

PRUDENTIAL PLC
Form 6-K
May 09, 2012

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 May, 2012

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-

Enclosures: Prudential plc - 2012 1st Quarter Results

NEWS RELEASE

COMMUNICATIONS

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9 May 2012

PRUDENTIAL PLC FIRST QUARTER 2012 INTERIM MANAGEMENT STATEMENT

* STRONG START TO 2012 WITH CONTINUED PROFITABLE GROWTH

* ASIA NEW BUSINESS PROFIT UP 22 PER CENT TO £260 MILLION

* US MAINTAINED FOCUS ON VALUE WITH NEW BUSINESS PROFIT OF £214 MILLION

* UK NEW BUSINESS PROFIT OF £62 MILLION, IN LINE WITH VALUE OVER VOLUME STRATEGY

* HIGHER TOTAL ASSET MANAGEMENT NET INFLOWS³, AT £2.1 BILLION

* STRONG BALANCE SHEET WITH IGD SURPLUS ESTIMATED AT £3.8 BILLION⁴

	Q1 2012	Q1 2011	% CHANGE
GROUP INSURANCE ^{1,2}			
NEW BUSINESS PROFIT	£536M	£498M	8 %
MARGIN - APE %	56 %	56 %	-
GROUP APE SALES	£964M	£888M	9 %

INVESTMENT NET FLOWS ³	£2,116M	£1,891M	12 %
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Tidjane Thiam, Group Chief Executive, said:

"We have made a strong start to 2012. Using our primary measure of growth, new business profit, the first quarter of 2012 is our eleventh consecutive quarter of year-on-year growth.

"In Asia, new business profit increased by more than 20 per cent. Our multi-channel platform is a core component of our strategy in the region. In bancassurance, new business profit grew 40 per cent in the quarter thanks to the success of our partnerships across the region, highlighting the long-term potential of this channel. In parallel, our agency distribution continues to deliver a strong performance with agency new business profit up 17 per cent in the quarter.

"In the US, Jackson delivered new business profit of £214 million in the first quarter, slightly lower than the same quarter of last year. We have continued to manage proactively the balance between growth, capital and profitability. The combination of our prudent approach to pricing and our reputation as a high-quality and reliable business partner means that we have been able to continue writing variable annuity business at attractive internal rates of return in the quarter.

"In the UK we delivered new business profit of £62 million in the first quarter. We continue to focus on the products where we have a competitive advantage, namely individual annuities and with-profits. Both of these product lines delivered healthy increases in the quarter, particularly with-profits which is benefiting from customer demand in the current low interest rate environment.

"Asset management has recorded net inflows of £2,116 million, a 12 per cent increase over last year, led by M&G. M&G's fund managers continue to deliver strong investment performance for our clients and our broad product offering across asset classes positions us well for ongoing success. Our Asian asset management business, Eastspring Investments has also had a positive quarter with particular success in Japan and India.

"Our balance sheet and capital position continue to be strong with our estimated IGD surplus at the end of the first quarter at £3.8 billion after deducting the 2011 final dividend. This compares to £4.0 billion at 31 December 2011, stated before deducting the 2011 final dividend of £0.4 billion.

"There remain significant uncertainties in the global economy and the effects of the 2008-2009 crisis are still present in different forms whether public deficits or continued deleveraging in the financial sector. However, the economy in the US has shown signs of improvement and Asia has been more resilient than expected. With our limited exposure to the countries of the eurozone, our leading presence in Asia and our strong businesses in the US and in the UK we are well positioned and this is demonstrated clearly by these first quarter new business results.

"Overall, the positive momentum we reported at the full year has continued in the first quarter of 2012 led by Asia. The region, where we are focused on the economies of South-East Asia, continues to offer Prudential a significant opportunity for long-term profitable growth. Our market-leading positions in many of the fastest-growing markets, our attractive product mix and our powerful multi-channel distribution platform put us in a good position to continue to capitalise on these opportunities.

