

**Investor Day  
December 4, 2013**

# **Property & Casualty: Accelerating Profitable Growth**

**Jean-Laurent Granier**  
CEO, AXA Global P&C

**redefining / standards**



# Cautionary note concerning forward-looking statements

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans 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. Please refer to the section “Cautionary statements” in page 2 of AXA’s Document de Référence for the year ended December 31, 2012, for a description of certain important factors, risks and uncertainties that may affect AXA’s business. 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.

# Today's key messages

**P&C - Robust business model that has been consistently delivering**

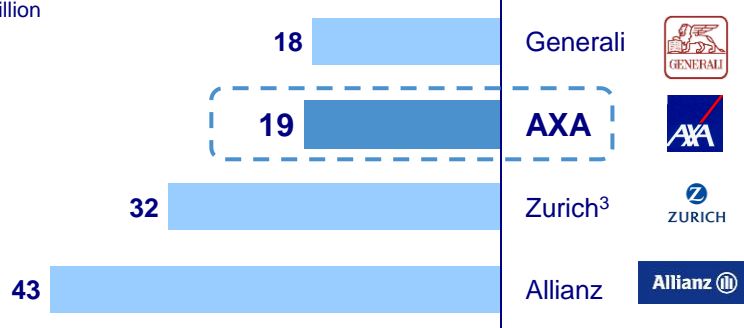
Profitability at the core of our operations

Accelerating through selected growth engines

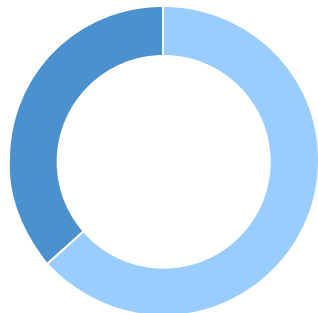
# In the last decade, AXA transformed into one of the largest P&C franchises operating at mid double digit RoE...

## 2003: A mid-sized P&C<sup>1</sup> player

FY03 Gross Written Premiums<sup>2</sup>  
In Euro billion



**P&C: 37%**



**Total Group Underlying Earnings: Euro 2.0 billion**

**101.5%**

**Combined ratio**

**97.6%**

**4.2%**

**Asset yield<sup>4</sup>**

**4.0%**

**9%**

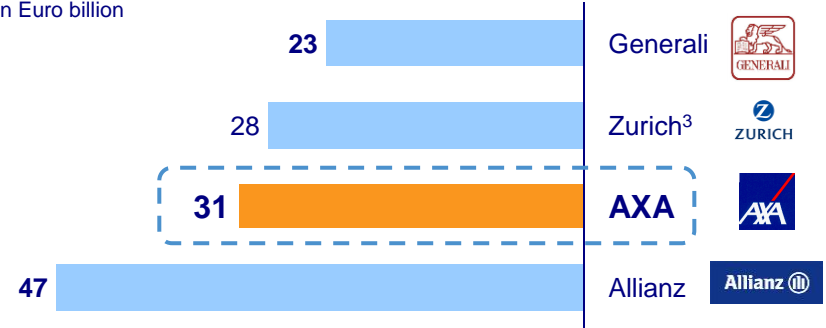
**Return on Equity<sup>5</sup>**

**14%**

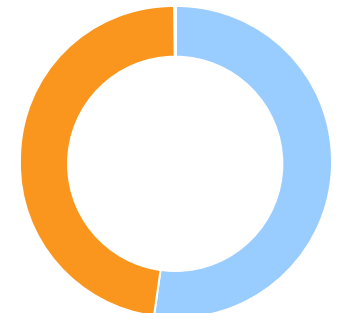
**Allocated Shareholders' Equity: ca. Euro 16bn**

