



2020 Full year results

9 March 2021

M&G plc full year 2020 results

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Notes: All figures relate to continuing operations unless otherwise stated. Where relevant, 2019 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 2019	FY 2020
AUMA & Flows	Assets under Management and Administration (£bn)	352	367
	Savings and Asset Management net client flows (£bn)	(1.3)	(6.6)
Adjusted operating profit	Adjusted Operating Profit (£m)	1,149	788
	- of which Savings and Asset Management (£m)	474	332
	- of which Heritage (£m)	752	699
Capital and Capital Generation	Solvency II surplus (£bn)	4.5	4.8
	Shareholder Solvency II coverage ratio	176%	182%
	Operating Capital Generation (£m)	1,276	1,312
	Total Capital Generation (£m)	1,509	995



Business Review

John Foley, Chief Executive Officer

Strong and resilient performance in a challenging market

Delivering attractive returns as an independent business

AUMA

£367bn

Adjusted
Operating Profit

£788m

Total Capital
Generation

£995m

Shareholder SII
coverage ratio

182%

We remain committed to:

Our dividend policy
confirming our 2020
final DPS of 12.23p¹

Our 2020-2022 target
**£2.2bn Total Capital
Generation**

**£145m annual run-rate
shareholder cost
savings by 2022**

One M&G: Sustainability at the heart of everything we do

A comprehensive approach covering all aspects of our business

Corporate

Lead by example, delivering on our purpose to make the world a little better

- **Diversity and inclusion:** 40% female and 20% ethnicity leadership¹ by 2025 or sooner
- **Climate change:** Net zero corporate carbon emissions by 2030 or sooner²
- **ESG policies:** Embedding sustainability in executive objectives and remuneration



Asset Manager

Help customers manage and grow their savings, investing with a clear ambition to make the world a little better

- **Climate change:** We are a founding member of the Net Zero Asset Manager initiative, committing to reach net zero across all AUMA by 2050 or sooner, working with clients to set interim targets for 2030
- **Research and Engagement:** Created a new 'Stewardship & Sustainability' team pooling existing expertise and hiring new talent
- **Investment process:** Put ESG requirements at the centre of all our investment decisions
- **New funds:** Recent launches include Global Climate Solutions, Sustainable Multi-Asset, Sustainable Allocation, Impact financing, ESG High-Yield and ESG EM Bond funds
- **Continuous innovation:** Pipeline includes thematic funds focused on Better Health, Diversity, and impact alternatives

One M&G

Asset Owner

Deliver superior outcomes and positive societal impact through asset allocation

- **Catalyst:** A £5bn mandate from our With-Profits Fund aimed at delivering positive societal impact through innovation
- **PruFund Planet:** A range of funds being developed to deliver positive impact while retaining the same features of PruFund³



Catalyst: A £5bn collaboration between the Asset Owner and Asset Manager

Investing capital where it is needed to drive innovation and impact

What is Catalyst

A new international private assets team within our Asset Manager

with £5bn of committed capital from the Asset Owner (With-Profits Fund)

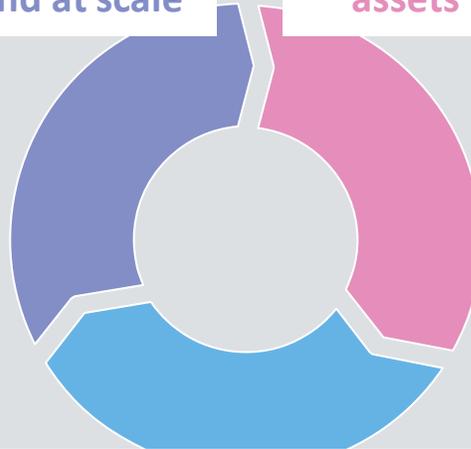
leveraging our existing strengths and expanding them through innovation

tackling environmental and social challenges by deploying capital quickly, flexibly, and at scale

What made this possible

An Asset Owner that can **deploy capital flexibly and at scale**

An Asset Manager with a **strong private assets franchise**



A strong partnership between the two, with a **20-year track-record of value creation through innovation in private assets**

Our ambition

Leverage M&G's Asset Owner and Asset Manager relationship to:

- Accelerate investment innovation
- Design high value-add solutions for clients
- Differentiate the With-Profits Fund proposition
- Create positive change in the Economy and Society
- Deliver attractive financial returns in line with ESG principles

Dual focus:



Innovation

Pioneering investment into new markets, asset classes, and geographies



Positive impact

Pushing for positive change in the real economy and society

The impact of COVID-19: Demonstrating the strength of our business model

Continuing to deliver to colleagues, shareholders and customers



To colleagues:

Supporting our people throughout the pandemic

- Focused on helping our colleagues, **supporting their health and wellbeing**
- Implemented new ways of working, **encouraging flexibility and collaboration**
- **Put no colleagues on furlough** and received no financial assistance from governments



To shareholders:

Delivering strong and resilient financials while retaining a prudent balance sheet

- Powered by our diversified and integrated business model, we **delivered a strong performance**, paid an interim dividend of 6.00p and announced today a final dividend of 12.23p
- **Took proactive action on capital**, building the SII ratio to 182%, while retaining a prudent approach to the balance sheet (high quality annuity portfolio with 83% of assets rated A- or above)
- **Experienced limited credit downgrades** and only one default with immaterial IFRS and SII impact; achieved a rating upgrade from S&P and maintained stable ratings from Moody's and Fitch



To customers:

Navigating uncertainty

- **The pandemic impacted the financial wellbeing** of many of our customers
- **Lack of face-to-face interaction** hindered IFA productivity
- **Recovery in the real economy taking longer** than rebound in financial markets

Our strategy pillars and how they support our ambition

Positioning M&G for long-term, sustainable growth

One M&G

Support the culture of One M&G: One team, aligned around one purpose, one vision and one mission; putting sustainability at the heart of everything we do

Revitalise UK

Re-establish market share in our largest business

Expand Institutional

Broaden capabilities offered in the UK and internationally

Grow Europe

Build on the success of our existing partnership approach

Build International

Deliver focused expansion in Asia, the Americas and Africa

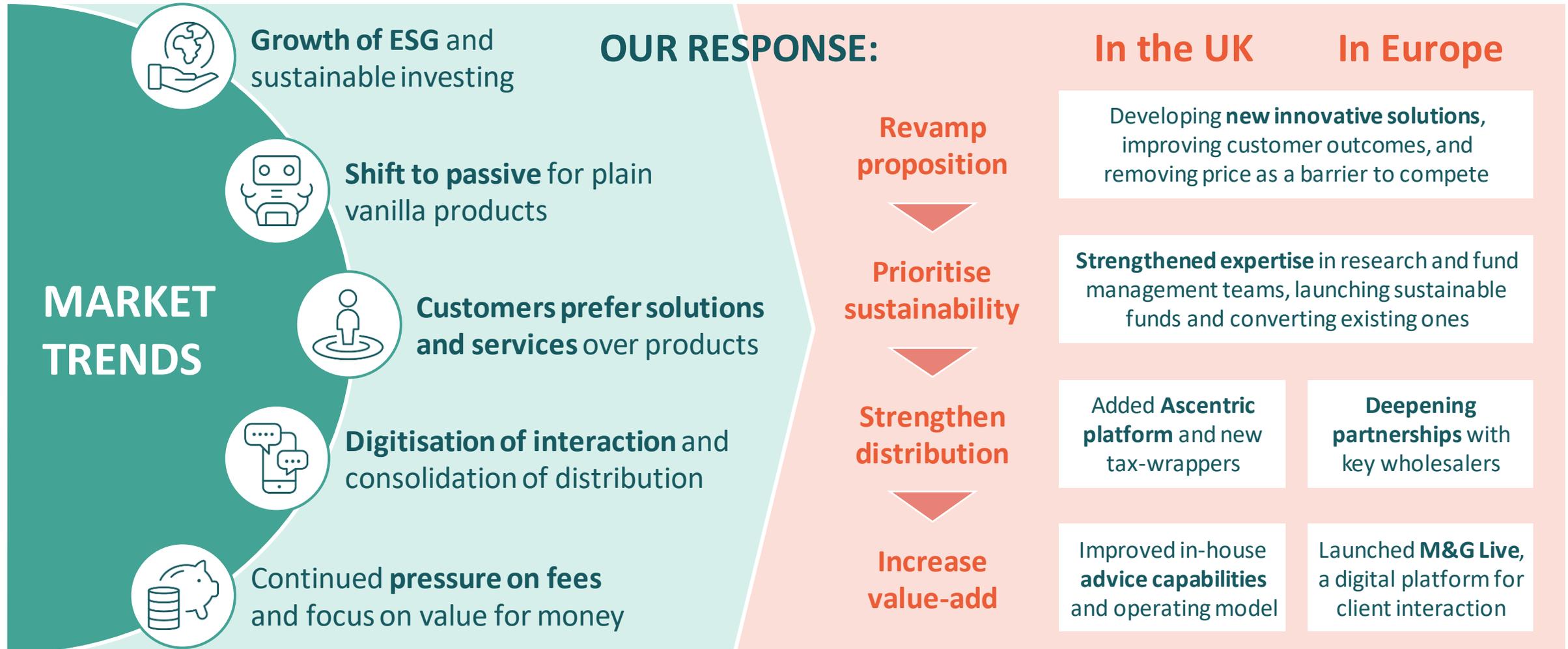
Protect Heritage

Focus on retention, efficiency and control environment



Retail: Responding to an increasingly competitive arena

Structural trends in the retail market



Retail: Delivering a retail fund offering fit for the future

Driving change in uncertain times, 2020 as a foundation year



Purpose

Launching new solutions with a strong focus on sustainability

- **Continuous product development;** building on the success of new funds, e.g. Positive Impact
- **Develop sustainable alternatives** to existing range, putting ESG requirement at the centre of all investment decisions
- Review our product portfolio through the **“Innovate, Refresh and Retire” programme** – Sub-scale funds already identified for merger or closure



Performance

Improving outcomes through closer monitoring and faster action

- **Conducting fund deep-dives** to understand and address drivers of good and bad performance
- **Supported collaboration** within investment teams moving away from single managers approach
- **Promoted idea sharing** creating a single research function and pooling investment staff historically split between Retail and Institutional teams



Pricing

Ensuring our proposition is commercially attractive

- **Reduced fees** on c. 75% of our OEIC range in February 2021 to protect existing business and support volume growth
- **Introduced volume discounts** to the SICAV range in October 2020, covering our largest funds
- **Improved value for money** delivered to our retail customers in the UK and Europe

Retail: Launch of M&G Wealth positions us for sustainable growth

Integrating retail asset management into the broader retail proposition

UK market dynamics

Passives take the lion's share of flows in the low value-add end of the market

In the high value-add segment, customers look for support and expertise, not just funds

Advisers seek help in serving customers, and outsource portfolio construction

An integrated and frictionless proposition is vital to attract advisers and serve customers

M&G Wealth: An integrated offering along the value chain



What it means for customers and our business:

More consistent experience

Higher value-add services

Better customer outcomes

Longer business persistency

Greater resilience of margins

Institutional: A successful, growing franchise

Strong performance, steady flows, resilient margins, growing AUMA

Why we are successful

We drive innovation through our Asset Owner / Asset Manager combination

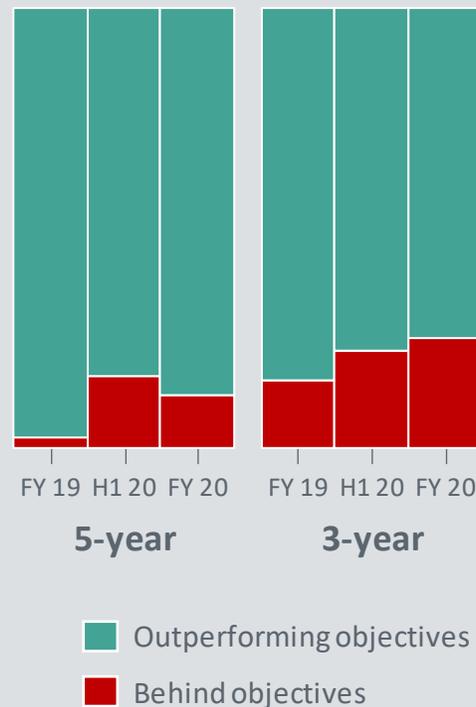
build long-term relationships with a core set of clients, turning them into partners over time

add value by solving problems and co-developing solutions that deliver client specific outcomes

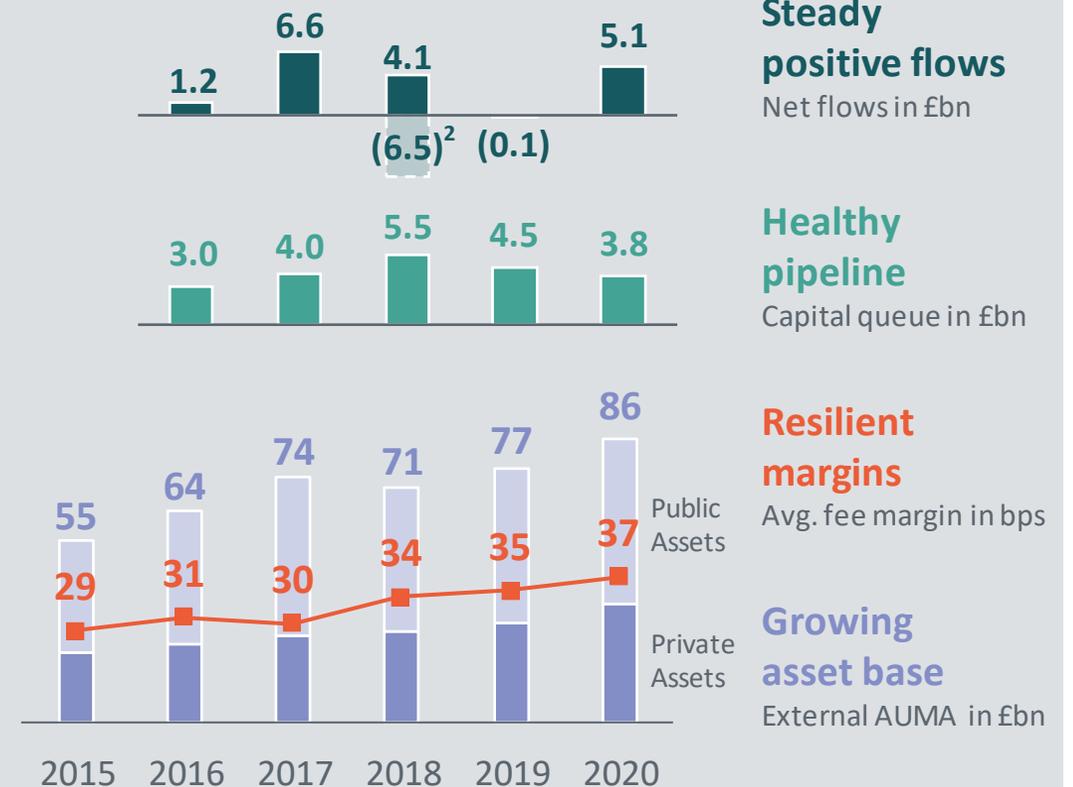
progressively shift relationships to higher value solutions, such as those including private assets

