

Full year results 2016 analyst and investor presentation

# DELIVERING DIVERSIFIED AND SUSTAINABLE GROWTH

**Standard Life** 

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All 2016 comparatives are in relation to continuing operations unless otherwise stated.

# DELIVERING DIVERSIFIED AND SUSTAINABLE GROWTH

Keith Skeoch

**Standard Life** 

## Increasing the pace of strategic delivery

**Targeted investment in diversification and growth**

**Focusing on driving greater cost efficiencies**

**Enhanced approach to managing our mature insured books**

**Strengthening long-term relationships with clients and customers**

**Delivering growing and sustainable returns for shareholders**

## Delivering across all elements of our simple business model

### Increasing assets

AUA  
**up 16%**  
 to **£357.1bn**  
 (2015: £307.4bn)

### Growing revenue

Fee based revenue  
**up 5%**  
 to **£1,651m**  
 (2015: £1,579m)

Cost/income ratio  
**down 1% point** to  
**62%**  
 (2015: 63%)

### Lowering unit costs

### Driving profit

Operating profit  
 before tax  
**up 9%** to **£723m**  
 (2015: £665m)

Diluted operating EPS  
**up 13%** to **29.5p**  
 (2015: 26.1p)

### Generating cash and optimising the balance sheet

Cash generation **up 9%** to **£502m** (2015: £459m) and strong and stable Solvency II investor view surplus of **£3.3bn<sup>1</sup>**

### Growing the dividend

Final dividend of 13.35p making a total of 19.82p for the year **up 8.0%**

1. Includes entity level capital not recognised at Group. Excludes contribution to Solvency Capital Requirement and Capital relating to the With Profits Funds (WPFs) and the Pension Scheme surplus.

# FULL YEAR RESULTS 2016

Luke Savage

**Standard Life** 

# Delivering profitable growth

Driving profit

## Operating profit before tax

	2016 £m	2015 £m
Fee based revenue	1,651	1,579
Spread/risk margin	92	101
<b>Total income</b>	<b>1,743</b>	<b>1,680</b>
Total expenses	(1,159)	(1,115)
Capital management	21	9
Share of associates' and JVs' profit before tax	76	56
<b>Underlying performance</b>	<b>681</b>	<b>630</b>
<b>Underlying performance (ex spread/risk)<sup>1</sup></b>	<b>596</b>	<b>537</b>
One-off contribution to with profits business in Germany	-	(9)
Operating assumption and actuarial reserving changes	42	44
<b>Operating profit before tax</b>	<b>723</b>	<b>665</b>

## Operating profit up 9%

1. Underlying performance excluding spread/risk margin of £92m (2015: £101m) less spread/risk direct costs of £7m (2015: £8m).

# Non-operating items

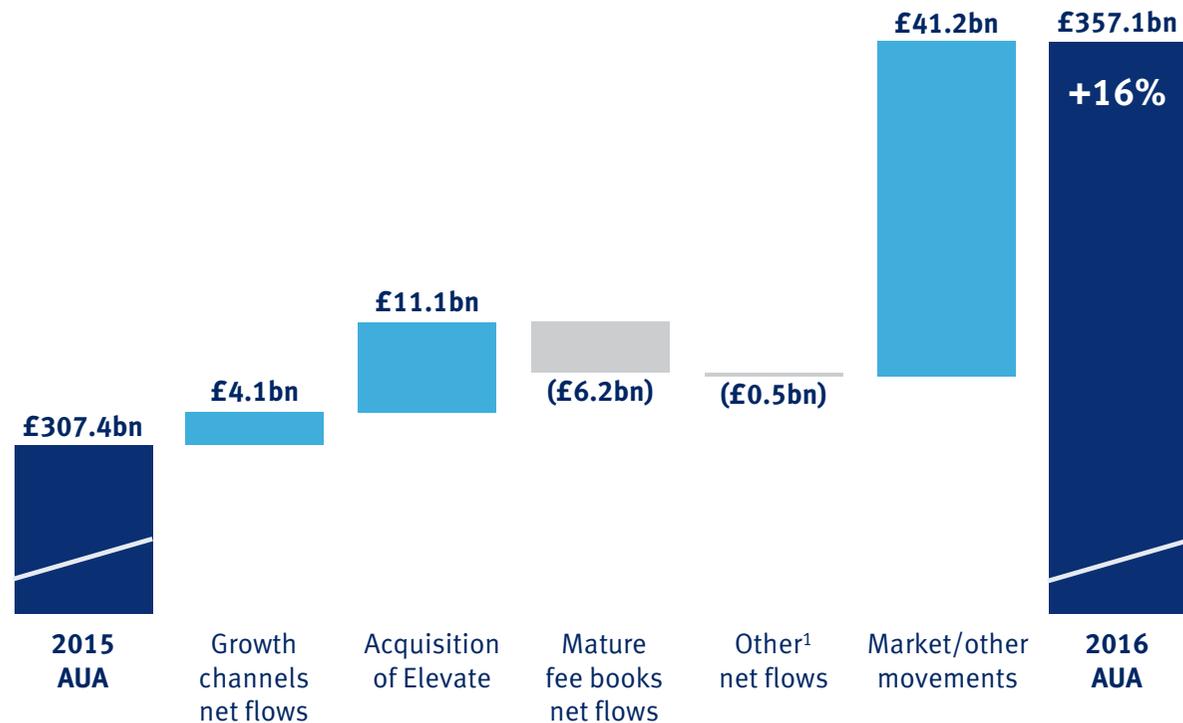
Driving profit

## Total non-operating items

	2016 £m	2015 £m
<b>One-off</b>		
Acceleration of DAC amortisation in Hong Kong	-	(46)
Impairment of intangible assets	(19)	(7)
Defined benefit pension scheme restructuring costs	(5)	(35)
<b>Other</b>		
Short-term fluctuations in investment return and economic assumption changes	8	(63)
Restructuring expenses	(62)	(80)
Amortisation of intangibles	(19)	(20)
Other	(2)	(6)
	<b>(99)</b>	<b>(257)</b>
Non-advised annuity sales provision (pre-tax and before any potential insurance recovery)	(175)	-
<b>Total non-operating items</b>	<b>(274)</b>	<b>(257)</b>

# Continuing growth in assets in volatile markets

Increasing assets



**Growth channels net inflows, Elevate acquisition and market movements driving growth in assets**

1. Includes net inflows of £0.4bn from associate and joint venture life businesses and net outflows of £0.9bn from spread/risk.

## Diversified flows across our growth channels ...

Increasing  
assets

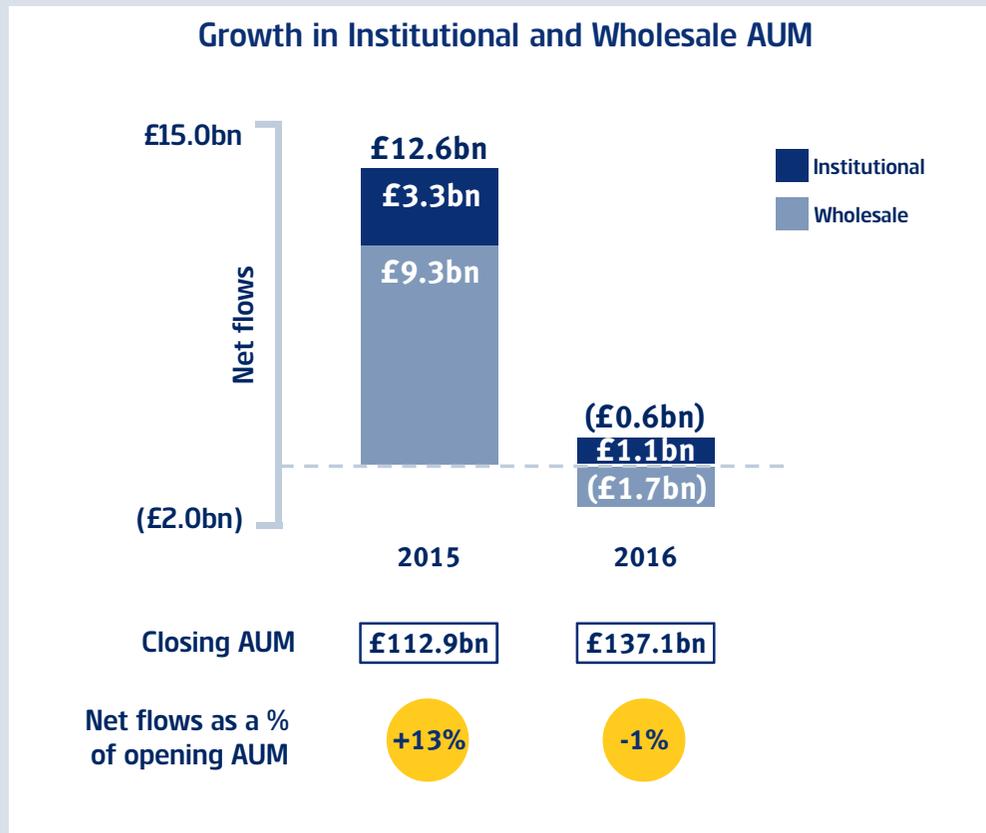
### Growth channels gross and net flows

	Gross inflows £bn	Net flows £bn
Institutional	15.6	1.1
Wholesale	12.1	(1.7)
Workplace	4.1	1.7
Retail	8.1	3.7
	<b>39.9</b>	<b>4.8</b>
Other growth channels	2.2	0.4
Eliminations	(3.5)	(1.1)
<b>Total growth channels</b>	<b>38.6</b>	<b>4.1</b>

... with clients and customers responding in different ways to changing market environment

# Continuing growth in Institutional and Wholesale assets

Increasing assets



- Institutional and Wholesale AUM up 11%<sup>1</sup> to £137.1bn
- Institutional benefiting from innovation and increasingly global presence:
  - net inflows of £1.1bn
  - representing 1.6% of opening AUM
- Wholesale business net outflows of £1.7bn in the most challenging environment for the UK mutual fund industry for over 20 years<sup>2</sup>

## Delivering growth across a broad range of asset classes

1. Denominator adjusted for impact of Ignis funds (£11.1bn) which were transferred into Institutional (£9.8bn) and Wholesale (£1.3bn) during 2016. 2. Source: Pridham Report, February 2017.

# Investment in our capabilities and global distribution ...

Increasing assets

Institutional and Wholesale flows (ex. GARS)



- GARS net outflows of £4.3bn, including £3.9bn in Wholesale and £0.4bn in Institutional
- Other products attracted gross inflows of £17.5bn and net inflows of £3.7bn

2016	Gross inflows £bn	Net flows £bn
Equities	3.8	(0.3)
Fixed income	5.4	1.1
Other multi-asset	1.1	0.5
Real estate	1.1	(0.3)
Private equity	1.1	0.6
MyFolio	2.5	1.6
Liquidity funds	1.9	0.3
Other	0.6	0.2
<b>Institutional and Wholesale (ex. GARS)</b>	<b>17.5</b>	<b>3.7</b>

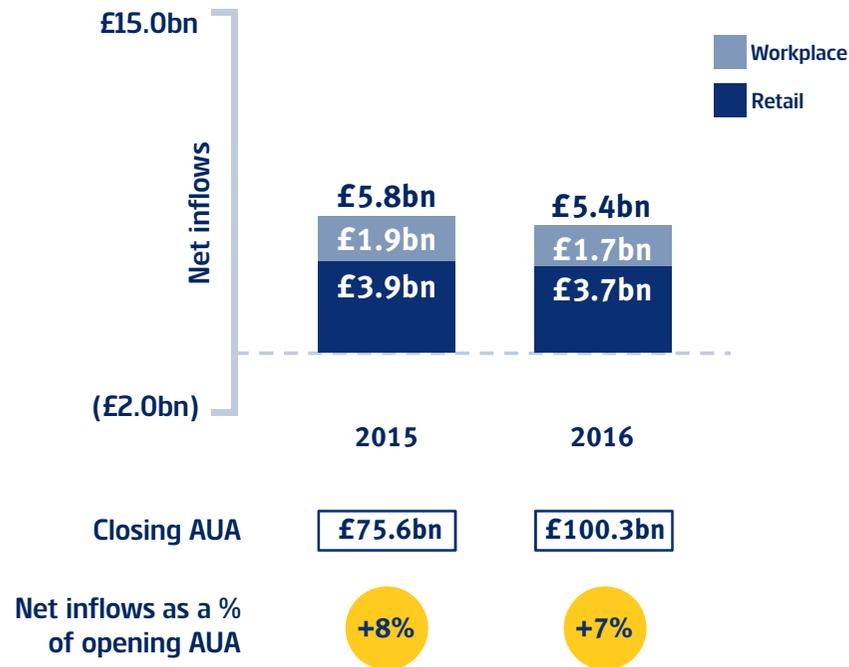
... has delivered significantly increased diversification of gross inflows

1. 2014 and 2015 include Ignis funds which were transferred into Institutional and Wholesale during 2016.