## 2012: One of the largest P&C<sup>1</sup> players

FY12 Gross Written Premiums<sup>2</sup>  
In Euro billion



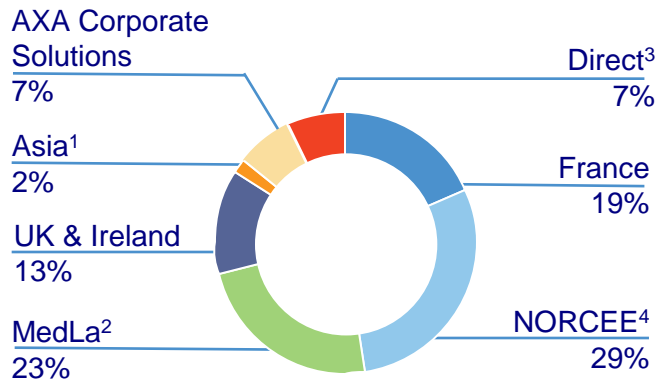
**P&C: 48%**



**Total Group Underlying Earnings: Euro 4.3 billion**

# ... with a unique product and geographical footprint...

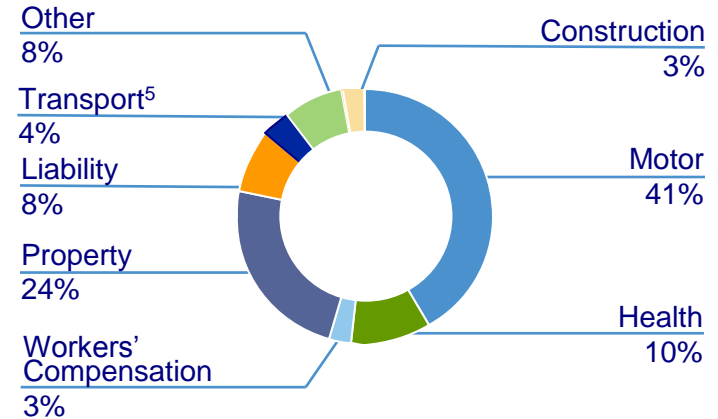
## Strong diversified footprint and balanced product portfolio



**FY 2012 Revenues<sup>7</sup>: Euro 30.4 billion**

**Personal lines 56%**

**Commercial lines 44%**



### Top positions<sup>6</sup> in 2012

**#1**

Belgium, France, Hong Kong, Ireland, Mexico, Switzerland, Turkey

**#2**

Singapore

**#3**

Morocco, Portugal

**#4**

Germany, Spain, UK

- ✓ #1 global P&C insurer in Asia
- ✓ One of the largest global 'Direct' players
- ✓ No appetite for the US market

- ✓ Selective presence in profitable business lines based on risk appetite framework
- ✓ One of the largest global 'Large Corporations' player
- ✓ Strategic avoidance of ultra high risk lines

# ... and a common and comprehensive P&C setup

## Strategy

## Operations & Processes

## People

### P&C Board

Representatives of each country or region, defining P&C strategy and required investments

### AXA Global P&C

- ✓ Accelerate the implementation of strategy
- ✓ Monitor value creation & earnings growth
- ✓ Simplify industrial operating models and platforms

