



Strategy Briefing 2005
AXA Asia Life - Accelerated growth strategy

Mark Pearson
Regional Chief Executive Life



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Be Life Confident

AXA Asia Life Agenda

Opening	Mark Pearson
Hong Kong	Mark Wilson
South East Asia	Mark Purslow
China	Mark Pearson
India	Jamie McCarry
Wealth management	Gary Harvey
Summary	Mark Pearson

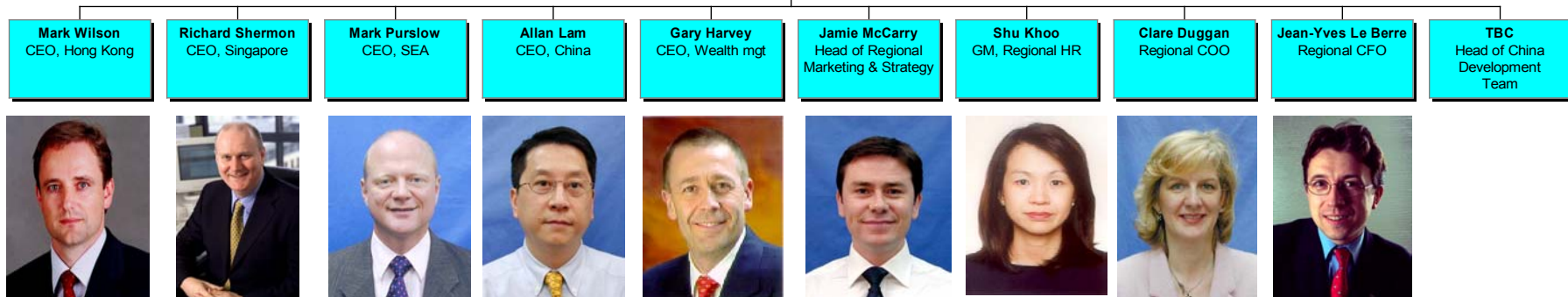


AXA Asia Life

Introducing the team



Mark Pearson
Regional CEO, Life

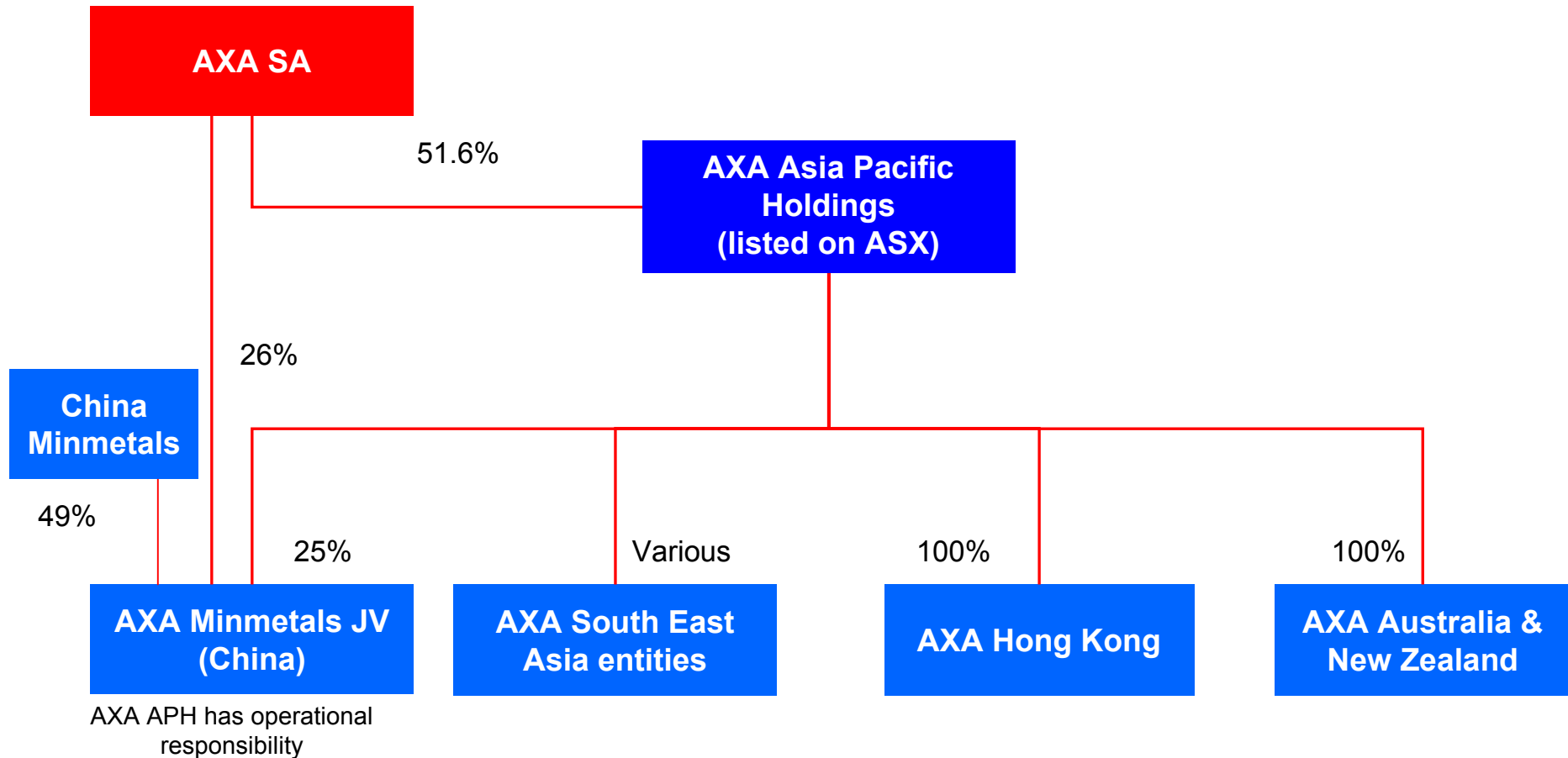


Business units

Regional office support

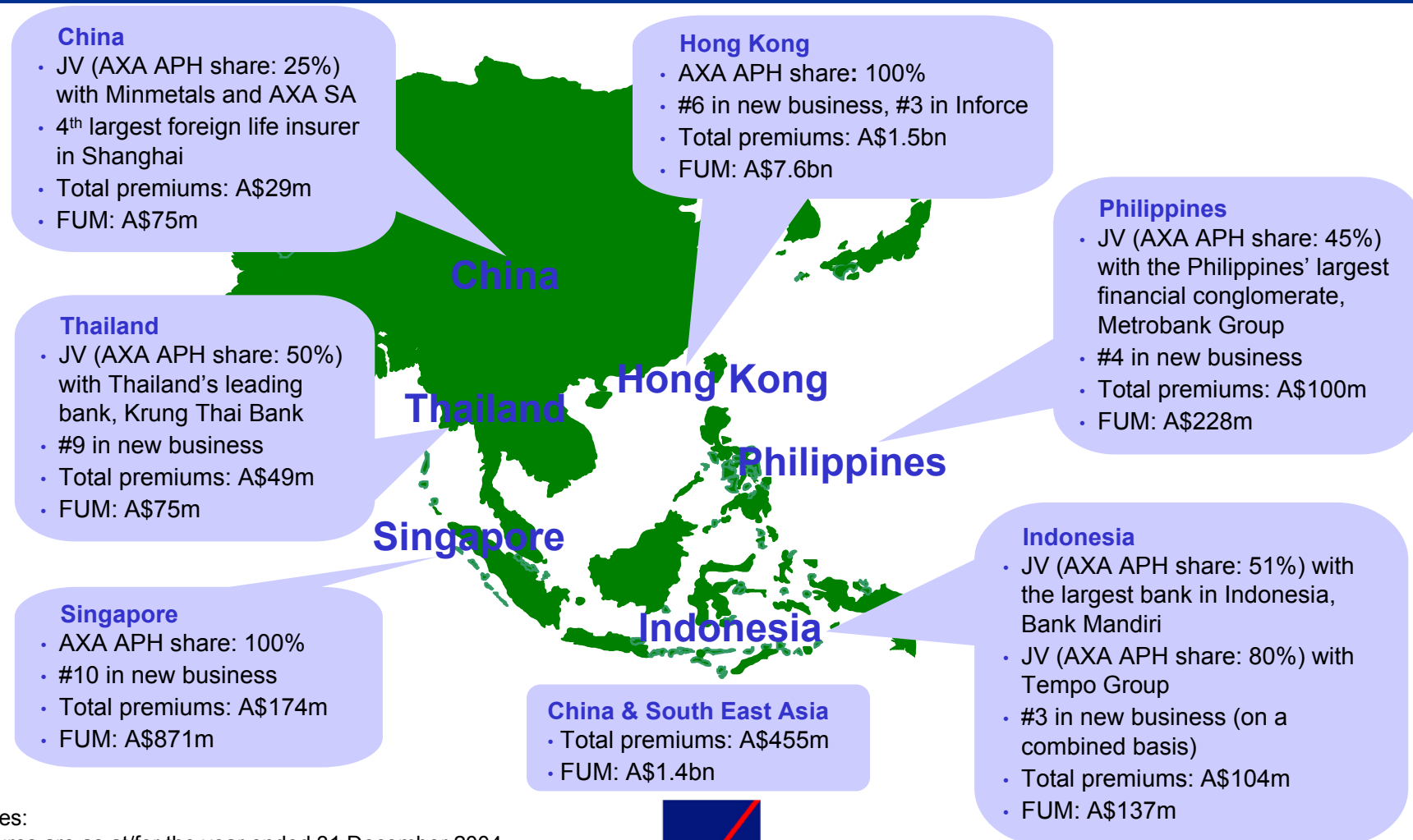


AXA Asia Pacific Holdings Shareholding structure



AXA Asia Life

Overview of operations



Notes:

Figures are as at/for the year ended 31 December 2004

Based on exchange rates as at/for the year ended 31 December 2004



AXA Asia Life

Attractive market fundamentals

China

- Affluent population (US\$50k+ liquid assets) increased by over 1m individuals from 1997 to 2001 and is forecast to reach 10.9m by end 2007
- Forecast to enter top 10 global insurance markets over the next 20 years
- Low insurance penetration
- New markets now opening

Hong Kong

- High savings rate, low penetration of insurance and retail funds
- Poor returns from property, direct equities, combined with increasing investor maturity creating demand for wealth management and advice
- Profitable group market
- Increasing popularity of investment linked / pooled products



