

Presentation of Full Year 2017 Earnings Press Conference February 22, 2018

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Introduction

Thomas BUBERL
CEO, AXA Group

Hello everyone. I am extremely delighted to welcome you here alongside Gérald Harlin and Jacques de Peretti.

As you have seen, the Group's performance in 2017 was excellent, and it comes after two years of change. 2016 was the year of AXA's change in governance and chairmanship. 2017 was the year we made several important strategic decisions in terms of our countries of operation and businesses, business lines, and simplification, with the goal of being closer to our customers.

The numbers we are presenting today constitute the first wave of the results of these strategic choices. I am extremely proud that we are able to present figures that attest to this level of excellence to the market.

Revenues are stable due to the strategic decision to focus on certain businesses and the acceleration of our growth in health, protection, and commercial property lines.

Underlying earnings were up by 7% for 2017, while net income was up by 8%, with an extremely stable balance sheet and a solvency ratio of 205% (+8 points compared with the previous year). Based on these results, the Board of Directors decided yesterday to raise the dividend by 9%, which brings it to 1.26 euro per share.

All major geographic regions contributed to these achievements. You will have noticed that, for the first time, we are presenting our earnings by geographic region, which indicates how important this angle of analysis has become for us and, at the same time, our desire to be close to our customers, considering our geographies as many possibilities of potential.

Today, we have five major geographies of operation and each one of them represents specific challenges and opportunities. It is sometimes said that Europe does not contribute to the earnings of large groups any more. Our 2017 earnings demonstrate that this is not the case: Europe – including France – remains the heart of the Group, something we are very proud of, and continues to develop positively.

We have chosen three preferred segments: P&C Commercial lines, Health, and Protection (with Unit-Linked). In these three areas, we have made excellent progress.

In Commercial lines, our revenues rose by 2%. In Health, revenues grew by 6%, following an increase of 4% in 2016. In Unit-Linked, sales grew by 7%. This is one of the major strengths of our operations in France, and these results attest to the Group's undeniable growth in the market. These growth figures are in line with the Ambition 2020 plan that we presented in June 2016.

A detailed review of our results shows that underlying earnings per share rose by 7%. In June 2016, we announced a target range of between 3% and 7% growth for this indicator, so this performance is in the upper end of the target range we are shooting for.

Operating free cash flow, i.e., that which flows up from the local entities to the holding company, is close to 6.3 billion euros for 2017, which again is within the target range of objectives that we announced (28 to 32 billion euros for the entire Ambition 2020 period, i.e., from 2016 to 2020).

From the perspective of return on shareholders' equity, we had announced a target range of 12% to 14%. In 2017, we exceeded this objective, with 14.5% adjusted ROE for the period.

All of this rests on an extremely solid balance sheet, which is reflected in our Solvency II ratio, which reached 205% (+8 points), within the target range of our objective in this area (170 to 230%).

These results show that the strategic choices we have made are already bearing fruit. We first decided to change the Group's risk profile by balancing risks between those related to the financial markets and the insurance risk. We decided to do an initial public offering (IPO) involving our US operations in order to find investment resources in the segments we are targeting (Health, Commercial Lines, and Protection).

Another major decision involved reaffirming the strategic role played by our Asset Management business. There was a lot of public discussion about this issue. It was important to talk about it with our Board, which has all the requisite skills for this task. We have clearly decided to remain in this business, the importance of which we are reaffirming. Asset Management forms the foundation of our success in life insurance. Our investment horizon is long term and long duration assets that are not very liquid are difficult to source. With AXA IM, we have a company that is well-positioned to succeed in this endeavor.

The aim of the third major decision was to simplify the organization so that we can be closer to our customers. We have reduced the number of hierarchical layers and given more responsibility to the individual countries, which are ultimately accountable for implementing their local transformation. Moreover, the answers cannot be the same everywhere. Each country must focus on the specific needs of its customers and make its own choices.

It was also important, in our view, to work harder on the transformation. As a reminder, the Ambition 2020 plan is built on two pillars: *Focus* and *Transform*.

The Focus pillar seeks to clarify how we can improve our operational performance and offset the negative effects of the current capital market performance in the context of the low interest rates we are experiencing.

