



Prudential
Seizing
the
Opportunity

Vietnam : Leveraging the Platform

Huynh Thanh Phong
Prudential Vietnam
November 2004

Vietnam : Overview

Country

Population 81m

Insurance penetration* <1%

Life insurance market

In-force premiums £78m

2003 new premiums £167m

Total premium volume £245m



Characteristics

Public monopoly set up 1996 (Bao Viet)

Opened to foreign insurers 1999

Second foreign license acquired by Prudential

Top 5 players

Prudential

BaoViet

Manulife

AIA

BaoMinh-CMG

Vietnam : Political structure



- **Form of State** : One party rule (Communist Party of Vietnam)
- **The Executive** : Cabinet constitutionally responsible to elect National Assembly
- **Head of State** : President (appointed by National Assembly)



Vietnam : Demographic profile

Young population with growing urban centres

- **Population** : 81 million
 - : 75% in rural areas
- **Major urban centres** : Hanoi and Ho Chi Minh City (HCMC)
- **Second tier cities** : Haiphong, Cantho, Danang
- **Very young population** : 35% under 15
 - 1 million enter work force each year
- **High literacy rate** : 89%
- **Life expectancy** : 67

Vietnam : Opening up to the world

An emerging diversified economy

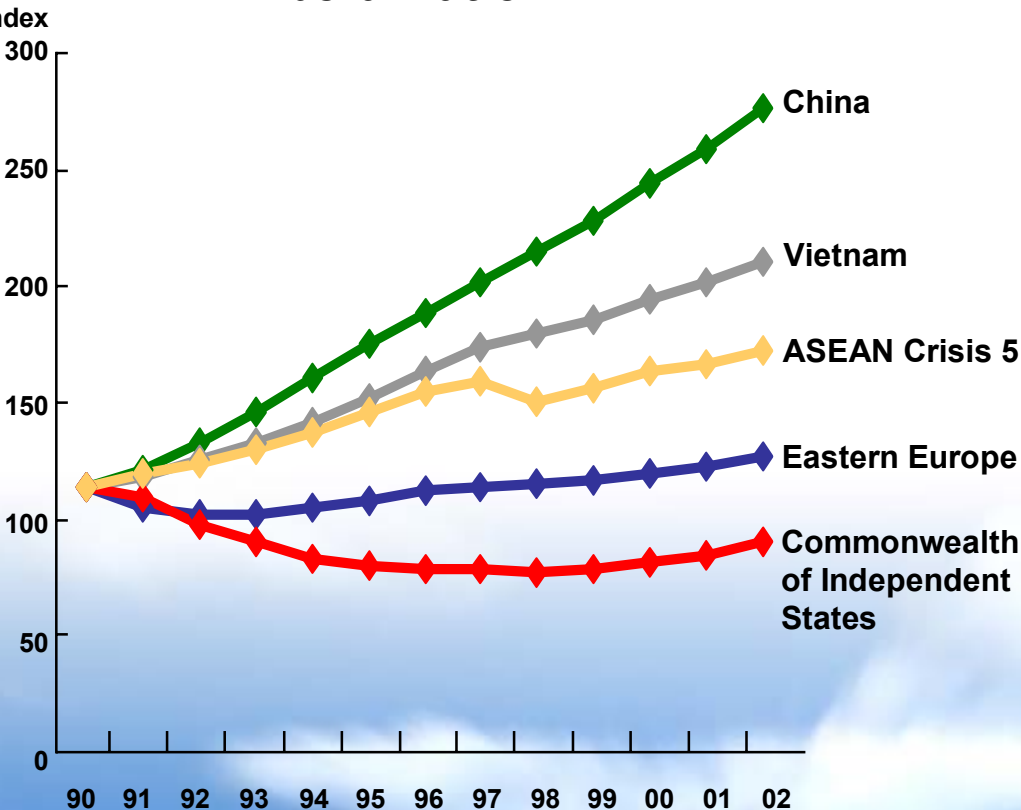
- **Economy a basket case late '80s and early '90s**
- **Opened to foreign investment in early '90s**
- **Impressive achievements :**
 - Poverty reduction
 - Education
 - Public health

Emerging diversified economy	1990	2002
No of domestic enterprises	110	70,000
No of foreign enterprises	108	2,400
Share of private sector non-oil exports	3%	65%
Share of FDI in industrial output	9%	36%

