



2019 Full year results

10 March 2020

M&G plc full year 2019 results

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Notes: All figures relate to continuing operations unless otherwise stated. Where relevant, 2018 figures have been restated to include the results of entities acquired prior to the demerger as if those entities had always been combined, in line with merger accounting principles. Throughout this presentation, totals in tables and charts may not sum as a result of rounding.

Financial highlights

| | | FY 2018 | FY 2019 |
|--------------------------------|---|---------|---------|
| AUMA & Flows | Assets under Management and Administration (£bn) | 321 | 352 |
| | Savings and Asset Management net client flows (£bn) | (1.7) | (1.3) |
| Adjusted operating profit | Adjusted Operating Profit (£m) | 1,621 | 1,149 |
| | - of which Savings and Asset Management (£m) | 468 | 474 |
| | - of which Heritage (£m) | 1,165 | 752 |
| Capital and Capital Generation | Shareholder Solvency II surplus (£bn) | 4.0 | 4.5 |
| | Shareholder Solvency II coverage ratio | 170% | 176% |
| | Total Capital Generation (£m) | 2,369 | 1,509 |



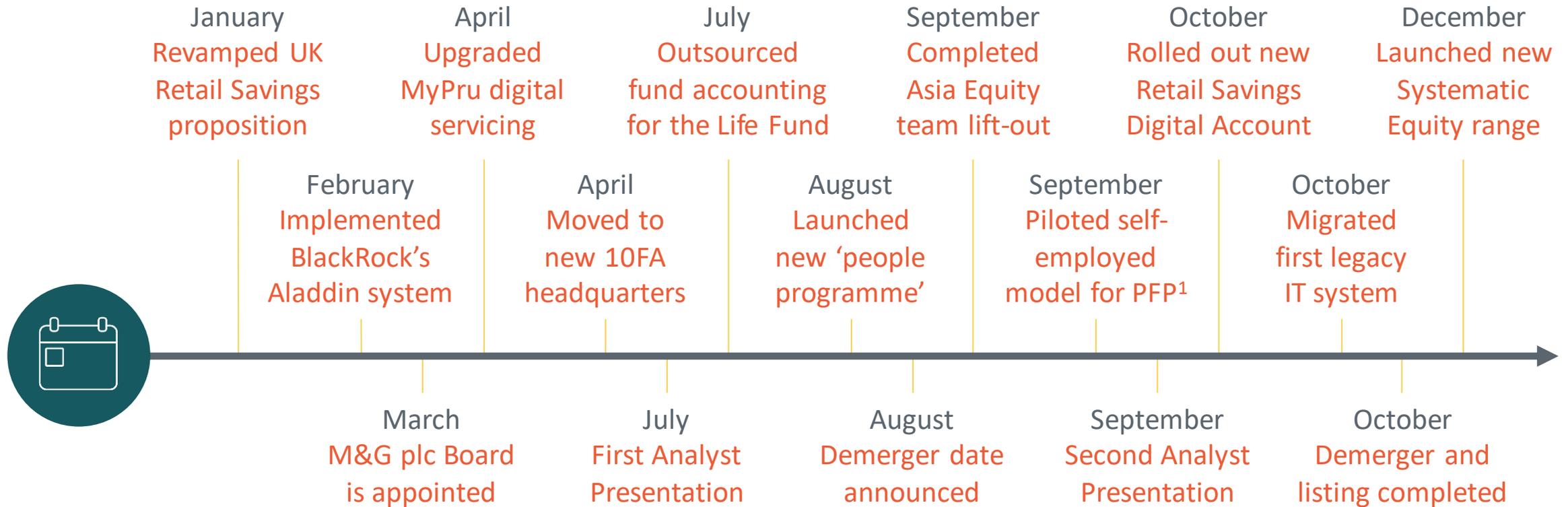
Business Review

John Foley, Chief Executive Officer

Continued delivery of business priorities alongside successful demerger

Key highlights

Business progress



Demerger activity

1. Prudential Financial Planners, our network of UK tied-advisors

Positive performance in a challenging market

Financial highlights

AUMA

£352bn

Adjusted
Operating Profit

£1,149m

Total Capital
Generation

£1,509m

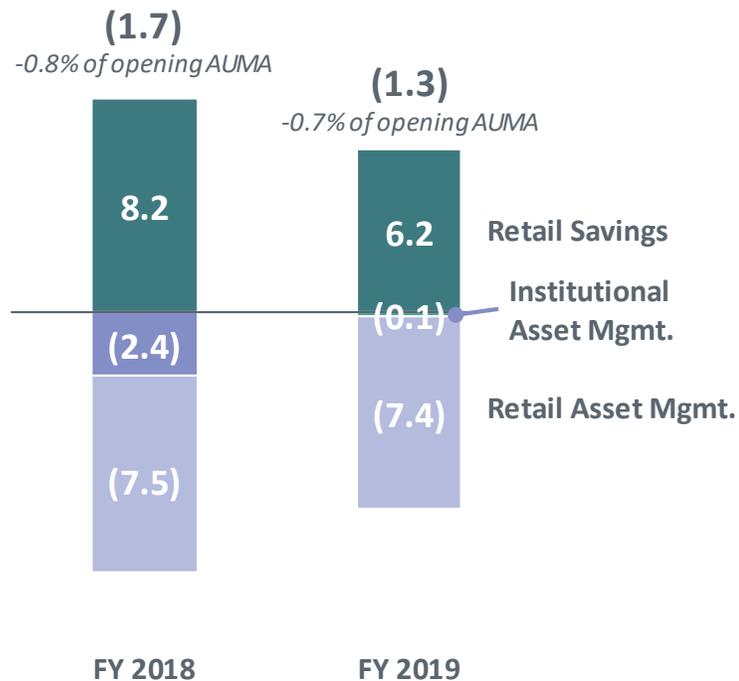
Shareholder
Solvency II
coverage ratio

176%

Savings and Asset Management Flows and investment performance

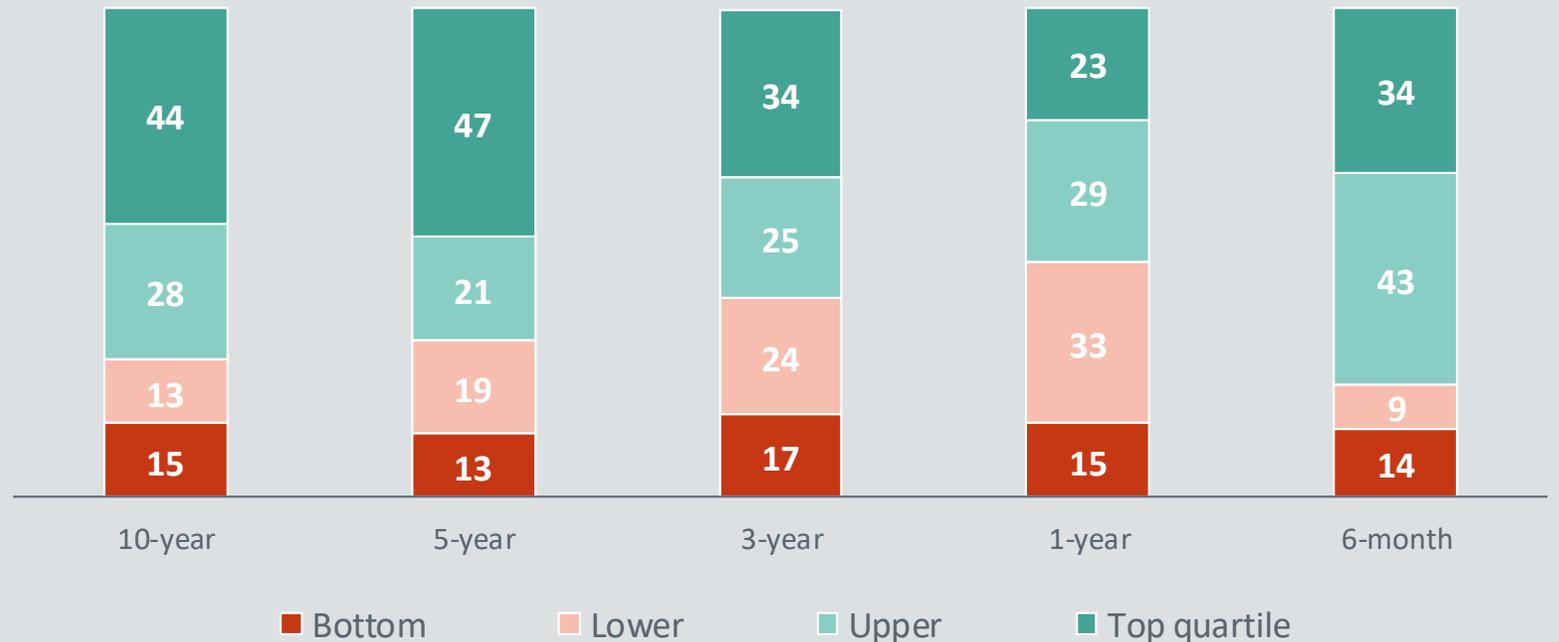
Savings and Asset Management net client flows

In £bn and as % of opening AUMA



Retail Asset Management performance

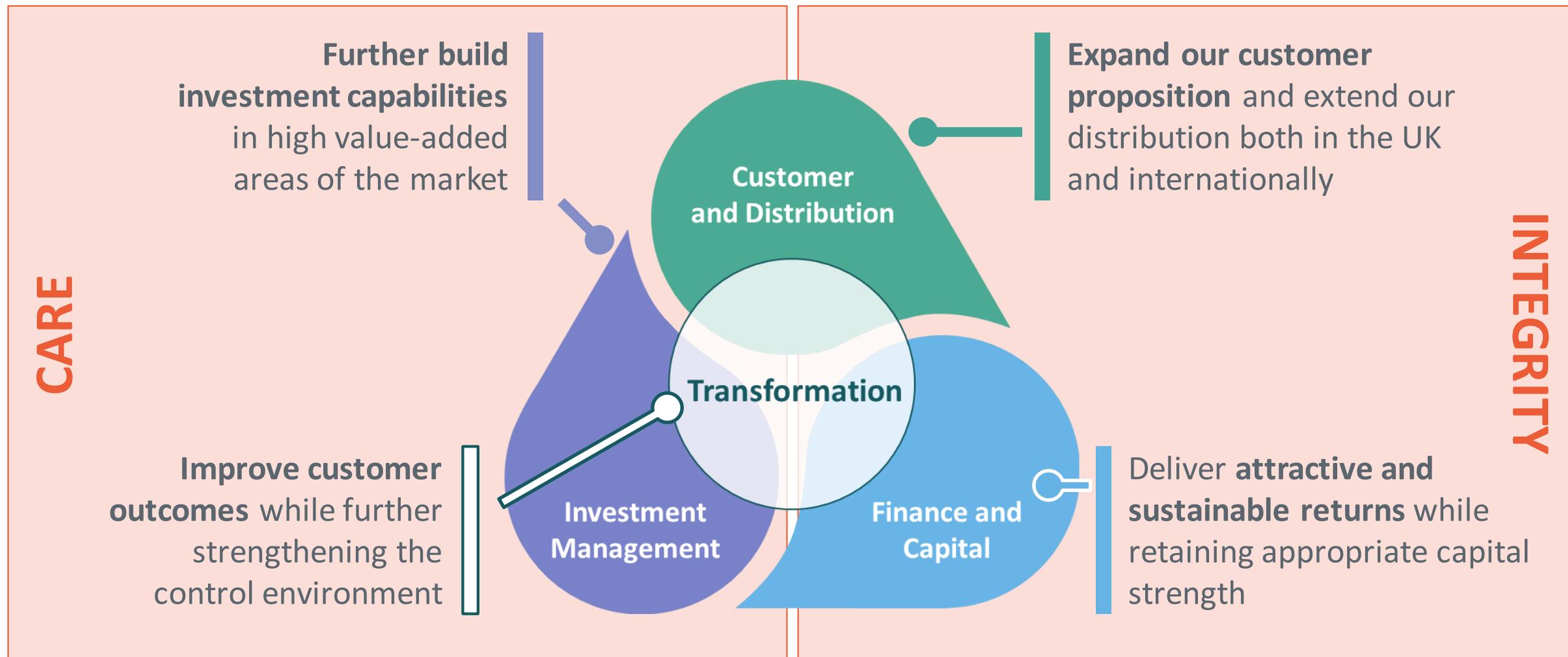
Mutual funds performance as of December 2019
(as % of AuM)¹



1. Source of data: M&G plc and Morningstar Inc. – Retail Asset Management is defined as all unitised products including OEICs, SICAV's, and Charitable funds. Funds are compared to their peer groups for illustration purposes, each product benchmark is prescribed in the prospectus. Any funds with performance track records less than the specified period are excluded, as are closed funds. The information contained within is correct at time of publication and subject to change

What we set out to achieve

Our ambition for M&G plc



Customer and Distribution



What we had told you

Expand our proposition and extend our distribution in the UK and internationally



Broaden and digitise our proposition for UK retail customers



Extend distribution reach leveraging existing footprint and relationship with global banks



Expand proven partnership model to key institutional clients across and outside Europe

What we have already achieved

Improved proposition for UK retail customers

- Launched **PruFolio** in January 2019, gathering £1.6bn net client flows including £0.3bn from non-smoothed range
- Introduced **self-employed model for PFP¹ advisors** in September, and improved advisor experience with new digital account

Expanding reach in Europe

- Significant preparatory work done for launch of **PruFund in Europe through local partnerships** in 2020
- Increased focus on **wholesale solutions** developed jointly with largest distribution partners, 2019 gross sales of £1bn

Deepening partnerships with institutional clients

- **67 institutional mandate wins in the UK and 47 in Europe**
- **Strong traction in multi-credit solutions**, such as Cashflow Driven Investing and our Illiquid Credit Opportunity Funds

Investment Management



What we had told you

Further build investment capabilities in high value-added areas of the market



Combine the full breadth of our capabilities to provide clients with **outcome-oriented solutions**



