



Prudential plc 2013 Half Year Results

Delivering 'Growth and Cash'

12 August 2013

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Prudential plc 2013 half year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook

Tidjane Thiam

2013 half year financial headlines

Strong performance on all key metrics

Growth

£m

New business profit

1,268

1,141

+11%

IFRS operating profit¹

1,415

1,157

+22%

EEV operating profit

2,479

2,109

+18%

Cash

Free surplus generation

1,152

1,031

+12%

Net remittance

844

726

+16%

Interim dividend per share (pence)

9.73

8.40

+15.8%

Capital

IGD (£ bn)

3.9

4.2

NA

EEV per share (pence)

958

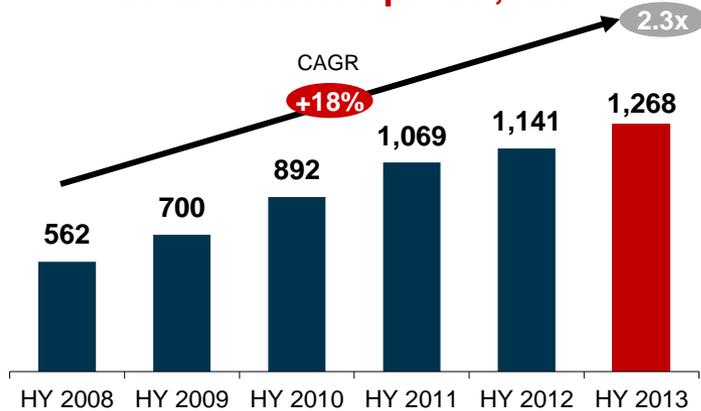
806

+19%

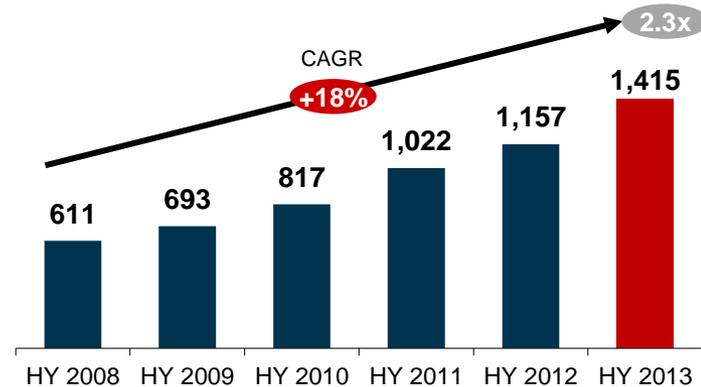
¹ HY 2012 adjusted for new and amended accounting standards and excludes Japan Life.

Continuation of a strong track record

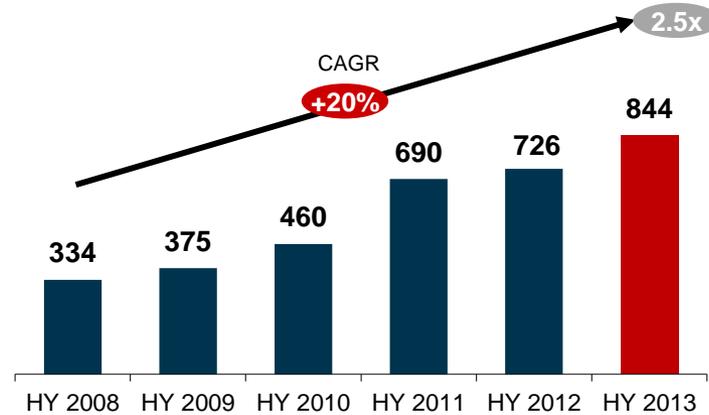
New business profit¹, £m



IFRS operating profit², £m



Net cash remittances, £m



X.X HY 2013 multiple over HY 2008

¹ Excludes Japan Life and Taiwan agency.

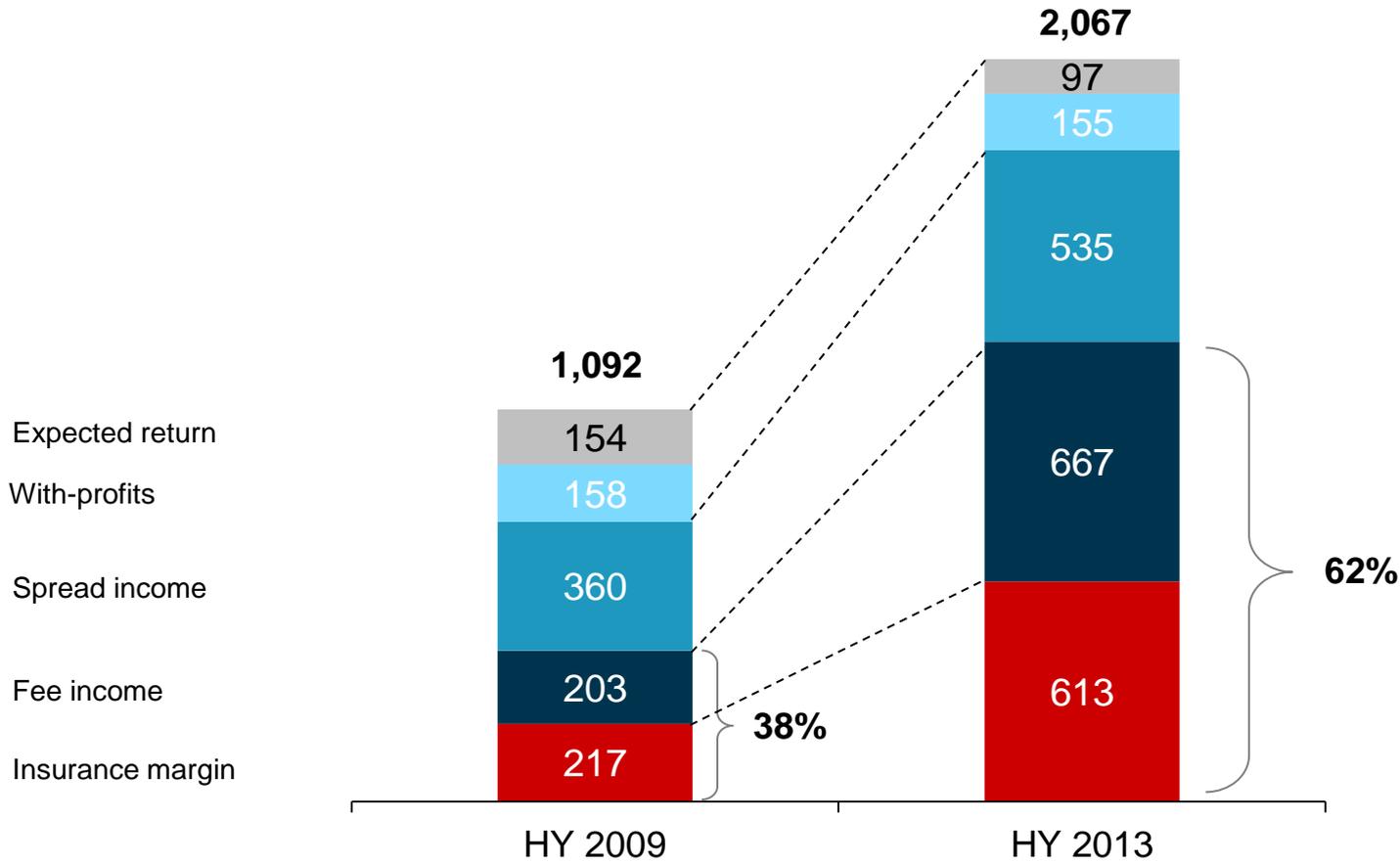
² HY 2008 – HY 2013 adjusted for new and amended accounting standards and excludes Japan Life.



Resilient income

Well positioned for upside

IFRS operating income¹, £m



¹ Excludes margin on revenues, acquisition and administration expenses, DAC amortisation. HY 2009 as reported.

2013 Growth and Cash objectives

4 out of 6 objectives achieved

2013 Growth and Cash objectives¹, £m

Growth	£m	2009	2012	2013	HY 2013	Status	
				Objective ¹			
	Asia new business profit	713	1,266	1,426	659	On-track	1
	Asia IFRS operating profit ²	465	988	930	512	✓ 2012	2
Cash	Asia Net Remittance	40	341	300	190	✓ 2012	3
	Jackson Net Remittance	39	249	260 ³	294	✓ HY 2013	4
	UK Net Remittance	434 ⁴	313	350	226	On-track	5
	Group Net Remittance (cumulative)	-	3,240	3,800	4,084	✓ HY 2013	6

¹ The objectives assume current exchange rates and a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half-year ended 30 June 2010. They have been prepared using current solvency rules and do not pre-judge the outcome of Solvency II, which remains uncertain. 2009 and 2012 are as originally reported. The comparatives represent results as reported in respective periods.

² Total Asia operating profit from long-term business and Eastspring Investments after development costs.

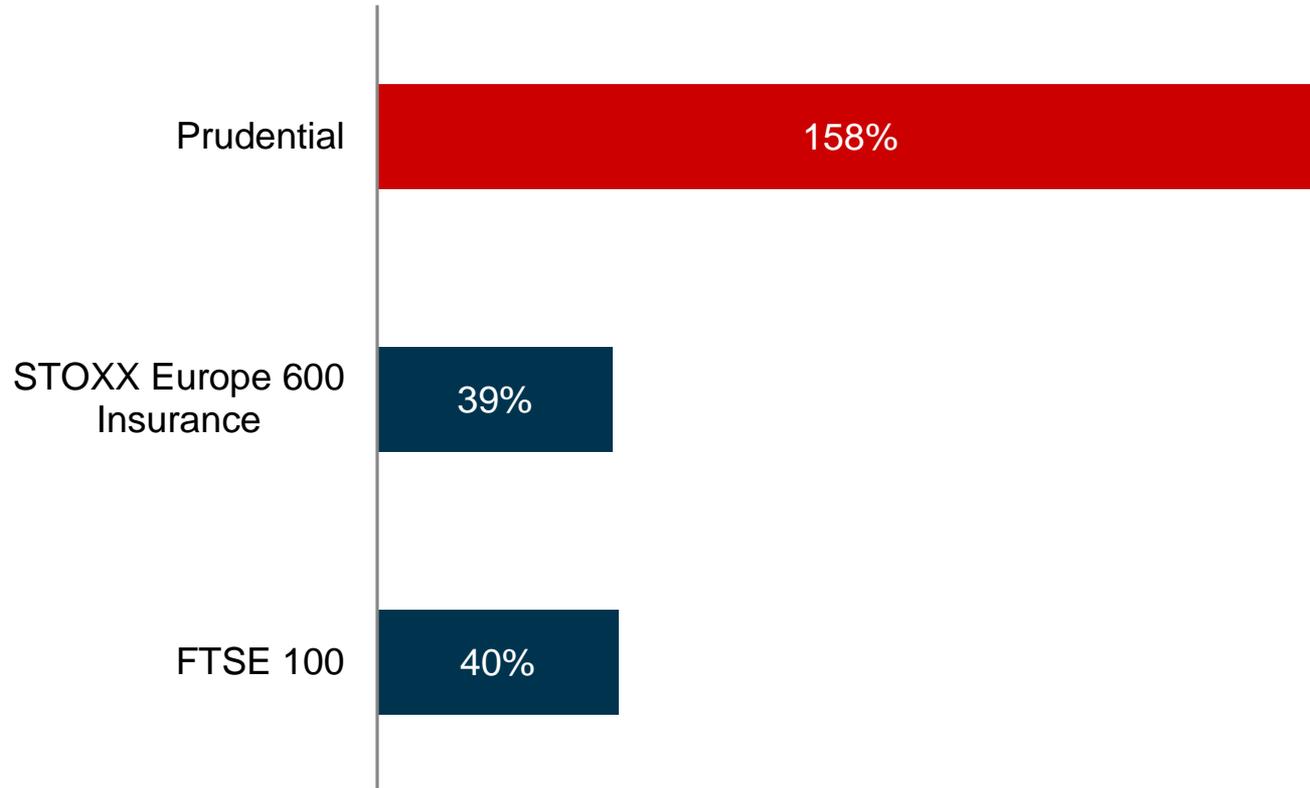
³ Jackson net remittance objective increased from £200m to £260m on completion of REALIC acquisition.

⁴ The net remittances from UK include £150m in 2009 arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis.

Delivery for shareholders

Share price

Share price performance (Jan 2009 to Jun 2013)¹



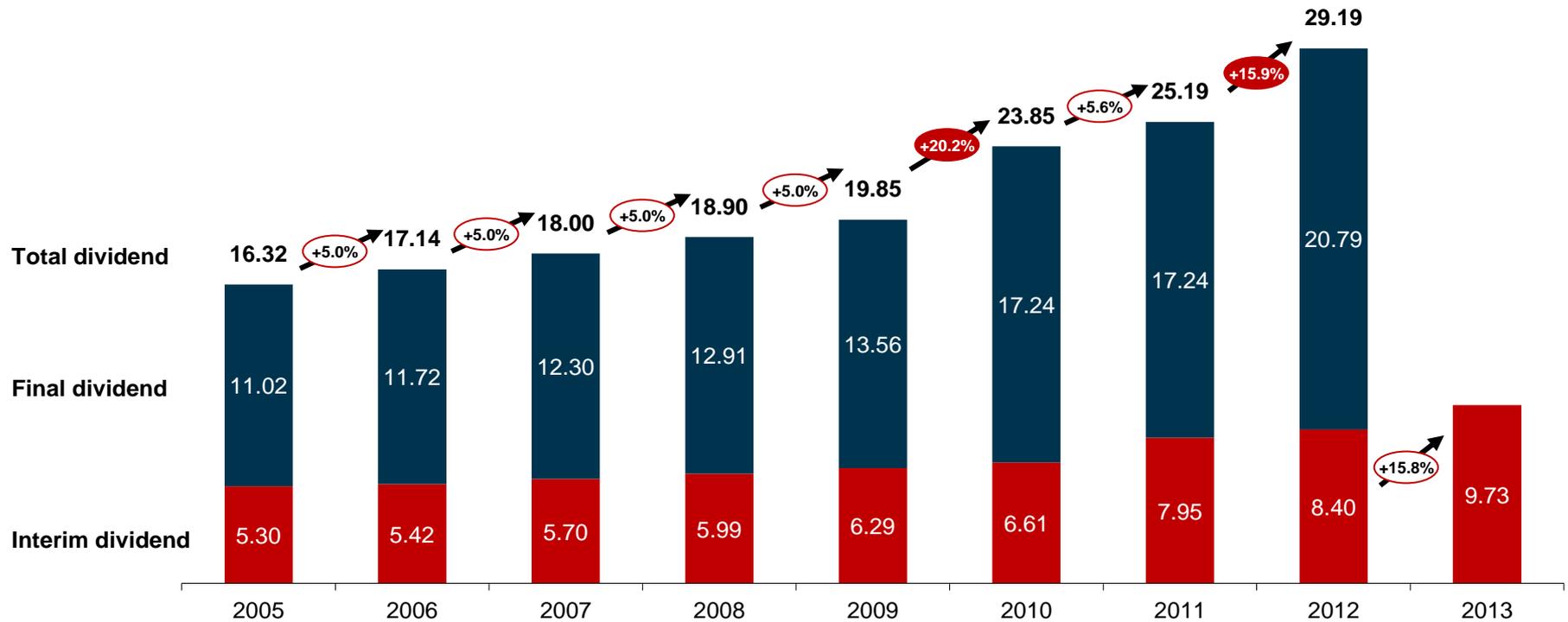
¹ Source: Datastream.



Delivery for shareholders

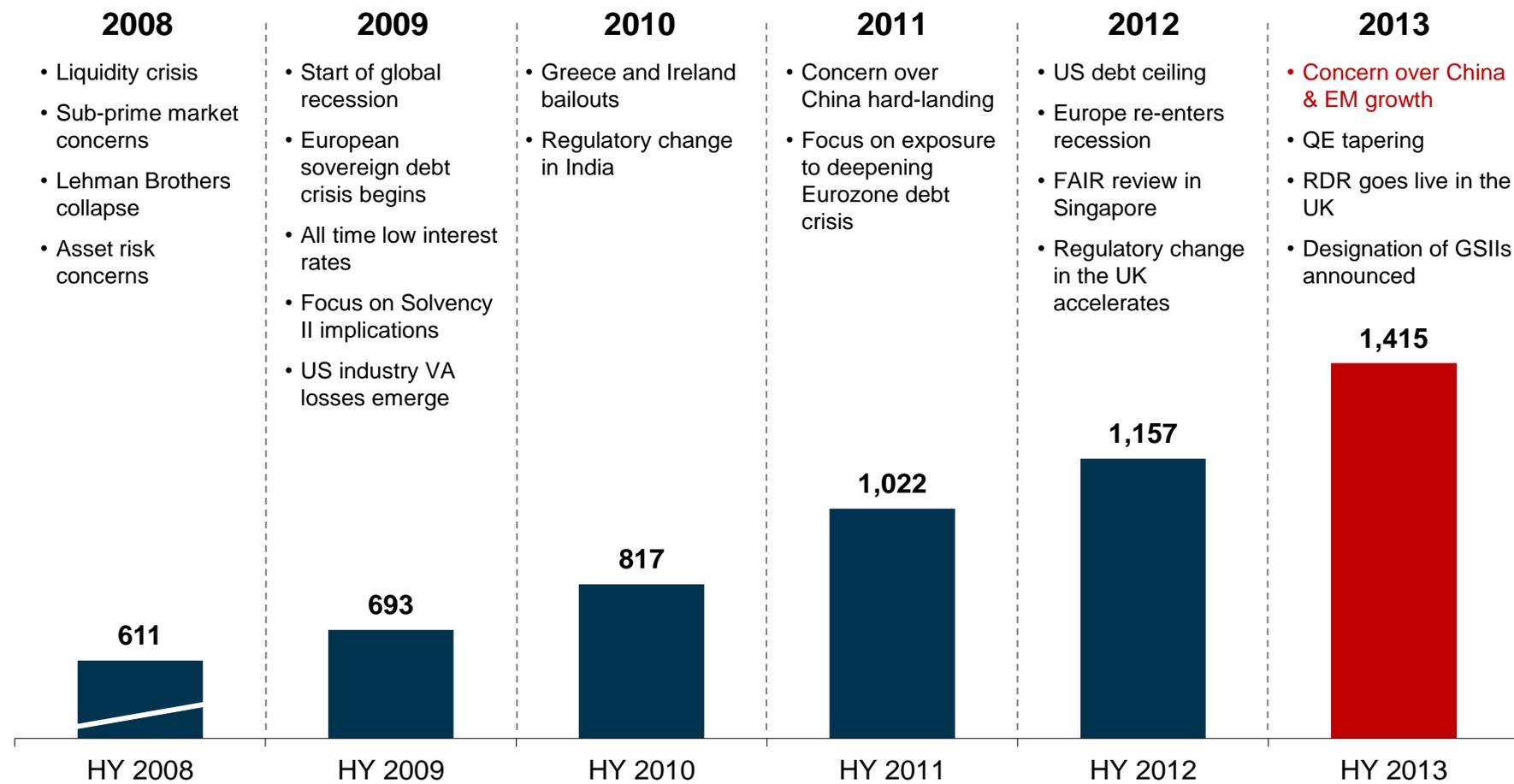
Dividend

Dividend, pence per share



Effective response to a broad range of challenges

IFRS operating profit¹, £m

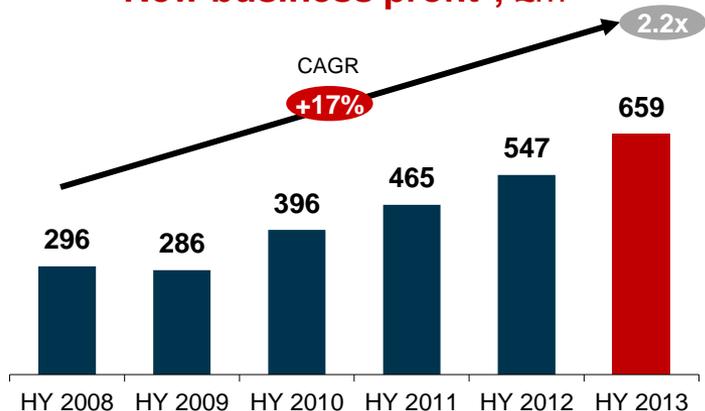


¹ Adjusted for new and amended accounting standards and excludes Japan Life.

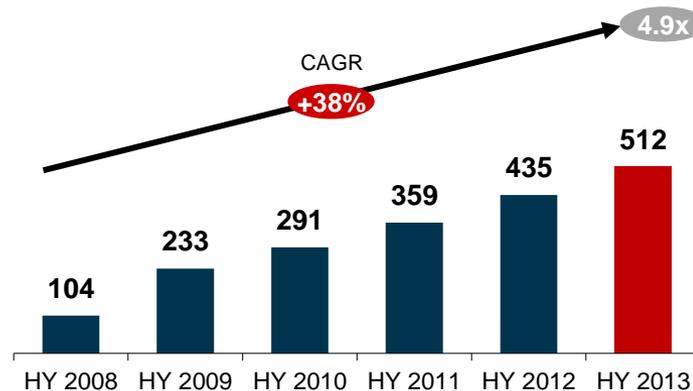
Asia

Track record of successful execution

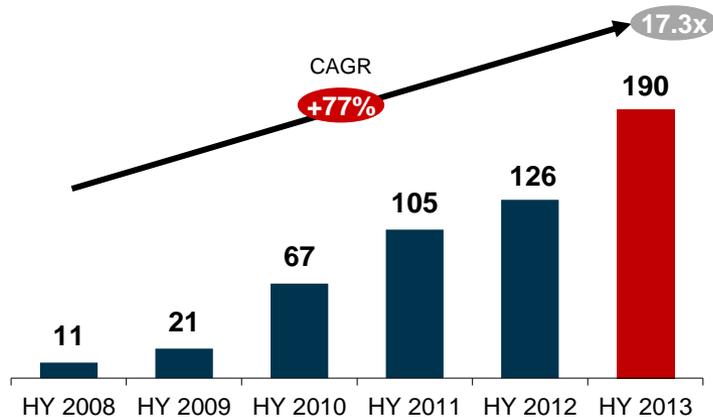
New business profit¹, £m



IFRS operating profit², £m



Net cash remittances, £m



X.X

HY 2013 multiple over HY 2008

¹ Excludes Japan Life and Taiwan agency.

² Adjusted for new and amended accounting standards and excludes Japan Life.



Asia

Long-term drivers intact

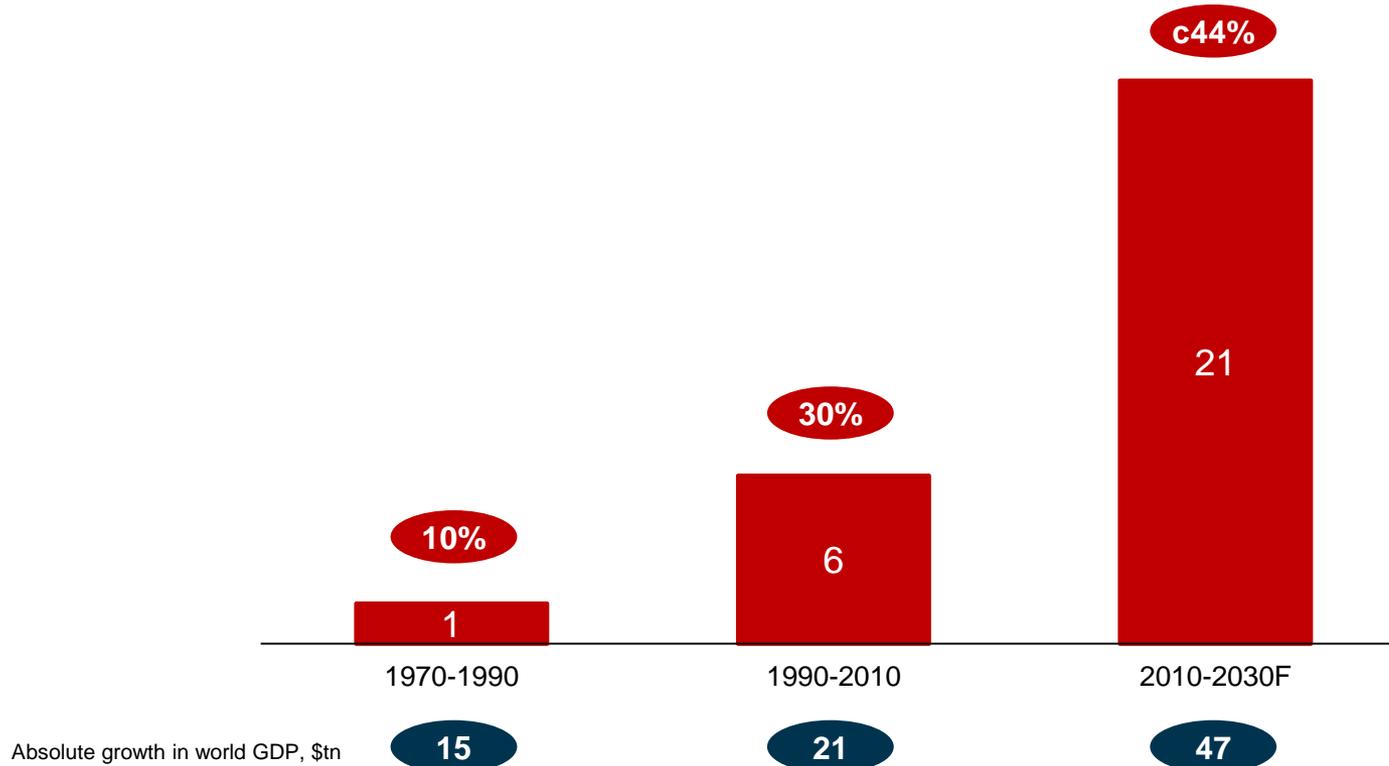
- Increasing share of world GDP growth to come from Asia
- Strong demand for savings & protection products from growing middle class
- Positioned in the right markets
- Strong track-record of delivery

Long-term trends remain intact

GDP

Asia's contribution to world GDP growth¹, US\$tn

xx% Asia's contribution to absolute growth in world GDP



¹ Asia excluding Japan.

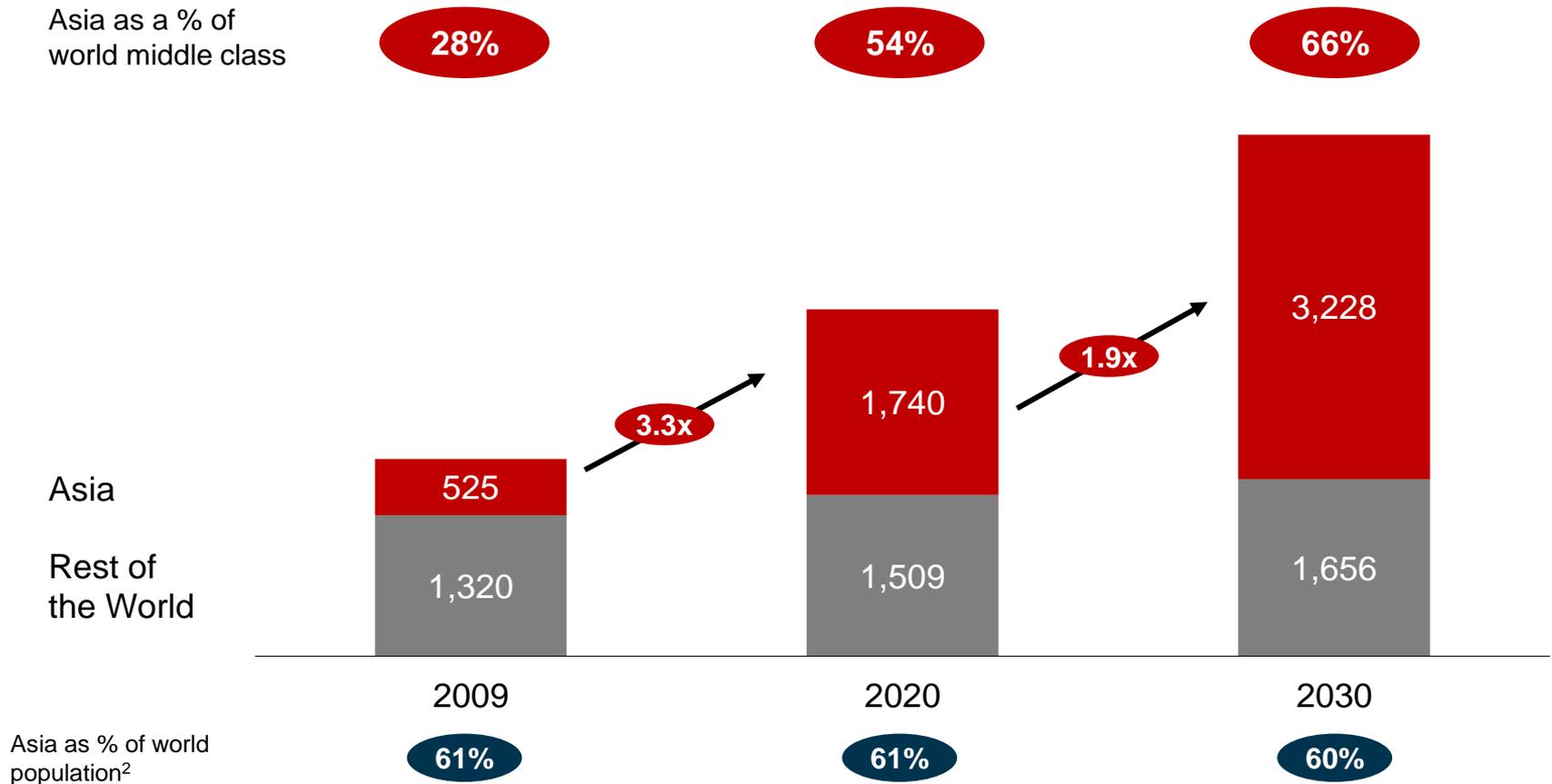
Source: US Department of Agriculture – Economic Research Service (sourced from World Bank World Development Indicators, International Financial Statistics of the IMF, other sources and projected values, developed by the Economic Research Service all converted to a 2005 base year). Prudential estimates.



Long-term trends remain intact

Growing Asian middle class

Middle Class population¹, m



¹ Source: The emerging middle class in developing countries, Homi Kharas – Brookings Institute (Mar 2010). Prudential estimates.

² Source: UN Department of Economic and Social Affairs / Population Division. World Population to 2300. Prudential estimates.



Asia

Leading pan-Asian franchise



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). Malaysia includes Takaful sales @100%. China: Ranking amongst foreign JVs. India: Ranking amongst foreign JVs. Philippines: #1 ranking based on most recent industry sharing data.

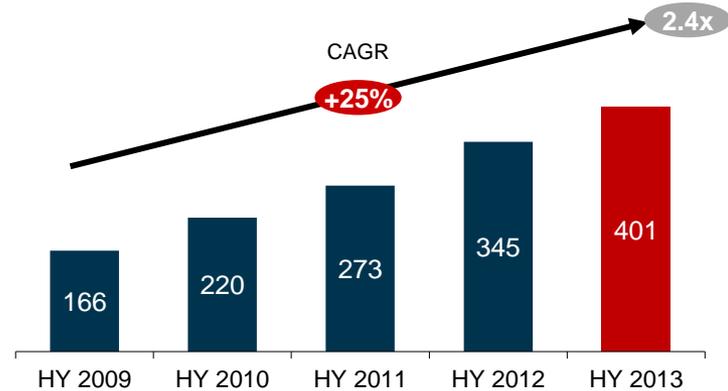
Asia

Sweet spot markets driving performance

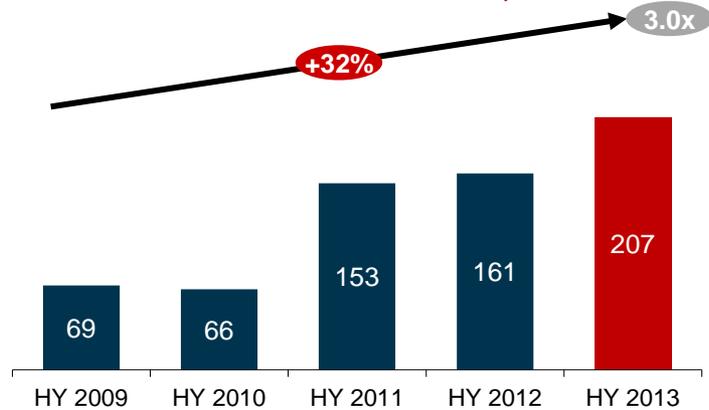
New business profit, £m



IFRS life operating profit¹, £m



Net cash remittances, £m



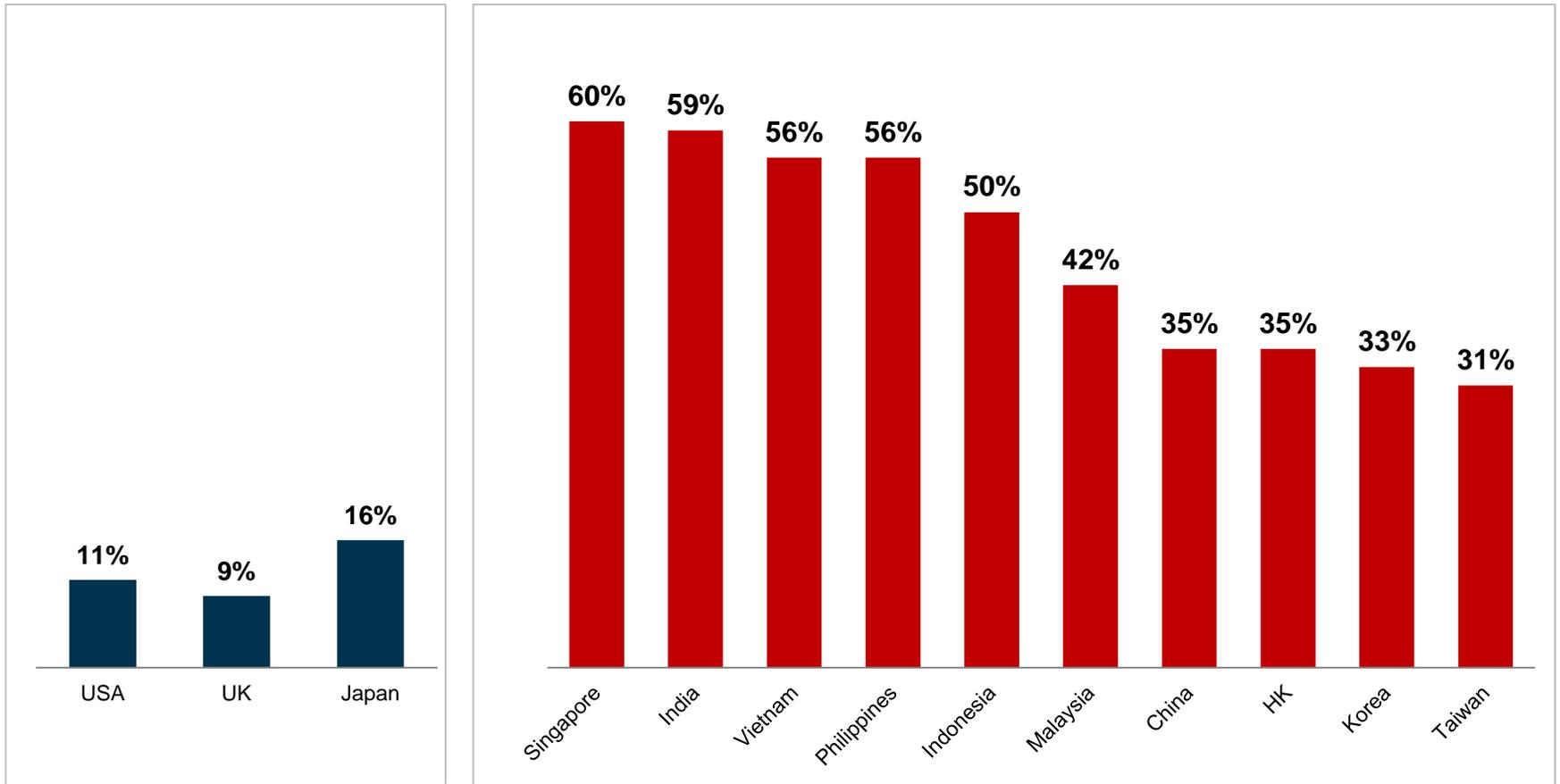
x.x HY 2013 multiple over HY 2009

¹ Adjusted for new and amended accounting standards.
Sweet spot markets include – Indonesia, Malaysia, Singapore, Hong Kong, Philippines, Thailand and Vietnam.