# Continuing growth in Workplace and Retail assets

Increasing assets

## Workplace and Retail attracting steady and resilient flows



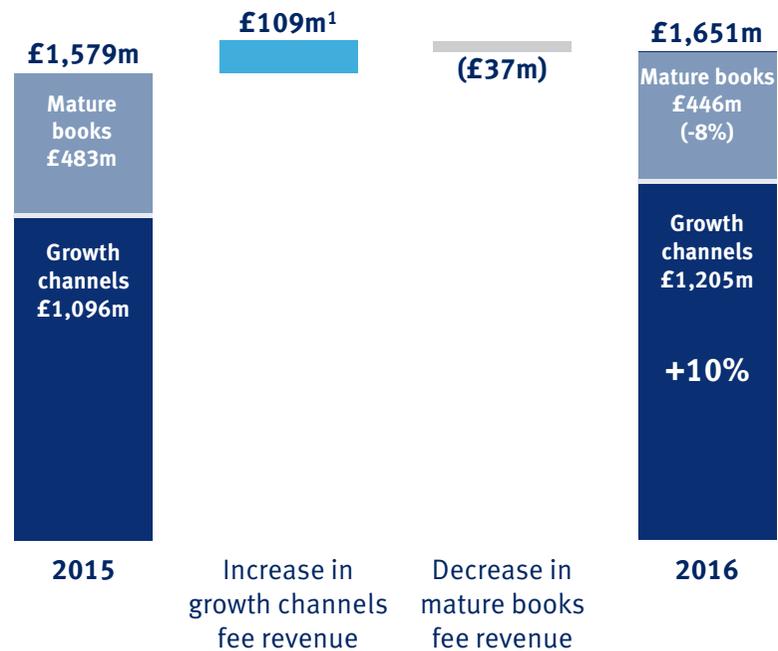
- Workplace and Retail AUA up 33% (18% excluding Elevate) to over £100bn
- Continuing to attract good steady flows:
  - Regular contributions into workplace pensions up 5% to £3.1bn
  - Retail net inflows benefiting from our leading adviser platform with resilient Wrap net inflows of £4.1bn<sup>1</sup>
- Acquisition of Elevate completed in H2 2016:
  - Further strengthens our already leading position in the UK advised platform market adding £11bn of AUA
  - Total cost of acquisition of c£100m including consideration and integration costs

## Workplace and Retail net inflows 7% of opening assets

1. Includes offshore bond reported within Europe growth fee (2016: £0.2bn; 2015: £0.4bn).

# Growth in assets driving increase in fee revenue

Growing revenue

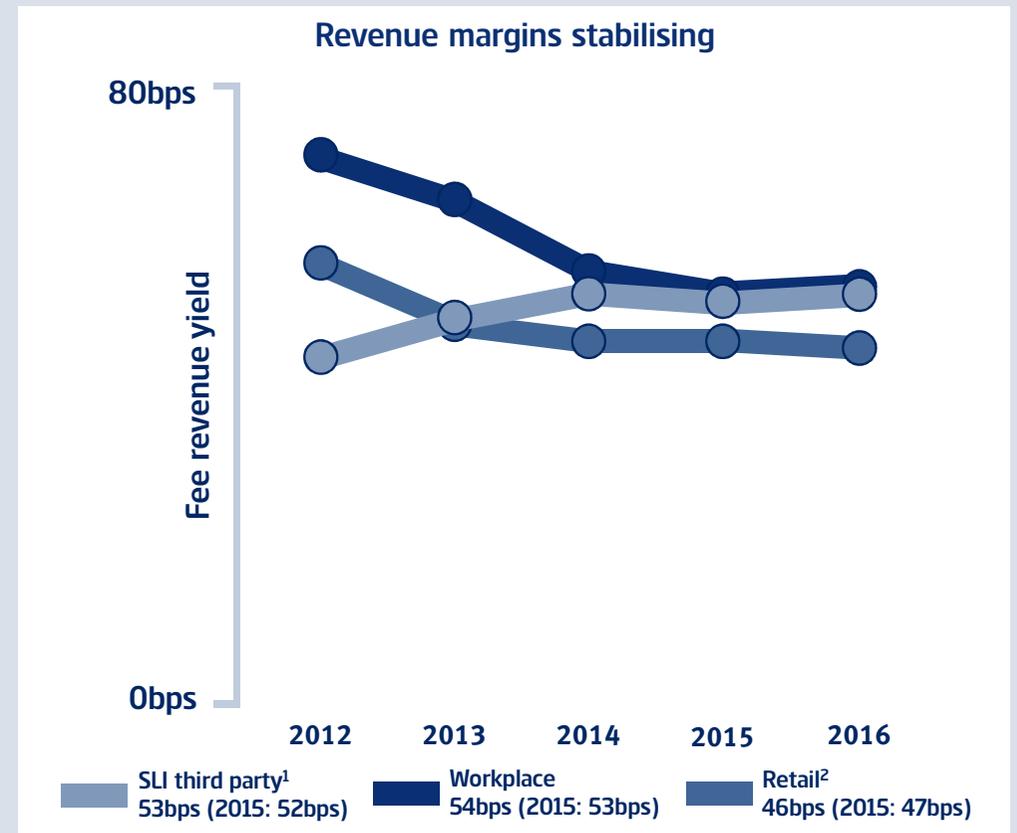
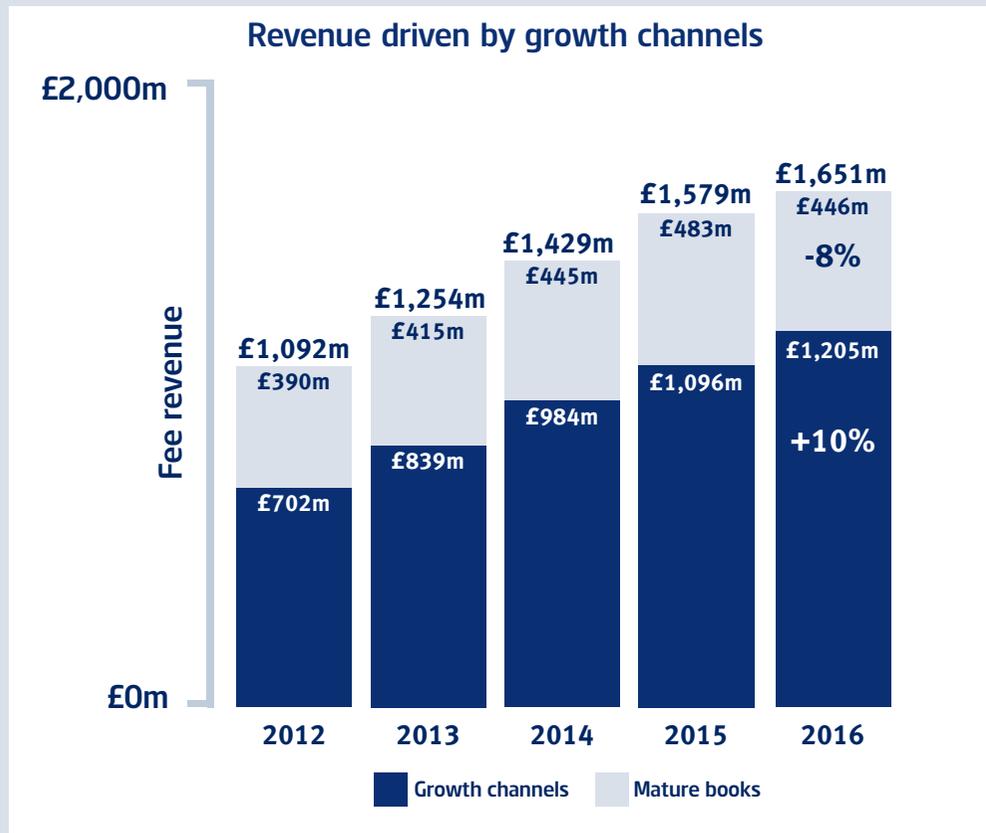


## Growth channels fee revenue up 10%

1. Includes decrease in Hong Kong fee based revenue of £21m.

# With revenue margins stabilising across key growth channels

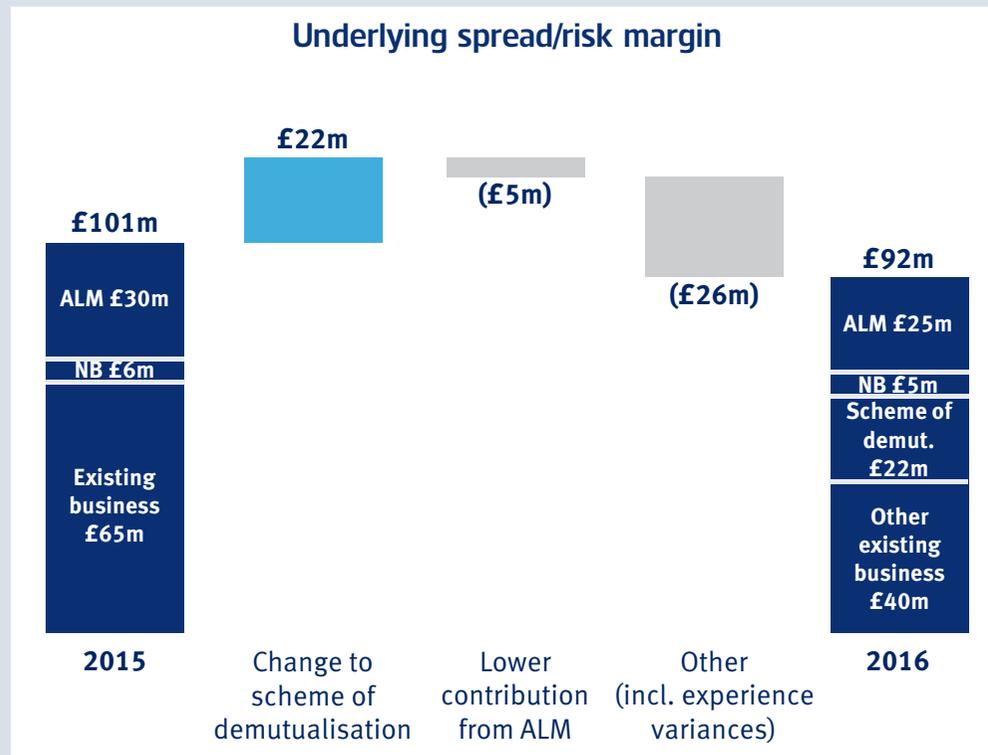
Growing revenue



Well positioned to drive further operational leverage

1. Excludes AUM from HDFC AMC. 2. Excludes revenue from cash balances.

## Spread/risk margin includes benefit from change to scheme of demutualisation ...



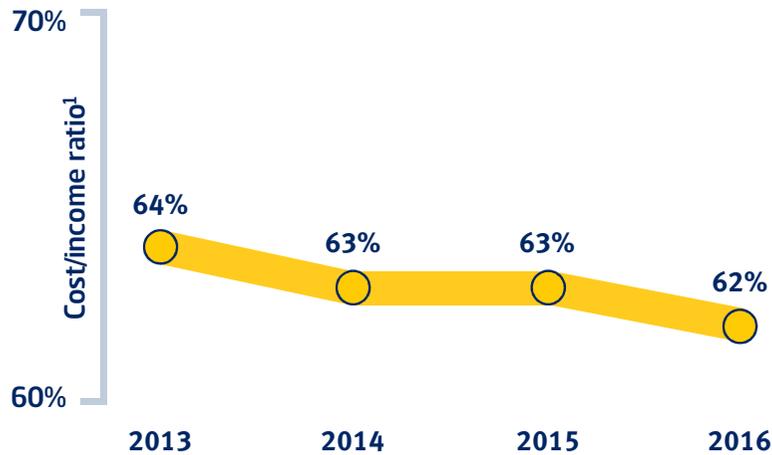
- Lower contribution from asset liability management (ALM) in line with expectations
- Existing business contribution includes:
  - Benefit of £22m in H1 2016 from changes to the scheme of demutualisation following transition to Solvency II
  - Negative impact of mortality experience during the year
- Expect total contribution from asset liability management of up to £15m in 2017

