13 February 2020

# 2019 full year results and strategy update

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James Georgeson, Chief Financial Officer

FY19

# FY 19 – a year of fundamental reset

## Key challenges

Full year results impacted by substantial impairment (predominantly non-cash) taken in 1H 19 to address legacy issues and position AMP for the future

Increasing regulatory and compliance costs, significant legislative and regulatory change expected

Reputational impact in Australian wealth management continues; cashflows remain in net outflow

## Key achievements – towards a client-led, simpler, growth-oriented AMP

Renegotiated sale of AMP Life; on track to complete by 30 June 2020

Launch of three-year transformational strategy

Capital raising strongly supported by new and existing shareholders

Client remediation program accelerated to scale; total program spend to date of A$264m

Significant progress on reshaping AMP's advice network; ~440 advisers exited the network

Upgrading of risk management; A$100 million (pre-tax) investment to strengthen risk, controls and governance progressing well

Cost out program delivered A$19m in-year controllable cost savings; good progress to FY 20 target

Strong growth performance in AMP Capital; US$12 billion raised for infrastructure debt and equity strategies

# Supporting clients, the community and our colleagues

## Clients

Improved client outcomes; fee reductions to approximately 585,000 existing clients[2]

Around 110,000 clients helped with their banking needs

A$2.4b in Australian pension payments

## Community

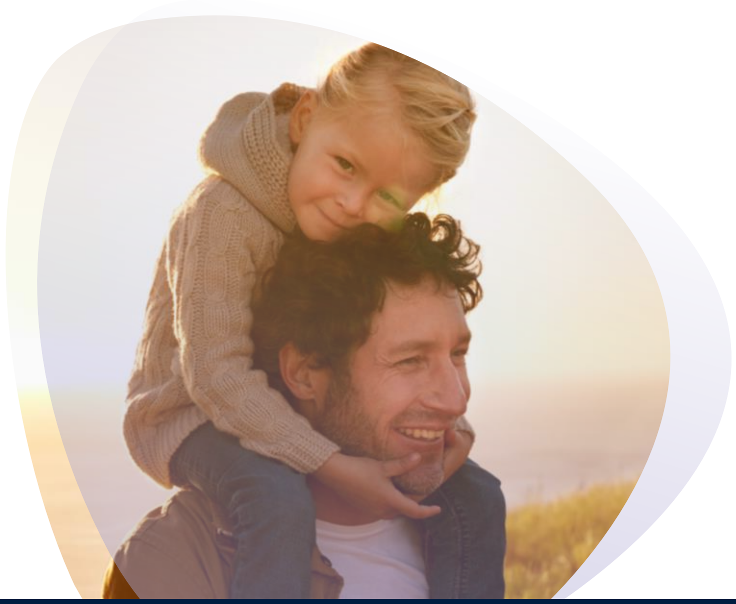
A$100 million donated by AMP Foundation since inception

In 2020, partnered with advisers to offer pro bono financial advice to Australians impacted by bushfires

## Colleagues

Around 50% of AMP employees took part in Employee Volunteering Program

Launched Employee Share Plan to create alignment with shareholder experience



**Notes:**
1. All data refers to FY 19 period unless otherwise stated
2. Fee reductions include MyNorth fee reductions in 2019 and Super fee reductions in February 2020

# Agenda

| | |
|---|---|
| Section one | FY 19 results |
| Section two | Progress on Reinventing AMP |
| Section three | Outlook |
| Section four | Appendix |

## Section one

# FY 19 Results

# FY 19 profit summary

| A$m | FY 19[1] | FY 18 | % |
|---|---|---|---|
| Australian wealth management | 182 | 363 | (49.9) |
| AMP Bank | 141 | 148 | (4.7) |
| AMP Capital[2] | 198 | 167 | 18.6 |
| New Zealand wealth management | 44 | 53 | (17.0) |
| **Retained businesses operating earnings** | **565** | **731** | **(22.7)** |
| **AMP Life operating earnings[3]** | **(21)** | **(3)** | **n/a** |
| Business unit operating earnings | **544** | **728** | **(25.3)** |
| Group Office costs | (128) | (76) | (68.4) |
| Total operating earnings | **416** | **652** | **(36.2)** |
| Underlying investment income[2] | 113 | 96 | 17.7 |
| Interest expense on corporate debt | (65) | (68) | 4.4 |
| Underlying profit | **464** | **680** | **(31.8)** |
| Items reported below underlying profit | (2,878) | (710) | n/a |
| Market adjustments[2] | (52) | 8 | n/a |
| Accounting mismatches | (1) | 50 | n/a |
| Profit/(loss) attributable to shareholders of AMP Limited | **(2,467)** | **28** | **n/a** |

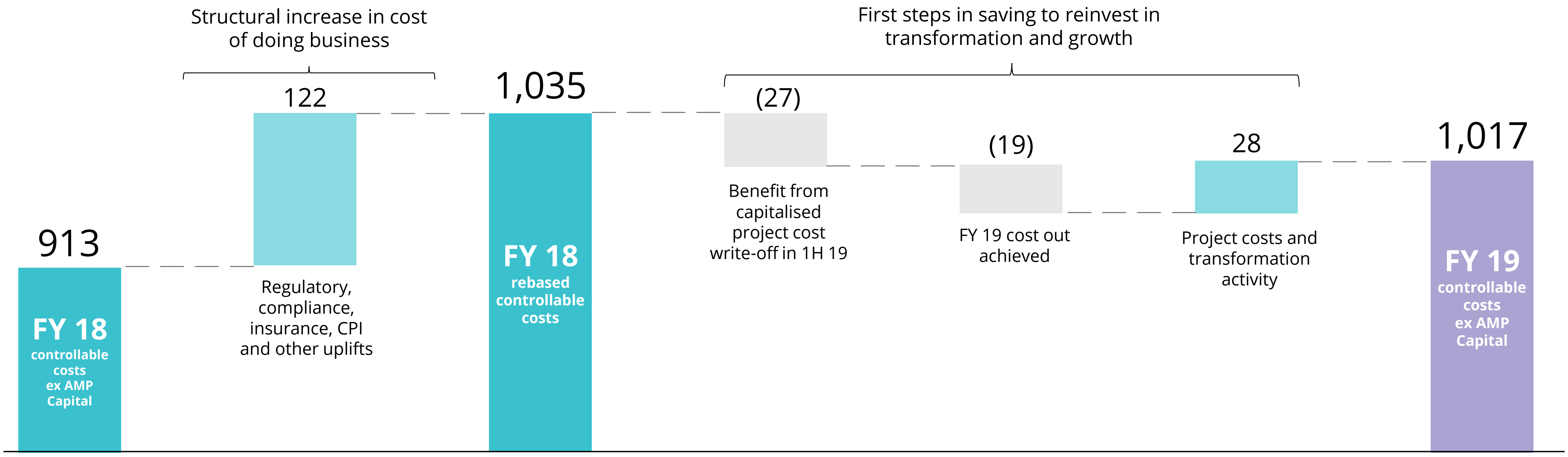
**Notes:**
1. FY 19 operating earnings of Australian and New Zealand wealth management businesses do not include internal distribution fees and product revenues that are for the benefit of Resolution Life from 1 July 2018
2. AMP Capital is 15% owned by MUFG: Trust Bank. AMP Capital results, and any other impacted line items, are shown net of minority interests
3. AMP Life refers to AMP's wealth protection and mature businesses in Australia and New Zealand which are subject to a sale agreement with Resolution Life

# FY 19 business unit highlights

| | |
|---|---|
| **AMP Capital**<br>Op. earnings: A$198m | **Real assets drive record profit**<br>– 19% increase in earnings driven by growth in AUM and strong real assets performance<br>– Average AUM increase driven by investment of real asset committed capital and positive external net cashflows<br>– Cost to income ratio within target of 60-65%<br>– Supporting continued investment in operating platform |
| **AMP Australia: AMP Bank**<br>Op. earnings: A$141m | **Mortgage and deposit growth underpins resilient performance**<br>– Residential loan book grew to A$20.2b; total deposits increased by A$1.1b to A$14.4b<br>– Net Interest Margin broadly stable in challenging and competitive market<br>– Controllable costs increased reflecting inclusion of major regulatory and compliance project costs |
| **AMP Australia: Australian wealth management**<br>Op. earnings: A$182m | **Prioritising client outcomes in challenging environment**<br>– Earnings lower due to removal of product revenues transferring with AMP Life, margin compression and inclusion of major regulatory and compliance project costs<br>– Margin compression of 11 bps from FY 18 due to product mix changes, fee reductions and AMP Life transaction<br>– Cashflows impacted by reputational damage; but North AUM up 26% to A$47.6b |
| **New Zealand wealth management**<br>Op. earnings: A$44m | **Strong underlying performance in competitive market**<br>– Operating earnings impacted by removal of product revenues transferring with AMP Life; underlying trends strong<br>– Leading provider of KiwiSaver; total AUM increased 11% to A$12.3b |
| **AMP Life**<br>Op. earnings: (A$21m) | **Impact of PYS legislation ongoing as structural challenges in industry continue**<br>– Lower operating earnings impacted by capitalised losses following best estimate assumption changes<br>– Resolution Life is entitled to all AMP Life earnings from 1 July 2018 until completion of transaction |

# Controllable costs

A$m




- Controllable costs (ex AMP Capital) up 11%, from A$913m to A$1,017m reflecting structural increase in cost of doing business
  - Regulatory and compliance costs for implementing major change now moved into business units (~A$50m)
  - Increase in professional indemnity insurance costs
  - CPI and wages growth of approximately 2.5% of rebased cost base
  - Other uplifts predominantly reflect higher ongoing regulatory and compliance costs

- First steps in transformation commenced in 2H 19
  - Benefit of 1H 19 capitalised cost write-offs partly absorbed by strategy implementation costs
  - A$19m of cost savings achieved in FY 19 towards A$300m FY 22 target

# Items reported below underlying profit

| A$m | FY 19 | FY 18 |
|---|---|---|
| Client remediation and related costs | (153) | (469) |
| Royal Commission | - | (32) |
| Portfolio Review | - | (29) |
| Separation costs | (183) | (19) |
| Risk management, governance and controls | (33) | (8) |
| Transformation | (28) | - |
| Other items | 22 | (74) |
| Impairments | (2,407) | - |
| Amortisation of acquired intangible assets[1] | (96) | (79) |
| Items reported below underlying profit | **(2,878)** | **(710)** |

