



Ashmore Group plc

Results for six months ending 31 December 2019

6 February 2020

- **Strong operating and financial performance**
 - AuM +28% YoY and +7% over six months, driven by net inflows of US\$5.7 billion
 - Adjusted net revenue +20%, adjusted EBITDA +24%, adjusted EBITDA margin 69%
 - Diluted EPS +56%, benefiting from strong seed capital returns and lower tax rate
 - Interim dividend +5% to 4.80p
- **Progress against Ashmore's growth strategy**
 - Solid long-term investment performance, active management took advantage of volatile market conditions
 - Higher allocations: new and existing clients increasing allocations to Emerging Markets
 - Diversification: delivering outperformance in global equities products and generating client flows
 - Mobilise Emerging Markets capital: Ashmore Indonesia listed with premium valuation (~30x PER)
- **Positive outlook for Emerging Markets**
 - Decent ongoing levels of client activity
 - Investors are underweight and continue to allocate more to Emerging Markets
 - Good environment for Emerging Markets to outperform

Financial performance overview

- **AuM +28% YoY, average AuM +24% YoY**
 - Net flows +US\$5.7 billion and positive investment performance +US\$0.9 billion
- **Adjusted net revenue +20%**
 - Net management fees +18%, reflecting diversified growth in average AuM
- **Ongoing cost discipline**
 - Adjusted operating costs +9% reflecting H1 accrual for variable compensation
 - Non-VC operating costs -6%
- **Adjusted EBITDA +24%**
 - Operating profit margin of 69% reflects strong revenue growth and disciplined cost control
- **Strong cash generation**
 - Operating cash flow of £115.4 million (94% of adjusted EBITDA)
- **Profit before tax +42%**

	H1 2019/20 £m	H1 2018/19 £m	YoY %
AuM (US\$bn)	98.4	76.7	28
Adjusted net revenue	177.3	148.2	20
Adjusted operating costs	(56.5)	(52.0)	9
Adjusted EBITDA	122.5	98.8	24
- margin	69%	67%	
Seed capital	8.4	(9.7)	nm
Profit before tax	132.4	93.0	42
Diluted EPS (p)	15.8	10.1	56
DPS (p)	4.80	4.55	5

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

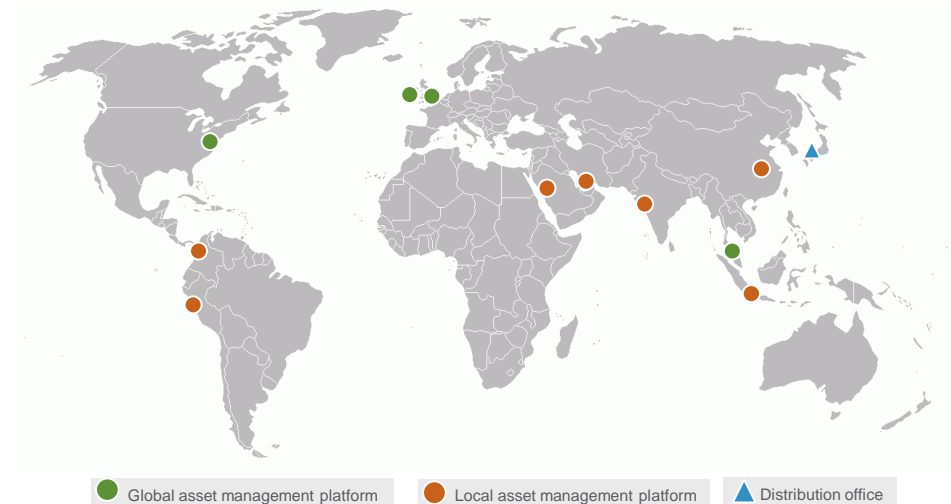
Local Emerging Markets businesses offer significant growth and value opportunity

- Strategy seeks to mobilise Emerging Markets capital
 - Investable capital pools growing 3x faster than Developed Markets
 - Opportunity for independent managers through domestic regulatory reform and broadening risk appetite
 - Capitalise on increasing investor sophistication
- Local businesses are developing well
 - Collectively manage ~US\$6bn AuM
 - Common efficient operating platform
 - Higher revenue margins, expanding profit margins
 - Generate 6% of Group PBT (~£8m)
 - Each of Indonesia, Colombia, Saudi Arabia & India manages >US\$1bn
- Ashmore Indonesia IPO and listing
 - Premium valuation
 - No sell-down, Ashmore and management remain committed shareholders
 - Continued strong long-term equity alignment with local team

Local platforms: contribution to Group

	Group	Local	vs Group
AuM (US\$bn)	98.4	5.8	6%
Average net management fee margin (bps)	46	77	+67%
Average EBITDA margin	69%	47%	-32%
Employees*	294	95	32%
Pre tax profit (£m)	132.4	~£8m	6%

