

ASX Code: AMP

Price: \$0.940

12 Mth Target Price: \$0.90

Rating: Neutral

Business Summary

AMP Limited (AMP) operates in Australia and New Zealand as a provider of superannuation, life insurance, investments and advice, as well as retail banking in Australia, and internationally with strong partnerships in China and Japan and investments around the world.

AMP Australia: In November 2019, AMP brought together its Australian wealth management and AMP Bank divisions under one leadership team. The businesses will continue to provide clients with financial advice services (through aligned and owned advice businesses), platform and software administration (including SMSF), unit linked superannuation, retirement income and managed investment products business in Australia. As well as providing customers with residential mortgages, deposits, transaction banking and SMSF products.

AMP Capital: AMP Capital manages investments in equities, fixed income, diversified, multi-manager and multi-asset funds on behalf of clients globally. AMP Capital also manages real estate and infrastructure assets including shopping centres, airports, trains and pipelines. In Asia, AMP have partnered with two financial services groups, MUFG: Trust Bank of Japan and China Life.

New Zealand Wealth Management (NZWM): NZWM provides wealth management and financial advice and distribution business in New Zealand. Customers are provided with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments and a wrap investment management platform.

Latest Research

BoLR settlement paves the way for third tranche capital return

News that the Buyer of Last Resort ("BoLR") class action has now been settled, in our view, presents a positive step forward in not only resolving its

most significant legacy matter but also now potentially allowing AMP to progress with its third tranche of capital return. Settlement is for a total of A\$100m, which is lower than our prior back of the envelope estimates. With finalisation and execution of a deed of settlement remaining and Federal Court approval, actual settlement is likely to happen in 1H24. We retain our Neutral rating and A\$0.90 target price, but now expect AMP to announce its third tranche capital return by the end of the year.

For more information see full research report 24 Nov 2023.

Snapshot

| | |
|-----------------|-----------------|
| Date | 16 January 2024 |
| Market Cap. | \$2,577m |
| Shares on issue | 2,741.1m |
| 12 Month High | \$1.37 |
| 12 Month Low | \$0.84 |

Rating

| | |
|----------------------|---------|
| Rating | Neutral |
| 12 Mth Target Price | \$0.90 |
| Capital Gain | -6.7% |
| Gross Yield | 5.7% |
| Implied Total Return | -1.0% |

Investment Fundamentals

| FYE 31 Dec | | 2022A | 2023F | 2024F | 2025F |
|----------------|-----|-------|-------|-------|-------|
| Profit | \$m | 184.0 | 188.0 | 200.0 | 276.0 |
| Profit (norm)* | \$m | 184.0 | 188.0 | 200.0 | 276.0 |
| EPS* | ¢ | 6.0 | 6.0 | 7.0 | 10.0 |
| EPS Growth | % | -25.0 | 0.0 | 16.7 | 42.9 |
| P/E* | x | 16.1 | 16.1 | 13.8 | 9.6 |
| P/E Relative | % | 0.0 | 0.0 | 0.0 | 0.0 |
| DPS | ¢ | 3.0 | 5.0 | 5.0 | 7.0 |
| Yield | % | 3.1 | 5.2 | 5.2 | 7.3 |
| Franking | % | 0.0 | 0.0 | 30.0 | 50.0 |

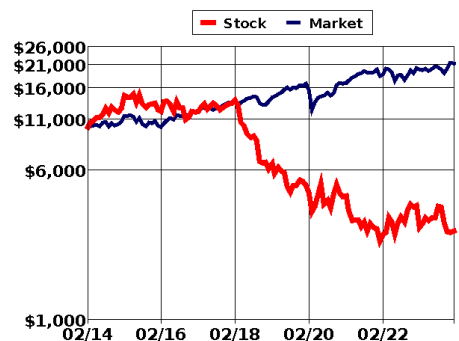
* Adjusted for goodwill and unusual items

