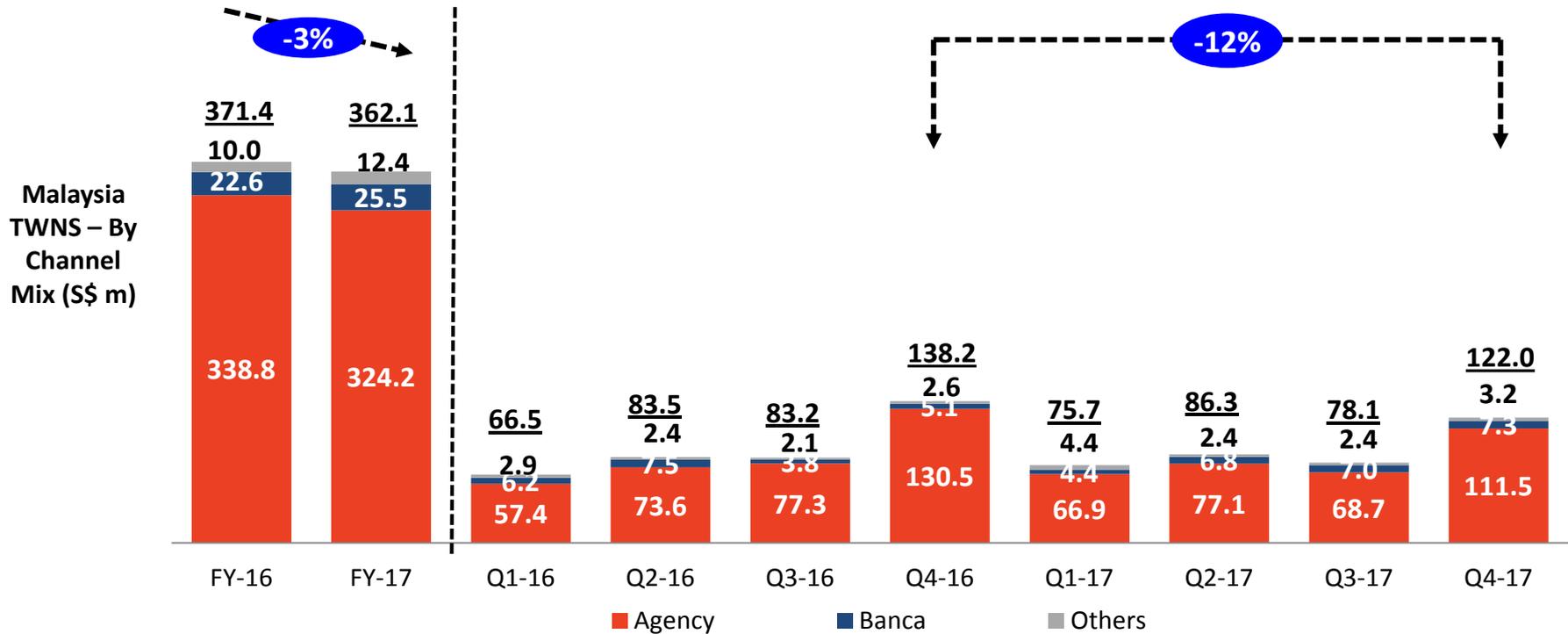
- Fuelled by strong sales in both agency and bancassurance channels.



# Malaysia TWNS – By Channel Mix

Lower TWNS in Malaysia of S\$122.0 million for Q4-17 and S\$362.1 million for FY-17:

- Lower sales of regular premium Participating products through agency channel.



