



Prudential plc

Investor and Analyst presentation

Post-Demerger Prudential plc business

26 September 2019

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, operating environment, 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, including without limitation those referring to the demerger and the expected timing of the demerger, 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, the timing, costs and successful implementation of the demerger of the M&GPrudential business; the future trading value of the shares of Prudential plc and the trading value and liquidity of the shares of the to-be-listed M&GPrudential business following such demerger; future market conditions, including fluctuations in interest rates and exchange rates, the continuance of 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; the actual or anticipated political, legal and economic ramifications of the UK's withdrawal from the European Union; the impact of continuing application of Global Systemically Important Insurer or 'G-SII' policy measures on Prudential; the impact of competition, economic uncertainty, inflation and deflation; the effect on Prudential's business and results from, in particular, 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 internal projects and other strategic actions failing to meet their objectives; disruption to the availability, confidentiality or integrity of Prudential's IT systems (or those of its suppliers); 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 and regulatory actions, investigations 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' section in Prudential's most recent Full Year Results Regulatory News Release and the 'Risk Factors' section in its most recent Annual Report and the 'Risk Factors' section 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' section 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 available on its website at www.prudentialplc.com.

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Mike Wells

Group CEO

Group Agenda

Strategic overview

Mike Wells

Group CEO

Financial update

Mark FitzPatrick

Group CFO & COO

Closing remarks

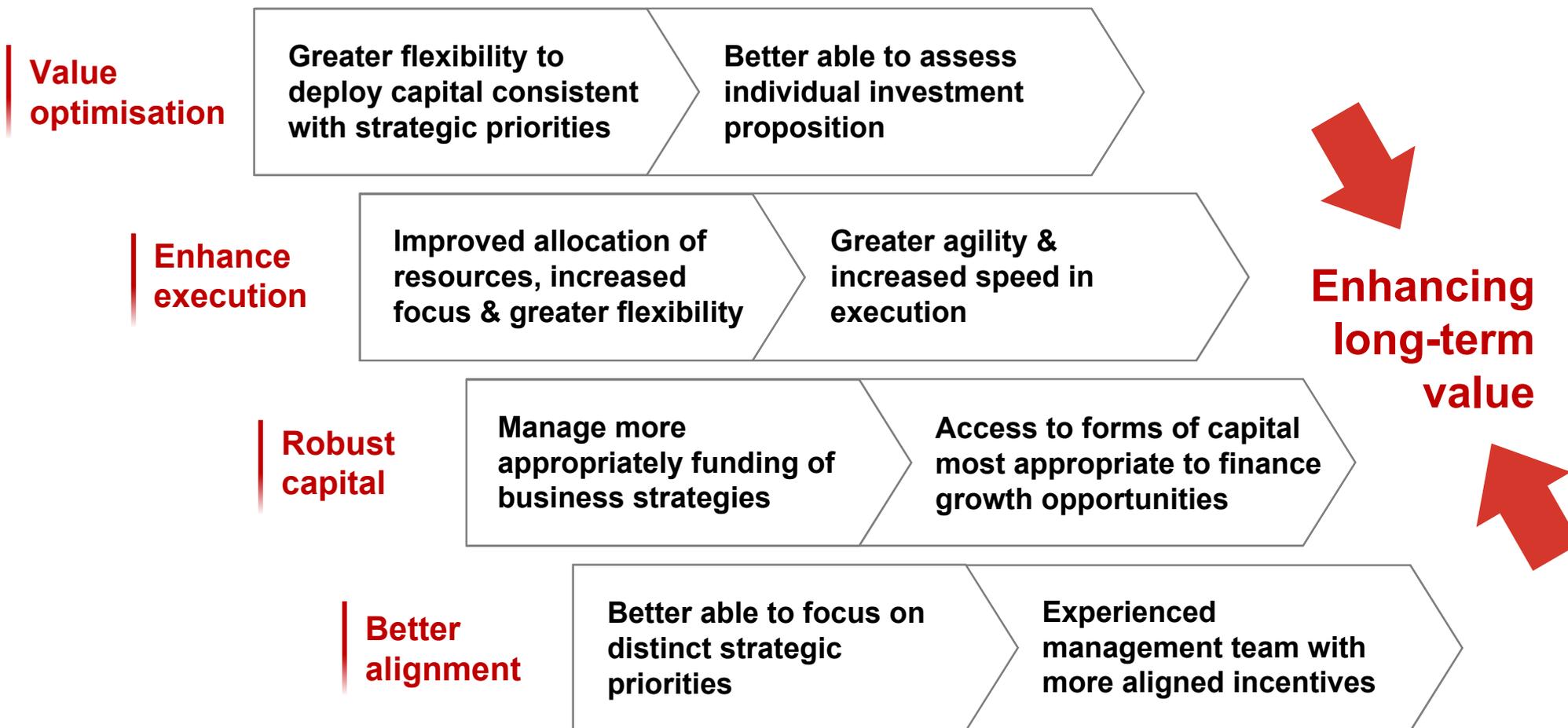
Mike Wells

Group CEO

Q&A session

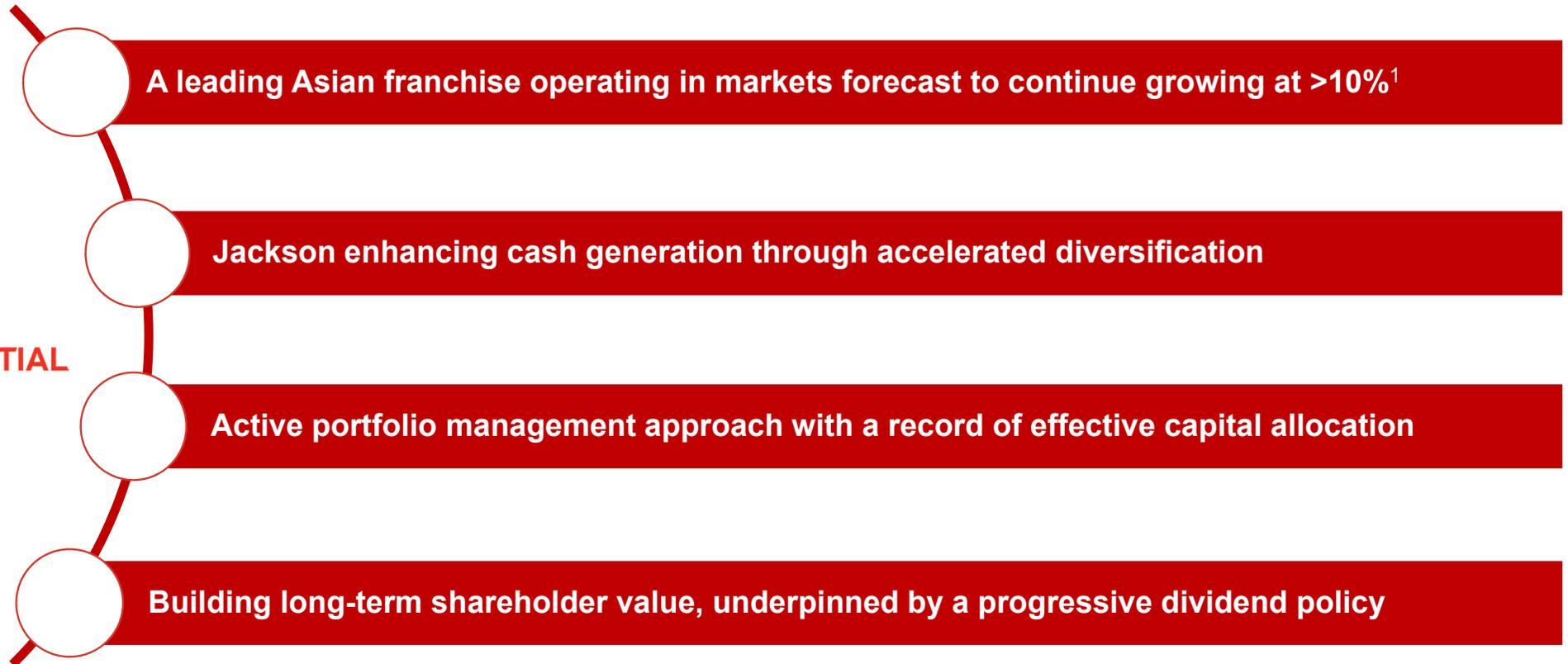
Group

Demerger of the M&G Group from Prudential plc



Group

Investment case: Asia-led in structural growth markets



¹ CAGR from 2017 to 2022 for life insurance and health medical reimbursement markets in Hong Kong, China, Singapore, Indonesia, Malaysia and India. Based on NBP projections. Source: Proprietary research/Bain analysis (2018).

