

Ashmore Group plc

Results for six months ending 31 December 2017

8 February 2018

- **Accelerating growth and outperformance across Emerging Markets**
 - GDP growth driven by exports, continued inflows to stimulate domestic growth
 - Highly-diversified asset classes continue to provide value opportunities
- **Active management delivering strong investment performance**
 - 82% AuM outperforming over one year, 93% over three years & 87% over five years
- **Positive flow momentum**
 - Investors have underweight allocations to Emerging Markets
 - But the six-months saw existing clients adding to mandates, as well as new client wins
- **Business model delivering in favourable environment**
 - AuM +18% to US\$69.5bn
 - Higher operating revenues and strict cost control delivered higher adjusted EBITDA margin of 67%

Financial performance overview

- **AuM +18% over the six months**
 - Net flows +US\$7.9 billion, investment performance +US\$3.2 billion
- **Operating revenues +1% to £136.7 million**
 - Net management fees +5% to £120.5 million, driven by diversified AuM growth
 - Good contribution from performance fees, £14.8 million across a range of investment themes
- **Pre-VC adjusted operating costs reduced by 4%**
- **Adjusted EBITDA +2%, margin increased to 67%**
- **Profit before tax -19%**
 - FX translation and lower level of seed capital gains
- **Good cash generation**
 - Operating cash flow of £73.5 million, equivalent to 81% of adjusted EBITDA
- **Interim dividend 4.55p**

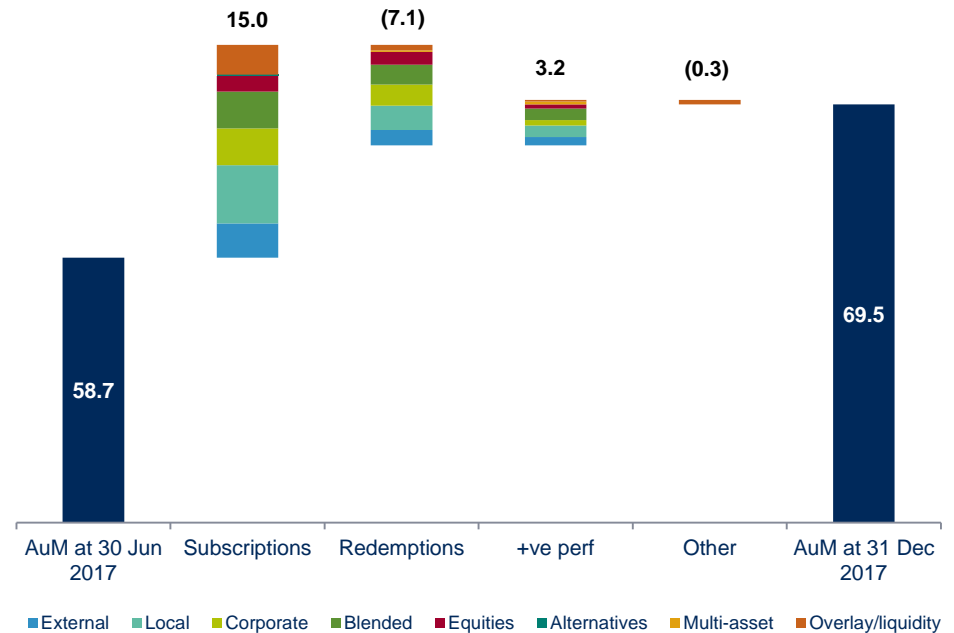
	Six months ended 31 December 2017 £m	Six months ended 31 December 2016 £m	YoY %
AuM (US\$bn)	69.5	52.2	33
Operating revenues	136.7	135.7	1
Adjusted EBITDA	91.2	89.7	2
- margin	67%	66%	-
Seed capital gains	10.5	25.8	(59)
Profit before tax	99.0	121.5	(19)
Diluted EPS (p)	11.3	13.9	(19)
DPS (p)	4.55	4.55	-

Figures stated on an adjusted basis exclude FX translation and seed capital-related items; see Appendix 1

Assets under management

- Gross subscriptions of US\$15.0 billion, 26% of opening AuM (H1 2016/17: US\$5.5 billion, 10%)
 - Strong demand across investment themes
- Gross redemptions of US\$7.1 billion, 12% of opening AuM (H1 2016/17: US\$6.2 billion, 12%)
 - Some profit taking in Q2
- Net inflows of US\$7.9 billion
 - Net flows driven by increased sales momentum as investors address underweight positions
- Investment performance +US\$3.2 billion
 - Solid returns across all fixed income and equity asset classes

AuM development (US\$bn)

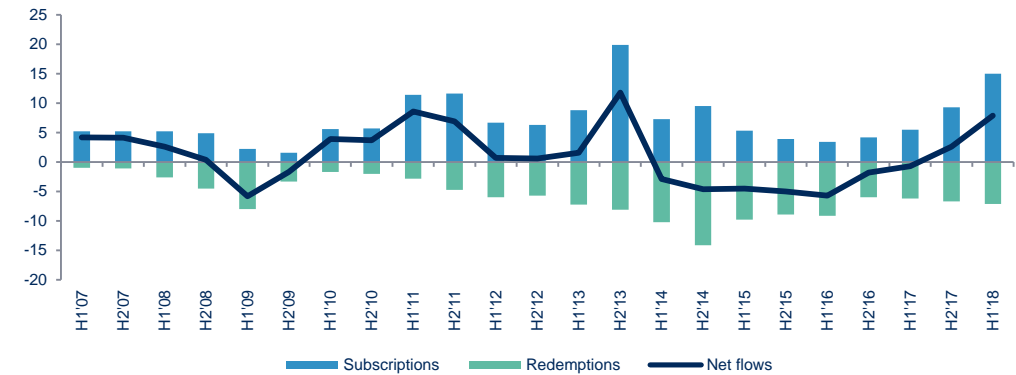


Strong growth through net flows

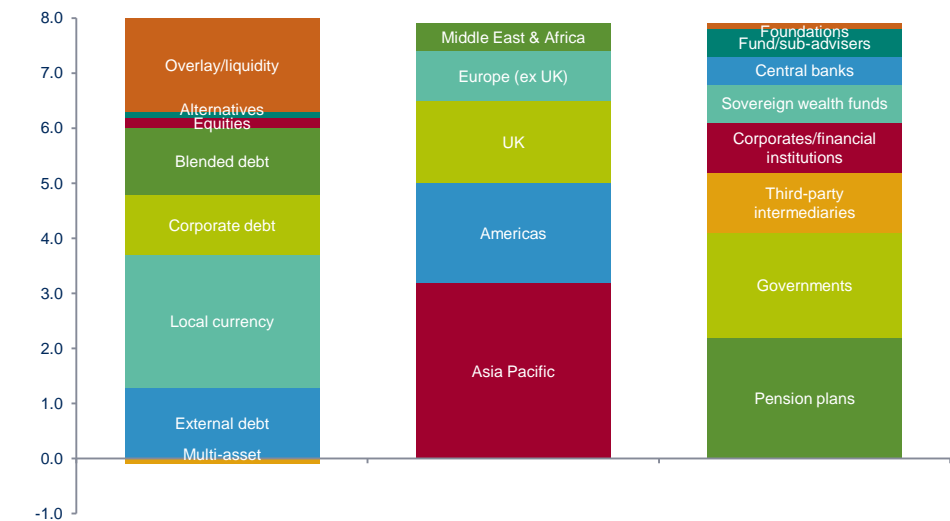
Client flows and products

- Broad-based distribution capabilities maintaining diverse client mix
- Sales biased towards top-ups from existing clients, with good level of new client mandates
- Strong growth in retail AuM, +20% over the six months
 - Net inflows of \$1.1 billion, equivalent to flows achieved in previous 12 months
- Investment in future growth, e.g. recruitment of senior investment professionals
- 32% of AuM sourced from clients in Emerging Markets
 - Increasingly profitable local platforms manage US\$4.3 billion

