

17 February 2009

## **AXA ASIA PACIFIC HOLDINGS LIMITED Results for the 12 months ended 31 December 2008**

AXA Asia Pacific Holdings (AXA APH) today announced Operating Earnings for the 12 months ended 31 December 2008 up 2 percent to \$555.6 million (2007 – \$543.7 million).

Profit after tax, before investment experience and non-recurring items was down 1 percent to \$596.8 million (2007 – \$604.8 million).

Over the course of 2008 domestic and global equity markets reduced by 41 percent and 40 percent respectively. This led to negative investment earnings of \$(537.7) million (2007 – \$234.8 million), \$(722.7) million lower than our normalised investment earnings.

The after tax loss for the year including previously disclosed non-recurring items of \$(152.8) million (2007 – \$(5.9) million) was \$(278.7) million (2007 – profit after tax \$638.7 million).

The Directors have announced a final dividend of 9.25 cents per share and have introduced a dividend reinvestment plan (DRP). The total dividend for the year is 18.50 cents per share (2007 – 22.25 cents). An underwriting agreement has been entered to fully underwrite the DRP.

Chief Executive Officer Andrew Penn said:

“We are living in extraordinary times with the severe dislocation and losses in investment markets over the last 12 months. Central banks, governments and policymakers across the globe are grappling with the impact of the deteriorating economic conditions.

“Whilst it is impossible for us to control what happens around us we can control how we respond and in this regard I have been very pleased with our performance.

“Despite the obvious effect of the current market, we have produced a solid operating performance. I am pleased with our 2 percent increase in Operating Earnings although our bottom line has clearly been affected by the negative investment earnings. Our capital position has been well managed and we end the year with assets of \$779.0 million in excess of our regulatory requirements.

“In Australia Operating Earnings were up 1 percent to \$235.3 million (2007 – \$232.5 million). Pleasingly we saw financial protection new business up 31 percent to \$121.1 million (2007 – \$92.2 million) and momentum in North, our unique capital protected product.

“In New Zealand, which aside from the impact of the global financial crisis has also been affected by an economy which is firmly in recession and other structural issues for our industry, Operating Earnings were down 28 percent to NZ \$42.8 million (2007-NZ\$59.1 million).

“In Asia we completed our Asia 6 programme and launched our Ambition 2012 programme for the region.

“Hong Kong Operating Earnings were up 12 percent to HK\$1.9 billion (2007 – HK\$1.7 billion) due to growth in our Financial Protection business and the inclusion of a full year for Winterthur. Reflecting a

continued shift towards higher margin traditional life business and improved persistency, the value of new business was up 6 percent to HK\$1.2 billion (2007 – HK\$1.1 billion).

“New business index across the rest of Asia was up 21 percent and the value of new business was up 40 percent. In India and China we have continued to experience strong growth with new business index up 272% and 18% respectively. In India we have expanded our network to more than 200 branches and in China we now have operational licenses in 11 major cities (2007 – 5 cities).”

## **Future outlook**

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

“2008 was an extraordinarily difficult year for financial services companies and it seems unlikely that the environment will improve in the short term such that 2009 will also be challenging for our industry.

“The paradigm has clearly changed.

“It is not surprising in this environment our customers are focused on security and protection. There is a significant reduction in demand for wealth management products and a bias towards more defensive asset classes, more traditional products and more insurance protection. In this regard we are well positioned with our capital protected products in Australia and in Hong Kong, as well as our financial protection business across the region.

“Our business is a long term business and that is where we must remain focused and our Ambition 2012 programmes both in Australia and New Zealand and in Asia will continue to guide us in this regard.

“In the longer term the fundamental characteristics that continue to make our markets attractive have not changed. This includes supported superannuation savings in a number of the markets in which we operate, underinsurance across the region, and economies in Asia that are growing faster than global averages, with attractive demographics, and high savings rates.

“We have the right strategies in place to take advantage of the long term drivers of demand and we have implemented the right responses to the current market environment.

“While 2009 is going to be a tough year we are part of a strong global group and we have a resilient business model with both business line and geographic diversification which we are able to leverage.”

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

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**Australia – key points**

- Operating Earnings up 1% to \$235.3m (2007 – \$232.5m)
  - Wealth management down 27% to \$60.7m (2007 – \$83.5m)
  - Financial protection up 52% to \$104.6m (2007 – \$68.6m)
  - Mature business down 13% to \$70.0m (2007 – \$80.4m)
- Total net AXA inflows down 84% to \$1.1bn (2007 – \$6.7bn)
- Value of new business<sup>1</sup> down 40% to \$106.8m (2007 – \$178.2m)
- Funds under management, administration and advice down 28% to \$61.6bn (31 December 2007 – \$85.2bn)

**New Zealand – key points**

- Operating Earnings down 28% to NZ\$42.8m (2007 – NZ\$59.1m)
  - Wealth management down 44% to NZ\$11.1m (2007 – NZ\$19.9m)
  - Financial protection down 19% to NZ\$31.7m (2007 – NZ\$39.2m)
- Total wealth management retail inflows down 12% to NZ\$770.1m (2007 – NZ\$872.9m)
- Value of new business<sup>1</sup> down by 40% to NZ\$10.0m (2007 – NZ\$16.7m)
- Funds under management, administration and advice down 36% to NZ\$6.3bn (31 December 2007 – NZ\$9.8bn)