Group

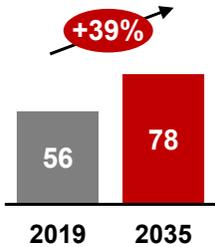
Asia-led Group focused on capturing opportunities in structural growth markets



US retirement

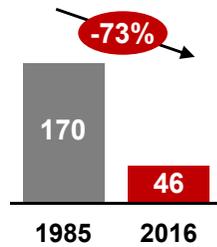
Enhancing cash generation through accelerated diversification

Ageing population¹



Population over 65, millions

Declining pensions²



of defined benefit plans, thousands

¹ Social Security Administration, 2019.

² U.S. Department of Labour, "Private Pension Plan Bulletin Historical Tables and Graphs 1975-2016", December 2018.

³ Insurance penetration source Swiss Re Sigma 2017. Insurance penetration calculated as premiums on % of GDP. Asia penetration calculated on a weighted population basis.

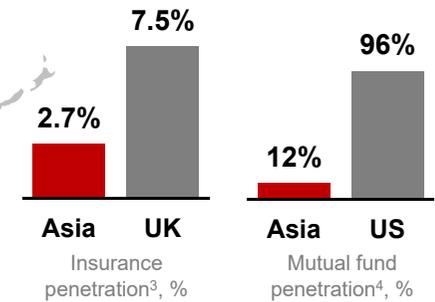
⁴ Investment Company Institute, industry associations and Lipper.



Asian growth

Accelerating the trajectory in structural growth markets

Low insurance & mutual fund penetration



Africa opportunity

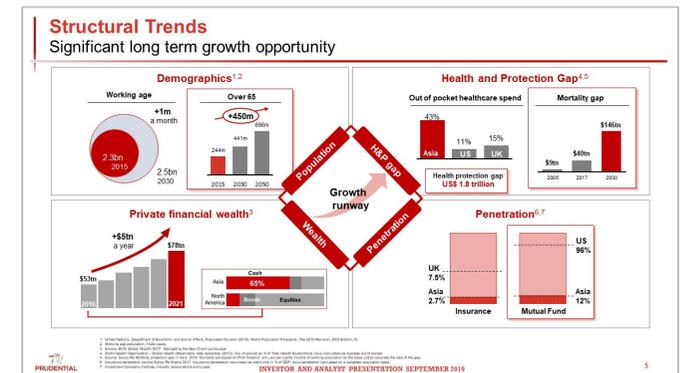
Building presence in one of the world's most under penetrated markets



Asia

A leading Asian franchise operating in markets forecast to continue growing at >10%¹

- 1 Sustainable long-term growth in large addressable markets
- 2 Portfolio across 14 markets with capabilities across health, protection, savings & asset management
- 3 At scale²: 3 businesses with annual IFRS operating profits over £300m, 5 over £100m & 2 over £25m
- 4 Strong brand position with quality products & powerful multi-channel distribution
- 5 High pace of innovation and technology usage
- 6 Growth orientated, disciplined management team



¹ CAGR from 2017 to 2022 for life insurance and health medical reimbursement markets in Hong Kong, China, Singapore, Indonesia, Malaysia and India. Based on NBP projections. Source: Proprietary research/Bain analysis (2018).
² Includes Eastspring, presentation consistent with the FY18 'IFRS Operating profit by territory' disclosure. 'Other' is shown as a separate item and includes India, Cambodia and Laos. As reported (RER) basis.

US

Jackson enhancing cash generation through accelerated diversification



Grow cash remittances and preserve capital cover across market scenarios

Accelerate diversification

Grow cash and preserve capital cover

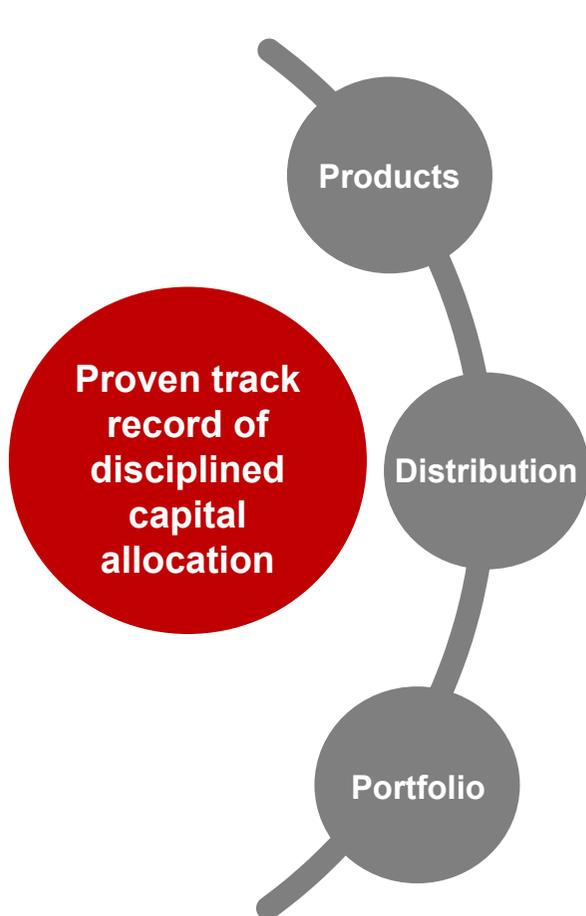
- Long record of cash generation and resilience
- Appropriately capitalised with effective financial and risk management
- Established product expertise and distribution
- Record of successful bolt-ons

Accelerate diversification

- More diversified business to release additional value
- Maintain risk appetite
- Options to support this include reinsurance and 3rd party financing

Group

Active portfolio management approach with a record of effective capital allocation



Asia

Focus on health and protection business
De-emphasis of Universal Life in Singapore

US

Launch fee based VAs
Diversification of product mix

UK&E

Stopped writing annuities

Asia

Enhance quality and optimise productivity of agents
Grow & optimise traditional & non-traditional partnerships

US

Distribution channel diversification in advisory
Enhancing market leading position in brokerage

Asia

Expansion in China and ASEAN¹
Strategic exits: Japan, Korea and Vietnam Fin Co

US

Acquisition of John Hancock's Group payout annuities
Strategic exit: NPH

UK&E

Strategic exit: Sale of £12bn annuities to Rothesay Life
Strategic exit: Intention to demerge M&G Group

Capital allocation to Asia

Investment in new business
(cumulative HY09-HY19)²

£3.6_{bn}

Asia IFRS insurance income

(cumulative HY09-HY19)²

£8.4_{bn}

Strong returns in Asia

Average 10 year IFRS RoE³

29%

¹ Association of Southeast Asian Nations.

