

Full-Year Earnings 2011

Video transcript
Henri de Castries

EuroBusiness Media (EBM): AXA, a world leader in insurance and asset management, reports its full-year results for 2011. Henri de Castries, welcome. As Chairman and CEO of AXA, how would you describe AXA's performance in 2011?

Henri de Castries: Well, I would say that AXA's performance is showing a very strong resilience in a very difficult environment. If I look at the various elements, I think the fact that underlying earnings are growing, even if modestly, is a very good sign of the solidity of our operational model. If I look at the net income, the net income is increasing by 50% and this is due both to the strength of the underlying earnings, but also to the fact that we have had a very active balance sheet management: selling some non-core activities with significant capital gains, like the Canadian P&C operations; also taking into account the economic environment and the very low long-term interest rates to amortize the portion of our US goodwill. Overall, the solidity of the underlying earnings, the solidity of the balance sheet, of the solvency ratios, the fact that we are ahead of our plans in terms of reducing the leverage, are enabling us to propose a stable dividend to the shareholders. And we think that in these very difficult times it's an illustration of both the strengths of the Group and the confidence of the management in the future.

EBM: Where do you stand today regarding the set of priorities you defined within the framework of Ambition AXA, the strategic plan you launched in 2011?

Henri de Castries: Well I think we are well aligned with the implementation of this strategy. If you look at what the key components of the strategy are, it's more selectivity in the mature markets, acceleration in the emerging and more efficiency everywhere. If you measure the 2011 earnings against these three key components, we are very well on track. More selectivity: you will see that revenues in 2011 are slightly declining, but margins are improving, because we are abandoning some of the business lines which have a lower profitability to refocus the business on the segments where the profitability is the right one. If I look at the acceleration efforts, we have completed the buy-out of our minorities in Asia and we see both profits and revenues growing fast in Asia, in the other emerging areas, but also in the Direct P&C (Property and Casualty) channel, which is for us a vehicle for expansion. As far as efficiency is concerned, as you've seen, 2011 is the year where we have saved €300 million out of the €1.5 billion we intend to save over 5 years. So we are very well aligned with our long-term plans there. So, overall, I would say we are well on track, despite the environment. What we need to do is just to stay the course.

EBM: What do you believe to be the strengths of the Group that you can rely on to succeed in 2012?

Henri de Castries: Well, I think, four key elements in a picture which is going to remain, as far as the macro elements are concerned, probably a very uncertain one. The first one is the clarity of the strategy. The second one is the solidity of the balance sheet. The third one is the confidence of the customers. And the last one is the engagement of the people working for AXA. The clarity of the strategy, I think it's obvious; it's what I said before. Selectivity, acceleration, efficiency – everybody understands. Action plans are clear – people are focused on executing them. Strength of the balance sheet – our ratings have been confirmed, solvency ratios are high. We are, as I said before, ahead of our plan as far as the deleveraging of the

Group is concerned. I think this is a very important element in these days. The trust of the customers – without customers we wouldn't exist – and I take as a very positive note the fact that last year we have attracted more than 1.5 million new customers. We are gaining market share globally, so this is a good sign. And we intend to do more of this. Last, but not least, none of the previous elements would be possible or would be sustainable if we didn't have a very high level of employee engagement. And this is something we need to build further and we intend to do it. So these are the elements building the AXA proposition and making it a strong proposition.

EBM: You mentioned the defining role of AXA's teams. How do you plan to associate them with the success of your strategic plan?

Henri de Castries: The first way to involve them, the first way to have them benefit from the success of Ambition AXA, is going to be the fact that, if we are successful, it's going to be good for employment, it's going to be good for the attraction of talents, it's going to be good for the development of their careers because our business will grow, everybody will have more exciting things to do. But we wanted to do something beyond that, something symbolic, and therefore, for the second time in the history of the Group, we are going to grant AXA Miles – free shares – to each and every employee throughout the Group. 25 of them are going to be given without any performance condition to celebrate the success of the first phase of Ambition AXA. And 25 are going to be given, provided we can increase the underlying earnings per share or the customer satisfaction. So all in all, 50 AXA Miles given to each and every employee within the Group, which we think is the right way to show the importance we give to the engagement of the people and the right way to share the success we expect from Ambition AXA.

EBM: Henri de Castries, Chairman and CEO of AXA, thank you very much.

HC: Thank you.