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Announcement No: 19/2015  
AMP Limited (ASX/NZX: AMP)

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## Half Year Financial Results

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

- Part One:**    **Appendix 4D** 
- Appendix 3A.1
- Part Two:**    AMP reports A\$507 million net profit 1H 15
- Part Three:**    Investor Presentation
- Part Four:**    Investor Report
- Part Five:**    Directors' Report and Financial Report

# **AMP Limited**

ABN 49 079 354 519

## **ASX Appendix 4D for the Half Year Ended 30 June 2015**

*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 2015 and the AMP Limited Annual Report for the year ended 31 December 2014 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 2015 \$m	30 Jun 2014 \$m	% movement
<b>Financial results</b>			
Revenue from ordinary activities <sup>1</sup>	8,624	7,245	19%
Profit from ordinary activities after tax attributable to members	507	382	33%
Net profit for the period attributable to members	507	382	33%

1 Revenue from ordinary activities includes amounts attributable to shareholders, policyholders and external unitholders. The amount is the aggregate of premium and related revenue of \$1,208m (2014: \$1,173m), fee revenue of \$1,546m (2014: \$1,335m), other revenue of \$64m (2014: \$60m), net investment gains of \$5,796m (2014: \$4,670m gain) and share of profit or (loss) of associates accounted for using the equity method \$10m (2014: \$7m).

	Amount per security (cents)	Franked amount per security (cents)
<b>Dividends</b>		
Interim dividend (franked to 85% at a tax rate of 30%) <sup>1,2</sup>		
- Interim dividend	14.00	11.90
The record date to determine entitlements to the interim dividend	3 Sep 2015	
The date the interim dividend is payable	9 Oct 2015	

1 The unfranked component of the 2015 interim dividend will be paid from 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 10 trading days from 9 September 2015 to 22 September 2015, rounded to the nearest one cent. For the 2015 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 2015 interim dividend is by 5:00pm (Australian Eastern Standard Time) on 4 September 2015.

	30 Jun 2015 \$	30 Jun 2014 \$
<b>Net tangible assets per ordinary share</b>		
Net tangible assets per ordinary share	1.50	1.35

## ASX Appendix 4D

For the half year ended 30 June 2015

### COMMENTARY

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.

The company serves customers in Australia and New Zealand and clients in Asia, Europe, the Middle East and North America. AMP has over 5,300 employees, around 810,000 shareholders and \$222 billion of assets under management (AUM).

AMP provides customers in Australia and New Zealand with financial advice, superannuation, retirement income and other investment products for individuals. It also provides superannuation services for businesses, administration, banking and investment services for self-managed super funds (SMSF), income protection, disability and life insurance, and selected banking products.

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

The *Australian wealth management* business provides customers with superannuation, retirement income, investment, SMSF 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, property, diversified funds, multi-manager and multi-asset funds. Mitsubishi UFJ Trust and Banking Corporation (MUTB) holds a 15% ownership interest in AMP Capital. AMP Capital holds a 15% stake in the China Life AMP Asset Management Company Limited, a funds management company which offers retail and institutional investors in China access to leading investment solutions.

*Australian wealth protection* comprises individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently.

*AMP Bank* is an Australian retail bank offering residential mortgages, deposits, transaction banking, and SMSF products with around 100,000 customers. It also has a portfolio of practice finance loans. AMP Bank distributes through brokers, AMP advisers, and direct to retail customers via phone and online.

*New Zealand financial services* provides tailored financial products and solutions to New Zealanders 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* 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.

### Review of operations and results

AMP's profit attributable to shareholders of AMP Limited for the half year ended 30 June 2015 was \$507 million (1H 14: \$382 million).

Basic earnings per share for the half year ended 30 June 2015 on a statutory basis were 17.4 cents per share (1H 14: 13.1 cents per share).

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. Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes. AMP's underlying profit for the half year ended 30 June 2015 was \$570 million (1H 14: \$510 million). On an underlying basis, earnings were 19.3 cents per share (1H 14: 17.2 cents per share).

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For the half year ended 30 June 2015

AMP's key performance measures were as follows:

- 1H 15 underlying profit of \$570 million, up 11.8% on 1H 14 with strong growth across all contemporary businesses.
- 1H 15 AMP group cost to income ratio of 43.1%, an improvement of 1.9 percentage points on 1H 14.
- Australian wealth management 1H 15 net cashflows were \$1,152 million, up \$36 million from net cashflows of \$1,116 million in 1H 14. Strong growth in AMP's retail and corporate super platforms of \$1,926 million were partially offset by external platform net cash outflows of \$774 million, in part driven by the announced closure of Genesys wealth advisers in November 2014.
- AMP Capital external net cashflows were \$3,025 million, up \$1,383 million from net cashflows of \$1,642 million in 1H 14, driven by stronger inflows generated through the China Life AMP Asset Management joint venture and both institutional and retail domestic clients.
- Underlying return on equity increased 1.0 percentage points to 13.5 % in 1H 15 from 1H 14, largely reflecting the increase in underlying profit.

