



2021 Half Year Results

10 August 2021



M&G plc 2021 Half Year Results

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Notes: All figures relate to continuing operations unless otherwise stated. Where relevant, historical 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

		H1 2020	H1 2021
AUMA & Flows	Assets under Management and Administration (£bn)	367 ¹	370
	Savings and Asset Management net client flows (£bn)	(4.1)	(2.0)
	Adjusted Operating Profit (£m)	309	327
Adjusted Operating Profit	- of which Savings and Asset Management (£m)	162	161
	- of which Heritage (£m)	298	282
	- of which Corporate Centre (£m)	(151)	(116)
	Total Capital Generation (£m)	(202)	869
Capital Generation	Operating Capital Generation (£m)	539	309
	Shareholder Solvency II coverage ratio	182% ¹	198%
	Solvency II surplus (£bn)	4.8 ¹	5.4



Business Review

John Foley, Chief Executive Officer

Continued delivery of resilient performance through the pandemic

Strong capital generation and solvency ratio

AUMA

£370bn

Adjusted
Operating Profit

£327m

Total Capital
Generation

£869m

Shareholder SII
coverage ratio

198%

We remain committed to:

Our dividend policy
confirming our 2021
interim DPS of 6.1p¹

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

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

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



One M&G: Continuing to progress at pace on our sustainability journey

With the values of care and integrity forming the basis of our culture

Our values...



Care

We act with care, treating everyone with the same level of respect we would expect for ourselves. And we invest with care, making choices for the long term



Integrity

Our business is built on trust, and we empower our people to do the right thing, honouring commitments and acting with conviction

One M&G

... and sustainability at the heart of everything we do

Asset Owner

Catalyst: Approved 21 investments, committing £1.2bn, in H1-21

PruFund Planet: Launched a new, sustainable version of PruFund

UNPRI: Joined the UN Principles of Responsible Investments

Asset Manager

Sustainable funds: Expanding retail and institutional offering

SFDR: Transitioning half of SICAV AUM to be Article 8/9 compliant

Reporting: Carbon intensity data now available to wholesale clients

Corporate

Sustainability report: Outlined our 10 point sustainability plan

Corporate initiatives: Joined the UN Global Compact and PPCA¹

Coal policy: Ranked best among UK asset managers / owners²

PruFund Planet: The next generation PruFund for a sustainable future

Built thanks to the collaboration between the Asset Owner and Asset Manager

Proposition

A range of five risk-managed, multi-asset funds offering:

- 1 Smoothed financial returns
- 2 Positive environmental and societal outcomes

Leveraging the Asset Owner asset allocation and fund manager selection process...

... to invest in both public and private asset classes...

... across the impact spectrum¹ with six focus impact areas²

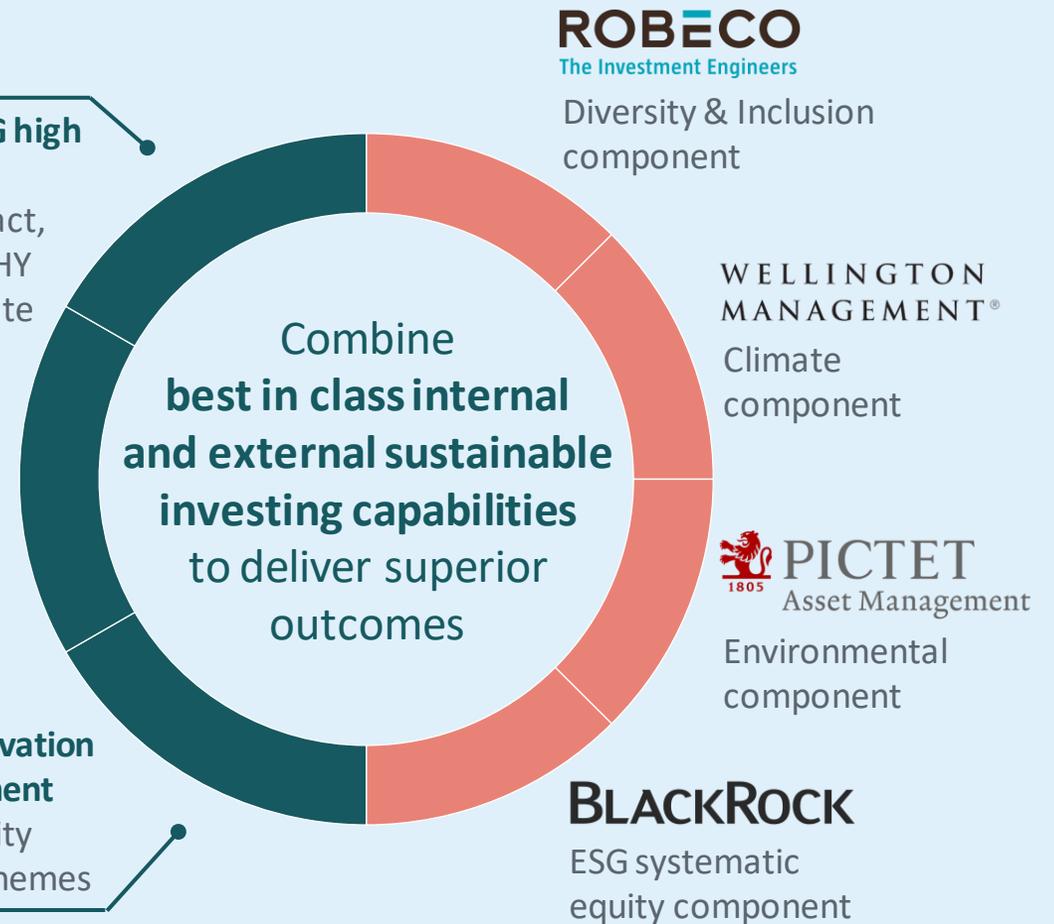
Investment capabilities



Leverage existing M&G high quality solutions
e.g. M&G Positive Impact, Impact Financing, ESG HY and EM Debt, Real Estate

Seed and build new funds that address PruFund Planet needs
e.g. M&G Better Health, Impact Alternatives, Sustainable Leveraged Loans and ESG Cash

Continue to drive innovation and product development
e.g. Catalyst, Biodiversity and additional future themes



1. The impact spectrum includes Responsible, Sustainable and Impact investing

2. These are: climate action, environmental solutions, circular economy, better health & saving lives, better work & education, and social inclusion

What we have delivered

Key achievements so far in 2021



Revitalise UK

- Soft-launched PruFund Planet, a smoothed fund with sustainable and impact outcomes
- Integrating Wealth Management value-chain components



Expand Institutional

- Maintained positive momentum in both performance and sales
- Continued to drive innovation in sustainable private assets with Catalyst



Grow Europe

- Adding dedicated local staff to drive growth of institutional sales
- Returned retail asset mgmt. to net inflows
- Progress towards launch of PruFund



Build International

- Completed onboarding of £25bn of North American and Asian Life fund assets
- Completed acquisition of controlling stake in South Africa JV



Protect Heritage

- Continued to optimise balance sheet and deliver management actions
- Tackling performance issues related to system migration

Sustainability at the heart of everything we do: Broadening our proposition, driving innovation, investing in talent and capabilities

Continuing to develop a retail fund offering fit for the future

Innovation to drive new business and performance to support existing one



Purpose

Launching new solutions with a strong focus on sustainability

Innovating, building expertise, recruiting talent, and expanding our thematic and sustainable range



Performance

Improving outcomes through closer monitoring and action

Continued improvement in investment performance measured as % of retail funds above median¹

July 2020

June 2021

1-year basis

17%



63%

3-year basis

23%



58%

Launch date



Pricing

Ensuring our proposition is commercially attractive

1. M&G plc and Morningstar Inc. – Retail Asset Management is defined as all unitised products including OEICs, SICAVs, and Charitable funds, excludes Investment Solutions mandates
 2. Includes: Global High-Yield ESG bonds and Global Emerging Market Corporate ESG bonds; 3. Includes: Sustainable Multi-Asset Balanced, Cautious, Growth and Sustainable Allocation

Revitalise UK: Building an integrated savings and investments business

Launched in Sep-20, M&G Wealth has already achieved several milestones

Ambition

Build an integrated **business** combining the best of M&G's capabilities

Fill the **Advice Gap**, making advice more accessible through technology

Give customers access in an **efficient and cost effective** manner

Take to market investment solutions with a **strong focus on Sustainability**

Achievements to date

Advice

- Completed transition of existing network of advisers to self-employed model (c. £35m savings)
- Designed blueprint for a hybrid advice model and appointed Ignition to develop low-cost digital offering
- Inaugurated Advice Academy with pilot class of 15

Platform

- Completing separation from Royal London
- Linked PruFund Retirement Account to the platform
- Improved workflow and operational capability to ensure efficient and effective scalability

Proposition

- Completed rebranding to M&G Wealth
- Started development of model portfolios offering
- Designed Planet+ range, including PruFund Planet and new sustainable and impact thematic funds

Priorities



Grow hybrid and traditional advice network to close the advice gap



Integrate and scale platform capabilities to deliver great user experience



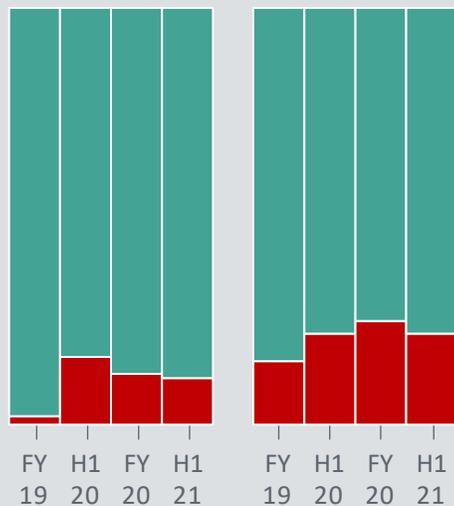
Develop and deliver a range of investment solutions unique to M&G Wealth

Expand Institutional: Positive flows, resilient margins, and healthy pipeline

Growing Private Asset capabilities and European presence are the key priorities

Performance

Segregated and pooled mandates performance as % of revenues¹

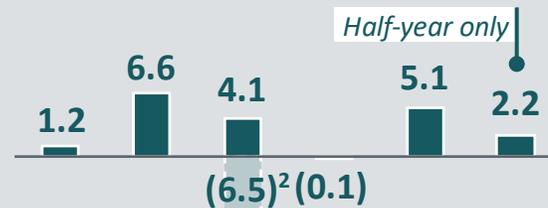


5-year

3-year

■ Outperforming objectives
■ Behind objectives

Flows, margins and asset base



Steady positive flows
Net flows in £bn



Healthy pipeline
Capital queue in £bn

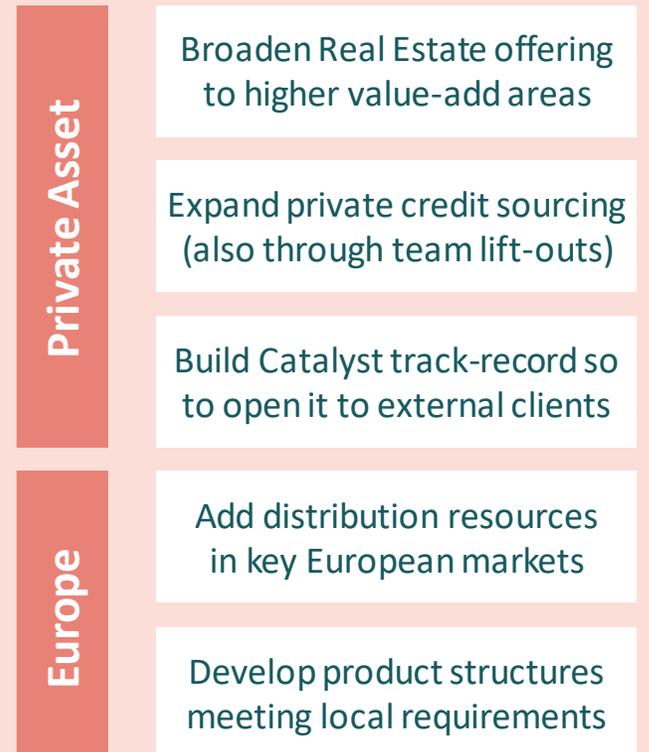


Resilient margins
Avg. fee margin in bps

Growing asset base
External AUMA in £bn

Priorities

Private Assets and Europe



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 Jun-21 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 H1 2021, AUMA measured account for 70% 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 FY 2018 results

Private Assets: A key differentiator and area of growth

We already are the 2nd largest private credit investor in Europe¹

Breadth and depth of resources

200+ highly skilled investment professionals dedicated to Private and Alternative assets

Private Credit

Restructuring & Debt Solutions

Real Estate Finance

Asset Backed Securities

Real Estate

Infrastructure Equity (Infracap)

Alternative Investments

Catalyst

24
years

Managing alternative credit portfolios since 1997

£65bn

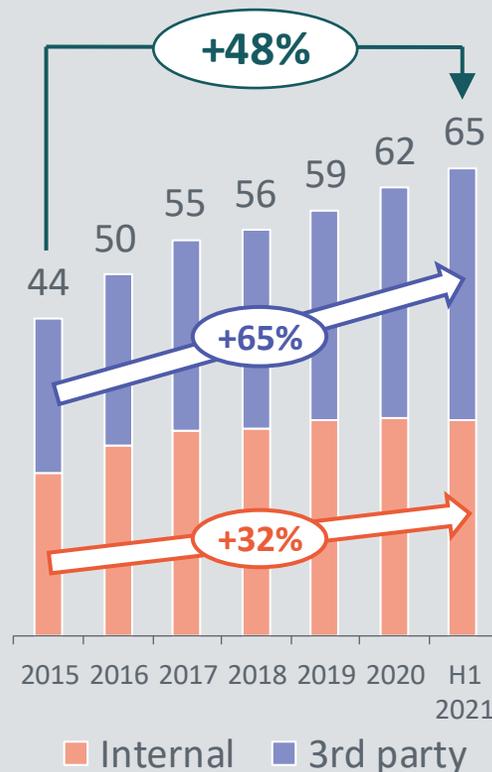
Private and Alternative asset AUM

325

Pension fund and insurance company investors

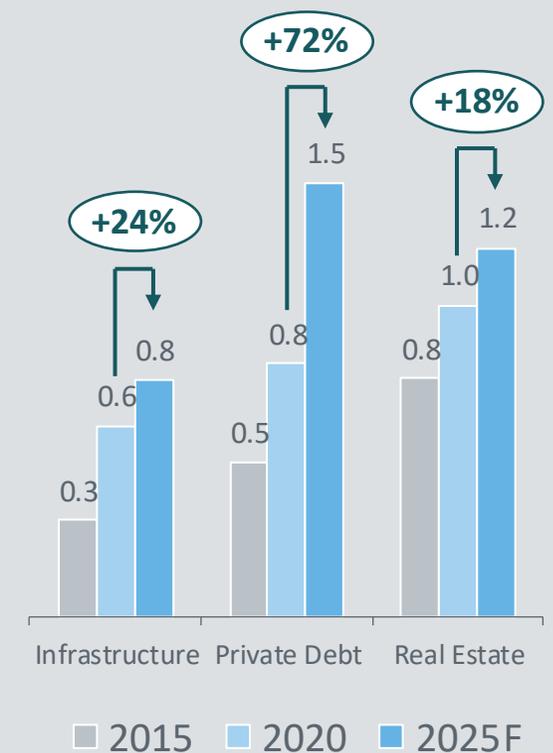
Strong track record

Private and Alternative Assets AuM (£bn)



