

27 October 2017

AMP Limited provides Q3 17 cashflows update

- Group delivers solid business performance, in line with guidance metrics.
- Australian wealth management (AWM) assets under management increased A\$211 million during Q3 17 to A\$125.3 billion.
- AWM net cash outflow of A\$243 million reflects high levels of discretionary super contributions brought forward into Q2 17 ahead of 1 July 2017 changes to non-concessional caps.
- Net cashflows on AMP North platform of A\$1.3 billion in the quarter, up 13 per cent on Q3 16.
- AMP Capital net external cashflows of A\$616 million driven by strong cashflows from China Life AMP Asset Management (CLAMP) and real assets.
- AMP Bank's total loan book grew to A\$19.2 billion during the quarter.
- Australian wealth protection performance stable with experience tracking in line with expectations.

AMP Chief Executive Craig Meller said:

We have made good progress in the quarter and the business is tracking in line with expectations.

In Australian wealth management, as expected, cashflows reflect the high level of discretionary super contributions brought forward into Q2 17, ahead of 1 July 2017 changes to non-concessional caps.

AMP's award-winning North platform continues to perform strongly, with cashflows increasing during the quarter.

AMP Capital has had a strong third quarter, increasing external net cashflows as well as putting investors' money to work in its core infrastructure and real estate portfolio, including securing a record US\$4.1 billion in commitments for its infrastructure debt strategy.

In Australian wealth protection, experience has been tracking in line with expectations, delivering another stable quarter for the business. Our second program of reinsurance agreements will take effect from 1 November 2017 adding further stability to earnings. The agreements will also release approximately A\$500 million of capital to the group, subject to regulatory approval.

Commentary

Australian wealth management

- Net cash outflows of A\$243 million in Q3 17 compared to net cash outflows of A\$327 million in Q3 16. As expected, the Q3 17 result reflects high levels of discretionary super contributions brought forward into Q2 17 ahead of 1 July 2017 changes to non-concessional caps.
- AMP's award-winning wrap platform, North, continued to perform strongly with Q3 17 net cashflows of A\$1,282 million, increasing 13 per cent from A\$1,136 million in Q3 16.
- Total Australian wealth management AUM increased A\$211m to \$125.3 billion, reflecting positive investment returns.
- AMP's SMSF business SuperConcepts added approximately 1,475 funds across administration and software services during Q3 17. As at 30 September, it supported a total of 57,779 funds.
- Wealth management 'other revenue' is on target to deliver 10 per cent growth from Advice and SMSF in FY 17.
- Margin compression continues to track in line with guidance; it is expected to average around 5 per cent per annum to December 2017.

AMP Capital

- AMP Capital external net cashflows were A\$616 million in Q3 17, an increase from A\$498 million in Q3 16, driven by flows into real estate and infrastructure investments, and strong performance by CLAMP.
- AUM increased from A\$178.9 billion at the end of Q2 17 to A\$180.6 billion in Q3 17.
- Strong performance in real assets with record commitments of US\$4.1 billion secured for the infrastructure debt strategy, including reaching final close on Infrastructure Debt Fund III (US\$2 billion target). Commitments will flow through to AMP Capital's external net cashflows when investments are made.
- AMP's partnership with China Life continues to grow; AMP Capital's share of CLAMP contributed net cashflows of A\$682 million in Q3 17, taking net cashflows from the first three quarters of the year to more than A\$1.4 billion.
- International institutional client numbers grew 10 per cent to 277 during the quarter, supporting AMP's strategy to grow its global footprint in investment management.

AMP Bank

- Total loan book grew to A\$19.2 billion at the end of Q3 17, an increase from A\$18.8 billion in Q2 17.
- Retail deposit book increased by A\$329 million in Q3 17 relative to Q2 17.

Australian wealth protection

- Stable quarter in wealth protection with experience tracking in line with expectations.
- New reinsurance arrangements are due to take effect on 1 November 2017, further stabilising wealth protection earnings and releasing approximately A\$500 million of capital from the AMP retail life insurance portfolio to the group, subject to regulatory approval.

New Zealand financial services

- AMP New Zealand financial services' net cashflows decreased to A\$76 million in Q3 17, driven by elevated fund transfers in Q3 16 as a result of regulatory change (FMCA).
- Net cashflows in KiwiSaver remain largely unchanged at A\$107 million (A\$108 million in Q3 16).

Australian mature

- Australian mature net cash outflows in Q3 17 were A\$356 million, compared to A\$391 million in Q3 16, reflecting the run-off nature of the book.

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Q3 17 cashflows

Australian wealth management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16
North ¹	4,314	3,649	(3,032)	(2,513)	1,282	1,136
AMP Flexible Super ²	1,125	1,341	(1,416)	(1,424)	(291)	(83)
Summit, Generations and iAccess ³	314	271	(810)	(697)	(496)	(426)
Flexible Lifetime Super (superannuation and pension) ⁴	406	464	(830)	(882)	(424)	(418)
Other retail investment and platforms ⁵	94	67	(82)	(80)	12	(13)
Total retail on AMP platforms	6,253	5,792	(6,170)	(5,596)	83	196
SignatureSuper and AMP Flexible Super - Employer	770	778	(651)	(659)	119	119
Other corporate superannuation ⁶	349	370	(482)	(558)	(133)	(188)
Total corporate superannuation	1,119	1,148	(1,133)	(1,217)	(14)	(69)
Total retail and corporate superannuation on AMP platforms	7,372	6,940	(7,303)	(6,813)	69	127
External platforms ⁷	378	301	(690)	(755)	(312)	(454)
Total Australian wealth management	7,750	7,241	(7,993)	(7,568)	(243)	(327)

Cash inflow composition (A\$m)	Q3 17	Q3 16
Member contributions	884	742
Employer contributions	920	925
Total contributions	1,804	1,667
Transfers, rollovers in and other ⁸	5,946	5,574
Total Australian wealth management	7,750	7,241

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, AMP Personalised Portfolio and Synergy. The Synergy platform was closed in Q2 2016, with customer accounts transferred to North.

