

# Half year 2004 Earnings

August 6, 2004

## Press Conference



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*Be Life Confident*

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# 1st HALF 2004 : Table of contents

- **1 : *Harvesting the fruits of our strategy***
- **2 : Overview of Consolidated Results**
- **3 : MONY integration**
- **4 : Outlook**

# Harvesting the fruits of our strategy

Euro million	1H04	Growth	Growth at cst FX
<b>Volume:</b>			
◆ Revenues	37 306	-0.4%	+2.4% <sup>(1)</sup>
<b>Earnings:</b>			
◆ Underlying earnings	1,436	+32%	+37%
◆ Adjusted earnings	1,590	+338%	+355%
◆ Net income	1,444	+590%	+621%
<b>Productivity:</b>			
◆ Life NB Contribution	368	+15%	+21%
◆ Life NB APE Margin	16.4%	+2.1 pts	
◆ P&C Combined Ratio	99.4%	-2.3 pts	

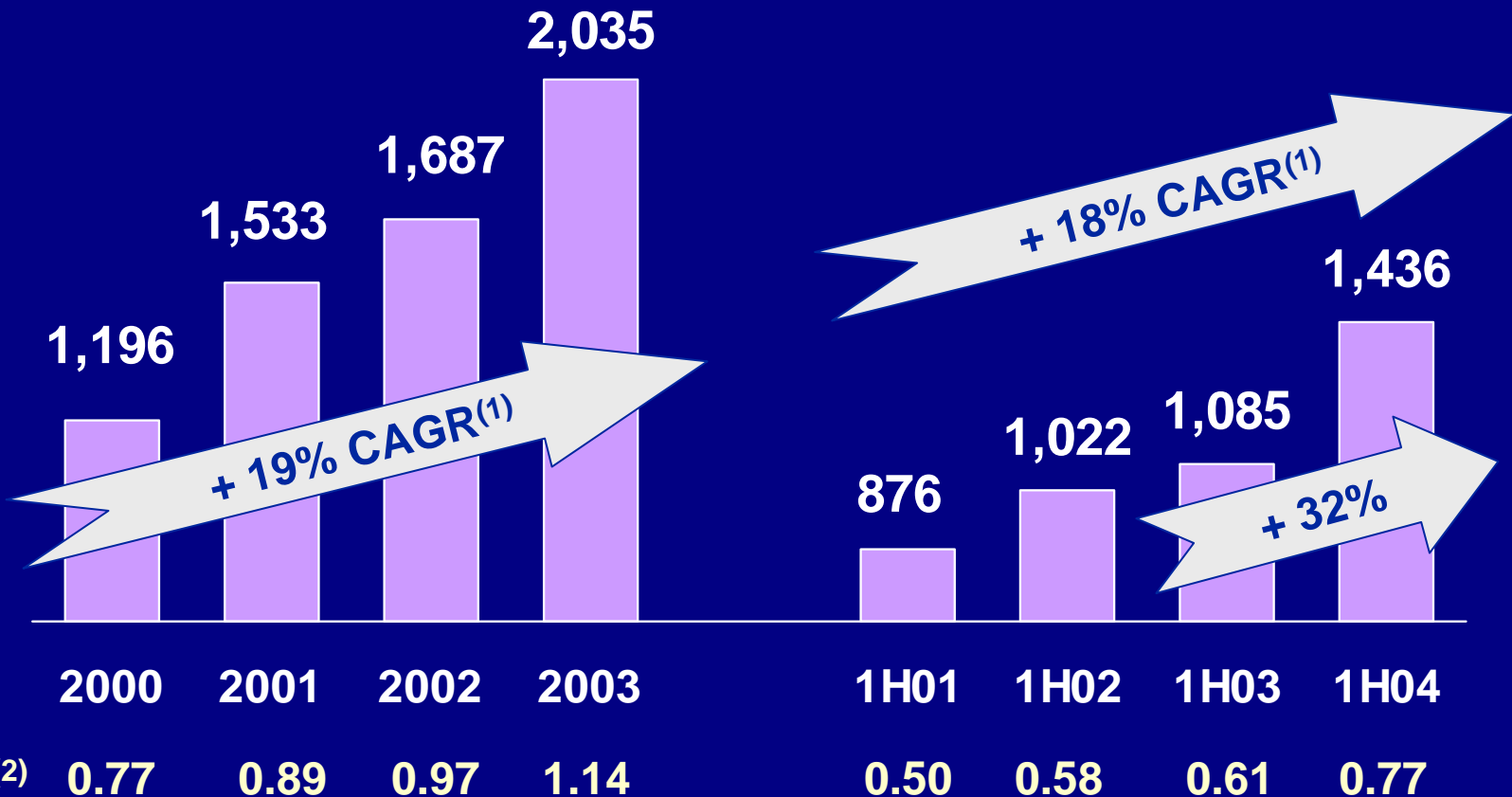


(1) On a comparable basis for revenues.

