Strategy Briefing 2004
Australia & New Zealand overview

Andrew Penn, Chief Financial Officer

30 March 2004

What comes after K5?

Player to *leader*

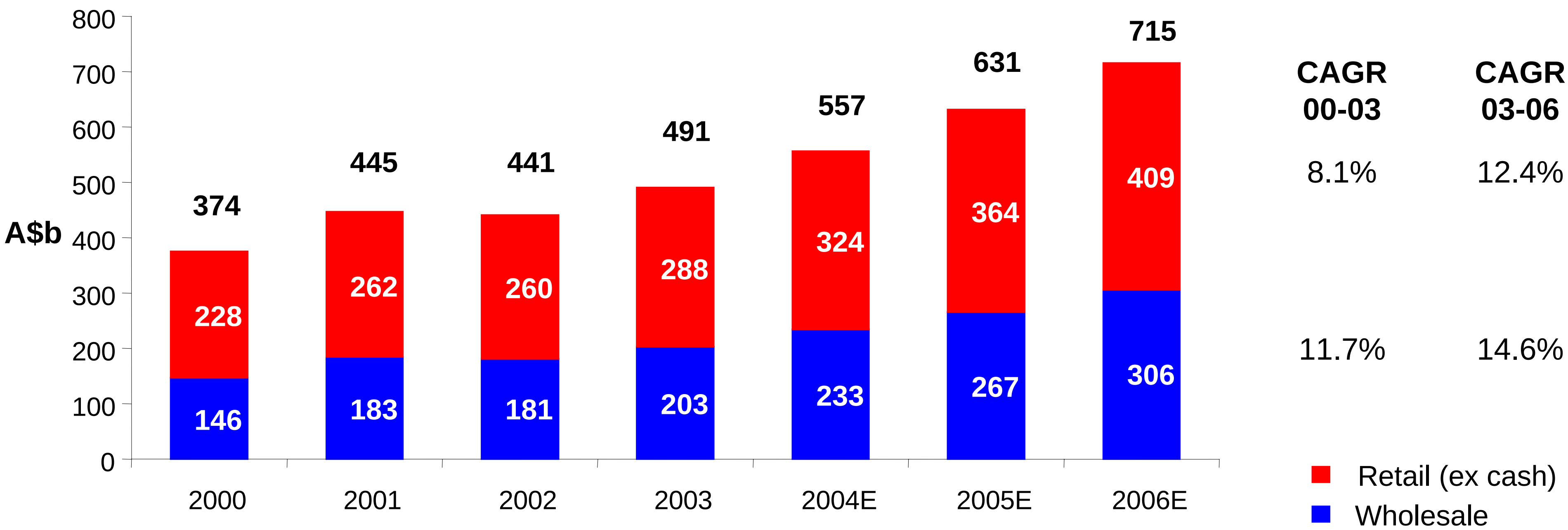
We have a clear vision

To be a leader in financial protection and wealth management

Market overview
Wealth management

Retail wealth management market is projected to grow by 12%+ pa over the next 3 years, as equity markets recover and the housing market eases

Wholesale and retail market FUM

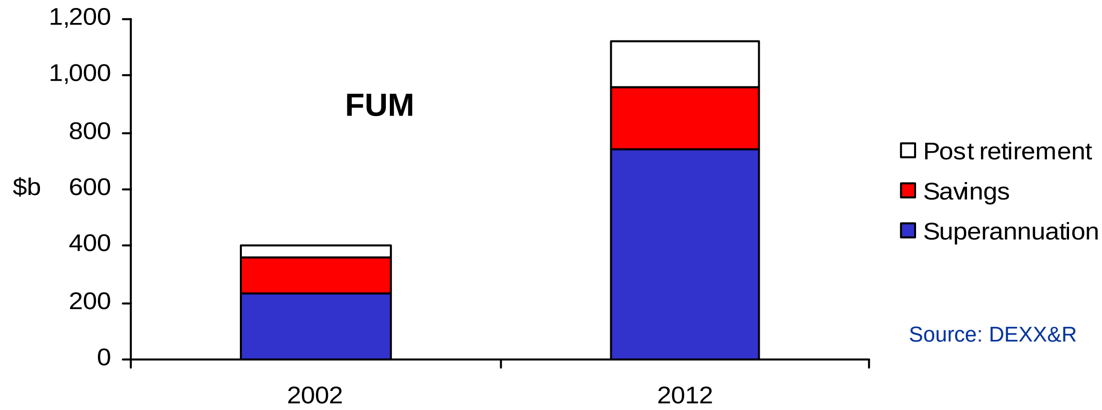


Source: Plan for Life, AXA management

Market overview
Wealth management

Wealth management market forecast to triple in 10 years

- Superannuation and post retirement products will be the main drivers of growth



- Despite its small population, Australia is a major wealth management market

	Rank
Population[1]	52
GDP[1]	16
GDP per capita[1]	15
Assets of financial institutions[2]	11
Assets of financial institutions as % of GDP[2]	8

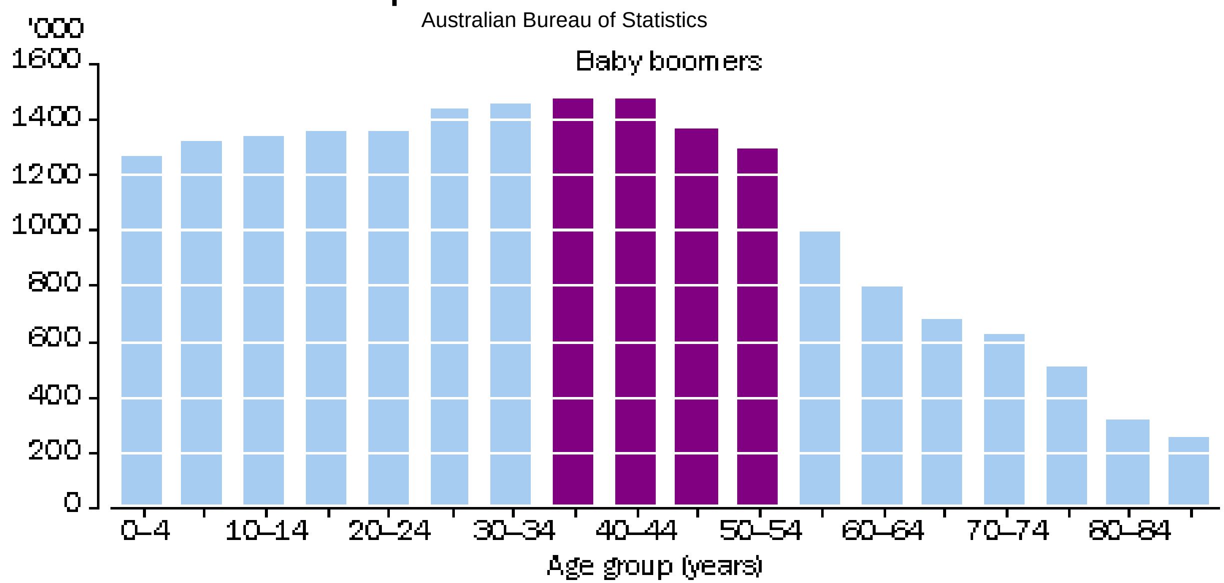
1 2003 CIA
2 2001 OECD

Market overview
Wealth management

Demographics will drive strong growth in superannuation and investments

There are 4.2 million people who currently control over A$750b in total savings and investment (including over A$280b in superannuation), who will continue accumulating savings before entering into their retirement phase over the next 20 years
(Roy Morgan research commissioned by AXA)

