

Prudential UK & Europe

John Foley - Chief Executive

Aki Hussain - Chief Finance Officer



Forward Looking Statements

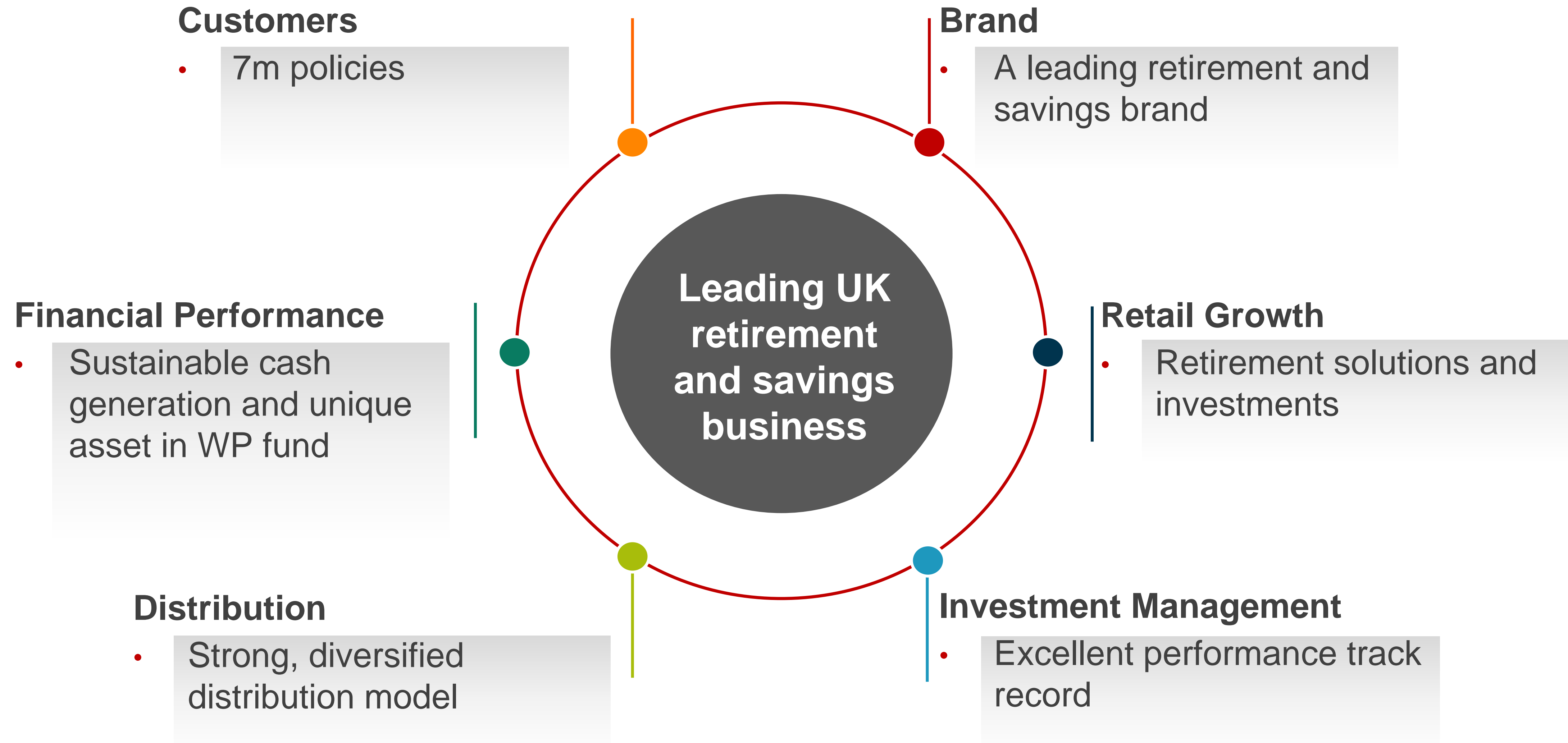
This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, future market conditions, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives and the effect of the European Union's 'Solvency II' requirements on Prudential's capital maintenance requirements; the impact of continuing designation as a Global Systemically Important Insurer, or 'G-SII'; the impact of competition, economic uncertainty, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal actions and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk factors' heading in its most recent Annual Report and the 'Risk Factors' heading of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, as well as under the 'Risk Factors' heading of any subsequent Prudential Half Year Financial Report. Prudential's most recent Annual Report, Form 20-F and any subsequent Half Year Financial Report are/will be available on its website at www.prudential.co.uk.

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Agenda

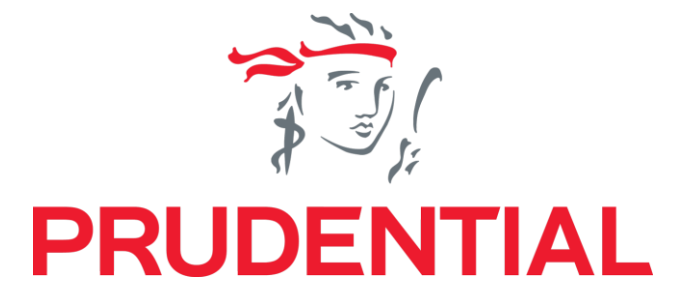
- UK&E business and environment
- Market context and model
- Performance update
- Proposition and distribution update
- Summary

UK&E business and capabilities



Environment

Past 3 years has been a period of fundamental change and opportunity



★ Implementation
of Retail
Distribution Review

★ Budget “Pensions
Freedoms”
announced

★ Budget “Pensions
Freedoms”
implemented

★ Solvency II
implemented

2013

2014

2015

2016

Macro-
economy

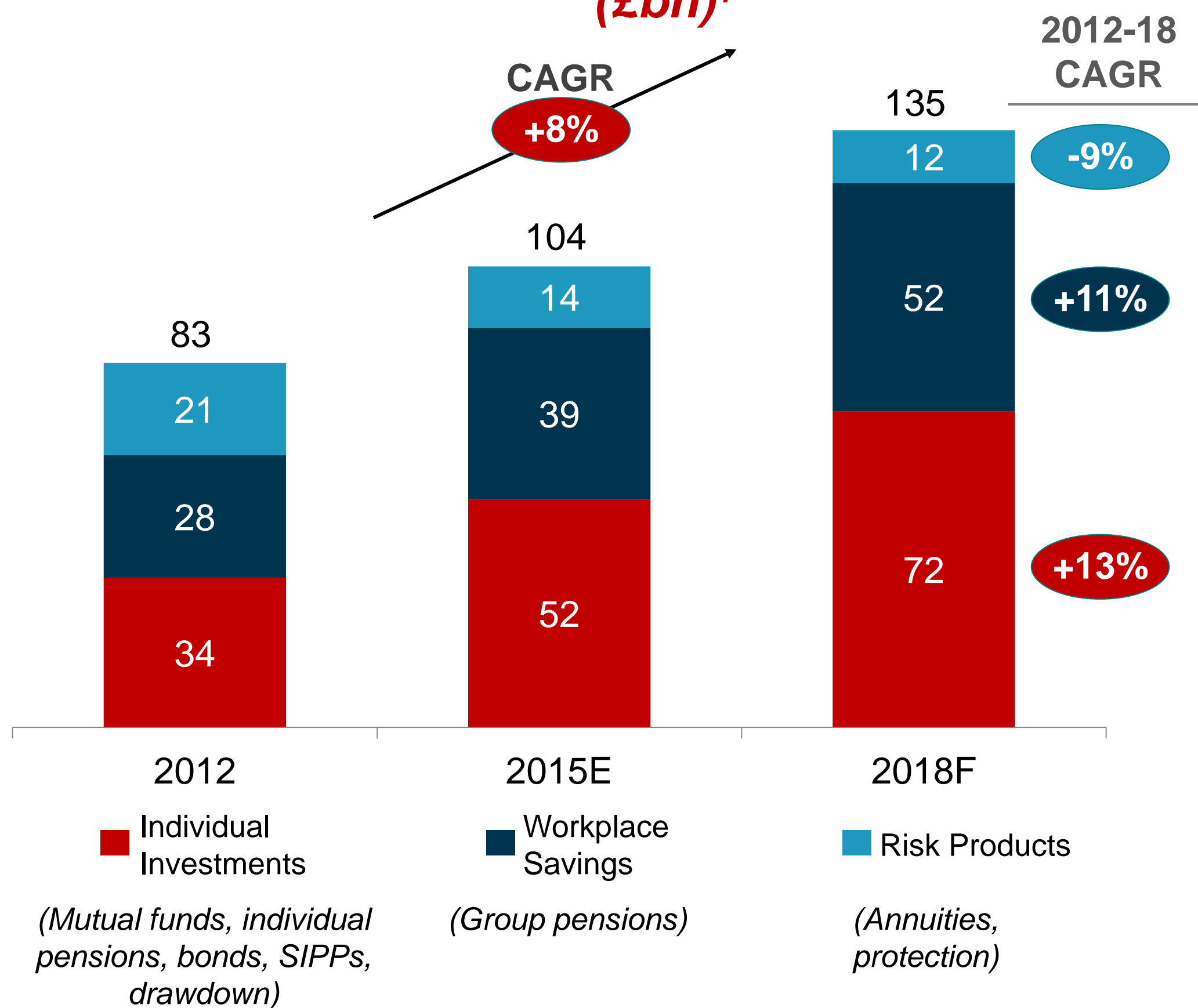
Government
and
Regulation

Consumers

UK savings and investment market opportunity

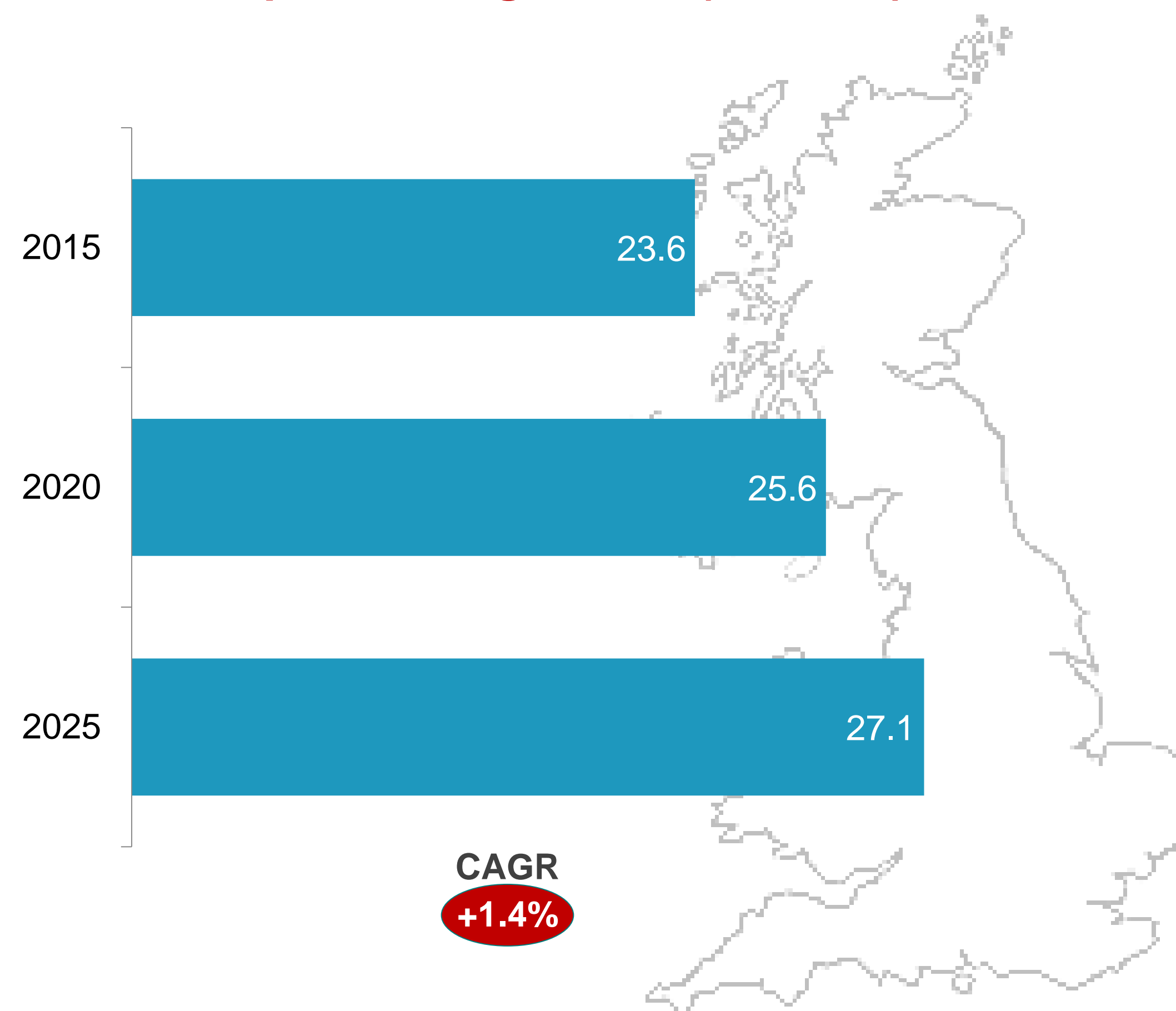
Growth market with attractive retail investments segment

Flows into Retail Investment Products (£bn)¹



1. Source: BCG UK Life Profit Pools Model, ABI, IMA, HMRC, Fundscape

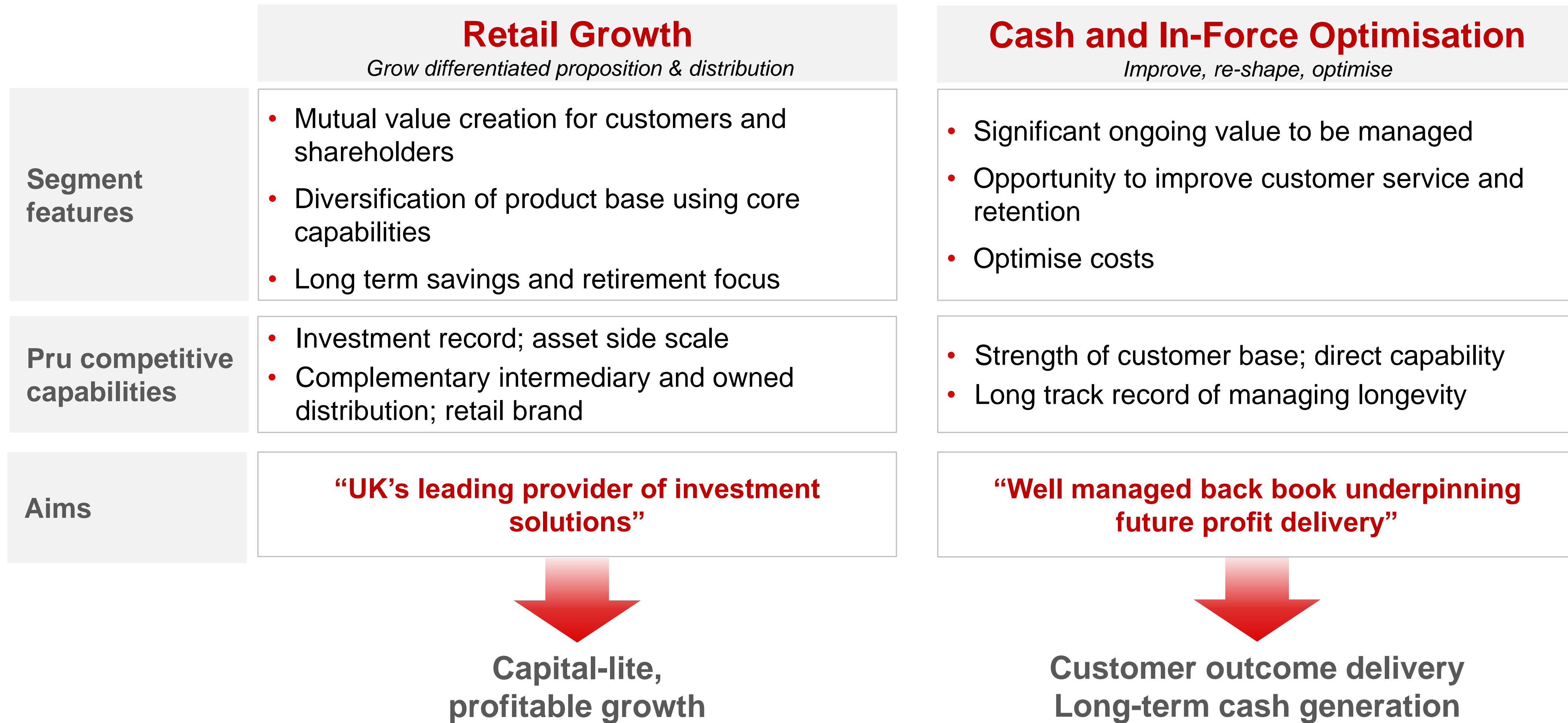
UK Population Aged 50+, (millions)²



2. Source: ONS UK Population Projections, 2014 based

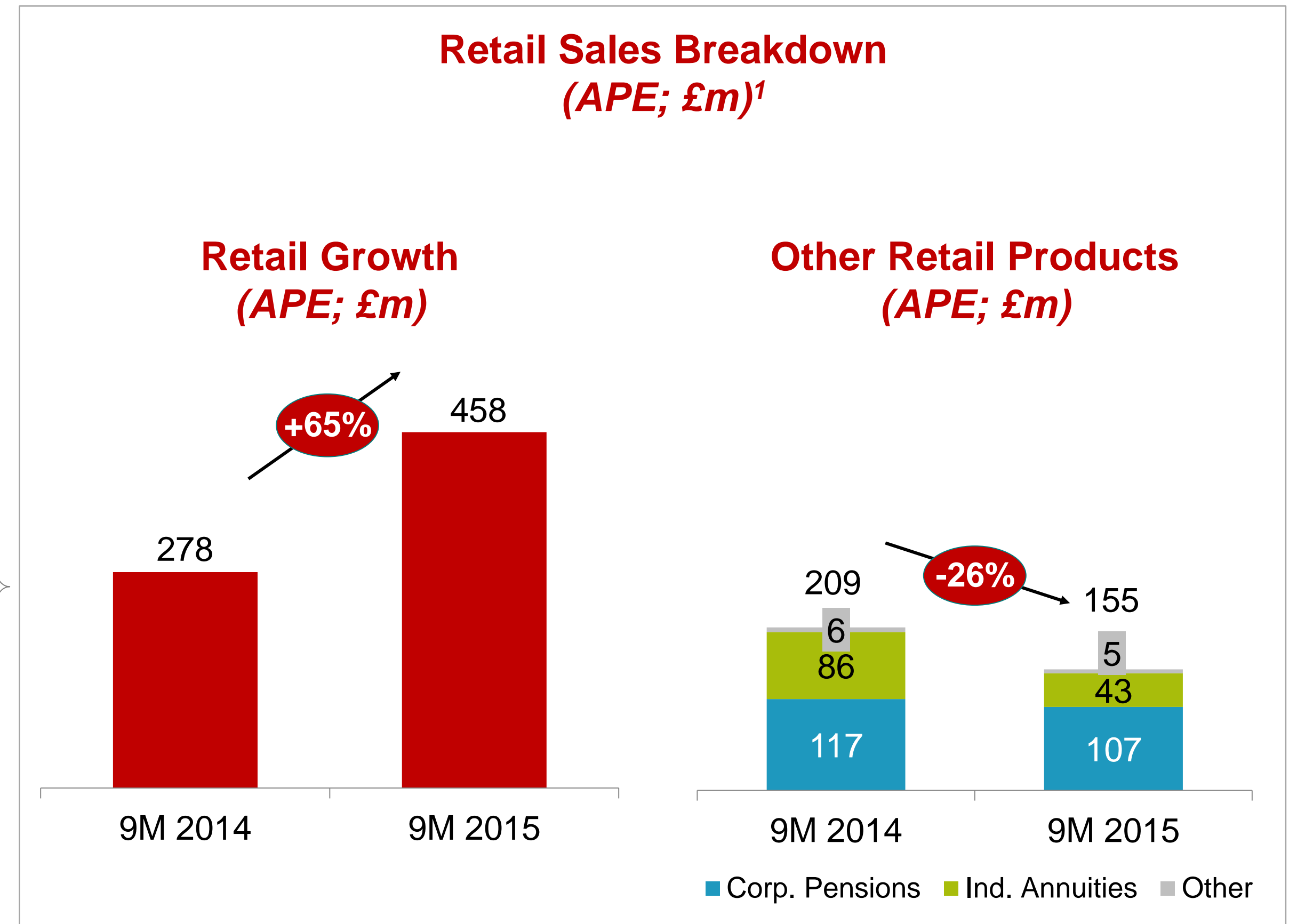
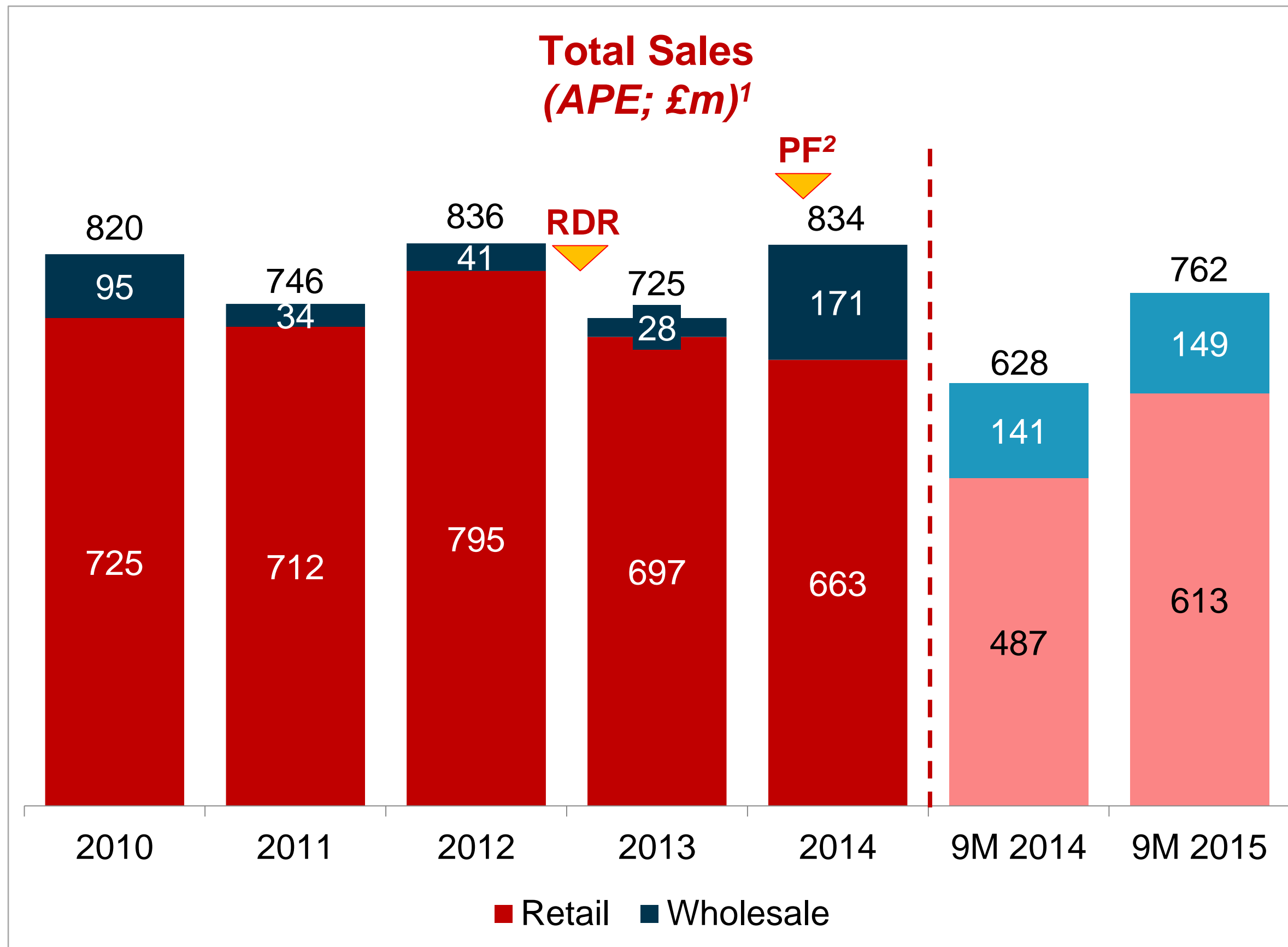
Our model

