



# Investor Day

November 28, 2018



## IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans, expectations or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause AXA's actual results to differ materially from those expressed or implied in such forward-looking statements. Please refer to Part 4 – “Risk Factors and Risk Management” of AXA's Registration Document for the year ended December 31, 2017 (the “Registration Document”), for a description of certain important factors, risks and uncertainties that may affect AXA's business and/or results of operations. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

In addition, this presentation refers to certain non-GAAP financial measures, or alternative performance measures (“APMs”), used by Management in analyzing AXA's operating trends, financial performance and financial position and providing investors with additional information that Management believes to be useful and relevant regarding AXA's results. These non-GAAP financial measures generally have no standardized meaning and therefore may not be comparable to similarly labelled measures used by other companies. As a result, none of these non-GAAP financial measures should be considered in isolation from, or as a substitute for, the Group's consolidated financial statements and related notes prepared in accordance with IFRS. A reconciliation from APMs underlying earnings and adjusted earnings to the financial statements of the corresponding period is provided on pages 37 to 39 of the Registration Document and pages 22 to 25 of AXA's half-year financial report for the period ended June 30, 2018 (the “2018 Half-Year Financial Report”). The APM adjusted return on equity (“Adjusted ROE”) is reconciled to the financial statements on page 43 of the Registration Document, and pages 25 and 30 of the 2018 Half-Year Financial Report. Underlying earnings per share is reconciled to the financial statements on pages 37 to 39 and 42 of the Registration Document, and pages 22 to 25 and 30 of the 2018 Half-Year Financial Report. The abovementioned and other non-GAAP financial measures used in this presentation, including debt gearing and combined ratios, are defined in the Glossary set forth in Appendix V to the Registration Document (pp. 433-437).

The results of our U.S. segment are presented on the basis of IFRS and are not, and should not be relied upon as representing, the U.S. GAAP results of AXA Equitable Holdings, Inc. (including AllianceBernstein) “AEH”, which, as a U.S. public company, reports in U.S. GAAP in accordance with the rules of the U.S. Securities and Exchange Commission (“SEC”). For further information on AEH's financial results and other public reports please consult the SEC website at [www.sec.gov](http://www.sec.gov).





# Introduction

**Thomas Buberl**  
Group CEO



We started our Focus and Transform journey in 2016...

**Focus...**



...on **operational  
delivery**

**Transform...**



...**shift portfolio** and move  
from **payer to partner**

...and have made significant progress

## Focus...

...on **operational delivery**

**Growing preferred segments** (9M18)

**Excellent operational performance** (1H18)

**Strong balance sheet** (9M18)

**Health** revenues +7%  
**Protection** APE<sup>1</sup> +10%  
**P&C CL** revenues +2%

**Group UE<sup>2</sup> +9%**  
o/w France +9%  
o/w Europe +10%

**Solvency II ratio<sup>3</sup> 195%**  
**AA- credit ratings**

## Transform...

...**shift portfolio** and move from **payer to partner**

**Away from financial risk...**

**...towards technical risk...**

**...closer to customers**

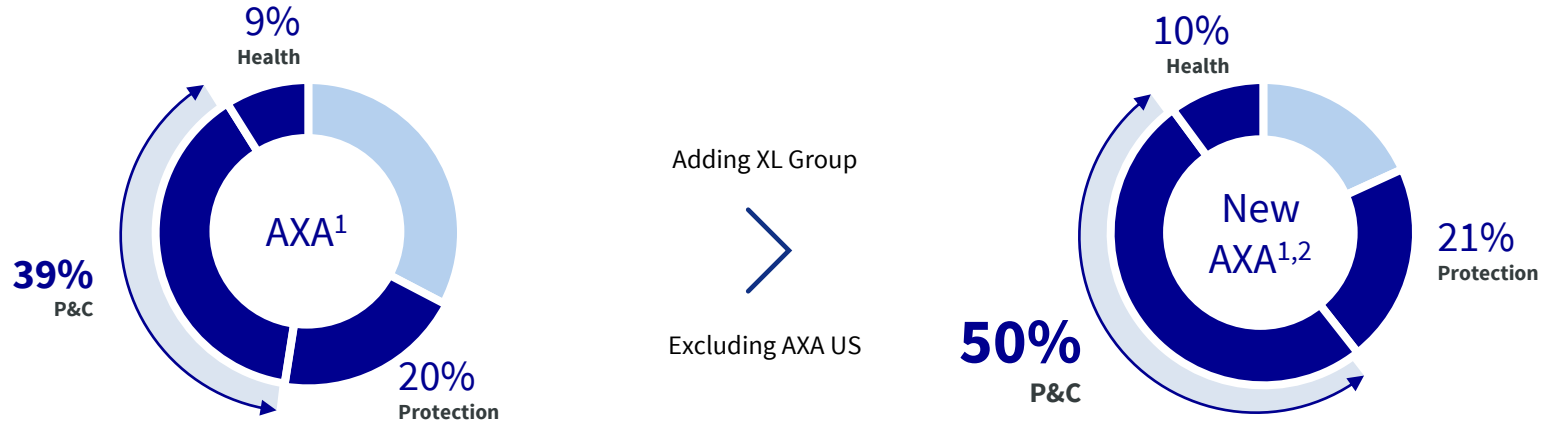
**AEH:** IPO and secondary offering  
**Swiss Group Life** transformation  
**AXA Life Europe** disposal<sup>4</sup>

**XL Group** acquisition  
**AXA Tianping** 100% ownership<sup>4</sup>

**Digital** partnerships (ING, Uber...)  
**Teleconsultation** and **Maestro Health**

# New capital management policy: the fruit of our transformation

## Moving towards a predominantly P&C, Health and Protection company



✓ Increased dividend payout ratio range

✓ New Solvency II ratio target range

✓ Updated share buyback guidance



**We have clear priorities going forward...**

- ▶ **Deleveraging**
- ▶ **XL integration**
- ▶ **Further sell-downs of AEH**
- ▶ **Delivery of Ambition 2020**
- ▶ **Accelerate in Asia**
- ▶ **Parametrics and health services**

# Agenda for the day



**Gordon Watson**  
CEO AXA Asia



**Greg Hendrick**  
CEO AXA XL



**Gerald Harlin**  
Deputy CEO  
and Group CFO

**AXA Asia**

**AXA XL**

**Capital  
Management**





# Investor Day

November 28, 2018

## 1. Asia



Official Insurance Partner



# Significant growth opportunity in Asia

**Massive protection gap**

**Fast growing market**

**Fueled by middle class**

- Euro 50 trillion mortality protection gap
- 50% of global insurance growth
- 8% growth p.a. by 2025
- Euro 2 trillion GWP by 2025
- 90% of new middle class from Asia
- 0.7 billion middle class households in 2025

# AXA Asia has a broad presence and a good starting position to grow

**Current Engines**  
performing well

**Japan**  
#14 Life      **+29%**  
9M18 APE

**Hong Kong**  
#6 Life    #1 non-Life  
-13%    +5%  
FY17 APE    9M18 APE

**High Potentials**  
Strong market position  
and huge potential with  
JV partners

**China**  
#1 Life    #1 non-Life (foreign player)



**Philippines**  
#3 Life    #5 non-Life



**Thailand**  
#4 Life



**Indonesia**  
#2 Life



Smaller entities<sup>1</sup>

Singapore

Malaysia

South Korea

India

# Key priorities for growth



## China

**Double down in China,**  
the largest market  
of the region

## Agency

**Grow into premier  
agency model,**  
targeting emerging  
middle class

## Health

**Grow in health  
business**  
through riders and  
wellness propositions

## Brand

**Build local brand  
recognition**  
(Liverpool football  
club sponsorship)

# China: Double down in the largest and fastest growing market in the region

## Full CONTROL of AXA Tianping



### Largest foreign P&C insurer

- #15 P&C insurer in China<sup>1</sup>
- 3.5m customers
- Broad geographical footprint, 25 branches
- Reach ca. 80% of the population<sup>2</sup>

