

**Prudential Investor Day**  
**Nic Nicandrou, Prudential Corporation Chief Executive**  
*Delivery of the Strategy in the Asia and Africa Businesses*

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## **Introduction**

### Slide 1: Hello

- Hello I am Nic Nicandrou, the CEO of Prudential Corporation Asia.
- Prudential turned 173 years old this year. We have seen a lot in nearly two centuries, and the last year has once again, proved the value and resilience of our business. But we don't take this resilience for granted, and this is why we have been preparing for some time, for Prudential's pivot to be a purely Asia and Africa focused group, and to become a digital-led organisation.

### Slide 2: Our Purpose

- Through all this change, we have found a renewed sense of purpose, and that's to help people get the most out of life.
  - Helping people, pays homage to our heritage of providing sound financial advice to generations; and
  - getting the most out of life, speaks to our future as a health and wealth partner to millions.
- You will have seen this come through in the showcase videos from across the business, which were released last week. I am immensely proud of the work the teams are doing, and I would like to give you more context, for how all this comes together.
- So I will cover 3 areas:
  - Firstly our objectives, and how we are rallying our people around them;
  - Secondly a walkthrough, of our forward-looking strategic themes; and
  - Thirdly an overview, of our unique strengths and recent performance.

### Slide 3: Transition

- So let's start with our objectives.

## **Part I: Our Objectives + Rallying Our People**

### Slide 4: Our Objectives

- If our purpose is to help people get the most out of life, then naturally we want to do this for as many people as possible, which is why we want to build capacity, to reach up to 50 million customers by 2025.
- As you have just heard from Mike, there is an abundance of opportunity in Asia, given the growing and increasingly affluent population, the lack of a social safety net, and under-penetrated markets.
- The same holds true for Africa, a continent of more than a billion people, that is brimming with opportunity.
- Swiss Re puts the mortality gap in Asia at US\$83 trillion. If we were to claim just a fraction of this gap, and a share of the household wealth indicated on this slide, we would then be well placed to meet our objectives of growing NBP ahead of GDP, as well as growing embedded value per share at a sustained double-digit rate.

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- All of this opportunity, comes with a responsibility to address the disproportionate effects of climate change, on populations across Asia and Africa. This is why we are proud to have joined the Net Zero Asset Owner Alliance, and to have signed up as an asset owner, to the UN Principles for Responsible Investment.
- So how will we meet these objectives? Well it starts with our people.

Slide 5-7: Rallying Our People

- [Slide 5] We have pledged to make Prudential a place where our people can connect, grow, and succeed. YOU to the power of PRU, is how we are visually representing the essence of this pledge and the many initiatives that accompany it, as we help our people get the most out of their careers.
- [Slide 6] In exchange, we have invited our people to bring the best version of themselves to work every day, and to collaborate across businesses, as we make our mark on the world. That's how we get the multiplier effect of the collective, which we have symbolized as PRU to the power of YOU.
- [Slide 7] To create the conditions for success, we have recently refreshed our values, which are simple and sincere. Our values are ambitious, curious, empathetic, courageous, and nimble.
- These values are how we are asking our people, to 'show up' to work every day. They are now embedded in our operating model, our performance system, our diversity and sponsorship programmes, and importantly, our expectations of leaders.
- From this place of alignment, we are directing our people to focus on 3 strategic themes:
  - Delivering profitable growth in a socially responsible way;
  - Digitizing our products, services, and experiences; and
  - Humanising our company and advice channels.
- This is how we are rallying our people to seize the opportunities that we see, in both Asia and Africa.

Slide 8: Transition slide

- Now let me walk you through these 3 strategic themes.

**Part II: Walkthrough of 3 Strategic Themes**

Slide 9: Delivering

- Delivering profitable growth and social impact, is the first of these themes.
- Our ambition is to increase our presence in China and India, win-back in Indonesia, and deliver the returns of our recent investments in Thailand. By focusing on these 4 markets, and laying the foundations of our expansion in Africa, we will spur growth beyond that which is available to us in our more established markets, like Hong Kong, Singapore, and Malaysia.
- We want to grow in health and protection, by leading in accessibility and affordability, for two important reasons: firstly, because increasing access will fulfil our purpose, and allow us to

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serve even more customers; and secondly, because health and protection represent our more profitable products, which drive our NBP and embedded value growth ambitions.