# Continuing to deliver strong earnings improvement in 1st Half 2004

Euro million

## Underlying Earnings



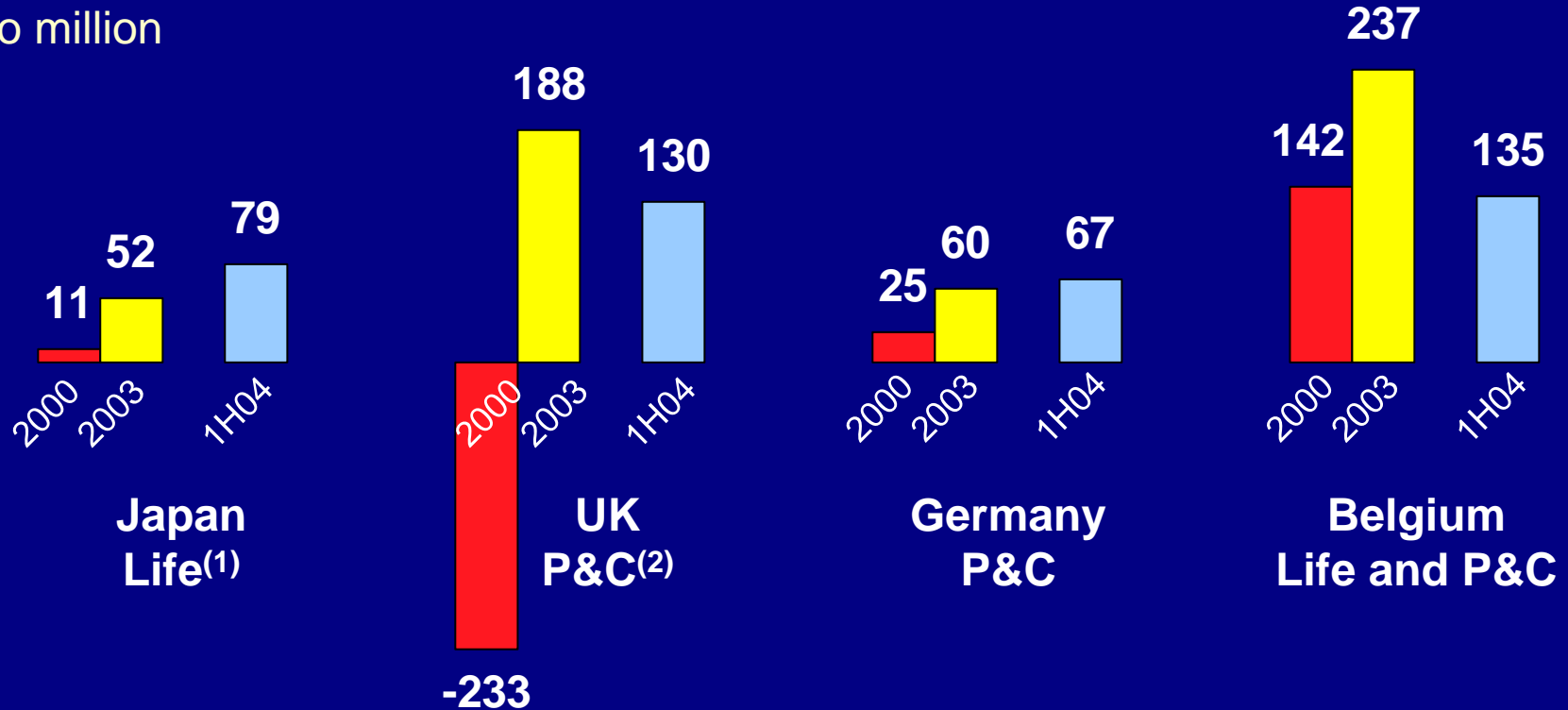
(1) Compounded Annual Growth Rate.

(2) Fully diluted. Until 12/31/02, the calculation of diluted EPS took into account the impact of convertible bonds, both accretive and dilutive. Since 12/31/02, their impact has been taken into account only when dilutive to EPS.

# Growth has been driven by the turnaround of businesses acquired 4 to 5 years ago

## Underlying earnings

Euro million



**EVENT:** 2000  
AXA Nichidan

1999  
GRE

1999  
GRE

1998  
Minorities interests



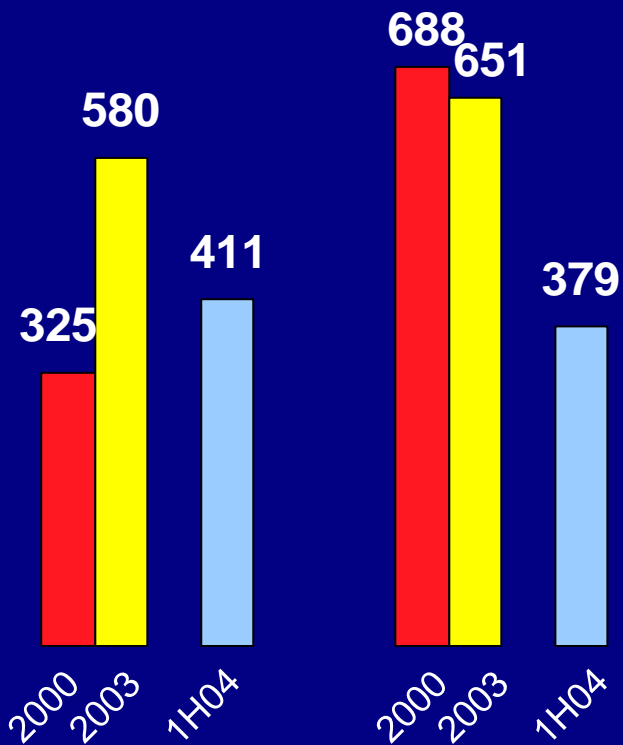
(1) 2000 includes only 6 months of AXA Nichidan activities.  
(2) 2000 is Proforma, including estimates for Health and Ireland P&C.

# And other entities have performed well despite difficult equity markets since 2000

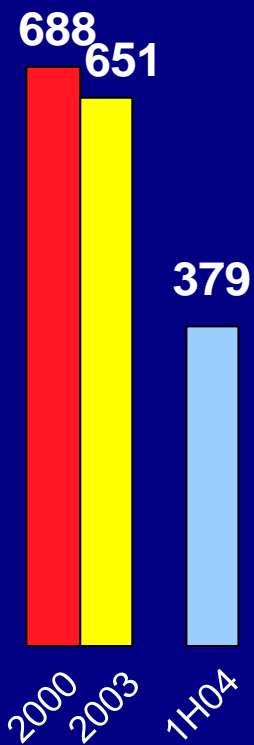
## Underlying earnings

million

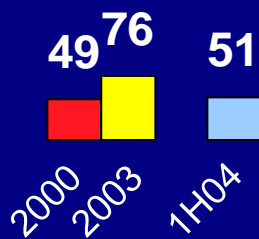
	1/1/00-12/31/03	1/1/00-6/30/04
S&P 500	-23.6%	-21.6%
Stoxx 50	-43.6%	-43.0%