Net flows (US\$bn)



Net flows (US\$bn)

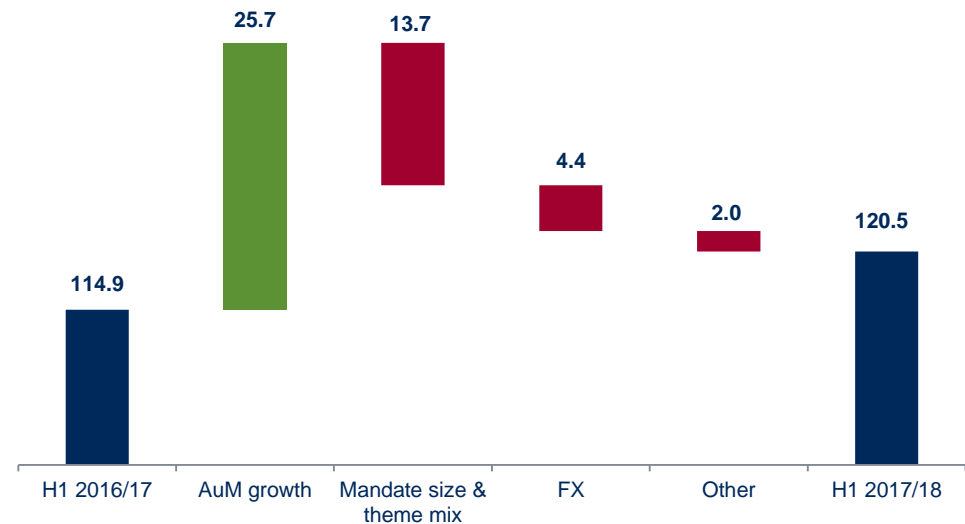


Net flows were positive for all regions and all client types

Financial results Revenues

- Net management fees +5%, driven by AuM growth
- Average GBP:USD rate 4% higher
 - headwind for fees, some positive contribution from FX hedges
- Net management fee margin 50bps, stable versus H2 2016/17
 - 4 bps lower YoY attributable to large mandate wins (2bps), investment theme mix (1.5bps) and other effects (0.5bps)
- Good performance fee generation across a range of investment themes

Higher net management fee income



	6m ended 31 Dec 2017 £m	6m ended 31 Dec 2016 £m	YoY %
Net management fees	120.5	114.9	5
Performance fees	14.8	21.6	(31)
Other revenue	1.1	2.2	(50)
FX: hedges	0.3	(3.0)	nm
Operating revenues	136.7	135.7	1

Figures stated on an adjusted basis, excluding FX translation and seed capital-related items; see Appendix 1

AuM growth driving revenues

Financial results Operating costs

- Continued focus on controlling expenses
- Non-VC adjusted operating costs reduced by 4%
- 3% lower average headcount
- Variable compensation accrued at 20% of EBVCIT

Non-VC adjusted operating costs reduced



	6m ended 31 Dec 2017 £m	6m ended 31 Dec 2016 £m	YoY %
Fixed staff costs	(12.3)	(12.9)	5
Other operating costs	(11.0)	(11.5)	4
Depreciation & amortisation	(2.6)	(2.7)	4
Operating costs before VC	(25.9)	(27.1)	4
Variable compensation (20%)	(21.7)	(23.3)	(7)
- adjustment for FX translation	(0.5)	1.7	nm
Adjusted operating costs	(48.1)	(48.7)	1

Figures stated on an adjusted basis, excluding FX translation and seed capital-related items; see Appendix 1

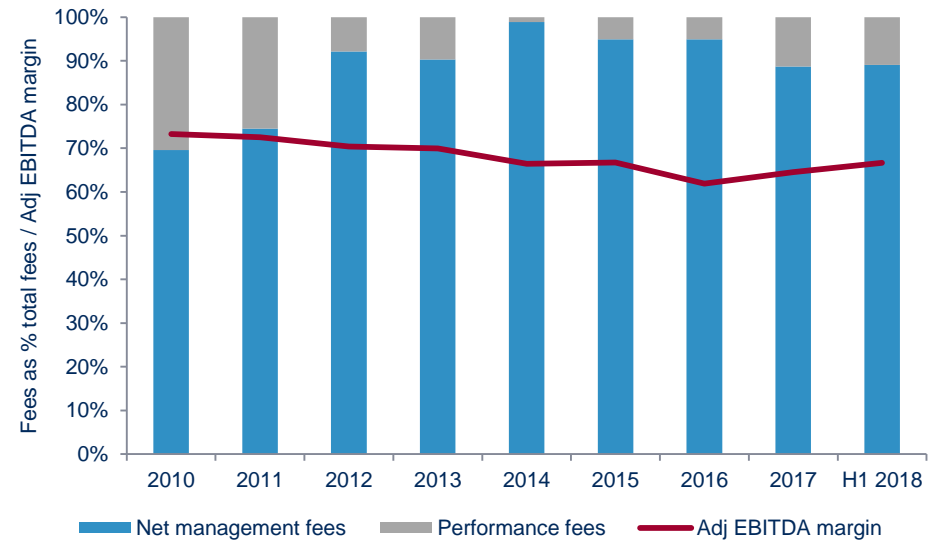
Continued cost discipline

Financial results

Revenue quality and adjusted EBITDA

- Revenues are driven by recurring management fee income, representing 90-95% of total fees
- Operating revenues +1%, non-VC costs reduced 4%
- EBITDA margin increased to 67%, demonstrating ability of business model to deliver positive operating leverage

High-quality revenues and increase in profitability



	6m ended 31 Dec 2017 £m	6m ended 31 Dec 2016 £m	YoY %
Operating revenues	136.7	135.7	1
Operating costs	(23.3)	(24.4)	4
VC	(22.2)	(21.6)	(3)
Adjusted EBITDA	91.2	89.7	2
Margin	67%	66%	

Figures stated on an adjusted basis, excluding FX translation and seed capital-related items; see Appendix 1

Strong operational performance

Financial results

Financial effects of seed capital

- Total seed capital gains of £10.5 million
- Consolidated funds:
 - Line-by-line consolidation in financial statements
 - FX taken to reserves
- Unconsolidated funds:
 - Market returns including FX recognised in Finance income
 - PBT contribution of £10.5 million with positive investment return and mark-to-market FX loss

