



M&G plc

Business Overview



Who we are

A unique business mix

an **Asset Manager and Asset Owner...**
... focused on delivering great customer outcomes
through active, high-value added solutions



Our History

2019



2017



1931



1848



Customers

c. 5.3 million
retail customers

more than 800
institutional clients



Geographies

25 locations...

...serving **28**
markets



AUMA¹

£370bn

(H1 2021)

Our investment case

Differentiated proposition and capabilities to deliver attractive returns

Customer proposition



- **Integrated retail offering** in the UK including advice, platform, and investment solutions
- **One of the UK and Europe's strongest brands** for institutional asset mgmt.
- **Expanding international network** of 25 distribution offices serving 28 markets

Investment capabilities



- Leading investment house with **expertise in high-value added solutions** with resilient margins
- **World class Private Asset franchise** with £65bn AUMA and an attractive fee model
- **Unique PruFund offering** thanks to UK's largest With-Profits Fund (£145bn AUMA)

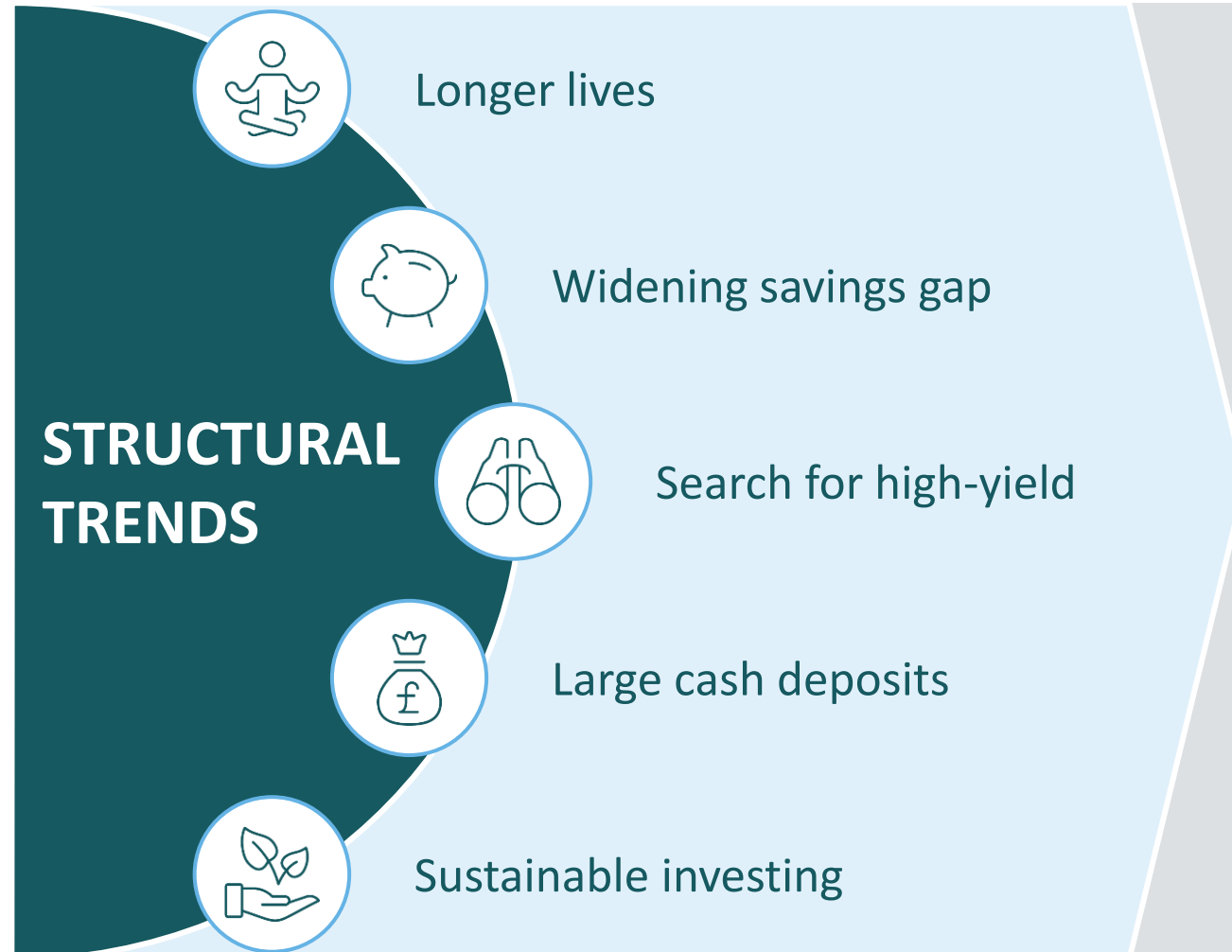
Financial returns



- **Diversified and resilient** sources of earnings
- Strong, long-term, **capital and cash generation**
- **Stable or increasing** dividend policy
- **Capital-efficient** growth opportunities

Supportive structural trends

Well positioned to capitalise on market opportunity



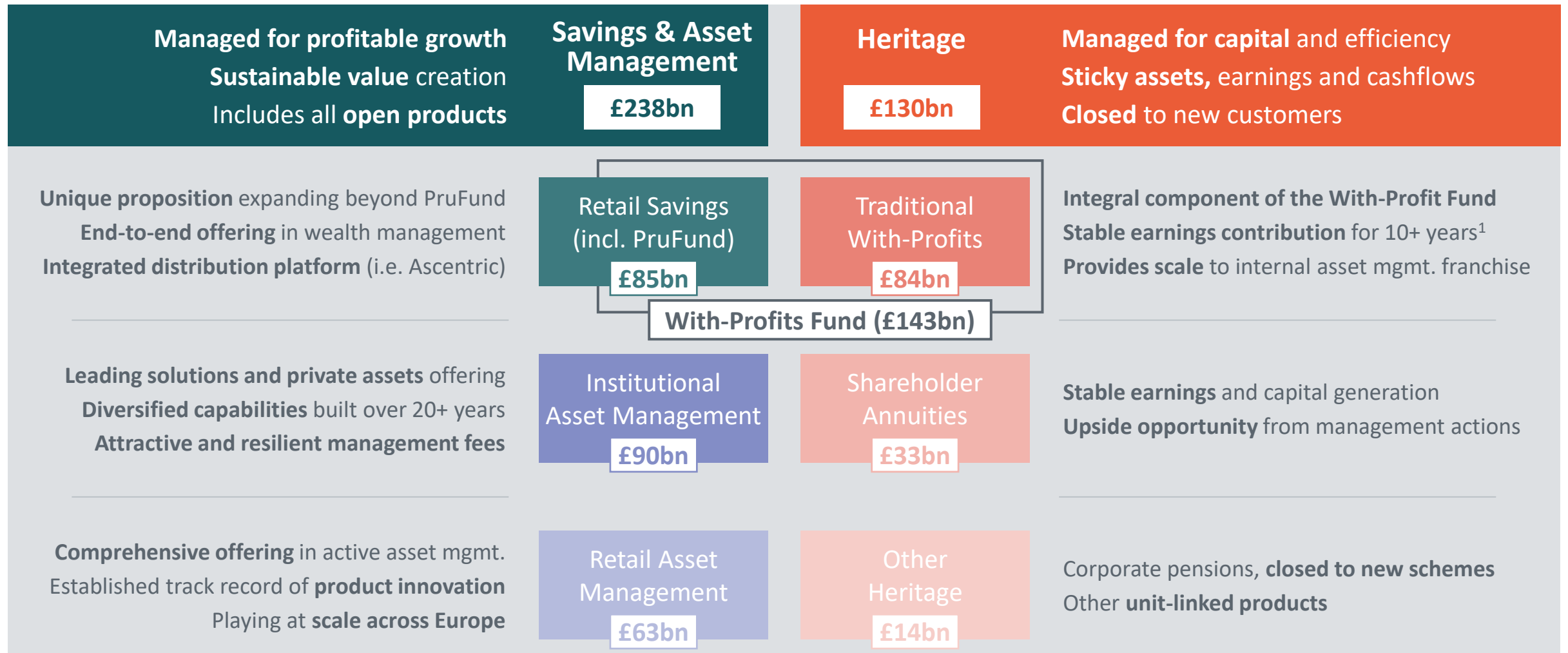
Long-term macroeconomic trends are driving stronger demand for savings and investments solutions

We are well positioned to serve this demand thanks to our:

- 1 Integrated customer proposition**
- 2 High-value, investment capabilities**

What powers M&G plc

Our business segments



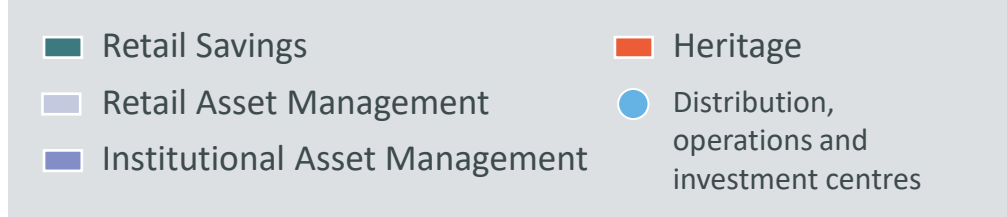
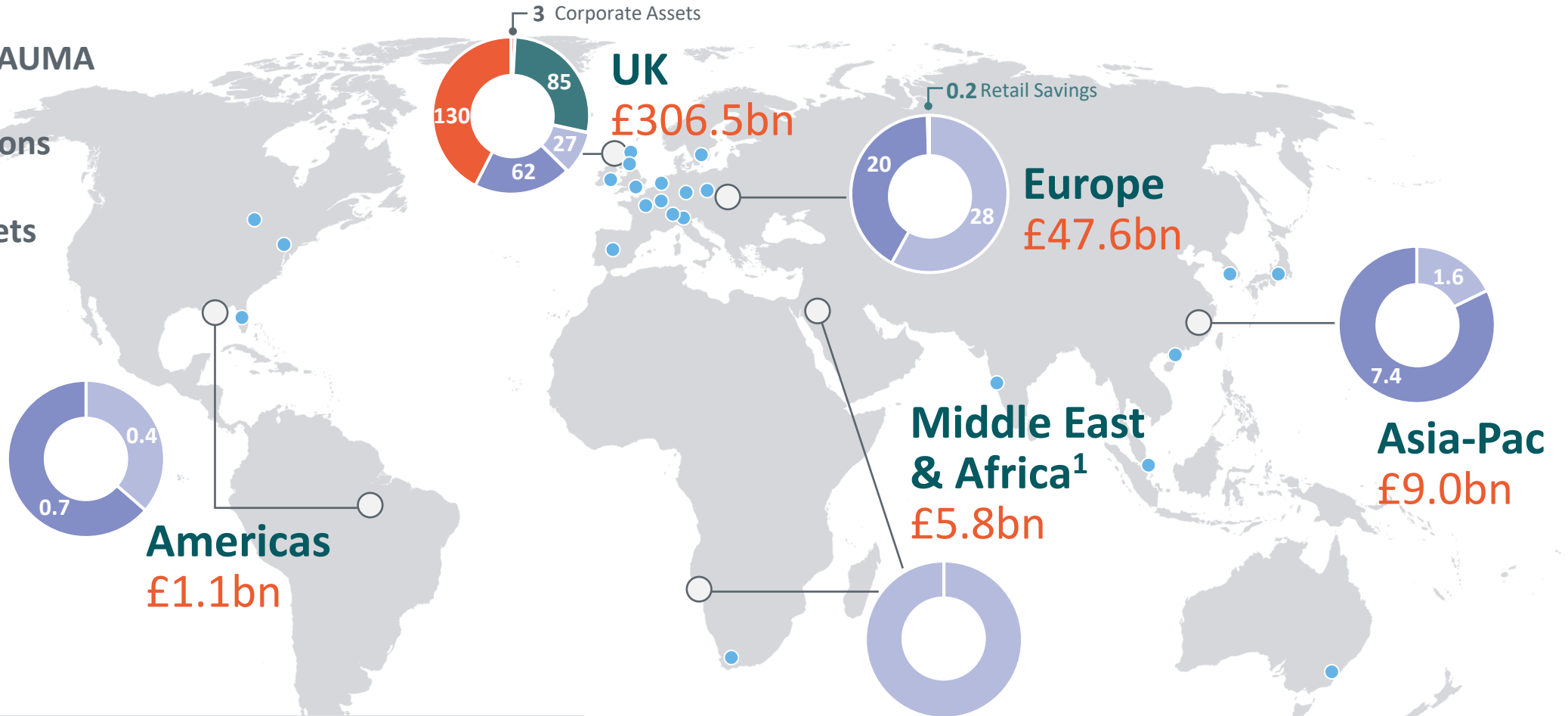
1. Assuming normal financial market development and policyholder behaviour
Note: All AuMA figures refer to position as of H1 2021

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

Business target and dividend policy

Our financial management framework

Business target

3-year cumulative capital generation¹

2020-22
mid-point
target

£2.2bn

After debt and head office costs, market movements and tax

Dividend policy

Expectations for ordinary dividends:

- 1) Stable or increasing**
To develop broadly in line with capital generation over the longer term
- 2) Two payments per year**
interim dividend being 1/3 of the previous full year
- 3) 2020 full year ordinary dividend of £465m**

Financial Management

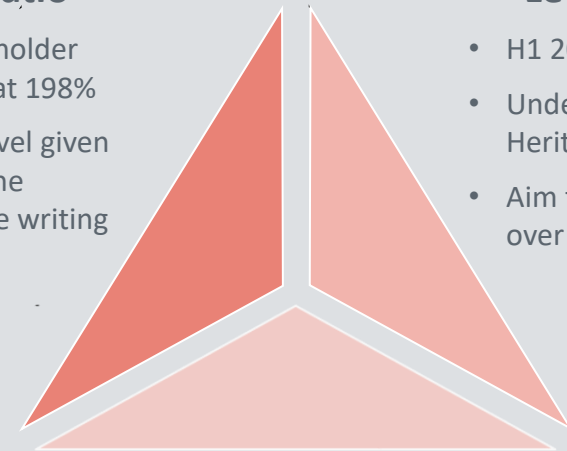
Assessing our position relative to:

Solvency ratio

- H1 2021 Shareholder Solvency ratio at 198%
- Comfortable level given the nature of the business we are writing

Leverage ratio

- H1 2021 position at 30%
- Underpinned by strong Heritage cashflows
- Aim to reduce gradually over time



HoldCo Liquidity

Ensure sufficient liquid resources to cover expected cash outflows for at least 1 year, including dividend

1. Total change in Solvency II surplus before capital movements and dividends

Key messages

1



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

2



Differentiated and **high-value added savings and investments solutions**

3



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

4



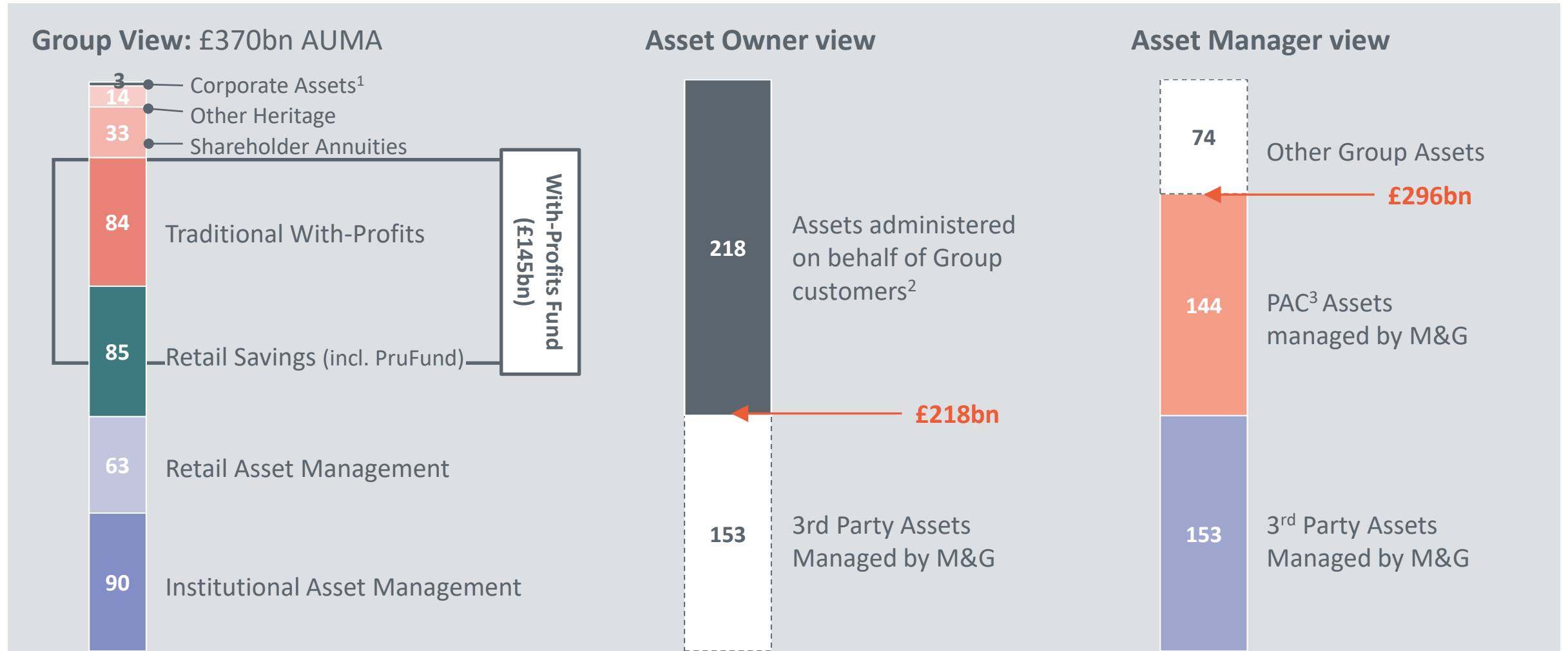
Attractive total return profile with capital discipline and profitable growth



