

Ambition AXA
Investor Day
June 1, 2011

**Creating sustainable value through
customer centricity and efficiency**

Véronique Weill, Group COO
Nicolas Moreau, CEO AXA France

redefining / standards



Cautionary note concerning forward-looking statements

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions 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 the section “Cautionary statements” in page 2 of AXA’s Document de Référence for the year ended December 31, 2010, for a description of certain important factors, risks and uncertainties that may affect AXA’s business. 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.

Customer centricity and efficiency



By improving both **efficiency** to achieve top performers competitiveness and **customer centricity** to feed our profitable growth

Global initiatives are executed locally and monitored centrally with a strong governance

Improve efficiency to achieve top performers competitiveness

1 P&C distribution

2 Operational performance

3 IT costs

4 External spend

Improve customer centricity to feed our profitable growth

1 Customer segmentation

2 Multi-distribution

3 Quality of service

Table of contents

Improve efficiency to achieve top performers competitiveness

1

P&C distribution

2

Operational performance

3

IT costs

4

External spend

Improve customer centricity to feed our profitable growth

1

Customer segmentation

2

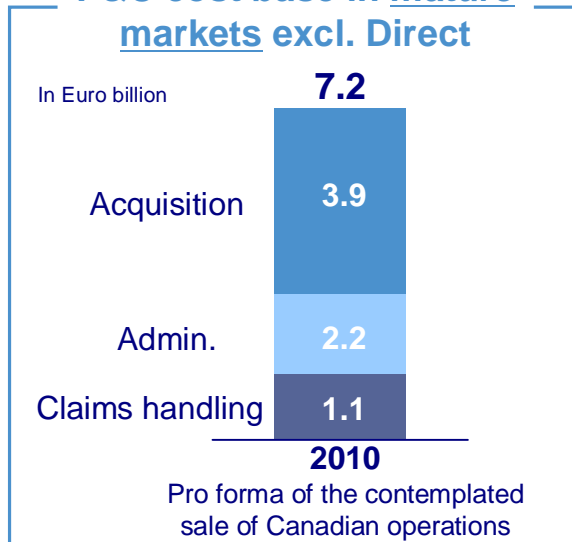
Multi-distribution

3

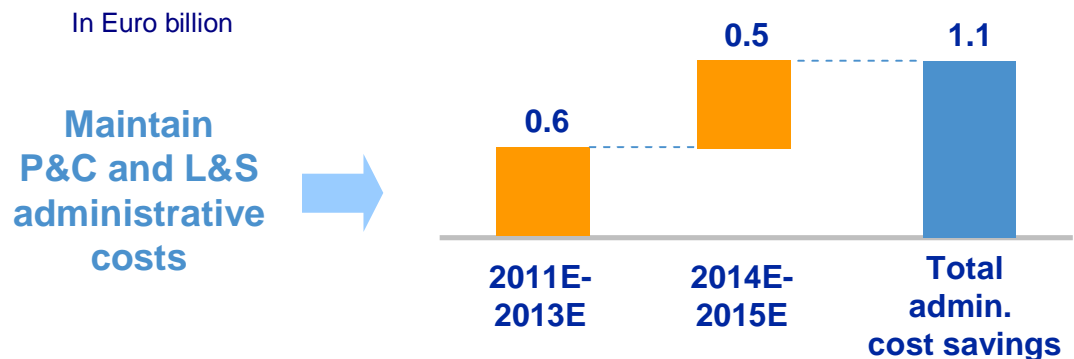
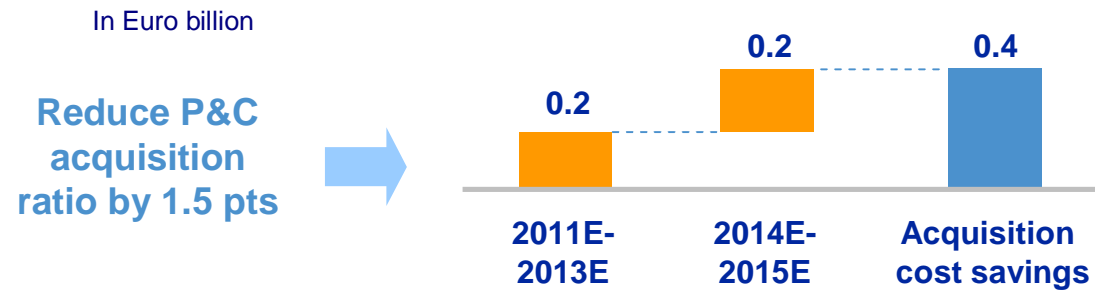
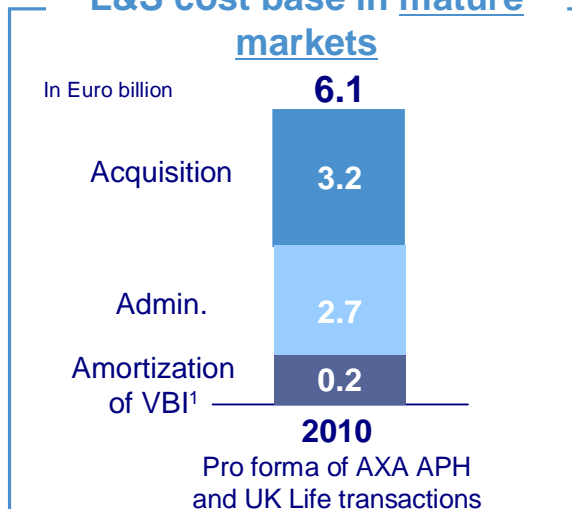
Quality of service

