

The background features a dark blue field with a pattern of lighter blue triangles of varying sizes and orientations. In the upper right corner, a single yellow triangle points towards the top right.

Half year results 2014

Continuing delivery of growth and performance

David Nish
Chief Executive

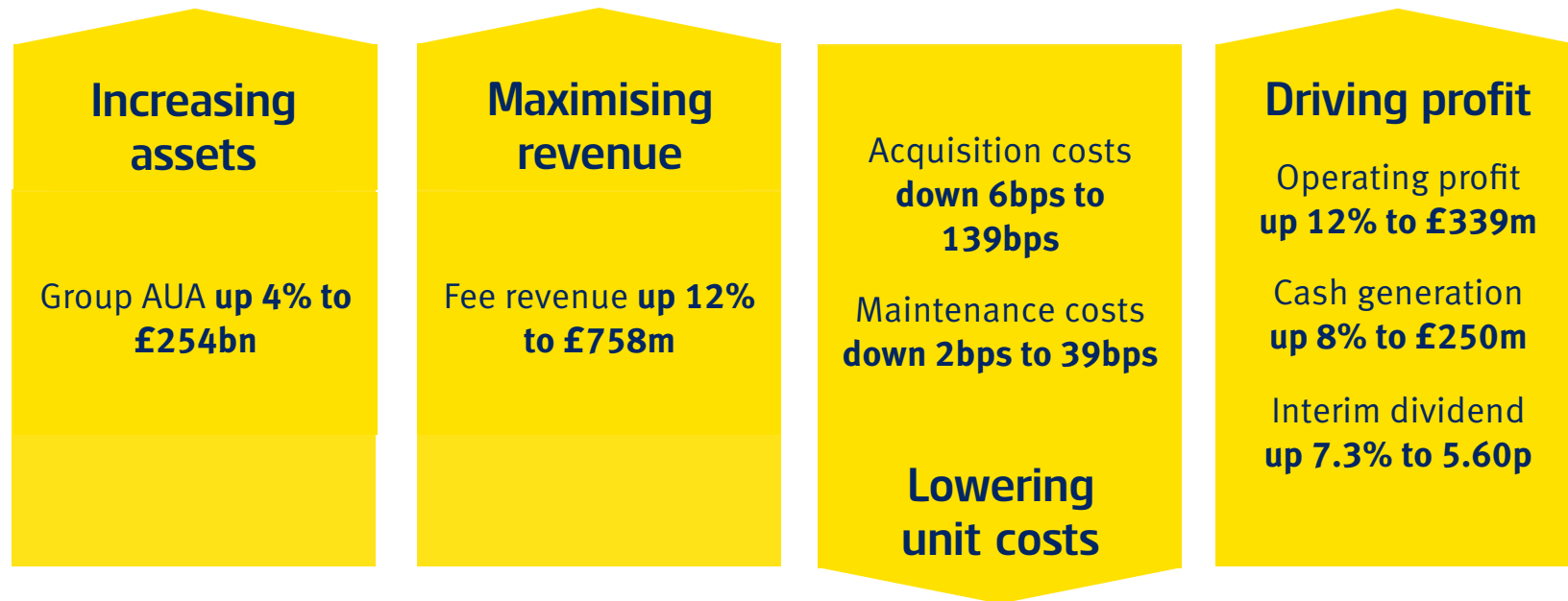
Standard Life Group

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Continuing delivery of growth and performance

- UK leading the market in meeting rapidly evolving customer needs
- Canada increasing fee based business and improving performance
- Standard Life Investments delivering global growth and enhancing capabilities
- Further improvement in Group-wide operational effectiveness
- Strong balance sheet and cash generation supports dividend growth

Simple and consistent business model



Distribution capability supporting asset growth

	Total £313bn	UK and Europe £267bn	North America £37bn	Asia £9bn
Standard Life Investments	Strategic relationships		John Hancock, HDFC, Sumitomo Mitsui, Phoenix	
	Expanded client offering		Multi-asset, global, emerging markets, real estate, wealth, liability aware offering for DB schemes and outsourcing of insurance assets	
	Global reach		UK, Europe, US, Canada, India, Hong Kong, China, South Korea, Australia	
Long-term savings distribution	Standard Life		Standard Life	
	UK Multi-channel including retail, corporate and direct Germany and Ireland		Canada Retail Canada Corporate	
			Standard Life Hong Kong Singapore Dubai JVs HDFC Life Heng An SL	

H1 2014 financial highlights

Financial highlights

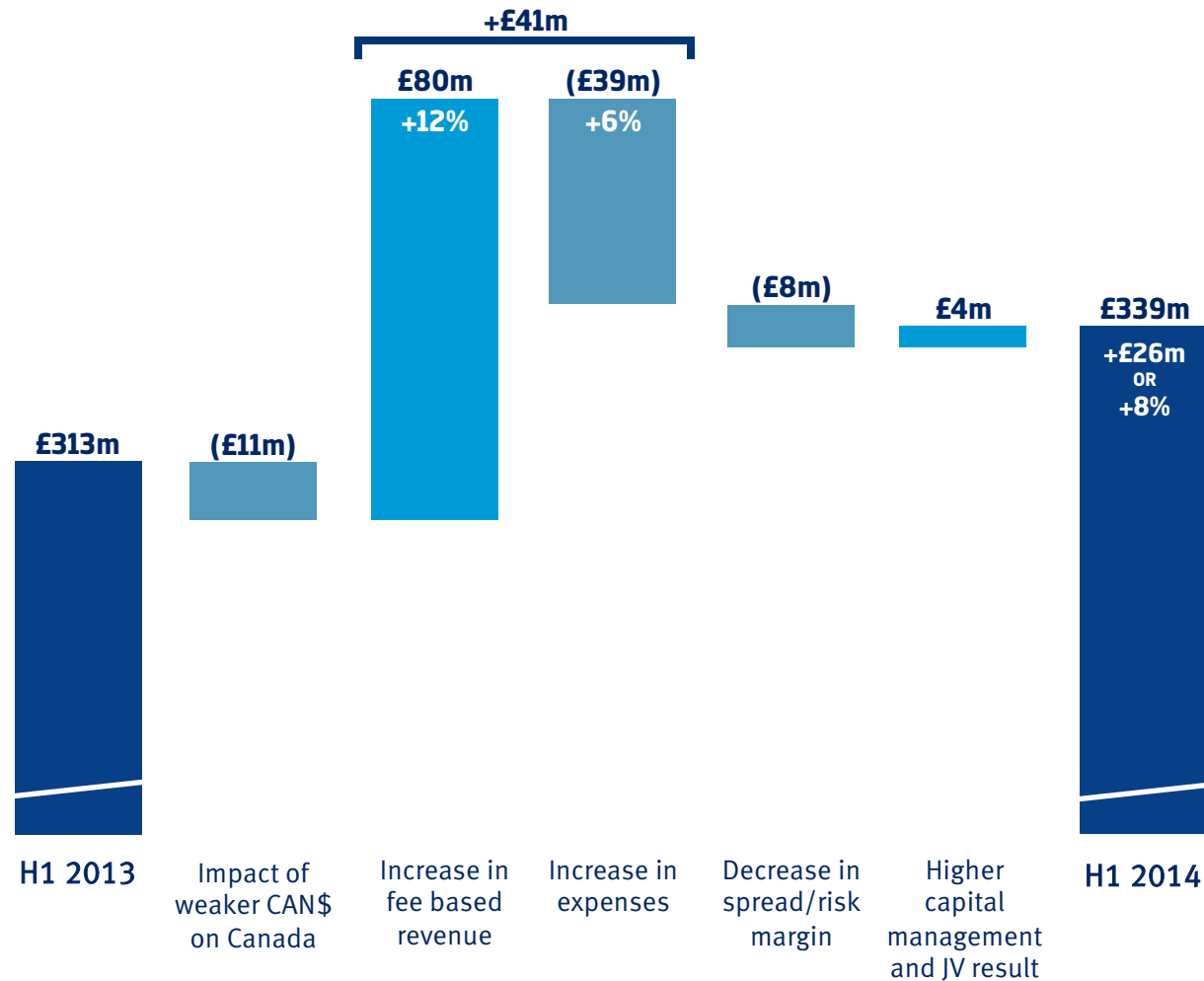
	H1 2014	H1 2013
Assets and flows		
Assets under administration	£254.1bn	£244.2bn
Standard Life Investments third party AUM	£108.0bn	£102.4bn
Group AUA net inflows	£4.6bn	£6.5bn
Profitability		
Fee based revenue	£758m	£694m
Group underlying performance	£339m	£313m
Operating profit before tax	£339m	£304m
Cash and dividends		
Group underlying cash generation	£250m	£238m
Cash generation after tax	£250m	£231m
Dividend – interim 5.60p (H1 2013: 5.22p)	£134m	£124m

Group operating profit

Group operating profit before tax

	H1 2014	H1 2013	
	£m	£m	
Business unit underlying performance	367	342	+7%
Group centre costs	(23)	(23)	
Group centre capital management	(5)	(6)	
Group underlying performance	339	313	+8%
Operating assumption and one-off reserving changes (spread/risk margin)	-	(9)	
Specific management actions	-	-	
	-	(9)	
Group operating profit before tax	339	304	+12%

