

A hiker in a green shirt and shorts stands on a grassy mountain peak. The background shows a vast mountain range under a clear blue sky, with the sun setting on the right, casting a warm glow over the landscape.

Financial Strength Simplification Growth

2023 Half Year Results

20 September 2023

M&G plc 2023 Half Year Results

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Restatement of comparative information for IFRS results and adjusted operating profit before tax

On 1 January 2023 we adopted the new accounting standards IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments and as a result the IFRS comparative results have been restated for the retrospective application of the standards. For details of the impact of the new standards refer to Note 1.3 of the condensed consolidated financial statements. The adoption of the new standards has led to changes to our adjusted operating profit methodology. As a result, adjusted operating profit before tax for the year ended 31 December 2022 and the six months ended 30 June 2022 has been restated from that reported previously. The restatement is driven by the change in profit recognition profile of the annuities and with-profits business in the Retail and Savings segment as a result of the new insurance standard and also other changes to our adjusted operating profit methodology, unrelated to the adoption of IFRS 17, which were implemented at the same time. These unrelated changes to our adjusted operating methodology are to classify foreign exchange movements on non-GBP denominated subordinated debt and fair value movements on strategic investments as non-operating items. The changes to our adjusted operating profit methodology are discussed further in Note 3 of the Condensed consolidated financial statements. This includes the new adjusted operating profit methodology for our IFRS 17 in-scope business.

On 20 July 2023 we published indicative restated adjusted operating profit before tax for the year ended 31 December 2022. Since then we have revised the calculation of the amortisation factor applied to the with-profits CSM (Contractual Service Margin) which is the unearned profit on this business. Our IFRS 17 accounting policies are set out in Note 1 of the Condensed consolidated financial information. We have also made refinements to our adjusted operating profit methodology for annuities and with-profits business. These refinements have been made so that adjusted operating profit better reflects the longer term performance of the Group and are detailed in Note 3 to the condensed consolidated financial statements. As a result of the revised CSM calculation and the refinements of our adjusted operating profit methodology the indicative restated adjusted operating profit for the year ended 31 December 2022 published previously of £552 million has since been revised to £625 million.

Financial highlights

		HY 2022	HY 2023
AUMA and Flows	Net client flows¹ (£bn)	1.2	0.7
	Assets under Management and Administration (£bn)	342 ²	333
Adjusted Operating Profit	IFRS 17 Adjusted Operating Profit (£m)	298	390
	<i>of which Asset Management</i>	<i>124</i>	<i>118</i>
	<i>of which Retail & Savings</i>	<i>294</i>	<i>374</i>
	<i>of which Corporate Centre</i>	<i>(120)</i>	<i>(102)</i>
Capital Generation	Operating Capital Generation (£m)	433	505
	of which Underlying Capital Generation (£m)	386	352
Shareholder Solvency II	Shareholder Solvency II coverage ratio (%)	199%²	199%
	Solvency II surplus (£bn)	4.6 ²	4.4



Business review

Andrea Rossi, Group Chief Executive

Good progress on our core priorities

1

Financial strength

On track to achieve capital generation target

Interim DPS of 6.5p, up 5% year-on-year

Resilient Solvency II ratio at 199%

Leverage in focus over next 12 months

2

Simplification

Transformation programme advancing at pace

Driving operational efficiency to improve client outcomes

Transformed leadership team and aligned to business model

Expect to achieve £50m run-rate savings by end 2023

3

Growth

Positive net flows despite challenging markets

High-value propositions driving positive momentum

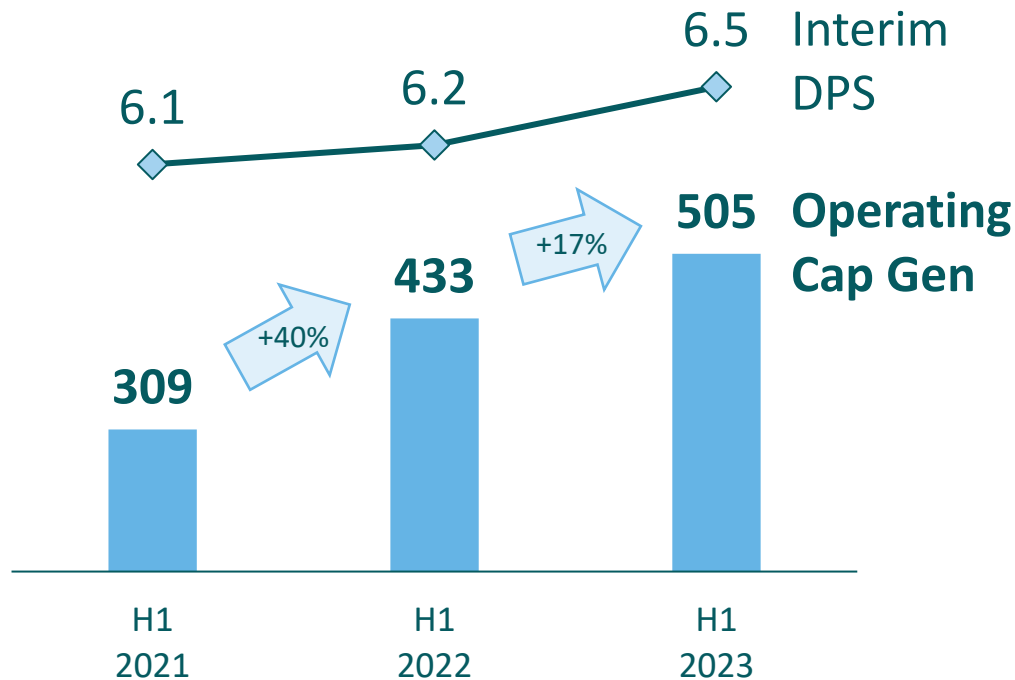
Continuing to expand in continental Europe

Successfully re-entered the UK DB de-risking market

1 Financial strength

Strong Operating Capital Generation, interim DPS up 5%

Growing Capital Generation and DPS,
on track for £2.5bn target for 2022-24



Strong Solvency and liquidity,
focus on leverage

Solvency ratio¹

Target range
of 160-190%

199%

Leverage ratio²

Target <30% over
the medium term

36%

£831m

HoldCo Liquidity

Sufficient unencumbered resources
to cover expected central cash outflows

1. Group shareholder SII ratio; 2. Nominal value of debt as % of total Group SII Own Funds

2 Simplification

Transformation programme underway

Programme objectives

Streamline the operating model

Improve accountability, decision-making, and client outcomes

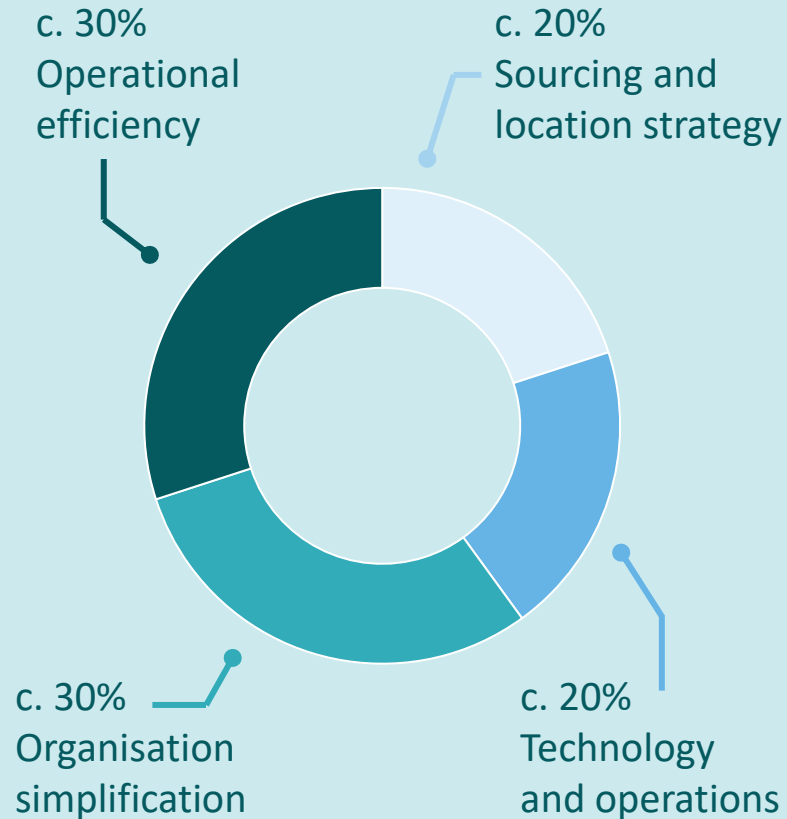
Target £200m cost savings by 2025

Gross of inflation and to free up resources to support growth

Reduce Asset Manager CIR to < 70% by 2025

Improving operating leverage to further reduce CIR over time

Target £200m cost savings by lever



Good progress in just 6 months

- Successfully migrated nearly 2m policies to new admin system
- Increasing digitisation of client journeys, +14% MyPru adoption
- Initiated roll-out of Target Operating Model across business
- Simplified and focused structure of Private Markets business
- Closed VR¹ programme with over 200 accepted redundancies
- Defined path to reduce office workspace costs by over 20%
- Expect to achieve £50m run-rate savings by end of 2023

2 Simplification

Aligned leadership structure to business model



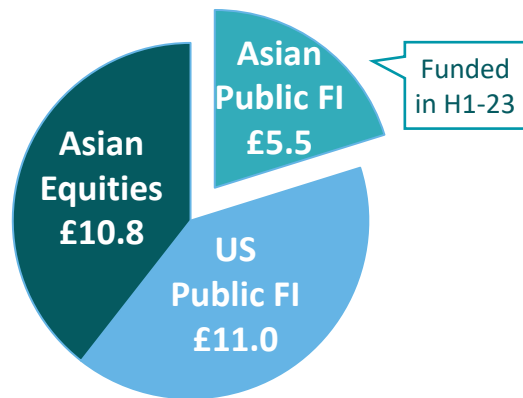
3 Growth: Asset Management

Continuing to build on our expertise and international presence

Built manufacturing capabilities supported by the internal client

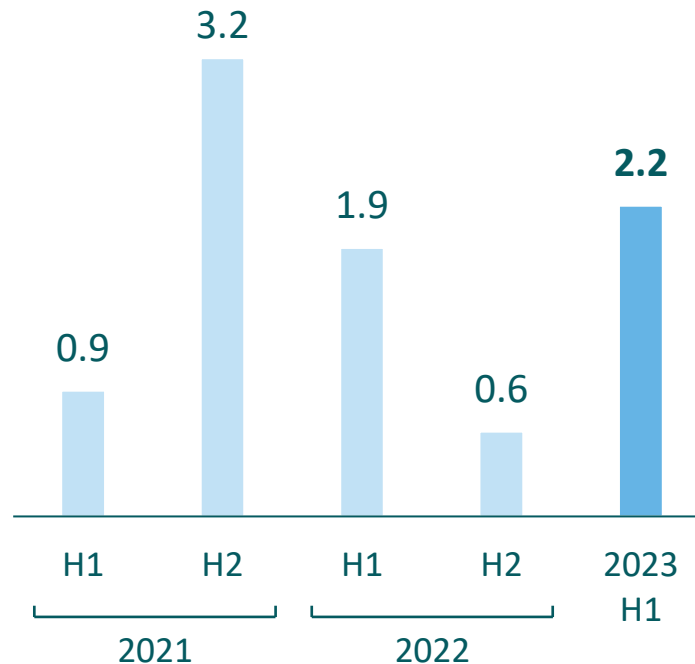
- **2020:** Added Japanese and Asian Equity capabilities in London and Singapore
- **2021:** Opened Chicago office and added US Public Fixed Income capabilities
- **2022:** Added Asian Public FI¹ in Singapore

International public market mandates from the internal client²:



Steadily adding external clients delivering positive net flows

International external clients net flows in £bn



Expanding distribution across EMEA and Asia

EMEA

Where we are: Scaled presence in Italy, Netherlands and Nordics

Our Focus: Systematically build-up distribution in target markets

Progress in H1: Added dedicated institutional resources in Germany, Switzerland, France and Middle East

Asia

Where we are: Early stage, selected presence across mature Asian markets

Our focus: Deliver step-change in how we approach local distribution

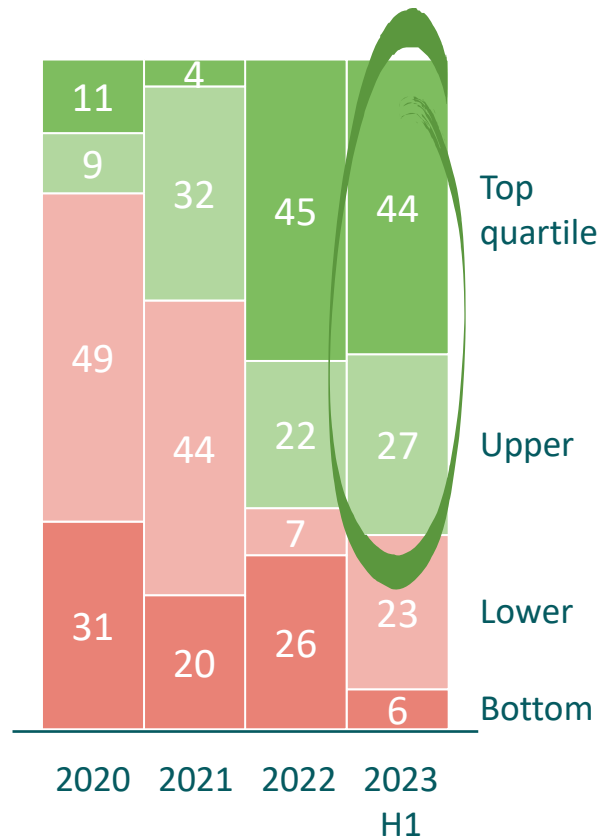
Progress in H1: Hired new leadership in Japan and Korea, broadened licences to operate in Singapore and Taiwan

1. FI = Fixed Income; 2. Awarded between 2020 and H1 2023

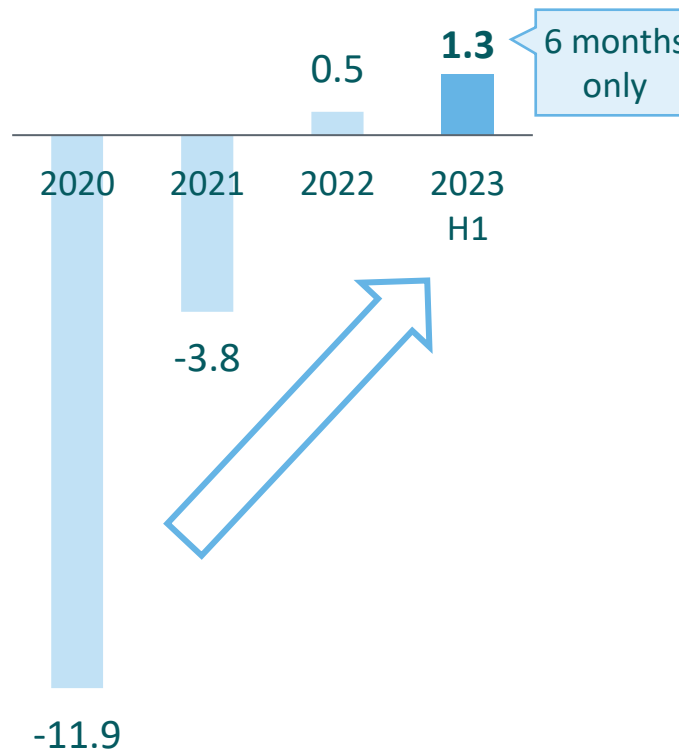
3 Growth: Asset Management

Further improving Wholesale Asset Management

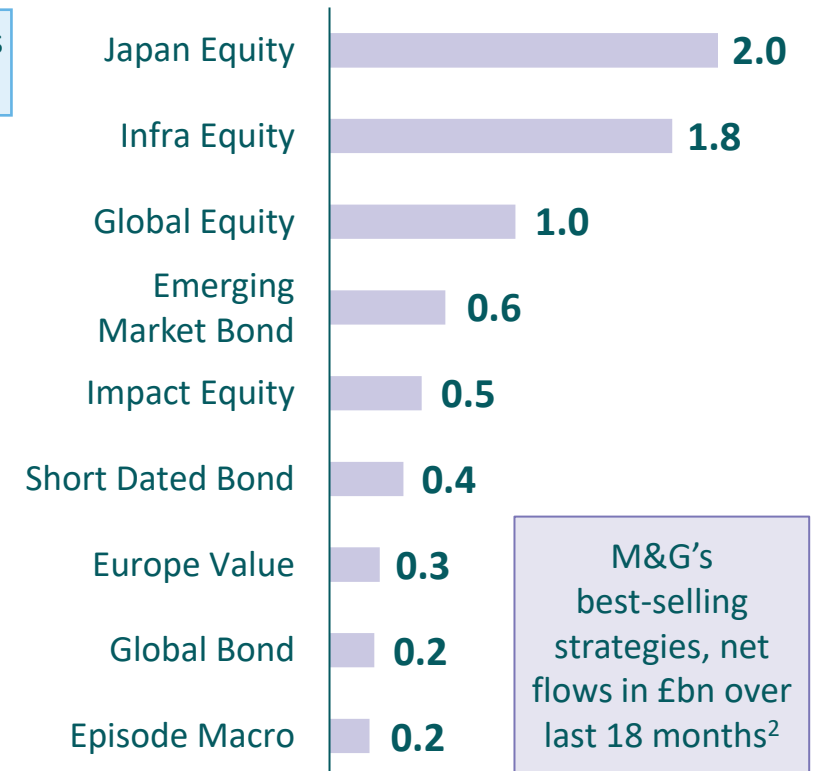
Turned around performance¹
Over 70% of assets above median



