

GREAT EASTERN HOLDINGS LIMITED

Financial Results for Q4-19 and FY-19 Supplementary Information

18 February 2020

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Overview of Q4-19 and FY-19 Financial Results

S\$'m	Q4-19	Q4-18	Δ%	FY-19	FY-18	Δ%
Total Weighted New Sales^{1&4}	395.0	330.6	+19	1,262.4	1,246.8	+1
New Business Embedded Value^{2 to 4}	199.7	152.5	+31	616.3	535.7	+15
Operating Profit (net of tax)⁴ from Insurance Business	173.7	172.1	+1	664.4	636.1	+4
Non-Operating Profit (net of tax)⁴ from Insurance Business	63.2	10.9	+480	80.0	38.1	+110
Profit (net of tax) from Shareholders' fund	54.6	-45.4	nm	277.7	75.8	+266
Non-Controlling Interest	-4.5	-0.7	nm	-18.3	-9.3	nm
Profit Attributable to Shareholders	287.0	136.9	+110	1,003.8	740.7	+36

Note:

1. Total Weighted New Sales (TWNS) = (Single Premium x 10%) + New Regular Premium
2. New Business Embedded Value (NBEV) is a measure of the long-term profitability of new sales.
3. NBEV figures for periods prior to Q4-18 have been restated to take into account revised actuarial assumptions implemented in Q4-18.
4. 2019 TWNS, NBEV and Operating Profit in foreign currencies are translated using the monthly spot rate for 2018 for comparison on constant currency. In applying the constant currency translation, TWNS has increased by \$0.5m and \$6.2m for Q4-19 and FY-19 respectively. NBEV has increased by \$0.3m and \$4.3m for Q4-19 and FY-19 respectively. Operating Profit increased by \$0.5m and \$4.6m for Q4-19 and FY-19 respectively and this impact has been included in the Non-Operating Profit.

nm: not meaningful

FY-19 Financial Results

Total Weighted New Sales	FY-19: S\$1,262.4m; +1% (FY-18: S\$1,246.8m) Marginally higher than last year same period
New Business Embedded Value	FY-19: S\$616.3m; +15% (FY-18: S\$535.7m) Strong growth as a result of product mix shift.
Profit Attributable to Shareholders <div data-bbox="168 853 484 1016" style="border: 1px solid black; padding: 10px; text-align: center;"> S\$1,003.8m ↑36% </div>	<p>Operating Profit: S\$664.4m; +4% (FY-18: S\$636.1m) Largely driven by strong business in Singapore and Malaysia.</p> <p>Non-Operating Profit: S\$80.0m; +110% (FY-18: S\$38.1m) Higher as a result of better investment market performance, offset by higher valuation of long-term insurance contract liabilities as a result of a decline in the discount rate used to value these liabilities.</p> <p>Profit from Shareholders' fund¹: S\$259.4m; +290% (FY-18: S\$66.5m) Higher mark-to-market gains in equities and collective investment schemes in FY-19 compared to the same period last year.</p>

