



**Prudential**  
Seizing  
the  
**Opportunity**

# The Opportunity

**Mark Norbom**  
Prudential Corporation Asia  
November 2004



## Asia : Drivers of growth

- **Size and growth of market**
- **Market liberalization**
- **Low penetration of medium and long-term savings products**



***Drivers of growth strong as ever***

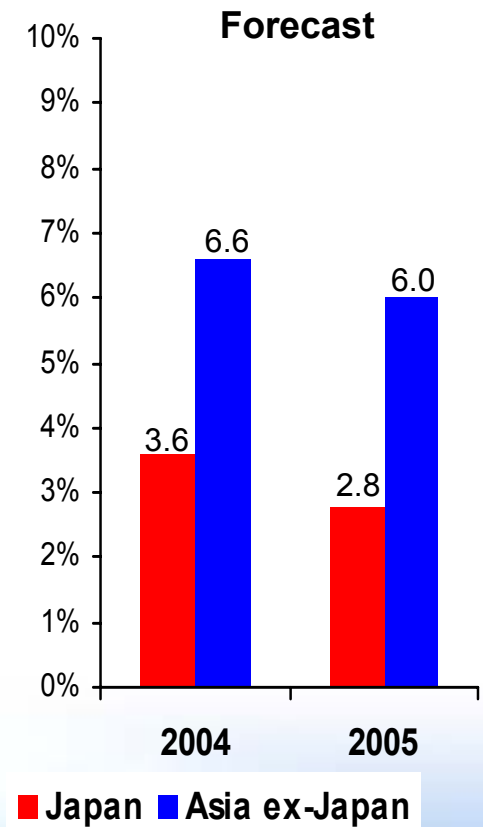
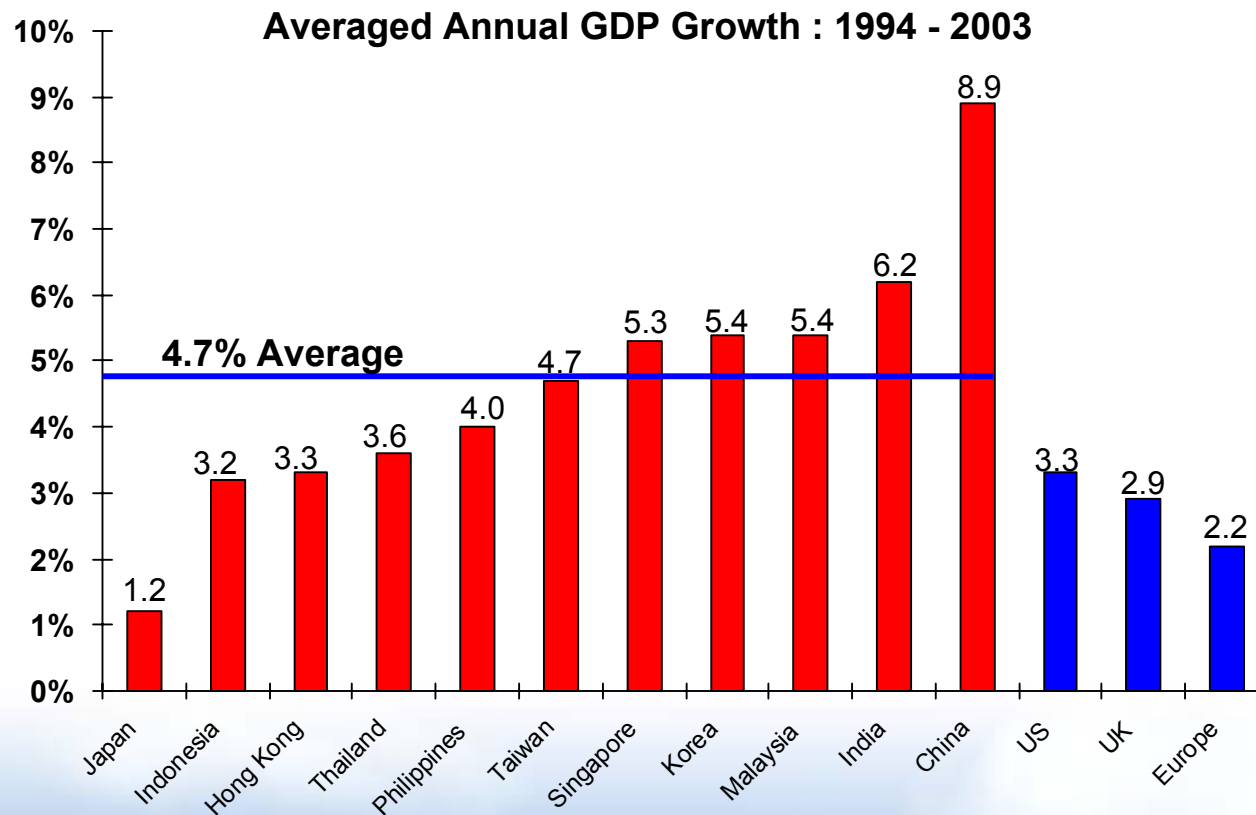


## Asia : Size of market



| Population (m) |       |
|----------------|-------|
| China          | 1,292 |
| India          | 1,055 |
| Indonesia      | 219   |
| Japan          | 128   |
| Vietnam        | 81    |
| Philippines    | 80    |
| Thailand       | 64    |
| South Korea    | 48    |
| Malaysia       | 25    |
| Taiwan         | 23    |
| Hong Kong      | 7     |
| Singapore      | 4     |