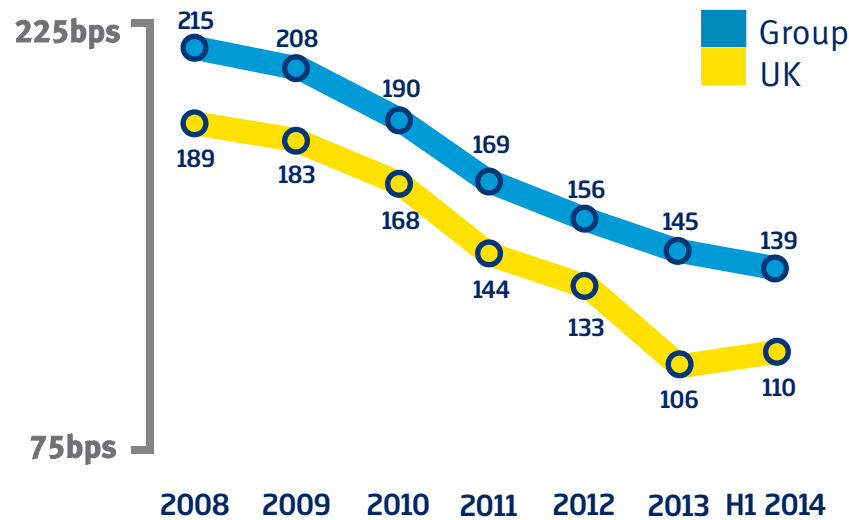
Revenue growth and cost control driving performance



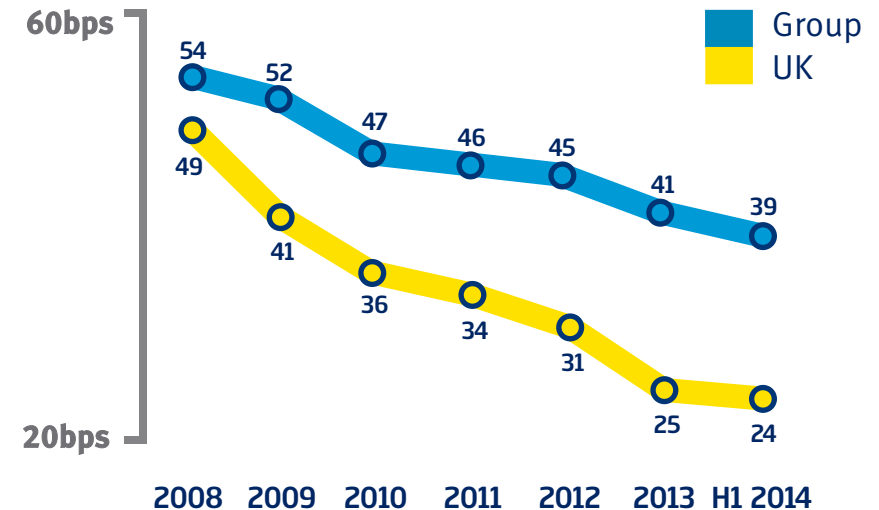
Group underlying performance up 8%

Lower unit costs with scope for further improvement

Acquisition expense bps



Maintenance expense bps

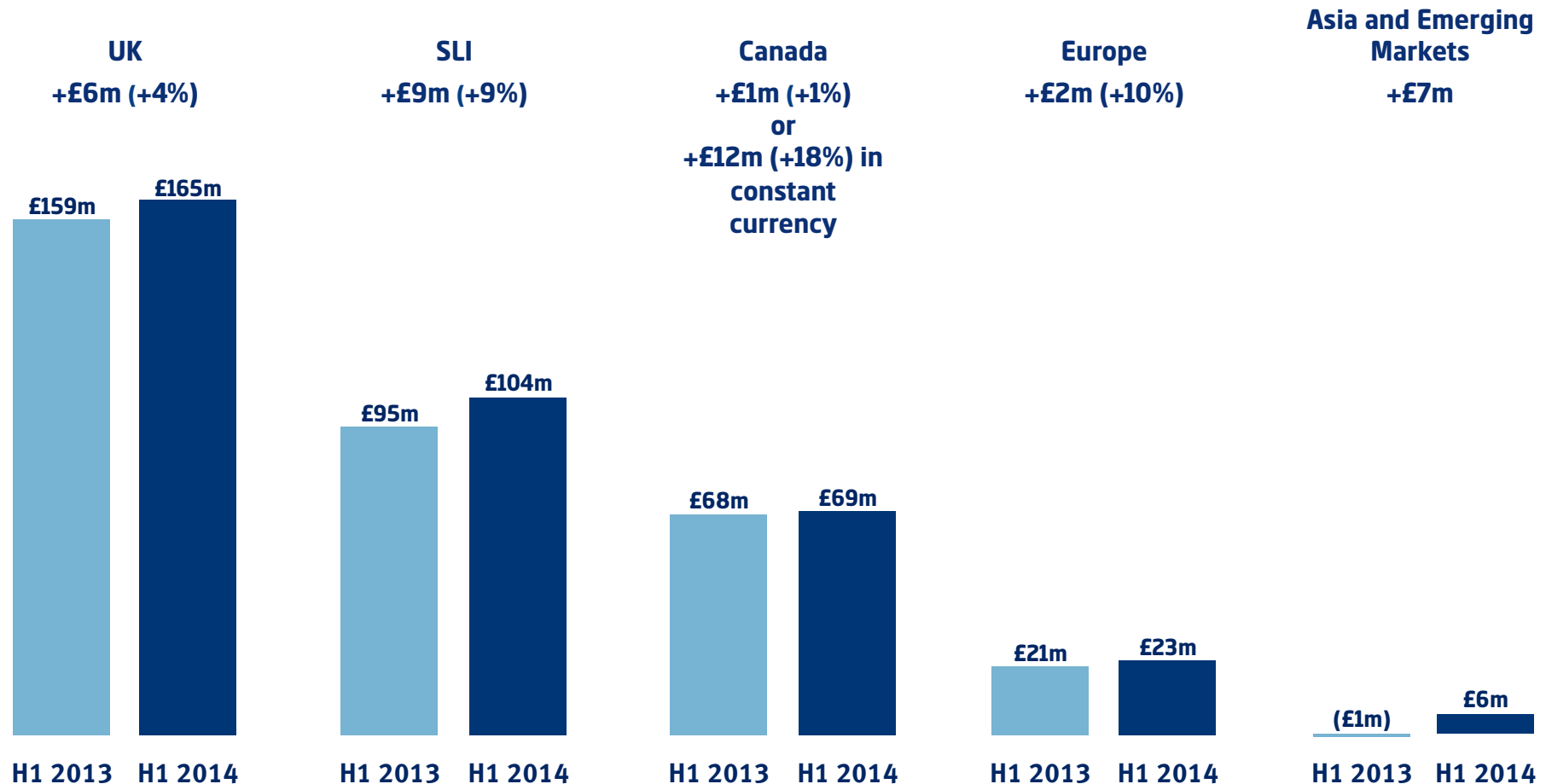


- Acquisition expenses are largely fixed and scalable
- Lower Group unit costs
- Small increase in UK unit costs largely reflects lower SLI institutional pension sales

- Platform propositions with industrial strength
- Focus on productivity and improving efficiency
- Scope for ongoing improvements

Business unit review

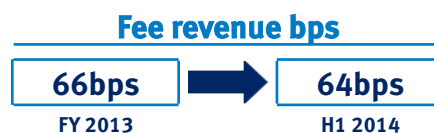
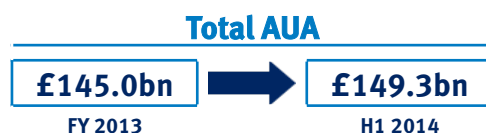
Business unit underlying performance up 7% to £367m



Continuing growth from the UK business

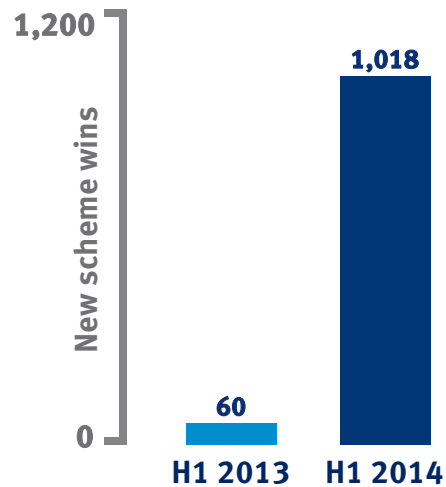
	H1 2014	H1 2013
	£m	£m
Fee based revenue	358	341
Spread/risk margin	75	78
Total income	433	419
Acquisition expenses	(88)	(86)
Maintenance expenses	(85)	(84)
Investment management fees to SLI	(96)	(87)
Capital management	1	(3)
Business underlying performance	165	159