The benefit of being both an Asset Manager and Asset Owner

Our assets base

Introducing the Asset Owner and the 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

Being both Asset Owner and Asset Manager

Why the total is greater than the sum of the parts

Asset Owner and Asset Manager in action

Asset Owner

The fiduciary manager for PAC¹ clients,
with £218bn of assets under administration



£144bn from the Asset Owner
managed by the Asset Manager



Asset Manager

An investment manager specialised in **active high-value add solutions** with £296bn assets under management

What the Asset Owner brings to the Asset Manager

- Provides **scale** to asset management operations
- Helps understand the **needs** of institutional clients
- Drives investment innovation and **seeds new proposition**
- Enhances **diversity and resilience of earnings**
- Enables to realise **efficiency and costs synergies**
- **Adds savings solutions** (e.g. PruFund) to the broader investment proposition

How the Asset Owner Asset Manager relationship drives innovation

This symbiotic relationship benefits both internal and external clients

Idea generation

Working closely with the Life fund, we gain a deep understanding of the needs of large and complex insurance funds



This allows us to develop bespoke and effective solutions to match customers' requirements

Seeding

Our unique partnership model enables us to launch innovative ideas and generate superior customer outcomes



This collaboration has strengthened with the creation of a single Investment function

First mover

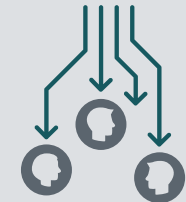
By deploying seed capital, we can move quickly and reap benefits for both policyholders and shareholders



We have been one of the first non-bank investors in Europe in several asset classes¹

Externalisation

As we build expertise, sourcing capabilities, and track record, we open these products to external institutional clients

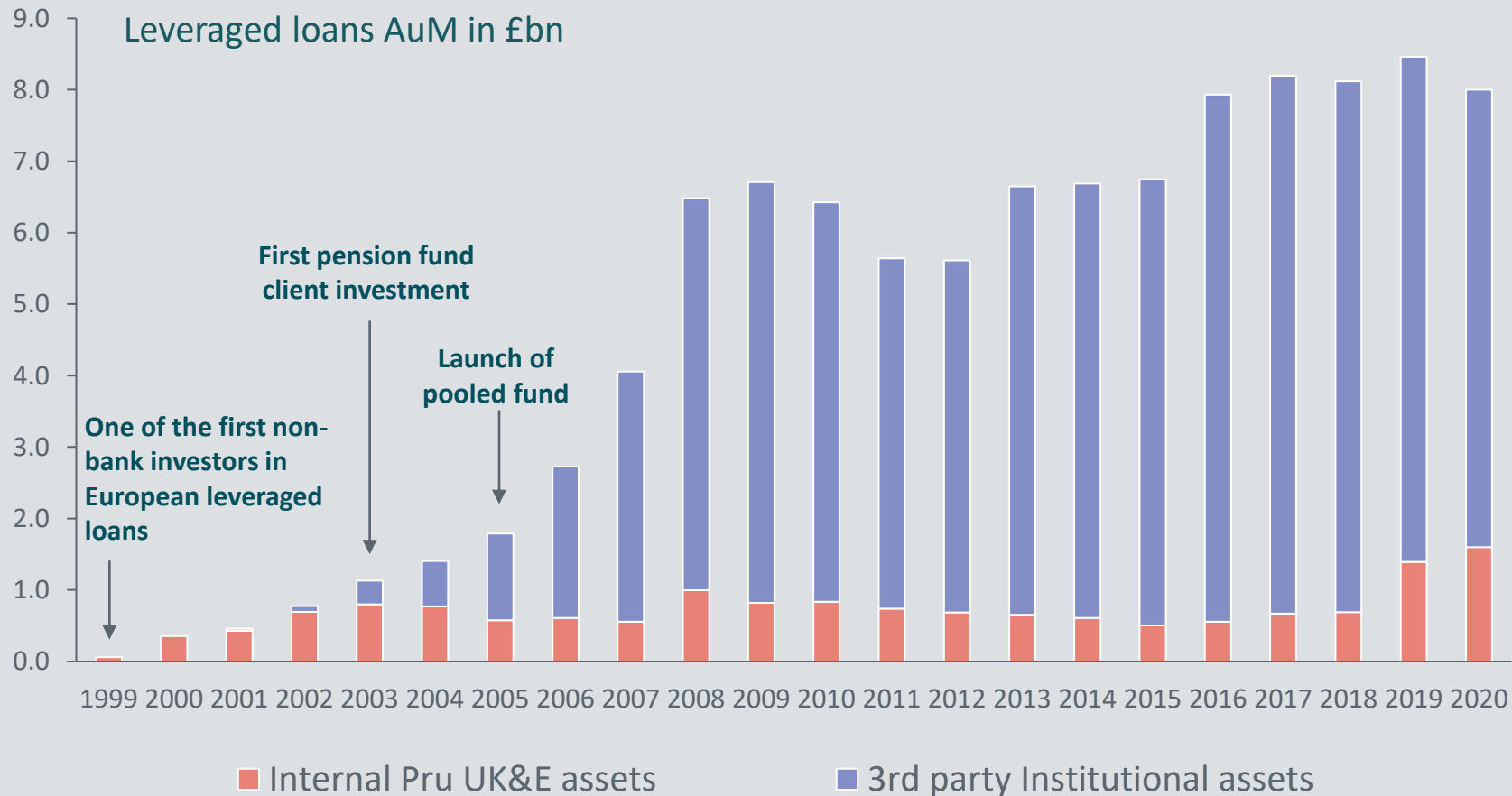


What starts as the answer to customer needs becomes a competitive advantage

1. These are: European Private Placements, Leveraged Loans, UK long Lease Property, UK Direct Lending, Private ABS and Specialty Finance

Asset Owner Asset Manager innovation in practice

Private Assets as a key area of focus, the leveraged loans example



- One of the first non-bank investors in the asset class
- Development of capability and track record attracted third-party money
- Now a leader in the field, serving 200+ clients, with c. £8bn AuM¹

1. As at 31 December 2020. It includes all holdings in the portfolio; i.e. cash, floating rate notes and FX considerations.



