Full year results 2014

Focus on fee business driving growth and performance

Standard Life Group

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Delivering growth, performance and value for shareholders

- Further transformation of the Group with acquisition of Ignis and sale of Canada
- Focused on providing long-term investment solutions for clients and customers
- Driving growth on an increasingly global basis
- Well positioned for changes to UK savings and retirement market
- Generating increased sustainable cashflow, improved returns and value creation for shareholders
- Continuity of strategy delivering in evolving markets

Full year results 2014

Focus on fee business driving growth and performance

Luke Savage
Chief Financial Officer

Standard Life Group

Simple and consistent business model

Increasing assets

Group AUA
up to **£296.6bn**
(2013: £214.7bn)

Maximising revenue

Fee based revenue
up to **£1,433m**
(2013: £1,256m)

Lowering unit costs

Total expense costs
down to **46bps**[1]
(2013: 50bps)

Driving profit

Group underlying performance
up to **£561m** (2013: £462m)

Operating profit
up to **£604m** (2013: £506m)

Cash generation
up to **£408m** (2013: £336m)

Final dividend
up to **11.43p**

Optimising the balance sheet

Proposed **return of £1.75bn** to shareholders

Subordinated liabilities of **£0.3bn** redeemed

All figures are reported on a continuing operations basis.
1. Excluding £17m HWPF adjustment.

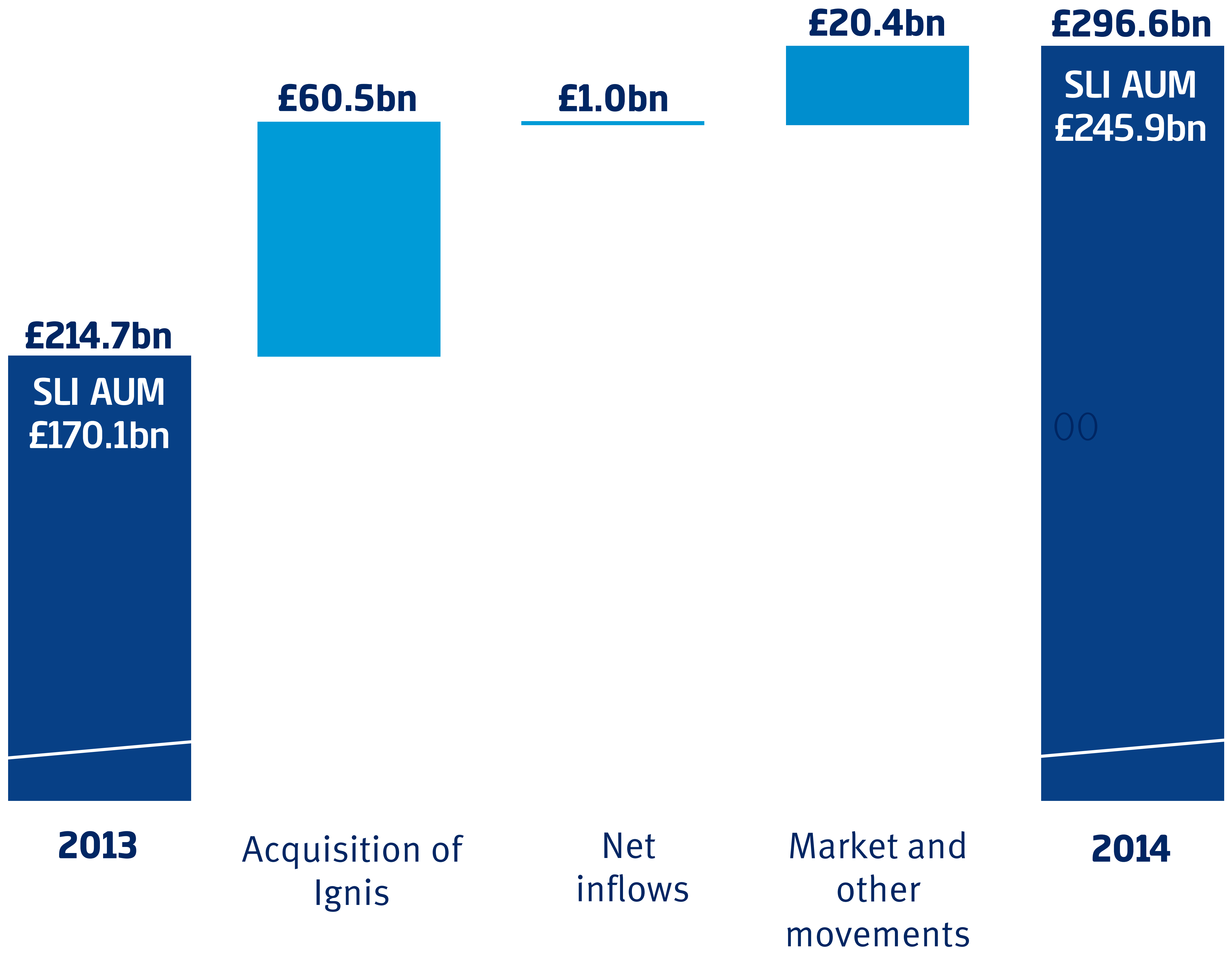
Group operating profit

Group operating profit before tax – continuing operations

	2014 £m	2013 £m
Fee revenue	1,433	1,256
Spread/risk margin	140	118
Total income	**1,573**	**1,374**
Acquisition expenses	(232)	(243)
Maintenance expenses	(767)	(633)
Group corporate centre costs	(54)	(53)
Capital management	2	(10)
Share of associates and JVs	39	27
Group underlying performance	**561**	**462**
Operating assumption and actuarial reserving changes (spread/risk margin)	43	44
Group operating profit before tax	**604**	**506**

Substantial increase in AUA

Increasing assets

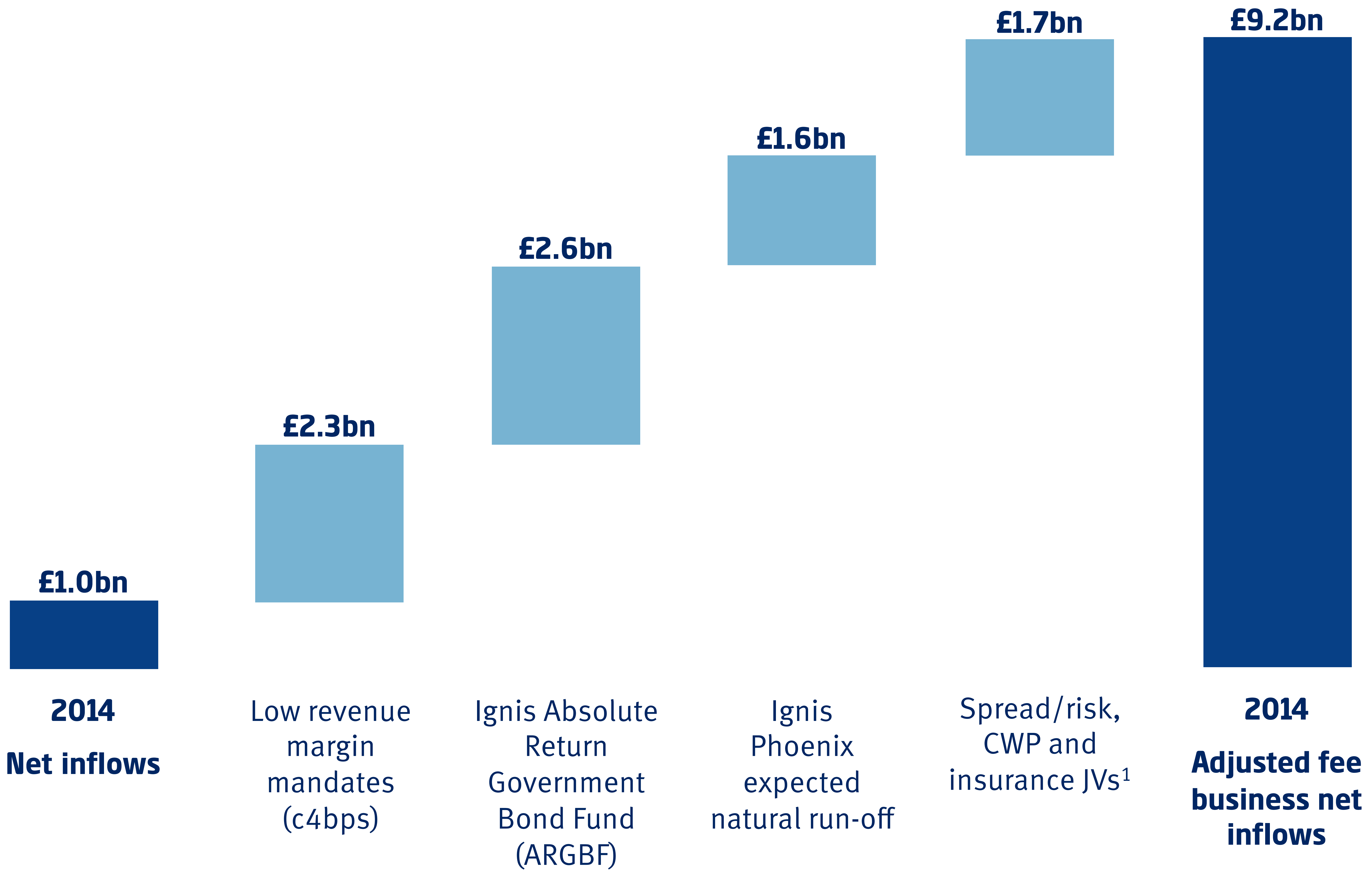


Group AUA managed by SLI increased to 83% (2013: 79%)

All figures are reported on a continuing operations basis.

