



Press release

Paris, February 22, 2024 (7:00 am CET)

AXA announces its 2024-2026 strategy, setting ambitious new financial targets

AXA publishes today its strategic plan “Unlock the Future” and its key financial targets for 2024-2026

- **The new Plan is focused on growing and strengthening AXA’s core businesses, with continued disciplined execution, following strong delivery of “Driving Progress 2023”**
- **Increased main financial targets for 2024-2026**
 - Underlying earnings per share¹ CAGR² 2023-2026E between 6% and 8%
 - Underlying return on equity¹ between 14% and 16% over 2024E to 2026E
 - Over Euro 21 billion cumulative organic cash upstream over 2024E to 2026E
- **New capital management policy³ with a total payout ratio⁴ target of 75% of underlying earnings per share, comprising 60% dividend payout ratio and 15% via annual share buy-back⁵, and with dividend per share to be at least equal to prior year**

“AXA enters its new strategic plan in a position of strength”, said Thomas Buberl, Chief Executive Officer of AXA. “We have transformed the Group and delivered consistent execution of our “Driving Progress 2023” Plan, building a strong earnings and capital distribution track record, while maintaining a robust balance sheet.”

“Today we have an attractive business model, with leading and scaled businesses balanced between Commercial and Retail lines, focused on predictable underwriting risks and high cash generation.”

“I am confident in our strategy which has delivered, even in a difficult environment. We have deep technical expertise, superior agent distribution, and a scalable technology infrastructure. Building on this, our new “Unlock the Future” plan will be focused on growing and strengthening our core businesses, with rigorous execution. We aim at scaling organic growth, as well as technical and operational excellence across all our businesses, leveraging clear and proven initiatives across P&C Commercial lines, Employee Benefits and Individual Health, and Retail insurance.”

“AXA intends to deliver predictable and sustained earnings, cash, and capital. For our new plan, we are setting the bar higher across all our financial targets. Reflecting the strength of our model, I am also pleased to announce a new capital management policy offering a 75% total payout ratio, including an increase in dividend payout to 60% and a commitment to annual share buy-backs. We remain focused on delivering value to our shareholders, by providing both attractive capital return and growth in book value as we continue to invest in our high-quality businesses.”

“In line with our purpose, we also remain firmly committed to help building a resilient society by putting at the core of our strategy financial inclusion and climate transition. Together with the strong engagement of our people and our partners, AXA is committed to bringing value to all our stakeholders over the long term.”

An investor presentation will be held on February 22nd, 2024, at 3:30 pm Paris time and will include a Q&A session for analysts and investors. A Press conference will also be held at 8:30 am Paris time on the same day. Supporting documents and webcasts are available on [AXA website](#). The webcast replay will be available from February 23rd, via the same link above.

AXA also published today its FY23 earnings results in a dedicated press release, with supporting materials available here: [Investors | AXA](#)

“Unlock the Future”: strengthening and growing AXA’s core businesses

- **Driving profitable organic growth** through selective expansion in our core businesses and growing distribution
- **Scaling technical excellence** by using data analytics to improve pricing, claims, and risk selection, and expanding prevention services
- **Delivering operational excellence** through automation, offshoring, and use of data and AI

Over the period 2024-2026, AXA will seek to deliver profitable organic growth and scale technical excellence across each of its businesses, P&C Commercial lines, Employee Benefits and individual Health, and Retail P&C and L&S, while driving operational excellence across its entire organization.

In P&C Commercial lines, AXA will aim to deliver above nominal GDP⁶ revenue growth driven by structural portfolio growth reflecting continued demand from corporates, and leveraging its global scale, product capabilities, and diversified distribution. The Group will seek to expand in P&C mid-market, including in white spaces in Europe where the Group can grow its market share, and through selective initiatives in the US, and to address emerging risks such as Cyber and energy transition. The Group will focus on disciplined cycle management at AXA XL and leverage use of data analytics to strengthen SME and mid-market pricing and risk selection capabilities in order to sustain its technical excellence. The Group will also leverage proprietary risk consulting services to drive higher customer loyalty and margin, by integrating its Digital Commercial Platform across entities.

In Employee Benefits and Individual Health, the Group has built a global franchise combining strong local market positions and international businesses, with distinct, proven, and scalable capabilities, including global dataset, distribution, and comprehensive product offerings. The Group will target above nominal GDP revenue growth, focusing on growing its most profitable segments around its Employee Benefits offering for SME, International Private Medical Insurance, and individual customers. The Group will also continue to drive technical excellence by scaling its proprietary assets across pricing and claims management while accelerating its innovative service proposition.

