

# Ashmore Group plc

Preliminary Results – 12 months to 30 June 2008

16 September 2008

Ashmore



# Presentation team

- **Mark Coombs, *Chief Executive Officer***
- **Graeme Dell, *Group Finance Director***

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- Key highlights
- AuM, Performance and Themes Update
- Financial results
- Emerging markets opportunities and outlook
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# Financial highlights

- Final AuM of US\$37.5 billion (US\$31.6 billion at 30 June 2007) up 19%
- Net management fees<sup>(1)</sup> up by 44% to £182.0 million
- Performance fees of £44.7 million (FY 2007: £20.4 million)
- Operating margin of 76% (FY2007: 76%)
- Profit before tax growth of 49% to £196.2 million (underlying growth<sup>(2)</sup> of 54%)
- Basic earnings per share of 21.0p (FY 2007: 13.7p)
- 8.34p final dividend, making a full year dividend of 12.0p

(1) Net of distribution costs and fee rebates.

(2) Defined as excluding impact of foreign exchange movements from the comparative period.

...Another excellent year

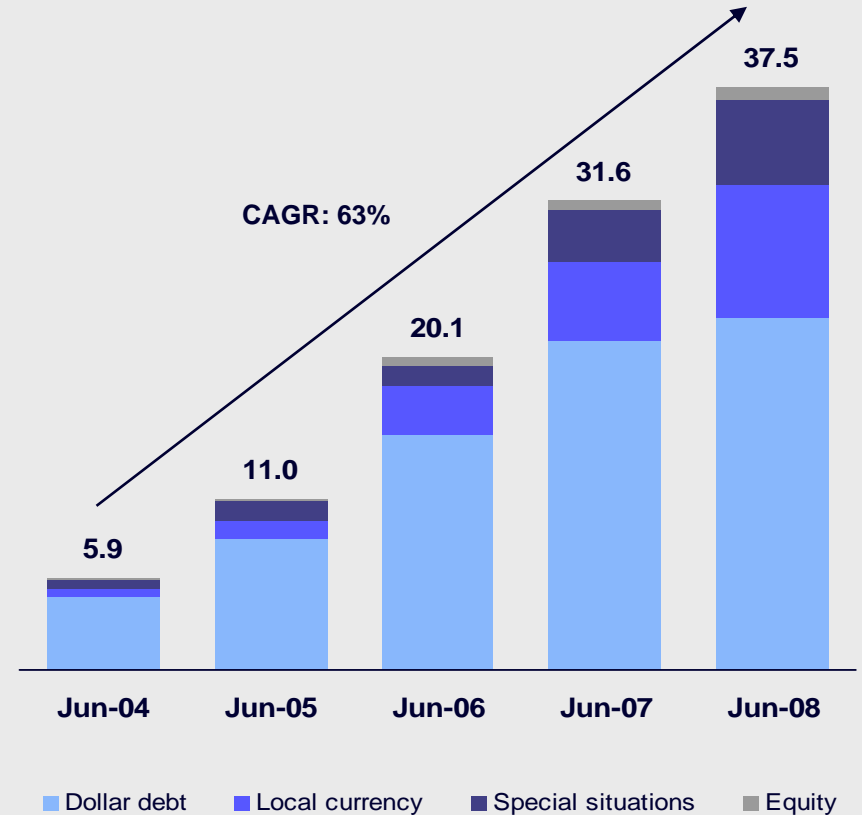
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# Assets under Management Overview

## Key Highlights

- AuM increased by US\$5.9bn (19%) in the year
- Significant subscriptions in local currency and special situations
- New fund and theme launches
- Good investment performance

## AuM Growth (US\$bn)

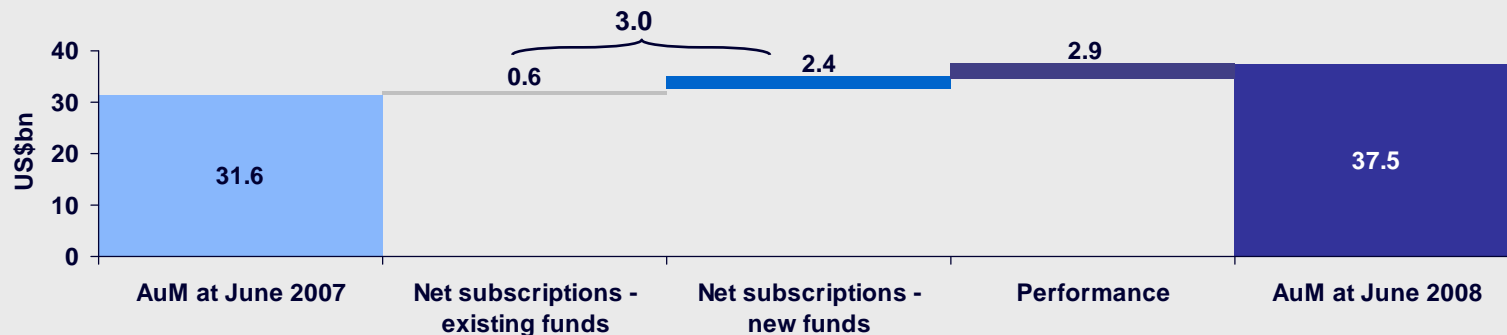


*...Further growth and diversification*

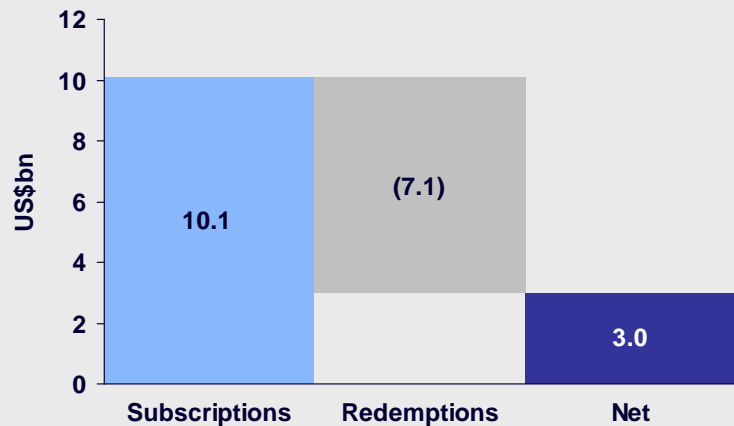
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# Assets under Management Overview

