# M&G plc 2024 Full Year Results

**NEW PROGRESSIVE DIVIDEND POLICY WITH 2024 TOTAL DIVIDEND PER SHARE INCREASED BY 2%**
**PROGRESS ON BUSINESS STRATEGY, OPERATING PROFIT UP 5% WITH RESILIENT CAPITAL GENERATION**
**NEW CAPITAL GENERATION, NEW PROFIT GROWTH AND UPGRADED COST TARGETS**

| Net Flows from Open Business[1] | Adjusted Operating Profit Before Tax | Operating Capital Generation | Shareholder Solvency II Ratio | Total Dividend per Share |
|---|---|---|---|---|
| **£(1.9)bn** | **£837m** | **£933m** | **223%** | **20.1p** |
| 2023: £1.7bn | 2023: £797m | 2023: £996m | YE 2023: 203% | 2023: 19.7p |

**Andrea Rossi, Group Chief Executive Officer, said:**

"Over the last 12 months, we have delivered strategic and operational momentum with meaningful progress across our three priorities: Financial Strength, Simplification, and Growth. This is reflected in our strong financial performance with adjusted operating profit before tax up 5% and resilient operating capital generation of £933 million.

"Since starting at M&G, my priority has been to strengthen the foundations of the business. Despite a tough market environment we have done this. In 2024 we have reduced debt, simplified our operating model, grown Asset Management adjusted operating profit by nearly 20%, and continued to drive positive momentum in Life, completing £0.9 billion of bulk purchase annuity deals and launching a new innovative solution.

"We are now moving into a new phase for the Group, where we will deliver sustainable and diversified growth across Asset Management and Life. In line with this ambition, we are today announcing two new targets for 2025-2027: to grow adjusted operating profit before tax on average by 5% or more per annum, and to generate £2.7 billion of operating capital[2].

"We also remain focused on operational efficiency as demonstrated by the reduction in the Asset Management Cost-to-Income ratio from 79% to 76% excluding performance fees and the £188 million cost savings delivered by our transformation programme so far. We are not resting there and are upgrading our cost target, for the second time, from £220 million to £230 million by the end of 2025.

"Given our confidence in the outlook of M&G, I am delighted to announce that today we are moving to a progressive dividend policy, starting with a 2% increase for the 2024 total dividend per share. As we look ahead, the strong foundations we have built position us well to continue to deliver long-term value to our customers and clients and diversified profitable growth to shareholders."

**Financial strength**

- Adjusted operating profit before tax of £837 million (2023: £797 million) improved by 5%, reflecting a 19% increase in the Asset Management contribution and stable results from the Life and Corporate Centre segments.
- IFRS loss after tax of £347 million (2023: £309 million profit) was impacted by larger losses relating to short-term fluctuations in investment returns and mismatches arising on application of IFRS 17, although benefitted from lower restructuring costs.
- Our contractual service margin (CSM) grew by 10% to £6.0 billion (31 December 2023: £5.5 billion). This was supported by a positive operating change in the CSM of £294 million, and a further £256 million mainly from favourable markets.
- Operating capital generation (OCG) of £933 million (2023: £996 million) continues to be strong, taking cumulative OCG since the start of 2022 to £2.75 billion, and enabling us to beat our three-year cumulative target of £2.7 billion.
- Shareholder Solvency II coverage ratio improved to 223% (31 December 2023: 203%) following a resilient operating result, the reversal of £216 million capital restrictions, and favourable tax and market movements.

[1] Net flows from open business consist of net client flows in Asset Management, PruFund, Shareholder annuities and the elements of Other Life which are open to new business.

[2] The new operating capital generation target is gross of capital strain related to new business.

- The Solvency II leverage ratio improved to 33% (31 December 2023: 35%) after completing the deleveraging actions announced in June totalling £461 million. These actions reduced ongoing debt interest cost by £21 million per annum.
- The 2024 second interim dividend of 13.5 pence per share (2023: 13.2 pence per share) takes the total dividend for the year to 20.1 pence, up 2% year-on-year, in line with our new progressive dividend policy. The second interim dividend is payable on 9 May 2025.

