



Prudential plc

BOAML CEO Conference

28 September 2017

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Prudential

A decade at a glance

2006

£251^{bn}

£1.1^{bn}

£0.4^{bn}

£11.9^{bn}

Total funds under
management

IFRS
operating
profit

Dividend
(declared)

EEV
shareholders
funds

2016

£635^{bn}
(HY17)

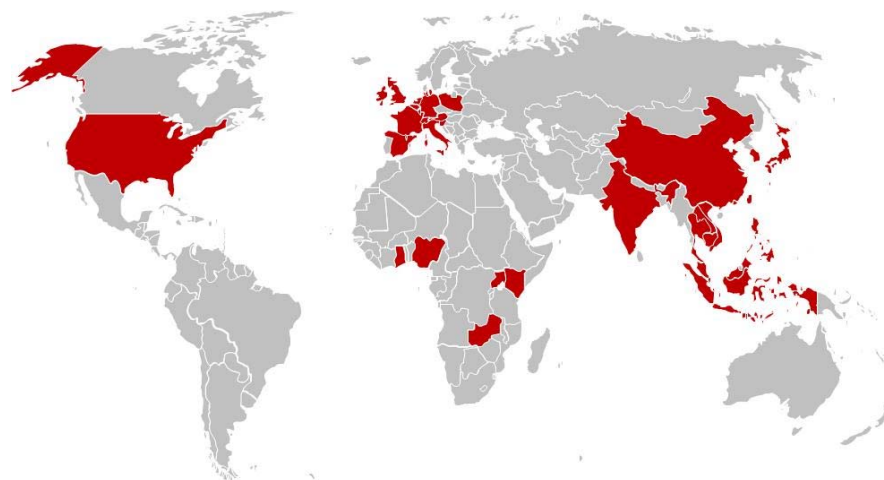
£4.3^{bn}

£1.1^{bn}

£40.5^{bn}
(HY17)



25^m Life insurance customers
worldwide



JACKSON
NATIONAL LIFE INSURANCE COMPANY



M&G
INVESTMENTS

PRUDENTIAL
英国保诚集团

eastspring
investments

Group

Disciplined capital allocation delivering strong returns

Strategic choices

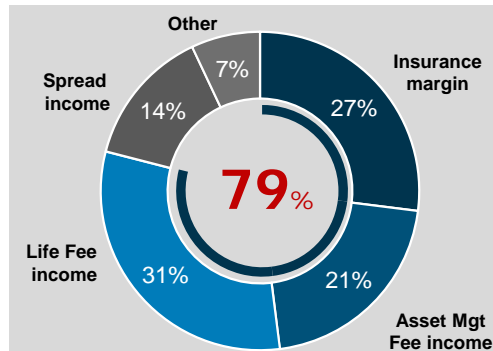
Value over volume

Leveraging strengths

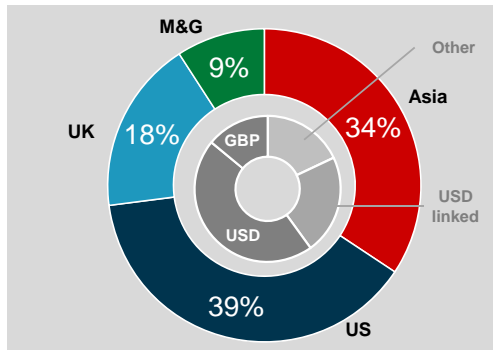
Disciplined capital allocation

High quality earnings

IFRS income by revenue source, HY17 %



IFRS earnings by region³ & currency^{1,2,4} HY17 %



Strong returns

26%
2016 IFRS ROE⁵

¹ USD linked includes Hong Kong and Vietnam where currencies are pegged to the USD, and Malaysia and Singapore where currencies are managed against a basket of currencies including the USD

² Includes long-term, asset management business and other businesses

³ Total operating profit excluding other income & expenditure

⁴ UK sterling includes amounts in respect of UK insurance operations, M&G and central operations. Operating profit for central operations includes amounts for corporate expenditure for Group Head Office as well as Asia Regional Head Office which is incurred in HK dollars. Sterling operating profits also include all interest payable as sterling denominated, reflecting interest rate currency swaps in place

⁵ Operating profit after tax and non-controlling interests, as a percentage of opening IFRS shareholders' funds

Group

Premium franchises

Asia



▶ **Leading** pan regional franchise

- ▶ In Asia since **1923**
- ▶ **15m** life customers with **Top 3 position** in 9 out of 12 life markets¹
- ▶ **Leading**² Asian asset manager with **+20 years** operating history
- ▶ **£131bn** funds under management⁴

US



▶ **Premier** retirement income player

- ▶ Founded in **1961**
- ▶ **4m** life customers
- ▶ **18% market share** Variable Annuities³
- ▶ **\$228bn** of statutory admitted assets⁴

UK



▶ **Well recognised brands** with strong track record

- ▶ **169 years** of providing financial security
- ▶ **6m** life customers
- ▶ Over **£30bn** PruFund funds under management⁴
- ▶ **£332bn** funds under management⁴

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)

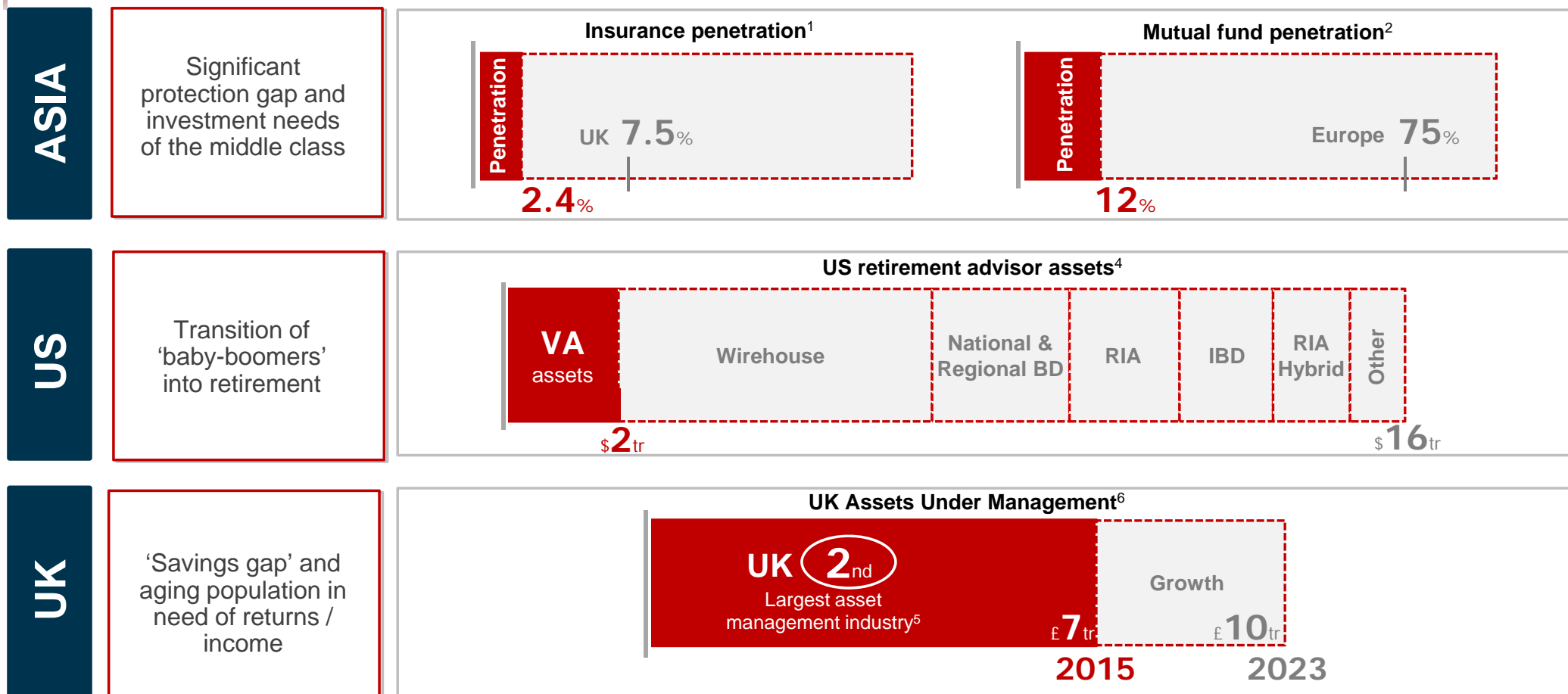
² Based on assets sourced from the region. Excluding Japan, Australia and New Zealand as at September 2016. Source Asia Asset Management September 2016 (Ranked according to participating regional players only)

³ Source: LIMRA 1Q 2017

⁴ As at 30 June 2017

Group

Clear strategy aligned to significant demand



¹ Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums as % of GDP. Asia penetration calculated on a weighted population basis

² Mutual fund penetration: FUM as % of GDP. Source: Investment Company Institute, industry associations and Lipper as of 1Q'16. Datastream as of Jun 2016

³ Source: Asia Asset Management – Fund Manager Surveys. Based on assets sourced in Asia ex-Japan, Australia and New Zealand. Ranked according to participating firms only.