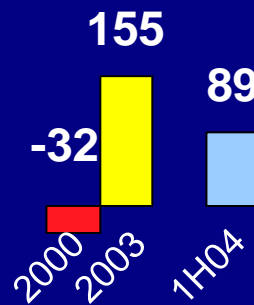
**France  
Life and P&C  
(euro)**



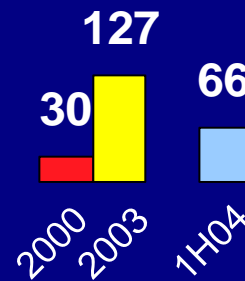
**US  
Life (\$) <sup>(1)</sup>**



**AXA IM  
(euro)**



**Southern  
Europe  
Life & P&C (euro)**



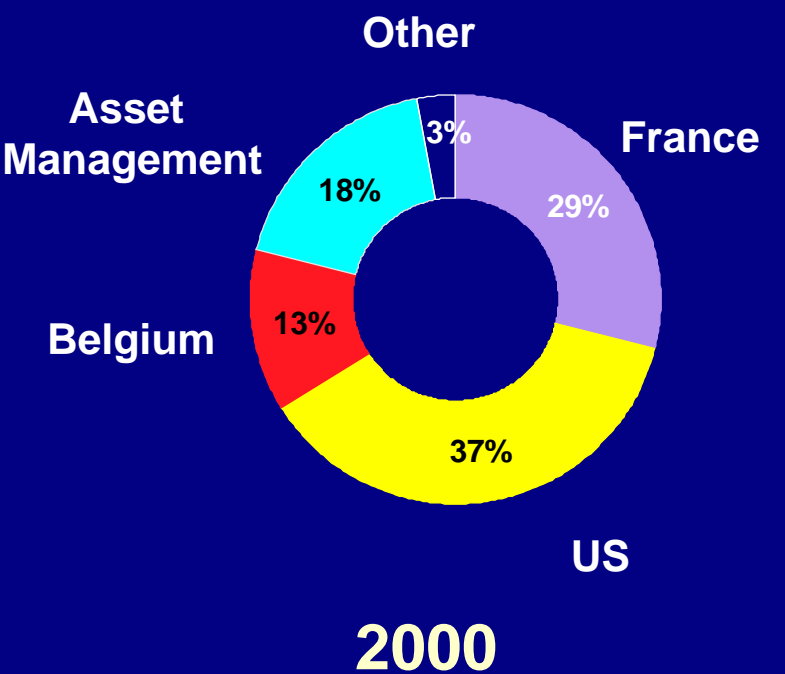
**AXA APH  
Life (euro)**



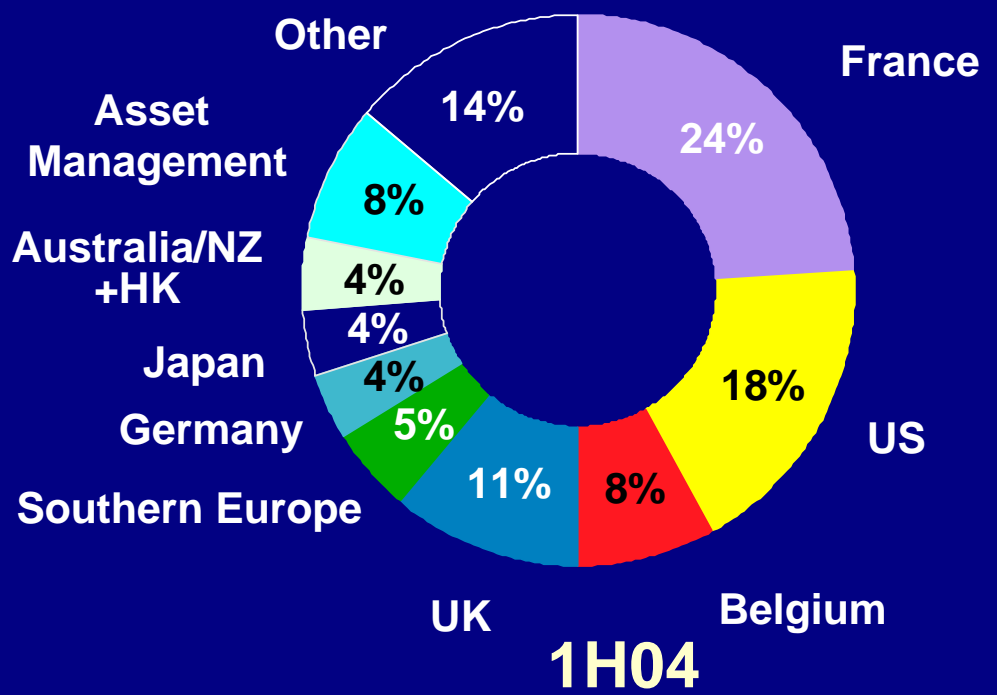
(1) 2000 grossed up for AXA Financial minorities (buyout effective January 2, 2001)

This has resulted in true diversification, a key part of our strategy

## Underlying earnings breakdown<sup>(1)</sup>



**3 countries represented  
78% of earnings**



**13 countries represented  
78% of earnings**



(1) Excluding holdings. 2000 also excludes DLJ.

