


Ashmore Group plc

Results for six months ending 31 December 2015

11 February 2016

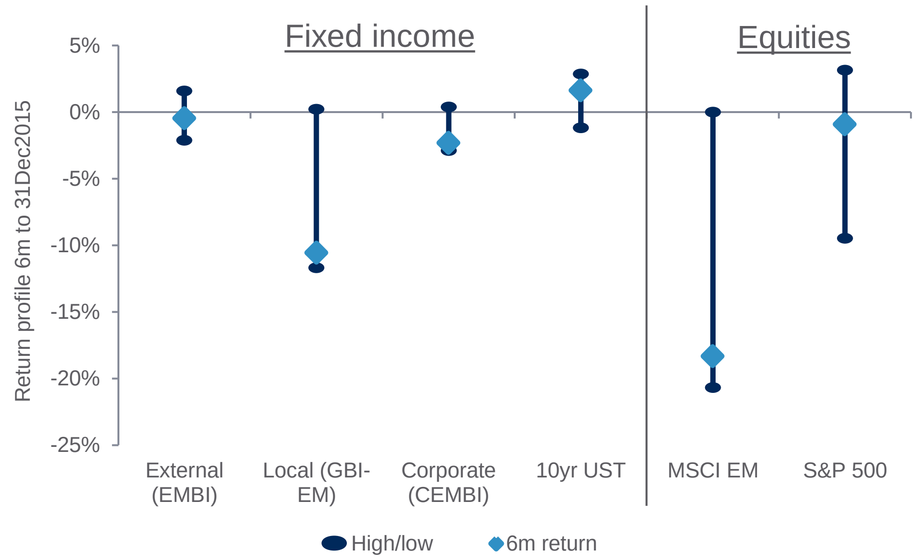
Overview

- Weak markets and negative sentiment continue
- AuM of US$49.4 billion at 31 December 2015 vs US$58.9 billion in June 2015
- Net revenues –29% to £116.4 million
  - Net management fees of £98.7 million, -26% in line with decline in average AuM (-25%)
  - Performance fees of £8.6 million
  - Lower FX translation gains
- Adjusted EBITDA of £68.0 million, cost flexibility maintained high margin of 63%
- Diluted EPS –43% to 6.5p
- Good cash generation (£56.9 million from operations), strong balance sheet
- Interim DPS of 4.55p
- After a period of adjustment across Emerging Markets, current yields offer good value against backdrop of robust fundamentals
  - Investment process has been adding risk

Markets overview

- Wide range of returns across fixed income and equities, Emerging and Developed Markets
- Sentiment affected by:
  - Stronger US dollar, clarity over US monetary policy
  - Renminbi devaluation
  - Oil price decline
  - Rising US high yield defaults
  - Geopolitical tension, especially in Middle East
  - Global GDP growth slowing

Index returns over six months to 31 December 2015



Challenging markets, but added risk during periods of weaker prices

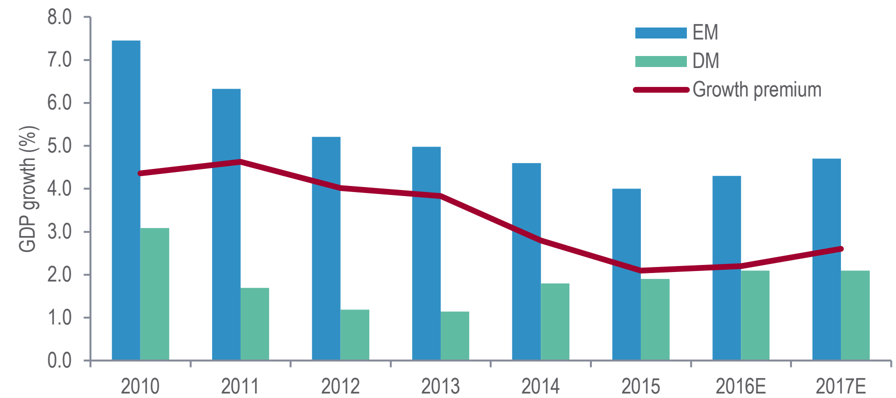
EM fundamentals are robust

- **Emerging Markets have endured substantial headwinds over past three years**
  – Strong US dollar
  – Significant commodity price declines
  – Significant capital outflows
  – Significant increase in funding costs (+200 bps)

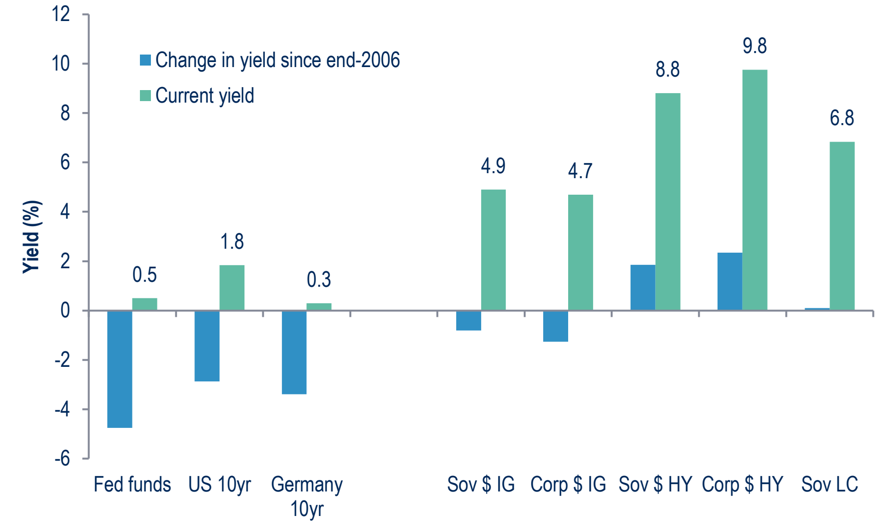
- **Unlike previous cycles, no major casualties**
  – No balance of payments crises
  – No widespread IMF involvement
  – No significant change in corporate defaults (3.1% vs 3.6% in 2013)
  – Only two sovereign defaults, by atypical countries