**Motor**

Upgrade **technical expertise, claims management and operation efficiency**

**Health**

**Focus on emerging needs** of middle class / young families including wellbeing

**Create innovation hub** for health



- **New Chairman and CEO appointed**
- **Aligned strategy with focus moving** towards high-value, regular premium products
- Grow **quality agency force**
- Penetrate **High Net Worth segment**



- **Excellent partnership** in Asset management
- **Strengthen and deepen** the relationship

**Our approach is about value creation more than volume**

# Agency distribution: Grow into premier agency model targeting emerging middle class



## Case Study



### Philippines is leading the way,

growing significantly faster than market

**+73%**

MDRT<sup>1</sup> growth

**~50%**

Active agents ratio<sup>2</sup>

**3x**

Financial needs analysis in agency channel<sup>3</sup>

### Digital transformation

- Paperless new business submission
- Leveraging digital sales tools

## Transform Distribution

Leverage Philippines success story and **Distribution Hub** across other high potential countries to...

**Grow MDRT**

**Grow number of active agents**

**Embrace technology**

# Pivot to Health and wellbeing across the region – Health is a fast growing segment and spend will more than double by 2025

Leverage global expertise on advanced Health solutions

Grow through riders and wellness propositions via partners



**Signature network**, VIP access to the best doctors



安盛

**FirstCare Plus**



**Grow health** business from **highly profitable base** via product, broker and partnerships



**Create innovation hub** for Health from AXA China



安盛天平



# Brand: building local recognition



**#2** up three ranks in media share of voice<sup>1</sup> from last year, with 26% share, in Hong Kong

**+15** points to ca. 85% share of benchmarks NPS<sup>2</sup> at or above market average in the region





# AXA hiring the best leaders in Asia with strong track record of execution in the region

## Entities



**Handojo  
Kusuma**

CEO

AXA Mandiri Financial Services

**Oct 2018**



**Howard Pou**

Chief Agency Officer designate

AXA Hong Kong

**Sep 2018**



**Sally O'Hara**

CEO,

Krungthai-AXA Life

**Oct 2018**



**Lyndon Oliver**

Chief Strategic  
Development Officer

**Aug 2018**

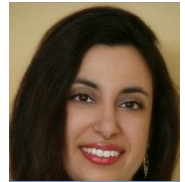


**Peck-Yeow Gan**

Human Resources

Director

**Aug 2018**



**Shaden  
Marzouk**

Asia Head of Health  
& Innovation

**Dec 2018**

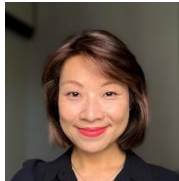


**David Ng**

Head of Business Development

AXA Hong Kong

**Dec 2018**



**Sally Wan**

Chief Strategy Officer,

AXA Hong Kong

**Nov 2018**



**Dr Koh Yi Mien**

MD, Health and Employee Benefits,

AXA Hong Kong

**Dec 2017**



**Rodney  
Coelho**

Strategic Development

Officer

**Aug 2018**



**Stephen  
Appleyard**

Chief of

Distribution Hub

**Jul 2018**

## Asian Markets

# Increase our earnings growth by bringing in quality business, through a sustainable platform

Phase 1

Hire the right people

Phase 2

Grow quality business

Phase 3

Grow earnings



**6% - 8%**

APE<sup>1</sup> CAGR<sup>2</sup> 2018-2020

**8% - 12%**

NBV<sup>1</sup> CAGR<sup>2</sup> 2018-2020

Deliver on

**sustainably  
growing earnings**

in line with top peers

# AXA: The Next Insurer of Choice in Asia

Partners

China

Agency

Health

Brand



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## 2. AXA XL



# Our vision

**“Most admired partner known for superior client service and innovative solutions to our clients’ most complex risks”**



**XL Insurance  
Reinsurance**



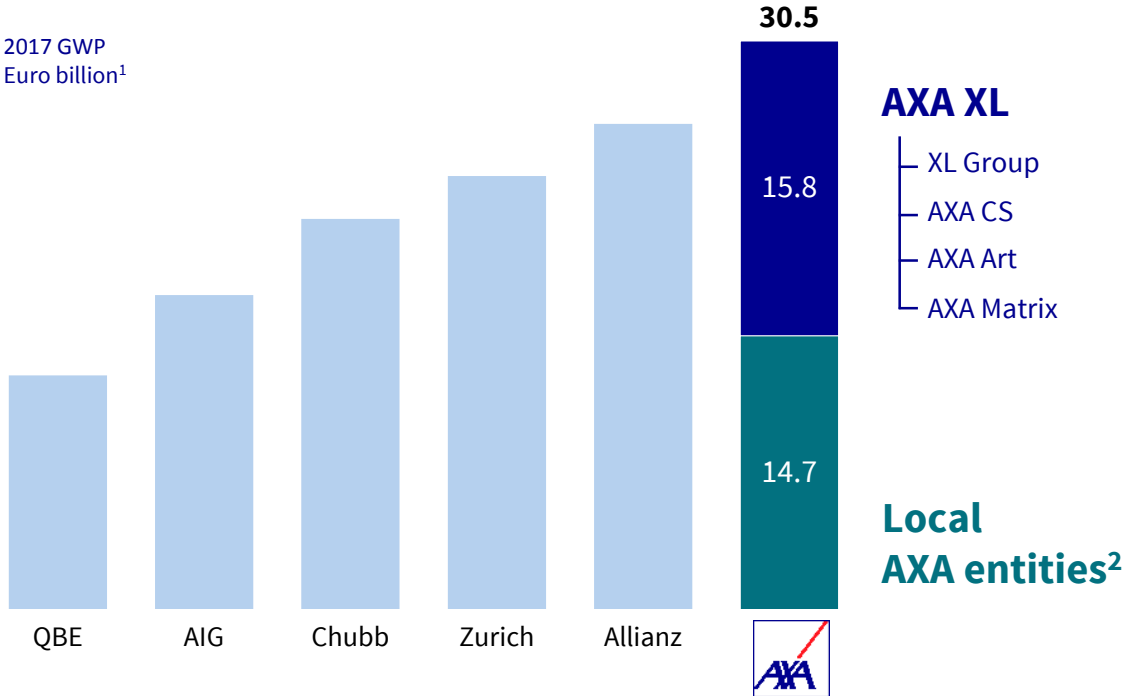
# Key priorities

- **Creating the global leader**
- **Optimizing portfolio**
- **Growing profitably**
- **Managing volatility**
- **Delivering on targets**

Global leader

# Creating the #1 global P&C Commercial lines insurer

2017 GWP  
Euro billion<sup>1</sup>



- ✓ Strong **brand and scale**
- ✓ World class **underwriting**
- ✓ Excellent **risk management**
- ✓ Strong **balance sheet** (AA- rating)

