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Julia Quinn: Good morning. I'm Julia Quinn, director of media and community relations at AMP. Welcome to AMP's full year 2015 results. I'm joined here today by Craig Meller, Chief Executive of AMP and Gordon Lefevre, our Chief Financial Officer. Craig will take you through the results and afterwards will answer any questions that you have. Also, Gordon is happy to take questions. For those who have joined us dialling in to the media conference today, the moderator will let you know when it's your turn to ask a question. Can you all please say your name first and if possible avoid using a speaker phone as it can be difficult for us to hear you. For those in the room here can you please ensure your mobile phones are switched to silent? Thanks very much. Over to you Craig.

Craig Meller: Thanks Julia. Good morning everyone. Today we've reported an underlying profit of $1.12 billion for the full 2015 financial year. That's up from $1.05 billion in 2014. Continued momentum in Australian Wealth Management, AMP Capital, AMP Bank and New Zealand contributed to the 7% increase in underlying profit and demonstrated the resilience of the business in challenging second half conditions. The recovery in our wealth protection business continues to focus on long terms improvements however as previously flagged the results in the second half were impacted by some experienced volatility.

Across the business we've managed costs tightly driving our cost to income ratio down by 1% to 43.8%. This growth in earnings and disciplined cost management has enabled us to increase our total dividend for the year by

8%. We've made continued progress in the execution of our strategy. With the customer transformation of our core Australian wealth management business showing early signs of success, encouraging growth from targeted international expansion particularly through our partnership with China Life and our global infrastructure investment capabilities, and our business efficiency program on track delivering anticipated run rate savings on time and on budget. As a result our underlying return on equity has continued to move in the right direction up to 13.2% for the year.

The Board has declared a final dividend of $0.14 per share franked at 90%. This takes the total dividend for the year to $0.28 per share which represents a payout ratio of 74% of underlying profit. We've also extended our future dividend payout ratio to the target range of between 70% and 90% of underlying profit, reflecting our confidence in the financial strategy of the group.

Chart 3 sets out the profit summary for the year. I'll go through the top half of this in a bit more detail shortly as we talk through our business results.

Chart 4 clearly shows the continued growth momentum across our business and demonstrates resilience in the face of more challenging conditions in the second half.

Let's look at these business results in more detail starting with wealth management on Chart 6. Our superannuation investments and advice businesses have continued to deliver good earnings growth over a period of expected and ongoing but well managed margin compression. Disciplined management of the business has created positive [unclear] with an increase in average AUM up 10% to $114 billion and a reduction in controllable costs down 2.7% on full year 2014 combining to deliver a 10% increase in operating earnings.

Importantly, operating margins have remained steady at 36 basis points and overall margin compression over the year has remained within guidance at 4.3%. As MySuper transitions accelerate over the next 18 months we continue to expect average margin compression of around 4.5% a year out to June 2017. But as previously flagged the lumpy nature of these transitions means the extent of compression is likely to be volatile from period to period particularly as the deadline for transition approaches.

Chart 7 sets out the cash flows for the year. The strength of these cash flows demonstrates both the resilience and the diversified nature of our wealth management business. Net cash flows on AMP platforms increased 5% driven primarily by strong corporate superannuation flows. Net cash flows from our contemporary corporate super business were up 81% on full year 2014 to $1.3 billion. This includes flows from mandate wins of over $500 million, a strong result given the funds largely transitioned by member consent rather than successive fund transfers.

Our flagship retail products, North and Flexible Super continued to deliver strong AUM growth and between them generated almost $6 billion in net cash flows during the year. However cash flows for these products were somewhat impacted by investment market volatility in the second half and a low level of activity across the industry as a result of the implementation of regulatory changes.

As we flagged previously Genesys practices continued to transition out in 2015 and impacted total retail net cash flows by around $650 million across the year. At year end 39 practices have transitioned to Charter and [AMPFP]. Twenty-six had left the AMP group and two remained in the Genesys network. Although further outflows of around $400 million are expected in the first half of 2016 the profit impact remains immaterial. Excluding the impact of Genesys total wealth management net cash flows were up 27% on the previous period.

