

PRUDENTIAL PLC
Form 6-K
March 13, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of March, 2019

PRUDENTIAL PUBLIC LIMITED COMPANY

(Translation of registrant's name into English)

LAURENCE POUNTNEY HILL,
LONDON, EC4R 0HH, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82-

NEWS RELEASE
13 March 2019

PRUDENTIAL PLC FULL YEAR 2018 RESULTS

PRUDENTIAL DELIVERS CONTINUED GROWTH IN PROFIT AND DIVIDEND

Performance highlights on a constant (and actual) exchange rate basis
Group operating profit¹ of £4,827 million, up 6 per cent² (up 3 per cent³)

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Asia EEV new business profit⁴ of £2,604 million, up 14 per cent², operating profit¹ of £2,164 million, up 14 per cent² and underlying free surplus generation⁵ of £1,171 million, up 14 per cent²

US fee income up 8 per cent² following a 10 per cent² increase in average separate account balances⁶

M&GPrudential operating profit¹ up 19 per cent, including the effect of updated longevity assumptions

Full year 2018 ordinary dividend increased by 5 per cent to 49.35 pence per share

Group Solvency II surplus^{7,8} estimated at £17.2 billion, equivalent to a cover ratio of 232 per cent

Continued progress in preparations for the demerger of M&GPrudential from Prudential plc

Mike Wells, Group Chief Executive, said: 'In 2018, our financial performance, again led by our Asia operations, is testament to the scale of our opportunity set, the depth of our capabilities and our unrelenting focus on executing our strategy at pace. At the same time we have made good progress in our preparations for the demerger of M&GPrudential from Prudential plc.'

'In Asia we have again delivered double-digit growth across our key metrics of new business profit⁴ (up 14 per cent²), operating profit¹ (up 14 per cent²) and underlying free surplus generation⁵ (up 14 per cent²). This performance is both broad-based, with 10 markets achieving double-digit growth² in new business profit⁴, and high-quality, with health and protection new business profit growing by 15 per cent². Our Asia asset manager, Eastspring, has increased operating profit (up 6 per cent²) amidst a challenging external environment reflecting the structural benefit from life business net flows. Our broad-based portfolio of life insurance and asset management businesses, high-quality products with distinctive value-added services and multi-channel strategy ensure that we continue to benefit from the growing customer demand in Asia for the health, protection and savings solutions that we provide.'

'In the US, our life business, Jackson, remains focused on providing financial security to increasing numbers of individuals approaching or in retirement, broadening its product range and extending its distribution network. US operating profit decreased by 11 per cent, with higher fee income being more than offset by higher market-related amortisation of acquisition costs and lower spread-based income. Jackson's risk-based capital ratio, which increased from 409 per cent to 458 per cent by year-end, highlights the effectiveness of its risk management and hedging performance in the equity market decline experienced during the fourth quarter.'

'M&GPrudential continues to make progress implementing its merger and transformation programme while consolidating its position as one of the leading businesses in the UK & European savings and investment markets. M&GPrudential's total operating profit increased 19 per cent, principally reflecting the benefit from updated longevity assumptions and an 11 per cent increase in the shareholder transfer from the with-profits business, which includes a 30 per cent increase from PruFund.'

'The intended demerger of M&GPrudential from Prudential plc will further enhance the strategic focus of both businesses. I am confident that, given the extent of our opportunities and our proven ability to execute and innovate, we are well positioned to continue to grow profitably.'