Our strategy

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

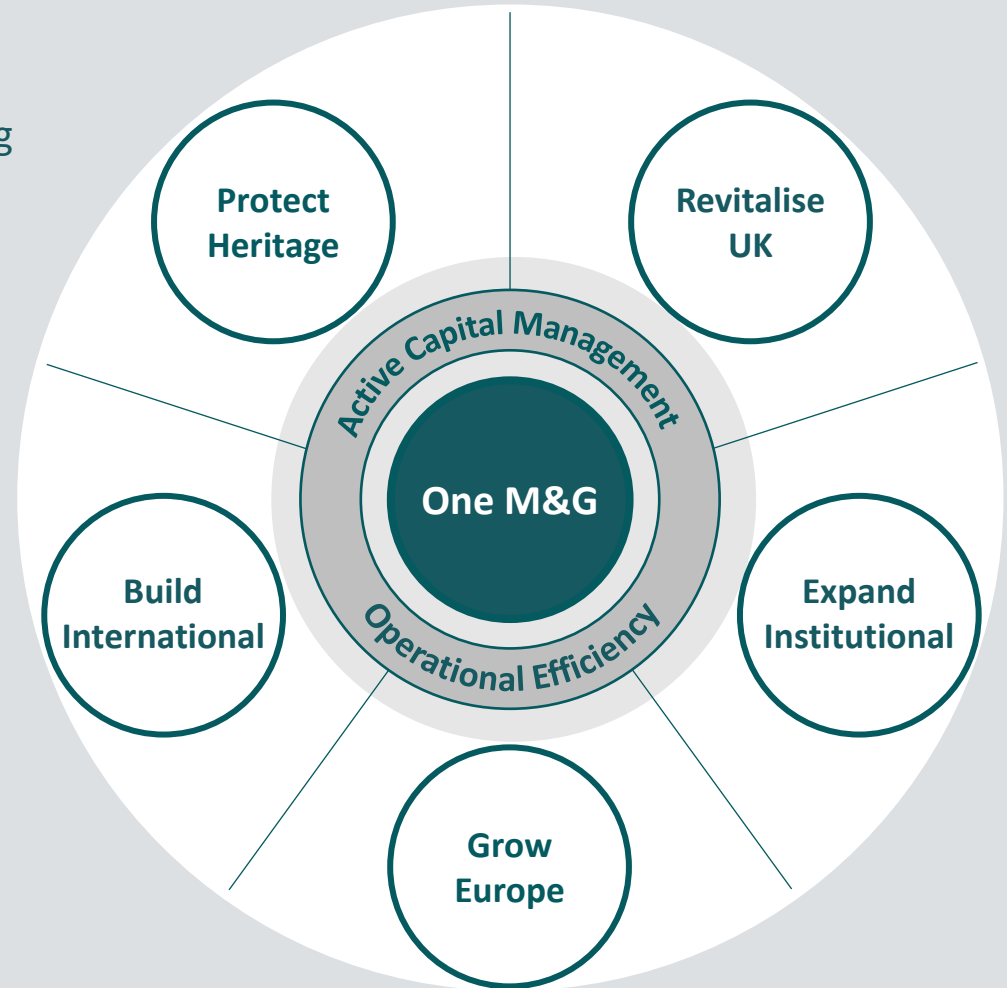
Build on the success of our existing partnership approach

Build International

Deliver focused expansion in Asia, the Americas and Africa

Protect Heritage

Focus on retention, efficiency and control environment





One M&G: 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



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



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



Building an integrated savings and investments business

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

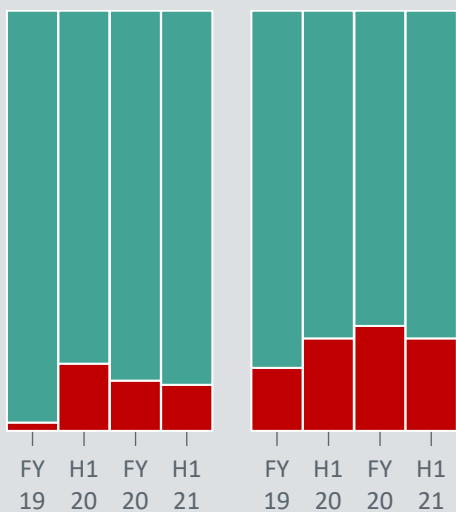


Positive flows, resilient margins, and healthy pipeline

Private Asset capabilities and EU presence are the key priorities

Performance

Segregated and pooled mandates performance as % of revenues¹

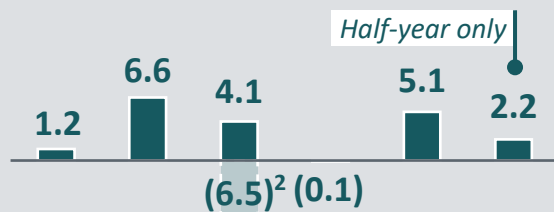


5-year

3-year

- Outperforming objectives
- Behind objectives

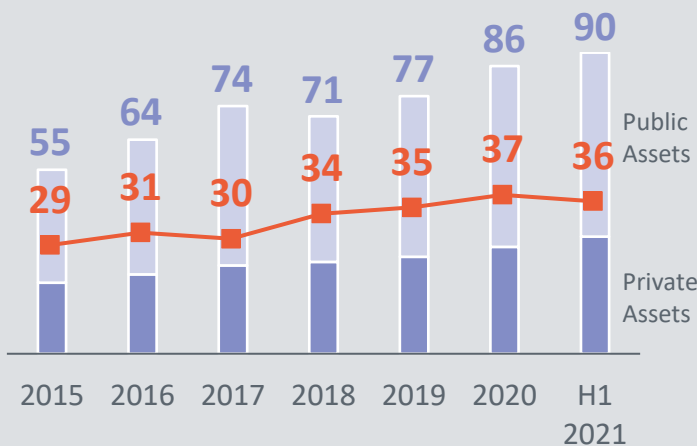
Flows, margins and asset base



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

- Private Asset**
 - Broaden Real Estate offering to higher value-add areas
 - Expand private credit sourcing (also through team lift-outs)
 - Build Catalyst track-record so to open it to external clients
- Europe**
 - Add distribution resources in key European markets
 - Develop product structures meeting local requirements

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



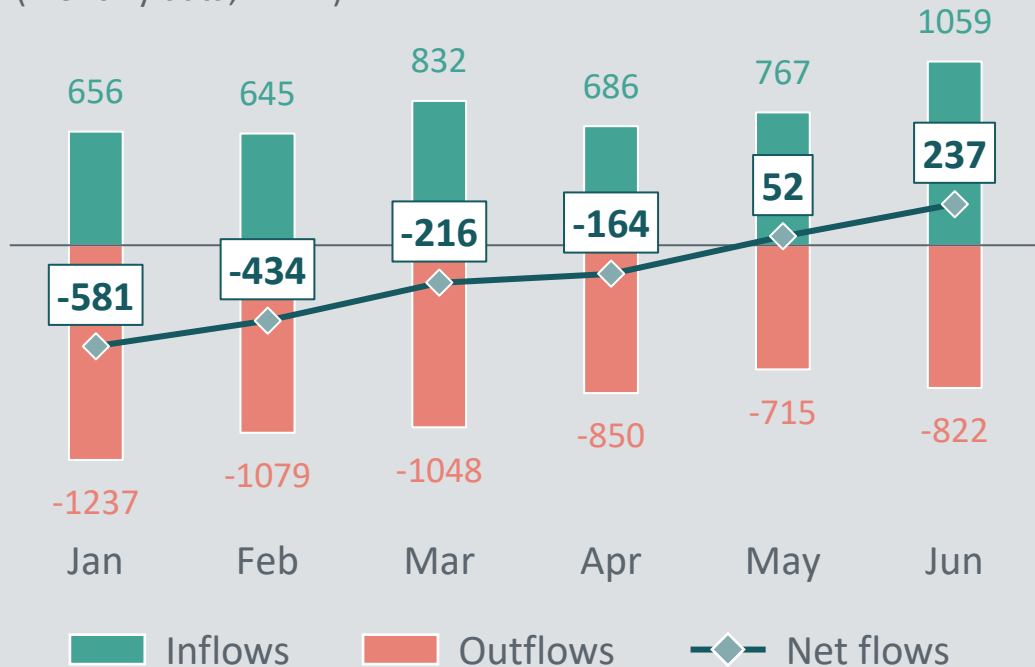
Well positioned to **expand asset management** presence

Positive momentum expected to continue

Retail Asset Management

Recovery in performance and flows

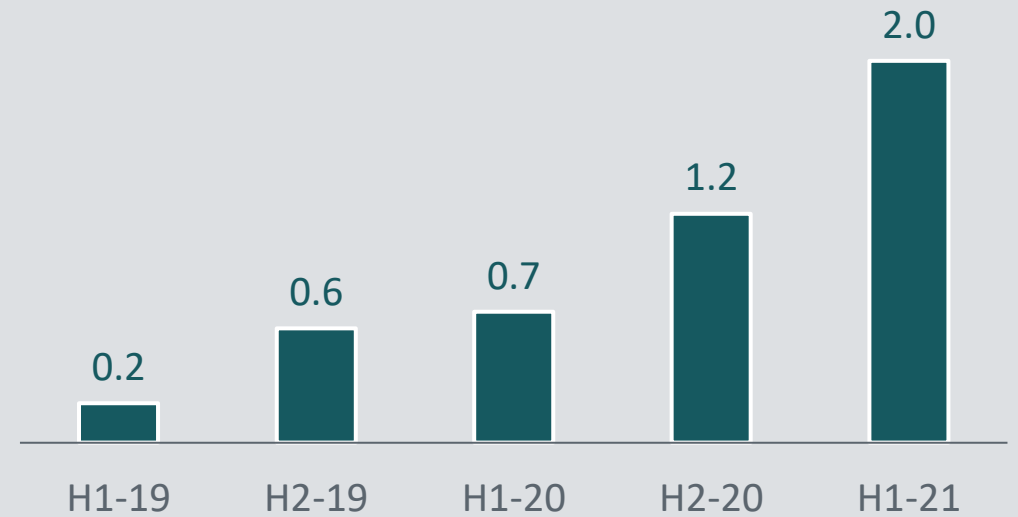
Retail net flows in Europe
(monthly data, in £m)



