

Half Year 2015 Earnings Presentation

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Introduction

Henri de CASTRIES

Chairman and CEO

Paris, le 4 août 2015

Our earnings for the first half of this year are of very high quality, showing that strong growth is supporting our efforts to prepare for the Group's future through efforts to anticipate the new needs of our clients.

Total revenues reached 55 billion euros, up 10% compared with last year and AXA's best half-year revenue performance in its history. Underlying earnings, which rose by 12%, were also the highest AXA has produced in a half-year period. This is the ninth six-month period in a row that AXA's underlying earnings have increased. The Group's economic solvency stands at 215%.

Consequently, the Group is well positioned to achieve the objectives set forth in the Ambition AXA strategic plan, which will be completed at the end of this year.



Half Year 2015 Highlights

Henri de CASTRIES

Chairman and CEO

Paris, le 4 août 2015

In terms of pursuing the Group's development worldwide, organic growth contributed to AXA's new business development in the first half of the year. I will stop for a moment to talk about a few significant development deals.

First of all, the fact that Nippon Life, Japan's number one Life insurance company is now distributing an AXA product in Japan shows how much respect one of our competitors has for our work in this country and attests to the complementarities we can find. In fact, the product we distribute via Nippon Life completes the latter's range, so it's a win-win for both partners.

In the same way, we have forged a Property & Casualty partnership with the Singapore postal service. In general, postal organizations constitute powerful distribution networks everywhere in the world, and the agreement concluded with SingPost will enable us to further develop our business in Singapore.

Among other one-off operations – which demonstrate the increase in our footprint in emerging markets – we can also mention the acquisition of the large risks insurance subsidiary of SulAmerica in Brazil and the partnership in Egypt with the country's largest private bank. This deal will allow us to become a significant player in life and health in one of the Middle East's most important markets. Lastly, the acquisition of Genworth Lifestyle Protection Insurance doubles our market share in creditor insurance, as we will have about 6% of this market once the deal is completed.

The second area of highlights for the first half of the year concerns the anticipation of new needs and digital developments (Big Data, connected objects, etc.). Here, we have forged a partnership with BlaBlaCar in France and in the United Kingdom. The pursuit of the development of AXA Labs and the Data Innovation Lab, as well as investments in the digital realm via AXA Strategic Ventures are all part of the same logic, as is the development for our clients of several applications that simplify daily life (MonAXA).

The third area of development over the course of the last six months concerns action taken in favor of the environment. As you know, the COP 21 will be held later this year in Paris. The private sector intends to play an active role in environmental protection and the promotion of planetary stability. Insurers have an important role to play as well, on both the asset and liabilities side of their balance sheet. AXA has taken a leading position compared with its peers, announcing earlier this summer that it would complete the process of divesting from its carbon exposure, which represents several hundred million euros. We have also announced the tripling of our green investments, which are investments in technologies that help to protect the environment. We will also measure the carbon footprint of our asset portfolios and will integrate ESG criteria into our investment selection process.

The Group's growth reflects a combination of mature and growth market development. An analysis of our organic growth for the first half of this year reveals that growth in health and in unit-linked product sales – areas where we have decided to focus in the mature countries – is 11% in terms of new business, which demonstrates that our products are competitive and that our sales networks in mature markets are effective. With respect to external growth, the acquisition of Genworth Lifestyle Protection Insurance will position us even more solidly in the European creditor insurance market.

As for organic growth in the emerging markets, life insurance new business rose by 12% in the first half of this year. In these same markets, property-casualty revenues rose



by 4% over the period and revenues from direct sales were up by 7%. Consequently, it looks like our existing operations in the emerging markets are showing satisfactory levels of growth, which offers the Group promising new drivers of growth in future years.

In terms of external growth in the emerging markets, there is one last transaction that is worth mentioning in addition to others already mentioned in Brazil and in Egypt. Due to legislative changes in India, we can now increase our holding in the joint venture we have in this country to 49%, in both life and property-casualty. This increase in our investment stake increases our exposure to this market and hence is a driver of future growth.