Performance

Segregated and pooled mandates performance as % of revenues¹



Flows, margins and asset base



1. Source : M&G plc – Excludes Retail, Real Estate and Institutional Buy & Hold mandates, CDO's, Passive mandates and Restructuring. Term funds that exist for a given period and are recently inception are excluded. Data is to Dec-20 or latest available. AUMA is net of cross holding, in GBP, performance on total return basis and all products are compared to benchmarks as prescribed in prospectus or client IMA. Funds with track record less than specified periods are excluded, as are closed funds. At FY 2020, AUMA measured account for 67% of total. Data is correct at time of publication and subject to change; 2. Outflow of one particular £6.5bn low margin Institutional mandate as referred to in Prudential plc's Full Year 2018 results

What we have delivered, 2020 as a foundation year

Key achievements



Revitalise UK

- Revamped, end-to-end, our retail proposition
- Launched M&G Wealth, including a self-employed model for tied agents, and completed the acquisition of Ascentric



Expand Institutional

- Continued expanding our franchise despite market volatility with net inflows of £5.1bn
- Awarded £25bn of new Life fund mandates in Asia and North America (£22bn migrated so far¹)



Grow Europe

- Achieved operational readiness to commercialise PruFund in Europe
- Continued expanding presence in sub-advised market in key geographies



Build International

- Opened our Chicago office and set up a US fixed income team
- Set-up a European fund mgmt. team, Brexit-proofing our business
- Agreed to take control of our South Africa JV



Protect Heritage

- Migrated Corporate Pensions clients to our new platform², now hosting c. 1m policies
- Doubled customers, now over 300k, that have adopted our digital MyPru platform

Focused on business model efficiency and effectiveness in the context of the growth opportunities

1. Of which £12bn in 2020 and £10bn in Q1 2021; 2. TCS BaNCS platform

What we are working on

Priorities ahead of us



Revitalise UK

- Expand TAP, our network of tied agents
- Finalise integration of the Ascentric platform
- Diversify proposition through innovation, and launch of model portfolio capabilities



Expand Institutional

- Increase market share outside the UK
- Leverage strength of European wholesale distribution to cross-sell institutional funds
- Continue to innovate in private assets



Grow Europe

- Continue to work to launch PruFund
- Add local private assets sourcing capabilities
- Build further on existing distribution relationships through product innovation



Build International

- Expand investment capabilities of Chicago and Singapore teams
- Finalise onboarding of £25bn Asia and North America mandates
- Finalise acquisition of control of S. Africa JV

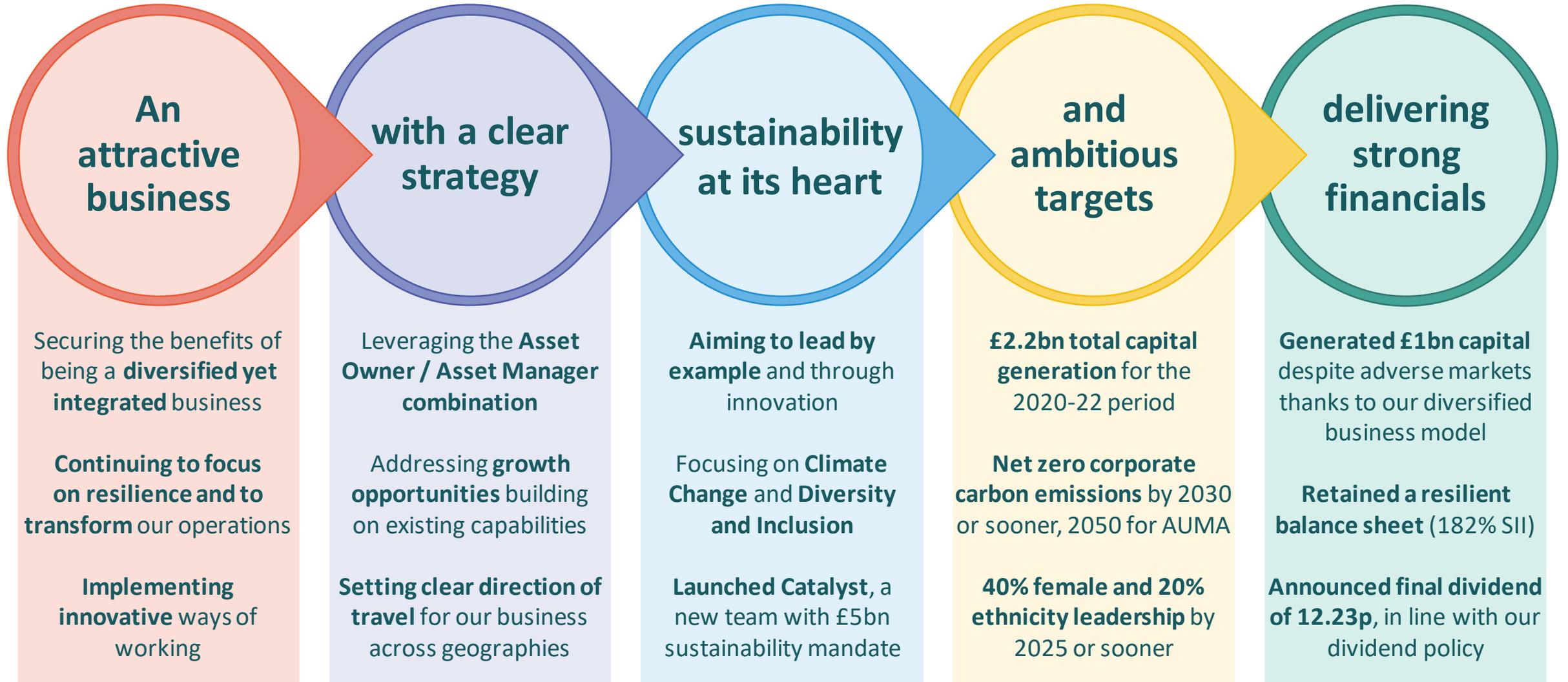


Protect Heritage

- Grow share of digital interaction with customers
- Further improve customer experience
- Continue back-book administration systems consolidation

Continue focusing on business model efficiency and effectiveness in the context of the growth opportunities

Key messages





Financial Review

Clare Bousfield, Chief Financial Officer

Strong and resilient performance in a challenging market

Financial highlights

AUMA

£367bn

- 4% increase in AUMA vs. £352bn at FY 2019
- Acquisition of Ascentric platform added £16bn AUMA
- Positive market movements of £13bn despite pandemic
- Savings & Asset Management net flows of £(7)bn driven by £(12)bn in Retail Asset Mgmt. partly offset by £5bn in Institutional

Adjusted Operating Profit

£788m

- Lower contribution from Savings & Asset Management with £332m vs. £474m in 2019
- Strong result of Heritage at £699m (FY 2019: £752m) due to resilient back-book and £217m positive from longevity
- Corporate Centre £243m cost in line with guidance, higher than £77m in 2019 due to full year impact of debt interest

Total Capital Generation

£995m

- £1,312m Operating Capital Generation up from £1,276m in 2019 on higher management actions and longevity releases, partially offset by full year impact of head office and debt costs
- £(317)m Non-Operating Capital Generation vs. £233m in 2019 as strong positive market variances in 2019 did not reoccur in 2020

Shareholder SII coverage ratio

182%

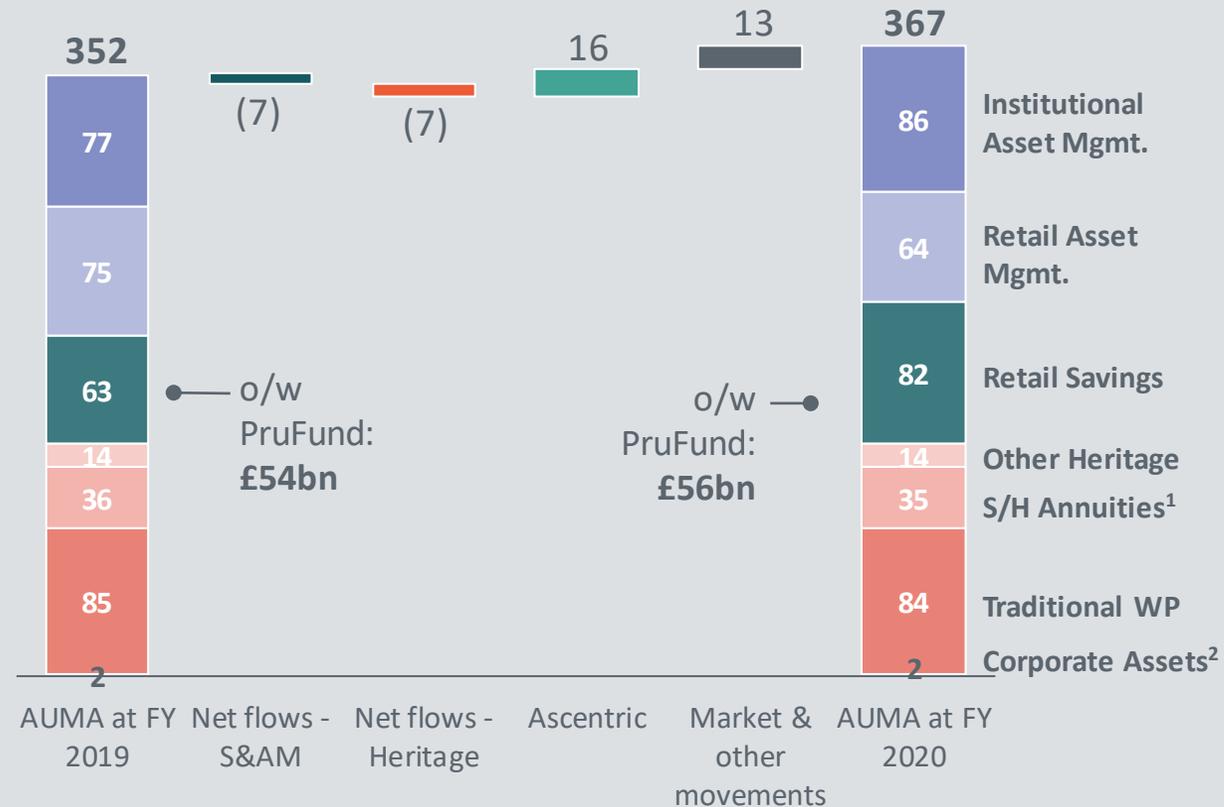
- £10.6bn Own Funds¹ and £5.8bn capital requirements
- Up from 176% at end 2019 and 164% at end June 2020
- Reflects strong capital generation in 2020
- After payment of dividends totalling £562m over the course of the year

Note: £367bn AUMA includes £6.5bn of Assets under Advice

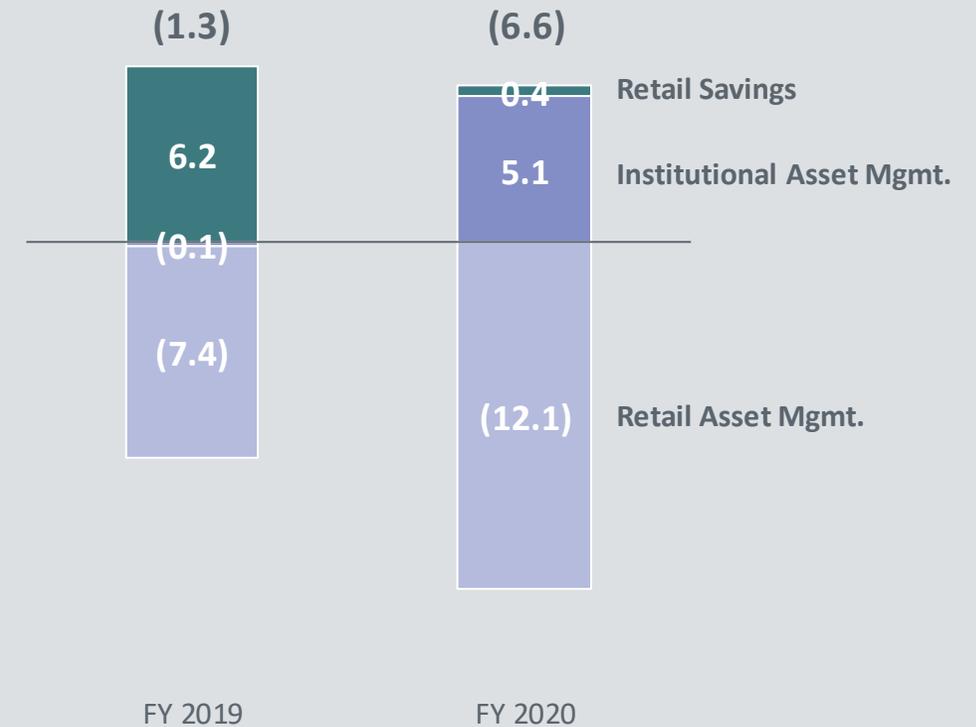
1. Before interim dividend, which was approved by the Board after 31 December 2020

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

2. Includes £0.8bn Other Savings and Asset Management AUMA

Adjusted Operating Profit by source

(£m)		FY 2019	FY 2020	
Savings & Asset Management	Asset Management	381	316	<ul style="list-style-type: none"> Asset Management AOP affected by retail outflows and lower retail revenue margins Lower Other AOP due to deterioration in investment income and a small trading loss from Ascentric incurred in the second half
	With-Profits (PruFund ¹)	55	44	
	Other	38	(28)	
	Total S&AM	474	332	
Heritage	With-Profits	187	207	<ul style="list-style-type: none"> Shareholders Annuities and Other AOP lower than 2019 mainly because of positive one-offs in 2019, i.e. £29m from changes to staff pension scheme and £17m higher mismatching profits
	Shareholder Annuities & Other	565	492	
	Total Heritage	752	699	
Corporate Centre	Debt Interest	(29)	(167)	<ul style="list-style-type: none"> FY 2020 Corporate Centre AOP reflects full year impact of Head Office and debt interest costs
	Head Office ²	(48)	(76)	
	Corporate Centre	(77)	(243)	
Adjusted Operating Profit		1,149	788	

