The Australian

AMP's 11pc slide no barrier to growth

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- From:**The Australian**
- February 17, 201212:00AM

AMP has delivered a weaker result in line with expectations as choppy equity markets and looming regulations weighed on profits and dividend. Net profit for the year at the wealth management and life insurance company was down 11 per cent to $688 million.

Chief executive Craig Dunn spoke of the "challenging market and business conditions that obviously had a negative impact" while also informing the market that the integration of the AXA business was progressing ahead of schedule.

Underlying net profit, which included nine months of contributions from AXA Asia-Pacific but not costs associated with the merger, showed a more impressive 20 per cent lift in underlying net profit to $909m.

"The integration of the AXA and AMP businesses continues to track well," said Mr Dunn.

"Full-year run rate synergies of $55m after tax were achieved by December 31, exceeding AMP's $30m estimate."

The attrition rate of financial planners from the AXA merger had also been low, with 96 per cent of the adviser force being retained and more added, bringing the number of its advisers to 4131.

The company announced it would reduce the payout ratio, resulting in a full year dividend of 14c, down from 15c franked at 50 per cent.

"The AMP result was in line with market expectations," said portfolio manager Chris Stott of Wilson Asset Management. "The reduction in the payout ratio reflects the company's more prudent approach to capital management given the market volatility and proposed regulatory changes. It also allows AMP more flexibility regarding future business growth."

AMP's financial services division recorded net outflows of $581m compared with net inflows of $789m in the previous year but the company was optimistic about the future.

"We are seeing very positive momentum across our newer and more contemporary platforms," Mr Dunn said. "The positive include AMP Flexible Super with net cashflows of $3 billion and (assets under management) of more than $4bn and is one of the fastest growing superannuation products in the market."

AMP Flexible Super, the company's flagship investment platform, has been built with an eye to the My Super reforms, which are expected to come into force on July 1 next year.

"We basically built it so that as much as possible it would allow for those changes," Mr Dunn said. "What we've tried to do as much as possible is anticipate where the big shifts in regulation have gone.

"You can't do that on everything and there is obviously still some uncertainty around what shape the legislation will take."

Expansion overseas remained on the agenda after the announcement last year of a well received joint venture with Japanese giant Mitsubishi UFJ Trust.

"Our future will also involve success in very targeted offshore markets through AMP Capital" Mr Dunn said. "It's a low-risk strategy that avoids the need to large, upfront, high-risk capital investment internationally."

AMP shares fell 10c or 2.3 per cent to $4.29.