- **Fundamentals are robust, rising GDP growth premium**
  – Less debt and more GDP than DM (21% of world debt, 57% of world GDP)
  – EM/DM GDP premium forecast to expand, first time since 2011
  – Local bond yields higher than in 2006 when Fed rate was 5.25%
  – Spreads of >400bps in external and corporate debt

Emerging Markets growth premium



Contrasting developments in EM & DM yields

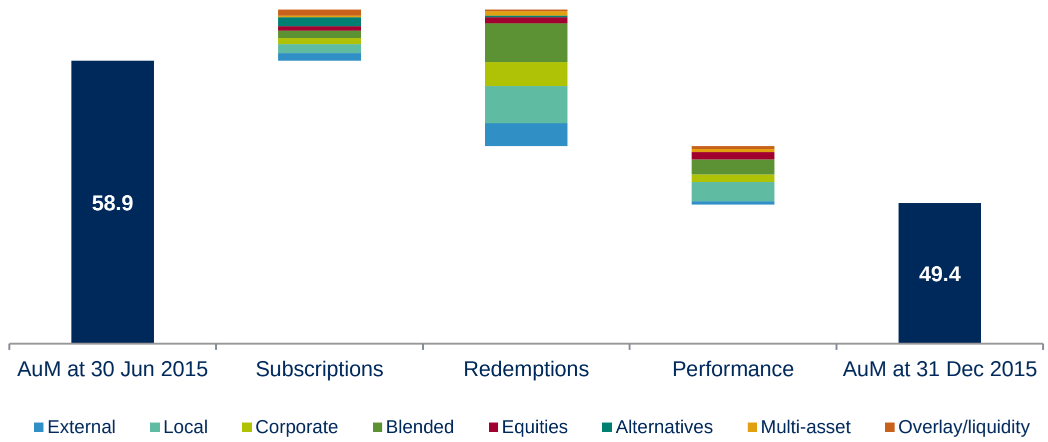


Substantial value available, both absolute and relative to Developed Markets

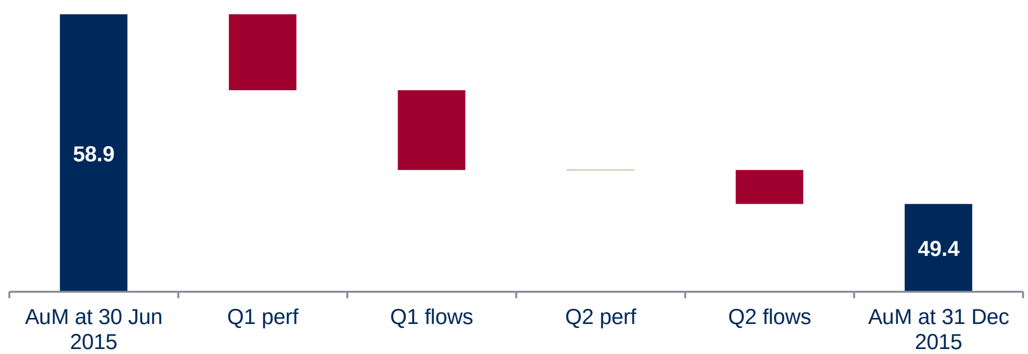
Assets under management

- Gross subscriptions US$3.4 billion, 6% of opening AuM (H1 2014/15: 7%)
  - Broad-based demand, by investment theme, new and existing clients, and client location
  - Increase in alternatives AuM through new capital raising
- Gross redemptions US$9.1 billion, 15% of opening AuM (H1 2014/15: 13%)
  - Influenced by large segregated account redemptions in Q1
- Net outflow US$5.7 billion (H1 2014/15: US$4.5 billion)
  - Q1: -US$4.0 billion, Q2: -US$1.7 billion
- Investment performance -US$3.8 billion
  - Q1: -US$3.8 billion, Q2: US$nil
- Average AuM US$53.6 billion (H1 2014/15: US$71.2 billion)

AuM development (US$bn)



Quarterly AuM development (US$bn)

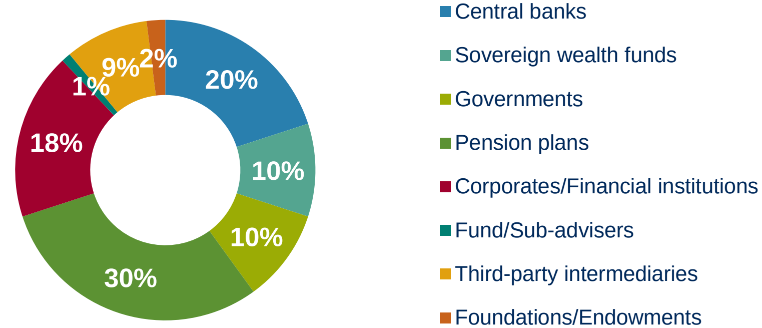


Better AuM development in Q2

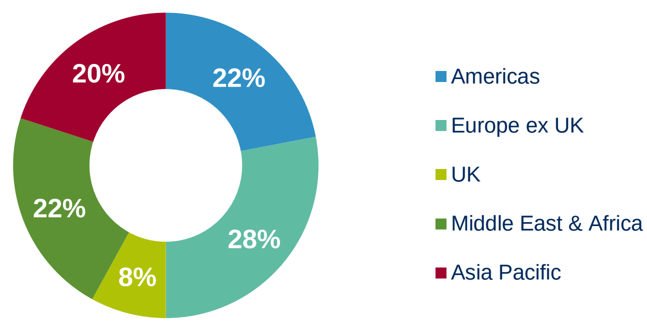
Products and clients

- Broad demand for differentiated products with strong performance, e.g.:
  - Short duration debt was best performing EMD fund in 2015 (+7.5%) in the Morningstar EAA universe
  - Middle East (#1, +16.1%), Frontier (#3, +6.7%) and Frontier Africa (#7, +5.6%) in the top 10 EM equity funds for annualised performance over five years per Pensions & Investment / Morningstar
- Growth in alternatives AuM through new capital raising, to benefit from two of the long-term growth themes in Emerging Markets:
  - Colombian 25-year senior debt infrastructure fund (~US$450m)
  - Private equity to fund healthcare investments in UAE (~US$100m)
- Dubai office opened to support healthcare initiative in the broader GCC region
- Retail AuM has shown resilience
  - Small net inflow from private banks/wealth managers in US and Europe
  - Overall net outflow represents expected reduction in Japanese retail AuM

