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Standard Life plc
Half year results 2017
8 August 2017

Growing revenue and financial discipline driving profit and returns to shareholders

	H1 2017	H1 2016	
Assets under administration (£bn)	**361.9**	357.1[1]	1%
Net flows (£bn)	**(3.7)**	0.9	N/A
Fee based revenue (£m)	**836**	794	5%
Operating profit before tax (£m)[2]	**362**	341	6%
Diluted operating EPS (p)	**16.4**	13.5	21%
Underlying cash generation (£m)	**256**	254	1%
Profit for the period attributable to equity holders of Standard Life plc (£m)	**292**	226	29%
Interim dividend per share (p)	**7.00**	6.47	8.2%

More detail on our financial performance is available within the supplementary section on page 2 of this release.

Growing assets by meeting the evolving and diverse needs of our clients and customers

- Assets under administration (AUA) increased by 1% to £361.9bn. Gross inflows were resilient at £20.7bn (H1 2016: £21.8bn) but redemptions increased to £24.4bn (H1 2016: £20.9bn) resulting in net outflows of £3.7bn.
- Growth channels AUA up 3% to £244.0bn with net outflows of £0.6bn, including £5.6bn from GARS, offset by an increase of 32% in net inflows into other products to £5.0bn (H1 2016: £3.8bn) including:
  - Institutional and Wholesale benefiting from client and channel diversification with net inflows ex. GARS of £1.2bn (H1 2016: £1.2bn[3])
  - Workplace and Retail net inflows of £4.2bn (H1 2016: £2.8bn) included record net inflows on to our adviser platforms driving total platform AUA up 11% to £49.2bn (FY 2016: £44.2bn)
- Third party funds above benchmark[4] over 1 year: 85%; 3 years: 74%; 5 years: 85%

Revenue growth and continuing focus on financial discipline

- Fee based revenue up 5% to £836m with growth channels revenue up 7% to £616m (H1 2016: £577m)
- Cost/income ratio[5] stable at 62% (FY 2016: 62%) and excluding 1825 and Elevate down 1ppt to 60%
- Operating profit before tax up 6% to £362m driven by 13% increase in profit excluding spread/risk[6]

Generating cash and realising value to drive sustainable growth and returns to shareholders

- Underlying cash generation up 1% to £256m and strong holding company cash position of £0.8bn (FY 2016: £0.9bn; H1 2016: £0.8bn)
- Announced proposed IPO of our Indian associate HDFC Life with offer for sale of up to 5.43ppts of our 35% stake
- Interim dividend per share up 8.2% to 7.00p

Well positioned for the next phase of our transformation to a diversified world-class investment company

- Proposed merger with Aberdeen Asset Management PLC ("Aberdeen") expected to be effective on 14 August 2017[7]
- Combined leadership teams working well together to ensure full business readiness for "Day 1"

Keith Skeoch, Chief Executive, commented:

"Standard Life has delivered a strong performance in the first half of 2017 with fee based revenue up 5% and operating profit up 6%. We continue to see the benefits of targeted investments to further our diversification agenda, the success of our newer investment solutions and the ongoing focus on operational efficiency. This has allowed us to grow assets, profits, cash flows and returns to shareholders.

"With the proposed merger with Aberdeen on track for completion on 14 August we are ready to accelerate the pace of strategic delivery as we open the next chapter of our transformation to a diversified world-class investment company. The combined leadership team of Standard Life and Aberdeen has been working well together to ensure "Day 1" readiness. We are well placed to continue to meet changing client and customer needs globally, and to generate growing and sustainable returns for our shareholders."

Standard Life plc is registered in Scotland (SC286832) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.
www.standardlife.com

Supplementary information
Financial highlights

Profitability	H1 2017 £m	H1 2016 £m
Fee based revenue	836	794
Spread/risk margin	49	63
Total income	885	857
Total expenses	(581)	(566)
Capital management	5	13
Share of associates' and joint ventures' profit before tax	53	37
Underlying performance[8]	**362**	341
Operating assumption and actuarial reserving changes (spread/risk margin)	-	-
Operating profit before tax	**362**	341
Tax on operating profit	(31)	(69)
Share of associates' and joint ventures' tax expense	(7)	(5)
Operating profit after tax	**324**	267
Non-operating items	(40)	(61)
Tax on non-operating items	8	20
Total IFRS profit for the period attributable to equity holders of Standard Life plc	**292**	226

Underlying performance by business unit	H1 2017 £m	H1 2016 £m
Standard Life Investments	**190**	176
UK spread/risk[6]	47	52
UK excluding spread/risk	107	99
UK Pensions and Savings	**154**	151
Europe Pensions and Savings	**13**	18
Hong Kong	-	(2)
Share of associates' and joint ventures' profit before tax	33	21
India and China	**33**	19
Other	**(28)**	(23)
Underlying performance	**362**	341

Other performance indicators	H1 2017	H1 2016
Operating profit before tax (£m)	362	341
Underlying cash generation (£m)	256	254
Assets under administration (£bn)	361.9	357.1[1]
Net flows (£bn)	(3.7)	0.9

Other financial highlights		H1 2017	H1 2016
Solvency II capital surplus (£bn):	Investor view	3.5[9]	3.3[1]
	Regulatory view	3.0[9]	3.1[1]
Solvency II solvency ratio:	Investor view	220%[9]	214%[1]
	Regulatory view	182%[9]	177%[1]
Profit for the period attributable to equity holders of Standard Life plc (£m)		292	226
Diluted operating EPS (p)		16.4	13.5
Diluted EPS (p)		14.8	11.4
Basic EPS (p)		14.8	11.5
Interim dividend per share (p)		7.00	6.47

Creating a diversified world-class investment company

Our ambition is to create a diversified world-class investment company: a global business that manages, administers and advises on investments for our customers and clients.