As for tomorrow's growth and the integration of digital technologies into our daily actions, we are exploring what these digital techniques offer our clients while also committing and investing in this area. In other words, it is important to detect the emerging trends and accelerate the development of the Group's digital culture. That's why we built the AXA Labs in San Francisco and in Shanghai, comprised of small teams tasked with analyzing the market to detect financial technologies that could affect our business model and bring new services to our clients. Committing to digital entails attracting new skills and starting the process of development. This is why we have set up Data Innovation Labs, teams of developers connected with our product teams to develop new solutions.

In terms of investment, it is necessary to support businesses that are not born inside of AXA but that we think possess useful knowhow. Among other things, this means acquiring new knowledge.. And we are working through AXA Strategic Ventures to accomplish this in Europe, in North America, and in Asia. With an initial allocation of 200 million euros, AXA Strategic Ventures invests in start-ups that are more or less advanced in their development. For example, Policy Genius is a mobile underwriting tool for online insurance and Limelight is developing a technology to simplify the purchase by employees of health insurance online using a big data approach.

In the same area, we have understood thanks to the Data Innovation Labs that the exploitation of data on an unprecedented level would not only allow us to improve service but would also create new responsibilities in terms of how these data are used. It is very important to align our interests with those of our clients, and this is why AXA has published a statement on data confidentiality that describes very precisely what we intend to do with the data we collect. We set up a committee composed of independent experts to help us think about this issue.

All of these operations bode well for the successful and full completion of the Ambition AXA plan, which will come to an end when this year does. In fact, it is clear that we will meet or surpass all of the quantitative objectives we set for ourselves. For example, the range of annual increase for earnings per share was 5 to 10%, and the average for this year is 7%. In fact, we have not dipped below the range in any given half year period.

As for our cash flow from operations, the stated objective of 24 billion euros over the 2011-2015 period will be met. In terms of shareholders' equity, we are at 16%, which is above the range of 13 to 15%. Lastly, the Group's gearing ratio – which was monitored very closely – is currently around 23%. This reduction gives the Group a great deal of financial flexibility today.

The key takeaways from this first half of 2015 are solid earnings and double digit growth in underlying earnings. Above and beyond the boost we got from the forex impact, growth is being built on a solid base because it comes from both mature and emerging markets and is based on both traditional businesses and those driven by the new technologies.

This double digit growth in underlying earnings bodes well for the year-end dividend outlook.



First half earnings

Paris, le 4 août 2015

Denis DUVERNE

Deputy CEO

1) Life & Savings, Protection & Health

In the first half of 2015, the total value of the savings invested by our clients in life insurance products (general account and unit-linked) increased by 20 billion euros, mainly thanks to unit-linked products. In Protection & Health, we paid out 6 billion euros in benefits to our clients worldwide and more than one million of them benefited from health insurance services.

Sales increased by 5% on a comparable basis and by 16% on a reported basis, with the difference mainly attributable to the appreciation of the principal currencies against the euro. Growth was driven by both of our priority segments. Unit-linked sales increased by 8% on a comparable basis and by 21% on a reported basis. It is worth noting that in France, sales of unit-linked products rose by 35%. In Protection & Health, sales were up by 2% on a comparable basis and by 13% on a reported basis, led by France (+11%) and Asia. General Account Fund sales declined and, at the end of the period, accounted for just 12% of our total production, in line with our strategy. In parallel, sales of mutual fund and other products were up significantly.

Life & Savings net inflows came to 5.3 billion euros for the six months ended June 30, 2015 (versus 2.8 billion euros for the same period in 2014). In France, net inflows reached 1.8 billion euros, driven primarily by Protection & Health (1.3 billion euros) and unit-linked products (700 million euros).

Life & Savings New Business Value margin was unchanged overall or slightly up, at 34% for Life & Savings, Protection & Savings as a whole.

