

Standard Life plc

2014 Q1 Interim Management Statement

30 April 2014

Continued growth in assets and excellent investment performance

- Assets under administration up 1.5% to £247.8bn (31 December 2013: £244.2bn, 31 March 2013: £233.1bn) driven by net inflows of £2.4bn
- Ongoing momentum in fee business with fee revenue up 12% to £374m
- Continued excellent investment performance at Standard Life Investments
- Announced acquisition of Ignis Asset Management enhancing Standard Life Investments' strategic positioning
- Well positioned for changes announced in the UK Budget and other regulatory developments
- Strong balance sheet with an estimated IGD surplus of £3.9bn

David Nish, Chief Executive, commented:

“Standard Life has made a good start to 2014 as we continue to focus on providing value for money for our customers, supporting their savings needs and helping them make well informed choices.

“Standard Life Investments maintained its excellent investment performance and attracted significant third party inflows. 80% of these flows are from outside the UK demonstrating our broadening geographical reach. The acquisition of Ignis enhances our strategic positioning through deepening our investment capabilities and broadening our third party client base.

“Our UK retail and corporate businesses are benefiting from the strength of our propositions. We are seeing continued demand from larger employers and strong interest from the significant number of SME businesses who will implement pension schemes over the next few months under auto enrolment. We have already secured over 400 new schemes through our new “Good to go” proposition since its launch in December 2013.

“We are pleased to have clarity on the charge cap for workplace pension schemes and we are well placed to meet the cap confirmed by the DWP. We also welcome the changes to the savings regime announced in the recent Budget and view it as a positive step forward. We see this as a significant opportunity to address the UK's savings gap by making long-term savings and pensions an even more attractive choice for savers through simplicity, choice and flexibility.

“We have a track record of succeeding in changing markets and we are well positioned to do so again.”

Financial Highlights

Group assets under administration

Three months ended 31 March 2014

	Opening AUA at 1 Jan 2014 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Mar 2014 £bn
Total AUA:						
Fee business	210.1	8.8	(6.2)	2.6	1.1	213.8
Spread/risk business	23.5	0.3	(0.6)	(0.3)	0.2	23.4
Other (including joint ventures)	10.6	0.1	-	0.1	(0.1)	10.6
Total	244.2	9.2	(6.8)	2.4	1.2	247.8
Fee business:						
UK retail new	33.8	1.6	(0.8)	0.8	0.3	34.9
UK retail old	33.5	0.2	(0.8)	(0.6)	0.2	33.1
Corporate	29.2	0.9	(0.4)	0.5	(0.2)	29.5
UK retail and corporate	96.5	2.7	(2.0)	0.7	0.3	97.5
Institutional pensions	25.3	0.9	(0.9)	-	0.3	25.6
Conventional with profits	2.9	-	(0.2)	(0.2)	-	2.7
UK	124.7	3.6	(3.1)	0.5	0.6	125.8
Europe	16.1	0.7	(0.3)	0.4	0.4	16.9
Standard Life Investments third party	102.4	5.9	(3.9)	2.0	0.4	104.8
Canada	17.3	0.9	(0.6)	0.3	(0.2)	17.4
Asia and Emerging Markets (wholly owned)	0.3	-	-	-	-	0.3
Consolidation/eliminations	(50.7)	(2.3)	1.7	(0.6)	(0.1)	(51.4)
Total fee business	210.1	8.8	(6.2)	2.6	1.1	213.8
Spread/risk business:						
UK	14.6	0.1	(0.3)	(0.2)	0.2	14.6
Europe	0.5	-	-	-	0.1	0.6
Canada	8.4	0.2	(0.3)	(0.1)	(0.1)	8.2
Total spread/risk business	23.5	0.3	(0.6)	(0.3)	0.2	23.4

