

# Consistent Delivery in Asia

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# Consistent Strategy

December 2006

**Prudential Asia : Building on existing strengths**

- Agency—scale and productivity
- Improve and expand distribution partnerships
- Continued product innovation
- Build on successes across the region including:
  - India
  - Korea
  - China
  - Hong Kong

**Prudential Asia : Leveraging the model**

- Deepen and strengthen relationship with over 7 million customers
  - Systematic
  - Disciplined
- Retirement
- Direct distribution in markets with proven potential
- Health product strategy
  - Beyond “Riders”
  - Value for customers
  - Suited to multi-channel distribution
  - Government support
  - Value for shareholders

April 2008

**Strategic Commitments**

- Agency...Increase Scale and Improve Productivity
- Build Partnership Distribution
- Focus on Health Products
- Focus on Retirement
- Deepen and Strengthen Customer Relationships

December 2010

**Prudential's Asia Strategy**

**Delivery of sustainable, profitable growth that out performs markets**

Multi-channel distribution	Value-oriented products	Superior delivery
<ul style="list-style-type: none"> <li>• Driving scale and productivity in region's largest agency force</li> <li>• Leveraging unique bancassurance model focused on retail face-to-face selling to drive superior returns</li> <li>• Targeting key distributors of mutual funds and accessing institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>• All-season product suite to ensure right products for right markets at right time</li> <li>• Regional champion of recurring premium unit-linked products</li> <li>• Focus on health and protection policies; as riders and standalone</li> <li>• First mover in Takaful</li> <li>• Leverage investment management expertise to broader customer base</li> </ul>	<ul style="list-style-type: none"> <li>• Multi metric approach to measuring performance; capital efficiency, EV and IFRS profitability, cash</li> <li>• Staff and distributor remuneration aligned to creating shareholder value</li> <li>• Investment outperformance</li> </ul>

INVESTOR DAY 2010

# Consistent Strategy Executed in line with Commitments

**Strategic Commitments**

- Agency....Increase Scale and Improve Productivity
- Build Partnership Distribution
- Focus on Health Products
- Focus on Retirement
- Deepen and Strengthen Customer Relationships

6

CAGR Q3 2006-11

- Agency.....Increase Scale and Improve Productivity

Scale: +17%

Productivity<sup>2</sup>: +5%

- Build Partnership Distribution

APE: +34%

15% → 30% of APE

- Focus on Health Products

APE: +47%

10% → 31% of APE

- Focus on Retirement

RP APE: +18%

87% → 91% of APE

- Deepen and Strengthen Customer Relationships<sup>3</sup>

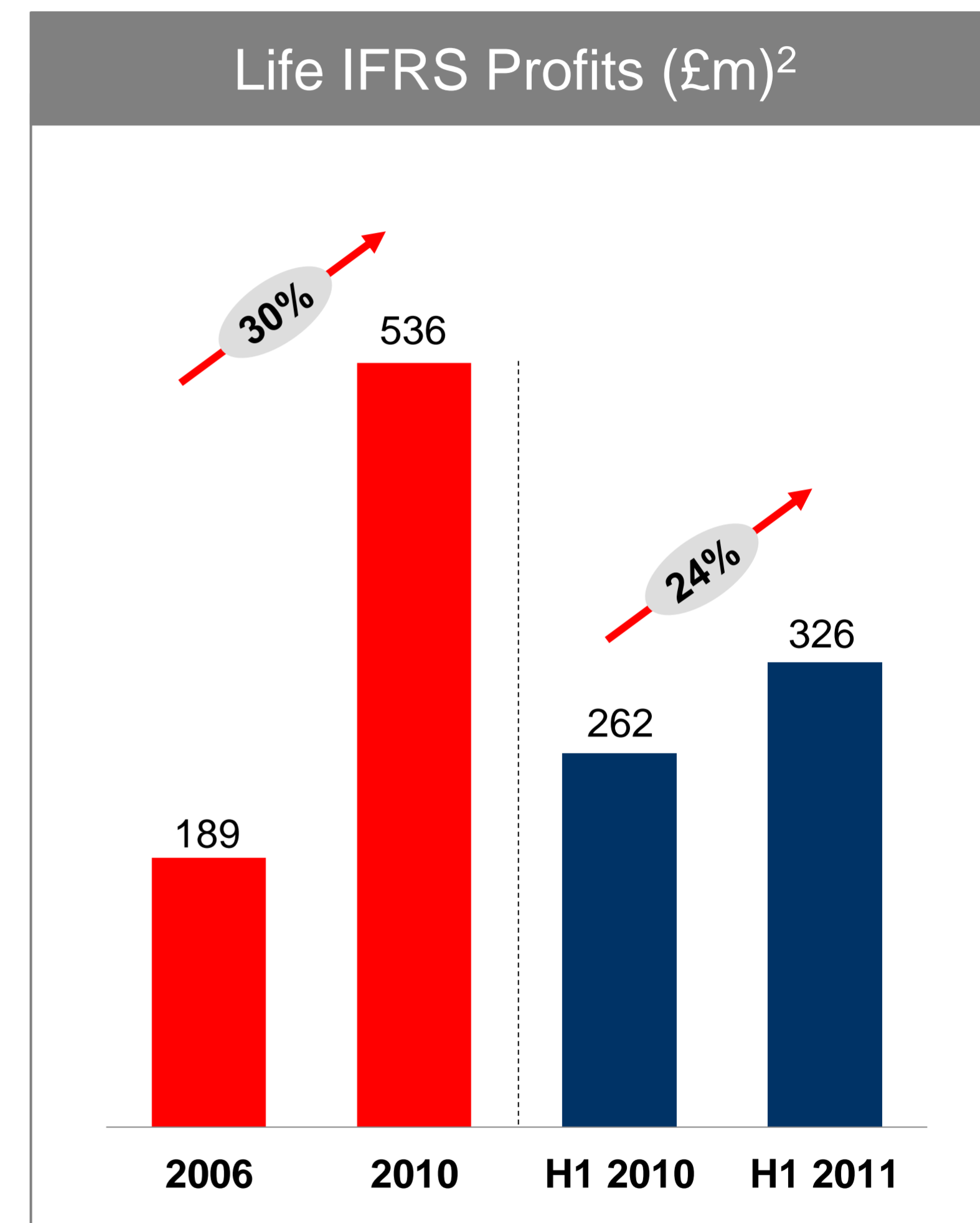
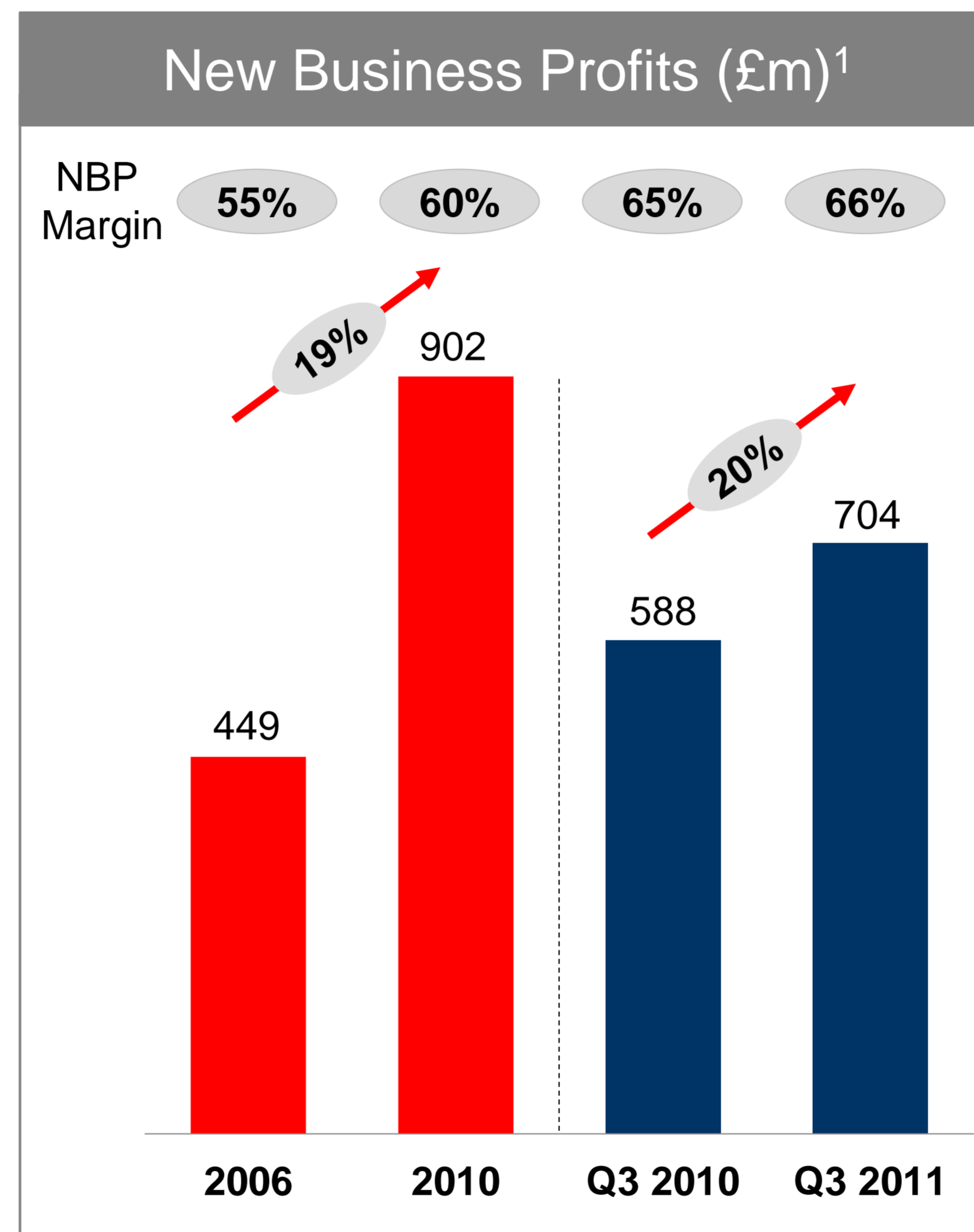
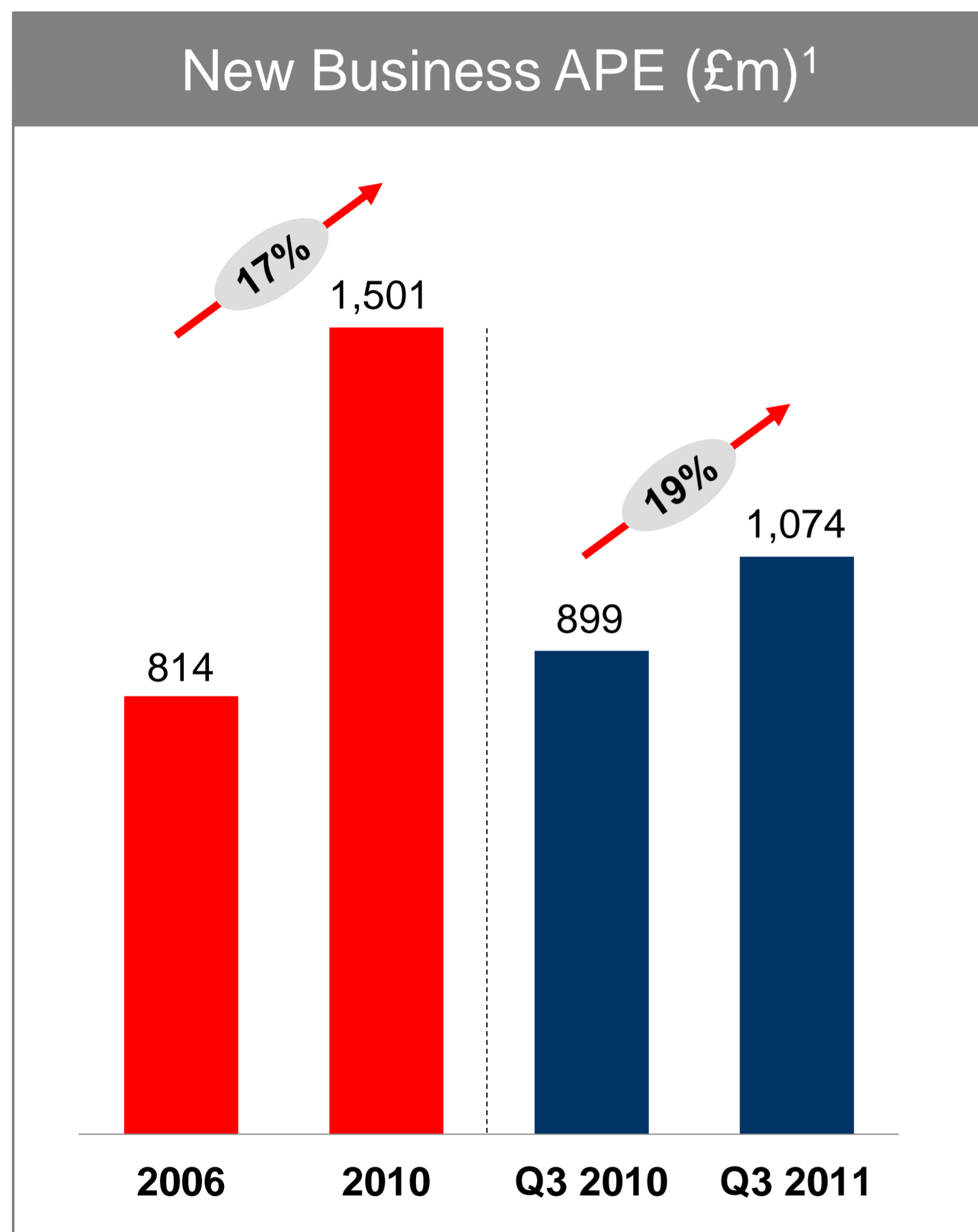
11m Customers, up 4m

