M&G plc and Dai-ichi Life
Establish Long-term Strategic Partnership

Presentation Transcript

30 May 2025

Andrea Rossi, Group Chief Executive

Slide 3 – M&G and Dai-ichi Life Establish Long-term Strategic Partnership

Good morning everyone, and thank you for joining us at short notice. I'm joined by our CFO, Kathryn McLeland and Director of Strategy & IR, Luca Gagliardi. Before I begin, I must inform you that the usual forward-looking statements disclaimer applies.

I'm very pleased today to share a significant milestone for our business, an endorsement in our investment case that reflects the progress we've made, as well as our ongoing commitment to long-term value creation.

We are announcing a new partnership with Dai-ichi Life, the largest listed life insurance company in Japan, who shares our commitment to long-term investing, responsible stewardship and sustainable growth. As part of this partnership, Dai-ichi Life will acquire a c.15% share ownership in M&G plc (subject to regulatory approval), becoming a significant minority shareholder and a long-term strategic partner.

This partnership will drive tangible shareholder value. Thanks to it, we expect to generate at least $6 billion in new business flows for M&G plc, including at least $3 billion into our market leading high-alpha strategies across public and private markets. We will also have the opportunity to expand our access to Japan and Asia distribution, enhancing our presence in this fast-growing region.

We already have roughly £90 billion in international assets, having consistently grown this business at a double digit CAGR since 2020. Today we are unlocking the next step in this exciting journey.

A big thank you to all my M&G colleagues for their hard work, and a warm welcome to Dai-ichi Life. I look forward to working together over the coming years.

We will now take you through a short presentation before opening to Q&A.

Slide 4 – Overview of Dai-ichi Life

First, a word on our strategic partner. We are very excited to be teaming up with Dai-ichi Life, the largest listed life insurance company in Japan, with a broad international presence and a meaningful asset management franchise.

Our partner of choice is a high-quality investor with market leading positions in Asia, underpinned by a large balance sheet with appetite for greater exposure in Europe, a market that M&G knows and leads in. We will also explore opportunities across the broader affiliate relationships within the Dai-ichi Life Group, across international asset managers and insurance businesses.

Alongside Dai-ichi Life's appetite for private assets and a sprawling network, our partnership is rooted in a shared vision to lead and to enhance one another's reach, impact and potential for growth. It's a partnership built not just on strategic alignment, but on a shared commitment to excellence and long-term success.

Slide 5 – M&G's Journey: From Fixing to Growing the Business

At our 2022 full year results, my first capital markets event as CEO of M&G, I announced a new strategy built around the three key priorities of financial strength, simplification and growth. Since then, we have relentlessly focused on delivery.

We de-levered the balance sheet to improve our financial resilience, and we tackled costs to increase our operational flexibility. In short, we positioned the group for sustainable long-term growth. We are now executing on this next stage of our strategy.

We consistently identified private markets and international expansion as key opportunities to deliver on our growth ambitions.

First, we expanded our international distribution teams in Europe and Asia.

Second, we announced the acquisitions of BauMont and P Capital Partners, two high-quality European firms that added distinctive Real Estate and Private Credit capabilities to the Group.

Finally, today we welcome a strategic partner with a strong appetite for our private market capabilities, that will further support our international expansion.

This partnership is value generative, supports our growth in assets – both private and international – and will lead to an improved profit contribution.

As we work with Dai-ichi Life, we will maintain the financial discipline you have come to expect of us, and deliver the sustainable earnings and dividend growth we committed to at our last Full Year results.

Slide 6 – Overview of Commercial Terms

Turning the page you will see an overview of the commercial terms of this long-term partnership. M&G will be Dai-ichi Life's preferred asset management partner in Europe.

As I mentioned, this partnership is built around a number of core principles and we expect to generate at least $6 billion in new business flows for M&G over the next five years. Of these, $3 billion will come from Dai-ichi Life's balance sheet, on an evergreen basis.

Beyond the headline numbers, the strategic partnership also improves our access to Japan and Asia distribution, and we intend to explore joint development of investment capabilities across public and private markets.

We will also support Dai-ichi Life's own ambitions, and intend to generate at least $2 billion in new business flows for Dai-ichi Life over five years, through a combination of balance sheet investments in, or distribution of, asset management products offered by Dai-ichi Life's subsidiaries.