Continuing strong momentum in fee business net inflows

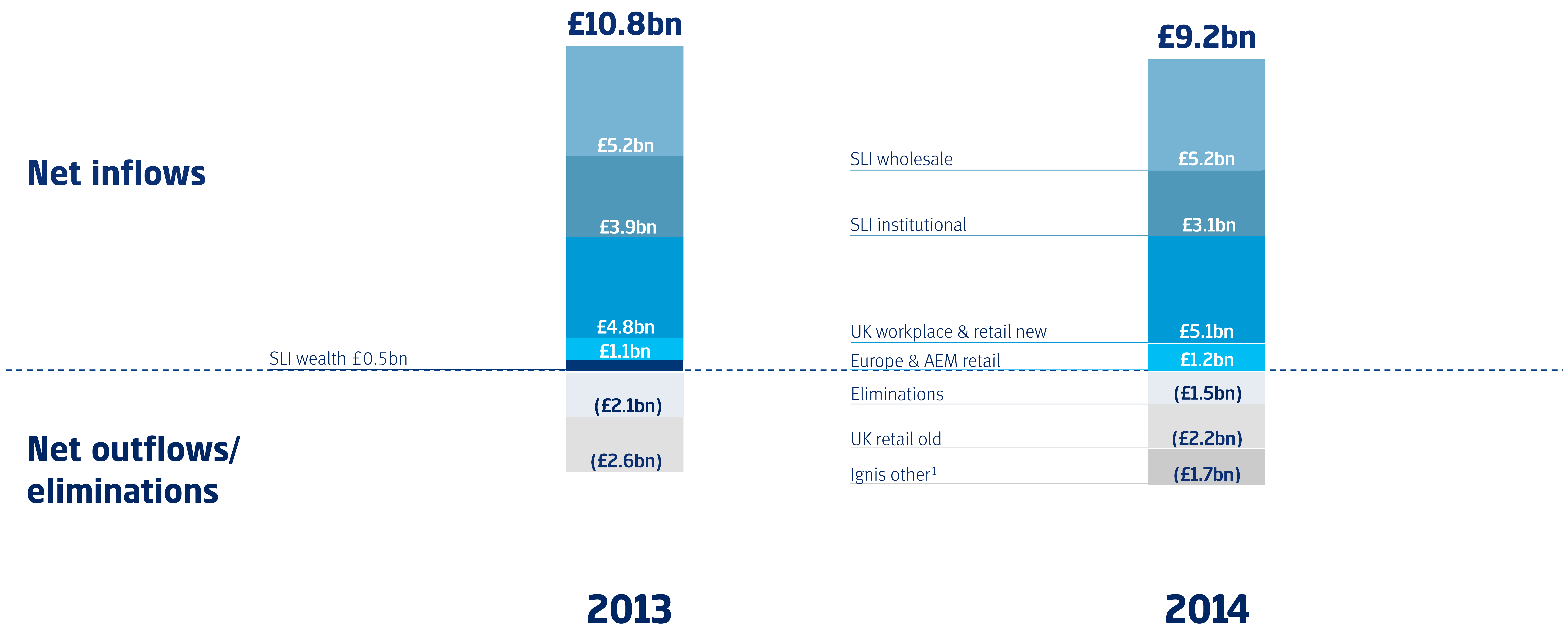
Increasing assets



1. Comprises net outflows from spread/risk and conventional with profits of £1.9bn and net inflows from JVs of £0.2bn.

Strong momentum in fee business net inflows across all channels

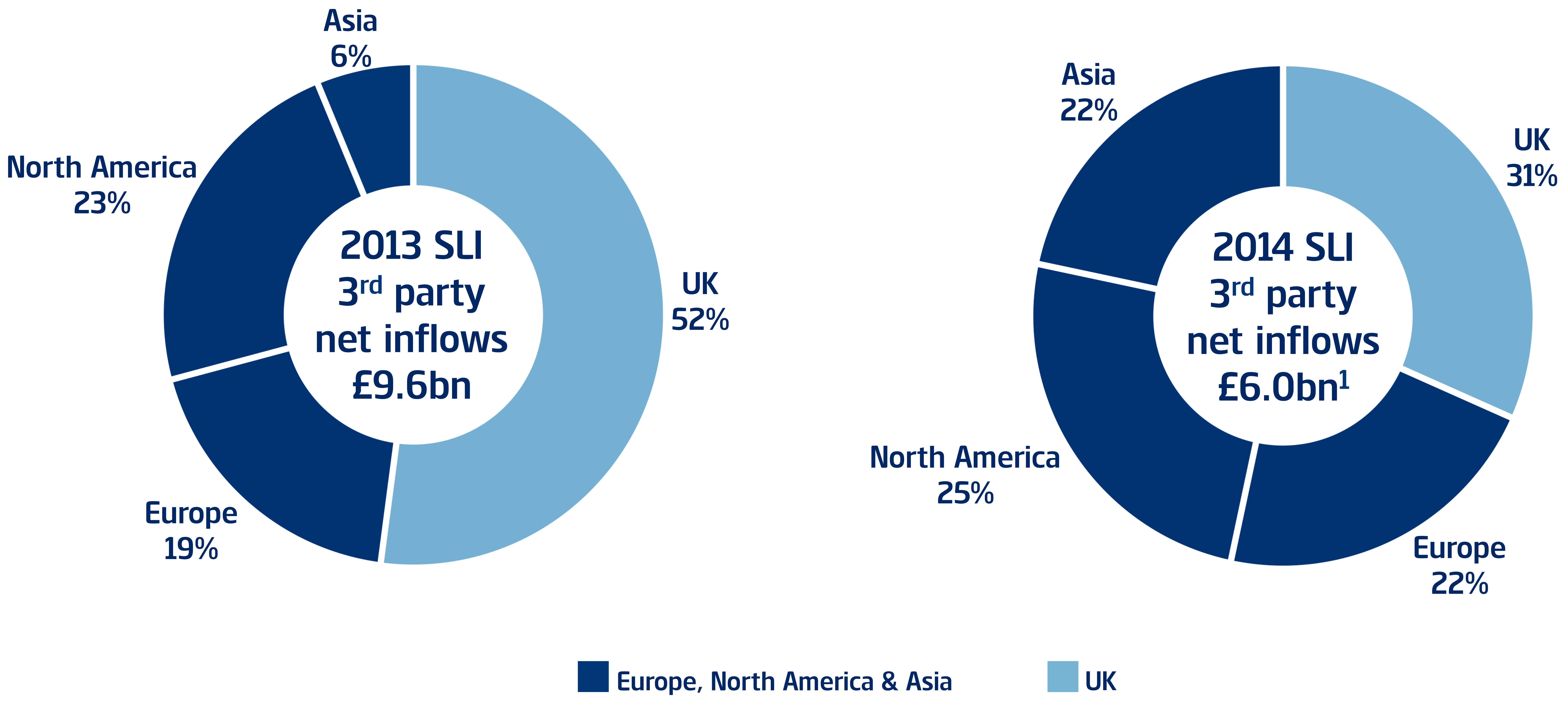
Increasing assets



1. Includes £1.0bn of net outflows from Ignis liquidity funds.

Standard Life Investments expanding global reach

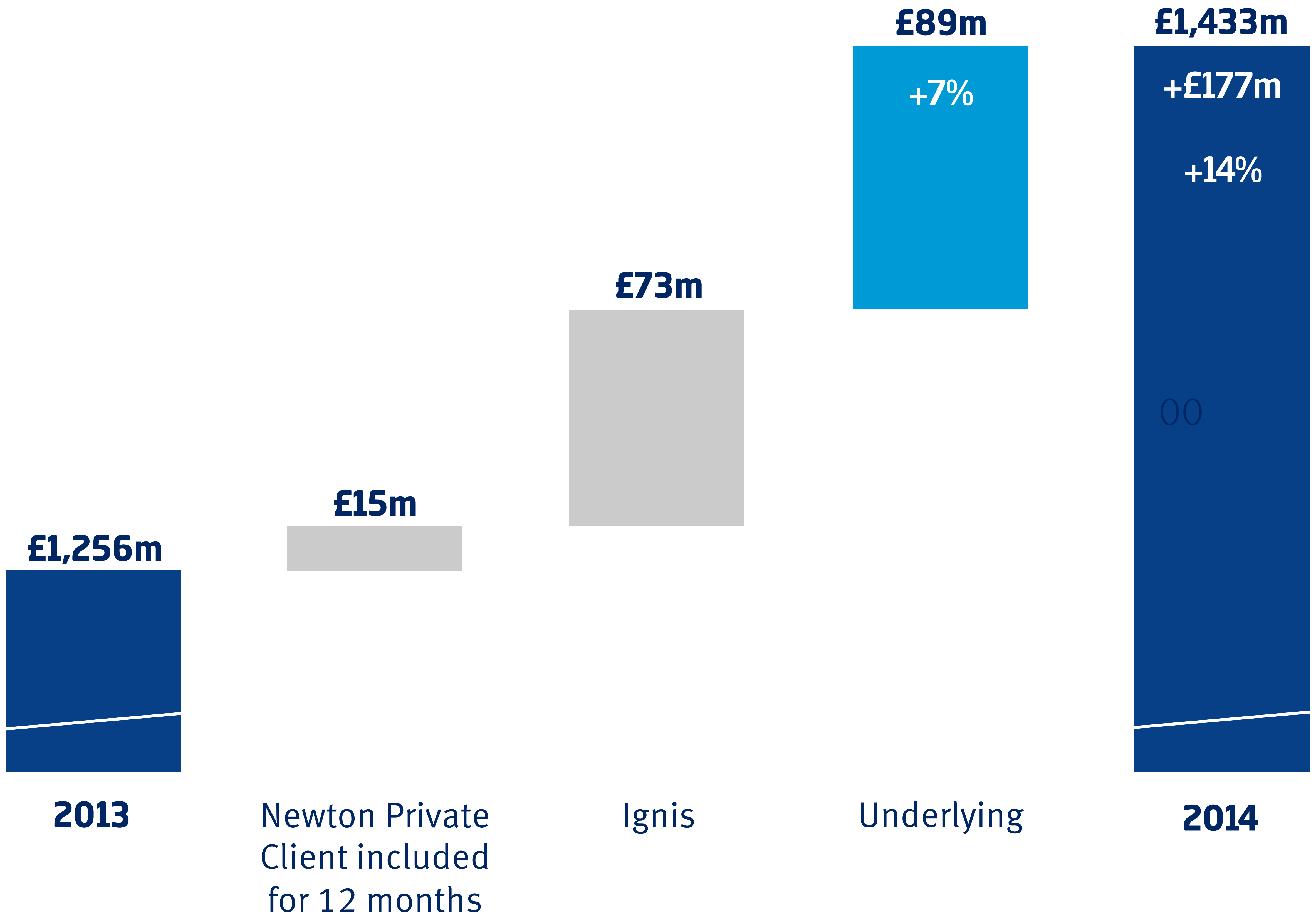
Increasing assets



1. Third party net inflows excluding Ignis.

