

A young girl with brown hair, wearing a yellow textured sweater and blue polka-dot leggings, is walking on a city street. She is holding a blue balloon with a white string. The background is a blurred city street with other people and buildings. A large red triangle is overlaid on the image, pointing towards the bottom right.

Partner for a better life

AXA Essentials
2018 edition



Editorial Thomas Buberl

**I BELIEVE WE ARE ENTERING
A NEW GOLDEN AGE OF INSURANCE.**

The need for protection is increasing worldwide. Over the past year, cyberattacks have cost businesses billions of euros and global warming has made a tangible impact. Emerging risks have become real threats.

At the same time, economic, technological and societal changes, such as new ways of working fostered by the sharing economy, are generating an unprecedented demand for protection. Advances in medicine are raising hopes but also questions about our social protection system. Given the diversity and scale of these transformations, the answers can only be collective.

Risk pooling through insurance is a remarkably modern response to the challenges facing our society. In contrast

to certain hyper-personalization models, we are developing a system that promotes social cohesion.

For insurers, the growth potential offered by this new golden age is immense, provided we successfully transform our approach and pass on the benefits to our customers.

AXA HAS STRONG ASSETS.

Our balanced global presence offers significant synergies, along with the best growth opportunities. We rank among the top five insurers in many key markets, as well as high-potential countries.

In all our markets, our unique, powerful AXA brand is a mark of the trust from our customers and an asset to our partnership policy.

Our robust financial health also makes a difference. With ...

“Our purpose is to empower our customers through greater peace of mind and the assurance that their lives can be safer, healthier, and full of opportunities.”

••• our Ambition 2020 strategic plan, we are further boosting our competitive advantage and reducing our exposure to the volatility of financial markets. This makes us a solid and sustainable partner.

BUT I BELIEVE WE CAN AND MUST GO EVEN FURTHER IN TRANSFORMING OUR MODEL. Consumers are still wary of our industry, despite our purpose of empowering them through greater peace of mind and the assurance that their lives can be safer, healthier and full of opportunities. This is paradoxical!

We must build the trust and understanding that create a strong relationship, as the bedrock of our insurance business. Fair and quick payments are essential, and we still need to improve in this area, but we must go beyond the role of bill payer to become a full-fledged partner for our customers.

I am convinced services are the key to achieving this goal.

EVERY YEAR, 20% OF OUR CUSTOMERS REPORT A CLAIM AND THEY EXPECT MORE THAN FINANCIAL COMPENSATION. They want us to minimize the impact of a loss, accident or health problem on their everyday lives. This is where smart solutions come in.

To help motorists, we have developed services ranging from courtesy replacement vehicles to assistance in choosing the best mechanics. For patients, we are boosting our health services to provide better support throughout their treatment.

WHAT ARE WE DOING FOR THE 80% OF CUSTOMERS WHO DO NOT REPORT CLAIMS? Knowing they can count on a good insurance policy brings some peace of mind, but we can do more by giving them the means to avoid trouble in the first place.



This means making our risk data available to them and developing prevention tools. In healthcare, innovations such as telemedicine and predictive analysis can help our customers prevent health problems or detect them early. In developing new services, we are expanding our role to become an innovative partner across the entire value chain: before, during and after any claims.

INNOVATION IS NATURALLY A KEY DRIVER OF THIS TRANSFORMATION.

We need to be creative to invent new services for our customers, develop new insurance models, support new forms of mobility,

adapt to healthcare developments, and more.

With this in mind, we have set up a new innovation department, reporting directly to me and we have strengthened our capacity to acquire new high-value businesses. From now on, we will allocate €200 million to innovation acquisitions every year. We will give the newly integrated activities time to develop, blend naturally with our entities and permeate the Group.

This open innovation ecosystem will allow us to develop services that are complementary to our

•••

••• products or even independent of our insurance coverage.

WHILE ACCELERATING INNOVATION, WE ARE REBALANCING AXA'S BUSINESS MIX, focusing on three priority growth segments: Protection, Property & Casualty commercial lines, and Health. These are the business lines that generate the most frequent interactions with our customers, enabling us to provide everyday support as a partner.

