

Half year results 2016

Diversification delivers growth in challenging markets

Standard Life 

This presentation may contain certain “forward-looking statements” with respect to certain of Standard Life's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “pursues”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Standard Life's control including among other things, UK domestic and global political, economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Standard Life and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Standard Life’s actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in the forward-looking statements. Standard Life undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

All 2015 comparatives are in relation to continuing operations unless otherwise stated.

Building a world-class investment company

Keith Skeoch

Standard Life 

Diversification delivers growth in challenging markets

- Continuing to diversify our business by product, geography and client type
- Strengthening our positioning in pensions and savings through acquisition¹ of Elevate and continued build of our advice business 1825
- Diversifying sources of growth and value by increasing stake in HDFC Life to 35%
- Growing assets and gross inflows across a broad range of clients and customers
- Delivering growth in revenues, profits and cash flows
- Continuing to deliver a progressive dividend (interim dividend up 7.5% to 6.47p)

Delivering for customers, clients and shareholders

1. Acquisition expected to complete in H2 2016 subject to regulatory approval.

Half year results 2016

Diversification delivers growth in challenging markets

Luke Savage

Standard Life 

Continuing to deliver across our simple business model

Increasing assets

AUA

up 7% to **£328.0bn**
(FY 2015: £307.4bn)
(H1 2015: £302.1bn)

Maximising revenue

Fee based revenue

up 4% to **£794m**
(H1 2015: £761m)

Cost/income ratio
down 1% point to **62%**
(FY 2015: 63%)

Lowering unit costs

Driving profit

Underlying performance

up 14% to **£341m**
(H1 2015: £299m)

Diluted operating EPS

up 16% to **13.5p**
(H1 2015: 11.6p)

Generating cash and optimising the balance sheet

Cash generation up 10% to **£254m** (H1 2015: £230m) and strong and stable **Solvency II Investor view surplus** of **£3.0bn**¹

Growing the dividend

Interim dividend up **7.5%**

1. Includes entity level capital not recognised at Group. Excludes contribution to Solvency Capital Requirement and Capital relating to the With Profits Funds (WPFs) and the Pension Scheme surplus.

Delivering profitable growth

Operating profit before tax

	H1 2016 £m	H1 2015 £m
Fee based revenue	794	761
Spread/risk margin	63	40
Total operating income	857	801
Total operating expenses	(566)	(533)
Capital management	13	1
Share of associates' and JVs' profit before tax	37	30
Underlying performance	341	299
One-off contribution to with profits business in Germany	-	(9)
Operating profit before tax	341	290

Underlying performance up 14%

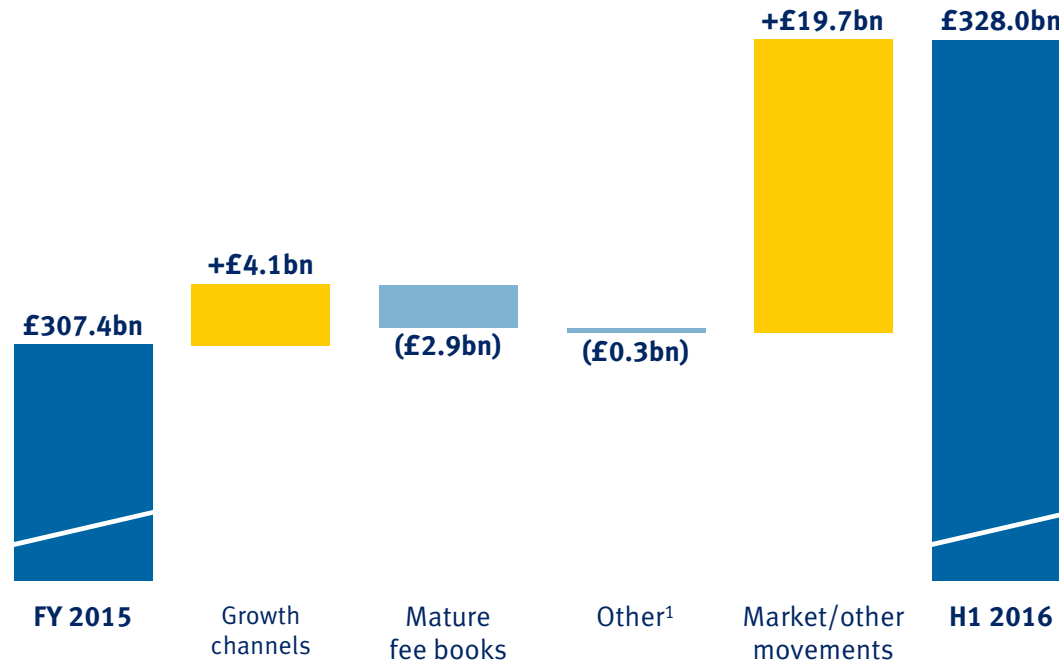
Lower level of non-operating items

Total non-operating items

	H1 2016 £m	H1 2015 £m
One-off		
Acceleration of DAC amortisation in Hong Kong	-	(47)
Defined benefit pension scheme restructuring costs	(5)	(20)
Other		
Short-term fluctuations in investment return and economic assumption changes	(17)	(42)
Restructuring expenses	(31)	(42)
Amortisation of intangibles	(9)	(10)
Other	1	3
Total non-operating items	(61)	(158)

Continuing growth in assets in volatile markets ...

Increasing assets



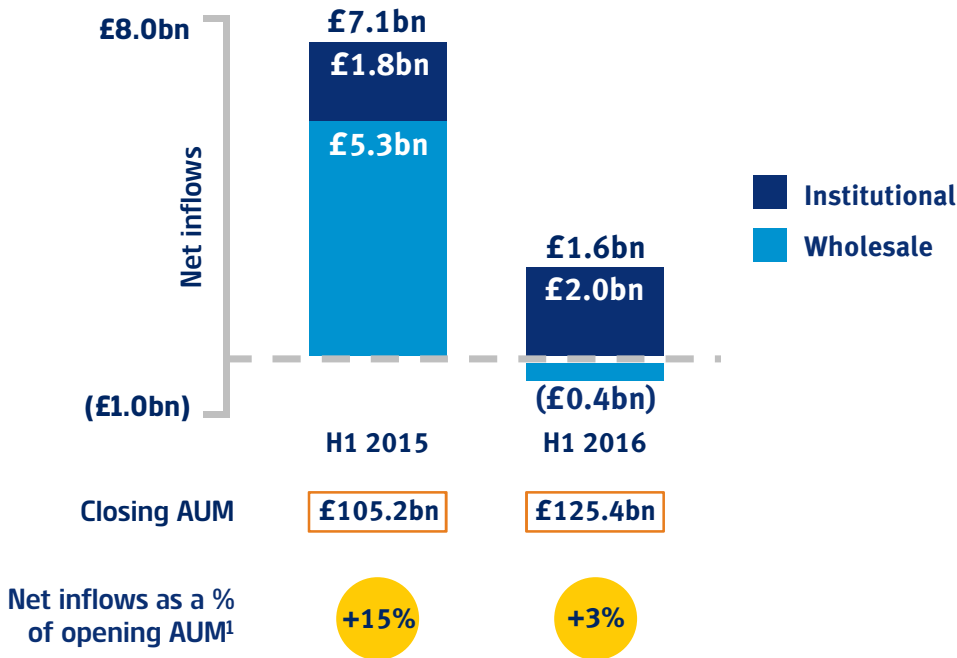
Growth channels net inflows and market movements driving increase in assets

1. Includes net inflows of £0.2bn from associate and joint venture life businesses and net outflows of £0.5bn from spread/risk.

... with Institutional and Wholesale channels benefiting from diversification ...