Asia

Significant protection gap in sweet spot markets

Share of medical expenses paid out-of-pocket (2011), %

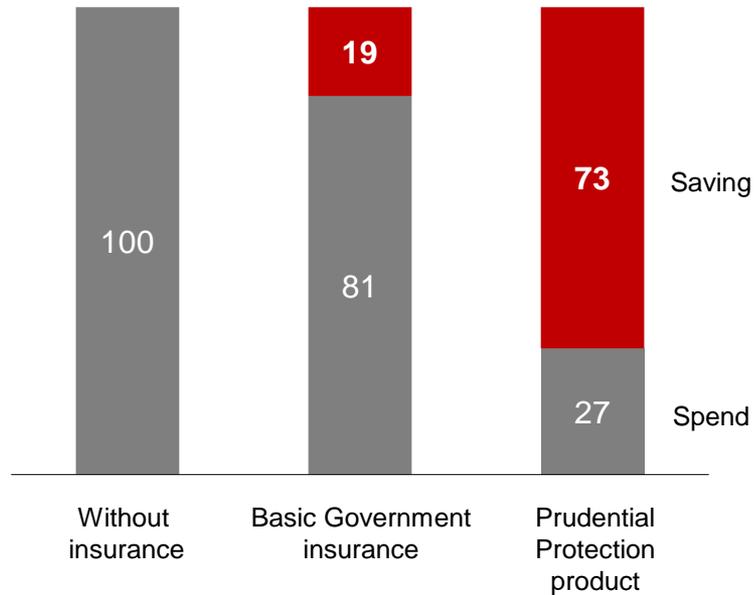


¹ World Health Organisation – Global Health Expenditure Database (2011). For Hong Kong – Food and Health Bureau, Government of Hong Kong (2010). For Taiwan data is for the year 2006.

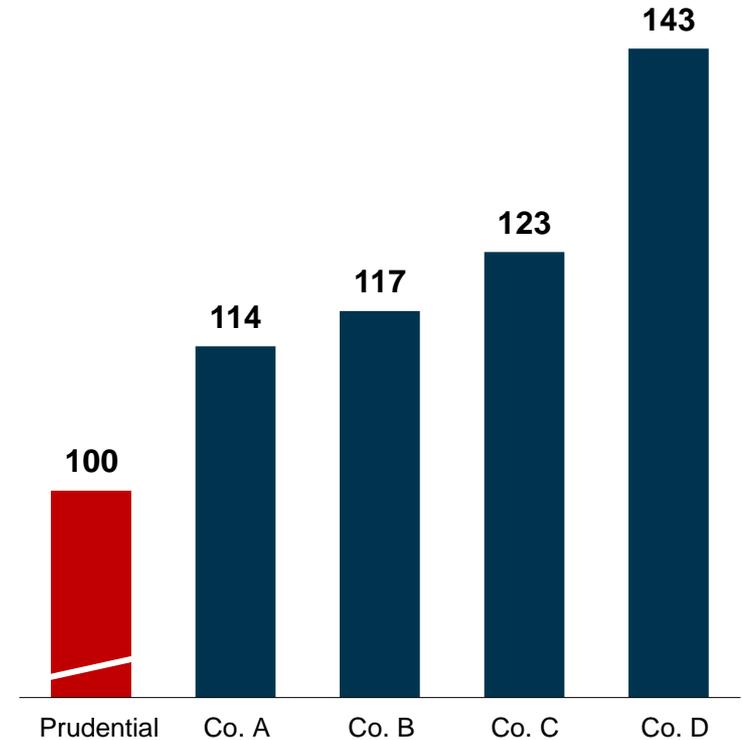
Asia

Creating customer and shareholder value

Health & Protection – Out-of-pocket medical expenses¹



Annual premium for a customer aged 50 (indexed)



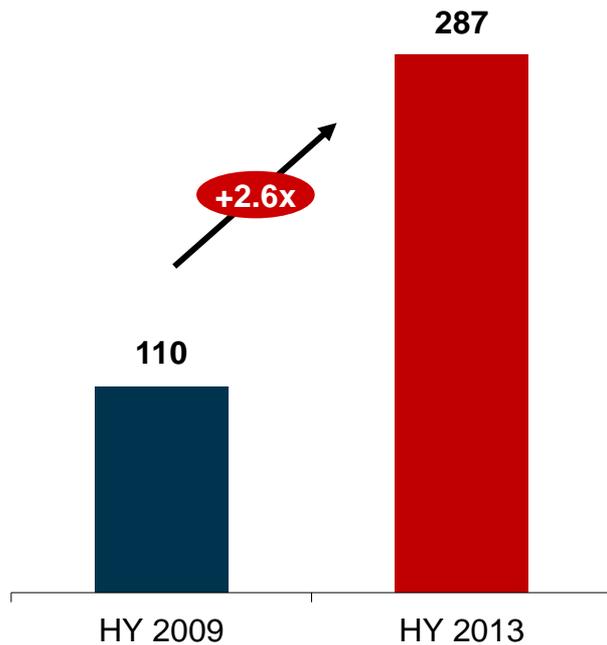
¹ Expenses for a male aged 50 for heart disease and heart surgery treatment.



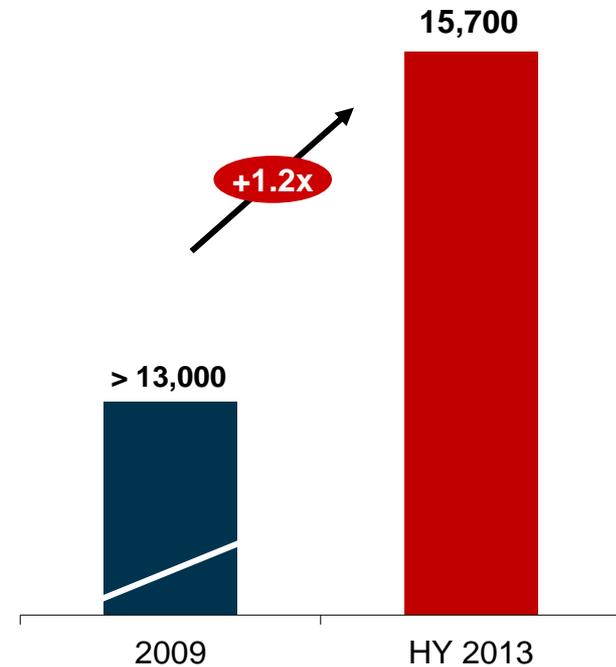
Asia

Two major routes to market

Number of agents in sweet spot countries¹, 000's



Access to bank branches



¹ Sweet spot countries – Indonesia, Malaysia, Hong Kong, Singapore, Philippines, Vietnam and Thailand.



Building wider geographical reach

1995

Agency offices: 3

Number of agents: 251

Number of cities: 1



2013

Agency offices: > 320

Number of agents: > 200,000

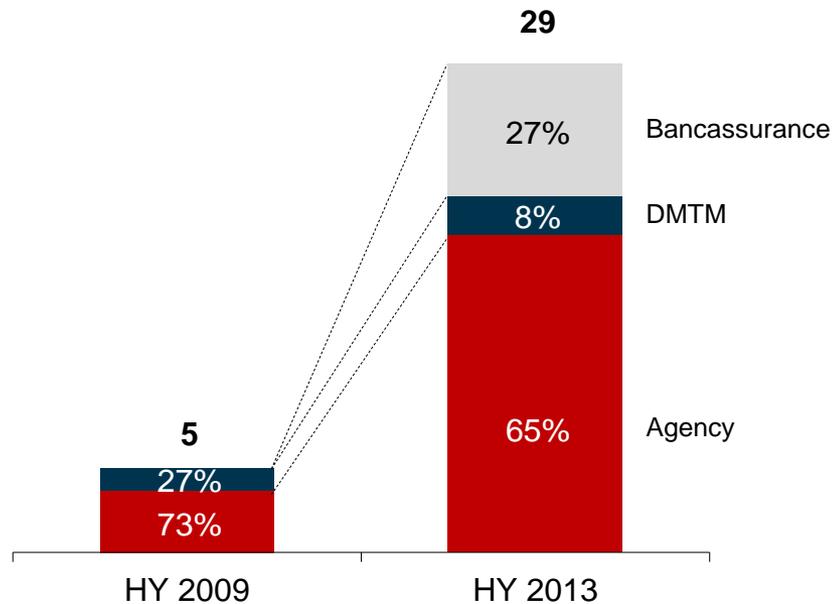
Number of cities: 137



- Clear market leader with wide geographic reach
- Growing agency scale and productivity
- Expanding bancassurance platform
- New products & riders launched
- Strong track record of NBP growth



Channel mix – APE sales, £m

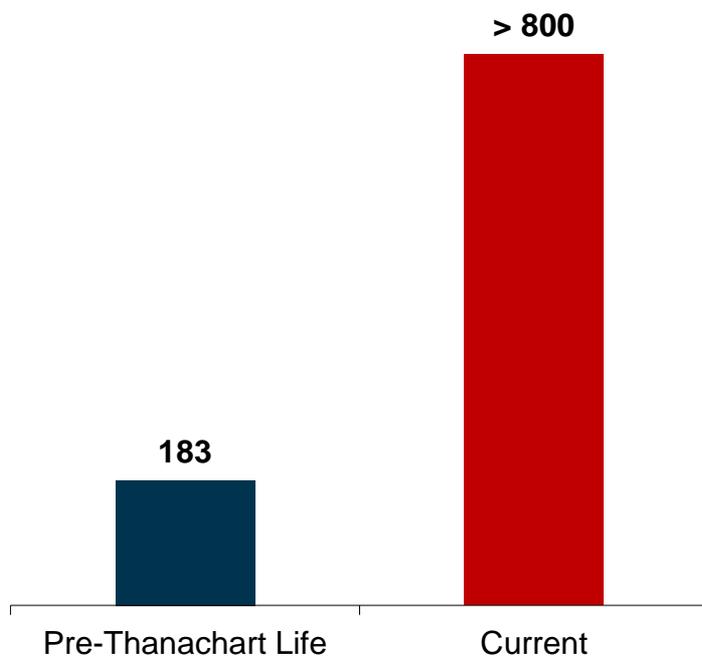


DMTM – Direct Marketing and Telemarketing.

- Favourable macro trends
- Strong agency growth
- New leg – Bancassurance platform
- Unit-linked sales up 54%

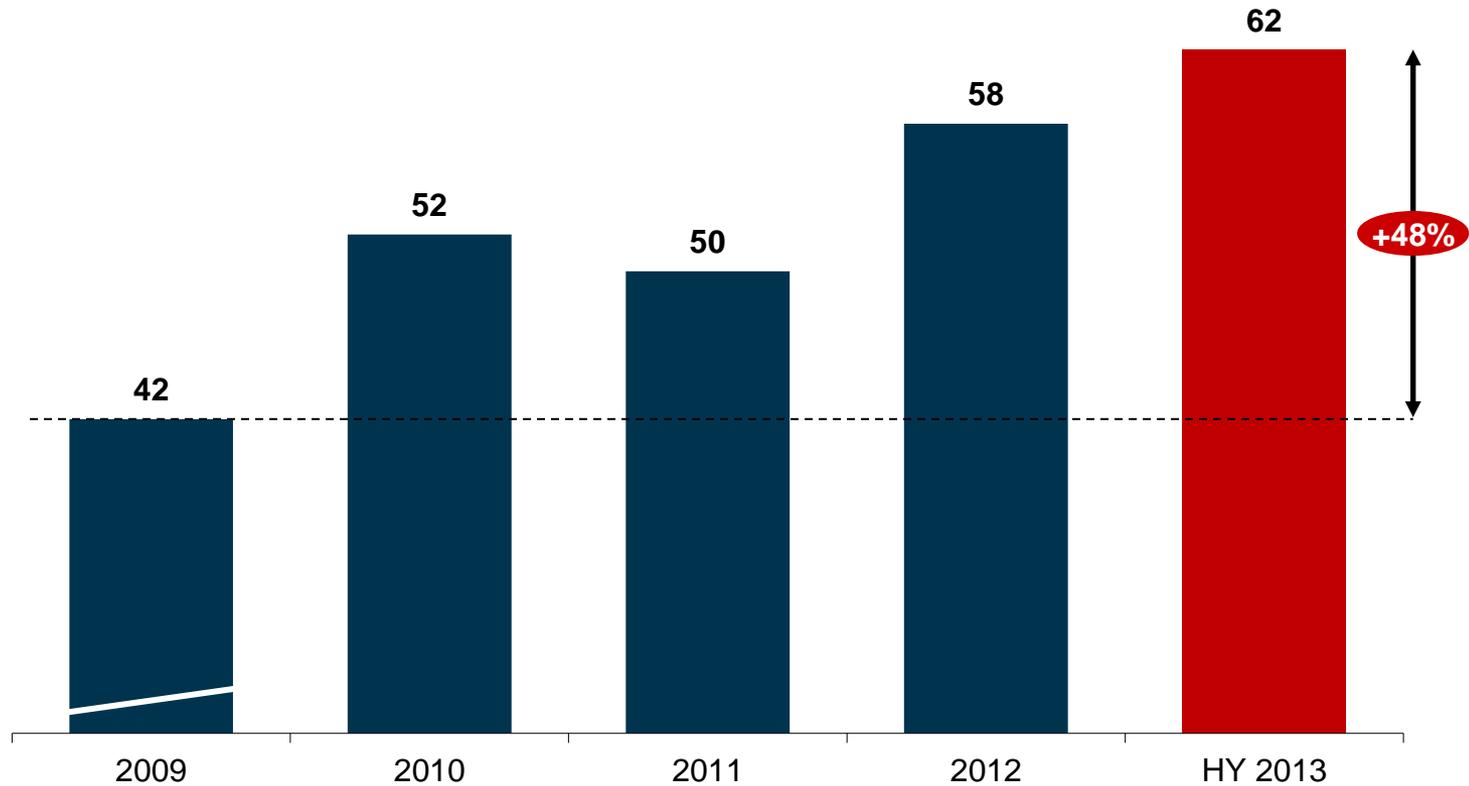


Bank branches

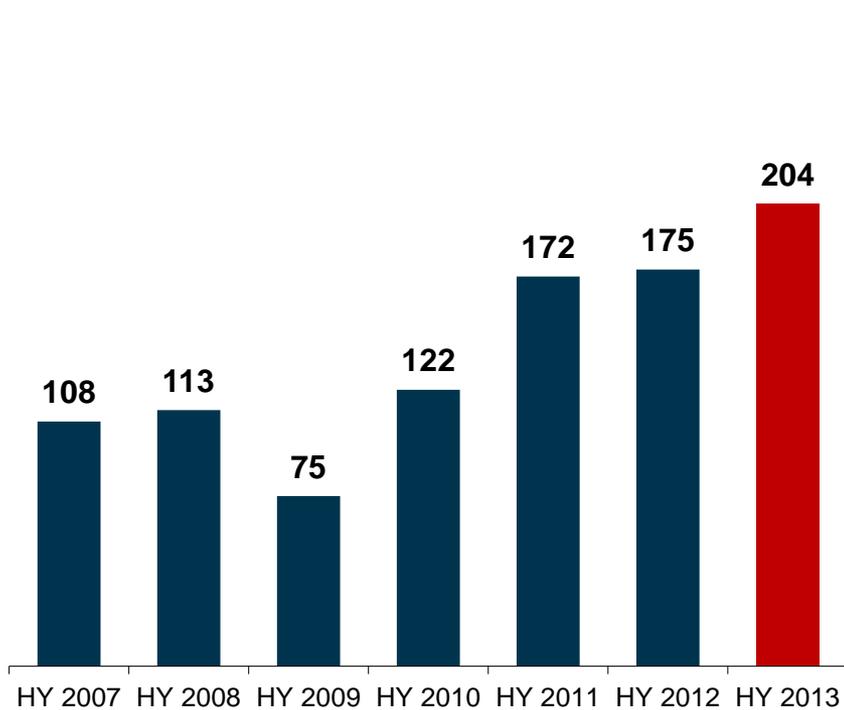


- Acquisition completed in May 2013
- Successful integration
- Full product suite launched with H&P focus
- First policy sold on 4th May 2013
- APE contribution of £5m
- Agency opportunity with increasing scale and visibility

Funds under management, £bn

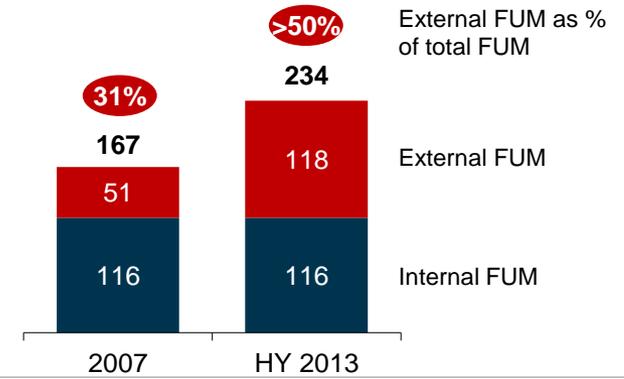


M&G IFRS operating profit¹, £m

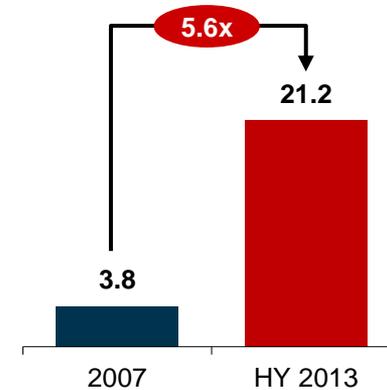


¹ Excludes PruCap.

M&G funds under management, £bn

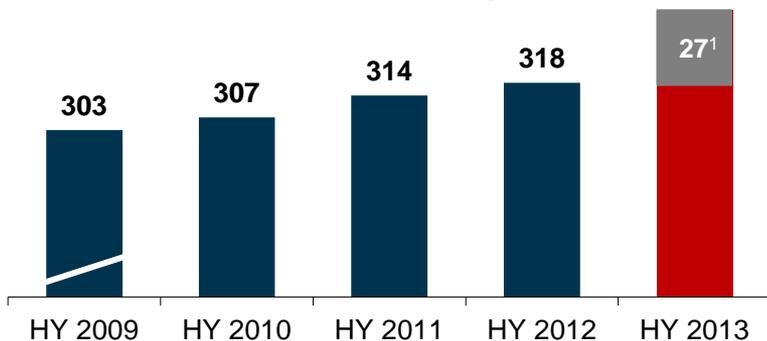


M&G international retail FUM, £bn



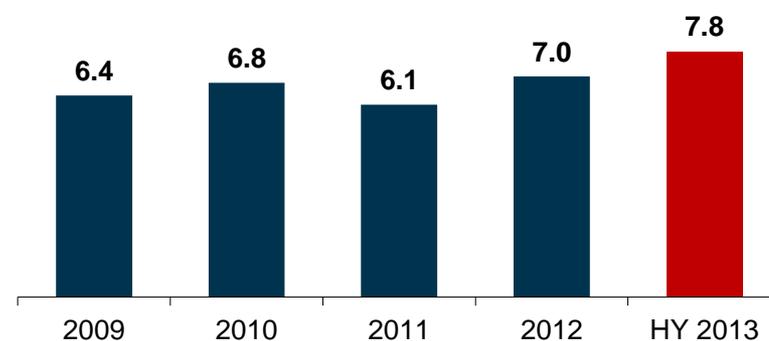
Selective participation

Retail Life IFRS operating profit, £m



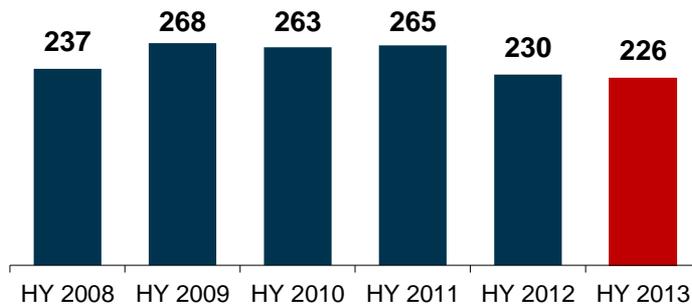
Robust capital

Inherited estate, £bn



Cash delivery to Group

Net cash remittances, £m

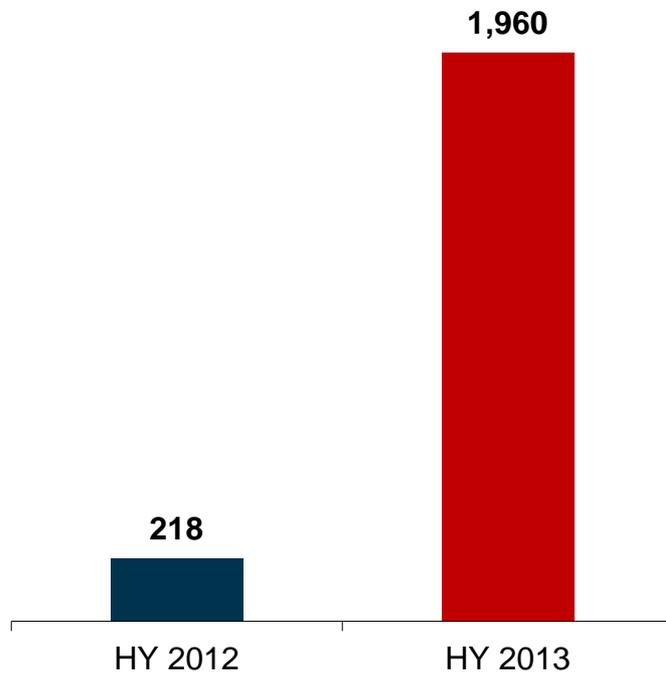


¹ Represents £27m of longevity swap entered into this year to further optimise capital position of the business.

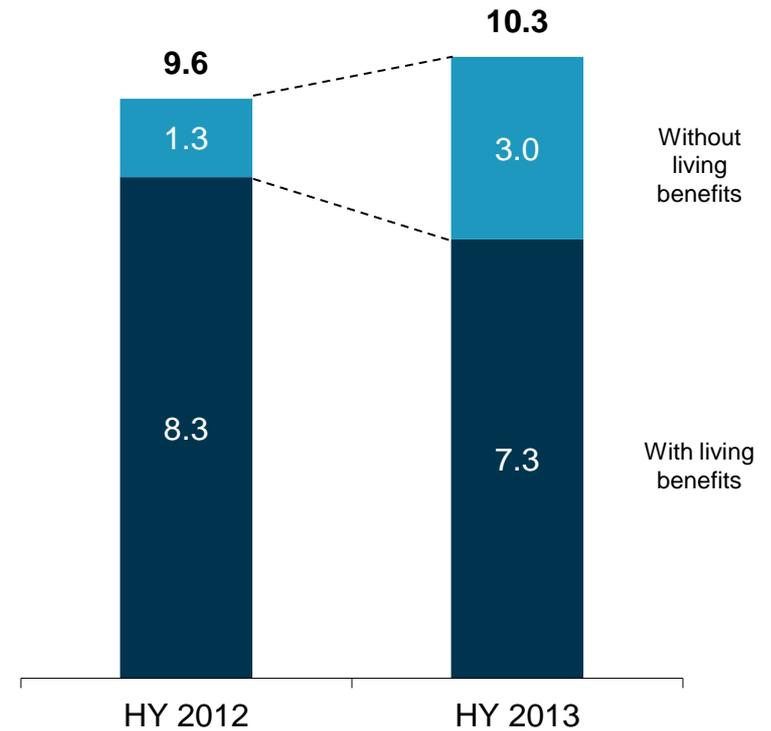
Jackson

Proactive diversification

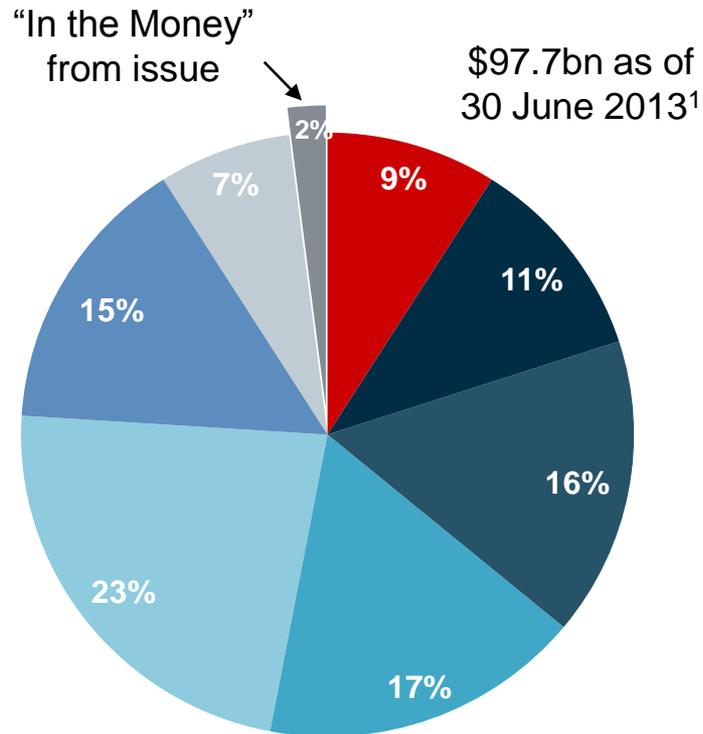
Elite Access sales, \$m



VA sales, \$bn



Separate account value by S&P 500 level at policy issue



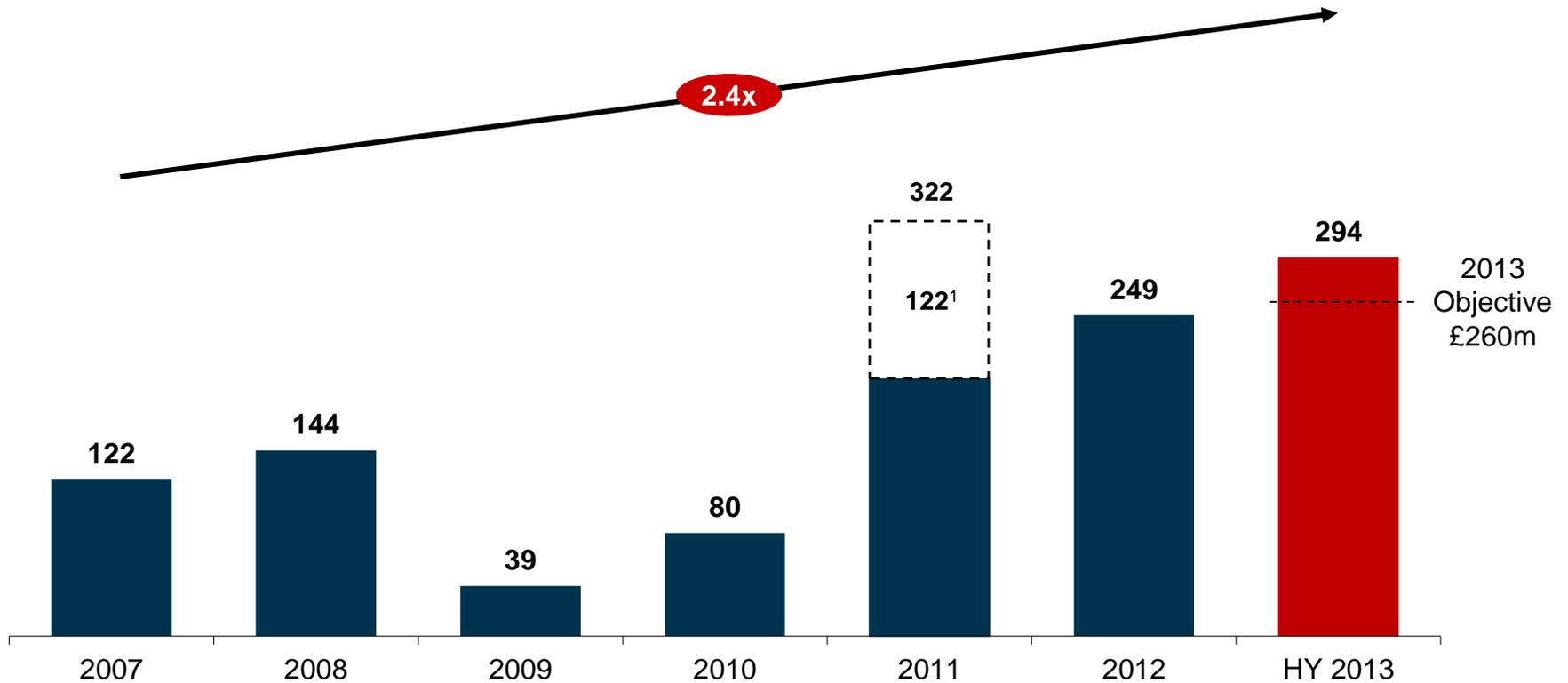
■ (≤1000) ■ (1000-1100) ■ (1100-1200) ■ (1200-1300) ■ (1300-1400) ■ (1400-1500) ■ (1500-1600) ■ (>1600)

¹ Includes VAs allocated to General Account.

Jackson

Net remittances

Net remittances, £m



¹ Net remittances from Jackson include £122m in 2011 representing release of excess surplus to the Group.

Prudential plc 2013 half year results

Agenda

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Delivering 'Growth and Cash'

HY 2013 builds on recent strong performance

Overview

Growth &
Profitability

Cash &
Capital

	£m	HY 2013	HY 2012	HY 2013 vs. HY 2012
Growth	New business profit	1,268	1,141	+11%
	IFRS operating profit¹	1,415	1,157	+22%
	IFRS operating EPS¹ (pence)	42.2	34.6	+22%
	EEV per share (pence)	958	806	+19%
Cash	Free surplus generation¹	1,152	1,031	+12%
	Net remittance	844	726	+16%
	Dividend per share (pence)	9.73	8.40	+15.8%

¹ IFRS results and free surplus generation have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

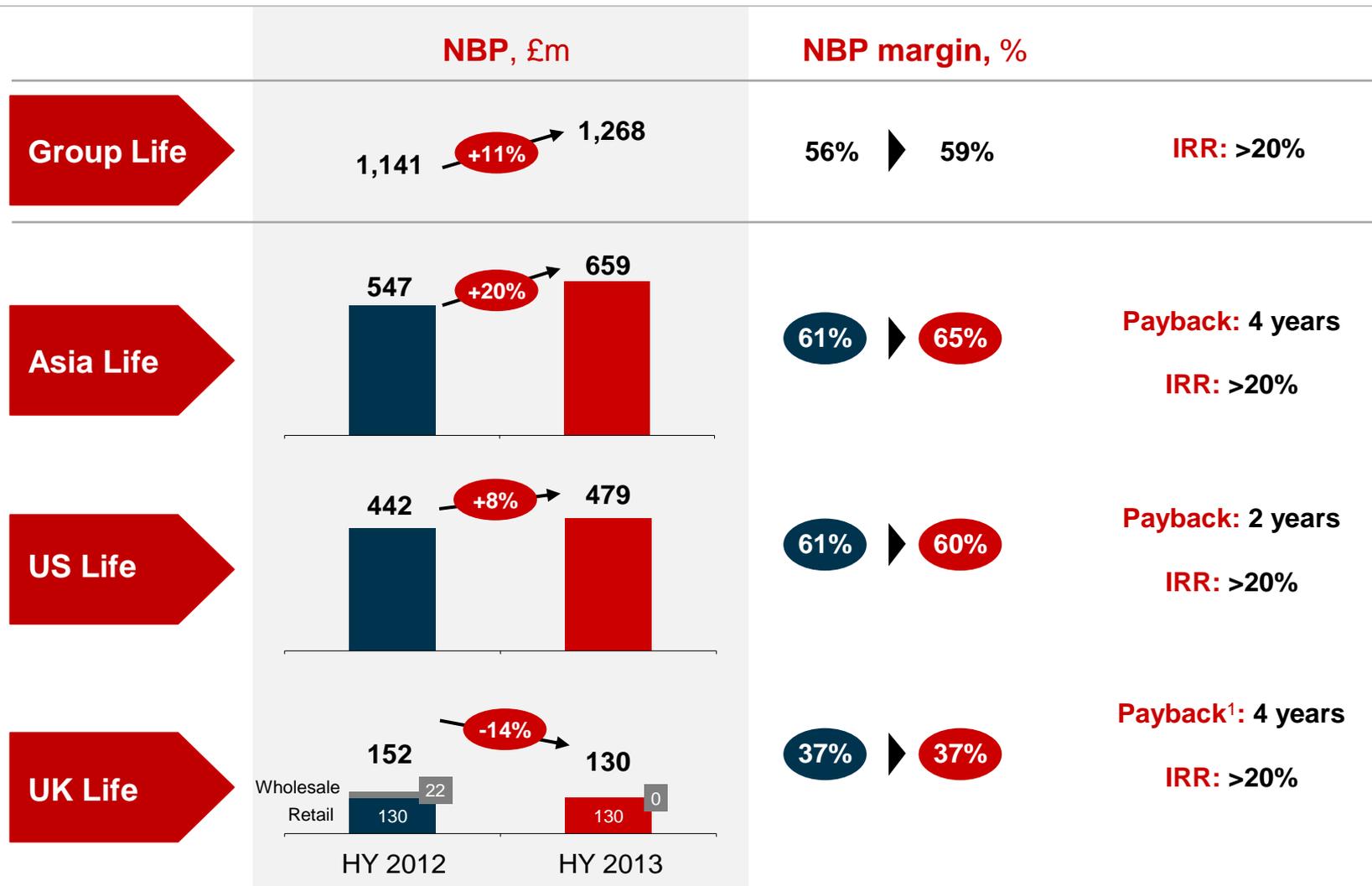
Growth in value and volume

Balancing value creation and capital consumption

Overview

Growth & Profitability

Cash & Capital



¹ Shareholder-backed business.



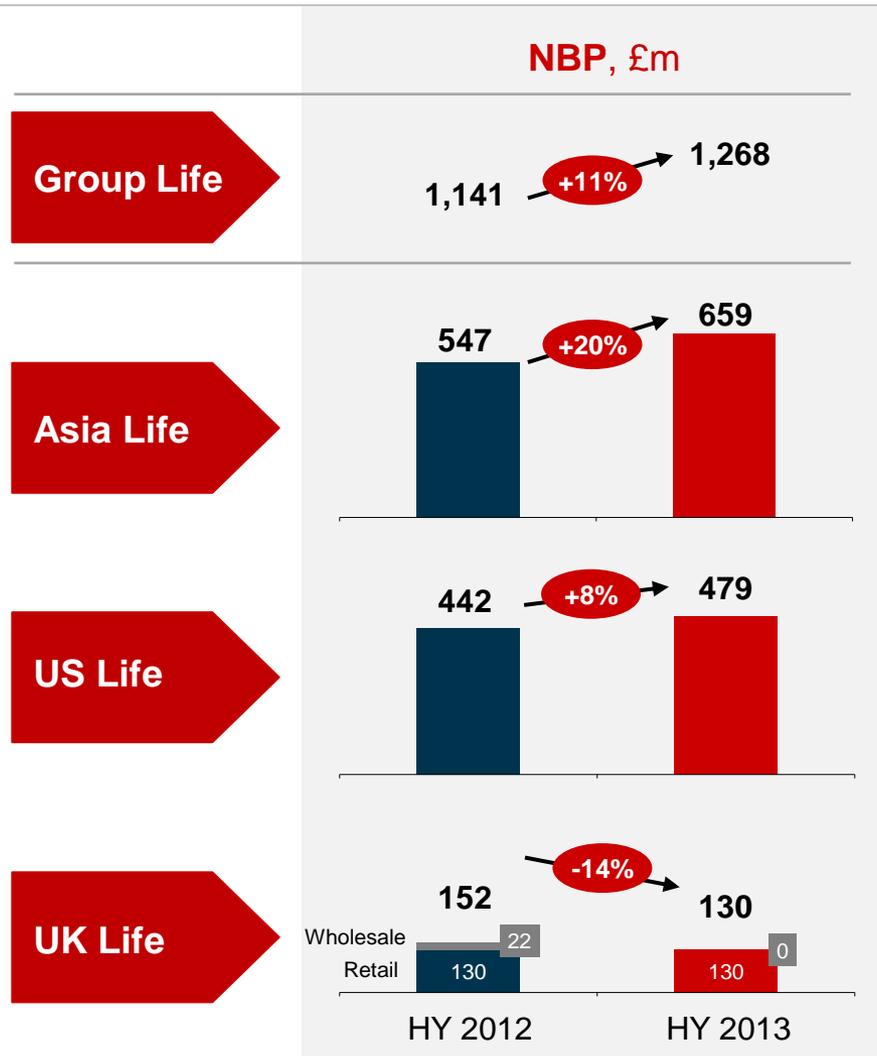
Growth in value and volume

Balancing value creation and capital consumption

Overview

Growth & Profitability

Cash & Capital



Asia

- Continued strong volume growth in high return markets of SE Asia
- Positive impact of rise in yields, particularly in Hong Kong

US

- Lower volumes of VA ex Elite Access offset by positive effect of re-pricing
- Positive impact of higher yields on economics of VA ex Elite Access
- Benefit of strong growth in Elite Access

UK

- Retail: positive impact of re-pricing and improved mix offset by lower retail sales
- Wholesale: no bulks in HY 2013

¹ Shareholder-backed business.