Policies per Customer: 1.2 → 1.5

1. YTD data excluding Japan, Taiwan agency and India; 2. APE per agent; 3. Excludes Japan and Taiwan agency, includes India. Comparison from FY 2006



# Consistent Long-term Delivery, Strong Momentum

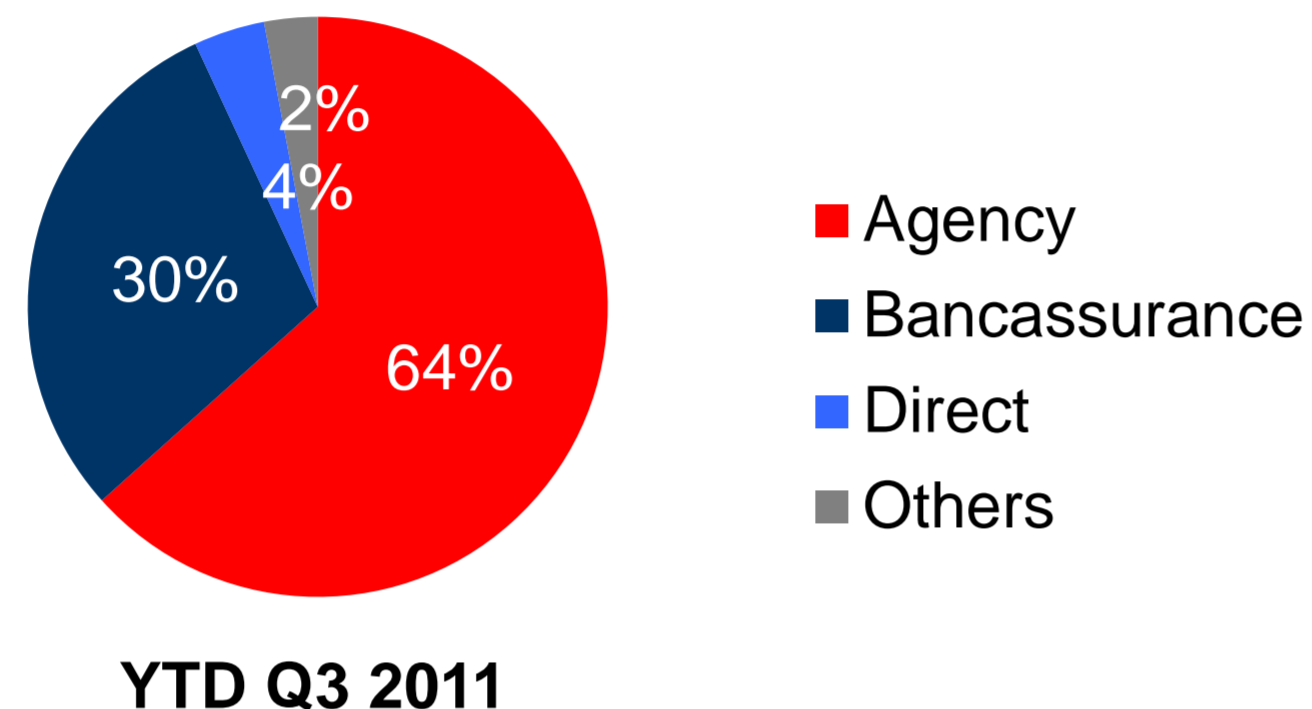


1. Excludes Japan and Taiwan agency; Excludes India APE and NBP in YTD Q3 2010 and YTD Q3 2011

2. Excludes development expenses

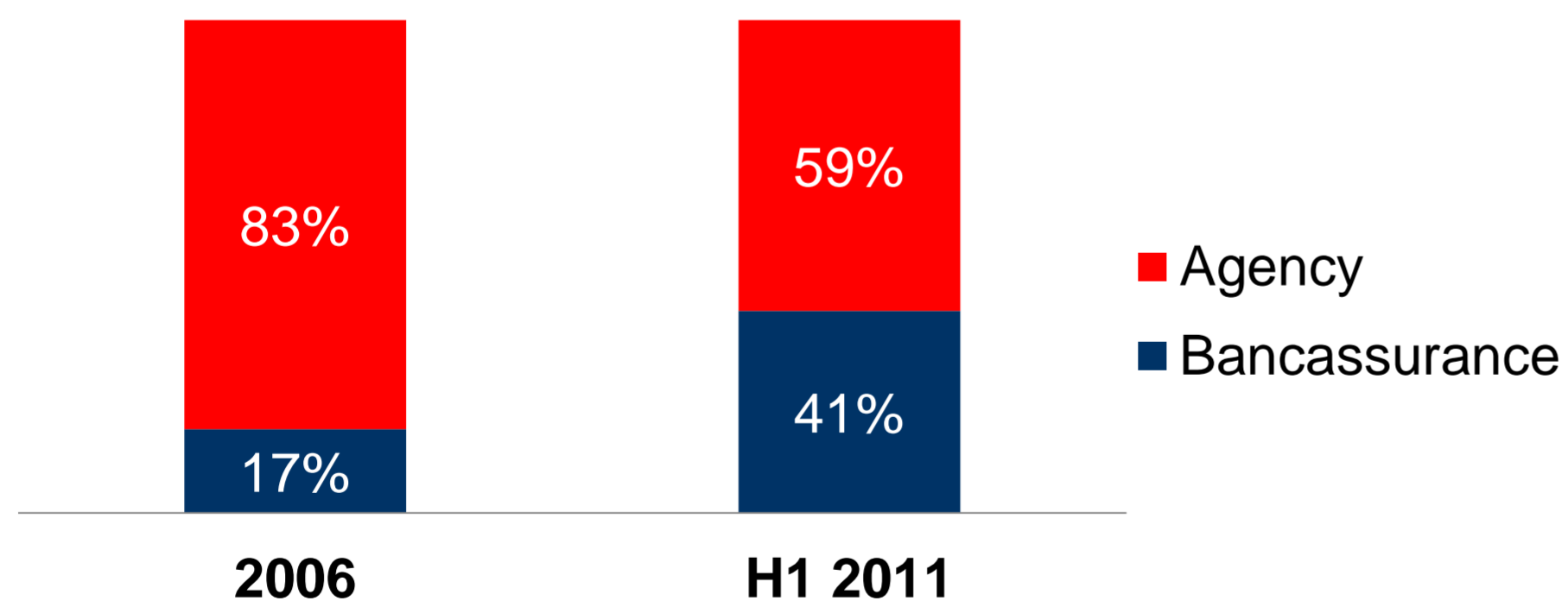
# Genuine Multi-distribution a Competitive Advantage