Focussed participation in two distinct segments



Sales

Robust performance in a challenging environment

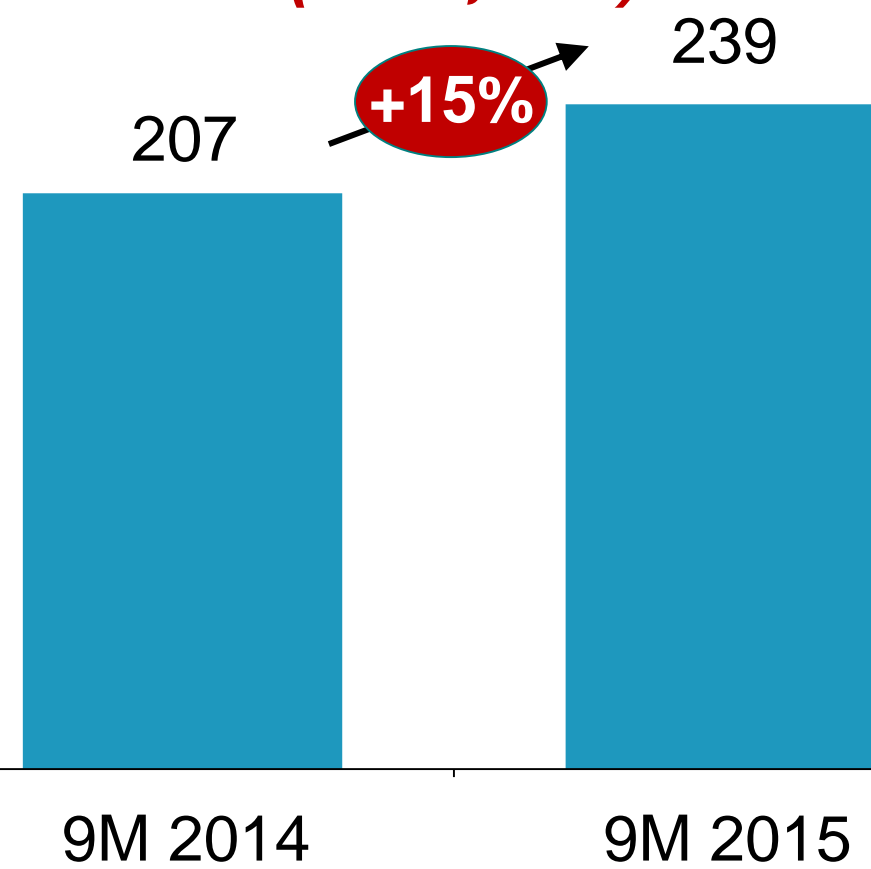


1. Excluding £23m APE for PruHealth and PruProtect in 2014 and £20m APE in 9M 2014 respectively
 2. PF – 2014 Budget Announcement of Pensions Freedoms

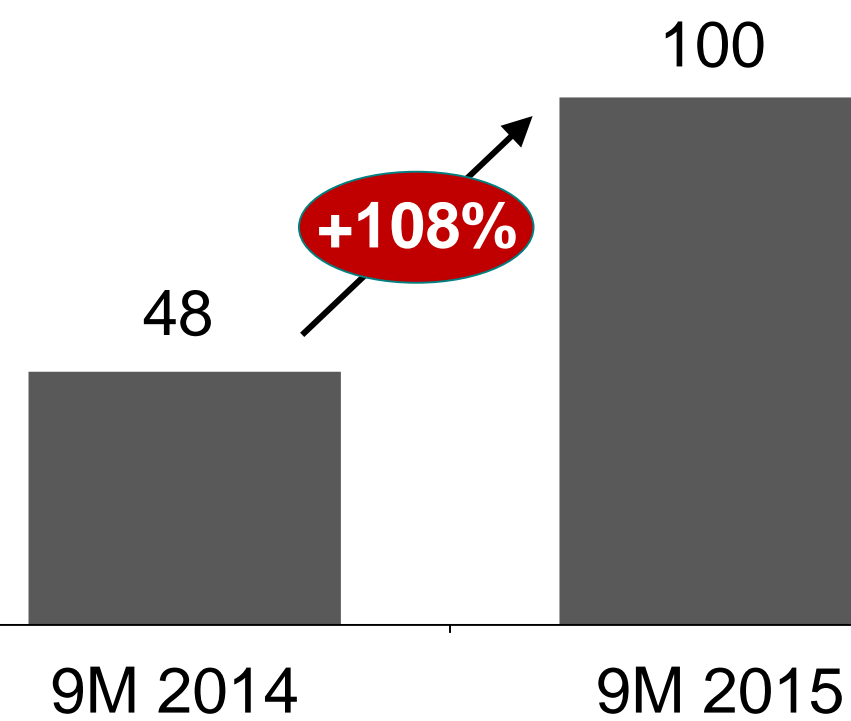
9M 2015 Retail Growth sales

Growth across wrappers and new propositions

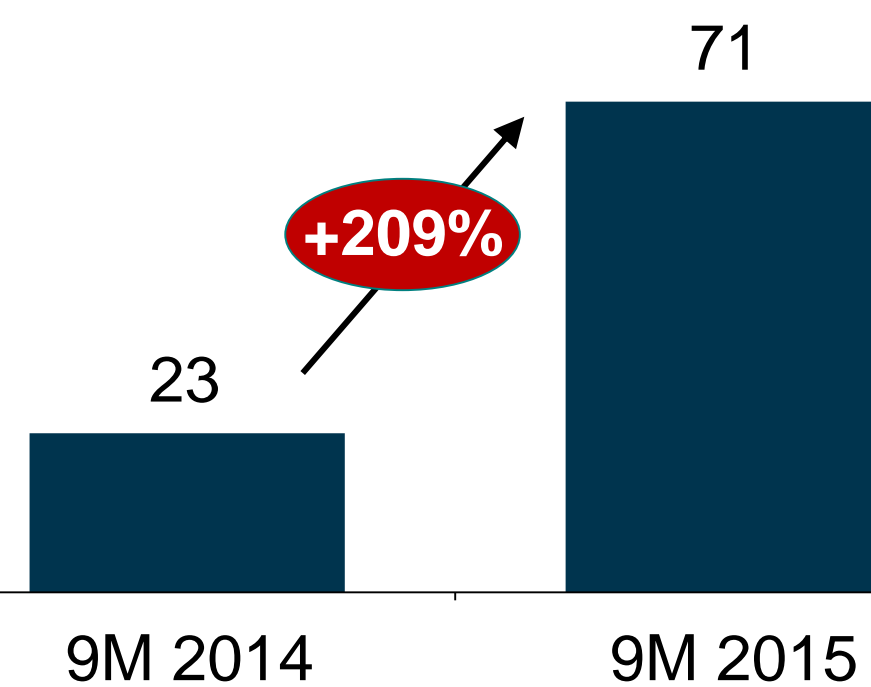
Bonds
(APE; £m)



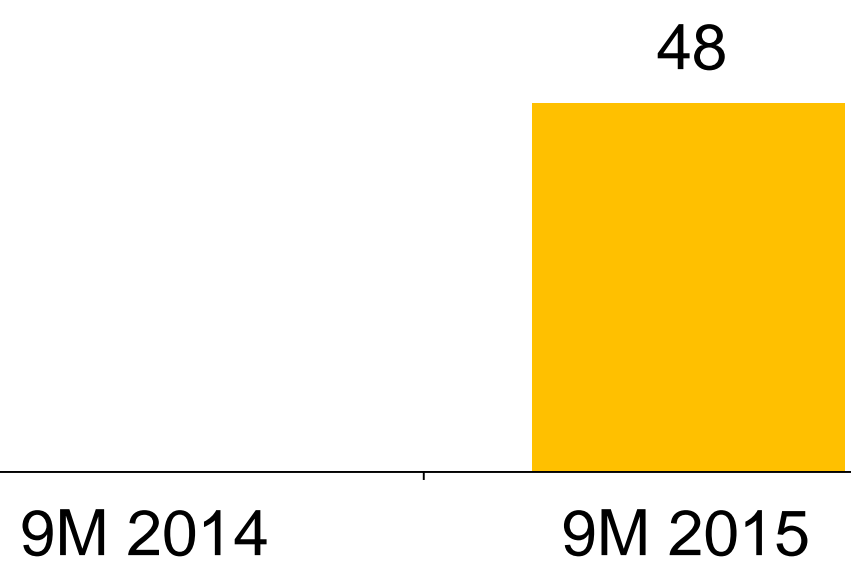
Individual Pensions
(APE; £m)



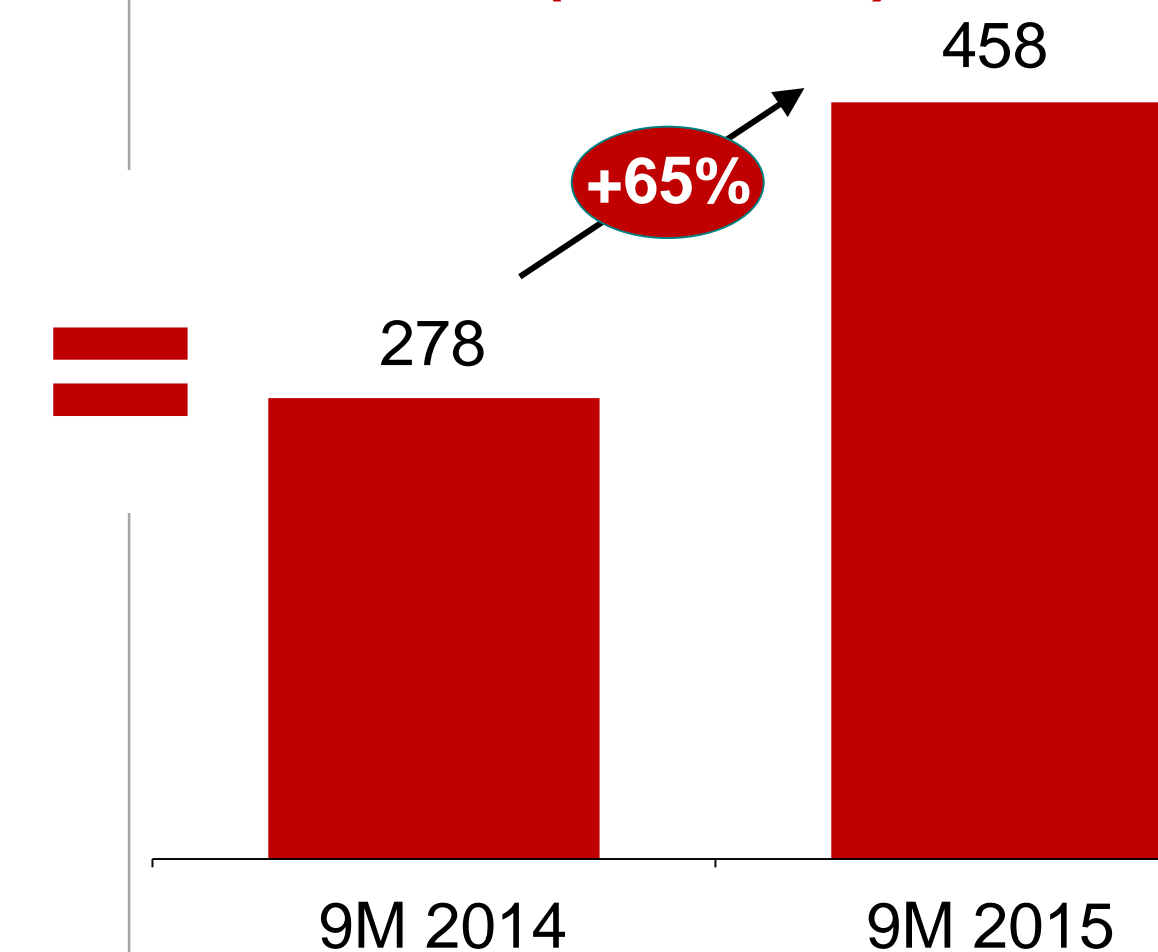
Drawdown
(APE; £m)



PruFund ISA
(APE; £m)



Retail Growth
(APE; £m)

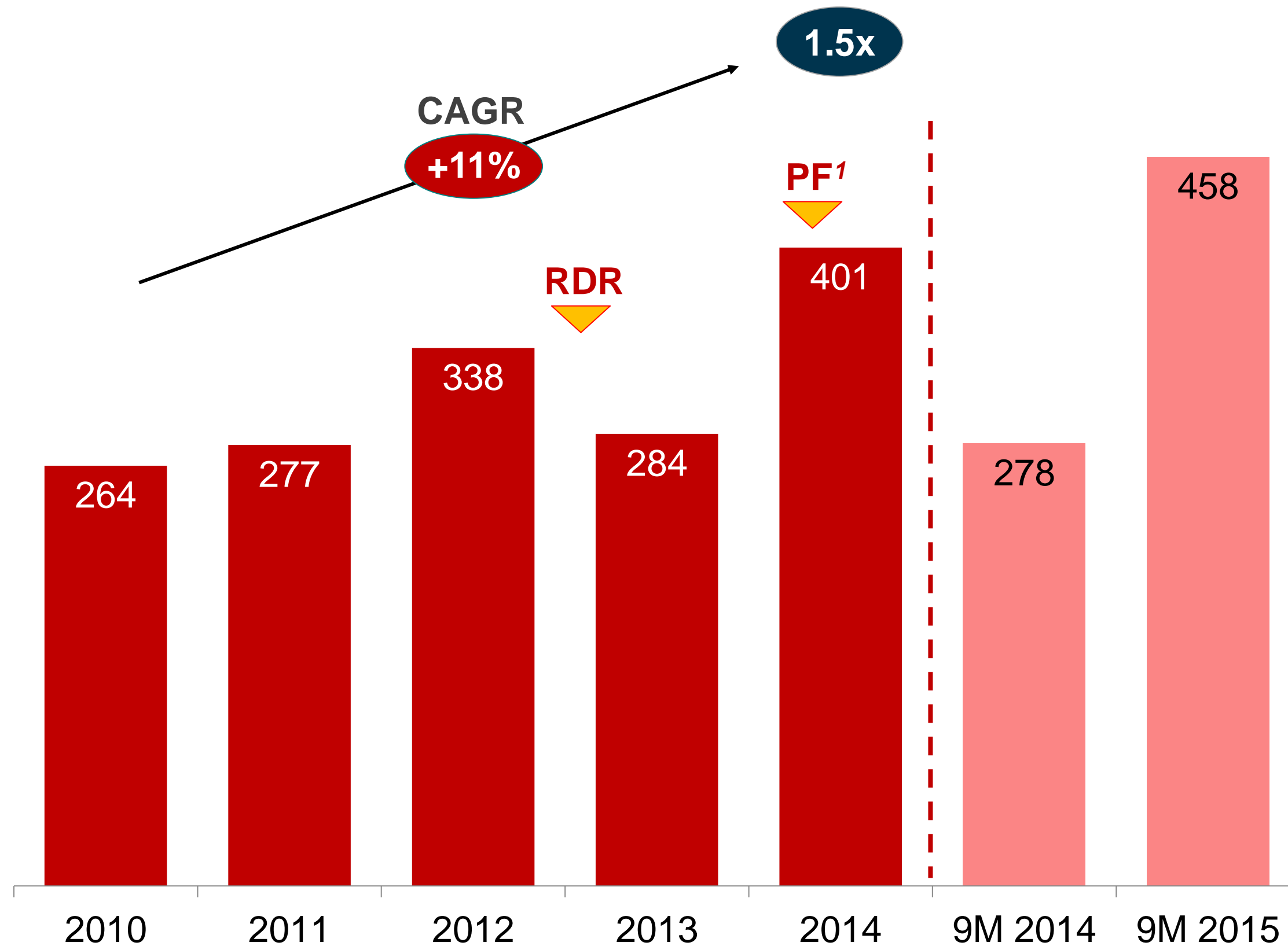


Retail Growth

Demand driven by core fund range and favourable demographics



Retail Growth Sales (APE; £m)



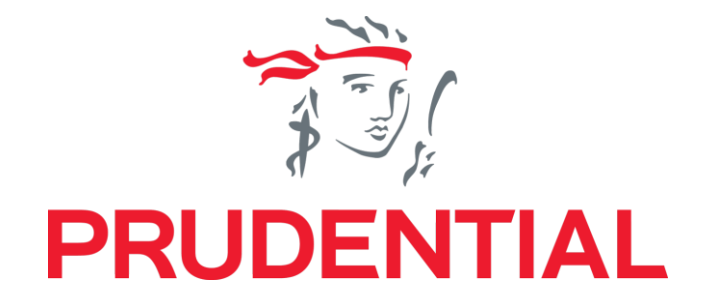
1. PF – 2014 Budget Announcement of Pensions Freedoms

- Long-term profitable growth of retail investment and pensions franchise
- PruFunds at the core of this success
- UK #1 in life bonds²
- 1 in every 6 drawdown sales in UK²
- Individual annuities down to 7% of new retail sales

2. Prudential analysis as at Q3 2015.

With-profits leverages Group capabilities

Combination creates a unique asset in the investment solutions market



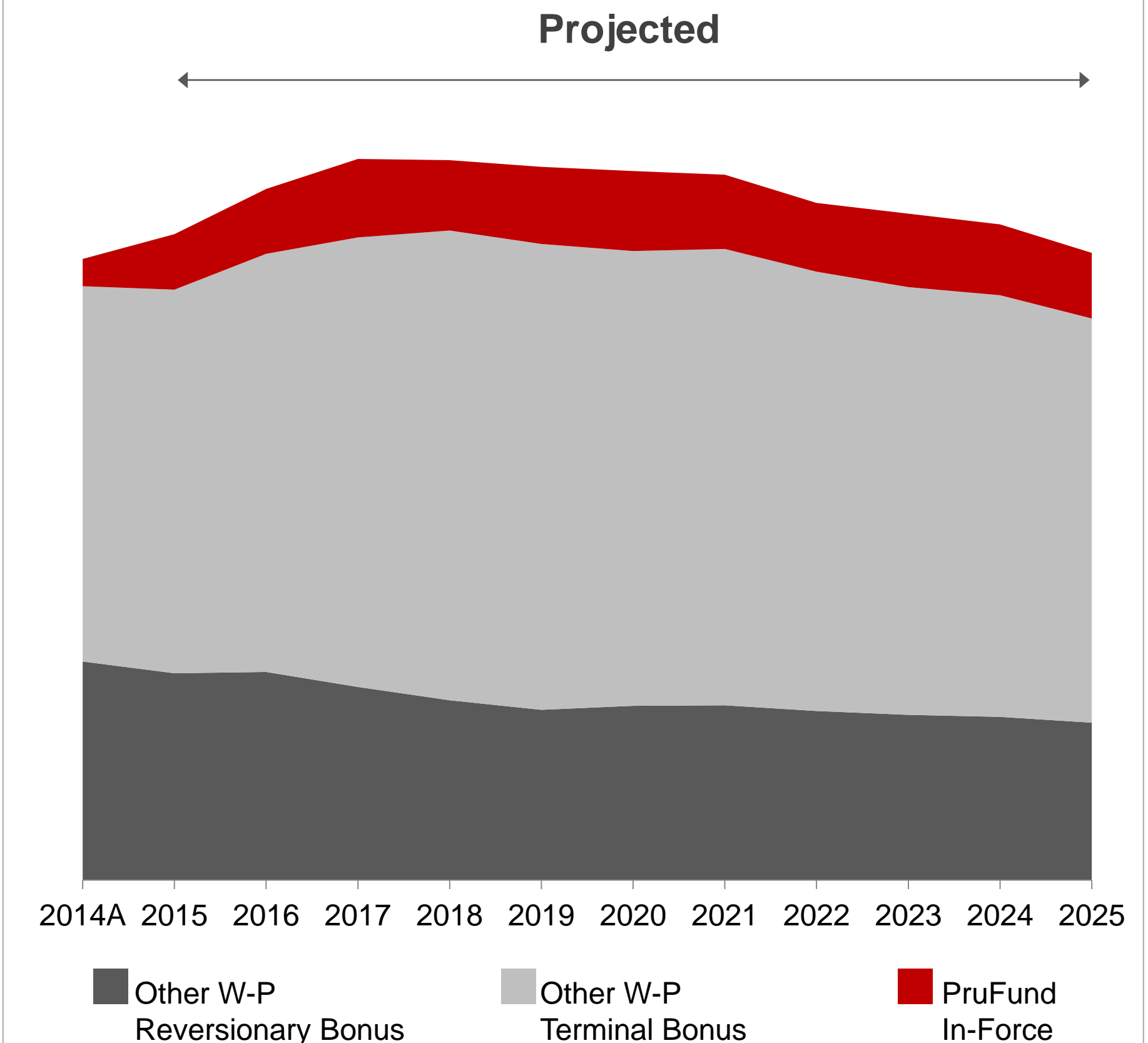
- Capital-efficient
- £104bn fund – around a third of all assets in with-profits funds across the market
- £7.5bn inherited estate¹
- Multi-asset fund – including infrastructure and other assets hard to source for retail investors
- Average annual return of 6.3% over past 10 years²

Prudential Group Capabilities supporting With-Profits Business



3. At end Q3 2015

Total Shareholder Transfer from all With-Profits⁴

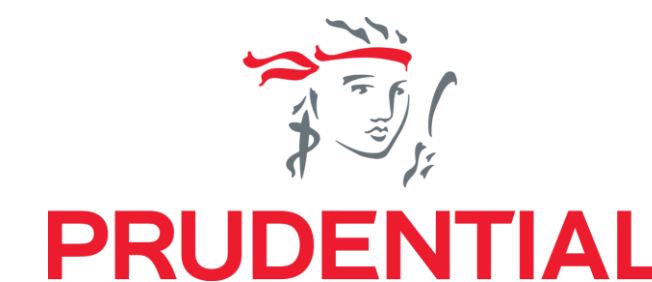


4. EEV projections showing the shareholder transfer (i.e. after tax) in the year paid (transfers are paid annually in arrears). Internal analysis, not externally audited.