New business profit

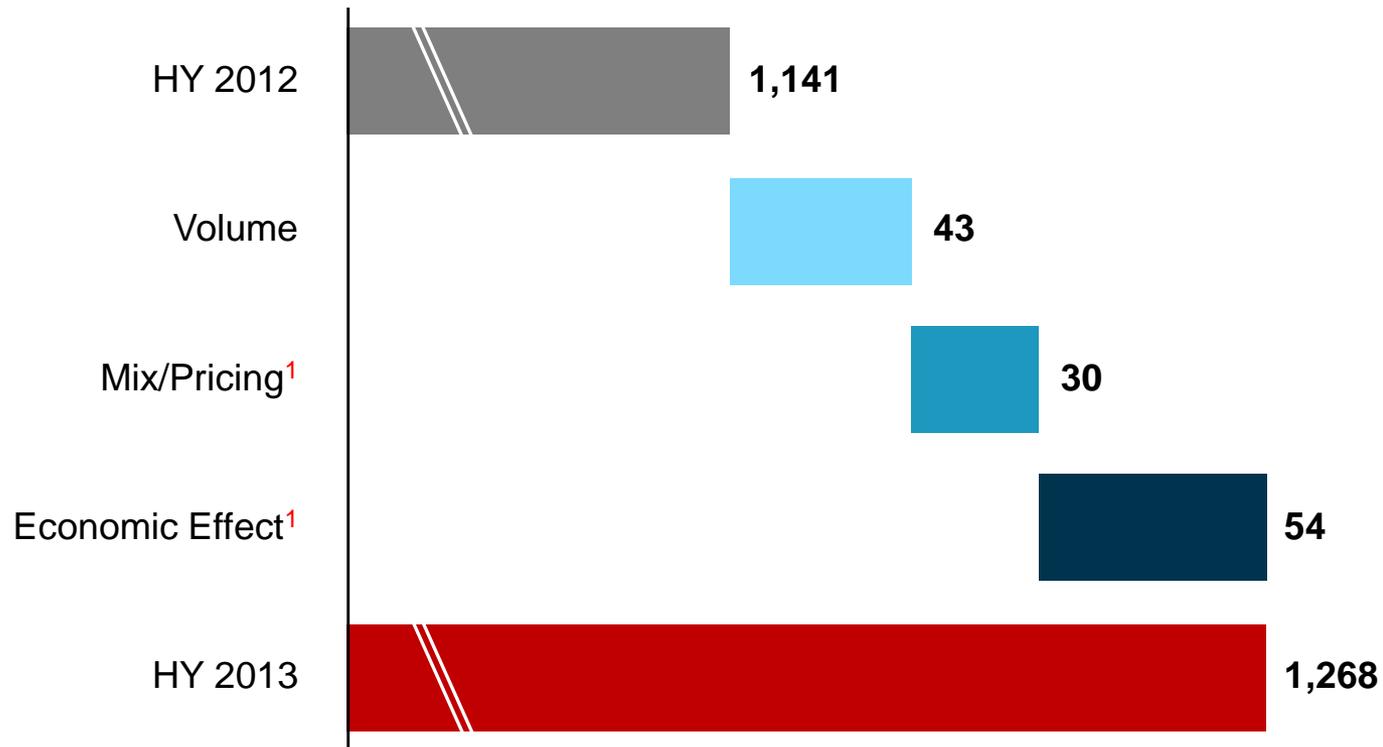
Strong underlying progress

Overview

Growth & Profitability

Cash & Capital

New business profit, £m



¹ Economic and mix / pricing effects have been prepared excluding Elite Access which is included in volume effect.



Profitability – IFRS

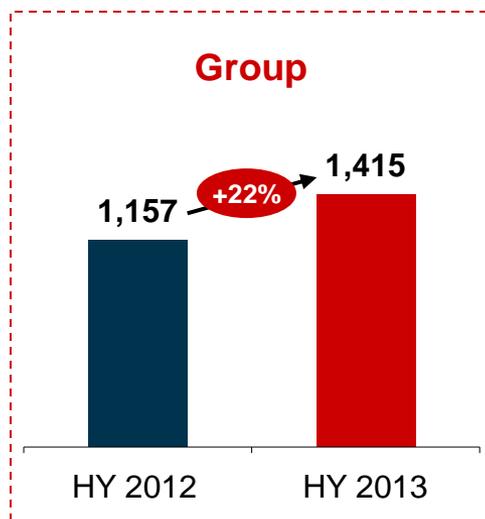
IFRS profits up 22%

Overview

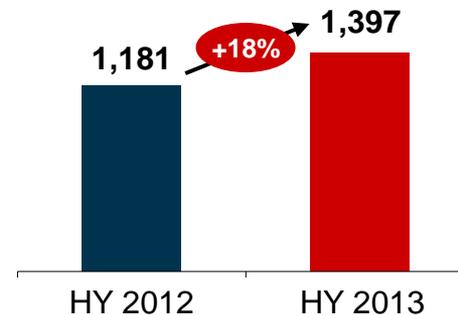
Growth & Profitability

Cash & Capital

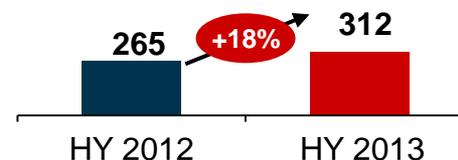
IFRS operating profit¹, £m



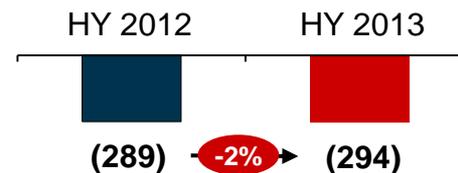
Life



Asset Management and Other businesses



Other income and expenses / restructuring



¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.



Profitability – IFRS

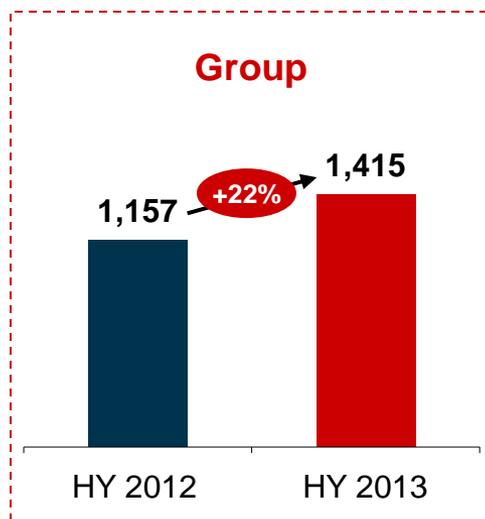
IFRS profits up 22%

Overview

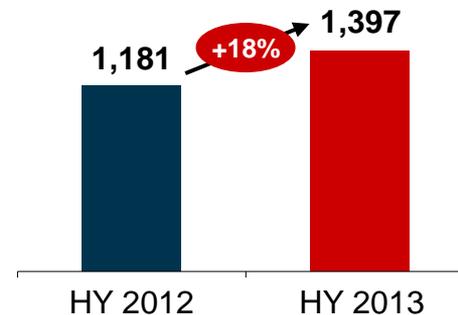
Growth & Profitability

Cash & Capital

IFRS operating profit¹, £m

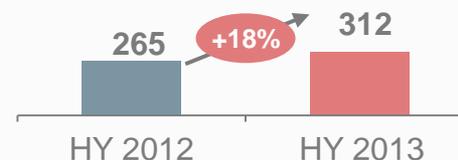


Life



	HY 2012	HY 2013
Asia	403	474
US	442	582
UK	336	341

Asset Management and Other businesses



Other income and expenses / restructuring



¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.



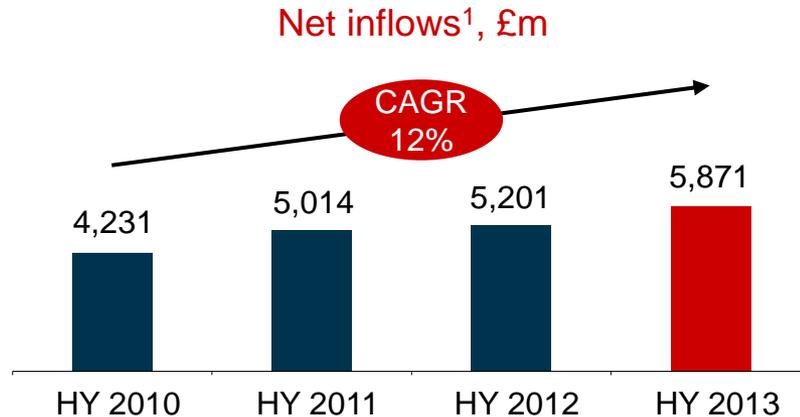
Delivering growth

Strong growth in Life

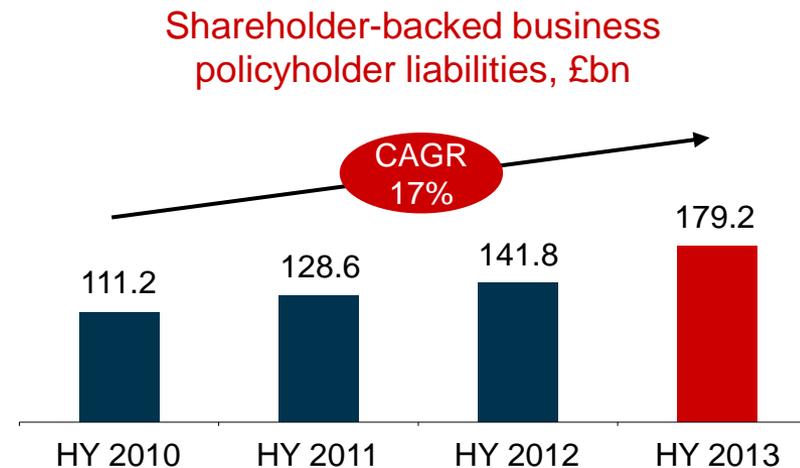
Overview

Growth & Profitability

Cash & Capital



- First half net inflows equivalent to 4% of opening reserves (HY 2012: 4%)
- Total net inflows of £30.8bn over the last three years



- Policyholder liabilities increased by £68.0bn over the last three years, comprised of:
 - net inflows £30.8bn
 - positive investment markets £23.7bn
 - foreign exchange and other £0.2bn
 - acquisitions £13.4bn

¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

Profitability – IFRS

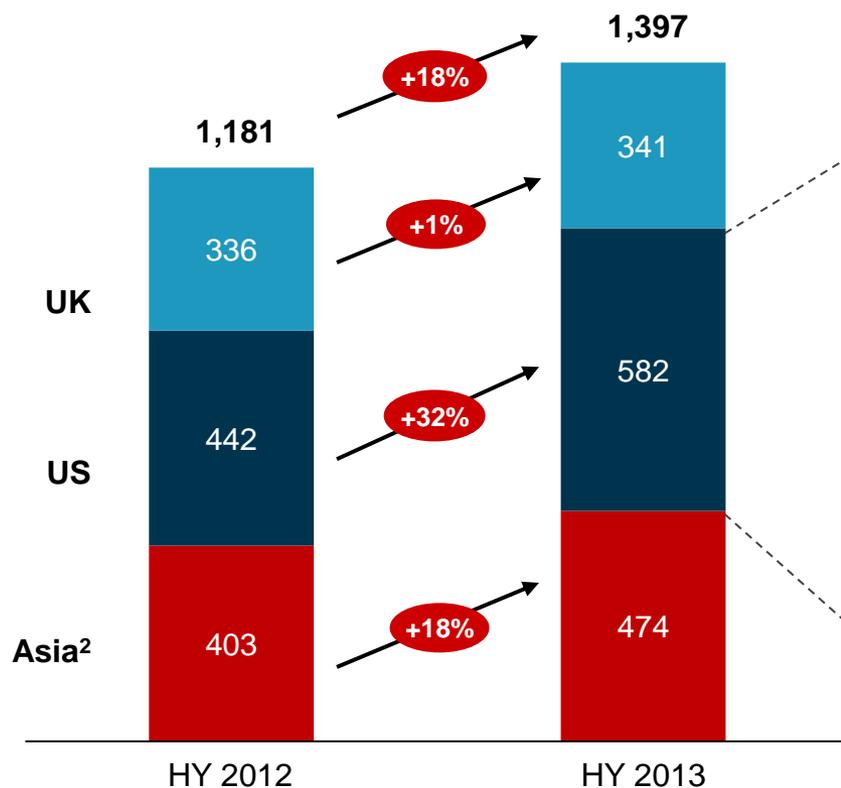
Diversified Life earnings

Overview

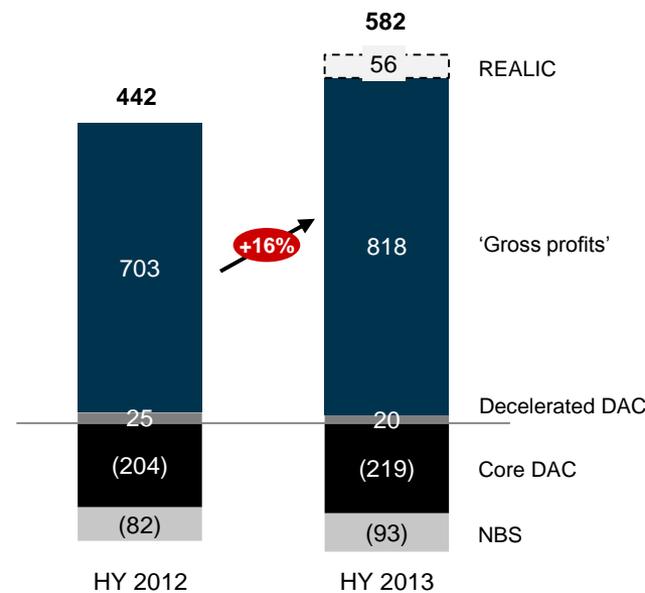
Growth & Profitability

Cash & Capital

Life operating profit¹ by region, £m



US operating profit, £m



¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

² Net of Asia development expenses (HY 2012: £(3)m, HY 2013: £(2)m).



Profitability – IFRS

Diversified and resilient Life earnings

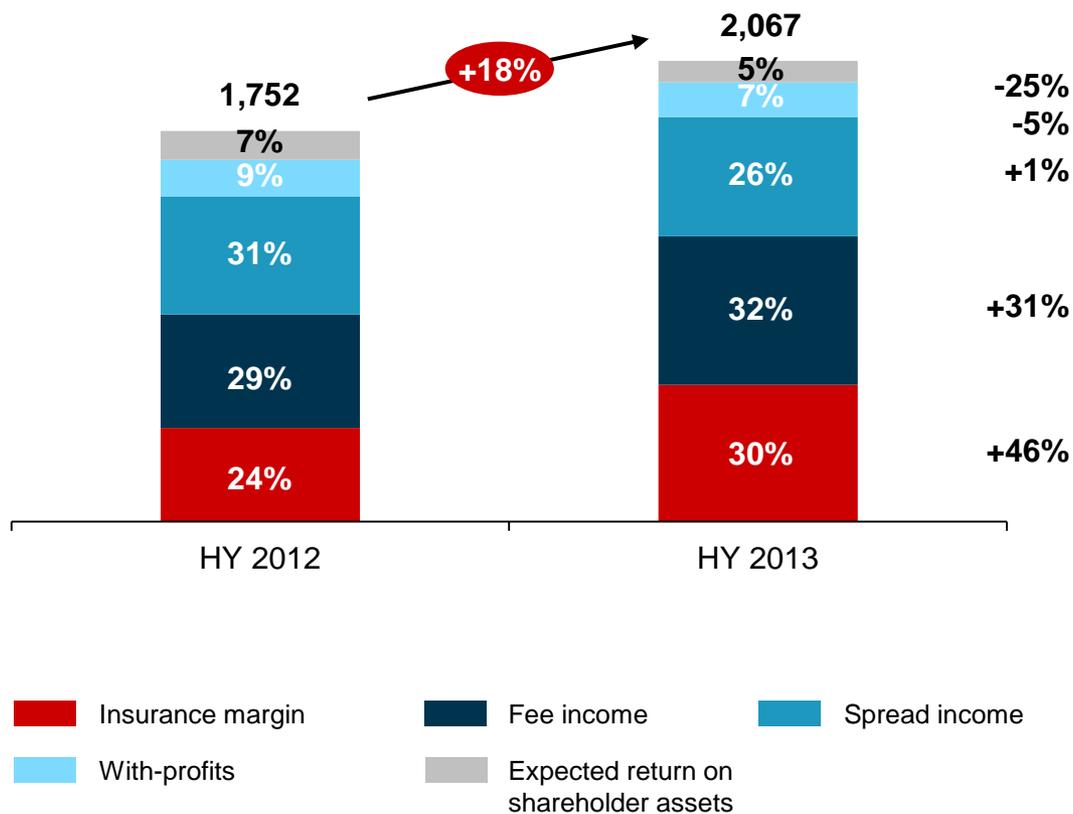
Overview

Growth & Profitability

Cash & Capital

IFRS operating income^{1,2}, £m

Growth %
HY 2013 vs. HY 2012



¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

² Excludes margin on revenues, acquisition and administration expenses, DAC amortisation and the gain on China Life.



IFRS operating profit – source of earnings

Life insurance - Asia

Overview

Growth & Profitability

Cash & Capital

HY 2013 | HY 2012 | +/-

£m except reserves £bn

Total operating profit¹

474	403	18%
-----	-----	-----

=

Total Life income

1,267	1,036	22%
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Total Life expenses

(802)	(671)	(20)%
-------	-------	-------

DAC adjustments

9	38	(76)%
---	----	-------

Spread income

56	48	17%
----	----	-----

Fee income

80	66	21%
----	----	-----

Technical and other margin

1,081	884	22%
-------	-----	-----

With-profits

22	18	22%
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Spread (bps)

155	167	(12)
-----	-----	------

Average reserves

7.2	5.8	24%
-----	-----	-----

AMF (bps)

112	111	1
-----	-----	---

Average reserves

14.3	11.9	20%
------	------	-----

Margin on revenues

778	628	24%
-----	-----	-----

Insurance margin

303	256	18%
-----	-----	-----

Expected returns

28	20	40%
----	----	-----

Increase in spread income reflects the growth in Asian non-linked policyholder liabilities

Higher fee income driven by growth in unit-linked reserves

Increase in technical margin due to growth in H&P book. Insurance margin also benefits from claims controls and pricing actions

¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.



IFRS operating profit – source of earnings

Life insurance - US

Overview

Growth & Profitability

Cash & Capital

HY 2013 | HY 2012 | +/-
£m except reserves £bn

Total operating profit ¹		
582	442	32%

=

Total Life income		
1,197	945	27%

-

Total Life expenses		
(788)	(722)	(9)%

+

2012 Expense deferrals		
372	398	(7)%

-

DAC amortisation		
(199)	(179)	(11)%

Spread income		
377	349	8%

Fee income		
554	408	36%

Expected returns		
4	35	(89)%

Spread (bps)	242	238	4
Average reserves	31.1	29.3	6%

AMF (bps)	196	198	(2)
Average reserves	56.5	41.2	37%

Technical and other margin		
262	153	71%

Increase driven by growth in general account and improvement in spread margin

Increase reflects impact of net flows (incl EA) and positive markets on separate account balances

Increase in technical and other margin reflects the impact of the acquisition of REALIC

¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.



IFRS operating profit – source of earnings

Life insurance - UK

Overview

Growth & Profitability

Cash & Capital

HY 2013 | HY 2012 | +/-
£m except reserves £bn

Total operating profit¹

341	336	1%
-----	-----	----

=

Total Life income

461	467	(1)%
-----	-----	------

Total Life expenses

(113)	(127)	11%
-------	-------	-----

DAC adjustments

(7)	(4)	(75)%
-----	-----	-------

Spread income

102	132	(23)%
-----	-----	-------

Fee income

33	35	(6)%
----	----	------

Technical and other margin

128	79	62%
-----	----	-----

Expected returns

65	75	(13)%
----	----	-------

Spread (bps)

75	104	(29)
----	-----	------

Average reserves

27.1	25.3	7%
------	------	----

AMF (bps)

29	33	(4)
----	----	-----

Average reserves

22.7	21.3	7%
------	------	----

Margin on revenues

80	68	18%
----	----	-----

Insurance margin

48	11	336%
----	----	------

With-profits

133	146	(9)%
-----	-----	------

Decrease reflects the non-repeat of a large bulk annuity transaction in HY 2012

Insurance margin increase reflects positive impact of longevity swap

Decrease due to reduction in policyholder bonuses

¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

Profitability – IFRS

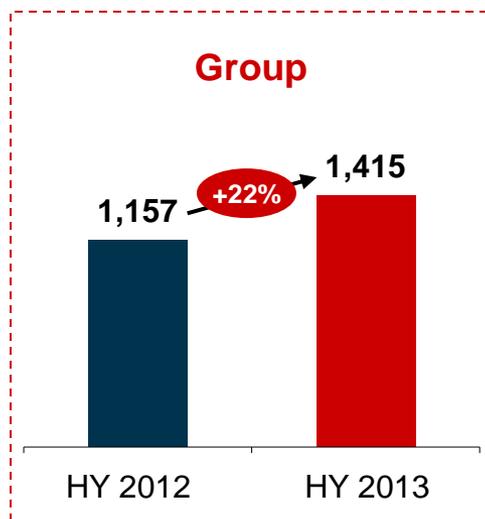
IFRS profits up 22%

Overview

Growth & Profitability

Cash & Capital

IFRS operating profit¹, £m

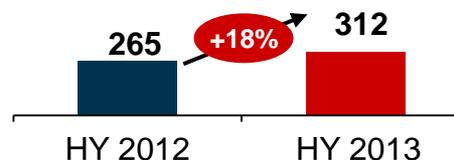


Life



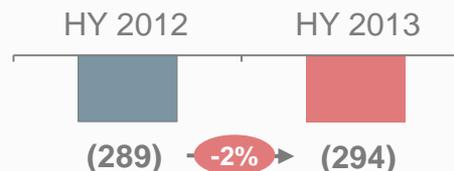
	HY 2012	HY 2013
Asia	403	474
US	442	582
UK	336	341

Asset Management and Other businesses



	HY 2012	HY 2013
M&G	175	204
PruCap	24	21
Eastspring	32	38
US AM	17	34
UK GI	17	15

Other income and expenses / restructuring



¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.



IFRS operating profit – source of earnings

Asset management

Overview

Growth & Profitability

Cash & Capital

Asset management operating profit^{1,2}

242	207	17%
-----	-----	-----

HY 2013	HY 2012	+/-
---------	---------	-----

£m except assets £bn

M&G operating profit

204	175	17%
-----	-----	-----

Eastspring Investments

38	32	19%
----	----	-----

Underlying income

421	354	19%
-----	-----	-----

Other income³

9	7	29%
---	---	-----

Total expenses

(226)	(186)	(22%)
-------	-------	-------

Total income³

110	97	13%
-----	----	-----

Total expenses

(72)	(65)	(11%)
------	------	-------

Average fees (bps)

36	36	-
----	----	---

Average assets (£bn)

231	197	17%
-----	-----	-----

Cost / income ratio⁴

54%	53%	1ppt
-----	-----	------

Average fees (bps)

35	36	(1)
----	----	-----

Average assets (£bn)

63	53	19%
----	----	-----

Cost / income ratio⁴

62%	66%	(4)ppt
-----	-----	--------

¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

² Excludes PruCap and US asset management business.

³ Includes performance-related fees and for M&G, carried interest and its share of operating profit from PPMSA.

⁴ Cost/income ratio excludes performance-related fees, carried interest and profit from associate.



Profitability – EEV

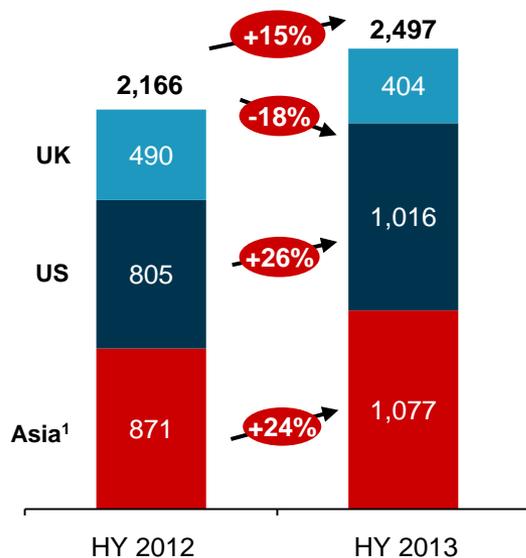
Return on Embedded Value of 16%

Overview

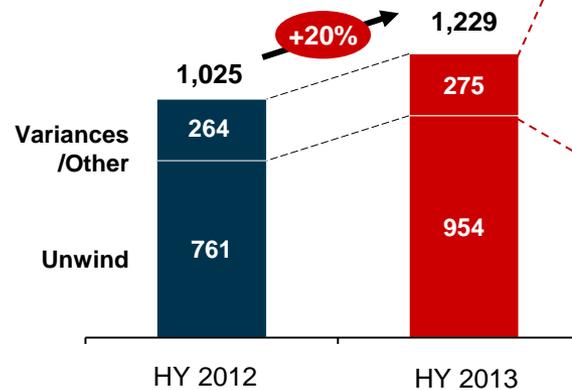
Growth & Profitability

Cash & Capital

Life operating profit, £m

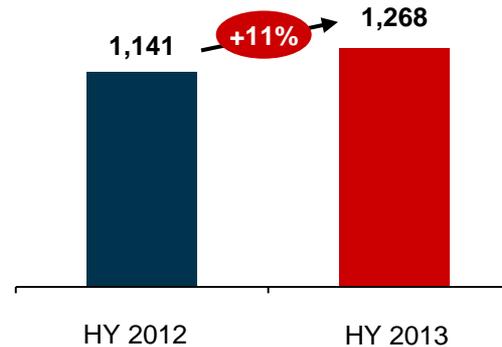


In-force¹, £m



	HY 2012	HY 2013
Experience variance	192	220
Assumption changes	75	57
Dev costs	(3)	(2)

New business profit, £m



¹ Net of Asia development expenses (HY 2012: £(3)m, HY 2013: £(2)m).

Equity shareholders' funds

Summary of movement

Overview

Growth &
Profitability

Cash &
Capital

	IFRS Equity ¹			EEV Equity		
	£bn	% vs. HY 2012	EPS (p)	£bn	% vs. HY 2012	EPS (p)
After-tax operating profit	1.1	+23%	42	1.8	+18%	71
Investment variance²	(0.7)		(28)	0.1		5
Profit for the period	0.4	-59%	14	1.9	+41%	76
Unrealised loss on AFS	(0.8)		(33)	-		-
Foreign exchange and other	0.1		11	0.7		25
Dividend	(0.5)		(21)	(0.5)		(21)
Retained earnings³	(0.8)		(29)	2.1		80
Opening shareholders' equity	10.4		405	22.4		878
Closing shareholders' equity	9.6		376	24.5		958
Movement in HY 2013		-7%			+9%	

¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

² For IFRS relates to JNL fixed income portfolio accounted as available for sale. For EEV, represents mark to market movements on JNL assets backing surplus and required capital.

³ Subject to rounding.

Balance sheet

Defensive positioning maintained

Overview

Growth &
Profitability

Cash &
Capital

Maintained capital strength

- IGD surplus £3.9bn equivalent to a cover of 2.3 times
- With-profits estate £7.8bn (31 December 2012: £7.0bn)

Strong liquidity position

- Issued perpetual bond for \$700m in Jan 2013
- £1.5bn of central cash resources
- £2.1bn of untapped liquidity facilities

Credit position improved

- UK: £2.0bn default provision maintained
- Unrealised gains on US debt securities of £1.3bn (31 December 2012: £2.8bn)
- US impairments in 2013 of £1m (31 December 2012: £47m)

Continued balance sheet conservatism

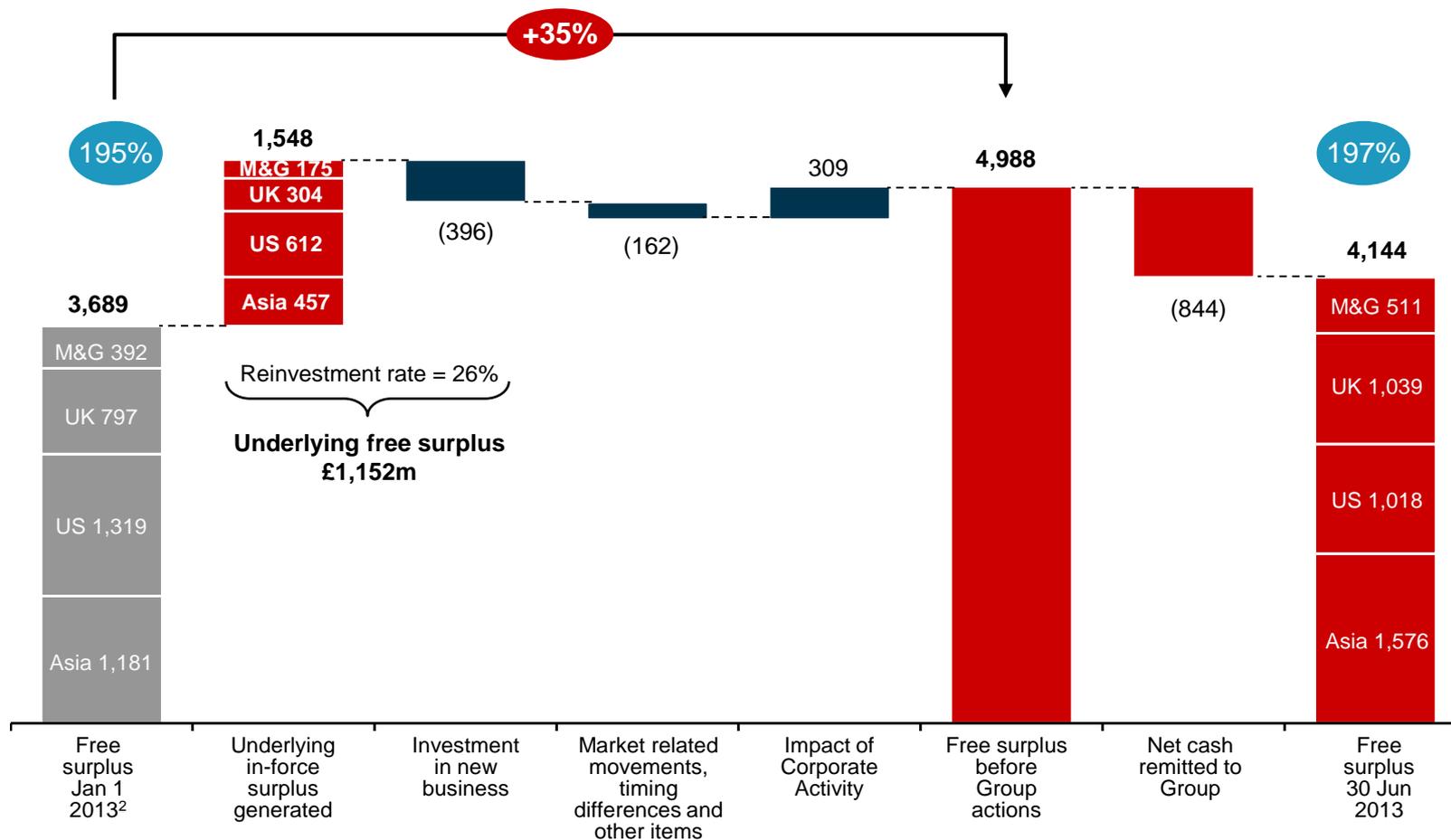
- Variable annuity hedging remains robust
- No change to conservative asset mix with 95% of credit portfolio rated BBB or higher

Cash and capital generation

Increasing free surplus stock

Evolution of free surplus¹, £m

x% Free surplus cover



¹ Underlying free surplus has been prepared under new joint venture accounting standards and also exclude Japan life following reclassification as held for sale.

² Asia and US include asset management and UK includes GI commission.

Cash and capital generation

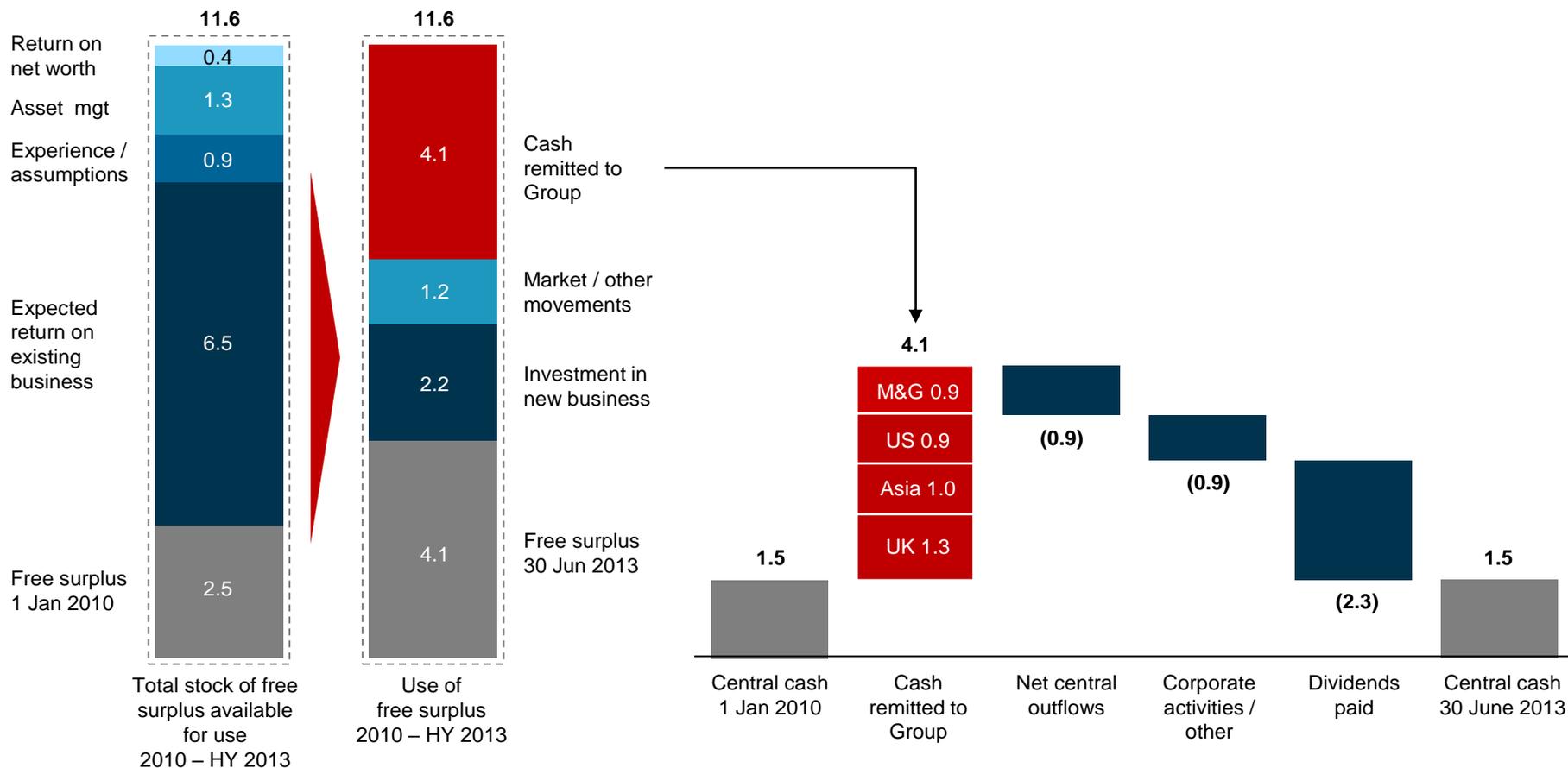
Historic free surplus emergence

Overview

Growth & Profitability

Cash & Capital

Use of free surplus generated¹, 2010 – HY 2013, £bn



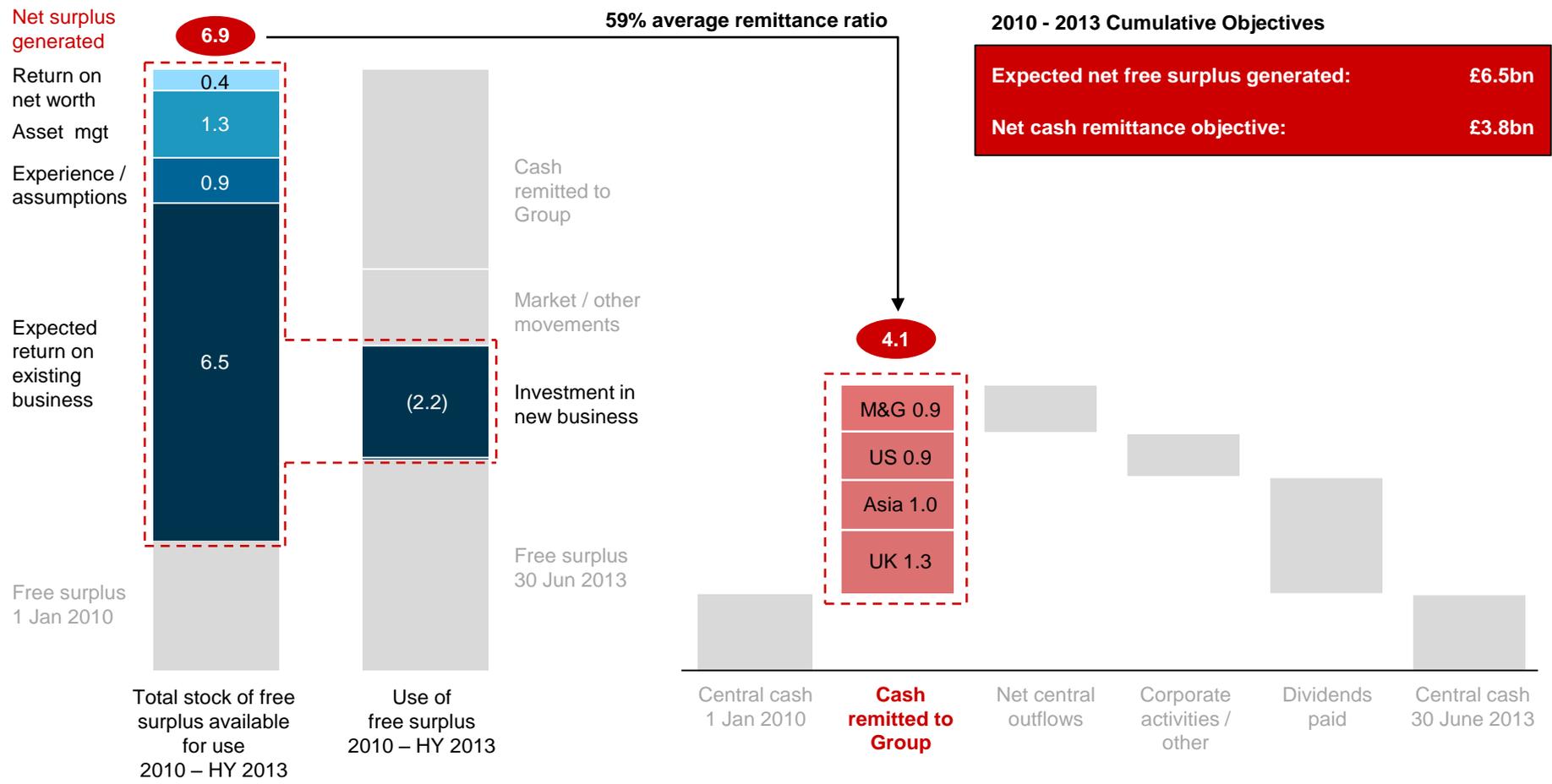
¹ Underlying free surplus has been prepared under new joint venture accounting standards and also exclude Japan life following reclassification as held for sale.