	6m ended 31 Dec 2017 £m	6m ended 31 Dec 2016 £m
Gains/(losses) on investment securities	9.4	6.7
Change in third-party interests in consolidated funds	(4.9)	(4.4)
Operating costs	(1.1)	(1.4)
Finance income	2.7	4.0
Sub-total: consolidated funds	6.1	4.9
Finance income		
- market return	7.4	6.0
- foreign exchange	(3.0)	14.9
Sub-total: unconsolidated funds	4.4	20.9
Total profit/(loss)	10.5	25.8
- realised	-	7.9
- unrealised (mark-to-market effects & impact of consolidated funds)	10.5	17.9
<i>Included in Finance income</i>	7.1	24.9

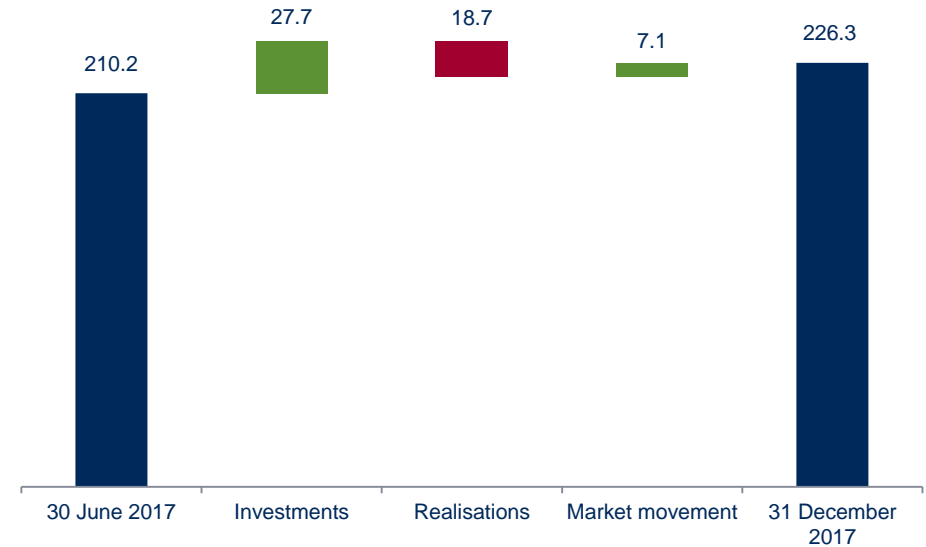
Active management delivering positive returns

Financial results

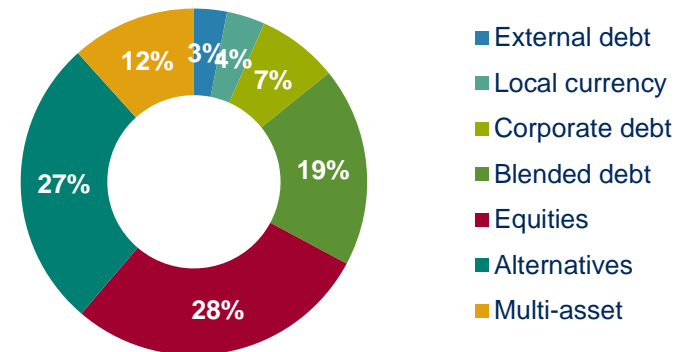
Seed capital

- Market value £226.3 million (30 June 2017: £210.2 million)
 - Majority is in funds with at least monthly dealing frequency
- Profit contribution of £10.5 million
 - Market performance delivered gain of £13.5 million
 - Mark-to-market FX loss of £3.0 million as Sterling strengthened
- New investments of £27.7 million, focused on equities and alternatives
- Successful realisations of £18.7 million, principally from frontier equity funds and locally-managed funds in Indonesia
- Seeding has supported funds that represent 13% of Group AuM

Seed capital movement (£m)



Diversified across themes (% of market value)



Seed capital programme supports future AuM growth

Financial results

Statutory earnings

	6m ended 31 Dec 2017 £m	6m ended 31 Dec 2016 £m	YoY %
Finance income	9.1	26.1	(65)
Profit before tax	99.0	121.5	(19)
Tax	(17.8)	(22.7)	22
Profit after tax	81.2	98.8	(18)
Profit attributable to non-controlling interests	(1.0)	(0.4)	<i>nm</i>
Profit attributable to equity holders of the parent	80.2	98.4	(18)
Earnings per share: basic (p)	12.0	14.7	(18)
Earnings per share: diluted (p)	11.3	13.9	(19)
Interim dividend per share (p)	4.55	4.55	-

- Effective tax rate 18.0% vs 19.0% statutory UK rate
- Effect of non-operating items on diluted EPS: FX translation (-0.2p), seed capital (+1.2p)

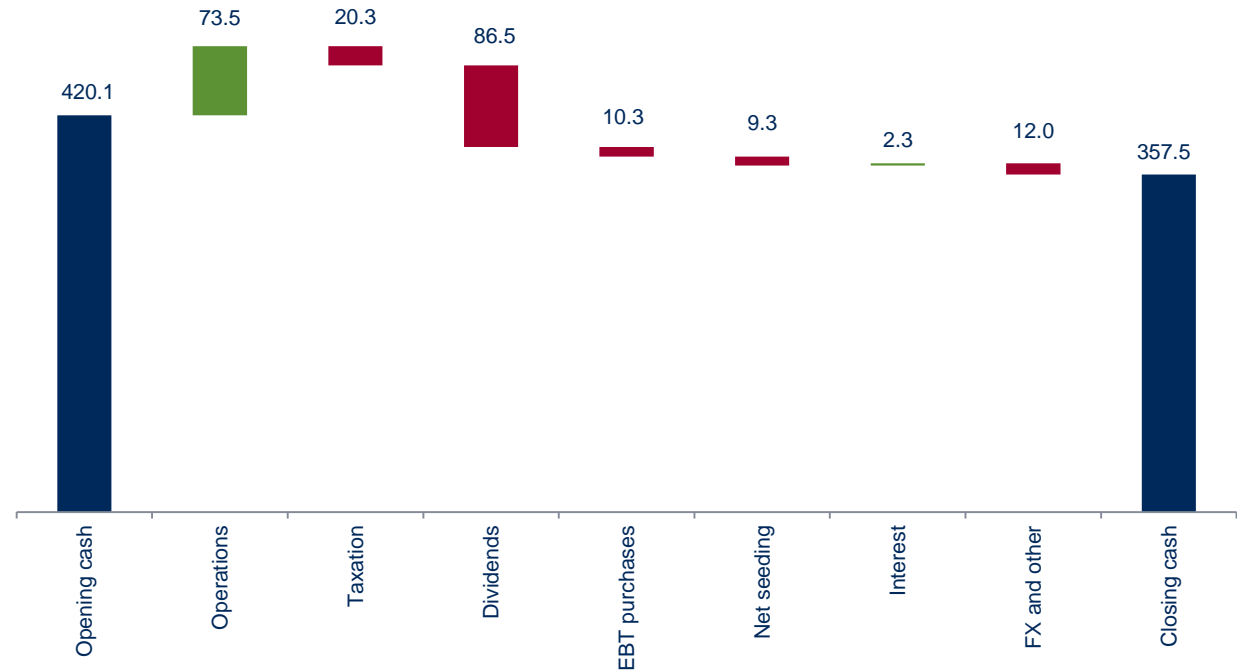
Dividend maintained

Financial results

Cash flow

- Operations generated cash flow of £73.5 million ⁽¹⁾
 - 81% of adjusted EBITDA (H1 2016/17: 109%)
- Significant cash uses in H1, relating to the prior year:
 - Distribution of prior year final ordinary dividend to shareholders
 - Corporation tax
 - Cash variable remuneration paid to employees
- Net increase in seed capital investments
- EBT share purchases to avoid dilution from employee awards