In Retail P&C and L&S, AXA is well-positioned to capture value, building on customer proximity, deep local expertise, and Group technology capabilities. The Group will target revenue growth in line with nominal GDP across its mature markets, with faster growth in P&C non-Motor and Retirement. Growth is expected to be driven by expanding distribution capabilities, including by increasing our agent network size selectively and improving agent productivity, and by increasing wallet share within our existing customer base, capitalizing on high customer satisfaction. In P&C, the Group expects profitability to improve, benefiting from pricing actions. The Group will leverage its dynamic pricing models, procurement initiatives, and computable contracts to further strengthen technical margin. In L&S, AXA will focus on enhancing its high-quality mix, through innovative capital-light savings products⁷ in Europe, supported by AXA IM expertise, and new long-term care solutions in Japan and Hong Kong.

AXA will maintain its focus on **operational excellence**, by scaling existing capabilities across automation, shoring, and data and AI, building on productivity gains achieved through “Driving Progress 2023”. The Group intends to take a systematic approach to automation with end-to-end straight-through processing and scale its well-established shoring capabilities. Proven high-value data & AI use cases will also be scaled, with additional business uplift through Generative AI.

“We aim to deliver successful execution across all our growth, technical and operational levers. Our new plan is focused on scaling our organic capabilities and leveraging data and AI. Our Group benefits from a culture of excellence with strong talent pools and an organization that has been designed to foster best practice sharing to drive scalability, in particular through our new centers of expertise”, said Frédéric de Courtois, Deputy Chief Executive Officer of AXA.

Increasing main financial targets for 2024-2026

Main financial targets

- Underlying earnings¹ per share CAGR² 2023-2026E between 6% and 8%
- Underlying return on equity¹ between 14% and 16% over 2024E to 2026E
- Over Euro 21 billion cumulative organic cash upstream over 2024E to 2026E

Underlying earnings growth is expected to be driven by strong operating performance across lines of business as well as a recovery in UK Health and margin improvement in P&C Retail. Earnings growth is expected to be achieved even after taking into account headwinds from the unwind of the discount⁸ in P&C, lower interest rates compared to 2023 average levels, and with claims inflation only expected to normalize by 2025, moderation of P&C Commercial line pricing and a higher Nat Cat load⁹, as well as the introduction of the OECD tax reform.

The Group has increased **its underlying return on equity target**, reflecting the high quality of its businesses, which is expected to drive book value growth.

The Group has significantly increased its **ambition of cumulative cash upstream** from Euro 16 billion between 2021 and 2023 to above Euro 21 billion over the plan period. The Group aims to achieve an organic cash remittance ratio¹⁰ of ca. 80% over 2024E to 2026E, with all businesses expected to deliver excellent remittance levels.

The Group also expects to continue to operate with a high level of **Solvency II ratio**¹¹, benefiting from 25 to 30 points of normalized Solvency II operating capital generation per annum, and limited sensitivity to interest rates and very adverse shocks¹².

The Group intends to maintain a stable debt stock, with flexibility within its **debt gearing** target of 19 to 23 points.

New capital management policy³

AXA has formalized **a new capital management policy**:

- Total payout ratio⁴ target of 75% of underlying earnings per share
 - Dividend payout ratio of 60% (vs. 55% paid in 2022)
 - Annual share buy-back⁵ payout ratio of 15%
- Dividend per share at least equal to prior year
- Dividend and share buy-back first, before any M&A
- Neutralization of earnings dilution from disposals and in-force management transactions through share buy-backs¹³

“Today we announce a clear and ambitious capital management policy, reflecting the Group’s financial discipline, and the strength of our capital efficient model which generates a strong level of earnings, cash, and capital, with limited capital required to fund growth. We believe our new plan will continue to create value for our shareholders, providing an attractive 75% distribution policy while reinvesting for future growth, with 25% of earnings to be retained in our high-return businesses”, said Alban de Mailly Nesle, Chief Financial Officer of AXA.

Notes

¹ Underlying earnings”, “underlying earnings per share”, “underlying return on equity”, “combined ratio” and “debt gearing” are APMs as defined in ESMA’s guidelines and the AMF’s related position statement issued in 2015. A reconciliation from APMs “underlying earnings” and “combined ratio” to the most directly related line item, subtotal, or total in the financial statements of the corresponding period is provided on pages 25 and 26 of AXA’s Activity Report as of and for the year ended December 31, 2023 (“AXA’s 2023 Activity Report”). APMs “underlying return on equity” and “underlying earnings per share” are reconciled to the financial statements in the tables set forth on page 39 of AXA’s 2023 Activity Report. The calculation methodology of “debt gearing” is set out on page 44 of AXA’s 2023 Activity Report. For further information on the above-mentioned and other non-GAAP financial measures used in this press release, see the Glossary set forth on pages 42 to 47 of AXA’s 2023 Activity Report.