Population distribution 2001
Australian Bureau of Statistics

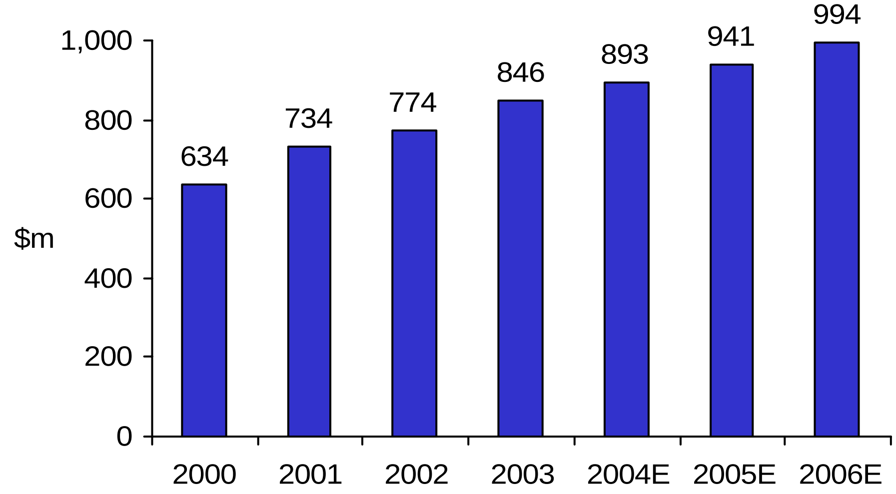


Market overview
Financial protection

The financial protection market is projected to grow by 5-6% pa

- Higher personal debt levels expected to drive the need for personal insurance
- Growth in the small business sector is expected to drive the need for key person cover

Financial protection market total sales



Source: Plan for Life, AXA management

Market overview
Financial protection

Under insurance is still significant

	Current cover	Recommended cover
Life protection	$143,000[1]	$545,000[2]
Income protection	27% (of wage/salary)	75% (of wage/salary)

1. Excludes superannuation assets payable on death. Average current cover including superannuation is $211,000.
2. Based on average household debt plus 10 times average household earnings

Source: DEXX&R research commissioned by AXA

We have focused our business accordingly

- Divestments
  - AXA Health
  - Members Equity
  - Trustee, Payroll, Property
- Investments
  - ipac
  - Spicers
- We are now very focused on our core businesses of wealth management and financial protection

Our strategy

To be a leader in all parts of the wealth management and financial protection value chain

- product manufacturer
- provider of service to advisers
- in the advice business

Where possible to integrate our offers over more than one part of that value chain

The rationale for our strategy

- AXA's scale and global leverage
- Potential margin pressure and the possibility of value moving across the value chain
- The growing importance of intermediated advice

We participate across the value chain
Asset management

We participate across the value chain
Asset management

Required core competency

- Global scale
- Sustained competitive investment performance

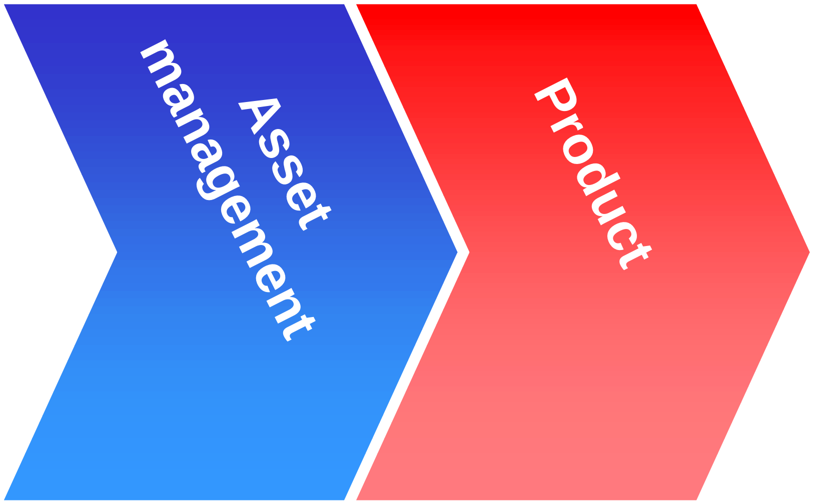
AXA's current position

- Alliance Capital Management joint venture has 7.3% share of institutional market
- Ranked 7th for wholesale investment managers

AXA's strengths

- Local and international capabilities in both growth and value styles for equities
- Significant fixed income capabilities - local and international
- Well regarded wholesale brands Alliance Capital and Bernstein
- Alliance Capital global capabilities 500+ investment professionals, 300+ research analysts
- Access to other AXA's investment capabilities - 5th largest global asset manager
- ipac multi-manager capability - a leading position in Australia
- Morningstar "Equities fund manager of the year" in NZ (2003) for third time

We participate across the value chain
Product



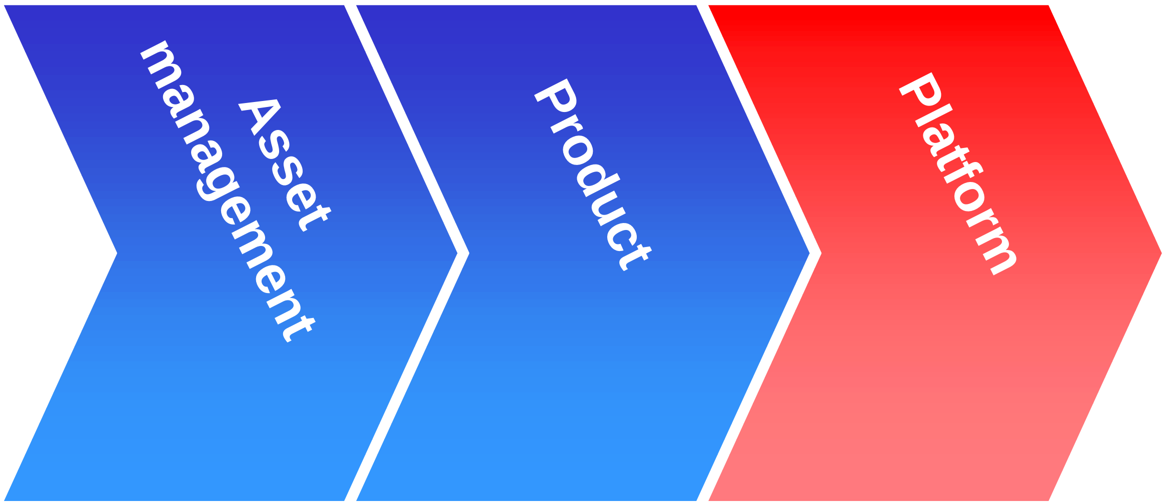
We participate across the value chain
Product

