



**Prudential plc**

Morgan Stanley European Financials Conference

16 March 2016

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# Group

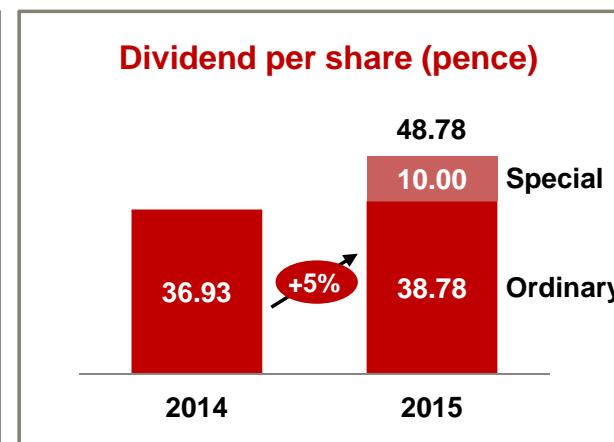
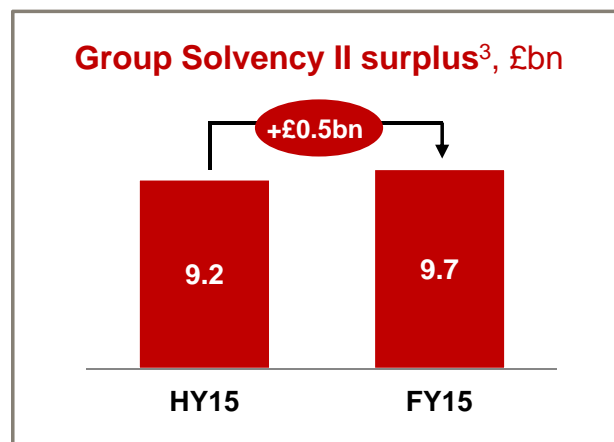
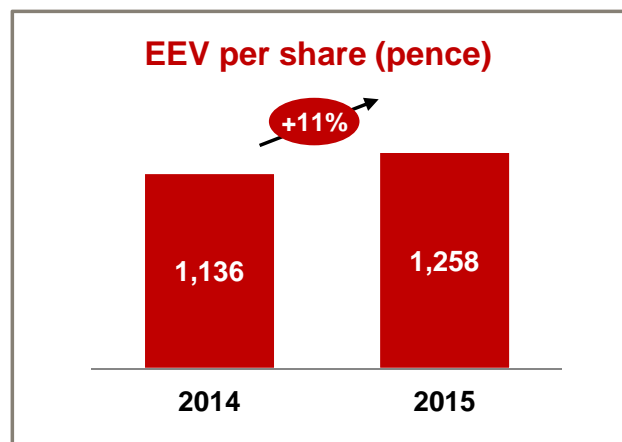
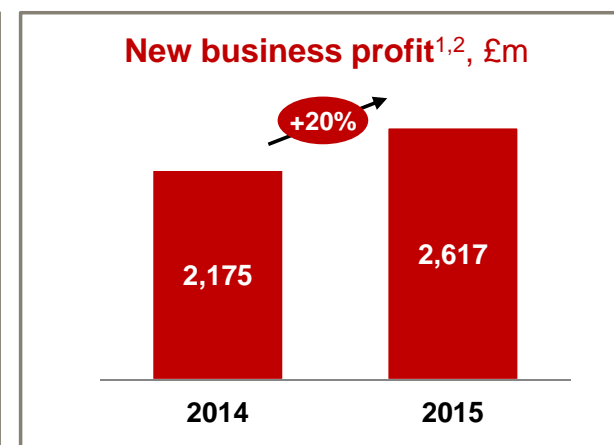
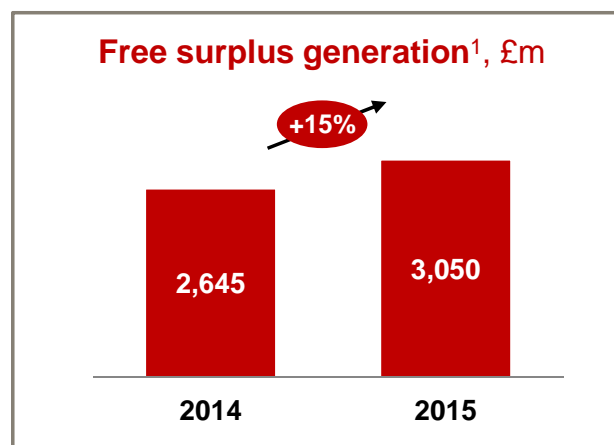
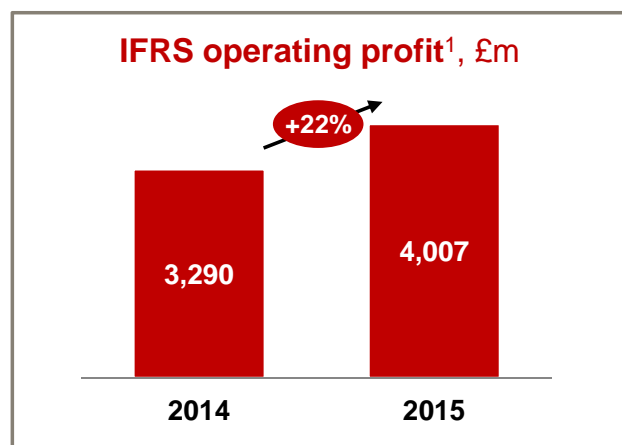
## CEO messages



- ✓ Clear strategy focused on significant structural growth opportunities
- ✓ Leadership positions and capabilities underpin peer / market outperformance
- ✓ Resilient operating model with clear value discipline
- ✓ Significant headroom from leveraging scale, efficiencies and skills
- ✓ Well positioned to deliver profitable growth

