

**19 February 2008**

## **AXA ASIA PACIFIC HOLDINGS LIMITED Results for the 12 months ended 31 December 2007**

AXA Asia Pacific Holdings (AXA APH) today announced Operating Earnings for the 12 months ended 31 December 2007 up 20 percent to \$543.7 million (2006 – \$454.5 million).

Profit after tax, before investment experience and non recurring items was up 12 percent to \$604.8 million (2006 - \$540.7 million).

With the exceptional returns of 2006 not repeated investment experience was down 71 percent to \$39.8 million (2006 - \$137.1 million) although still above normalised levels.

Profit after tax was down 4 percent to \$638.7 million (2006 - \$667.7 million).

The Directors have declared a final dividend of 13 cents per share (40 percent franked), up 16 percent (2006 – 11.25 cents per share).

Group Chief Executive Andrew Penn said:

“I am very pleased with our strong performance in 2007 particularly the 20 percent growth in Operating Earnings the key underlying measure of our operational performance.

“In Australia and New Zealand 2007 featured the confluence of strong investment markets and a number of favourable regulatory changes. Operating Earnings were up 16 percent to \$284.4 million (2006 - \$244.8 million) driven by strong growth in our wealth management business. Value of new business was up 35 percent to \$192.9 million (2006 - \$142.5 million).

“Through the successful completion of our AXA 6 programme, and the doubling of our illustrative enterprise value we have enhanced our reputation as a company that sets clear and challenging targets, communicates them transparently and holds ourselves accountable for their delivery.

“Hong Kong Operating Earnings were up 38 percent to HK\$1.7 billion (2006 – HK\$1.2 billion) due to strong sales growth and the successful integration of Winterthur. Life new business index was up 36 percent to HK\$2.4 billion (2006 – HK\$1.7 billion) and we are starting to see strong sales from our Citibank distribution agreement. The value of new business was up 17 percent.

“Growth in the rest of Asia continues to accelerate with new business index up 77 percent and the value of new business up 94 percent. In India we have expanded rapidly to 77 branches and more than 13,000 agents and advisers. In China we now have operational licenses in 5 cities and have grown total agent and adviser numbers to more than 3,000.”

## Future outlook

Commenting on prospects for the future, Group Chief Executive Andrew Penn, said:

“AXA is a strong and resilient business and is well positioned to capitalise on the inevitable opportunities that will arise as a result of the current market volatility.

“It is the nature of investment markets that they are volatile. Much as we might like to believe that they only go up, we all know that is not the case. Whilst our industry is affected by this volatility it is because markets are volatile that companies like us exist.

“Assisting our customers to invest over the longer term and to financially protect their families and livelihoods is the core of the products and services we provide. Supporting them to make the right financial decisions and maintain the confidence in those decisions during times like these is why quality financial advice is the passion and vision of our company.

“We have all experienced volatile times in the past and we will see them again in the future. The current period will pass and the quality of our business and operations will enable us to steer our way through it successfully. Moreover I am confident that we will be able to capitalise on any opportunities the current market presents.

“One such opportunity is North, our new Australian superannuation and pension product launched late last year. Through its unique capabilities North provides our customers with downside protection while still enabling them to participate in market gains on the upside. Since launch, very late last year applications have already topped \$30 million.

“With the successful completion of the AXA 6 programme we have recently launched our new aspirational goals for Australia and New Zealand, Ambition 2012, to again double our illustrative enterprise value and positioning us for growth over the next five years.

“In Asia our growing footprint is a key strength and we are very well positioned in some of the world’s fastest growing insurance and wealth management markets.

“In Hong Kong we plan to further strengthen our partnership with Citibank and this week we will launch GMAB, an innovative variable annuity product similar to Australia’s North product exclusively through their branch networks.

“We have developed a formidable distribution footprint throughout South East Asia and have bancassurance joint ventures with some of the leading players in the region and through them we have exclusive access to over 16 million customers.

“We have also developed a significant and broad distribution footprint in India and are well positioned for growth in this dramatically growing market which doubled in the last year. In China we now have access to 34% of the market through our five existing branch licenses and the recently approved licenses for Dongguan and Jiangsu province. We are currently preparing to open in Nanjing the capital of Jiangsu.

“With less than a year to go to complete our Asia 6 programme we remain on track to deliver on our targets. We will be launching what comes after Asia 6 to the market in November.

“Notwithstanding our recent acquisitions and on market share buy-back, our balance sheet remains strong with total assets above regulatory requirements of \$1.5 billion and a gearing ratio of 35 percent below our policy range of 40 to 50 percent.

“Across our regions we end the year with 6,000 employees and more than 30,000 exclusive agents and advisers and it is through them that we are very well positioned for the future.”

*(All figures are reported in Australian Dollars unless otherwise stated)*

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**Australia and New Zealand – key points**

- Operating Earnings up 16% to \$284.4m (2006 – \$244.8m)
  - Wealth management up 25% to \$100.9m (2006 – \$81.0m)
  - Financial protection up 15% to \$103.1m (2006 – \$89.6m)
  - Mature business up 8% to \$80.4m (2006 – \$74.2m)
- Total inflows exceeded \$21.0bn (total net flows \$7.2bn) and net AXA retail inflows up 37% to \$3.8bn (2006 – \$2.7bn)
- Value of new business<sup>1</sup> up 35% to \$192.9m (2006 – \$142.5m)
- Funds under management, administration and advice up 10% to \$93.7bn (31 December 2006 – \$85.4bn)
- Funds under advice up 15% to \$9.5bn (31 December 2006 - \$8.3bn)
- Successful completion of the AXA 6 programme and launch of Ambition 2012