So turning to AMP Capital on Chart 8, the 20% increase in operating earnings in our investment business was driven by strong external net cash flows, good AUM growth and a 14% increase in fee income. The increased fee income reflects the 72% uplift in performance in transaction fees on full year 2014 driven in part by the strong performance of our infrastructure funds. Significant improvement in our external net cash flows was influenced by our partnership with China, growing international demand for our infrastructure capabilities and strong domestic flows into our retail multi asset and property funds. At around 61% AMP Capital's cost to income ratio has moved to the lower end of the guidance range.

Chart 9 provides more detail on AMP Capital's cash flows and investment performance for 2015. Our joint venture China Life AMP Asset Management, which we call CLAMP, continues to go from strength to strength. It contributed almost $1.7 billion through external net cash flows during the year on the back of 19 new products and the continued flight to defensive assets during the Chinese equity market volatility.

Japan is proving more challenging given the prevailing market conditions. You can see this reflected in the cash flows for the year. The challenge is largely a behavioural one to convince investors to switch from very low risk low return bank products to fixed income products that offer a better return but come with slightly higher risk. We are working closely with our partner, MUTB, to address the issues and remain confident in the long term growth fundamentals and attractiveness of the market.

Investment performance across AMP Capital more broadly remain strong with 82% of assets under management meeting or exceeding client goals over the three years to December 2015, against the target of 60%.

Our wealth protection business result is set out in Chart 10. Our focus on business recovery continues to develop long term improvement with profit margins increasing 5% on full year 2014. This uplift has been driven by tight management and controllable costs and the ongoing impact of repricing within our Group risk book in the second half of 2014.

However the impact of experienced volatility was clearly visible across the book in the second half. IP claims experience was down in the second half, reflecting both volatility and the ongoing impact of embedding our new claims management approach into the business. The new process is taking longer to embed than we'd initially anticipated, however we remain confident the approach is the right one and that it will help ensure the long term strength and sustainability of the business. The focus on embedding the claims process into our income protection business will continue in the first half of this year, with the roll out in lump sum now scheduled for the second half of 2016.

In terms of lump sum, second half results benefited from some upside volatility, however when we looked at the results more broadly, we've experienced high volumes of term like claims across the last two to three years and so we've moved to strengthen our mortality assumptions accordingly. Lapse experience for the year was flat, reflecting delivery of improvements in line with guidance and individual risk API remains subdued as we continue to manage the business for value, not volume.

Turning now to chart 11, the focus on business recovery continues, addressing three key areas. Firstly, claims and lapses, to focus on fully embedding the new claims process in income protection prior to rolling it out across the book and from a lapse perspective, extending the targeted retention campaigns that were trialled successfully last year. Secondly, capital management where options for reinsurance remain on the radar but with timing dependent on business performance and market conditions. Thirdly, the introduction of a new insurance offer which will be scaled with the rollout of the new advice model.

With this work still ahead of us and market conditions largely unchanged, our best estimate assumptions remain in line with previous guidance with the exception of lump sum, where the change to best estimate assumptions that I just mentioned are expected to improve experienced profits, but reduce future profit margins by around $10 million a year from 2016.

Annual premium income is expected to remain subdued due to ongoing investment and management focus on business recovery. Best estimate assumptions for income protection claims have now reverted to longer term levels in line with previous guidance. Best estimate lapse experience assumptions are still on the glide path and will gradually revert to a long term rate at approximately 13.5% by 2017.

As we've seen in the second half, experienced volatility remains inherent in this industry and is expected to continue going forwards. As a result, our best estimate assumptions remain at the mid-point of that expected range of volatility. Overall, we're encouraged with the progress we've made in stabilising this business and setting it on the road to recovery and we believe the actions we're pursuing will deliver long term strength and stability.

Turning to chart 12 and AMP Bank, which is integral to our customer-centred strategy, with debt management solutions and mortgages core to helping our customers achieve their financial goals. The Bank continues to deliver strong earnings growth with operating earnings up 14%, driven by expansion of the net interest margin. The Bank maintained a competitive market position with the total loan book growing by 5% on full year 2014 to $15.2 billion. This growth was constrained by lower investor property lending necessary to meet regulatory guidelines. This also impacted our ability to growing new mortgage business via advisers, who tend to focus more on investor and SMSF lending and meant that the measure remained broadly in line with 2014 at 24%.

