

GREAT EASTERN HOLDINGS LIMITED

Financial Results for Q4-16 and FY-16 Supplementary Information

10 February 2017



Overview of Q4-16 and FY-16 Financial Results

S\$'m	Q4-16	Q4-15	Δ	FY-16	FY-15	Δ
Total Weighted New Sales[^]	343.5	304.4	+13%	1,069.9	968.2	+11%
New Business Embedded Value[*]	145.5	111.6	+30%	466.2	382.5	+22%
Operating Profit (net of tax)[#] from Insurance Business	112.5	169.0	-33%	504.2	581.4	-13%
Non-Operating Profit (net of tax)[#] from Insurance Business	12.7	48.9	-74%	-48.5	2.5	nm
Profit (net of tax) from Shareholder's fund	72.0	2.8	>100%	143.1	209.5	-32%
Non-Controlling Interest	-2.0	-1.9	nm	-9.5	-8.0	nm
Group Profit Attributable to Shareholders	195.2	218.8	-11%	589.3	785.4	-25%

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

[#]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 \$23.1m for Q4-16 (Q4-15: \$21.7m).

-For comparative reasons, TWNS/ NBEV figures for Q4-15 and FY-15 have been restated using exchange rates as at 31 Dec 2016.

- nm: not meaningful



FY-16 Key Highlights

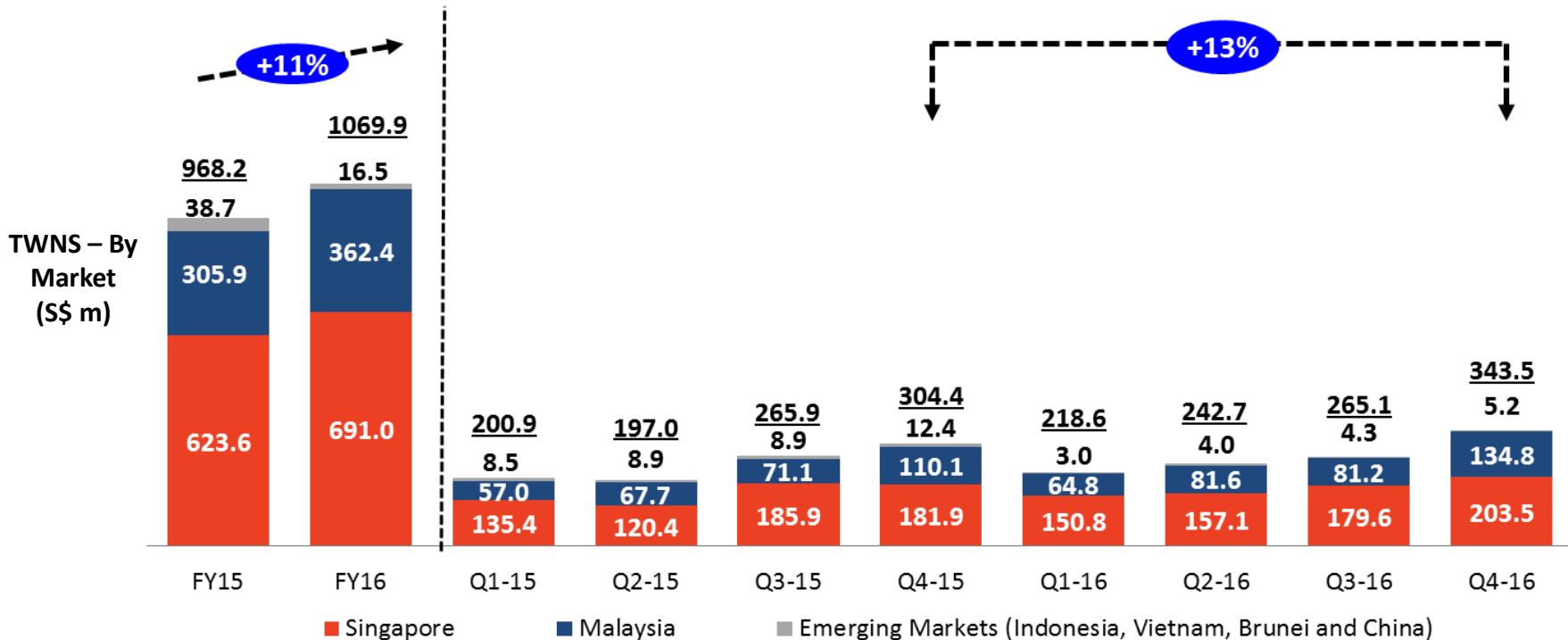
- Group's TWNS was 11% higher at S\$1,069.9 million for FY-16, underpinned by growth in Singapore and Malaysia.
- Led by the increase in sales, NBEV increased 22% to S\$466.2 million for FY-16.
- Operating profit at S\$504.2 million for FY-16 was 13% lower than last year, caused by higher new business strain in support of sales growth and medical claims in the Singapore operations.
- Group's profit attributable to shareholders was \$589.3 million. FY-15 profit was boosted by a \$119.9 million gain on disposal of our investment in New China Life Insurance Company Ltd while FY-16 saw a loss of \$18.7 million on disposal of our Vietnam subsidiary.
- FY-16 embedded value of S\$11.7 billion or an embedded value per share of S\$24.71, a 6% growth over 2015.
- The Board of Directors have recommended a final one-tier tax exempt dividend of 40 cents, payable on 8 May 2017. Total dividends for FY-16 amounts to 50 cents per ordinary share.