# Group

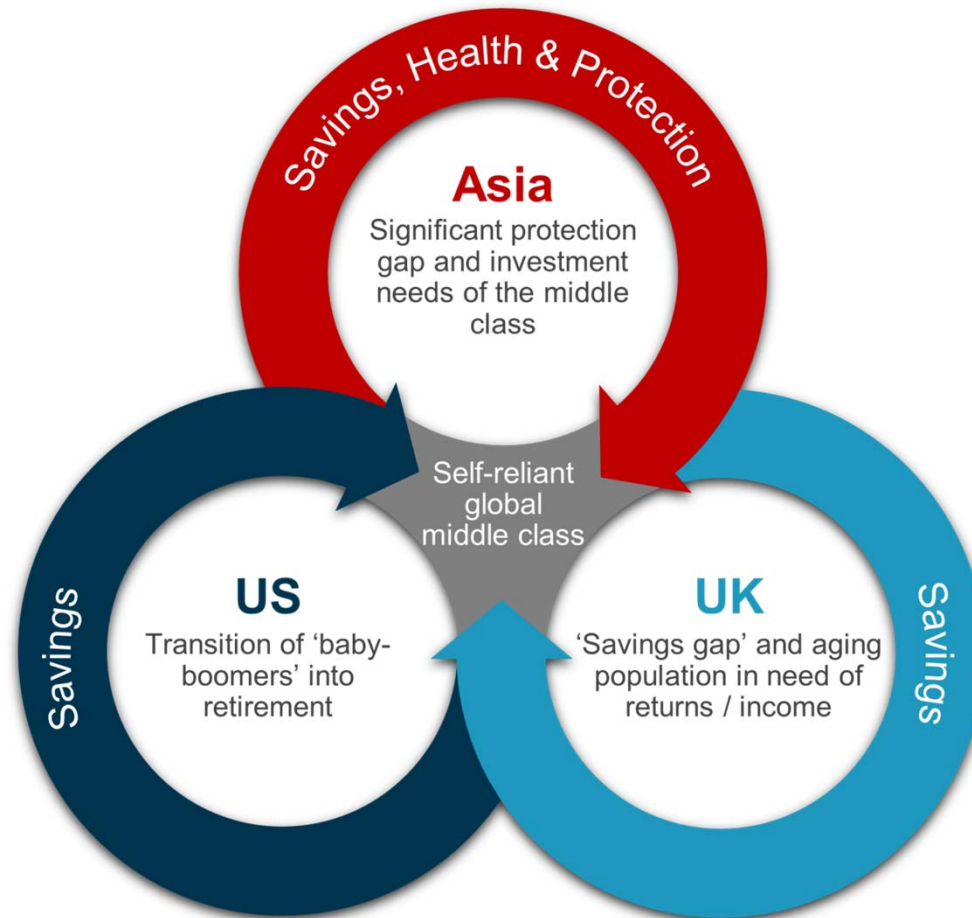
## Another year of strong delivery



<sup>1</sup> Comparatives have been stated on a constant exchange rate basis

<sup>2</sup> FY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014




<sup>3</sup> Before allowing for second interim ordinary and special dividends



# Group

## Premium franchises

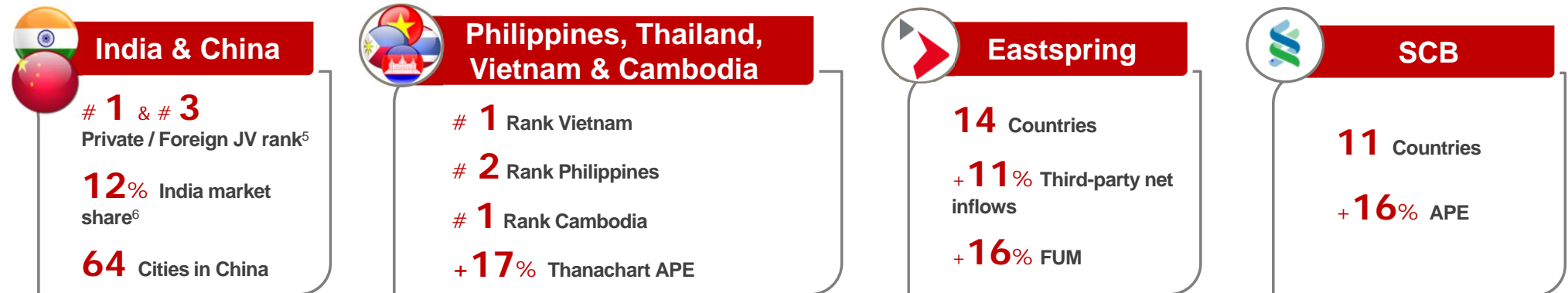
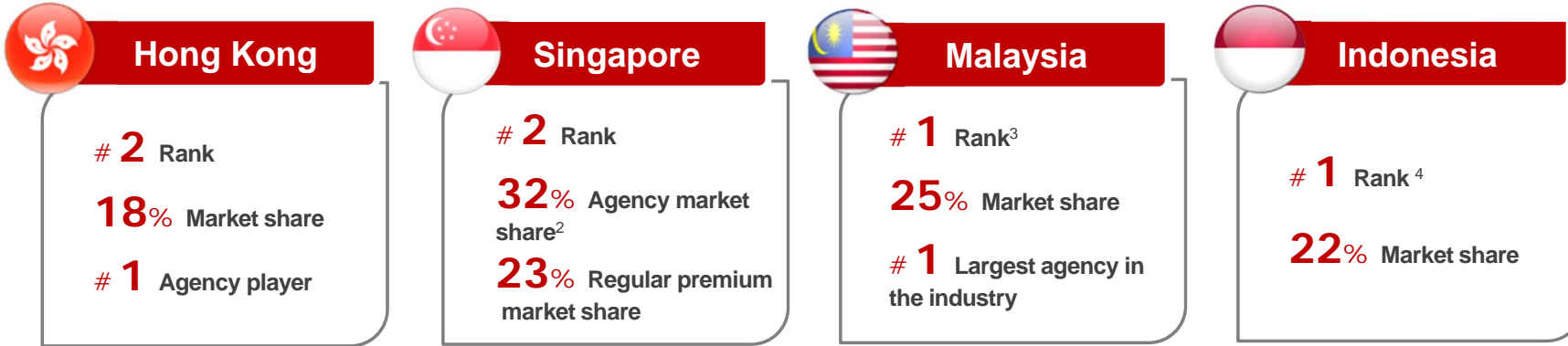


Asia	US	UK
		
<p><b>Leading</b> pan regional franchise</p>	<p><b>Premier</b> retirement income player</p>	<p><b>Well recognised brands</b> with strong track record</p>
<p>In Asia since <b>1923</b></p> <p><b>14m</b> life customers</p> <p><b>Top 3 position</b> in 9 out of 12 life markets<sup>1</sup></p> <p><b>Leading</b> Asian asset manager with <b>+20 years</b> operating history</p> <p>Over <b>£89bn</b> funds under management<sup>4</sup></p>	<p>Founded in <b>1961</b></p> <p><b>4m</b> life customers</p> <p><b>18% market share</b> Variable Annuities<sup>3</sup></p> <p><b>\$199bn</b> of statutory admitted assets<sup>4</sup></p>	<p><b>167 years</b> of providing financial security</p> <p><b>6m</b> life customers</p> <p>Over <b>£16bn</b> PruFund funds under management<sup>4</sup></p> <p><b>£246bn</b> funds under management<sup>4</sup></p>

1. Source: Based on formal (competitors results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on availability of data).  
 2. Based on assets sourced from the region. Excluding Japan, Australia and New Zealand as at Jun 2014. Source Asia Asset Management September 2014 (Ranked according to participating regional players only)  
 3. Source: Morningstar Annuity Research centre. 3Q 2015  
 4. FY 2015

# Asia

## Regional footprint



1. Source: Based on formal (competitors results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on availability of data).