Source: Based on Citi estimates

Share Price Chart



Total Return on \$10,000 Investment



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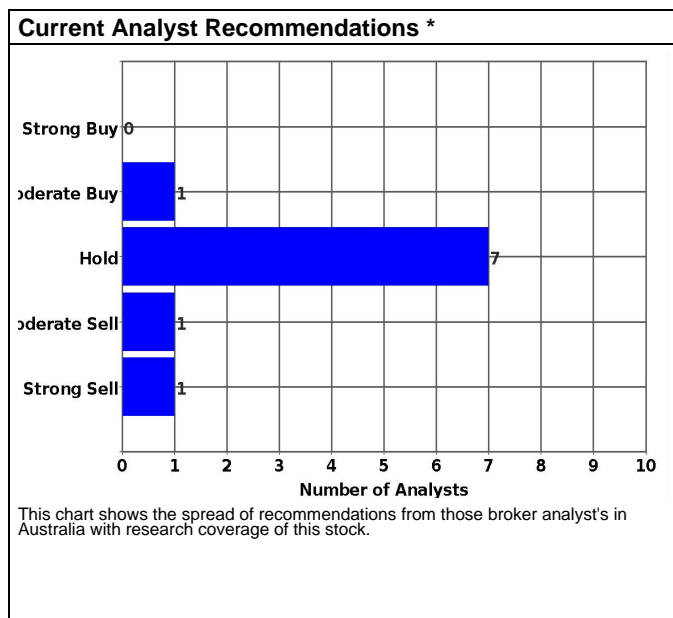
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| Profit & Loss (\$M) | | | | | |
|----------------------------------|---------------|----------------|--------------|--------------|--------------|
| | 2018A | 2019A | 2020A | 2021A | 2022A |
| Sales Revenue | -- | -- | 2,407 | 2,253 | 1,432 |
| Total Revenue ex. Int. | 11,954 | 9,847 | 2,625 | 2,539 | 1,486 |
| EBITDA | -1,303 | -16,271 | 138 | 264 | -334 |
| Depreciation & Amort. | -242 | -303 | -200 | -264 | -98 |
| Goodwill Amortisation | -- | -- | -- | -- | -- |
| EBIT | -1,545 | -16,574 | -62 | -- | -432 |
| Net Interest | 1,243 | 17,218 | 297 | 261 | 212 |
| Profit Before Tax | -302 | 644 | 235 | 261 | -220 |
| Income Tax | 417 | -740 | 19 | 72 | 60 |
| Outside Equity Int. | -23 | -33 | -17 | 2 | -- |
| Profit after Tax | 92 | -129 | 361 | 335 | 231 |
| Significant Items after Tax | -64 | -2,338 | -184 | -587 | 156 |
| Reported Profit after Tax | 28 | -2,467 | 177 | -252 | 387 |
| Preferred Dividends | -- | -- | -- | -- | -- |

| Cash Flow (\$M) | | | | | |
|-------------------------------|---------------|---------------|---------------|--------------|---------------|
| | 2018A | 2019A | 2020A | 2021A | 2022A |
| Receipts from Customers | -- | -- | 8,428 | 2,564 | 1,975 |
| Funds from Operations | -22,100 | -25,424 | -3,737 | -607 | -900 |
| Net Operating Cashflow | -3,981 | -9,109 | -2,742 | 1,689 | 2,566 |
| Capex | -37 | -55 | -83 | -49 | -30 |
| Acquisitions & Investments | -113 | 99 | -540 | -516 | -3,880 |
| Sale of Invest. & Subsid. | 4,355 | 8,104 | 3,837 | -- | 980 |
| Net Investing Cashflow | 4,205 | 8,148 | 3,214 | -565 | -2,930 |
| Proceeds from Issues | -- | 766 | -- | -- | 200 |
| Dividends Paid | -708 | -117 | -360 | -- | -- |
| Net Financing Cashflow | -77 | 1,759 | -1,988 | -733 | -509 |
| Net Increase Cash | 147 | 798 | -1,516 | 391 | -873 |
| Cash at Beginning | 7,222 | 7,382 | 8,069 | 2,653 | 3,044 |
| Exchange Rate Adjust. | 13 | 2 | -4 | -- | -- |
| Cash at End | 7,382 | 8,182 | 2,653 | 3,044 | 2,164 |