As for the transformation of our model, the challenge is clear: to expand our range of services with complementary services to insurance coverage. Two important steps have already been taken in this regard, in particular by developing our innovation efforts in all areas. I will briefly mention two particularly emblematic examples. The first is the acquisition of Maestro Health in the United States. We do not just want to be just a company that pays the bills: we want to become a partner to our customers (companies and individuals), because we can help them to make the best choice with regards to available care. One million people already benefit from this service. The joint announcement made by JP Morgan, Amazon, and Berkshire Hathaway, which have come together to achieve greater control over healthcare spending, is a move in the same direction.

The second example is telemedicine, a remote service we launched two years ago. It already benefits 10 million people in several countries, including France. The customer can call when he or she wants. In 70% of cases, we can treat the request immediately. This is a major development in our range of services: we are no longer just paying claims, which involve 20% of our customers, and now offer a service to the 80% of our customers who don't have a claim to file and who wish to improve their quality of life.

None of this happens on its own. We need to reason that this is an opportunity to partner rather than view it as competition. I am often asked if the platform economy is not our major competitor of tomorrow. Yes, maybe, but I see it as a source of partnerships for today and tomorrow. That's why we made the strategic decision to grow in these areas. We are the leader in this field, since we have already established partnerships with 150 platforms in over twenty countries and covered 100 million everyday life moments.

It is also important to innovate. How can Uber drivers be protected, since they work under new scenarios? Protection must be reinvented to reflect this reality. We have also developed new solutions with Blablacar. This is new territory for the partner but also for us and that will feed our creativity.

AXA is not only a partner of the new economy; we are also a major player in society. As a leading global investor, we have a social and civic responsibility. Our loss experience shows that natural disasters have become more numerous and the cost of healthcare is rising. Why not start by reorienting our investments accordingly? This is why, after major decisions on investments in coal and then tobacco, we announced major decisions following

the Climate Summit of 2017, affirming our leading role in the fight against climate change. The Group will make 12 billion euros worth of green investments by 2020, which represents a four-fold increase. At the same time, our divestments in the coal sector are continuing to help the industry transform itself. We now refuse to insure new coal projects. I am extremely proud that AXA is one of the leaders in the financial sector in this area, helping society live better.

I'll hand the floor over to Jacques de Peretti now.

2017 Results: AXA France

Jacques de PERETTI

Chairman & CEO, AXA France

Thanks, Thomas. For the second year in a row, I have the privilege of presenting the results of AXA France which, along with Europe, constitutes the heart of our business.

In France, business was sustained in 2017: revenues grew by 4% across business lines (without taking into account a one-off case in December 2016 involving group retirement), which is a good performance for a mature market. This 4% was very well distributed across our preferred segments:

- Protection and Health, which grew by 6% in the national and international markets, with 14% growth in Health
- Unit-linked products (+13%)
- Commercial lines, where we practiced more selective risk underwriting, particularly in motor fleet insurance.

Our combined ratio improved by 0.4 points to 94.6%, which is in line with the results of 2016.

This outcome is the result of greater selectivity with respect to new business, greater segmentation of our rates, and the resilience of our loss experience despite significant natural events in France.

Each of these activities is contributing harmoniously to AXA's underlying earnings in France. You may notice that the contribution of euro-denominated savings is decreasing. Last year it stood at 26% and this year's rate is 19%, which reflects our policy of gradually moving away from euro savings. Symmetrically, the contribution of Unit-Linked savings jumped from 10% to 16%.

Overall, underlying earnings for France were up by 3% in 2017, including an increase of 8% in Life insurance that was driven both by higher volumes and higher margins. In Property and Casualty insurance, while underwriting is improving (as reflected in our combined ratio), the effect was more than offset by the decline in interest income in a context of low interest rates, which in the end led to almost no change.

Moving on to the essence of our business, in other words to our *purpose* and our ambition, we can express them in just one sentence: to make life easy for our customers. Regardless of what is often said, our industry is riddled with complexity because the insurer does not intervene in life's best moments. It is therefore essential that when the policy is purchased, during the life of the contract, and during a disaster, dealing with us is simple for our customers. This is our goal.

This ambition is based on three pillars. We must first change paradigms. Today we are "blind" payers, sometimes paying too much, especially in terms of the health risk. We need to move from being the payers to be the partners of our customers.

We also want to be present where our customers are. Their behaviors are changing and the risks they face are also changing. We must be able to be the first to give them the protections they need.