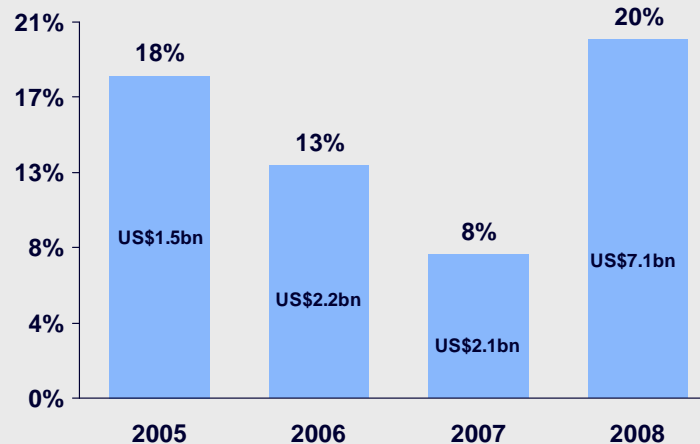
## 2008 AuM Development



## 2008 Subscriptions and Redemptions <sup>(1)</sup>



## Redemptions as a % of Average AuM



...Continued net subscriptions

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(1) The subscriptions and redemptions numbers above exclude US\$0.9bn of intra-investment theme flows by the Group's multi-strategy fund.

# Investment Performance

Theme	Fund	Launch Date	AuM US\$M <sup>(1)</sup>	Performance					Annualised Return (since Launch) <sup>(2)</sup>	Volatility (Annualised Standard Deviation Since Launch)	3 Year Volatility (Annualised)
				1 month <sup>(2)</sup>	YTD <sup>(2)</sup>	1 Year <sup>(2)</sup>	3 Year <sup>(2)</sup>	5 Year <sup>(2)</sup>			
Dollar Debt	EMLIP	Oct-1992	5,436.8	-1.09%	2.72%	11.99%	14.56%	19.36%	24.03%	16.39%	7.52%
	Benchmark	(EMBI GD)		-1.96%	-0.31%	4.92%	6.93%	8.78%	12.31%		
	AEMDF	May-2003	2,477.5	0.18%	4.11%	13.80%	15.17%	17.44%	16.85%	7.61%	6.59%
	Benchmark	(EMBI GD)		-1.96%	-0.31%	4.92%	6.93%	8.78%	8.64%		
	SICAV <sup>(3)</sup>	Jan-2003	2,185.6	-1.58%	0.00%	5.63%	10.26%	13.79%	15.98%	7.59%	5.97%
Benchmark	(EMBI GD)			-1.96%	-0.31%	4.92%	6.93%	8.78%	10.60%		
Local Currency	LCD	Mar-1997	3,177.3	0.59%	7.49%	19.51%	17.09%	15.88%	17.79%	14.23%	6.43%
	Benchmark	(ELMI +)		0.80%	8.75%	18.90%	13.80%	12.36%	9.40%	6.56%	4.44%
Special Situations <sup>(4)</sup>	GSSF	Jun-2003	268.4	4.50%	26.13%	34.39%	34.67%	38.72%	38.67%	13.03%	12.98%
	GSSF2	Feb-2005	488.0	4.43%	20.82%	47.14%	31.91%	NA	28.64%	12.15%	12.59%
	GSSF3 <sup>(6)</sup>	Aug-2006	1,626.6	1.91%	6.06%	13.65%	NA	NA	12.37%	NA	NA
	ARF	May-1998	1,262.3	3.08%	0.39%	14.73%	20.15%	20.36%	20.66%	10.85%	11.13%
Equity	AEEP	Jun-2000	357.7	-8.72%	-17.17%	-2.47%	19.25%	28.73%	19.21%	24.89%	22.65%
	Benchmark	(MSCI EM)		-10.16%	-12.72%	2.59%	24.37%	26.72%	11.79%		
Other <sup>(4)</sup>	AMSF <sup>(5)</sup>	Mar-2003	2,310.8	-0.88%	0.80%	13.94%	18.45%	21.32%	24.36%	9.55%	9.44%

Source: Ashmore (un-audited). Source benchmarks: JP Morgan and Morgan Stanley

(1) As at 30 June 2008.

(2) Gross returns with dividends reinvested, as at 30 June 2008.

(3) Performance shown for institutional dollar tranche.

(4) Special Situations and Other do not have a relevant benchmark.

(5) AMSF 5 year and since inception performance from December 2000 to March 2003 from single account managed in same style, AMSF pooled fund launched in December 2003.

(6) GSSF 3 performance calculation methodology is IRR

...Good performance in challenging markets

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# Update on themes

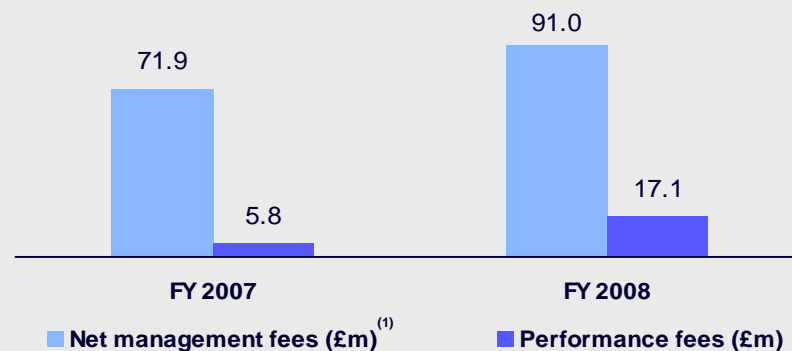
## Dollar debt

### Theme description and highlights

- Comprises Dollar and other hard currency denominated instruments, principally in sovereign bonds
- Many funds are also permitted to invest into other themes: Local Currency, Special Situations and Corporate High Yield
- Over 99% of the funds do not have highwater marks
- Some funds may use borrowing (maximum 50%)

- Dollar debt AuM up 7% to US\$22.7bn
- 60% of total AuM (67% at June 2007)
- New funds/products:
  - Sep 07: new segregated account (US\$0.1bn)
- One white label account merged into a public fund (Nov 07)
- Higher EMLIP fund annual performance fee:
  - Year to August 2008 annual performance fee £16.5m<sup>(2)</sup> (2007:£8.2m)

### Management and performance fees (£m)



### Movement in AuM (US\$bn)

	FY 2007	FY 2008
<b>AuM start of period</b>	<b>15.2</b>	<b>21.2</b>
Gross subscriptions	5.9	4.8
Redemptions	(1.8)	(4.8)
Net subscriptions	4.1	-
Net performance	1.9	1.5
<b>AuM end of period</b>	<b>21.2</b>	<b>22.7</b>

**...Growth through performance with anticipated reallocation**

(1) Net of distribution costs and fee rebates.