AuM by client type



AuM by client location



Diversification and growth initiatives continue

Financial results
Revenues

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Variance %
Management fees	99.3	134.8	(26)
Distribution costs	(0.6)	(1.8)	(67)
Net management fees	98.7	133.0	(26)
Performance fees	8.6	7.0	23
Other revenue	2.1	2.6	(19)
Foreign exchange	7.0	21.4	(67)
Net revenue	**116.4**	**164.0**	**(29)**

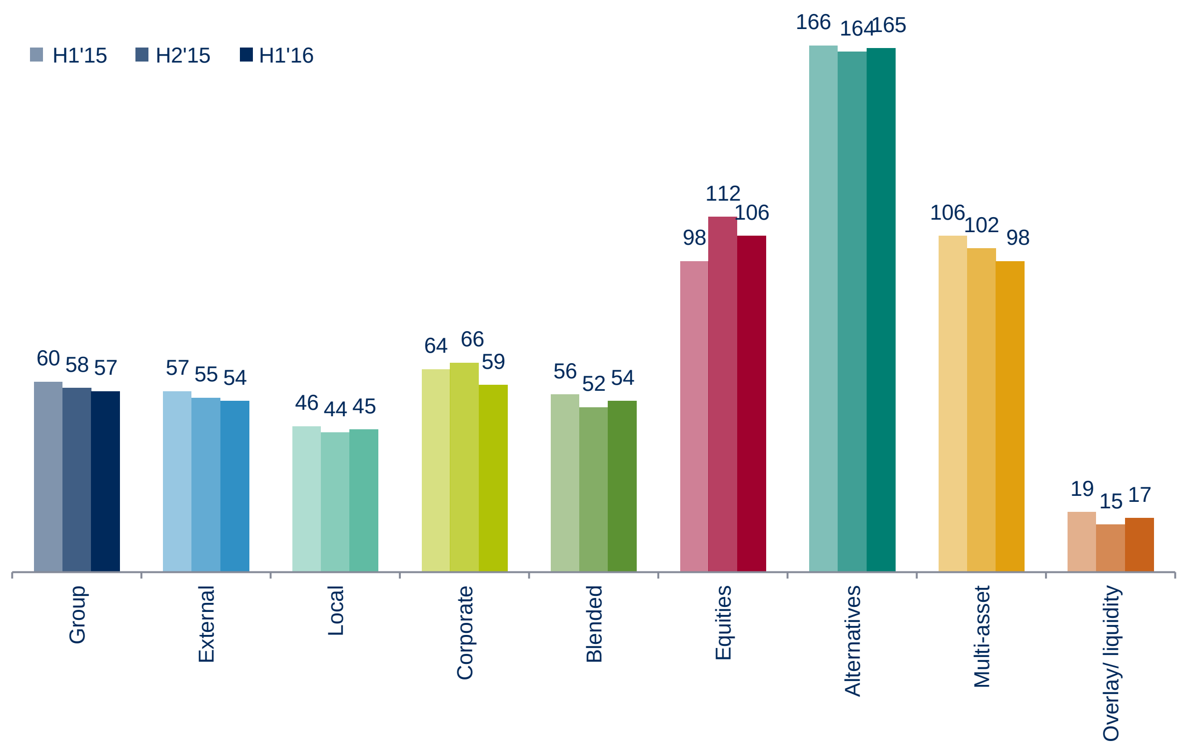
- At constant currency:
  - Net management fees -30%
  - Net revenue -37%

Net management fees reduced in line with average AuM, lower FX gains

Financial results
Management fee margins

- Average group margin reduced by 3bps YoY and 1bp versus H2 2015
  - Prior year period benefited from 1bp non-recurring benefit from distribution accrual release
- Alternatives run-rate is ~135bps, reflecting Colombian infrastructure fund: long-term (25yrs) and debt-focused
- Theme and product mix, mandate size, and competition will continue to influence margins

Average net management fee margins (bps)



Margin reduction as anticipated

Financial results
Expenses

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Variance %
Personnel expenses	12.1	12.4	(2)
Other operating expenses	14.2	12.9	10
	26.3	**25.3**	**4**
Depreciation	0.6	0.6	-
Amortisation	1.9	1.7	12
Total operating expenses before VC	**28.8**	**27.6**	**4**
Variable compensation (20% of EBVCIT)	17.5	27.5	(36)
Total operating expenses	**46.3**	**55.1**	**(16)**

Variable costs flexed to mitigate lower revenues

Financial results
Other P&L items

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Variance %
Net finance income	6.1	6.5	(6)
Comprising:			
- interest income	1.0	0.8	-
- seed capital: investment return & FX	(5.3)	3.4	-
- seed capital: consolidated funds income	10.4	2.3	-
Associates & joint ventures	(1.0)	(1.2)	-