Increasing assets

Benefits of diversification with Institutional growth



- Institutional benefiting from increasingly global presence with net inflows of £2.0bn representing annualised 6% of opening AUM
- Resilient Wholesale business net outflows of £0.4bn in a challenging environment for mutual funds

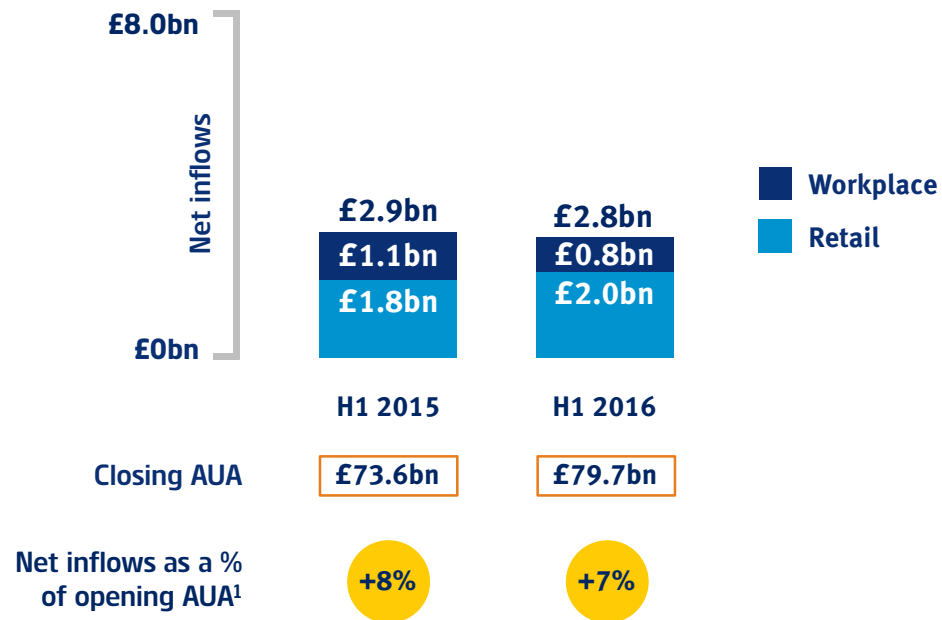
Institutional and Wholesale net inflows 3% of opening assets¹

1. On an annualised basis.

... and steady net inflows in Workplace and Retail

Increasing assets

Workplace and Retail attracting steady flows



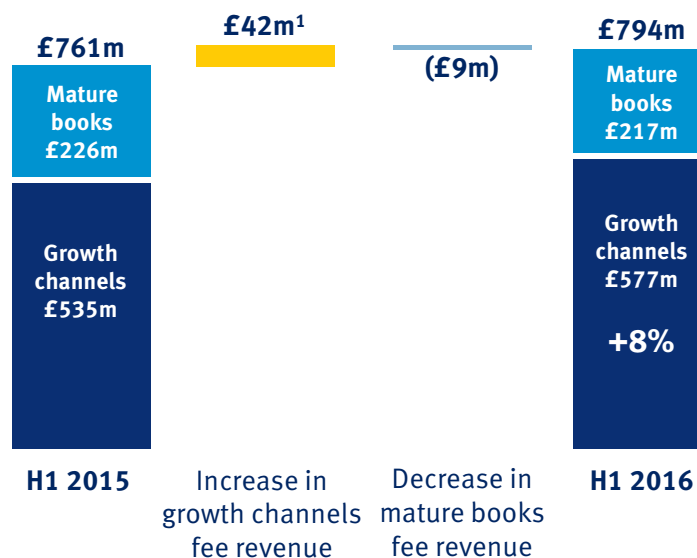
- Workplace and Retail channels continuing to attract steady flows:
 - Regular contributions into workplace pensions up 4% to £1.5bn
 - Retail net inflows benefiting from our leading adviser platform with Wrap net inflows up 3% to £2.1bn²
- Acquisition of Elevate expected to complete in H2 2016:
 - Further strengthens our already leading position in the UK advised platform market
 - Total cost of acquisition of c£100m including consideration and integration costs

Workplace and Retail net inflows 7% of opening assets¹

1. On an annualised basis. 2. Includes offshore bond reported within Europe growth fee (H1 2016: £0.1bn; H1 2015: £0.2bn).

Growth in assets driving increase in fee revenue

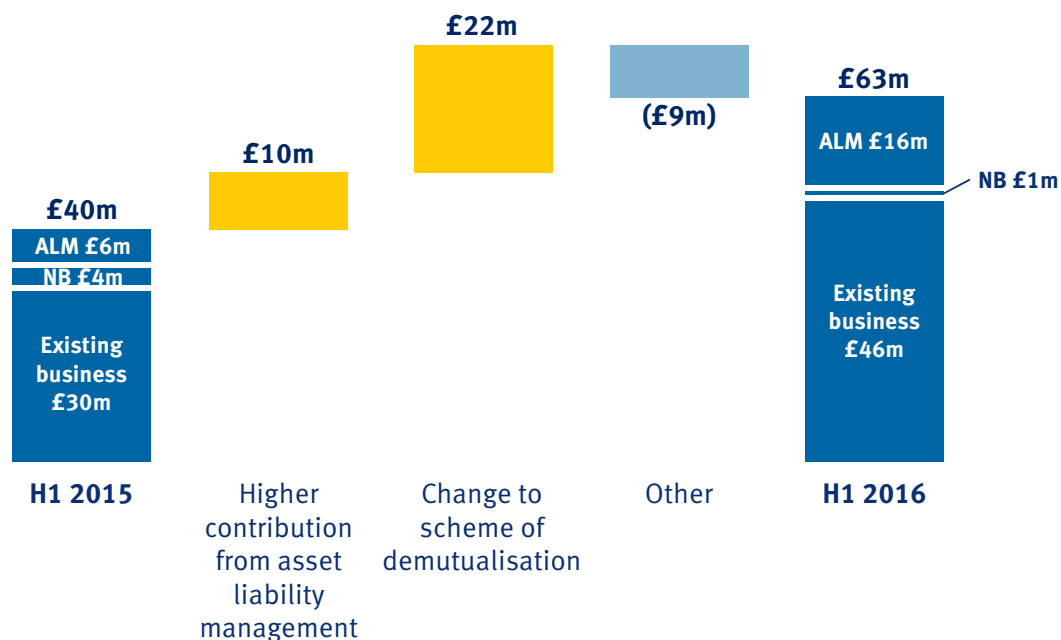
Maximising
revenue



Growth channels fee revenue up 8%

1. Includes decrease in Hong Kong fee based revenue of £13m.

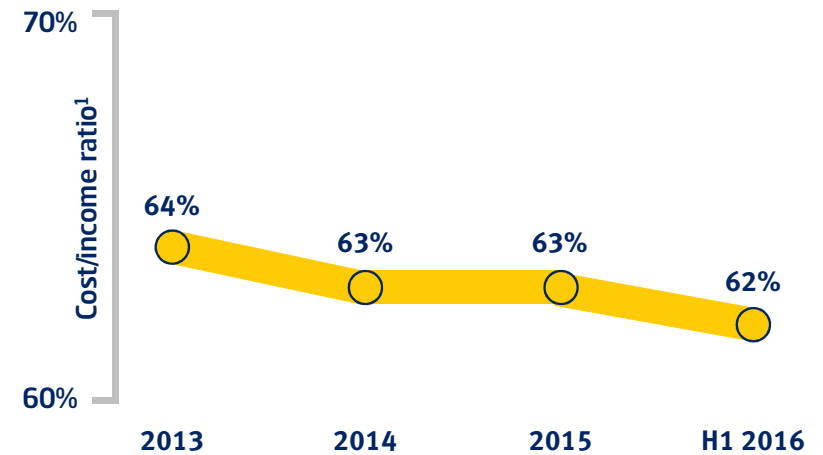
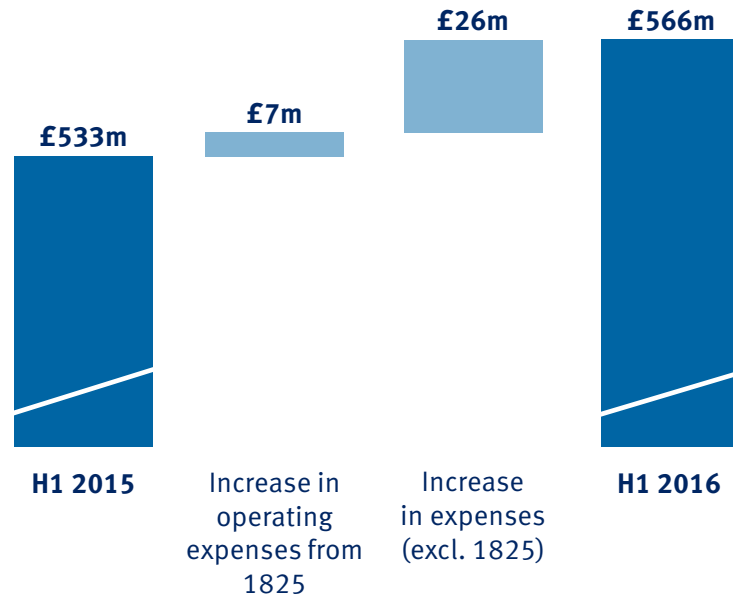
Spread/risk margin includes benefit from change to scheme of demutualisation