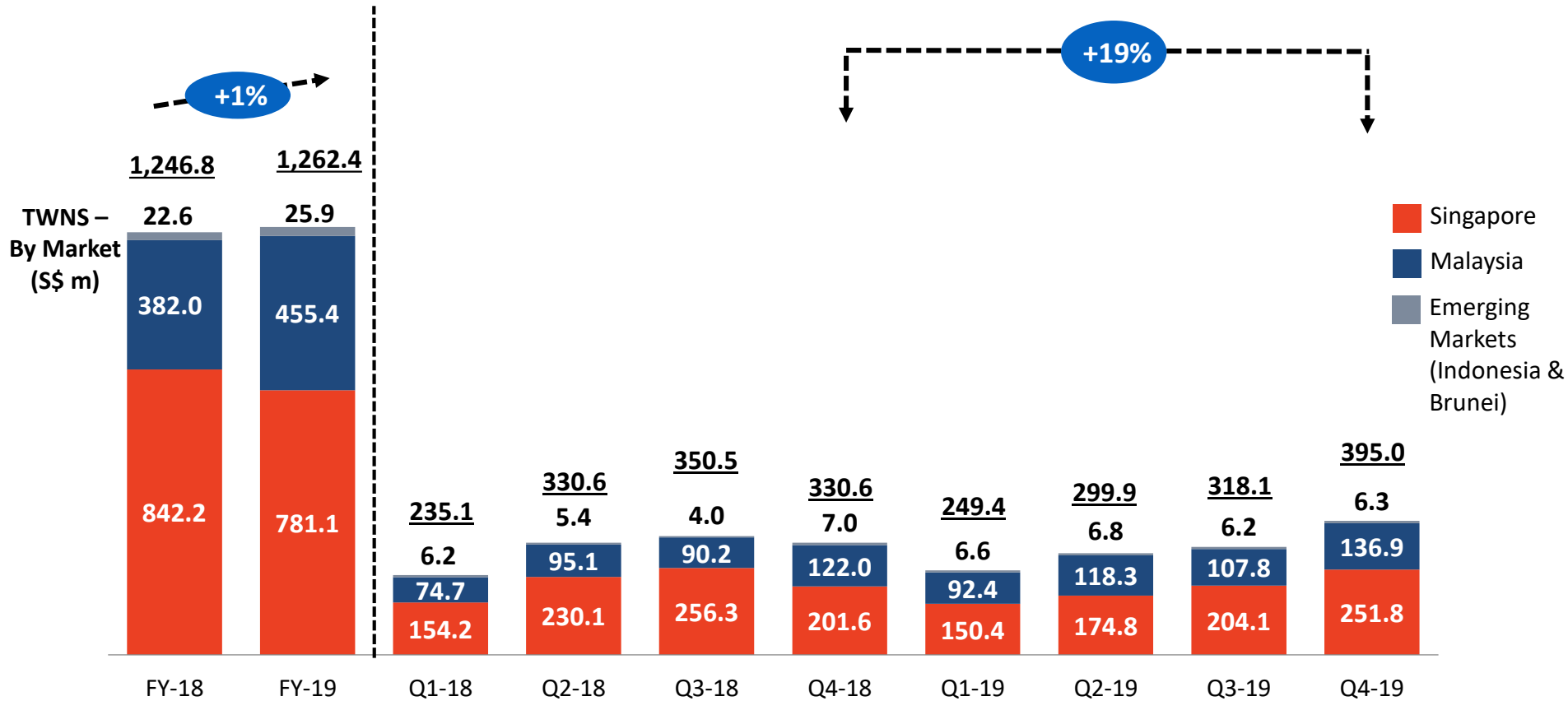
The Board of Directors has recommended a final one-tier tax exempt dividend of 50 cents, payable on 8 May 2020. Total dividend for FY-19 amounts to 60 cents per ordinary share.

Note:

