



## **SG Conference – Dec 6, 2007**

**Denis Duverne**

CFO, Member of the Management Board



*Be Life Confident*

# Cautionary statements concerning forward-looking statements

*Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties.*

*Please refer to AXA's Annual Report on Form 20-F and AXA's Document de Référence for the year ended December 31, 2006, for a description of certain important factors, risks and uncertainties that may affect AXA's business. In particular, please refer to the section " Special Note Regarding Forward-Looking Statements" in AXA's Annual Report on Form 20-F. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.*

## Definitions

- ▶ Adjusted Earnings are: net income before the impact of exceptional operations, goodwill and related intangibles amortization/impairments, and profit or loss on financial assets under the fair value option and derivatives.
- ▶ Underlying Earnings are: adjusted earnings excluding net realized capital gains attributable to shareholders.





# Agenda

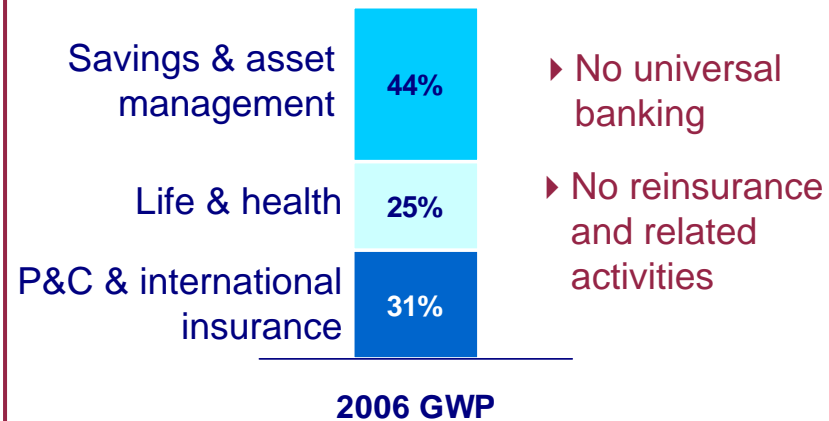
## ① Success of AXA's model

## ② Impact of current environment

## ③ Conclusion

# AXA is focused on financial protection, with a high level of diversification

## *Focused business*



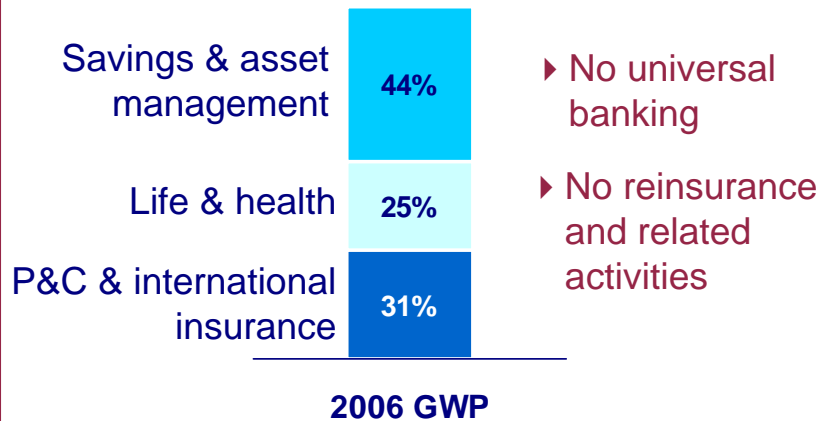
*Clients*

*Distribution*

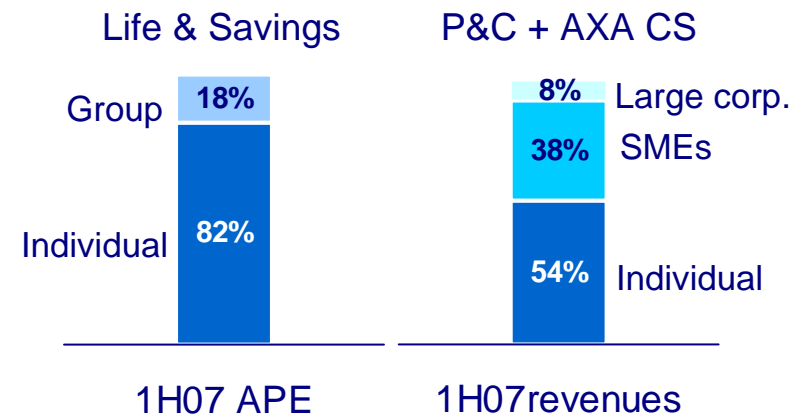
*Geography*

# AXA is focused on financial protection, with a high level of diversification

## Focused business



## Clients: mostly retail & SMEs

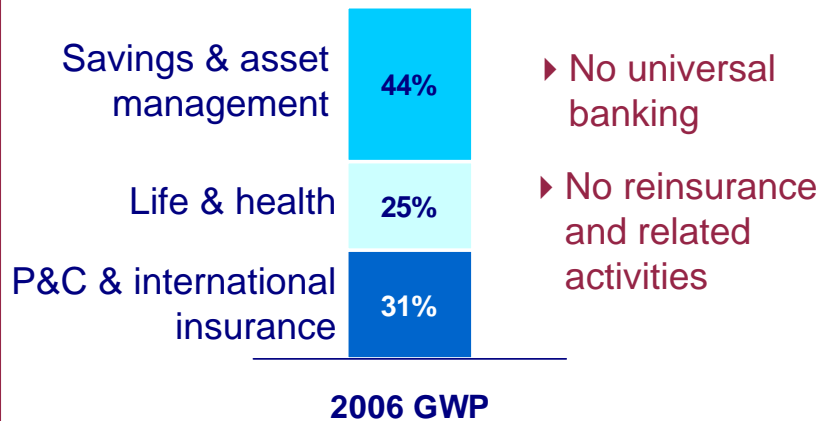


**Distribution**

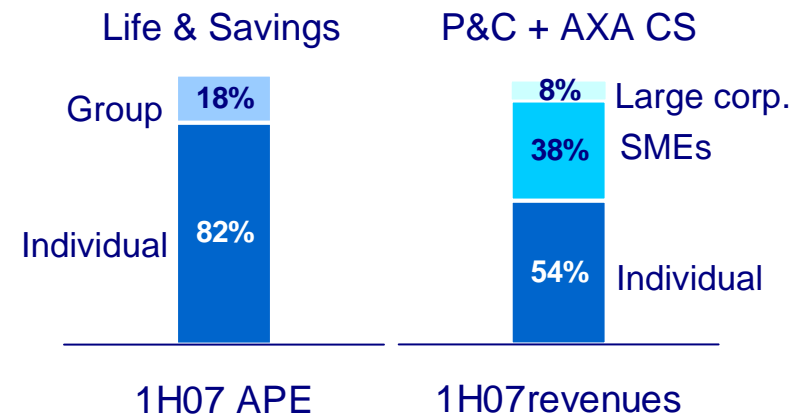
**Geography**

# AXA is focused on financial protection, with a high level of diversification

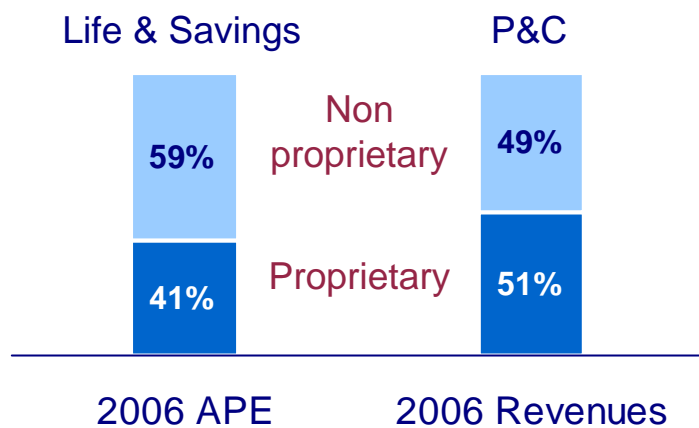
## Focused business



## Clients: mostly retail & SMEs



## Multidistribution strategy

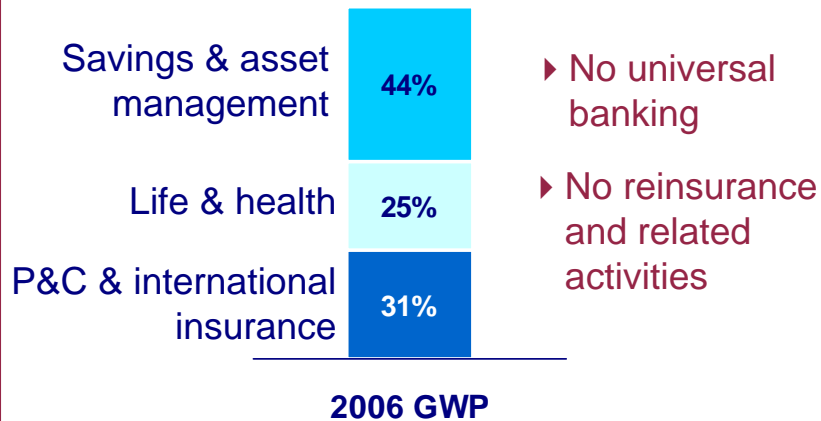


## Geography

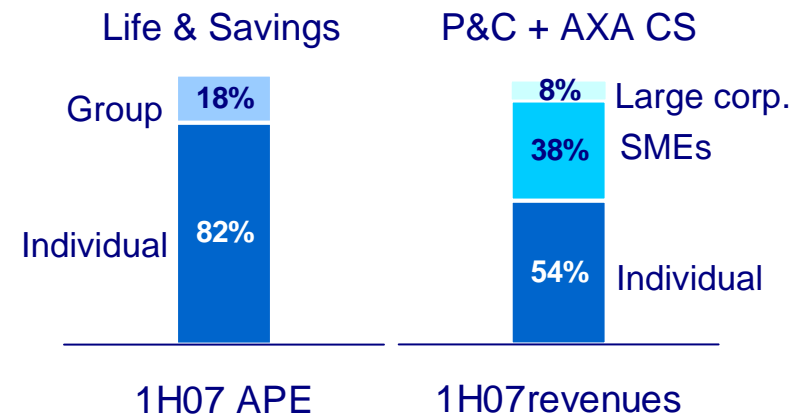


# AXA is focused on financial protection, with a high level of diversification

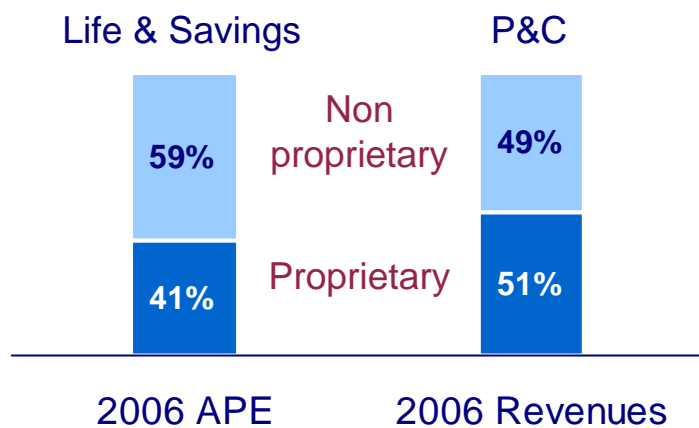