AXA will achieve Euro 1.5 bn cost savings in mature markets (excl. Direct)

P&C cost base in mature markets excl. Direct



L&S cost base in mature markets



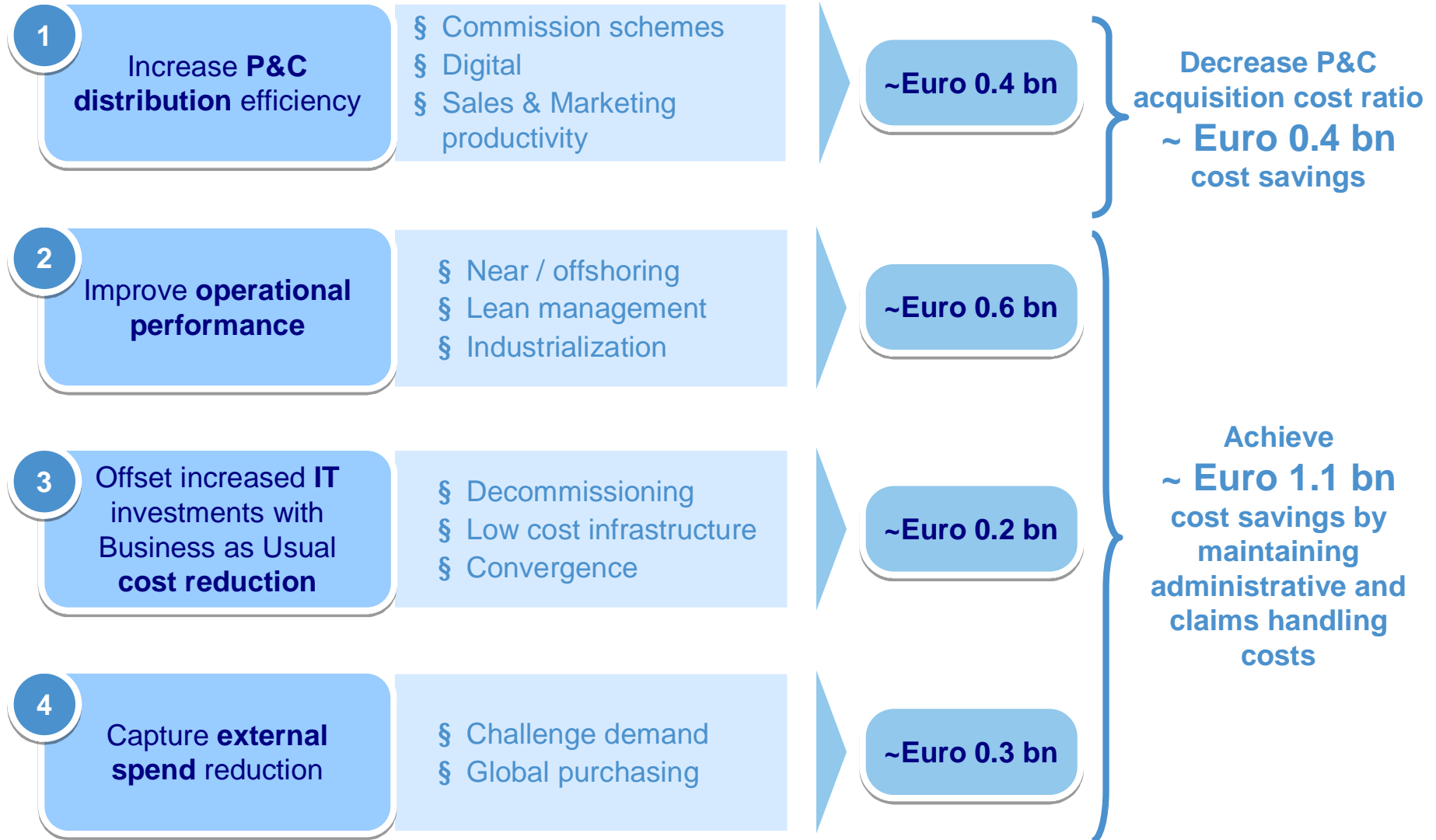
Objective Euro 1.5 bn cost savings

Euro 1.0 bn in P&C

Euro 0.5 bn in L&S

Out of a total cost base of Euro 13.2 bn in 2010

How AXA will achieve Euro 1.5 bn cost savings by 2015



Expense reduction initiatives implemented in the past

Cost savings and staff reduction

Euro 1.3 bn cost savings over 2001-2004 period

Since 2007, staff reduction in mature markets:

- § AllianceBernstein: ~23% between 2007-2010
- § AXA IM: ~8% between 2007-2010
- § AXA Equitable: ~13% between 2007-2010
- § AXA UK: ~25% between 2008-2010¹

Offshoring and outsourcing deals

Offshoring to India (2,000+ FTEs) and Morocco (1,300+ FTEs)

Significant outsourcing deals:

- § Major part of AXA IM securities administration and reporting
- § AXA UK Life backbook administration

Leverage our scale

Common worldwide IT organization

Deploying Group-wide platforms for support functions (e.g. accounting and HR)

Reusable solutions for core business applications

Creation of a group Procurement function

P&C distribution costs

Fees charged to agents for claims handling in France since 2003

Commissions optimization:

- § Franchised agents in Spain in 2010: -0.5 pt in Motor; -1 pt in Household
- § Germany: active management of commission charges via the introduction of dual product line

Building on these assets, we are accelerating

1

Achieve ~Euro 0.4 bn cost savings in P&C distribution

Actions

A

Optimize commissions

- § Renegotiate selected commissions schemes
- § Increase digital in the distribution mix