# The platform that we have built is the cornerstone for sustainable and profitable growth

**Diversification**

**Scale**

**Group leverage**

- No over-reliance on one activity / region
- Capacity to absorb shocks
- Benefit from group mutualization of resources (AXA Cessions, AXA Tech, Global Procurement, best practices, Asset Management platforms)



# Profitable growth in all segments of the Group

## ◆ Life & Savings

**Unit-linked sales : +19%<sup>(1)</sup>**

Euro million

	1H04	change vs 1H03 <sup>(1)</sup>
<b>APE<sup>(3)</sup></b>	<b>2,249</b>	<b>+3.8%</b>
<b>NBC</b>	<b>368</b>	<b>+20.9%</b>
<b>Margin</b>	<b>16.4%</b>	<b>+2.1 pts</b>

## ◆ P&C

**Net portfolio inflows (6 months)**

**+238,000 motor contracts<sup>(2)</sup>**

**+57,000 Household contracts<sup>(2)</sup>**

**Combined ratio**

1H03	1H04	change vs 1H03
<b>101.8%</b>	<b>99.4%</b>	<b>-2.3pts</b>



(1) On a comparable basis

(2) Calculation compiled on main countries where AXA operates

(3) APE (Annualized Premium Equivalent) = 100% of regular premiums + 10% of single premiums

# Continued focus on improving efficiency

## ◆ Life

### Underlying cost income ratio<sup>(1)</sup>

⇒ 1H03: 82.7%

⇒ 1H04: 77.3%

## ◆ P&C

### Administrative expense ratio

⇒ 1H03: 11.1%

⇒ 1H04: 10.3%

## ◆ Asset Management cost income ratio<sup>(2)</sup>

### Alliance Capital

1H03	1H04	change vs 1H03
73.3%	71.6%	-1.7pts

### AXA Investment Managers

1H03	1H04	change vs 1H03
79.4%	78.5%	-0.9pt

# Our business model : strong and efficient local entities fueling external growth

## Organic Growth

- Through operational excellence
  - Revenue Growth + Margins
  - Productivity
- Customer satisfaction and retention
- Human Resources

## External Growth

- Only in Financial Protection
- In developed or high potential markets
- Expanding strong existing platform

**As evidenced by the recent MONY acquisition and the proposed minority buyout of AXA Asia Pacific Holdings**

# Proposed minority buyout of AXA Asia Pacific Holdings

## Rationale

- Increase exposure to the Asian region and its inherent growth
- Be in a better position to seize Asia external growth opportunities
- Further enhance diversification and quality of our results
- Simplify AXA's structure
- Fully integrate AXA Asia Pacific Holdings ("AXA APH") business to maximize synergies

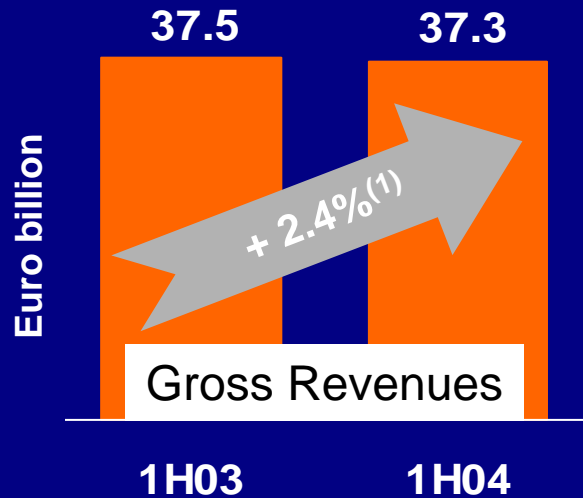
## Transaction Proposal

- Buyout of 48.34% minority interests
- Consideration of Euro 1.8 billion
- Paid with 50% cash and 50% AXA shares
- Subject to approvals of the Committee of Independent Directors, AXA APH's minority shareholders and regulatory bodies, as well as to various other conditions

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# AXA is focused on generating profitable revenue growth



## Revenues Growth<sup>(1)</sup>

Life & Savings	+1.6%
P&C	+4.2%
Asset Mgmt	+19.1%
Int'l Insurance	-6.1%

- ◆ Revenue growth boosted by P&C:
  - ➔ Net inflows in individual motor
  - ➔ Successful targeted strategies in commercial lines
- ◆ Unit-linked premiums increased by 19%<sup>(1)</sup> to represent 35% of total Life & Savings premiums
- ◆ Life & Savings New Business Contribution<sup>(2)</sup> up 20.9%<sup>(3)</sup>

# 2004 is a good vintage so far, all businesses post strong underlying performance

<i>Euro</i>	1H04 million	1H03 million	Change	Change at cst. FX	1H04 per share <sup>(2)</sup>	Change
Life & Savings	848	680	+25%	+31%		
Property & Casualty	562	402	+40%	+40%		
International Insurance	141	50	+180%	+184%		
Asset Management	136	107	+28%	+38%		
Other Fin Serv & Hldgs	-252	-155	--	--		
<b>Underlying earnings</b>	<b>1,436</b>	<b>1,085</b>	<b>+32%</b>	<b>+37%</b>	<b>0.77</b>	<b>+25%</b>
Net capital gains <sup>(1)</sup>	154	-722				
<b>Adjusted earnings</b>	<b>1,590</b>	<b>363</b>	<b>+338%</b>	<b>+355%</b>	<b>0.85</b>	<b>+314%</b>
Exceptional operations	191	137				
Amortization of goodwill	-337	-290				
<b>Net income</b>	<b>1,444</b>	<b>209</b>	<b>+590%</b>	<b>+621%</b>	<b>0.78</b>	<b>+553%</b>



(1) Realized gains net of valuation allowances.

(2) Diluted. Weighted average number of diluted shares was 1,933m in 1H04 versus 1,764m in 1H03.