**S&P Global**  
Ratings

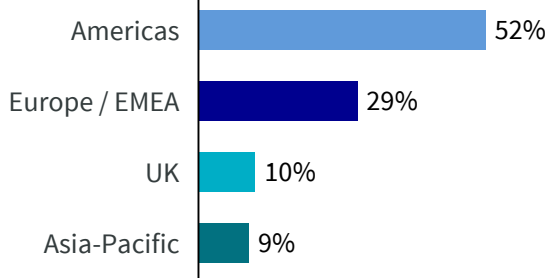
November 19, 2018

XL entities upgraded to AA- / stable  
considered as "Core" for AXA Group

# High complementarity, broadest range of customers

## AXA XL portfolio mix<sup>1</sup>

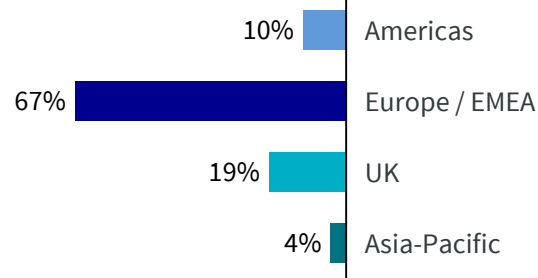
100%



**Large to Mid  
commercial**

## local AXA entities portfolio mix<sup>1</sup>

100%



**Mid to small size  
commercial**

- ✓ Strong **geographical diversification**
- ✓ **Wide span** of corporate clients
- ✓ Full **product suite**
- ✓ Recognized **quality of service**



J.D. Power 2016 & 2017 Large Commercial Insurance Study  
**Highest in Customer Satisfaction, Large Insurers**



# Specialty

## 27%

2017 GWP

- ✓ **Top Tier global player**
- ✓ Highly specialized **technical expertise**

<b>Marine</b>	<b>7%</b>
<b>London Wholesale</b>	<b>5%</b>
<b>Other Specialty</b>	<b>4%</b>
<b>Aerospace</b>	<b>4%</b>
<b>Fine Art &amp; Private Client</b>	<b>3%</b>
<b>Energy</b>	<b>2%</b>
<b>Political Risk &amp; Comm Bond</b>	<b>2%</b>

# P&C Insurance

## 46%

2017 GWP

- ✓ **Track record** in low frequency, high severity
- ✓ **Leading provider** of **Global Programs**

<b>Property</b> – International	<b>10%</b>
<b>Casualty</b> – International	<b>8%</b>
<b>Casualty</b> – North America	<b>8%</b>
<b>Professional</b> – North America	<b>8%</b>
<b>Professional</b> – International	<b>4%</b>
<b>Construction</b> – North America	<b>3%</b>
<b>Property</b> – North America	<b>3%</b>
<b>Programs</b> – North America	<b>2%</b>

# Reinsurance

## 27%

2017 GWP

- ✓ **Market leading, nimble, agile** capabilities
- ✓ Efficient **access to emerging markets**

<b>Property – non Catastrophe</b>	<b>8%</b>
<b>Property Catastrophe</b>	<b>6%</b>
<b>Casualty &amp; Professional</b>	<b>5%</b>
<b>Other</b>	<b>8%</b>

**LLOYD'S**

All three business groups **utilize our Lloyd's platform**  
(depending on our clients' preference)

# AXA XL - Experienced leadership to achieve our ambition

## Underwriting



**Neil Robertson**  
Global Specialty



**Jason Harris**  
Global P&C Insurance



**Charles Cooper**  
Reinsurance



**Kelly Lyles**  
Client & countries



**Paul Shedden**  
Data, Pricing & Analytics

## Risk, Operations & Finance



**Stephen Robb**  
Chief Financial Officer



**Noel Richardson**  
Chief Risk Officer



**Sean McGovern**  
General Counsel  
(legal, compliance and claims)



**Matthieu Caillat**  
Chief Operating Officer



**Nikki Gonzalez**  
Chief Human Resources Officer



**+9,800 Employees**  
**+1,700 Underwriters**

# Portfolio performance management is our core capability

## Every year we plan for and execute

**Underwriting  
Actions**

**Improved Pricing**

**Enhanced Analytics**

**Optimized Mix**

## Leading to improved profitability...

**USD 125 million** of **underwriting contribution** over the **past 3 years**

**ca. +4% rate increase** for AXA XL in 2018 YTD

**Better than market** indices<sup>1</sup> by **~2-3%** over the **last 4 quarters**

**~USD 2 billion** of insurance revenue uses **predictive modelling** for **pricing or risk selection**

**Growth** in **profitable** segments: when **return target not met: cede more** or **reduce volume**

>USD 300 million of unprofitable GWP shed over the past 3 years

# Track record of building high-quality businesses – 4 examples

## #1 Construction – U.S.

A client-centric vertical solution dedicated to the US Construction industry

USD **650** million  
GWP in 2018E  
Launched in 2010

**<85%**  
2015-2017  
Combined ratio<sup>2</sup>

## #2 Int'l Casualty Corporate & Commercial

Combination of underwriting expertise and innovative use of technology

**>11%**  
2014-2018E  
GWP CAGR

**<90%**  
2014-2018E  
Combined ratio<sup>2</sup>

## #3 Design Professional

Using predictive modelling and analytics to improve one of our professional liability portfolios

**>6%**  
2013-2017  
GWP CAGR  
vs. **-4%** 2008-2013  
GWP CAGR

**4 pts**  
reduction in  
average loss ratio<sup>2</sup>

## #4 Reinsurance<sup>1</sup>

**Scale** to be relevant

More **nimble and client-centric** than the largest global reinsurers

### 2017 GWP \$bn

Peer 1	21.4
Peer 2	20.4
Peer 3	12.8
Peer 4	7.2
Peer 5	5.1
<b>AXA XL Re</b>	<b>4.7</b>
Peer 7	4.2
Peer 8	4.2
Peer 9	2.8
Peer 10	2.4
Peer 11	2.2
Peer 12	1.5

### Avg CoR<sup>2</sup> (2013-17)

Peer 1	96.8
Peer 3	95.4
Peer 4	94.6
Peer 7	93.8
Peer 2	92.4
Peer 8	90.0
Peer 12	89.9
Peer 10	89.3
<b>AXA XL Re</b>	<b>87.1</b>
Peer 5	82.8
Peer 11	80.5
Peer 9	73.8

# Growth roadmap following acquisition

## Intensify growth initiatives

Build on 3% market share in attractive **US markets**

Grow in attractive **niche Specialty and Professional** products

In **Reinsurance**, grow diversifying products and geographies, and closing the protection gap

## Leverage combined scale and capability

Convert **follow business** to **lead**

Develop currently **under-penetrated** territories

Build **new products to leverage** AXA XL and AXA Group **capabilities**

## Cross-sell

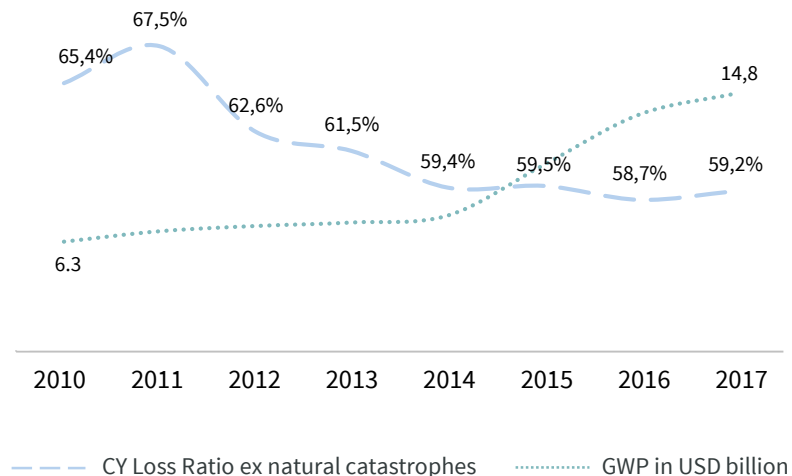
**XL unique products** (e.g. Specialty) to **AXA clients** – Corporate Solutions and local entities