**Simplification**

- Continued to deliver good momentum on our transformation programme to create a leaner and more efficient organisation; improving our ability to serve clients, reduce costs and unlock growth.
- Rationalised our Group operating structure, combining the Life and Wealth businesses under the leadership of Clive Bolton. This change better focuses our efforts to improve efficiency and serve the UK retail market, complementing PruFund with life insurance solutions.
- Reduced 2024 managed costs by 2% compared with 2023, more than offsetting inflationary pressures and freeing up resources to support investment in growth initiatives, thanks to cost savings of £188 million since the launch of the programme in early 2023.
- Increased the 2025 cost savings target twice, from £200 million to £220 million in September and again to £230 million today, reflecting the strong progress achieved by our transformation programme.
- Reduced the Asset Management Cost-to-Income ratio (CIR) to 76% (2023: 79%) through a 2% reduction in costs to £774 million (2023: £791 million) and a 1% increase in revenues to £1,008 million (2023: £995 million). Including performance fees, the CIR reduced to 74% (2023: 77%).
- Continued to improve end-to-end customer journeys, reducing timelines by 17% compared to 2023, and also reduced our average speed to answer by 25% year-on-year, contributing to an improved Net Promoter Score of +22 (2023: +15).

**Growth**

- Successfully navigating a challenging macroeconomic environment, delivering a resilient performance while positioning the Group for long-term sustainable growth across the Asset Management and Life businesses.
- Further diversified our business operations and earning streams to deliver a more resilient and growing financial profile, by continuing to expand our international operations and launching new innovative life insurance solutions.
- Broadening our Private Markets capabilities with the acquisition of BauMont Capital and the agreement to purchase a 70% controlling stake of P Capital Partners, bringing into the Group strong expertise in Value-Add Real Estate and Non-Sponsored Lending strategies.
- Delivered strong investment performance to our clients. As of 31 December 2024, 63% of our mutual funds ranked in the upper two performance quartiles over three years and 59% over five years; in institutional asset management, over 75% of funds outperformed their benchmarks on both a three and five-year basis.
- AUMA of £346 billion was £2 billion higher than at the start of the year, due to positive markets and the consolidation of the Continuum operations offsetting net outflows.
- Reduced net client outflows in UK Institutional Asset Management to £3.8 billion (2023: £6.1 billion), and continued to deliver net client inflows in International Institutional Asset Management of £2.9 billion (2023: £5.4 billion).
- Delivered flat net flows in Wholesale Asset Management (2023: £1.5 billion net inflows), a resilient result in a challenging market for active investment solutions.
- Experienced £0.9 billion net outflows in PruFund (2023: £1.0 billion net inflows) as protracted high interest rates increased the relative attractiveness of alternative solutions such as cash and annuities.
- Completed three Bulk Purchase Annuity (BPA) deals in 2024 (premium of £0.9 billion) including one Value-Share BPA, an innovative alternative to a traditional buy-in. This structure insures Scheme members in exactly the same way as a traditional buy-in transaction, while also allowing Corporate Sponsors to participate in the risk and reward generated from insuring their well-funded pension schemes.
- Continued to develop our capital-lite solutions in Life. Soft-launched a fixed-term annuity retail solution in the UK market, and subject to regulatory approval expect to launch a PruFund-like guaranteed solution in the Middle East in April.

**Outlook**

- Increased geopolitical uncertainty and market volatility continue to weigh on client sentiment and pose a significant challenge to financial institutions across the globe. At M&G, we are confident that we can navigate this uncertain environment by leveraging our balanced and integrated business model which we believe will remain a source of competitive advantage. We are confident that we are well positioned to maintain our capital strength and deliver profitable growth over the long-term, as well as continuing to best serve the interests of our customers and clients.
- Having strengthened the foundations of the business, M&G is well positioned to deliver sustainable growth to shareholders by leveraging its balanced and integrated business model, international footprint, compelling offering and investment expertise.

