



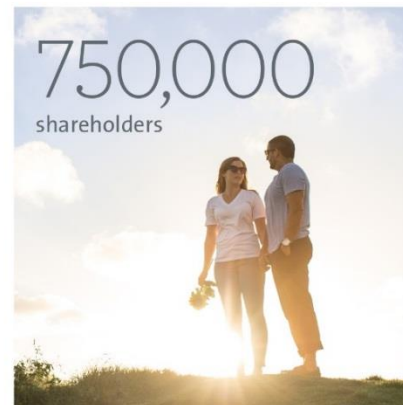
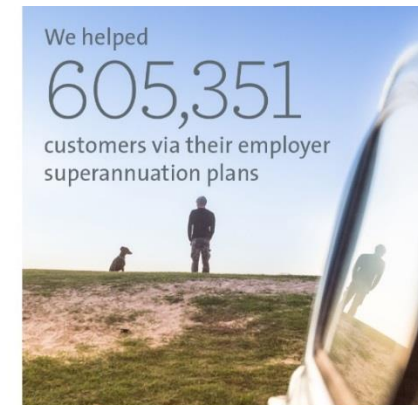
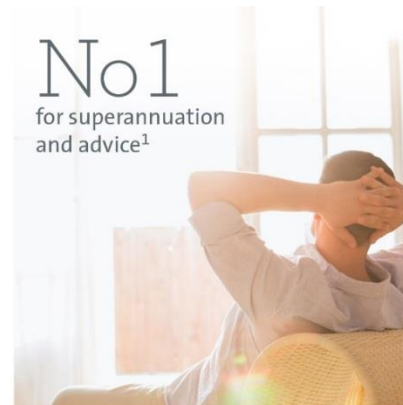
# Investor Presentation

Craig Meller, Chief Executive Officer

March 2018



# AMP – helping people own tomorrow



Notes  
Fund Market Overview Retail – Marketer, Strategic Insight (Plan For Life), September 2017. Planner Numbers, Money Management Top 100 Dealer Groups, 2017.  
All data relates to FY17.

# About AMP

## AMP is the leading wealth management company in Australia and New Zealand

### Key facts

- Largest financial advice network in Australia and New Zealand – 3,277 aligned and employed financial advisers and planners
- Around 4 million retail customers
- More than A\$257 billion in assets under management
- Around 753,000 shareholders
- 5,697 employees across Australia, New Zealand, Asia, United States, United Kingdom and Europe
- Market capitalisation of A\$15.4 billion as at 29 December 2017

### What sets us apart

- Trusted and respected brand
- Market-leading distribution strength and breadth
- Scale and market-leading cost efficiency
- Investment management capability
- Execution strength in transformational change, integration, project delivery and partnership management

Section 1  
Financial overview



# Executive summary

## Business performance

- FY17 underlying profit of A\$1,040m (FY16: A\$486m) and net profit of A\$848m (FY16: -A\$344m)
- Business recovery reflects stabilisation of wealth protection business and solid broader performance:
  - Growth momentum in AMP Capital and AMP Bank
  - Resilient performance in Australian wealth management; strong underlying growth trajectory emerging
  - Wealth protection business performing in line with expectations
  - Sustained focus on cost management and operational efficiency
- Underlying Return on Equity (RoE) 14.3%

## Strategy

Delivery on key drivers of strategy:

### Manage for value

- Executed comprehensive Australian reinsurance program releasing capital
- Well progressed with portfolio review of the manage for value businesses with all alternatives being considered. As a result, in discussions with a number of interested parties
- Portfolio review yet to be concluded but expect to provide an update at or before AGM

**Invest to grow:** continued investment, repositioning for growth

**Leverage strengths to drive new growth:** growing relationships with China Life and MUFG; Trust Bank, new partnerships with United Capital and PCCP

## Capital and dividend

- Strong capital position with surplus of A\$2.3b over MRR, benefiting from reinsurance program
- Potential for capital management initiatives will be considered at conclusion of portfolio review; update to be provided at or before AGM
- Final dividend 14.5 cents a share, franked to 90% bringing total FY17 dividend to 29 cents a share. DRP neutralised with shares bought on market

# FY17 profit summary

A\$m	FY 17	FY 16	%
Australian wealth management	391	401	(2.5)
AMP Capital <sup>1</sup>	156	144	8.3
AMP Bank	140	120	16.7
Australian wealth protection	110	(415)	n/a
New Zealand financial services	125	126	(0.8)
Australian mature	150	151	(0.7)
<b>BU operating earnings</b>	<b>1,072</b>	<b>527</b>	<b>103.4</b>
Group Office costs	(74)	(104)	28.8
<b>Total operating earnings</b>	<b>998</b>	<b>423</b>	<b>135.9</b>
Underlying investment income <sup>1</sup>	95	122	(22.1)
Interest expense on corporate debt	(53)	(59)	10.2
<b>Underlying profit</b>	<b>1,040</b>	<b>486</b>	<b>114.0</b>
Other items	(21)	(9)	(133.3)
Portfolio review and related costs	(24)	-	n/a
Business efficiency program costs	-	(19)	n/a
Amortisation of AXA acquired intangible assets <sup>1</sup>	(80)	(77)	(3.9)
Goodwill impairment	-	(668)	n/a
<b>Profit before market adjustments and accounting mismatches</b>	<b>915</b>	<b>(287)</b>	<b>n/a</b>
Market adjustments <sup>1</sup>	(53)	(43)	(23.3)
Accounting mismatches	(14)	(14)	-
<b>Profit attributable to shareholders of AMP Limited</b>	<b>848</b>	<b>(344)</b>	<b>n/a</b>

## Notes

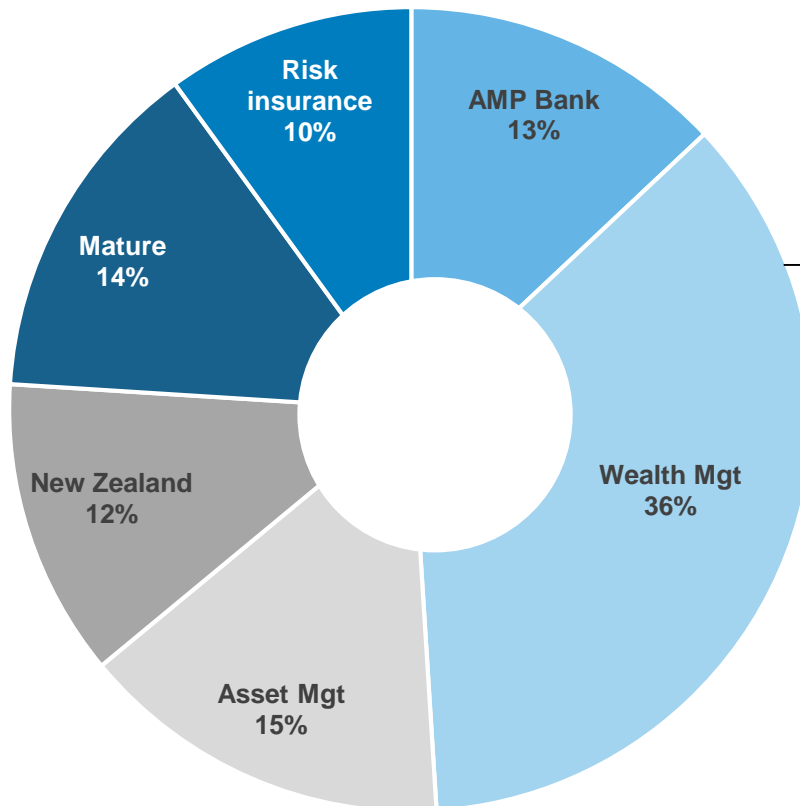
- AMP Capital is 15% owned by MUG: Trust Bank (formerly MUTB). AMP Capital results, and any other impacted line items, are shown net of minority interests.