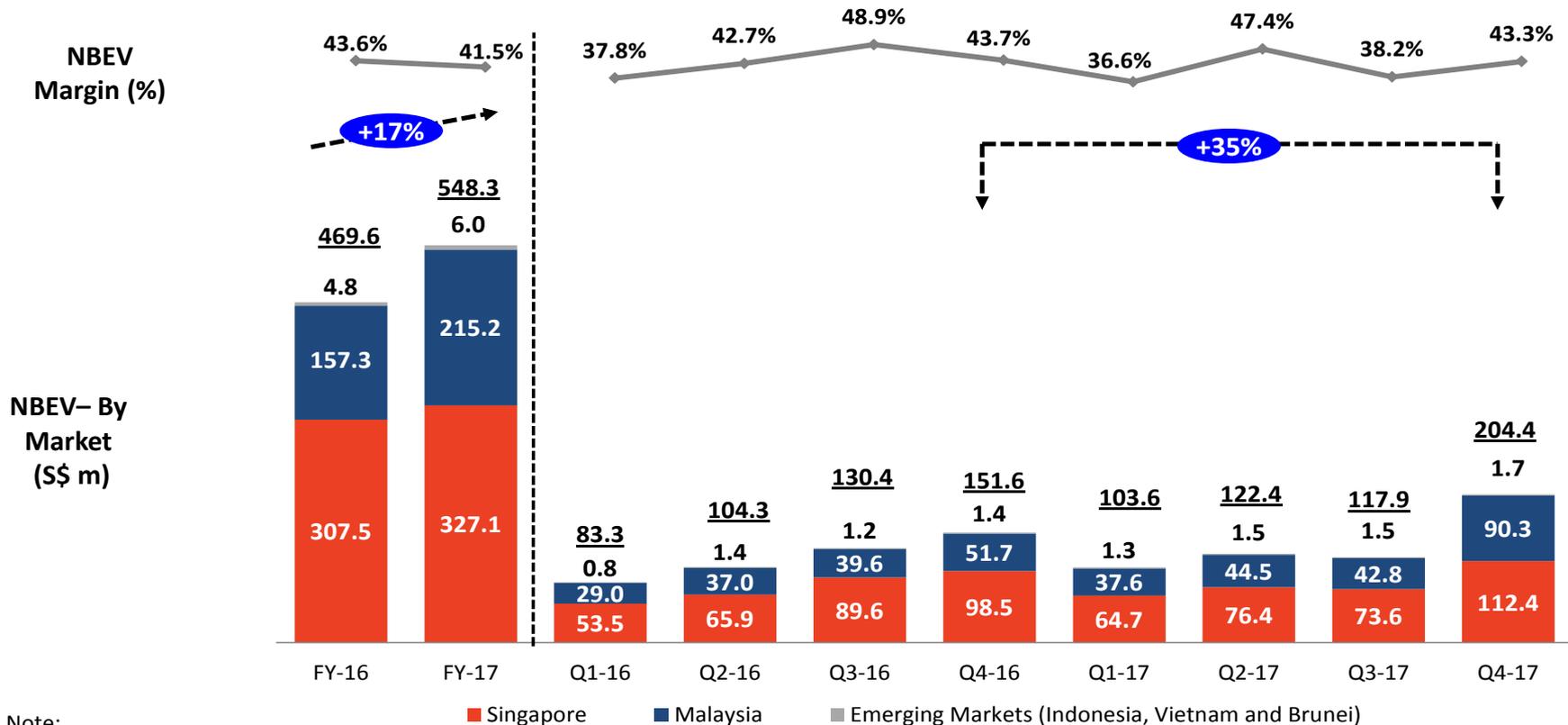
Note:

- For comparative reasons, TWNS figures prior to Q4-17 have been restated using exchange rates as at 31 December 2017.

# New Business Embedded Value (NBEV)- By Market

Higher NBEV of S\$204.4 million for Q4-17 and S\$548.3 million for FY-17; NBEV margin of 43.3% for Q4-17 and 41.5% for FY-17:

- NBEV growth was contributed by the increase in sales coupled with higher margin in Malaysia.
- Lower margin amid tactical product launched in Q4 in Singapore.