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

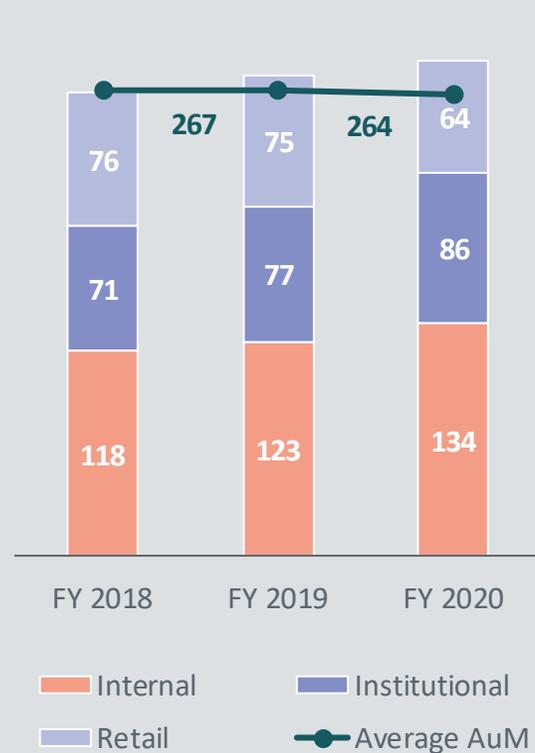
2. Includes 'Head Office Expenses' and 'Investment and other income on Hold Co assets' – these were £(101)m and £25m respectively for FY 2020

Sources of earnings

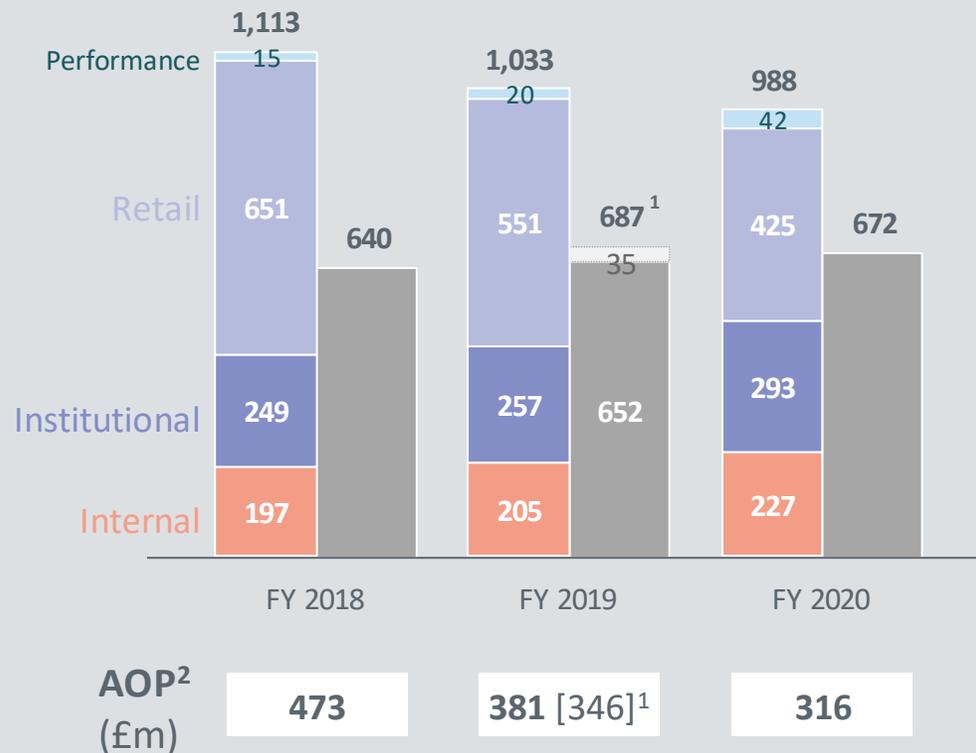
Asset Management

Savings & Asset Management

AUMA (£bn)



Revenues by client type and cost (£m)



Average fee margin³ (bps)



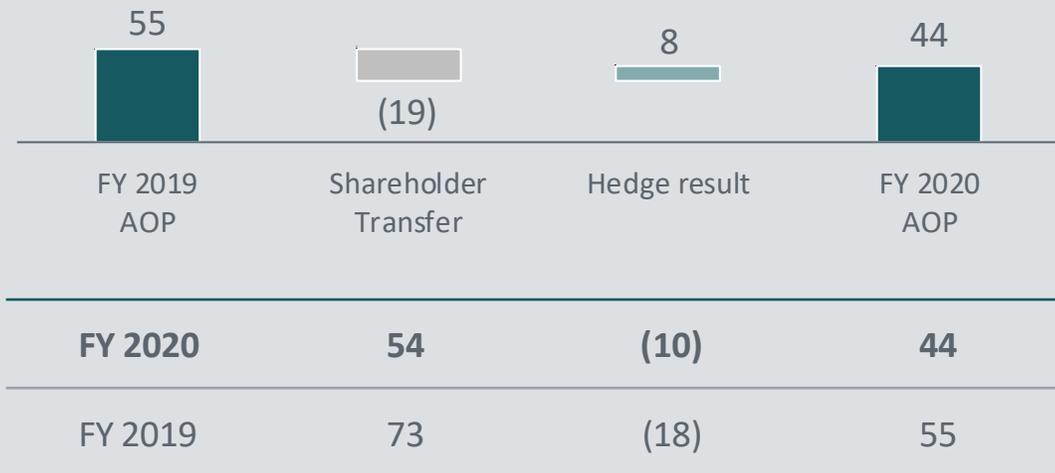
Note: The breakdown by Retail, Institutional and Internal represents the management view of Asset Management AUMA and revenues. This differs from the segment view in the annual report and accounts, in which Internal revenues and AUMA are allocated between Retail and Institutional sub-segments.
 1. Adjusted 2019 costs exclude £35m one-off benefit related to changes to staff DB pension schemes; 2. Adjusted Operating Profit, excluding share of associate profit and investment income; 3. Margin calculated as fee based Adjusted Operating Income over average AUMA – Excludes Performance fees

Sources of earnings

With-Profits

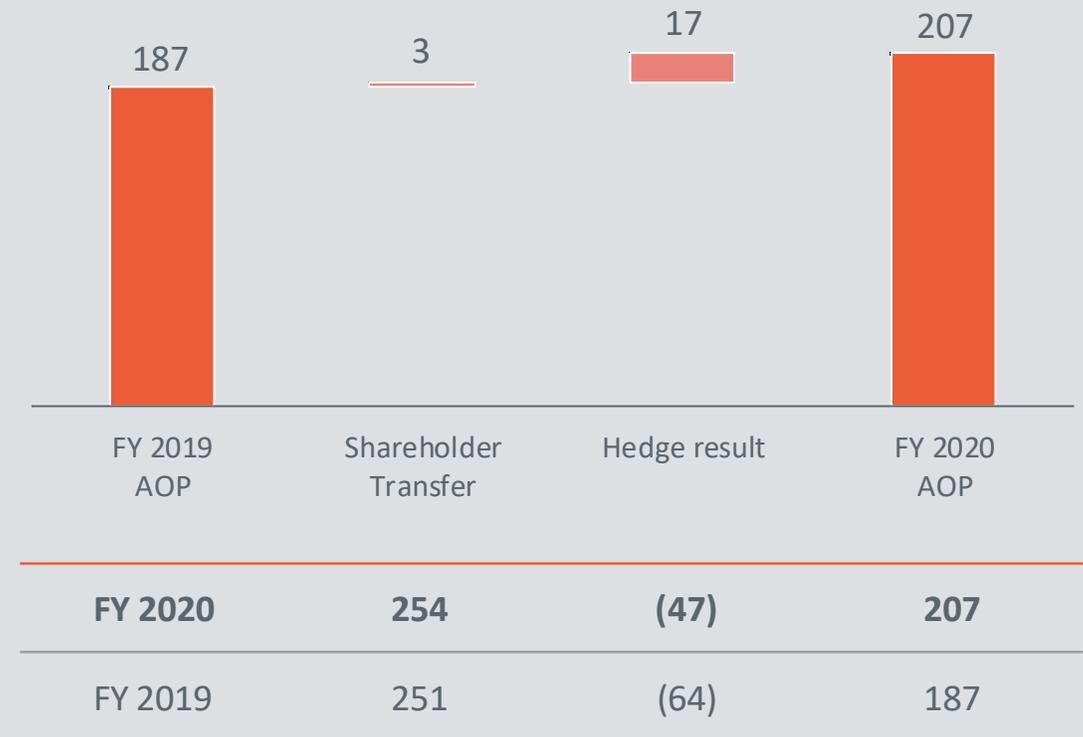
Savings & Asset Management

Adjusted Operating Profit¹
With-Profits/PruFund (£m)



Heritage

Adjusted Operating Profit
Traditional With-Profits (£m)



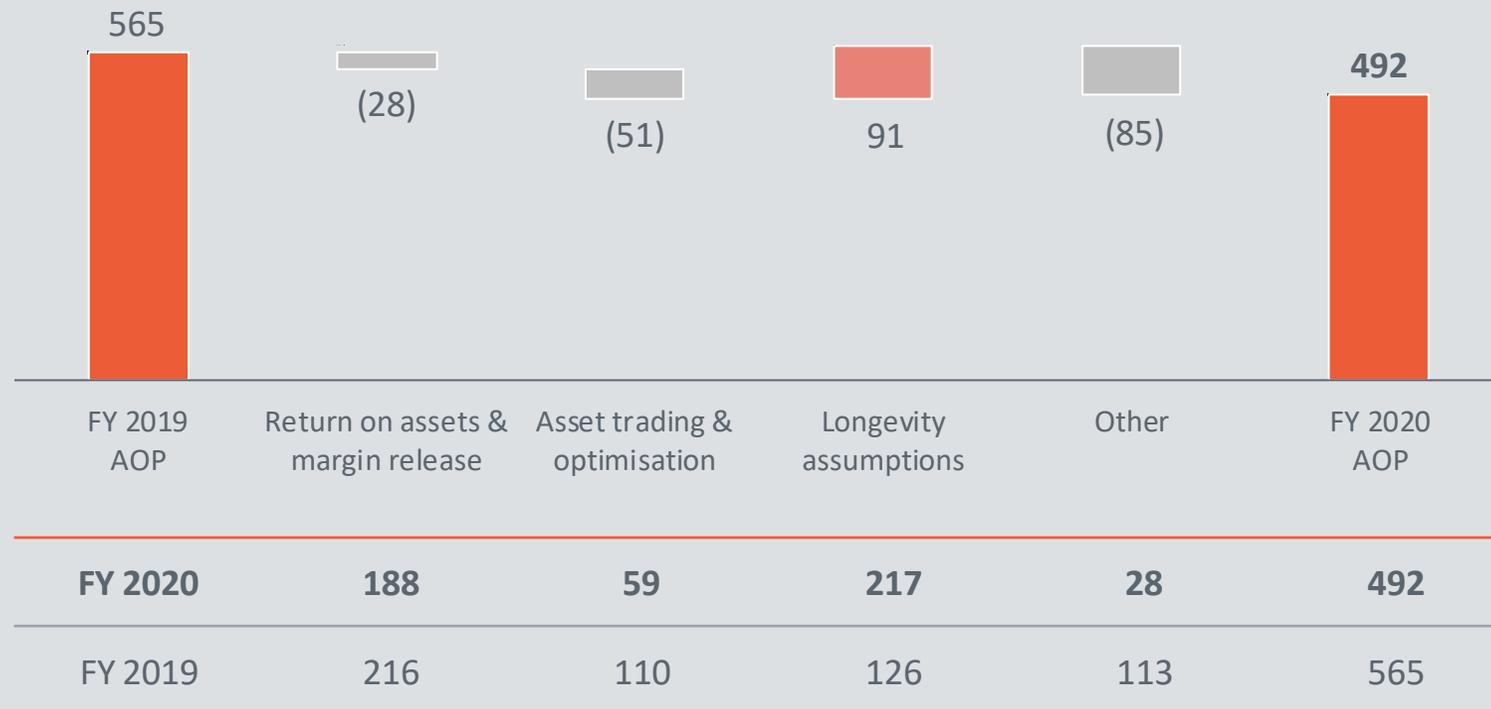
1. Shareholder Transfer includes PruFund and a small amount of PruFund predecessor unitised With-Profits contracts

Sources of earnings

Shareholder Annuities & Other

Heritage

Adjusted Operating Profit (£m)



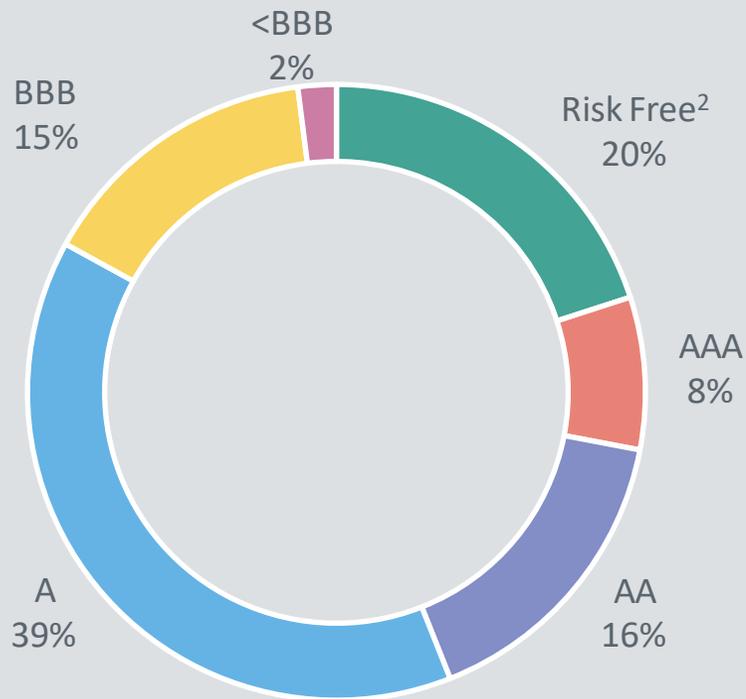
- **Lower return on assets** due to lower surplus assets following dividend payments to M&G plc in H2 2019
- **Asset trading** impacted by a one-off loss on a property disposal in H1 2020
- **Longevity assumptions** primarily reflect updates to base mortality assumptions, along with smaller impacts from implementation of CMI 18 and other changes