Supportive trends

Market size (\$Tn) and expected growth %²

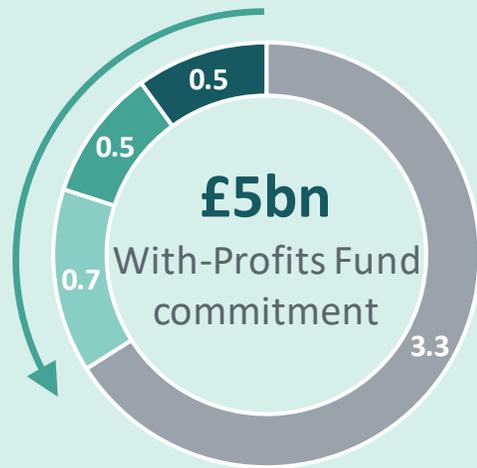


1. Source: PDI 50, from Private Debt Investor; 2. Source: Prequin Future of Alternatives 2025 report

Catalyst: Tailored capital solutions to support innovation and drive impact

A flexible approach across geographies, asset classes, and impact spectrum

Capital deployment



- Deployed before official launch of Catalyst
- Deals approved and closed in H1-21
- Deals approved in H1-21 (not yet closed)

21 Investments approved in H1-21

Vaccitech

Spin-out from Oxford University and co-inventor of the AstraZeneca COVID-19 vaccine



Angel Oak

Largest non-bank originator of US non-qualifying and specialised mortgages



MEF

Microfinance Enhancement Facility supporting households and entrepreneurs



Location	United Kingdom	United States	Over 50 developing countries around the world
Capital	Series B equity pre-IPO round led by M&G	Asset Equity	Senior Debt
Impact	Contribute to solutions: Develop products to treat and prevent infectious disease and cancer	Act to avoid harm: Help US homebuyers who are not able to borrow through traditional lending channels	Benefit stakeholders: Use microfinance to stimulate growth, create jobs and reduce poverty in emerging markets

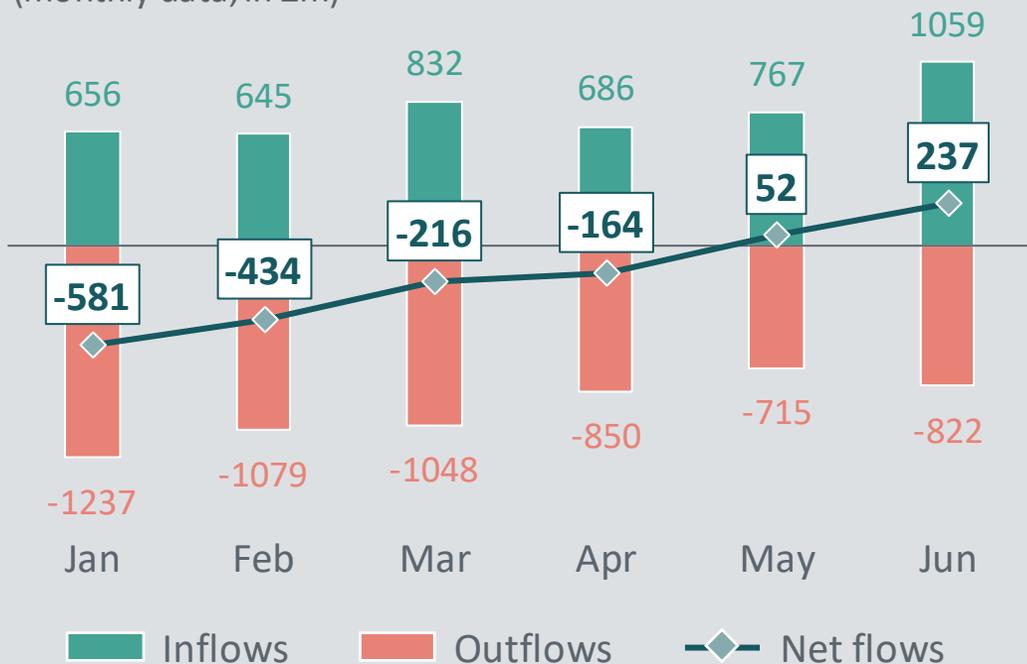
Grow Europe: Well positioned to expand asset management presence

Positive momentum expected to continue

Retail Asset Management

Recovery in performance and flows

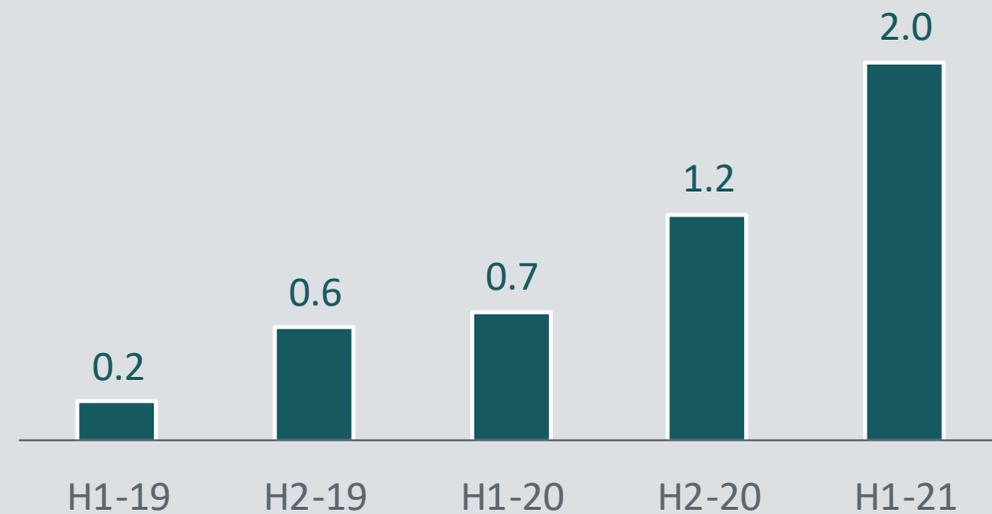
Retail net flows in Europe
(monthly data, in £m)



Institutional Asset Management

Continued progress in building European footprint

Institutional net flows in Europe
(half yearly data, in £bn)



Key messages

Continued delivery of business priorities

1



Putting sustainability at the heart of everything we do, incl. PruFund Planet and Catalyst

2



Growing our institutional franchise leveraging our private asset capabilities

3



Capitalising on positive momentum for Retail Asset Management

4



Creating an integrated UK Wealth Manager, building on existing components

5



Delivering strong capital generation, extending track record of management actions



Financial Review

Clare Bousfield, Chief Financial Officer

Strong and resilient performance in a challenging market

Financial highlights

AUMA

£370bn

- 1% increase in AUMA vs. £367bn at FY 2020
- Positive market and other movements of £8bn offsetting expected Heritage outflows
- Savings & Asset Management net flows of £(2.0)bn improving vs. £(4.1)bn in H1 2020 as retail outflows more than halved

Adjusted Operating Profit

£327m

- £161m contribution from S&AM, in line with the £162m of H1 2020
- Heritage continues to provide a solid underpin to earnings with £282m, only marginally below the £298m of H1 2020
- Lower Corporate Centre costs, at £(116)m vs. £(151)m last year as FX loss did not reoccur

Total Capital Generation

£869m

- Operating Capital Generation of £309m – Lower than the £539m of H1 2020 as last year we took proactive action to strengthen the balance sheet at the beginning of the pandemic
- £560m Non-Operating Capital Generation vs. £(741)m reflecting favourable market variances in H1 2021

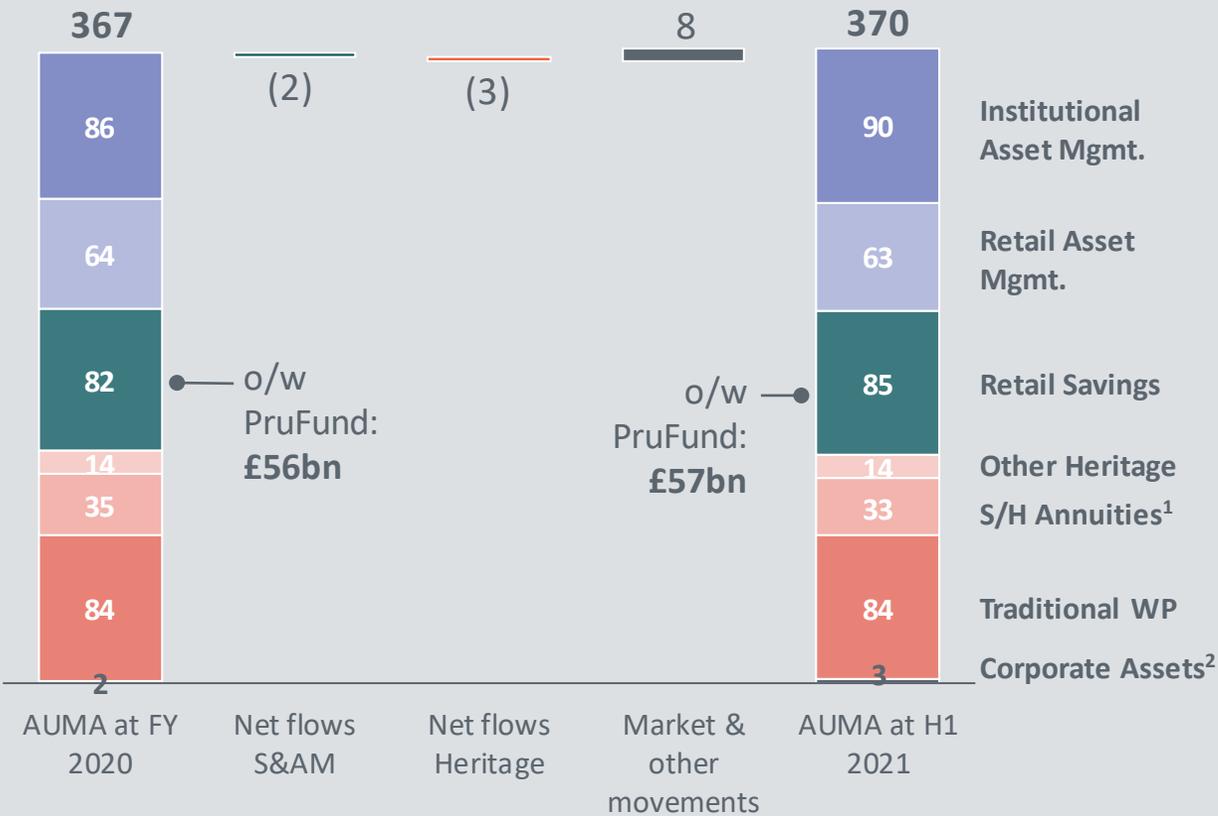
Shareholder SII coverage ratio

198%

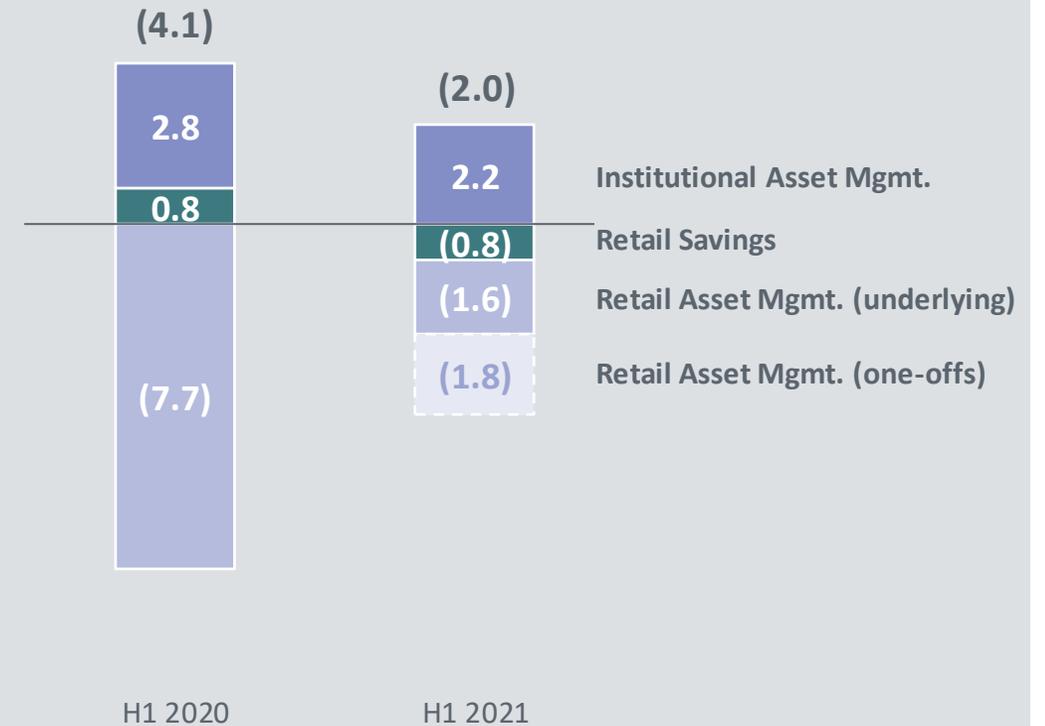
- Up from 182% at FY 2020 and 164% at H1 2020
- Reflects strong capital generation and includes payment of 2020 final dividend in April 2021
- £10.8bn Own Funds¹ and £5.4bn Solvency Capital Requirements

AUMA and Net client flows

Movement in AUMA (£bn)



Savings & Asset Management net flows (£bn)