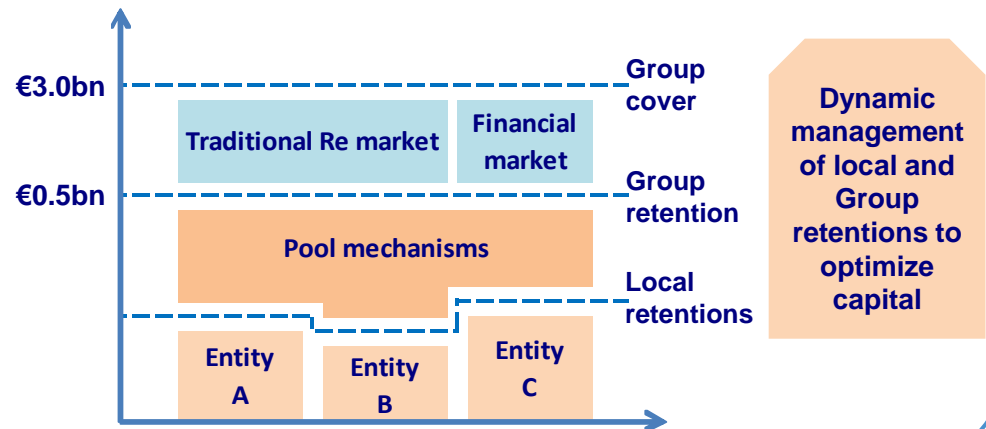
### Professional families

Sharing best practices  
Robust HR programs

## Strong and agile risk management framework

Leveraging scale and diversification to actively adjust risk appetite

- AXA Global P&C our internal reinsurance carrier at Group level
- Increased retention on catastrophe reinsurance cover from Euro 300 million to Euro 500 million while remaining well protected against major events' frequency
- Placement of Euro 350 million of catastrophe bonds in October, 2013



# Excellent track record and continued focus on profitability since the launch of Ambition AXA

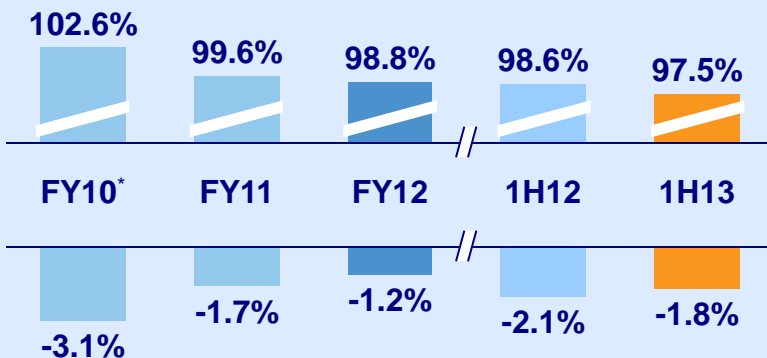
## Revenues

In Euro million



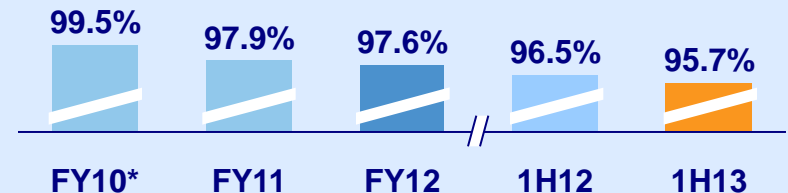
Prioritizing profitability over top line growth...

## Current year combined ratio



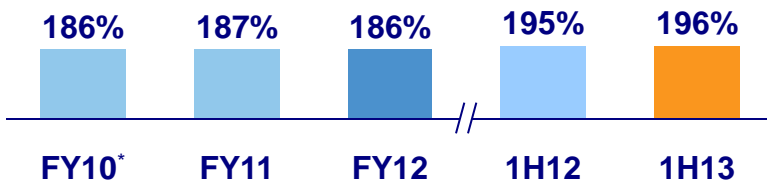
On track to deliver on our <96% target by 2015

