

25 October 2018

AMP Limited provides Q3 18 cashflows update


- Challenges in Australian wealth management (AWM) partially offset by a continuing resilient performance from AMP Capital and AMP Bank in a difficult environment.
- AWM net cash outflow of A\$1.5 billion reflects continued weakness in inflows and elevated outflows.
- AWM assets under management increased A\$579 million during Q3 18 to A\$132.6 billion.
- AMP Capital external net cash inflows of A\$521 million driven by ongoing strength in real assets notably infrastructure investment in Europe and the US.
- AMP Bank's total loan book steady at around A\$20 billion at the end of Q3 18.
- Australian wealth protection recorded negative experience of A\$22 million during the quarter reflecting challenges facing the sector.
- AMP has today agreed to sell Australian and New Zealand wealth protection and mature to Resolution Life, which assumes risk and profits of the businesses from 1 July 2018 subject to risk-sharing arrangements.

AMP Acting Chief Executive Mike Wilkins said:

"It was a testing quarter, particularly in Australian wealth management and Australian wealth protection, although AMP Capital and AMP Bank again demonstrated ongoing resilience.

"AMP Capital's solid performance continues to reflect its strength in real assets, with a number of significant infrastructure debt and equity transactions driving net external cashflows. AMP Bank's performance remains steady, with its total loan book at A\$20.1 billion.

"We remain focused on our 2H priorities. We are pleased to have completed our portfolio review and have made progress on establishing our remediation program for financial advice."

AMP's full year 2018 results will be announced to the market on 14 February 2019, with the record date for the full year dividend on 28 February 2019. 

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Commentary

Australian wealth management

- Net cash outflows of A\$1.5 billion in Q3 18 increased from Q3 17 net cash outflows of A\$243 million due to weaker inflows while outflows remained at elevated levels in part following AMP's appearances at the Royal Commission.
- Total Australian wealth management AUM increased A\$579 million from Q2 18 to A\$132.6 billion, with positive investment markets offsetting weaker cashflow.
- AMP's award-winning wrap platform, North, reported a net cashflow of A\$881 million in Q3 18, down from A\$1.3 billion in Q3 17.

AMP Capital

- AMP Capital external net cash inflows were A\$521 million in Q3 18, down from net cashflows of A\$616 million in Q3 17.
- External net flows were driven by equity raisings for AMP Capital's flagship real estate funds and infrastructure debt and equity transactions in the US and Europe including an equity investment in Invenergy's natural gas-fired power generation facilities across the US, Canada and Mexico.
- AUM increased from A\$190.5 billion at Q2 18 to A\$192.4 billion in Q3 18, primarily due to infrastructure transactions and the impact from stronger investment markets.
- AMP Capital's share of China Life AMP Asset Management, the joint venture with China Life, reported A\$78 million in net outflows for the quarter reflecting the transitional phase for new regulatory reforms and challenging equity market conditions in China.

AMP Bank

- AMP's total loan book moderated in Q3 18 to A\$20.1 billion from A\$20.2 billion in Q2 18 reflecting the slowdown in credit growth, a period of conservative liquidity management and increased flows to the non-bank sector.
- Deposit book increased by A\$773 million in Q3 18 to A\$13.5 billion.

Australian wealth protection

- Claims experience was negative during the quarter (A\$22 million) in what remains a challenging environment for the wealth protection sector.
- New business continued to be subdued in Q3 18.
- Retail API increased predominantly due to age and CPI increases to premiums while Group API dropped due to the departure of a large group plan (previously flagged to the market) on 1 July 2018.
- AMP has today agreed to sell Australian and New Zealand wealth protection and mature to Resolution Life, which assumes risk and profits of the businesses from 1 July 2018 subject to risk-sharing arrangements.

New Zealand financial services

- New Zealand financial services' net cashflows increased 7 per cent to A\$81 million in Q3 18 from A\$76 million in Q3 17.
- KiwiSaver net cashflows in Q3 18 were A\$85 million, down from A\$107 million in Q3 17, due to increased competition and higher retirement withdrawals.

