



# Full Year Earnings 2019

Press conference  
February 20, 2020



## **IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS AND THE USE OF NON-GAAP FINANCIAL MEASURES**

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 2018 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 press release 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 Adjusted Earnings, Underlying Earnings and Underlying Combined Ratio to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided on pages 22 and 23 of AXA's 2019 Activity Report which is available on AXA's website ([www.axa.com](http://www.axa.com)). APMs Adjusted Return on Equity and Underlying Earnings per share are reconciled to the financial statements in the table set forth on page 31 of AXA's 2019 Activity Report. The calculation methodology of the Debt Gearing is set out on page 25 of AXA's 2019 Activity Report. The above-mentioned and other non-GAAP financial measures used in this press release are defined in the Glossary set forth on pages 66 to 73 of AXA's 2019 Activity Report.

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

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# 1

# Introduction

Thomas Buberl  
Group CEO

# Achievements towards our **Ambition 2020**

## Focus



### Growth

Across preferred segments and major markets



### Simplification

Disposal of AXA Bank Belgium, operations in Central and Eastern Europe\*



### Strong balance sheet

Increased Solvency II ratio and reduced gearing

## Transform



### Change in risk profile

Full exit from Equitable Holdings Inc.<sup>1</sup>, Swiss Group Life Transformation, integration of XL



### Customer

NPS at 75% (+21pts), “Know You Can” brand launch



### Innovation

Health vertical integration, ING partnership, AXA Climate



# Strong operational performance in 2019

## Revenues

€ **104** bn

+5%

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

€ **2.59**

+5%

## Solvency II ratio<sup>2</sup>

**198**%

+5pts

## Dividend

€ **1.43**

+7%

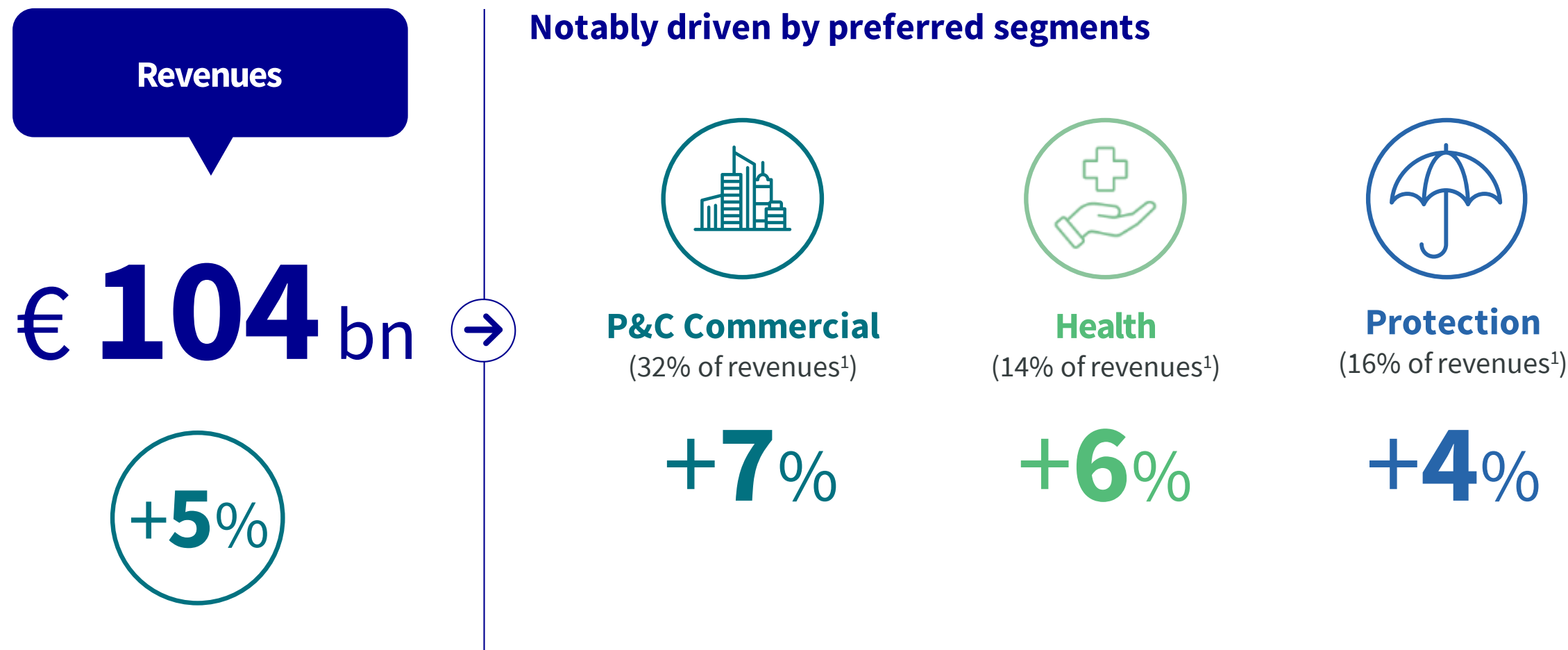
Continued **growth momentum**  
in our preferred segments and  
major markets