* Excludes 16 Ashmore Avenida project management employees

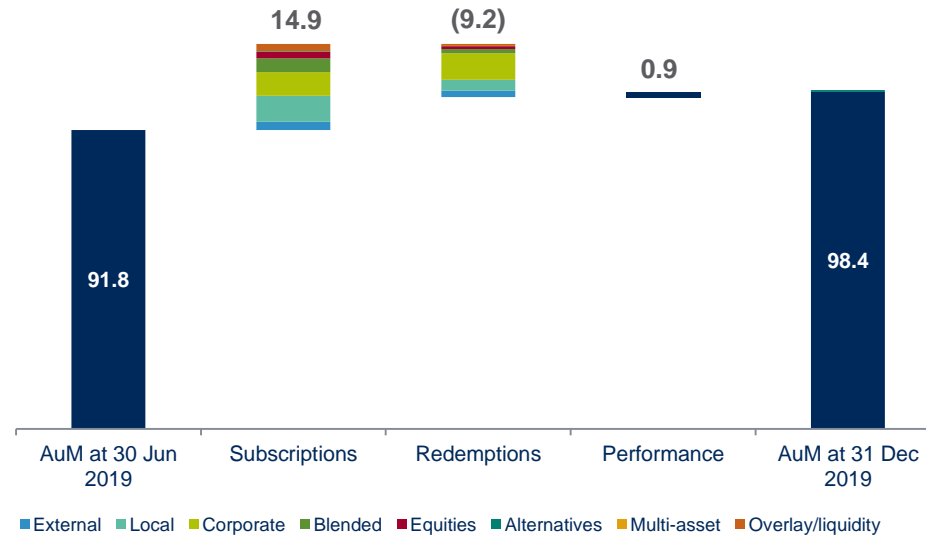


Strategy focused on higher growth opportunities in Emerging Markets

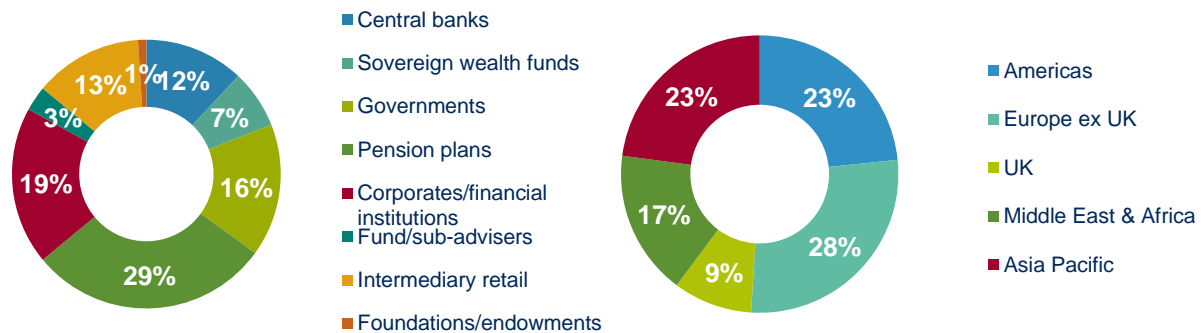
Assets under management

- Gross subscriptions of US\$14.9 billion, 16% of opening AuM (H1 2018/19: US\$8.5 billion, 12%)
 - Institutional clients continue to increase allocations across all fixed income and equity themes
 - New clients active in blended debt, corporate debt and external debt
- Gross redemptions of US\$9.2 billion, 10% of opening AuM (H1 2018/19: US\$6.1 billion, 8%)
 - Impacted by redemptions in short duration funds
- Net inflows of +US\$5.7 billion
- Investment performance +US\$0.9 billion

AuM development (US\$bn)



Balanced and diversified client base

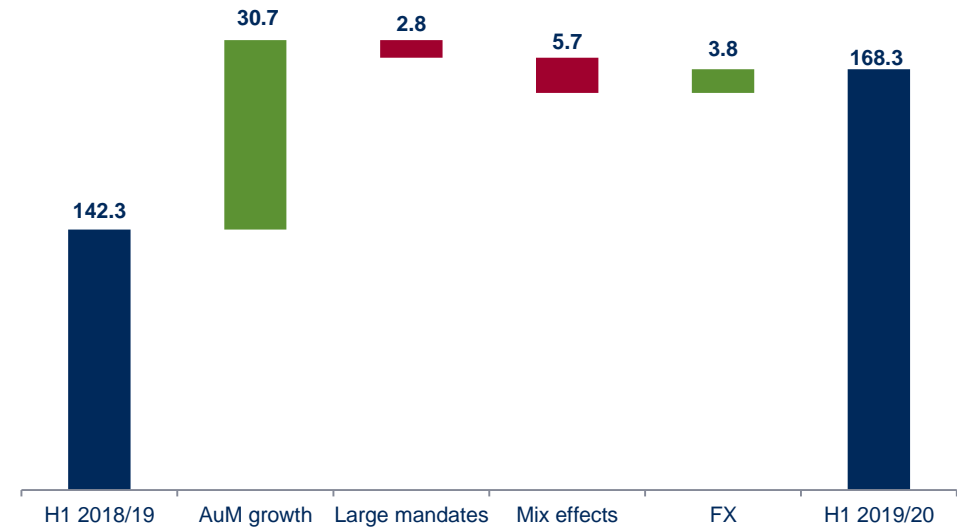


Strong AuM growth driven by net flows from diversified client base

Financial results Revenues

- Net management fees +18%
 - Strong growth in average AuM
 - Lower average GBPUSD rate
- Net management fee margin 46bps
 - -1bp HoH, split equally between size and other effects
 - -3bps YoY, due to mix (-2bps) and size effects (-1bp)
- Performance fees realised despite short-term underperformance

Strong growth (+18%) in net management fee income



	H1 2019/20 £m	H1 2018/19 £m	YoY %
Net management fees	168.3	142.3	18
Performance fees	3.4	1.2	183
Other revenue	2.5	2.0	25
FX: hedges	3.1	2.7	15
Adjusted net revenue	177.3	148.2	20

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

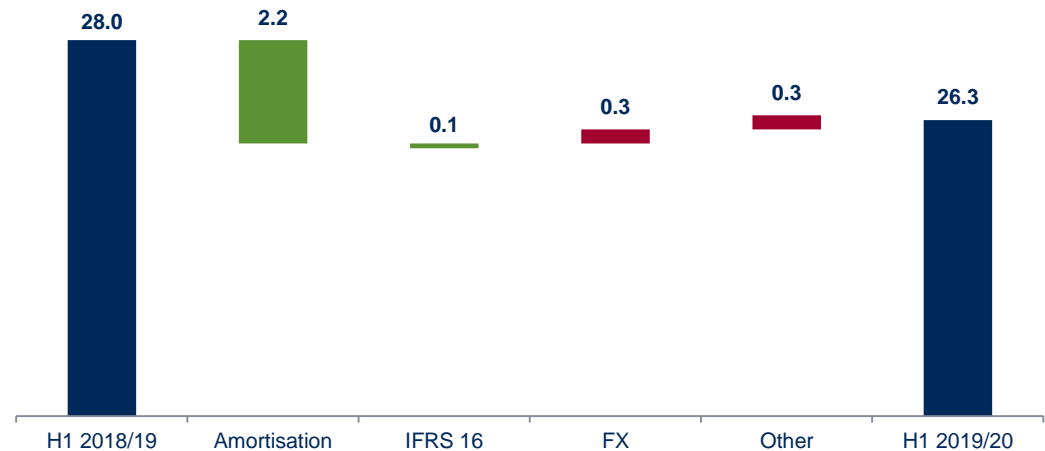
Revenue growth driven by net management fees

Financial results

Operating costs

- Non-VC operating costs fell by 6%
 - Modest (+2%) increase in like-for-like other operating costs, of which half due to FX
 - Lower amortisation
- Average headcount increased 5% YoY
 - Fixed staff costs +3% YoY
- Impact of IFRS 16 in H1 2019/20:
 - Operating costs: reduced other operating costs by £1.4 million and increased depreciation charge by £1.3 million
 - Net finance income: lease finance expense of £0.3 million

Operating cost development (£m)



	H1 2019/20 £m	H1 2018/19 £m	YoY %
Fixed staff costs	(13.6)	(13.2)	(3)
Other operating costs	(11.0)	(12.2)	10
Depreciation & amortisation	(1.7)	(2.6)	35
Operating costs before VC	(26.3)	(28.0)	6
Variable compensation (20%)	(30.1)	(24.8)	(21)
- adjustment for FX translation	(0.1)	0.8	nm
Adjusted operating costs	(56.5)	(52.0)	(9)