Singapore

- Per capita GDP among the world's highest
- US\$100b+ in CPF and cash deposits
- Increasingly sophisticated investors

Thailand, Philippines and Indonesia

- Emerging middle class
- Large, growing, relatively young populations with basic insurance needs
- Insurance penetration currently low
- Deregulation and liberalisation

Philippines, Thailand, Singapore and Indonesia is estimated to be the equivalent of a top 20 global market by 2007



In Asia, strong economic growth will continue to generate rapid growth in wealth. Singapore and Hong Kong are evolving from simple life insurance to investment, wealth management and advice

AXA Asia Life

Vision and strategy

Vision

To be a leader in financial protection and wealth management

Strategy

- To deliver market leading products and services aligned to our customer needs
- To enable our distributors to be the best in the market and to help them reach their goals
- To achieve a top 5 position in each of our markets by the time they enter the growth phase
- To be at the forefront in each market as it moves to financial planning
- To drive profitable growth through using a single business model across our Asian operations



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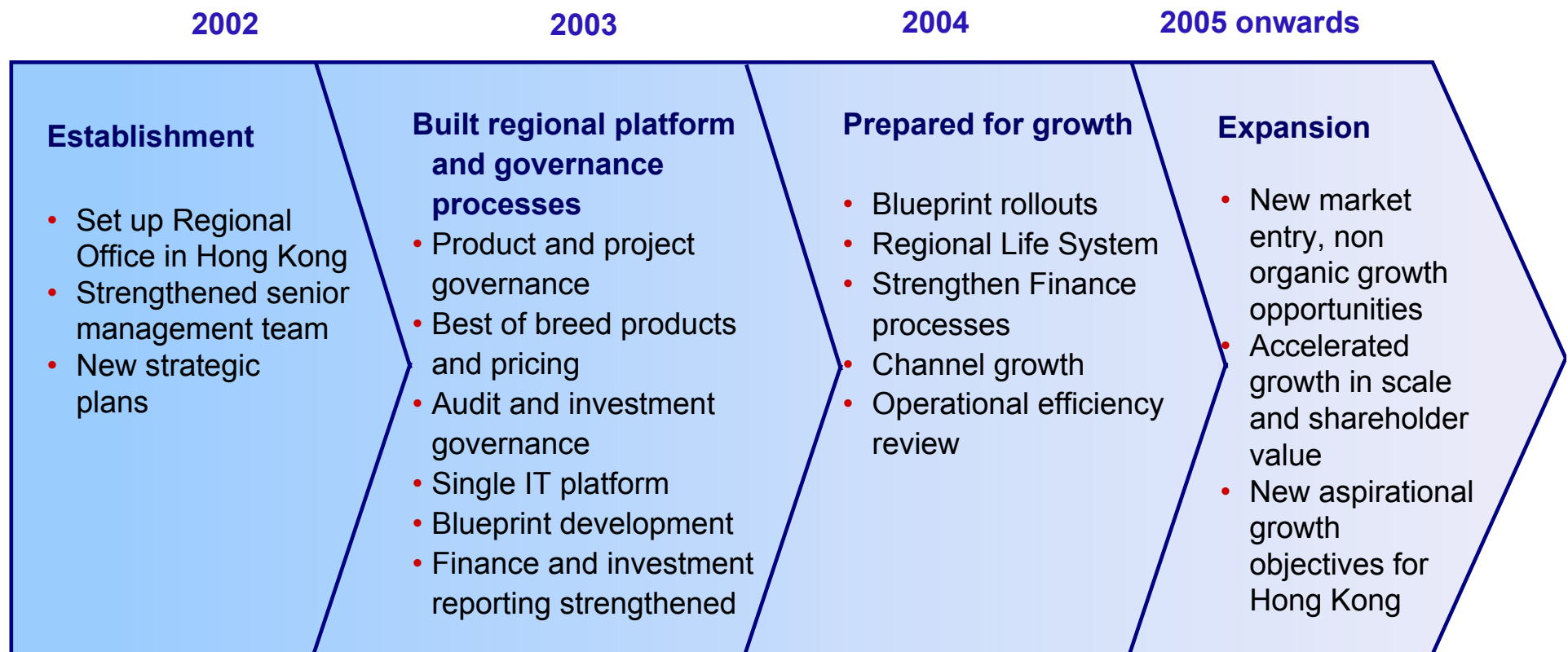
Rationale for our strategy

- Attractive growth prospects
 - rapidly growing economies
 - underdeveloped insurance markets with low penetration rates
- Demographics which are favourable to life insurance, savings and protection
 - large, growing and relatively young populations with growing insurance needs
 - high savings ratios at between 25% and 40% of earnings
 - Change in direction away from property and bank savings
- Attractive margins
- Deregulation and liberalisation of the regulatory environments
- Emerging markets of China and India offer significant longer term growth and value prospects