Expand private asset sourcing internationally and drive innovation in private markets



Focus and **strengthen capabilities in high-value areas** of public markets

What we have already achieved

Continue building presence in Private Asset markets

- Committed just under **\$1bn to new investments in Asia and the US** following build of local origination capabilities
- Raised capital for a **second Infrastructure greenfield-focused fund** – Expected close at £1.25bn in Q2 2020
- **Expanded Real Estate proposition** with higher-value add institutional strategies and more stringent ESG criteria

Expanded our Public Asset range

- **Strengthened Emerging Market capabilities** by hiring additional debt analysts and an Asian-equity team
- **Established initial coverage of the US fixed income market** hiring senior credit specialists
- **Launched three Systematic Equity funds** in Q4 2019, leveraging a capability initially seeded by the Life Fund

Transformation



What we had told you

Improve customer outcomes while further strengthening the control environment



Create a **multi channel/wrapper, digital environment** delivering great customer experience



Simplify IT and systems landscape and variabilise Heritage cost base



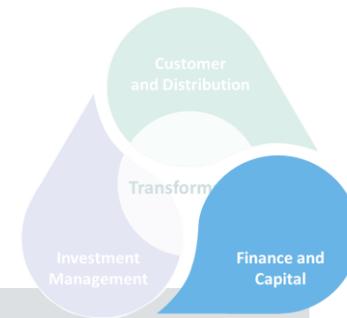
Deliver a **simplified and scalable model** for both distribution and investments

What we have already achieved

Landed the foundations of digital customer experience, and an increasingly variable cost base

- **New PruFund digital account** covering new business and claims for SiPP¹, ISA², and Heritage Bond
- New MyPru online platform, making **digital servicing available to over 4.5m Heritage customers**
- Completed the **migration of c. 450k policies to Diligenta BaNCS system**, decommissioning the legacy mainframe
- **Improved resilience of core platforms**, increasing control through automation, straight through processing, and delivery of key cyber capabilities
- Developed the required **operating model to expand PruFund distribution** (also internationally)

Finance and Capital



What we had told you

Deliver attractive and sustainable returns while retaining appropriate capital strength



Generate **£2.2bn capital** over a three-year period starting from 2020



Ensure the business operates with **appropriate financial strength** at all times



Complete the **transformation programme** on cost and in time, ending in 2022

Capital Generation

Total Capital Generation
£1,509m

Financial strength

Shareholder SII ratio of 176%
SII leverage ratio of 31%

Transformation programme

Run-rate savings c. 30%
achieved by 2019

Dividend to be paid in May¹

Ordinary £310m (11.92p)²
Demerger one-off £100m (3.85p)³

Our responsibilities towards customers, colleagues and society



Responsible Stewards

A 170-year heritage helping our customers manage their savings



Balancing financial returns and the needs of society



Prioritising engagement including on carbon emissions¹



Developing propositions with positive societal impact

Responsible Corporate Citizens

A new life as a public company with clear commitments



Net zero corporate carbon emissions by 2030 or sooner²



40% female and 20% ethnicity leadership³ by 2025 or sooner



Increased support to local charities and community

KEY AREAS OF FOCUS

Climate change

Diversity & inclusion

1. We aim to reach carbon net-zero investment portfolios by 2050, across our total assets under management and administration, to align with the Paris agreement;

2. Includes Greenhouse Gas Protocol Scope 1 and 2 emissions and a minimum of 66% of upstream Scope 3 emissions (categories 1 to 8); 3. In this context, "leadership" refers to members of the Executive Committee and their direct reports

Our priorities for 2020

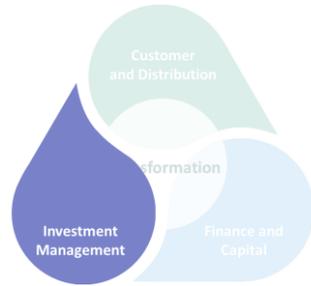


Customer and distribution

Broaden our proposition and product offering for advisors while improving accessibility, bringing all tax-wrappers onto a single UK digital platform

Start **distribution of PruFund in Europe**

Offer **multi-credit solutions to institutions** outsourcing parts of their portfolio management



Investment Management

Continue designing high value-add solutions that address relevant needs of our retail and institutional clients

Drive investment innovation **leveraging the asset owner asset manager relationship**

Continue **deployment of private asset sourcing staff** in Asia and the US

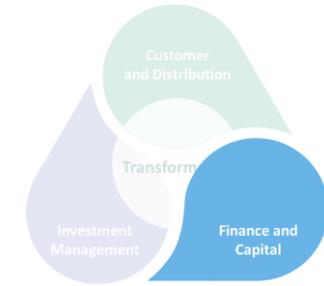


Transformation programme

Drive up **digital adoption and coverage** across customer and advisor journeys

Continue **consolidation onto core platforms¹**, simplifying IT, operational resilience and reducing cost

Increase **automation and efficiency** across enterprise-wide processes while strengthening controls



Finance and Capital

Identify levers for **balance-sheet optimisation**

Renew the With-Profits Transfer **hedging programme**

Target value-adding opportunities to **deploy With-Profits surplus**

Continue preparatory work for **implementation of IFRS17**



Financial Review

Clare Bousfield, Chief Financial Officer

Financial highlights

Positive performance in a challenging market

AUMA

£352bn

- 9% increase in AUMA¹ vs. 2018 closing of £321bn
- Underpinned by £28bn market and other movements and inclusion of £11bn reinsurance assets from Rothesay
- Resilient flows in Savings & Asset Management with limited net outflows £(1.3)bn

Adjusted Operating Profit

£1,149m

- Higher contribution from Savings & Asset Mgmt. segment, £474m vs. £468m
- Expected Heritage reduction, £752m vs. £1,165m, as 2018 included £441m longevity and £166m TRASP² recovery
- Planned build of Corporate Centre costs of £77m vs. £12m in 2018

Total Capital Generation

£1,509m

- £1,276m Operating Capital Generation vs. £1,842m in 2018 due to lower longevity releases, non recurrence of TRASP² reinsurance recovery, and new Corporate Centre and interest costs
- £233m Non Operating Capital Generation vs. £527m in 2018, which included capital generated in relation to Rothesay transaction

Shareholder Solvency II ratio

176%

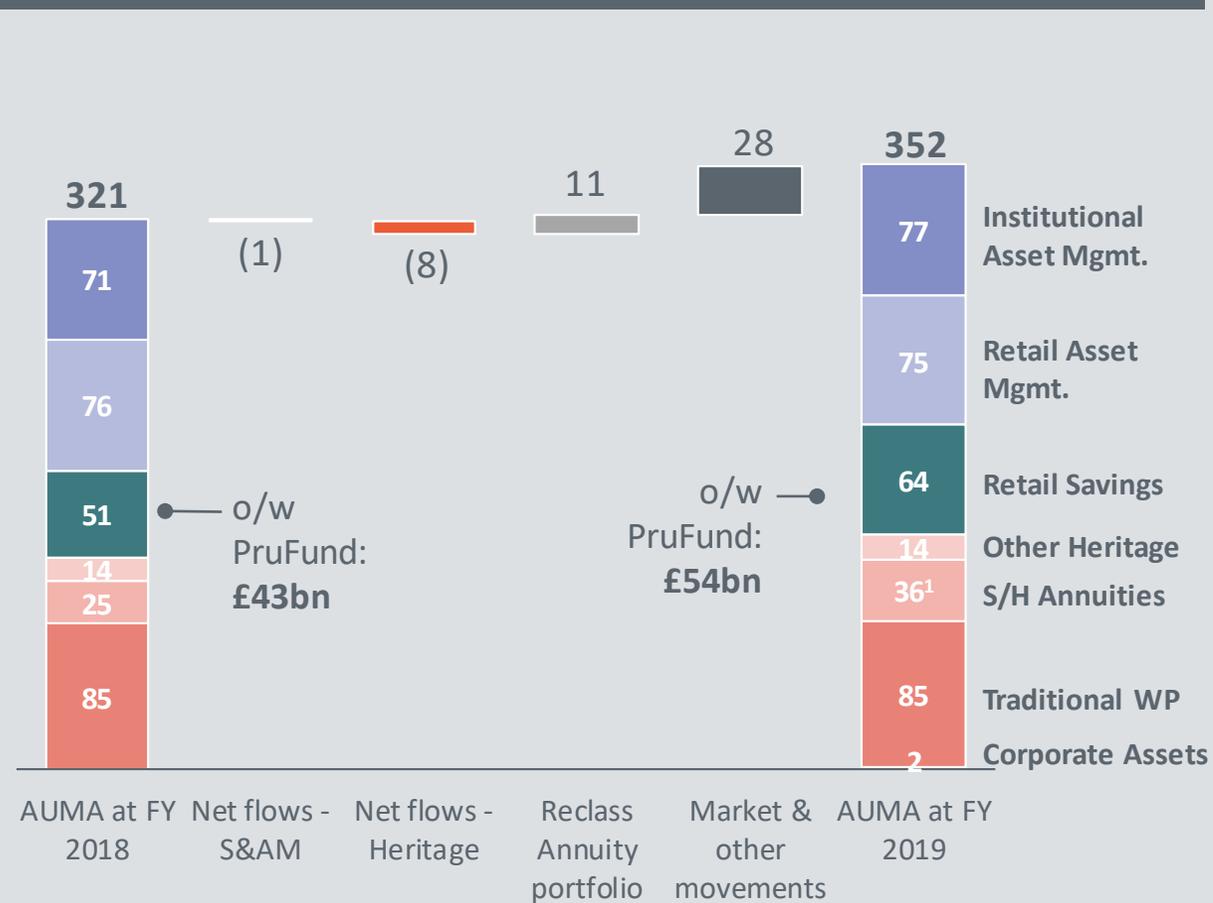
- Based on £10.3bn Own Funds³ and £5.9bn capital requirements
- Up from 170% in 2018
- Benefited from positive market movements of £538m

1. Includes £11bn reinsurance assets from Rothesay Life plc that, for accounting purposes, were previously classified as Held for Sale;

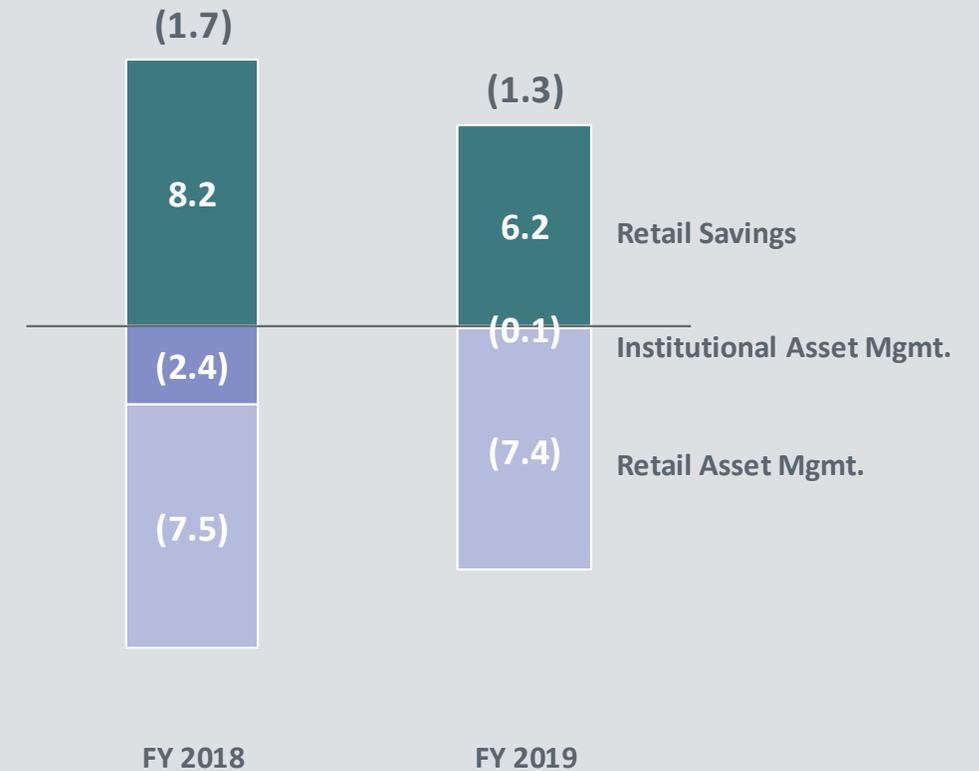
2. Thematic Review of Annuity Sales Practices; 3. Before dividends, which are deducted when paid

Net client flows and AUMA

Movement in AUMA £bn



Savings & Asset Management net client flows £bn



1. Includes £11 billion of AUMA that for accounting purposes are no longer classified as Held for Sale

Adjusted Operating Profit by source

| £m | | FY 2018 | FY 2019 | YoY% |
|----------------------------------|---|--------------|--------------|--------------|
| Savings & Asset Management | Asset Management | 473 | 381 | (19)% |
| | With-Profits (PruFund ¹) | 54 | 55 | +2% |
| | Other | (59) | 38 | n.m. |
| | Total Savings & Asset Management | 468 | 474 | +1% |
| Heritage | With-Profits | 201 | 187 | (7)% |
| | Shareholder Annuities & Other | 964 | 565 | (41)% |
| | Total Heritage | 1,165 | 752 | (35)% |
| Corporate Centre | Debt Interest | - | (29) | n.m. |
| | Head Office | (12) | (48) | n.m. |
| | Corporate Centre | (12) | (77) | n.m. |
| Adjusted Operating Profit | | 1,621 | 1,149 | (29)% |