Institutional Asset Management

Continued progress in building European footprint

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





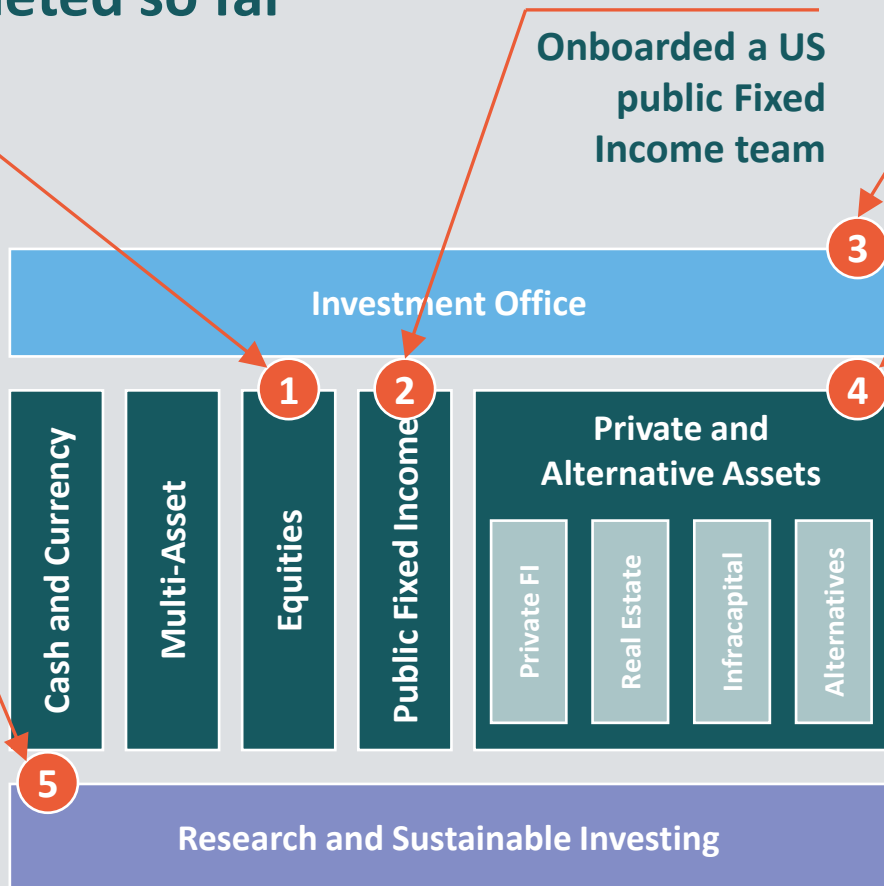
Broadening geographic coverage and investment capabilities

An integrated capability-led investment team

Changes completed so far

Expanded our Emerging Market capabilities onboarding an Asian equity team

Pooled research and sustainable investing staff, improving coverage and efficiency



Onboarded a US public Fixed Income team

Set-up dealing desks in Chicago and Singapore

Launched Catalyst, a new international Private Assets team, focused on sustainable and impact investments

Current focus



Increase **private asset international origination** capacity



Accelerate **sustainable investment innovation** through Catalyst

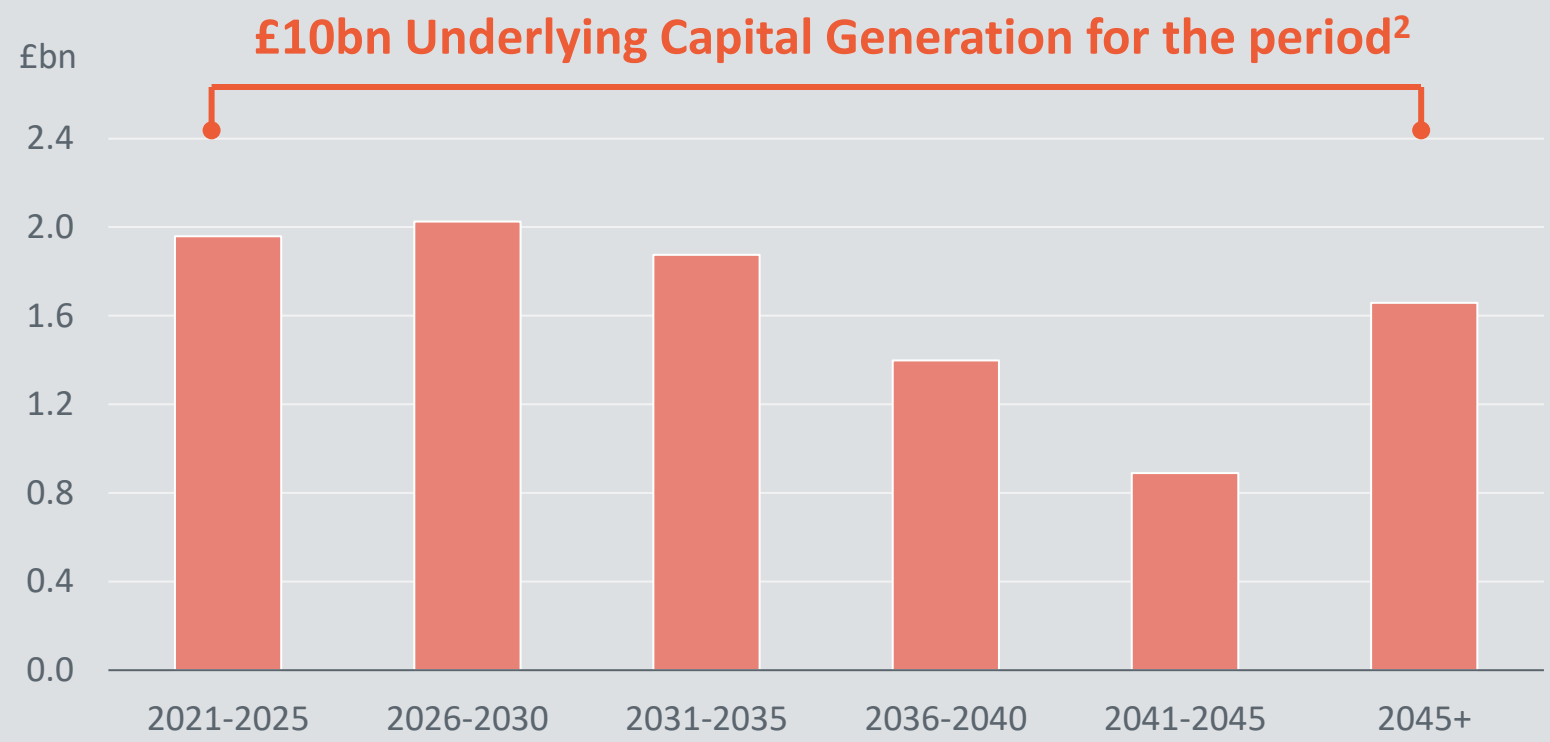


Broaden client offering with global funds and proposition



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
- (-) Net 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



Financial Review

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:

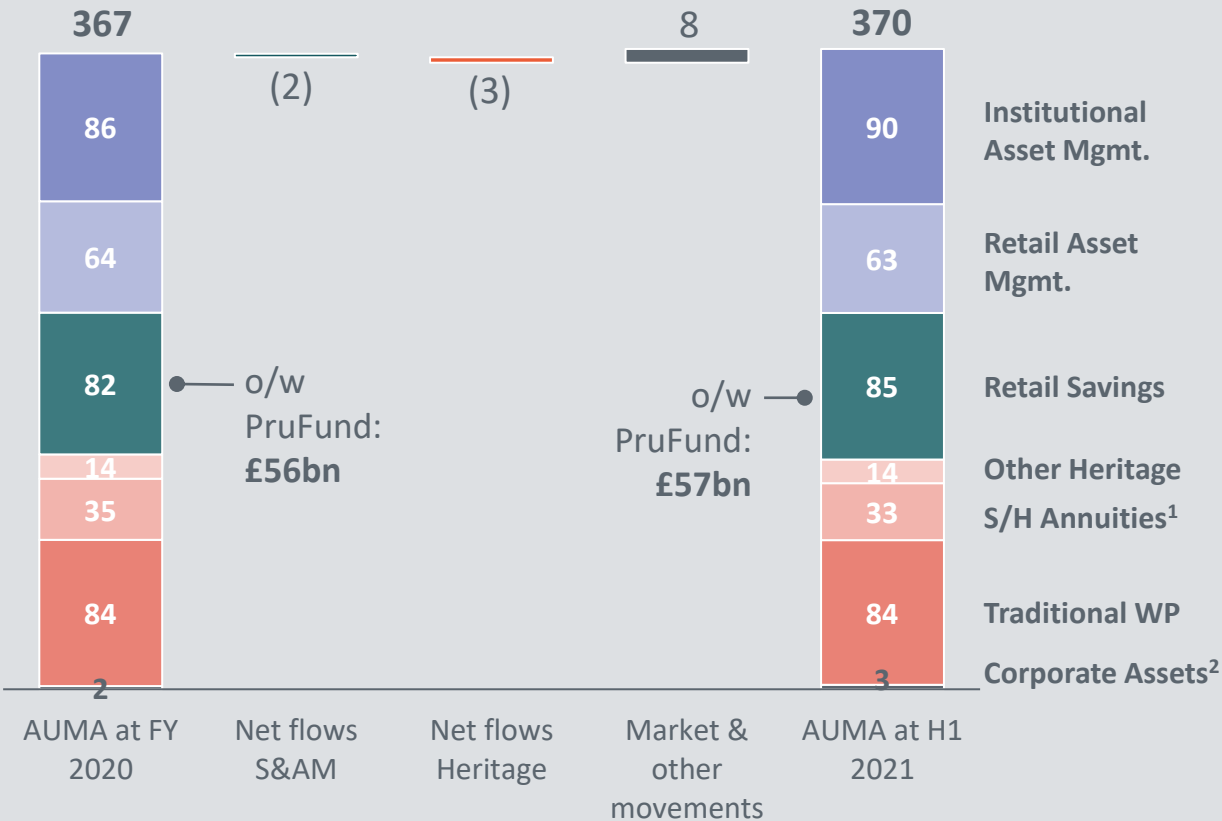
Our dividend policy
confirming our 2021
interim DPS of 6.1p¹

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

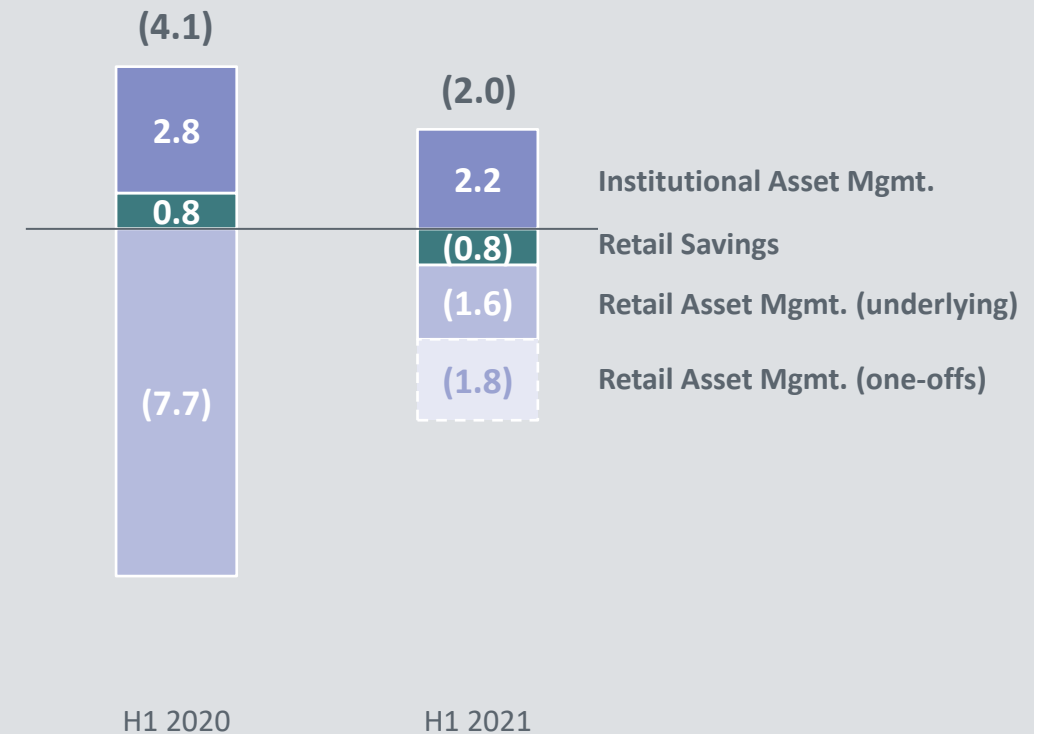
**£145m annual run-rate
shareholder cost
savings by 2022**

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

Adjusted Operating Profit by source

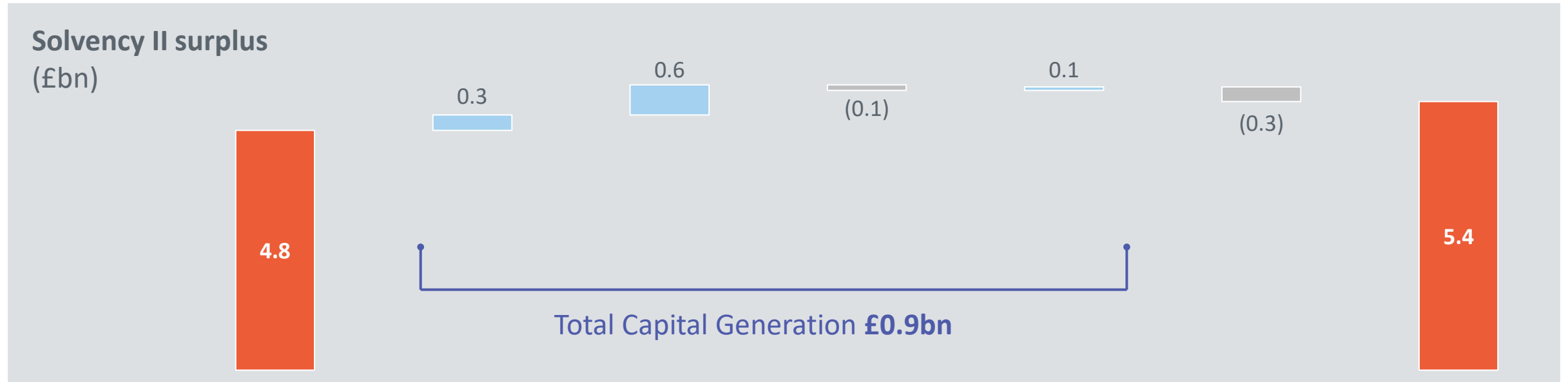
(£m)		H1 2020	H1 2021	
Savings & Asset Management	Asset Management	163	140	<ul style="list-style-type: none"> Asset Management AOP decreased as slightly higher revenues were offset by higher costs H1 2021 Other AOP driven by expected loss from Ascentric and an expense overrun on PruFund new business
	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