**Notes:**
1. AMP Capital is 15% owned by MUFG: Trust Bank. AMP Capital results, and any other impacted line items, are shown net of minority interests

# Client remediation – program on track to complete in 2021

**Program expected to be 80% complete by end FY 20**

| A$m | Pre-tax |
|---|---|
| Closing provision balance at 1H 19 | 672 |
| Less payments made during 2H 19[1] | (190) |
| Additional provision primarily for inactive advisers | 150 |
| Additional lost earnings recognised during 2H 19 | 20 |
| **Closing provision balance at FY 19** | **652** |
| | |
| Expected total future remediation costs still to be paid[2] | 673 |

Client remediation comprises the following components:

- Inappropriate advice: program approx. 50% complete
- Fee for no service
  - Active advisers: program approx. 20% complete
  - Inactive advisers: pilot program for inactive advisers has commenced
  - Overall FFNS refund rate expected of 17% (29% including interest) of ongoing service fees charged
- Program costs: tracking to expectations

Progress

- 2H 19 additional provision of A$150m primarily relates to finalisation of inactive adviser approach
- Overall remediation costs remain broadly in line with original estimate (November 2018)
- Total program spend to date of A$264m; A$190m paid in 2H 19[1]
- Major policies now agreed with ASIC including active and inactive advisers
- No insurance recoveries recognised yet, actively pursuing recovery options

**Notes:**
1. Payments include client payments and program costs
2. Expected total remediation costs include estimates of future lost earnings which are not included in the provision under accounting standards, and other minor methodology differences

# Summary of FY 19 impairments

| A$m | FY 19 Post-tax | 2H 19 Post-tax |
|---|---|---|
| Goodwill | | |
| − Australian wealth management | 1,509 | - |
| − AMP Life | 459 | - |
| Prior capitalised project costs | 211 | - |
| Advice related assets | 228 | 55 |
| Total impairment recognised | 2,407 | 55 |
| Approximate capital impact | 190 | 51 |

- Predominantly non-cash impairments recognised mainly at 1H 19 to address legacy issues and position AMP for the future
- Goodwill impairment reflects overall reduction in value of Australian wealth management business from significant industry disruption including actions to reshape advice network; AMP Life goodwill impairment attributable to impact of Protecting Your Super legislation
- Prior capitalised project costs includes impact of AMP's new strategy, including partial write-downs of Goals360 and Salesforce, which are expected to deliver lower financial benefits given planned reshape of adviser network
- Impairment of advice related assets reflects a reduction in value of client registers (including those in buyback pipeline) (A$168m post-tax) and associated practice finance loan impairments (A$60m post-tax)
- Additional A$55m recognised in 2H 19, reflects reductions in value of additional client registers (A$46m post-tax) and associated practice finance loan impairments (A$9m post-tax) notified in 2H 19
- Diminished carrying value of advice related assets following actions to reshape the network and broader changes to advice business in Australia following the Royal Commission
- Impairment impacts group capital position by A$190m; does not impact the group's financial stability

# Capital adequacy, funding and liquidity

| A$m | FY 19 | FY 18 |
|---|---|---|
| Shareholder equity | 4,910 | 6,683 |
| Less: intangibles and other regulatory adjustments | (1,078) | (3,606) |
| Level 3 eligible capital | 3,832 | 3,077 |
| Minimum Regulatory Requirements (MRR) | 1,353 | 1,426 |
| Level 3 eligible capital above MRR | 2,479 | 1,651 |

| Debt metrics and liquidity | FY 19 | FY 18 |
|---|---|---|
| Corporate debt (A$m) | 2,139 | 1,849 |
| Undrawn loan facilities (A$m) | 750 | 1,000 |

- Level 3 eligible capital of A$3.8b, with level 3 eligible capital above Minimum Regulatory Requirements (MRR) of A$2.5b at 31 December 2019
- Level 3 eligible capital above MRR has increased by A$0.8b from proceeds from capital raising (A$0.8b), business unit earnings (A$0.5b), offset by capital usage from business growth and below the line costs (A$0.3b)
- Of the total Group Level 3 eligible capital position of A$2.5b, A$985m is attributable to Life participating business

- Corporate debt increased in FY 19 from the recent AT1 issuance in anticipation of redeeming an existing equivalent instrument in Q1 20
- To maintain balance sheet strength and prudent capital management through a period of significant change, the Board has resolved not to declare a final dividend in FY 19. This position will be reviewed after the completion of the AMP Life sale

# Proforma capital position – AMP Life agreement

| A$m | 31 Dec 2019 reported | AMP Life Sale capital impacts | 31 Dec 2019 Proforma (adjusted for AMP Life sale) |
|---|---|---|---|
| Level 3 eligible capital | 3,832 | (550) | 3,282 |
| Less: Minimum regulatory capital requirements (MRR) | 1,353 | (600) | 753 |
| Level 3 eligible capital above MRR | 2,479 | 50 | 2,529 |
| | | | |
| Capital in excess of target surplus | 529 | 1,100 | 1,629 |

- In line with the board approved capital management framework, FY 19 capital in excess of target surplus is A$529m
- On settlement, the AMP Life sale is expected to increase the capital held in excess of target surplus by A$1.1b
- The 31 December 2019 proforma capital in excess of target surplus of A$1.6b proforma does not take into account 1H 20 profitability and capital usage of the business, including transformation costs and investments in AMP Bank and AMP Capital
- Net cash proceeds of A$2.5b will be used to repay debt (A$800m), fund separation costs (A$400m) and fund capital dis-synergies (A$200m)
- AMP anticipates that any capital in excess of target surplus post completion will first be used to fund delivery of the new AMP strategy. Beyond this, AMP will assess all capital management options with the intent of returning the excess above target surplus to shareholders, subject to unforeseen circumstances

## Section two

# Progress on Reinventing AMP

# Focused, higher growth and higher return AMP

| | AMP Life[1] | AWM | AMP Bank | AMP Capital | NZ WM |
|---|---|---|---|---|---|
| | | Future portfolio | | | |
| **Context** | – Structural challenges of operating in life insurance industry<br>– High capital intensity<br>– Significant earnings volatility<br>– In-force market consolidation opportunity | – Traditional advice licensee model requires reinvention<br>– Big 4 banks exiting wealth<br>– Technology enabling lower-cost advice<br>– Continued pressure on product margins | – Unique opportunity for bank and wealth integration<br>– Growth track record above system<br>– Access to diversified retail deposits<br>– Focused and efficient | – Shift to passive and specialist active<br>– Global search for yield and high-demand for differentiated products (e.g. real assets)<br>– Internationally recognised real asset capability | – Competitive advantage for local players<br>– Market consolidation opportunity<br>– Uniquely positioned employed advice business<br>– High return business |
| **Operating earnings (A$m)[2]** | 1H18: 148<br>2H18: (54)<br>1H19: 31<br>2H19: (52) | 1H18: 161<br>2H18: 117<br>1H19: 103<br>2H19: 79 | 1H18: 78<br>2H18: 70<br>1H19: 71<br>2H19: 70 | 1H18: 94<br>2H18: 73<br>1H19: 120<br>2H19: 78 | 1H18: 22<br>2H18: 19<br>1H19: 22<br>2H19: 22 |
| **FY19 ROBUE** | 1% | 20% | 14%[3] | 43% | 41% |
| **Strategic implications[4]** | Divest ownership to release capital | Reinvent wealth management in Australia to capitalise on industry disruption | | Continue to grow successful asset management franchise | Localise and explore options to divest |

**Notes:**
1. Includes Australian Wealth Protection, Australian Mature, New Zealand Wealth Protection and Mature. 2. All historical earnings have been restated to reflect the perimeter of the divestment of AMP Life and Mature; AMP Capital operating earnings are shown net of minority interests; 3. Return on Capital 4. AMP is committed to the growth of its business. As part of AMP's growth strategy, it will continue to consider sources and allocation of capital and therefore will continue to evaluate opportunities to leverage its capabilities, capitalise on synergies, streamline its business and respond to market dynamics and changes in competitor landscape and regulation. This may include looking for, and pursuing opportunities for, future acquisitions or disposals, joint ventures or other partnership or risk sharing arrangements, modifying its cost base or undertaking capital management initiatives. The AMP Board and management will continue to evaluate future potential opportunities for the business.

# Reinventing AMP – strategic priorities

| | | |
|---|---|---|
| **Simplify portfolio** | **1** | Divest AMP Life |
| | **2** | Divest New Zealand |
| **Reinvent wealth management in Australia** | **3** | Reinvent advice |
| | **4** | Build best-in-class super business |
| | **5** | Grow successful platform business |
| | **6** | Maintain growth momentum in bank |
| **Continue to grow successful asset management franchise** | **7** | Grow AMP Capital through differentiated capabilities |
| **Create a simpler, leaner business** | **8** | Create simpler, leaner operating model |
| | **9** | Strengthen risk management |
| | **10** | Transform culture |

# Simplify portfolio

# Divestment of AMP Life and New Zealand

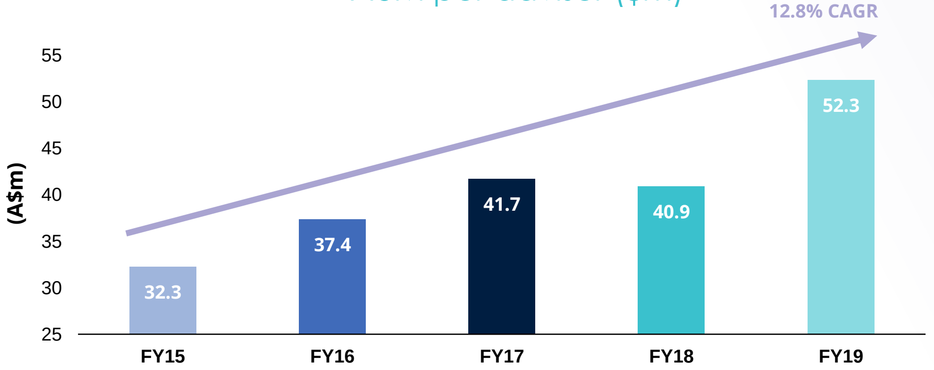
| Strategic objectives | Progress in 2H 19 | 2020 focus |
| --- | --- | --- |
| **Sale of AMP Life** | – On track for completion<br>  – AMP Life operating as standalone business<br>  – Positive momentum in securing regulatory approvals:<br>    – Approval from China Banking and Insurance Regulatory Commission (CBIRC) received<br>    – Continue to work with other regulators on achieving conditions precedent<br>– Separation costs increased to A$400m, reflecting the extended timeframe, additional simplification work and additional costs related to regulatory approvals | – Complete by 30 June 2020, simplifying portfolio<br>– AMP anticipates that any capital in excess of target surplus post completion will first be used to fund delivery of the new AMP strategy<br>– Beyond this, AMP will assess all capital management options with the intent of returning the excess above target surplus to shareholders, subject to unforeseen circumstances |
| **Divest New Zealand wealth management** | – New Zealand wealth management largely localised, operating standalone business<br>– Divestment process underway; mandate to maximise shareholder value and in discussions with a number of interested parties | – Expect to provide a further update at or before 1H 20 results |