Through these activities, we are also prioritizing pure insurance products and reducing our exposure to financial markets. Our plan to acquire XL Group is a leap forward in this strategic shift and I am convinced it will create long-term value for our Group, our customers and our shareholders.

IN 2017, WE ALSO SIMPLIFIED AND DECENTRALIZED OUR ORGANIZATION, removing two layers of management to facilitate local decision-making. Our resources and responsibilities must be as close as possible to our customers. This is crucial if we want to be more relevant and effective.

AXA IS NOW IN A POSITION TO FULLY EMBRACE THIS NEW GOLDEN AGE OF INSURANCE. We will do so without compromising on our values and social commitments. A good example is our action on climate change, which will remain a priority in the coming years, with significant commitments and investments between now and 2020.

“In developing new services, we are expanding our role to become an innovative partner across the entire value chain.”

Of course, we cannot take anything for granted, but I am confident our expertise and collective efforts will open up new avenues and empower our customers to live a better life.

A partner for our customers

AXA's purpose – empowering people to live a better life – has to materialize in our clients' everyday lives. Our internal transformations only make sense if they have a real impact on the lives of those we support.

Simplifying everyday life

AXA IS BUILDING ITS VALUE CHAIN BEFORE, DURING AND AFTER A CLAIM TO PROVIDE NEW SERVICES AND MAKE INSURANCE EASIER:

- Accelerate subscription processes thanks to digital tools such as Minibizz
- Offer clients a real-time tracking of their applications with Next Steps
- Minimize damage impact with Early Solutions and home services
- Simplify compensation processes thanks to parametric insurance or blockchain
- Provide additional services using prevention, remote medicine, telematics, etc.

Furthering new practices

THE SHARING ECONOMY, CONNECTED CARS, SMART HOMES, SELF-EMPLOYED WORKERS... THESE NEW LIFESTYLE TRENDS GENERATE NEW DEMAND FOR PROTECTION. AXA DESIGNS INNOVATIVE SOLUTIONS, ACTING AS A TRUSTED LINK IN THIS NEW ECONOMY:

- Partnerships with more than 150 platforms: Uber, Deliveroo, Blablacar, OuiCar, Alibaba.com, Fleet, etc.
- Serving customers in over 100 million life moments

