



Prudential plc

Morgan Stanley European Financials Conference

21 March 2017



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# Group

## 2016 headline results



- ✓ Record IFRS operating profits<sup>1</sup> of £4.3 billion; cash generation<sup>2</sup> up 10% to £3.6 billion
- ✓ Asia earnings up 15% to £1.6 billion and cash generation<sup>2</sup> up 15% to £859 million
- ✓ Strong progress on 2017 objectives
- ✓ £12.5 billion Solvency II surplus<sup>3</sup> at 201% cover
- ✓ 12% increase in 2016 full year ordinary dividend

<sup>1</sup> Excludes the result attributable to the held for sale Korea life business

<sup>2</sup> Cash generation equates to underlying free surplus generation

<sup>3</sup> The Group and UK Shareholder positions excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9 billion to £12.5 billion

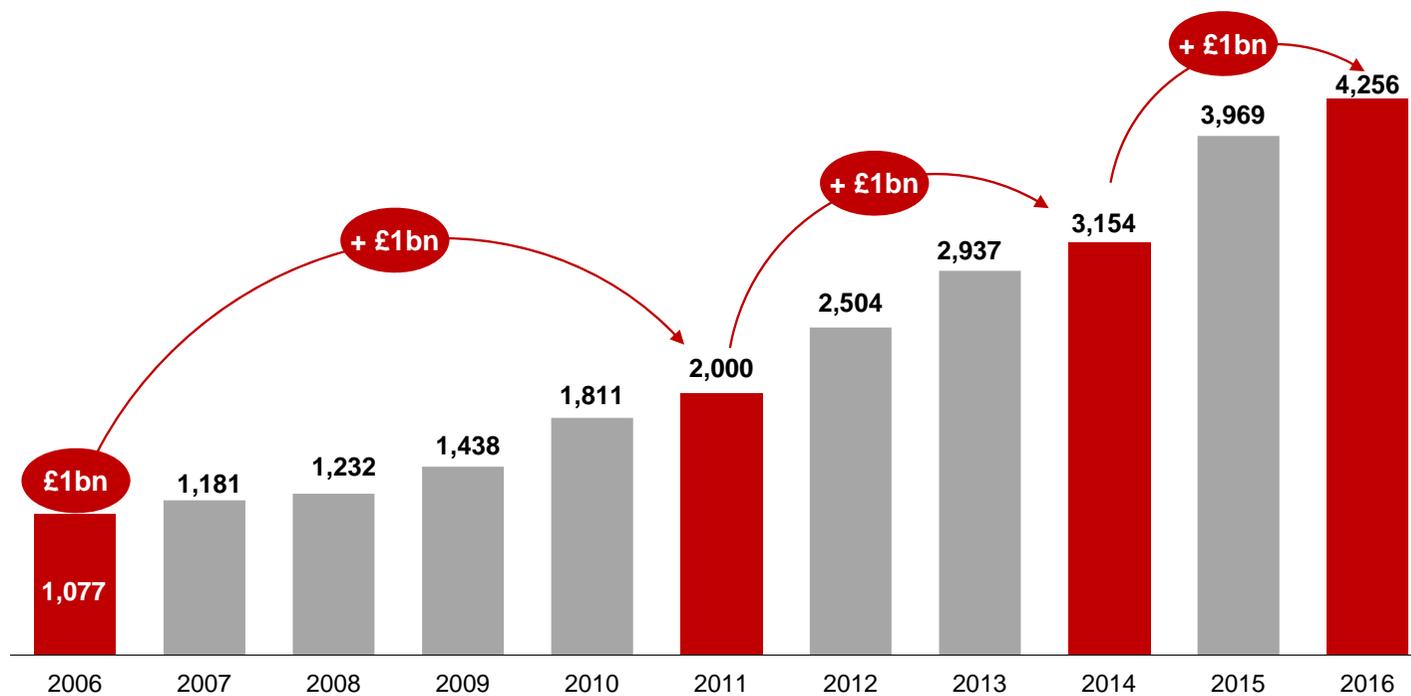
Note: Growth rates have been stated on an constant exchange rate basis

