

Embargo: 07.00 hrs Wednesday 16 January 2002

## **PRUDENTIAL PLC 2001 NEW BUSINESS RESULTS**

- **Record total Group insurance and investment sales for 2001 of £21.5 billion, up 54 per cent on prior year (£13.9 billion).**
- **Record annual premium equivalent (APE) sales of £2.8 billion, up 46 per cent (£1.9 billion).**
- **Total UK insurance sales of £5.8 billion, an increase on 2000 of 12 per cent. APE sales up 10 per cent to £838 million.**
- **Strong sales of fixed annuities (up 80 per cent to £1.9 billion) at Jackson National Life.**
- **APE sales of £1.3 billion in Asia, up 177 per cent. Insurance sales on an APE basis of £434 million were up 69 per cent. Net mutual fund sales increased by 351 per cent and mutual funds under management were up 88 per cent to £3.1 billion.**

Prudential plc reported insurance and investment sales of £2.8 billion on an annual premium equivalent (APE) basis in 2001, an increase of 46 per cent over the prior year. Group insurance premiums of £1.8 billion on an APE basis were up 16 per cent and APE investment premiums of £1 billion increased by 172 per cent on 2000. Sales at Jackson National Life and Prudential Corporation Asia represented 68 per cent of the Group total.

Prudential's Group Chief Executive, Jonathan Bloomer, commented:

"2001 has been another year of considerable success and achievement for the Group as we continued to deliver our strategy of building an international retail financial services business by broadening our geographic presence, distribution channels and range of products. This focused strategy is designed to exploit sustainable growth in key markets around the world where we have leading market positions and excellent customer access and reach.

"These new business figures fully endorse the success of our strategy. They were also achieved against a backdrop of volatile equity markets and an uncertain global economic climate, and are a result of our financial strength and broad international base."

### **UK Insurance Operations**

The UK insurance business recorded sales on an APE basis of £838 million in 2001, an increase of 10 per cent on the prior year. Total sales for the year were £5.8 billion, with single premium sales increasing by 12 per cent and regular premium sales up 5 per cent.

Sales via our intermediary channels on an APE basis were £506 million, a 32 per cent improvement on 2000, with particularly strong sales of with-profit bonds and annuities. Excluding bulk annuity sales, intermediary APE sales were £448 million, a 22 per cent improvement on the prior year. Intermediary sales on an APE basis in the second half of 2001 were 22 per cent ahead of sales in the first half of the year and 40 per cent ahead of sales in the second half of 2000.

This strong growth in intermediary sales during the year more than offset the expected decline in sales through our direct sales channels which, at £332 million, were down 13 per cent on 2000, principally due to the closure of the direct sales force in the second quarter of 2001.

Prudential has a leading position in the UK annuities market and total annuity sales in 2001 of £1.8 billion (£184 million on an APE basis) were up 46 per cent on the prior year. Sales of annuities through intermediary channels of £1.2 billion increased by 80 per cent, of which sales of individual annuities of £597 million were up 25 per cent and bulk annuity sales of £575 million increased by 231 per cent on the prior year.

Sales of Prudence Bond were almost £2 billion in 2001, an increase of 33 per cent on the prior year. Sales in the fourth quarter of £749 million were buoyant (up 109 per cent on the corresponding period last year), reflecting product enhancements made during the year. Prudential has continued to gain market share of the with-profit bond market during the year due to its financial strength, innovative product offering and strong brand presence. Earlier this month we launched a new Prudence Bond option which will bring greater flexibility and transparency to with-profit bonds.

Sales of new corporate pensions on an APE basis of £205 million increased by 6 per cent on the prior year. During the year, our focus has been on fee-based group pensions business, of which we wrote £142 million in 2001, up 41 per cent on the prior year. Going forward, we will continue to secure schemes with access to large numbers of employees which allow us to use our worksite marketing expertise to maximise the take-up of pensions by employees.

## **M&G**

Total investment sales in the year were £918 million, 14 per cent lower than in 2000, which included an exceptional loan note rollover of £105 million. Excluding this one-off item, sales were 5 per cent lower than those reported in 2000. This compares favourably with industry data (AUTIF) which shows that gross industry retail sales fell 22 per cent in the 11 months up to December 2001 compared to the same period in 2000. M&G also significantly increased its market share during 2001, especially in the IFA channel, achieving more than a 10 per cent share of all ISA and PEP transfer business sold via intermediaries in November.

Sales of fixed income products were £534 million, 17 per cent up on 2000. Fixed income sales accounted for 58 per cent of total sales, demonstrating the benefit of M&G's broad product offering, particularly given the current volatility of equity markets.

## **Egg**

Egg published a pre-closed season briefing on 13 December 2001 that covered its activities up to that date. Key highlights from that announcement included 129,300 net new customers acquired to date in the fourth quarter, bringing the total net customer base to 1.92 million, and the management accounts for November showing that the business had made a profit for the month, thereby meeting the commitment made at the time of its flotation in June 2000 that it would break even during the fourth quarter of 2001. Egg will announce its preliminary results on 25 February 2002.

## **Europe**

Total sales in 2001 through Prudential Europe were £78 million, more than double the figure for last year of £36 million. This result was primarily due to strong sales in France of Prudential Europe Vie, the innovative equity-backed life insurance product. On an APE basis, sales were £26 million, an improvement of 13 per cent on 2000.

