



# Prudential UK & Europe

Jackie Hunt, Aki Hussain

# Agenda

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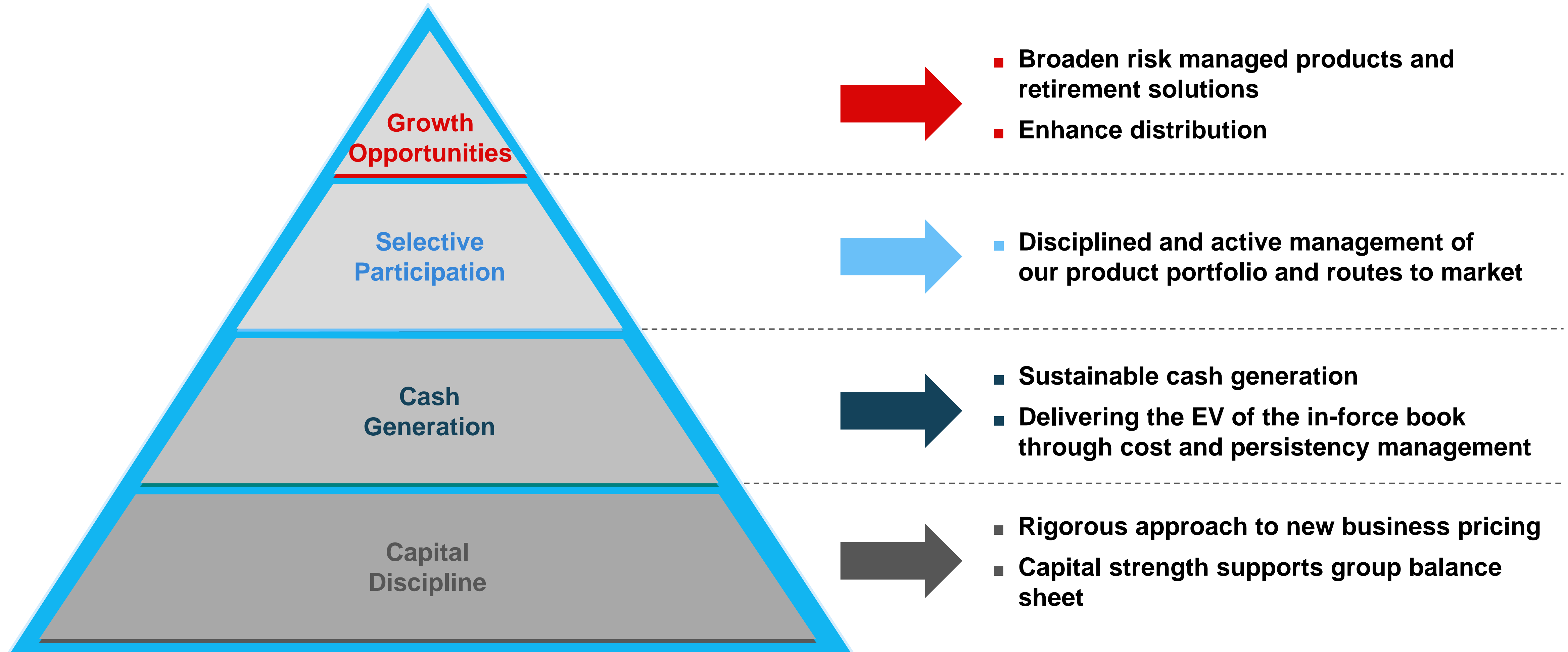
- Strategy and business overview
- Market developments and business lines
- Financial performance
- Summary and outlook

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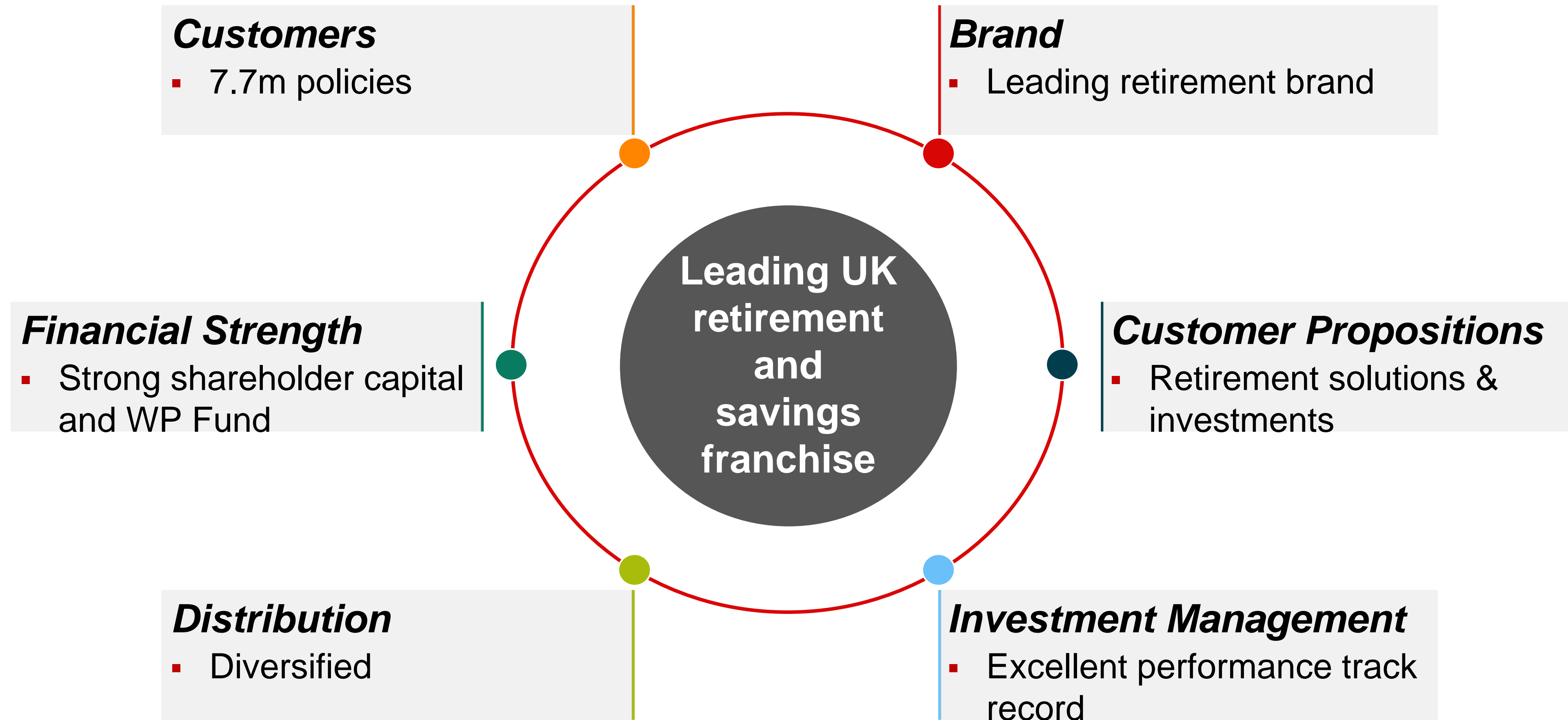
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# Drivers of Our Strategy

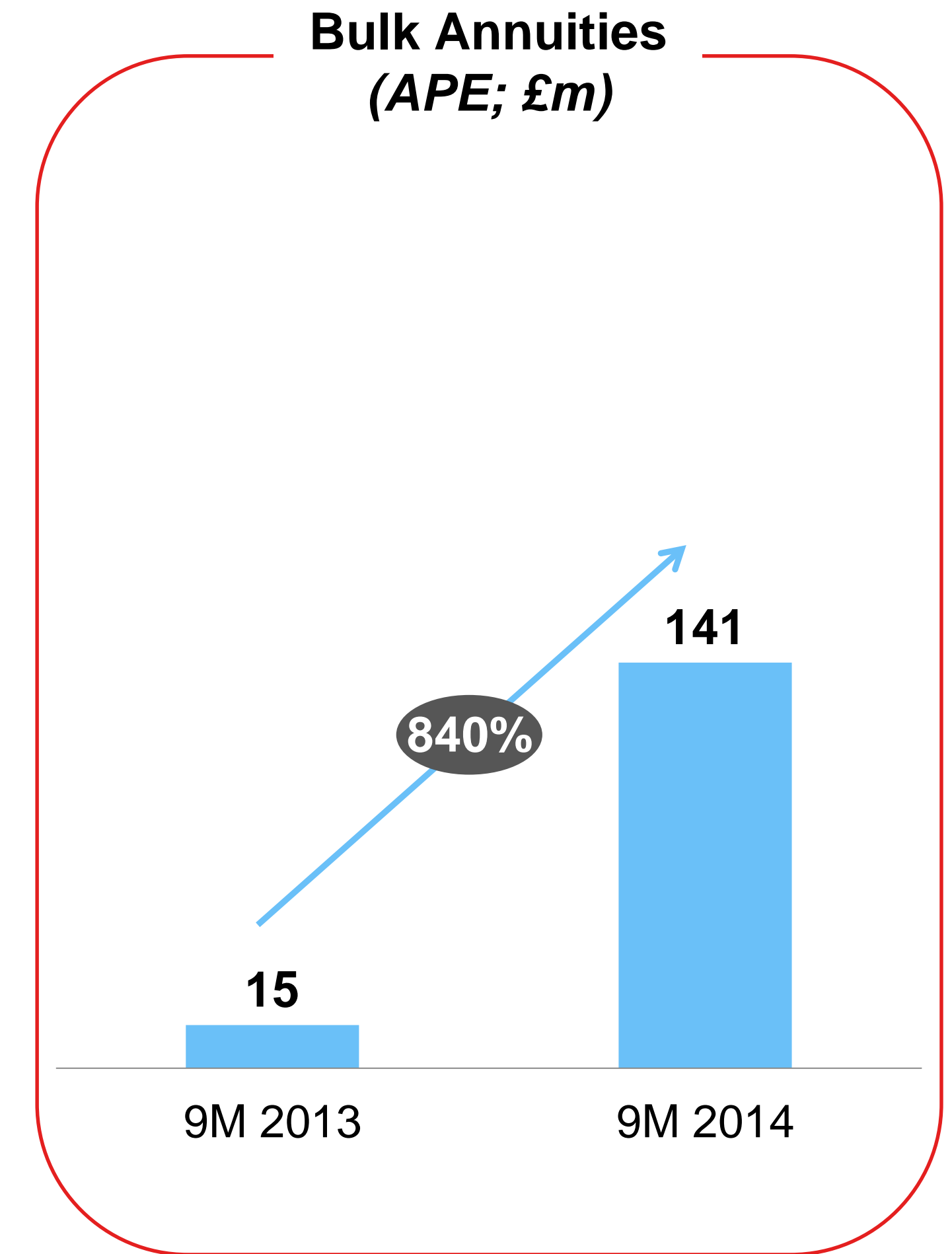
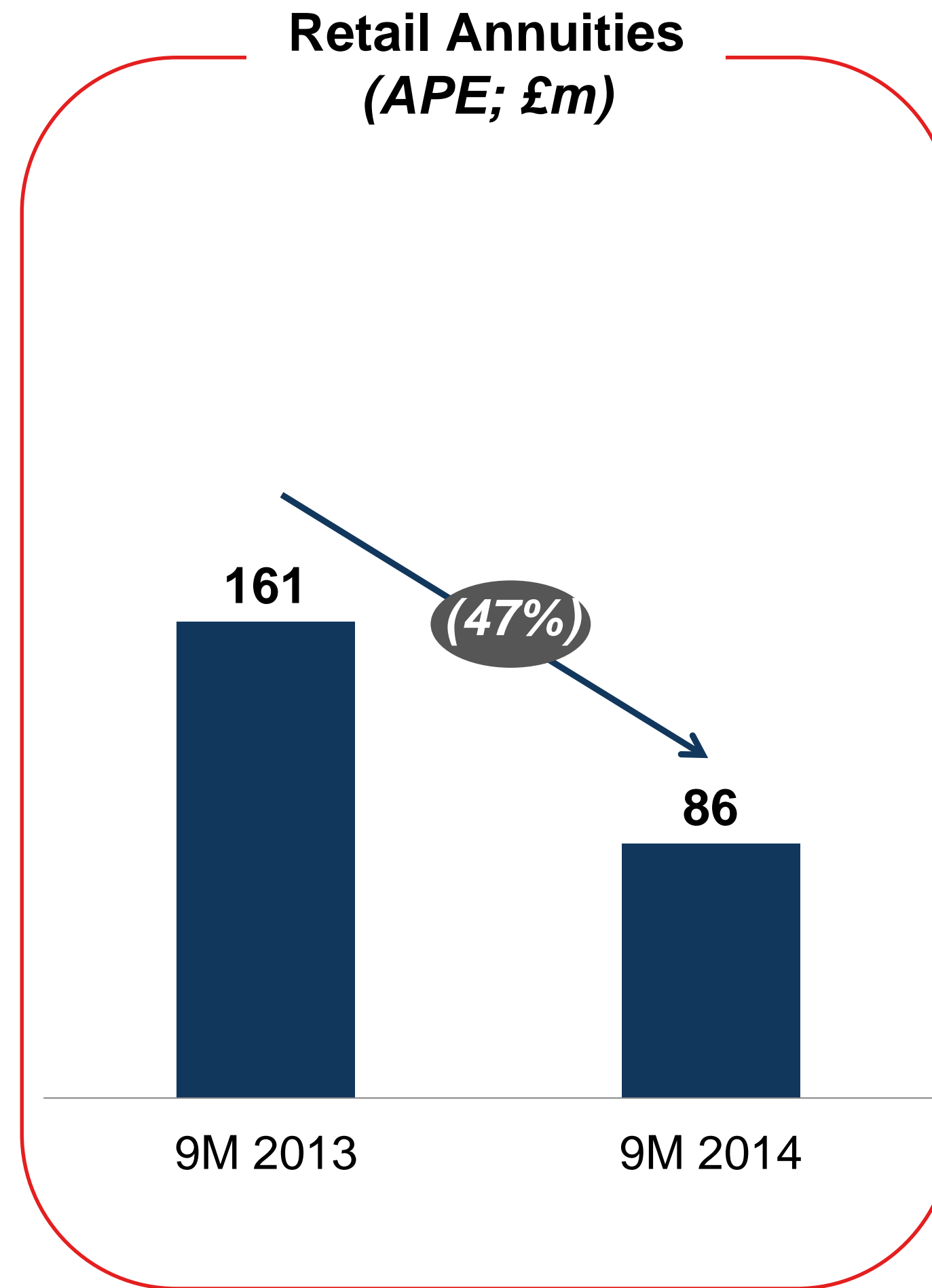
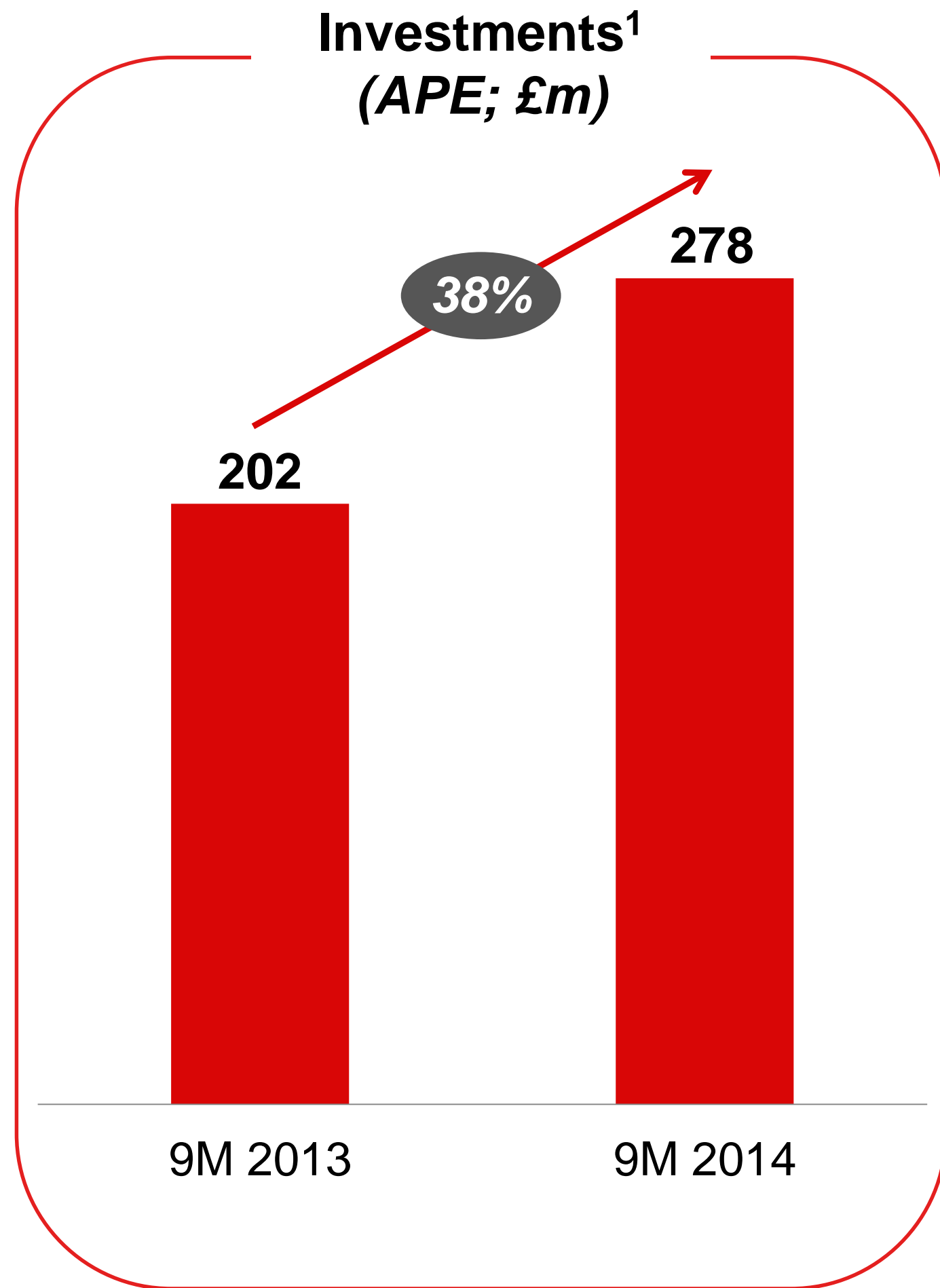




