

# AXA

# PRESS RELEASE

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## Focus and Transform: AXA reveals its new Ambition 2020 strategy

AXA is hosting today an investor conference in Paris, during which the new management team will present its strategic plan "Ambition 2020".

*"After the success of Ambition AXA, we have an excellent starting point to pursue our transformation, and to adapt and grow in a challenging economic environment",* said **Thomas Buberl, Deputy CEO of AXA.**

*"**Focus**, the first pillar of our strategy, is about taking actions today to ensure we deliver what our stakeholders expect from us. We will further grow our operations in selected areas, such as commercial lines, capital light savings products and in Asia, leveraging our strengths and best practices. We will also continue to improve our cost efficiency and technical margins. These initiatives will support our target of an average annual increase in underlying earnings per share of between 3% and 7% over the plan period."*

*"At the same time, the second pillar of our strategy is to **transform** our company to ensure tomorrow's growth. We want to adapt our business model from payer to partner. This means accelerating business innovation to meet our customers' rapidly evolving needs in the digital world and developing further in areas such as prevention and care. The success of this transformation will be based on the engagement and energy of our employees, agents and partners, adapting their capabilities to best serve our customers."*

*"These two priorities for AXA are the first steps towards my longer term vision which is for AXA to empower people to live a better life."*

### **Main financial objectives for 2020E**

- **Underlying earnings per share CAGR<sup>1</sup> between 3% and 7%**
- **Cumulative Euro 28-32 billion of Group operating Free Cash Flows from 2016E to 2020E**
- **Adjusted return on equity between 12% and 14% over the period 2016E-2020E**
- **Solvency II ratio target range between 170% and 230%**
- **Euro 2.1 billion pre-tax cost savings by 2020E**

The investor presentation will start at 8:00 am CET, the press conference at 2.30pm CET.

Support documents will be available at 7:00 am CET and live webcast at 8:00 am CET onwards on the AXA website:

<https://www.axa.com/en/newsroom/events/investor-day-2016>

<https://www.axa.com/en/newsroom/events/20160621-strategic-plan-press-conference>

On demand webcast will be available from June 22, 2016

**Global Ambition:**

The new 5-year plan is articulated around two strategic priorities: focus and transform.

The first priority is a continued and immediate **focus** on sustainable earnings growth over the plan based on selective growth, cost efficiencies, technical margin improvement and an active management of capital and cash. These initiatives will position AXA to grow earnings and increase dividends, even in a context of continued low interest rates.

At the same time, AXA will accelerate the **transformation** of its business model based on initiatives related to meeting rapidly evolving customer expectations in the digital world, moving from a payer model to a partner model, and adapting its workforce capabilities in order to succeed in this ambition.

**Life & Savings Ambition:**

*“In Life & Savings, the objective is to overcome the headwinds to growth from low interest rates and build on the successful transformation of our business mix already achieved in mature markets. We will focus on growing our very profitable Protection & Health business both in large and emerging markets, while tackling the Savings challenge by promoting hybrid and capital light products, leveraging our strong distribution footprint and internal asset management capabilities.”* said **Paul Evans, CEO of AXA Global Life & Savings and of AXA Global Health<sup>2</sup>**.

**Property & Casualty Ambition:**

*“In Property & Casualty, our focus will be on actively growing our commercial lines footprint and accelerating our development in high growth countries while continuing to transform our retail operations to better address changing customer needs. We intend to efficiently manage throughout the cycle to continue to improve our profitability, leveraging our technical capabilities, our unique data potential and new technologies.”* said **Gaëlle Olivier, CEO of AXA Global P&C<sup>2</sup>**.

**Interest rates sensitivities:**

The range of 3% to 7% underlying earnings per share CAGR indicated in the headline KPIs reflects cautious assumptions for interest rates with an annual impact ranging between -5% (corresponding to interest rates remaining stable at current levels over the next 5 years) and -1% (reflecting a modest rise in interest rates over the next 5 years). A series of measures under management control (e.g. efficiencies, margin improvement, topline growth, M&A) are targeted to contribute 8% underlying earnings per share CAGR, more than offsetting interest rates headwinds.

**In addition to the headline KPIs, the following targets are announced in the presentations today:**

- Savings NBV CAGR of 3-5% for mature markets with a stable business mix over 2015-2020E
- Health revenues CAGR of 3-5% over 2015-2020E
- Protection & Health loss ratio at 80% by 2020E
- Protection & Health all year combined ratio at 93-94% by 2020E
- Euro 350 million additional Life and Savings underlying earnings from inforce initiatives by 2020E
- Property & Casualty commercial lines revenues CAGR of 3-5% over 2015-2020E
- Property & Casualty current year loss ratio at 70% by 2020E
- Property & Casualty all year combined ratio at 94-95% by 2020E
- Ca. -1 point of Group loss ratio coming from Smart Data initiatives over 2015-2020E
- Asia underlying earnings CAGR of 10-12% over 2015-2020E

**US Department of Labor fiduciary rule:**

Management updates its estimate of the potential impacts from the Department of Labor fiduciary rule on new sales of AXA US to ca. -10% of AXA US APE in 2017 with an expected diminishing impact thereafter following mitigating actions.

**Notes:**

1. Average annual growth over the 5 year plan period ; period-to-period results may vary
2. These appointments will be effective from July 1, 2016 subject to regulatory approvals when required.

**ABOUT THE AXA GROUP**

The AXA Group is a worldwide leader in insurance and asset management, with 166,000 employees serving 103 million clients in 64 countries. In 2015, IFRS revenues amounted to Euro 99.0 billion and IFRS underlying earnings to Euro 5.6 billion. AXA had Euro 1,363 billion assets under management as of December 31, 2015.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depository Share is also quoted on the OTC QX platform under the ticker symbol AXAHY.

The AXA Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

It is a founding member of the UN Environment Programme's Finance Initiative (UNEP FI) Principles for Sustainable Insurance and a signatory of the UN Principles for Responsible Investment.

*This press release and the regulated information made public by AXA pursuant to article L. 451-1-2 of the French Monetary and Financial Code and articles 222-1 et seq. of the Autorité des marchés financiers' General Regulation are available on the AXA Group website ([www.axa.com](http://www.axa.com)).*

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