(2) Unaudited. Will be recognised as revenue in financial year 2009.



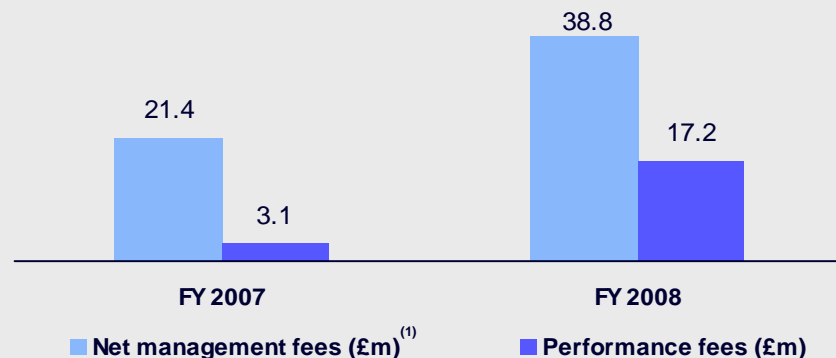
# Update on themes

## Local currency

### Theme description and highlights

- Comprises local currency and local currency denominated debt instruments
- None of the funds have highwater marks
- Some funds may use borrowing (maximum is 75%)
  
- Local currency AuM up 70% to US\$8.5bn
- 23% of total AuM (16% at June 2007)
- New funds/products:
  - Nov 07: Public fund investing in Turkey (US\$0.1bn)
  - Jan 08: Public fund investing in Brazil (US\$0.1bn)
  - Apr 08: New segregated account (US\$0.3bn)
  - May 08: Existing account diversification (US\$0.2bn)
- Higher LCD fund annual performance fee:
  - Year to August 2008 annual performance fee £14.5m<sup>(2)</sup> (2007:£9.4m)

### Management and performance fees (£m)



### Movement in AuM (US\$bn)

	FY 2007	FY 2008
<b>AuM start of period</b>	<b>3.0</b>	<b>5.0</b>
Gross subscriptions	1.7	4.2
Redemptions	(0.3)	(1.6)
Net subscriptions	1.4	2.6
Net performance	0.6	0.9
<b>AuM end of period</b>	<b>5.0</b>	<b>8.5</b>

...Strongest AuM growth and future opportunity

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(1) Net of distribution costs and fee rebates.

(2) Unaudited. Will be recognised as revenue in financial year 2009.

# Update on themes

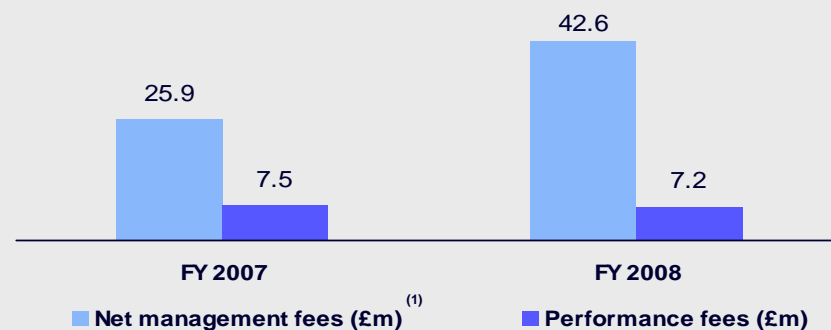
## Special situations

### Theme description and highlights

- Invests in debt and/or equity or other instruments focusing on specialist corporate investments and/or projects through distressed debt and/or private equity approach
- GSSF funds have an expected minimum investment period
- The majority of the funds do not use borrowing

- Special situations AuM up 62% to US\$5.5bn
- 15% of total AuM (11% at June 2007)
- New funds:
  - Sep 07: US\$1.4bn raised through Ashmore Global Special Situations Fund 4 (now 100% drawn down).
  - Sep 07: US\$0.1bn raised through India mid market private equity fund
- GSSF term performance fee of £15.6m (August 2008) <sup>(2)</sup>

### Management and performance fees (£m)



### Movement in AuM (US\$bn)

	FY 2007	FY 2008
<b>AuM start of period</b>	<b>1.3</b>	<b>3.4</b>
Gross subscriptions	1.8	1.8
Redemptions	-	(0.2)
Net subscriptions	1.8	1.6
Net performance	0.3	0.5
<b>AuM end of period</b>	<b>3.4</b>	<b>5.5</b>

**...GSSF4 fully invested, GSSF5 launched**

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(1) Net of distribution costs and fee rebates.

(2) Unaudited. Will be recognised as revenue in financial year 2009.

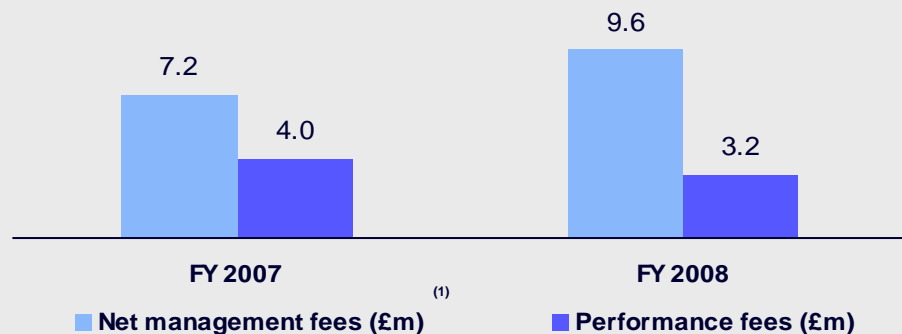
# Update on themes Equity

## Theme description and highlights

- The instruments invested by the funds can include Emerging Market equity, convertibles, warrants, and equity derivatives
- None of the funds have highwater marks
- The majority of the funds do not use borrowing

- Equity AuM down 60% to US\$0.8bn
- 2% of total AuM (6% at June 2007)
- Sep 07 one segregated fund closed (US\$0.3bn)

## Management and performance fees (£m)



## Movement in AuM (US\$bn)

	FY 2007	FY 2008
<b>AuM start of period</b>	<b>0.6</b>	<b>2.0</b>
Gross subscriptions	1.4	0.2
Redemptions	(0.4)	(1.4)
Net subscriptions/(redemptions)	1.0	(1.2)
Net performance	0.4	-
<b>AuM end of period</b>	<b>2.0</b>	<b>0.8</b>

*...Global reallocations to other classes underly performance & AuM*

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(1) Net of distribution costs and fee rebates.