- 5% increase in fee based revenue
- **Annuity new business contribution £19m (59%) lower** offset by benefit of **ongoing asset and liability management**
- **Lower maintenance unit costs** and delivery of new propositions such as “Good to Go”
- Total **maintenance and acquisition expenses** up just 2%
- Investment management fees **retained by SLI up 10% to £96m**

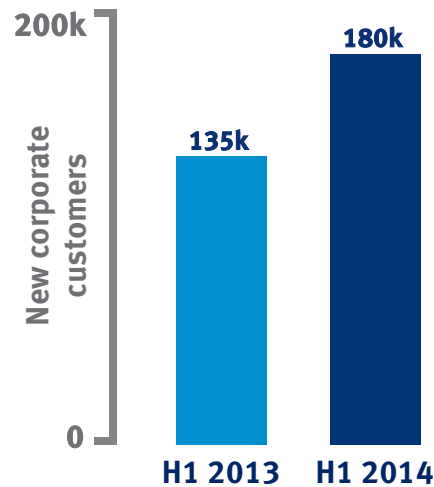


Addressing the needs of our UK customers

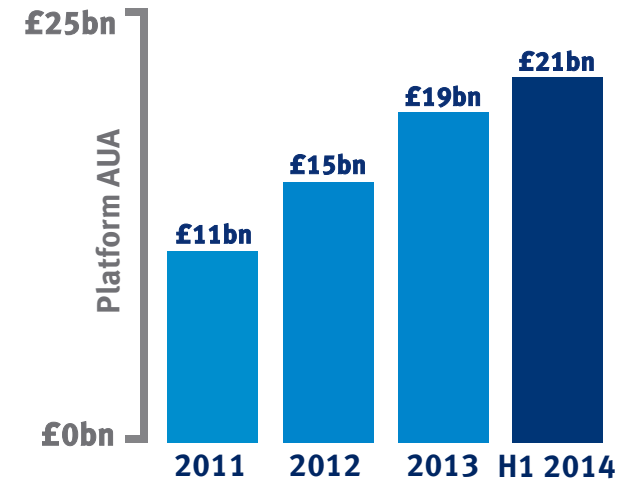
Winning corporate schemes



Growing corporate customers



Growing platform assets



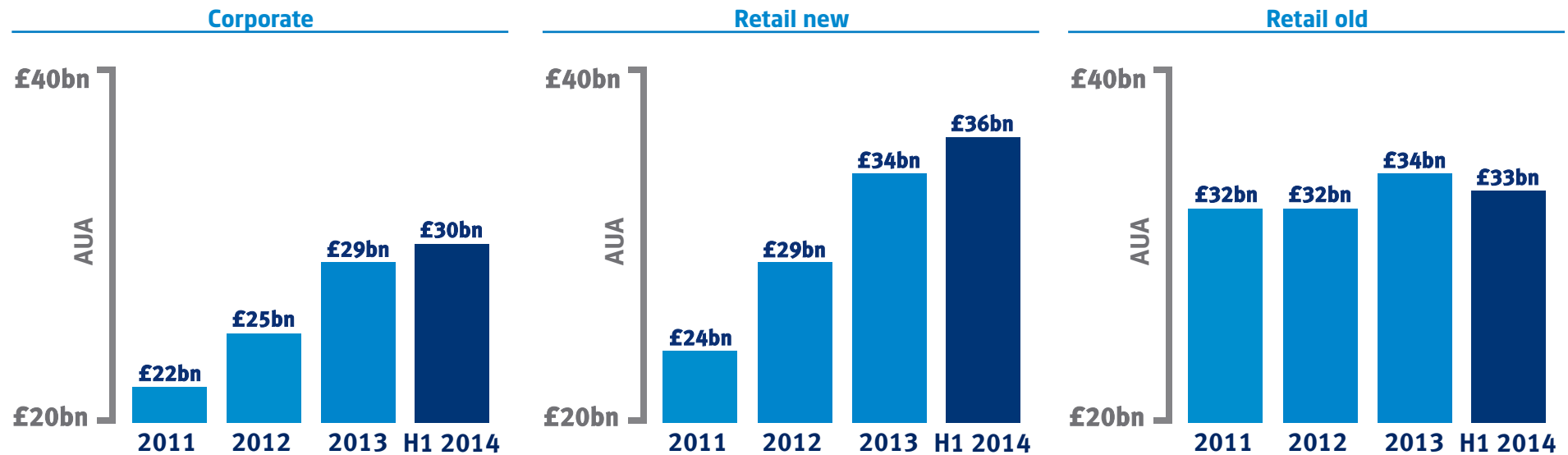
Corporate business meeting demand for auto enrolment

- Secured 1,018 new schemes, including 892 “Good to Go”
- Strong growth in customer numbers with 180,000 joiners (H1 2013: 135,000) including 173,000 (H1 2013: 98,000) from auto enrolment
- Expecting to attract over 300,000 new customers this year
- Broadening distribution including strategic arrangement with Barclays for its SME clients

Retail business with a leading platform and investment solutions

- First major advised platform ready for all forthcoming regulatory changes – well ahead of the 2016 deadline
- Secured discounted share classes from 14 leading fund management groups on almost 300 leading funds
- MyFolio AUA up 20% to £4.8bn (FY 2013: £4.0bn)
- 1,286 adviser firms on Wrap, including firms with assets over £20m up 28% year-on-year to 245 firms

Continued growth in UK fee business assets to £99bn

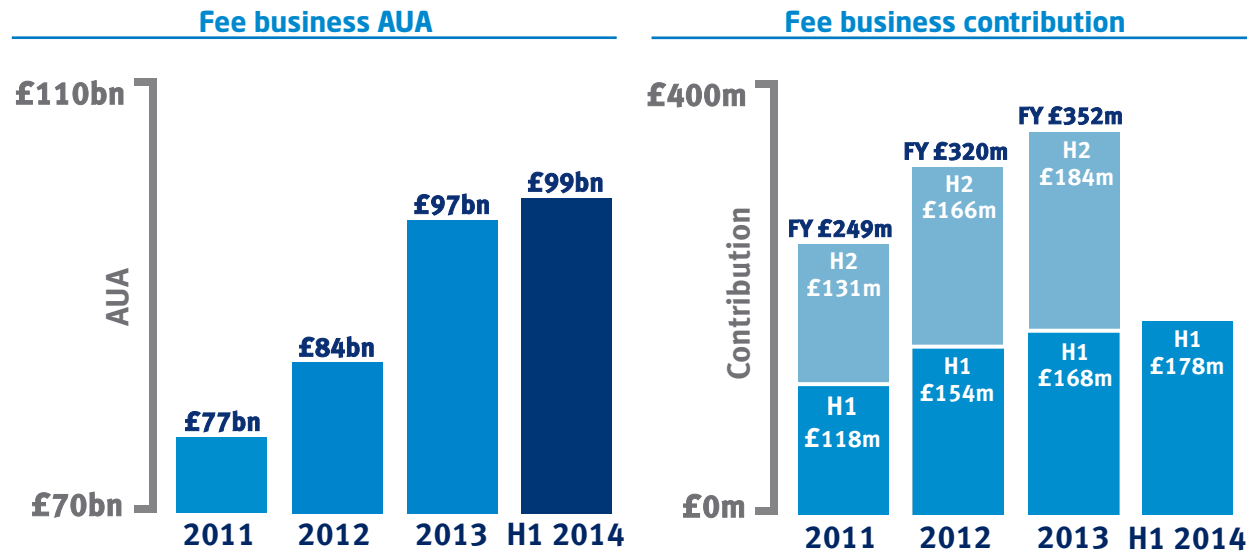


- 61% increase in net inflows to £860m
- 15% increase in regular contributions
- Continued transfer of assets from corporate scheme leavers to retail old and new

- Another good period with net inflows of £1.5bn in line with last year
- SLI manages c25% of Wrap AUA securing additional revenue margin for the group

- Stable mature book of business with 15% reduction in net outflows to £1.1bn helped by retention activity
- Benefits from transfers of leavers from corporate
- Provides steady flow of customers for retail new propositions

Continued growth in UK fee business profit contribution

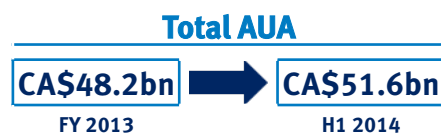


- Fee business contribution up 6% to £178m
- Distinction between channel becoming less important
 - Corporate channel increasingly viewed as customer acquisition engine
 - Former corporate customers become source of retail business
 - Retail old provides steady flow of business into retail new propositions
- Additional opportunity to secure margin through premium funds managed by SLI

Further operational progress in Canada

	H1 2014 £m	H1 2013 £m
Fee based revenue	99	95
Spread/risk margin	103	123
Total income	202	218
Acquisition expenses	(33)	(37)
Maintenance expenses	(97)	(114)
Investment management fees to SLI	(11)	(11)
Capital management	8	12
Business underlying performance	69	68