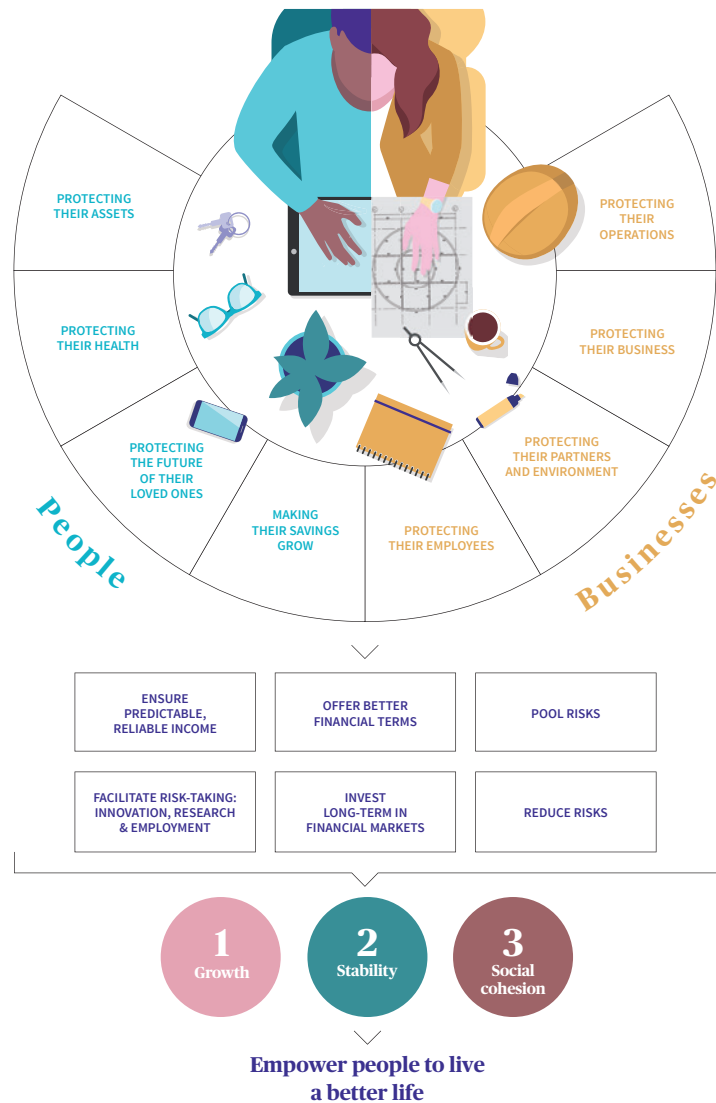
Being close to our customers

OUR CUSTOMERS CHOOSE US FOR THE AVAILABILITY OF OUR AGENTS AND ADVISORS ALONG WITH THE QUALITY OF THEIR ADVICE.

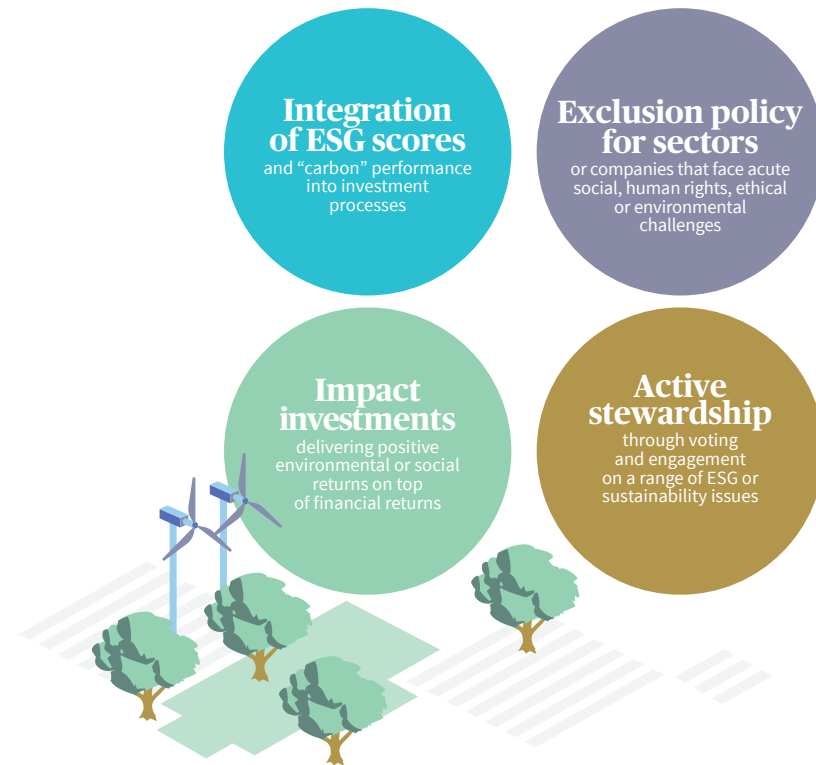
New digital technology is offering new opportunities to contact clients and personalize our responses. Alongside more traditional interactions it creates an effective omnichannel experience.