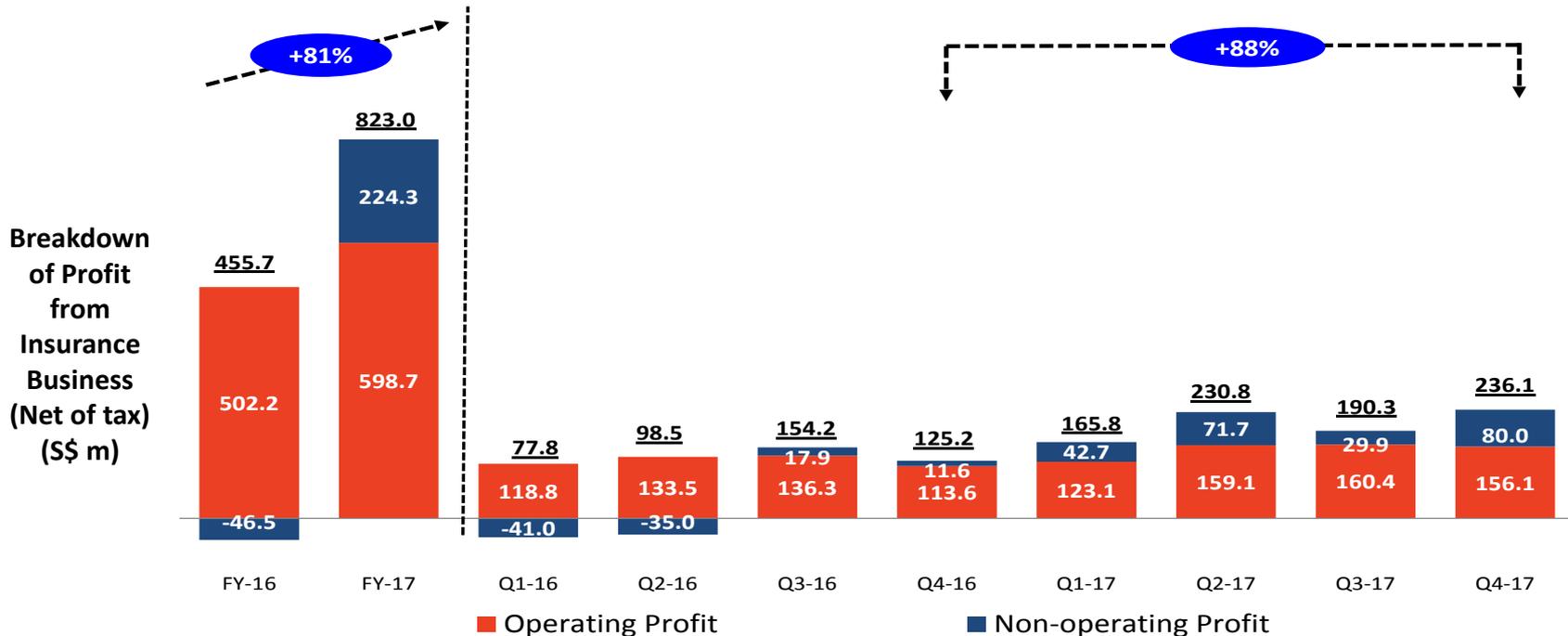
Note:

- For comparative reasons, NBEV figures for periods prior to Q4-17 have been restated using exchange rates as at 31 December 2017.
- NBEV figures for periods prior to Q4-16 have been restated to take into account revised actuarial assumptions implemented in Q4-16.
- NBEV for Q1-16 and Q2-16 include NBEV from Group's investment in Vietnam up to June 2016.

# Breakdown of Profit from Insurance Business

Profit from insurance business of S\$236.1 million for Q4-17 and S\$823.0 million for FY-17:

- Higher operating profit in the Singapore Non-Participating Insurance Business.
- Higher non-operating profit due to narrowing of credit spreads and gain from equities.