I will now hand over to Kathryn to take you through the key features of Dai-ichi Life's holding.

Kathrn McLeland, Chief Financial Officer

Slide 7 – Overview of Dai-ichi Life's Shareholding

Thank you Andrea, and good morning to you all. I am equally excited at the opportunity with Dai-ichi Life and how it supports our shared vision for the future.

On this page, we outline the key features of Dai-ichi Life's shareholding. To underpin our partnership and in recognition of M&G's compelling investment case and growth potential, Dai-ichi Life intends to acquire a c.15% shareholding in M&G, subject to regulatory approval.
This is a conviction investment by a blue-chip partner worth $1.1 billion. And it will be achieved via on-market purchases with no change to our share count.

This investment by Dai-ichi Life is a strong recognition of our market leading investment capabilities. It is also an endorsement of the inherent value in our shares, that combine an attractive dividend yield with clear and actionable growth opportunities.

The presence of a large and supportive shareholder will help us accelerate the transformation of our business, starting with asset management. The shareholding also aligns interests between M&G plc and Dai-ichi Life to mutually share in the future growth resulting from today's announcement.

Importantly, and subject to certain conditions having been met, Dai-ichi Life will have the right to appoint a director to the Board of M&G plc once it reaches the 15% threshold.

As you might expect, we have customary contractual restrictions for Dai-ichi Life's c.15% shareholding, including a lock-up and standstill.

I'll now hand back to Andrea to take you through the wrap-up.

Andrea Rossi, Group Chief Executive

Slide 8 – Summary

Thank you Kathryn. To conclude, this partnership represents not just a powerful alignment of capabilities, but a bold step forward in delivering our growth strategy. It reflects our shared commitment to innovation, operational excellence, and delivering value to our shareholders.

The structure we've outlined is intentional – designed to accelerate growth and deliver material flows into our leading high-alpha strategies as the asset management partner of choice for Dai-ichi Life in Europe.

The shareholding ensures strategic alignment to the success of M&G plc and I'm incredibly proud of the collaboration that's brought us to this point and deeply confident in what we will achieve together.

With that, I will now open up to Q&A.

Q&A hosted by Luca Gagliardi

with

Andrea Rossi, Group Chief Executive

Kathryn McLeland, Group Chief Financial Officer

Q. Farooq Hanif, JPMorgan:

Thank you very much. So my first question is to get a bit more detail on the at least $3 billion of flows that you will generate from customers, I guess, of which Dai-ichi gives you access to. Which markets will this be in and what is the driver for that? I guess, to get a sense of how sure you feel about that kind of non-Dai-ichi part of the net flows, and what kind of strategies that you'll go into.

And then secondly, could you elaborate a little bit more on where you would see additional upside in life insurance cooperation with Dai-ichi?

A. Andrea Rossi:

So I guess your question was on the $3 billion that was not on the balance sheet commitment. So the $3 billion from distribution. Obviously, it's early days, but clearly, we see opportunities of distribution in Japan.

It's a market which we are focused on and where Dai-ichi have strong distribution capabilities and have a large client base. And clearly, when it comes down to what sort of asset classes they will be looking for, they will be looking for what is our inherent strength.

So obviously, the exposure to Europe, let's not forget that Japanese investors have been mainly diversifying out of Japan into the US, but there is now a larger trend to diversify further into Europe, and that's why we were also chosen by Dai-ichi. So I would say that we will see most likely opportunities both on public markets, whether it is fixed income or equities there, but also potentially into private assets.

That is in Japan, but I also see opportunities for us to do more potentially in Asia, because Dai-ichi has their leading positions as a life insurer in some of those markets, and clearly, we see opportunities there to - once again, similar to Japan, to be their partner of choice for any exposure into Europe. But also, it has to be said, into Asian fixed income, where we have a very, very strong team in Singapore. So it will be focused on Europe mainly, but I would say that's the sort of opportunities that we will be able to do with them. That was the first point.

So on collaboration in the life insurance space, there is no doubt that Dai-ichi, when they looked at us, they looked at us as a Group. It's not only about asset management, they like the fact that we are a life insurer as well, like they are, and they're very interested in what we're doing in the BPA market, and to learn more about BPAs. Not that in Japan, there is a BPA market at the moment, but it could be something that could happen in the coming years.