**AXA products** (e.g. Employee Benefits) to **XL clients**

# Strong technical profitability excluding Nat Cat

## Current Year Loss Ratio<sup>1</sup> ex natural catastrophes

Legacy XL Catlin

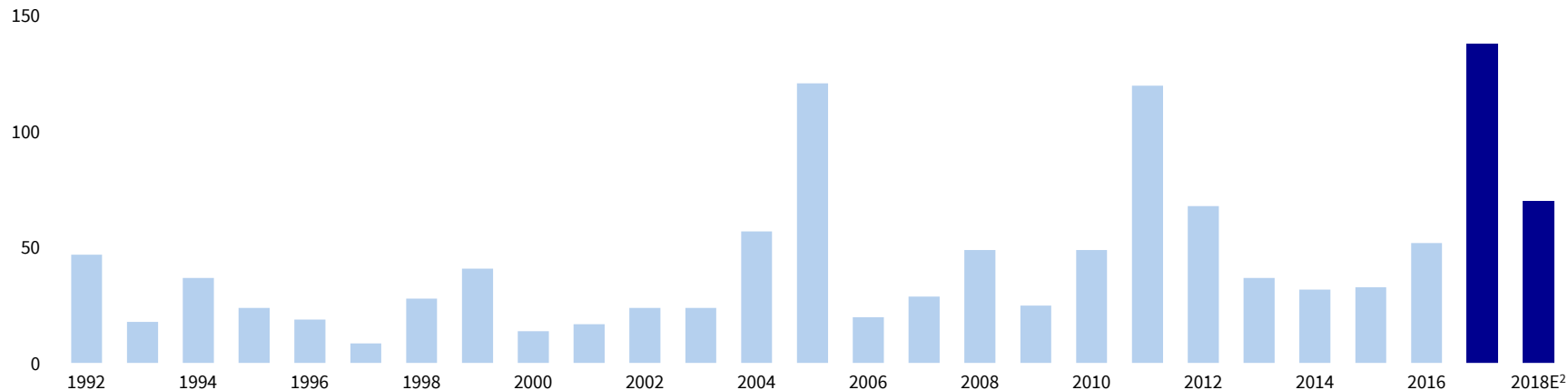


- ✓ **Track record** of successful management through cycles
- ✓ **Diversified** and active **portfolio management** leading to low volatility in loss ratio

# Inherent volatility from natural catastrophes over time

## Total market natural catastrophe insured losses worldwide 1992-2018E<sup>1</sup>

In USD billion



### Total market 4Q18 US Nat Cat event estimates<sup>2</sup>:

- Hurricane Michael: RMS estimated range of USD 7-10 billion
- California Wildfires: RMS estimated range of USD 9-13 billion



**Pricing cycle** expected to strengthen further

Note: It is too early to provide an estimate of the claims associated with the 2018 California wildfires for AXA XL. Management's preliminary view is that AXA XL's market share of insured losses should be broadly in line with that of the 2017 California wildfires for XL (ca. 2%). This preliminary view is based on information known to management as of today and is subject to change as the situation continues to evolve.

# Reducing Nat Cat exposure, in line with Group risk appetite

## Reduction of Nat Cat exposure at legacy XL Catlin

Top three perils Occurrence Exceedance Probability (OEP)

3Q18/3Q17 change

Events	1/20y	1/200y
North America Windstorm	-15%	-29%
North America Earthquake	-28%	-46%
European Windstorm	-14%	-22%



### Significant reduction in exposure at legacy XL Catlin

- > Combination of **underwriting actions** and **incremental reinsurance**
- > **Further reduction** in exposure expected **in 2019**

### Increased use of alternative capital to match the appropriate capital to our risks

- > **Recourse to strategic partners** (pensions, sovereigns)
- > **Enhance ILS capacity**

### Controlled earnings volatility from Nat Cat at Group level



# Delivery of synergies underway and increased guidance



## Cost synergies

**USD 0.2 billion**  
pre-tax p.a.



Improved

**USD 0.3 billion**  
pre-tax p.a.



## Revenue synergies

**USD 0.1 billion**  
pre-tax p.a.



Reaffirmed

**USD 0.1 billion**  
pre-tax p.a.



## Reinsurance synergies

**USD 0.1 billion**  
pre-tax p.a.



Reaffirmed

**USD 0.1 billion**  
pre-tax p.a.

Updated guidance  
**ca. USD 0.5 billion**  
pre-tax p.a.

## Levers to enhance earnings

- ▶ Significant **synergies**
- ▶ Portfolio **optimization**
- ▶ Tailwind from **broad rate increases**
- ▶ More efficient use of **Alternative Capital**
- ▶ Asset allocation **optimization**



ca. **95%** by 2020

**AXA XL Combined ratio** (GEP)<sup>1</sup>  
assuming normalized Nat Cat: ca. 4%

ca. **Euro 1.4bn**

**AXA XL underlying earnings<sup>2</sup> by 2020**  
assuming normalized Nat Cat

# Key priorities

- > **Creating the global leader**
- > **Optimizing portfolio**
- > **Growing profitably**
- > **Managing volatility**
- > **Delivering on targets**



# Investor Day

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## Coffee break





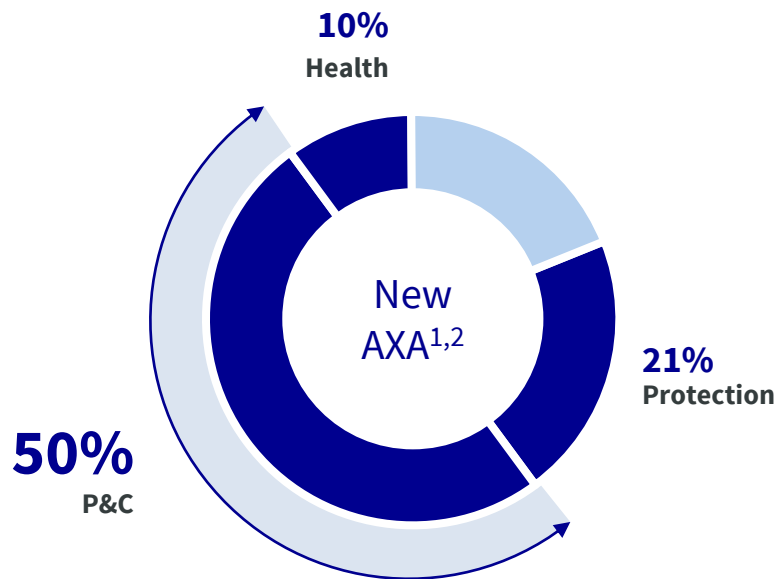
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## 3. Capital management