Result influenced by seed capital: mark-to-market and interest income

Financial results
Adjusted profits

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	Statutory H1 2015/16 £m	Seed capital-related items £m	FX translation £m	Adjusted H1 2015/16 £m	Adjusted H1 2014/15 £m	%
Net revenue	116.4	-	(8.0)	108.4	143.9	(25)
Investment securities & third-party interests	(12.5)	12.5	-	-	-	-
Operating expenses[1]	(43.8)	1.8	1.6	(40.4)	(47.6)	(15)
EBITDA	**60.1**	**14.3**	**(6.4)**	**68.0**	**96.3**	**(29)**
EBITDA margin	*52%*	-	-	*63%*	*67%*	-
Depreciation and amortisation	(2.5)	-	-	(2.5)	(2.3)	(9)
Net finance income	6.1	(6.0)	0.9	1.0	0.8	25
Associates and joint ventures	(1.0)	-	-	(1.0)	(1.2)	17
	62.7	**8.3**	**(5.5)**	**65.5**	**93.6**	**(30)**
Seed capital-related items	-	(8.3)	-	(8.3)	(0.7)	-
Foreign exchange translation	-	-	5.5	5.5	17.8	(69)
Profit before tax	62.7	-	-	62.7	110.7	(43)

1. For the purposes of presenting 'Adjusted profits', operating expenses in H1 2015/16 and H1 2014/15 have been adjusted for the 20% variable compensation on FX translation gains and losses.

Profit margin maintained at a high level

Financial results
Earnings

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Variance %
Profit before tax	**62.7**	**110.7**	**(43)**
Tax	(15.6)	(27.4)	(43)
Profit after tax	47.1	83.3	(43)
Profit attributable to non-controlling interests	(0.7)	(2.3)	
Profit attributable to equity holders of the parent	**46.4**	**81.0**	**(43)**
Earnings per share: basic (p)	6.9	12.0	(43)
Earnings per share: diluted (p)	**6.5**	**11.5**	**(43)**
Interim dividend per share (p)	**4.55**	**4.55**	**-**

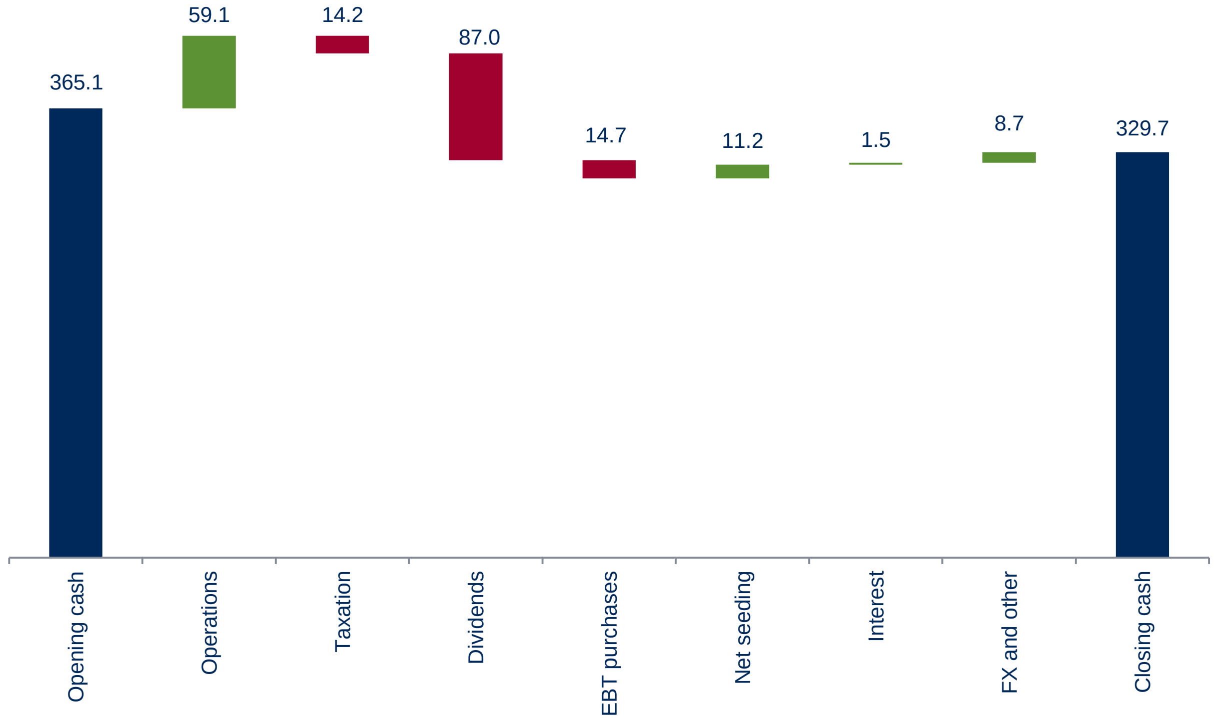
- Effective tax rate 24.9% vs 20.0% statutory UK rate due to absence of tax relief on seed capital losses and deferred tax asset reduction on value of unvested shares
- Effect of non-operating items on diluted EPS: FX translation (+0.6p), seed capital (-1.0p)

Balance sheet strength and cash generation supports dividend

Financial results
Cash flow

- Operations generated cash flow of £59.1 million [1]
  - 87% of adjusted EBITDA (FY2014/15: 86%)
- Seasonal cash flows in H1
  - Cash variable remuneration
  - Tax payment
  - Prior year final dividend
- Additionally, cash generation supported:
  - Seeding activity
  - EBT purchases

Cash flow (£m) [1]



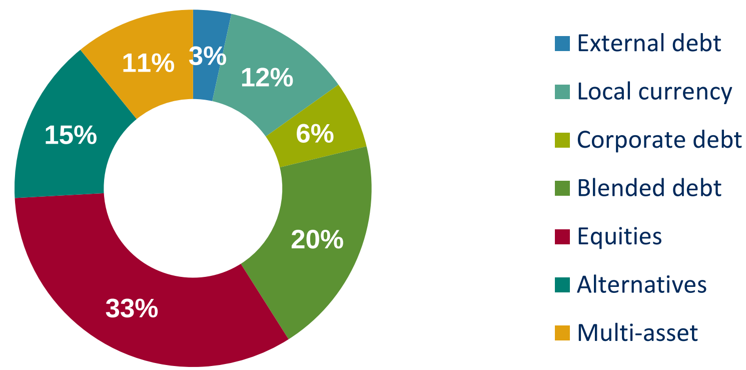
(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

