



# CÔTÉ AXA

AXA Group shareholders' newsletter

No. 38 — December 2019

## AXA launches a new phase in its climate strategy

During the “AXA Climate Impact Day”, the Group announced the launch of a new phase in its climate strategy, which aims to accelerate its contribution to the transition towards a more sustainable and less carbon-intensive economy by 2050.



## AXA accelerates towards a low-carbon and more resilient economy

During the AXA Climate Impact Day event, organized by AXA in collaboration with the United Nations Principles for Sustainable Insurance (UN PSI) on November 27, the Group announced the launch of a new phase in its climate strategy.

To succeed in this new phase, AXA will employ all its levers as a global investor, insurer and cooperation enabler.

### As a global investor

AXA aims to contain the “warming potential” of its investments to below 1.5°C by 2050. As part of this objective, the Group will double its green investment target to reach Euro 24 billion by 2023. Alongside Green Bonds, AXA will also invest in “transition bonds”, an innovative asset class conceptualized by AXA IM to support companies shifting towards less carbon-intensive business models.

Following its full exit from companies with coal-based business models, the Group has set out a new ambition towards a 0% coal energy world. AXA will therefore reinforce its divestment policy to completely exit the coal industry by 2030 in the OECD and EU countries, then in the rest of the world by 2040.

### As a global insurer

The Group, through AXA Climate, will launch a new parametric assistance service called FastCat in December. It offers weather alerting solutions and 24/7 real-time assessment through satellite imagery and drones to support communities and corporations facing natural disasters such as floods, earthquakes, cyclones and wildfires.

AXA’s coal underwriting policy will also be strengthened. The Group will notably ban any insurance business (except Employee Benefits) with clients developing new coal energy projects that exceed 300 MW in capacity.

### As a cooperation enabler

The fight against climate change requires cooperation between all stakeholders to drive collective action. That is why the Group has decided to join the Net Zero Asset Owner Alliance, a coalition of institutional investors committed to transitioning their investments to “net-zero” greenhouse gas emissions by 2050 to align their portfolios with a 1.5 C scenario.

AXA is also joining forces with the C40 network, a coalition of the biggest cities, home to nearly 1 out of every 12 people worldwide, to make metropolitan areas more resilient to natural disasters.

*“AXA has been a pioneer by setting up an ambitious climate change strategy.*

*These actions helped our industry to put climate change at the top of our collective agenda.*

*But the climate emergency requires further efforts.*

*Today, we are launching a new phase in our climate strategy, notably by focusing our sustainable finance efforts towards the energy transition of major industries. We are convinced that it is an absolute priority if we want to reach the objectives of the Paris Agreement”*

said Thomas Buberl, CEO of AXA.



## Strong growth momentum across the Group

AXA’s revenues grew overall by 5%, due in particular to continued strong trends for P&C lines and Health, with all of AXA’s geographies contributing to this robust growth.

**S**ales increased across all of the Group’s business lines. Property and casualty insurance is up 5%, driven by commercial lines with 7% growth, while personal lines recorded a 2% increase thanks to the combination of higher volumes and positive price effects.

The Group saw positive trends in Health across all geographies, climbing 6%, while life and savings revenue growth came to 4%, notably thanks to higher sales of capital-light savings and protection products.

All geographies contributed to this growth. AXA XL’s sales are up 11%, with strong growth

momentum in P&C insurance. The pricing environment for P&C insurance continued to be favorable for AXA XL, with a significant increase in renewals in the third quarter. Following a series of severe natural disasters since the summer, including Hurricane Dorian and Typhoons Faxai and Hagibis, AXA XL incurred an above average level of natural disaster claims in the third quarter and early into the fourth quarter.

Sales increased by 3% in Europe, thanks in particular to commercial property and casualty insurance. France is up 4%, driven

primarily by savings and health, while revenue growth came to 4% for Asia and 5% for International markets.

In the current context of very low interest rates, the Group’s Solvency II ratio of 187% at the end of September, highlights the strength and resilience of AXA’s balance sheet. This is perfectly in line with the target range of 170% to 220%.

The market has responded very well to these strong results, with AXA’s share price climbing 2.8% on the day they were announced to Euro 25.