# Asia : Potential for sustained growth

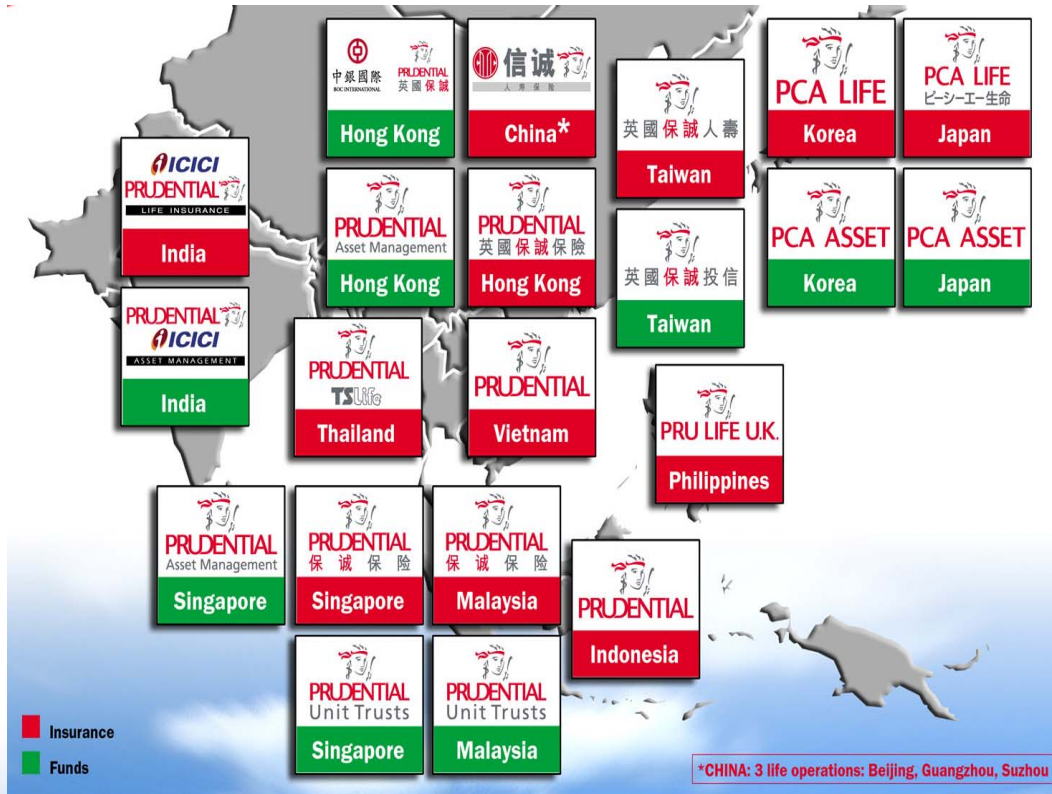


Source: UBS

Source: IMA Asia (September, 2004)

**Continuing to outpace Europe and the US**

# Asia : Market liberalization



“ Diversity is now one of the key benefits as Prudential has operations in no fewer than 12 different countries within the region ”

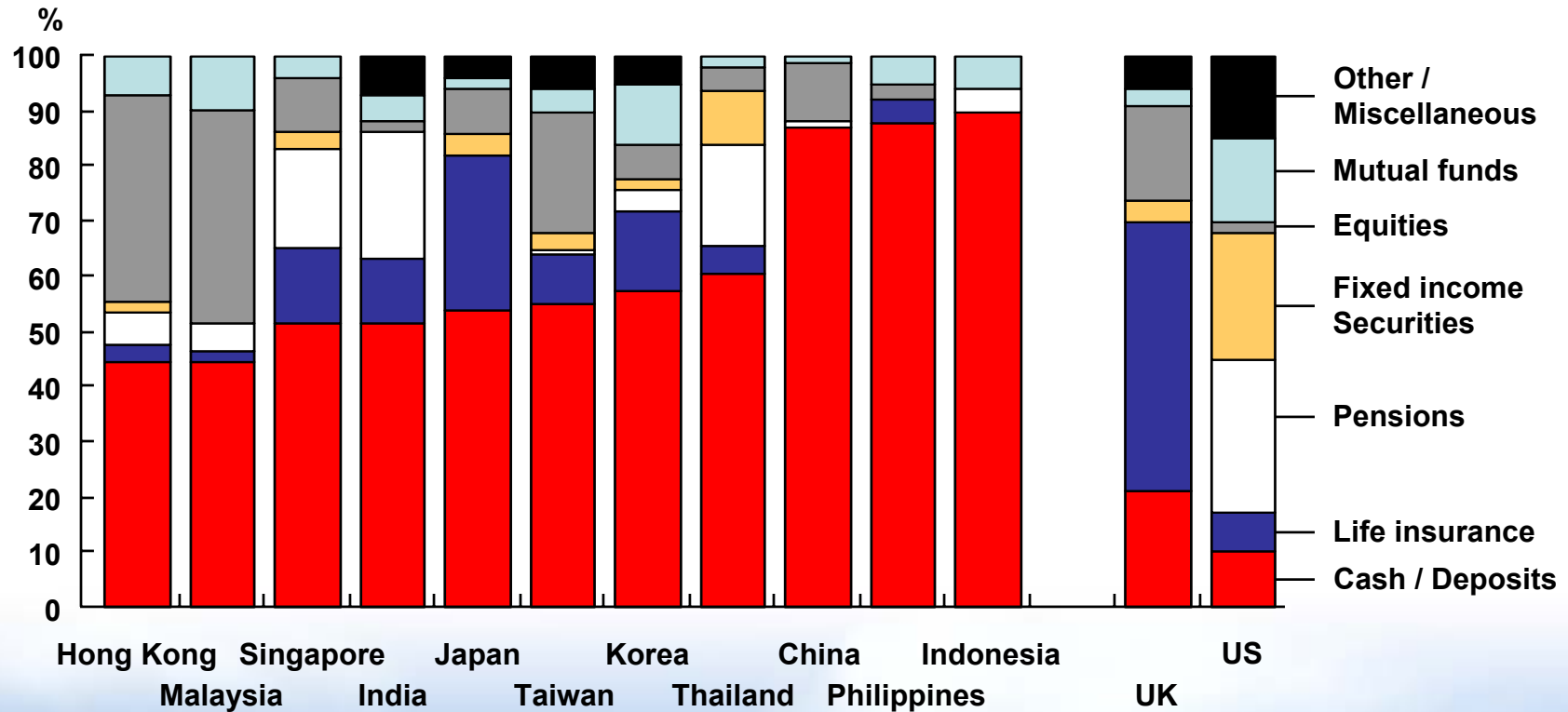
Merrill Lynch (6 October, 2004)