2. Market share excludes Elderly and dependent shield

3. Rank includes Takaful and excludes Group

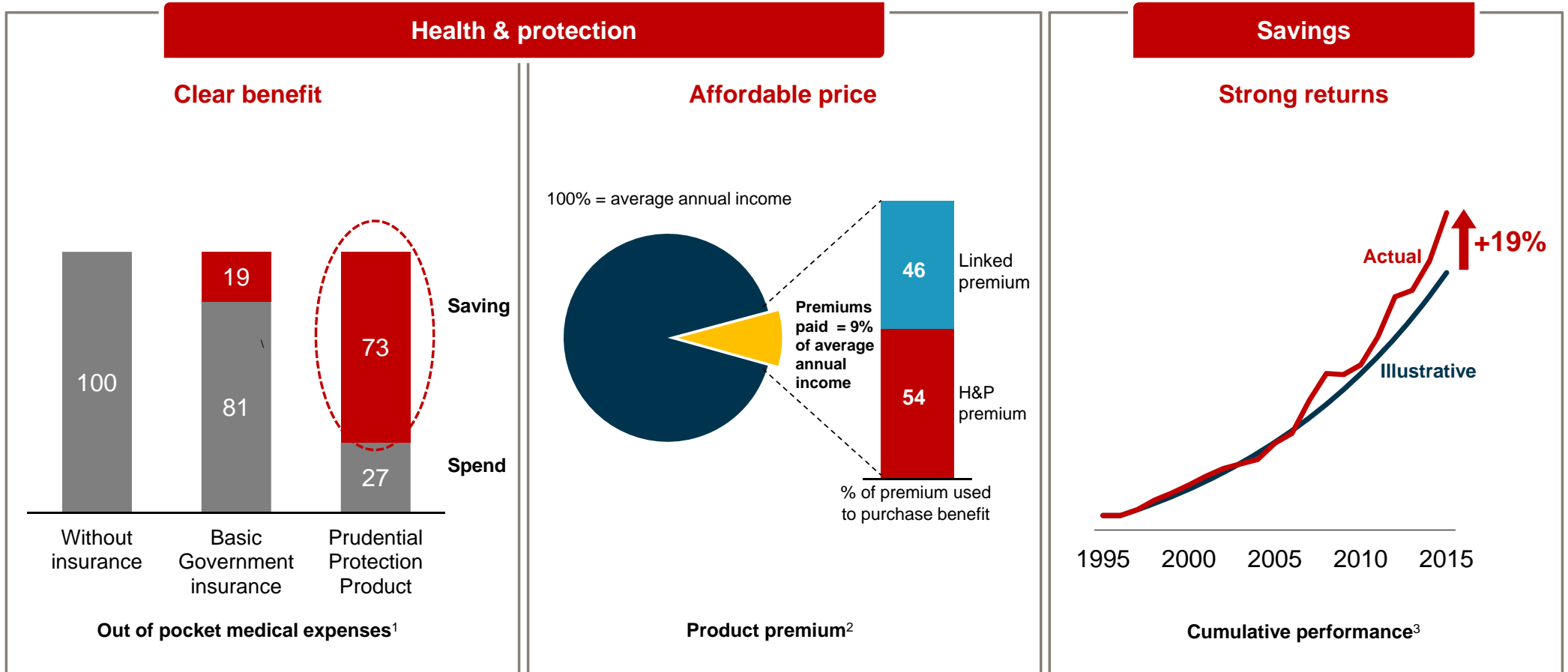
4. Rank excludes Sinarmas

5. India rank among private players

6. Market share on a total basis

# Asia

## Product portfolio aligns with customer needs



1. Expenses for a male aged 50 for heart diseases and heart surgery treatment

2. Average Prudential customer spend on insurance products, Indonesia linked product with protection rider.

3. Non-guaranteed Surrender Value based on a US\$ Better Life inception in 1995 from a male non-smoker aged 35 with US\$50k sum assured with annual premium payable for 10 years. Illustration based on simple interest rate assumption, reality may vary

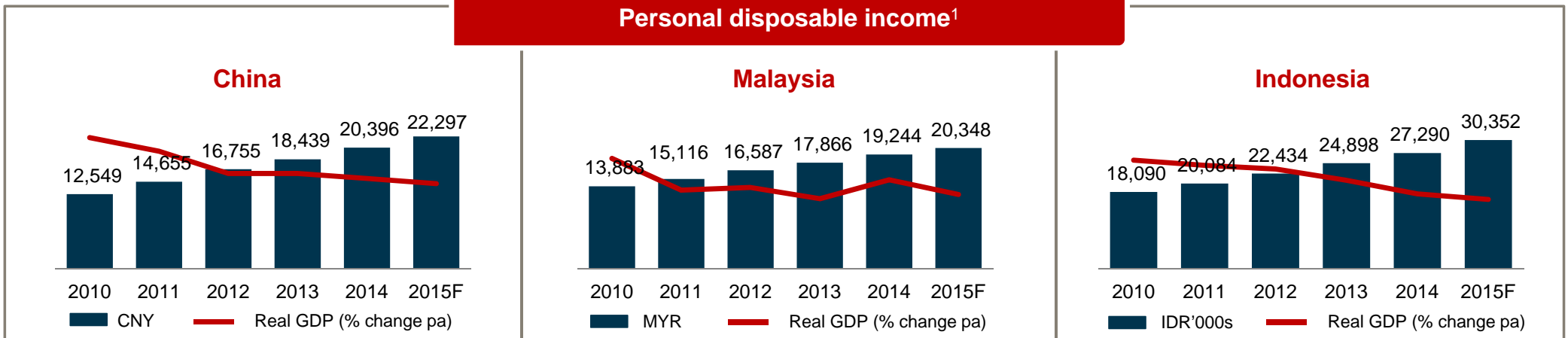


# Asia

## Consumers remain resilient



### Personal disposable income<sup>1</sup>



### Airline passengers<sup>1</sup> (millions)



<sup>1</sup> Source: EIU, International Civil Aviation Organisation (ICAO), Bloomberg, Company Results, Forecast from Centre for Aviation (CAPA), Prudential estimates

<sup>2</sup> Chinese Airlines includes: China Southern Airlines, China Eastern, Air China, Hainan Airlines and Xiamen Airlines

<sup>3</sup> Malaysian Airlines includes: Air Asia and Malaysian Air

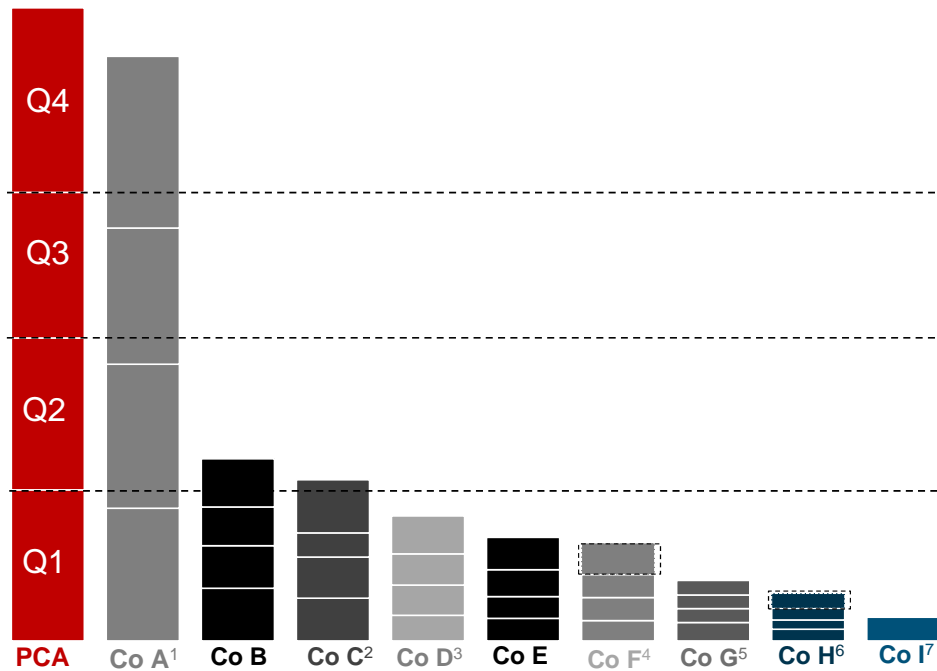
<sup>4</sup> Indonesian Airlines includes: Lion Air and Garuda Indonesia

# Asia

Outperforming peers. Disciplined delivery



APE sales<sup>1,2</sup>,  
FY15 £m



Estimated Q4 based on 9m YTD growth rate applied to 4Q14 APE

- ✓ Leveraging economies of scale and scope
- ✓ 25 consecutive quarters of 17% average growth<sup>3</sup>
- ✓ High regular premium content, protection bias
- ✓ Stable margins
- ✓ Discipline drives long-term shareholder value