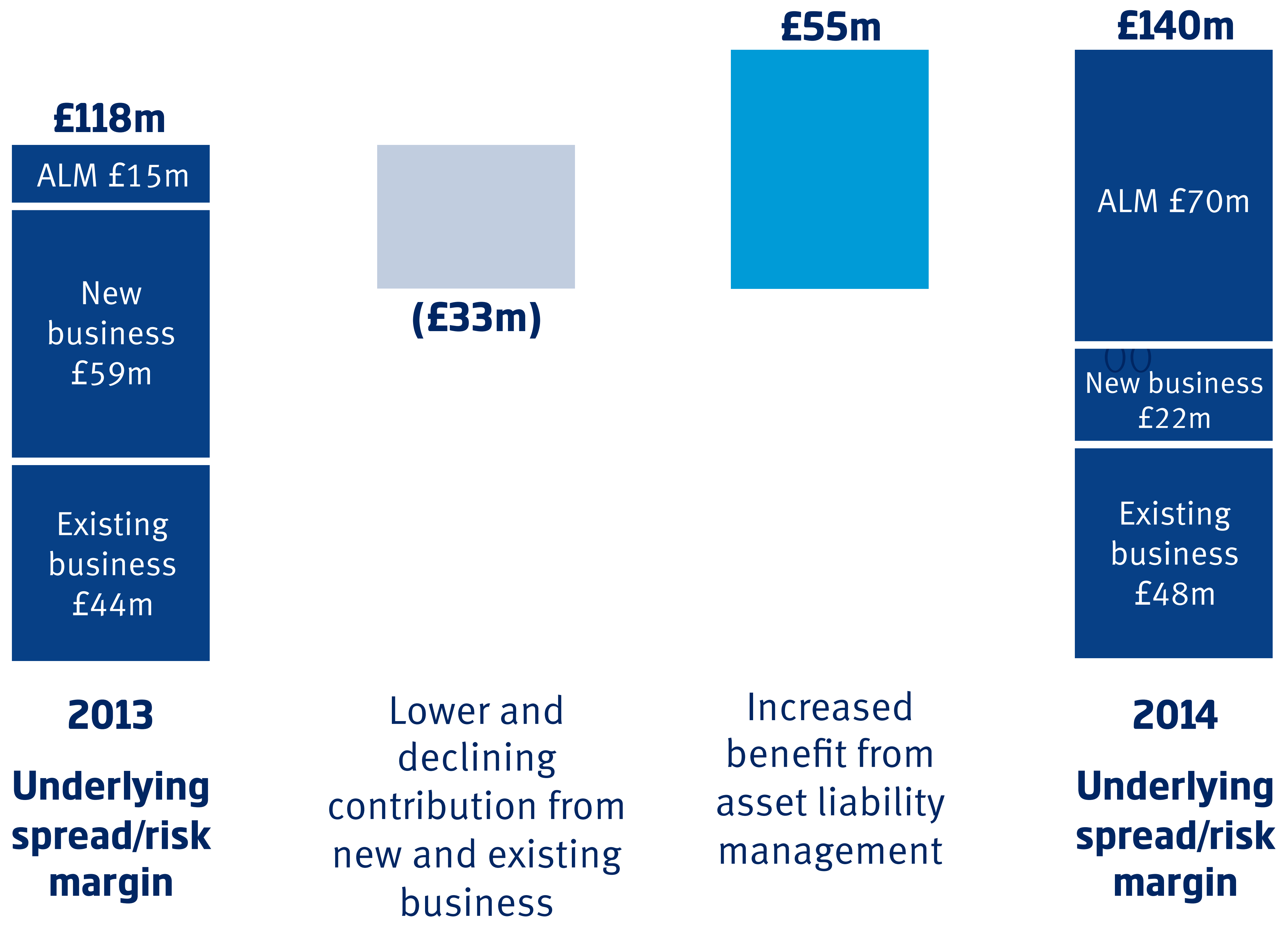
Growth in assets driving fee revenue

Maximising revenue



All figures are reported on a continuing operations basis.

Spread/risk margin benefited from higher level of asset liability management

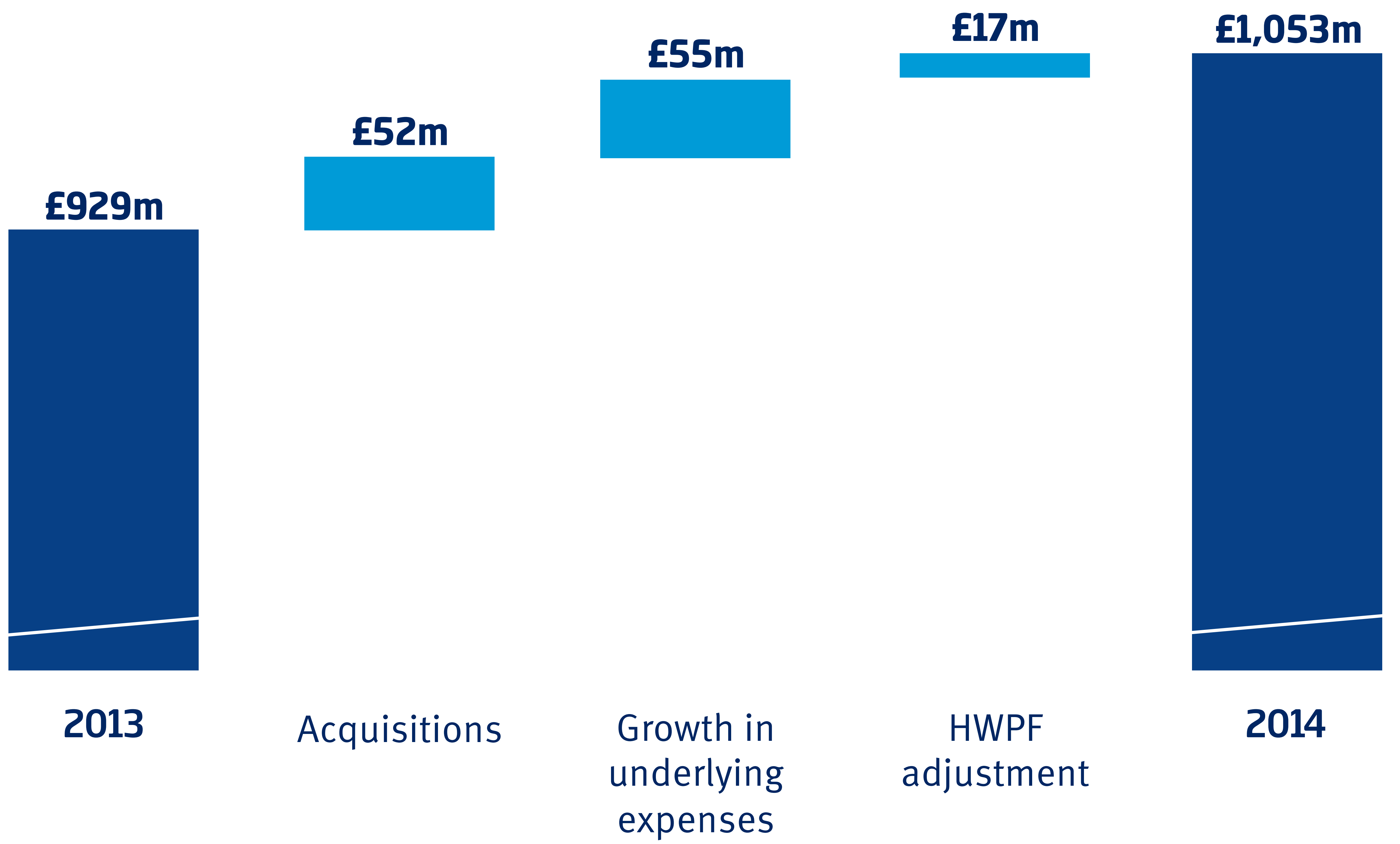


- Annuity new business profit:
  - Down £37m or 63% to £22m
  - Further reduction of £10m-£15m expected in 2015
- Higher level of asset liability management:
  - Benefit from actions taken to secure a higher yield on certain assets backing pre-demutualisation annuities
  - Expected lower contribution in 2015 of £30m-£40m (2014: £70m)