# Life & Savings: strong underlying performance

Underlying earnings (Euro million)	1H04	Change from 1H03	Change at cst FX
France	240	+4%	+4%
US	309	+11%	+23%
UK	53	+77%	+74%
Japan	79	+100m	+104m
Australia/NZ+HK	66	+15%	+19%
Other countries	102	-2%	-2%
<b>Total L&amp;S</b>	<b>848</b>	<b>+25%</b>	<b>+31%</b>



# Life & Savings: 1H04 New Business Margin increased to 16.4%

Group share  
In Euro million,  
except margins in %

	APE <sup>(1)</sup>	1H04 NBC <sup>(2)</sup>	NB Margin	1H03 NB Margin
France	507	71	14.1%	8.4%
US	687	130	18.9%	17.8%
Japan	248	64	25.8%	27.3%
UK <sup>(3)</sup>	343	15	4.3%	0.4%
Germany	175	17	9.9%	10.6%
Benelux	116	28	24.4%	21.3%
Southern Europe	51	12	22.9%	24.6%
Australia	92	9	10.1%	11.4%
HK	29	21	71.9%	66.1%
<b>Life &amp; Savings</b>	<b>2,249</b>	<b>368</b>	<b>16.4%</b>	<b>14.3%</b>
Change from 1H03	+0.3%	+14.9%		
Change at cst FX	+3.8%	+20.9%		

## Main Drivers

Increased individual unit-linked sales  
Accumulator '04 more profitable, hedging  
Strategic entry into bancassurance  
Higher, more profitable, unit-linked bond sales  
APE mix shift away from Health  
Shift to higher margin unit-linked products  
Shift away from unit-linked products  
Shift towards lower margin group life products  
Increased agent productivity



(1) APE (Annualized Premium Equivalent) = 100% of regular premiums + 10% of single premiums.

(2) Before cost of capital.

(3) Most UK peers show their margins pre-tax. Grossed up at 30% tax rate, our UK margins would be 6.1% in 1H04 and 0.6% in 1H03.

# P&C: underlying earnings growth boosted by improved combined ratio

Combined ratios in % Earnings in Euro million	Combined ratios <sup>(1)</sup>		Underlying earnings	1H04	Improv't from 1H03
	1H04	Improv't from 1H03			
France	99.9	-2.3	170	+33	
Germany	99.5	-0.1	67	+43	
UK & Ireland	98.5	-3.9	130	+71	
Belgium <sup>(2)</sup>	100.3	-1.7	86	+4	
Southern Europe	99.4	-2.3	66	-4	
Canada	94.6	-2.9	25	+4	
<b>Total P&amp;C</b>	<b>99.4</b>	<b>-2.3</b>	<b>562</b>	<b>+161</b>	
Net reserves to premiums ratio <sup>(3)</sup>	199.1	+1.5			
Net claims reserves ratio <sup>(4)</sup>	257.7	+13.9			

**Group Target Range : 98-102 depending on cycle**



(1) Combined ratio = (gross claims charge (1) + net result of reinsurance ceded + expenses) / gross earned premiums.

(2) Including workers' compensation business.

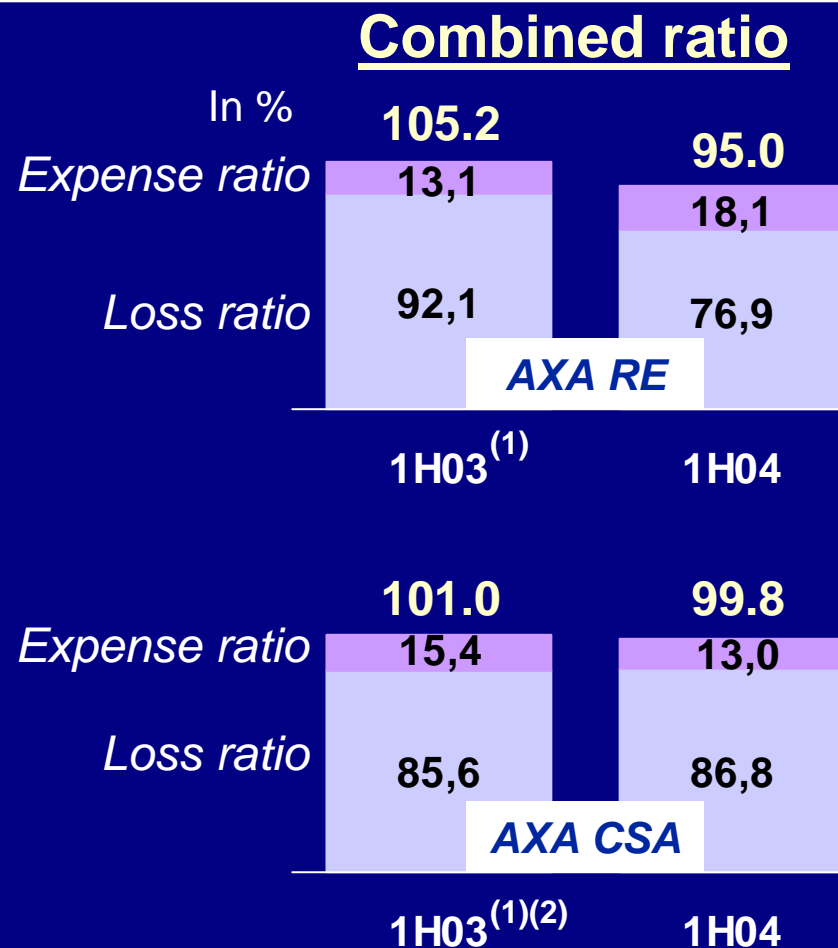
(3) Net reserves to premiums ratio = net technical reserves / net earned premiums.

(4) Net claims reserves ratio = net claims reserves / net claims paid.