1. Includes £10 billion of AUMA that for accounting purposes are now classified as Held for Sale

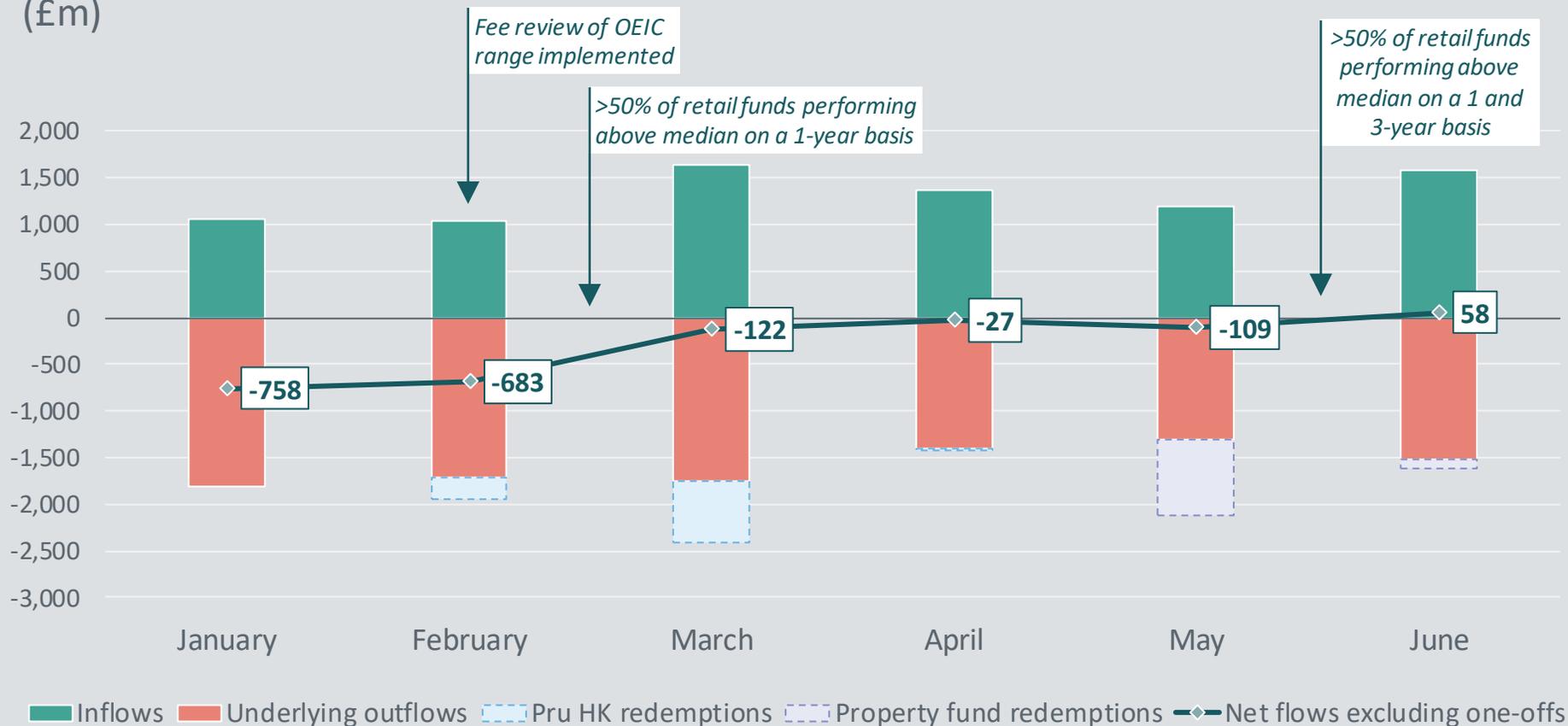
2. Includes £0.7bn Other Savings and Asset Management AUMA

Retail Asset Management flows improved in H1 2021

One-off impacts from Prudential Hong Kong and reopening of property fund

Retail Asset Management monthly flows H1 2021

(£m)



Six-month total:

£7.9bn Inflows

£(9.5)bn Underlying outflows¹

£(1.6)bn Net flows excl. one-offs

£(0.9)bn Prudential HK redemptions

£(0.9)bn Property fund redemptions

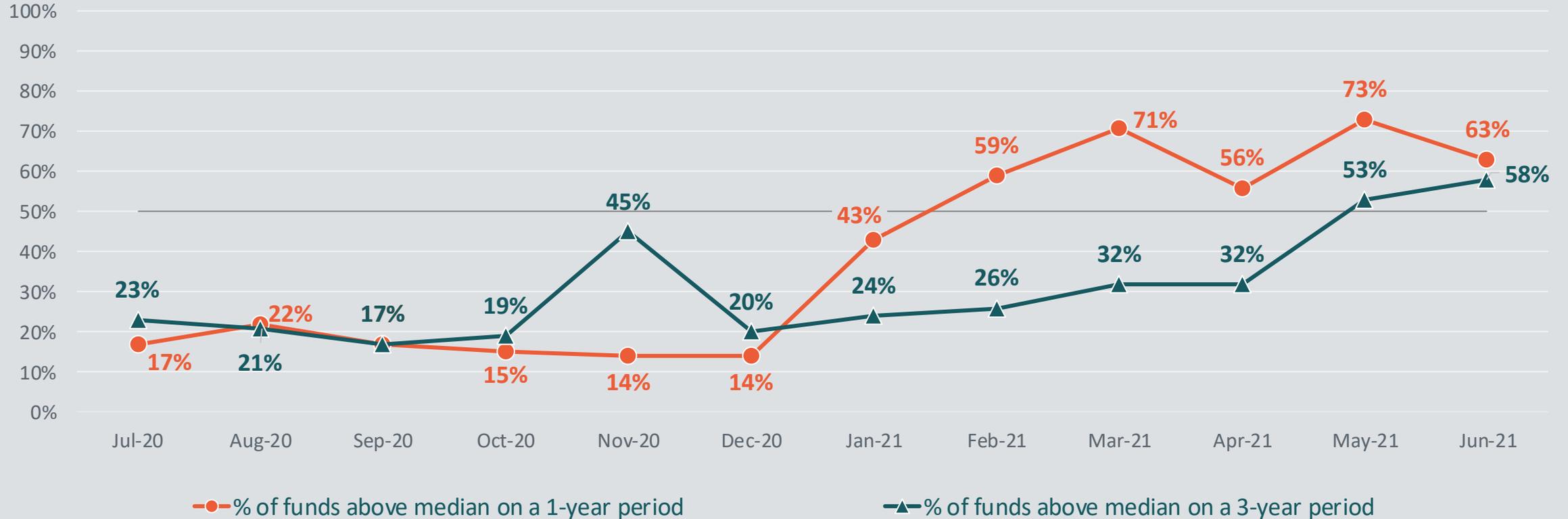
£(3.4)bn Net flows incl. one-offs

1. Excluding one-offs

Continued positive momentum in our mutual funds range

1-year and 3-year performance has returned above median

Portion of mutual funds performing above median
(last twelve months, weighted by fund size)



Adjusted Operating Profit by source

(£m)		H1 2020	H1 2021	
Savings & Asset Management	Asset Management	163	140	<ul style="list-style-type: none"> Asset Management AOP decreased as slightly higher revenues were offset by higher costs H1 2021 Other AOP driven by expected loss from Ascentric and an expense overrun on PruFund new business
	With-Profits (PruFund ¹)	24	46	
	Other	(25)	(25)	
	Total S&AM	162	161	
Heritage	With-Profits	110	108	<ul style="list-style-type: none"> Heritage AOP reflects marginally lower contribution from Annuities & Other due to asset trading and longevity
	Shareholder Annuities & Other	188	174	
	Total Heritage	298	282	
Corporate Centre	Debt Interest	(79)	(81)	<ul style="list-style-type: none"> Head Office costs significantly better than H1 2020 as FX loss on US Dollar subordinated debt did not reoccur
	Head Office ²	(72)	(35)	
	Corporate Centre	(151)	(116)	
Adjusted Operating Profit		309	327	

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

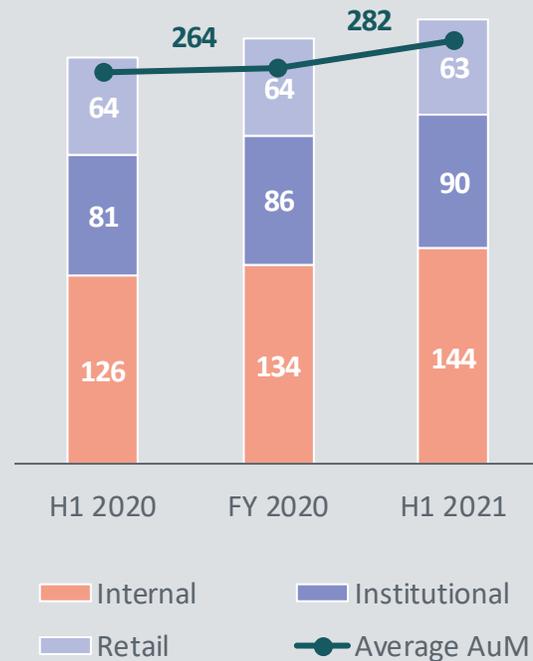
2. Includes 'Head Office Expenses' and 'Investment and other income on Hold Co assets' – these were £(48)m and £13m respectively for H1 2021

Sources of earnings

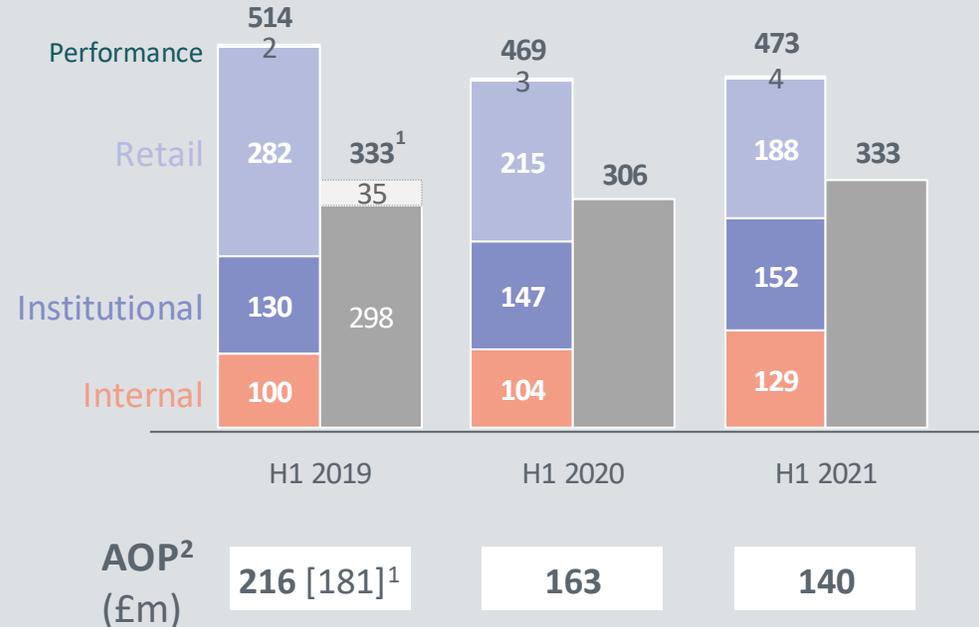
Asset Management

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 H1 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

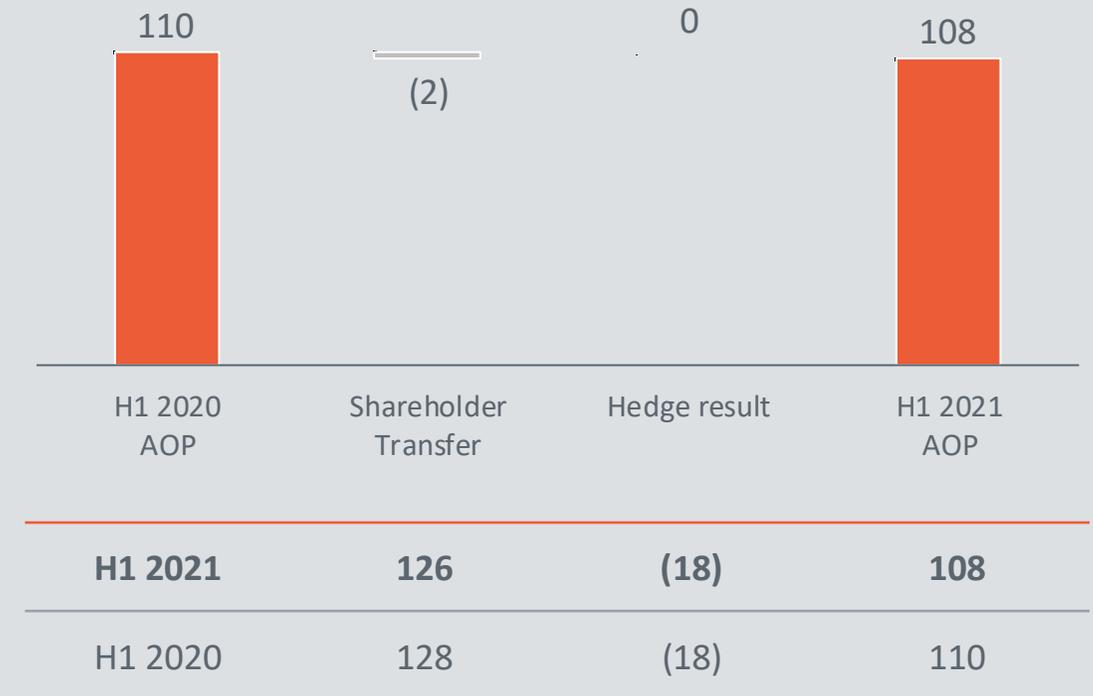
Savings & Asset Management

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)



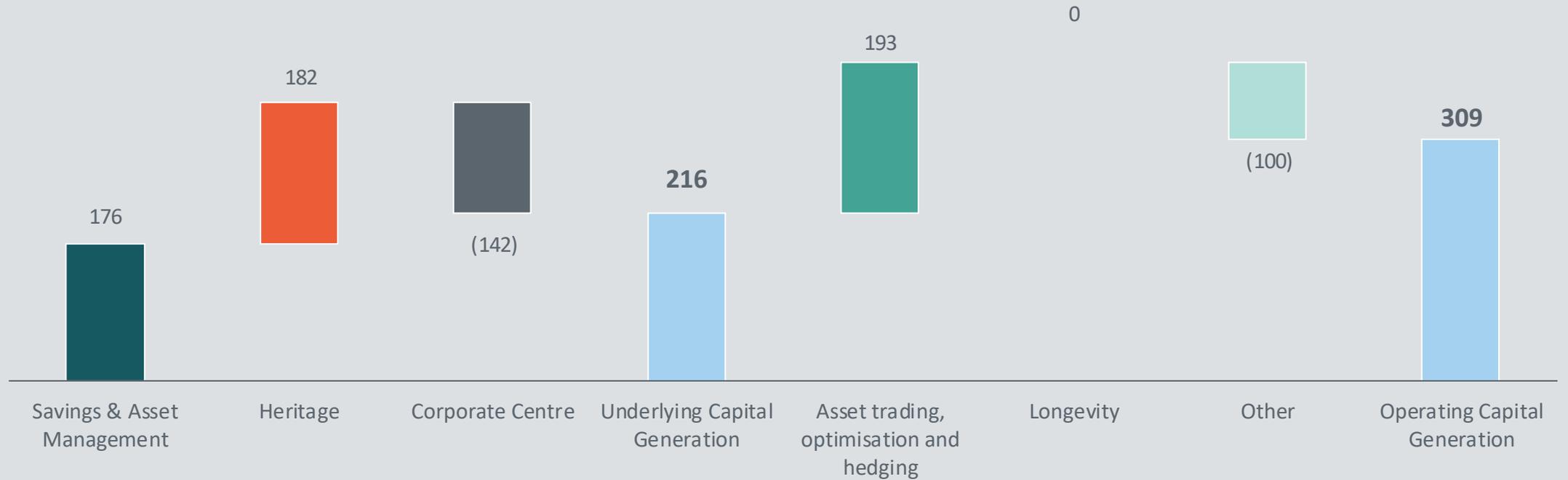
H1 2021	87	4	0	83	174
H1 2020	94	40	23	31	188

- **Lower return on assets** due to lower surplus following dividend payment to parent company
- **Lower Asset trading** due to optimisation of assets in the annuity portfolio which was not repeated in 2021
- **Longevity assumptions** to be reviewed in H2 2021
- **Other** reflects improvements in expenses assumptions, favourable short-term mortality experience, and release of legacy provisions