... and continued asset liability management

# Maintaining financial discipline to drive down unit costs

Lowering  
unit costs

### Driving down the cost/income ratio



### Tight control of underlying expenses



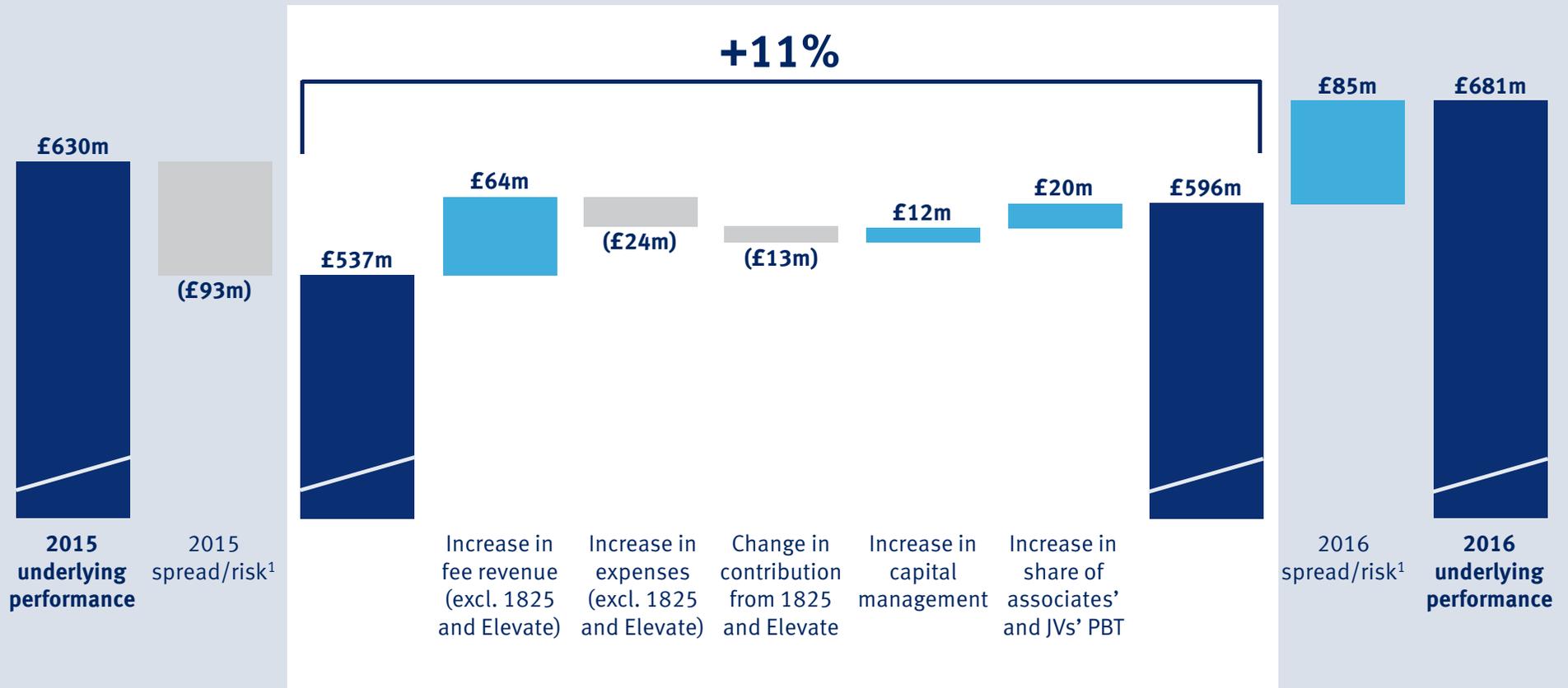
- Cost/income ratio down 1% point to 62%
- Balancing investment in new propositions, geographic reach and capabilities to support growth

**Clear opportunities to continue to drive cost/income ratio below its current level**

1. On a rolling 12 months basis, operating expenses divided by operating income (including share of associates' and joint ventures' profit before tax).

# Growing fee revenue enables investment in scalability and growth

Driving profit

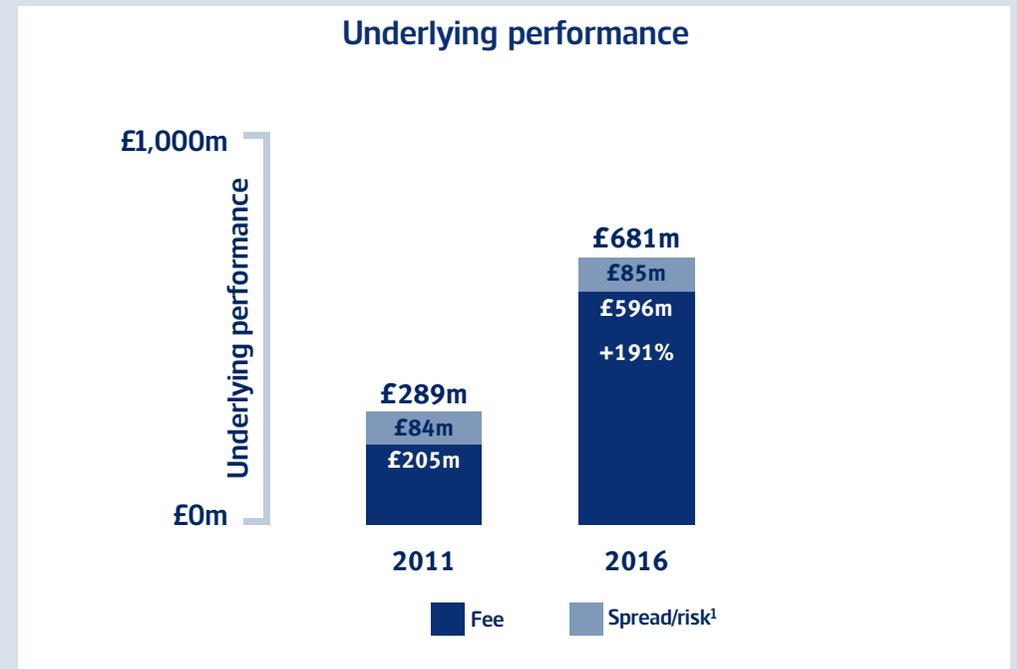
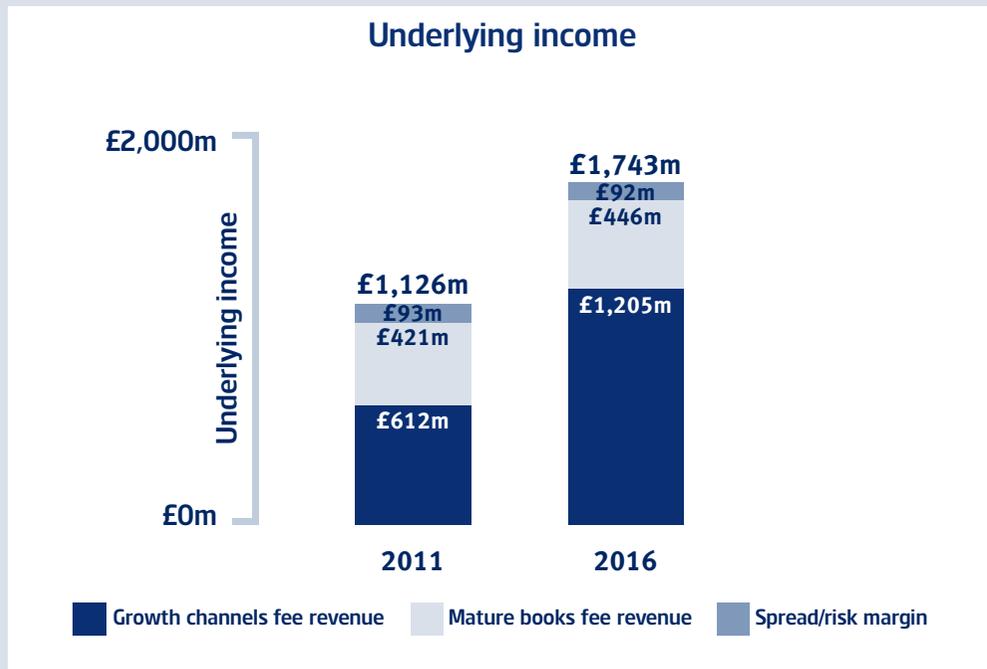


## Increasing profitability driven by our growing fee business

1. Spread/risk margin of £92m (2015: £101m) less spread/risk direct costs of £7m (2015: £8m).

## Growth channels driving increase in revenue and profit ...

Driving profit



- Fee revenue up 60% over last five years driven by near doubling of revenue from our growth channels to £1.2bn

- Combined with our scalable business model our growth channels have driven almost trebling of fee business profit to £0.6bn

### ... and long-term shareholder value

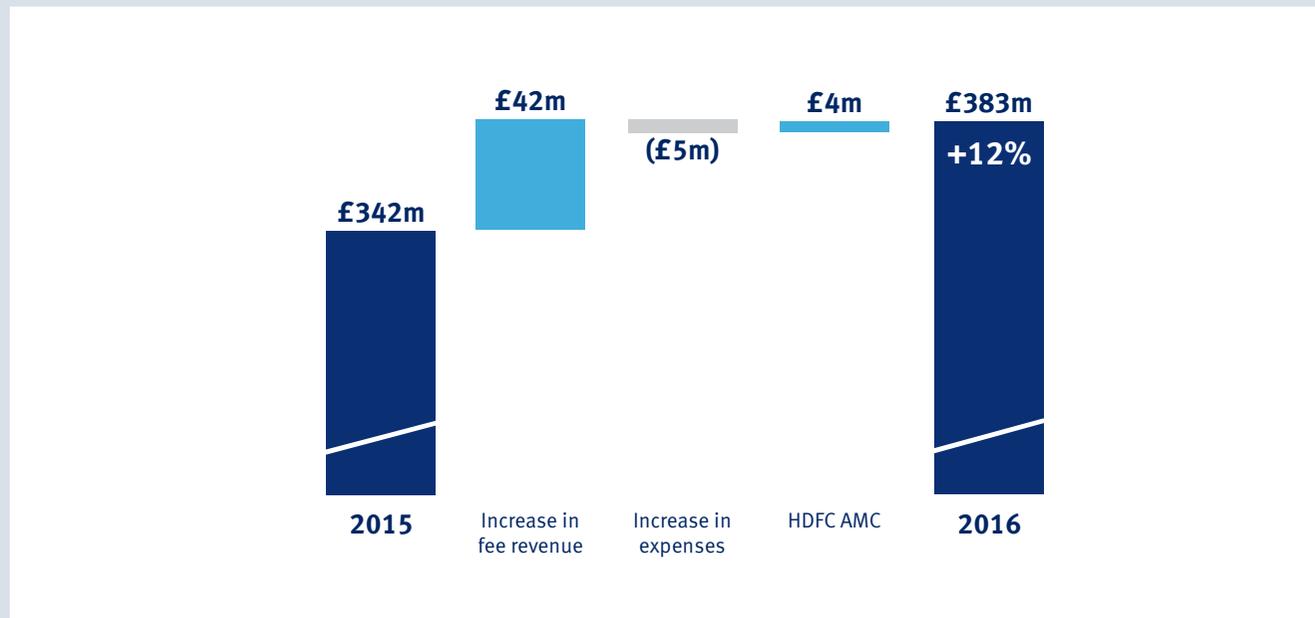
1. Spread/risk margin of £92m (2011: £93m) less spread/risk direct costs of £7m (2011: £9m).

## Underlying performance by business unit

	2016 £m	2015 £m
<b>Standard Life Investments</b>	<b>383</b>	<b>342</b>
UK spread/risk <sup>1</sup>	74	92
UK excluding spread/risk	207	199
<b>UK Pensions and Savings</b>	<b>281</b>	<b>291</b>
<b>Europe Pensions and Savings</b>	<b>39</b>	<b>31</b>
Hong Kong	(5)	2
Share of associates' and JVs' profit before tax	41	25
<b>India and China</b>	<b>36</b>	<b>27</b>
<b>Other<sup>2</sup></b>	<b>(58)</b>	<b>(61)</b>
<b>Underlying performance</b>	<b>681</b>	<b>630</b>

1. UK spread/risk margin of £81m (2015: £100m) less spread/risk direct costs of £7m (2015: £8m). 2. Other primarily relates to corporate centre costs and head office related activities.