Our business model is simple. We attract assets by meeting the investment needs of our customers and clients. This includes individual investors in our mutual funds and pensions and savings products, as well as financial advisers, employers and a wide range of institutional clients. By growing the assets we look after for our clients and customers, we aim to grow revenue which, combined with tight cost control, allows us to grow our profits.

Our business is well positioned for the global trends that are shaping the savings and investments landscape and our positioning will be further enhanced by the proposed merger with Aberdeen. This means we are able to invest for the future to continue to meet the needs of our customers and clients, and to generate growing and sustainable returns for our shareholders.

Growing assets by meeting the evolving and diverse needs of our clients and customers

Assets under administration (AUA) increased by 1% to £361.9bn. Gross inflows were resilient at £20.7bn (H1 2016: £21.8bn) but redemptions increased to £24.4bn (H1 2016: £20.9bn) largely driven by GARS.

Growth channels flows	H1 2017		H1 2016[3]	
	Gross £bn	Net £bn	Gross £bn	Net £bn
Institutional and Wholesale (excluding GARS)	8.4	1.2	9.1	1.2
GARS	2.9	(5.6)	6.1	0.3
Institutional and Wholesale	11.3	(4.4)	15.2	1.5
Workplace and Retail	8.9	4.2	6.1	2.8
Total key growth channels (before eliminations)	**20.2**	**(0.2)**	**21.3**	**4.3**
Other	1.0	(0.1)	1.2	0.5
Eliminations	(1.9)	(0.3)	(1.9)	(0.7)
Total growth channels	**19.3**	**(0.6)**	**20.6**	**4.1**

Gross inflows into Institutional and Wholesale were £11.3bn (H1 2016: £15.2bn[3]) reflecting lower demand for GARS, driven largely by weaker short-term investment performance delivered in 2016, and a modest slowdown in gross inflows into other investment products. Gross inflows into Workplace and Retail grew strongly, increasing by 46% to £8.9bn as a result of strong demand for our Wrap and Elevate adviser platforms, demonstrating the benefits of our diversified business. Net outflows of £0.6bn (H1 2016: net inflows £4.1bn) also reflected those dynamics.

Within our mature fee books, which are in slow long-term run-off, net outflows were stable at £2.9bn (H1 2016: £2.9bn). Flows also reflected ongoing progress in our India and China associate and joint venture life businesses which generated net inflows of £0.3bn (H1 2016: £0.2bn). Scheduled net outflows from annuities amounted to £0.5bn (H1 2016: £0.5bn).

Capitalising on our strengths and opportunities in key markets

The H1 2017 results for our key growth channels demonstrate the benefits of a well diversified business, with net outflows from GARS of £5.6bn largely offset by an increase of 32% in net inflows into other products to £5.0bn (H1 2016: £3.8bn). Looking at each of our key growth channels:

Institutional – lower gross inflows but continued consultant support

Institutional assets under management (AUM) of £84.4bn were impacted by net outflows of £3.8bn (H1 2016: net inflows £1.9bn[3]) including GARS net outflows of £3.2bn.

Institutional net outflows excluding GARS were £0.6bn (H1 2016: net inflows £0.3bn[3]) as a result of lower gross inflows. Nevertheless, since announcing the proposed merger, consultant support remains strong and there have been no significant changes to consultant ratings other than in the ordinary course of business.

Fee based revenue of £172m (H1 2016: £181m[3]) reflects a reduction in average revenue yield to 41bps (FY 2016: 43bps) as a result of a shift in product mix.

Wholesale – benefiting from improving sentiment across UK mutual funds and European SICAVs

Wholesale AUM increased by 2% to £51.1bn with net outflows of £0.6bn (H1 2016: £0.4bn) more than offset by positive market movements.

Wholesale net inflows excluding GARS doubled to £1.8bn (H1 2016: £0.9bn) benefiting from improving investor sentiment across UK mutual funds and European SICAVs as well as flows from our Indian associate, HDFC AMC. We maintained our top 10 gross sales position[10] in the UK market for 25 consecutive quarters and remain well positioned with a share of 4.3%[11] (FY 2016: 4.7%). This included continued strong demand for MyFolio driving AUM up 11% to £11.7bn with c80% distributed via our Pensions and Savings business.

Fee based revenue increased by 2% to £128m (H1 2016: £126m[3]) reflecting higher AUM and a stable revenue margin of 69bps (FY 2016: 68bps).

Workplace – growing regular contributions

Workplace AUA grew 4% to £39.0bn benefiting from net inflows of £0.8bn (H1 2016: £0.8bn) and positive market movements. This growth was achieved despite the reclassification of £1.1bn (H1 2016: £1.0bn) of assets from Workplace to our retail channels during the period to reflect the retail relationship we now have with customers who have left their employer.