Turned around flows
Continued positive trend



Diversified the proposition
Winning across multiple strategies



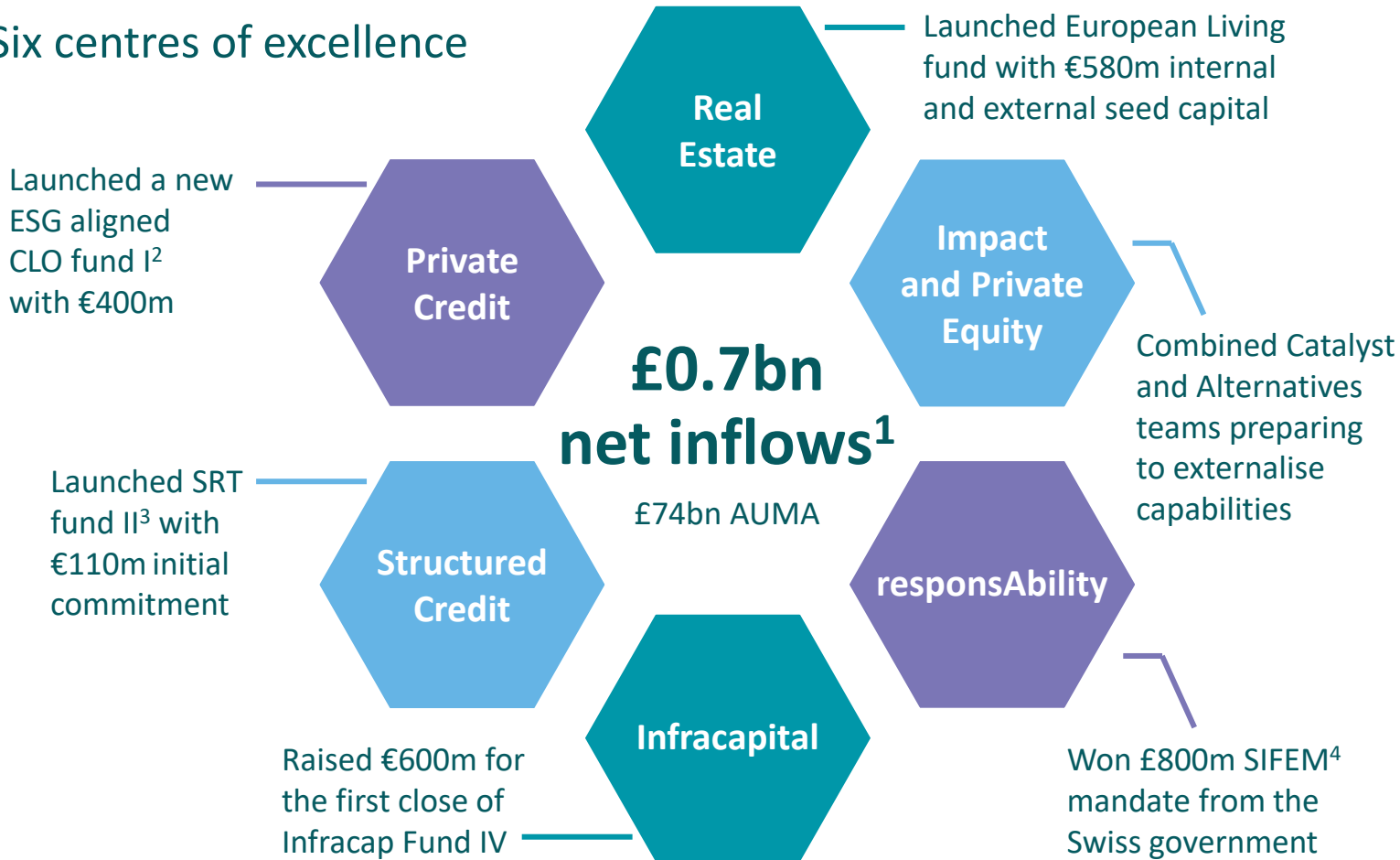
1. Data shows mutual funds performance as % of AUMA, on a 3-year basis, as of December 2020, 2021, 2022 and June 2023; more detailed performance information can be found in the appendix; 2. Shows Wholesale flows by strategy across sub-advised mandates, OEIC and SICAV mutual funds

3 Growth: Asset Management

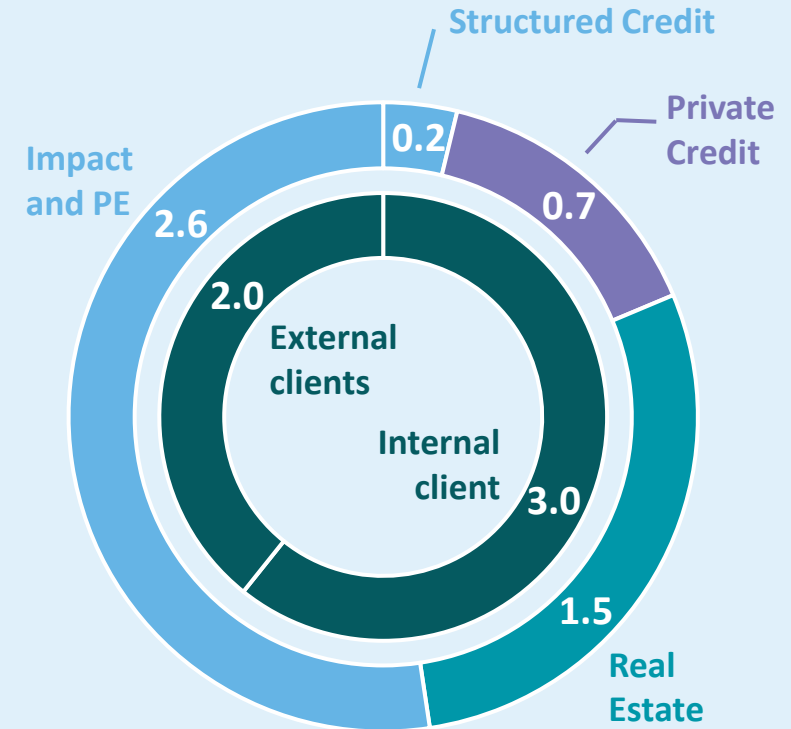
Positive momentum in high-value Private Markets business

Private Markets at M&G

Six centres of excellence



Strong capital queue £5bn of committed assets



1. Refers to H1 2023 external client net inflows; 2. Collateralised Loan Obligation; 3. Significant risk transfer; 4. Swiss Investment Fund for Emerging Markets
Note: Capital queue does not reference responsAbility and Infracapital as all committed assets are fee generating even when not deployed and therefore added right away to flows and AUMA figures

3 Growth: Wealth

Operational improvements and strong flows

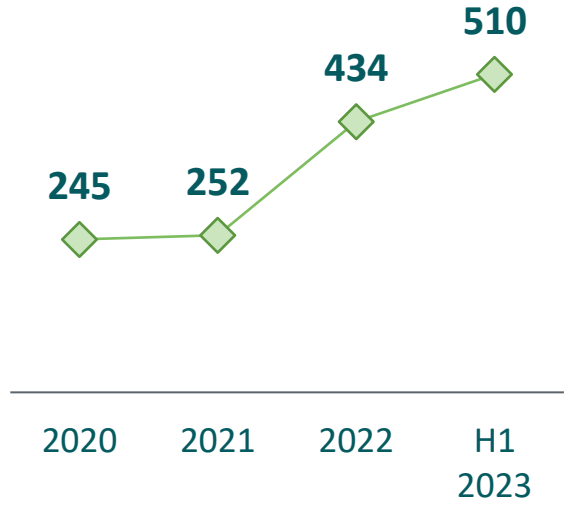
All PruFund solutions now on platform

Launched PruFund on digital platform in May

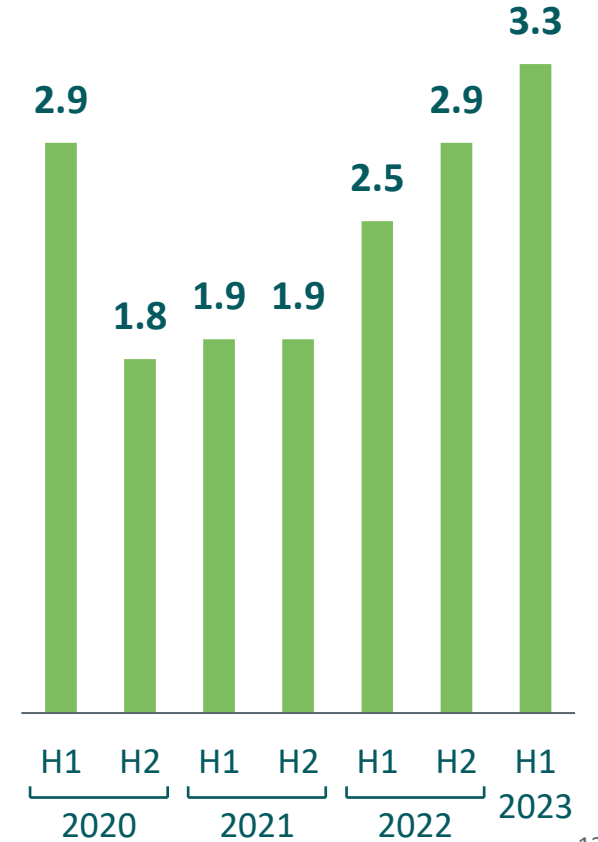


Surpassed 500 advisers through a combination of academy graduates, organic recruiting, and inorganic action

Network of controlled advisers growing steadily



Strongest PruFund UK sales since 2020 (in £bn)



Reached £3.3bn PruFund sales in H1, the highest level in over three years, continuing the strong growth momentum evidenced in 2022

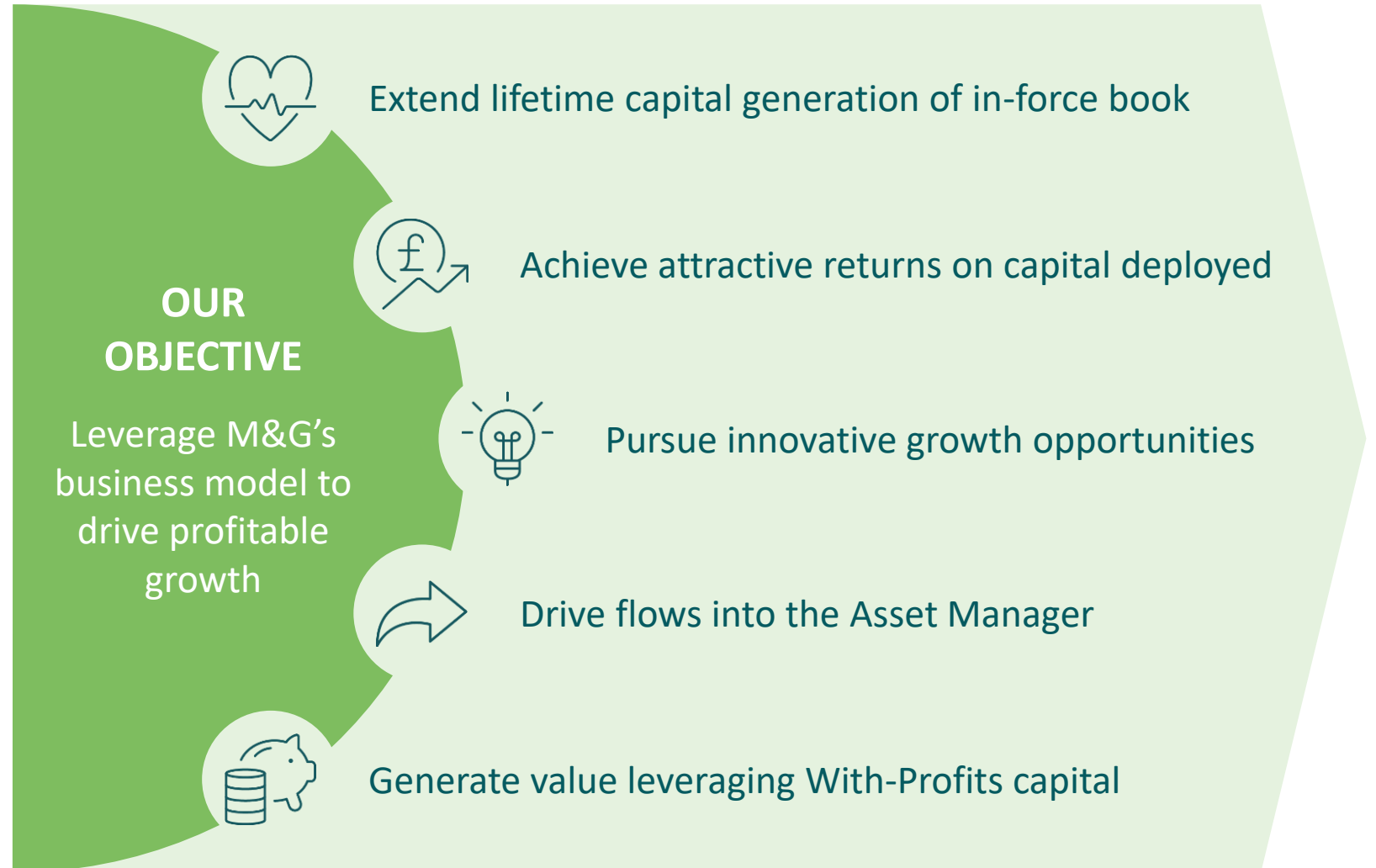
3 Growth: Life Insurance

Successfully re-entered the UK DB de-risking market

Market entry
Closed two deals

c. £290m deal
with an existing client
moving to full buy-in

c. £330m deal
with one of our three
internal pension schemes



Key messages: Financial Strength, Simplification, Growth

1 Positive net client flows despite persisting market volatility

2 Growing internationally and in high-value segments, i.e. Private Markets, Wholesale, PruFund

3 Re-entered the DB de-risking market, leveraging M&G business model to drive profitable growth

4 Transforming M&G to drive client outcomes and become a more efficient business

5 Continued strong financial delivery: AOP up 31%, OCG up 17%, DPS up 5%



Financial review

Kathryn McLeland, Chief Financial Officer

Positive flows, strong Operating Profit and Capital Generation

Financial highlights

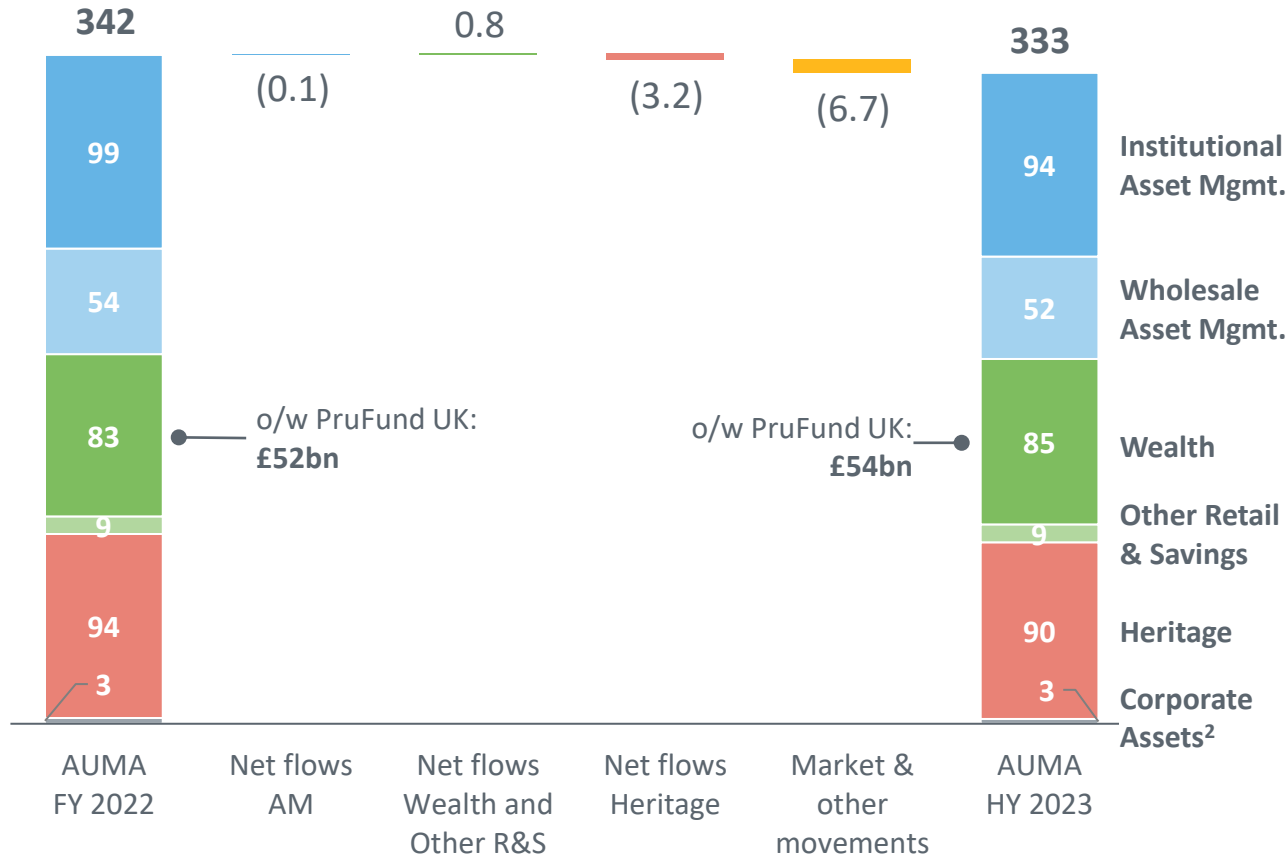
Net client flows ¹	Adjusted Operating Profit	Operating Capital Generation	Shareholder SII coverage ratio
£0.7bn	£390m	£505m	199%
<p>3rd straight year of net inflows</p> <ul style="list-style-type: none">• Strong result despite challenging markets• Wholesale Asset Management net inflows offset expected pressure from UK Institutional clients• Best PruFund flows since 2019 – both gross and net	<p>Up 31% on H1 2022</p> <ul style="list-style-type: none">• Resilient Asset Management contribution• 27% increase in Retail & Savings driven by Heritage• £18m improvement in Corporate Centre result due to higher interest income	<p>Up 17% on H1 2022</p> <ul style="list-style-type: none">• Strong Underlying Cap Gen of £352m, marginally lower than H1 2022• Other Operating Cap Gen of £153m, is £106m higher YoY driven by asset trading in the With-Profits Fund	<p>In line with FY 2022</p> <ul style="list-style-type: none">• Benefits from the strong operating result of £505m• No defaults YTD and very low level of downgrades• Includes a £280m capital restriction to Own Funds, a c. 6.3 ppts headwind to the SII ratio

1. External net client flows excluding Heritage

Third consecutive year of positive net client flows¹

AUMA, net flows and market movements

Movement in AUMA (£bn)



Net client flows¹ (£bn)

	H1 2022	H1 2023	Change
Institutional Asset Mgmt.	0.3	(1.4)	(1.7)
Wholesale Asset Mgmt.	0.8	1.3	0.5
Wealth and Other R&S	0.1	0.8	0.7
Net client flows	1.2	0.7	(0.5)

Of which £(3.8)bn in the UK (referring to the change in Wholesale Asset Mgmt.)