- Higher than expected contribution from asset liability management
- Existing business contribution includes benefit of £22m from changes to the scheme of demutualisation following transition to Solvency II
- Expect total contribution from asset liability management of c£20m-£25m in 2016

Maintaining financial discipline

Lowering unit costs

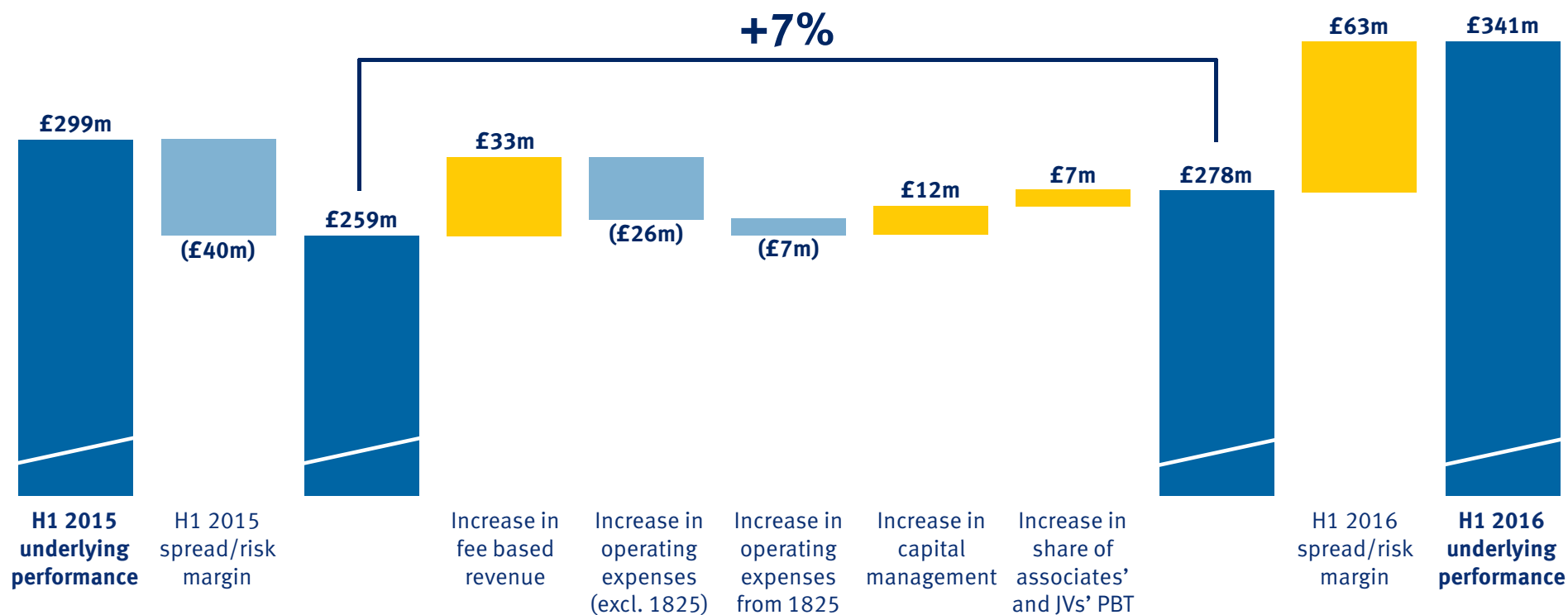


- Cost/income ratio down 1% point to 62%
- Integration of Ignis substantially complete achieving £50m of annual cost savings
- Balancing investment in new propositions, geographic reach and capabilities to support growth

1. On a rolling 12 months basis, operating expenses divided by operating income (including share of associates' and joint ventures' profit before tax).

Growing fee revenue enables investment in scalability and growth

Driving profit

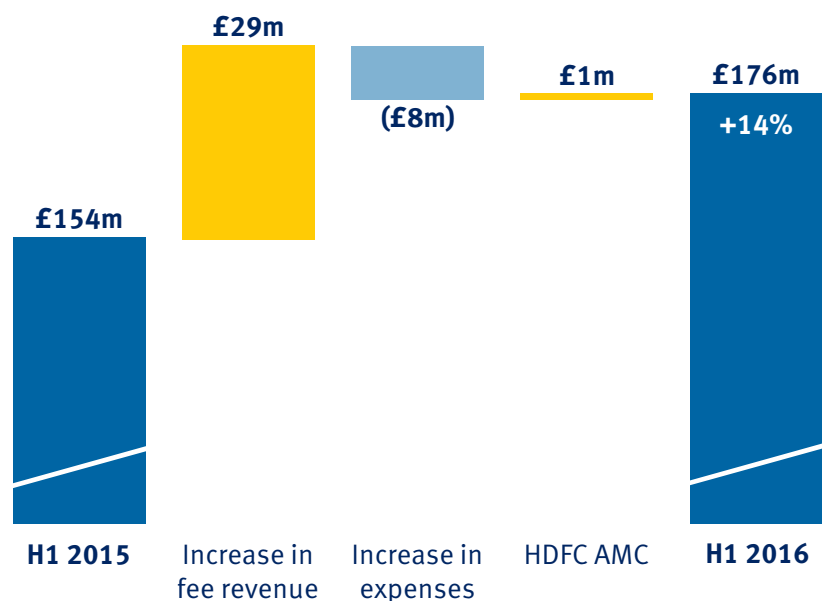


Underlying performance by business unit

	H1 2016 £m	H1 2015 £m
Standard Life Investments	176	154
UK spread/risk margin	55	38
UK excluding spread/risk margin	96	103
UK Pensions and Savings	151	141
Europe Pensions and Savings	18	15
Hong Kong	(2)	6
Share of associates' and JVs' profit before tax	21	15
India and China	19	21
Other	(23)	(32)
Underlying performance	341	299