Credit quality of the Shareholder Annuity book

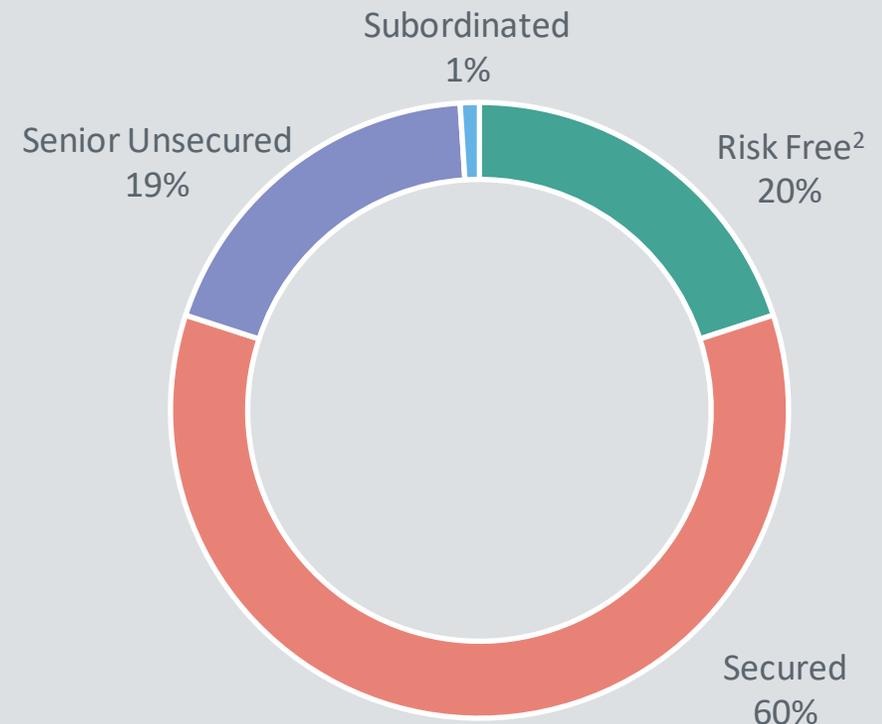
£22bn¹: 98% investment grade

Heritage

Breakdown by rating



Breakdown by capital ranking

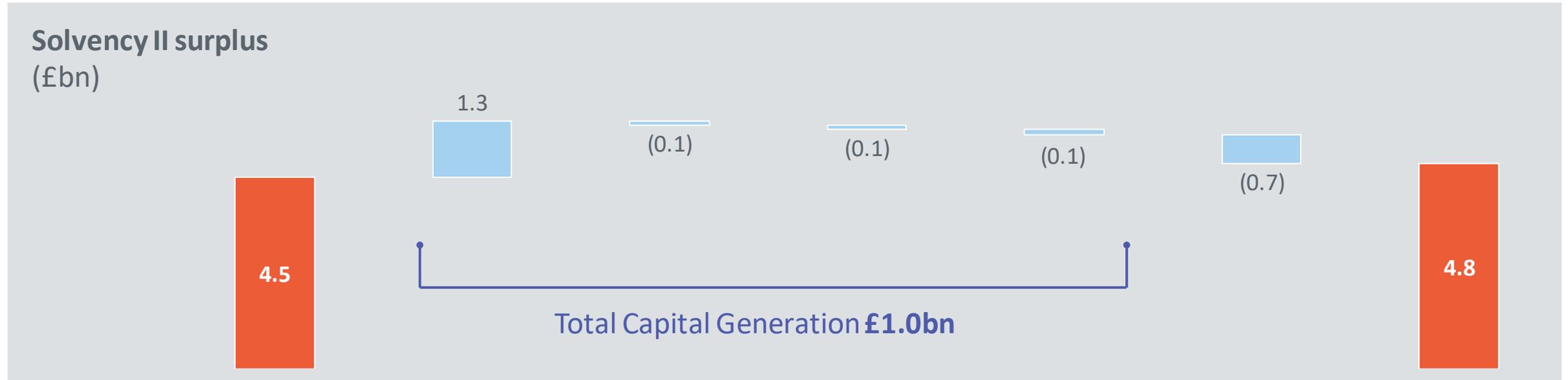


1. Front office data. Cash and cash equivalents, derivatives and junior notes/property residual values have been excluded from this analysis. All data as of 31 December 2020

2. Risk Free category includes securities which are classified as "credit capital exempt" in the internal capital modelling, primarily UK government / guaranteed and supranational debt

Capital Generation

FY 2020: £1.0bn Total Capital Generation



£bn	FY 2019	Operating Capital Generation	Market movements	Other movements	Tax	Dividends & capital movements ¹	FY 2020
Own Funds	10.3	0.9	0.3	(0.1)	(0.2)	(0.6)	10.6
SCR	5.8	0.4	(0.4)	-	(0.0)	0.0	5.8
Surplus	4.5	1.3	(0.1)	(0.1)	(0.1)	(0.7)	4.8
SII ratio²	176%						182%

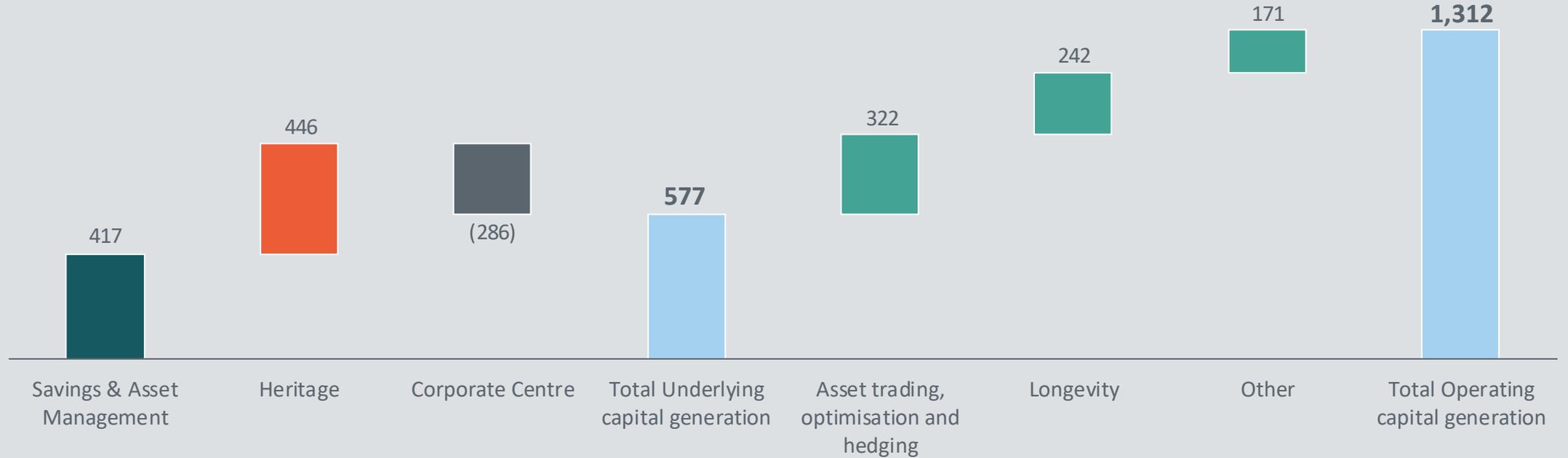
1. Includes the effect of the Ascentric acquisition and the impact of the Group's share-based payment awards over and above the expense incurred

2. Shareholder solvency II ratio

Sources of Operating capital generation

FY 2020: £1.3bn pre-tax

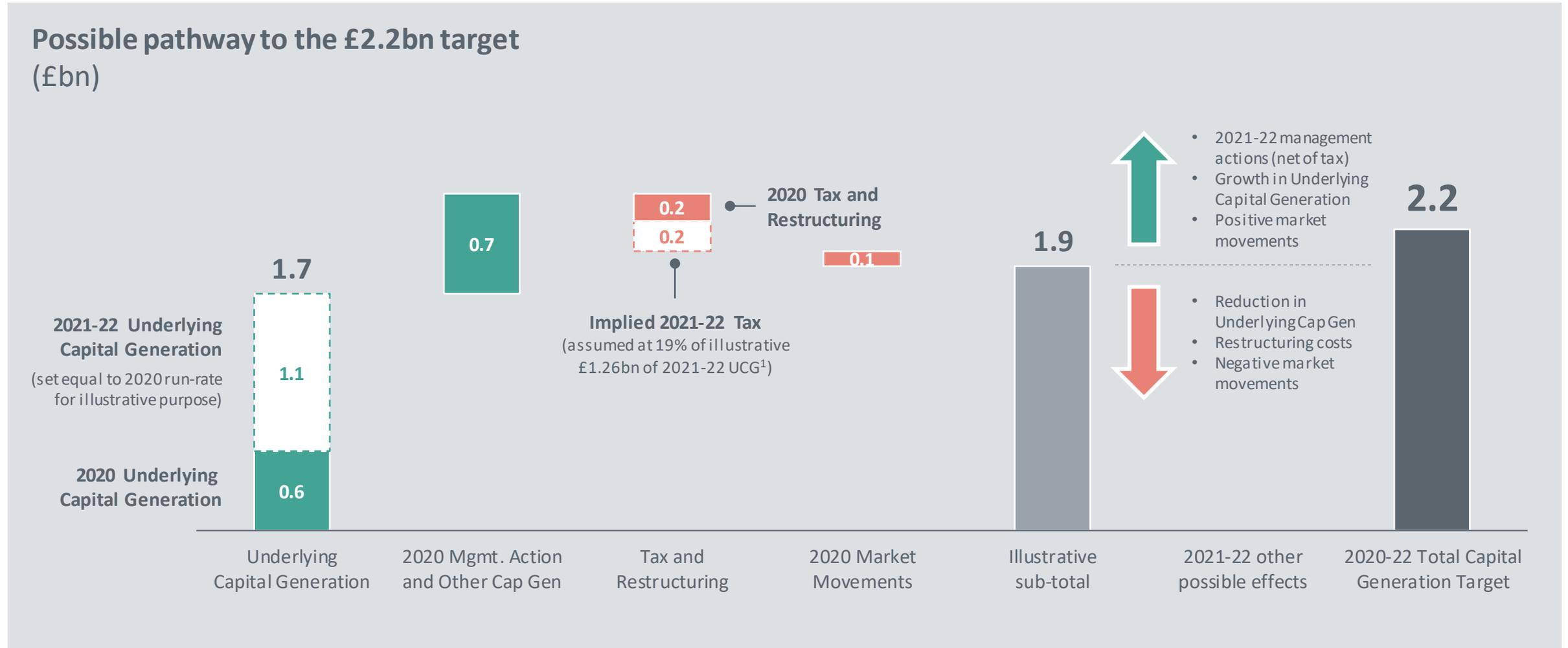
Operating capital generation
(£m)



FY 2020	417	446	(286)	577	322	242	171	1,312
FY 2019	414	459	(91)	782	250	108	136	1,276

On track to reach our £2.2bn target for Total Capital Generation by 2022

A goal that is stretching but achievable

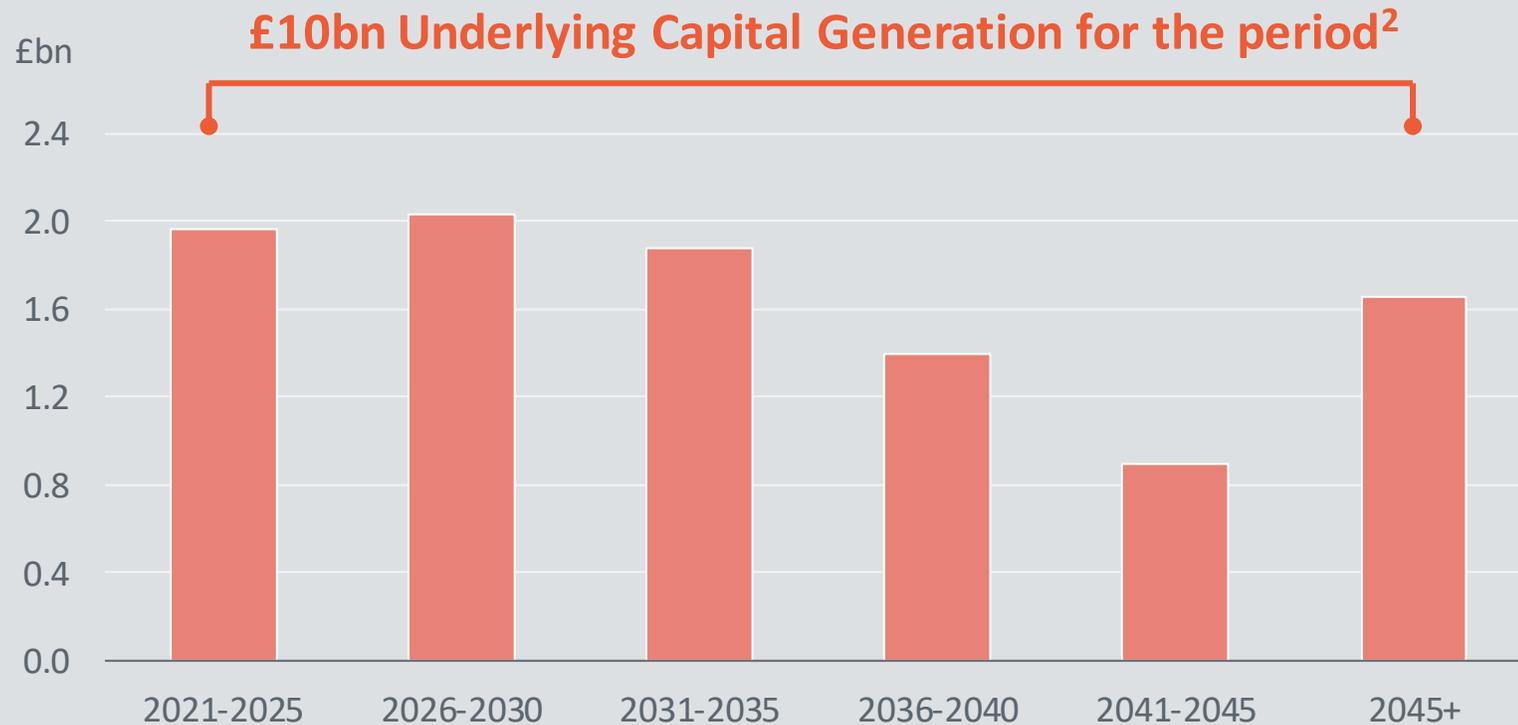


Note: 2021 and 2022 figures presented in the chart above are for illustrative purpose only

1. Underlying Capital Generation

Our in-force business underpins the **long-term sustainability of dividend** Annuities and With-Profits cumulative UCG¹ is £10bn², net of tax

UCG¹ for in-force Shareholder Annuities and With-Profits business (incl. PruFund)