# Delivering on strategy in 2017

2017 objective	Delivered in 2017	
3% controllable cost reduction (ex AMP Capital)	<ul style="list-style-type: none"> <li>- Group controllable costs ex AMP Capital reduced 3% in FY 17</li> </ul>	✓
Grow new sources of revenue in Australian wealth management via Advice and SMSF	<ul style="list-style-type: none"> <li>- Other revenue grew 10% to A\$108m</li> <li>- Invested A\$40m in practice equity and client registers in 2H 17</li> </ul>	✓
5% annualised margin compression over 18 months to FY 17	<ul style="list-style-type: none"> <li>- Margin guidance achieved with FY 17 margins of 101 bps</li> </ul>	✓
Accelerate international expansion	<ul style="list-style-type: none"> <li>- Expanded distribution footprint and significant raisings into global infrastructure platform</li> <li>- 46% increase in direct international institutional clients to 291</li> <li>- 24.9% stake in PCCP; immediately accretive</li> <li>- Partnership with United Capital</li> </ul>	✓
Stabilise Australian wealth protection business	<ul style="list-style-type: none"> <li>- Implemented second tranche of reinsurance releasing A\$548m of capital to the group</li> <li>- Performance in line with expectations</li> </ul>	✓

# AMP – a balanced, diversified business

Contribution of business units to FY 17 operating earnings

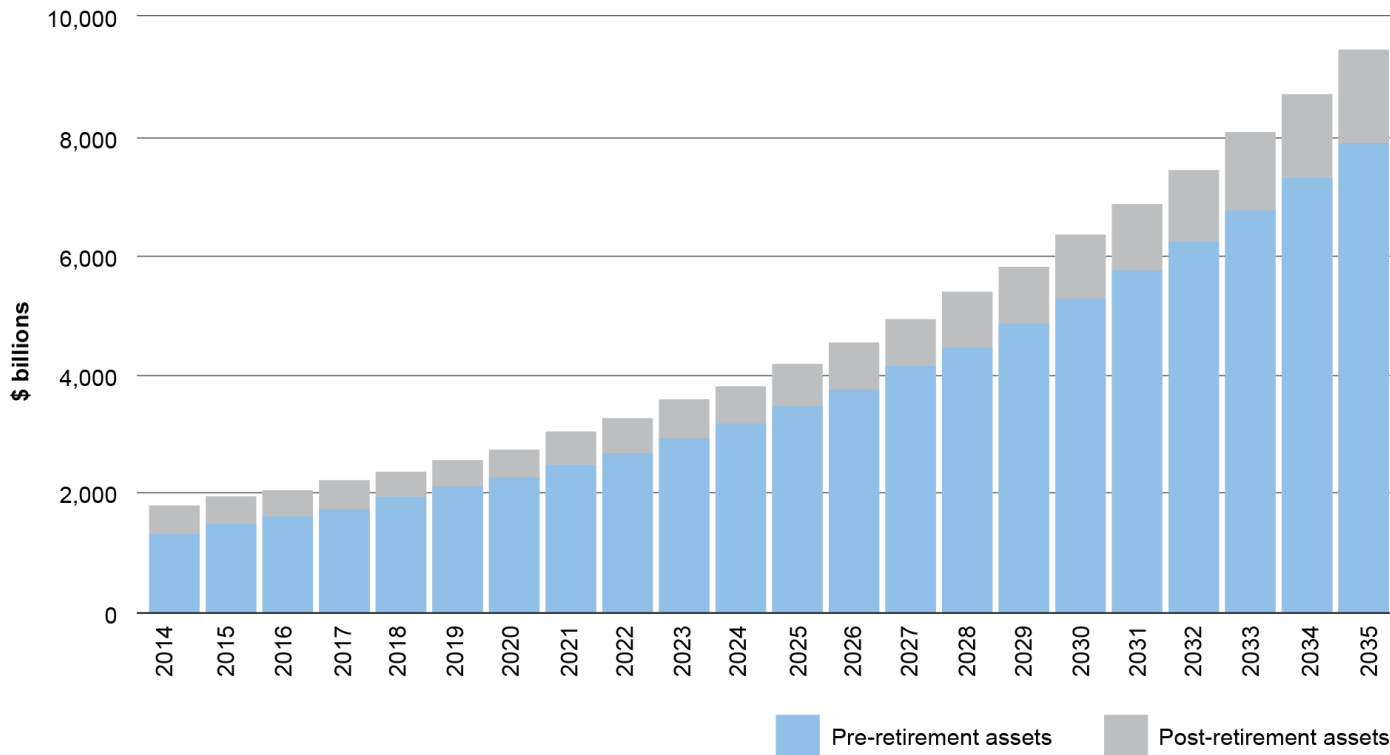


AUM-driven businesses represented 51% of total FY 17 BU operating earnings



# Australian superannuation & pension market (A\$3.3 trillion)<sup>1</sup>

## Projected superannuation assets (2014 – 2035)



- Australia is the 4th largest global pension market<sup>2</sup> with US\$1.6 trillion in assets
- Australian wealth management sector remains highly attractive with the size of the superannuation market projected to double by 2026<sup>3</sup>
- Over the past decade, Australia’s pension market increased at a CAGR of 7.1% (global pension market CAGR of 5.6%)<sup>2</sup>
- Australia’s pension market is dominated by defined contribution, accounting for 87% of total assets<sup>2</sup>
- Government mandated employer contributions set to rise from 9.5% to 12% of wages as a stepped increase by 2025

Source: APRA and Deloitte Actuaries and Consultants, 2015

Notes

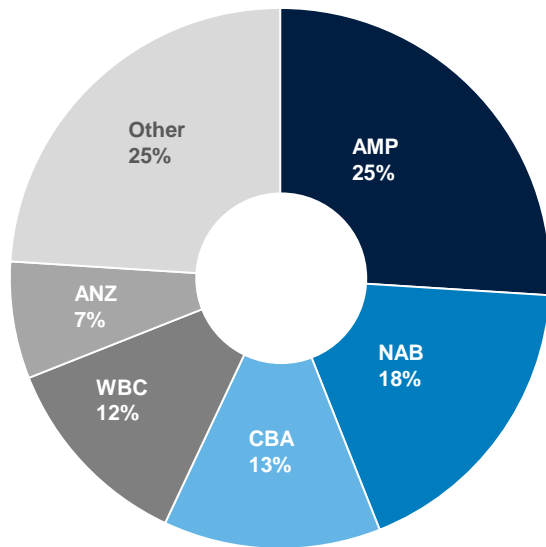
1. ABS Managed Funds Industry – Sept 2017

2. Willis Towers Watson – Global Pension Assets Study 2018

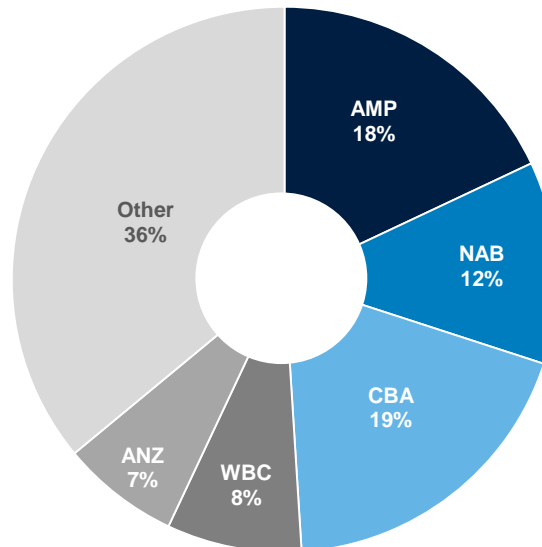
3. Dynamics of the Australian Superannuation System - The next 20 years: 2015-2035, Deloitte Actuaries & Consultants, November 2015

# AMP – Ranked first or second in key market segments

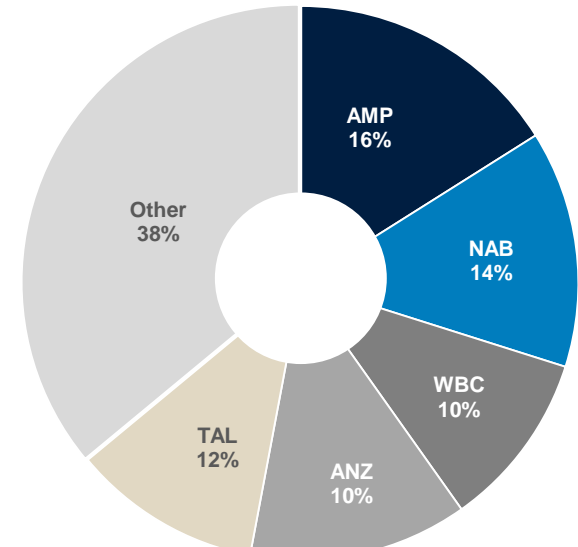
### Superannuation - Accumulation<sup>1</sup>