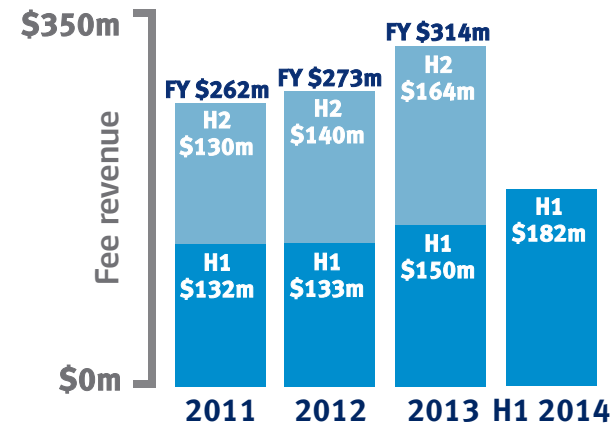
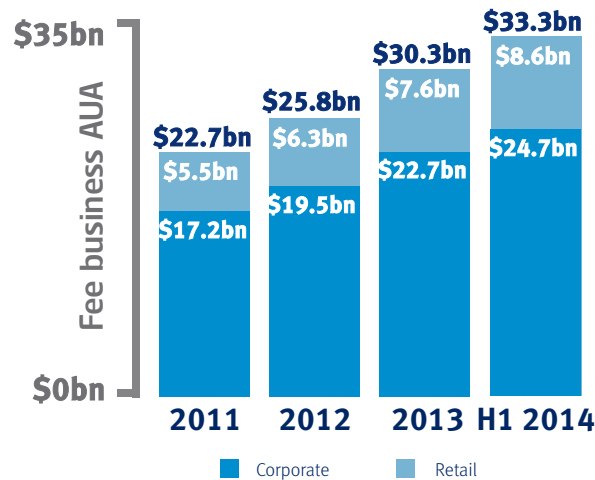
- **Business underlying performance up 18%** in constant currency
- **Growing fee based assets, revenues and managing expenses:**
 - Fee AUA up 10% in constant currency to £18.3bn
 - Revenue up 21% in constant currency to £99m
 - Expenses broadly flat in constant currency
- **Stable spread/risk margin** on a constant currency basis
- **De-risking** in 2013 reflected in a lower capital management result
- Includes **negative impact of weaker CA\$ of £11m**



Growing fee business in Canada

47% growth in fee based AUA since 2011

Fee based revenue up 21% in H1 2014



- Fast growing fee based business in Canada – almost half (49%) of income now fee based
- Operational leverage in Canada – fee based revenue up CA\$32m with expenses up just CA\$3m
- Market-leading retail segregated funds offering with net inflows up 70%
- Leveraging SLI global expertise in mutual funds to grow our share of this CA\$1tn market
- Working with SLI, launched 2 new retail mutual funds and 8 new corporate pension funds

Consistently strong performance by Standard Life Investments

	H1 2014 £m	H1 2013 £m
Fee based revenue	303	252
Expenses	(210)	(170)
Share of JVs and associates operating profit before tax	11	13
Operating profit	104	95
Interest, depreciation, amortisation and exchange rate movements	3	2
EBITDA	107	97

- **Third party revenue up** 26% to £239m (H1 2013: £190m)
- **Strong third party net inflows** of £4.2bn (annualised 8% of opening AUM)
- **Increased third party revenue margin** benefiting from product and channel mix
- Lower **EBITDA margin** reflects acquisition of private client division of Newton and a stronger Sterling
- **Acquisition of Ignis enhances strategic positioning**
- Targeting **45% EBITDA margin by 2017**

Third party AUM above benchmark



Third party AUM



Third party revenue bps

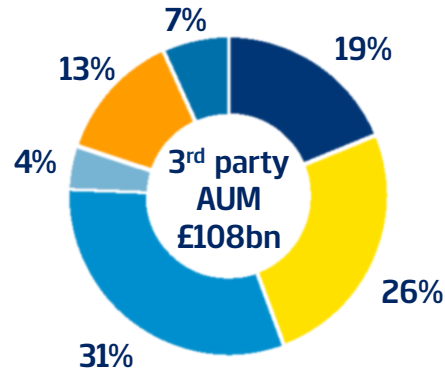


EBITDA margin

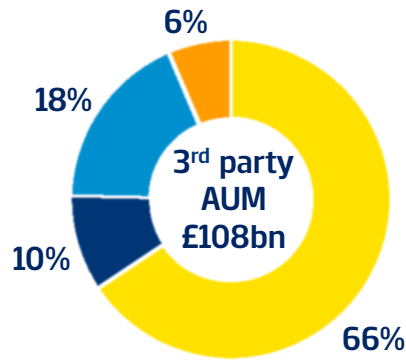


Standard Life Investments capitalising on opportunities

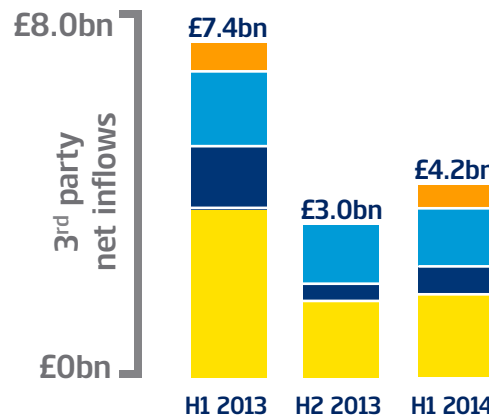
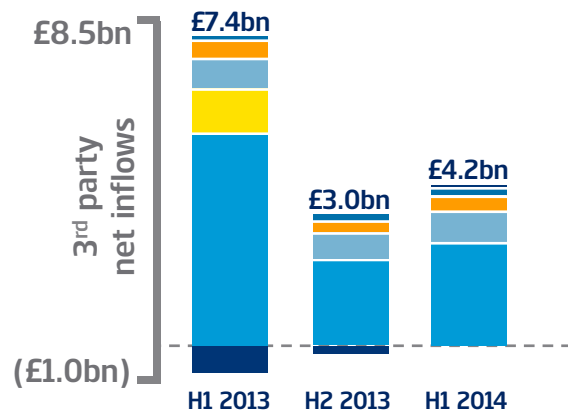
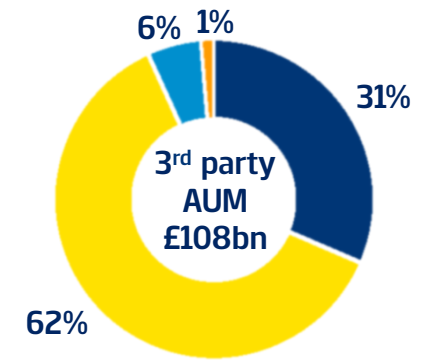
Diverse and growing product offering