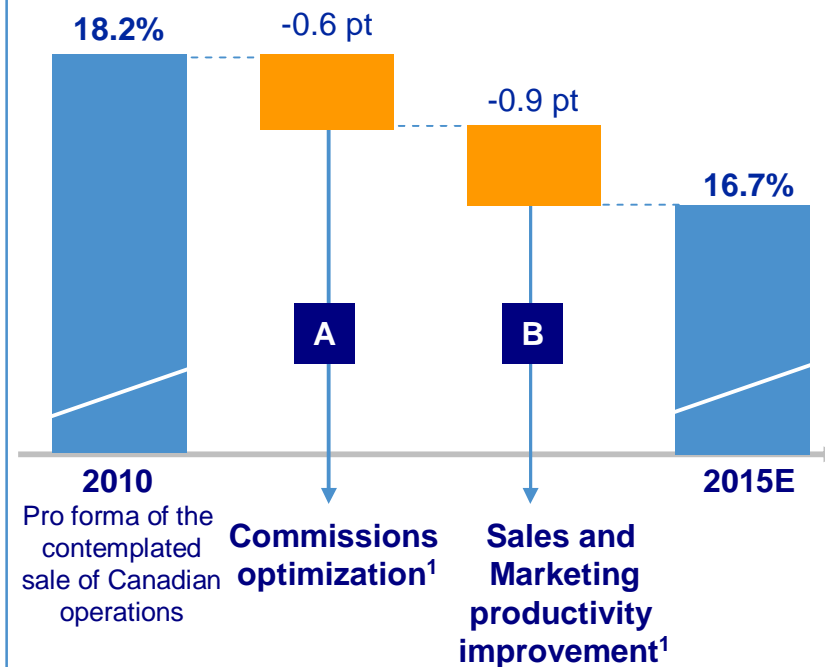
B

Improve Sales & Marketing productivity

- § Improve commercial productivity (i.e. reduce fixed cost component)
- § Optimize distribution support and management costs

Impact

P&C acquisition ratio evolution in mature markets



1. Incl. country mix – changes on a comparable basis

② Achieve ~Euro 0.6 bn cost savings in operations

Actions

A Achieve leaner operations

§ Delayer organization and suppress duplications

B Accelerate near/offshoring

§ Consolidate and expand Centers of Excellence (e.g. Morocco and India)


C Accelerate industrialization and standardization


§ Increase processes reengineering, simplification and automation

Impact

Capture benefits in mature markets mostly through natural attrition and employee retirements:

~10% of workforce in mature markets¹