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

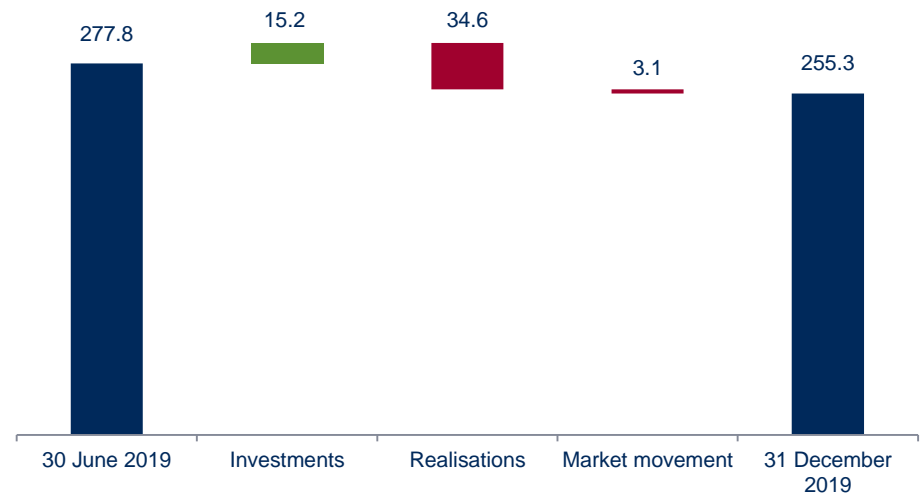
Continued disciplined control of operating costs

Financial results

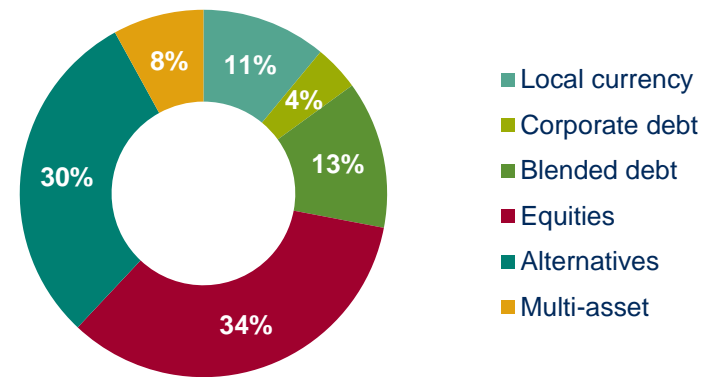
Seed capital

- Total seed capital programme of £274 million
 - Market value £255.3 million (30 June 2019: £277.8 million)
 - Undrawn commitments of £18.8 million
- Active management delivered realised gain of £1.5 million and total profit before tax contribution of £8.4 million
- Activity focused on corporate debt, equity, alternatives
 - New investments of £15.2 million, in the corporate debt, equities and alternatives themes
 - Successful realisations of £34.6 million, primarily from equities and local currency funds following client flows
- Seed capital has supported funds representing ~14% of Group AuM (>US\$13 billion)

Seed capital movement (£m)



Diversified across themes (% of market value)



Active seed capital programme to support diversified AuM growth

Financial results

Statutory earnings

	H1 2019/20 £m	H1 2018/19 £m	YoY %
Profit before tax	132.4	93.0	42
Tax	(18.2)	(19.0)	4
Profit after tax	114.2	74.0	54
Profit attributable to non-controlling interests	(1.3)	(1.6)	19
Profit attributable to equity holders of the parent	112.9	72.4	56
Earnings per share: basic (p)	16.9	10.8	57
Earnings per share: diluted (p)	15.8	10.1	56
Dividends per share (p)	4.80	4.55	5

- Effective tax rate 13.7% vs 18.5% statutory UK rate
- Effect of non-operating items on diluted EPS: FX translation nil (H1 2018/19: +0.3p), seed capital +1.1p (H1 2018/19: -1.1p)
 - Giving adjusted diluted EPS of 14.7p (H1 2018/19: 10.9p)

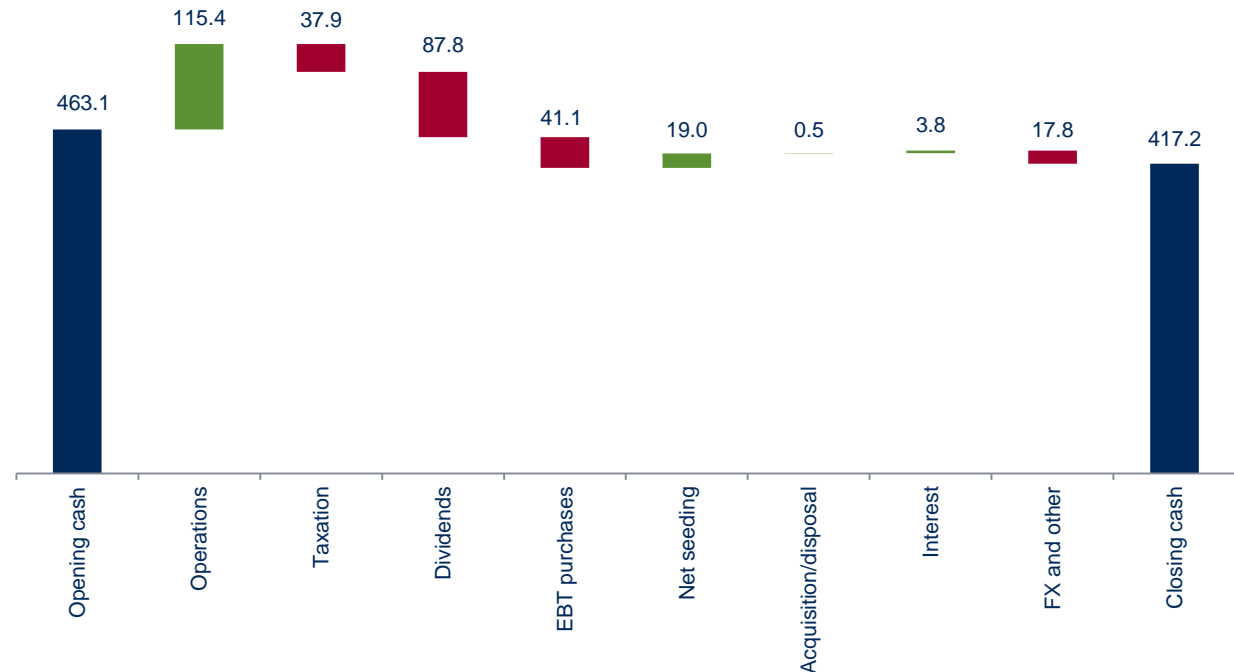
Strong earnings growth and increased dividend

Financial results

Cash flow

- Operations generated cash flow of £115.4 million ⁽¹⁾
 - 94% of adjusted EBITDA (H1 2018/19: 86%)
- H1 cash flows include payment of final dividend and cash component of variable remuneration
- Shares purchased to satisfy employee equity awards (£41.1 million)
- Net realisation of seed capital investments (£19.0 million)