1. Includes an amount of PruFund predecessor unitised With-Profits contracts

Sources of earnings

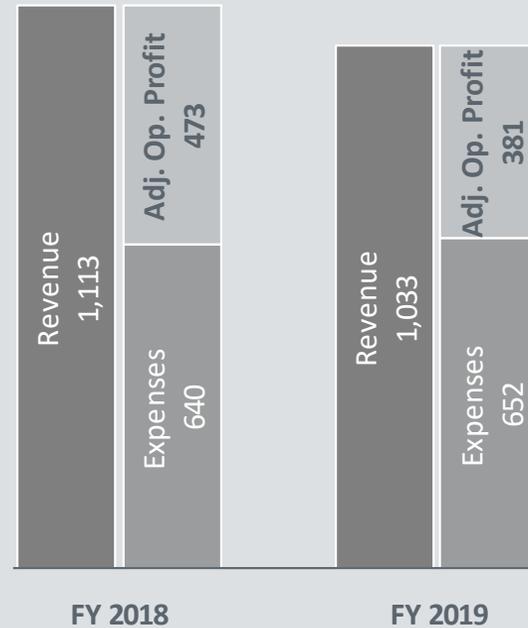
Asset Management

Savings & Asset Management

AuM (£bn)



Profitability¹ (£m)



Key ratios

Average fee margin² (bps)



Cost / Income ratio (%)



1. Adjusted Operating Profit, excluding share of associate profit and investment income;

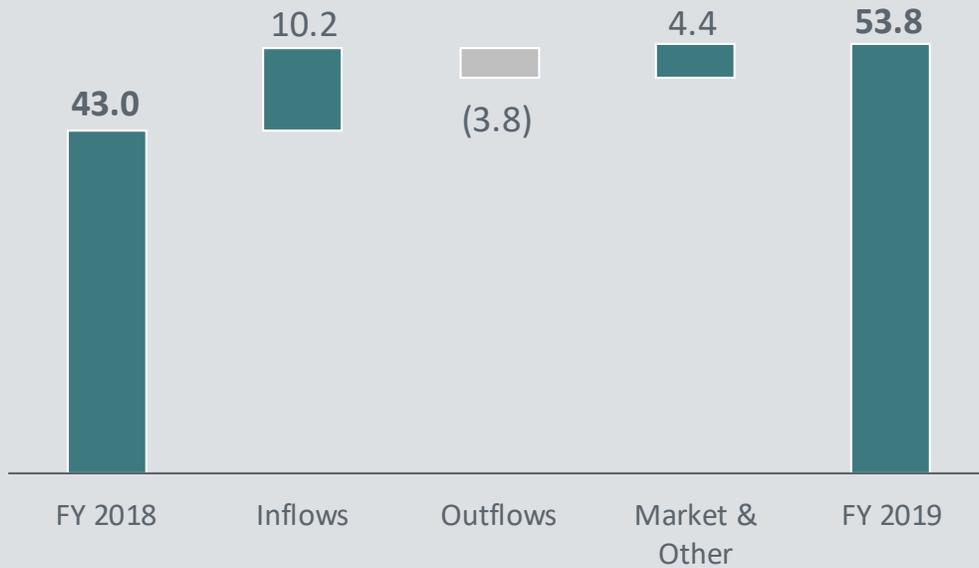
2. Fee margin calculated as fee based Adjusted Operating Income over monthly average AuM – Excludes Performance fees of £15m and £27m in FY 2018 and FY 2019 respectively – Includes fees on Prudential Assurance Company internal assets managed by M&G

Sources of earnings

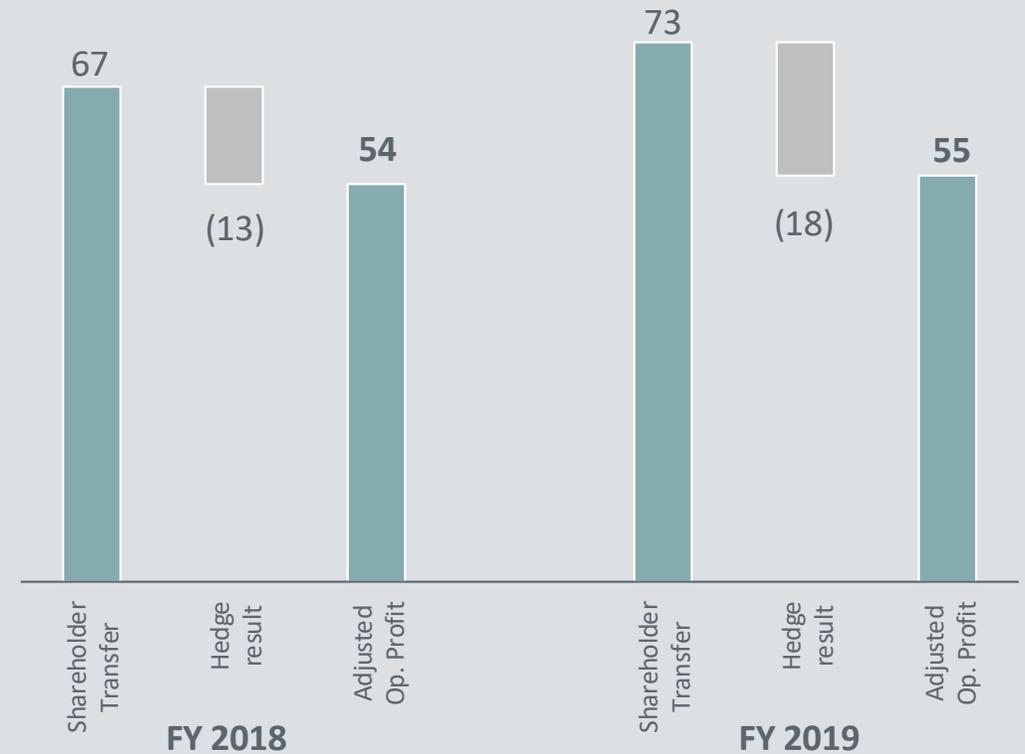
With-Profits / PruFund

Savings & Asset Management

PruFund AUMA (£bn)



Adjusted Operating Profit (£m)¹



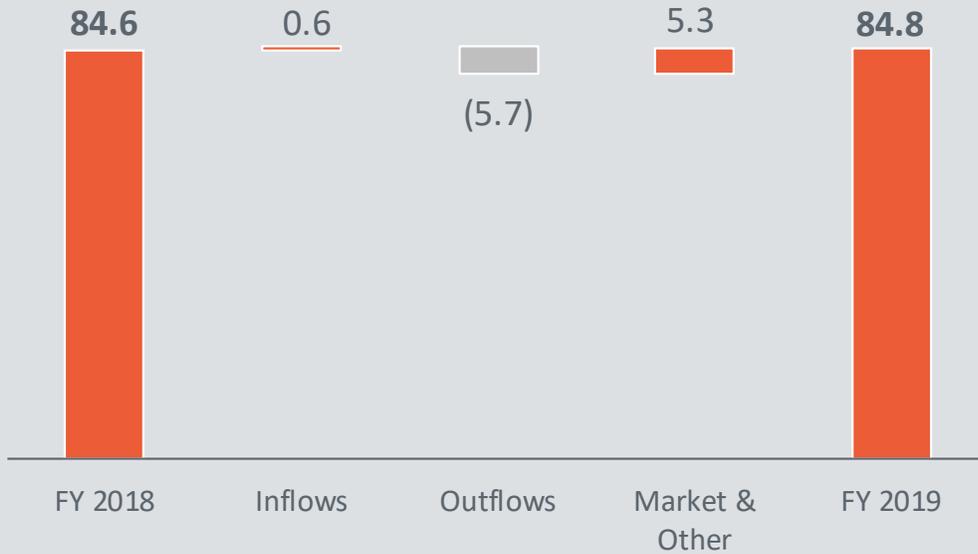
1. Shareholder Transfer includes PruFund and a small amount of PruFund predecessor unitised With-Profits contracts

Sources of earnings

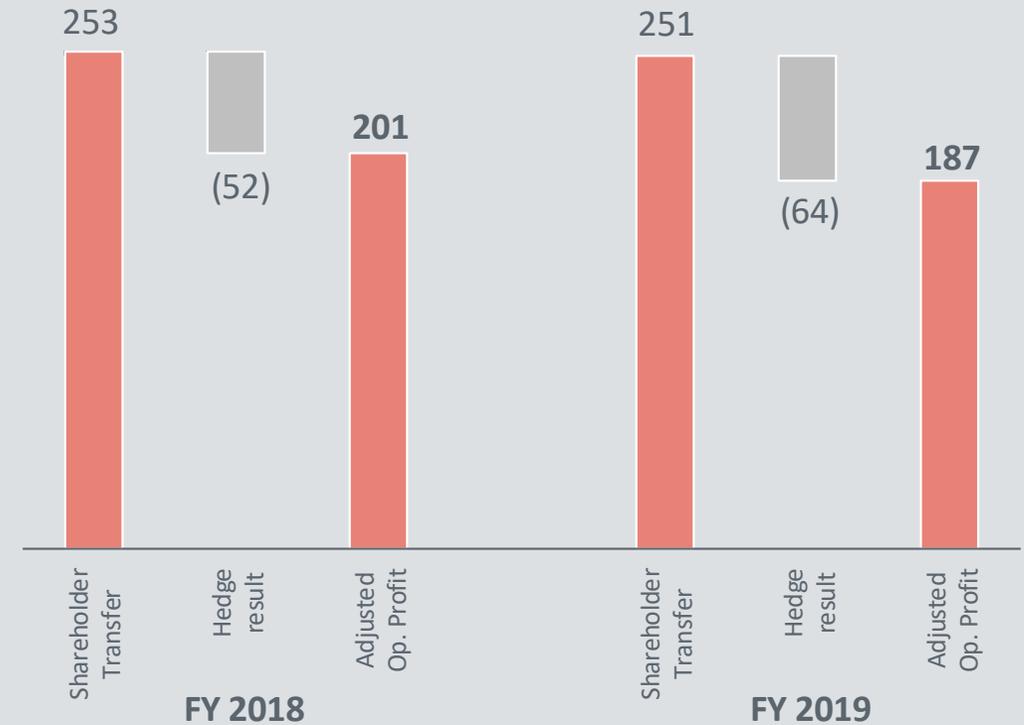
Traditional With-Profits

Heritage

Traditional WP AUMA (£bn)



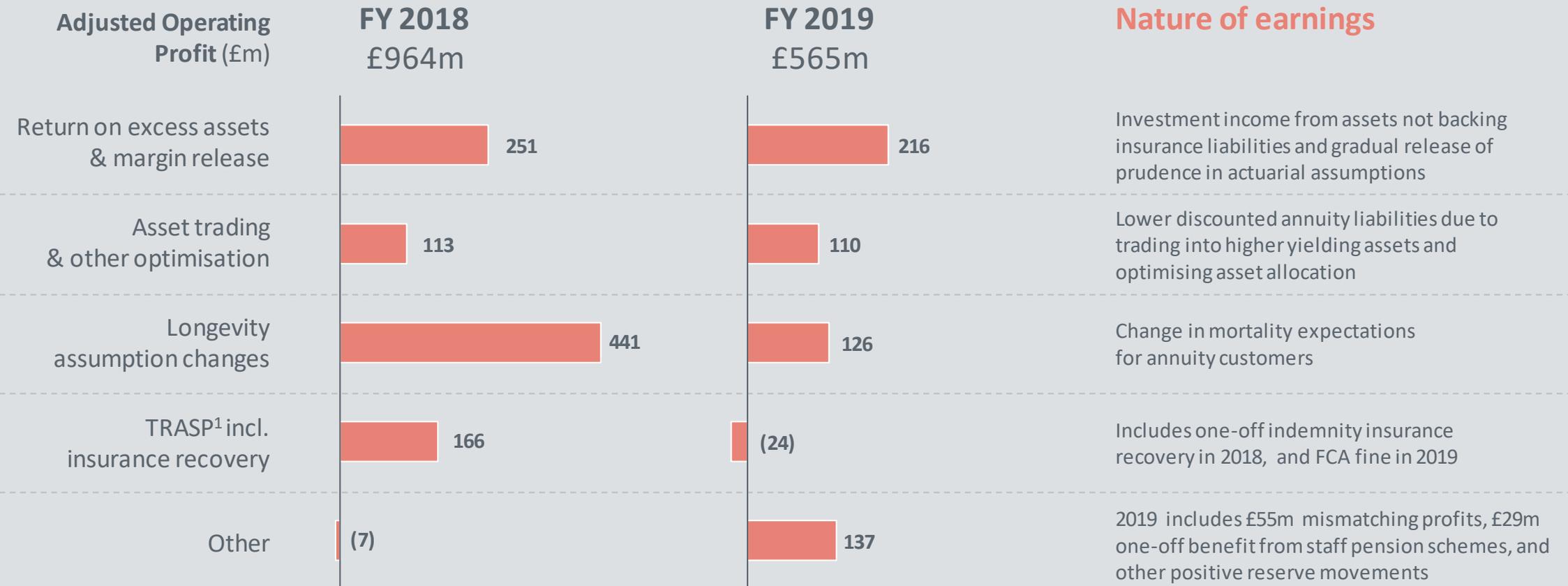
Adjusted Operating Profit (£m)