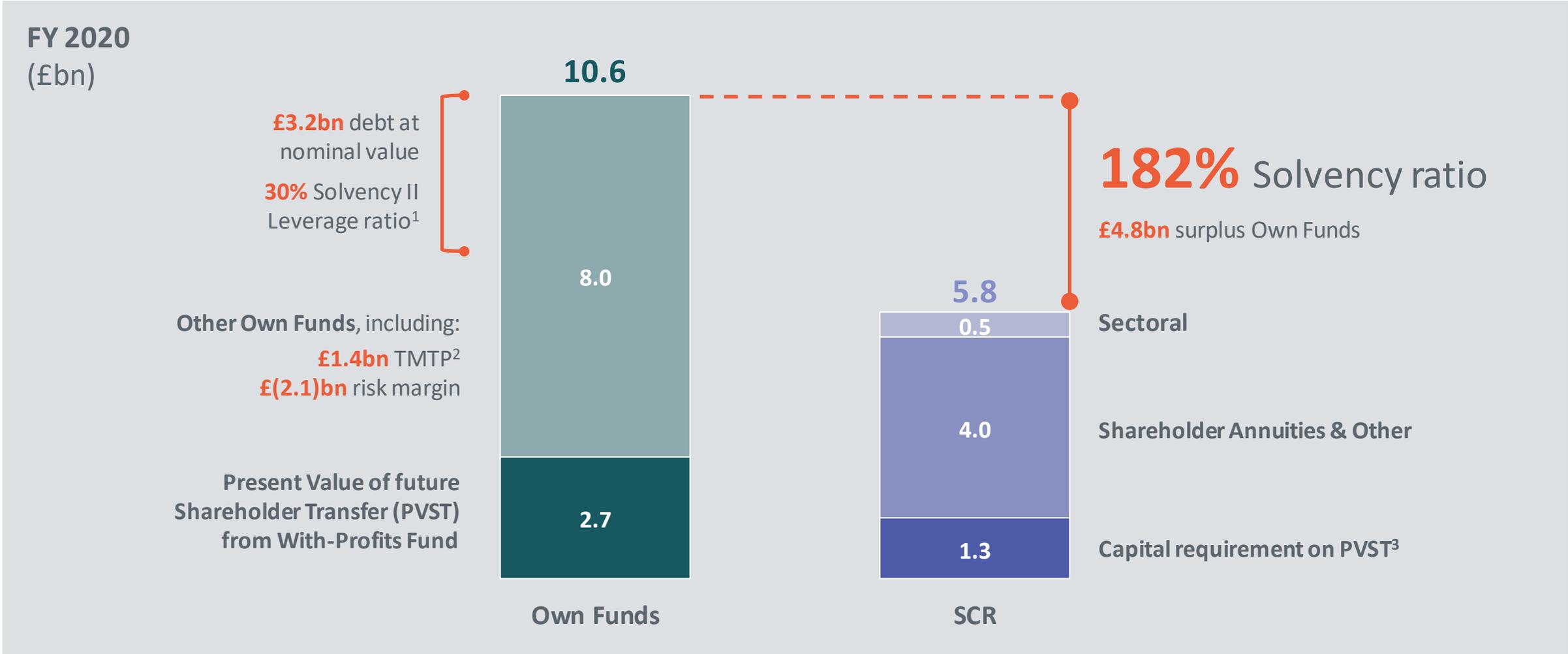
The £10bn does not include:

- (+) **Management actions**, e.g. longevity releases, new hedges
- (+) **Institutional and Retail Asset Management earnings**
- (+) **New Retail Savings business** (including new PruFund sales)
- (+) **Solvency II retained surplus** from operating entities
- (-) **Debt and Head Office costs**

1. Underlying Capital Generation, net of tax and run-off of hedge programmes

2. Cumulative undiscounted total based on in-force business and reflecting economic conditions as of 31 December 2020

Shareholder Solvency II coverage ratio



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

Solvency II sensitivities

Estimated impact on % ratio and surplus

Shareholder Solvency II market sensitivities FY 2020

	Solvency ratio (%)	Surplus (£bn)
Base Shareholder position	182	4.8
20% instantaneous fall in equity markets	175	4.3
20% instantaneous fall in property markets	175	4.4
50bp fall in interest rates	173	4.6
100bp increase in credit spreads	178	4.3
20% credit asset downgrade ¹	175	4.4

With-Profits Solvency II market sensitivities FY 2020

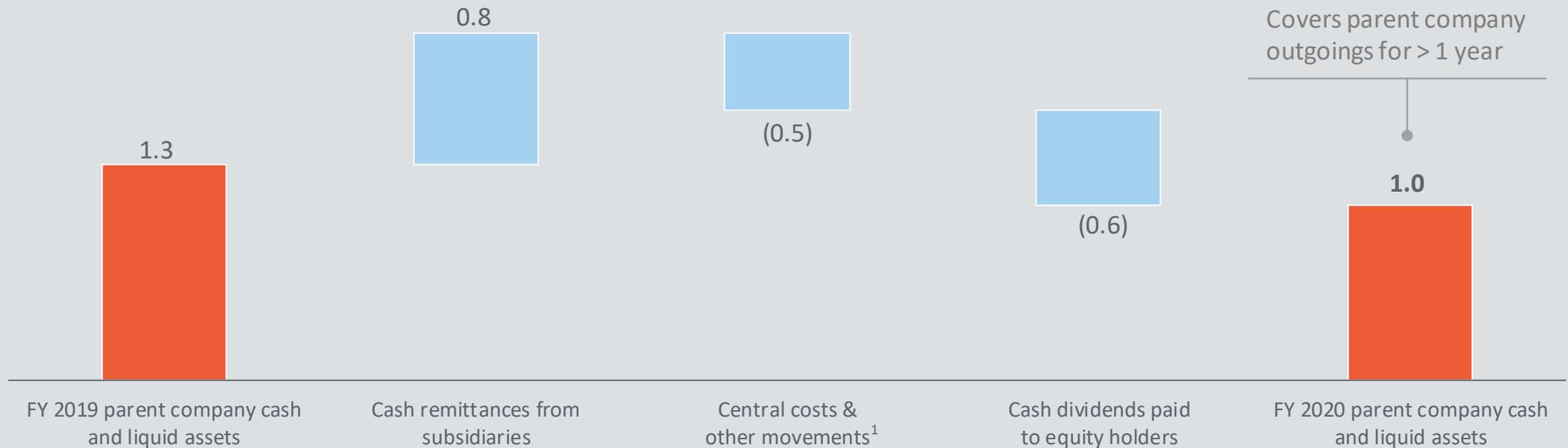
	Solvency ratio (%)	Surplus (£bn)
Base With-Profits position	242	7.0
20% instantaneous fall in equity markets	230	6.5
20% instantaneous fall in property markets	240	6.8
50bp fall in interest rates	243	7.2
100bp increase in credit spreads	237	6.4
20% credit asset downgrade ¹	238	6.8

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)

Parent company liquidity

Cash and liquid assets at £1.0bn

Parent company cash and liquid assets
FY 2020 (£bn)



1. Includes £189m of interest paid on subordinated debt and £105m of own shares purchases.

Progress on Transformation programme

On track to deliver £145m savings in line with our 2022 completion date

Annual run-rate shareholder cost savings



-  Transformation run-rate savings as of FY 2020
-  Transformation run-rate savings to achieve by FY 2022

What we have achieved so far

- On track to deliver 2022 target savings in full despite COVID-19 disruption
- Established international operations in Chicago, Singapore, Paris and Luxembourg, making us both Brexit-ready and supporting our ambitions to grow internationally
- Proceeded at pace with the rationalisation programme of our IT estate, remaining on track to reduce total number of business applications by c. 50%
- Digitised the Heritage business, continuing to decommission expensive legacy policy admin systems and migrating over 1m customers to the industry leading BaNCS platform

Core objectives for the next 2 years

- Continue execution of initiatives already identified, e.g. IT consolidation and rationalisation
- Implement new Target Operating Models developed for business and support functions, allowing us to tackle growth opportunities as efficiently and effectively as possible
- Complete simplification of With-Profits fund structures, by pooling assets spread across over 100 investment building blocks into fewer than 30, delivering operational simplicity and better outcomes
- Implement new flexible ways of working, optimising our location footprint while creating a more collaborative environment, and permanently lowering travel costs

Sources of earnings – Expected development¹

Key medium-term drivers of Adjusted Operating Profit

Savings & Asset Management

Asset Management

- **Institutional:** Expect continued momentum, with positive flows and resilient margins
- **Retail:** Ongoing work to revitalise the proposition and turn flows around; revenue margins under pressure due to industry trends and necessary action on fees

With-Profits

- **Net flows** expected to be positive over the medium-term but to remain challenged as lockdowns and economic uncertainty continue
- **Adjusted operating profit** expected to rise as book grows and matures. Possible short-term volatility in shareholder transfer, up or down, due to market volatility (particularly equity markets, which are partially mitigated by hedges in place, see appendix)

Other

- Expected to be small in Group context
- Result from minor other businesses including Prudential international branches
- Includes results from Ascentric which are likely to be slightly negative in the short-term as we invest to incorporate the platform into our broader proposition

Heritage

With-Profits

- **Shareholder transfers** expected to remain broadly stable in the short to medium-term in normal market conditions
- **Hedge result** helps mitigate equity market risk (see appendix)

Shareholder Annuities & other

- **Return on excess assets** expected to decline slightly from 2020 level as dividend to HoldCo lowered excess assets
- **Annuity asset trading** expected to remain positive although slowly declining over time
- **Longevity** assumptions to be reviewed in H2 2021, calibrating CMI 2019 to own experience

Corporate Centre

Head Office expense

- Expenses expected to be in the range of £80-100m p.a.
- Small amount of investment income on HoldCo assets

Finance cost

- Coupons on debt amount to c. £190m² p.a.
- Impact (positive) of c. £25-30m² p.a. amortisation of fair value premium

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

2. Specific amount in each period depending on USD / GBP exchange rate

Key takeaways

1

Diversified and integrated business model delivering £1bn total capital generation in 2020

2

Growing internal and institutional asset management as we fix the Retail franchise

3

Highly cash generative in-force business expected to generate £10bn underlying capital over time

4

Proactive approach to management actions, with 2020 other capital generation of £735m

5

Prudent balance sheet with high-quality credit book and 182% Shareholder Solvency II ratio

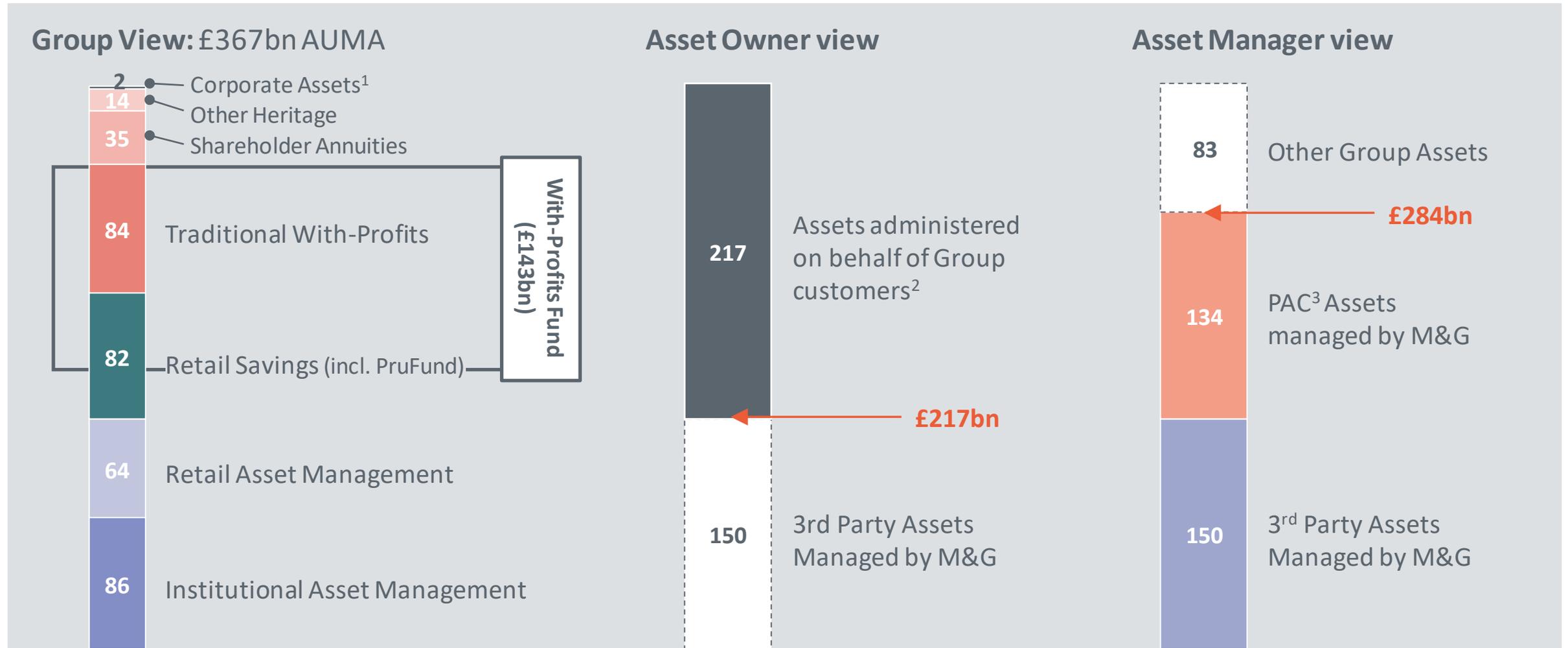


Appendix

Additional financial information

Our asset base

We are an Asset Owner and an Asset Manager



1. Includes £0.8bn Other Savings and Asset Management AUMA; 2. Includes PAC and Ascentric customers, Corporate Assets and Other Assets Under Administration; 3. Prudential Assurance Company

Asset under Management and Administration

FY 2018 to FY 2020

(£bn)		FY 2018	Inflows	Outflows	Net client flows	Market / Other	FY 2019	Inflows	Outflows	Net client flows	Market / Other	FY 2020
Savings & Asset Management	Institutional Asset Management	70.5	10.7	(10.8)	(0.1)	6.4	76.8	13.0	(7.9)	5.1	3.6	85.5
	Retail Asset Management	76.4	21.2 ¹	(28.6) ¹	(7.4)	5.9	74.9	15.0	(27.1)	(12.1)	1.4	64.2
	Retail Savings	50.6	11.0	(4.8)	6.2	6.7	63.5	6.8	(6.4)	0.4	17.9 ²	81.8
	- of which: PruFund	43.0	10.2	(3.8)	6.4	4.4	53.8	5.2	(4.8)	0.4	1.3	55.5
	Other	0.2	0.0	0.0	0.0	0.5	0.7	0.0	0.0	0.0	0.1	0.8
	Total Savings & Asset Management	197.7	42.9	(44.2)	(1.3)	19.5	215.9	34.8	(41.4)	(6.6)	23.0	232.3
Heritage	Traditional With-Profits	84.6	0.6	(5.7)	(5.1)	5.3	84.8	0.3	(5.0)	(4.7)	4.2	84.3
	Shareholder Annuities	24.9	0.2	(2.3)	(2.1)	12.7	35.5	0.0	(1.8)	(1.8)	1.6	35.3
	Other	14.0	(0.2)	(0.2)	(0.4)	0.1	13.7	0.1	(0.2)	(0.1)	0.5	14.1
	Total Heritage	123.5	0.6	(8.2)	(7.6)	18.1	134.0	0.4	(7.0)	(6.6)	6.3	133.7
Corporate Assets	0.0	0.0	0.0	0.0	1.6	1.6	0.0	0.0	0.0	(0.4)	1.2	
Group Total	321.2	43.5	(52.4)	(8.9)	39.2	351.5	35.2	(48.4)	(13.2)	28.9	367.2	