"We remain on-track to achieve our 2013 'Growth and Cash' financial objectives and, despite significant ongoing macro-economic uncertainty, we look forward to the rest of the year with confidence."

1

Unless otherwise stated all growth rates are on a sterling basis. Growth rates on constant currency are presented on schedule 1B of the Interim Management Statement

2

The assumptions used to calculate new business profit are presented in schedule 5 to the Interim Management Statement

3

Investment inflows excluding Eastspring Money Market Funds

4

Represents estimated IGD surplus after deducting the final 2011 dividend of £0.4 billion

1. Q1 2012 Business Unit financial highlights

	Q1 2012	Q1 2011	% change on Q1 2011
New Business Profit ⁵			
Asia	£260m	£213m	22 %
US	£214m	£220m	(3)%
UK	£62m	£65m	(5)%
Total Group Insurance	£536m	£498m	8 %

	Q1 2012	Q1 2011	% change on Q1 2011
Sales - APE			
Asia	£443m	£367m	21 %
US	£332m	£322m	3 %
UK	£189m	£199m	(5)%
Total Group Insurance	£964m	£888m	9 %

	Q1 2012	Q1 2011	+/- pts change on Q1 2011
Margin - APE %			
Asia	59 %	58 %	+1pts
US	64 %	68 %	-4pts
UK	33 %	33 %	0pts
Total Group Insurance	56 %	56 %	0pts

	Q1 2012	Q1 2011	% change on Q1 2011
Investment Flows			

Gross inflows			
M&G	£7,009m	£6,919m	1 %
Eastspring Investments ⁶	£2,174m	£2,267m	(4) %
Total Group	£9,183m	£9,186m	0 %
Net inflows			
M&G	£1,767m	£1,677m	5 %
Eastspring Investments ⁶	£349m	£214m	63 %
Total Group	£2,116m	£1,891m	12 %
Funds Under Management ⁸			
M&G	£202.9bn	£199.6bn	2 %
Eastspring Investments	£53.4bn	£51.7bn	3 %

5

The assumptions used to calculate new business profit are presented in schedule 5 to the Interim Management Statement

6

Gross and net investment inflows excluding Eastspring Money Market Funds

7

Percentages based on unrounded numbers

8

Funds under management includes all external and internal funds

1.1 Asia Insurance operations

Asia

	Q1 2012	Q1 2011	% change on Q1 2011
Sales - APE	£443m	£367m	21 %
New Business Profit	£260m	£213m	22 %
Total Margin - APE %	59 %	58 %	+1pt

Asian economies continue to grow and their medium to long-term prospects remain positive. A number of factors contribute to making many markets in the region - particularly in South-East Asia - attractive: large, relatively young populations, a growing middle class with significant and rising savings and health and protection needs with limited social welfare systems. Prudential, with its multi-channel distribution and emphasis on long-term savings as well as protection products, is well placed to meet customers' needs in its chosen markets.

Our geographic diversification remains a key strength, allowing us to deliver continued, profitable growth from the region. Prudential's growth momentum has continued into 2012 with first quarter new business profit of £260 million increasing by 22 per cent over the same quarter last year. This marks the eleventh consecutive quarter of year on year new business profit growth. Indonesia, Hong Kong, Singapore and Malaysia continue to account for the majority of Prudential Asia's new business profit and sales, with a combined increase in both new business profit and

APE of 24 per cent. We have also made good progress in Taiwan, the Philippines and Thailand, where our businesses are growing strongly.

Prudential's multi-channel distribution strategy continues to deliver significant returns. In both the agency and the bank channel, we follow a strategy that focuses on value as measured by the growth in new business profit. Our bancassurance partnerships have produced particularly strong results across a number of markets with new business profit up 40 per cent. Agency also continues to perform well with an increased sales force in many countries and improving product mix, leading to higher margins with new business profit growth of 17 per cent, consistent with our focus on value ahead of volume.

