



19 February 2009

AMP Group reports Q4 2008 Cashflows

AMP Group today reported cashflows for the fourth quarter to 31 December 2008.

Assets under management (AUM) for AMP's key AUM driven businesses, AFS Contemporary Wealth Management and AMP Capital Investors, are also included in this release.

Total net cashflows for the December quarter declined by \$272 million to \$252 million compared with \$524 million in the previous corresponding quarter.

AMP Chief Executive Officer Craig Dunn said Q4 2008 cashflows reflected trends that were evident throughout 2008. Weak investment markets and consumer sentiment led to lower discretionary superannuation contributions, while employer contributions remained steady due to guaranteed superannuation.

Net cashflows were positively impacted by lower outflows compared to the previous corresponding quarter, which were inflated due to the impact of legislative changes and higher investment markets in 2007.

Overall persistency for AMP Financial Services, excluding internal product flows, increased to 89.9 per cent in Q4 2008 compared to 88.3 per cent in the same period.

The attached tables contain cashflows for the December 2008 quarter.

Retail superannuation and allocated pensions/annuities

Net cashflows for retail superannuation and allocated pensions/annuities was \$202 million for Q4 2008, compared to \$425 million in the corresponding period.

Total retail super and pension/annuities inflows fell 40 per cent to \$1,424 million in Q4 2008 compared to \$2,385 million in the corresponding 2007 quarter, due to a fall in discretionary contributions resulting from weak consumer and investor sentiment in Q4 2008 and abnormally high flows into pension/annuity products in Q4 2007.

Total outflows in retail super and pension/annuities improved by 38 per cent compared to the same period, reflecting a greater retention of funds within AMP and lower AUM balance due to falling markets.

Retail superannuation external persistency (excluding internal product flows) increased to 91.7 per cent compared to 89.4 per cent compared to corresponding quarter.

Allocated annuities external persistency (excluding internal product flows) fell to 85.7 per cent from 86.2 per cent in the corresponding period, as a result of higher volumes of funds transitioned to retirement in 2007 prompting higher contractual payments in 2008.

Corporate Superannuation

Corporate superannuation net cashflows were \$229 million for Q4 2008 (excluding mandate wins), compared to \$33 million in Q4 2007, which can be mainly attributed to resilient employer contributions and lower outflows.

- Including mandate wins, total corporate super inflows were \$800 million for the quarter, compared with \$792 million in Q4 2007.
- Corporate super outflows were \$529 million in Q4 2008, an improvement of 25 per cent compared to the corresponding quarter in 2007.
- Net persistency for corporate super increased to 94 per cent in the quarter, compared with 92.4 per cent in Q4 2007.

Mature Products

- Net outflows in mature products for Q4 2008 was \$239 million, an improvement of 36 per cent on the previous period.
- This was mainly due to the impact of investment markets limiting investor withdrawals from capital guaranteed products.

New Zealand

- Net cashflows decreased by \$116 million compared to the corresponding period due to significant NZ Corporate Super mandate wins in Q4 2007.
- The decrease was partially offset by KiwiSaver inflows of NZ\$58 million in Q4 2008.

Channel flows

AMP Financial Planning net cashflows were \$132 million for Q4 2008, compared to \$400 million for the corresponding quarter.

- Inflows for the quarter were \$1,880 million, a 36 per cent reduction compared to Q4 2007. This reflects the impact difficult investment markets had on discretionary contributions and Q4 2007 flows for transitions to retirement driven by legislative changes not recurring in Q4 2008.
- Outflows for Q4 2008 improved 31 per cent to \$1,748 million from \$2,545 million in the corresponding quarter. Q4 2007 outflows were unusually high due to legislative changes impacting flows for transition to retirement.

Hillross net cashflows were down 93 per cent to \$6 million. Inflows were down by \$302 million and outflows decreased by \$219 million, reflecting funds flows of Q4 2007 for transitions to retirement not recurring in Q4 2008, and lower discretionary contributions from high net worth clients due to weak investment markets.

Assets under management

AMP Financial Services Contemporary Wealth Management (CWM) average AUM was \$45.8 billion in Q4 2008 compared to \$57 billion in the previous corresponding quarter.

AMP Capital Investors (AMP Capital) average AUM was \$96.7 billion in Q4 2008, a decline of 14 per cent due to weak global investment markets and lower net cashflows.

Outlook

Mr Dunn said the company is prudently managing costs, capital and liquidity in the current environment while continuing to invest in growth initiatives for the medium to long term.

While economic and market conditions mean that delivering growth in the short term will be challenging, Mr Dunn said that AMP is well placed and remains confident about the medium to long term outlook for the business.

The attached tables contain AFS cashflows for the December 2008 quarter and assets under management for AMP's key AUM driven businesses.