Maintained strong cash position

Financial results
Seed capital

- Actively-managed programme
  - £14.7 million invested in funds and £27.1 million realised in H1 2015/16
  - New, mostly undrawn, commitments of ~£20 million in the period
- Market value £195.2 million (30 June 2015: £207.0 million)
- Mark-to-market gain in reserves offsets P&L loss in the period
- Recent seeding focused on:
  - Alternatives
  - Mutual funds
- Historically seeded funds total US$4.8 billion, 10% of Group

Diversified across themes and platforms (% of market value)



Gains/(losses) on seed capital activity in H1 2015/16

	MTM	FX	Total
- consolidated funds	(3.9)	-	(3.9)
- other funds	(4.4)	(0.9)	(5.3)
Total in P&L	(8.3)	(0.9)	(9.2)
Total in OCI	0.4	8.4	8.8
Group total	**(7.9)**	**7.5**	**(0.4)**

Diversified, active seed capital programme

Financial results
Foreign exchange

- Translation effect on non-Sterling balance sheet items: £8.0 million gain versus £20.1 million gain in prior year
  - Over the period, GBP/USD moved from 1.57 to 1.47
- Reduced US dollar cash exposure through US$100 million of spot sales
- Other FX effects in H1 2015/16:
  - Translation of net management fees +£6.1 million
  - FX hedges -£1.0 million
  - Seed capital -£0.9 million

<u>Balance sheet translation sensitivity</u>

- ~£6.5 million PBT for 5c (3%) movement in GBP/USD rate
  - £5.0 million for cash deposits
  - £1.5 million for seed capital

Currency exposure of cash[1]

	31 December 2015 £m	%	30 June 2015 £m	%
US dollar	136.6	41	137.4	38
Sterling	160.1	49	205.0	56
Other	33.0	10	22.7	6
Total	**329.7**		**365.1**	

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

Currency exposure of seed capital

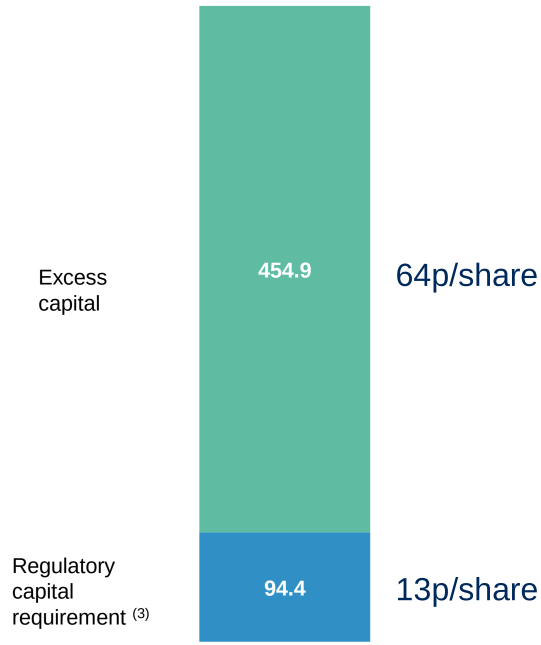
	31 December 2015 £m	30 June 2015 £m
US dollar	146.3	150.1
Indonesian rupiah	36.4	36.5
Brazilian real	-	7.0
Other	12.5	13.4
Total	**195.2**	**207.0**

Profitable reduction in US dollar exposure

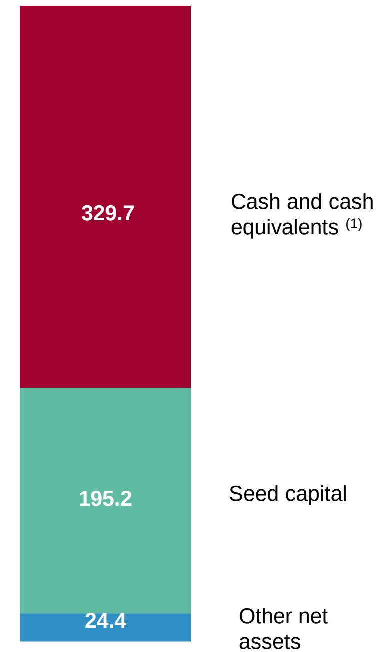
Financial results
Balance sheet

- Strong, well-capitalised balance sheet with no debt
- Excess regulatory capital of £454.9 million
  - Held in cash or liquid seed capital investments (with at least monthly dealing frequency)

Financial resources = £549.3 million (2)