1. About £3bn of the gross inflows and gross outflows in Retail Asset Management were in relation to the establishment of the Luxembourg SICAV fund range, in which the Spanish Traspasos regime was used to migrate non-Sterling assets from OEICS to newly created SICAVs, and due to the re-registration of assets as a result of M&A in the GFI (Global Financial Institutions) space; 2. Includes impact of Ascetric acquisition

AUMA by asset class

FY 2020

(£bn)	On-balance sheet AUMA					External AUMA			Total AUMA
	With-Profits	Unit linked	S/H Annuity & Other Sh	Corporate Assets	Total balance sheet	Retail	Institutional	Total external	
Equity securities	65.1	11.2	-	-	76.3	25.7	6.1	31.8	108.1
Debt Securities	43.4	2.8	20.2	1.0	67.4	35.0	52.7	87.7	155.1
- of which Corporate	31.7	1.7	14.1	1.0	48.5	20.2	32.2	52.4	100.9
- of which Government	9.0	1.0	5.3	-	15.3	13.7	12.2	25.9	41.2
- of which ABS	2.7	0.1	0.8	-	3.6	1.1	8.3	9.4	13.0
Loans	1.6	-	2.3	-	3.9	-	11.5	11.5	15.4
Deposits	13.4	1.0	1.2	-	15.6	-	-	-	15.6
Derivatives ¹	2.7	-	(0.3)	-	2.4	(0.1)	(0.2)	(0.3)	2.1
Investment property	12.4	0.4	1.5	-	14.3	1.5	12.9	14.4	28.7
Reinsurance Assets	-	0.1	11.6	-	11.7	-	-	-	11.7
Cash and cash eq.	3.6	0.2	1.0	0.9	5.7	2.1	2.5	4.6	10.3
Other	1.0	0.1	0.2	-	1.3	-	-	-	1.3
Total	143.2	15.8	37.7	1.9	198.6	64.2	85.5	149.7	348.3
Other Assets Under Administration									18.9
Total Asset Under Management and Administration									367.2

1. Derivatives assets are shown net of derivative liabilities.

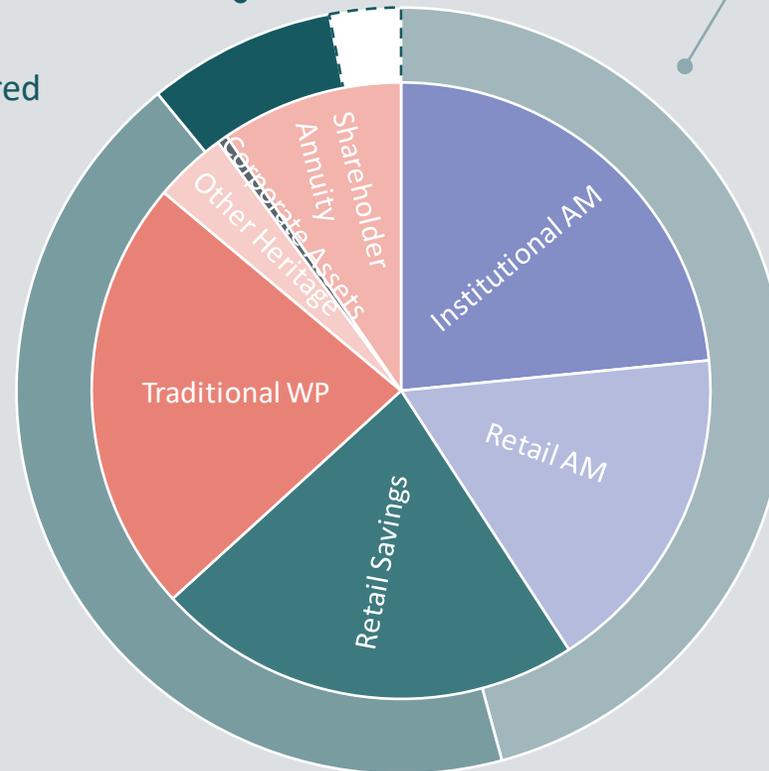
Limited exposure to Investment Risk

Shareholder Annuity, Corporate Assets and Other FY 2020: £29bn + £11bn

- o/w £29bn Investment risk fully borne by shareholders
- o/w £11bn Reinsurance assets backing liabilities transferred to Rothesay

With-Profit Fund, Unit Linked and Other Retail Savings FY 2020: £159bn

- Limited investment risk borne by shareholders in relation to the shareholder transfers from the With-Profit Fund
- Investment risk within the With-Profit fund largely borne by policyholders¹
- Investment risk within Unit-Linked fully borne by policyholders



Asset Management and Other Assets under Administration FY 2020: £168bn

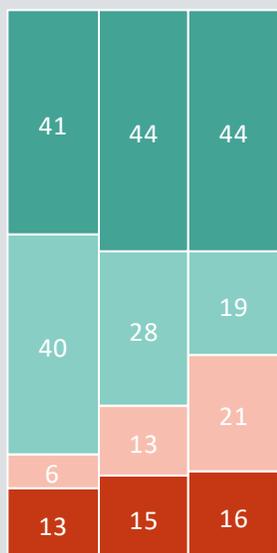
Off-balance sheet assets, no exposure to investment risk

1. Shareholder support may be required in extreme circumstances where the fund has insufficient resources to support the risk

Retail Asset Management

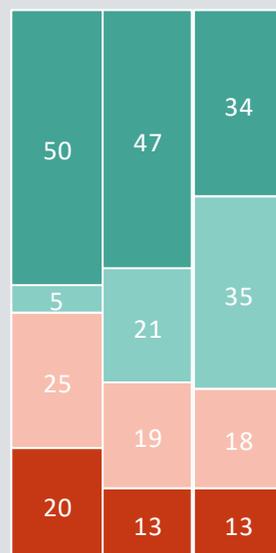
Mutual funds performance

Mutual funds performance as of December 2018, 2019 and 2020
(as % of AUMA)



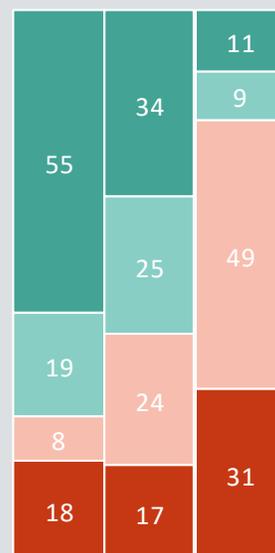
FY 18 FY 19 FY 20

10-year



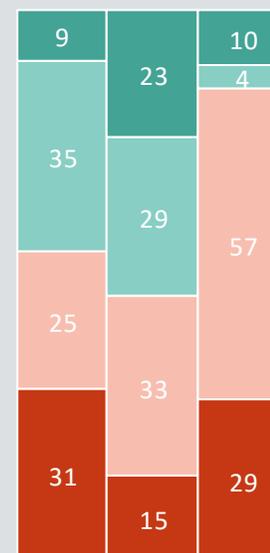
FY 18 FY 19 FY 20

5-year



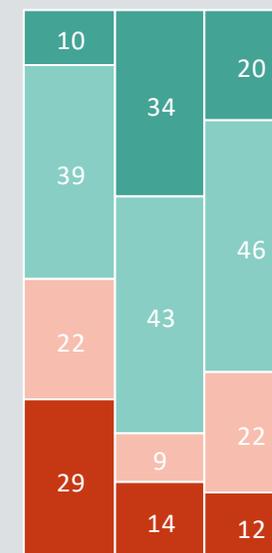
FY 18 FY 19 FY 20

3-year



FY 18 FY 19 FY 20

1-year



FY 18 FY 19 FY 20

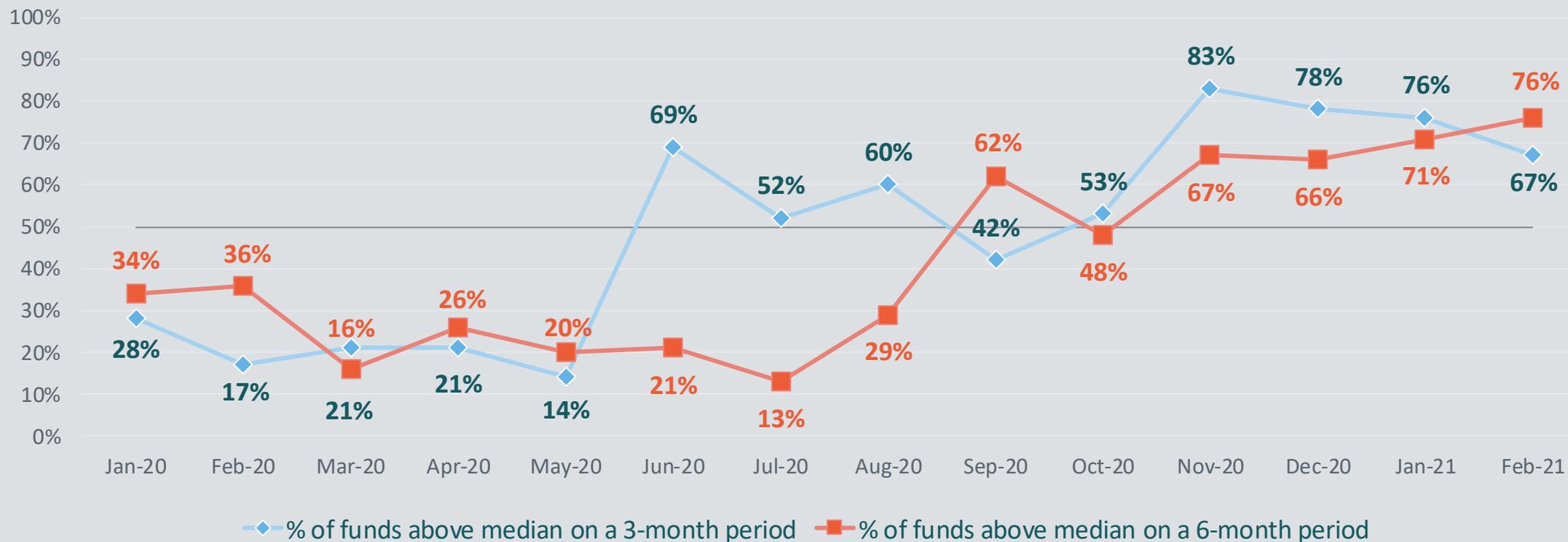
6-month

Bottom Lower Upper Top quartile

Retail Asset Management

Rolling mutual funds short-term performance

Mutual funds with performance above median over 2020 on a month by month basis
(as % of AUMA)



Retail Asset Management

Largest SICAV and OEIC mutual funds¹

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2019	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	FY 2020
1	OEIC+SICAV	Bonds	Optimal Income	20.4	4.4	(10.4)	(6.0)	0.7	15.1
2	SICAV only	Multi Asset	Dynamic Allocation	5.0	0.5	(2.4)	(1.9)	0.1	3.2
3	OEIC+SICAV	Equities	Global Dividend	4.3	0.9	(1.4)	(0.6)	0.2	4.0
4	OEIC+SICAV	Bond	Global Floating Rate High Yield	2.4	0.3	(1.4)	(1.1)	(0.0)	1.3
5	OEIC+SICAV	Equities	Global Themes	2.4	0.5	(0.6)	(0.1)	0.2	2.5
6	OEIC only	Bond	Strategic Corporate Bonds	2.4	0.3	(0.6)	(0.3)	(0.1)	1.9
7	OEIC only	Bond	Corporate Bonds	2.3	0.2	(0.5)	(0.3)	0.1	2.1
8	SICAV only	Multi Asset	Conservative Allocation	2.0	0.2	(0.8)	(0.6)	0.0	1.4
9	OEIC only	Property	Property Portfolio	1.8	-	-	-	(0.2)	1.6
10	SICAV only	Equities	European Strategic Value	1.8	0.3	(0.6)	(0.3)	(0.1)	1.4

1. As of 15 February 2021, we implemented a reduction of the fees applied to around 74% of the assets (FY 2020: £26bn) in M&G's mutual fund range in the UK (OEICs). The avg. fee reduction was about 13bps

Retail Asset Management

Largest SICAV mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2019	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	FY 2020
1	SICAV	Bonds	Optimal Income	17.1	4.2	(9.1)	(4.9)	0.7	12.9
2	SICAV	Multi Asset	Dynamic Allocation	5.0	0.5	(2.4)	(1.9)	0.1	3.2
3	SICAV	Bonds	Global Floating Rate High Yield	2.0	0.2	(1.2)	(1.0)	(0.0)	1.0
4	SICAV	Equities	Global Dividend	2.0	0.2	(0.8)	(0.6)	0.2	1.7
5	SICAV	Multi Asset	Conservative Allocation	2.0	0.2	(0.8)	(0.6)	0.0	1.4
6	SICAV	Equities	European Strategic Value	1.8	0.3	(0.6)	(0.3)	(0.1)	1.4
7	SICAV	Multi Asset	Income Allocation	1.2	0.1	(0.3)	(0.2)	0.0	1.0
8	SICAV	Bonds	European Corporate Bond	0.9	0.3	(0.7)	(0.4)	0.1	0.6
9	SICAV	Bonds	Emerging Markets Bond	0.8	0.6	(0.3)	0.2	0.0	1.1
10	SICAV	Bonds	Global Macro Bond	0.6	0.4	(0.3)	0.1	0.1	0.8