⁴ Source: Cerulli Associates – advisor metrics 2015

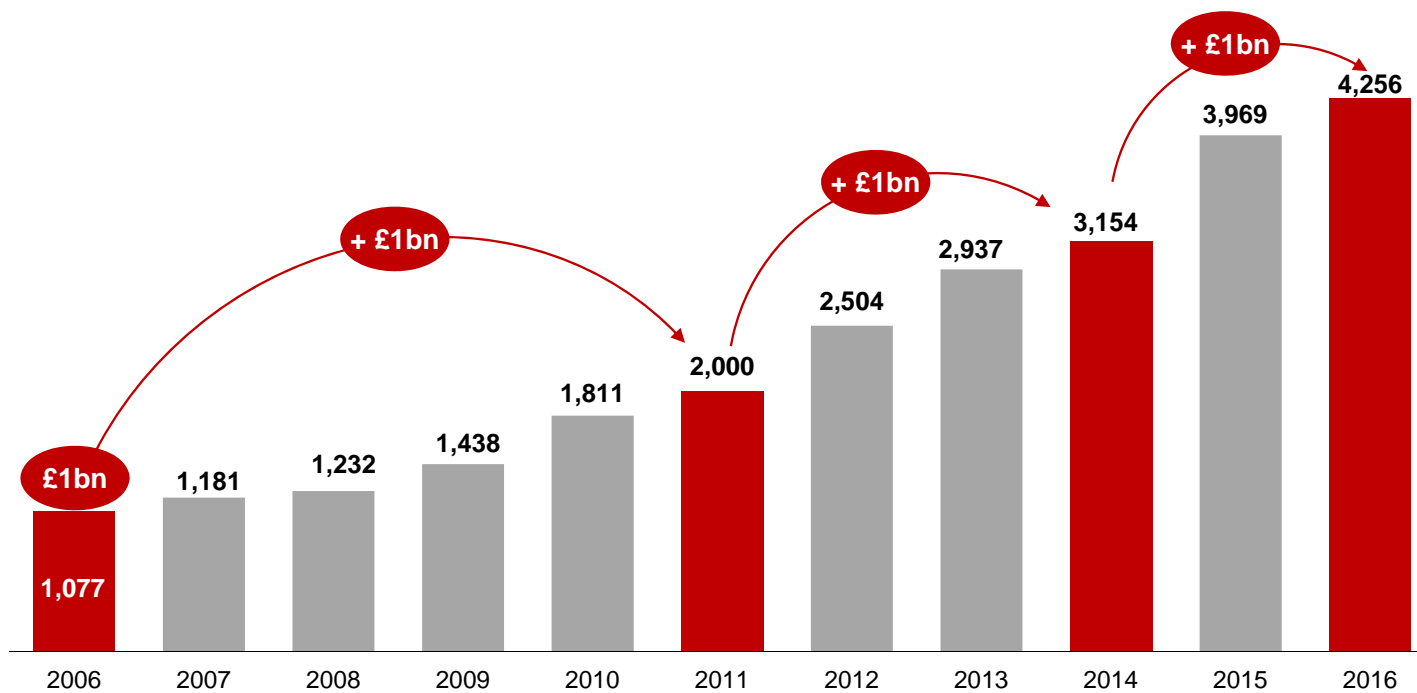
⁵ Source: The CityUK

⁶ Source: The Investment Association. PWC Asset Management 2020. Prudential calculations. Growth rate based off Europe forecast CAGR of 4.4%

Group

Delivering profitable growth at scale

IFRS operating profit^{1,2}, £m



¹ Comparatives have been stated on an actual exchange rate basis

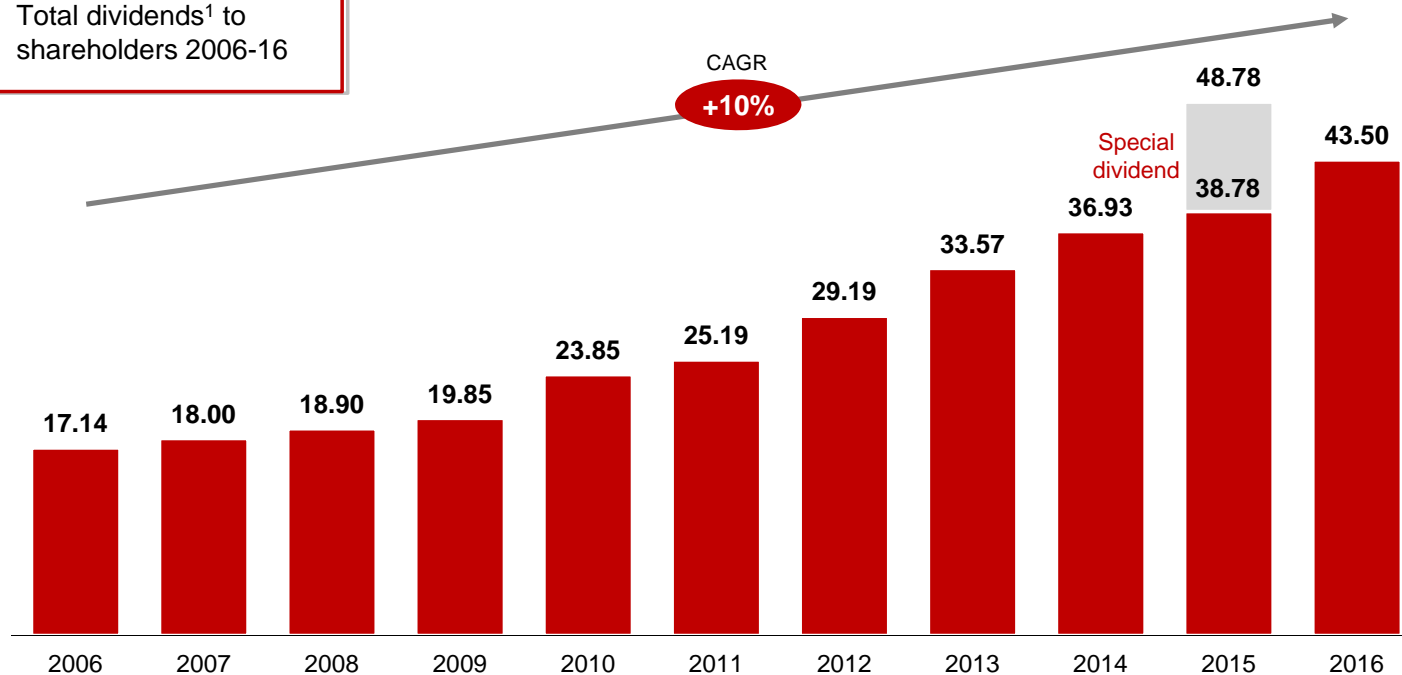
² Comparatives are adjusted for new and amended accounting standards and excludes Japan and Taiwan agency. Comparatives have also been restated to exclude the contribution from the held for sale Korea Life.

Group

Translating into strong shareholder returns

Dividend, pence per share

£ **6.8** bn Total dividends¹ to shareholders 2006-16



¹ Amounts paid 2006-10 net of scrip dividends

Group

Headline HY 2017 results

Earnings

IFRS
operating profit¹ £ **2.4** bn

Cash

Free surplus
generation¹ £ **1.8** bn

Growth

New
business profit^{1,2} £ **1.7** bn

External
Net inflows³ £ **9.5** bn
(Eastspring & M&G)