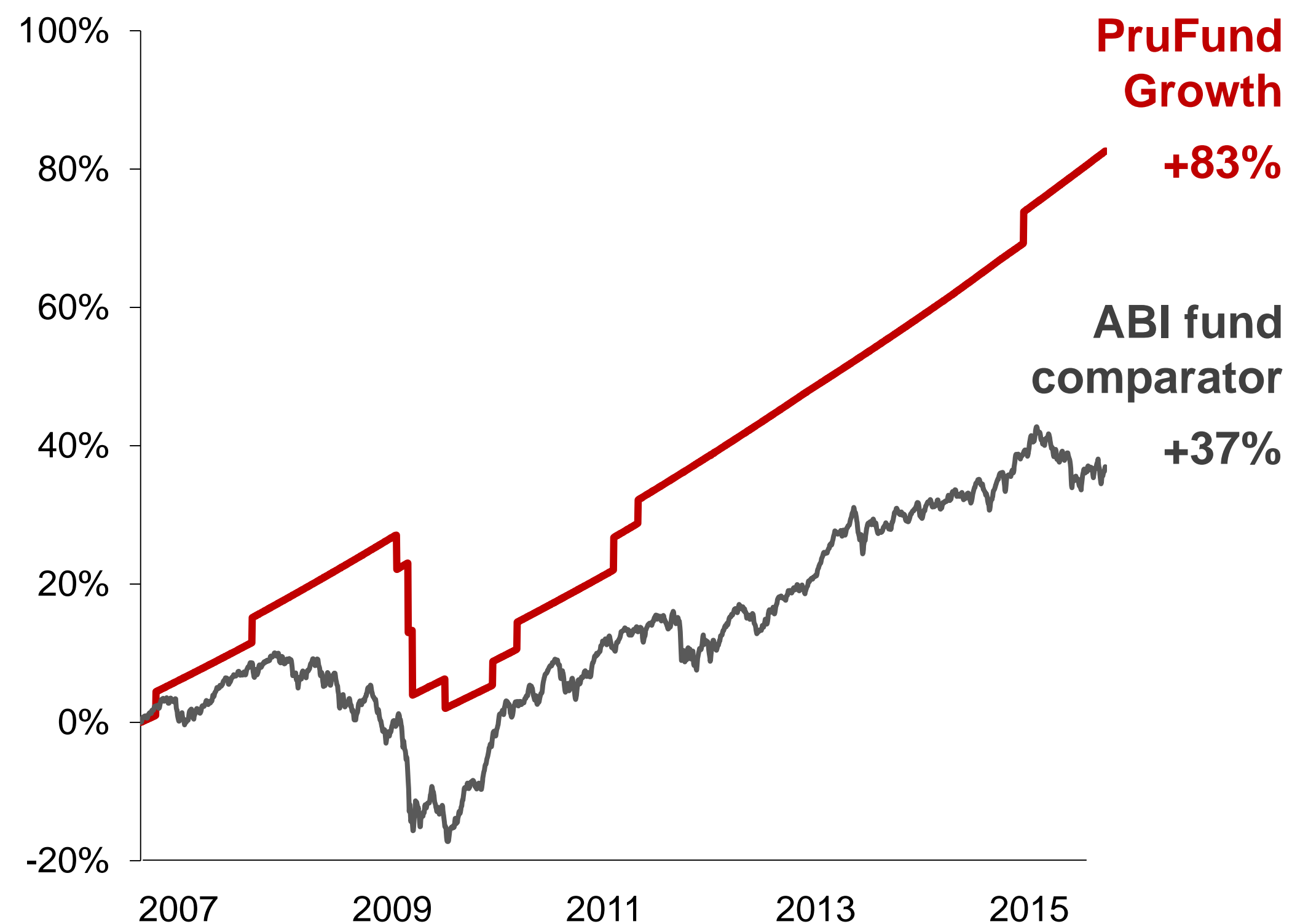
1. At Q3 2015
2. Until end Q3 2015

PruFund range

Strong growth and attractive returns for customers and shareholders

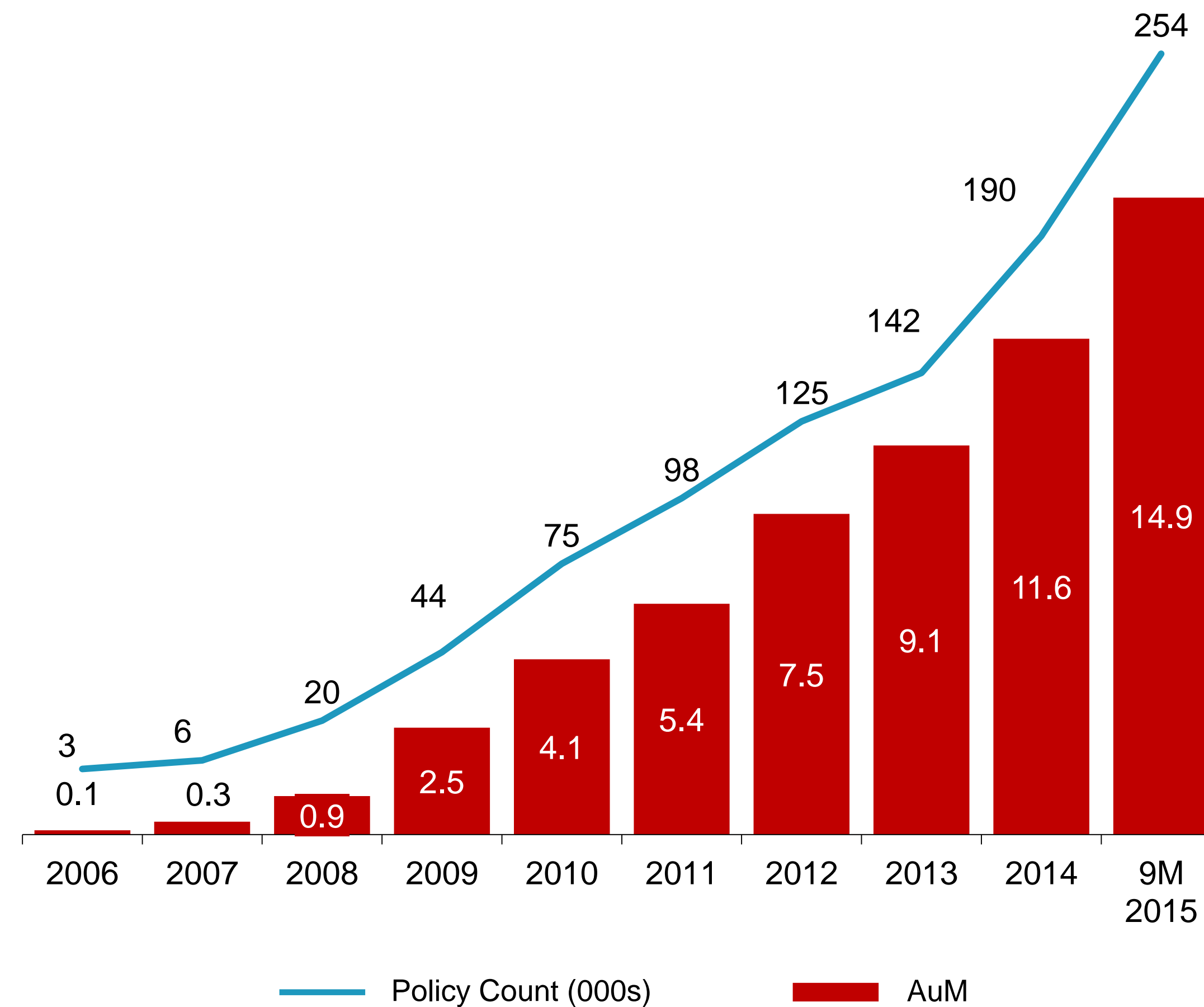


PruFund Investment Performance¹



1. ABI Mixed Investment 20%-60% Shares TR; performance from 30 December 2005 to 31 December 2015

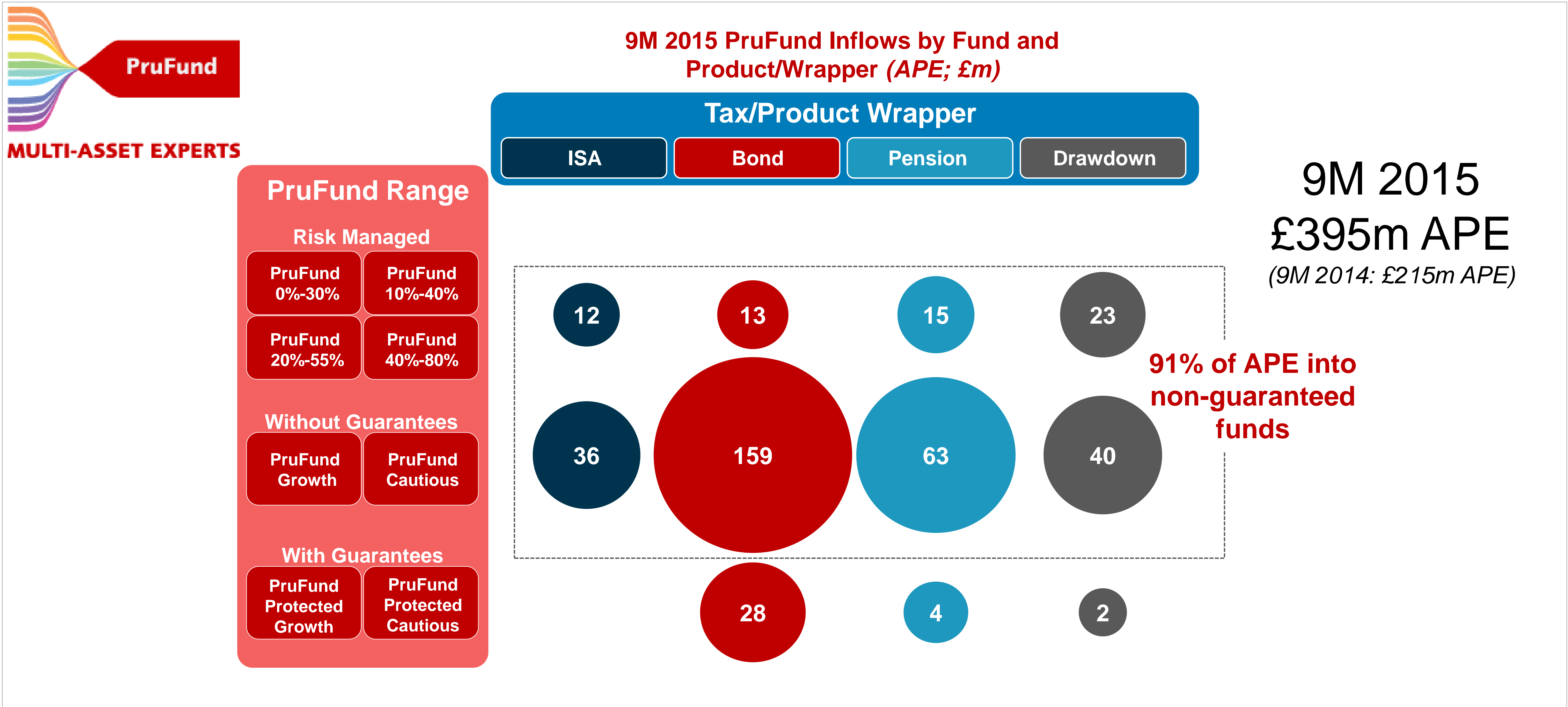
Growth in AuM (£bn) and Policy Count²



2. 2015 policy count as at 30 November 2015; 2015 AuM is as at 9M

PruFund range

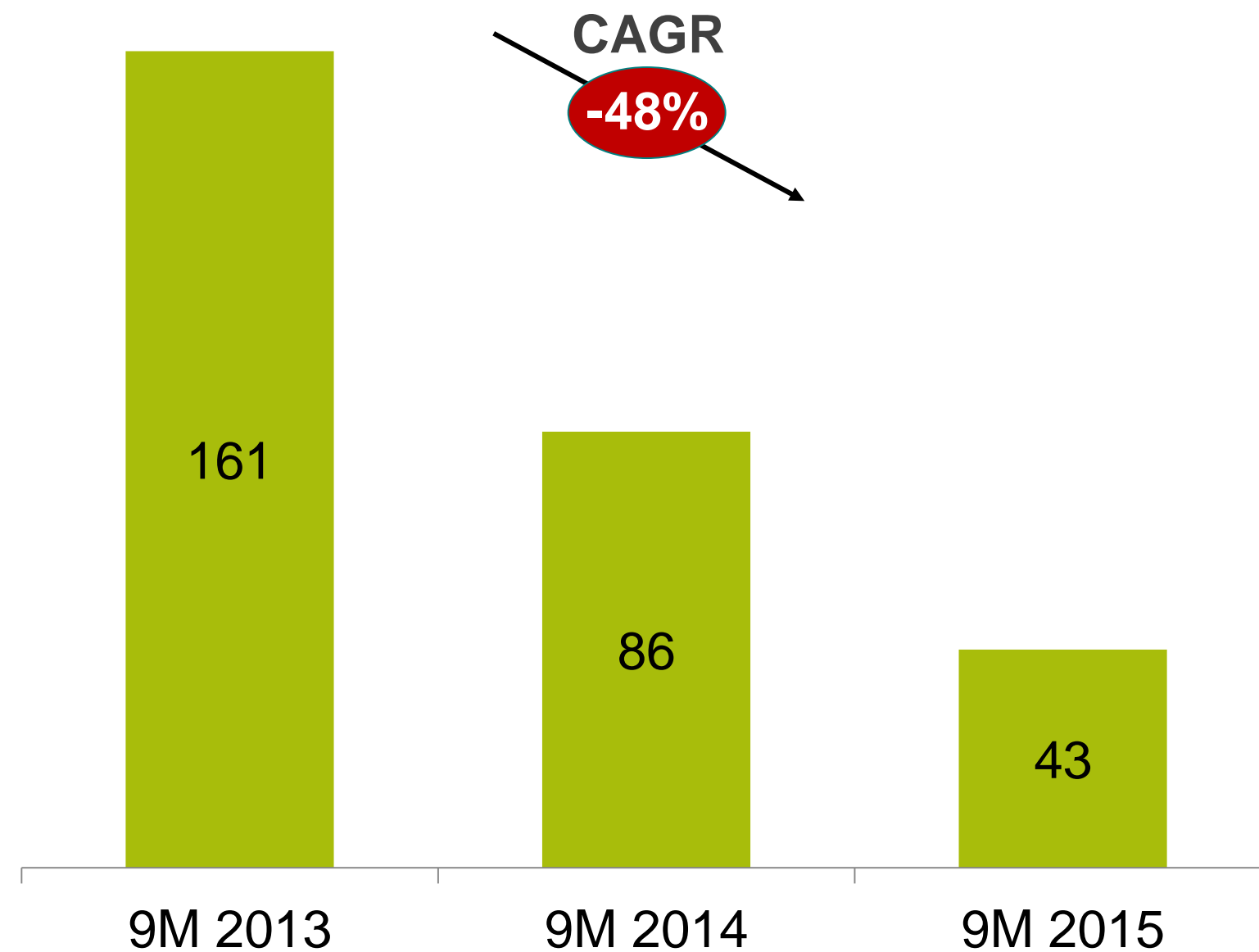
Growth across wrappers in 9M 2015



Retail annuities under Solvency II

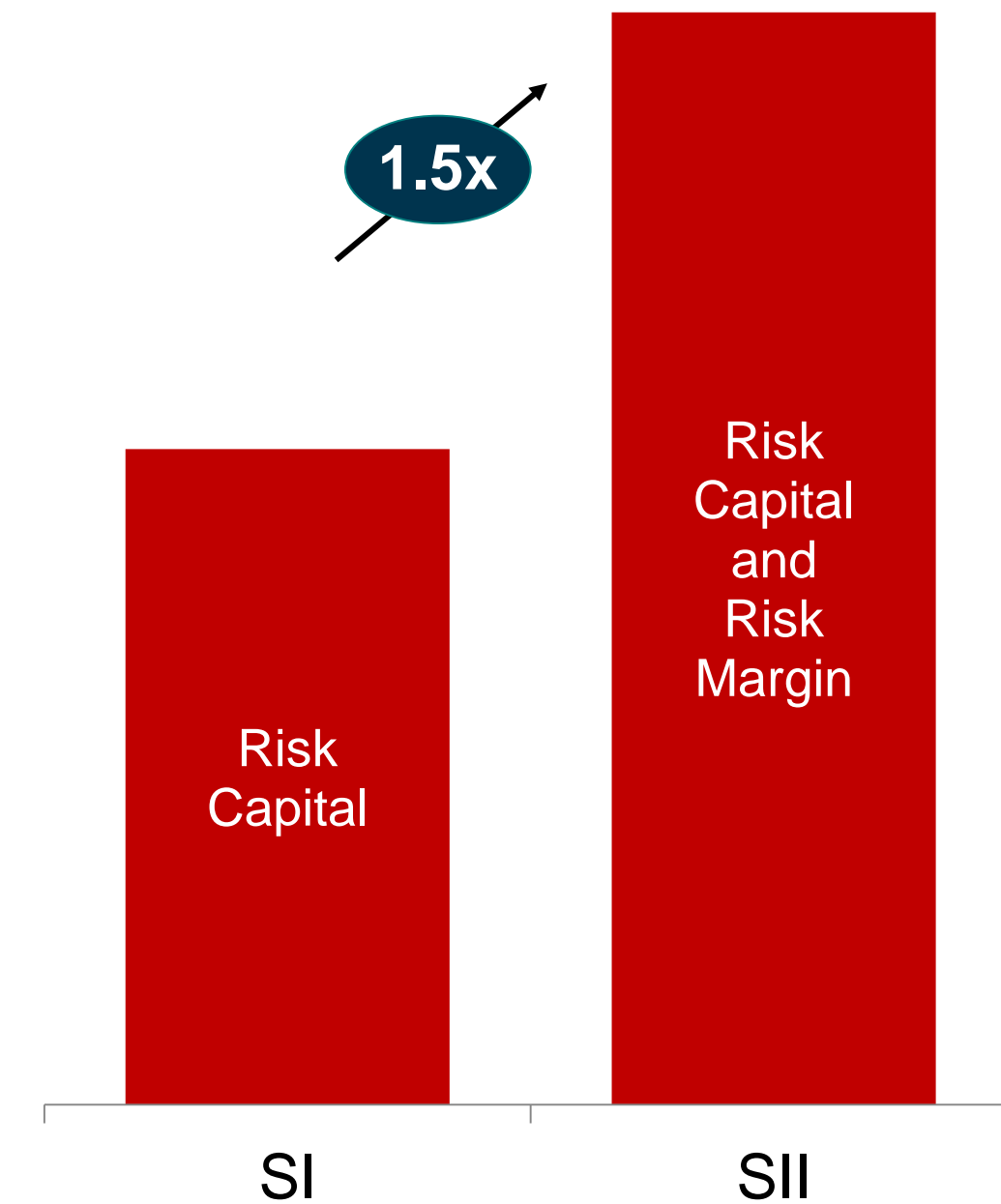
New business: lower customer demand and economics less favourable

Annuity Sales
(APE; £m)



- Customer preferences changing as a result of “Pensions Freedoms”
- A shift in the market away from annuities to income drawdown

Financial Resource Requirement for
New Retail Annuities
(illustrative)



- Increased financial resources requirement
- Longer payback period under SII
- Risk margin introduces new source of sensitivity to yield movements

Retail annuities under Solvency II

Strong future surplus from in-force annuity portfolio



Best
Estimate
Liabilities

- Used to meet payments to policyholders
- Surplus emerges with positive performance on longevity, credit and expenses

SCR

- Risk capital held under both Solvency I and II
- Released as portfolio runs off

Risk Margin

- Risk margin is an additional requirement and is released as portfolio runs off

Transitionals

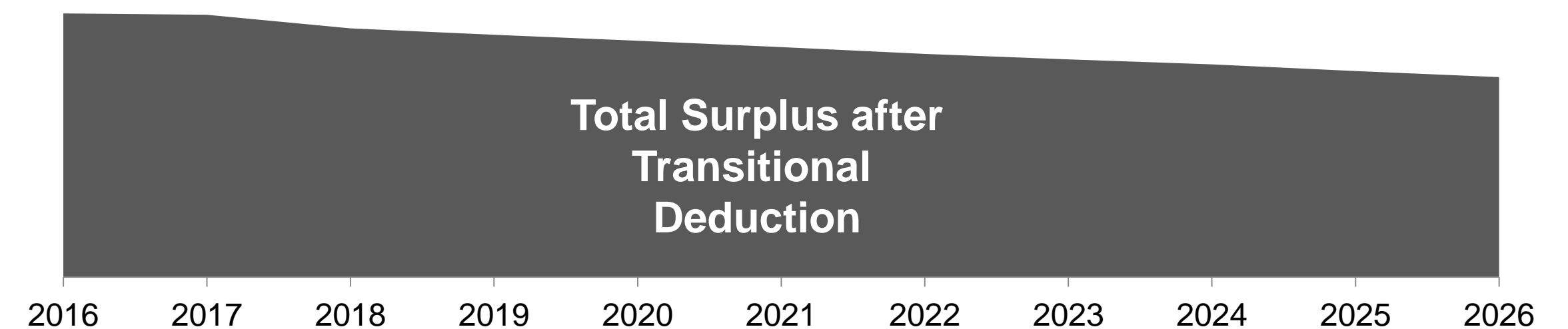
- Transitionals mitigate additional Solvency II requirements for in-force business
- Run-off broadly in line with Risk Margin

Best Estimate Liabilities and Capital Held



1. TD TP - transitional deduction for technical provisions

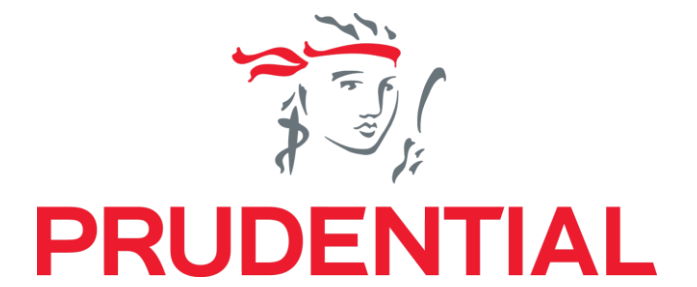
Surplus Emerging from In-force Annuity Portfolio²



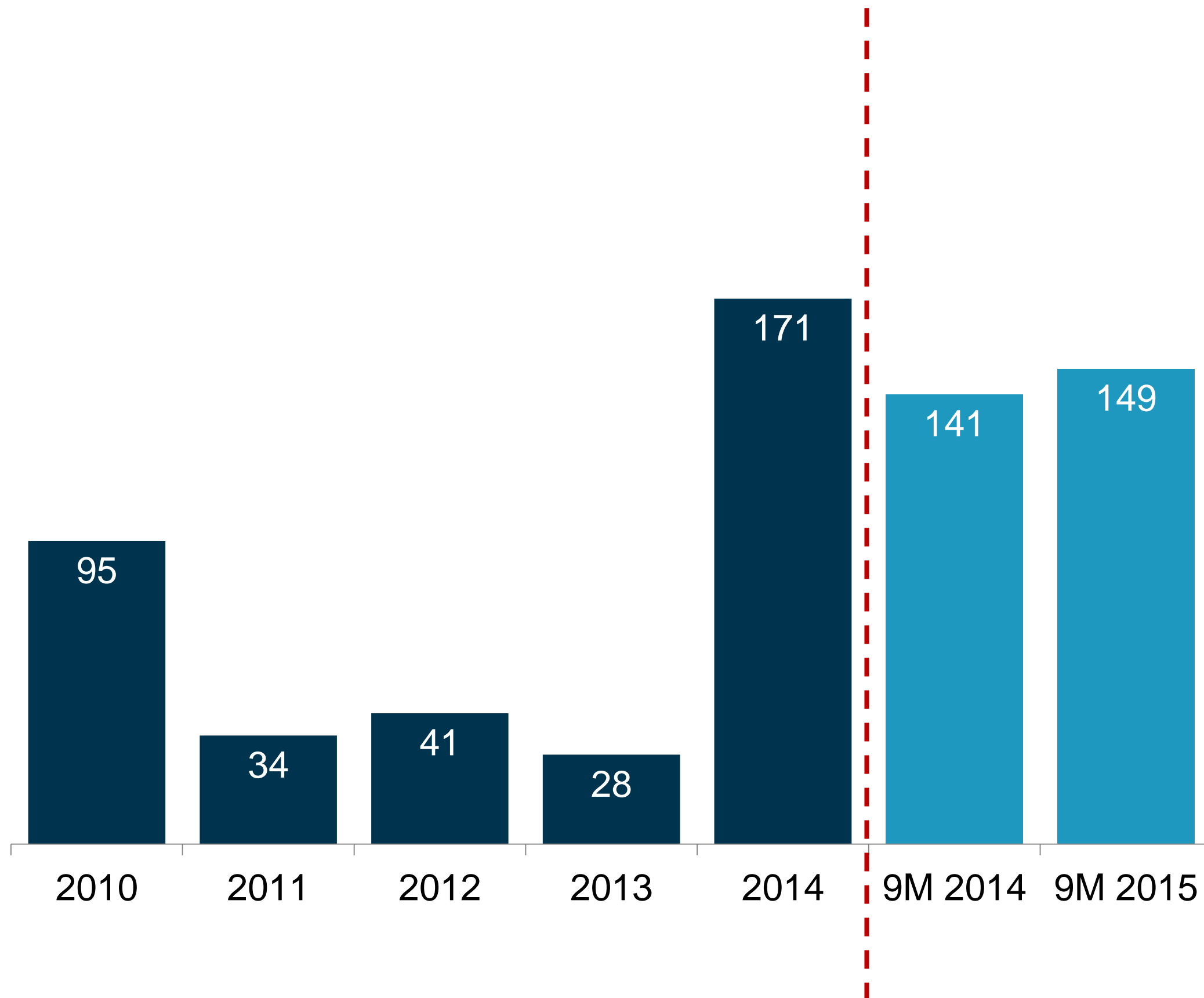
2. Best estimate projections. Internal analysis, not externally audited.