In line with our Ambition AXA strategic plan, we have been focusing our growth since 2010 on the most promising segments. Accordingly, the proportion of unit-linked sales as a percentage of the total is now 37%, compared with 30% in 2010. Protection & Health products now also account for 37% of new business, versus 31% for the first six months of 2010. These two priority segments thus account for nearly three quarters of total sales. Comparatively, General Account fund sales represent just 12% of total sales today, as opposed to 25% for the first half of 2010. So we are satisfied with how this mix is evolving, in a way that is in the interest of our clients.

In the emerging countries, sales were up by 12% on a comparable basis and by 32% on a reported basis, driven in particular by Southeast Asia, India, and China. New business for our joint venture ICBC-AXA jumped by 77% over the first six months, and these emerging countries now represent 18% of total sales in Life & Savings, Protection & Health.

Underlying earnings by segment show the predominance of Protection & Health, as well as unit-linked, the total representing 80% of the result. Net of taxes, underlying earnings increased by 2% on a comparable basis and by 13% on a reported basis, driven by France (+6%) and Japan (+12%). Annualized asset yields on the investment portfolio were 3.7% in this segment, despite the context of low interest rates.



The overall performance in the first half of 2015 was very good for this segment.

I) Property & Casualty Insurance

The value of all claims paid was close to 10 billion euros. Our direct insurance business continues to post growth, with 200,000 additional policies signed. We took charge of 1.6 AXA Assistance clients.

Revenues rose by 1% on a comparable basis and by 8% on a reported basis, and was stable in the mature markets, a reflection of more selective underwriting, particularly on construction insurance business in France and motor insurance in Spain.

In the emerging markets, the increase was 4% on a comparable basis and 20% on a reported basis, with an average increase of 6% in Asia. It is worth noting that the rise in revenues for China was 14%. Direct insurance business continues to grow, by 7% on a comparable basis and by 16% on a reported basis.

The property-casualty combined ratio was driven by lower natural catastrophe charges – even though the Niklas storm in Germany weighed adversely on the claims experience – and improved by 0.6 points, to 95.1%. The combined ratio is thus ahead of the objective set for 2015, of 96%.

Underlying earnings were stable on a comparable basis and up by 5% on a reported basis, at 1.3 billion euros. The annualized asset yields on the investment portfolio for property-casualty were 3.7% for the period.

II) Asset management

The dynamic was excellent over the first half of the year in asset management, where net inflows rose significantly, reaching 35 billion euros. Assets under management were up by 9% (116 billion euros) and reached 1,152 billion euros.

In total, the Group managed 1,425 billion euros worth of assets as of June 30, 2015. AXA IM recorded net inflows of 28 billion euros for the period, including 19 billion euros from Asian joint ventures, in particular the joint venture with SBDB in China (net inflows of 18 billion euros). Net inflows remain very favorable for the rest of the Group for AXA IM.

AB recorded Euro 7 billion of net inflows mainly from the institutional channel.

Underlying Earnings were up 6% on a comparable basis and up 21% on a reported basis, mainly driven by increased inflows.

III) Earnings overview and financial strength

Underlying earnings rose by 2% on a comparable basis and by 12% on a reported basis. Per share, the increase was 11% for the first half of the year and 7% on average since 2010. It is worth noting that our business mix is well-balanced, since 41% of our earnings are from property & casualty and the international segment, while 35% comes from life & savings and asset management, and 24% from Protection & Health. This performance also reflects the efficiency efforts we are pursuing. In fact, our original objective was to achieve 1.5 billion euros in savings (subsequently raised to 1.9 billion euros) and at the end of June 2015 we had reached 1.8 billion euros.

Adjusted earnings were up by 3% on a reported basis and by 12% on a comparable basis, mainly reflecting the rise in underlying earnings but also the level of realized capital gains, which reached 382 million euros.



Net income fell by 7% on a comparable basis but rose by 2% on a reported basis. Higher interest rates had a negative impact on this item but the result nonetheless remains solid. As a reminder, adjusted earnings (which grew by 12%) are the only indicator on which our dividend payout policy is based.

