



Standard Life

2007 Interim Results

4 September 2007

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Disclaimer



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Agenda



Group overview

Sandy Crombie

Financial highlights

David Nish

Delivering value

Sandy Crombie

Questions and answers

Executive team

Group overview

Sandy Crombie
Group Chief Executive

Driving shareholder value is our objective



Delivery



Efficiency



Opportunity



**Driving
shareholder
value**

**On track to achieve our return on embedded value target
for 2007 of 9-10% – and increasing thereafter**

Financial highlights

David Nish
Group Finance Director

Financial highlights



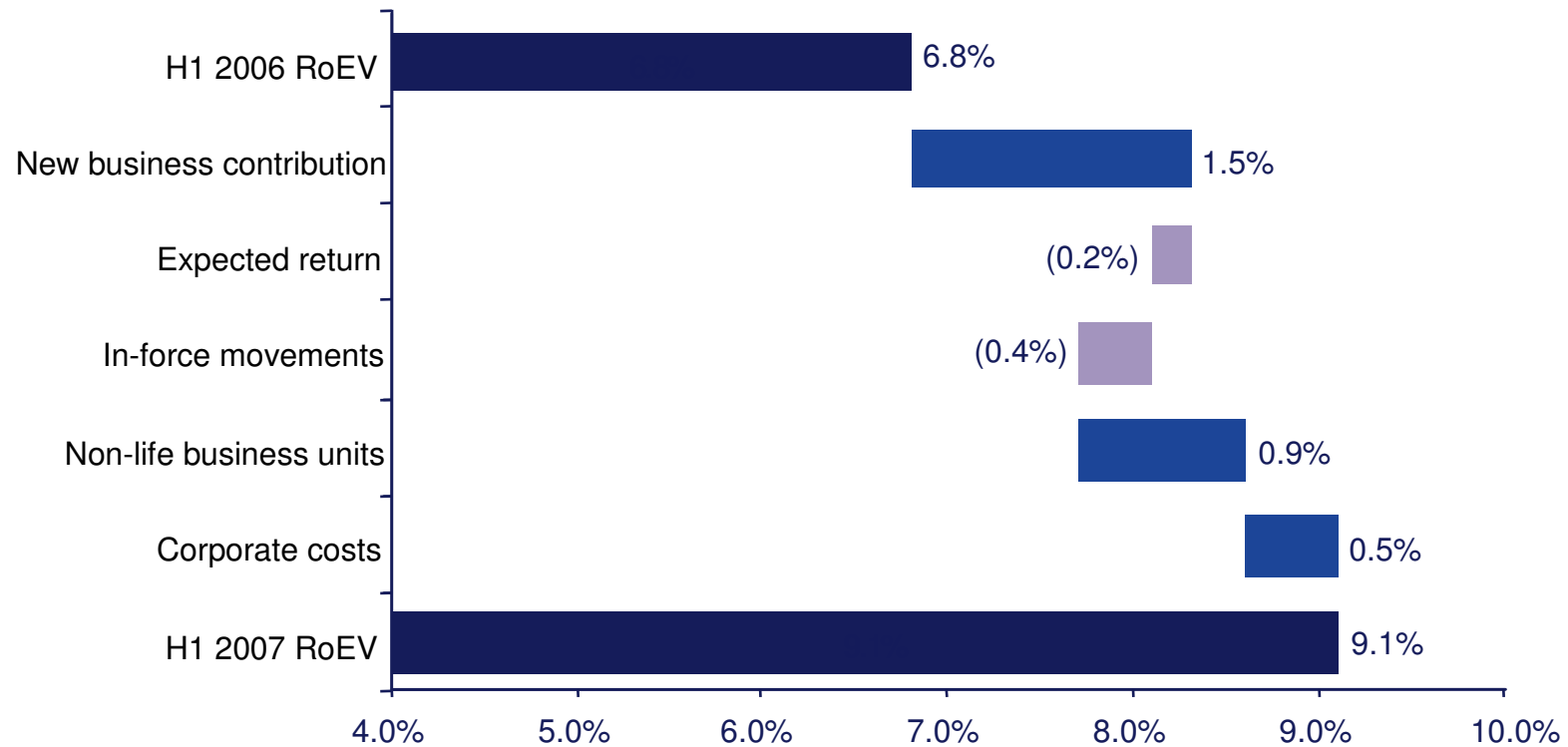
- EEV operating profit before tax **up 71%** to £353m (H1 2006: £206m)
- New business contribution before tax **up 66%** to £151m (H1 2006: £91m)
- New business margin **up to 1.8%** (FY 2006: 1.4%)
- EEV **up 5%** to £5,911m (FY 2006: £5,608m), equivalent to 271p¹ per share
- EEV cash generation **up 68%** to £207m (H1 2006: £123m)
- IFRS normalised underlying profit **up 11%** to £219m (H1 2006: £197m)
- Interim dividend of 3.8p, representing **5.6% growth**²

Strong improvement in our financial performance

1 Calculated on a diluted basis

2 Applying our dividend policy to the dividend announced in the 2006 Preliminary Results

Improving RoEV



2.3% points increase in return on embedded value to 9.1%

RoEV in H1 2006 has been calculated assuming that proceeds from IPO were received at the beginning of the period
RoEV calculated on an annualised basis using opening embedded value adjusted for dividends

EEV operating profit



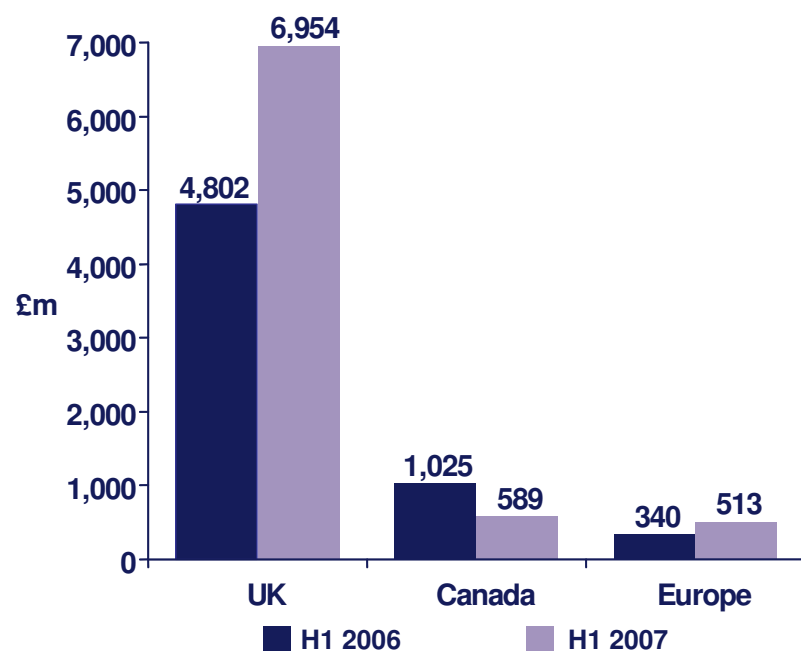
						H1 2007	Pro forma H1 2006
	UK £m	Canada £m	Europe £m	Asia- Pacific £m	HWPF TVOG £m	Total £m	Total £m
Contribution from new business	133	14	4	-	-	151	91
Contribution from in-force business:							
Expected return on existing business	145	43	13	-	-	201	189
Experience variances	(28)	19	(4)	-	(2)	(15)	22
Operating assumption changes	(3)	-	4	-	-	1	(38)
Other covered:							
Development costs	(4)	-	(3)	-	-	(7)	(11)
Subordinated debt cost of carry	(8)	-	-	-	-	(8)	-
Return on free surplus	17	(1)	-	(6)	-	10	(3)
Total covered business	252	75	14	(6)	(2)	333	250
Investment management						26	14
Banking						14	17
Healthcare and general insurance						4	3
Group corporate centre costs						(26)	(42)
Other non-covered:							
Group income on capital and other resources						19	-
Subordinated debt cost of carry						-	(12)
Mutual funds, Wrap and other						(17)	(24)
Operating profit before tax						353	206

