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Manager
ASX Market Announcements
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Announcement No: 26/2017
AMP Limited (ASX/NZX: AMP)

Half Year Financial Results

RESULTS FOR ANNOUNCEMENT TO THE MARKET

- Part One:** **Appendix 4D** 
- Appendix 3A.1
- Part Two:** AMP reports A\$445 million net profit 1H 17; announces new reinsurance agreements
- Part Three:** Investor Presentation
- Part Four:** Investor Report
- Part Five:** Directors' Report and Financial Report
- Part Six:** Appendix 3D

AMP Limited

ABN 49 079 354 519

ASX Appendix 4D for the Half Year Ended 30 June 2017

The information contained in this document should be read in conjunction with the AMP Limited Directors' Report and Financial Report for the half year ended 30 June 2017 and the AMP Limited Annual Report for the year ended 31 December 2016 and any public announcements made by AMP Limited and its controlled entities during the half year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 Jun 2017	30 Jun 2016	%
	\$m	\$m	movement
Financial results			
Revenue from ordinary activities ¹	7,610	6,096	25%
Profit from ordinary activities after tax attributable to members	445	523	-15%
Net profit for the period attributable to members	445	523	-15%

1 Revenue from ordinary activities includes amounts attributable to shareholders, policyholders and external unitholders. The amount is the aggregate of life insurance contract related revenue including life insurance claims recovered from reinsurers of \$1,347m (2016: \$1,225m), fee revenue of \$1,577m (2016: \$1,506m), other revenue of \$40m (2016: \$59m), net investment gains of \$4,635m (2016: \$3,292m gain) and share of profit of associates accounted for using the equity method \$11m (2016: \$14m).

	Amount per security (cents)	Franked amount per security (cents)
Dividends		
- Interim dividend (payable) (franked to 90% at a tax rate of 30%) ^{1,2}	14.50	13.05
- Final dividend (paid) (franked to 90% at a tax rate of 30%)	14.00	12.60
The record date to determine entitlements to the interim dividend	24-Aug-2017	
The date the interim dividend is payable	29-Sep-2017	

1 The unfranked component of the 2017 interim dividend will be declared to be conduit foreign income.

2 AMP has a dividend reinvestment plan (DRP) under which shareholders who have a registered address in, and are residents of, Australia and New Zealand are invited to reinvest all or part of any dividends receivable in additional shares. The price of the shares under the plan will be the arithmetic average of the daily volume weighted average price per share of all shares sold in the ordinary course of trading on the ASX for the 8 trading days from 29 August 2017 to 7 September 2017, rounded to the nearest one cent. For the 2017 interim dividend, no discount to the price will apply. AMP intends to acquire shares on-market to satisfy any entitlements under the DRP. Shares provided under the DRP will rank equally in all respects with existing fully paid AMP ordinary shares. The last date for receipt of election notes from shareholders wanting to commence, cease or vary their participation in the DRP for the 2017 interim dividend is by 5:00pm (Australian Eastern Standard Time) on 25 August 2017.

	30 Jun 2017	30 Jun 2016
	\$	\$
Net tangible assets per ordinary share		
Net tangible assets per ordinary share	1.40	1.60

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For the half year ended 30 June 2017

COMMENTARY**Principal activities**

AMP is Australia and New Zealand's leading independent wealth management company, with an expanding international investment management business and a growing retail banking business in Australia.

We provide retail customers in Australia and New Zealand with financial advice and superannuation, retirement income and investment products. We also provide superannuation services for businesses, administration, banking and investment services for self-managed superannuation funds (SMSF), income protection, disability and life insurance, and selected banking products. These products and services are delivered directly from AMP and through a network of over 3,300 aligned and employed financial advisers in Australia and New Zealand and extensive relationships with independent financial advisers.

Through AMP Capital, we manage investments across major asset classes including equities, fixed income, infrastructure, real estate, diversified funds, multi-manager and multi-asset funds, for domestic and international customers. AMP Capital also provides commercial, industrial and retail real estate management services.

We have over 5,500 employees, around 770,000 shareholders and manage and administer \$247 billion in assets.

