

AXA Asia Pacific Holdings

**Results for the 15 months ending
31 December 2001**

Les Owen, Group Chief Executive

Paul Koppelman, Group Financial Controller

28 February 2002



Agenda

- Highlights *Les Owen*
- 15 month results *Paul Koppelman*
- Review of activities *Les Owen*
 - Australia and New Zealand
 - AXA China Region / International

Highlights

AXA Asia Pacific Group

- Operating earnings \$398m (Dec Qtr - \$73m, Sept 01 - \$325m, Sept 00 - \$239m)
 - AXA A&NZ \$211m (Dec Qtr - \$41m, Sept 01 - \$170m, Sept 00 - \$98m)
 - AXA CR* \$198m, (Dec Qtr - \$38m, Sept 01 - \$160m, Sept 00 - \$134m)
- Investment earnings \$119m (Dec Qtr - \$31m, Sept 01 - \$88m, Sept 00 - \$203m)
 - AXA A&NZ \$63m (Dec Qtr - \$21m, Sept 01 - \$42m, Sept 00 - \$90m)
 - AXA CR \$56m (Dec Qtr - \$20m, Sept 01 - \$36m, Sept 00 - \$114m)
- Profit after Tax before Non-Recurring Items \$366m (Dec Qtr - \$74m, Sept 01 - \$292m, Sept 00 - \$318m)



* Excluding restructuring costs

Highlights

Australia and New Zealand

- Continued improvement in operating earnings in all 3 businesses
 - Funds Management \$72m (Dec Qtr - \$12m, Sept 01- \$60m, Sept 00 - \$42m)
 - Risk (including capitalised losses) \$33m (Dec Qtr - \$7m, Sept 01- \$26m, Sept 00 - \$16m)
 - Health \$106m (Dec Qtr - \$22m, Sept 01 - \$84m, Sept 00 - \$40m)
- Total funds under management, advice and admin \$40bn, up 29% (Sept 00 - \$31bn)
- Retail product net fund flows \$1,173m (Dec Qtr - \$200m, Sept 01 - \$973m, Sept 00 - \$607m)
- Income protection stable

Highlights

AXA China Region

- Operating earnings maintained in difficult environment
 - In A\$ operating earnings* \$198m (December Qtr - \$38m, Sept 01 - \$160m, Sept 00 - \$134m)
 - In HK\$ operating earnings* HK\$814m (Dec Qtr - \$168m, Sept 01 - \$646m, Sept 00 - \$653m)
- Investment earnings \$56m (Dec Qtr - \$20m, Sept 01 - 36m, Sept 00 - \$114m)
- Total funds under management HK\$30bn, up 9% from HK\$27bn (Sept 00)
- Return to growth in agent numbers and new business
- Continued improvements in persistency

*Excluding restructuring costs



Paul Koppelman

Group Financial Controller

- **Results for the 15 months ending 31 December 2001**

AXA Asia Pacific Group

■ Profit and Loss Analysis

A\$ million	15 months to Dec 2001	3 months to Dec 2001	12 months to Sep 2001	12 months to Sep 2000
AXA A&NZ	211	41	170	98
AXA CR*	187	32	155	134
International	-	-	-	7
Operating Earnings	398	73	325	239
Investment Earnings	119	31	88	203
Corporate Expenses	(54)	(13)	(41)	(52)
Interest Expense	(97)	(17)	(80)	(72)
Profit after Tax and before Non-Recurring Items	366	74	292	318
Non-Recurring Items	29	1	28	56
Profit after Tax and Non- Recurring Items	395	75	320	374

*AXA CR Operating Earnings includes Restructuring costs of Dec 01-\$11m, Sept 01-\$5m

Australia and New Zealand

■ Profit and Loss Analysis

A\$ million	15 months to Dec 2001	3 months to Dec 2001	12 months to Sep 2001	12 months to Sep 2000
Risk	33	7	26	16
Funds Management	72	12	60	42
Health	106	22	84	40
Operating Earnings*	211	41	170	98
Investment Earnings	63	21	42	90
Corporate Expenses	-		-	(18)
Profit after Tax and before Non-Recurring Items	274	62	212	170

* Operating Earnings Include Capitalised losses for Dec 01 (\$37m), Sept 01 - (\$37m), Sept 00 - (\$8m)

AXA China Region

■ Profit and Loss Analysis

A\$ million	15 months to Dec 2001	3 months to Dec 2001	12 months to Sep 2001	12 months to Sep 2000*
Operating Earnings	198	38	160	134
Investment Earnings**	56	20	36	114
Restructuring Costs	(11)	(6)	(5)	0
Profit after Tax	243	52	191	248

* Group Share

HK\$ million	15 months to Dec 2001	3 months to Dec 2001	12 months to Sep 2001	12 months to Sep 2000
Operating Earnings	814	168	646	653
Investment Earnings**	223	77	146	560
Restructuring Costs	(46)	(26)	(20)	0
Profit after Tax	991	219	772	1,213

** 15 month and 3 month Investment Earnings include a loss on Enron of HK\$93m (A\$23m).

Les Owen

Group Chief Executive

■ Review of activities

- Australia and New Zealand
- AXA China Region / International

Review of activities Australia and New Zealand

Strategic imperatives

- Grow our market share of retail investments and superannuation
- Improve retention of funds under management
- Increase size and productivity of aligned dealerships
- Increase penetration of the non aligned dealership sector
- Return our income protection portfolio to profitability
- Improve operational effectiveness and reduce expense ratios
- Improve the organisational capability through people

By 2003, AXA aspires to be in the top 20 Australian & NZ companies as measured by total returns to shareholders



**K5 Transformational Programme
launched in April 2000**



Review of activities

Australia and New Zealand

Grow our market share of retail investments and superannuation

- Implemented Alliance Capital joint venture
- Property management outsourced to Deutsche Asset Management
- Launched 26 new mezzanine and retail funds
- Launched a Wholesale Global Diversified Hedge Funds and Growth Equity - Value Fund
- Achieved 4/5 star ratings from ASSIRT and recommended by Van Eyk research house
- Alliance Capital, awarded Mercer's NZ Fund Manager of the Yr
- New administration platform to support these products

Review of activities

Australia and New Zealand

Grow our market share of retail investments and superannuation

Mezzanine

ASSIRT 5 Star Rating

- Australian Income Fund
- Global Equity - HealthCare Fund
- Global Equity - Value Fund
- US Equity - Premier Growth Fund

ASSIRT 4 Star Rating

- Australian Equity - Growth Fund
- Australian Equity - Industrials Fund
- Australian Monthly Income Fund
- Cash Management Trust
- Global Equity - Growth Fund
- Global Equity - Technology Fund

ASSIRT 3 Star Rating

- Global Diversified Hedge Fund

Retail

ASSIRT 5 Star Rating

- Australian Income Fund
- Global Equity - HealthCare Fund
- Global Equity - Value Fund
- US Equity - Premier Growth Fund