Capital

Solvency II
Surplus^{4,5} £ **12.9** bn
202%



Broad based performance with double digit growth in Asia



2017 Asia objectives on track, Group objective achieved



Strong capital position



Intention to create M&G Prudential, a leading savings and investment provider

1. Following its sale in May 2017, the operating results exclude the contribution of the Korea life business.

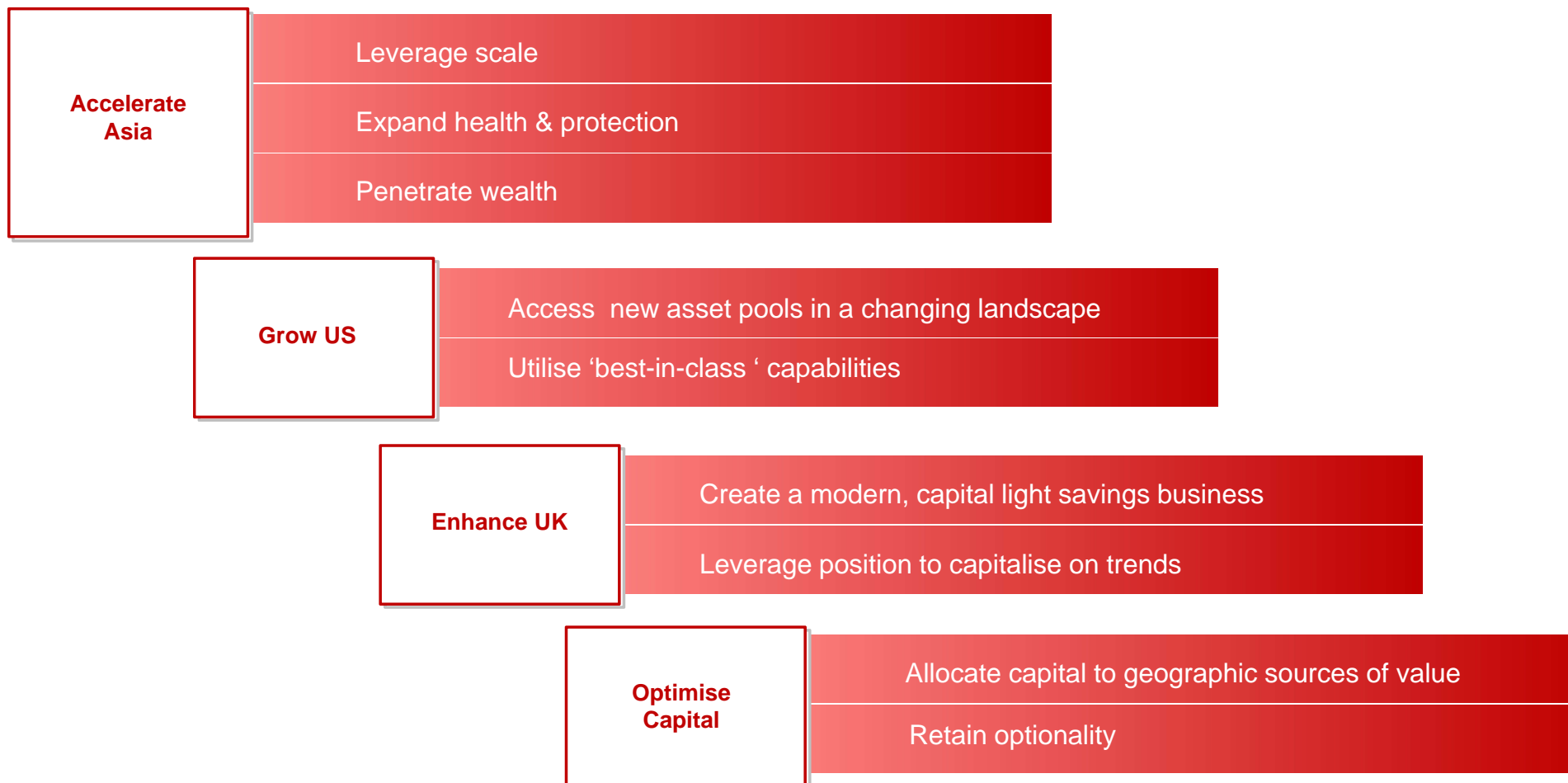
2. New business profit on business sold in the period, calculated in accordance with EEV principles

3. External net inflows Ex MMF

4. Before allowing for first interim dividend

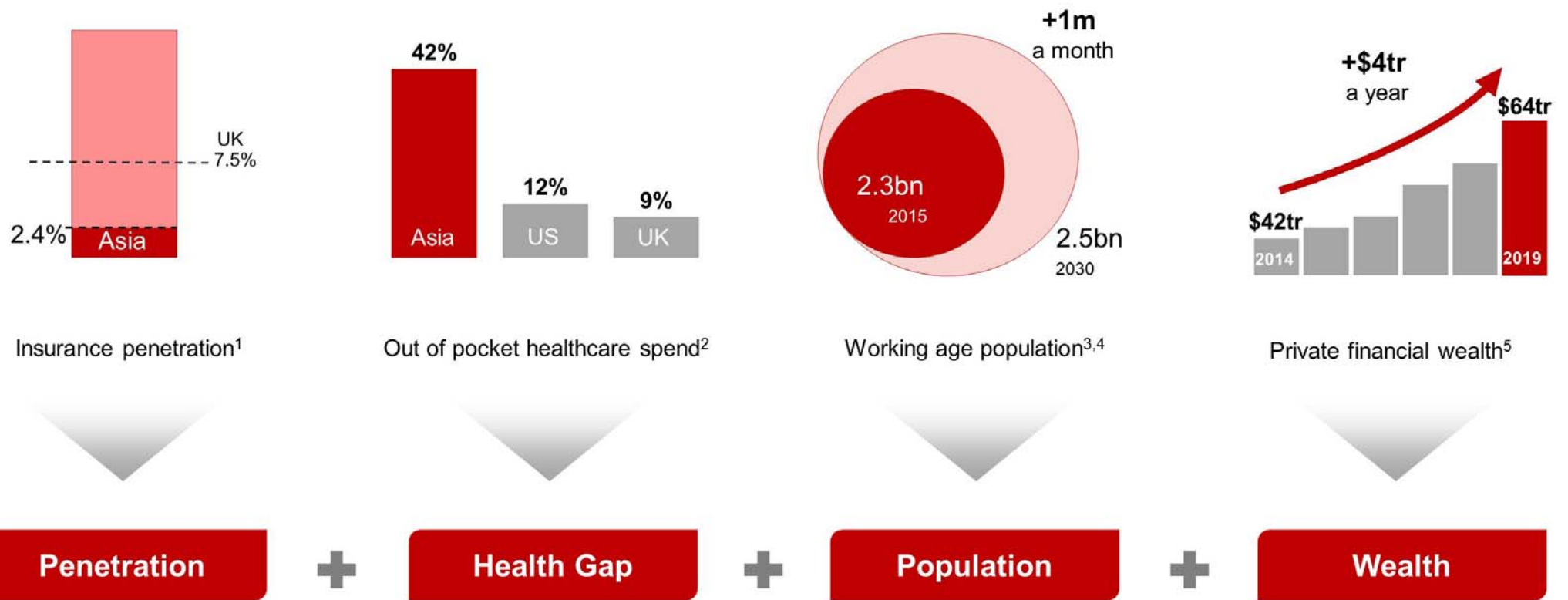
5. The Group shareholder position includes management's estimate of transitional measures reflecting operating and market conditions at the valuation date. The estimated Group shareholder surplus would increase from £12.9 billion to £13.6 billion at 30 June 2017 if the approved regulatory transitional amount was applied instead

Strategic Priorities



Asia

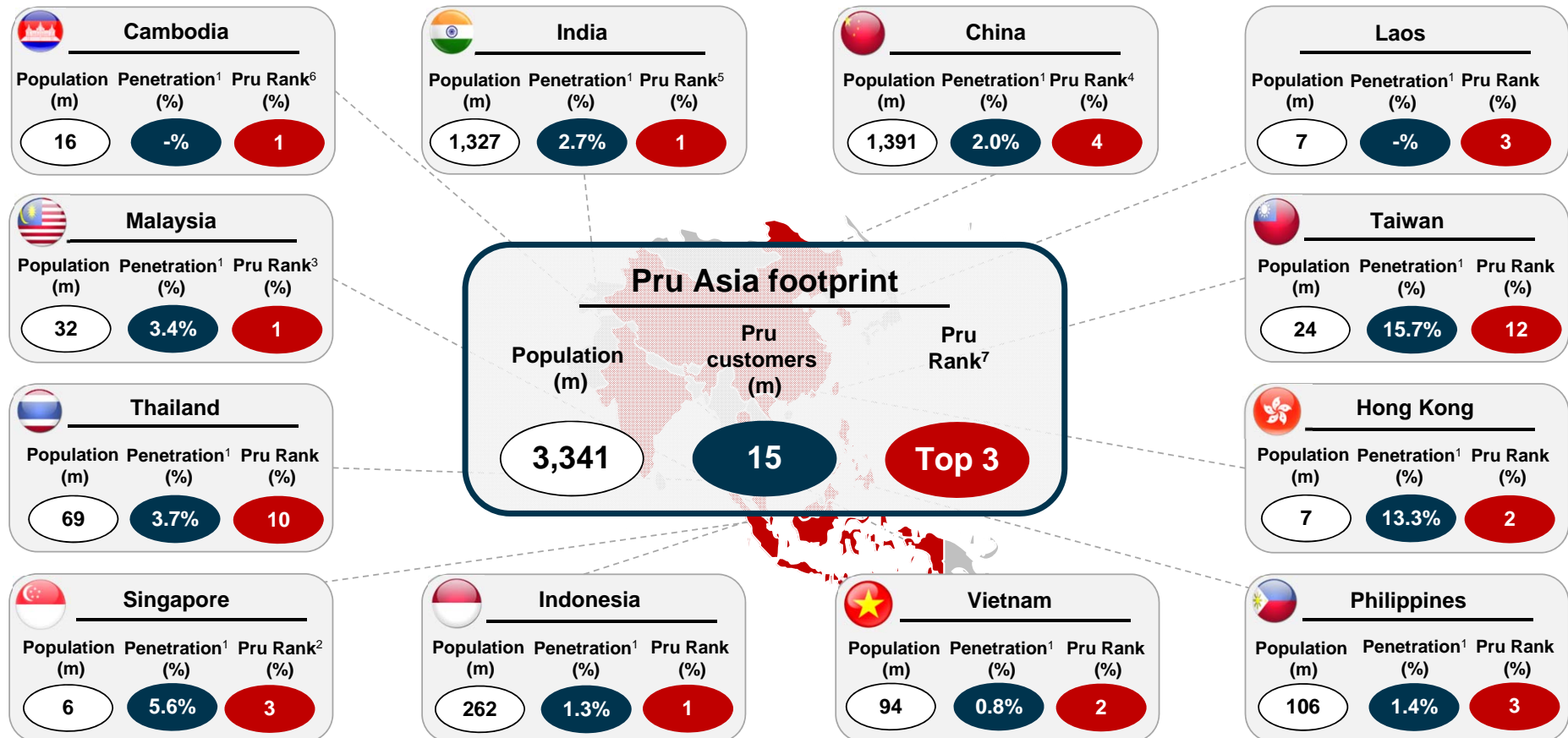
Significant growth runway



¹ Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums in % of GDP. Asia penetration calculated on a weighted population basis
² World Health Organisation - Global Health Observatory data repository (2013). Out of pocket as % of Total Health Expenditure. Asia calculated as average out of pocket
³ United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.15
⁴ Working age population: 15-64 years
⁵ Source BCG Global Wealth 2015: Winning the growth game