² Compounded Annual Growth Rate; period-to-period results may vary.

³ Subject to annual Board and Shareholders’ Annual General Meeting approvals and absent (1) for share buy-backs, any significant earnings event (i.e., significant deviation in the Group’s underlying earnings) and (2) for dividends, the occurrence of a significant capital event (i.e., event that significantly deteriorates Group solvency). Board discretion includes taking into account AXA’s earnings, financial condition, applicable capital and solvency requirements, prevailing operating and financial market conditions and the general economic environment.

⁴ Payout based on underlying earnings per share.

⁵ Annual share buy-backs exclude share buy-backs related to the neutralization of earnings dilution from disposal and in-force management transactions, as well as the dilutive effect relating to employee share offerings and the exercise of stock options.

⁶ Gross Domestic Product without adjustment for inflation

⁷ Encompass all products with no guarantees, with guarantees at maturity only or with guarantees equal to or lower than 0%.

⁸ Insurance finance expenses.

⁹ Nat Cat load of ca. 4.5pt, defined as normalized 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.

¹⁰ Defined as cash remittance from subsidiaries divided by previous year Group Underlying Earnings excluding contribution from Holdings

¹¹ The Solvency II ratio is estimated primarily using AXA’s internal model calibrated based on an adverse 1/200 years shock. For further information on AXA’s internal model and Solvency II disclosures, please refer to AXA Group’s Solvency and Financial Condition Report (SFCR) as of December 31, 2022, available on AXA’s website (www.axa.com). The Solvency II ratio as of December 31, 2023 is adjusted to give effect to the full Euro 1.6 billion share buy-back announced today in AXA’s Full Year 2023 Earnings press release, available here – [Investors | AXA](#)

¹² -50bp interest rates is expected to result in a -5pts impact in the Solvency II ratio. A repeat of the 2008/2009 financial crisis is expected to result in a -32pts impact in the Solvency II ratio (based on FY22 SFCR).

¹³ In addition to continuing to neutralize the dilution from employee share offerings and stock-based employee compensation through share buy-backs.



ABOUT THE AXA GROUP

The AXA Group is a worldwide leader in insurance and asset management, with 147,000 employees serving 94 million clients in 50 countries. In 2023, IFRS17 revenues amounted to Euro 102.7 billion and IFRS17 underlying earnings to Euro 7.6 billion. AXA had Euro 946 billion in assets under management, including assets managed on behalf of third parties, as of December 31, 2023.

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).

THIS PRESS RELEASE IS AVAILABLE ON THE AXA GROUP WEBSITE axa.com

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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. In particular, the Group's Unlock the Future strategic plan, including the capital management and distribution policy, is based on the current views and intentions of the Board of Directors and is subject to change. Numerous factors may influence the actual dividend and share buy-back amounts in any given year, including AXA's earnings, applicable capital and solvency requirements, prevailing operating and financial market conditions as well as general economic conditions. In addition, the determination of such amounts is subject to proposal by the Board of Directors and approval of the shareholders of AXA. Undue reliance should not be placed on forward-looking 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 5 - "Risk Factors and Risk Management" of AXA's Universal Registration Document for the year ended December 31, 2022 and "Operating Highlights – Risk Factors" on page 11 of AXA's Half-Year Financial Report as of June 30, 2023 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. Underlying earnings", "underlying earnings per share", "underlying return on equity", "combined ratio" and "debt gearing" are APMs as defined in ESMA's guidelines and the AMF's related position statement issued in 2015. A reconciliation from APMs "underlying earnings" and "combined ratio" to the most directly related line item, subtotal, or total in the financial statements of the corresponding period is provided on pages 25 and 26 of AXA's Activity Report as of and for the year ended December 31, 2023 ("AXA's 2023 Activity Report"). APMs "underlying return on equity" and "underlying earnings per share" are reconciled to the financial statements in the tables set forth on page 39 of AXA's 2023 Activity Report. The calculation methodology of "debt gearing" is set out on page 44 of AXA's 2023 Activity Report. For further information on the above-mentioned and other non-GAAP financial measures used in this press release, see the Glossary set forth on pages 42 to 47 of AXA's 2023 Activity Report. The treatment of certain non-GAAP financial measures in this press release for these purposes may change over time in connection with the development of IFRS 17/9 reporting practices.

AXA's 2023 Activity Report is current as of the date hereof. The final version of AXA's 2023 Activity Report will be published as part of AXA's Universal Registration Document for the year ended December 31, 2023, which is expected to be filed with the AMF by the end of March 2024.