Sources of earnings

Shareholder Annuities & Other

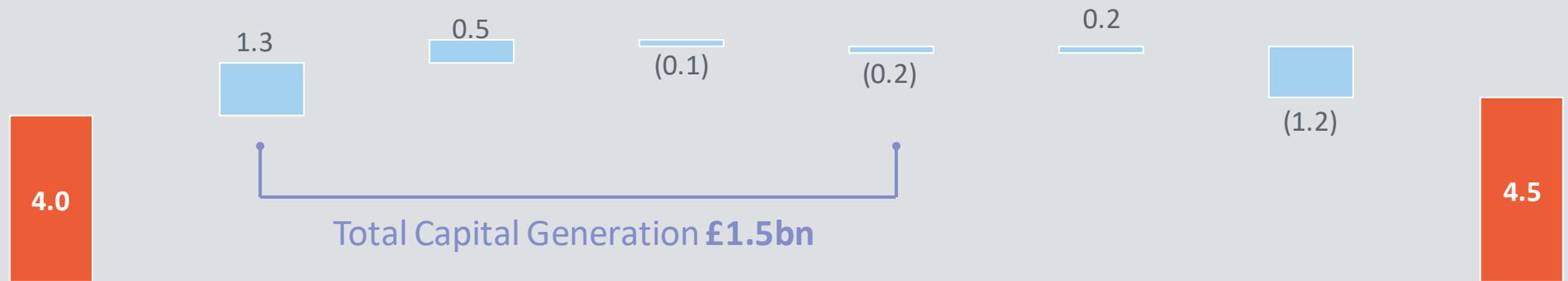
Heritage



Capital Generation

FY 2019 Total Capital Generation at £1.5 billion

Shareholder Solvency II surplus, £bn



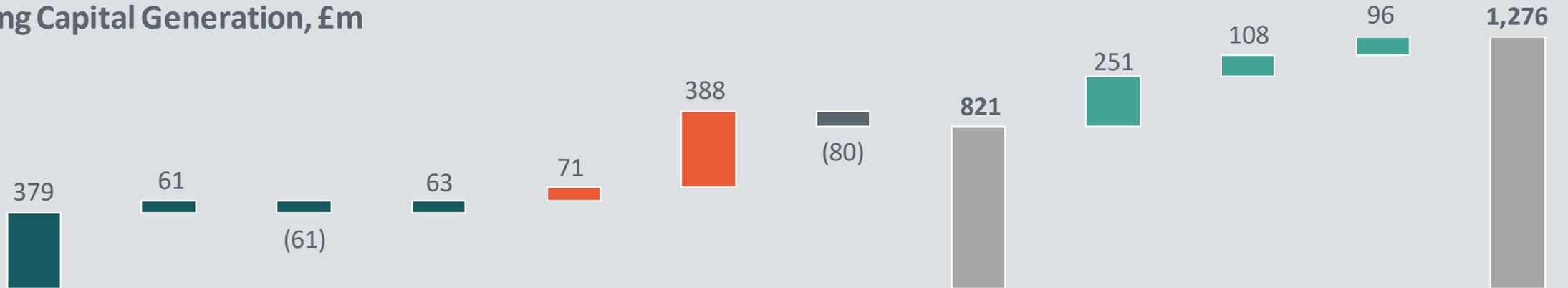
| £bn | FY 2018 | Operating Capital Generation | Market movements | Other movements | Tax | Discontinued operations ¹ | Dividends & capital movements | FY 2019 |
|------------------|-------------|------------------------------|------------------|-----------------|--------------|--------------------------------------|-------------------------------|-------------|
| Own Funds | 9.7 | 1.1 | 1.0 | (0.2) | (0.1) | 0.1 | (1.2) | 10.3 |
| SCR | 5.7 | (0.2) | 0.4 | (0.0) | 0.0 | (0.1) | 0.0 | 5.9 |
| Surplus | 4.0 | 1.3 | 0.5 | (0.1) | (0.2) | 0.2 | (1.2) | 4.5 |
| SII Ratio | 170% | | | | | | | 176% |

1. Discontinued operations include corporate treasury activity of Prudential Capital Holdings Limited (PruCap) and Prudential Vietnam Finance Company Limited

Sources of Operating Capital Generation

FY 2019: £1.3bn pre-tax

Operating Capital Generation, £m

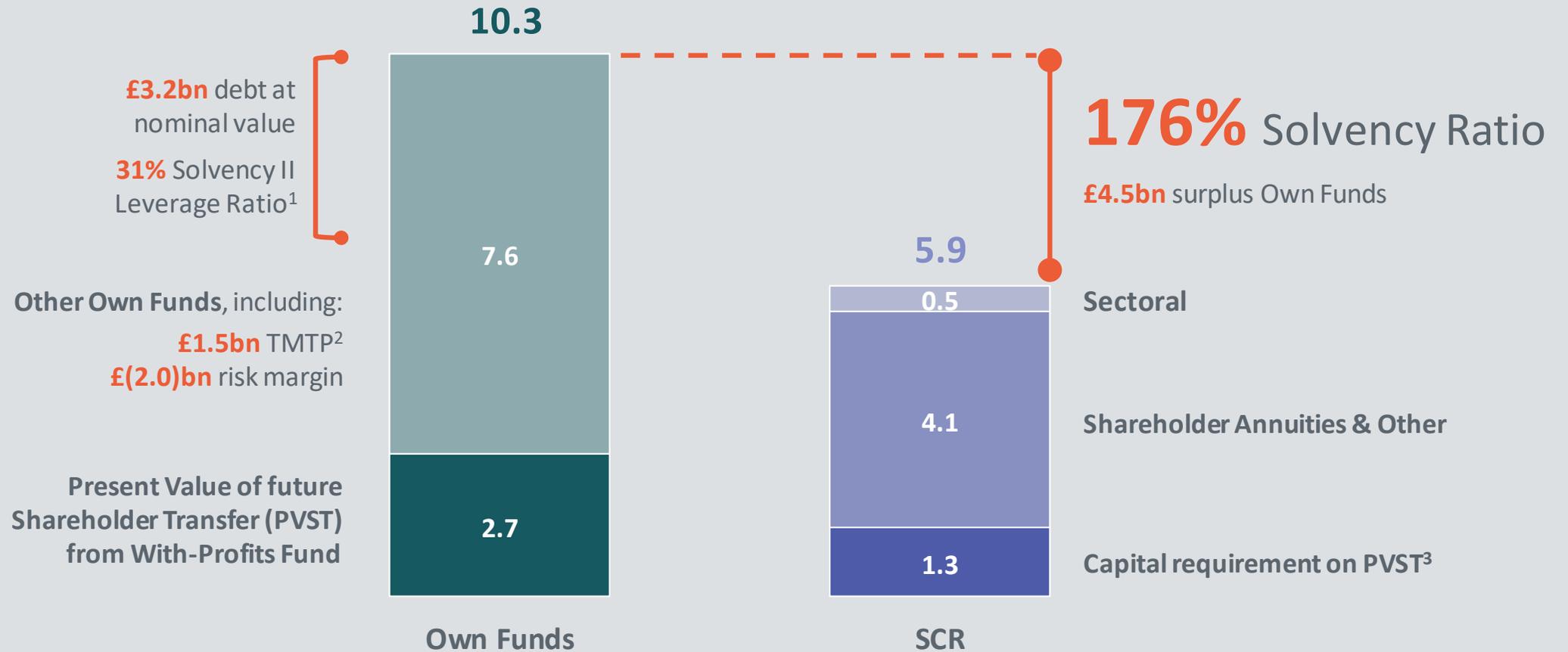


| £m | Savings & Asset Management Underlying Capital Generation | | | | Heritage Underlying Capital Generation | | Corporate Centre Underlying Capital Generation | Total Underlying Capital Generation | Other Operating Capital Generation | | | Total Operating Capital Generation |
|---------|--|-----------------------|-----------------------|-------|--|------------------|--|-------------------------------------|------------------------------------|-----------|-------|------------------------------------|
| | Asset Management | With-Profits in-force | With-Profits new bus. | Other | With-Profits | S/H Ann. & Other | | | Asset trading /hedging | Longevity | Other | |
| FY 2019 | 379 | 61 | (61) | 63 | 71 | 388 | (80) | 821 | 251 ¹ | 108 | 96 | 1,276 |
| FY 2018 | 397 | 27 | (52) | 17 | 152 | 371 | (12) | 900 | 160 | 422 | 360 | 1,842 |
| Var | (18) | 34 | (9) | 46 | (81) | 17 | (68) | (79) | 91 | (314) | (264) | (566) |

1. Including £80m from new With-Profits equity hedge programme

Shareholder Solvency II coverage ratio

FY 2019, £bn

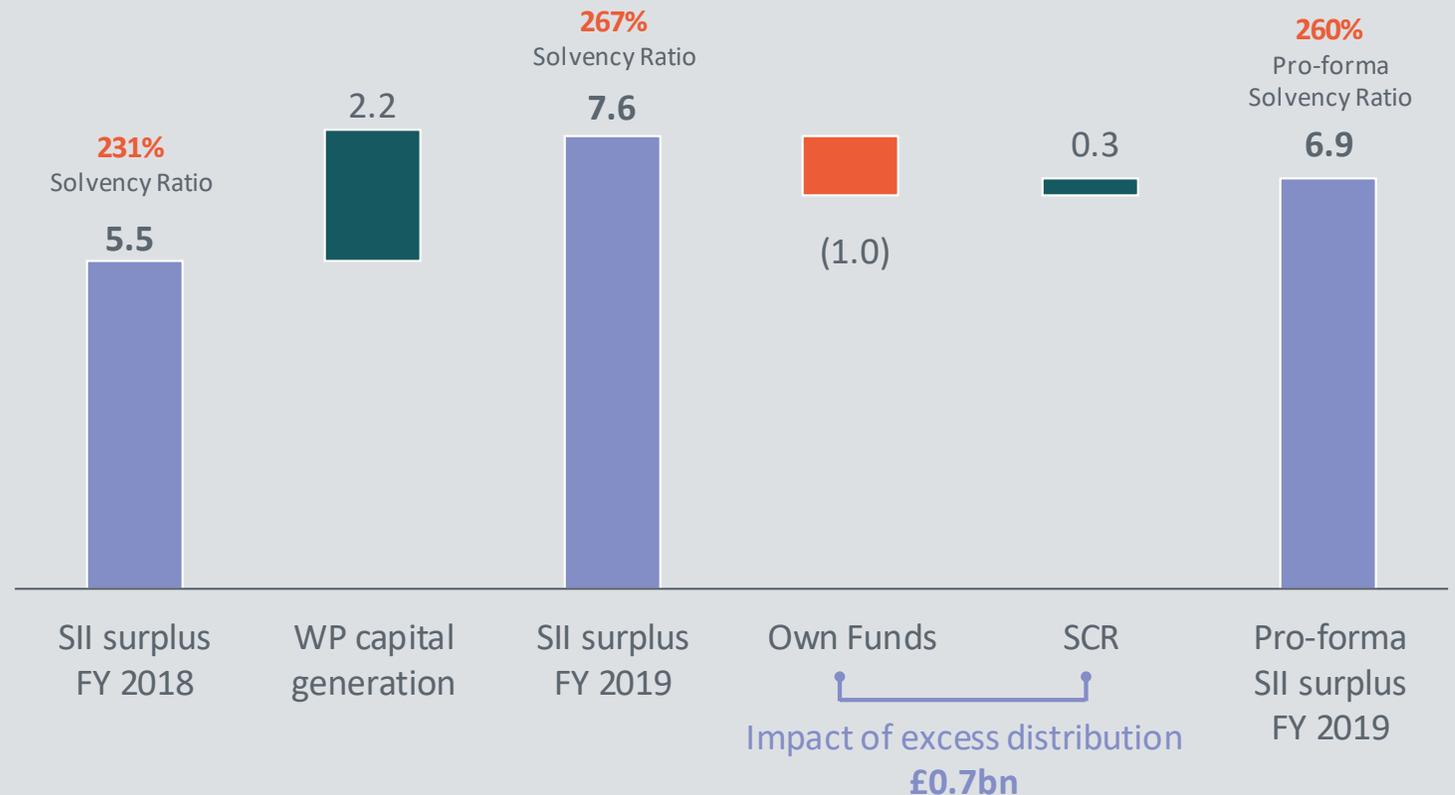


1. Calculated as nominal value of debt as % of total Group Own Funds;
 2. Transitional Measures on Technical Provisions; 3. Net of hedging

With-Profits excess surplus distribution

- **£1 billion** excess surplus capital within the **With-Profits fund** distributed as part of the 2020 bonus declaration/price adjustment¹, partially offset by lower capital requirements
- **Shareholders** are entitled to **1/9th of the excess capital** distributed (c.£100 million). Payment occurs only over time upon customer withdrawal
- After the distribution, the With-Profits fund solvency ratio remains **strong and resilient** to adverse stress scenarios
- Negligible impact on shareholder Solvency II ratio after TMTP

With-Profits Fund view £bn

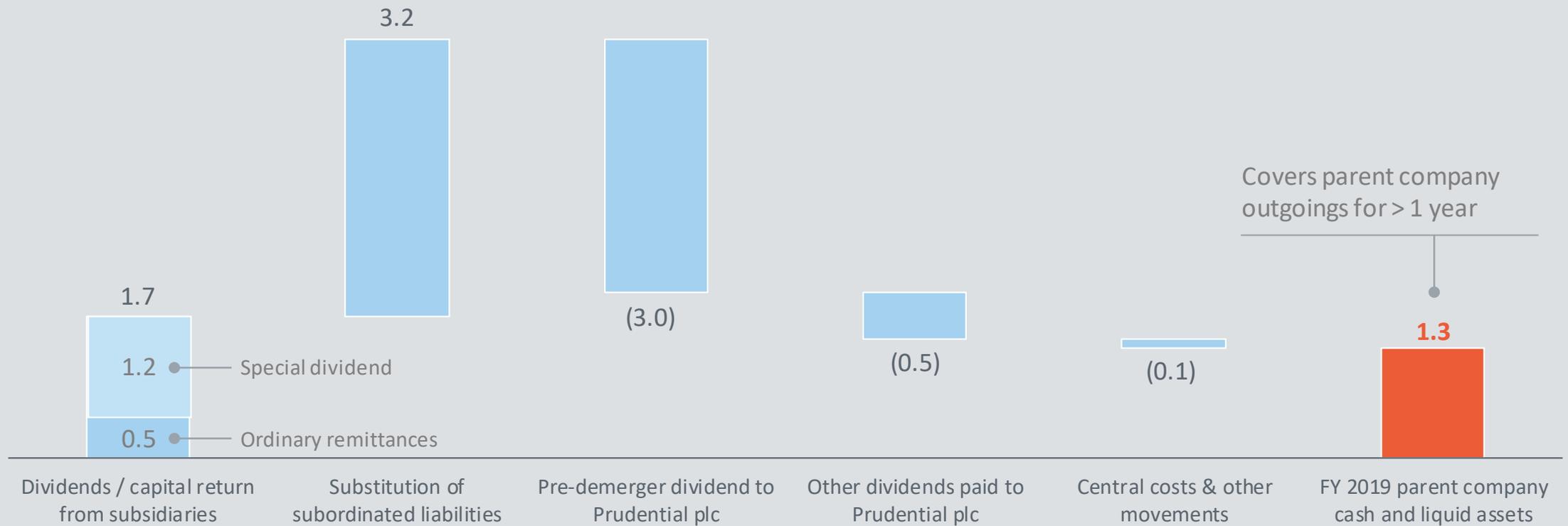


1. For traditional With-Profits policies the distribution is part of the Final 2020 bonus declaration, for PruFund policies the distribution is completed through price adjustment