Summary financials	2018 £m	2017 £m	Change on AER basis	Change on CER basis
Operating profit ¹	4,827	4,699	3%	6%
Underlying free surplus generated ⁵	4,047	3,640	11%	14%
Life new business profit ⁴	3,877	3,616	7%	11%
IFRS profit after tax ⁹	3,013	2,390	26%	30%
Net cash remittances from business units ¹⁰	1,732	1,788	(3)%	-
	2018 £bn	2017 £bn	Change on AER basis	

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IFRS shareholders' funds	17.2	16.1	7%
EEV shareholders' funds	49.8	44.7	11%
Group Solvency II capital surplus ^{7,8}	17.2	13.3	29%

Notes

- 1 In this press release 'operating profit' refers to adjusted IFRS operating profit based on longer-term investment returns. This alternative performance measure is reconciled to IFRS profit for the year in note B1.1 of the IFRS financial statements.
- 2 Year-on-year percentage increases are stated on a constant exchange rate basis unless otherwise stated.
- 3 Growth rate on an actual exchange rate basis.
- 4 New business profit on business sold in the year, calculated in accordance with EEV principles.
- 5 For insurance operations, underlying free surplus generated represents amounts maturing from the in-force business during the period less investment in new business and excludes non-operating items. For asset management businesses, it equates to post-tax operating profit for the period. Restructuring costs are presented separately from the underlying business unit amount. Further information is set out in note 10 of the EEV basis results.
- 6 Average US separate account balances for the year to 31 December 2018, compared to average balances for the year to 31 December 2017 on a constant exchange rate basis.
- 7 The Group shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring fenced with-profit funds and staff pension schemes in surplus. The estimated solvency positions include management's calculation of UK transitional measures reflecting operating and market conditions at each valuation date, which for both 2018 and 2017 reflects the approved regulatory position.
- 8 Estimated before allowing for second interim ordinary dividend.
- 9 IFRS profit after tax reflects the combined effects of operating results determined on the basis of longer-term investment returns, together with short-term investment variances, results attaching to disposal of businesses and corporate transactions, amortisation of acquisition accounting adjustments and the total tax charge for the year.
- 10 Net cash remitted by business units are included in the Holding company cash flow, which is disclosed in detail in note II(a) of the Additional unaudited IFRS financial information. This comprises dividends and other transfers from business units that are reflective of emerging earnings and capital generation.

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Notes to Editors:

- a. The results in this announcement are prepared on two bases: International Financial Reporting Standards (IFRS) and European Embedded Value (EEV). The results prepared under IFRS form the basis of the Group's statutory financial statements. The supplementary EEV basis results have been prepared in accordance with the amended European Embedded Value Principles dated April 2016 prepared by the European Insurance CFO Forum. The Group's EEV basis results are stated on a post-tax basis and include the post-tax IFRS basis results of the Group's asset management and other operations. Year-on-year percentage increases are stated on a constant exchange rate basis unless otherwise stated. Constant exchange rates are calculated by translating prior year results using the current period foreign exchange rate ie current period average rates for the income statement and current period closing rates for the balance sheet.
- b. Adjusted IFRS operating profit based on longer-term investment returns is determined on the basis of including longer-term investment returns. EEV and adjusted IFRS operating profit based on longer-term investment returns is stated after excluding the effect of short-term fluctuations in investment returns against long-term assumptions and gains/losses arising on the disposal of businesses and other corporate transactions including the reinsurance of UK

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annuity contracts to Rothesay Life in March 2018. Furthermore, for EEV basis results, operating profit based on longer-term investment returns excludes the effect of changes in economic assumptions and the mark to market value movement on core borrowings. Separately on the IFRS basis, operating profit also excludes amortisation of accounting adjustments arising principally on the acquisition of REALIC completed in 2012.

c. Total number of Prudential plc shares in issue as at 31 December 2018 was 2,593,044,409.

d. A presentation for analysts and investors will be held today at 11.30am (UK time) / 7.30pm (Hong Kong time) in the conference suite at Nomura, 1 Angel Lane, London EC4R 3AB. The presentation will be webcast live and available to replay afterwards using the following link <https://www.investis-live.com/prudential/5c73c9a8cad1ac0c00430540/2018-full-year-results>

To register attendance in person please send an email to investor.relations@prudential.co.uk

Alternatively, a dial-in facility will be available to listen to the presentation: please allow time ahead of the presentation to join the call (lines open half an hour before the presentation is due to start, ie from 11.00am (UK time) / 7.00pm (Hong Kong time).

