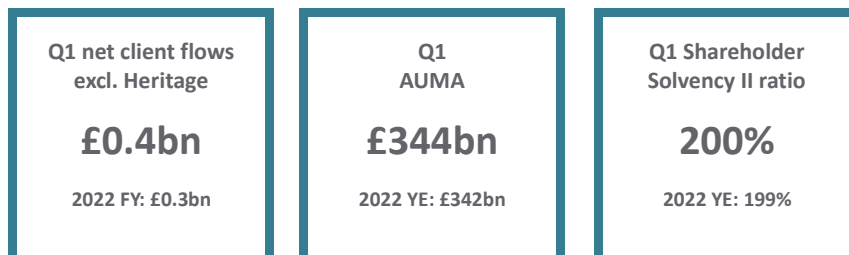


M&G plc Q1 2023 trading statement

Continued positive momentum across all three Group priorities: Financial strength, Simplification and Growth

Delivered positive net flows and strong investment performance across both the Asset Management and Wealth businesses

Completed the first phase of the Transformation programme, and maintained a strong and conservatively positioned balance sheet



Andrea Rossi, Group Chief Executive Officer, said:

“M&G started the year building on our strong momentum from 2022. At Full-Year Results we identified three priorities for the Group: maintain financial strength through capital discipline, simplify the business, and deliver profitable growth focusing on Asset Management and Wealth. I am pleased to say we have made good progress on each of those fronts and are on track to deliver on our ambitious targets.

“I am particularly encouraged by the £1.0 billion net client inflows achieved in Wholesale Asset Management in just three months. Thanks to this success, we more than offset the expected redemptions from institutional clients and drove inflows into high-margin propositions. Much of this growth has come from our home market, the UK, where we were amongst the ‘top five’ managers by net flows in the period¹, ending a long period of subdued performance.

“In Institutional Asset Management, despite known headwinds in the UK, we have continued to expand our presence in Europe, winning large mandates in the Netherlands and Switzerland, where we secured £0.8 billion in funding from the Swiss Investment Fund for Emerging Markets.

“Turning to M&G Wealth, we continue to see good momentum, with PruFund sales growing to £1.6 billion in Q1. In May we launched PruFund Growth, PruFund Cautious and PruFund Risk Managed versions on our digital platform, further expanding the reach of this unique proposition. Making the wider PruFund range more accessible to financial intermediaries will support flows in the second half of the year and beyond.

“Looking ahead, I’m both confident and excited about the prospects for M&G, as we execute on the strategy outlined at Full-Year Results. I am enthused by the progress to date and remain focused on delivering operational efficiencies to benefit both clients and shareholders. Notwithstanding an uncertain external environment, we are building on the inherent strengths of our differentiated business model, delivering profitable growth alongside attractive shareholders returns.”

Growth

- Despite volatile markets, achieved net client inflows of £0.4 billion (excluding Heritage), absorbing expected redemptions from UK institutional clients that were triggered in September 2022 by the ‘mini-budget crisis’, which were highlighted at Full-Year Results
- After returning to net client inflows in 2022, momentum in Wholesale Asset Management accelerated further, with net client inflows of £1.0 billion in Q1 and continued strong investment performance. As of March, 68% of our mutual funds ranked in the upper two performance quartiles over one year and 75% over three years
- Wealth and Other Retail & Savings delivered net inflows of £0.3 billion, driven by strong investment performance. After achieving £5.4 billion gross sales in 2022 (+42% year-on-year), PruFund volumes further improved in Q1 with gross inflows of £1.6 billion

Simplification

- We are moving at pace on the Transformation programme, continuing to identify opportunities to streamline the business and achieve our cost saving target while delivering better outcomes for our clients and colleagues
- The Voluntary Redundancy programme launched in March is now closed, with over 200 accepted applications, corresponding to c. 4% of the total workforce. The majority of these exits are expected to become effective between Q4 2023 and Q1 2024
- We are right sizing our office footprint to reflect the needs of the business. During the first half of the year we have concluded sub-leases on surplus space in our London estate. Work will continue on reviewing our footprint in the second half of the year

¹ Source: The Pridham report

Financial strength

- Despite continued volatility in financial markets, Shareholder Solvency II coverage ratio improved to 200% (2022: 199%) even after factoring in the £310 million 2022 final dividend announced in March (amounting to a seven percentage points reduction)
- Our shareholder annuity portfolio continues to perform resiliently and remains conservatively positioned, with a clear focus on high credit quality. 98% of the assets are investment grade, with no defaults experienced in Q1 and a very low level of downgrades
- We remain committed to our disciplined capital management framework and policy of stable or increasing dividends per share