# Group

Delivering profitable growth at scale



IFRS operating profit<sup>1,2</sup>, £m



1 Comparatives have been stated on an actual exchange rate basis

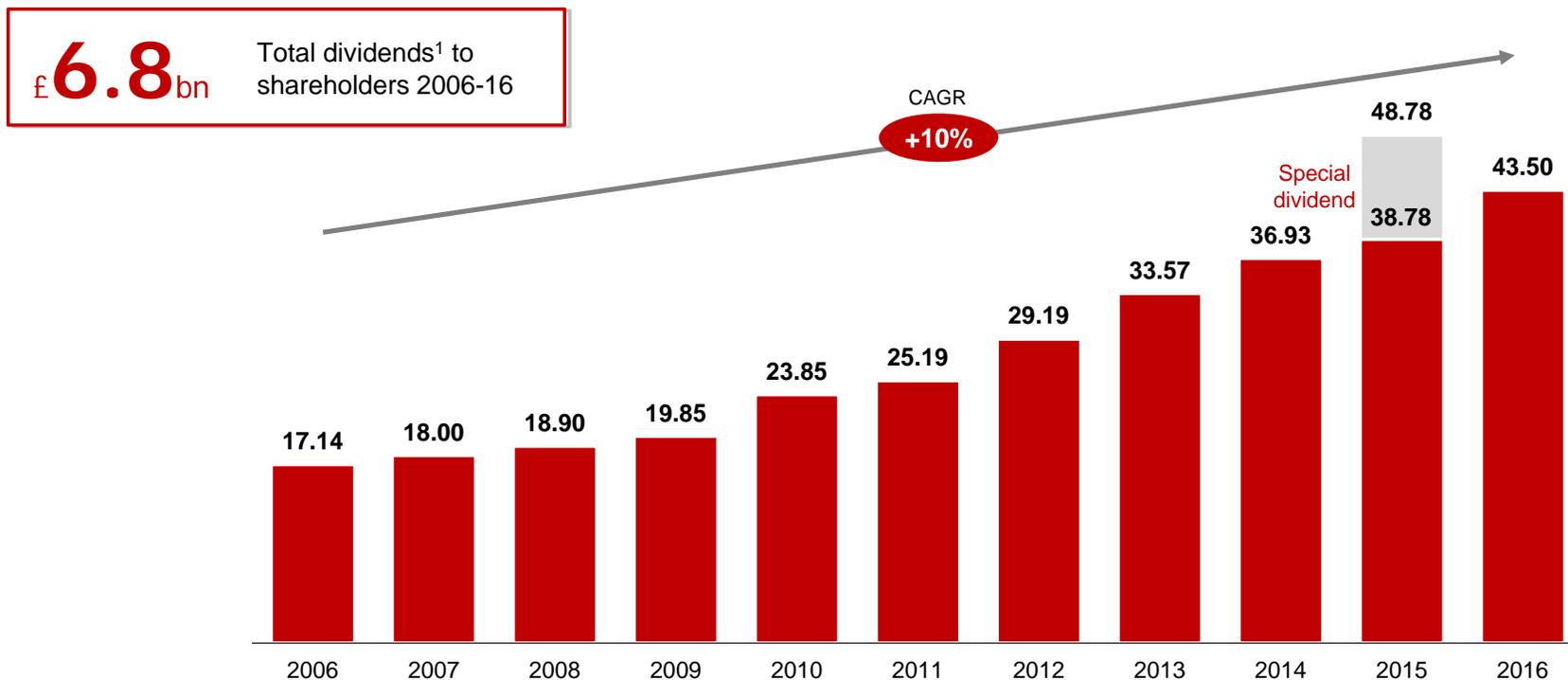
2 Comparatives are adjusted for new and amended accounting standards and excludes Japan and Taiwan agency. Comparatives have also been restated to exclude the contribution from the held for sale Korea Life.

