



Prudential plc

2017 Full Year Results

Asia Investor Meeting
20 March 2018

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Agenda ●

Headline Results & Strategic Update

Asia Deep Dive

Summary

Group

Headline results

Growth

+12%

New business profit 2017 vs. 2016 CER¹

Cash

£3.6bn

2017 Net free surplus generation

Embedded value

£45bn

2017 Embedded value +15% vs. 2016 AER²

Earnings

£4.7bn

2017 IFRS operating profit

Dividend

+8%

Growth on prior year to 47 pence per share

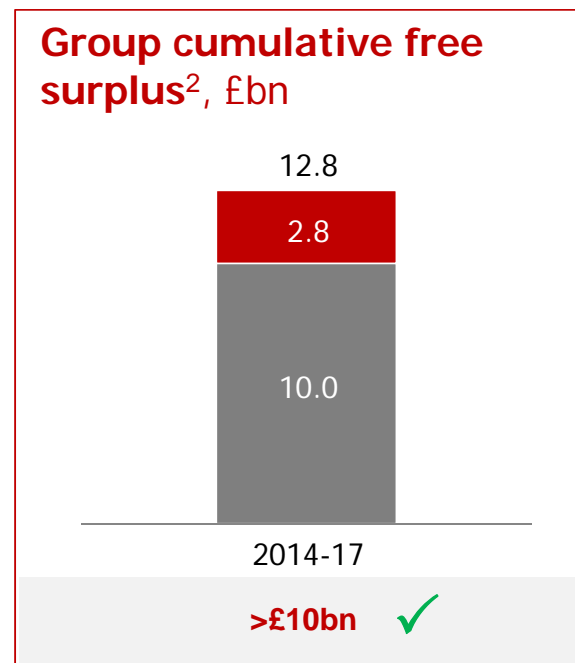
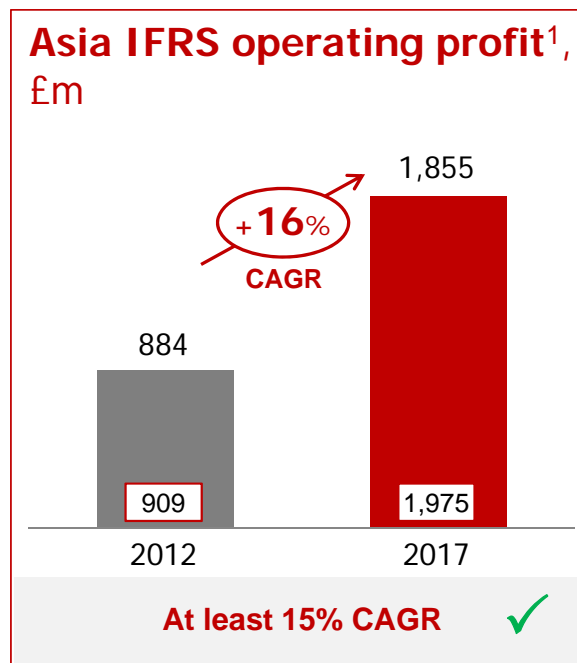
Capital

202%

FY17 Solvency II ratio

Group

All 2017 objectives achieved



XX As reported

XX Expressed at December 2013 FX rates

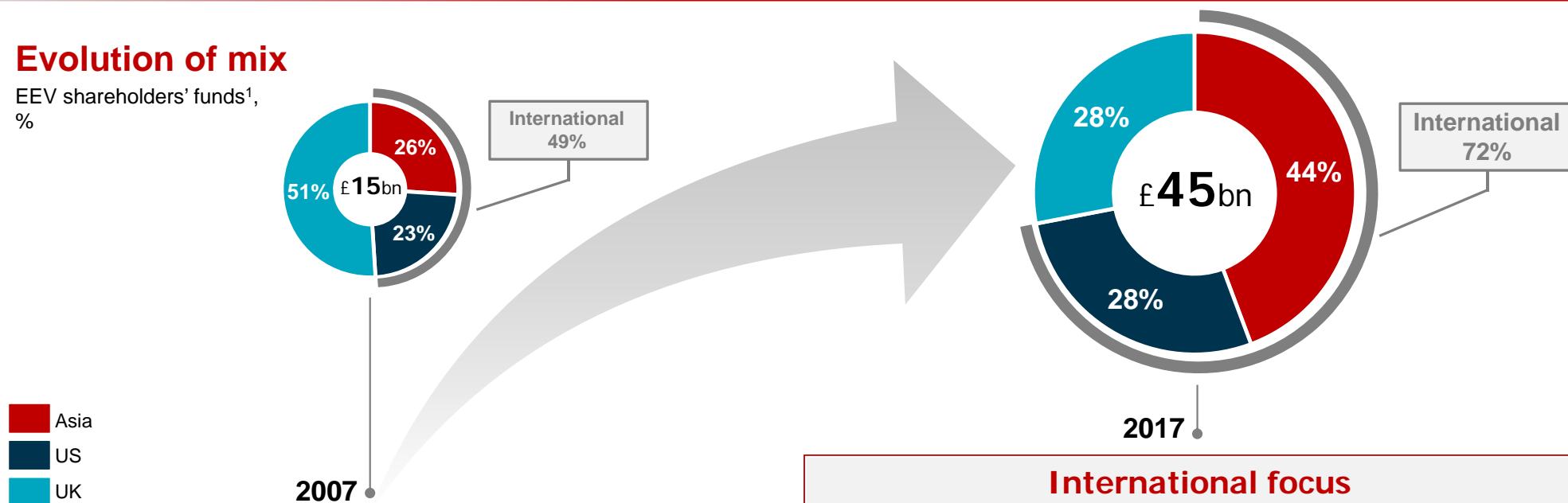
1. All amounts presented (including the objectives) exclude contributions from Korea Life which was sold in 2017. 2012 comparative amounts include the one-off gain on sale of stake in China Life of Taiwan of £51 million.
 2. For the purpose of the Group Objective, cumulative underlying free surplus generation includes the free surplus relating to Prudential Capital.