Group AUMA movements 31 December 2022 to 31 March 2023

£bn	As at 31 Dec 2022	Gross inflows	Gross outflows	Net client flows	Market/Other movements	As at 31 Mar 2023
Wholesale Asset Management	53.9	4.6	(3.6)	1.0	1.3	56.2
Institutional Asset Management	99.2	4.5	(5.4)	(0.9)	(1.2)	97.1
Other Asset Management	1.1	-	-	-	-	1.1
Total Asset Management	154.2	9.1	(9.0)	0.1	0.1	154.4
Wealth	83.4	2.2	(2.0)	0.2	1.2	84.8
- Of which PruFund UK	52.3	1.6	(1.1)	0.5	0.7	53.5
Heritage	94.1	0.0	(1.5)	(1.5)	1.4	94.0
Other Retail and Savings	8.9	0.3	(0.2)	0.1	0.1	9.1
Total Retail and Savings	186.4	2.5	(3.7)	(1.2)	2.7	187.9
Corporate assets	1.4	-	-	-	0.3	1.7
Total AUMA	342.0	11.6	(12.7)	(1.1)	3.2	344.0

Group AUMA movements 31 December 2021 to 31 December 2022

£bn	As at 31 Dec 2021	Gross Inflows	Gross outflows	Net client flows	Market/Other movements	As at 31 Dec 2022
Wholesale Asset Management	52.7	16.0	(15.5)	0.5	0.7 ²	53.9
Institutional Asset Management	103.1	13.1	(13.8)	(0.7)	(3.2) ³	99.2
Other Asset Management	0.9	-	-	-	0.2	1.1
Total Asset Management	156.7	29.1	(29.3)	(0.2)	(2.3)	154.2
Wealth	84.2	8.0	(7.8)	0.2	(1.0) ⁴	83.4
- Of which PruFund UK	52.4	5.4	(4.9)	0.5	(0.6)	52.3
Heritage	117.8	0.2	(6.2)	(6.0)	(17.7)	94.1
Other Retail and Savings	9.1	0.9	(0.6)	0.3	(0.5)	8.9
Total Retail and Savings	211.1	9.1	(14.6)	(5.5)	(19.2)	186.4
Corporate assets	2.2	-	-	-	(0.8)	1.4
Total AUMA	370.0	38.2	(43.9)	(5.7)	(22.3)	342.0

² Includes £2.2bn additional AUMA due to process improvements from the AUMA elimination methodology process review

³ Includes c£2.9bn additional AUMA from the acquisition of responsAbility in H1 2022

⁴ Includes c£2.4bn additional AUMA from the acquisition of Sandringham in H1 2022

Net client flows (excluding Heritage) in Q1 2023 and comparison with Q4 2022 (quarter-on-quarter) and Q1 2022 (year-on-year)

£bn	Q1 2023			Q4 2022			Q1 2022		
	Gross inflows	Gross outflows	Net client flows	Gross Inflows	Gross outflows	Net client flows	Gross Inflows	Gross outflows	Net client flows
Wholesale Asset Management	4.6	(3.6)	1.0	4.0	(3.6)	0.4	5.1	(4.4)	0.7
Institutional Asset Management	4.5	(5.4)	(0.9)	3.5	(5.1)	(1.6)	3.0	(1.9)	1.1
Wealth	2.2	(2.0)	0.2	2.1	(2.0)	0.1	1.8	(2.0)	(0.2)
- Of which PruFund UK	1.6	(1.1)	0.5	1.5	(1.3)	0.2	1.1	(1.3)	(0.2)
Other Retail and Savings	0.3	(0.2)	0.1	0.2	(0.1)	0.1	0.2	(0.2)	-
Client flows (excl. Heritage)	11.6	(12.7)	0.4	9.8	(10.8)	(1.0)	10.1	(8.5)	1.6

Asset Manager AUMA and flows by client type

£bn	As at 31 Dec 2022	Net client flows	Market/Other movements	As at 31 Mar 2023
Wholesale	53.9	1.0	1.3	56.2
Institutional	99.2	(0.9)	(1.2)	97.1
Internal	149.9	3.3		153.2
Total Asset Manager AUMA	303.0			306.5

Asset Manager AUMA and flows by asset class

£bn	As at 31 Dec 2022	Net client flows	Market/Other movements	As at 31 Mar 2023
Private assets – External clients	46.5	0.9	(0.4)	47.0
Private assets – Internal	30.1	(0.7)		29.4
Total Private AUMA	76.6			76.4
Public assets – External clients	106.6	(0.8)	0.5	106.3
Public assets – Internal	119.8	4.0		123.8
Total Public AUMA	226.4			230.1
Total Asset Manager AUMA	303.0			306.5

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