# Group

Translating into strong shareholder returns



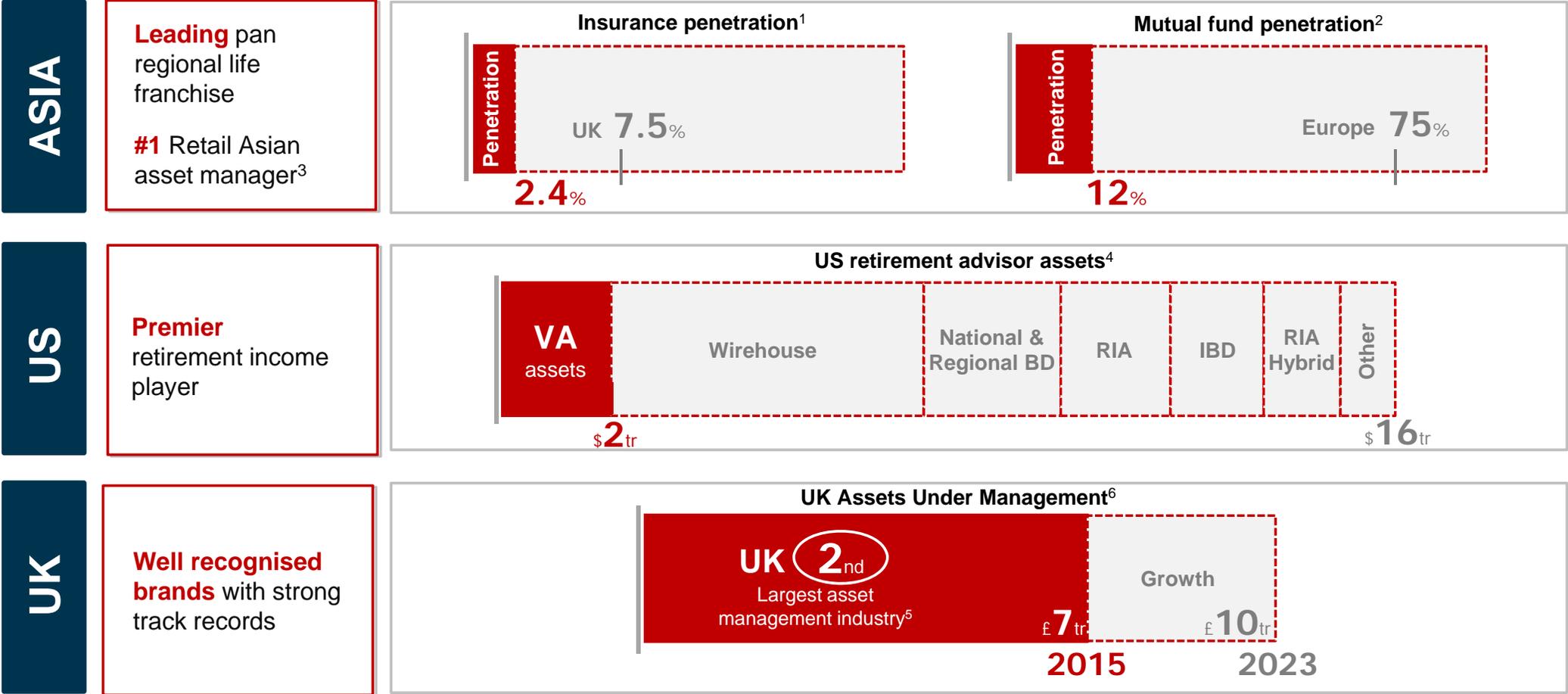
Dividend, pence per share



<sup>1</sup> Amounts paid 2006-10 net of scrip dividends

# Group

## Geographic footprint 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

Disciplined execution delivering strong returns



## Strategic choices

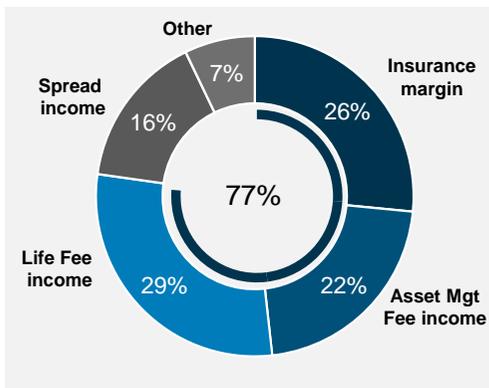