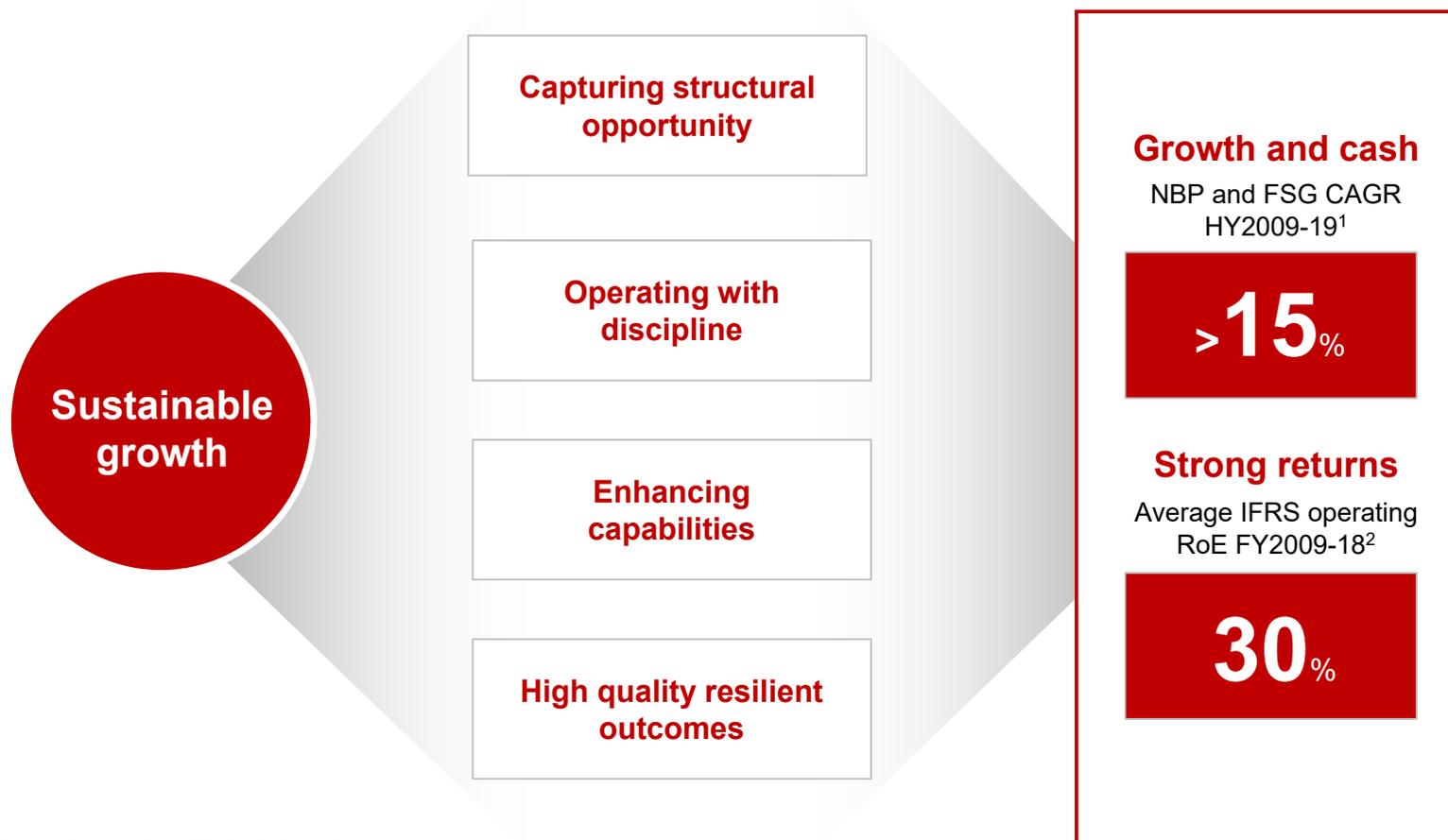
² On an actual exchange rate basis and as reported.

³ The average 10 year IFRS RoE for Asia is calculated as IFRS operating profit after tax as a percentage of opening IFRS shareholders' funds.



Group

Building long-term shareholder value



¹ On an actual exchange rate basis (AER), Asia and US only. FSG after restructuring costs.

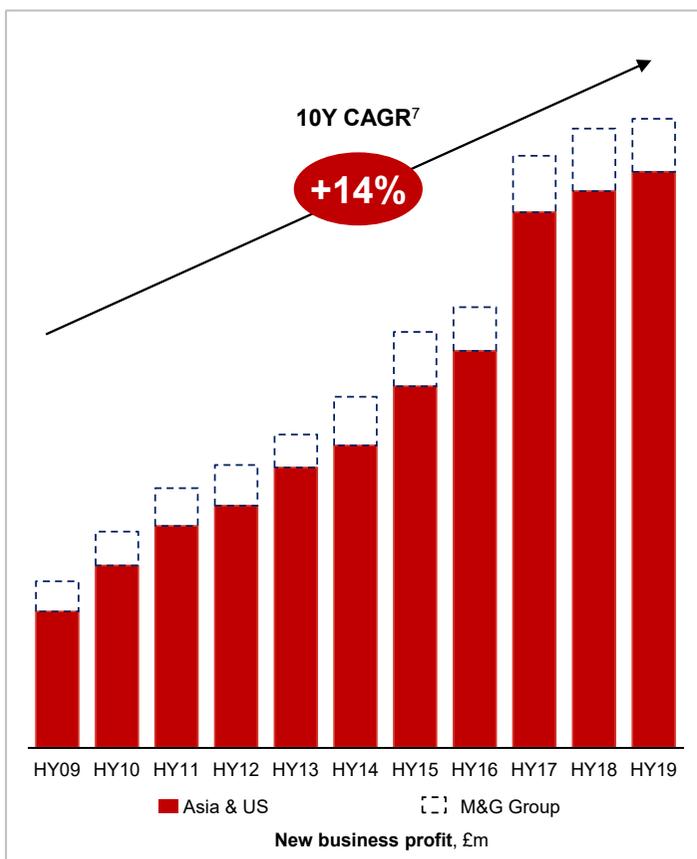
² The average 10 year IFRS RoE is calculated as Group IFRS operating profit after tax excluding M&G Group IFRS segmental operating profit after tax as a percentage of opening Group IFRS shareholders' funds excluding M&G Group IFRS segmental shareholders' funds.