Our financial strength was very good over the course of the first half of the year. Shareholders' equity increased, to 67 billion euros. The economic solvency ratio, which prefigures Solvency II, was 215% (201% at the end of 2014). This increase reflects our operating performance and to some extent higher interest rates. We are also confident that our Solvency II internal model will be approved between now and the end of the year.

We have already commented on our debt gearing, where we are at the lower end of e range in terms of our own objectives in this area.

The allocation of invested assets was marked by continuity and is guided by the goal of ensuring that our assets are adequately matched with our obligations to our policyholders. The duration of our bond assets is currently seven years, which allows us to amortize the impact of the low interest rate environment and to maintain our overall annualized asset yield at 3.7%.

Paris, le 4 août 2015



Conclusion

Henri de CASTRIES

Chairman and CEO

Paris, le 4 août 2015

We had a very good first half of the year, as the figures demonstrate. Adjusted earnings bode well for a satisfactory increase in our dividend. We are confident in our ability to complete the execution of Ambition AXA and of course we are in the process of preparing for what will follow it.



Question and Answer Session

Matthieu PROTARD, Reuters

You have just mentioned the completion of your five-year strategic plan. Do you already know when the next plan will be unveiled? Several analysts are in fact waiting to hear your new financial objectives.

In addition, analysts think there is a lack of dynamism at the operational level, in that the financial statements for the first half were very marked by the currency impact.

Henri de CASTRIES

As we said, we will be announcing the next plan in June of 2016 and it will cover the period 2016-2020.

With respect to our performance, I'm surprised by what you are saying. In fact, if you look at them, you can see that they are significantly better than what consensus was expecting for underlying earnings. It is true that currency had a positive impact for us in this first half and I would just point out that no one says a word when it's the other way around and the currency impact is negative... But we are not worried, because the Group still has untapped resources for achieving growth in revenues and earnings.

Denis DUVERNE

With this currency impact, we see one of the many benefits of AXA's diversification. The fact that more than 40% of our business is done in currencies other than the euro gives us an edge during a period where the European currency is weaker.

Moreover, in the area of life insurance, new business volume growth on a comparable basis is 5%. And for asset management, the net inflow for the half year was 35 billion euros. Clearly, there is a slowdown in property & casualty insurance, which shows that the cycle has entered into a more difficult period. However, compared with our competitors, 1% growth in the property & casualty segment is a good outcome.

Giuliana LICINI, Radiocor

Do you harbor other ambitions in the area of external growth before the next plan is implemented?

How is your business developing in Italy? Are you satisfied with your investment in Monte dei Paschi, a bank that has changed a lot since you first invested? Alessandro Profumo will in fact step down as chairman and his successor will soon be in place. In addition, the Treasury has acquired a capital stake in the bank, which has seen substantial capital increases.

Denis DUVERNE

In the area of external growth, you will not be surprised to hear that we don't comment in advance of acquisitions that we have not made. You have no doubt seen that we made four capital transactions over the course of the first half of 2015, two in the mature countries and two in the emerging countries. In the mature countries, the acquisition in England of Simply Health gives us an additional market share of 3.5% for AXA PPP.

In Italy, the commercial performance of our AXA-MPS joint venture was very good during the first half of the year, with new business growth of 28%. As for the situation of the bank, we were sad to see Alessandro Profumo leave but we supported the appointment of his successor, Massimo Tononi. We think that Monte dei Paschi is now in the turnaround



phase after a very challenging period, and we support this turnaround via the good development of its insurance business.

Marco MOUSSANET, *Il sole 24 Ore*

Are you considering acquiring additional equity in Monte dei Paschi? Will you forge a strategic partnership with Crédit Agricole?

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Denis DUVERNE

We do not intend to increase our equity in the Monte dei Paschi bank from its current 3.75%. In addition, the bank's backing is in fact something the bank regulators want. We are following this development attentively, but I don't have any specific information at this stage.

Leigh THOMAS, *Thomson Reuters*

Do you intend to take part in the wave of consolidation that is shaping up in the sector? Specifically, are you interested in RSA ?