Asia

Diversified, high quality platform



1 Market penetration: Swiss Re – based on insurance premiums as a percentage of GDP in 2014 (estimated)

2 Singapore includes onshore only, excluding Eldersfield and DPS.

3 Includes Takaful sales @ 100%.

4 Ranking amongst foreign JVs.

5 Ranking amongst private players.

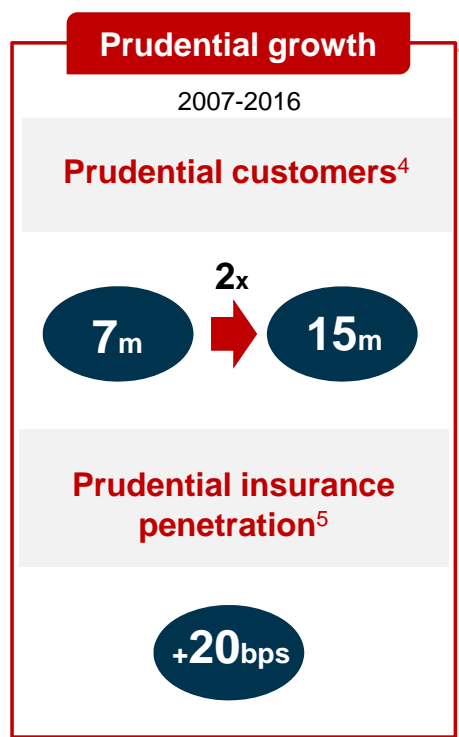
6 First year premiums

7 Top 3 in 9 of 12 countries

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 the availability of data).

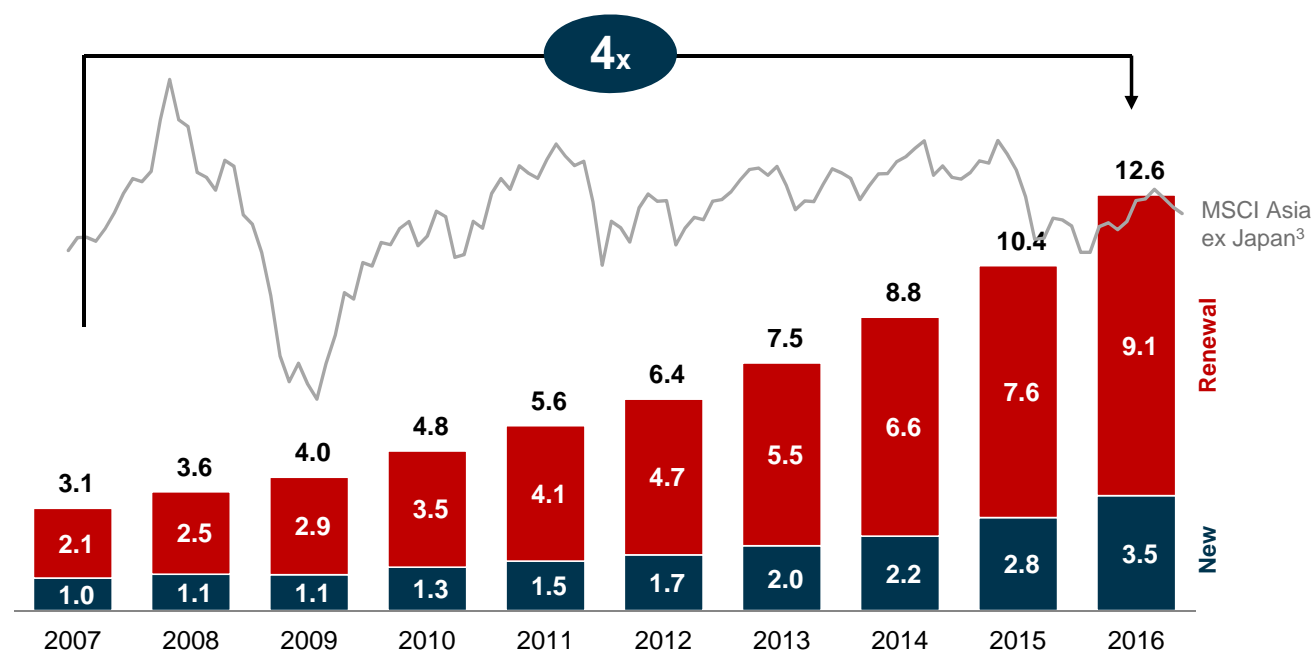
Asia

Compounding revenues



New & renewal premiums

Life weighted premium income^{1,2}, £bn CER



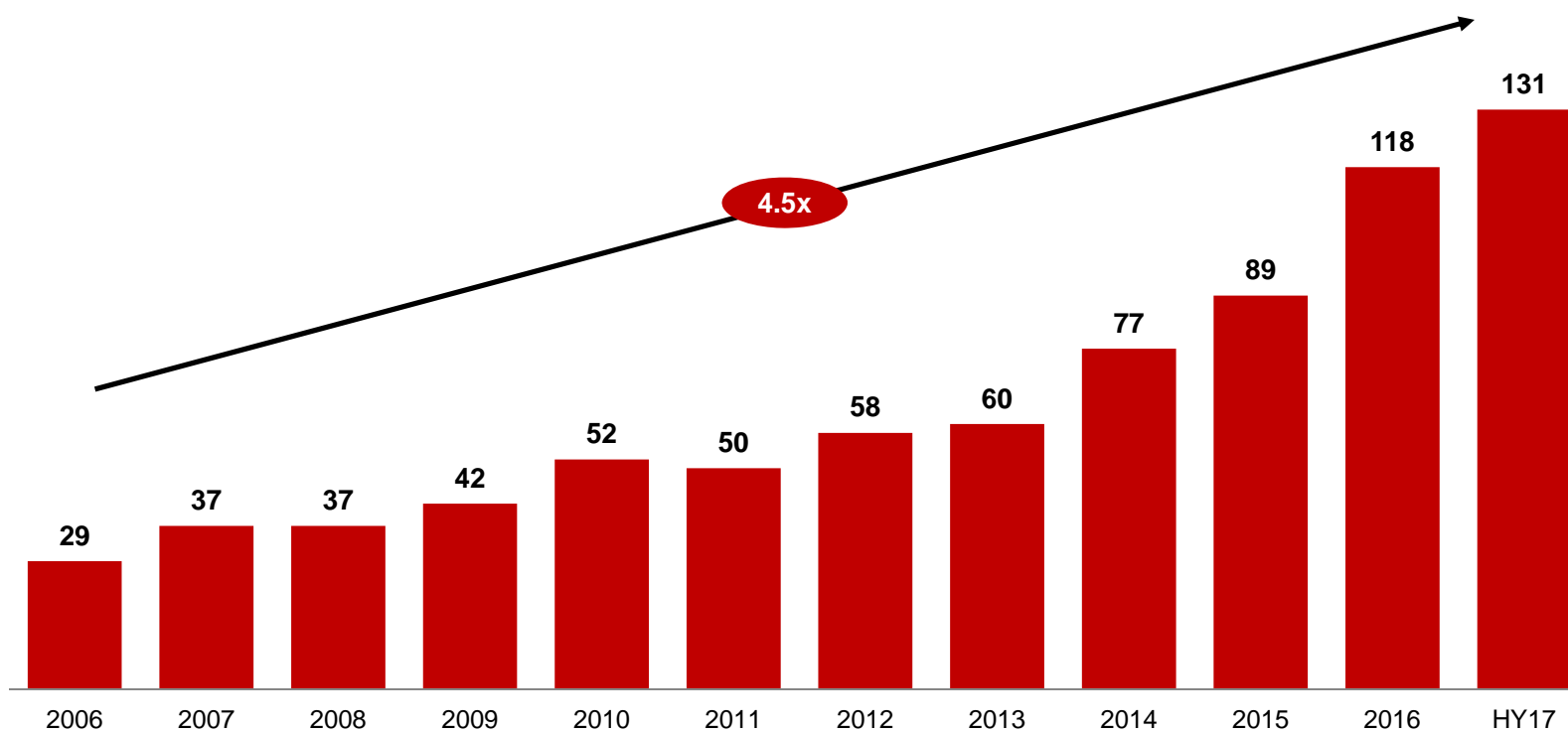
¹ Weighted premium income comprises gross earned premiums at 100% of renewal premiums, 100% of first year premiums and 10% of single premiums
² Comparatives have been stated on an constant exchange rate basis. Historic have been restated to exclude sales from Korea Life, classified as held for sale. 2014 excludes intra-group reinsurance contracts between the UK and Asia with-profits businesses
³ Source: Datastream.