Vietnam : Economic profile

Less developed country but with impressive GDP growth

GDP growth since market liberalization



- **Less developed country**

- Total GDP : £24 billion (2003)

- GDP per capita : £270 (2003)

- **Household income**

- Higher in Ho Chi Minh City and Hanoi : £2,300

- **Export**

- Low value-added products and raw commodities

- 47% of GDP



Prudential in Vietnam



Our approach : Business model



Entry

- Greenfield
- First mover advantage

Product

- Simple
- Savings oriented

Brand

- Big Bang approach to build leadership profile

Distribution

- Focus on tied agency
- Rapid build of critical mass

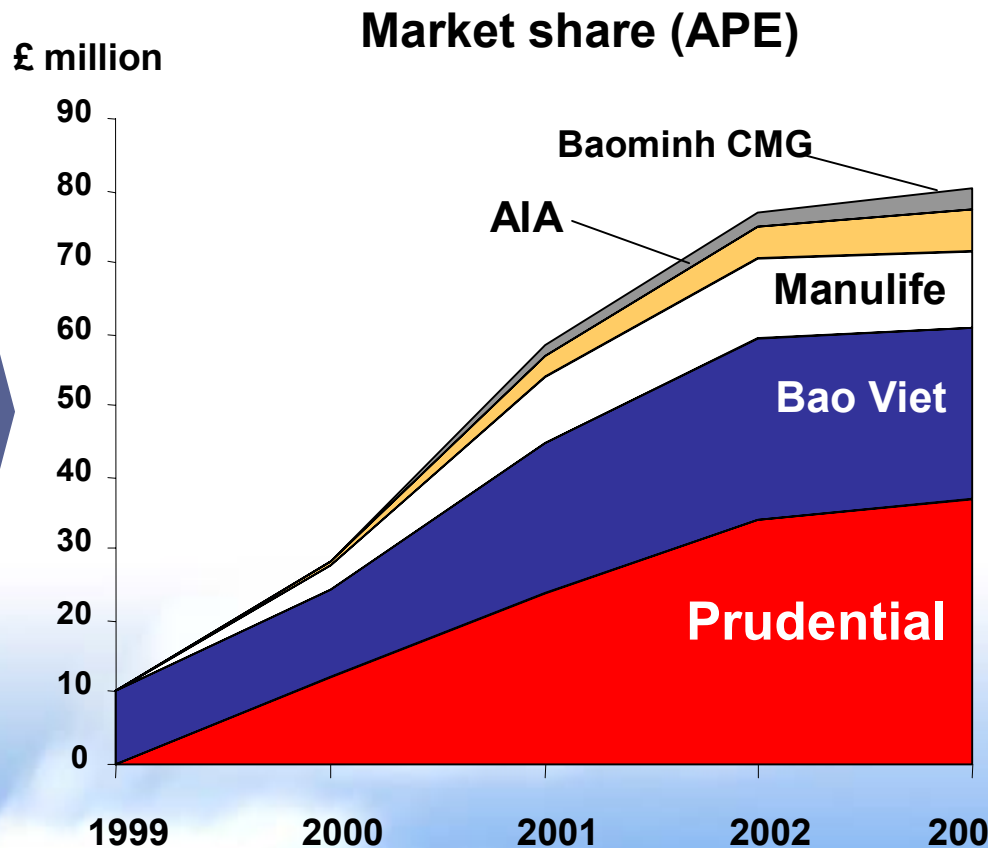
Operations

- Significant investment in infrastructure and people
- Adapt regional best practice

Our approach : First mover advantage

First mover advantage has allowed us to achieve leadership position

- Recognition of market potential
- Effective lobbying of regulator
- Team in place 3 years before launch
- Build process completed before receiving licence



Our approach : National coverage

We have built a truly national distribution network



Number of branches

2000

2004

Ho Chi Minh City

2

11

Hanoi

2

4

Da Nang

2

Hai Phong

2

Red River Delta

4

North East

8

North West

1

North Central Coast

5

South Central Coast

5

Central Highland

2

South East

9

Mekong River Delta

16

Our approach : Simple product offer

We have designed simple, easy to understand products suited to the early stage of the market's development