Required core competency
- Scale (global processing)
- Product design and time to market
- Quality customer service

AXA's current position
- AXA Group in top 3 product manufacturers in the world
- Strong market share in superannuation - 8% in Australia, 7% in New Zealand
- In top 3 in financial protection in Australia and New Zealand

AXA's strengths
- Upgraded product range covers most market segments
- Above average service quality
- Underwriting and claims management, product design and pricing
- Global scale in processing - around 1/3 of life and superannuation non-customer facing administration activities undertaken offshore in India at AXA Business Services
- Strong brand awareness
- Improved penetration of top 50 dealer group and top 10 master trust approved product lists

We participate across the value chain
Platform



We participate across the value chain
Platform

Required core competency

- Scale (not just size)
- Breadth of offer to adviser segments
- Quality of administration and services

AXA's current position

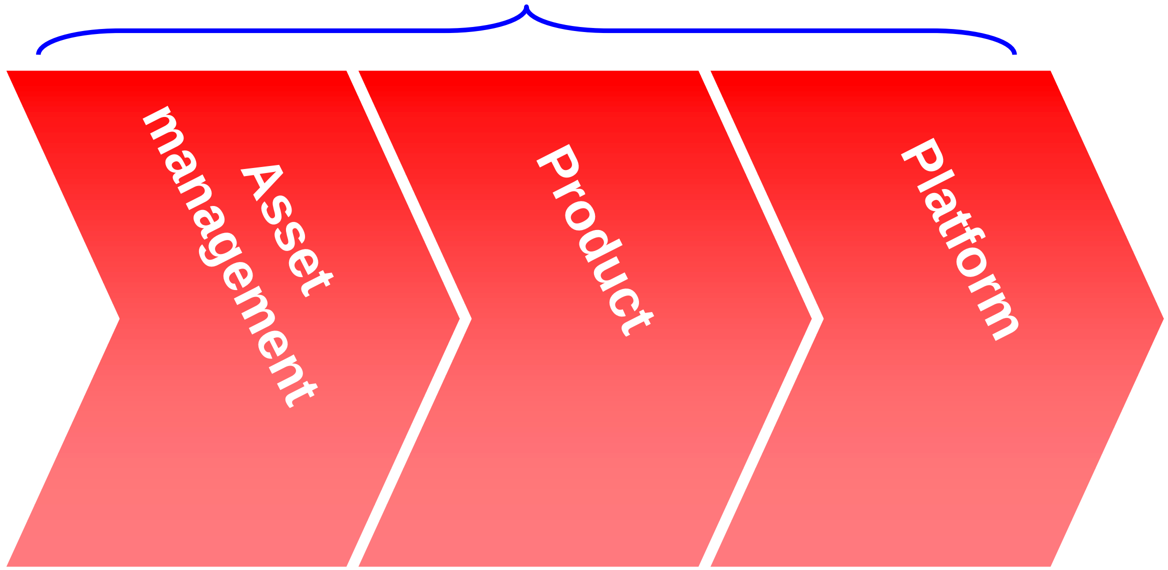
- 5th largest platform provider in Australia (ASSIRT)
- A$16b funds under administration (31 December 2003)
- 2nd largest in New Zealand (Assure platform)

AXA's strengths

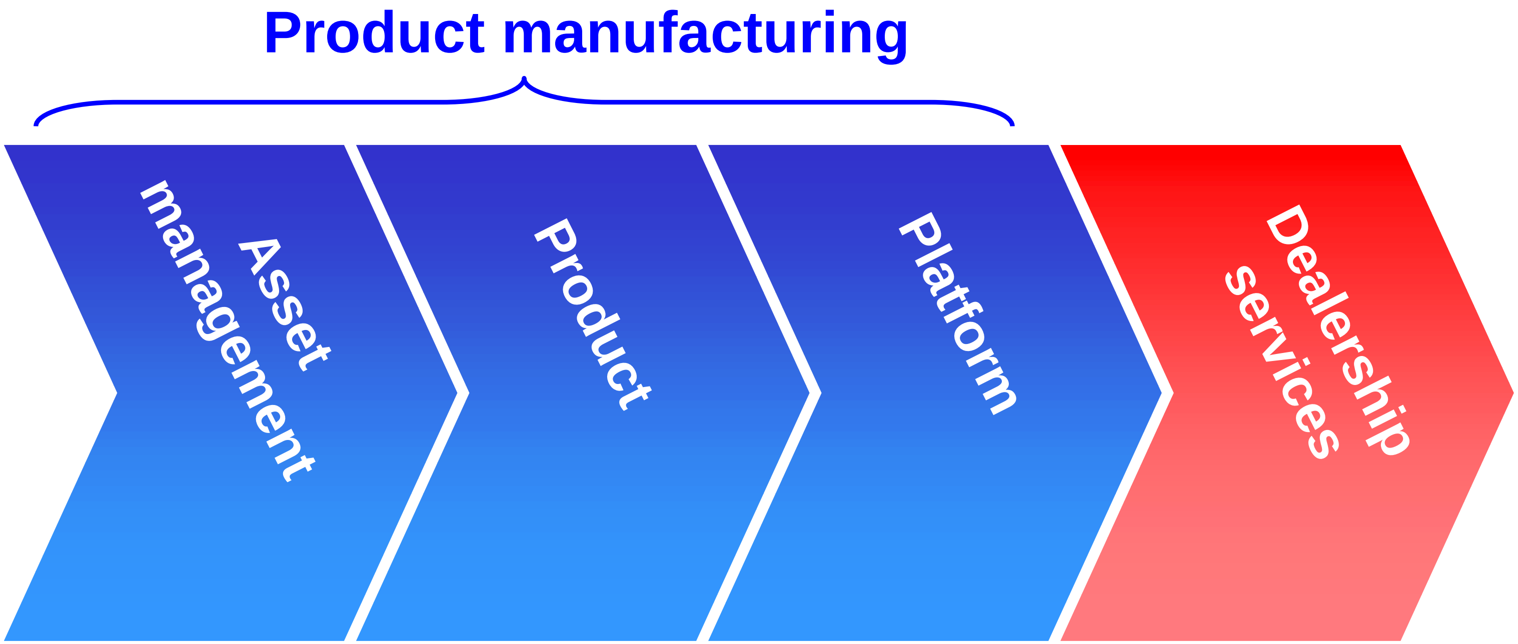
- Size - with the potential for scale
- Summit functionality and launch of "light function" version of Summit in 2004
- Platform consolidation - Summit (main platform), Assure Australia migrated (2003), all new ipac money onto Summit platform (iaccess)
- Strong support from aligned distribution - AXA FP and Charter
- Increased penetration of non aligned sector