# Our Business and Capabilities



# Our Core Product Lines

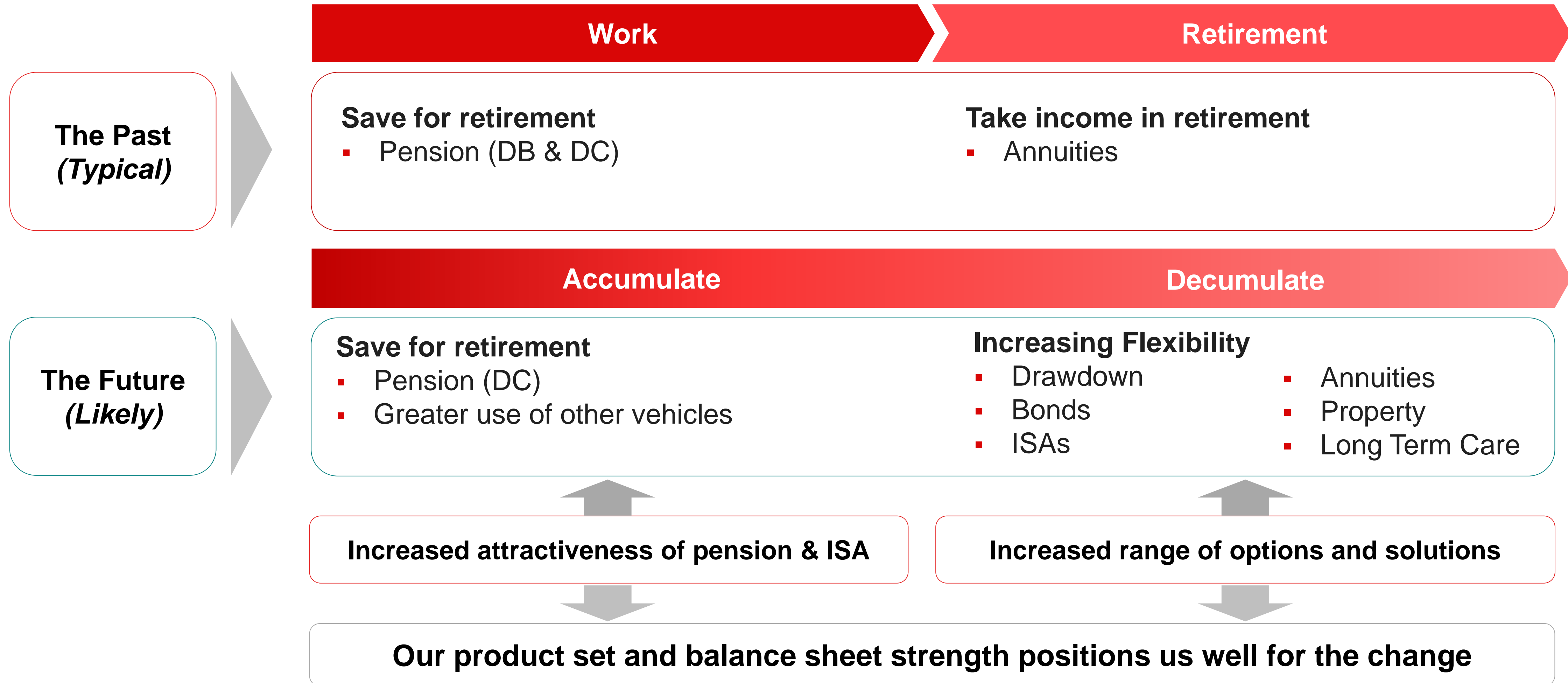


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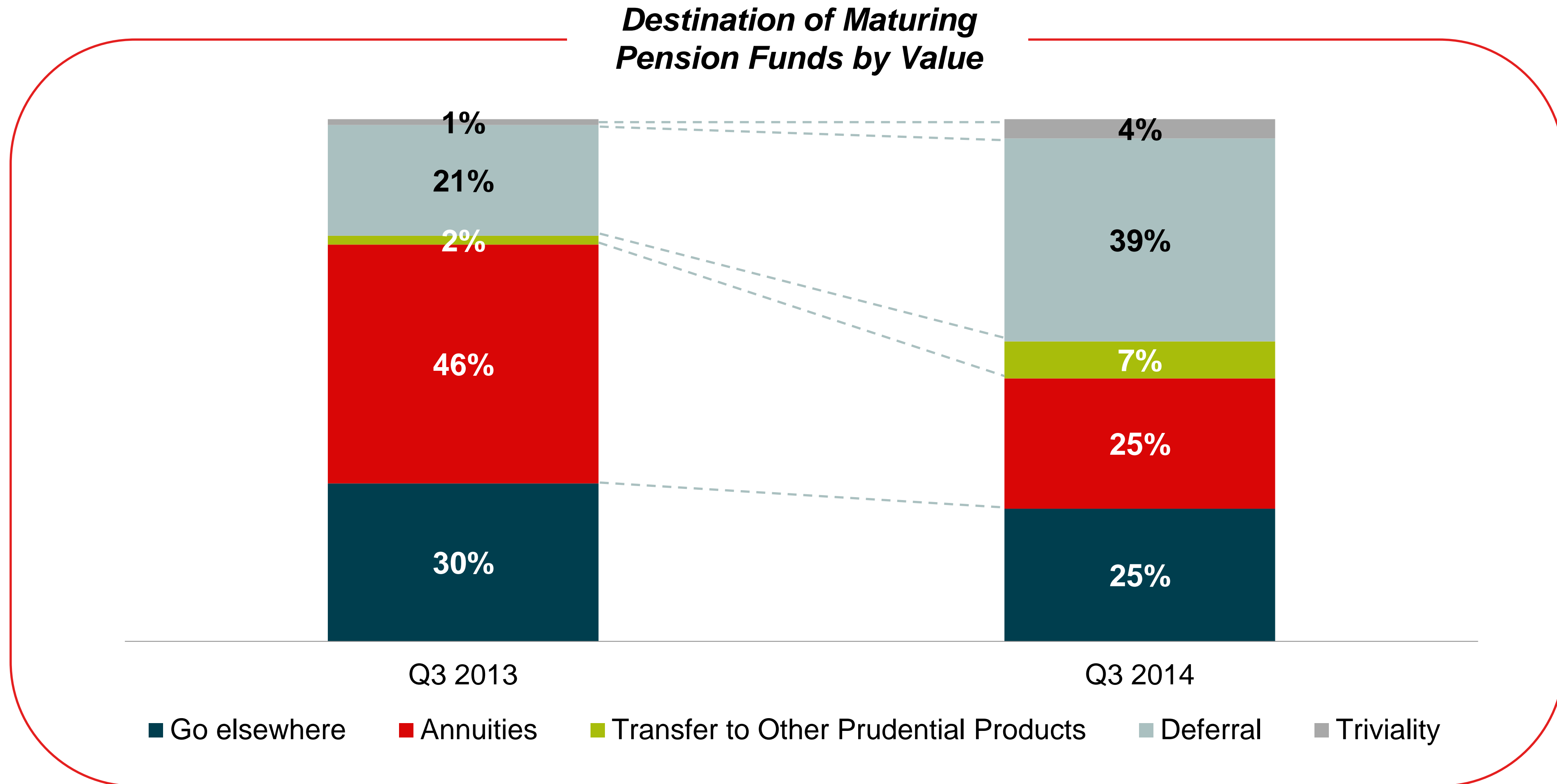
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# Budget 2014: Merging of Accumulation and Decumulation