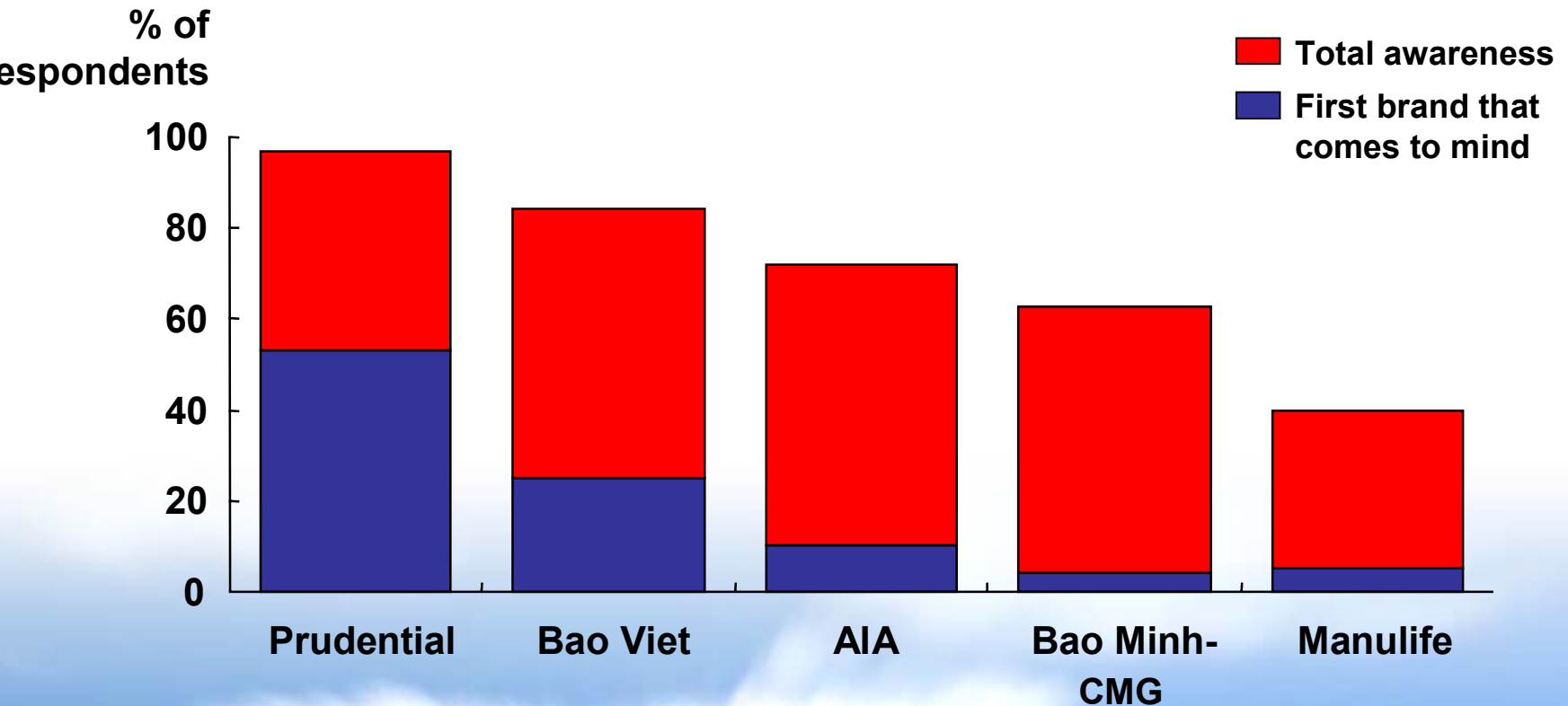


- **Focus on unmet needs of customers**
 - Children education financial planning
 - Regular saving plan
- **Package basic plans with riders**
- **Simple illustration of benefits**