**Increased profitability**,  
thanks to our technical excellence

Deleveraging, solvency, risk profile:  
**strength of the balance sheet**

Fully on track to **deliver on our  
Ambition 2020 targets**

# Continued **organic growth momentum...**



... coupled with an overall **strong technical profitability**



**P&C**  
Combined ratio

**96.4%**

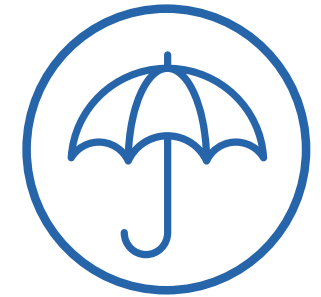
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**Health**  
Combined ratio

**94.1%**

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**Protection**  
Combined ratio

**93.2%**

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# Continued **operating growth** across markets\*

*Underlying earnings*

France

€ **1.7** bn

+**9**%

Europe

€ **2.5** bn

+**1**%

Asia & International

€ **1.7** bn

+**6**%

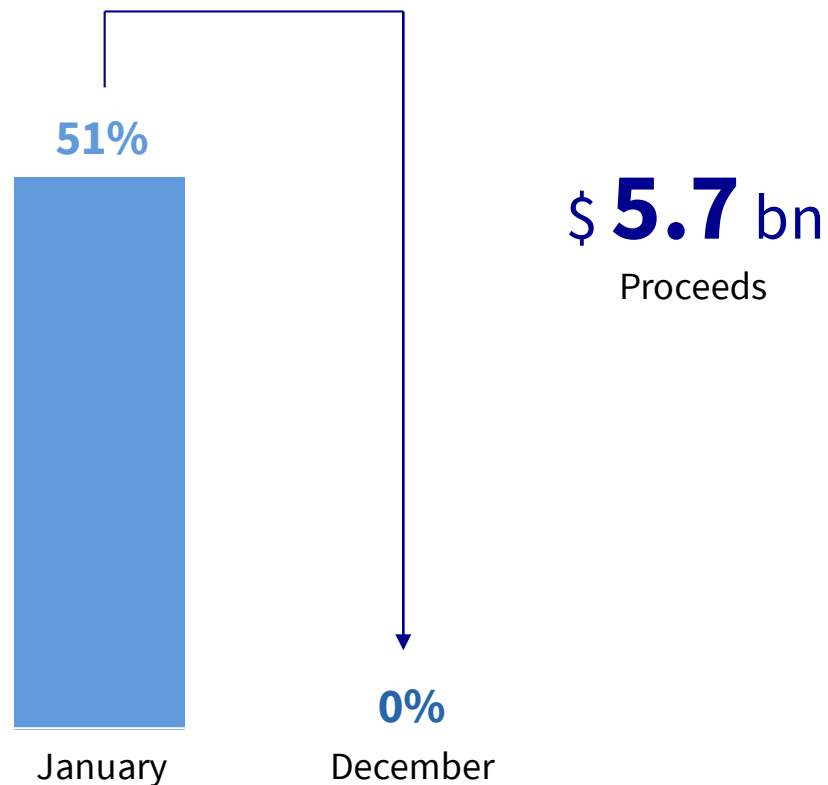
AXA XL

€ **0.5** bn

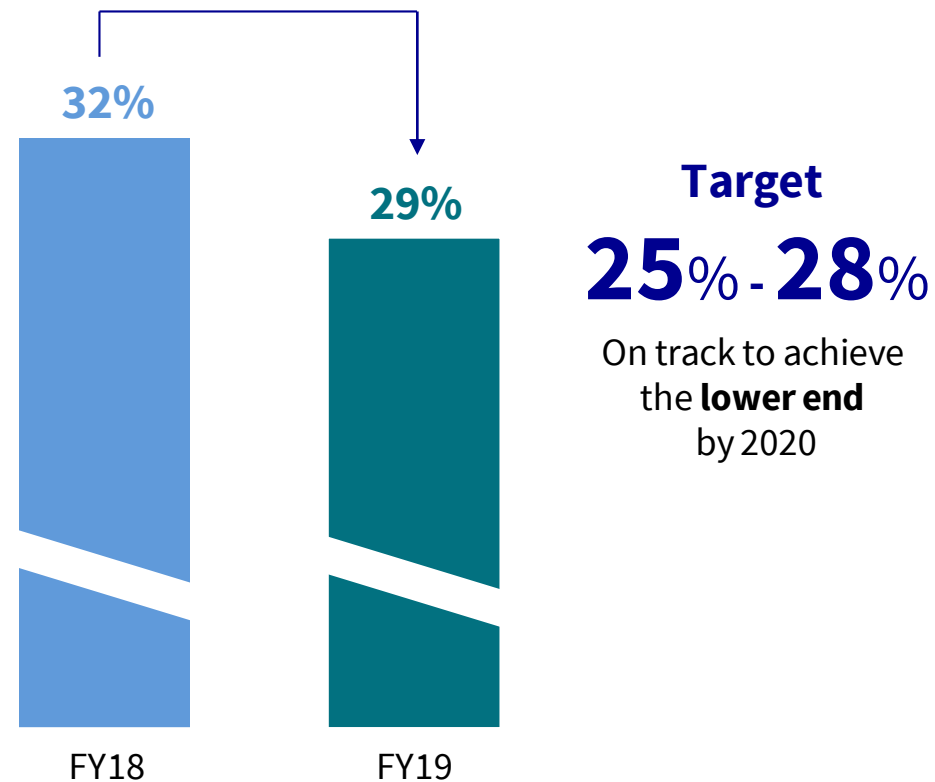
# Priority | Disposal of Equitable Holdings Inc. and deleveraging