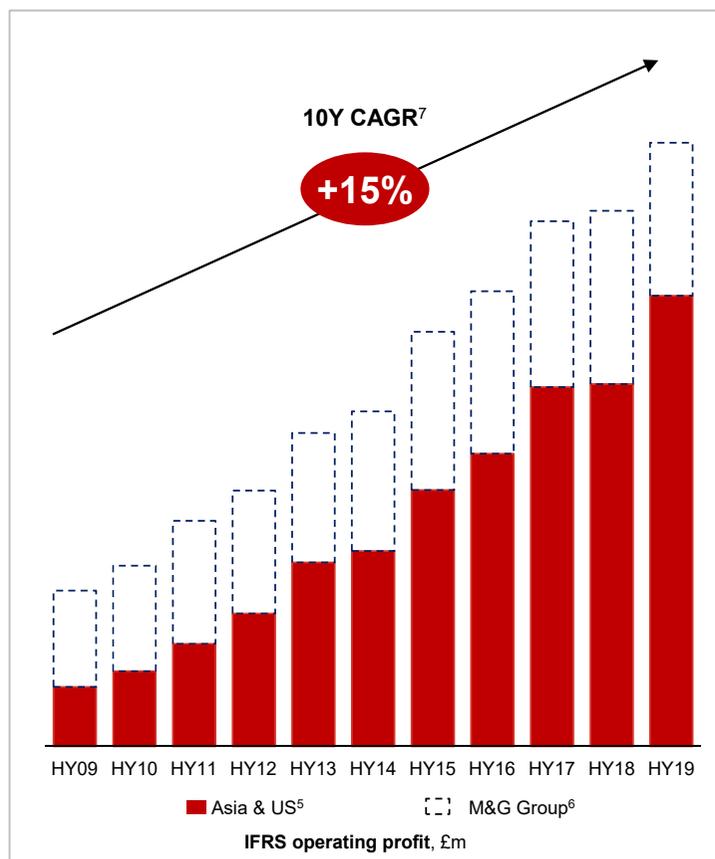
Group

Building long-term shareholder value

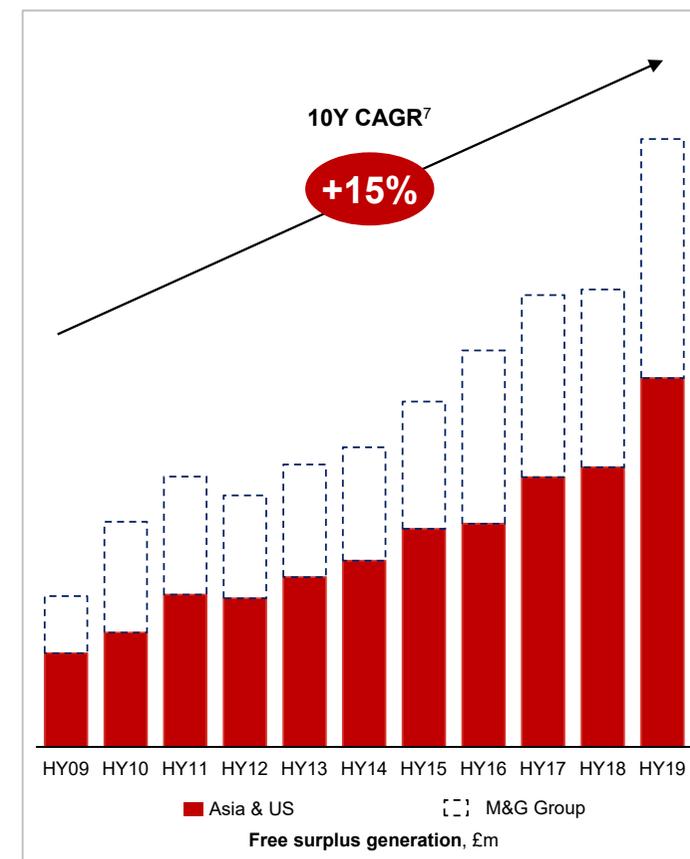
Growth^{1,2,3}



Earnings^{1,2}



Cash^{1,2,3,4}



1 Comparatives have been stated on an actual exchange rate basis (AER).

2 Comparatives are adjusted for new and amended accounting standards, and excludes Korea Life, Japan and Taiwan agency. HY2014 comparatives have also been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives includes contribution from Prudential Capital.

3 On a post-tax basis.

4 Note HY2012-HY2017 excludes contribution from Prudential Capital. HY2011 and prior includes contribution from Prudential Capital. After restructuring costs.

5 IFRS segmental operating profit for Asia and US, and includes other income and expenditure.

6 Excludes allocation of other income and expenditure.

7 10 year CAGR of Prudential Plc including the M&G Group.

Mark FitzPatrick

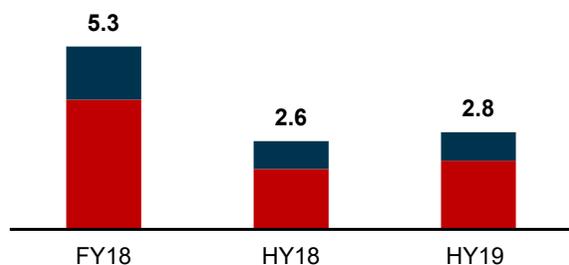
Chief Financial Officer and Chief Operating Officer

Prudential plc

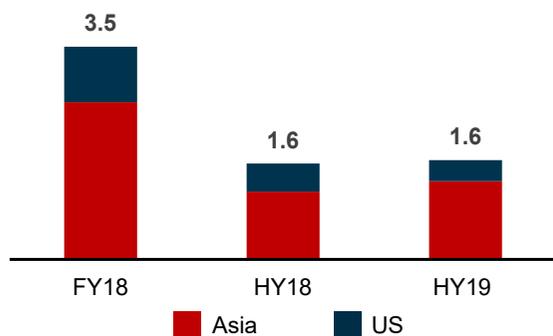
Financial profile post Demerger

Sales

New APE¹, £bn



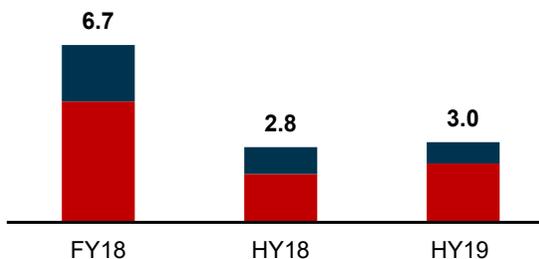
New business profit¹, £bn



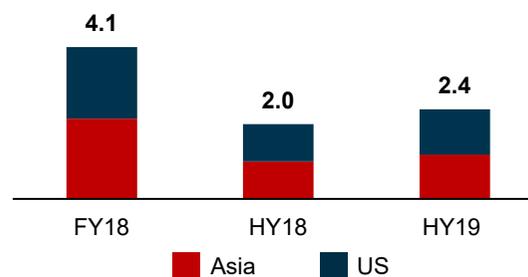
■ Asia ■ US

Profit

EEV Operating profit, before central expenses¹, £bn



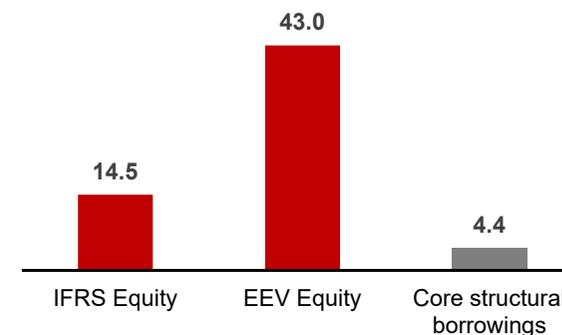
IFRS Segment operating profit, before central expenses¹, £bn



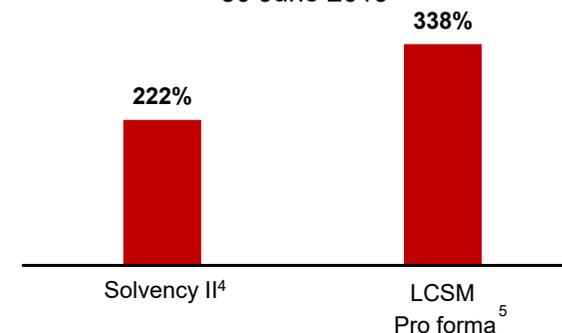
■ Asia ■ US

Capital

IFRS², EEV Equity², Debt³, £bn
30 June 2019, pro forma



Capital cover ratios, %
30 June 2019



¹ Prior period comparatives stated on AER basis. AER actual exchange rates.

² Includes goodwill.

³ Stated on an IFRS basis.

⁴ The Prudential Group shareholder Solvency II capital position as reported at 30 June 2019.

The capital position excludes the contribution to own funds and the SCR from ring-fenced with-profits funds and staff pension schemes in surplus. The estimated solvency positions include management's calculation of UK transitional measures reflecting operating and market conditions.