1. Includes Non-Controlling Interest

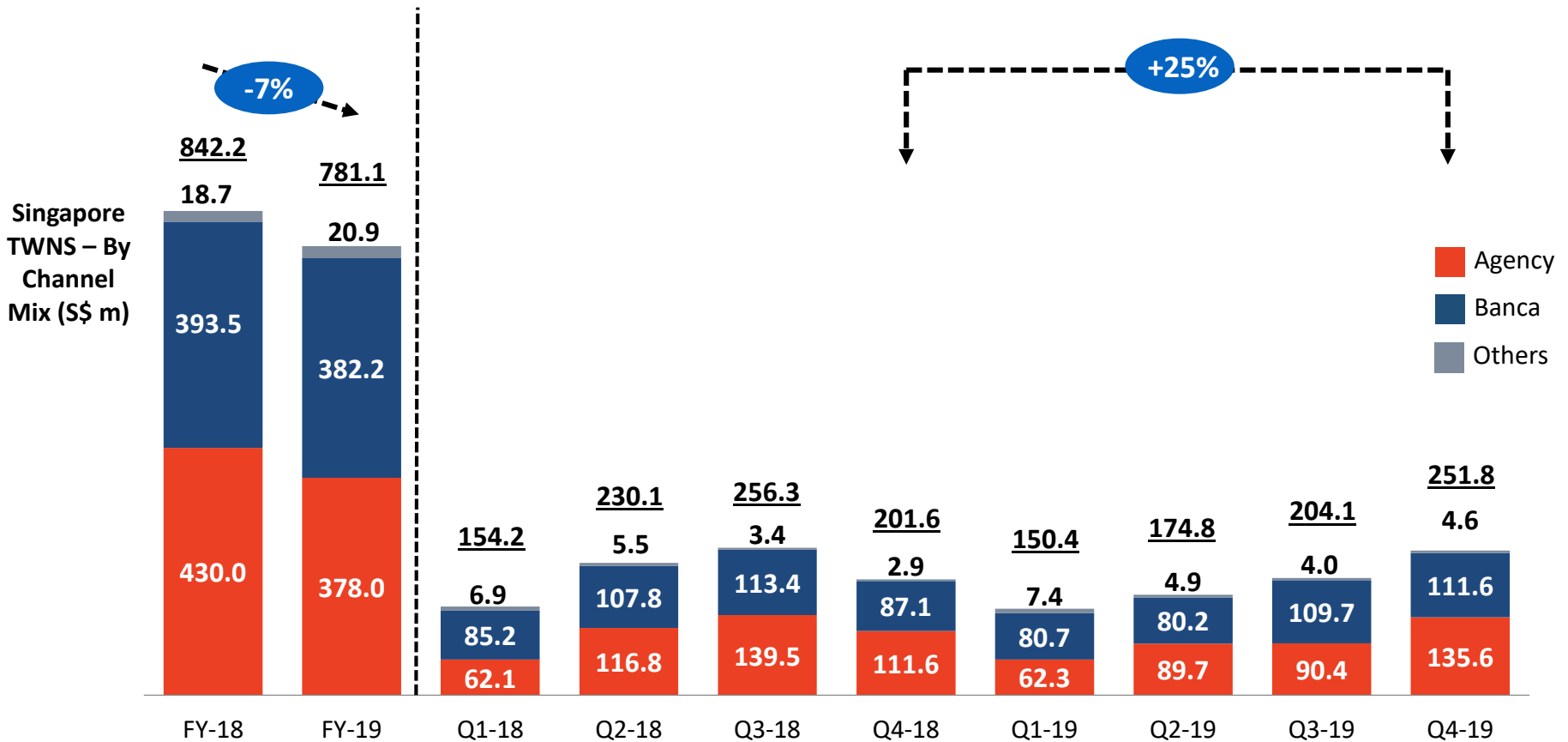
TWNS Performance by Market

Group TWNS grew by 19% in Q4-19 compared to the same period last year, driven by Singapore and Malaysia, while year-to-date sales remain resilient.