Liquid balance sheet structure



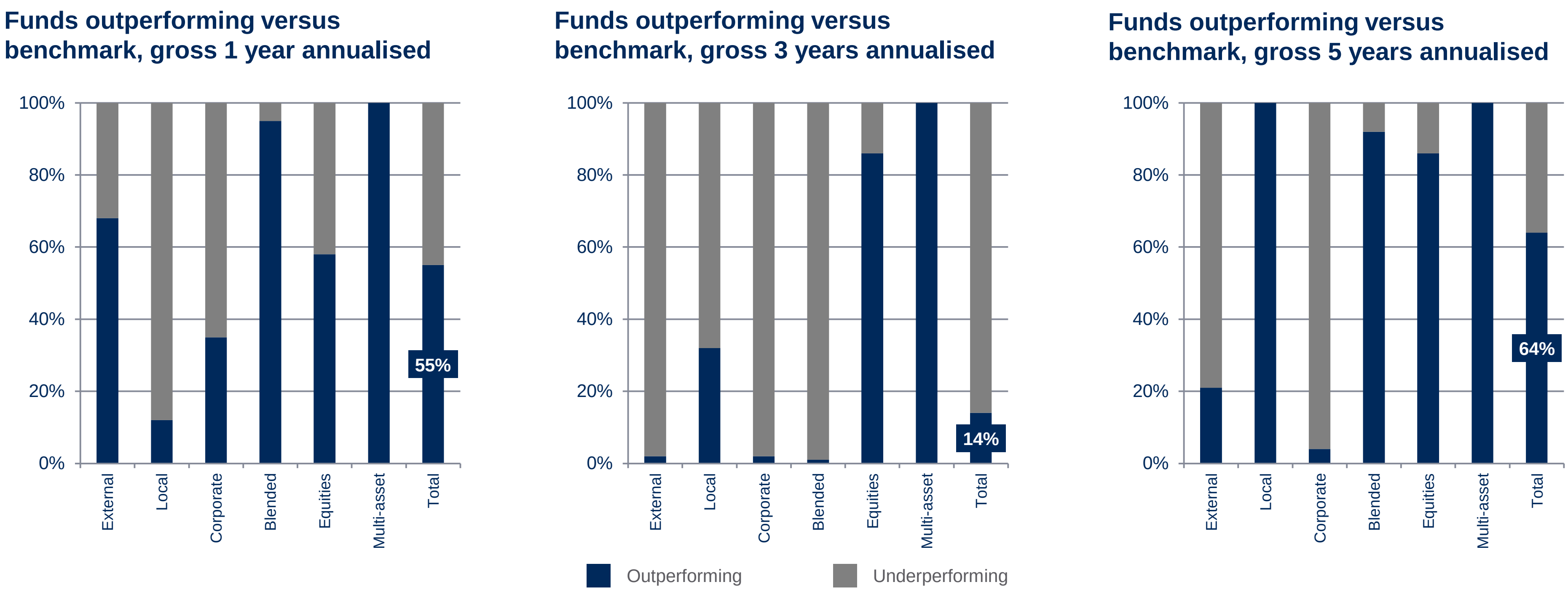
(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

(2) Total equity less deductions for intangibles, goodwill and associates

(3) Per Pillar 3 disclosures as at 30 June 2015

Excess capital held in liquid assets

Investment performance



- Improvement in 1yr performance after adding risk in late 2014
- Significant outperformance delivered in strong market recovery periods in 2010 and 2012 has dropped out of 3-year and 5-year track records
- Significant proportion of underperforming Group AuM within 50bps of benchmarks (33% over 3yrs, 8% over 5yrs)

Adding risk in dislocated markets

2016 macro outlook

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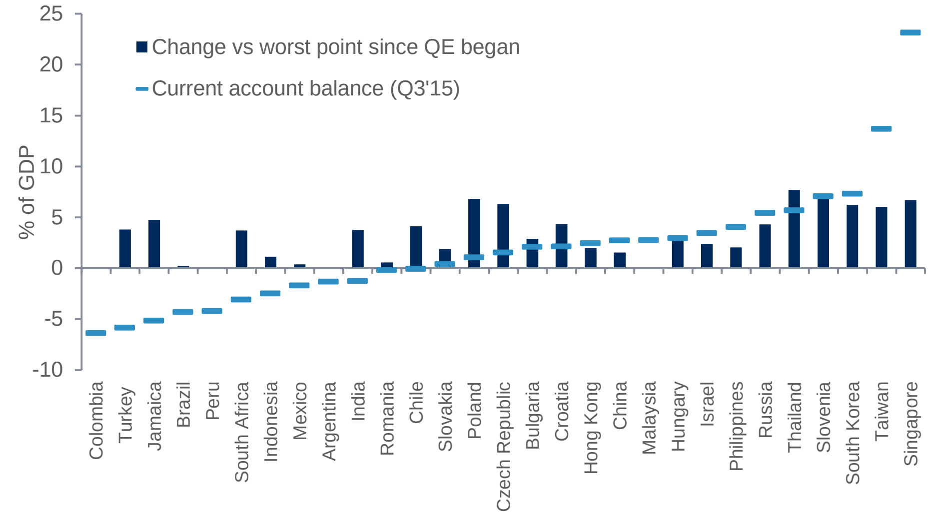
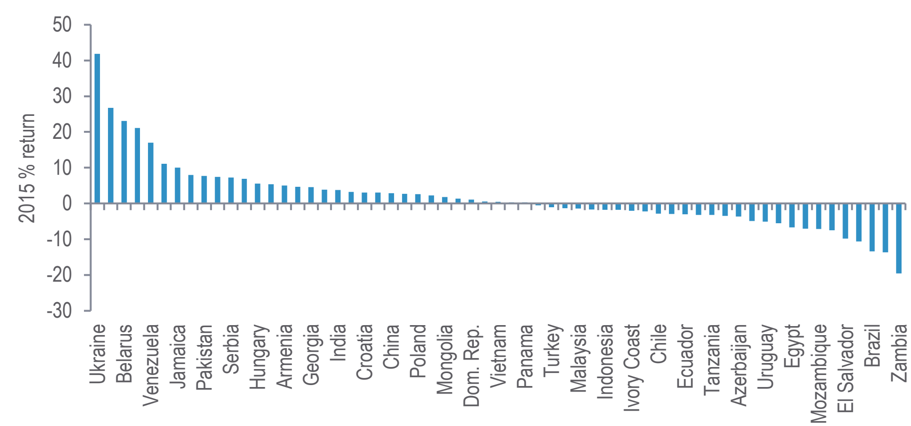
- US rates expected to rise gradually
  - Historically this has provided a good environment for EM debt to perform well
- QE-themed trades (long US equities, short European bonds, long US dollar) showing signs of fatigue
  - Reduces EM headwinds
- China continues to reform
  - Short-term volatility for long-term benefits
- Geopolitical risk is elevated
- EM macro adjustments support accelerating GDP growth
  - e.g. current accounts improving with lower nominal exchange rates and inflation discipline
- Preparedness and policy response to lower oil price are more important than the price level per se