# Institutional and Wholesale driving profit in SLI



Investment performance<sup>1</sup>

1 year

20%

3 years

76%

5 years

88%

Total AUM

£253.2bn → £277.9bn  
2015 2016

Growth channels AUM

£130.5bn → £143.9bn  
2015 2016

Growth channels revenue bps<sup>2</sup>

52bps → 53bps  
2015 2016

EBITDA margin<sup>3</sup>

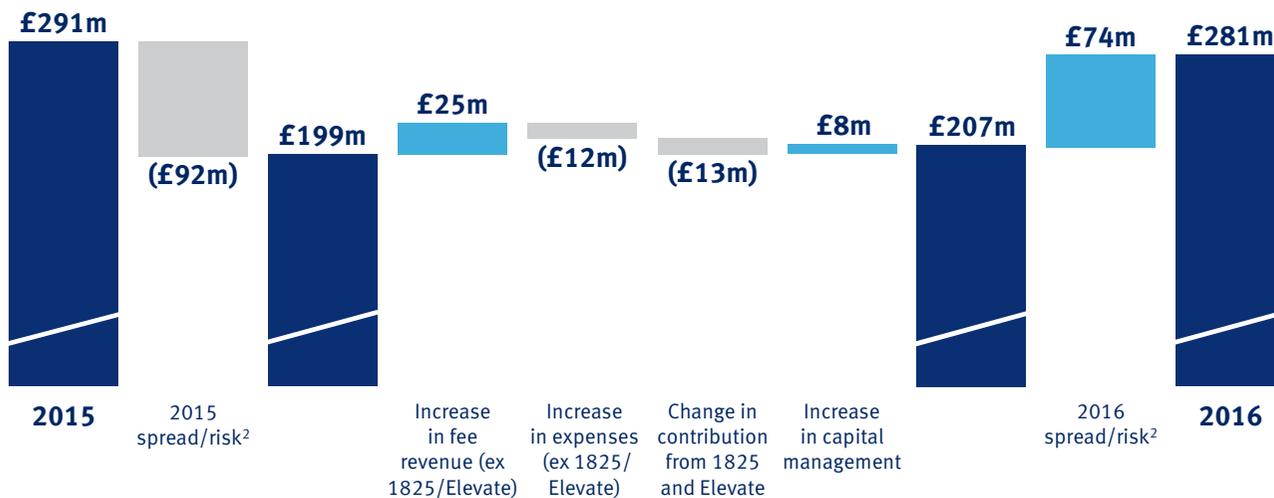
42% → 45%  
2015 2016

**Achieved 45% EBITDA margin target one year early**

1. Growth channels funds above benchmark. 2. Excludes AUM from HDFC AMC. 3. Earnings before interest, tax, depreciation and amortisation.

## Workplace and Retail driving 9%<sup>1</sup> increase in revenue from growth channels in UK Pensions and Savings

UK Pensions and Savings underlying performance



- Revenue from growth channels up 11% (9% excluding 1825 and Elevate)
- Tightly controlled expenses up 2% (excluding 1825 and Elevate)

Total fee AUA	
£109.6bn	→ £135.2bn
2015	2016

Workplace & Retail net inflows	
£5.8bn	→ £5.4bn
2015	2016

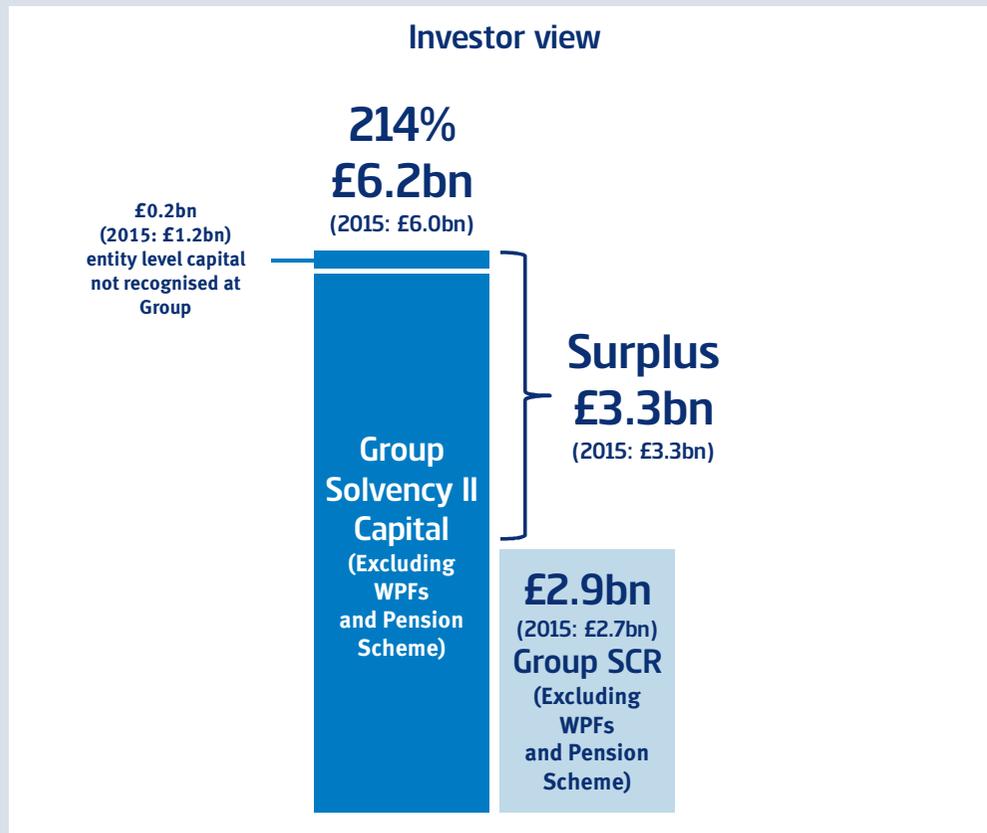
Fee revenue bps	
59bps	→ 58bps
2015	2016

Cost/income ratio	
59%	→ 62%
2015	2016

**Financial discipline and stable revenue margins driving operational leverage**

1. Fee based revenue excluding 1825 and Elevate. 2. UK spread/risk margin of £81m (2015: £100m) less spread/risk direct costs of £7m (2015: £8m).

## Solvency position remains strong and stable



Investor view<sup>1</sup> surplus:

**£3.3bn** (2015: £3.3bn)

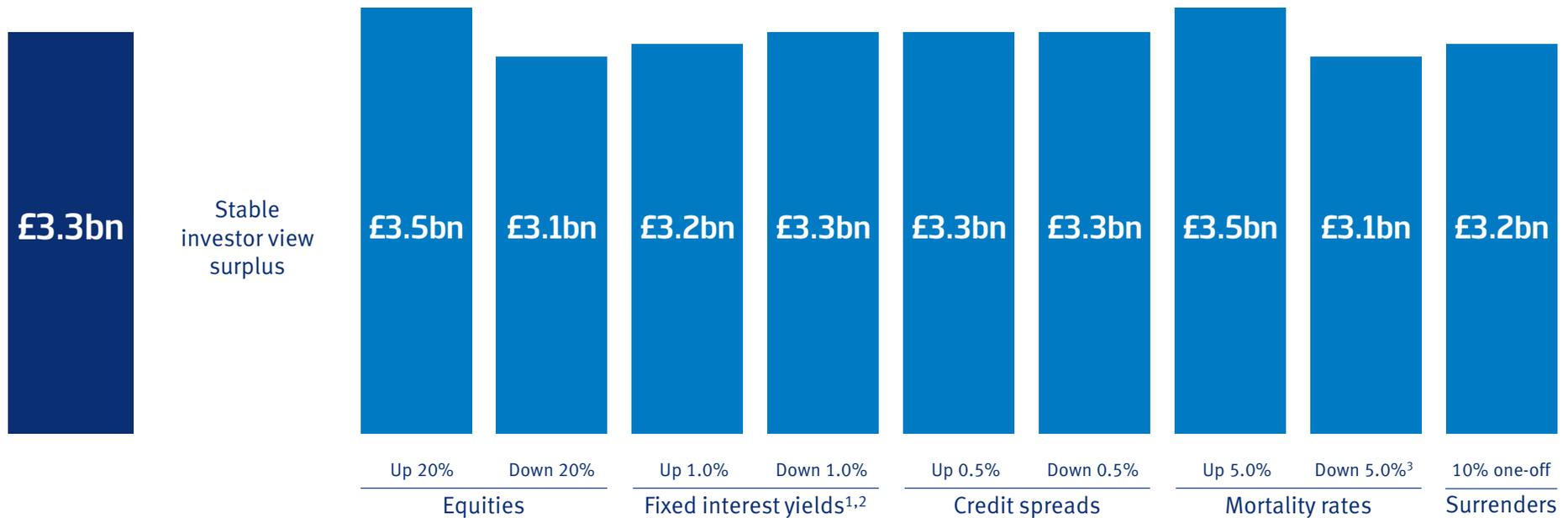
Investor view<sup>1</sup> solvency ratio:

**214%** (2015: 222%)

- Stable surplus takes account of:
  - £0.2bn paid to increase stake in HDFC Life
  - Provision for non-advised annuity sales
- Strengthened regulatory view surplus following management efforts and changes to Companies Act to recognise additional capital from subsidiaries at Group:
  - Regulatory surplus: £3.1bn (2015: £2.1bn)
  - Regulatory ratio: 176% (2015: 162%)

1. Includes entity level capital not recognised at Group. Excludes contribution to Solvency Capital Requirement and Capital relating to the With Profits Funds (WPFs) and the Pension Scheme surplus. Includes net impact of £1.5bn from transitionals.

## Stable investor view surplus

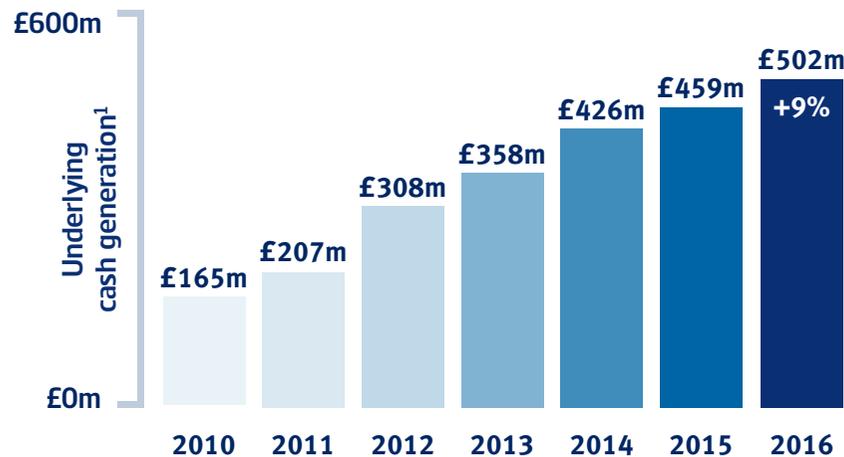


**Our stable Group surplus reflects our simple fee based business model**

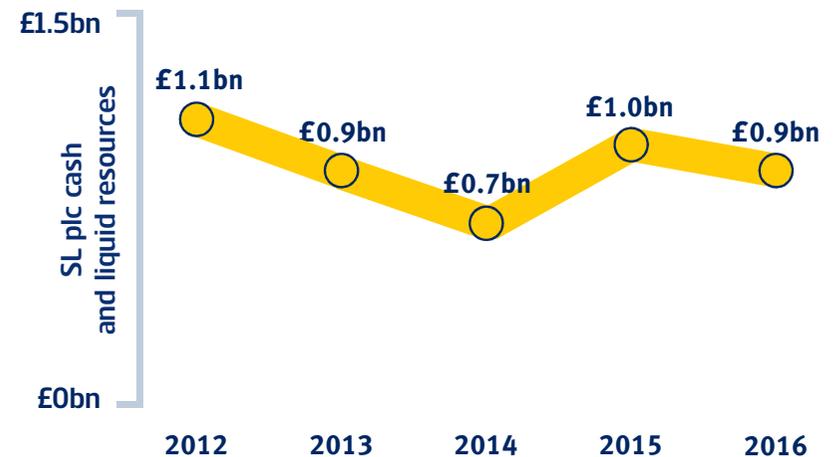
1. Fixed interest yields sensitivities assume transitionals are recalculated. 2. Yield floor of -0.3%. 3. 95% of actual rates, implies 5 month increase in life expectancy for 65 year old male.