 **Large scale lean management programs** in Belgium, France, Germany and Japan

 Modernize organization and processes in France and Spain **leveraging population pyramid** (e.g. 1/2 - 1/3 retirees replacement rate in France)

 **Restructuring programs** in US (~400 FTEs in 2011) and UK

Expected restructuring costs over 2011 – 2015 represent Euro ~0.3 bn²

1. France, US, UK, Germany, Belgium, Switzerland, MedLa mature, Japan

2. Net of tax

3 Achieve ~Euro 0.2 bn cost savings in IT

Actions

A Invest "smarter"

Our objective is to continue to invest in IT to implement a **selective convergence** approach and cope with business evolutions

For example, expected investments over 2011-2015:

- § Digital: ~Euro 250 m
- § P&C: ~Euro 130 m claims, product pricing and configuration platforms
- § L&S: ~Euro 50 m, policy admin platform

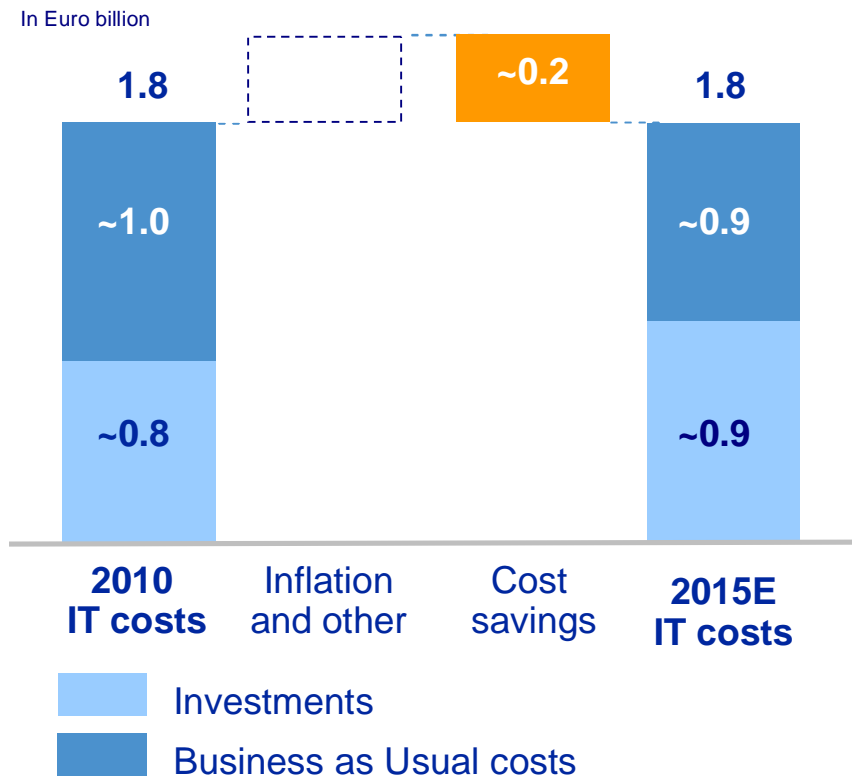
B Reduce the Business as Usual (BaU) costs