### Superannuation - Pensions<sup>1</sup>



### Retail life insurance<sup>1</sup>

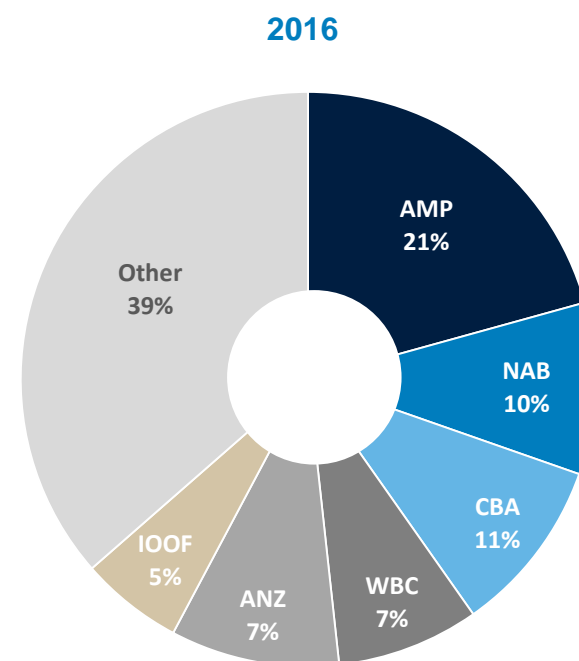
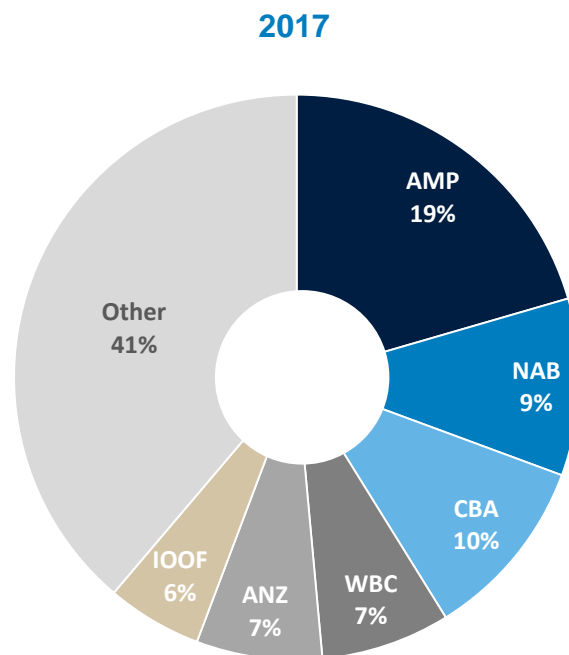


Notes

1. Strategic Insights – September 2017

# Australian financial planners<sup>1</sup>

- Of the Top 100 Dealer Groups, AMP has the largest overall planner footprint representing 19% of the total market
- Ongoing planner consolidation across the market expected to continue; driven by changing regulatory landscape and scale efficiencies
- Baby boomers nearing retirement in increasing numbers driving increased demand for advice



Notes

1. Money Market Dealer Group Survey – September 2017 and October 2016

# AMP's advice network

- 99% retention of core licensee adviser practices
- 2.9% decline in core licensee advisers from 1H 17; largely due to exits relating to change in buyer of last resort terms; no material impact on productivity and profitability
- Focus on increased productivity and profitability across advice practices; average AUM per adviser in core licensees up 8% to A\$41m on FY 16

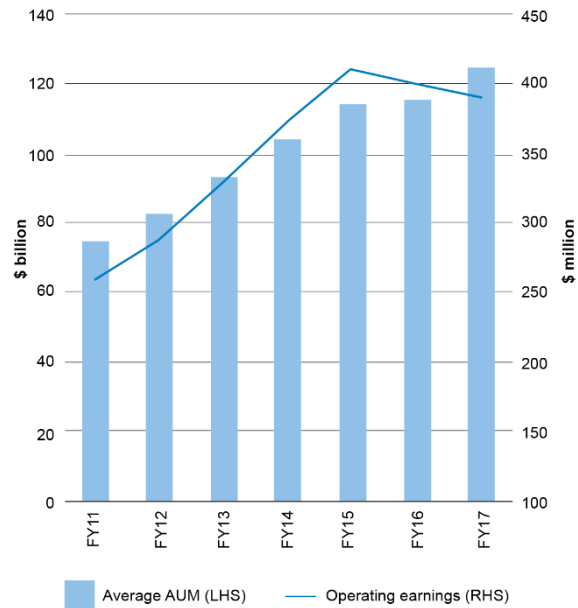
As at December 2017	Target market	Advisers	Mortgage consultants <sup>1</sup>	Total AUM (\$b)	AUM per adviser (\$m)
AMP Advice	Goals-based	221	24	10	44
AMP Financial Planning <sup>2</sup>	Core licensee offer	1,442	445	64	45
Charter Financial Planning		712	40	23	32
Hillross		317	23	15	46
<b>Total (core licensees)</b>	–	<b>2,692</b>	<b>532</b>	<b>112</b>	<b>41</b>
Jigsaw <sup>3</sup>	Self licensed	134	0	1	8
SMSF Advice	Accountants	41	0	n/a	n/a
<b>Total (licensee services)</b>	–	<b>175</b>	<b>0</b>	<b>1</b>	<b>6</b>

## Notes

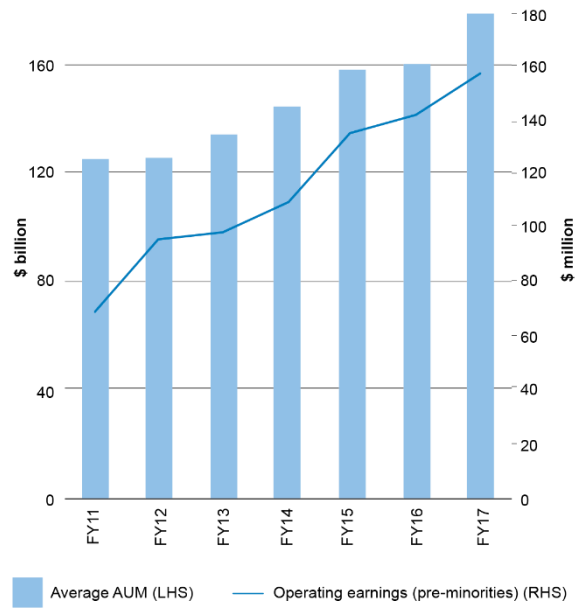
1. Also includes 379 mortgage consultants included as advisers.
2. Includes AMP Direct and Horizons.
3. Jigsaw does not include AMP Authorised Representatives.
4. AMP adopts ASIC's definition of an Authorised Representative.