# Reinvent wealth management in Australia

# Reinvent advice

| Strategic objectives | Progress in 2H 19 | 2020 focus |
|---|---|---|
| **Reshape aligned network** | – Reset commercial terms to more appropriate market based multiples<br>– Mitigation of BOLR risk, with capital outlay tracking to plan<br>– Proactively managed adviser transition in clients' best interests; ~440 advisers exited network<br>– Improved adviser productivity with average AUM per adviser increasing to A$52m<br>– Client remediation program on track to complete in 2021 | – Continue to reshape network, retaining professional, productive and compliant advisers<br>– Co-design new licensee offer to re-balance risk and return<br>– Roll-out of clientHUB across network<br>– Continue focus on adviser productivity as network reshapes |
| **Build direct to client channels** | – Employed channel: consolidation of operations to major metros, providing solid foundation for profitable growth<br>– Strong growth in MoneyBrilliant; over 260,000 registered clients | – Scalable employed channel with increased adviser productivity<br>– Leverage existing technology to create compelling digital propositions for clients and advisers |

AUM per adviser ($m)



# Build best-in-class retail super business

| Strategic objectives | Progress in 2H 19 | 2020 focus |
|---|---|---|
| **Simplify products and systems** | – Simplification program underway in parallel with completion of AMP Life transaction<br>– Includes client communications, op model design and product mapping | – Complete phase one of product and platform simplification |
| **Improve client outcomes** | – New trustee operating model implemented, delivering significant uplift to controls and governance<br>– MyNorth fee reductions benefiting more than 85,000 clients (effective May 2019) and all new clients<br>– Super fee reductions benefiting 500,000 clients (effective February 2020) and all new clients | – Majority of grandfathered commissions to be removed by end of 1H 20 as part of the separation of AMP Life<br>– Target growth through focus on retirement and client engagement including via digital channels |

| | Simpler governance and better client outcomes[1,2] | | Fewer products and platforms[1,2] | | |
|---|---|---|---|---|---|
| | Trustees | Super funds | Product admin systems | Products | Investment options[3] |
| Today | 2 | 6 | 9 | ~70 | ~170 |
| Separation – Mid 2020 | 1 | 1 | 2 | 11 | ~140 |
| 2021 | 1 | 1 | 2 | 6 | ~50 |

**Notes:**
1. Metrics are for AMP's Mastertrust, Mature and WP in Super businesses
2. All changes are subject to trustee approval
3. Mastertrust investment menus evolve over time – number of options will fluctuate, but it is our intention to reduce significantly from current position

# Grow successful platform business

**Strategic objectives**

**Accelerate growth of North platform**

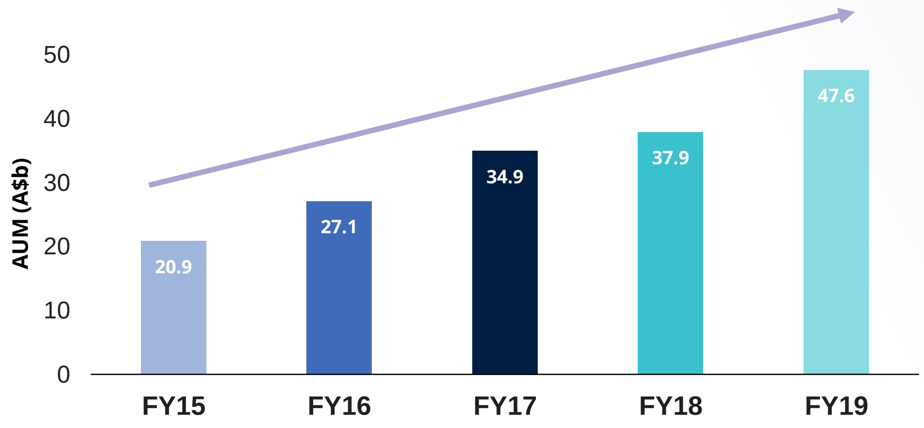
**Progress in 2H 19**

- Maintained North growth momentum; North AUM up 26% to A$47.6b
- EFA (external financial advisers) inflows into North increased 44% to A$1.2b in FY 19
- Strengthened managed portfolio (SMA) and investment offers; ongoing platform enhancements
- Strong performance; MyNorth achieved third highest platform inflows for September quarter vs. peers[1]; ranked top 3 for value[2]

**2020 focus**

- Maintain strong growth trajectory with:
  - Continued investment in platform features and capability
  - Enhanced EFA service proposition

Continued growth in AMP's flagship North platform

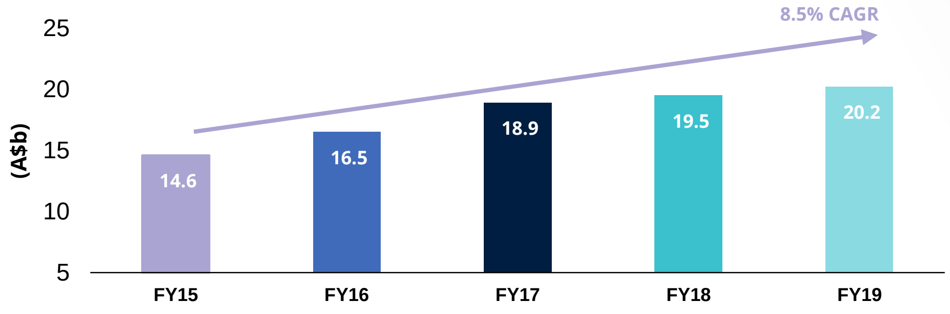



**Notes:**
1. Strategic Insights quarterly platform market update (September 2019)
2. Chant West Super Platform Fee Comparison (February 2019)

# Maintain growth momentum in bank

| Strategic objectives | Progress in 2H 19 | 2020 focus |
|---|---|---|
| **Scale through re-platforming, digitisation and automation** | – Bank platform modernisation on track<br>– Deposit portfolio automation and automatic credit decisioning underway | – Bank platform modernisation to complete by FY 20, improving efficiency, client experience and expanding operational capacity |
| **Meet clients' whole-of-wealth needs** | – Strong growth in deposits and residential mortgages | – Deliver whole-of-wealth banking and superannuation offering for corporate super channels<br>– Maintain growth momentum through integration with wealth management |

Residential mortgage portfolio



# Continue to grow successful asset management franchise

# Growing AMP Capital through differentiated capabilities

| Strategic objectives | Progress in 2H 19 | 2020 focus |
|---|---|---|
| **Accelerate growth in real assets** | – Significant growth in infrastructure and real estate<br>– A$3.9b of real assets capital deployed<br>– US$6.2b committed for fourth infrastructure debt strategy<br>– Global Infrastructure Fund II closed at US$3.4b, drawing additional co-investment commitments<br>– Strong progress on A$5b Australian real estate development pipeline | – Continue momentum in market leading real assets capabilities<br>– Deploy capital; A$7.5b commitments available for investment<br>– Prepare for launch of next fundraisings |
| **Public markets: simplify and continue momentum in differentiated capabilities** | – Differentiated capabilities including flagship equities capabilities performing strongly | – Grow solutions and high alpha offerings<br>– Simplify product set and improve operating model to drive efficiency and effectiveness in co-ordination with AMP Australia |
| **Pursue international growth opportunities** | – 358 direct international institutional clients in FY 19, up 19% on FY 18<br>– China Life AMP Asset Management[1] (CLAMP) AUM grew 17% in FY 19<br>– China Life Pension Company[2] (CLPC) AUM grew 49% in FY19; strong growth in occupational pensions | – Expand and deepen international client base<br>– Continue to build strong relationships with international partners |

**Notes:**
1. AMP Capital holds a 15% stake in the joint venture. AMP Capital's 15% share of AUM is A$7.3b
2. AMP holds a 19.99% stake in the joint venture

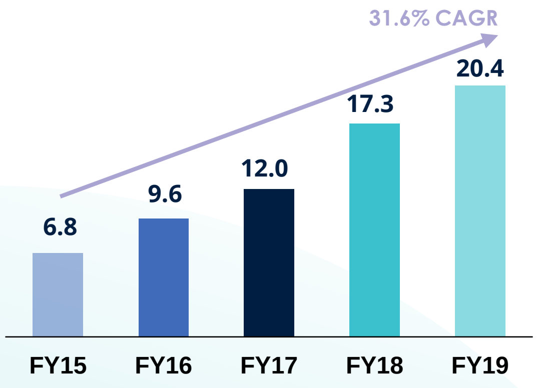
# Growing through differentiated capabilities in real assets

### Diverse and expanding investor base

56 new direct international institutional investors introduced in FY19 - largely driven by Infrastructure Debt Fund IV and Global Infrastructure Fund II success in 2019

Continued growth of global distribution network with significant commitments from international jurisdictions including Korea

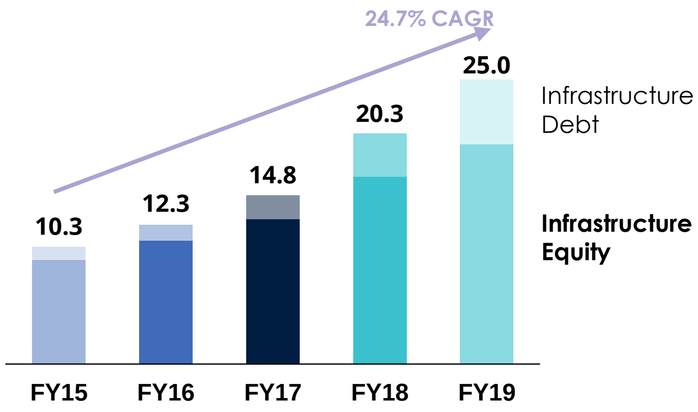
Direct Institutional International AUM (A$b)