Cash flow (£m) ⁽¹⁾



(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

Consistent generation and uses of cash

Financial results Balance sheet

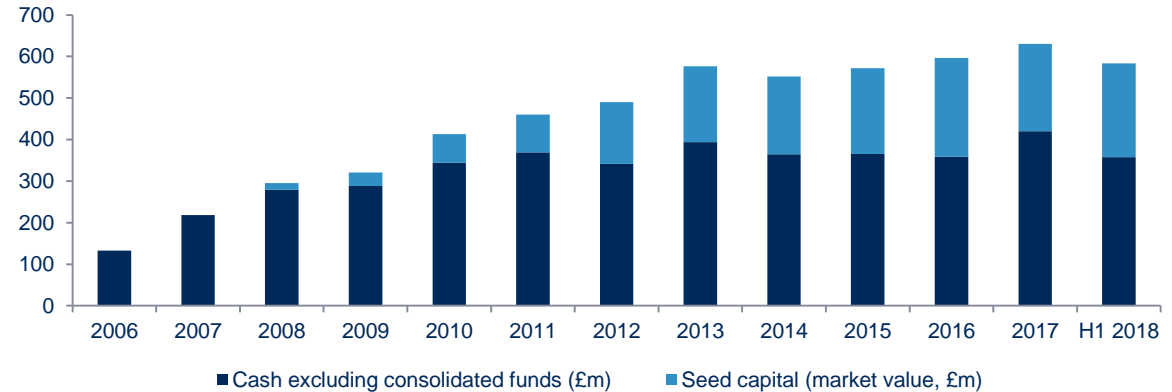
- Excess regulatory capital of £485.1 million
 - Capital resources of £596.2 million ⁽²⁾
 - Pillar 2 regulatory capital requirement of £111.1 million
 - Excess capital equivalent to 69p/share
- Balance sheet is highly liquid (75%)
 - £357.5 million cash & cash equivalents ⁽¹⁾
 - £226.3 million seed capital, majority of which is in funds with at least monthly dealing frequency

- FX exposure is predominantly USD

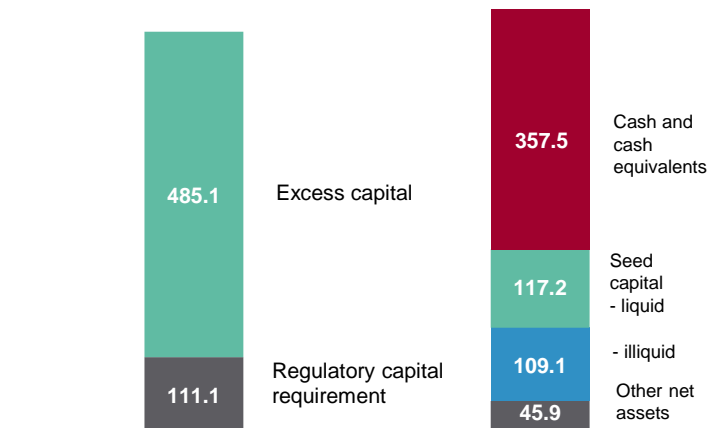
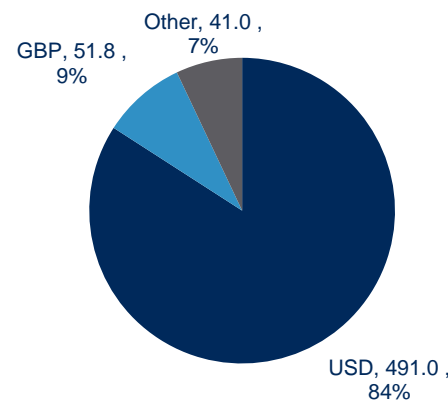
(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

(2) Total equity less deductions for intangibles, goodwill, DAC, associates and declared interim ordinary dividend

Conservative balance sheet maintained across market cycles



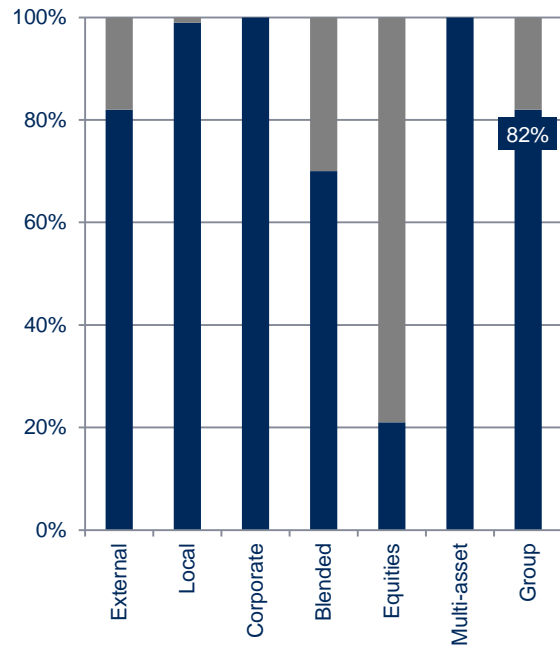
FX exposure: cash⁽¹⁾ & seed capital (£m) Financial resources of £596.8 million ⁽²⁾



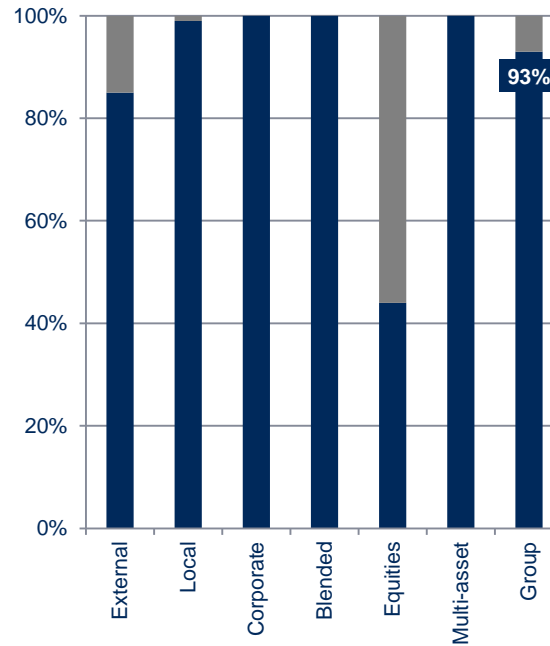
Well-capitalised, liquid balance sheet with no debt