# AMP's growth businesses

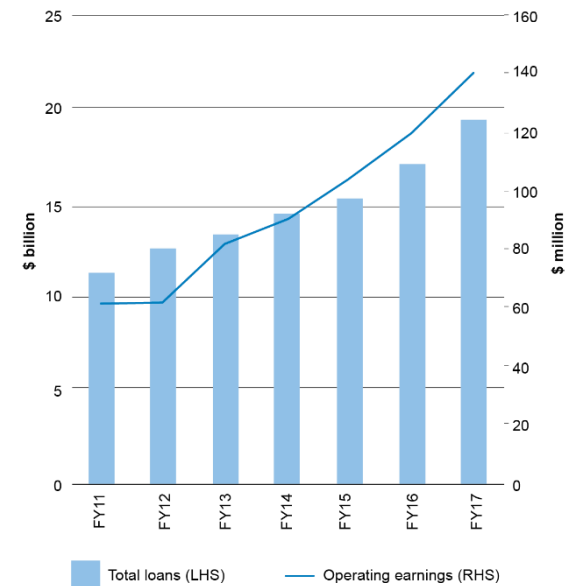
## AMP Australian Wealth Management



## AMP Capital

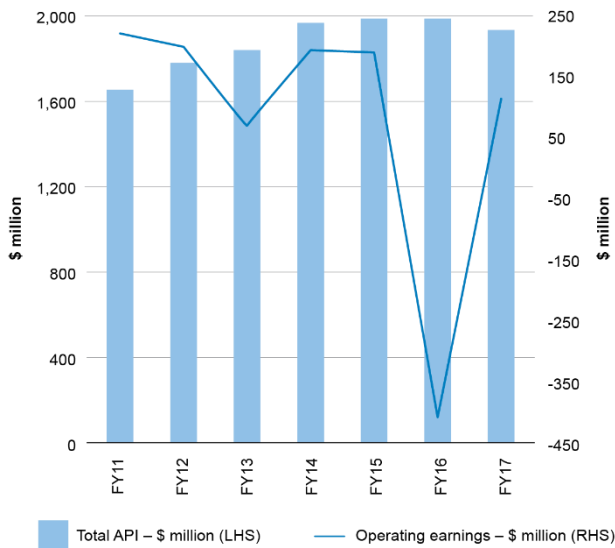


## AMP Bank

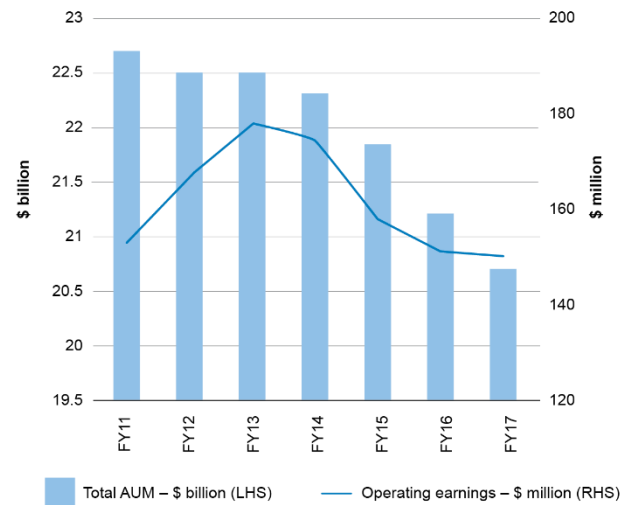


# AMP's value businesses

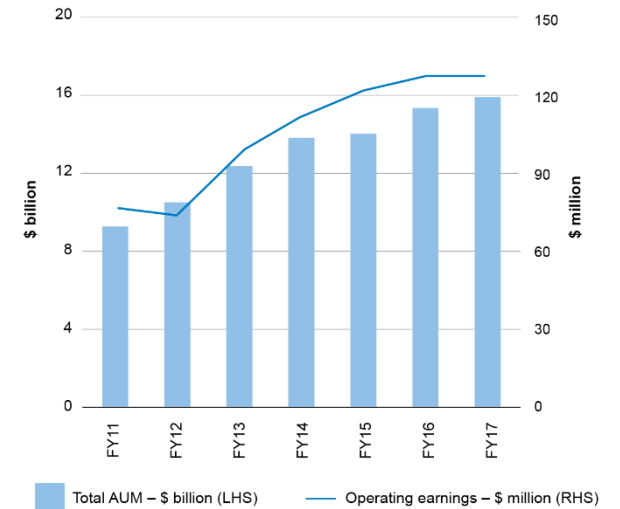
## Australian Wealth Protection (Life Insurance)



## Australian Mature



## New Zealand financial services



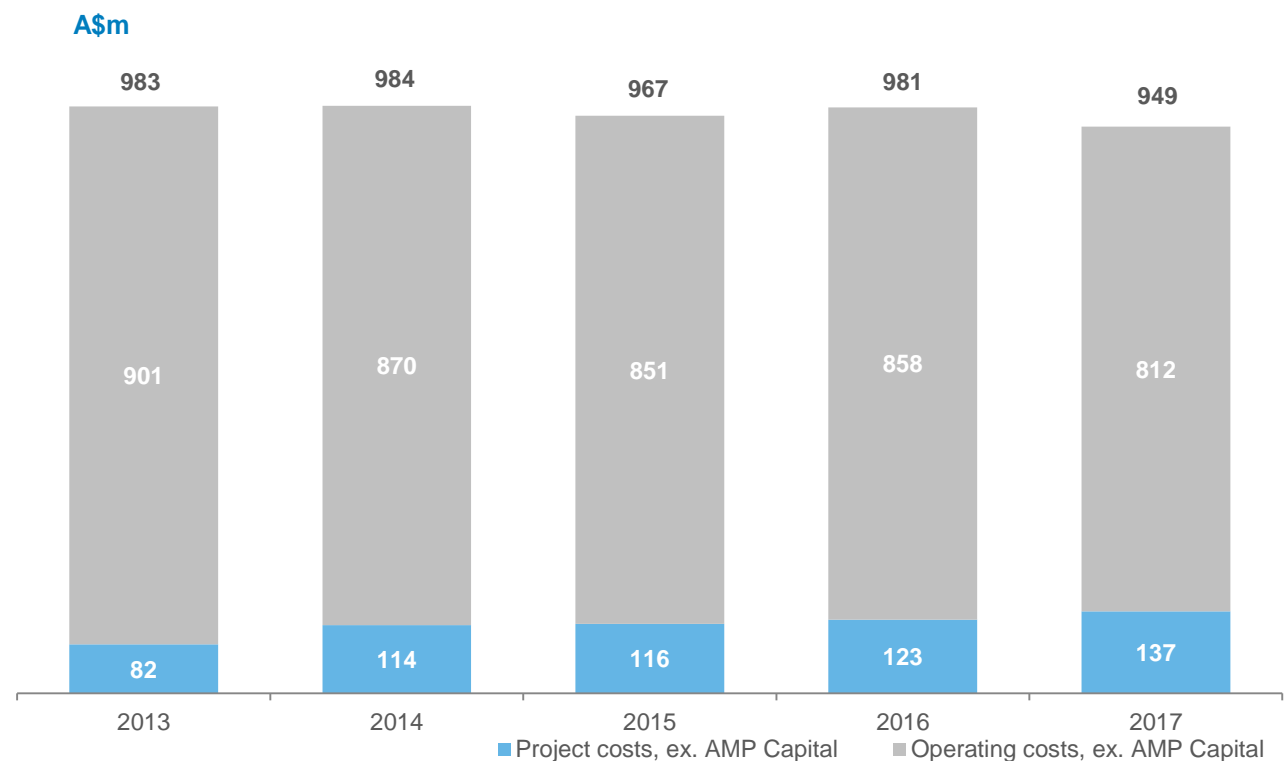
Section 2  
Financial overview



# Financial overview – disciplined cost management

## Sustained focus on tight cost management; 10 per cent nominal reduction in operating costs

- Operating costs have reduced by 10% over the past five years, recycling most of these savings into project investments which have increased 67% over the same period
- Delivered approximately A\$300m of pre-tax run-rate cost savings over last five years through targeted efficiency programs whilst continuing disciplined investment for growth
- Reaffirmed controllable cost guidance in FY18 at A\$950m; maintaining investment across business lines
- Objective to continue delivering flat costs over the medium term with cost efficiencies funding growth initiatives



### Notes

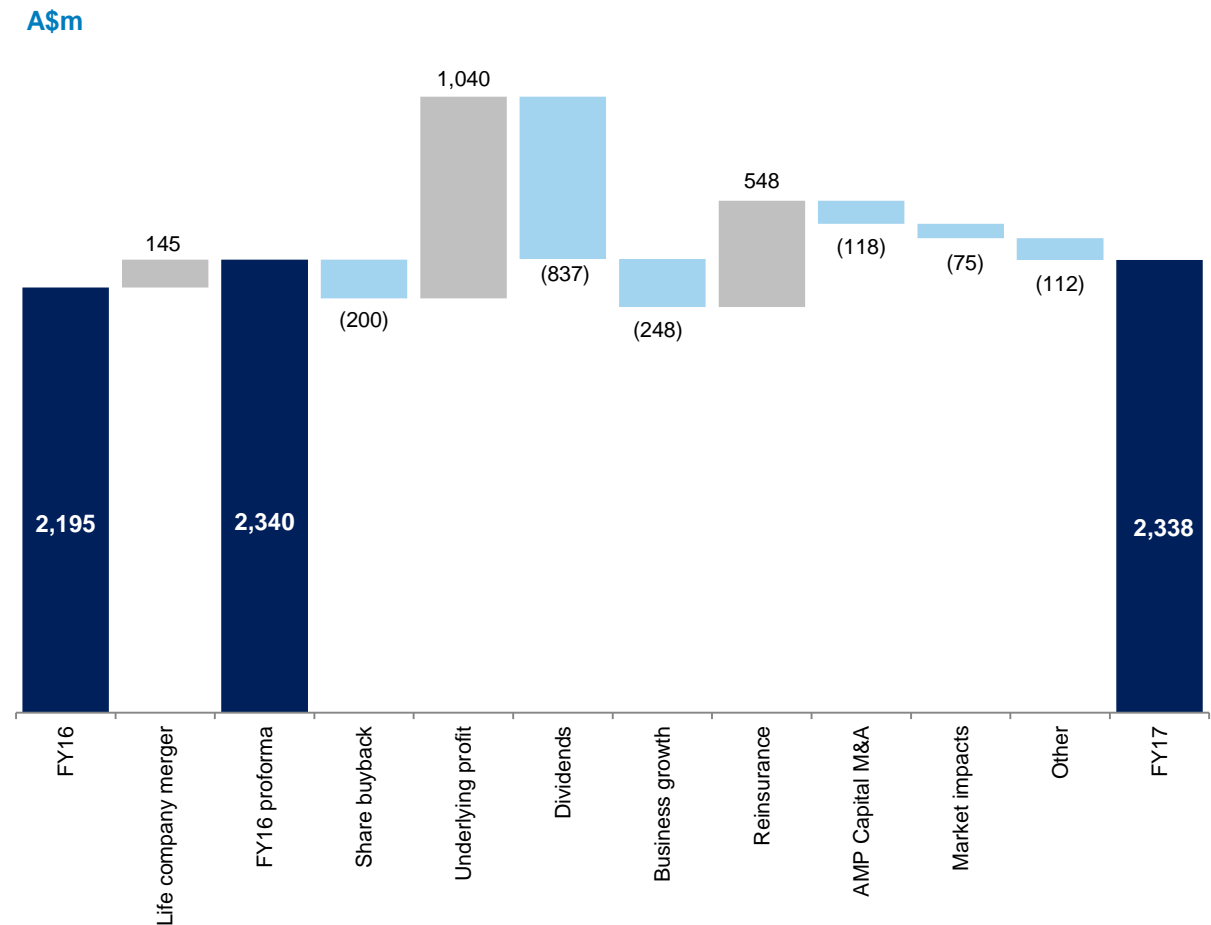
1. 2016 costs exclude the impact of restructure costs and variable remuneration.