Cash flow (£m) ⁽¹⁾



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

Strong cash generation

Financial results

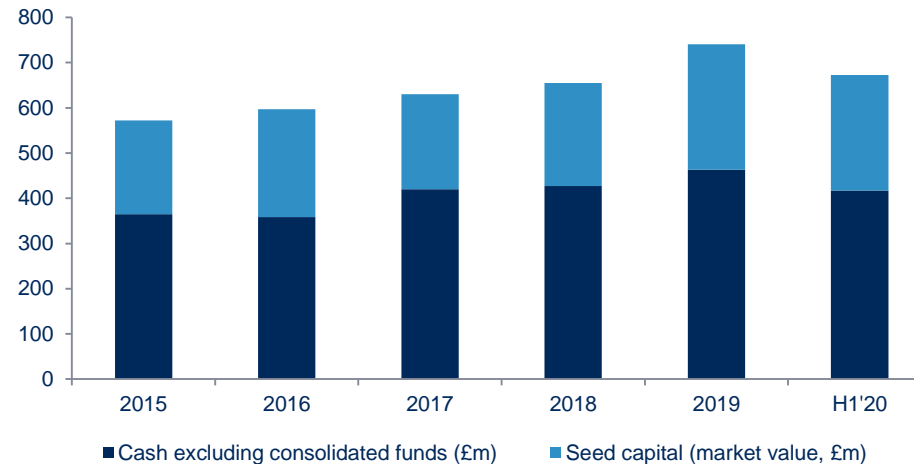
Balance sheet

- Excess regulatory capital of £579.7 million
 - Capital resources of £700.7 million ⁽²⁾
 - Pillar 2 regulatory capital requirement of £121.0 million
 - Excess capital equivalent to 81p/share
- Balance sheet is highly liquid (82%)
 - £417.3 million cash & cash equivalents ⁽¹⁾
 - £255.3 million seed capital with two-thirds in funds with at least monthly dealing frequency
- FX exposure is predominantly USD
 - GBP:USD rate moved from 1.2727 to 1.3248 over the six month period
 - £4.0 million PBT sensitivity to 5c move in GBP:USD

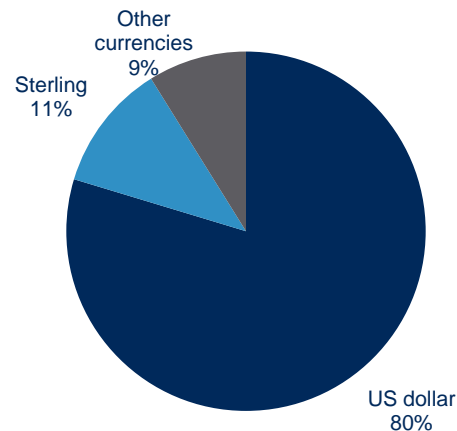
(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

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

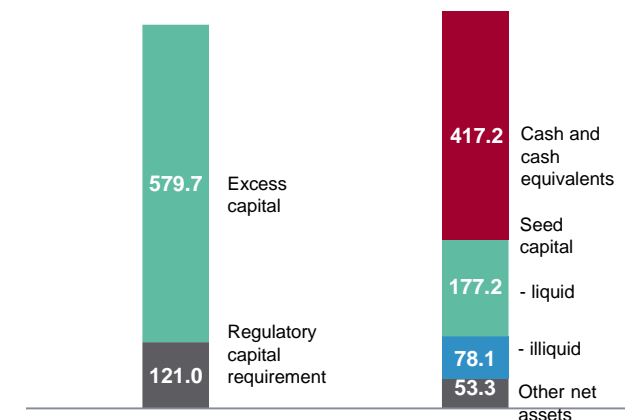
Consistent balance sheet structure



FX exposure: cash⁽¹⁾ & seed capital



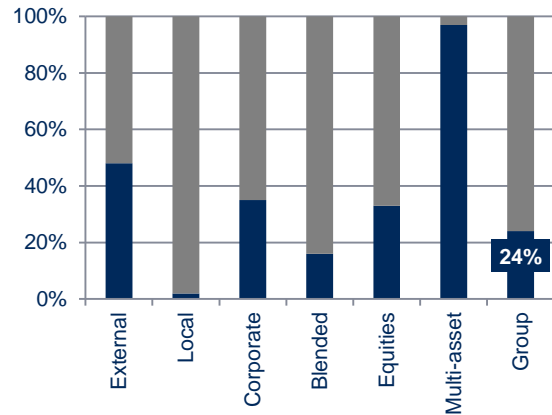
Capital resources of £700.7 million ⁽²⁾



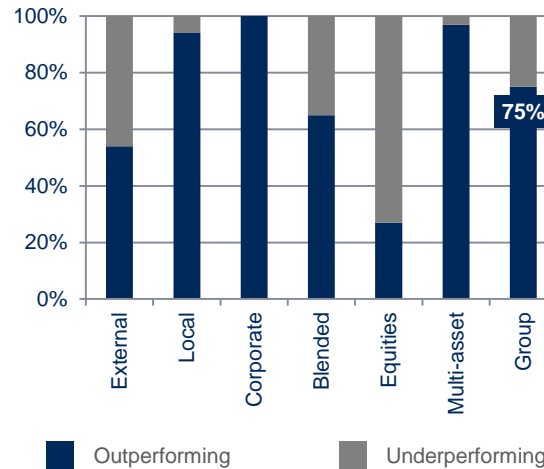
Maintained conservative balance sheet

Investment performance

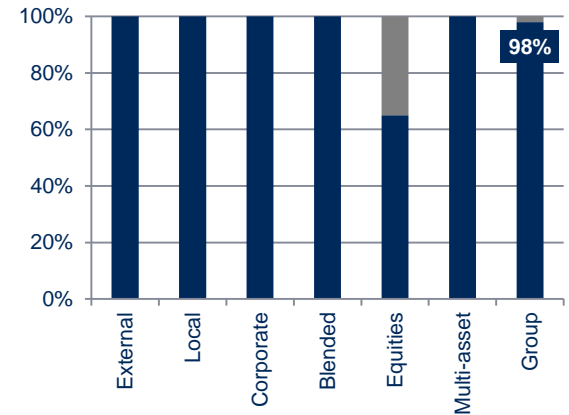
One year



Three years



Five years



■ Outperforming ■ Underperforming

Delivering strong absolute and relative global EM equities performance

	One year	Three years	Five years
EM all cap equity	+31.9%	+17.9%	+9.4%
<i>Alpha</i>	+13.5%	+6.3%	+3.8%
EM active equity	+27.3%	+15.2%	-
<i>Alpha</i>	+8.9%	+3.6%	-

Emerging Markets outlook

Continued incentives to allocate to Emerging Markets

- Rising growth premium: positive for currencies and equities
- Attractive real rates, benign inflation and monetary policies: local currency bonds
- Dovish DM central banks: supports risk assets, highlights external debt spread of ~300bps
- Continuing reforms, e.g. China local currency bond index inclusion in 2020
- Improvement in recent headwinds, e.g. US/China trade
- Underweight investors can access higher risk-adjusted returns in Emerging Markets