AXA Asia Life Development roadmap

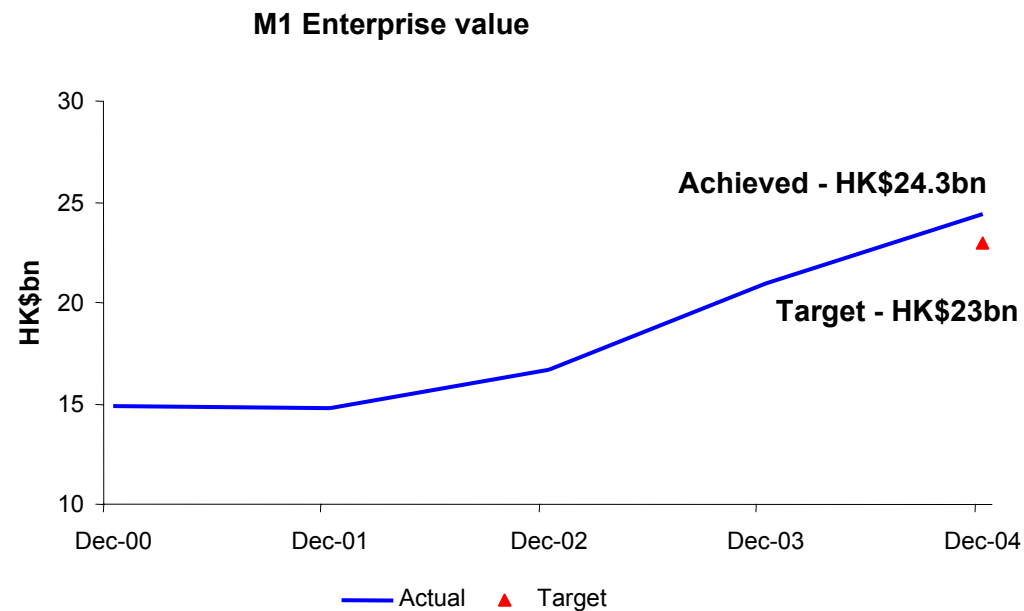
Re-positioning to focus on value and deliver profitable growth



AXA Hong Kong

Overarching M6 objective achieved

2004 saw the end of the M6 programme



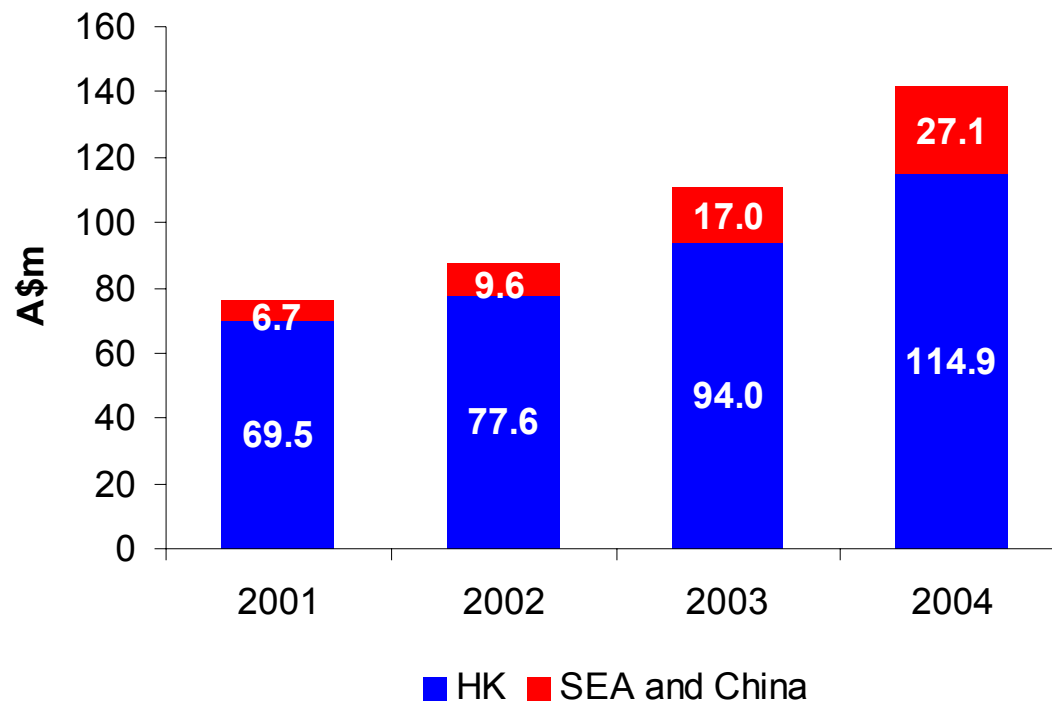
- Overarching objective met
- Modernised and broadened distribution
- Extended product range
- Fell short on single premiums due to below target penetration of investment market



AXA Asia Life

Strong growth in value of new business

Value of new business up 86% between 2001 and 2004



- SEA and China CAGR 59%
- Hong Kong CAGR 18%

Note: 100% of joint venture operations, based on constant currency exchange rates at December 2004. HK figures include indexation sales



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Progress over past few years

From

Remote management from Melbourne

Small, largely autonomous business units

Proliferation of products; high guarantees, low margin in some products

Multi product platforms

Disparate approach to distribution models and management

Mainly traditional whole-life products with high guarantees

Mainly life insurance

To

Regional office established and driving adoption of best practice

Single governance and compliance process in place, regional platform; in top ten in each market

Product Blueprint implemented; rationalised and higher margin product range

Regional Life System supporting all new business

Agency and Bancassurance Blueprints implement enabling development of best practice support, training and technology

Closed high guarantee life products; lower guarantees; introduced unit linked products