Insurance: a key driver of growth



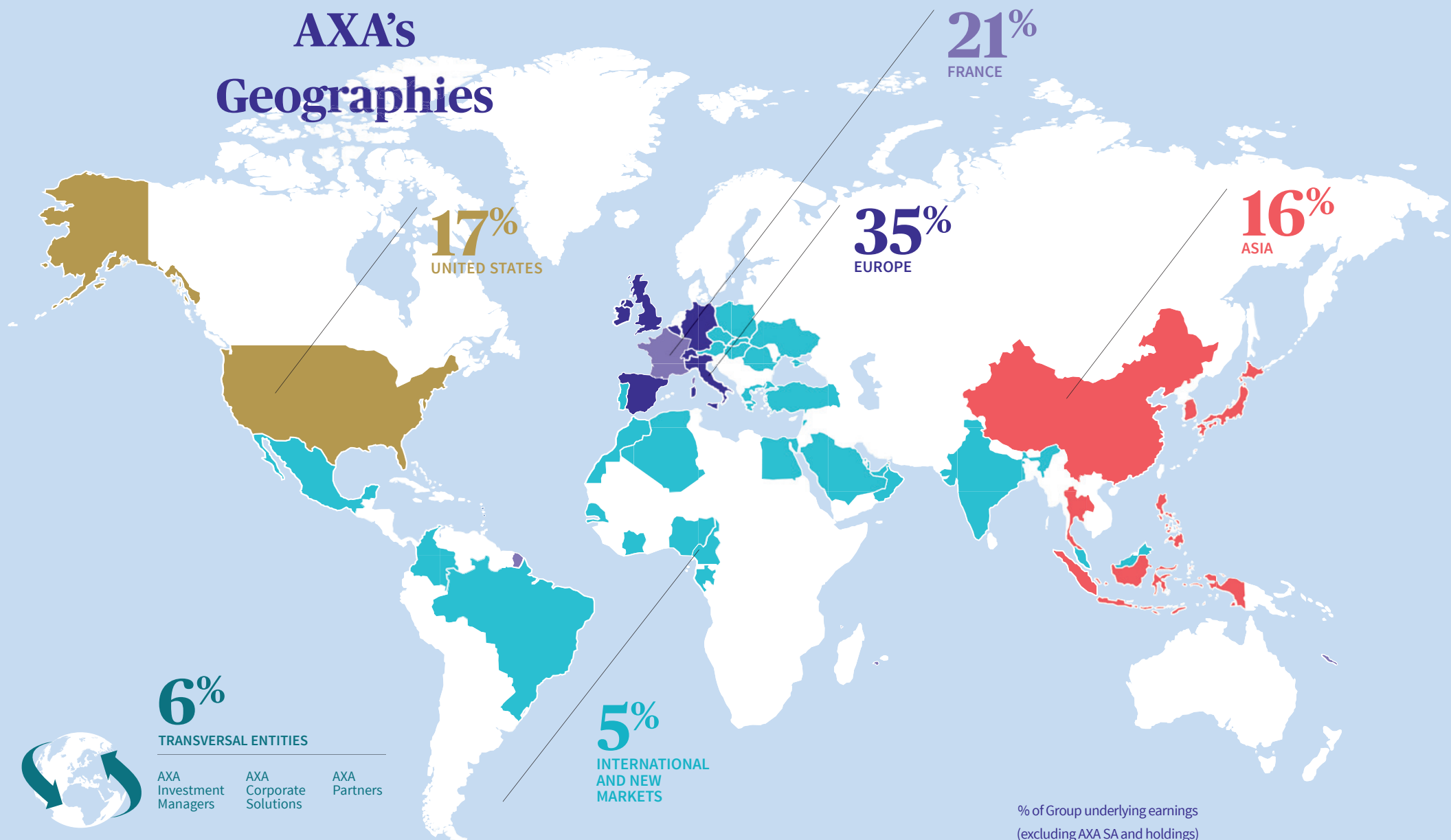
Responsible investment: an integrated strategy



IN 2017, AXA'S RESPONSIBLE INVESTMENT EFFORTS MOSTLY FOCUSED ON CLIMATE RISKS. AT THE ONE PLANET SUMMIT, AXA MADE SEVERAL AMBITIOUS ANNOUNCEMENTS, IN LINE WITH ITS CONVICTIONS ON RESPONSIBLE INVESTMENTS:

- €12 billion in green investments by 2020 ;
- Increased divestment from coal to €3 billion ;
- €700 million divested from oil sand producers and associated pipelines ;
- Insurance exclusion for oil sands industry and new coal construction projects.

AXA's Geographies



Closer to the customer

AXA simplifies its operating model to empower entities to deliver on the transformation and operate as closely as possible to their customers. Targets are set to focus energy on growing business and delivering excellent customer service. From now on the Group operates across five geographies with a single simplified Corporate Center.