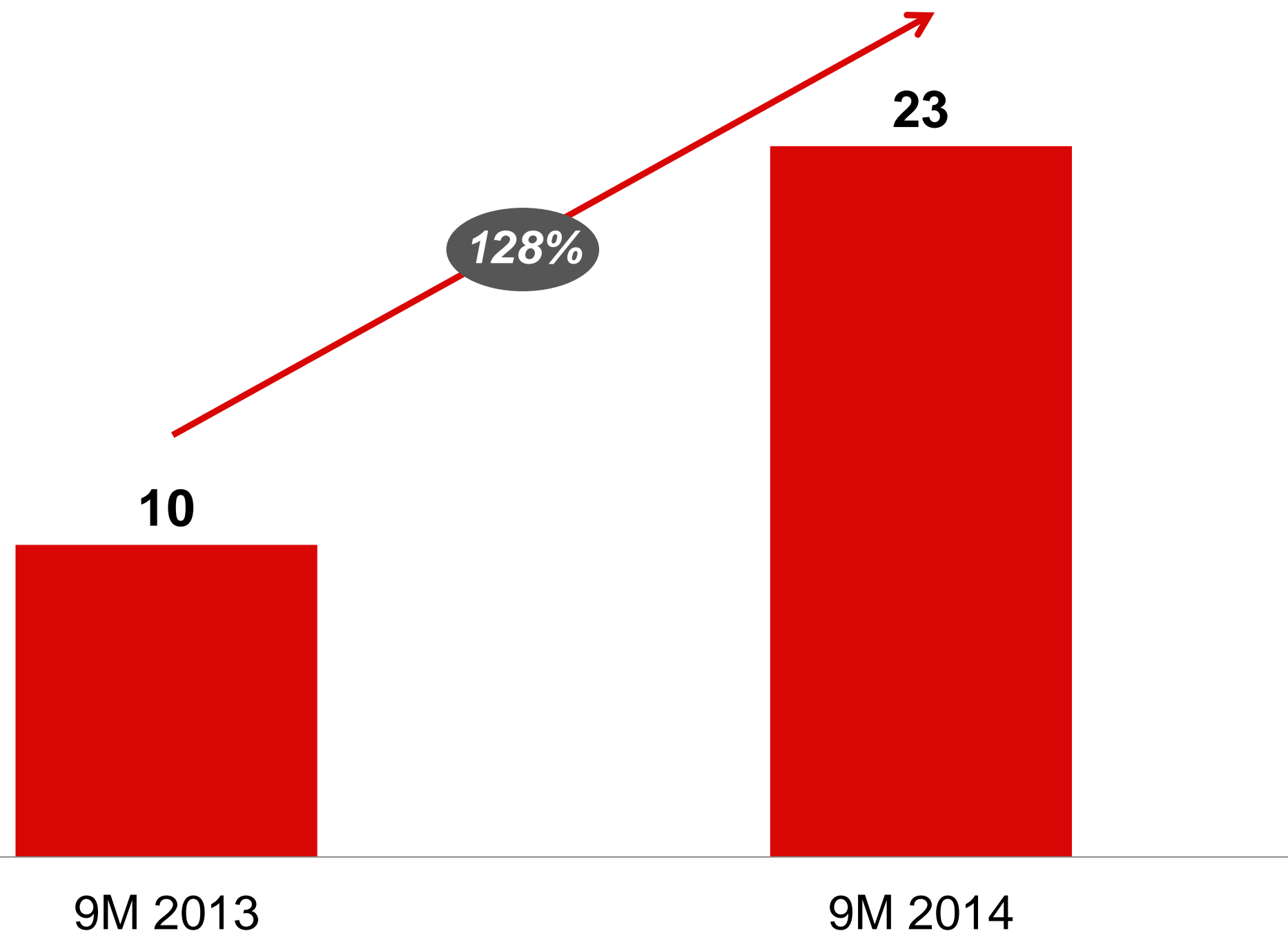


# Annuities: Impact of Consumer Reaction



# Annuities: Our Response

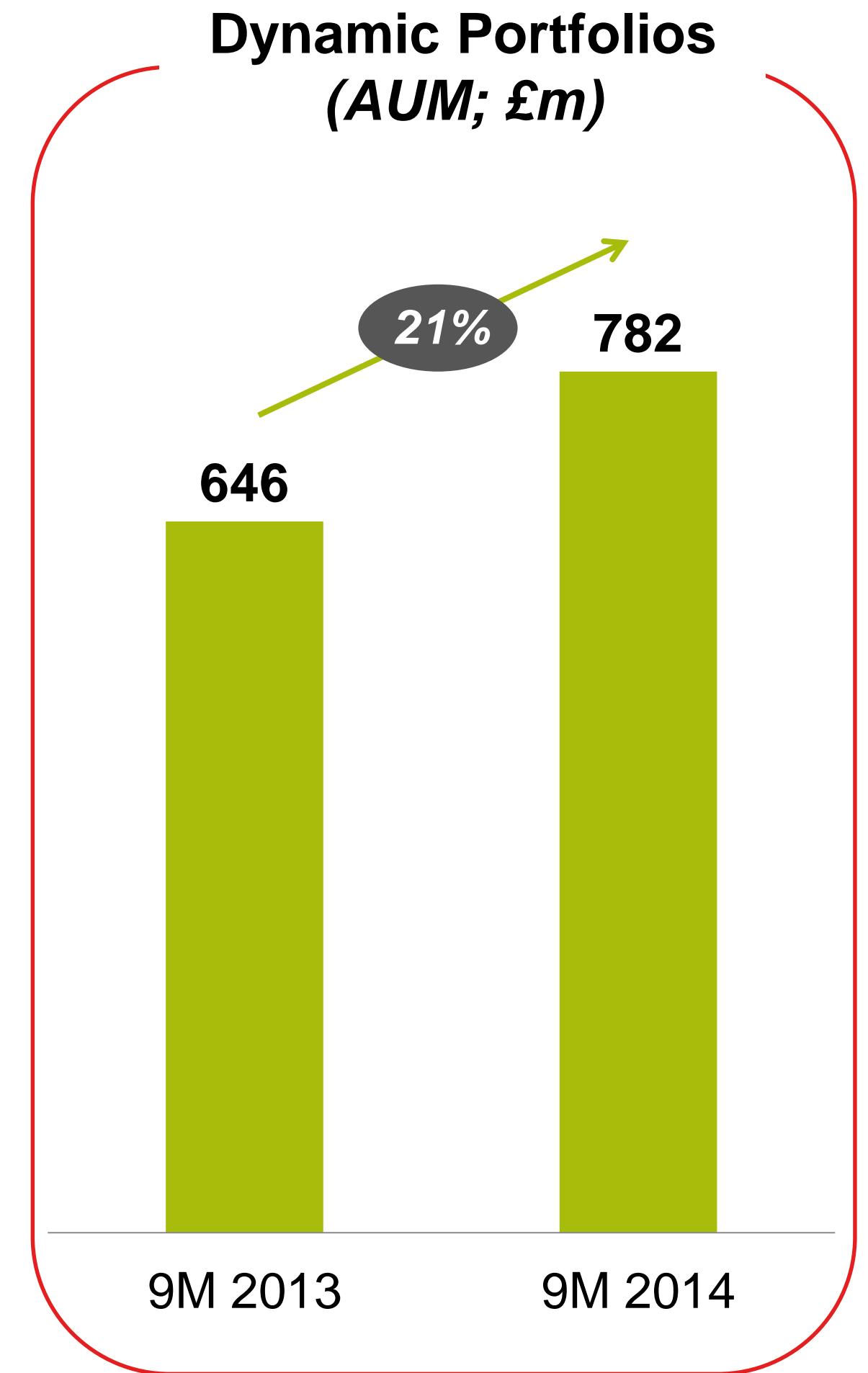
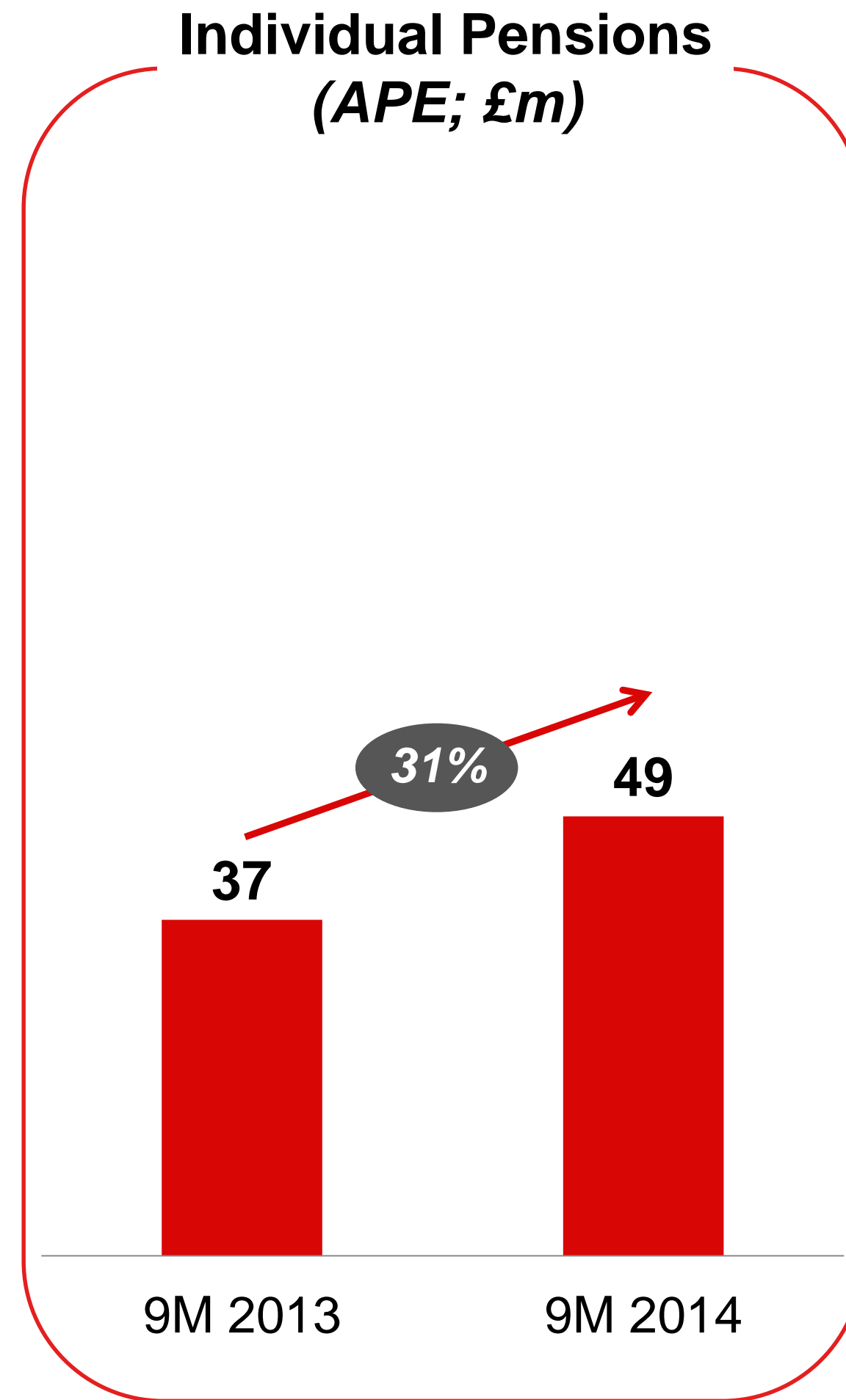
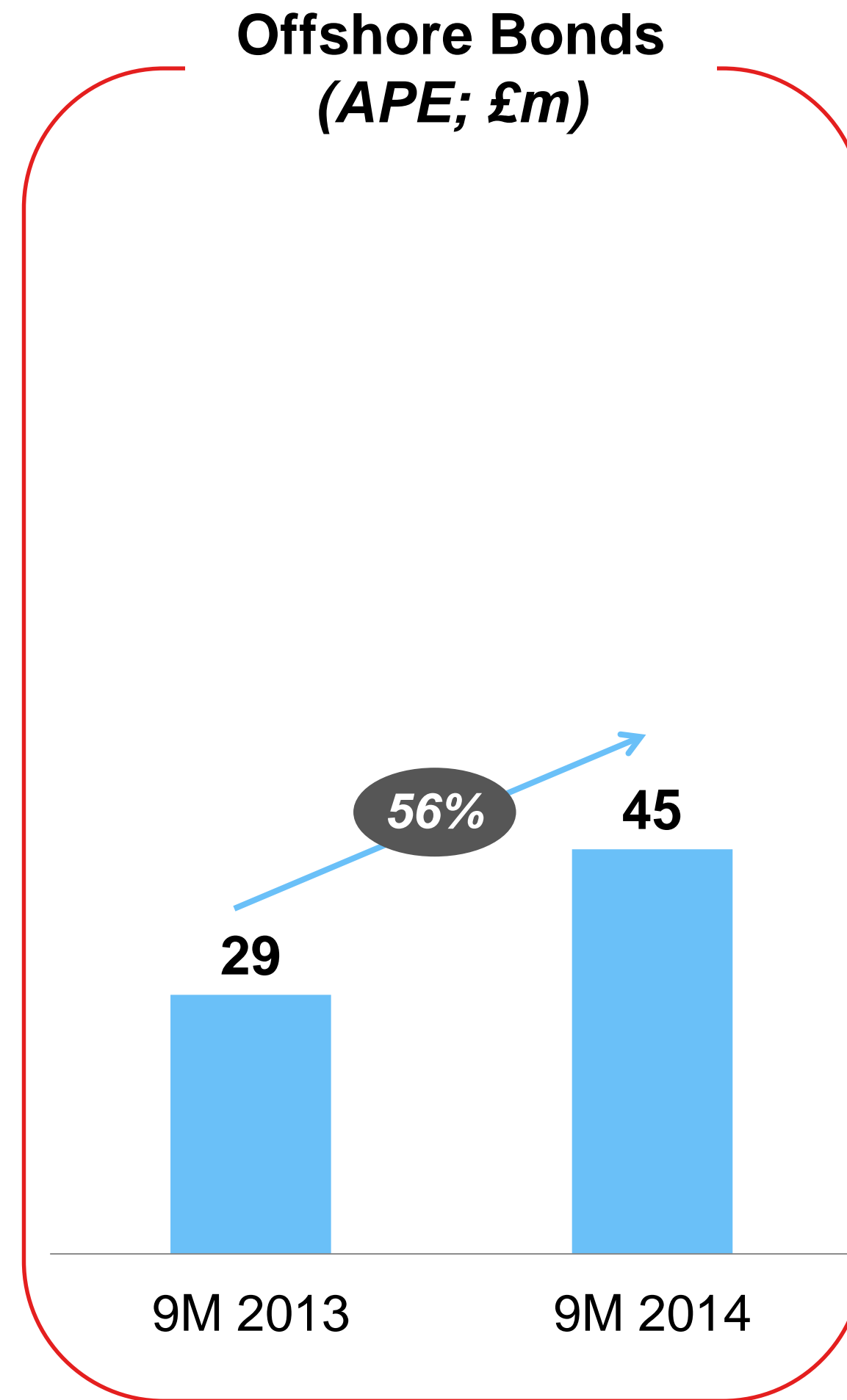
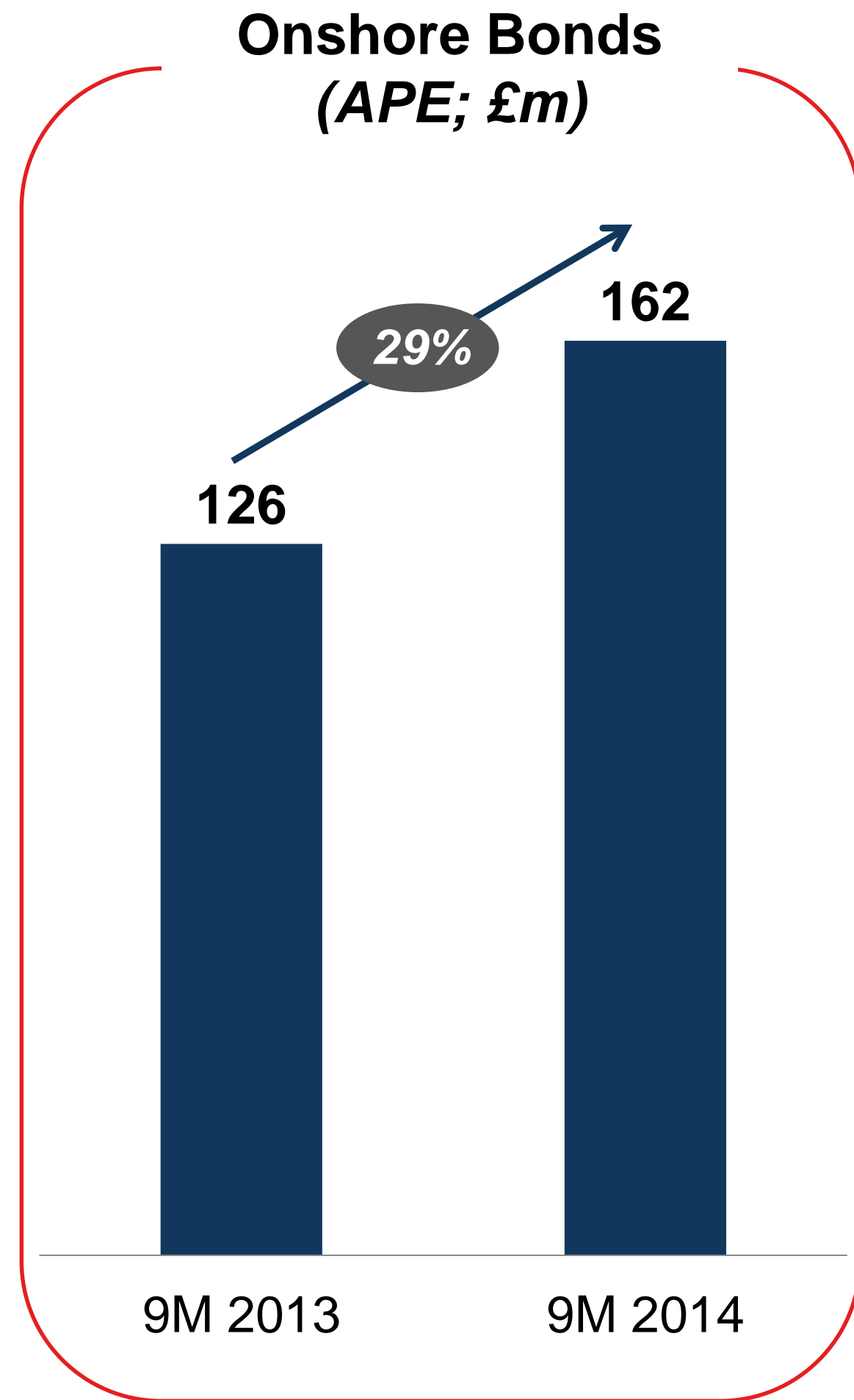
Increase in Drawdown  
(APE; £m)