Institutional and Wholesale driving profit in SLI

Standard Life Investments underlying performance



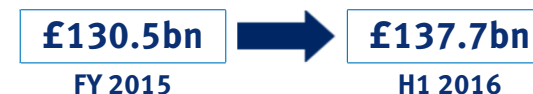
Investment performance¹



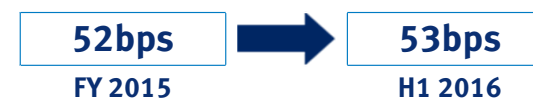
Total AUM



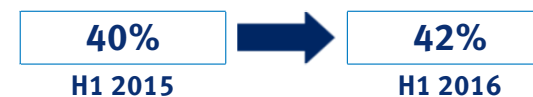
Growth channels AUM



Growth channels revenue bps



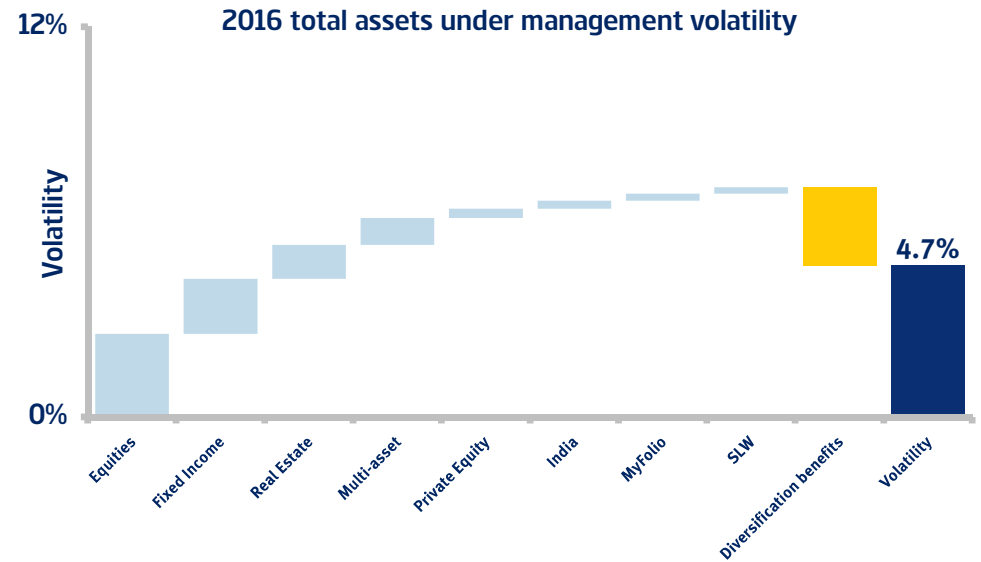
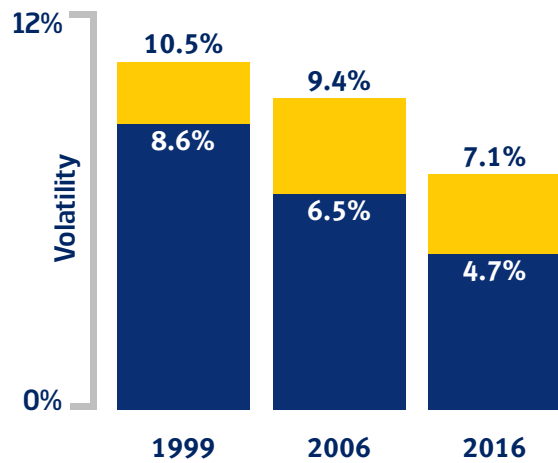
EBITDA margin²



1. Growth channels AUM above benchmark. 2. Earnings before interest, tax, depreciation and amortisation.

Benefiting from diversified asset mix ...