Wholesale

No change to financial criteria for writing bulk annuities



Bulk Annuities
(APE; £m)

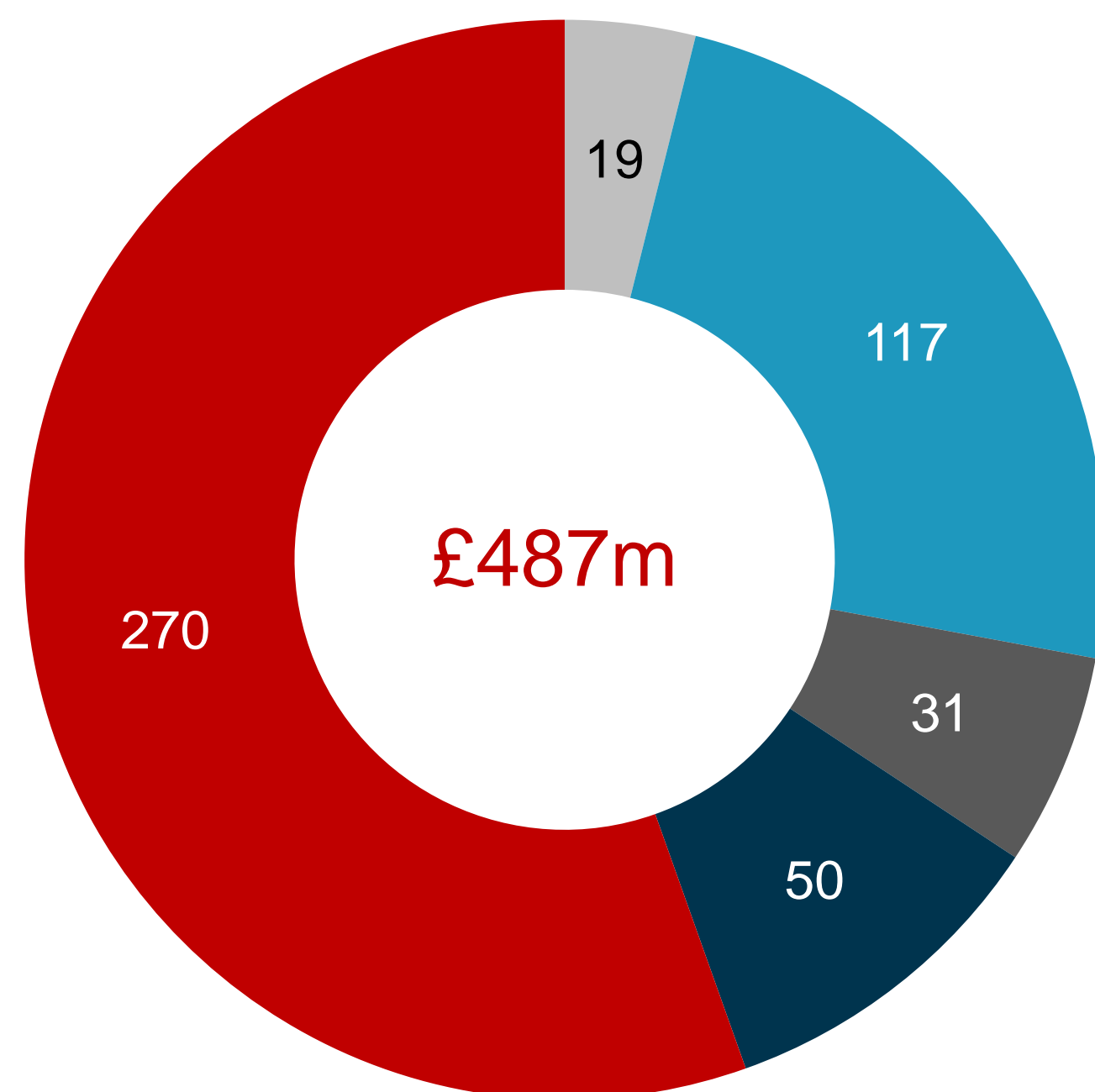


- Highly disciplined approach to our participation
- Business written must meet required RoC
- Selective use of reinsurance moderates SII effects

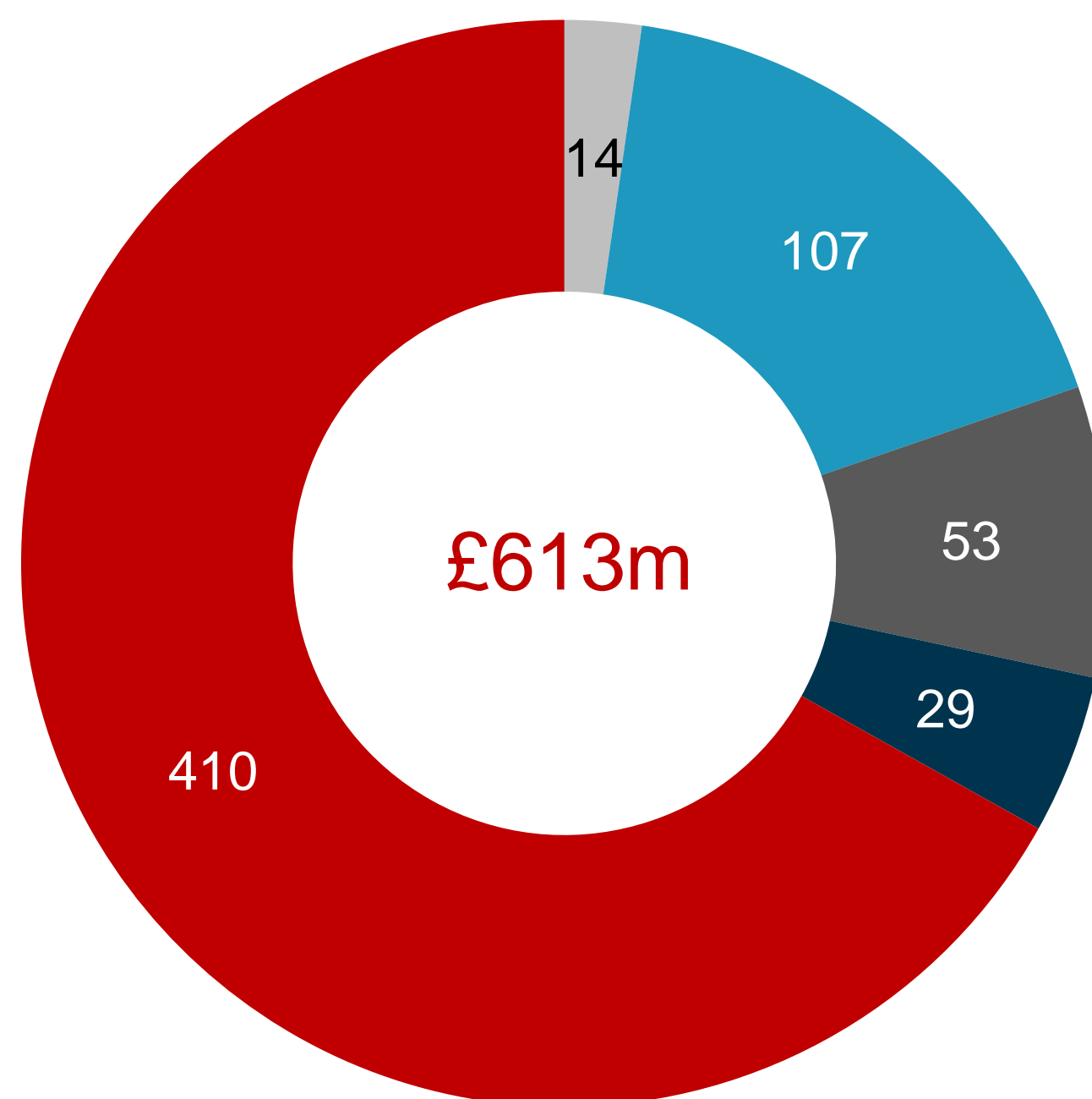
Distribution

Strong intermediary support and complementary direct access

9M 2014 Retail Sales by Distribution Channel (APE, £m)¹



9M 2015 Retail Sales by Distribution Channel (APE, £m)



- Intermediated
- Direct, Retail Voice
- Direct, Prudential Financial Planning
- Corporate Pensions
- Other

1. Excluding £20m APE for PruHealth and PruProtect

Intermediated distribution

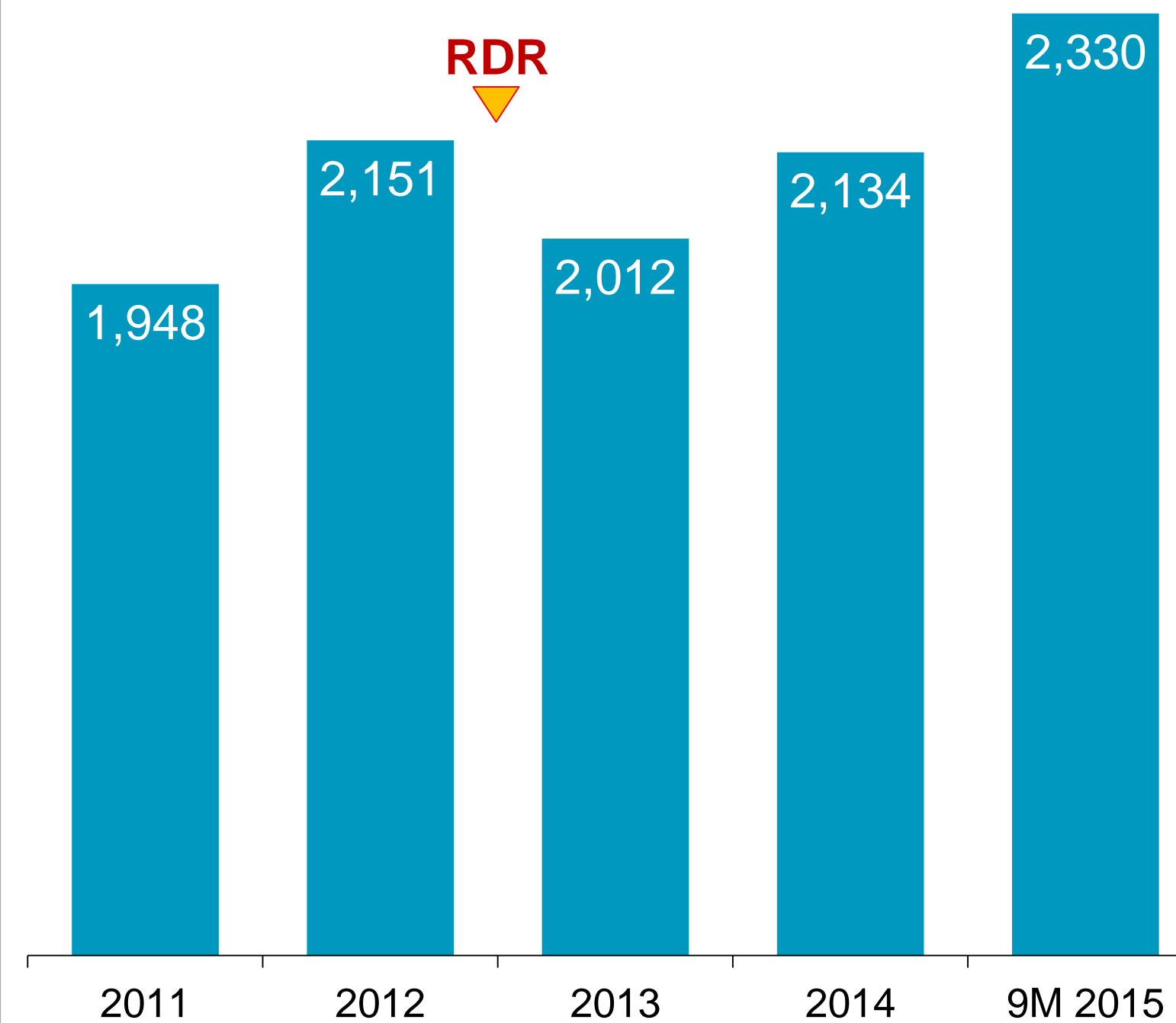
Market leading model underpinning strong growth

“Power of Three”

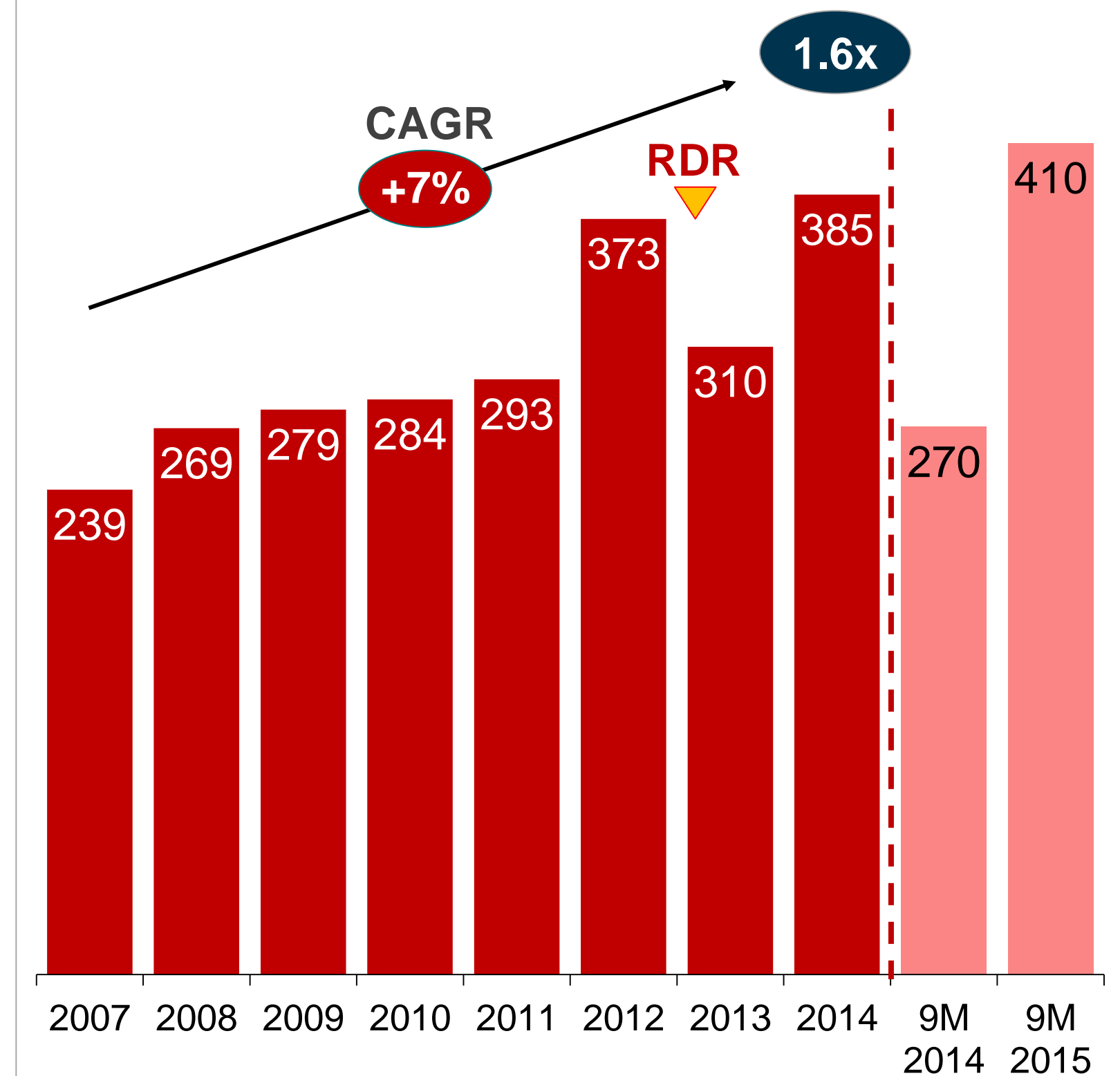
- 180-strong sales team
- Relationships with c5,500 intermediary firms
- Face to face and telephony adviser support



Intermediary Firms using Prudential UK&E (monthly averages)

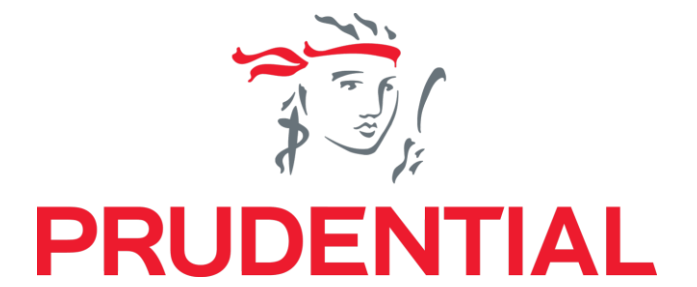


Long-term Intermediated Distribution Growth, (APE; £m)



Direct distribution

Prudential Financial Planning: well-positioned in new environment

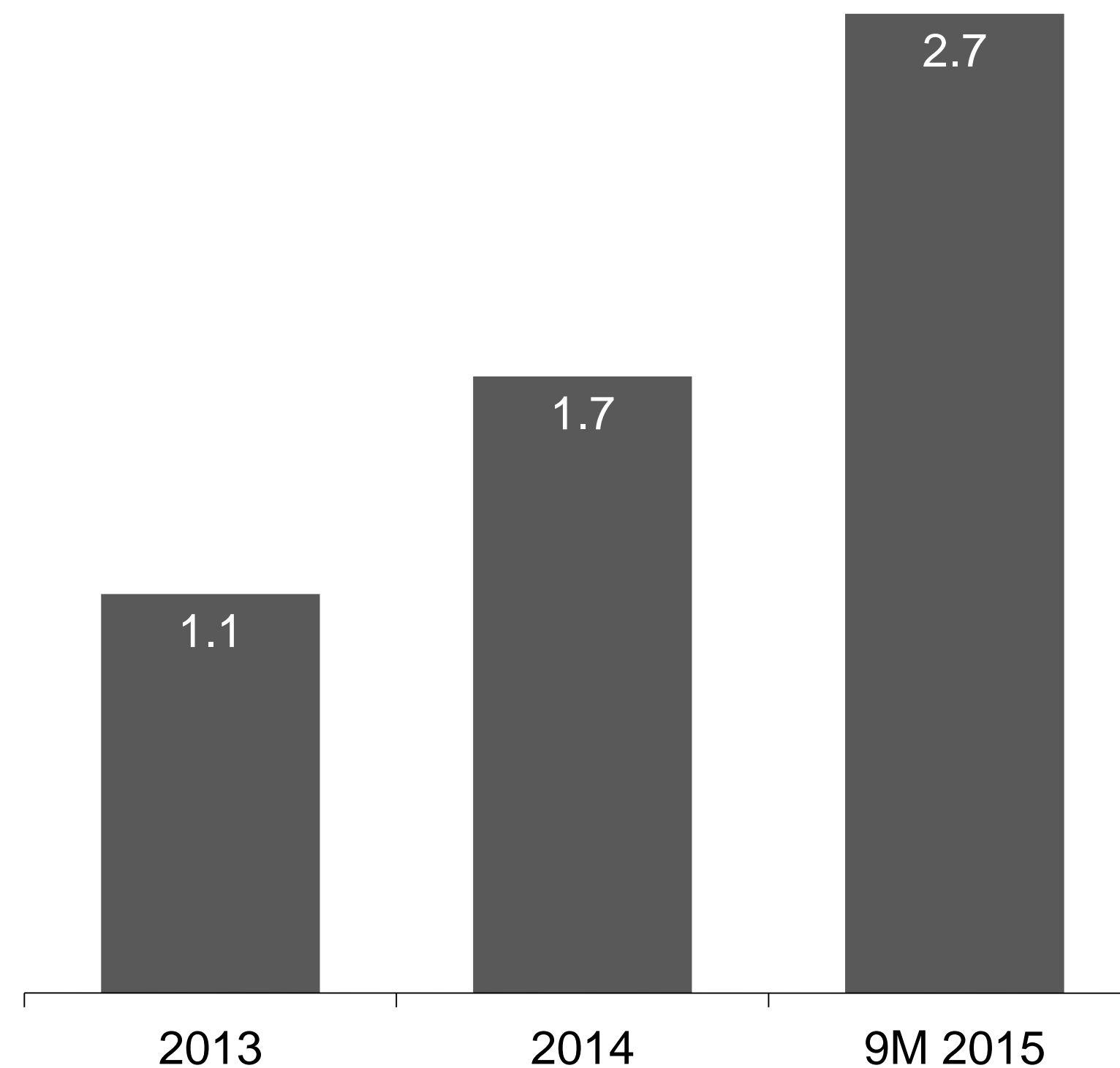


Direct Advice Model

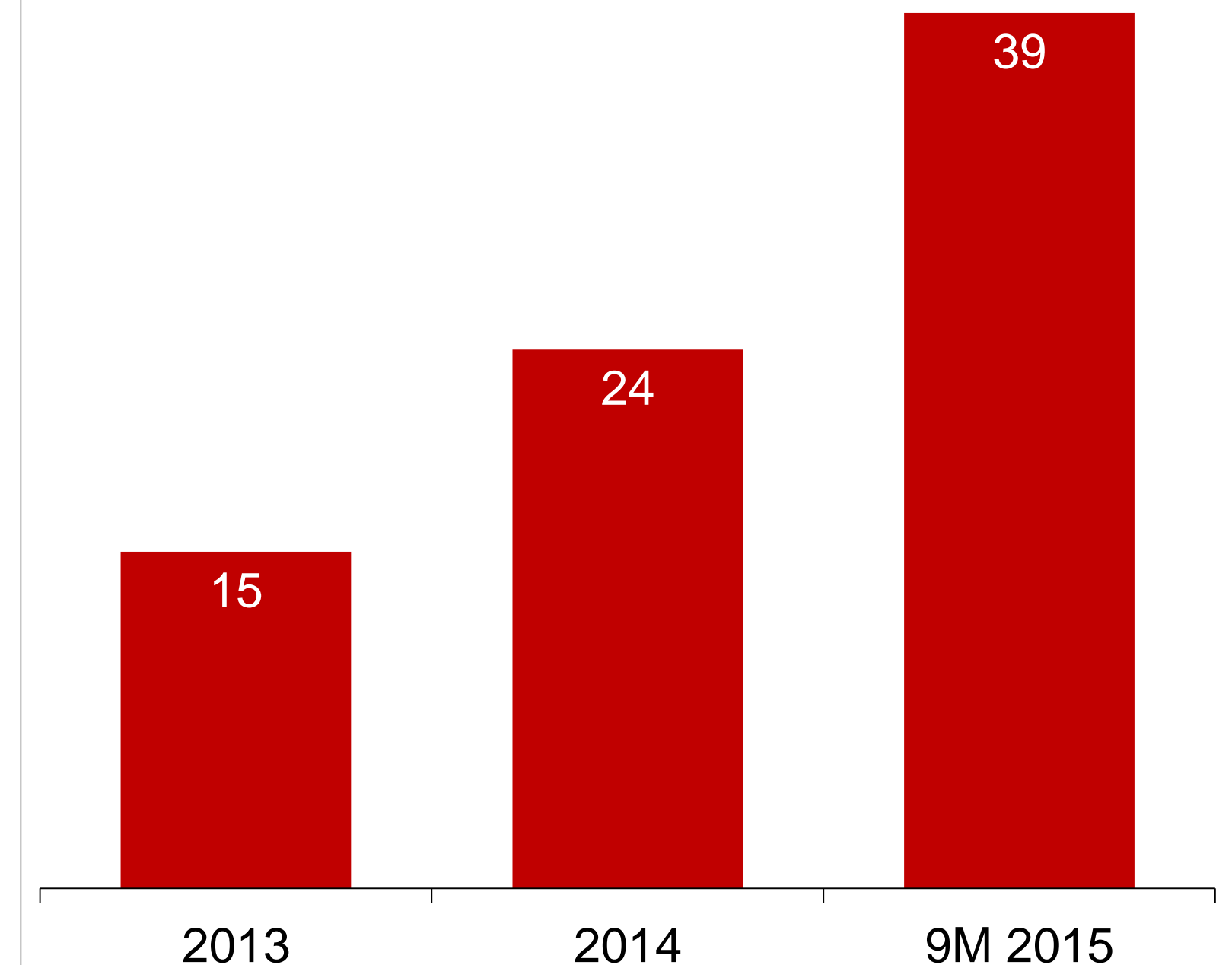
- 240 salaried advisers
- 80% of sales from existing Prudential customers



Assets Under Advice, (£bn)



Clients Under Advice, (000s)¹



1. Clients under advice are presented here at household level

Proposition and channel development


Investment to modernise offer and digitise business



2013

2014-15

2016+

- “Packaged” PruFund Bonds & Pensions
- Conventional & With-Profits Annuities
- Improved offline customer experience
- Flexi-Access Drawdown for Advisers and D2C
- PruFund ISA & Dynamic Focused Portfolio Funds
-  online D2C product management
- PruFund in the Retirement Account
- Online PruFund ISA, further fund development
- Online D2C sales for new business
- Further roll-out of multi-channel contact capability

Industry recognition

Broad support for the proposition

Service



On-line

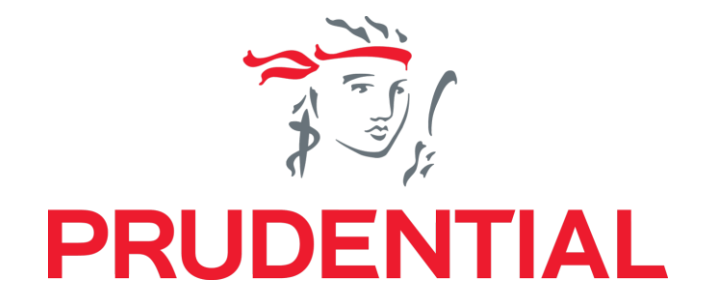


Product



Summary

A capital-efficient growth business with strict management of in-force value



Strong 9M 2015 Performance

- Retail sales of £613m APE for 9M 2015, up 26% on 9M 2014
- Robust bulk annuity performance