# International Insurance: strong 1H04 results confirming turnaround

1H04 benefited from:

- ◆ Continued benign claims environment
- ◆ No natural catastrophes
- ◆ Selective underwriting
- ◆ Improved reinsurance protections
- ◆ Expense reduction:
  - AXA RE<sup>(1)</sup>: expenses down 19% as cost savings were partly offset by restructuring plan costs, while net earned premiums decreased by 41%
  - AXA CSA<sup>(1)(2)</sup>: expenses down 4% due to lower costs and commission rates, while gross earned premiums grew 14%

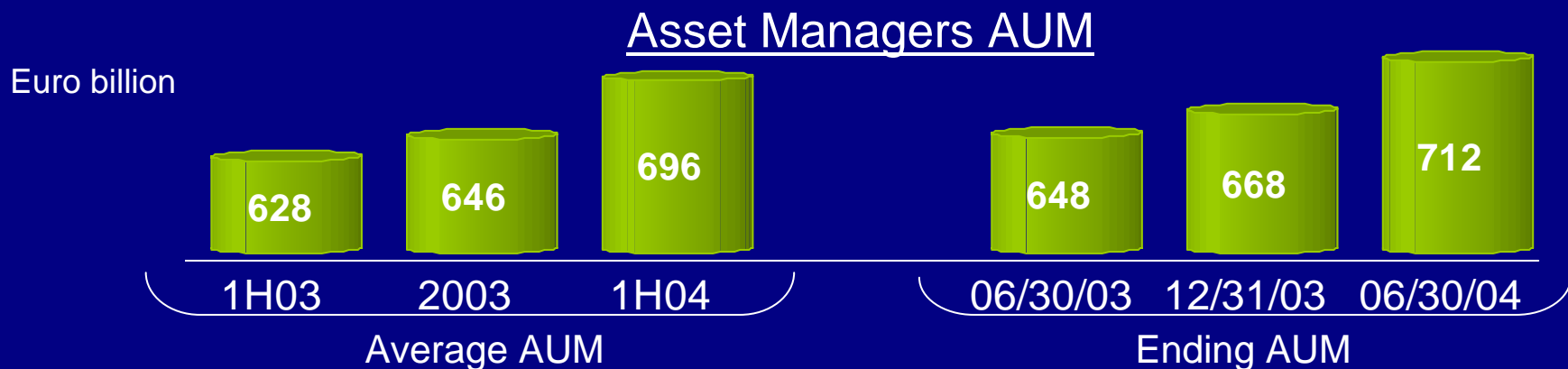


(1) Proforma for the transfer of AXA Corporate Solutions Insurance US from AXA CS Assurance to AXA RE.

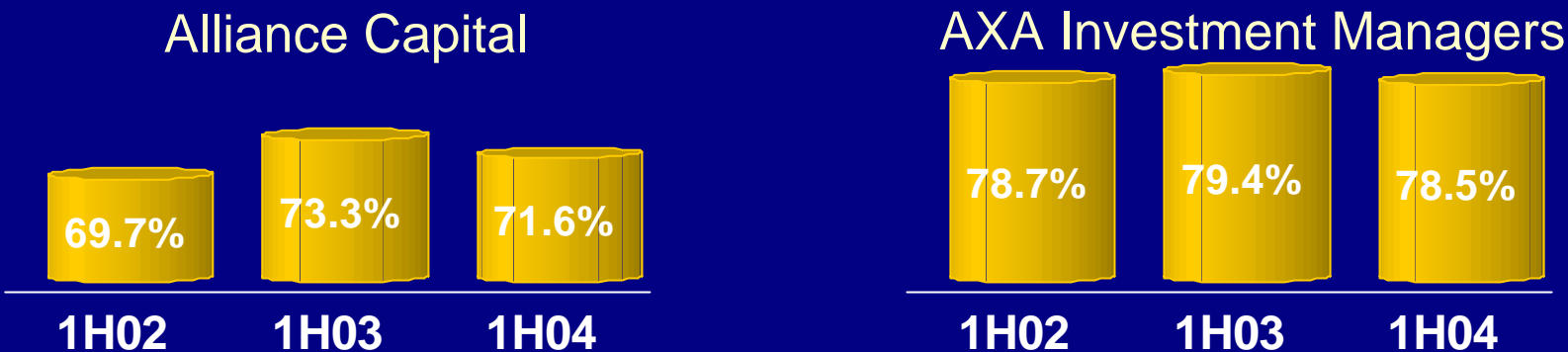
(2) Proforma for the transfer of run-off entities from AXA CS Assurance to other transnational activities.

# Asset Management : revenue growth and continued expense control efforts

- ◆ Revenues were up 10%, or 19% at constant currency, fuelled by:
  - ➔ Solid net inflows at AXA Investment Managers
  - ➔ Strong equity markets' recovery



- ◆ Expenses were controlled, resulting in improved cost income ratios\*:



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# MONEY Integration & Synergies

## ◆ Cross-sell activity has started

→ AXA Financial & MONEY salesforces trained in complementary product offerings:

- Equitable variable annuities available to MONEY's advisors
- MONEY specialty risk products available to AXA Advisors

→ MONEY Partners life wholesaling business

- Indications of a successful start with quotes increasing 77% from the 2 week-period prior to deal close to the 2 week-period post deal closed
- Should benefit further from AXA Financial ratings and products

## ◆ Consolidation & integration have also started, with large cost synergies anticipated

→ Headquarters consolidation, to be completed in 3Q04

→ Back office and sales workforce consolidation/ rationalization

→ IT system integration

→ AXA Financial efficiency and discipline to be replicated at MONEY

# MONEY - Expected expense savings and underlying earnings forecasts

- ◆ Combined AXA Financial and MONEY run-rate pre-tax merger operating expense savings of \$175m starting in 2005
- ◆ Incremental 2005 after-tax underlying earnings resulting from the implementation of the MONEY acquisition are expected to be in a \$170-195m range at the AXA Group level under French GAAP

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- **3 : Overview of Consolidated Results**
- **4 : *Outlook***



# So far, 2004 is a good year

- ◆ P&C and International Insurance will extract further productivity gains
- ◆ Life & Savings and Asset Management growth will accelerate owing to economic recovery and country-specific levers:
  - ➔ US to leverage additional distribution power from MONY
  - ➔ Asia/Pacific to be boosted by the region's inherent growth
  - ➔ Japan and UK to realize benefits from their recovery