Launched ipac advice model; developing wealth management



AXA Asia Life
Looking forward ... after M6 and Asian re-positioning

Accelerated growth



AXA Asia Life Strategic differentiators

There are a number of factors which provide AXA with a competitive advantage

- Global scale and capability
- Multi-distribution
- Equity joint ventures with leading banks in South East Asia
- Regional best practice Blueprints in products, financial planning, distribution and financial control
- Proven ability to successfully execute change





Asia 6 – accelerated growth strategy for Asia

Overarching goal: To double the Asia enterprise value to A\$8bn¹ by 2008

Supported by six aspirational targets

Asia 1	Asia 2	Asia 3	Asia 4	Asia 5	Asia 6
Value of new business	Gross inflows	Sales	Cost efficiency	Customer satisfaction	People
More than double the value of new business to A\$300m ¹	Grow total inflows 2.5 times to A\$4bn ¹	Grow new business index 2.5 times to A\$700m ¹	Management expense ratio: Hong Kong below 5% SEA and China below 20%	Improve 13 month persistency ratio to 80%	Achieve top quartile SCOPE score for staff

Important note:

The value information provided in this section is illustrative only. It does not necessarily reflect the value that the Directors would place on AXA APH, or on any part of AXA APH



(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004

C Asia 1 Value of new business

Our goal

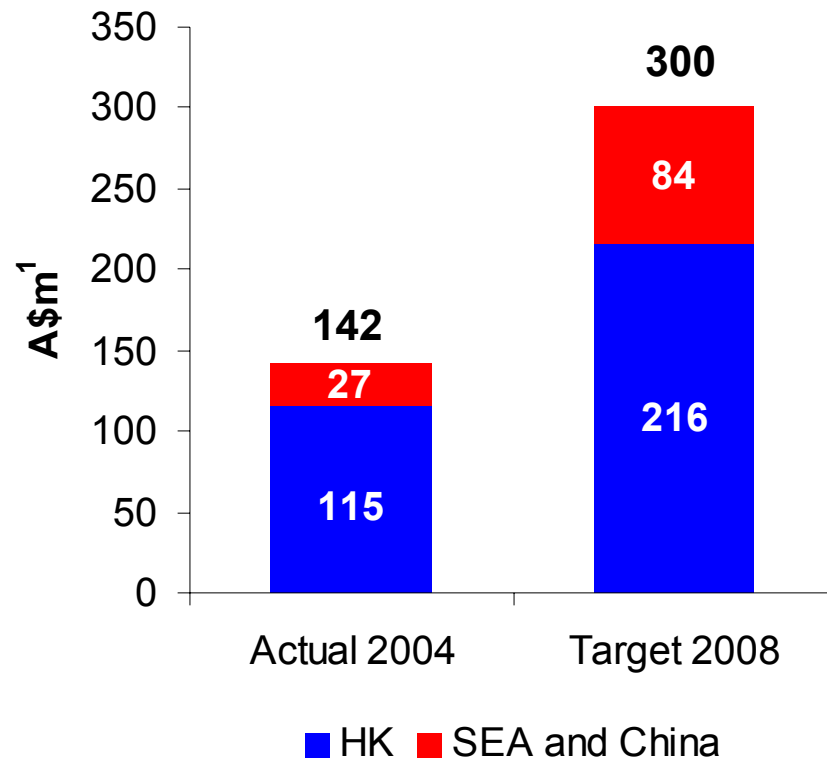
- To more than double the value of one year's new business to A\$300m by 2008

Rationale

- Recognises that profitable new business is more important than “growth at any cost”
- Ensures focus on pricing, product design and profitability



Asia 1 Value of new business



- Measure is the present value of future profits generated from new business, including additional sales on existing policies
- Consistent basis / assumptions will be used to measure progress

(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004

Note: HK figures include indexation sales



Asia 2 Gross inflows

Our goal

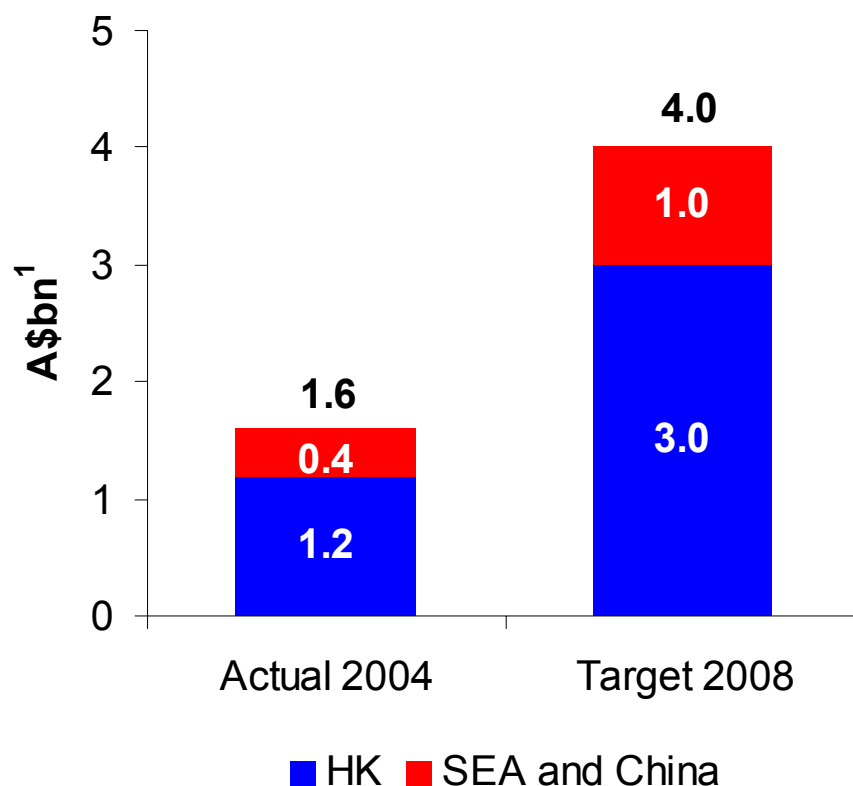
- To grow gross inflows by 2.5 times to A\$4bn by 2008