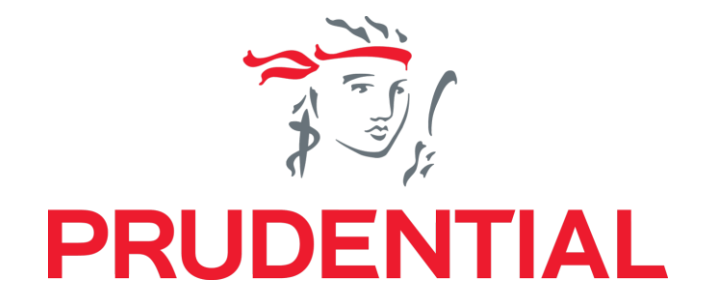
Retail Growth Business

- Strong growth and ongoing demand for our market leading and differentiated risk managed investment solutions
- Growing momentum across our robust and diversified distribution capability
- Modernisation of product and channels to market
- Reduced appetite for annuities

In-force Optimisation

- Resilient and predictable earnings, free surplus and cash generation
- Optimisation opportunities in managing annuity back-book
- Customer service and experience a key focus

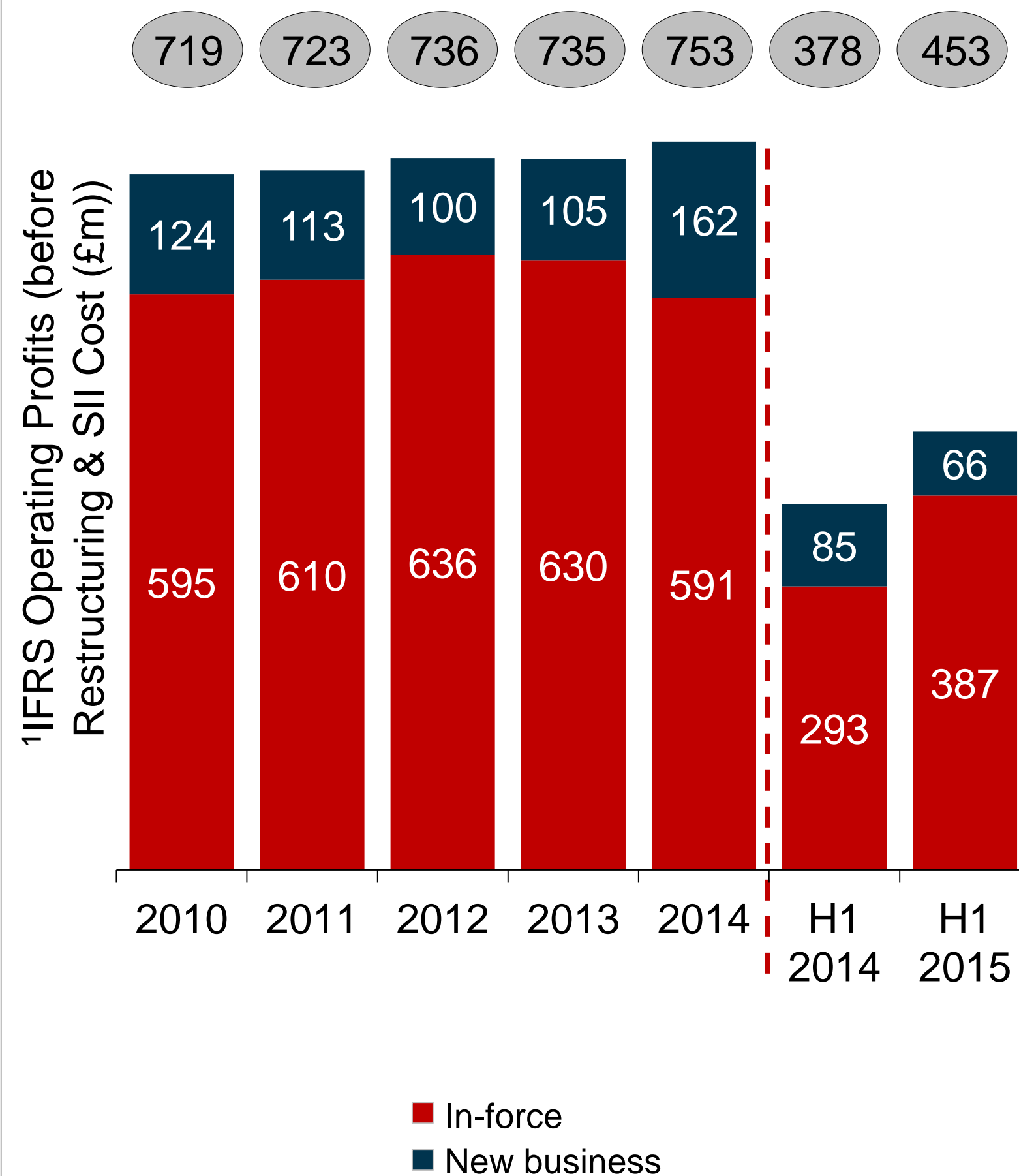
Appendices



Financials

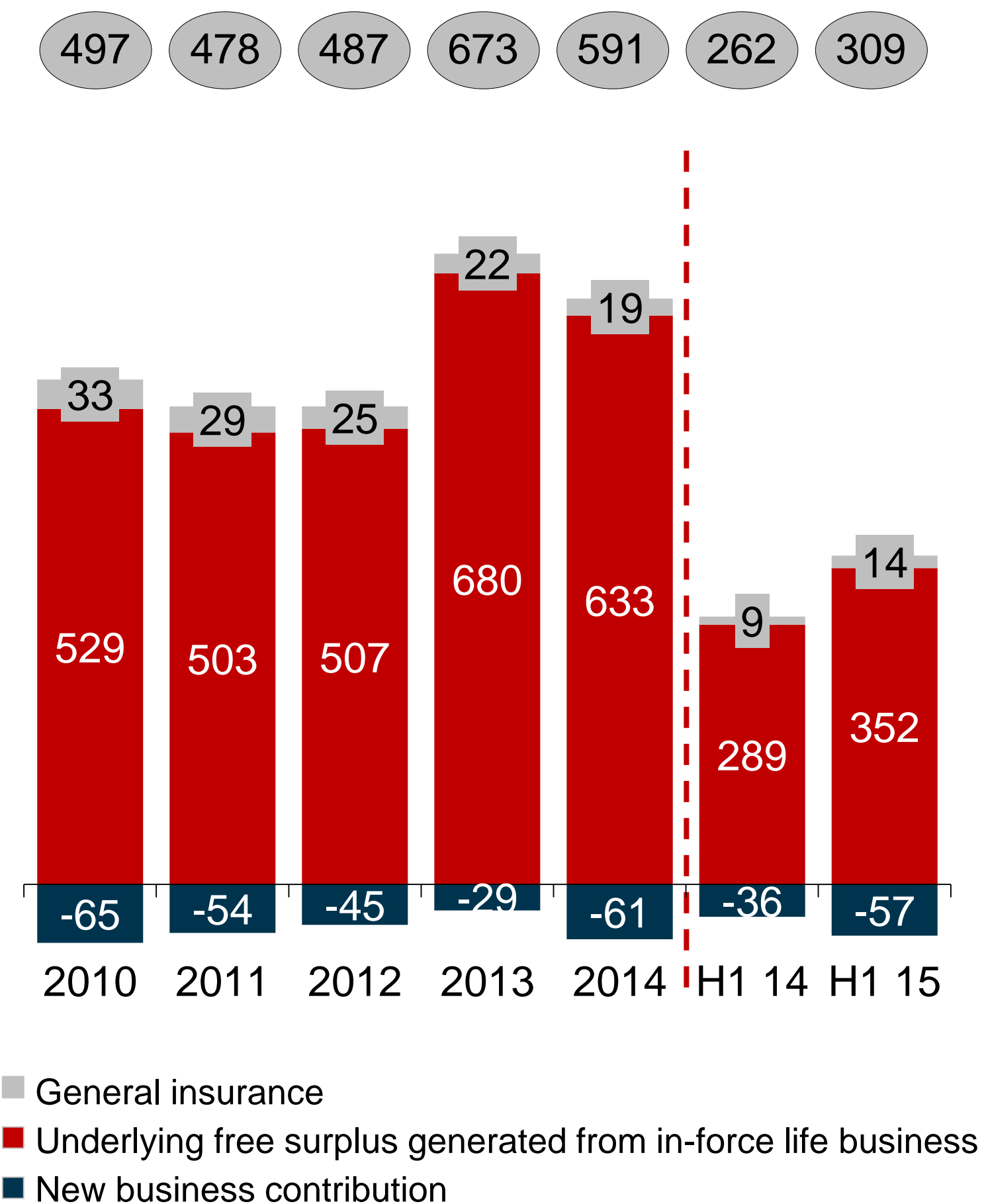
Sustained profitability, predictable free surplus and cash generation

Strong IFRS Generation from In-Force, Resilient over the Medium Term^{1, 2}

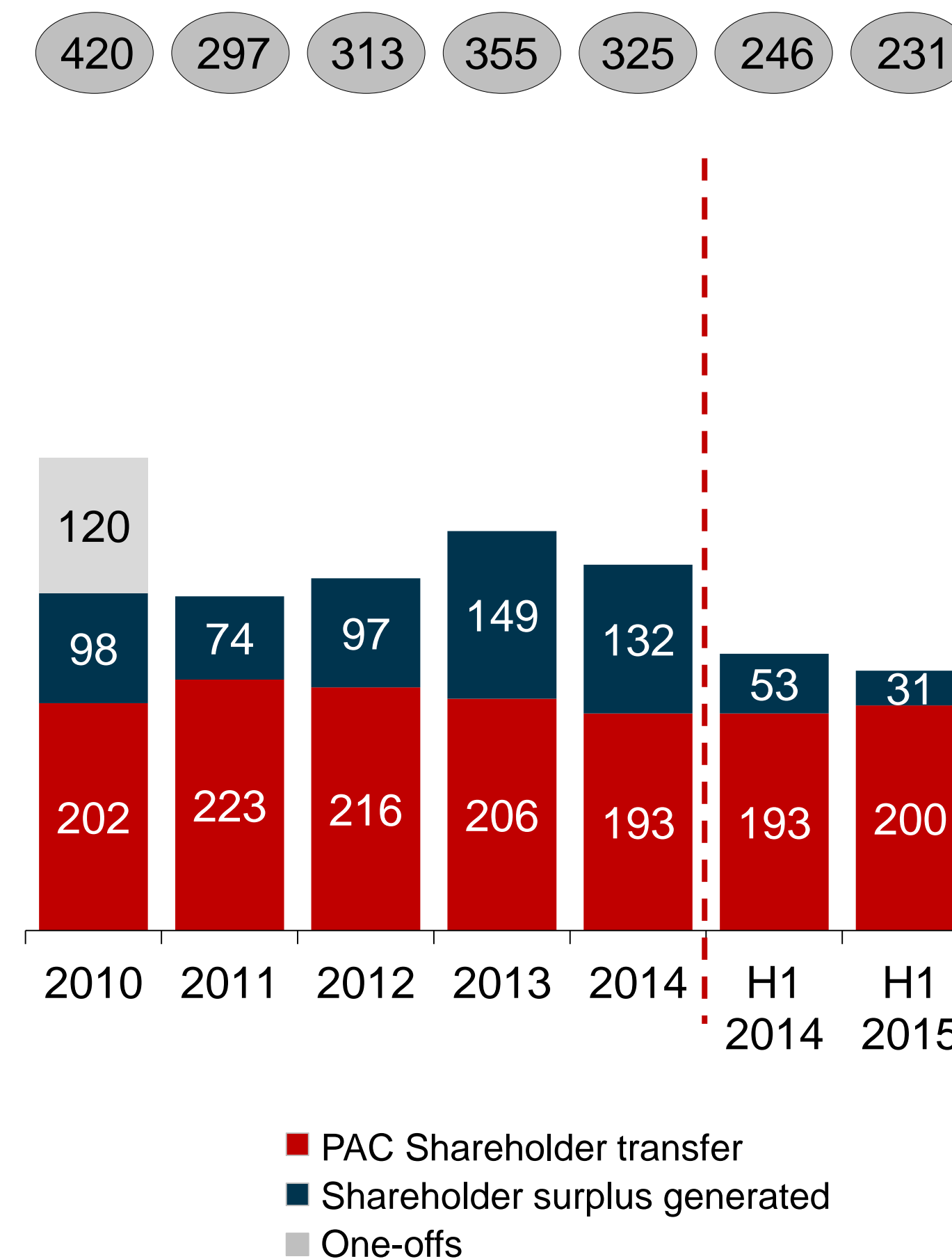


2. Excluding PruHealth and PruProtect in 2014 and H1 2014.

Operating Free Surplus Generated (£m)²



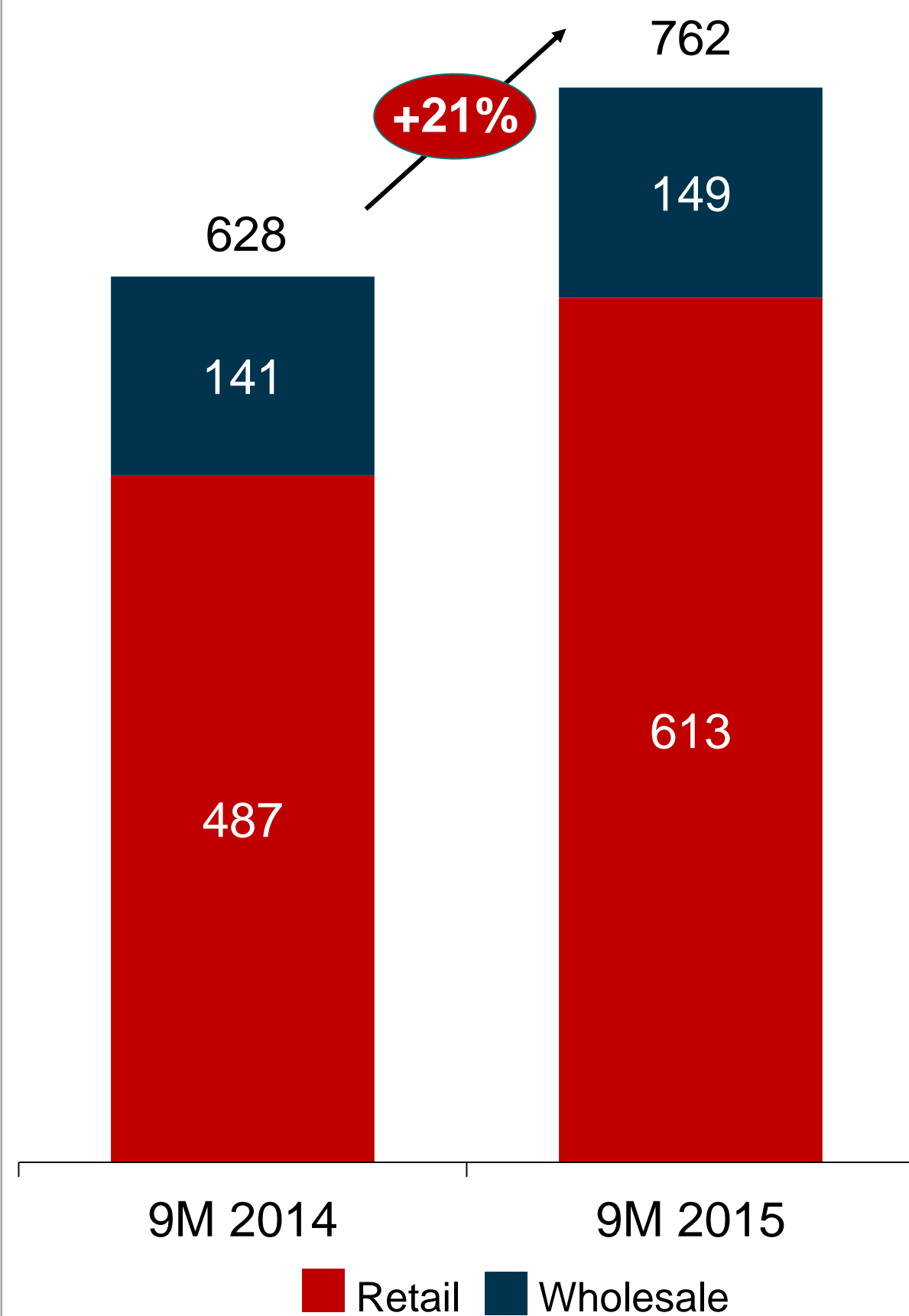
Cash Remittances to Group (£m)



Financials

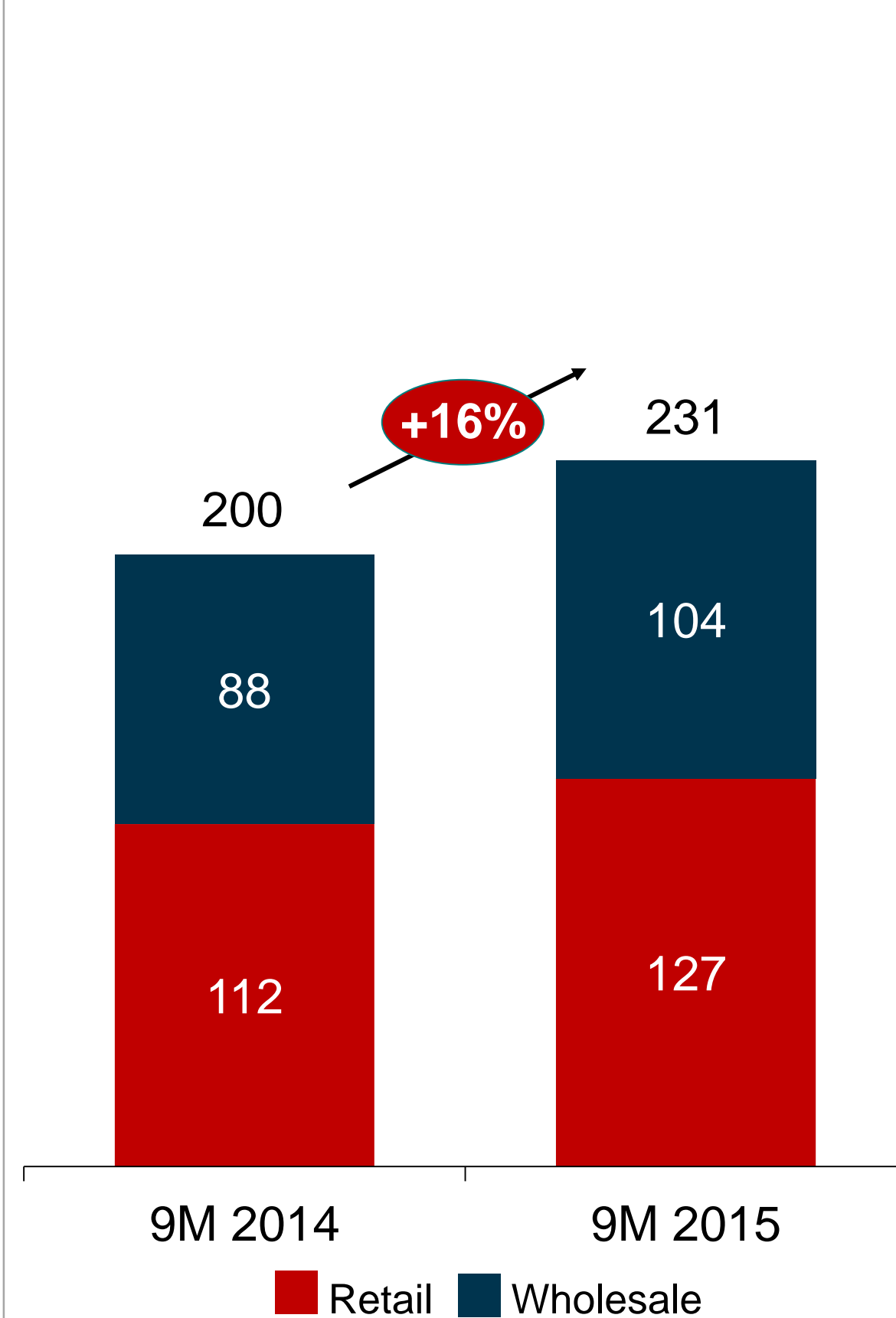
Robust new business performance

**Total Sales
(APE; £m)¹**



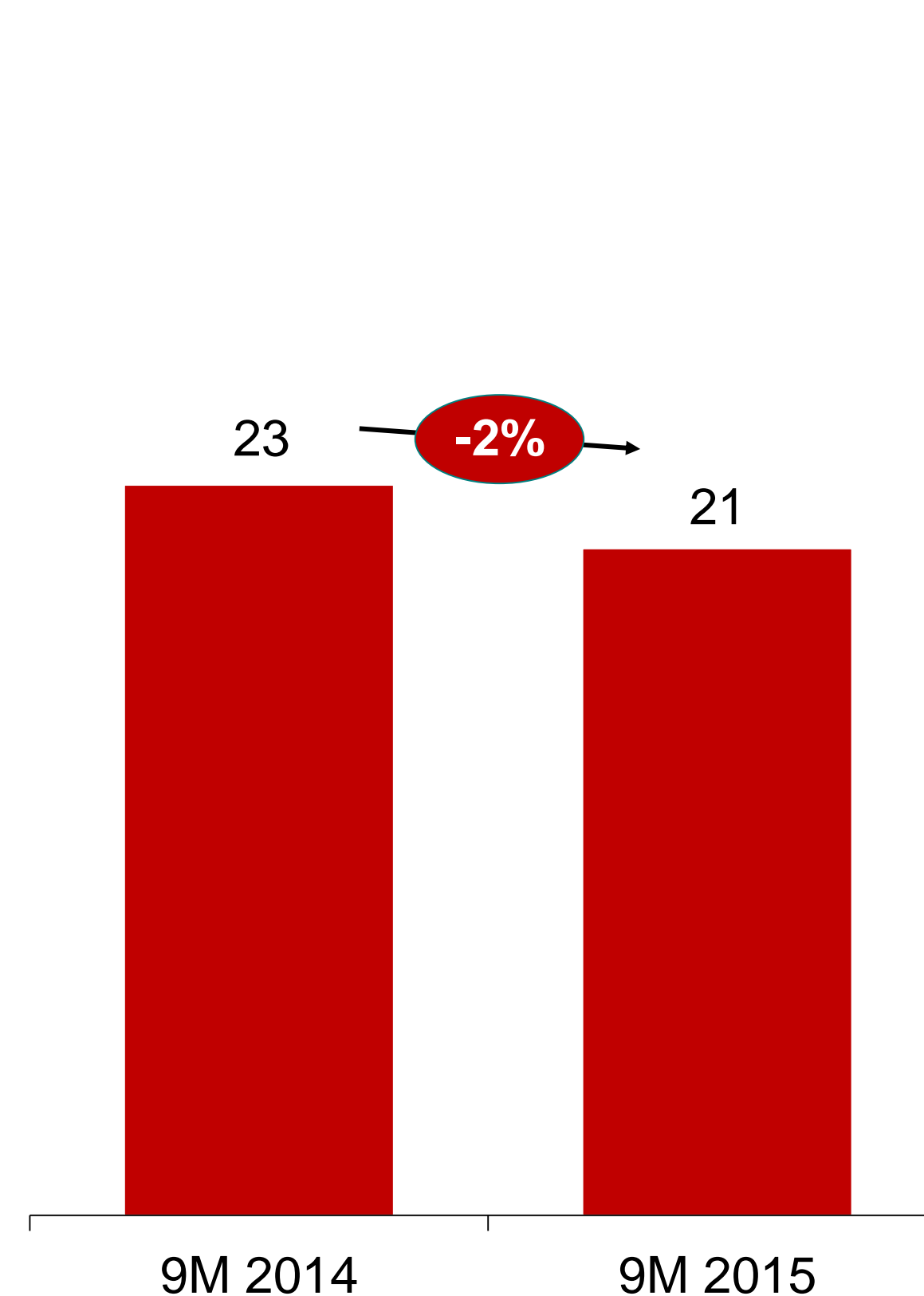
1. Excluding £20m APE for PruHealth and PruProtect in 9M 2014

**New Business EEV Profit
(Net) (£m)²**



2. Excluding £9m for PruHealth and PruProtect in 9M 2014

**Retail New Business
Margin (APE, %)³**



3. Excluding PruHealth and PruProtect in 9M 2014

**Wholesale New Business
Margin (APE, %)**



M&G Investments

Michael McLintock - Chief Executive

Grant Speirs - Group Finance Director



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Agenda

Why are we experiencing retail outflows?