## Initiatives

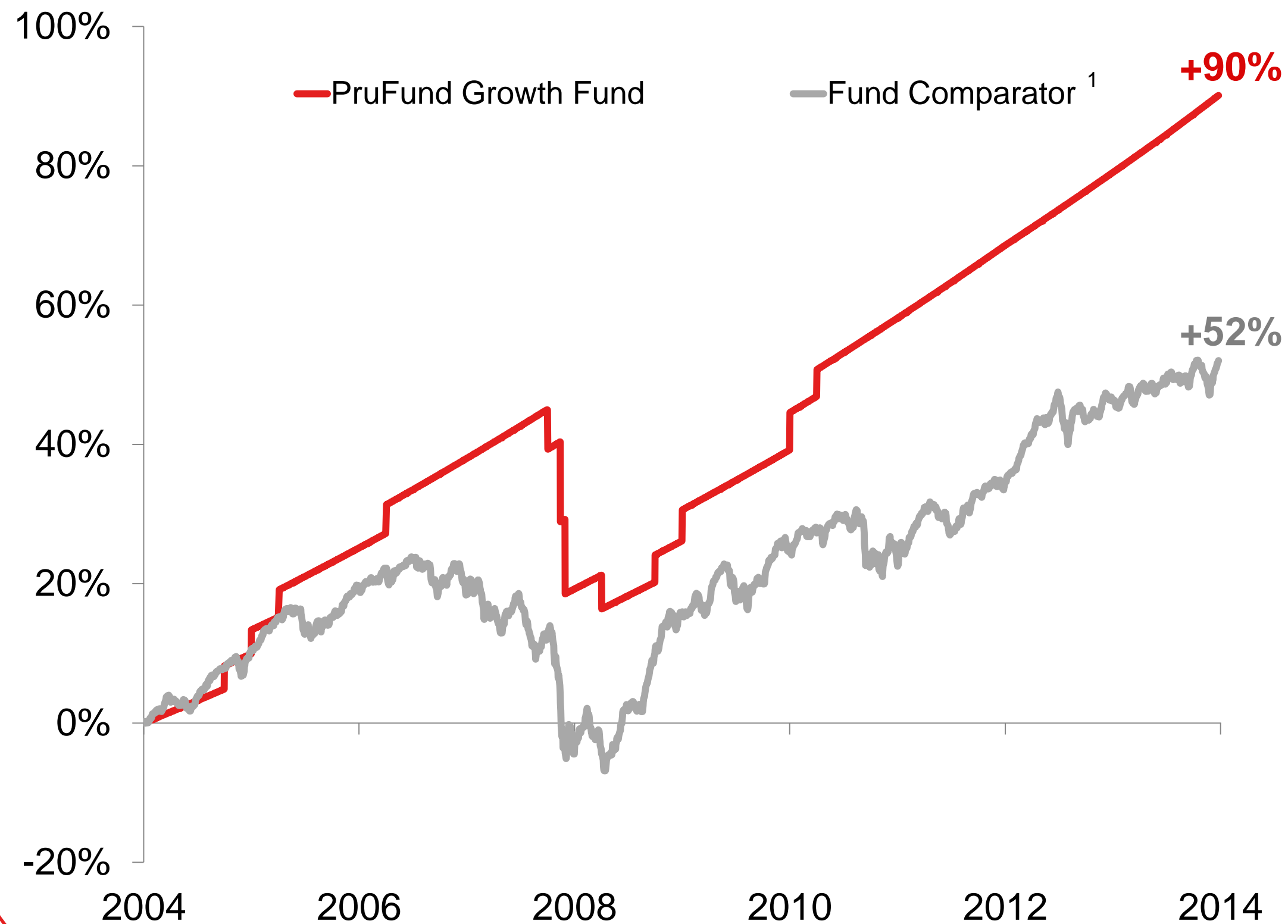
- **Flexible drawdown**
  - To be launched December 2014 with further development
- **PruFund ISA**
  - To be launched early 2015
- Value of **PruFund** to advisers as an attractive accumulation and decumulation proposition
- Successful **growth in PFP drawdown sales** in 2014

