

PRUDENTIAL PLC
Form 6-K
November 10, 2010

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 November, 2010

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-

Enclosure: Q310 Interim Management Statement

Embargo: 10 November 2010

PRUDENTIAL PLC THIRD QUARTER 2010 INTERIM MANAGEMENT STATEMENT

CONTINUED STRONG MOMENTUM WITH 9 MONTH NEW BUSINESS SALES OF £2,464 MILLION

- GROUP-WIDE SALES OF £2,464 MILLION UP 24 PER CENT. NEW BUSINESS PROFIT UP 21 PER CENT
- ROBUST GROWTH IN ASIA CONTINUES WITH YEAR TO DATE SALES UP 32 PER CENT AND YEAR TO DATE NEW BUSINESS PROFIT UP 34 PER CENT. HIGHEST THIRD QUARTER SALES FOR OUR ASIAN BUSINESS, UP 25 PER CENT
- SUSTAINED SALES MOMENTUM IN US. YEAR TO DATE SALES UP 33 PER CENT AT ATTRACTIVE MARGINS
- UK FOCUS ON VALUE OVER VOLUME CONTINUES TO DELIVER HIGHER NEW BUSINESS PROFIT, UP 14 PER CENT
- ASSET MANAGEMENT NET INFLOWS OF £6.2 BILLION, DRIVEN BY VERY HEALTHY M&G RETAIL NET INFLOWS OF £5.1 BILLION
- CAPITAL POSITION REMAINS STRONG - IGD SURPLUS ESTIMATED AT £3.4 BILLION 1

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change on Q3 09
Group Insurance 2, 3						
Sales - APE	£2,464m	£1,980m	24%	£809m	£689m	17%
New Business Profit ⁴	£1,345m	£1,116m	21%			
Margin - APE %	55%	56%	(1)pt			
Investment Net Inflows	£6.2bn	£13.0bn	(52%)	£1.8bn	£2.9bn	(39%)

Tidjane Thiam, Group Chief Executive said:

"The Group's performance in the third quarter has been strong. Prudential continues to grow fast and profitably. Group-wide year to date sales are up by 24 per cent and new business profit for the same period is up 21 per cent. This is in line with our stated strategy of allocating capital to the geographies and products with the best profitable growth opportunities. We do this with discipline and a clear focus on capital efficiency as well as balance sheet strength.

Our momentum in Asia has continued with year to date APE sales up 32 per cent to £1,066 million (2009: £806 million). APE sales for the third quarter of £353 million increased by 25 per cent versus the third quarter 2009 (£282

million). This performance was broad based across our markets validating our chosen geographic footprint. New business profit increased by 34 per cent to £621 million in the year to date (2009: £465 million) meaning that Asia represented 46 per cent of total new business profit. We have continued to focus on writing higher quality regular premium business, with 94 per cent of total APE being regular premium, with a significant proportion of health and protection products. The richness of our product mix, combined with changes in country mix, with a lower proportion of our sales in Korea has allowed us to achieve a new business profit margin of 58 per cent which is consistent with last year.

In the US, Jackson delivered year to date APE sales of £850 million, up 33 per cent over the same period in 2009 (£640 million). New business profit grew 10 per cent to £532 million (2009: £482 million). Year to date new business margins of 63 per cent have fallen from the exceptionally high levels achieved in 2009 (75 per cent), when Jackson was able to take advantage of the extreme dislocation then prevalent in the bond markets. We continue to write new business at internal rates of return in excess of 20 per cent. Our focus remains on optimising the balance between value, volume and capital consumption which means that we are still selling large volumes of variable annuities whilst containing fixed annuity sales. We do not target volume or market share, however the unique context created by the difficulties encountered by some of our peers means that Jackson was ranked fourth in variable annuity sales in the first half of 2010 while increasing its market share to 10.55 per cent from 8.1 per cent for the full year 2009. We will continue to manage our sales with a primary focus on value over volume.

In the UK, Prudential remains a market leader in its chosen product categories of individual annuities and with-profits. Here too, we continue to focus on balancing writing new business with sustainable cash generation and capital preservation. Total APE sales of £548 million were up 3 per cent on the first nine months of 2009. New business profit grew 14 per cent year to date to £192 million (2009: £169 million). The new business margin improved to 35 per cent in the first nine months of 2010 from 32 per cent in the same period of 2009, primarily due to increased margins on with-profits bond business combined with strong margins achieved on shareholder-backed annuity business.