## Focused business



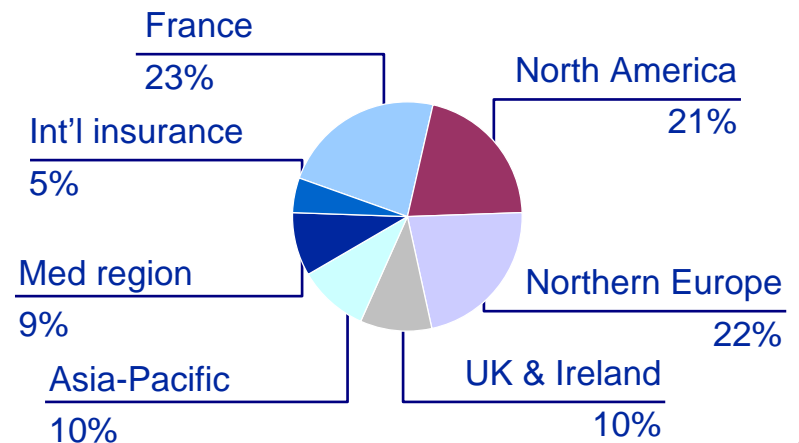
## Clients: mostly retail & SMEs



## Multidistribution strategy



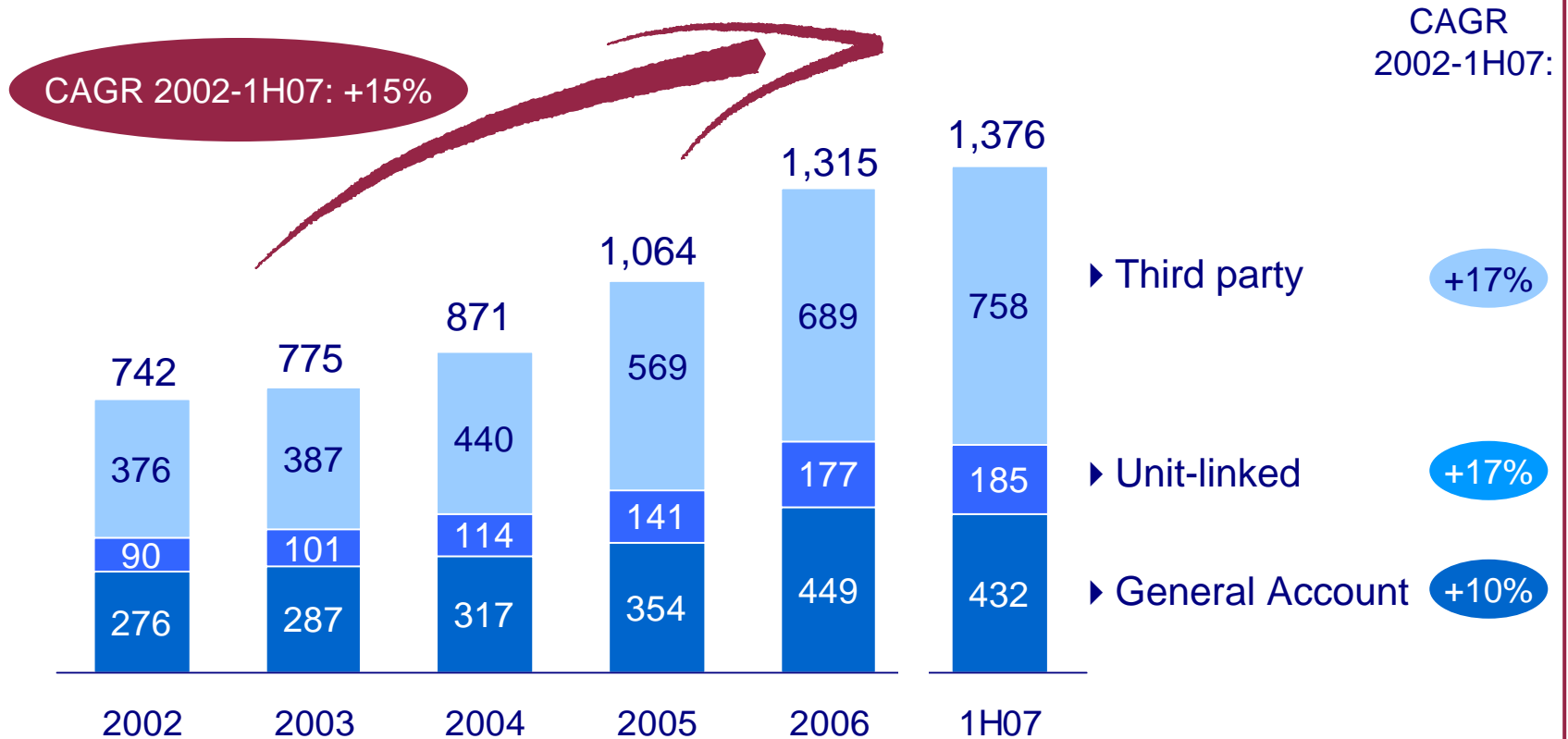
## Global geographical reach



# This strategy has positioned AXA as one of the world's largest asset gatherer...

## Assets under management

In Euro billion

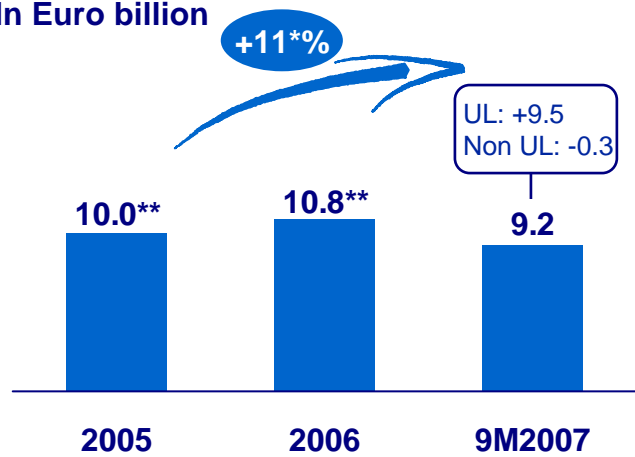


Note: Data includes the impact of acquisitions, notably Winterthur (2006, €98bn of AUM) & Framlington (2005, €7bn of AUM), and disposals, notably AllianceBernstein's cash management business (2005, €24bn of AUM)

...fueled by strong and stable cash flows...

### L&S net inflows

In Euro billion



% Gross Reserves



\*: Annualized reported growth

\*\* Excluding Netherlands for -€ 0.1 and -0.3 in 2005 and 2006

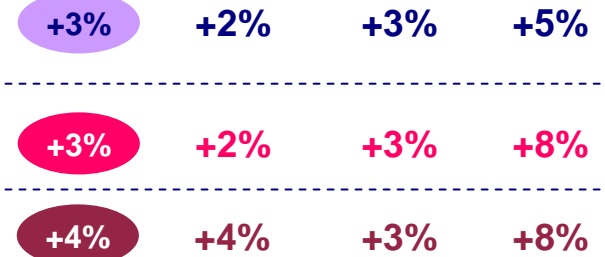
Annualized reported net inflows growth 2005-07

AXA Europe US Asia/Pacific



9M07 net inflows\* in % gross reserves

Reported  
Restated\*\* (Australia)  
Restated\*\*\* (Aust.&UK)