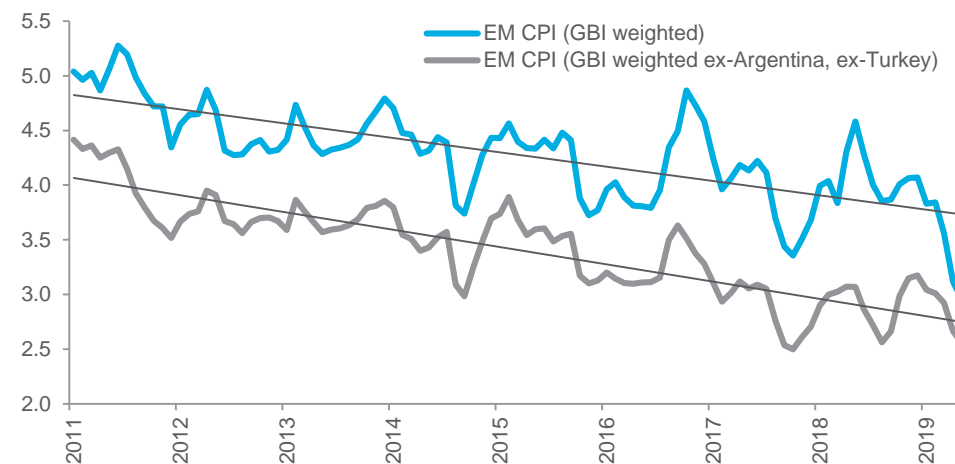
Main risk to capital flows?

- Diverse asset classes so single-country issues typically do not impact allocations (but can affect prices in short term)
- Global macro event that affects risk appetite
 - US election year
 - Geopolitical risks, e.g. Middle East

Emerging Markets growth premium



Emerging Markets inflation



Positive outlook for Emerging Markets

Summary

- **Strong operating and financial performance**
 - Broad-based net inflows of US\$5.7 billion
 - Adjusted EBITDA +24%
- **Progress against Ashmore's growth strategy**
 - Higher allocations, increased diversification, Ashmore Indonesia listed
- **Positive outlook for Emerging Markets**
 - Decent ongoing levels of client activity, good environment for Emerging Markets

Appendices

Appendix 1a

Adjusted profits reconciliation

	Adjusted H1 2019/20 £m	Adjusted H1 2018/19 £m	YoY %
Net revenue	176.8	152.1	16
FX translation	0.5	(3.9)	nm
Adjusted net revenue	177.3	148.2	20
Operating costs ex consolidated funds	(54.7)	(50.2)	(9)
VC on FX translation	(0.1)	0.8	nm
Adjusted operating costs	(54.8)	(49.4)	(11)
Adjusted EBITDA	122.5	98.8	24
<i>EBITDA margin</i>	69%	67%	
Depreciation and amortisation	(1.7)	(2.6)	35
Total adjusted operating costs	(56.5)	(52.0)	(9)
Net finance income	3.7	3.8	(3)
Associates and joint ventures	(0.1)	(0.4)	75
Seed capital-related items	8.4	(9.7)	nm
Foreign exchange translation net of VC	(0.4)	3.1	nm
Profit before tax	132.4	93.0	42

Appendix 1b Seed capital

- Consolidated funds:
 - Line-by-line consolidation in financial statements
 - FX taken to reserves
 - PBT contribution of £4.6 million
- Unconsolidated funds:
 - Market returns including FX recognised in Finance income
 - PBT contribution of £3.8 million

	H1 2019/20 £m	H1 2018/19 £m
Gains/(losses) on investment securities	4.2	(18.6)
Change in third-party interests in consolidated funds	(0.5)	7.8
Operating costs	(1.1)	(1.4)
Interest and dividend income	2.0	5.8
Sub-total: consolidated funds	4.6	(6.4)
Finance income		
- market return	0.6	(2.9)
- foreign exchange	3.2	(0.4)
Sub-total: unconsolidated funds	3.8	(3.3)
Total profit/(loss)	8.4	(9.7)
- realised	1.5	1.0
- unrealised	6.9	(10.7)
<i>Seed capital included in Finance income</i>	5.8	2.5
<i>Interest income</i>	3.7	3.8
Reported Finance income	9.5	6.3

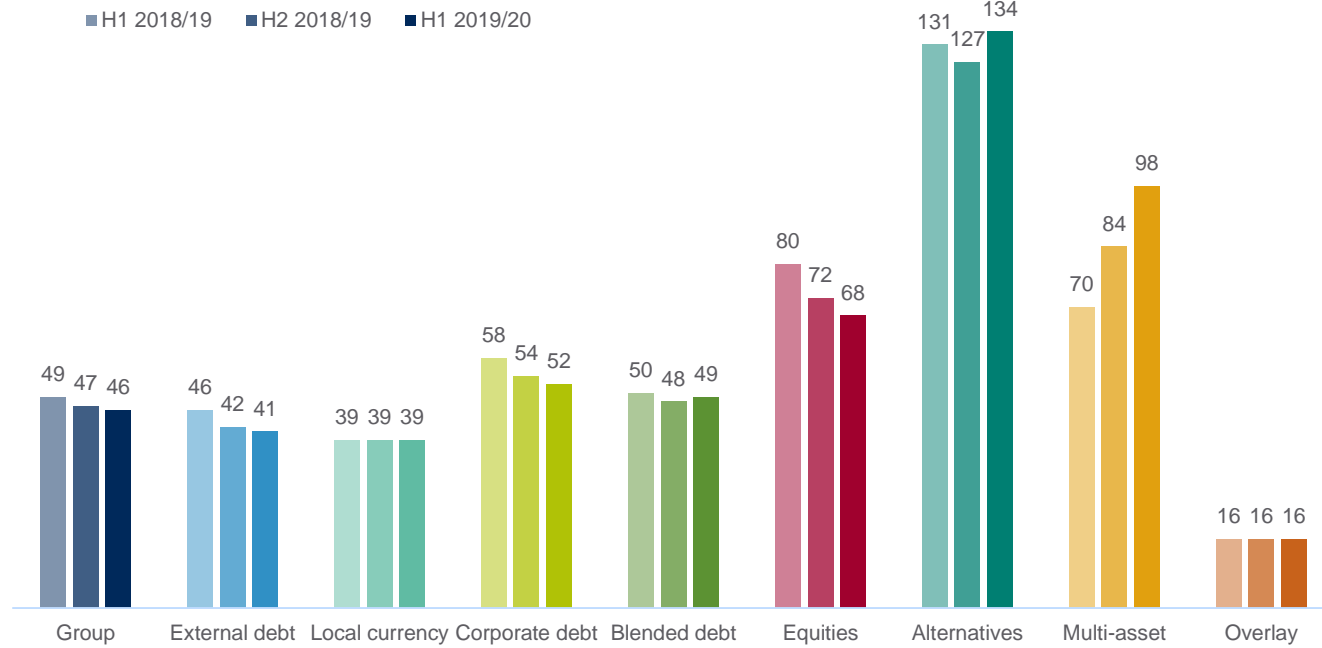
Appendix 2a

Net management and performance fees by theme

	H1 2019/20 £m	H1 2018/19 £m	H1 2019/20 US\$m	H1 2018/19 US\$m
External debt	31.8	27.2	40.2	34.9
Local currency	31.6	26.0	40.0	33.6
Corporate debt	29.9	23.5	37.7	30.4
Blended debt	49.1	39.2	61.8	50.5
Equities	12.4	12.7	15.7	16.3
Alternatives	7.6	7.5	9.7	9.6
Multi-asset	1.7	2.6	2.1	3.3
Overlay / liquidity	4.2	3.6	5.3	4.7
Total net management fee income	168.3	142.3	212.5	183.3