In asset management, M&G's net inflows remain very healthy year to date, particularly M&G Retail, aided by ongoing excellent investment performance from M&G's flagship funds. 2009 was an exceptional year for M&G with heavy investment in our top-performing bond funds to exploit a unique context in fixed income markets. Over the past nine months, M&G has attracted net fund inflows of £6.2 billion (2009: £11.1 billion) including year to date net inflows of £5.1 billion for our retail business which continues to be the number one UK fund manager in terms of quarterly net retail sales. Indeed, M&G's Retail business in the UK has been number one for net retail sales over seven consecutive quarters, based on data to the end of June 2010. M&G's total funds under management at 30 September 2010 were £191.2 billion, up 10 per cent on the 2009 year end (2009: £174 billion) and 13 per cent on the third quarter of 2009. In Asia, total funds under management exceed £50 billion for the first time and closed the quarter at £50.3 billion.

We remain well positioned to deliver strong growth and generate strong returns for our shareholders, based on the Group's proven strategy, our brand and market position in the countries where we choose to operate, the power of our distribution and the quality of our teams. South East Asia, with its high rates of GDP growth, saving habits and low penetration of insurance products, remains the most attractive long-term opportunity in our industry and the primary focus for our growth and investment. This opportunity, supported by our strong position in the US, our focused business in the UK and market leading asset management businesses, means we view our future with confidence and believe that we will continue to outperform our competitors in our chosen markets."

1 After payment of 2010 interim dividend

2 Asia 2010 and 2009 comparative APE new business sales and new business profit exclude the Taiwan agency business disposed of during Q2 2009 and the Japanese insurance operations which we have closed to new business from 15 February 2010

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3 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

4 For Q3 2010 we have presented year to date new business profit and margin for the period ended 30 September 2010 and the comparative period. The assumptions underlying new business profit are presented in schedule 5 to the Interim Management Statement

5 Source: VARDS/Morningstar

1. Q3 2010 Business Unit financial highlights

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change on Q3 09
Sales - APE						
Insurance						
Asia ⁶	£1,066m	£806m	32%	£353m	£282m	25%
US	£850m	£640m	33%	£290m	£249m	16%
UK	£548m	£534m	3%	£166m	£158m	5%
Total Group Insurance	£2,464m	£1,980m	24%	£809m	£689m	17%

	YTD 2010	YTD 2009	% change on YTD 09
New Business Profit ⁷			
Asia	£621m	£465m	34%
US	£532m	£482m	10%
UK	£192m	£169m	14%
Total Group Insurance	£1,345m	£1,116m	21%

	YTD 2010	YTD 2009	% change on YTD 09
Margin - APE %			
Asia	58%	58%	-
US	63%	75%	(12)pts
UK	35%	32%	3pts
Total Group Insurance	55%	56%	(1)pt

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change ⁸ on Q3 09
Investment Net Inflows						
M&G	£6.2bn	£11.1bn	(44%)	£1.5bn	£2.5bn	(39%)
Asia Asset Management	-	£1.9bn	(102%)	£0.3bn	£0.4bn	(39%)
Total	£6.2bn	£13.0bn	(52%)	£1.8bn	£2.9bn	(39%)

6 Asia 2010 and 2009 comparative APE new business sales and new business profit exclude the Taiwan agency business disposed of during Q2 2009 and the Japanese insurance operations which we have closed to new business from 15 February 2010

7 For Q3 2010 we have presented year to date new business profit and margin for the 9 month period ended 30 September 2010 and the comparative period. The assumptions underlying new business profit are presented in schedule 5 to the Interim Management Statement

8 Percentages based on unrounded numbers

1.1 Asia Insurance operations

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change on Q3 09
Asia						
Sales - APE	£1,066m	£806m	32%	£353m	£282m	25%
New Business Profit	£621m	£465m	34%			
Margin - APE %	58%	58%	-			

Economic conditions in Asia during the third quarter 2010 continued to be very positive as Asian economies have performed strongly in a challenging global context. GDP in the region is expected to grow 8 per cent this year. Market conditions for the life insurance industry across Asia have also generally been positive, with the notable exception of India, where the regulatory changes that came into effect in September are expected to significantly reduce new business growth in this market over the short to medium term. Although we believe that the recent changes will have a positive impact on the profitability of the Indian market in the medium term, their short-term impact is very negative.

In this context, Prudential has continued to deliver very strong and profitable new business growth. APE for the third quarter of £353 million increased by 25 per cent over the same period in 2009 and APE of £1,066 million for the first nine months of 2010 has grown by 32 per cent over the same period in 2009. We remain focused on the attractive markets of South-East Asia (including Hong Kong) where our year to date APE sales were up 43 per cent to £693 million. We continue to either increase or hold our market share in all markets except for Korea where we deliberately stayed away from sales of short term interest sensitive products and in Hong Kong where some banks have pursued a volume driven strategy and have been writing significant quantities of what we consider to be lower margin business to secure market rankings.