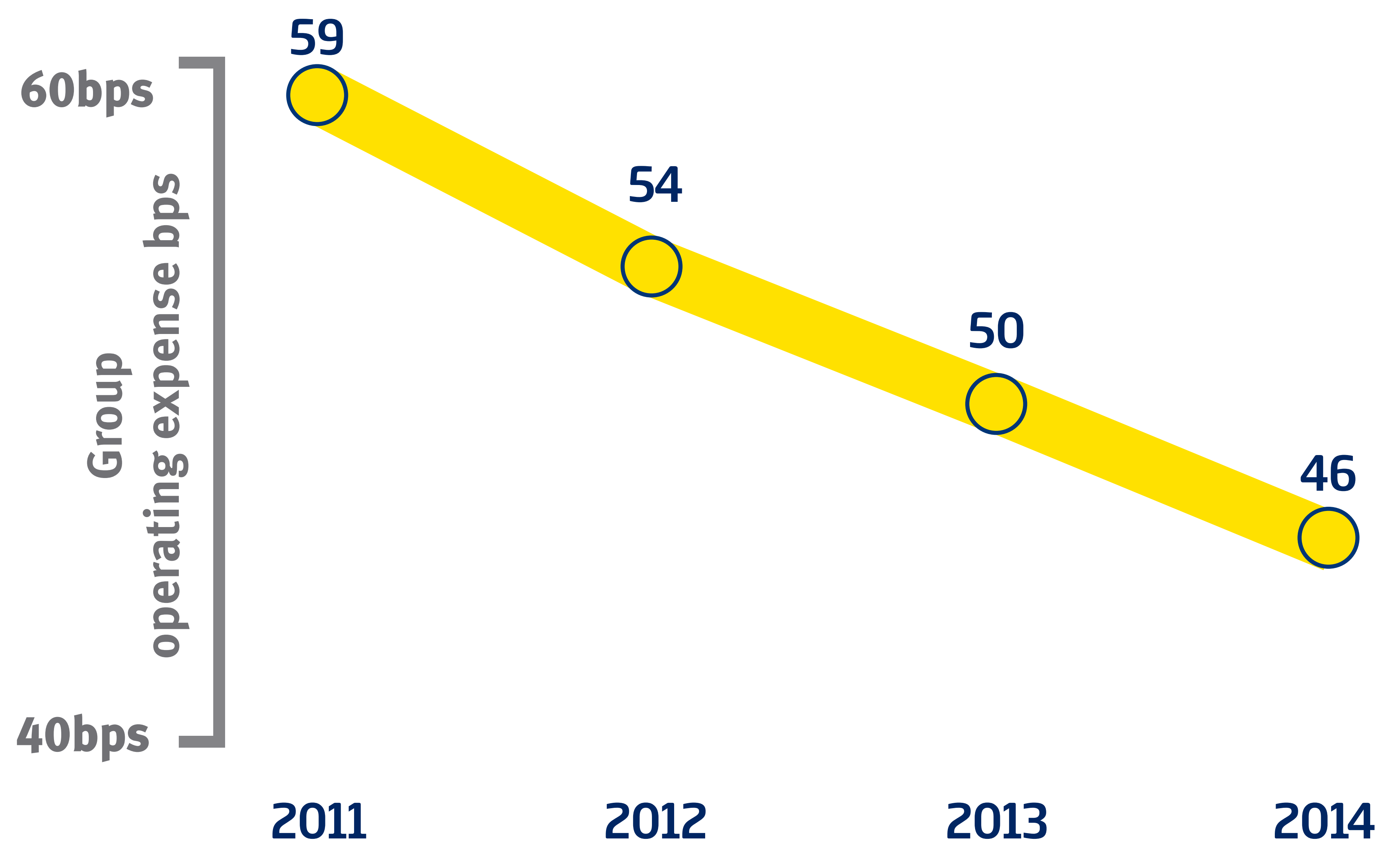
All figures are reported on a continuing operations basis.

Continuing to drive down unit costs

Lowering unit costs



Ongoing reduction in unit costs[1]

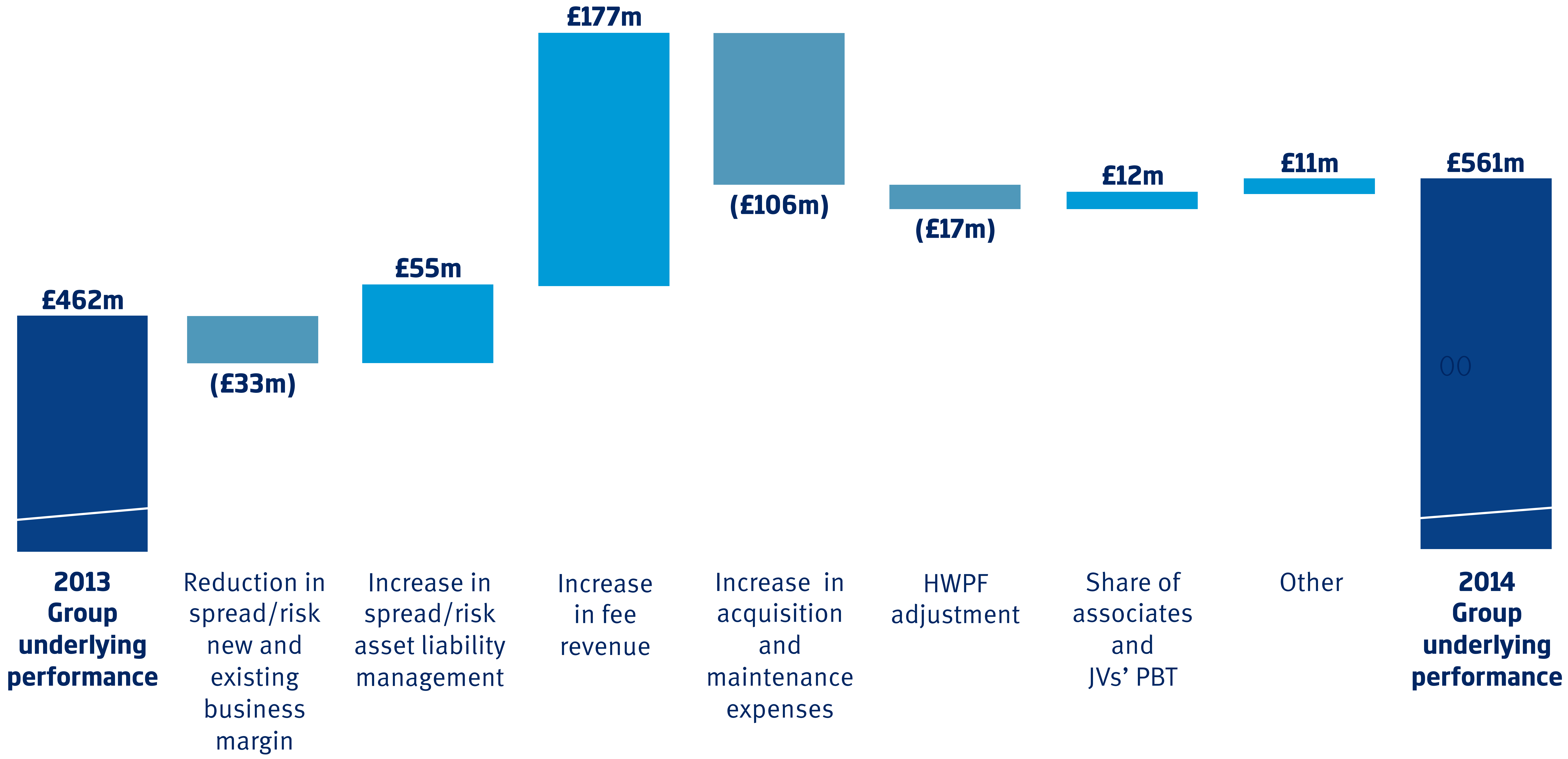


- Increase in expenses more than offset by growth in AUA with unit costs down 4bps[1]
- Integration of Ignis progressing well and on track to achieve £50m of annual cost savings by 2017
- Continued investment in new propositions, geographic reach and capabilities to support growth
- Focus on productivity and efficiency will deliver ongoing improvements

1. Includes acquisition, maintenance and group corporate central costs (excludes HWPF adjustment). All figures are reported on a continuing operations basis.

Revenue growth and cost control driving performance

Driving profit



All figures are reported on a continuing operations basis.

Business unit review

Group underlying performance by business unit

Group underlying performance – continuing operations

	2014 £m	2013 £m
Standard Life Investments	257	197
UK	308	290
Europe	39	41
Asia & Emerging Markets	19	-
Other	(62)	(66)
Group underlying performance	**561**	**462**

Consistent strong performance by Standard Life Investments

	2014 £m	2013[1] £m
Fee based revenue	686	514
Expenses	(450)	(339)
Share of JVs and associates operating profit before tax	21	22
Operating profit from continuing operations	**257**	**197**
Interest, depreciation and amortisation[2]	9	5
EBITDA[3] from continuing operations	**266**	**202**

- Third party revenue up 43% to £557m (2013: £390m)
- Average third party revenue[4] margin benefited from ongoing shift to higher margin products
- Increase in expenses reflects acquisitions along with investment in new propositions, geographic reach and capabilities
- Stable EBITDA margin: targeting a 45% EBITDA margin by 2017

Third party AUM[4]

£89.8bn (2013[1]) → £117.5bn (2014)

Third party revenue bps[4]

50bps (2013[1]) → 53bps (2014)

EBITDA margin

39% (2013[1]) → 39% (2014)

All figures are reported on a continuing operations basis.

1. Restated to reflect Standard Life Wealth's move to be reported as part of Standard Life Investments and SLI Canada as a discontinued operation. 2. Excludes amortisation of intangibles acquired in business combinations which is excluded from operating profit before tax. 3. Earnings before interest, tax, depreciation and amortisation. 4. Excluding strategic partner life business.

