

Preliminary results 2012

Delivering substantial growth in profits
and increasing dividends

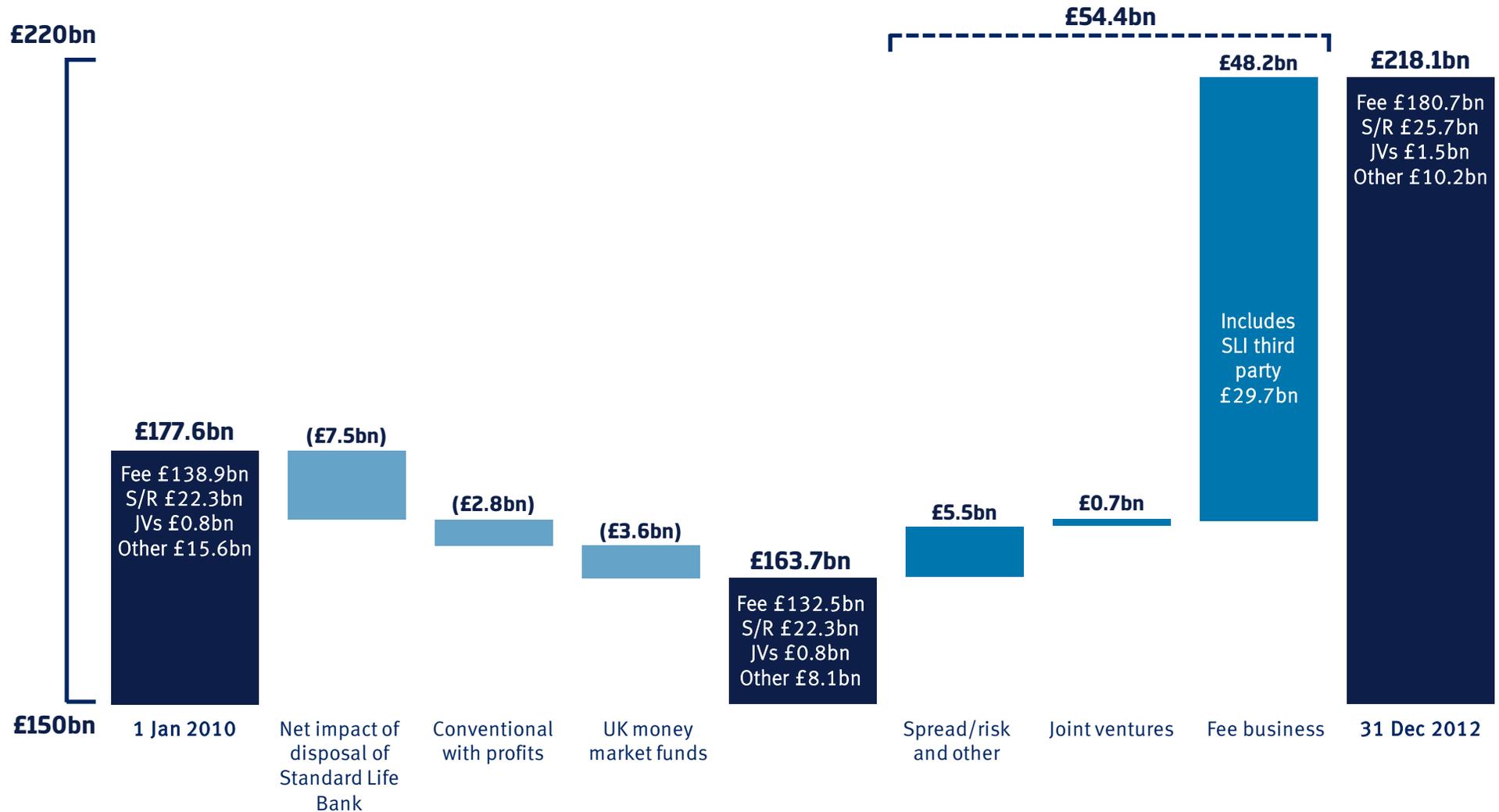
Standard Life 

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 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.

Delivering substantial growth in profits and increasing dividends

- Good progress made to date – firm foundation for future profitable growth
- Exploiting opportunities created by market, regulatory and customer change
- Strong range of propositions to meet customer needs
- Continuing to drive cost efficiencies
- Improving capital efficiency and returns for shareholders

Growing the quantity and quality of assets



Preliminary results 2012

Delivering substantial growth in profits
and increasing dividends

Jackie Hunt
Chief Financial Officer

Standard Life 

Group financial results - highlights

Financial highlights

	2012	2011
Operating profit before tax	£900m	£544m
Assets under administration	£218.1bn	£198.4bn
Standard Life Investments third party AUM	£83.0bn	£71.8bn
Group AUA net flows	£5.0bn	£5.4bn
EEV operating profit before tax	£1,116m	£989m
EEV operating capital and cash generation after tax	£734m	£438m
Dividend (interim and final)	14.70p	13.80p
Special dividend	12.80p	-

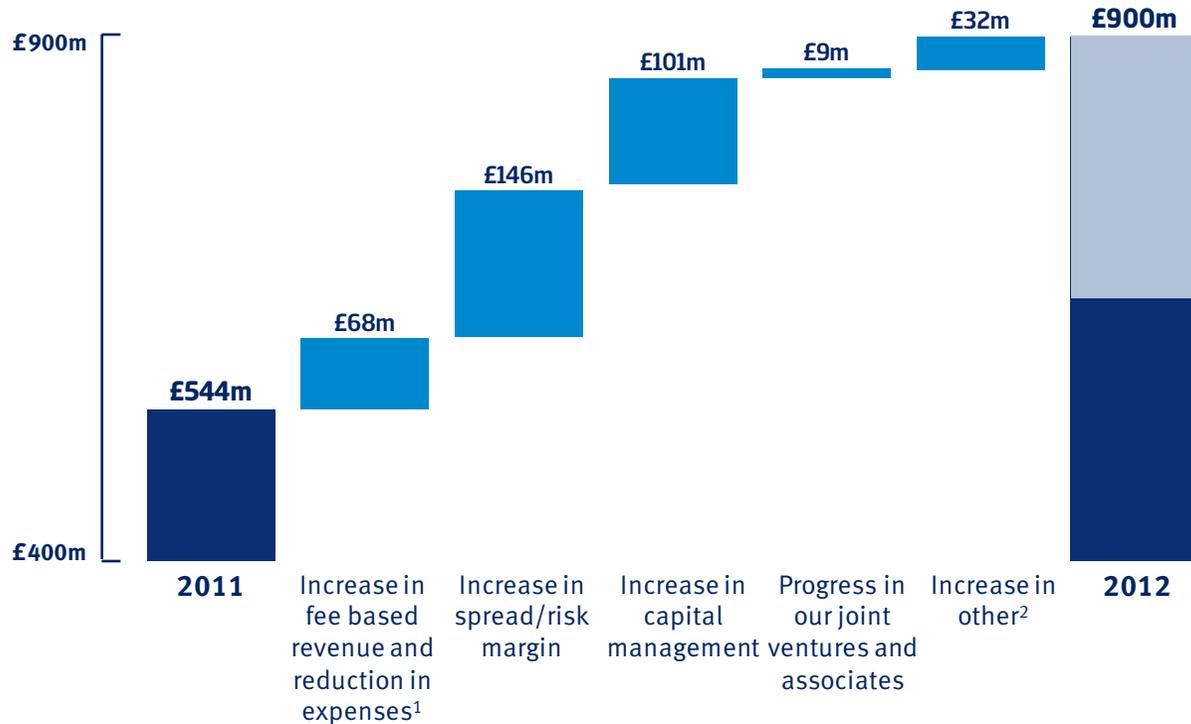
Group operating profit by business

Operating profit before tax

	2012 £m	2011 £m
UK ¹	286	156
Europe	37	46
UK and Europe ¹	323	202
Standard Life Investments	145	125
Canada	355	187
Asia and Emerging Markets	5	(6)
Other	(24)	(28)
Professional indemnity insurance claim/pension scheme benefit	96	64
Operating profit	900	544

