

AMP LIMITED (AMP)

8 AUGUST 2018

RESULTS	Half Year 2018	Half Year 2017	CHANGE
Revenue (\$m)	7,173	7,610	-6%
Aust Wealth Management Earnings (\$m)	204	193	+5.7%
AMP Capital Earnings (\$m)	94	92	+2.2%
AMP Bank Earnings (\$m)	78	65	+20%
Net Profit (\$m)	115	445	-74%
Net Profit Consensus (\$m)	98.5		
Interim Dividend (\$)	0.10	0.145	-31%

AMP closes out a tough 6 months with global push still underway

- **Australian based wealth management firm, AMP Limited (AMP)** recorded an underlying profit for the first half of 2018 of \$495 million down 7.1% year on year, while AMP's net profit fell by 74% to \$115 million. AMP said actions were underway to reset the business as it prioritises customers and strengthens risk management systems and controls, a plan it advised the market about on the 27th of July this year. AMP reported a fall in Funds Under Management (FUM) while the balance sheet showed the company had set aside \$290 million to refund and compensate customers it overcharged for advice.
- AMP is still set on expanding its international investment management business and growing its retail banking business in Australia. AMP Bank's operating earnings lifted by 20% over the year and AMP Capital replicated solid returns from the prior period. While AMP's Wealth Protection declined by 98% to \$1 million on higher than expected claims activity and capitalised losses. Overall operating earnings fell by 7.2%
- Regarding the class actions, AMP stated "*During May and June 2018, AMP Limited was served with five competing shareholder class actions. Each action is on behalf of shareholders who acquired an interest in AMP Limited shares over a specified time period, the longest of which is between 10 May 2012 and 15 April 2018. The claims are yet to be quantified and participation has not been determined.*" AMP reaffirmed today that the company intends to vigorously defend these actions.
- AMP's assets under management (AUM) at the end of the half totalled \$260 billion from \$257 billion at 31 Dec 2017. AMP said it remains adequately capitalised, with \$1.8 billion in shareholder regulatory capital resources, at 30 June 18 down from \$2.3 billion at 31 December 17). Forecast for the full year is *on track to at least achieve FY 18 guidance of \$950 million (ex AMP Capital). AMP is still targeting total FY18 dividend payout at lower end of 70%-90% guidance range.*
- AMP said it will pay an Interim dividend of \$0.10 that will be 50% franked and paid on 28 September 2018.

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