- The progress achieved in 2024 underpins our continued confidence in the delivery of our strategic priorities and financial targets, as we remain focused on transforming M&G to deliver great client and shareholder outcomes.
- Our strategic priorities are clear: Maintain our financial strength, build on the progress already achieved in simplifying the business, and deliver profitable growth across Asset Management and Life, in the UK and internationally.
- We are announcing a new target for cumulative operating capital generation (excluding new business strain) of £2.7 billion by the end of 2027. We are also introducing a new target for adjusted operating profit before tax annual growth of 5% or more on average over the three years to the end of 2027. We continue to make good progress on our other financial targets, in particular on the cost savings target which we have once again upgraded, from £200 million to £230 million of cumulative savings by the end of 2025.
- Given our confidence in the outlook for the business, we are moving to a progressive dividend policy, starting with a 2% increase in the 2024 Total dividend per share.

| Performance highlights[i] | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| Adjusted operating profit before tax (£m) | **837** | 797 |
| IFRS (loss)/profit after tax (£m) | **(347)** | 309 |
| Operating change in contractual service margin (CSM) (£m) | **294** | 355 |
| Operating capital generation (£m) | **933** | 996 |
| Total capital generation (£m) | **1,108** | 358 |
| Shareholder Solvency II coverage ratio (%) | **223%** | 203% |
| Dividend per share (p) | **20.1** | 19.7 |
| Assets under management and administration (AUMA) (£bn) | **345.9** | 343.5 |
| Net flows from open business[ii] (£bn) | **(1.9)** | 1.7 |

i. Definitions of key performance measures are provided in the Supplementary information section of the Annual Report and Accounts on pages 341 and 342.

ii. Net flows from open business represent gross inflows less gross outflows and provides useful insight into the growth of the business. Gross inflows are new funds from clients. Gross outflows are money withdrawn by clients during the period. Net flows from open business consist of net client flows in Asset Management, PruFund, Shareholder annuities and the elements of Other Life which are open to new business.

### Enquiries:


| Media | | Investors/Analysts | |
|---|---|---|---|
| Irene Chambers | +44(0)7825 696815 | Luca Gagliardi | +44(0)20 8162 7301 |
| | Irene.Chambers@mandg.com | | Luca.Gagliardi@mandg.com |
| Will Sherlock | +44(0)7786 836562 | | |
| | Will.Sherlock@mandg.com | | |
| James Gallagher | +44(0)7552 374245 | | |
| | James.Gallagher@mandg.com | | |


### Notes to editors

1. The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, as adopted by the UK, and the Disclosure and Transparency Rules of the Financial Conduct Authority.
2. The results include transitional measures, which are presented assuming a recalculation as at the valuation date, using management's estimate of the impact of operating and market conditions. As at 31 December 2024, the recalculation has been performed and the positions are aligned, reflecting changes to the UK's prudential regime allowing recalculation of the transitional measures at each reporting date. As at 31 December 2023, the recalculation has been approved for the reporting date and the positions were aligned.
3. Total number of M&G plc shares in issue as at 31 December 2024 was 2,407,168,284.
4. A live webcast of the Full Year 2024 Results presentation and Q&A will be hosted by Andrea Rossi (CEO) and Kathryn McLeland (CFO) on Wednesday 19th March at 9:30 GMT. Register to join at: M&G plc Full Year Financial Results 2024 | Issuer Services | LSEG. The Results presentation will be available to download from 07:00 BST on our Results web page: https://www.mandg.com/investors/results-reports-and-presentations

### Dividend to be paid in May 2025

| | |
|---|---|
| Ex-dividend date | 27 March 2025 |
| Record date | 28 March 2025 |
| Payment of dividend | 9 May 2025 |

### About M&G plc

M&G plc is a leading international savings and investments business, managing money for around 4.5 million retail clients and more than 900 institutional clients in 39 offices worldwide. As at 31 December 2024, we had £345.9 billion of assets under management and administration. With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our retail and savings clients under the M&G and Prudential brands in the UK and Europe, and under the M&G Investments brand for asset management clients globally.

### Additional Information

M&G plc, a company incorporated in the United Kingdom, is the ultimate parent company of The Prudential Assurance Company Limited (PAC). PAC is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.

### Forward-Looking Statements