**Hong Kong – key points**

- Operating Earnings up 12% to HK\$1.9bn (2007 – HK\$1.7bn)
  - Wealth management up 60% to HK\$267.6m (2007 – HK\$167.0m)
  - Financial protection up 7% to HK\$916.4m (2007 – HK\$858.9m)
  - Mature business up 7% to HK\$722.9m (2007 – HK\$677.3m)
- Total new business index<sup>2</sup> down 7% to HK\$2.2bn (2007 – HK\$2.4bn)
- Value of new business<sup>3</sup> up 6% to HK\$1.2bn (2007 – HK\$1.1bn)
- Funds under management and administration down 12% to HK\$66.9bn (31 December 2007 – HK\$75.7bn)
- Completion of Asia 6 programme and launch of Ambition 2012 targets

**Asia (ex Hong Kong) – key points**

- Operating Earnings
  - South East Asia<sup>4</sup> up 56% to A\$34.9m (2007 – A\$22.4m)
  - India & China A\$(34.5)m<sup>5</sup> (2007 – A\$(19.5)m)
  - ipac Asia A\$(6.4)m (2007 – A\$(5.6)m)
- New business index up 21% to A\$469.1m<sup>6 7</sup> (2007 – A\$389.2m)
- Value of new business up 40% to A\$157.9m<sup>7 8 9</sup> (2007 – A\$112.5m)
- Funds under management, administration and advice up 17% to A\$4.8bn<sup>7 9</sup> (31 December 2007 – A\$4.1bn)

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

2 New regular premiums plus 10% of single premiums (with the exception of general insurance which is fully included)

3 For 12 months ended 31 December; based on 10.5% risk discount rate, equal to assumed equity return rate (11% for Winterthur in 2007);

4 Includes Singapore, Philippines, Thailand, Indonesia and Malaysia

5 Representing the start up nature of investment in these regions

6 Actual currency basis at average exchange rates over the period; includes ipac Asia

7 100% share

8 For 12 months ended 31 December 2008, based on risk discount rates of 11 - 20% for other Asia (ex Hong Kong) operations

9 Actual currency basis at exchange rates as at 31 December 2008

## Group financials – key points

- Earnings per share (before non-recurring items) down 120% to (7.4) cents (2007 – 37.4 cents). On a normalised basis <sup>10</sup>, earnings per share (before non-recurring items) was flat at 35.3 cents (2007 – 35.1 cents)
- Return on average shareholders equity (before non-recurring items) – (3.6)% (2007 – 16.9%). On a normalised basis <sup>10</sup> return on average shareholders equity (before non-recurring items) – 15.2% (2007 – 15.9%)
- Group funds under management and administration down 23% to \$83.9 billion (2007 – \$109.0bn)
- Total debt / equity ratio of 56% (2007 – 35%)
- \$779m assets above regulatory requirements

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

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<sup>10</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	2008	2007	Change
Operating Earnings	555.6	543.7	2%
Normalised Investment Earnings	185.0	195.0	(5)%
Corporate expenses	(55.6)	(56.9)	2%
Interest expense	(56.4)	(48.7)	(16)%
Executive share plan expense	(11.4)	(13.9)	18%
Amortisation of value of businesses acquired	(20.4)	(14.4)	(42)%
<b>Profit after tax and before investment experience and non-recurring items</b>	<b>596.8</b>	<b>604.8</b>	<b>(1)%</b>
Investment experience	(722.7)	39.8	<<
Non-recurring items	(152.8)	(5.9)	<<
<b>Profit after tax and non-recurring items</b>	<b>(278.7)</b>	<b>638.7</b>	<b>&lt;&lt;</b>

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

## AXA Australia

(A\$ million) 12 months ended 31 December	2008	2007	Change
Wealth management	60.7	83.5	(27)%
Financial protection	104.6	68.6	52%
Mature	70.0	80.4	(13)%
<b>Operating Earnings</b>	<b>235.3</b>	<b>232.5</b>	<b>1%</b>

## AXA New Zealand

(NZ\$ million) 12 months ended 31 December	2008	2007	Change
Wealth management	11.1	19.9	(44)%
Financial protection	31.7	39.2	(19)%
<b>Operating Earnings</b>	<b>42.8</b>	<b>59.1</b>	<b>(28)%</b>

## AXA Hong Kong

(A\$ million) 12 months ended 31 December	2008	2007	Change
Wealth Management	40.7	25.7	58%
Financial Protection	139.6	132.1	6%
Mature	110.0	104.2	6%
<b>Operating Earnings</b>	<b>290.3</b>	<b>262.0</b>	<b>11%</b>

(HK\$ million) 12 months ended 31 December	2008	2007	Change
Wealth Management	267.6	167.0	60%
Financial Protection	916.4	858.9	7%
Mature	722.9	677.3	7%
<b>Operating Earnings</b>	<b>1,906.9</b>	<b>1,703.2</b>	<b>12%</b>