ASSIRT 4 Star Rating

- Australian Equity - Growth Fund
- Australian Equity - Industrials Fund
- Australian Monthly Income Fund
- Global Equity - Growth Fund
- Global Equity - Technology Fund

ASSIRT 3 Star Rating

- Cash Management Trust

Review of activities

Australia and New Zealand

Grow our market share of retail investments and superannuation

- Repositioning the business mix

		Grow Aggressively	Defend Aggressively
Value	High	Unit Trusts (equities) SUMMIT Personal Super Business Super Allocated Pensions	Lump Sum Insurance Group Life Health
	Low	Ordinary Savings Cash Management Trusts DIY Super Eligible Rollover Funds Long Term Risk Annuities (short term)	Annuities (long term) Disability insurance Group Salary Continuance Unit Trusts (cash/mortgages)
		Low Priority	Defend Passively
		Low	High
		Current Market Share	

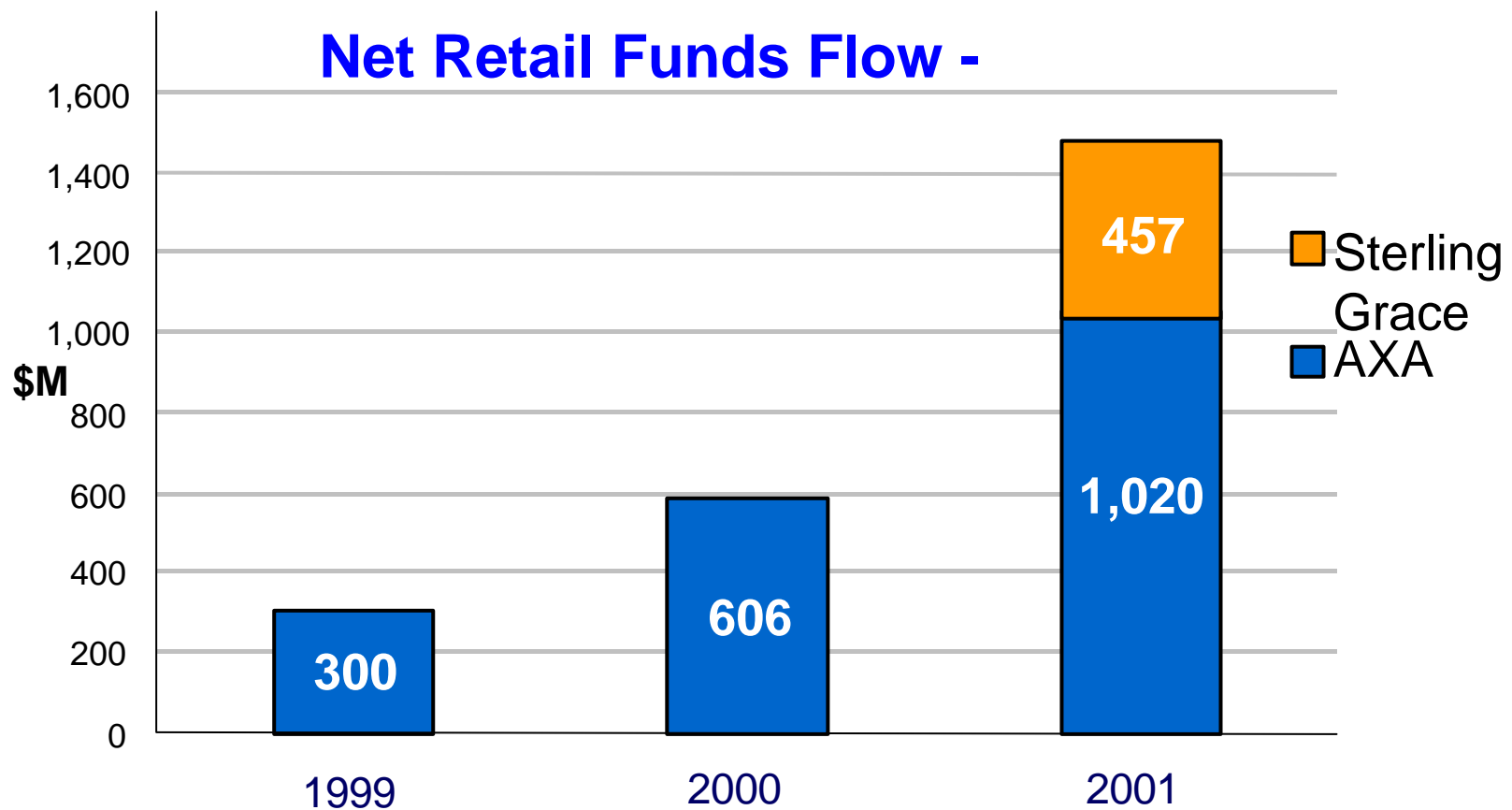
Review of activities Australia & New Zealand

Grow our market share of retail investments and superannuation

Net Funds Inflows (open products) A\$ million	15 months to Dec 01	3 months to Dec 01	12 mths to Sept 01	12 mths to Sept 00	12 month % Difference
Grow Aggressively					
Unit Trusts (equities)	96	20	76	5	1420%
SUMMIT (excludes 3 rd party)	813	134	679	549	24%
Personal Super	392	63	329	228	44%
Business Super	154	21	133	74	80%
Allocated Pensions	24	3	21	(3)	-
Defend Passively					
Life/Long Term Annuities	77	20	57	20	185%
Unit Trusts (cash/mortgages/property)	123	1	122	(27)	-
Low Priority					
Ordinary Savings	(152)	(24)	(128)	(77)	-
Short Term Annuities	199	65	134	177	(24%)