- Eastspring is our asset management business whose purpose is to be “Experts in Asia, Invested in Your Future”. We hold a Top 10 position in 7 markets, and have investment experts on the ground in every one of them.
- Our growth plans for Eastspring involve deepening its integration with our life businesses, and partnering with world-class providers, to diversify our product suite, and offer global investment solutions to investors across Asia.
- We are doing this against the backdrop of a global movement around ESG, that’s encouraging more responsible investment strategies. As we work towards our long-term goal of becoming a net zero asset owner by 2050, we are doing as much as we can as fast as we can, always with the goal of supporting a just and inclusive transition in the markets we operate in. To this end:
  - We will divest from all investments in businesses, which derive more than 30 percent of their income from coal, with equities to be fully divested by the end of 2021, and fixed-income assets by the end of 2022;
  - We will make a 25 percent reduction in the carbon emissions, of all shareholder and policyholder assets by 2025; and
  - We will engage directly with companies, responsible for 65 percent of the emissions in our portfolio.
- Taken together, we believe that these 3 initiatives will accelerate our growth trajectory, in a sustainable and socially responsible manner.

Slide 10: Digitising

- The second area that we have asked our people to focus on, is digitising our products, services, and experiences.
- This is about our investment in Pulse, a first-of-its-kind digital platform and ecosystem, that stands to transform our business. In fact we think of Pulse both as a business, as well as a platform for the business.
- As a business, Pulse makes it easy for customers to buy, and to do so repeatedly. Based on a deep and empathetic understanding of their needs, we are designing the customer experience to be frictionless.
- Pulse enables people to engage with a range of health and wellness services, including health check, telemedicine, dengue alerts, fitness tracking, meal planning, BMI index, and more each month.
- The breadth of services on this all-in-one super app, is designed to attract a new generation of PRU customers, one that is younger, more health conscious, and from the middle and lower income segments.
- In many of our markets, family is the fabric of society, so this new generation of PRU customers, will bring with them parents, grandparents, friends, and relatives, creating a network effect that deepens loyalty, and expands our customer base at scale.
- As customers interact with our platform, we get to know them better, and in a way that is unrivaled. We do this with their consent, gaining access to a unique set of data and insights, that helps us design more tailored solutions.

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- Pulse also helps customers to get to know their own needs better, as they navigate their personal health and wellness goals. We believe that this kind of partnership, will lead to a mutually beneficial lifetime relationship. And that requires trust, particularly when it comes to such personal information.
- That's why we have taken an uncompromising approach to privacy and security. Trust is also built when we make it as easy to engage with us, as it is to buy from us.
- Pulse will change the game on customer fulfilment, with an in-app wallet for payments, 24/7 online servicing, and an advanced claims experience. These capabilities are already live in a few markets, with the rest to follow.
- One final point on the platform... because Pulse has seamless end-to-end processing and partnership integration, we are much better positioned to achieve both scale and efficiency. This will have a positive effect on our operating model, in terms of cost to acquire, and cost to serve our customers.
- Taken together, we believe that the initiatives under digitizing, can move health and wealth outcomes on a national level. Pulse is perhaps the most all-encompassing investment, that we are working on today.

Slide 11: Humanising

- Finally our third strategic theme, is humanising our company and advice channels.
- Upskilling and reskilling is an investment in careers, but importantly, it is also an investment in our ability to build on our heritage, of providing relevant products and sound advice; advice that sits alongside and complements our digital offerings.
- For our employees, this includes learning in the flow of work, with broad-based programmes, like design thinking, and new ways of working. Learning while working on live challenges is accelerating development cycles, in turn allowing us to continuously roll-out a wider set of products and digital tools, at a much faster pace.
- For our agents and our partners, we are undertaking a complete overhaul of our learning and development programmes, as we move away from lecture-based PowerPoint, in favour of a more modern approach that emphasises skill building; skills that enable our agents and our partners, to more capably and confidently advise, on an ever-evolving set of customer needs.
- More products, enhanced tools, and broader advice, enables a much more inclusive approach to the segments we serve. We intend to become a leader, in products for women and Islamic customers. And we already have a strong Shariah business in Malaysia, and are making investments to build on a similarly solid foundation in Indonesia.
- Traditionally, the wealthy have had the lion's share of access to high-touch financial advice. We intend to lower the threshold for wealth services, offering a private-banker-in-a-box service to the mass market, and one that brings high-quality advice, but at a much lower entry point.
- This will be enabled by a wealth offering on Pulse, that can stand on its own, or be combined with advice from an agent. Either way, our goal is to be a trusted advisor, regardless of channel, as we financially educate people, help them plan and visualize goals, and guide them on where and how to invest.
- On that note, Prudence Foundation's award-winning programme Cha Ching, is building financial literacy for millions of children. It is available in 13 languages, and reaches 35 million