Dial-in: 020 3936 2999 (UK Local Call) / +44 20 3936 2999 (International) / 0800 640 6441 (Freephone UK), Participant access code: 082125. Once participants have entered this code their name and company details will be taken.

Playback: +44 (0) 20 3936 3001 (UK and international excluding US) / + 1 845 709 8569 (US only) (Replay code: 275563). This will be available from approximately 3.00pm (UK time) / 11.00pm (Hong Kong time) on 13 March 2019 until 11.59pm (UK time) on 27 March 2019 / 7.59am (Hong Kong time) on 28 March 2019.

e. 2018 Second interim ordinary dividend

Ex-dividend date	28 March 2019 (UK, Ireland, Hong Kong and Singapore)
Record date	29 March 2019
	17 May 2019 (UK, Ireland and Hong Kong)
Payment of dividend	On or about 24 May 2019 (Singapore and ADR holders)

f. About Prudential plc

Prudential plc and its affiliated companies constitute one of the world's leading financial services groups, serving 26 million customers and it has £657 billion of assets under management (as at 31 December 2018). Prudential plc is incorporated in England and Wales and is listed on the stock exchanges in London, Hong Kong, Singapore and New York. Prudential plc is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

g. Forward-Looking Statements

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to,

the timing, costs and successful implementation of the demerger of the M&GPrudential business; the future trading value of the shares of Prudential plc and the trading value and liquidity of the shares of the to-be-listed M&GPrudential business following such demerger; future market conditions, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives; the political, legal and economic effects of the UK's decision to leave the European Union; the impact of continuing designation as a Global Systemically Important Insurer or 'G-SII'; the impact of competition, economic uncertainty, inflation and deflation; the effect on Prudential's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of internal projects and other strategic actions failing to meet their objectives; disruption to the availability, confidentiality or integrity of Prudential's IT systems (or those of its suppliers); the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal and regulatory actions, investigations and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk Factors' section in this document.

Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.

Summary 2018 financial performance

Financial highlights

Life APE new business sales (APE sales)¹

	Actual exchange rate			Constant exchange rate	
	2018 £m	2017 £m	Change %	2017 £m	Change %
Asia	3,744	3,805	(2)	3,671	2
US	1,542	1,662	(7)	1,605	(4)
UK and Europe	1,516	1,491	2	1,491	2
Total Group	6,802	6,958	(2)	6,767	1

Life EEV new business profit and investment in new business

	Actual exchange rate				Constant exchange rate					
	2018 £m		2017 £m		Change %		2017 £m		Change %	
	New Business Profit	Free surplus invested in new business	New Business Profit	Free surplus invested in new business	New Business Profit	Free surplus invested in new business	New Business Profit	Free surplus invested in new business	New Business Profit	Free surplus invested in new business
Asia	2,604	488	2,368	484	10	1	2,282	466	14	5
US	921	225	906	254	2	(11)	874	245	5	(8)
UK and Europe	352	102	342	175	3	(42)	342	175	3	(42)
	3,877	815	3,616	913	7	(11)	3,498	886	11	(8)

Total
GroupIFRS profit²

	Actual exchange rate			Constant exchange rate	
	2018 £m	2017 £m	Change %	2017 £m	Change %
Operating profit before tax based on longer-term investment returns					
Asia					
Long-term business	1,982	1,799	10	1,727	15
Asset management	182	176	3	171	6
Total	2,164	1,975	10	1,898	14
US					
Long-term business	1,911	2,214	(14)	2,137	(11)
Asset management	8	10	(20)	9	(11)
Total	1,919	2,224	(14)	2,146	(11)
UK and Europe					
Long-term business	1,138	861	32	861	32
General insurance commission	19	17	12	17	12