Total assets under management

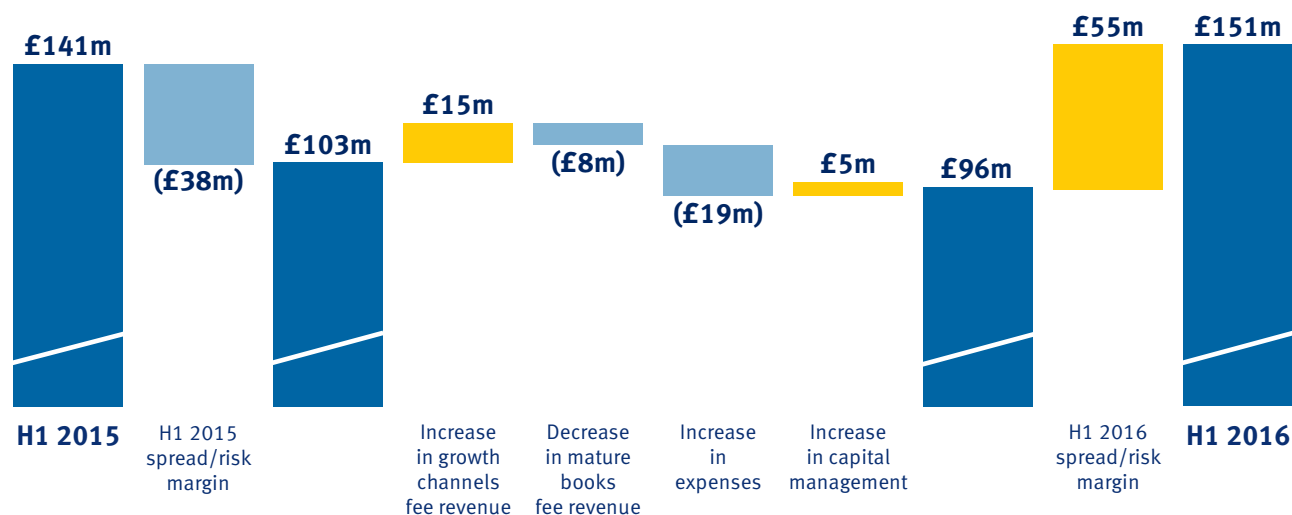


■ Diversification benefits ■ Volatility

... reducing volatility of AUM, revenue and profits

Workplace and Retail driving fee revenue growth

UK Pensions and Savings underlying performance



- Revenue from growth channels up 8%
- 1825 expected to break even during 2017

Total fee AUA



Workplace & Retail net inflows



Fee revenue bps

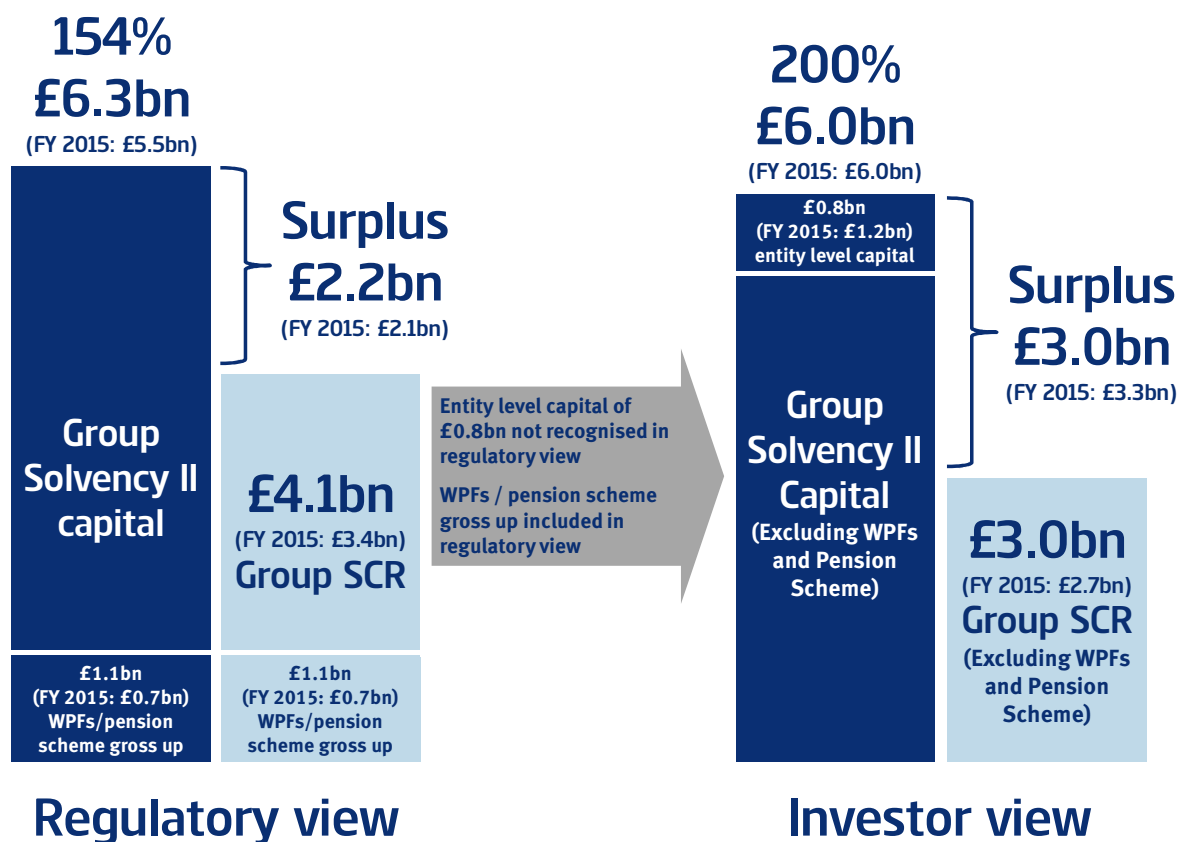


Cost/income ratio



Expect full year expenses (excl. 1825 and Elevate) to be in line with 2015

Solvency position remains strong



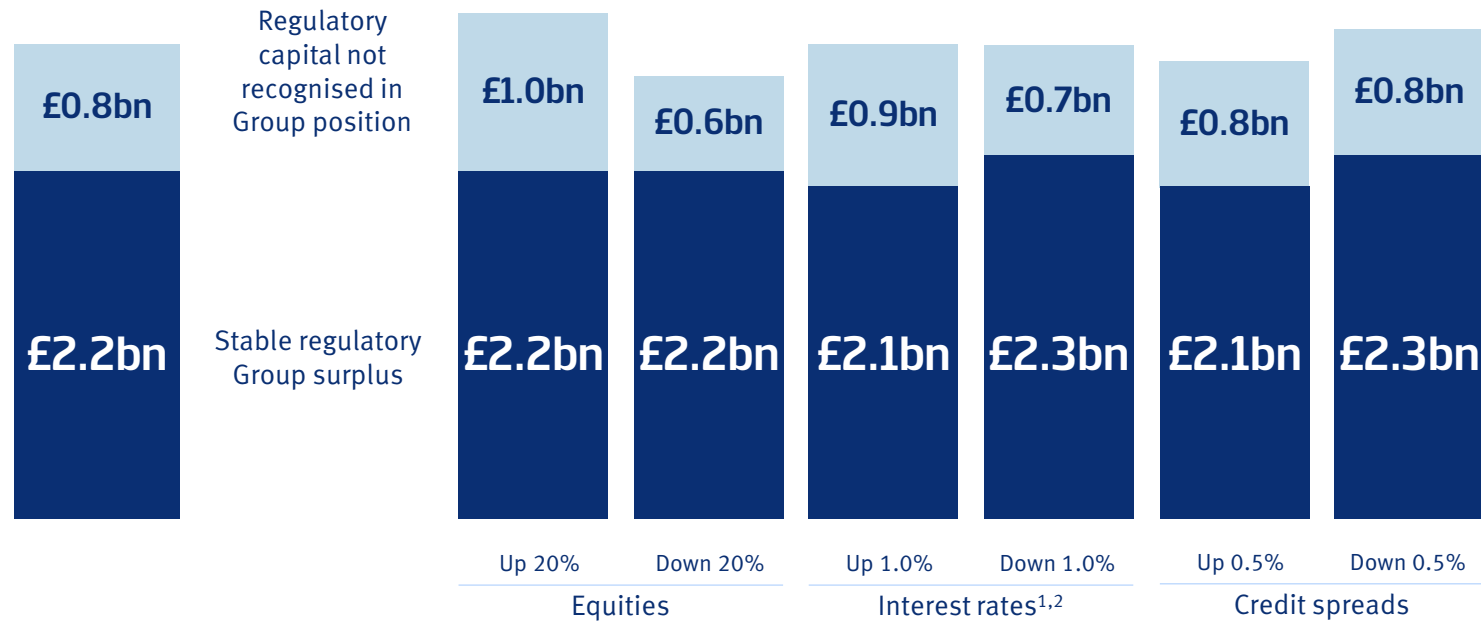
Investor view¹ surplus:
£3.0bn (FY 2015: £3.3bn)

Investor view¹ solvency ratio:
200% (FY 2015: 222%)

- Reduction in Investor view surplus mainly reflects amount paid to increase stake in HDFC Life of £0.2bn
- Small impact of market and other movements on surplus

1. Includes entity level capital not recognised at Group. Excludes contribution to Solvency Capital Requirement and Capital relating to the With Profits Funds (WPFs) and the Pension Scheme surplus.

Stable regulatory surplus

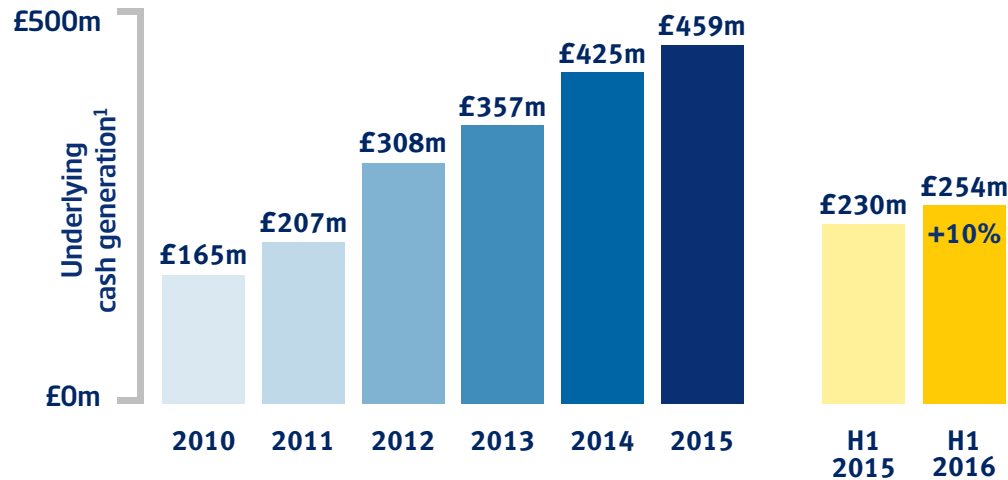


Stable Group surplus consistent with stable IFRS earnings

1. Interest rate sensitivities assume transitionals are recalculated. 2. Yield floor of -0.3%.

Continuing to grow underlying cash generation

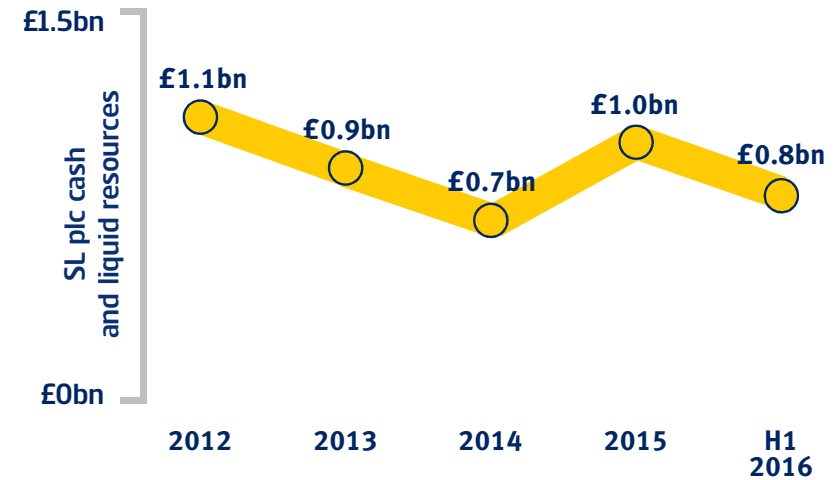
Underlying cash generation up 10%



Underlying cash generation aligned to IFRS earnings:

- Includes dividends received from HDFC AMC and HDFC Life of £8m (H1 2015: £7m)
- Effective rate of tax of 17% (H1 2015: 12%) now more reflective of long-term rate

Continued focus on SL plc liquid resources



Strong liquidity position:

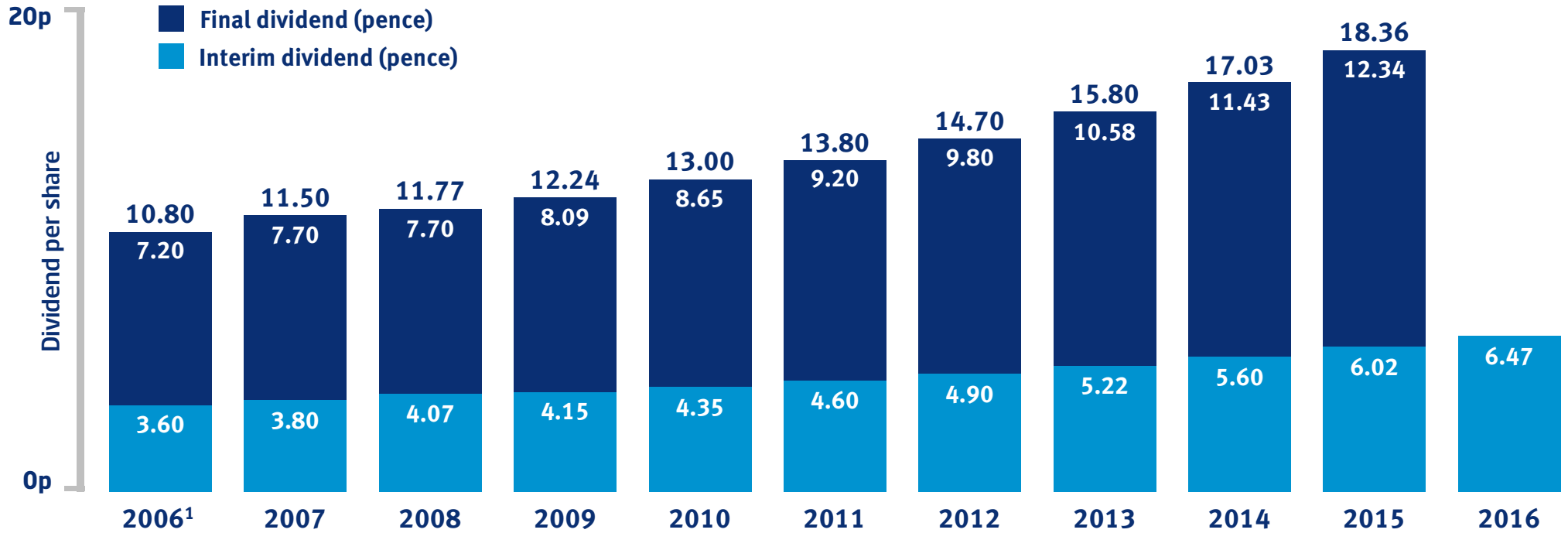
- £0.8bn of liquid resources after £0.2bn paid to increase stake in HDFC Life

SL plc liquid resources supporting:

- Progressive dividend buffer
- Organic growth / bolt-on acquisitions

1. Prior period comparatives have been restated to include dividends received from HDFC AMC and HDFC Life.

Interim dividend up 7.5% to 6.47p



Continuing to deliver a progressive dividend

1. Implied final dividend based on 5.40p dividend for period from demutualisation to 31 December 2006.

Building a world-class investment company

Keith Skeoch

Standard Life 

Building a world-class investment company

- Delivering for our clients and customers
- Trusted to look after client and customer assets for the long term
- Business that people aspire to work for and be associated with
- Common values built on teamwork, respect and commitment to excellence in all that we do

With a clear management focus on delivering growth and efficiency

Major global trends shaping the savings and investments landscape reinforced by increased uncertainty

Democratisation of financial risk

Rebuilding trust in financial services

Innovation, technology and digitalisation

Slow growth, low inflation, compressed return environment

- Public sector debts and deficits not going away – individuals increasingly taking responsibility for their financial futures driving need for advice
- Increased political debate around the world on inequality and inclusion
- Greater emphasis on international trade – innovation, technology and efficiency as source of competitive advantage
- Potential for slower economic growth and more compressed return environment for longer – driving demand for “new active” outcome orientated investment solutions

Our strategy is designed to take advantage of these trends

Increasing the pace of strategic delivery

DIVERSIFICATION

Targeted investment in diversification to meet changing client and customer needs

EFFICIENCY

Sharpening focus on cost efficiency aided by greater channel transparency and accountability

Driving shareholder value through focus on diversification and efficiency

Well performing and diversified growth channels

	Key growth channels				Total growth channels ¹	
	Institutional	Wholesale	Workplace	Retail	H1 2016	H1 2015
Gross inflows	£8.4bn	£6.5bn	£2.0bn	£4.1bn	£20.6bn	£20.5bn
Net inflows (annualised % of opening AUA)	6%	(2%)	5%	9%	4%	8%
AUA	£78.1bn	£47.3bn	£34.0bn	£45.7bn	£208.9bn	£190.3bn
Fee revenue	£178m	£125m	£91m	£106m	£577m	£535m
Revenue bps	49bps	70bps	54bps	49bps	60bps	57bps

Well positioned to capitalise on major global trends

1. Includes key growth channels plus Wealth, Ignis, Europe Growth, Hong Kong and eliminations.

We have significant growth opportunities

**Diversification
and Growth**

Efficiency

Transparency

Institutional and Wholesale

- Increasing international reach
- Continue to innovate and diversify our investment products – ILPS and private markets
- Expanding the range of clients we serve – insurers, sovereign wealth funds
- Collaboration with strategic partners and growing global brand awareness – new strategic partnership with Boserá

Workplace and Retail

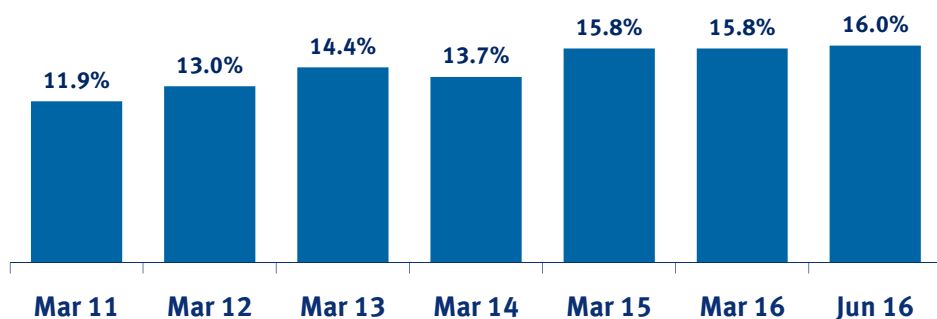
- Attracting further pension scheme mandates through auto enrolment and shift from DB to DC
- Benefit from increasing flows into existing schemes via customer growth and minimum contribution increases
- Deepening and lengthening relationships with employees through better cross-selling of retail propositions
- Consolidation of platform market will mean more assets moving to best in class/leading platforms like Wrap and Elevate
- Expansion of 1825 to meet the greater need for advice and guidance post-RDR and pension freedoms
- Continued development of our digital propositions to build long-term relationships with our customers

Strong strategic positions driving diversified growth

Capitalising on opportunities for our two valuable businesses in India

HDFC Life - a leading private Indian life insurer

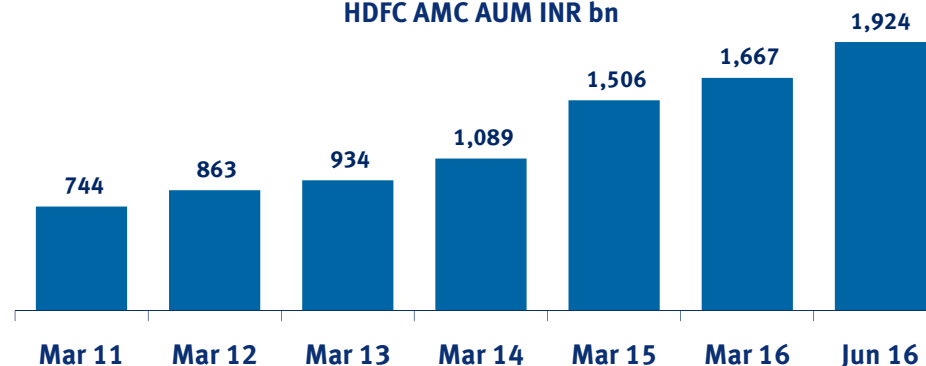
HDFC Life share of private life insurance premiums^{1,2}