Expanding global reach

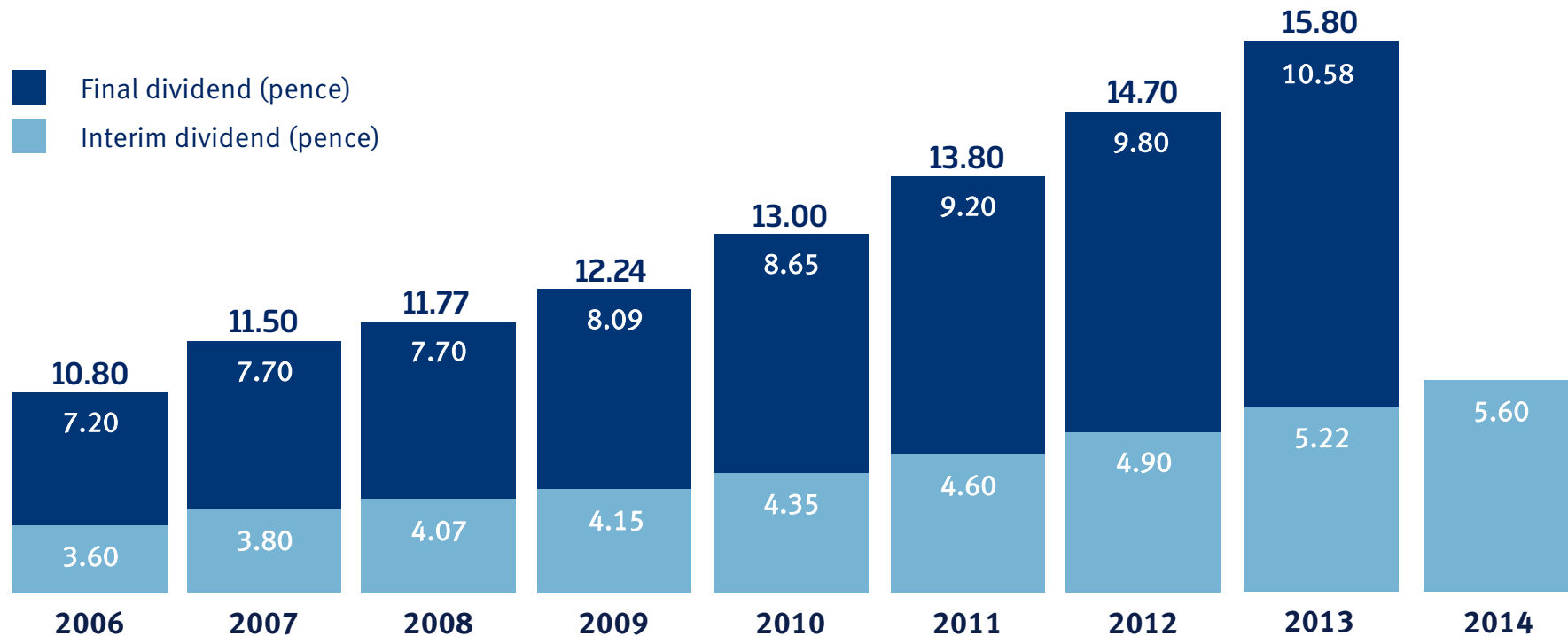


Extensive distribution capability



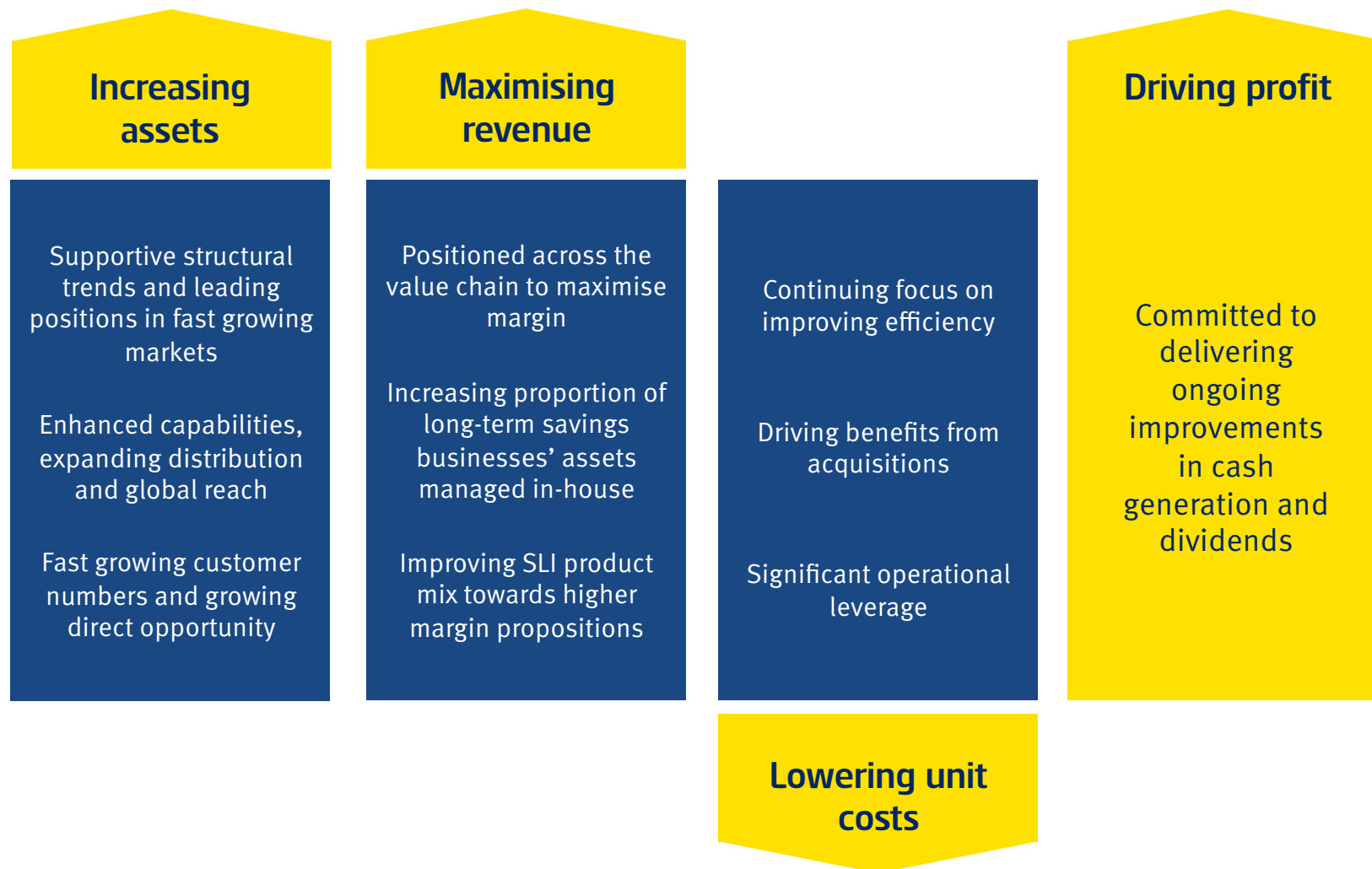
- Our long-term savings businesses provide flow of quality assets
- Higher margin opportunities in the growing wholesale channel
- Working closely with strategic partners including HDFC, John Hancock and Sumitomo Mitsui Trust Bank

Interim dividend up 7.3% to 5.60p



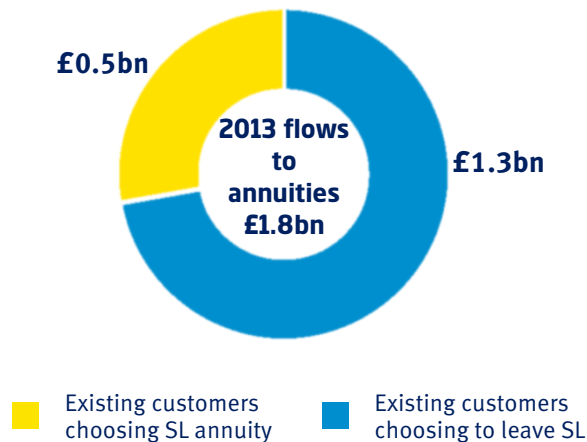
- Continuous dividend growth since IPO with focus on delivering a progressive dividend
- SL plc cash of £757m (FY 2013: £907m) following payment of 2013 final dividend of £252m and investment in SLI ahead of £390m acquisition of Ignis
- Strong capital position with IGD surplus of £3.7bn (FY 2013: £3.8bn) and an estimated position of £3.4bn as at 1 July 2014 following acquisition of Ignis

Opportunities for continuing growth

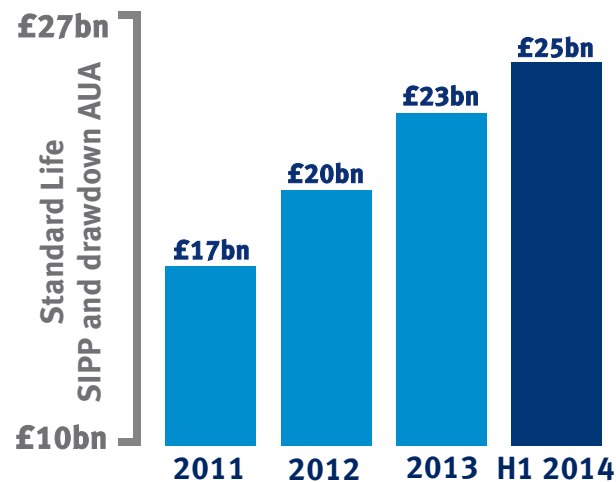


Significant opportunity in UK savings through greater choice, simplicity and flexibility

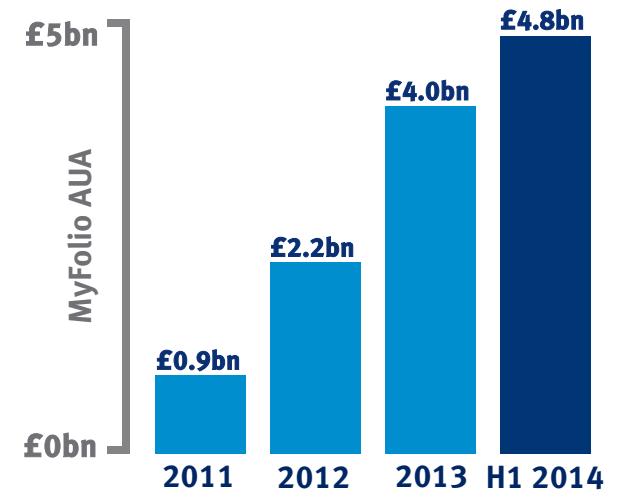
Significant asset retention opportunity



Clear leader in SIPP/drawdown



Award-winning investment solutions



- We welcome changes to savings regime announced in the recent Budget
- These will encourage increased saving through greater choice, simplicity and flexibility
- Significant additional retention opportunity following Budget changes
- Leader in the SIPP and drawdown markets with SIPP AUA of £25bn including assets in drawdown >£10bn

Acquisition of Ignis further strengthens strategic positioning

Deepen capabilities

- Enhanced capabilities particularly in government bonds, active management of liability overlays / liability aware investing
- Strong investment performance in 2013 with 85% of Ignis AUM above benchmark

Broaden third party asset base

- Ignis AUM at 31 Dec 2013: £59bn
- Expected to increase third party AUM to two thirds of total SLI AUM
- Ignis Absolute Return Government Bond Fund (ARGBF) continues to grow with AUM of £3.7bn at H1 2014 (FY 2013: £2.1bn)