## Full exit of Equitable Holdings Inc.

Economic ownership<sup>1</sup>



## Reducing debt gearing<sup>2</sup>



# Priority | Continued integration of AXA XL

- ▶ **Strong topline growth** in 2019: +10% gross revenues
  - ▶ Contribution from revenue synergies and hardening cycle with strong and accelerating price increases in 2019 and into 2020
- ▶ **Adequate reserves** at AXA XL: Euro 0.8 billion unallocated excess reserves at FY19
  - ▶ Impact of social inflation absorbed by P-GAAP mechanism
- ▶ **Euro 0.5 billion** FY19 underlying earnings, or Euro 0.8 billion normalized for Nat Cat
  - ▶ Normalized assumes 4% Nat Cat<sup>1</sup> level (vs. reported FY19 Nat Cat<sup>1</sup> at 6%)

## Taking further steps in 2020 to reduce volatility

- ▶ Reduced Property Nat Cat exposure, line-sizing in Casualty
- ▶ 15% gross Quota Share on property + Large loss volatility aggregate cover

**Euro -0.2 billion expected earnings impact in 2020**



**AXA XL underlying earnings expected at**

**€ 1.2 bn in 2020<sup>2</sup>**

$$\begin{array}{ccccccccc} \mathbf{0.5} & + & \mathbf{0.3} & + & \mathbf{0.6} & - & \mathbf{0.2} & = & \mathbf{1.2} \\ \text{FY19} & & \text{Normalized} & & \text{Pricing,} & & \text{Vol. \& risk} & & \text{FY20} \\ \text{UE} & & \text{Nat Cat} & & \text{UW, other} & & \text{reduction} & & \text{UE est.} \end{array}$$



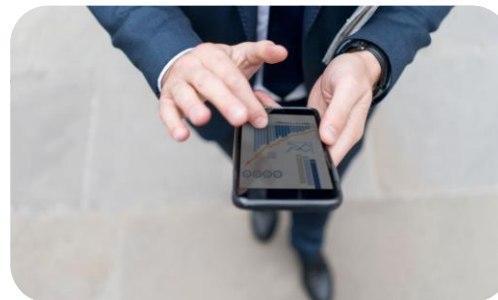
# Priority | To become our customers' partner



## Health vertical integration

Creation in our fast-growing markets of a health ecosystem combining healthcare centers and AXA's insurance services

Protect 1.5 million people in emerging markets by 2023



## AXA ING partnership

Deployment of an international and innovative digital protection platform

Giving 13 million potential customers the means to stay one step ahead at all times



## AXA Climate

Development of parametric solutions to protect against climatic risks beyond the reach of traditional insurance

Covering companies and communities in more than 40 countries through 50 different types of indices

# Commitment | Act to fight climate change



**As an  
investor & asset manager**

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**Euro 24 billion**

Green investment target doubled

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**Transition bonds**

New asset class launched

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**A new ambition towards  
a 0% coal energy world**



**As an  
insurer**

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**Tightening of coal  
underwriting policy**

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**AXA Climate**

Innovative services to protect  
communities and corporations  
facing natural disasters



**As a coalitions  
builder**

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**Net Zero Asset  
Owner Alliance**

Share our expertise on metrics  
and methodologies to align investment  
portfolios with a +1.5° C scenario

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**AXA-C40 partnership**

Recommendations to mitigate  
the effects of climate change  
on urban infrastructures