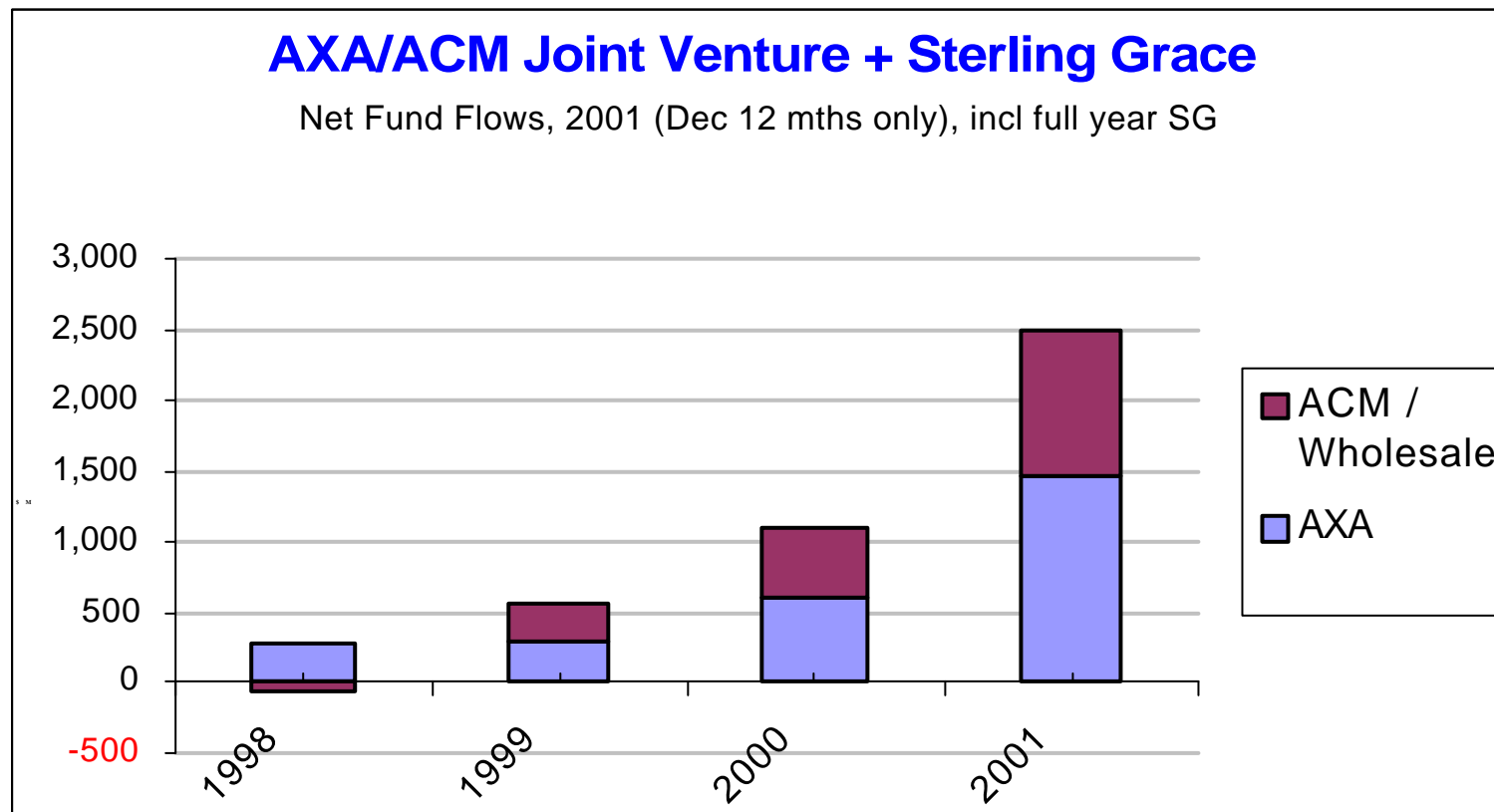
Review of activities Australia and New Zealand

Grow our market share of retail investments and superannuation



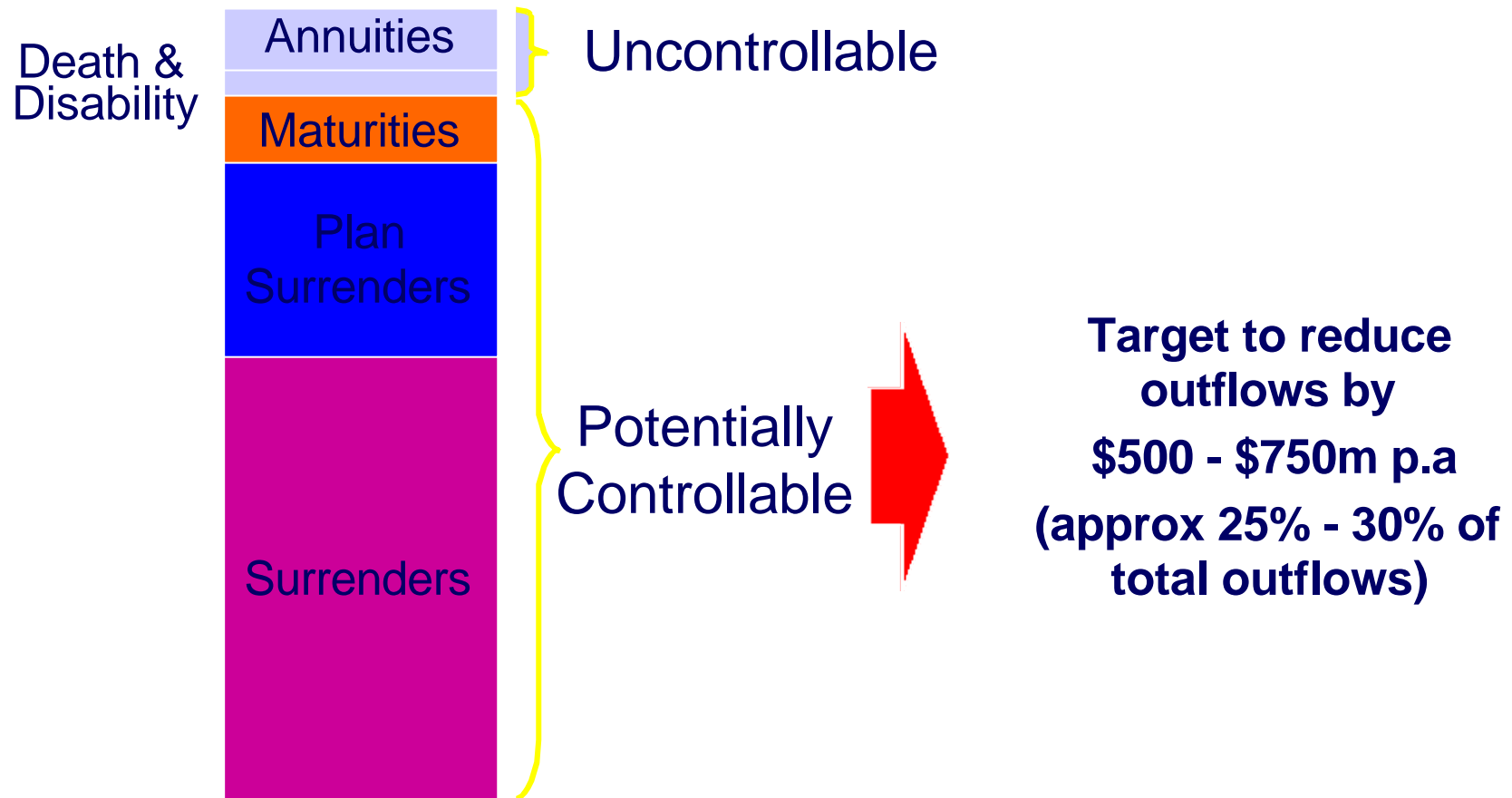
Review of activities Australia and New Zealand

Grow our market share of retail investments and superannuation



Review of activities Australia and New Zealand

Improve retention of funds under management



Review of activities

Australia and New Zealand

Improve retention of funds under management

- RSP - \$3.5bn fund, 250,000 clients
 - Launched product upgrade, modernised benefits and conversion options
 - Clients at maturity are provided discounted financial planning if they reinvest in an AXA product
- Tailored and Simple Super retention campaign
 - Product and advice offerings for terminating members
 - Offer of additional products eg. discounted Home Loans through Members Equity
 - Improved service and enhanced member statements
- CRM strategy developed and currently in implementation