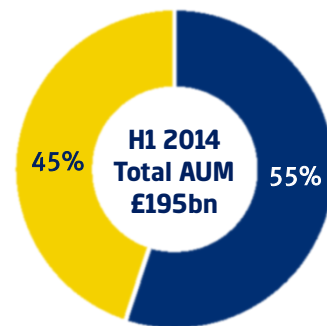
Strengthen liability aware offering

- Fast growing market for outsourcing of management of insurance assets and DB pension scheme de-risking
- Leveraging distribution capability across UK, Europe, US and Asia
- Strategic relationship with Phoenix Group

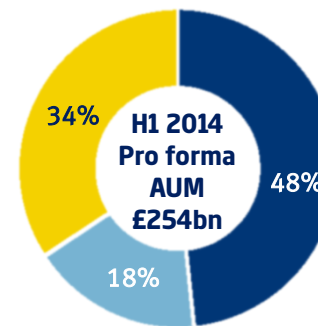
Third party AUM now 66% of total

- Third party AUM
- Third party – life books AUM
- In-house AUM

Standard Life Investments



Combined with Ignis Asset Management¹



Continuing delivery of growth and performance

- Capitalising on opportunities in UK and Standard Life Investments
- Focus on continuing shift to fee based business in Canada
- Monitoring proposed changes to direct investment rules in India
- Continuing to drive down unit costs across the Group
- Strong balance sheet and cash generation supporting a 7.3% increase in dividend

Well positioned to deliver ongoing improvement in operating and financial performance

Q&A

Standard Life 

Standard Life 
Investments

Standard Life 
Wealth



Half year results 2014

Appendix

Operating profit by business unit

Operating profit

	UK and Europe		Standard Life Investments		Canada		Asia and Emerging Markets		Other		Eliminations		Total	
	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Fee based revenue	449	431	303	252	99	95	29	27	-	-	(122)	(111)	758	694
Spread/risk margin	79	83	-	-	103	123	-	-	-	-	-	-	182	206
Total income	528	514	303	252	202	218	29	27	-	-	(122)	(111)	940	900
Acquisition expenses	(109)	(108)	-	-	(33)	(37)	(7)	(10)	-	-	-	-	(149)	(155)
Maintenance expenses	(121)	(123)	(210)	(170)	(97)	(114)	(25)	(23)	-	-	122	111	(331)	(319)
Investment management fees to SLI	(111)	(100)	-	-	(11)	(11)	-	-	-	-	-	-	(122)	(111)
Capital management	1	(3)	-	-	8	12	-	-	-	-	-	-	9	9
Share of joint ventures' and associates' profit before tax	-	-	11	13	-	-	9	5	-	-	-	-	20	18
Business unit underlying performance	188	180	104	95	69	68	6	(1)	-	-	-	-	367	342
Group centre costs	-	-	-	-	-	-	-	-	(23)	(23)	-	-	(23)	(23)
Group centre capital management	-	-	-	-	-	-	-	-	(5)	(6)	-	-	(5)	(6)
Group underlying performance	188	180	104	95	69	68	6	(1)	(28)	(29)	-	-	339	313
Operating assumption changes (spread/risk)	-	-	-	-	-	(9)	-	-	-	-	-	-	-	(9)
Operating profit/(loss) before tax	188	180	104	95	69	59	6	(1)	(28)	(29)	-	-	339	304
Tax on operating profit/(loss)	(31)	(39)	(21)	(21)	(17)	(4)	-	-	(4)	(2)	-	-	(73)	(66)
Share of joint ventures' and associates' tax expense	-	-	(3)	(3)	-	(1)	2	-	-	-	-	-	(1)	(4)
Operating profit/(loss) after tax	157	141	80	71	52	54	8	(1)	(32)	(31)	-	-	265	234
Non-operating items	(24)	(79)	(3)	(2)	49	(33)	(1)	(5)	(8)	(10)	-	-	13	(129)
Tax on non-operating items	10	12	-	-	(14)	9	-	1	1	2	-	-	(3)	24
Profit for the year attributable to equity holders of Standard Life plc	143	74	77	69	87	30	7	(5)	(39)	(39)	-	-	275	129

Fee based revenue

	Fee based revenue						
	H1 2014			FY 2013			H1 2013
	Average AUA	Revenue	Revenue	Average AUA	Revenue	Revenue	Revenue
	£bn	bps	£m	£bn	bps	£m	£m
UK	123.3	64	358	118.1	66	706	341
Europe	16.2	123	91	15.3	131	200	90
UK and Europe	139.6	73	449	133.4	76	906	439
Canada	17.3	115	99	17.1	113	194	95
Asia and Emerging Markets			29			54	27
Standard Life Investments third party AUM			239			413	190
Standard Life Investments in-house AUM			64			129	62
Standard Life Investments total AUM			303			542	252
Eliminations			(122)			(237)	(111)
Total fee based revenue			758			1,459	694

Strong balance sheet

- IGD surplus of £3.7bn¹ (FY 2013: £3.8bn¹) and leverage of 31%² (FY 2013: 31%²) after:
 - Payment of full year 2013 dividend of £0.3bn
- Acquisition of Ignis Asset Management reduces IGD surplus by £0.3bn on 1 July 2014 to an estimated £3.4bn
- Capital position remains largely insensitive to market movements
- Strong economic capital position and well placed for the implementation of Solvency 2

IGD surplus sensitivity to equity market falls^{3,4}

Fall in equity market	IGD surplus movement
20% (FTSE 5,395)	£0.1bn decrease
30% (FTSE 4,721)	£0.2bn decrease
40% (FTSE 4,046)	£0.3bn decrease

IGD surplus sensitivity to yields^{3,4}

Movement in yields	IGD surplus movement
100bps rise	No change
100bps fall	£0.4bn decrease

1. H1 2014 based on estimated regulatory returns. FY 2013 based on final regulatory returns
 2. Leverage calculated as total borrowings divided by total capital
 3. Compared to 30 June 2014
 4. Based on certain assumed management actions appropriate to these stresses

UK profit contribution

UK profit contribution

	H1 2014	H1 2013 ¹
	£m	£m
Retail – new	46	35
Retail – old	95	91
Retail fee based business contribution	141	126
Corporate	37	42
Fee based business contribution	178	168
Spread/risk	70	71
Total profit contribution	248	239
Indirect expenses and capital management	(83)	(80)
Underlying business performance	165	159
Operating assumption changes	-	-
Operating profit before tax	165	159

1. Restated to reflect Standard Life Wealth's move to be reported as part of Standard Life Investments

Strong growth in Europe net inflows

	H1 2014 £m	H1 2013 £m
Fee based revenue	91	90
Spread/risk margin	4	5
Total income	95	95
Acquisition expenses	(21)	(22)
Maintenance expenses	(36)	(39)
Investment management fees to SLI	(15)	(13)
Capital management	-	-
Business underlying performance	23	21

- **Fee based AUA up** 6% to £17.1bn driven by strong net inflows of £0.7bn:
 - Leading investment bonds business in Ireland with **sales up** 26% to £111m (H1 2013: £88m)
 - Maxxellence investment product **assets doubled** to £42m (H1 2013: £21m)
- **Fee revenue up** 5%¹ and **operating profit up** 9%¹
- **Lower expenses** reflects operational efficiencies and favourable FX movements