Sources of Operating Capital Generation

H1 2021: £0.3bn pre-tax

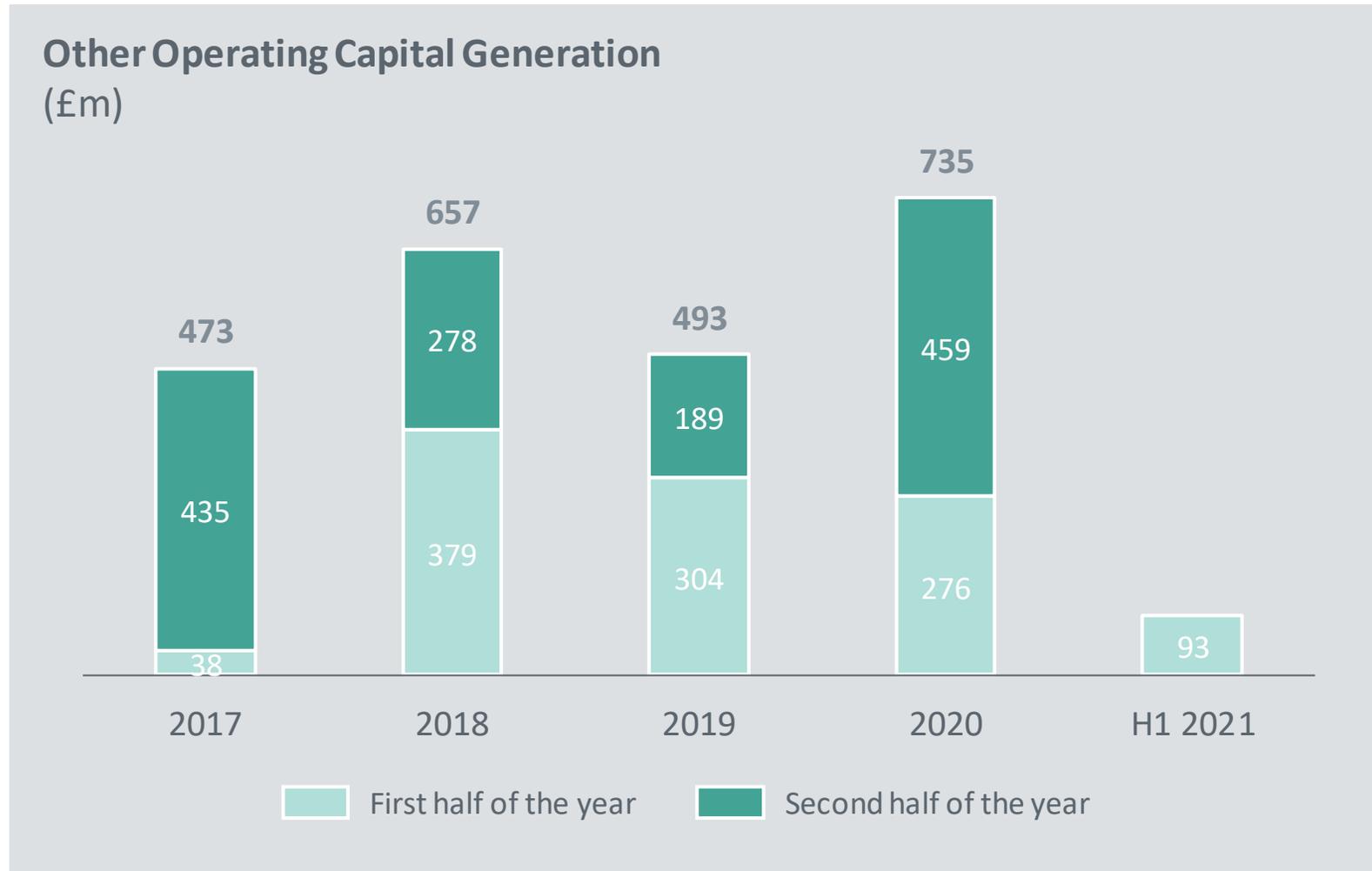
Operating Capital Generation (£m)



H1 2021	176	182	(142)	216	193	0	(100)	309
H1 2020	186	209	(132)	263	141	48	87	539

Continued delivery of management actions over time

Development of Other Capital Generation from 2017 onwards

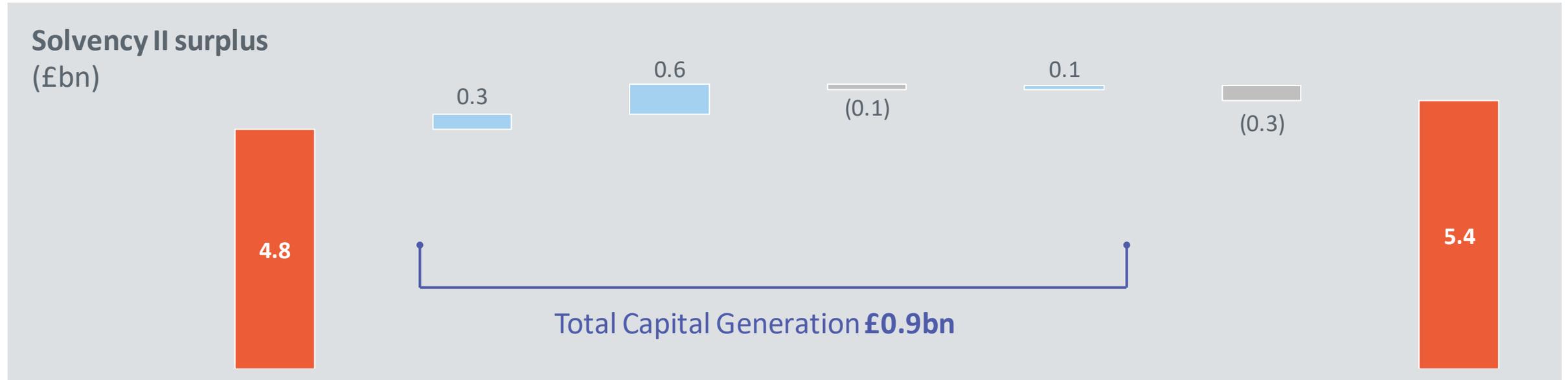


Management actions
Levers available:

- Model changes
- Changes in non-market assumptions
- Asset trading
- ALM optimisation
- Hedging

Capital Generation

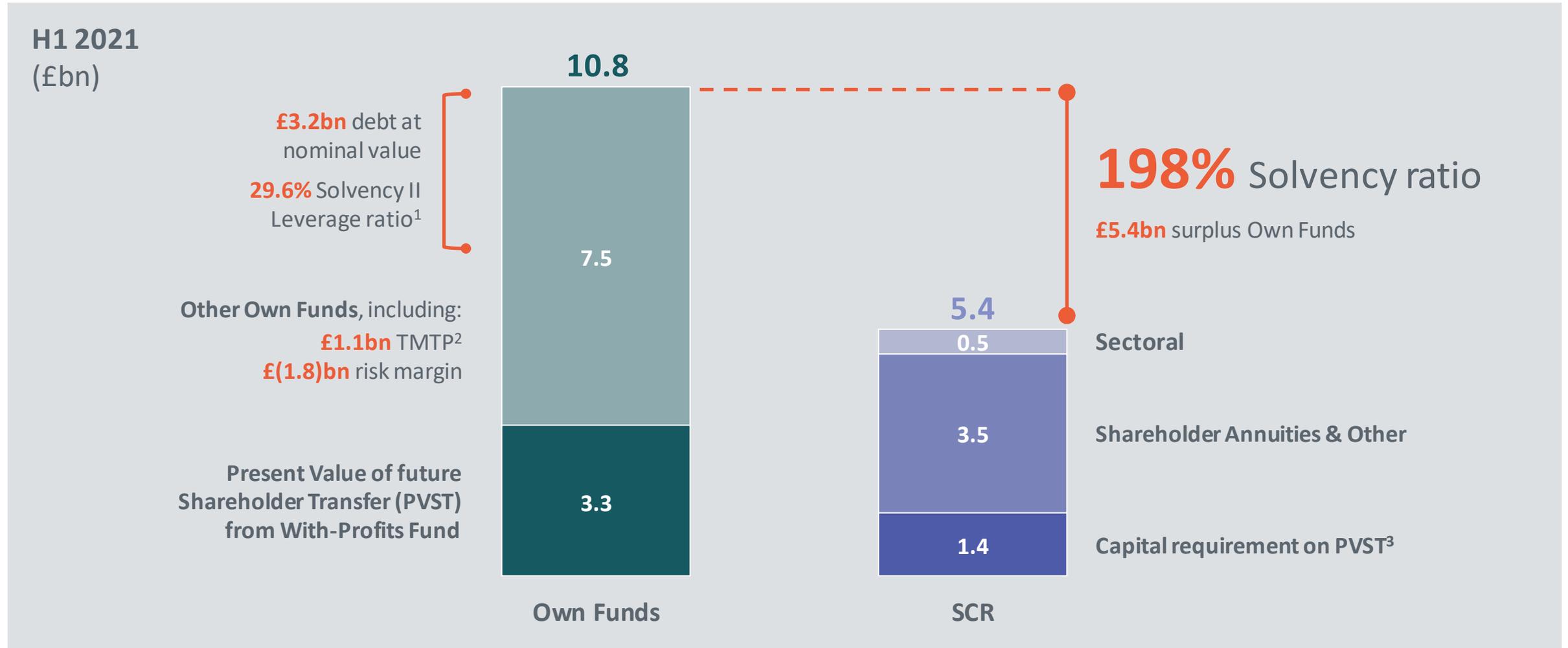
H1 2021: £0.9bn Total Capital Generation



£bn	FY 2020	Operating Capital Generation	Market movements	Other movements	Tax	Dividends & capital movements	H1 2021
Own Funds	10.6	0.2	0.3	(0.1)	0.1	(0.3)	10.8
SCR	5.9	(0.1)	(0.3)	0.0	0.0	-	5.4
Surplus	4.8	0.3	0.6	(0.1)	0.1	(0.3)	5.4
SII ratio¹	182%						198%