Investment performance

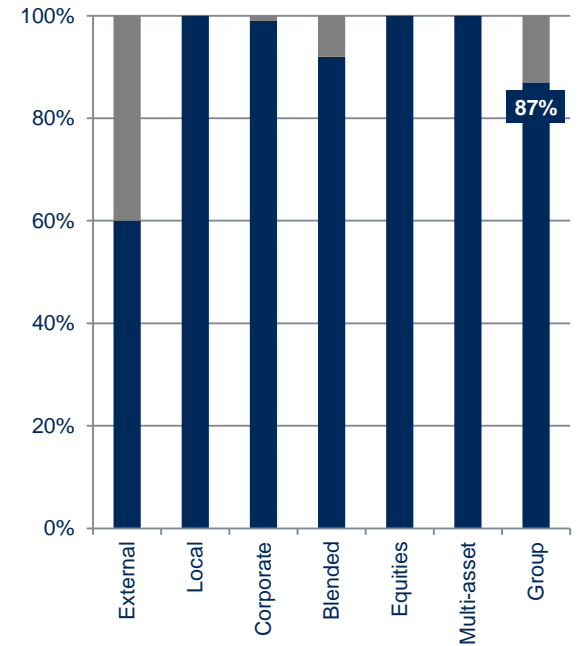
AuM outperforming versus benchmark, gross one year annualised



AuM outperforming versus benchmark, gross three years annualised



AuM outperforming versus benchmark, gross five years annualised



■ Outperforming ■ Underperforming

Continued strong performance over one, three and five years

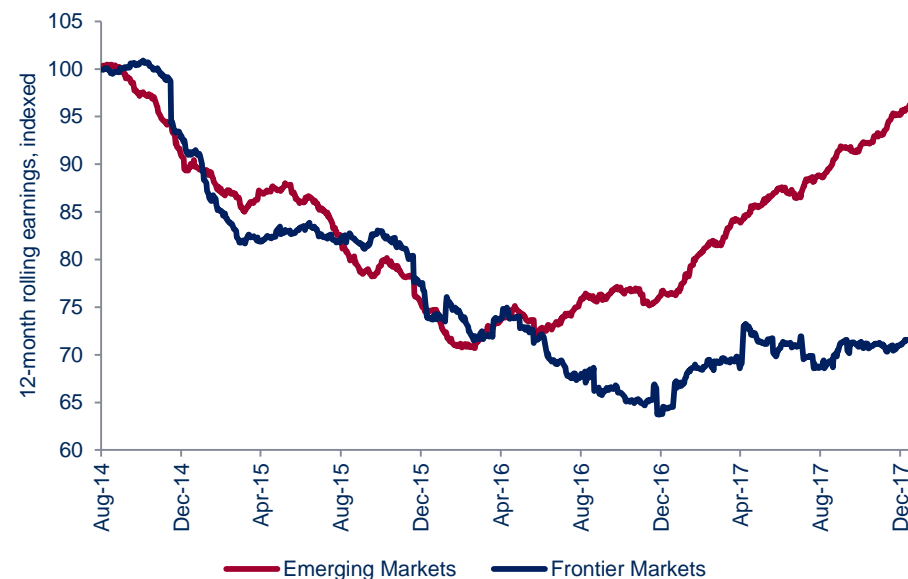
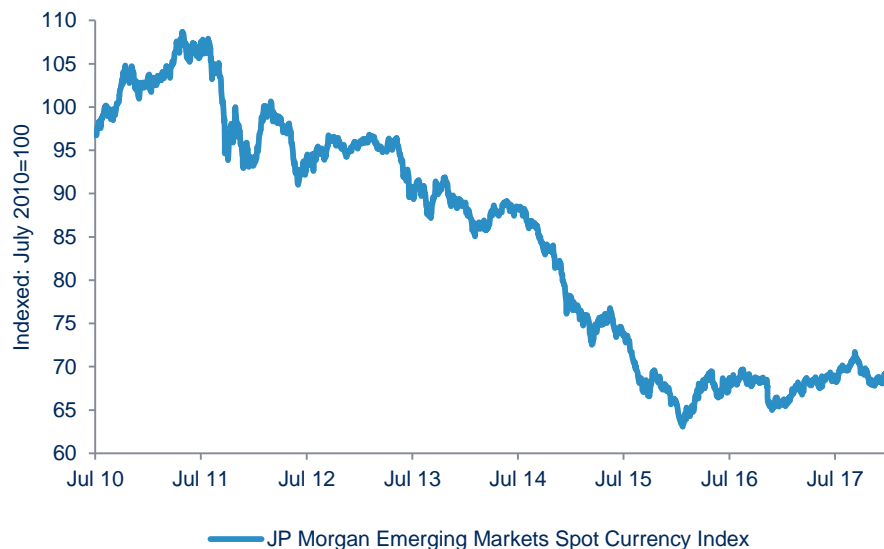
Expect Emerging Markets to continue outperforming in 2018

Fixed income

- Attractive nominal and real yields, especially versus DM assets
- Currencies offer exceptional value
- Flows will stimulate domestic demand, accounts for >70% GDP
- Inflation stable around 4%, may pick up and EM central banks could lead rate cycle
- Elections typically provide alpha opportunities e.g. Brazil, Mexico

Equities

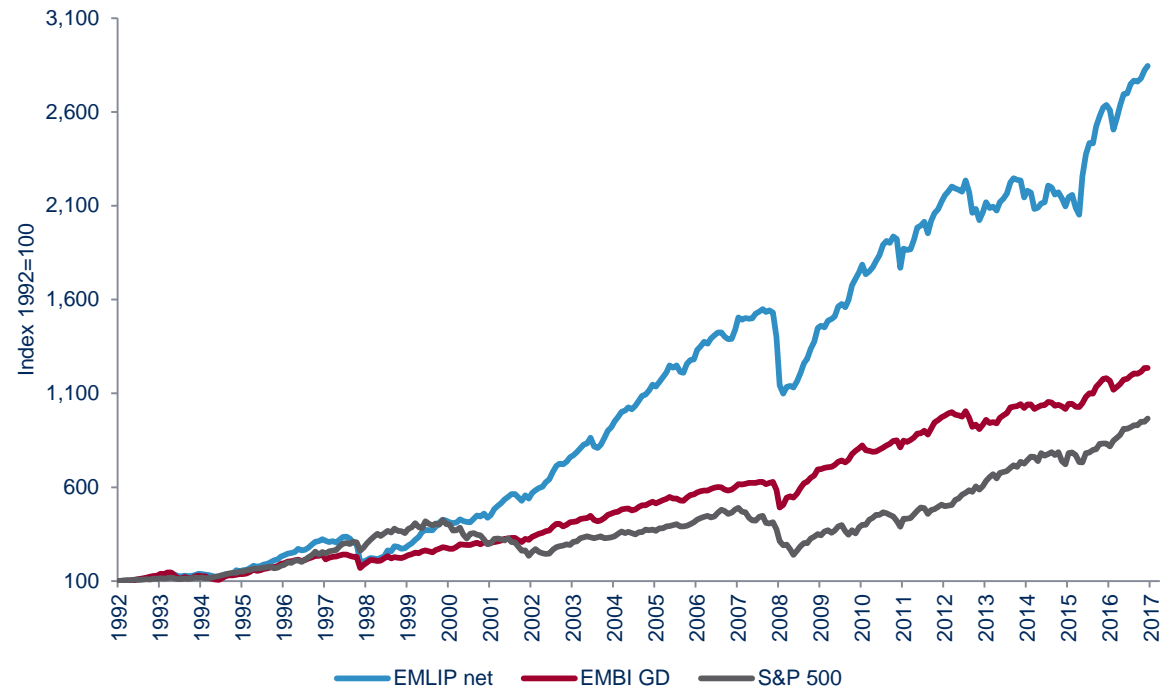
- Performance has good correlation with GDP growth
- 2017 returns (MSCI EM +38%) justified by profit growth, PER is largely unchanged at ~12.5x
- EM valuation in line with long-run average, substantial (-30%) discount to DM
- Positive large-cap outlook with +14% expected earnings growth
- Frontier Markets attractive as earnings recovery only just starting