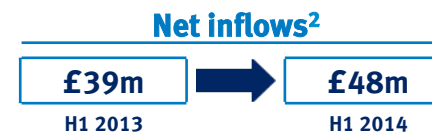


1. In constant currency

Continuing progress in Asia and Emerging Markets

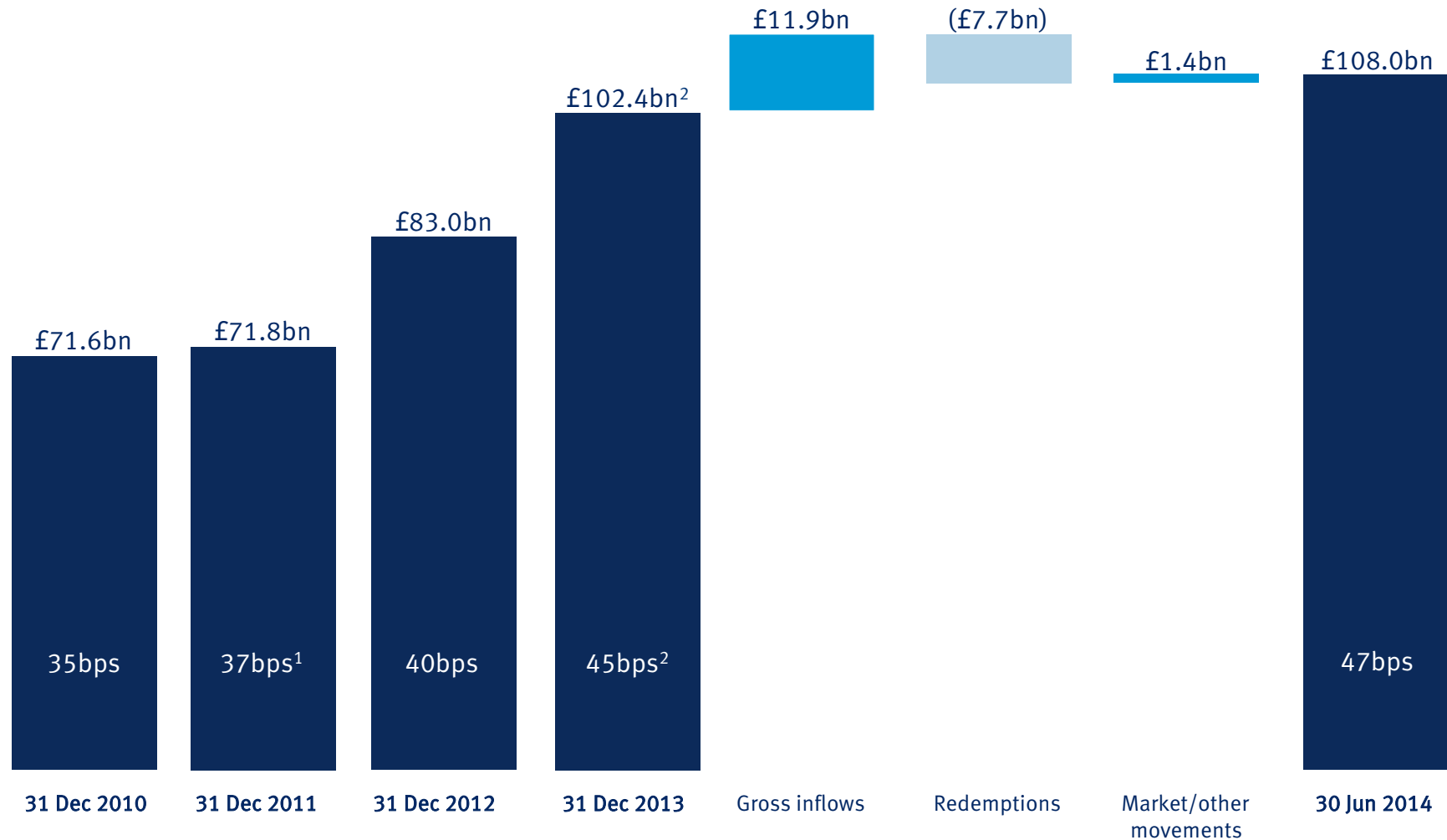
	H1 2014	H1 2013
	£m	£m
Fee based revenue	29	27
Acquisition expenses	(7)	(10)
Maintenance expenses	(25)	(23)
Total wholly owned	(3)	(6)
India and China JV businesses	9	5
Operating profit/(loss)	6	(1)

- **Fee based revenue up** 16%¹ driven by growth in new business:
 - **Fee business net inflows up** 23% to £48m
 - **Continued diversification of revenue** across products and territories
- Expenses reflect **investment** in Singapore and Dubai and cost efficiencies following the establishment of the shared function hub in Hong Kong
- JV result benefited from **growth in India** and includes financial year end seasonality



1. In constant currency
2. Wholly owned businesses only

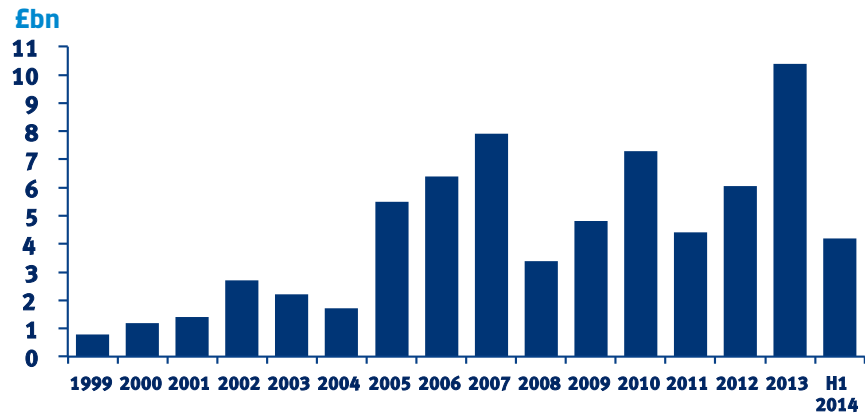
Standard Life Investments third party AUM



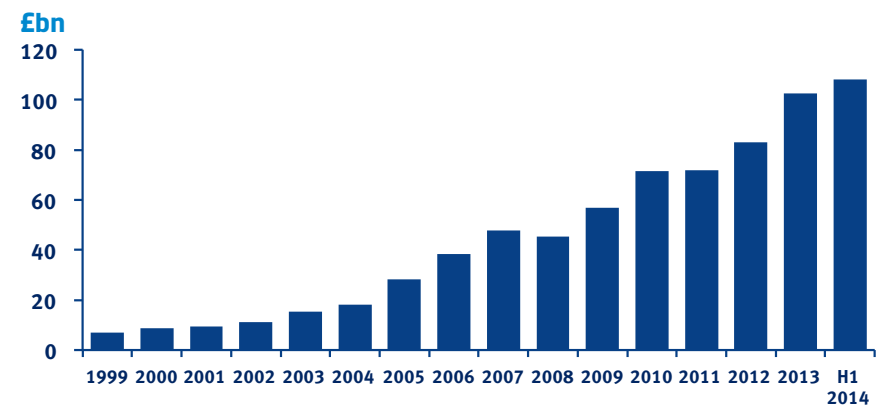
1. Excludes fee from the external transfer of UK money market funds
 2. Restated to reflect Standard Life Wealth's move to be reported as part of Standard Life Investments

Standard Life Investments delivering strong growth in constantly evolving markets