New business profit margins have increased slightly over the prior year to 59 per cent with the positive impact of economic assumption changes and product mix moderated by a higher proportion of sales through the bancassurance channel. The proportion of regular premium business has increased to 93 per cent of first quarter sales. Unit-linked, health and protection and par business represented 29 per cent, 30 per cent and 35 per cent of APE respectively (compared to 34 per cent, 29 per cent and 33 per cent in the first quarter of 2011).

China

			%
			change
			on
			Q1
	Q1 2012	Q1 2011	2011
APE	£17m	£18m	(6)%

The life insurance market in China remains challenging primarily due to regulatory changes in the bank channel. Reflecting this, our new business volumes were down for the first quarter of 2012 at £17 million. The overall reduction is driven primarily by a 9 per cent decline in sales through the bancassurance channel, where activity has also been impacted by recent changes in regulations including prohibiting sales by non-bank staff. Agency sales remain robust, supported by a higher number of agents compared to last year. With our 50 per cent share in the CITIC-Prudential joint venture we continue to rank as one of the leading foreign-owned players in the market and we remain well-placed to benefit from the attractive long term growth opportunities of this market.

Hong Kong

			%
			change
			on
			Q1
	Q1 2012	Q1 2011	2011
APE	£85m	£77m	10 %

Hong Kong delivered a strong first quarter, with APE higher by 10 per cent to £85 million. Prudential remains the only leading player in Hong Kong to have a material presence in both agency and bank distribution channels.

Sales growth in the first quarter was led by the bancassurance channel, where APE grew by 28 per cent, reflecting the strength of our distribution relationship with Standard Chartered Bank. Our agency business sustained its contribution to sales and profits with average agent numbers growing to over 5,300 since the start of 2011.

India

			%
			change
			on
			Q1
	Q1 2012	Q1 2011	2011
APE	£35m	£31m	13 %

In India, we continue to make progress in rebuilding the business following the regulatory changes introduced in late 2010 which impacted the whole market. ICICI-Prudential retains its position as a private sector leader and has refocused its operations on regular premium savings and protection products.

Against this backdrop, sales on a local currency basis increased by 23 per cent. Encouragingly, regular premium local currency sales increased by 57 per cent to £32 million, the highest quarter since the regulatory changes were introduced. The bank channel has played a significant role in the improvement in new business volumes.

Indonesia

			%
			change
			on
			Q1
	Q1 2012	Q1 2011	2011
APE	£97m	£74m	31 %

Indonesia is one of Asia's largest and fastest growing economies and Prudential continues to be a clear leader in the Indonesian life insurance market. We have had a strong start to 2012, producing a record first quarter performance with sales 31 per cent higher at £97 million.

Growth in Indonesia is underpinned by the ongoing and rigorously managed expansion of our agent sales force. Our recruiting, training and licensing processes continue to be effective and have driven a 23 per cent increase in average active manpower and higher levels of productivity. We continue to see excellent opportunities for further growth from the agency channel throughout 2012 and beyond.

Agency remains the dominant distribution channel in Indonesia and our bank partnerships are also making good progress, with APE up 223 per cent, although from a much lower base than our agency business.

Korea

			%
			change
			on
			Q1
	Q1 2012	Q1 2011	2011
APE	£21m	£28m	(25)%

Our business in Korea has been extensively restructured to concentrate on high-quality proprietary distribution and regular premium unit-linked business. We have chosen not to compete in the more capital-intensive market for guaranteed return products. During the first quarter of 2012 volumes have suffered from the ongoing impact of equity market volatility in the second half of 2011, with lower sales through the bank channel in particular. Agency production has proved more resilient and APE has remained in line with the prior year.

Malaysia

			% change on Q1 2011
APE	Q1 2012 £45m	Q1 2011 £44m	2 %

Malaysia delivered a strong increase in new business profits while sales growth was lower at 2 per cent. Average case sizes have declined as we increase our penetration of the Bumi sector and as we drive the product mix to optimise new business profitability.

Although still small relative to agency, bank sales have been encouraging through our partners UOB and Standard Chartered Bank and APE has increased by 142 per cent over the prior year.