# Ambition 2020 | Fully on track to deliver on our main targets

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

**+5%**

2015 - 2019 CAGR

**Ambition  
2020**

**3% - 7%**  
CAGR

## Free cash-flows<sup>2</sup>

**€ 25 bn**

Cumulative 2016 - 2019

**Ambition  
2020**

**€ 28-32 bn**  
Target range

## Adjusted return on equity

**16%**

FY19

**Ambition  
2020**

**14% - 16%**  
Target range

## Solvency II ratio

**198%**

FY19

**Ambition  
2020**

**170% - 220%**  
Target range





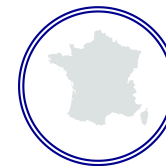
# 2

## Business performance

Jacques de Peretti

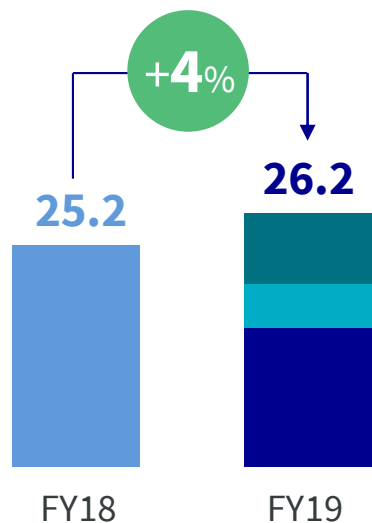
Chairman and CEO of AXA France

# France



## Gross revenues

In Euro billion



► P&C

stable

► Health

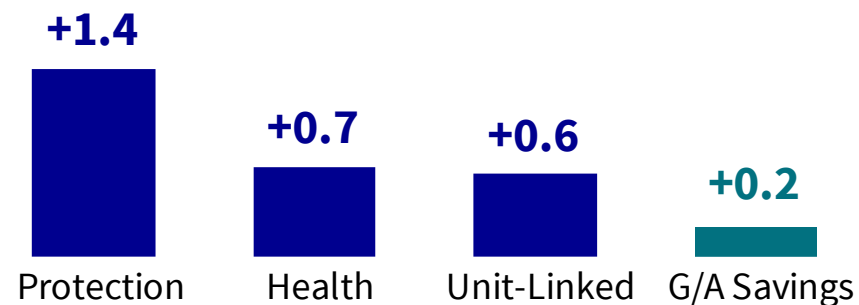
+6%

► L&S

+5%

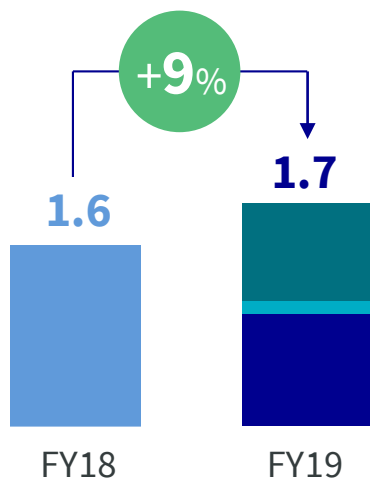
## Net flows across preferred segments

In Euro billion



## Underlying earnings

In Euro billion



► P&C

+24%

► Health

-17%

► L&S

+1%

**P&C**  
Combined ratio

**90.7%**  
-1.6 pts

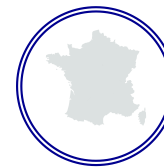
**Health**  
Combined ratio

**98.7%**  
+0.8 pt

**L&S**  
Investment margin

**101.6 bps**  
+2.9 bps





## Clients

### Personalize and enhance the customer relationship

Personalized and proactive claims management

Partnerships: Cyber audit, specialized telemedicine service, *Ma Retraite 360*

Strengthened local presence: enhanced advisors network

## Simplicity

### Innovate to serve our clients

New, simpler and more competitive offers: *MonAuto, MaMaison*

New digital tools that enhance the value of data in companies: *Ose*

*PER*: launched with a complete offer

## Social commitments

### Be a responsible corporate citizen

Employees committed to social causes with AXA Hearts in Action

Sponsor of the Fondation du Patrimoine and Mission Bern

AXA Prevention: raising French people's awareness on hyper connectivity risks





# Business performance

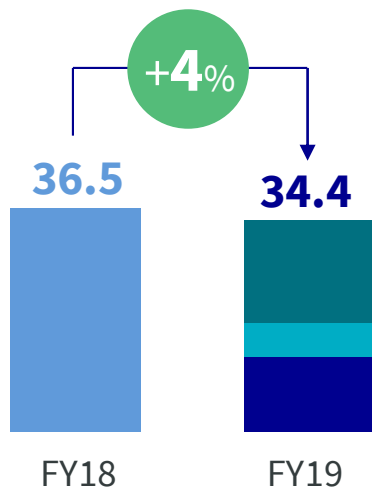
Etienne Bouas-Laurent  
Group CFO

# Europe



## Gross revenues

In Euro billion

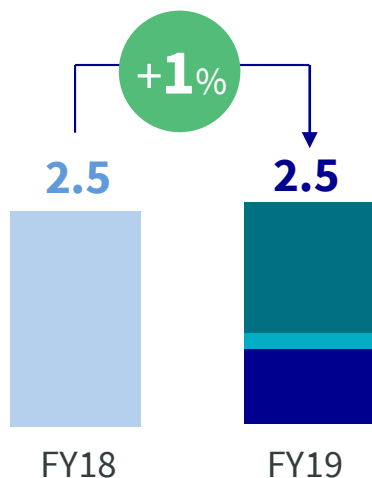


► P&C	+3%
► Health	+4%
► L&S	+6%

<b>UK</b> P&C	<b>Germany</b> Health	<b>Italy</b> L&S
+4%	+4%	+17%
Price and new business in Motor	Positive price effect	Unit-Linked and G/A Savings

## Underlying earnings

In Euro billion



► P&C	+10%
► Health	-6%
► L&S	-5%

<b>P&amp;C</b> Combined ratio	<b>Health</b> Combined ratio	<b>L&amp;S</b>
93.2%	95.1%	Transformation and VBI
-1.3 pts	+0.4 pt	
<b>Across the board</b>	<b>UK &amp; Ireland<sup>1</sup></b>	<b>Switzerland</b>