Group

Continued transformation of Group portfolio

Evolution of mix

EEV shareholders' funds¹, %



UK centric

- Emerging Asia business reliant on Group funding
- US business yet to define a strategic focus
- Pru UK wrote 1 in 4 of the country's individual annuities

International focus

- Leading Pan-regional Asia business delivering expansive growth with 15m Life customers
- Market leading US retirement business
- Integrated UK savings platform generating significant cash flows
- UK annuity sale accelerates capital efficient transition

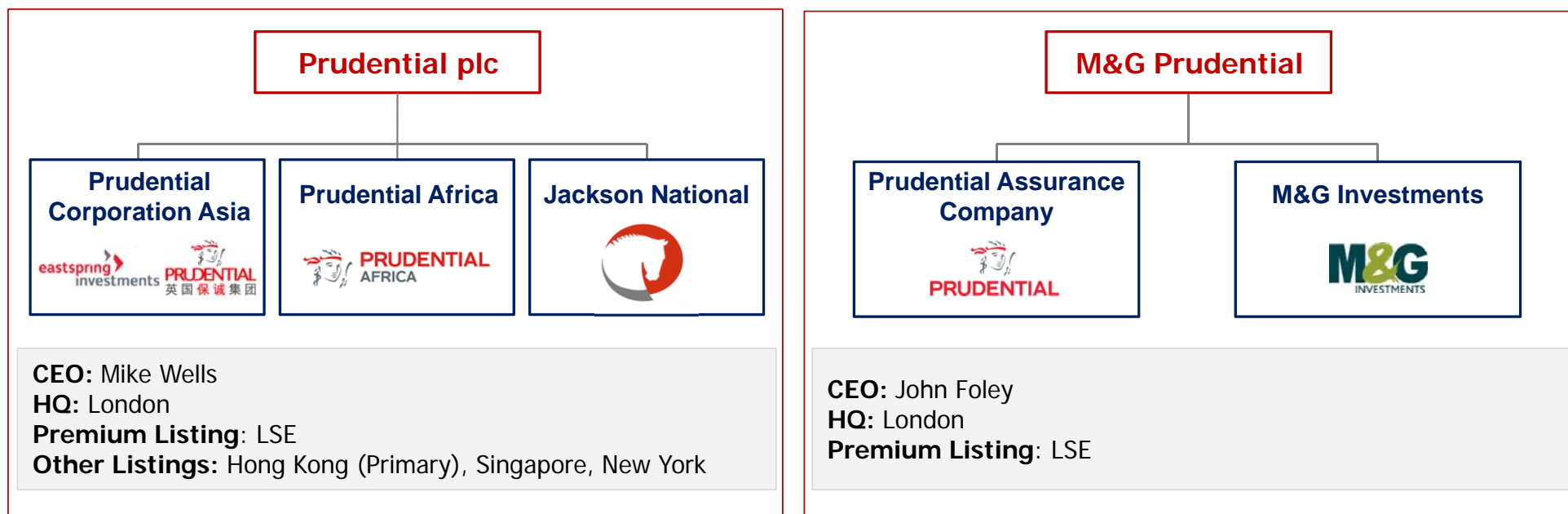
Group

Intention to demerge M&G Prudential from Prudential plc



Group

Target structure: two separately listed companies with distinct investment prospects



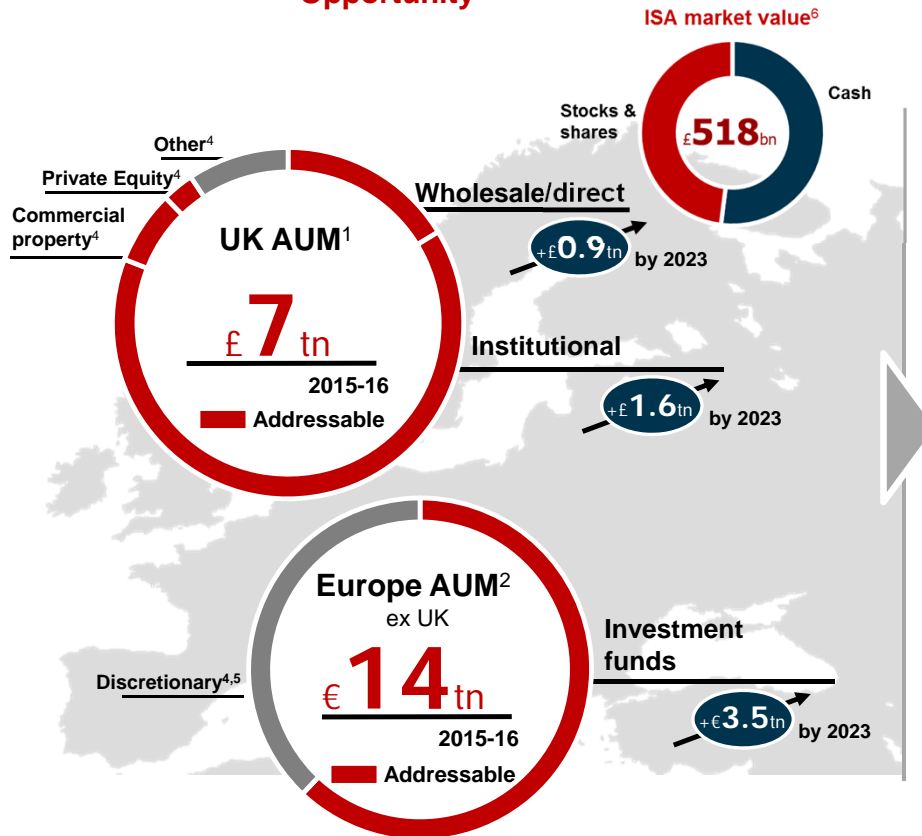
Dividend policy unchanged through the separation process