We participate across the value chain
Product manufacturing

Product manufacturing



We participate across the value chain
Dealership services



We participate across the value chain
Dealership services

Required core competency

- Local scale
- Quality of offer (training, compliance, tools)
- Relationship management

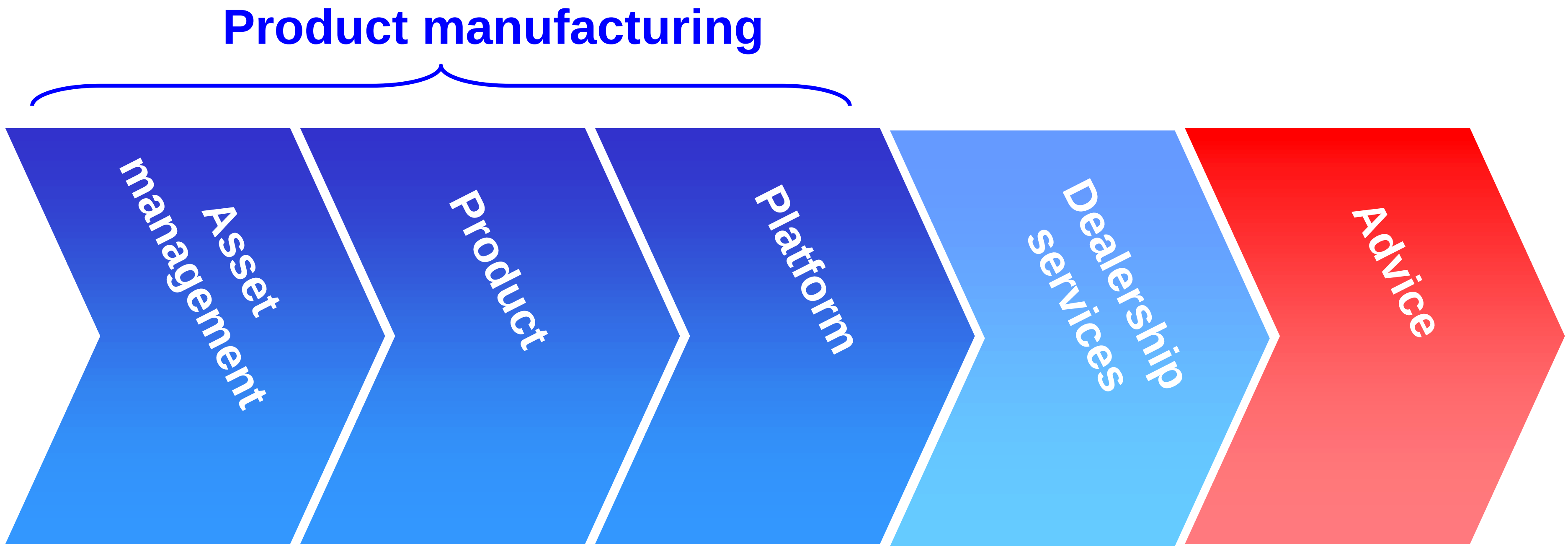
AXA's current position

- Charter and AXA FP service 1,100 aligned advisers (Australia)
- AXA FP services 350 aligned advisers (New Zealand)
- Dealer to dealer offer (Jigsaw) to self licensed advisers
- Innovative proposition for succession and recruitment - Discovery

AXA's strengths

- Quality of relationship management - business development managers and practice development managers voted No. 1 in industry in 2003 (ASSIRT)
- Full range of offers to meet the needs of advisers and their customers - brands, products, services, support, succession
- Large, stable adviser base

We participate across the value chain
Advice



We participate across the value chain
Advice

Required core competency
- Quality of advice
- Systemised and consistent model of advice delivery - scaleable
- Practice management skills

AXA's current position
- Owns high quality advice businesses - ipac and Spicers
- Spicers No. 1 in New Zealand
- Interests in Tynan Mackenzie and other advice businesses
- Launching monere - based on ipac advice model

AXA's strengths
- ipac and Spicers arguably best quality, truly corporatised, scaleable models in Australia and New Zealand
- Rated No. 1 in the ACA/ASIC survey of the Quality of Financial Planning
- No loss of management or advisers (other than retirement) since acquisitions
- Track record of additional acquisitions and integrations through both ipac and Spicers

Our measures

Under K5 we measured 5 things...