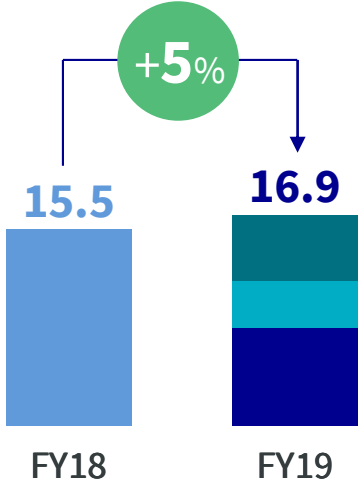




# Asia & International

## Gross revenues

In Euro billion

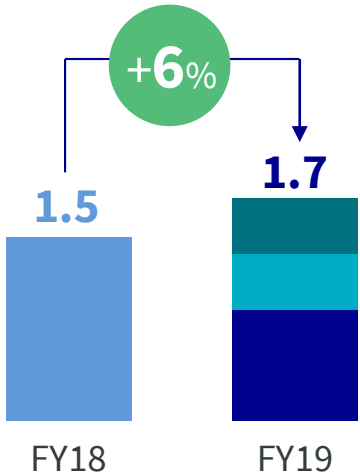


► P&C	+5%
► Health	+8%
► L&S	+3%

Turkey P&C	Mexico Health	Hong-Kong Protection
+18%	+16%	+10%
From both Personal and Commercial	New large accounts	Growth in broker and agency

## Underlying earnings

In Euro billion



► P&C	+29%
► Health	+16%
► L&S	-4%

P&C Combined ratio	Health Combined ratio	L&S
97.1% -2.5 pts	86,1% -0.7 pt	Japan China
INM <sup>1</sup>	Asia <sup>2</sup>	Asia





## FY19 results impacted by Nat Cat and social inflation

€507<sub>M</sub>

FY19 Underlying earnings

- ▶ **Above normalized Nat Cat** charges in 2H (€-0.3bn)
- ▶ **Current year deviation** from long tail lines in 4Q (€-0.2bn)
- ▶ Elevated large losses partly offset by favorable PYD from 4Q18 Cat (€-0.1bn)

Cor 101.5%

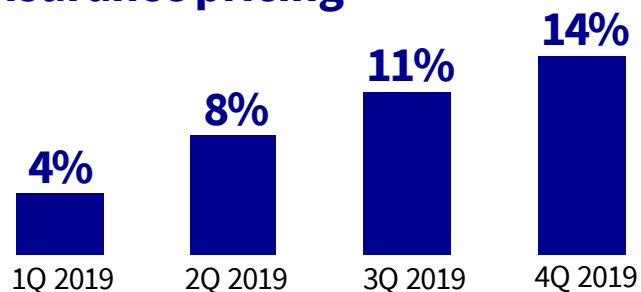
## Favorable pricing momentum

+10%

FY19 gross revenues

In Euro billion	FY19	Change	Pricing <sup>1</sup>
<b>Insurance</b>	14.1	+13%	+8%
<b>Reinsurance</b>	4.5	+2%	+3%
o/w PropertyCat	0.8	-11%	+3%

## Insurance pricing<sup>2</sup>



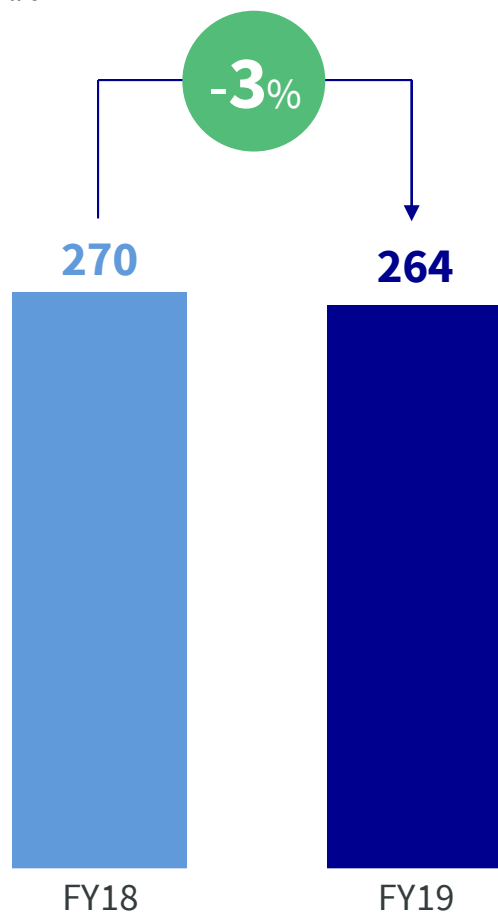
## Reducing risk and earnings volatility in 2020

- ▶ Reduced **Property Nat Cat** exposure, line-sizing in **Casualty**
- ▶ 15% gross Quota Share on **property** + **large loss** volatility aggregate cover

2020 earnings impact of  
ca. €-0.2bn

## Underlying earnings

In Euro million



- **Higher assets under management** to € 801 bn (+10%)
- Revenues were down 2% to € 1.2 bn, primarily from lower performance fees reflecting **the non-repeat of 2018 exceptional levels**
- **Lower expenses**