⁵ Information on the shareholder LCSM capital position as at 30 June 2019 of the Prudential Group's continuing operations has been extracted without material adjustment from the "Additional Unaudited Financial Information" set out in the Prudential Group's 2019 Half Year Results. The pro forma adjustments are a reduction of £2.9 billion for the expected impact of the transfer of Tier 2 subordinated debt to M&G, a reduction of £0.1 billion related to the directly attributable transaction costs of the Demerger that are being borne by Prudential and which had not been incurred at 30 June 2019, and a benefit from total dividends expected to be paid by M&G to Prudential plc before the proposed Demerger of £3.2 billion. All dividends are subject to customary legal and governance considerations required before approval by the M&G board. No account has been taken of any trading and other changes in financial position of the Prudential Group after 30 June 2019.



Prudential plc

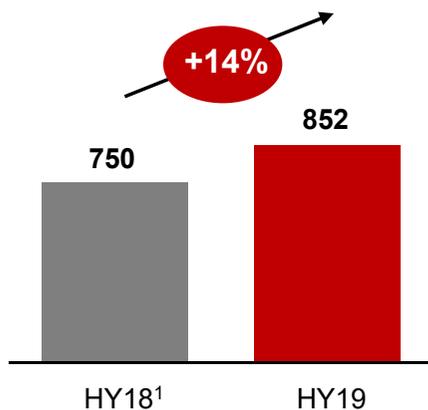
Key financial metrics

	Asia		Jackson		Group
Principle	 Focus on high quality growth		 Focus on profitable, cash generative business		 Focus on discipline in central expenses and capital allocation
Financial Driver	 Regular premium H&P business	+	 US fee income and portfolio diversification	+	 Balance sheet and capital management
Shareholder Value	 Growth in EV		 Growth in statutory capital generation and remittances		 Progressive dividend policy and resilient capital position

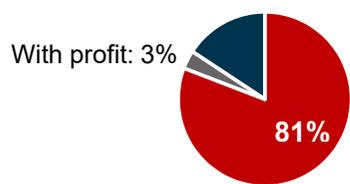
Asia

High quality, compounding business drives growing earnings

High quality

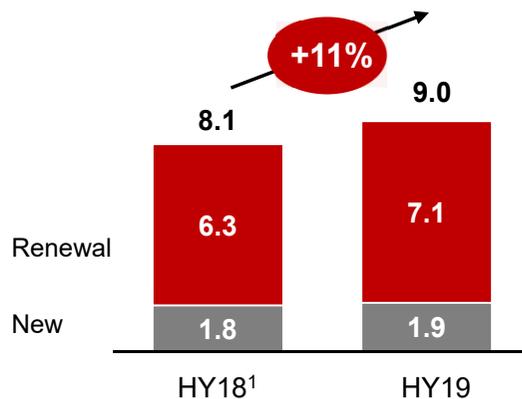


Insurance margin, contribution to IFRS life operating income, £m



Insurance margin & life fee % of total life income²

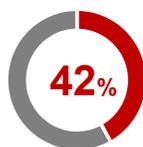
Compounding



Weighted premium income³, £bn



Regular premiums⁴

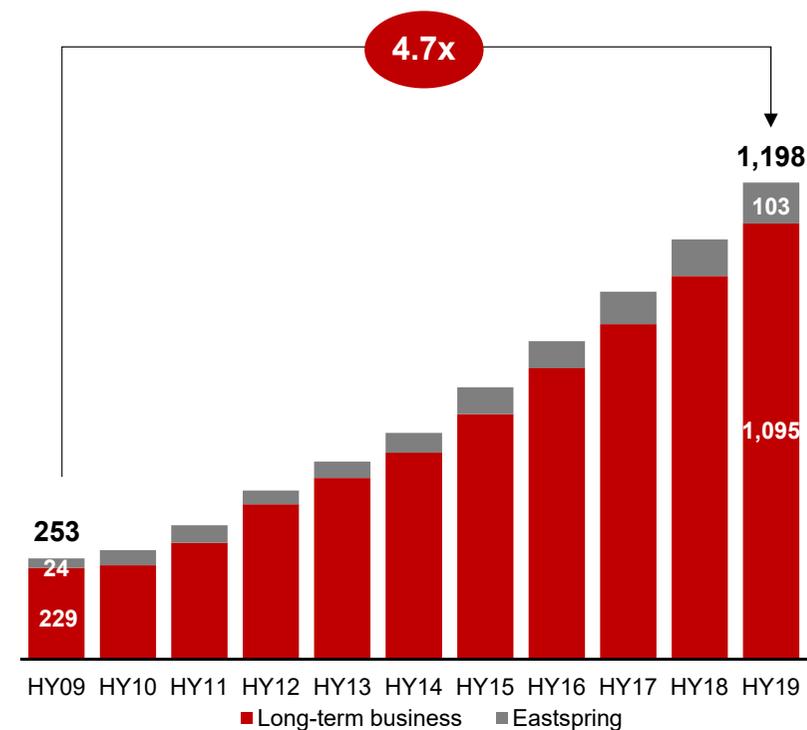


Repeat sales^{5,6}



Retention rate⁶

Growing earnings



IFRS Operating Profit, £m^{1,7}

1 On a constant exchange rate basis (CER).

2 Total IFRS life operating income includes insurance margin, spread income, fee income, with-profits income and expected return on shareholder assets and excludes margin on revenue.

3 Weighted premium income comprises gross earned premiums at 100% of renewal premium, 100% of first year premiums and 10% of single premiums.