71% increase in EEV operating profit

New business



31% increase in PVNBP¹



Margin improvement at group level

	H1 2007	FY 2006	H1 2006
UK	1.9%	1.5%	1.8%
Canada	2.3%	1.6%	1.1%
Europe	0.8%	1.2%	0.6%
Group	1.8%	1.4%	1.6%

NBC increasing 66%²

	H1 2007 £m	FY 2006 £m	H1 2006 £m
UK	133	167	78
Canada	14	28	11
Europe	4	10	2
Total	151	205	91

Sales and margin driving NBC improvement

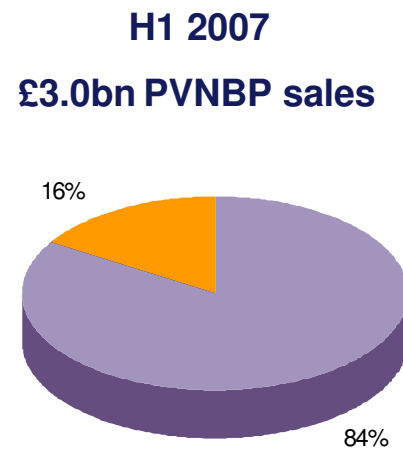
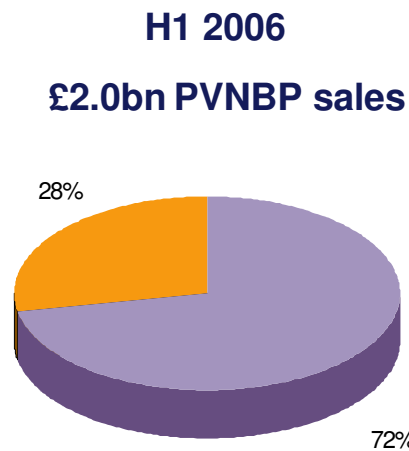
1 UK PVNBP for H1 2006 restated to include non-insured SIPP. NBC and margin calculation excludes non-insured SIPP in H1 2006

2 H1 2007 versus H1 2006

UK individual pensions – improving mix

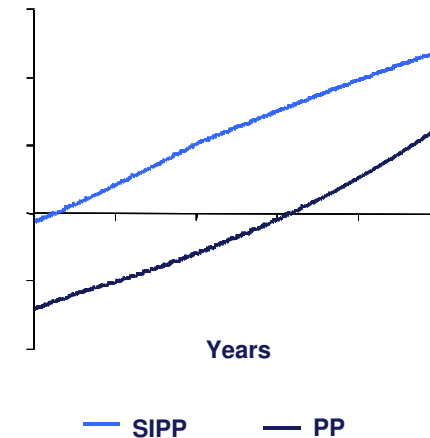


- Strong growth in higher margin individual SIPP
- Passive approach to low margin traditional products
- Lower new business strain resulting in shorter payback period



■ Individual SIPP ■ Individual pensions

SIPP vs personal pension
Comparison of cumulative undiscounted profit

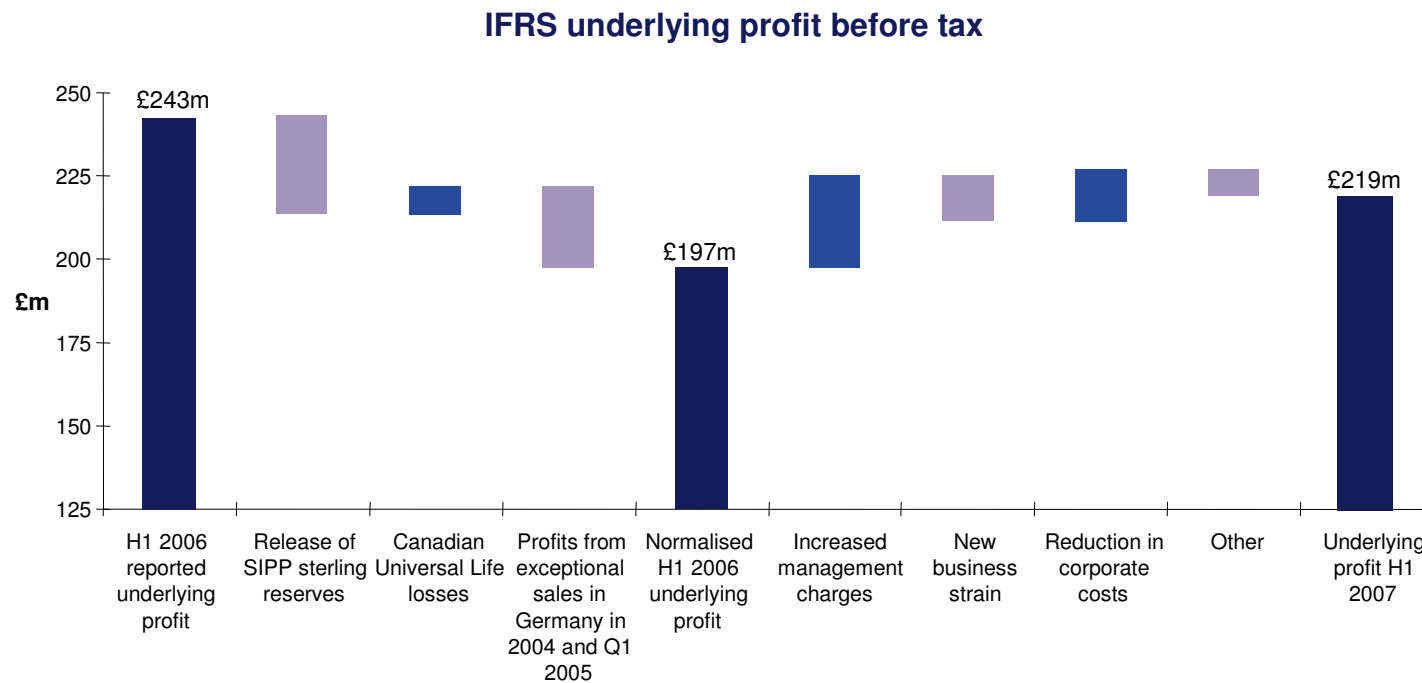


Improving the individual pensions mix

IFRS underlying profits



- Prior year IFRS result boosted by a number of exceptional items
- IFRS underlying profit up 11% on a normalised basis