Total average agency headcount at 154,000 excluding India, has increased by 11 per cent over last year and average APE per agent has increased by 11 per cent reflecting successful productivity initiatives. Both these factors have allowed us to achieve a 35 per cent increase in agency new business. The bancassurance channel represented 27 per cent of the year to date total APE and grew at 36 per cent, a faster rate than agency partly due to the success of our bank distribution agreement with UOB announced earlier this year. We are pleased by the performance of the new UOB distribution arrangements which have delivered APE sales of £22 million this year and which are now active in Singapore, Thailand and Indonesia.

Our continued focus on writing quality business has again delivered a profitable product mix, with regular premium business representing 94 per cent of total APE with a significant proportion of health and protection (25 per cent of APE), where APE sales grew by 22 per cent to £263 million. The proportion of linked business at 43 per cent is consistent with the same period last year. Par business APE sales increased by 46 per cent (30 per cent of APE) as customers' appetite for stable returns grew during the period. The quality of our Asian new business is reflected in the 34 per cent increase in year to date new business profits to £621 million, equivalent to a margin of 58 per cent. We expect the margin at the full year to be at or around this level.

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Policy attrition rates peaked in the first half of 2009. Since then persistency has been on an improving trend and we are actively taking steps to drive further improvements through initiatives such as converting cash premium payments to direct bank account transfers. In the last three months we saw a continuation of the small negative variances experienced in the first half of the year. These are manageable and unsurprising given the depth of the financial crisis.

With the exception of India we expect that the favourable market conditions will persist for the remainder of the year, sustaining our sales momentum. A high 2009 fourth quarter comparator and uncertainty around the market impact of the recent regulatory changes in India will, nevertheless, mean that at the full year although we expect to show strong growth it will not be at the same rate reported in the year to date.

Looking at developments of our sales in each major market:

China

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change on Q3 09
APE	£42m	£34m	24%	£15m	£13m	15%

In China, Prudential's share of new business volumes for the first nine months of 2010, reflecting our 50 per cent ownership of the CITIC-Prudential joint venture, is £42 million up 24 per cent on 2009. CITIC-Prudential's average agent numbers have declined by 15 per cent compared to the same period last year as we are maintaining our discipline around exiting non-productive agents. Replacing these agents with quality new recruits remains challenging in a highly competitive environment. However, this has been more than offset by a significant increase in average APE per agent of 38 per cent reflecting our focus on quality and productivity management. The bancassurance channel is performing very well with sales up 30 per cent. Our joint venture partner CITIC-Bank in particular is showing strong growth and generating 30 per cent of the total bank new business year to date, however we also work successfully with a number of other domestic banks, including ICBC, and leading international banks. Our multi-channel distribution approach to this market is delivering results, with an approximate split of 50:50 between agency and bancassurance.

Hong Kong

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change on Q3 09
APE	£195m	£150m	30%	£65m	£55m	18%

Hong Kong continues to deliver strong, profitable growth with year to date APE of £195 million, an increase of 30 per cent over the prior year. A key driver of this performance is our market leading agency force where average agent numbers for the year to date are up 15 per cent and average APE per agent has increased by 19 per cent.

The bancassurance channel also continues to perform well and is demonstrating strong momentum over the same period last year, with new business volumes up 28 per cent. Sales from our very successful bancassurance agreement with Standard Chartered Bank rose by 28 per cent, benefiting from higher production by bank staff and new product launches.

India

	YTD 2010	YTD 2009		Q3 2010	Q3 2009	% change on Q3 09
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% change on
YTD 09

APE	£167m	£116m	44%	£48m	£40m	20%
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In India, ICICI-Prudential saw resurgence in new business volumes during the first eight months of 2010 following on from the market related decline in 2009. However, from 1 September 2010 the industry is operating under new regulations that will significantly change the market; in summary unit linked policies are now subject to charging caps and lock in periods. Over the medium to long term we believe these changes will have a positive impact on the market as the emphasis will shift from investment products to savings and protection, but in the shorter term we anticipate that new business volumes and margins will decrease sharply as the industry goes through a period of adjustment.

At ICICI-Prudential we have planned for the new regulations by downsizing our agency force (reduced by 28 per cent to 176,000 at 30 September 2010 compared to the same date last year) and generally increasing our focus on operational efficiency. Prudential's share of new business for September 2010 was down 48 per cent on August 2010 and we expect this trend to continue or worsen for the rest of the year.

Indonesia

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010	Q3 2009	% change on Q3 09
APE	£188m	£126m	49%	£59m	£43m	37%

Growth in Indonesia continues at a high pace with £188 million of new business volume up 49 per cent on the first nine months of 2009. Agency continues to be the predominant distribution channel and our successful agency management system has driven an 11 per cent increase in average agency numbers (to 82,000) and a 13 per cent increase in the APE per agent. Takaful linked products remain a significant contributor at 20 per cent of the new business mix.

Korea

	YTD 2010	YTD 2009	% change on YTD 09	Q3 2010
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