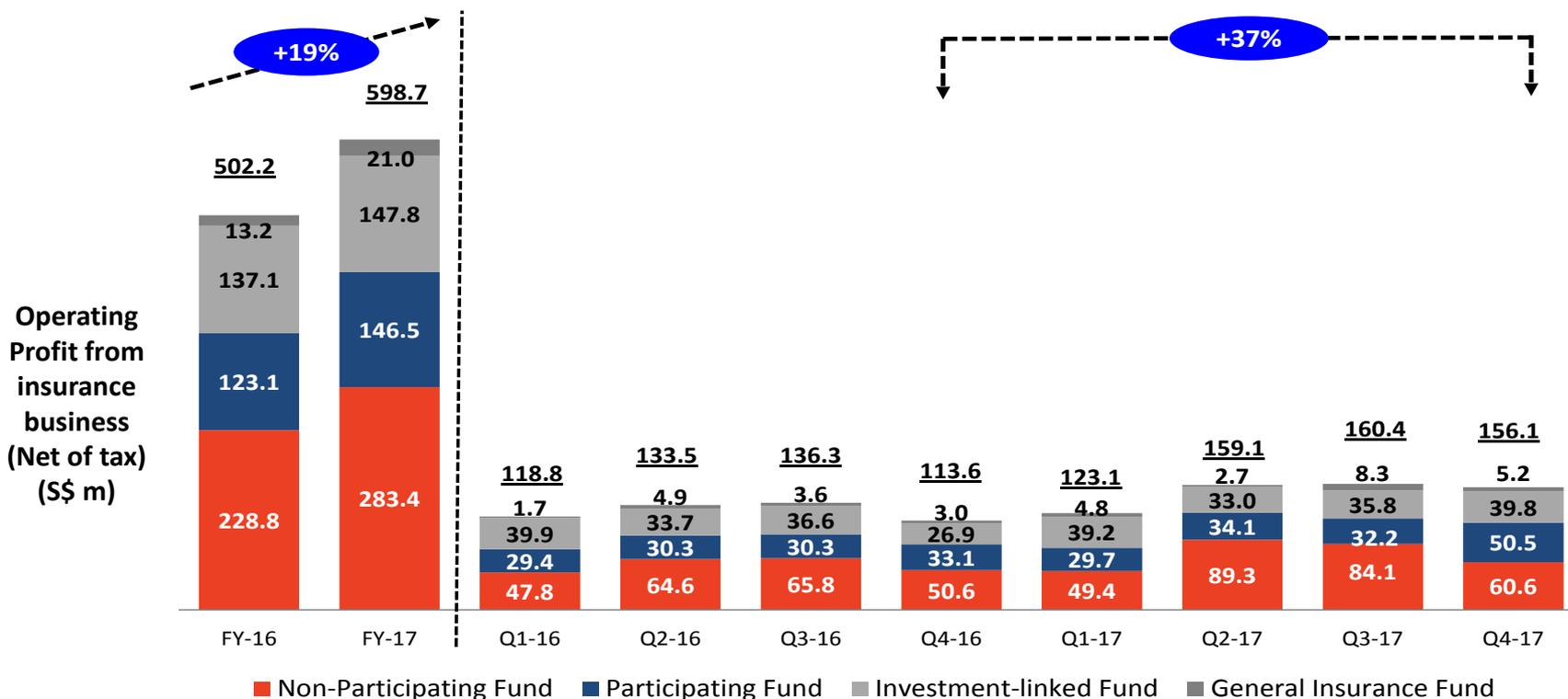
Note:

- Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc)
- Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates, other non-recurring items.
- Profit from insurance business in the Group Profit and Loss Statements are presented gross of tax for all life assurance funds in Malaysia and the Participating Fund in Singapore. Reconciling tax adjustment is S\$29.2m for Q4-17 (Q4-16: S\$23.1m).
- For comparative reasons, Operating and Non-Operating Profit figures for prior reported period have been restated using exchange rates as at 31 December 2017. The difference between the restated Operating Profit figures for prior period and what were previously reported are included in the Non-Operating Profit. (Q4-16: -S\$1.1m; FY-16: S\$2.0m)

# Operating Profit from Insurance Business – by Fund

Operating Profit from Insurance Business of S\$156.1 million for Q4-17 and S\$598.7 million for FY-17:

- Higher profit for FY-17 as a result of the Company repositioning its assets and liabilities in the Singapore Non-Participating insurance business.