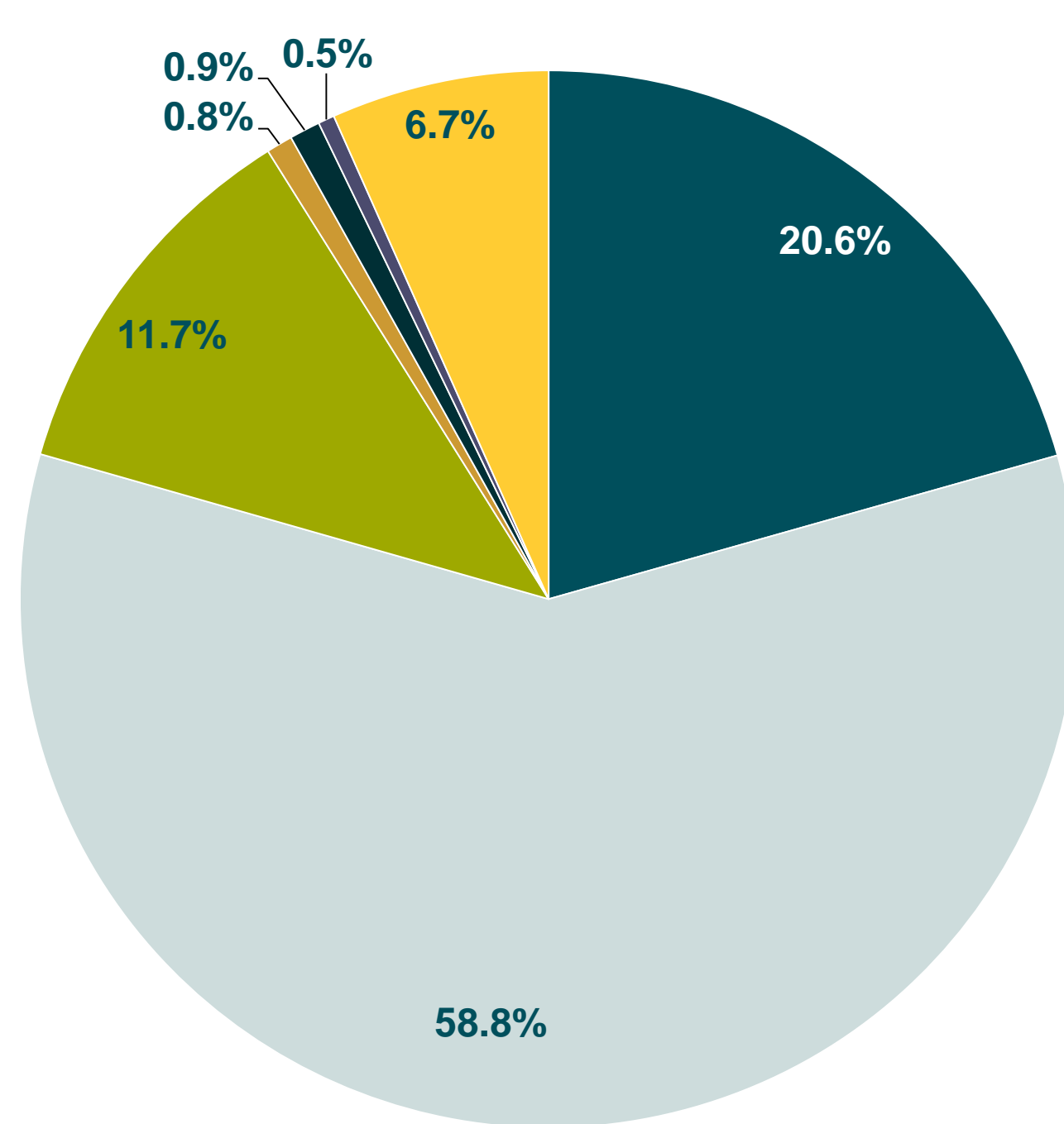
Breadth of the business

Snapshot financials

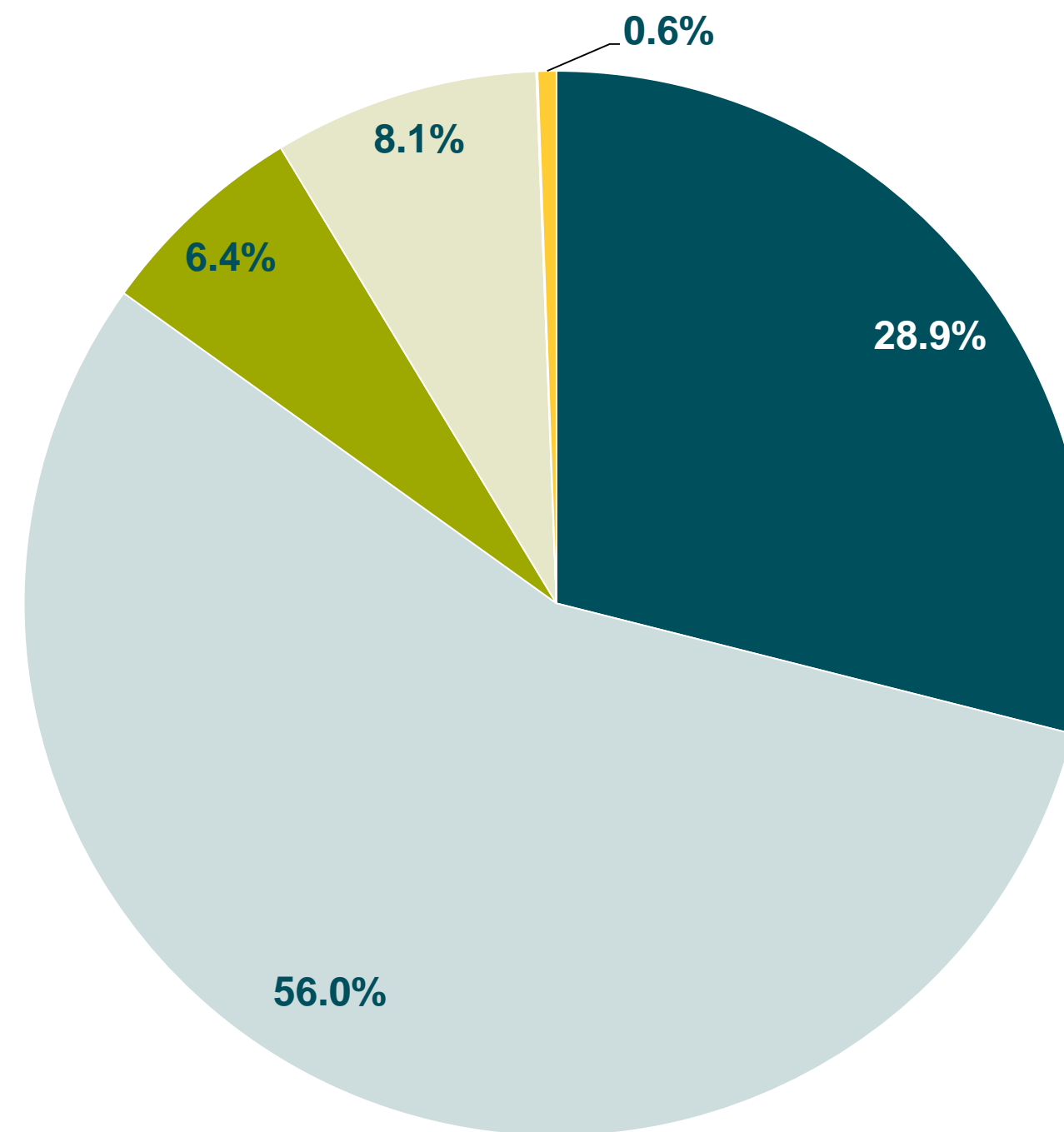
A look forward

M&G's investment expertise: diversified across all the principal asset classes

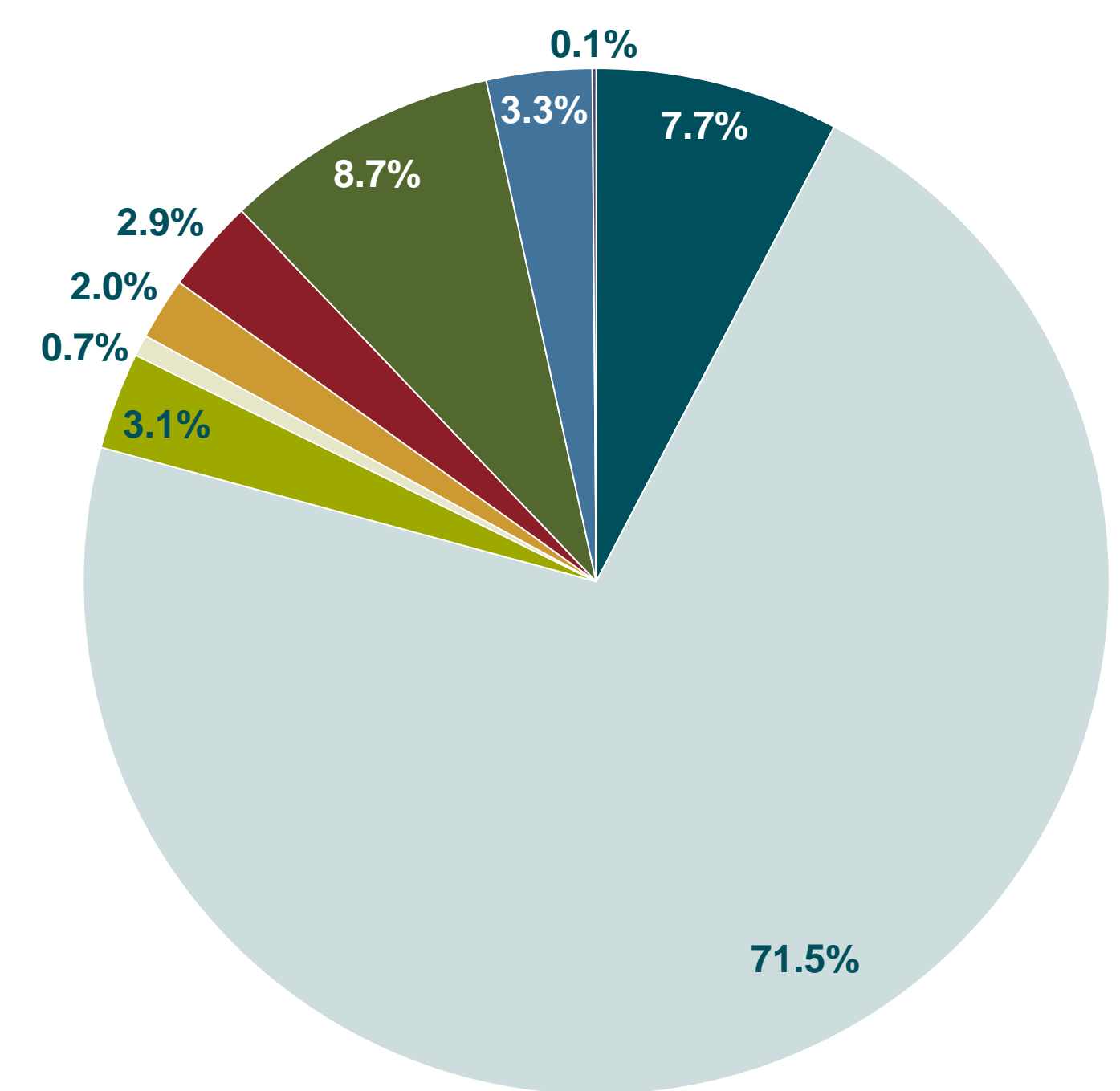
M&G Group assets under management by client type and asset class (%), end September 2015



Internal AUM: £120.2bn



Retail AUM: £63.5bn



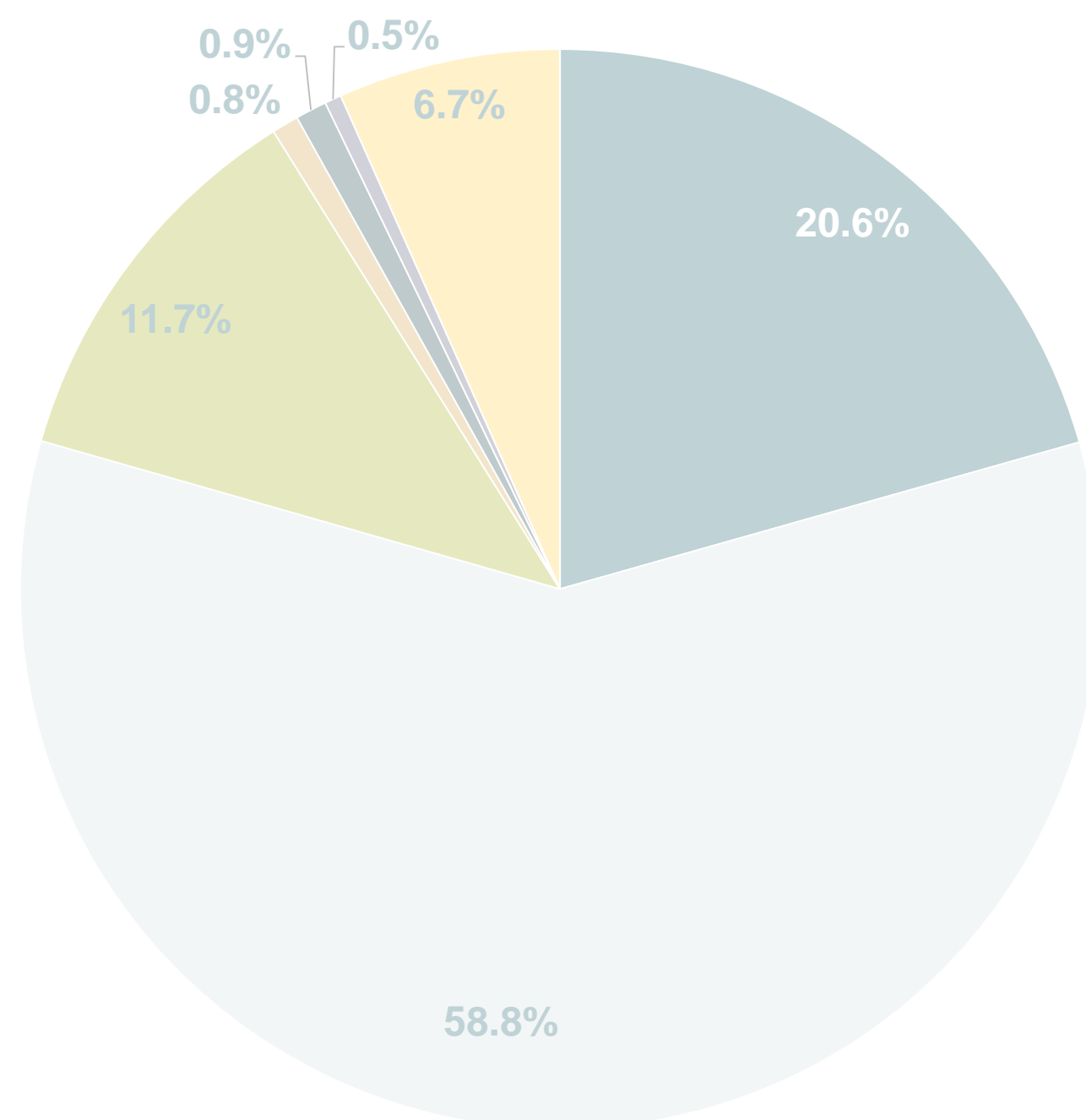
Wholesale AUM: £63.8bn



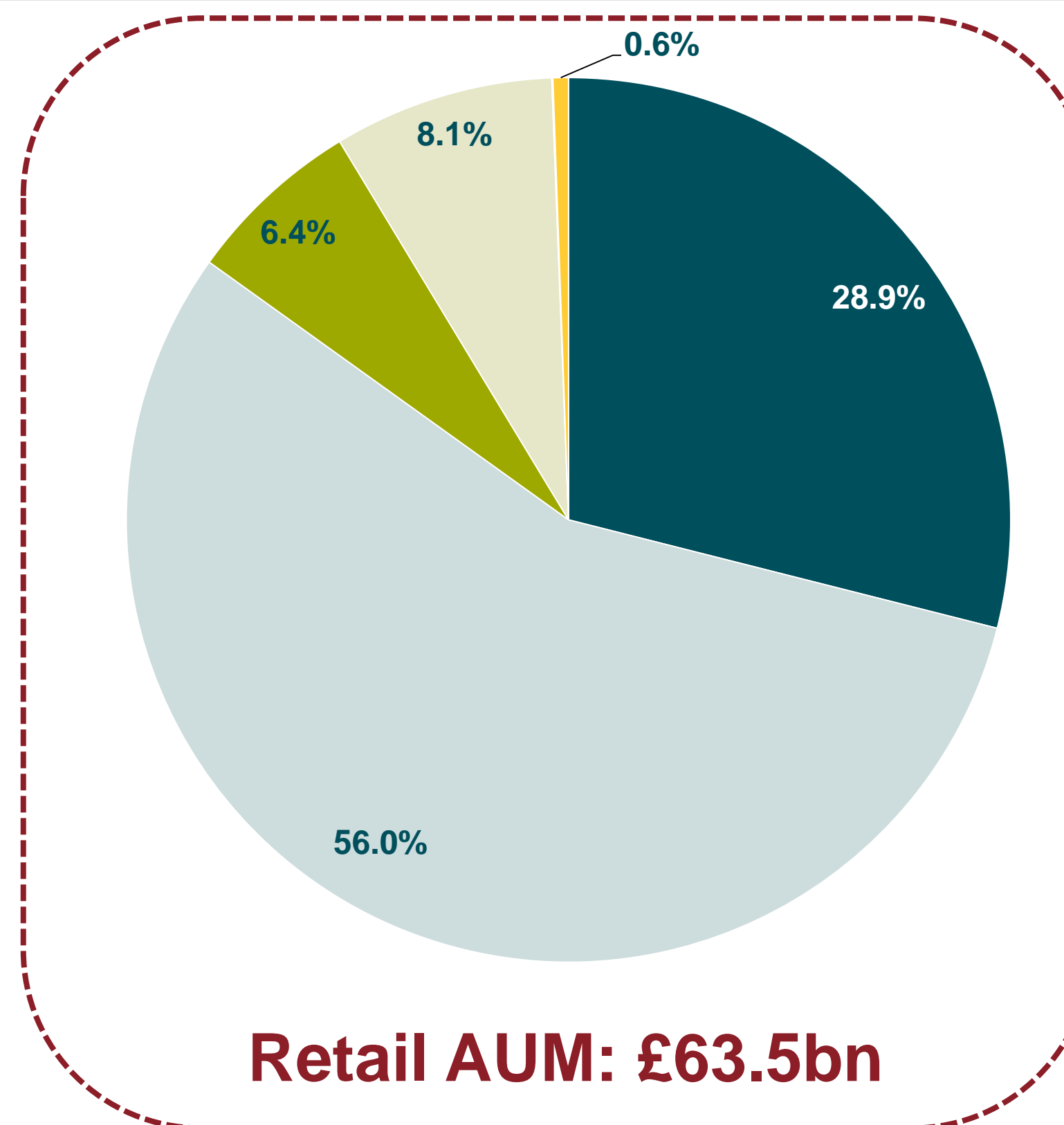
Note: Asset class splits exclude assets from Prudential Investment Managers South Africa business. Data as at 30 September 2015
Source: M&G management information

Focus on retail flows

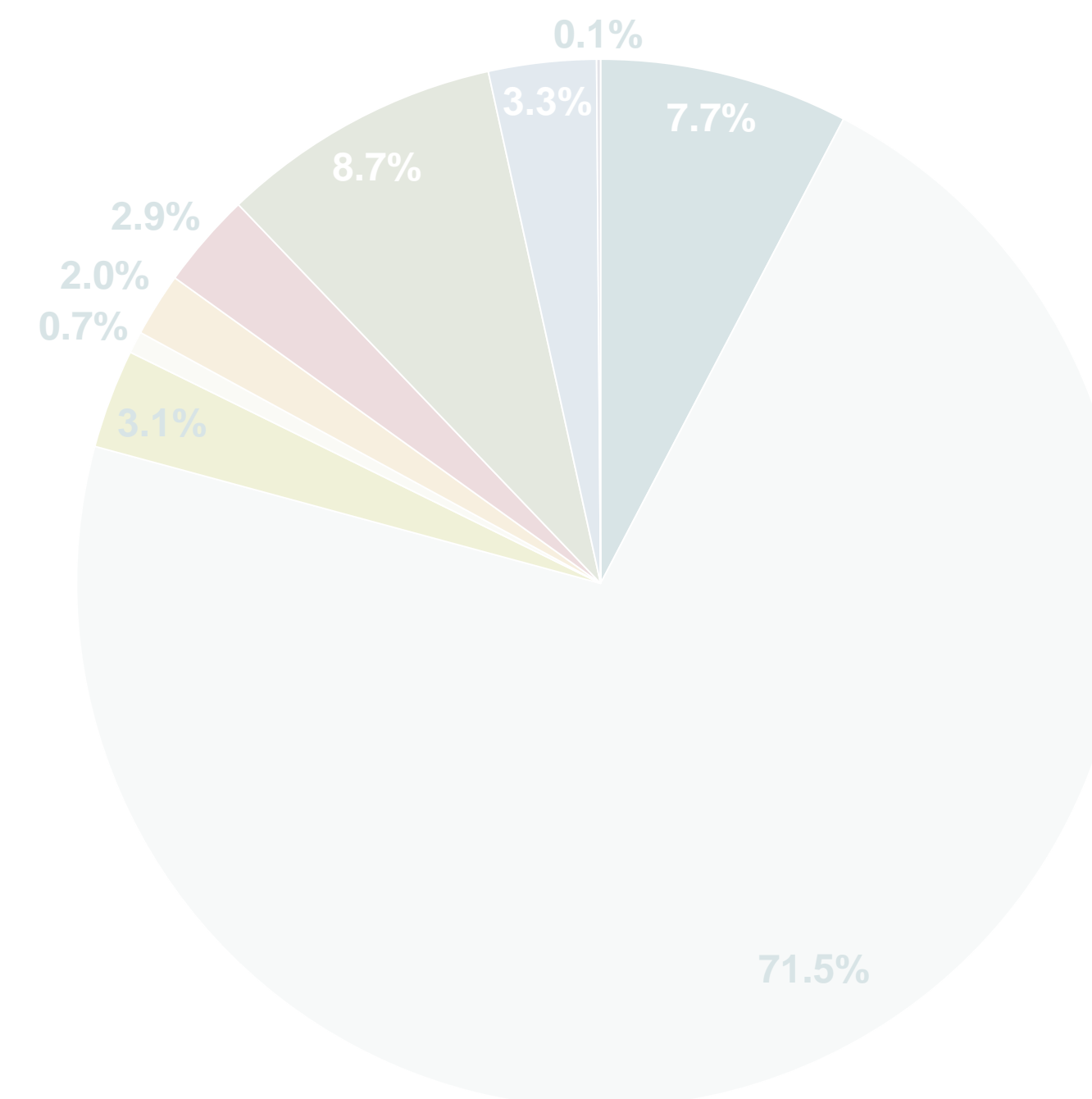
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Focus on retail flows

1. Context

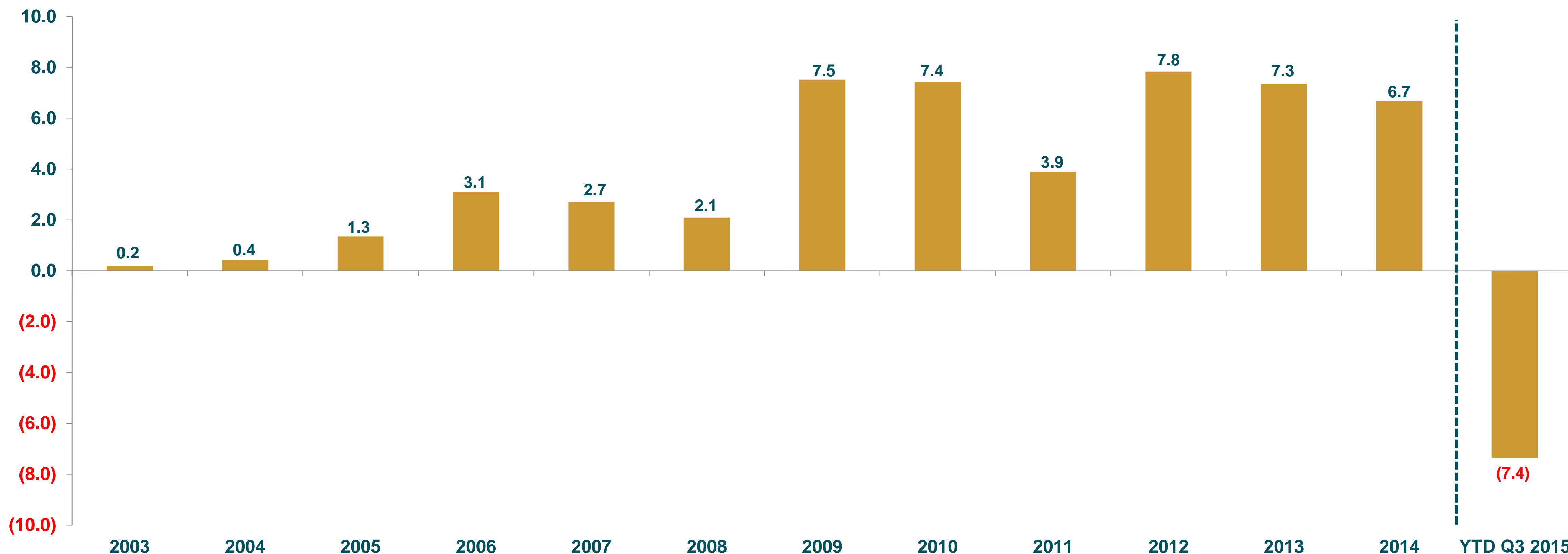
2. M&G Optimal Income Fund

3. Equity fund performance

4. Multi-asset fund range

Why are we experiencing retail net outflows?

