



21 March 2024

M&G plc full year 2023 results

**STRONG FINANCIAL RESULTS UNDERPINNED BY DIVERSIFIED BUSINESS MODEL
CONTINUED PROGRESS ON STRATEGIC PRIORITIES AND BUSINESS TARGETS**

Net Client Flows (excl. Heritage)ⁱ £1.1bn 2022: £0.2bn	Adjusted Operating Profit Before Tax £797m 2022: £625m ⁱⁱ	Operating Capital Generation £996m 2022: £821m	Shareholder Solvency II ratio 203% YE 2022: 199%	Total Dividend per Share 19.7p 2022: 19.6p
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Andrea Rossi, Group Chief Executive Officer, said:

“M&G has performed very well in 2023. Today’s results show positive business momentum and meaningful improvements across key financial metrics. Net client flows, adjusted operating profit, operating capital generation, and the shareholder Solvency II ratio are all up materially year-on-year.

“This financial performance underscores the importance of our balanced and diversified business model, with strong growth achieved despite continued macroeconomic uncertainty. The contribution to earnings from our Life and Wealth operations increased meaningfully year-on-year, while Asset Management showed great resilience delivering net client inflows of £0.8bn at a time when the market for active investment solutions suffered significant redemptions.

“I am also very pleased with our operational progress in the first full year since outlining our three strategic priorities: Financial Strength, Simplification and Growth. We took steps forward on our business targets, and in particular, we are well placed to achieve our three-year cumulative operating capital generation of £2.5 billion by the end of the year.

“As we look ahead, I am confident about the prospects for M&G as we remain focused on executing our strategic plan. Our diversified business model puts us in an excellent position to continue delivering attractive outcomes for both our clients and shareholders over the long-term.”

Financial strength

- Adjusted operating profit before tax of £797 million was up 28% year-on-year (2022: £625 millionⁱⁱ), reflecting a resilient performance in Asset Management, and improved contribution from Life, Wealth and Corporate Centre.
- IFRS profit after tax of £309 million improved significantly (2022: £2,055 million lossⁱⁱ), benefitting from higher adjusted operating profit and a meaningful reduction in losses relating to short-term fluctuations in investment returns.
- Operating change in contractual service margin (CSM) of £355 million was up 175% year-on-year (2022: £129 million), primarily due to higher expected real-world return on with-profits business CSM following the increase in risk-free rates during 2022.
- Operating capital generation of £996 million was also up by 20% year-on-year (2022: £821 million), supported by a strong underlying capital generation of £752 million (2022: £628 million) and other operating capital generation of £244 million (2022: £193 million).
- Over 2022 and 2023, we generated £1.8 billion of operating capital, which puts us in a very good position to achieve our three-year cumulative operating capital generation target of £2.5 billion by end of year.
- Shareholder Solvency II coverage ratio improved to 203% (2022: 199%).
- The 2023 total ordinary dividend of 19.7 pence per share (2022: 19.6 pence per share) is in line with our policy of stable or increasing dividends. The second interim dividend of 13.2 pence per share is payable on 9 May 2024.

ⁱ Net client flows (excluding Heritage) consist of net client flows in Asset Management, PruFund and other Wealth and exclude the expected outflows in our Heritage business in Life.

ⁱⁱ 2022 comparative results, which were previously prepared under IFRS 4, have been restated following the adoption of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* from 1 January 2023.

Simplification

- Good momentum in the first year of our Transformation programme, creating a leaner and more efficient organisation and improving our ability to serve clients, reduce costs and unlock growth.
- Maintained 2023 managed costs in line with 2022 level, due to cost savings of £73 million in 2023, offsetting inflationary pressures and freeing up resources to support growth.
- Completed a number of cost-saving initiatives including the voluntary redundancy programme; reduced our UK office spend by 15%; restructured our Private Markets team; and reduced consultancy and contractor spend by 11%.
- Migrated another 2 million clients to our strategic policy administration system, reduced complaints by improving client service levels and reduced average claim processing time in the Life business.
- Appointed Joseph Pinto (CEO, Asset Management), Clive Bolton (CEO, Life Insurance) and Caroline Connellan (CEO, Wealth) now providing dedicated leadership for each of our three businesses.

Growth

- Delivered improved net client inflows (excluding Heritage) of £1.1 billion (2022: £0.2 billion) despite challenging macroeconomic conditions.
- Achieved net client inflows of £1.5 billion in Wholesale Asset Management (2022: £0.5 billion) attributable to the breadth of our proposition and continued strong investment performance. As of 31 December 2023, 64% of our mutual funds ranked in the upper two performance quartiles over three years (31 December 2022: 67%) and 69% over five years (31 December 2022: 60%).
- Experienced £6.2 billion net client outflows in UK Institutional Asset Management (2022: £2.3 billion) triggered by the 2022 mini-budget crisis and the ongoing de-risking of Defined Benefit pension funds, with market conditions expected to normalise in 2024.
- Continued to expand our International Institutional Asset Management operations, delivering net client inflows of £5.5 billion in 2023, and almost £16 billion over the last four years, with key wins in the Netherlands, Germany, Australia and Japan.
- Delivered net client inflows of £0.2 billion in Wealth (2022: £0.2 billion) underpinned by PruFund sales in the UK of £6.3 billion, the highest level since 2019.
- Successfully re-entered the Bulk Purchase Annuity market, completing two deals with a combined premium of £617 million in 2023. Signed a third deal with a £309 million premium on 15 March 2024, and expect to achieve £1 billion to £1.5 billion sales per annum going forward.