FRANCE AND EUROPE

- Grow in preferred segments, reinforce market leadership
- Transform to blended distribution
- Focus on customer experience

ASIA

- Expand distribution reach
- Grow top and bottom line



UNITED STATES

- Grow organically
- Improve efficiency
- Optimize capital

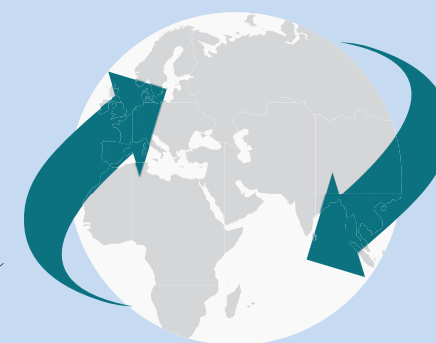


INTERNATIONAL AND NEW MARKETS

- Reduce and rationalize footprint
- Growth boosters of tomorrow

AXA INVESTMENT MANAGERS AND AXA CORPORATE SOLUTIONS

- Strategic growth enablers



Highlights



▲
Uber and AXA sign an international partnership



▲
Launch of an entity dedicated to parametric insurance



▲
AXA to acquire XL Group, creating the n°1 global Property & Casualty commercial lines insurance platform

▲
AXA automates compensation payments using blockchain



▲
Simplify to accelerate: a new operating model for AXA



▲
AXA strengthens its ambition in the fight against climate change



▲
Maestro health acquisition: strengthening AXA's presence on the US health insurance market



▲
AXA announces its intention to IPO its US operations



▲
AXA to be powered by 100% sustainable electricity by 2025

Financial performance

AXA delivers a strong performance in 2017, well on track towards its Ambition 2020 targets.