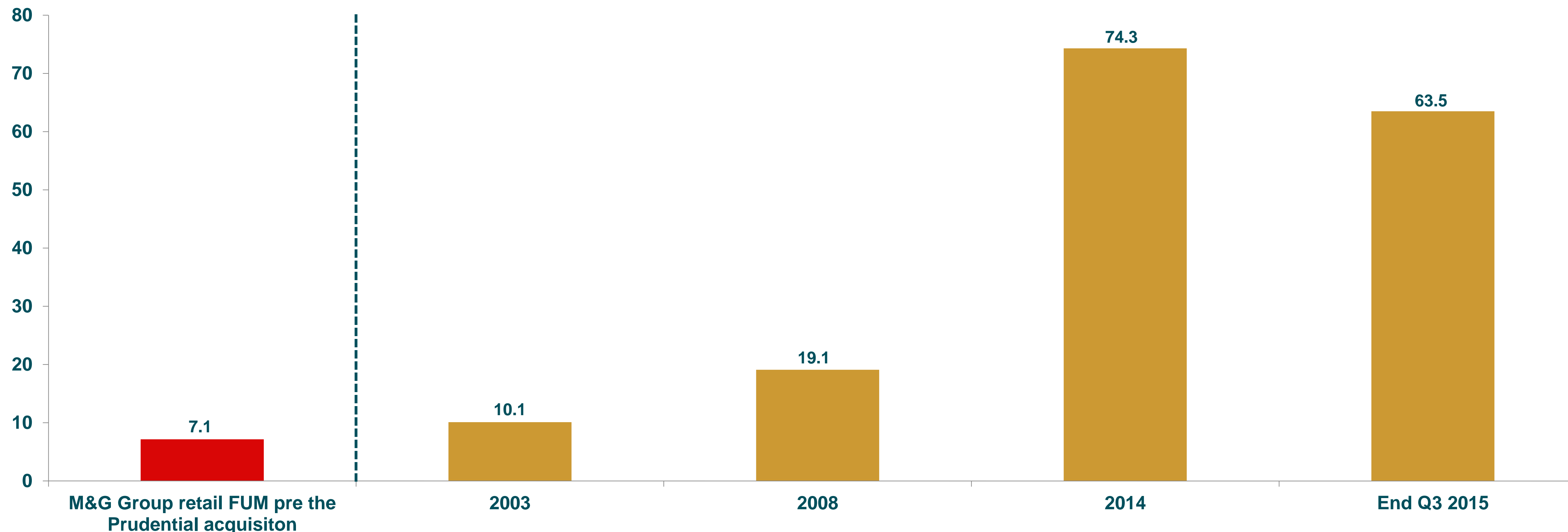
M&G Group retail net sales (£bn), 2003 – Q3 2015



Note: Data as at 30 September 2015. From 2012 onwards, Prudential Investment Managers South Africa assets under management are recorded on a proportional basis reflecting M&G's revised shareholding.
Source: M&G management information

A period of successful retail asset accumulation

M&G Group retail FUM (£bn), 2003 – end Q3 2015



A business that is 9 times greater in size

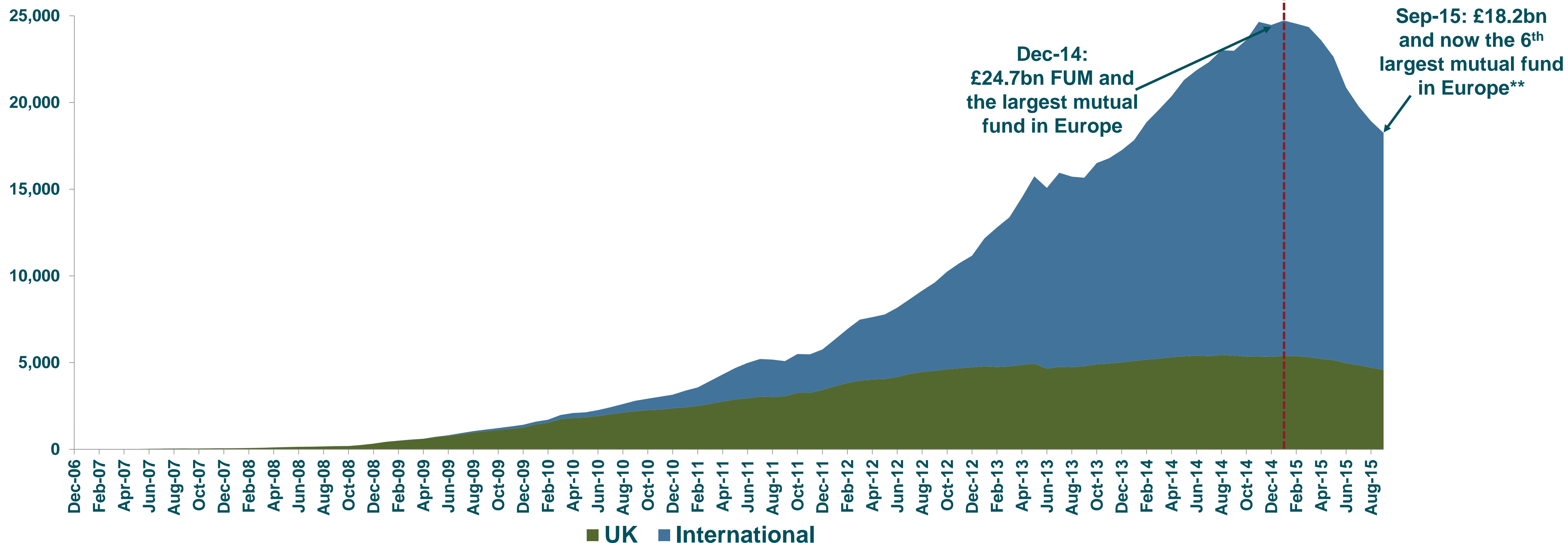
*Note: Data as at 30 September 2015. From 2012 onwards, Prudential Investment Managers South Africa assets under management are recorded on a proportional basis reflecting M&G's revised shareholding.
Source: M&G management information*

M&G Optimal Income Fund

Growth in assets



M&G Optimal Income monthly FUM since inception* (£m), December 2006 – September 2015



Fund assets reached a record high of £24.7bn in January 2015

* The Fund was launched on 8 December 2006. **As at 30 November 2015. Note: Data as at 30 September 2015.

Source: M&G management information; Morningstar Inc.

M&G Optimal Income Fund

Investment performance



Sector	1 year		3 years		5 years		Fund manager tenure*	
	Return % p.a.	Quartile	Return % p.a.	Quartile	Return % p.a.	Quartile	Return % p.a.	Quartile
M&G Optimal Income A Inc	(1.24)	3	3.53	2	5.77	1	7.11	1
IA £ Strategic Bond sector average	(0.23)		2.98		4.81		4.06	
M&G Optimal Income Euro A-H	(1.62)	4	3.36	2	5.8	1	7.12	1
Morningstar EUR Cautious Allocation global sector average	(0.04)		2.88		3.19		2.66	

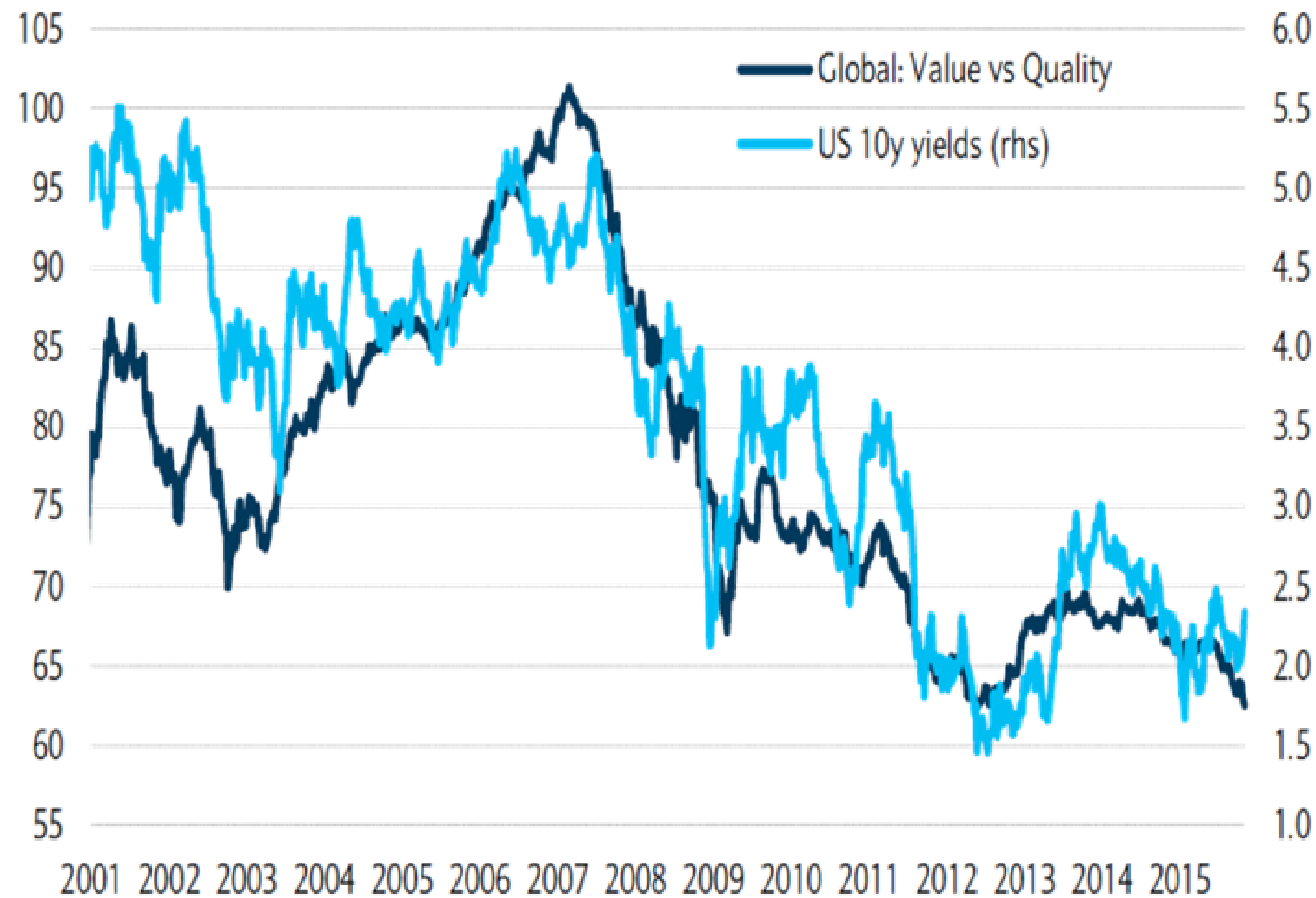
- The Fund has an excellent long-term performance track record
- The Fund has been positioned short duration, long investment grade and short high yield credit
- As the largest mutual fund in Europe, Optimal Income was a bell weather for sentiment around other bond issues

*Fund manager tenure is 8 December 2006 for M&G Optimal Income A Inc share class and 20 April 2007 for M&G Optimal Income Euro A-H share class. Note: Data as at 31 December 2015
Source: M&G management information; Morningstar inc

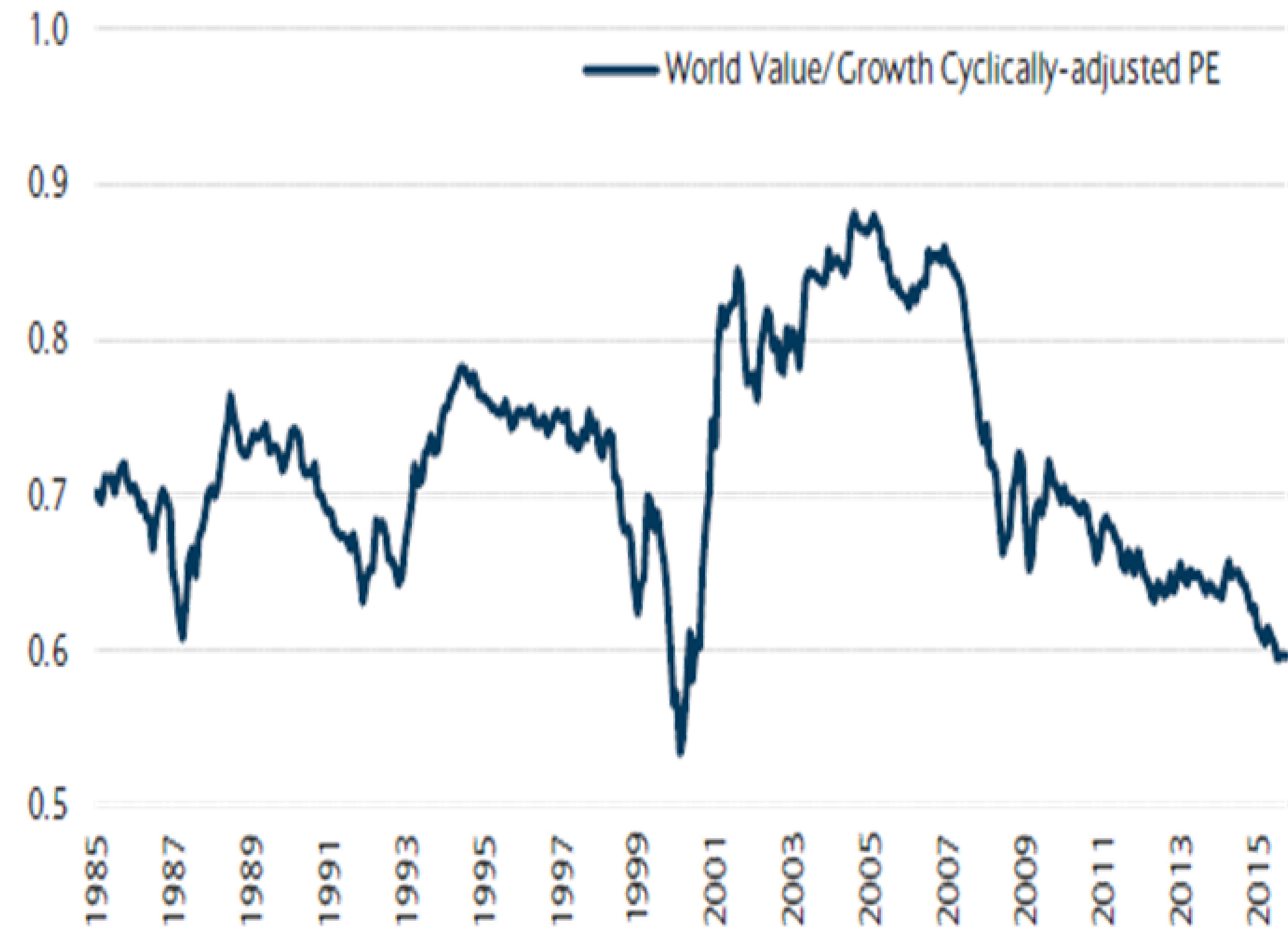
Equity fund performance

Six-year bull market: MSCI Growth up 40% vs. Value index

Global value vs. quality and U.S. bond yields



Value stocks are cheap relative to growth stocks



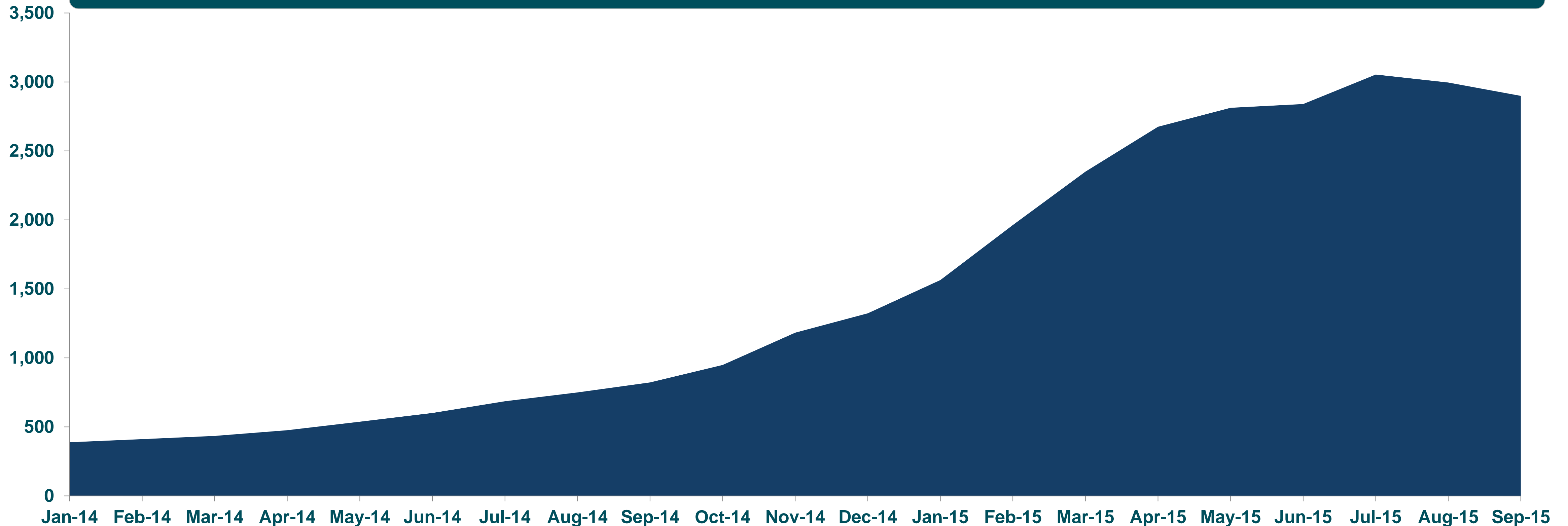
An unusually long period of underperformance by Value

Well-positioned in the growing multi-asset market

Multi-asset fund success in Europe



M&G Retail multi-asset FUM from European investors (£m), January 2013 – September 2015



£2.9bn FUM as at end September 2015

Note: Data as at 30 September 2015.
Source: M&G management information

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Breadth of the business

1. European footprint

2. Market leading wholesale business

3. Strength in property

Europe remains a significant long-term opportunity

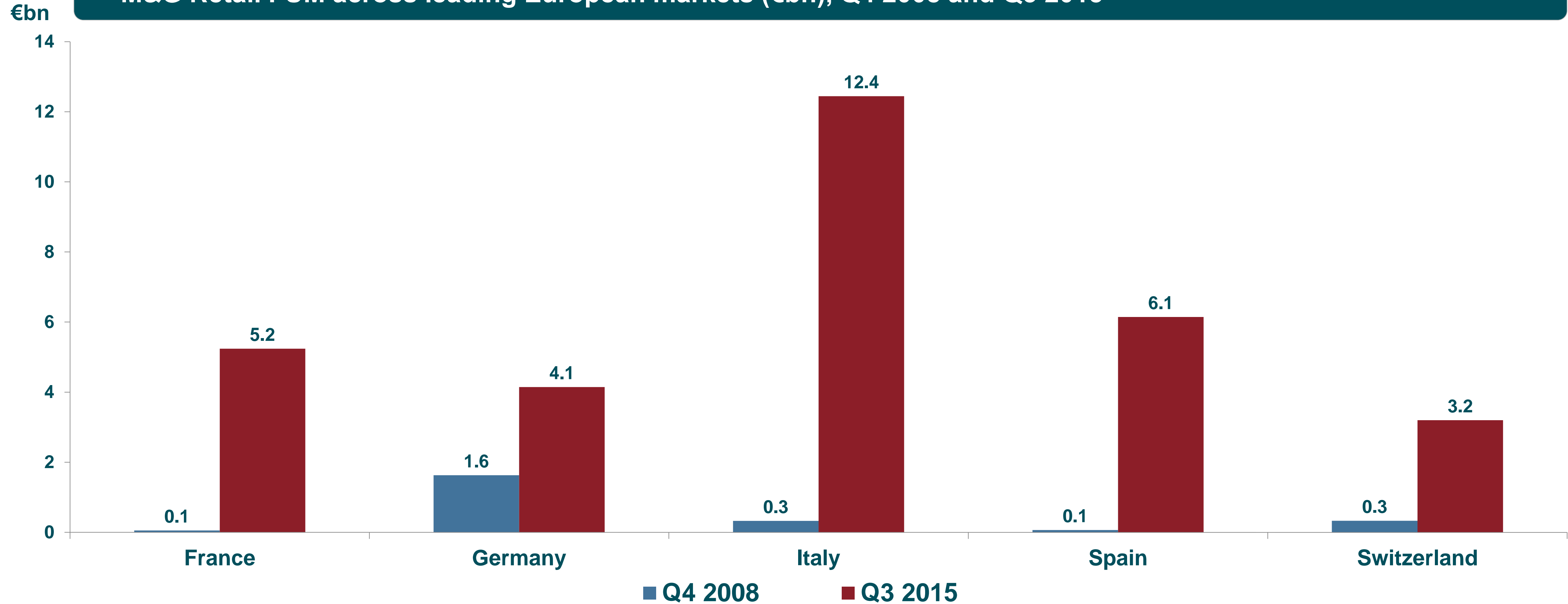
M&G's retail market share by FUM in the UK and Europe, October 2015

	Total size of fund market	M&G Retail market share
UK	£860.1bn	4.26%
Europe	€7,017.8bn	0.47%

Note: Data as at 31 October 2015. European market is defined as funds flagged as fund market "Europe" or "International" excluding Money Markets and Fund of Funds. A proportion of International FUM may be sourced outside of Europe. European data is quoted in EUR and UK data is in GBP.
Source: M&G management information; Broadridge FundFile; Investment Association

Strong positioning in Europe across a number of key markets

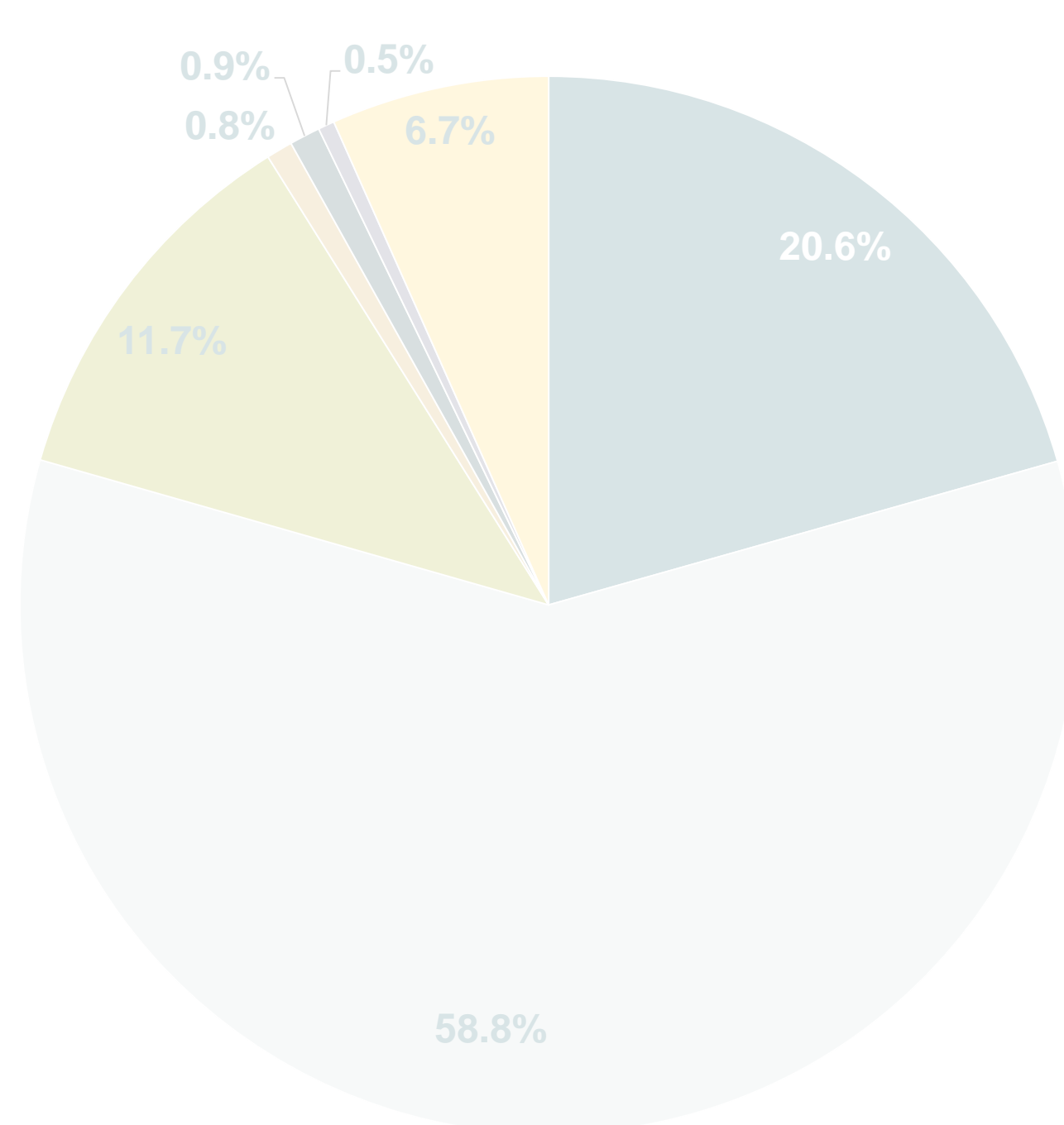
M&G Retail FUM across leading European markets (€bn), Q4 2008 and Q3 2015