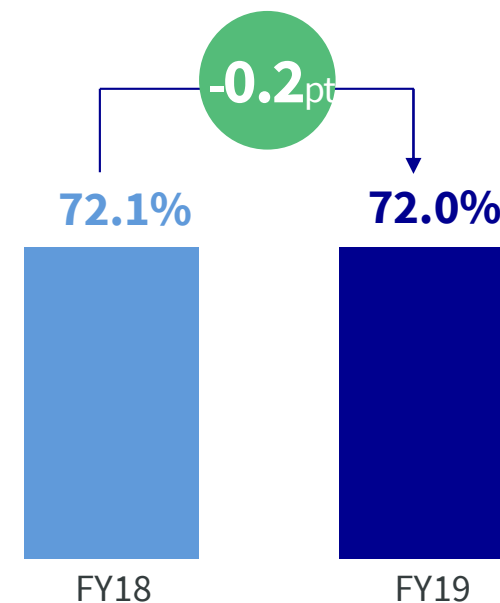
## Alternatives

(Assets under management)

€ 137 bn (+13%)

**Real Assets: #1 in Europe,  
#5 worldwide**

## Cost income ratio





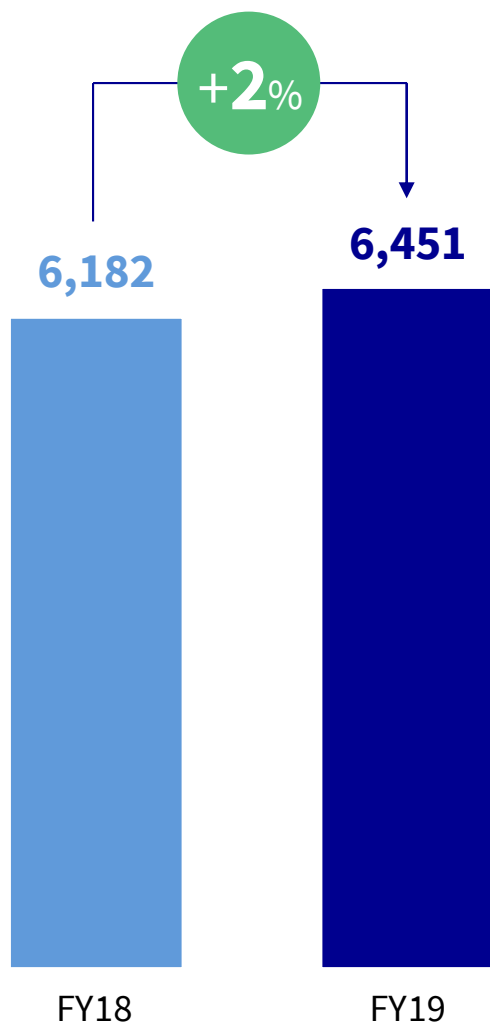


3

# Summary of earnings & Financial strength

# Underlying earnings

*In Euro million*



## By market

France  
Europe  
Asia & International  
AXA XL  
United States  
Transversal & Central Holdings

FY18	FY19	Change
1,573	1,715	+9%
2,496	2,544	+1%
1,503	1,670	+6%
-233	507	-
1,125	444	-
-282	-429	-

## By business line

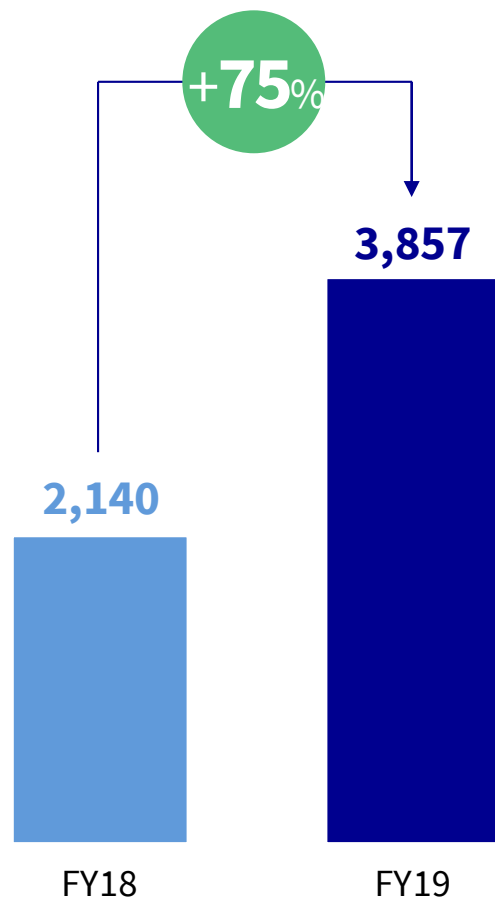
Property & Casualty  
Life & Savings  
Health  
Asset management  
Banking & Holdings