# Investments: Strong Growth Across Product Lines

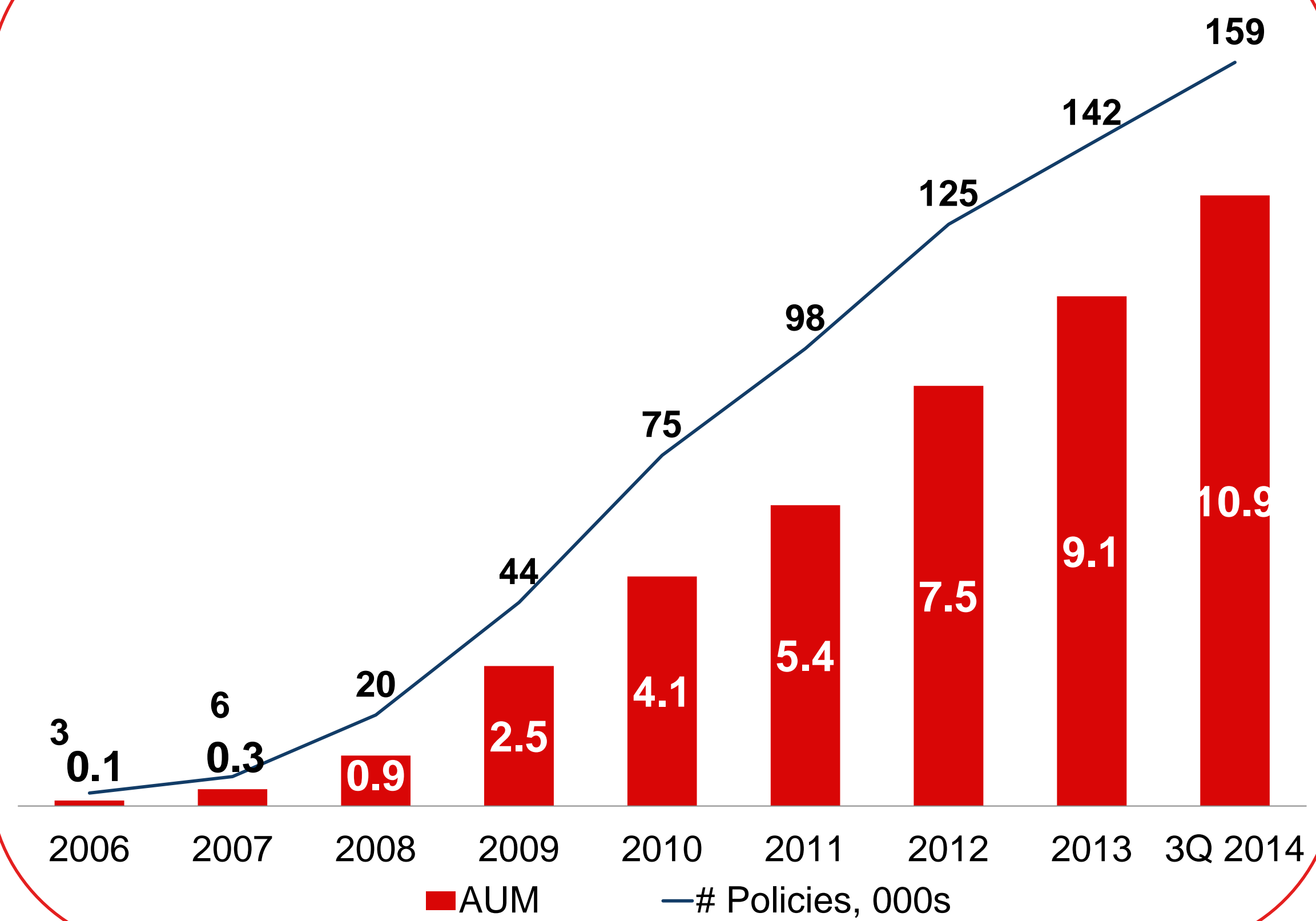


# Investments: PruFund – A Market Leading Proposition

**Leading Investment Performance**



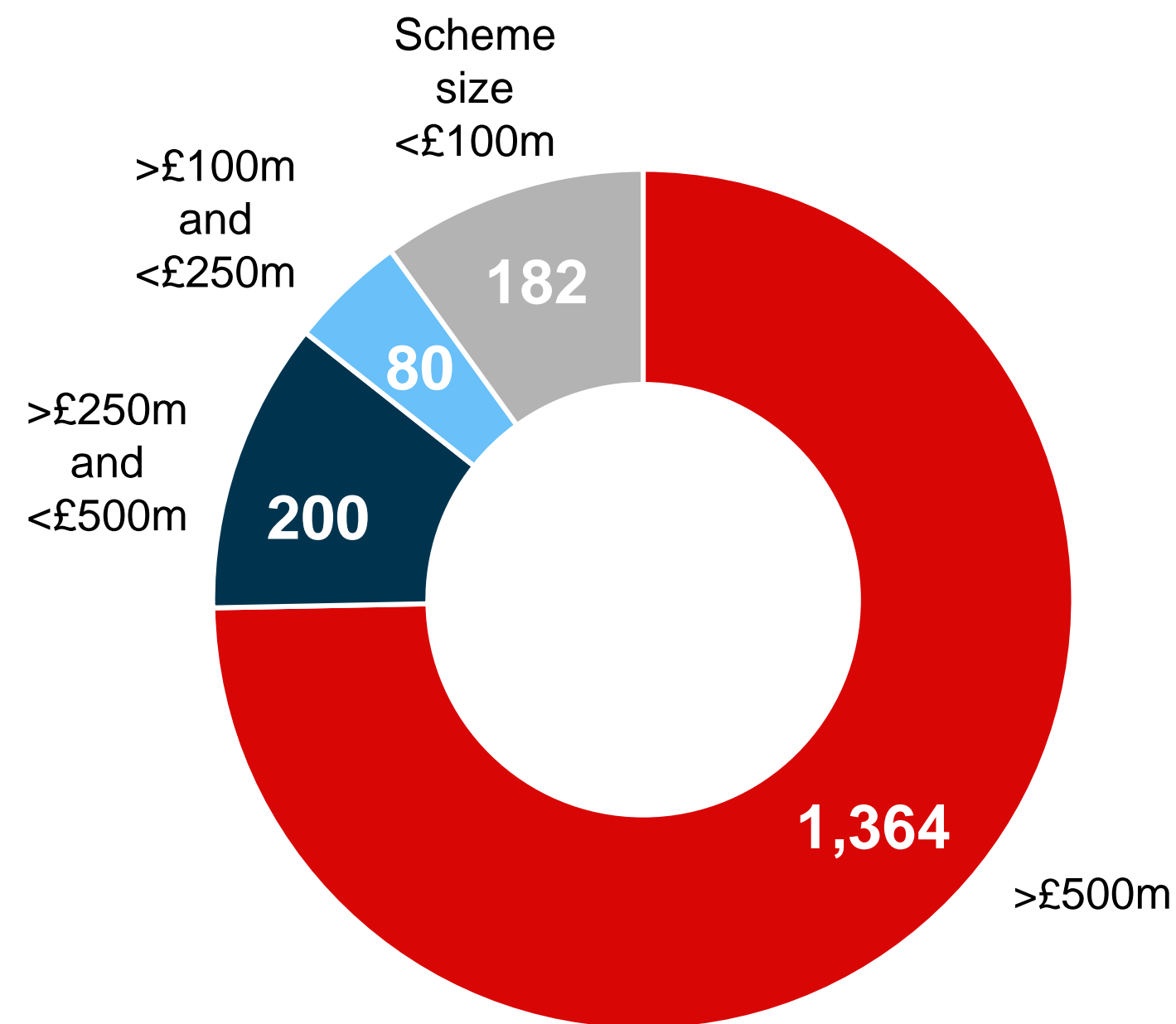
**Strong Growth in AUM (£bn)**



# Bulks: The Opportunity and Our Approach

## UK Market by Scheme Size<sup>1</sup>

Total Market Size: c£1.8tn



## A Highly Disciplined Approach

**Minimum return requirements**



**Cashflow / payback periods**



**EV margin**

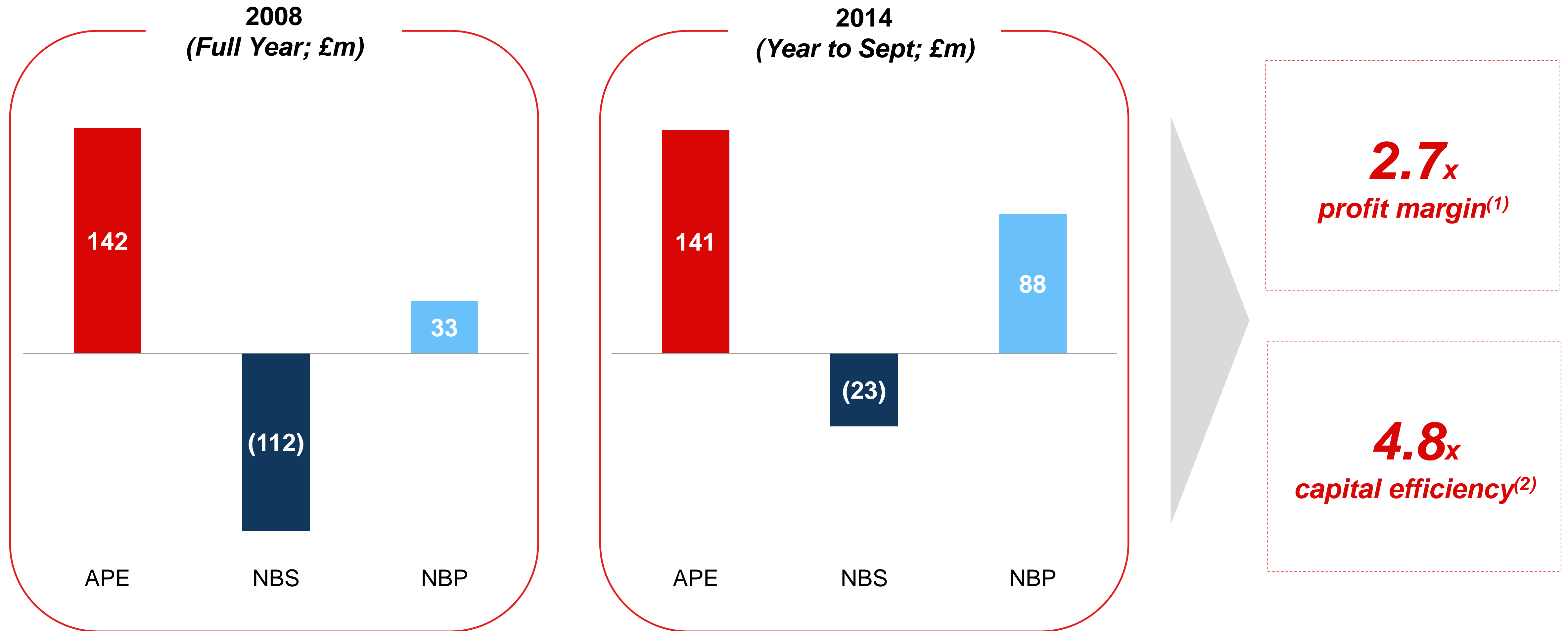


**IFRS profit margin**



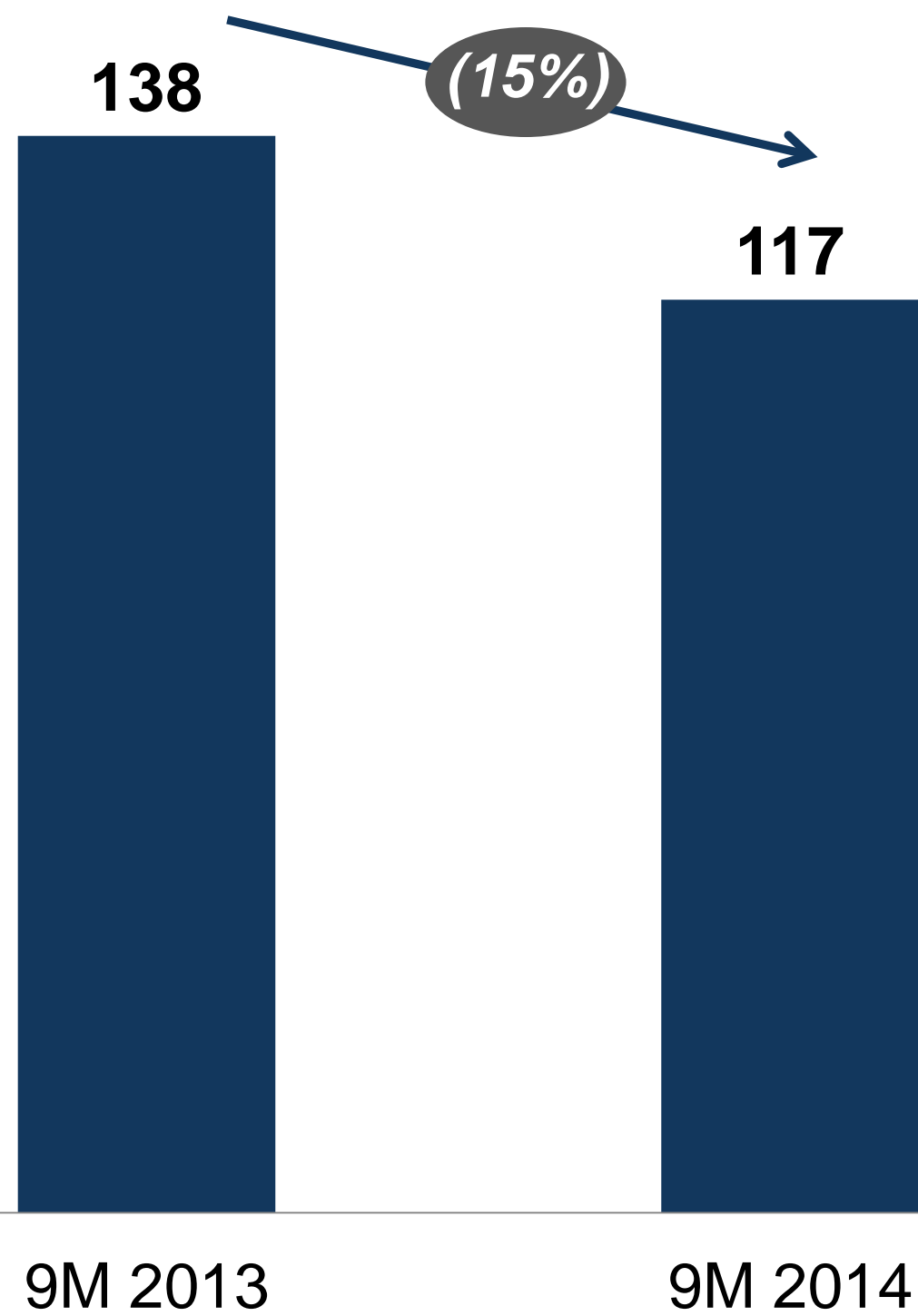


# Bulks: Margin and Capital Efficiency Enhancements



# Other Business Lines

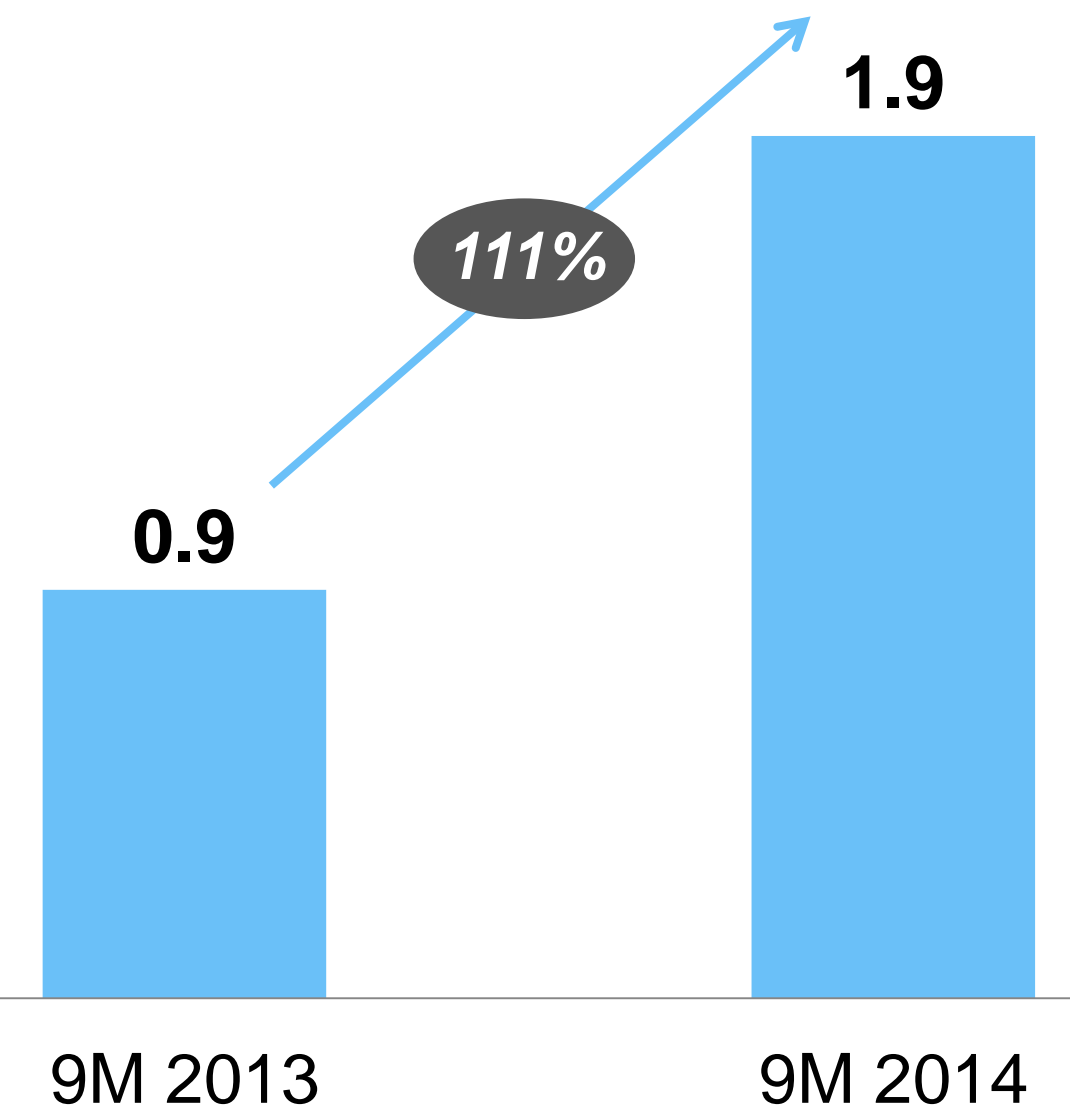
Corporate Pensions  
(APE; £m)