# Continuing growth in cash generation supporting progressive dividend

Underlying cash generation up 9%



Continued focus on SL plc liquid resources



Underlying cash generation aligned to IFRS earnings:

- Includes dividends received from HDFC AMC and HDFC Life of £16m (2015: £12m)
- Effective rate of tax of 18% (2015: 20%)

- Strong liquidity position with £0.9bn of liquid resources after £0.2bn paid to increase stake in HDFC Life
- Supporting progressive dividend buffer and organic growth / bolt-on acquisitions

**Sustainable cash generation closely aligned to IFRS earnings**

1. Prior period comparatives have been restated to include dividends received from HDFC AMC and HDFC Life.

## Full year dividend up 8.0% to 19.82p



Ten year track record of delivering progressive dividends

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

# CREATING A WORLD-CLASS INVESTMENT COMPANY

Keith Skeoch

**Standard Life** 

## Well positioned to benefit from global trends shaping the savings and investments landscape

Democratisation of financial risk

Rebuilding trust in financial services

Innovation, technology and digitalisation

Slow growth, low inflation, compressed return environment

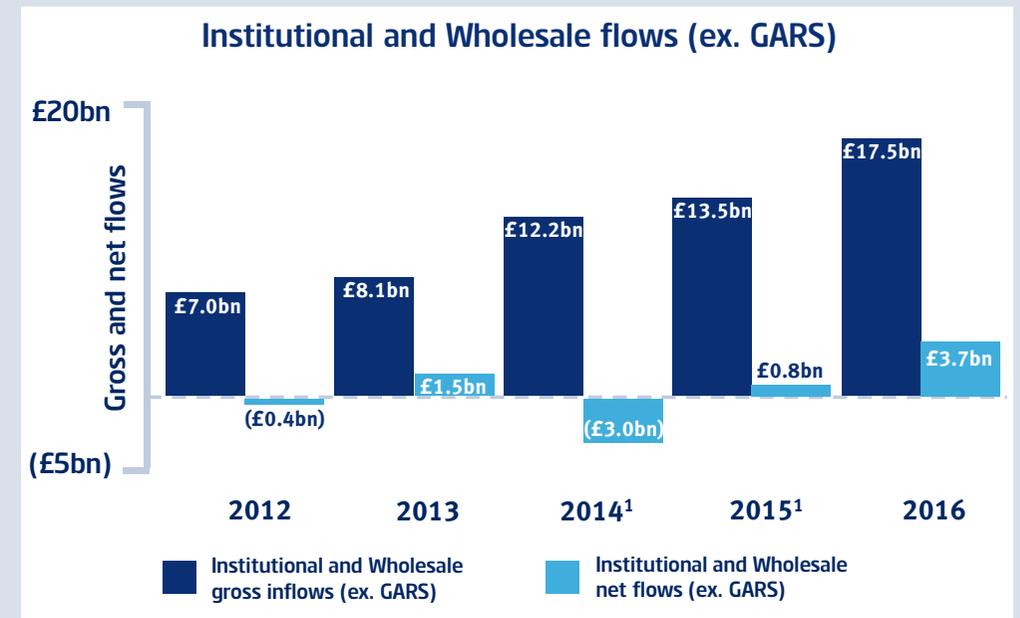
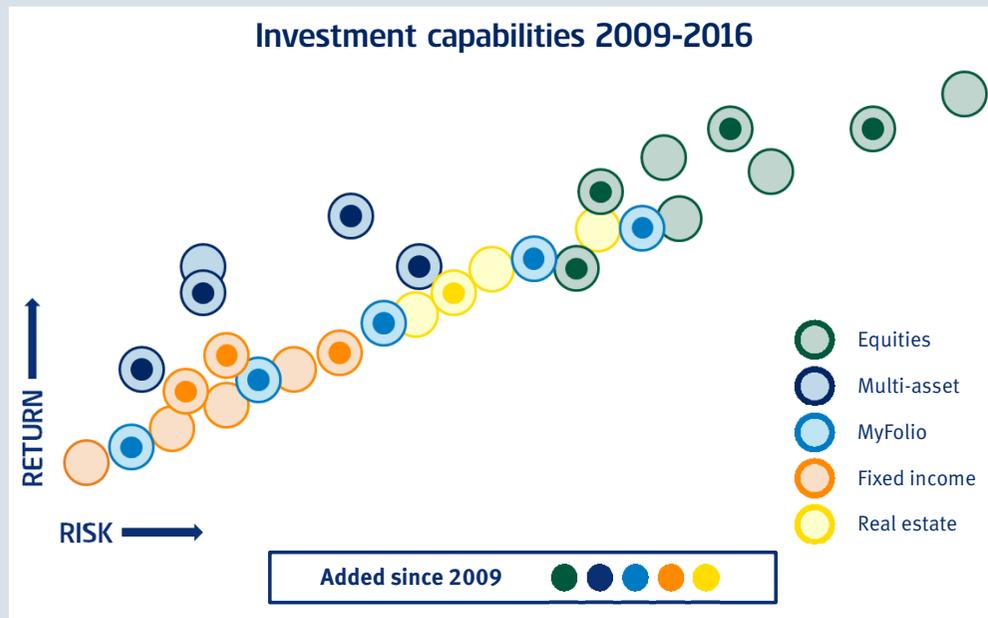
- Investing to build a better future – helping individuals to take responsibility for their financial futures
- Innovation in “new active” capabilities – potential for slower economic growth and more compressed return environment for longer, driving demand for “new active” outcome orientated investment solutions
- Global reach – greater emphasis on international trade with innovation, technology and efficiency as source of competitive advantage

**Global trends driving demand for our products, solutions and services**

# With a strategy to achieve our world-class ambitions



# Range of proven investment solutions to drive sustainable long-term growth



- Launched 16 new funds across a range of investment capabilities in 2016
- Institutional and Wholesale non-GARS gross inflows up 150% to £17.5bn since 2012



## Broadening and deepening our investment capability



1. 2014 and 2015 include Ignis funds which were transferred into Institutional and Wholesale during 2016.

## Track record of client co-development and commercialising innovation in higher margin “new active” propositions

	Years since launch	AUM <sup>1</sup>		Years since launch	AUM <sup>1</sup>		Years since launch	AUM <sup>1</sup>		Years since launch	AUM <sup>1</sup>
MyFolio	6 years	£10.5bn	Global Smaller Cos	4 years	£0.4bn	EDGF	3 years	£0.2bn	Japan High Alpha	1 year	<£0.1bn
ARGBS	5 years	£1.3bn	GEM Equity Income	4 years	£0.5bn	Euro Club I, II & III	2 years	£0.9bn	ILPS	<1 year	£0.2bn
Active Plus	5 years	£1.1bn	SRI Euro Corp. Bond	4 years	£0.4bn	Short Duration GILB	2 years	£0.4bn	Short Dated Corp. Bond	<1 year	£0.1bn
Global Corp. Bond	5 years	£0.8bn	Ground Rent Fund	4 years	£0.2bn	Euro Equity Income	2 years	£0.1bn	Bosera Emerging Opps.	<1 year	<£0.1bn
Strategic Bond	5 years	£0.2bn	GFS	3 years	£0.8bn	Total Return Credit	2 years	<£0.1bn	American Equity Income	<1 year	<£0.1bn
Bespoke Client Solutions	4 years	£1.7bn	EMD Local Currency	3 years	£0.2bn	American Equity Uncon.	1 year	<£0.1bn	EMD Uncon.	<1 year	<£0.1bn

Added £33bn of AUM into solutions launched since 2010 including £19bn from non-GARS products

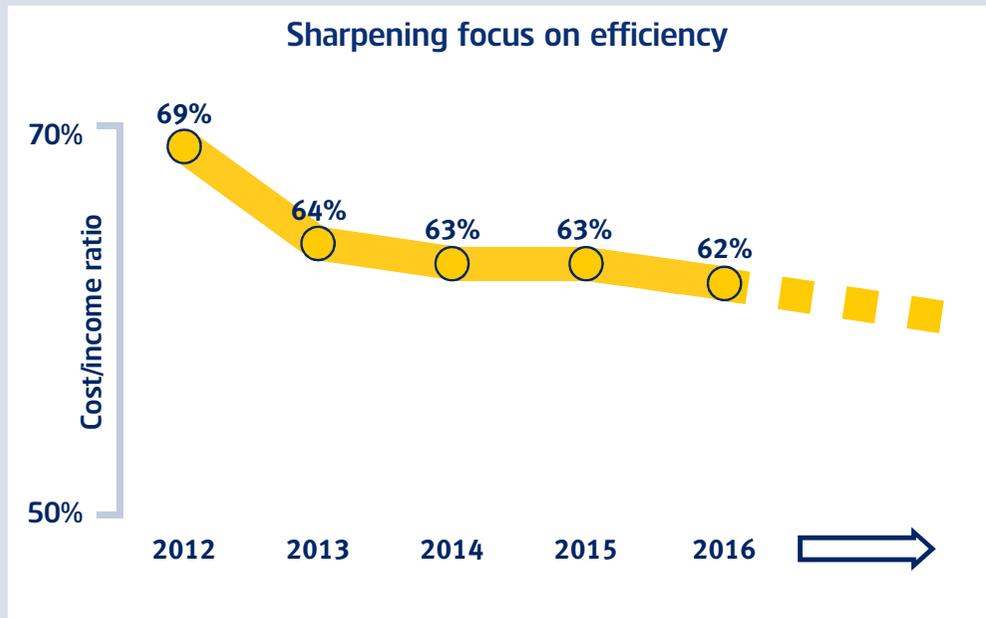


Broadening and deepening our investment capability



1. Includes cross holdings.

## Sharpening focus on efficiency to drive down unit costs and unlock operational leverage



- Established track record of operational improvement
- SLI has now delivered over £50m of annual cost synergies through integration of Ignis and achieved 45% EBITDA margin
- Integration of Elevate
- Further opportunities to drive down unit costs and add value from our mature books:
  - Streamlining our customer operations, increasing automation and straight-through processing
  - Evolving our IT to reduce ongoing costs and increase scalability



Building an efficient and effective business



## Commitment to teamwork and excellence in everything we do

### Team culture that encourages collaboration

- Increasing collaboration across whole of Standard Life and with our customers and clients
- Benefiting investment performance and our ability to meet client and customer needs
- SLI Boston office ranked best medium-sized employer in the 2016 Pensions & Investments' Best Place to Work in Money Management awards



### Developing and nurturing talent

- Extensive range of development programmes tailored to career progression
- Developing the next generation of financial planning professionals through our 1825 academy
- Recruited over 200 young people through our graduate and youth employment initiatives

### Commitment to gender equality

- Dedicated women's development network
- HM Treasury Women in Finance Charter
- Leadership split to mirror gender split of our workforce by 2025



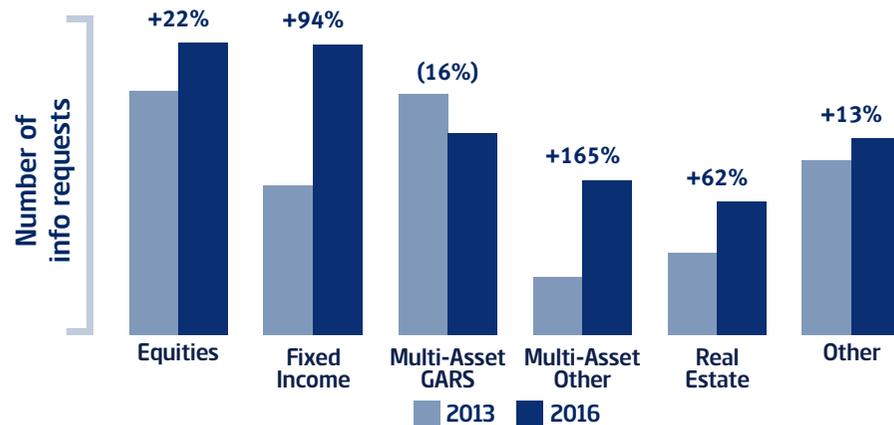
Attracting, retaining and developing talented people



# Providing long-term value, investment performance and client service

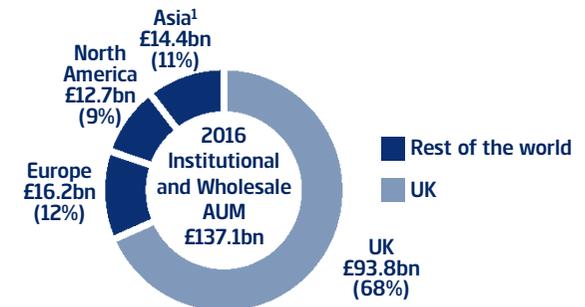
## Growing client demand across our capabilities

- Increase in pitch opportunities with growth in tenders and requests for information
- Increase across a broad range of asset classes / products
- Sharp increase in interest in broader multi-asset suite
- Diversified product range resonates well with clients



## Growing our global Institutional and Wholesale client base

- Increasing global reach with a presence in 29 locations and clients in 45 countries
- New strategic relationships with Bosera in China and Challenger in Australia



- Tokyo office to support growth ambitions in Japan and in particular our liability aware offering for insurers
- New Singapore office with focus on real estate and regional distribution