GRUPE

€79.7 Bn  
up 5%

TOTAL GROSS REVENUES

P&C Commercial Lines: €24.9 Bn (up 7%)  
Health revenues: €10.7 Bn (up 6%)  
Protection revenues: €12.3 Bn (up 3%)

SOLVENCY II  
RATIO

187%

## AXA sells its remaining stake in EQH

On November 13, AXA announced that it had successfully sold 144,000,000 EQH shares through a registered public offering. For the Group, the net proceeds from this offering represent approximately Euro 2.9 billion. The successful sale of AXA’s remaining stake\* in EQH confirms the Group’s exit from the US life and savings market.

This transaction represents a key milestone in AXA’s strategic shift and the reduction of its exposure to the financial markets. It further strengthens the Group’s balance sheet and provides additional financial flexibility for the Group to reduce its debt gearing to 25% to 28% by the end of 2020.

\*Excluding 47,162,500 EQH common stock shares, linked primarily to the shares to be delivered on redemption of the AXA S.A. bonds to be exchanged for EQH shares, maturing in May 2021.



## Reinsurance, insurance for insurers

The Shareholders Circle’s most recent thematic conference offered an opportunity to (re)discover the reinsurance sector with Guillaume Lejeune, Chief Executive Officer of AXA Global Re, the entity that centralizes the risk reinsurance function for the Group.

People or businesses can protect themselves against the risks that they are exposed to (e.g. car accident, house fire, natural disaster) by transferring them to their insurer, which takes on responsibility for their consequences in exchange for a premium based on the conditions set by their policy.

Similarly, an insurer that has built up large volumes of customer risks sometimes needs to transfer part of these risks to ensure that its portfolio continues to be in line with its capacity and its appetite for risk. It uses reinsurance, which is, to some extent, insurance for insurers.

### How does it work?

The insurer, who identifies the need to transfer part of the risks and is known as the “cedent”, takes out a policy with a reinsurer, sometimes referred to as the “assignee”, covering part of the risk identified in exchange for a reinsurance premium.

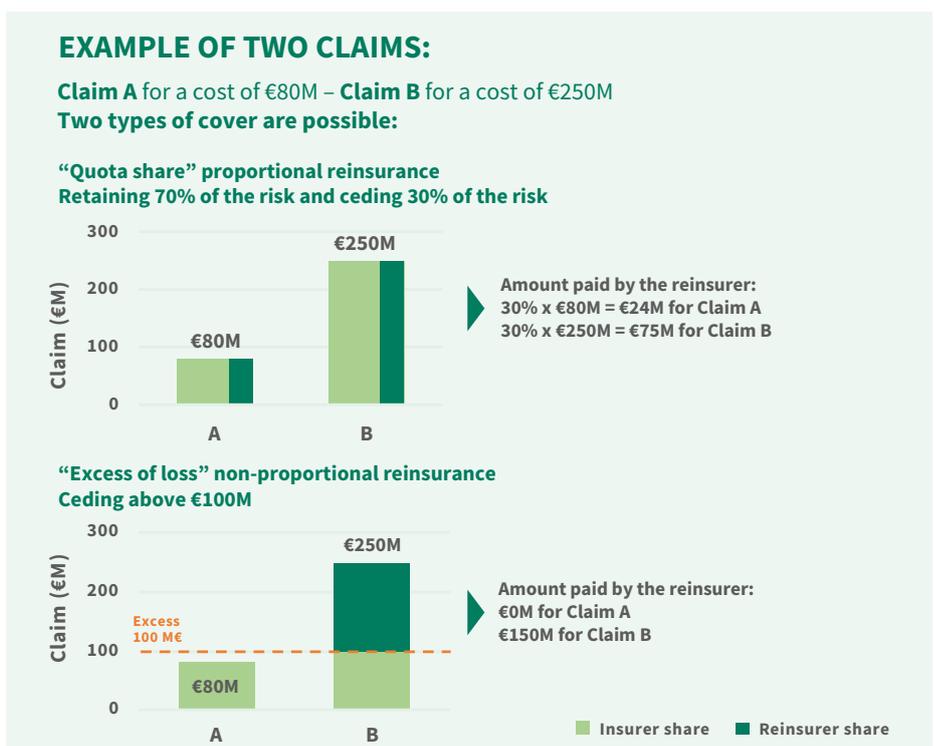
This policy may take various forms depending on the cedent’s needs. It may cover an entire risk portfolio, a single policy or a specific risk. Second variable: the cover offered by the reinsurer may be proportional, with the insurer transferring a percentage of the risk and sharing the premium as well as any claims based on this same percentage, or non-proportional, with the insurer maintaining its specific commitment and transferring the excess to a reinsurer.