## **United States**

While Jackson National Life's (JNL) performance during the year has been affected by the continued market volatility in the US, which affected consumer appetite for equity-based products, its strategy to provide diversified products through multiple distribution channels enabled JNL to deliver strong results in fixed annuities, which provide customers with more certain returns. Sales of stable value products were also strong.

Total sales in 2001 on an APE basis were £483 million, down 5 per cent on the prior year. Single premium sales in the year were £4.6 billion, compared to £4.8 billion in 2000 which was a record year for JNL.

Fixed annuity sales of £1.9 billion - a record level of sales in a single year for JNL - were up 80 per cent on 2000, principally due to the success of the bank marketing channel through which sales increased by 66 per cent to just over £1 billion. Sales of stable value products remained strong at £1.7 billion (in line with sales in the prior year), reflecting in particular the success of the global Medium Term Note (MTN) programme.

Sales of equity-based products were affected by the ongoing volatility in the equity markets and a fiercely competitive environment in which some companies are chasing top line growth at the expense of profitability. JNL has maintained its focus on profitability, not volume.

Variable annuity sales in the year of £768 million were down 55 per cent on 2000. JNL recently became only the third company in the United States to launch an innovative unbundled variable annuity that offers consumers the flexibility to purchase a variable annuity with new features to better match their investment needs. This new product is designed to increase JNL's competitiveness in the variable market, without compromising its product pricing discipline.

Equity linked indexed (ELI) annuity sales in the year were £271 million compared to £409 million in 2000. However, sales of ELIs in the fourth quarter of 2001 were 28 per cent ahead of third quarter sales, and were the strongest single quarter figures in 2001.

JNL's overall fourth quarter retail sales were 18 per cent ahead of the fourth quarter 2000 and second half retail sales were 10 per cent up on the first half of 2001.

## **Asia**

Total insurance and investment sales in Asia for the year were £10 billion, an increase of 264 per cent on 2000. Total sales of £3.7 billion in the fourth quarter of 2001 were more than double those in the same period of the previous year (£1.5 billion). This strong growth reflects Prudential Corporation Asia's (PCA) successful strategy of entering new markets, strengthening and diversifying distribution channels and launching customer-focused products. All operations

recorded excellent growth on last year. We also had first time contributions from our new life operations in Japan and Korea.

Sales of insurance products on an APE basis were £434 million, up 69 per cent. In addition to continuing strong growth in sales through agents, alternative distribution channels, including bancassurance and direct distribution, generated just over 17 per cent of new APE life sales, up significantly compared to last year. Sales of regular premium insurance of £369 million were up 61 per cent on the prior year. Single premium insurance sales of £650 million were up 136 per cent and net mutual fund sales of £1.4 billion were up 351 per cent. Prudential's share of BOCI Prudential Mandatory Provident Fund sales in Hong Kong was £91 million.

Total funds under management in the Asian mutual fund business, at £3.1 billion, grew 88 per cent during 2001. In addition, our mutual fund operation in Taiwan also secured new discretionary fund management mandates of £102 million during the year.

As we forecast at the time of our third quarter new business results, there was some slowdown in the life new business growth rates during the fourth quarter of 2001 as the global economic slowdown started to have an effect on the region. This was particularly noticeable in the economies of countries such as Singapore and Taiwan. As expected, single premium sales in Singapore have now reverted to normalised levels following the exceptional first half of the year attributed to the liberalisation of the Central Provident Fund. New business volumes during the fourth quarter in Taiwan have been lower due to intensive agent training for the new range of unit linked products. Regulatory approval for regular premium unit linked products in Taiwan was received in late November 2001 and these were successfully launched on 10 January 2002.

PCA, with its broad range of licences in the region, multi-channel distribution capabilities, excellent strategic partners, and product expertise is in a very strong position to continue to benefit from the excellent long-term growth potential throughout Asia.

-ENDS-

**ENQUIRIES TO:**

**Media**

Geraldine Davies 020 7548 3911  
Steve Colton 020 7548 3721  
Clare Staley 020 7548 3719

**Investors and Analysts**

Rebecca Burrows 020 7548 3537  
Andrew Crossley 020 7548 3166

**NOTES TO EDITORS:**

**Newsires Conference Call at 7.30am:**

Dial in number: 020 8288 4700  
Chair: Geraldine Davies

**Investor/Analyst Conference Call at 2.30pm:**

Dial in number: 020 8240 8246  
Participants to quote Prudential  
Replay will be available for 7 days  
Dial in number for replay: 020 8288 4459  
Pass code 613872

1. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium sales.

2.	<b>Financial Calendar:</b>	
	Announcement of 2001 full-year results	Tuesday 26 February 2002
	First quarter new business figures 2002	Thursday 18 April 2002
	Annual General Meeting	Thursday 9 May 2002
	Interim Results 2002/	Wednesday 24 July 2002
	Second quarter new business figures 2002	
	Third quarter new business figures 2002	Thursday 17 October 2002

This statement may contain certain "forward-looking statements" with respect to certain of Prudential's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Prudential's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Prudential and its affiliates operate. As a result, Prudential's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Prudential's forward-looking statements.