1. Excluding £96m professional indemnity insurance claim in 2012 and UK staff pension scheme benefit of £64m in 2011

Strong profit delivery



- Operating profit of £900m
- Fee business profit up by £68m
- UK spread/risk margin benefited from growth in annuity volumes and favourable reserving changes
- Canada spread/risk margin reflects operating assumption changes (+£91m) and impact of specific management actions (+£81m), partly offset by lower interest rate environment
- Improvement in capital management includes impact of specific management actions in Canada of £72m
- In 2013 pursuing approximately half the value of management actions of £153m achieved in Canada in 2012

1. Acquisition expenses, maintenance expenses and GCC costs

2. Increase in other comprises difference between insurance claim of £96m in 2012 and UK staff pension scheme benefit of £64m in 2011

83%¹ increase in UK operating profit

Operating profit

	2012 £m	2011 £m
Fee based revenue	667	625
Spread/risk margin	107	75
Total income	774	700
Acquisition expenses	(174)	(202)
Maintenance expenses	(356)	(352)
Capital management	42	10
UK excluding other items	286	156
Europe operating profit	37	46
	323	202
Other	96	64
UK & Europe operating profit	419	266

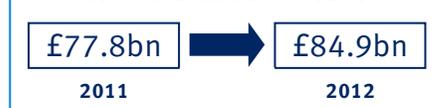
UK

- fee business AUA up 9% driven by inflows into our core propositions and positive market movements
- Fee business revenues stable at 72bps (2011: 73bps)
- Significantly increased profit contribution from fee business
- Spread/risk margin up 43% driven by 38% increase in annuity volumes and positive impact of investment strategy changes
- Absolute reduction in expenses demonstrating scalability of our business

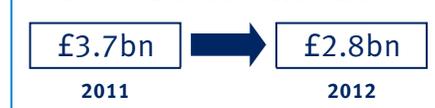
Europe

- Operating profit was impacted by increased reserves held to cover new business in Germany and adverse currency movements

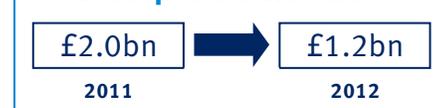
UK fee business AUA²



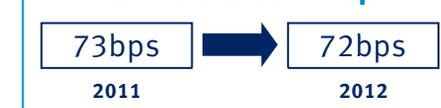
UK retail new net flows



UK corporate net flows



UK fee business bps

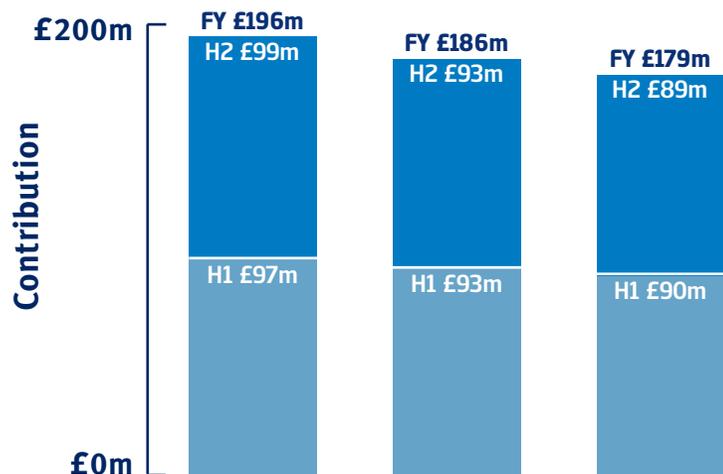


1. Excluding £96m professional indemnity insurance claim in 2012 and UK pension scheme benefit of £64m in 2011

2. Excluding institutional pensions and conventional with profits

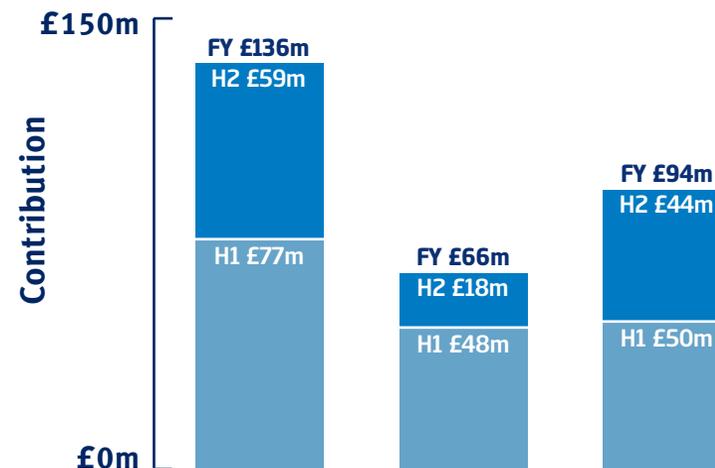
Sustained contribution from UK older style propositions and annuities

Fee retail old



	2010	2011	2012
AUA	£35bn	£32bn	£32bn
Gross inflows	£1.1bn	£0.9bn	£0.8bn

Spread/risk

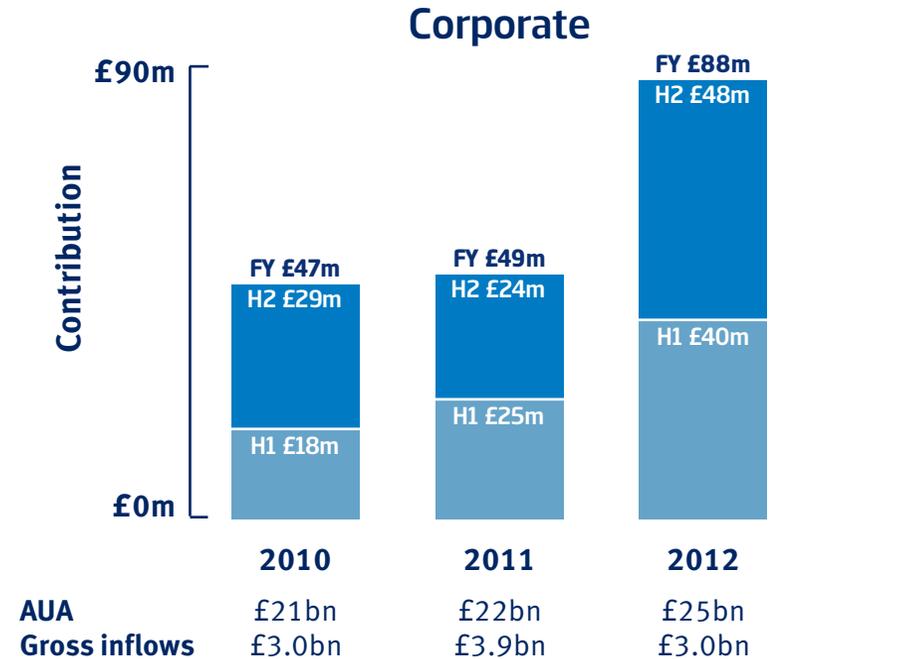


	2010	2011	2012
AUA	£14bn	£14bn	£15bn
Gross inflows	£0.6bn	£0.5bn	£0.7bn

- Benefiting from ongoing improvements in efficiency
- AUA continues to benefit from increments and market movements
- Provides a flow of business into retail new propositions and annuities

- Strong contribution from existing business with opportunity for growth in new business
- Ensuring adequate reward for risk
- Includes £5m of positive operating assumption and changes to investment strategy (2011: £(13)m)

Growing contribution from UK new style propositions



- Significant and ongoing improvement in profitability
- Robust net flows, and growth in higher margin propositions
- SLW assets up 86% and MyFolio up 142%
- Increased distribution through partnerships: IFAs, Networks, Financial Institutions

- Continuing growth in AUA
- Ongoing improvements in efficiency and revenue
- Encouraging auto-enrolment take-up experience
- Growing pipeline of new business expected to transition later in 2013 and in 2014
- Employers choosing in-house investment solutions

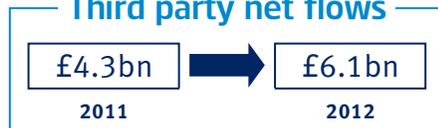
Standard Life Investments strong flows into higher margin propositions