Developing strong relationships with customers and clients

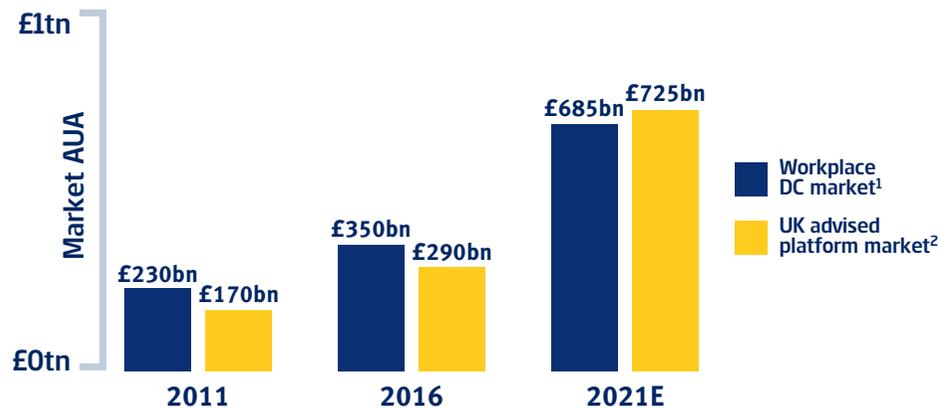


1. Asia Pacific and India.

# Providing real long-term value, investment performance and customer service

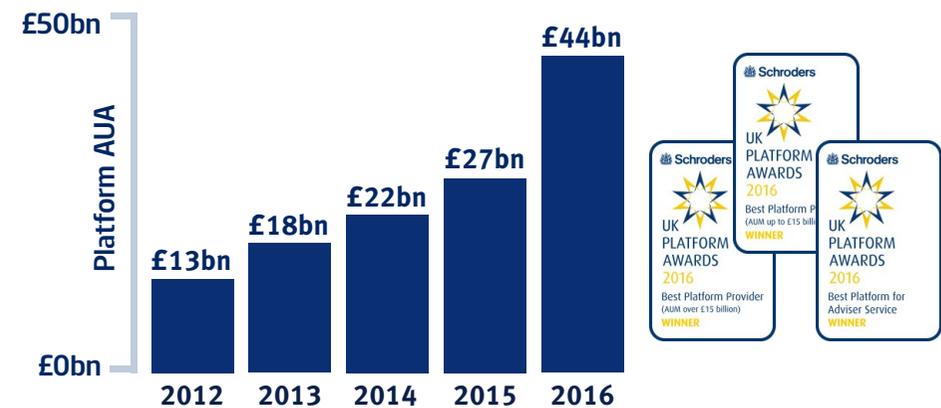
## Advised platform and DC pension markets expected to grow strongly

- Financial advisers are using platforms to drive scalability and efficiency with growing need for advice
- Shift from DB to DC and auto enrolment driving growth in DC pensions



## Meeting the needs of Pensions and Savings customers

- Our Wrap and Elevate platforms lead the market by net flows, serving over 3,000 adviser firms
- Workplace auto enrolled over 1 million employees since 2012
- Engaging with long-standing customers in our back books
- Meeting the growing need for guidance and advice through 1825 and digital propositions



Developing strong relationships with customers and clients



1. Source: Spence Johnson. 2. Source: Fundscape.

## Well performing and diversified growth channels

	Key growth channels				Total growth channels <sup>1</sup>	
	Institutional	Wholesale	Workplace	Retail	2016	2015
<b>Gross inflows</b>	£15.6bn	£12.1bn	£4.1bn	£8.1bn	£38.6bn	£40.8bn
<b>Net flows</b> (% of opening AUA)	+2%	-4%	+5%	+9%	+2%	+8%
<b>AUA</b>	£87.0bn	£50.1bn	£37.4bn	£62.9bn	£237.6bn	£198.3bn
<b>Fee revenue</b>	£360m +10% <sup>2</sup>	£271m +8% <sup>2</sup>	£185m +5%	£228m +16%	£1,205m +10%	£1,096m +11%
<b>Revenue bps</b>	43bps	68bps <sup>3</sup>	54bps	46bps <sup>4</sup>	59bps	59bps



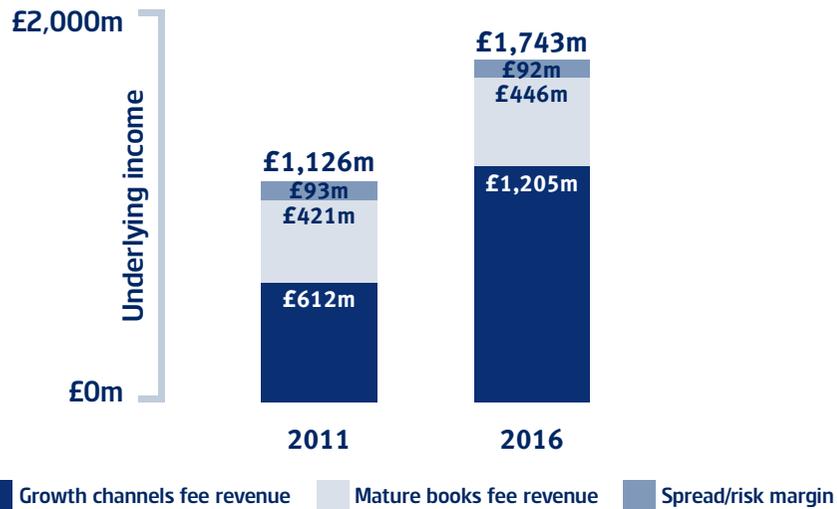
### Growing and diversifying our revenue and profit



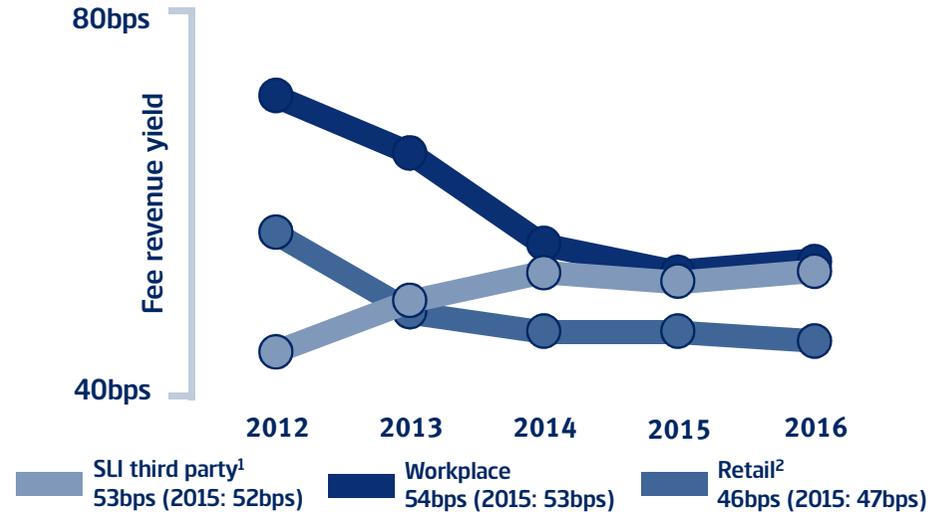
1. Includes key growth channels plus Wealth, Ignis, Europe growth, Hong Kong and eliminations. 2. Denominator adjusted for impact of Ignis (£25m) which was transferred into Institutional (£14m) and Wholesale (£11m) during 2016. 3. Excludes AUM from HDFC AMC. 4. Excludes revenue from cash balances.

# Delivering well balanced and diversified growth in revenue and profit

### Fee revenue driven by our diversified growth channels



### Growth channel revenue margins stabilising



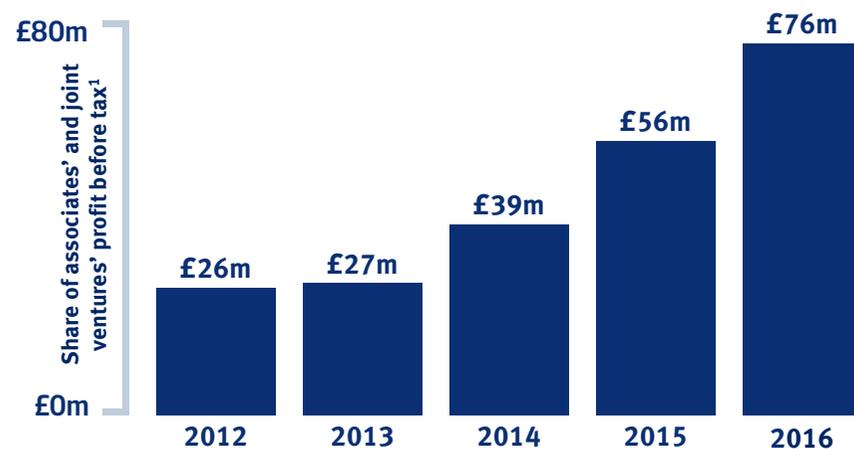
## Growing and diversifying our revenue and profit



1. Excludes AUM from HDFC AMC. 2. Excludes revenue from cash balances.

## Driving further shareholder value from our associates and joint ventures

Growing importance of associates and JVs



- Improving performance and ongoing growth from all associates and JVs in India and China
- Benefiting from increased stake in HDFC Life

Creating India's leading private life insurer

			Combined Proforma
Employees <sup>2</sup>	14,610	9,010	23,620
Branches <sup>2</sup>	396	205	601
Customers <sup>2,3</sup>	4.1m	2.9m	7.0m
Individual agents <sup>2</sup>	85,760	48,611	134,371
Key bancassurance partners <sup>2</sup>	5	3	8
Total market share <sup>4</sup>	4.7%	2.1%	6.8%
Private market share rank <sup>4</sup>	3	5	1

- We would hold a 24.1%<sup>5</sup> stake in the enlarged HDFC Life
- Increased transparency of value through listings on the BSE and the NSE of India<sup>6</sup>

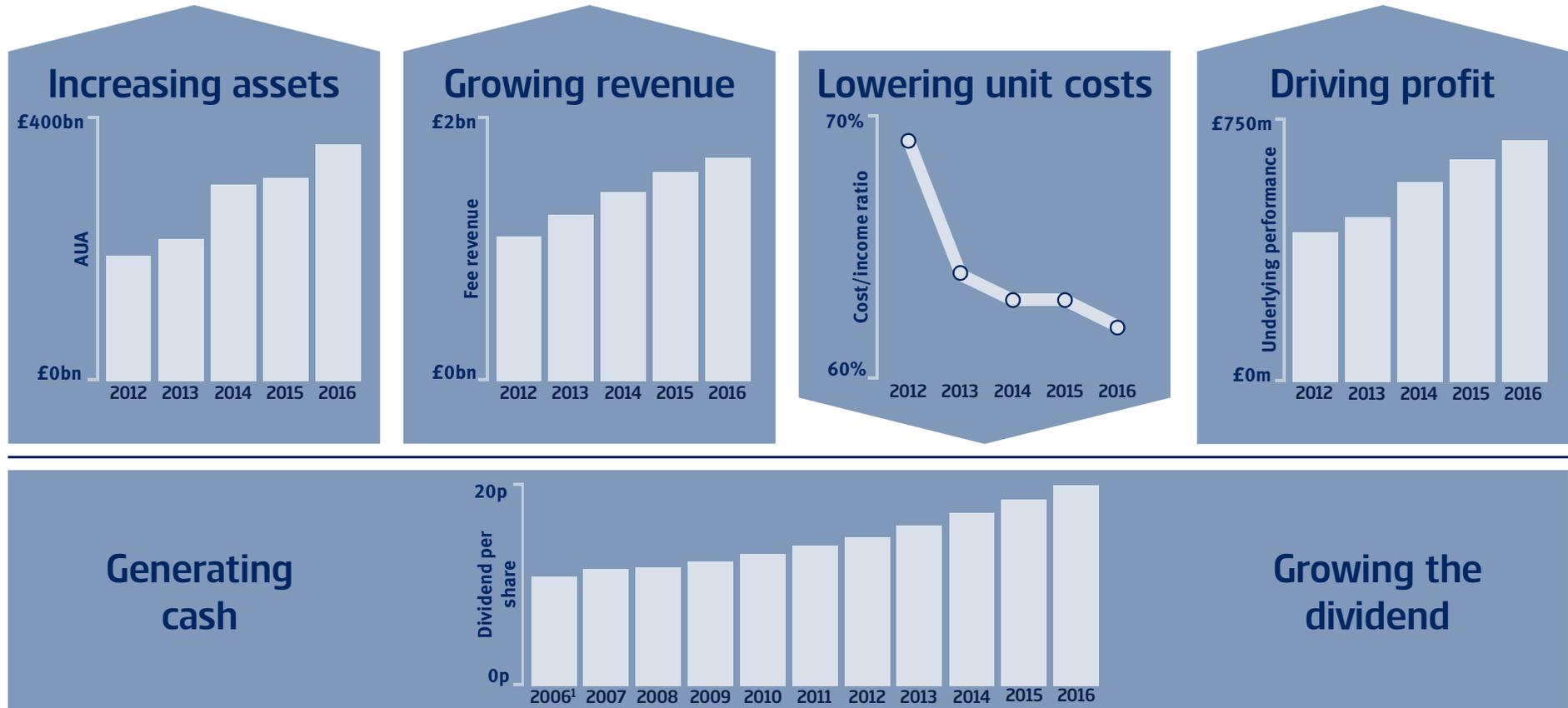


### Growing and diversifying our revenue and profit



1. Includes share of profits from HDFC Life, HDFC AMC and Heng An Standard Life. 2. As at 30 June 2016. Source: HDFC Life. 3. Excludes Group customers. 4. 12 months new business premiums to 31 March 2016. Source: IRDAI. 5. Based on current shareholdings. 6. Listing subject to necessary approvals.