25 years of successful investing in Emerging Markets

- EMLIP launched in October 1992
 - Annualised net return +14.4%
 - Substantial outperformance versus benchmark (EMBI +10.6% annualised) and S&P (+9.8% annualised)
- EMLIP's long-term track record delivered by:
 - Deep knowledge of diverse, inefficient Emerging Markets asset classes
 - Specialist, active investment processes
 - Value-based philosophy and rigorous credit/company analysis

Superior long-term performance



Summary

- Accelerating growth and outperformance across Emerging Markets
- Active management delivering continued strong investment performance
- Increasing flow momentum, existing clients adding to allocations
- Business model delivering positive operating leverage in favourable environment
- Expect Emerging Markets to continue performing well in 2018

Appendices

Appendix 1

Adjusted profits reconciliation

	Adjusted H1 2017/18 £m	Adjusted H1 2016/17 £m	YoY %
Net revenue	134.4	144.1	(7)
FX translation	2.3	(8.4)	nm
Operating revenues	136.7	135.7	1
Operating costs ex consolidated funds	(45.0)	(47.7)	(6)
VC on FX translation	(0.5)	1.7	nm
Adjusted operating costs	(45.5)	(46.0)	1
Adjusted EBITDA	91.2	89.7	2
<i>EBITDA margin</i>	67%	66%	
Depreciation and amortisation	(2.6)	(2.7)	4
Total operating costs ex consolidated funds	(48.1)	(48.7)	1
Net finance income	2.0	1.2	67
Associates and joint ventures	(0.3)	0.8	nm
Seed capital-related items	10.5	25.8	(59)
Foreign exchange translation net of VC	(1.8)	6.7	nm
Profit before tax	99.0	121.5	(19)

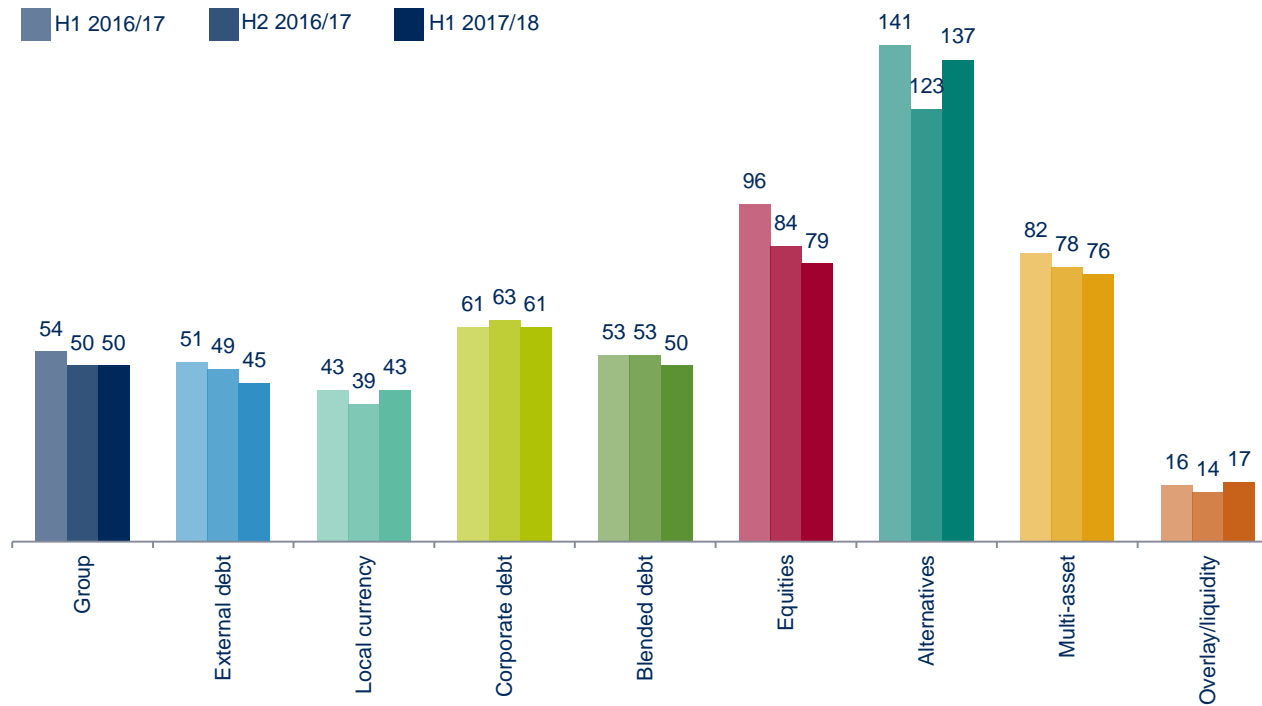
Appendix 2a

Net management and performance fees by theme

	H1 2017/18 £m	H1 2016/17 £m	H1 2017/18 US\$m	H1 2016/17 US\$m
External debt	24.4	23.6	32.3	30.0
Local currency	21.4	22.7	28.6	28.9
Corporate debt	16.3	12.7	21.6	16.2
Blended debt	34.1	30.8	45.7	39.2
Equities	10.8	11.4	14.3	14.5
Alternatives	6.6	7.9	8.7	10.0
Multi-asset	3.3	3.8	4.4	4.8
Overlay / liquidity	3.6	2.0	4.9	2.5
Total net management fee income	120.5	114.9	160.5	146.1

	H1 2017/18 £m	H1 2016/17 £m	H1 2017/18 US\$m	H1 2016/17 US\$m
External debt	1.7	8.3	2.0	10.9
Local currency	7.3	10.8	9.7	13.3
Corporate debt	0.8	-	0.9	-
Blended debt	4.9	2.5	6.7	3.1
Equities	0.1	-	0.1	-
Alternatives	-	-	-	-
Multi-asset	-	-	-	-
Overlay / liquidity	-	-	-	-
Total performance fee income	14.8	21.6	19.4	27.3