*An enviable set of licenses*



# Asia : Demand for products

## Percentage of holdings by asset class



*Increasingly seeking alternatives to cash*

Source : Marakon 2002

Note : UK Life and Pensions sectors are combined



## Key points : Seizing the opportunity

- **Growth opportunity in Asia remains significant for insurance and funds management**
- We are uniquely positioned to seize this opportunity
- We are strengthening our foundation to ensure sustainability of above-market performance
- Our scale and our focus will yield accelerated profitability :  
Strong top-line growth, even faster bottom-line growth



***Delivering profitable and sustainable growth***



# Turning challenges to opportunity

## Challenges

- Local incumbents
- Economic volatility
- Developing legal and regulatory frameworks
- Increasing competition

## Our strengths

- Partnering with locals
- Pioneering market development
- Diversity of markets, products and distribution
- Extensive local experience
- Market leading innovation, distribution and brand

***Local experience.... Diversity.... Market leadership***



## Nascent markets

### Success factors :

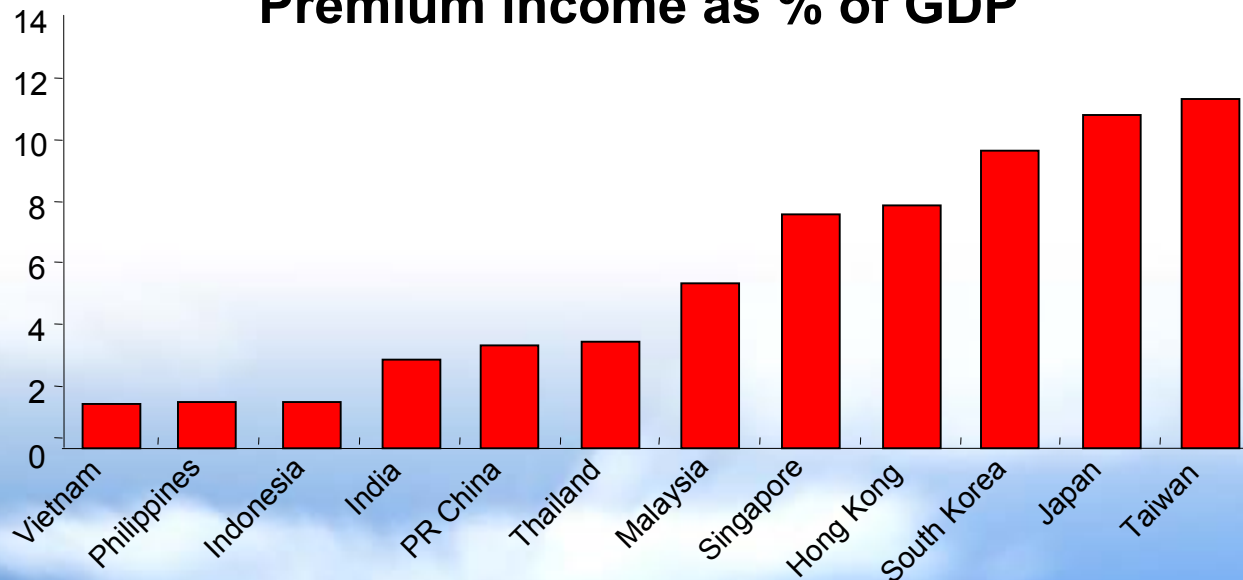
- First mover advantage
- Build distribution quickly to access customers : Agency model
- Core product focus
- Build brand awareness
- Sound operation

## Developed markets













### Success factors :

- Differentiation from competitors
- Multi-channel distribution
- Innovative product mix
- Customer life cycle management
- Scale efficiencies
- Superior service

## Premium income as % of GDP



# The advantage of experience

|                     | South Asia  |   |   |  |   |   |   | Greater China   |   |   | North Asia  |   |
|---------------------|---|---|---|--|---|---|---|---|---|---|---|---|
|                     |  |  |  |  |  |  |  |  |  |  |  |  |
| Country             | SG  | MY  | Tha   | Indo   | Phil  | VN  | India   | HK  | TW  | China*  | JN  | KA  |
| <b>Products</b>     |   |   |   |  |   |   |   |   |   |   |   |   |
| Life : Traditional  | ●   | ●   | ●   | ●  | ●   | ●   | ●   | ●   | ●   | ●   | ●   | ●   |
| Unit-linked         | ●   | ●   |   | ●  | ●   |   | ●   | ●   | ●   | ●   | ●   | ●   |
| Mutual funds        | ●   | ●   |   |  |   |   | ●   | ●   | ●   |   | ●   | ●   |
| General             | ●   | ●   |   |  |   |   |   | ●   |   |   |   |   |
| <b>Distribution</b> |   |   |   |  |   |   |   |   |   |   |   |   |
| Agency              | ●   | ●   | ●   | ●  | ●   | ●   | ●   | ●   | ●   | ●   | ●   | ●   |
| Bank                | ●   | ●   | ●   | ●  | ●   | ●   | ●   | ●   | ●   | ●   | ●   | ●   |
| Broker              | ●   |   |   |  |   |   | ●   | ●   | ●   |   |   | ●   |
| Direct              | ●   | ●   | ●   | ●  | ●   |   | ●   | ●   | ●   | ●   |   | ●   |