Media enquiries

Jane Anderson

Tel: +61 2 9257 9870

Mobile: +61 402 967 791

Sarah Hudson

Tel: +61 2 9257 2700

Mobile: +61 424 034 059

Investor enquiries

Howard Marks

Tel: +61 2 9257 7109

Mobile: +61 402 438 019

Stuart Kingham

Tel: +61 2 9257 5207

Mobile: +61 401 139 06

AMP Financial Services – Q4 08 cashflows

| | Cash inflows | | | Cash outflows | | | Net cashflows | | |
|--|--------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|
| | Q4 08 | Q4 07 | % Q4/Q4 | Q4 08 | Q4 07 | % Q4/Q4 | Q4 08 | Q4 07 | % Q4/Q4 |
| Retail superannuation ¹ | 988 | 1,446 | (31.7) | 924 | 1,664 | 44.5 | 64 | (218) | n/a |
| Allocated pensions/annuities | 436 | 939 | (53.6) | 298 | 296 | (0.7) | 138 | 643 | (78.5) |
| Total retail superannuation and pensions/annuities | 1,424 | 2,385 | (40.3) | 1,222 | 1,960 | 37.7 | 202 | 425 | (52.5) |
| Retail investment | 101 | 139 | (27.3) | 101 | 128 | 21.1 | - | 11 | n/a |
| Fixed term annuities | 45 | 44 | 2.3 | 71 | 63 | (12.7) | (26) | (19) | (36.8) |
| External platforms ² | 316 | 783 | (59.6) | 364 | 595 | 38.8 | (48) | 188 | n/a |
| Total retail | 1,886 | 3,351 | (43.7) | 1,758 | 2,746 | 36.0 | 128 | 605 | (78.8) |
| Corporate superannuation | 758 | 735 | 3.1 | 529 | 702 | 24.6 | 229 | 33 | 593.9 |
| Corporate superannuation mandate wins ³ | 42 | 57 | (26.3) | - | - | n/a | 42 | 57 | (26.3) |
| Total Australian contemporary wealth management | 2,686 | 4,143 | (35.2) | 2,287 | 3,448 | 33.7 | 399 | 695 | (42.6) |
| Total Australian contemporary wealth protection | 180 | 156 | 15.4 | 115 | 94 | (22.3) | 65 | 62 | 4.8 |
| Total Australian contemporary | 2,866 | 4,299 | (33.3) | 2,402 | 3,542 | 32.2 | 464 | 757 | (38.7) |
| Australian mature | 181 | 179 | 1.1 | 420 | 555 | 24.3 | (239) | (376) | 36.4 |
| Total Australia | 3,047 | 4,478 | (32.0) | 2,822 | 4,097 | 31.1 | 225 | 381 | (40.9) |
| New Zealand | 172 | 277 | (37.9) | 145 | 134 | (8.2) | 27 | 143 | (81.1) |
| Total AFS cashflows | 3,219 | 4,755 | (32.3) | 2,967 | 4,231 | 29.9 | 252 | 524 | (51.9) |

Cashflows by distribution channel

| | | | | | | | | | |
|---|--------------|--------------|---------------|--------------|--------------|--------------|------------|------------|---------------|
| AMP Financial Planning | 1,880 | 2,945 | (36.2) | 1,748 | 2,545 | 31.3 | 132 | 400 | (67.0) |
| Hillross | 411 | 713 | (42.4) | 405 | 624 | 35.1 | 6 | 89 | (93.3) |
| Corporate Superannuation - direct sales force | 423 | 430 | (1.6) | 215 | 307 | 30.0 | 208 | 123 | 69.1 |
| Centrally managed clients and other | 167 | 175 | (4.6) | 252 | 312 | 19.2 | (85) | (137) | 38.0 |
| 3rd party distributors | 166 | 215 | (22.8) | 202 | 309 | 34.6 | (36) | (94) | 61.7 |
| Total Australia | 3,047 | 4,478 | (32.0) | 2,822 | 4,097 | 31.1 | 225 | 381 | (40.9) |
| New Zealand | 172 | 277 | (37.9) | 145 | 134 | (8.2) | 27 | 143 | (81.1) |
| Total AFS cashflows | 3,219 | 4,755 | (32.3) | 2,967 | 4,231 | 29.9 | 252 | 524 | (51.9) |

1. Retail superannuation includes the product Flexible Lifetime - Super (FLS), a component of which is small corporate superannuation schemes.

2. Externally manufactured products that earn platform fees (superannuation, pensions and investments).

3. Cashflows from the transfer of accumulated member benefits as a result of SignatureSuper mandate wins.

Australian contemporary wealth management and AMPCI - Q4 08 AUM

| AUM (A\$b) | Q4 08 | Q4 07 | % Q4/Q4 |
|--|-------|-------|---------|
| Australian contemporary wealth management | | | |
| Q4 08 Closing AUM (including capital) | 43.8 | 57.0 | (23.2) |
| Q4 08 Average AUM (including capital) | 45.8 | 57.5 | (20.3) |
| AMPCI | | | |
| Q4 08 Closing AUM | 91.8 | 111.1 | (17.4) |
| Q4 08 Average AUM | 96.7 | 112.3 | (13.9) |