So I would say that's a collaboration for them to learn more about it. And I would say generally, that's where the main focus is.

Q. Nasib Ahmed, UBS:
Thanks for taking my questions. Just three quick ones for me. Firstly, on the deal. Can you kind of give us some context on how the deal came about? I think the sense I'm getting is that you weren't looking for a partner and M&G plc wasn't really out there looking for someone to partner with and they wanted more European exposure. So that's question number one.

Number two is, would you continue with your bolt-on strategy? Are there any capability bills that you need as part of the deal to kind of get more exposure maybe somewhere in Asia that Dai-ichi would want that you don't have at the moment. So any thoughts on that?

And then, just on the active strategies that Dai-ichi is putting $3 billion into, can you give us some sense of what is the average kind of revenue margin - is it higher or lower than what the average institutional margin is?

A. Andrea Rossi:
Okay, so first on how they looked for a partner. There was no doubt that Dai-ichi, and you have seen Dai-ichi have done other partnerships in particularly in the US. They wanted to, like many other Japanese institutions, diversify further into Europe by looking at European asset managers or life insurance but mainly asset managers. They actually felt that we were the strongest performing one. Obviously, we are, when you look at public markets, you all know our investment.

You (UBS) produce a tracker on investment performance. I think it's the third year in a row that we are the strongest listed asset manager with the strongest performance, on our mutual and OEIC funds, but they also were very keen on our private assets capabilities where they see a lot of opportunities of investing. So yes, I mean, I think, we became the preferred partner of choice because of our inherent strength in Europe on the asset management side, but also on the fact that we are obviously the combination of life insurance and asset management, which is very much similar to what they are. I think that helped.

And last but not least, we have, I would say, common culture with Kikuta-san, who I've now known for a while. We have common views on how we want to grow the business, and what are the strategic advantages of running business like ours. So I think the combination of all these three things made it possible. And I always say this is a perfect fit with a very, very strong partner, and we have complementary skills, so this will be a great partnership moving forward.

On bolt-on acquisitions, well, our focus is to make sure that this partnership works organically. That's the first thing. And obviously, I want to make sure that the $6 billion is a minimum, but that we deploy this and we make sure that this is a success. Having said that, we have done, as you know, we did two small bolt-on acquisitions in the last six months. There are still opportunities for us in the private asset space in Europe, in particular, potentially also in Asia to do small ones.

We should not forget that many of these smaller private assets player, they want global distribution, but more importantly, they want access to permanent capital, to a life balance sheet. Of course, now with the additional $300 billion balance sheet of Dai-ichi, there could be opportunities for us to jointly look at some of these smaller acquisitions. But I would say our main focus is to make sure that we deliver organically on the partnership. But there might be or there will be potential on the private assets side.

Last but not least, the $3 billion balance sheet investment from Dai-ichi. It will be on high-alpha strategies. I would expect that will be mainly on private assets, whether it is on our real estate or on our private credit or structured credit strategies, and those have higher bps as you know, but it could also be on European equities or fixed income, which will have slightly lower bps than the private assets, but overall, I expect this to be, I would say, at a high margin for us moving forward.

Q. Thomas Bateman, Mediobanca:
Thanks very much and thanks for the good news this morning. Could you just give us a little bit of colour on the actions that M&G plc will do to generate those $2 billion of new business flows for Dai-ichi? I couldn't help but think there's a small conflict of interest to you selling their asset management products and also your own.

So just a little bit of colour on what you would do for them essentially to generate those flows.

And just going back on to the fees, I know you're saying that the alpha strategy fees are higher. Could you give us a range of what the fees are there in comparison to those European equities and fixed income are?

And then finally, if you could just comment on recent trends and flows. We hear a lot at the moment and you've alluded to it in terms of capital flowing out of the US and into Europe or Asia. Can you just comment on whether you've seen that recently in your own business and what that can mean for M&G in the long term?

A. Andrea Rossi:
Okay, so first, what M&G plc will do for Dai-ichi, the $2 billion that we will help them in terms of flow. So clearly, we have our own insurance balance sheets, that within their SAA and TAA might have allocation to some of their investment strategies.