Channel Mix by APE<sup>1</sup>



YTD Q3 2011

Country Example: Singapore

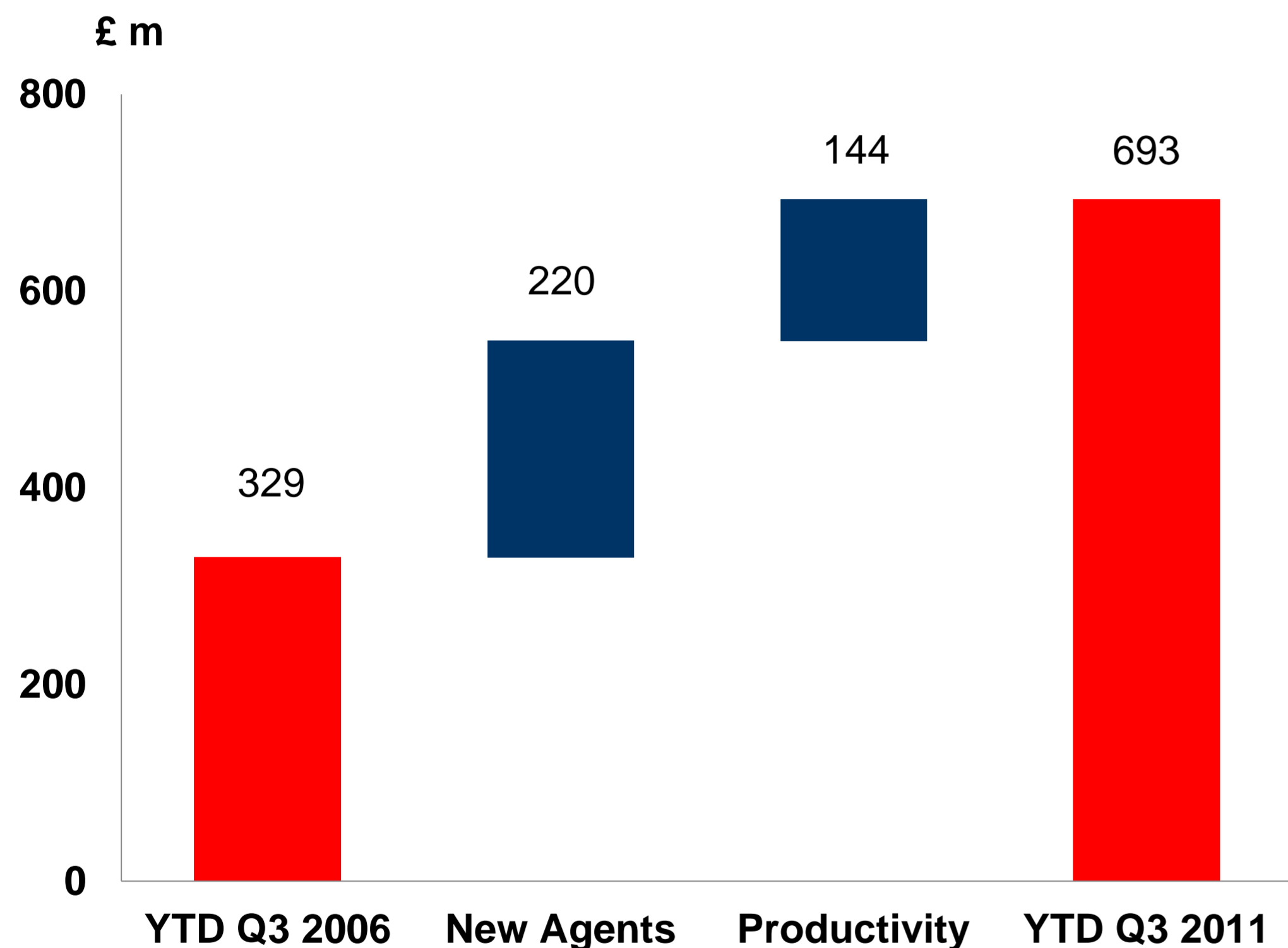


- Unique multi-distribution platform maximises market access and minimises channel conflict
- Agency will remain a core driver of growth
- Leadership position in fast growing bancassurance
- E.g. Singapore transformed by successes in growing partnership distribution alongside agency
- In both channels 'face-to-face' sales drives regular premium savings with protection

1. Including India

# High Performance Agency Distribution

Agency APE More than Doubled over 5 Years<sup>1</sup>



1. Excluding India

2. CAGR for agency numbers and productivity YTD Q3 2008 to YTD Q3 2011

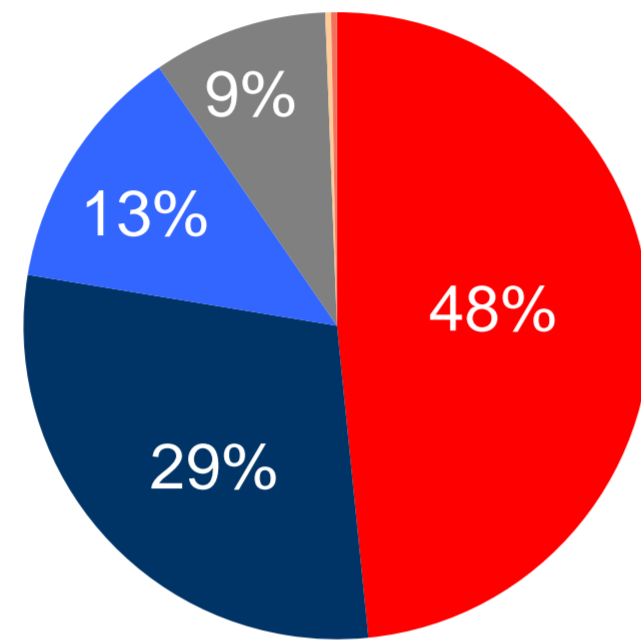
- Continuing to build high quality agency distribution
- Disciplined agency management adapted for each market
- Building scale<sup>2</sup>
  - Indonesia +28%, Malaysia +16%, Hong Kong +11%
- Improving productivity<sup>2</sup>
  - Malaysia +19%, Vietnam +7%, Hong Kong +5%
- Leading professionalism
  - e.g. University of Indonesia Financial Planning accreditation



# Driving Value with Existing and New Partners

## Diversifying Bancassurance: Singapore

APE Contribution by Partner



H1 2011

- Continuing success with longstanding partners
- Proven track record of rapid activation with new partners
- Performance driven by aligned objectives and competence of delivery
- Multi-dimensional model with regional partners for multiple markets
- Multiple partners in one market

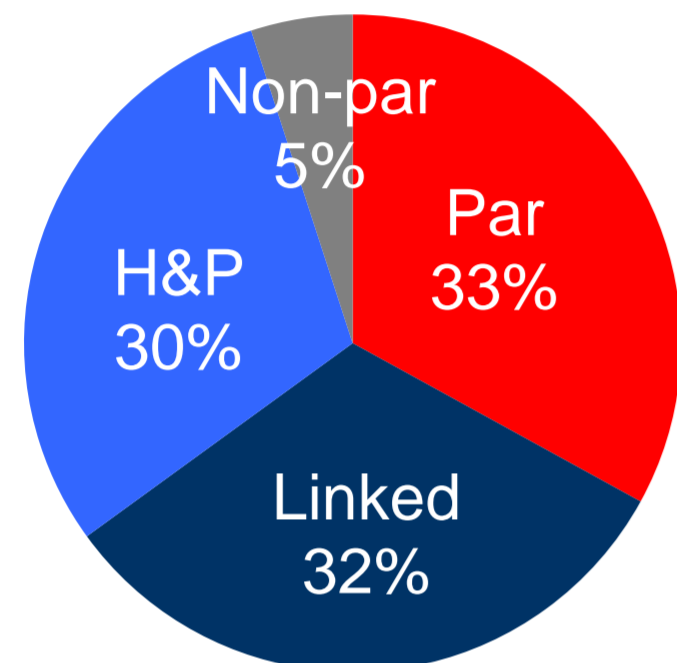
## Key Partners Continue to Grow



Note: Including India

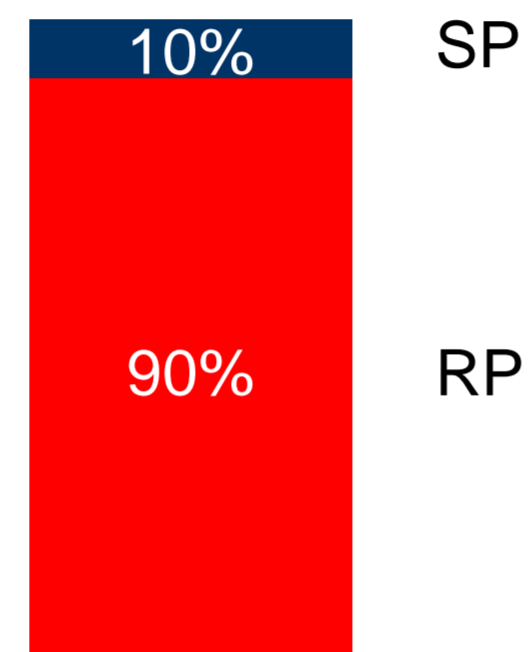
# Continued Product Innovation Mobilises Distribution

Product Mix by APE<sup>1</sup>



YTD Q3 2011

Premium Mix by APE<sup>1</sup>



YTD Q3 2011

- 'Value over volume'
- Sustained regular premium and protection focus
- Product innovation supports distributors with customer acquisition and repeat sales
- Diverse product portfolio meets customers needs