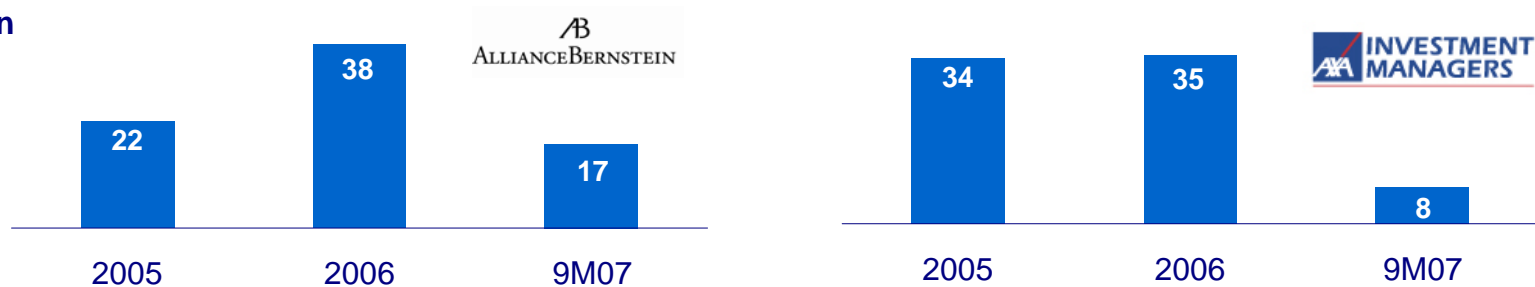
\* Annualized

\*\* Including Australian Mutual funds

\*\*\* Excluding UK With Profits and including Australian Mutual funds

### Asset Management net inflows

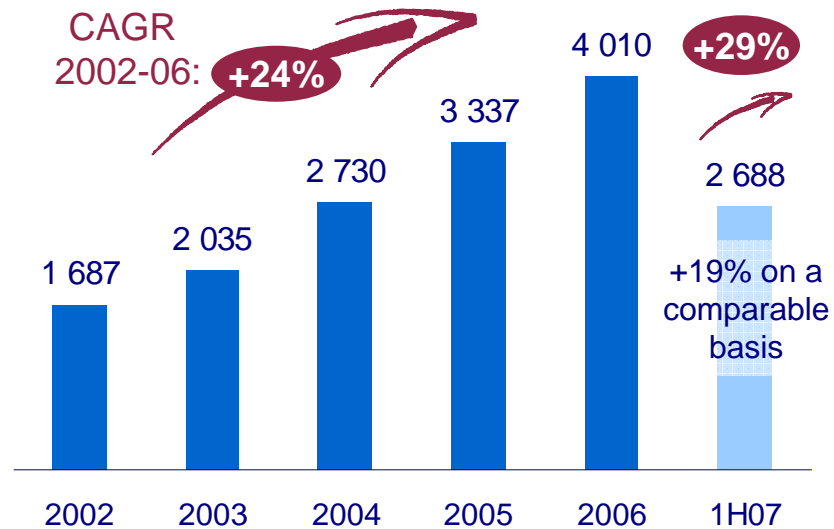
In Euro billion



# ...and leading to a track record of strong and steady earnings growth

## Underlying earnings

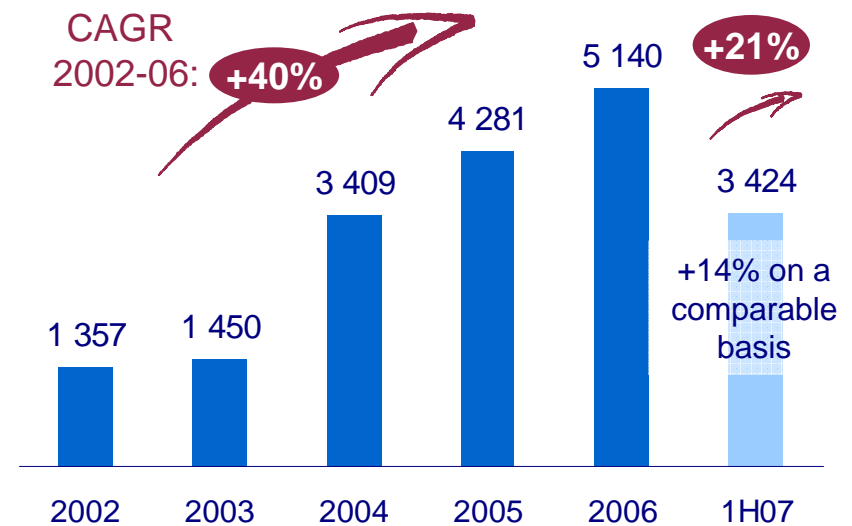
In Euro million



Average annual growth rate of underlying earnings on a comparable basis between 2002 and 2006 was 28%

## Adjusted earnings

In Euro million



Average annual growth rate of adjusted earnings on a comparable basis between 2002 and 2006 was 41%



Note: 2002 and 2003 are in French GAAP 2004, 2005, 2006 and 1H07 are in IFRS

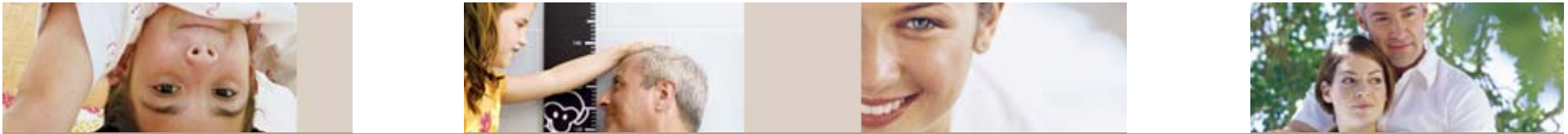
2005 and 2006 have been adjusted to reflect the transfer of TSDIs (hence the related interest charge) to shareholders equity.

# Last but not least, AXA's model is supported by a strong alignment of interests between shareholders, management and employees

		Exercize partly depending on performance of AXA shares vs. sector index			
		Management Board	Executive Committee	Top 300	All employees
Long term 4-10 years	Stock options	51%	43%	25%	Over 11,000 employees hold AXA options or performance shares
Medium term 2-4 years	Performance shares	15%	15%	15%	
Short term 1 year	Short term incentive comp.	27%	28%	31%	20%
Present	Fixed Salary	7%	14%	29%	80%
<b>Variable share</b>		<b>93%</b>	<b>86%</b>	<b>71%</b>	<b>&gt;20%</b>

- ▶ Over 100,000 employee shareholders through the AXA Miles program
- ▶ The Chairman and the other members of the Management Board must own shares worth at least 3 and 2 times, respectively, their total annual compensation