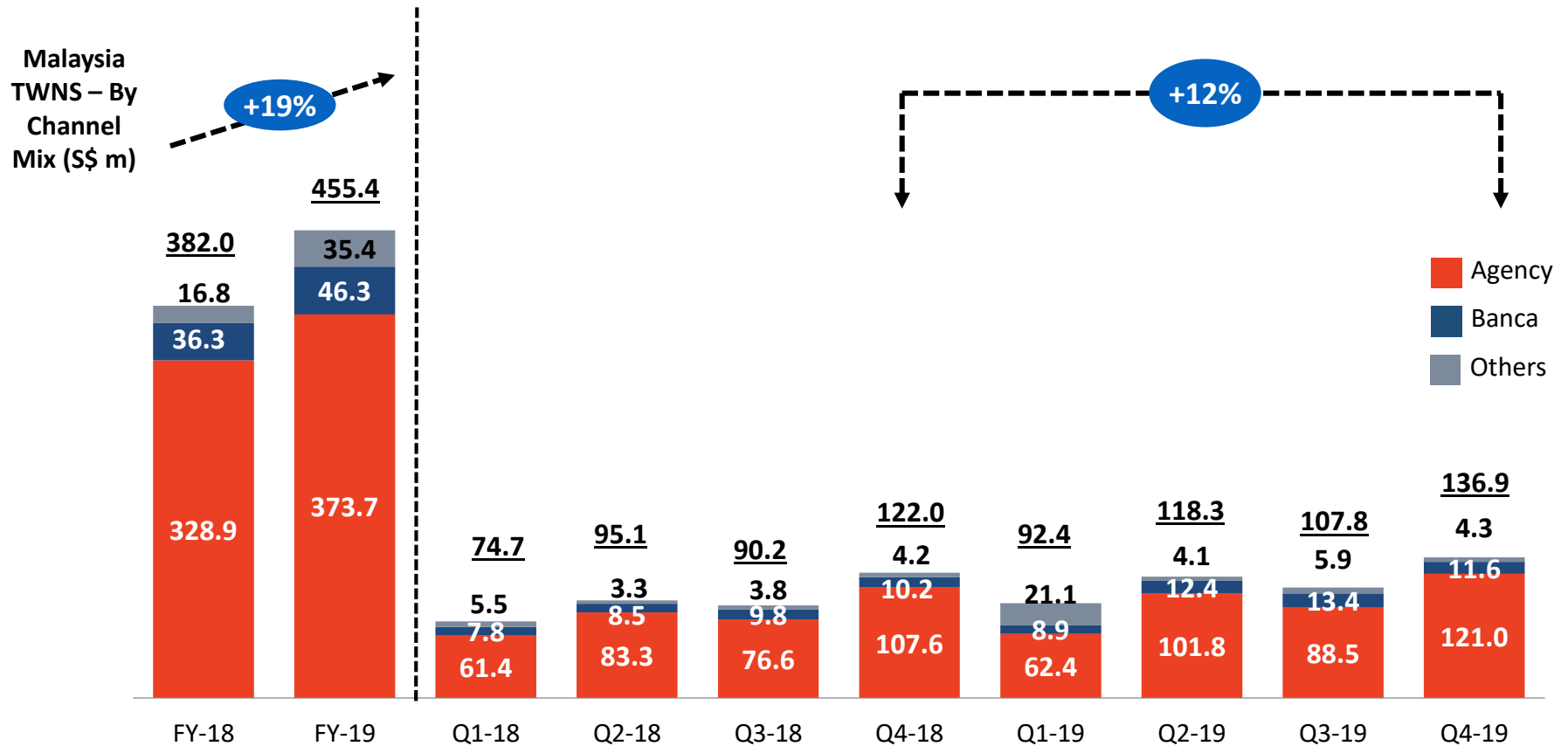
Singapore TWNS – By Channel Mix

Q4-19 TWNS up by 25% contributed by all channels. FY-19 TWNS dipped as a result of lower single premium sales.