Reinsurance can be applied to most branches of insurance, from property to occupational accidents, public liability, specialty insurance (marine, aviation, etc.), health and life insurance.

### Reinsurance market

The global reinsurance market represents 255 billion dollars of annual premiums, corresponding to around 5% of all insurance premiums worldwide. This market is split between a restricted number of reinsurers, with the top five firms accounting for 50% of the premiums in 2018. This high level of concentration is linked to the confidence, trust and solid foundations that clients look for when they take out cover with a reinsurer, pushing them towards the market’s heavyweights.

While this market is restricted, reinsurance is nevertheless an essential tool for insurance companies. By offering flexibility for insurers to manage their portfolios, reinsurance enables them to increase their underwriting capacity, optimize their use of capital and protect their balance sheets, while reducing volatility. This “insurance for insurers” enables them to protect themselves against the risks of large-scale disasters, as well as to cover new risks without overexposing themselves. Their exchanges with reinsurers, which have a global view of risks, also enable insurers to identify the sector’s trends.





## What are the risks of the future?

Understanding and anticipating risks is part of an insurer’s core mission. This is becoming increasingly important given the rapid pace of important change in our societies. For the past six years, AXA has conducted an annual survey to ensure that emerging risks are effectively integrated into the Group’s deliberations and decisions.

For its 2019 report, AXA linked up with Eurasia Group, a leading US-based geopolitical advisory and consultancy services firm. This collaboration enabled AXA to extend the report’s scope to include the geopolitical trends that are rapidly reshaping the global risk environment.

More than 1,700 risk experts from over 50 countries contributed to the 2019 survey. These experts answered open-ended questions to share their views on which emerging risks currently have the most significant implications for society.

### Climate remains risk number one

67% of the experts surveyed identified climate change as the most significant emerging risk, reflecting the growing awareness of this phenomenon’s far-reaching consequences for society. They emphasized that climate change, biodiversity loss and environmental degradation are interlinked and self-reinforcing, while demographic trends are expected to increase these risks even further.

Cyber security risks, the future of data regulation, the challenges of artificial intelligence and the prospect of quantum technology are just some of the reasons why technological risks are ranked second in this survey. They are rapidly evolving, increasingly complex and becoming ever more closely associated with geopolitical and societal risks.

This year’s report found geopolitical instability to be the third major emerging risk. Experts cite concerns over the socioeconomic consequences of the decline in multilateralism and the rise of populism. These factors are also undermining the ability of some governments to monitor and mitigate emerging risks, and to manage crises when they occur.

### Interrelation and interconnexion of emerging risks

One of the key takeaways of this year’s report is the growing interconnectivity between many emerging risks. One risk may influence another, or even trigger new, previously unanticipated risks. These complex links therefore demand a more transversal approach to risk identification, which must also translate into cohesive and integrated risk management.

This year’s survey confirms a trend observed last year: the perception of major emerging risks is rising and converging across the world. Even though the three main risks may not materialize in the same way and to the same extent from one region to the next, the experts globally agreed that they are high-stakes and complex risks.



Discover the full AXA-Eurasia Future Risks Report on [axa.com](http://axa.com)

<p>Climate Change</p>	<p>Cyber Security Risks</p>	<p>Geopolitical Instability</p>	<p>Social Discontent and Local Conflicts</p>	<p>Natural Resources Management</p>
<p>Artificial Intelligence and Big Data</p>	<p>Pollution</p>	<p>Pandemics and Infectious Diseases</p>	<p>New Threats to Security</p>	<p>Macro-economic Risks</p>