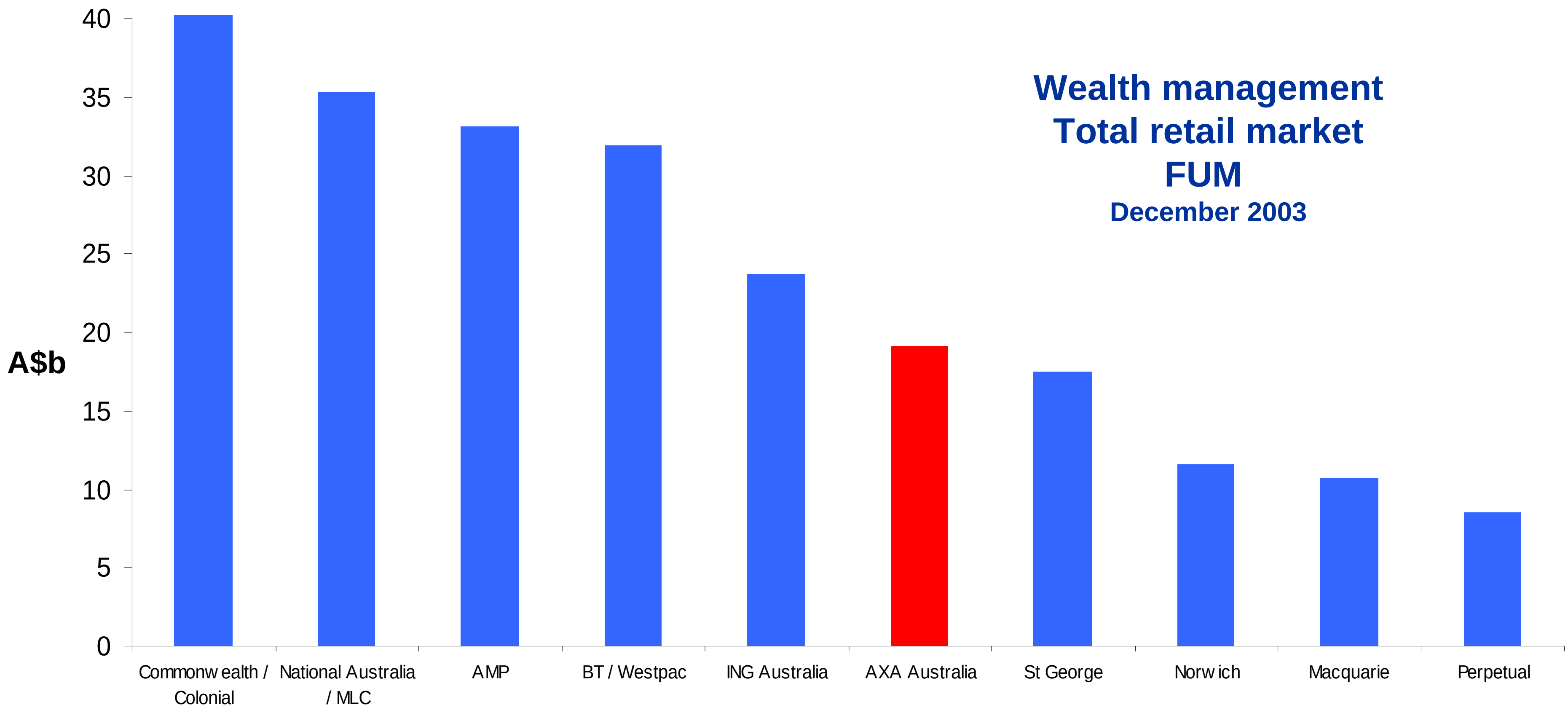
- Value of new business
- Net retail fund flows
- Cost to income ratio
- Quality of service to advisers
- Attitude of our people

Player to leader

What comes after K5 is consistent with our past strategic direction

- Our vision is right
- Our strategy is right
- What we measure is right

But we still face the challenges of being a medium-size player



Source: Plan for Life (excluding cash management trusts)

AXA 1
Double the value of new business

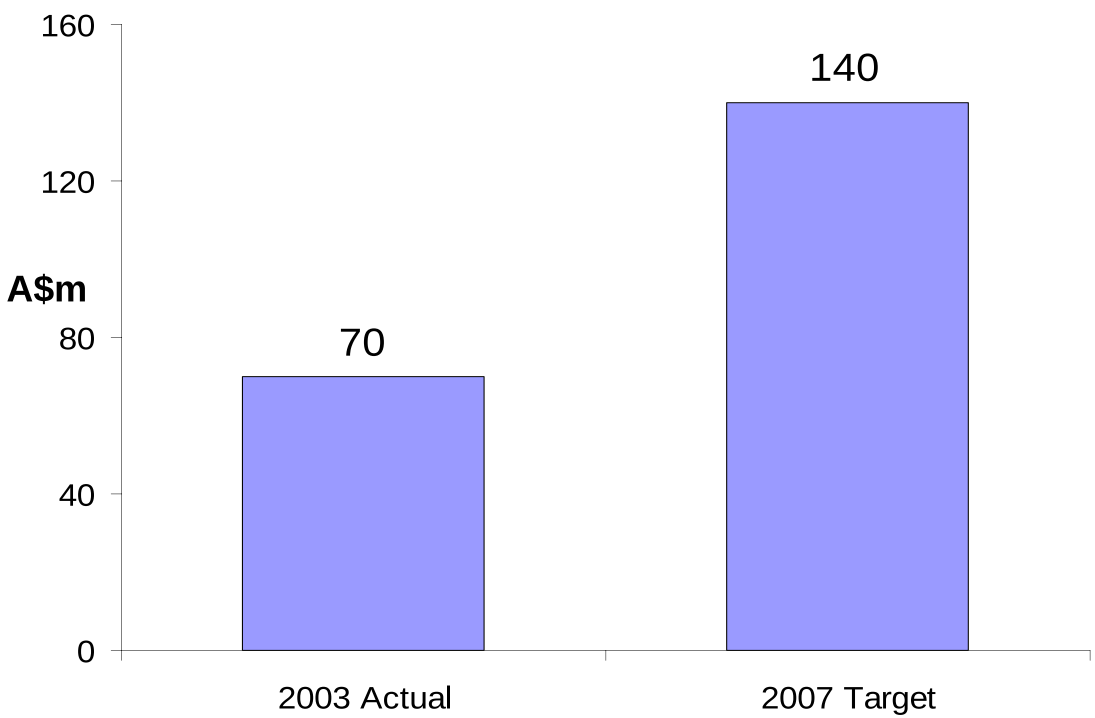
The measure

- To double the value of new business by the end of 2007

Rationale

- Confirms AXA’s commitment to long term growth in the business
- Recognises that profitable new business is more important than “growth at any cost”
- Ensures focus on pricing, product design and profitability

AXA 1
Double the value of new business



- AXA 1 is the present value of future profits generated from new retail, advice and investment management business, including additional sales on existing policies
- The factors used to calculate AXA 1 will be updated at least every half-year, except for factors which are outside management control (eg risk discount rate)
- Key differences from K1
  – K1 calculation factors were fixed
  – K1 included policy increases (eg. age related & CPI increases) that are excluded from AXA 1
- AXA 1 will align closely with the value of new business reported in the Investor Compendium

AXA 2
Be consistently in the top 5 in net retail funds flow

The measure

- To be consistently in the top 5 in net retail funds flow

Rationale

- A leading indicator of the increase in volume and market share of AXA’s core wealth management business
- An excellent yardstick of customer loyalty encouraging us to improve the balance in allocating scarce resources between retaining valued customers and chasing new ones
- Strong and positive net flows reflect AXA’s brand image and further indicate that the business is able to respond to customer needs

AXA 2
Be consistently in the top 5 in net retail funds flow

- Primary benchmark will be Plan for Life
- AXA 2 is net funds flow generated from retail customers including
  - flows through our platforms or master trusts, where we make an administration margin
  - flows through our advice businesses, where we make an advice margin
  - flows into products where we do the underlying stock/asset selection and make an asset management margin
- Flows can be “double-counted” eg, an investment made through an AXA platform into an AXA investment product
- AXA 2 excludes cash management trusts as these have characteristics of deposit accounts / term deposits
- AXA 2 is the same as K2 except that AXA 2
  - excludes cash management trusts
  - includes Alliance Capital retail mandates