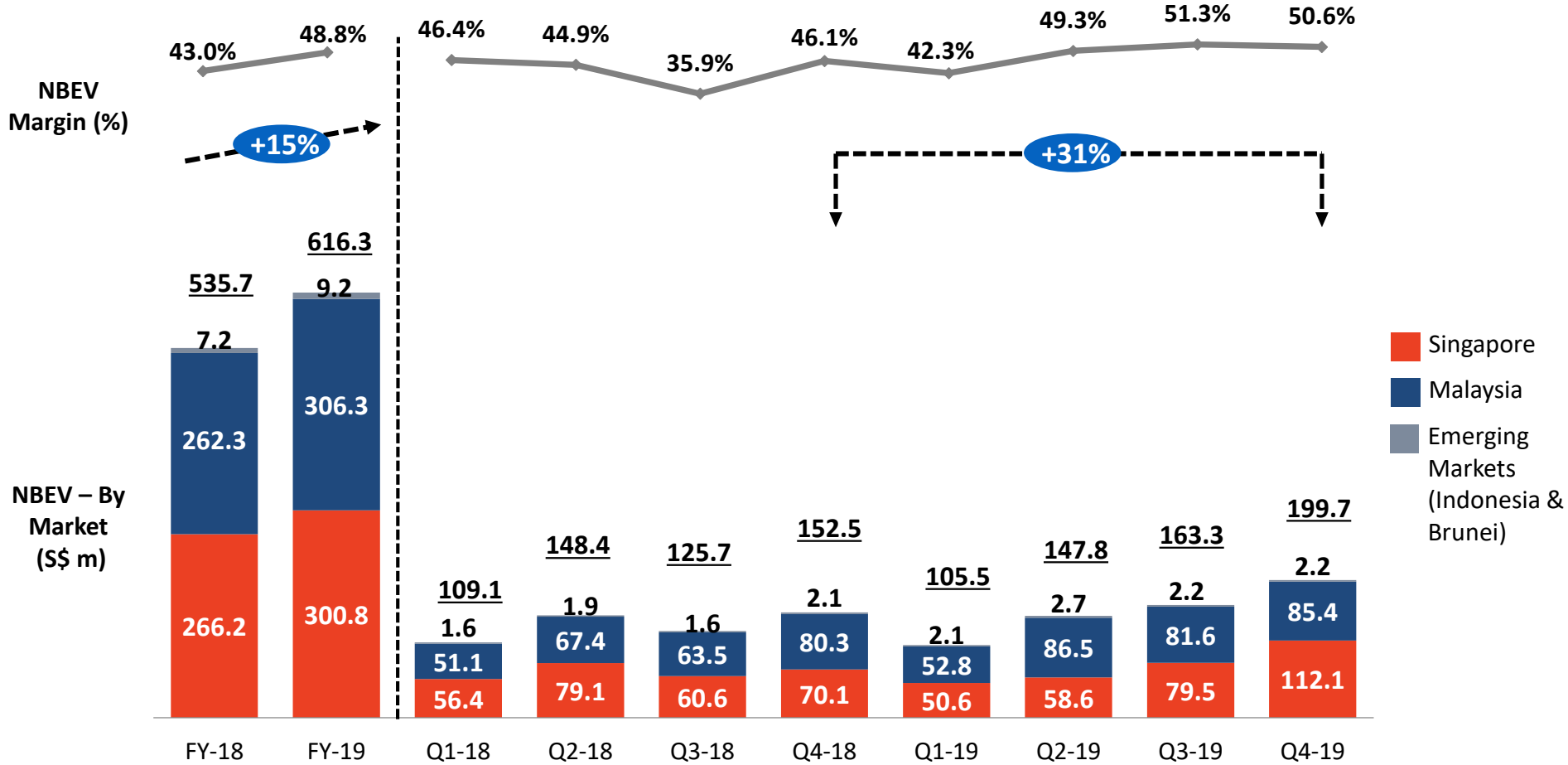
Malaysia TWNS – By Channel Mix

Strong sales growth for FY-19 and Q4-19 driven by increased contribution from all distribution channels.



