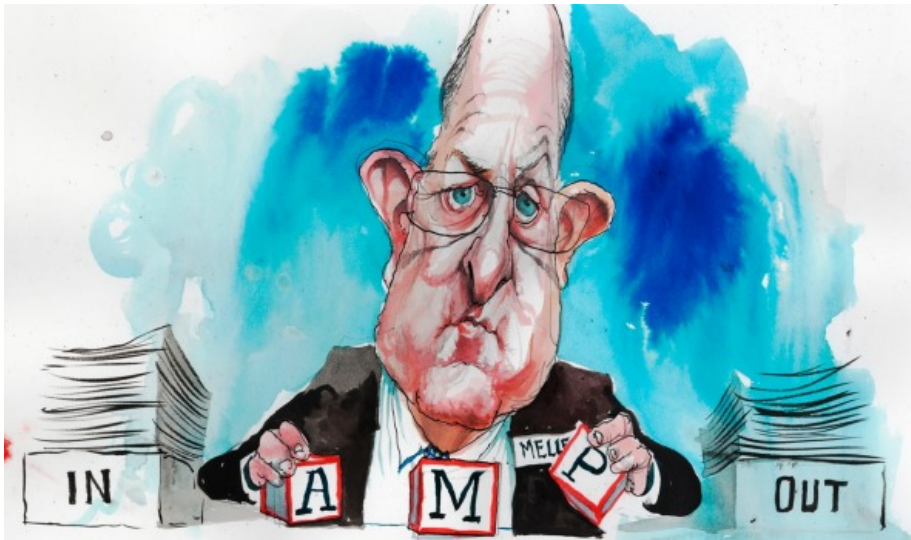


CHANTICLEER | Nov 15 2016 at 7:27 PM | Updated Nov 15 2016 at 7:27 PM

## Shareholder heat on AMP CEO Craig Meller is rising

✉ G+ f t in s



AMP chief executive Craig Meller under pressure to lift short-term returns. David Rowe



by [Tony Boyd](#)

AMP chairman Catherine Brenner has turned up the pressure on chief executive Craig Meller to lift short-term returns after a series of [prickly meetings with major shareholders](#) uncovered dissatisfaction with the company's recent performance.

[Brenner](#) admitted to Chanticleer that one shareholder had last week called on the board to replace Meller as CEO but she said he had the full backing of the board.

"The board backs Craig," she said on Tuesday.

"We believe he is the right person to deliver not only short-term performance but to deliver on the strategy in the longer term.

"I can assure you that Craig understands that he is under pressure from the board, in particular, but also from the external market and that he needs to accelerate the performance and the delivery of the strategy."

[Meller's tenure as CEO](#) over the past three years has coincided with a difficult period for financial services companies. The total returns achieved by the S&P ASX200 over the past three years was 12 per cent. AMP's shares rose 11 per cent over the same period.

But there is a widespread view in the market that a company with AMP's iconic brand and scale in financial planning should have achieved higher returns given the tailwinds from compulsory superannuation.

## Plenty of chances

Paul Skamvougeras, head of equities at Perpetual believes that Meller has had plenty of opportunities over the years to get on top of problems in the company's life business. Perpetual is a major shareholder in AMP.

"You have to ask why AMP was so slow to take advantage of reinsurance agreements to protect its position," Skamvougeras said.

"There has been a pattern of the company over promising and under delivering for a very long time." He said Meller had been given ample time to make a difference considering he spent six years running AMP Financial Services before becoming CEO in August 2013.

John Murray, the founder and managing director of Perennial Value Management, is another long-standing shareholder in AMP who believes Meller is under pressure to lift his game.

"I think the heat is on Craig Meller," Murray said.

"I think the pressure is on him. As a shareholder we would like to see both the board and the management, led by Craig Meller, hasten AMP's progress.

"I think one of the advantages AMP has is that the organisation has a world class brand name."

He said there is a lot to like about AMP but the company needed to communicate better with the market and potential shareholders about its "good news stories".

## Positive culture

Murray said the AMP culture stood out in a positive way. This showed through during recent financial planning scandals which did not involve the AMP.

He said the investment in China with China Life was a valuable asset that was not fully appreciated by the market.

Brenner said that she agreed the company needed to lift its performance including its communication with the market.

"When I became chairman four months ago I was pushing Craig and the management to move faster," she said. "I said at that time that they need to drive the business to produce better short-term results and drive shareholder value."

She said the recent reinsurance agreement in the life business was a tangible sign that the management was driving to accelerate the delivery of the strategy while releasing capital for shareholders.

"You can expect to hear more in the coming months," she said.

"I can assure you that as I went around to investors I heard a whole variety of views and I have shared those with the board and the management.

"Consistent with the message I have been giving management since I took the chair – they need to look at every lever of how to improve performance.

"Craig is very focused on doing that and he is looking at all the levers from

organisational structure to REM, capital management, costs and tactical initiatives to driving cash flows.

"The pressure we are putting under Craig and the management team is drive short-term performance but in a way that you are not sacrificing the medium or long-term growth."