Our approach : Brand recognition

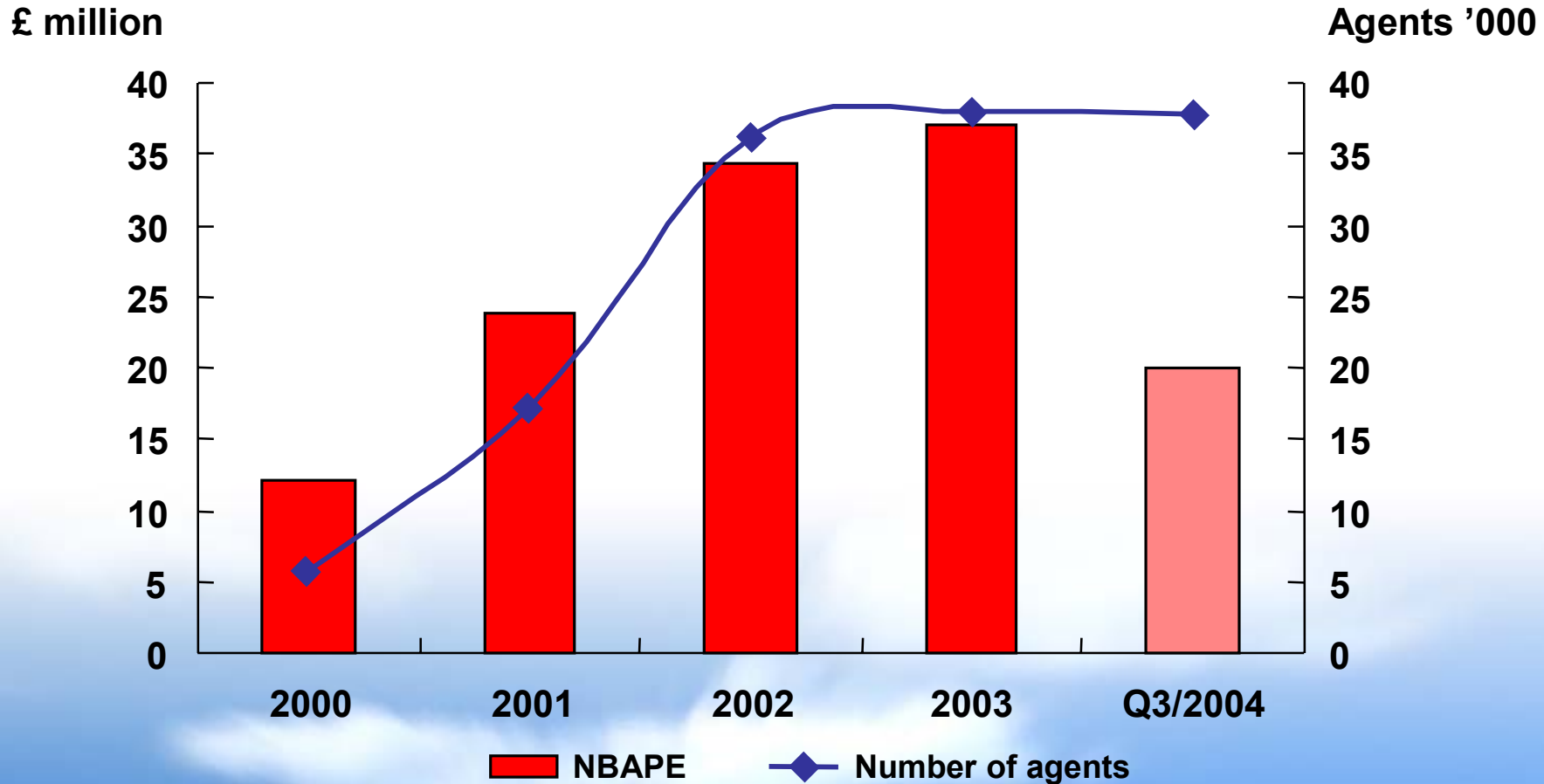
Our Growth has been supported by enviable brand awareness relative to competitors

Brand awareness



Our approach : Critical Mass

Critical mass has been achieved and we are moving to the next stage of market development