## Combined ratio



## Prior year reserve development

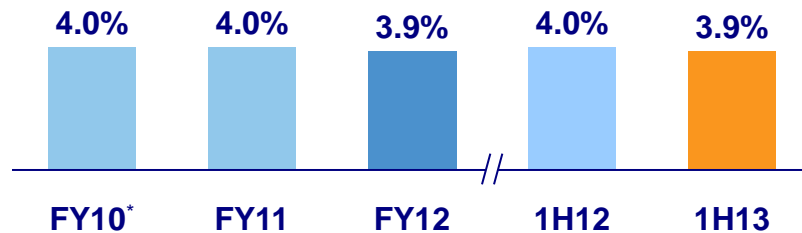
## Reserve ratios<sup>1</sup>



... while maintaining an extremely strong and stable level of reserves

# Delivering consistently strong earnings

## Investment yield

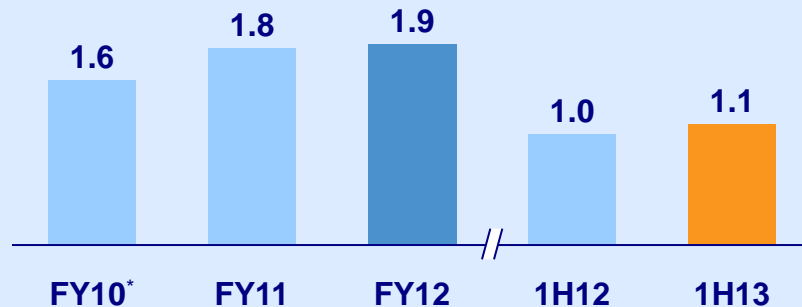


Mitigating the impact of low rates environment through **tight Asset Liability Management...**

- ✓ Investments in **alternative asset classes** like mid-cap corporate loans, infrastructure debt, commercial real estate loans and alternative credit funds

## Underlying Earnings

In Euro billion



**... to reduce volatility from financial markets and deliver strong earnings**



# Growth without compromising on profitability



## Continuously improve value creation by:

- Focusing on technical excellence
- Pricing for 15% RoE
- Maintaining efficiency gains' momentum
- Leveraging technology and connectivity

## Selected growth engines:

- Accelerating in high growth markets
- Bancassurance partnerships
- Actively growing Direct business and Commercial lines

# Today's key messages

▶ P&C - Robust business model that has been consistently delivering

▶ **Profitability at the core of our operations**

▶ Accelerating through selected growth engines

# Continuous focus on technical excellence

Pricing discipline and sophistication

Still **favorable** pricing trends but expected to slowdown in 2013-14

Strong pricing discipline thanks to **proprietary network**

Pricing sophistication through **elasticity analysis and technology use**

Leveraging **DIRECT** capabilities  
Nano-segmentation, competitive and behavioral pricing, value driven retention