# Update on themes

## Corporate high yield and Ashmore Global Opportunities Limited

### *Corporate high yield*

- New theme launched October 2007
- Long term growth opportunity
- AEMCHY fund AuM of US\$0.5bn as at 30 June 2008

### *Ashmore Global Opportunities Limited*

- Permanent capital vehicle listed on LSE December 2007 raising Euro 500m
- Access to new types of clients
- Focus on special situations
- US\$250m invested in GSSF4

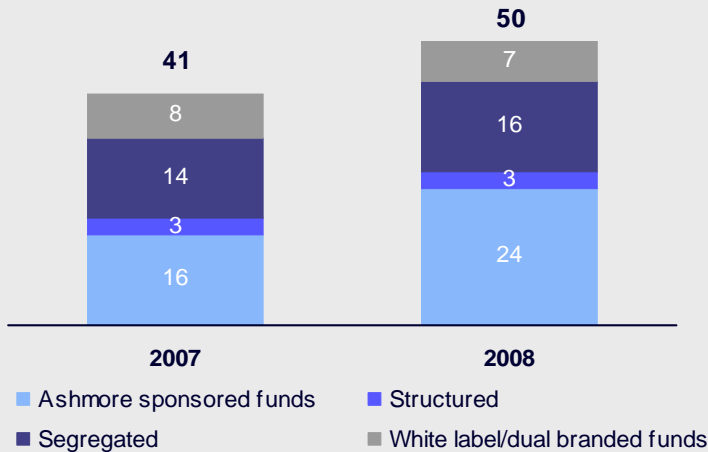
*...A new theme and fund source*

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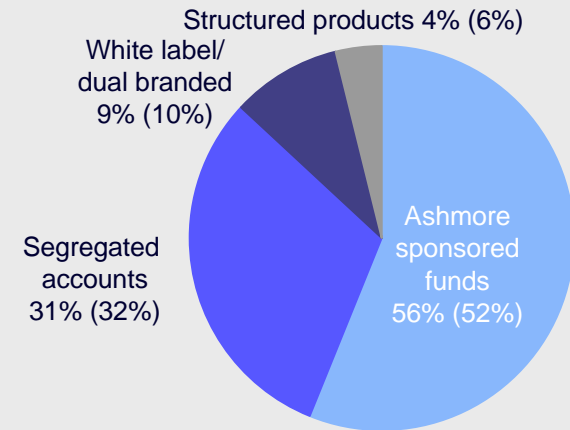
# Fund diversification

## Classification and crossover

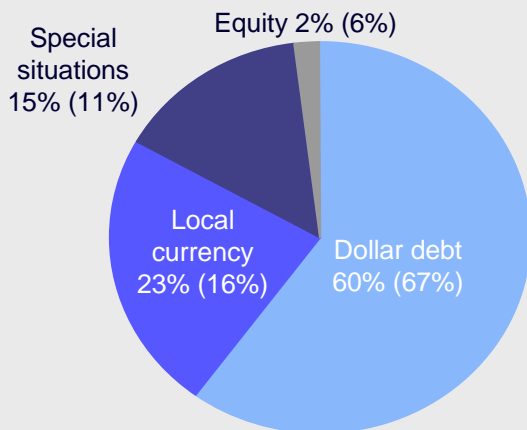
Classification by number of funds



Classification by AuM <sup>(1)</sup>

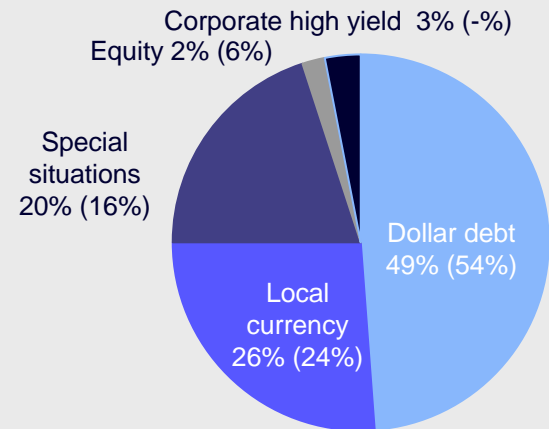


AuM – by Theme <sup>(1)</sup>



→ Crossover investment →

AuM – as Invested <sup>(1) (2)</sup>



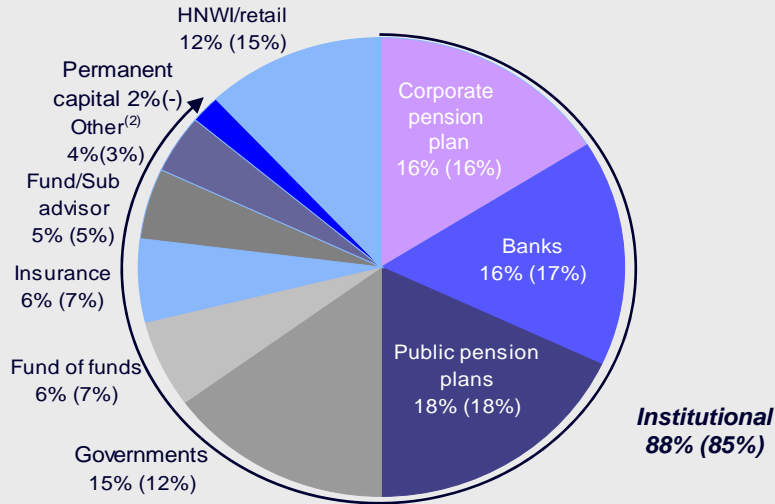
*...Further diversification in local currency & special situations*

(1) As at 30 June 2008 (2007).  
 (2) AuM as actually invested by type of investment at 30 June 2008.