Cash and capital generation

Historic free surplus emergence

Use of free surplus generated¹, 2010 – HY 2013, £bn



¹ Underlying free surplus has been prepared under new joint venture accounting standards and also exclude Japan life following reclassification as held for sale.

Delivering 'Growth and Cash'

HY 2013 builds on recent strong performance

	£m	HY 2013	HY 2012	HY 2013 vs. HY 2012
Growth	New business profit	1,268	1,141	+11%
	IFRS operating profit¹	1,415	1,157	+22%
	IFRS operating EPS¹ (pence)	42.2	34.6	+22%
	EEV per share (pence)	958	806	+19%
Cash	Free surplus generation¹	1,152	1,031	+12%
	Net remittance	844	726	+16%
	Dividend per share (pence)	9.73	8.40	+15.8%

¹ IFRS results and free surplus generation have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY 2012 comparatives have been adjusted on a comparable basis.

Prudential plc 2013 half year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook

Tidjane Thiam

		Prudential customers as a % of total population ²	GDP (\$bn) ²	2014 GDP growth (%) ²
Sweet Spot markets	 Indonesia (1995) ¹	0.8%	878	6.4
	 Philippines (1996)	0.1%	250	5.5
	 Thailand (1995)	0.5%	366	4.2
	 Vietnam (1999)	1.4%	138	5.2
	 Hong Kong (1964)	11.2%	263	4.4
	 Malaysia (1924)	6.3%	303	5.2
	 Singapore (1931)	14.1%	276	5.1
JV's	 India (2000)	0.3%	1,825	6.3
	 China (2000)	0.05%	8,227	7.7
Mature Markets	 Taiwan (1999)	0.9%	474	3.9
	 Korea (2002)	0.6%	1,156	3.9
Nascent Markets	 Cambodia (2013)	-	14	7.0
	 Myanmar (2013)	-	53	7.0

¹ Number in bracket denotes start of operation.

² Source IMF. GDP in \$bn for 2012.

- Double digit growth for NBP, IFRS and Cash
- Profitable growth in Asia and cash generation from all businesses
- More of the same
- There remains significant untapped growth potential for Prudential

Q&A



2013 Investor Day

3rd December 2013
London

RSVP: Investor.Relations@prudential.co.uk



Appendix



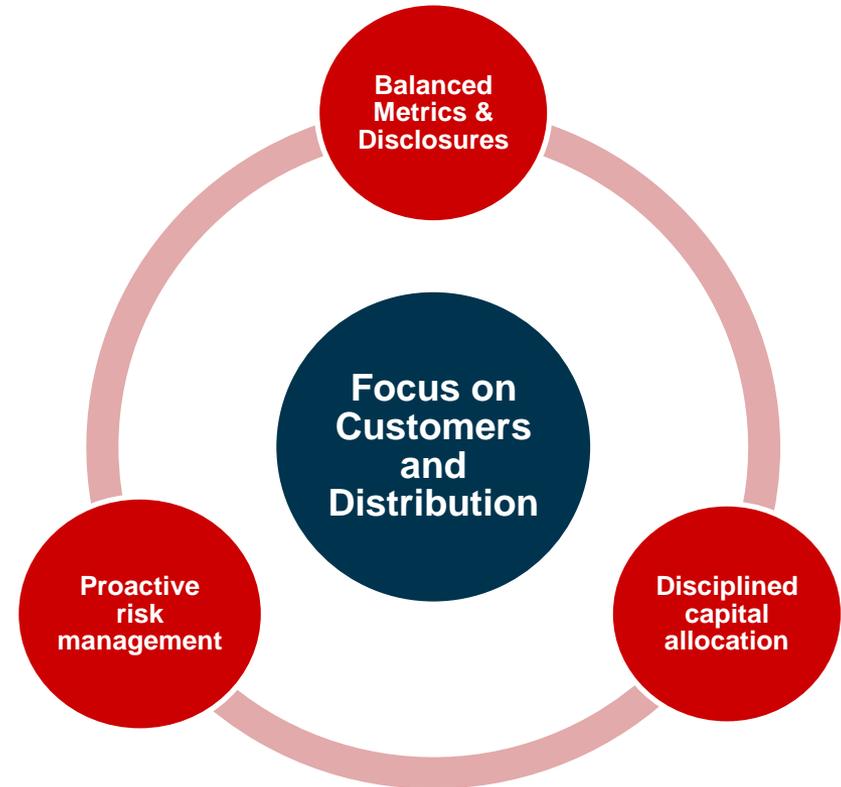
Strategy

We have a clear strategy underpinned by clear operating principles

Strategy



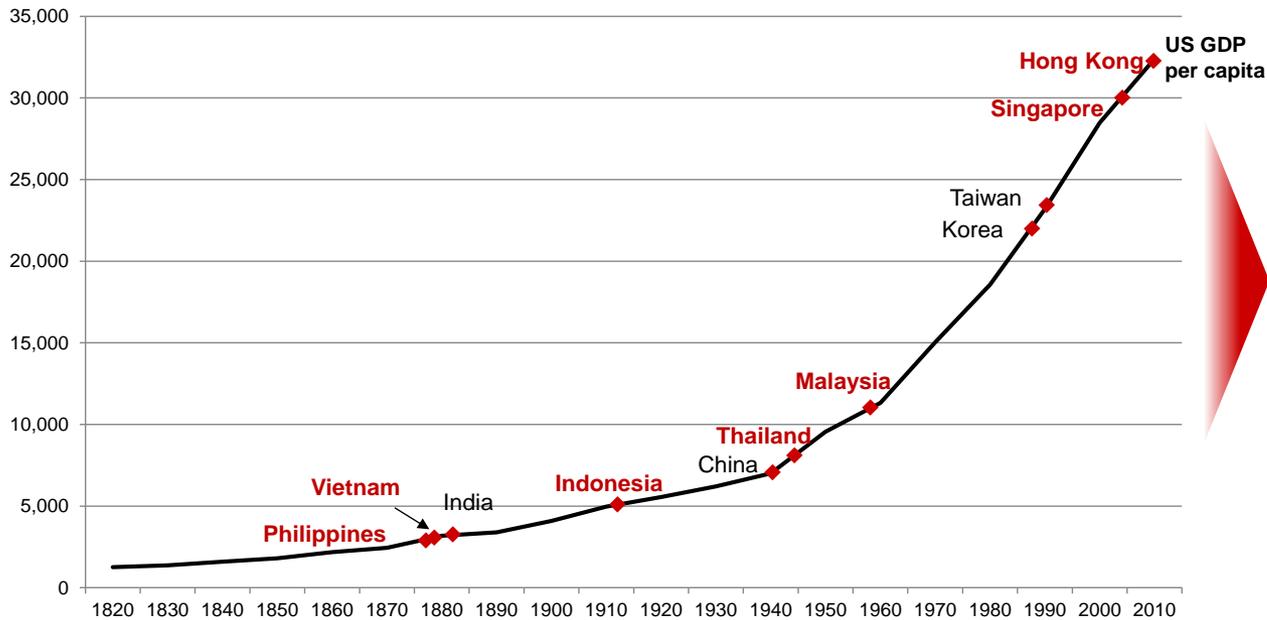
Operating Principles



Asia

Long term opportunity

GDP per capita in 2010, against the US GDP per capita, 1990 US\$¹



Pan Asian leader: #1 by NBP²

Top 3 in 5 /11 Asian Countries³

Market leading platform

- Over 400K agents
- Access to 15,700 bank branches

¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates.

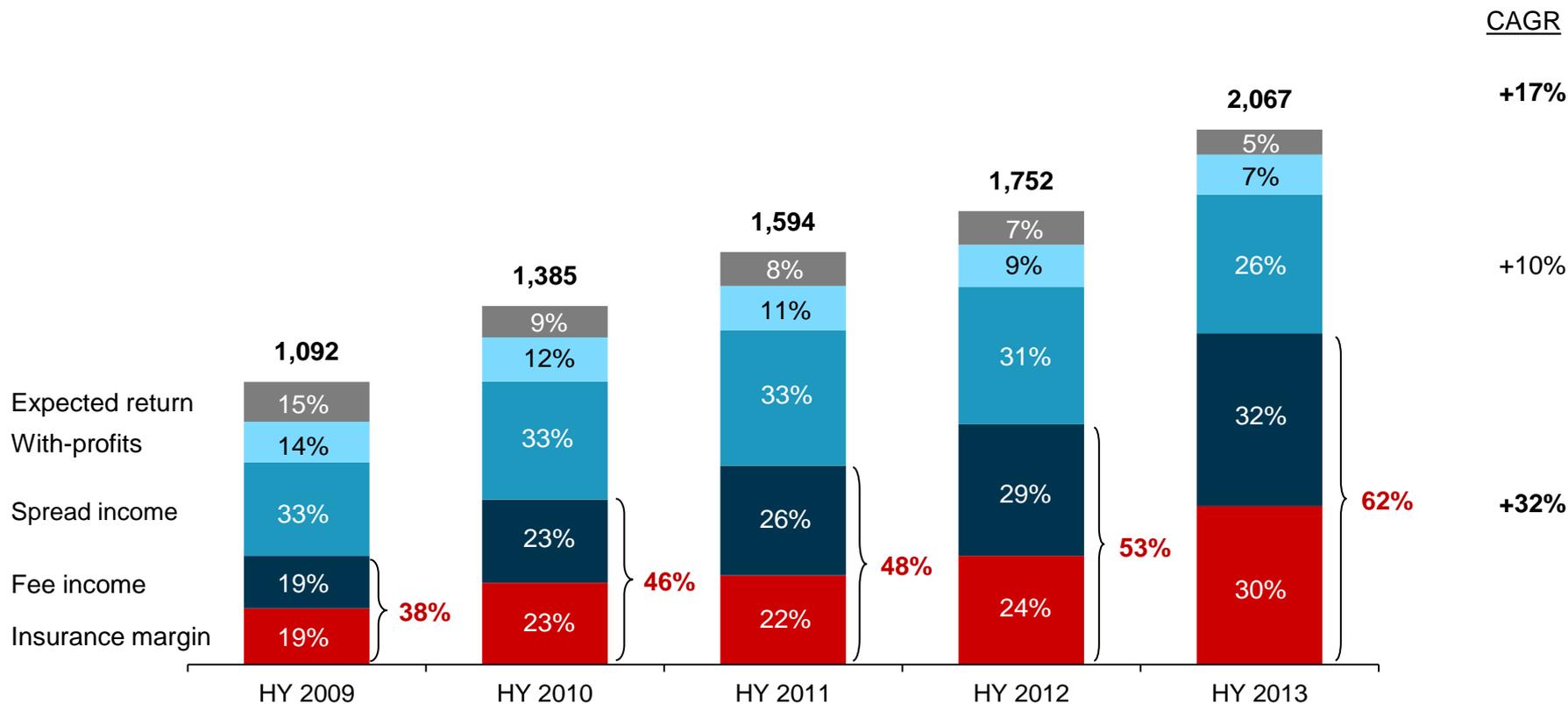
² NBP = New Business Profit; Prudential estimates based on information disclosed in company reports. Amongst pan Asian international (private) insurers.

³ Source: based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Excludes Cambodia and Myanmar.

Focusing on higher earnings quality

Sources of earnings

Sources of IFRS operating income¹, £m

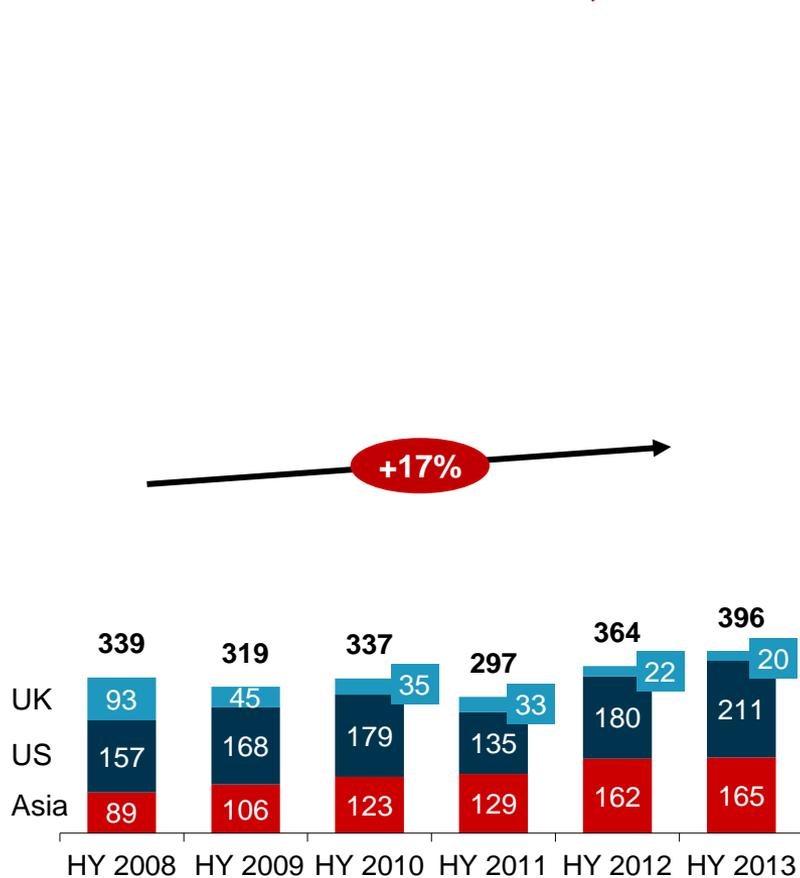


¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY10 to HY12 comparatives have been adjusted on a comparable basis; HY09 are as published.

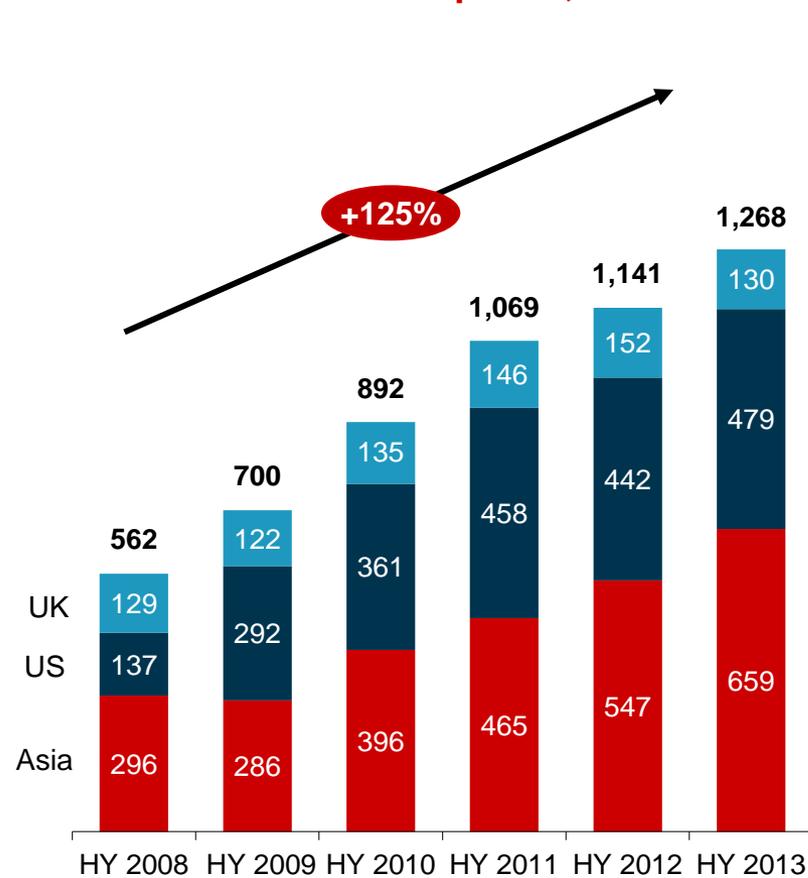
Disciplined capital allocation

New business profit growth

New business strain^{1,2}, £m



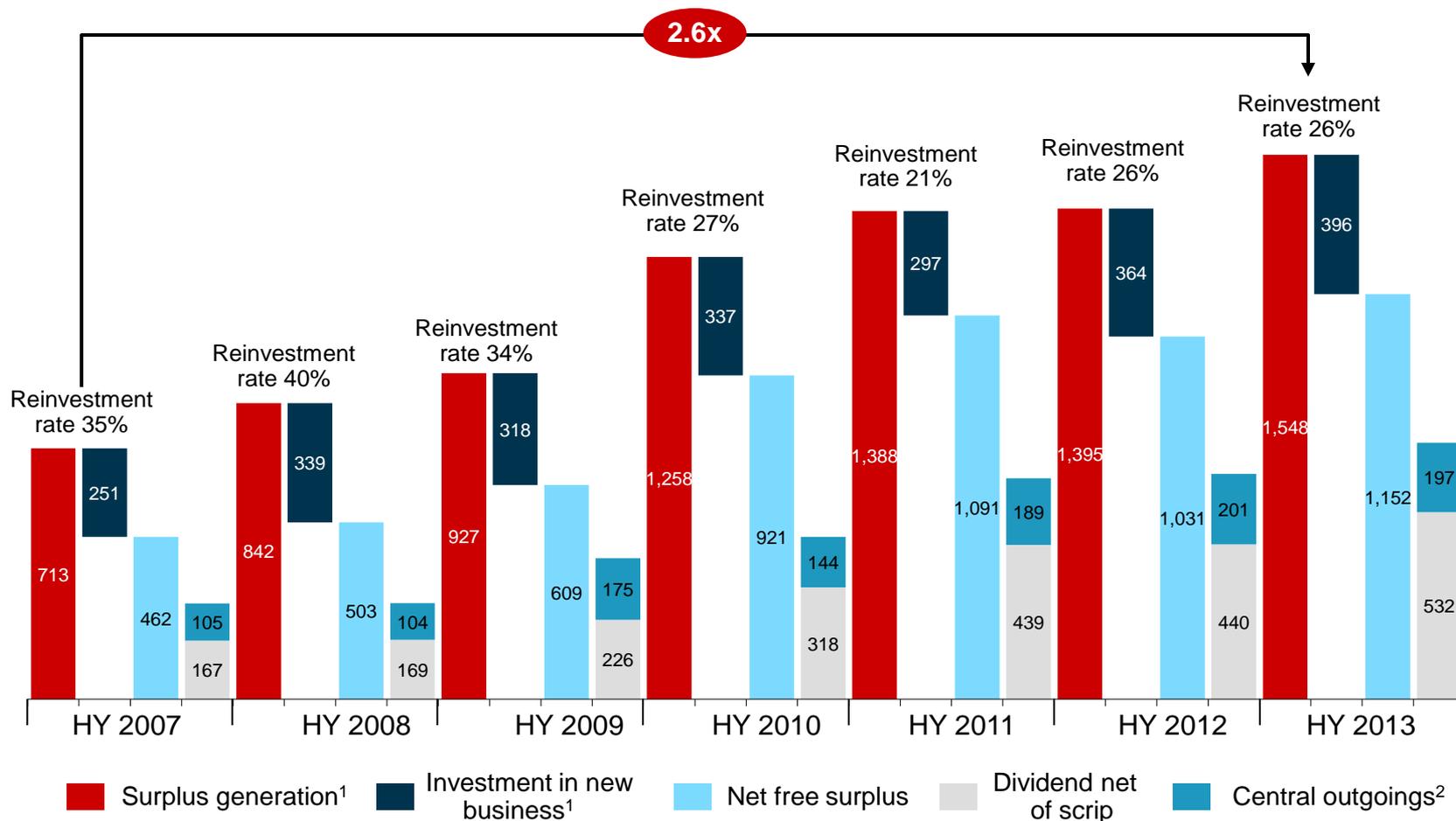
New business profit², £m



¹ Free surplus invested in new business.
² Excludes Japan and Taiwan agency.

Delivering cash Free surplus generation

Free surplus and dividend, £m



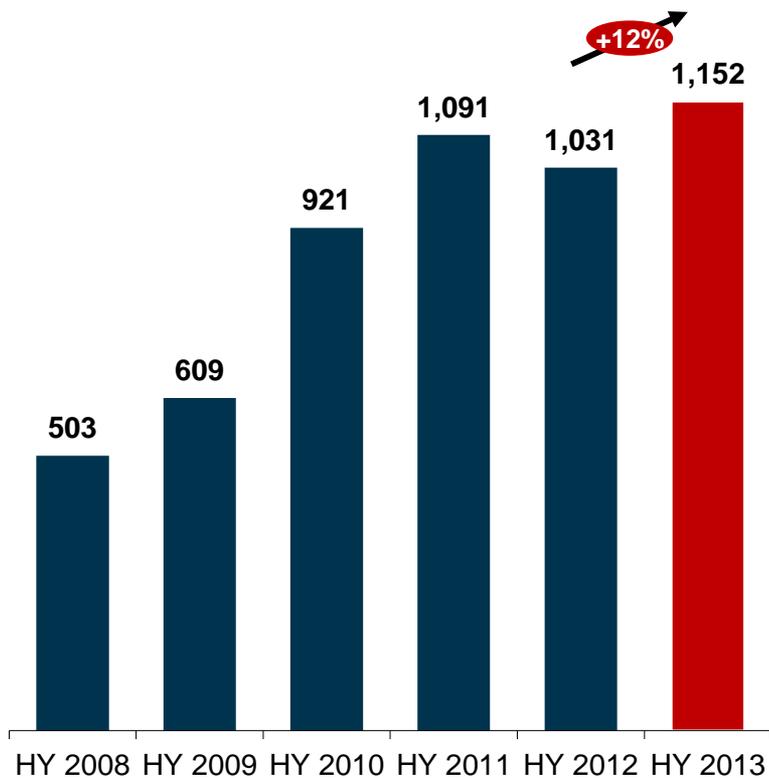
¹ Comparatives adjusted for new and amended accounting standard and excludes Japan Life.

² Central outgoings includes RHO costs.

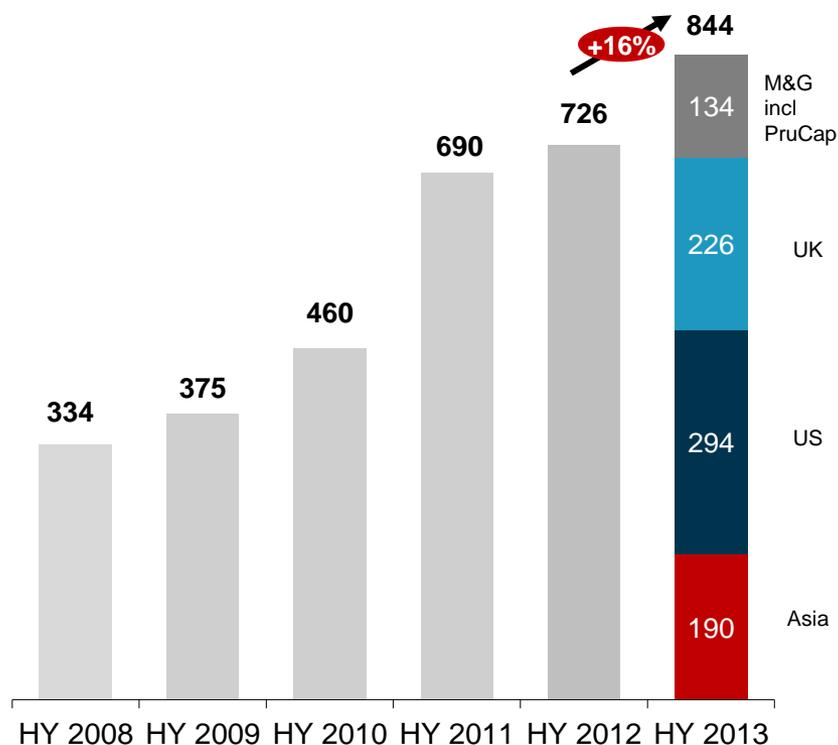
Delivering cash

Free surplus and cash remittances

Underlying free surplus generated¹, £m



Business unit net remittances, £m

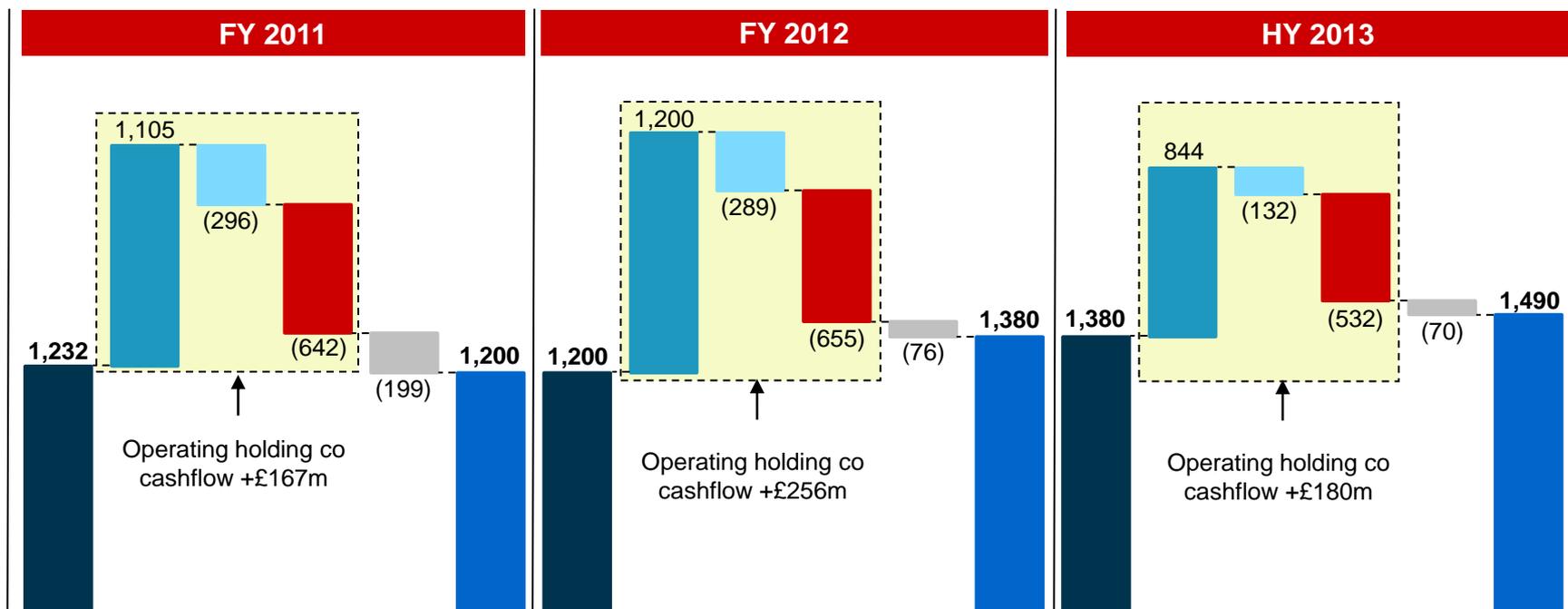


¹ Comparatives adjusted for new and amended accounting standard and excludes Japan Life.

Cash and capital

Central cash resources

Development of central cash resources, £m

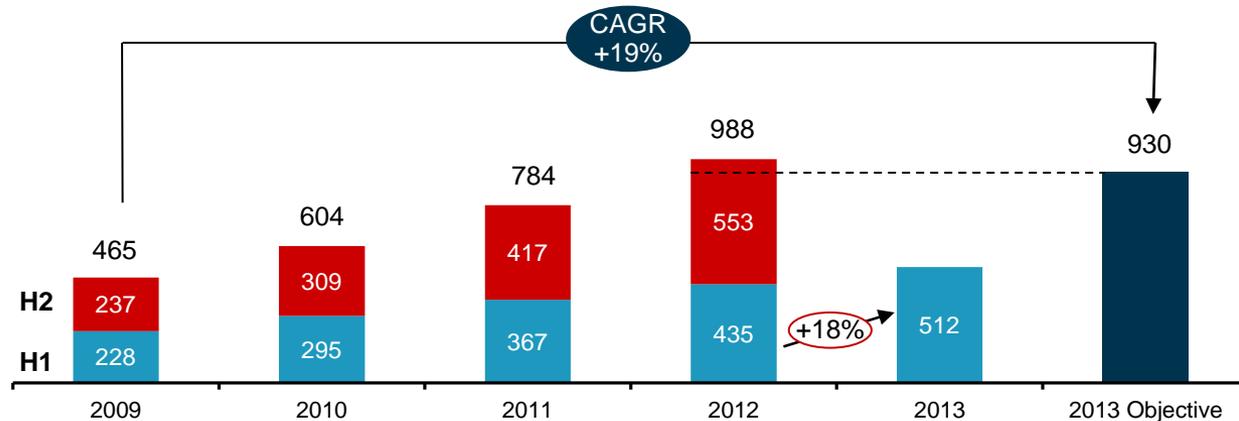


- Opening balance of central cash resources
- Net remittances to Group
- Corporate cash costs, interest and tax received
- Dividend
- Other items
- Closing balance of central cash resources

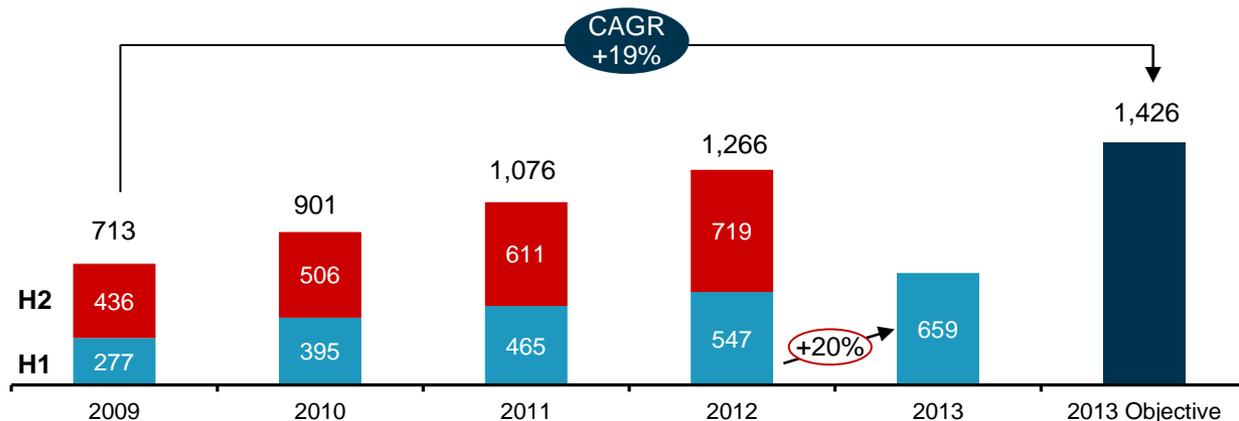
2013 Growth and Cash objectives

Growth – On track to ‘Double Asia’

Doubling Asia Life and Asset Management IFRS operating profit^{1,2,3}, £m



Doubling Asia value of new business¹, £m



¹ The objectives assume current exchange rates and a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half-year ended 30 June 2010.

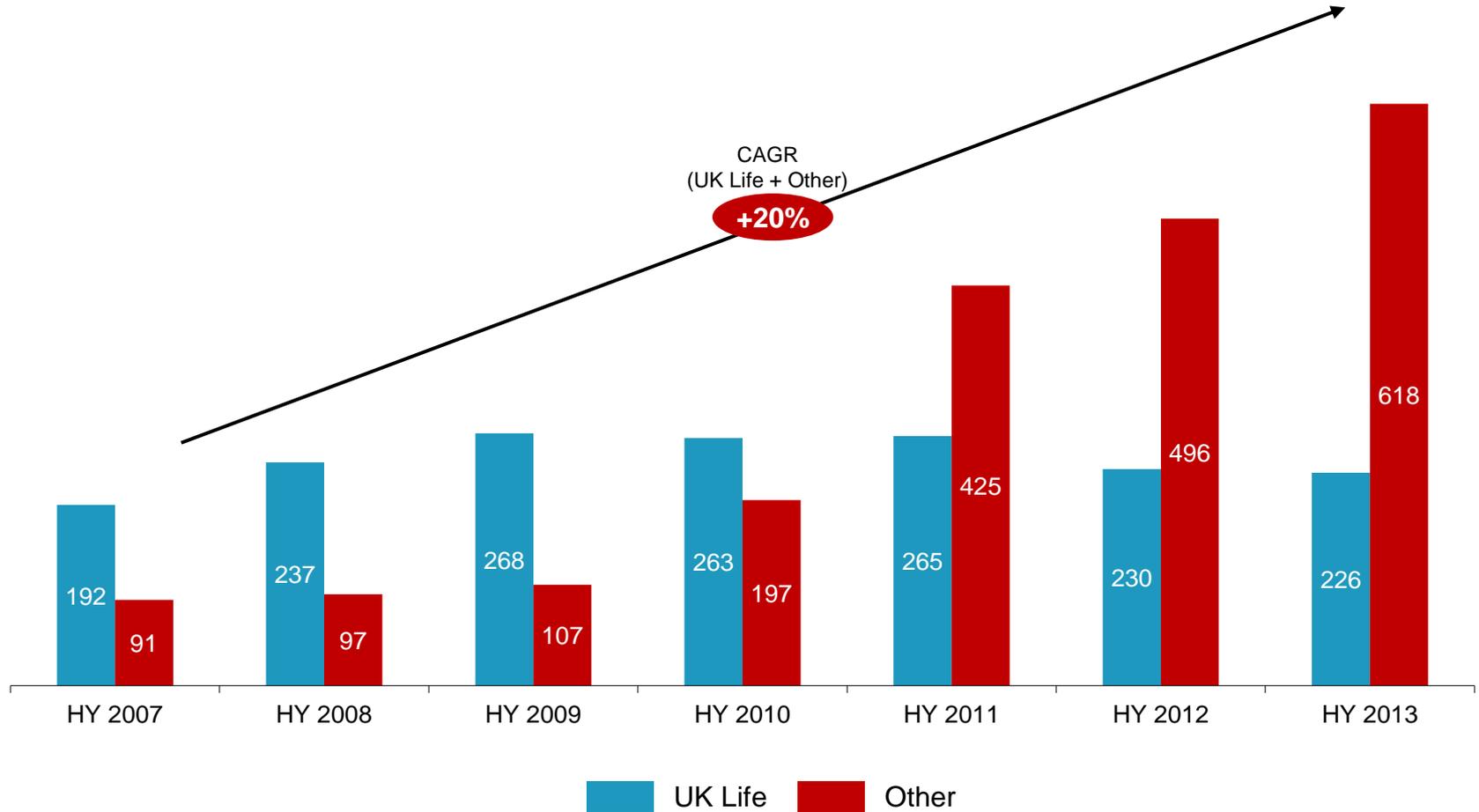
They have been prepared using current solvency rules and do not pre-judge the outcome of Solvency II, which remains uncertain.

² Total Asia operating profit from long-term business and Eastspring Investments after development costs. The comparatives represents results as reported in respective periods.

³ The comparatives represent results as reported in respective periods apart from first half of 2012, which has been restated for IFRS 11.