● 1994    ● 2000    ● as of October 2004

\* Guangzhou



# Building market leadership

Number of  
markets in  
top 5 share\*


In 2000

6 - 10

4 - 5

2 - 3

0 - 1

|                            |  |            |   |
|----------------------------|--|------------|---|
|                            |  |            |   |
|                            |  | Manulife   |  AIG |
|                            | Great Eastern<br>Sun Life<br>CMG                             |            |   |
| Cathay Life<br>RSA<br>CGNU | Zurich<br>US Prudential<br>New York Life<br>Aegon<br>Allianz | AXA<br>ING |   |

1 - 2

3 - 6

7 - 8

9+

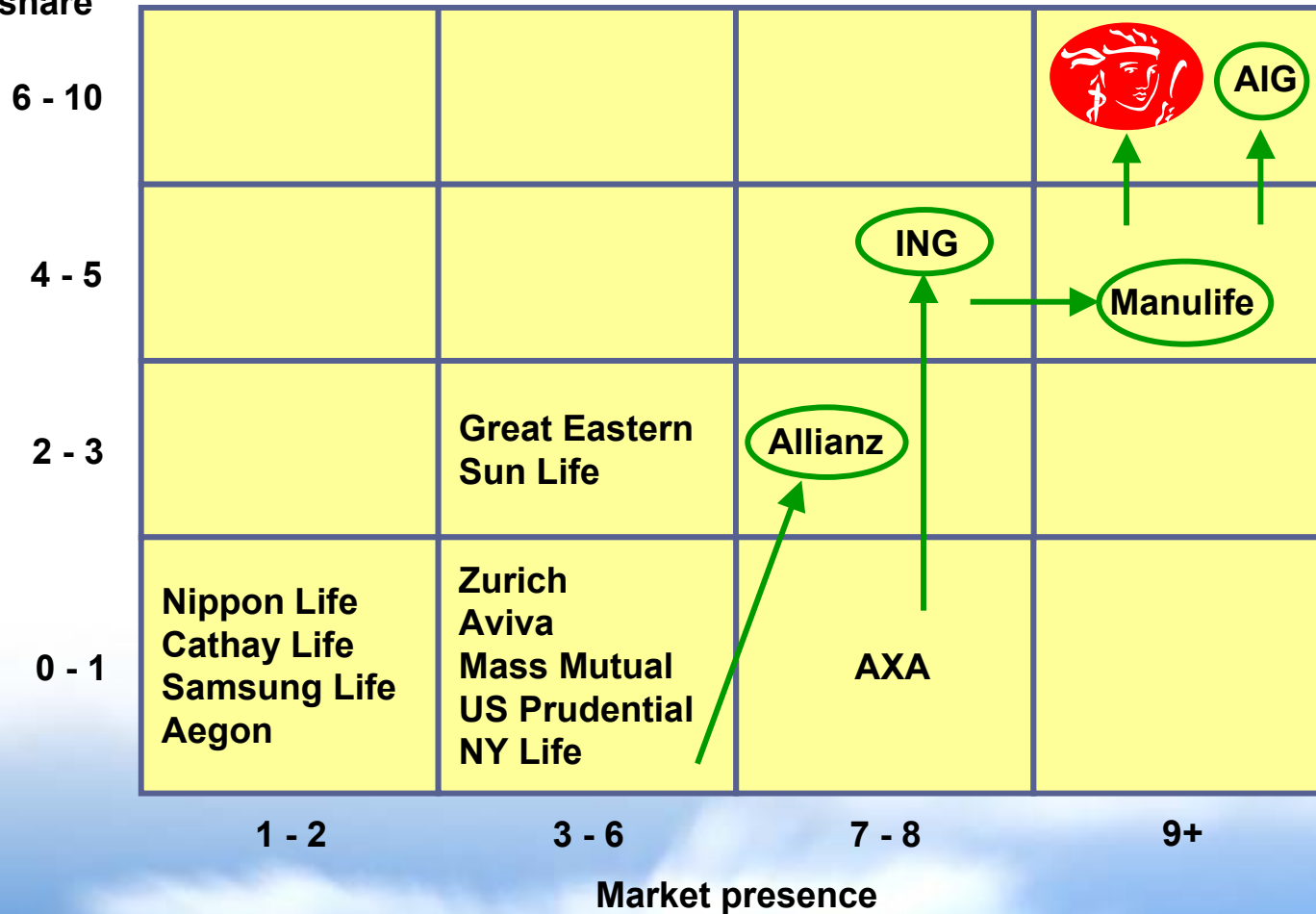
Market presence



# Strengthening market leadership

Year end 2003

Number of  
markets in  
top 5 share\*





**“ Winners are likely to be established players who know the culture and have management strength and depth in the region ”**



## Key points : Seizing the opportunity

- Growth opportunity in Asia remains significant for insurance and funds management
- **We are uniquely positioned to seize this opportunity**
- We are strengthening our foundation to ensure sustainability of above-market performance
- Our scale and our focus will yield accelerated profitability : Strong top-line growth, even faster bottom-line growth