Lastly, AXA wants to be a company that is more involved in society. It's part of our story and is in our DNA. Thomas mentioned the example of telemedicine. Today, more than 5 million customers in France benefit from this service. We want to extend it to encompass all medical specialties and improve the ability to perform diagnoses through remote stations that can be installed in underserved communities and in companies.

A car accident is always a bad moment in life. Your vehicle is damaged. You temporarily lose the possibility of using it. We were the first, a few years ago, to create the home service auto repair: we go to your home or place of work. We take the vehicle to the garage. We have it repaired and cleaned and then we return it to you with a ten-year warranty on the work. More than a third of our claims now involve this model.

24/7 access is well known. Our customers can reach us whenever they want and via the channel of their choosing. It was critical that each of the categories of interactions with our customers be accessible on our site. This is the case today for 90% of the categories of interaction that exist (pay, file, etc.).

Let's look now at the new behaviors of our customers, starting with the development of collaborative platforms. We protect our customers who use, for example, Blablacar or Ouicar with respect to new needs concerning their vehicle or their physical security. There are also digital service platforms for which we fill the gap that may arise between the protection for a salaried employee and that offered to a self-employed person. We have helped Uber and Deliveroo and we believe that developing these forms of protection is part of our role in society.

Over the past eighteen months, we have signed over one hundred partnerships in this area, which does not only concern large cities. With yourmachine.com, farmers for example have a collaborative platform for the exchange of agricultural equipment.

57% of our commercial clients (for which we are the leading insurer in France) are very concerned about cybercrime. We have developed a prevention and coverage solution, already deployed with 5,000 of our clients. We believe we can go much further to protect them from this emerging risk.

French companies are developing internationally and it was also important for us to support them in matters of protection and health, in the territories where they are present, by respecting the rules in force in these territories.

Lastly, as I said, AXA has a long tradition of being involved in the community. We aim to protect our customers and prevention is a form of protection. Today we have an association, AXA Prevention, led by Eric Lemaire, which devotes more than 10 million euros per year to these issues. You may have heard of this association via the road safety initiative. You may be less familiar with our preventive efforts in everyday life, such as household risks. I will give an example that is close to my heart. The Internet presents, for children, risks that we, as parents, have not experienced, which puts us in a delicate position when it comes to explaining how to behave in the face of these risks. We have set up, with the national gendarmerie and the national police, an "internet permit" device within the schools. 1.4 million primary school children have been educated on this risk and have received this permit. This is an initiative we want to develop, probably extending it to high school in the coming years.

Insurers have a lot of data. We are sometimes even accused of wanting to behave like Big Brother. We decided to make this data available to society by creating a site for this purpose, Give Data Back, via which you enter your address, wherever it is in France. The site then indicates the number of burglaries that have occurred in the neighborhood, their frequency, their seasonality, and prevention tips. These are examples of what we do and it is important that we devote a lot of effort to these issues.

Our company is also exemplary in terms of its commitment to solidarity. Last year, 8,700 employees in France took part in a solidarity action during their work or leisure time. These may include actions aimed at combating exclusion, protecting the environment, or supporting people with disabilities. These actions were developed within the framework of AXA Atout Coeur, which remains highly visible and which continues to mobilize our employees.

Lastly, within the Group and at AXA France, we are taking a very strong stance in the area of diversity, with the aim of developing the position of women in the company. In 2017, we made a promise that we will keep, that 45% of AXA France's 300 executives will be women by 2020. The rate was 16% in 2012. We must go further, in terms of diversity, beyond gender diversity.

That's why we will be moving to other areas of diversity in 2018. This ambition is shared by all head office employees, but also by all the sales consultants and general agents who are in the area and form the leading commercial distribution force in France.

Business performance

Gérald HARLIN

Deputy CEO and CFO, AXA Group

I) General Overview

As Jacques de Peretti pointed out, we have very strong profitability in France, with a combined ratio of less than 95% and a new life business margin of 34.5%. This very strong profitability stems from our strategy of targeted growth in Protection, Health, Unit-Linked products, P&C Commercial lines.

II) Europe

In Europe, our underlying earnings increased by 2%. This increase is due to an improvement - as is the case in France - in technical margins, a reduction in our general overhead expenses and financial margin, which is observed almost everywhere given the low level of interest rates in 2017.

In Property and Casualty, the combined ratio stands at 94.6%. In Life and Savings, the new business margin was 56.6% (+8%), a result that is attributable to our product mix, i.e., our strong focus on protection products and health in the life insurance business.