# Delivering across all elements of our simple business model



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

## Creating a world-class investment company

**Focus on strategic delivery**

**Targeted investment in diversification and growth**

**Focusing on driving greater cost efficiencies**

**Strengthening long-term relationships with clients and customers**

**Making world-class our Standard**

**Delivering for customers, clients and shareholders**

# QUESTIONS AND ANSWERS

**Standard Life** 

# APPENDIX

**Standard Life** 

# Operating profit by business unit

	Standard Life Investments		UK		Europe		India and China		Other		Eliminations		Total	
	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m
Fee based revenue	885	843	664	631	197	177	17	38	-	-	(112)	(110)	1,651	1,579
Spread/risk margin	-	-	81	100	11	1	-	-	-	-	-	-	92	101
<b>Total income</b>	<b>885</b>	<b>843</b>	<b>745</b>	<b>731</b>	<b>208</b>	<b>178</b>	<b>17</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>(112)</b>	<b>(110)</b>	<b>1,743</b>	<b>1,680</b>
<b>Total expenses</b>	<b>(537)</b>	<b>(532)</b>	<b>(400)</b>	<b>(366)</b>	<b>(143)</b>	<b>(125)</b>	<b>(22)</b>	<b>(36)</b>	<b>(57)</b>	<b>(56)</b>	<b>-</b>	<b>-</b>	<b>(1,159)</b>	<b>(1,115)</b>
Investment management fees to SLI	-	-	(87)	(89)	(25)	(21)	-	-	-	-	112	110	-	-
Capital management	-	-	23	15	(1)	(1)	-	-	(1)	(5)	-	-	21	9
Share of associates' and joint ventures' profit before tax <sup>1</sup>	35	31	-	-	-	-	41	25	-	-	-	-	76	56
<b>Underlying performance</b>	<b>383</b>	<b>342</b>	<b>281</b>	<b>291</b>	<b>39</b>	<b>31</b>	<b>36</b>	<b>27</b>	<b>(58)</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>681</b>	<b>630</b>
Underlying adjustments	-	-	38	43	4	(8)	-	-	-	-	-	-	42	35
<b>Operating profit/(loss) before tax</b>	<b>383</b>	<b>342</b>	<b>319</b>	<b>334</b>	<b>43</b>	<b>23</b>	<b>36</b>	<b>27</b>	<b>(58)</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>723</b>	<b>665</b>
Tax on operating profit/(loss)	(72)	(64)	(55)	(48)	(16)	(6)	-	-	16	4	-	-	(127)	(114)
Share of associates' and joint ventures' tax expense	(11)	(11)	-	-	-	-	(2)	(2)	-	-	-	-	(13)	(13)
<b>Operating profit/(loss) after tax</b>	<b>300</b>	<b>267</b>	<b>264</b>	<b>286</b>	<b>27</b>	<b>17</b>	<b>34</b>	<b>25</b>	<b>(42)</b>	<b>(57)</b>	<b>-</b>	<b>-</b>	<b>583</b>	<b>538</b>
Non-operating items	(50)	(53)	(213)	(106)	6	(25)	(3)	(47)	(14)	(26)	-	-	(274)	(257)
Tax on non-operating items	9	11	42	17	4	(1)	-	5	4	5	-	-	59	37
Closure of Singapore insurance business <sup>2</sup>	-	-	-	-	-	-	-	(42)	-	-	-	-	-	(42)
<b>Profit/(loss) for the year attributable to equity holders of Standard Life plc</b>	<b>259</b>	<b>225</b>	<b>93</b>	<b>197</b>	<b>37</b>	<b>(9)</b>	<b>31</b>	<b>(59)</b>	<b>(52)</b>	<b>(78)</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>276</b>

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. 2. Under IFRS 5, Singapore did not constitute a discontinued operation and was included under continuing operations in the IFRS consolidated income statement.

# Growth and mature channels supplementary information

	Gross inflows					Net flows					AUA					Fee based revenue					Fee revenue yield		
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2015	2016	
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£m	£m	£m	£m	£m	bps	bps	
<b>Growth channels</b>																							
Institutional	7.7	10.0	9.4	11.1	15.6	2.6	3.9	0.8	3.3	1.1	48.4	55.1	61.4	67.0	87.0	181	234	269	314	360	48	43	
Wholesale <sup>1</sup>	7.7	9.9	11.8	16.8	12.1	4.0	5.2	5.2	9.3	(1.7)	22.4	28.9	35.5	45.9	50.1	89	135	177	239	271	69	68	
Workplace	3.0	4.3	4.0	4.1	4.1	1.2	2.0	2.2	1.9	1.7	24.4	29.2	32.0	33.0	37.4	165	174	169	176	185	53	54	
Retail <sup>2</sup>	4.7	5.5	5.9	7.5	8.1	2.3	2.8	2.9	3.9	3.7	27.6	33.8	37.3	42.6	62.9	160	168	187	196	228	47	46	
Wealth	0.8	0.7	0.7	0.9	0.8	0.7	0.5	-	0.2	(0.1)	1.8	5.8	6.1	6.5	6.8	12	22	39	46	49	73	73	
Ignis <sup>3</sup>	-	-	1.9	2.6	-	-	-	(4.3)	(2.5)	-	-	-	14.5	11.1	-	-	-	32	25	-	19	-	
Europe growth fee	1.2	1.4	1.4	1.6	1.3	0.6	0.6	0.7	0.9	0.5	6.5	7.7	8.7	9.6	11.2	49	54	62	62	95	67	93	
Hong Kong	0.1	0.1	0.1	0.1	0.1	0.1	-	0.1	0.1	-	0.2	0.3	0.4	0.5	0.6	46	52	49	38	17	-	-	
Eliminations	(2.8)	(3.3)	(3.4)	(3.9)	(3.5)	(1.8)	(2.1)	(1.5)	(2.2)	(1.1)	(10.6)	(13.7)	(15.2)	(17.9)	(18.4)	-	-	-	-	-	-	-	
<b>Total growth channels</b>	<b>22.4</b>	<b>28.6</b>	<b>31.8</b>	<b>40.8</b>	<b>38.6</b>	<b>9.7</b>	<b>12.9</b>	<b>6.1</b>	<b>14.9</b>	<b>4.1</b>	<b>120.7</b>	<b>147.1</b>	<b>180.7</b>	<b>198.3</b>	<b>237.6</b>	<b>702</b>	<b>839</b>	<b>984</b>	<b>1,096</b>	<b>1,205</b>	<b>59</b>	<b>59</b>	
<b>Mature books</b>																							
UK mature Retail	0.9	0.6	0.6	0.7	0.6	(3.0)	(2.6)	(2.2)	(2.4)	(2.5)	31.9	33.5	33.5	32.7	34.3	252	261	263	259	251	77	77	
Europe mature fee	0.7	0.8	0.8	0.7	0.7	0.5	0.5	0.4	0.2	(0.1)	6.4	7.2	8.5	8.4	10.1	123	138	121	115	102	137	104	
Third party strategic partner life business	-	-	-	0.2	1.2	-	-	(1.6)	(4.8)	(2.7)	-	-	43.8	39.6	43.8	-	-	41	81	69	19	16	
Other fee including CWP <sup>4</sup>	0.1	0.1	0.1	-	-	(1.5)	(1.5)	(1.0)	(0.9)	(0.9)	4.1	2.9	2.1	1.3	0.6	15	16	20	28	24	-	-	
<b>Total mature fee</b>	<b>1.7</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>2.5</b>	<b>(4.0)</b>	<b>(3.6)</b>	<b>(4.4)</b>	<b>(7.9)</b>	<b>(6.2)</b>	<b>42.4</b>	<b>43.6</b>	<b>87.9</b>	<b>82.0</b>	<b>88.8</b>	<b>390</b>	<b>415</b>	<b>445</b>	<b>483</b>	<b>446</b>	<b>57</b>	<b>52</b>	
<b>Total fee</b>	<b>24.1</b>	<b>30.1</b>	<b>33.3</b>	<b>42.4</b>	<b>41.1</b>	<b>5.7</b>	<b>9.3</b>	<b>1.7</b>	<b>7.0</b>	<b>(2.1)</b>	<b>163.1</b>	<b>190.7</b>	<b>268.6</b>	<b>280.3</b>	<b>326.4</b>	<b>1,092</b>	<b>1,254</b>	<b>1,429</b>	<b>1,579</b>	<b>1,651</b>	-	-	
Spread/risk	0.7	0.6	0.3	0.2	0.2	(0.5)	(0.7)	(0.9)	(0.9)	(0.9)	15.9	15.1	16.1	14.9	16.1	-	-	-	-	-	-	-	
<b>Associate and joint venture life businesses</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>1.5</b>	<b>1.6</b>	<b>2.1</b>	<b>2.3</b>	<b>4.0</b>	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	8.5	7.7	10.2	10.4	11.2	-	-	-	-	-	-	-	
Other eliminations	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.4)	(0.4)	(0.5)	(0.6)	-	-	-	-	-	-	-	
<b>Total</b>	<b>25.2</b>	<b>31.1</b>	<b>34.0</b>	<b>43.0</b>	<b>42.1</b>	<b>5.4</b>	<b>8.8</b>	<b>1.0</b>	<b>6.3</b>	<b>(2.6)</b>	<b>188.7</b>	<b>214.7</b>	<b>296.6</b>	<b>307.4</b>	<b>357.1</b>	<b>1,092</b>	<b>1,254</b>	<b>1,429</b>	<b>1,579</b>	<b>1,651</b>	-	-	

1. AUM from HDFC AMC excluded from fee revenue yield calculation. 2. Fee revenue yield excludes revenue from cash balances. 3. During 2016 Ignis funds were merged into other SLI funds resulting in a transfer of £11.1bn of AUM from Ignis to Institutional (£9.8bn) and Wholesale (£1.3bn) through Market and other movements. 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.

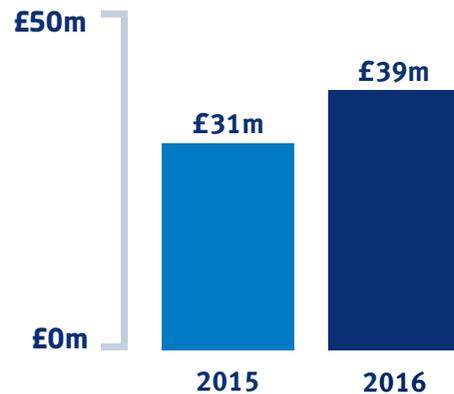
## UK profit contribution

	2012	2013	2014	2015	2016
	£m	£m	£m	£m	£m
Workplace and Retail (ex cash margin)	127	149	165	182	195
Revenue from cash balances	15	16	16	5	6
<b>Workplace and Retail contribution</b>	<b>142</b>	<b>165</b>	<b>181</b>	<b>187</b>	<b>201</b>
Mature Retail	179	188	189	186	182
<b>Fee based business contribution<sup>1</sup></b>	<b>321</b>	<b>353</b>	<b>370</b>	<b>373</b>	<b>383</b>
Spread/risk contribution	100	102	125	92	74
Indirect expenses and capital management	(160)	(165)	(187)	(174)	(176)
<b>Underlying performance</b>	<b>261</b>	<b>290</b>	<b>308</b>	<b>291</b>	<b>281</b>
Underlying adjustments	90	40	42	43	38
<b>Operating profit</b>	<b>351</b>	<b>330</b>	<b>350</b>	<b>334</b>	<b>319</b>

1. Profit contribution reflects the income and expenses directly attributable to each of the UK lines of business. Comparative data has not been restated for changes in allocation between individual lines.