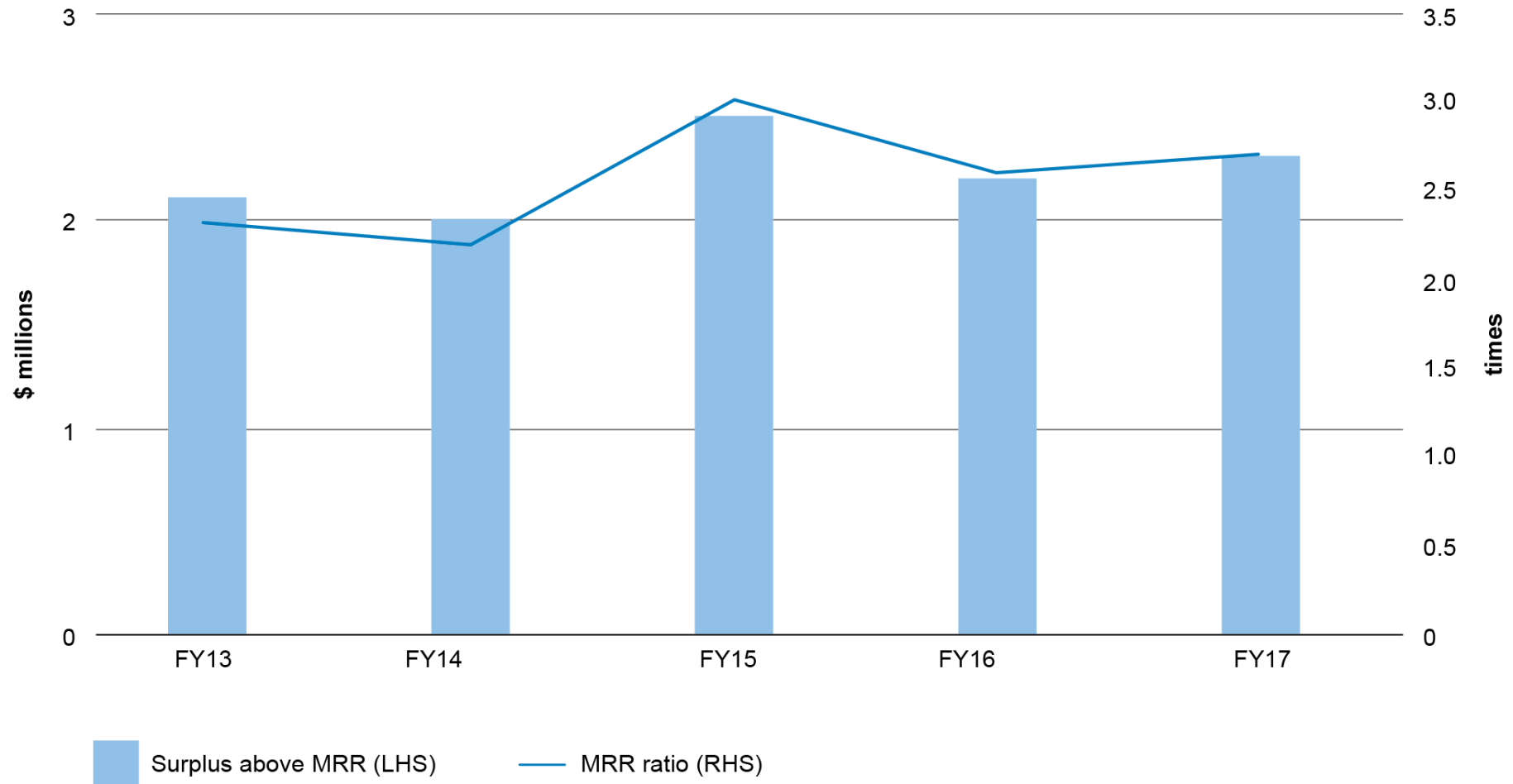
# Financial overview – capital position

## Maintaining strong capital position

- Strongly capitalised with eligible capital above MRR of A\$2.3b
- A\$1bn capital released from reinsurance over last 18 months, utilised for:
  - A\$200m share buyback
  - A\$120m of strategic M&A for AMP Capital
  - A\$100m supporting strong growth in AMP Bank
  - A\$90m investment in advice register and practice equity
- The balance, after allowing for market impacts and other, remains available as surplus
- Decision to retain surplus capital at this time pending completion of portfolio review, whilst maintaining the capacity to invest in growth businesses where opportunity arises
- Potential for capital management initiatives will be considered at conclusion of portfolio review; update to be provided at or before AGM



## Financial overview – Level 3 Eligible Capital above MRR



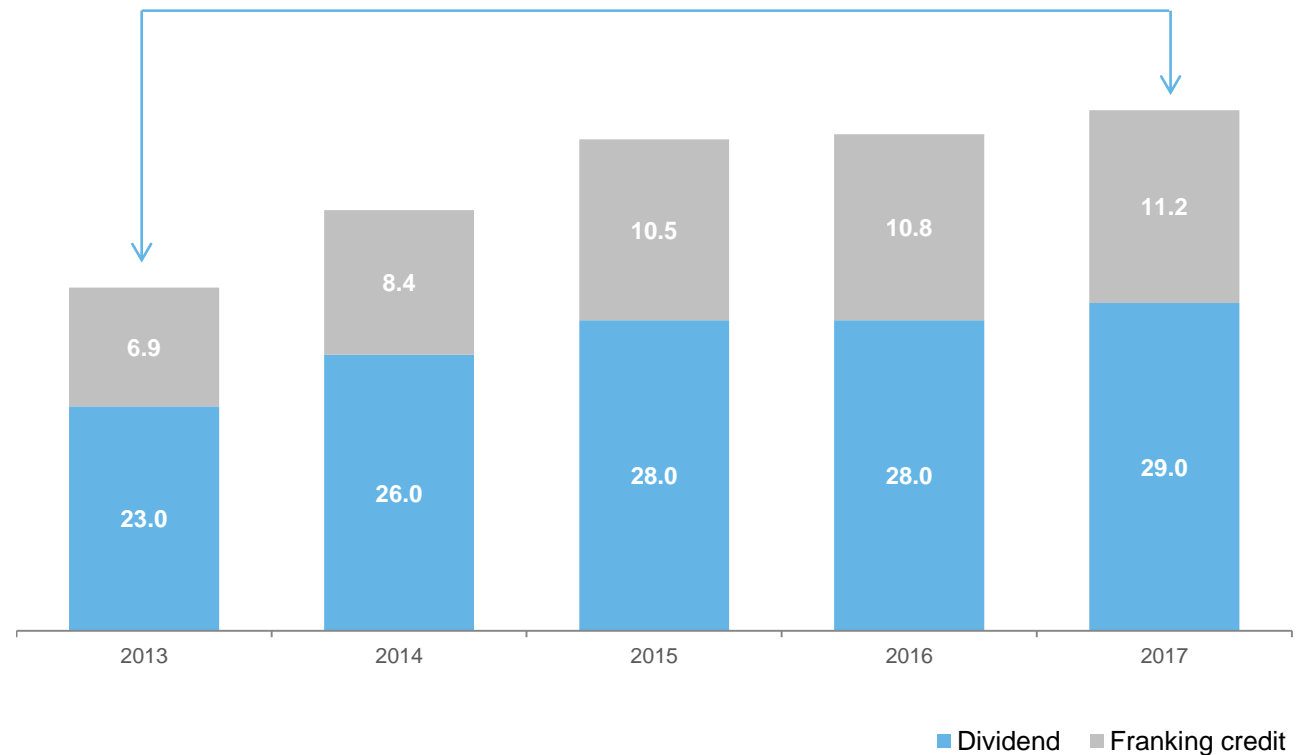
# Financial overview – dividend

## Returning profits to shareholders - gross dividends up 34% over five years

### Final 2017 dividend of 14.5 cents a share, franked to 90%

- Full year dividend of 29 cents a share, 3.6% up year on year, within target 70%-90% payout range
- Since demutualisation in 1998, AMP has paid out over A\$14.4b to shareholders including:
  - over A\$12.2b in dividends and over A\$2.2b in capital returns
- Ordinary share buy back of A\$200m completed in 2017, ordinary shares on issue now the lowest since 1H 13
- Dividend Reinvestment Plan (DRP) remains in place for eligible shareholders. No discount will apply to the DRP allocation price
- Since 2014 AMP has neutralised the impact of the DRP by acquiring shares on market to satisfy any entitlements under the DRP