The share of the Property, Health and personal Protection lines in the overall revenue total was 84% at the European level, which is high. This figure reflects our lower dependence on the financial markets and the greater impact of the technical result (which is in the hands of the Group and uncorrelated to financial markets) in our result.

III) Asia

In Asia, our underlying earnings increased by 7%, driven mainly by improved technical profitability in most countries and lower expenses in Japan.

The combined ratio stands at 78.3% in Health, which represents very strong profitability, while the new business margin in Life and Savings reached 70.6%, up 5.6%. 86% of revenues are generated by Property and Casualty, Health, and Protection.

Revenues grew by 1%. You may be surprised by the 6% decline in Japan, which is linked to a regulatory requirement introduced in the bancassurance sector that forces us to disclose fees paid. Sales made by bank insurers on savings products (the least profitable of our range) decreased accordingly.

Revenues in high-potential countries are up 9%. Revenues in Hong Kong increased by 2%, with a drop in Unit-Linked products that was also due to regulatory changes.

IV) United States

In the United States, we are proud to announce that underlying earnings grew by 16% last year. Results for this country include our life insurance business and AB's Asset Management business. The growth in underlying earnings is due to the improving economic environment, which supported growth in fee income on Unit-Linked business and management fees at AB, to which is added an improved technical margin and product mix at AB.

New business grew 6% and new business margins increased 2% to 23.4%, partly due to lower taxes. New business margins represent the present value of future cash flows. But these will be subject to a tax that will be lower in the United States.

AB's net inflows amounted to €12 billion, with management fees up 2.7 basis points. This is a point worth mentioning: while we often talk about a general decrease in management fees, it is clear that ours have progressed, for AB as well as for AXA IM, enabled by an increase in the retail products (which have higher margins than institutional products) sold by AB.

V) International

Internationally, we recorded growth of 20%, which translates into underlying earnings of 337 million euros. The main driver of this good performance was Turkey, where we experienced a strong recovery in our technical result. Underlying earnings also progressed in Russia. Natural disasters in Mexico and Turkey had an adverse impact.

Revenues were up by 2% in 2017 and by 6% excluding Turkey, where the legislation forced us, in April 2017, to lower our rates on motor liability insurance by 30%, which had a negative impact on revenue growth.

Internationally, 82% of our business is in Property, Health and Protection, in line with our strategy.

VI) AXA IM

Lastly, AXA IM experienced a sharp increase in its earnings (+16%) linked to an increase in our management fees and an improvement in our cost income ratio, which represents our operational leverage: when fees increase more than expenses, the cost income ratio decreases. And this is what happened last year: this ratio went from 72.4% in 2016 to 70.8% in 2017.

Earnings and Financial strength

Gérald HARLIN

Deputy CEO and CFO, AXA Group

At the Group level, we were deliberately strategic with respect to our Health, Commercial, and Unit-Linked lines. In new life business, the 1% drop masks a very strong increase in Unit-Linked production (+7%). NBV margins improved, going from 37% to 41%, despite a 1% decrease in Life and Savings.

Health revenues were 6% higher, which constitutes remarkable growth. Our combined ratio went from 94.9% to 94.7%. Once again, we were able to increase both revenues and profitability, thereby creating a multiplier effect.

Property and Casualty revenues grew by 1% (+2% in commercial lines, which is in line with our strategy).

The combined ratio improved, an achievement that is more notable considering that we experienced a higher level of natural disasters. The cost of the latter was nonetheless well managed thanks to our presence in many countries, which makes it possible to diversify our risks. We also benefit from a reinsurance policy that protects us effectively.

Group underlying earnings rose to 6 billion euros, a 7% increase that led to 7% growth in underlying earnings per share as well. As a reminder, as part of our Ambition 2020 plan, we had called for an increase within the range of 3% to 7%. Adjusted earnings were up by 8% and net income was also up by 8%. We achieved record levels for all three of these indicators.

Shareholders' equity was close to 70 billion euros and our Solvency II ratio increased to 205%, versus 197% last year. Our financial strength ratings with three agencies are the equivalent of AA-, a Stable outlook, which places us among the best rated companies.

We manage 575 billion euros in our general account. We remain primarily a bond manager, because bonds are used to manage our asset-liability matching need, i.e., the need to back our liability commitments on our financial products. We have 82% of bond products.

We invested in 2017 at an average rate of 2.1% and we can hope, thanks to the increase in the rates I mentioned, to see a slightly higher rate in 2018.

