

17 February 2010

AXA ASIA PACIFIC HOLDINGS LIMITED Results for the 12 months ended 31 December 2009

AXA Asia Pacific Holdings (AXA APH) today announced Operating Earnings for the 12 months ended 31 December 2009 of \$553.6 million (2008 – \$555.6 million).

Investment earnings of \$185.1 million were in contrast to the investment losses of \$(537.7) million in 2008.

Non-recurring items of \$56.9 million (2008 – \$(152.8) million) included the profit on the sale of half of AXA APH's economic interest in India and a favourable outcome on UK tax litigation, partially offset by restructuring and other costs.

Profit after tax and non recurring items was \$679.2 million, \$957.9 million more than 2008 (\$(278.7) million)

The Directors have declared a final dividend of 9.25 cents per share in line with the 2009 interim dividend, taking the total dividend for the year to 18.50 cents per share (2008 – 18.50 cents).

Chief Executive Officer Andrew Penn said:

"This is a strong result against the background of the difficult market conditions since the global financial crisis.

"I am very pleased with our operating performance and we have performed particularly well in the second half of 2009 with Operating Earnings up 17 percent on the first half. This was attributable to the very strong sales growth in the second half in conjunction with the early steps we took in response to the global financial crisis to reduce costs.

"In Hong Kong, Operating Earnings for the year were up 6 percent to HK\$2.03 billion (2008 – HK\$1.91 billion) and 15 percent in Australian dollars. New business index was up 3 percent for the full year to HK\$2.31 billion (2008 – HK\$2.24 billion), up 13 percent in the second half.

"In South East Asia, Operating Earnings were up 44 percent to A\$50.2 million (2008 – A\$34.9 million) reflecting strong growth in sales and the leveraging effect of our increasing scale in these markets. Operating Earnings in the second half of the year of A\$33.0 million were 92 percent higher than in the first half (A\$17.2 million).

"In India and China, Operating Earnings improved A\$10.0 million to A\$(24.5) million (2008 – A\$(34.5) million) and value of new business grew 21 percent to A\$37.0 million (2008 – A\$30.5 million).

"In Australia, Operating Earnings of \$101.0 million in the second half of the year were 35 percent higher than the first half (\$75.0 million). Operating Earnings for the full year were down 25 percent to \$176.0 million (2008 – \$235.3 million) against the background of a difficult market although value of new business was up 41 percent to \$150.6 million (2008 – \$106.8 million).

“Operating Earnings in New Zealand were NZ\$35.1 million, down 18 percent (2008 – NZ\$42.8 million) while value of new business was up 59 percent to NZ\$15.9 million (2008 – NZ\$10.0 million). Operating Earnings were up 14 percent in the second half.

“We have entered 2010 with a strong balance sheet with assets in excess of regulatory requirements of \$1.61 billion and a gearing ratio of 27 percent, well below our target range.”

Future outlook

Commenting on the future Mr Penn said:

“Notwithstanding the possible acquisition of AXA APH, management is firmly focused on continuing to drive the business forward and concentrating on maximising shareholder value. We have navigated our way through the global financial crisis successfully and 2010 is about accelerating our growth.

“In Hong Kong we are regaining momentum in organic growth and we will be seeking to accelerate this by further expansion of our distribution channels in 2010.

“In South East Asia we performed very strongly in 2009 and our earnings and value have started to benefit in a material way from our increasing scale. We will continue to capitalise on the strong distribution networks of our bancassurance partners and their affiliates and grow our 20,000 strong agency force in this region.

“In India and China we will continue to focus on the quality and productivity of our distribution whilst carefully managing our further geographic expansion.

“In Australia and New Zealand we have launched a new programme in 2010 to accelerate growth toward achievement of our Ambition 2012 goals. This includes extending our leadership position in North into the post retirement market including the launch of a multi manager retirement income product, increasing our participation in the large self managed superannuation fund market, developing a full wrap offer on our new platform technology and ensuring we are in a position to lead the industry in responding to regulatory changes in relation to advice and superannuation.