<sup>1</sup> Source: Competitors' results release; local insurance regulator and association. All data at net equity interest. Competitors' results converted to GBP using YTD Avg. FX

<sup>2</sup> Companies A to I constitute AIA, Allianz, Aviva, AXA, Generali, Great Eastern, ManuLife, SunLife, and Zurich. 1. Co A reported figures exclude India as being minority shareholder. Figures above include India's sales based on IRDA's WFYP data. Excludes pension business;. Results from Dec14-Nov15. 2. Co C Asia Pacific region APE 3. Co D started to disclose insurance only APE since Q1 2015 (or insurance only NBP and margin which made APE calculation possible) 4 Co F results based on the 9M YTD growth rate 2015 vs 2014 applied to 4Q14 APE as 4Q15 data not yet published. 5. Co G Asia calculated as 'Sales - proportionate JV ownership' for 2015. 6. Co H results include Latin America and Asia as separate disclosure is not available. Results based on the 9M YTD growth rate 2015 vs 2014 applied to 4Q14 APE as 4Q15 data not yet published 7. Co I figures include Japan as separate disclosure is not available.

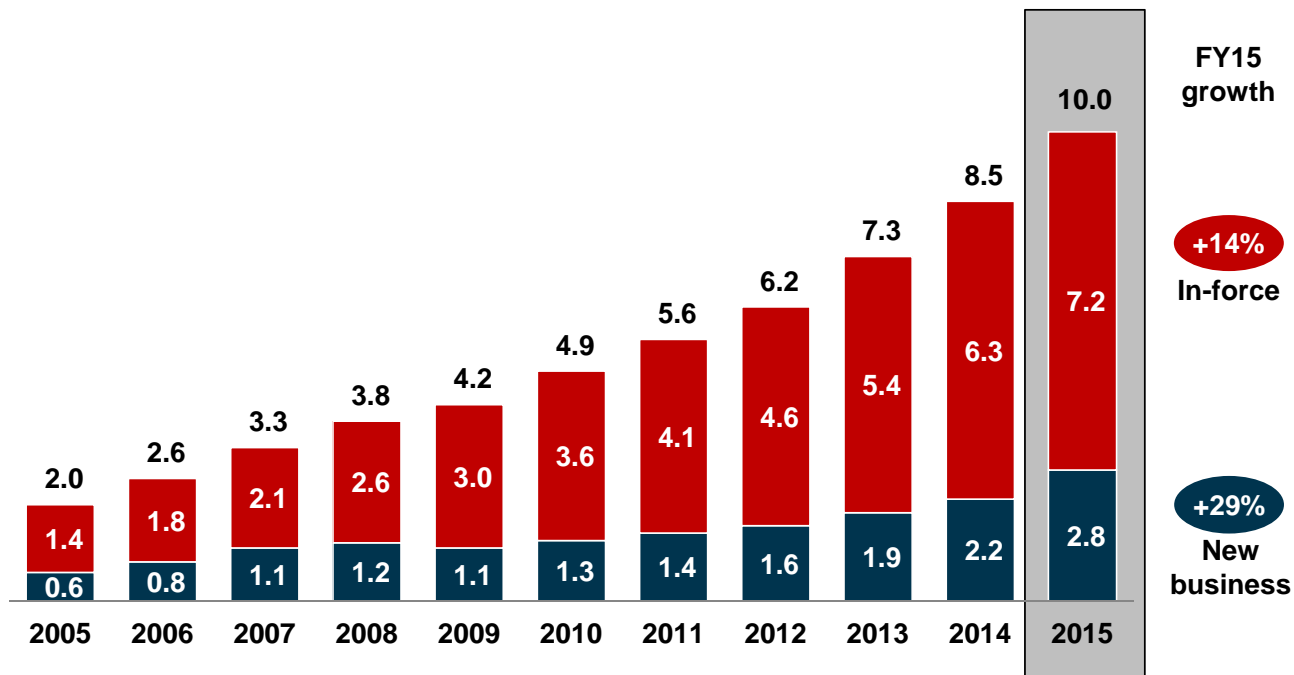
<sup>3</sup> 17 per cent year on year quarterly growth over 25 consecutive quarters from 4Q 2009. Based on a constant exchange rate basis.

# Asia

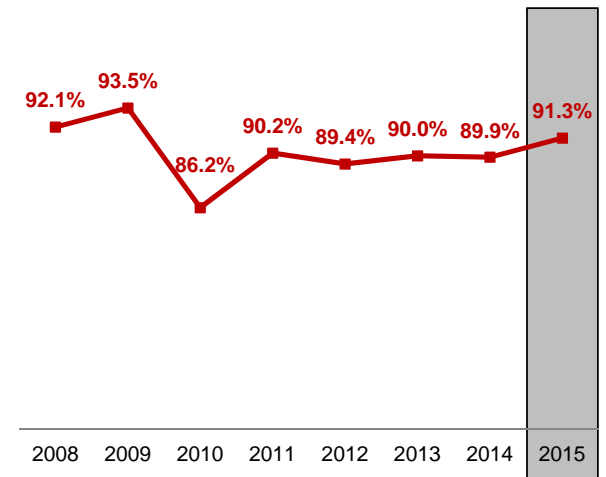
## Recurring income



Asia life weighted premium income<sup>1,2</sup>,  
£bn CER



Asia persistency<sup>3</sup>,  
%



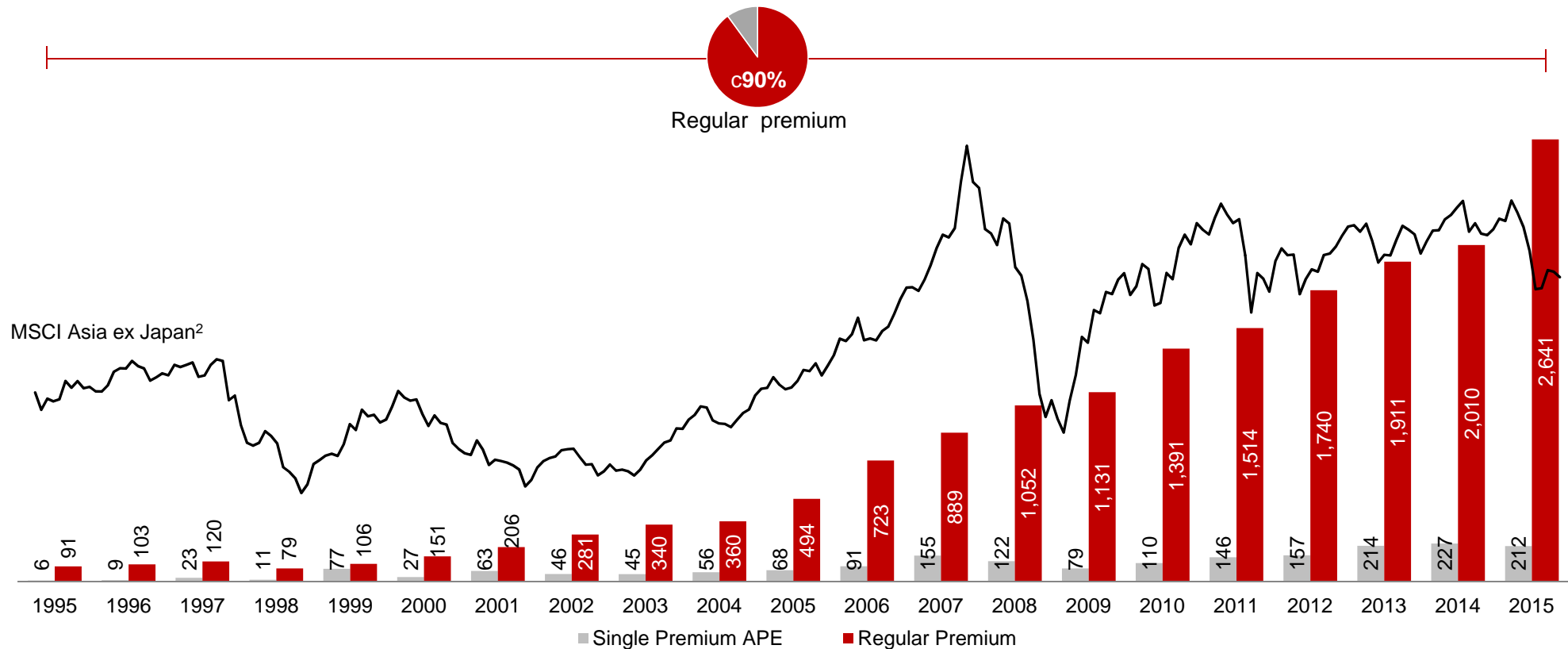
<sup>1</sup> Weighted premium income comprises gross earned premiums at 100% of renewal premiums, 100% of first year premiums and 10% of single premiums  
<sup>2</sup> 2014 excluding intra-group reinsurance contracts between the UK and Asia with-profits businesses  
<sup>3</sup> Inverse of surrenders/withdrawals as % of opening liabilities (Shareholder backed)