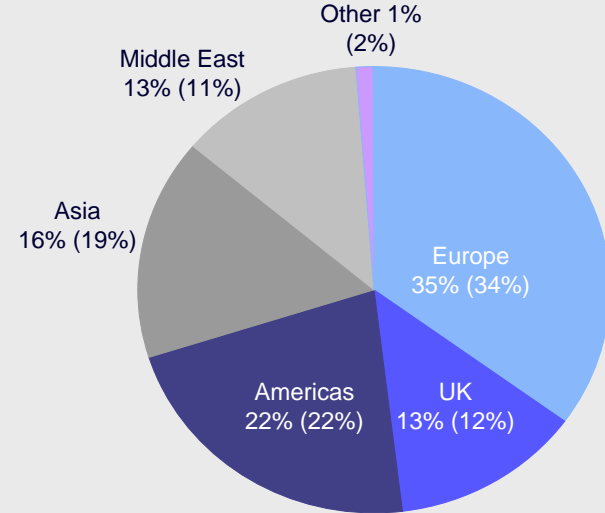
# Investor analysis

## Investor type, geography and concentration

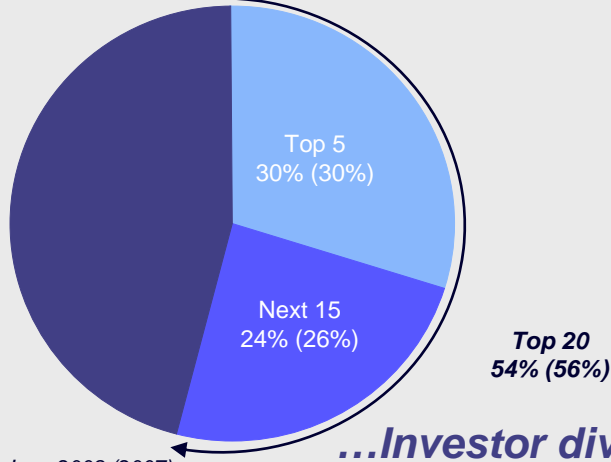
Investor Breakdown by investor type <sup>(1)</sup>



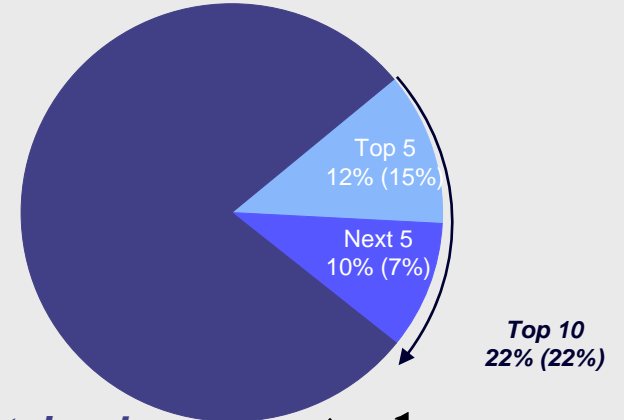
Investor Breakdown by geography <sup>(1)</sup>



Investor concentration by AuM <sup>(1)</sup>



Investor concentration by total revenue <sup>(1) (3)</sup>



...Investor diversification maintained

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(1) By AuM as at 30 June 2008 (2007).  
 (2) Other includes: corporates and foundations/endowments.  
 (3) Company information. Revenues net of rebates.

# Financial results

## Income statement

	Year ended	Year ended	Variance	
	30 June 2008	30 June 2007	As reported	
	£m	£m	£m	%
Net revenue	240.0	159.8	80.2	50
Total operating expenses	(58.8)	(38.1)	(20.7)	54
<b>Operating profit</b>	<b>181.2</b>	<b>121.7</b>	<b>59.5</b>	<b>49</b>
Net interest	15.0	9.7	5.3	55
<b>Profit before tax</b>	<b>196.2</b>	<b>131.4</b>	<b>64.8</b>	<b>49</b>

*...Strong revenue and profit growth*

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# Financial results

## Net revenue

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m	Variance As reported £m	%
Management fees	186.7	130.2	56.5	43
Less: Distribution costs	(4.7)	(3.8)	(0.9)	(24)
<b>Net management fees</b>	<b>182.0</b>	<b>126.4</b>	<b>55.6</b>	<b>44</b>
Performance fees	44.7	20.4	24.3	119
Other revenue	13.3	13.0	0.3	2
<b>Net revenue</b>	<b>240.0</b>	<b>159.8</b>	<b>80.2</b>	<b>50</b>

*...A fifty percent increase in overall net revenue*



# Financial results

## Net management fees by theme

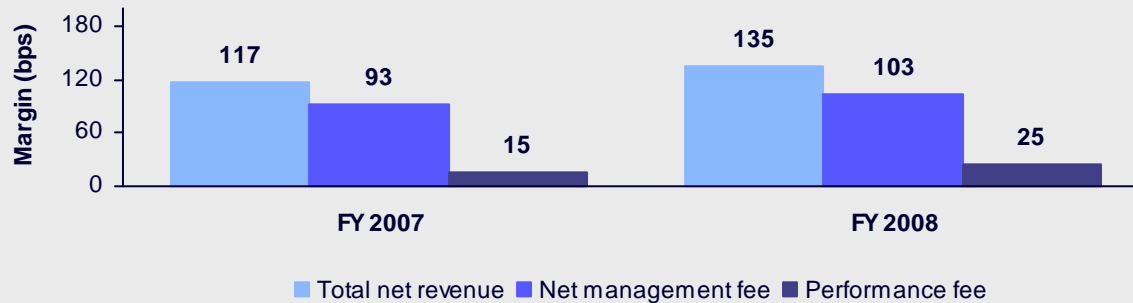
	Year ended	Year ended	Variance	
	30 June 2008	30 June 2007	As reported	
	£m	£m	£m	%
Dollar debt	91.0	71.9	19.1	27
Local currency	38.8	21.4	17.4	81
Special situations	42.6	25.9	16.7	64
Equity	9.6	7.2	2.4	33
<b>Net management fees</b>	<b>182.0</b>	<b>126.4</b>	<b>55.6</b>	<b>44</b>