Let's not forget that Dai-ichi has several asset managers. They have, of course, Asset Management One, which they hold together with Mizuho, mainly focused on Japan, but there could be opportunities there for our Prudential Assurance Company to invest. And then they have some other, more alternative products, asset manager. Canyon Partners is one, for example, mainly in the US where also we have, I would say, allocation appetite to invest.

So M&G Investments run roughly 80% of the assets of Prudential Assurance Company and of course we have a fiduciary duty to invest for our policyholder in the best possible way. So we give mandates to other asset manager, and wherever Dai-ichi with their asset management capabilities can compete and have interesting strategies, we will see how we can fulfil that.

So that's how we will get to the $2 billion over five years. In terms of fees, difficult for me to be able to tell you, but I mean we presented - last time we presented full-year results, we gave you an average fee on private markets of 58 bps. And as I told you, I feel that of those $3 billion, it will be mainly in private assets, but obviously, it's difficult for me to predict because it comes down to their own asset allocation, as you can imagine. But of course, if it was fixed income, it will be at lower fees. If it was a mandate on European equities, it will still be at good fees, but obviously not at the same level of fees of private assets.

Last but not least, on your point on what I call the Renaissance of Europe. The US still remains the most important market in terms of asset management. We all know this, but there has been, I would say, a change in appetite, and it's not only linked to Liberation Day, let's be clear on this, but there is certainly more interest into Europe and Asia, in particular from institutions, and we have seen that there is more interest from them. And we are in discussion, but of course, mandates take time, but I would say there is certainly more appetite. From a retail investor perspective, it's been very volatile since the beginning of the year, and there's been a bit of a risk off from more retail investors. But even here, I would say given the valuations that you have in Europe both on public - particularly on public and on private, I think Europe is definitely a place where we will see more interest moving forward. But yes, there's certainly a different appetite, and you see American institutions, Asian institutions, European institutions probably allocating more to Europe, but it will take time to get to mandates. I mean, it's not going to happen overnight.

Q. Larissa Van Deventer, Barclays:
Two quick questions from my side. The first one on the cost opportunity from the partnership. Do you see any opportunity to learn from best practices or to apply flows into the platforms or get another kind of synergy?

The other one is on reinsurance benefits. Do you see this extending into the reinsurance base and potential cost reduction?

A. Andrea Rossi:
Why don't I let Kathryn take these questions. I mean, although I have to say this partnership is about, let's be very clear, it is about growth. It is about accelerating growth on private assets, on internationalisation for M&G plc, but Kathryn, please.

A. Kathryn McLeland:
Thanks, Larissa. I suppose when we think about the mutual benefits for both partners here, we have been looking at these complementary opportunities, given our similar business model and given our similar approach and values, and it is around delivering this long-term sustainable growth. We have had, as you know and Andrea mentioned, this focus on simplification, which is around getting closer to our customers, becoming better and easier to work with, creating capacity to allow us to invest in a disciplined way to support growth across the group.

And so that objective remains still very important to us, and that's allowed us to do the BauMont and the PCP acquisitions, which as Andrea said, are one of the areas that is attractive to Dai-ichi as part of this partnership, given the existing strengths in private markets and what we've added through those two bolt-ons. So sustainable growth over time, which is underpinned certainly by this simplification program that we've had in place.

And we have been discussing and have identified, as Andrea said, some opportunities in life given Dai-ichi's interest in parts of that market. But it's too early to talk about anything regarding reinsurance. We're obviously aware of the dynamics here in the UK and the views of the regulator, and we've talked ourselves about what we can do with our own growth in that market, but it's too early at this stage to talk any more about reinsurance.

Q. Rhea Shah, Deutsche Bank:
Just a couple of questions left for me. Kind of flipping Larissa's question on its head a bit. Are there any costs associated with this partnership, that you'd have to do?

And then the second one is around distribution on that $3 billion, at least $3 billion of flows that aren't through Dai-ichi's balance sheet. Would this include opening doors to new distribution strategies like working with brokers or banker in Asia? Would you also look at placing PruFund or PruFund-like products in Asian countries as well?