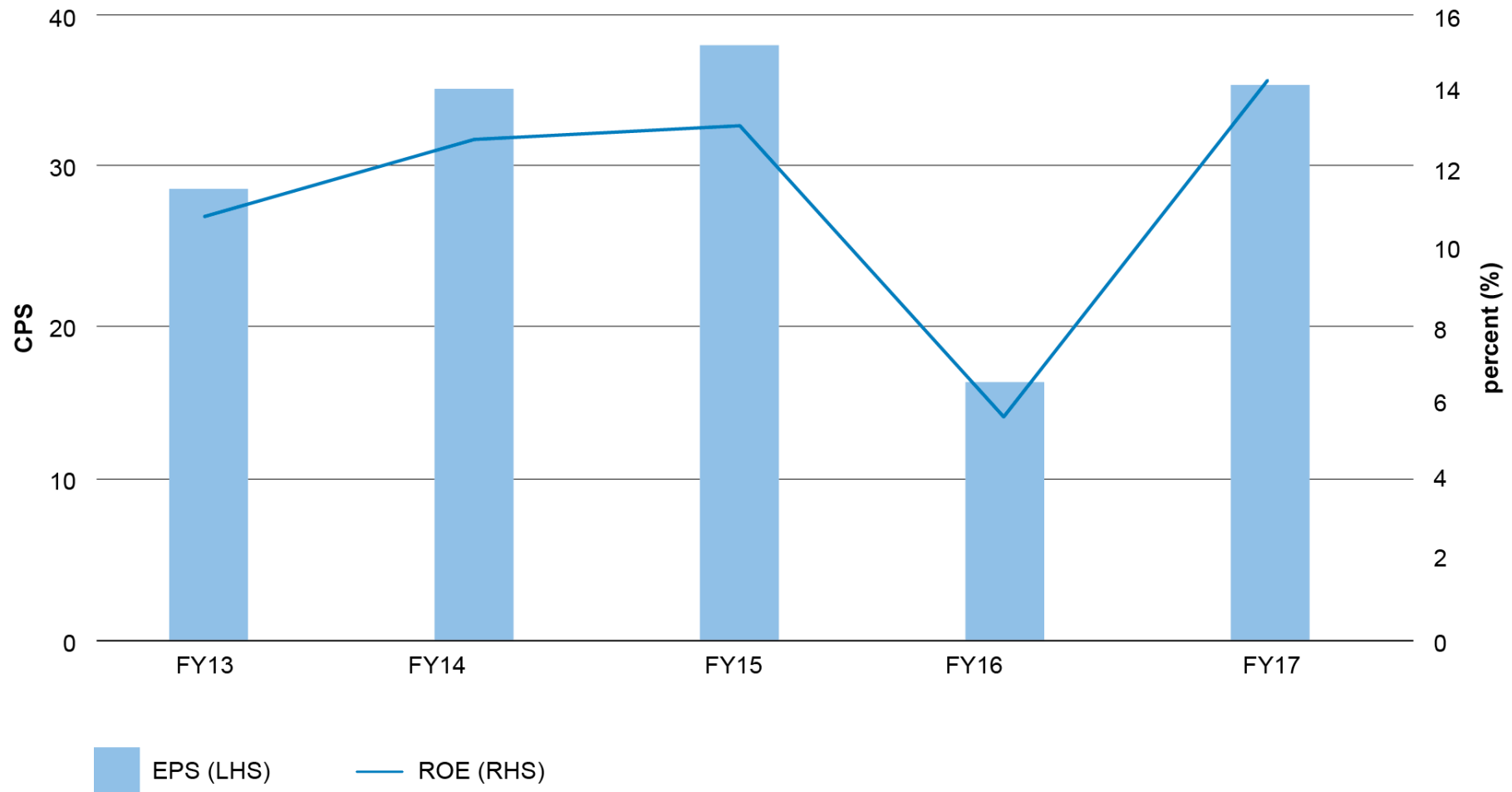
### Dividends (cents per share)\* 34% growth in dividends



Notes

\* Grossed up value at respective franking %, assuming Australian tax resident.

# Financial overview – Underlying EPS and RoE



Section 3  
Strategy



# AMP strategy

Helping people own tomorrow

## Manage for value and capital efficiency

### Wealth Protection

- Leading market position with margins under pressure from scale global players
- Reinsurance to release capital
- Focus on pricing, claims and lapse management to improve margins

### New Zealand

- Strong position in highly competitive, low growth market
- Continue to manage for yield and cost efficiency
- Explore reinsurance opportunities

### Mature

- Large stable profit and capital pool with high margins but naturally declining book
- Continue to manage for yield and capital efficiency

## Invest to grow

### Goals-based advice

AMP Bank	Australian Wealth Management		AMP Capital
<ul style="list-style-type: none"> <li>– High growth retail bank</li> <li>– Organic growth via integrated goals-based solutions</li> <li>– Become provider of choice to advisers and brokers</li> <li>– Conservative risk, funding and capital settings</li> </ul>	<b>Advice strategy</b> <ul style="list-style-type: none"> <li>– Largest adviser footprint in Australia</li> <li>– Greater participation in advice value chain</li> <li>– Drive productivity via technology</li> <li>– Drive professionalism and broaden offer</li> <li>– Strengthen governance and compliance</li> </ul>	<b>Platforms &amp; O/S</b> <ul style="list-style-type: none"> <li>– Comprehensive offering: retail, corporate super and SMSF</li> <li>– Invest to further enhance platform competitiveness</li> <li>– Goals-based O/S</li> <li>– Increase channel choice</li> <li>– Price for volume</li> <li>– Grow revenue from SMSF</li> <li>– Simplification and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>– Strong multi-asset group (MAG) capabilities</li> <li>– Strength in real assets</li> <li>– Extend MAG capabilities</li> <li>– Create and manufacture innovative goals-based funds</li> <li>– Grow domestic real assets footprint</li> <li>– Evolve and focus public market strategies</li> </ul>

## Leverage strengths to drive new growth

### Global Inv. Mgmt.

- Globally recognised capabilities in infrastructure and real estate
- Accelerate growth in Europe, North America and Asia
- Partnership with PCCP; expansion into real estate debt

### Global Partnerships

- Trusted partnerships with China Life and MUFG: Trust Bank
- Grow and extend partnership with China Life
- Enhance MUFG: Trust Bank partnership to drive greater value

### Global O/S & Advice

- International opportunity for innovative O/S
- Accelerate completion of O/S
- China Life O/S opportunity
- Partnering with leading O/S players; United Capital in US
- Explore options to disrupt overseas

Focus on customer, cost, capital and culture

O/S = operating system

# Delivering on strategy – key initiatives

Strategic objectives	Tilt investment to higher growth businesses	Customer-centred transformation of core Australian businesses	Expand internationally	Manage costs across the group
Portfolio strategy	<ul style="list-style-type: none"> <li>– Manage for value and capital efficiency</li> </ul>	<ul style="list-style-type: none"> <li>– Invest to grow</li> </ul>	<ul style="list-style-type: none"> <li>– Leverage strengths to drive new growth</li> </ul>	<ul style="list-style-type: none"> <li>– Tight focus on cost management</li> </ul>
Progress in 2017	<ul style="list-style-type: none"> <li>– Portfolio review of manage for value businesses</li> <li>– Reinsurance program releasing capital</li> <li>– 14.3% underlying RoE</li> </ul>	<ul style="list-style-type: none"> <li>– Implementation of goals-based operating system</li> <li>– Additional 10% revenue growth in Advice and SMSF</li> <li>– A\$40 million investment in practice equity and client registers in 2H17</li> <li>– Combined NPS increased by 11 points</li> </ul>	<ul style="list-style-type: none"> <li>– Strong growth in Chinese joint ventures</li> <li>– AMP Capital: 46% increase in international institutional clients to 291</li> <li>– PCCP partnership</li> <li>– United Capital partnership</li> </ul>	<ul style="list-style-type: none"> <li>– 3% controllable costs reduction (ex AMP Capital)</li> <li>– AMP Capital cost to income ratio 61.5 %; at lower end of range</li> </ul>
Growth ambitions	<ul style="list-style-type: none"> <li>– 15% underlying RoE</li> </ul>	<ul style="list-style-type: none"> <li>– 5% revenue growth through the cycle in wealth management including new growth from Advice and SMSF</li> <li>– Double value of the Bank by FY 21 via earnings and dividends</li> </ul>	<ul style="list-style-type: none"> <li>– Double digit earnings growth of AMP Capital over medium term</li> <li>– China: A\$50 million operating earnings contribution per annum by FY21</li> </ul>	<ul style="list-style-type: none"> <li>– Flat costs (ex AMP Capital)</li> <li>– AMP Capital: maintain cost to income ratio of 60-65%</li> </ul>

