



# Press release

Paris, December 1, 2020 (8:15 am CET)

## AXA reveals its 2023 strategy

AXA is hosting, this morning, a virtual Investor Day to present its strategic plan “Driving Progress 2023” and its key financial targets for 2021-2023. The presentation includes dedicated sections on France and Europe, AXA XL and Cash and Capital.

*“Bold and strategic choices have been made over our previous Ambition 2020 plan, as we successfully transformed our Group, shifting AXA’s profile towards insurance technical risks, simplifying the organization and scaling innovation in services. At the same time, we delivered consistent strong financial performance”, said **Thomas Buberl, Chief Executive Officer of AXA.***

*“Our group is now reshaped to a simpler and more focused organization, closer to its customers and with the right scale across our geographies and preferred segments, Health, Protection and P&C Commercial lines. With a unique profile, AXA is very well positioned to capture post Covid-19 growth, and to cater to the new insurance needs of customers and society.”*

*“Building on our vision, we are moving towards 2023 with five strategic actions: expand Health and Protection; simplify customer experience and accelerate efficiency; strengthen underwriting performance; sustain our climate leadership position; and grow cash-flows across the Group.”*

*“Our strategy is designed to deliver sustained earnings growth, driven by all our geographies, and a clear path to dividend growth, supported by enhanced cash generation, a strong balance sheet and disciplined capital management.”*

*“AXA’s earnings are expected to be materially adversely impacted in 2020 in the context of Covid-19, as previously communicated. At the same time, 2020 has shown the relevance of AXA’s strategic vision, its solidity, and the tremendous engagement of our people and partners. Together we are entering a new chapter for AXA in a strong position to bring even more value to all our stakeholders in line with our purpose: Act for human progress by protecting what matters.”*

The investor presentation will be made virtually, the webcast will start at 9:00 am Paris time and include a Q&A session for analysts and investors (call details on page 3). A Press conference will also be made virtually at 1:00 pm Paris time. Supporting documents and webcasts are available on AXA website:

<https://www.axa.com/en/press/events/investor-day-2020>.

The webcast replay will be available on December 2<sup>nd</sup>, via the same link above.



## “Driving Progress 2023” five strategic actions and targets

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**Expand Health and Protection** across all our geographies, notably through innovative services.

- Health revenue growth > +5% CAGR<sup>1</sup> 2020E-2023E

**Simplify customer experience and accelerate efficiency**, particularly in Europe and France.

- Euro 0.5 billion absolute cost reduction<sup>2</sup> by 2023E (vs. 2019), across the Group

**Strengthen underwriting performance**, notably at AXA XL.

- Group P&C all year combined ratio<sup>3</sup> at 93% by 2023E

**Sustain our climate leadership position**, with further actions to shape the Climate transition.

- -20% in carbon footprint of AXA’s G/A assets<sup>4</sup> by 2025.

**Grow cash-flows across the Group**, with increased cash generation and continued life in-force optimization.

- Euro 5 to 6 billion p.a. cash upstream by 2023E

## Summary of targets from the presentation

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**France and Europe**, presented by Jacques de Peretti, CEO of AXA France and Antimo Perretta, CEO of AXA in Europe.

- **Health** revenue growth > +5% CAGR 2020E-2023E
- **Ca. -1 point** in **P&C** all year combined ratio by 2023E (vs. 2019)
- **Euro 0.3 billion absolute cost reduction<sup>2</sup>** by 2023E (vs. 2019)

**AXA XL**, presented by Scott Gunter, CEO of AXA XL.

- Underlying earnings<sup>3</sup> of **ca. Euro 1.2 billion in 2021E** and a combined ratio at **ca. 96% in 2021E**
- Both assuming **a more prudent annual Nat Cat load<sup>5</sup>** of ca. 6pts of GEP<sup>6</sup> (vs. ca. 4 pts previously)

**AXA’s Climate leadership**, presented by Thomas Buberl, Group CEO.

- **20% reduction** in the **carbon footprint** of AXA’s G/A assets by 2025

**Cash and Capital**, presented by Thomas Buberl, Group CEO.

- Target **Solvency II ratio<sup>7</sup> of around 190%** (50 pts buffer above risk appetite limit of 140%)
- **18 to 22 points p.a.** normalized Solvency II operating return
- **Euro 14 billion cumulative cash upstream** over 2021E to 2023E
- Dividend payout ratio of **55%-65% of underlying earnings per share<sup>3,8</sup>** (equivalent to previous guidance of 50% to 60% of adjusted earnings<sup>3</sup> per share<sup>8</sup>)
- **Strict financial discipline** on use of cash with **acquisitions evaluated against share buybacks**
- **Earnings dilution** from future disposals to be compensated by **share buybacks**

**Earnings targets**, presented by Thomas Buberl, Group CEO.

- **Underlying earnings per share** CAGR rebased 2020E<sup>9</sup> -2023E between 3% and 7%
- **Underlying return on equity<sup>10</sup> between 13% and 15%** over 2021E to 2023E