- HDFC Life has agreed terms that, subject to approvals, will see:
 - Combination of the life insurance businesses of HDFC Life and Max Life to create the leading private sector life insurer in India
 - Increased transparency of value through listings on the Bombay Stock Exchange and the National Stock Exchange of India
- Standard Life will hold a 24.1% stake in the enlarged HDFC Life

HDFC AMC - a leading Indian private asset manager

HDFC AMC AUM INR bn

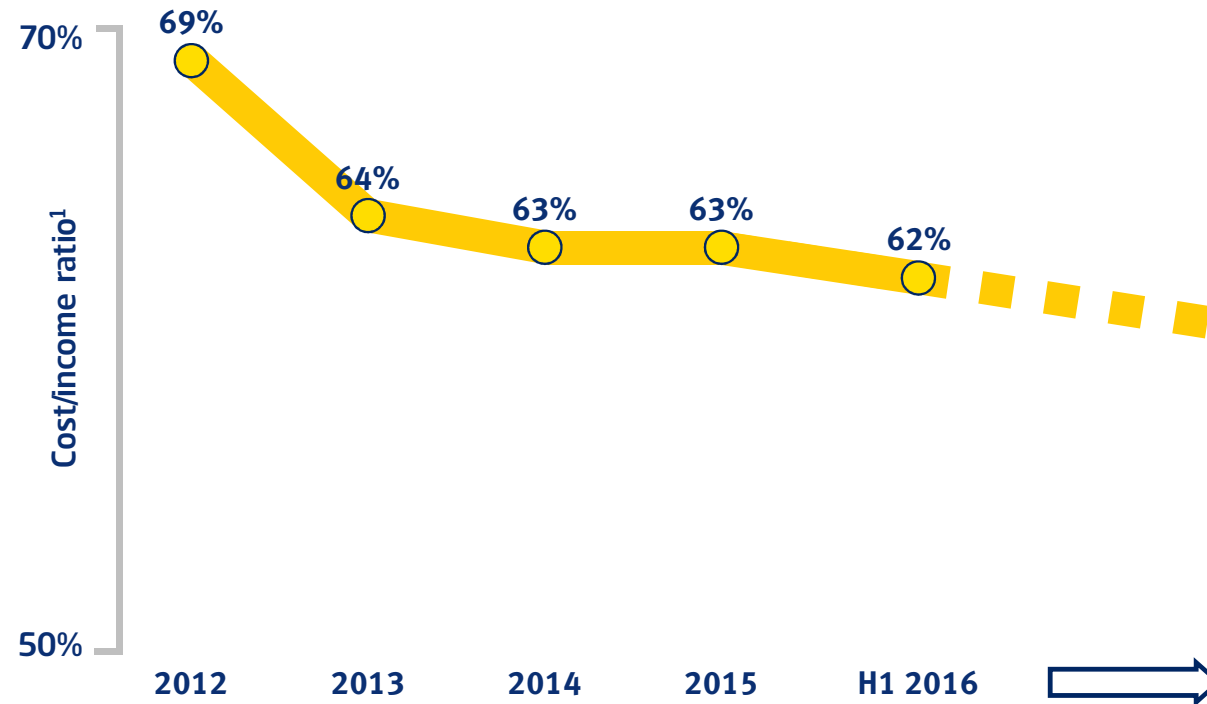


- Broad offering diversified by client type and asset class
- 40% stake in a leading private asset manager
- Over 15% share of equity AUM in Indian market
- AUM of INR 1,924bn or £20.6bn

Enhancing opportunities to drive further shareholder value

1. Financial year of HDFC Life ends 31 March. Market share at June 2016 is for prior 3 month period. 2. Source: Insurance Regulatory and Development Authority of India.

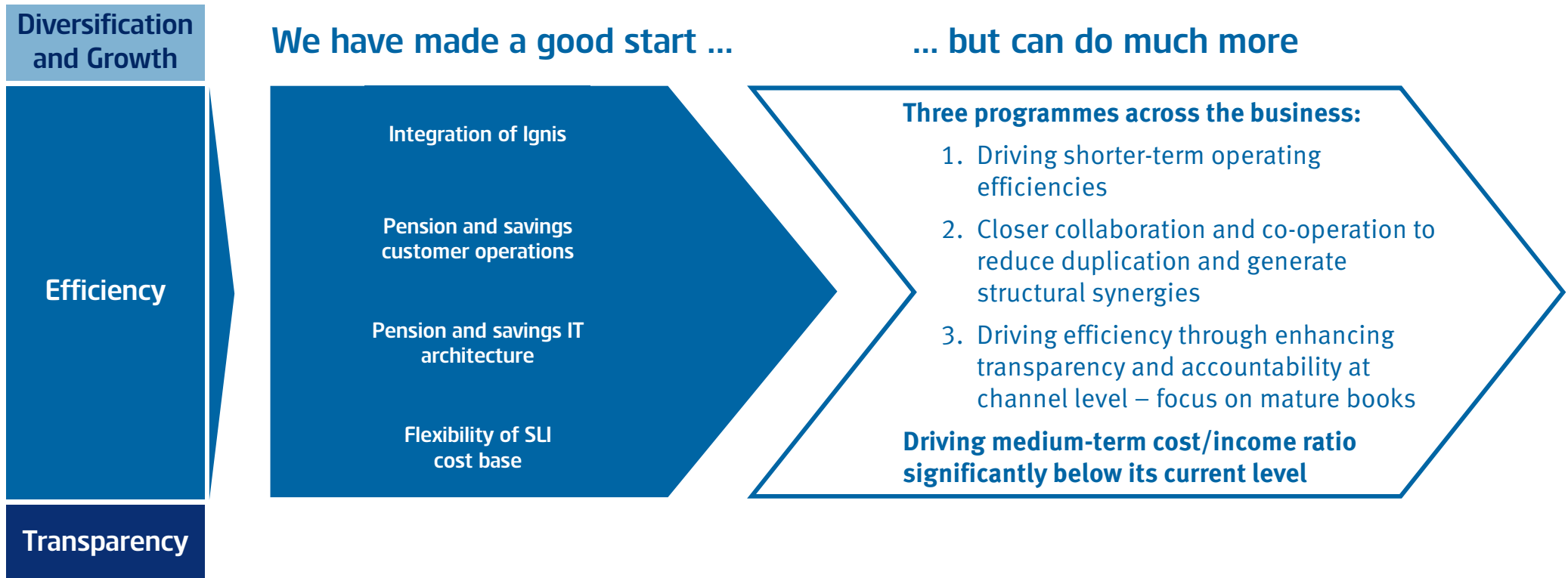
Track record of improving operational efficiency



Sharpening focus on cost efficiency

1. On a rolling 12 months basis, operating expenses divided by operating income (including share of associates' and joint ventures' profit before tax).

Driving greater cost efficiencies and financial discipline



Increased focus on driving efficiencies aided by greater transparency

Enhanced approach to managing our mature insured books

Diversification
and Growth

Efficiency

Transparency

Mature insured books

Mature
Retail

Workplace
(With Profits)

Annuities

- Management team focused on traditional UK mature insured books
- Creating opportunities to:
 - Improve efficiency and variability of cost base
 - Continue to deliver for our customers

Driving further shareholder value

Building a world-class investment company ...