Review of activities

Australia and New Zealand

Returning our income protection portfolio to profitability

- Specialist panel support (Melbourne and Sydney) covering key disciplines - legal, medical, investigations, rehabilitation, accounting
- Dedicated training team - significant increase in resources
- Reserves strengthened (Sept 2001) to recognise claims duration and cost experience
- Monthly internal audits
- 6 monthly and yearly external audits
- New business profitable
- Situation stable in December quarter

Review of activities Australia and New Zealand

Improve operational effectiveness and reduce expense ratios

- Disposal of non-core assets
 - Trustees, Lending, NZ Health
- Recurring management expenses
 - \$472m for 15 months (Dec Qtr \$87m, Sept 01 - \$385m, Sept 00 - \$441m)
 - Investment in transformation projects for 15 months \$115m (Dec Qtr \$31m, Sept 01 - \$84m, Sept 00 - \$138m)
- Continuing plans to further reduce costs in 2002 & 2003
 - self service based administration for customers and advisers
 - ongoing process and organisation redesign

Review of activities

Australia

Health

- Contributions up 17% since 1/10/00
- Market share by revenue stable - 25% in Victoria, 47.5% in South Australia and 11.4% National (3rd largest) as at June 2001
- Claims ratio 77%, down from 81%. Claims growth less than industry due to leadership in “no gaps” claim payments, product design and provider relations capabilities and contracts
- Management Expense Ratio 8.7%. Significantly lower than industry average of 11.6%
- Premium increase of 1.5%
- Strategy is to optimise shareholder value

Review of activities

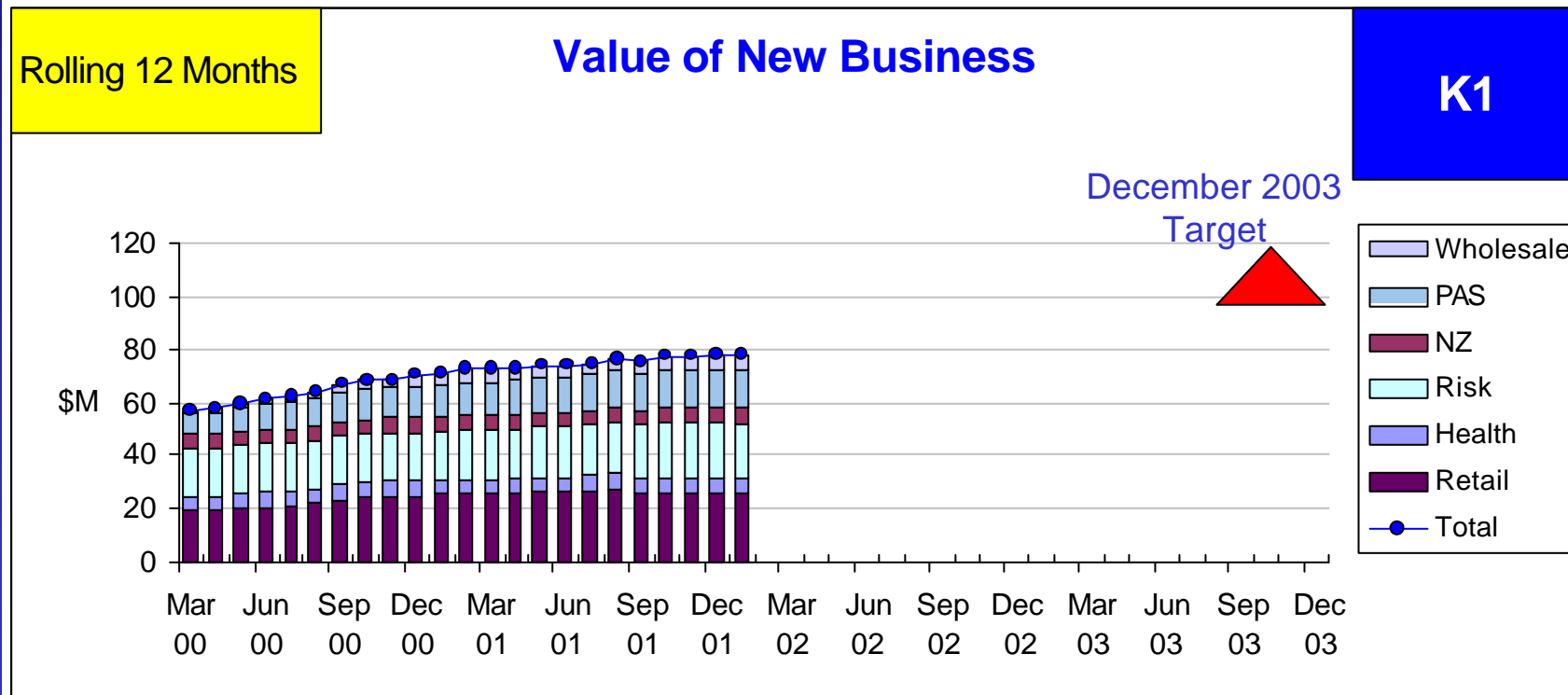
Australia

Health

- Introduced Member First arrangements into selected participating Private Hospitals - delivering exclusive private room guarantee and other benefits
- Finalised price negotiations with all major Hospital Groups - 2 year price agreement
- Innovative product design and IT
- Market Leading Performance
 - 92% Private Hospital claims are now funded by Case Payments
 - 89% medical claims are now provided with No or Known gap
 - 71% customer contribution payments are now electronic
 - 48% ancillary claims processed through E-commerce at point of service