# Asia

High quality, defensive growth



Regular and Single Premium APE<sup>1</sup>, £m



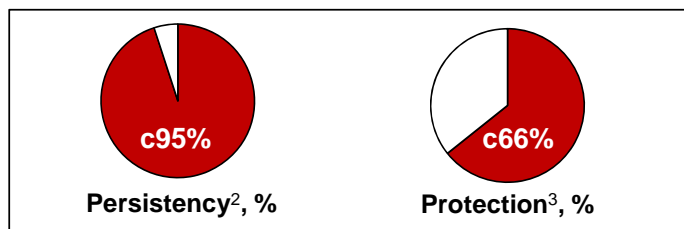
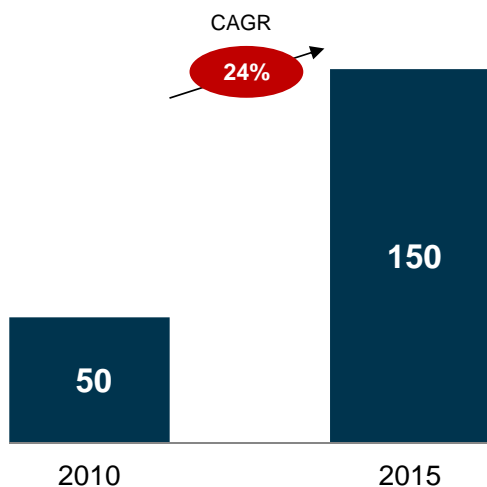
1. Comparatives have been stated on a reported exchange rate  
 2. Source: Datastream.

# Asia

## Hong Kong



IFRS operating profit,<sup>1</sup>  
£m



1. Comparatives have been stated on a FY15 constant exchange rate basis  
 2. Inverse of surrenders/withdrawals as % of opening liabilities (Shareholder backed)  
 3. Calculated as insurance margin divided by long-term business operating profit  
 4. In-force measured by EEV value in-force based on 1H15 reporting

### ✓ Focus on regular premium protection sales

- 95% of sales are regular premium
- H&P APE +65%, H&P 58% of NBP
- Similar domestic and Mainland China product mix

### ✓ High quality Mainland China business

- 55% of Hong Kong APE
- 97% regular premium APE, c70% <US\$5,000
- Multiple payment methods (80% of customers have HK bank accounts)

### ✓ Delivering profitable growth

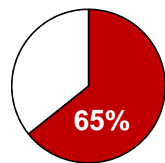
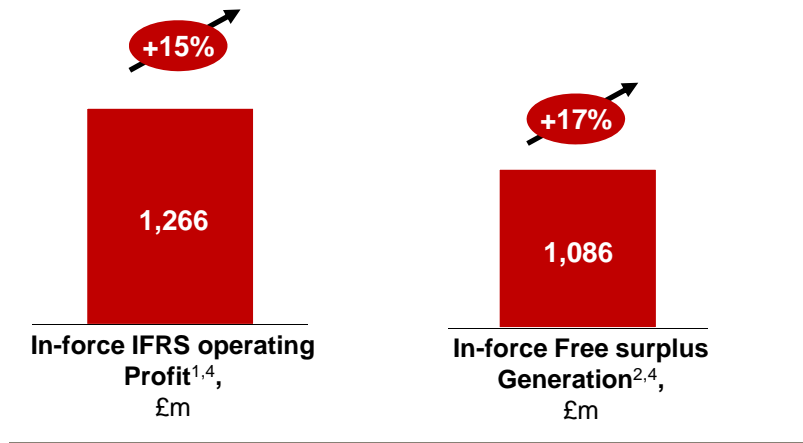
- FY15 earnings +27% (11% of Asia)

# Asia

High quality, defensive growth



FY15



Life IFRS Protection<sup>3</sup>, %



Inforce recurring income underpins delivery



New business earns over time



Earnings predominantly uncorrelated to markets



Resilient financial performance

1. In-force IFRS operating profit comprises the following: Asia life as disclosed in note 1(b) of the 'additional financial information', after deducting development expenses plus IFRS profit from Eastspring.  
2. Life underlying free surplus generated from in-force before new business strain and Eastspring investments.  
3. Calculated as insurance margin divided by long-term business operating profit  
4. Comparatives have been stated on a constant exchange rate

# Asia

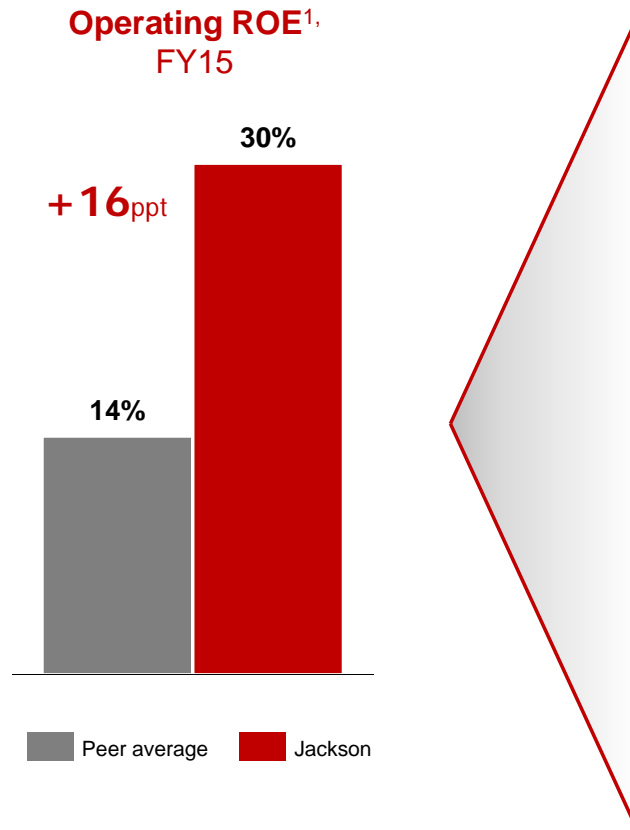
## Summary



- ✓ High quality portfolio of well-positioned companies in the region
- ✓ Profitable, growing back book generating capital and earnings
- ✓ Products and services aligned with social needs
- ✓ Unrivalled distribution capacity
- ✓ Proven record of innovation and execution drives customer and shareholder value