- Increasing the pace of strategic delivery
- Targeted investment in diversification and growth
- Focusing on driving greater cost efficiencies
- Enhanced approach to managing our mature insured books
- Strengthening long-term relationships with clients and customers

... to generate sustainable and growing returns for shareholders

Questions and answers

Standard Life 

Appendix

Standard Life 

Operating profit by business unit

	Standard Life Investments		UK		Europe		India and China		Other		Eliminations		Total	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Fee based revenue	431	402	321	314	86	82	10	23	-	-	(54)	(60)	794	761
Spread/risk margin	-	-	55	38	8	2	-	-	-	-	-	-	63	40
Total operating income	431	402	376	352	94	84	10	23	-	-	(54)	(60)	857	801
Total operating expenses	(271)	(263)	(197)	(172)	(62)	(56)	(12)	(17)	(24)	(25)	-	-	(566)	(533)
Investment management fees to SLI	-	-	(41)	(47)	(13)	(13)	-	-	-	-	54	60	-	-
Capital management	-	-	13	8	(1)	-	-	-	1	(7)	-	-	13	1
Share of associates' and joint ventures' profit before tax ¹	16	15	-	-	-	-	21	15	-	-	-	-	37	30
Underlying performance	176	154	151	141	18	15	19	21	(23)	(32)	-	-	341	299
Underlying adjustments	-	-	-	-	-	(9)	-	-	-	-	-	-	-	(9)
Operating profit/(loss) before tax	176	154	151	141	18	6	19	21	(23)	(32)	-	-	341	290
Tax on operating profit/(loss)	(35)	(28)	(28)	(19)	(14)	1	-	-	8	9	-	-	(69)	(37)
Share of associates' and joint ventures' tax expense	(5)	(5)	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Operating profit/(loss) after tax	136	121	123	122	4	7	19	21	(15)	(23)	-	-	267	248
Non-operating items	(16)	(24)	(32)	(57)	(5)	(17)	-	(47)	(8)	(13)	-	-	(61)	(158)
Tax on non-operating items	3	4	12	9	2	(2)	-	5	3	3	-	-	20	19
Closure of Singapore insurance businesses ²	-	-	-	-	-	-	-	(40)	-	-	-	-	-	(40)
Profit/(loss) for the period attributable to equity holders of Standard Life plc	123	101	103	74	1	(12)	19	(61)	(20)	(33)	-	-	226	69

1. Share of associates' and joint ventures' profit before tax comprises the Group's share of results of HDFC Standard Life Insurance Company Limited, Heng An Standard Life Insurance Company Limited and HDFC Asset Management Company Limited. 2. Under IFRS 5, Singapore did not constitute a discontinued operation and was included under continuing operations in the IFRS consolidated income statement.

Growth and mature channels supplementary information

	Gross flows		Net flows		AUA		Fee based revenue		Fee revenue yield	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	
	£bn	£bn	£bn	£bn	£bn	£bn	£m	£m	bps	
Growth channels	Institutional	8.4	5.4	2.0	1.8	78.1	64.6	178	157	49
	Wholesale	6.5	8.9	(0.4)	5.3	47.3	40.6	125	102	70
	Workplace	2.0	2.1	0.8	1.1	34.0	33.2	91	88	54
	Retail	4.1	3.6	2.0	1.8	45.7	40.4	106	94	49
	Standard Life Wealth	0.5	0.4	0.2	-	6.7	6.3	24	19	79
	Ignis ¹	0.3	1.3	(0.1)	(1.9)	5.6	12.9	4	20	8
	Europe growth	0.7	0.7	0.3	0.3	10.4	9.0	39	32	71
	Hong Kong	-	-	-	-	0.6	0.4	10	23	-
	Fee business eliminations	(1.9)	(1.9)	(0.7)	(1.0)	(19.5)	(17.1)	-	-	-
	Total growth fee	20.6	20.5	4.1	7.4	208.9	190.3	577	535	60
Mature books	UK Mature Retail	0.4	0.4	(1.2)	(1.2)	32.6	33.4	124	132	77
	Europe Mature fee	0.3	0.4	0.1	0.2	10.3	7.9	47	50	129
	Third party strategic partner life business	-	-	(1.4)	(2.2)	43.0	42.1	34	34	20
	Other fee including CWP ²	-	-	(0.4)	(0.4)	1.0	1.7	12	10	-
	Total mature fee	0.7	0.8	(2.9)	(3.6)	86.9	85.1	217	226	53
Total fee	21.3	21.3	1.2	3.8	295.8	275.4	794	761	-	
Spread/risk	0.1	0.1	(0.5)	(0.5)	16.1	15.4	-	-	-	
Associate and joint venture life businesses	0.4	0.3	0.2	0.1	3.5	2.2	-	-	-	
Other	-	-	-	-	13.2	9.5	-	-	-	
Other eliminations	-	-	-	-	(0.6)	(0.4)	-	-	-	
Total	21.8	21.7	0.9	3.4	328.0	302.1	794	761	-	

1. In H1 2016 a number of Ignis funds were merged with other SLI funds, resulting in a decrease in reported Ignis AUM of £5.6bn. These assets are now included in Institutional (£4.0bn) and Wholesale (£1.6bn). 2. Fee based revenue income from investment management expenses charged directly to internal policyholder funds managed by Standard Life Investments for the Standard Life Group. These policyholder funds largely comprise assets across both growth channels and mature books as well as conventional with profits. AUA and flows comprise conventional with profits only.

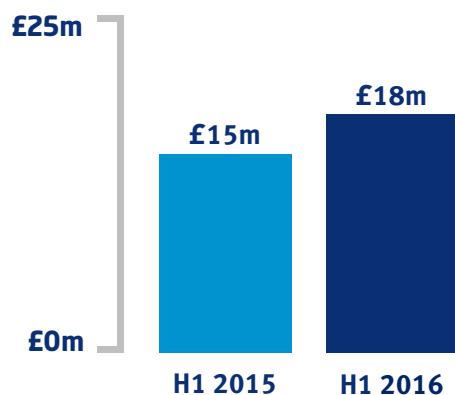
UK Pensions and Savings profit contribution

	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016
	£m	£m	£m	£m	£m
Workplace and retail (ex cash margin)	58	69	75	85	91
Revenue from cash balances	7	8	8	2	3
Workplace and retail contribution	65	77	83	87	94
Mature Retail	90	91	95	94	90
Fee based business contribution¹	155	168	178	181	184
Spread/risk contribution	50	71	70	35	52
Indirect expenses and capital management	(79)	(80)	(83)	(75)	(85)
Underlying performance	126	159	165	141	151
Underlying adjustments	-	-	-	-	-
Operating profit	126	159	165	141	151

1. Profit contribution reflects the income and expenses directly attributable to each of the UK lines of business. Comparative data has not been restated for changes in allocation between individual lines.

Ongoing growth in fee AUA in Europe

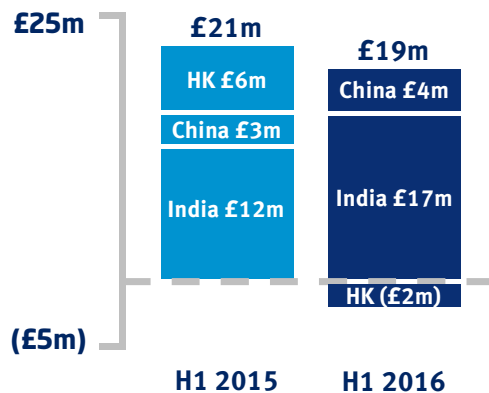
Europe Pensions and Savings underlying performance



- Increased fee AUA by 15% to £20.7bn (FY 2015: £18.0bn) driven by favourable foreign exchange movements and net inflows of £0.4bn
 - German unit-linked net inflows now represent c33% of Germany net inflows (H1 2015: 19%)
 - Offshore investment bonds net inflows up 8% to £0.2bn with AUA up 4% to £5.0bn (FY 2015: £4.8bn)
- Operating profit of £18m includes £4m spread/risk benefit from changes to the scheme of demutualisation following transition to Solvency II
- Expect operating profit of c£30m in FY 2016 and in FY 2017

Continued progress in India and China associate and joint venture life businesses

India and China underlying performance



- Creating shareholder value in India:
 - Increased our stake in HDFC Life from 26% to 35% for £179m
 - HDFC Life has agreed terms that, subject to approvals, will see the combination of the life insurance businesses of HDFC Life and Max Life, creating the leading private sector life insurer in India
 - The enlarged HDFC Life in which Standard Life would hold a 24.1% stake will, as a result of the combination and subject to approvals, have listings on the Bombay Stock Exchange and the National Stock Exchange of India
- Growth in sales and profit from our joint venture in China
- Hong Kong underlying performance reflects changing regulatory environment

1. 3 months to 30 June 2016. Source: Insurance Regulatory and Development Authority of India.