Protection

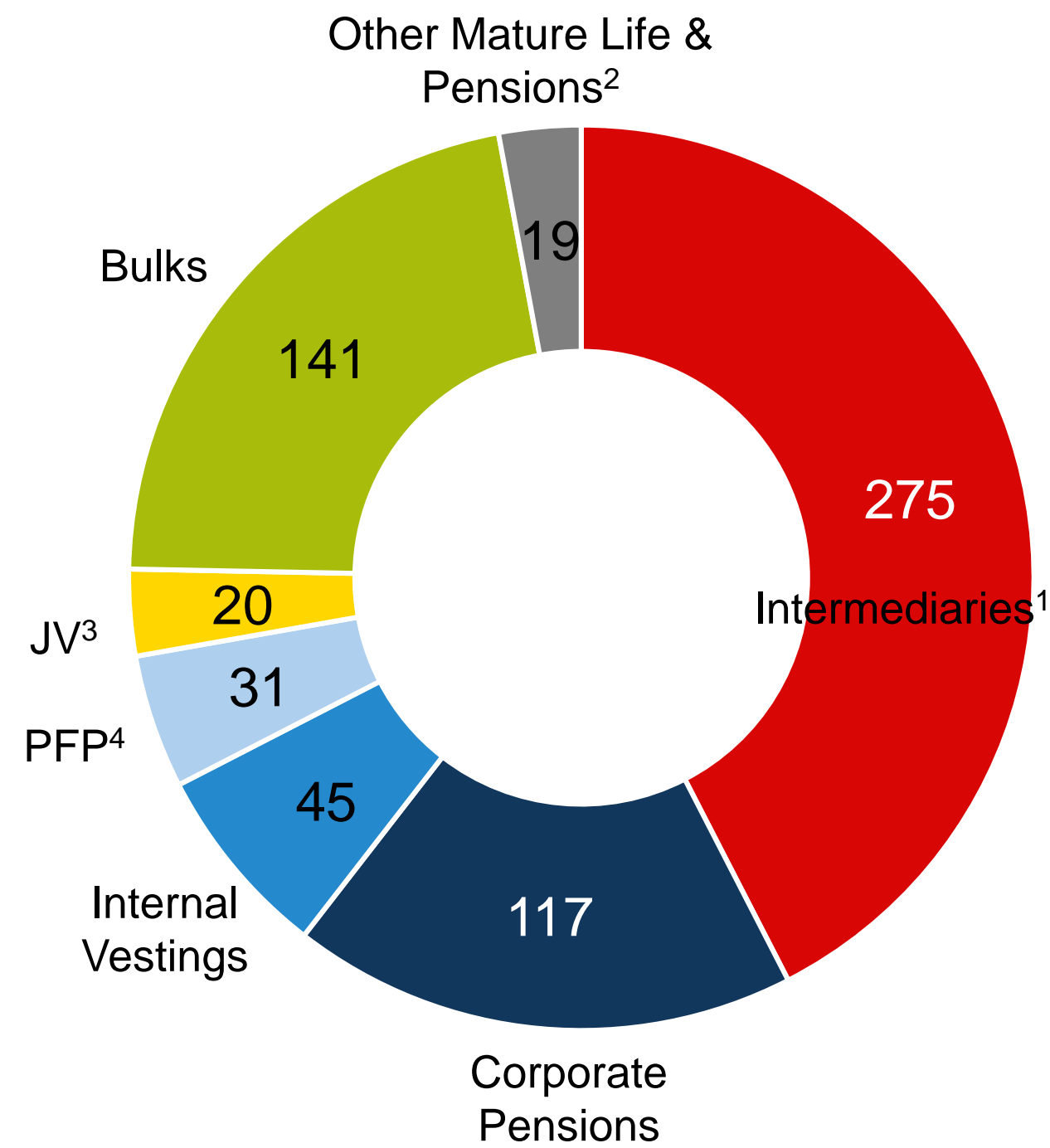
- Exit on **attractive terms** (£155m)
- Full **strategic flexibility** to re-enter market retained
- Use of Prudential brand by Discovery for marketing terminates **at end Q2 2015**

Poland  
(APE; £m)

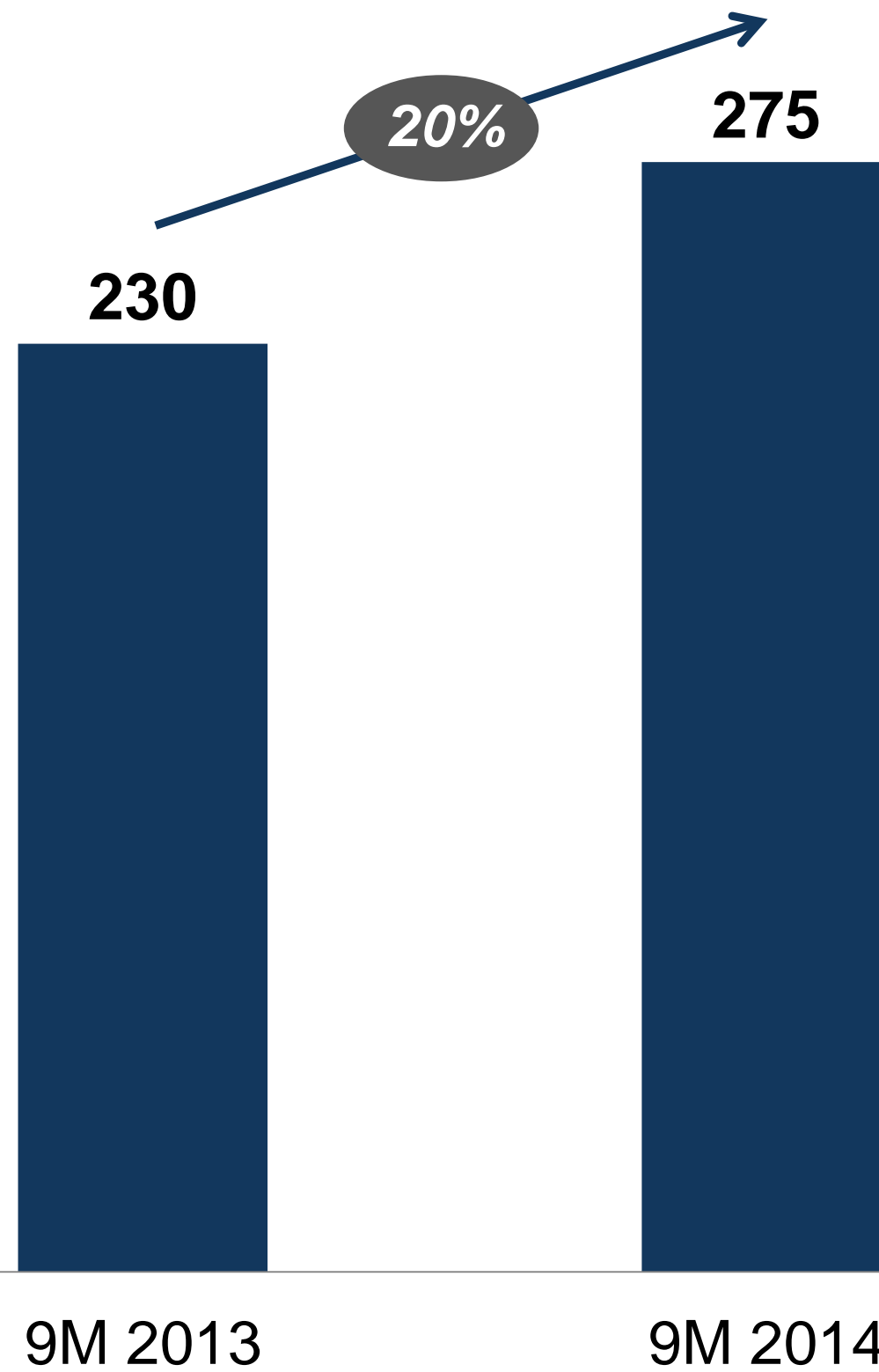


# Distribution: Diversified Capability

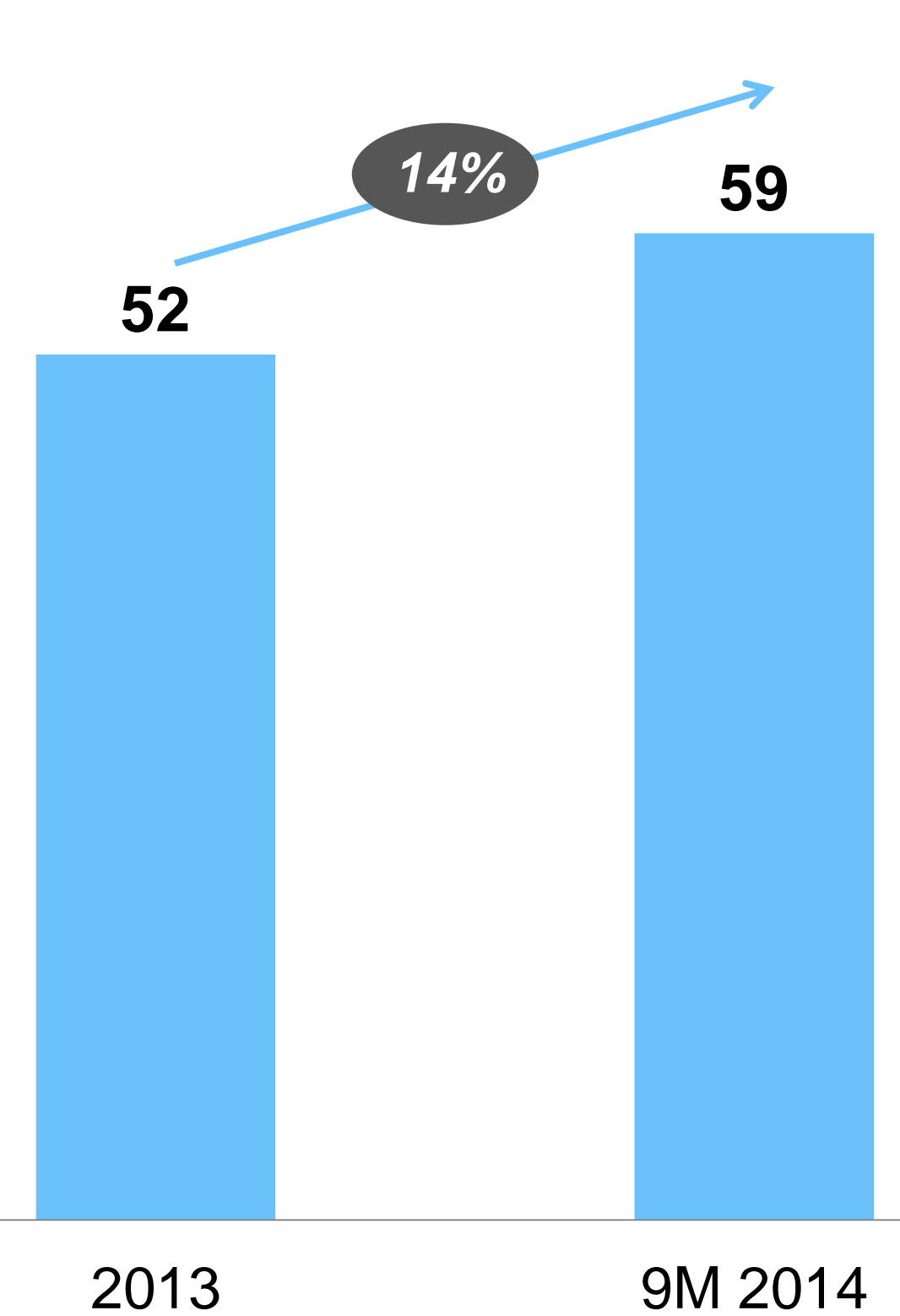
**Sales by channel**  
(Year to Sept 2014, APE £m)