2,207	3,341	+12%
3,479	2,870	-1%
630	699	+5%
541	390	-3%
-675	-849	-

# Net income & dividend

## Net income

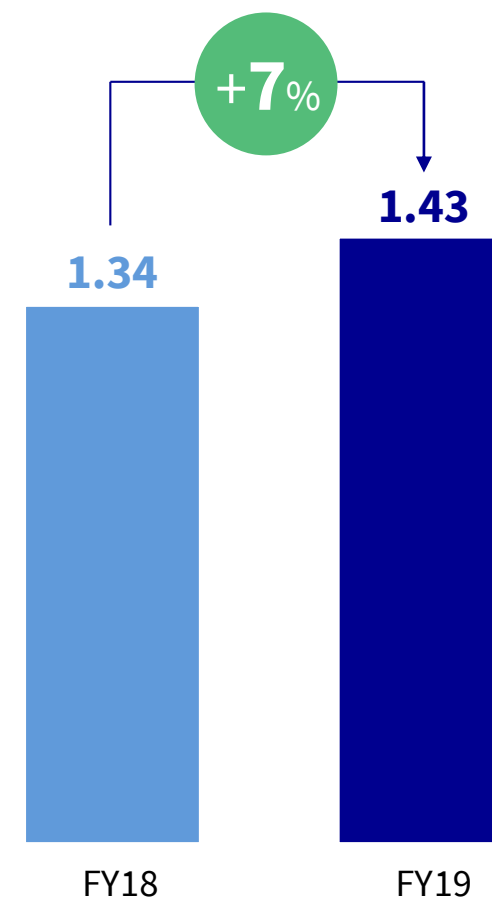
In Euro million



Underlying earnings	6,451
Net realized capital gains	393
Change in fair value & forex <sup>1</sup>	-791
Exceptional & discontinued operations*	-1,634
Integration & restructuring costs	-449
Other <sup>2</sup>	-114
Net income	3,857

## Dividend

In Euro per share

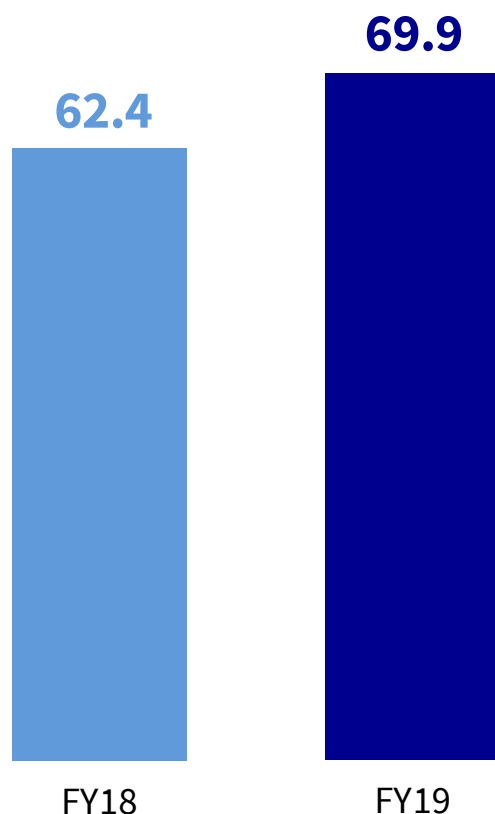




# Main financial strength indicators

## Shareholders' equity

*In Euro billion*



## Solvency II ratio<sup>1</sup>



## Financial strength ratings

STANDARD  
& POOR'S

**AA-**  
**stable**

MOODY'S

**Aa3**  
**stable**

**Fitch**Ratings

**AA-**  
**positive**



# 4

## Concluding remarks

Thomas Buberl  
Group CEO

## 2019 | Achievements towards AXA's Ambition 2020 and strong operational performance

- ▶ Continued **growth momentum**, notably in our preferred segments
- ▶ Increased **profitability**
- ▶ Strength of the **balance sheet** thanks to our strategic actions
- ▶ Innovation, expertise and financial strength to **help customers and society**
- ▶ Fully on track to deliver on our **Ambition 2020** targets



# Q&A session



# SRI / ESG market recognizes AXA as a sustainability leader

AXA is the 1<sup>st</sup> insurer by number of SRI funds in its capital<sup>1</sup>



**2019: Sector Leader**  
1<sup>st</sup>/49 insurance companies  
Included in Euronext Vigeo indices



**“A+”** 2019 UN PRI Scorecard  
(focus on Responsible Investment)



Score: A-  
Level Score: **“Leadership”**



Score: **AAA**



**2019: 3<sup>rd</sup> place**  
Score: 83/100  
Included in DJSI Europe & DJSI World indexes  
**Accounts for 10% of AXA employee's performance shares attribution**



FTSE4Good

Included in the  
**FTSE4GOOD**  
index since 2008



# Scope

**France:** includes insurance activities, banking activities and holdings in France.

**Europe:** includes Switzerland (insurance activities), Germany (insurance and banking activities, and holdings), Belgium (insurance activities and holdings), United Kingdom and Ireland (insurance activities and holdings), Spain (insurance activities), Italy (insurance activities).

**Asia:** includes insurance activities in (i) Japan (including holdings), (ii) Hong Kong, (iii) Asia High Potentials of which (a) The Property & Casualty subsidiary in Thailand and the non-bancassurance Life & Savings subsidiary in Indonesia are fully consolidated; (b) the Property & Casualty subsidiary in China (AXA Tianping) has been fully consolidated as at December 31, 2019, and therefore contributes only to the underlying earnings, adjusted earnings and net income; (c) the Joint-Ventures' in China, the Philippines, Thailand, and Indonesia are consolidated under the equity method and contribute only to the non-GAAP financial measures and net income, and (iv) Asia - Direct (Direct Japan and South Korea), and (v) Asia Holdings.