## Three to four years ago ...

- ◆ We were recognized as having a track record for acquiring weakened companies at an attractive price
- ◆ Our challenge was to demonstrate our ability to turn around acquisitions and increase our core business margins

## AXA today ...

- ◆ Has built a strong platform for Financial Protection
- ◆ Has turned around the profitability of companies bought 4 to 5 years ago
- ◆ Can accelerate the growth of core profitable businesses
- ◆ Can buy attractive targets at reasonable prices

# More profitable growth is embedded in our operating model

## The benefits of our model:

- ◆ One clearly identified business - Financial Protection
- ◆ Unparalleled diversification
- ◆ Focused on operational excellence

## From here, we will:

- ◆ Strengthen our organic growth
- ◆ Continue to lower unit costs
- ◆ Take advantage of strategic external opportunities

# Cautionary Statements Concerning Forward-looking Statements

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications 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 and can be affected by other factors that could cause actual results and AXA's plans and objectives to differ materially from those expressed or implied in the forward looking statements (or from past results). These risks and uncertainties include, without limitation, the risk of future catastrophic events including possible future terrorist related incidents. Please refer to AXA's Annual Report on Form 20-F and AXA's Document de Référence for the year ended December 31, 2003, 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.

# Appendices



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# Appendices

- Glossary
- Environment and trends
- Life & Savings margin analysis
- P&C combined ratio analysis
- Expense analysis
- Purchase GAAP accounting for MONY

# Glossary

## ◆ Adjusted Earnings

Net income before the impact of exceptional operations and goodwill amortization.

## ◆ Underlying Earnings

Adjusted earnings excluding net capital gains attributable to shareholders and claims associated with the September 11, 2001 terrorist attacks.

Adjusted and underlying earnings are non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies.

AXA's auditors have carried out a limited review on AXA's consolidated first half 2004 earnings.

# Environment and trends : Life & Savings

- ◆ Opposite trends in L&S markets:
  - Flat in Belgium and Japan
  - Growth in the US
  - Strong growth in HK, Australia and France
  
- ◆ Main drivers of Life & Savings insurance markets:
  - Pension reforms
  - Unit-linked products back in favor
  - Growing importance of Protection offerings



# Environment and trends : P&C

- ◆ Rates flattening in individual lines
- ◆ Commercial lines: lower rating increases in a more competitive market
- ◆ Favorable claims environment in all countries and all lines of business:
  - ➔ Low level of large losses, although slightly higher than in 1H03
  - ➔ Low level of weather-related events

# Environment and trends : international insurance

- ◆ Continued benign environment, both in terms of large claims and natural catastrophes
- ◆ Increased competition, encouraged by customers and fueled by new entrants, both on reinsurance and large risks
- ◆ Despite competition, tariffs continue to benefit from previous years' rating increases
- ◆ Significantly improved policy terms and conditions

# Environment and trends : Asset management

## US

- ◆ Continuing shift from growth to value equity management
- ◆ Global mandates gaining traction among institutional clients
- ◆ Top 5 asset managers capturing a very big share of retail inflows

## Europe

- ◆ Specialization of Institutional Clients mandate
- ◆ Growth in alternative asset classes (hedge funds, real estate, CDOs)
- ◆ Opening of banking networks to non-proprietary products
- ◆ French Retirement Reserve Fund (FRR) public auction



# Life & Savings: 1H04 Underlying Investment Margin increased on the back of stable yields

Euro million, pre-tax & pre-minorities

1H03



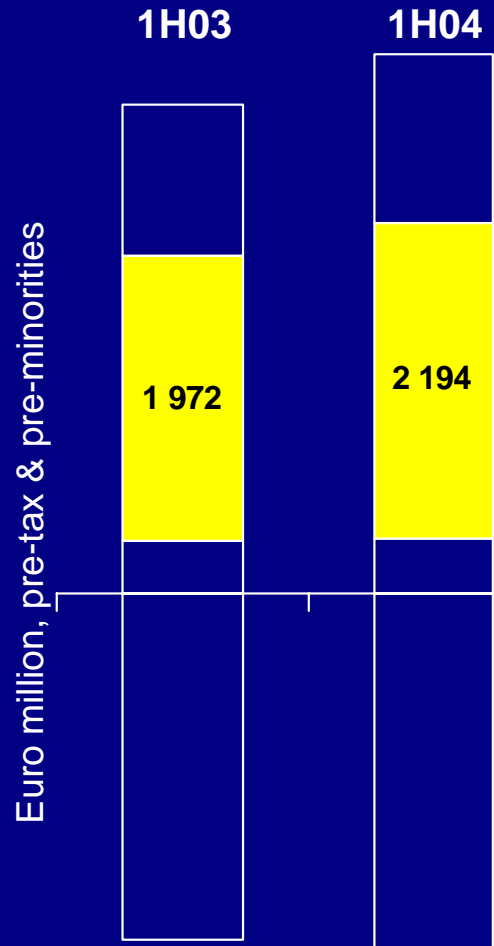
1H04



Underlying Investment Margin was up 11%, or 15% at constant currency, owing to:

- Higher Investment Income
  - Higher general account balance
  - Stable yields
- Controlled policyholder interest credited