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 17	Q3 17 Net cashflows			Total	Other movements ¹	Q3 17
	AUM	Superannuation	Pension	Investment	net cashflows		AUM
North	30,524	387	505	390	1,282	158	31,964
AMP Flexible Super	16,329	(55)	(236)	-	(291)	60	16,098
Summit, Generations and iAccess	11,716	(137)	(305)	(54)	(496)	57	11,277
Flexible Lifetime Super (superannuation and pension)	23,870	(281)	(143)	-	(424)	106	23,552
Other retail investment and platforms	2,480	-	-	12	12	(24)	2,468
Total retail on AMP platforms	84,919	(86)	(179)	348	83	357	85,359
SignatureSuper and AMP Flexible Super - Employer	17,522	127	(8)	-	119	67	17,708
Other corporate superannuation	12,769	(133)	-	-	(133)	60	12,696
Total corporate superannuation	30,291	(6)	(8)	-	(14)	127	30,404
Total retail and corporate superannuation on AMP platforms	115,210	(92)	(187)	348	69	484	115,763
External platforms	9,835	(103)	(128)	(81)	(312)	(30)	9,493
Total Australian wealth management	125,045	(195)	(315)	267	(243)	454	125,256
Australian wealth management - SuperConcepts ²	22,564					(98)	22,466
Assets under administration							

¹ Other movements include fees, investment returns and taxes.

² SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, yourSMSF and Ascend administration platforms, but does not include Multiport Annual, BPO Connect and JustSuper.

AUM (A\$m)	Q2 17	Q3 17
	AUM	AUM
AUM by product		
Superannuation	74,783	75,047
Pension	35,596	35,287
Investment	14,666	14,922
Total	125,045	125,256
AUM by asset class		
Cash and fixed interest	31%	31%
Australian equities	31%	31%
International equities	26%	26%
Property	6%	6%
Other	6%	6%
Total	100%	100%

AUM summary (A\$b)	Q2 17	Q3 17
	AUM	AUM
Closing AUM	125.0	125.3
Average AUM	124.2	124.7

AMP Capital

AUM (A\$m)	Q2 17	Q3 17 Net cashflows		Total	Other	Q3 17
	AUM	Cash inflows	Cash outflows	net cashflows	movements ¹	AUM ²
External	58,213	2,800	(2,184)	616	293	59,122
Internal	120,678	5,337	(5,822)	(485)	1,252	121,445
Total AMP Capital	178,891	8,137	(8,006)	131	1,545	180,567

AUM summary (A\$b)	Q2 17	Q3 17
	AUM	AUM
Closing AUM	178.9	180.6
Average AUM	178.8	179.6

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

² AUM includes invested capital. Committed real asset capital is excluded from AUM.

AMP Bank

AMP Bank by product	Q2 17		Q3 17
Deposits and loans (A\$m)	end balance	Other movements ¹	end balance
Deposits (super and platform) ²	5,169	(43)	5,126
Deposits (retail) ²	6,479	329	6,808
Deposits (other) ²	787	31	818
Loans	18,777	416	19,193

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

² At 30 Sep 2017, deposits include AMP Bank retail deposits (A\$6.8b), AMP Supercash and Super TDs (A\$2.0b), North and platform deposits (A\$3.1b), internal deposits (A\$0.6b) and other wholesale deposits (A\$0.3b).

Australian wealth protection

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16
Individual risk	373	364	(128)	(157)	245	207
Group risk	78	117	(100)	(86)	(22)	31
Total Australian wealth protection	451	481	(228)	(243)	223	238

Annual Premium In-force – API (A\$m)	Q2 17	Q3 17
	API	API
Individual lump sum	1,094	1,137
Individual income protection	396	404
Group Risk	440	376
Total	1,930	1,917

New Zealand financial services

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16
KiwiSaver	215	217	(108)	(109)	107	108
Other ¹	237	263	(268)	(249)	(31)	14
Total New Zealand	452	480	(376)	(358)	76	122

AUM (A\$m)	Q2 17	Q3 17 Net cashflows				Total		Q3 17
	AUM	Superannuation	Pension	Investment	Other	net cashflows	Other movements ²	AUM
KiwiSaver	4,437	107	-	-	-	107	(68)	4,476
Other ¹	11,107	-	(1)	(29)	(1)	(31)	(219)	10,857
Total New Zealand	15,544	107	(1)	(29)	(1)	76	(287)	15,333

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

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

New Zealand wealth protection	Q2 17	Q3 17
Risk Insurance Annual Premium In-force – API (A\$m)	API	API
Individual lump sum	241	233
Individual income protection	44	43
Group Risk	38	40
Total	323	316

Australian mature

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16
Australian mature	137	131	(493)	(522)	(356)	(391)

AUM (A\$m)	Q2 17	Q3 17 Net cashflows				Total		Q3 17
	AUM	Superannuation	Pension	Investment	Other	net cashflows	Other movements ¹	AUM
Australian mature	21,080	(175)	(44)	(25)	(112)	(356)	(113)	20,611

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