⁴ Change in customer numbers from 7m in December 2006 to 15m in December 2016.
⁵ Prudential opening insurance penetration (2006-2015) calculated by dividing Prudential total premium by total GDP (Source: IMF). Prudential total premium determined by Prudential market share multiplied by total market life premium (Source: Swiss Re). Calculated for HK, IDN, MY, SG, TH, PH, VN, TW. Excludes China and India as a result of restricted market access. Prudential insurance penetration increased from 0.4% in 2006 to 0.6% in 2015.

Asia

Growing assets

Eastspring FUM^{1,2}, £bn

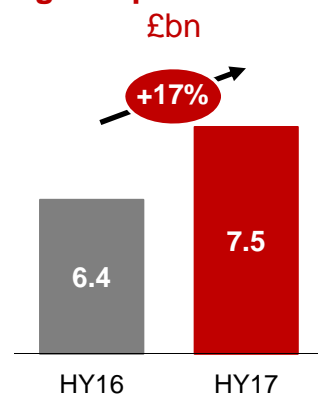


¹ Comparatives have been stated on an actual exchange rate basis
² Funds under management includes both internal and external FUM.

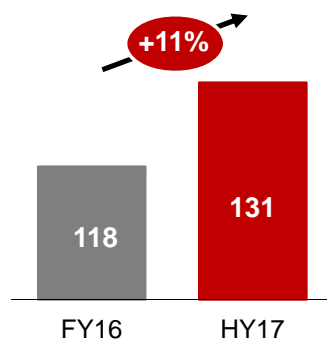
Asia

HY 2017 results

Life weighted premium income^{1,2}, £bn



Eastspring FUM³, £bn



New business profit², £m

£ **1,092**_m
+18%

IFRS operating profit², £m

£ **953**_m
+16%

Free surplus generation², £m

£ **553**_m
+15%

- Scale and diversification of portfolio driving value across the cycle
- Leveraging mix to drive quality growth
- Compounding effect of strong persistency & new business growth underpins earnings
- Performance underlines value creation levers

¹ Weighted premium income comprises gross earned premiums at 100% of renewal premiums, 100% of first year premiums and 10% of single premiums
² Comparatives have been stated on a constant exchange rate basis. Historic figures have been restated to exclude Korea life.
³ Comparatives have been stated on a reported exchange rate basis

Asia

HY 2017 results

New
business profit¹ + **18%**

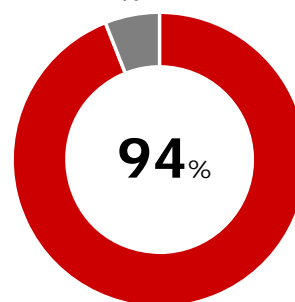
IFRS
operating profit¹ + **16%**

Free surplus
generation¹ + **15%**

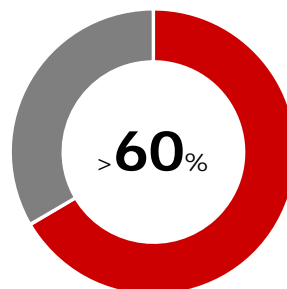
Quality

Premium Mix

Regular premium
% APE



Health & Protection
% NBP



Momentum

NBP Growth

Distribution

Agency¹ + **24%**

Banca¹ + **54%**

Country

Countries with at least
double digit growth¹ **8**

Hong Kong¹ + **15%**

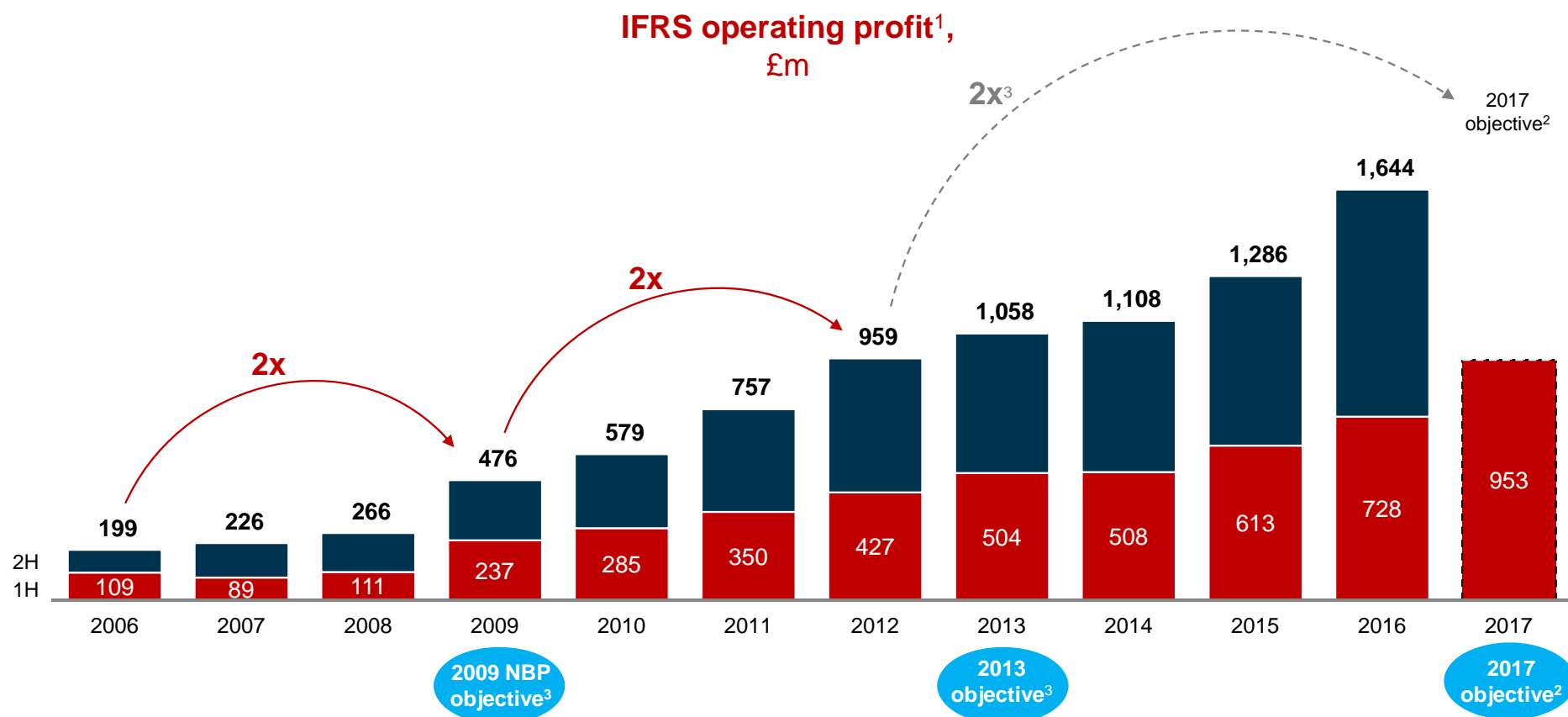
Agency +31% & Banca +22%
(2Q17 vs 2Q16: 13% & 21%)

Rest of Asia¹ + **22%**

¹ Growth rates based on comparatives using a constant exchange rate basis

Asia

Long-term performance track record



1. Comparatives have been stated on an actual exchange rate. Comparatives have also been restated to exclude the contribution from Korea life business sold in May 2017. 2012 includes the one-off gain on sale of stake in China Life of Taiwan of £51m.

2. 2017 objective is defined as at least 15% CAGR from 2012-17 based on an Asia 2012 IFRS operating profit of £909m (excluding one off of £51m) assuming exchange rates at December 2013.

3. 2009 objective based on doubling 2005 Asia NBP, 2013 objective based on doubling 2009 Asia IFRS profit 'Growth and Cash'. 2x based on implied multiple using 2012 IFRS operating profit of £909m increasing at a 15% CAGR to 2017

Asia

Strategic priorities - Accelerate

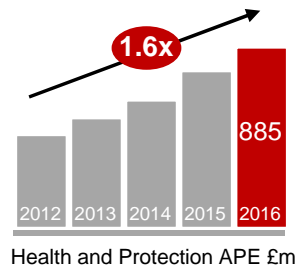
Leverage scale

Over **500k** agents
10k branches
 Top 3 position in
9 of 12 countries⁴
 With access to **3.3bn** population

- Expand and evolve agency model
- Leverage bancassurance
- Embed digital capability

2.4% Life insurance penetration¹

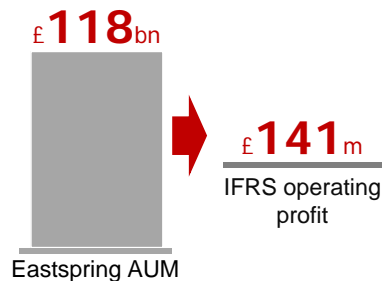
Expand health & protection



- Premier Health Insurance provider
- Significant protection gap driving growing health spend
- Grow participation

42% Out of pocket healthcare spend²

Penetrate wealth



- #1 Retail Fund manager⁵
- Growing wealth and financial deepening
- Expand products, distribution and processes

\$2.5tr Mutual funds AUM³

¹ Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums in % of GDP. Asia penetration calculated on a weighted population basis

² World Health Organisation - Global Health Observatory data repository (2013). Out of pocket as % of Total Health Expenditure. Asia calculated as average out of pocket