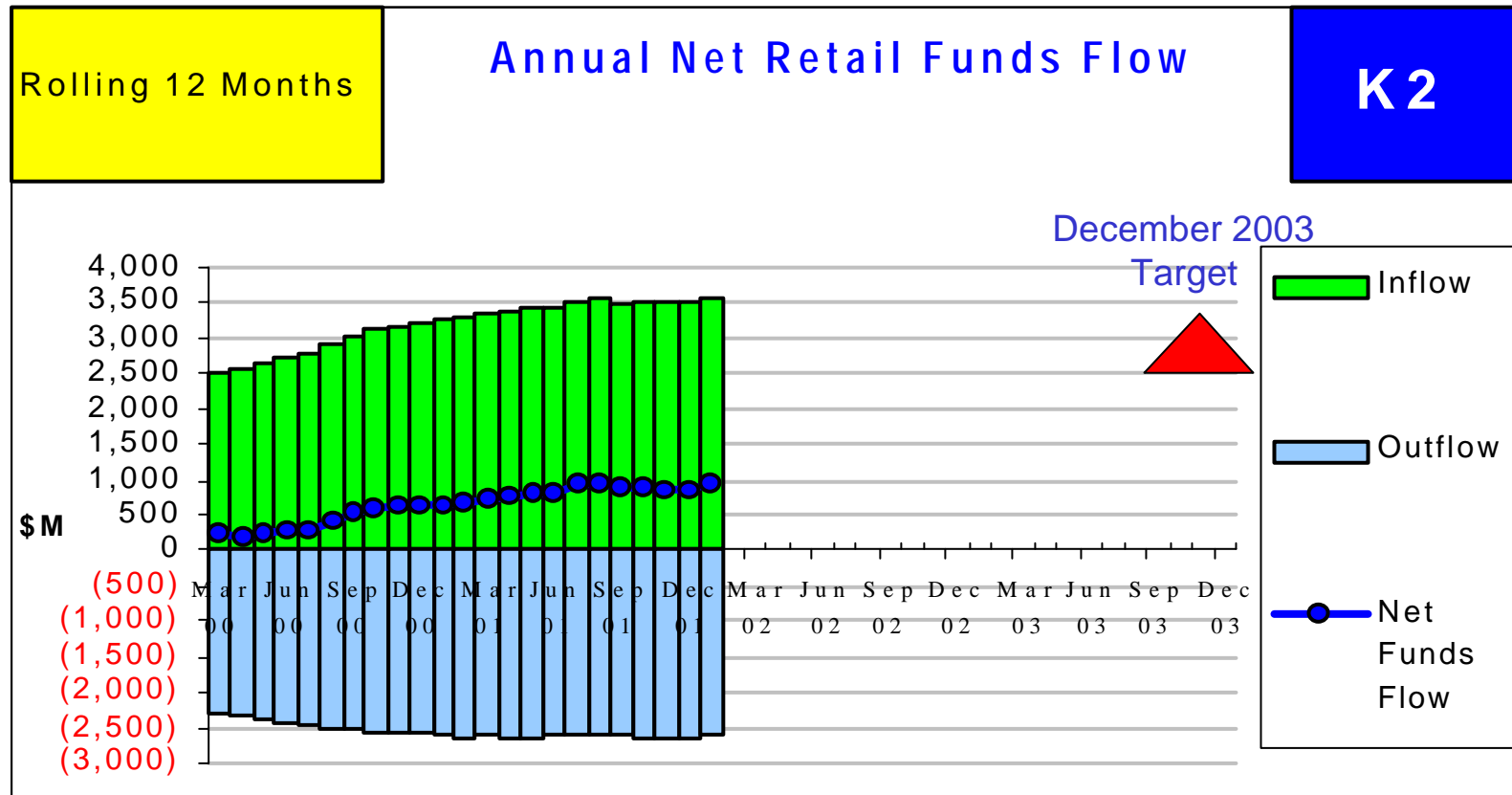
AXA in 2001 - progress against K5 goals

■ K1 - Double the Value of New Business



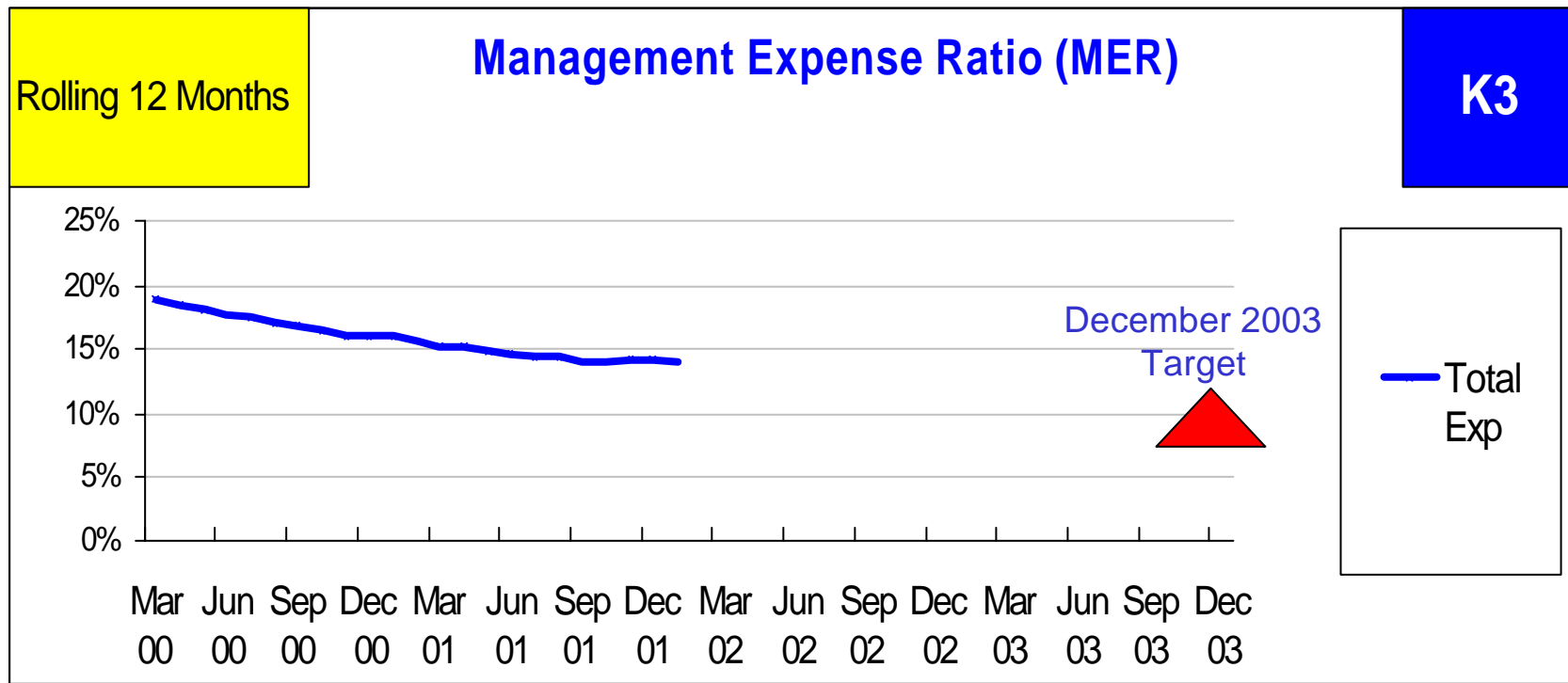
AXA in 2001 - progress against K5 goals

■ K2 - Top 5 in Net Retail Funds Inflow



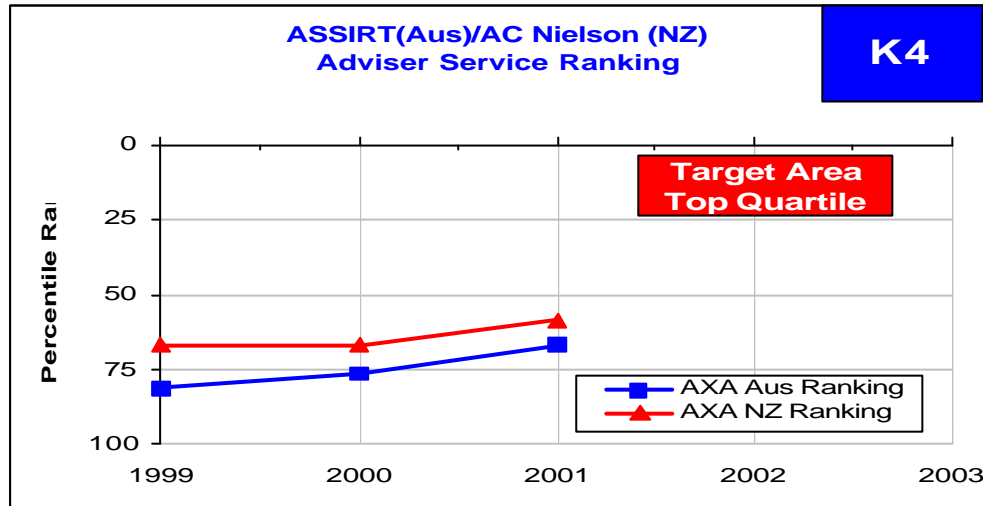
AXA in 2001 - progress against K5 goals

■ K3 - Halve our Management Expense Ratio

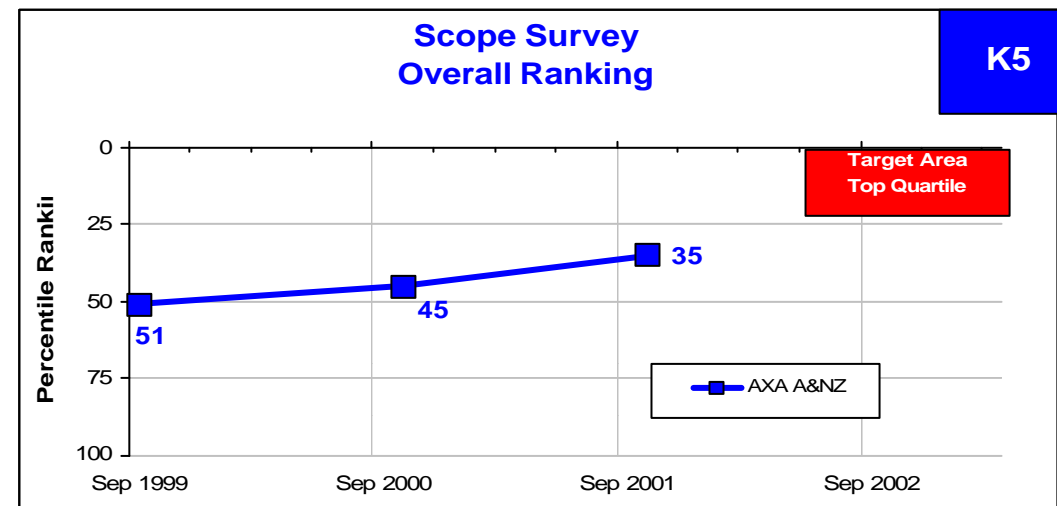


AXA in 2001 - progress against K5 goals

- K4 - Achieve top quartile Adviser Service ranking



- K5 - Achieve top quartile AXA Scope score



Review of activities AXA China Region

- AXA China Region / International

Review of activities AXA China Region

Strategic Imperatives

- Increase the number and productivity of agents
- Build profitable new distribution channels
- Build preferred brand of choice
- Deliver investment margins
- Bring persistency back to target levels