1. Shareholder solvency II ratio

Shareholder Solvency II coverage ratio

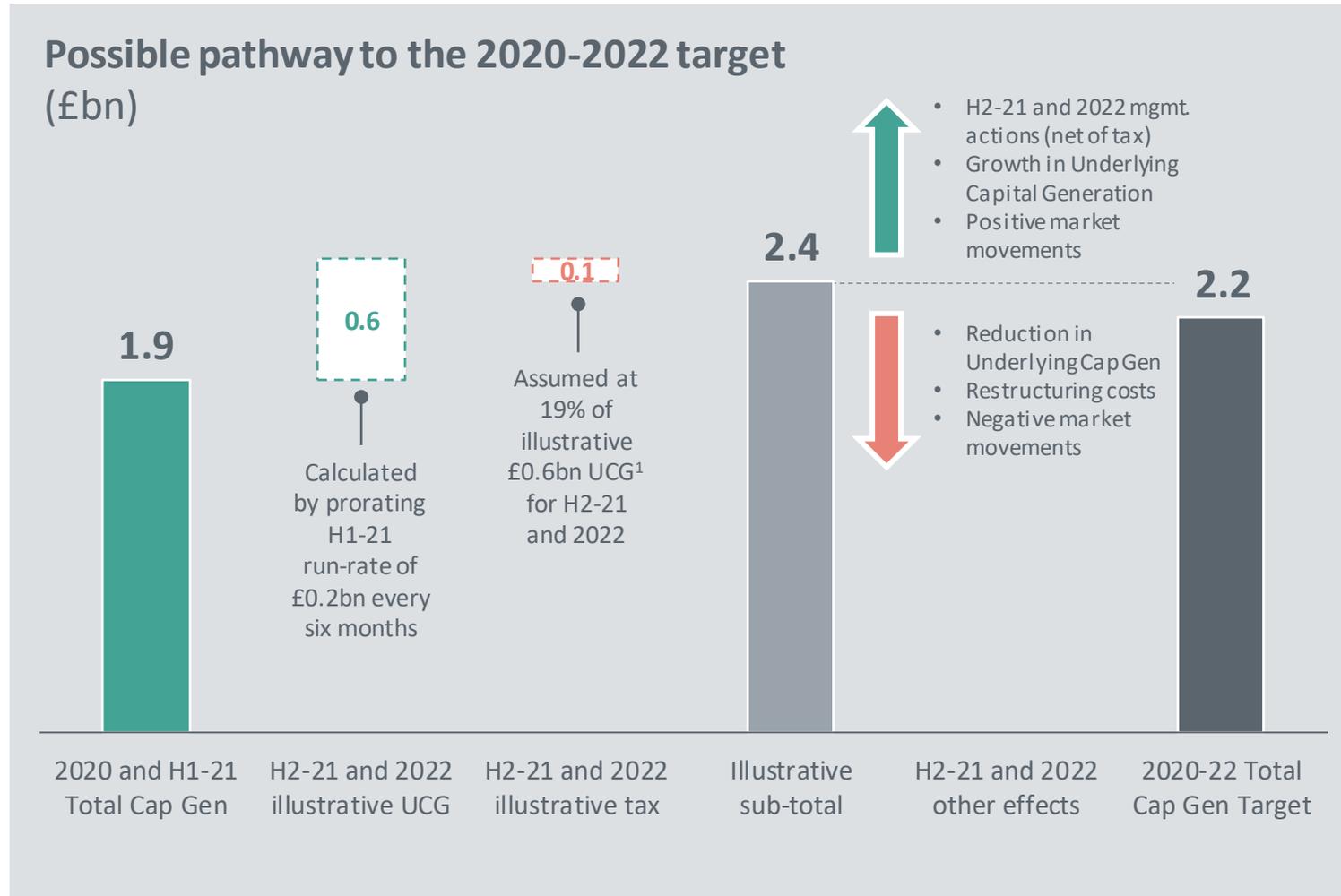


1. Calculated as nominal value of debt as % of total Group Shareholder Own Funds

2. Transitional Measures on Technical Provisions; 3. Net of hedging

Well positioned vs. target of £2.2bn Total Capital Generation by 2022

£2.6bn target for 2021-2023 shifts focus to Operating Capital Generation



2021-2023 target

£2.6bn
cumulative Operating Capital Generation³

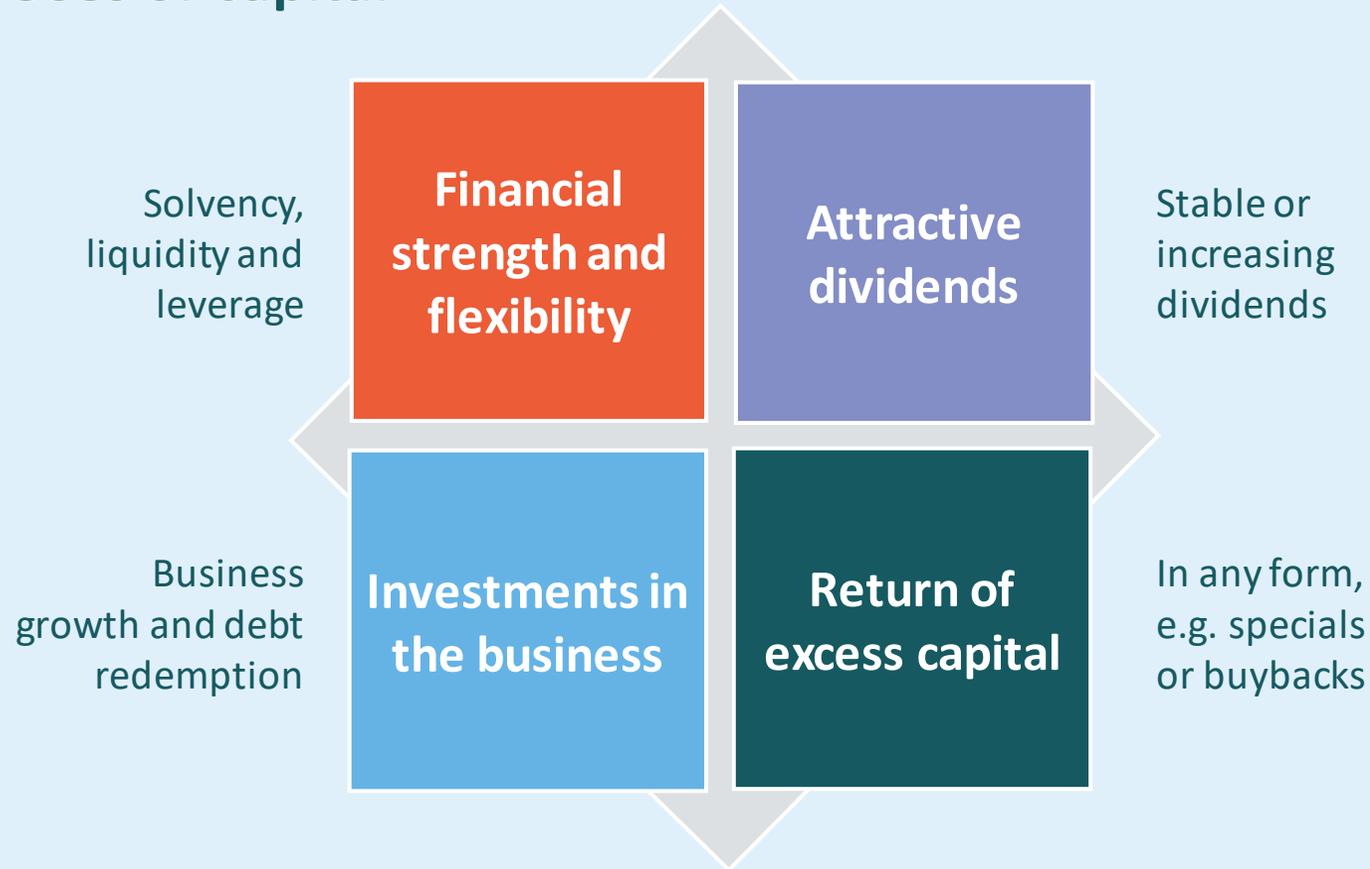
- 1** Target does not replace, but rolls forward current cumulative capital generation target
- 2** Shift to OCG² aims to exclude elements outside mgmt. control (e.g. markets)
- 3** £2.6bn target is in line with the level of ambition of the existing 2020-2022 target

Note: H2-21 and 2022 figures presented in the chart above are for illustrative purpose only
 1. Underlying Capital Generation; 2. Operating Capital Generation; 3. Mid-point target

Financial strength is the primary lens of our Capital Mgmt. Framework

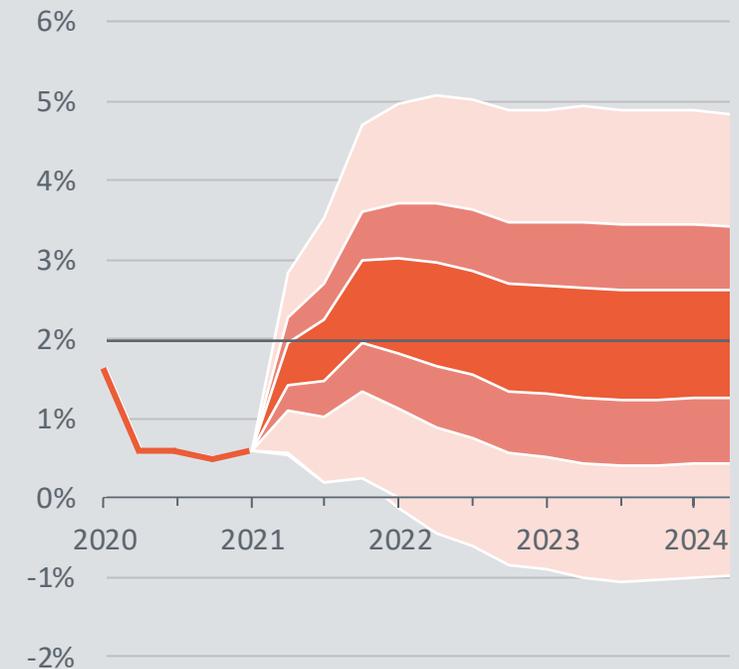
Economic uncertainty remains high as government scales back support

Uses of capital



Continued economic uncertainty

Bank of England CPI inflation projection¹



1. Source: Bank of England Monetary Policy Report May 2021; inflation projection based on market interest rate expectations and other policy measures as announced by the BoE. The fan chart depicts the probability of various outcomes for CPI inflation. If economic circumstances identical to today's were to prevail on 100 occasions, the MPC's best judgement is that inflation would lie within the darkest central band on only 30 of occasions. Outturns of inflation are also expected to lie within each pair of the lighter red areas on 30 occasions. Inflation is expected to lie within the fans on 90 out of 100 occasions

Continued progress on the Transformation programme

On track for completion of key objectives by 2022



Modernise and digitise the business

- Digitised all new business journeys for Retirement customers
- Digitised bond claim journey halving processing time
- Implementation of digital document upload and signature



Strengthen the control environment

- Migrated most business to new, stable and resilient platforms
- Implemented new risk and control policies and systems
- Significantly improved self-identification of potential control issues



Broaden capabilities and proposition

- Expanded Wealth operation and seeded a new generation of sustainable funds
- Launched Catalyst, for sustainable private asset investing
- Added trading desks in Chicago and Singapore



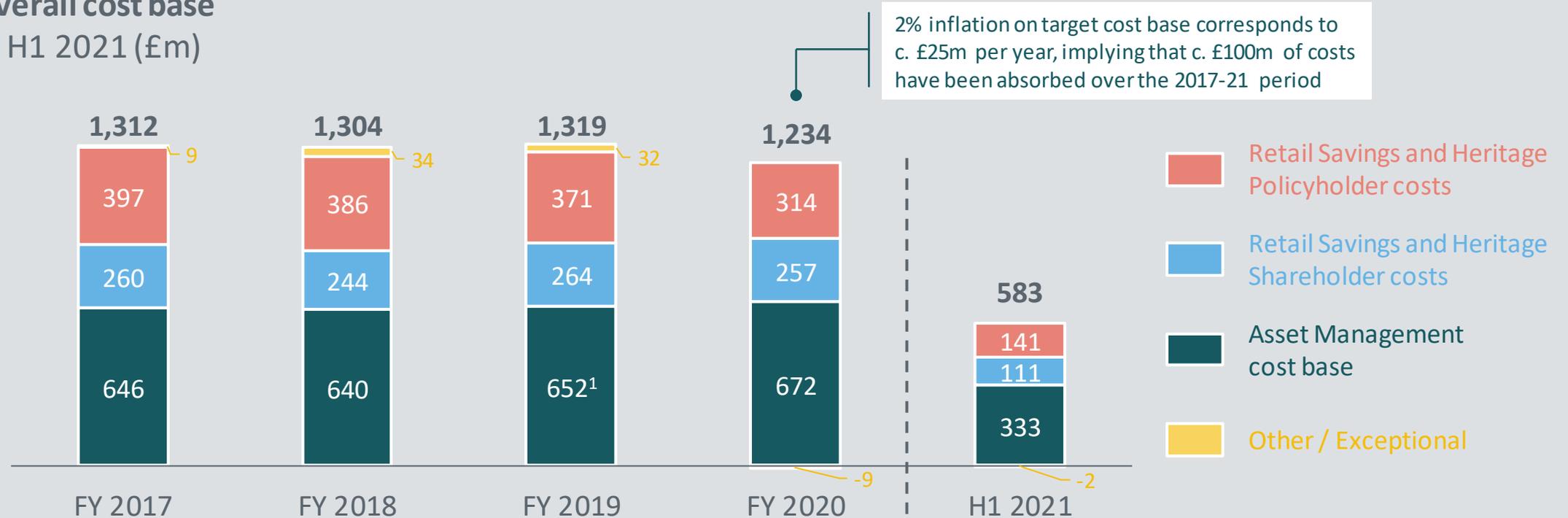
Improve efficiency and scalability

- Outsourced middle office fund accounting and custody services
- Outsourced administration of Heritage close-book, variabilising cost base
- Decommissioning legacy IT estate

Delivering on the cost objectives of the transformation programme

Reducing like-for-like cost basis while building additional new capabilities

M&G overall cost base
2017 to H1 2021 (£m)



2% inflation on target cost base corresponds to c. £25m per year, implying that c. £100m of costs have been absorbed over the 2017-21 period

Other costs	FY 2017	FY 2018	FY 2019	FY 2020	H1 2021	Description
	-	-	74	101	48	Head Office Expenses
	-	-	-	16	23	Ascentric

1. Includes a £35m one-off benefit related to changes to staff DB pension schemes

Sources of earnings – Expected development¹

Key drivers of Adjusted Operating Profit

Savings & Asset Management

Asset Management

- **Institutional:** Expect continued positive flow momentum, resilient margins
- **Retail:** Improved but cautious outlook for flows on the back of actions taken; 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 subdued in the short-term
- **Adjusted operating profit** expected to rise as book 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

- 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
- Includes PruFund expense overrun for new business that might be incurred as long as sales remain subdued

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 over time as dividends to HoldCo lower 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 depends on USD / GBP exchange rate

Key takeaways

1

Diversified and resilient business model delivering strong results despite volatile environment

2

Growing the institutional franchise while transforming our Retail and Wealth proposition

3

Highly cash generative operations with long-term underpin from in-force business

4

Strong capital position with a Solvency II ratio of 198%, up 16 percentage points since FY 2020

5

Ambitious targets on track to meet or exceed the £2.2bn target for 2020-22

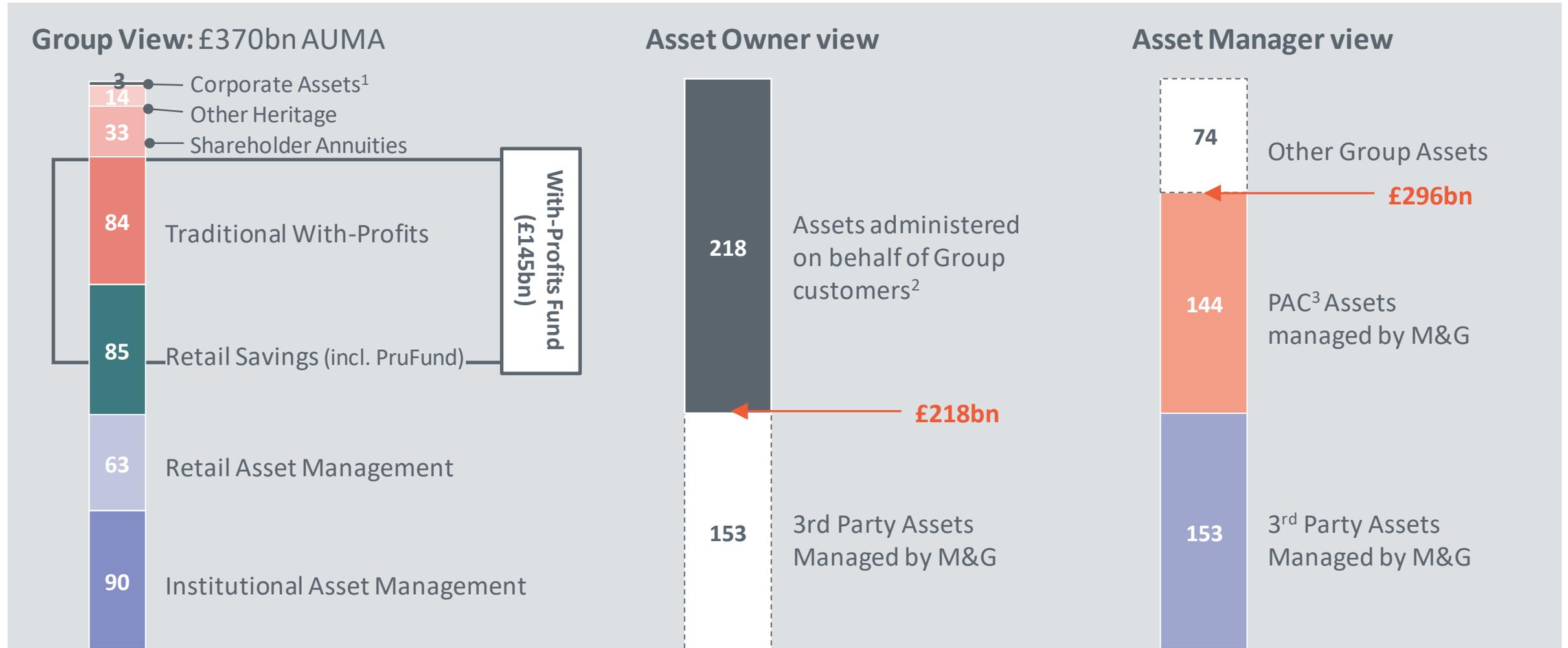


Appendix

Additional financial information

Our asset base

We are an Asset Owner and an Asset Manager



1. Includes £0.7bn 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 2019 to H1 2021

(£bn)		FY 2019	Inflows	Outflows	Net client flows	Market / Other	H1 2020	FY 2020	Inflows	Outflows	Net client flows	Market / Other	H1 2021
		Savings & Asset Management	Institutional Asset Management	76.8	6.5	(3.7)	2.8	1.6	81.2	85.5	7.1	(4.9)	2.2
Retail Asset Management	74.9		8.4	(16.1)	(7.7)	(3.0)	64.2	64.2	7.9	(11.3)	(3.4)	2.0	62.8
Retail Savings	63.5		3.8	(3.0)	0.8	(2.5)	61.8	81.8	3.8	(4.6)	(0.8)	3.8	84.8
- of which: PruFund	53.8		3.2	(2.6)	0.6	(2.1)	52.3	55.5	2.1	(2.8)	(0.7)	2.5	57.3
Other	0.7		0.0	0.0	0.0	0.1	0.8	0.8	0.0	0.0	0.0	(0.1)	0.7
Total Savings & Asset Management	215.9		18.7	(22.8)	(4.1)	(3.8)	208.0	232.3	18.8	(20.8)	(2.0)	7.7	238.0
Heritage	Traditional With-Profits	84.8	0.2	(2.5)	(2.3)	(2.5)	80.0	84.3	0.2	(2.5)	(2.3)	1.6	83.6
	Shareholder Annuities	35.5	0.0	(0.9)	(0.9)	1.2	35.8	35.3	0.0	(0.8)	(0.8)	(1.6)	32.9
	Other	13.7	0.0	(0.1)	(0.1)	0.0	13.6	14.1	0.0	(0.2)	(0.2)	(0.3)	13.6
	Total Heritage	134.0	0.2	(3.5)	(3.3)	(1.3)	129.4	133.7	0.2	(3.5)	(3.3)	(0.3)	130.1
Corporate Assets	1.6	0.0	0.0	0.0	(0.3)	1.3	1.2	0.0	0.0	0.0	0.7	1.9	
Group Total	351.5	18.9	(26.3)	(7.4)	(5.4)	338.7	367.2	19.0	(24.3)	(5.3)	8.1	370.0	

AUMA by asset class

H1 2021

(£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	70.3	11.1	-	-	81.4	27.1	10.0	37.1	118.5
Debt Securities	43.1	2.7	18.5	1.2	65.5	33.4	52.0	85.4	150.9
- of which Corporate	31.5	1.6	12.9	1.2	47.2	20.3	30.0	50.3	97.5
- of which Government	9.3	1.0	4.9	-	15.2	11.5	12.1	23.6	38.8
- of which ABS	2.3	0.1	0.7	-	3.1	1.6	9.9	11.5	14.6
Loans	1.6	-	2.2	-	3.8	-	11.5	11.5	15.3
Deposits	12.5	0.9	1.1	-	14.5	-	-	-	14.5
Derivatives ¹	1.3	-	(0.5)	-	0.8	0.1	(0.1)	-	0.8
Investment property	12.5	0.3	1.4	-	14.2	0.7	13.7	14.4	28.6
Reinsurance Assets	-	0.1	1.4	-	1.5	-	-	-	1.5
Cash and cash eq.	2.6	0.2	1.0	1.3	5.1	1.5	2.6	4.1	9.2
Other ²	0.7	0.1	9.9	-	10.7	-	-	-	10.7
Total	144.6	15.4	35.0	2.5	197.5	62.8	89.7	152.5	350.0
Other Assets Under Administration									20.0
Total Asset Under Management and Administration									370.0

Note: £370bn AUMA includes £6.8bn of Assets under Advice

1. Derivatives assets are shown net of derivative liabilities; 2. Includes assets that for accounting purposes are now classified as Held for Sale.