Significant contribution from Ignis in H2 2014

	2014 £m
Fee based revenue	59
Performance fees	14
Expenses	(37)
Operating profit	**36**
Interest, depreciation and amortisation	1
EBITDA[1]	**37**

- Included in Standard Life Investments results from 1 July 2014
- Outflows from ARGBF of £2.6bn (impairment of intangible assets of £43m included within non-operating items)
- Revenue and operating profit benefiting from good investment performance
- £50m of acquisition, restructuring and integration costs included within non-operating items

Integration progressing well - on track to achieve £50m of annual cost savings by 2017

1. Earnings before interest, tax, depreciation and amortisation.

Continuing growth from the UK business

	2014 £m	2013[1] £m
Fee based revenue	619	603
Spread/risk margin	134	114
Total income	753	717
Acquisition expenses	(178)	(181)
Maintenance expenses	(193)	(166)
Investment management fees to SLI	(85)	(83)
Capital management	11	3
Business underlying performance	**308**	**290**

- Workplace and retail new net flows representing 8% and 9% of opening AUA respectively
- Fee based revenue increased 3% in a transitioning market
- Total expenses[3] up only 2% to £354m, excluding £17m historical adjustment of HWPF
- Operating expense unit costs down to 40bps[4]

Total AUA[2]

£119.7bn (2013[1]) → **£128.1bn** (2014)

Fee revenue bps

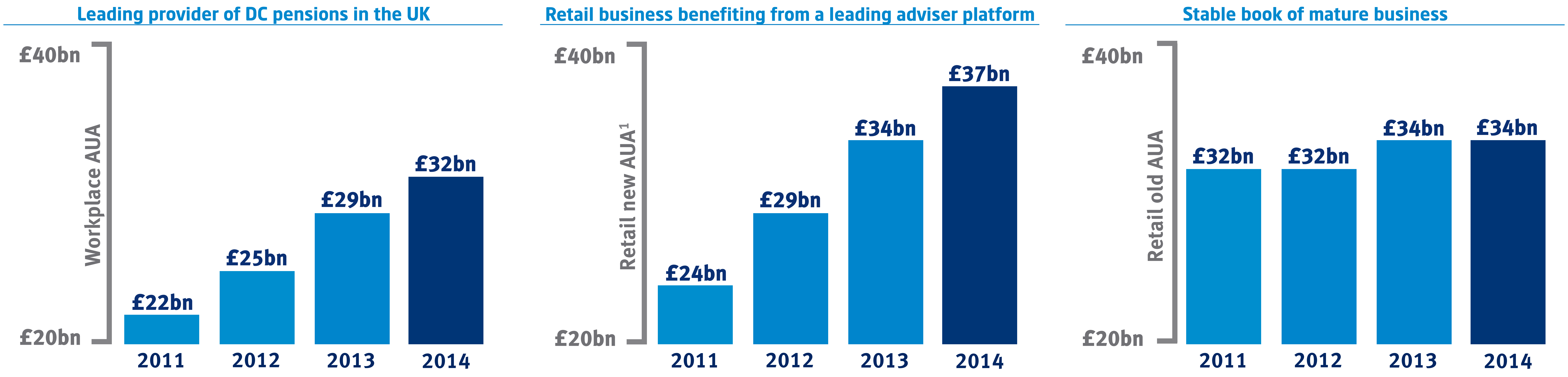
66bps (2013[1]) → **62bps** (2014)

Operating expense bps

43bps (2013[1]) → **40bps[4]** (2014)

1. 2013 has been restated to reflect Standard Life Wealth now being reported as part of Standard Life Investments. 2. Institutional pensions managed by Standard Life Investments are now excluded from UK and Europe results. Comparatives have been restated. 3. Excluding investment management fees payable to Standard Life Investments. 4. Excluding £17m HWPF adjustment.

UK fee business assets over £100bn



- 10% increase in net inflows to £2.2bn
- 16% increase in regular contributions to £2.7bn
- Continued transfer of assets from workplace scheme leavers to retail old and new

- 4% increase in net inflows to £2.9bn
- 48% increase in MyFolio AUA to £5.9bn
- c25% of Wrap AUA managed by SLI securing additional revenue margin for the group

- 15% reduction in net outflows to £2.2bn
- Stable mature book of business benefiting from transfers of leavers from workplace
- Provides steady flow of customers for retail new propositions

1. Comparatives have been restated to reflect Standard Life Wealth now being reported as part of Standard Life Investments.

Stable performance from Europe

	2014 £m	2013 £m
Fee based revenue	183	192
Spread/risk margin	6	4
Total income	189	196
Acquisition expenses	(51)	(46)
Maintenance expenses	(76)	(87)
Investment management fees to SLI	(22)	(22)
Capital management	(1)	-
Business underlying performance	**39**	**41**

- Increased fee AUA by 15% to £17.2bn driven by continuation of strong net inflows of £1.1bn and positive market movements
- Fee based revenue and expenses broadly flat on a constant currency basis
- Lower profit in Germany partly offset by growth in Ireland
- Similar level of underlying performance expected over the medium term

Insurance JVs driving progress in Asia & Emerging Markets

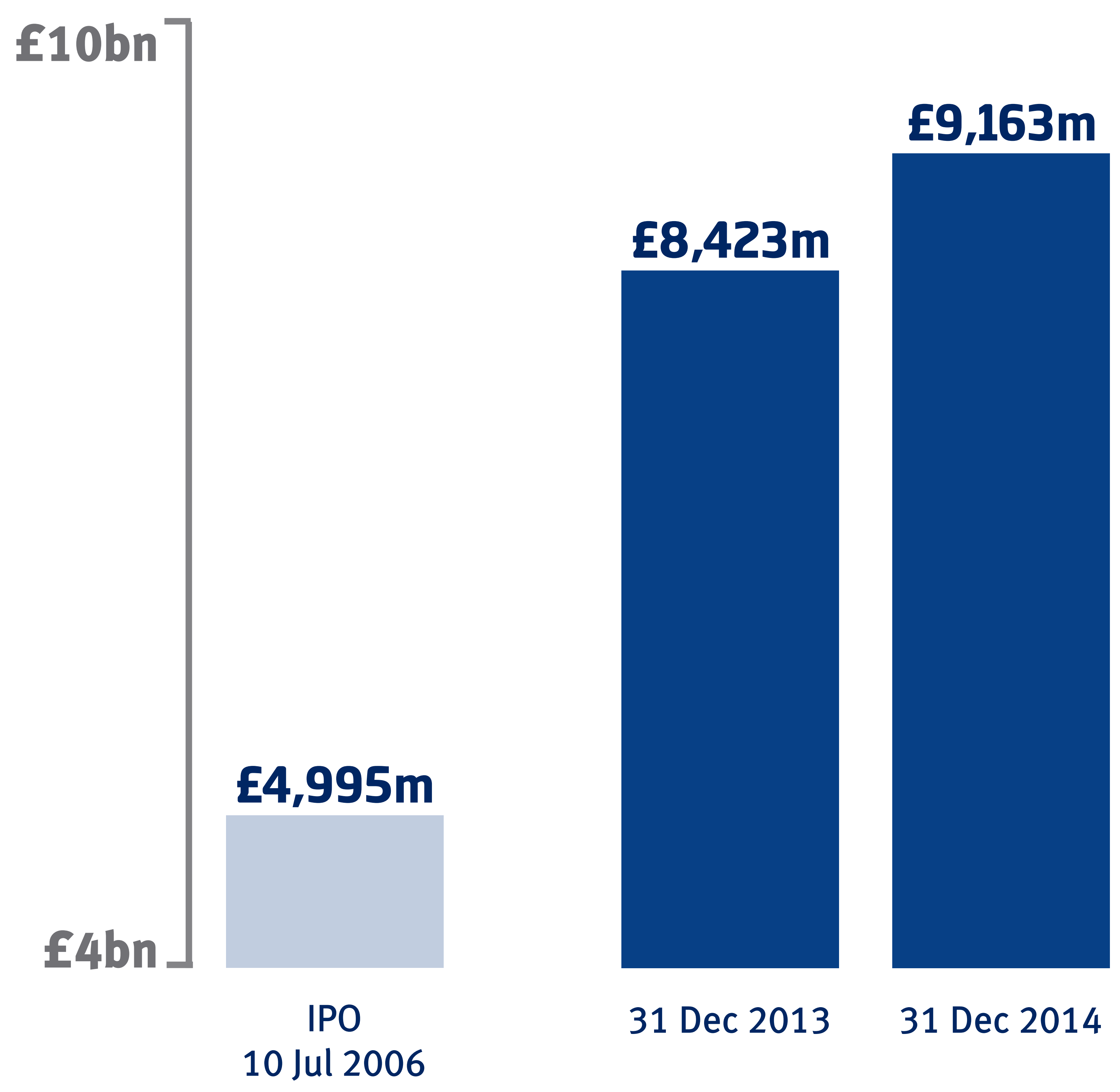
	2014 £m	2013[1] £m
Wholly owned	1	(5)
Insurance JV businesses	18	5
Operating profit from continuing operations	**19**	**-**

- Improvement across wholly owned operations:
  - Lower commission paid in Hong Kong
  - Changing regulatory environment may impact sales and short-term profitability
- Closure of Dubai business announced in November 2014
- Continued progress from our joint ventures:
  - Improved performance in China
  - Strong net inflows and market performance in India driving 42% increase in AUA to £1.7bn[2]
  - Growing profit and dividend from our insurance JV in India