M&G Prudential

M&G Prudential

Creating a market leading savings and investments business

Opportunity^{1,2,3}



Better alignment

Enhanced execution

Value creation



Accelerate current initiatives; better placed to capture distinct opportunity sets



Appropriate capital allocation and enhanced focus



Value created by broader opportunity set and better execution

1. Source: The Investment Association – Asset management in the UK 2015-2016.
 2. Source: EFAMA Asset Management report, data as at 2015
 3. Growth rates source: PWC Asset Management 2020, BCG and Prudential calculations. Retail growth rate sourced from BCG, Europe and remaining UK using PWC Europe forecast CAGR of 4.4%
 4. UK AUM consists of Commercial Property, Private Equity and Other of £1.3tn growing by £0.5tn by 2023. European AUM consists of Discretionary of Eur5.2tn growing by Eur2.0tn.
 5. Discretionary includes mandates and could be included within M&G Institutional addressable market.
 6. Source: HMRC – Individual Savings Account (ISA) Statistics April 2017. HMRC, BoE, ONS, ABI

2017 FULL YEAR RESULTS

M&G Prudential

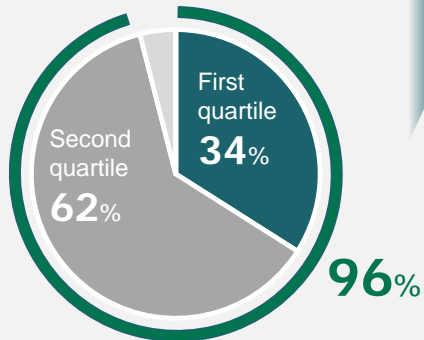
Attracting strong net flows

Wholesale/direct:

- ▶ Net flows **£11bn**
- ▶ **64%** wholesale and direct funds above median²

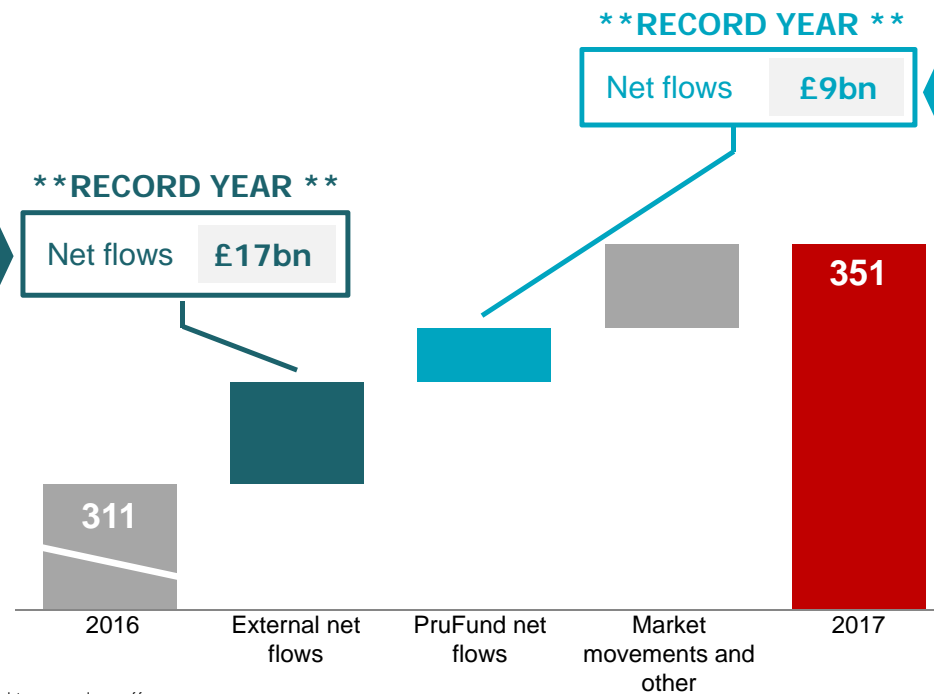
Institutional:

- ▶ Net flows **£6bn**

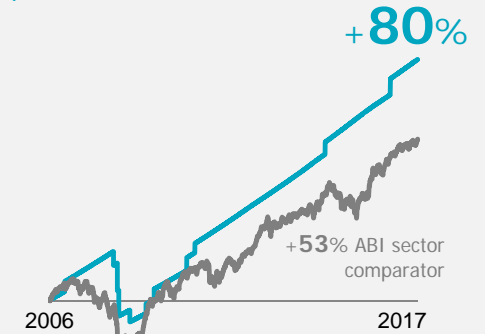


Institutional performance 3 years to December 2017¹

M&G Prudential Funds under management (£bn)