Rationale

- Strong growth in top line important in fast growing markets
- Key indicator of market share
- Good yardstick of our ability to penetrate the single premium and wealth management markets



Asia 2 Gross inflows



- Measure includes
 - total premium income for all lines of insurance business
 - gross inflows into wealth management products and services
 - gross flows into advice businesses where we make an advice margin

(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004



Asia 3 Sales

Our goal

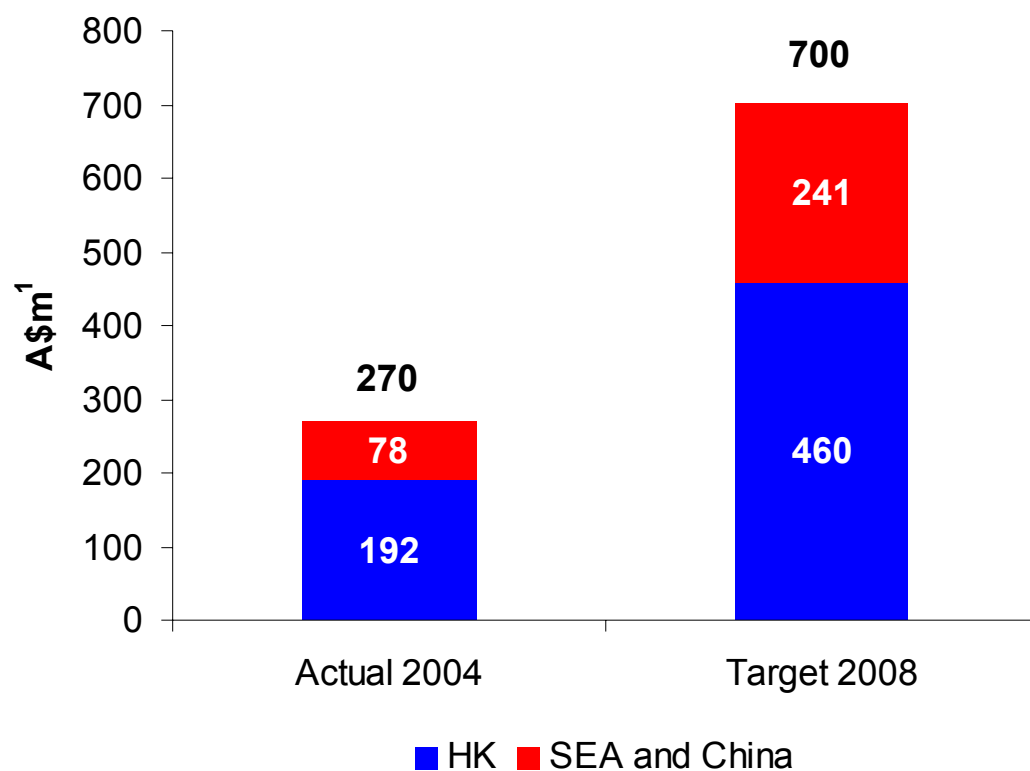
- To grow new business index 2.5 times to A\$700m by 2008

Rationale

- Growth in sales of new business is essential in high growth markets
- Increase in new business sales is critical for success
- Good yardstick for determining success in developing distribution capability



Asia 3 Sales



- Includes all AXA Asia Life's business lines, including emerging wealth management businesses
- Measure is 100% of new regular premium sales plus 10% of single premiums