***Delivering profitable and sustainable growth***



**Prudential**  
Seizing  
the  
**Opportunity**

# Seizing the Opportunity

**Mark Norbom**  
Prudential Corporation Asia  
November 2004



# Vision : Market leadership

***To be the market leading savings, investment and protection company in Asia...***



***Brand strength and reputation***

***Superior service and professional advice***

***Flexible multi-distribution***

***Innovative products***

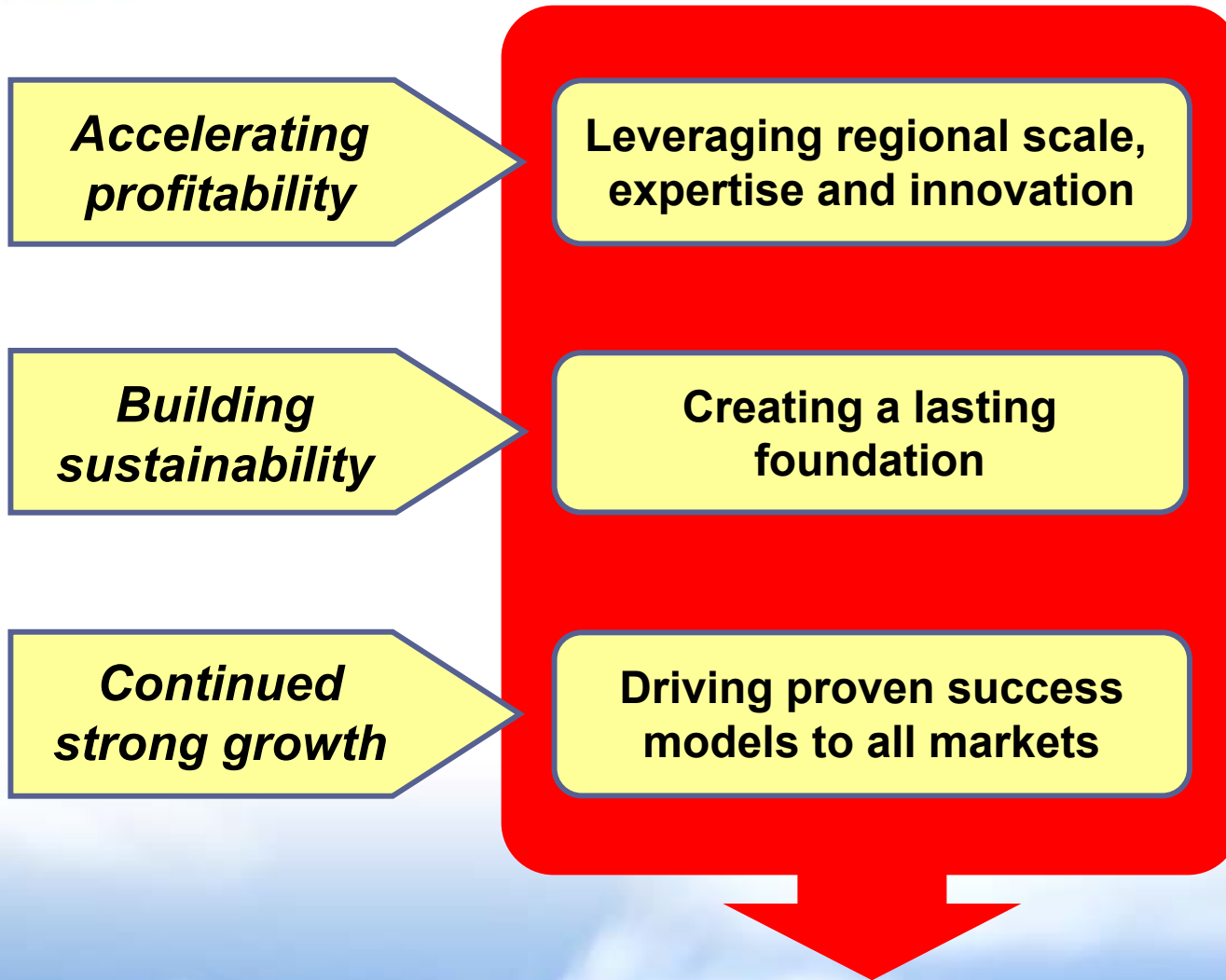
***Best people and management***

***Highest growth rate and return***

***...for our customers, staff, distributors, partners,  
and shareholders***

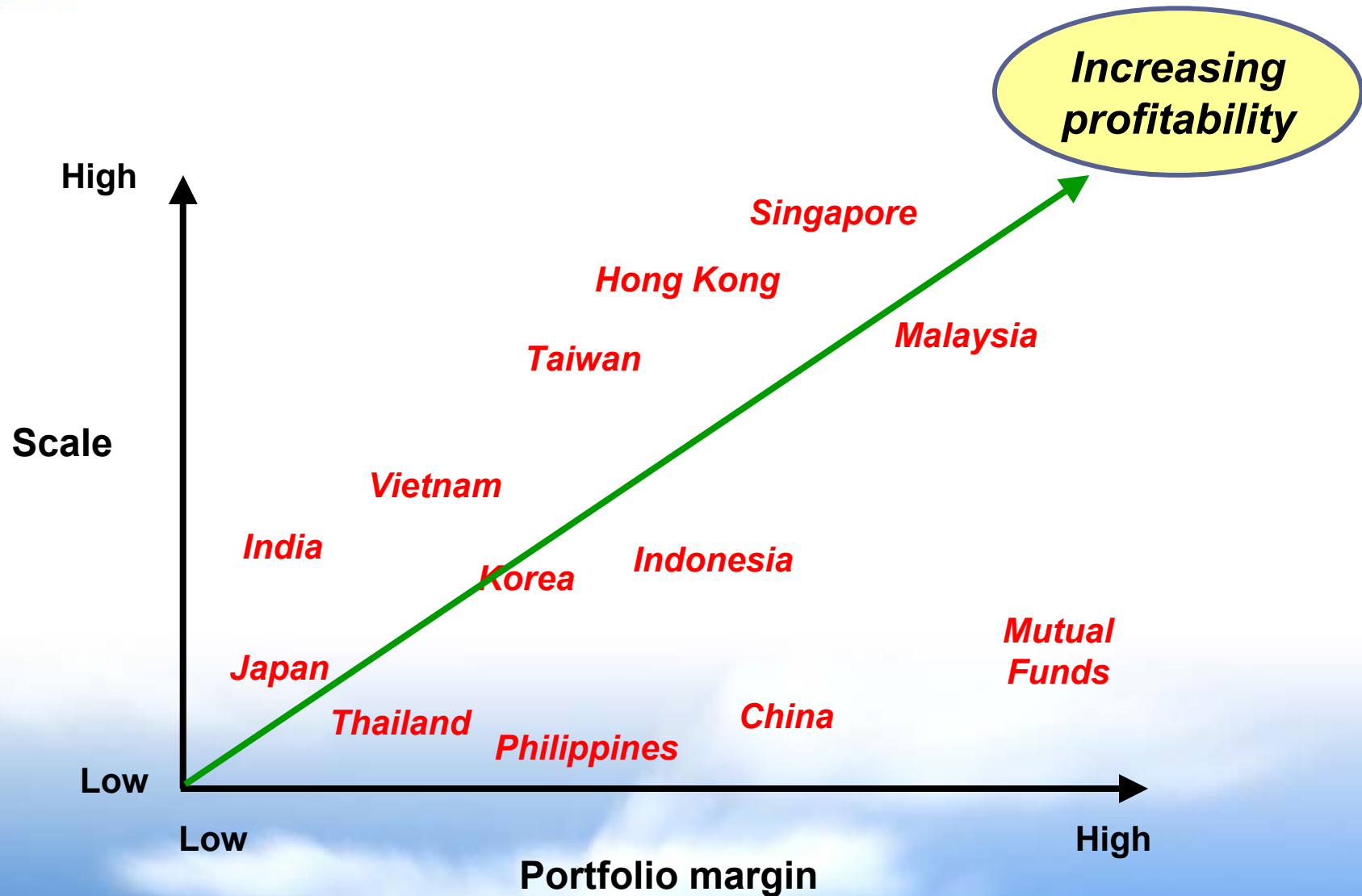


# Delivering profitable and sustainable growth



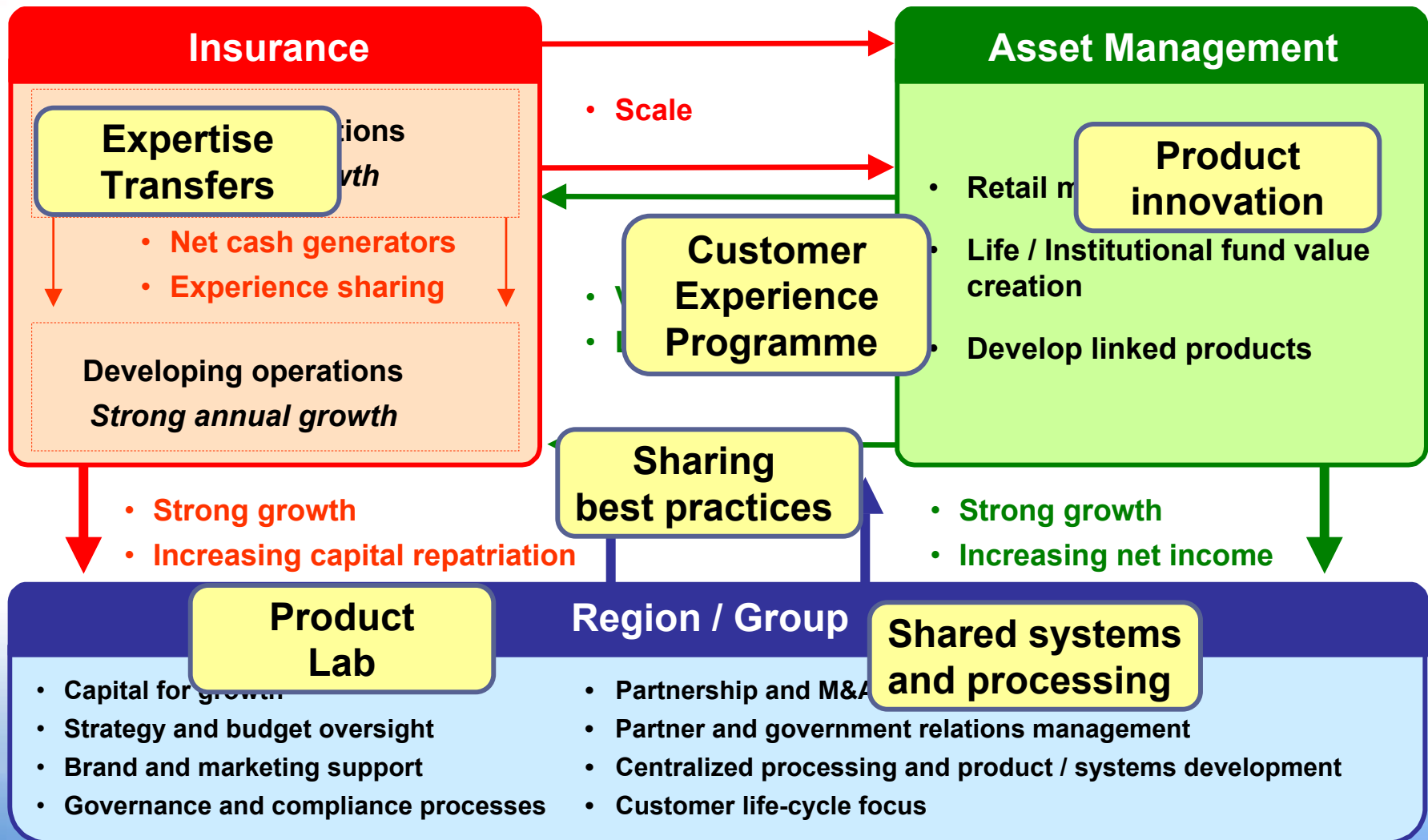
***Strong top-line growth - even faster bottom-line growth***