AMP's total AUM was \$222 billion at 30 June 2015 (\$214 billion at 31 December 2014).

*Differences between underlying profit and statutory profit*

The 30 June 2015 underlying profit of \$570 million excludes the impact (net of any tax effect) of:

- net loss of \$2 million which largely comprises the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes
- amortisation of AXA acquired intangible assets of \$42 million
- business efficiency program costs of \$33 million
- market adjustment gains of \$24 million, and
- accounting mismatches loss of \$10 million.

A reconciliation between underlying profit and statutory profit is provided in note 2 of the financial report.

Under Australian Accounting Standards, some assets held on behalf of policyholders (and related tax balances) are included in the financial report at different values to the value used in the calculation of policyholder liabilities in respect of the same asset. Movements in these policyholder assets flow through to shareholder profit. These differences have no impact on the true economic profits and losses of the AMP group.

The impact of accounting mismatches on profit after tax arising from policyholder assets is as follows:

	1H 15	1H 14
<b>Accounting mismatches profit/(loss)</b>	<b>\$m</b>	<b>\$m</b>
Treasury shares	(25)	(37)
Investments in controlled entities	18	3
Superannuation products invested with AMP Bank	1	3
Owner occupied property	(4)	-
<b>Net accounting mismatches profit/(loss)</b>	<b>(10)</b>	<b>(31)</b>

**Capital management**

Equity and reserves of the AMP group attributable to shareholders of AMP Limited increased to \$8.3 billion at 30 June 2015 from \$8.2 billion at 31 December 2014.

AMP remains well capitalised, with \$2.3 billion in shareholder regulatory capital resources above minimum regulatory requirements at 30 June 2015 (\$2.0 billion at 31 December 2014).

AMP's interim 2015 dividend is 14.0 cents per share, franked to 85%. This represents a first half 2015 dividend payout ratio of 72.7% of underlying profit. AMP will continue to offer the dividend reinvestment plan (DRP) to eligible shareholders. 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 2015

**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 2015**

<b>Name of entity</b>	<b>Date control</b>	
	<b>gained over entity</b>	<b>lost over entity</b>
AMP Capital Infrastructure Equity Fund	2-Jan-15	
AMP Capital Asia Quant Fund	14-Feb-15	
AMP Capital Equity Fund	15-May-15	
EFM Australian Share Fund 10	15-May-15	
EFM Australian Share Fund 9	15-May-15	
EFM Fixed Interest Fund 5	15-May-15	
EFM Fixed Interest Fund 6	15-May-15	
EFM Fixed Interest Fund 7	15-May-15	
EFM Fixed Interest Fund 9	15-May-15	
EFM Fixed Interest Fund 10	15-May-15	
EFM Infrastructure Fund 2	15-May-15	
EFM Listed Property Fund 2	15-May-15	
EFM International Share Fund 9 C	15-May-15	
AMP Capital Global Equities Sector Rotation Fund		14-Feb-15
Henderson Global Commodities Fund		14-Feb-15
Listed Property Trusts Fund		14-Feb-15
Future Directions Inflation Linked Bond Fund		15-May-15
Future Directions International Small Companies Fund		15-May-15
Ipac Specialist Investment Strategies-Passive Global Property		15-May-15

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**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 2015**

	Ownership interest	
	30 Jun 2015 %	31 Dec 2014 %
AMP Australian Equity Index Fund	50	50
AMP Capital Balanced Growth Fund	29	20
AMP Capital Community Infrastructure Fund	26	-
AMP Capital Diversified Property Fund	25	25
AMP Capital Dynamic Markets Fund	26	-
AMP Capital Global Property Securities Fund	41	40
AMP Capital Multi-Asset Fund	34	37
AMP Capital NZ Shares Fund	48	40
AMP Capital Pacific Fair and Macquarie Shopping Centre Fund	26	26
AMP Capital Shopping Centre Fund	25	25
AMP Capital Strategic NZ Shares Fund	45	45
AMP Equity Trust	-	46
Diversified Investment Strategy No 2	25	23
Diversified Investment Strategy No 3	28	28
Diversified Investment Strategy No 6	32	29
Enhanced Index Share Fund	50	50
Future Directions Emerging Markets Share Fund	49	49
Gove Aluminium Finance Limited	30	30
Hyperion Australian Growth Companies Fund	-	24
K2 Australian Absolute Return Fund	28	28
Listed Property Trust Fund	32	-
Man AHL Alpha	23	26
Pimco Diversified Fixed Interest Fund	46	33
Responsible Investments Leader Balanced Fund	25	26
Templeton Global Trust Fund	26	26
Value Plus Australia Share Fund	30	29
AIMS AMP Capital Industrial REIT	5	5
China Life AMP Asset Management Company Ltd	15	15
PSK Financial Services Group Pty Ltd	34	34
China Life Pension Company	20	-
Infrashore Group	29	-