### Infrastructure

Significant growth in infrastructure strategies; exceptional global investor support in fundraisings

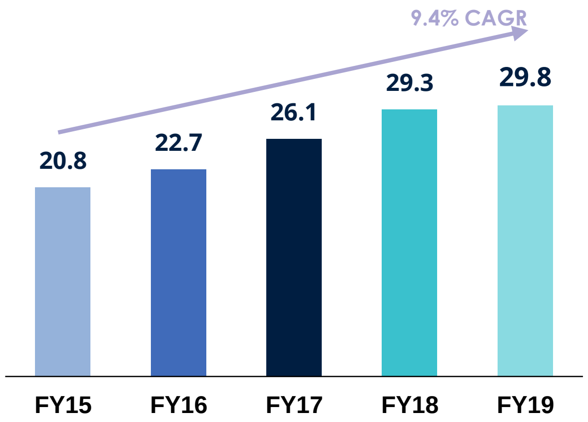
Infrastructure (AUM A$b)[1]




### Real estate

Well placed to maintain prominent position in Australian core real estate through successful delivery of A$5b development pipeline

Real Estate (AUM A$b)[1]




**Notes:**
1. Excludes committed capital not yet invested

# Growing through differentiated capabilities in public markets

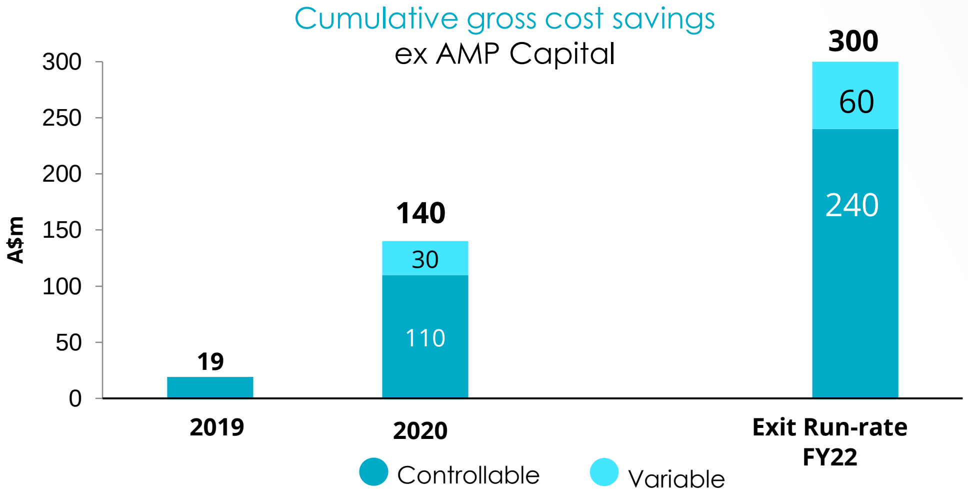
| | |
|---|---|
| **Global Listed Infrastructure**<br>Total AUM A$2.6b | – AMP Capital Global Infrastructure Securities Fund (hedged) ranked #1 by Mercer and Morningstar for 1 year performance; delivered 37.8% in 2019 against benchmark return 27.2%[1] |
| **Global Listed Real Estate**<br>Total AUM A$6.1b | – AMP Capital Global Property Securities Fund rated top 2 by both Mercer and Morningstar for 1 year performance, delivering 27.2% returns against benchmark return 21.2%[1]<br>– Australian Listed Property Trust rated top 3 by both Mercer and Morningstar for 1 year performance, delivering 23.7% returns against benchmark of 19.6%[1] |
| **Equities**<br>Total Aust equity AUM: A$10.5b<br>Total global equities AUM: A$220m | – Global Companies Fund delivered top percentile performance vs peers returning 27.8% p.a. since inception against benchmark return 14.3% p.a.[1]<br>– Emerging Companies Fund ranked Q1 by Mercer for 1 year performance[1]; returned 36.1% against benchmark return 21.4% in 2019<br>– Sustainable Fund ranked #2 by Mercer for 1 year performance[1]; returned 28.9% against benchmark return 23.4% in 2019 |
| **Fixed Income**<br>Total AUM: A$49.8b | – AMP Capital Corporate Bond Fund ranked third in Money Magazine best income awards 2020 category; the fund has returned 6.1% pa over 10 years outperforming benchmark by 1.3% p.a.[1]<br>– Core Fixed in Income Fund ranked Q1 in Morningstar and Mercer industry surveys for 1 year performance<br>– Global Infrastructure Bond Fund won Morningstar Japan Best Fixed Income Fund Award 2019 |

**Notes:**
1. Source: AMP Capital. Past performance is not a reliable indicator of future performance. Unless otherwise indicated, performance and AUM are as at 31 December 2019. For full details of performance across all time periods, and for each Fund's benchmark, please refer to the AMP Capital website. Performance is shown gross of investment management fees, before tax and assume all distributions are reinvested; with the exception of the Global Companies Fund which is after (net) the deduction of fees. Global Companies Fund inception date is 30 March 2017. Peer relative performance uses Mercer sub-universe data (Australian Equities), Evestment's Large Cap Growth Equity Universe in AUD (Global Equities), Mercer Investment Performance Survey of Global Listed Infrastructure (Australian Investors) and the Morningstar Australian Institutional Sector Survey (Global Listed Infrastructure), Mercer and Morningstar's global listed real estate Universe (Australia) in AUD and Mercer and Morningstar's Australian listed real estate universe in AUD (Global Listed Real Estate), and Mercer and Morningstar's [core fixed income] survey. General information only. Before making any investment decision you should seek professional advice having regard to your own circumstances. AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455 is the responsible entity of the Funds mentioned. You should consider the PDS available from AMP Capital before investing in any Fund.

# Create a simpler, leaner business

# Create a simpler, leaner operating model

| Strategic objectives | Progress in 2H 19 | 2020 focus |
|---|---|---|
| **Establish end to end businesses with discrete P&Ls** | – AMP Life and New Zealand wealth management established as end-to-end businesses<br>– Establishment of AMP Australia business unit integrating Australian wealth management and AMP Bank | – Simplify operating model to better align operations with legal entities<br>– Clarify accountabilities and improve governance and risk management in anticipation of FAR |
| **Reshape cost base, delivering A$300m gross savings by FY 22** | – Cost program delivered A$19m in-year gross controllable cost savings (ex AMP Capital)<br>– Target revised to A$300m (ex AMP Capital)<br>  – split of 80% controllable and 20% variable costs<br>  – approximately one third to be reinvested by FY 22 | – Targeting A$140m cumulative gross cost savings in FY 20<br>  – A$120m incremental (split: A$90m controllable, A$30m variable)<br>– Action taken in FY 19 delivers 50% of full year cost target |



# Strengthen risk management and transform culture

| Strategic objectives | Progress in 2H 19 | 2020 focus |
|---|---|---|
| **Strengthen risk management, controls and governance** | – Risk management embedded in performance management framework<br>– Introduction of Governance, Risk and Compliance system across business to better capture and manage incidents, issues and breaches<br>– Strengthened risk culture including increased risk training across businesses<br>– Strengthened whistleblower program through key appointments, upgraded policies and streamlined processes<br>– Improved processes to support regulatory engagement | – On track to complete A$100m (pre-tax) investment to further strengthen risk management, internal controls and governance by end of FY 20 |
| **Transform culture** | – Renewed Board and management<br>– Redefined purpose and behaviours to embed focus on client:<br>  – Client-led<br>  – Entrepreneurial mindset<br>  – Accountable<br>– Changes to performance management to reward top talent | – Continue to drive cultural change focusing on accountability and execution |

# Reinventing AMP: 2020 objectives

## Towards a client-led, simpler, growth-oriented business

| | | |
|---|---|---|
| **Simplify portfolio** | **1** | Complete sale of AMP Life by 30 June 2020 |
| | **2** | Update on New Zealand wealth management divestment process at or before 1H 20 results |
| **Reinvent advice** | **3** | Continued focus on reshaping advice to be more professional, compliant and productive |
| **Best in class super retail business** | **4** | Deliver phase one of product and platform simplification |
| **Grow successful platform business** | **5** | Maintain strong growth trajectory; continued investment in platform and enhanced EFA service proposition |
| **Maintain growth momentum in Bank** | **6** | Complete platform modernisation, enabling scaled growth beyond FY 20 |
| **Continue to grow successful asset management franchise** | **7** | Deploy committed capital, continue to expand global footprint to prepare for next round of fundraisings |
| **Create simpler, leaner operating model** | **8** | Deliver A$140m cumulative gross savings (ex AMP Capital); establish end to end businesses across AMP group |
| **Strengthen risk management** | **9** | Complete the investment of A$100m (pre-tax) in risk, governance and controls by end of FY 20 |
| **Transform culture** | **10** | Drive cultural change focusing on accountability and execution |