PruFund investment performance³, %



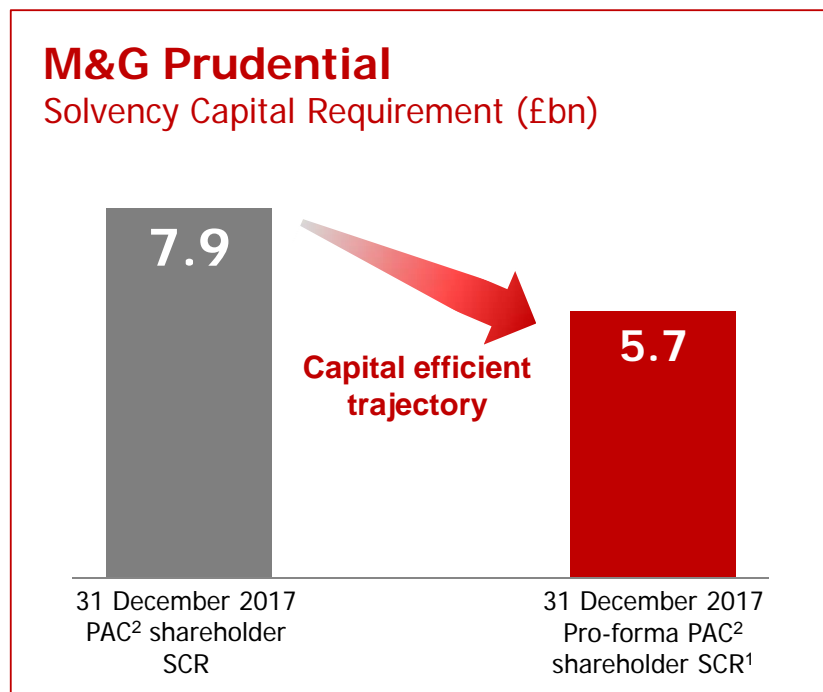
Earnings

+10%
Increase in 2017 IFRS operating profit

1. Represents £29.3bn (35%) of total Institutional AUM as at end Dec 2017 for mandates measured gross of fees.
2. On a 1 and 3 year view to December 2017. Performance quartile ranking based on ranking of the fund's representative share class, net of fees, within their respective Investment Association or Morningstar sectors. Closed funds excluded. Total mutual fund AUM as at 31 December 2017 was £79.7bn, representing 23% of the total M&G Prudential AUM. 1 year figures represent £78.1bn AUM, 3 year figures represent £76.1bn AUM. Performance figures in GBP, bid to bid, net income reinvested. Source: M&G Prudential, IA and Morningstar Inc. combined UK and Pan-European peer groups as at 31 December 2017.
3. ABI Mixed Investment 20 per cent - 60 per cent Shares (performance is net of charge). PruFund returns are also net of charge (0.65 per cent).

M&G Prudential

Capital profile of standalone business



- Transfer of Hong Kong to align with new structure
- £12bn UK shareholder annuities transferred to Rothesay Life, reinsurance arrangement signed
- Part VII legal ownership transfer
- Capital benefit retained to support demerger process

¹ The pro-forma estimate assumes that the partial sale of the UK annuity portfolio and the transfer of Prudential plc's Hong Kong subsidiaries to Asia had both been completed as at 31 December 2017. In relation to the sale of the UK annuity portfolio, this estimate includes a £1.3 billion reduction in the SCR and a £0.2 billion decrease in Own Funds, resulting in an increase in capital surplus of £1.1 billion, of which £0.6 billion is expected to be recognised in the UK capital position as at 30 June 2018 under the reinsurance agreement.

² Prudential Assurance Company Limited

Prudential Plc

Prudential plc

A pre-eminent global insurer, capturing structural growth

Asian growth

+ **1** million

People entering the working population every month^{1,2}

US wealth

More than

\$ **15** trillion³

Total advisor distributed assets

Better alignment

Enhanced execution

Value creation



Complementary operating markets, with ability to leverage experience and expertise



Diversification across risk characteristics - mortality, spread, longevity, investment, credit



Global operating profile and partner of choice, giving scale to invest in tech and R&D



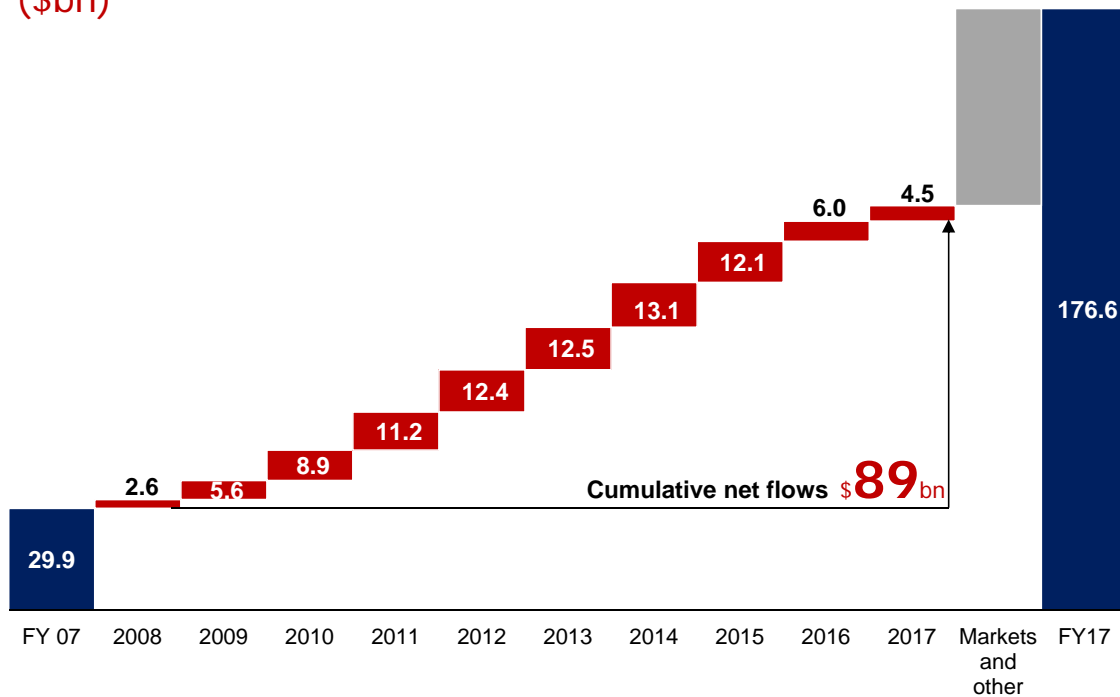
Capability to deliver differentiated products at each stage of a customer's savings and investment journey