Total Weighted New Sales (TWNS) – By Market

Higher Group's TWNS of \$343.5 million for Q4-16 and \$1,069.9 million for FY-16:

- Driven by strong growth from both agency and bancassurance channels.



Note:

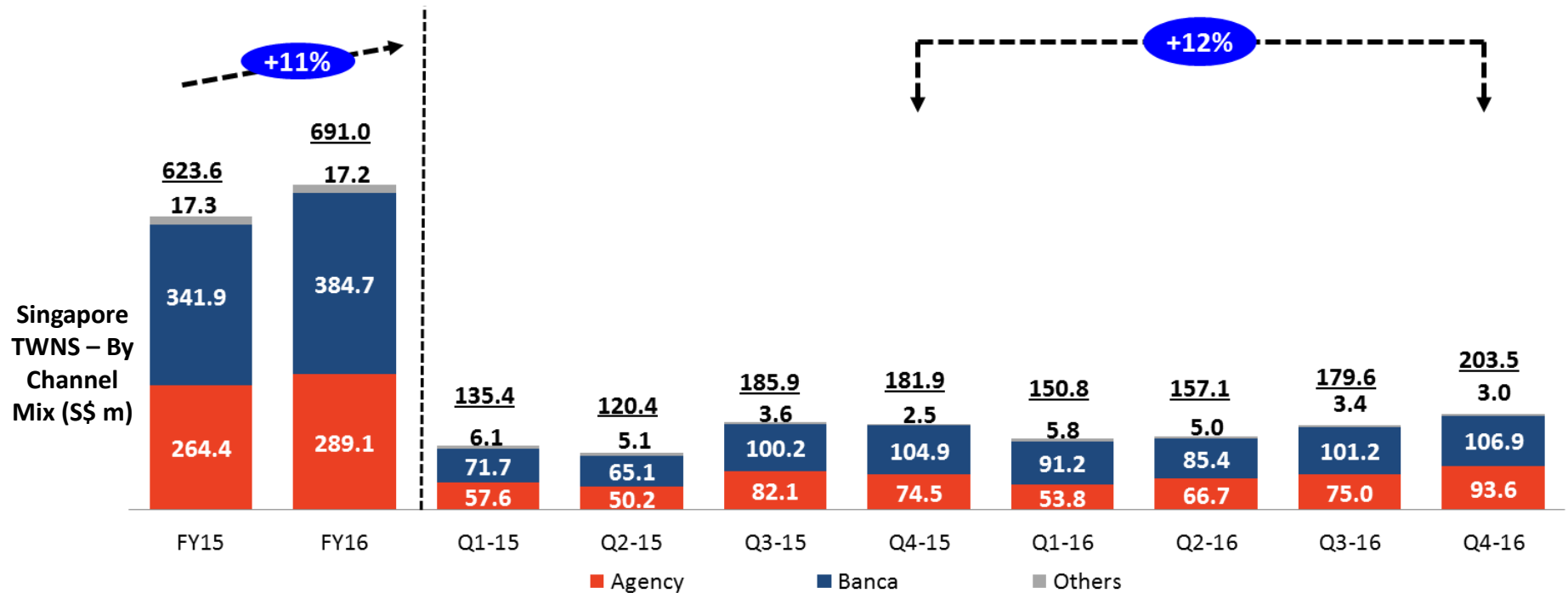
- For comparative reasons, TWNS figures for periods prior to Q4-16 have been restated using exchange rates as at 31 Dec 2016.
- TWNS for Q1-15, Q2-15, Q3-15 and Q4-15 (up to November 2015) include sales from the Group's investment in China. TWNS exclude sales from the Group's investment in China from December 2015 onwards.
- TWNS 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 Singapore TWNS of \$203.5 million (12% growth) for Q4-16 and \$691.0 million (11% growth) for FY-16:

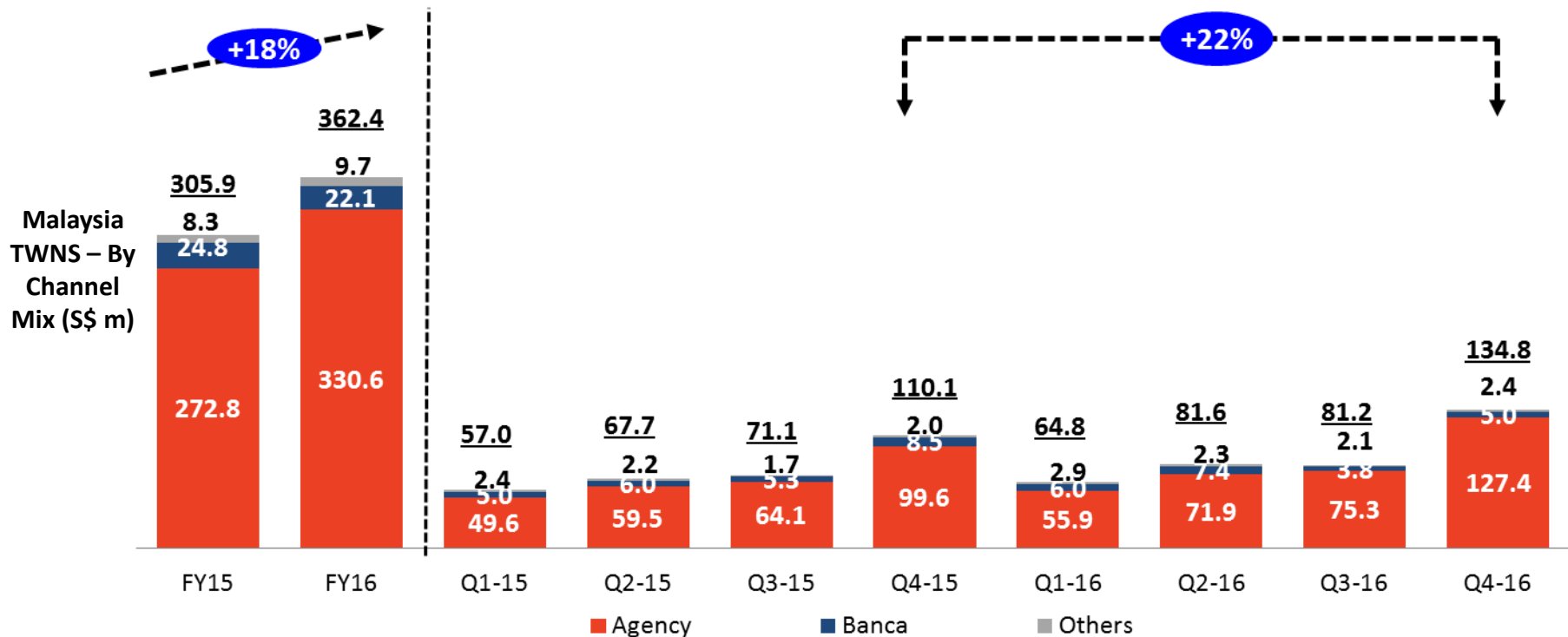
- Fuelled by strong growth in Agency sales in Q4-16.



Malaysia TWNS – By Channel Mix

Higher TWNS in Malaysia of \$134.8 million (22% growth) for Q4-16 and \$362.4 million (18% growth) for FY-16:

- Fuelled by strong growth in Agency sales in Q4-16.