Operating profit

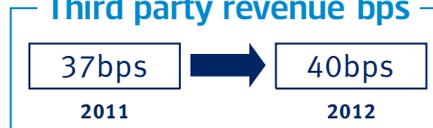
	2012 £m	2011 £m
Fee based revenue	408	368 ²
Maintenance expenses	(281)	(258)
Share of JVs and associates	18	15
operating profit before tax		
Operating profit	145¹	125²

- Fee based revenue up 11%
- Operating profit up 16%
- Third party AUM up 16% to £83.0bn (2011: £71.8bn)
- Revenue bps up 3bps to 40bps due to demand for higher margin propositions
- Net inflows of £6.1bn (2011: £4.3bn) despite a single low margin outflow of £1.8bn
- HDFC Asset Management remains the largest mutual fund company in India with AUM of £11.3bn³

Third party net flows



Third party revenue bps



EBIT margin^{2,4}

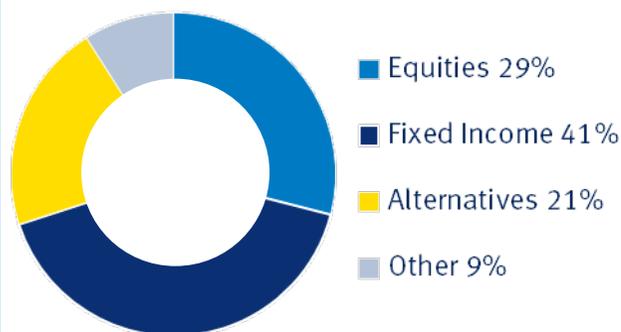


1. Share of profit of HDFC Asset Management included on a pre-tax basis (previously post-tax) for the first time in 2012. This has contributed £5m to the increase in operating profit.
2. Revenue and operating profit in 2011, excluding the proceeds from the transfer of UK money market funds, were £361m and £118m respectively
3. Standard Life Investments share of AUM is £4.5bn
4. Adjusted to exclude the impact of the transfer of UK money market funds

Standard Life Investments asset class diversity and broadening geographic reach

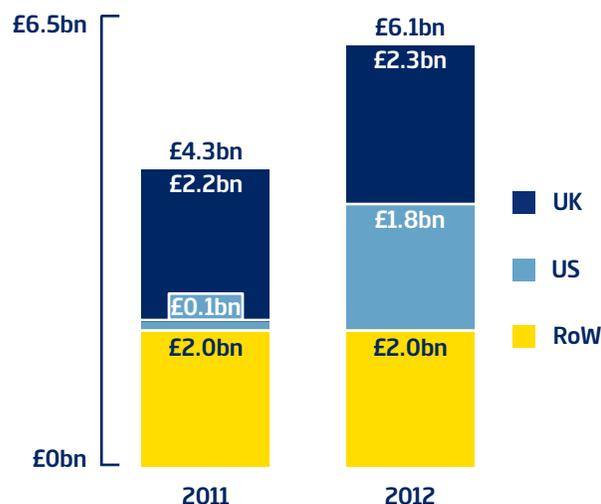
Total AUM £167.7bn

Total AUM by asset class

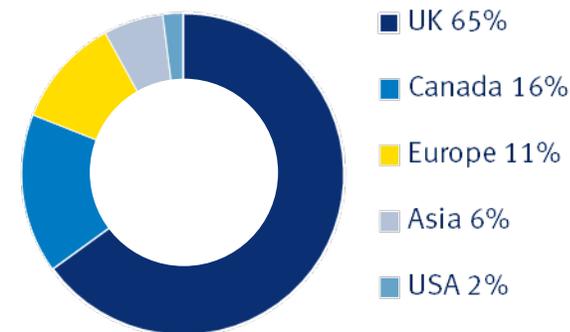


Third party AUM £83.0bn

Third party net flows by geography



Third party AUM by geography



- Increasingly diversified AUM base by asset class and geography
 - 62% of net flows in 2012 from outside UK including £1.8bn from US
 - Suite of multi-asset solutions exceeds £21bn AUM and represented 50% of gross flows in the year
- Further opportunities for broadening geographic reach in US, Japan and India as well as other parts of Asia

Increasing demand for fee based propositions in Canada

Operating profit

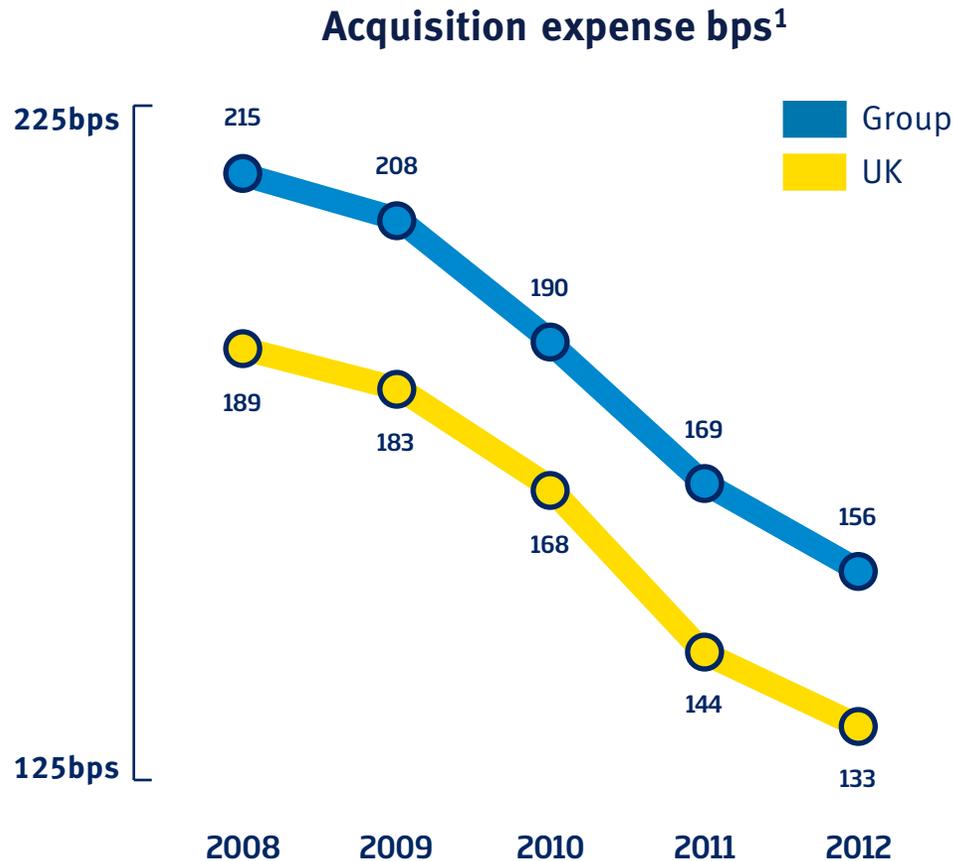
	2012 £m	2011 £m
Fee based revenue	172	166
Spread/risk margin	393	281
Total income	565	447
Acquisition expenses	(79)	(78)
Maintenance expenses	(240)	(220)
Capital management	109	38
Operating profit	355	187

- Operating profit up 90% to £355m
- Profit benefited from:
 - Assumption changes of £91m
 - Benefit of management actions of £153m¹ and pursuing approximately half that amount in 2013
- Good new business momentum in fee based propositions
 - Retail and mutual net flows more than tripled to £315m
 - Corporate net flows in line with last year at £500m, with increase in regular premiums and lower discount rates driving PVNBP sales up 72%
- Lower fee business revenue margin reflects change in business mix