AXA 3
Double our funds under advice

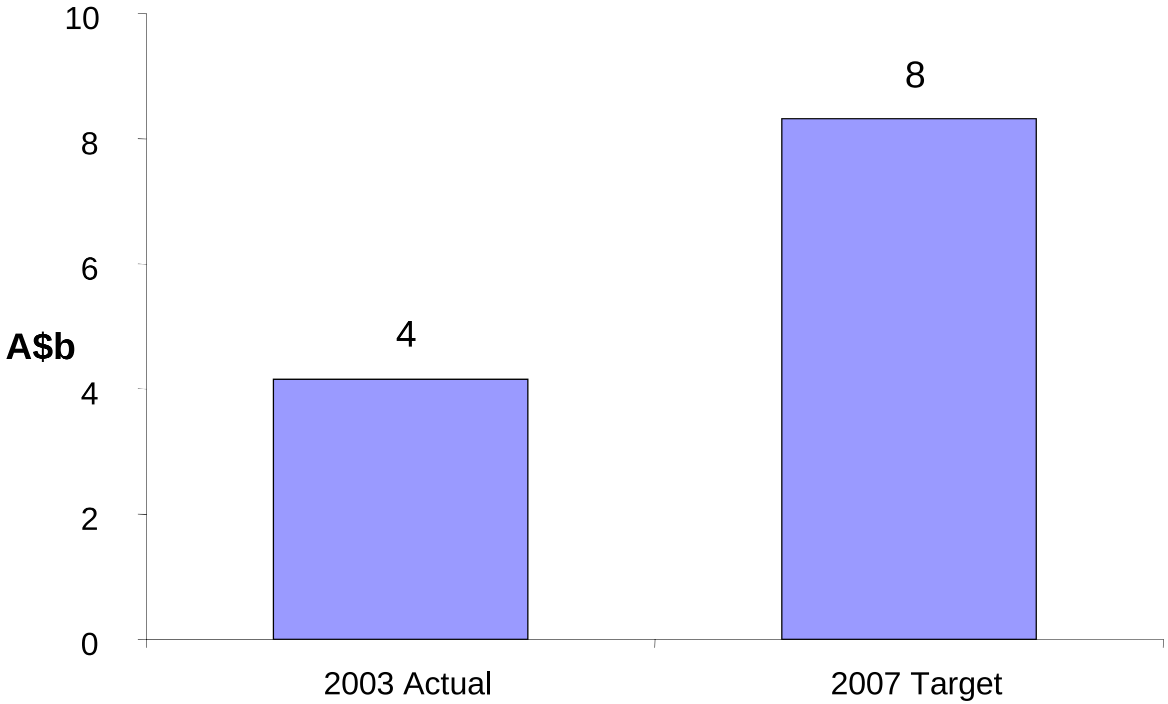
The measure

- To double our funds under advice by the end of 2007

Rationale

- A key part of AXA’s wealth management strategy has been to move beyond the manufacture and distribution of products and provision of dealer services, to the full provision of financial advice
- AXA sees a high quality, process driven advice model as providing the basis of strategic differentiation and a long term competitive edge

AXA 3
Double our funds under advice



- AXA 3 measures the business growth from advice-based activities where AXA owns both the advice process and the advice margin
- Funds under advice includes retail funds which are sourced from
  - ipac and its Equity Partners, but not its Strategic Partners or joint ventures
  - Spicers
  - Monitor Money

AXA 4
Reduce the cost to income ratio by one third

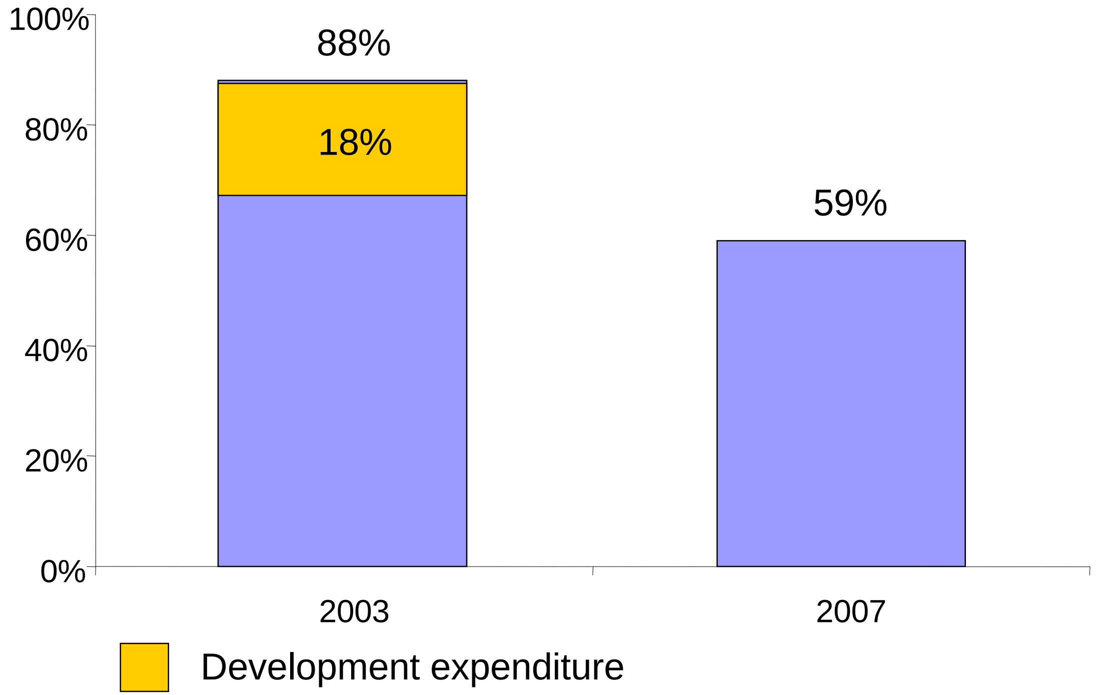
The measure

- To reduce the cost to income ratio by one third by the end of 2007

Rationale

- Operational efficiency continues to be an important focus for our business
- Lower unit costs will enable us to meet competitive pressure on pricing and to reinvest in the business.
- Our competitive position will be enhanced and we will deliver improved shareholder value.