AMP Capital has a strategic alliance with leading Japanese bank, Mitsubishi UFJ Trust and Banking Corporation (MUFG: Trust Bank) through which MUFG: Trust Bank holds a 15% minority interest in AMP Capital Holdings Limited. AMP Capital holds a 15% stake in China Life AMP Asset Management Company Limited, a funds management company which offers retail and institutional investors in China access to leading investment solutions. AMP also owns a 19.99% stake in China Life Pension Company.

AMP's business consists of Australian wealth management, AMP Capital, AMP Bank, Australian wealth protection, New Zealand financial services and Australian mature.

The *Australian wealth management* business provides customers with superannuation, retirement income, investment, SMSF software and administration and financial advice services (through aligned and owned advice businesses).

AMP Capital is a diversified investment manager, managing investments across major asset classes including equities, fixed interest, infrastructure, real estate, diversified funds, multi-manager and multi-asset funds.

AMP Bank is an Australian retail bank offering residential mortgages, deposits, transaction banking, and SMSF products for around 100,000 customers. It also has a small portfolio of practice finance loans supporting AMP's adviser network. AMP Bank distributes through brokers, AMP advisers, and direct to retail customers via phone and internet banking.

Australian wealth protection comprises term life, disability and income protection insurance products sold on an individual and group basis. Insurance products can be bundled with a superannuation product or held independently.

New Zealand financial services provides tailored financial products and solutions to New Zealanders both directly and through a network of financial advisers. New Zealand financial services has a leading market position in both wealth protection and wealth management, in addition to being the market leader in advice and in providing support to advisers.

Australian mature is the largest closed life insurance business in Australia. Australian mature assets under management comprises capital guaranteed products (77%) and market linked products (23%). Australian mature products include whole of life, endowment, investment linked, investment account, Retirement Savings Account, Eligible Rollover Fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts.

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For the half year ended 30 June 2017

Review of operations and results

AMP's profit attributable to shareholders of AMP Limited for the half year ended 30 June 2017 was \$445 million (1H 16: \$523 million).

AMP's underlying profit for the half year ended 30 June 2017 was \$533 million (1H 16: \$513 million).

Underlying profit is AMP's key measure of business profitability, as it normalises investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group. Underlying profit excludes the impact of market volatility, accounting mismatches and other items.

Basic earnings per share for the half year ended 30 June 2017 on a statutory basis were 15.3 cents per share (1H 16: 17.9 cents per share). On an underlying basis, earnings were 18.1 cents per share (1H 16: 17.3 cents per share).

AMP's key performance measures were as follows:

- 1H 17 underlying profit of \$533m increased 4% from \$513m in 1H 16, driven by strong operating earnings growth from AMP Capital (+11%), AMP Bank (+10%) and New Zealand financial services (+5%).
- Australian wealth protection earnings increased by 11% on 1H 16 reflective of the steps taken to stabilise the business in 2H 16.
- Australian wealth management earnings declined 1% from 1H 16 largely due to margin compression from MySuper transitions and a reset of the investment management agreement with AMP Capital.
- Underlying investment income decreased \$11m to \$50m from 1H 16 due to lower shareholder capital resources and a 50 bp reduction in the assumed underlying after-tax rate of return.
- Australian wealth management 1H 17 net cashflows were \$1,023m, up 76% from 1H 16. AMP's retail and corporate super platform net cashflows were positively impacted by recent changes to superannuation contribution limits and large mandate wins.
- AMP Capital external net cash inflows were \$2,439m, up from net outflows of \$153m in 1H 16. Inflows were driven by strong flows into fixed income and real asset (infrastructure and real estate) capabilities.
- Underlying return on equity rose 2.6 percentage points to 14.5% in 1H 17 from 1H 16, largely reflecting the impact of capital management programs.

Capital management

Equity and reserves of the AMP group attributable to shareholders of AMP Limited decreased to \$7.2 billion at 30 June 2017 from \$7.5 billion at 31 December 2016, mainly driven by the planned on market share buy back and investment in growth businesses.

AMP remains well capitalised, with \$1.9 billion in shareholder regulatory capital resources above minimum regulatory requirements at 30 June 2017 (\$2.2 billion at 31 December 2016).

Dividends

AMP's interim 2017 dividend is 14.5 cents per share, franked to 90%. This represents an interim 2017 dividend payout ratio of 79% of underlying profit. AMP will continue to offer the dividend reinvestment plan (DRP) to eligible shareholders. For the 2017 interim dividend, no discount will apply to the DRP allocation price. AMP intends to neutralise the impact of the DRP by acquiring shares on-market to satisfy any entitlements under the DRP.