- Improve overall operation efficiency and cost ratio of the business

M6 - Transformation Programme

By 2004, AXA China Region will increase shareholder value by 55%

M1

Value of Business

- Appraisal Value HK\$23bn (before any dividend)
- Embedded value HK\$16.7bn (before dividend)
- 26% efficiency gain over 3 years

M2

Premium Income

- Gross premium income HK\$10bn by 2004

M3

Assets under management

- HK\$42bn by 2004



M4

Provider of Choice

- # 1 Brand choice
- 75% unaided awareness
- Discontinuance rate <9%

M5

Employee Satisfaction

- > 30% Scope

M6

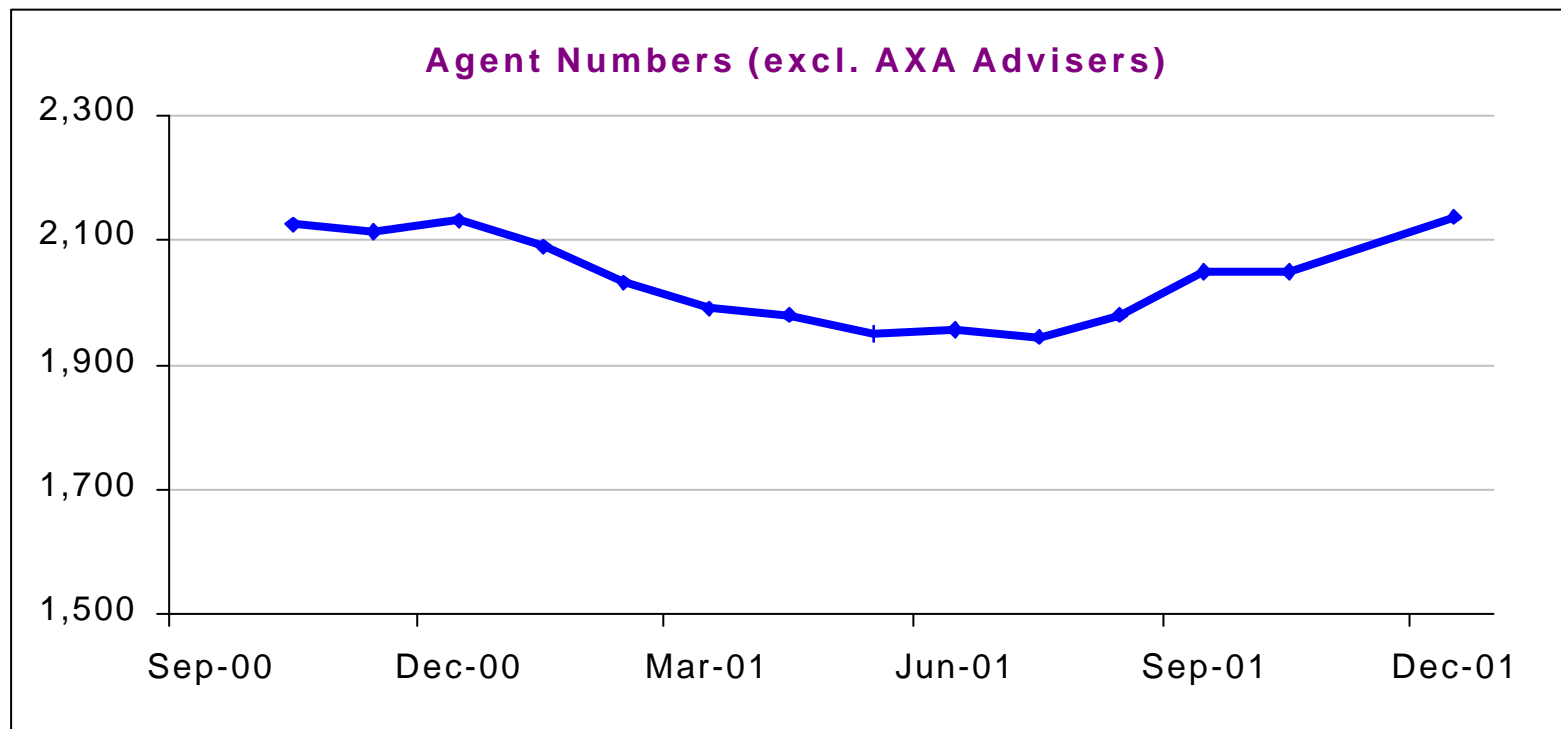
Value of Sales

- Grow value of one year's new business by 33% pa

Review of activities AXA China Region

Increase the number and productivity of agents

- Agent numbers growing again, no resignations due to poaching for many months. Extensive seminar based Adviser recruitment campaign