The dividend is up 9%, to 1.26 euro, which represents, given the current price level of the stock, a return of 5%, which is quite noteworthy.

The distribution rate is 49%, in line with the distribution policy, which provides for a 45% to 55% distribution of the dividend. The distribution rate was 48% last year.

Conclusion

Thomas BUBERL
CEO, AXA Group

AXA achieved an excellent performance in 2017 that constitutes a new record in the history of AXA: for the first time, we have exceeded the threshold of 6 billion euros in both earnings and net income.

The underlying performance was extremely balanced, with all geographic areas contributing to this remarkable earnings growth.

AXA is on track to achieve the goals that the Group has set itself within the framework of Ambition 2020.

I would like to thank our employees, our distributors (especially our agents), and our customers, all of whom have contributed to this excellent performance.

Question & Answer Session

Jennifer LAIDLAW, S&P Global

Do you envision other acquisitions in the United States?

I saw yesterday that you had forged an agreement aimed at selling off your business activities in Azerbaijan. Do you have other business disposals planned?

Thomas BUBERL

With respect to the United States, you have seen that our strategy was to list our Life insurance business, which will provide resources we can invest in targeted markets (Health, Property & Casualty Insurance). In this redeployment, we are focusing on targeted geographies, namely ten markets where we already have strong positions, as well as six high-potential markets. The United States is part of this set of sixteen countries.

As to your question concerning Azerbaijan, we announced on Investor Day 2017 that we were going to simplify the Group and concentrate on the ten large countries that account for 80% of our earnings, to which must be added six high-potential countries. In the other markets, we want to manage our businesses differently. We hold interesting and important positions in these markets. We estimate that we should also give more autonomy to the countries given the variety of their situations and their needs: the situation of Nigeria is totally different than that of Luxembourg. Local businesses must adapt to their local context and focus on their growth potential. There are some markets, in this portfolio, where we need to ask ourselves if we are still well positioned. Azerbaijan is one such example. It is normal that we're always asking ourselves this question. The announcement that we made yesterday about this country demonstrates that we are focused on the implementation of our strategy, with the desire to concentrate our energies on the activities that show high potential for the future of the Group.

Thomas HANKE, Handelsblatt

Gérald Harlin mentioned higher interest rates, which are currently rising in the United States as a result of President Trump's tax policies and the rising US debt and deficit. How will this impact your bond products?

You also mentioned the economy of platforms, specifying that you were working with a number of them. Some of them become your competitors, like Amazon, which you

mentioned. I don't really understand how this would be good news for you, considering that these companies are taking a piece of the pie. Isn't this actually bad news for AXA?

Gérald HARLIN

Indeed, interest rates are on the rise. The US 10-year rate rose to 2.95% last night. This is good news for us because we have liabilities with maturities that are longer than our assets. We benefit from this increase. It will also increase the contribution of financial products/interest income, which has been low for very many years.

Thomas BUBERL

I'd like to address your question relating to platforms. Medical expenses are increasing two, three, or four times faster than national GDPs, which is simply not sustainable. This is often the result of inefficiency within the system. It can be the patient's fault (if he or she does not follow therapeutic indications) or players such as hospitals and pharmaceutical laboratories. Hence, the possibility of controlling these medical expenses remains one of the key challenges. The US market is the most developed in this respect. AXA is not present in the US healthcare market and we don't want to be part of the primary insurance scene, i.e., the payment of claims in the United States. We want to be active in Population Health Management, i.e., the services that help companies gain better control over their healthcare expenditures. This is what Amazon, JP Morgan, and Berkshire Hathaway have announced – they have experienced substantial increases in their healthcare costs and want to gain better control over the money they spend in this area. Our interests will be convergent with those of these players, which will result in the emergence – make no mistake about it – avenues of collaboration. Don't forget that JP Morgan, for example, is in the business of banking, not health insurance.

Florian DELAMBILY, News Assurances Pro

Where do things stand with respect to the cost savings set forth in connection with Ambition 2020 and which sources of leverage did you make use of?

Secondly, is it possible to distinguish, for the Group and for France, the volume effect from the price effect in the P&C segment?

Gérald HARLIN

The cost savings plan under Ambition 2020 is moving forward and we are in line with our forecasts. Remember that we announced 2.1 billion euros in total savings in 2016. Last year, which is to say at the end of the first year of plan implementation, we achieved 0.3 billion euros in savings. In 2017, we achieved savings of 0.5 billion euros. The total to date is 0.8 billion euros and we have three years of the plan remaining.