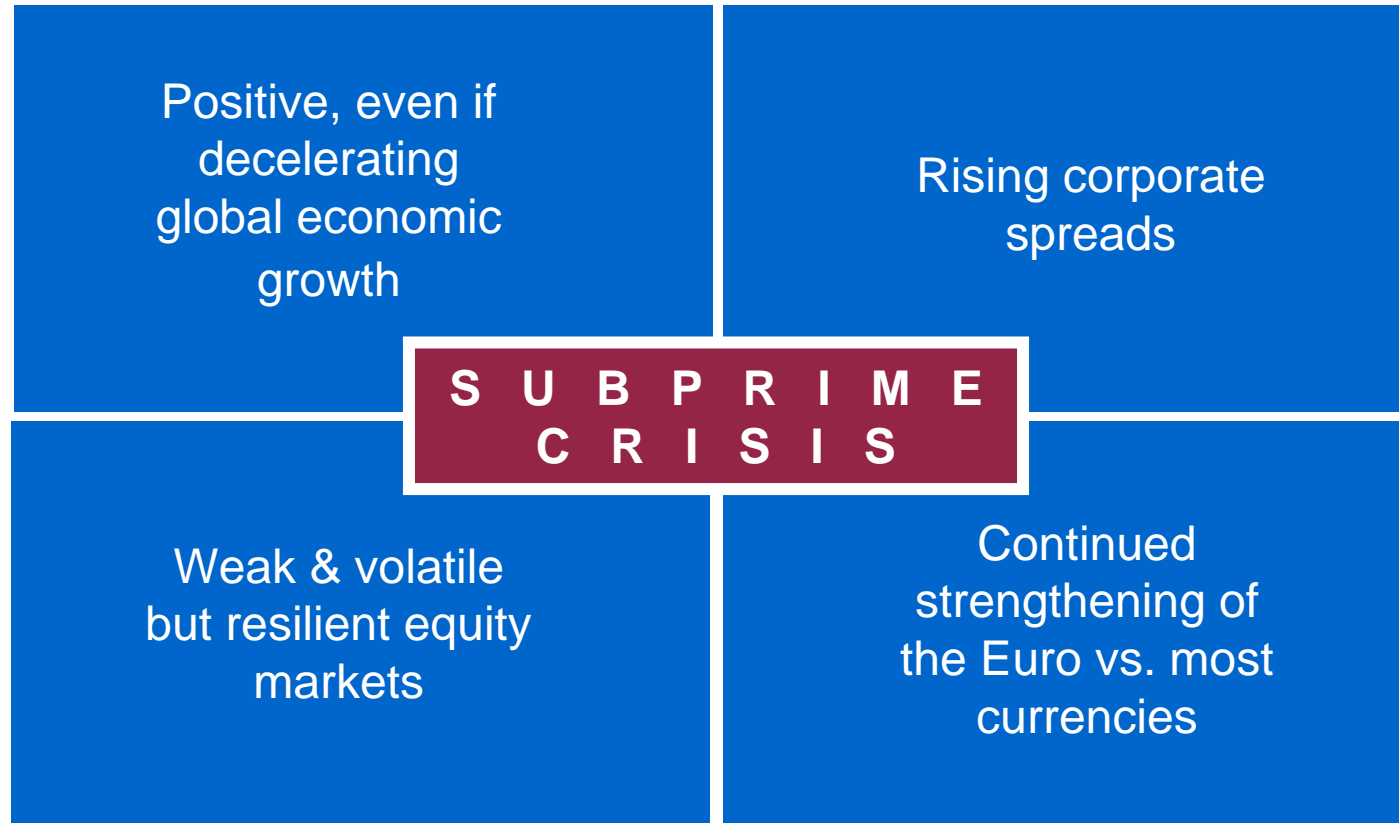
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① Success of AXA's model

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# Current market environment is contrasted...

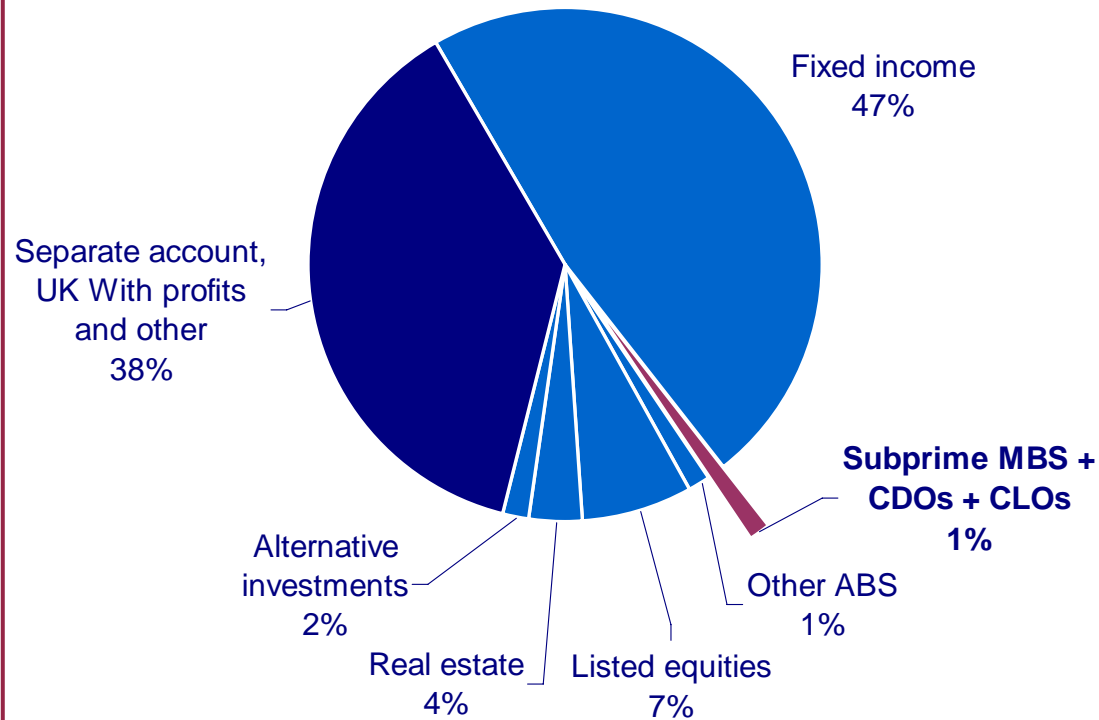


**...raising investors' concerns about insurers' asset base, operating performance and balance sheet strength**

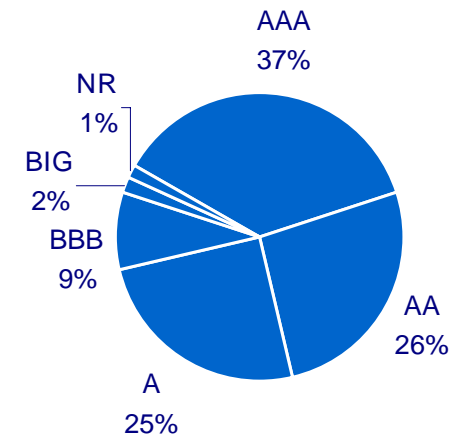
# AXA Group : a large and diversified invested asset base