4 Represented by regular premiums as a percentage of APE.

5 Repeat sales as a percentage of APE.

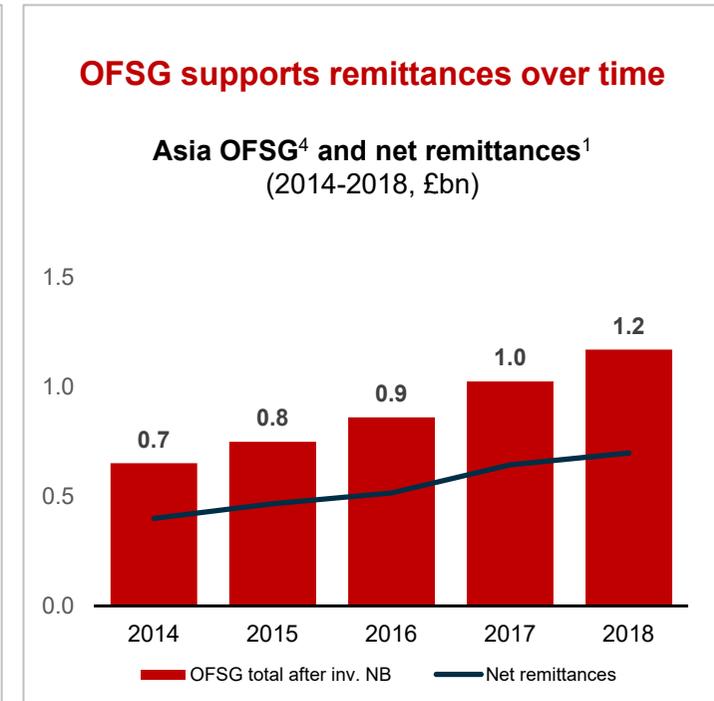
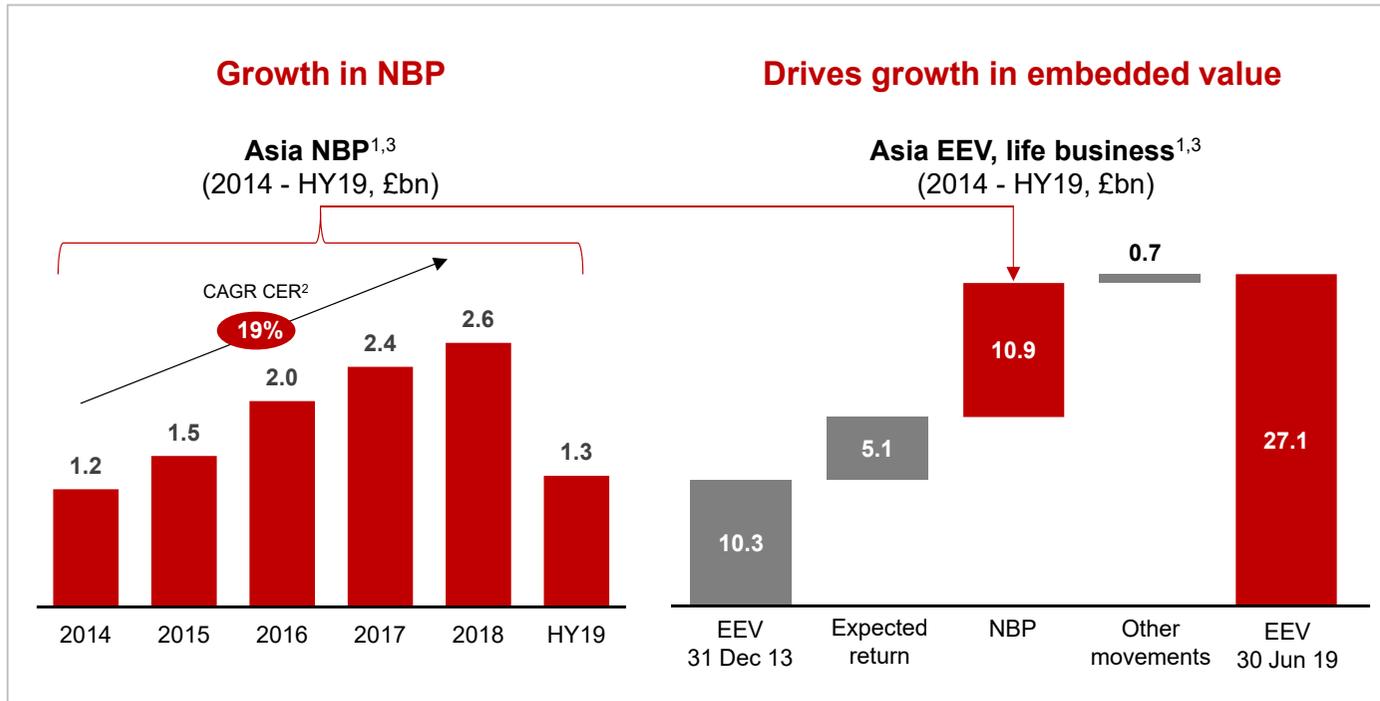
6 Excludes India.

7 Excludes Korea Life and Japan Life. Comparators adjusted for new and amended accounting standards.



Asia

New business profit drives growth in Embedded Value. OFSG supports remittances

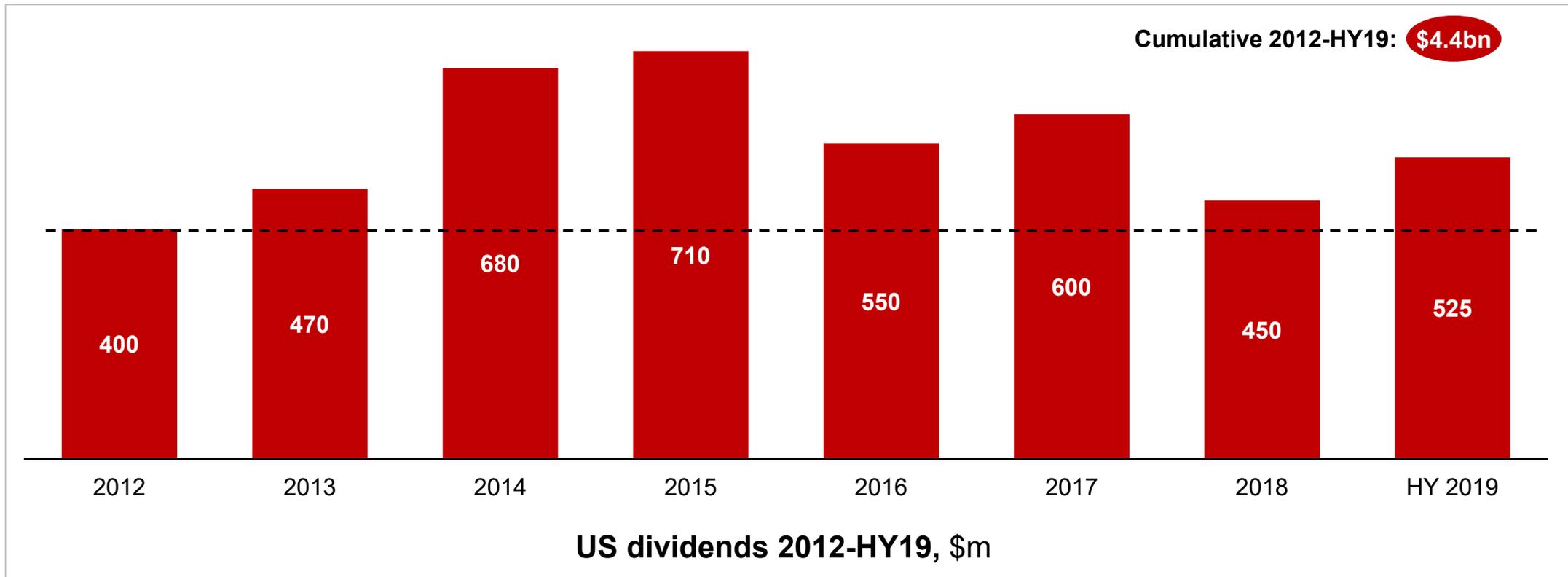


1. Prior period comparatives stated on AER basis.
 2. CAGR CER: compound average growth rate stated on a constant exchange rate basis.
 3. Totals may not cast as a result of rounding.
 4. OFSG. Operating Free Surplus Generation of Asia life insurance and asset management business after investment in new business. Prior period comparatives stated on CER basis.

US

Jackson enhancing cash generation through accelerated diversification

Long record of cash generation and resilience



Capital management

Driving sustainable, profitable growth and retaining a resilient balance sheet

Aims

Leading Asia franchise operating in growth markets

Enhancing US cash generation through accelerated diversification

Active portfolio management approach with a record of effective capital allocation

Retaining a resilient balance sheet

Principles

Capital management priority is to drive growth in PCA

Grow cash remittances and preserve capital cover across market scenarios; diversification provides upside

Continuous focus on value creation, allocating capital to enhance growth, prioritising profitable organic growth, inorganic thereafter and supporting a progressive dividend policy

Manage within risk appetite, remaining within economic and regulatory capital limits, ensuring sufficient capital and liquidity is held locally and centrally to fulfil commitments in stress scenarios

Building long-term value

Capital management

Dividend policy

2019: Expected dividend composition

		Expected ¹ dividend per share Pence	Expected ¹ Cost £m
Paid by Prudential plc	First interim ordinary	16.45	c425
	Second interim ordinary expected ²	19.60	c510
Paid by M&G plc	Dividends expected ³	15.77	c410
Total		51.82	c1,345

+5.0% (2018: 49.35 pence per share)

Total c£935m, of which c£750m contribution from the Post-Demerger Group to the 2019 expected dividend, c£185m using remittances paid from M&G to Prudential prior to completion of the Demerger

Dividend Policy

- Progressive dividend policy
- Level of growth will take into account the Post-Demerger Prudential Group's capital generation capacity, financial prospects and investment opportunities, as well as market conditions
- Dividend will be determined and declared in US dollars²
- Formulaic approach to first interim dividends maintained (one third of the previous year's full year dividend)
- Will be applied to the expected £750 million contribution from the Post-Demerger Prudential Group to the total 2019 dividend

¹ Subject to financial performance and market conditions.