**Section three**

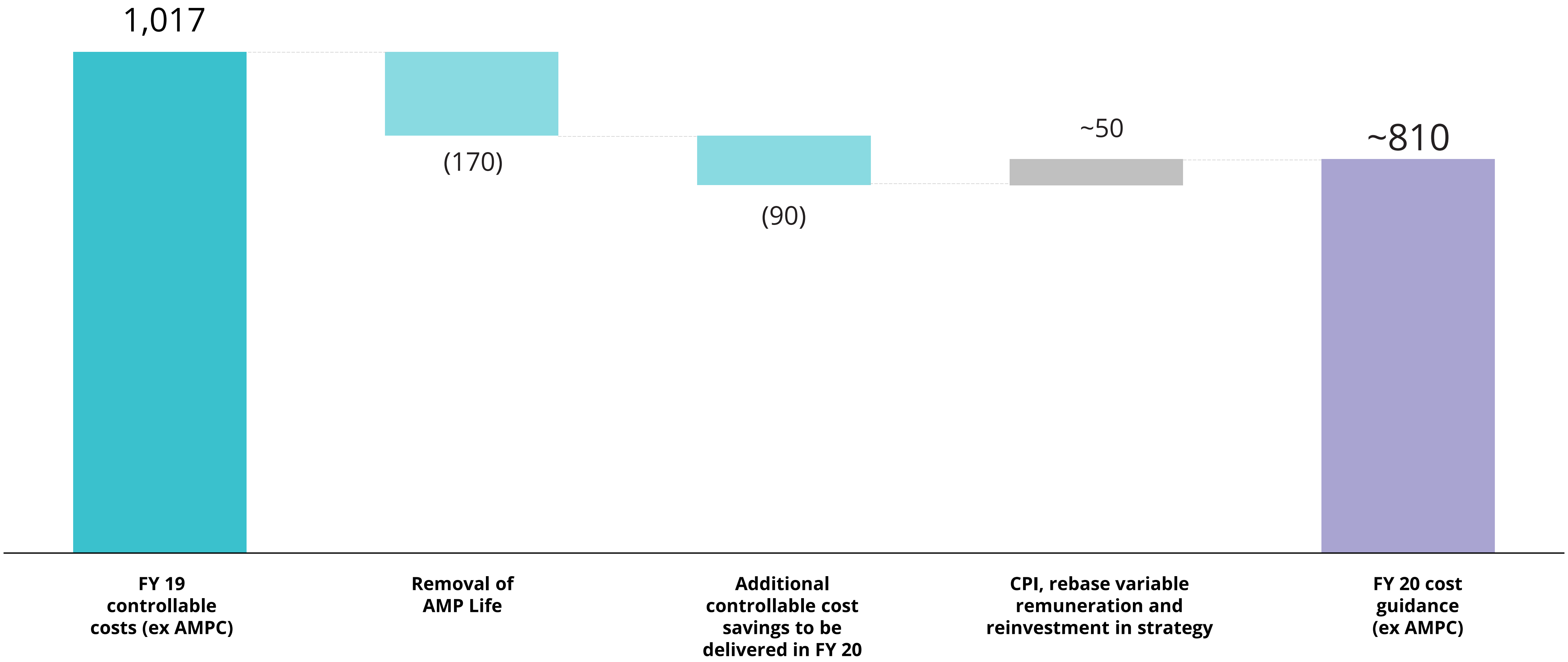
# Outlook

# Investing to build the new AMP

| | Business units | | | Investment spend | | |
|---|---|---|---|---|---|---|
| | **AWM** | **AMP Bank** | **AMP Capital** | **FY20** | **2H 19-FY 22** | **Notes** |
| **Investing in growth** | – Digitally enabled propositions<br>– Advice network reshape (retention and support)<br>– Increase network professionalism<br>– Employed advice and direct channels | – Bank core system and operations capacity<br>– Digitally enabled propositions | – Operating platform investment | A$150-200m | A$350-450m | – Included in controllable costs; reflects normal run the business spend |
| **Realising cost improvement** | – Operations and technology efficiency and effectiveness<br>– Advice cost and productivity<br>– Reweight to a more variable cost base | – Process automation and digitisation | – Process simplification and improvement of controls | A$100-150m | A$350-450m | – Included in transformation spend reported outside underlying earnings |
| | Leaner and clearer structure with greater end-to-end accountability in the business<br>Focus on scale and automation | | | | | |
| **De-risking the business** | – Mastertrust simplification | | – Public Markets simplification | A$50-100m | A$300-400m | – Included in controllable costs; reflects normal run the business spend |
| | – Advice network reshape (register acquisitions) | | | A$150-200m | | – Capital utilisation |
| **Total investment spend** | | | | **A$450-650m** | **A$1.0-1.3b** | Approximately 50% incremental to normal run the business spend |

# FY 20 controllable cost outlook

A$m



# FY 20 outlook

## Business units

Adjusting for the sale of AMP Life, FY 20 underlying profit expected to be broadly flat on FY 19

### Australian Wealth Management

- Margin compression: expect average IRR to AUM of ~70 bps in FY 20, driven by Mastertrust simplification and repricing; partly offset by investment management expense reductions
- Net cash outflows in FY 19 expected to persist in 2020 as competitive and reputational issues continue
- Operating earnings expected to be approximately 20% lower in FY 20, under normal market conditions

### AMP Bank

- NIM under pressure from competition and funding costs; targeting at or above system lending growth; continued investment in automation and digitisation to maintain cost efficiency

### AMP Capital

- FY 19 includes a number of one-off performance and transaction fees which are not expected to repeat in FY 20

### New Zealand wealth management

- Flat earnings from margin compression from product closures in 2019

## Controllable costs

FY 20 controllable costs (ex AMP Capital) expected to be approximately A$810m reflecting: removal of AMP Life (A$170m), cost reductions (~A$90m), partly offset by: inflation, CPI and rebase of variable remuneration, and reinvestment in strategy (A$50m)

AMP Capital FY 20 controllable costs expected to reflect 60-65% cost to income ratio

## Other

Risk, Governance and Control costs of ~A$30m (post-tax) in FY 20

FY 20 separation costs expected of ~A$150m (post-tax)

Transformation spend of ~A$90m (post-tax) in FY 20 to fund cost improvements

Amortisation of acquired intangibles of approximately ~A$85m in FY 20

Client remediation program expected to be 80% complete by end of FY 20

# Creating a higher growth and higher return AMP

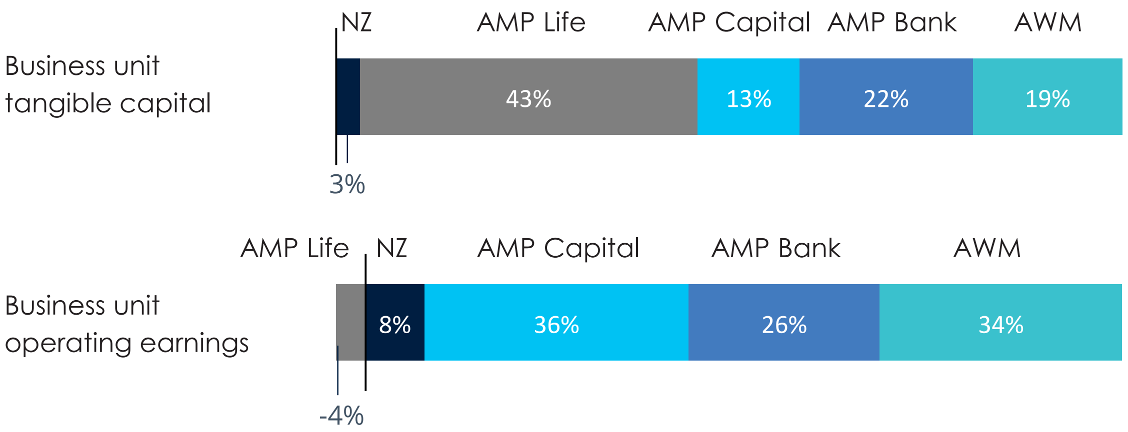
Simplify portfolio

Reinvent wealth management in Australia and maintain growth momentum in AMP Bank

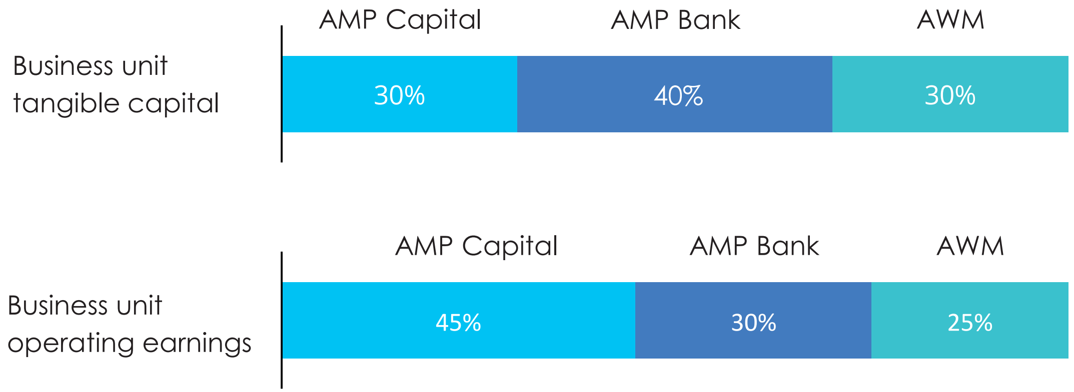
Continue to grow successful asset management franchise

Create a simpler, leaner business

**FY 19**




**3-5 year outlook**




**Dividend policy: 40-60% pay-out on net profit after tax adjusted for non-cash items**

**Notes:**
1. Includes Wealth protection and Mature in Australia and New Zealand

## Section four

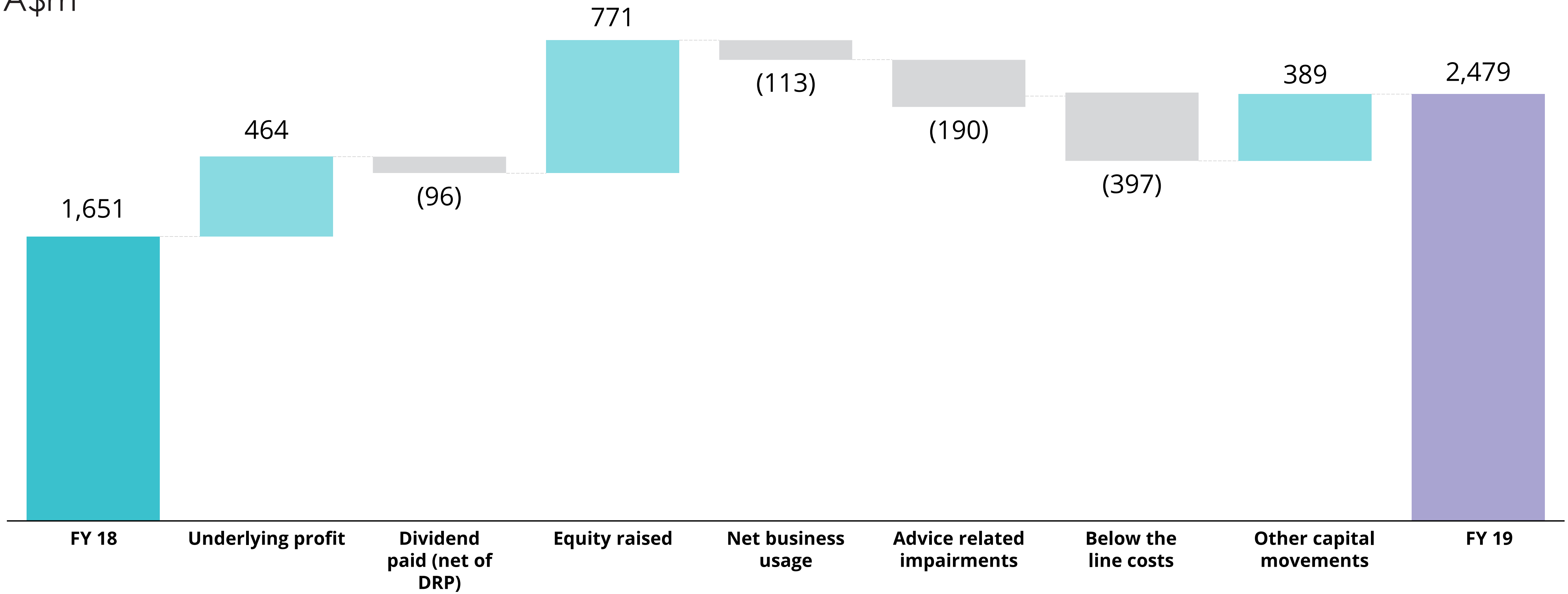
# Appendix

**Capital position**

**Business unit overview; results, key metrics and growth**

# Capital position

A$m




- As at 31 December 2019, Level 3 eligible capital above MRR of A$2.5b
- In FY 19, net business usage relates to capital deployed in the purchase of advice registers, capital required to support mortgage growth in AMP Bank and capital required to support AUM growth
- Advice impairments reflect capital impact associated with advice related asset impairments in 2019
- Below the line costs include separation costs, client remediation and related costs, risk management, governance and controls and other items
- Other capital movements relate to the impact of best estimate assumption changes in AMP Life, as well as other impacts to AMP Life that relate to the application of APRA's capital standards for life insurers, and the movements in deferred tax balances