Net cash remittances UK and other

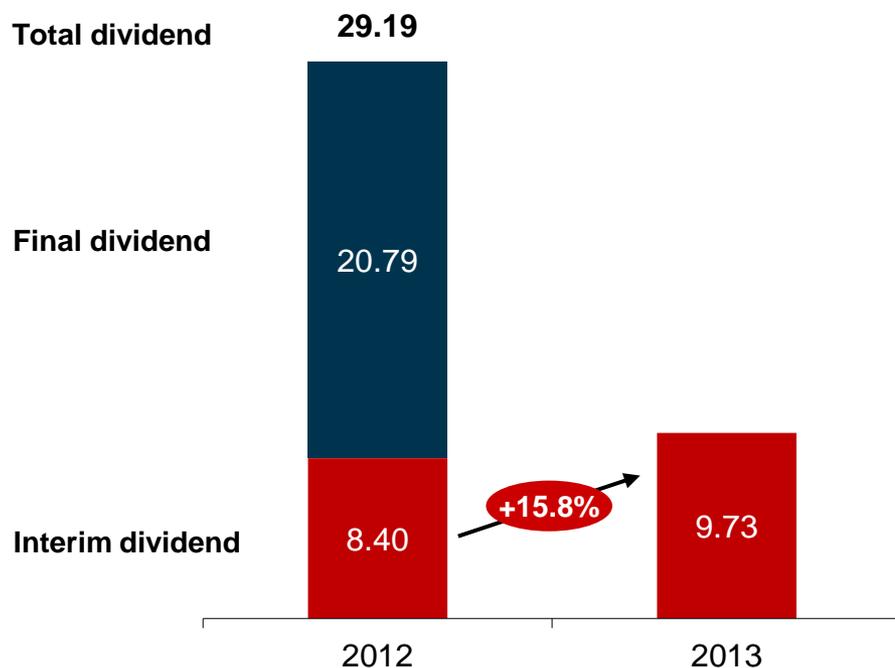
Business unit net remittances, £m



Dividend

Interim dividend increased by 15.8%

Dividend, pence per share

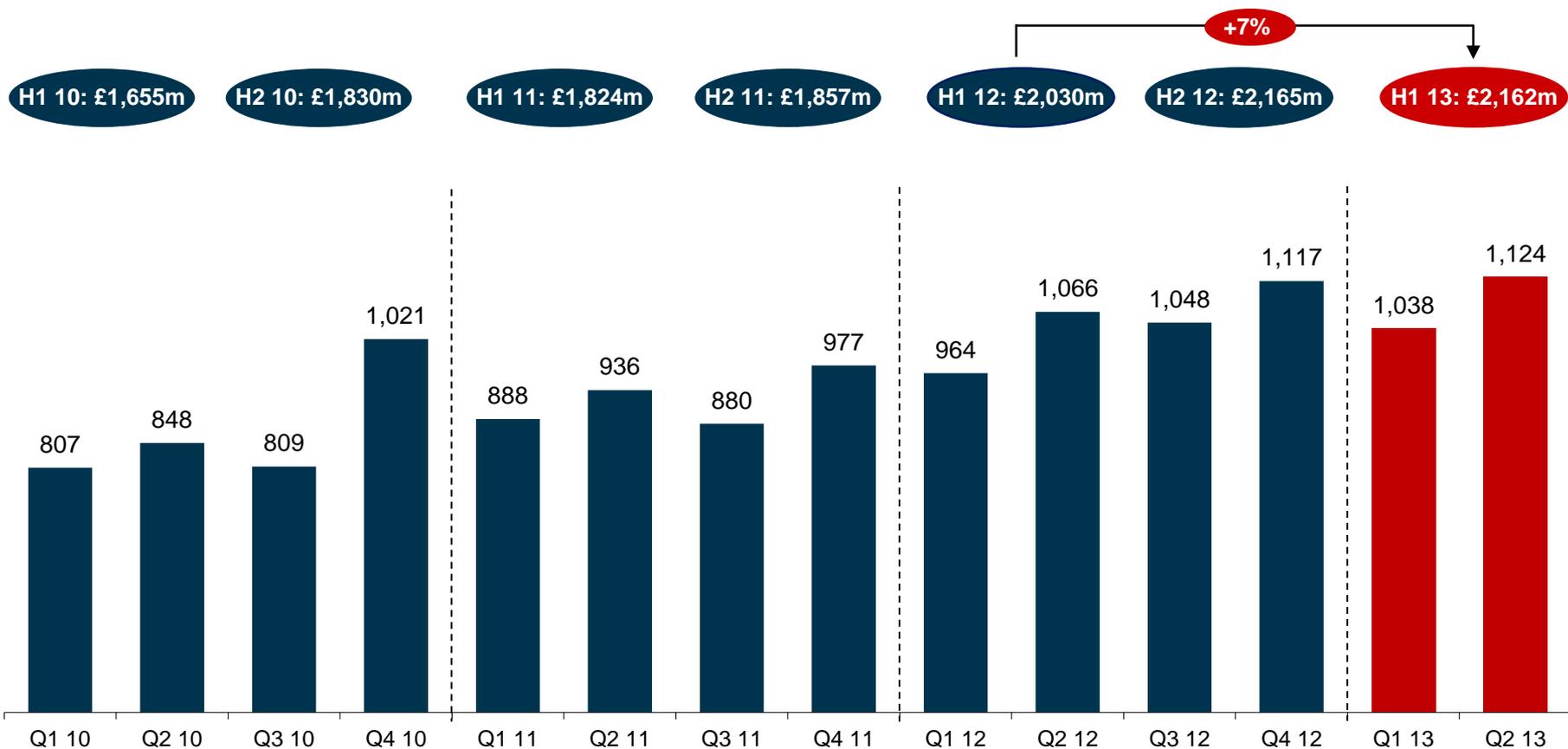


- Interim dividend increased by 15.8 per cent to 9.73 pence per share
- Ex-dividend date: 21 August 2013
- Record date: 23 August 2013
- Payment of dividend: 26 September 2013

New business growth

Group life APE

Life APE¹, £m

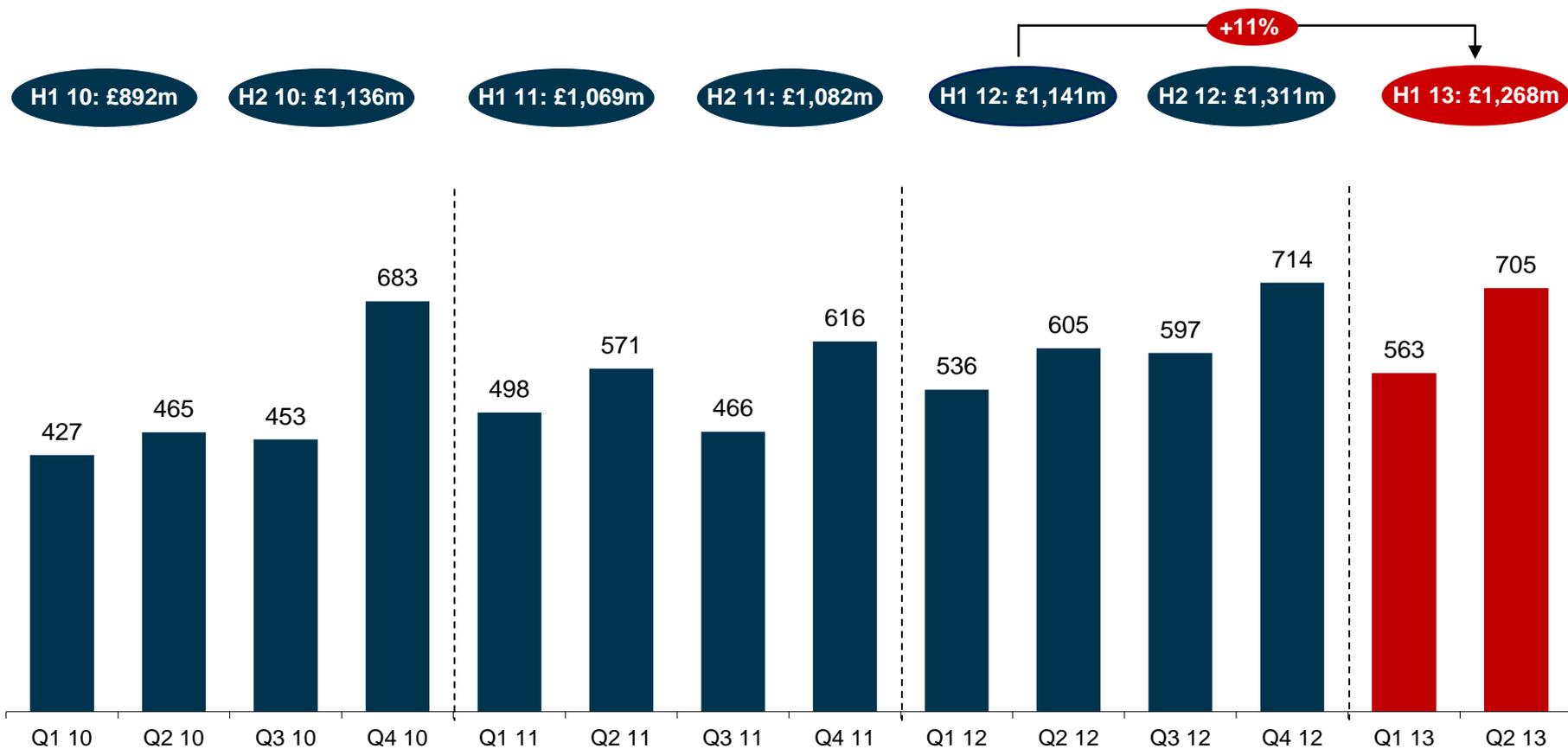


¹ Excluding Japan.

New business growth

Group life new business profit

Life new business profit¹, £m

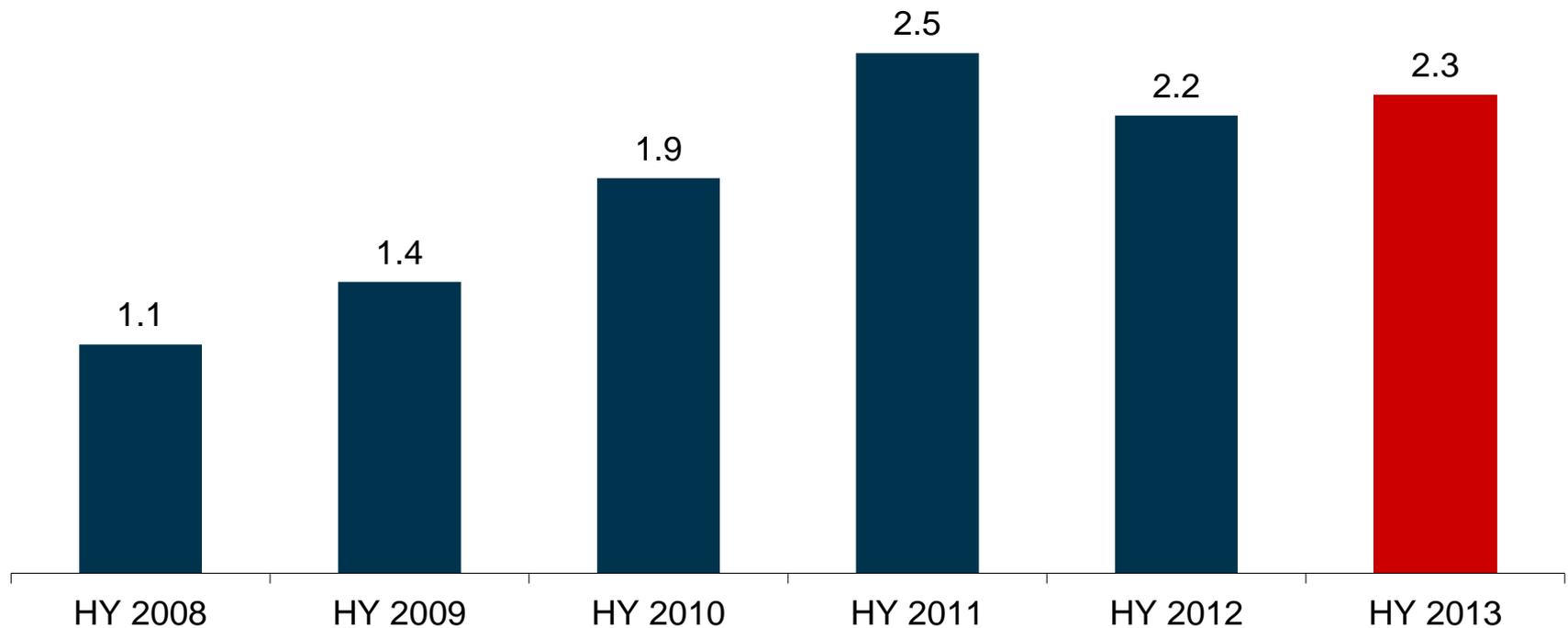


¹ Excluding Japan.

New business growth

Group life returns on new business investment

Post-tax new business profit per £ of new business strain¹

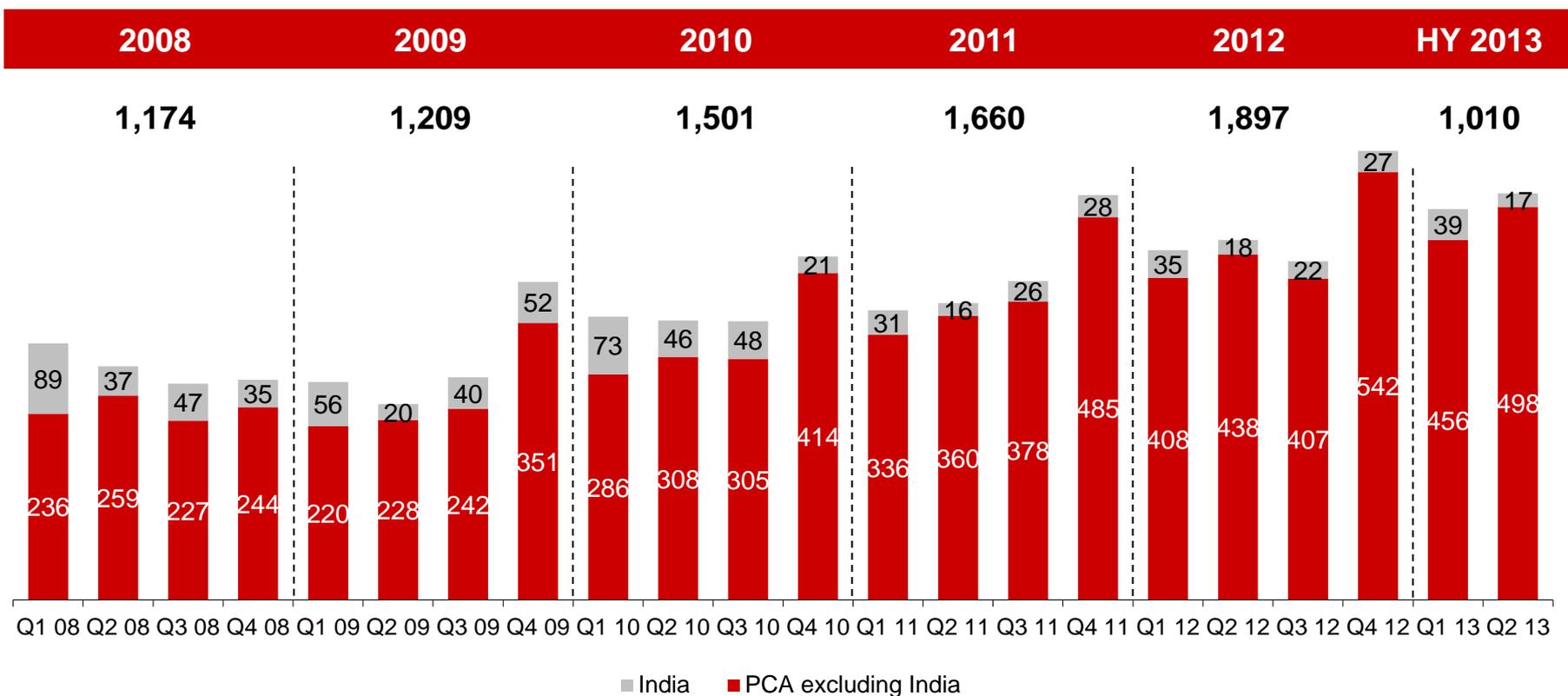


¹ Free surplus invested in new business; excludes Japan.

Asia Life

APE by quarter

Asia APE¹ by quarter, £m

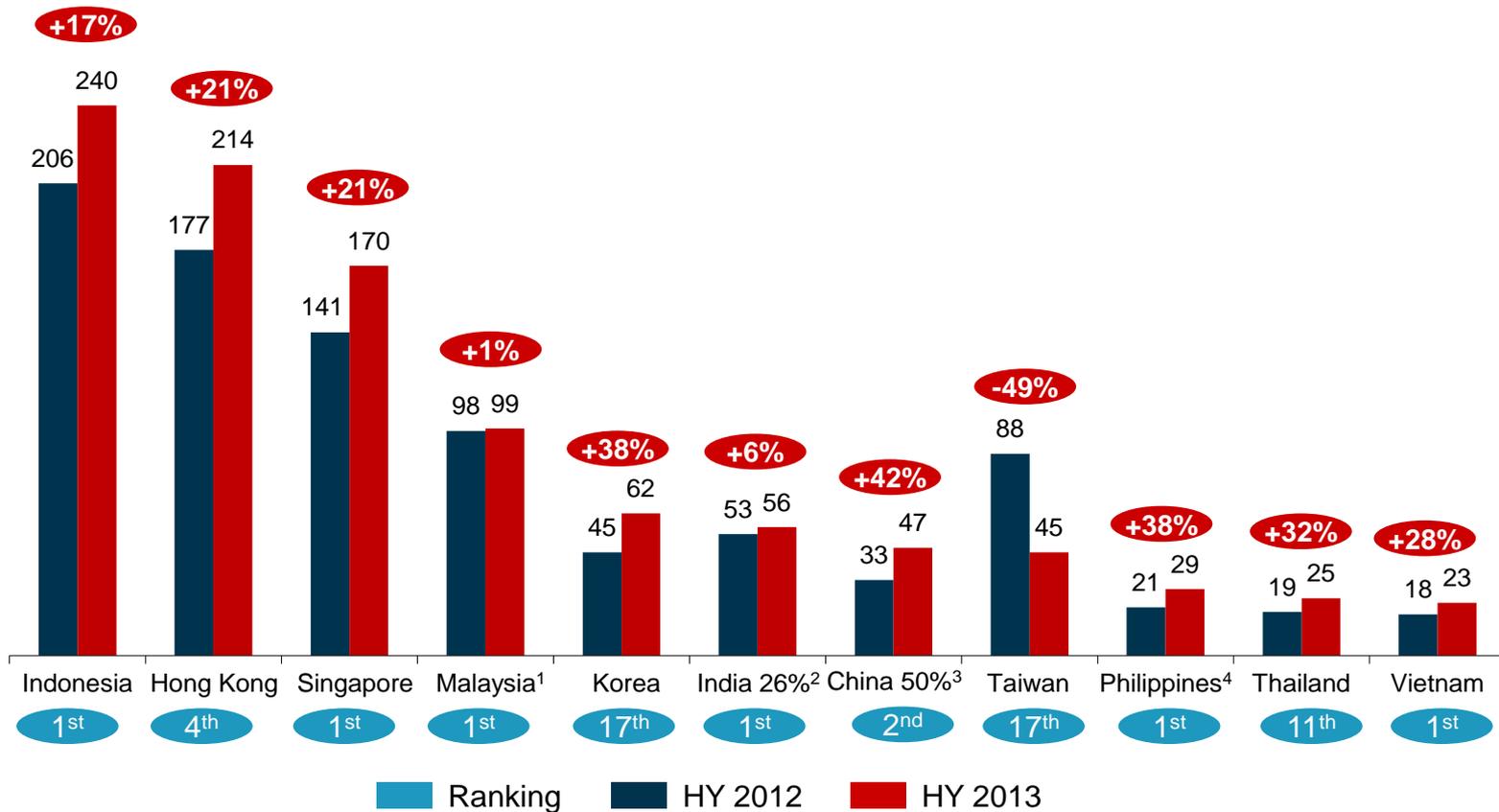


¹ Excludes Japan and Taiwan agency; prepared on an AER basis.

Asia Life

APE by market

Asia APE by market, £m



¹ Includes Takaful sales @100%.

² Ranking amongst private players.

³ Ranking amongst foreign JVs.

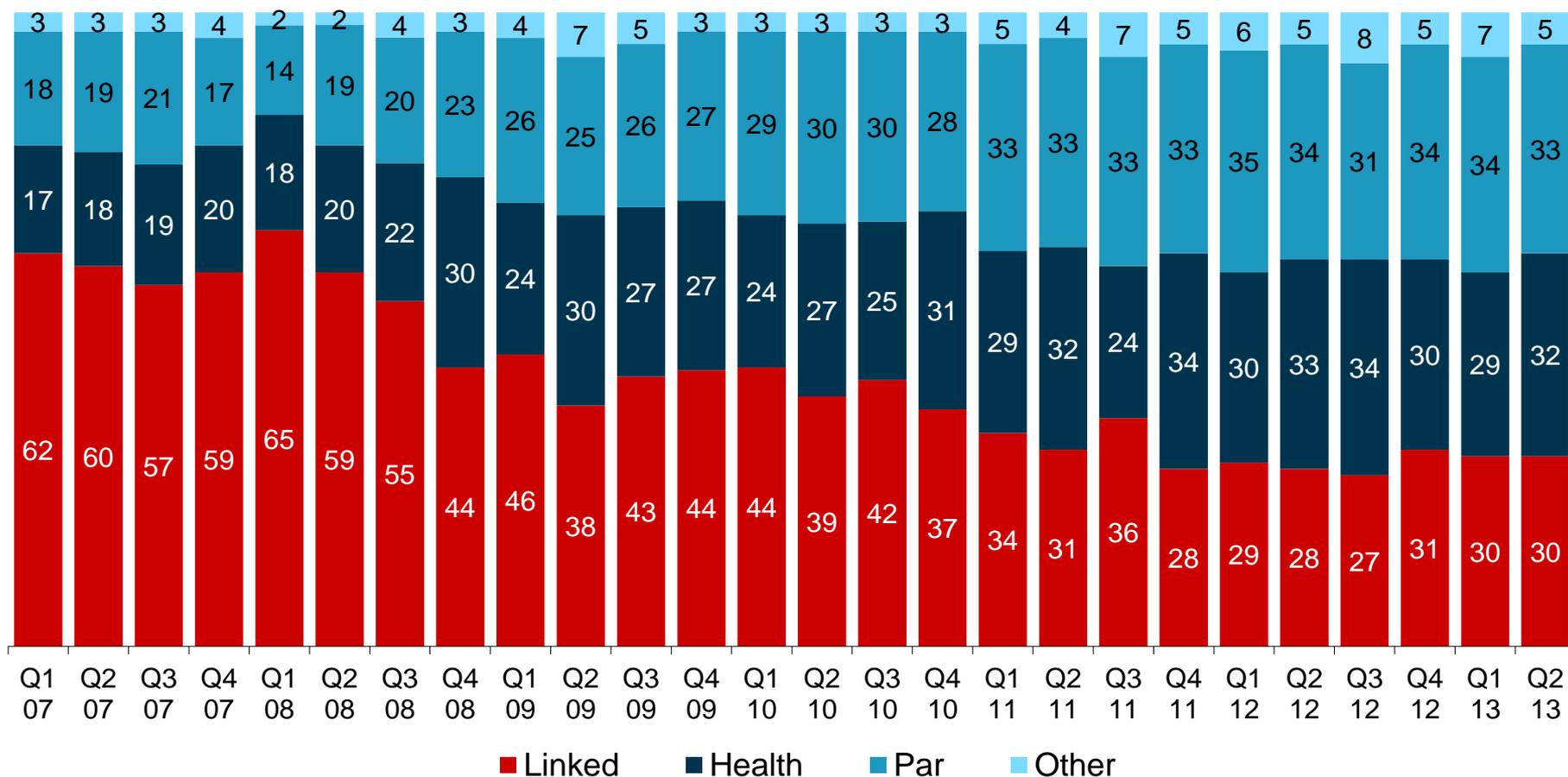
⁴ #1 ranking based on most recent industry sharing data.

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 Life

APE sales by product - percent

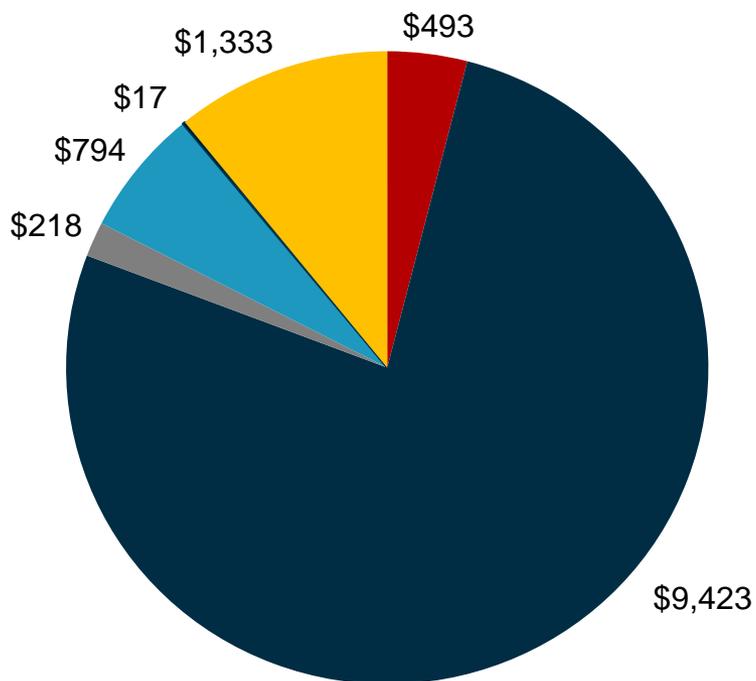


US retail sales and deposits

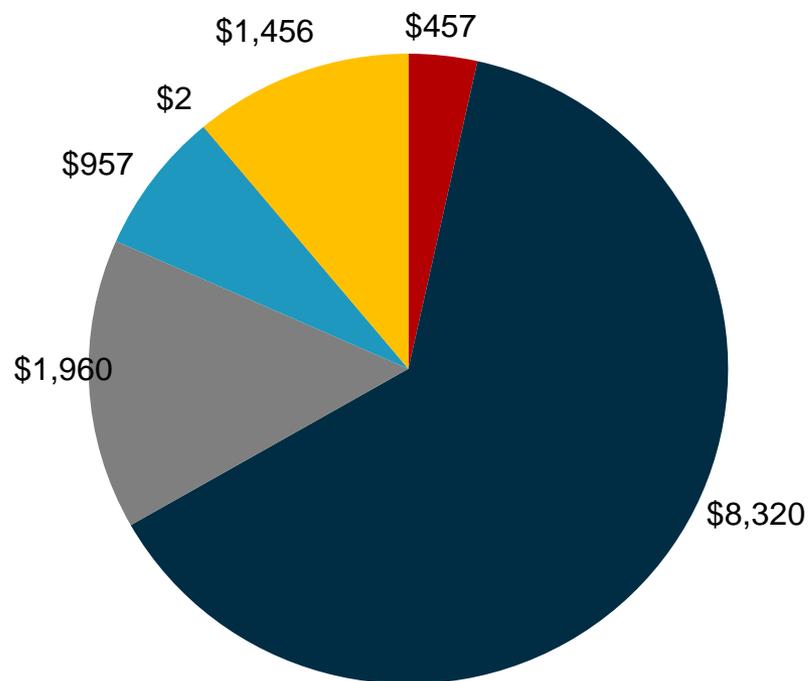
HY 2013

Retail sales and deposits, \$m

HY 2012 = \$12,278m

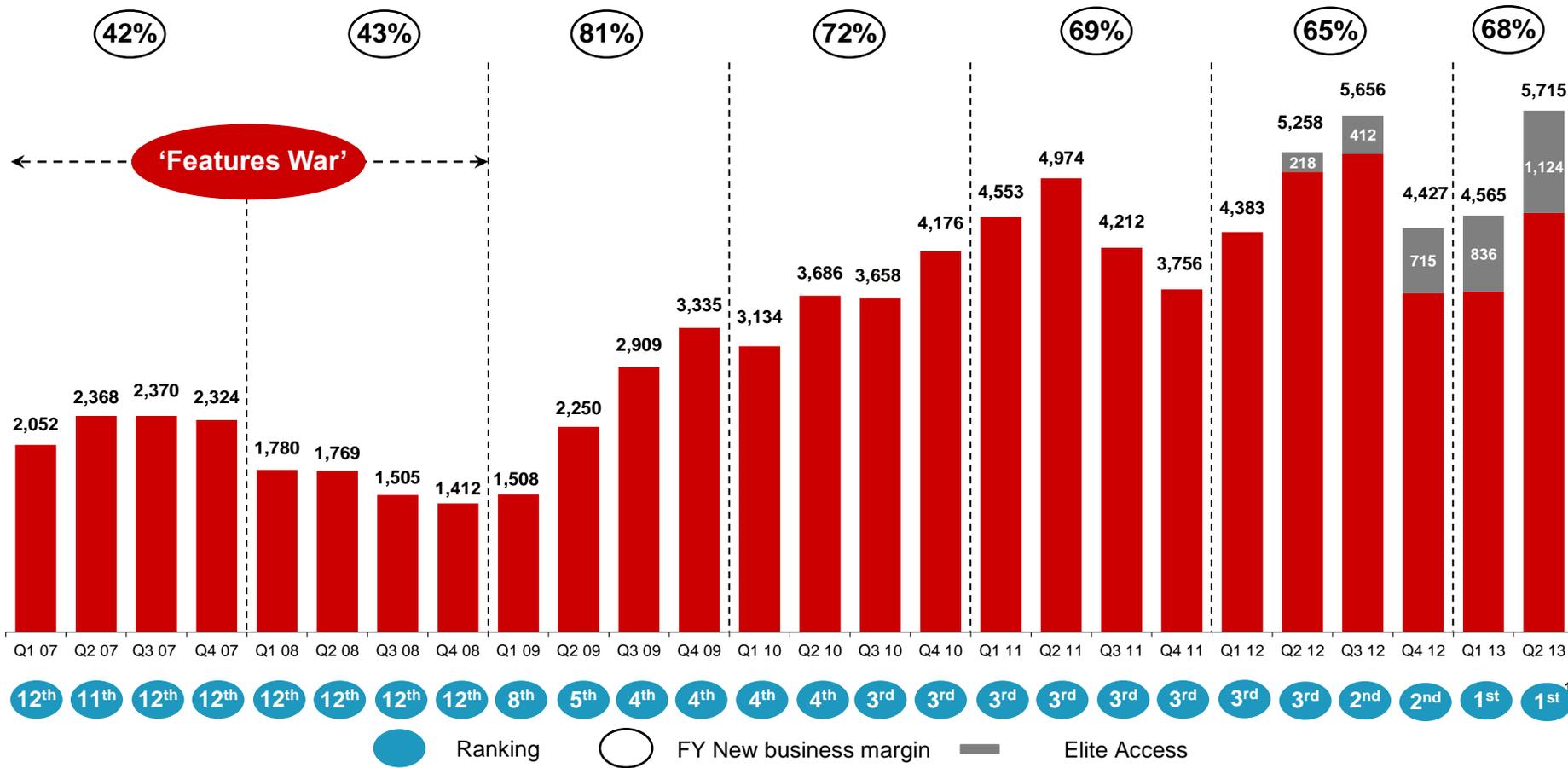


HY 2013 = \$13,152m



- Fixed Annuities
- Elite Access
- Life insurance
- Variable Annuities
- Index Annuities
- Curian

VA volumes by quarter, sales US\$m



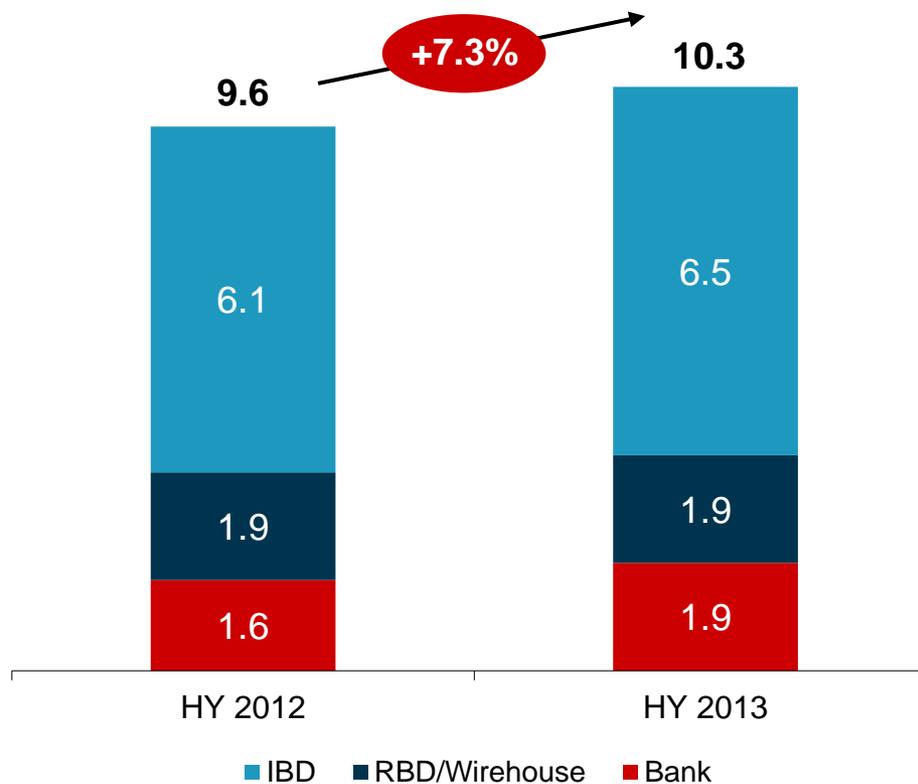
¹ Estimated.

US Life

Variable annuity distribution

Variable annuity sales by distribution channel, US\$bn

HY 2013 includes \$2.0bn of Elite Access sales

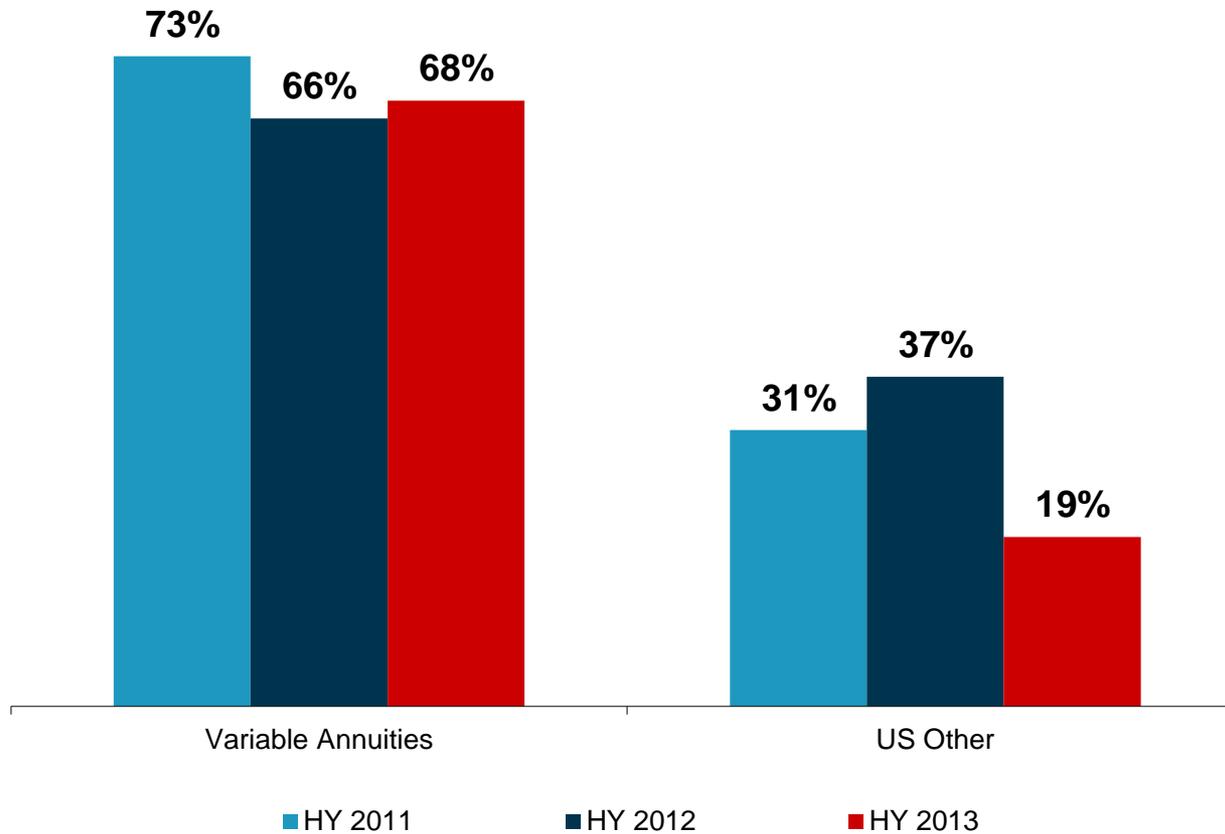


IBD: Independent Broker/Dealer, RBD: Regional Broker Dealer.