## Average price increases

+3.1%

FY10

+3.8%

FY11

+3.0%

FY12

+3.1%

1H13

## Personal lines example

### 2013 Pricing trends

Germany



Price increases likely to continue in personal Household and commercial lines

France



Continued market price increases in Household

UK & Ireland



Price increases likely to continue in Household; fierce competition in Motor

Switzerland



Trends likely to continue

Belgium



Slowdown of pricing trends in personal lines

MedLA



Impact of economic slowdown in Southern Europe

# Continuous focus on technical excellence

Steady Loss ratio improvement through selective actions

Leading technical **modeling** and **segmentation**

Active **portfolio review** – pruning, re-pricing

**Mitigation of claims inflation:** ca. 50bps impact p.a.

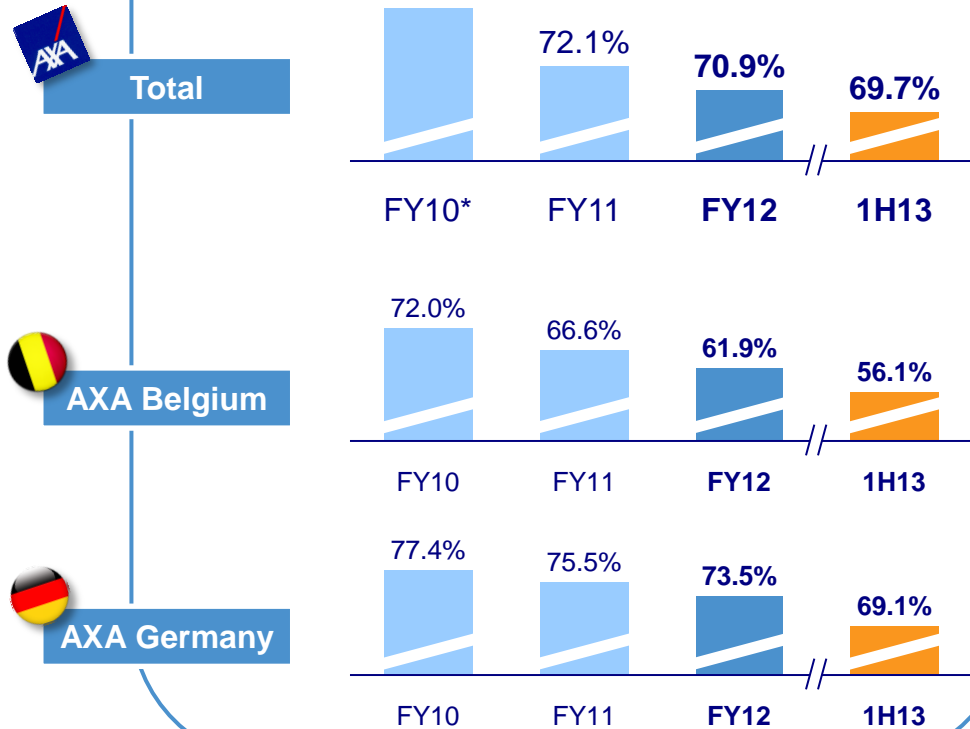
- ✓ Fraud detection
- ✓ Increased orientation to agreed body shops to reduce repair costs

Leveraging **DIRECT** capabilities

Efficient streamlined processes – claims management and contact center interactions

## Personal lines example

Current year loss ratio



# Leveraging digital technology and connectivity

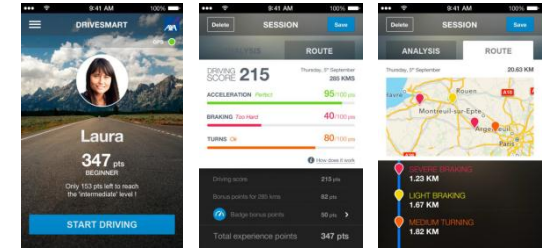
## Innovative offers

- Pay How You Drive
- Pay As You Drive
- Crash Recorder

We are building capabilities on **Telematics** offers...



## Education and prevention tools



‘**AXA Drive**’ App for smartphones, analyzing driving behaviors in real time



- Real time algorithm for instant fraud detection
- Increased segmentation and geo-localization for pricing
- Natural perils, risk exposure and accumulation monitoring
- « Self-service » e-claims capabilities

- Collaborative projects with major **innovation catalysts** such as AXA Research Fund
- Project incubation through **Data Innovation Lab** – R&D and Big Data initiatives
- **Digital Lab** in Silicon valley to detect emerging trends, identify start-ups and foster digital culture