# Increasing profitability



# Leveraging scale, expertise and innovation

## The Integrated Operating Model





# Accelerating profitability

|                                      | Scale benefits | Increases margin |
|--------------------------------------|----------------|------------------|
| <b>Expertise transfers</b>           | ✓              | ✓                |
| <b>Sharing best practices</b>        | ✓              | ✓                |
| <b>Shared systems and processing</b> | ✓              | ✓                |
| <b>Product Innovation / Lab</b>      | ✓              | ✓                |
| <b>Customer experience programme</b> | ✓              | ✓                |



# A lasting foundation

**Building sustainability**

**People**

**Risk  
management**

**Brand  
strength**



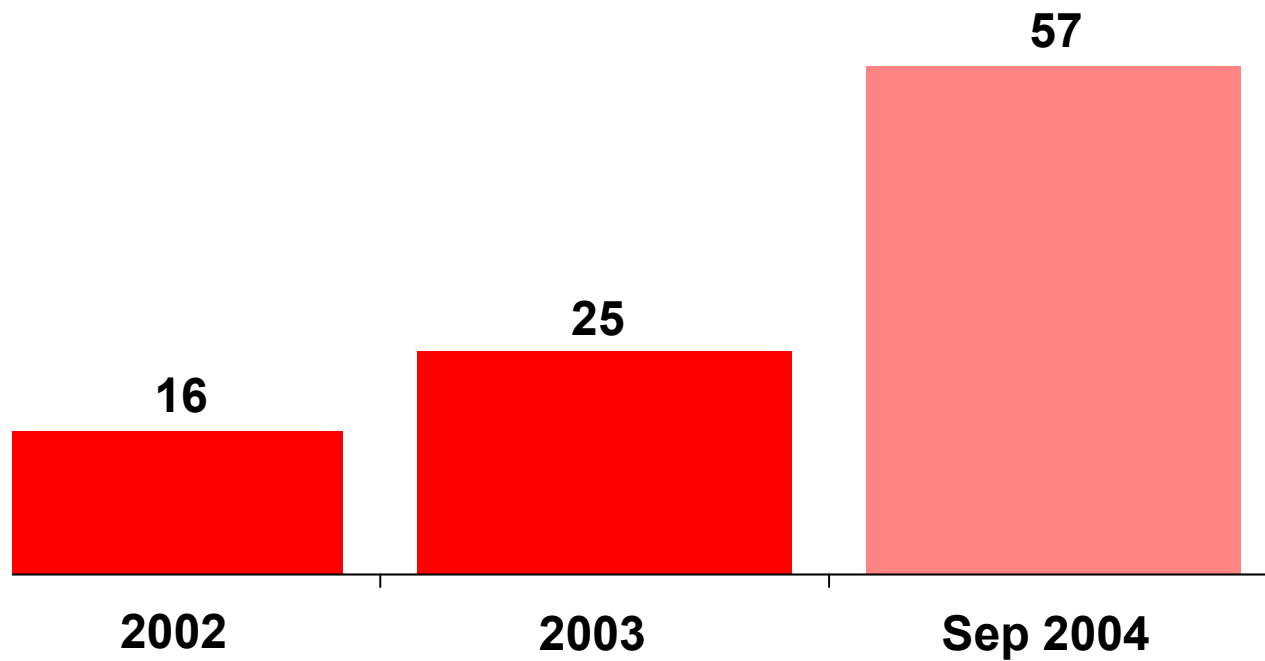
# Attracting and retaining people

## *What employees want...*

- **Scale, growth and diversity – A company with outstanding career opportunities**
- **Reputation and culture – A place where you are proud to work**

# Career development opportunities

## People transfers between our Asia businesses



*Over 95% across borders*



# Leadership development

## Asia Leadership Development Programme

### Selection

- High potential
- Flexible
- Language skills

### Class training

- People and functional skills
- Company culture

### Apprenticeships

- On-the-job training and assessment

### Exposure

- Top management access and advice

- Initially focused on China
- 6 month programme
- 3 classes (28 people) to date

*Developing the pipeline of future leaders today*



# Risk management focus

**Risk management**  
A framework for  
strengthening the  
business foundation

## **Strategic**

**Business environment**

**Investment**

**Operational**

**Compliance**

**Underwriting**

**Partners and suppliers**

**Improved  
process**

**Greater  
accountability**

**Deeper  
compliance  
culture**



# Compliance

## Three-pronged strategy

### Prevention

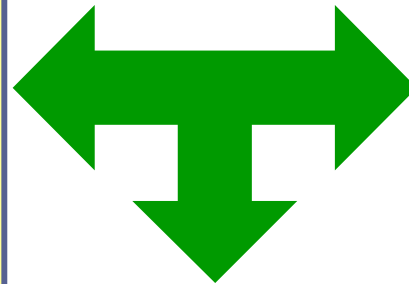
- Clear guidelines
- Management communication
- Case-study based training

**Culture of compliance**

### Detection

- Every business with a senior compliance leader
- Every major sales force has a compliance organization
- Immediate issue reporting