US Life

New business margin

New business margin – % APE



US IFRS profit

DAC impact on results

Impact on results of DAC amortisation, £m

	2012	HY 2012	HY 2013
Gross profits¹	1,427	703	818
New business strain²	(174)	(82)	(93)
DAC Amortisation			
- Core	(412)	(204)	(219)
- (acceleration) / deceleration	56	25	20
Operating result	897	442	526
Core as % of Gross profits	29%	29%	27%

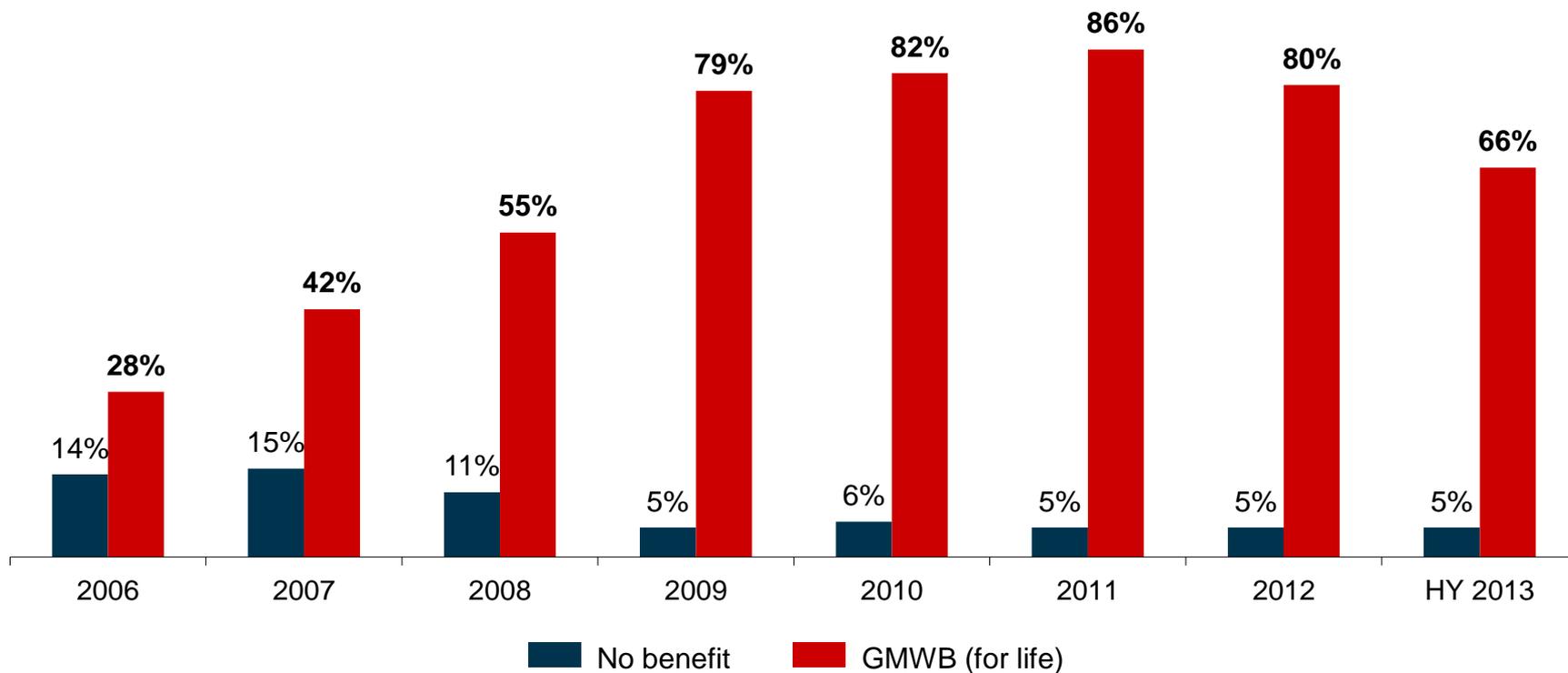
¹ Gross profits equals IFRS operating profit pre acquisition costs and pre DAC, excluding REALIC.

² Represents acquisition costs no longer deferrable following the adoption of altered US GAAP principles for deferred acquisition costs.

US Life

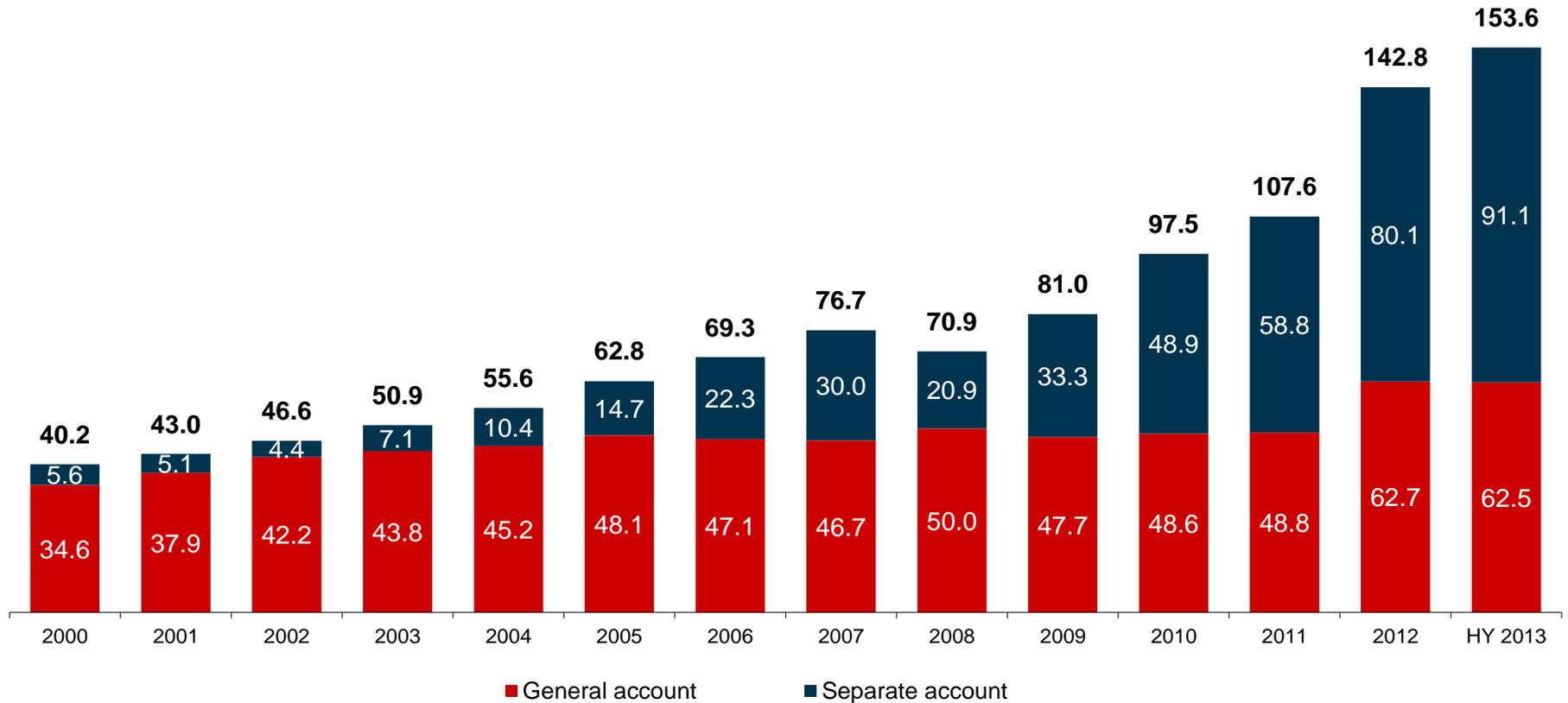
Policyholder behaviour

Optional benefits elected, % of initial benefits elected (New business)



US Life Asset growth

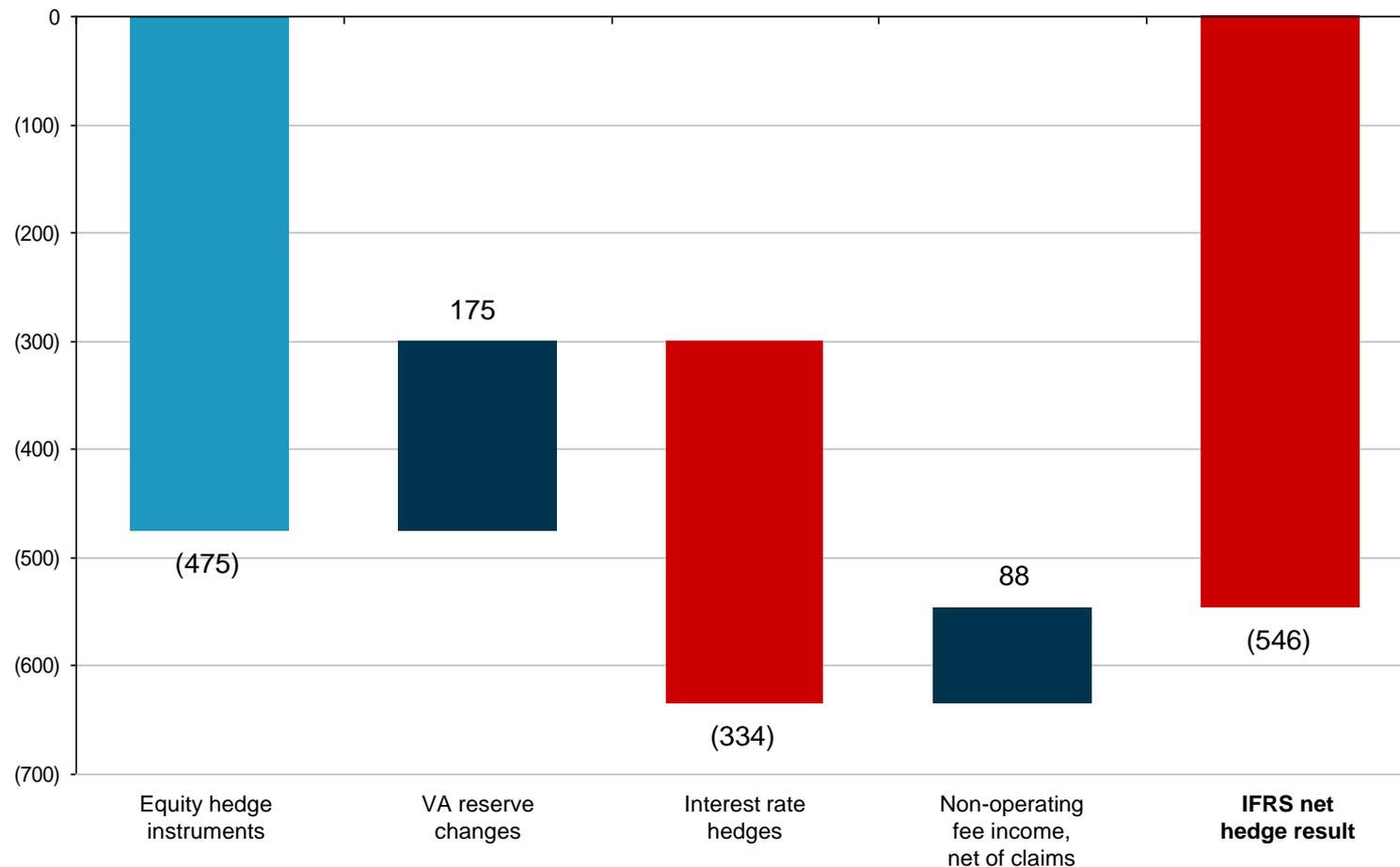
Growth in statutory admitted assets, US\$bn



Hedging result

IFRS impact 'below-the-line'

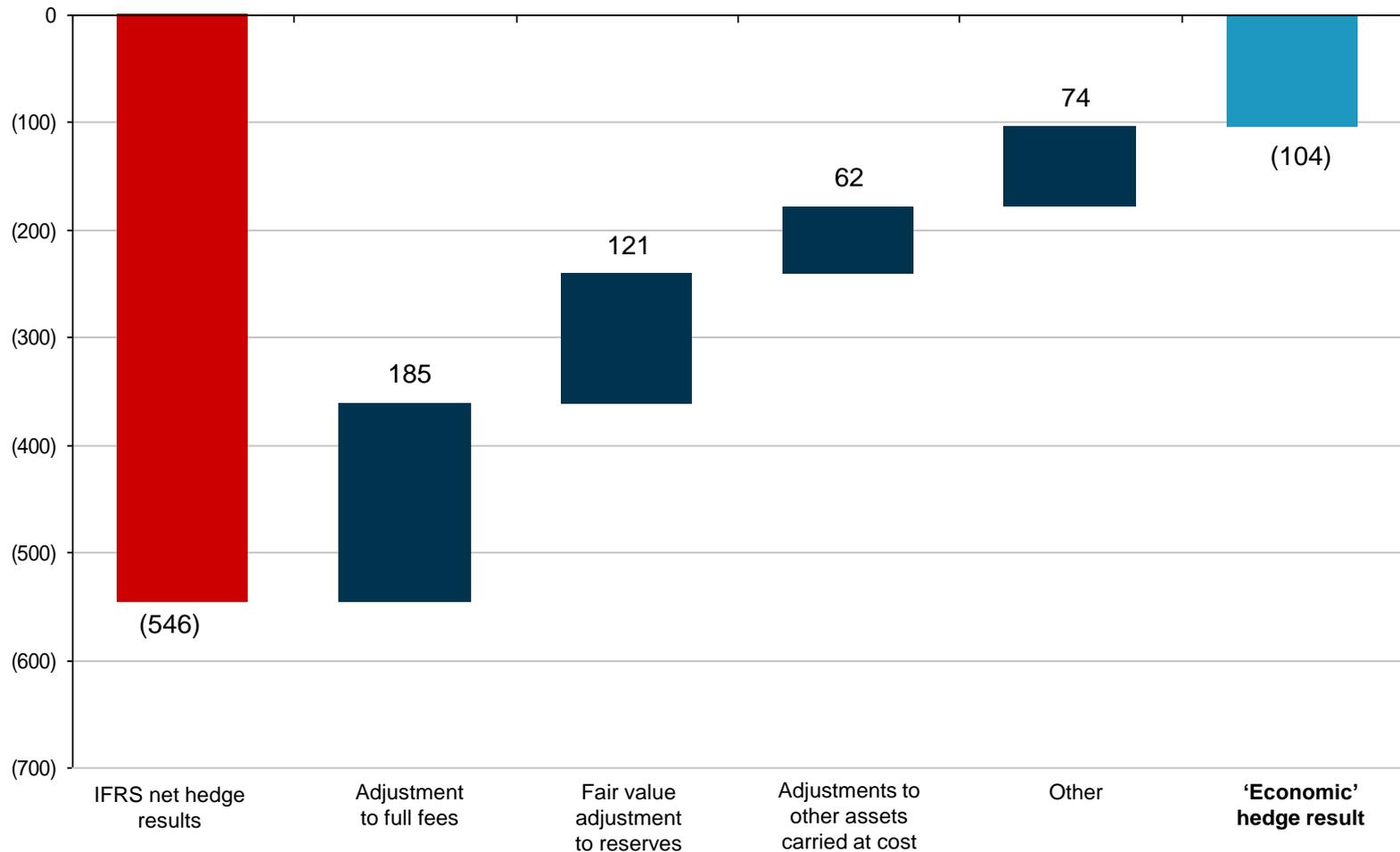
2013 Half Year VA hedge results, net of related DAC, £m



Hedging result

Moving IFRS hedge result to 'economic' result

2013 half year VA 'economic' hedge results, net of related DAC, £m



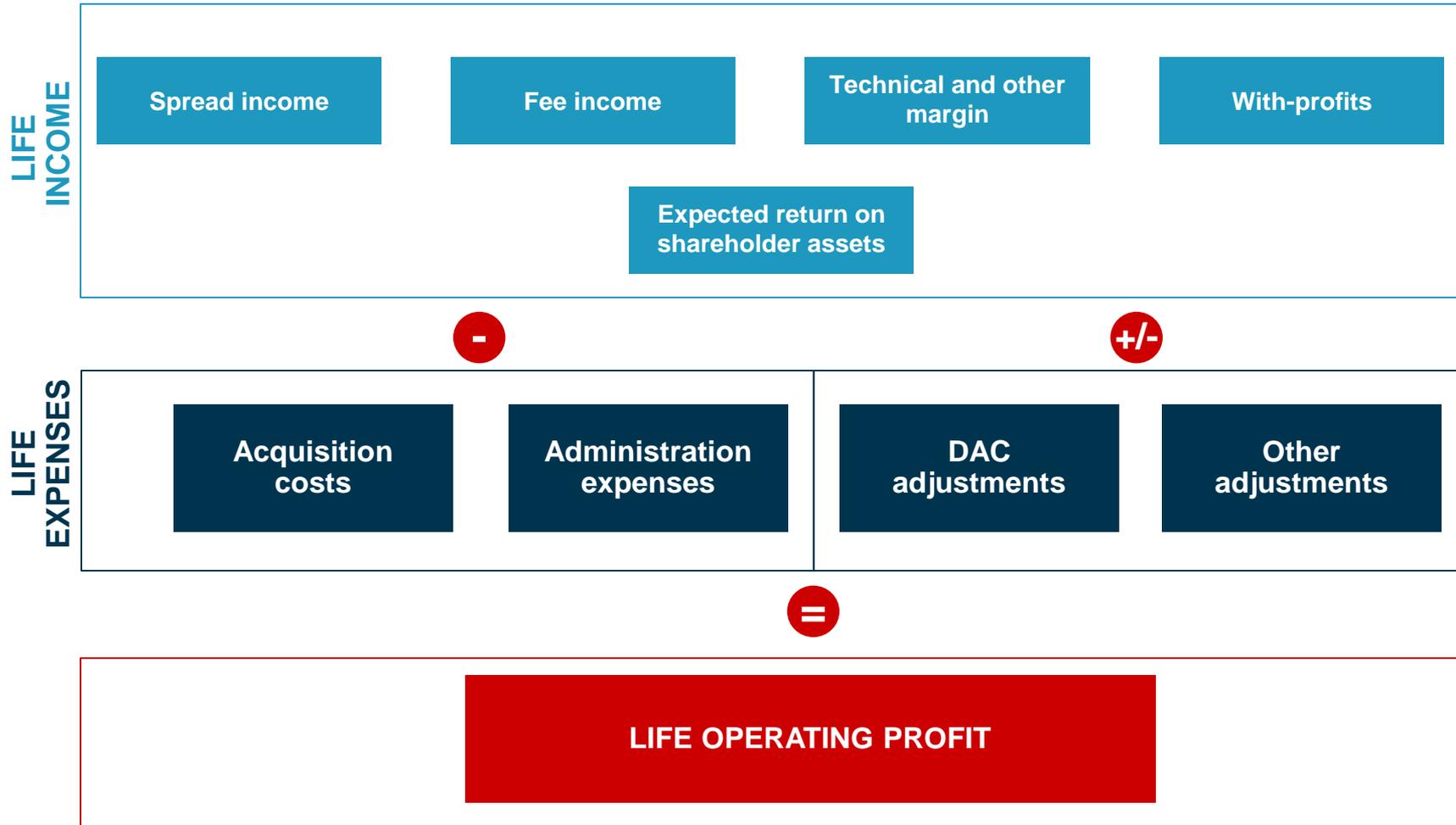
Life IFRS operating profit

Source of earnings

<p>Spread income</p>	<p>Fee income</p>	<p>Technical and other margin</p>	<p>With-profits</p>
<p>The net investment return we make primarily on annuity and other spread based business</p>	<p>The fees net of investment expenses charged on our linked and separate account business for managing the assets</p>	<p>Profits derived from the insurance risks of mortality, morbidity and persistency</p>	<p>Our share of bonus declared by the with-profits fund in the period</p>
<p>Expected return on shareholder assets</p>	<p>Acquisition costs</p>	<p>Administration expense</p>	<p>DAC and other adjustment</p>
<p>The operating return we make on shareholder net assets</p>	<p>Acquisition costs incurred on shareholder-backed new business including commission</p>	<p>Expenses and renewal commissions incurred by the shareholder in managing the in-force book</p>	<p>Costs deferred at inception net of costs amortised during life of contract and one off items</p>

Life IFRS operating profit

Source of earnings



Life IFRS operating profit

Source of earnings – Group (1/3)

LIFE
INCOME

			Source		
			HY 2013	HY 2012	+/-
Total Life income					
2,925			2,448	19%	

£m

-

LIFE
EXPENSES

			Source		
			HY 2013	HY 2012	+/-
Total Life expenses					
(1,703)			(1,520)	(12)%	
DAC adjustments					
175			253	(31)%	

+/-

=

Total Life operating profit		
1,397	1,181	18%

Note: Comparatives adjusted for new and amended accounting standards and excludes Japan Life.

Life IFRS operating profit

Source of earnings – Group (2/3)

Total Operating profit		
1,397	1,181	18%

Source		
HY 2013	HY 2012	+/-

£m except reserves £bn

=

Total Life income		
2,925	2,448	19%

-

Total Life expenses		
(1,703)	(1,520)	(12)%

+/-

DAC adjustments ¹		
175	253	(31)%

Spread income		
535	529	1%

Fee income		
667	509	31%

Technical and other margin		
1,471	1,116	32%

With-profits		
155	164	(5)%

Spread (bps)	164	175	(11)
Average reserves (£bn)	65.4	60.3	8%

AMF (bps)	143	137	6
Average reserves (£bn)	93.5	74.4	26%

Margin on revenues	858	696	23%
Insurance margin	613	420	46%

Bonus (bps)	32	35	(3)
Average reserves (£bn)	97.3	94.1	3%

Expected returns		
97	130	(25)%

Life IFRS operating profit

Source of earnings – Group (3/3)

Source		
HY 2013	HY 2012	+/-

£m except reserves £bn

Total Life expenses		
(1,703)	(1,520)	(12)%

Acquisition costs ¹		
(1,021)	(972)	(5)%

Administration expenses		
(682)	(548)	(24)%

APE²	2,162	2,030	7%
Acquisition cost ratio	47%	48%	(1) ppt

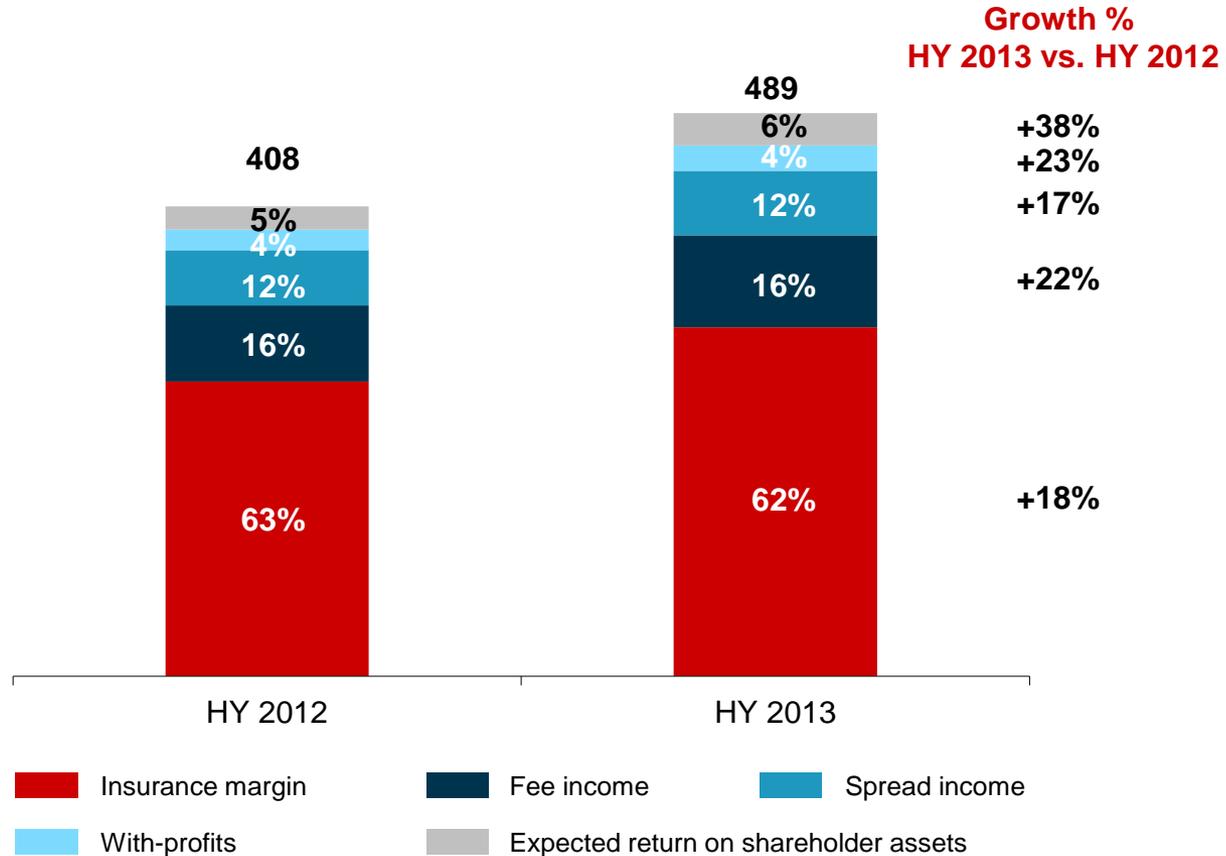
Admin expense ratio (bps)	(82)	(81)	(1)
Average reserves¹ (£bn)	166.1	134.7	23%

¹ Relate to shareholder-backed business only.

Life IFRS operating income – Asia

Sources of income

Asia IFRS operating income¹, £m

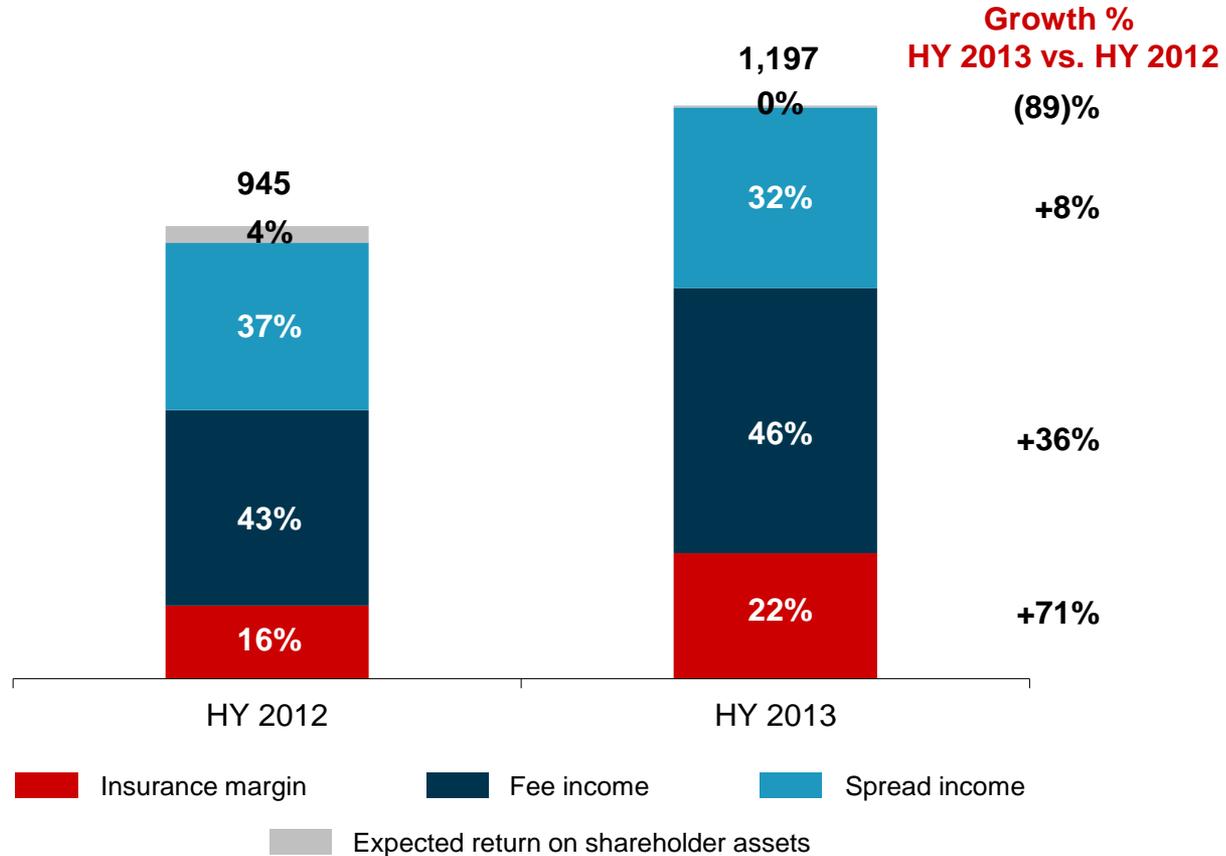


¹ Excludes margin on revenues, acquisition and administration expenses and DAC adjustments.

Life IFRS operating income – US

Sources of income

US IFRS operating income¹, £m



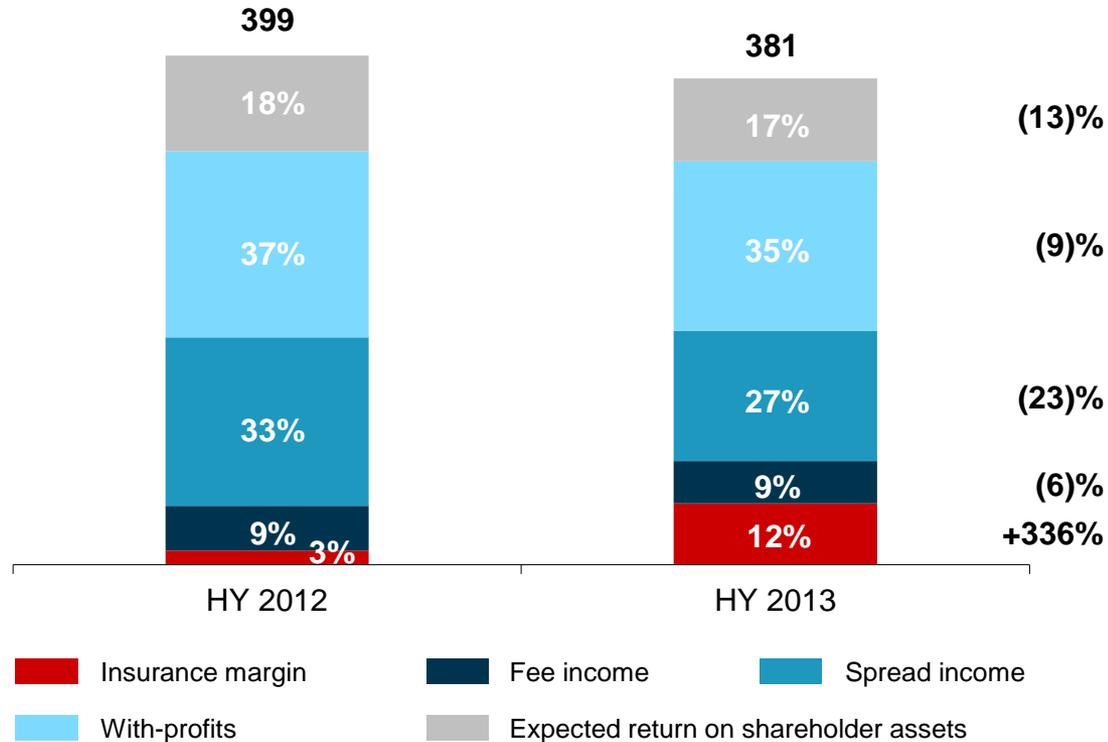
¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Life IFRS operating income – UK

Sources of income

UK IFRS operating income¹, £m

**Growth %
HY 2013 vs. HY 2012**

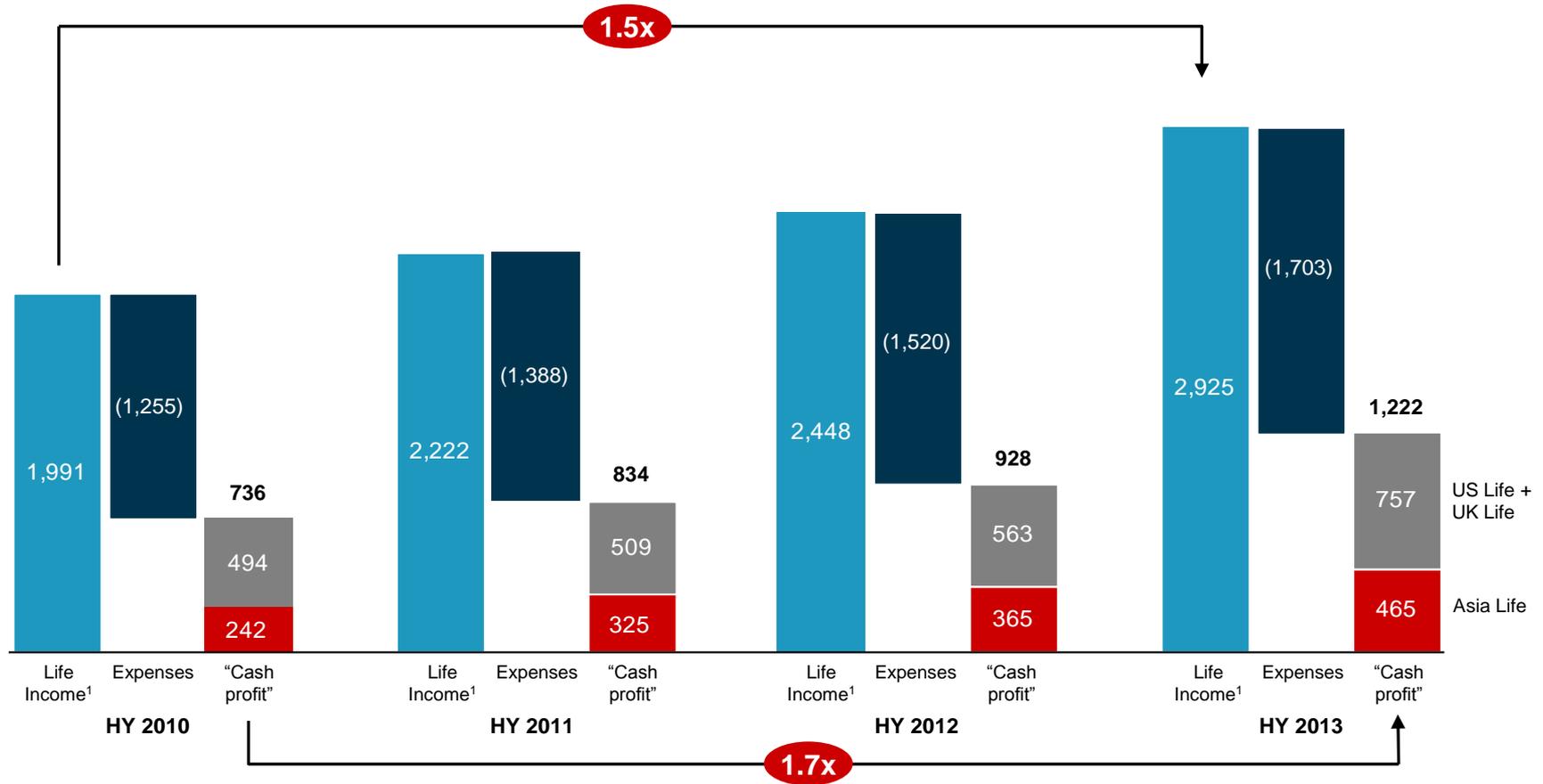


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Life IFRS operating income

Higher quality earnings

“Cash profit”¹: Income² - Expenses
 (before impact of DAC adjustment), £m



¹ IFRS results have been prepared under new joint venture accounting standards and also exclude Japan life operating profit following reclassification as held for sale. HY12 comparatives have been adjusted on a comparable basis.