*Economic breakdown, based on market value as of June 30, 07*

**Total: Euro 610 bn**



*Fixed income assets by rating*



# Current market environment has a manageable impact on our assets...

## *Limited impact of ABS*

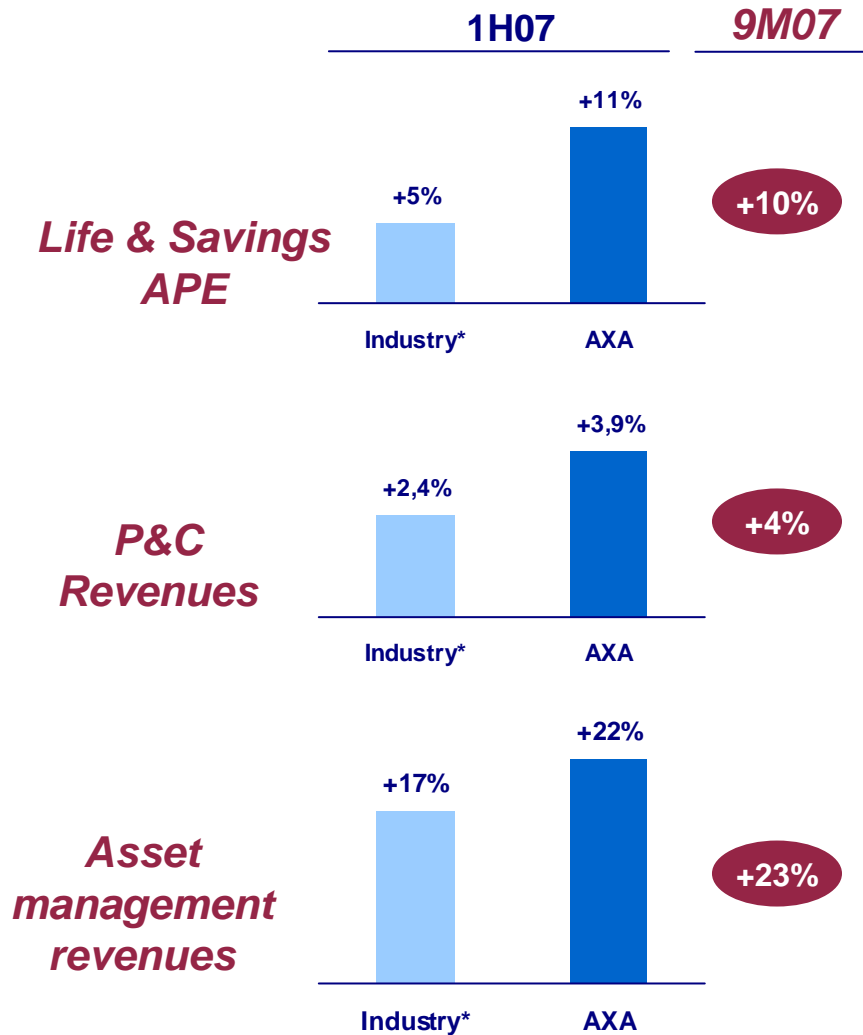
- ▶ Fair value of subprime MBS, CDOs and CLOs of €2.9bn as of 30/09/07\*, of which €0.1bn of structured finance CDOs
- ▶ Average mark to market of the portfolio was 89% as of 31/10/2007
- ▶ No off-balance sheet exposure, and notably no credit enhancement activity and no credit commitments to conduits or SIV
- ▶ No funding issue for insurers as long term natures of liabilities and inverted cash cycle
- ▶ Centralized underwriting and monitoring

## *CDS: a non issue*

- ▶ AXA uses plain vanilla CDS as part of the management of the corporate bond portfolio
- ▶ Notional value of CDS portfolio: € 6.0 bn (30/06/07)
- ▶ No underlying ABS, 99.6% of investment grade corporate issuers
- ▶ Average rating is A, spread over 400 issuers, with investments subject to Group concentration limit

# ...and our sales performance is very healthy...

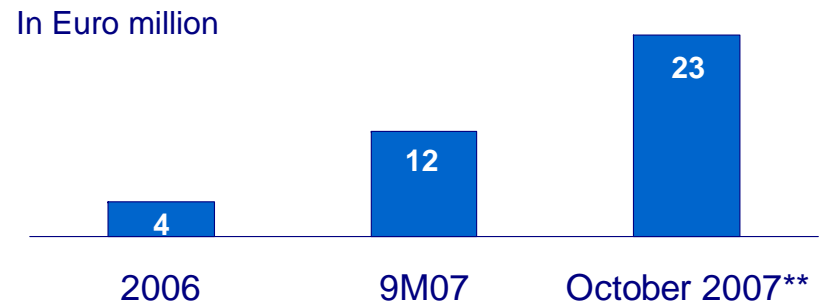
## Activity indicators – comparable growth



## October 2007 - positive news flow

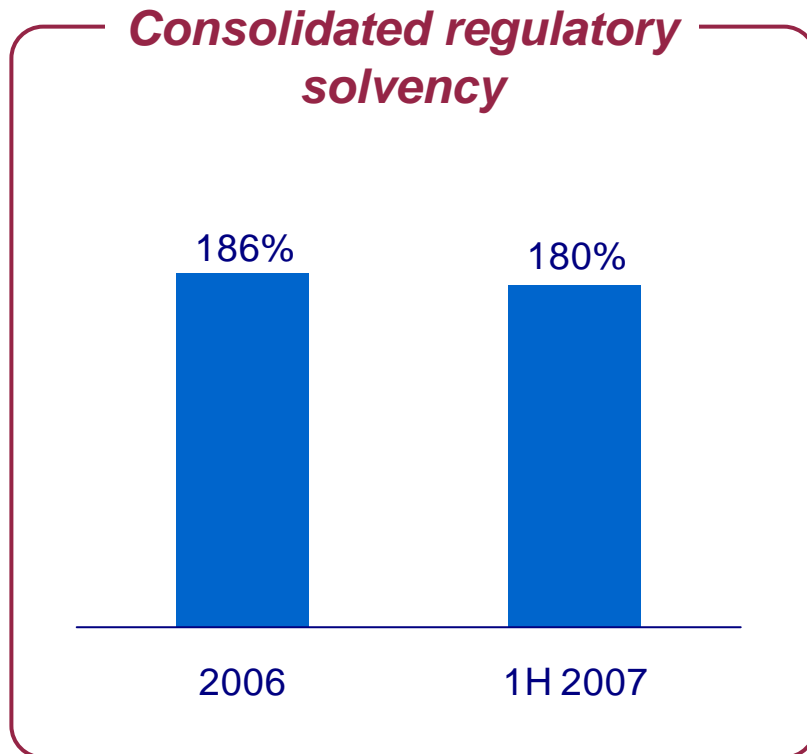
- ▶ October 2007 was the 2<sup>nd</sup> best month ever for VA sales in the US
- ▶ We have also recorded a growing momentum for non US sales of VA type products
- ▶ AllianceBernstein AUM have increased by \$24bn in October vs. end of September