## Operational excellence

## A digital innovation ecosystem

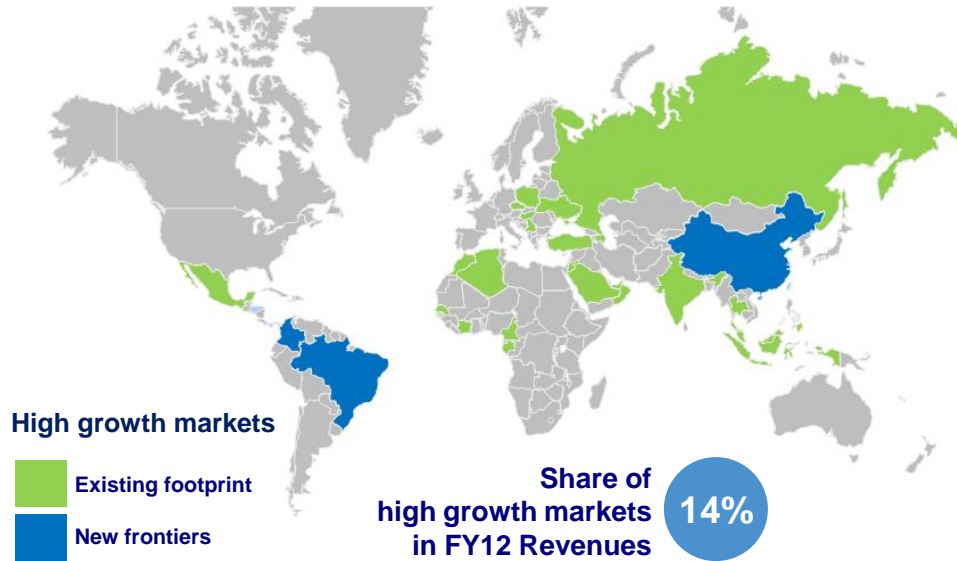
# Today's key messages

▶ P&C - Robust business model that has been consistently delivering

▶ Profitability at the core of our operations

▶ **Accelerating through selected growth engines**

# Accelerating in high growth markets



## 2013 NEW FRONTIERS

### COLOMBIA<sup>1</sup>

- ✓ Acquisition of 51% of Colpatria's insurance operations strengthens our position in Latin America's #5 largest market
- ✓ #4 insurance player and #2 Property & Casualty insurer

### CHINA<sup>1</sup>

- ✓ Acquisition of 50% of Tian Ping, P&C insurer with strong Direct capabilities makes us #1 foreign P&C insurer in China;
- ✓ Footprint and licenses in most Chinese provinces

### BRAZIL

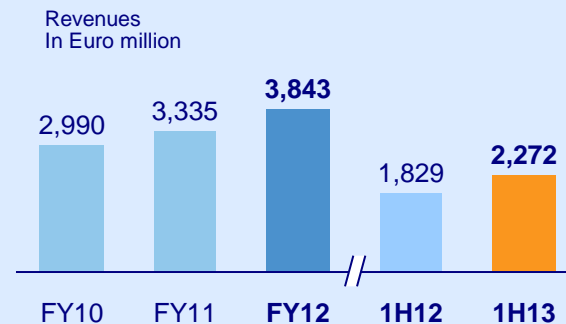
- ✓ P&C greenfield operations in most profitable commercial lines

Accelerate organic growth

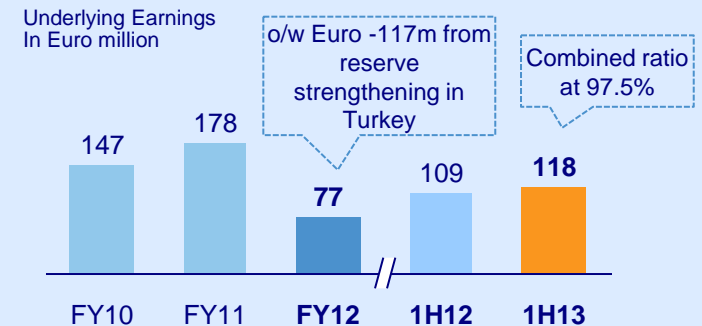
Create value from acquisitions

Leverage partnerships

## Strong acceleration in the top line...



## ... increasingly driving bottom line growth



# Selected examples of our successful track record in high growth markets - Mexico



**Mexico:  
Transformational  
success**

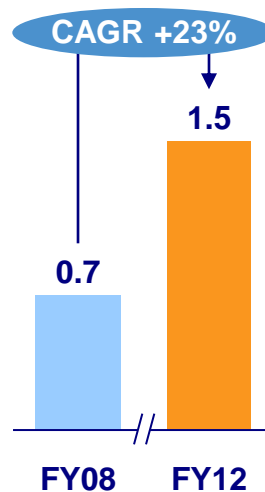
**Business Knowledge**

**Distribution**

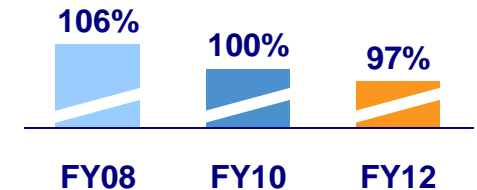
**People & Tools**

- Acquired from ING in 2008
- Market leader with ca. 15%<sup>1</sup> market share
- Strong AXA brand built in 4-5 years