Australian mature

- Australian mature net cash outflows in Q3 18 were A\$431 million, compared to A\$356 million in Q3 17, with run off of the book progressing as projected.

Q3 18 cashflows

Australian wealth management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 18	Q3 17	Q3 18	Q3 17	Q3 18	Q3 17
North ¹	3,894	4,314	(3,013)	(3,032)	881	1,282
AMP Flexible Super ²	666	1,125	(1,180)	(1,416)	(514)	(291)
Summit, Generations and iAccess ³	162	314	(610)	(810)	(448)	(496)
Flexible Lifetime Super (superannuation and pension) ⁴	395	406	(976)	(830)	(581)	(424)
Other retail investment and platforms ⁵	44	94	(90)	(82)	(46)	12
Total retail on AMP platforms	5,161	6,253	(5,869)	(6,170)	(708)	83
SignatureSuper and AMP Flexible Super - Employer	668	770	(760)	(651)	(92)	119
Other corporate superannuation ⁶	421	349	(709)	(482)	(288)	(133)
Total corporate superannuation	1,089	1,119	(1,469)	(1,133)	(380)	(14)
Total retail and corporate superannuation on AMP platforms	6,250	7,372	(7,338)	(7,303)	(1,088)	69
External platforms ⁷	235	378	(632)	(690)	(397)	(312)
Total Australian wealth management	6,485	7,750	(7,970)	(7,993)	(1,485)	(243)

Cash inflow composition(A\$m)	Q3 18	Q3 17
Member contributions	818	884
Employer contributions	920	920
Total contributions	1,738	1,804
Transfers, rollovers in and other ⁸	4,747	5,946
Total	6,485	7,750

¹ North is an award-winning fully functioning wrap platform which includes guaranteed and non-guaranteed options.

² AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

³ Summit and Generations are owned and developed platforms. iAccess is ipac's badge on Summit.

⁴ Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes are included.

⁵ Other retail investment and platforms include Flexible Lifetime Investments and AMP Personalised Portfolio.

⁶ Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.

⁷ External platforms comprise Asgard, Macquarie, BT Wrap platforms and Challenger annuities.

⁸ Transfers, rollovers in and other includes the transfer of accumulated member balances into AMP from both internal (e.g. retail superannuation to allocated pension/annuities) and external products.

AUM (A\$m)	Q2 18	Q3 18 Net cashflows			Total net cashflows	Other movements ¹	Q3 18
	AUM	Superannuation	Pension	Investment			AUM
North	37,873	342	371	168	881	726	39,480
AMP Flexible Super	16,117	(205)	(309)	-	(514)	280	15,883
Summit, Generations and iAccess	10,742	(182)	(196)	(70)	(448)	163	10,457
Flexible Lifetime Super (superannuation and pension) ²	23,936	(465)	(116)	-	(581)	389	23,744
Other retail investment and platforms	2,485	-	-	(46)	(46)	27	2,466
Total retail on AMP platforms	91,153	(510)	(250)	52	(708)	1,585	92,030
SignatureSuper and AMP Flexible Super - Employer	18,938	(79)	(13)	-	(92)	228	19,074
Other corporate superannuation ³	12,990	(288)	-	-	(288)	168	12,870
Total corporate superannuation	31,928	(367)	(13)	-	(380)	396	31,944
Total retail and corporate superannuation on AMP platforms	123,081	(877)	(263)	52	(1,088)	1,981	123,974
External platforms	8,922	(80)	(107)	(210)	(397)	83	8,608
Total Australian wealth management	132,003	(957)	(370)	(158)	(1,485)	2,064	132,582
Australian wealth management - SuperConcepts⁴	24,182					1,287	25,469
Assets under administration							

¹ Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.

² Flexible Lifetime Super (superannuation and pension) includes A\$5.4b in MySuper (Q2 18 A\$5.4b).

³ Other corporate superannuation includes A\$6.0b in MySuper (Q2 18 A\$6.0b).

⁴ SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, yourSMSF, Justsuper and Ascend platforms, but does not include Multiport Annual, SuperConcepts Accountants Outsource, SMSF Managers and MORE Superannuation.