**Unrelenting focus on customer, cost, capital and culture**

# Driving new economics in wealth management

Targeting 5% revenue growth through the cycle from 2018 in normal markets

	Growth as % of average AUM
Investment markets	+8%
Customer fees	-1%
Margin compression	-4%
Net cashflow	+2%
Other revenue	0%
Growth	5%
@ 45% cost to income <sup>1</sup>	x1.8
Annual operating earnings growth	9%

Targeting growth in other revenue from Advice and SMSF equivalent to 2% AUM fees to offset potential pressure on margin compression and/or net cashflows in 2018

Notes

Figures reflect back-tested actuals 2012–2017 (rounded)

1. Actual FY16 cost to income ratio: 45%



## Delivering on strategy – Goals-based advice

### Goals 360 Goals exploration

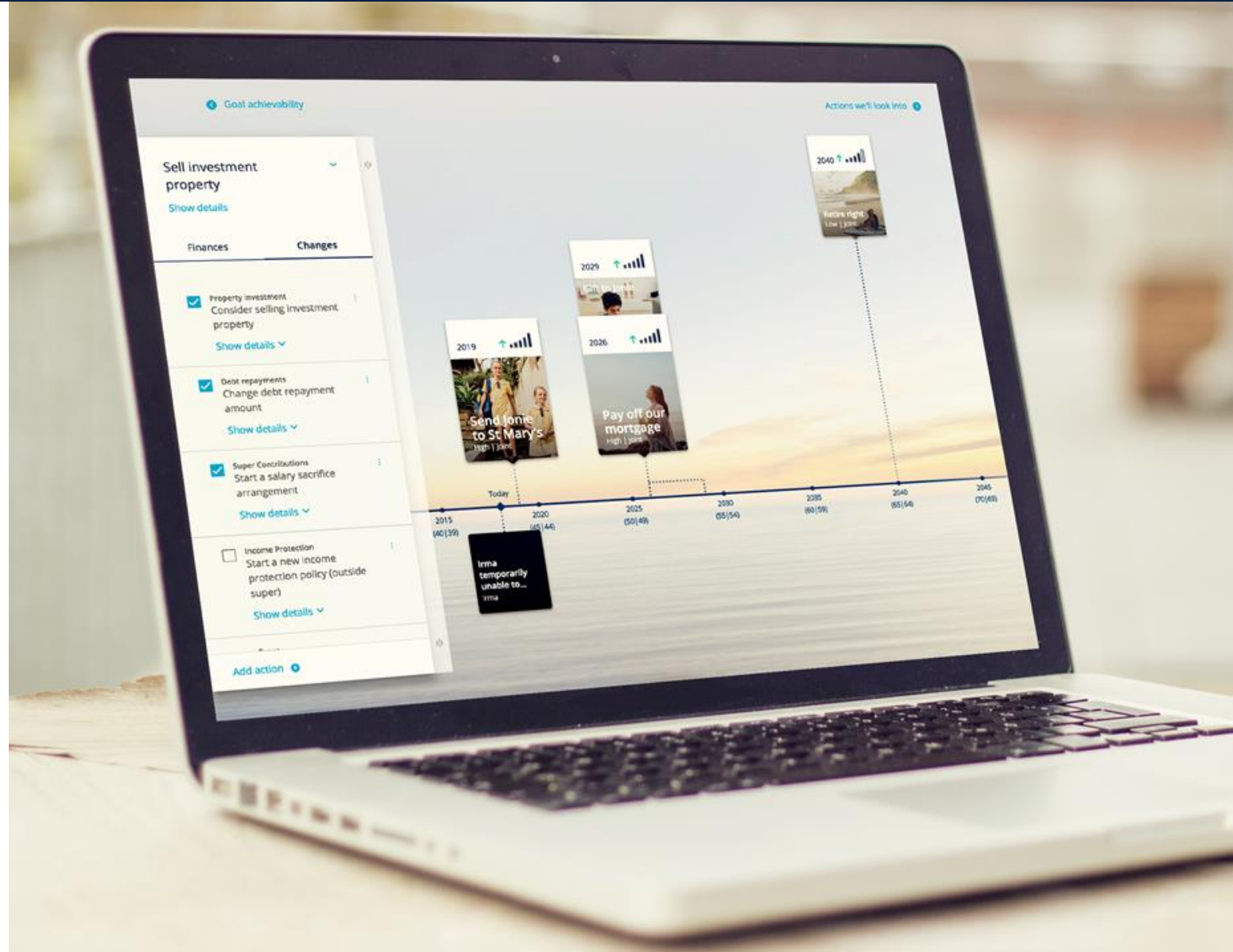
- Highly differentiated goals-based advice experience
- Places customer in control
- Blends interactive technology and human coaching
- Tangibly demonstrates value of advice



# Delivering on strategy – Goals-based advice

## Goals 360 Goals modelling

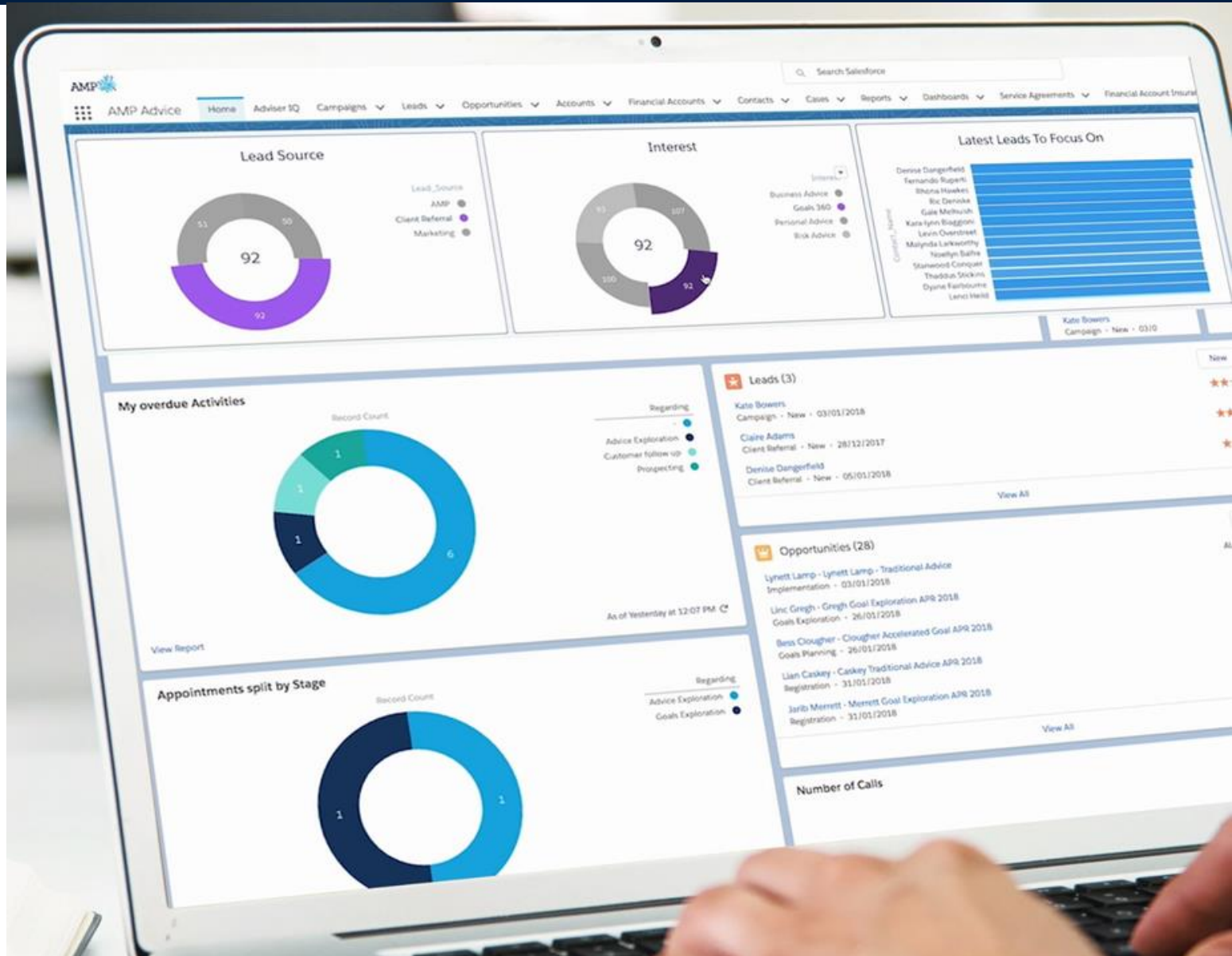
- Unique and elegant client experience
- Real time probability-based modelling demonstrates goal achievability
- Material improvement in SOA production time, reduces cost to serve
- Compliance and record keeping by design
- 30 AMP Advice locations; over 200 advisers
- Further technology releases in 2018
- Scale roll-out to aligned advisers in 2019