1. External net client flows excluding Heritage; 2. Includes Other Asset Management AUMA

Operating profits up by 31% Year-on-Year

Adjusted Operating Profit by source

(£m)	H1 2022	H1 2023
Asset Management		
AM Revenues	492	496
AM Costs	(367)	(394)
Performance fees	11	11
Investment income and minority interest ¹	(12)	5
Total Asset Management AOP	124	118
Retail & Savings		
Wealth	93	91
<i>o/w With-Profits (PruFund UK)</i>	<i>103</i>	<i>119</i>
Heritage	201	279
<i>o/w Traditional With-Profits</i>	<i>99</i>	<i>129</i>
<i>o/w Annuities & Other</i>	<i>102</i>	<i>150</i>
Other Retail & Savings	-	4
Total Retail & Savings AOP	294	374
Corporate Centre		
Total Corporate Centre AOP²	(120)	(102)
Total Adjusted Operating Profits	298	390

- H1 2023 Asset Management Revenues and Costs include £20m and £(19)m respectively for responsAbility³
- On a like-for-like basis, **revenues are down 3%** due to adverse market movements, while **average margin improved from 31 to 33 bps**
- On a like-for-like basis, **costs are up by only 2%** thanks to proactive management action offsetting stronger inflationary pressures
- Investment income up from £(4)m to £13m, minority interests flat at £(8)m

- Stable Wealth contribution, with **improved PruFund results** offsetting higher losses in non-PruFund elements, including a £(7)m impairment loss
- Within PruFund, **higher opening CSM and returns on With-Profits excess assets** more than offset the non-recurrence of a H1 2022 provision release
- Traditional With-Profits benefitted from similar dynamics to PruFund
- **Improved Annuities result** with higher returns on excess assets more than offsetting adverse expense experience; CSM release broadly flat YoY

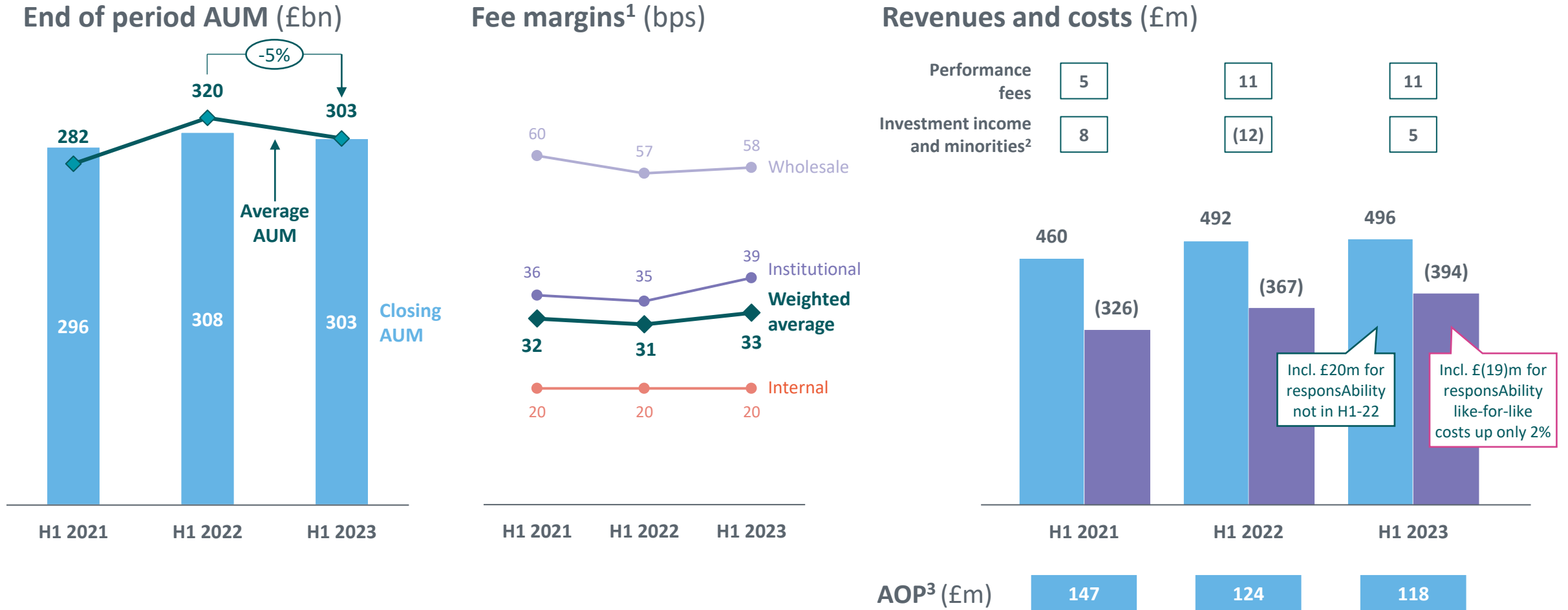
- Corporate Centre benefitted from an **increase in Treasury income from £3m to £30m** due to higher rates and more favourable market experience

1. M&G is a majority shareholder in joint ventures in South Africa and Singapore, therefore the revenues and costs from the JVs are fully incorporated in the Asset Management results. The share of profits attributable to minority shareholders is included in the 'minority interest' line;

2. See slide 41 in the Appendix for additional details; 3. responsAbility is our Swiss-based impact manager whose results were consolidated from July 2022 onwards

Asset Management result

Impact of lower AUM partly offset by improved margins, costs being actively managed



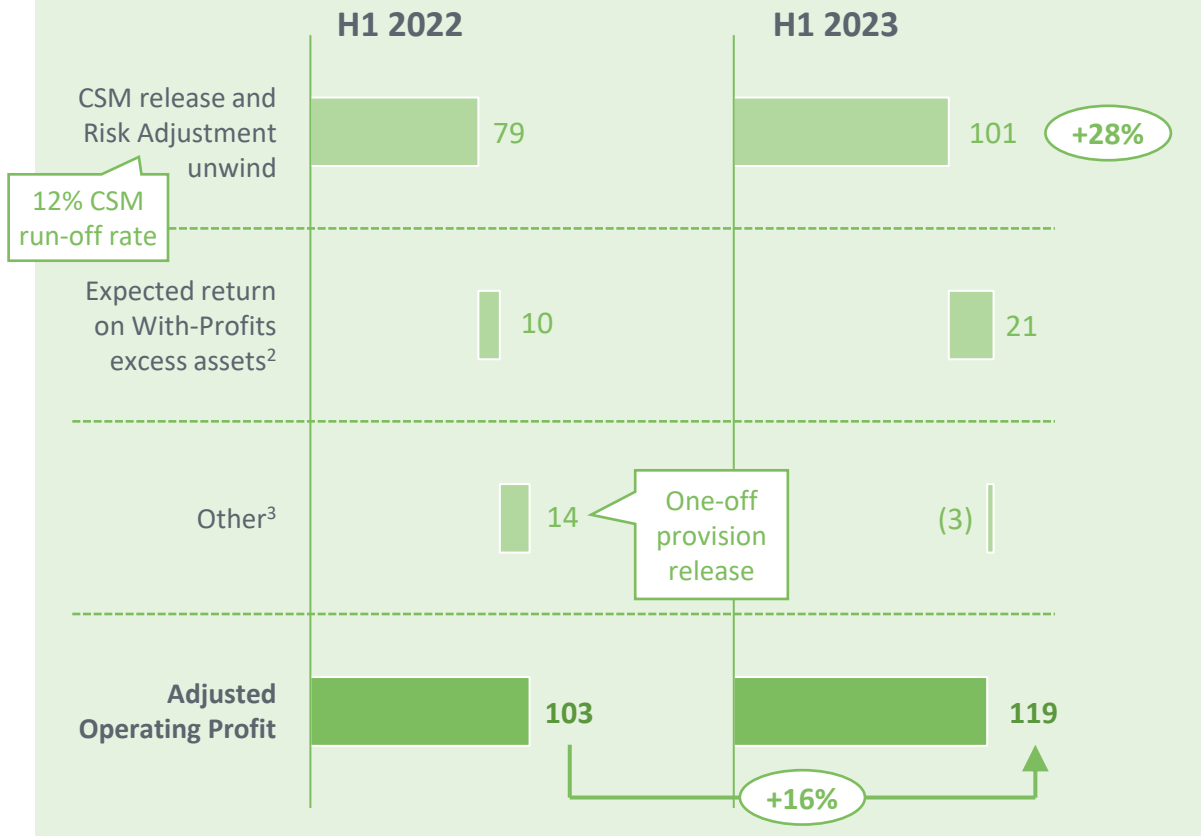
1. Margin calculated as fee based Income over average AUMA, excluding Performance fees;

2. M&G is a majority shareholder in joint ventures in South Africa and Singapore, therefore the revenues and costs from the JVs are fully incorporated in the Asset Mgmt. result. The share of profits attributable to minority shareholders is included in the 'minority interest' line; 3. Adjusted Operating Profits

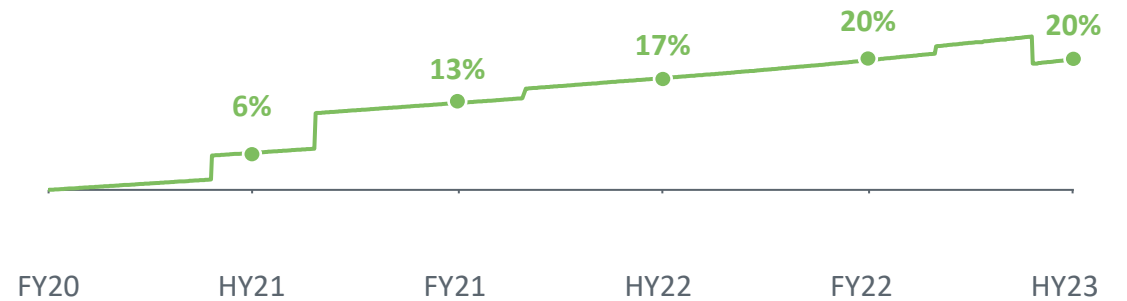
Retail & Savings: Wealth, focus on PruFund UK

Highest gross inflows and net flows in over three years, earnings up 16%

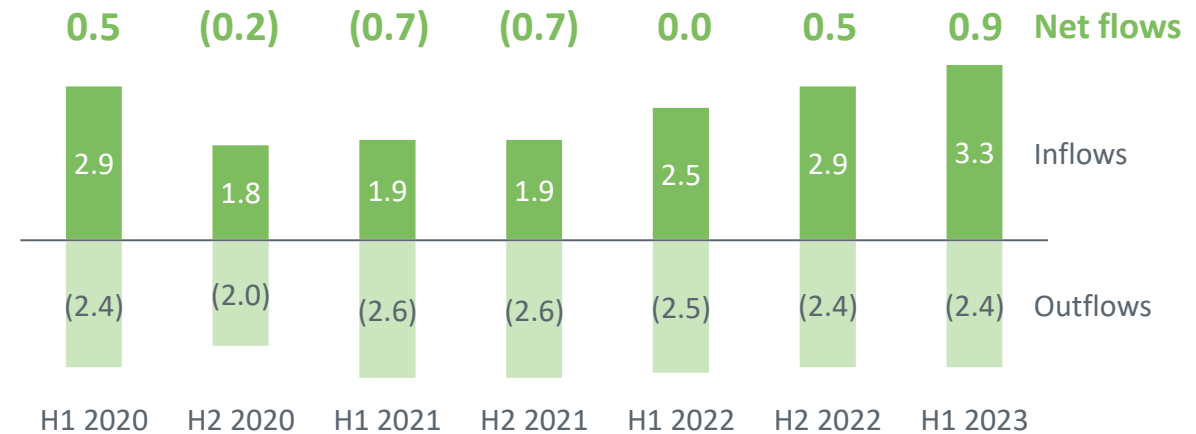
Adjusted Operating Profit PruFund (£m)



PruFund Growth net returns¹



PruFund UK flows in £bn



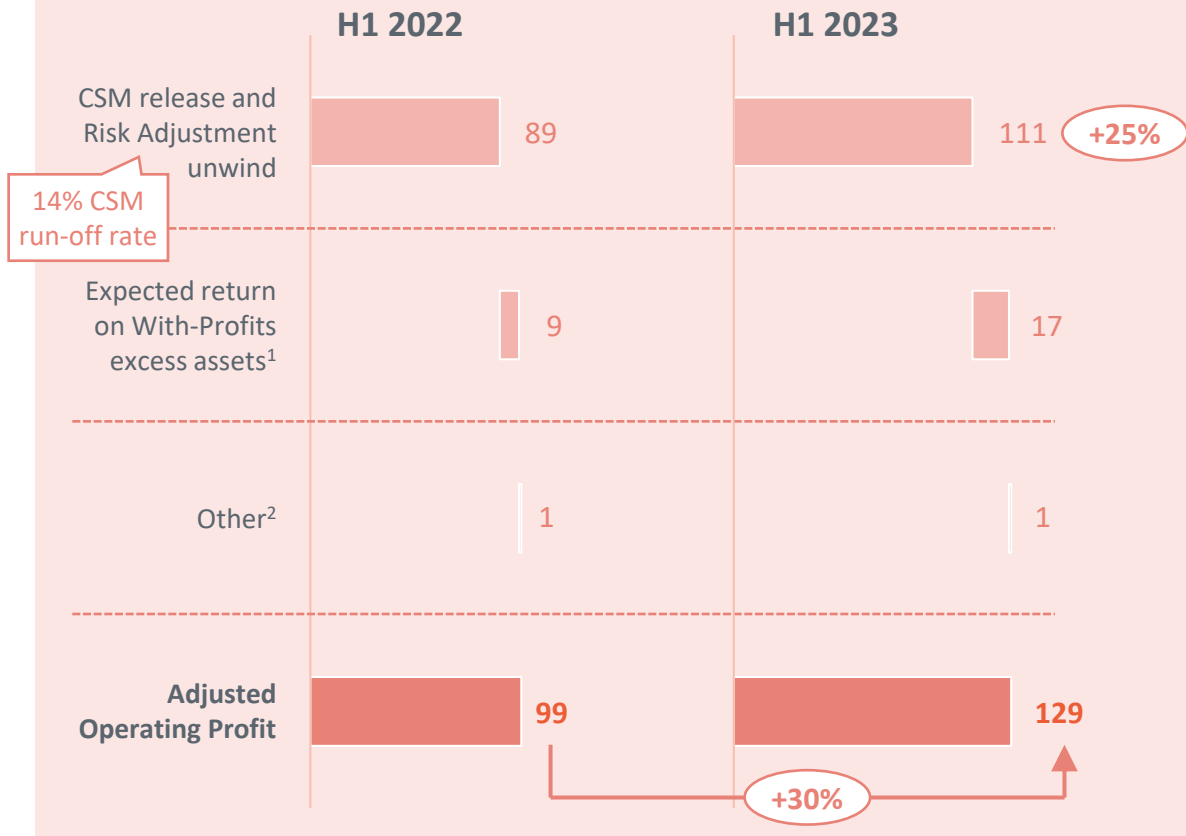
1. PruFund Growth net returns after charges (% returns above capital invested at 31 December 2020). Data shows OBMG returns, which is the largest of the funds within the With-Profits sub fund, backing the PruFund Growth Fund