¹ United Nations, Department of Economic and Social Affairs, Population Division (2015), World Population Prospects: The 2015 Revision, DVD Edition.15
² Working age population: 15-64 years
³ The 2017 Cerulli reports, IRI Fact Book, Federal Reserve – 2016 Survey of Consumer Finances

US

Superior customer proposition, generating high quality earnings

Movement in separate account
(\$bn)



Quality sources of income

+ **15%** \rightarrow **£ 2.3bn**
FY17 Increase in fee income (CER)

Superior customer proposition

42 Jackson LGWB funds with 7% or greater 3 year annualised performance

Adapting to change

113

Number of firms with fee based VA selling agreements.

Agenda ●

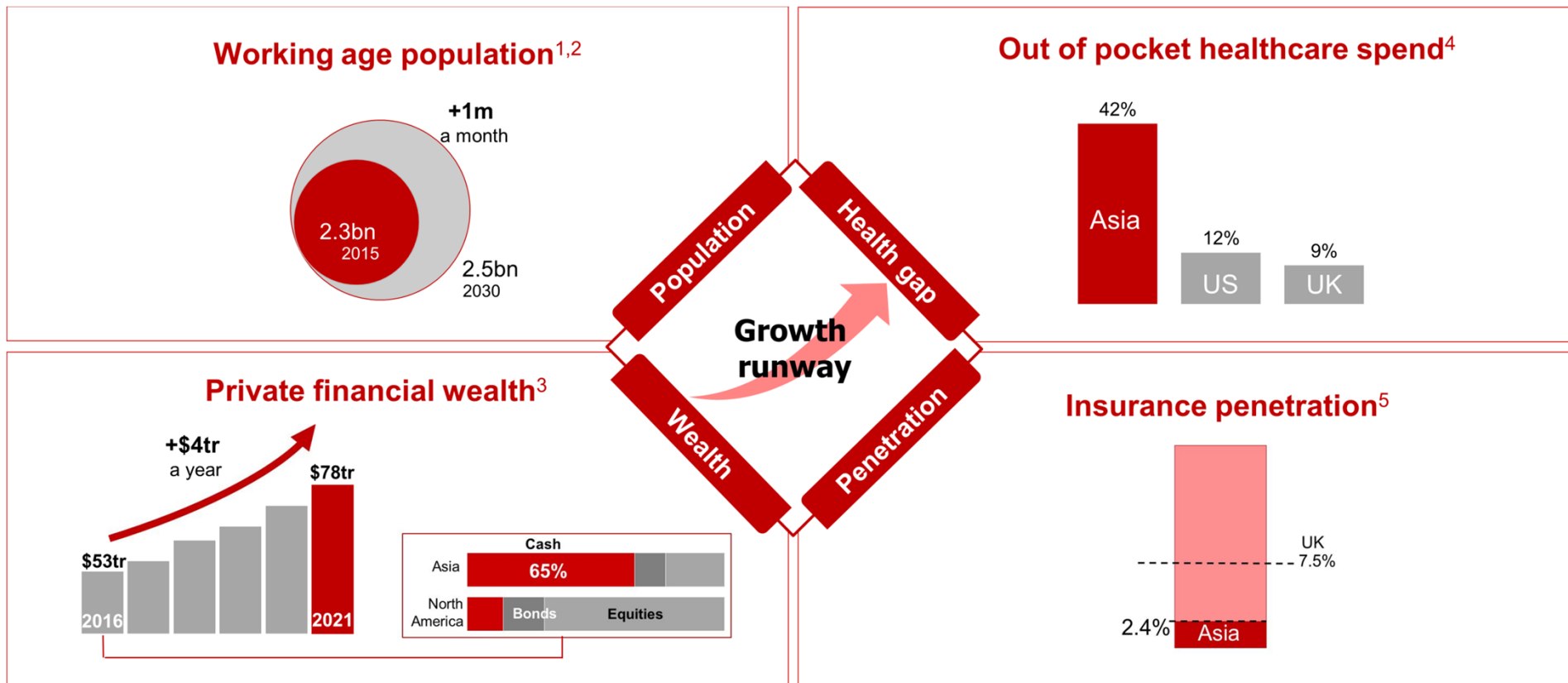
Headline Results & Strategic Update

Asia Deep Dive

Summary

Asia

Significant long term growth opportunity



1 United Nations, Department of Economic and Social Affairs, Population Division (2015), World Population Prospects: The 2015 Revision, DVD Edition.15