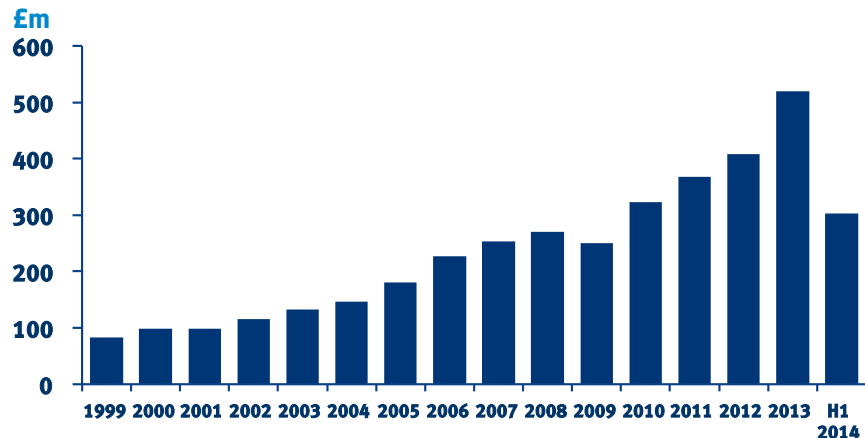
Third party net inflows¹



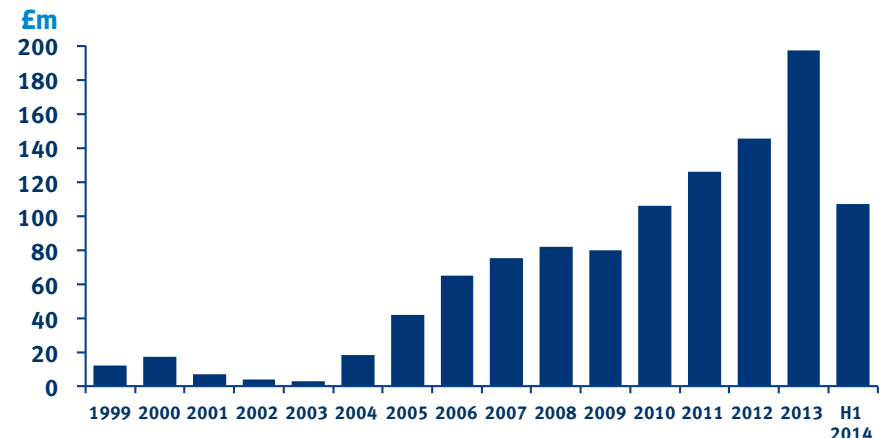
Third party AUM¹



Revenue¹



EBITDA^{1,2}



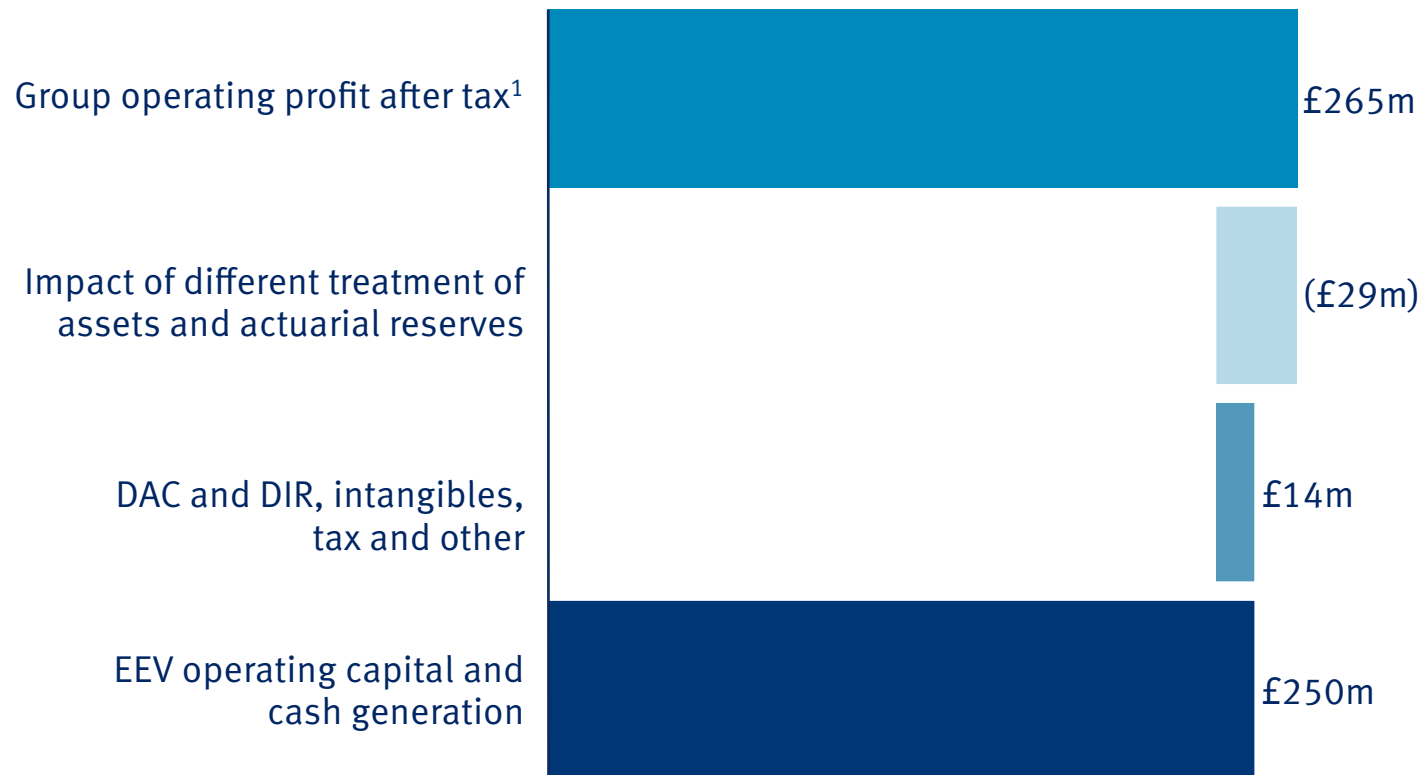
1. H1 2014 and FY 2013 reflects Standard Life Wealth's move to be reported as part of Standard Life Investments. Previous periods have not been restated.
 2. For H1 2014 and FY 2013 EBITDA has replaced EBIT. Previous periods are reported as EBIT.

Spread/risk margin

Spread/risk margin

	UK and Europe		Canada		Total	
	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
	£m	£m	£m	£m	£m	£m
New business	14	32	4	4	18	36
Existing business	31	36	84	99	115	135
	45	68	88	103	133	171
Impact of regular management actions	34	15	15	20	49	35
Spread/risk margin (excl. other operating income)	79	83	103	123	182	206
Impact of one-off specific management actions	-	-	-	-	-	-
Non-recurring operating assumption and one-off reserving changes	-	-	-	(9)	-	(9)
Spread/risk margin	79	83	103	114	182	197

Capital and cash



1. Group operating profit before tax of £339m, tax on operating profit of (£73m) and share of joint ventures' and associates' tax expense of (£1m)

EEV operating capital and cash generation

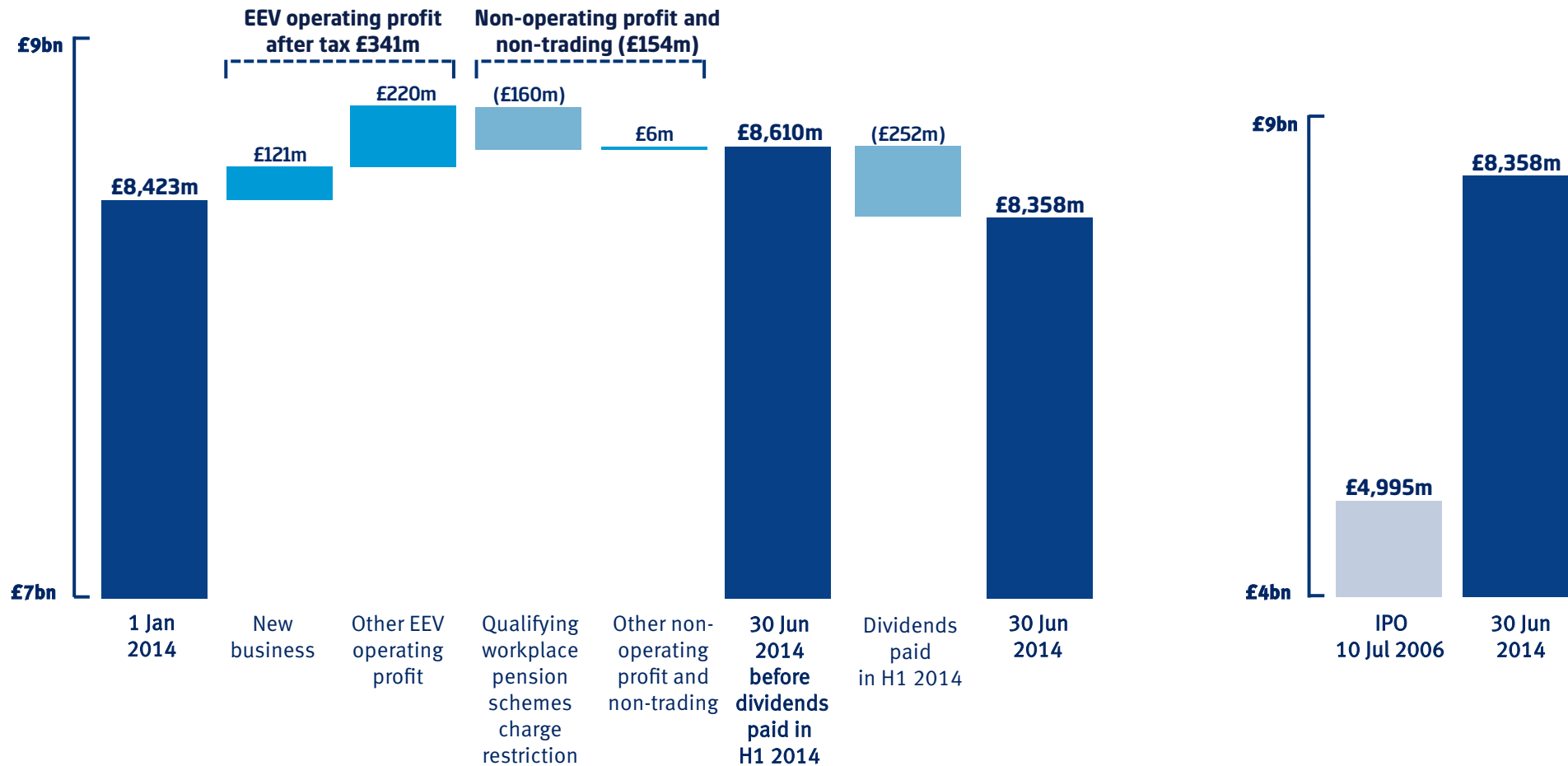
EEV operating capital and cash generation

	Excluding operating variances ¹			Operating variances ¹	Total	Gross operating capital and cash
	Gross	NBS	Total			
	£m	£m	£m			
H1 2014						
UK and Europe ²	218	(106)	112	70	182	288
Canada	69	(15)	54	6	60	75
Asia and Emerging Markets	30	(33)	(3)	-	(3)	30
Non-covered	11	-	11	-	11	11
EEV operating capital and cash generation	328	(154)	174	76	250	404
H1 2013						
UK and Europe ²	218	(93)	125	51	176	269
Canada	65	(11)	54	9	63	74
Asia and Emerging Markets	21	(27)	(6)	(3)	(9)	18
Non-covered	1	-	1	-	1	1
EEV operating capital and cash generation	305	(131)	174	57	231	362

EEV operating capital and cash generation up 13%³ to £250m

1. Operating variances comprise experience variances and operating assumption changes
2. Includes Europe new business strain of (£14m) (H1 2013: strain of (£20m))
3. In constant currency

Embedded value



Embedded value per share down 4p to 349p (unchanged in constant currency) in H1 2014

Capital tier structure

Capital tier structure

	H1 2014 ¹ £bn	FY 2013 ¹ £bn
Group core tier 1	7.3	7.4
Group innovative tier 1	0.6	0.7
Deductions from tier 1	(0.7)	(0.7)
Total Group tier 1 capital	7.2	7.4
Group upper tier 2	0.5	0.5
Group lower tier 2	0.7	0.7
Group capital resources before deductions	8.4	8.6
Group capital resources deductions	(0.2)	(0.2)
Group capital resources requirement	(4.5)	(4.6)
Group capital surplus	3.7	3.8
Group solvency cover	184%	183%

1. H1 2014 based on estimated regulatory returns, FY 2013 based on final regulatory returns