“Notwithstanding the significant market turmoil over the last 24 months the fundamental characteristics that continue to make our industry and the markets in which we operate attractive have not changed and we remain committed to our strategy to capitalise on them”.

(All figures are reported in Australian Dollars unless otherwise stated)

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Hong Kong – key points

- Operating Earnings up 6% to HK\$2.03bn (2008 – HK\$1.91bn)
 - Wealth management up 13% to HK\$302.5m (2008 – HK\$267.6m)
 - Financial protection up 15% to HK\$1.06bn (2008 – HK\$916.4m)
 - Mature business down 8% to HK\$667.8m (2008 – HK\$722.9m)
- Total new business index¹ up 3% to HK\$2.31bn (2008 – HK\$2.24bn)
- Value of new business² down 1% to HK\$1.15bn (2008 – HK\$1.16bn)
- Funds under management and administration up 20% to HK\$80.49bn (31 December 2008 – HK\$66.93bn)

Asia (ex Hong Kong) – key points

- Operating Earnings
 - South East Asia^{3,4} up 44% to A\$50.2m (2008 – A\$34.9m)
 - India & China A\$(24.5)m^{4,5} (2008 – A\$(34.5)m)
 - ipac Asia A\$(9.0)m (2008 – A\$(6.4)m)
- New business index up 32% to A\$620.3m^{6,7} (2008 – A\$469.1m)
- Value of new business up 41% to A\$223.3m^{7,8} (2008 – A\$157.9m)
- Funds under management, administration and advice up 8% to A\$5.16bn^{6,9} (31 December 2008 – A\$4.77bn)

Australia – key points

- Operating Earnings down 25% to \$176.0m (2008 – \$235.3m)
 - Wealth management down 25% to \$45.5m (2008 – \$60.7m)
 - Financial protection down 20% to \$84.1m (2008 – \$104.6m)
 - Mature business down 34% to \$46.4m (2008 – \$70.0m)
- Total net AXA inflows down 67% to \$365.5m (2008 – \$1.09bn)
- Value of new business¹⁰ up 41% to \$150.6m (2008 – \$106.8m)
- Funds under management, administration and advice down 4% to \$59.03bn (31 December 2008 – \$61.60bn)

¹ New regular premiums plus 10% of single premiums

² Based on a 10.5% discount rate

³ Includes Singapore, Philippines, Thailand, Indonesia and Malaysia

⁴ AXA APH share

⁵ Represents the start up nature of investment in these regions

⁶ 100% share

⁷ Actual currency basis at 2009 average exchange rates

⁸ Based on risk discount rate of 11 – 20%

⁹ Actual currency basis at exchange rates as at 31 December

¹⁰ Based on 10% discount rate

New Zealand – key points

- Operating Earnings down 18% to NZ\$35.1m (2008 – NZ\$42.8m)
 - Wealth management down 14% to NZ\$9.5m (2008 – NZ\$11.1m)
 - Financial protection down 19% to NZ\$25.6 m (2008 – NZ\$31.7m)
- Total wealth management retail inflows down 7% to NZ\$719.8m (2008 – NZ\$770.1m)
- Value of new business up 59% to NZ\$15.9m¹⁰ (2008 – NZ\$10.0m)
- Funds under management, administration and advice up 2% to NZ\$6.42bn (31 December 2008 – NZ\$6.29bn)

Group financials – key points

- Earnings per share (before non-recurring items) up at 32 cents per share (2008 – (7.4) cents). On a normalised basis¹¹, earnings per share (before non-recurring items) was 30.2 cents (2008 – 35.3 cents)
- Return on average shareholders equity (before non-recurring items) – 16.1% (2008 – (3.6)%). On a normalised basis¹¹ return on equity (before non-recurring items) – 15.4% (2008 – 15.2%)
- Group funds under management and administration down 3% to \$80.95 billion (2008 – \$83.85bn)
- Strong balance sheet – total debt / equity ratio of 27% (2008 – 56%), below our target range of 40% – 50%
- \$1.61bn total assets above regulatory requirements