2 Working age population: 15-64 years

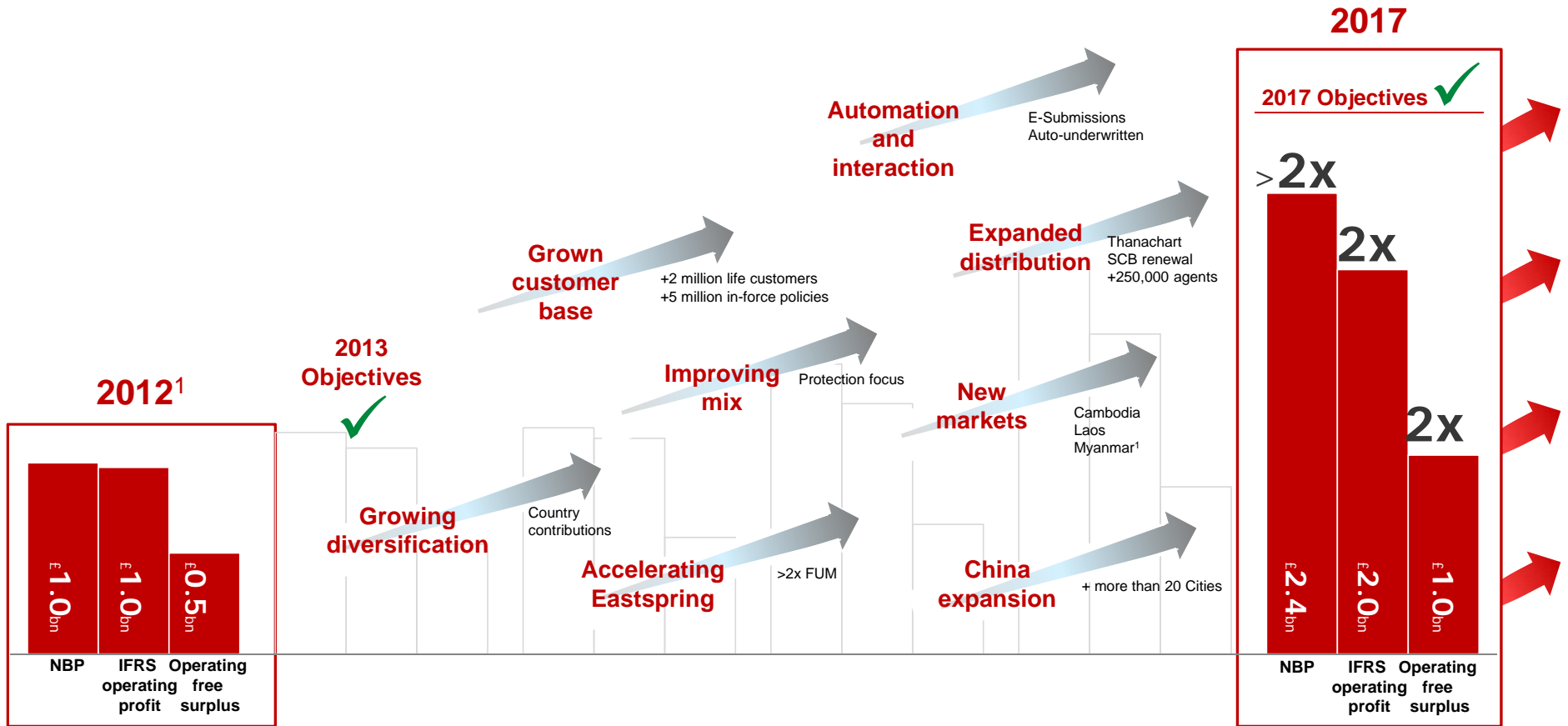
3 Source BCG Global Wealth 2016, Navigating the New Client Landscape

4 World Health Organisation - Global Health Observatory data repository (2013). Out of pocket as % of Total Health Expenditure. Asia calculated as average out of pocket

5 Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums in % of GDP. Asia penetration calculated on a weighted population basis

Asia

2017 objectives achieved, improving quality and positive momentum



1. As disclosed on an RER basis
2. Myanmar rep office only

Strategic priorities

Asia Accelerate

Leverage scale

Expand health & protection

Penetrate wealth

Enhance the core

- ▶ Broaden flagship product range
- ▶ Expand distribution and drive efficiency
- ▶ Collaborate with non-traditional partners
- ▶ Increase automation and embed digital capability

Create 'best-in-class' health capability

- ▶ Narrow mortality protection gap
- ▶ Grow participation in health and medical segments
- ▶ Build-out presence in SME¹ segment
- ▶ Expand value added services

Accelerate Eastspring

- ▶ Strengthen and expand investment offering
- ▶ Diversify investment styles
- ▶ Enhance distribution capabilities
- ▶ Build digital enablers

Expand presence in China

- ▶ Grow into footprint
- ▶ Preserve leading edge operational capabilities
- ▶ Deepen asset management presence
- ▶ Pursue optionality to increase participation