# US

## Outperforming peers. Delivering results



**\$13.0<sub>bn</sub>** VA Net inflows<sup>2</sup>

**#1** Leading cost efficient player<sup>3</sup> (33bps)

**50%** Larger wholesale distribution than nearest competitor<sup>4</sup>

**32%** Greater wholesaler productivity<sup>5</sup>



**£1.7<sub>bn</sub>** Profitable inforce book<sup>6</sup>

**481%** RBC ratio comfortably above AA threshold

**\$3.3<sub>bn</sub>** Cash remitted since 2008

1. Source: Bloomberg and SNL financial. ROE based on after-tax IFRS operating income and average equity excluding AOCI. Peer ROEs are U.S. GAAP and are calculated using adjusted operating EPS and equity excluding AOCI. Peer group includes Ameriprise, MetLife, Lincoln National, Prudential Financial, and Principal  
2. Includes VA net flows into both separate and the general accounts  
3. Source: SNL Financial LC. Expense / Statutory assets as at 3Q15.

4. Based on number of VA external wholesalers as at 3Q15  
5. Gross sales per wholesaler as at 3Q15  
6. IFRS operating profit



# US

## Proven execution skills



### Strategic imperatives

1

High quality product

2

Transparency of guarantee

3

Operational flexibility

4

Commercialisation speed & quality

### Jackson position

1

9x more funds than peers delivering +10% return<sup>1</sup>

2

Modular product / no cross subsidy

3

Leading cost efficient player<sup>2</sup>

4

EA sales 5x top competitor combined total<sup>3</sup>

1. Funds with a living benefit with 3 year annualised performance over 10% (ending 31 Dec 2015) and net of contract and fund fees. Weighted average assumes best performing fund of available fund allocations

2. Source: SNL financial. Expenses / Statutory assets as at 3Q15

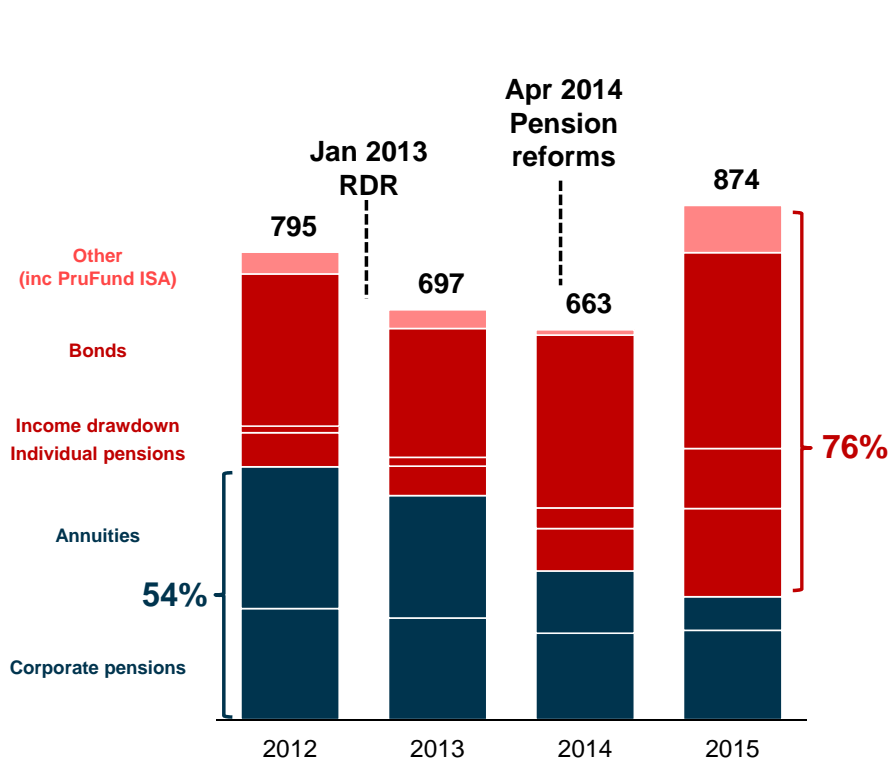
3. IOVA sales since the Elite Access launch March 2012 through 3Q2015. Top competitors include Lincoln, MetLife, Prudential, AXA, Nationwide, American General (SunAmerica)

# UK

## Navigating change. Investment focus



Retail APE sales<sup>1</sup>, £m



1. 2014 excludes £23m APE for PruHealth and PruProtect  
 2. Market share from 3Q13 to 3Q15 based on Income Drawdown (incl. SIPPS)  
 3. Out performance from 1/1/2006. Index based on fund comparator (ABI Mixed Investment 20%-60% Shares TR)

### Life

**70%**

Growth in APE from new products (2015)

**19%**

Income drawdown market share<sup>2</sup> (Up 12pts from 7% 2013)

**82%**

Growth in PruFund APE (2015)

**2.2x**

PruFund out performance<sup>3</sup> (vs index from 2006)

### Asset management

£ **246**<sub>bn</sub>

M&G AUM (51% external)

**2x**

External AUM (from 2008)

£ **302**<sub>m</sub>

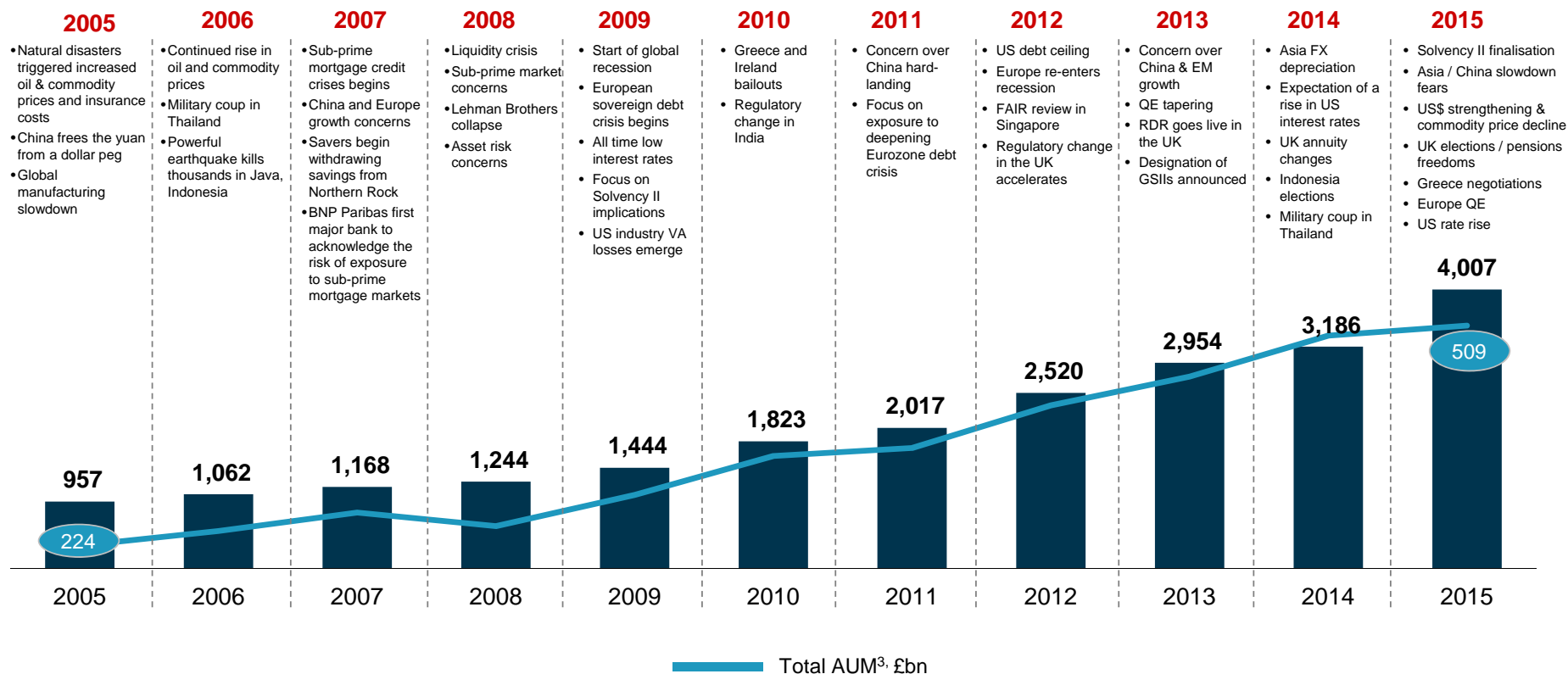
Cash remittance (2015)

