

# AXA

## PRESS RELEASE

PARIS, 24 APRIL 2013

### AXA to buy 50% of Tian Ping, a Chinese Property & Casualty insurance company with strong Direct capabilities

- Total consideration of Euro 485 million<sup>1</sup>
- AXA would have the opportunity to further strengthen its position in Direct as well as in high growth markets, in line with its Ambition AXA strategy
- Tian Ping is increasingly focusing on direct distribution, a growth strategy that would be supported by AXA's global P&C expertise
- AXA should become the largest foreign Property & Casualty insurer in China and consolidate its position as largest international P&C insurer in Asia (excluding Japan)

AXA announced today it has entered into an agreement with Tian Ping Auto Insurance Company Limited ("Tian Ping") shareholders to acquire 50% of the company. Under the terms of the agreement and subject to regulatory approval, AXA will buy 33% of the company from Tian Ping's current shareholders for RMB 1.9 billion (or Euro 237 million) and subscribe to a dedicated capital increase for RMB 2.0 billion (or Euro 248 million) to support future growth. AXA and Tian Ping's current shareholders will jointly control Tian Ping. AXA's existing Chinese P&C operations are expected to be integrated within the new joint-venture.

Tian Ping has Property & Casualty licenses covering most Chinese provinces as well as a direct distribution license covering all these provinces and is mainly focusing on motor insurance. AXA and Tian Ping will leverage this extensive geographical footprint to further develop their P&C presence in China, including in commercial lines, retail non-motor and health insurance. AXA should be able to benefit from the new regulation enacted in the second half of 2012 that allows foreign companies to underwrite motor third party liability insurance.

Tian Ping has a successful growth and profitability track record in the Chinese motor insurance market. The direct distribution channel, which accounted for ca. 20% of Tian Ping's premiums in 2011, is at the heart of the company's growth strategy.

*"This acquisition provides AXA with unique direct distribution capabilities in the fast-growing P&C insurance market in China, thanks to Tian Ping's extensive knowledge of the domestic market. It further strengthens the profile of AXA's global P&C franchise and is another stepping stone towards our ambition to accelerate further in high growth markets. Combined with our successful life insurance joint-venture ICBC-AXA, this operation confirms our strategic focus and presence in one of the most dynamic markets in the industry. We are looking forward to serving Tian Ping's customers, in particular by developing the direct distribution channel and offering value-for-money products as well as high-quality services",* said **Henri de Castries, Chairman and CEO of AXA.**

The transaction is subject to customary closing conditions, including the receipt of the approval of the China Insurance Regulatory Commission.

<sup>1</sup> EUR 1 = RMB 8.072 as of April 22, 2013

## ABOUT THE CHINESE PROPERTY & CASUALTY MARKET

The Chinese P&C insurance market has grown at an annual rate of 23% from 1981 to 2011, reaching a total premium income of RMB 564 billion (or Euro 62 billion) in 2011<sup>2</sup>. P&C insurance penetration rate stood at 1.2% of GDP in 2011<sup>2</sup>. Among the 62 P&C insurers in operation in China, 41 domestic insurers account for 98.8% of the market while 21 foreign-funded insurers account for 1.2%<sup>3</sup>. Distribution is dominated by agent networks while the direct distribution channel is the fastest growing, benefitting from more than 500 million Internet users in China<sup>4</sup>. The Chinese car insurance industry is the most dynamic in the world, with 19 million vehicles sold in 2012, vs. 6 million in 2005<sup>5</sup>.

## ABOUT TIAN PING

Tian Ping was established in December 2004 with headquarters in Shanghai. It was the first insurance company specialized in motor insurance in China and one of the first insurers to receive a direct distribution license.

In 2011, Tian Ping recorded Gross Written Premiums (GWP) of RMB 4,023m<sup>6</sup> (or Euro 447 million), a 28% increase over 2010, with ca. 20% of GWP stemming from the direct channel. In 9M12, Tian Ping had a share of 0.83% of the Chinese Property & Casualty insurance market<sup>2</sup>. From 2006 to 2011, the company achieved above 50% average annual growth in terms of premiums. At the end of June 2012, Tian Ping had established 62 offices in 18 provinces in China, with over 5,000 employees and provided insurance services to more than 4 million clients. The company is well known in China for its unique and cost-efficient business model.

## TIAN PING KEY FIGURES<sup>7</sup>

Year	2009	2010	2011
Premium (Euro million) <sup>6</sup>	200	348	447
Market Share (P&C) <sup>8</sup>	0.6%	0.8%	0.8%
Combined ratio (%) <sup>6</sup>	98%	97%	93%
Net Profit (Euro million) <sup>6</sup>	15	20	28
Total Assets (Euro million) <sup>6</sup>	258	515	710

## ABOUT AXA CHINESE OPERATIONS

AXA has shown a strong commitment to the Chinese market over the last two decades and now has operations in Life & Savings (through ICBC-AXA Life), in Property & Casualty (through AXA General Insurance China), in Asset Management (through its joint-venture AXA-SPDB Investment Managers) and in assistance.

As of December 2012, AXA General Insurance China was present in Shanghai, with around 100 employees. In FY12, it generated Euro 42 million of premiums with a combined ratio of 88%.

<sup>2</sup> Source: Swiss Re, *sigma* No 3/2012

<sup>3</sup> Source : PwC, *Foreign insurance companies in China*, December 2012

<sup>4</sup> Source: China Internet Network Information Center

<sup>5</sup> Source: OICA

<sup>6</sup> Chinese GAAP

<sup>7</sup> Tian Ping did not publish its 2012 financial statements yet

<sup>8</sup> Source: Tian Ping's audited financial statements

**ABOUT THE AXA GROUP**

The AXA Group is a worldwide leader in insurance and asset management, with 160,000 employees serving 102 million clients in 57 countries. In 2012, IFRS revenues amounted to Euro 90.1 billion and IFRS underlying earnings to Euro 4.3 billion. AXA had Euro 1,116 billion in assets under management as of December 31, 2012.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depository Share is also quoted on the OTC QX platform under the ticker symbol AXAHY.

The AXA Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

It is a founding member of the UN Environment Programme's Finance Initiative (UNEP FI) Principles for Sustainable Insurance and a signatory of the UN Principles for Responsible Investment.

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