Standard Life Investments assets under management

Three months ended 31 March 2014

	Opening AUM at 1 Jan 2014 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUM at 31 Mar 2014 £bn
UK	68.3	3.2	(2.8)	0.4	0.5	69.2
Europe	10.4	0.8	(0.3)	0.5	(0.2)	10.7
Canada	13.6	0.7	(0.5)	0.2	(0.2)	13.6
US	4.2	0.8	(0.2)	0.6	0.3	5.1
Asia Pacific	1.8	0.2	(0.1)	0.1	(0.1)	1.8
India	4.1	0.2	-	0.2	0.1	4.4
Total third party AUM	102.4	5.9	(3.9)	2.0	0.4	104.8
Equities	19.5	0.9	(0.7)	0.2	0.1	19.8
Fixed income	26.8	1.0	(1.0)	-	0.2	27.0
Multi asset	31.4	2.9	(1.6)	1.3	0.1	32.8
Real estate	6.8	0.2	(0.2)	-	0.2	7.0
MyFolio	4.0	0.5	(0.1)	0.4	-	4.4
Other	13.9	0.4	(0.3)	0.1	(0.2)	13.8
Total third party AUM	102.4	5.9	(3.9)	2.0	0.4	104.8
Wholesale	31.2	3.5	(1.9)	1.6	(0.3)	32.5
Institutional	64.2	2.4	(1.8)	0.6	0.7	65.5
Wealth	5.8	0.1	(0.2)	(0.1)	0.1	5.8
India cash funds	1.2	(0.1)	-	(0.1)	(0.1)	1.0
Total third party AUM	102.4	5.9	(3.9)	2.0	0.4	104.8
Total AUM	189.1	7.4	(5.9)	1.5	1.1	191.7

The figures above have been restated to report Standard Life Wealth, previously included in the UK results, within the results of Standard Life Investments. All figures in this document are shown on a comparable basis.

Group overview

Standard Life has made a good start to 2014. Group assets under administration (AUA) increased by 1.5% to £247.8bn driven by net inflows of £2.4bn and a limited benefit from market movements partly offset by the negative impact of foreign exchange. Fee revenue across the Group increased by 12% to £374m reflecting a combination of continued strong net flows over recent periods and higher average market levels compared to the first quarter of last year. Standard Life Investments third party assets under management (AUM) increased to £104.8bn reflecting strong third party net inflows in the quarter of £2.0bn. Group AUA benefited from good net flows into corporate pensions and growth in our retail propositions, both in the UK and in our overseas businesses.

Business highlights

We continue to make good progress in each of our businesses.

Continuing strong growth from the UK business

- UK fee retail and corporate net flows increased by 75% to £0.7bn (Q1 2013: £0.4bn), reflecting growth in our corporate business which saw a 16% increase in regular premiums, improved retention in our retail propositions and ongoing success of our platform
- Auto enrolment remains a focus with 285 implementations in the first quarter (FY 2013: 290) and 60,000 new employees net of opt-outs, before the peak SME staging periods
- New workplace pension scheme wins increased to 483 (Q1 2013: 28) largely reflecting the success of our SME “Good to go” proposition which has attracted over 400 scheme wins since its launch in December 2013. Contribution levels and opt-outs are consistent with our expectations.
- Total platform AUA has increased by 25% to £20.3bn (31 March 2013: £16.2bn) with adviser firms using our Wrap platform up 8% to 1,256 (31 March 2013: 1,168) and Wrap customers up 26% to 142,000 (31 March 2013: 113,000) over the last twelve months
- Changes to annuity regulations in the UK resulted in a reduction in our UK annuity sales of around 50% following the Budget announcement. While it will be some time before long-term trends become clear, the negative profit impact of the changes will reflect the relatively small size of our annuity business
- Our drawdown proposition continues to lead the market with AUA of over £10bn

Strong flows and investment performance driving growth in Standard Life Investments AUM

- Total third party AUM up 2.3% to £104.8bn (31 December 2013: £102.4bn, 31 March 2013: £92.4bn)
- Third party net inflows of £2.0bn (Q1 2013: £3.2bn) reflected £1.6bn or 80% (Q1 2013: 53%) of net inflows into the higher margin wholesale channel and the uneven pattern of institutional pension business
- Net inflows from outside the UK increased by 23% to £1.6bn (Q1 2013: £1.3bn) with net inflows from US up 14% to £632m (Q1 2013: £554m) and third party AUM secured to date in the US now over \$8bn
- Excellent investment performance with third party AUM above benchmark: one year 91%; three years 90%; and five years 91%
- Acquisition of Ignis Asset Management is progressing well whilst awaiting regulatory approval

Growing our fee based business in Canada

- Total AUA now over CA\$50bn (31 March 2013: CA\$46bn) reflecting net inflows of CA\$0.4bn (Q1 2013: CA\$0.3bn) into our fee propositions and positive market movements
- Strong position in corporate pensions with fee based gross inflows of CA\$0.9bn (Q1 2013: CA\$0.8bn) and net inflows of CA\$0.2bn (Q1 2013: CA\$0.2bn) broadly in line with the first quarter of 2013
- Maintained leading position in individual segregated funds with net flows across our retail fee business more than doubling to CA\$0.3bn (Q1 2013: CA\$0.1bn)

Continued progress in Asia and Emerging Markets

- The number of customers across Asia and Emerging Markets up 5% during the quarter
- Our business in Hong Kong was ranked 3rd in the savings and investment market and is the market-leader in the broker and IFA segment¹

Group overview *continued*

Strong balance sheet

Our balance sheet continues to be robust with an estimated IGD surplus of £3.9bn (31 December 2013: £3.8bn; 31 March 2013: £4.2bn) and remains relatively insensitive to market movements. The expected acquisition of Ignis Asset Management will reduce this by £0.3bn.