Capital Generation

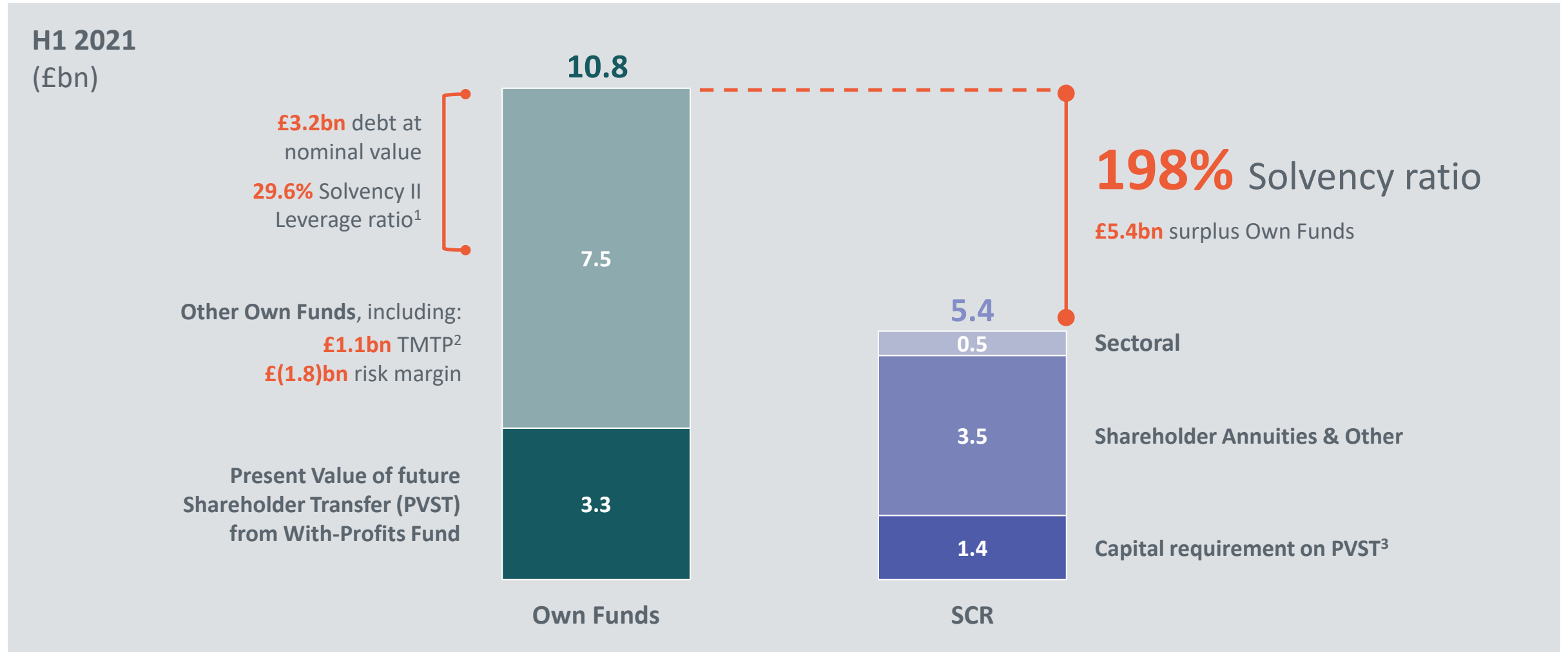
H1 2021: £0.9bn Total Capital Generation



£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

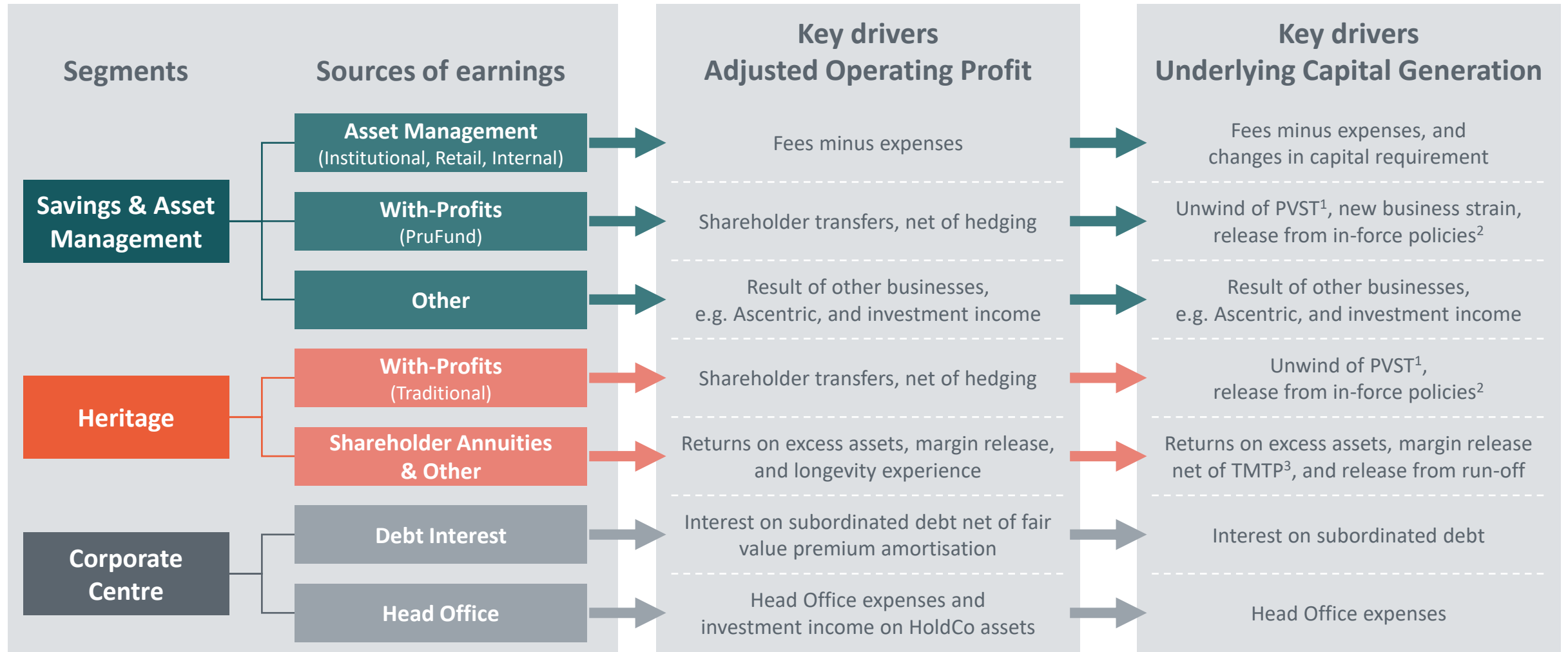
Shareholder Solvency II coverage ratio



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

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

Main drivers of earnings and capital generation by segment



1. Present Value of future Shareholder Transfer; unwind of PVST based on real world returns;

2. Net of the run-off of the hedging programmes on Shareholder Transfers, which negatively affects capital generation; 3. Transitional Measures on Technical Provisions



Appendix

Uniqueness of PruFund offering

What is PruFund

For customers

A savings product similar to traditional mutual funds...

- Multi-asset
- Daily unit price
- With a clear annual charge

... but with characteristics that make it stand out from the crowd

- Low volatility
- Smoothed returns
- Strong performance track record

For the With-Profits Fund

A proposition priced to recover the costs the With-Profits Fund expects to incur:

- Distribution and Admin expenses
- Investment management
- Smoothing and holding account
- Shareholder Transfer

Deviations from expectations are absorbed by the With-Profits estate

For Shareholders

Strategically

- Unique proposition
- Element of differentiated growth
- Anchor for our broader offering

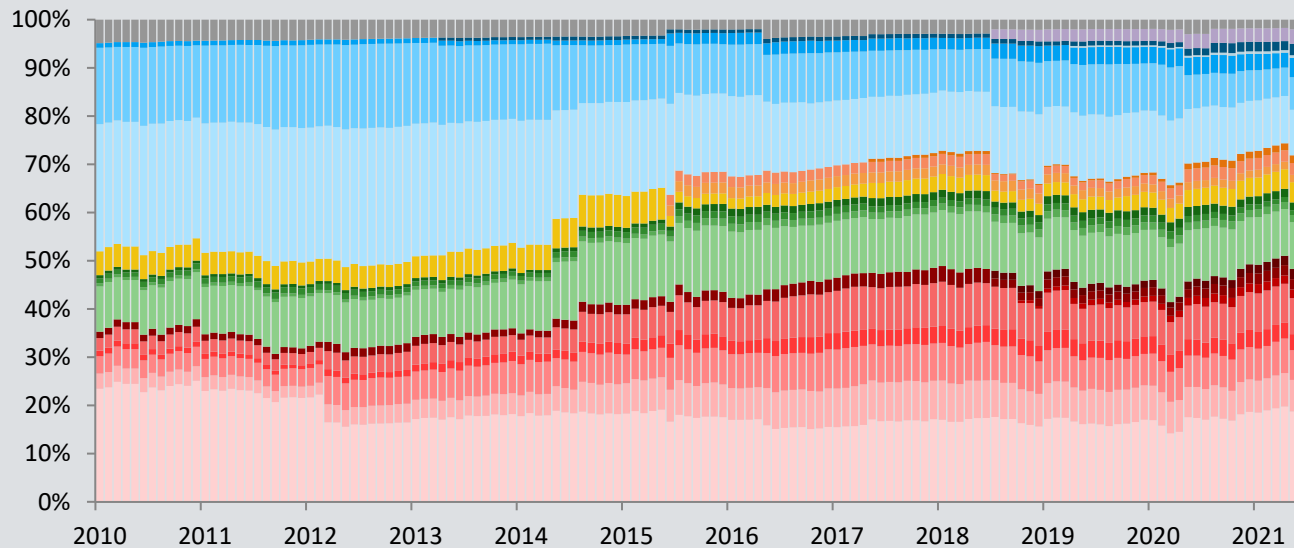
Financially

- Stable source of earnings
- Capital-efficient proposition
- Store of value with back-end loaded profit signature