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households every day on television. Cha Ching meets a bona fide need in our markets, and is creating a generation of financially literate consumers, that we hope one day will become our valued customers.

- As we humanise our company and advice channels, we will become known again not as the Man from the PRU, but as the People from the PRU, people who are ambitious, curious, empathetic, courageous, and nimble. People who are committed to, and eminently capable of delivering, digitizing, and humanizing.

Slide 12: Summary slide

- So here you now see our 9 growth initiatives together, as they relate to our 3 strategic themes.
- Looking at the whole picture in its totality, we believe that we have set out a clear purpose-led strategy, that will inspire our stakeholders, and drive our growth agenda.

**Part III:**

Slide 13 Transition Slide - Our Unique strengths and recent performance

- So this gives you a sense of where we are going. Now let me share with you where we are, and how we are doing. Today Prudential enjoys a unique set of strengths in Asia, that differentiate our business, and put us in an advantaged position:

Slide 14: our unique set of advantages

1. We have access to nearly the whole of China
  2. We are present in India through Top 3 players in both life and asset management
  3. We are developing a compelling digital strategy with Pulse
  4. We have a leading agency force across the region
  5. We have the most bank partners and the largest branch network
  6. We are the largest Shariah player
  7. We have a unique with-profits offering, with significant capital support
  8. And we have Eastspring, with top positions in the majority of our markets.
- I would now like to deep-dive in the first four areas of differentiation, shown on the left of the slide.

Slide 15: China

- In China, we have a distinct strategy and a 50-50 partnership with Citic, China's largest conglomerate. We are in 20 provinces and are present in 99 cities, which gives us access to most of China. We have built this presence steadily and deliberately over time, getting the necessary licenses, building local relationships, and putting in place the technology and infrastructure, to operate efficiently.

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- It also takes time, effort, and expertise, to incubate a high-quality agency business. However this does not slow us down. Each time we enter a new province and city, we have immediate access to Citic's bank network and relationships. This access allows us to generate new business quickly, giving us time and space to build a quality agency presence, from the ground up.
- That's the benefit of a multi-channel approach. Our agency channel has not yet reached maturity in our more recent province and city entries, so we expect a lot more to come from these, as they come of age.
- The results speak for themselves. In 2020, our agency margins were 85 percent, and our banca margins were 39 percent. Our geographic expansion combined with our multi-channel and multi-product approach, has driven a six-fold NBP increase in the last 5 years. Last year, we managed to grow NBP by 3 percent, giving us an edge in a tough year, and we are confident that we can continue to grow NBP at pace, over the next 5 years.

Slide 16: India

- In India we have a minority stake of just over 22 percent, in ICICI Prudential Life or IPL. Ours was one of the first life JVs to be approved in India. We believe that this nascent market has become much more disciplined, and is ripe for rapid expansion.
- The sheer size of the opportunity is hard to overstate, with a US\$16.5 trillion protection gap, and a low penetration rate of 2.8 percent. For life insurance, the private sector customer base is expected to triple, from 42 million today, to more than 120 million by 2030.
- IPL is well positioned to be one of the winners in this expansion. Key to winning is product expertise, which is especially crucial as the economy develops and customer needs evolve, making critical illness, multi-year medical plans, retirement solutions, and legacy planning, increasingly relevant. These are all product areas, where Prudential can bring a lot of expertise.
- Our asset manager in India, is similarly poised for success. We hold a 49 percent stake in ICICI Prudential Asset Management Company, or IPAMC, a Top 3 player, with US\$57 billion funds under management.
- The business has several unique strengths in product and distribution, which is why IPAMC today enjoys a 23 percent share, of mutual fund investors in India. This business platform, positions us well to play a leading role in the expansion of the mutual fund investor base, which is expected to more than triple, from 25 million today, to 91 million by 2030.
- These are both great businesses, with strong positions in long term growth markets

