

28th October 2016

Insurance

AXA

Price EUR20.83

Back to AA-

Fair Value EUR29 (+39%)

BUY

Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 16.3
Market Cap (EUR)	50,487
Avg. 6m daily volume (000)	7,335

	1 M	3 M	6 M	31/12/15
Absolute perf.	11.7%	14.5%	-8.4%	-17.5%
Insurance	4.6%	7.7%	-4.1%	-15.0%
DJ Stoxx 600	0.4%	-0.3%	-1.9%	-6.6%

	2015	2016e	2017e	2018e
P/E	8.4x	8.4x	8.1x	7.8x
Div yield (%)	5.3%	5.8%	6.0%	6.2%

ANALYSIS

- S&P has just upgraded the group's insurer financial strength to AA- with stable outlook. Remember the rating was cut to A+ in December 2012.
- AXA's rating with S&P is now on a par with Zurich and one notch below Allianz (AA with stable outlook). One notch also below the French state.
- In its statement, S&P highlighted the strengthening of the company's risk profile thanks to an improved capital adequacy, the solid results despite lower investment returns, the broad geographical and product diversification, the focus of the company on efficiency gains and products that are lower risk and less capital-intensive, the strong risk control particularly on market and underwriting risks, and its confidence on solid retained earnings for 2016-2018.
- We agree with all these items as they support our Buy recommendation on the stock.

VALUATION

- Based on our current numbers, our SOTP stands at EUR29.
- Despite its strong rebound over the last weeks, AXA's performance ytd remains disappointing and the stock is currently trading with a c. 15% discount to peers like Allianz and Zurich.

NEXT CATALYSTS

- FY 2016 numbers on 23rd February 2017.

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Distribution of stock ratings

BUY ratings 56.7%

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