Widespread improvement in current account balances



Wide range of returns in 2015 (external debt)



Expect continued wide dispersion of market returns, requiring specialist, active management

Summary

- Continued to face difficult market conditions in the six months
- Robust business model
  - Profit margin maintained at a high level through cost flexibility
  - Cash generation continues to support seeding, EBT share purchases and dividend
  - Strong balance sheet
- Emerging Markets fundamentals are in better shape than suggested by market prices and sentiment
- Investment processes have therefore been adding risk to portfolios

Appendices

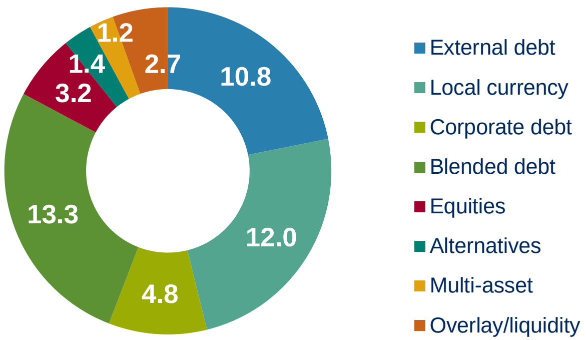
Appendix 1
Net management and performance fees by theme

	H1 2015/16 £m	H1 2014/15 £m	H1 2015/16 US$m	H1 2014/15 US$m
External debt	19.9	23.6	30.2	38.1
Local currency	19.8	24.5	30.2	39.6
Corporate debt	11.3	15.9	17.2	25.7
Blended debt	25.6	35.0	39.1	56.5
Equities	11.5	16.6	17.5	26.6
Alternatives	5.0	7.9	7.5	12.9
Multi-asset	4.2	7.8	6.5	12.7
Overlay / liquidity	1.4	1.7	2.2	2.8
Total net management fee income	**98.7**	**133.0**	**150.4**	**214.9**

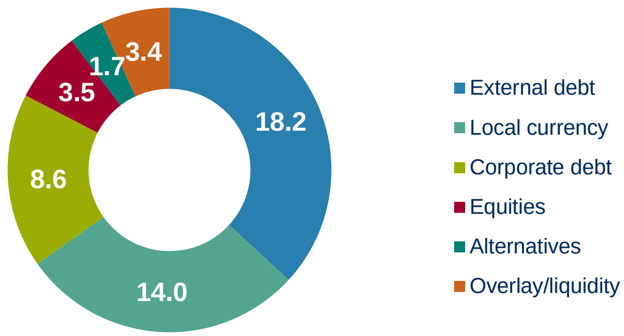
	H1 2015/16 £m	H1 2014/15 £m	H1 2015/16 US$m	H1 2014/15 US$m
External debt	0.1	6.8	0.1	11.1
Local currency	-	-	-	-
Corporate debt	-	-	-	-
Blended debt	-	0.1	-	0.2
Equities	-	0.1	-	0.1
Alternatives	8.5	-	12.5	-
Multi-asset	-	-	-	-
Overlay / liquidity	-	-	-	-
Total performance fee income	**8.6**	**7.0**	**12.6**	**11.4**

Appendix 2a
Assets under management

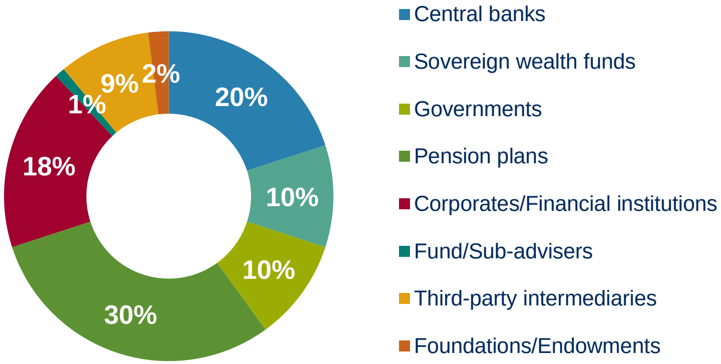
AuM by theme (US$bn)



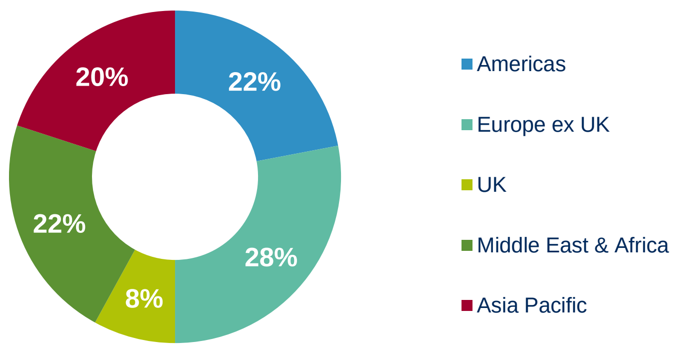
AuM as invested (US$bn)