³ Source: Investment Company Institute, industry associations and Lipper as of 1Q'16. Datastream as of Jun 2016. Mutual fund AUM calculated by multiplying 12% penetration with footprint GDP

⁴ 12 markets excludes Korea and includes Laos

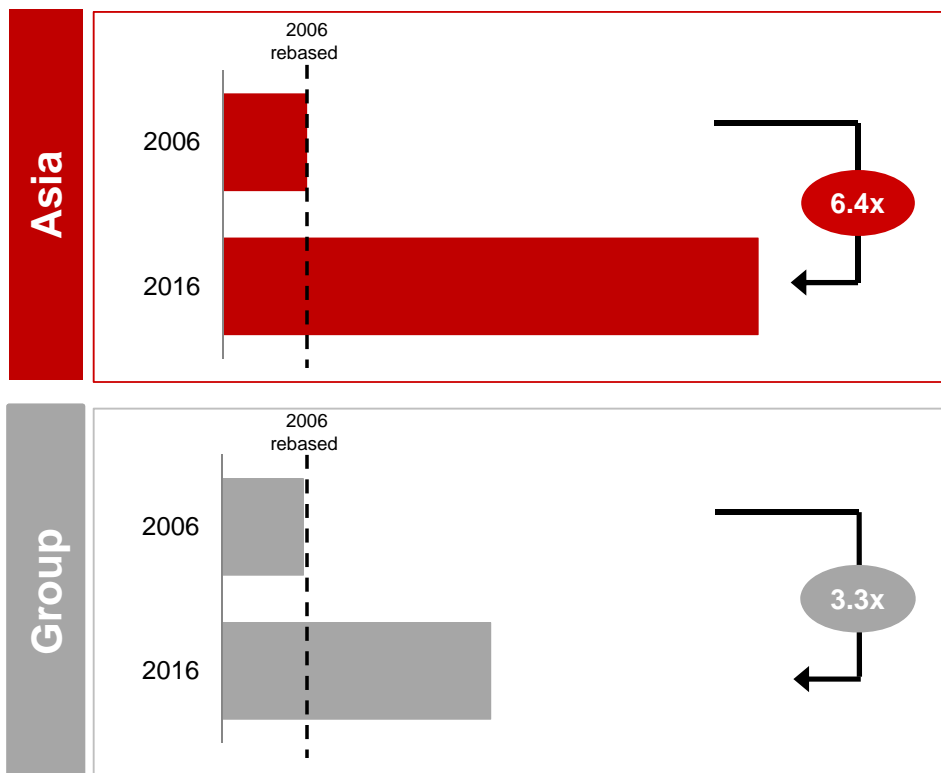
⁵ Source: Asia Asset Management - Fund Manager Surveys. Based on assets sourced in Asia ex-Japan, Australia and New Zealand. Ranked according to participating firms only.

Asia

Summary

Asia contribution to Group earnings

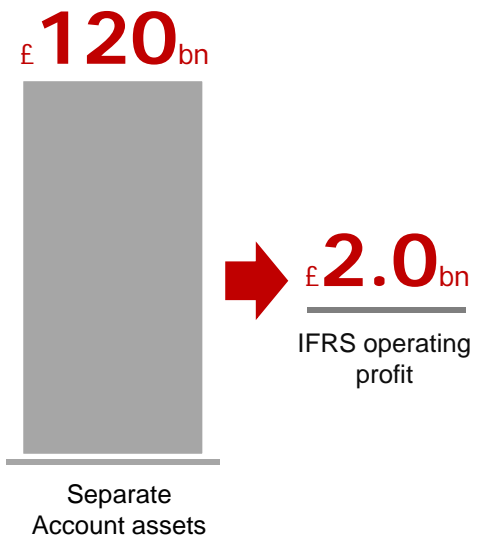
IFRS operating profit^{1,2}, £m



- ✓ 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 capability
- ✓ Proven record of innovation and execution drives customer and shareholder value

US

Strategic priorities - Grow



- ▶ Premier retirement income player
- ▶ Largest retirement asset pool in the world²
- ▶ Leverage cost, performance & technology advantage to access new asset pools
- ▶ Launched fee based VA and EA

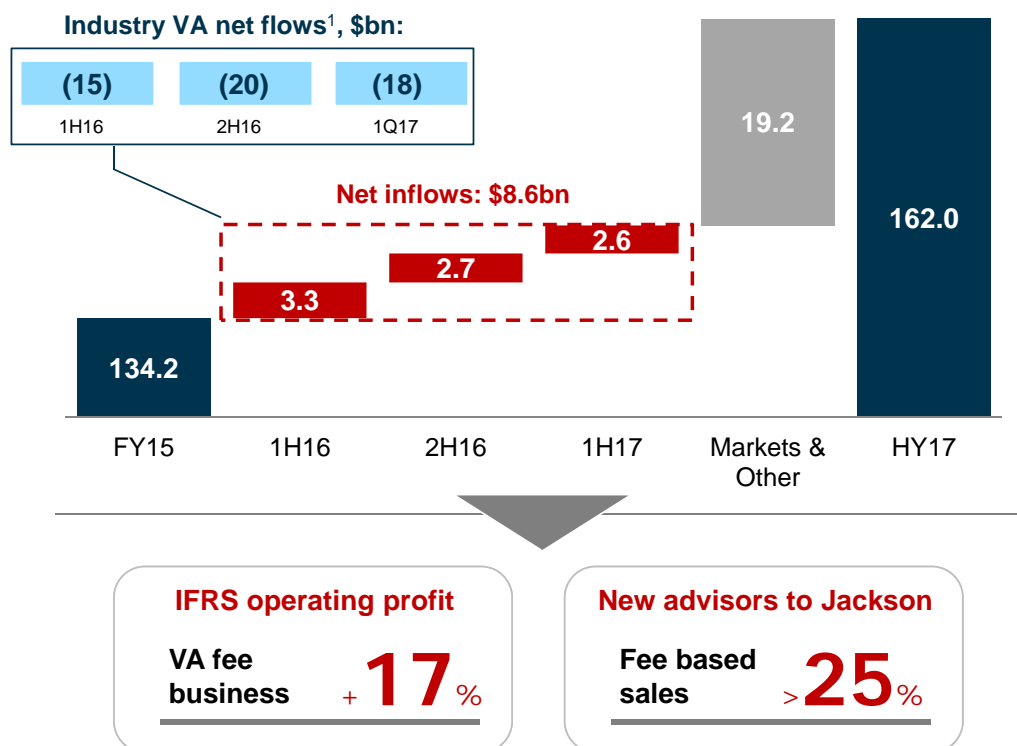
\$16^{tr} US retirement advisor assets¹

1. Source: Cerulli Associates – advisor metrics 2015
2. Source: 2016 Willis Towers Watson Global Pension Assets Study 2016

US

Relative outperformance

Separate account assets, \$bn

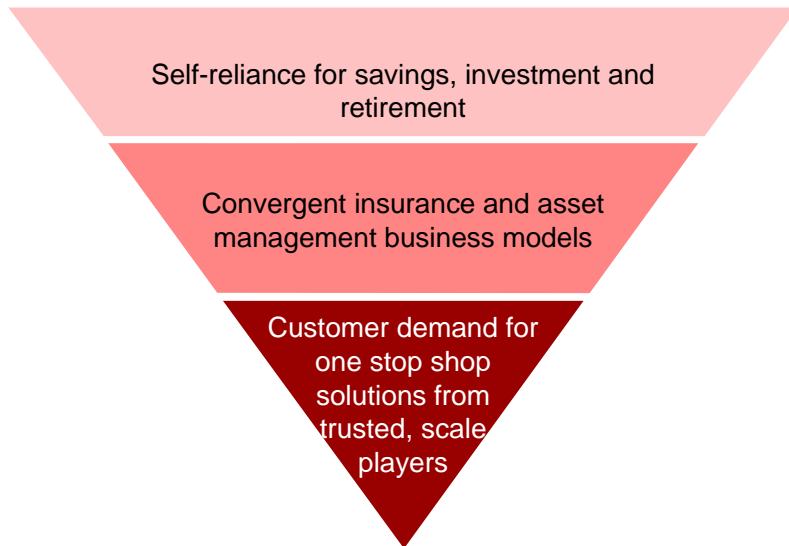


- ✚ Rapidly adapting to changing environment
- ✚ Fee business driving earnings growth
- ✚ Launched fee based VA products
- ✚ Outperforming the sector
- ✚ Delivered over \$4.4bn cumulatively since 2008

1. Source: MARC industry data

Strategic priorities - Enhance

Market trends



M&G Prudential - Intention to combine best of breed businesses

Strategically attractive

- ▶ Leading savings and investment provider
- ▶ Complementary expertise: scale, brands, product, distribution and financial strength
- ▶ Combination leverages strengths to align to market opportunities

Financially compelling

- ▶ Revenue upside from combining active investment and solutions expertise
- ▶ Accelerate transition to capital light model
- ▶ Investing to create a cost efficient business