**APE Via Retail Financial Advisers (£m)**



**Ave. New PruFund Policy Size per Adviser<sup>5</sup> (£000s)**

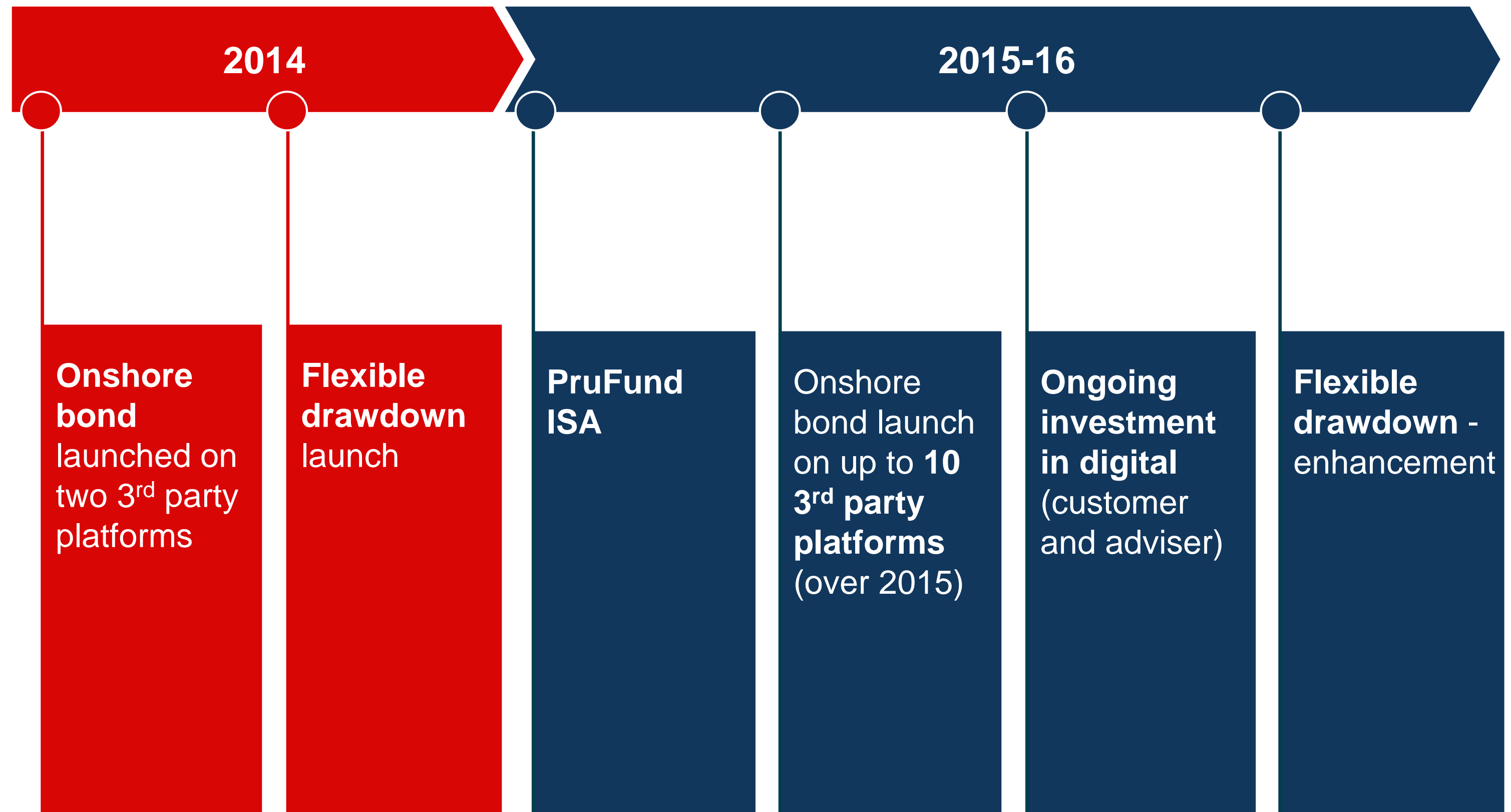


# Strong Momentum and Ongoing Development

## Recent Awards



## Ongoing Proposition and Distribution Enhancement



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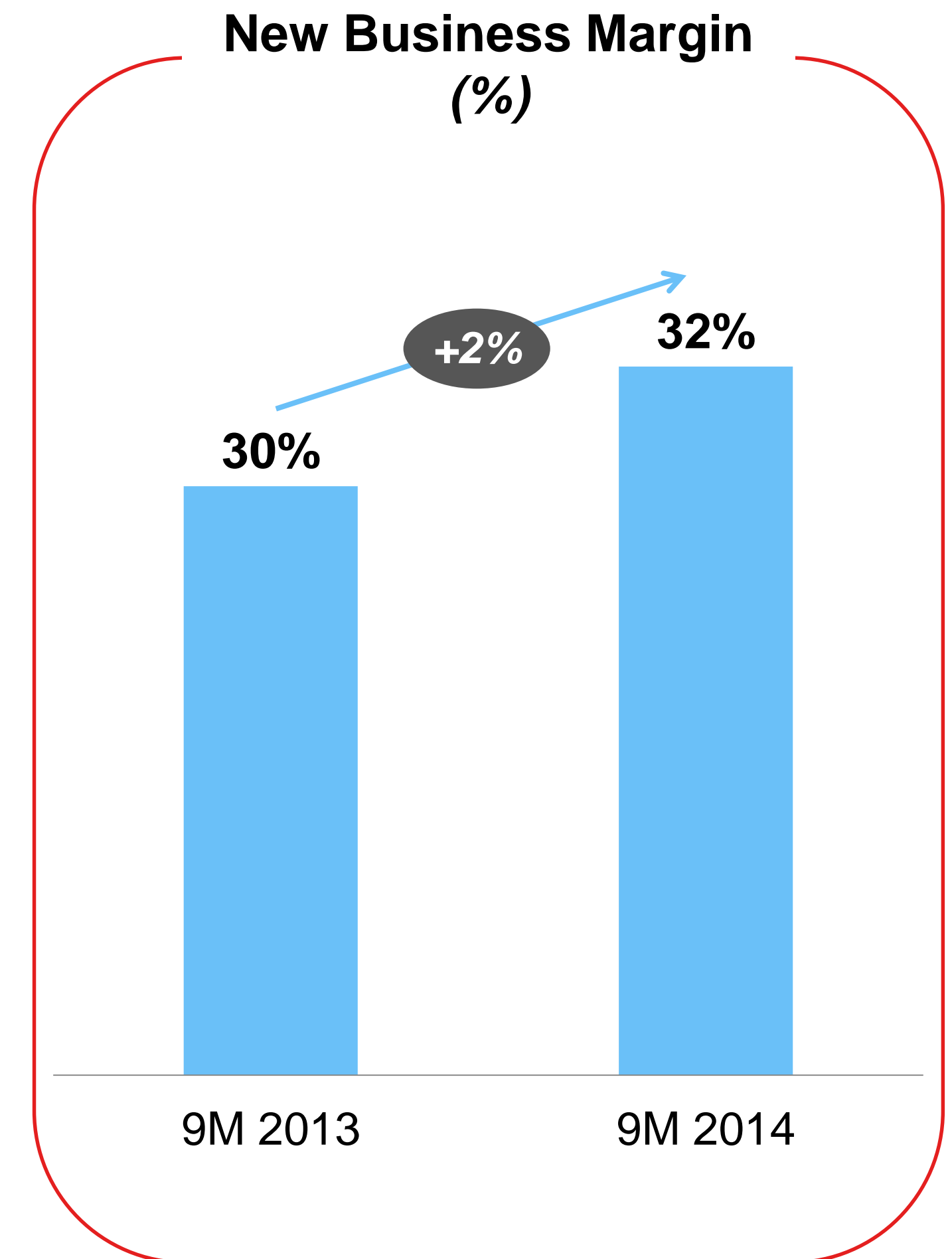
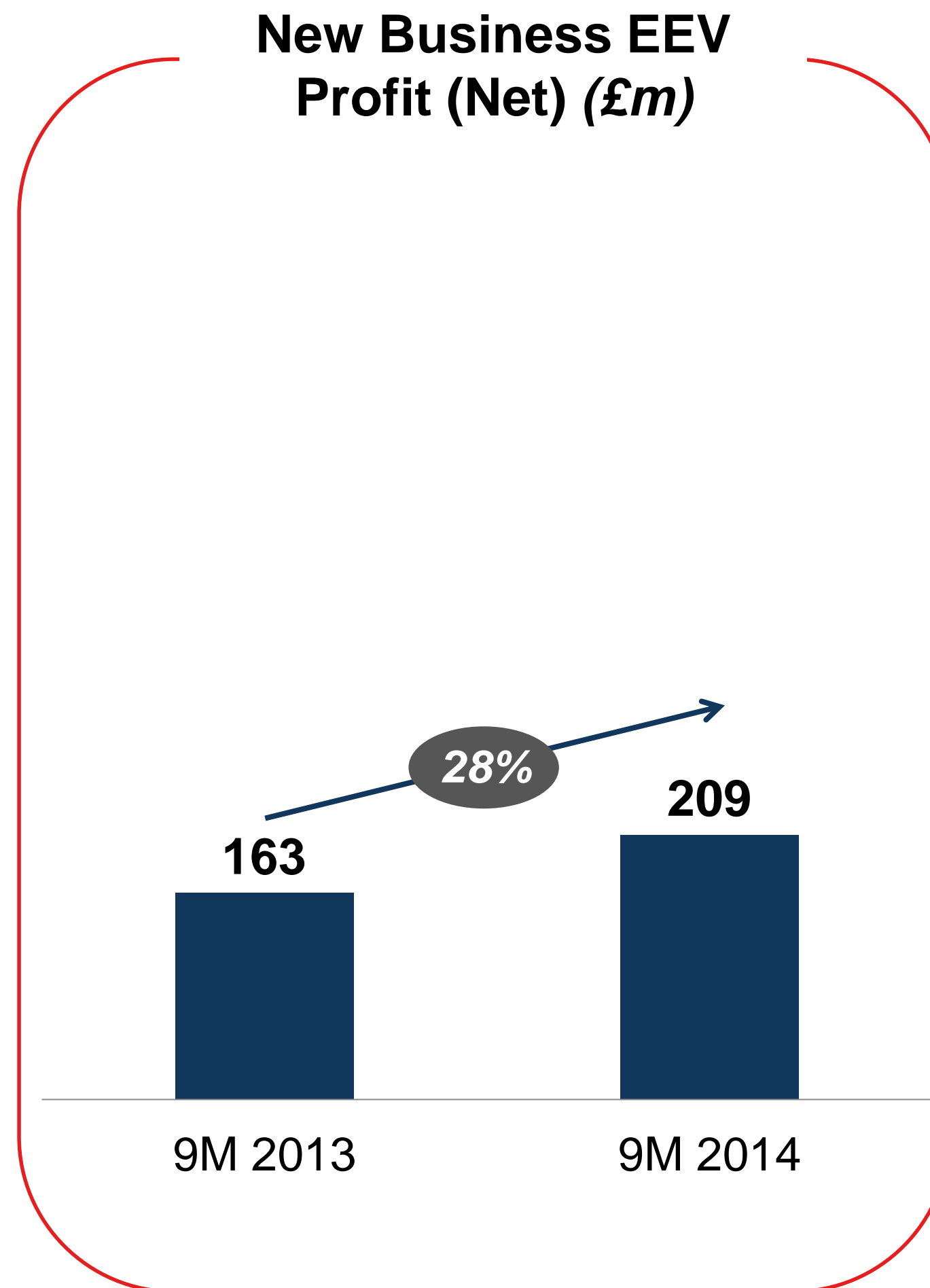
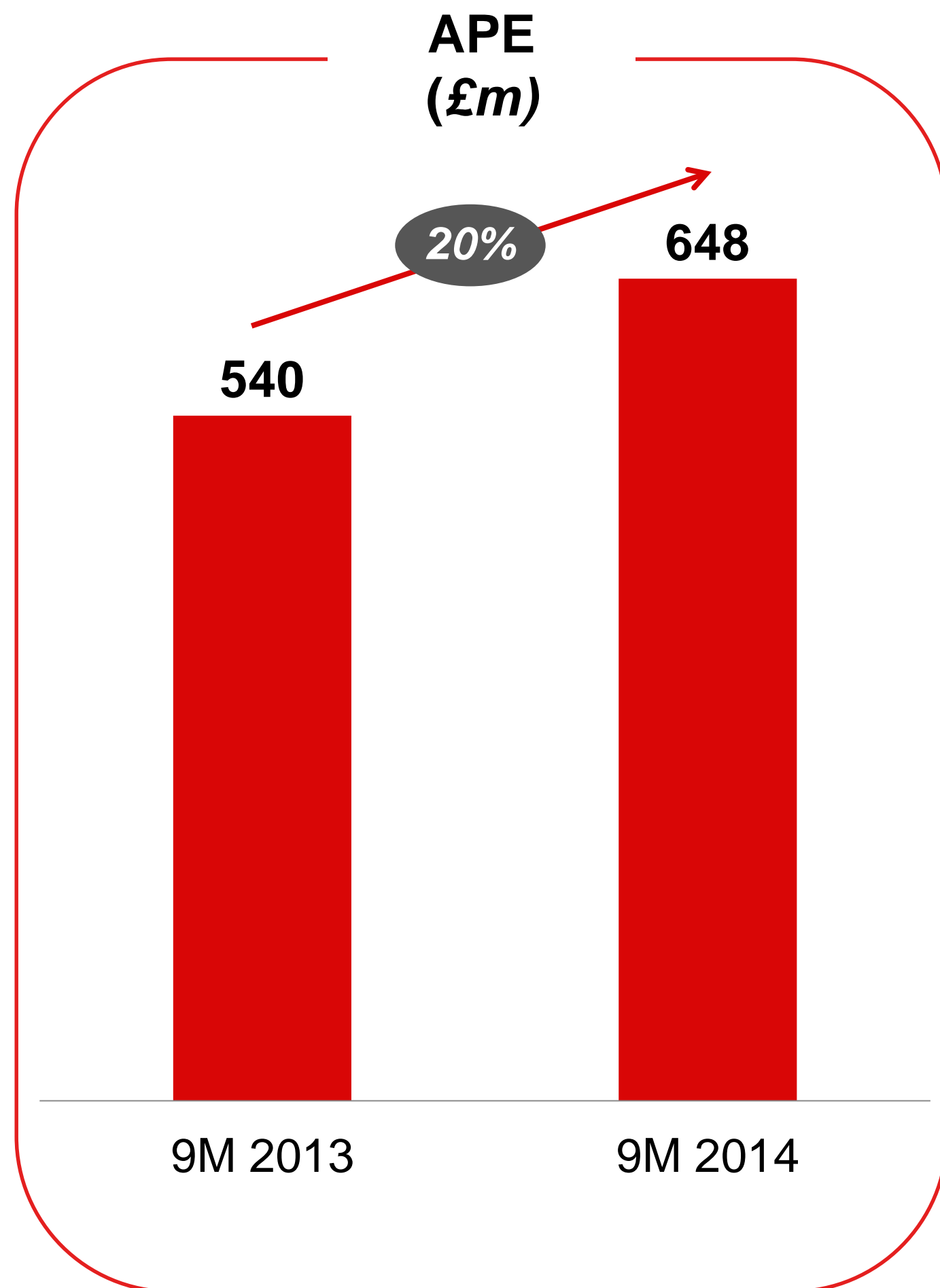


# Summary of Financial Performance

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- Robust New Business performance
- Sustained profitability
- Predictable Free Surplus and Cash Generation