**Hong Kong – key points**

- Operating Earnings up 38% to HK\$1.7bn (2006 – HK\$1.2bn)
  - Wealth management up 127% to HK\$167.0m (2006 – HK\$73.7m)
  - Financial protection up 39% to HK\$858.9m (2006 – HK\$617.9m)
  - Mature business up 25% to HK\$677.3m (2006 – HK\$541.6m)
- Total life new business index<sup>2 3</sup> up 36% to HK\$2.4bn (2006 – HK\$1.7bn)
- Value of new business<sup>4</sup> up 17% to HK\$1.1bn (2006 – HK\$937.2m)
- Funds under management and administration up 31% to HK\$75.7bn (31 December 2006 – HK\$57.7bn)
- Successful completion of the Winterthur integration

**Asia (ex Hong Kong) – key points**

- Operating Earnings
  - South East Asia<sup>5</sup> up 126% to A\$22.4m (2006 – A\$9.9m)
  - India & China A\$(19.5)m<sup>6</sup> (2006 – A\$(3.7)m)
  - ipac Asia A\$(5.6)m (2006 – A\$(8.2)m)
- New business index up 77% to A\$374.7m<sup>7 8</sup> (2006 – A\$211.8m)
- Value of new business up 94% to A\$112.5m<sup>8 9 10</sup> (2006 – A\$57.9m)
- Funds under management, administration and advice up 41% to A\$4.2bn<sup>8 10</sup> (31 December 2006 – A\$3.0bn)
- On track to achieve 2008 Asia 6 goals<sup>11</sup>

1 For 12 months ended 31 December; based on 10% risk discount rate, equal to assumed equity return rate

2 Includes Winterthur since 27 April 2007; up 17% excluding Winterthur

3 New regular premiums plus 10% of single premiums (excluding general insurance)

4 For 12 months ended 31 December; based on 10.5% risk discount rate, equal to assumed equity return rate (11% for Winterthur); includes Winterthur since 27 April 2007; flat year on year excluding Winterthur

5 Includes Singapore, Philippines, Thailand, Indonesia and Malaysia

6 Representing the start up nature of investment in these regions

7 Constant currency basis at average exchange rates over the period; includes ipac Asia

8 100% share

9 For 12 months ended 31 December 2007, based on risk discount rates of 11 - 20% for other Asia (ex Hong Kong) operations

10 Constant currency basis at exchange rates as at 31 December 2007

11 The Asia 6 goals cover all Asian operations including Hong Kong

## Group financials – key points

- Earnings per share (before non-recurring items) down 4% to 37.4 cents (2006 – 38.9 cents). On a normalised basis <sup>12</sup>, earnings per share (before non-recurring items) up 12% to 35.1 cents (2006 – 31.3 cents)
- Return on average shareholders equity (before non-recurring items) – 16.9% (2006 – 18.2%). On a normalised basis <sup>12</sup> return on average shareholders equity (before non-recurring items) – 15.9% (2006 – 14.9%)
- Group funds under management and administration up 12% to \$109.0 billion (2006 – \$97.7 billion)
- Strong balance sheet – total debt / equity ratio of 35% (2006 – 28%), below our target range of 40% - 50%
- \$1.5 billion total assets above regulatory requirements

*(All figures are reported in Australian Dollars unless otherwise stated)*

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<sup>12</sup> “Normalised” earnings are based on the average asset mix on average capital held over the period using assumed long term investment assumptions instead of actual returns

## ATTACHMENT

## AXA APH Group result

(A\$ million) 12 months ended 31 December	2007	2006	Change
Operating Earnings	543.7	454.5	20%
Normalised Investment Earnings	195.0	210.0	(7)%
Corporate expenses	(56.9)	(61.9)	8%
Interest expense	(48.7)	(49.1)	1%
Executive share plan expense	(13.9)	(9.7)	(43)%
Amortisation of value of businesses acquired	(14.4)	(3.1)	<<
<b>Profit after tax and before investment experience and non-recurring items</b>	<b>604.8</b>	<b>540.7</b>	<b>12%</b>
Investment experience	39.8	137.1	(71)%
Non-recurring items	(5.9)	(10.1)	42%
<b>Profit after tax and non-recurring items</b>	<b>638.7</b>	<b>667.7</b>	<b>(4)%</b>

(1) Our share of earnings from Singapore, Indonesia, Philippines, Thailand and Malaysia

## AXA Australia

(A\$ million) 12 months ended 31 December	2007	2006	Change
Wealth management	83.5	63.2	32%
Financial protection	68.6	65.6	5%
Mature	80.4	74.2	8%
<b>Operating Earnings</b>	<b>232.5</b>	<b>203.0</b>	<b>15%</b>

## AXA New Zealand

(NZ\$ million) 12 months ended 31 December	2007	2006	Change
Wealth management	19.9	20.7	(4)%
Financial protection	39.2	27.9	41%
<b>Operating Earnings</b>	<b>59.1</b>	<b>48.6</b>	<b>22%</b>

## AXA Hong Kong result

(A\$ million) 12 months ended 31 December	2007	2006	Change
Wealth Management	25.7	12.7	102%
Financial Protection	132.1	106.0	25%
Mature	104.2	93.0	12%
<b>Operating Earnings</b>	<b>262.0</b>	<b>211.7</b>	<b>24%</b>

(HK\$ million) 12 months ended 31 December	2007	2006	Change
Wealth Management	167.0	73.7	127%
Financial Protection	858.9	617.9	39%
Mature	677.3	541.6	25%
<b>Operating Earnings</b>	<b>1,703.2</b>	<b>1,233.2</b>	<b>38%</b>