



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



AMP

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 driver 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 customer 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 specialized, high-margin segments. 5. Invest in key growth enablers; build the brand, attract and retain talented staff, improve technology platforms. With the integration of the Australian and New Zealand operations of AXA Asia-Pacific Holdings AMP aims to broaden and diversify its distribution and achieve significant merger synergies. AMP reported NPAT down 18% to \$349m for the half-year ended 30 June 2011. The Company reported an underlying profit of A\$455m for the half-year, which includes a A\$61m contribution from AXA for the second quarter of 2011, following the merger of the two businesses on 30 March 2011. Revenues from ordinary activities were \$3.93bn, compared to \$900m last year. Diluted EPS was 14.3 cents compared to 20.8 cents last year. Net operating cash flow was \$1.49bn compared to \$1.30bn last year. The interim dividend declared was 15 cents in line with 15 cents last year. Looking ahead, AMP continues to support proposed regulatory reform that will lead to better consumer outcomes and increase consumer confidence in the financial services profession.

Segment Performance				Annual Shareholders' Return	
Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	1 year	3 year
Australian Contemporary Wealth Management	65.5	0.0	28.4	-13.0%	-0.6%
AMP Capital Investors	13.9	0.0	38.5	-10.0%	-5.0%
Australian Mature	8.6	0.0	100.0		
Australian Contemporary Wealth Protection	8.5	0.0	100.0		
AMP Financial Services New Zealand	3.6	0.0	100.0		
Total	100.1	0.0	366.9		
Results by Geography					
Australia	0.0	0.0	0.0		
New Zealand	0.0	0.0	0.0		
Others	0.0	0.0	0.0		
Total	0.0				

27 January 2012

Recommendation

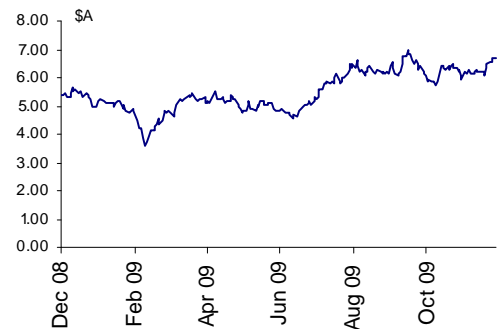
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: AMP
Stock price: \$4.35
Market cap: \$12,418m

	Y/E 31/12/2012	2011e	2012e	2013e	2014e
Reported e	\$m	631.2	686.0	926.3	1032.0
Adjusted e	\$m	833.9	940.2	1053.0	1141.5
EPS adjusted	¢	31.3	32.8	36.7	39.8
EPS growth	%	-13.3	4.6	12.0	8.4
PE	x	13.9	13.3	11.9	10.9
PE relative	x	1.2	1.3	1.3	1.2
DPS	¢	30.0	32.0	34.0	37.0
Yield	%	6.9	7.4	7.8	8.5
Franking	%	30.0	35.0	40.0	45.0

Share Price



Source: ASX and Company accounts

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If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

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