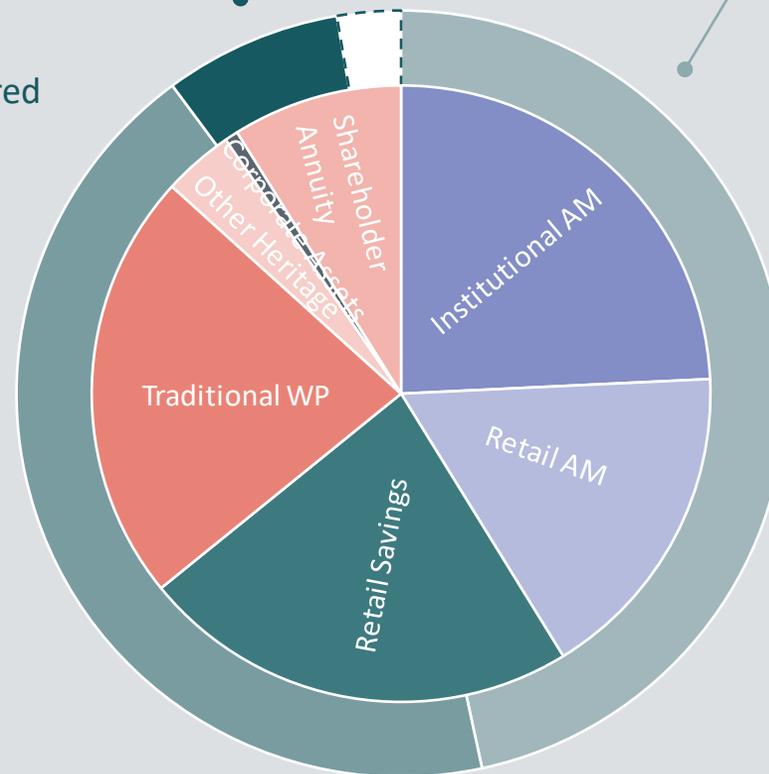
Limited exposure to Investment Risk

Shareholder Annuity, Corporate Assets and Other H1 2021: £28bn + £10bn

- o/w £28bn Investment risk fully borne by shareholders
- o/w £10bn Reinsurance assets backing liabilities transferred to Rothesay

With-Profit Fund, Unit Linked and Other Retail Savings H1 2021: £160bn

- 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

H1 2021: £173bn

Off-balance sheet assets, no exposure to investment risk

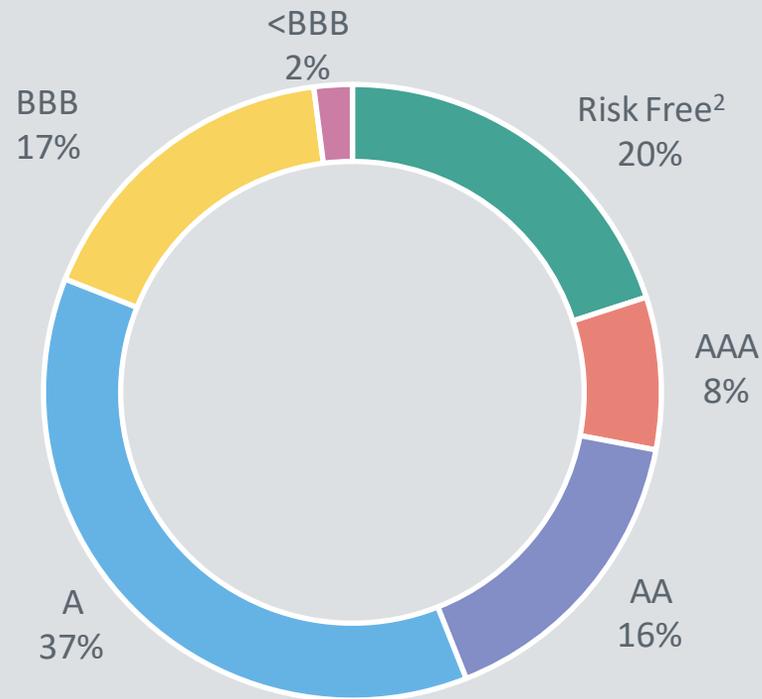
1. Shareholder support may be required in extreme circumstances where the fund has insufficient resources to support the risk

Credit quality of the Shareholder Annuity book

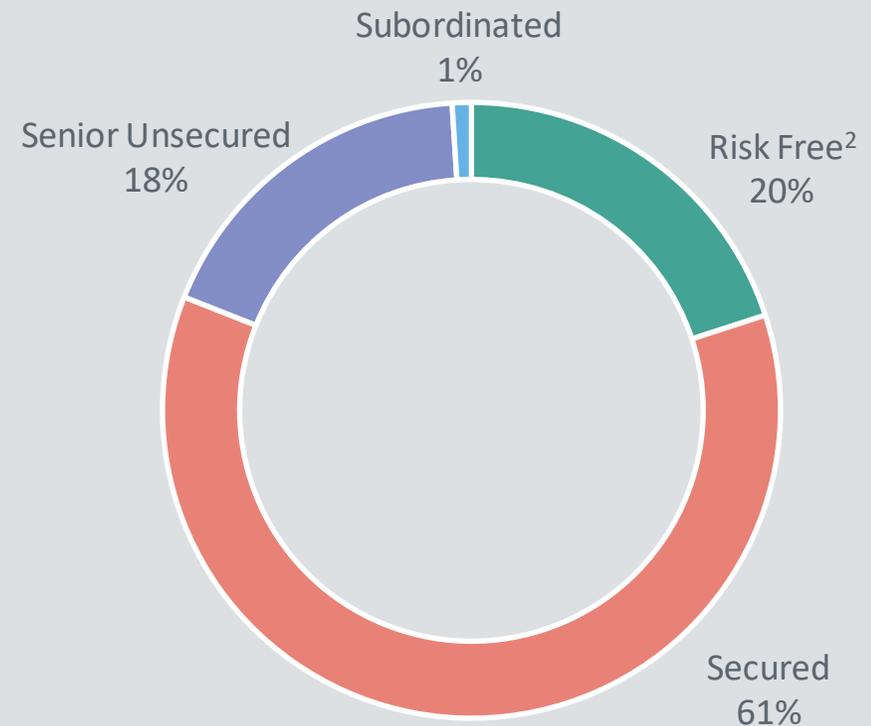
£22bn¹: 98% investment grade

Heritage

Breakdown by rating



Breakdown by capital ranking



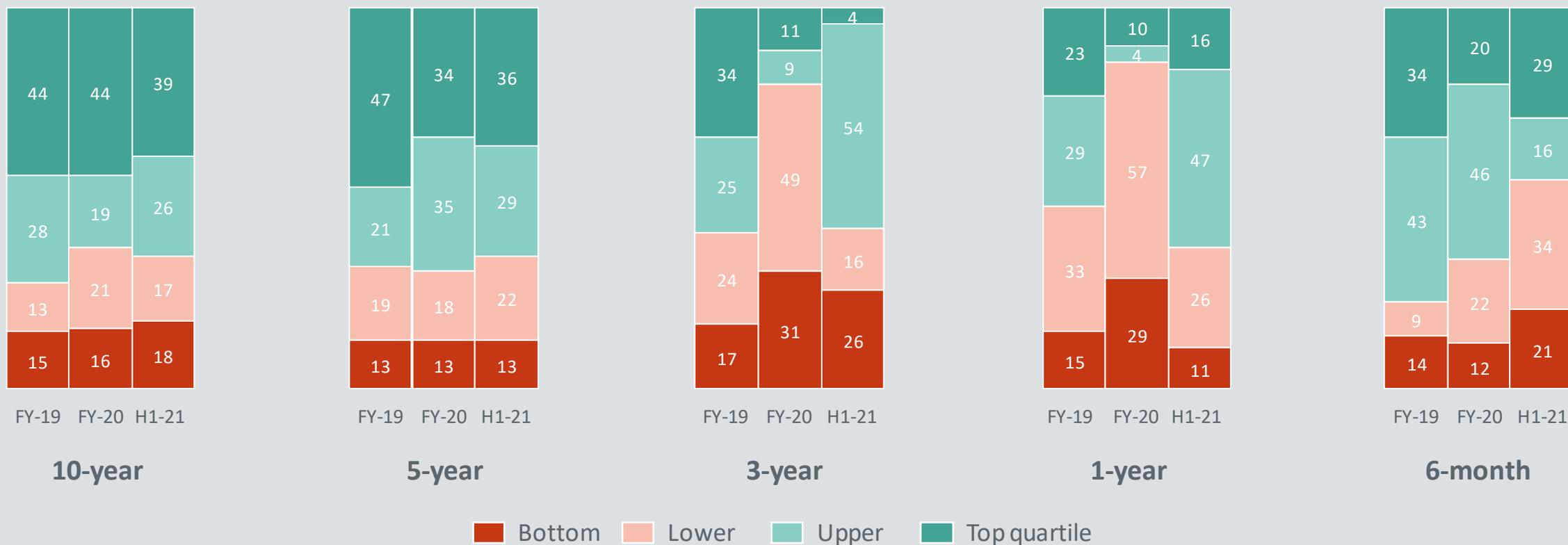
1. Front office data. Cash and cash equivalents, derivatives and junior notes/property residual values have been excluded from this analysis. All data as of 30 June 2021

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

Retail Asset Management

Mutual funds performance

Mutual funds performance as of December 2019, 2020 and June 2021
(as % of AUMA)



M&G plc and Morningstar Inc. – Retail Asset Management is defined as all unithold products including OEICs, SICAVs, and Charitable funds, excludes Investment Solutions mandates. 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. Performance is on a total return basis. The information contained within is correct at time of publication and subject to change

Retail Asset Management

Largest SICAV and OEIC mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2020	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2021
1	OEIC+SICAV	Bonds	Optimal Income	15.1	2.3	(3.2)	(0.9)	(0.1)	14.1
2	OEIC+SICAV	Equities	Global Dividend	4.0	0.3	(0.5)	(0.2)	0.3	4.0
3	OEIC+SICAV	Equities	Global Themes	2.5	0.1	(0.2)	(0.1)	0.3	2.8
4	SICAV only	Multi Asset	Dynamic Allocation	3.2	0.2	(0.7)	(0.5)	(0.0)	2.6
5	OEIC+SICAV	Bonds	Global Macro Bond	2.4	0.5	(0.4)	0.0	(0.1)	2.3
6	OEIC only	Bonds	Corporate Bond	2.1	0.1	(0.2)	(0.1)	(0.0)	1.9
7	OEIC+SICAV	Bonds	Emerging Markets Bond	1.9	0.5	(0.5)	0.0	(0.1)	1.8
8	OEIC only	Bonds	Strategic Corporate Bond	1.9	0.1	(0.2)	(0.1)	(0.0)	1.8
9	OEIC+SICAV	Bonds	Global Floating Rate High Yield	1.3	0.4	(0.2)	0.3	0.0	1.5
10	OEIC only	Equities	Recovery	1.2	0.0	(0.1)	(0.1)	0.2	1.3

Retail Asset Management

Largest SICAV mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2020	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2021
1	SICAV	Bonds	Optimal Income	12.9	2.2	(2.8)	(0.6)	(0.2)	12.1
2	SICAV	Multi Asset	Dynamic Allocation	3.2	0.2	(0.7)	(0.5)	(0.0)	2.6
3	SICAV	Equities	Global Dividend	1.7	0.2	(0.2)	(0.0)	0.1	1.8
4	SICAV	Bonds	Global Floating Rate High Yield	1.0	0.4	(0.2)	0.2	(0.0)	1.2
5	SICAV	Bonds	Emerging Markets Bond	1.1	0.2	(0.2)	0.0	(0.1)	1.0
6	SICAV	Multi Asset	Conservative Allocation	1.4	0.0	(0.4)	(0.4)	(0.0)	1.0
7	SICAV	Multi Asset	Income Allocation	1.0	0.1	(0.2)	(0.1)	0.0	0.9
8	SICAV	Equities	European Strategic Value	1.4	0.3	(0.9)	(0.7)	0.1	0.8
9	SICAV	Equities	Global Listed Infrastructure	0.3	0.4	(0.0)	0.4	0.0	0.7
10	SICAV	Bonds	Global Macro Bond	0.8	0.1	(0.1)	(0.0)	(0.0)	0.7

Retail Asset Management

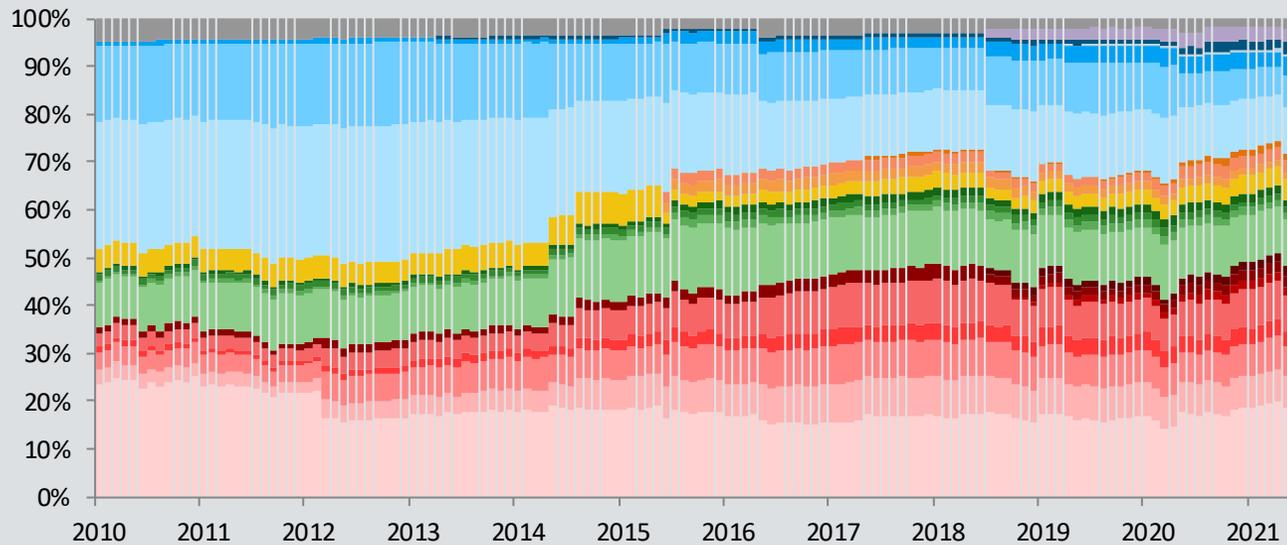
Largest OEIC mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2020	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2021
1	OEIC	Equities	Global Themes	2.1	0.0	(0.1)	(0.1)	0.3	2.3
2	OEIC	Equities	Global Dividend	2.3	0.1	(0.3)	(0.2)	0.1	2.3
3	OEIC	Bonds	Optimal Income	2.2	0.1	(0.4)	(0.3)	0.1	2.0
4	OEIC	Bonds	Corporate Bond	2.1	0.1	(0.2)	(0.1)	(0.0)	1.9
5	OEIC	Bonds	Strategic Corporate Bond	1.9	0.1	(0.2)	(0.1)	(0.0)	1.8
6	OEIC	Bonds	Global Macro Bond	1.6	0.3	(0.3)	0.1	(0.1)	1.6
7	OEIC	Equities	Recovery	1.2	0.0	(0.1)	(0.1)	0.2	1.3
8	OEIC	Bonds	UK Inflation Linked Corporate Bond	0.7	0.5	(0.1)	0.3	0.0	1.1
9	OEIC	Equities	Charifund	0.8	0.0	(0.0)	(0.0)	0.1	0.9
10	OEIC	Bonds	Emerging Markets Bond	0.9	0.2	(0.2)	0.0	(0.0)	0.8