Appendix 2b Management fee margins

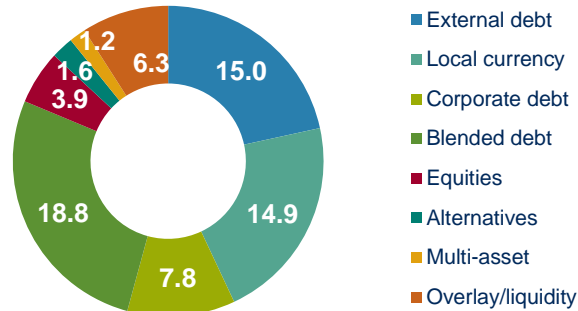


Fixed income: 49bps

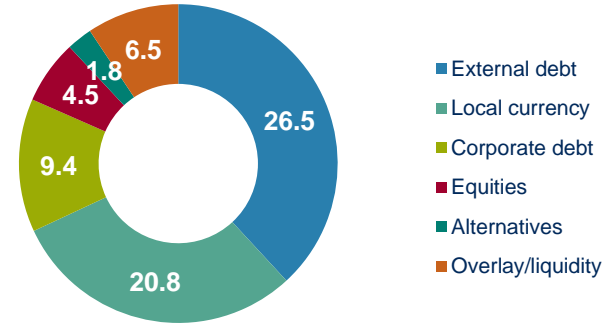
(H1 2016/17: 50bps)
(H2 2016/17: 49bps)

Appendix 3a Assets under management

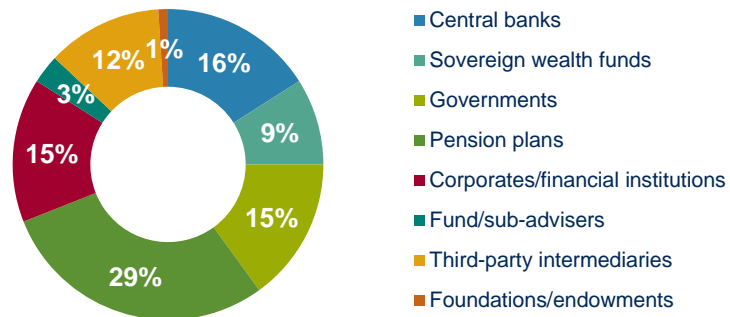
AuM by theme (US\$bn)



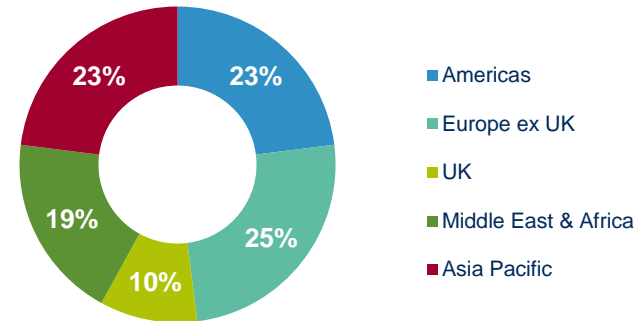
AuM as invested (US\$bn)