Note:

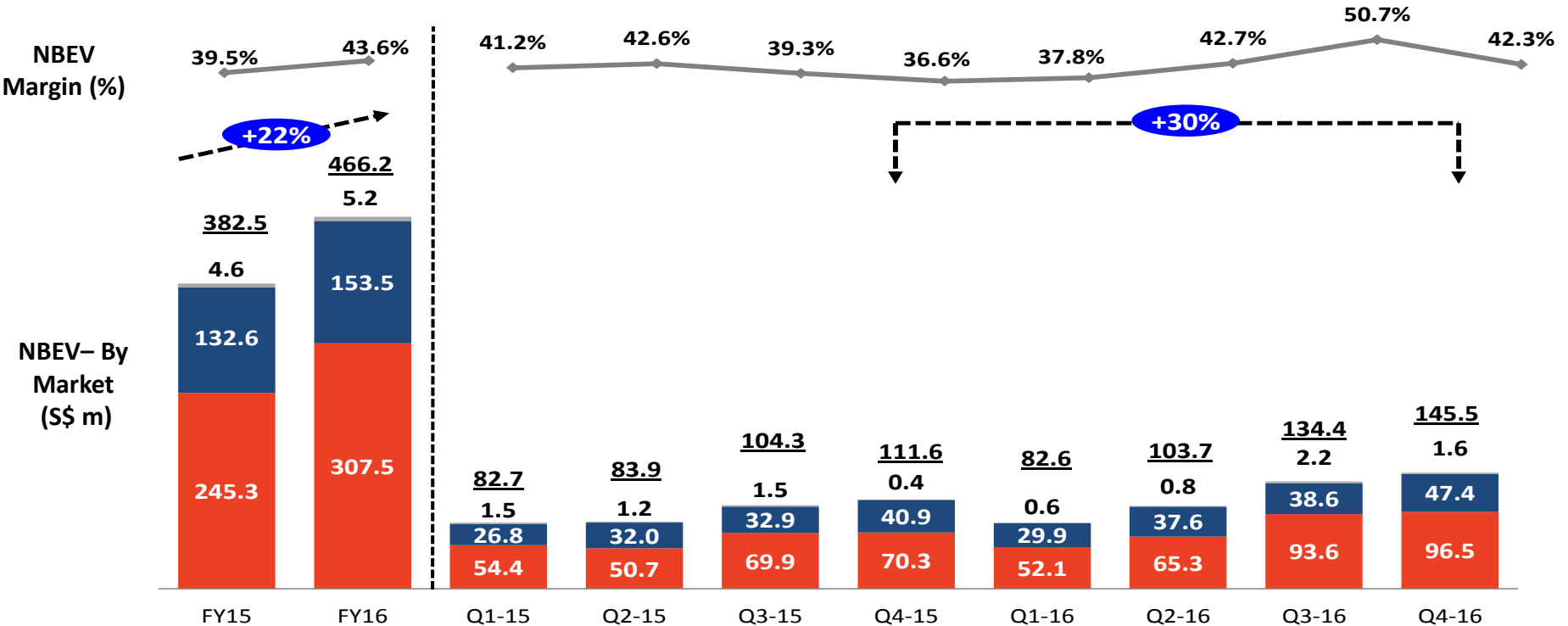
- For comparative reasons, TWNS figures prior to Q4-16 have been restated using exchange rates as at 31 Dec 2016.



New Business Embedded Value (NBEV)- By Market

Higher NBEV of \$145.5 million for Q4-16 and \$466.2 million for FY-16; higher NBEV margin of 42.3% for Q4-16 and 43.6% for FY-16:

- NBEV growth was contributed by the increase in sales and an improvement in NBEV margin.



Note:

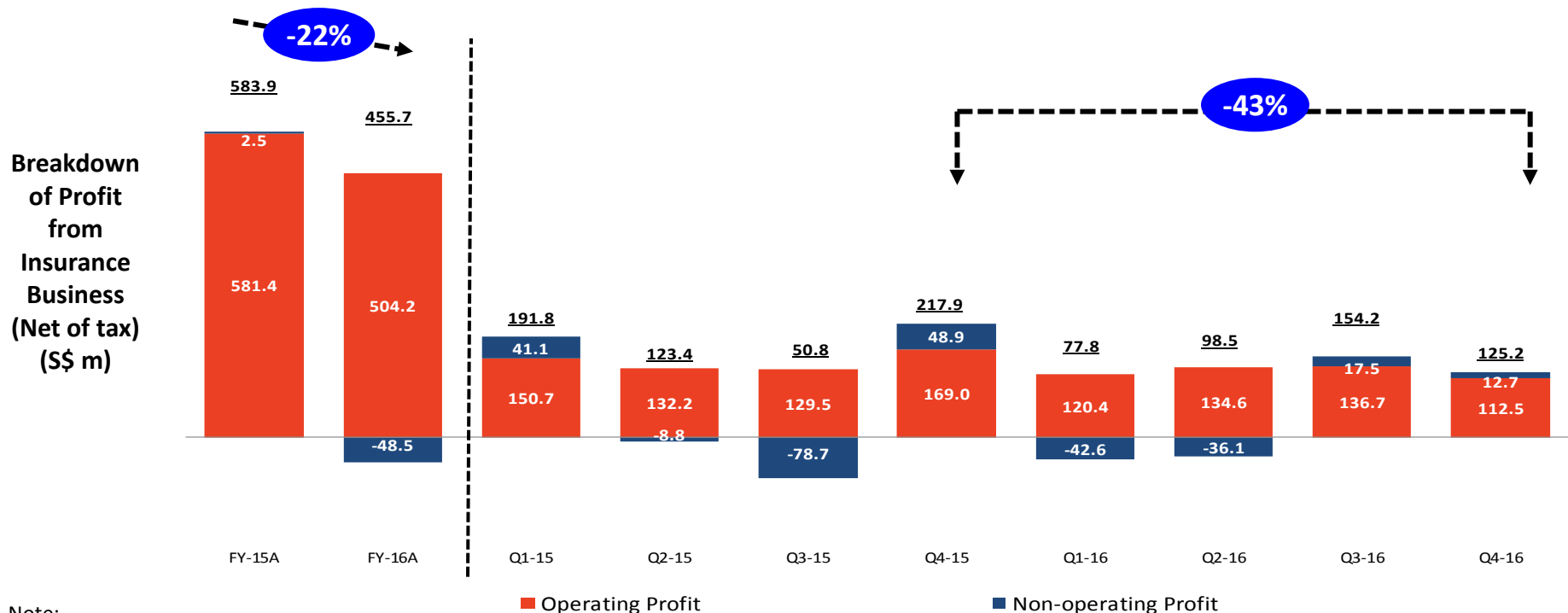
- For comparative reasons, NBEV figures for periods prior to Q4-16 have been restated using exchange rates as at 31 Dec 2016.
- NBEV figures for periods prior to Q4-15 have been restated to take into account revised actuarial assumptions implemented in Q4-15.
- NBEV for Q1-15, Q2-15, Q3-15 and Q4-15 (up to November 2015) include NBEV from the Group's investment in China. NBEV exclude NBEV from the Group's investment in China from December 2015 onwards.
- NBEV include NBEV from Group's investment in Vietnam up to June 2016.



Breakdown of Profit from Insurance Business

Profit from insurance business of \$125.2 million for Q4-16 and \$455.7 million for FY-16:

- Lower operating profit (see next slide); and lower non-operating profit due to unfavorable interest rate movement.



Note:

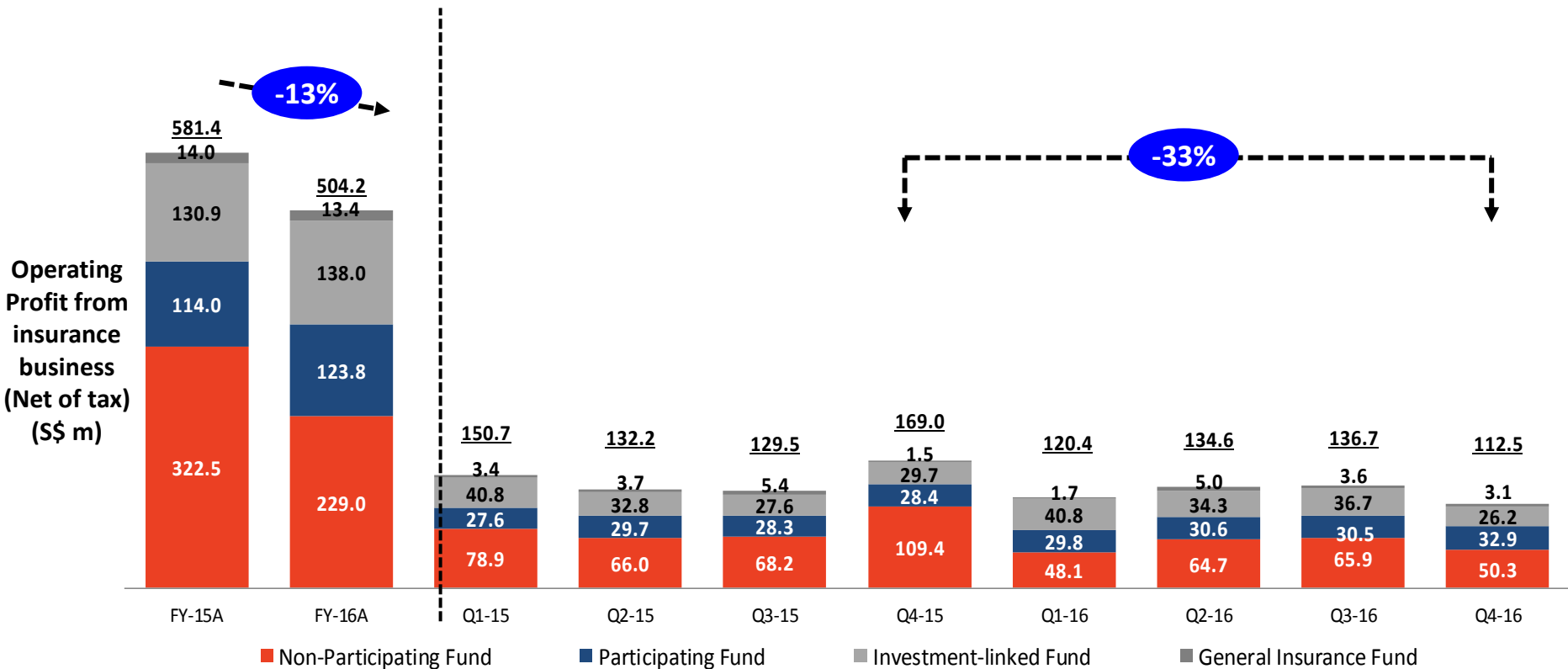
- Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc)
- Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and 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 \$23.1m for Q4-16 (Q4-15: \$21.7m).



Operating Profit from Insurance Business – by Fund

Operating Profit from Insurance Business of \$112.5 million for Q4-16 and \$504.2 million for FY-16:

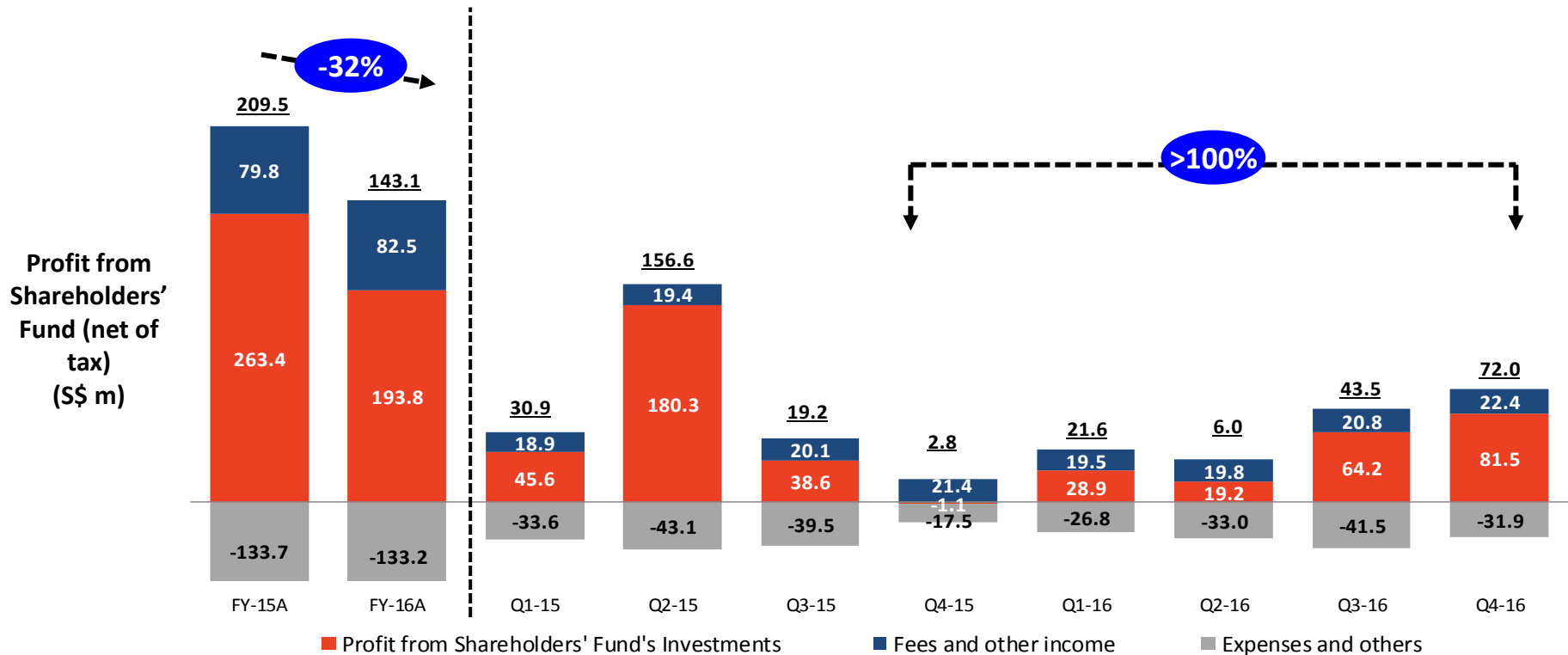
- Higher new business strain in support sales growth, medical claims in the Singapore operations and a one-off reversal of tax provisions in Q4-15.