Outlook

Standard Life has been shaped and positioned to benefit from evolving customer needs and regulatory changes. This, combined with our investment expertise and focus on providing value for our customers, is driving demand for our propositions across the retail, workplace, institutional and wholesale channels.

Although investment markets and exchange rates may affect the pace of growth, and there will be some negative impact from changes to annuity regulations in the UK, we remain very well positioned for the future and look forward with confidence to delivering growing returns for our shareholders.

For further information please contact:

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

Newsires and online publications

We will hold a conference call for newsires and online publications on 30 April at 07:30 (UK time). Participants should dial +44 (0)20 3059 8125 and quote Standard Life 2014 Q1 IMS. A replay facility will be available for seven days. To access the replay please dial +44 (0)121 260 4861. The pass code is 2618766#.

Investors and Analysts

A conference call for analysts and investors will take place on 30 April at 09:00 (UK time), hosted by David Nish, Chief Executive, Keith Skeoch, Standard Life Investments Chief Executive, and Paul Matthews, UK and Europe Chief Executive. Participants should dial +44 (0)20 3059 8125 and quote Standard Life 2014 Q1 IMS. There will also be a live audiocast at the same time with the facility to ask questions, which can be accessed via our website www.standardlife.com. A replay facility will be available for seven days. To access the replay please dial +44 (0)121 260 4861. The pass code is 2405480#.

Notes to Editors:

1. As at 31 December 2013.

Supplementary information

Group assets under administration net flows 15 months ended 31 March 2014

	3 months to 31 Mar 2014 £bn	3 months to 31 Dec 2013 £bn	3 months to 30 Sept 2013 £bn	3 months to 30 Jun 2013 £bn	3 months to 31 Mar 2013 £bn
Fee business	2.6	2.1	1.4	3.8	3.0
Spread/risk business	(0.3)	(0.2)	(0.3)	(0.1)	(0.3)
Other (including joint ventures)	0.1	-	0.1	-	0.1
Total	2.4	1.9	1.2	3.7	2.8
Fee business:					
UK retail new	0.8	0.4	0.8	0.8	0.8
UK retail old	(0.6)	(0.6)	(0.7)	(0.6)	(0.7)
Corporate	0.5	1.1	0.4	0.2	0.3
UK retail and corporate	0.7	0.9	0.5	0.4	0.4
Institutional pensions	-	0.2	(0.2)	0.9	1.0
Conventional with profits	(0.2)	(0.3)	(0.5)	(0.4)	(0.3)
UK	0.5	0.8	(0.2)	0.9	1.1
Europe	0.4	0.3	0.5	0.3	0.2
Standard Life Investments third party	2.0	1.6	1.4	4.2	3.2
Canada	0.3	0.3	0.1	-	0.2
Asia and Emerging Markets (wholly owned)	-	(0.1)	0.1	-	-
Consolidation/eliminations	(0.6)	(0.8)	(0.5)	(1.6)	(1.7)
Total fee business	2.6	2.1	1.4	3.8	3.0
Spread/risk business:					
UK	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)
Europe	-	-	-	-	-
Canada	(0.1)	-	(0.1)	-	(0.1)
Total spread/risk business	(0.3)	(0.2)	(0.3)	(0.1)	(0.3)

Standard Life Investments assets under management net flows 15 months ended 31 March 2014

