

Insurance

AXA

Price EUR19.98

Decent Q3 sales numbers

Fair Value EUR29 (+45%)

BUY

Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 16.3
Market Cap (EUR)	48,430
Avg. 6m daily volume (000)	7,353

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.6%	17.2%	-9.4%	-20.8%
Insurance	1.1%	6.9%	-3.6%	-17.3%
DJ Stoxx 600	-3.4%	-1.2%	-1.2%	-9.4%

	2015	2016e	2017e	2018e
P/E	8.1x	8.0x	7.8x	7.5x
Div yield (%)	5.5%	6.0%	6.3%	6.5%

ANALYSIS

- Reported 9M 2016 revenues stood at EUR75.7bn, up 0.1% (up 0.4% on a comparable basis), slightly above consensus (EUR75.2bn). Q3 trends showed a slight acceleration (remember H1 up 0.2% on a comparable basis).
- 9M P&C premiums rose 3.4% on a comparable basis to EUR25.4bn (H1 up 4%), slightly above the consensus (EUR25.3bn), still driven by prices (up 3.4%).
- In Life/Protection, 9M APE premiums were down 1.0% on a comparable basis (H1 -1.9%) to EUR44.2bn (consensus EUR43.7bn), with Protection/Health +4% (H1 +6%), Unit-Linked -15% (H1 -18%) and GA Savings +23% (H1 +22%) driven by capital-light products. NBV margin was a very solid 38% (consensus 37%), pretty stable yoy but up vs. 37% in H1.
- Economic solvency was c. 191% (consensus 192%) vs. 197% at end-June, mainly driven by the 6-point negative impact of a change in EIOPA's reference portfolio (lower weight of government and corporate bonds).
- -> A pretty solid set of numbers, even if we continue to think AXA's Q1/9M focus on top-line items offers an overly-limited insight from an investment case perspective. The stock performance is currently driven by interest rate expectations anyway, so watch out for the US elections and potential moves by central banks in December.

VALUATION

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

NEXT CATALYSTS

- FY 2016 numbers on 23rd February 2017.

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