## Selected Product Highlights

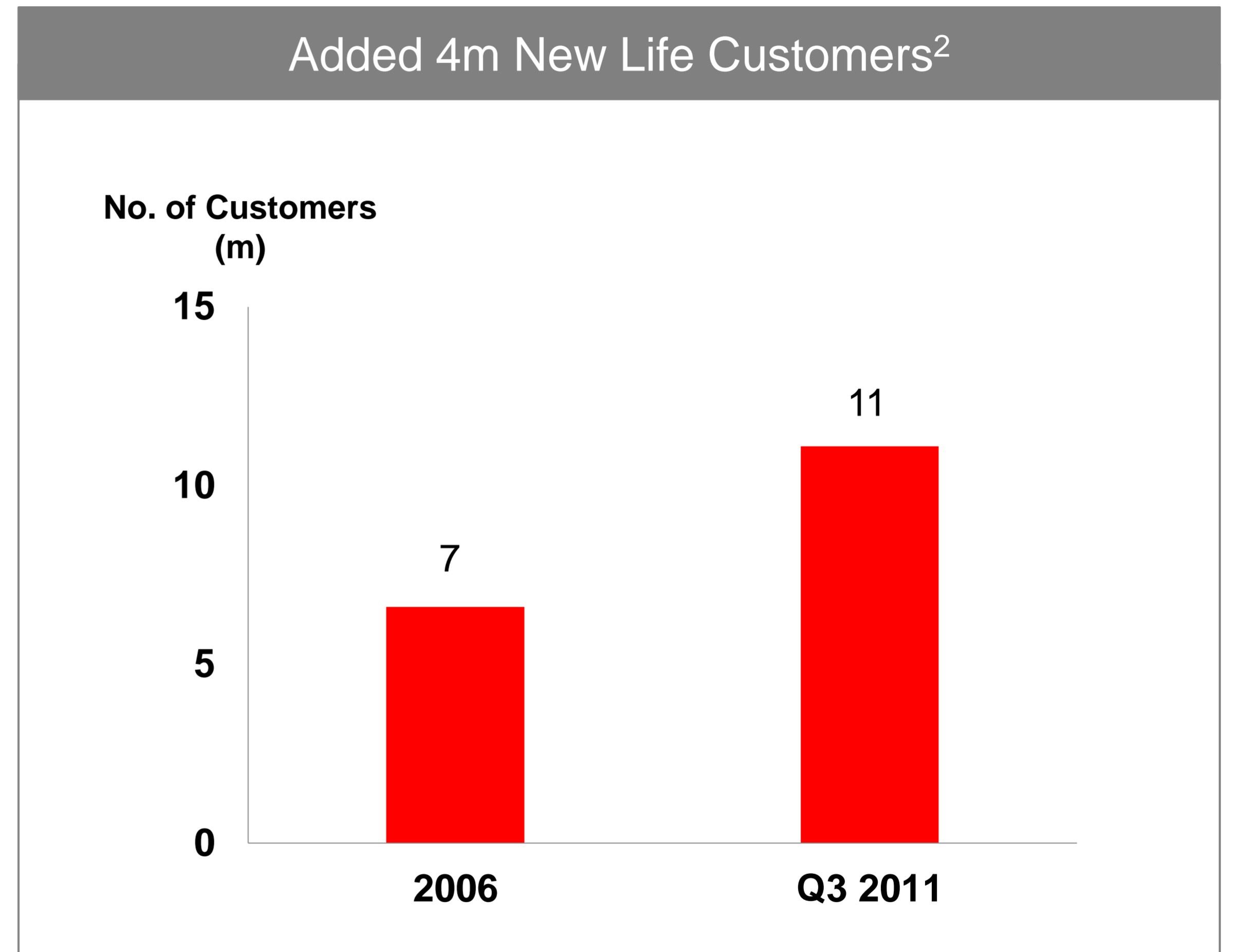
- Hong Kong: Products launched in last 12 months delivered 45% of APE
- Malaysia: PRULife Ready (launched July 2011) captures largest Gen Y segment, 5% of APE in Q3 2011
- Singapore: PRUShield is #1 new customer acquisition product, every \$1 sold in 2007 = \$14 additional sales
- Indonesia: 33% ILP market share, H&P contributes 58% of APE

1. Including India



# Customer Acquisition and Retention

- Branding supports new customer acquisition
  - ‘Always Listening, Always Understanding’
- Disciplined and systematic revisits to customers reinforce relationships and provide material up/cross-sell opportunities
  - 42% of new business from existing customers, up from 38% in 2009
- Customer retention rate 93%<sup>1</sup>



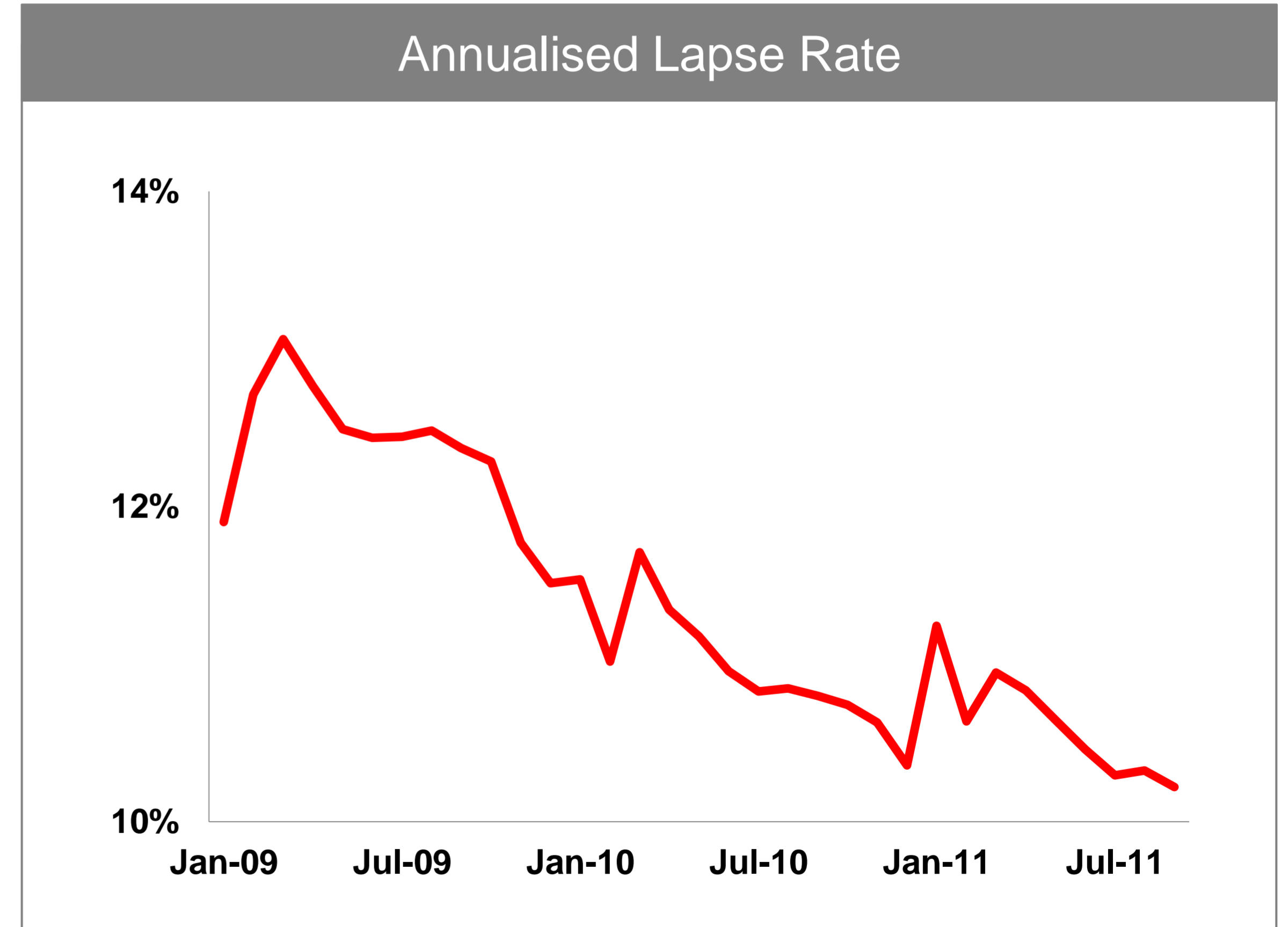
1. Excludes India

2. Excludes Japan and Taiwan agency, includes India

# Protecting Value of In-force Book

## Persistency variances remain small

- Some market driven persistency variances are inevitable
- Persistency variances tend to be localised to specific markets and specific products
- Consistent focus on improving persistency
  - Persistency component in compensation
  - Reducing cash collection of premiums