Review of activities AXA China Region

Increase the number and productivity of agents

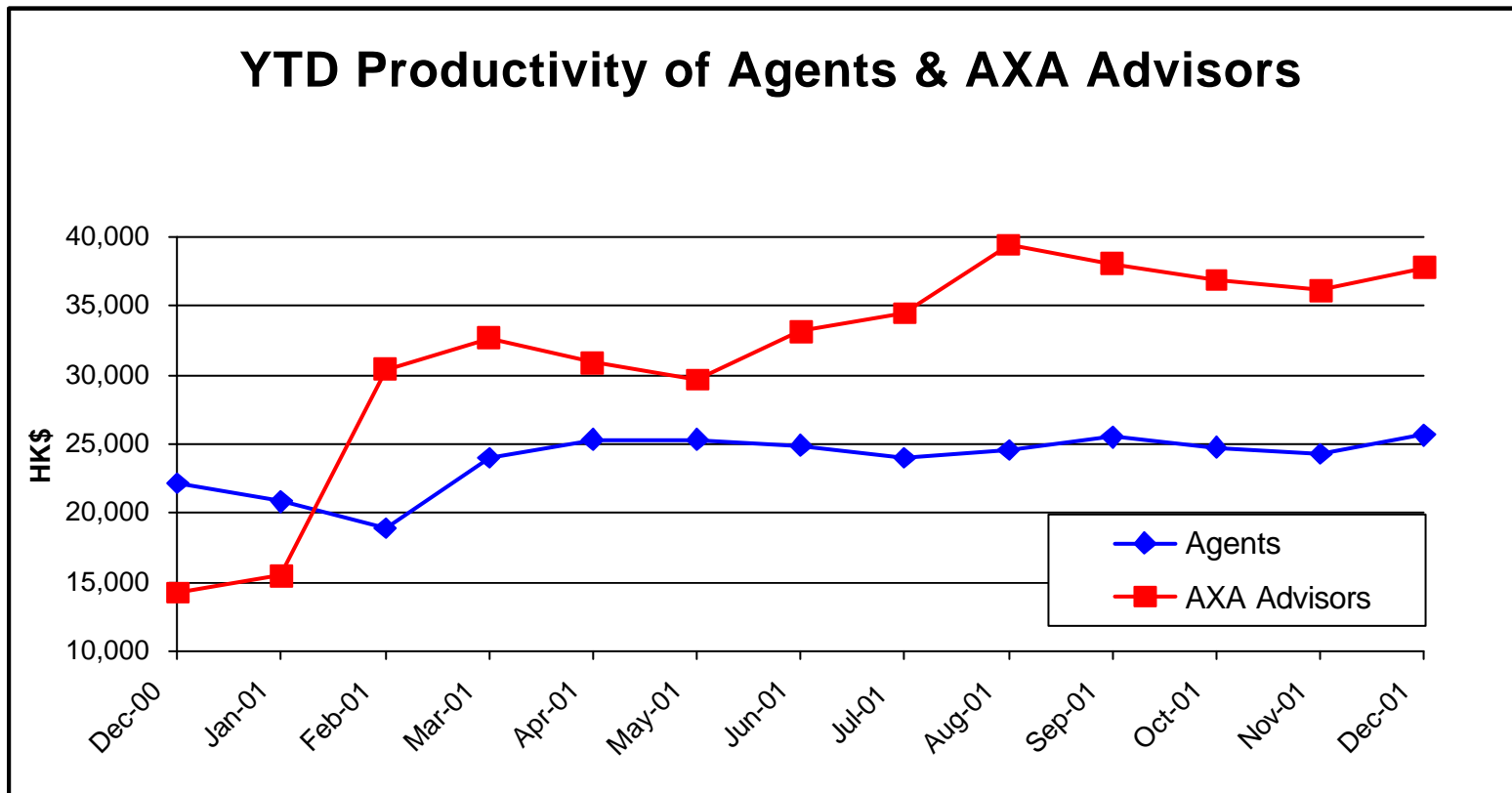
- Company managed distribution (AXA Phoenix and AXA Advisers) growing strong - increased from 15% Sept 2000 to 28% of total Advisers in Dec 2001