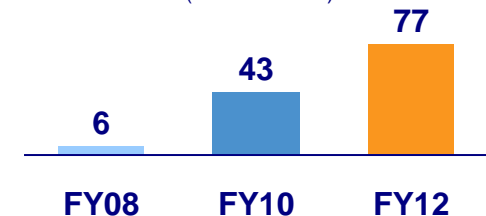
**Gross revenues**  
In Euro billion



**Combined ratio**



**Underlying Earnings**  
(in Euro million)





# Selected examples of our successful track record in high growth markets - Turkey



**Turkey:  
Sustainable  
growth**

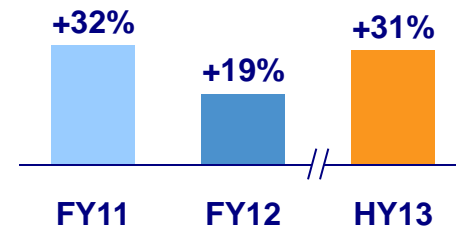
**Motor represents ca. 60% of top line**

**Reinforced capabilities leveraging extended professional family across the Group**

**Quick response following the rise in legal claims cost – Pricing and Reserving**

- **Market leader with ca. 25%<sup>1</sup> share in Motor**
- **Highly cost efficient model with ca. 23% enlarged expense ratio<sup>2</sup>**

Revenues growth rate\*



Combined ratio

105.3% 130.8% 99.4%

Pricing evolution (Motor)

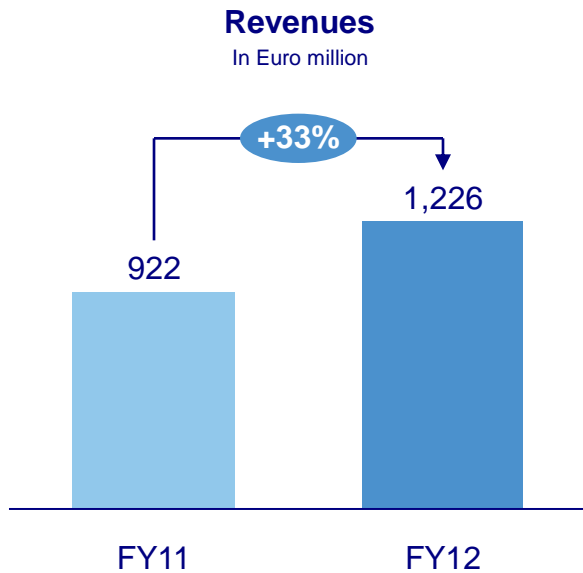
+3.0% +19.7% +25.9%

Net New Contracts (Motor)

+747k +485k +49k

# Working with top class bancassurance partners

## Fast growing and profitable channel



Scope: UK, AXA Assistance (mainly travel), Hong Kong/Singapore, AXA MPS, Spain, Natio, Greece, Turkey, Ukraine, Indonesia, Gulf, Poland, Switzerland

- Ca. 4% of total P&C revenues
- Attractive profitability with combined ratio in the low 90s in 2011-12