Parent company liquidity

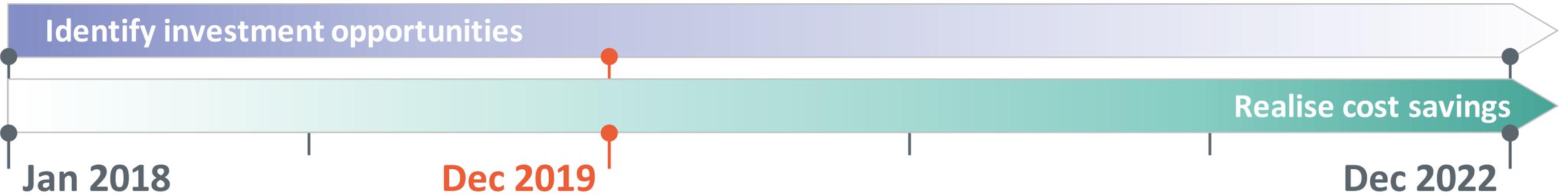
Initial position established

Parent company cash and liquid assets
FY 2019, £bn



Transformation programme

Gradual shift of focus



Key achievements to date

- Developed initiatives to deliver key programme objectives
- Implemented governance to oversee delivery of milestones
- Invested in modernising IT infrastructure
- Commenced migration of policy administration systems
- Implemented key outsourcing agreements
- Upgraded customer and advisor platforms

Core objectives for next 3 years

- Continue execution of initiatives already identified
- Accelerate cost savings (e.g. voluntary redundancy programme)
- Consolidate IT landscape and automate core processes
- Decommission expensive legacy systems
- Variabilise cost base of run-off elements of the business
- Support growth targets through scalable operations



Transformation investment spend as of FY2019



Transformation run-rate savings as of FY2019



Sources of earnings – Expected development¹

Key drivers of Adjusted Operating Profit

Savings & Asset Management

Asset Management

- **AuM & Flows:** Focused on medium-term growth
- **Average fee margin:** Pressure across industry on Retail. Institutional expected to be resilient
- **Costs:** Beneficial impact of transformation; expected investment in growth initiatives. Strong cost focus in current market conditions

With-Profits

- **Positive net client flows** expected in UK. Aiming for first inflows from Europe.
- **Shareholder transfers** continue to rise as AUMA grows and the book matures
- **Hedge result** to remain a net cost under normal market conditions (see appendix)

Other

- Result from minor other businesses (including Prudential international branches) and service companies
- Expected to remain positive but small in Group context

Heritage

With-Profits

- **Shareholder transfers** expected to remain stable short / medium term
- **Hedge result** to remain a net cost under normal market conditions (see appendix)

Shareholder Annuities & other

- **Return on excess assets and margin release** expected to be lower in 2020 due to payment of dividend up to M&G plc at end 2019
- **Annuity asset trading** expected to remain positive, but at lower levels than previous years
- **Longevity** assumptions to be reviewed in 2H 2020

Corporate Centre

Head Office expense

- Expenses expected to be in the range of £80-100m p.a.
- Investment income on £1.3bn of liquid assets now at holding company

Debt interest cost

- Coupons on post-demerger debt of £3.2bn amount to c. £190m² p.a.
- Impact (positive) of c. £35m² p.a. amortisation of fair value premium

1. Assumes no abnormal developments in financial markets, major regulatory changes, or other unexpected external developments;

2. Based on USD / GBP exchange rate as of 31st December 2019

Priorities for the period ahead

Business growth



- Expand PruFund reach to Europe while maintaining UK momentum
- Continue building Institutional Asset Management franchise
- Return to positive flows in Retail Asset Management

Transformation programme



- Continue to improve customer experience
- Deliver a more modern, efficient and scalable operating model
- Accelerate delivery of cost savings initiatives

Capital management



- Continue to deliver capital optimisation
- Develop initiatives to leverage strength of the With-Profits fund
- Review mortality assumptions in the second half of 2020

Deliver attractive and sustainable shareholder returns
Target 2020-2022 Capital Generation of £2.2bn





Wrap-up messages

John Foley, Chief Executive Officer

Key messages

1



Unique and compelling business mix being both an Asset Manager and an Asset Owner

2



Differentiated and **high-value added savings & investments solutions** to address customers' needs

3



Proven track record for growing new franchises, at home and internationally

4



Well positioned to capture opportunities from demographic shifts and the search for yield

5



Attractive total return profile with capital discipline and profitable growth

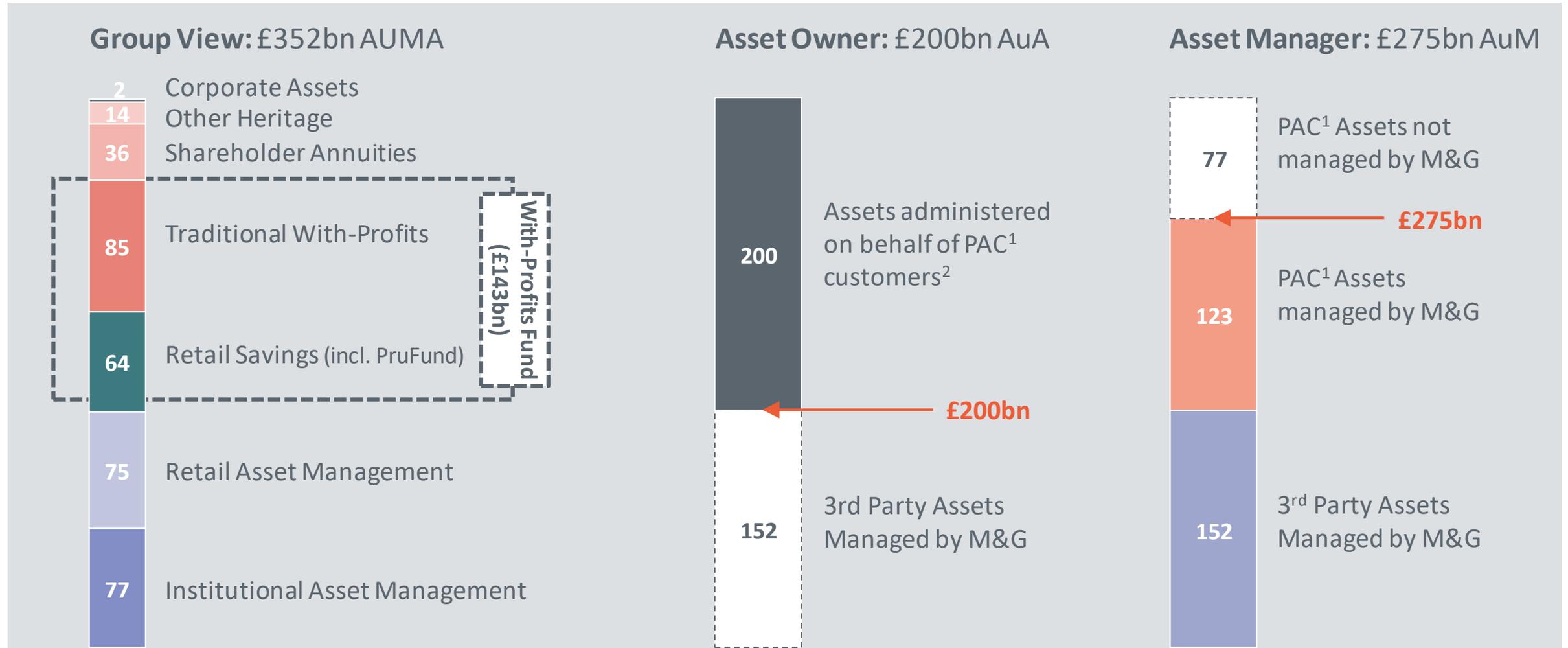


Appendix

Additional financial information

Our asset base

We are an Asset Owner and an Asset Manager



1. Prudential Assurance Company;

2. Includes Corporate Assets and Other Assets Under Administration

Asset under Management and Administration

| £bn | | FY 2017 | Inflows | Outflows | Net client flows | Market / Other | FY 2018 | Inflows | Outflows | Net client flows | Market / Other | FY 2019 |
|----------------------------|---|--------------|---------------|---------------|------------------|----------------|--------------|---------------|---------------|------------------|----------------|--------------|
| Savings & Asset Management | Institutional Asset Management | 73.6 | 11.2 | (13.6) | (2.4) | (0.7) | 70.5 | 10.7 | (10.8) | (0.1) | 6.4 | 76.8 |
| | Retail Asset Management | 90.3 | 26.3 | (33.8) | (7.5) | (6.4) | 76.4 | 21.2 | (28.6) | (7.4) | 5.9 | 74.9 |
| | Retail Savings | 44.0 | 12.3 | (4.1) | 8.2 | (1.6) | 50.6 | 11.0 | (4.8) | 6.2 | 6.7 | 63.5 |
| | - of which: PruFund | 35.9 | 12.0 | (3.5) | 8.5 | (1.4) | 43.0 | 10.2 | (3.8) | 6.4 | 4.4 | 53.8 |
| | Other | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.5 | 0.7 |
| | Total Savings & Asset Management | 208.1 | 49.8 | (51.5) | (1.7) | (8.7) | 197.7 | 42.9 | (44.2) | (1.3) | 19.5 | 215.9 |
| Heritage | Traditional With-Profits | 91.4 | 0.5 | (5.8) | (5.3) | (1.5) | 84.6 | 0.6 | (5.7) | (5.1) | 5.3 | 84.8 |
| | Shareholder Annuities | 39.1 | (0.7) | (0.6) | (1.3) | (12.9) | 24.9 | 0.2 | (2.3) | (2.1) | 12.7 | 35.5 |
| | Other | 12.1 | (0.1) | (0.3) | (0.4) | 2.3 | 14.0 | (0.2) | (0.2) | (0.4) | 0.1 | 13.7 |
| | Total Heritage | 142.6 | (0.3) | (6.7) | (7.0) | (12.1) | 123.5 | 0.6 | (8.2) | (7.6) | 18.1 | 134.0 |
| Corporate Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 1.6 | |
| Group Total | 350.7 | 49.5 | (58.2) | (8.7) | (20.8) | 321.2 | 43.5 | (52.4) | (8.9) | 39.2 | 351.5 | |

AUMA by asset class

FY 2019

| £bn | On-balance sheet AUMA | | | | | External AuM | | | Total AUMA |
|--|-----------------------|-------------|---------------------------------|------------------|------------------------|--------------|---------------|----------------|------------|
| | With-Profits | Unit linked | S/H Annuity & other shareholder | Corporate Assets | Total on-balance sheet | Retail | Institutional | Total external | |
| Equities | 56 | 11 | 0 | 0 | 67 | 32 | 2 | 34 | 101 |
| Public fixed income | 46 | 3 | 20 | 1 | 70 | 38 | 36 | 74 | 144 |
| - of which Government | 8 | 1 | 6 | 1 | 16 | 18 | 15 | 33 | 49 |
| - of which Corporate | 38 | 2 | 14 | 0 | 54 | 20 | 21 | 41 | 95 |
| Private fixed income | 5 | 0 | 3 | 0 | 8 | 1 | 19 | 20 | 28 |
| Real estate | 11 | 1 | 1 | 0 | 13 | 2 | 12 | 14 | 27 |
| Alternatives | 9 | 0 | (1) | 0 | 8 | 0 | 3 | 3 | 11 |
| Other | 16 | 1 | 14 | 1 | 32 | 2 | 5 | 7 | 39 |
| Total | 143 | 16 | 37 | 2 | 198 | 75 | 77 | 152 | 350 |
| Other Assets Under Administration | | | | | | | | | 2 |
| Total Asset Under Management and Administration | | | | | | | | | 352 |

Retail Asset Management

Largest SICAV and OEIC mutual funds

| | | | | AuM and Flows in £bn | | | | | |
|-------------|------------|-------------|---------------------------------|----------------------|------|------------|-----------|--------------------|---------|
| RANK by AuM | PRODUCT | ASSET CLASS | FUND | YE 2018 | SALE | REDEMPTION | NET FLOWS | MARKET/ OTHER | YE 2019 |
| 1 | OEIC+SICAV | Bonds | Optimal Income | 20.5 | 9.2 | (10.1) | (0.9) | 0.8 | 20.4 |
| 2 | OEIC+SICAV | Multi Asset | Dynamic Allocation | 6.6 | 1.4 | (3.4) | (2.0) | 0.3 | 5.0 |
| 3 | OEIC+SICAV | Equities | Global Dividend | 5.4 | 0.7 | (1.7) | (1.0) | (0.1) ¹ | 4.3 |
| 4 | OEIC+SICAV | Bond | Global Floating Rate High Yield | 3.5 | 0.5 | (1.5) | (1.0) | 0.0 | 2.4 |
| 5 | OEIC+SICAV | Equities | Global Themes | 2.0 | 0.4 | (0.5) | (0.1) | 0.6 | 2.4 |
| 6 | OEIC+SICAV | Bond | Strategic Corporate Bonds | 2.6 | 0.2 | (0.7) | (0.4) | 0.2 | 2.4 |
| 7 | OEIC+SICAV | Bond | Corporate Bonds | 2.5 | 0.2 | (0.6) | (0.4) | 0.2 | 2.3 |
| 8 | OEIC+SICAV | Multi Asset | Conservative Allocation | 2.5 | 0.7 | (1.2) | (0.5) | 0.0 | 2.0 |
| 9 | OEIC+SICAV | Property | Property Portfolio | 2.7 | 0.4 | (1.1) | (0.7) | (0.2) | 1.8 |
| 10 | OEIC+SICAV | Equities | European Strategic Value | 0.3 | 0.2 | (0.1) | 0.1 | 1.4 ² | 1.8 |