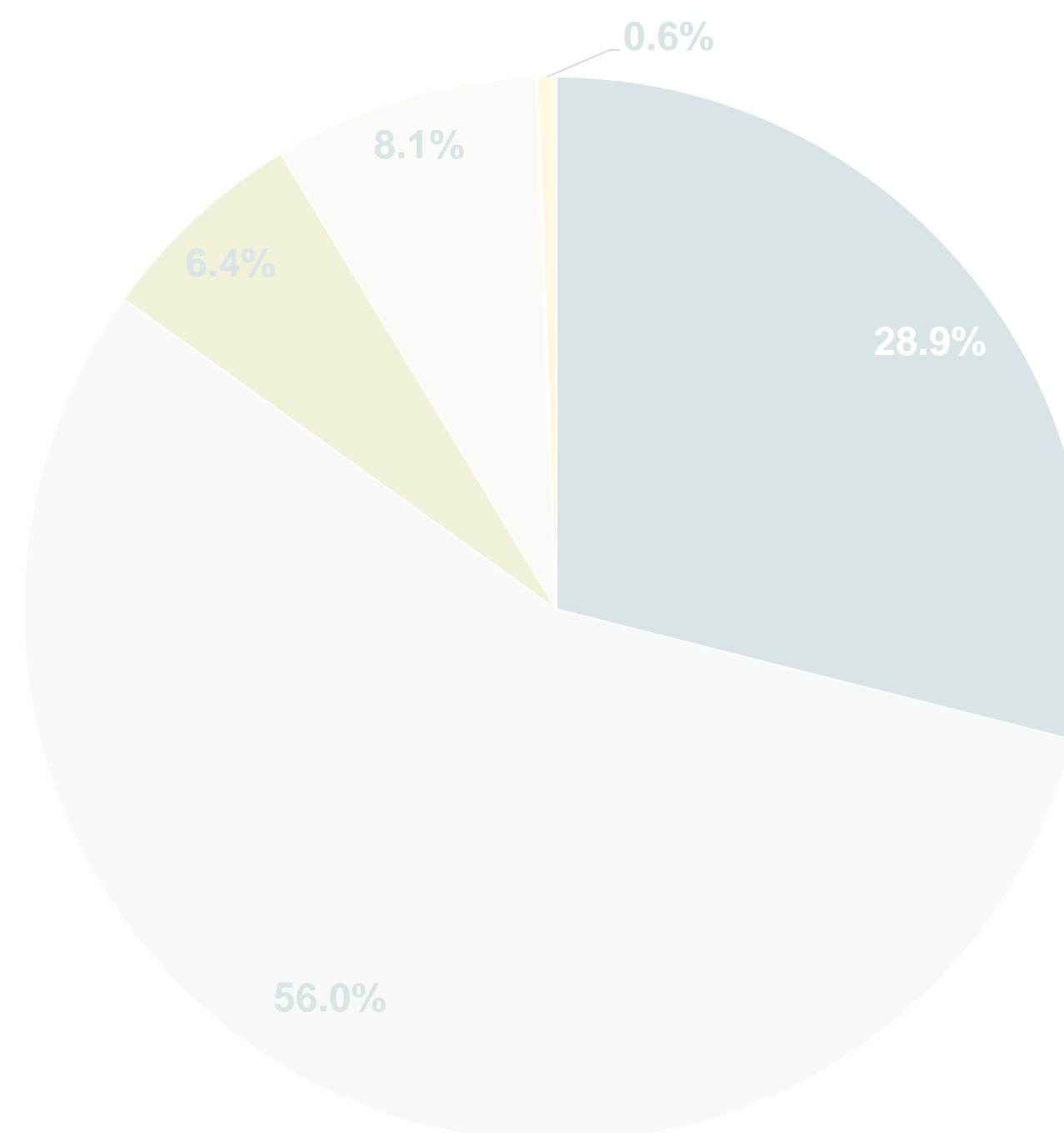
A good base for future growth

Market leading wholesale business

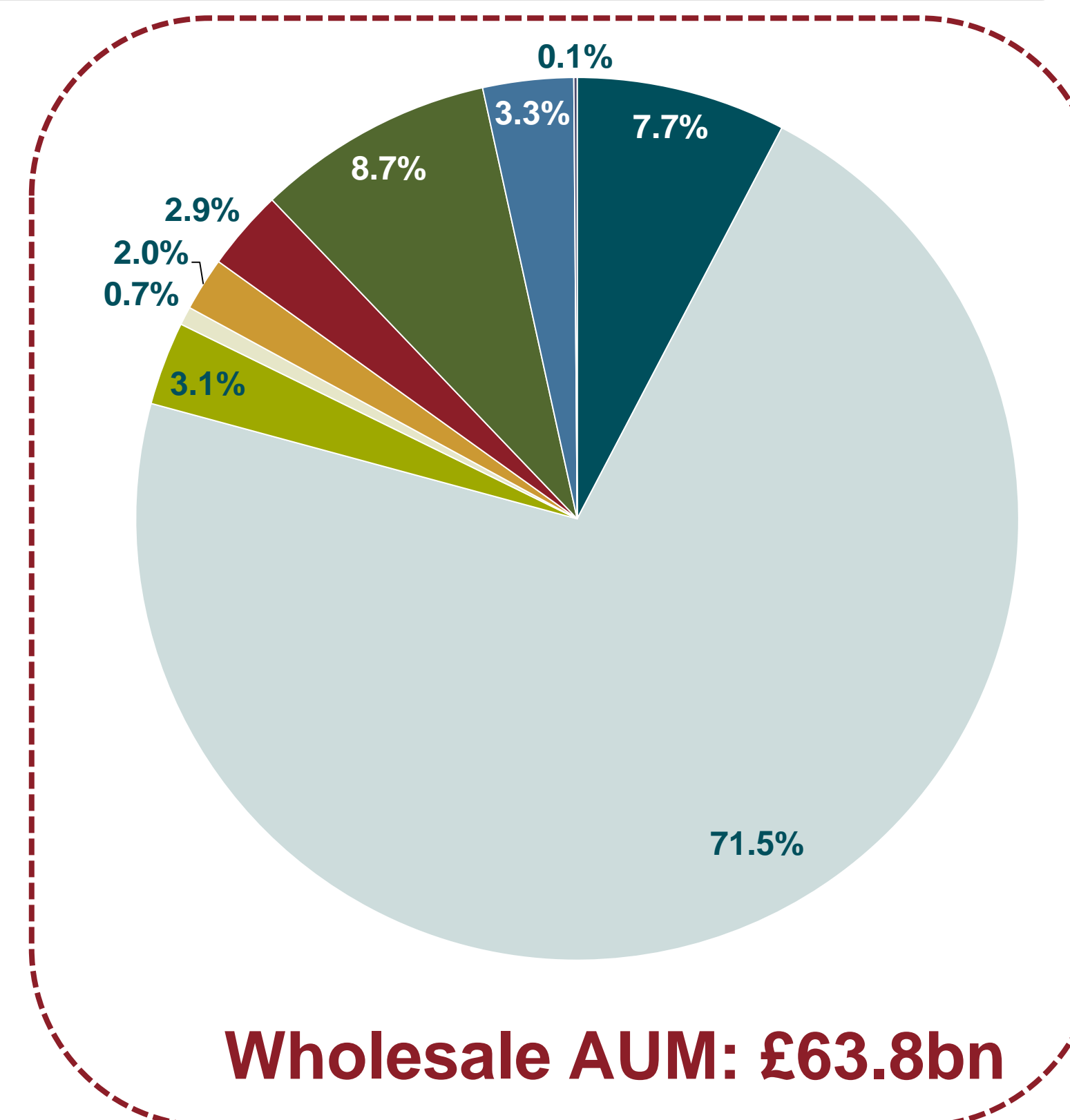
M&G Group assets under management by client type and asset class (%), end September 2015



Internal AUM: £120.2bn



Retail AUM: £63.5bn



Wholesale AUM: £63.8bn



Note: Asset class splits exclude assets from Prudential Investment Managers South Africa business. Data as at 30 September 2015
Source: M&G management information

M&G Wholesale: market leading, innovative business

Principal areas of investment expertise



Public debt

Private debt

Leveraged
finance

Distressed debt

Commercial real
estate debt

Long lease real
estate

Infrastructure
equity

Infrastructure
debt

Direct lending

Private equity

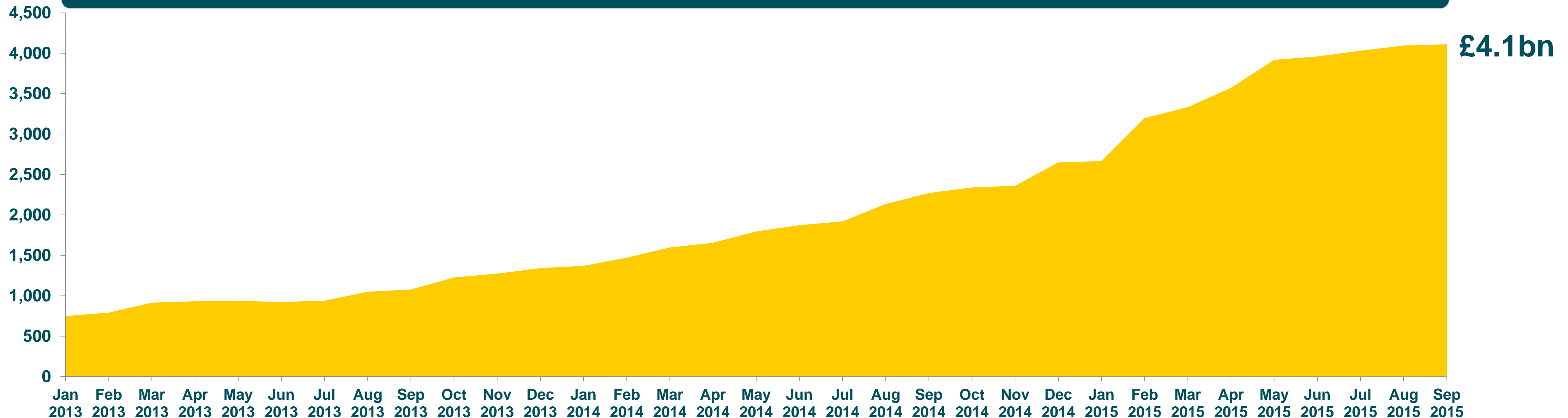
M&G Alpha Opportunities Fund

Investment performance and asset accumulation track record



Sector	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	Since inception (p.a.)*
M&G Alpha Opportunities Fund	0.71%	3.17%	3.7%	5.42%	3.56%
Relative to benchmark	(0.05)%	+0.07%	+0.36%	+0.49%	+1.21%

M&G Alpha Opportunities FUM (£m), January 2013 – September 2015



The Fund was launched on 26 April 2007. Note: Benchmark is 1 month Euribor (p.a.). Investment performance data as at 30 November 2015, gross returns of EUR A share class.

Asset data as at 30 September 2015

Source: M&G management information

Strength in property

- Top 10 European property investor with £19.8bn of assets
- Actively manage our assets, drawing on our long heritage of expertise, knowledge and industry networks
- Over 100 specialist property and investment professionals based in 7 locations across Europe and Asia
- Coverage of all major property sectors across the globe including offices, retail, leisure
- Specialist asset class coverage: residential, long lease real estate, commercial real estate debt

Strength in property

Necessary attributes for success

- Track record and an invested book at scale
- Specialist investment skills (e.g. active asset management)
- Network and off-market contacts
- Ability to execute quickly
- Long-term staying power

M&G has these attributes

Long lease real estate: M&G Secured Property Income Fund



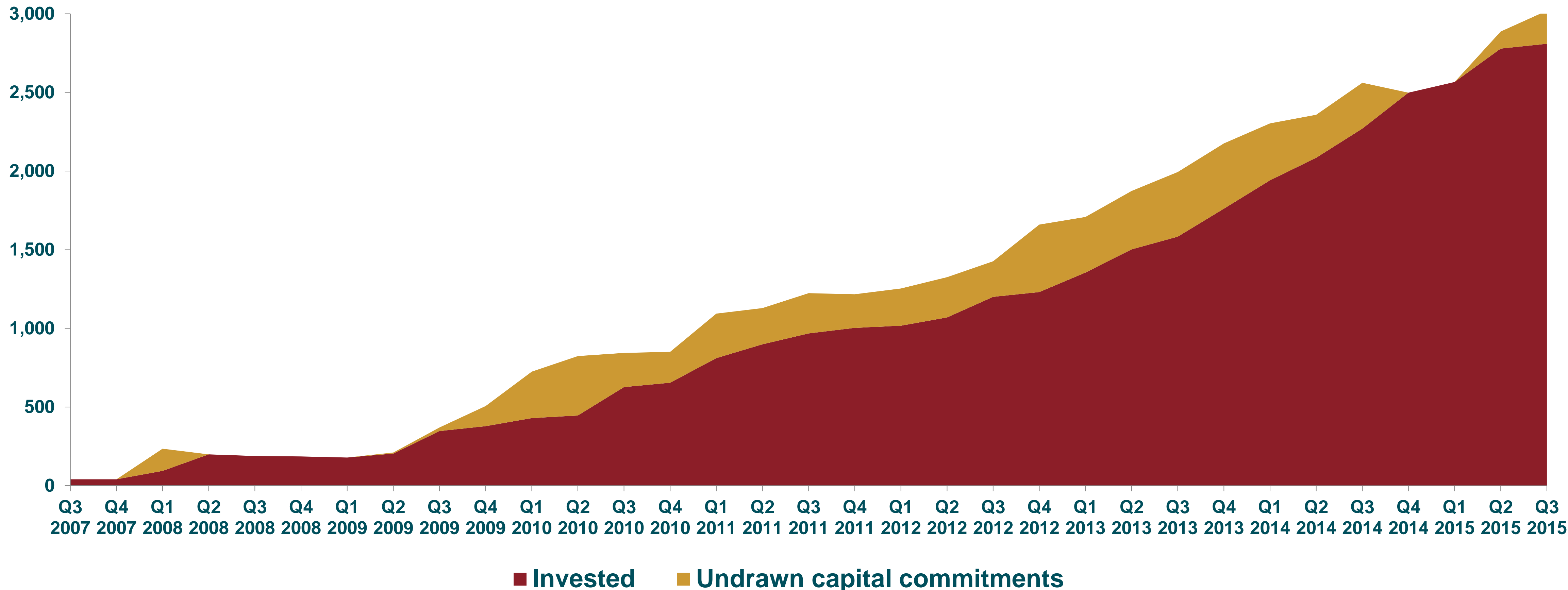
- The result of the extensive and longstanding collaboration between our wholesale Fixed Income and Real Estate investment teams
- 5 year total return of 9.2% p.a. and a real return of 6.3% p.a. over UK RPI*
- Remains a very compelling proposition for investors given attractive quarterly cash distributions, inflation linkage and potential for capital growth over the long term

M&G Secured Property Income Fund

Growth in assets



Capital raised and invested since inception* (£m), August 2007 – September 2015



Record asset base of £3bn as at end September 2015

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The asset management model

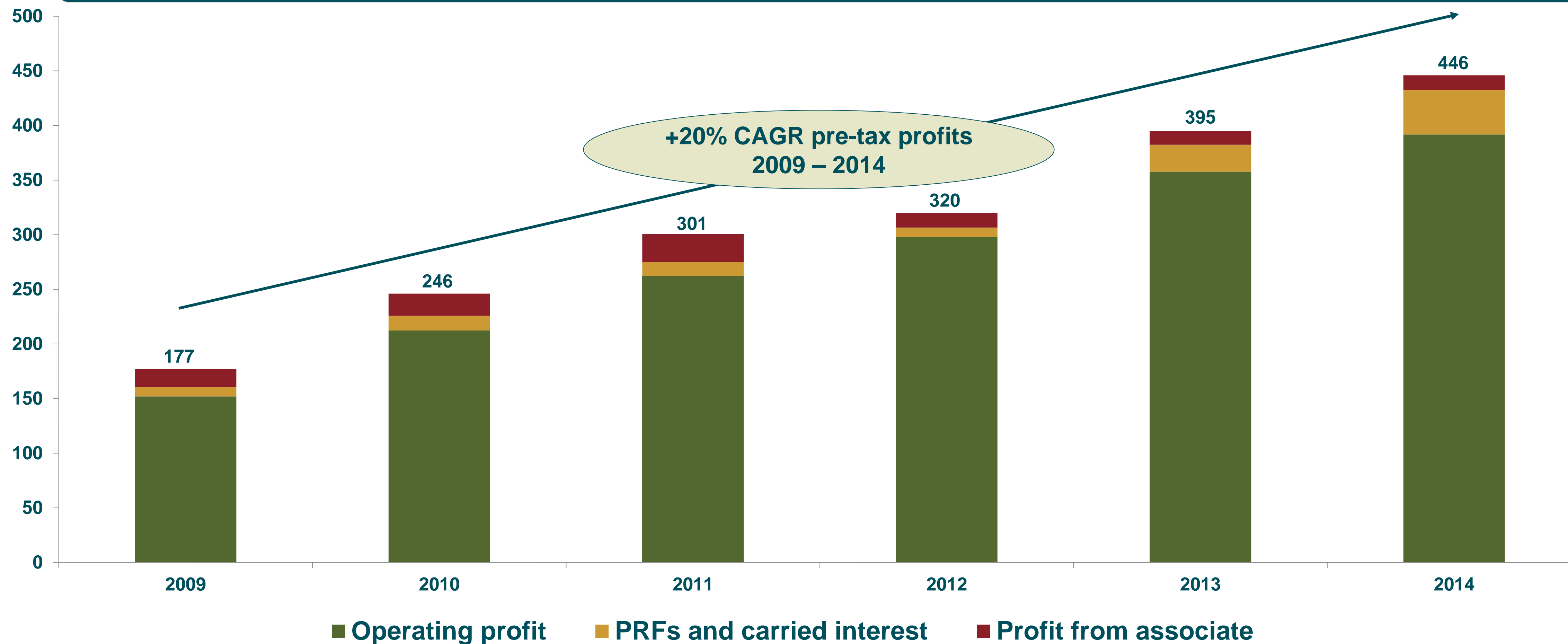
Drivers of profitable growth



- Customer-centric product portfolio
- Delivery of investment performance over the medium to long-term
- Asset accumulation
- Pricing
- Costs

M&G's profits































M&G Group pre-tax profits (£m), 2009 – 2014



Note: Data as at 30 September 2015. From 2012 onwards, Prudential Investment Managers South Africa assets results are recorded on a proportional basis, reflecting M&G's revised shareholding, and from 2013 are net of tax. Profits from 2009 onwards have been restated on the same basis for comparative purposes.

Source: M&G management information

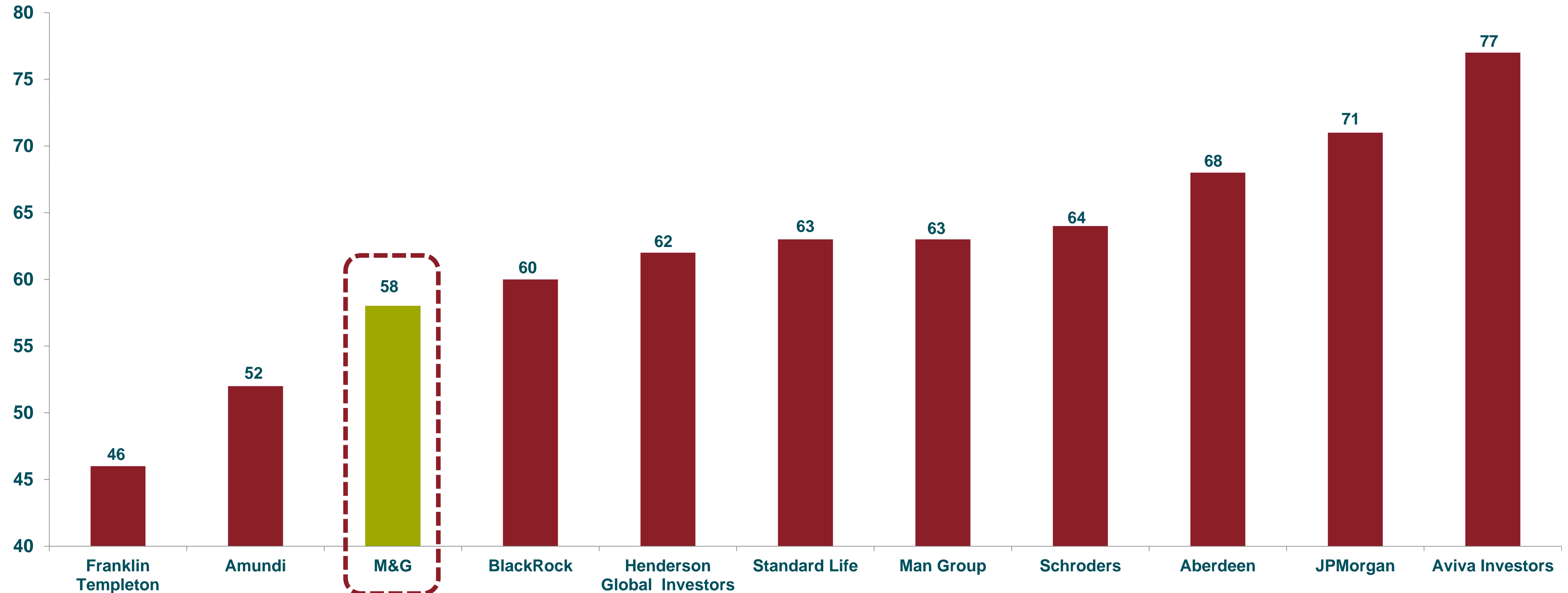
The growth of our business

Business metric	2009	H1 2015
New offices	 Helsinki  Hong Kong  Seoul	 Stockholm  Tokyo  Zurich
Retail new market fund registrations	 Belgium  Denmark  Finland  Ireland  Netherlands  Norway  Portugal  Singapore*  Sweden	
Institutional new market fund regist.	AIFMD marketing passports for:          	Fund registrations also in:     
New fund launches	57	
Number of new share classes	528	
Number of instruments**	10,000	37,616
External AUM	£70.3bn	£133.4bn
Regulatory initiatives	UCITS IV	CASS, EUTD, EMIR, FATCA, MiFID2, Solvency 2
Headcount	1,283	1,951

Note: *Only restricted recognition was granted for Retail funds. **Number of instruments held on system. As at 30 June 2015
Source: M&G management information

A competitive cost / income ratio by industry standards

M&G Group cost / income ratio vs. industry peers (%), 2014



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A look forward

- Over the medium to longer term, we expect that flows into the asset management industry will remain strong
- M&G has a tradition of innovative investment ideas which meet client needs, and a proven ability to convert these ideas into significant fund flows

A look forward

- Market backdrop: zero interest rates and prospective low returns
- The rise of passives
- Pricing pressures across the board
- Operating in a post-RDR environment and the consequences of MiFID II
- FCA's asset management competition market study
- Brexit
- Increased political and public scrutiny of the asset management industry

The asset management industry faces challenges