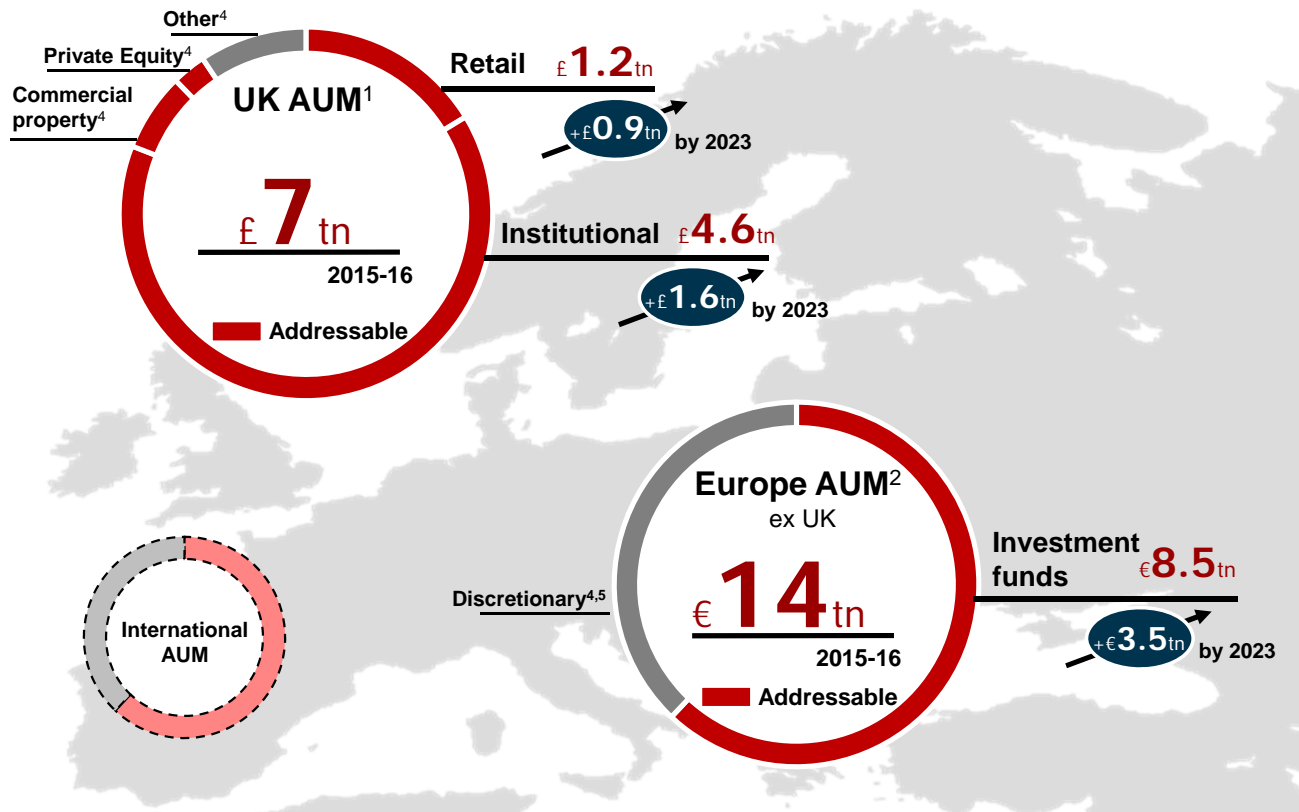
Unlocking opportunity

- ▶ Combined business able to develop and fund joint product propositions
- ▶ New digital service and distribution to meet fast changing customer needs
- ▶ Transformation into an efficient, service-led, digitally enabled business

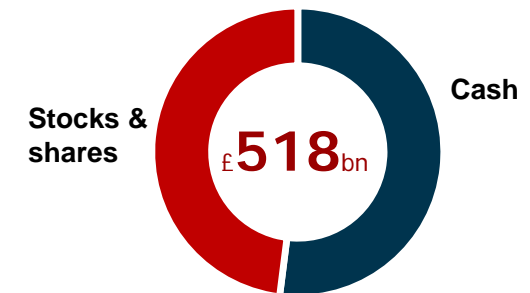
UK

Attractive market dynamics

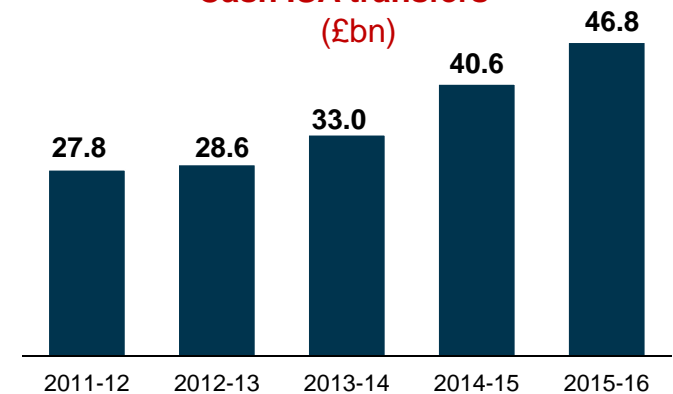
Opportunity^{1,2,3}



ISA market value⁶



Cash ISA transfers^{6,7} (£bn)



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 €5.2tn growing by €2.0tn.

5. Discretionary includes mandates and could be included within M&G Institutional addressable market.

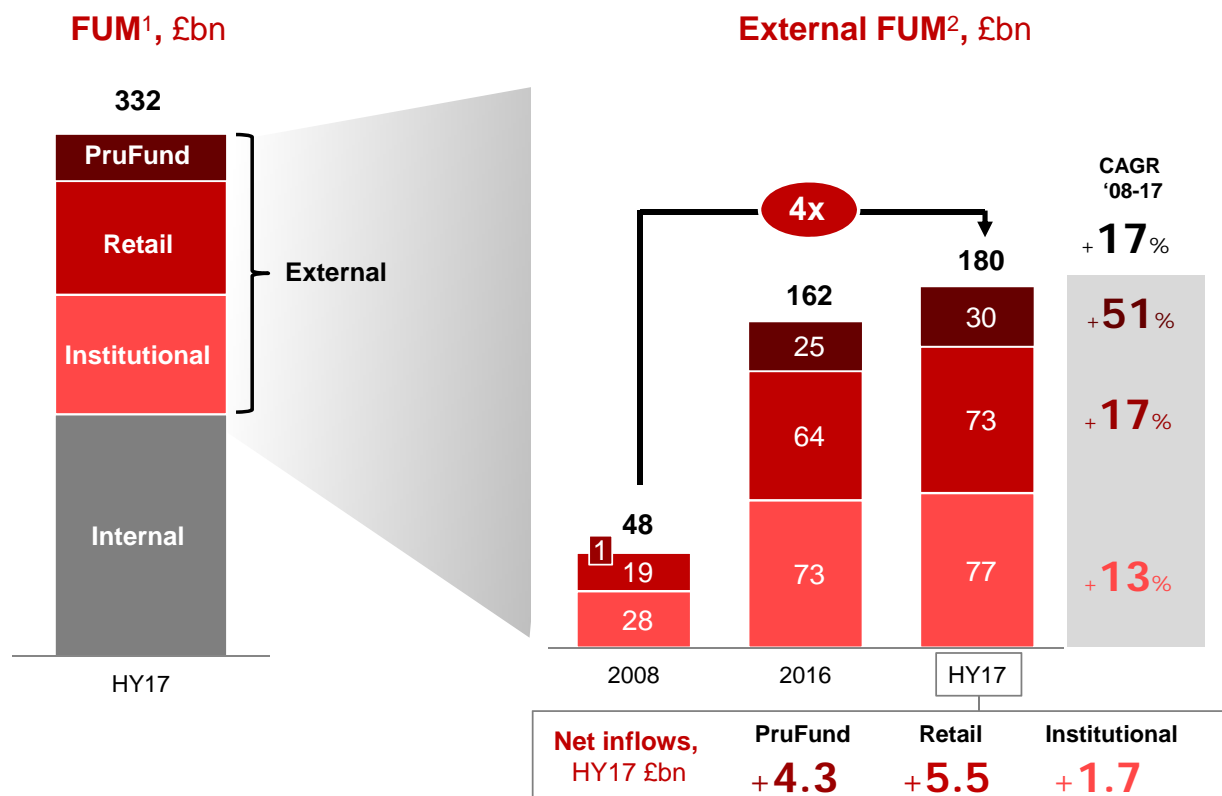
6. Source: HMRC – Individual Savings Account (ISA) Statistics April 2017. HMRC, BoE, ONS, ABI

7. Cash ISA transfers is derived from total amount subscribed in a year minus the new subscription and reinvestment of return. Reporting period for the year is April to March

M&G Prudential

Strong operating platform

Operating performance



Investment performance

PruFund 3yr return³ + **23%** (+16%)

(3 year, net of fees: +7ppt vs
ABI mixed investment 20%-60%: return of +16%)

Retail Performance⁴ + **56%** above
Median

(3 year, net of fees – based on fund size)

Institutional Performance⁴ + **100%** above
benchmark

(3 year, gross of fees – based on number of funds
- FI segregated & public debt mandates)

1. FUM includes M&G external FUM of £149.1bn plus the UK internal FUM of £193.8bn less £11.3bn that are classified within Prudential Group's funds.