| Ratios and Substantial Shareholders | | | | | | |
|---|-------|--------|--------|--------|--------|--------|
| | 2018A | 2019A | 2020A | 2021A | 2022A | |
| Profitability Ratios | | | | | | |
| EBITDA Margin | % | -- | -- | 5.73 | 11.72 | -23.32 |
| EBIT Margin | % | -- | -- | -2.58 | -- | -30.17 |
| Net Profit Margin | % | -- | -- | 9.85 | 14.87 | -11.17 |
| Return on Equity | % | 1.38 | -2.65 | 5.55 | 8.42 | -3.84 |
| Return on Assets | % | 0.36 | 0.21 | 1.66 | 1.79 | 0.73 |
| Debt/Safety Ratios | | | | | | |
| Net Debt/Equity | % | 263.32 | 373.22 | 530.10 | 585.89 | 664.47 |
| Interest Cover | x | 1.24 | 0.96 | 0.21 | -- | 2.04 |
| Top 5 Substantial Shareholders | | | | | | |
| State Street Corporation and subsidiaries | | | | | 6.1% | |

| Balance Sheet (\$M) | | | | | |
|----------------------------------|----------------|----------------|---------------|---------------|---------------|
| | 2018A | 2019A | 2020A | 2021A | 2022A |
| Cash & Equivalent | 3,932 | 4,539 | 2,428 | 2,916 | 1,816 |
| Receivables | 2,603 | 2,580 | 651 | 572 | 428 |
| Inventories | -- | -- | -- | -- | -- |
| Other Current Assets | 314 | 540 | 233 | 3,905 | 5,870 |
| Current Assets | 6,849 | 7,659 | 3,312 | 7,968 | 8,860 |
| Prop. Plant & Equipment | 95 | 343 | 174 | 169 | 422 |
| Intangibles | 3,208 | 877 | 640 | 330 | 198 |
| Other Non-Current Assets | 20,417 | 21,207 | 20,810 | 25,952 | 29,950 |
| Non-Current Assets | 138,429 | 140,025 | 28,852 | 24,371 | 26,078 |
| Total Assets | 145,278 | 147,684 | 32,164 | 32,339 | 34,938 |
| Interest Bearing Debt | 21,814 | 23,118 | 25,127 | 26,252 | 29,531 |
| Other Liabilities | 116,673 | 119,588 | 2,755 | 2,104 | 1,236 |
| Total Liabilities | 138,487 | 142,706 | 27,882 | 28,356 | 30,767 |
| Net Assets | 6,791 | 4,978 | 4,282 | 3,983 | 4,171 |
| Share Capital | 9,502 | 10,299 | 10,349 | 10,153 | 5,002 |
| Reserves | -1,931 | -1,930 | -2,404 | -2,327 | 297 |
| Retained Earnings | -886 | -3,509 | -3,671 | -3,846 | -1,128 |
| Outside Equity Int. | 106 | 118 | 8 | 3 | -- |
| Total Shareholders Equity | 6,791 | 4,978 | 4,282 | 3,983 | 4,171 |



| Principals & Directors | |
|--|-----------------------------------|
| Principals | |
| Company Secretary | Ms Kate Gordon Mr David Cullen |
| Directors | |
| Ms Alexis Ann George(Chief Executive Officer,Executive Director) | |
| Ms Debra Hazelton(Non-Executive Director,Non-Executive Chairman) | |
| Mr Michael (Mike) John Hirst(Non-Executive Director) | |
| Mrs Andrea Elizabeth Slattery(Non-Executive Director) | |
| Mr Rahoul Chowdry(Non-Executive Director) | |
| Mr Michael Sammells(Non-Executive Director) | |
| Ms Kathleen Anne Bailey-Lord(Non-Executive Director) | |
| Mr Andrew Hamilton Best(Non-Executive Director) | |
| Ms Anna Leibel(Non-Executive Director) | |

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