² The expected 2019 second interim ordinary dividend will be calculated in pounds sterling and converted into a declared dividend amount using the US dollar foreign exchange rate at 31 December 2019.

³ M&G plc dividends expected comprise an ordinary dividend of 11.92 pence per share with an expected cost of c£310m and a Demerger related dividend of 3.85 pence per share with an expected cost of c£100m.



Holding company cash flow

Medium-term drivers and considerations

The £750 million 2019 dividend forms the base from which the Prudential Board expects to apply its progressive dividend policy. This is expected to result, over the medium-term, in future central outflows i.e. dividends, debt interest costs and other central expenses (including central payments for bancassurance distribution agreements and restructuring costs) net of tax recoverables, being covered by remittances from business units. Prudential will determine and declare its dividend in US dollars commencing with dividends paid in 2020.

Holding company cash flow, 2018 – HY19

£m	2018	HY18	HY19
Net remittances to Group (Continuing operations)			
Asia	699	391	451
US	342	342	400
Central outflows			
Net interest paid	(366)	(187)	(218)
Corporate activities	(206)	(113)	(97)
Tax received	142	81	93
Other movements	913	(106)	(999)

Medium-term drivers and considerations

Remittance growth over time, will reflect growth in business capital generation

Some seasonality: Asia net remittances 2018 £699m (2017: £645m), +8.4%¹ YoY

Objective to enhance cash generation by accelerating diversification

Post Demerger annual interest cost on core structural borrowings estimated at c£230m

Relates to GHO costs. FY18 and HY19 includes costs associated with M&G Group. M&G Group expects head office and group function costs of £80-100m per annum. We are assessing the efficiency and effectiveness of our Group-wide functions to ensure that they better reflect the future needs of the business

Tax recoverables on Group interest costs and GHO costs. Post Demerger, absolute level of holdco benefit expected to materially reduce. Over time, expected to be partially mitigated by changes to the Group operating model

Includes several items such as net debt movements, demerger costs, central payments for bancassurance distribution. Following completion of the demerger, the annualised HY18 outflow is more indicative of the expected run rate over the medium-term from 2020, before one off effects.

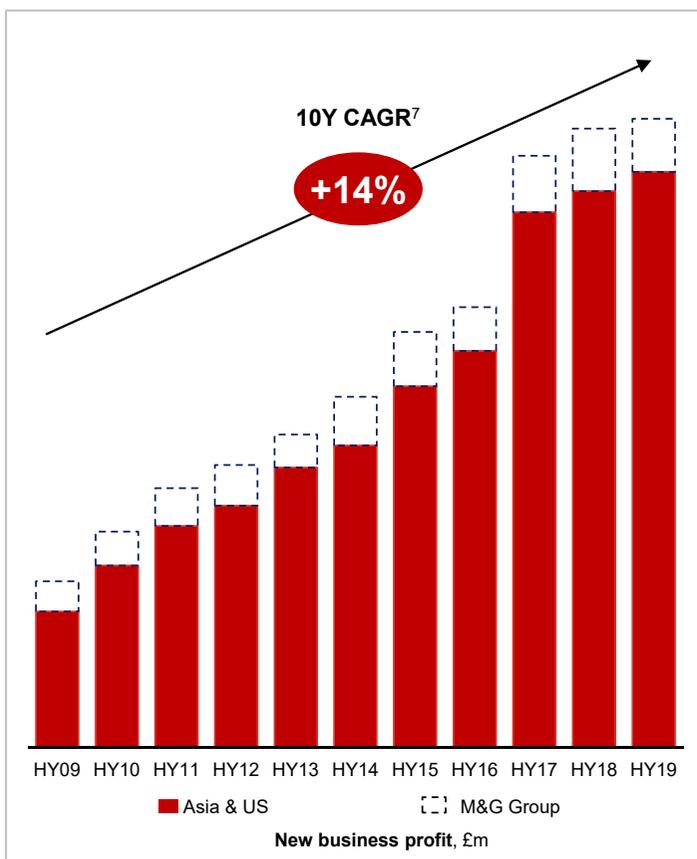
¹ AER basis.