Henri de CASTRIES

Today, AXA has critical mass – it is the world's number one insurance brand for the sixth year running. So we do not have any real need to take part in a race for size. On the other hand, we do need to pursue our development consistently with respect to the Group's long-term strategic objectives, by continuing to increase our exposure to emerging countries and by transforming the propositions made to our clients in the area of new technologies in the mature countries. In other words, we do not need to carry out massive growth transactions but we look at timely, targeted deals, as we demonstrated in the first half of the year. We will continue to do that.

Bertille BAYART, *Le Figaro*

Can you already give us a few of the principles that will guide the next strategic plan?

What was the impact of the interest rate environment on your earnings for the first half year and what are your anticipations for the remainder of the years?

Henri de CASTRIES

Two years ago, the question we were asked concerned the sustainability of our earnings in life insurance, given the environment of very low interest rates. No doubt you will give us credit for having demonstrated, once again with the results of this first half year, that neither growth nor the improvement in life insurance earnings suffers from a situation of very low interest rates. You have seen that growth in new business and in earnings is significant in the life insurance segment. In reality, this situation reflects the adequate diversification of the Group's business and in particular the fact that we have placed the accent on health, protection and unit-linked products for several years now. Thanks to this positioning, we find ourselves in a situation that is different from that of our domestic and global competitors. There is every reason to think this will continue. If the current interest rate environment persists, diversification will help us; if interest rates gradually go back up, particularly in the United States, this will be an additional benefit of diversification. So we are confident in the face of these developments.

In addition, the major principles of the next strategic plan will build on the continuity of Ambition AXA. The in-depth transformation of all organizations in the world of financial services in order to cope with the technical changes underway must be integrated as quickly as possible, because this is the source of tomorrow's competitive edge. In reality, the challenge is similar to that experienced during the transformation of manufacturing industries at the end of the nineteenth century, when electricity and oil began to become the principal energy sources. The revolution is profound and we must adapt to it more quickly than the others.

In the second place, we want to continue to increase our exposures in the emerging countries that constitute a significant growth pipeline, which in no way means that we will abandon the mature countries. In terms of the third pillar of the future plan, we will continue to work on increasing the Group's level of technical excellence.

These are the major outlines of the next plan, which, as is the custom, will contain a certain number of medium-term targets. We are very confident in the quality of this preparation, since we began the process well upstream. In particular, we are thinking about what profile we want the Group to have by around 2030.

Mark BENTLEY, *Bloomberg*

Are you considering the acquisition of RSA? What specifically do you plan for China in terms of acquisitions?

Denis DUVERNE

As Henri de CASTRIES said, we don't need to make big moves, considering that we already made four acquisitions during the current semester. Therefore we have no current plans on the company you're mentioning.

In China, we aren't planning on making any acquisitions either because we already have the partners that we need. Our joint-venture with ICBC has very strong growth in the first half. The compound growth rate over the last five years is over 60%. Our joint-venture with SPDB in asset management collected 18 billion euros just in the first half of 2015. On the P&C side, the first half growth of our joint venture (AXA Tianping) is 14%. In China, we just need to keep focusing on our organic growth and on developing our capabilities.

Laurent THEVENIN, *Les Echos*

When do you think you will get the go-ahead to increase your equity stake in your Indian joint ventures?

What will your business be in Romania?

Henri de CASTRIES

In India, we have already been given a verbal go-ahead by the Indian Prime Minister, during his recent visit to Paris. In Romania, we continue to look for solutions – the situation is complicated. If it turns out to be impossible to find a buyer, we will gradually liquidate our business via a run-off portfolio.

José MARCOS, *Altea capital*

What impact is Chinese turbulence having on AXA?

Henri de CASTRIES

For now, there is no impact but we are paying close attention to the Chinese market: consequences of the stock market nosedive, household spending attitudes...The most pessimistic observers are analyzing the depth of the nosedive and the adverse impacts it is having on household spending patterns. The figures in the next two or three quarters should have a macroeconomic impact on growth in China. That said, in this climate of uncertainty, it is equally uncertain as to whether or not a decline in household spending would have a direct impact on the life portion of our business.

I wish you all a very good summer.