Importantly, we re-entered investment lending in late 2015 and encouraged by volumes that we've seen to date, with early indicators suggesting there will be no impact on long term growth. As at the half year, controllable costs in the Bank have increased as we continue to invest in the systems and experience improvements necessary to support long term growth. The Bank continues to enjoy a strong capital and liquidity position above both internal and regulatory thresholds.

Chart 13 sets out the results for both our New Zealand and Mature businesses. In New Zealand we've worked hard to offset the loss of transitional tax relief. Operating earnings were up 9%, reflecting strong growth in profit margin and good experience profits. These experience profits reflect the transfer of learnings in the claims space from Australia and New Zealand.

The Mature business continues to generate good profits, although operating earnings were down 9% due to a combination of expected run off, lower bond yields and the ongoing impact of a couple of large one-off wholesale redemptions in the second half of 2014.

So stepping back, the business units' results show continued growth momentum across our contemporary businesses and demonstrate resilience in the face of challenging second half conditions.

Now let's turn to our strategy update on charge 22. On this page you can see our growth strategy remains unchanged with three key areas of focus. First, capitalising on our already strong position in the attractive Australian wealth management market by transforming our core Australian businesses to become more customer centred. Second, focusing on efficiency to retain our position as the most efficient wealth manager in Australia. Third, growing selectively in Asia and internationally, primarily through AMP Capital. The consistent execution of this strategy over the past two years has created a strong platform for future growth.

Chart 23 sets out our key priorities and progress against the first of these objectives, transforming and growing our core Australian wealth management businesses. The first two years of strategy execution has been largely focused on building foundation, effectively putting the core infrastructure and capabilities in place to enable our customer transformation. To date we have fundamentally transformed our digital capabilities. We've also moved to adopt a goals-based approach across the organisation and are currently designing solutions using Human-Centred Design and we've built a new goals based face-to-face advice model and based on feedback from the initial pilots, we're extending testing in up to 30 practises this year.

The bank has been delivering strong growth year on year and offers further long term growth potential through both the mortgage broker and adviser channel. We've also built scale in self-managed super market with the acquisition of Just Super and a controlling interest in Super IQ and SuperCorp delivering control of the value chain. The momentum is continuing in 2016 as we focus on top line growth while driving scale benefit.

Overall then, we're pleased with the progress we've made in transforming our core Australian business and with the foundations now in place, the focus in 2016 will be on realising value from our investments to date. We've also made good progress with our business efficiency program and it will continue to be a focus for us in 2016. The program's benefits this year will again offset the majority of underlying cost growth and reinvestment in the business.

Then there are two elements to the third component of our strategy, which is to invest selectively overseas. Firstly, expanding in Asia via national partnerships with specific focus on China and Japan. Our partnership with China Life continues to go from strength to strength, with both our joint ventures now profitable and exceeding expectations. The asset management joint venture, CLAMP, is one of the fastest growing fund management companies in China. Over the year, it delivered strong net cash flows and is now managing RMB$70 billion, that's around A$15 billion for Chinese retail and institutional investors.

Our pensions JV, China Life Pension Company, is the largest pension company in China and has also enjoyed rapid growth with AUM increasing 35% on the previous period. The business is well positioned to take advantage of further mandated market growth and to give you an indication of the potential scale of this, the recent opening of the occupational pension market will deliver 12% compulsory super contributions to some 40 million public sector employees going forward.

As I mentioned earlier, the situation in Japan is more challenging, given the prevailing market conditions and traditional investor behaviour, but we remain confident in our partnership with MUTB and in the long term growth fundamentals.

The second part of our international strategy capitalises on increasing demand from global pension funds and institutional clients with our investment capabilities in infrastructure, property and fixed income. Here we're also seeing strong growth. We've attracted new investors, taking the number of international institutional clients to 142 and grown assets under management to around $7 billion, an increase of $2 billion on 2014.

We're also pleased with the ongoing success of our global infrastructure fund, which has extracted over $600 million in commitments from investors across Asia, Europe and North America. Our property pipeline in Australia remains strong with some high profile redevelopments, which are scheduled for 2016, attracting significant investor interest both domestically and internationally.