# Delivering on strategy – Goals-based advice

## Salesforce solution

- Integration with Goals 360 and selected financial planning tools to support all aligned practices
- Leading edge CRM capability
- Full practice management automation significantly improves practice efficiency
- Integrated to AMP's systems for seamless data/process flow
- Delivers enhanced MIS capability to advice practices
- Compliance by design
- First phase of release scheduled for 1H 18



# Driving revenue growth in wealth management – Advice

## Delivering advice margin to wealth management and improving productivity

Client register purchases	
<b>Strategy</b>	Buy and retain client registers within AMP
<b>Rationale</b>	Expands AMP's participation across the advice value chain, delivering: <ol style="list-style-type: none"> <li>1. Advice margin to Australian wealth management</li> <li>2. Ability to activate &amp; engage inactive clients</li> <li>3. Improved compliance controls</li> </ol>
<b>Acquisition multiple</b>	3-4x recurring practice revenues
<b>Revenue</b>	Advice margin received on a fee for service basis or grandfathered commission business
<b>Targeted cost to income ratio</b>	15-20%
<b>Targeted RoE (post tax)</b>	Approximately 15%
<b>Client servicing</b>	Face to face advice for clients with more complex needs; direct servicing for customers requiring simple advice solutions

Equity investment in advice practices	
<b>Strategy</b>	Strategic equity investments (typically 20-49%) in appropriately identified advice practices
<b>Rationale</b>	Allows AMP to invest and participate alongside AMP aligned advice practices, delivering: <ol style="list-style-type: none"> <li>1. Advice margin to Australian wealth management</li> <li>2. Equity financing to advice practices with growth ambitions</li> <li>3. Improved practice efficiency by utilising AMP's expertise</li> </ol>
<b>Acquisition multiple</b>	Around 5-6x practice EBITDA
<b>Revenue</b>	Equity accounted share of profits
<b>Targeted RoE (post tax)</b>	12-14% excluding potential capital valuation uplift over time
<b>Client servicing</b>	Existing aligned advice practice supported by AMP

# AMP Capital – international growth

## Global Partnerships

### China Life AMP Asset Management (CLAMP)<sup>1</sup>

- AUM grew 59% in local currency terms to RMB 183.3b (A\$36.0b)
- Launched 25 new products year-to-date including separately managed accounts, diversified, equity and fixed income funds
- Fastest growing new funds management company in China – 1 million retail investors
- Business profitable and continues to perform ahead of expectations

### China Life Pension Company (CLPC)<sup>2</sup>

- AUM grew 41% in local currency terms to RMB 531.0b (A\$104.3b)
- No.1 in trustee services (32% market share) and No.3 in investment management (11% market share) by AUM as at Q3 2017
- Positioned well for launch of the Occupational Pensions tender for China's 40 million civil servants; 12% salary contributions to lead to eventual annual industry flows of up to A\$40b

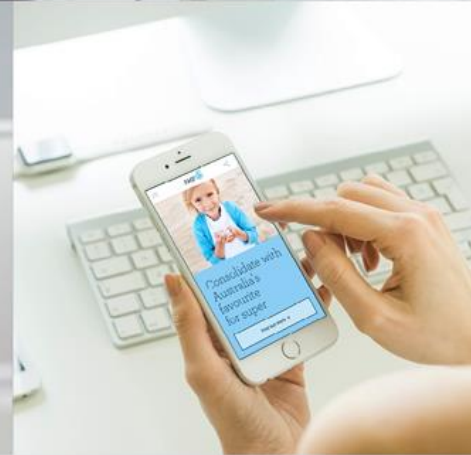
### MUFG: Trust Bank and other distributors – Japan

- Managing A\$6.0b for clients in Japan
- MUFG: Trust Bank business alliance offers 11 retail and three institutional funds, with A\$1.2b in FUM. Raised commitments of A\$1.5b across a large number of Japanese institutional clients since the launch of AMP Capital's Global Infrastructure Fund and Infrastructure Debt series. This includes A\$0.6b raised for IDF III in FY17

## Global Investment Management

- Ongoing growth in infrastructure, with IDF III final close raising US\$2.5b for the mezzanine debt strategy, an additional US\$800m in co-investment rights and securing a further US\$800m from investors who want access to our deal origination capabilities
- Managing A\$22b for international investors; includes A\$12b for 291 direct international institutional clients
- Investment in US real estate investment manager PCCP in December 2017; complements Asian distribution strategy
- A\$5b Australian property development program attracting strong support from international and domestic investors
  - Development of Quay Quarter Tower is set to commence in 2018 subject to final conditions precedent being delivered; forecast completion of Quay Quarter 2021
  - Owner approvals have now progressed well with major redevelopment at WA shopping centres Garden City, Booragoon and Karrinyup; projects are on track for early 2018 commencement subject to final conditions precedent being delivered

Appendix



# AMP Group Leadership Team

## CEO



**Craig Meller**  
Chief Executive Officer

## Business lines



**Megan Beer**  
Group Executive,  
Insurance



**Sally Bruce**  
Group Executive,  
AMP Bank



**Jack Regan**  
Group Executive,  
Advice and NZ



**Paul Sainsbury**  
Group Executive, Wealth  
Solutions and Customer



**Adam Tindall**  
Chief Executive Officer,  
AMP Capital

## Group functions



**Jenny Fagg**  
Chief Risk Officer



**Gordon Lefevre**  
Chief Financial Officer



**Helen Livesey**  
Group Executive, Public  
Affairs and Chief of Staff



**Craig Ryman**  
Group Executive,  
Technology and Operations



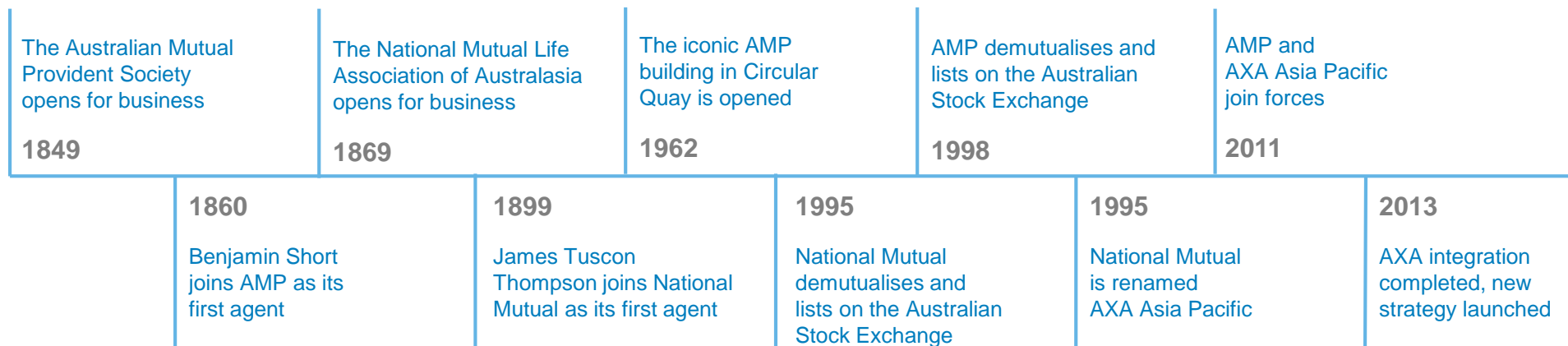
**Brian Salter**  
Group General Counsel



**Fiona Wardlaw**  
Group Executive,  
People and Culture

# Our history

AMP and the National Mutual Life Association (which became AXA) were founded on similar principles, with financial advice at the heart of both businesses. While the two companies began their operations independently, they joined forces in 2011





# Sponsored ADR Program

AMP Limited maintains a sponsored Level 1 ADR program in the US  
The ADRs trade on the over-the-counter market in the US (OTC Markets)

ADR program details are as follows:

Ticker symbol: AMLYY  
CUSIP: 0017EP202  
Ratio: 1 ADR: 4 Ordinary Shares  
ADR depository: Deutsche Bank

Share price information: [www.otcmarkets.com](http://www.otcmarkets.com) or [www.adr.db.com](http://www.adr.db.com)

Please contact the Deutsche Bank's dedicated ADR broker desks:

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