▶ Value over volume

▶ Leveraging strengths

▶ Disciplined capital allocation

## High quality earnings

IFRS income by revenue source, %



## Strong returns

**26%**  
2016 IFRS ROE<sup>1</sup>

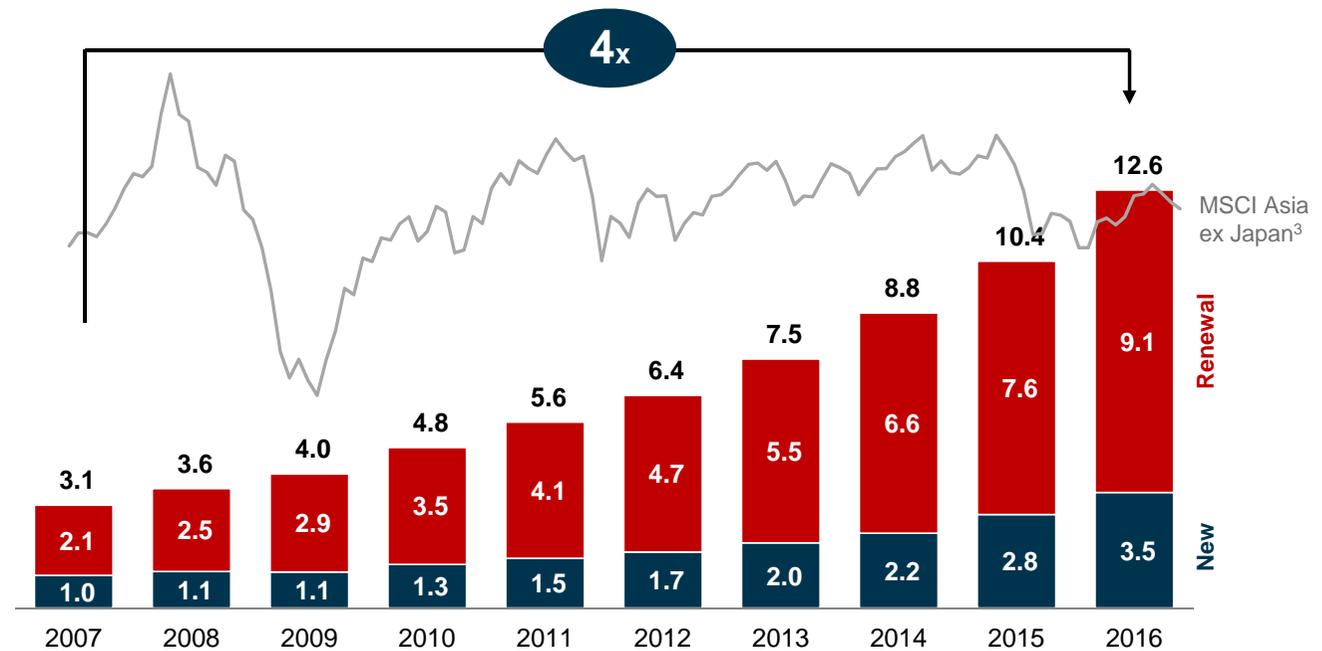
<sup>1</sup> Operating profit after tax and non-controlling interests, as a percentage of opening IFRS shareholders' funds.