# AMP Australia: Australian wealth management

**Prioritising client outcomes in challenging environment**

| Key performance measures | FY 19 | FY 18 | % FY |
|---|---|---|---|
| Investment-related revenue (A$m)[1] | 1,070 | 1,213 | (11.8) |
| Other revenue (A$m) | 25 | 96 | (74.0) |
| Controllable costs (A$m) | (517) | (462) | (11.9) |
| Operating earnings (A$m) | 182 | 363 | (49.9) |
| Operating earnings (restated) (A$m)[2] | 182 | 278 | (34.5) |
| Average AUM (A$b)[3] | 131 | 130 | 0.8 |
| Total net cashflows (A$b) | (6.3) | (4.0) | (59.8) |
| Investment-related revenue to AUM (bps)[1,3,4] | 82 | 93 | n/a |
| Cost to income ratio | 65.3% | 46.4% | n/a |

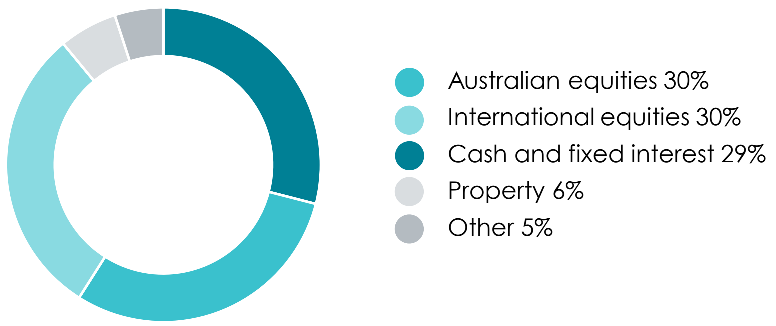
**Notes:**
1. Investment related revenue refers to revenue on superannuation, retirement income and investment products
2. Operating earnings (restated) excludes internal distribution fees and product revenues that are for the benefit of AMP Life
3. Based on average of monthly average AUM
4. Excludes SuperConcepts AUA

# AMP Australia: Australian wealth management

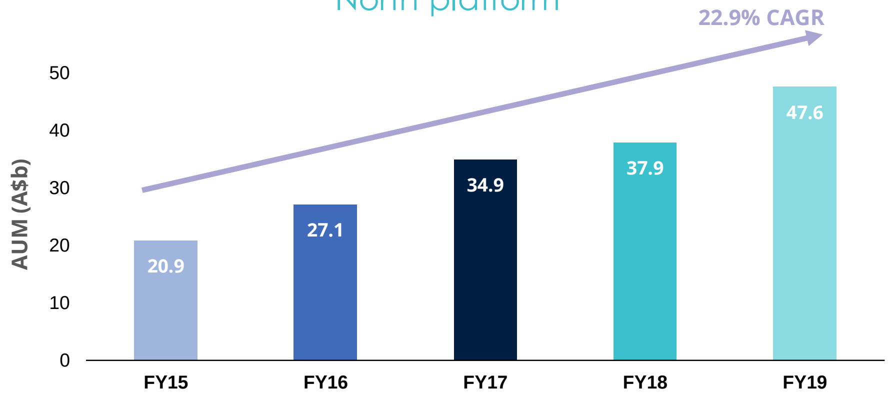
**Continued growth in flagship North platform, AUM and key products resilient**

More conservative allocation bias to match clients' risk profile and retirement needs

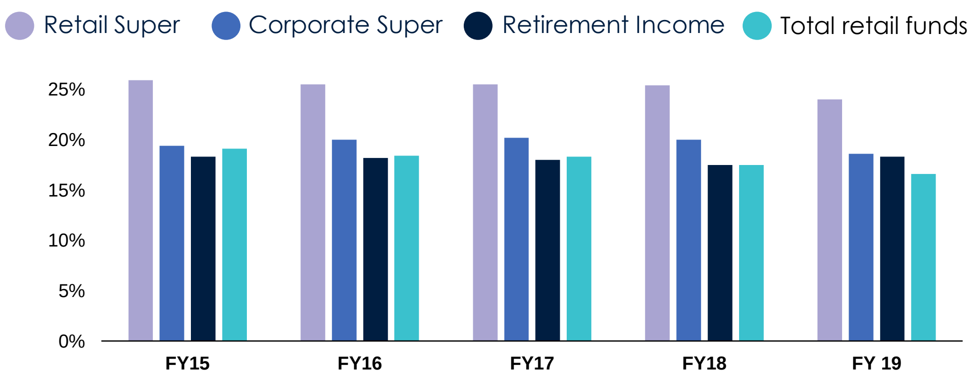
AWM AUM (A$134.5b) by asset class




Continued growth in AMP's flagship North platform

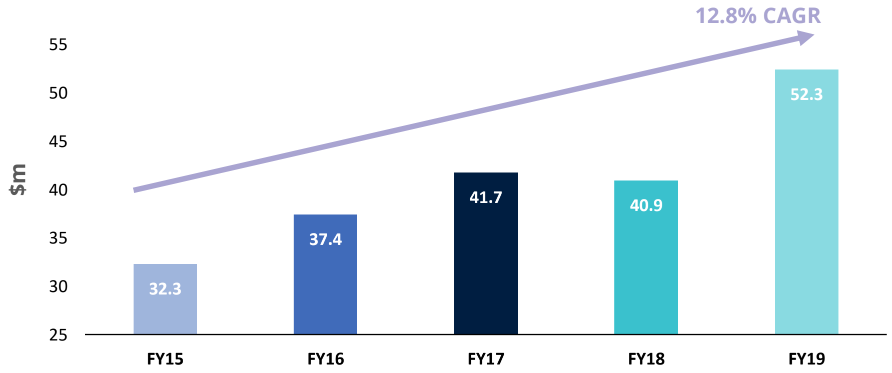



AMP retail market share remains resilient across key products




Increasing productivity per adviser as network reshapes

AUM per adviser ($m)




**Notes:**
Trailing market shares as reported in AMP full year and half year investor reports

# AMP Australia: clientHUB

## A holistic, comprehensive, practice management solution

Launched in Q4 19, clientHUB provides an end-to-end advice experience for practices, advisers and clients on one platform, with roll-out to AMP's network in 2020

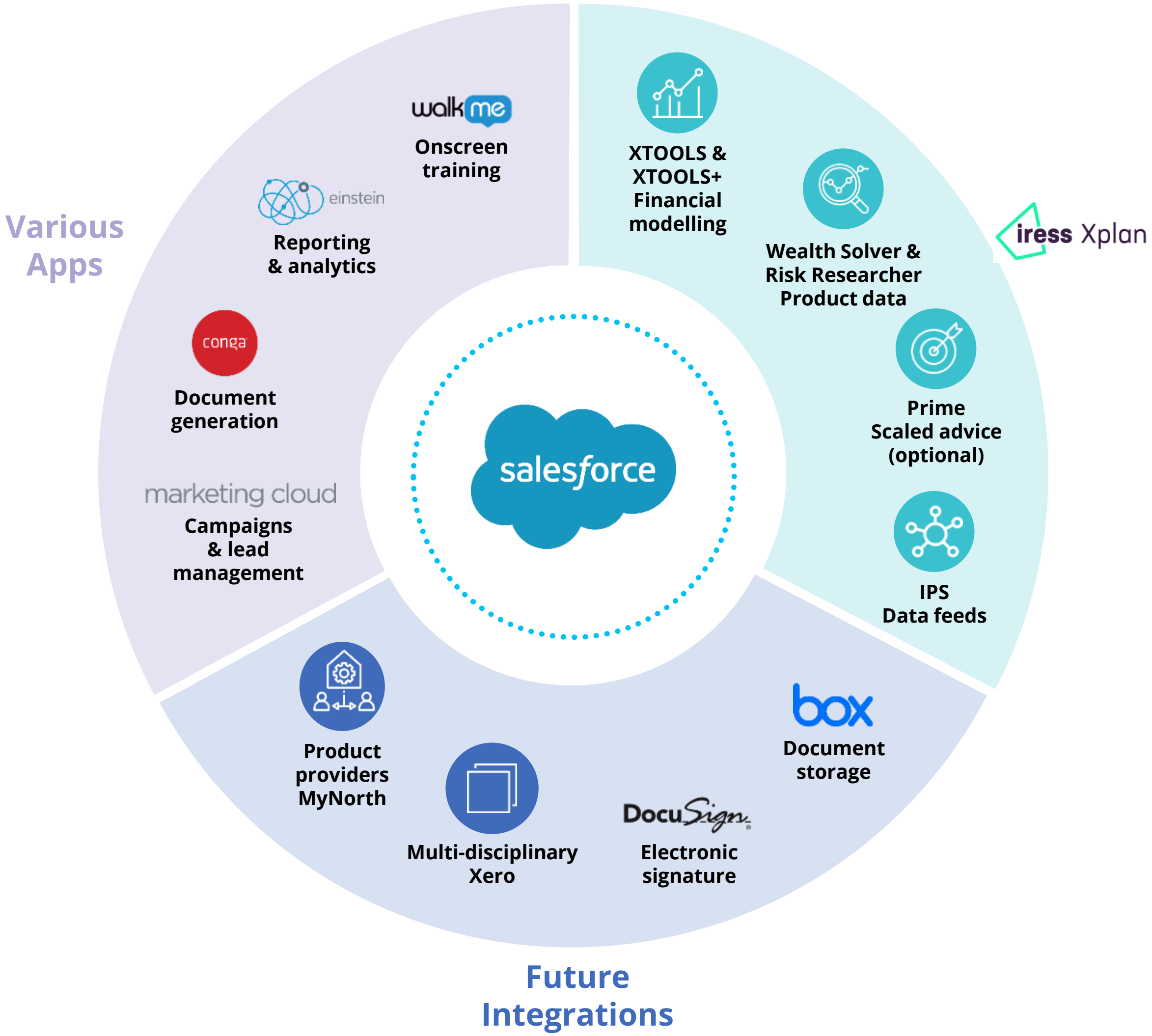
A compliant and more efficient advice process enabling delivery of lower cost advice to clients