To offset increased IT investments, we will reduce BaU costs to maintain the overall IT base

- § Roll-out **low cost infrastructure**
- § **Decommission applications** (e.g. France, target reduction in number of Life applications from 6 to 2)

Impact

Generate ~Euro 0.2 bn cost savings by maintaining the IT cost base in mature markets



Gross of capitalization and amortization

4

Achieve ~Euro 0.3 bn cost savings in procurement

Actions

A

Challenge demand

- § Rationalize suppliers panel
- § Control implementation of contracts
- § Re-assess current activities and related costs
- § Start with 4 “big tickets” : IT services, software, professional services and real estate

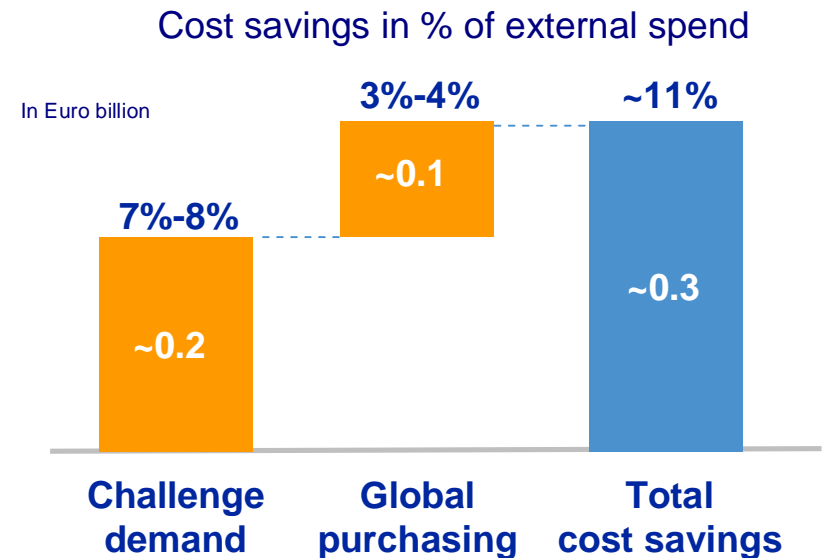
B

Increase global purchasing coverage from 20% to more than 50% of the external spend by 2015

- § One “AXA voice” to suppliers: gather volumes and negotiate at most relevant level (region / worldwide)

Impact

**External spend in mature entities
~Euro 2.8 bn in 2010**



Generate ~Euro 0.3 bn cost savings in mature markets

We are focused on execution

- § We are committed to deliver Euro 1.5 billion cost savings in mature markets**
- § We have the right governance with global initiatives executed locally and monitored centrally**
- § We are already in implementation mode**

Table of contents

Improve efficiency to achieve top performers competitiveness

1 P&C distribution

2 Operational performance

3 IT costs

4 External spend

Improve customer centricity to feed our profitable growth

1 Customer segmentation

2 Multi-distribution

3 Quality of service

Global initiatives to improve customer centricity and feed our profitable growth

1

Leverage **segmentation** to increase profitability and attract / retain customers

- § Strategic and profitable segments
- § Cross-sell and up-sell
- § Loyalty and customer duration

2

Transform our **proprietary distribution** to improve profitable growth

- § Multi-access model
- § Sales Force Effectiveness

3

Deliver the right **quality of service** to attract and retain customers

- § Segmented customer services
- § Advice and attentiveness
- § Differentiating support to distributors

Building on our key assets

Building on our key assets

Leading global brand in the industry

- § **Pricing premium** for customers
- § **Capacity to build partnerships** with top players (e.g. HSBC, ICBC¹, Mandiri, BNP Paribas)
- § Track investments through **Return on Advertising Investment** tool