1. £81m included in spread/ risk margin and £72m in capital management

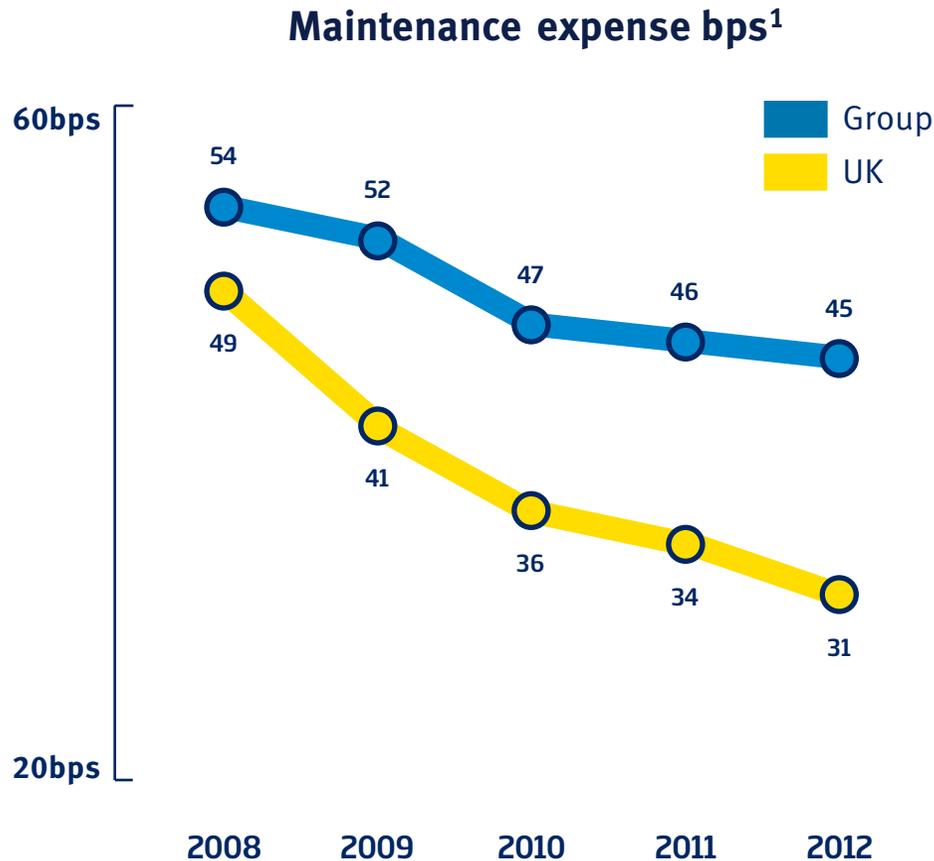
Acquiring new business with increasing efficiency



- Acquisition expenses are largely fixed and very scalable
- Since 2008 acquisition expense bps have fallen by:
 - 59bps (27%) for Group
 - 56bps (30%) for UK
- Reduced unit as well as absolute costs of acquisition in 2012
- Scope for ongoing improvements in efficiency as we continue to grow our business and take actions to manage our cost base

1. Acquisition expenses / PVNBP (excluding JV PVNBP)

Continued improvement in productivity



- Since 2008, maintenance expense bps have fallen by:
 - 9bps (17%) for Group
 - 18bps (37%) for UK
- Unit cost savings, particularly in UK, in 2012
- Enabled by:
 - Platform propositions with industrial strength
 - Focus on productivity and reducing waste
- Scope for ongoing improvements

1. Maintenance expenses / average AUA

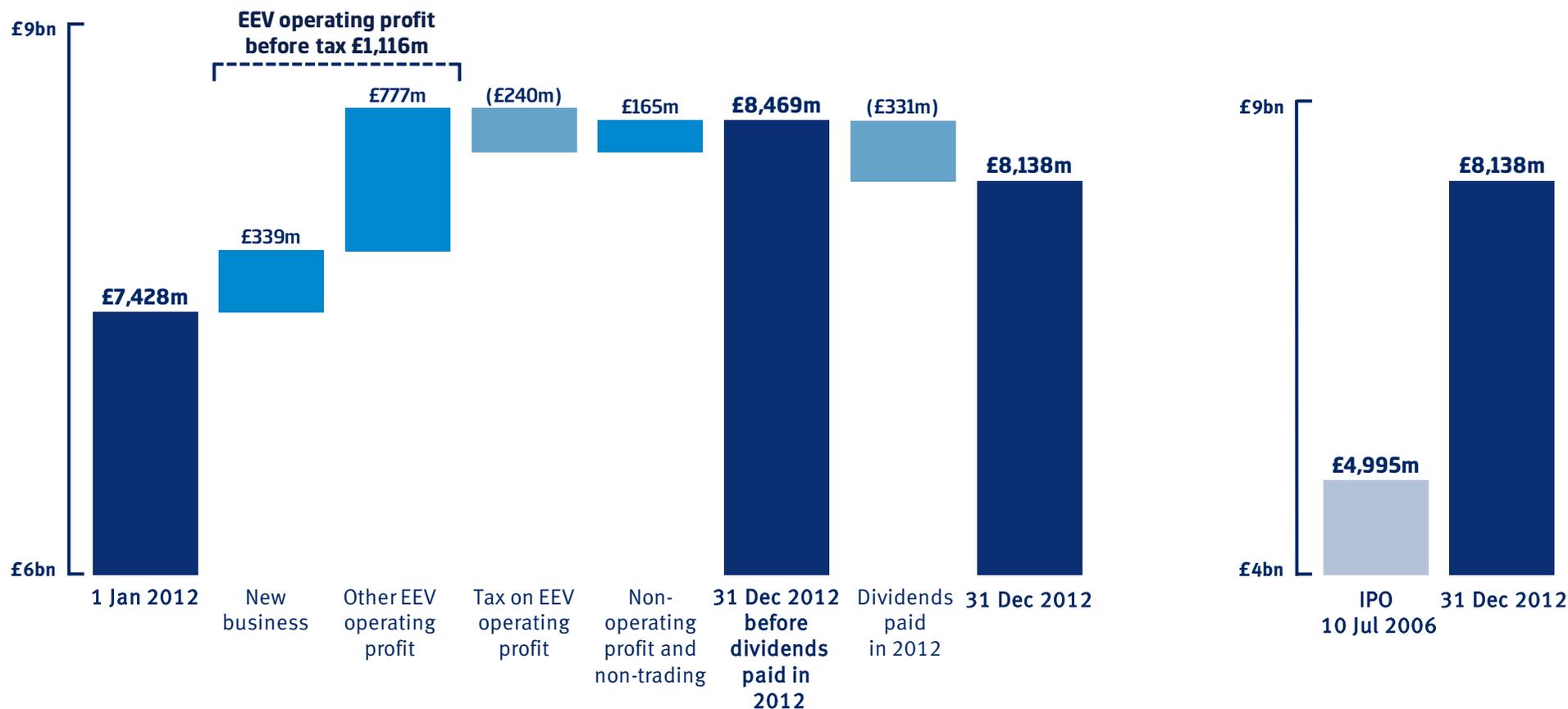
We have a strong balance sheet

- IGD surplus of £4.1bn (2011: £3.1bn) after debt issuance during the year
- Successful issuance of £0.25bn Tier 2 debt in Canada and £0.5bn Tier 2 debt in the UK by Standard Life plc
- Capital position remained relatively insensitive to market movements
- Minimal exposure to European periphery sovereign and bank debt
- Strong economic capital position and well placed for the eventual implementation of Solvency 2
- Special dividend of 12.80p per share (£302m)

	2012 £m	2011 £m
Equity	4,355	3,961
Debt/other	1,955	1,324
Total	6,310	5,285
Leverage¹	31%	25%