1. In January 2019 c. £0.8bn from the Global Dividend OEIC fund was transferred into a segregated mandate

2. The £1.4bn increase is underpinned by the inclusion of a £1.6bn Eastspring mandate in our AuM from demerger date, October 2019 – When M&G plc was still part of Prudential plc, it had to exclude these AuM to avoid double-count at group level despite recognising the fee income relating to it

Retail Asset Management

Largest SICAV mutual funds

| | | | | AuM and Flows in £bn | | | | | | Quartile performance as of Dec-19 ¹ | | | |
|-------------|---------|-------------|---------------------------------|----------------------|------|------------|-----------|-------------------|---------|--|--------|--------|---------|
| RANK by AuM | PRODUCT | ASSET CLASS | FUND | YE 2018 | SALE | REDEMPTION | NET FLOWS | MARKET/ OTHER | YE 2019 | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
| 1 | SICAV | Bonds | Optimal Income | 0.6 | 7.9 | (5.8) | 2.1 | 14.4 ² | 17.1 | 3 | 1 | 1 | 1 |
| 2 | SICAV | Multi Asset | Dynamic Allocation | 6.6 | 1.4 | (3.4) | (2.0) | 0.3 | 5.0 | 2 | 3 | 1 | 2 |
| 3 | SICAV | Bonds | Global Floating Rate High Yield | 2.9 | 0.3 | (1.2) | (0.8) | 0.0 | 2.0 | 4 | 4 | 4 | n/a |
| 4 | SICAV | Equities | Global Dividend | 2.3 | 0.5 | (1.2) | (0.7) | 0.4 | 2.0 | 2 | 2 | 2 | 1 |
| 5 | SICAV | Multi Asset | Conservative Allocation | 2.5 | 0.7 | (1.2) | (0.5) | 0.0 | 2.0 | 2 | 3 | n/a | n/a |
| 6 | SICAV | Equities | European Strategic Value | 0.3 | 0.2 | (0.1) | 0.1 | 1.4 ³ | 1.8 | 2 | 2 | 2 | 1 |
| 7 | SICAV | Multi Asset | Income Allocation | 1.0 | 0.3 | (0.2) | 0.0 | 0.1 | 1.2 | 1 | 1 | 1 | n/a |
| 8 | SICAV | Bonds | European Corporate Bond | 1.0 | 0.5 | (0.6) | (0.1) | 0.0 | 0.9 | 4 | 3 | 3 | 2 |
| 9 | SICAV | Bonds | Emerging Markets Bond | 0.6 | 0.4 | (0.3) | 0.2 | 0.0 | 0.8 | 1 | 1 | 1 | n/a |
| 10 | SICAV | Bonds | Global Macro Bond | 0.6 | 0.2 | (0.3) | 0.0 | 0.0 | 0.6 | 3 | 3 | 4 | n/a |

1. Source of data: M&G plc and Morningstar Inc. – Retail Asset Management is defined as all unitised products including OEICs, SICAV's, and Charitable funds. Funds are compared to their peer groups for illustration purposes, each product benchmark is prescribed in the prospectus. Any funds with performance track records less than the specified period are excluded, as are closed funds. The information contained within is correct at time of publication and subject to change; 2. In March 2019 £14.4bn were transferred into the SICAV version of Optimal Income from its OEIC equivalent; 3. The £1.4bn increase is underpinned by the inclusion of a £1.6bn Eastspring mandate in our AuM figures from demerger date, October 2019 – When M&G plc was part of Prudential plc, it had to exclude these AuM to avoid double count at group level despite recognising the fee income relating to it

Retail Asset Management

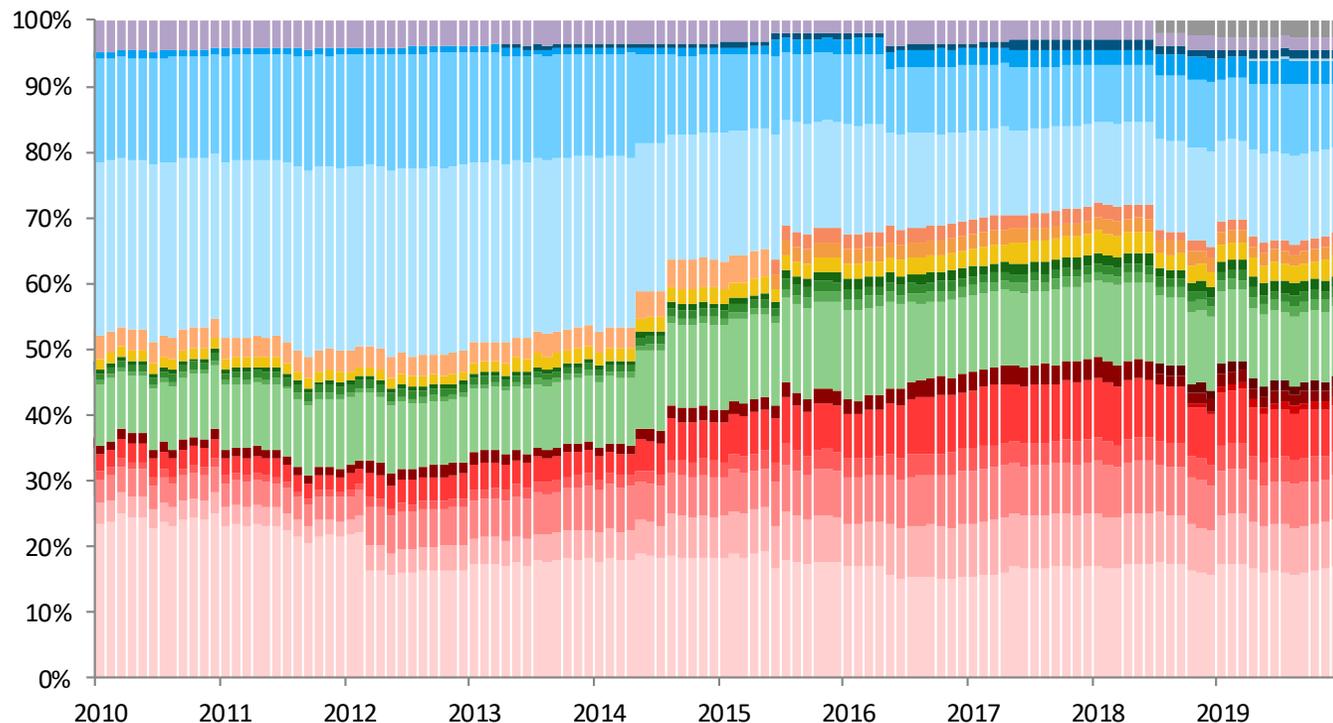
Largest OEIC mutual funds

| | | | | AuM and Flows in £bn | | | | | Quartile performance as of Dec-19 ¹ | | | | |
|-------------|---------|-------------|--------------------------|----------------------|------|------------|-----------|---------------------|--|--------|--------|--------|---------|
| RANK by AuM | PRODUCT | ASSET CLASS | FUND | YE 2018 | SALE | REDEMPTION | NET FLOWS | MARKET/ OTHER | YE 2019 | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
| 1 | OEIC | Bonds | Optimal Income | 19.9 | 1.3 | (4.3) | (3.0) | (13.6) ² | 3.3 | 2 | 3 | 3 | 2 |
| 2 | OEIC | Bonds | Strategic Corporate Bond | 2.6 | 0.2 | (0.7) | (0.4) | 0.2 | 2.4 | 1 | 2 | 3 | 3 |
| 3 | OEIC | Bonds | Corporate Bond | 2.5 | 0.2 | (0.6) | (0.4) | 0.2 | 2.3 | 1 | 2 | 2 | 2 |
| 4 | OEIC | Equities | Global Dividend | 3.0 | 0.2 | (0.5) | (0.3) | (0.4) ³ | 2.3 | 3 | 3 | 3 | 2 |
| 5 | OEIC | Equities | Global Themes | 2.0 | 0.1 | (0.5) | (0.4) | 0.5 | 2.1 | 1 | 2 | 2 | 4 |
| 6 | OEIC | Property | Property Portfolio | 2.7 | 0.4 | (1.1) | (0.7) | (0.2) | 1.8 | 4 | 4 | 4 | 4 |
| 7 | OEIC | Equities | Recovery | 1.7 | 0.1 | (0.3) | (0.2) | 0.1 | 1.6 | 4 | 4 | 4 | 4 |
| 8 | OEIC | Bonds | Global MacroBond | 0.9 | 0.5 | (0.3) | 0.2 | 0.0 | 1.1 | 3 | 4 | 2 | 1 |
| 9 | OEIC | Equities | Charifund | 1.0 | 0.0 | (0.1) | (0.1) | 0.2 | 1.1 | 2 | 1 | 1 | 1 |
| 10 | OEIC | Multi Asset | Episode Income | 0.8 | 0.2 | (0.1) | 0.0 | 0.1 | 0.9 | 1 | 1 | 1 | n/a |

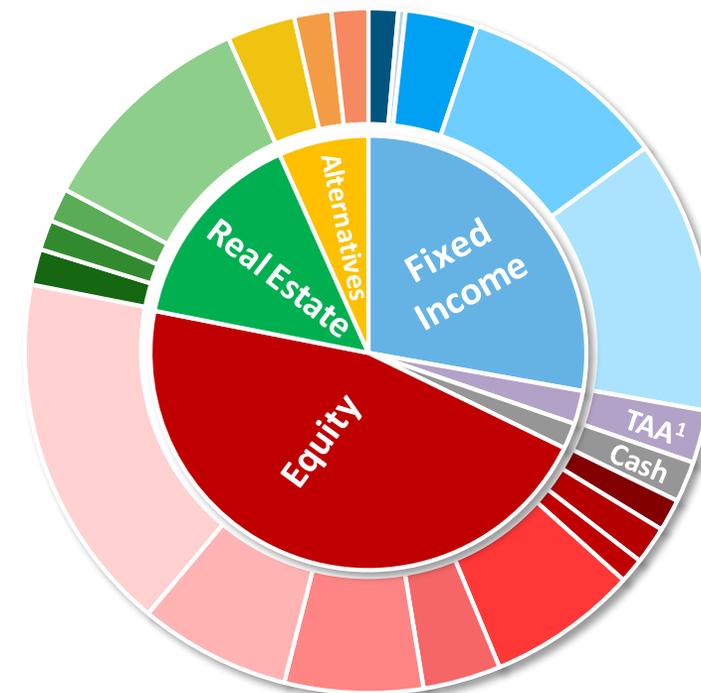
1. Source of data: M&G plc and Morningstar Inc. – Retail Asset Management is defined as all unitised products including OEICs, SICAV's, and Charitable funds. Funds are compared to their peer groups for illustration purposes, each product benchmark is prescribed in the prospectus. Any funds with performance track records less than the specified period are excluded, as are closed funds. The information contained within is correct at time of publication and subject to change; 2. In March 2019 £14.4bn were transferred from the OEIC version of Optimal Income into its SICAV equivalent; 3. In January 2019 c. £0.8bn from the Global Dividend OEIC fund was transferred into a segregated mandate