A. Andrea Rossi:
Okay, why don't I take the second question and then I'll leave the first question to Kathryn. There's no doubt that by doing this distribution agreement with Dai-ichi, first of all, we'll certainly be better known, both in Japan and in Asia because Dai-ichi is well known in this market. Of course, in Japan, extremely well known, and I think that will help us.

Then clearly there are opportunities for us to - so it will help us in terms of opening up other potential distribution agreements. I can tell you already I had a lot of Japanese institutions today that that wrote to me saying this was great and obviously, the fact that we are partnering up with such a strong institution in Japan, in my view, is going to help.

Then there are of course opportunities also on potential products that we have, and there is no doubt that a product like PruFund, given the low-rate environment in Japan, could be a product with interest. But of course, it's early days to say, but clearly if you have a partner which is a distributor of life savings products like Dai-ichi, that in my view could help.

But once again, this is a partnership with Dai-ichi, but it doesn't limit us to not work with other potential partners in Japan as well. So I mean, overall, in my view, this is positive. And as I said before, I expect this to be the minimum amounts that we will be able to bring in over the years from Dai-ichi. Remember, it's over five years. Let's walk before we run. But obviously, I'm very, very excited having this partnership with such a great partner.

A. Kathyrn McLeland:
And just on the question on whether this will change our cost trajectory, how we think about costs. And the answer is no there, because we have got our cost target that we obviously increased at full year for 2025, and I think Andrea emphasized that the simplification program remains in place and what we will want to do as we strengthen and build on this partnership with Dai-ichi is to continue to simplify to allow us to support the growth opportunities that we both have. But it will be with the same existing cost reduction targets that we've given to the market, and the same focus on delivering positive flows over time in asset management and supporting the ability of that business to growth.

So no, it doesn't change how we think about costs, and it will be reflected in our existing approach to simplification and investing in a disciplined way to support our growth targets.

Q. Andrew Crean Autonomous Research:
Just one question for me. Can you give us a sense of the timing?

You said $6 billion over three years, $3 billion coming from in-house, Dai-ichi, and $3 billion from third parties. Can you give us a sense as to when those flows are likely to strike?

A. Andrea Rossi:
Yes, Andrew, it's five years, not three years, but obviously it's not going to happen overnight. Clearly, we know some of our strong investment capabilities are both on private assets and on the public asset side. They will have to see how, for example, on the $3 billion of their own balance sheet, how they can deploy that. But I would say it's not going to happen overnight.

We have, a very strong engagement program we're going to deliver on. We have a strong governance here. I am already going out very soon to meet with Kikuta-san and his team again, so it will come progressively, but you should not expect that this is going to come in the first year. It will take time. But I would say in the coming 12 months, we should see some flows coming out from this. In particular, I would say, here in Europe on private and public assets.

A. Luca Gagliardi:
And to reinforce what Andrea just said, I would really see this as a long-term partnership to drive long term benefit to the company. I would not jump straight into my model for half-year results or full-year results considering where we are in the year. So it's clearly the impact is going to be known on half-year numbers and limited on full-year numbers. This is really something for 2026 and beyond as we build on the strong partnership.

Q. Farooq Hanif JP Morgan:
Just one question on regulatory approval and timing if you could elaborate around that.

A. Andrea Rossi:
Well, the regulatory approval in terms of the shareholding, they will have to get regulatory approval after they have bought 10%. Until then, they will be buying in the market. So after 10% approval in order to move up to 15%. And of course, that's the rules here in the UK.

Closing remarks – Andrea Rossi

I'm obviously super excited about this partnership. It's a strong sign of endorsement in the confidence on what we've been doing on our strategy, in our execution, in our management team.

As I said, it's about growth. This is going to help us to accelerate growth. We have the $6 billion inflows that will come over five years. We will see additional distribution opportunities in Asia and Japan. We will see, in terms of product development, opportunities to co-invest to look potentially at investments together. It will accelerate our ambition both on private assets to grow private assets significantly in Europe, but also accelerate on our internationalization.

So I believe this to be a very strong partnership with a very strong partner which is complementary to us and has a similar structure. So I really think when I look at financial strength, simplification, and growth. This accelerates over time that's a strategic pillar.

So yes, excited, and of course now we need to make sure that this works and more to come. As Luca said, it's going to be more for 2026, but obviously we will update you in due course.