Profit from Shareholders' Fund

Profit from Shareholders' Fund of \$72.0 million for Q4-16 was higher than Q4-15:

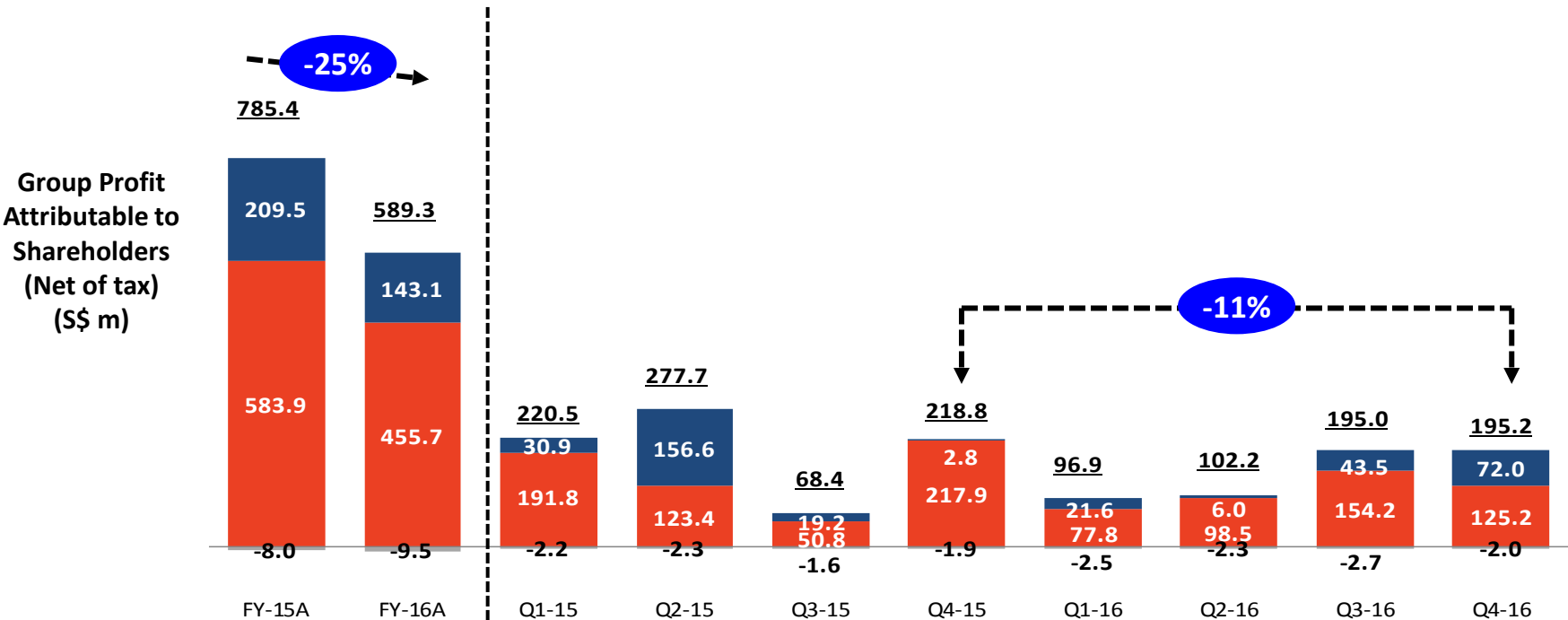
- Higher realised gain on sale of investments in Q4- 16.
- Gain on disposal of the investment in New China Life Insurance Company Limited of \$\$119.9 million in FY-15 and loss on disposal of the Group's Vietnam business of \$18.7 million in FY-16.