## Non US VA – average monthly APE



\* Source: SG  
\*\* Preliminary

# Through turbulences, we benefit from our very strong financial strength...



Financial strength ratings

S&P	AA
Moody's	Aa3
Fitch	AA

Internal models (Short term & Long term economic capital) are calibrated @ AA

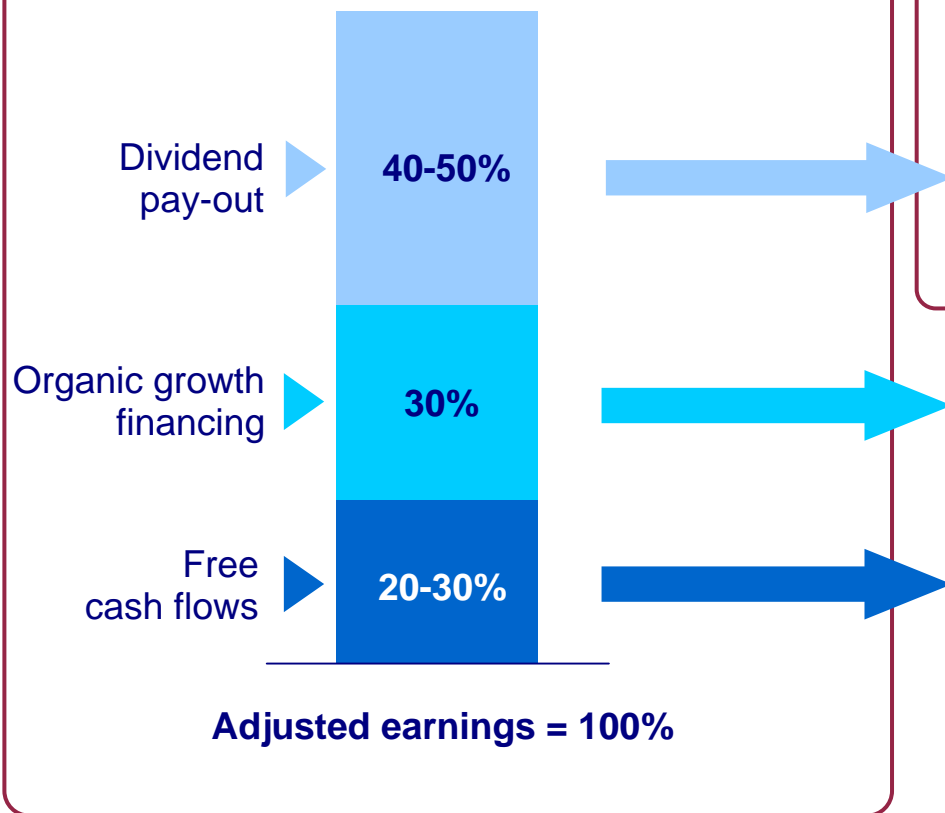
Solvency II's QIS3 calibrated to sustain equity and real estate shocks of 32% and 20% respectively

**Our financial strength gives us the capacity to sustain market shocks very significantly harsher than current market conditions**

**Our financial flexibility is further supported by earnings power (consolidated interest coverage is above 11x)**

# ... and our disciplined capital management

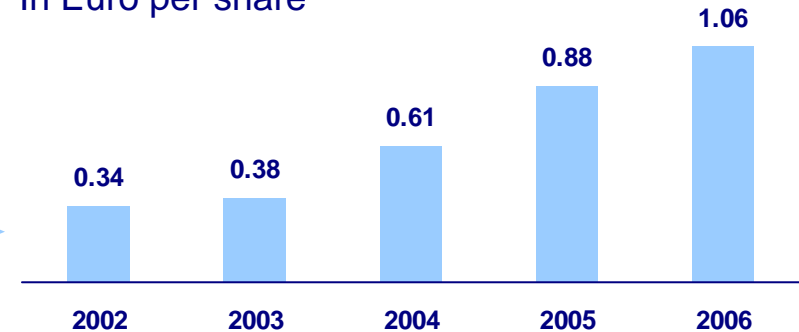
## Use of cash flows



## Dividend

In Euro per share

Dividend yield\* ~4%

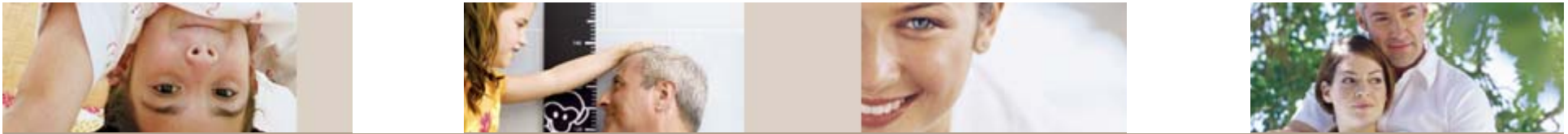


- ▶ Improves over time as growth is driven by less capital intensive business (UL, Asset Mgmt)
- ▶ Share buy-backs (dilution control program): 70 million shares bought back in 2007 (€2.1bn)
- ▶ Bolt-on acquisitions focusing on
  - Distribution
  - Emerging markets