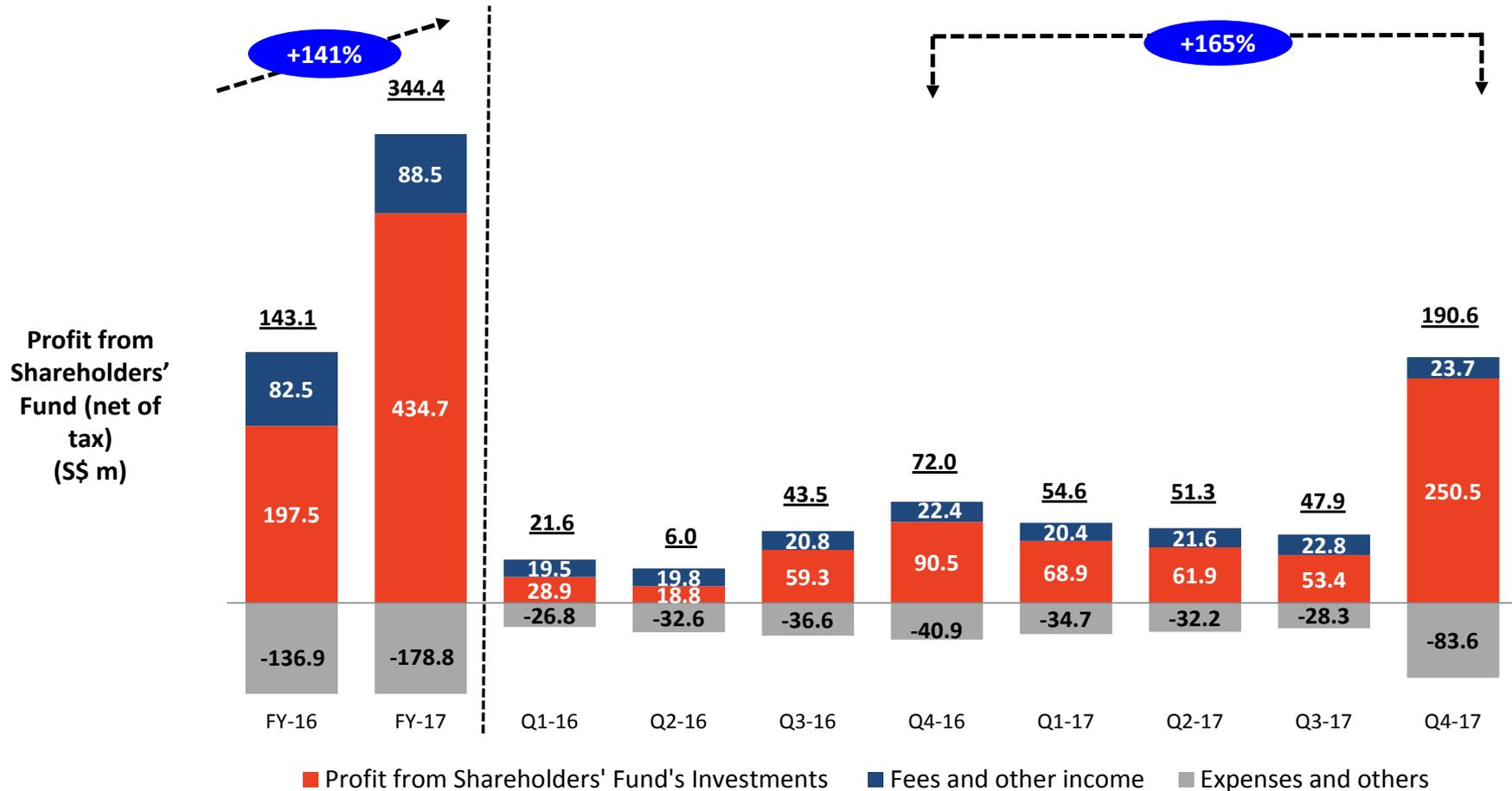
Note:

For comparative reasons, Operating and Non-Operating Profit figures for prior reported period have been restated using exchange rates as at 31 December 2017. The difference between the restated Operating Profit figures for prior period and what were previously reported are included in the Non-Operating Profit. (Q4-16: -S\$1.1m; FY-16: S\$2.0m)

# Profit from Shareholders' Fund

Profit from Shareholders' Fund of S\$190.6 million for Q4-17 was higher than Q4-16:

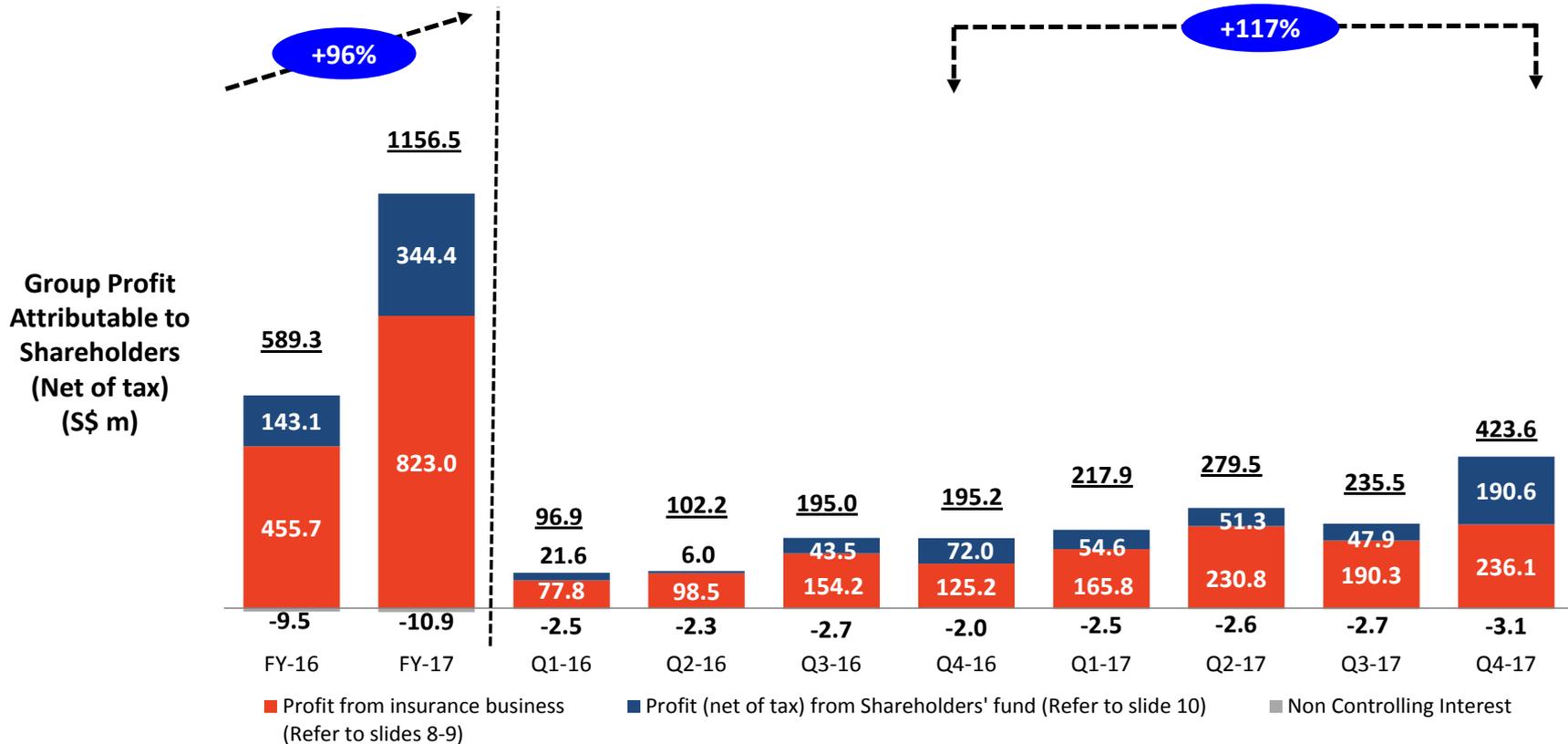
- Higher realised gain on sale of investments in Q4-17 (mainly from equities and collective investment schemes) as compared to same quarter last year.