(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004



C Asia 4 Cost efficiency

Our goal

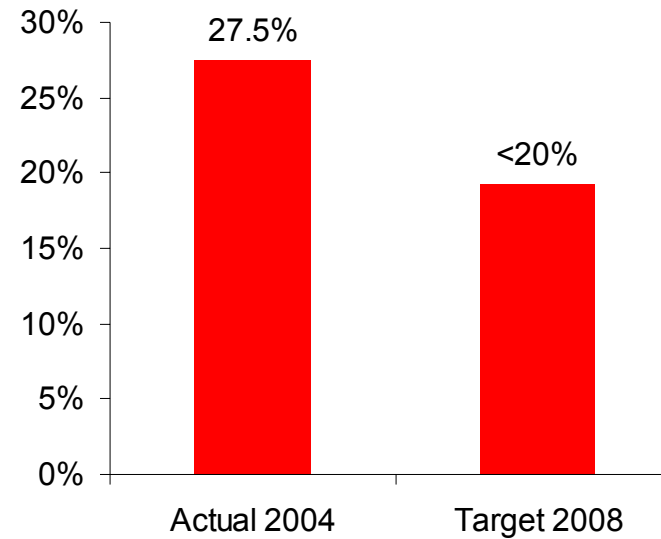
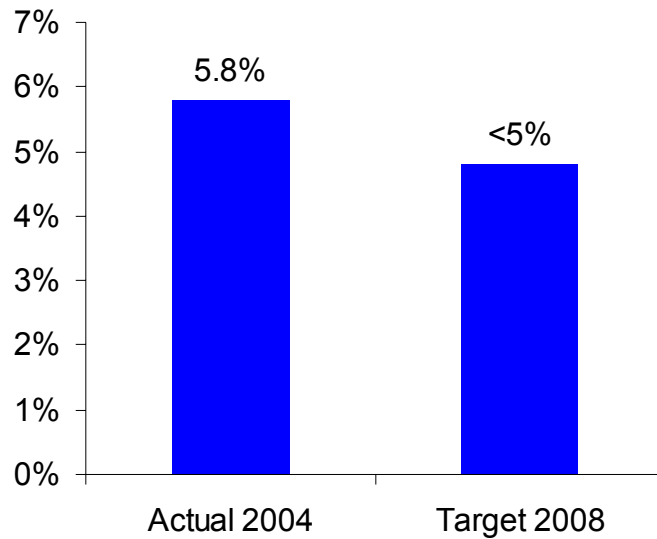
- To reduce management expense ratio to
 - below 5% for Hong Kong by 2008
 - below 20% for China and SEA by 2008

Rationale

- Key measure of success in reaching critical mass
- Operational efficiency culture is an important focus for developing businesses
- Lower unit costs will enable us to reinvest in the business
- Our competitive position will be enhanced and we will deliver improved shareholder value



Asia 4 Cost efficiency



- Asia 4 includes all AXA Asia Life businesses
- Management expenses exclude commissions paid to advisors
- Ratio based on 100% of regular premiums plus 10% of single premiums



Asia 5 Customer satisfaction

Our goal

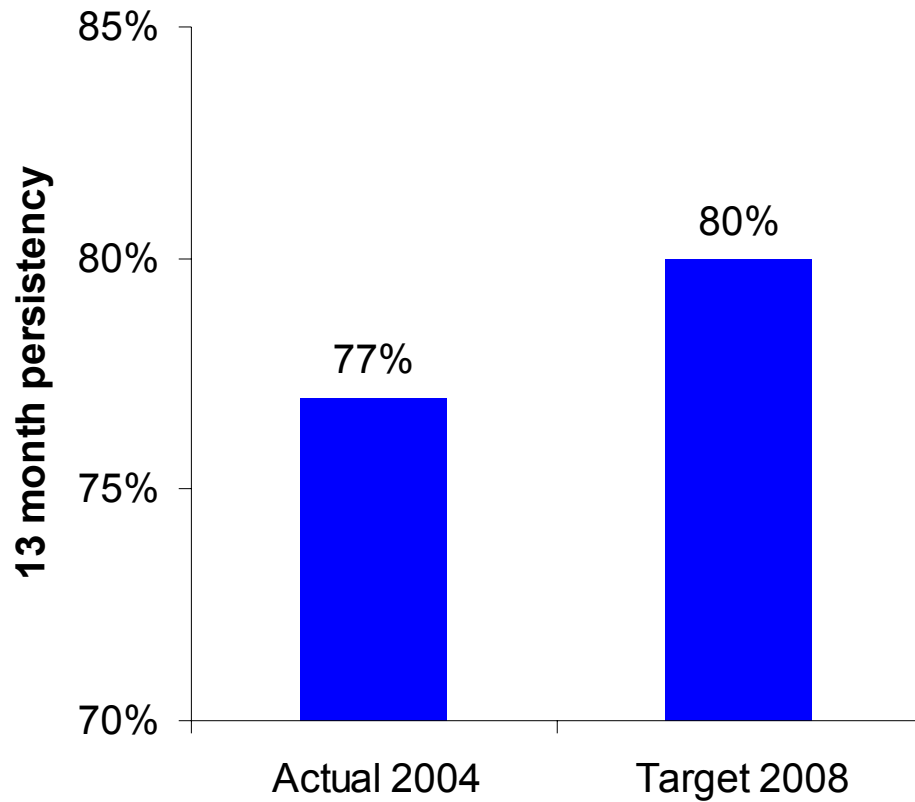
- To improve 13 month persistency ratio to 80% by 2008

Rationale

- Key measure of quality of sales process
- Recognises the importance of retaining inforce business
- Key driver of shareholder value of new business generated
- Persistency is managed in line with pricing assumptions. 13 month persistency is an aggregate lead indicator of overall performance across the portfolio in the region



Asia 5 Customer satisfaction



- Includes all AXA Asia Life businesses
- 13 month persistency is a lead indicator of sales quality and service



C Asia 6 People

Our goal

- To be in the top quartile in the AXA Group SCOPE survey for staff

Rationale

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

Definition

- Measures AXA Asia Life against the other AXA Group companies. In addition to SCOPE, we will measure ourselves against other leading Asian companies by participating in local surveys