# Our transformational asset swap will positively impact our financials



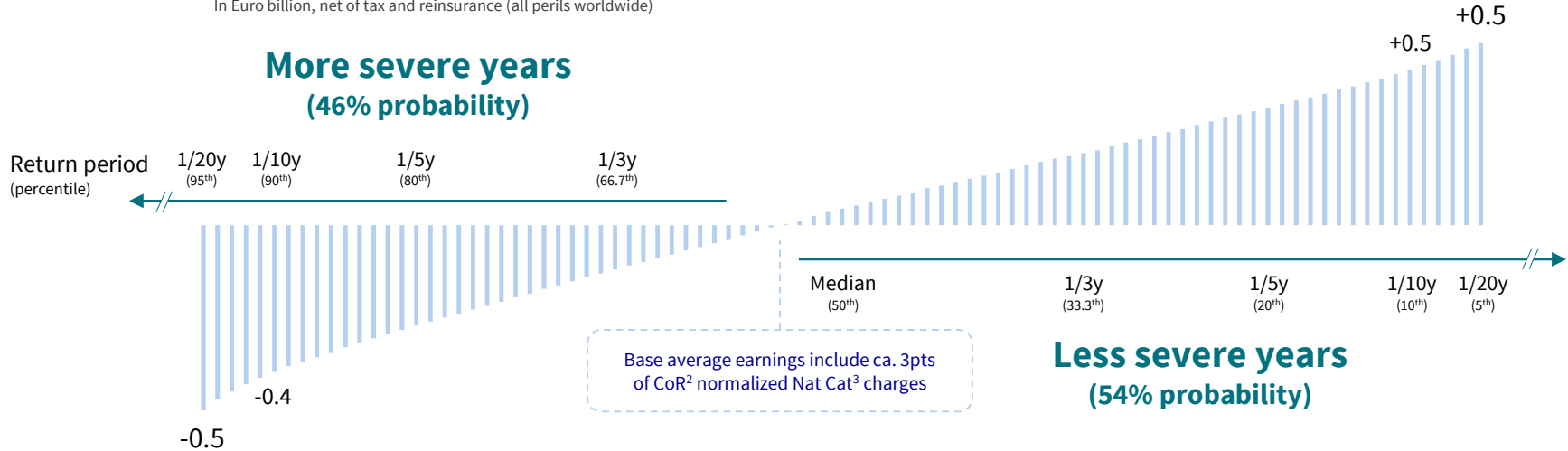
## 6 topics to be addressed today:

- ▶ **Controlled** earnings volatility
- ▶ **Strong** cash generation/flexibility
- ▶ **Clear** path for deleveraging
- ▶ **Robust** balance sheet
- ▶ **New** capital management policy
- ▶ **Update** on Ambition 2020

# Volatility of Group earnings from natural catastrophes

## AXA Group earnings deviation with different levels of Nat Cat cost<sup>1</sup>

In Euro billion, net of tax and reinsurance (all perils worldwide)



- ▶ **Strong benefits** from geographical diversification
- ▶ **Earnings volatility** of +8% / -7% UEPS<sup>4</sup> in 1/10 year
- ▶ **Global Cat protection program** focused on tail events
- ▶ **Profitable asymmetry** with 54% probability to be above mean

# Financial update on recent transactions (1/2)

## Focus on P-GAAP reserving<sup>1</sup> for AXA XL

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**No change to best estimate  
claims reserves** at Euro 20 billion<sup>2</sup>

**P-GAAP accounting  
adjustment** of Euro 1 billion<sup>2</sup>, risk margin  
net of DAC/VOBA

**Goodwill** at Euro 7 billion<sup>2</sup>

## AXA to acquire the remaining 50% stake in AXA Tianping

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- ✓ **Full control** of #15 P&C insurer in China<sup>3</sup> (#1 foreign P&C insurer in China)
- ✓ **Cash consideration** of Euro 0.6 billion<sup>4</sup>, of which,
- ✓ **Capital reduction<sup>5</sup> from AXA Tianping** of Euro 0.2 billion<sup>4</sup>



# Financial update on recent transactions (2/2)

## New offering completed as announced on November 20

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- ✓ **11%** participation<sup>1</sup> sold or **Euro 1.0 billion**<sup>2</sup> net proceeds<sup>3</sup>
- ✓ **Up to Euro 0.2 billion**<sup>2</sup> potential additional net proceeds<sup>3</sup> if over-allotment options are exercised<sup>4</sup>
- ✓ **Additional Euro 0.5 billion**<sup>2</sup> from concurrent AEH share buyback<sup>5</sup>
- ✓ 2018 year-end AEH ownership would amount to ca. **50%**<sup>6</sup>

## We confirm our intention to fully sell-down AEH over time

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The pace of sell-downs depends on:

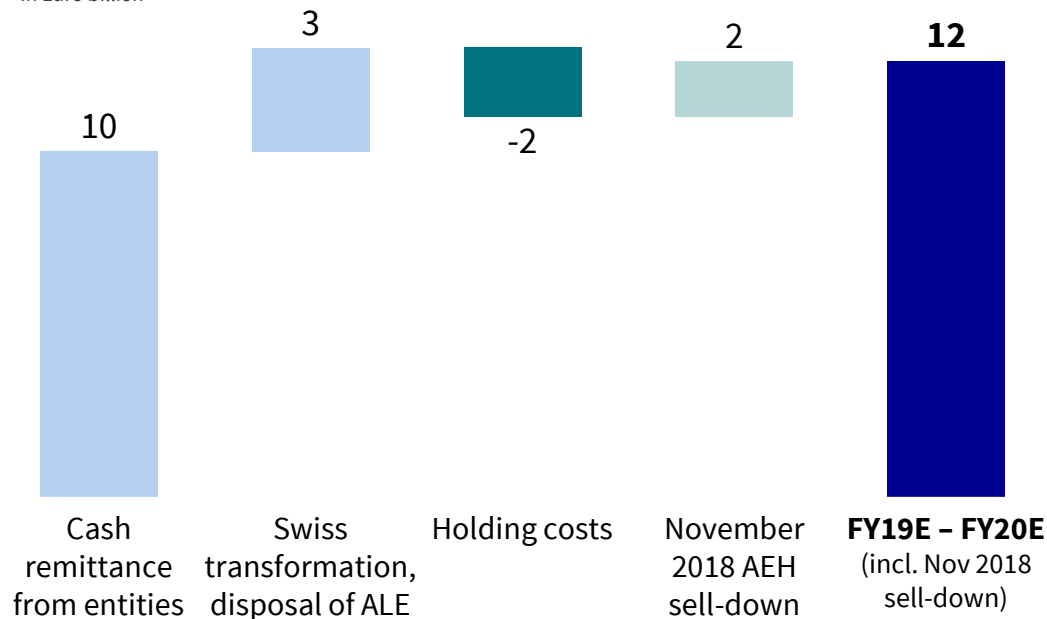
- ▶ Reflection of management's strategy and performance in the share price
- ▶ Macroeconomic environment
- ▶ Market liquidity

**Euro 5 billion** remaining ownership based on current price<sup>7</sup>

# 2019 – 2020 : substantial cash flexibility covering future debt repayments

## Expected cash accumulation at holding

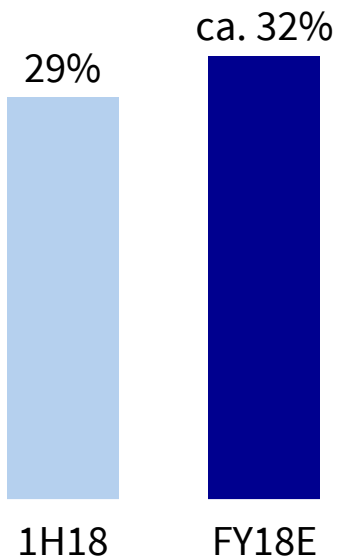
In Euro billion



**Euro 12 billion cash at holding by 2020 to fund dividends and deleveraging, before further AEH sell-downs**

# Confirmation of FY18 expected leverage, in line with guidance

## Debt gearing<sup>1</sup>



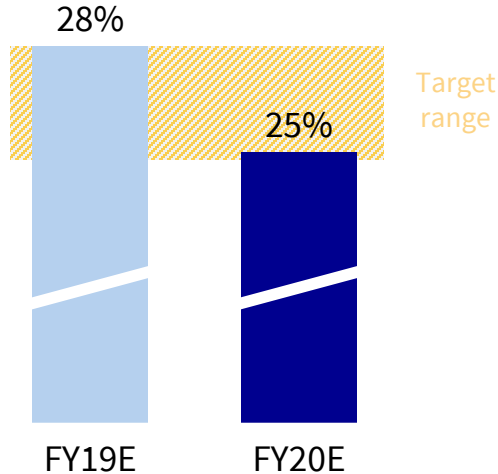
## 2H18E main drivers

- ▶ **Euro +4 billion** debt consolidated from XL
- ▶ **Euro -2 billion** debt repaid between AXA S.A. and XL, as announced
- ▶ **Euro -1 billion** impact from AEH sell-down<sup>2</sup>
- ▶ **Euro -3 billion** goodwill impairment in Group Share<sup>3</sup>
- ▶ **Euro -1 billion** net impact on minorities<sup>4</sup>