¹ SME – Small and medium size enterprises

Strategic priorities

Asia Accelerate

Enhance the core


Broaden flagship product range

Expand distribution and drive efficiency

Collaborate with non-traditional partners

Increase automation and embed digital capability

Recent progress

Agency sales force 
grew 9%, >650,000



Bancassurance sales **up 20%**



5 new bancassurance partnerships

ROBINSONSBANK

SCB



招商銀行
CHINA MERCHANTS BANK

OCBC NISP

1.4m new customers to **15m**

Initiated **fasttrack** trade 


175 new products & **43%** repeat sales

Anugerah
Launched, tailored for millennials - **1st** in market 

1st-in-market 24/7 chatbot, askPRU 

askPRU: An intelligent life insurance **CHATBOT** that answers policy queries instantly 

1st-in-market Next Best Offer (NBO) for riders 

60% E submissions
51% Auto-underwritten 

Digitising business

PRUONE EXPRESS PRUforce

Launched **'Hebat'**, a mass market ILP 

Chatbot technology (agents & customers) 



Strategic priorities

Asia Accelerate

Create 'best-in-class' health capability

Narrow mortality protection gap

Grow participation in health and medical segments

Build-out presence in SME¹ segment

Expand value added services

H&P APE **>£1bn +13%**
H&P NBP **+26%**



Over 69,000 units
myDNA



Expanded Hospital Portal

93 panel hospitals



Expanding PRUmedical network

45 hospitals in 23 cities

Recent progress

Recruited Andrew Wong
Chief Health Officer



PRUprime healthcare

Launched **first 'as charged'** medical plan

1st-in-market claims based payment, & co-pay



1st-in market gender specific CI plan



Initiated **PRUbiz beyond** targeting SMEs

Jet Claims
AI-based auto-assess & review



DOCTOR2U
Health screening

Online life and medical offering

PRUhealth **critical illness** multi-care



Medical repricing for **>1m** customers



¹ SME – Small and medium size enterprises

Strategic priorities

Asia Accelerate

Accelerate Eastspring

Strengthen and expand investment offering

Diversify investment styles

Enhance distribution capabilities

Build digital enablers

Recent progress

Blackrock partnership
– iShares ETF offering

BLACKROCK®

SGA partnership – access to Global & US Growth strategies



Broadened and strengthened in-house investment teams



Agreement to deploy **\$500m**
- emerging market infrastructure



Winner of **Best Asset Management House** Award



Successfully implementing **aladdin** by BLACKROCK®



Growing customer numbers through **IPRU Touch**
147,000 registered and 30% off all transactions

Strategic priorities

Asia Accelerate

Expand presence in China

Grow into footprint

Preserve leading edge operational capabilities

Deepen asset management presence

Pursue optionality to increase participation

CITIC-Pru:
Life **US\$10bn** of assets¹
Asset Mgt **US\$17bn** AUM¹

+33% growth in agents
+17% productivity
Now **> 44,000**



Established **100% owned** investment management WFOE

Recent progress

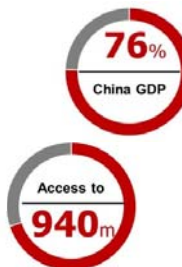
Agency APE: **+46%**
Banca APE **+51%**

Bank distribution: **>4000** branches
& 1000 wholesalers

End to end digital customer experience



Now in **18 branches**
77 cities
(+3 cities since November)



SARMRA (85.75%)
#1 in industry



Awarded **"Best Customer Contact Centre"** 2017

¹ 100% Basis

Asia

High quality, broad-based, diversified growth

Eighth consecutive year of double-digit growth

New business profit¹ + 12%

IFRS operating profit¹ + 15%

Free surplus generation¹ + 19%

IFRS

8 Countries with at least double digit growth

4 Countries generating >£150m IFRS

✓ Eastspring IFRS >£150m

IFRS contribution by entity² (inc Eastspring)

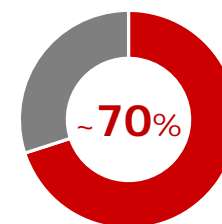
£'m	2013	2015	2017
>350		●	●
250-350	●		● ●
150-250	●	● ●	● ●
50-150	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
<50	● ● ● ●	● ● ● ●	● ●

NBP

NBP (ex HK)¹ + 20%

H&P NBP¹ + 26%

Health & Protection % NBP




NBP Margin 62%

1. Growth rates indicate variances against prior year on a constant exchange rate basis.
 2. Presentation consistent with the 'IFRS Operating profit by territory' disclosure. Excludes Korea and non-recurring items. 'Other' is shown as a separate item and includes India, Cambodia and Laos. As reported (RER basis).

Asia

Country snapshots



Hong Kong

> 19,000 agents
~**40%** Agency market share
> 4,000 MDRT


+16% Agency + Banca NBP


28% Agency H&P Mix
(from 25% in 2016)

98% Retention Ratio

97% Regular Premium

90% e-submission


27% registered of **1.1m** customers





Singapore

Largest agency force
> 4,600
+14% growth in new recruits

#1 in Regular Premium
(23% market share)


Double digit growth


+21% APE
+22% NBP

50% e-contracts


88% PruShield e-renewals
/ e-statements




Malaysia

 **#1** Conventional
#1 Takaful
#1 Banca

+13% APE

 **12 products**
launched; ~25% APE


22,000 agents
+17% productivity

88% **E-sub**
 **e-Policy/e-Cert**
launched (17days to 1 day)

Cashless facility through **93**
hospital panel network

Asia

Country snapshots




China

+43% APE


>2x NBP

225k new customers
(>600 per day)

Well balanced business



Agency
Banca




H&P
Par

94% Regular premium


100% e-submissions (agency)