# Asia

## Compounding revenues



**New & renewal premiums**  
Life weighted premium income<sup>1,2</sup>, £bn CER

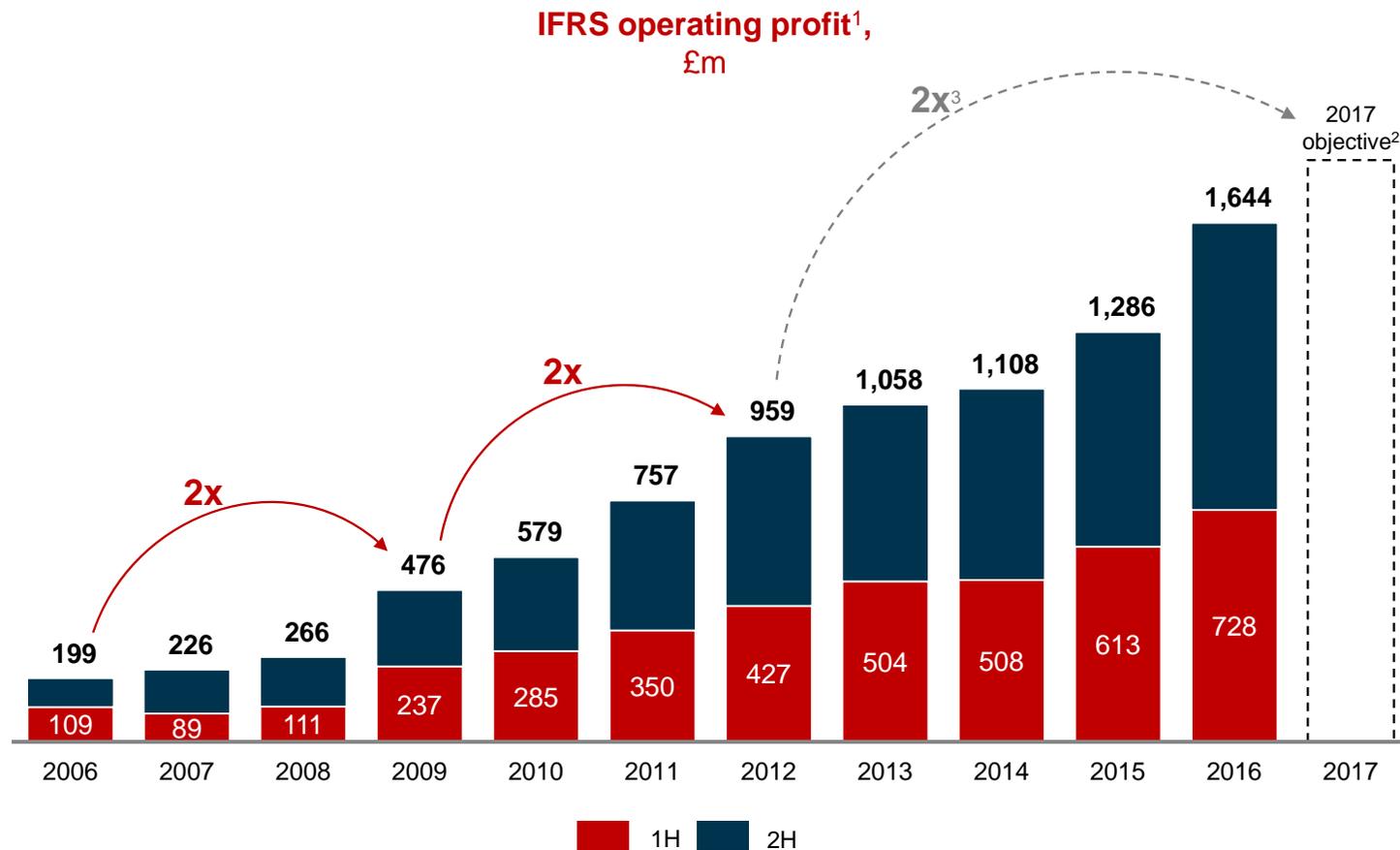


1 Weighted premium income comprises gross earned premiums at 100% of renewal premiums, 100% of first year premiums and 10% of single premiums  
2 Comparatives have been stated on an constant exchange rate basis. Historic have been restated to exclude sales from Korea Life, classified as held for sale. 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

## Delivering compounding growth



1. Comparatives have been stated on an actual exchange rate. Comparatives have also been restated to exclude the contribution from 'Held for sale' Korea. 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. Following the announcement of the proposed sale of the Korea life business in November 2016, reported amounts exclude the results of the Korea life business. As this sale is expected to complete in 2017. The relevant 2017 objective (Asia IFRS operating profit) has been adjusted.  
 3. 2x based on implied multiple using 2012 IFRS operating profit of £909m increasing at a 15% CAGR to 2017