2. Refers to the Shareholder share of the With-Profits fund excess assets; 3. Predominantly New Business strain / releases

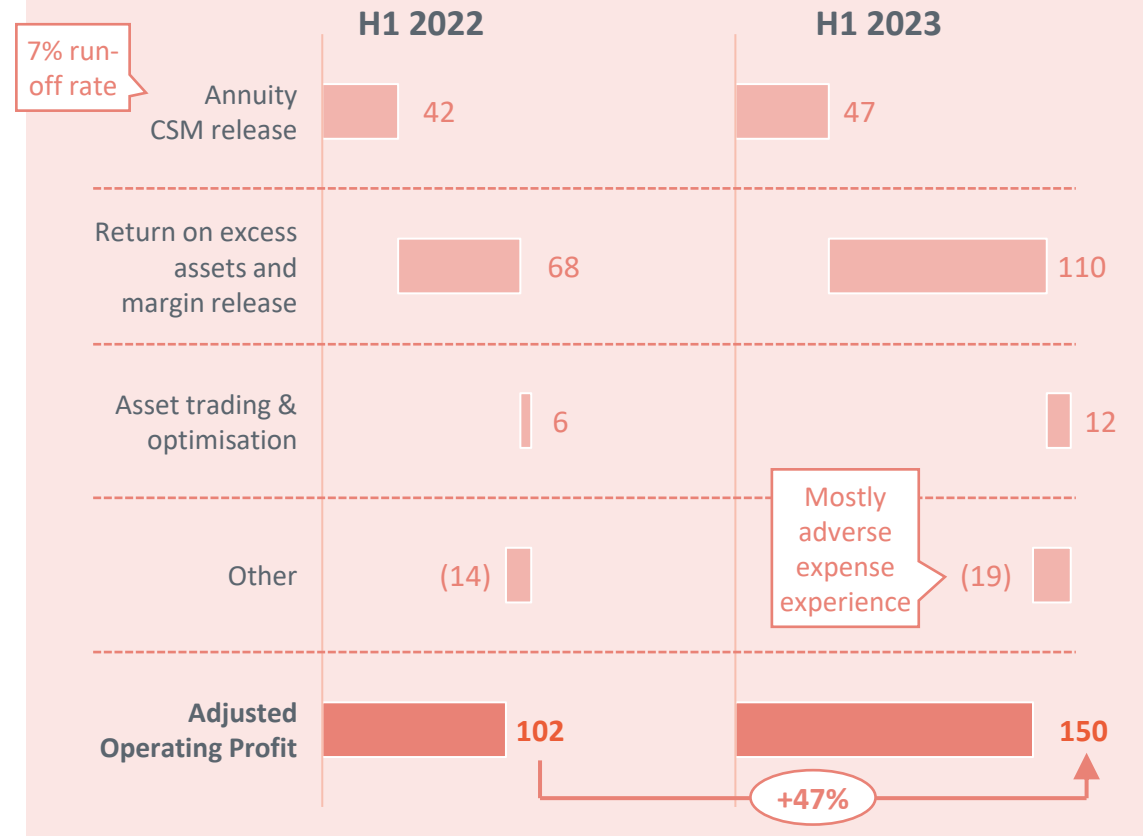
Retail & Savings: Heritage, Traditional With-Profits and Annuities

AOP up 39% due to higher CSM release and returns on excess assets

Adjusted Operating Profit Traditional With-Profits (£m)



Adjusted Operating Profit Shareholder Annuities & Other (£m)



1. Refers to the Shareholder share of the With-Profits fund excess assets

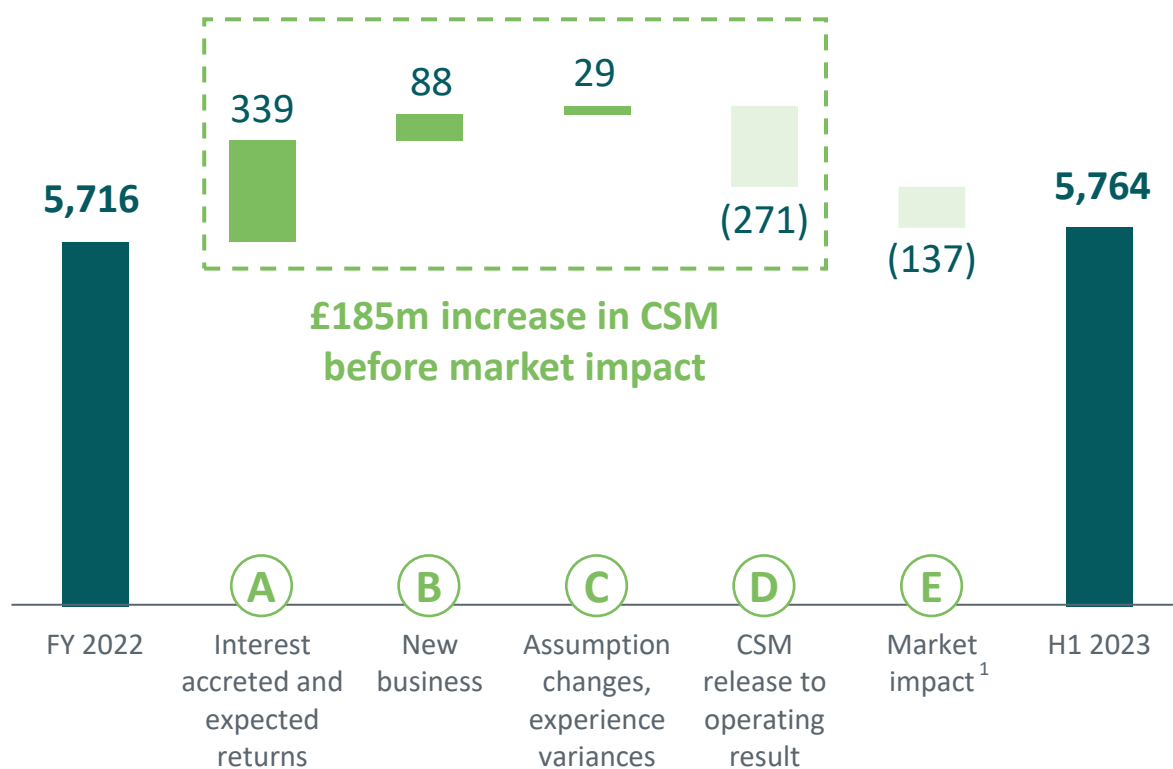
2. Predominantly New Business strain / releases

CSM growth driven by PruFund and Traditional With-Profits

Each product shows specific CSM dynamics

CSM movements

Total (£m)



CSM movements by product line

£m	FY 2022	(A)	(B)	(C)	(D)	Subtotal A to D	(E)	H1 2023
Total	5,716	339	88	29	(271)	185	(137)	5,764
Annuities	1,206	14	3	29	(47)	(1)	-	1,205
PruFund	1,668	148	52	(22)	(101)	77	(34)	1,711
Traditional	1,465	158	-	8	(111)	55	(78)	1,442
Policy-holder	664	-	-	-	-	-	6	670
Other²	713	19	33	14	(12)	54	(31)	736

With-Profits

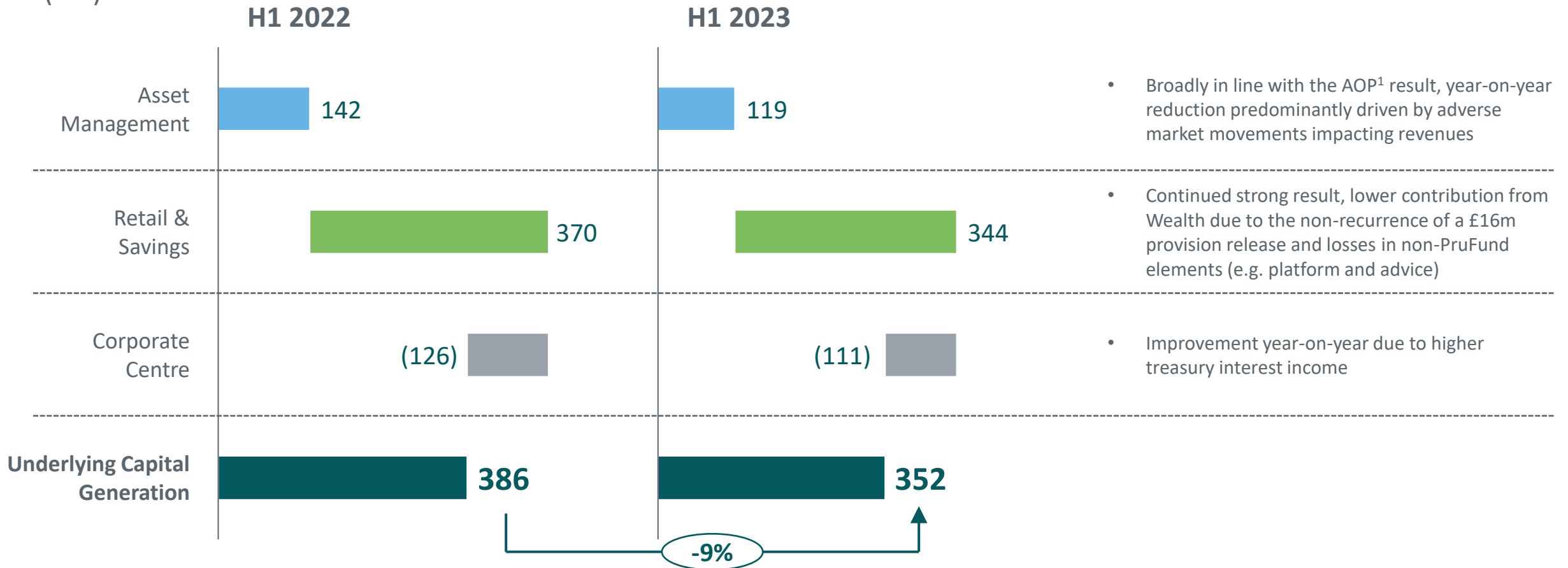
1. Includes CSM release to non-operating result

2. Other CSM predominantly relates to M&G investments future profits from the management of the internal client assets, and to PIA (Irish subsidiary)

Underlying Capital Generation of £352m

Continued strong result albeit 9% lower than H1 2022

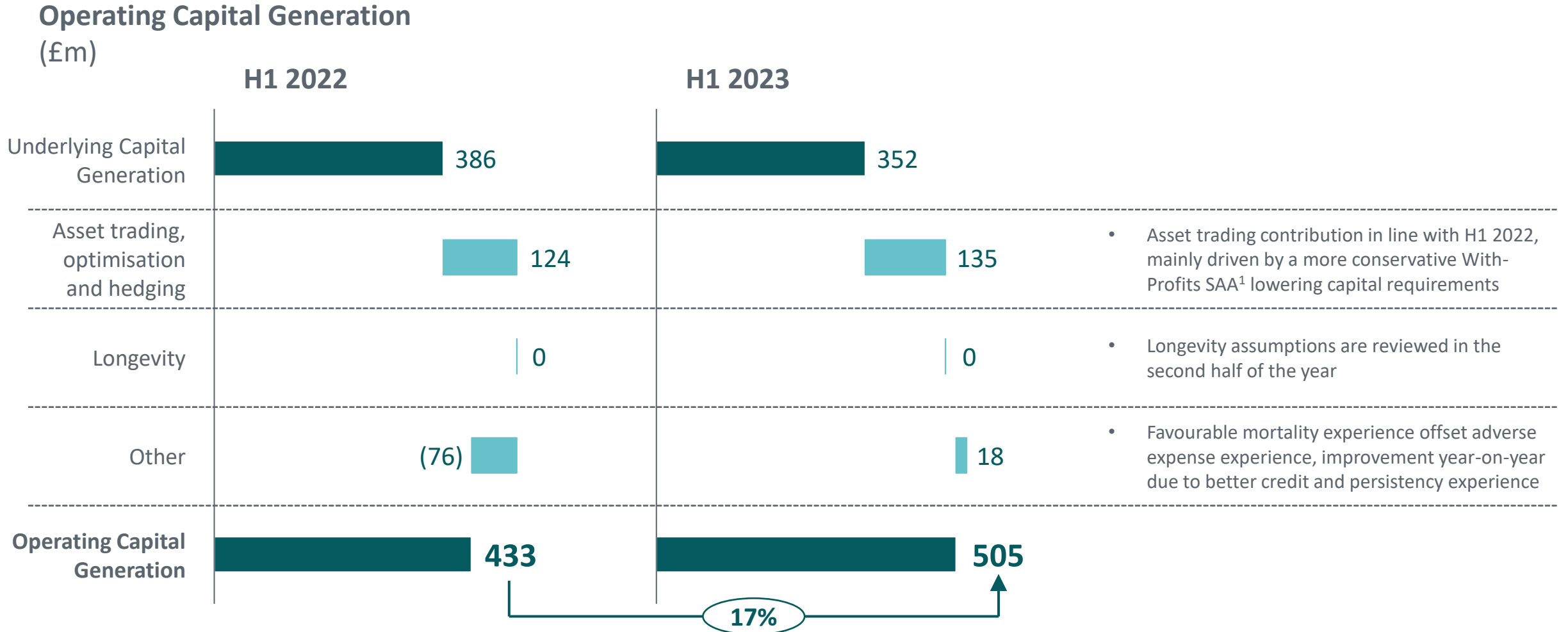
Underlying Capital Generation (£m)



1. AOP = Adjusted Operating Profit

Operating Capital Generation of £505m

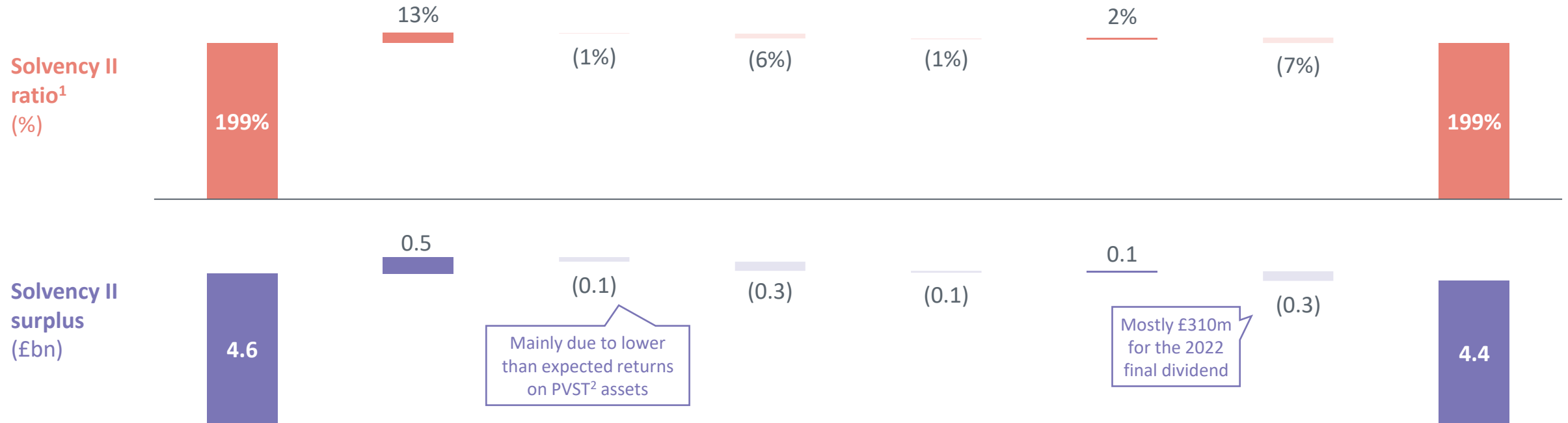
Continued strong contribution from asset trading