**80 compliance staff**



### Reaction

- Prompt and strict discipline
- Full cooperation with regulators

**No exceptions to the rules**

***Making our culture of compliance a competitive advantage***

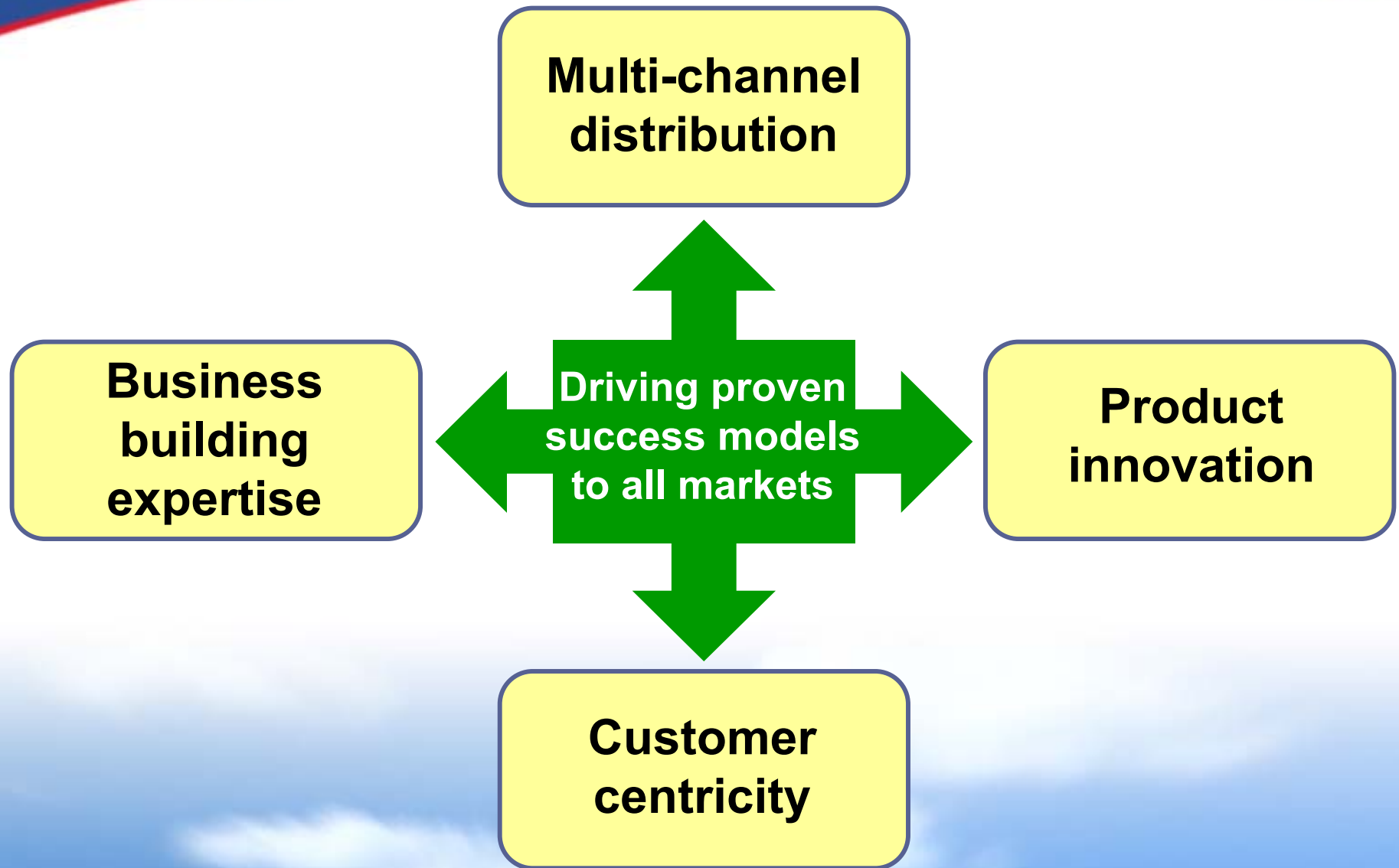


# Brand strength





# Continued strong growth





# Business building expertise



Vietnam

- No 1 market share
- Over 37,800 agents
- 65 offices
- 95% brand recognition



India

- No 1 market share
- Over 44,000 agents
- 90 offices
- 92% brand recognition



China

- Over 6,900 agents
- 3 offices
- Using our growth model tested in Vietnam and India

**Plus Shanghai**



# Multi-channel distribution



Tied agents



Independent financial advisors



Bank



Direct and telemarketing



Target customers





# Customer centricity



- **Segmentation and targeting**
- **Understanding their lifetime needs**
- **Innovative needs-based products**
- **Trusted for professional advice and superior service**

***Market leadership... Profitability***

# Delivering profitable and sustainable growth

***Accelerating  
profitability***

**Leveraging regional scale,  
expertise and innovation**

***Building  
sustainability***

**Creating a lasting  
foundation**

***Continued  
strong  
growth***

**Driving proven success  
models to all markets**

- Integrated operating model
- Leadership development
- Risk management
- Brand strength
- Business building expertise
- Multi-channel distribution
- Product innovation
- Customer centricity

***Strong top-line growth - even faster bottom-line growth***



## Key points : Seizing the opportunity

- 1** Growth opportunity in Asia remains significant for insurance and funds management
- 2** We are uniquely positioned to seize this opportunity
- 3** We are strengthening our foundation to ensure sustainability of above-market performance
- 4** Our scale and our focus will yield accelerated profitability : Strong top-line growth, even faster bottom-line growth



***Delivering profitable and sustainable growth***