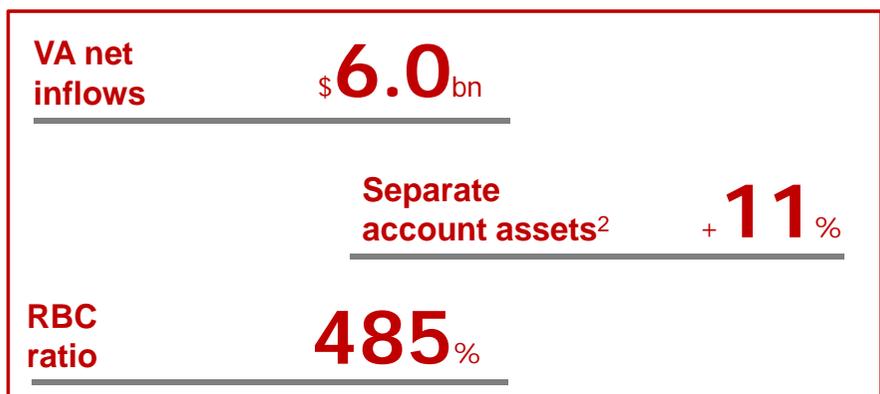
# US & UK

## Disciplined asset growth



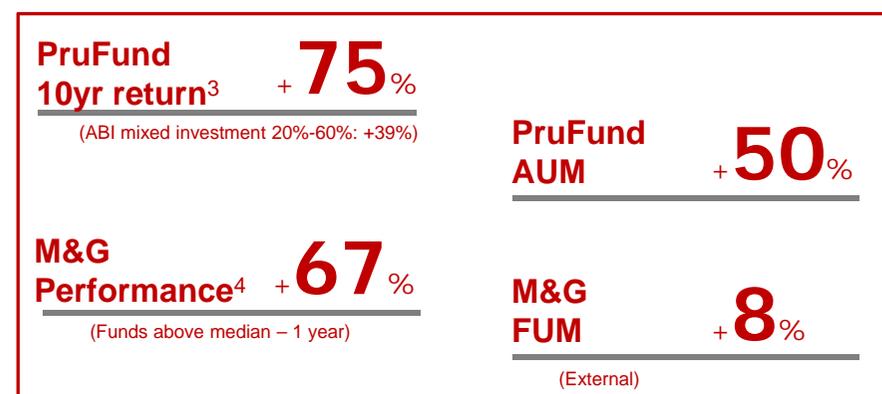
### US

- ▶ Delivering VA net inflows in an evolving environment
- ▶ Increasing separate account assets underpin 8% earnings<sup>1</sup> growth
- ▶ Strong capital position



### UK

- ▶ Capital light business model
- ▶ Strong demand for PruFund product range
- ▶ Improving M&G fund performance and growing FUM



