

21st March 2016

Insurance

**AXA**

Price EUR21.59

**A new era**

**Fair Value EUR31 vs. EUR32 (+44%)**

**BUY-Top Picks**

Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 18.9
Market Cap (EUR)	52,415
Avg. 6m daily volume (000)	7,284

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.8%	-13.6%	0.2%	-14.4%
Insurance	6.4%	-9.5%	-1.1%	-10.3%
DJ Stoxx 600	3.9%	-5.4%	-3.7%	-6.6%

	2015	2016e	2017e	2018e
P/E	8.7x	8.8x	8.5x	
Div yield (%)	5.1%	5.4%	5.8%	

**ANALYSIS**

- Considering that the new 2016-2020 strategic plan is not consistent with the expiry of his current (and last) mandate in 2018, Henri de Castries has decided to renounce his position as Chairman and CEO as of 1st September 2016. He will also leave the Board on that date.
- On 1st September, Thomas Buberl (German, 42), currently CEO of AXA Germany and Global Head of Life/Savings/Health business lines, will take over the Group CEO role, while Denis Duverne, currently Deputy CEO, will become non-executive Chairman of the Board (i.e. separation of the Chairman/CEO functions). Thomas Buberl has been appointed Deputy CEO as of today and will come to Paris to prepare the transition and the strategic plan (to be announced on 21st June).
- The timing of these announcements is a surprise, and the 21st June event has become even more critical. Of course, the appointment of Henri de Castries's successor will leave some key top managers unhappy and this should lead to some resignations, but a group like AXA has enough talents to manage this. We welcome the separation of the Chairman/CEO positions, and even more Henri de Castries's determination to manage a clean succession after his 16-year leadership (no doubt this will come on top of his positive scorecard).

**VALUATION**

- We have decided to reflect the transition period uncertainties in our proprietary method for beta determination, by lowering from 'high' to 'average' the ratings we have on the categories 'management' and 'strategy'. The negative impact on our FV is EUR1, leading to a new EUR31 FV.

**NEXT CATALYSTS**

- AGM on 27th April. Q1 sales on 4th May. Investors' Day on 21st June.

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BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
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## Distribution of stock ratings

BUY ratings 64.4%

NEUTRAL ratings 28.1%

SELL ratings 7.4%

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