

Standard Life Aberdeen plc

CHANGES TO FINANCIAL METRICS AND SEGMENTS USED IN EXTERNAL REPORTING

Standard Life Aberdeen plc (SLA) is today setting out details of changes to financial metrics and segments used in its external reporting. The business is now operating under three growth vectors of Investments, Adviser and Personal and accordingly we are changing the way we report the performance of our business.

Key aspects:

- Three growth vectors and a small corporate centre
- Recognition that associate status has changed for HDFC Life and Phoenix
- Adjusted profit will now not include the associates and joint ventures
- Adjusted operating profit will be the key performance indicator
- Adjusted EPS will continue to be based on adjusted profit, and therefore will be rebased to reflect the change in associates status and exclusion of the share of associates and joint ventures profit
- Adjusted capital generation remains unchanged

The table below sets out the impact of the revised basis:

2020	Adjusted operating profit	Adjusted profit before tax	Adjusted capital generation	IFRS profit before tax
As reported	£219m	£487m	£262m	£838m
Revised basis	£219m	£240m	£262m	£838m

2020	Adjusted diluted EPS	Diluted EPS	Adjusted diluted capital generation per share
As reported	18.1p	37.9p	11.7p ¹
Revised basis	8.8p	37.9p	11.7p

¹Not previously reported.

Segmental reporting

Previously, we reported our results under two segments (under IFRS 8):

- 'Asset management, platforms and wealth' comprising all wholly owned business, HDFC Asset Management our Indian asset management associate, and the Virgin Money joint venture; and
- 'Insurance associates and joint ventures' comprising our life assurance associates and joint ventures – HDFC Life, Phoenix and HASL.

Further information on this segment reporting is set out on page 129 of the Annual report and accounts 2020.

Going forwards, from half year 2021 onwards, we will report our results under the following four segments which reflect how the business is now managed and reported:

- 'Investments' – Our global asset management business which provides investment solutions for Institutional, Wholesale and Insurance clients
- 'Adviser' – Our market-leading UK financial adviser business which provides services through the Wrap and Elevate platforms to wealth managers and advisers
- 'Personal' – Our Personal business combines our financial planning business 1825, our digital direct-to-consumer services and discretionary fund management services provided by Aberdeen Standard Capital
- 'Corporate/Strategic' – This segment mainly comprises certain corporate costs (c£15m in 2020) and businesses held for sale (Parmenion which is expected to be sold in 2021 and SL Asia which was sold in June 2020)

Set out below is the new presentation of our reportable segments and adjusted profit metric. The segments are reported to the level of adjusted operating profit in line with management reporting. The reconciliation between the current and revised basis can be found in Appendix A.

Reportable segments from continuing operations

	Investments	Adviser	Personal	Corporate/ strategic	Total
31 December 2020	£m	£m	£m	£m	£m
Fee based revenue	1,176	137	80	32	1,425
Adjusted operating expenses	(990)	(89)	(85)	(42)	(1,206)
Adjusted operating profit	186	48	(5)	(10)	219
Adjusted net financing costs and investment return ¹					21
Adjusted profit before tax					240
Tax on adjusted profit					(38)
Adjusted profit after tax					202
Adjusted for the following items					
Restructuring and corporate transaction expenses					(316)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts					(1,180)
Profit on disposal of interests in associates					1,858
Change in fair value of significant listed investments					65
Other					22
Total adjusting items					449
Dividends from significant listed investments					–
Share of profit from associates and joint ventures					194
Impairment of joint ventures					(45)
Tax on adjusting items					53
Profit attributable to non-controlling interests (preference shares)					(5)
Profit for the year attributable to equity shareholders of Standard Life Aberdeen plc					848
Profit attributable to non-controlling interests					
Preference shares					5
Profit for the year					853

¹'Capital Management' has been renamed 'Adjusted net financing costs and investment return'.

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Appendix A - Reconciliation between current and revised basis

Current basis	Asset management associates and joint ventures			Insurance associates and joint ventures		Revised basis
	£m	£m	£m	£m	£m	
Fee based revenue	1,425	–	–	1,425	–	Fee based revenue
Adjusted operating expenses	(1,206)	–	–	(1,206)	–	Adjusted operating expenses
Adjusted operating profit	219	–	–	219	–	Adjusted operating profit
Capital management	21	–	–	21	–	Adjusted net financing costs and investment return
Share of associates' and joint ventures' profit before tax	247	(44)	(203)	–	–	N/A
Adjusted profit before tax	487	(44)	(203)	240	–	Adjusted profit before tax
Tax on adjusted profit	(38)	–	–	(38)	–	Tax on adjusted profit
Share of associates' and joint ventures' tax expense	(38)	12	26	–	–	N/A
Adjusted profit after tax	411	(32)	(177)	202	–	Adjusted profit after tax
Adjusted for the following items						Adjusted for the following items
Restructuring and corporate transaction expenses	(355)	10	29	(316)	–	Restructuring and corporate transaction expenses
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	(1,287)	–	107	(1,180)	–	Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts
Profit on disposal of interests in associates	1,858	–	–	1,858	–	Profit on disposal of interests in associates
Impairment of associates and joint ventures	(45)	45	–	–	–	N/A
Change in fair value of significant listed investments	65	–	–	65	–	Change in fair value of significant listed investments
Investment return variances and economic assumption changes	46	–	(46)	–	–	N/A
Other	86	–	(64)	22	–	Other
Total adjusting items	368	55	26	449	–	Total adjusting items
N/A	–	–	–	–	–	Dividends from significant listed investments
N/A	–	42	152	194	–	Share of profit from associates and joint ventures
N/A	–	(45)	–	(45)	–	Impairment of joint ventures
Tax on adjusting items	53	–	–	53	–	Tax on adjusting items
Share of associates' and joint ventures' tax expense on adjusting items	21	(20)	(1)	–	–	N/A
Profit attributable to non-controlling interests (preference shares)	(5)	–	–	(5)	–	Profit attributable to non-controlling interests (preference shares)
Profit for the year attributable to equity shareholders of Standard Life Aberdeen plc	848	–	–	848	–	Profit for the year attributable to equity shareholders of Standard Life Aberdeen plc
Profit attributable to non-controlling interests						Profit attributable to non-controlling interests
Preference shares	5	–	–	5	–	Preference shares
Profit for the year	853	–	–	853	–	Profit for the year