# A clear deleveraging path towards our 25-28% target range

Illustration based on full AEH sell-downs by 2020

## Debt gearing



From ca. 32% in FY18E

**Comfortably within our target range**  
(even without further sell-downs gearing estimated at 30% in FY19E and 28% in FY20E)

## 2019E – 2020E main drivers

Illustration based on full AEH sell-downs by 2020

### Debt

- ▶ **Euro -3 billion** net debt repaid (ca. -3pts)
- ▶ **Euro -4 billion** debt removal (AEH)

ca. -2pts

### SHE

- ▶ **Euro -5 billion** minorities (AEH)
- ▶ **Euro +6 billion** retained earnings (ca. -2pts)

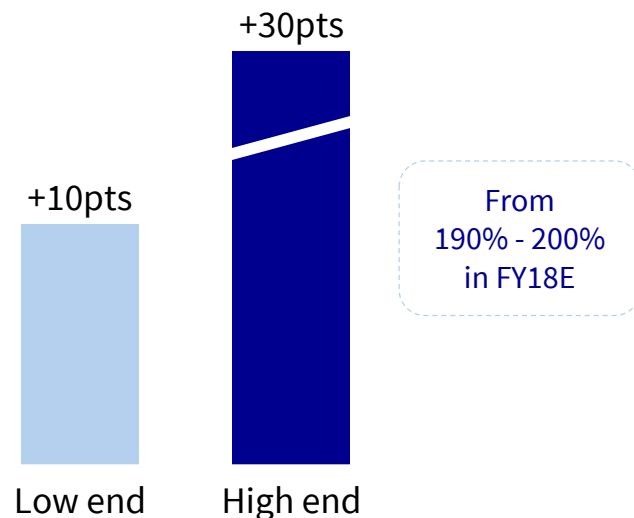
**Euro 14 billion** of generated cash<sup>1</sup> remaining after deleveraging, and available for dividends, cash buffer, M&A, share buybacks

# Robust balance sheet with high Solvency II ratio within two years...

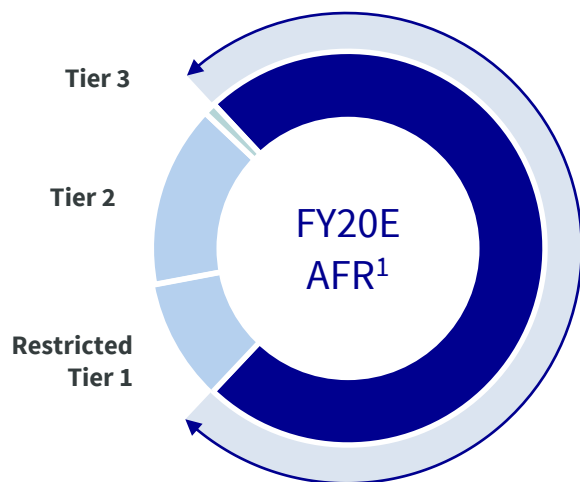
**Clear and identified net positives over the next two years**

- ▶ **+5 to +10pts p.a. from our strong operating return**, net of dividend
- ▶ **+5 to +10pts diversification benefits**, from XL in AXA Group's internal model
- ▶ **0 to +15pts from further sell-downs of AEH**, depending on timing
- ▶ **-5 to -10pts from deleveraging**
- ▶ **0 to -5pts from M&A**

## 2019 – 2020 Solvency II accumulation



...as well as higher quality of capital

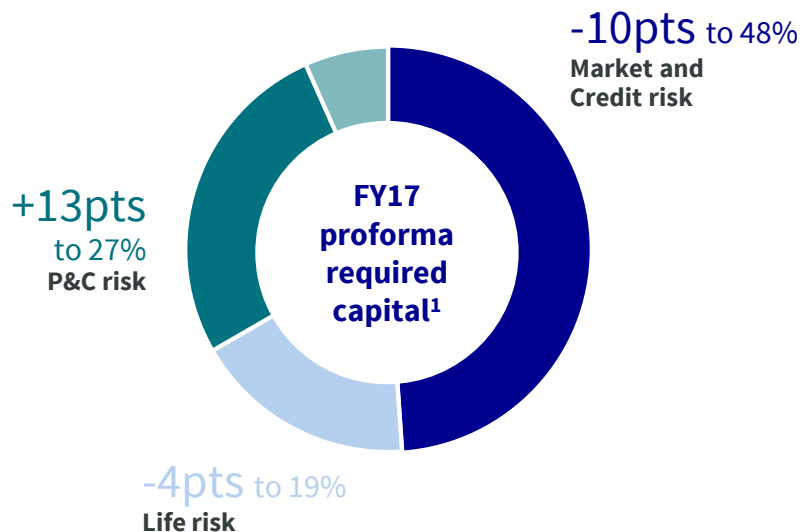


**>75%  
unrestricted  
Tier 1**

- ▶ **Strong increase in the share of unrestricted Tier 1** in the next two years
- ▶ **Debt repayments** combined with **organic capital generation**

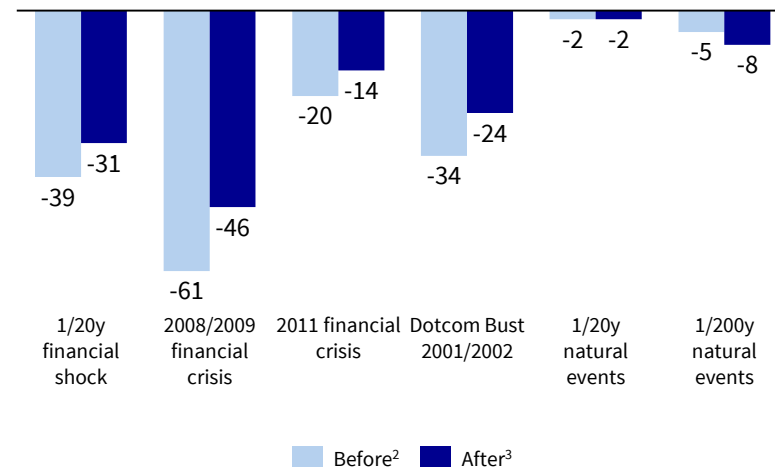
# Our transformational asset swap will result in a more resilient AXA