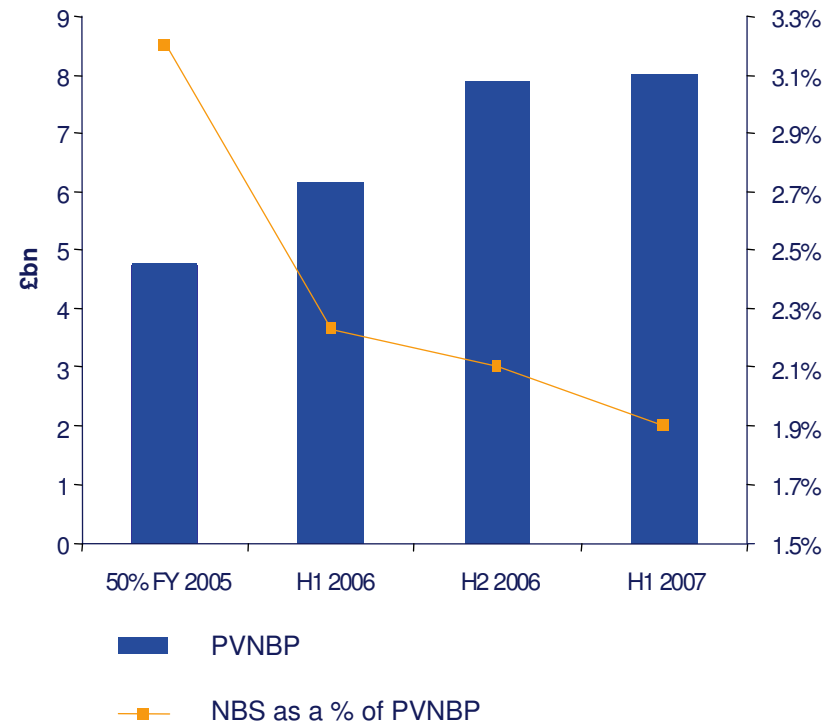


Underlying improvement in IFRS profits

New business strain



- Focus on products with lower new business strain (NBS)
- Strain reduced to 1.9% of PVNBP (H1 2006: 2.2%)
- Our practice within our UK platform range
 - Commission, where paid, is recouped from customer funds
 - Shift towards ongoing fund based commission



A focus on 'Capital lite' products

Cash generation



	H1 2007 £m	H1 2006 £m
New business strain	(153)	(127)
Cash generation from existing business	265	201
	112	74
Cash generation from operating variances and assumption changes and development costs	24	29
Cash generation from non-operating variances and assumption changes	45	53
Life and pensions total cash generation	181	156
Investments, bank and healthcare	52	23
Group corporate centre costs	(17)	(29)
Subordinated debt cost of carry	-	(8)
Group income on capital and other resources	13	-
Mutual funds, Wrap and other	(22)	(19)
Total cash generation	207	123

Existing business funding significant increase in new business growth

All figures stated net of tax

EEV capital generation










	Net worth £m	PVIF £m	Group EEV £m
31 December 2006	2,391	3,217	5,608
Cash generation	207	-	207
PVIF income statement movement	-	114	114
Profit after tax	207	114	321
Dividends	(114)	-	(114)
Other non-trading movements	74	22	96
30 June 2007	2,558	3,353	5,911

Group EEV up 5%, net worth up 7%

Strong first half results



- EEV operating profit  71% to £353m
- New business contribution  66% to £151m
- PVNBP margin  0.4% pts to 1.8%¹
- Embedded value  5% to £5,911m
- EEV cash generation  68% to £207m
- IFRS normalised profit  11% to £219m
- Interim dividend  5.6%² to 3.8p

Strong improvement in our financial performance

¹ Compared to full year 2006

² Applying our dividend policy to the dividend announced in the 2006 Preliminary Results

Delivering value

Sandy Crombie
Group Chief Executive

Building valuable customer relationships with leading service and compelling propositions

- Creating capital efficient innovative products
- Opening new routes to markets
- Leveraging investment management expertise and performance
- Driving for operational excellence

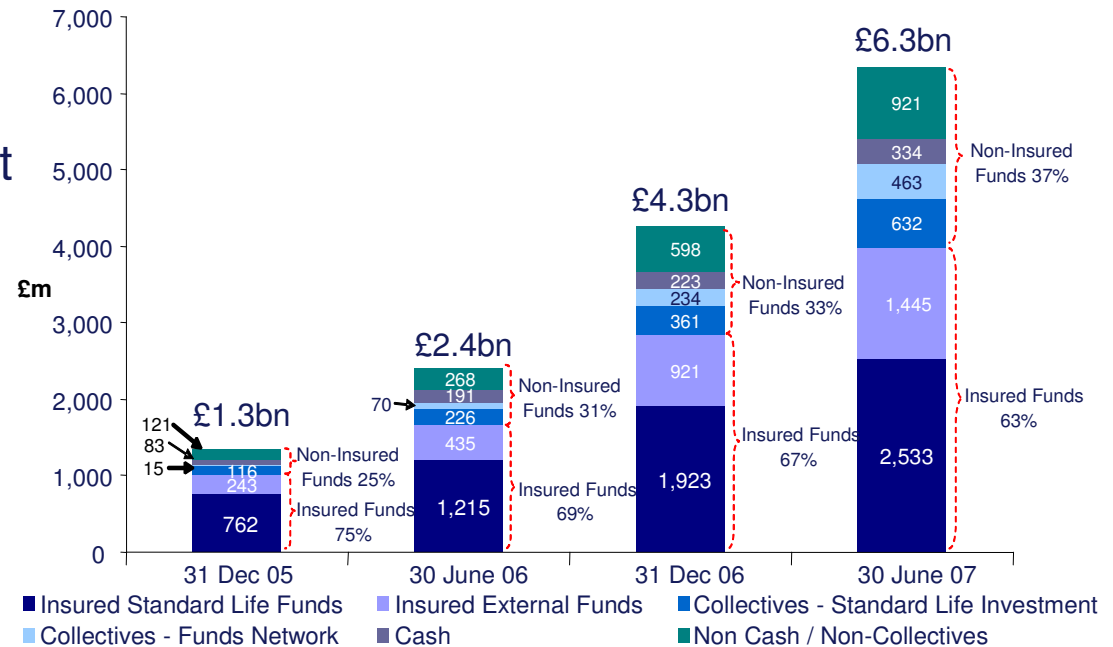
Delivering shareholder value

The SIPP opportunity



- SIPP FUM in the UK market expected to triple by 2011
- Leveraging SIPP across the group
 - Post retirement market
 - Corporate market
 - International