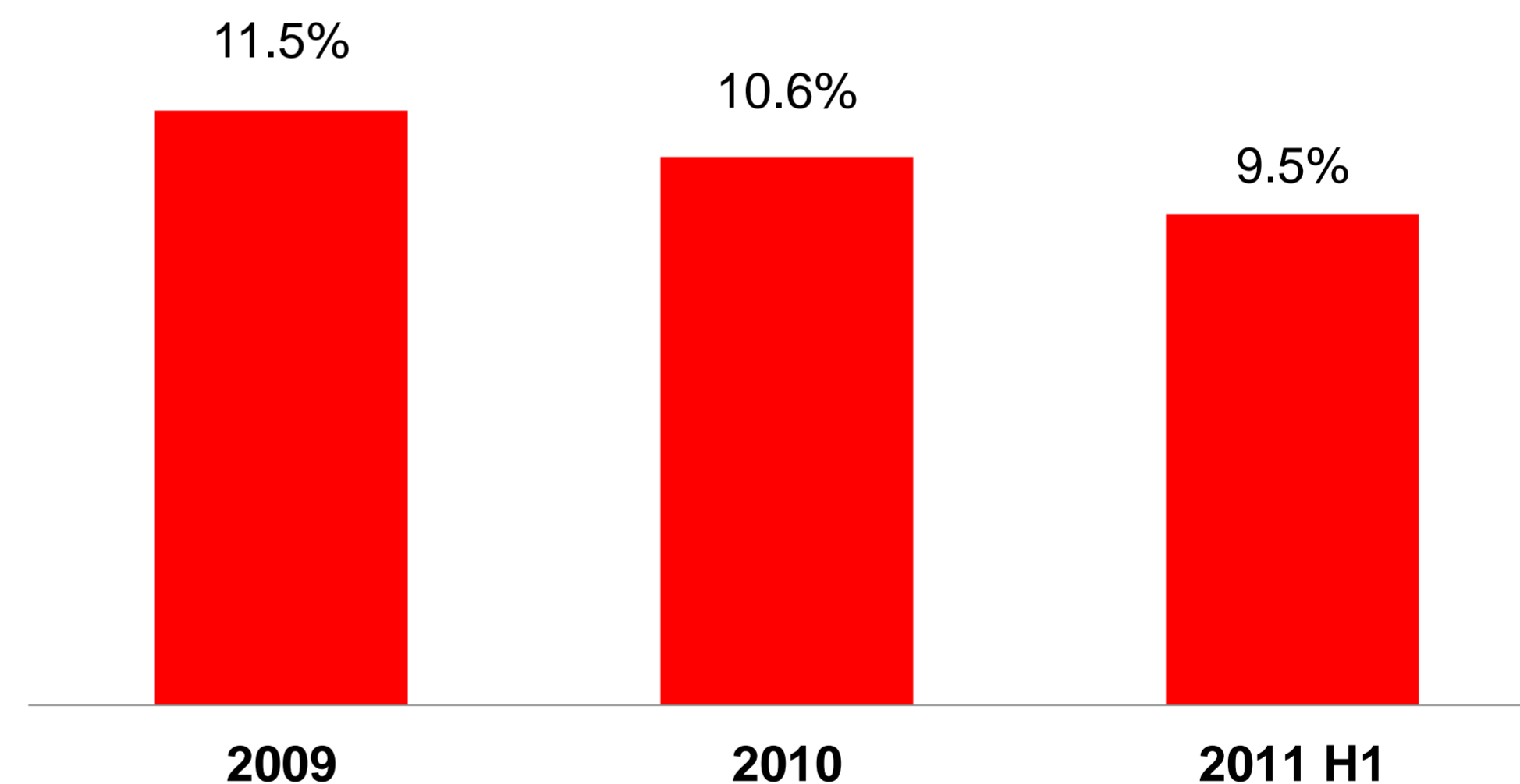


# Operating Efficiency

## Operating expense ratio continues to reduce

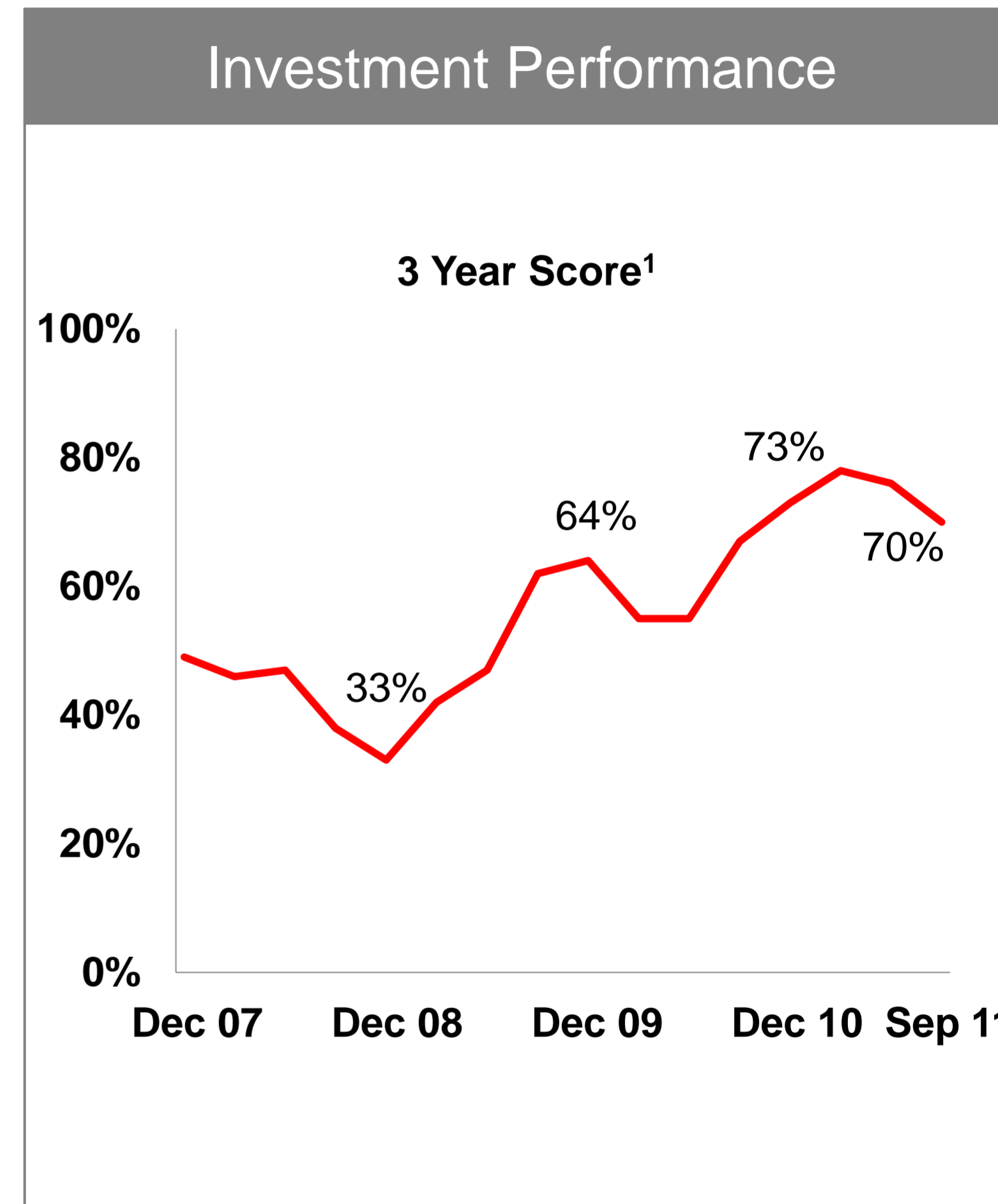
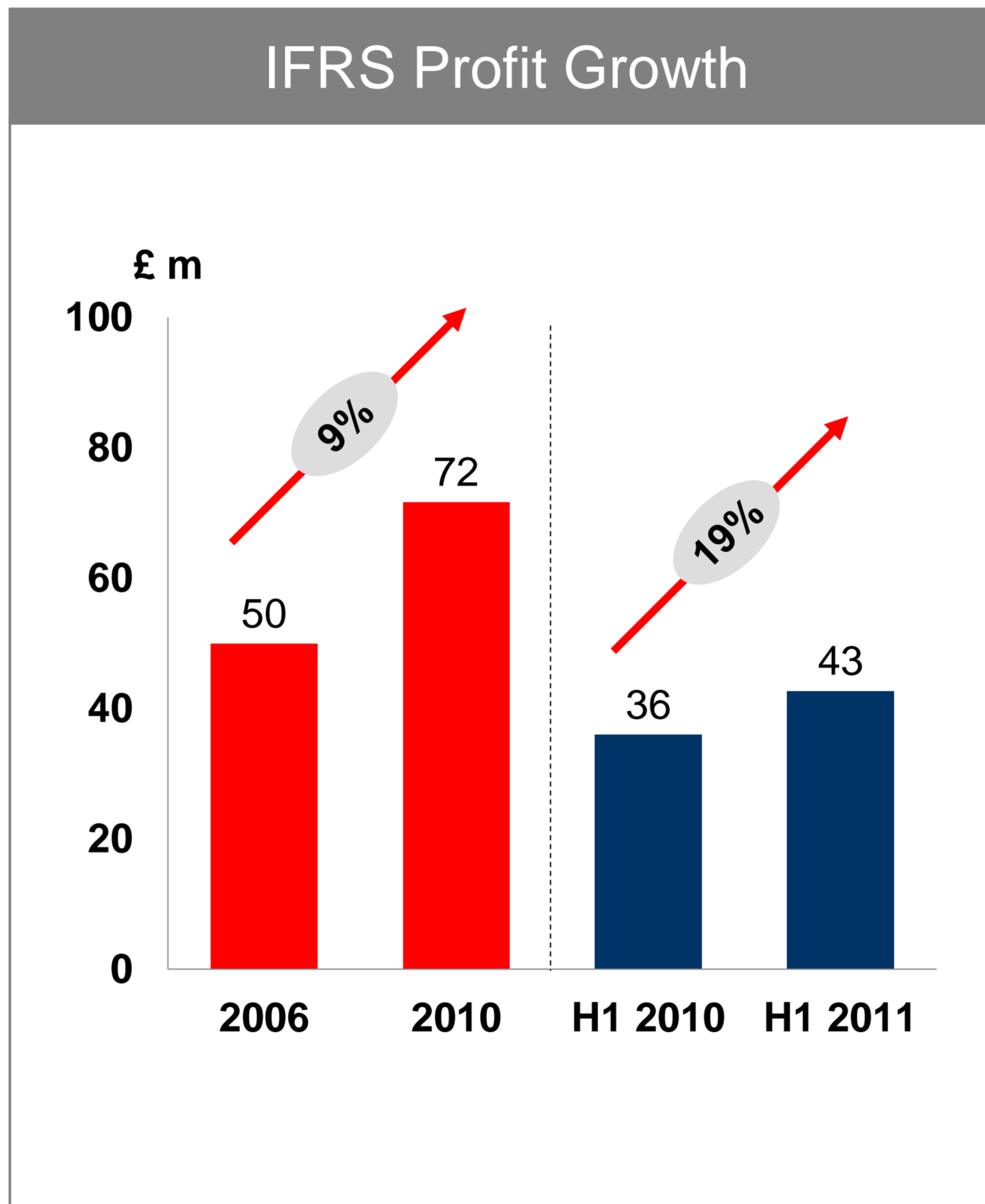
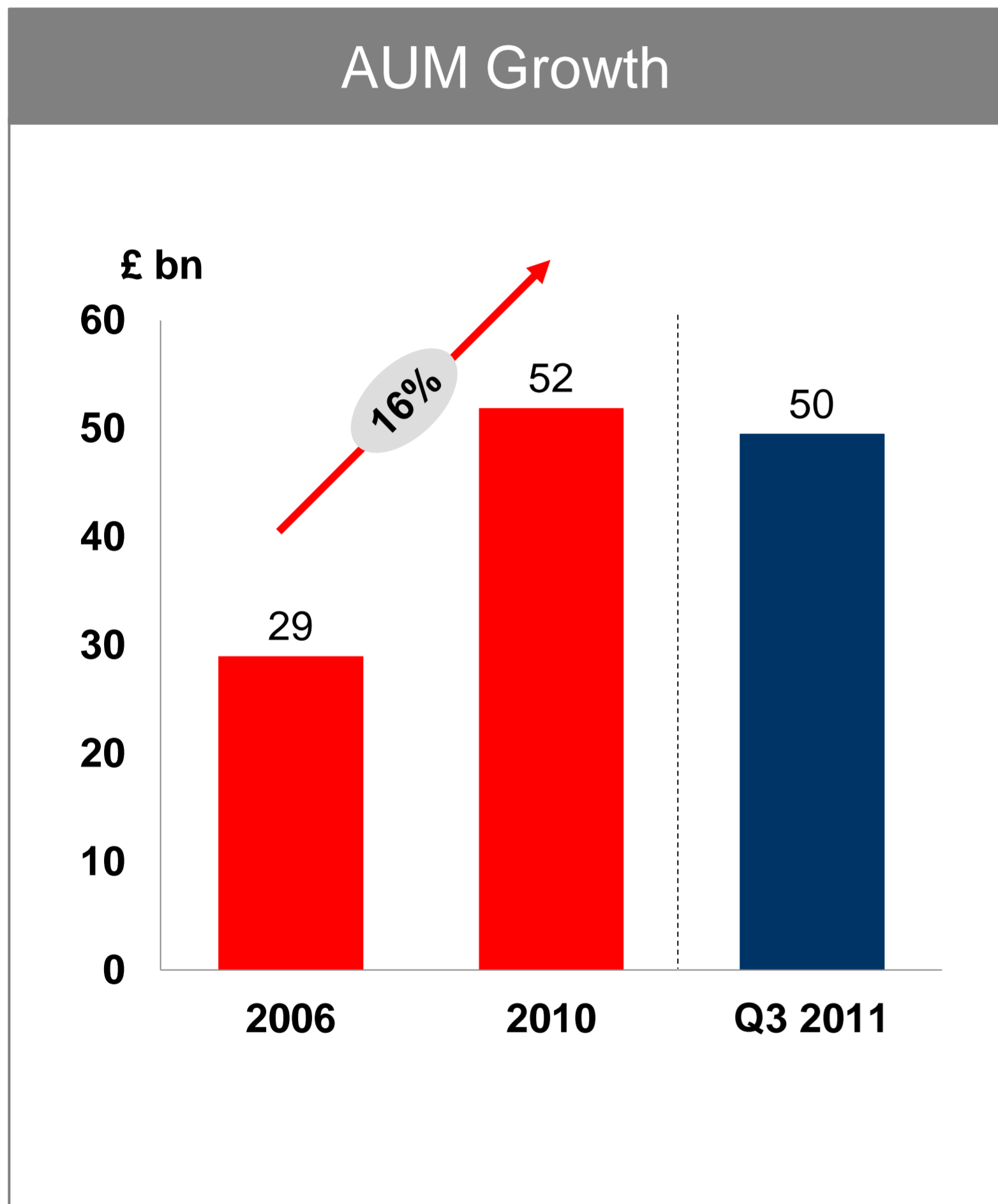
- Expense ratios reducing as scale of business increases
- Active use of technology to improve efficiency
  - e-submissions
  - Auto-underwriting
  - e.g. Indonesia back office transformation
- Effective management of cost base in funds business