# Group

## Effective response to challenges



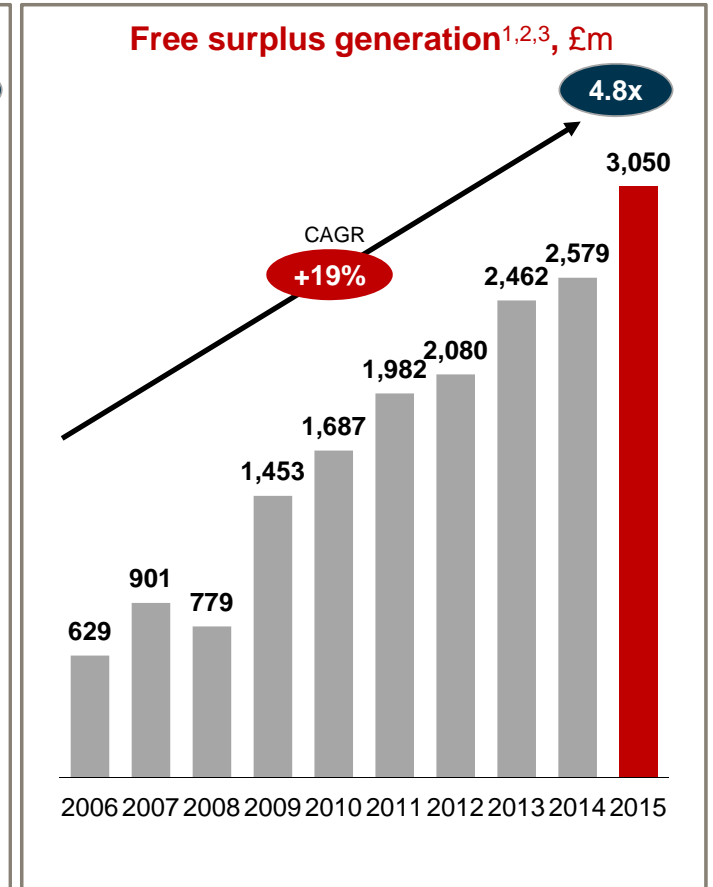
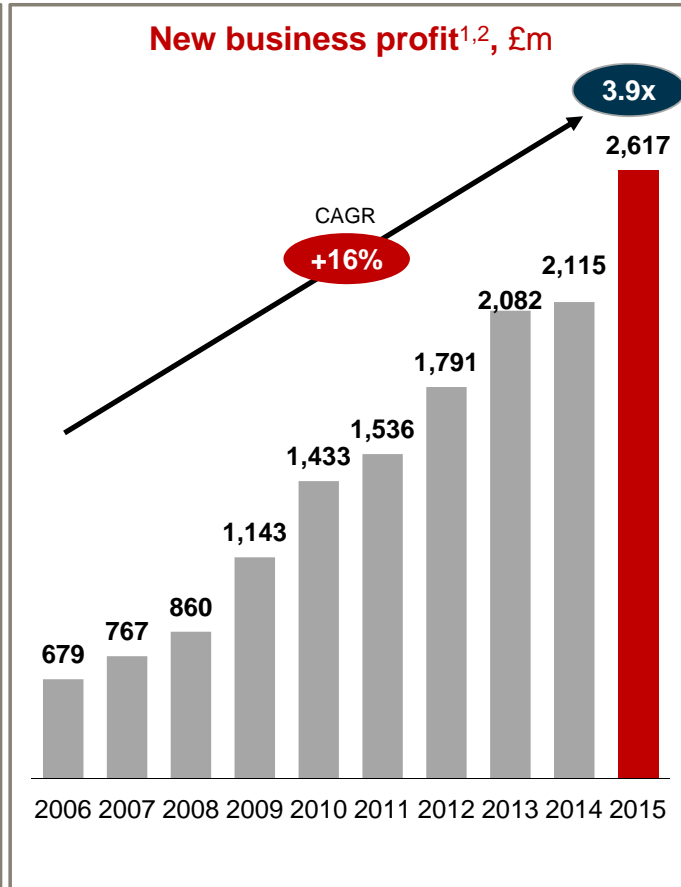
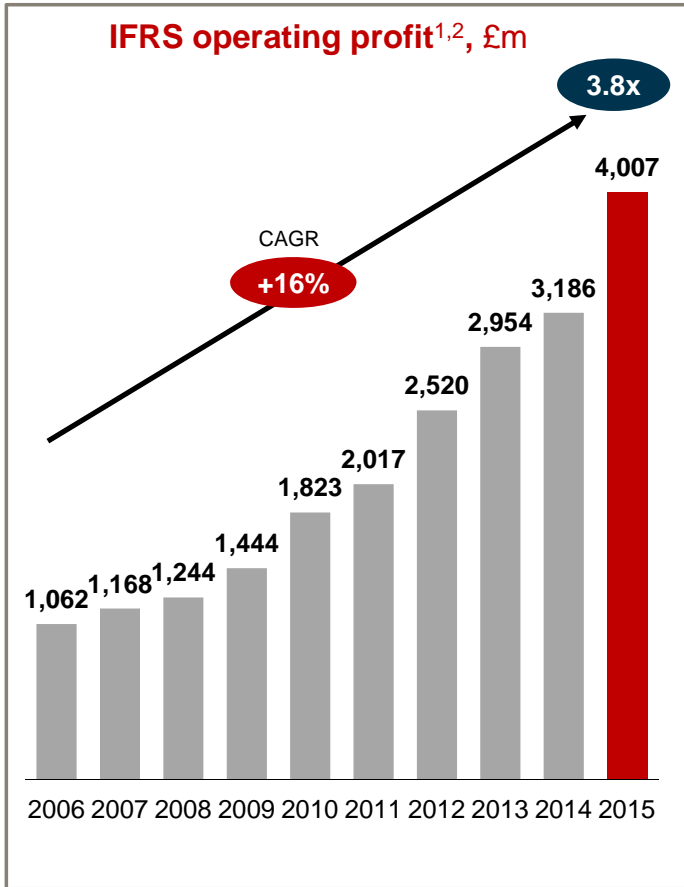
### IFRS operating profit<sup>1,2</sup>, £m