Outlook

- M&G is well positioned to navigate the current uncertain economic climate due to its diversified business model, international footprint, compelling products and services, investment capabilities and expertise.
- The 2023 Full Year Results underpin our continued confidence in the delivery of our strategic priorities and financial targets, as we remain focused on transforming M&G to deliver great client and shareholder outcomes.
- Our strategic priorities are clear: Maintain our financial strength, build on the progress already achieved in simplifying the business, better align to client needs, and deliver profitable growth in the UK and internationally.
- We are on track to achieving our operating capital generation target of £2.5 billion by end of 2024, and are making good progress on our 2025 financial targets, namely:
 - Generate £200 million of cost savings, gross of inflation, compared to 2022;
 - Reduce core Asset Management cost to income ratio to sustainably lower than 70%;
 - Deliver increased adjusted operating profit before tax from Asset Management and Wealth to more than 50% of the Group total excluding the Corporate centre; and
 - Reduce our leverage ratio to below 30%.
- Our dividend policy of delivering stable or growing dividends to our shareholders remains unchanged

	For the year ended 31 December 2023	For the year ended 31 December 2022
Performance highlightsⁱ		
Adjusted operating profit before tax (£m) ⁱⁱ	797	625
IFRS profit/(loss) after tax (£m) ⁱⁱ	309	(2,055)
Operating change in CSM (£m)	355	129
Operating capital generation (£m)	996	821
Total capital generation (£m)	358	(397)
Shareholder Solvency II coverage ratio (%)	203 %	199 %
Dividend per share (p)	19.7p	19.6p
Assets under management and administration (£bn)	343.5	342.0
Net client flows (excluding Heritage) (£m)	1.1	0.2

ⁱ Definitions of key performance measures are provided in the Supplementary information section of the Annual Report and Accounts on pages 366 to 367.

ⁱⁱ 2022 comparative results, which were previously prepared under IFRS 4, have been restated following the adoption of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* from 1 January 2023.

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Note to the editors

- The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, as adopted by the UK, and the Disclosure and Transparency Rules of the Financial Conduct Authority.
- The 2022 comparative results, which were previously prepared under IFRS 4, have been restated following the adoption of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* from 1 January 2023.
- The results include transitional measures, which are presented assuming a recalculation as at the valuation date, using management's estimate of the impact of operating and market conditions. As at 31 December 2022, the recalculated measures did not align to the latest approved regulatory position and therefore the estimated Solvency II capital position differed from the position disclosed in the formal regulatory Quantitative Reporting Templates and the Group Solvency and Financial Condition Report of the same date. As at 31 December 2023, the recalculated and regulatory positions are aligned.
- Total number of M&G plc shares in issue as at 31 December 2023 was 2,382,058,117.
- A live webcast of the Full Year 2023 Results presentation and Q&A will be hosted by Andrea Rossi (CEO) and Kathryn McLeland (CFO) on 21 March 2024. Register to join at: <https://mngresults.connectid.cloud/register>
Or dial in by phone in the UK: +44 20 3936 2999 or +44 800 358 1035 Access code: 718038
For global dial-in numbers see: Global Dial-In Numbers
The Results presentation will be available to download from 09:30 GMT on our Results, reports and presentations web page: <https://www.mandg.com/investors/results-reports-and-presentations>

6. Dividend to be paid in May 2024

Ex-dividend date	28 March 2024
Record date	2 April 2024
Payment of dividend	9 May 2024

7. About M&G plc

M&G plc is a leading international savings and investments business, managing money for around 4.6 million individual clients and more than 900 institutional clients in 38 offices worldwide. As at 31 December 2023, we had £343.5 billion of assets under management and administration. With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our life and wealth clients under the M&G Wealth and Prudential brands in the UK and Europe, and under the M&G Investments brand for asset management clients globally.

8. Additional Information

M&G plc, a company incorporated in the United Kingdom, is the ultimate parent company of The Prudential Assurance Company Limited. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.

9. Forward-Looking Statements

This document may contain certain 'forward-looking statements' with respect to M&G plc (M&G) and its affiliates (the Group), its plans, its current goals and expectations relating to future financial condition, performance, results, operating environment, strategy and objectives. Statements that are not historical facts, including statements about M&G's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'could', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks', 'outlook' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections which are current as at the time they are made, and therefore persons reading this announcement are cautioned against placing undue reliance on forward-looking statements. By their nature, forward-looking statements involve inherent assumptions, risk and uncertainty, as they generally relate to future events and circumstances that may not be entirely within M&G's control. A number of factors could cause M&G'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: changes in domestic and global political, economic and business conditions; market-related conditions and risk, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, corporate liquidity risk and the future trading value of the shares of M&G; investment portfolio-related risks, such as the performance of financial markets generally; legal, regulatory and policy developments, such as, for example, new government initiatives and regulatory measures, including those addressing climate change and broader sustainability-related issues, and broader development of reporting standards; the impact of competition, economic uncertainty, inflation and deflation; the effect on M&G's business and results from, in particular, mortality and morbidity trends, longevity assumptions, 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, such as transformation programmes, failing to meet their objectives; changes in environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the Group's control; the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change and broader sustainability-related issues effectively; the impact of operational risks, including risk associated with third-party arrangements, reliance on third-party distribution channels and disruption to the availability, confidentiality or integrity of M&G'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 the Group operates; 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. Any forward-looking statements contained in this document speak only as of the date on which they are made. M&G 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, or other applicable laws and regulations. This report has been prepared for, and only for, the members of M&G, as a body, and no other persons. M&G, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.