Note: 2002 and 2003 are in French GAAP  
2004, 2005 and 2006 are in IFRS

\* Based on AXA share price of November 29, 2007 and 2006 dividend paid in 2007



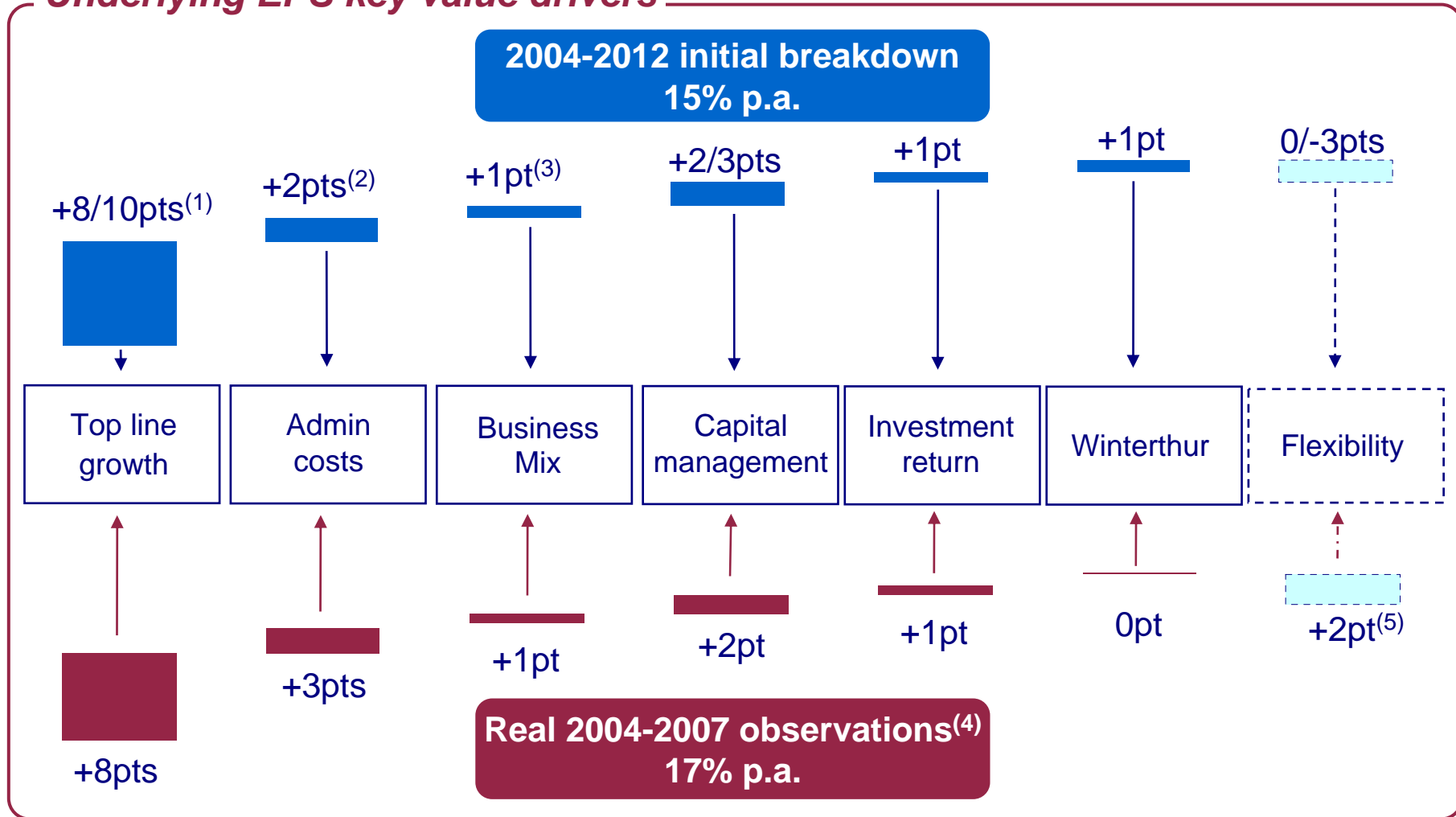
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# AXA is delivering on the identified drivers of its Ambition 2012 target of trebling underlying EPS between 2004 and 2012...

## Underlying EPS key value drivers



(1) Combined ratio maintained at 1H06 level to 2012

(2) Administrative costs up ca. 4% p.a. and Asset Management CIR down ca. 1% p.a.

(3) Life & Savings (UL in reserves from ca. 30% to ca. 40%), Asset Management (Internal / Third party)

(4) Based on FY07 analyst consensus data

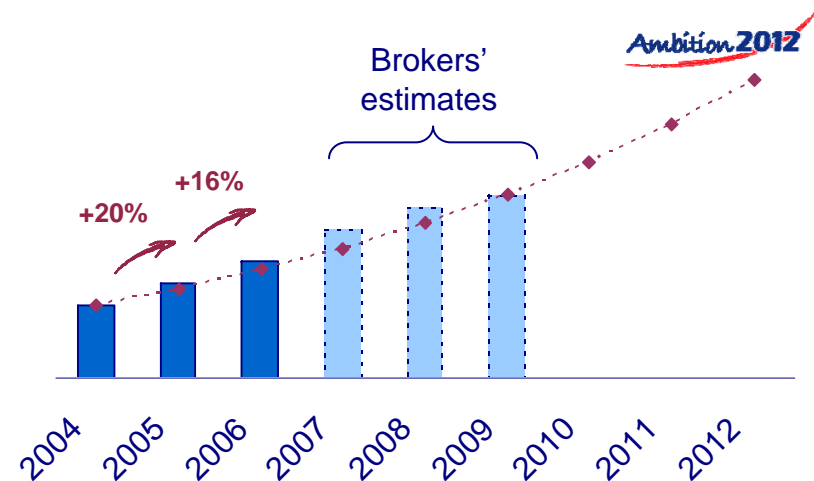
(5) Higher technical margins

# ...and we are confident in our ability to reach these long term objectives

## 2007-08 outlook\*

- ▶ In 2007, underlying EPS should grow in line with Ambition 2012 targets
- ▶ In 2008, underlying EPS should grow at high single / low double digit rate, despite the strength of the Euro impacting the translation of non-Euro earnings

## Underlying EPS x3 over 2004-12



- Current subprime crisis has very strong impact on the insurance industry's valuation, with little differentiation between players
- This crisis may end up being a good stress test for a long term improvement of the valuation of the insurance industry

**We are confident in our business model and our ability to achieve Ambition 2012 objectives**



**IR calendar (2008)**

**Jan. 31: Full Year 2007 activity indicators release**

**Feb. 28: Full Year 2007 earnings publication**

**Apr. 22: AGM**

**Contact: [investor.relations@axa.com](mailto:investor.relations@axa.com) / +33 (0) 1 40 75 48 42**



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