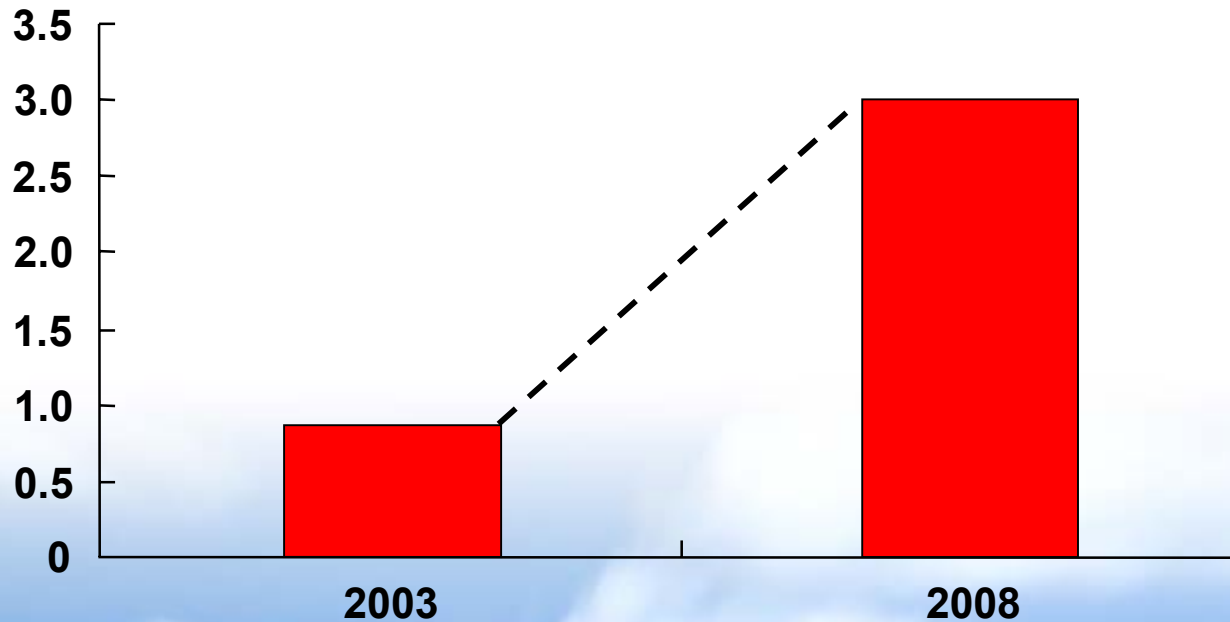


Going forward : Market opportunities

The market is still in the very early stages of development

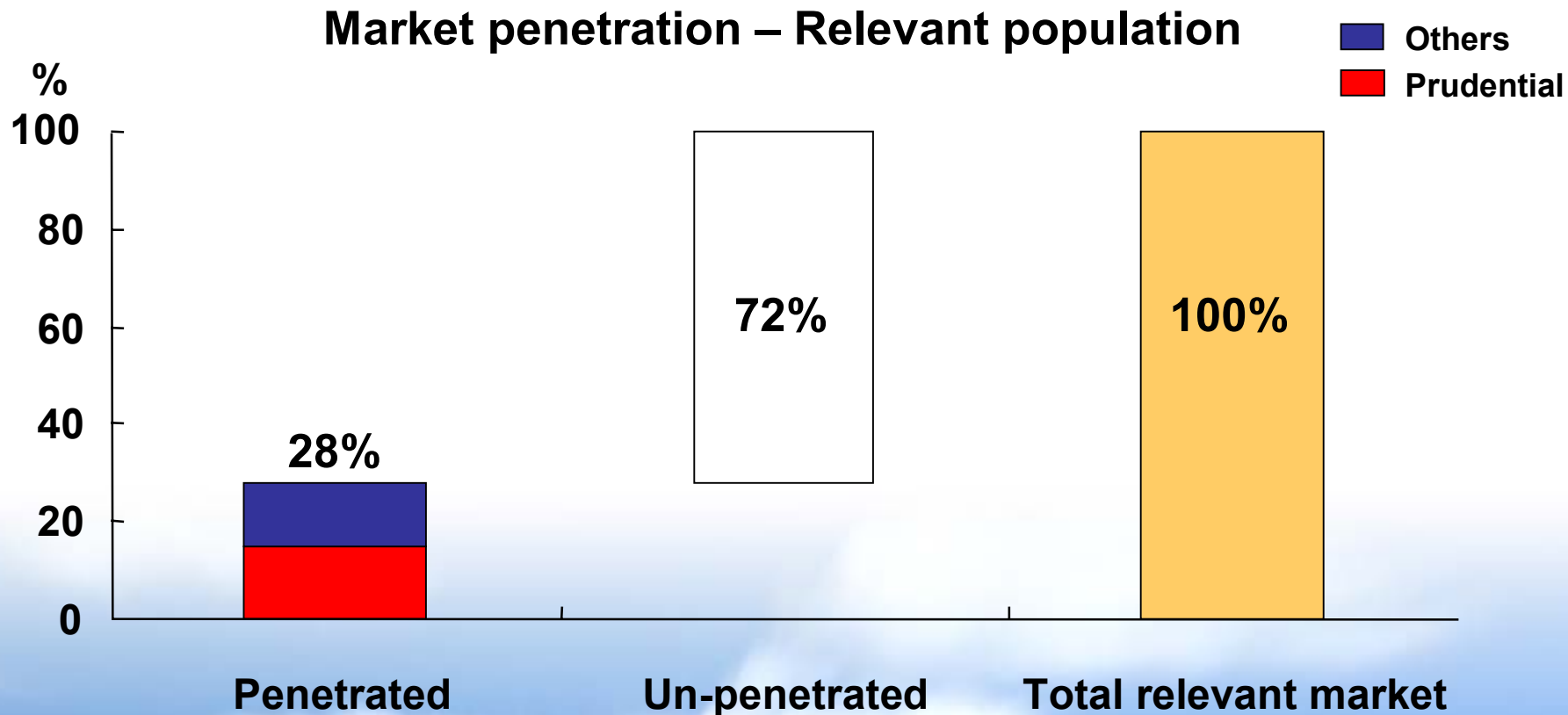
Growth in insurance penetration

Life premiums /
GDP %



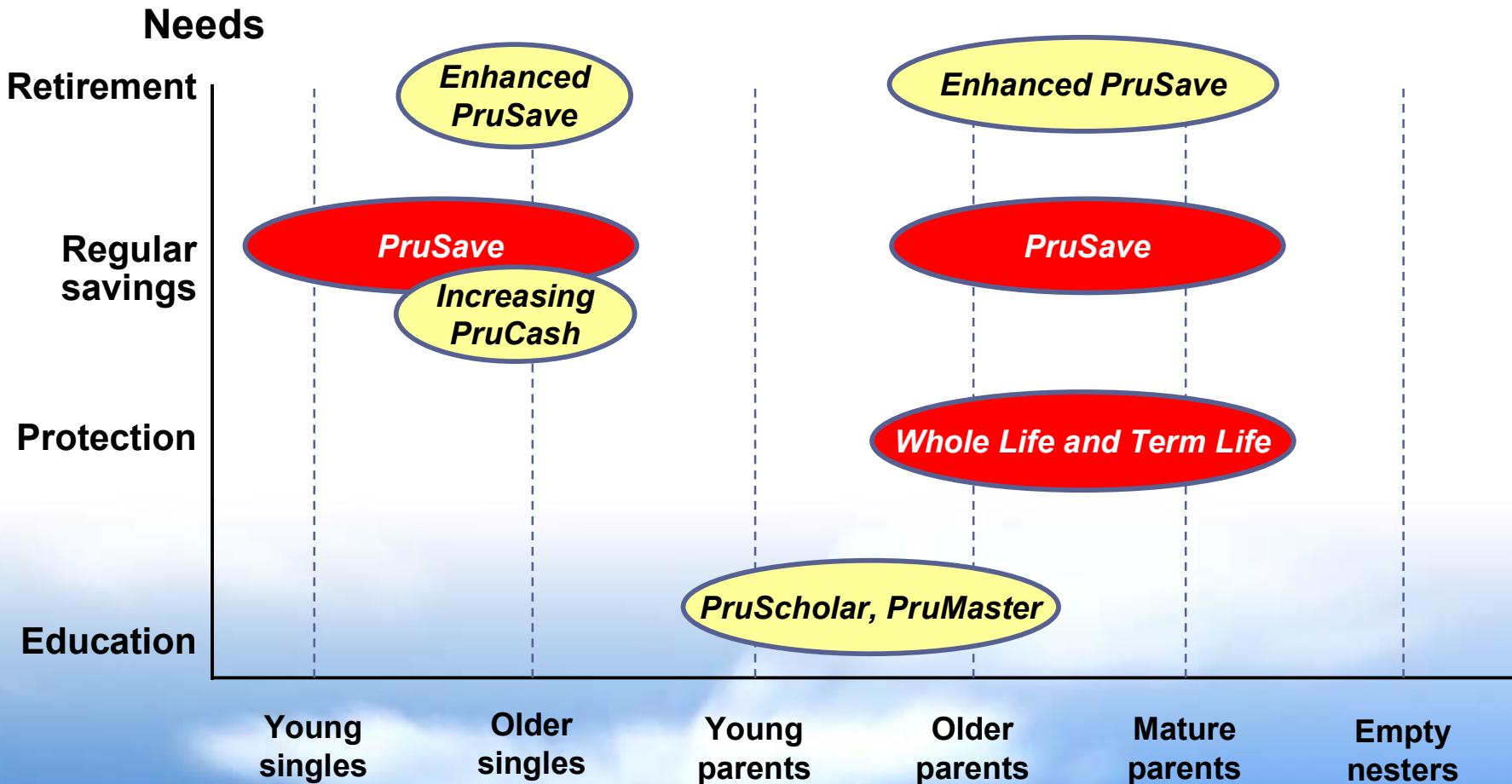
Going forward : Market opportunities

We have only just started penetrating the accessible customer base



Our strategy : Product expansion

Expansion of our product portfolio will attract a broader segment of customer to our business



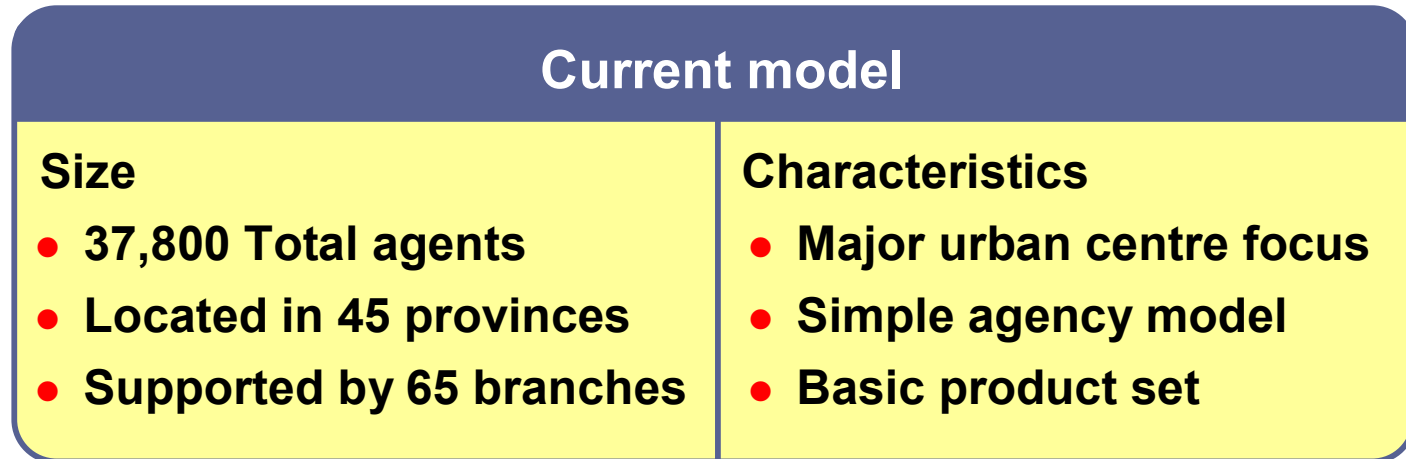
Vietnam

Pioneering retirement savings category

How to motivate a young population to take action?

Our strategy : Leveraging our distribution

We will migrate our distribution network to the next stage of development



**Expand to provinces
to increase scale**

**Segment to
improve efficiency**

**Enhance productivity
via training and
more products**

Our Strategy: Leveraging the Platform

We will continue to drive the next stage of market development in Vietnam



PRUDENTIAL

- National network
- Powerful brand
- Comprehensive infrastructure
- Quality people

- Develop new product segments
- Motivate new customer savings and protection behaviour
- Build on our distribution
- Work with regulator to be a financial services pioneer in Vietnam



Summary

- **Prudential has built a market leading business**
- **First mover advantage has given us a strong lead over our competitors**
- **Economic and demographic drivers of growth remain positive, as Vietnam continues to catch up with other emerging markets**
- **Significant growth opportunities remain**
- **We will build on the platform we have created to grow our leadership position in the market**