# Life & Savings: 1H04 Fees & Revenues strongly increased on higher average separate account balances

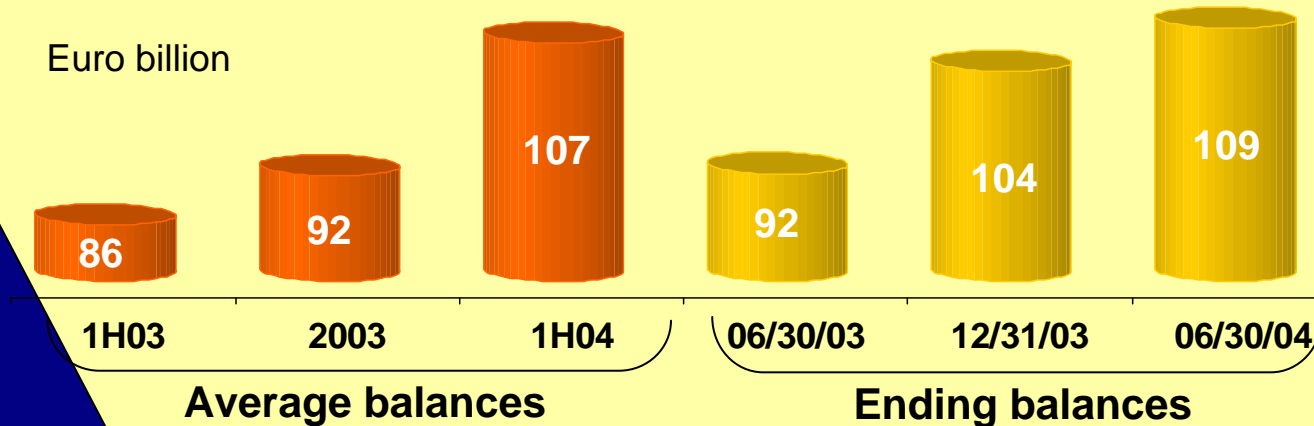


Fees & Revenues increased 11%, or 14% at constant currency, resulting from:

- Separate Account fees up 24% at constant FX, in line with average S/A balance growth

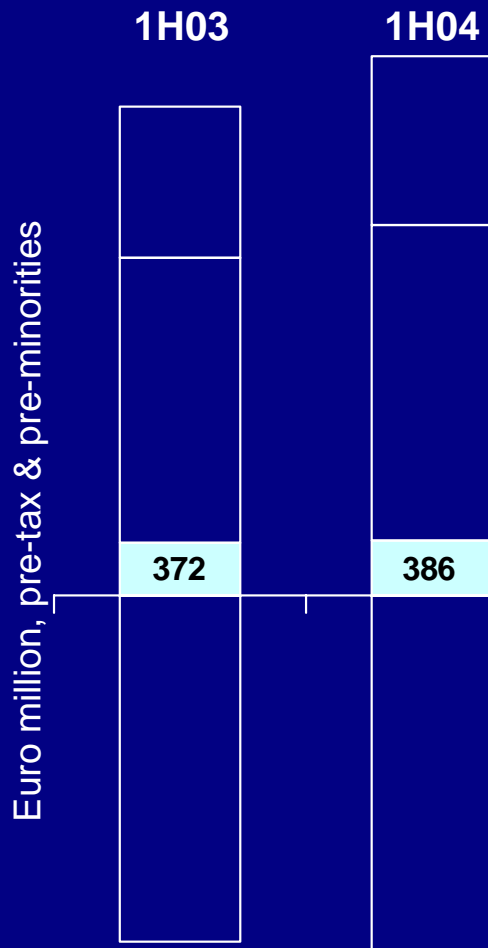
## Life & Savings Separate Account Balances

All periods at June 30, 2004 exchange rates



- General Account loadings up 4% at constant currency

# Life & Savings: 1H04 Technical Margin reflected offsetting reserve actions and incremental Japan conversions & surrenders



Technical margin was up 4%, or 11% at constant currency, owing mainly to:

- Offsetting reserve actions in 1H03 (UK and Japan) and 1H04 (Japan)
- Incremental high guaranteed rate products' conversions & surrenders in Japan:
  - ➔ **6% of converted & surrendered policies in 1H04**
  - ➔ **Totaling 21% of converted & surrendered policies since end 2002**
  - ➔ **In line with full year 2004 target**

In addition, Japan continued to increase its retention on other products, with surrender rate down 1.9 pt to 7.6%

# P&C: combined ratio improvement due to better technical and administrative expense ratios

Ratios (in %)	1H04	Improv't from 1H03
Loss, excl. CH	67.6	-2.0
Claims handling	<u>4.8</u>	<u>-0.6</u>
Loss	72.4	-2.6
Acq expense	16.7	+1.1
Admin expense	<u>10.3</u>	<u>-0.9</u>
Expense	27.0	+0.3
<b>Combined</b>	<b>99.4</b>	<b>-2.3</b>

- ◆ Technical result improved owing to:
  - ➔ Favorable personal claims frequency
  - ➔ Benign commercial claims environment
  - ➔ No mali
  - ➔ Reduced claims handling costs
- ◆ Acquisition expense ratio up notably from UK business mix shift towards lower loss / higher commission ratio business
- ◆ Administrative expense ratio was better as a result of higher volumes and ongoing cost savings, partly offset by non-recurring costs in some countries



# 1H04 economic expenses decreased by Euro 49 million compared to 1H03

	1H04	1H03	Change
AXA Consolidated general expenses <sup>(1)</sup>	8,442	8,297	+ 144
Non commissions expenses excl. Asset Management	3,813	3,850	- 37 <sup>(2)</sup>
<b>Economic expenses (at 1H03 exchange rates)</b>	<b>3,813</b>	<b>3,862</b>	<b>- 49</b>

- (1) Before DAC/VBI capitalization and amortization.  
 (2) Including an exchange rate impact of Euro -56m.

# Key Principles of Purchase GAAP (“PGAAP”) accounting on MONY’s December 31, 2003 US GAAP balance sheet

MONY’s balance sheet  
US GAAP  
at Dec. 31, 2003 - In \$ billion

## ASSETS

Invested Assets 12.8
S/A Assets 4.9
DAC 1.3
Goodwill 0.2
Other Assets 2.1

## LIABILITIES & EQUITY

Actuarial Reserves 11.8
S/A Liabilities 4.9
Other Liabilities & Debt 2.5
Equity 2.1

Fair valued  
under PGAAP



Fair valued  
under PGAAP



Written off under  
PGAAP



Written off under  
PGAAP



As a result of PGAAP, there will be creation of VOBA and Goodwill, totaling \$1bn to \$1.5bn