AUM (A\$m)	Q2 18	Q3 18
	AUM	AUM
AUM by product		
Superannuation	79,597	79,878
Pension	36,090	36,343
Investment	16,316	16,361
Total	132,003	132,582
AUM by asset class		
Cash and fixed interest	30%	29%
Australian equities	30%	30%
International equities	27%	28%
Property	6%	6%
Other	7%	7%
Total	100%	100%

AUM (A\$b)	Q2 18	Q3 18
	AUM	AUM
Closing AUM	132.0	132.6
Average AUM	130.4	133.0

AMP Capital

AUM (A\$m)	Q2 18	Q3 18 Net cashflows		Total	Other	Q3 18
	AUM ¹	Cash inflows	Cash outflows	net cashflows	movements ²	AUM ³
External	67,096	2,675	(2,154)	521	683	68,300
Internal	123,396	5,088	(6,907)	(1,819)	2,557	124,134
Total AMP Capital	190,492	7,763	(9,061)	(1,298)	3,240	192,434

AUM summary (A\$b)	Q2 18	Q3 18
	AUM	AUM
Closing AUM	190.5	192.4
Average AUM	190.7	192.1

¹ 30 June 2018 results have been restated to include \$1.2b of internally managed AUM.

² Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.

³ AUM is invested capital. Committed real asset capital is excluded from AUM.

AMP Bank

AMP Bank by product	Q2 18	Other	Q3 18
	end balance	movements ¹	end balance
Deposits and loans (A\$m)			
Deposits (super and platform) ²	5,101	328	5,429
Deposits (other) ³	7,606	445	8,051
Loans	20,248	(129)	20,119

¹ Represents movements in AMP Bank's deposits and loan books.

² At 30 Sep 2018, super and platform deposits include AMP Supercash and Super TDs (A\$1.7b), North and platform deposits (A\$3.7b).

³ Deposits (other) includes retail deposits, internal deposits, wholesale deposits and other deposits.

Australian wealth protection

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 18	Q3 17	Q3 18	Q3 17	Q3 18	Q3 17
Individual risk	366	373	(198)	(128)	168	245
Group risk	65	78	(92)	(100)	(27)	(22)
Total Australian wealth protection	431	451	(290)	(228)	141	223

Risk Insurance Annual Premium	Q2 18	Q3 18
In-force – API (A\$m)	API	API
Individual lump sum	1,090	1,129
Individual income protection	405	407
Group Risk	371	273
Total	1,866	1,809

New Zealand financial services

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 18	Q3 17	Q3 18	Q3 17	Q3 18	Q3 17
KiwiSaver	219	215	(134)	(108)	85	107
Other ¹	270	237	(274)	(268)	(4)	(31)
Total New Zealand	489	452	(408)	(376)	81	76

AUM (A\$m)	Q2 18	Q3 18 Net cashflows				Total net cashflows	Other movements ²	Q3 18
	AUM	Superannuation	Pension	Investment	Other			AUM
KiwiSaver	4,783	85	-	-	-	85	110	4,978
Other ¹	11,209	4	(1)	(7)	-	(4)	201	11,406
Total New Zealand	15,992	89	(1)	(7)	-	81	311	16,384

¹ Other New Zealand financial services cashflows and AUM includes New Zealand wealth protection, mature and non-KiwiSaver wealth management products.

² Other movements include fees, investment returns, distributions, taxes, as well as foreign currency movements on New Zealand AUM.

New Zealand wealth protection	Q2 18	Q3 18
Risk Insurance Annual Premium In-force – API (A\$m)	API	API
Individual lump sum	231	231
Individual income protection	41	41
Group Risk	42	43
Total	314	315

Australian mature

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 18	Q3 17	Q3 18	Q3 17	Q3 18	Q3 17
Australian mature	123	137	(554)	(493)	(431)	(356)

AUM (A\$m)	Q2 18	Q3 18 Net cashflows				Total net cashflows	Other movements ¹	Q3 18
	AUM	Superannuation	Pension	Investment	Other			AUM
Australian mature	20,229	(235)	(38)	(15)	(143)	(431)	326	20,124

¹ Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.