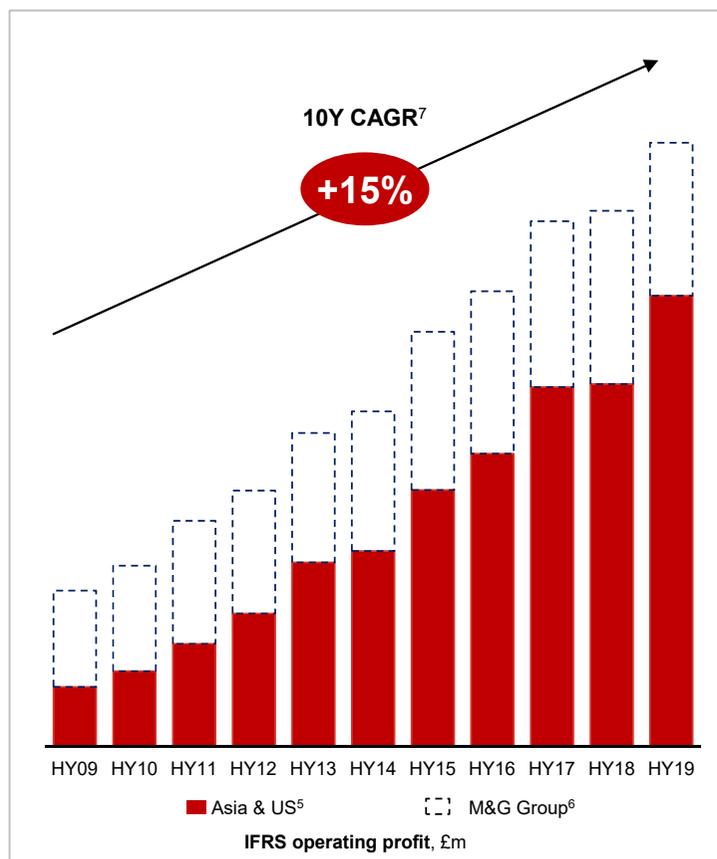
Group

Building long-term shareholder value

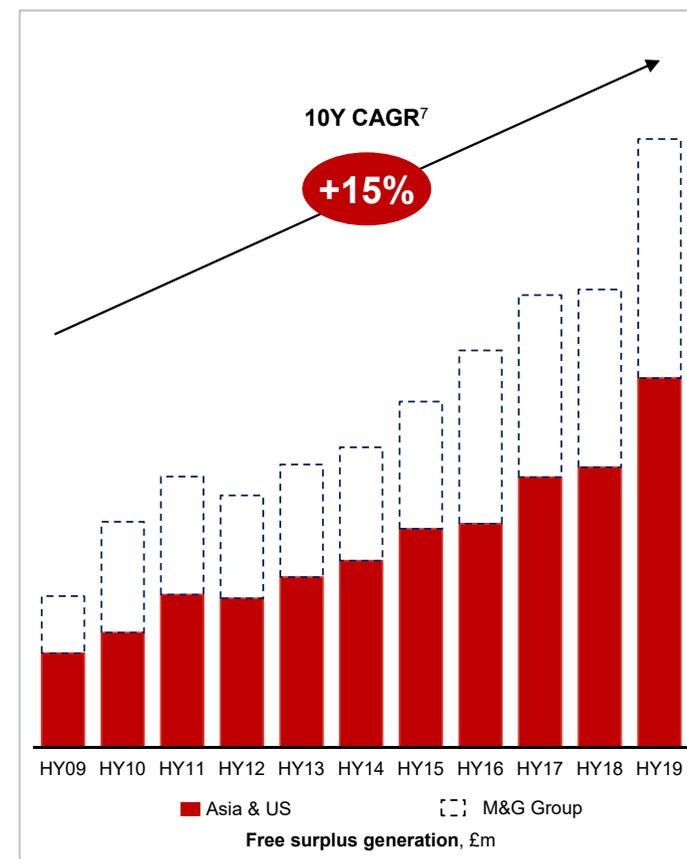
Growth^{1,2,3}



Earnings^{1,2}



Cash^{1,2,3,4}



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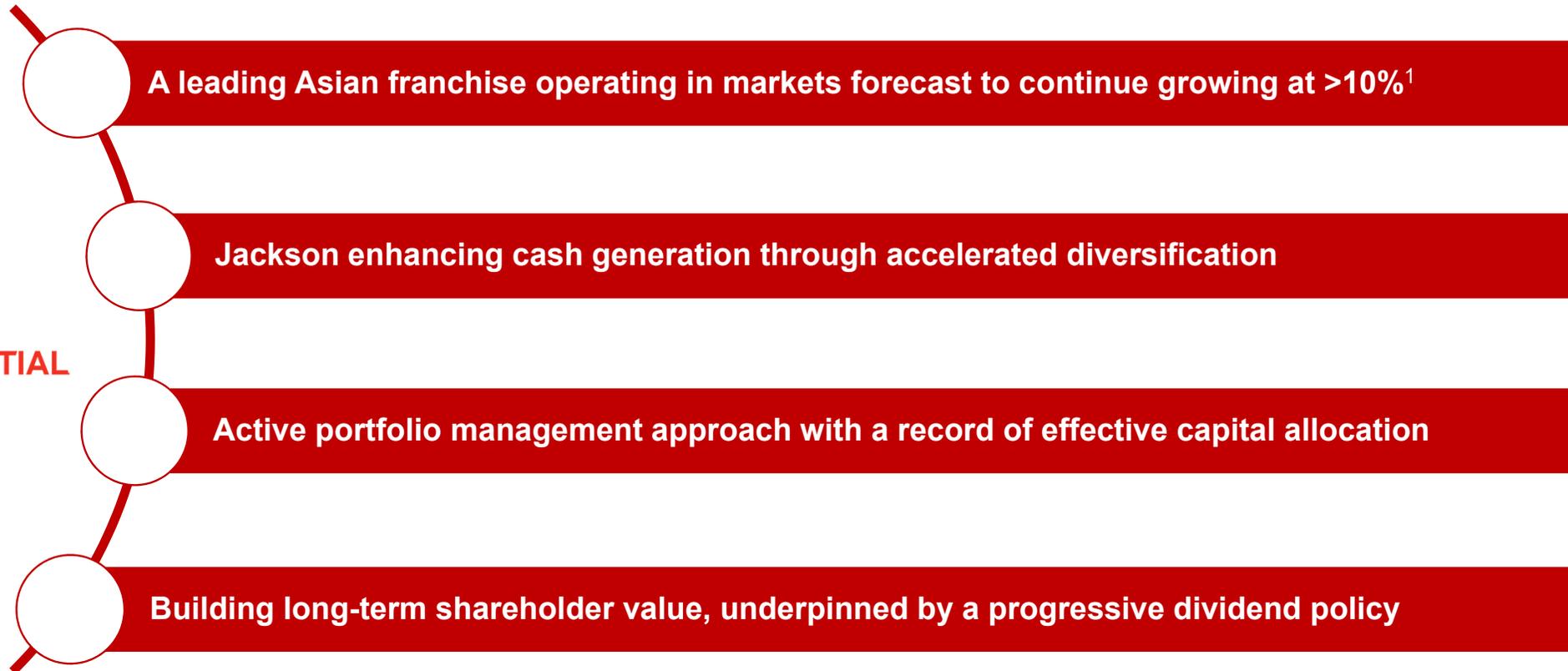
7 10 year CAGR of Prudential Plc including the M&G Group.

Mike Wells

Group CEO

Group

Investment case: Asia-led in structural growth markets



¹ CAGR from 2017 to 2022 for life insurance and health medical reimbursement markets in Hong Kong, China, Singapore, Indonesia, Malaysia and India. Based on NBP projections. Source: Proprietary research/Bain analysis (2018).

Patrick Bowes

Director of Investor Relations

Group

Expected demerger timetable

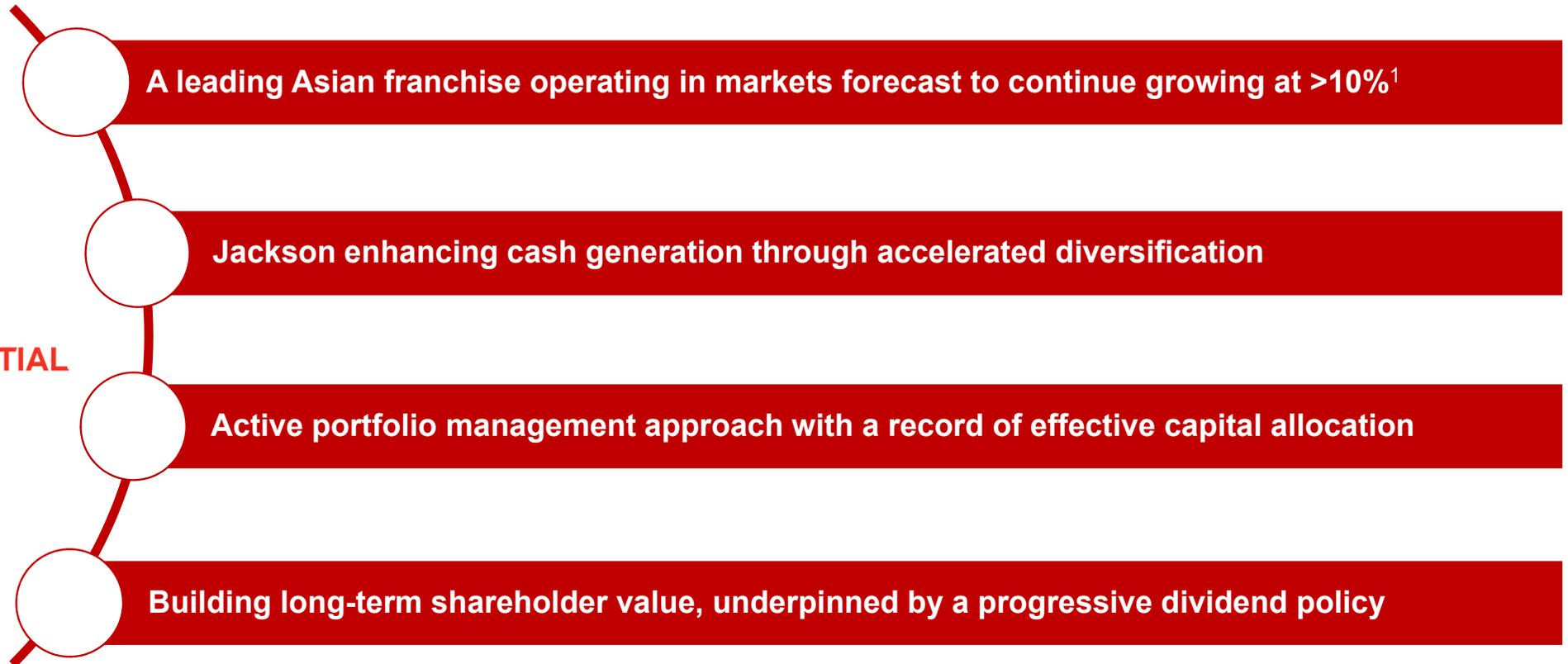


Share information and ticker

London stock exchange (in GBP)	PRU.L
Hong Kong stock exchange (in HKD)	2378
Singapore stock exchange (in SGD)	K65

Group

Investment case: Asia-led in structural growth markets



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