SIPP Funds Under Administration



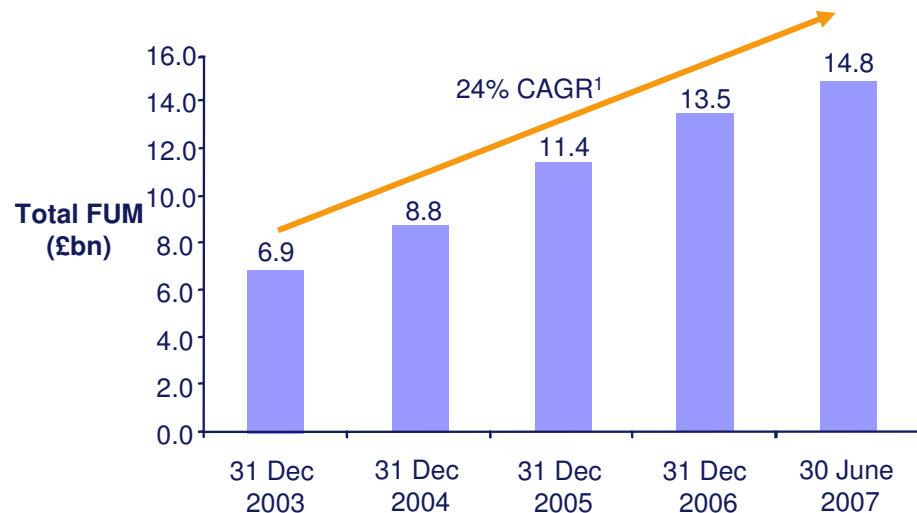
Our market-leading SIPP powers ahead

Corporate pensions – UK

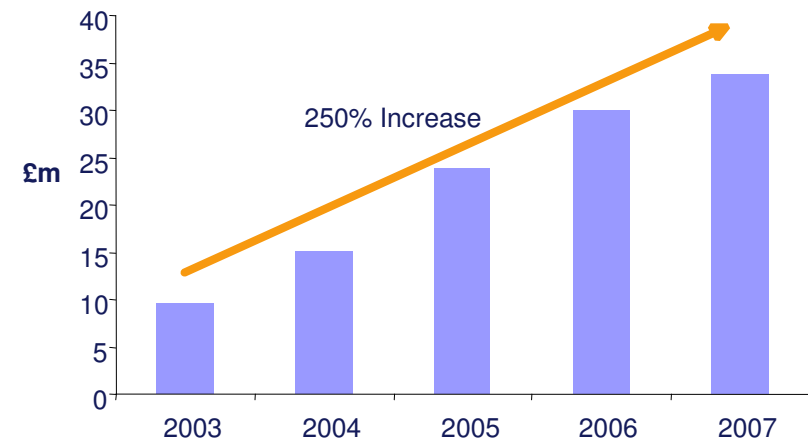


- 1.1m UK DC scheme members – a 38% increase since end of 2003
- Strong sales growth driving a 115% increase in funds under management since end of 2003
- 10% growth in funds under management during H1 2007

UK Corporate Pensions Funds Under Management



FUM per Customer Service Staff Member



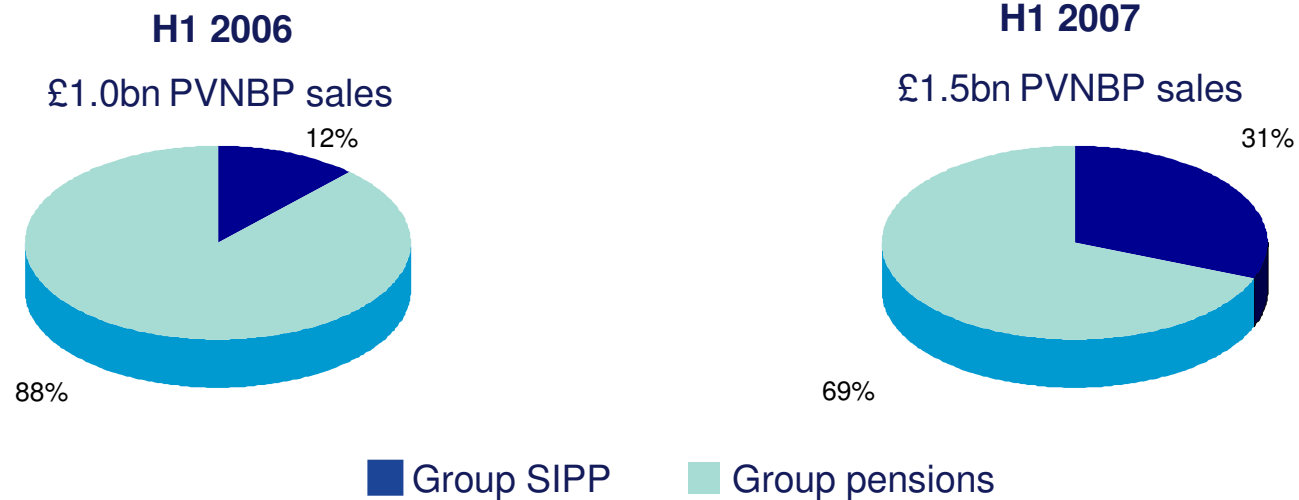
We believe we have the best DC proposition in the UK

1 Compound annual growth rate

UK Corporate pensions – improving mix

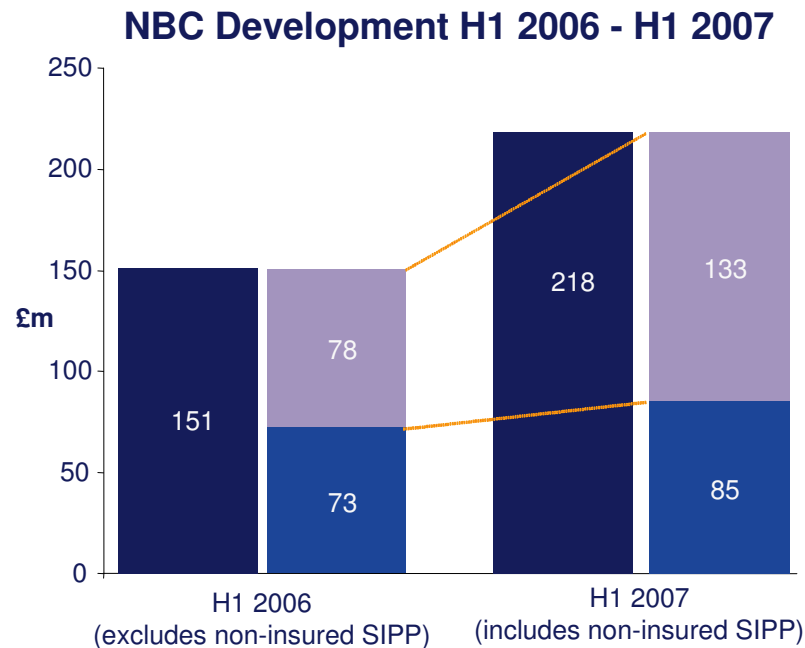


- First major player to enter group SIPP market in January 2006
- An innovative product with a wide range of applications
- Greater resilience to Personal Accounts