While we have seen fewer large scheme transfers as employers adapt to new pension regulations, our Workplace channel is benefiting from growing contributions into existing schemes which provide a steady and long-term source of growth. Regular contributions into the workplace pensions we administer have increased by 7% to £1.6bn, reflecting our success in attracting new flows through auto enrolment.

Fee based revenue increased by 4% to £95m (H1 2016: £91m). Revenue margin reduced to 51bps (FY 2016: 54bps) with 2bps of this reduction reflecting a one-off benefit in H1 2016 relating to changes to the Scheme of Demutualisation in response to the transition to Solvency II.

Retail – record flows onto our leading adviser platforms

Retail AUA increased by 10% to £69.5bn reflecting net inflows of £3.4bn (H1 2016: £2.0bn) and positive market movements.

Retail benefited from strong demand for our award-winning adviser platforms, Wrap and Elevate, with record platform net inflows of £3.7bn (H1 2016: £2.1bn) driving total platform AUA up 11% to £49.2bn (FY 2016: £44.2bn). These flows were driven by growth in the pension market, boosted by defined benefit transfer values and the flexibility offered by pension freedoms. We continue to see more of our customers moving into our drawdown propositions with total assets invested increasing by 11% to £18.2bn (FY 2016: £16.4bn).

Fee based revenue increased by 36% to £144m (H1 2016: £106m) due to higher AUA and the benefit of the Elevate acquisition which completed during Q4 2016. Revenue margin of 44bps[12] (FY 2016: 46bps[12]) reflected a change in product mix, including growth in Wrap and the acquisition of Elevate with its lower average pricing.

Growth in assets driving increase in fee based revenue

Fee based revenue increased by 5% to £836m (H1 2016: £794m), benefiting from asset growth and the diversity of our growth channels with revenue from these channels up 7% to £616m (H1 2016: £577m). Revenue from mature books was broadly stable at £220m (H1 2016: £217m).

Movements in average fee based revenue yield across our key growth channels reflect changes in product mix rather than pricing: Standard Life Investments third party[13] business at 51bps[14] (FY 2016: 53bps[14]), Workplace at 51bps (FY 2016: 54bps) and Retail at 44bps[12] (FY 2016: 46bps[12]).

Continued focus on efficiency

During the period, our operating expenses increased by just 3% or £15m to £581m (H1 2016: £566m) and our cost/income ratio was stable at 62%. This was achieved while continuing to build out 1825 and absorbing the acquisition of the currently loss-making Elevate adviser platform which together added £29m to the cost base. Excluding 1825 and Elevate, absolute expenses fell, helping to reduce the cost/income ratio by 1ppt to 60%.

Delivering growth in profits, cash generation and dividend

Operating profit before tax increased by 6% to £362m (H1 2016: £341m) reflecting higher fee based revenue, improved performance from our associates and joint venture businesses and good cost control even after allowing for the recently acquired and currently loss-making Elevate platform. This helped to more than offset the expected reduction in spread/risk margin which decreased to £49m (H1 2016: £63m) reflecting the one-off benefit of £22m in H1 2016 relating to changes to the Scheme of Demutualisation in response to the transition to Solvency II. Excluding spread/risk[6] we delivered a 13% increase in operating profit to £317m. Cash generation of £256m (H1 2016: £254m) was stable (compared to a 6% rise operating profit before tax) due to higher capital expenditure and the inclusion of dividends (up by £4m to £12m) from our associates and joint ventures rather than their increased profits (up by £16m to £53m).

Profit for the period attributable to equity holders was £292m (H1 2016: £226m) reflecting increased operating profit and a reduction in non-operating items.

The Board has proposed an interim dividend of 7.00p per share (H1 2016: 6.47p), an increase of 8.2%. We continue to apply our existing progressive pence per share dividend policy taking account of market conditions and the Group's financial performance.

Solvency position remains strong

We remain strongly capitalised, with a stable Solvency II investor view surplus of £3.5bn[9] (FY 2016: £3.3bn), representing solvency cover of 220%[9] (FY 2016: 214%). The Solvency II surplus on a regulatory basis is £3.0bn[9] (FY 2016: £3.1bn).

Our capital surplus is resilient and largely insensitive to market movements. For example, the investor view surplus of £3.5bn[9] would change by £0.2bn or less following a 20% rise or fall in equities; 100bps rise or fall in fixed interest yields; or a 50bps rise or fall in credit spreads.

Delivering against our strategic objectives

Our strategic objectives are designed to help us capitalise on the global trends shaping the savings and investments landscape and allow us to achieve our world-class ambitions.

Broadening and deepening our investment capability

We have a long-established programme of innovation and product development. During H1 2017, we continued to broaden and deepen our investment capability to meet client needs and drive sustainable long-term growth:

- Partnered with Challenger to introduce a new global bond product to the Australian retirement income market with the launch of a fund investing in our Absolute Return Global Bond Strategies (ARGBS) Fund
- Launched new fixed income versions of our successful Integrated Liability Plus Solutions (ILPS) for small and medium-sized defined benefit pension schemes targeting returns of cash +3% p.a.
- Increased assets in ILPS by 87% to £412m (FY 2016: £220m) with 46 clients and 9 different consultants
- The proposed merger with Aberdeen will accelerate the broadening and deepening of our investment capabilities even further, particularly in areas such as emerging markets equities and debt, quantitative solutions and alternatives

Building an efficient and effective business

We have an established track record of improving both the scalability and efficiency of our business. During H1 2017, we continued our focus on financial discipline and while our cost/income ratio remained stable at 62%, excluding 1825 and the recently acquired Elevate business it reduced to 60% (FY 2016: 61%).