## NOTES

1. Compounded Annual Growth Rate; period-to-period results may vary.
2. 2023E non-commission expenses vs. 2019.
3. Combined ratio, Underlying Earnings (“UE”), Underlying Earnings per share (“UEPS”) and Adjusted Earnings are APMs. For further information, please refer to the reconciliation of these non-GAAP financial measures to the financial statements and to their definition in the Glossary, which are provided in the Half-Year 2020 Financial Report (respectively, on pages 19-20, 26 and 60 to 67).
4. Aggregated 20% reduction across G/A assets related to Corporate Fixed Income, listed equities and Real Estate assets. This new “intermediate” target complements our 2050 climate neutrality (“1.5°C”) target and our 2023 Euro 24bn Green Investments target, both launched in 2019.
5. Normalised natural catastrophes losses expected in a year expressed in percentage of gross earned premiums for the same year. Natural Catastrophe charges include natural catastrophe losses regardless of event size.
6. Gross earned premiums.
7. The Solvency II ratio is estimated primarily using AXA’s internal model calibrated based on an adverse 1/200 years shock. It includes a theoretical amount for dividends accrued for the first nine months of 2020, based on the full year dividend of Euro 1.43 per share initially proposed by the Board for FY19. Dividends are proposed by the Board, at its discretion based on a variety of factors described in AXA’s 2019 Universal Registration Document, 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 the 2020 financial year. For further information on AXA’s internal model and Solvency II disclosures, please refer to AXA Group’s SFCR as of December 31, 2019, available on AXA’s website ([www.axa.com](http://www.axa.com)). In compliance with the decision from AXA’s lead supervisor (the ACPR) 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.
8. Net of interest charges related to undated subordinated debt.
9. FY20E rebased includes actual underlying earnings per share restating for “Covid-19 claims” and natural catastrophes in excess of normalized. “Covid-19 claims” includes P&C, L&S and Health net claims related to Covid-19, as well as the impacts from solidarity measures and from lower volumes net of expenses, linked to Covid-19. “Covid-19 claims” does not include any financial market impacts (including impacts on investment margin, unit-linked and asset management fees, etc.) relating to the Covid-19 crisis. AXA Group normalized level of Natural Catastrophe charges expected for 2020 at ca. 3% of Gross Earned Premiums. Natural Catastrophe charges include natural catastrophe losses regardless of event size.
10. Underlying Return on Equity is a new APM. The Underlying Return on Equity (“Underlying RoE”) is calculated as underlying earnings net of interest charges related to undated subordinated debt (recorded through shareholders’ equity as disclosed in Part 2.5 – Note 6 “Shareholders’ equity and minority interests” of the Half Year 2020 Financial Report) divided by the simple average of opening and closing shareholders’ equity without (a) reserves relating to change in fair value of financial investments available for sale as disclosed in Part 2.4 - “Consolidated Statement of Changes in Equity” of the Half Year 2020 Financial Report, and (b) without undated subordinated debt as disclosed in Part 2.5 – Note 6 “Shareholders’ equity and minority interests” of the Half Year 2020 Financial Report. The definition of Underlying Return on Equity has been simplified and is more directly reconcilable to the consolidated financial statements. The impact of this revision does not result in any meaningful changes to the 1H20 reported Underlying Return on Equity.

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**Analyst / Investor presentation – Q&A conference call dial-in details:**

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**ABOUT THE AXA GROUP**

The AXA Group is a worldwide leader in insurance and asset management, with 160,000 employees serving 108 million clients in 57 countries. In 2019, IFRS revenues amounted to Euro 103.5 billion and underlying earnings to Euro 6.5 billion. AXA had Euro 969 billion in assets under management as of December 31, 2019.

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 ([axa.com](http://axa.com)).

**THIS PRESS RELEASE IS AVAILABLE ON THE AXA GROUP WEBSITE** [axa.com](http://axa.com)

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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 Universal Registration Document for the year ended December 31, 2019 (the "2019 Universal Registration Document") and "Operating Highlights – Risk Factors" on pages 12 to 13 of AXA's half-year financial report as of June 30, 2020 (the "Half-Year 2020 Financial Report"), for a description of certain important factors, risks and uncertainties that may affect AXA's business and/or results of operations, particularly in respect of the Covid-19 crisis. 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 combined ratio to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided on pages 19 and 20 of the Half-Year 2020 Financial Report. The APM underlying earnings per share is reconciled to the financial statements in the table set forth on page 26 of the Half-Year 2020 Financial Report. The APM underlying return on equity is defined and reconciled to the financial statements in footnote 10 to this press release. The above mentioned and other non-GAAP financial measures used in this press release (except underlying return on equity) are defined in the Glossary set forth on pages 60 to 67 of the Half-Year 2020 Financial Report.