AXA 4
Reduce the cost to income ratio by one third



- AXA 4 differs from the previous K3 measure
- In AXA 4, income is measured by fees and charges rather than total retail inflows
- AXA 4 includes all costs other than pure commissions
- AXA 4 is not directly comparable to the published cost-to-income ratios of other institutions due to different calculation methodologies (eg, AXA 4 excludes investment earnings)
- If you include normalised investment income and tax adjusted income, our current ratio would be in the range of 60-65%

AXA 5
Be consistently in the top 5 in service to advisers

The measure

- To be consistently in the top 5 in service to advisers

Rationale

- Adviser satisfaction has a critical role to play in AXA's business
- Our industry is open architecture
- Clear correlation between market share and quality of service

AXA 5
Be consistently in the top 5 in service to advisers

- AXA 5 will be based on WA Taylor rather than the Assirt service level survey used previously for K4 in Australia and the AC Nielsen survey previously used in New Zealand
- The WA Taylor survey will provide us with more meaningful data with which to improve our service levels to advisers
  - larger sample sizes - minimising sampling variations
  - shorter lag between survey and results becoming available
  - more actionable feedback

AXA 6
Remain in the top quartile in the AXA Group SCOPE Survey

The measure

- To remain in the top quartile in staff satisfaction in the AXA Group SCOPE Survey

Rationale

- One of the keys to building a strong brand and ensuring Group success is the involvement and performance of our employees
- There is a clear link between employee engagement and satisfaction to driving shareholder value

AXA 6
Remain in the top quartile in the AXA Group SCOPE Survey

- The measurement of AXA 6 will remain the same as the previous K5 measure
- The metric measures AXA Asia Pacific against the other companies in the AXA Group
- In addition to SCOPE we will measure ourselves against leading Australian and New Zealand companies by participating in local surveys

Overarching measure
Increase enterprise value by 65%

The measure

- To increase our enterprise value by 65% by the end of 2007

Rationale

- Recognises the value created for shareholders
- Enterprise value is
  - a key measure of the value drivers under management control
  - not too sensitive to market movements

Overarching measure
Increase enterprise value by 65%

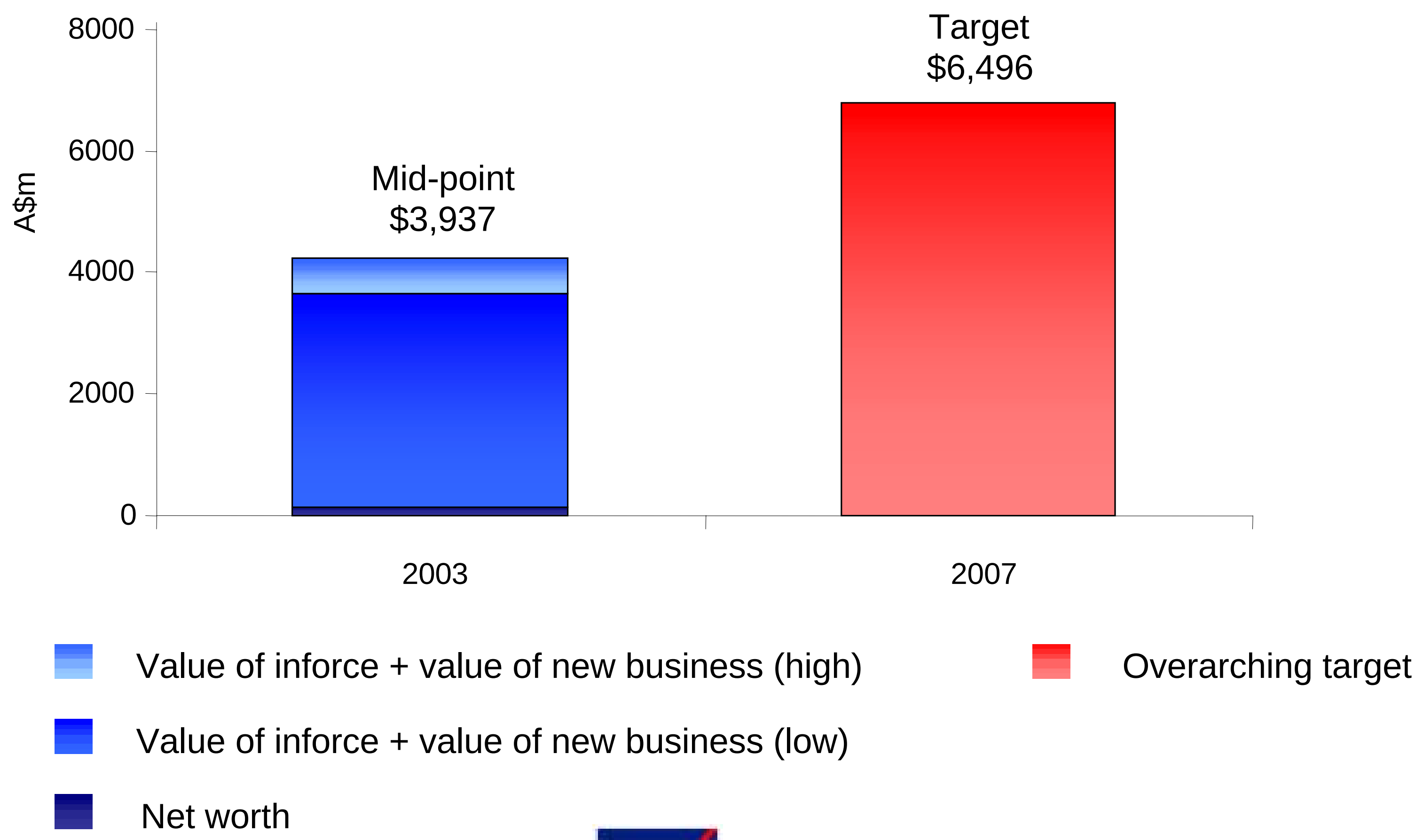
Australia & New Zealand (A$m)	31-Dec-03
Illustrative enterprise value - high	4,235
Illustrative enterprise value - low	3,640
Illustrative enterprise value - mid point	**3,937**

Enterprise value assumptions	**High**	**Low**[1]
Risk discount rate	10%	11%
New business multiples		
Financial protection	12x	7x
Wealth management	20x	15x

1. These assumptions are consistent with the "Total (a)" illustrative enterprise value shown in the Investor Compendium for 12 months ended 31 December 2003

- The illustrative enterprise value will be calculated as the mid-point of a high and low range plus net worth. We are using the same methodologies for AXA's new overarching goal but broadening the range
- The value for the low range, including net worth, is consistent with the "Total (a)" illustrative enterprise value shown in the investor compendium for 31 December 2003
- The value of the higher end of the range uses a 10% risk discount rate and higher new business multiples than previously reported

Overarching measure
Increase enterprise value by 65%



The AXA 6

- AXA 1 - Double the value of new business
- AXA 2 - Be consistently in the top 5 in net retail funds inflow
- AXA 3 - Double our funds under advice
- AXA 4 - Reduce the cost to income ratio by one third
- AXA 5 - Be consistently in the top 5 in service to advisers
- AXA 6 - Remain in the top quartile in the AXA Group Scope Survey