Retail Asset Management

Largest OEIC mutual funds¹

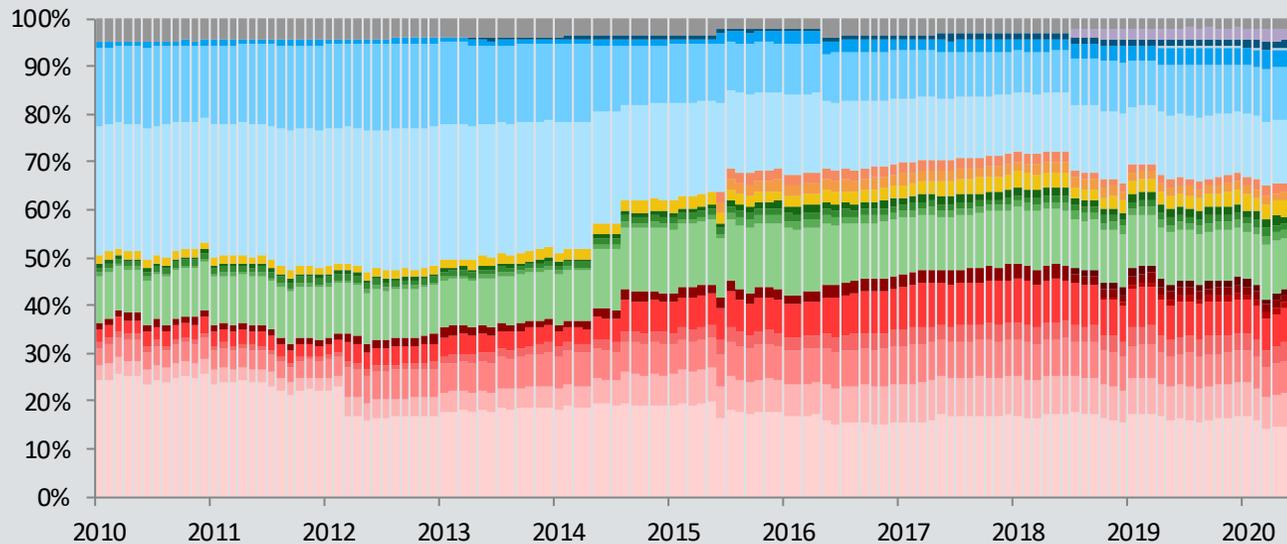
				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2019	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	FY 2020
1	OEIC	Bonds	Optimal Income	3.3	0.2	(1.3)	(1.1)	(0.0)	2.2
2	OEIC	Bonds	Strategic Corporate Bond	2.4	0.3	(0.6)	(0.3)	(0.1)	1.9
3	OEIC	Bonds	Corporate Bond	2.3	0.2	(0.5)	(0.3)	0.1	2.1
4	OEIC	Equities	Global Dividend	2.3	0.7	(0.7)	0.0	0.0	2.3
5	OEIC	Equities	Global Themes	2.1	0.3	(0.4)	(0.1)	0.1	2.1
6	OEIC	Property	Property Portfolio	1.8	-	-	-	(0.2)	1.6
7	OEIC	Equities	Recovery	1.6	0.0	(0.2)	(0.2)	(0.2)	1.2
8	OEIC	Bonds	Global Macro Bond	1.1	0.8	(0.4)	0.4	0.1	1.6
9	OEIC	Equities	Charifund	1.1	0.0	(0.1)	(0.0)	(0.2)	0.8
10	OEIC	Multi Asset	Episode Income	0.9	0.1	(0.2)	(0.2)	(0.0)	0.7

1. As of 15 February 2021, we implemented a reduction of the fees applied to around 74% of the assets (FY 2020: £26bn) in M&G's mutual fund range in the UK (OEICs). The avg. fee reduction was about 13bps

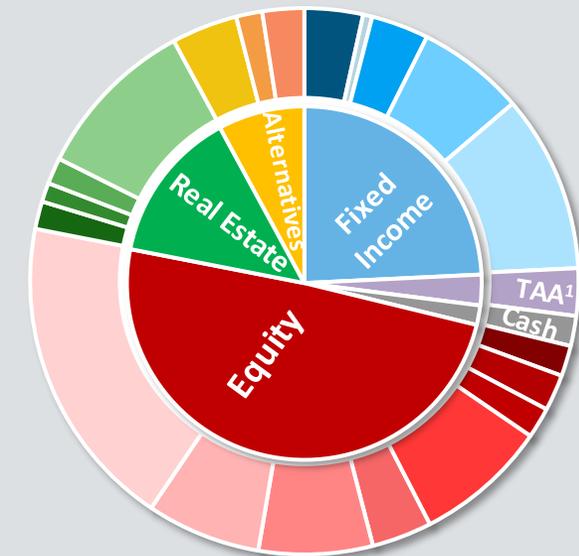
With-Profits Fund

Strategic Asset Allocation

Asset allocation evolution between 2010 and FY 2020



Asset allocation as of December 2020



LEGEND

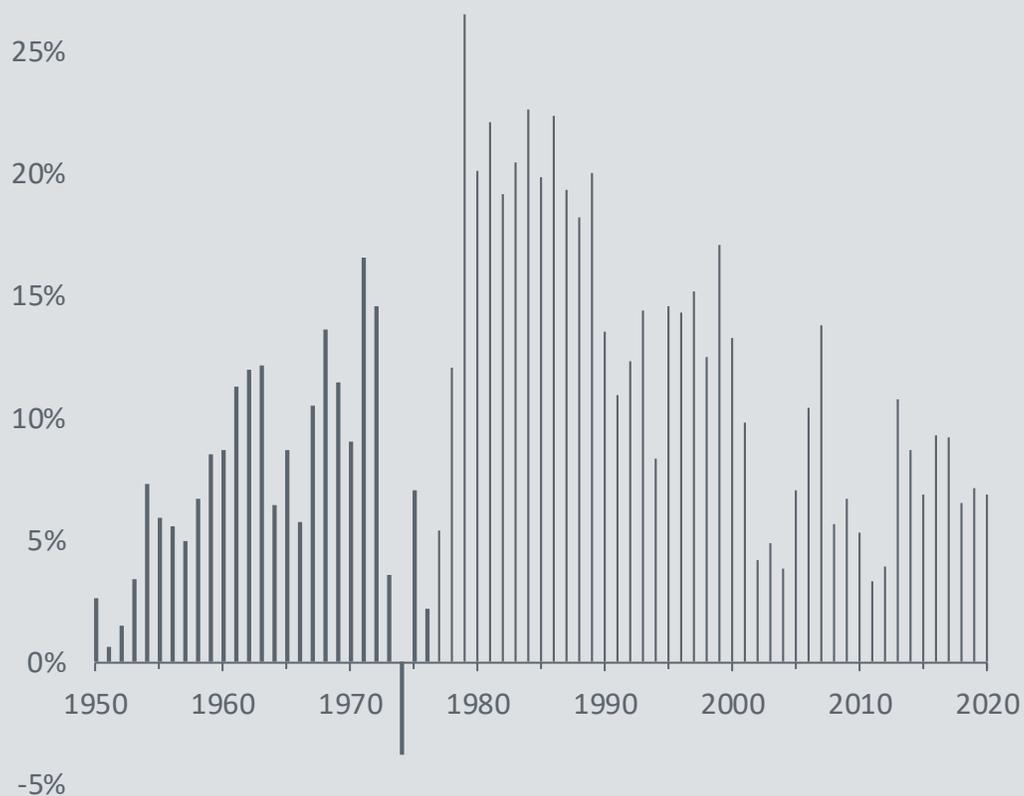


1. Tactical Asset Allocation mandate; 2. Includes: Emerging Market, Convertibles, Bridge Loans, Private High-Yield
 Source: Allocation as of 31st of December 2020 for OBMG, the largest of the funds within the With-Profits sub fund

With-Profits Fund

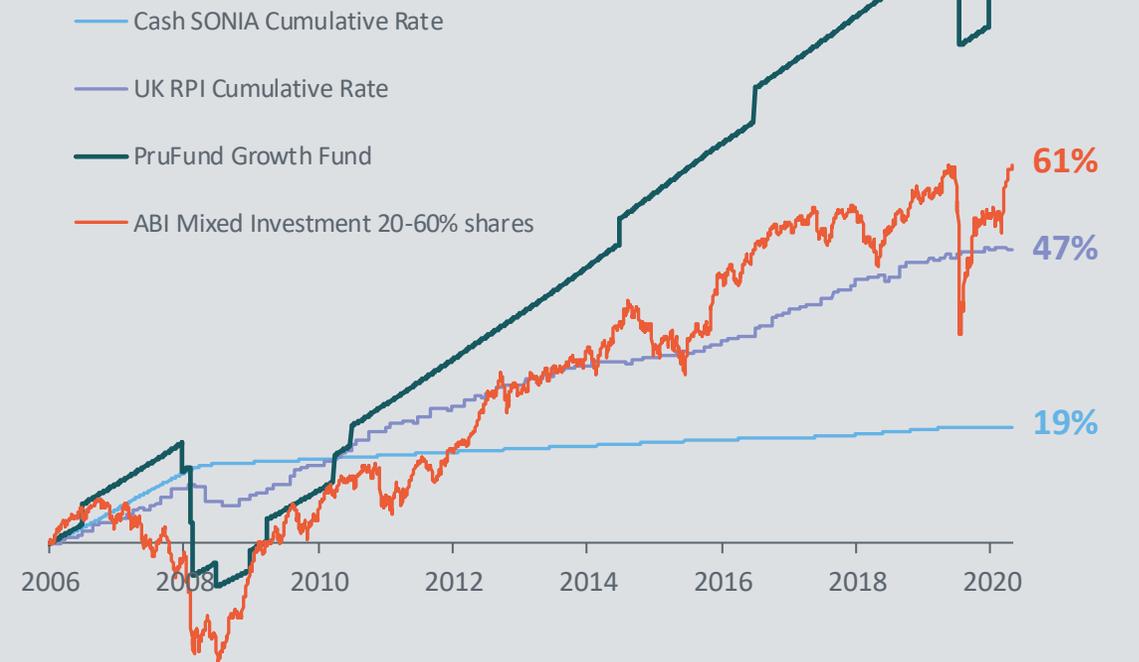
Historical returns

Annualised 5-year rolling returns¹



PruFund Growth returns vs. peers

PruFund Growth returns after charges
(% returns above capital invested)¹



1. Data shows OBMG returns; OBMG is the largest of the funds within the With-Profits sub fund, backing PruFund Growth Fund—Past performance is not a guide to future performance. The value of an investment can go down as well as up and so customers may not get back the amount they put in

Shareholder transfer hedge programme

Programme features and estimated impact on AOP

Cash-flow hedges

Scope

Minimise cashflow volatility by locking-in equity market value at time of purchase

Maturity

Up to 6-year programme based on FTSE 100, S&P500 and EuroStoxx 50 Total Return index

IFRS impact

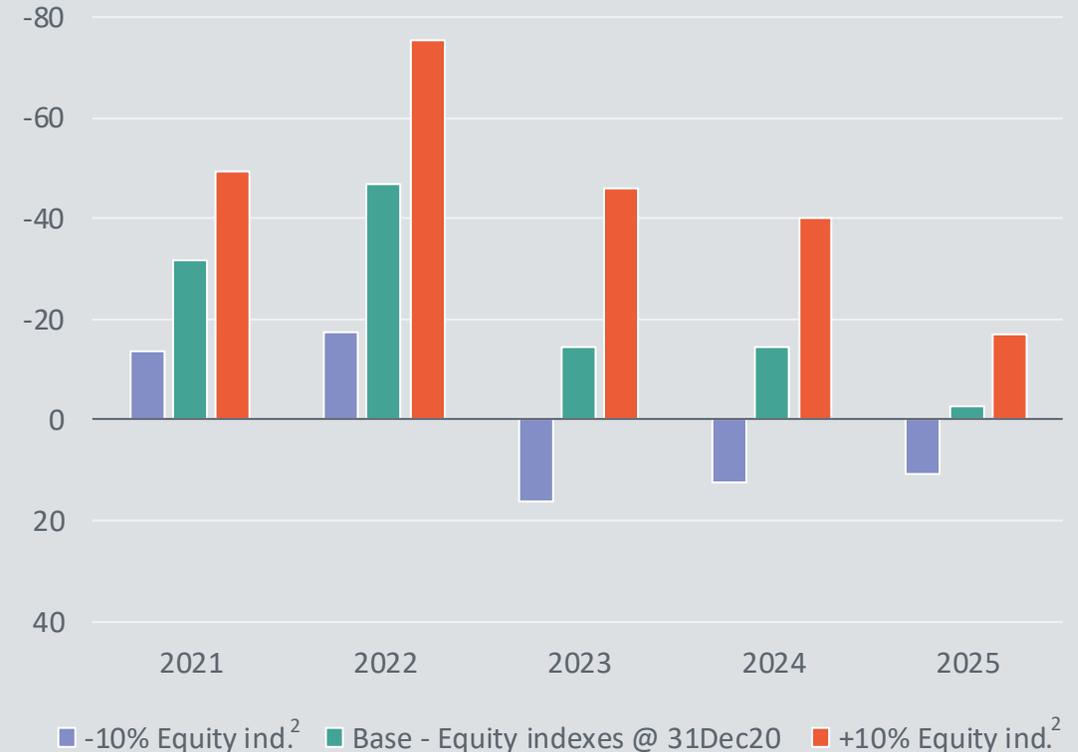
Realised loss (or gain) at maturity included in adjusted operating result, mark-to-market in non-operating result¹

Solvency II impact

SCR Reduction of £0.5bn (at 31 December 2020)

Estimated AOP impact from hedges¹

Negative AOP impact (£m)



1. Represents estimated impact at maturity on AOP for both PruFund and Traditional With-Profits. The estimate is based on the fair value of cash-flow hedging programmes at 31 Dec 20. Actual gains/losses may differ according to the equity indexes 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 AOP in line with the emergence of the transfer they hedge; 2. Instantaneous shock applied to 31 Dec 20 value of the 3 indexes

From IFRS Adjusted Operating Profit to IFRS Profit After Tax

(£m)		FY 2018	FY 2019	FY 2020
Savings & Asset Management	Asset Management	473	381	316
	With-Profits (PruFund ¹)	54	55	44
	Other	(59)	38	(28)
	Total Savings & Asset Management	468	474	332
Heritage	With-Profits	201	187	207
	Shareholder Annuities & Other	964	565	492
	Total Heritage	1,165	752	699
Corporate Centre	Debt interest cost	-	(29)	(167)
	Head Office cost ²	(12)	(48)	(76)
	Total Corporate Centre	(12)	(77)	(243)
Adjusted Operating Profit		1,621	1,149	788
Short-term fluctuations in investment returns		(3)	298	678
Profit/(loss) on disposal of businesses & corporate transactions		(508)	53	-
Restructuring & other costs		(109)	(198)	(73)
- of which 'Transformation'		(102)	(62)	(73)
Profit attributable to non-controlling interests		2	3	4
IFRS Profit before tax attributable to equity holders		1,003	1,305	1,397
Tax		(192)	(240)	(255)
IFRS Profit after tax attributable to equity holders		811	1,065	1,142

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

2. Includes 'Head Office Expenses' and 'Investment and other income on Hold Co assets' – these were £(101)m and £25m respectively for FY 2020