AXA Asia Life

Overarching goal

Our goal

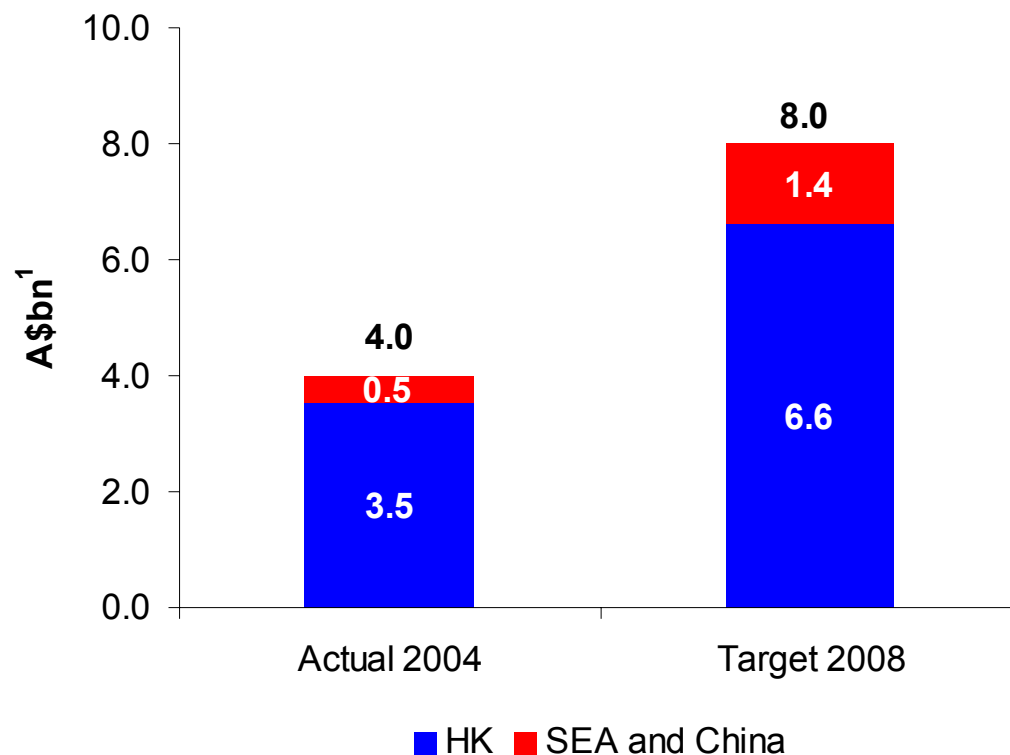
- To double enterprise value to A\$8bn by 2008

Rationale

- Recognises that the most important business objective must be shareholder value
- Enterprise value is
 - a measure based on the key value drivers under management control
 - widely accepted in the market



AXA Asia Life Overarching goal



- Enterprise value is a key measure of the value drivers under management control
- The assumptions will remain consistent with those used in the enterprise value shown in the Investor Compendium for 12 months ended 31 December 2004
- The illustrative enterprise value will be calculated as the mid-point of a high and low range of EV and VNB plus net worth on a local regulatory capital basis (excluding excess above target surplus and target surplus)



(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004

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Illustrative enterprise value - key assumptions

Key assumptions

• Risk discount rates	High	Low
Hong Kong	10.5%	11.5%
Singapore	10.0%	11.0%
Other SEA and China	between 16% and 20%	
• Value of new business multipliers	High	Low
Financial protection	20x	7x
Wealth management	20x	15x
Group medical and general insurance	7x	4x

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AXA Asia Life Summary

By the end of 2008

- Asia 1 – More than double the value of new business to A\$300m*
- Asia 2 – Grow gross inflows by 2.5 times to A\$4bn*
- Asia 3 – Grow new business index by 2.5 times to A\$700m*
- Asia 4 – Reduce management expenses ratio to below 5% for Hong Kong and 20% for China and SEA
- Asia 5 – Improve 13 month persistency ratio to 80%
- Asia 6 – Achieve top quartile in staff satisfaction in the AXA Group SCOPE survey

Overarching goal - double enterprise value to A\$8bn*



(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004

AXA Asia Life

Key challenges to our growth strategy

Whilst there are attractive growth opportunities, significant challenges and risks to achieving growth exist

- Attracting, developing and retaining high quality local managers
- Growing the traditional agency channel whilst at the same time building bancassurance, modernising and driving change
- Operating profitably in markets where regulators, in some cases, control product pricing and irrational competition exists
- Building scale in the emerging wealth management markets
- Implementing effective governance and risk management controls in fast expanding, emerging markets
- Regulatory obstacles in some jurisdictions



AXA Asia Life Strategic imperatives

Key strategic imperatives supporting accelerated growth

- Implement a new human resources strategy
- Maximise value of existing distribution channels
- Grow value of bancassurance distribution channels
- Gain scale in the emerging wealth management market
- Grow the value of our clients
- Deliver investment and technical margins
- Improve operating efficiency
- Seek attractive non organic growth opportunities



AXA Asia Life Summary

- Asia offers significant growth opportunities in short and long term
- We have repositioned and strengthened over last 4 years and are well placed to benefit from these growing opportunities
- Our global scale, ability to re-use best practice business models and equity partnerships with leading banks represent strategic advantages
- We have set new aspirational targets which have been communicated to all staff in the region
- Our ability to attract, develop and retain sufficient numbers of capable managers is the critical factor for success





Q & A



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Disclaimer

The material in this presentation is a summary of the historical results of the AXA APH Group and an update on Group activities and is current at the date of preparation, 12 May 2005. Further details are provided in the Company's half year and full year accounts, Investor Compendiums and results announcements. 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 at the website www.axaasiapacific.com.au





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