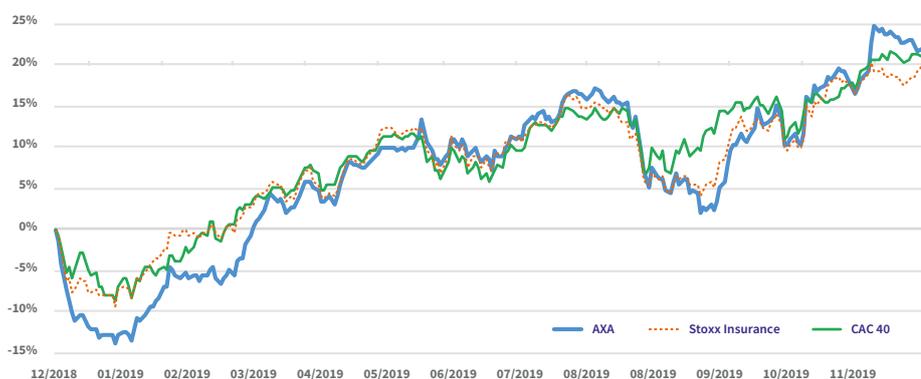
# AXA share performance

Following a complicated start to the year, and despite the tensions seen during the summer, the stock markets have progressed over the past year. The recent publication of relatively reassuring economic statistics in the US and solid earnings for businesses have supported this trend, which has however continued to be marked by the advances and setbacks with the China-US trade situation.

In this context, AXA's share, buoyed by the quarterly business indicators announced by the Group and the sale of its remaining stake in AXA Equitable Holdings, shows a performance (dividend reinvested) of +39% since January 1, 2019, outperforming the CAC40 (+29%) and Stoxx Insurance, the European insurance index (+28%).

On November 29, AXA's share price was up 21% year-on-year to €24.70 (dividend reinvested), compared with +19% for the Stoxx Insurance, and in line with the CAC40.

AXA SHARE PERFORMANCE OVER THE PAST YEAR (dividend reinvested)



Source: Bloomberg, november 29, 2019

# 2020 calendar

## January 21

SPECIAL CONFERENCE ON AXA'S CLIMATE STRATEGY, AT THE AXA GROUP'S HEADQUARTERS, 6:30PM

## February 20

2019 FULL-YEAR EARNINGS RELEASED

## February 25

SPECIAL CONFERENCE ON 2019 FULL-YEAR EARNINGS, AT THE AXA GROUP'S HEADQUARTERS, 6:30PM

## April 30

AXA GROUP SHAREHOLDERS' MEETING AT PALAIS DES CONGRÈS DE PARIS, 2:30PM – Doors open at 1:30 PM

To keep informed of the Shareholders' Circle events, send us your email address and receive the Circle's calendar.

▶ See all our events at: [axa.com/en/newsroom/events](http://axa.com/en/newsroom/events)

The shareholder relations team would like to wish you all the best for the Holiday Season!

During the end-of-year holidays, please note that the toll-free number will exceptionally be closed: on Tuesday December 24 and Tuesday December 31 afternoon, on Wednesday December 25 and Wednesday January 1 for the whole day. Thank you for your understanding.

## CONTACT US

### Individual shareholders

25, avenue Matignon – 75008 Paris

**0 800 434 843** Service & appel gratuits

From abroad: +33 (0) 1 40 75 48 43

Email: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

### Registered shareholders

For all requests related to your pure registered account, please contact:

BNP – Paribas Securities Services

Corporate Trust Services

Relations actionnaires AXA

Les Grands Moulins de Pantin

9, rue du Débarcadère – 93761 Pantin Cedex

**0 810 888 433** Service 0,06 € / min + prix appel

From abroad: +33 (0) 1 40 14 80 00

Head of publication:

AXA Group Communications

Photos credit: Getty images, Shutterstock, Droits réservés

## AXA, PARTNER FOR CULTURAL HERITAGE

AXA launched several new sponsorship operations in 2019, building on its commitment to preserving and sharing cultural heritage.

Between February and October 2019, the **Louvre Museum**, with support from AXA, carried out extensive renovation work in the Salle des États, where The Mona Lisa is displayed. AXA, which has been a partner of the Louvre Museum since 2003, is also a patron of the Leonardo da Vinci exhibition, organized to mark the 500th anniversary of the artist's death. The 600,000 visitors expected will finish their tour with The Mona Lisa, the exhibition's highlight, in the newly refurbished Salle des États.

In 2018, AXA became one of the **Centre Pompidou Accélération Endowment Fund's** seven founding companies, supporting an original initiative in the art world. As part of this program, a series of artist residencies were organized at the offices of the founding companies for several weeks during the first half of 2019. From October 23, 2019 to January 27, 2020, the Centre Pompidou hosted the "Points de Rencontres" exhibition, with work from the Endowment Fund's first season.



Would you like to respond to any of the topics covered in this issue?

Your opinion matters: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

Would you like to receive our upcoming publications by email?

Sign up now at: [actionnaires.web@axa.com](http://actionnaires.web@axa.com)