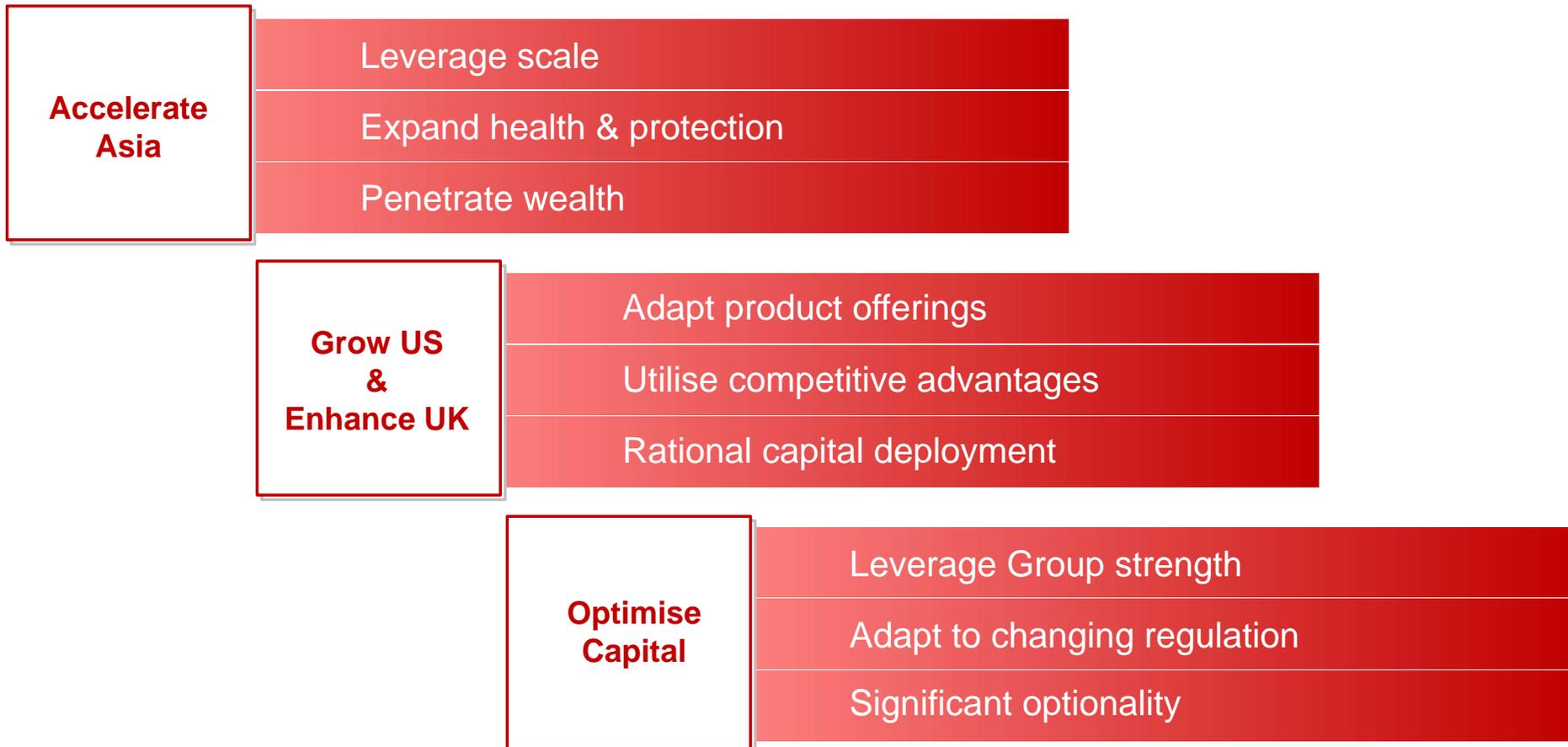
1. Life IFRS operating profit

2. Growth rates have been stated on a constant exchange rate basis

3. ABI Mixed Investment 20%-60% Shares TR; performance from 29 December 2006 to 30 December 2016

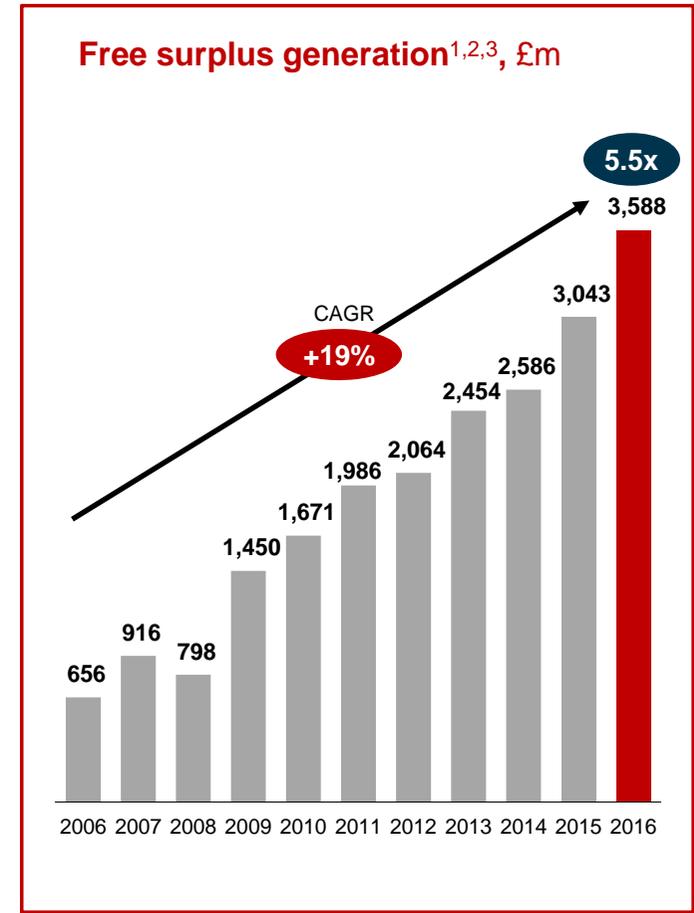
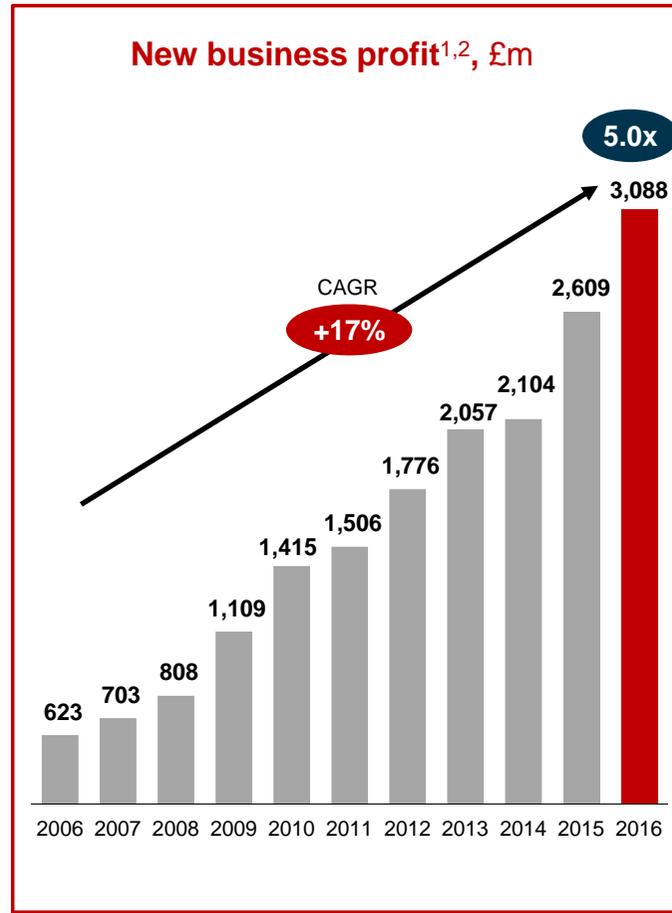
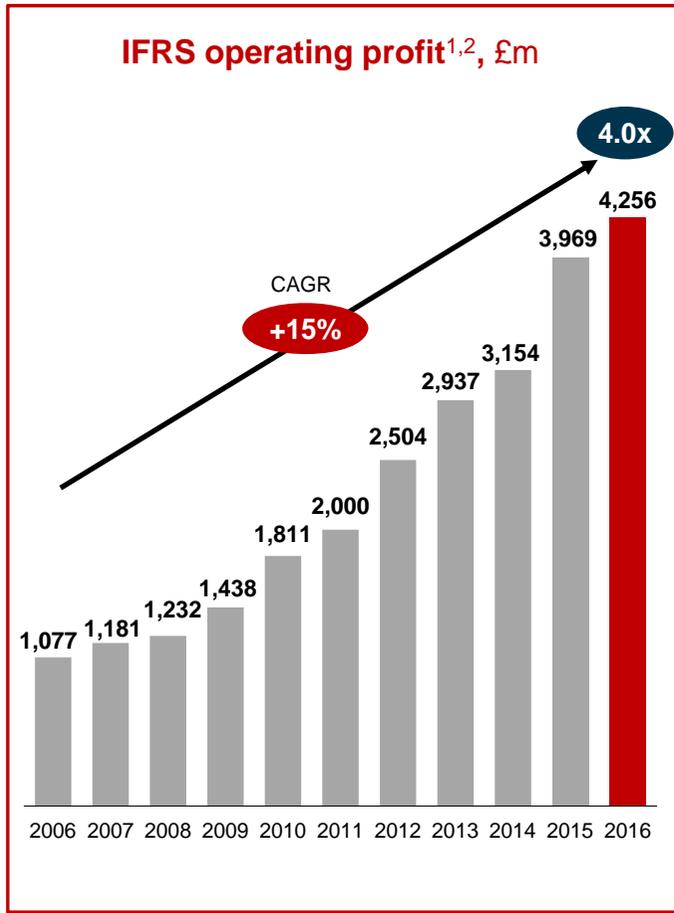
4. Over the one year to the end of December 2016, 34 retail funds accounting for 67% of M&G retail funds and representing 76% of M&G retail funds under management have delivered top or upper quartile performance. Quartile rankings are based on returns which are net of fees.

# Group Priorities



# Group

## Long-term track record



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.

3 2012 includes £51m gain from sale in China Life of Taiwan

# Group Summary



- ✓ Clear strategy focused on significant structural growth opportunities
- ✓ Leadership positions and capabilities underpin peer / market outperformance
- ✓ Resilient operating model with clear value discipline
- ✓ Significant headroom from leveraging scale, efficiencies and skills
- ✓ Well positioned to deliver profitable growth



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