**AXA XL:** includes insurance activities and holdings of XL Group as acquired on September 12, 2018 ("XL Group"), AXA Corporate Solutions Assurance (insurance activities) and AXA Art (insurance activities).

**United States:** includes Life & Savings insurance activities and holdings in the United States, as well as AB. Following the deconsolidation of Equitable Holdings, Inc. and its subsequent accounting as financial investment available for sale, the United States was consolidated under the equity method and contributed only to the underlying earnings, adjusted earnings and net income for the period January 1, 2019 to November 13, 2019.

**International:** includes (i) AXA Mediterranean Holdings, Mexico (insurance activities), Singapore (insurance activities and holdings), Colombia (insurance activities), Turkey (insurance activities and holdings), Poland (insurance activities), the Gulf Region (insurance activities and holdings), Morocco (insurance activities and holdings), AXA Bank Belgium (banking activities), Malaysia P&C (insurance activities), Luxembourg (insurance activities and holdings), Brazil (insurance activities and holdings), the Czech Republic and Slovakia in Life & Savings (insurance activities) and Greece (insurance activities) which are fully consolidated; (ii) Russia (Reso) (insurance activities), India (insurance activities and holdings), Nigeria (insurance activities and holdings) and Lebanon (insurance activities and holdings) which are consolidated under the equity method and contribute only to the underlying earnings, adjusted earnings and net income.

**Transversal & Central Holdings:** includes AXA Investment Managers, AXA Assistance, AXA Liabilities Managers, AXA Global Re, AXA Life Europe, AXA S.A. and other Central Holdings.

# Notes (1/2)

## **Page 5**

1. Excluding the 44,162,500 shares of common stock of Equitable Holdings, Inc. (“EQH”), primarily related to the EQH shares to be delivered on redemption of the AXA S.A. bonds mandatorily exchangeable into EQH shares, maturing in May 2021.

## **Page 6**

1. Underlying earnings per share is an APM. For further information, please refer to the reconciliation of these non-GAAP financial measures to the financial statements and to its definition in the Glossary, which are provided in AXA’s 2019 Activity Report (respectively, on pages 31 and 66 to 73).
2. The Solvency II ratio is estimated primarily using AXA’s internal model calibrated based on an adverse 1/200 years. For further information on AXA’s internal model and Solvency II disclosures, please refer to AXA Group’s SFCR as of December 31, 2018, available on AXA’s website (www.axa.com). In compliance with the ACPR’s decision, from January 1, 2019, entities that were part of the XL Group (“XL entities”) have been fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group’s solvency capital requirement has been calculated using the Solvency II standard formula. Subject to the prior approval of the ACPR, the Group intends to extend its internal model to XL entities as soon as December 31, 2020.

## **Page 7**

1. Segment and geographical weights calculated using FY19 revenues excluding EQH (Life & Savings and AB).

## **Page 10**

1. AXA’s economic ownership excludes the shares to be delivered on redemption of the bonds mandatorily exchangeable into shares of Equitable Holdings, Inc. (“EQH”) at the minimum exchange price of USD 19.9812.
2. Debt Gearing is an APM. For further information, please refer to the reconciliation of Debt Gearing to the financial statements and to its definition in the Glossary, which are provided in AXA’s 2019 Activity Report (respectively, on pages 25 and 66 to 73).

## **Page 11**

1. From FY18 Natural Catastrophe charges 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.
2. Assuming a normalized level of Nat Cat charges for AXA XL.

# Notes (2/2)

## **Page 14**

1. Underlying earnings per share and Adjusted Return on Equity are APMs. For further information, please refer to the reconciliation of these non-GAAP financial measures to the financial statements and to their definitions in the Glossary, which are provided in AXA's 2019 Activity Report (respectively, on pages 31 and 66 to 73).
2. Free Cash Flows and other non-GAAP financial measures are defined in the Glossary set forth on pages 66 to 73 of AXA's 2019 Activity Report.

## **Page 19**

1. UK & Ireland is the largest contributor of the variation in Health combined ratio.

## **Page 20**

1. INM is the largest contributor of the variation in P&C combined ratio.
2. Asia is the largest contributor of the variation in Health combined ratio.

## **Page 21**

1. Renewals only, price effect calculated as a percentage of renewed premiums.
2. Price effect, on the renewal premiums in each quarter of 2019 in AXA XL insurance segment..

## **Page 25**

1. Includes the change in fair value of assets accounted for as fair value option and interest rate, equity and foreign exchange economic hedges not eligible for hedge accounting under IAS 39.
2. Includes the impact of goodwill and other related intangibles.
3. AXA Life Europe.

## **Page 26**

1. The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years. For further information on AXA's internal model and Solvency II disclosures, please refer to AXA Group's SFCR as of December 31, 2018, available on AXA's website (www.axa.com). In compliance with the ACPR's decision, from January 1, 2019, entities that were part of the XL Group ("XL entities") have been fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's solvency capital requirement has been calculated using the Solvency II standard formula. Subject to the prior approval of the ACPR, the Group intends to extend its internal model to XL entities as soon as December 31, 2020.