## Lower exposure to market, credit and life risks in internal model



## 20-30% reduction in economic sensitivities from financial shocks

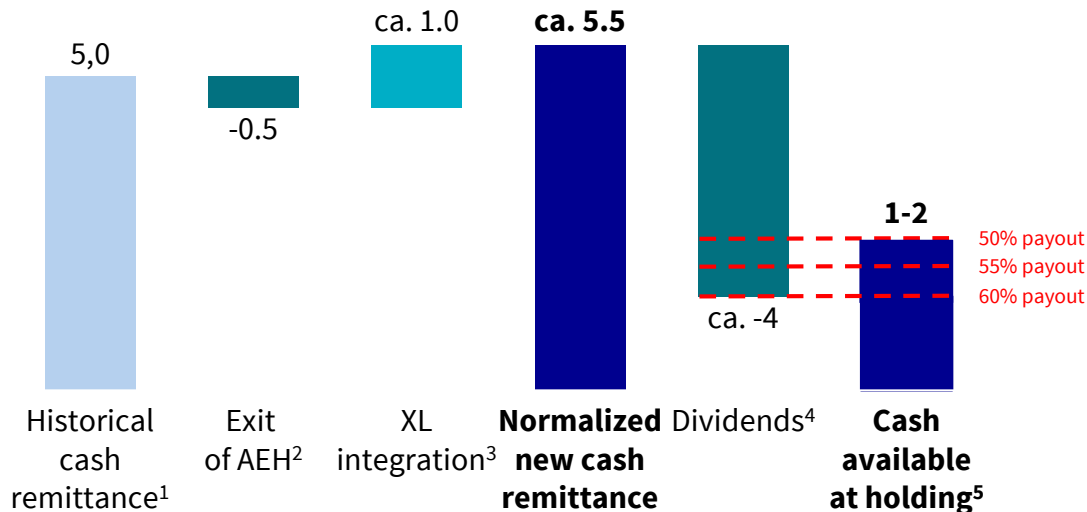
In points of Solvency II ratio (full internal model)



# Enhanced cash generation capacity leading to increased flexibility

## Higher expected annual normalized cash remittance

In Euro billion



**New payout ratio range<sup>6</sup>**  
**50-60%**

- ▶ New dividend payout policy **well covered** by an enhanced cash generation capacity

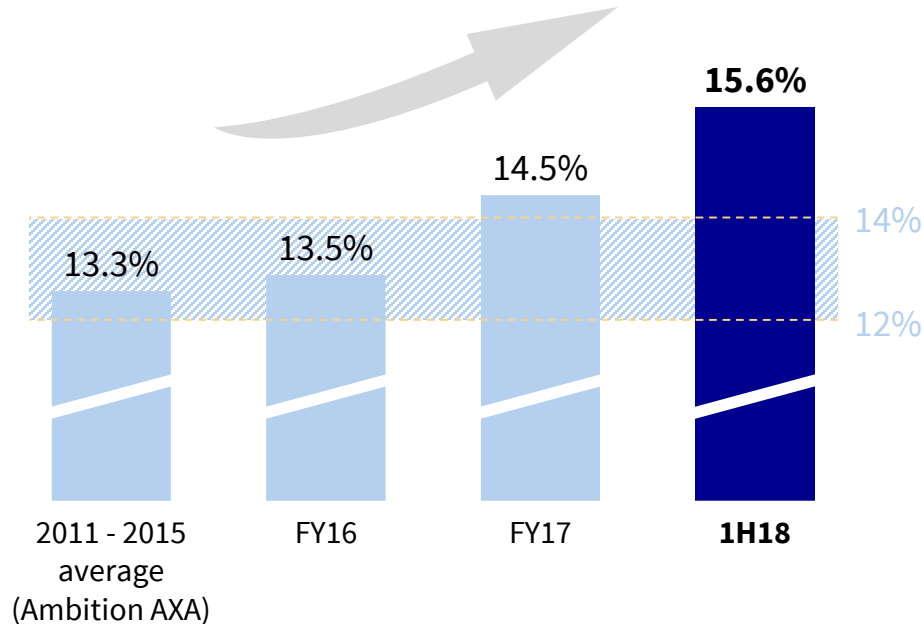


# Clear and attractive new capital management philosophy



# Improved outlook on return on equity in the context of transformation

## Adjusted return on equity<sup>1</sup>



- ✓ **Consistent track record** and improvement over the past years has resulted in an ROE above the top end of our guidance
- ▶ **Mechanical positive impact** from a decrease in shareholders' equity following AEH sell-downs and goodwill impairment

**14-16%**

New adjusted ROE guidance  
(previously 12-14%)

# Ambition 2020 key targets confirmed and updated

Underlying earnings per share<sup>1</sup>

**3% - 7%**

CAGR 2015-2020E

Free cash flows<sup>1</sup>

**EUR 28 - 32 bn**

Cumulative 2016-2020E

Adjusted return on equity

**14% - 16%**

New target range  
(previously 12-14%)

Solvency II ratio

**170% - 220%**

New target range  
(previously 170% -230%)

# Conclusion

## 6 topics addressed today:

- ✓ **Controlled earnings volatility from Nat Cat**, profitable asymmetry with +8% / -7% UEPS in 1/10 year
- ✓ **Strong cash generation/flexibility**, Euro 12 billion expected by 2020, with upside from AEH sell-downs
- ✓ **Clear path for deleveraging**, 25% - 28% gearing expected by 2020, irrespective of AEH future sell-downs
- ✓ **Robust balance sheet**, with 10 - 30pts expected increase in Solvency II ratio by 2020
- ✓ **New capital management policy**, 50% - 60% payout ratio and 170-220% Solvency II ratio target range
- ✓ **Updated Ambition 2020**, with revised Adjusted ROE guidance of 14% - 16%



# Investor Day

November 28, 2018

## Q&A





# Conclusion

**Thomas Buberl**  
Group CEO



# Key takeaways

## AXA Asia



- ✓ **Renewed leadership** with significant **local expertise**
- ✓ **Transforming distribution** and **pivot to Health** and well-being
- ✓ Clear strategy to **reinvigorate growth, doubling down on China**

## AXA XL



- ✓ Management in place and **integration** well under way
- ✓ **Disciplined underwriting** and significant **growth** prospects
- ✓ Clear levers for **stronger earnings contribution** over time

## Finance



- ✓ Strong **cash flexibility** and clear path towards **deleveraging**
- ✓ **Strong** and **resilient** balance sheet, with **limited** earnings volatility
- ✓ Attractive and sustainable **new capital management policy**

The vision and direction are clear



“We are  
focused on  
**execution**”





**Thank you**





# Notes



# Notes (1/4)

## Page 5

1. Annual premium equivalent (APE) is a non-GAAP financial measure and defined in the glossary set forth in Appendix V to the Registration Document (p. 433-437)
2. Underlying earnings is an alternative performance measures. For further information, please refer to the reconciliation of underlying earnings to the financial statements on pages 37 to 39 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434)
3. The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock and assuming US equivalence. For further information on AXA's internal model and Solvency II disclosures, please refer to AXA Group's SFCR for the year ended December 31, 2017, available on AXA's website ([www.axa.com](http://www.axa.com)). As in previous disclosures all AXA US entities are taken into account assuming US equivalence. As regards XL entities, 9M18 Solvency II ratio is based on AXA's intention to use equivalence for these entities, until the extension of the AXA Group internal model to XL operations is approved by AXA's lead supervisor (ACPR). The intended use of equivalence as an interim integration method of XL entities in AXA Group's Solvency II ratio is under review by ACPR
4. Subject to regulatory approvals

## Page 6

1. 2016 pre-tax underlying earnings excluding AXA SA
2. New AXA based on 2016 pre-tax underlying earnings excluding AXA SA and AXA US (Life & Savings and AB), and including 100% of XL Group. For XL Group, earnings are based on 2016 operating net income before taxes converted with a 2016 average foreign exchange rate of 1.11 USD per Euro. Pre-tax underlying earnings are defined as underlying earnings before taxes. Underlying earnings is an APM. For further information, please refer to the reconciliation of underlying earnings to the financial statements on pages 37 to 39 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434)

## Page 10

1. Sources: Swiss RE and McKinsey

## Page 11

1. India, Singapore and Malaysia are reported in the "International" geography  
Sources for Rankings: As of 2017 from FY17 Activity report. For Philippines the data is from The Insurance Commission. For China - CIRC statistics YTD Sep 2018