Traditional Model	AXA Phoenix	AXA Advisers
1,583 Agents	554 Agents	75 Advisers

Review of activities AXA China Region

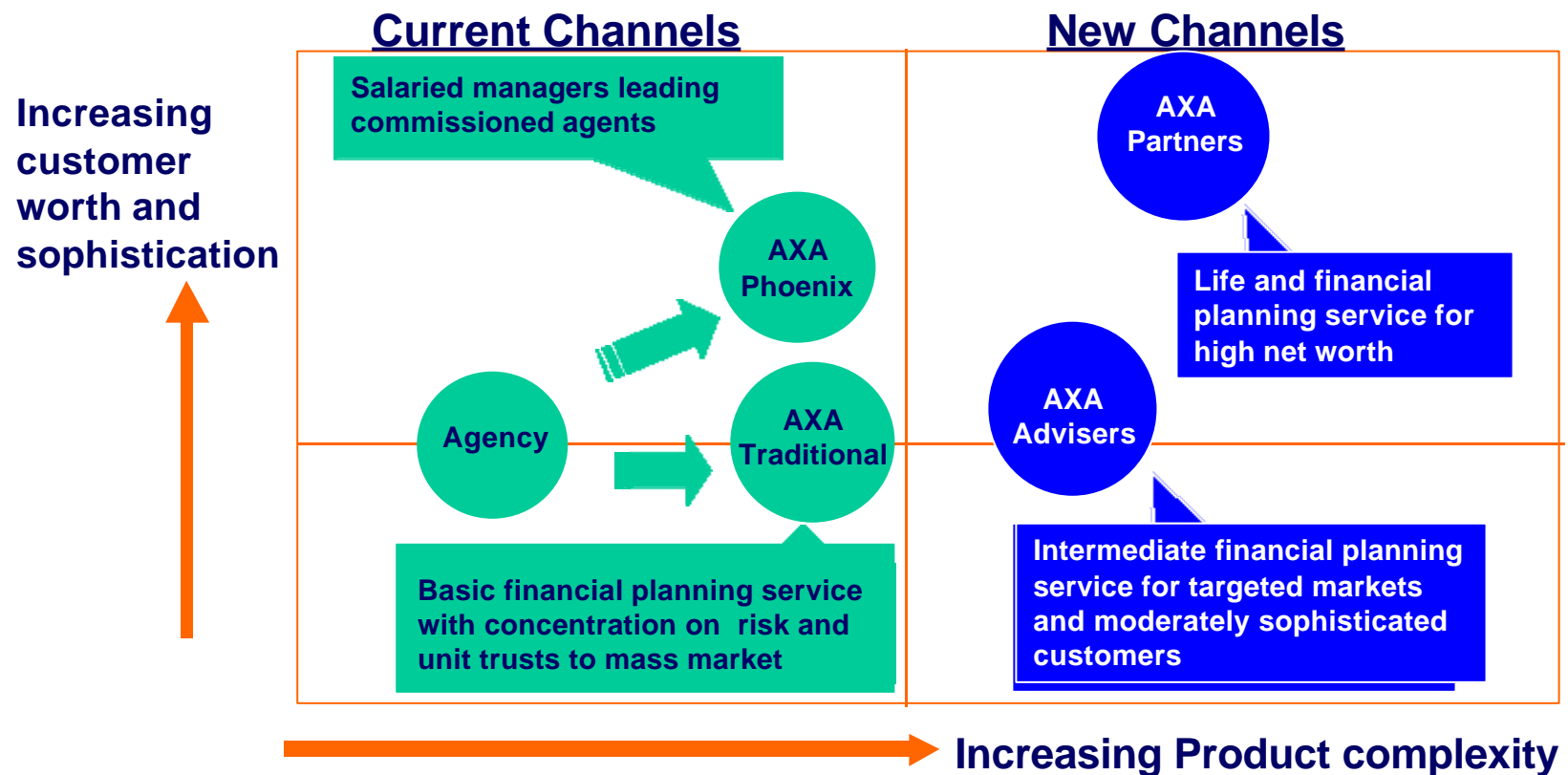
Increase the number and productivity of agents

- Strong upward trend in Adviser productivity



Review of activities AXA China Region

Build profitable new distribution channels



Review of activities AXA China Region

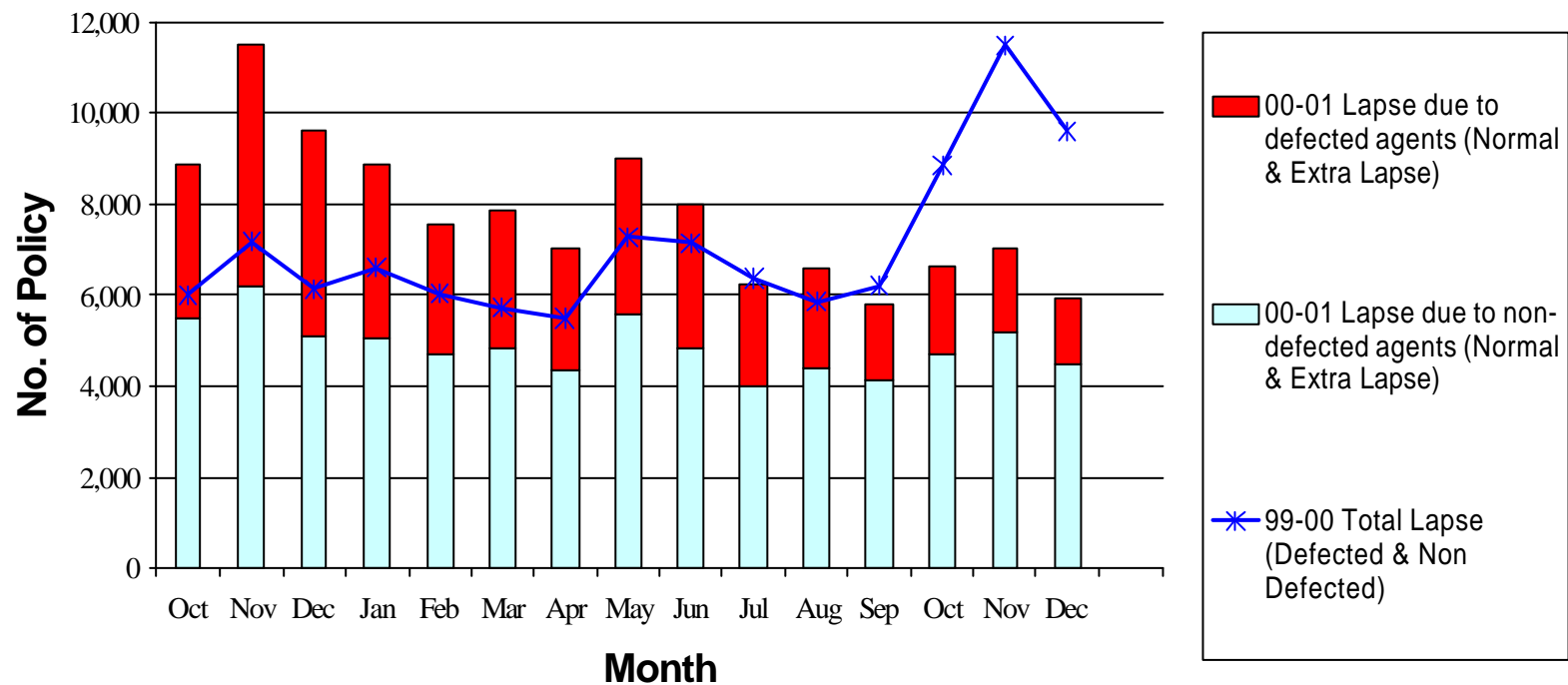
Improve overall operational efficiency and cost ratios

- Recurring management expenses HK\$429m (Dec qtr - HK\$86m, Sept 01 - HK\$343m, Sept 00 - HK\$390m)
- Further cost reduction targets for 2002 and 2003
 - Re-engineering processes to deliver further efficiency gains
- Asian life Regional Centre established

Review of activities AXA China Region

Lapse and Surrender (Individual Life Only)

- Persistency trending back to long term assumptions



Review of activities

AXA International

- Second life insurance branch license for AXA-Minmetals - September 2001
 - Plan to set up in Guangzhou, China - 15 million people
 - Other branch licenses to follow
- Regional management platform implemented
 - Hong Kong now responsible for management and control of South East Asia
 - New CEO appointments in Thailand and Singapore
- Strong new business growth in Singapore, Indonesia, Thailand and the Philippines
- Building a financial planning business in Singapore
- Exiting Taiwan

Summary

■ Australia and New Zealand

- Making good progress on transformation programme
- Significant improvement in operating performance
- Moving from building capability to growth

■ AXA China Region / International

- Successful business, well positioned
- Traditional agency returning to growth
- Broadening product and distribution capabilities
- AXA well positioned in China

AXA Asia Pacific Holdings

**Results for the 15 months ending
31 December 2001**

Les Owen, Group Chief Executive

Paul Koppelman, Group Financial Controller

28 February 2002