With-Profits Fund Strategic Asset Allocation

Asset allocation evolution between 2010 and 2019



Asset allocation as of December 2019



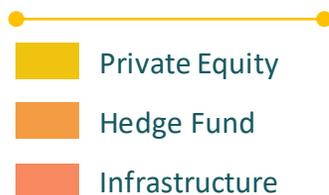
Equities



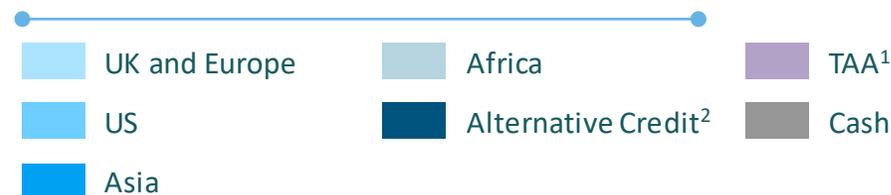
Real Estate



Alternatives



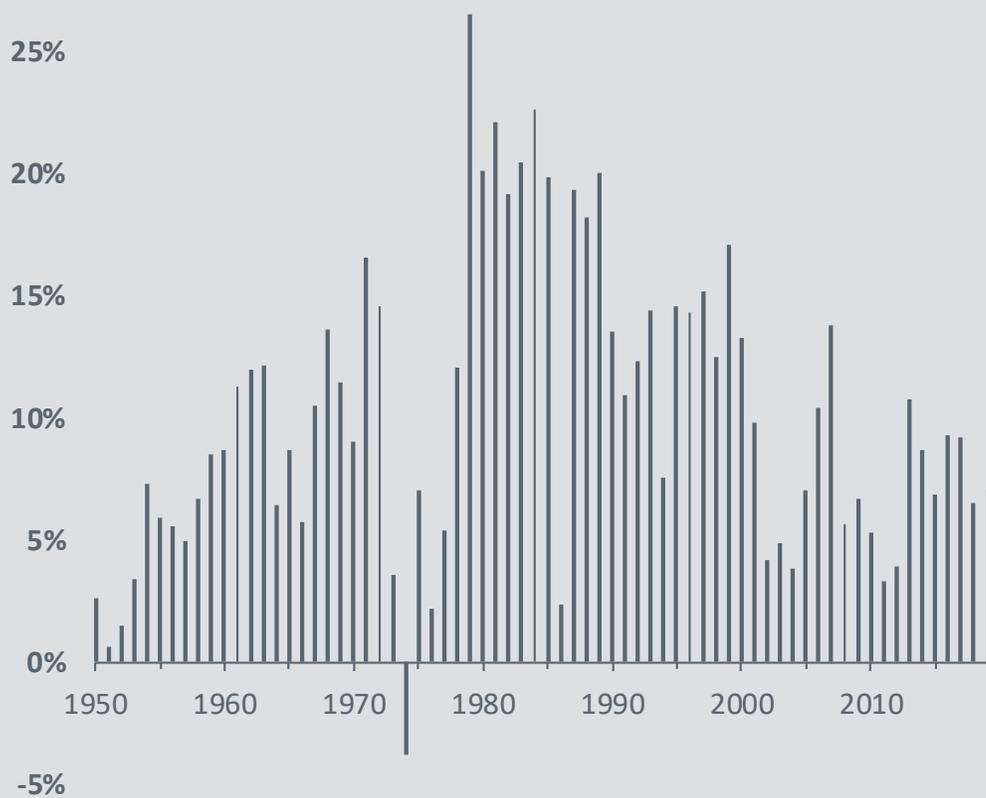
Fixed Income



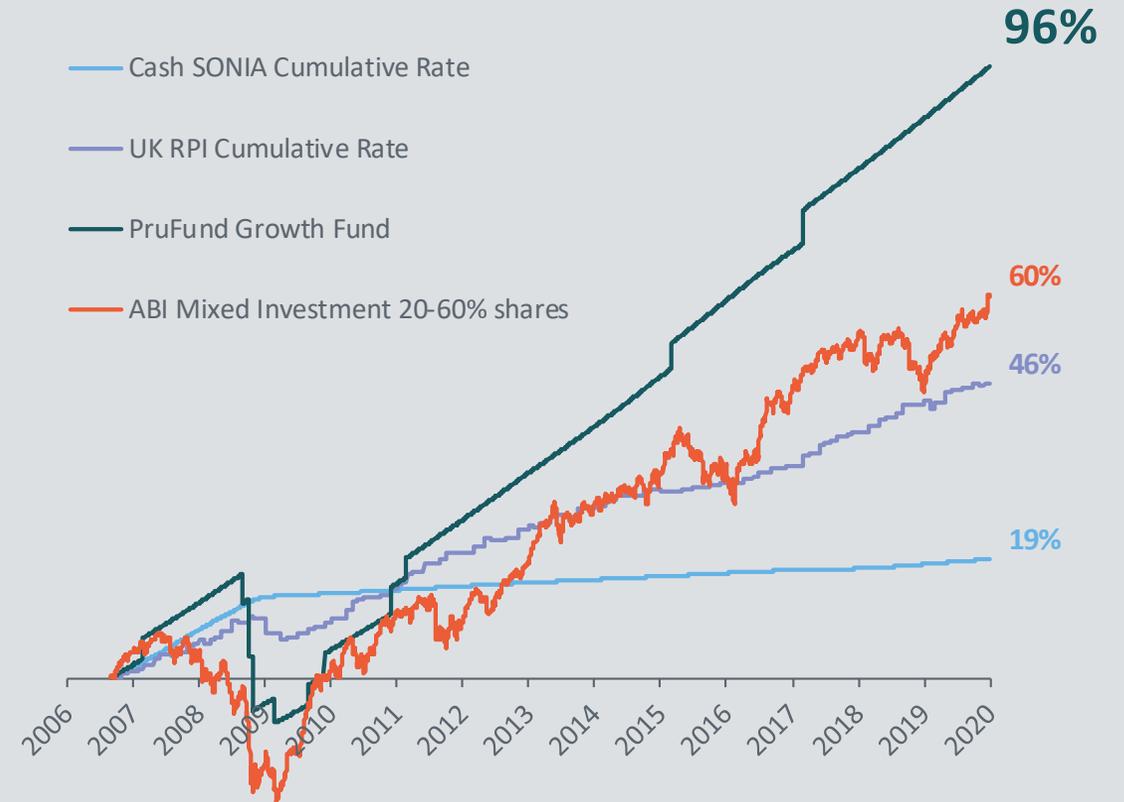
1. Tactical Asset Allocation mandate; 2. Includes: Convertibles, Bridge Loans, Private High-Yield
 Source: Allocation as of 31st of December for OBMG, the largest of the funds within the With-Profits sub fund with £88bn as of FY 2019

With-Profits Fund historical returns

Annualised 5-year rolling returns¹



PruFund Growth returns vs. peers



1. Data shows OBMG returns; OBMG is the largest of the funds within the With-Profits sub fund, backing PruFund Growth Fund, with £88bn as of FY 2019

Shareholder transfer hedge programmes implemented in 2015-2018

2015 to 2018 hedges

| | |
|--------------------|--|
| Scope | Minimise cashflow volatility by locking-in equity market value at time of purchase |
| Maturity | 5-year programmes based on FTSE 100 Total Return index |
| IFRS impact | Realised loss (or gain) at maturity included in adjusted operating result, mark-to-market in non-operating result ¹ |
| Solvency II impact | SCR Reduction of £0.4bn (at 31 December 2019) |

Estimated AOP impact from 2015-18 hedges¹

Negative AOP impact in £m



1. Represents the estimated impact at maturity on Adjusted Operating Profit for both PruFund and Traditional With-Profits. The estimate is based on the fair value of 2015-18 hedging programmes at 31 Dec 2019. The actual gains/losses may differ according to the FTSE100 growth and the moneyness of the options at maturity. As part of the hedges mature one year early, to reflect the timing of the equity risk associated with the transfer, realised gains/losses on part of the hedges are carried over and brought into adjusted operating profit in line with the emergence of the transfer they are hedging

From IFRS Adjusted Operating Profit to Profit After Tax

| (£m) | | FY 2018 | FY 2019 |
|--|---|--------------|--------------|
| Savings & Asset Management | Asset Management | 473 | 381 |
| | With-Profits (PruFund ¹) | 54 | 55 |
| | Other | (59) | 38 |
| | Total Savings & Asset Management | 468 | 474 |
| Heritage | With-Profits | 201 | 187 |
| | Shareholder Annuities & Other | 964 | 565 |
| | Total Heritage | 1,165 | 752 |
| Corporate Centre | Debt interest cost | - | (29) |
| | Head Office cost | (12) | (48) |
| | Total Corporate Centre | (12) | (77) |
| Adjusted Operating Profit | | 1,621 | 1,149 |
| Short-term fluctuations in investment returns | | (3) | 298 |
| Profit/(loss) on disposal of businesses & corporate transactions | | (508) | 53 |
| Restructuring & other costs | | (109) | (198) |
| - of which 'Transformation' | | (102) | (62) |
| Profit attributable to non-controlling interests | | 2 | 3 |
| Profit before tax attributable to equity holders | | 1,003 | 1,305 |
| Tax | | (192) | (240) |
| Profit after tax attributable to equity holders | | 811 | 1,065 |

1. Includes an amount of PruFund predecessor unutilised With-Profits contracts

Focus on AOP Other items

| (£m) | | FY 2018 | FY 2019 |
|--|---|--------------|--------------|
| Savings & Asset Management | Asset Management | 473 | 381 |
| | With-Profits (PruFund) | 54 | 55 |
| | Other | (59) | 38 |
| | Total Savings & Asset Management | 468 | 474 |
| Heritage | With-Profits | 201 | 187 |
| | Shareholder Annuities & Other | 964 | 565 |
| | - of which 'Other' | (7) | 137 |
| | Total Heritage | 1,165 | 752 |
| Corporate Centre | Debt interest cost | - | (29) |
| | Head Office cost | (12) | (48) |
| | Total Corporate Centre | (12) | (77) |
| Total Adjusted Operating Profit | | 1,621 | 1,149 |

| | FY 2018 | FY 2019 |
|-------------------------------------|-------------|-----------|
| International business ¹ | (31) | 42 |
| Investment income | (17) | 25 |
| Other | (11) | (29) |
| Total | (59) | 38 |

| | FY 2018 | FY 2019 |
|------------------------------------|------------|------------|
| Mismatching profits | (33) | 55 |
| Other assumption and model changes | 164 | 32 |
| Experience variances | 6 | 4 |
| Other provisions & reserves | 21 | (61) |
| Total annuity related | 158 | 30 |
| Other ² | (165) | 107 |
| Total | (7) | 137 |

| | FY 2018 | FY 2019 |
|---------------------------------|----------|-------------|
| Subordinated debt interest cost | - | (38) |
| Amortisation fair value premium | - | 9 |
| Total | - | (29) |

| | FY 2018 | FY 2019 |
|---|-------------|-------------|
| Head Office expenses ³ | (13) | (75) |
| Investment and other income on Hold Co assets | 1 | 27 |
| Total | (12) | (48) |

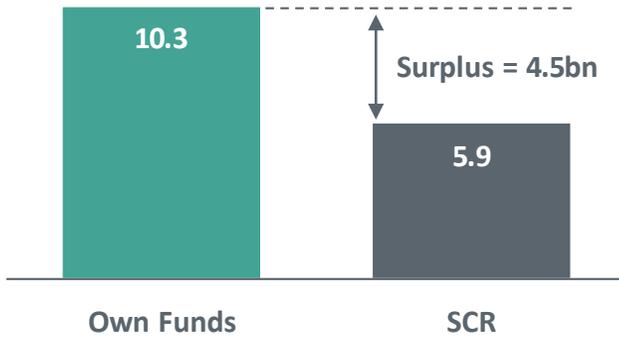
1. Includes £56m one-off business development cost related to our Polish business in 2018; 2. 2018 included £83m pension related costs including GMP and £34m shareholder contribution on with-corporate pensions. 2019 includes £29m credit in respect of changes to Group staff pension schemes, and reserve releases related to completion of various legacy remediation programme reviews; 3. Includes £8m one-off lease related expense in 2019