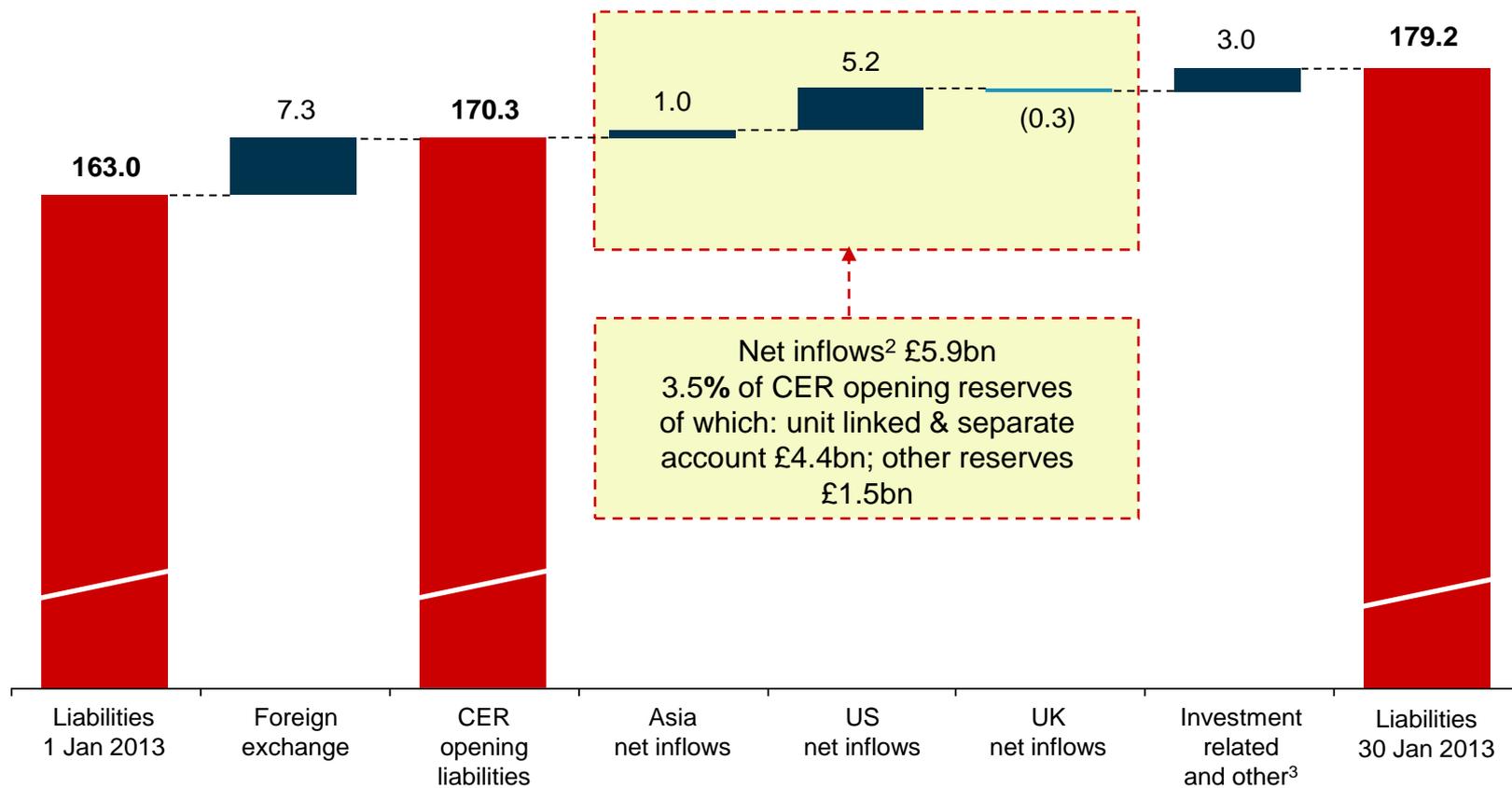
² Life income is sum of spread income, fee income, technical and other margin, with-profits and expected returns.



Policyholder liabilities

Shareholder backed business – Group

Policyholder liabilities¹ roll-forward, £bn



¹ Shareholder-backed business.

² Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

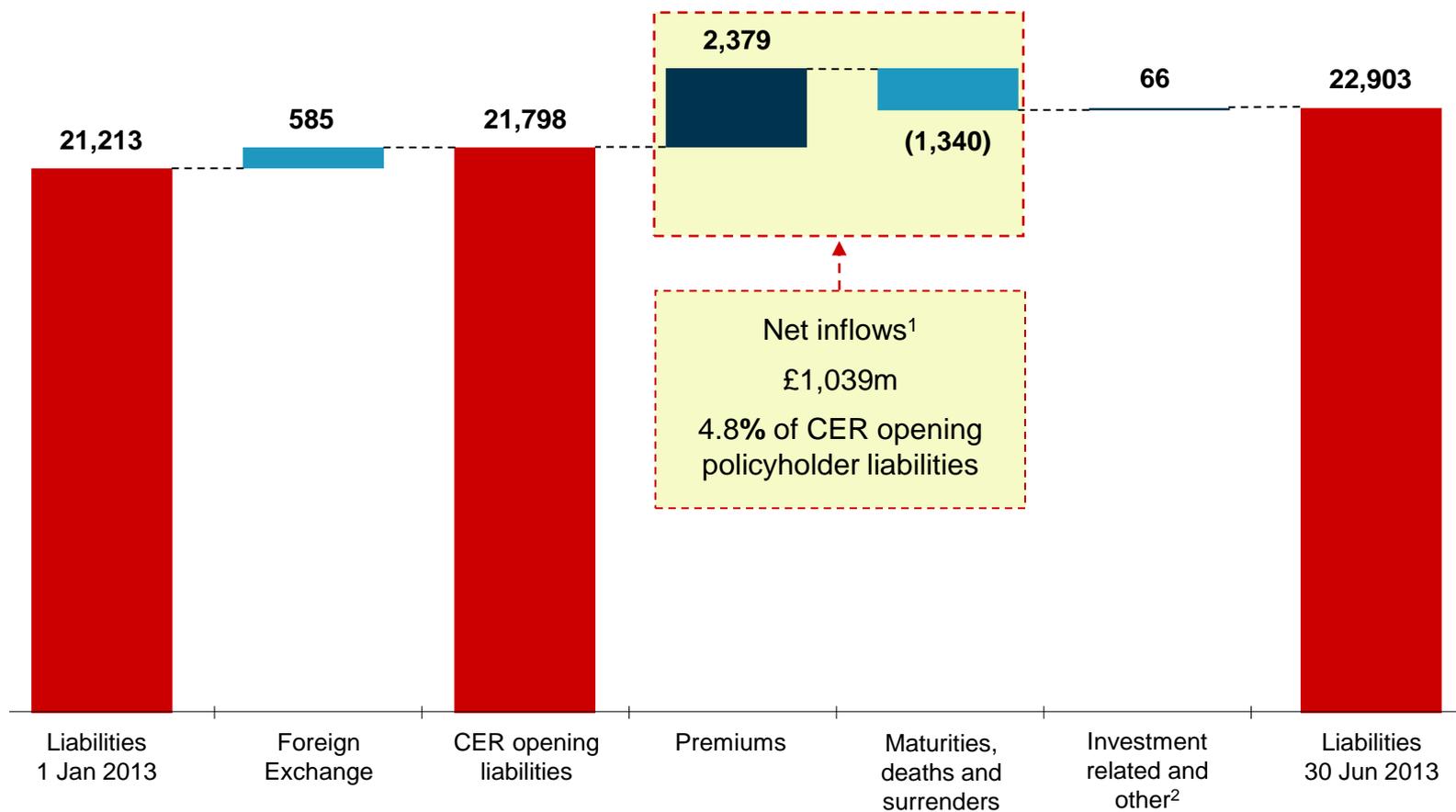
³ Includes impact of Thanachart acquisition of £0.5bn and sale of Japanese Life Business of £(1)bn.



Policyholder liabilities

Shareholder backed business – Asia

Policyholder liabilities roll-forward, £m



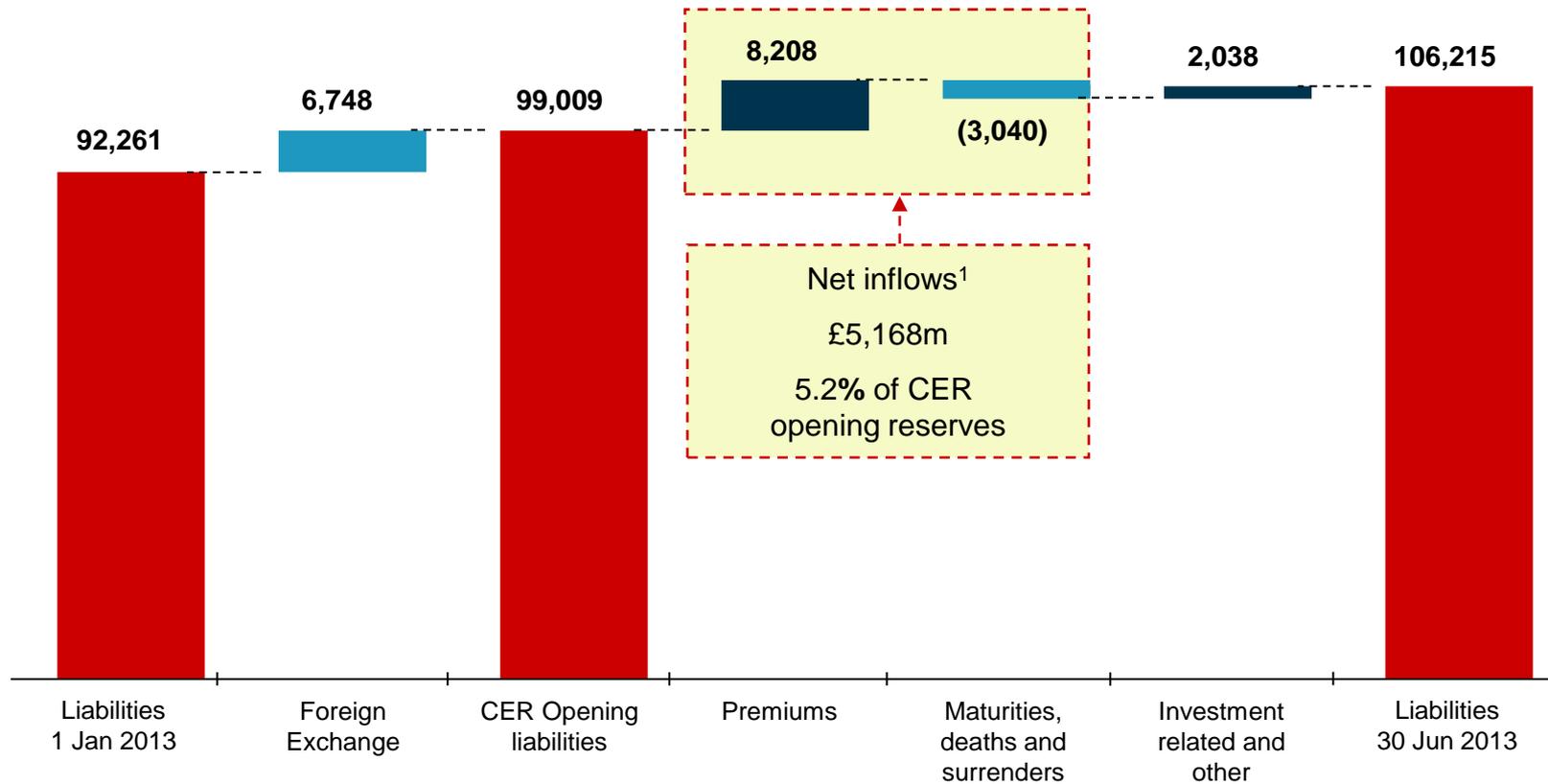
¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

² Includes impact of Thanachart acquisition of £0.5bn and sale of Japanese Life Business of £(1)bn.

Policyholder liabilities

Shareholder backed business – US

Policyholder liabilities roll-forward, £m



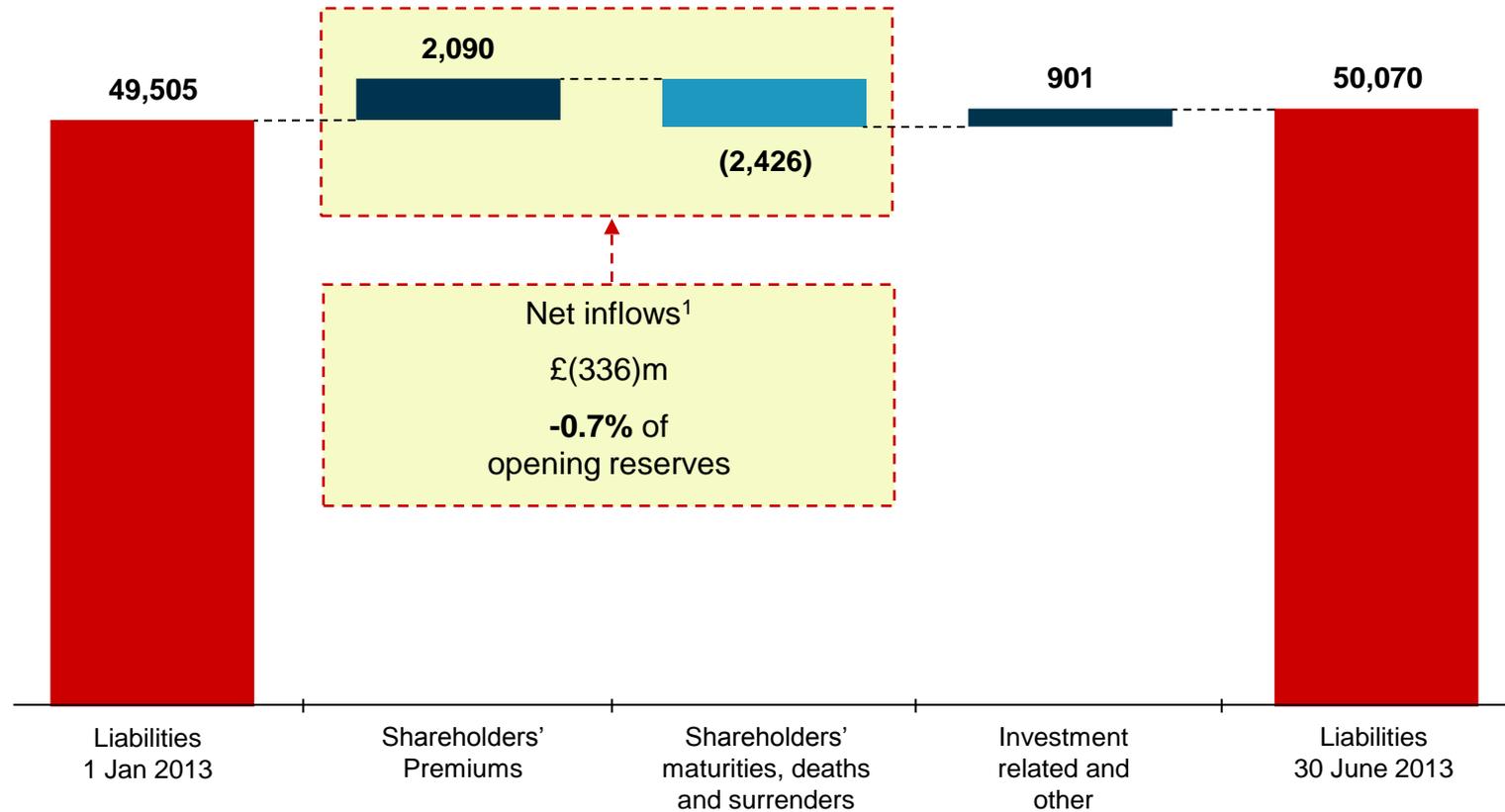
¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.



Policyholder liabilities

Shareholder backed business – UK

Policyholder liabilities roll-forward¹, £m



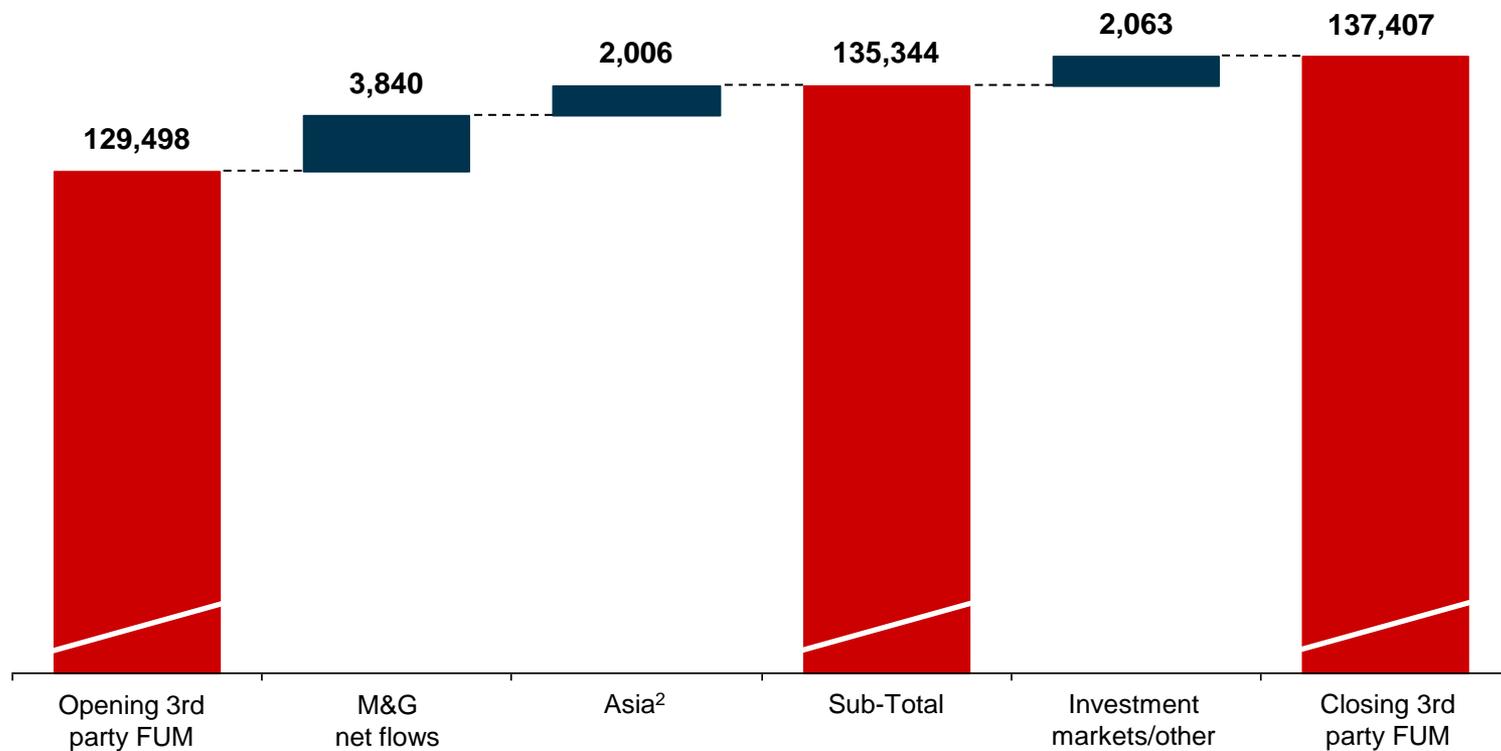
¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.



Asset management

Group 3rd party net-inflows

Asset Management movement in 3rd party FUM¹, £m



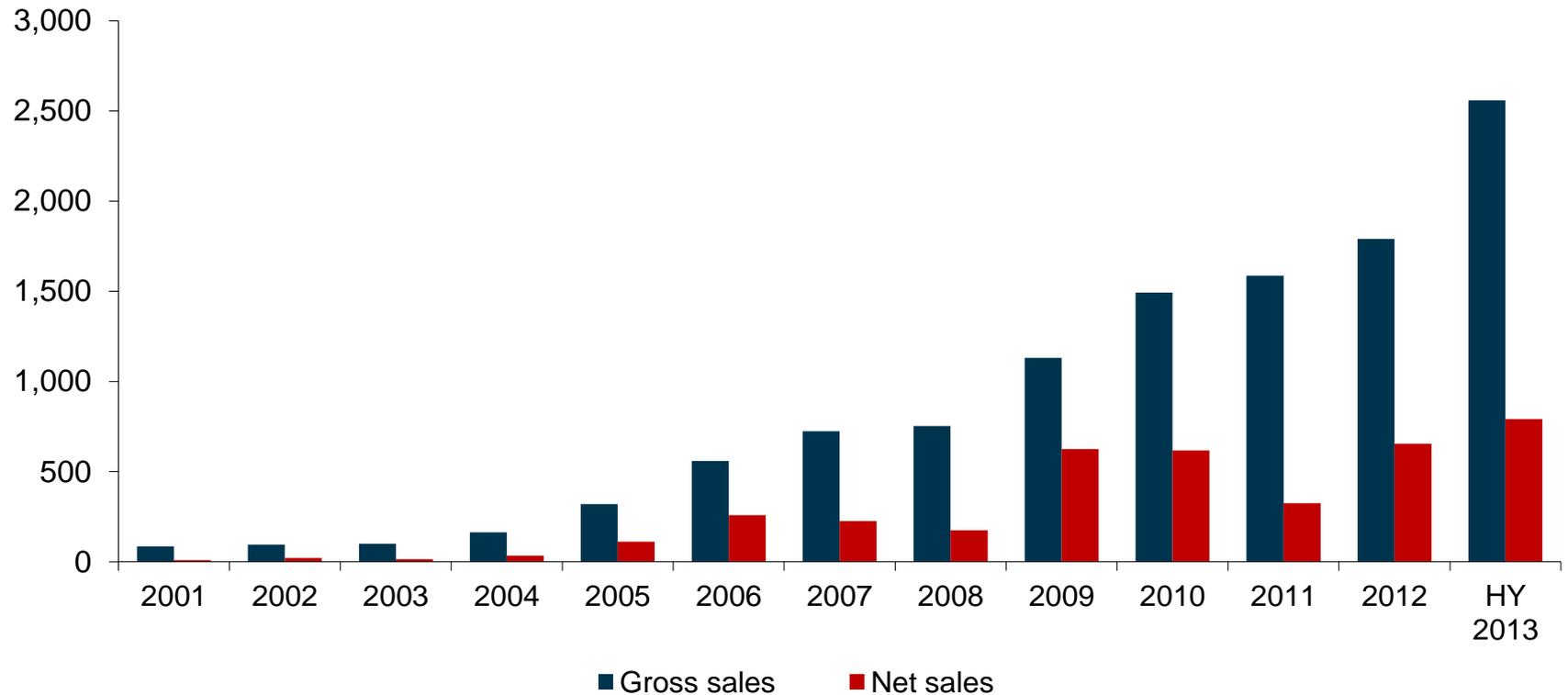
¹ Excludes Asia MMF.



Asset Management

M&G net retail sales

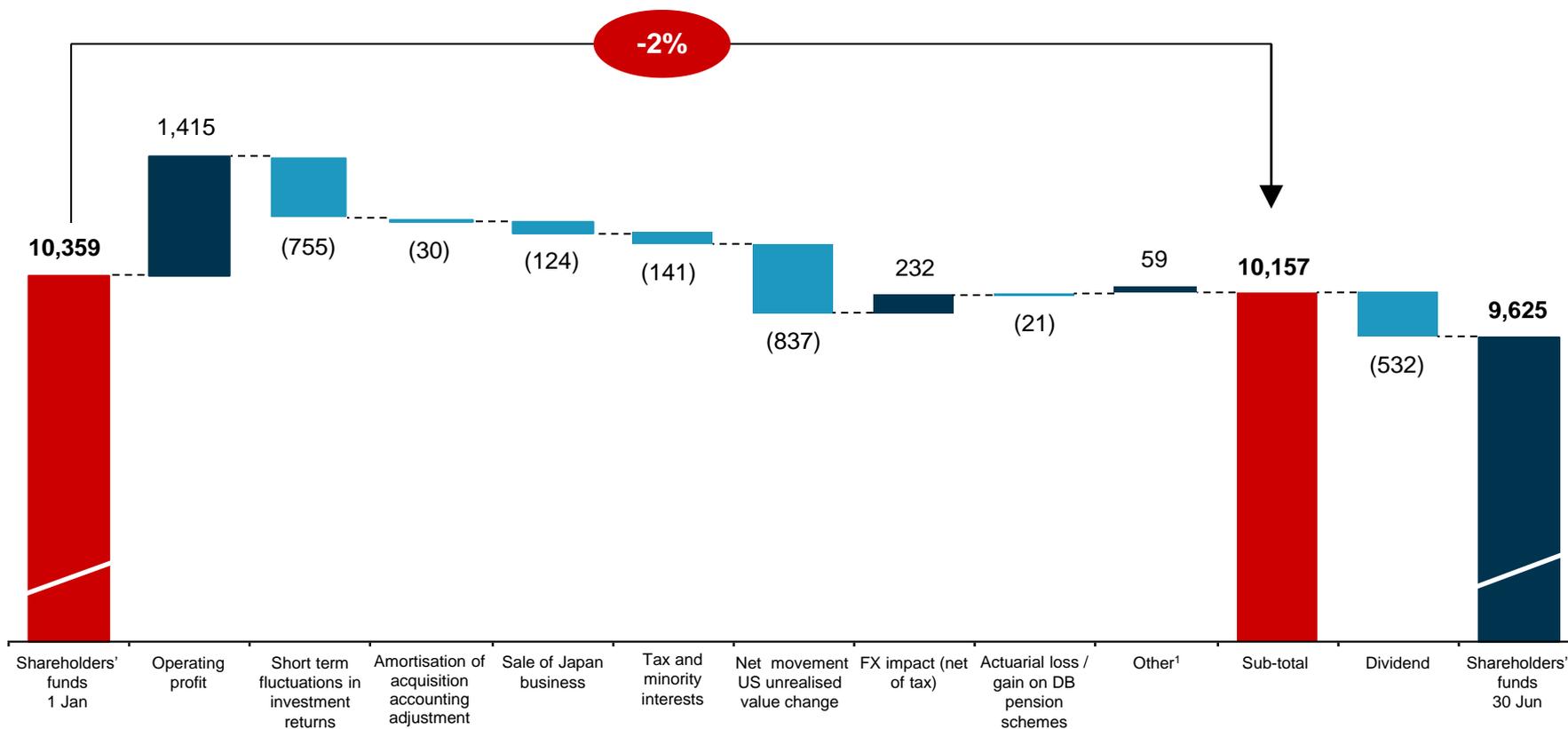
Average monthly gross and net retail sales, £m



IFRS shareholders' funds

HY 2013 movement

Analysis of movement in IFRS shareholders' funds, £m



¹ Movements in own shares OEICs, new share capital subscribed, movements in share schemes treasury stocks and reserve movements in respect of share based payments.

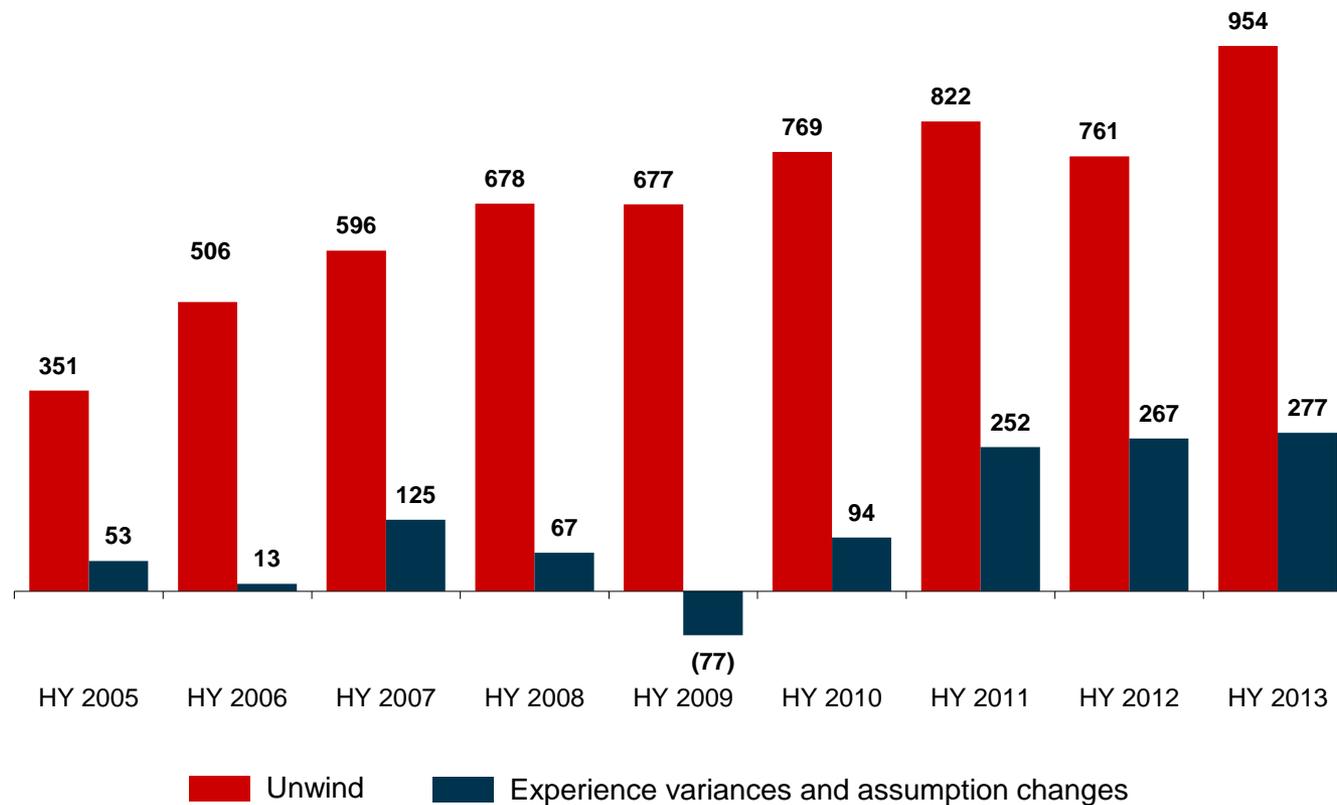
EEV operating profit

Life operating variances – Group

Group Life operating variances, £m

Experience variances and assumption changes % opening EEV¹

0.6%	0.1%	1.1%	0.5%	(0.5)%	0.6%	1.4%	1.4%	1.2%
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¹ Opening EEV of Life operations, excluding goodwill.

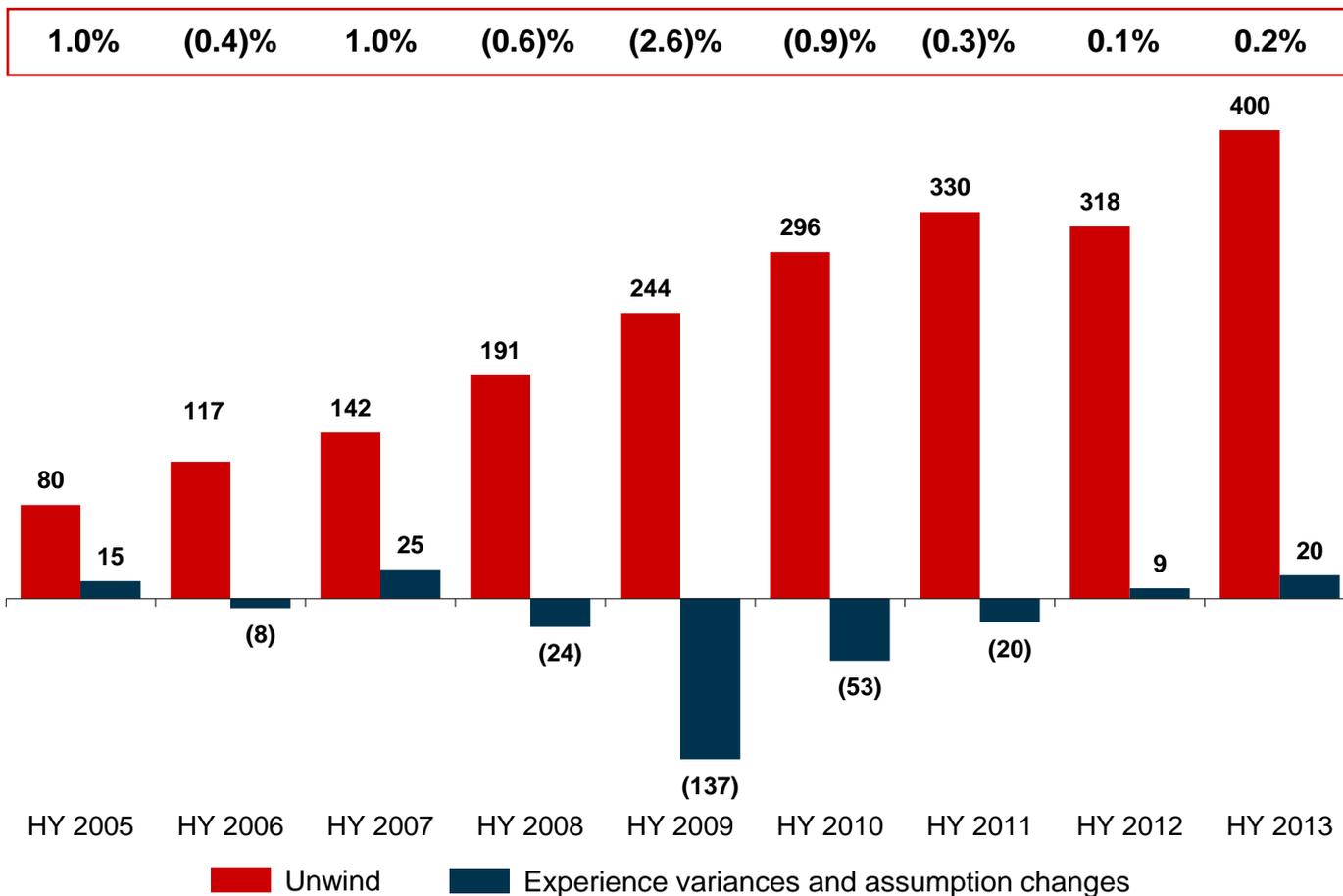
Note: Unwind & Experience variances / assumption changes excludes Japan.

EEV operating profit

Life operating variances – Asia

Asia Life operating variances, £m

Experience variances and assumption changes % of opening EEV¹



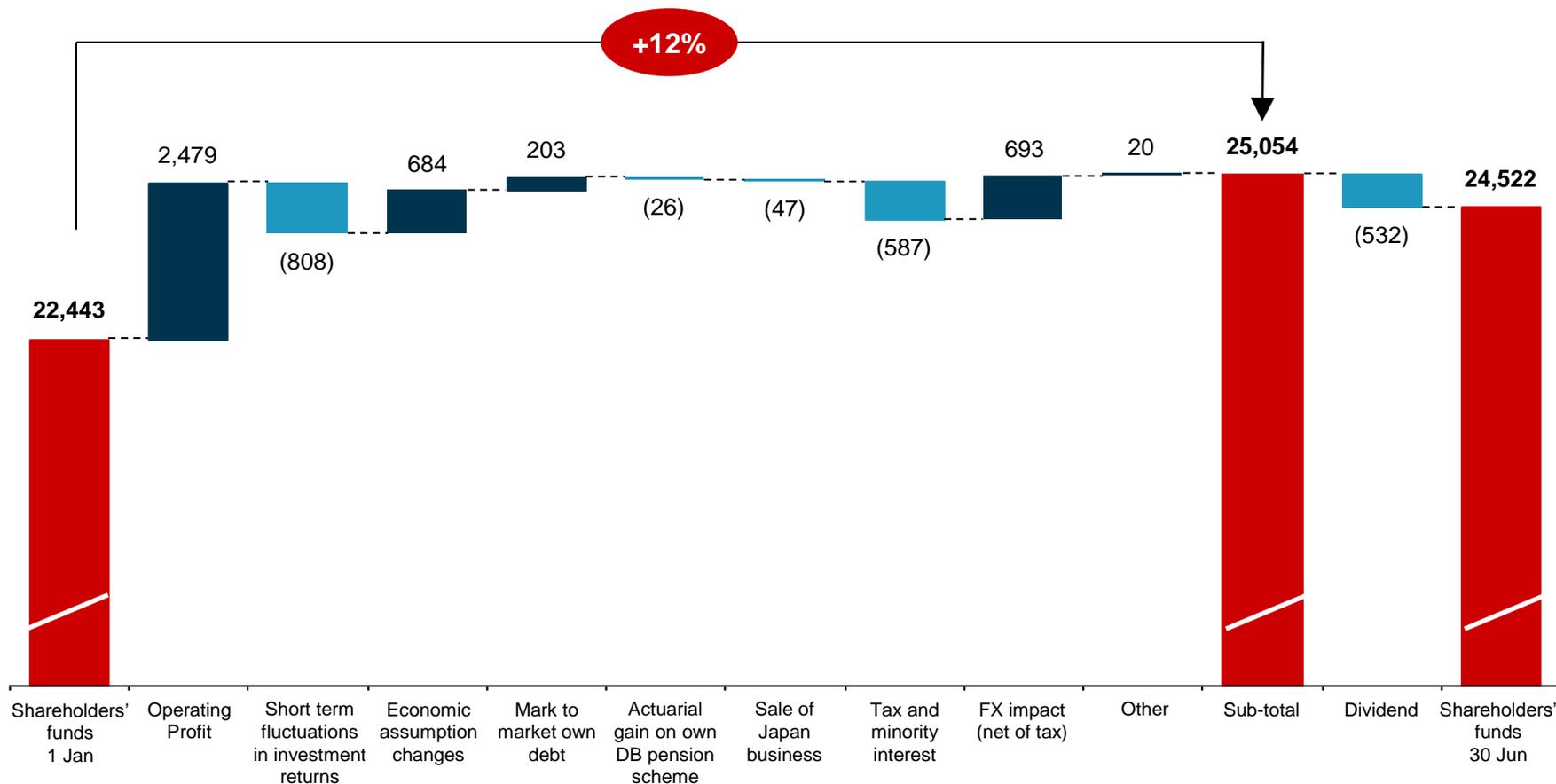
¹ Opening EEV of Life operations, excluding goodwill.