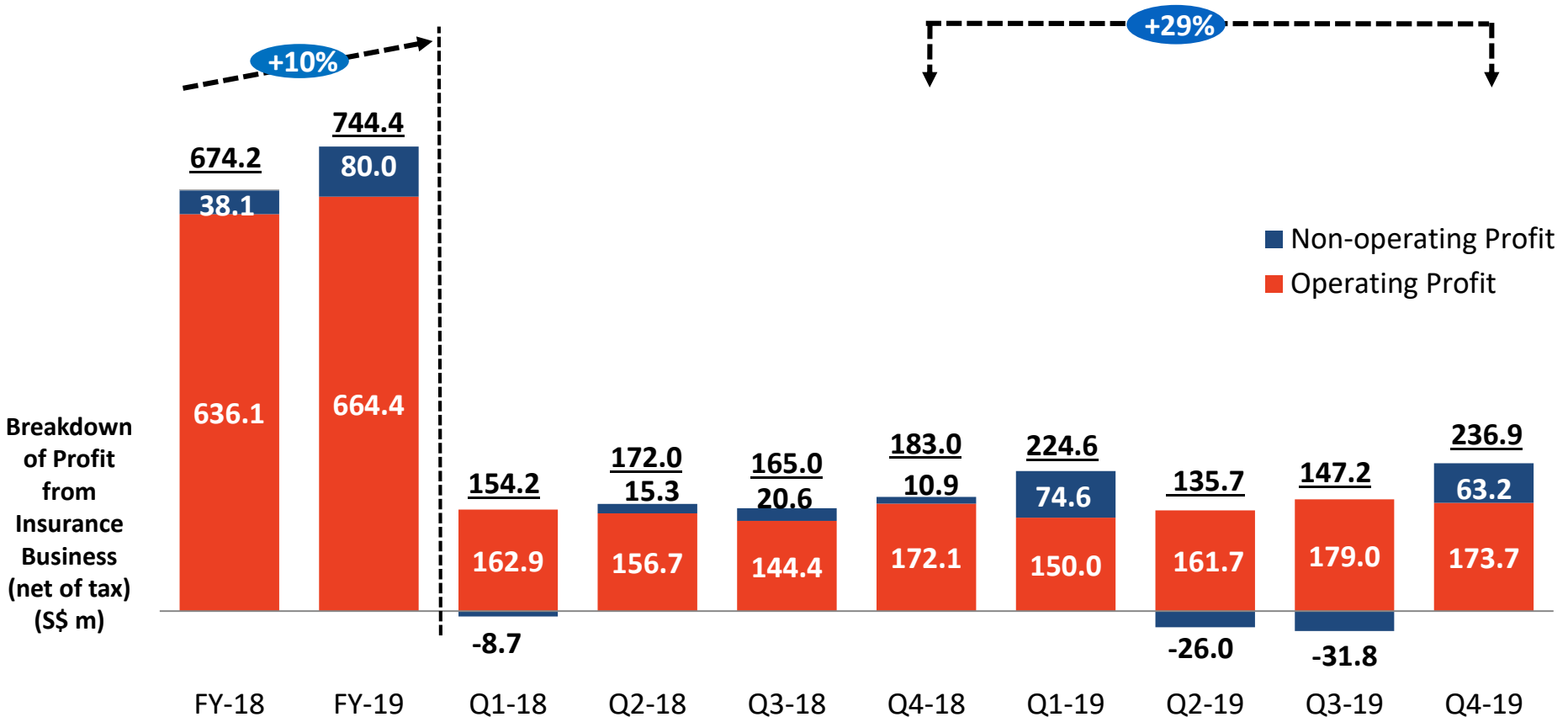
NBEV – By Market

Strong growth in NBEV for FY-19 and Q4-19 driven by improved NBEV margin, as a result of the Company’s product and distribution strategy to optimise its product mix.



Breakdown of Profit from Insurance Business

Higher profit for Q4-19 and FY-19 contributed by growth in both operating and non-operating profit.



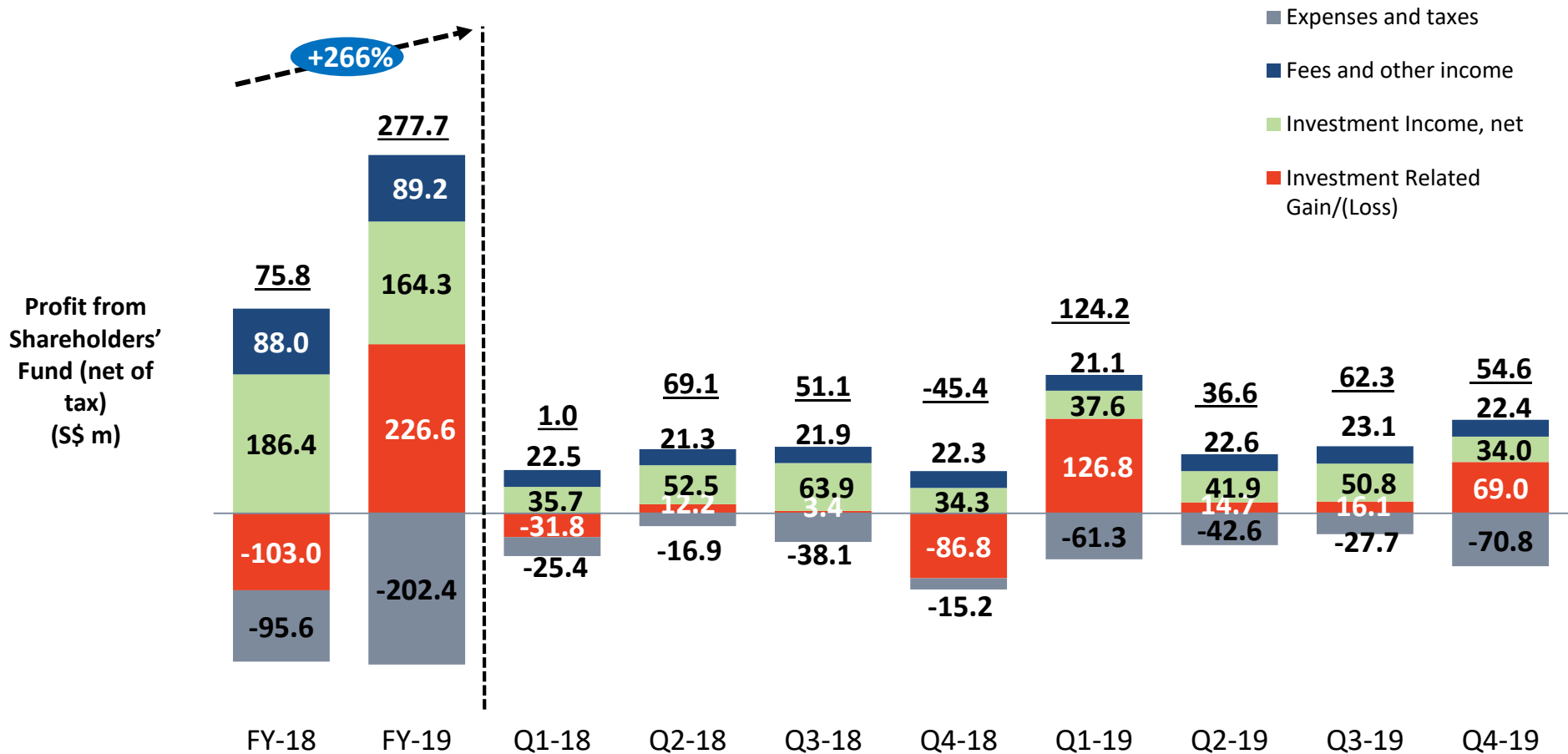
Note:

- 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 Shareholders' Fund

Profit from Shareholders' Fund for Q4-19 and FY-19 was higher than the prior periods:

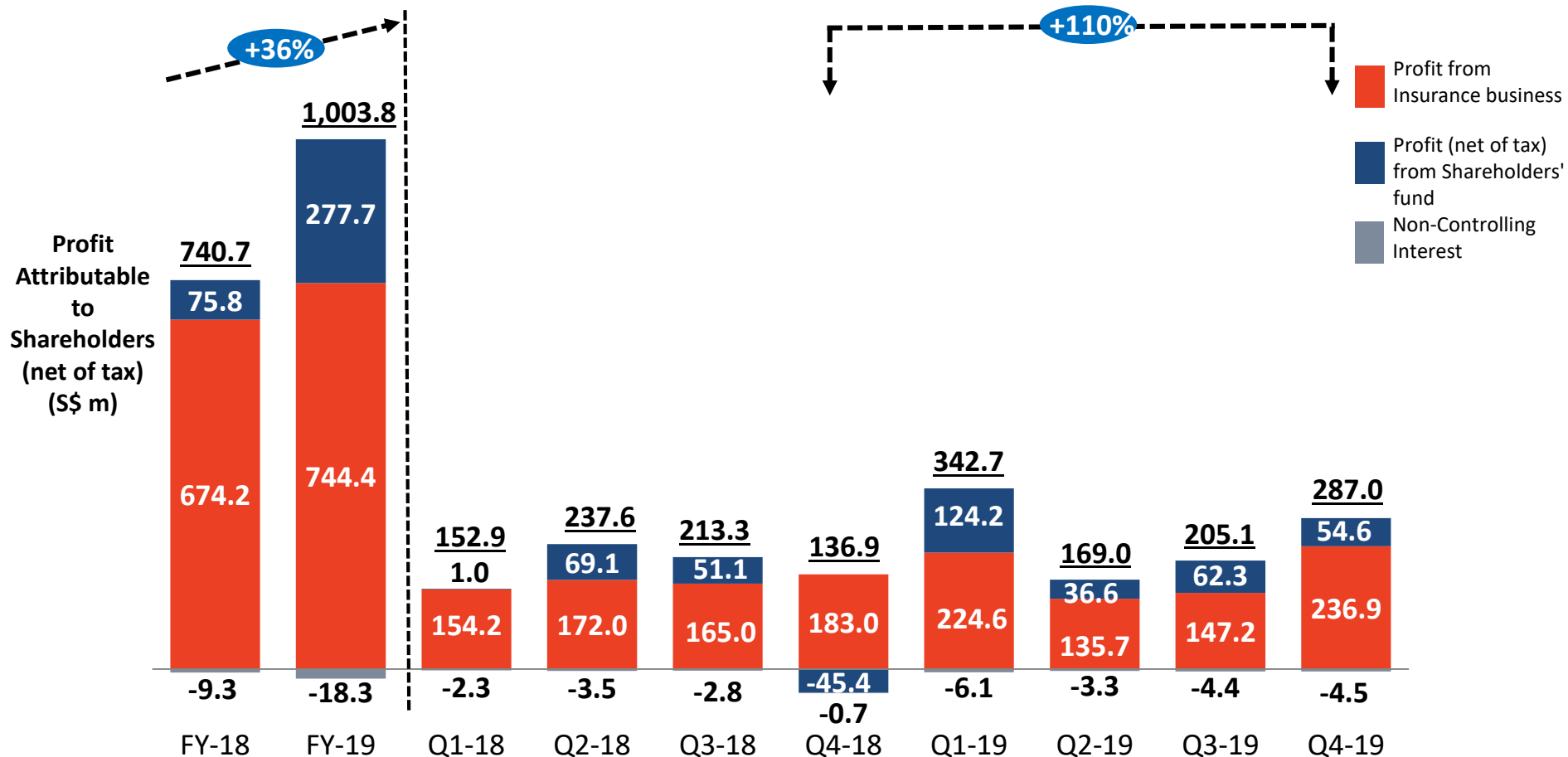
- Swing in investment related gain/loss due to higher mark-to-market gains in equities
- Offset by increase in expenses and taxes.