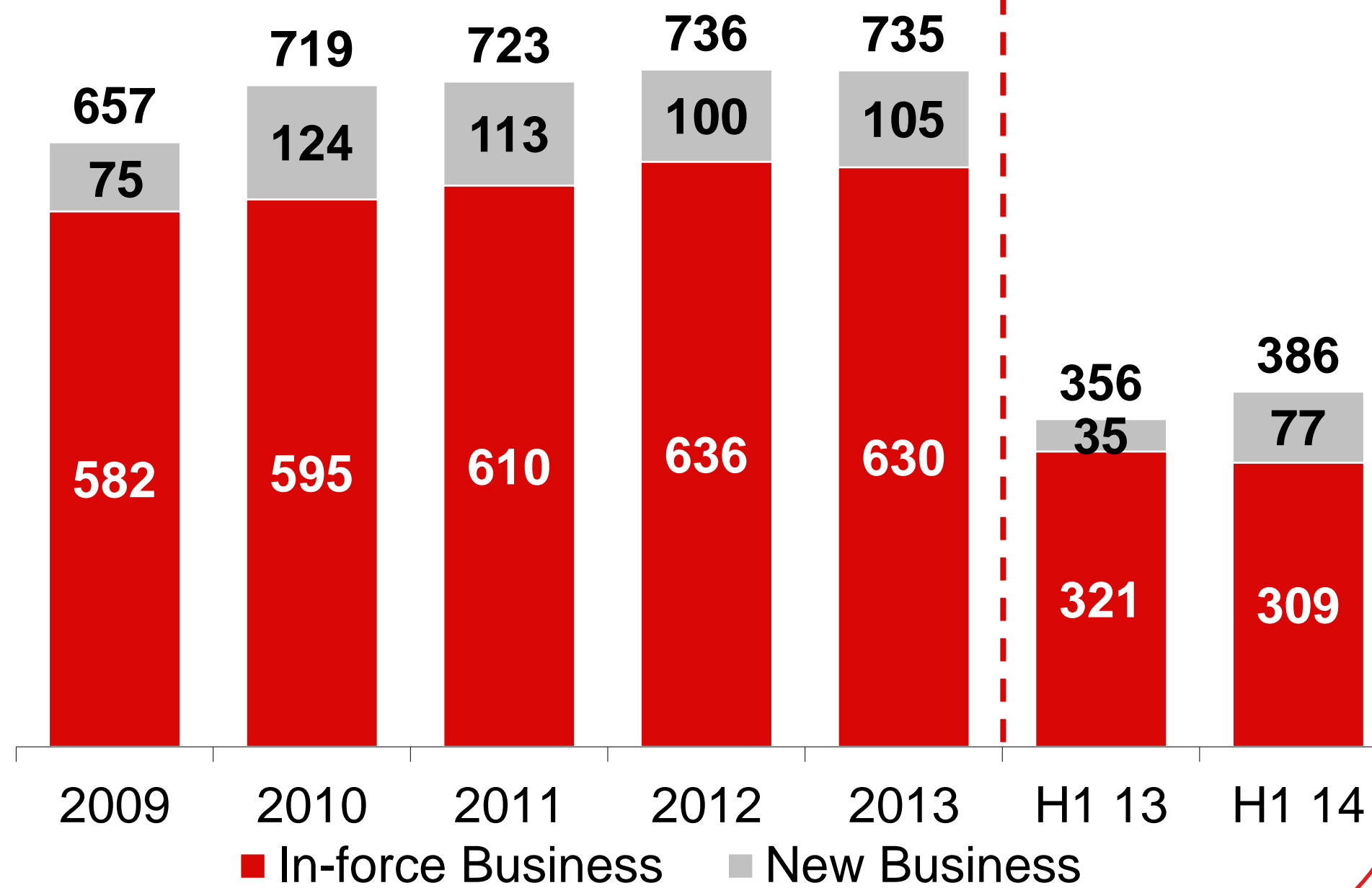
# Robust New Business Performance



# Sustained Profitability

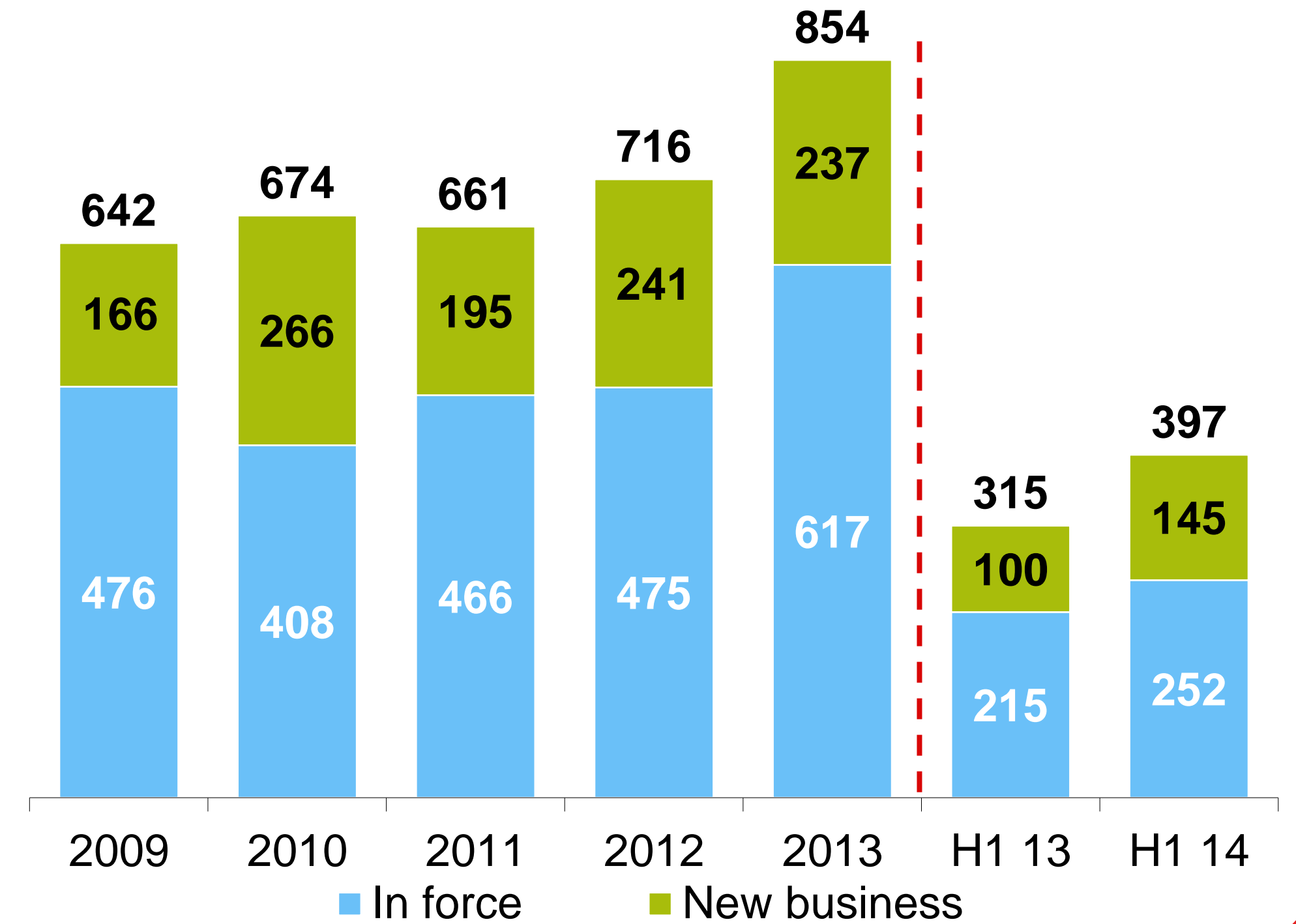
**Strong IFRS Generation from In-Force, Resilient over the Medium Term<sup>1</sup>**

IFRS Operating Profits (before Restructuring & SII Cost (£m))



**EEV Operating Profit (Net of Tax; £m)**

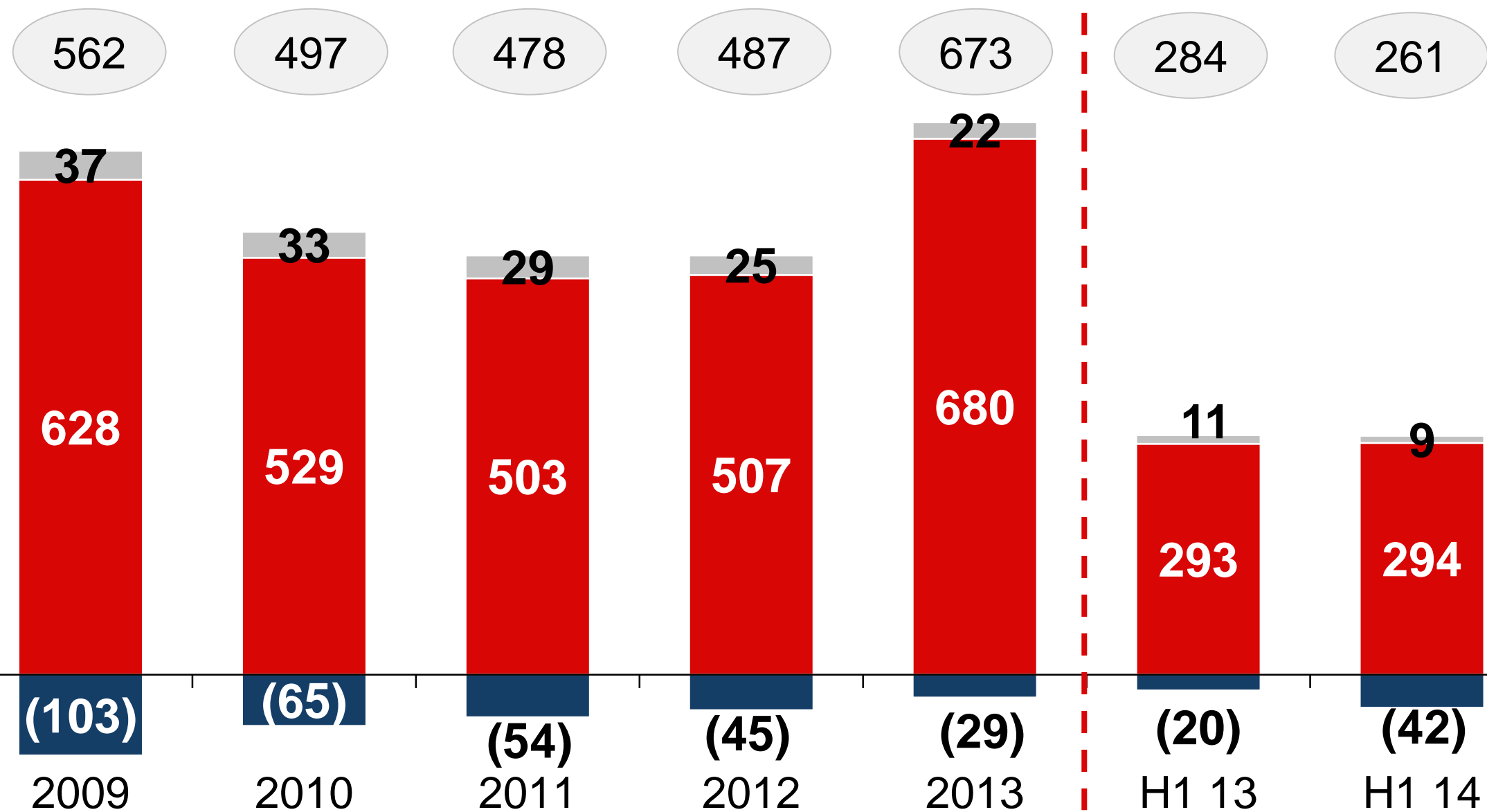
EEV Operating Profit (£m)



Note: 1. The IFRS segmental analysis is an internal analysis and is not externally audited. The splits are net of exceptional costs. In-force includes 100% of the profit from the with-profits business.

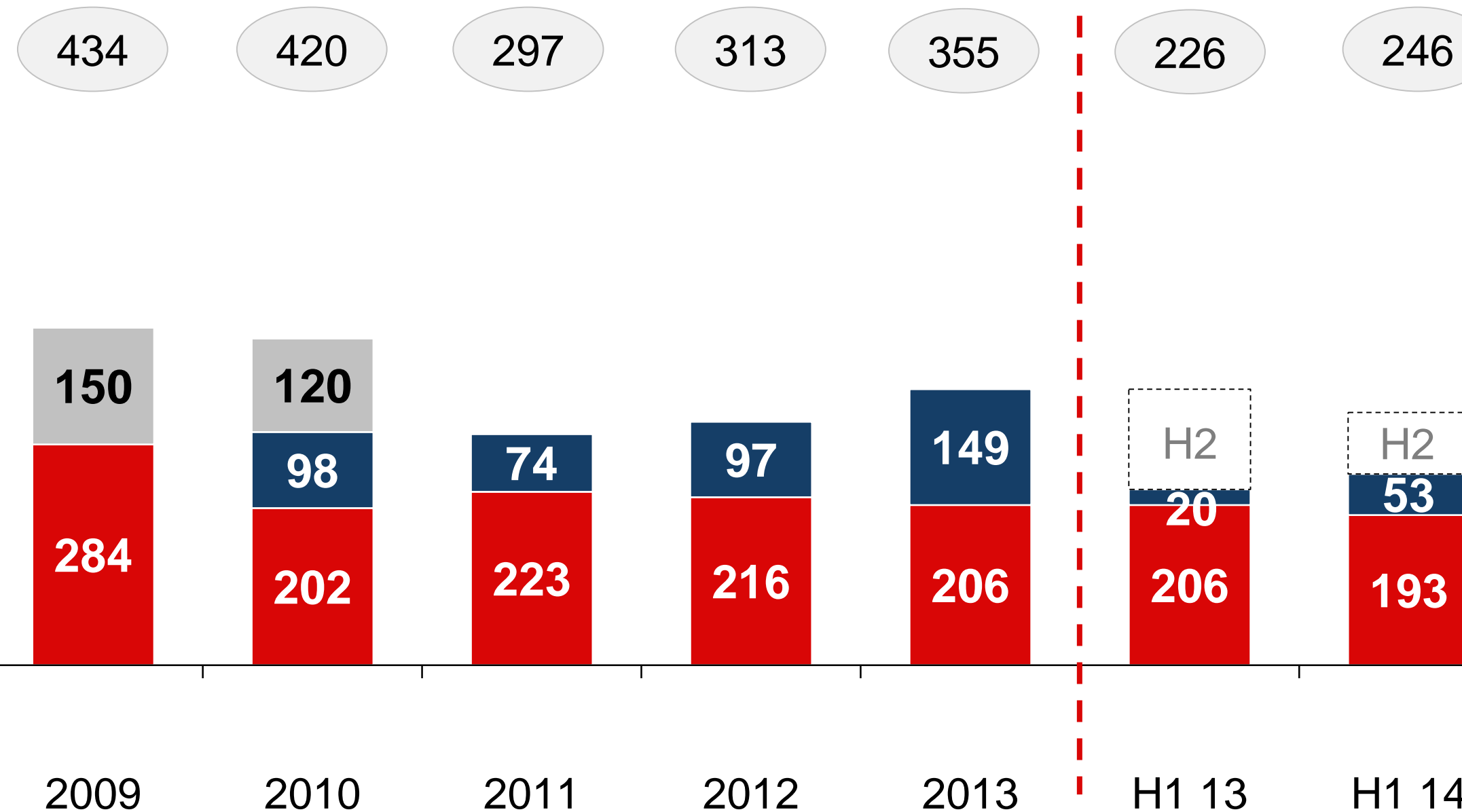
# Predictable Free Surplus and Cash Generation

## Operating Free Surplus Generated (£m)



■ General insurance  
■ New business contribution  
■ Underlying free surplus generated from in-force life business

## Cash Remittances to Group (£m)



■ PAC shareholder transfer ■ Shareholder surplus generated ■ One-off

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# Summary and Outlook

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- Competitively advantaged
- Highly disciplined in everything we do
- Our product set positions us well for the market changes
- Our product and distribution developments will enhance our position further
- Our financial performance remains robust
- Long-term outlook for Prudential in the UK retirement market remains positive