We are maintaining our sharp focus on operational efficiency and believe there are further opportunities to drive down unit costs and add value – for example, through streamlining our customers operations, increasing automation and straight-through processing.

The plan to deliver £200m of annual cost synergies as a result of the proposed merger with Aberdeen is progressing well.

Attracting, retaining and developing talented people

Our people are central to building long-term customer and client relationships, contributing to our businesses' performance, our reputation, profitability and long-term shareholder value. We continue to make progress:

- Ranked 4th in the UK's first ever social mobility index ranking Britain's employers on the actions they are taking to ensure they are open to accessing and progressing talent from all backgrounds
- Established in September 2015, our Carers Network won the Employee Network Group of the year award at the 2017 enei Awards and now has 180 members
- The proposed merger with Aberdeen greatly enhances our pools of talent bringing together over 1,000 investment professionals and creates greater opportunities for our people as we build a truly global business

Developing strong relationships with customers and clients

We are focused on developing strong relationships with customers and clients both globally through Standard Life Investments and closer to home within our Pensions and Savings business:

- Expanded Standard Life Investments global distribution through a new strategic partnership with Challenger, a leader in the fast growing Australian retirement market
- Added over 100,000 new Workplace customers during the period driven by the success of our SME proposition with the number of "Good to Go" schemes up 16% to 8,759 (FY 2016: 7,576). We now have a total of 1.8 million workplace customers.
- Over 3,000 adviser businesses supported by our Retail business with total platform AUA up 11% to £49.2bn and net inflows up 76% to £3.7bn (H1 2016: £2.1bn)
- Continued to build out our own advice capability through 1825 and we now have 73 financial planners, with over 8,600 clients and assets of £3.4bn
- The proposed merger will increase our proximity to clients by strengthening our distribution particularly in Asia, Europe and North America to become an asset manager of choice for clients with global investment needs

Growing and diversifying our revenue and profit

We continue to see the benefits of targeted investments to further our diversification agenda, including the success of our newer investment solutions, and the sharpened focus on operational efficiency. This has allowed us to grow assets, profits, cash flows and returns to shareholders.

We are well positioned to capture revenue across the value chain by providing our customers and clients with asset management, administration and advice. Our range of investment capabilities continues to expand and we are increasing our penetration into other global markets too.

Our associate and joint venture businesses in Asia are becoming an increasingly important contributor to profitability and are a further source of diversification. During the period our share of operating profit before tax from these businesses increased by 43% to £53m (H1 2016: £37m).

The proposed merger with Aberdeen will accelerate delivery of this key objective by creating an even more diversified and sustainable business in terms of investment capabilities, talent, client types and geographic reach.

Outlook

While optimism across financial markets has increased it is clear that the uncertainty that accompanies economies, markets and politics has remained, including the ongoing Brexit negotiations. This will continue to reinforce the global trends that are shaping the savings and investment landscape. The combined Standard Life Aberdeen business will be even better placed to both take advantage of the opportunities and to deal with the challenges that these trends present.

As we continue to benefit from our strong long-term relationships with a broad and well diversified range of clients and customers, the slowdown in gross inflows which we have seen in the first half of the year is expected to ease as we progress with the merger integration. We also expect to benefit from strong demand for our retail platforms and improving investment performance.

Targeted investments to further our diversification agenda, together with a continued focus on operational efficiency, will increase our pace of strategic delivery. This will help us to continue to meet changing client and customer needs, and generate growing and sustainable returns for our shareholders.

As we approach the completion of the proposed merger, our business and our people are ready and eager to begin the next chapter in our transformation to a diversified world-class investment company.

For further information please contact:

Institutional equity investors

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Neil Longair*	0131 245 6466 / 07711 357 595
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Katy Hetherington*	0131 245 2283 / 07841 344 374
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Retail equity investors

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Debt investors

Stephen Percival*	0131 245 1571
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*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Media

A conference call for the media will take place on Tuesday 8 August at 7.30am (UK time). Participants should dial +44 (0)20 3427 1912 and quote Standard Life half year results 2017. A replay facility will be available for seven days after the event. To access the replay please dial +44 (0)20 7660 0134 followed by the pass code 7140912.

Investors and analysts

The half year results 2017 analyst and investor presentation will take place on Tuesday 8 August at 9.00am (UK time). The presentation will take place at Goldman Sachs International, River Court, 120 Fleet Street, London EC4A 2BE. There will also be a live webcast and teleconference starting at 9.00am, both of which will have the facility to ask questions at the end of the formal presentation. Participants should dial +44 (0)20 3427 1917 and quote Standard Life half year results 2017. A replay facility will be available for seven days after the event. To access the replay please dial +44 (0)20 7660 0134 followed by 6715251.

