

AXA SA

Axa has concluded a major transformation from a leading lifegeared global composite insurer to a non-life-focused company with a lower risk profile. It holds significant market shares in the UK, Switzerland, Japan, and Germany as well as a growing presence in Asia and emerging Europe. The company used to be one of the higher-beta names in the sector, but as its exposure to equity-sensitive life products has declined, it is likely to become less volatile. Gross revenues grew 3% y/y to EUR78.4bn (+2% y/y on comp.; consensus: +1%) on decent growth in France/Europe/Asia (+3% y/y each) and Axa XL (+5% y/y), while growth in international (-12% y/y) was weak. Notably, in Axa XL, comp. revenues in reinsurance declined 20% y/y and was fully in line with the strategy, which has already worked. On a y/y comp. basis, non-life insurance revenues grew 3%, led by growth in commercial lines (+6%) and personal lines (+4%), both benefitting from favourable pricing. Health revenues rose 14% on growth across regions (France +27%; Europe +6%; Asia +4%). AM revenues were up 2%, led by higher transaction fees, largely offset by lower performance/management fees, while average AUM fell 4% to EUR760bn. AM saw net inflows of EUR18bn in 9M. Conversely, L&S revenues fell 6% on weakness in unit-linked (-12%) and G/A savings (-13%), despite growth in protection. On a comp. basis, L&S new business sales (APE: EUR4.6bn) rose 3% y/y, driven by (y/y) growth in life-like health (+25%) and protection (+4%), while unit-linked products (-12%) and G/A savings (-11%) were weak. On a comp. basis, L&S' NBV was flat y/y at EUR1.9bn, while margins fell 1.4ppt y/y to 41.3%. L&S net flows stood at EUR2.9bn (vs +EUR4.5bn in 9M 2021), with net inflows in protection (+EUR3.0bn), life-like health (+EUR3.6bn), and unit-linked (+EUR1.6bn). The SR increased by 8ppt to 225% (-2ppt q/q) since end2021. In 9M, Axa completed its buyback programme of EUR1bn (announced in August 2022), which lifts the total for 2022 to EUR4.2bn. The market share of the cost for Hurricane Ian at 0.7% is far below historical levels and will not materially harm full-year results. Axa noted that pricing in non-life personal lines (motor, for example) has to improve as well, and expects its price and portfolio management activities to protect the profitability against inflation.

| Corporate Ratings | | Periodicity | Fiscal Semi-Annual | Currency | Default | Parent/Consolidated | | | C | Data | Adjusted (if Available) | | | |
|----------------------------|--------|-------------------------------|--------------------|-----------|---------|---------------------|-----------|-----------|-----------|-----------|-------------------------|-----------|-----------|----------|
| S&P | A+ | | | | | | | | | | | | | |
| Outlook | Stable | | | | | | | | | | | | | |
| Moody's | Aa3 | | | | | | | | | | | | | |
| Outlook | Stable | | | | | | | | | | | | | |
| Fitch | A+ | | | | | | | | | | | | | |
| Outlook | Stable | | | | | | | | | | | | | |
| CDS Data | | | | | | | | | | | | | | |
| 5 YR CDS | 63.99 | | | | | | | | | | | | | |
| % 3 Months | -20.30 | | | | | | | | | | | | | |
| % 6 Months | -3.15 | | | | | | | | | | | | | |
| % 1 Year | 64.35 | | | | | | | | | | | | | |
| 52 Week Low | 34.69 | | | | | | | | | | | | | |
| 52 Week High | 116.26 | | | | | | | | | | | | | |
| Profitability | | Balance Sheet Summary | | 06/23 E | 12/22 E | LTM | 06/22 S | 12/21 S | 06/21 S | 12/20 S | 06/20 S | 12/19 S | 06/19 S | 12/18 S |
| EBIT | 13,375 | Total Current Assets | | | | | | | | | | | | |
| Operating Margin | 12.19 | Total Long-Term Assets | | | | | | | | | | | | |
| Pretax Margin | 11.84 | Total Assets | | 716,425.0 | | 716,425.0 | 775,491.0 | 793,506.0 | 804,589.0 | 804,172.0 | 780,878.0 | 763,509.0 | 930,695.0 | |
| Return on Assets | 1.33 | Total Current Liabilities | | | | | | | | | | | | |
| Return on Common Equity | 18.54 | Total Long-Term Liabilities | | | | | | | | | | | | |
| Return on Capital | 11.98 | Total Liabilities | | 660,128.0 | | 660,128.0 | 700,262.0 | 720,638.0 | 728,413.0 | 729,538.0 | 706,251.0 | 691,245.0 | 857,444.0 | |
| Asset turnover | 0.15 | Total Shareholders' Equity | | 56,297.0 | | 56,297.0 | 75,229.0 | 72,868.0 | 76,176.0 | 74,634.0 | 74,627.0 | 72,264.0 | 73,251.0 | |
| Structure | | Book Value per Share | | | | | | | | | | | | |
| Current Ratio | -- | Tangible Book Value / Sh | | | | | | | | | | | | |
| Quick Ratio | -- | Shareholder Equity/Total Liab | | 7.9 | | 7.9 | 9.7 | 9.2 | 9.5 | 9.3 | 9.6 | 9.5 | 7.9 | |
| Total Debt to Total Assets | 3.45 | Cash Flow Summary | | 06/23 E | 12/22 E | LTM | 06/22 S | 12/21 S | 06/21 S | 12/20 S | 06/20 S | 12/19 S | 06/19 S | 12/18 S |
| Total Debt to Com Equity | 52.97 | Net Income | | -- | 3,171.6 | 7,406.0 | 4,108.0 | 3,298.0 | 3,996.0 | 1,735.0 | 1,429.0 | 1,524.0 | 2,333.0 | -656.0 |
| Acct Receivable Turnover | -- | Depreciation and Amortization | | | | | | | | | | | | |
| Inventory Turnover | -- | Change in Working Capital | | | | | | | | | | | | |
| Gross Margin | -- | Cash - Operating Activities | | | | 2,686.0 | 3,455.0 | -769.0 | 6,844.0 | 9,517.0 | 15,123.0 | 4,431.0 | 3,809.0 | 559.0 |
| EBIT / Total Inter | -- | Capital Expenditures | | | | -310.0 | -121.0 | -189.0 | -161.0 | -264.0 | -125.0 | -270.0 | -192.0 | -143.0 |
| | | Cash - Investing Activities | | | | -3,311.0 | 1,508.0 | -4,819.0 | -4,132.0 | -9,735.0 | -1,695.0 | -4,582.0 | -6,459.0 | -8,421.0 |
| | | Cash - Financing Activities | | | | -1,586.0 | -5,275.0 | 3,689.0 | -3,958.0 | -3,612.0 | -4,059.0 | -1,504.0 | -5,314.0 | -1,051.0 |
| | | Net Changes in Cash | | | | -2,211.0 | -312.0 | -1,899.0 | -1,246.0 | -3,830.0 | 9,369.0 | -1,655.0 | -7,964.0 | -8,913.0 |
| | | Free Cash Flow | | | | 2,376.0 | 3,334.0 | -958.0 | 6,683.0 | 9,253.0 | 14,998.0 | 4,161.0 | 3,617.0 | 416.0 |

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