Improving the corporate pensions mix

Leveraging scale – UK



- Pre acquisition cost new business contribution
- Post acquisition cost new business contribution
- Acquisition cost

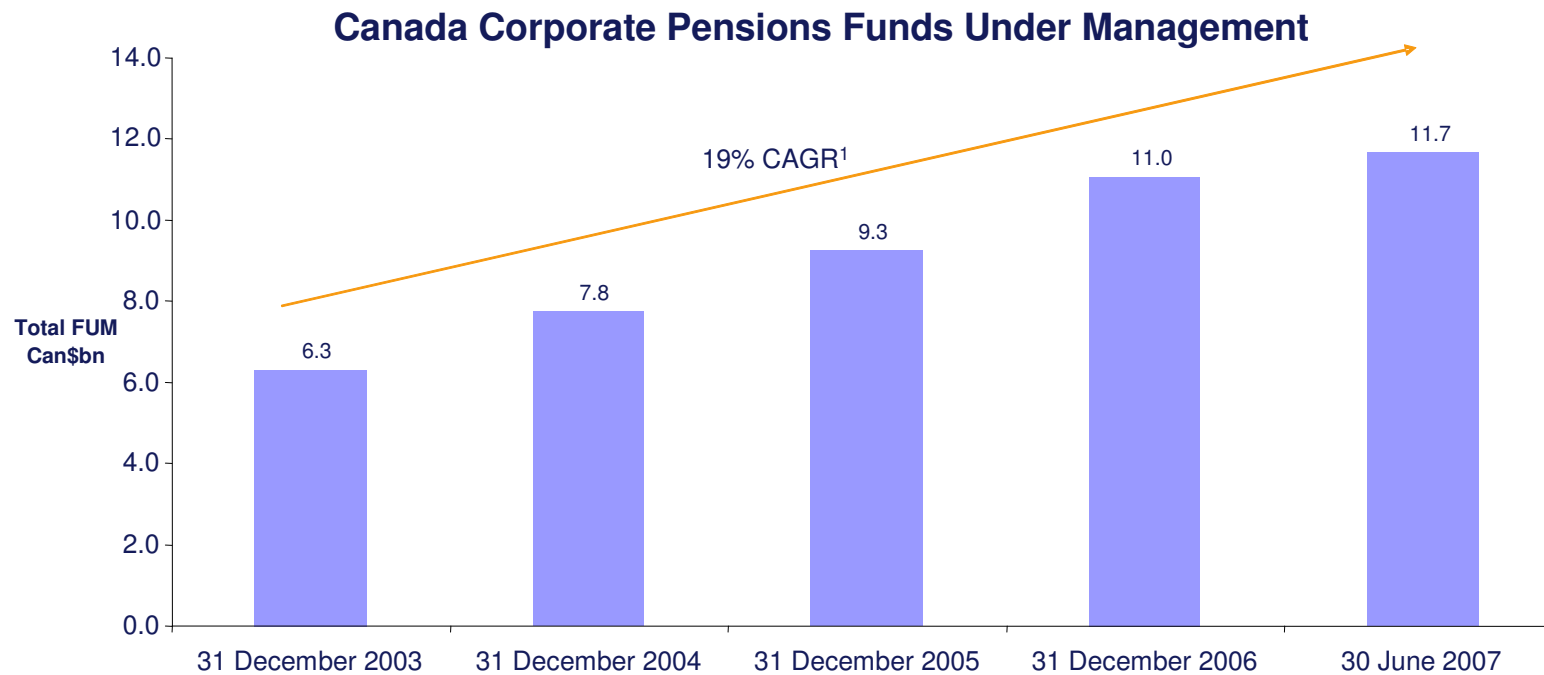
- UK PVNBP has increased by 45% compared to H1 2006
- Excluding non-insured SIPP acquisition costs increased from £73m in H1 2006 to £76m in H1 2007
- 71% increase in post acquisition cost new business contribution

Margin growth benefiting from leveraging acquisition costs

Canada – a strong pensions franchise



- Turnaround continues
- Disciplined approach to pricing
- 86% growth in funds under management since December 2003



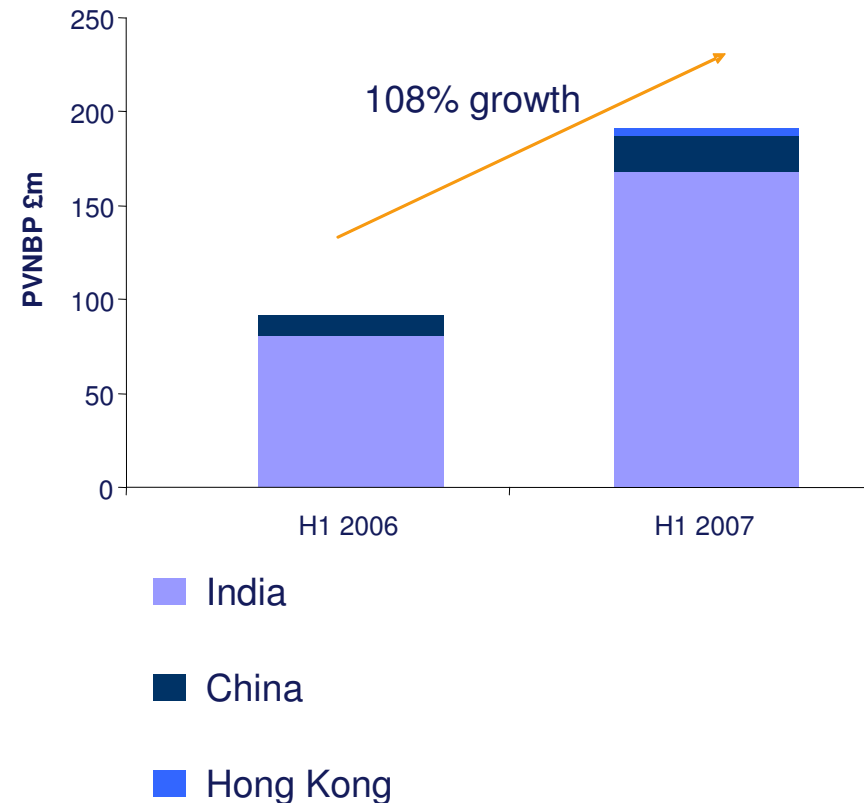
1 Compound annual growth rate

Asia-Pacific – potential from growing markets



- Sales have more than doubled
- Further strong growth expected – driven by new product launches, wider distribution and market expansion
- Agreement to increase our shareholding in our Indian insurance JV to 26%