Slide 17: Pulse

- Even though it was only launched 21 months ago, Pulse is already producing results. It is live in 17 markets, and has seen 24 million downloads, with around 10 million registrations.
- The registered users are younger overall than our typical Prudential customer, and some 70 percent are new-to-Prudential. They are using a whole new set of services, be they from our own proprietary offerings, or from those provided by our 23 service partners.
- Our offerings include time-limited freemium products, bite-size products, health and wellness services, subscriptions, and much more. All of this is creating communities, teeing up

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engagement opportunities, and generating sales. In fact since its launch, sales associated with Pulse have reached US\$280 million of APE, from both bite-size products sold on-line, as well as from offline referrals.

- Each day that goes by, brings us more than 20 gigabytes of behavioural and engagement data, that trains our algorithms and informs nudges, which aim to make our customers healthier and wealthier.
- But our ambitions for Pulse are much broader. We intend to make it our primary customer onboarding and fulfilment tool, integrating leads generation, activity management, remote selling, payment, and policy issuance, all on a single platform. We are also seeking to make it our e-servicing platform, for both Pulse users and existing Prudential customers. I repeat, we intend to do all of this on a single platform, which will have the same look and feel, across the markets where Pulse is currently launched.

Slide 18: FUTUReady

- The way in which we operate our agency channel, is also evolving. FUTUReady is a suite of Pulse-enabled tools and programmes, that support all aspects of agency management, from recruiting on PRUDna, to learning on PRUExpert, to sales and activity management on PRUForce.
- Given that upskilling our agency force is one of our growth initiatives, let me say a bit more about PRUExpert.
- For new agents, our ambition is to put MDRT in reach in the first year. MDRT stands for Minimum Dollar Round Table, and it is the term used in our industry, to describe the best performing agents. We have converted training materials from thousands of slides of technical PowerPoint, into a more human tone and a digestible digital format, that can be self-directed and taken on the go.
- Once on the job, the learning does not stop. We now provide agents more than 1200 bite-size videos, for anytime anywhere learning, and sales enablement. Agents also benefit from enhanced coaching from their leaders, thousands of whom are attending our monthly webinars on agency leadership.
- FUTUReady is already producing results:
  - Recruitment was strong in 2020, with 118,000 new agents joining our wholly-owned businesses;
  - Those agents taking our targeted learning programmes, are 10 times more productive than previous cohorts;
  - MDRT is in our DNA now more than ever, with qualifiers at an all-time high of 13,200; and
  - In the first quarter of 2021, around 600,000 leads from Pulse users, generated \$70 million of APE.
- Make no mistake, our agency remains core to our strategy. Together with our bank partners, they provide the advice that our customers have come to expect, from channels tied to Prudential.

Slide 19: Recent Performance In the last 5 years, our customers have rewarded us with Top 3 positions in 9 of 13 life markets, which has led to the doubling of our embedded value, and of our assets under management. These numbers are a testament to the quality of our execution.

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- Last year was disruptive, and like everyone else we had to adapt, but the fundamentals of our business were already strong, and we have strengthened them further, with continued investments in our channels, products, and digital capabilities. This is what underpinned the sequential recovery that we saw last year, which continued into the first quarter of 2021.
- Mark will cover the first quarter results later, in the context of our broader financial performance.

Slide 20: Transition Slide

- That's just a snapshot of our current performance and capabilities, as they relate to China, India, Pulse, and agency. There is a lot more colour on these, as well as on a broader range of topics from across our markets, in the showcase videos uploaded last week.

**Conclusion**

Slide 21: Our Story for this New Chapter

- So in conclusion, we have been busy over the last few years improving Prudential's strengths, and adding new ones. Through all this change, we have found a renewed sense of purpose, which is to help people get the most out of life.
- Our objectives are clear, and we aim to deliver them in a sustainable and socially responsible way. We have rallied our people to focus on the 3 strategic themes of delivering, digitising, humanising, and to implement the 9 growth initiatives that underpin them.
- With 12 years at Prudential and now in my 5<sup>th</sup> year here in Asia, I never cease to be inspired by the talent and passion of our people, and I know that together with our unique strengths and recent investments, our best years are ahead of us.
- Thank you; I will now hand you over to Mark.