Footnotes

1. As at 31 December 2016.
2. Operating profit is IFRS profit before tax adjusted to remove the impact of short-term market driven fluctuations in investment return and economic assumption changes, restructuring and corporate transaction costs, amortisation and impairment of intangible assets acquired in business combinations, gain or loss on the sale of a subsidiary, associate or joint venture and other one-off items which are not indicative of the long-term operating performance of the Group.
3. Adjusted for impact of Ignis which was transferred into Institutional and Wholesale during 2016.
4. Money weighted growth channels investment performance compared to benchmark.
5. Rolling 12 month basis, operating expenses divided by operating income (including share of associates' and joint ventures' profit before tax).
6. Operating profit before tax excluding total spread/risk margin of £49m (H1 2016: £63m) less spread/risk direct costs of £4m (H1 2016: £3m). UK spread/risk margin is £51m (H1 2016: £55m) and UK spread/risk direct costs are £4m (H1 2016: £3m).
7. Transaction remains subject to final approval at a Court hearing scheduled for 11 August 2017.
8. Underlying performance is operating profit before tax after excluding the impact of spread/risk operating actuarial assumption changes and specific management actions. A full reconciliation to profit for the period attributable to equity holders of Standard Life plc is presented on page 2 of this release.
9. Based on draft regulatory returns. The transitional measure on technical provisions has not been recalculated at 30 June 2017.
10. Source: Pridham market report Q1 2017.
11. Source: Investment Association Q1 2017.
12. Excludes revenue from cash balances.
13. Excluding strategic partner life business.
14. Excludes AUM from HDFC AMC.

Important Notices

This document is for information purposes only and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposed Merger. It does not constitute a prospectus or prospectus equivalent document.

Defined terms not otherwise defined in this document shall have the meaning given to them in the prospectus published by Standard Life on 9 May 2017.

Forward-looking statements

This document may contain certain “forward-looking statements” with respect to Standard Life’s plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. For example, statements containing words such as “may”, “will”, “should”, “continue”, “aims”, “estimates”, “projects”, “believes”, “intends”, “expects”, “plans”, “pursues”, “seeks”, “targets” and “anticipates”, and words of similar meaning, may be forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and circumstances which may be or are beyond Standard Life’s control, including among other things: UK domestic and global political, economic and business conditions (such as the United Kingdom’s exit from the European Union); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions or combinations undertaken by Standard Life (including the proposed merger with Aberdeen) and/or within relevant industries (including in connection with any post-transaction integration); default by counterparties; information technology or data security breaches; natural or man-made catastrophic events; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities; 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. These 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, strategy and expectations set forth in the forward-looking statements. Persons receiving this document should not place undue reliance on forward-looking statements. Standard Life undertakes no obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. Past performance is not an indicator of future results and the results of Standard Life in this document may not be indicative of, and are not an estimate, forecast or projection of, Standard Life’s future results.

Publication on website and availability of hard copies

A copy of this document is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Standard Life's website www.standardlife.com by no later than 12 noon (London time) on the Business Day following the publication of this document. For the avoidance of doubt, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

Standard Life Shareholders may request a hard copy of this document by: (i) contacting Standard Life Shareholder Services during business hours on 0345 113 0045 or +44 20 3367 8224 or (ii) by submitting a request in writing to Standard Life Shareholder Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Analysis of flows, AUA and revenue by channel

We analyse our simplified business in three distinct components:

- **Growth channels** which are sources of strong scalable growth and diversification by geography, asset class, product, client and customer. These primarily comprise the Institutional and Wholesale channels of Standard Life Investments, and the Workplace and Retail channels of UK Pensions and Savings.
- **Mature books** of largely legacy pension and insurance business that provide a stable contribution to revenue and profit as well as being a source of financial strength
- Our strategic **associate and joint venture life businesses** in India and China that are sources of future potential growth and diversification

	Gross inflows		Net flows		AUA		Fee based revenue		Fee based revenue yield	
	H1 2017 £bn	H1 2016 £bn	H1 2017 £bn	H1 2016 £bn	H1 2017 £bn	H1 2016 £bn	H1 2017 £m	H1 2016 £m	H1 2017 bps	FY 2016 bps
Institutional[1]	5.1	8.5	(3.8)	1.9	84.4	83.4	172	181	41	43
Wholesale[1,2]	6.2	6.7	(0.6)	(0.4)	51.1	47.6	128	126	69	68
Workplace	2.2	2.0	0.8	0.8	39.0	34.0	95	91	51	54
Retail[3]	6.7	4.1	3.4	2.0	69.5	45.7	144	106	44	46
Wealth	0.4	0.5	(0.2)	0.2	6.8	6.7	24	24	72	73
Europe growth	0.6	0.7	0.1	0.3	11.9	10.4	46	39	92	93
Hong Kong	-	-	-	-	0.7	0.6	7	10	-	-
Eliminations	(1.9)	(1.9)	(0.3)	(0.7)	(19.4)	(19.5)	-	-	-	-
Total growth channels	**19.3**	**20.6**	**(0.6)**	**4.1**	**244.0**	**208.9**	**616**	**577**	**56**	**59**
UK mature Retail	0.3	0.4	(1.5)	(1.2)	34.6	32.6	129	124	75	77
Europe mature fee	0.4	0.3	0.1	0.1	10.2	10.3	47	47	100	104
Third party strategic partner life business	-	-	(1.4)	(1.4)	42.7	43.0	32	34	15	16
Other fee including CWP[4]	-	-	(0.1)	(0.4)	0.5	1.0	12	12	-	-
Total mature books fee	**0.7**	**0.7**	**(2.9)**	**(2.9)**	**88.0**	**86.9**	**220**	**217**	**51**	**52**
Total fee	**20.0**	**21.3**	**(3.5)**	**1.2**	**332.0**	**295.8**	**836**	**794**	**-**	**-**
Spread/risk	0.1	0.1	(0.5)	(0.5)	15.5	16.1	-	-	-	-
Associate and joint venture life businesses	0.6	0.4	0.3	0.2	4.5	3.5	-	-	-	-
Other	-	-	-	-	10.6	13.2	-	-	-	-
Other eliminations	-	-	-	-	(0.7)	(0.6)	-	-	-	-
Total	**20.7**	**21.8**	**(3.7)**	**0.9**	**361.9**	**328.0**	**836**	**794**	**-**	**-**