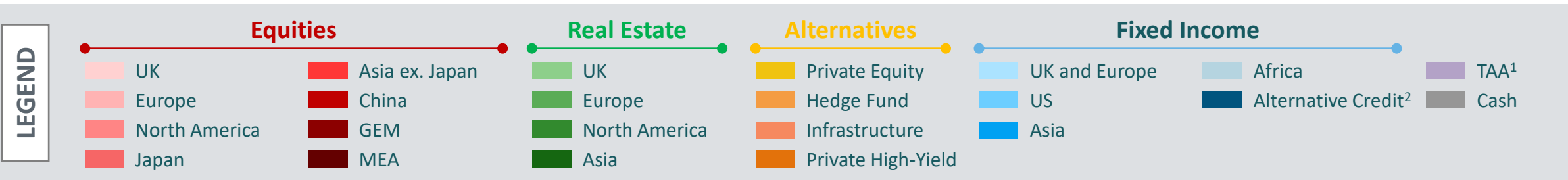
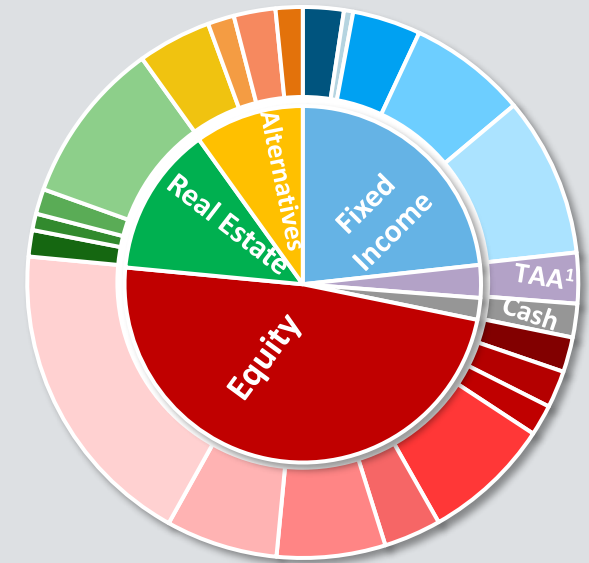
With-Profits Fund

Strategic Asset Allocation

Asset allocation evolution between 2010 and H1 2021



Asset allocation as of June 2021

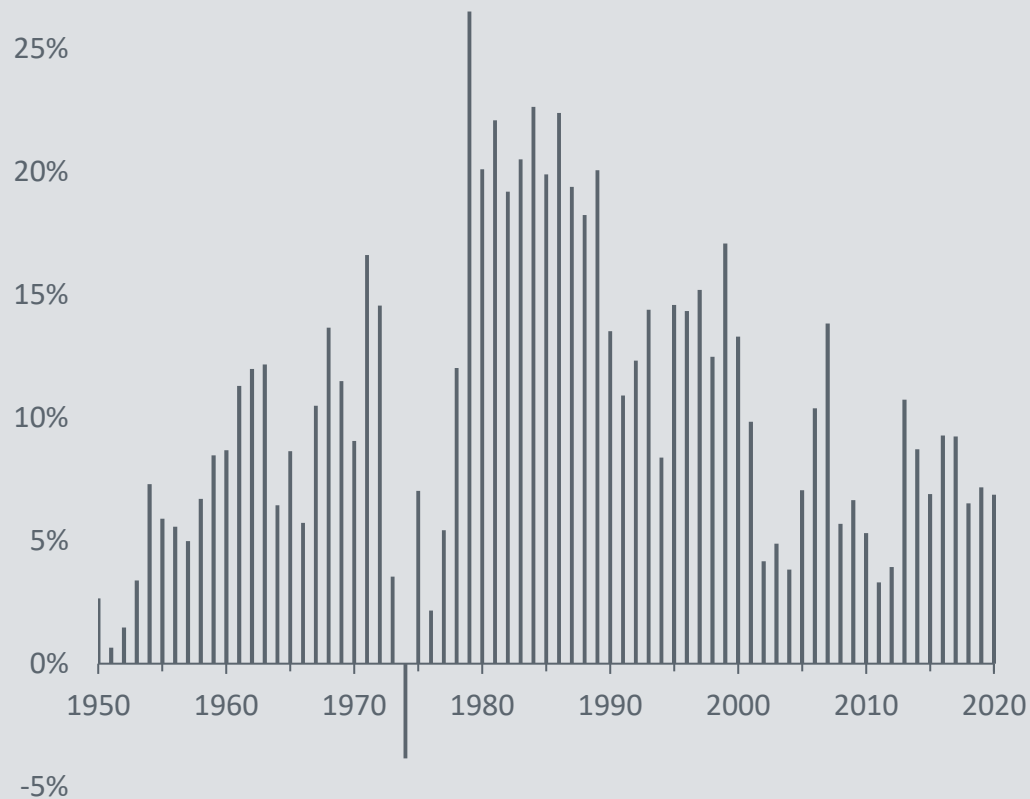


1. Tactical Asset Allocation mandate; 2. Includes: Emerging Market, Convertibles, Bridge Loans, Global High-Yield
 Source: Allocation as of 30th of June 2021 for OBMG, the largest of the funds within the With-Profits sub fund

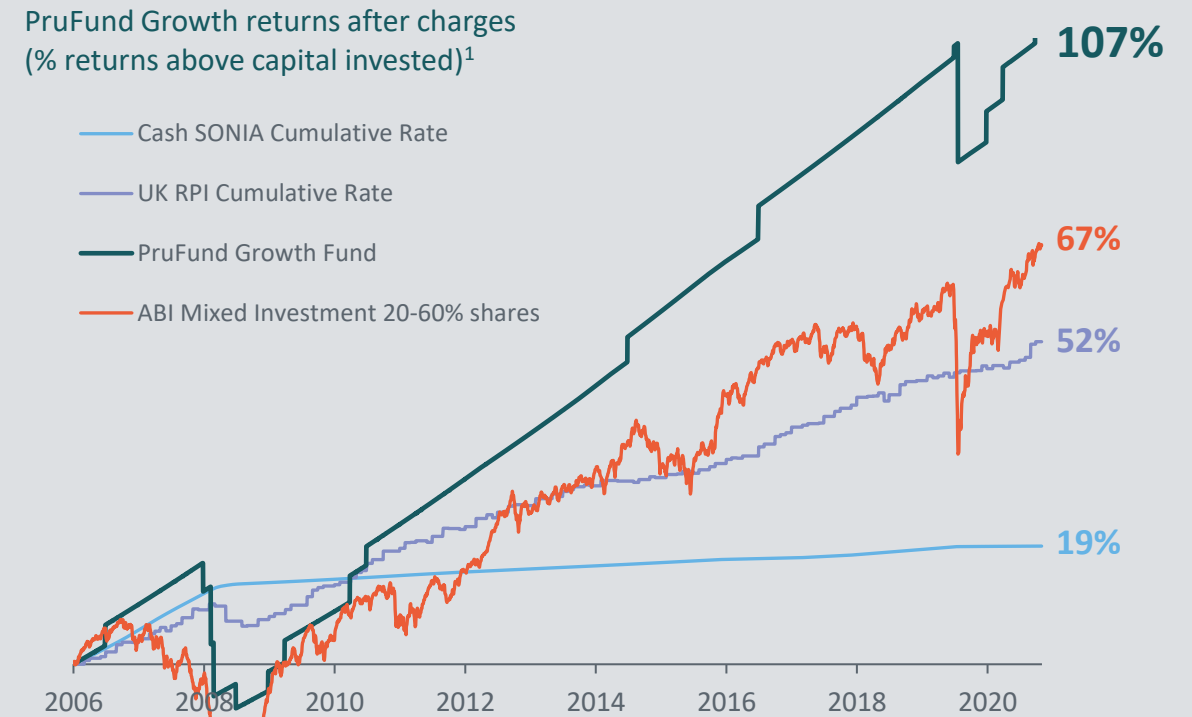
With-Profits Fund

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

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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.