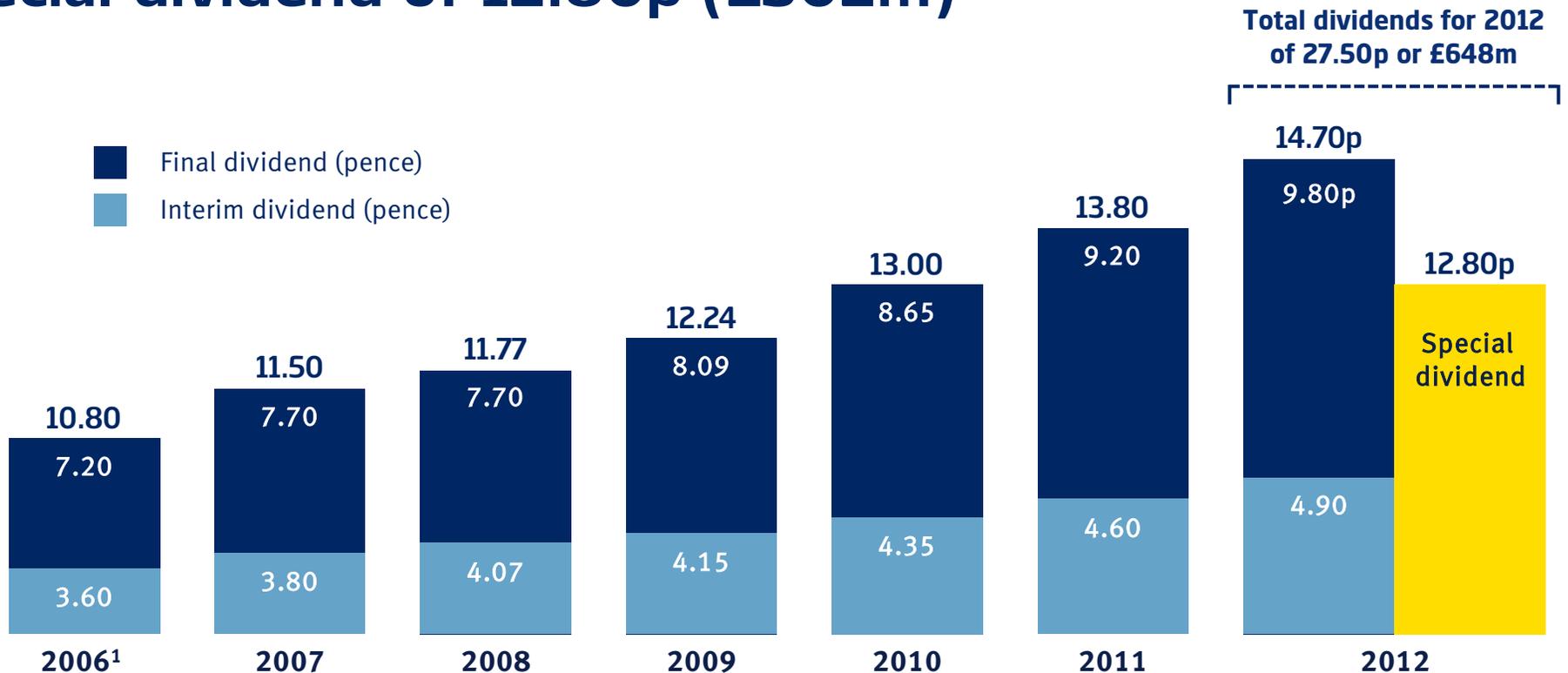
1. Leverage calculated as total borrowings (subordinated debt plus bank overdrafts and other borrowings less uncleared cheques) divided by total capital (shareholder equity excluding non-controlling interests + total borrowings)

Growing our embedded value



Embedded value per share up 27p to 343p in 2012

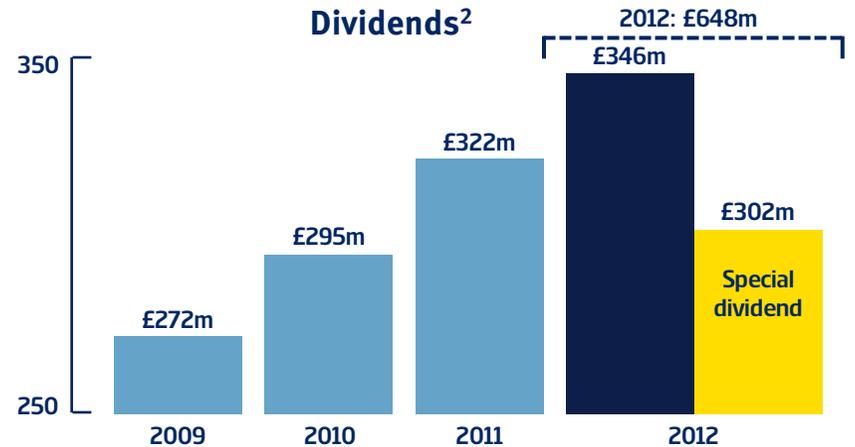
Final dividend up 6.5% to 9.80p and special dividend of 12.80p (£302m)



- Continuous dividend growth since IPO
- Focused on delivering a progressive dividend, SCRIP removed from 2011 final dividend
- Including special dividend of 12.80p (£302m)

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

Delivering growth



1. Continuing operations excluding the impact of external transfer of UK money market fund

2. Dividends in respect of each year

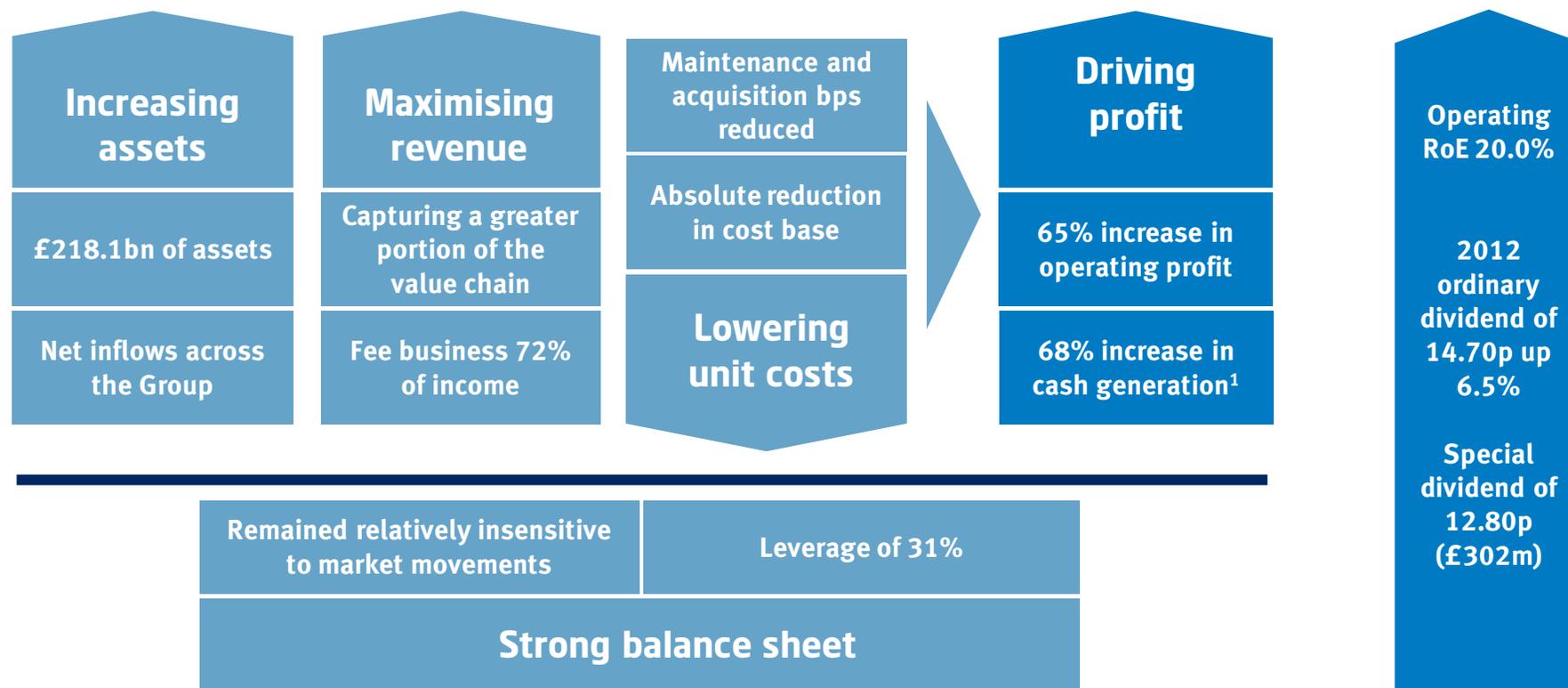
Preliminary results 2012

Delivering substantial growth in profits
and increasing dividends

David Nish
Chief Executive

Standard Life 

Driving returns for our shareholders



1. EEV operating capital and cash generation

Driving growth from positions of strength

UK and Europe

- Firms on Wrap up 14% to 1,137; AUA up 21% to £13.8bn
- SIPP customers up 18% to 158,500; AUA up 17% to £19.6bn
- Pensions for 1.2m employees across 35,000 group schemes and AUA up 11% to £24.5bn
- SLW AUA up 86% to £1.8bn and acquisition of Newton Private Clients to triple AUM to £5.4bn
- Sustained contribution from older style propositions (£179m) and annuities (£94m)