1. During 2016 Ignis funds were merged into Standard Life Investments funds. Comparative figures have been restated.
2. AUM from HDFC AMC excluded from fee based revenue yield calculation.
3. Fee based revenue yield excludes revenue from cash balances.
4. 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.

Analysis of operating profit by segment

	Standard Life Investments		UK Pensions & Savings		Europe Pensions & Savings		India and China		Other		Eliminations		Total	
	H1 2017 £m	H1 2016 £m	H1 2017 £m	H1 2016 £m	H1 2017 £m	H1 2016 £m	H1 2017 £m	H1 2016 £m	H1 2017 £m	H1 2016 £m	H1 2017 £m	H1 2016 £m	H1 2017 £m	H1 2016 £m
Fee based revenue	429	431	368	321	93	86	7	10	-	-	(61)	(54)	836	794
Spread/risk margin	-	-	51	55	(2)	8	-	-	-	-	-	-	49	63
Total income	**429**	**431**	**419**	**376**	**91**	**94**	**7**	**10**	**-**	**-**	**(61)**	**(54)**	**885**	**857**
Total expenses	(259)	(271)	(225)	(197)	(64)	(62)	(7)	(12)	(26)	(24)	-	-	(581)	(566)
Investment management fees to SLI	-	-	(47)	(41)	(14)	(13)	-	-	-	-	61	54	-	-
Capital management	-	-	7	13	-	(1)	-	-	(2)	1	-	-	5	13
Share of associates' and joint ventures' profit before tax[1]	20	16	-	-	-	-	33	21	-	-	-	-	53	37
Underlying performance	**190**	**176**	**154**	**151**	**13**	**18**	**33**	**19**	**(28)**	**(23)**	**-**	**-**	**362**	**341**
Underlying adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	**190**	**176**	**154**	**151**	**13**	**18**	**33**	**19**	**(28)**	**(23)**	**-**	**-**	**362**	**341**
Tax on operating profit/(loss)	(33)	(35)	(49)	(28)	50	(14)	-	-	1	8	-	-	(31)	(69)
Share of associates' and joint ventures' tax expense	(5)	(5)	-	-	-	-	(2)	-	-	-	-	-	(7)	(5)
Operating profit/(loss) after tax	**152**	**136**	**105**	**123**	**63**	**4**	**31**	**19**	**(27)**	**(15)**	**-**	**-**	**324**	**267**
Non-operating items	(19)	(16)	42	(32)	5	(5)	(24)	-	(44)	(8)	-	-	(40)	(61)
Tax on non-operating items	3	3	(12)	12	-	2	-	-	17	3	-	-	8	20
Profit/(loss) for the period attributable to equity holders of Standard Life plc	**136**	**123**	**135**	**103**	**68**	**1**	**7**	**19**	**(54)**	**(20)**	**-**	**-**	**292**	**226**

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.

Assets under administration and net flows

Assets under administration (AUA) is a measure of the total assets administered on behalf of individual customers and institutional clients. It includes those assets for which we provide investment management services, as well as those assets we administer where the customer has made a choice to select an external third party investment manager. As an investment company, AUA and net flows are key drivers of shareholder value.

