

4th May 2016

Insurance

AXA

Price EUR22.05

Satisfactory Q1 numbers

Fair Value EUR29 (+32%)

BUY-Top Picks

Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 18.9
Market Cap (EUR)	53,532
Avg. 6m daily volume (000)	7,194

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.4%	5.6%	-10.1%	-12.6%
Insurance	1.0%	0.8%	-14.4%	-14.2%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2015	2016e	2017e	2018e
P/E	8.9x	8.9x	8.6x	
Div yield (%)	5.0%	5.3%	5.7%	

ANALYSIS

- Reported Q1 2016 revenues came in at EUR31.75bn, up 1% yoy (also up 1% on a comparable basis), slightly above consensus (EUR31.735bn).
- P&C premiums rose 3% on a comparable basis to EUR11.7bn (consensus EUR11.6bn). Personal line premiums were 4% (including pricing up 4%). Commercial lines premiums rose 2% (including pricing up 3%).
- In Life/Protection, the NBV margin was 29% (consensus 33%) vs. 35% in Q1 2015, mainly driven by a temporary change in product-mix (higher corporate pension scheme sales in the UK). Excluding the UK, the NBV margin would have been 36.0% vs. 37.6% in Q1 2016. Note that the NBV margin widened by (54% vs. 51%) in Protection/Health, which represents 51% of the division's operating profit. Net new money stood at EUR3.0bn, o/w EUR3.1bn in Protection/Health.
- In Asset Management, net new money totalled EUR10bn, o/w EUR2bn at AllianceBernstein and EUR8bn at AXA IM. Revenues fell 9% driven by lower average AuM and by a change in product-mix (higher share of lower margin fixed income products).
- Solvency II margin at end-March was 200% (vs. 205% at end-2015), with the impact of adverse financial market conditions partially offset by the operating return contribution and the issuance of EUR1.5bn in dated subordinated notes. Remember the optimal range is 170-230%.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR29.

NEXT CATALYSTS

- Investors' Day on 21st June. H1 2016 numbers on 3rd August.

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NEUTRAL ratings 33.6%

SELL ratings 8.6%

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