Solvency II position

M&G Group

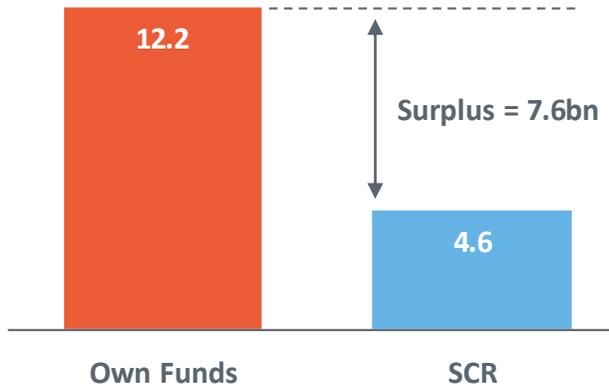
FY 2019, £bn

Shareholder view



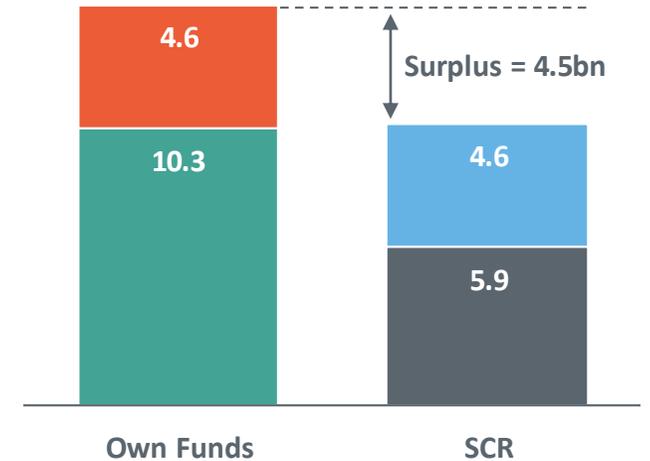
Solvency ratio 176%

With-Profits Fund view



Solvency ratio 267%

Regulatory view¹

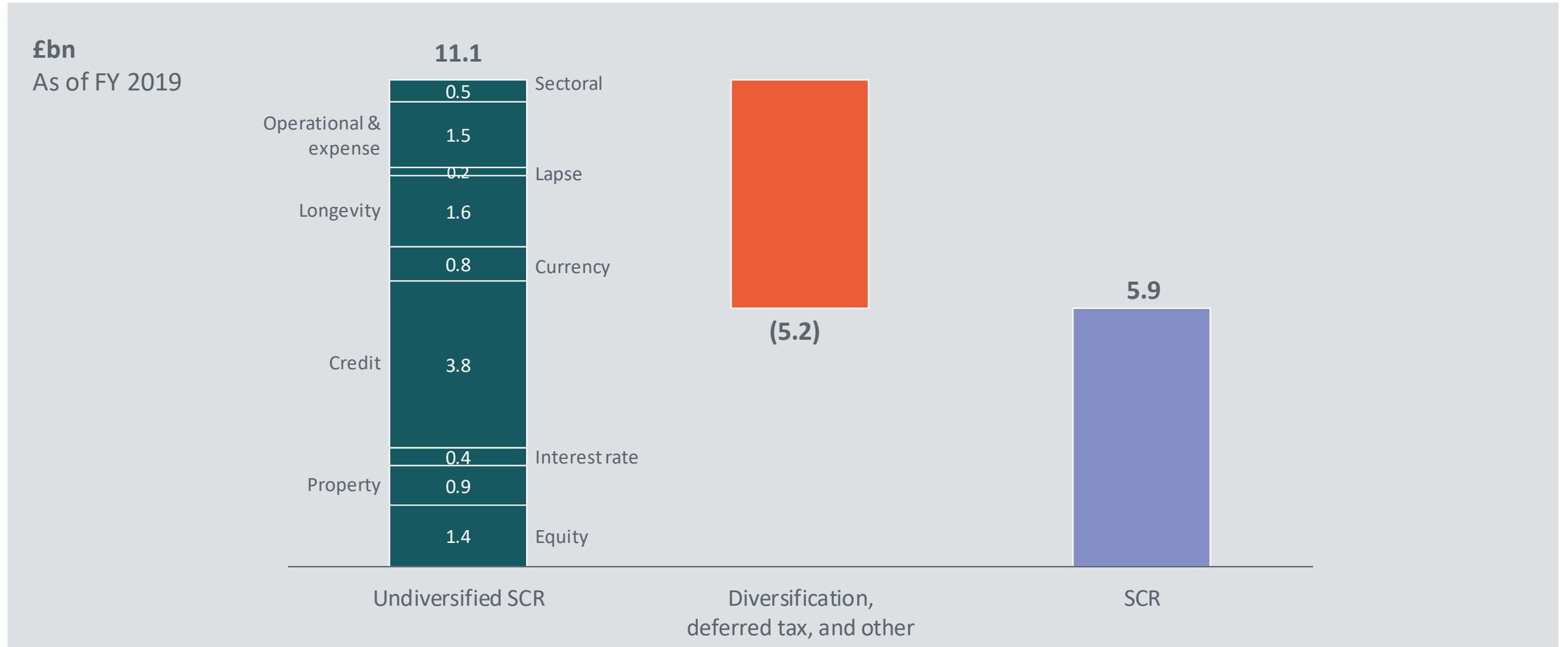


Solvency ratio 143%

1. Including the recalculation of Transitional Measures on Technical Provisions (TMTP)

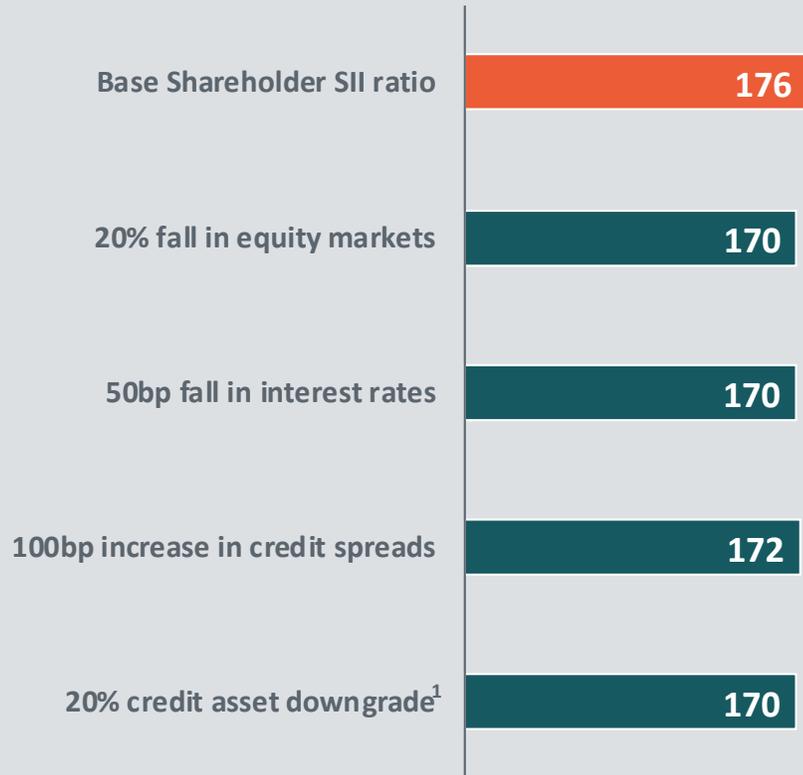
Diverse risk exposures

Breakdown of the shareholder Solvency II SCR by risk type

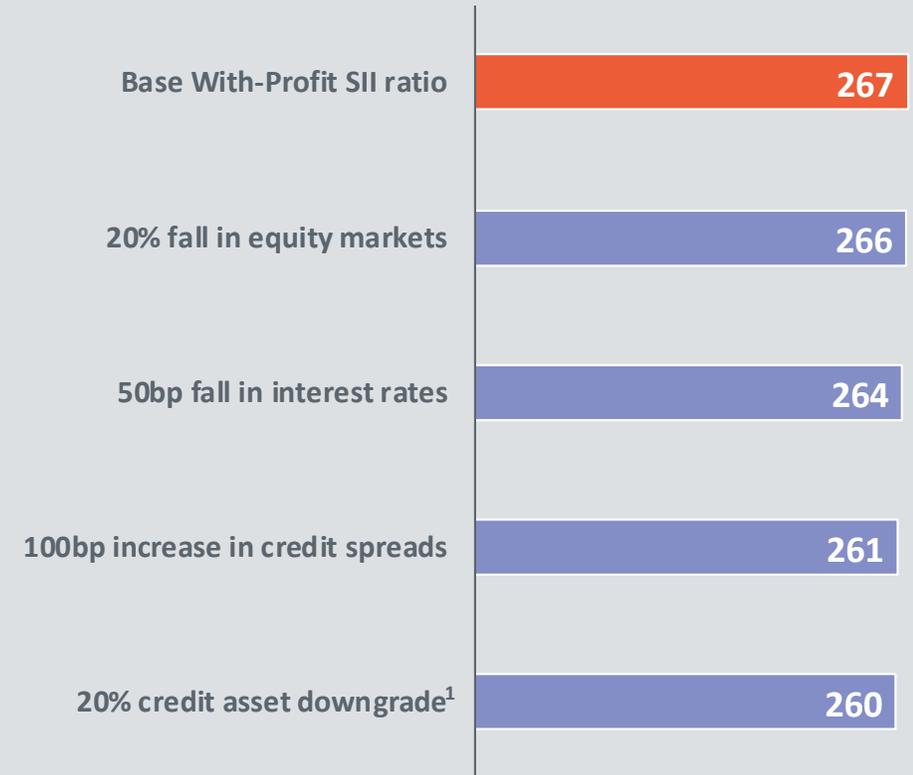


Solvency II Sensitivities

Shareholder Solvency II market sensitivities (%) As of FY 2019



With-Profits Solvency II market sensitivities (%) As of FY 2019



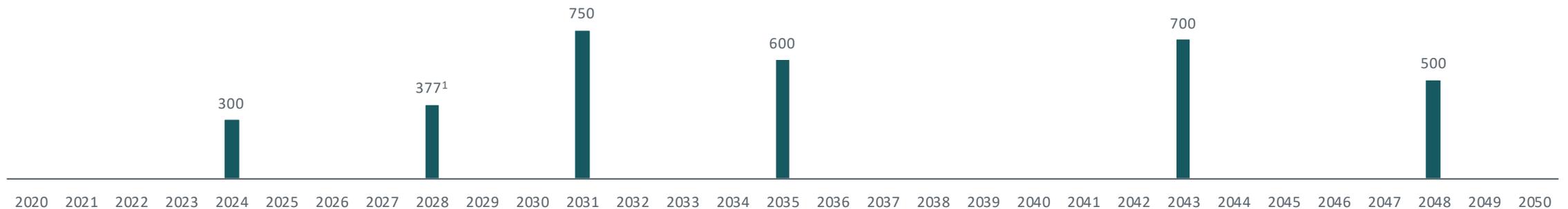
1. Average impact of one full letter downgrade across 20% of assets exposed to credit risk
Note: Sensitivities assuming recalculation of Transitional Measures on Technical Provisions (TMTP)

Financial debt structure

Subordinated debt (all Tier 2)

| ISIN | Currency | Nominal (£m) | Coupon | Issue Date | Maturity Date | Call Date |
|--------------|----------|--------------|--------|------------|---------------|-----------|
| XS2025521886 | GBP | 300 | 3.875% | 2019 | 2049 | 2024 |
| XS1888930150 | USD | 500 | 6.500% | 2018 | 2048 | 2028 |
| XS1888920276 | GBP | 750 | 5.625% | 2018 | 2051 | 2031 |
| XS1243995302 | GBP | 600 | 5.560% | 2015 | 2055 | 2035 |
| XS1003373047 | GBP | 700 | 6.340% | 2013 | 2063 | 2043 |
| XS1888925747 | GBP | 500 | 6.250% | 2018 | 2068 | 2048 |

Call date profile (£m)



1. Based on USD / GBP exchange rate as of the 31 of December 2019

Operating Capital Generation

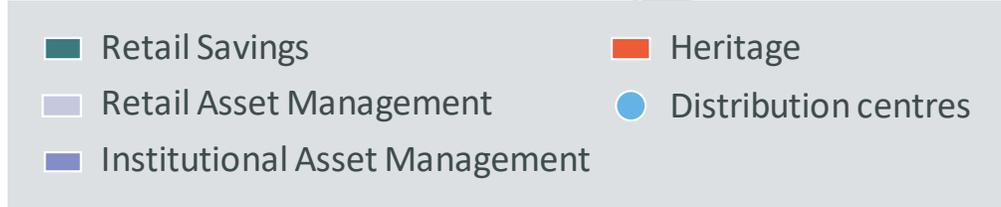
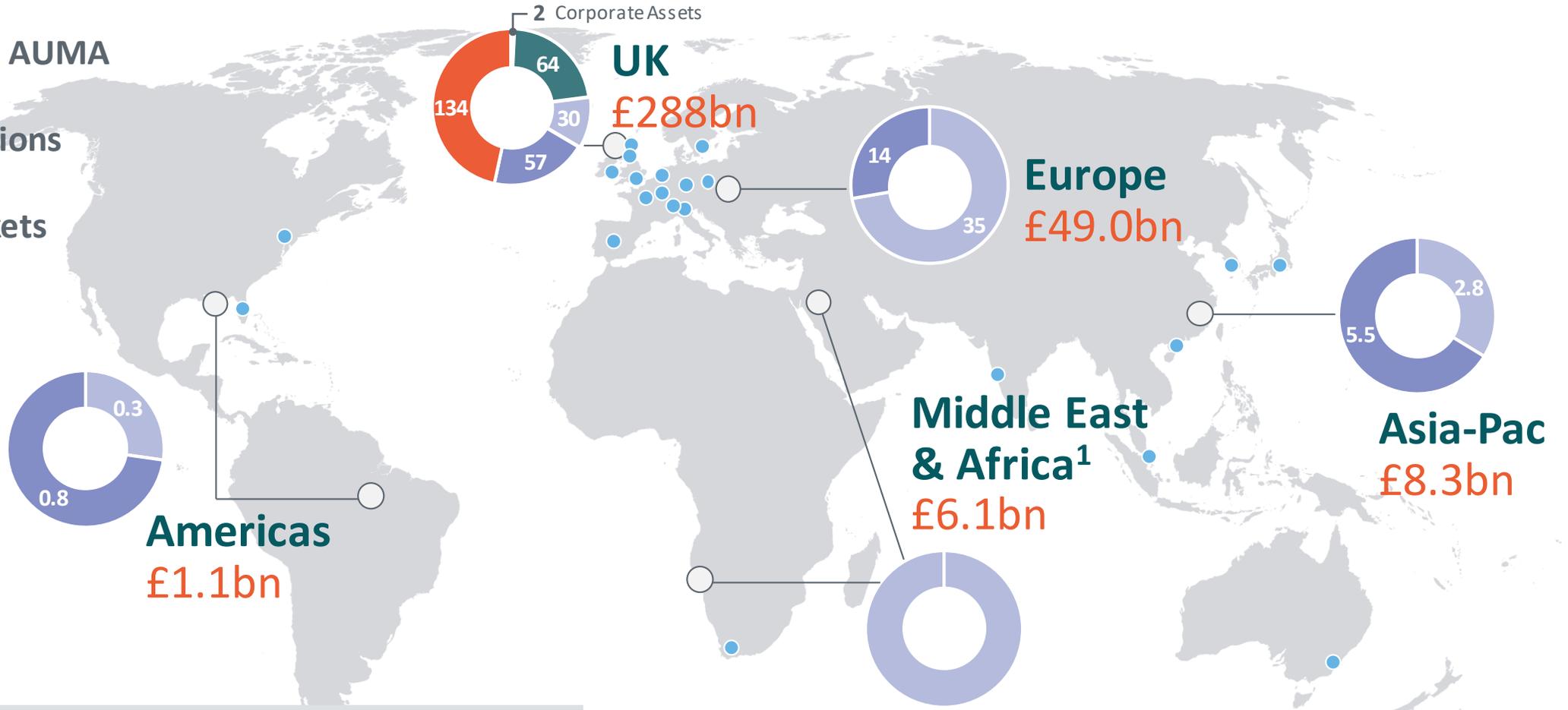
| £m | | FY 2018 | | | FY 2019 | | |
|----------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | Own Funds | SCR | Total | Own Funds | SCR | Total |
| Savings & Asset Management | Asset Management | 472 | (75) | 397 | 381 | (2) | 379 |
| | With-Profits | 125 | (150) | (25) | 130 | (130) | 0 |
| | - of which: In-force | 50 | (23) | 27 | 96 | (35) | 61 |
| | - of which: New business | 75 | (127) | (52) | 34 | (95) | (61) |
| | Other | 20 | (3) | 17 | 65 | (2) | 63 |
| | Total Underlying Capital Generation | 617 | (228) | 389 | 576 | (134) | 442 |
| Heritage | With-Profits | 178 | (26) | 152 | 71 | (0) | 71 |
| | Shareholder Annuities & other | 220 | 151 | 371 | 255 | 133 | 388 |
| | Total Underlying Capital Generation | 398 | 125 | 523 | 326 | 133 | 459 |
| Corporate Centre | Debt interest cost | - | - | - | (22) | - | (22) |
| | Head Office cost | (12) | - | (12) | (62) | 4 | (58) |
| | Total Underlying Capital Generation | (12) | - | (12) | (84) | 4 | (80) |
| | Total Underlying Capital Generation | 1,003 | (103) | 900 | 818 | 3 | 821 |
| | Other Savings & Asset Management Capital Generation | (66) | 122 | 56 | 1 | 16 | 17 |
| | Other Heritage Capital Generation | 690 | 205 | 895 | 222 | 295 | 517 |
| | Other Corporate Centre Capital Generation | (9) | - | (9) | 17 | (96) | (79) |
| | Total Operating Capital Generation | 1,618 | 224 | 1,842 | 1,058 | 218 | 1,276 |

Our international footprint

£352bn AUMA

22 locations

28 markets



1. Assets from Prudential Investment Managers South Africa recorded on a proportional basis in line with M&G's 49.99% associate shareholding
 Note: All AUMA figures refer to position as of FY 2019, based on the country of the underlying client

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