Profit Attributable to Shareholders

Profit Attributable to Shareholders was S\$1,003.8 million for FY-19 due to:

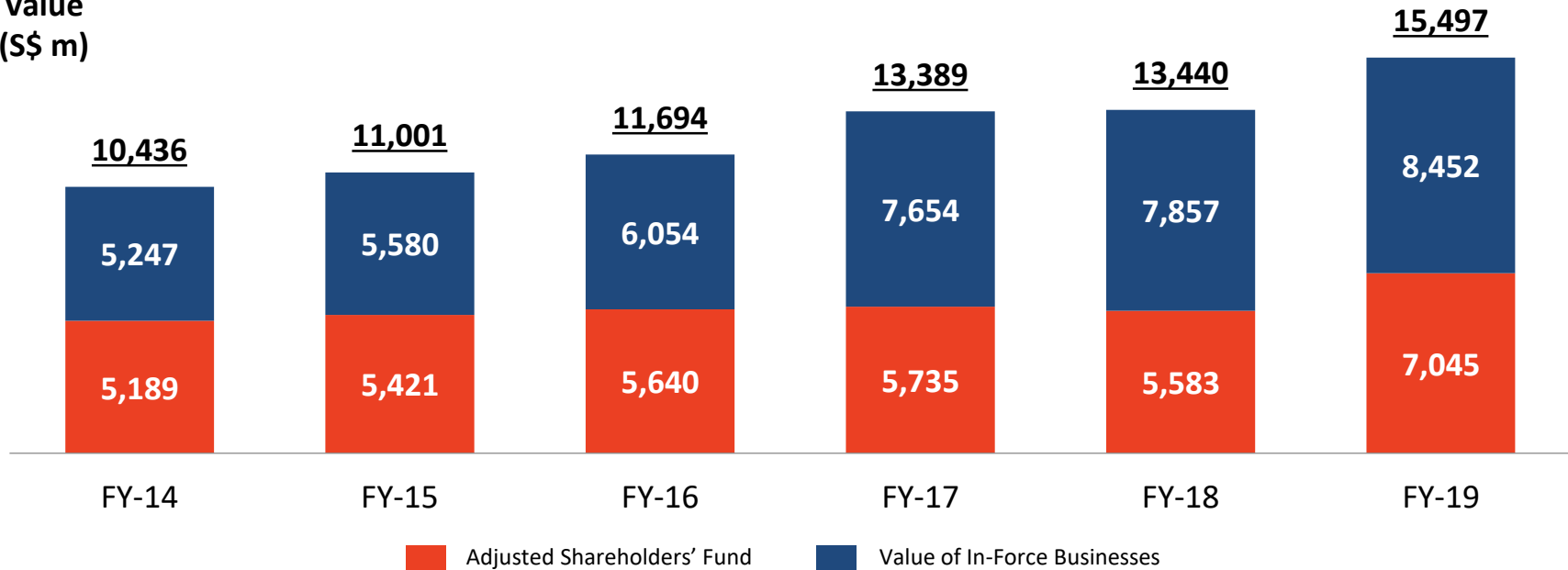
- Higher operating profit from insurance business
- Higher profit from shareholders' fund.



Embedded Value

- FY-19 embedded value of S\$15.5b or an embedded value per share of S\$32.74 was a 15% growth from FY-18.
- Value of In-Force Business increased by 8% over FY-18.
- 5 year Compound Annual Growth Rate of 8%.

Embedded Value
(S\$ m)



Note:

- Embedded value per share is calculated using the Group's embedded value divided by the total number of issued shares.

- For FY-19 embedded value, risk-adjusted discount rate is 7.0% (FY-18: 7.0%) for Singapore, 8.75% (FY-18: 8.75%) for Malaysia and 13.5% (FY-18: 13.5%) for Indonesia.

THANK YOU