Asia-Pacific new business growth¹

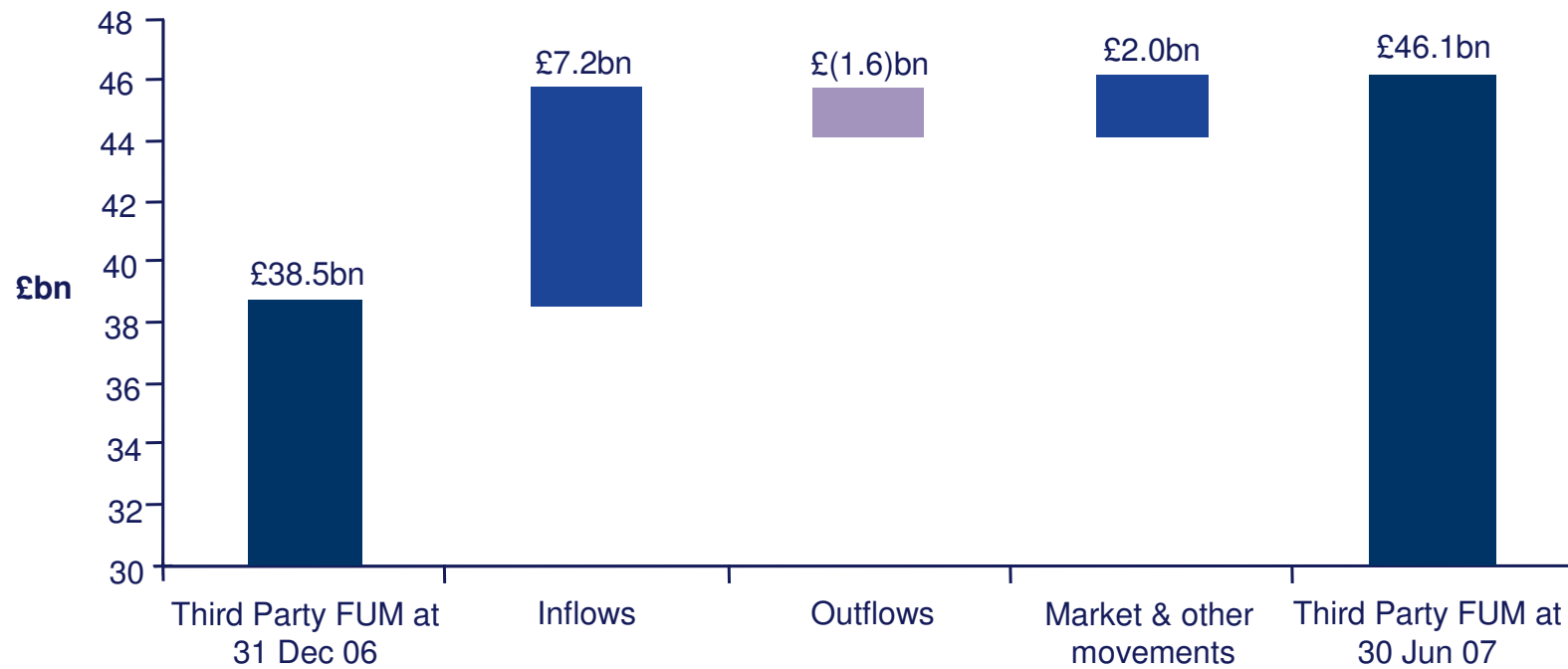


¹ India new business based on agreed shareholding of 26%

Standard Life Investments



Third party funds under management

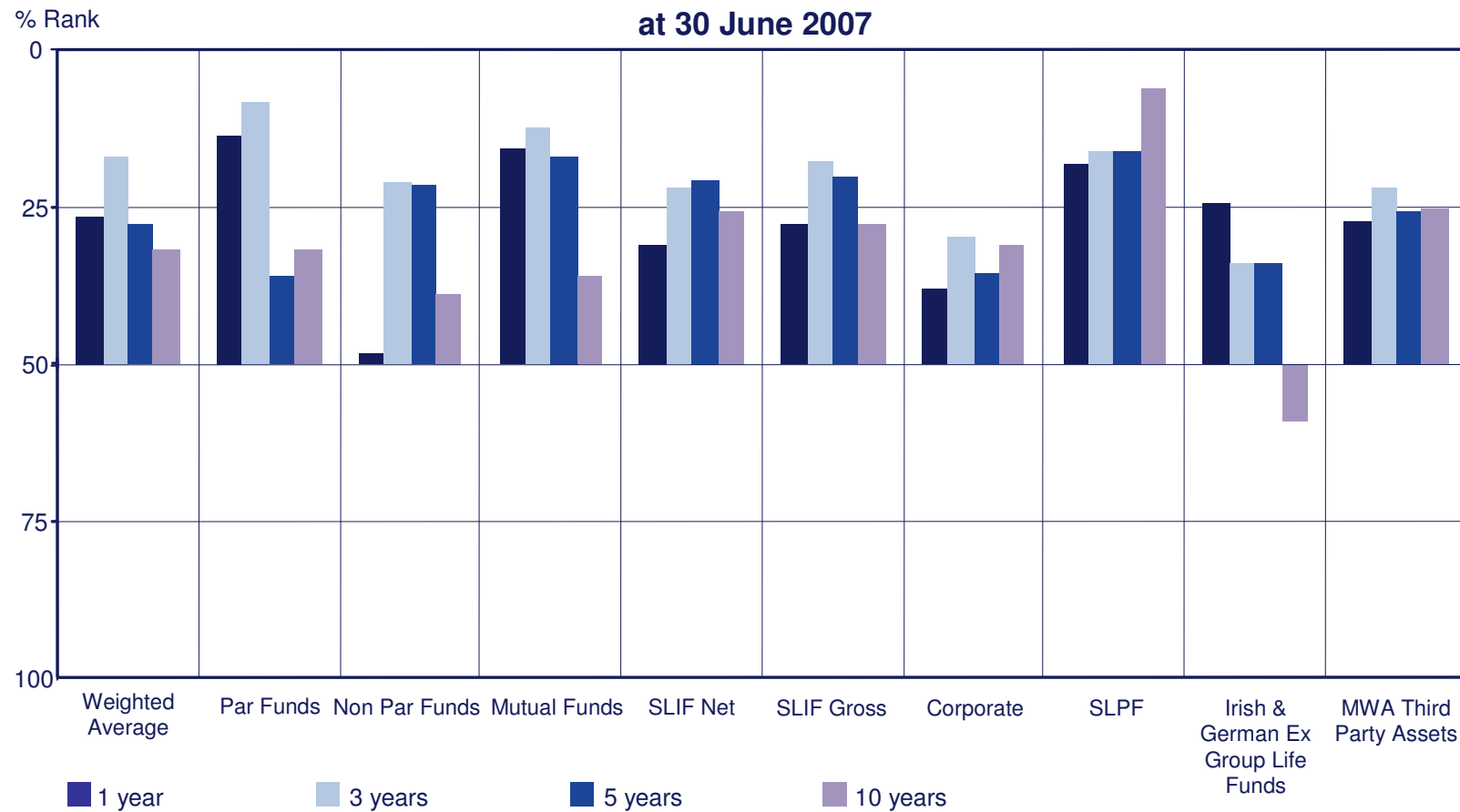


Sustained outperformance is driving asset growth

Alpha delivered across all assets



Active Investment Performance – by Product Group

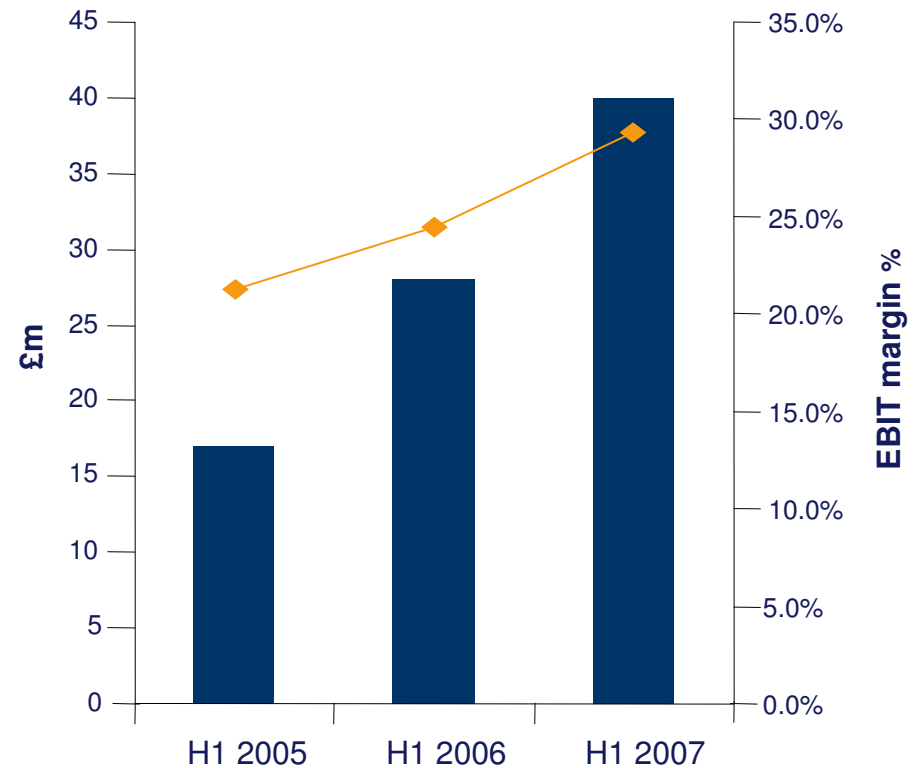


Standard Life Investments