	3 months to 31 Mar 2014 £bn	3 months to 31 Dec 2013 £bn	3 months to 30 Sept 2013 £bn	3 months to 30 Jun 2013 £bn	3 months to 31 Mar 2013 £bn
UK	0.4	0.6	0.7	1.8	1.9
Europe	0.5	0.2	0.2	1.1	0.3
Canada	0.2	0.3	0.2	0.2	0.1
US	0.6	0.3	0.5	0.8	0.6
Asia Pacific	0.1	0.1	-	0.2	0.2
India	0.2	0.1	(0.2)	0.1	0.1
Total third party net flows	2.0	1.6	1.4	4.2	3.2
Equities	0.2	(0.2)	-	(0.2)	(0.5)
Fixed income	-	(0.2)	0.2	0.5	0.7
Multi asset	1.3	1.0	1.1	3.1	2.4
Real estate	-	0.1	0.1	0.1	-
MyFolio	0.4	0.4	0.3	0.4	0.4
Other	0.1	0.5	(0.3)	0.3	0.2
Total third party net flows	2.0	1.6	1.4	4.2	3.2
Wholesale	1.6	0.8	1.2	1.5	1.7
Institutional	0.6	0.5	0.3	2.4	1.4
Wealth	(0.1)	-	0.2	0.1	0.2
India cash funds	(0.1)	0.3	(0.3)	0.2	(0.1)
Total third party net flows	2.0	1.6	1.4	4.2	3.2
Total net flows	1.5	1.0	0.4	3.6	2.1

Group assets under administration
Three months ended 31 March 2013

	Opening AUA at 1 Jan 2013 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Mar 2013 £bn
Total AUA:						
Fee business	180.7	8.6	(5.6)	3.0	10.7	194.4
Spread/risk business	25.7	0.3	(0.6)	(0.3)	0.7	26.1
Other (including joint ventures)	11.7	0.1	-	0.1	0.8	12.6
Total	218.1	9.0	(6.2)	2.8	12.2	233.1
Fee business:						
UK retail new	27.6	1.4	(0.6)	0.8	1.7	30.1
UK retail old	31.7	0.2	(0.9)	(0.7)	2.0	33.0
Corporate	24.5	0.9	(0.6)	0.3	1.7	26.5
UK retail and corporate	83.8	2.5	(2.1)	0.4	5.4	89.6
Institutional pensions	21.3	1.7	(0.7)	1.0	1.1	23.4
Conventional with profits	4.1	-	(0.3)	(0.3)	0.1	3.9
UK	109.2	4.2	(3.1)	1.1	6.6	116.9
Europe	13.9	0.5	(0.3)	0.2	0.9	15.0
Standard Life Investments third party	84.8	6.2	(3.0)	3.2	4.4	92.4
Canada	15.9	0.8	(0.6)	0.2	1.4	17.5
Asia and Emerging Markets (wholly owned)	0.2	-	-	-	-	0.2
Consolidation/eliminations	(43.3)	(3.1)	1.4	(1.7)	(2.6)	(47.6)
Total fee business	180.7	8.6	(5.6)	3.0	10.7	194.4
Spread/risk business:						
UK	15.3	0.1	(0.3)	(0.2)	0.3	15.4
Europe	0.5	-	-	-	-	0.5
Canada	9.9	0.2	(0.3)	(0.1)	0.4	10.2
Total spread/risk business	25.7	0.3	(0.6)	(0.3)	0.7	26.1

Standard Life Investments assets under management
Three months ended 31 March 2013

	Opening AUM at 1 Jan 2013 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUM at 31 Mar 2013 £bn
UK	56.1	3.9	(2.0)	1.9	2.5	60.5
Europe	8.0	0.6	(0.3)	0.3	0.6	8.9
Canada	13.0	0.6	(0.5)	0.1	1.1	14.2
US	2.0	0.6	-	0.6	0.2	2.8
Asia Pacific	1.2	0.4	(0.2)	0.2	0.1	1.5
India	4.5	0.1	-	0.1	(0.1)	4.5
Total third party AUM	84.8	6.2	(3.0)	3.2	4.4	92.4
Equities	18.3	0.6	(1.1)	(0.5)	1.6	19.4
Fixed income	27.3	1.4	(0.7)	0.7	0.1	28.1
Multi asset	22.1	3.3	(0.9)	2.4	1.7	26.2
Real estate	6.6	0.1	(0.1)	-	-	6.6
MyFolio	2.2	0.5	(0.1)	0.4	0.2	2.8
Other	8.3	0.3	(0.1)	0.2	0.8	9.3
Total third party AUM	84.8	6.2	(3.0)	3.2	4.4	92.4
Wholesale	24.6	2.9	(1.2)	1.7	1.5	27.8
Institutional	57.2	3.2	(1.8)	1.4	3.1	61.7
Wealth	1.8	0.2	-	0.2	-	2.0
India cash funds	1.2	(0.1)	-	(0.1)	(0.2)	0.9
Total third party AUM	84.8	6.2	(3.0)	3.2	4.4	92.4
Total AUM	169.5	7.3	(5.2)	2.1	9.4	181.0