1. Restated to reflect classification of Dubai as discontinued operation.
2. Standard Life share of AUA.

Driving returns for shareholders

Strong growth in embedded value



- Only 5% or £0.4bn of EEV relates to spread/risk PVIF and our JV businesses

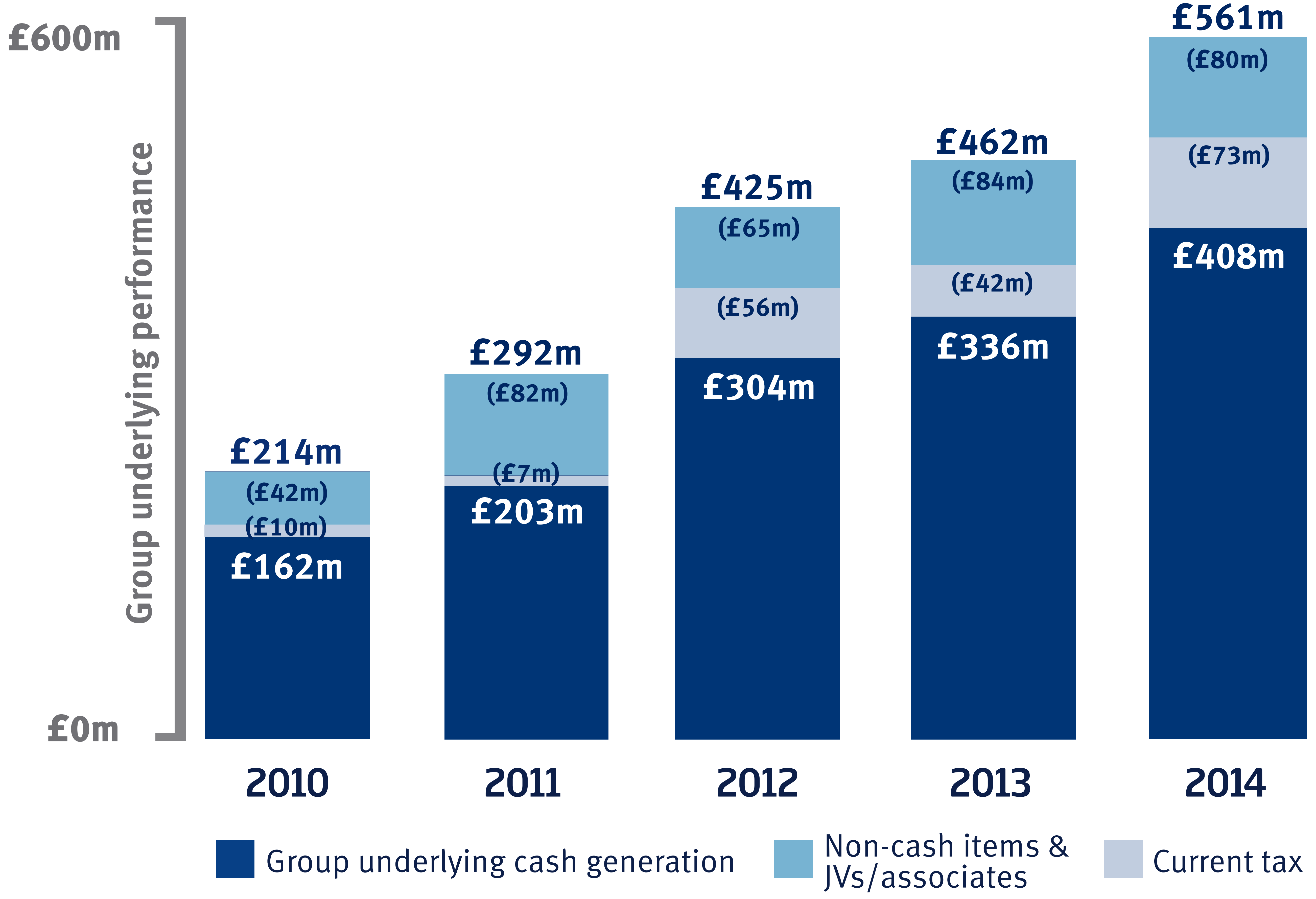
Following sale of Canada we will no longer report EEV results

New cash generation measure aligned to IFRS earnings

	2014 £m	2013 £m
Group underlying performance before tax	**561**	**462**
Adjustments in respect of wholly owned:		
Deduct current tax	(73)	(42)
DAC/DIR replaced by cash paid/received	(21)	(32)
Replace depreciation with capital expenditure	(20)	(25)
	447	**363**
Exclude profit from JVs and associates	(39)	(27)
Group underlying cash generation	**408**	**336**

All figures are reported on a continuing operations basis.

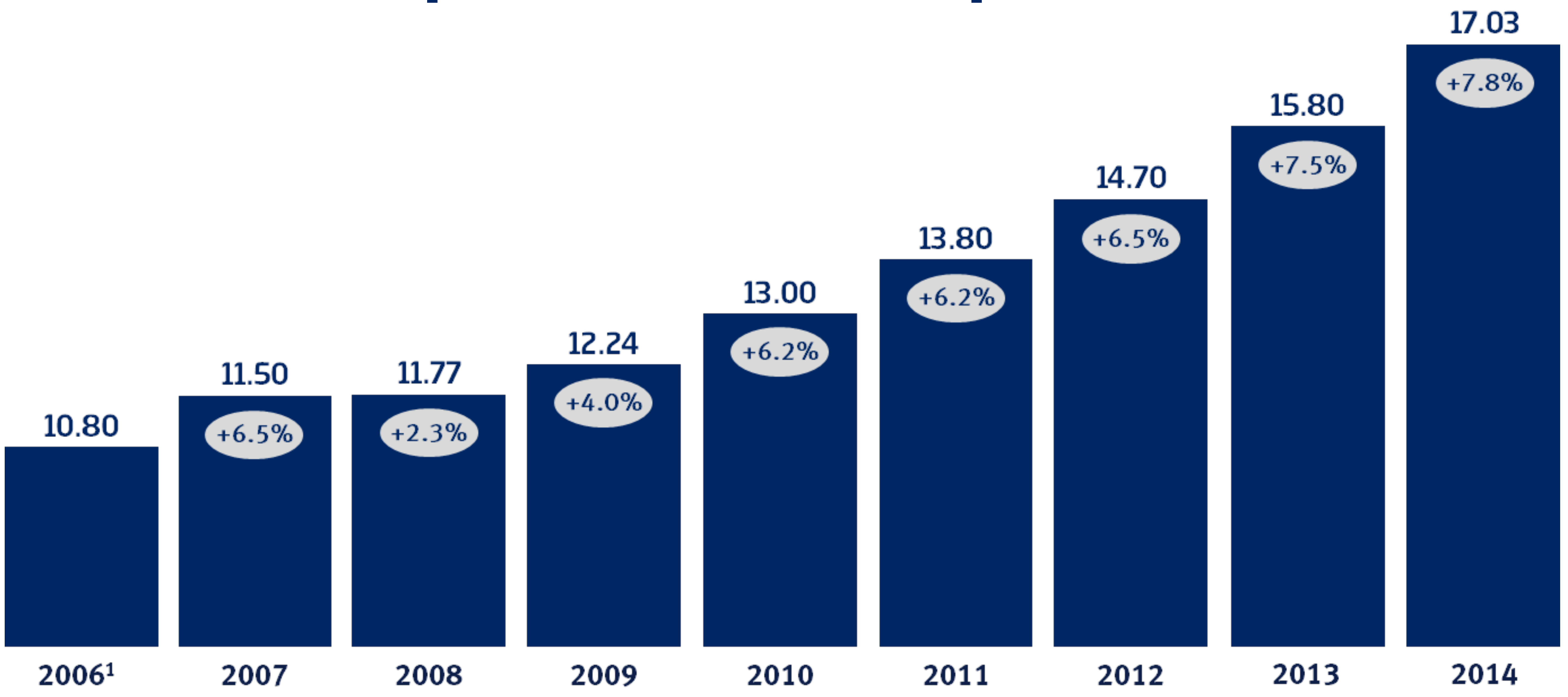
Cash generation more than doubled since 2010



Underlying cash generation of 20.8p per share post share consolidation

All figures are reported on a continuing operations basis.

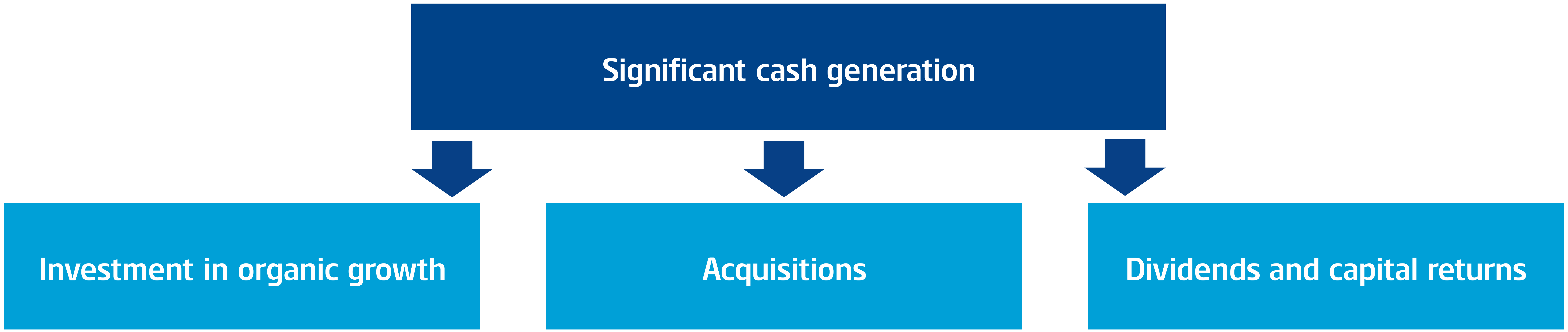
Full year dividend up 7.8% to 17.03p



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

- Final dividend up 8.0% to 11.43p
- Continuous record of dividend growth since IPO
- Progressive dividend per share to be maintained following capital return and share consolidation
- Cash generation from continuing operations equivalent to 20.8p per share post-consolidation

Delivering returns for shareholders



- Over £3.7bn of capital returned to shareholders since 2010
  - £1.7bn ordinary dividends since 2010
  - £0.3bn special dividend in 2013
  - £1.75bn proposed return of value from sale of Canada
- £0.5bn of acquisitions including Newton Private Clients and Ignis
- Retain strong balance sheet and flexibility with proforma IGD surplus of £2.7bn following proposed return of £1.75bn
- Strong economic capital position and well placed for the implementation of Solvency 2

Delivering growth, performance and value for shareholders

- Substantial increase in AUA with continuing strong net flow momentum
- Growth in assets driving fee revenue
- Revenue growth and lower unit costs driving profit
- Strong balance sheet and improved cash generation
- Improved returns for shareholders with final dividend up 8.0% to 11.43p

Full year results 2014

Continuing delivery of growth and performance

David Nish
Chief Executive

Standard Life Group

We have built a strong platform for growth

- Ongoing focus on meeting customer and client long-term investment savings needs
- Investment solutions with brand reputation for innovation, service and performance
- Operating on an increasingly global basis
- Broadening and deepening distribution channels
- Simple business model delivering value for shareholders

Consistent application of our simple business model will drive further returns for shareholders

Increasing assets

Maximising revenue

Lowering unit costs

Driving profit and return on equity

Premium investment solutions to meet global client needs

Institutional, Wholesale, UK Workplace and Retail

Creating value across channels and territories

Scalability and operational leverage

Optimising the balance sheet

Scale of growth opportunity is significant

Institutional | Wholesale | Workplace | Retail

Satisfying customer and client asset needs
Growth, yield, preservation, decumulation

Through our investment solutions
Active management, absolute return, MyFolio, liability aware

Underpinned by investment expertise
Multi-asset, equity, fixed income, real estate, private equity

Supported by global strategic partnerships
Manulife, John Hancock, Sumitomo Mitsui, HDFC, TEDA, Phoenix, Advisers

Standard Life Investments

Standard Life

Standard Life Investments meeting the needs of institutional clients internationally