Focus on AOP Other items

(£m)		FY 2019	FY 2020		FY 2019	FY 2020	
Savings & Asset Management	Asset Management	381	316		International business	42	20
	With-Profits (PruFund)	55	44		Investment income	25	5
	Other	38	(28)		Other	(29)	(53)
	Total Savings & Asset Management	474	332		Total	38	(28)
Heritage	With-Profits	187	207			FY 2019	FY 2020
	Shareholder Annuities & Other	565	492		Mismatching profits	55	38
	- of which 'Other'	113	28		Other assumption and model changes	32	(52)
	Total Heritage	752	699		Experience variances	4	19
Corporate Centre	Debt interest cost	(29)	(167)		Other provisions & reserves	(85)	(31)
	Head Office cost	(48)	(76)		Total annuity related	6	(26)
	Total Corporate Centre	(77)	(243)		Other ¹	107	54
Total Adjusted Operating Profit		1,149	788		Total	113	28
						FY 2019	FY 2020
					Subordinated debt interest cost	(38)	(189)
					Amortisation fair value premium	9	22
					Total	(29)	(167)
						FY 2019	FY 2020
					Head Office expenses	(74)	(101)
					Investment and other income on Hold Co assets ³	26	25
					Total	(48)	(76)

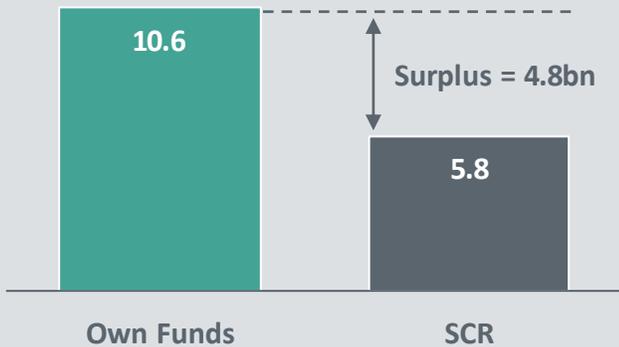
1. Includes reserve releases related to completion of various legacy remediation programmes reviews. In FY 2019 included also £29m credit in respect of changes to Group staff pension schemes; 3. Includes positive impact of FX movements on USD denominated debt of £15m in FY 2020 and £13m in FY 2019

Solvency II position¹

M&G Group

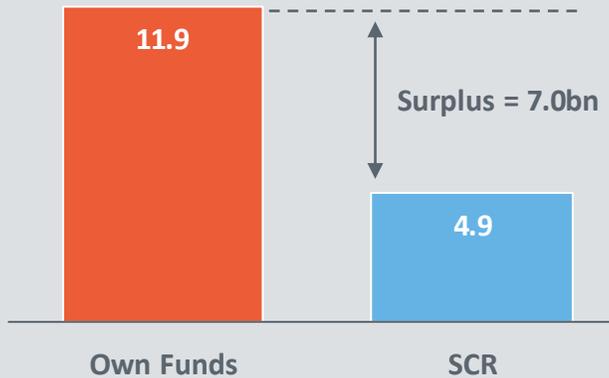
FY 2020
(£bn)

Shareholder view



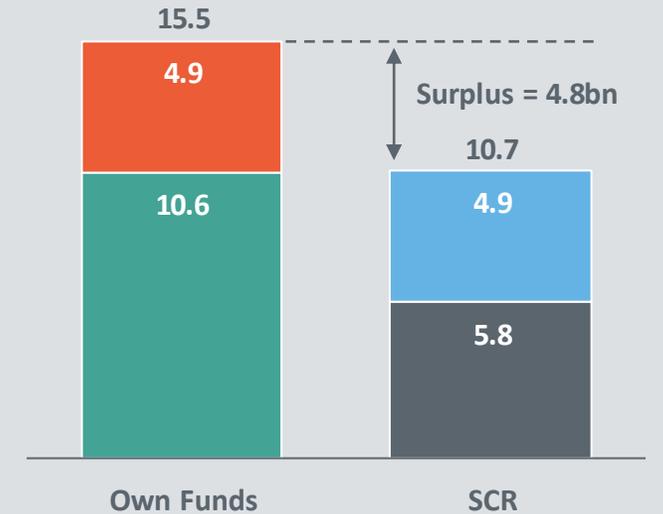
Solvency ratio 182%

With-Profits Fund view



Solvency ratio 242%

Regulatory view

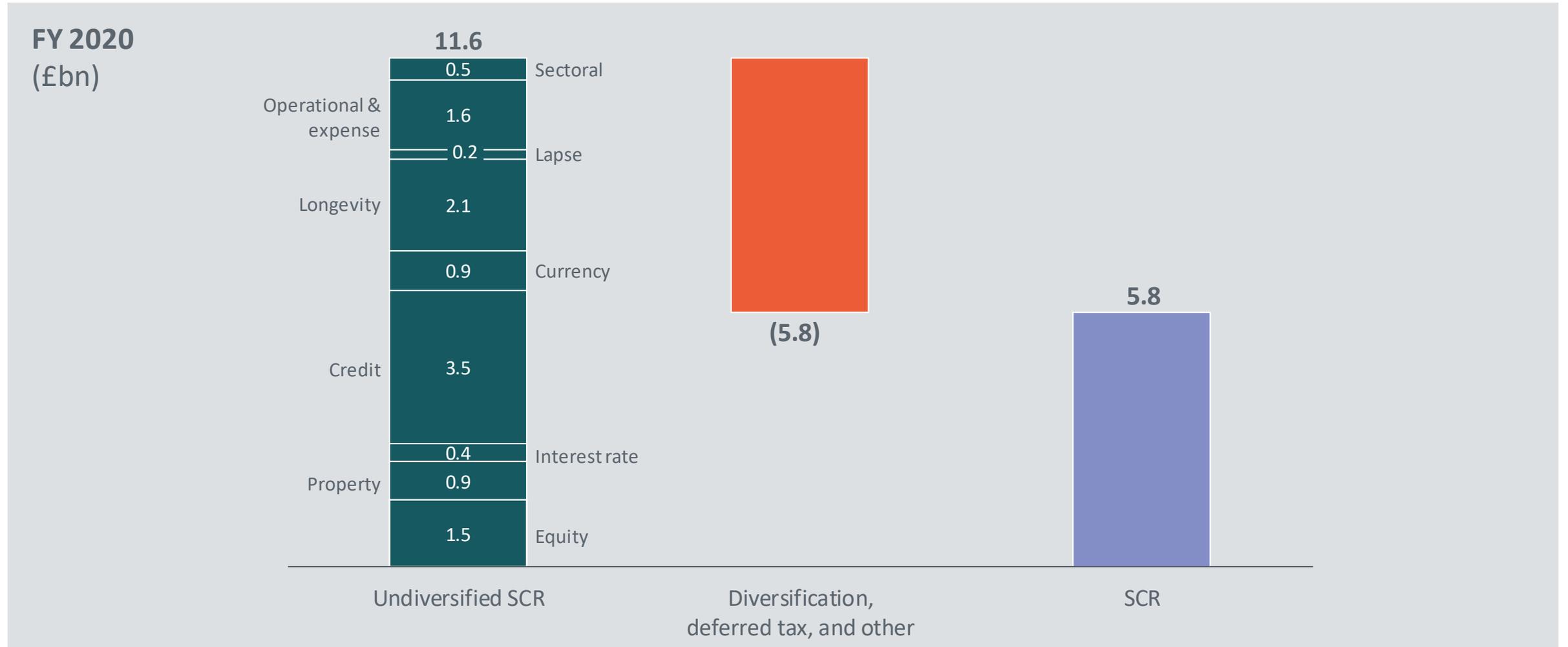


Solvency ratio 144%

1. All views include the recalculation of Transitional Measures on Technical Provisions (TMTP)

Diverse risk exposures

Breakdown of the shareholder Solvency II SCR by risk type

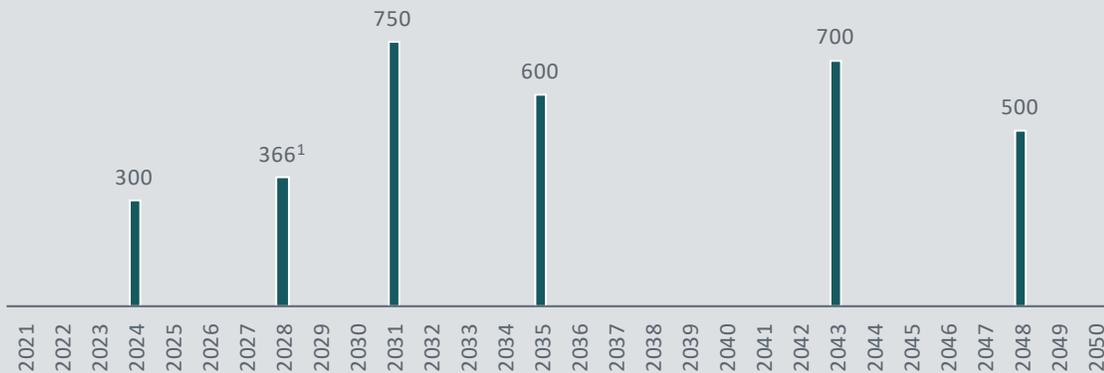


Financial debt structure

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 31 December 2020

Ratings

	Financial Strength	Issuer Default	Outlook
S&P Global Ratings	A+	A	Stable
MOODY'S	Aa3	A2	Stable
Fitch Ratings	AA-	A+	Stable

Operating Capital Generation

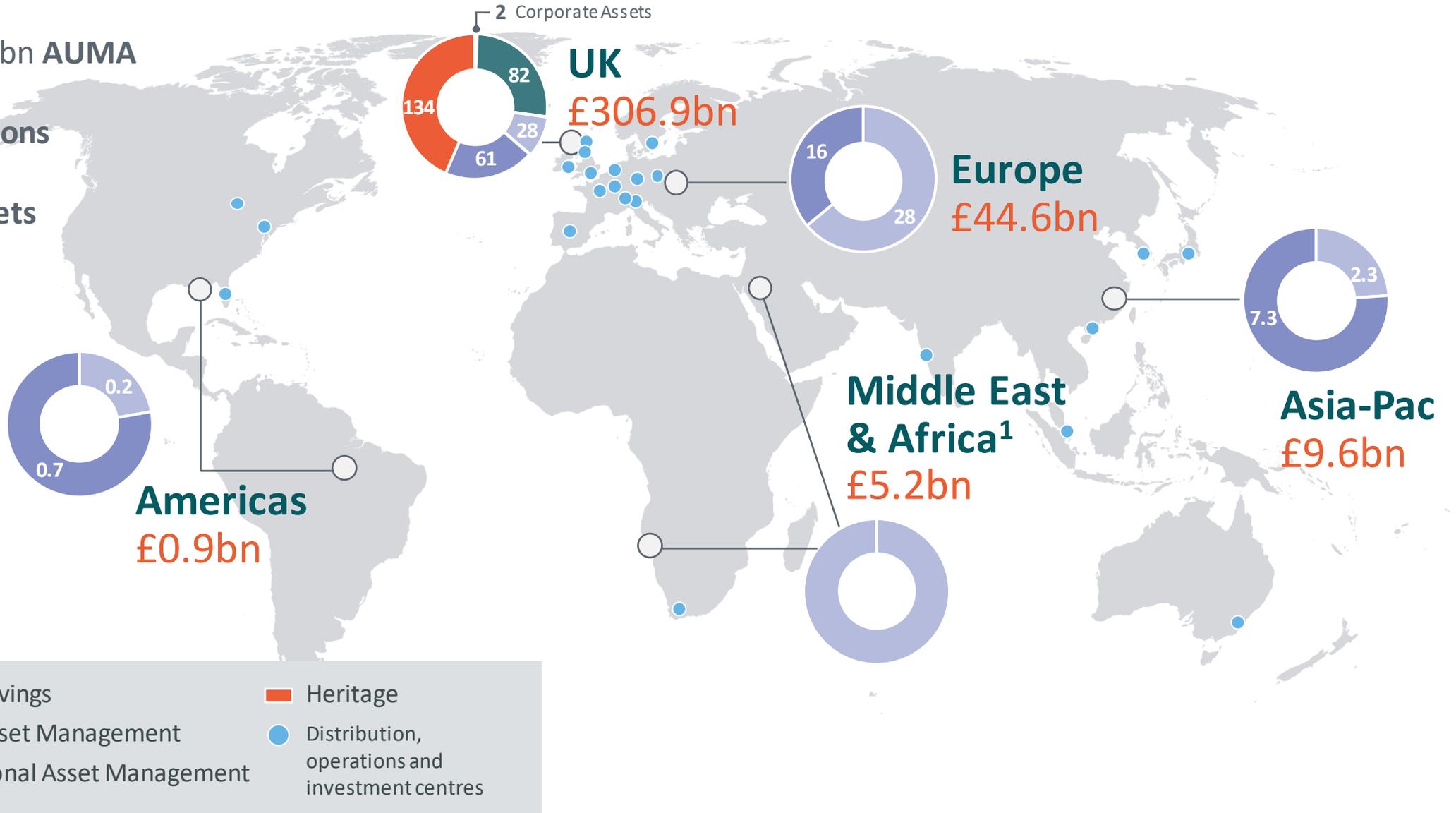
(£m)		FY 2019			FY 2020		
		Own Funds	SCR	Total	Own Funds	SCR	Total
Savings & Asset Management	Asset Management	381	(2)	379	316	(8)	308
	With-Profits	130	(130)	0	163	(75)	88
	- of which: In-force	96	(35)	61	151	(51)	100
	- of which: New business	34	(95)	(61)	12	(24)	(12)
	Other	37	(2)	35	26	(5)	21
	Total Underlying Capital Generation	548	(134)	414	505	(88)	417
Heritage	With-Profits	71	(0)	71	100	5	105
	Shareholder Annuities & other	255	133	388	193	148	341
	Total Underlying Capital Generation	326	133	459	293	153	446
Corporate Centre	Debt interest cost	(22)	-	(22)	(189)	-	(189)
	Head Office cost ¹	(73)	4	(69)	(99)	3	(96)
	Total Underlying Capital Generation	(95)	4	(91)	(289)	3	(286)
	Total Underlying Capital Generation	779	3	782	509	68	577
	Other Savings & Asset Management Capital Generation	29	16	45	27	56	83
	Other Heritage Capital Generation	222	295	517	297	267	564
	Other Corporate Centre Capital Generation	28	(96)	(68)	82	6	88
	Total Operating Capital Generation	1,058	218	1,276	915	397	1,312

Our international footprint

£367.2bn AUMA

23 locations

28 markets



- Retail Savings
- Retail Asset Management
- Institutional Asset Management
- Heritage
- Distribution, operations and investment centres

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 2020, based on the country of the underlying client

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