Leading proprietary distribution

50% of revenues
90,000 agents

- § **Leading agent networks** in mature markets (31,000 agents)
- § Large proprietary client base (20 m retail customers) **with high resilience and profitability**
- § Significant footprint of **agents** in high growth markets, with top 3 networks in Hong Kong, Mexico and Turkey
- § Strong franchise in **Direct P&C**: (# 1 in South Korea, France, Belgium and ~4 m Direct motor policies)

Large client base 95 m customers

- § **Large base of satisfied customers** with increasing customer satisfaction +11 pts in 2010 vs 2005, reaching 78% in 2010
- § **Huge potential for cross-selling** as most of our clients only own one AXA product (e.g. France: 55% own 1 policy / 20%: 2 policies / 24%: 3 policies)

1. Subject to regulatory approval

1

Leverage segmentation to increase profitability and attract / retain customers

Actions

A Grow market share on strategic and profitable segments

- § Value proposition adapted to strategic segments
- § Advertising Investments allocated to key segments

B Increase cross-selling and up-selling and improving customer loyalty

- § Marketing & Sales efforts prioritized on most valuable clients
- § CRM programs for Strategic Segments
- § Personalized services and communication

Gain efficiencies by investing resources in tailored products and services and maximizing return on investment

Results to date

SMEs in MedLA
825k clients
GWP: Euro 1.6 bn

- § **Loss ratio** at 69.6% in 2010: -6 pts lower than other commercial lines
- § **Net inflow**: +10k clients in 2010
- § **GWP**: +15% in Turkey in 2010

“Exclusiv” tailored program for affluent in France
743k clients
Penetration: 20%

- § **GWP**: +8% growth in proprietary channels in 2010
- § **Unit-Linked rate**: 22% for Exclusiv clients vs 15% for non-Exclusiv
- § **Satisfaction rate** +26% for Exclusiv clients vs non Exclusiv.

New household product for young professionals in Switzerland
282k clients
Penetration: 23%

- § **Internet new business** up 149% in 2010
- § **New business** up 33% since launch in 2010

2

Transform proprietary distribution to improve profitable growth

Actions

A Transform our agent distribution into multi-access model

- § Adapt offer to multiple channels
- § Generate traffic through direct sales and leads
- § Industrialize underwriting and claims handling
- § Develop e-servicing

B Foster Sales Force Effectiveness

- § Focus on 3 key dimensions: footprint, productivity and distribution costs
- § Improve commercial productivity (“Lean Sales”)

Protect market share, extract value and increase commercial efficiency

Results to date

Develop digital and generate leads transferred to agents

- § **Mobile phone applications** in 9 countries
- § Developed **online sales capabilities** for Motor/ Home/ Health
- § An average of 6% of **new retail motor business** is originated by web in Switzerland, Germany and France

Foster Sales Force Effectiveness

- § Launched in **7 mature markets and 4 high growth markets**
- § **Productivity gains¹** in 2010 in Spain (+17%) and Japan (+14%) achieved through lean sales in 2010

1. Productivity: number of new policies / number of sales rep

3

Deliver the right quality of service to increase customer retention and attract new clients

Actions

A Enrich service proposition with relevant segmented customer services

B Extract premium linked to advisor/customer trust and advice-driven relationship

C Deliver differentiating support to target distributors

Deploy the strategy of proof through concrete initiatives and monitoring brand preference and customer/distributors satisfaction

Results to date

Improve customer satisfaction to increase retention

+ Example of Switzerland and impact in 2010

- § Churn rate (P&C) is **2 to 3 times** higher for a dissatisfied customer than for a satisfied customer¹
- § More than **90% of our** customer are satisfied¹

“Pick-up and Delivery”
Enrich value proposition with relevant services

■ Example of France and impact in 2010 (Motor)

- § **+100k new clients**
- § **Driver of retention:** lapse rate decreasing by **30%**
- § **Client satisfaction** increased by **13 pts**
- § **Claims handling costs** decreasing by **15%**

1. AXA estimate

Conclusion

- § **We want to improve our efficiency while continuing to serve our customers better**
- § **We will continue to improve our customer centricity through segmentation, multi-distribution and quality of service**
- § **We are committed to achieving Euro 1.5 billion cost savings in mature markets**
- § **We have the right governance in place to succeed: global initiatives executed locally and monitored centrally**