## Ongoing growth in fee AUA in Europe

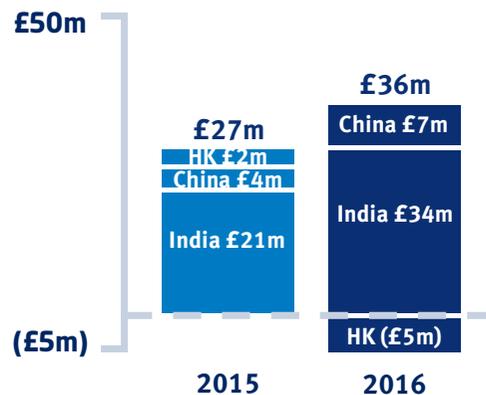
Europe Pensions and Savings underlying performance



- Increased fee AUA by 18% to £21.3bn (2015: £18.0bn) driven by favourable market movements and net inflows of £0.4bn:
  - German unit-linked AUA up 32% to €542m (2015: €412m) as we transform to a unit-linked business model
  - Offshore investment bonds AUA up 15% to £5.5bn (2015: £4.8bn) driven by success of Wrap
- Higher underlying performance reflects impact of weaker Sterling and a £4m spread/risk benefit from changes to the scheme of demutualisation following transition to Solvency II
- Expect underlying performance of c£30m in 2017

## Continued progress in India and China associate and joint venture life businesses

India and China underlying performance



- Creating shareholder value in India:
  - Increased our stake in HDFC Life from 26% to 35% for £179m
  - HDFC Life has agreed terms that, subject to approvals, will see the combination of the life insurance businesses of HDFC Life and Max Life, creating the leading private sector life insurer in India
  - The enlarged HDFC Life in which Standard Life would hold a 24.1%<sup>1</sup> stake would, as a result of the combination and subject to approvals, have listings on the Bombay Stock Exchange and the National Stock Exchange of India
- Growth in sales and profit from our joint venture in China
- Hong Kong underlying performance reflects changing regulatory environment

1. Based on current shareholdings.

## Continued innovation and client co-creation broadening and deepening our investment capabilities

### Building our private markets capability

- £31bn AUM across private credit, private equity, infrastructure and real estate
- Looking to further strengthen existing capabilities
- Creating one private markets platform to capitalise on global demand

### Taking existing expertise to new markets

- MyFolio SICAV launched in Germany, leveraging distribution of Pensions and Savings business
- EDGF now with 3 year track record and SICAV version launched
- EM Debt and GEM Equity funds launched for Nationwide in US
- GFS launched for John Hancock and US institutional clients

### Targeting growth in management of insurance assets

- £2.5bn gross inflows from insurance clients and a further £2.0bn from their customers in 2016<sup>1</sup>
- Provide investment management for 80 insurers globally
- Growing global market for outsourcing of management of insurance assets

### Launched Integrated Liability Plus Solutions (ILPS)

- New innovative solution for DB pension schemes
- Return engine and LDI in one pooled vehicle
- Secured over £220m in assets from 34 clients / 8 different consultants
- Strong pipeline of new business
- Recently extended our offering with the launch of fixed income versions



**Broadening and deepening our investment capability**



1. Excludes strategic partner life business.

# GARS: Well established track record of delivering long-term investment performance

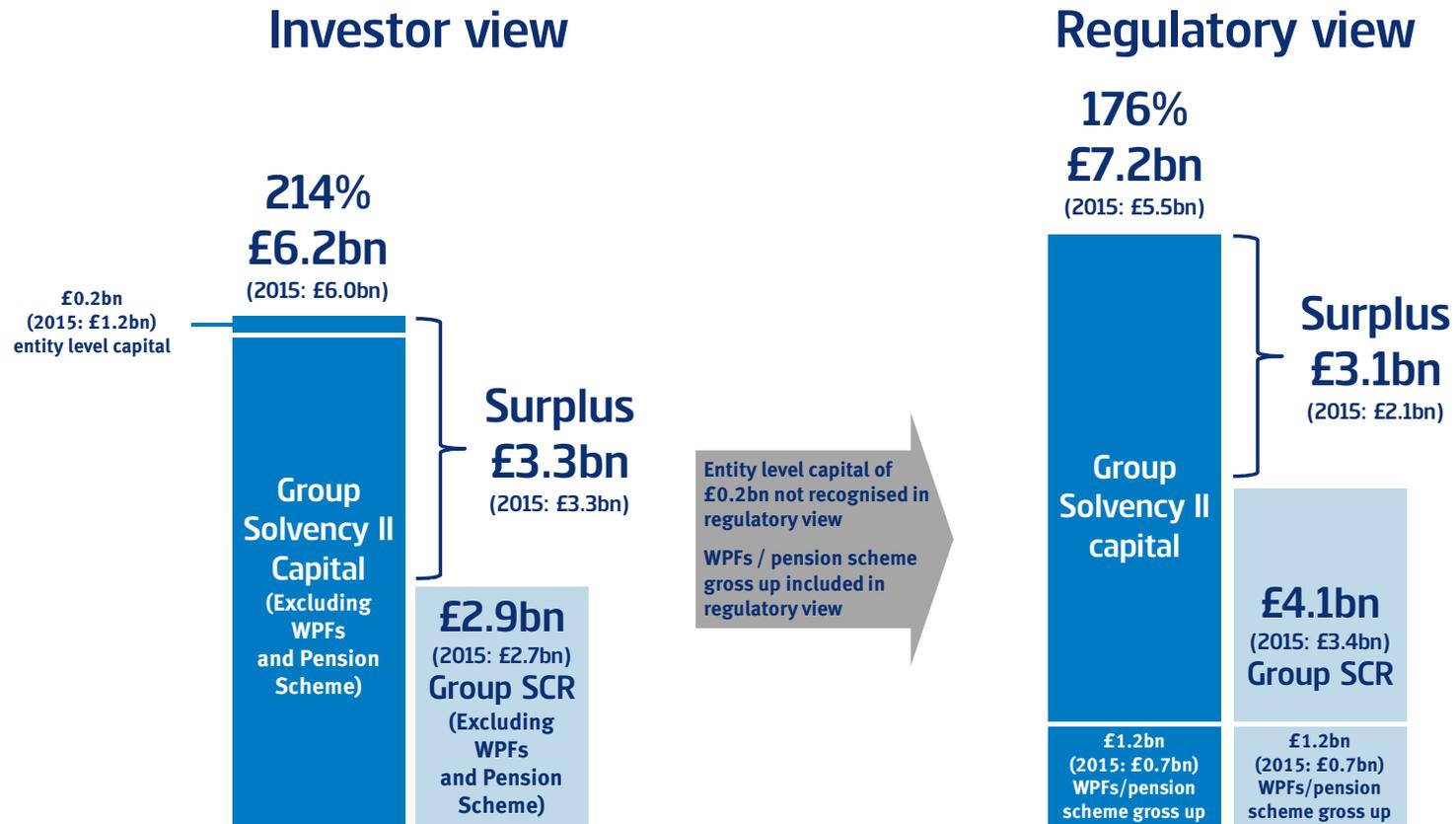
Delivering returns with managed volatility over the last 10 years



- Continuing to deliver against volatility objectives
- Not the first period of weaker short-term performance
- Portfolio with ongoing opportunities to deliver future investment returns
- Net outflows of £4.3bn:
  - Wholesale net outflows of £3.9bn in a difficult environment for mutual funds
  - Resilience in Institutional with net outflows of £0.4bn

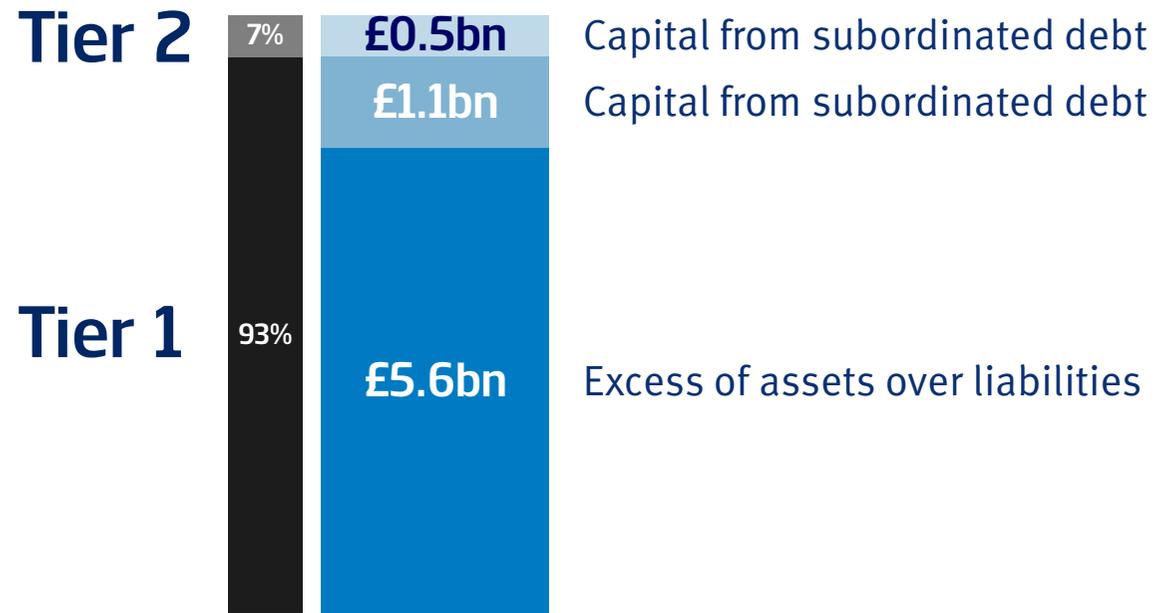
**Underpinned by a proven investment process and a talented team**

# Solvency II: Reconciliation of investor view to regulatory view



## Solvency II: £6.7bn out of £7.2bn regulatory capital is tier 1

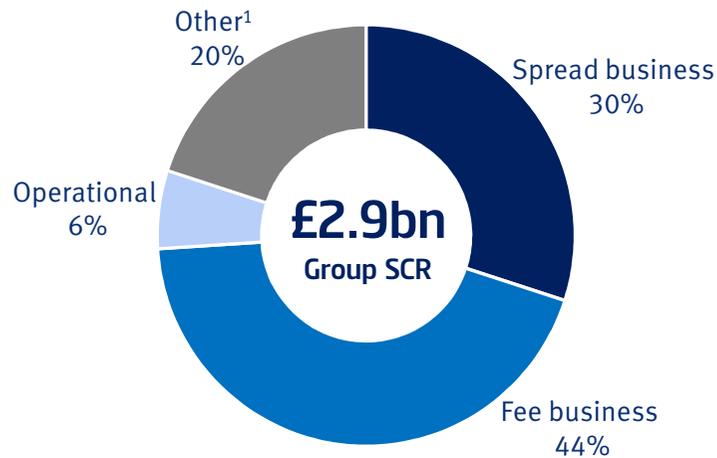
### Regulatory view



High quality regulatory capital resources – 163% of SCR covered by tier 1 capital

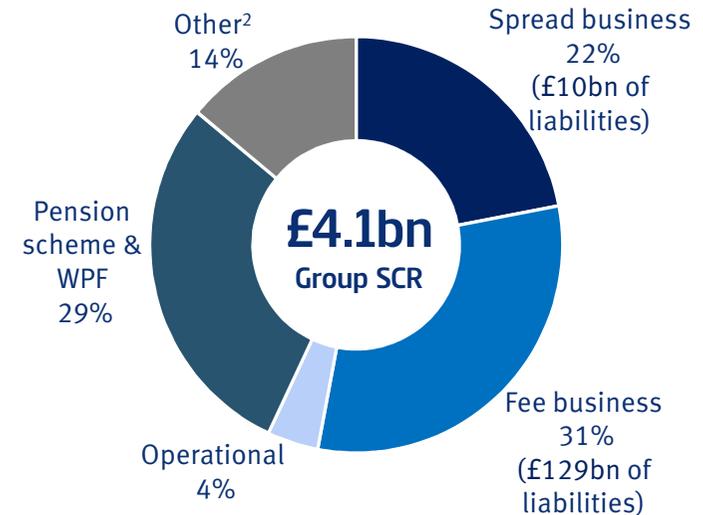
## Solvency II: Capital requirements reflect focus on fee business and our strong pension scheme and with profits funds

### Investor view



£1.2bn WPFs /  
pension scheme gross  
up included in  
regulatory view

### Regulatory view



**Fee business, strong pension scheme and WPF are major drivers of regulatory view SCR**

1. Includes 11% from entities included under Solvency II standard formula and 4% from entities regulated under BIPRU / IFPRU. 2. Includes 8% from entities included under Solvency II standard formula and 3% from entities regulated under BIPRU / IFPRU.

## Solvency II: Regulatory capital landscape

Regulatory framework		
	Entity level	Contribution to Group SII position
Standard Life Investments	BIPRU	BIPRU
UK and Europe Pensions and Savings	SLAL: SII internal model SL Intl: SII standard formula	SLAL: SII internal model SL Intl: SII standard formula
Standard Life plc	n/a	SII internal model
Hong Kong	Local regime	SII standard formula
China	Local regime	SII standard formula
India	Local regime	Excluded

Regulatory view capital position					
	Entity level			Contribution to Group	
	Capital	Capital requirements	Surplus	Restriction	Surplus
Standard Life Investments	0.4	0.1	0.3	(0.1)	0.2
UK and Europe Pensions and Savings	6.0 <sup>1</sup>	3.8	2.2	(0.1)	2.1
Standard Life plc and Other	1.0	0.2	0.8	-	0.8
<b>Total</b>	<b>7.4</b>	<b>4.1</b>	<b>3.3</b>	<b>(0.2)</b>	<b>3.1</b>

1. Includes net impact of £1.5bn from transitionals in SLAL, of which £1.5bn is recognised at the Group level.

**[www.standardlife.com](http://www.standardlife.com)**

**Read our latest financial results**

Our financial results are available online and on our iPad app at



**[standardlife.com/results](http://standardlife.com/results)**

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**UKPR16A**