## Top class banking partners

### AMERICAS



### EUROPE & MIDDLE EAST



### ASIA



**Leverage knowhow and brand to accelerate partnership development globally**

# Focus for the day - Commercial lines, Direct & Asia

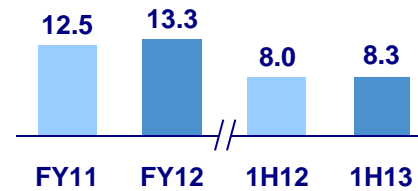
## Revenues

## Profitability

### Commercial lines

**4<sup>th</sup>**  
largest player  
worldwide<sup>1</sup>

in Euro billion

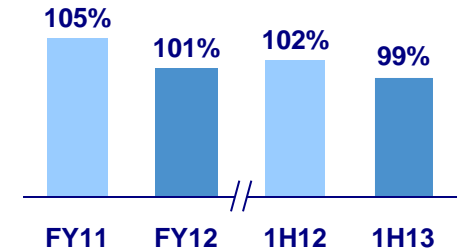
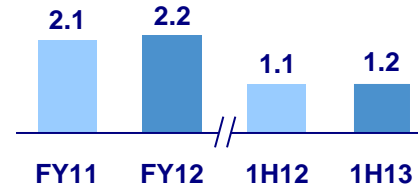


**Above Euro 1 billion**  
underlying earnings per  
year

### Direct

**One of the**  
largest global  
Direct players

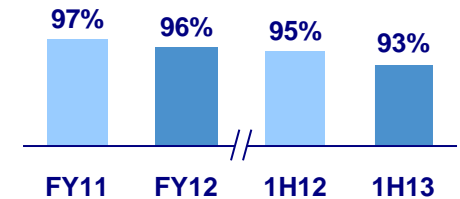
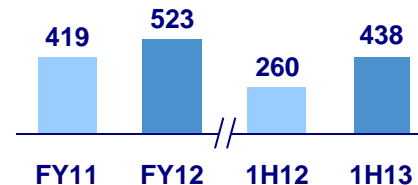
in Euro billion



### Asia

**1<sup>st</sup>**  
international  
P&C insurer in Asia<sup>2</sup>  
(excluding Japan and Australia)

in Euro million



# Notes

## Page A4

1. including AXA Corporate Solutions Assurance for AXA
2. Generali: 'Gross Written Premiums' as reported in Consolidated Statements under 'Non-Life' for 2003 and under 'Property & Casualty' for 2012  
AXA: 'Gross Written Premiums' as reported in Annual Report under 'Property & Casualty' and under 'AXA Corporate Solutions Assurance'  
Zurich: 'Gross Written Premiums' as reported in Annual Report under 'General Insurance'; excluding Farmers Management Services and Farmers Re businesses  
Allianz: 'Gross premiums written' as reported in Annual Report under 'Property and Casualty'
3. reported USD 36.25 billion for 2003 and USD 35.61 billion for 2012; Average Forex rates used for conversion - '1 Euro = 1.134 USD' for 2003 and '1 Euro = 1.286 USD' for 2012
4. Asset yield defined as (Net underlying investment income on General Account assets) / (Average General Account asset base at amortized cost)
5. Adjusted ROE: Return corresponds to adjusted earnings net of interest charges on undated debt. Equity corresponds to average shareholders' equity excluding undated debt and reserves related to change in fair value

## Page A5

1. Hong Kong, Malaysia and Singapore, on a 100% share basis
2. Mediterranean and Latin American Region: Italy, Spain, Portugal, Turkey, Mexico, Morocco, Greece and Gulf region
3. Direct scope: AXA Global Direct (France, Belgium, Spain, Portugal, Italy, Poland, South Korea and Japan), UK Direct operations
4. Northern, Central and Eastern Europe: Germany, Belgium, Switzerland, Luxembourg and Central & Eastern Europe
5. Transport including Marine, Aviation and Land transport lines
6. as reported in AXA Annual Report 2012
7. including AXA Corporate Solutions Assurance

## Page A7

1. Reserve ratio is defined as (Net technical reserves) / (Net earned premiums)

## Page A15

1. Transaction pending, subject to customary closing conditions, including obtaining regulatory approvals

## Page A16

1. AXA estimates

## Page A17

1. Turkish insurance Association (TSB), 9M13 statistics
2. Enlarged Expense Ratio is the sum of Expense ratio and Claims handling costs ratio

## Page A19

1. Companies reports for FY12
2. Credit Suisse "Asia P&C Insurance" (2013)