So, in summary, today's results demonstrate continued growth momentum and resilience across our business. The focus on business recovery and wealth protection continues to support long term improvement and we're seeing early signs of growth from the consistent execution of our broader strategy. Our balance sheet remains strong and well capitalised and we continue to maintain our focus on improving financial performance in 2016 and beyond.

Thank you very much. We've got time for questions, so back over to you, Julia.

Julia Quinn: Thank you. I'll give everyone on the phone a bit of time to let us know if they've got a question. Any questions in the room?

Question: (Unidentified Participant) Craig, just going through your Appendix [Core D] this morning, looking at your revenue figures, there was a 20% dip in revenue to $14 billion. I was wondering if you could give a bit of colour as to what drove that. Was it markets or what drove?

Craig Meller: Yes, so in the Core D, because of the nature of the life insurance company's reporting, as well as reporting the income that's attributable to AMP, we also are required to report the income and the returns that investors in AMP's products within the life company also received during the year. Because markets were more negative in the second half of last year, the drop in markets gets reflected in the drop in revenue. So it's more a reflection of what happened to the investors' balances during 2015 rather than any drop in revenues at AMP.

Question: (Unidentified Participant) Okay, excellent, got that.

Craig Meller: Gordon is nodding, so I think I got that…

Question: (Unidentified Participant) Did you want to add anything to that?

Gordon Lefevre: No, it was picture perfect.

Question: (Unidentified Participant) Excellent and I guess the natural question to follow from that, just your thoughts on the volatility that's in the market at the moment. How worried are you and is there any way to mitigate that in terms of impact on AMP?

Craig Meller: When you look at the data that we're seeing in the Australian economy and more broadly around the world, things seem to be going pretty well. Yet we're seeing, as you've mentioned, significant market volatility, particularly in the last month or so. To a certain extent you can put that down to animal spirits and a concern that there may be greater cause for concern in the global economy more broadly. Our take, as a significant investor, is that the Chinese economy is adapting pretty well to a change in where their growth is going to come from going forwards. We're still seeing good growth in the North American economy and whilst the European economy is more subdued, that seems to be progressing. So whilst there's a lot of volatility, we think the underlying fundamentals are pretty strong and there's unlikely to be a global recession. The reality is though that you see volatility in stock markets and that impacts investors' returns over the short term, but over the long term we're confident that markets recover and over the long term the stock market certainly goes up.

If you look at our business specifically, yes there are aspects of our business that are exposed to movements in the markets and that impacted on our earnings in the second half of the year, but against that there are significant areas of our business which don't have impacts that are directly related to markets - our banking business, our wealth protection business, and even in our investment management business, our infrastructure and our property businesses are still roaring along despite their sort of listed assets markets volatility.

Julia Quinn: Thank you and we've got a question on the phone from Scott Hodder.

Question: (Scott Hodder, Sterling Publishing) Good morning Mr Meller. I hope you can hear me. Sorry, I apologise for background noise. Last time we spoke, there was mention that some of the outflows or cash outflows from AMP platforms, primarily North, were spiking as a lot more members start to draw down in the retirement phase. I've noticed again that there seems to be a bit more of a spike in those outflows. I was just wondering what strategies AMP was putting in place to try and bolster North back up in terms of bringing more cash flows in and whether or not the advice channel is still being heavily relied on for that?

Craig Meller: Well nearly all of the flows that come into North particularly as a platform will come in through AMP advisors recommending North to their clients because it's the best solution for them. You're right, as the superannuation system as a whole has an increasing transition from the accumulation phase to the pension draw down phase, so more and more retirees will be drawing down on their pensions and that's what the whole system was designed for, so that's certainly a good thing.

I guess the things that we're doing to drive the ongoing growth of the business were reflected in the comments that I made about the strategy for the organisation as a whole, how we're essentially transitioning our Australian wealth management business to be much more customer centred. That's about building a modern, face-to-face advice model and rolling that out across our advisor base, developing much more goals based solutions and ensuring that we have the capacity to deliver more advice to more Australians.

Question: (Scott Hodder, Sterling Publishing) Fantastic and I guess when wanting to deliver more advice, in terms of bolstering AMP's advice network, the transition of all the Genesys advisors is almost complete, if not will be very, very soon. In terms of bringing more advisors into the network, I know again last time we spoke, you mentioned that the AMP Horizons program was going to be a great way for that to continue. Are there any other strategies in bringing up AMP's advice network?