# Group Profit Attributable to Shareholders

Profit attributable to shareholders was S\$423.6 million for Q4-17 and S\$1,156.5 million for FY-17:

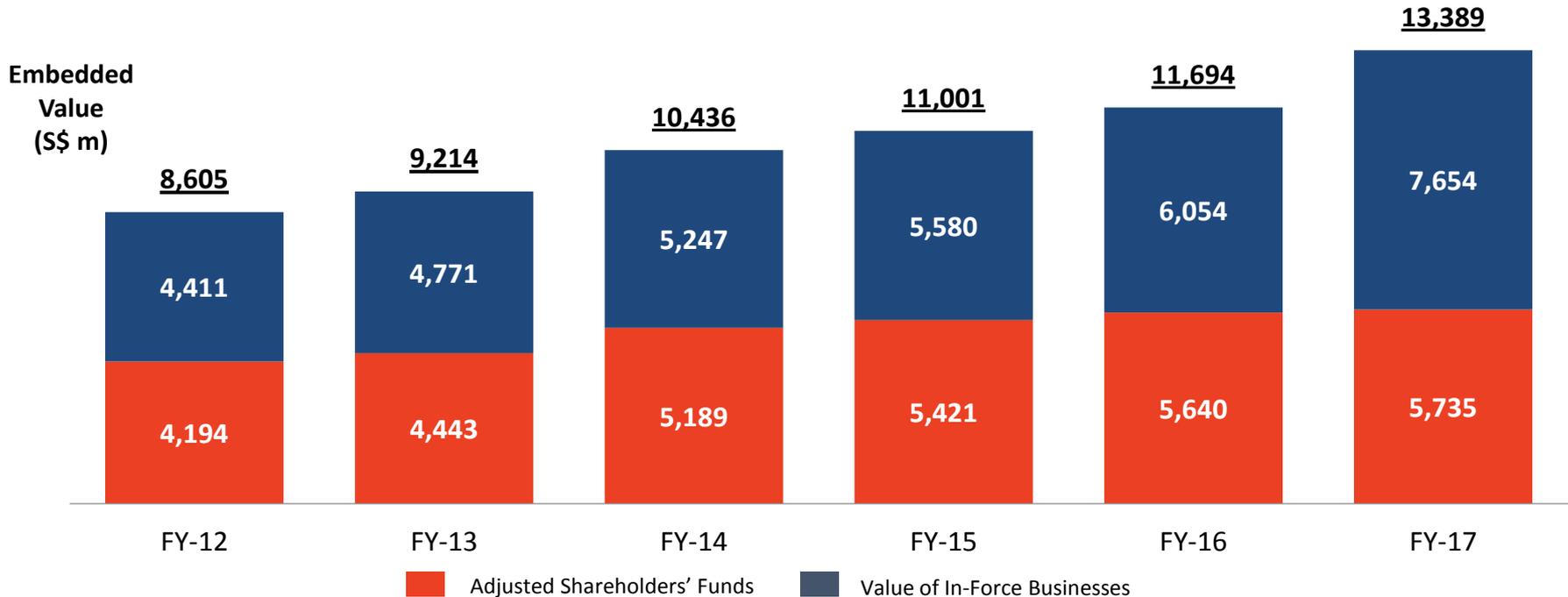
- Higher operating and non-operating profit from insurance business.
- Higher profit from shareholders' fund due to higher realised gain on sale of investments.



Note:  
 - Profit from insurance business in the Group Profit and Loss Statements are presented gross of tax for all life assurance funds in Malaysia and the Participating Fund in Singapore. Reconciling tax adjustment is S\$29.2m for Q4-17 (Q4-16: S\$23.1m).

# Embedded Value

- FY-17 embedded value of S\$13.4b or an embedded value per share of S\$28.29 was a 14% growth from FY-16.
- Value of In-Force Business increased by 26% over FY-16.
- 5 year Compound Annual Growth Rate of 9%.



Note:

- Embedded value per share is calculated using the Group's embedded value divided by the total number of issued shares.
- For FY-17 embedded value, risk-adjusted discount rate for Singapore is 7.0% (FY-16: 7.25%) and that for Malaysia is 8.75% (FY-16: 9.0%).

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THANK YOU