	H1 2019/20 £m	H1 2018/19 £m	H1 2019/20 US\$m	H1 2018/19 US\$m
External debt	2.4	0.5	3.0	0.6
Local currency	-	-	-	-
Corporate debt	0.1	0.2	0.1	0.3
Blended debt	0.9	0.2	1.2	0.3
Equities	-	-	-	-
Alternatives	-	0.3	-	0.4
Multi-asset	-	-	-	-
Overlay / liquidity	-	-	-	-
Total performance fee income	3.4	1.2	4.3	1.6

Appendix 2b Management fee margins



Fixed income: 45bps

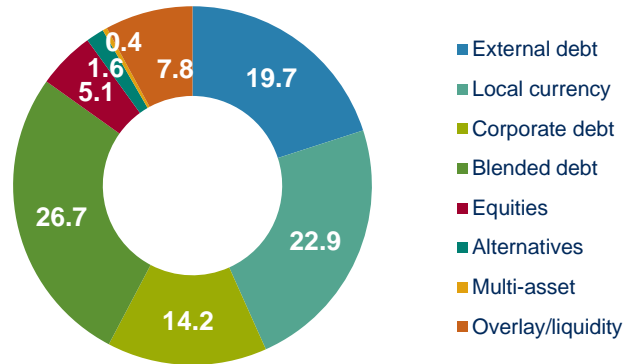
(H1 2018/19: 47bps)

(H2 2018/19: 45bps)

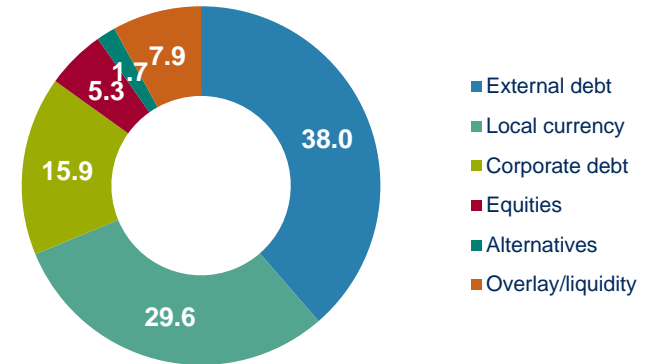
Appendix 3a

Assets under management

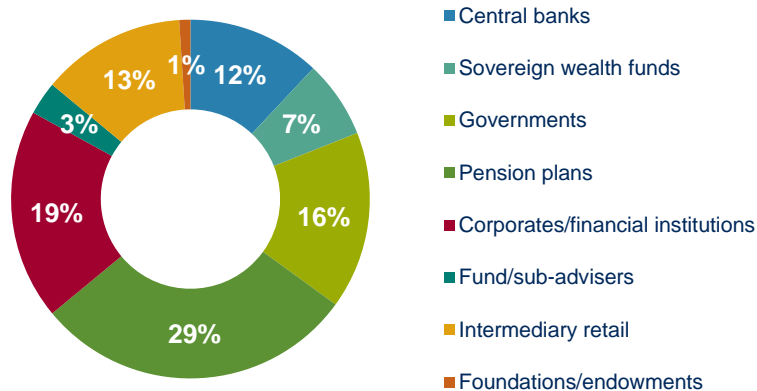
AuM by theme (US\$bn)



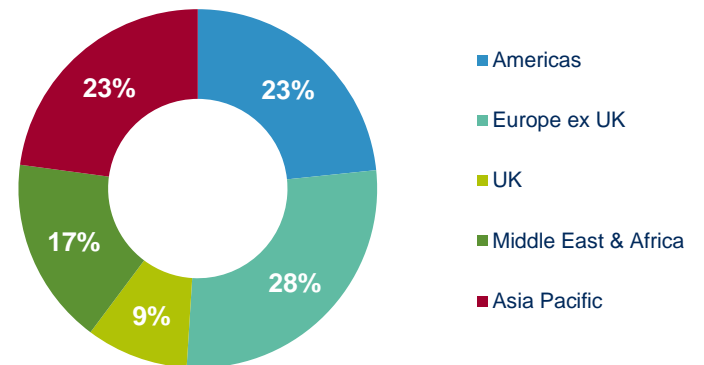
AuM as invested (US\$bn)