1. SAA = Strategic Asset Allocation

Strong OCG result supported solvency ratio at 199%

Capital Generation impacted by £280m capital restrictions and £310m dividend



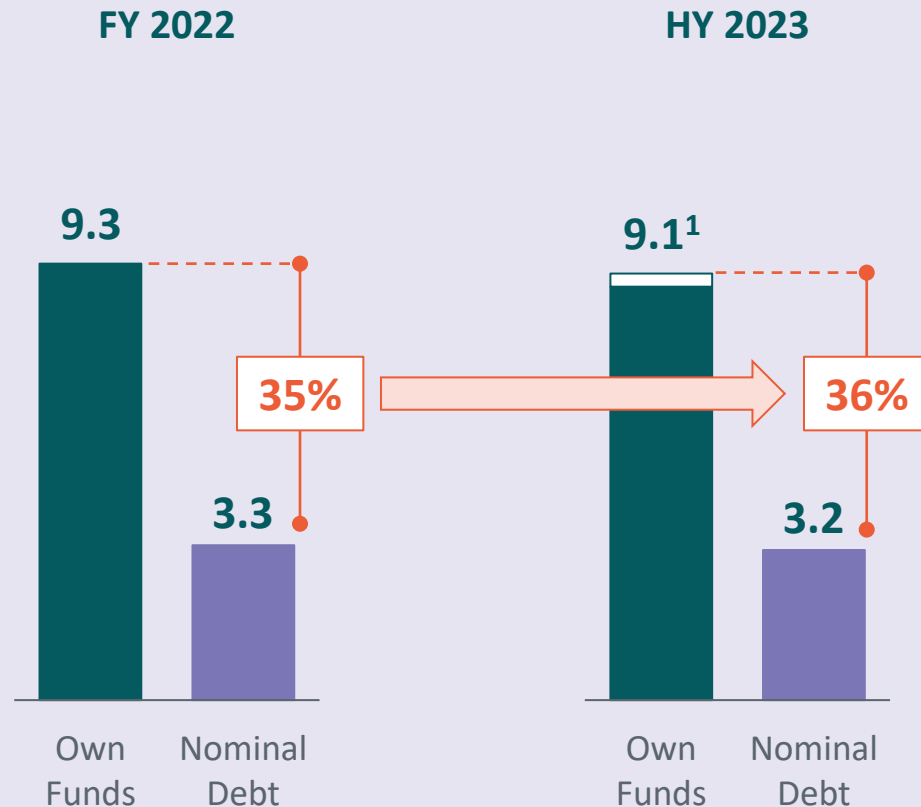
£m	FY 2022	Operating Cap Gen	Market movements	Capital Restrictions	Other movements	Tax	Dividends & capital mov.	HY 2023
Own Funds	9,269	409	(233)	(280)	(70)	10	(298)	8,806
SCR	(4,661)	96	92	-	9	40	(1)	(4,425)
Surplus	4,608	505	(141)	(280)	(61)	50	(299)	4,382

1. Shareholder Solvency II ratio; 2. Present Value of Future Shareholder Transfers

Small movement in the Solvency II leverage ratio

Focus on deleveraging remains unchanged

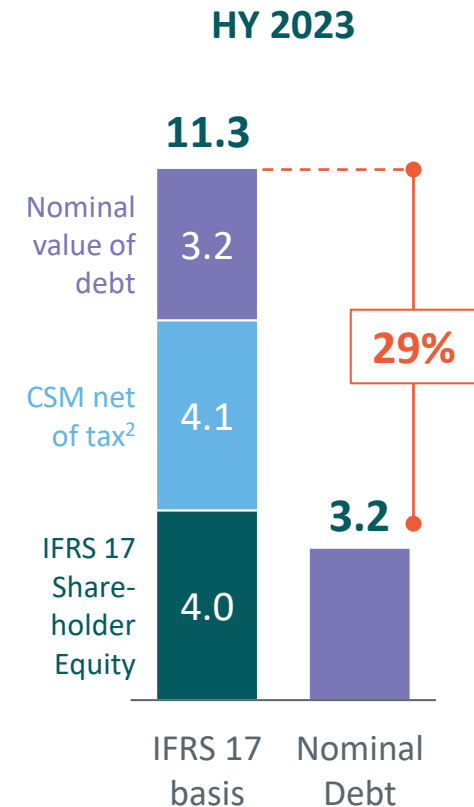
Solvency II leverage ratio



We remain committed to reducing the leverage ratio to <30% by 2025

At the same level of Own Funds, this would require us to go further than the bond callable in 2024

IFRS 17 leverage ratio



Note: The reduction in the nominal value of the debt from £3.3bn to £3.2bn is due to the appreciation of the GBP vs. the USD and its impact on the \$500m tranche

1. Gross of £280m eligible Own Funds restriction; 2. Only shows the CSM attributable to Shareholders

Key messages

1 Positive net client flows despite persisting market volatility

2 Strong start on simplification agenda and £200m cost savings target

3 31% higher earnings with improved contribution from Retail & Savings and higher interest income

4 17% higher Operating Capital Generation, both strong underlying result and mgmt. actions

5 Solvency II ratio steady at 199% as Operating Capital Generation offset capital restrictions



Wrap up

Our priorities and targets

Priorities

1

Financial strength

2

Simplification

3

Growth

Targets

£2.5bn Operating Capital
Generation over 2022-24

Leverage ratio
<30% by 2025

£200m cost savings¹ and Asset
Manager CIR <70% by 2025²

>50% earnings from the
Asset Manager and Wealth by 2025³

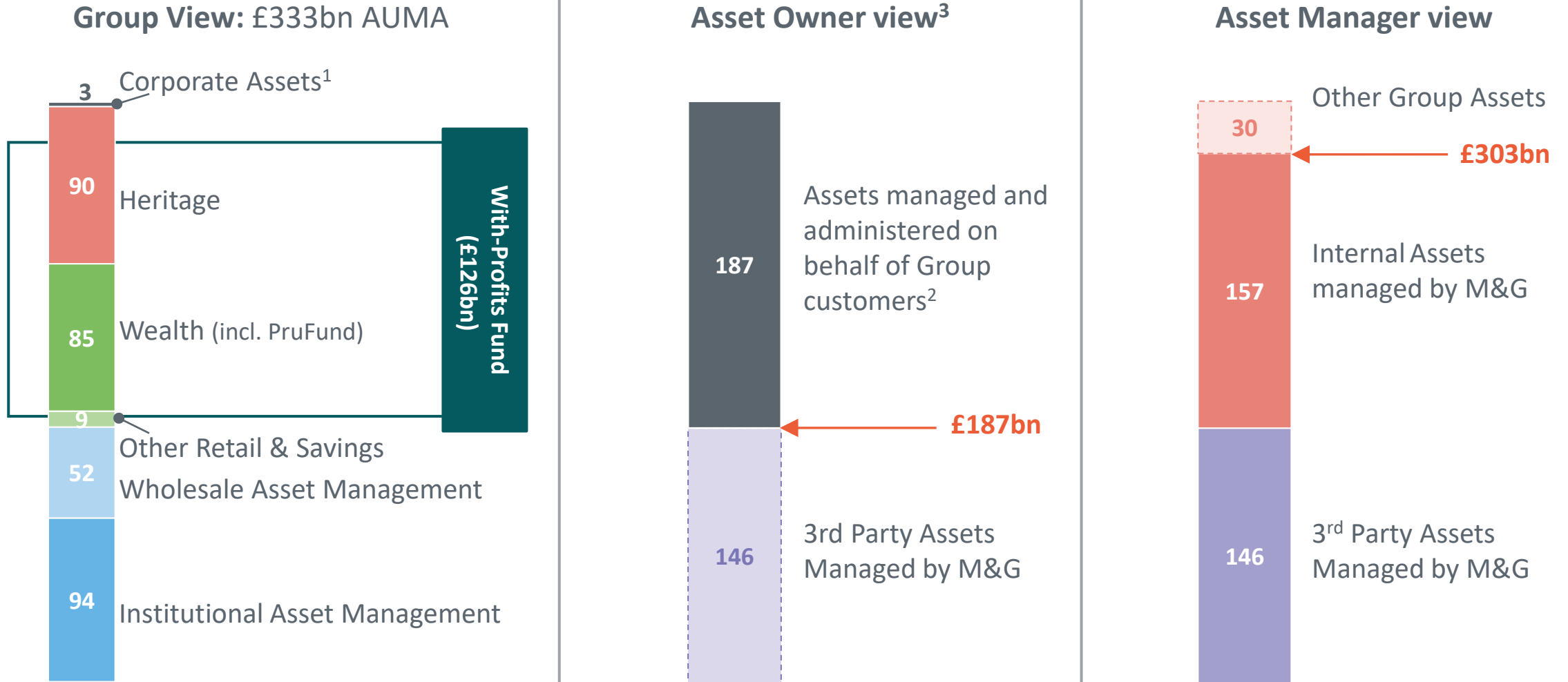


Appendix

Additional financial information

Our asset base

We are an Asset Owner and an Asset Manager



1. Includes £1.1bn Other Asset Management AUMA; 2. Includes M&G Direct Assets Under Management and PAC (Prudential Assurance Company), Wealth and Corporate Assets Under Administration; 3. Includes £13.2bn of assets under advice.

Assets under Management and Administration

FY 2021 to H1 2023

(£bn)		FY 2021	Inflows	Outflows	Net client flows	Market / Other	H1 2022	FY 2022	Inflows	Outflows	Net client flows	Market / Other	H1 2023
Asset Management	Institutional Asset Management	103.1	5.2	(4.9)	0.3	(1.2) ¹	102.2	99.2	7.4	(8.8)	(1.4)	(3.8)	94.0
	Wholesale Asset Management	52.7	9.2	(8.4)	0.8	(2.9)	50.6	53.9	9.2	(7.9)	1.3	(2.9)	52.3
	Other	0.9	-	-	-	0.1	1.0	1.1	-	-	-	-	1.1
	Total Asset Management	156.7	14.4	(13.3)	1.1	(4.0)	153.8	154.2	16.6	(16.7)	(0.1)	(6.7)	147.4
Retail & Savings	Wealth	84.2	4.0	(4.0)	-	(1.5) ²	82.7	83.4	4.6	(4.0)	0.6	0.6	84.6
	<i>of which: PruFund UK</i>	52.4	2.5	(2.5)	-	(1.0)	51.4	52.3	3.3	(2.4)	0.9	0.3	53.5
	Heritage	117.8	0.2	(3.3)	(3.1)	(12.8)	101.9	94.1	0.3	(3.5)	(3.2)	(0.6)	90.3
	<i>of which: Shareholder Annuities</i>	22.2	-	(0.6)	(0.6)	(3.7)	17.9	15.4	-	(0.5)	(0.5)	(0.3)	14.6
	<i>of which: Traditional With-Profits</i>	81.4	0.2	(2.7)	(2.5)	(6.7)	72.2	67.5	0.1	(2.4)	(2.3)	0.7	65.9
	Other Retail & Savings	9.1	0.5	(0.4)	0.1	(0.5)	8.7	8.9	0.6	(0.4)	0.2	-	9.1
Total Retail & Savings	211.1	4.7	(7.7)	(3.0)	(14.8)	193.3	186.4	5.5	(7.9)	(2.4)	-	184.0	
Corporate Assets	2.2	-	-	-	(0.4)	1.8	1.4	-	-	-	-	1.4	
Group Total	370.0	19.1	(21.0)	(1.9)	(19.2)	348.9	342.0	22.1	(24.6)	(2.5)	(6.7)	332.8	

1. Includes £2.9bn additional AUMA from the acquisition of responsAbility in H1 2022. 2. Includes £2.4bn additional AUMA from acquisition of Sandringham in H1 2022

AUMA by asset class

H1 2023

(£bn)	On-balance sheet AUMA					External AUMA				Total AUMA
	With-Profits	Unit linked	S/H Annuity & Other Sh	Corporate assets	Total	Wealth	Wholesale	Institutional	Total	
Equity securities	69.7	9.5	-	0.2	79.4	4.4	24.0	9.7	38.1	117.5
Debt Securities	34.4	1.9	11.8	1.1	49.2	1.1	26.9	56.6	84.6	133.8
- of which Corporate	23.4	1.8	8.4	1.1	34.7	1.1	17.4	35.0	53.5	88.2
- of which Government	9.9	-	2.9	-	12.8	-	8.7	7.8	16.5	29.3
- of which ABS	1.1	0.1	0.5	-	1.7	-	0.8	13.8	14.6	16.3
Loans	1.0	-	1.3	-	2.3	-	-	9.5	9.5	11.8
Deposits ¹	11.4	0.8	1.3	-	13.5	-	-	-	-	13.5
Derivatives ²	0.7	-	(1.6)	(0.1)	(1.0)	-	0.1	(0.4)	(0.3)	(1.3)
Investment property	8.9	-	0.8	-	9.7	-	0.1	15.4	15.5	25.2
Reinsurance Assets	-	-	1.0	-	1.0	-	-	-	-	1.0
Cash and cash eq.	1.4	0.5	0.6	0.9	3.4	0.1	1.2	3.1	4.4	7.8
Other	1.2	0.1	0.1	0.4	1.8	-	-	-	-	1.8
Total	128.7	12.8	15.3	2.5	159.3	5.6	52.3	93.9	151.8	311.1
Other Assets Under Administration										21.7
Total Asset Under Management and Administration										332.8

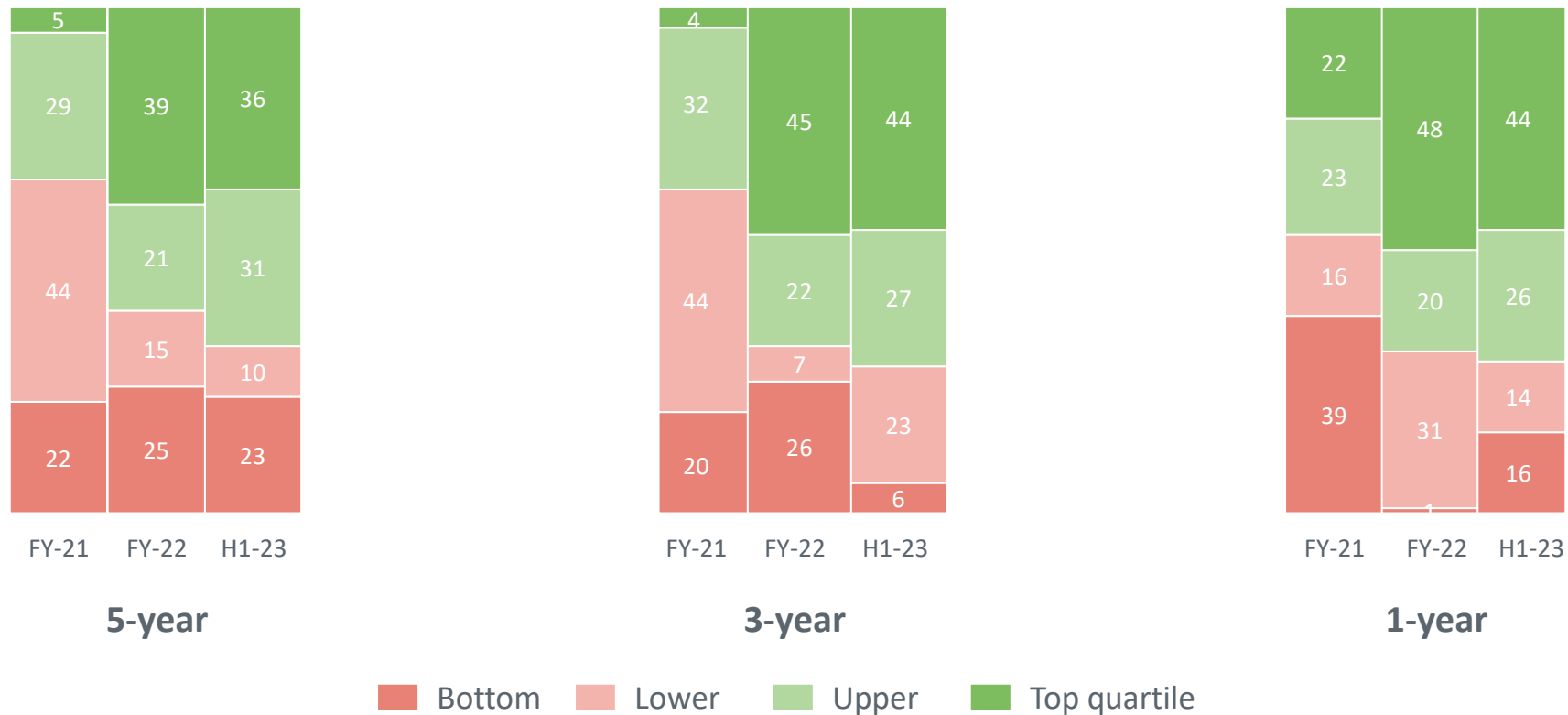
Note: £33.8bn AUMA includes £13.2bn of Assets under Advice

1. Deposits are shown net of unsettled reverse repos; 2. Derivatives assets are shown net of derivative liabilities.

Wholesale Asset Management

Mutual funds performance

Mutual funds performance as of FY 2021, 2022 and H1 2023
(as % of AUMA)



Wholesale Asset Management

Largest SICAV and OEIC mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2022	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2023
1	OEIC + SICAV	Bonds	Optimal Income	9.72	0.92	1.51	(0.60)	(0.05)	9.07
2	OEIC + SICAV	Equities	Global Dividend	4.76	0.69	0.50	0.19	0.15	5.10
3	OEIC + SICAV	Equities	Global Listed Infrastructure	3.15	0.55	0.79	(0.24)	(0.06)	2.84
4	OEIC + SICAV	Equities	Global Themes	2.82	0.12	0.20	(0.08)	0.04	2.78
5	OEIC + SICAV	Bonds	Emerging Markets Bond	1.56	0.94	0.28	0.65	0.04	2.26
6	SICAV only	Multi Asset	Dynamic Allocation	1.88	0.23	0.20	0.04	0.01	1.93
7	OEIC + SICAV	Bonds	Global Macro Bond	2.01	0.42	0.52	(0.10)	(0.11)	1.81
8	OEIC + SICAV	Bonds	Global Floating Rate High Yield	1.87	0.32	0.53	(0.21)	0.04	1.70
9	OEIC + SICAV	Equities	Japan	0.28	1.40	0.08	1.32	0.07	1.67
10	OEIC only	Bonds	Corporate Bond	1.29	0.09	0.13	(0.04)	(0.02)	1.23