Assets under administration
6 months ended 30 June 2017

		Opening AUA at 1 Jan 2017 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 30 Jun 2017 £bn
Total growth channels		237.6	19.3	(19.9)	(0.6)	7.0	244.0
Total mature books fee		88.8	0.7	(3.6)	(2.9)	2.1	88.0
Total mature books spread/risk		16.1	0.1	(0.6)	(0.5)	(0.1)	15.5
Total other		14.6	0.6	(0.3)	0.3	(0.5)	14.4
Total AUA		**357.1**	**20.7**	**(24.4)**	**(3.7)**	**8.5**	**361.9**
Growth channels	Institutional	87.0	5.1	(8.9)	(3.8)	1.2	84.4
	Wholesale	50.1	6.2	(6.8)	(0.6)	1.6	51.1
	Wealth	6.8	0.4	(0.6)	(0.2)	0.2	6.8
	Standard Life Investments	**143.9**	**11.7**	**(16.3)**	**(4.6)**	**3.0**	**142.3**
	Workplace	37.4	2.2	(1.4)	0.8	0.8	39.0
	Retail[1]	62.9	6.7	(3.3)	3.4	3.2	69.5
	UK Pensions and Savings	**100.3**	**8.9**	**(4.7)**	**4.2**	**4.0**	**108.5**
	Europe growth[1]	11.2	0.6	(0.5)	0.1	0.6	11.9
	Pensions and Savings	**111.5**	**9.5**	**(5.2)**	**4.3**	**4.6**	**120.4**
	Hong Kong	0.6	-	-	-	0.1	0.7
	Eliminations[2]	(18.4)	(1.9)	1.6	(0.3)	(0.7)	(19.4)
	Total growth channels	**237.6**	**19.3**	**(19.9)**	**(0.6)**	**7.0**	**244.0**
Mature books	UK mature Retail	34.3	0.3	(1.8)	(1.5)	1.8	34.6
	Europe mature fee	10.1	0.4	(0.3)	0.1	-	10.2
	Third party strategic partner life business	43.8	-	(1.4)	(1.4)	0.3	42.7
	Other fee including CWP	0.6	-	(0.1)	(0.1)	-	0.5
	Total mature books fee	**88.8**	**0.7**	**(3.6)**	**(2.9)**	**2.1**	**88.0**
	Spread/risk	16.1	0.1	(0.6)	(0.5)	(0.1)	15.5
	Total mature books	**104.9**	**0.8**	**(4.2)**	**(3.4)**	**2.0**	**103.5**
Associate and joint venture life businesses		4.0	0.6	(0.3)	0.3	0.2	4.5
Other[3]		11.2	-	-	-	(0.6)	10.6
Other eliminations[2]		(0.6)	-	-	-	(0.1)	(0.7)
Total		**357.1**	**20.7**	**(24.4)**	**(3.7)**	**8.5**	**361.9**

1. Platform AUA (Wrap, Elevate and Fundzone) of £49.2bn (FY 2016: £44.2bn) comprises £46.5bn (FY 2016: £41.7bn) reported within UK Retail and £2.7bn (FY 2016: £2.5bn) relating to Wrap International Bond reported within Europe growth fee.
2. Certain products are included in both Pensions and Savings growth AUA and Standard Life Investments growth AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Comprises £19.4bn (FY 2016: £18.4bn) related to growth channel business eliminations and £0.7bn (FY 2016: £0.6bn) related to other consolidation/eliminations.
3. Other comprises Assets that do not generate revenue from products of £8.1bn (FY 2016: £8.9bn) and Other corporate assets of £2.5bn (FY 2016; £2.3bn).

Assets under administration and net flows

Assets under administration
6 months ended 30 June 2016

		Opening AUA at 1 Jan 2016 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 30 Jun 2016 £bn
Total growth channels		198.3	20.6	(16.5)	4.1	6.5	208.9
Total mature books fee		82.0	0.7	(3.6)	(2.9)	7.8	86.9
Total mature books spread/risk		14.9	0.1	(0.6)	(0.5)	1.7	16.1
Total other		12.2	0.4	(0.2)	0.2	3.7	16.1
Total AUA		**307.4**	**21.8**	**(20.9)**	**0.9**	**19.7**	**328.0**
Growth channels	Institutional[1]	76.8	8.5	(6.6)	1.9	4.7	83.4
	Wholesale[1]	47.2	6.7	(7.1)	(0.4)	0.8	47.6
	Wealth	6.5	0.5	(0.3)	0.2	-	6.7
	Standard Life Investments	**130.5**	**15.7**	**(14.0)**	**1.7**	**5.5**	**137.7**
	Workplace	33.0	2.0	(1.2)	0.8	0.2	34.0
	Retail[2]	42.6	4.1	(2.1)	2.0	1.1	45.7
	UK Pensions and Savings	**75.6**	**6.1**	**(3.3)**	**2.8**	**1.3**	**79.7**
	Europe growth[2]	9.6	0.7	(0.4)	0.3	0.5	10.4
	Pensions and Savings	**85.2**	**6.8**	**(3.7)**	**3.1**	**1.8**	**90.1**
	Hong Kong	0.5	-	-	-	0.1	0.6
	Eliminations[3]	(17.9)	(1.9)	1.2	(0.7)	(0.9)	(19.5)
	Total growth channels	**198.3**	**20.6**	**(16.5)**	**4.1**	**6.5**	**208.9**
Mature books	UK mature Retail	32.7	0.4	(1.6)	(1.2)	1.1	32.6
	Europe mature fee	8.4	0.3	(0.2)	0.1	1.8	10.3
	Third party strategic partner life business	39.6	-	(1.4)	(1.4)	4.8	43.0
	Other fee including CWP	1.3	-	(0.4)	(0.4)	0.1	1.0
	Total mature books fee	**82.0**	**0.7**	**(3.6)**	**(2.9)**	**7.8**	**86.9**
	Spread/risk	14.9	0.1	(0.6)	(0.5)	1.7	16.1
	Total mature books	**96.9**	**0.8**	**(4.2)**	**(3.4)**	**9.5**	**103.0**
Associate and joint venture life businesses[4]		2.3	0.4	(0.2)	0.2	1.0	3.5
Other[5]		10.4	-	-	-	2.8	13.2
Other eliminations[3]		(0.5)	-	-	-	(0.1)	(0.6)
Total		**307.4**	**21.8**	**(20.9)**	**0.9**	**19.7**	**328.0**

1. During 2016 a number of Ignis funds were merged with other SLI funds. Comparatives have been restated.
2. Platform AUA (Wrap and Fundzone) of £28.9bn comprises £26.7bn reported within UK Retail and £2.2bn relating to Wrap International Bond reported within Europe growth fee.
3. Certain products are included in both Pensions and Savings growth AUA and Standard Life Investments growth AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Comprises £19.5bn (FY 2015: £17.9bn) related to growth channel business eliminations and £0.6bn (FY 2015: £0.5bn) related to other consolidation/eliminations.
4. Market and other movements includes £0.8bn relating to the stake increase in HDFC Life in April 2016.
5. Other comprises Assets that do not generate revenue from products of £10.5bn (FY 2015: £7.7bn) and Other corporate assets of £2.7bn (FY 2015: £2.7bn).