AuM by client type



AuM by client location



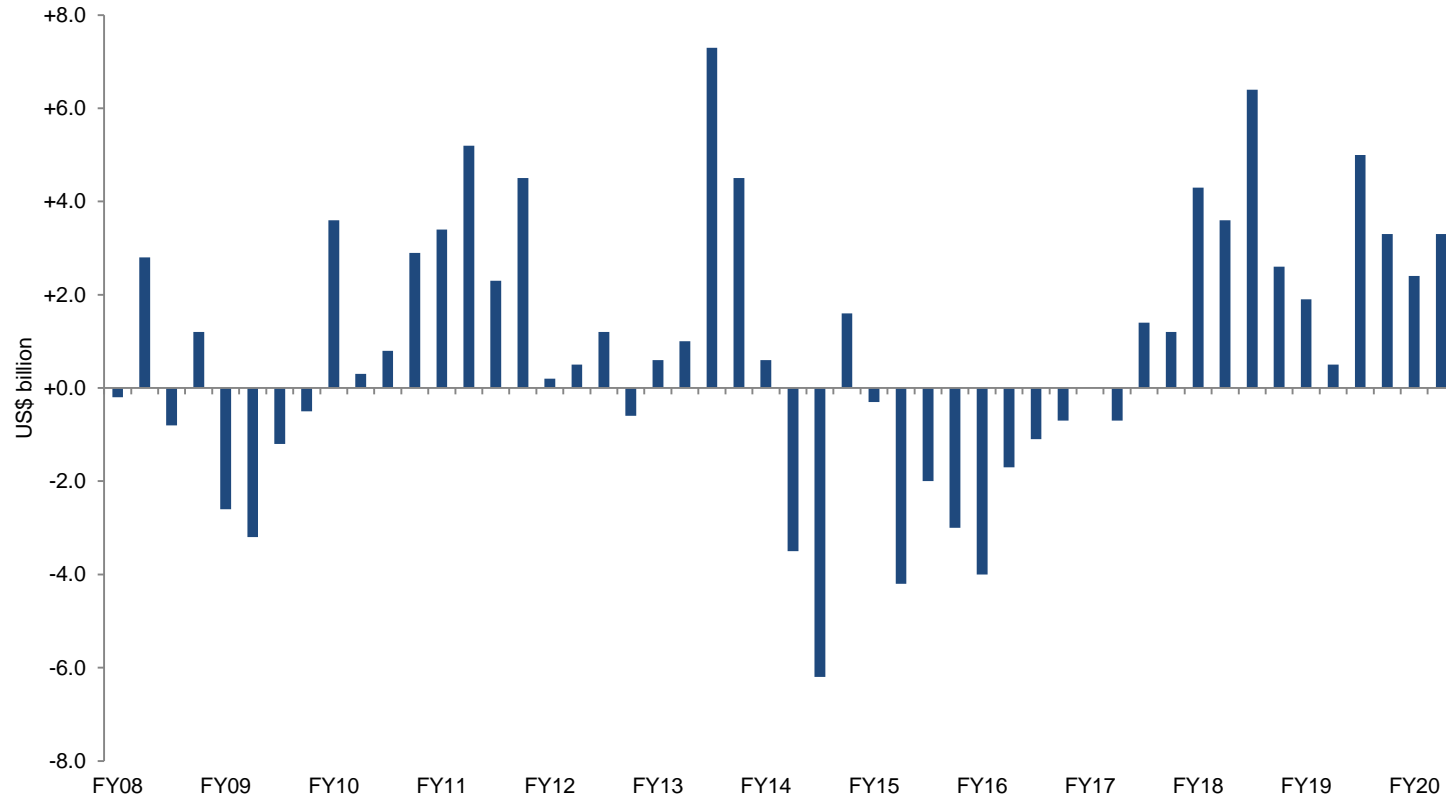
Appendix 3b

Investment themes

	External Debt (USD 19.7bn)	Local Currency (USD 22.9bn)	Corporate Debt (USD 14.2bn)	Equities (USD 5.1bn)	Alternatives (USD 1.6bn)	Overlay/ Liquidity (USD 7.8bn)
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 Bonds, volatility managed 	<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 Equity Active Equity Global Small Cap Global Frontier 	<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 (USD 26.7bn)					
	<ul style="list-style-type: none"> Blended Investment grade Absolute return ESG 					
Regional / Country focused Sub-themes	<ul style="list-style-type: none"> Indonesia 	<ul style="list-style-type: none"> China Indonesia 	<ul style="list-style-type: none"> Asia Latin America 	<ul style="list-style-type: none"> Africa Colombia India Indonesia Middle East Saudi Arabia 	<ul style="list-style-type: none"> Andean Middle East (GCC) 	
Multi-Asset (USD 0.4bn)						
<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 2019	Performance	Gross subscriptions	Gross redemptions	Net flows	Reclassification & other	AuM 31 December 2019
External debt	19.1	0.3	1.4	(1.1)	0.3	-	19.7
Local currency	19.7	0.6	4.5	(1.9)	2.6	-	22.9
Corporate debt	15.5	(0.3)	4.1	(4.6)	(0.5)	(0.5)	14.2
Blended debt	24.3	0.2	2.4	(0.7)	1.7	0.5	26.7
Equities	4.4	0.1	1.1	(0.5)	0.6	-	5.1
Alternatives	1.6	(0.1)	0.1	-	0.1	-	1.6
Multi-asset	0.5	-	-	(0.1)	(0.1)	-	0.4
Overlay / liquidity	6.7	0.1	1.3	(0.3)	1.0	-	7.8
Total	91.8	0.9	14.9	(9.2)	5.7	-	98.4

US\$bn	31 December 2019	30 June 2019
Ashmore sponsored funds	30.1	31.0
Segregated accounts	63.4	55.8
White label / other	4.9	5.0
Total	98.4	91.8

Appendix 5 Foreign exchange

- Sterling strengthened against the US dollar over the period
 - Period-end rate moved from 1.2727 to 1.3248
 - Average rate 1.2657 vs 1.2948 in H1 2018/19
- P&L FX effects in H1 2019/20:
 - Translation of net management fees +£3.8 million
 - Translation of non-Sterling balance sheet items -£0.5 million
 - Net FX hedges +£3.1 million
 - Seed capital +£3.2 million

FX sensitivity:

- ~£4.0 million PBT for 5c movement in GBP:USD rate
 - £2.5 million for cash deposits (in ‘foreign exchange’)
 - £1.5 million for seed capital (in ‘finance income’)

Currency exposure of cash⁽¹⁾

	31 December 2019 £m	%	30 June 2019 £m	%
US dollar	308.6	74	255.6	55
Sterling	77.1	18	157.8	34
Other	31.5	8	49.7	11
Total	417.2		463.1	

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

Currency exposure of seed capital

	31 December 2019 £m	%	30 June 2019 £m	%
US dollar	227.2	89	250.7	90
Colombian peso	16.3	6	14.8	5
Other	11.8	5	12.3	5
Total	255.3		277.8	

Appendix 6

Cash flows and consolidated funds H1 2019/20

£m	As reported	Consolidated funds	Group ex funds
Cash from operations	113.5	(1.9)	115.4
Taxation	(37.9)	-	(37.9)
Interest received	5.3	1.5	3.8
Seeding activities	15.9	(3.1)	19.0
Acquisitions/disposals	0.5	-	0.5
Dividends paid	(87.8)	-	(87.8)
Treasury/own shares	(41.1)	-	(41.1)
FX and other	(18.2)	(0.4)	(17.8)
Increase/(decrease) in cash	(49.8)	(3.9)	(45.9)
Opening cash & cash equivalents	477.2	14.1	463.1
Closing cash & cash equivalents	427.4	10.2	417.2

Appendix 7

Investment performance

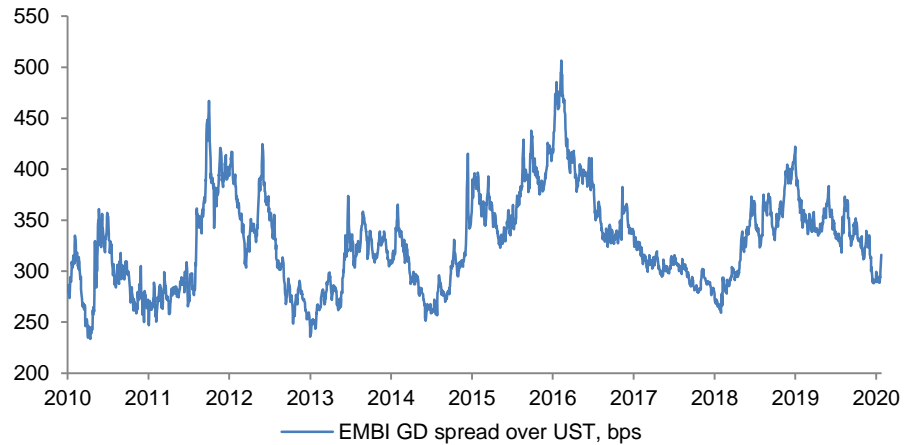
31st December 2019	1yr		3yr		5yr	
	Ashmore	<i>Benchmark</i>	Ashmore	<i>Benchmark</i>	Ashmore	<i>Benchmark</i>
External debt						
Broad	14.0%	15.0%	6.4%	6.7%	8.1%	6.2%
Sovereign	15.7%	15.0%	6.7%	6.7%	7.6%	6.2%
Sovereign IG	15.1%	16.6%	7.7%	7.5%	6.0%	5.6%
Local currency						
Bonds	12.8%	13.5%	7.5%	7.0%	3.6%	2.8%
Corporate debt						
Broad	11.9%	13.1%	7.6%	6.3%	7.7%	5.9%
HY	10.0%	13.7%	8.2%	6.8%	7.8%	7.4%
IG	13.8%	12.6%	6.6%	6.0%	5.8%	5.0%
Short duration	1.1%	7.2%	4.7%	4.1%	8.9%	4.4%
Blended debt						
Blended	11.5%	12.2%	6.8%	6.2%	6.6%	4.3%
Equities						
Global EM active equity	27.3%	18.4%	15.2%	11.6%	-	-
Global EM all cap equity	31.9%	18.4%	17.9%	11.6%	9.4%	5.6%
Global EM small cap	17.3%	11.5%	5.8%	6.7%	4.6%	3.0%
Frontier markets	15.8%	18.0%	8.0%	9.2%	5.1%	2.7%