Life Business Operating Expense Ratio<sup>1</sup>



1. Sum of sales distribution cost, sales related expenses and management related expenses divided by written revenue premiums. Excludes Japan, Taiwan and India

# Funds Business delivering Strong Performance

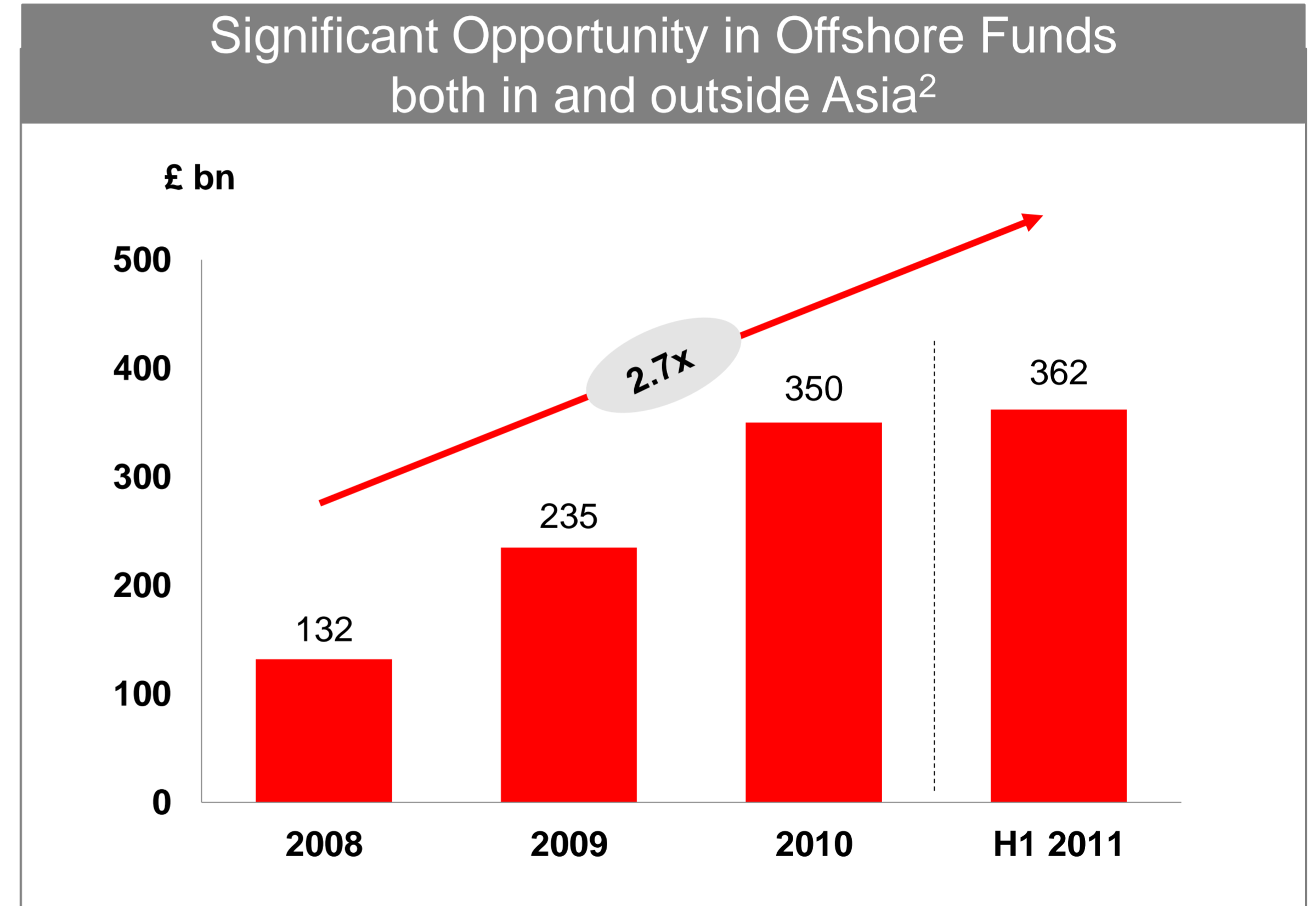
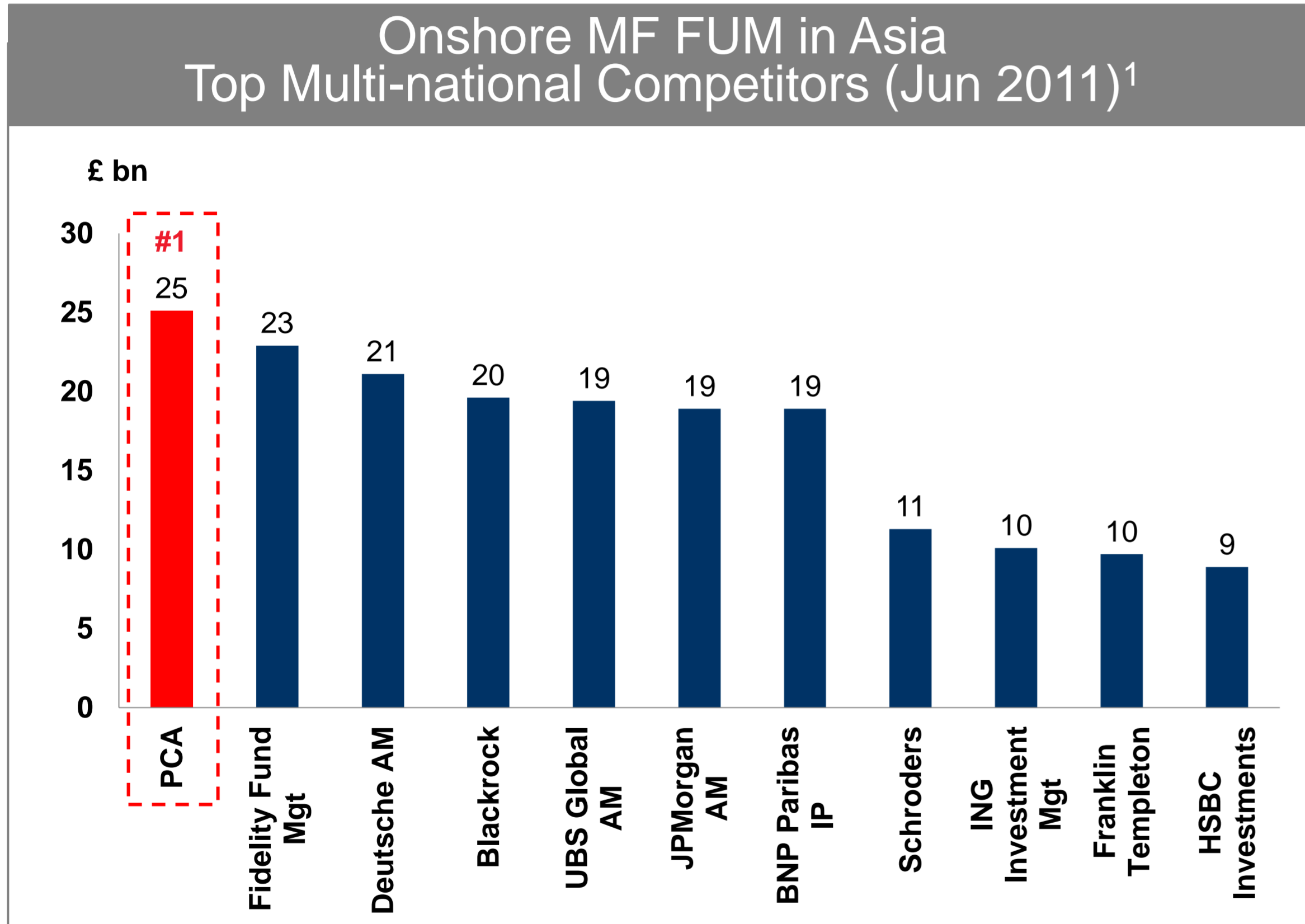


1. 3 year blended score: 50% No + 50% FUM of funds outperforming benchmark or in top 2 quartiles over 3 year rolling period. Funds with no benchmark and no peer ranking are excluded from aggregate score  
 Note: All numbers at actual exchange rates. Financials for JV businesses accounted for based on PCA Funds shareholdings



# Market Leadership in Onshore Asia

## Positions PCA to capitalise on global offshore opportunity



1. Source: Competitors include the largest multi-national players in 7 Asian markets. Korea (AMAK), India (AMFI), Singapore/Malaysia (Lipper), Japan (ITA), Taiwan (SITCA), China (Wind). 100% FUM accounted for all players, regardless of equity ownership  
2. Source: Lipper Global. Extracted only emerging market funds ('EM') where PCA has investment capabilities

# New Brand Maximises our Strategic Positioning



eastspring  
investments

A member of Prudential plc (UK) 