As part of our simplification program, we announced a savings target of 300 million euros at the holding level, to be achieved by streamlining our structures.

All of this gives us confidence in our ability to reach the savings objectives that we announced in connection with Ambition 2020.

Jacques de PERETTI

In France, Property and Casualty revenues increased by 1%, which is good news in a hyper-competitive market, where rate increases can't be as substantial as they have been in the past. We were able to increase our rates by between 1% and 1.5%. The price effect therefore represents almost the entire increase in our revenues. It also means that, at the same time, our portfolio is doing well, especially in Commercial lines, in a very competitive environment in France.

We want to produce high profitability. We have already managed to increase our profitability thanks to our selective underwriting policy and a new segmentation of our rates using, in particular, customer value and data on the personal insurance risk.

Thomas BUBERL

From this perspective, France is not so different from the rest of Europe, where we are seeing pretty much the same trends.

Thierry GOUBY, *La Tribune de l'Assurance*

You already do some business in Africa, especially in Nigeria, Morocco, and Egypt. Last year you acquired a stake in Africa Re. Are you in the observation phase with respect to this continent? Have you already defined a strategy in terms of developing your presence? Is it a key continent for the development of the AXA Group?

Thomas BUBERL

Observation is just not an option for us. It is true that we have strong positions in Africa, including against our competitors, because we are present in all the important countries. Because of our history and the merger between AXA and UAP, we are very active in French-speaking Africa. We now have strong positions in Egypt, Morocco, Algeria, and Nigeria. This is also the case in the CIMA countries (Inter-African Conference of Insurance Markets) such as Gabon and Senegal. Africa is, therefore, indeed a very important continent for AXA, particularly because of its demographic growth.

We're banking on a growth strategy in Africa with, once again, a focus on health insurance, which is a major activity for this continent. Indeed, very innovative models are developing there because the level of infrastructure development allows for the adoption of models that are different from those in Europe. We are also banking on commercial lines insurance. The aim of the partnership with Africa Re is to create, through Africa Specialty Risk, a company specializing in commercial risks in different countries.

Thomas HANKE, *Handelsblatt*

If you have already reached or exceeded the objectives set forth in Ambition 2020, what are you going to do over the course of the remaining three years?

Thomas BUBERL

We haven't exactly exceeded our objectives. One of our slides detailed our four objectives from this perspective, showing that we had exceeded one objective, adjusted return on equity (14.5%). As for the other objectives we're in line with Ambition 2020.

In insurance, the meters are reset at zero each year. In 2017, our underlying earnings per share rose by 7%, which is excellent. But as of January 1, 2018, we had to get back to business. The same is true for cash flow, profitability, and our solvency. We are satisfied with our results but that doesn't mean we should relax.

Christian SCHUBERT, *Frankfurter Allgemeine Zeitung*

Can you tell us more about your strategy from a geographic perspective? You said you want to focus on sixteen markets, but I believe you are present in 64 countries. I don't quite understand what your intentions are in the countries you don't consider to be priorities but I suspect you're not going to give up doing business in 48 countries.

Secondly, what were the biggest natural disasters in 2017?

Lastly, you have mentioned the additional services you provide your customers in the area of health. I am guessing that this refers to services that must be paid for and that are not covered by the price of the insurance policy. Can you confirm this?

Jacques de PERETTI

The services we want to offer around our basic insurance offer are of course paying. They represent a cost. For now, they are included in the insurance premium. When we charge an insurance premium for auto or health, for example, a portion of this premium goes toward funding these services.

The model for tomorrow is not yet fully determined. It's possible that we'll evolve toward options that the customer would pay for separately. For the moment, though, the bids launched by large and medium-sized companies in the healthcare market show that they do not want us to separate the price of the service from that of the insurance.

Gérald HARLIN

At the Group level, the cost of natural disasters was 231 million euros last year, with France accounting for a significant portion of this cost. This was also the case for Mexico (which is heavily exposed, like the southern United States, to natural disasters) and Turkey. The total cost represents 0.7% of our combined ratio, compared to 0.5% in 2016. Compared to our competitors, which are much more concentrated in a number of countries, the cost of these events was lower for the Group.