Improves controls through central monitoring and productivity gains

Salesforce technology to manage client data, processes and controls in one place, with Xplan plug-in to provide the core financial modelling

Significant adviser benefits including single platform, compliance by design and improved client experience

An attractive proposition to the large EFA market, with further enhancements in 2020



# AMP Australia: AMP Bank

**Mortgage and deposit growth underpins resilient performance**

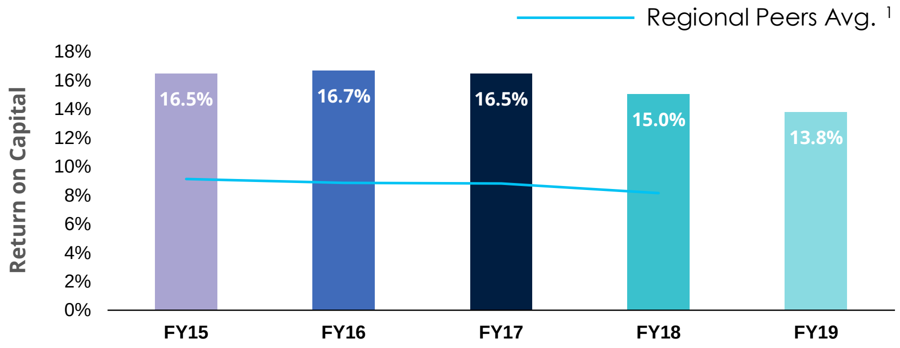
| Key performance measures | FY 19 | FY 18 | % FY |
|---|---|---|---|
| Operating earnings (A$m) | 141 | 148 | (4.7) |
| Controllable costs (A$m) | (114) | (95) | (20.0) |
| Residential mortgage book (A$m) | 20,207 | 19,460 | 3.8 |
| Deposits (A$m) | 14,414 | 13,304 | 8.3 |
| Net interest margin | 1.69% | 1.70% | n/a |
| Cost to income ratio[1] | 35.1% | 29.8% | n/a |
| Return on capital | 13.8% | 15.0% | n/a |
| 90+ day mortgage arrears | 0.66% | 0.47% | n/a |
| Liquidity coverage ratio | 145% | 139% | n/a |

**Notes:**
1. Amounts restated to exclude loan impairment expenses to align with industry standard

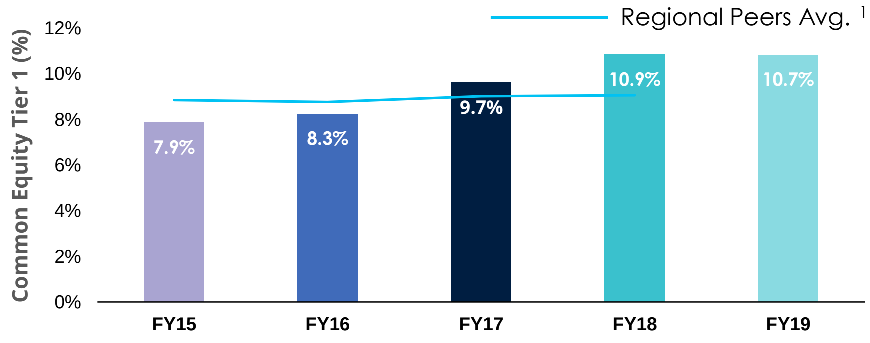
# AMP Australia: AMP Bank

## A well capitalised bank delivering an attractive return on capital

AMP Bank has consistently delivered higher returns on capital than its peer group

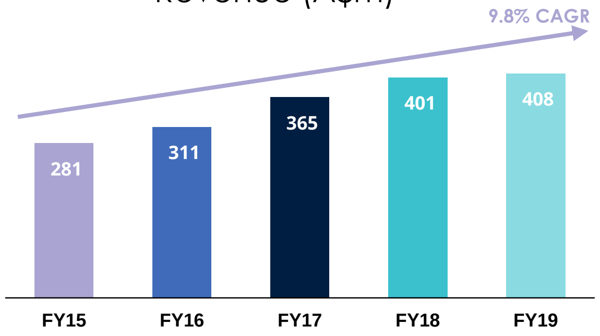



AMP Bank remains well capitalised compared to peers and regulatory requirements

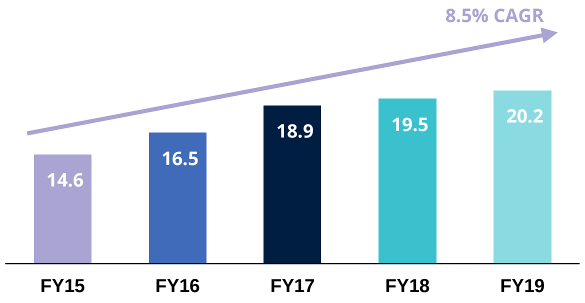



AMP Bank has achieved strong growth in revenue, mortgage lending and deposit funding over time

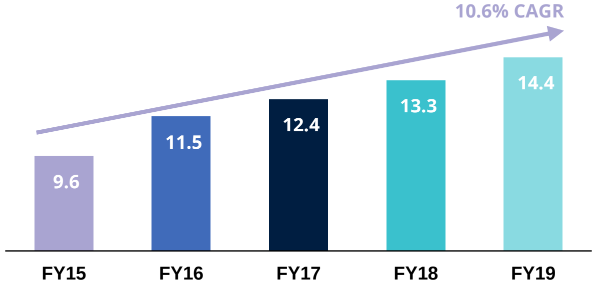
Revenue (A$m)




Residential mortgage portfolio (A$b)




Total deposits (A$b)



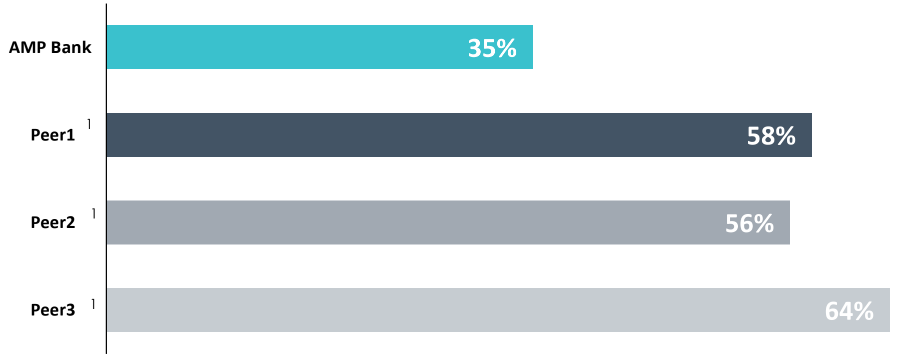

**Notes:**
1. Based on current disclosure of regional bank peers

# AMP Australia: AMP Bank

## A low cost bank with below industry arrears and favourable geographic exposure

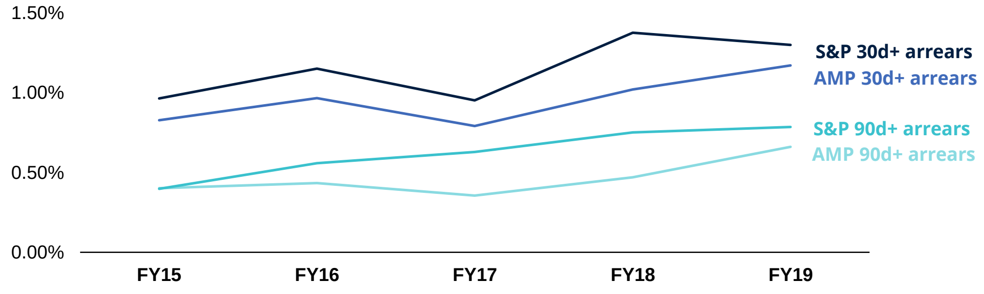
AMP Bank has a leading cost to income ratio versus peer group

Cost to Income (FY19)

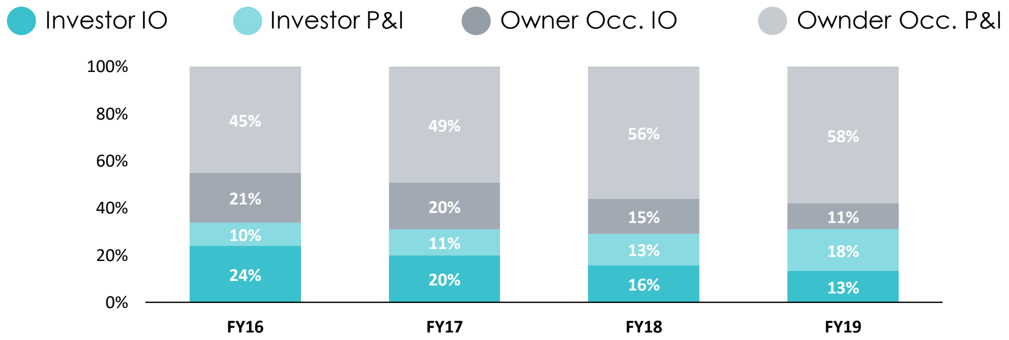



AMP Bank mortgage arrears remain lower than industry on 30+ day and 90+ day metrics

AMP mortgage arrears vs industry[2]