Investment solutions with global appeal

- Serving clients in 41 countries
- Investing in our global offering to drive growth

Growing institutional distribution capability

- 65% of 2014 adjusted 3rd party institutional net inflows came from outside UK
- Headquartered in Edinburgh with regional hubs in Boston and Hong Kong
- Offices in 21 cities worldwide, including 10 opening 2014/15

Leveraging distribution of strategic partners to reach more clients

- Building on rapidly developing liability aware business with 15 life company clients in five countries
- Long-term strategic alliance with Phoenix in UK
- Standard Life UK core source of AUM and flows

Third party AUM above benchmark[1]	
1 year	69%
3 years	98%
5 years	88%

1. Excluding strategic partner life business and Ignis.

Building on Standard Life Investments' success in the wholesale market

Strong existing position in the UK market

- Fifth largest by AUM with 4.5% market share
- Wholesale now represents 30% of third party assets

Expanding in Europe

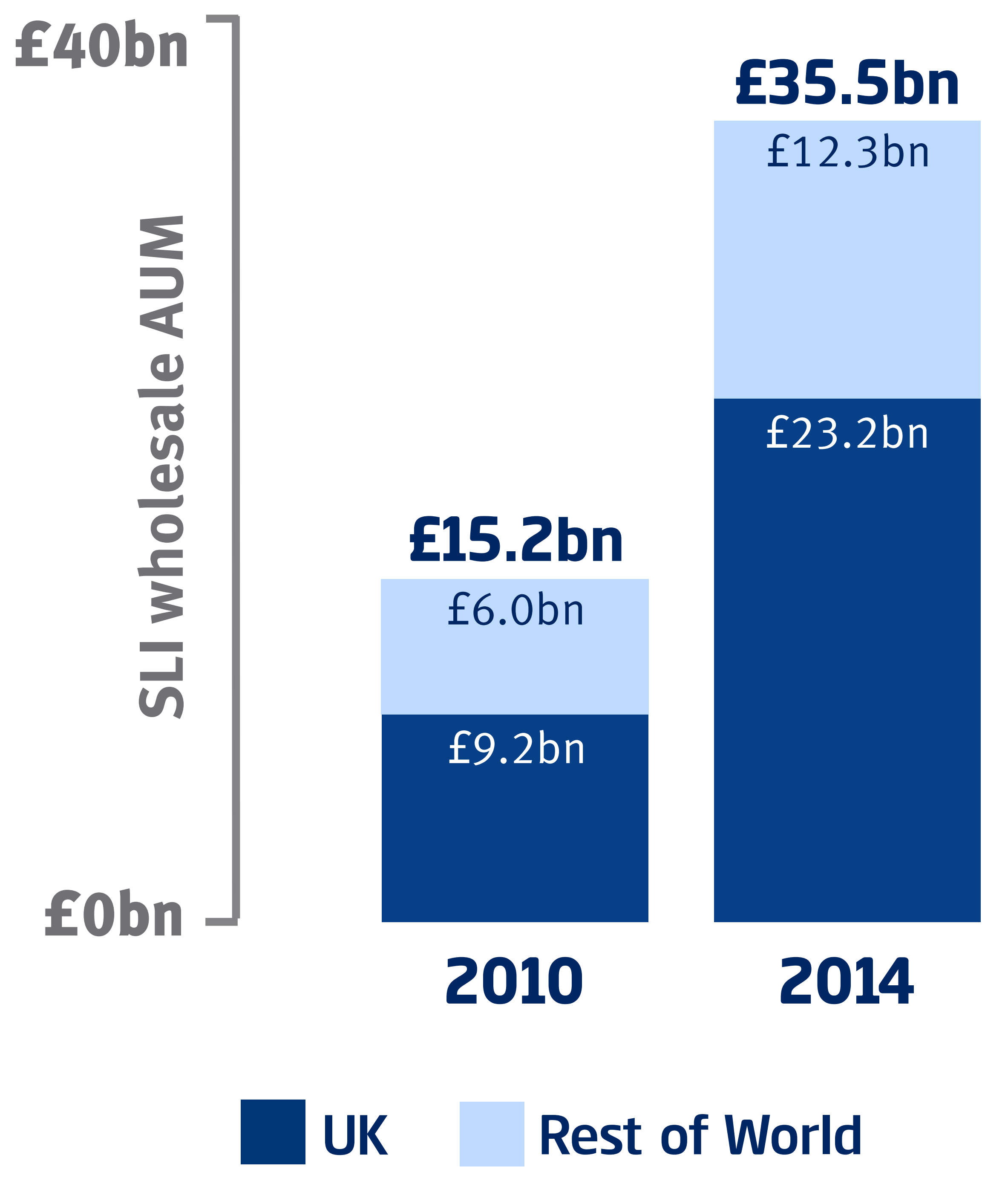
- Growing demand for SICAV with 20 sub funds now available

Growing our presence in North America

- John Hancock distribution growing rapidly with $6bn AUM
- Collaboration agreement with Manulife in Canada

Establishing footprint in Asia

- Building on long-term relationships with Sumitomo Mitsui in Japan and HDFC Asset Management
- Hong Kong hub expanded
- Collaboration agreement with Manulife across the region



Growing UK customer numbers and increasing engagement to drive asset growth and margin

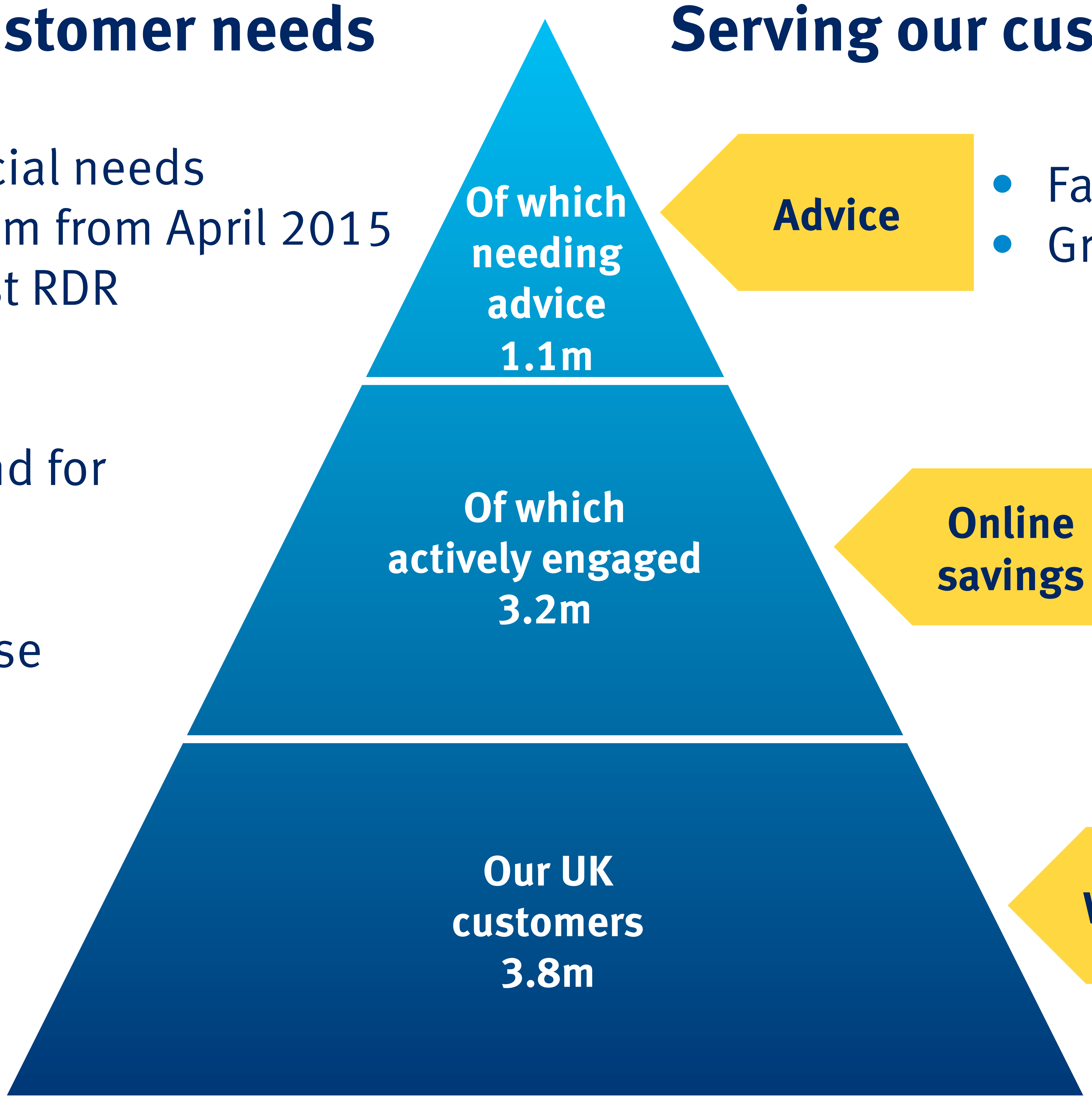
Customer engagement

Evolving customer needs

- Complex financial needs
- Pension freedom from April 2015
- Advice gap post RDR

- Increasing demand for interactive online solutions
- Simple, easy to use

- Auto enrolment
- DB to DC shift
- Savings gap



Serving our customers and driving margin

Advice

- Face to face, online or over the phone advice
- Greater take up of SLI solutions

Online savings

- Consistent look and feel
- Easy access, tools and guidance
- Greater take up of SLI solutions

Workplace

- Entry point for new customers
- Low cost of acquisition
- Largest DC provider in UK

Customer lifetime value to UK and SLI

UK workplace: attracting high number of new customers

Largest provider of DC pensions in the UK

- 1.6m workplace customers with AUA of £32bn

Since 2012 over 560,000 new customers through auto enrolment

- Now more than 3,000 schemes auto enrolled
- Strong demand for Good-to-Go online solution for SMEs with Standard Life Active Plus fund as default fund