Wholesale Asset Management

Largest SICAV mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2022	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2023
1	SICAV	Bonds	Optimal Income	8.34	0.82	1.32	(0.51)	(0.09)	7.75
2	SICAV	Equities	Global Dividend	2.52	0.50	0.32	0.19	0.10	2.81
3	SICAV	Equities	Global Listed Infrastructure	2.56	0.40	0.64	(0.24)	(0.05)	2.28
4	SICAV	Multi Asset	Dynamic Allocation	1.88	0.23	0.20	0.04	0.01	1.93
5	SICAV	Bonds	Global Floating Rate High Yield	1.62	0.27	0.47	(0.21)	0.03	1.44
6	SICAV	Equities	European Strategic Value	1.17	0.27	0.31	(0.04)	0.04	1.17
7	SICAV	Bonds	Emerging Markets Bond	0.95	0.25	0.14	0.11	0.02	1.07
8	SICAV	Multi Asset	Income Allocation	0.96	0.09	0.12	(0.02)	(0.02)	0.93
9	SICAV	Equities	Global Themes	0.54	0.06	0.08	(0.02)	0.01	0.52
10	SICAV	Bonds	Global Macro Bond	0.51	0.03	0.07	(0.04)	(0.02)	0.44

Wholesale Asset Management

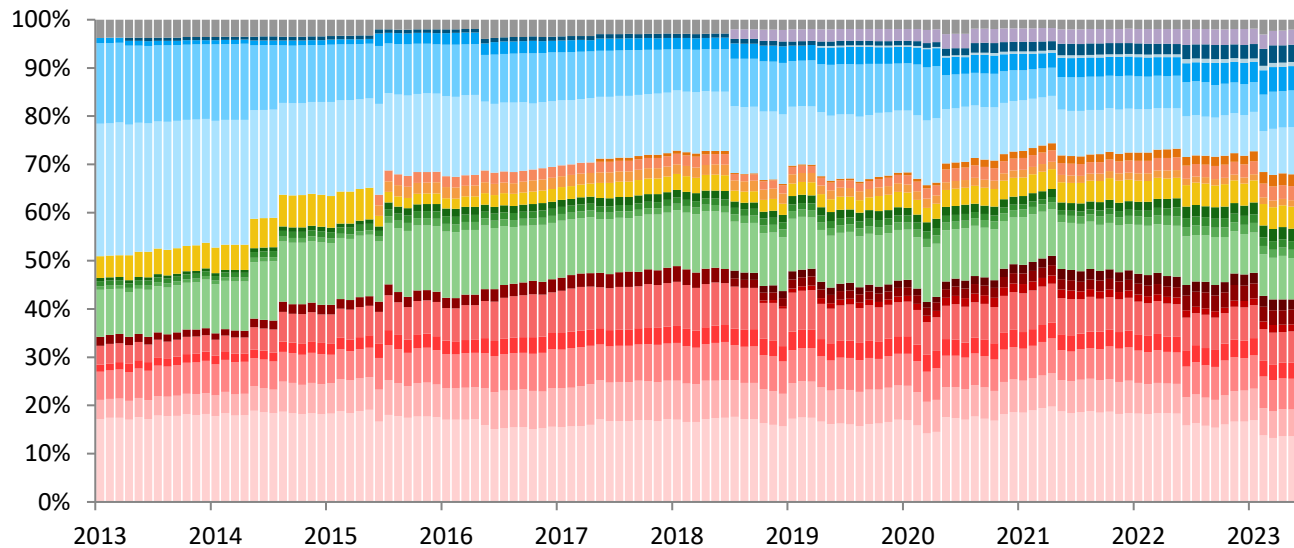
Largest OEIC mutual funds

				AUMA and Flows (£bn)					
RANK by AUMA	PRODUCT	ASSET CLASS	FUND	FY 2022	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2023
1	OEIC	Equities	Global Dividend	2.24	0.19	0.18	(0.00)	0.05	2.29
2	OEIC	Equities	Global Themes	2.29	0.06	0.12	(0.06)	0.03	2.26
3	OEIC	Equities	Japan	0.23	1.15	0.06	1.09	0.06	1.37
4	OEIC	Bonds	Global Macro Bond	1.50	0.40	0.45	(0.05)	(0.08)	1.37
5	OEIC	Bonds	Optimal Income	1.37	0.10	0.19	(0.09)	0.04	1.32
6	OEIC	Bonds	Corporate Bond	1.29	0.09	0.13	(0.040)	(0.02)	1.23
7	OEIC	Bonds	Emerging Markets Bond	0.62	0.68	0.14	0.54	0.03	1.19
8	OEIC	Bonds	Strategic Corporate Bond	1.15	0.16	0.14	0.02	0.01	1.17
9	OEIC	Bonds	UK Inflation Linked Corporate Bond	1.16	0.12	0.31	(0.18)	(0.00)	0.98
10	OEIC	Equities	Recovery	0.98	0.01	0.06	(0.05)	0.01	0.94

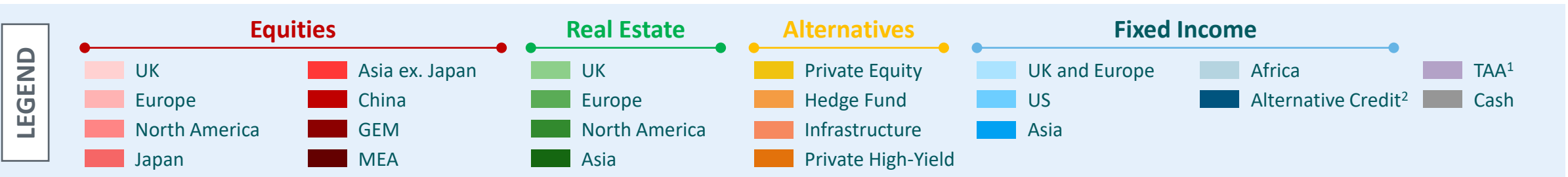
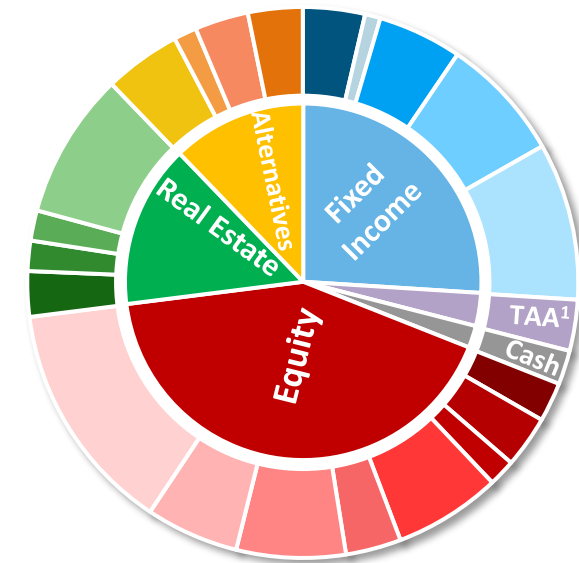
With-Profits Fund

Strategic Asset Allocation

Asset allocation evolution between 2013 and H1 2023



Asset allocation as of 30 June 2023

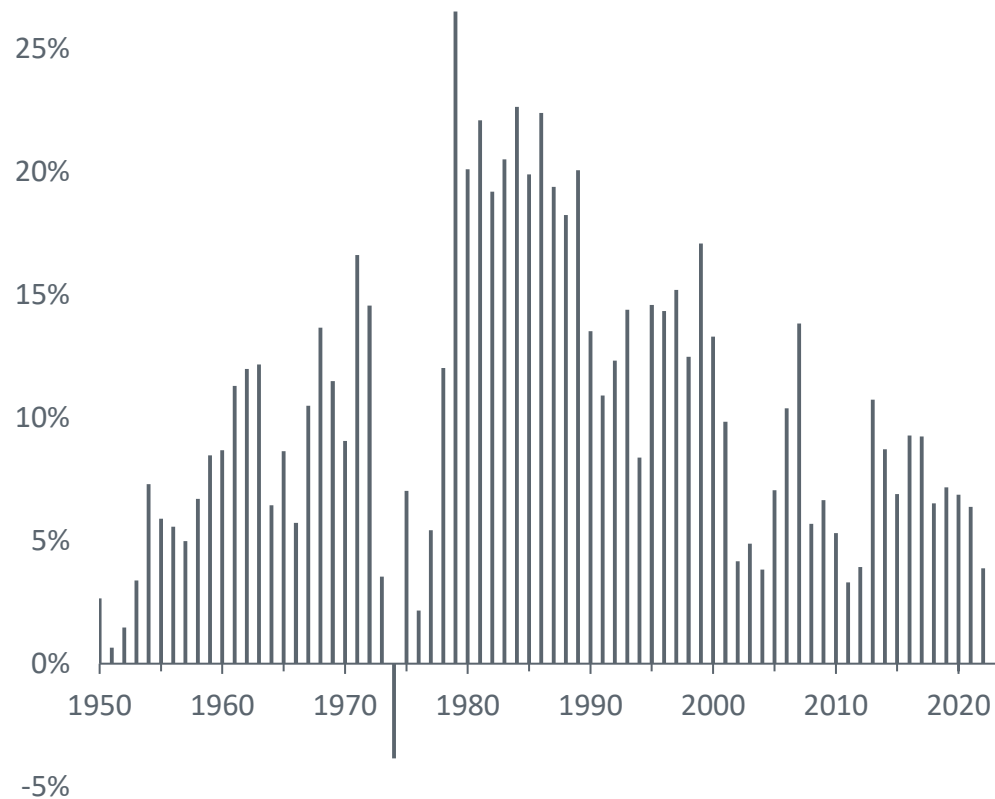


1. Tactical Asset Allocation mandate; 2. Includes: Emerging Market, Convertibles, Bridge Loans, Global High-Yield
Source: Allocation as of 30 June 2023 for OBMG, the largest of the funds within the With-Profits sub fund

With-Profits Fund

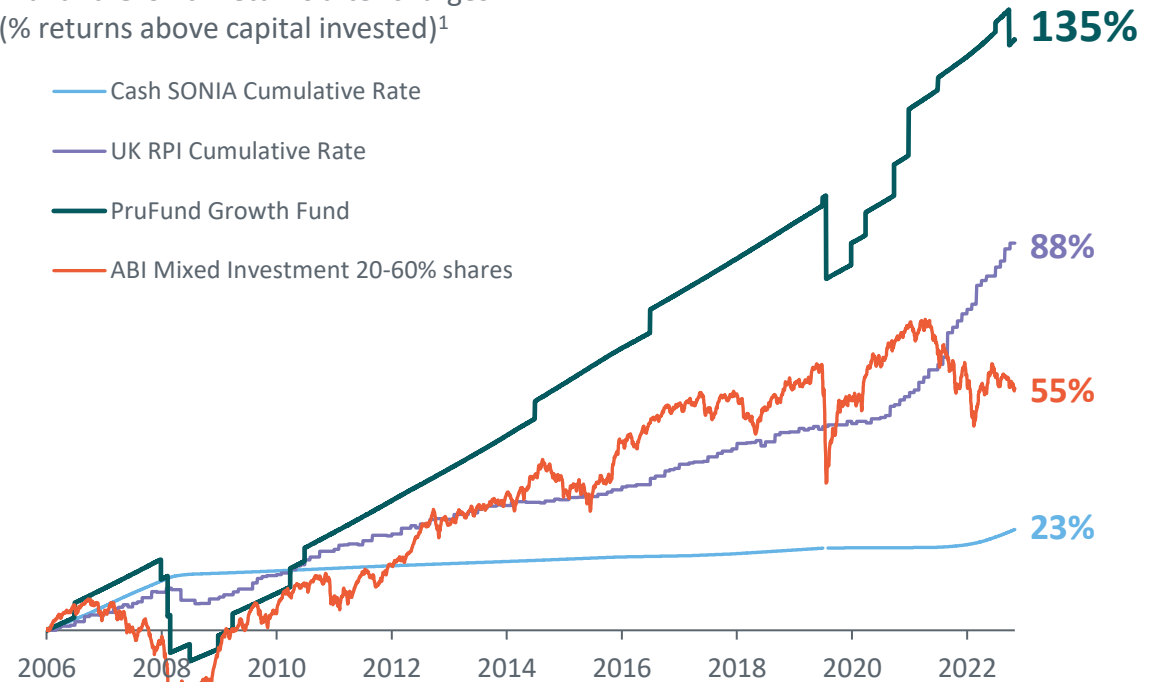
Historical returns

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.

From IFRS Adjusted Operating Profit to IFRS Profit After Tax

(£m)		H1 2022	H1 2023
Asset Management	AM Revenues	492	496
	AM Cost	(367)	(394)
	Performance fees	11	11
	Investment income and minority interest ¹	(12)	5
	Total Asset Management AOP	124	118
Retail & Savings	Wealth	93	91
	<i>o/w PruFund UK</i>	<i>103</i>	<i>119</i>
	<i>o/w Platform and Advice</i>	<i>(8)</i>	<i>(19)</i>
	<i>o/w Other Wealth</i>	<i>(2)</i>	<i>(9)</i>
	Heritage	201	279
	<i>o/w With-Profits</i>	<i>99</i>	<i>129</i>
	<i>o/w Shareholder Annuities & Other</i>	<i>102</i>	<i>150</i>
	Other Retail & Savings	-	4
Total Retail & Savings AOP	294	374	
Corporate Centre	Head Office ²	(39)	(23)
	Debt interest cost	(81)	(80)
	Total Corporate Centre AOP	(120)	(102)
Adjusted Operating Profit before tax		298	390
Short-term fluctuations in investment returns		(1,614)	(177)
Mismatches arising on application of IFRS 17		(50)	(40)
Restructuring and other costs		(64)	(74)
Amortisation of intangible assets		(3)	(6)
IFRS profit attributable to non-controlling interests		8	8
IFRS Profit before tax attributable to equity holders		(1,425)	101
Tax		282	(26)
IFRS Profit after tax attributable to equity holders		(1,143)	75

1. Includes share of profit from joint venture and associates; 2. Includes 'Head Office Expenses', 'Investment and other income on Hold Co assets'.

Adjusted Operating Profit additional details

(£m)	H1 2022	H1 2023
Asset Management		
AM Revenues	492	496
AM Costs	(367)	(394)
Performance fees	11	11
Investment income and minority interest¹	(12)	5
Total Asset Management AOP	124	118

Retail & Savings		
Wealth	93	91
Heritage	201	279
Other Retail & Savings	-	4
Total Retail & Savings AOP	294	374

Corporate Centre		
Head Office	(39)	(23)
Debt interest cost	(81)	(80)
Total Corporate Centre AOP¹	(120)	(102)

	H1 2022	H1 2023
Investment income	(4)	13
Minority interest ¹	(8)	(8)
Total	(12)	5

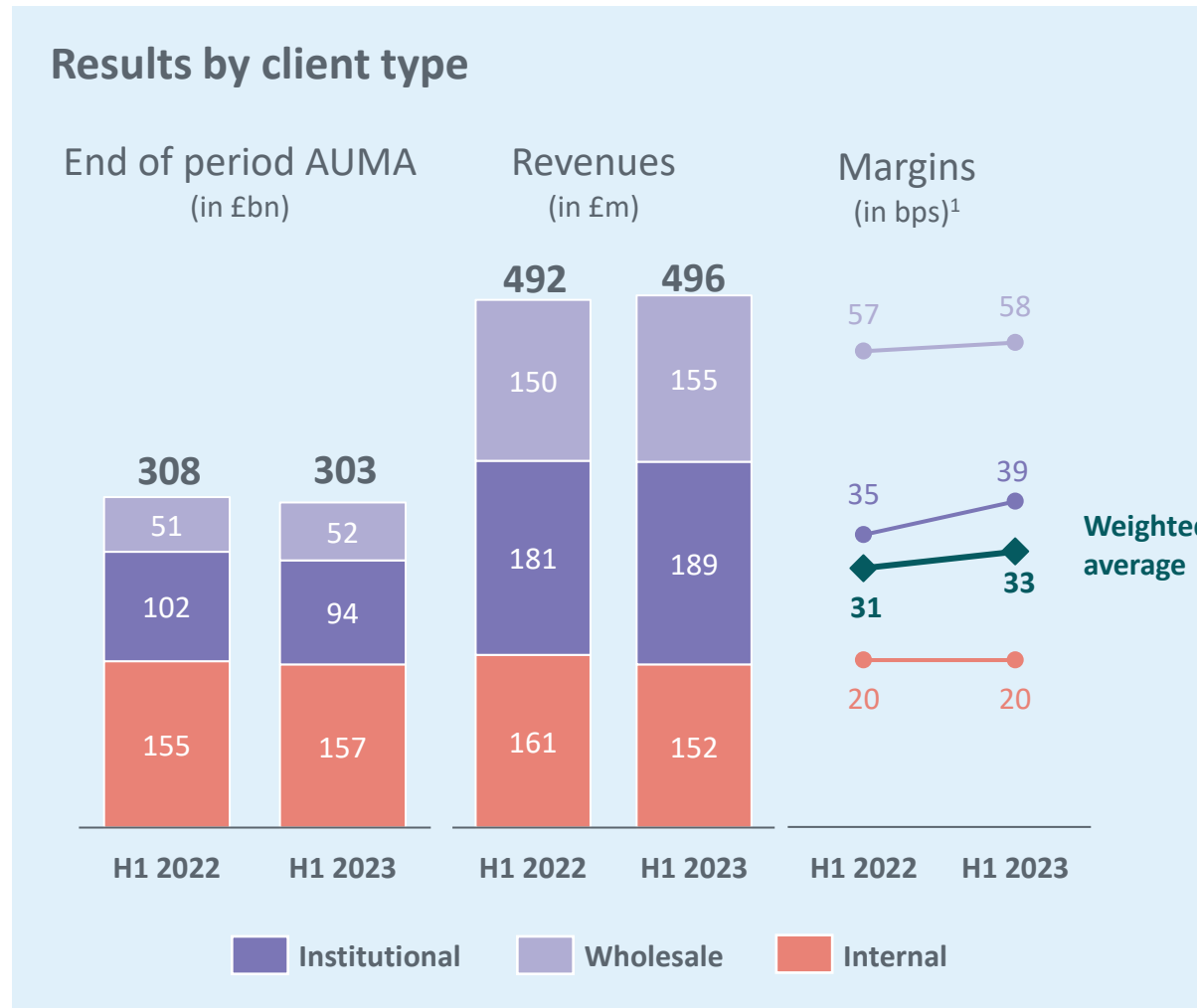
	H1 2022	H1 2023
Head Office expenses	(42)	(52)
Investment and other income on Hold Co assets	3	30
Total	(39)	(23)