Craig Meller: Yes, so about half of our new advisors each year come through the Horizons academy. The others are recruited directly into the businesses as our financial advisors and we expect that mix to continue going forwards. We would expect modest growth in our advisor numbers going forwards but we think there's a much bigger prize in investing in technology and automation to help our advisors to become much more productive, so that they can improve productivity at a much greater rate.

When we look at our cash inflows and our cash outflows last year, both were down in a relative sense and that's, we think, because the changes in regulation and advisors having to adapt their businesses to the change in regulation. It's meant that they've actually not had the same amount of time available to meet with clients and so our focus is very much on how do we design and deliver greater productivity improvements to our advisors so that they individually can see many more customers than they do.

Question: (Scott Hodder, Sterling Publishing) Fantastic. Sorry I just had one last question and that's just in terms of advisors that may or may not be meeting the pending higher education standards that will be brought in later this year. Just if you do know or maybe you can follow it up a bit later, how many advisors across the network currently do meet the standards or - and is there any sort of concern that advisors - could there be a substantial number across - rather - sorry, I'll start that again - substantial number of advisors across the network that don't meet the standards and may take a lot of time to come back?

Craig Meller: Around about - as we've said our - around about a third of the advisors already meet the standards and we're confident that we'll be able to move the two thirds that currently don't to a position where they are in time for the introduction of the new standards, when we find out what that timing will be.

Question: (Scott Hodder, Sterling Publishing) Fantastic. Thank you very much.

Julia Quinn: Thank you and our next question is going to be from Andrew White on the phone.

Question: (Andrew White, The Australian) Hi Craig. A couple of things. Just wanted to get some sort of update on where you're at with the reforms to life insurance, what impact you think they're going to have and yes, can you talk about that for a little bit?

Craig Meller: So the changes to life insurance remuneration we're expecting to go through at the half year and we will be implementing those along with the rest of the industry. We think the impacts on our advisor base will be minimal. We think the impacts on our life insurance business will mean that for firstly the capital intensity of the life insurance business reduces because you're not paying away so much money on day one.

Secondly, the key aim of these changes was to encourage an environment where customers kept their life insurance policies for longer and if that happens, again it improves the profitability of the life product. So we think the changes that are being put through are a good first start in where we're going in remuneration in life insurance and we're confident that it's going to add to the health of the industry and to AMP overall.

Question: (Andrew White, The Australian) Yes okay. One other question - there's been some very good growth in the Chinese businesses you were saying. I'm just wondering how exposed is that business to the volatility that we've seen in the Chinese share market [unclear] and what sort of steps you're taking to mitigate that?

Craig Meller: So the majority of the products that have been issued within the asset management joint venture, what I called CLAMP, are more defensive style products and so they've actually benefitted from investors switching out of equities in the Chinese stock market and into the types of investments that that joint venture is offering. So it's part of the reason we've seen such strong growth in that part of the business.

On China Life Pension, a very low percentage of the investment solutions in the pension company are actually invested in equities. There's a much greater exposure to fixed income in that book as well and that's also like superannuation in Australia, a long term investment and the development of the sort of open architecture environment that we have in Australia isn't present in China at the moment. So both those businesses are frankly very well insulated from any Chinese equity market volatility.

Question: (Andrew White, The Australian) Okay great, thank you.

Julia Quinn: Thank you and our next question on the phone is from Belinda Tasker at AAP.

Question: (Belinda Tasker, AAP) Hi there. I'm just wondering with the Federal Budget coming up and all the debate about superannuation, what would AMP like to see in terms of changes made by the government?

Craig Meller: Yes if I can address that question a little more broadly, I think Australia as a country, we've got three challenges. The first of those is we're living beyond our means in terms of our current fiscal position and I think that comes from having to wean ourselves off the extra income and taxes generated out of the mining boom. Secondly, we have a taxation system that isn't structured to encourage entrepreneurship and growth. Thirdly and perhaps the significant - it's a longer term issue - is as a country we're moving from a position where we currently have five people working for every one person who's retired to in 30 years' time, we're going to have 2.5 people working for every one person that's retired and with a - by international standards, a very generous safety net and benefits system in Australia, you've got to question the long term affordability of that without a sound superannuation system.