Overarching measure - increase enterprise value by 65%

Strategic differentiators

Our 3 key strategic differentiators

- Global scale and capability
- Execution capability and delivery
- Focus of our business on quality advice

Strategic differentiators
Global scale

The advantages of being part of a global group

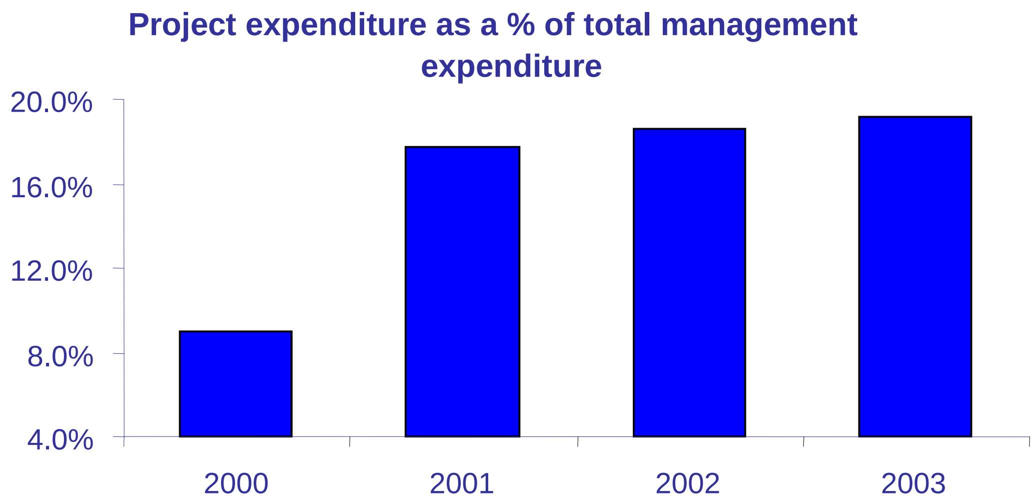
- Global asset management capabilities
- Brand leverage
- Access to best practices, innovations, experience and diverse perspectives from around the globe
- Ability to attract talent and to provide development opportunities
- Supplier leverage
- Some recent examples
  - Alliance Capital Management joint venture
  - IT infrastructure - 15% reduction in expenditure by year 4 ($9.2m annualised) with aggregate savings of $24.1m over the four year period
  - benefit of AXA's global credit rating - cheaper funding
  - customer service - expected full year savings in 2005 in the region of $5.4m

Strategic differentiators
Execution capability and delivery

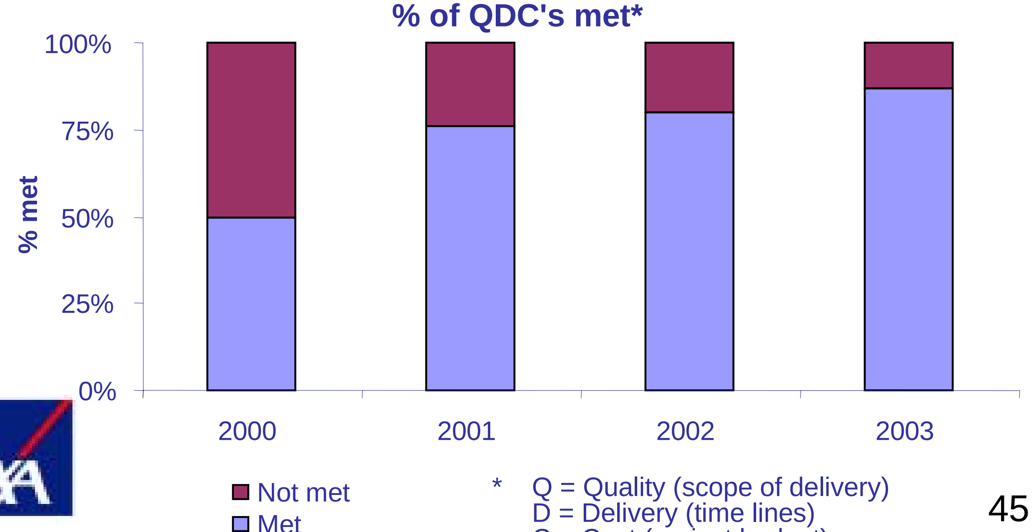
- Companies compete more on delivery than strategy
- Setting challenging and aspirational targets is important in change management
- Making targets transparent and reporting against them reinforces accountability
- Change does not happen by accident. It
  - requires careful planning
  - discipline
  - strong cross functional collaboration
  - structure
  - central governance
- We have a track record of delivering through K5

Strategic differentiators
Execution capability and delivery

- The % of expenditure we are spending on development is increasing.



- While at the same time, our usage of that expenditure is improving.



* Q = Quality (scope of delivery)
D = Delivery (time lines)
C = Cost (project budget)

Strategic differentiators
Focus of our business on quality advice

- Increasing affluence and longevity combined with technological advancement and cultural changes have led to an explosion of lifestyle choices
- Working out how to fund these choices from the proliferation of financial products available, while navigating the ever-changing labyrinth of tax and social security rules has never been harder - and will only get harder
- The need for financial advice is growing across the population
- The baby-boomer generation (the richest generation ever) faces particularly hard decisions as they transition into retirement in the coming years
- The quality of the advice that people receive will have a greater impact on the choices and standards of living they enjoy than ever before
- AXA is committed to delivering its products and services through face-to-face intermediated advice

Strategic differentiators
Focus of our business on quality advice

All elements of our business must support quality advice

Advice implementation

Advice

AXA is committed to setting the benchmark for the provision of quality financial advice in its businesses

Advice support

AXA aims to provide services to advisers to support their offer of quality advice

Products

AXA will manufacture products which support the advice process.

Summary

- Our business is dedicated to the most attractive segments of the financial services industry
- We have established a platform for growth through the K5 programme
- Our vision is unchanged and our strategy is consistent
- Our strategy is based on three key points of sustainable competitive differentiation
  - global scale
  - execution capabilities and delivery
  - focus of our business on quality advice
- The AXA 6 are our new aspirational performance goals, raising the bar yet again
- Our new overarching goal is to increase enterprise value by 65% by 2007
- We are committed to being a leader

Q&A

Disclaimer

The material in this presentation is a summary and update on Group activities and is current at the date of preparation, 30 March 2004. Further details are provided in the Company's full year accounts, Investor Compendium and results announcement released on 24 February 2004, as well as the Company's concise annual report and financial statements released on 12 March 2004. This presentation provides information in summary form and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Further information including historical results and a description of the activities of the Group is available on our website, www.axa-asiapacific.com.au.

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