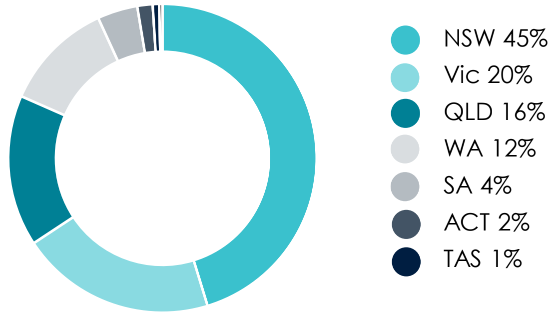



AMP Bank's portion of interest only (IO) lending has steadily declined




AMP Bank's diversified mortgage portfolio is weighted to NSW and Victoria

AMP Bank mortgage portfolio by State




**Notes:**

1. Based on current disclosure of regional bank peers. FY represents the relevant financial year for each peer which may not be aligned to AMP's.
2. Standard and Poor's (S&P) 30+ day and 90+ day Arrears Index covering Australian RMBS rated by S&P

# AMP Capital

## Real assets drive record profit

| Key performance measures | FY 19 | FY 18 | % FY |
|---|---|---|---|
| Performance and transaction fees (A$m) | 84 | 69 | 21.7 |
| Fee income (A$m) | 800 | 708 | 13.0 |
| Controllable costs (A$m) | (527) | (453) | (16.3) |
| Operating earnings (A$m)[1] | 198 | 167 | 18.6 |
| Average AUM (A$b)[2] | 198 | 190 | 4.2 |
| Total external net cashflows (A$b) | 2.5 | 4.2 | (40.1) |
| Total net cashflows (A$b) | (5.2) | (2.8) | (87.2) |
| Cost to income ratio | 63.0% | 62.3% | n/a |

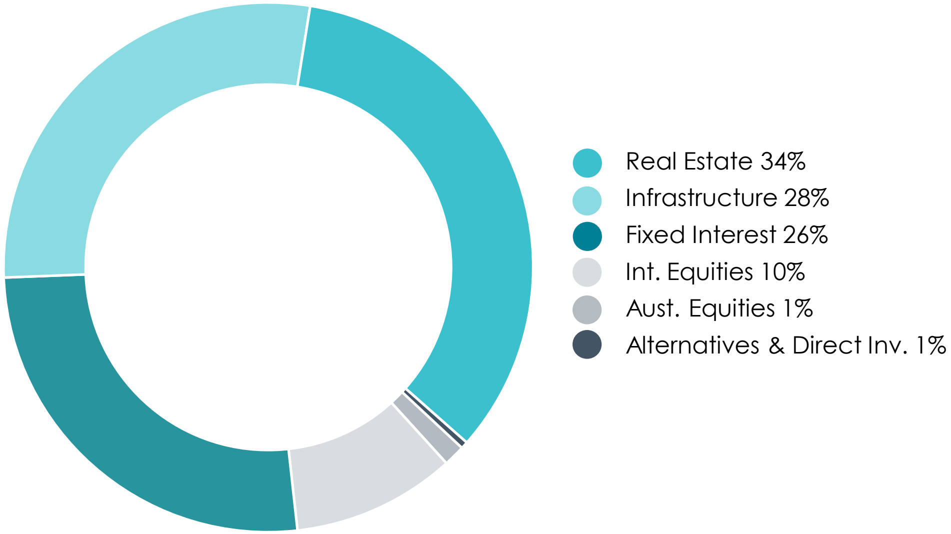
**Notes:**
1. Operating earnings after minority interests
2. Based on average of monthly average AUM

# AMP Capital: external clients

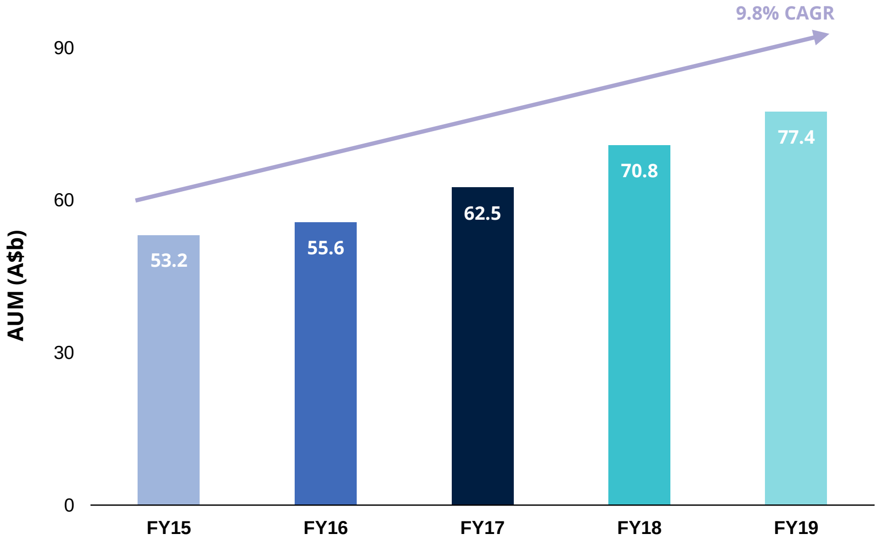
**Growth driven by external AUM and higher margin real assets business**

External AUM driven by Real Estate, Infrastructure and Fixed Income

External AUM Composition (FY19)




External AUM continues to grow, now 38% of total AUM



# AMP Capital - Infrastructure Equity

## Overview

Significant growth over the last five years underpinned by strong track record and investor support for Global Infrastructure Fund (GIF) series
- Now managing A$19.3b in infrastructure equity

AMP Capital Core Infrastructure Fund (CIF) and AMP Capital Community Infrastructure Fund (COMMIF) surpassed A$1b in net asset value
- CIF is a leading domestic retail vehicle that provides unique exposure to global assets including GIF
- CommIF is a leading vehicle of its kind with a diversified portfolio of high quality social infrastructure assets in Australia and New Zealand

As at FY 19, more than 80 infrastructure equity investments throughout Europe, North America, Asia, New Zealand and Australia, across transport, utilities, energy, communications, social and health infrastructure sectors
- Includes investment in student housing and largest wind farm in the southern hemisphere

## GIF platform

Raised US$3.4b for GIF II, exceeding target and drawing significant co-investment commitments

Existing GIF platform foundation of future growth, with further funds in the series targeting larger fund sizes and additional co-investments

This platform will be leveraged to create opportunities in adjacent investment strategies and support geographic expansion which will capture the large and expanding pool of private equity style cashflows into infrastructure[1]

**Notes:**
1. New geographies such as Singapore

# AMP Capital - Infrastructure Debt

## Overview

Maintained position as market-leading provider of infrastructure mezzanine debt solutions

- Total invested in infrastructure debt A$5.7b

Well positioned to deliver continued success; evidenced by market leading track record and strong support from investors for the Infrastructure Debt Fund (IDF) series

## IDF platform

Raised US$6.2b from investors for AMP Capital's fourth infrastructure debt strategy – the largest of its type in the world

Over US$2b invested in IDF IV in quality assets globally; focus on deploying remainder of capital with strong pipeline of investment opportunities

IDF platform through successor funds will continue to underpin overall AUM and fee growth for Infrastructure Debt

Potential to expand the infrastructure debt offering, including consideration of capitalising on potential in Asia

**Notes:**
Infrastructure Investor (February 2019). The Debt team consider Westbourne, GIP and Brookfield to be the only material direct competitors in the mezzanine infrastructure space (smaller measured by US$ capital raised) with the other managers listed as Top Global Infrastructure Debt Managers targeting either senior loans or, in the case of EIG, an energy focussed strategy.

# AMP Capital - Real Estate

## Overview

Real Estate growth driven by strong development pipeline, investor support for the core real estate business in Australia and 24.9% stake in PCCP

Strong development capability, well positioned to;
- Maintain current leading position in Australian core real estate; and
- Grow internationally through PCCP partnership, developing new strategies, and expanding market research

Committed to long-term sustainable outcomes, launched AMP Capital Real Estate 2030 Sustainability strategy in 2019

Over A$1.4b of committed capital available for investment as at FY 19, with majority to be deployed in FY 21

## Development pipeline and capability

Well placed to maintain prominent position in Australian core real estate through successful delivery of A$5b pipeline

Australian property development program attracting strong support from international and domestic investors
- Development of Quay Quarter Tower commenced in 2018; forecast completion mid 2022; already 80% leased
- Development of Karrinyup Shopping Centre commenced in late 2018; forecast completion late 2021
- Development of Crossroads Logistics Centre commenced in 2016; forecast for completion in 2020 pending approval to commence final facility

Expanding internationally by leveraging our partnership with PCCP
- US-based real estate manager PCCP managing US$10.6b in gross AUM at Q3 19
- PCCP's deep institutional client base includes five of the top ten US public pension plans and US commercial banks

Developing a new smart alpha generating strategies across debt and equity, and expanding market research

# New Zealand wealth management

**Strong underlying performance in competitive market**

| Key performance measures | FY 19 | FY 18 | % FY |
|---|---|---|---|
| Controllable costs (A$m) | (34) | (33) | (3.0) |
| Operating earnings (A$m) | 44 | 53 | (17.0) |
| Operating earnings (restated) (A$m)[1] | 44 | 41 | 7.3 |
| Average AUM (A$b)[2] | 12.0 | 11.1 | 7.4 |
| Total net cashflows (A$m) | (433) | 83 | n/a |
| Operating earnings to AUM (bps)[2] | 37 | 48 | n/a |
| Cost to income ratio | 35.4% | 31.0% | n/a |

**Notes:**
1. Operating earnings (restated) excludes product revenues that are for the benefit of AMP Life
2. Based on average of monthly average AUM

# AMP Life[1]

## Impact of PYS ongoing as structural industry challenges continue

| Key performance measures | FY 19 | FY 18 | % FY |
|---|---|---|---|
| Profit margins (A$m) | 222 | 269 | (17.5) |
| Experience and capitalised losses and other one-off items (A$m) | (243) | (272) | 10.7 |
| Operating earnings (A$m)[2] | (21) | (3) | n/a |
| Operating earnings restated (A$m)[3] | (21) | 94 | n/a |

**Notes:**
1. AMP Life refers to AMP's wealth protection and mature businesses in Australia and New Zealand that are subject to a sale agreement with Resolution Life
2. Operating earnings for FY 18 are shown after the payment of internal distribution fees and product revenues to wealth management. These payments have been discontinued for FY 19.
3. Operating earnings restated removes the impact of internal distribution fees and product revenues to wealth management on the FY 18 result

# Important notice

Forward-looking statements in this presentation are based on AMP's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond AMP's control and could cause actual results, performance or events to differ materially from those expressed or implied. These forward-looking statements are not guarantees or representations of future performance, and should not be relied upon as such.

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# Thank you