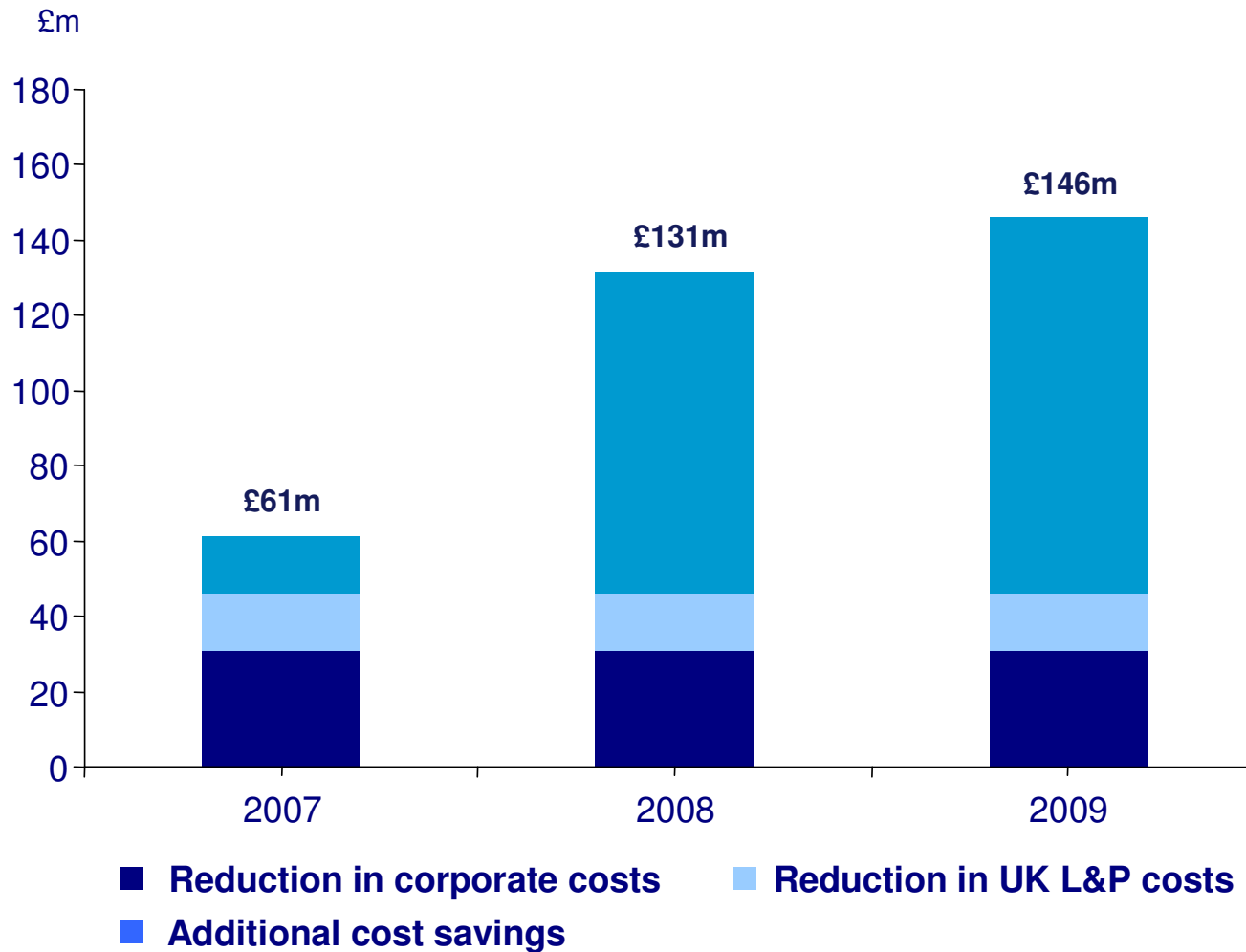
- IFRS PBT up 43% to £40m
- EBIT margin 29.3% (H1 2006: 24.5%)
- EBIT margin target of 35%
- Increased volume, improved mix and focus on efficiency drive higher margin

Standard Life Investments IFRS PBT and EBIT margin



Volume, mix and efficiency drive margin

Driving efficiency – benefit profile



All figures reported pre-tax

Continuous improvement programme



Improvements to date include:

- The creation of UK Financial Services to integrate UK Life and Pensions, Standard Life Bank and Standard Life Healthcare
- Established a Finance Shared Service Centre
- Improved processing capacity in Customer Services to support SIPP growth
- Group headcount reduced by 269 to 10,472 – this is after the creation of 147 additional jobs in UK SIPP and Wrap – an underlying reduction of 4%
- The adoption of a global approach to buying IT hardware

Improving efficiency to support growth

Driving shareholder value is our objective



Delivery



Efficiency



Opportunity



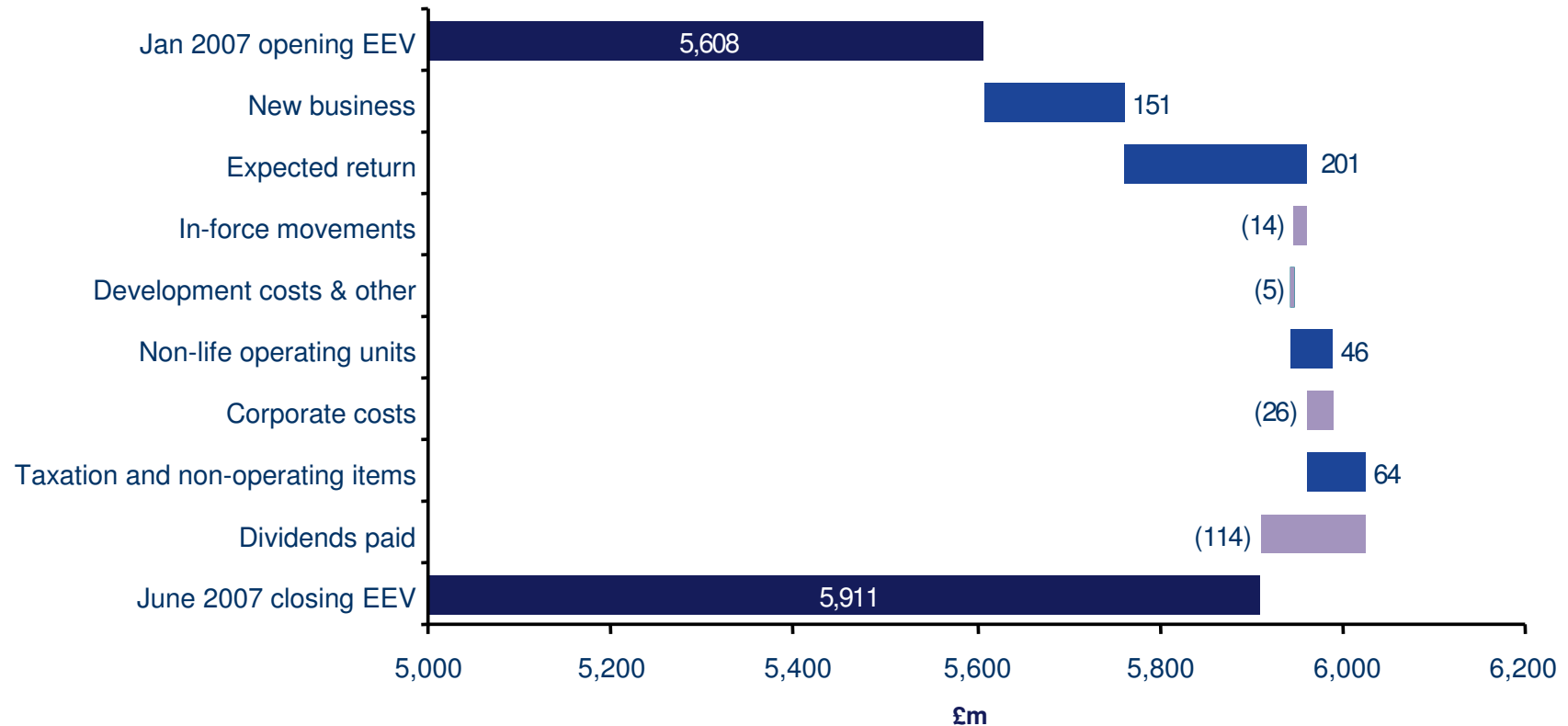
**Driving
shareholder
value**

**On track to achieve our return on embedded value target
for 2007 of 9-10% – and increasing thereafter**

Your questions

Appendix

Focus on increasing embedded value



Embedded value has increased by 5%

EEV experience variances and operating assumption changes



					H1 2007	Pro forma H1 2006
	UK £m	Canada £m	Europe £m	HW PF TVOG £m	Total £m	Total £m
Lapses	(25)	-	(3)	-	(28)	4
Maintenance expenses	1	(2)	(1)	-	(2)	1
Mortality and morbidity	-	-	-	-	-	(1)
Tax & other	(4)	21	-	(2)	15	18
Experience variances	(28)	19	(4)	(2)	(15)	22
Lapses	(4)	-	-	-	(4)	(100)
Maintenance expenses	1	-	-	-	1	28
Mortality and morbidity	-	-	-	-	-	2
Tax & other	-	-	4	-	4	32
Operating assumption changes	(3)	-	4	-	1	(38)
Total experience variances and operating assumption changes	(31)	19	-	(2)	(14)	(16)

EEV profit after tax



	H1 2007 £m	Pro forma H1 2006 £m
EEV operating profit before tax	353	206
Other non-operating items		
Long-term investment return and tax variances	31	58
Effect of economic assumption changes	52	(111)
Movement in TVOG	-	6
Mark to market movement on subordinated debt	-	110
Movement in pension scheme deficit including actuarial gains and losses	-	(8)
Impairment of acquired intangible assets	-	(9)
Restructuring expenses	(3)	(5)
Volatility arising on different asset and liability valuation bases	28	19
Profit before tax	461	266
Attributed tax	(140)	(58)
EEV profit after tax	321	208

54% increase in EEV profit after tax

IFRS underlying profits



	H1 2007 £m	Pro forma H1 2006 £m
Life and pensions		
UK	91	119
Canada	64	68
Europe	19	52
Other life	(6)	(2)
Total life and pensions	168	237
Investment management	40	28
Banking	14	17
Healthcare and general insurance	4	3
Total non-life excluding corporate costs and other	58	48
Group corporate centre costs	(26)	(42)
Other	19	-
Total underlying profit before tax	219	243

IFRS profit after tax



	H1 2007 £m	Proforma H1 2006 £m
IFRS underlying profit before tax	219	243
Profit attributable to minority interest	58	82
Underlying profit before tax attributable to equity holders and adjustments	277	325
Adjusted for the following items:		
Volatility arising on different asset and liability valuation bases	(211)	(43)
Impairment of intangibles	-	(9)
Restructuring expenses	(3)	(5)
Profit before tax attributable to equity holders	63	268
Tax attributable to:		
Underlying profit	8	22
Adjusted items	(60)	(18)
Total profit after tax	115	259