*...Particularly strong growth in local currency and special situations*

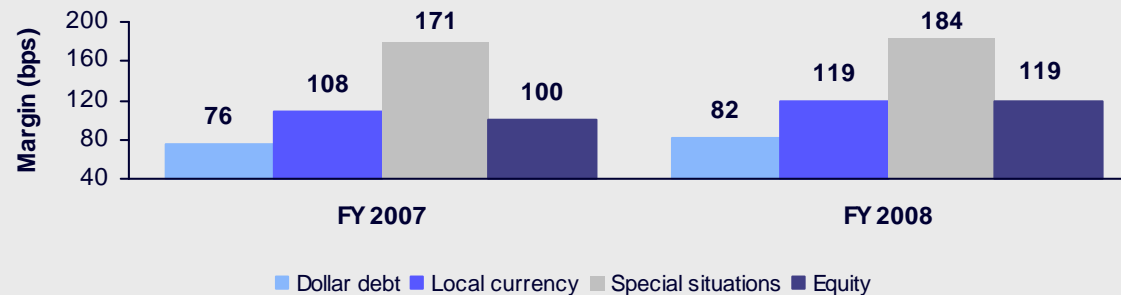
# Financial results

## Revenue margins (basis points)

Total net revenue margins



Net management fee margins



*...High & stable management fee margins*

# Financial Results

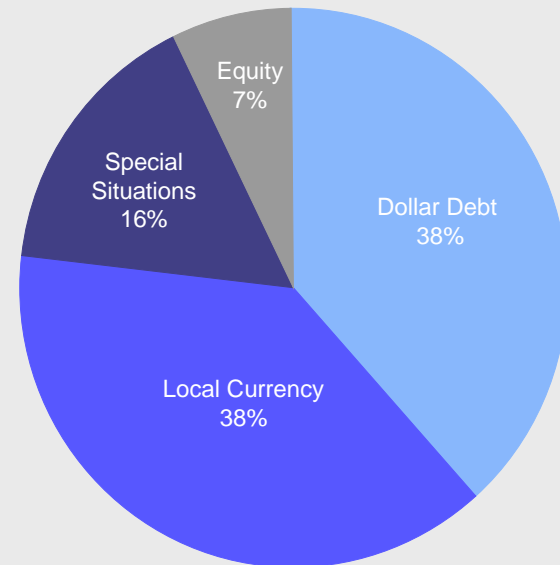
## Performance Fees

### AuM Breakdown by Performance Fee Characteristics <sup>(1), (2)</sup>



**Potential Performance Fee Earning AuM**  
65%

### Performance Fees by Theme <sup>(3)</sup>



- (1) Based on annual and crystallised performance fees for the year to 30 June 2008. Breakdown based on AuM as at 30 June 2008.
- (2) Methodology is based on year-end figures and is therefore not time-weighted for crystallised and annual performance fees earned throughout the year. Methodology for calculating rebated portion is based on performance fees split whereas as deferred and none earned is based on AuM amounts.
- (3) Based on annual and crystallised performance fees for the year to 30 June 2008.