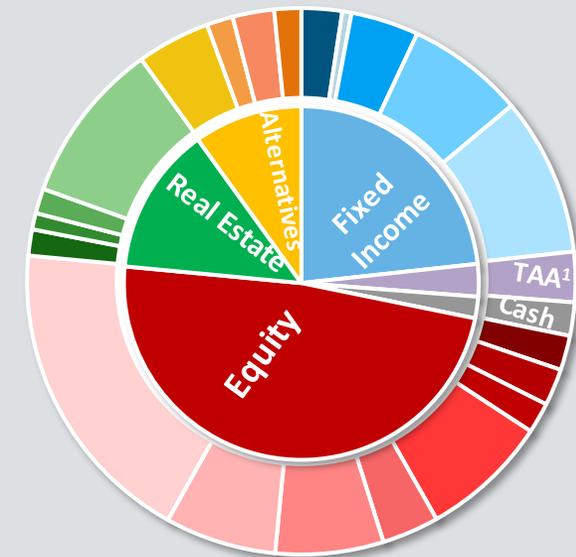
With-Profits Fund

Strategic Asset Allocation

Asset allocation evolution between 2010 and H1 2021



Asset allocation as of June 2021



LEGEND

Equities

- UK
- Europe
- North America
- Japan
- Asia ex. Japan
- China
- GEM
- MEA

Real Estate

- UK
- Europe
- North America
- Asia

Alternatives

- Private Equity
- Hedge Fund
- Infrastructure
- Private High-Yield

Fixed Income

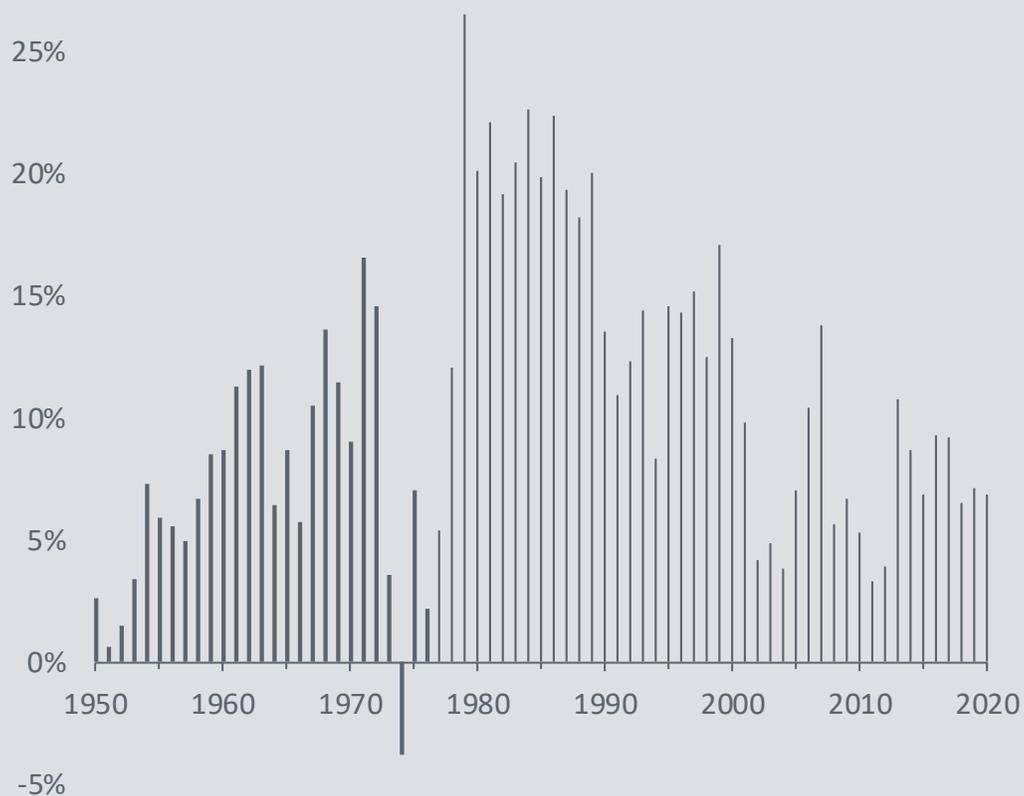
- UK and Europe
- US
- Asia
- Africa
- Alternative Credit²
- TAA¹
- Cash

1. Tactical Asset Allocation mandate; 2. Includes: Emerging Market, Convertibles, Bridge Loans, Global High-Yield
 Source: Allocation as of 30th of June 2021 for OBMG, the largest of the funds within the With-Profits sub fund

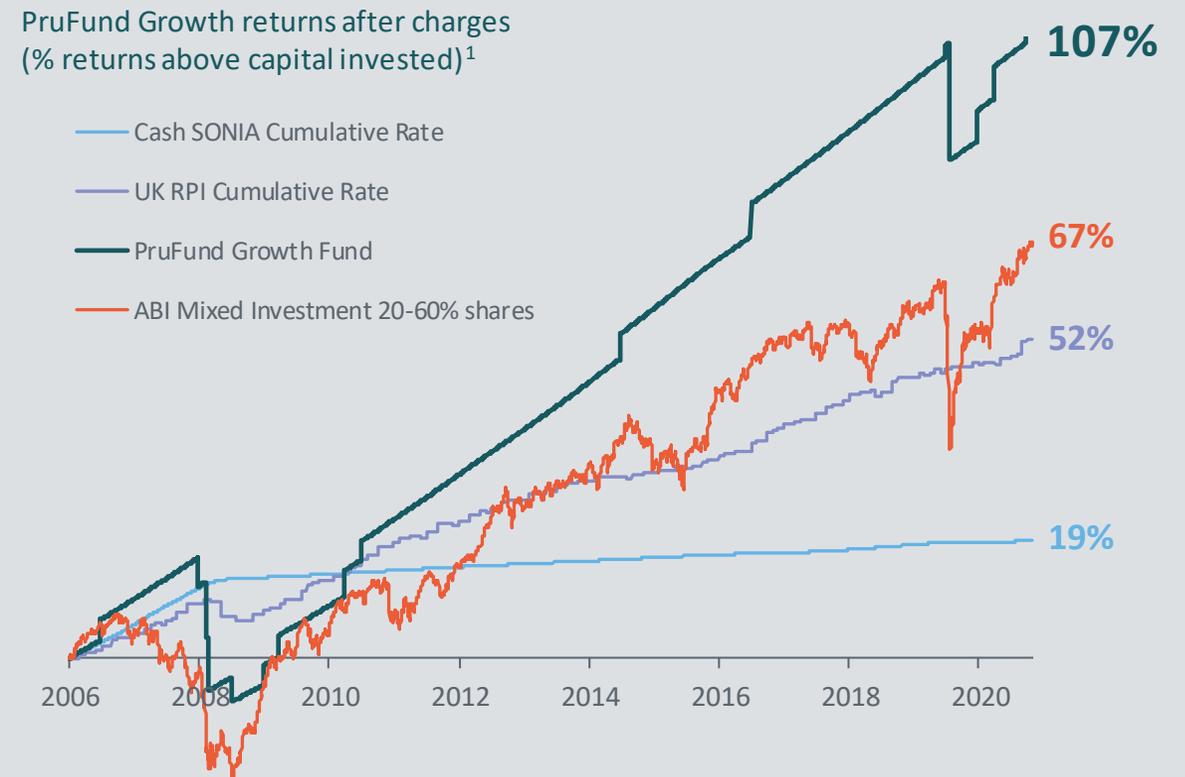
With-Profits Fund

Historical returns

Annualised 5-year rolling returns¹



PruFund Growth returns vs. peers



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 (as of 30 June 2021)

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 30 Jun 21. 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 30 Jun 21 value of the 3 indexes; 3. Total estimated impact on AOP at FY 2021

From IFRS Adjusted Operating Profit to IFRS Profit After Tax

(£m)		H1 2019	H1 2020	H1 2021
Savings & Asset Management	Asset Management	216	163	140
	With-Profits (PruFund ¹)	29	24	46
	Other	17	(25)	(25)
	Total Savings & Asset Management	262	162	161
Heritage	With-Profits	97	110	108
	Shareholder Annuities & Other	379	188	174
	Total Heritage	476	298	282
Corporate Centre	Debt interest cost	-	(79)	(81)
	Head Office cost ²	(24)	(72)	(35)
	Total Corporate Centre	(24)	(151)	(116)
Adjusted Operating Profit		714	309	327
Short-term fluctuations in investment returns		364	746	(549)
Profit/(loss) on disposal of businesses & corporate transactions		-	-	-
Restructuring & other costs		(82)	(22)	(85)
- of which 'Transformation'		(32)	(19)	(10)
Profit attributable to non-controlling interests		2	2	3
IFRS Profit before tax attributable to equity holders		998	1,035	(304)
Tax		(203)	(209)	56
IFRS Profit after tax attributable to equity holders		795	826	(248)

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 £(48)m and £13m respectively for H1 2021

Focus on AOP Other items

(£m)		H1 2020	H1 2021
Savings & Asset Management	Asset Management	163	140
	With-Profits (PruFund)	24	46
	Other	(25)	(25)
	Total Savings & Asset Management	162	161
Heritage	With-Profits	110	108
	Shareholder Annuities & Other	188	174
	- of which 'Other'	31	83
	Total Heritage	298	282
Corporate Centre	Debt interest cost	(79)	(81)
	Head Office cost	(72)	(35)
	Total Corporate Centre	(151)	(116)
Total Adjusted Operating Profit		309	327

	H1 2020	H1 2021
International business	11	15
Investment income	(10)	5
Other	(26)	(45)
Total	(25)	(25)

	H1 2020	H1 2021
Mismatching profits	28	(15)
Other assumption and model changes	(15)	33
Experience variances	11	26
Other provisions & reserves	(42)	22
Total annuity related	(18)	66
Other	49	17
Total	31	83

	H1 2020	H1 2021
Subordinated debt interest cost	(95)	(94)
Amortisation fair value premium	16	13
Total	(79)	(81)

	H1 2020	H1 2021
Head Office expenses	(48)	(48)
Investment and other income on Hold Co assets ¹	(24)	13
Total	(72)	(35)

1. Includes impact of FX movements on USD denominated debt of £(30)m in H1 2020 and £4m in H1 2021

Diverse risk exposures

Breakdown of the shareholder Solvency II SCR by risk type

H1 2021
(£bn)

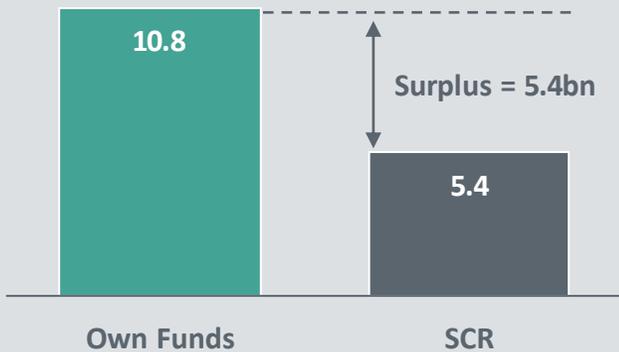


Solvency II position¹

M&G Group

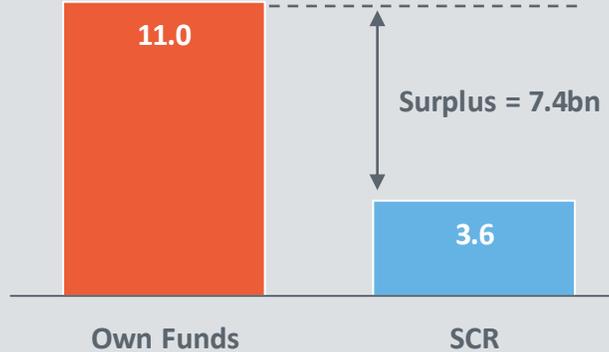
H1 2021
(£bn)