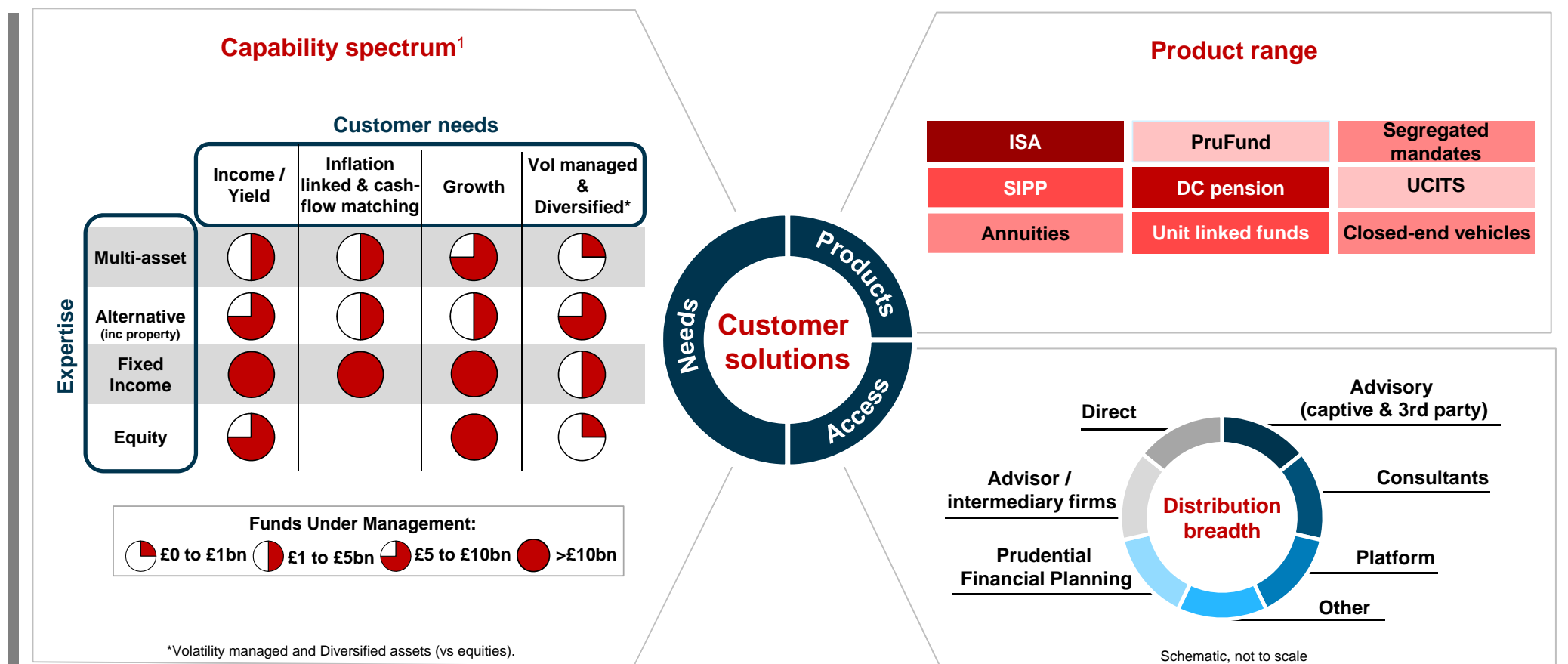
2. External FUM includes £72.5bn Retail, £76.6bn Institutional and £30bn of UK PruFund FUM

3. Outperformance based on 30 June 2014 to 30 June 2017

4. Investment performance stated in this statement is calculated by M&G, using published benchmarks for products. Retail quartile rankings are compared against funds' respective peer groups and are sourced from Morningstar Inc. based on returns that are net of fees. Institutional performance is gross of fees and is stated based on the 34 actively managed fixed income segregated and public debt mandates that have a 3-year performance track record. All performance returns are reported in base fund currency. Returns are not aggregated. Terminated funds have not been included. Data as at end June 2017.

M&G Prudential

Well positioned to unlock opportunity

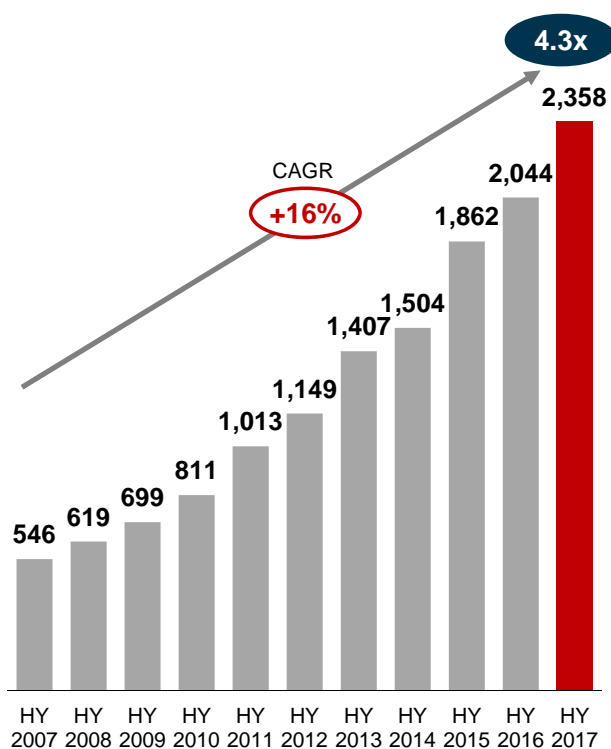


1. Internal allocation and categorisation based on M&G internal data for Retail and Institutional FUM

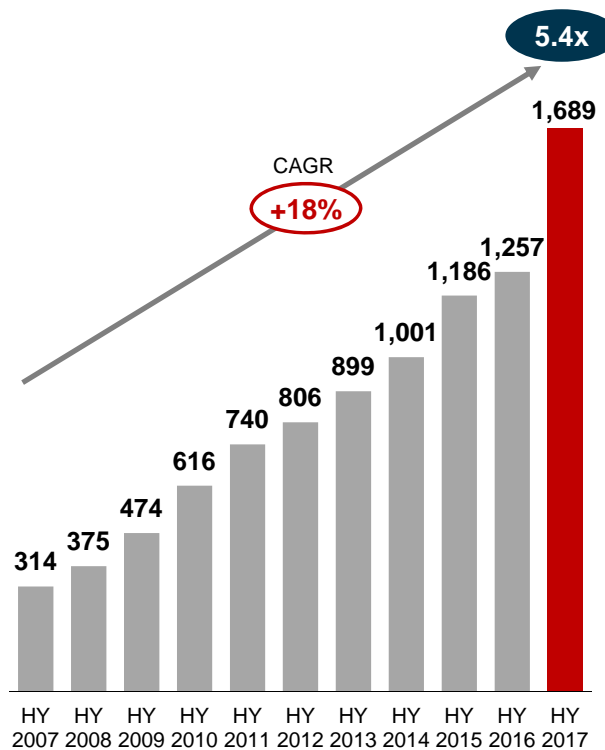
Group

Long-term track record

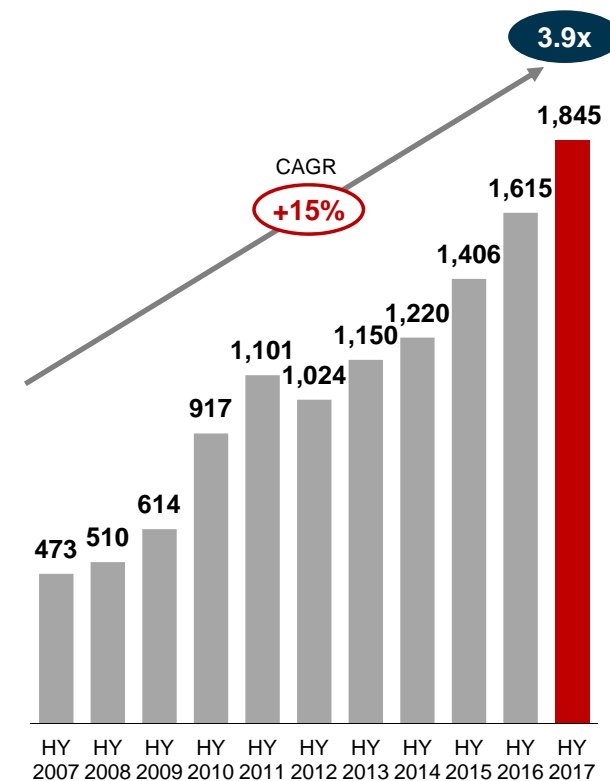
IFRS operating profit^{1,2,5}, £m



New business profit^{1,2,3,4}, £m



Free surplus generation^{1,2,3,4}, £m



¹ Comparatives have been stated on an actual exchange rate basis

² Excludes Korea life, Japan life and Taiwan agency. HY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives include the results of PruHealth and PruProtect

³ On a post tax basis

⁴ Results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. HY15 results and prior reflect the Solvency I basis being the regime applicable for those periods

⁵ Adjusted for new and amended accounting standards.

Group

Key take-aways



High quality, broad based performance



Asia continues to underpin growth



M&G Prudential leverages complementary strengths to unlock further value



Strong balance sheet, defensive positioning



Well positioned to deliver long-term, profitable growth



Investor Conference, London

16th November 2017