See Appendix 9 for related disclosures

Appendix 8 Historical valuations relative to Developed Markets

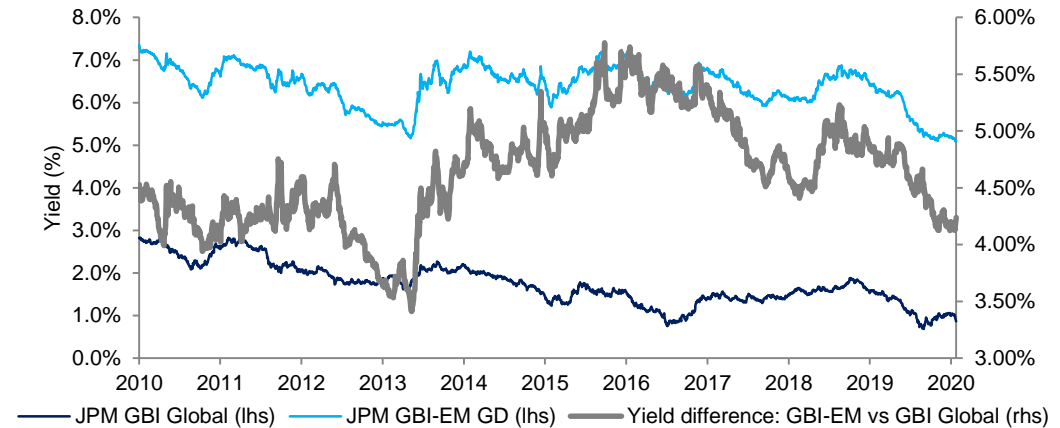
External debt

Index: 73 countries, 170 issuers, 780 bonds



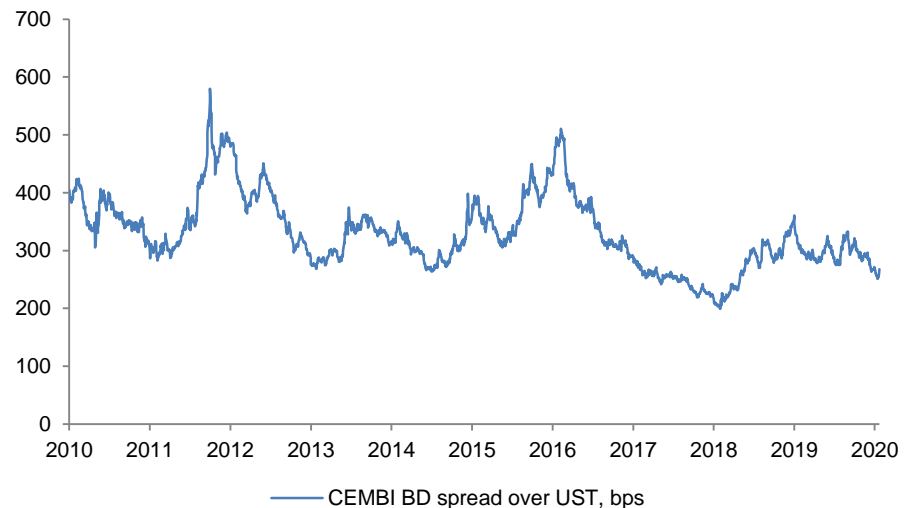
Local currency

Index: 18 countries, 18 issuers, 220 bonds

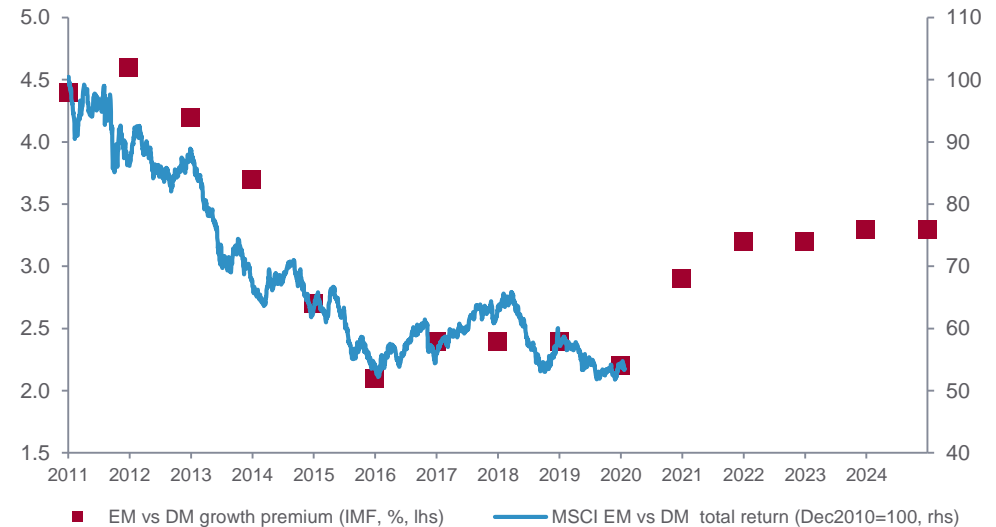


Corporate debt

Index: 56 countries, 690 issuers, 1,553 bonds



Equities



Appendix 9 Disclosures

Page 12:

- 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 2019 and with a performance benchmark are included, which specifically excludes funds in the alternatives and overlay/liquidity investment themes
- 83% of Group AuM at 31 December 2019 is in such funds with a one year track record; 72% with three years; and 65% 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
Corporate debt Short duration	JPM CEMBI BD (1-3yr)
Global EM active equity	MSCI EM net
Global EM all cap equity	MSCI EM net
Global EM small cap	MSCI EM Small Cap net
Frontier markets	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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