



MACQUARIE  
ACN 002 574 923

# Macquarie Private Wealth



## AMP Limited

### Business Description

AMP Limited (AMP) is a major Australasian wealth manager and life insurer. The group comprises AMP Financial Services, which owns Australia's largest financial planning network and has leading market shares in a range of products and platforms, and AMP Capital Investors, a fund manager.

### Strategy Analysis

AMP's strategy is to strengthen its position in its core markets of Australia and New Zealand while making selective investments in Asia through AMP Capital Investors (AMPCI). AMP balances investment for long-term growth with cost control and protection of the company's capital and liquidity positions. AMP aims to drive strong value growth by investing in distribution and enhanced products and services. The five growth platforms are: 1. Grow financial planner capacity and broaden distribution: increase planner numbers and improve their productivity, develop broader, complementary distribution channels. 2. Expand to Asia through AMPCI: expand Asian distribution channels and alliances to market existing Australian and global products, establish investment capabilities in Asia to manage Asian assets. 3. Grow customers in high value segments: provide relevant product offers to customers in ways that create value. 4. Reshape AMPCI into a high value-add investment manager: continue to invest in investment professionals to support stronger business growth, expand investment capabilities in specialised, high-margin segments. 5. Invest in key growth enablers: build the brand, attract and retain talented staff, improve technology platforms. AMP is prepared to be acquisitive, for example its offers for Aviva and AXA Asia-Pacific (both of which were unsuccessful). AMP reported NPAT down 41% to \$580m for the year ended 31 December 2008. Revenue from ordinary activities was \$(10.97bn). Diluted EPS was 31 cents compared to 53.1 cents last year. Net operating cash flow was \$3.95bn compared to \$6.32bn last year. The final dividend declared was 16 cents, taking the full year dividend to 40 cents compared with 46 cents last year.

28 July 2010

### Recommendation

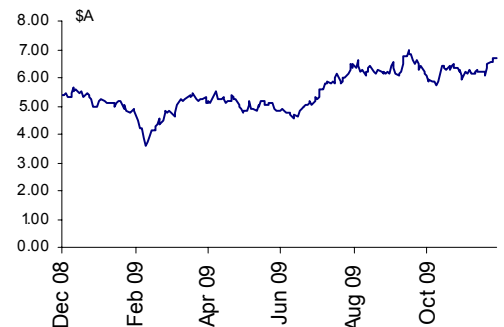
Recommendation: BLANK  
Relative to: All Ind (ex Fins)

### Investment Fundamentals

ASX code: AMP  
Stock price: \$5.33  
Market cap: \$11,043m

Y/E	31/12/2010	2010e	2011e	2012e	2013e
Reported e	\$m	854.8	1017.7	1097.7	1175.8
Adjusted e	\$m	854.8	1017.7	1097.7	1175.8
EPS adjusted	¢	41.2	48.9	52.8	56.5
EPS growth	%	9.3	18.7	7.9	7.1
PE	x	12.9	10.9	10.1	9.4
PE relative	x	0.9	1.0	1.0	1.0
DPS	¢	35.0	39.0	43.0	47.0
Yield	%	6.6	7.3	8.1	8.8
Franking	%	52.6	62.6	70.0	70.0

### Share Price



Source: ASX and Company accounts

### Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Australian Contemporary Wealth Management	63.3	0.0	27.6	-0.5%	-14.0%
AMP Capital Investors	13.6	0.0	42.1	1.0%	-3.0%
Australian Contemporary Wealth Protection	10.3	0.0	100.0		
Australian Mature	9.5	0.0	100.0		
AMP Financial Services	3.4	0.0	100.0		
New Zealand					
<b>Total</b>	<b>100.1</b>	<b>0.0</b>	<b>369.7</b>		
Results by Geography					
Australia	100.0	0.0	0.0		
New Zealand	100.0	0.0	0.0		
<b>Total</b>	<b>200.0</b>				

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