AUA: £143.4bn **Customers:** UK 3.8m, Germany 0.4m, Ireland 0.2m

Main locations: Edinburgh, London, Frankfurt, Dublin

Strategic relationships: IFAs, Networks, EBCs¹, Financial Institutions

Canada

- Significant presence in corporate pensions with 500,000 employees in group schemes – no.3 by sales in 2012
- Growing retail segregated funds business with market share now 9.1% – top ranked sales team in the industry
- Improved range of propositions, for both employers, retail customers and IFAs

AUA: £27.8bn **Customers:** 1.4m

Main locations: Montreal, Toronto

Strategic relationships: IFAs, EBCs

Standard Life Investments

- Track record of investment performance
- Increasing proportion of flows from outside UK (62% in 2012)
- £9.7bn AUM managed by Boston office
- New Hong Kong office focusing on distribution in Asia
- Leading range of risk based funds – MyFolio AUM up 142% to £2.2bn, Your Portfolio for RBS Group
- HDFC AMC – largest mutual fund company in India with AUM of £11.3bn and around 5m customers

Third party AUM: £83.0bn

Main locations: Edinburgh, London, Montreal, Boston

Strategic relationships: John Hancock, HDFC, Sumitomo Mitsui

India, Asia and Emerging Markets

- No.6 position in investment linked market in Hong Kong
- New branches in attractive markets of Singapore and Dubai
- HDFC Life: profitable, capital self sufficient and no.2 in individual private market in India
- Heng An Standard Life, expanding distribution in China and ranked no.8 in JV market

AUA: £4.8bn **Customers:** 4.5m

Main locations: Mumbai, Hong Kong, Tianjin, Singapore, Dubai

Strategic relationships: IFAs, HDFC Bank, TEDA, Financial Institutions

1. Employee Benefit Consultants

Distribution capability accelerating asset growth

	UK and Europe £178.5bn	North America £32.7bn	Asia £6.9bn
Long-term Savings distribution	<p>Standard Life</p> <p>UK Germany Ireland</p> <p>SLW including Newton Private Clients</p>	<p>Standard Life</p> <p>Canada</p>	<p>Standard Life</p> <p>Hong Kong Singapore Dubai</p> <p>JVs</p> <p>HDFC Life Heng An SL</p>
Standard Life Investments	<p>Strategic relationships</p> <p>Expanded product offering</p> <p>Global reach</p>	<p>John Hancock, HDFC, Sumitomo Mitsui</p> <p>Multi-asset, global, emerging markets, real estate</p> <p>Edinburgh, London, Montreal, Boston, Hong Kong, HDFC AMC</p>	

Focus for the year ahead

UK and Europe

- Strong pipeline of secured corporate business
- Auto enrolment: 300 existing schemes in 2013, 3,000 in 2014 – 300,000 employees
- Widening distribution through strategic partnerships with financial institutions and IFAs
- Starting to benefit from removal of commission bias
- Growth in investment solutions in both retail and corporate

Standard Life Investments

- Ongoing global product innovation
- Continuing to leverage internal distribution capability across the group
- Expanding third party distribution and strategic partnerships
- Growing reputation in overseas markets to continue to drive net flows from outside of the UK

Canada

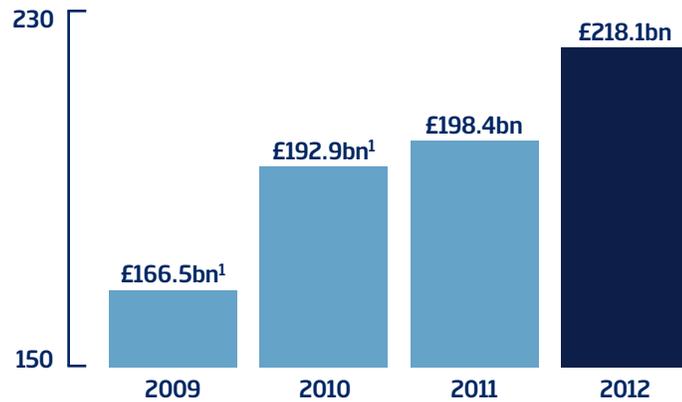
- Momentum in fee based business
- Proposition development
 - Retail offering designed for low interest rate environment
 - New corporate pension offering tailored to small and medium businesses
- On-going delivery of management actions

India, Asia and Emerging Markets

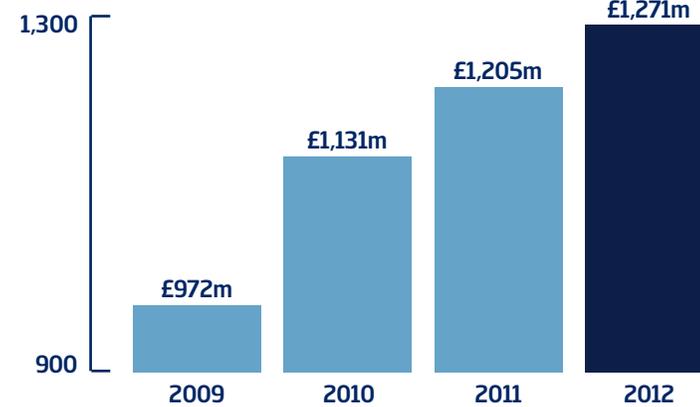
- Capitalising on opportunities in attractive markets of Singapore and Dubai
- Transition further shared functions to Hong Kong to be closer to our customers and regional branches
- HDFC Life continuing to succeed in a challenging regulatory environment
- Heng An Standard Life expanding distribution capability in China