**...Well balanced business**

**Ashmore**

# Financial results

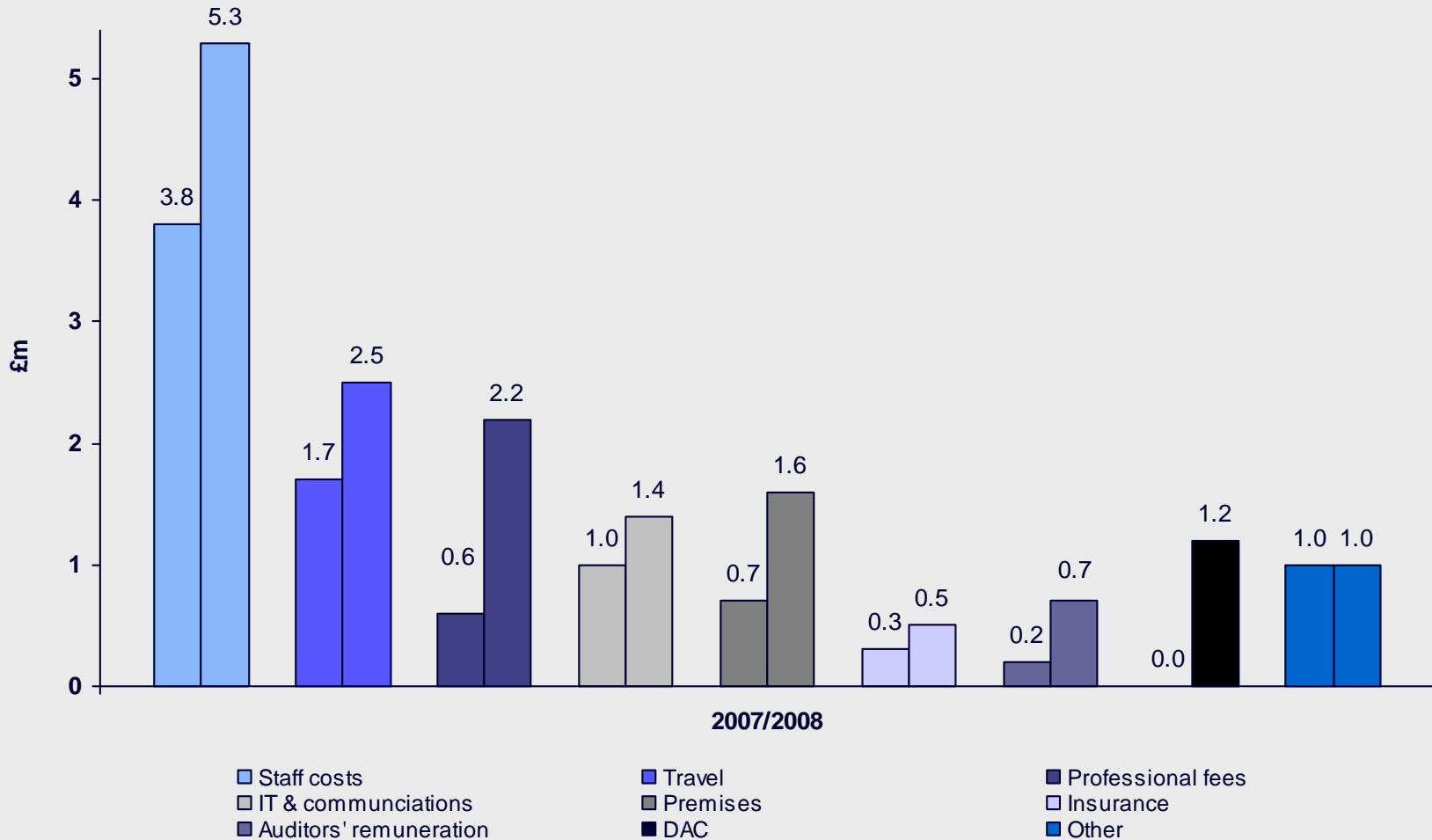
## Expenses

	Year ended	Year ended	Variance	
	30 June	30 June	As reported	
	2008	2007	£m	%
	£m	£m		
Personnel expenses	7.4	5.2	2.2	42
Other operating expenses	11.1	5.5	5.6	102
Variable compensation	40.3	27.4	12.9	47
<b>Total operating expenses</b>	<b>58.8</b>	<b>38.1</b>	<b>20.7</b>	<b>54</b>
<b>Operating profit margin</b>	<b>76%</b>	<b>76%</b>		

*...Operating margin maintained at 76%*

# Financial results

## Personnel and operating expenses



*...Continued investment for future*

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# Financial results

## Earnings

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m	Variance %
<b>Profit before tax</b>	<b>196.2</b>	<b>131.4</b>	<b>49</b>
Tax	(55.2)	(39.9)	
<b>Profit after tax</b>	<b>141.0</b>	<b>91.5</b>	<b>54</b>
<b>Attributable:</b> Equity holders of the parent	<b>140.8</b>	91.4	
Minority interest	<b>0.2</b>	0.1	
Earnings per share - basic	21.0p	13.7p	53
Earnings per share - diluted	19.9p	12.9p	54
Interim dividend per share	3.7p	2.3p	
Final dividend per share	8.3p	6.7p	

*...Strong earnings, progressive dividend underlines confidence*

# Financial Results

## Cash flow

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Cash generated from operations	195.5	132.3
Deferred acquisition costs	(14.6)	-
Purchase of non-current assets held for sale	(15.1)	-
Dividends	(70.1)	(15.5)
Taxation	(46.5)	(39.2)
Interest	15.4	9.5
FX and other	(3.4)	(1.8)
<b>Increase in cash</b>	<b>61.2</b>	<b>85.3</b>

*...Cash generative after strategic initiatives in year*

# Financial results

## Balance sheet

	As at 30 June 2008 £m	As at 30 June 2007 £m
Non-current assets	7.4	4.4
Non current assets held for sale	16.4	-
Deferred tax asset	13.8	14.4
Deferred acquisition costs	13.4	-
Cash and cash equivalents	279.2	218.0
Other current assets	35.9	27.7
<b>Total assets</b>	<b>366.1</b>	<b>264.5</b>
<b>Net liabilities</b>	<b>92.8</b>	<b>68.5</b>
<b>Net assets/total equity</b>	<b>273.3</b>	<b>196.0</b>

*...Balance sheet strength remains our ethos*



# Emerging markets opportunity

## Executing a clearly defined strategic plan



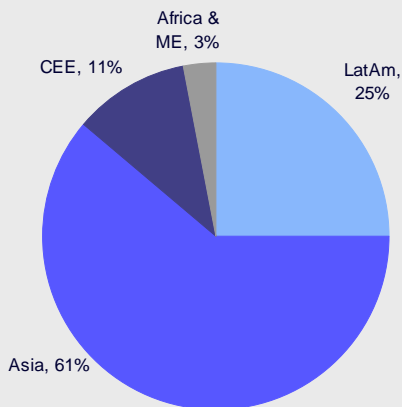
# Emerging markets opportunities

## Local currency

### Market Opportunity



### EM Local Currency Debt– Regional Breakdown



Sources: BIS

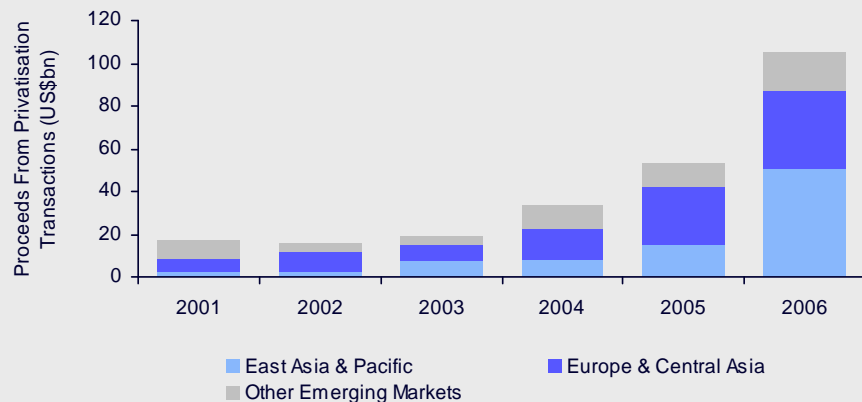
### Ashmore Differentiation

- One of the longest track records in managing dedicated local currency funds
  - Commenced theme in 1996 as an element of a broader debt mandate
  - Flagship local currency fund, Ashmore Local Currency Debt Portfolio (LCD), was launched in 1997
- One of the largest dedicated managers of local currency assets managing over US\$8bn in assets
- Proven results across a wide range of market conditions and cycles
- Liquidity is important; Ashmore has particular focus and expertise in managing liquidity
- Strong network of contacts, built up over many years allows Ashmore to gain better insight into market behaviour

# Emerging markets opportunities

## Special Situations

### Market Opportunity



### Fortune Global 500 Companies

	2001	2007
China	10	24
South Korea	12	14
India	1	6
Taiwan	2	6
Brazil	4	5
Mexico	2	5
Russia	2	4
Malaysia	1	1
Poland	0	1
Saudi Arabia	0	1
Singapore	1	1
Thailand	0	1
Turkey	0	1
Venezuela	1	0
<b>Total</b>	<b>36</b>	<b>70</b>