Group Profit Attributable to Shareholders

Profit attributable to shareholders was \$195.2 million for Q4-16 and \$589.3 million for FY-16:

- Lower operating profit compared to last year.
- Lower non-operating profit from insurance business due to unfavourable financial market conditions compared to last year.
- Lower profit from shareholders' fund due to lower realised gain on sale of investments.



■ Profit from insurance business
 ■ Profit (net of tax) from Shareholders' fund (Refer to slide 9)
 ■ Non Controlling Interest
 (Refer to slides 7-8)

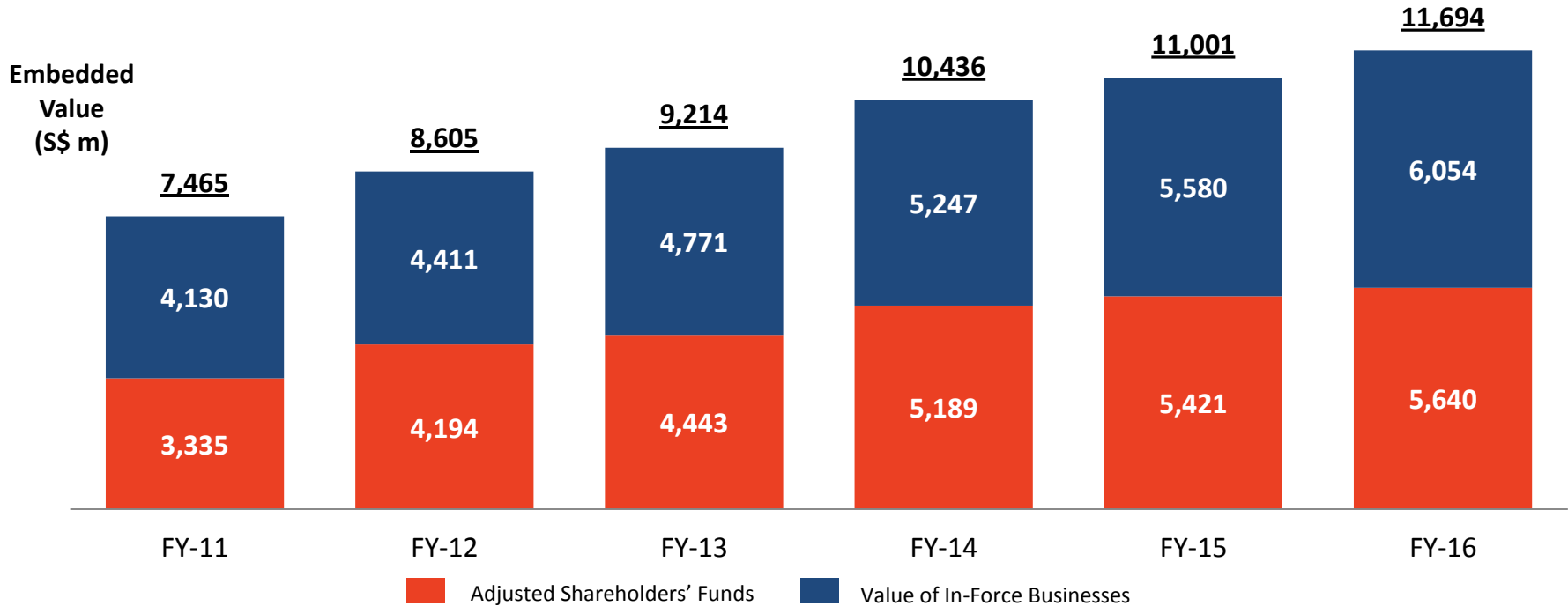
Note:

- 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 \$23.1m for Q4-16 (Q4-15: \$21.7m) and \$69.0m for FY-16 (FY-15: \$68.6m).



Embedded Value

- FY-16 embedded value of S\$11.7b or an embedded value per share of S\$24.71 was a 6% growth from FY-15.
- Value of In-Force Business increased by 8% over FY-15.
- 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.
- The risk-adjusted discount rate for Singapore is 7.25%, unchanged from last year.
- The risk-adjusted discount rate for Malaysia is 9%, unchanged from last year



Thank You