	H1 2022	H1 2023
Subordinated debt interest cost	(94)	(94)
Amortisation fair value premium	13	14
Total	(81)	(80)

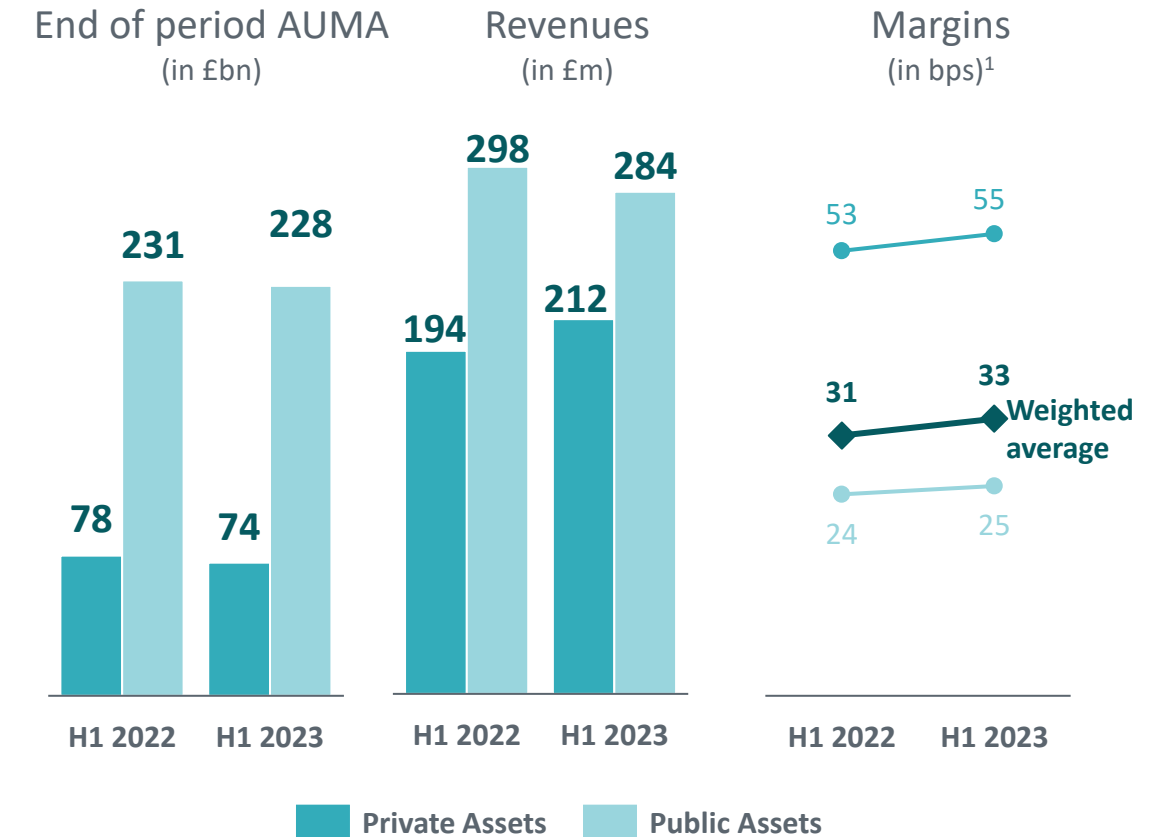
1. FY 2021 includes in H1 the share of profit from our South Africa JV – Since H2 2021 this line includes the minority interest of the South Africa JV, reflecting the acquisition of a controlling stake and the ensuing consolidation of its results in the total AM Revenues and Costs.

Asset Management results by client type and by asset class

Steady margins and improving quality of revenues



Results by asset class



1. Margin calculated as fee-based Income over average AUMA, excluding Performance fees

Key drivers of CSM movements

Annuities, PruFund and Traditional With-Profits

	H1 2022	FY 2022	H1 2023
Opening Annuities CSM	1,171	1,171	1,206
(A) Interest accreted	10	24	14
(B) New Business	2	6	3
(C) Assumption changes, experience variances	7	94	29
(D) CSM release to operating result	(42)	(89)	(47)
Closing Annuities CSM	1,148	1,206	1,205

Legend: categories as per slide 22

- (A) Interest accreted and expected returns
- (B) New business
- (C) Assumption changes, experience variances
- (D) CSM release to operating result
- (E) Market impact

With-Profits¹

	H1 2022	FY 2022	H1 2023
Opening PruFund CSM	1,334	1,334	1,668
(A) Interest accreted	9	20	62
(A) Expected returns	90	166	86
(B) New Business	10	18	52
(C) Assumption changes, experience variances	37	3	(22)
(D) CSM release to operating result	(79)	(154)	(101)
(E) CSM release to non-operating result	(11)	(32)	(3)
(E) Market impact	179	314	(31)
Closing PruFund CSM	1,569	1,668	1,711

	H1 2022	FY 2022	H1 2023
Opening Traditional With-Profits CSM	1,198	1,198	1,465
(A) Interest accreted	12	28	66
(A) Expected returns	116	229	92
(B) New Business	-	-	-
(C) Assumption changes, experience variances	10	(48)	8
(D) CSM release to operating result	(89)	(186)	(111)
(E) CSM release to non-operating result	(12)	(38)	4
(E) Market impact	103	281	(82)
Closing Traditional With-Profits CSM	1,338	1,465	1,442

1.Excludes With-Profits CSM attributable to Policyholder.

Total Capital Generation

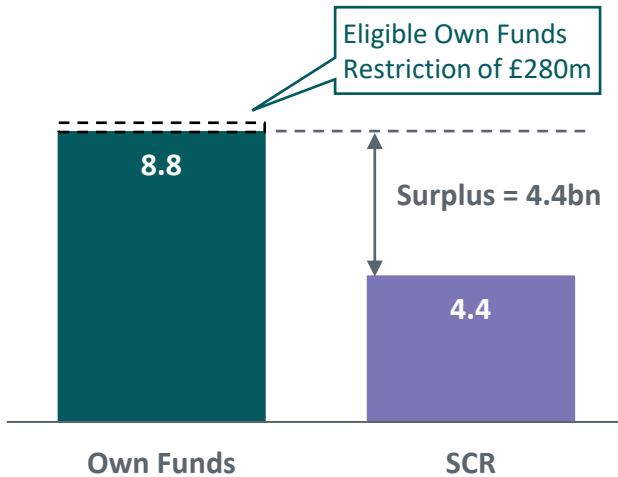
(£m)	H1 2022			H1 2023		
	Own Funds	SCR	Total	Own Funds	SCR	Total
Asset Management						
Asset Management Underlying Capital Generation	129	13	142	101	18	119
Retail & Savings						
Wealth	124	(36)	88	128	(53)	75
<i>o/w PruFund UK</i>	127	(31)	96	155	(53)	102
<i>- of which: In-force</i>	95	11	106	115	3	118
<i>- of which: New business</i>	32	(42)	(10)	40	(56)	(16)
<i>o/w Platform and Advice</i>	(5)	(4)	(9)	(19)	2	(17)
<i>o/w Other Wealth</i>	2	(1)	1	(8)	(2)	(10)
Heritage	180	86	266	233	36	269
<i>o/w With-Profits</i>	70	30	100	87	9	96
<i>o/w Shareholder Annuities & other</i>	110	56	166	146	27	173
Other Retail & Savings	19	(3)	16	28	(28)	0
Retail & Savings Underlying Capital Generation	323	47	370	389	(45)	344
Corporate Centre						
Debt Interest Cost	(94)	0	(94)	(94)	0	(94)
Head Office Cost	(29)	(2)	(31)	(26)	9	(16)
Corporate Centre Underlying Capital Generation	(124)	(2)	(126)	(120)	9	(111)
Total Underlying Capital Generation	329	57	386	370	(18)	352
Other Asset Management Capital Generation	(6)	(0)	(6)	(0)	(5)	(5)
Other Retail & Savings Capital Generation	(15)	73	58	47	116	163
Other Corporate Centre Capital Generation	(8)	3	(5)	(7)	2	(5)
Total Operating Capital Generation	299	134	433	410	95	505

Solvency II position¹

M&G Group

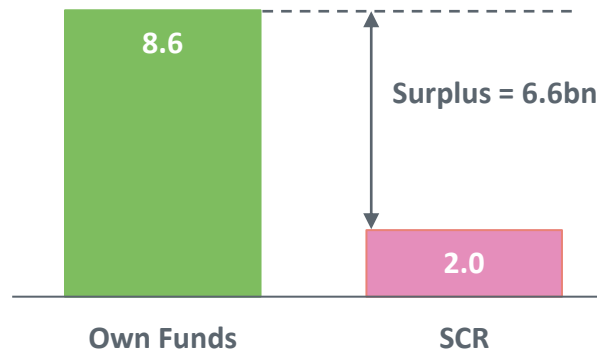
H1 2023 (£bn)

Shareholder view



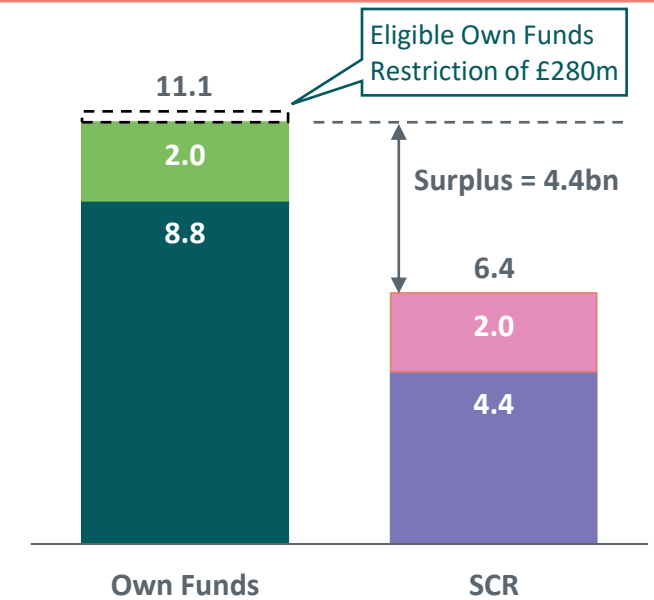
Solvency ratio 199%²

With-Profits Fund view



Solvency ratio 429%²

Regulatory view



Solvency ratio 168%²

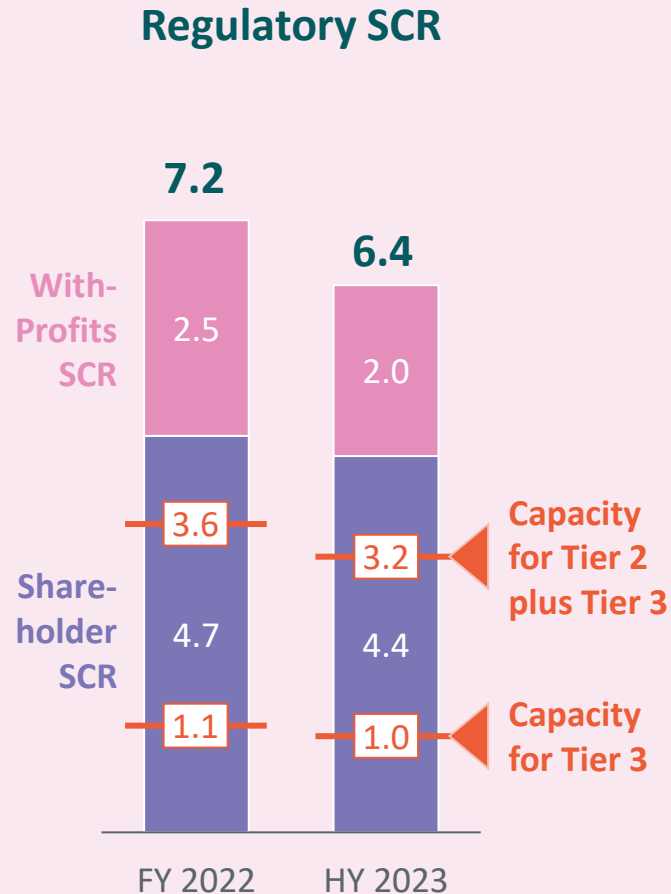
1. All views include the recalculation of Transitional Measures on Technical Provisions (TMTP); 2. Ratio is post eligible own funds restriction.

Capital restriction of £280m triggered by reduction in regulatory SCR

No restriction present at FY 2022

Capital tiering

- Tier 2 and Tier 3 capital can jointly contribute to Own Funds only as much as a value equivalent to 50% of the regulatory SCR
- Tier 3 capital can contribute to Own Funds at most by a value equivalent to 15% of the regulatory SCR



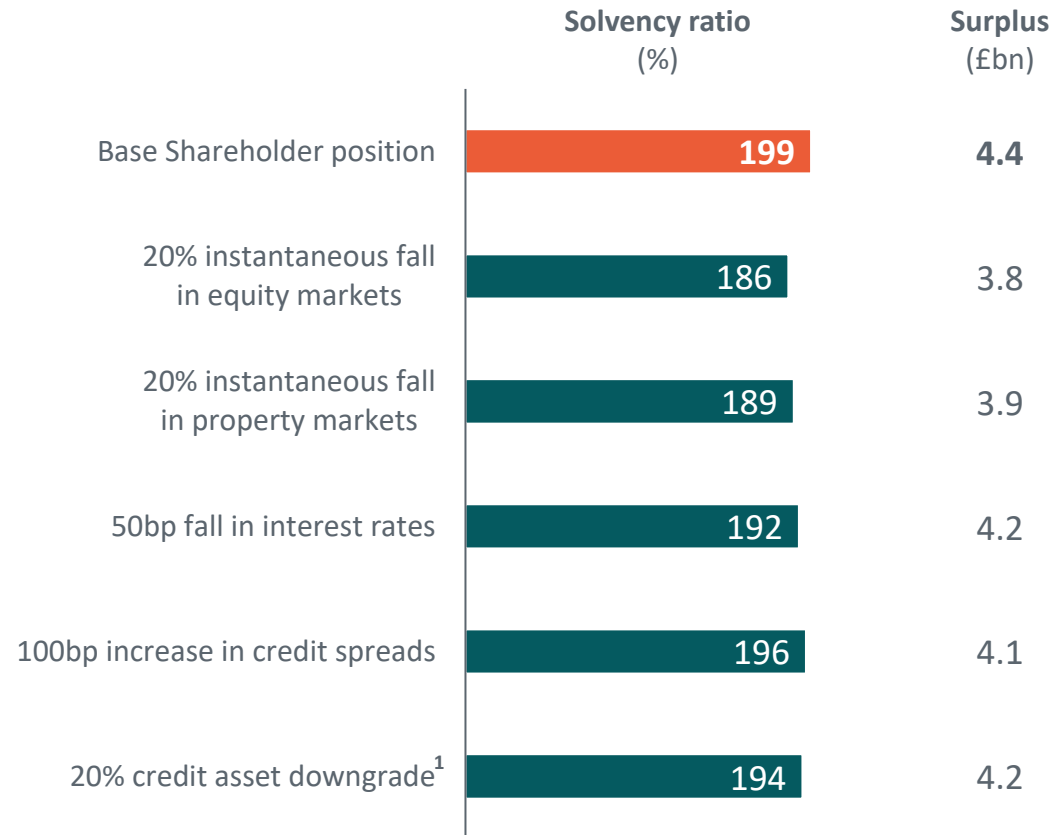
Restrictions

	FY 2022	H1 2023
Tier 2 + Tier 3 restriction		
Value of subordinated debt	2,998	2,877
Deferred Tax Asset	598	620
Total Tier 2 + Tier 3 capital	3,596	3,497
50% of regulatory SCR	3,597	3,217
Restriction	0	280
Tier 3 restriction		
Deferred Tax Asset	598	620
15% of regulatory SCR	1,079	965
Restriction	0	0