Thomas BUBERL

Benoît Claveranne, who is in charge of the international segment, is present in the room. He'll be able to supplement my answer about the strategy in this area. AXA is currently present in 64 countries. The Group must always ask itself what support its external and internal clients need from it to enable, for example, a local company to succeed. There are significant gaps between needs and expectations in France and in Nigeria. Jacques de Peretti manages a large company that is extremely well-established in its market and that knows what to do. It does not need the AXA Group to tell it where to grow. These levels of maturity must be taken into account. Ten countries account for 80% of our earnings. They are autonomous and can develop without the need for significant support from the Group within their borders.

In addition, we have identified six countries that represent high-potential markets in terms of the dynamics of population growth and the development of average per capita income. It seems to us that the Group can benefit from this development because of the positions it already has and we want to help these countries develop. The Group's resources are being mobilized to this end.

As for the other countries, which together form the international segment, I propose that Benoît Claveranne talk more about our strategy. We have never said that we want to sell our businesses in these countries. Some of them are very important to us but require differentiated management. Benoît will enlighten us on this subject.

Benoît CLAVERANNE

Thanks, Thomas. The keyword you just heard is diversity. I have had the good fortune of working for AXA in France and in Asia. It goes without saying that we do not manage our businesses in the same way in these two geographies. Even within Asia, Hong Kong and the Philippines are worlds apart. This reasoning also applies on a larger scale. For example, Mexico and Turkey are large emerging countries, where AXA is the market leader. In other geographies, the market is narrower or our positions are less well established.

The second key concept is the support the Group must provide. The teams of Jacques de Peretti and AXA France do not need the same level of support from the Group as other businesses, such as our subsidiary in Egypt, which was created a little over two years ago and where we are still in the creation phase. We have set up a dedicated structure of 150 people that I have the honor of leading, made up of women and men who all have experience working abroad. We have decided to focus on the specific needs of each country.

Some countries are considered as high potential (Brazil, Mexico). The Group is keeping a special eye on them. In the case of other countries, we will endeavor to provide, depending on the case, support for established growth, support for selectivity, or support for specific investments. Depending on the situation, we strive to find the best development axis for the entity.

In the case of Azerbaijan, in agreement with the local team, we felt that it would be better for the development of this entity and its teams in terms of their future prospects to be outside AXA rather than within the Group. When the market has potential and the entity has a good growth outlook and we believe that this is in line with the Group's growth strategy, we continue to invest.

We are ready to rationalize our portfolio to finance this growth. Thomas referred to the case of Africa in answering the previous question. This is a very good illustration. Africa is one of those geographies in which we are ready to invest. If we have to streamline our footprint to be effective, we do it. This geographic distribution is driving our growth today and this will be even more so tomorrow. We already recorded 20% growth in earnings in 2017. The combined ratio has deteriorated by 0.3%, but that includes natural disasters for 1.5% deterioration. Accordingly, we have the same ambition for growth and profitability for these entities as elsewhere. We believe that these portfolios are our growth drivers of tomorrow. We would like to bring several of these countries, as quickly as possible, into the category of high potential, in which case the Group will be present to accelerate their development.

Thomas BUBERL

Thank you, Benoît.

Are the questions via the telephone and internet?

Giuliana LICINI, Il Sole 24 Ore

Can you comment on business trends in Italy, in particular the AXA-MPS joint venture, and the state of the relationship with the bank MPS?

Gérald HARLIN

This year, business was down: we posted a 12% drop in revenues for our joint venture AXA-MPS, which is directly related to the difficulties the bank is experiencing. The massive recapitalization of the latter, carried out by the Italian government, has restored confidence and we are very optimistic. The second half of 2017 was very good, after a challenging first half. For Europe, I noted that the average growth rate for unit-linked products was 30% last year. Much of this result is attributable to Italy. The JV should report earnings in positive territory in 2018. Remember that this is a 50/50 joint venture. So there is a total convergence of interests between us and MPS.

Mathieu PROTARD, Reuters

You projected IPO on US businesses is still planned for the second quarter. Can we know a little more about how much capital will be floated? Have you established a target valuation?

Thomas BUBERL

It is impossible to respond to these questions at this stage given the legal obligations that are incumbent on us. Gérald, can you add anything to that?

Gérald HARLIN

I cannot tell you a single thing about valuation.

Generally, this type of IPO runs within a range of 20 to 30 or 35%. I can't tell you anything else.

Thomas BUBERL

If there are no further questions, thank you.