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Cinven enters exclusive discussions to acquire AXA Life Europe

The transaction creates Irish and cross-border consolidation platform

International private equity firm, Cinven, today announces that the Sixth Cinven Fund has entered into exclusive discussions to acquire AXA Life Europe ('ALE'), a leading European life insurance company, for a consideration of €925 million.

ALE primarily manages guaranteed, unit-linked life insurance products (known as 'Variable Annuities') for its customer base across Germany, the UK, France, Spain, Italy and Portugal. ALE manages c.248,000 policies, c.€8 billion of assets and has c.€5 billion of reserves of which c.70% is related to German policies. It has been closed to new business since 2017. Furthermore, ALE is a reinsurer of AXA's Japanese variable annuity portfolio.

ALE is headquartered in Dublin (Ireland), one of the largest cross-border life assurance centres in Europe and is regulated by the Central Bank of Ireland.

Building on Cinven's expertise in the European life insurance sector, Cinven's Financial Services team believes that ALE represents an attractive investment opportunity with significant value creation potential due to:

- **A fragmented market:** the European Variable Annuity and life insurance market remains fragmented and represents a compelling consolidation opportunity for ALE, particularly in Ireland and the Isle of Man. Cinven's strategy for ALE builds on the strategies being executed by its Financial Services team in Germany, through its investment in Viridium, and in Italy, through its investment in Eurovita;
- **M&A opportunities:** a number of European insurers are planning to dispose of their existing guaranteed back-book portfolios which have become strategically non-core to them, creating an attractive M&A pipeline in the Irish life insurance market as well as the opportunity for ALE to become a consolidator of Variable Annuity back-book portfolios in Europe;
- **The scope for operational improvements:** as a non-core disposal from the AXA Group, given the primary nature of the transaction, there is also scope to optimise ALE's operations;
- **Asset management optimisation:** ALE's asset management and hedging strategies will be further optimised while maintaining strong Solvency II ratios following the carve-out; and
- **Industry-leading management team:** Cinven will be partnering with the incumbent, industry-leading management team led by CEO, Eoin Lynam.

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Furthermore, customers will benefit from enhanced risk management and underlying asset quality.

This transaction represents the 12th investment by the Sixth Cinven Fund and follows the Sixth Cinven Fund's agreement to acquire Viridium Group and to provide it with equity funding to acquire Generali Leben, creating a leading German life insurance business with c.5 million policies and c.€55 billion of assets under management.

Caspar Berendsen, Partner at Cinven, commented:

"Over time we have managed to build a strong relationship with ALE and its management team and believe the opportunity for ALE is compelling. Cinven's acquisition of ALE is a 'repeat play' of the consolidation platforms we have created through Guardian Financial Services in the UK, Eurovita in Italy, and Viridium in Germany. Cinven's investment strategy in this case focuses on the consolidation of closed life funds with Variable Annuity offerings, primarily across Ireland and the Isle of Man. We have ambitious plans for this business and look forward to working alongside Eoin and his team to create value over the coming years."

Andrea Bertolini, Principal at Cinven, added:

"Cinven continues to make investments in the closed life fund segment, bringing operational and financial excellence to this niche area. Cinven has fast become the leading private equity investor in this segment through investments in the UK, Germany and Italy. We will work in close partnership with the excellent management team to ensure no service interruptions for policy holders and in addition, identify value-accretive potential acquisition targets, creating benefits for all stakeholders of the businesses."

Eoin Lynam, CEO of ALE, said:

"We have followed Cinven's investments across various geographies in the European life insurance markets and it's clear that they have a fantastic grasp of the opportunities available to ALE. We are closely aligned in terms of the future strategy for the business and share a collective vision of the value creation plan, alongside ensuring that all stakeholders benefit from retaining a robust financial base and further enhanced asset and risk management strategies."

Completion of this transaction is subject to customary conditions, including completion by AXA of the informing of and consultation with the relevant works councils, as well as regulatory

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Notes to editors

About Cinven

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- Its funds invest in six key sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials, and Technology, Media and Telecommunications (TMT).
- Cinven has offices in London, Frankfurt, Paris, Milan, Madrid, Guernsey, Luxembourg, Hong Kong and New York.
- Cinven takes a responsible approach towards its portfolio companies, their employees, suppliers, local communities, the environment and society.
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