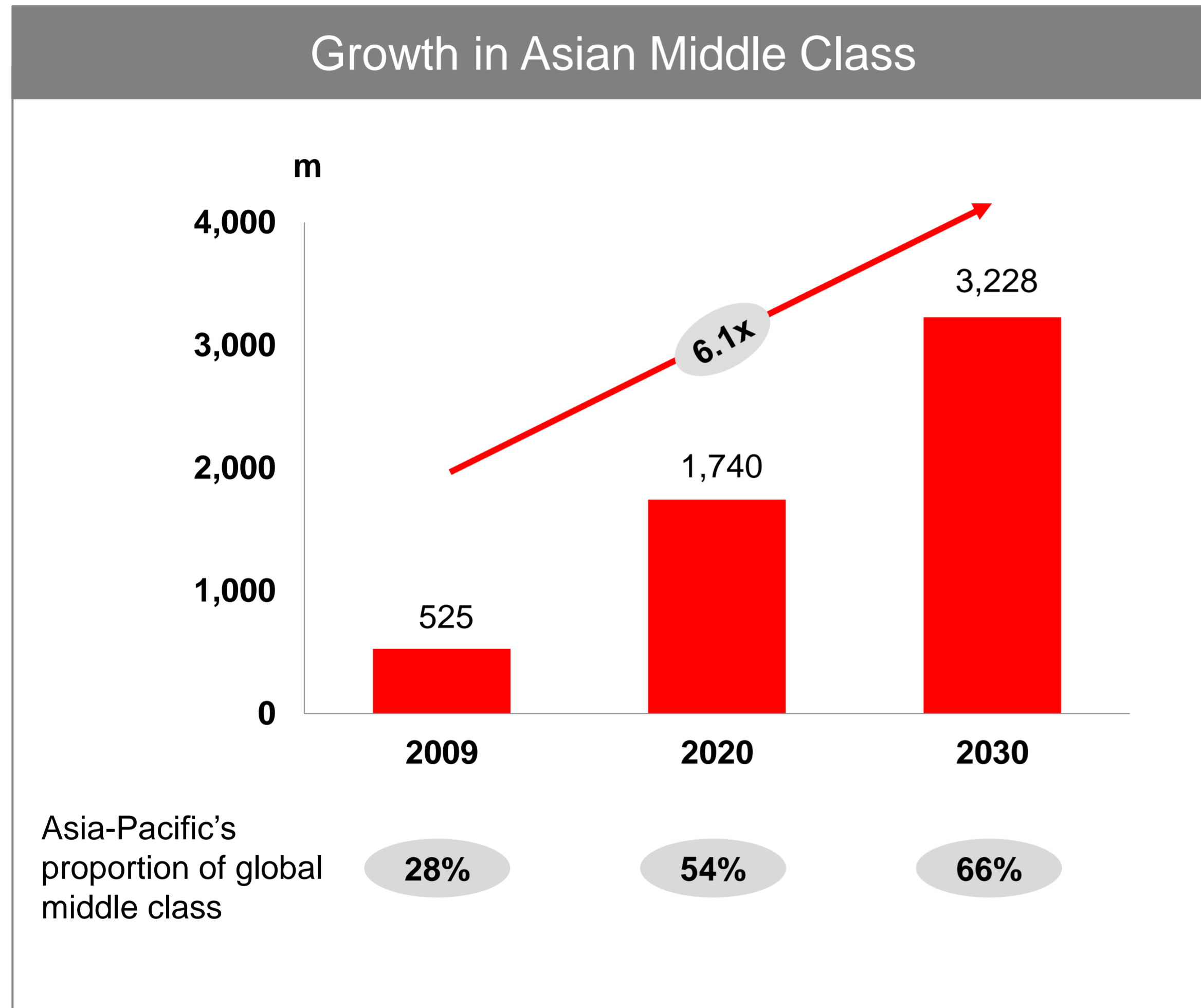


# Experienced, Talented and Motivated People

- Highly experienced and committed management team
  - Longevity with Prudential, successful succession planning
- Motivated team with incentive structure reflecting balanced financial and business priorities
- Active knowledge and skills sharing amongst regional and local management
- 34 senior Asia management here today

	PCA Operational Management Team	Insurance CEOs
Average years in life insurance	21+ years	14+ years
Average years at Prudential	12+ years	7+ years
% promoted internally	75%	65%

# Savings and Protection Opportunity remains Compelling

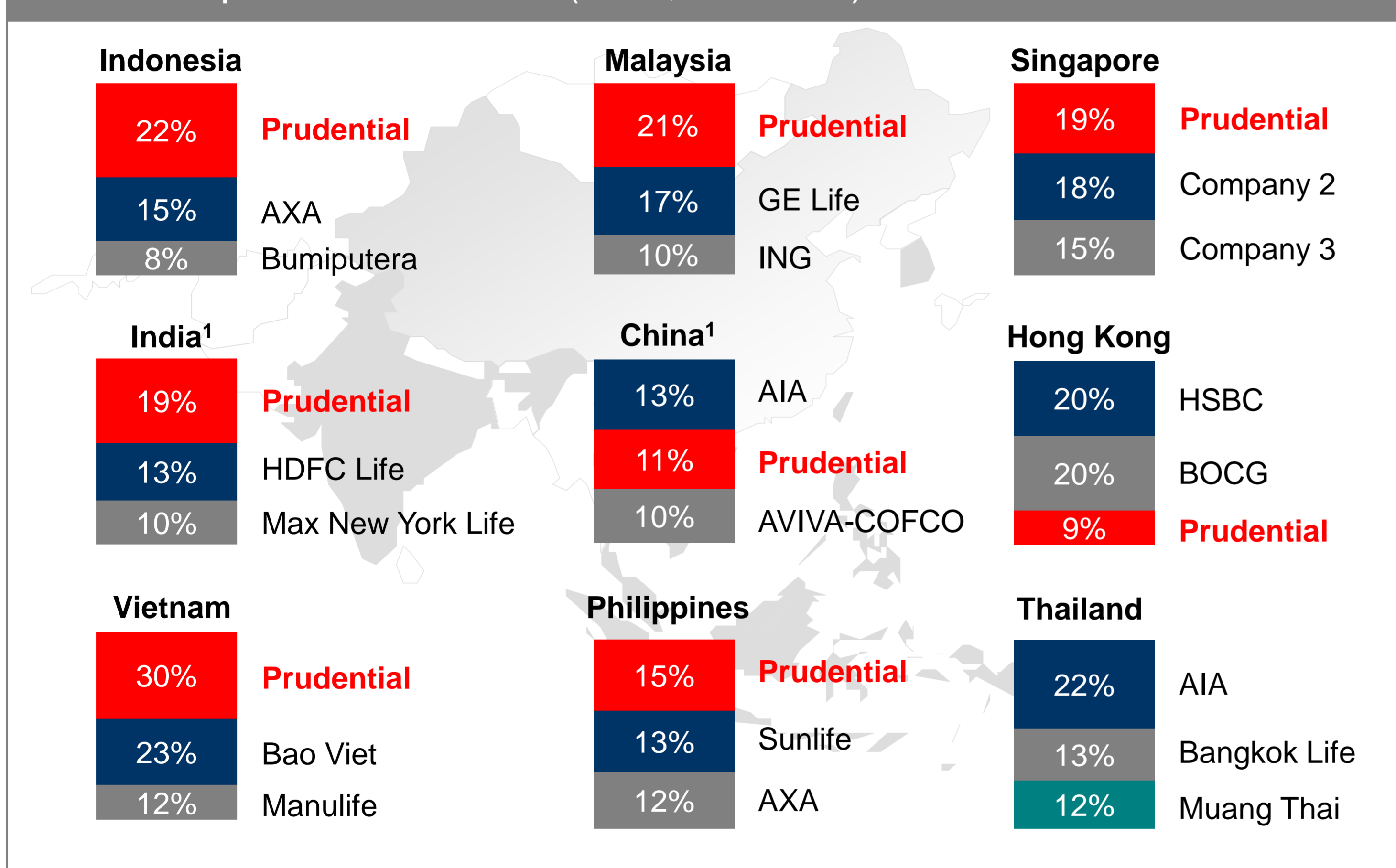


Source: OECD

- Asia's middle class continues to grow rapidly
- Asset accumulation accelerating for a variety of purposes, including children's education and retirement
- Asians also looking for financial protection in case of
  - Early death, serious illness or disability
  - High out-of-pocket medical expenses
- 2011 Swiss Re report confirms significant savings and protection gap remains
- Outlook for Asian economies robust, despite current global volatility
  - GDP outperformance, strong public and household balance sheets

# Competitive Landscape varies Significantly by Market

Top 3 Market Share (APE, H1 2011) – China & SE Asia



- Competitive landscape varies significantly by market, has remained relatively stable
- Material barriers to entry, including
  - Building distribution capabilities
  - Establishing brand
  - Capital requirements
- Competition principally around distribution – scale, productivity and quality
- Increasing scale and materiality of Asian insurers driving shareholders' demands for greater transparency and accountability

1. Foreign insurers only

Note: All countries are as of first half ended Jun 2011, other than India's is as of quarter ended Jun 2011