Delivering growth

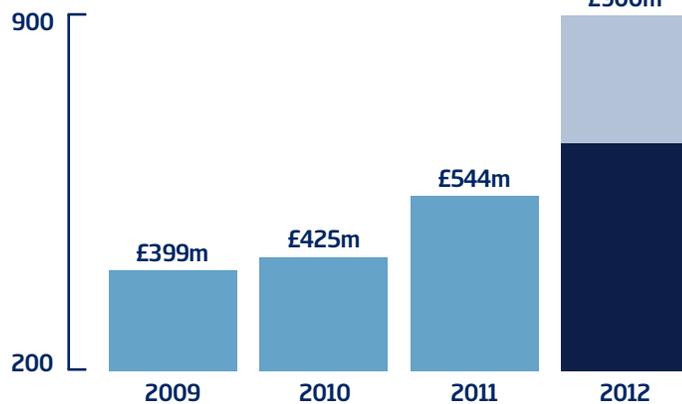
Group assets under administration



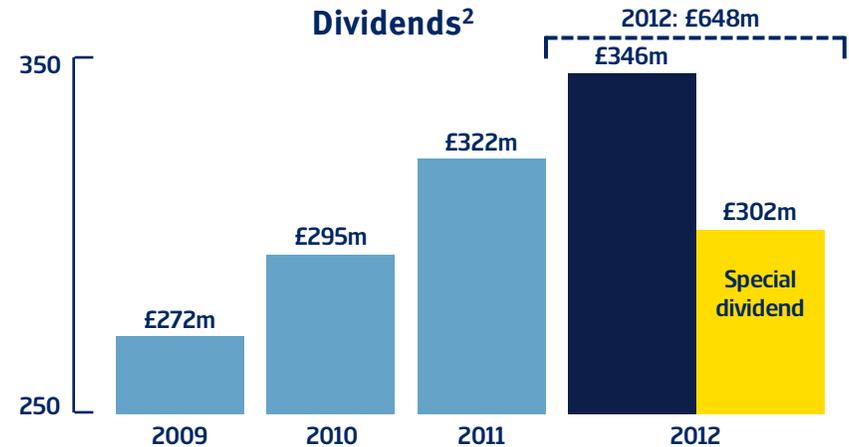
Fee based revenue



Operating profit



Dividends²



1. Continuing operations excluding the impact of external transfer of UK money market fund

2. Dividends in respect of each year

Preliminary results 2012

Appendix

Standard Life 

Operating profit by business unit

Operating profit

	UK and Europe		Standard Life Investments ¹		Canada		Asia and Emerging Markets		Other		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Fee based revenue	831	798	408	368	172	166	54	45	-	-	(194)	(172)	1,271	1,205
Spread/risk margin	112	78	-	-	393	281	-	-	-	-	-	-	505	359
Total income	943	876	408	368	565	447	54	45	-	-	(194)	(172)	1,776	1,564
Acquisition expenses	(202)	(226)	-	-	(79)	(78)	(11)	(21)	-	-	-	-	(292)	(325)
Maintenance expenses	(461)	(459)	(281)	(258)	(240)	(220)	(46)	(32)	-	(3)	194	172	(834)	(800)
Group corporate centre costs	-	-	-	-	-	-	-	-	(47)	(50)	-	-	(47)	(50)
Capital management	43	11	-	-	109	38	-	-	23	25	-	-	175	74
Share of joint ventures' and associates' profit before tax	-	-	18	15	-	-	8	2	-	-	-	-	26	17
Other	96	64	-	-	-	-	-	-	-	-	-	-	96	64
Operating profit/(loss) before tax	419	266	145	125	355	187	5	(6)	(24)	(28)	-	-	900	544
Tax on operating profit/(loss)	(17)	(26)	(33)	(30)	(75)	(31)	3	2	(2)	(2)	-	-	(124)	(87)
Share of joint ventures' and associates' tax expense ²	-	-	(5)	-	(4)	-	-	-	-	-	-	-	(9)	-
Operating profit/(loss) after tax	402	240	107	95	276	156	8	(4)	(26)	(30)	-	-	767	457
Non-operating items	(97)	(110)	(3)	(4)	(22)	(74)	(4)	(1)	(16)	(25)	-	-	(142)	(214)
Tax on non-operating items	50	29	1	1	17	19	1	-	4	6	-	-	73	55
Profit for the year attributable to equity holders of Standard Life plc	355	159	105	92	271	101	5	(5)	(38)	(49)	-	-	698	298

1. The share of profit from HDFC Asset Management is now reflected in share of joint ventures' and associates' profit before tax, previously it was included in fee based revenue.

2. In prior periods the tax included in the share of profits or losses from joint ventures and associates was charged to operating profit before tax (2011: £11m)

Fee based revenue

Fee based revenue

	2012			2011		
	Average AUA	Revenue	Revenue	Average AUA	Revenue	Revenue
	£bn	bps	£m	£bn	bps	£m
UK	105.9	72	667	99.5	73	625
Europe	10.0	163	164	9.2	189	173
UK and Europe			831			798
Canada	15.1	113	172	14.1	117	166
Asia and Emerging Markets	2.9	189	54	2.2	205	45
Standard Life Investments third party AUM	76.8	40	292	71.8	37 ²	254
Standard Life Investments in-house AUM			116			114
Standard Life Investments total AUM			408			368
Eliminations			(194)			(172)
Total fee based revenue			1,271			1,205

1. Excludes fee from the external transfer of UK money market funds

Resilient net flows in Europe

Operating profit

	2012 £m	2011 £m
Fee based revenue	164	173
Spread/risk margin	5	3
Total income	169	176
Acquisition expenses	(28)	(24)
Maintenance expenses	(105)	(107)
Capital management	1	1
Operating profit	37	46

- Operating profit of £37m was impacted by increased reserves held to cover new business in Germany and adverse currency movements
- Net flows of £0.7bn were resilient in light of difficult economic conditions in Germany and Ireland
- Successfully re-launched our Maxxellence unit linked product in Germany:
 - Helping to increase our market share to 4.4%
 - Majority of flows to Standard Life Investments
- MyFolio range of investment solutions is now available in Ireland

Fee business AUA



Fee business net flows



Fee business bps

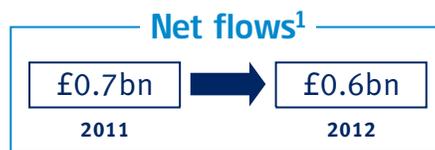


Continuing progress in Asia and Emerging Markets

Operating profit

	2012 £m	2011 £m
Fee based revenue	54	45
Acquisition expenses	(11)	(21)
Maintenance expenses	(46)	(32)
Wholly owned businesses	(3)	(8)
India and China JV life businesses	8	2
Operating profit	5	(6)

- Improved operating result from wholly owned operations driven by 20% increase in fee based revenue from a growing asset base
- Fee based AUA up 32% to £3.3bn, with net flows of £0.6bn representing 24% of opening AUA
- Increase in total expenses reflects increased investment in development of new propositions including expansion of our business through new branches in Singapore and Dubai
- Ongoing progress in our India and China JV businesses
 - Expanded distribution capability in China
 - Increased market share in India to 17% (2011: 15%) and strengthened our no. 2 position in individual private market



