

31 October 2018


## AMP updates position on capital and costs following portfolio review

AMP Limited today provides the following update to its announcement of 3Q18 cashflows and the sale of its wealth protection and mature businesses on 25 October 2018.

The Board has given incoming Chief Executive Officer Francesco De Ferrari a mandate to transform AMP and establish a new strategic direction for the business. In setting this strategy, the Board and Mr De Ferrari are committed to:

- returning to shareholders the majority of the net cash proceeds received on settlement of the sale, subject to unforeseen circumstances;
- removing approximately A\$40 million (after tax) per annum of stranded costs by the end of the first full year post-separation (FY 2020); and
- offsetting the financial impact of unwinding distribution arrangements in the Australian wealth management business through revenue replacement and/or cost management. The distribution arrangements account for approximately A\$65 million of the previously announced A\$80-90 million per annum after tax.

AMP is also providing additional background information on the sale to assist investors. A brief information pack is attached and includes the following:

- portfolio review strategic rationale – delivering a simplified, less capital intensive business;
- underlying profits of sold businesses – price achieved represents P/E multiple of approximately 11 times earnings;
- alternatives considered in the portfolio review process;
- reconciliation of embedded value for sold businesses;
- underlying profits of continuing businesses; and
- implications of the sale on AMP's capital and debt position. 

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