Note: Unwind & Experience variances / assumption changes excludes Japan.

EEV shareholders' funds

HY 2013 movement

Analysis of movement in EEV shareholders' funds, £m



IGD capital

Base and sensitivities

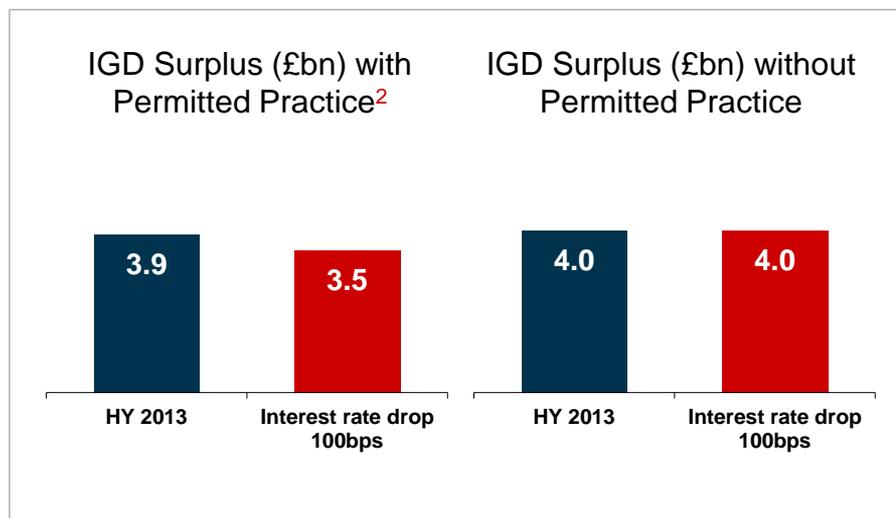
IGD sensitivity analysis

20% fall in equity markets £(250)m

40% fall in equity markets¹ £(850)m

10x expected defaults £(700)m

100bps fall in interest rate



- Sensitivities shown are as at 30 June 2013, based on Jackson's contribution to IGD capital at that time
- With Jackson's permitted practice² in place, impact of 100bps fall in interest rate would be to reduce IGD surplus to £3.5bn
- Without Jackson's permitted practice² in place, 100bps fall in interest rate does not impact IGD

1. The 40% fall in equity markets assumes a 20% immediate fall followed by a 20% fall over the next 20-trading days.

2. The current regulatory permitted practice used by Jackson in relation to SSAP86 values all interest rate swaps at book value rather than fair value.

IGD capital

Movement during the period

IGD capital – movement in first half of 2013 (£bn)

IGD surplus 31 December 2012	5.1
Impact of amended contribution from Jackson (as agreed with PRA)	(1.2)
Net capital generation	1.0
Impact of Thanachart transaction	(0.3)
Reduction in SHIFT asset allowance ¹	(0.2)
Market movement incl fx impact	(0.1)
2012 year-end dividend payment	(0.5)
External financing and other central costs (net of tax)	(0.3)
Sub Debt issuance	0.4
IGD surplus 30 June 2013	3.9

¹ The Group recognises a proportion of the shareholders' interest in future transfers from the UK's with-profit business. This is being removed in two equal steps in January 2013 and January 2014.

Invested assets

Group overview

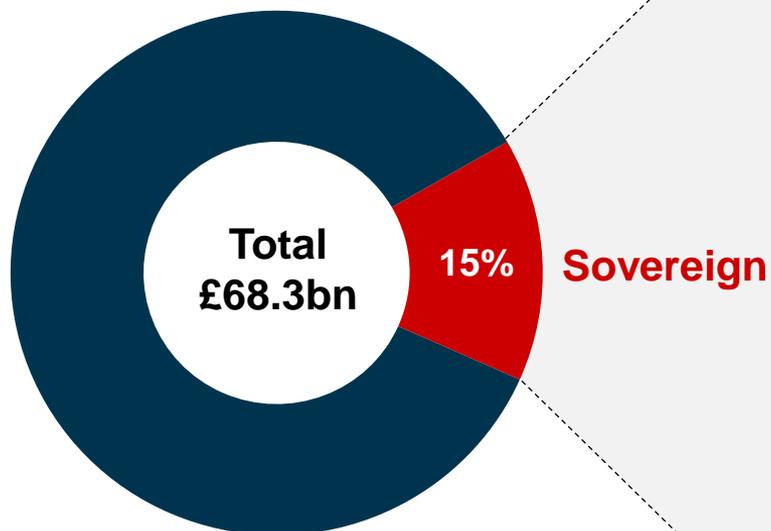
Breakdown of invested assets – HY 2013, £bn

	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	138.3	60.4	9.6	6.4	33.4	26.6	1.9	68.3	
Equity	112.3	25.9	85.4	0.6	0.3	0.0	0.1	1.0	
Property Investments	10.6	8.4	0.6	0.0	0.0	1.6	0.0	1.6	
Commercial mortgage loans	5.6	1.4	0.0	0.1	3.9	0.2	0.0	4.2	
Other loans	7.6	2.2	0.0	0.3	2.8	1.1	1.2	5.4	
Deposits	13.5	10.6	1.2	0.3	0.0	1.4	0.0	1.7	
Other Investments	6.8	4.0	0.0	0.3	1.9	0.3	0.3	2.8	
Total	294.7	112.9	96.8	8.0	42.3	31.2	3.5	85.0	

Invested assets

Group shareholder exposures – Sovereign debt

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings¹, £m

	US	UK	Europe	Asia	Other	Total
AAA	-	3,533	427	125	-	4,085
AA-BBB	3,434	-	117	1,695	32	5,278
Below BBB	-	-	-	996	-	996
Total	3,434	3,533	544	2,816	32	10,359

Europe by key countries, £m

	Germany	“PIIGS”	Other	Total
Europe	427	52	65	544

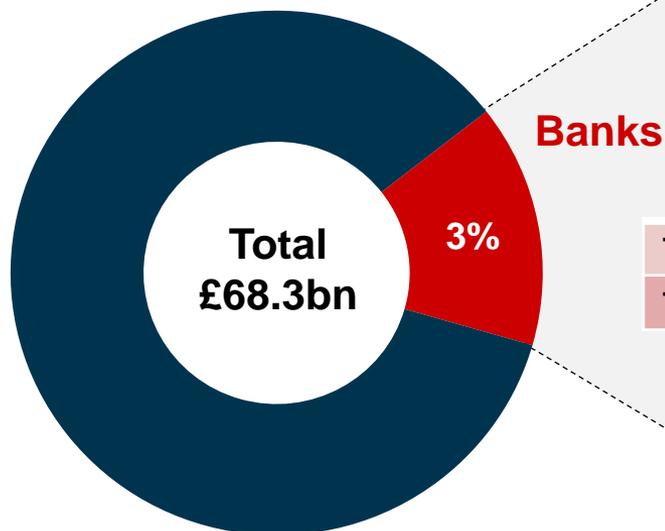
	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	51	-	-	1	52

¹ Includes Credit Default Swaps.

Invested assets

Group shareholder exposures – hybrid bank debt

Breakdown of the shareholder debt securities portfolio, %



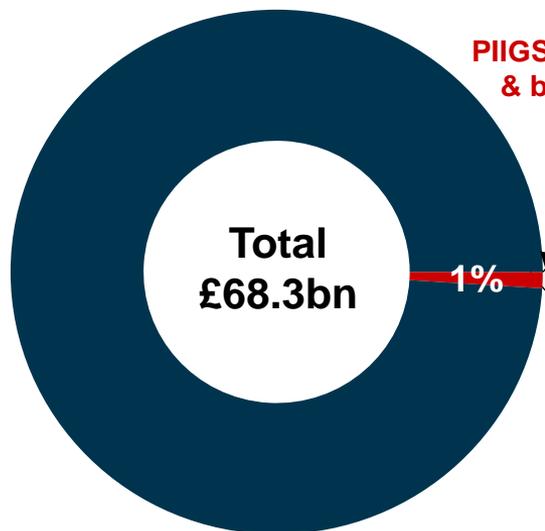
Exposure to Tier 1 and Tier 2 hybrid bank debt, £m

	US	UK	France	Germany	“PIIGS”	Other Eurozone	Other	Total
Tier 2	462	656	71	18	34	80	338	1,659
Tier 1	18	111	25	-	-	80	90	324

Resilient balance sheet

Total PIIGS sovereign and bank debt of only £290m

Breakdown of the shareholder debt securities portfolio, %



Shareholder invested assets – PIIGS countries as at 30 June 2013, £m

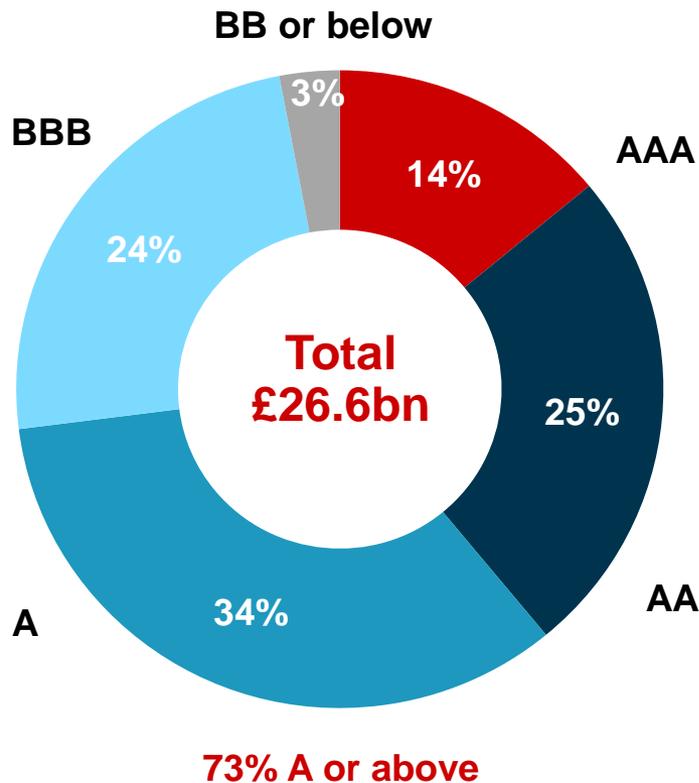
	Sovereign		Bank debt				
		Institution	Covered	Senior	Tier II	Tier I	Total
Portugal	-	BCP Finance Bank Banco Espirito Santo	-	17	-	-	17
			-	25	-	-	25
Ireland	-	Bank of Ireland	-	18	-	-	18
Italy	51	Intesa SanPaolo Unicredit Spa	-	30	-	-	30
			-	-	11	-	11
Greece	-	-	-	-	-	-	-
Spain	1	Santander	102	12	23	-	137
Total	52		102	102	34	-	238

Total PIIGS sovereign & bank debt = £290m

Invested assets

UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating¹



Strength of the £2.0bn credit reserve

- No defaults of shareholder-backed debt securities
- Allowance for credit risk as at 30 June 2013 materially in line with prior year²
 - Pillar 1 (IGD) 64 bps (FY 2012: 65 bps)
 - IFRS 42 bps (FY 2012: 42 bps)
- Pillar 1 and EEV assumptions equivalent to 41% of current spread over swaps (FY 2012: 40%)²

¹ Ratings from different agencies aggregated for presentational purpose. Also includes internal ratings.

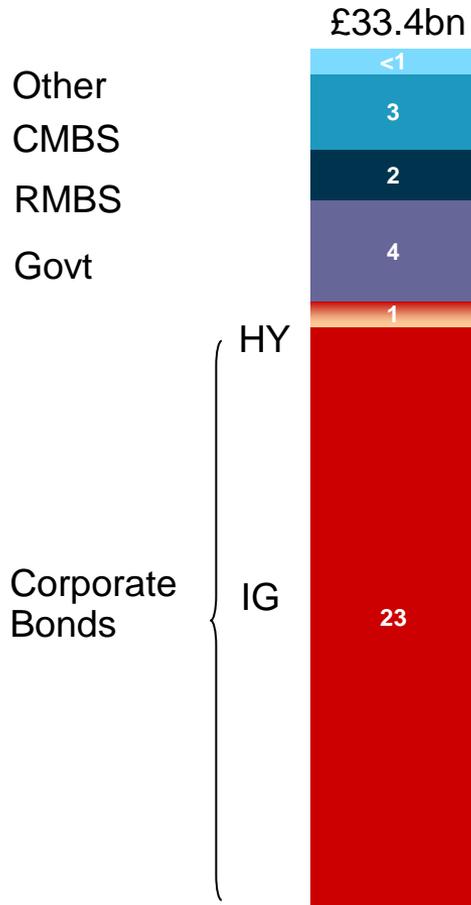
² For Prudential Retirement Income Limited (PRIL).

Invested assets

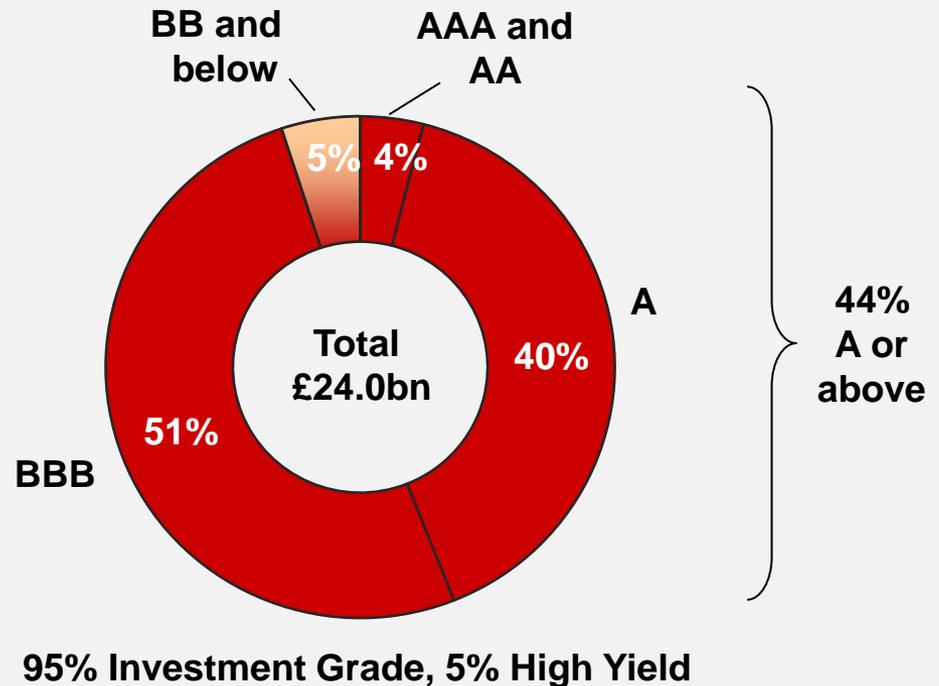
US asset quality – corporate debt portfolio (1/3)

US Shareholder Debt Securities Portfolio

Market value, £bn



Corporate Bond Portfolio, % by rating

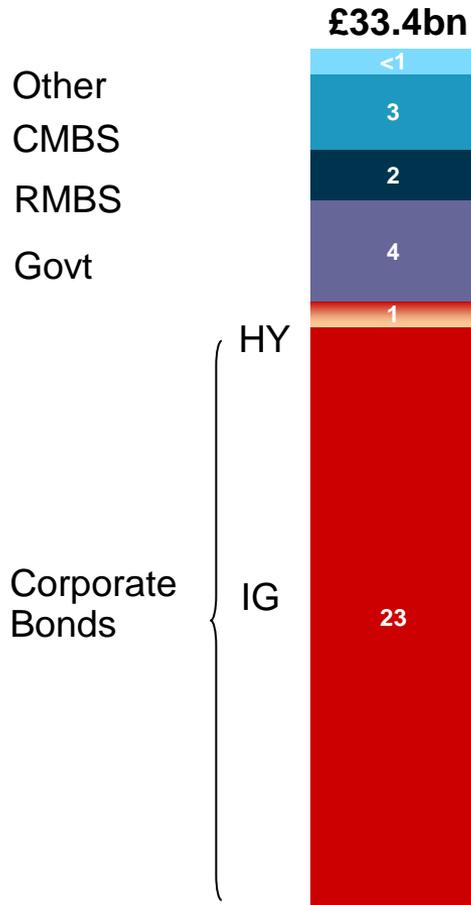


Invested assets

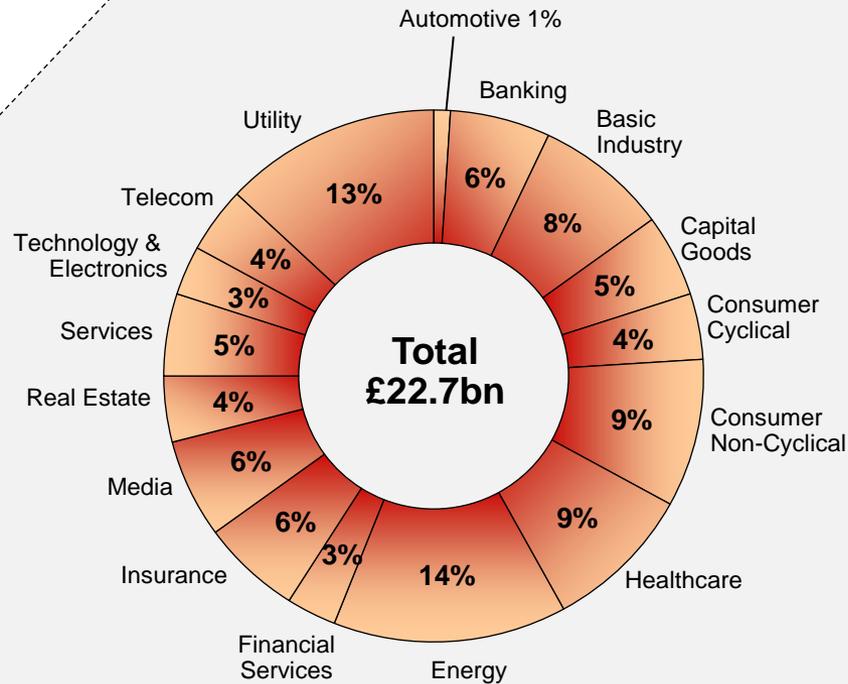
US asset quality – corporate debt portfolio (2/3)

US Shareholder Debt Securities Portfolio

Market value, £bn



Investment Grade Corporate Bond Portfolio, % by sector



- Portfolio spread over 713 issuers, with an average holding of £32m

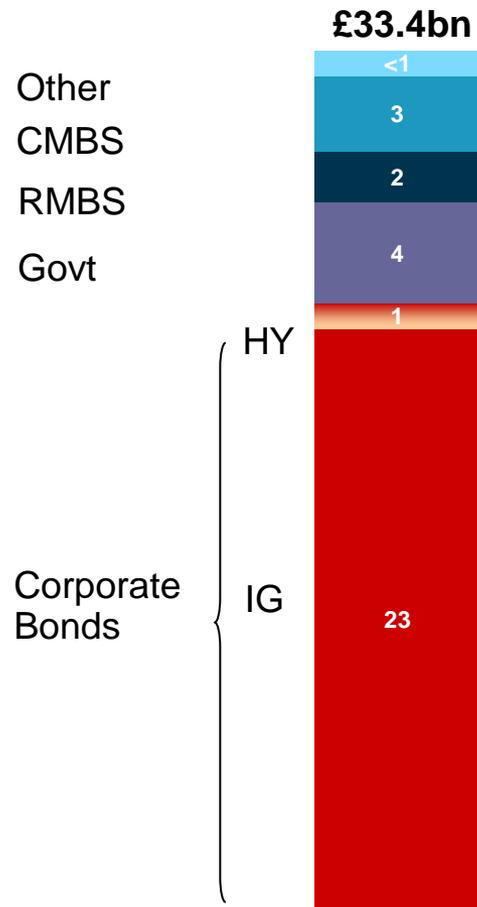


Invested assets

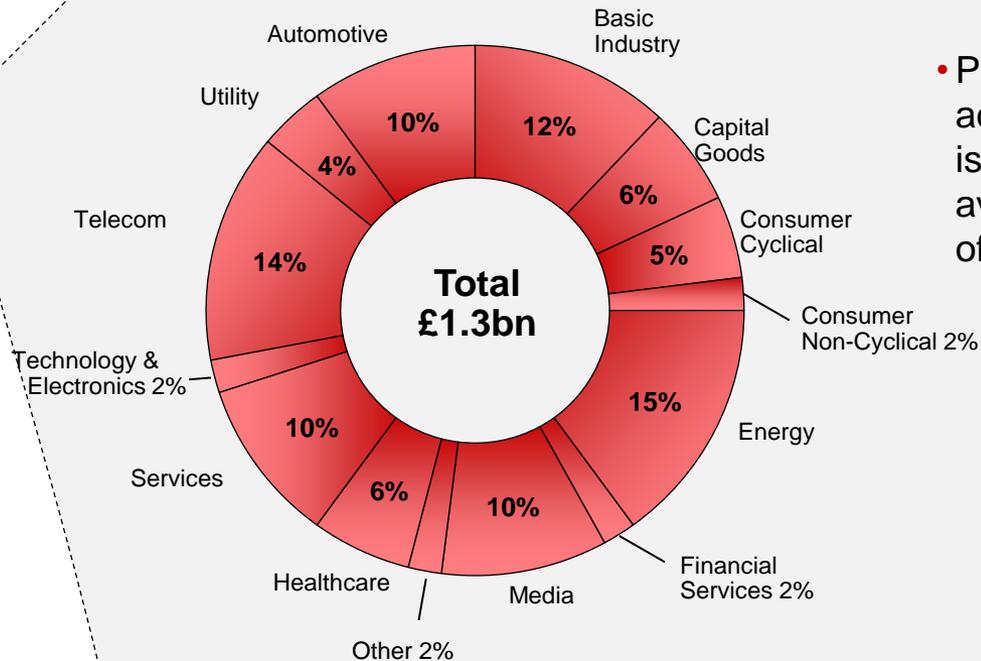
US asset quality – corporate debt portfolio (3/3)

US Shareholder Debt Securities Portfolio

Market value, £bn



High Yield Corporate Bond Portfolio, % by sector



- Portfolio spread across 145 issuers, with an average holding of £9m

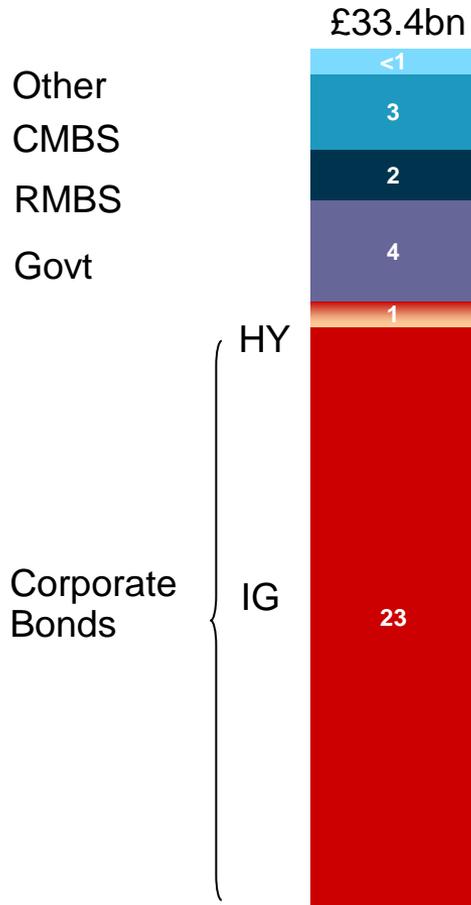


Invested assets

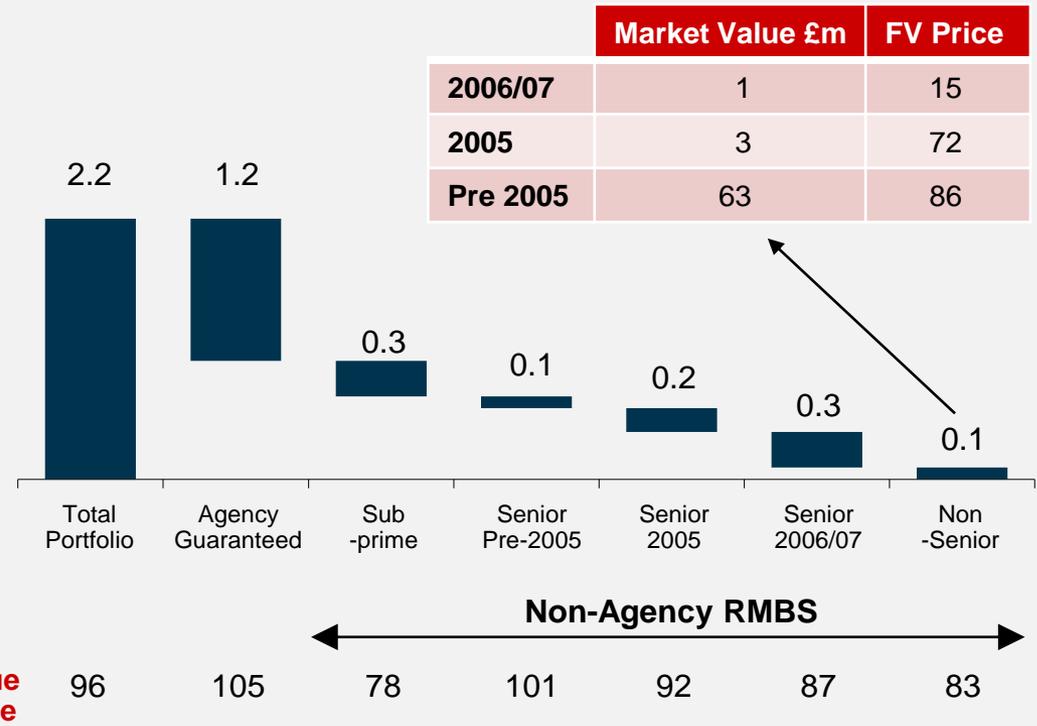
US asset quality – RMBS portfolio

US Shareholder Debt Securities Portfolio

Market value, £bn



Breakdown of the RMBS portfolio – £bn

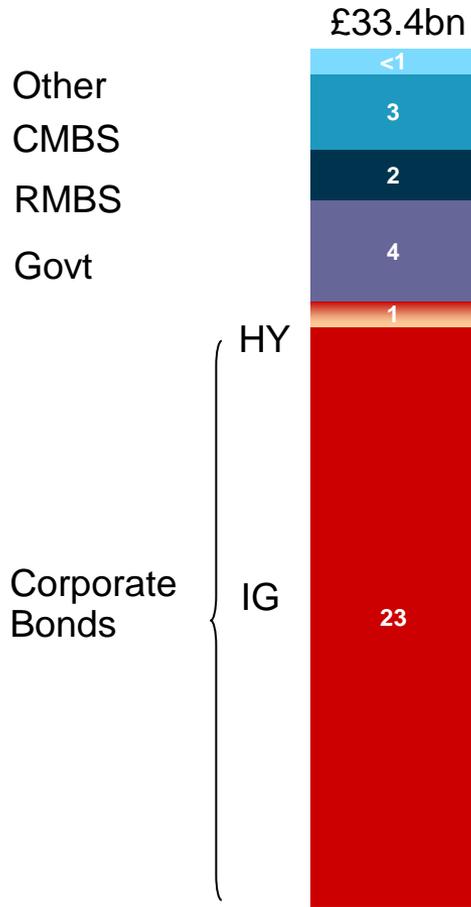


Invested assets

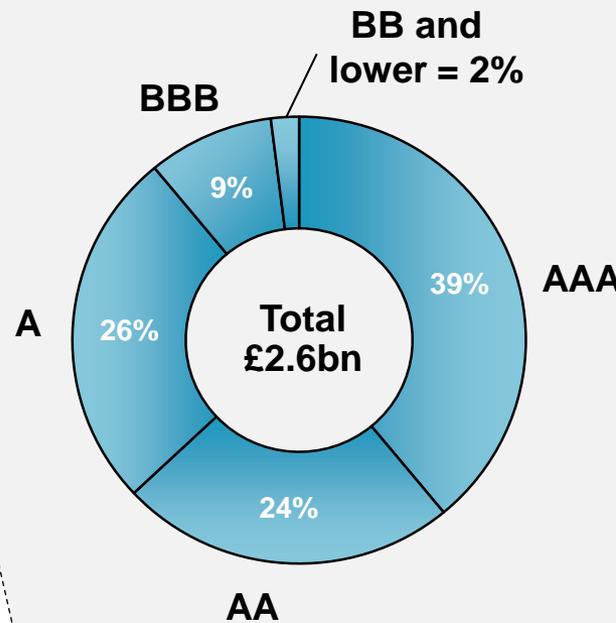
US asset quality – CMBS portfolio

US Shareholder Debt Securities Portfolio

Market value, £bn



CMBS portfolio, % by rating



- Average credit enhancement of the non-agency portfolio is 31%

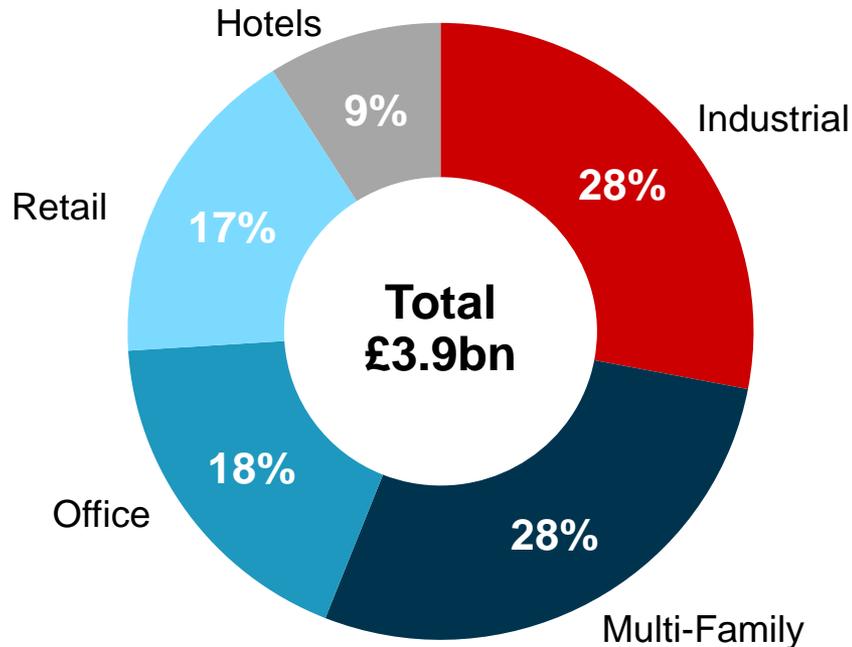
- 91% of the portfolio was originally senior AAA or super-senior AAA tranches



Invested assets

US asset quality – commercial mortgage loan portfolio

Breakdown by property type, %



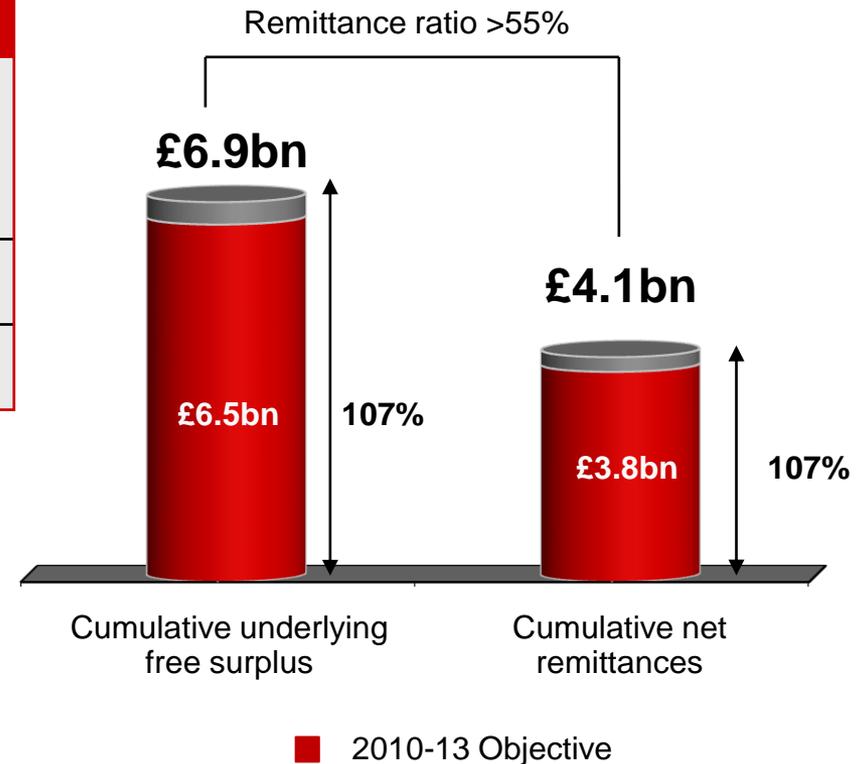
- High level of diversification
 - Average loan size of £7m
 - Spread across property type
 - Geographic diversification
- Strong underwriting discipline
 - Portfolio performing well in current environment
 - Current average LTV of 62%
 - Problem loan balances at 30 June 2013
 - Loans with restructured terms £49m
 - 1 loan currently in process of foreclosure (£0.4m)
 - No write-downs during H1 2013
 - £4.2m decrease in specific reserves, offset by a £0.3m increase in general reserve

Cash and capital

Net remittances (1/2)

	2009 £m	2010 £m	2011 £m	2012 £m	HY 2013 £m	Target 2013
UK with-profit	284	202	223	216	206	350
UK shareholder-backed ¹	150	218	74	97	20	
US ⁴	39	80	322	249	294	260
Asia ²	40	233	206	341	190	300
M&G ³	175	202	280	297	134	
Net remittances to group	688	935	1,105	1,200	844	

Group objectives 2010-13, £bn



¹ In 2009, the net remittances from the UK included the £150 million arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances included an amount of £120 million representing the releases of surplus and net financing payments.

² Remittances from Asia in 2012 include net remittance of £27 million, representing cash from sale of Group's holding in China Life Insurance Company in Taiwan offset by repayment of funding contingent on future profits of the Hong Kong life insurance operations.

³ 2010 remittances included a one-off remittance of £130 million, representing the accumulation of historic distributable reserves.

⁴ Including Prudential Capital.

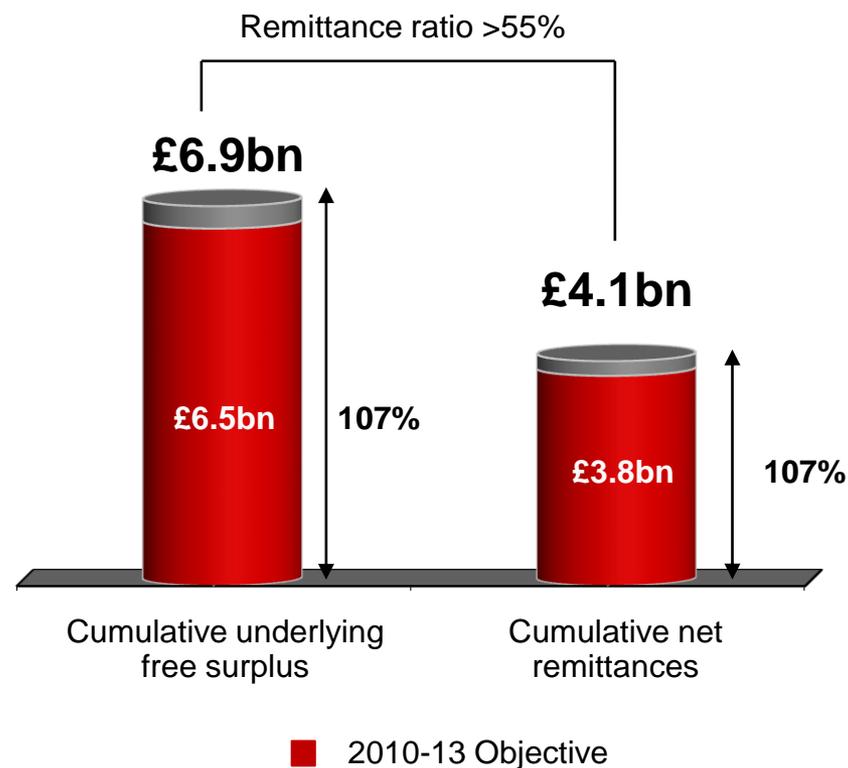
⁵ Net remittances from Jackson in 2011 include releases of excess surplus to Group.

Cash and capital

Net remittances (2/2)

£m	2010	2011	2012	HY 2013	2010- HY 2013 Total
Actual free surplus	1,690	1,862	1,923	1,065	
Operating variances	220	188	295	203	
Expected return on free assets	139	110	96	41	
Asset management profits	310	376	386	239	
Investment in new business	(645)	(553)	(618)	(396)	
Underlying free surplus generated	1,714	1,983	2,082	1,152	6,931
Remittance	935	1,105	1,200	844	4,084
Remittance ratio	55%	56%	58%	73%	59%

Group objectives 2010-13, £bn



Comparatives as reported.



Prudential plc 2013 Half Year Results

Delivering 'Growth and Cash'

12 August 2013