## Page 13

1. In FY17; Source: China Banking and Insurance Regulatory Commission
2. China national bureau of statistics

## Page 14

1. Million Dollar Round Table – A premier association of financial professionals
2. As of YTD October 2018 versus YTD October 2017
3. As of YTD September 2018 versus YTD September 2017

## Page 16

1. Source: Wiser analysis
2. Source: Bain analysis



# Notes (2/4)

## Page 18

1. Annual Premium Equivalent (APE), New Business Value (NBV), NBV Margin, Debt Gearing, combined ratios and other non-GAAP financial measures are defined in the Glossary set forth in Appendix V to AXA's Registration Document (pp. 433-437)
2. CAGR on a comparable basis

## Page 23

1. Using 2017 average EUR/USD exchange rate of 1.13
2. Includes P&C Commercial Lines and Commercial Health for comparability purposes  
Source: company estimates

## Page 24

1. Commercial Lines Portfolio Mix by risk location.

## Page 27

1. Source: CLIPs (Commercial Lines Insurance Pricing Survey)

## Page 28

1. AM Best report – Best's Market segment Report – World's 50 Largest reinsurers, September 4, 2018 and companies' reports
2. Based on Net Earned Premiums

## Page 30

1. Based on Net Earned Premiums for legacy XL Catlin

## Page 31

1. Source: Munich Re NatCatSERVICE. Inflation adjusted via country-specific consumer price index and consideration of exchange rate fluctuations between local currency and US dollar
2. Source: Company estimate of ca. USD 70 billion insured losses for 2018

## Page 34

1. Consistent with AXA's definition, combined ratio is based on a gross earned premiums
2. Underlying earnings is an APM. For further information, please refer to the reconciliation of underlying earnings to the financial statements on pages 37 to 39 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434)

## Page 38

1. 2016 pre-tax underlying earnings excluding AXA SA
2. New AXA based on 2016 pre-tax underlying earnings excluding AXA SA and AXA US (Life & Savings and AB), and including 100% of XL Group. For XL Group, earnings are based on 2016 operating net income before taxes converted with a 2016 average foreign exchange rate of 1.11 USD per Euro. Pre-tax underlying earnings are defined as underlying earnings before taxes. Underlying earnings is an APM. For further information, please refer to the reconciliation of underlying earnings to the financial statements on pages 37 to 39 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434)



# Notes (3/4)

## Page 39

1. Natural catastrophe costs defined as Aggregate Exceedance Probability (AEP) all natural perils worldwide, net of tax (20% notional tax rate) and reinsurance. Deviation is compared to a normalized level, which are costs associated to natural catastrophes expected in an average year (ca. 3 points of combined ratio)
2. Combined ratio, combined ratios and other non-GAAP financial measures are defined in the Glossary set forth in Appendix V to AXA's Registration Document (pp. 433-437)
3. From FY18 natural catastrophe losses include natural catastrophe losses regardless of event size. Prior to FY18, natural catastrophes only took into account events beyond various thresholds by lines and entities and amounted to ca. 1 point of combined ratio on a normalized basis. This was equivalent to ca. 2 points on a normalized basis taking into account all natural catastrophe losses
4. Underlying earnings per share ("UEPS") is a non-GAAP financial measure. For further information, please refer to the reconciliation of UEPS to the financial statements on pages 37 to 39 and 42 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434)

## Page 40

1. P-GAAP impacts are based on a preliminary assessment
2. Converted at a closing EUR/USD exchange rate of 1.1578 as at October 10, 2018 (source: Bloomberg)
3. In FY17; Source: China Banking and Insurance Regulatory Commission
4. Converted at a closing EUR/RMB exchange rate of 7.8767 as at November 23, 2018 (source: Bloomberg)
5. Subject to regulatory approvals

## Page 41

1. Excluding the exercise of the over-allotment option of 9,000,000 AEH shares granted to underwriters. Assuming the full exercise of the over-allotment option, AXA's participation sold would increase to ca. 12%
2. Converted at a closing EUR/USD exchange rate of 1.1458 as at November 19, 2018 (source: Bloomberg)
3. Net of underwriting discounts and commissions
4. Up to USD 0.2 billion of potential additional proceeds, if the underwriters decide to exercise their over-allotment option by December 15, 2018
5. At the per share price paid by the underwriters in the secondary public offering, net of underwriting discounts and commissions. The Share Buyback of 30,000,000 AEH shares represent a decrease of ca. 2% of AXA's ownership in AXA Equitable Holdings, Inc.
6. Economic ownership reflecting the share buyback and after conversion of the bonds mandatorily exchangeable into AEH shares issued by AXA in May 2018 (representing ca. 7-8% of current ownership depending on AEH share price performance)
7. Based on a stock price of USD 20.20 as at November 19, 2018, and therefore subject to future share performance



# Notes (4/4)

## Page 43

1. Debt Gearing and other non-GAAP financial measures are defined in the Glossary set forth in Appendix V to AXA's Registration Document (pp. 433-437)
2. This amount reflects the impact of the sell-down of our US operations on shareholders' equity at Group share with the removal of ca. 12% (assuming the full exercise of the over-allotment option of 9,000,000 AEH shares) of the book value of AXA Equitable Holdings "AEH" and the addition of the corresponding proceeds, combined with the accounting impact from the Share Buyback of 30,000,000 AEH shares on Shareholders' equity (Group Share)
3. Euro 6 billion goodwill impairment of which Euro -3 billion impact on Net income and therefore Shareholders' equity (Group Share), and Euro -3 billion impact on minority interests
4. Euro -1 billion net impact on minorities which includes the above mentioned part of goodwill impairment and a positive Euro +2 billion impact from the addition of ca. 12% of the book value of AXA Equitable Holdings "AEH", combined with the accounting impact from the Share Buyback of 30,000,000 AEH shares on minority interests

## Page 44

1. Assuming a full sell-down of AXA Equitable Holdings, Inc. by 2020

## Page 46

1. Assuming a full sell-down of AXA Equitable Holdings, Inc. by 2020

## Page 47

1. Post diversification. FY17 proforma excludes the contribution from the US and includes the contribution from XL
2. Before: FY17 economic sensitivities in full internal model
3. After: FY17 economic sensitivities in full internal model excluding the contribution from the US and including the contribution from XL. Sensitivities to natural events are as at end 2018.

## Page 48

1. Based on an average between 2014 and 2017
2. Based on an average between 2014 and 2017
3. Based on 80% remittance ratio applied to XL (excl. AXA ACS, AXA Art and AXA Matrix) normalized underlying earnings post-synergies
4. Normalized holding costs to be offset by a stable gearing ratio
5. Ca. Euro 4 billion of dividends for illustration purposes. Dividends are declared by the Board in its discretion based on a variety of factors described in AXA's Annual Reports and then submitted to AXA's shareholders for approval. This estimate should not be considered in any way to be an indication of the actual dividend amount, if any, for future financial years
6. Payout ratio range: 50% - 60% of adjusted earnings net of undated debt interest charges. Adjusted earnings is an APM. For further information, please refer to the reconciliation of adjusted earnings to the financial statements on pages 37 to 39 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434).

## Page 50

1. Adjusted ROE is an APM. For further information, please refer to the reconciliation of adjusted ROE to the financial statements on page 43 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434)

## Page 51

1. Underlying earnings per share ("UEPS") is a non-GAAP financial measure. For further information, please refer to the reconciliation of UEPS to the financial statements on pages 37 to 39 and 42 of AXA's Registration Document, and to its definition in the Glossary set forth in Appendix V to the Registration Document (p. 434). Operating free cash flow (a non-GAAP financial measure) is set forth in the Glossary in Appendix V to the Registration Document (p. 433-437)