PROPERTY & CASUALTY
CLAIMS PAID

€22_{bn}

HEALTH
BENEFITS PAID

€8_{bn}

HEALTH
ASSISTANCE
SERVICES

5_m
beneficiaries

MOTOR
ASSISTANCE
SERVICES

5_m
beneficiaries

CLIENTS

EARNINGS

UNDERLYING
EARNINGS

+7%

5,7

6,0

2016

2017

ADJUSTED
EARNINGS

+8%

6,1

6,5

2016

2017

NET
INCOME

+8%

5,8

6,2

2016

2017

In euro billion, change at constant forex

REVENUES BY GEOGRAPHY

37% Europe

25% France

17% United States

9% Asia

7% International and new markets

5% Transversal entities

€99_{bn}
REVENUES

AMBITION 2020

UNDERLYING
EARNINGS
PER SHARE

+7%

2017 VS 2016



3% - 7%
CAGR 2015-2020

OPERATING
FREE CASH
FLOWS

€6.3_{bn}

2017



€28 - 32bn
Cumulative
2015-2020

ADJUSTED RETURN
ON EQUITY

14.5%

2017



12% - 14%
Target range

SOLVENCY II
RATIO

205%

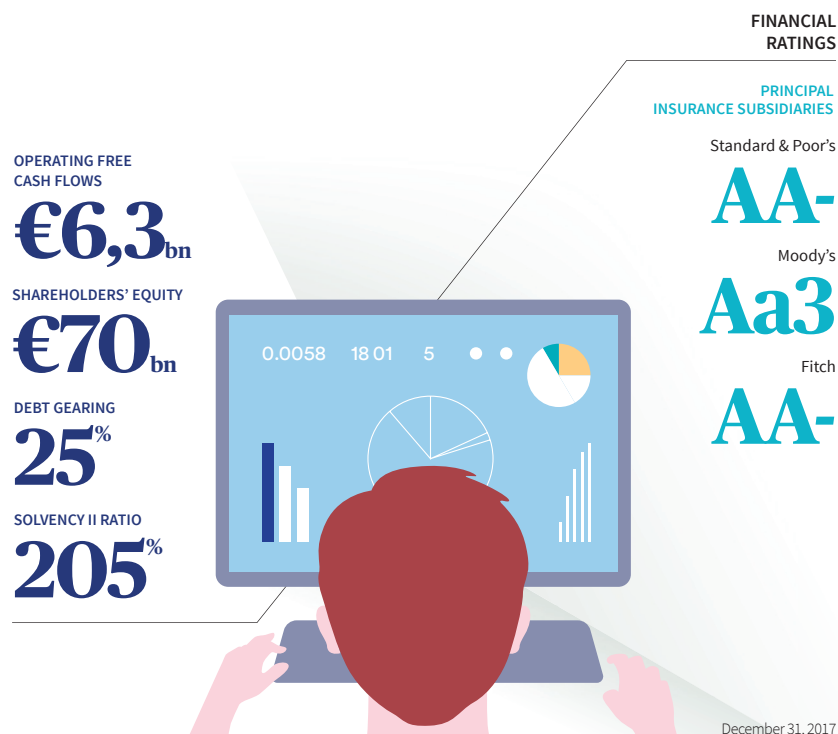
2017



170% - 230%
Target range

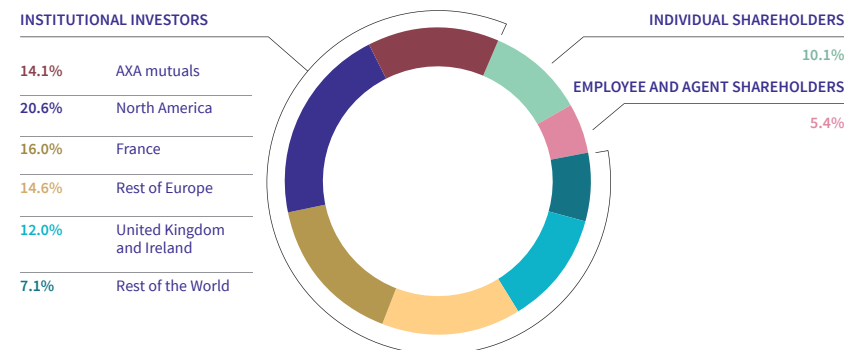
Financial strength

AXA CAN RELY ON A BALANCED MIX OF ACTIVITY AND A GLOBAL PRESENCE TO REGULARLY DELIVER **STRONG EARNINGS**. In addition, the Group took early action to prioritize capital light products. Thanks to its Ambition 2020 strategic orientations, AXA delivers high and recurrent operating free cash-flows. AXA's financial strength is ascertained by credit rating agencies.



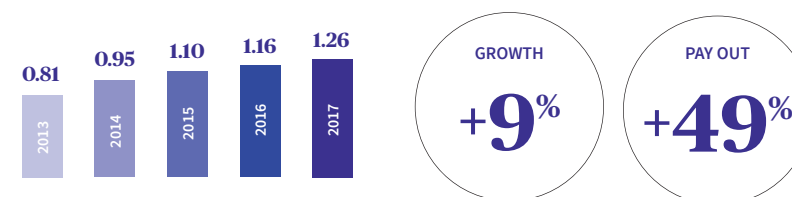
AXA and its shareholders

SHAREHOLDER STRUCTURE



DIVIDEND DISTRIBUTION POLICY

Dividend in €/share



AXA's dividend distribution policy is based on consolidated adjusted earnings minus interest charges on undated debt. AXA set a payout target range of about 45% to 55% of that earnings base.

If you wish to join the AXA Shareholders' Circle, please visit: <https://www.axa.com/en/investor/shareholders-circle>

HR data*

NEW HIRES

16,766

EMPLOYEES (OPEN-ENDED
AND FIXED-TERM CONTRACTS)

116,514

PAYROLL

€8.5_{bn}

MEN/WOMEN

47/53%
salaried workforceSALARIED WORKFORCE
AVERAGE AGE

40.9 years

SALARIED WORKFORCE
AVERAGE LENGTH OF SERVICE

10.8 years

EMPLOYEE TRAINING

84.2%
of employees have attended
at least one training courseAVERAGE NUMBER OF DAYS
OF TRAINING PER EMPLOYEE

3.1

INTERNAL MOBILITY RATE

10.5%



* Our HR and environmental data are audited by our statutory auditors (see Annual report, section 7).

Environmental data*

- 10%

POWER CONSUMPTION

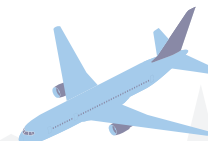
3,150
kWh/FTE

- 11%

RENEWABLE ELECTRICITY

53%
of AXA's building using
100% renewable electricity

CO2 EMISSIONS

1.75
t CO2/FTE

TRANSPORTATION BUSINESS TRAVEL

328,523
thousand kilometers

- 11%

PAPER CONSUMPTION

16 kg/FTE
61% recycled paper or
paper from sustainably
managed forests.

- 8%

WATER CONSUMPTION

8 m3/FTE



FTE: Full Time Equivalent.



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