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For the half year ended 30 June 2017

DETAILS OF MOVEMENTS IN CONTROLLED ENTITIES

Changes in controlled entities comprise entities acquired and disposed through (a) activities in respect of investment entities controlled by the AMP life insurance entities' statutory funds and (b) purchase, sale, formation, and deregistration of minor operating controlled entities. There has been no material contribution to the profit of AMP group from entities acquired and disposed of during the half year.

Changes in controlled entities during the half year ended 30 June 2017	Date control	
	gained over entity	lost over entity
Name of entity		
BPOConnect SMSF Pty Ltd	13-Mar-17	
SuperannuationOps Private Limited	13-Mar-17	
AMP Capital Global Equities Fund	1-Jan-17	
AMP Capital Global Equities Concentrated Fund	1-Jan-17	
AMP Capital Global Equities Concentrated Hedged Fund	1-Jan-17	
AMP Life Core Fixed Income Fund	1-Jan-17	
AMP Life Core Long Dated Fixed Income Fund ORD	1-Jan-17	
AMP Life Core Long Dated Fixed Income Fund VPST	1-Jan-17	
AMP Life Non Par Bond Fund ORD	1-Jan-17	
Future Directions Private Equity Fund 5	1-Jan-17	
MySuper Australian Equities Fund	1-Jan-17	
Silverton Securities Pty Ltd		25-Jan-17
AMP CMBS NO. 1 Pty Limited		27-Mar-17
AMP CMBS NO. 2 Pty Limited		27-Mar-17
Genesys Hobart Pty Ltd		3-Apr-17
Quay 62 Pty Limited		17-Apr-17
AMP AAPH Finance Limited		24-Apr-17
Financially Yours Pty Ltd		28-Jun-17
Financially Yours Holdings Pty Ltd		28-Jun-17
AMP Capital Australian Equity Long Short Fund		30-Jun-17
AMP Capital Core Retirement Fund		30-Jun-17
AMP Capital Diversified Infrastructure Trust B		30-Jun-17
AMP Capital Specialist Diversified Fixed Income Fund		30-Jun-17
EFM Fixed Interest Fund 10		30-Jun-17
Floating Rate Income Fund		30-Jun-17
Wholesale Global Diversified Yield Fund		30-Jun-17

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For the half year ended 30 June 2017

DETAILS OF INVESTMENTS IN ASSOCIATED ENTITIES AND JOINT VENTURE ENTITIES

The majority of investment assets held by AMP are in the Australian life insurance statutory funds and measured at fair value through profit or loss. At any one time, the life insurance statutory funds hold investments in various vehicles, including associated entities, on behalf of policyholders. These investments are not part of the core wealth management business of AMP and did not have a material impact on the financial performance of the company.

Significant associates and joint ventures of the Group as at 30 June 2017

	Ownership interest	
	30 Jun	31 Dec
	2017	2016
	%	%
AMP Capital Balanced Growth Fund	47	44
AMP Capital Diversified Property Fund	-	25
AMP Capital Dynamic Markets Fund	22	22
AMP Capital Global Listed Infrastructure Fund	29	-
AMP Capital Global Property Securities Fund (AUS)	41	44
AMP Capital Global Property Securities Fund (NZ)	42	-
AMP Capital Multi-Asset Fund	25	26
AMP Capital NZ Shares Fund	31	30
Arrow street Global Equity Fund	25	-
Australian Corporate Bond Fund	27	29
Enhanced Index Share Fund	48	47
EFM Fixed Interest Fund 10	48	-
Gove Aluminium Finance Limited	30	30
K2 Australian Absolute Return Fund	24	24
Legg Mason Martin Currie Real Income Fund	24	24
Listed Property Trust Fund	-	27
Responsible Investments Leader Balanced Fund	26	24
Wholesale Cash Management Trust	46	46
Wholesale Unit Trust MSCI Global Index Share Fund	43	42
China Life Pension Company	19.99	19.99
AIMS AMP Capital Industrial REIT	5	5
China Life AMP Asset Management Company Ltd	15	15
Global Infrastructure Fund	8	5
AMP Capital Infrastructure Debt Fund III USD LP	3	8