<sup>1</sup> Adjusted for new and amended accounting standards and excludes Japan Life  
<sup>2</sup> Comparatives have been stated on an actual exchange rate basis  
<sup>3</sup> Total AUM based on Total Funds Under Management at FY 2008- FY2015

# Group

## Disciplined execution



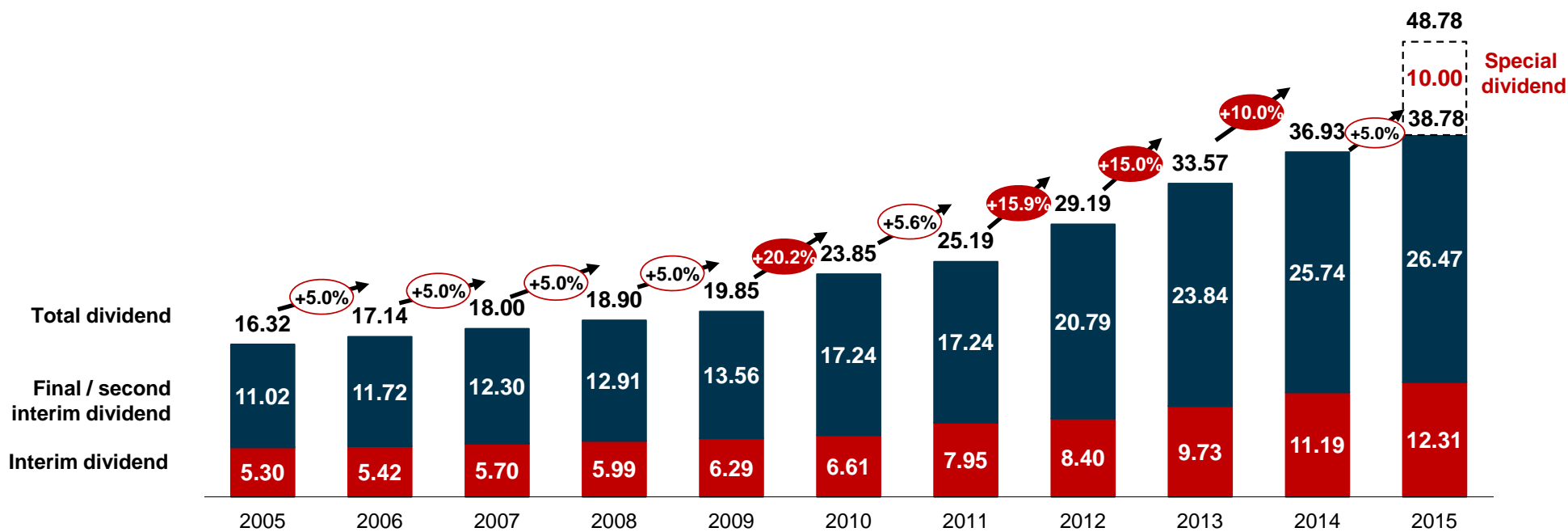
1 Comparatives have been stated on an actual exchange rate basis  
 2 Comparatives are adjusted for new and amended accounting standards and excludes Japan and Taiwan agency  
 3 2012 includes £51m gain from sale in China Life of Taiwan

# Group

## Delivering cash

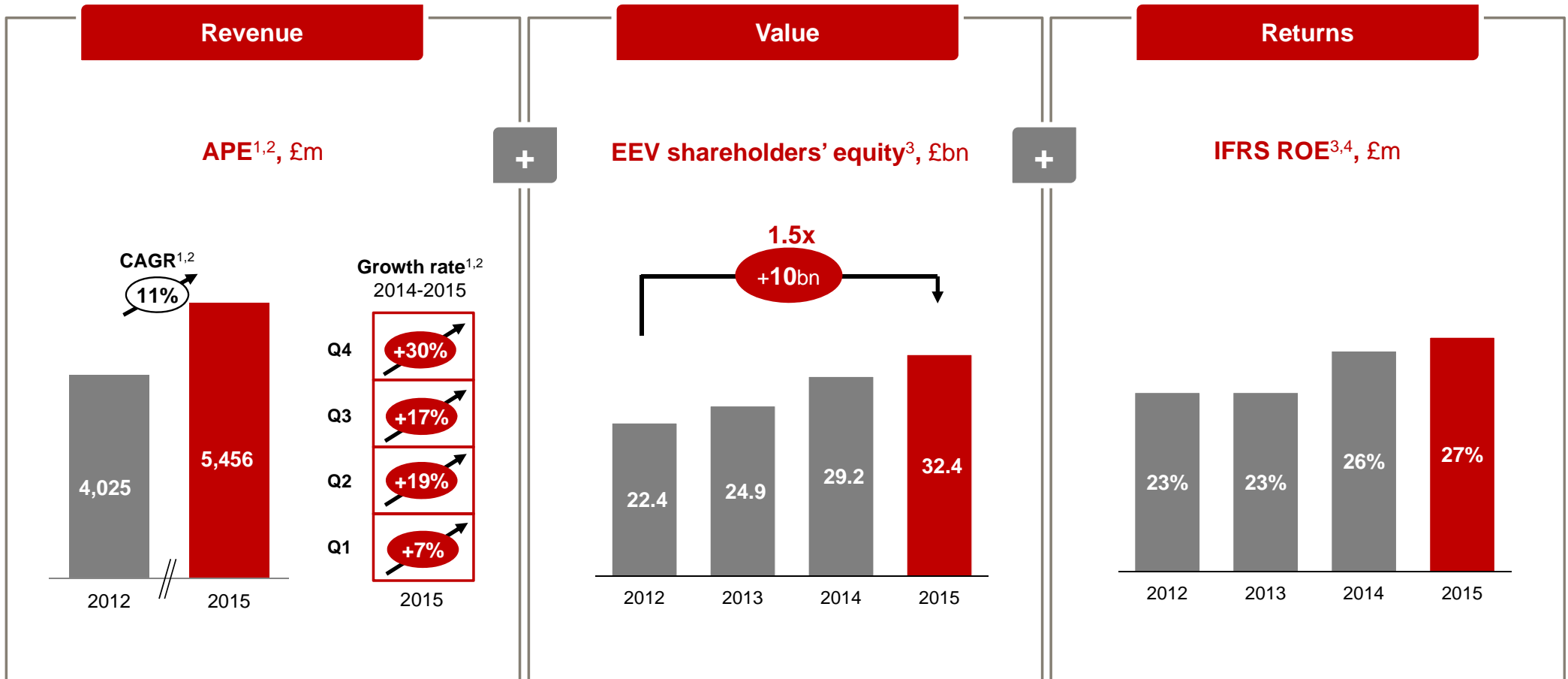


Dividend, pence per share



# Group

## Delivering profitable growth



1 Comparatives based on constant exchange rate

2 APE excludes UK Bulk annuities

3 Comparatives based on reported exchange rate

4 IFRS ROE calculated as return on IFRS shareholders' funds. Operating profit after tax and non-controlling interests as a percentage of opening shareholders' funds

# Group Summary



- ✓ 2015 performance highlights distinct competitive advantages and execution quality
- ✓ Premium franchises, 'best in class capabilities'
- ✓ Asia structural growth underpinned by compelling demographics and franchise quality
- ✓ High quality, recurring income & defensive balance sheet underpins resilience to shocks
- ✓ Superior long-term positioning underpins shareholder value delivery