# Evolving Regulatory Environment

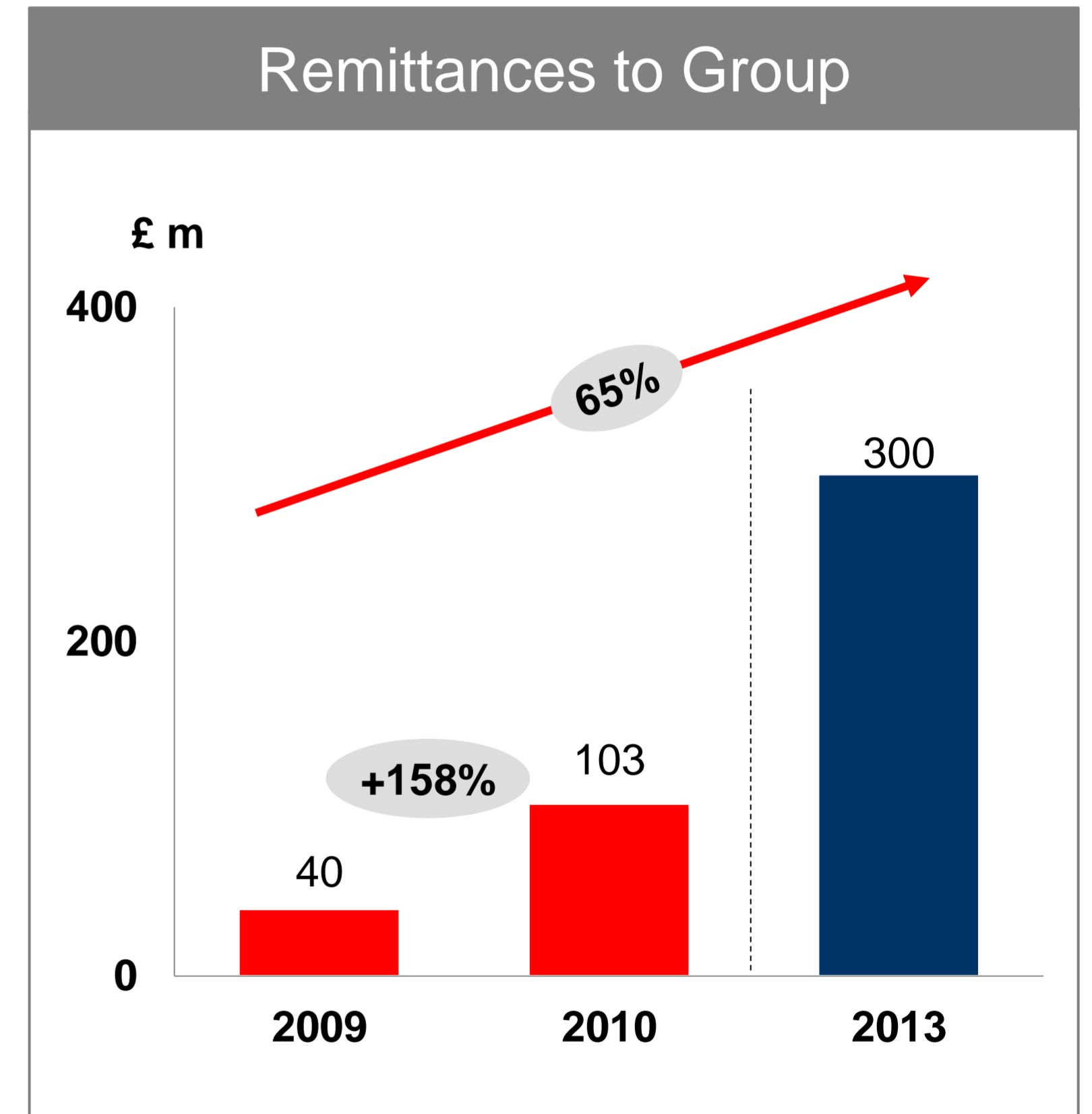
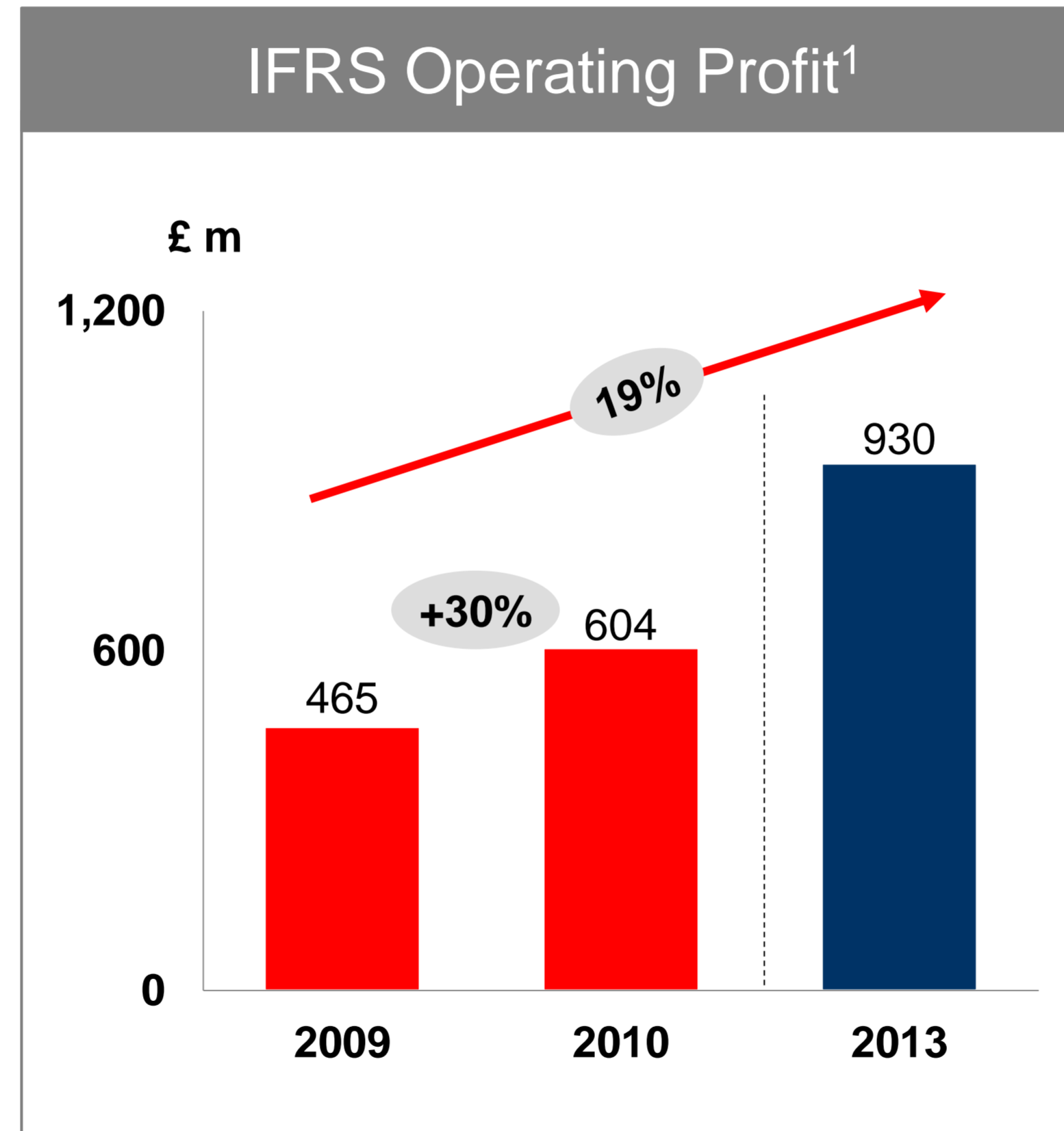
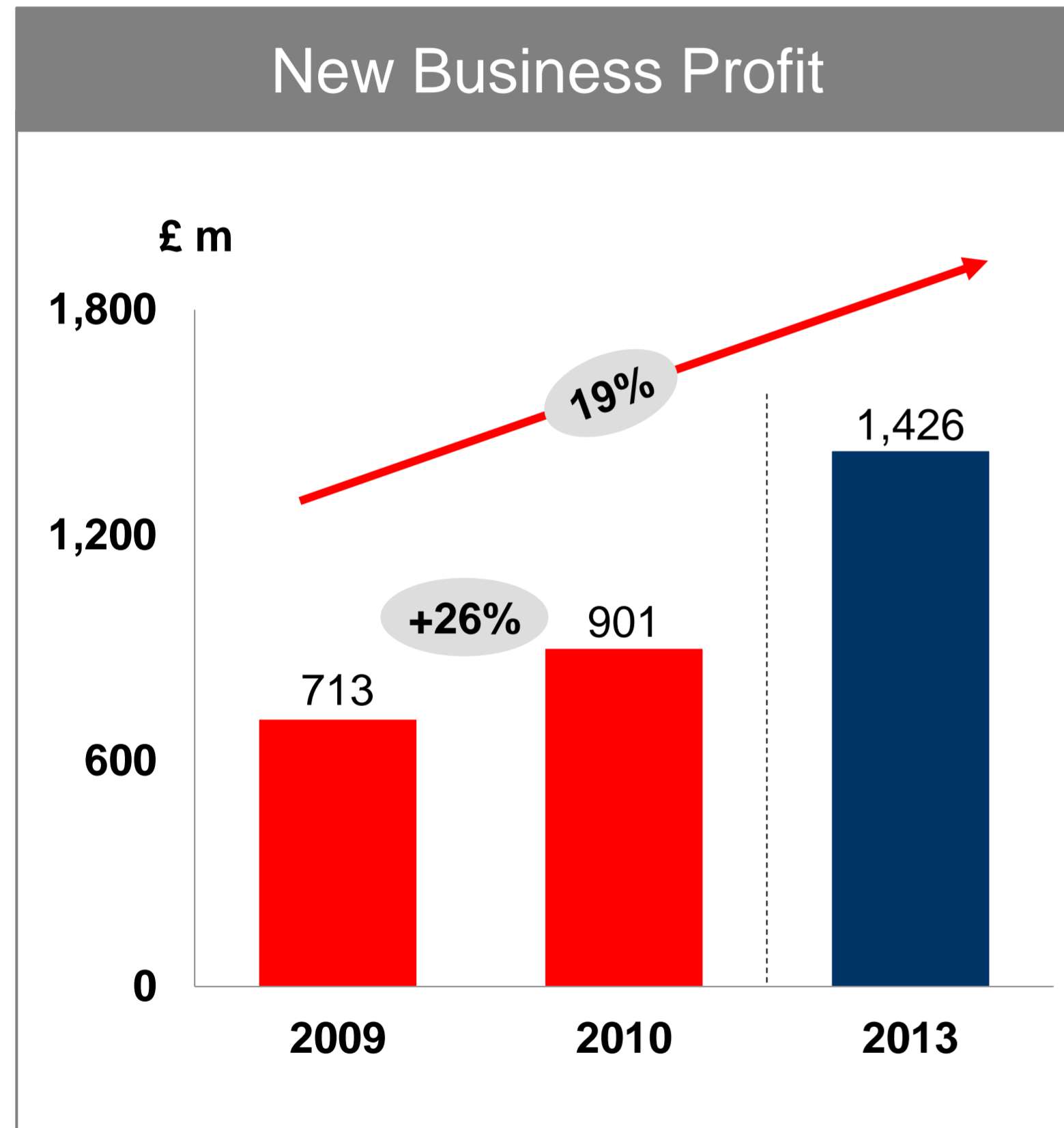
- Regulators supportive of continued development of life industry
  - Minimal appetite for sovereign provision
- Regulation continues to adapt and evolve in a largely positive way
- Sophisticated insurers, operating to international standards, should benefit from regulatory developments
- Focus on consumer protection and increasing transparency and accountability for compliance and risk management

## Recent Regulatory Trends

- Customer centricity
- Professionalism of distributors
- Bancassurance
- Data privacy
- Mandated audit and risk management committees
- More sophisticated capital management, e.g. RBC
- International standards
- Disclosure

# 2013 Targets

Well on track to deliver 2013 targets



Note: Figures above include Japan

1. In respect of Insurance (after development expenses) and asset management operations only