Shareholder view



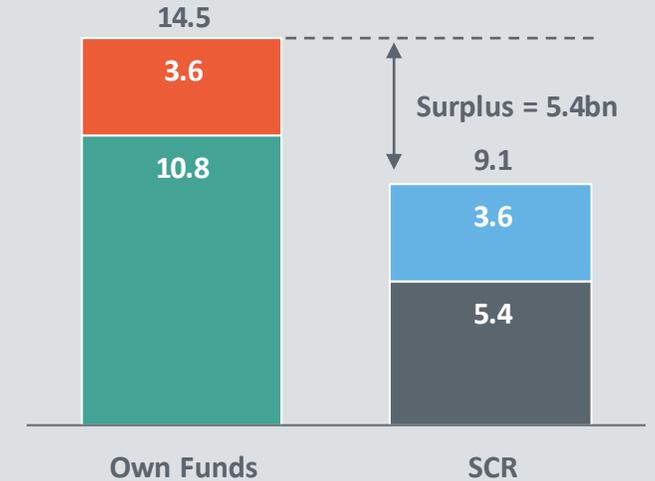
Solvency ratio 198%

With-Profits Fund view



Solvency ratio 301%

Regulatory view



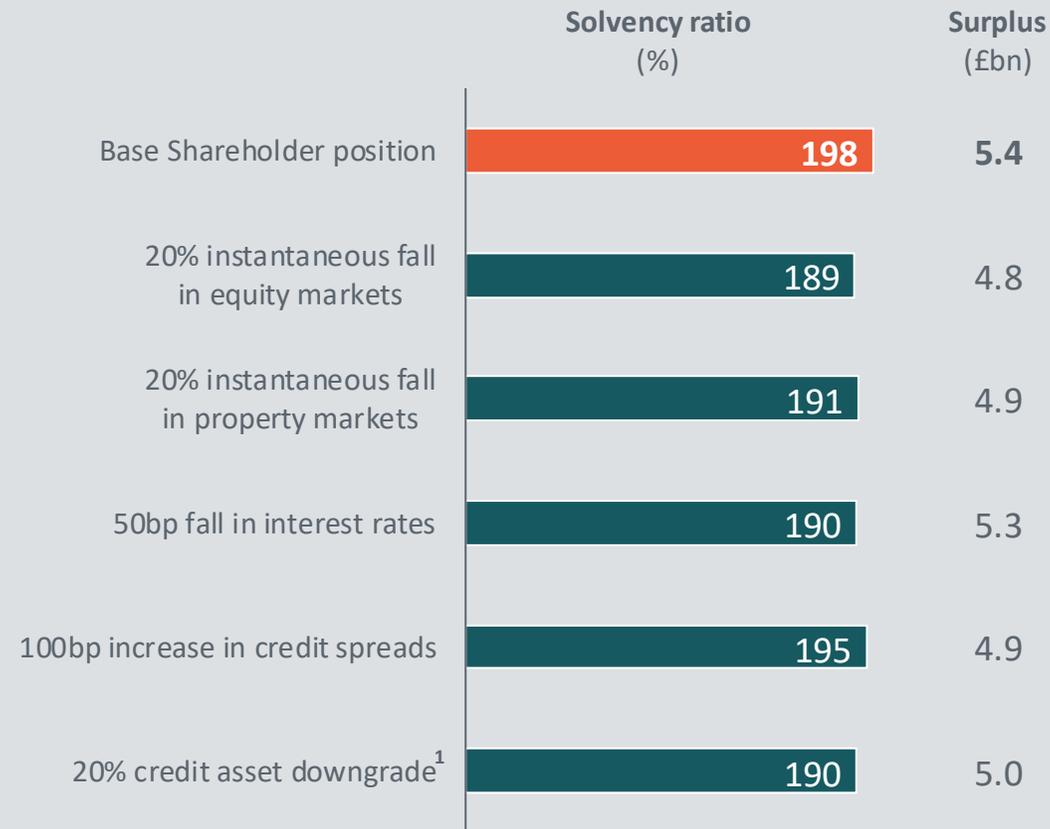
Solvency ratio 159%

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

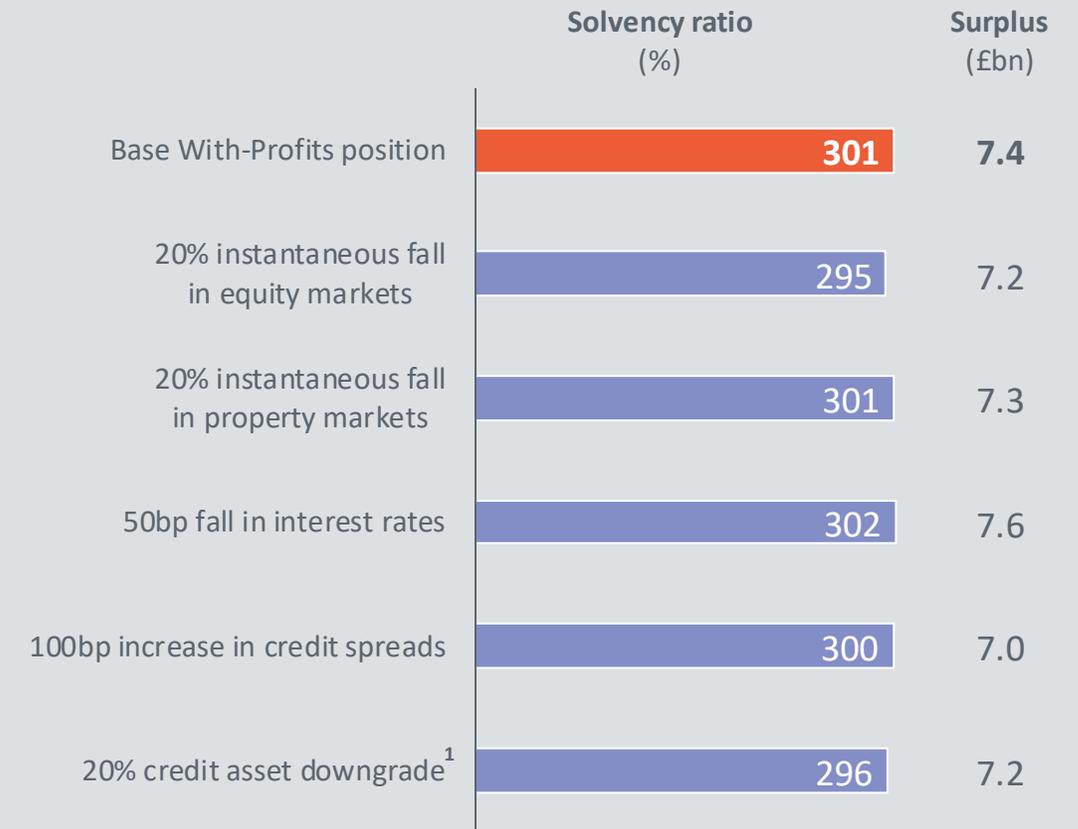
Solvency II sensitivities

Estimated impact on % ratio and surplus

Shareholder Solvency II market sensitivities H1 2021



With-Profits Solvency II market sensitivities H1 2021



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)

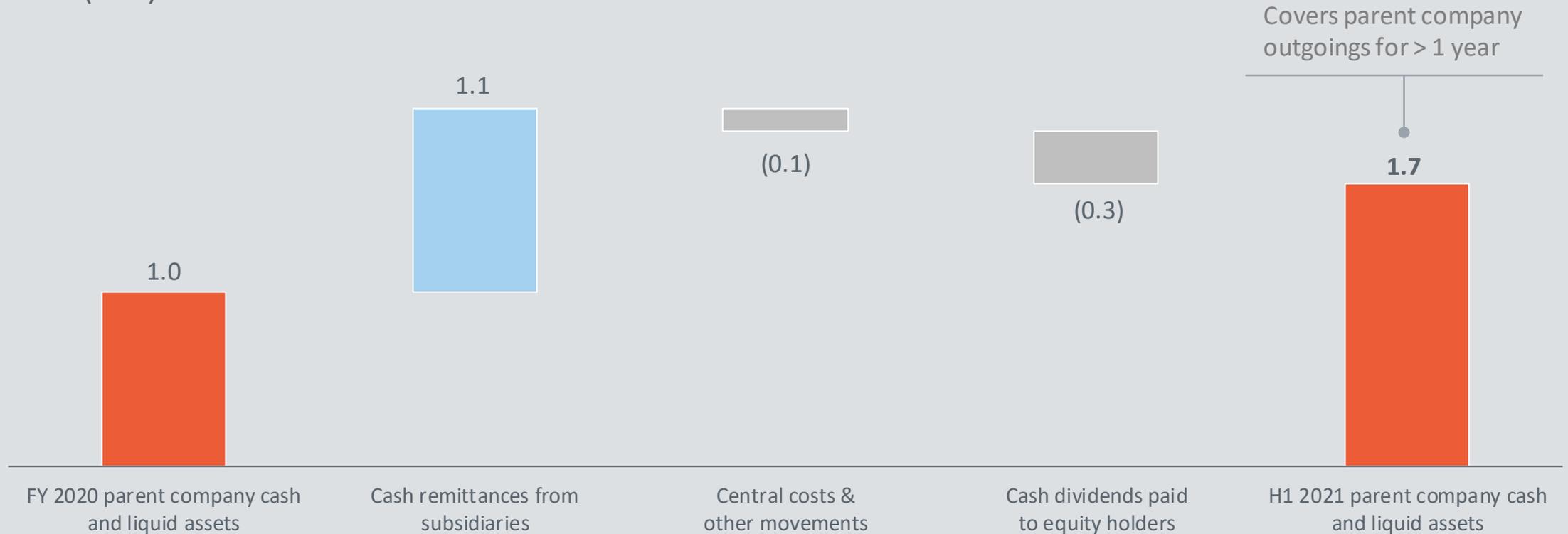
Operating Capital Generation

(£m)		H1 2020			H1 2021		
		Own Funds	SCR	Total	Own Funds	SCR	Total
Savings & Asset Management	Asset Management	163	(8)	155	140	4	144
	With-Profits	87	(69)	18	93	(67)	26
	- of which: In-force	76	(37)	39	89	(39)	50
	- of which: New business	11	(32)	(21)	4	(28)	(24)
	Other	16	(3)	13	6	-	6
	Total Underlying Capital Generation	266	(80)	186	239	(63)	176
Heritage	With-Profits	49	(9)	40	65	3	68
	Shareholder Annuities & other	95	74	169	46	68	114
	Total Underlying Capital Generation	144	65	209	111	71	182
Corporate Centre	Debt interest cost	(94)	-	(94)	(94)	-	(94)
	Head Office cost	(40)	2	(38)	(44)	(4)	(48)
	Total Underlying Capital Generation	(134)	2	(132)	(138)	(4)	(142)
	Total Underlying Capital Generation	276	(13)	263	212	4	216
	Other Savings & Asset Management Capital Generation	(9)	27	18	(55)	51	(4)
	Other Heritage Capital Generation	152	110	262	1	97	98
	Other Corporate Centre Capital Generation	2	(6)	(4)	3	(4)	(1)
	Total Operating Capital Generation	421	118	539	161	148	309

Parent company liquidity

Cash and liquid assets at £1.7bn

Parent company cash and liquid assets H1 2021 (£bn)

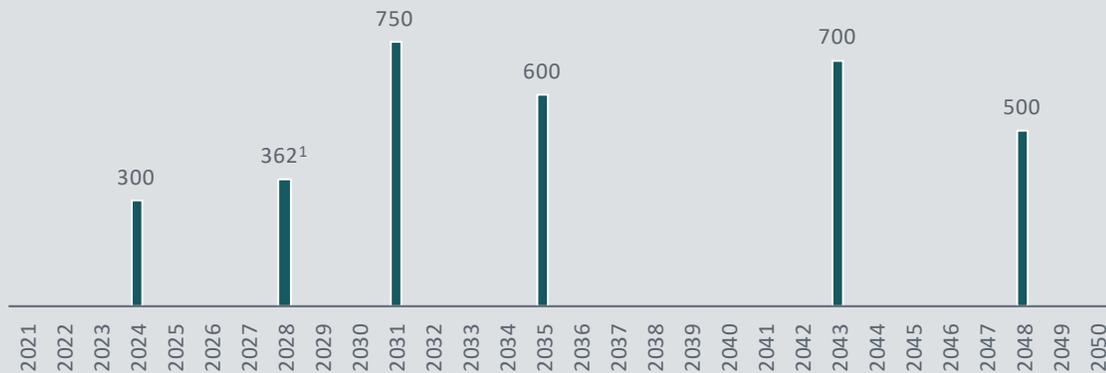


Financial debt structure

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 30 June 2021

Ratings

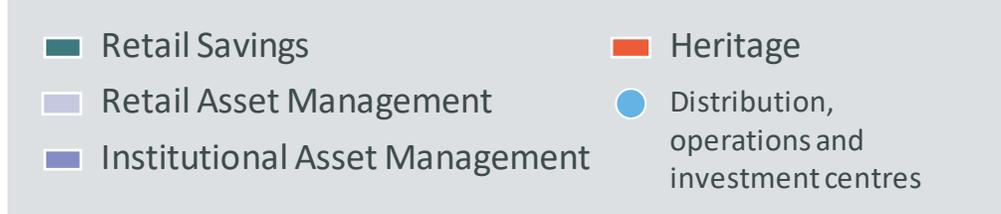
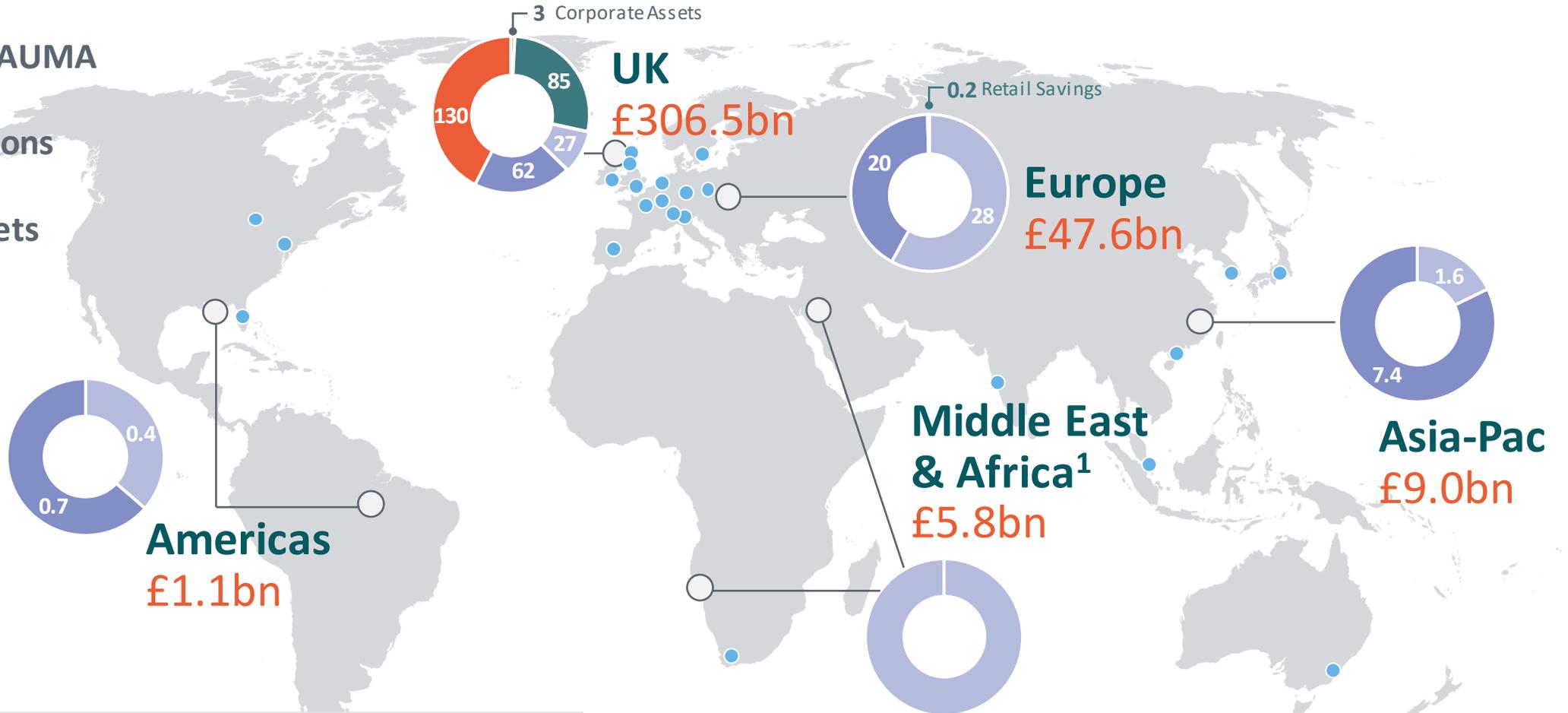
	Financial Strength	Issuer Default	Outlook
S&P Global Ratings	A+	A	Stable
MOODY'S	Aa3	A2	Stable
Fitch Ratings	AA-	A+	Stable

Our international footprint

£370bn AUMA

25 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 H1 2021, based on the country of the underlying client

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