(All figures are reported in Australian Dollars unless otherwise stated)

¹¹ “Normalised” earnings are based on the average asset mix on average capital held over the period using assumed long term investment assumptions instead of actual returns

AXA APH Group financial result

Financial performance

A\$ million	H209	H109	Change	FY09	FY08	Change
Hong Kong ¹	157.0	175.8	(11)%	332.8	290.3	15%
South East Asia	33.0	17.2	92%	50.2	34.9	44%
India and China	(4.6)	(19.9)	77%	(24.5)	(34.5)	29%
ipac Asia	(3.3)	(5.7)	42%	(9.0)	(6.4)	(41)%
Australia	101.0	75.0	35%	176.0	235.3	(25)%
New Zealand ²	15.0	13.1	15%	28.1	36.0	(22)%
Operating Earnings	298.1	255.5	17%	553.6	555.6	(0)%
Normalised Investment Earnings	75.0	75.0	0%	150.0	185.0	(19)%
Corporate expenses	(23.0)	(27.0)	15%	(50.0)	(55.6)	10%
Interest expense	(10.5)	(18.3)	43%	(28.8)	(56.4)	49%
Executive share plan expense	(6.2)	(4.6)	(35)%	(10.8)	(11.4)	5%
Amortisation of value of businesses acquired	(13.2)	(13.6)	3%	(26.8)	(20.4)	(31)%
Profit after tax and before investment experience	320.2	267.0	20%	587.2	596.8	(2)%
Investment experience	54.7	(19.6)	>>	35.1	(722.7)	>>
Non-recurring items	33.9	23.0	47%	56.9	(152.8)	>>
Profit after tax and non-recurring items	408.8	270.4	51%	679.2	(278.7)	>>

1. Hong Kong Operating Earnings in local currency for 2009 were HK\$2.03bn (2008 - HK\$1.91bn) and for H209 were HK\$1.06bn (H109 - HK\$969.4m)

2. New Zealand Operating Earnings in local currency for 2009 were NZ\$35.1m (2008 - NZ\$42.8m) and for H209 were NZ\$18.7m (H109 - NZ\$16.4m)

New business

A\$ million	H209	H109	Change	FY09	FY08	Change
Hong Kong NBI (HK\$m)	1,225.9	1,088.6	13%	2,314.5	2,238.5	3%
South East Asia NBI (A\$m)	274.1	177.6	54%	451.7	299.3	51%
India and China NBI (A\$m)	73.5	80.9	(9)%	154.4	120.0	29%
ipac Asia NBI (A\$m)	4.9	9.3	(47)%	14.2	49.8	(71)%
Australia AXA wealth management inflows (A\$m)	3,921.2	3,688.7	6%	7,609.9	9,699.8	(22)%
Australia financial protection new business (A\$m)	71.0	54.9	29%	125.9	115.6	9%
New Zealand retail wealth management inflows (NZ\$m)	415.6	304.2	37%	719.8	770.1	(7)%
New Zealand financial protection new business (NZ\$m)	15.5	12.7	22%	28.2	28.1	0%

Shareholder returns

A\$ million	FY09	FY08	Change
Earnings per share before non-recurring items (cents)	32.0	(7.4)	>>
Normalised earnings per share before non-recurring items (cents)	30.2	35.3	(14)%
Dividend per share (cents) - interim	9.25	9.25	-
Dividend per share (cents) - final	9.25	9.25	-
Dividend franking level - interim	30%	40%	
Dividend franking level - final	25%	40%	
Rolling 12 months return on equity before non-recurring items	16.1%	(3.6)%	
Rolling 12 months normalised return on equity before non-recurring items	15.4%	15.2%	
	FY09	FY08	Change
Total debt / equity	27%	56%	
Regulatory capital	1,798	2,065	13%
Excess assets	1,607	779	106%