30 mins



99% WeChat for claims

1.5 days



Indonesia

#1

Over **393** offices covering **169** cities


+6% growth in agents

277,000

22% agency market share

2.4m customers

3.3m policies




PRUCheers


Jet claim auto review,
assess and pay same day

17% Sharia contribution


Growing **16%**



+18% Bancassurance APE



Eastspring



20%

£139bn
AUM, largest
Asia house exJP

#1 Retail Fund Manager¹


#2 Institutional Asset Manager²

56%

£3.1bn
3rd party
net flows

36%³

£11bn
Total net
flows



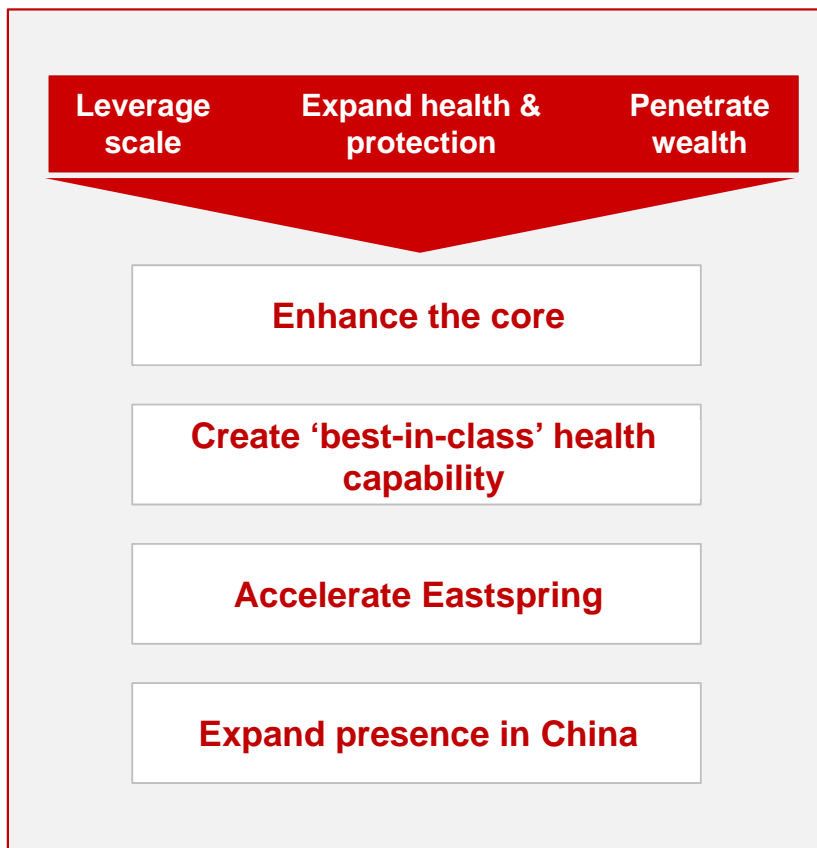
63% funds >
benchmark

+18% IFRS profit **£176m**

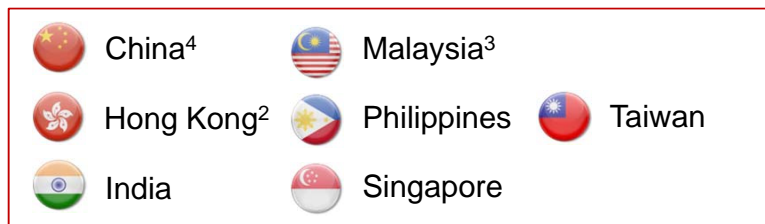
1 Retail Fund Manager - based on assets sourced from the region at June 2017. Excludes Japan, Australia and New Zealand. Source: Asia Asset Management, September 2017. Ranked according to participating regional players only.
2 Institutional Fund Manager - based on assets sourced from the region at June 2017. Excludes Japan, Australia and New Zealand. Source: Asia Asset Management, September 2017. Ranked according to participating regional players only.
3 Growth rate on an RER basis

Asia

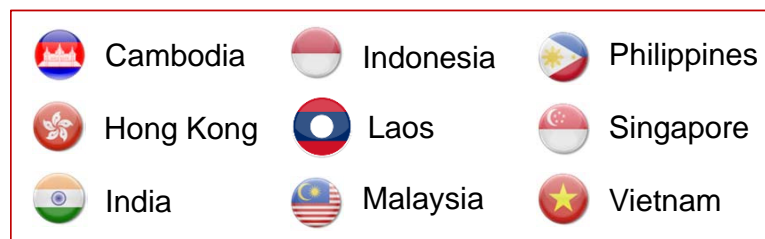
Strong position



Increasing market share in 7 of 12



Top 3 position in 9 of 12 life markets^{1,6}



Market leading pan regional Asian Retail Fund Manager⁵



¹ Local regulators, insurance associations and industry sharing
² 9M17 vs 9M16
³ Includes Takaful 9M17 v 9M16

⁴ Foreign companies / JV, 11M17 vs 11M16

⁵ Retail Fund Manager - based on assets sourced from the region at June 2017. Excludes Japan, Australia and New Zealand. Source: Asia Asset Management, September 2017. Ranked according to participating regional players only.

⁶ 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)

Agenda ●

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Group

Wrap up

- ✚ Asia growth is broad based and high quality
- ✚ US continues to deliver, outperforming the peer group
- ✚ UK strong performance, underpinning rationale for capital efficient strategy
- ✚ Adapting structure to maximise the opportunity for our businesses



2018 Investor Conference, Singapore

14 - 15 November 2018