Standard Life Investments assets under management and net flows

6 months ended 30 June 2017

		Opening AUM at 1 Jan 2017 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUM at 30 Jun 2017 £bn
Growth AUM	UK	100.6	7.9	(11.4)	(3.5)	2.7	99.8
	Europe	16.2	1.2	(1.8)	(0.6)	0.4	16.0
	North America	12.7	1.0	(2.2)	(1.2)	(0.3)	11.2
	Asia Pacific	3.8	0.6	(0.9)	(0.3)	-	3.5
	India	10.6	1.0	-	1.0	0.2	11.8
	By geography of client	**143.9**	**11.7**	**(16.3)**	**(4.6)**	**3.0**	**142.3**
	Equities	17.9	2.0	(2.1)	(0.1)	2.2	20.0
	Fixed income	32.0	1.4	(2.3)	(0.9)	0.9	32.0
	Multi-asset[1]	51.5	3.5	(8.6)	(5.1)	(1.0)	45.4
	Real estate	10.3	0.5	(0.8)	(0.3)	0.7	10.7
	MyFolio	10.5	1.5	(0.7)	0.8	0.4	11.7
	Other[2]	21.7	2.8	(1.8)	1.0	(0.2)	22.5
	By asset class	**143.9**	**11.7**	**(16.3)**	**(4.6)**	**3.0**	**142.3**
	Institutional	87.0	5.1	(8.9)	(3.8)	1.2	84.4
	Wholesale	50.1	6.2	(6.8)	(0.6)	1.6	51.1
	Wealth	6.8	0.4	(0.6)	(0.2)	0.2	6.8
	By channel	**143.9**	**11.7**	**(16.3)**	**(4.6)**	**3.0**	**142.3**
Standard Life Group		90.2	1.7	(3.1)	(1.4)	1.4	90.2
Phoenix Group		43.8	-	(1.4)	(1.4)	0.3	42.7
Strategic partner life business AUM		**134.0**	**1.7**	**(4.5)**	**(2.8)**	**1.7**	**132.9**
Standard Life Investments AUM		**277.9**	**13.4**	**(20.8)**	**(7.4)**	**4.7**	**275.2**

6 months ended 30 June 2016

		Opening AUM at 1 Jan 2016 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUM at 30 Jun 2016 £bn
Growth AUM	UK[3]	94.3	8.9	(7.9)	1.0	1.6	96.9
	Europe	14.2	2.5	(3.1)	(0.6)	2.7	16.3
	North America	11.7	3.0	(2.5)	0.5	0.3	12.5
	Asia Pacific	3.3	0.5	(0.5)	-	0.4	3.7
	India	7.0	0.8	-	0.8	0.5	8.3
	By geography of client	**130.5**	**15.7**	**(14.0)**	**1.7**	**5.5**	**137.7**
	Equities	16.9	1.6	(2.2)	(0.6)	(0.6)	15.7
	Fixed income[3]	27.1	2.9	(2.7)	0.2	3.5	30.8
	Multi-asset[1,3]	50.5	6.6	(6.0)	0.6	0.9	52.0
	Real estate[3]	10.3	0.7	(0.8)	(0.1)	0.6	10.8
	MyFolio	8.1	1.2	(0.5)	0.7	0.1	8.9
	Other[2,3]	17.6	2.7	(1.8)	0.9	1.0	19.5
	By asset class	**130.5**	**15.7**	**(14.0)**	**1.7**	**5.5**	**137.7**
	Institutional[3]	76.8	8.5	(6.6)	1.9	4.7	83.4
	Wholesale[3]	47.2	6.7	(7.1)	(0.4)	0.8	47.6
	Wealth	6.5	0.5	(0.3)	0.2	-	6.7
	By channel	**130.5**	**15.7**	**(14.0)**	**1.7**	**5.5**	**137.7**
Standard Life Group		83.1	1.9	(2.7)	(0.8)	6.0	88.3
Phoenix Group		39.6	-	(1.4)	(1.4)	4.8	43.0
Strategic partner life business AUM		**122.7**	**1.9**	**(4.1)**	**(2.2)**	**10.8**	**131.3**
Standard Life Investments AUM		**253.2**	**17.6**	**(18.1)**	**(0.5)**	**16.3**	**269.0**

1. Comprises absolute return strategies, enhanced diversification strategies, risk-based portfolios and traditional balanced portfolios.
2. Comprises cash, private equity, liquidity funds and Wealth. Net inflows from India cash funds £0.4bn (H1 2016: net inflows £0.5bn), net inflows from liquidity funds of £0.7bn (H1 2016: £nil).
3. During 2016 Ignis funds were merged into Standard Life Investments funds. Comparative figures have been restated.