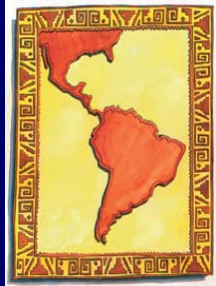
### Ashmore Differentiation

- Ashmore's team has been involved in Emerging Markets Special Situations since 1983
- GSSF fund performance at 38% over life of fund
- Dedicated team of professionals in London plus substantial additional resources on the ground through operating companies and local businesses
- Strong network of contacts built up over 20 years offer a breadth of opportunities and active management of country risk
- Diversification across a range of geographies / sectors / investment techniques as distressed and illiquidity cycles evolve
- Value creation by solving complex problems
  - Less exposed to extreme leverage and credit conditions
  - Low correlations to other asset classes

# Summary and outlook

- A leading dedicated specialist in emerging markets asset management
- Strong long-term track record
- Executing a clearly defined strategic plan
- Continued investment in infrastructure
- Highly profitable business
- Well positioned for significant emerging market opportunity
  - Long term allocation shift
  - Local currency market development
  - Special situations pipeline
  - Local asset management

# Appendices



# Appendix 1 – AuM/product information

## AuM by theme and fund/account classification

US\$bn	30-Jun-2004	30-Jun-2005	30-Jun-2006	30-Jun-2007	30-Jun-2008
<b>Investment theme<sup>(1)</sup></b>					
Dollar debt	4.7	8.4	15.2	21.2	22.7
Local currency	0.6	1.2	3.0	5.0	8.5
Special situations	0.5	1.2	1.3	3.4	5.5
Equity	0.1	0.2	0.6	2.0	0.8
<b>Total AuM at period end</b>	<b>5.9</b>	<b>11.0</b>	<b>20.1</b>	<b>31.6</b>	<b>37.5</b>
<b>Fund/account classification</b>					
Ashmore sponsored funds <sup>(2)</sup>	3.6	7.0	10.1	16.7	21.5
Structured products <sup>(3)</sup>	0.3	0.7	1.2	1.6	1.1
Segregated accounts <sup>(4)</sup>	1.5	2.4	6.9	10.0	11.7
White label/dual branded <sup>(5)</sup>	0.5	0.9	1.9	3.3	3.2
<b>Total AuM at period end</b>	<b>5.9</b>	<b>11.0</b>	<b>20.1</b>	<b>31.6</b>	<b>37.5</b>

(1) Ashmore currently offers products in five principal investment themes – dollar debt, global local currency, special situations, incorporating distressed debt and private equity, public equity and corporate high yield. Some products provide exposure to more than one theme but have been classified in the table above according to the predominant fund/account theme.

(2) As at 30 Jun 2008, Ashmore sponsored funds comprise entities incorporated in Guernsey, the Cayman Islands and Luxembourg which are available for subscriptions and redemptions on a daily, monthly or quarterly basis. In addition, the special situations/distressed funds, GSSF, GSSF2, GSSF3 and GSSF4 have an expected minimum investment period of five years, although investors can redeem annually subject to redemption penalties.

(3) Structured products include CDO/CBO structures and a debt product with full principal protection known as Variable Proportion Portfolio Insurance (VPPI) and an Alpha product.

(4) Segregated accounts are those under separate investment management agreements for a single client and include public and private pension funds, government agencies and other institutional accounts.

(5) White label/dual branded refers to investment management agreements where Ashmore is publicly disclosed and acts as investment manager and/or advisor or sub-advisor on a public fund branded in the name of a third party or co-branded where the third party provides some or all of local infrastructure, marketing, compliance and regulatory framework.

# Appendix 1 – AuM/product information

## Management and performance fees by theme

£ millions	UK GAAP		IFRS		
	Year ended 30 Jun 2004	Year ended 30 Jun 2005	Year ended 30 Jun 2006	Year ended 30 Jun 2007	Year ended 30 Jun 2008
<b>Net management fees less distribution costs</b>					
Dollar debt	17.8	27.1	52.2	71.9	91.0
Local currency	2.0	4.5	11.3	21.4	38.8
Special situations/distressed	3.0	7.0	11.9	25.9	42.6
Equity	0.9	1.3	3.1	7.2	9.6
<b>Total net management fee income</b>	<b>23.7</b>	<b>39.9</b>	<b>78.5</b>	<b>126.4</b>	<b>182.0</b>
Average AuM US\$ millions <sup>(1)</sup>	4,945	8,345	16,774	26,375	35,324
Average AuM GBP millions <sup>(1)</sup>	2,823	4,488	9,431	13,608	17,661
Net mgmt fees as bps of average AuM <sup>(2)</sup>	84.1	88.8	83.2	92.9	103.0
<b>Performance fees</b>					
Dollar debt	28.7	18.9	33.9	5.8	17.1
Local currency	2.7	2.2	2.5	3.1	17.2
Special situations	2.8	1.6	11.1	7.5	7.2
Equity	3.9	0.5	6.7	4.0	3.2
<b>Total performance fee income</b>	<b>38.1</b>	<b>23.2</b>	<b>54.2</b>	<b>20.4</b>	<b>44.7</b>

(1) Average AuM calculated using the average of month-end rates throughout the relevant period.

## Appendix 2 – US Dollar

- Revenue is predominantly US dollar based/costs sterling based
- Overall net impact of movements in US\$/£ exchange rate movements on profit before tax increase of £64.8 million is £4.1 million<sup>(1)</sup>
- Current hedging position:
  - 67% of 08 / 09 net management fee revenue covered at US\$/£1.95
- Future sensitivity:
  - Based on the current year's net management fee revenue, at current exchange rates, a +/-10 cent exchange rate movement would have an £3.9 million/£4.3 million impact on net management fees

*(1) After restating prior year at the current year's average US\$/£ exchange rate (2008:US\$/£2.01, 2007:US\$/£1.95), adjustments to prior year as follows: lower revenue in sterling terms (£5.1m), hedging gains excluded (£2.7m) and a notional reworking of the variable compensation cost to reflect the above items (£1.0m reduction). In the current year, net hedging gains of £3.2m were excluded.*



# Disclaimer

## IMPORTANT INFORMATION

This document does not constitute an offer to sell or an invitation to buy shares in Ashmore Group plc or any other invitation or inducement to engage in investment activities. Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The value of investments, and the income from them, may go down as well as up, and is not guaranteed. Past performance cannot be relied on as a guide to future performance. Exchange rate changes may cause the value of overseas investments or investments denominated in different currencies to rise and fall. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this document.



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