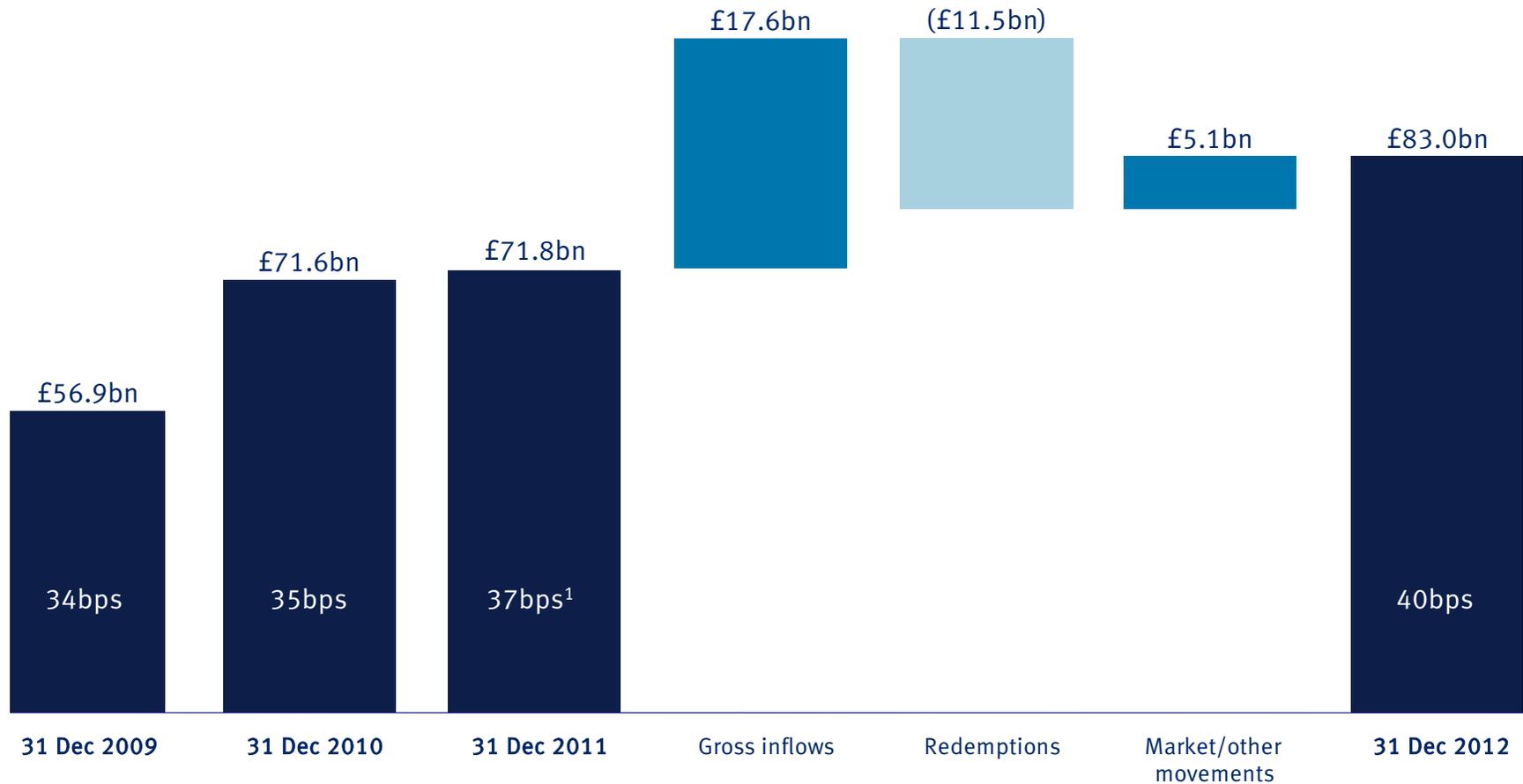
1. Wholly owned businesses only

Spread/risk margin

Spread/risk margin

	UK and Europe		Canada		Total	
	2012	2011	2012	2011	2012	2011
	£m	£m	£m	£m	£m	£m
New business	73	58	8	10	81	68
Existing business	37	35	185	240	212	275
	110	93	193	250	303	343
Impact of specific management actions	9	-	109	88	118	88
Operating assumption and one-off reserving changes	(7)	(15)	91	(57)	84	(72)
Spread/risk margin	112	78	393	281	505	359

Standard Life Investments third party AUM



1. Excludes fee from the external transfer of UK money market funds

EEV operating capital and cash generation up 68%

EEV operating capital and cash

	2012 £m	2011 £m
UK and Europe	532	392
Canada	366	168
Asia and Emerging Markets	42	48
Non-covered	10	56
Gross EEV operating capital and cash generation	950	664
New business strain	(216)	(226)
EEV operating capital and cash generation	734	438

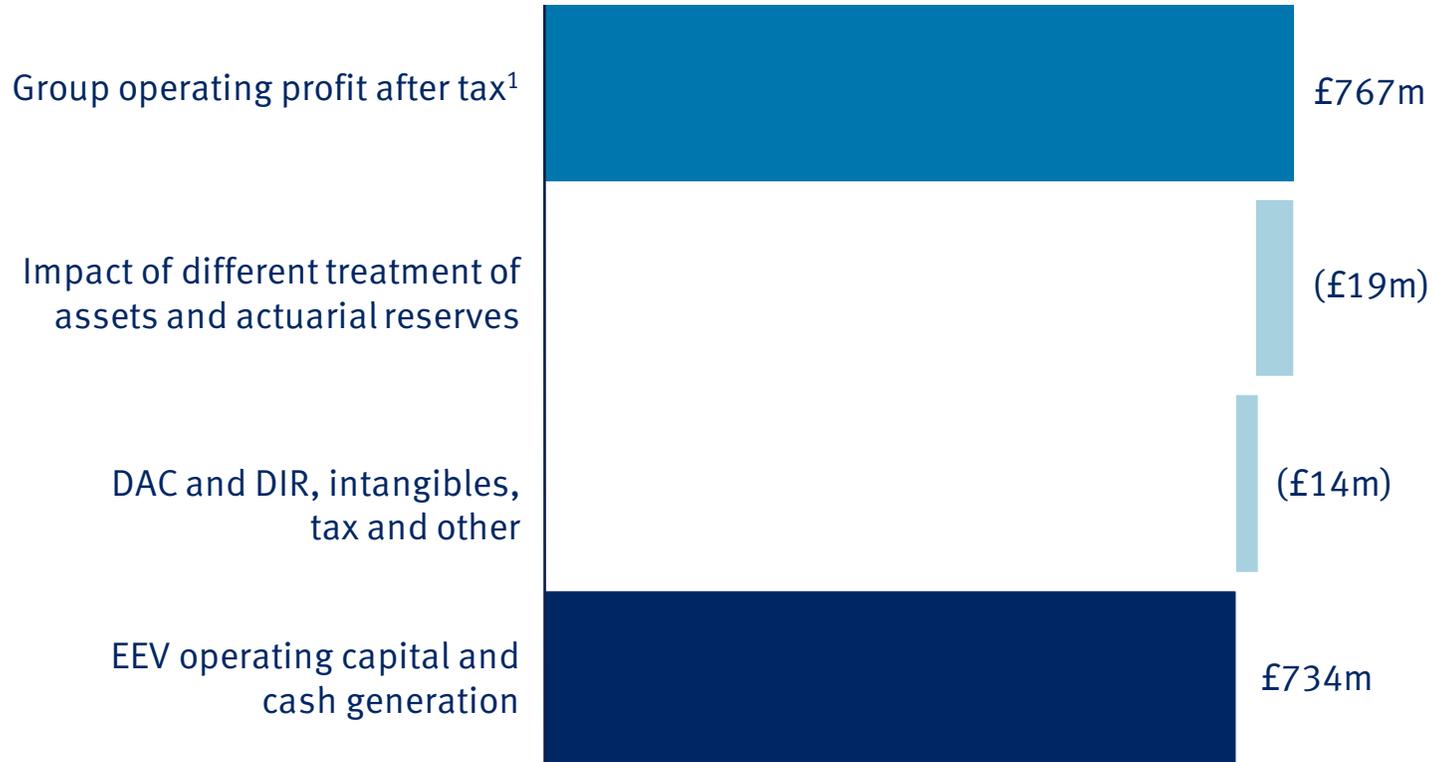
- Gross capital and cash generation increased by 43%
- Lower new business strain reflects the efficiency with which we generate new business
- 13% new business IRR with seven year payback

EEV new business margins

EEV new business margins

	2012					2011	
	IRR	Undiscounted payback	PVNBP margin	NBC	PVNBP	NBC	PVNBP
	%	years	%	£m	£m	£m	£m
Individual pensions	5	10	0.1	5	3,347	12	3,936
Savings and investments	19	5	1.2	23	1,958	15	2,151
Annuities	Infinite	Immediate	15.3	71	462	58	312
Protection	Discontinued	Discontinued	-	-	1	-	1
Corporate pensions	10	10	1.5	51	3,397	60	4,607
Institutional pensions	>40	<3	2.5	99	3,897	59	3,028
UK	22	5	1.9	249	13,062	204	14,035
Europe	5	17	1.1	12	1,105	21	1,070
UK and Europe	18	6	1.8	261	14,167	225	15,105
Canada	8	11	1.3	45	3,584	73	2,928
Wholly owned	11	7	1.9	20	1,020	30	1,205
Joint Ventures	14	7	2.6	13	522	7	500
Asia and Emerging Markets	13	7	2.2	33	1,542	37	1,705
Covered business total	13	7	1.8	339	19,293	335	19,738

Capital and cash



1. Group operating profit before tax of £900m, tax on operating profit of (£124m) and share of joint ventures' and associates' tax expense of (£9m)

Insurance Groups Directive

IGD Surplus

31 December 2011	£3.1bn
31 December 2012	£4.1bn

Sensitivity to equity market falls^{1,2}

Fall in equities	IGD Surplus
20% (FTSE 4,718)	£3.9bn
30% (FTSE 4,129)	£3.8bn
40% (FTSE 3,539)	£3.7bn

Sensitivity to yields^{1,2}

100bps rise in yields	£4.0bn
100bps fall in yields	£3.7bn

1. Compared to 31 December 2012

2. Based on certain assumed management actions appropriate to these stresses

Capital tier structure

Capital tier structure

	Dec 2012 ¹ £bn	Dec 2011 ¹ £bn
Group core tier 1	7.0	7.0
Group innovative tier 1	0.6	0.6
Deductions from tier 1	(0.7)	(0.6)
Total Group tier 1 capital	6.9	7.0
Group upper tier 2	0.5	0.5
Group lower tier 2	0.7	-
Group capital resources before deductions	8.1	7.5
Group capital resources deductions	(0.1)	(0.2)
Group capital resources requirement	(3.9)	(4.2)
Group capital surplus	4.1	3.1
Group solvency cover	204%	173%

1. 2012 based on estimated regulatory returns, 2011 based on final regulatory returns

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