AuM by client type



AuM by client location



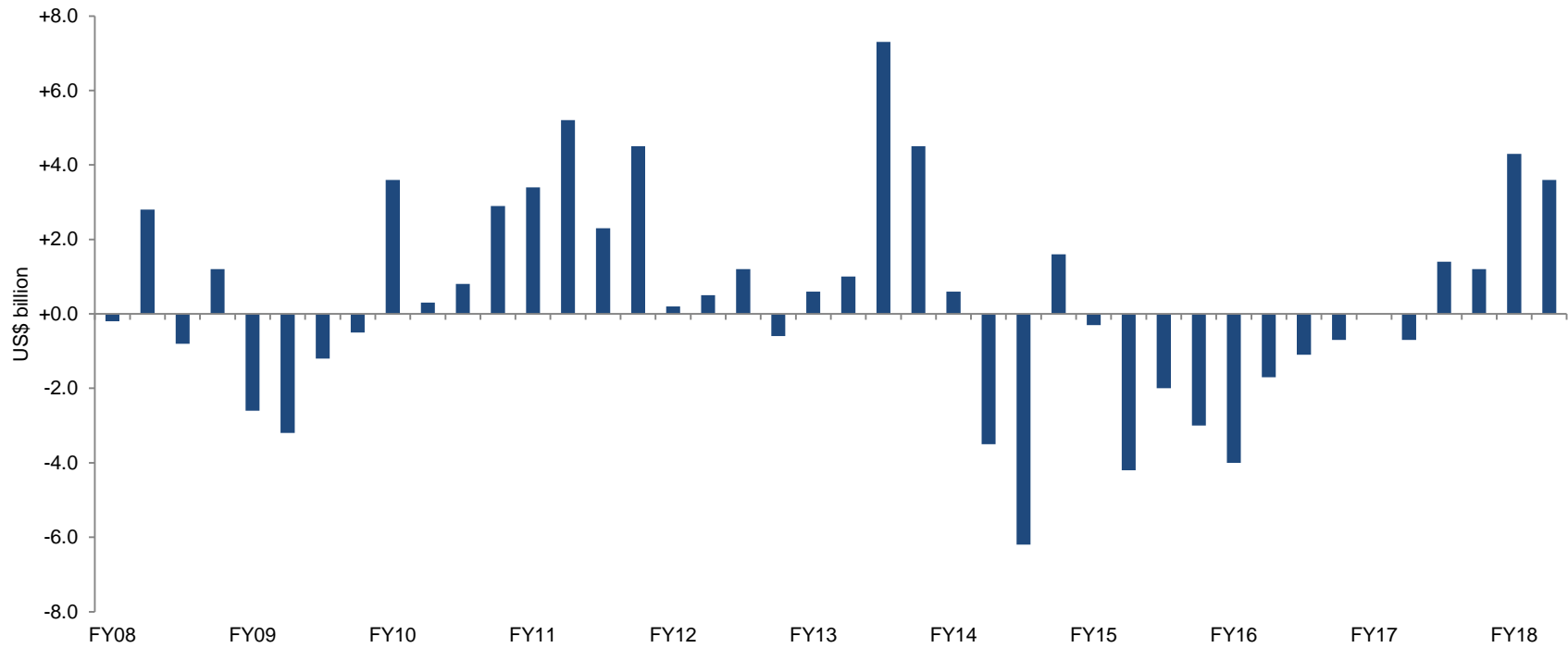
Appendix 3b

Investment themes

	External Debt (US\$15.0bn)	Local Currency (US\$14.9bn)	Corporate Debt (US\$7.8bn)	Equities (US\$3.9bn)	Alternatives (US\$1.6bn)	Overlay/ Liquidity (US\$6.3bn)
Global Emerging Markets Sub-themes	<ul style="list-style-type: none"> Broad Sovereign Sovereign, investment grade Short duration 	<ul style="list-style-type: none"> Bonds Bonds (Broad) FX+ Investment grade 	<ul style="list-style-type: none"> Broad High yield Investment grade Local currency Private Debt Short duration 	<ul style="list-style-type: none"> Global EM Value Active Equity Global Small Cap Global Frontier Global Equity Opportunities 	<ul style="list-style-type: none"> Private Equity <ul style="list-style-type: none"> Healthcare Infrastructure Special Situations Distressed Debt Real Estate 	<ul style="list-style-type: none"> Overlay Hedging Cash Management
	Blended Debt (US\$18.8bn)					
	<ul style="list-style-type: none"> Blended 	<ul style="list-style-type: none"> Investment grade 	<ul style="list-style-type: none"> Absolute return 			
Regional / Country focused Sub-themes	<ul style="list-style-type: none"> Indonesia 	<ul style="list-style-type: none"> Indonesia 	<ul style="list-style-type: none"> Latin America Asia 	<ul style="list-style-type: none"> Africa India Indonesia Latin America Middle East Saudi Arabia 	<ul style="list-style-type: none"> Andean Middle East (GCC) 	
Multi-asset (US\$1.2bn)						
<ul style="list-style-type: none"> Global 						

Appendix 3c

Quarterly net flows



Appendix 4

AuM movements by theme and fund classification

US\$bn	AuM 30 June 2017	Performance	Gross subscriptions	Gross redemptions	Net flows	Reclassification & other	AuM 31 December 2017
External debt	13.3	0.6	2.4	(1.1)	1.3	(0.2)	15.0
Local currency	13.7	0.8	4.1	(1.7)	2.4	(2.0)	14.9
Corporate debt	6.3	0.4	2.6	(1.5)	1.1	-	7.8
Blended debt	14.6	0.8	2.6	(1.4)	1.2	2.2	18.8
Equities	3.4	0.3	1.1	(0.9)	0.2	-	3.9
Alternatives	1.5	-	0.1	-	0.1	-	1.6
Multi-asset	1.1	0.2	-	(0.1)	(0.1)	-	1.2
Overlay / liquidity	4.8	0.1	2.1	(0.4)	1.7	(0.3)	6.3
Total	58.7	3.2	15.0	(7.1)	7.9	(0.3)	69.5

US\$bn	31 December 2017	30 June 2017
Ashmore sponsored funds	20.8	17.3
Segregated accounts	44.5	39.3
White label / other	4.2	2.1
Total	69.5	58.7

Appendix 5 Foreign exchange

- Sterling strengthened against the US dollar over the six month period
 - Period-end rate moved from 1.2946 to 1.3513
 - Average rate 1.3259 vs 1.2809 in H1 2016/17
- P&L FX effects in H1 2017/18:
 - Translation of net management fees -£4.4 million
 - Translation of non-Sterling balance sheet items -£2.3 million
 - Net FX hedges +£0.3 million
 - Seed capital -£3.0 million

FX sensitivity:

- ~£6.0 million PBT for 5c movement in GBP:USD rate
 - £5.0 million for cash deposits (in 'foreign exchange')
 - £1.0 million for seed capital (in 'finance income')

Currency exposure of cash⁽¹⁾

	31 December 2017 £m	%	30 June 2017 £m	%
US dollar	285.3	80	241.6	57
Sterling	51.7	14	149.7	36
Other	20.5	6	28.8	7
Total	357.5		420.1	

(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

Currency exposure of seed capital

	31 December 2017 £m	%	30 June 2017 £m	%
US dollar	205.7	91	188.3	90
Colombian peso	12.4	5	9.6	4
Other	8.2	4	12.3	6
Total	226.3		210.2	

Appendix 6

Cash flows and consolidated funds H1 2017/18

£m	As reported	Consolidated funds	Group ex funds
Cash from operations	72.7	(0.8)	73.5
Taxation	(20.3)	-	(20.3)
Interest received	5.0	2.7	2.3
Seeding activities	(11.9)	(2.6)	(9.3)
Dividends paid	(86.5)	-	(86.5)
Treasury/own shares	(10.3)	-	(10.3)
FX and other	(12.5)	(0.5)	(12.0)
Increase/(decrease) in cash	(63.8)	(1.2)	(62.6)
Opening cash & cash equivalents	432.5	12.4	420.1
Closing cash & cash equivalents	368.7	11.2	357.5

Appendix 7 Investment performance

31 December 2017	1yr		3yr		5yr	
	Ashmore	<i>Benchmark</i>	Ashmore	<i>Benchmark</i>	Ashmore	<i>Benchmark</i>
External debt						
Broad	11.3%	10.3%	10.9%	7.1%	5.6%	4.6%
Sovereign	10.1%	10.3%	9.3%	7.1%	5.1%	4.6%
Sovereign IG	10.9%	9.2%	5.8%	4.9%	3.2%	3.2%
Local currency						
Bonds	17.4%	15.2%	4.2%	2.5%	-0.8%	-1.6%
Corporate debt						
Broad	14.6%	8.0%	10.0%	6.2%	5.6%	4.6%
HY	17.4%	10.5%	10.5%	9.1%	5.3%	5.8%
IG	8.1%	6.3%	5.7%	4.5%	4.0%	3.8%
Blended debt						
Blended	12.6%	11.8%	9.1%	4.8%	4.0%	1.8%
Equities						
Global EM equities	48.3%	37.3%	12.3%	9.1%	6.2%	4.4%
Global EM small cap	28.2%	33.8%	10.6%	8.4%	6.6%	5.4%
Frontier markets	31.0%	31.9%	10.1%	5.0%	14.1%	9.3%

See Appendix 8 for related disclosures

Appendix 8 Disclosures

Page 14:

- Gross performance is shown, weighted by fund AuM, to provide a representative view to analysts and shareholders of Ashmore's investment performance over relevant time periods
- Only funds at 31 December 2017 and with a performance benchmark are included, which specifically excludes funds in the alternatives and overlay/liquidity investment themes
- 90% of Group AuM at 31 December 2017 is in such funds with a one year track record; 82% with three years; and 57% with five years
- Reporting of investment performance to existing and prospective fund investors is specific to the fund and the investor's circumstances and objectives and may, for example, include net as well as gross performance

Appendix 7:

Source: Ashmore (un-audited), JP Morgan, Morgan Stanley

- Returns gross of fees, dividends reinvested.
- Annualised performance shown for periods greater than one year.
- Within each investment theme category, all relevant Ashmore Group managed funds globally that have a benchmark reference point have been included.

Benchmarks

External debt Broad	JPM EMBI GD
External debt Sovereign	JPM EMBI GD
External debt Sovereign IG	JPM EMBI GD IG
Local currency Bonds	JPM GBI-EM GD
Blended debt	50% EMBI GD, 25% GBI-EM GD. 25% ELMI+
Corporate debt Broad	JPM CEMBI BD
Corporate debt HY	JPM CEMBI BD NIG
Corporate debt IG	JPM CEMBI BD IG
Global equities	MSCI EM net
Global small cap	MSCI EM Small Cap net
Frontier	MSCI Frontier net

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.

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