Additional value will come from further growing assets and revenues

- Scheme members choosing to consolidate their individual pensions
- Consolidation of company scheme arrangements
- Auto enrolment contribution rates increasing from 2% today to 8% in 2018

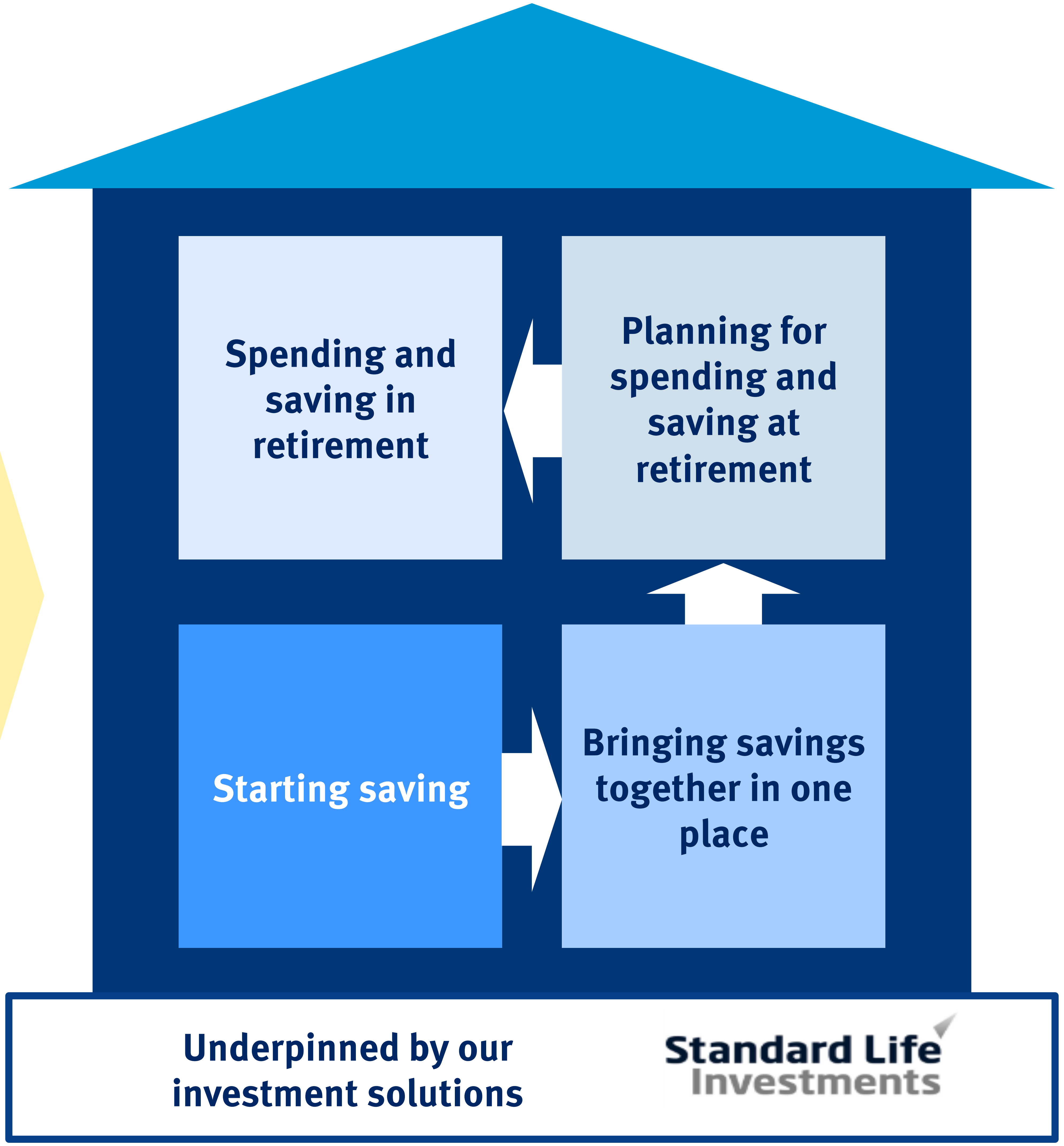
Workplace is also an important source of growth for the group

- New retail direct customers
- Future customers for our advice business
- Additional flows into Standard Life Investments

Engaging all UK customers via our new digital proposition

Four key customer groups needing help and guidance

- Existing direct customers
- Potential new direct customers (including new retirees)
- Existing workplace customers
- New auto enrolment customers

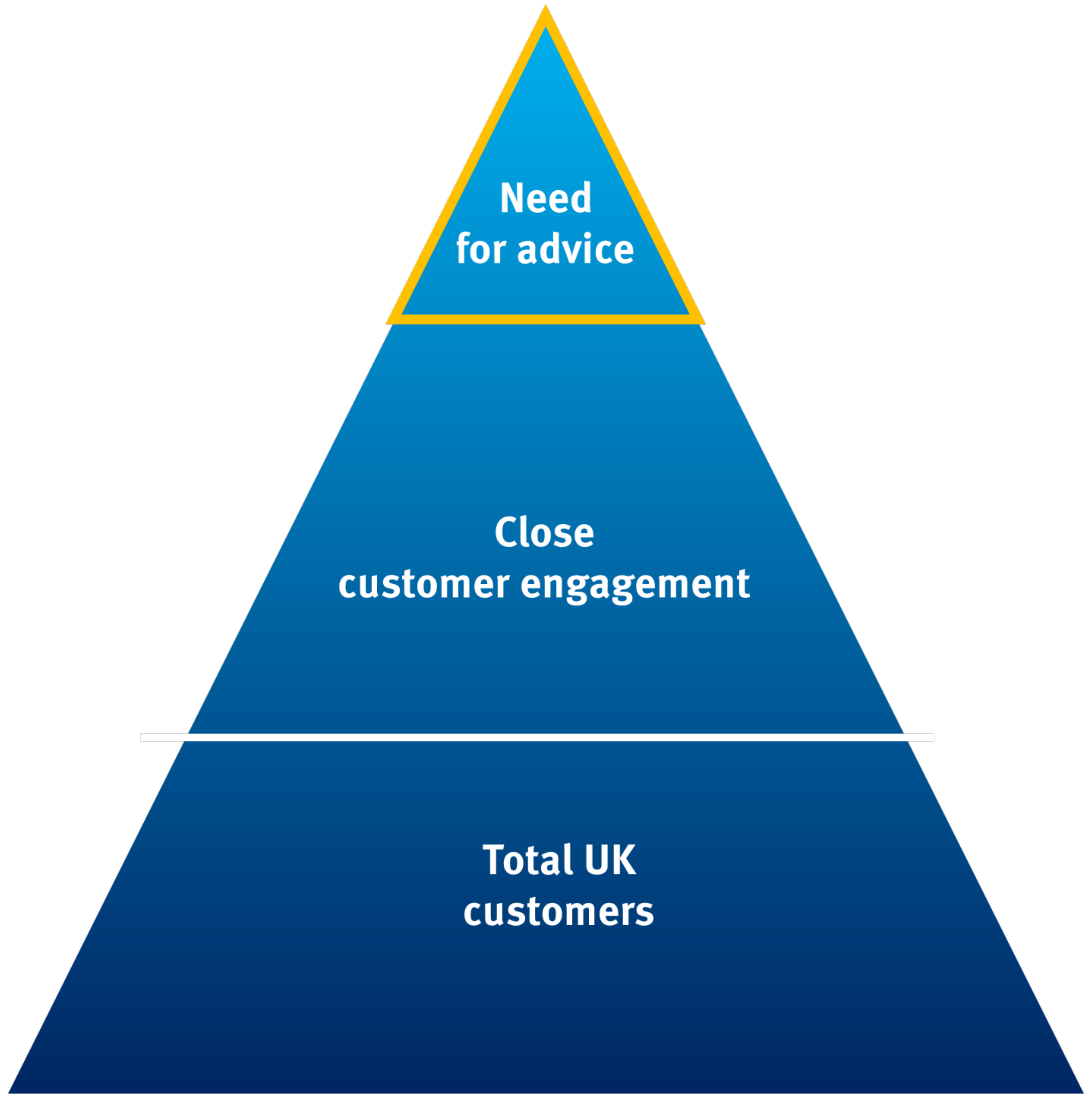


How we are helping customers through pension changes

- Online technology to drive greater customer engagement:
  - New tools to guide customers through the retirement process
  - Driving take up of Standard Life Investments solutions
  - Enabling consolidation of assets
- Supported by retirement communications and roadshows
- #ReadyWhenUAre campaign

Creating a UK-wide financial advice business

- New advice business will help customers face-to-face, on the phone and online
- Builds on the advice and guidance capabilities of Standard Life Direct and Private Client Management
- Integrated with our other offerings to allow flow of customers between propositions
- Complementary to us remaining a strong supporter of independent/whole of market advice



Opportunities to build further value in China

- Heng An Standard Life, our retail joint venture, reported profit for first time in 2014
- Our long-established presence in China is helping to build relationships with premier partners including: Industrial and Commercial Bank of China, China Merchants Bank and China Construction Bank
- Chinese workplace pension opportunity is developing
- Changes in Hong Kong regulatory landscape are driving new proposition development
- Standard Life Investments is increasing its presence in China through newly expanded Hong Kong office

Growing our joint venture businesses in India

Leading private insurance business

- 26% stake currently in HDFC Life
- Leading the private market in India by net flows and No.2 by sales
- Strong brand and distribution with a growing direct and online capability
- 15m customers with insurance penetration growing rapidly across India
- Seeking to increase our ownership stake and maximise value through IPO

Largest asset manager

- 40% stake in HDFC Asset Management Company
- Diversified distribution across the market
- 5m customers and AUM of £15bn
- Opportunity to leverage HDFC AMC's Indian investment performance and Standard Life Investments' increasingly global distribution
- Further distribution possibilities for Standard Life Investments in India

A clear and consistent strategy

- Focused on markets with strong growth potential
- Leveraging capabilities and scale
- Disciplined approach to investment
- Driving higher cash returns
- Progressive dividend underpinned by strong capital position

Well positioned to deliver further growth and value

Q&A