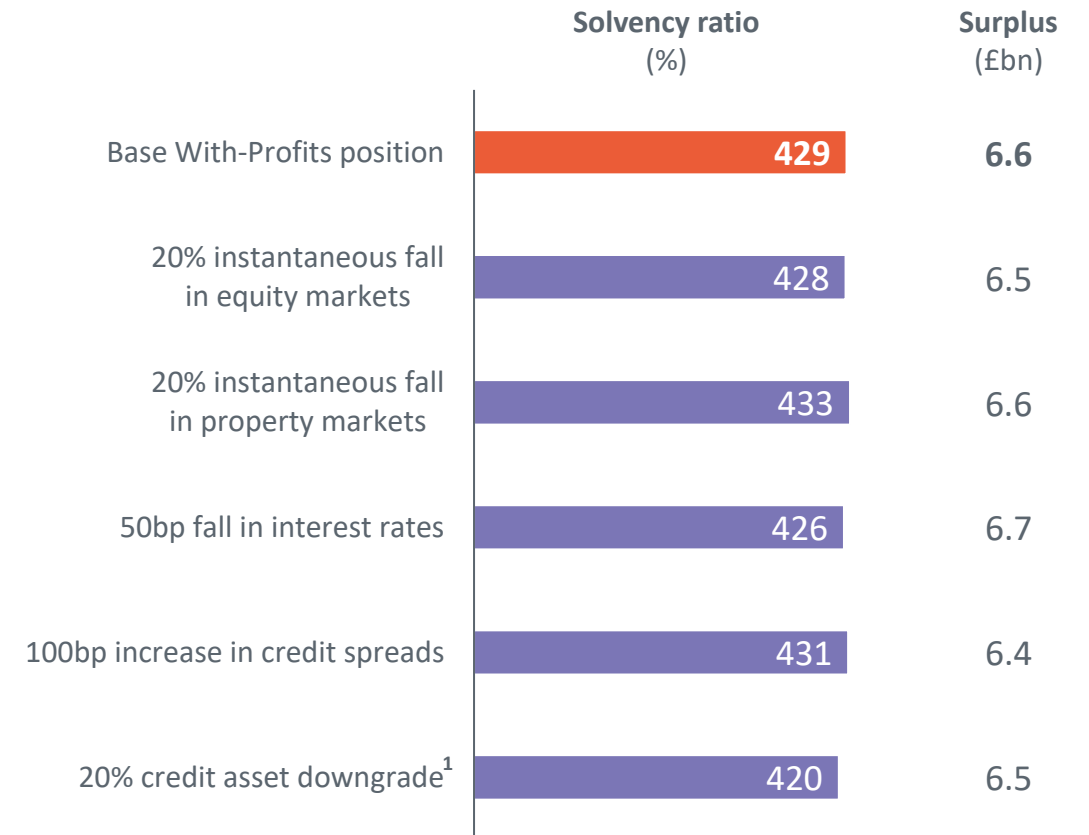
Solvency II sensitivities

Estimated impact on % ratio and surplus

Shareholder Solvency II market sensitivities H1 2023



With-Profits Solvency II market sensitivities H1 2023



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)

Diverse risk exposures

Breakdown of the shareholder Solvency II SCR by risk type

H1 2023
(£bn)

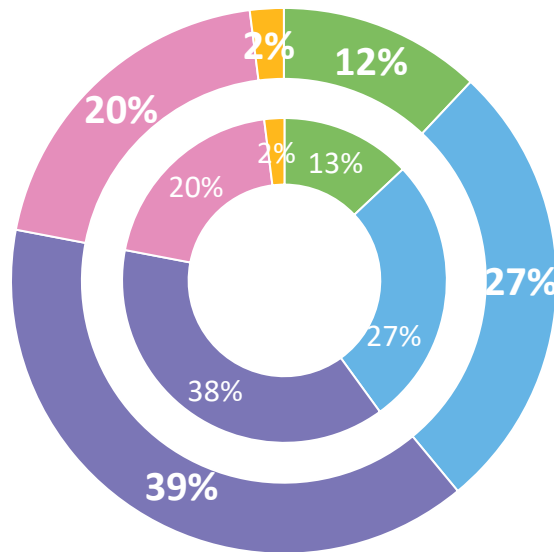


Credit quality of the Shareholder Annuity book remains very strong

98% of the £13bn¹ assets is investment grade

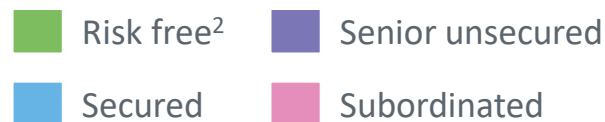
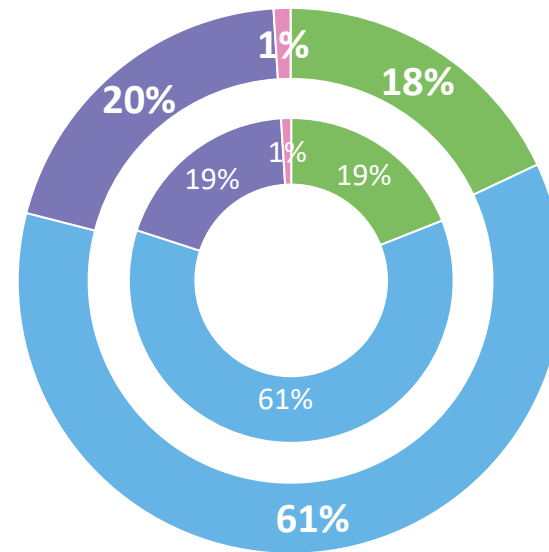
Breakdown by rating

Outer circle shows H1-23, inner FY-22



Breakdown by capital ranking

Outer circle shows H1-23, inner FY-22



- Our diversified and actively managed Annuity portfolio continued to perform resiliently
- Asset profile remains strong and conservatively positioned; 98% is investment grade, and 79% invested in risk free² or secured assets
- Rating migrations resulted in a very low level of downgrades, and a net upgrade experience year to date
- No defaults were experienced over the period

1. M&G Investments data. Cash and cash equivalents, derivatives and junior notes/property residual values have been excluded from this analysis. All data as of 30 June 2023

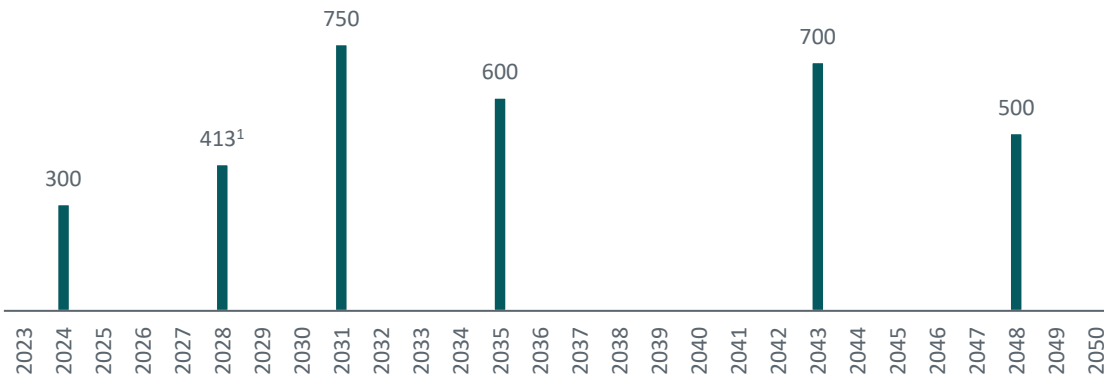
2. Risk Free category includes securities which are classified as 'credit capital exempt' in the internal capital modelling, primarily UK government / guaranteed and supranational debt

Financial debt structure

Subordinated debt (all Tier 2)

ISIN	Currency	Nominal	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)



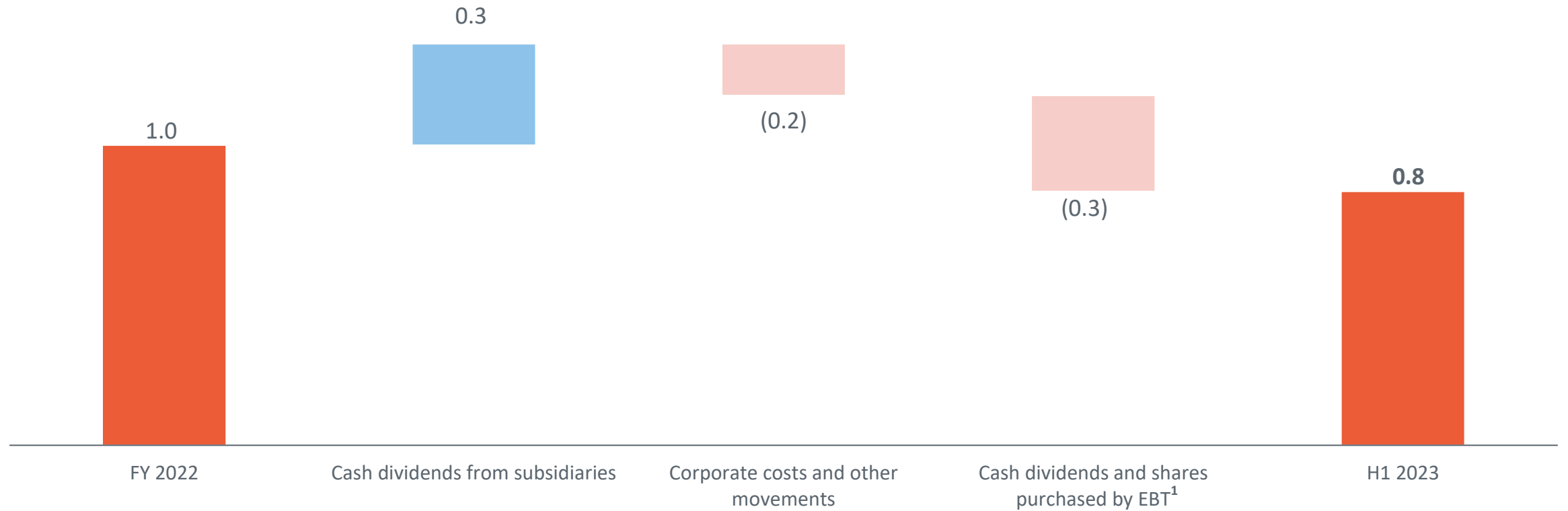
1. Based on USD / GBP exchange rate as of 30 June 2023

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

Parent company liquidity

Cash and liquid assets at £0.8bn

Parent company cash and liquid assets H1 2023 (£bn)



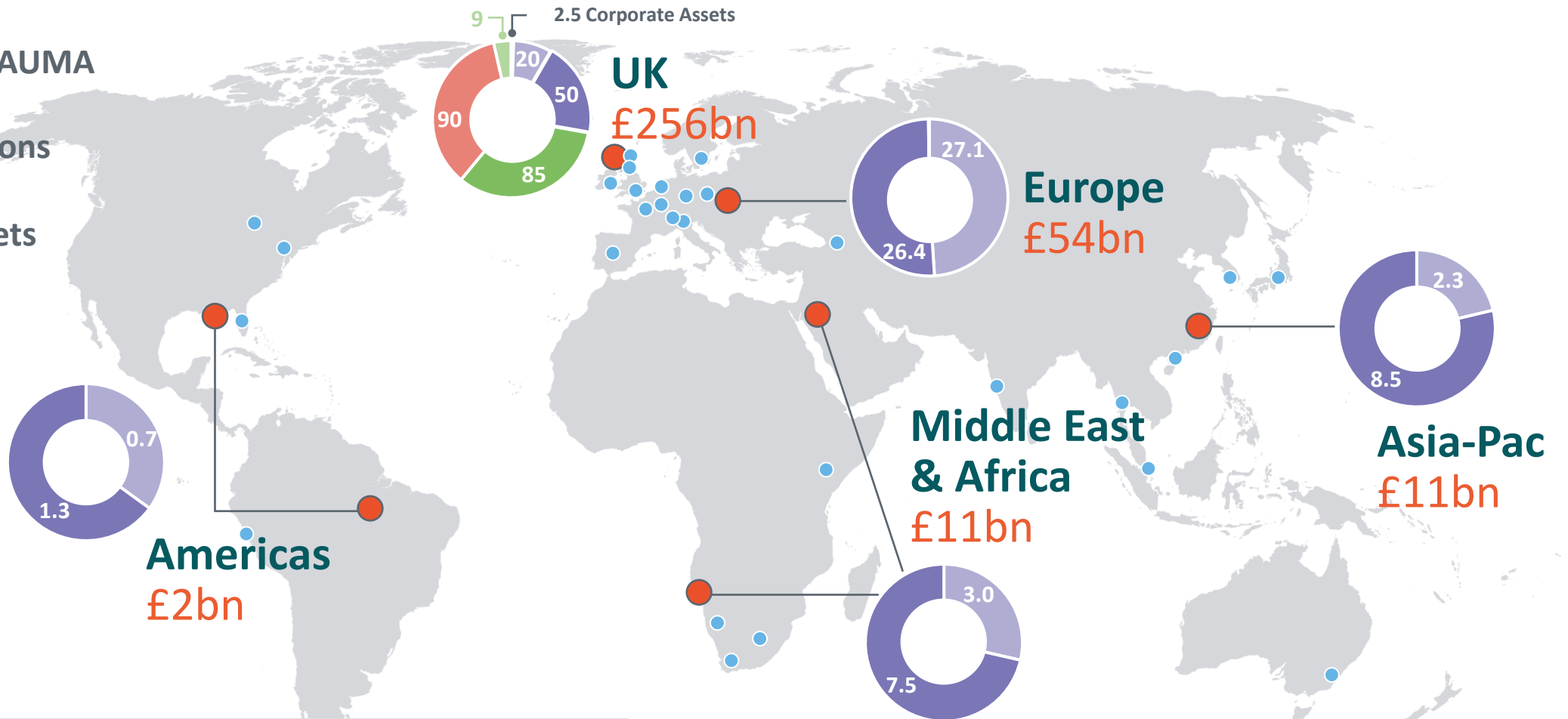
1. Cash dividends paid to equity holders of £310m

Our international footprint

£333bn AUMA

37 locations

26 markets



Note: All AUMA figures refer to position as of H1 2023, based on the country of the underlying client. The number of locations and markets is as at H1 2023



IFRS 17 Review

Update on our FY 2022 figures presented in July 2023

2022 movements in the With-Profits CSM (PruFund + Traditional WP)

Introduction of expected real world rate of return

(£bn)	FY 2022 as presented in July 2023	FY 2022 updated AOP methodology	Notes
Opening With-Profits CSM	3.17	3.17	Of which £2.53bn attributable to Shareholder and £0.64bn to Policyholders
Release of CSM to AOP	(0.25)	(0.34)	<ul style="list-style-type: none"> CSM amortisation rate updated to better reflect run-off profile Amortisation rate increased from 10% to 12% (PruFund) and 14% (Traditional With-Profits) CSM release to AOP now includes the amortisation of in-year expected real world rate of return
New Business	0.02	0.02	
Interest accreted on the CSM ¹	0.06	0.05	
Expected return on CSM	-	0.40	<ul style="list-style-type: none"> Market variances split between an expected real world rate of return and market impacts Market impact is now the difference between the expected and actual returns This treatment is consistent with the Capital Generation methodology
Assumption changes and variances ²	0.04	(0.04)	
Market impact ³	0.98	0.69	<ul style="list-style-type: none"> Reduction in market impact reflects the introduction of expected real world return (see above) Market impact now captures the difference between expected returns and actual returns
Release of CSM to non-op result	(0.17)	(0.13)	Reduction because of increased release to AOP due to allowance for expected real world return
Closing With-Profits CSM	3.85	3.80	Of which £3.14bn attributable to Shareholder and £0.66bn to Policyholders

Note: All figures in the FY 2022 column show the values for the entire With-Profits fund (combining PruFund and Traditional WP), WP = With-Profits, CSM = Contractual Service Margin, SH = Shareholder, PH = Policyholder, AOP = Adjusted Operating Profit

1. The rate of return is set at the start of each year and moves roughly in line with the 1-year risk free yield; 2. The With-Profits fund owns a book of non-profit annuities; favourable longevity assumption changes increase the With-Profits Estate; 3. We will provide economic sensitivities in due course

2022 Adjusted Operating Profit

		IFRS 17		
		IFRS 4		
£m	FY 2022	FY 2022 as presented in July 2023	FY 2022 updated AOP methodology	Notes
Asset Management AOP	264	264	264	
Wealth	96	136	158	
<i>o/w With-Profits (PruFund UK)</i>	128	167	190	Reflects increase in CSM amortisation rate and impact of expected real world return on CSM prior to amortisation.
Heritage	466	390	441	
<i>o/w Traditional With-Profits</i>	226	134	200	Reflects increase in CSM amortisation rate and impact of expected real world return on CSM prior to amortisation.
<i>o/w Annuities & Other</i>	240	256	241	
Other Retail & Savings	10	19	19	
Retail & Savings AOP	572	545	618	
Head Office cost	(143)	(93)	(93)	
Debt interest cost	(164)	(164)	(164)	
Total Corporate Centre AOP	(307)	(257)	(257)	
Total Adjusted Operating Profits	529	552	625	

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