So I think the challenge for the government is how do they address the short term issue without reducing the savings rate of the country and exacerbating the much bigger and long term structural issue, whilst at the same time trying to reengineer the taxation system to encourage greater growth. That's why I'm very pleased to be a businessman and not a politician because I think that's pretty challenging.

One thing that does strike me though is that a lot of the commentary that we're seeing around at the moment seems to suggest that there's only one solution and a couple of weeks ago it was the GST. Last week I think it was superannuation. I think we had inheritance tax for a couple of days. Negative gearing was the flavour of the day this week and spending cuts seems to be coming onto the agenda. It just strikes me that the reform, if we want to achieve it, needs to be much more broadly based and perhaps a little in each of these different areas is the way that we might get to the best solution rather than just hitting one line of revenue or one line of expenditure.

Question:	(Belinda Tasker, AAP) In terms of superannuation though specifically, do you have anything that you think the government should focus on? That would be top of the list that you would like to see change.
Craig Meller:	So I think the challenge with superannuation is that it significantly lifts the savings rate of the country. That means that generations to come will not need to support the pensioners of the future in anything like the way that they will need to in other countries. So any changes that we make to the superannuation system need to reflect the fact that if you tweak the system and tax it more and it consequently reduces the savings rate, essentially you're just passing the problem to your children rather than solving the fiscal problems that we have today. So we've been encouraging the government to take measures that will encourage greater savings in superannuation, not discourage it.
Question:	(Belinda Tasker, AAP) Okay. Okay thank you.
Julia Quinn:	Thank you and our next question on the phone is from Sarah Kendell.
Question:	(Sarah Kendell, Financial Observer) Thanks. Hi Craig. Just looking at your face-to-face advice model that you mentioned as part of your 2016 strategy focus, what has the feedback been like so far in the pilot stages of that and when do you expect to roll it out to more advice practices?
Craig Meller:	So the feedback from customers has been invariably very positive and the outcomes of that have been many more customers going through the whole process of advice than the average we would see across the rest of our network. In 2016, our focus in on ensuring that we've got the capability to roll it out at scale. So, if you like, we're building it up to about 30 different advisor practices over the course of the year. At the same time, ensuring that all of the IT and infrastructure is available and built all the way through the system with integration into our solutions and product systems. So around about 30 for 2016.
Question:	(Sarah Kendell, Financial Observer) Okay. Great. Thank you.
Julia Quinn:	Thanks, Sarah, and our next question is from Narayanan.
Question:	(Narayanan Somasundaram, Bloomberg) Hi Craig. I just wanted to check what's been the impact of the recent equity market sell off globally on your fund flows and if it - and also do you have any more business efficiency programs coming?

Craig Meller: Sorry, I missed the second question.

Question: (Narayanan Somasundaram, Bloomberg) Is there any more or any additions to your business efficiency programs?

Craig Meller: So in terms of current market volatility, within our investor report - and I'll get the page for you in a second - we've given very clear sensitivities to movements in stock markets and other market related moves. It's on page 29 of our investor report. You can work through and look at where the equity markets land and what the financial impacts of that will be. On the impact on our cash flows, it's very early in the year and cash flows in January are always very slow anyway.

But the subjective feedback that we're getting through our advisor base is that our customer base is now much more experienced and used to living through times of volatility than perhaps they were seven or eight years ago when we were all hit by the financial crisis. So I would describe our retail customer base's reaction to be very calm at the present time.

Question: (Narayanan Somasundaram, Bloomberg) Okay.

Craig Meller: On the business efficiency initiative, the key focuses of that have been around automation, around offshoring, around rationalisation of the properties that we use as an organisation and continued migration of many of our computer systems into the cloud. The vast majority of that work's done. But in all of those areas that I've just mentioned, there's a little bit more to do through 2016 to ensure that we hit the targets that we set ourselves and communicate it to the market.

Question: (Narayanan Somasundaram, Bloomberg) Okay. Thank you.

Julia Quinn: Thank you very much. Without any more questions I'll sign off. Thank you everyone.

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