AuM by client type



AuM by client location



Appendix 2b
Investment themes

<table>
<tr><th></th><th>External Debt
(USD 10.8bn)</th><th>Local Currency
(USD 12.0bn)</th><th>Corporate Debt
(USD 4.8bn)</th><th>Equities
(USD 3.2bn)</th><th>Alternatives
(USD 1.4bn)</th><th>Overlay/
Liquidity
(USD 2.7bn)</th></tr>
<tr><td rowspan="3">Global Emerging Markets Sub-themes</td><td>• Broad
• Sovereign
• Sovereign, investment grade
• Short duration</td><td>• Bonds
• Bonds (Broad)
• FX
• FX+
• Investment grade</td><td>• Broad
• High yield
• Investment grade
• Local currency
• Private Debt
• Short duration</td><td rowspan="3">• Global
• Global Small Cap
• Global Frontier
• Global Equity Opportunities</td><td rowspan="3">• Private equity
  • Healthcare
• Infrastructure
• Special Situations
• Distressed Debt
• Real Estate</td><td rowspan="4">• Overlay
• Hedging
• Cash Management</td></tr>
<tr><td colspan="3">Blended Debt
(USD 13.3bn)</td></tr>
<tr><td colspan="3">• Investment grade
• Blended debt</td></tr>
<tr><td>Regional / Country focused Sub-themes</td><td></td><td>• China
• Indonesia
• Turkey</td><td>• Asia
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• China
• India
• Indonesia
• Latin America
• Middle East
• Turkey</td><td>• Andean
• Asia
• India</td></tr>
<tr><td></td><td colspan="6">Multi-asset
(USD 1.2bn)</td></tr>
<tr><td></td><td colspan="6">• Global
• China</td></tr>
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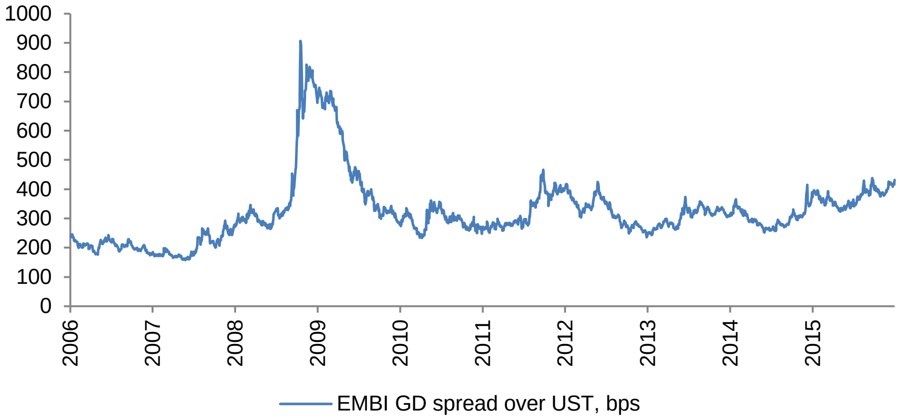
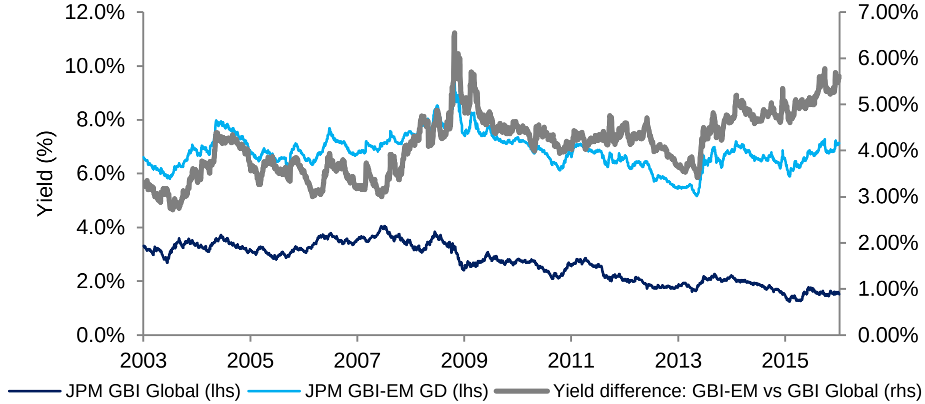
Appendix 2c
Historical valuations relative to Developed Markets

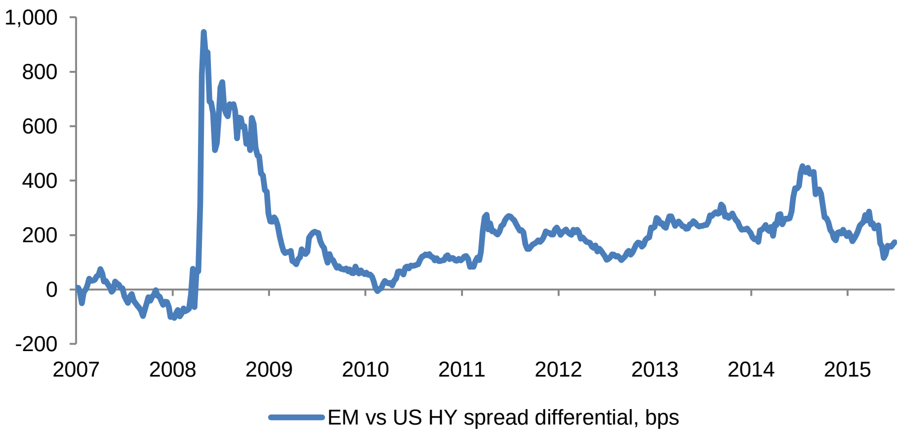
External debt



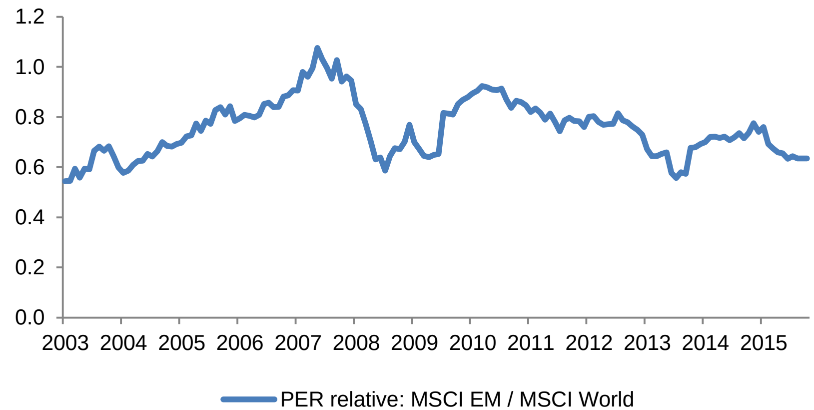
Local currency



Corporate debt

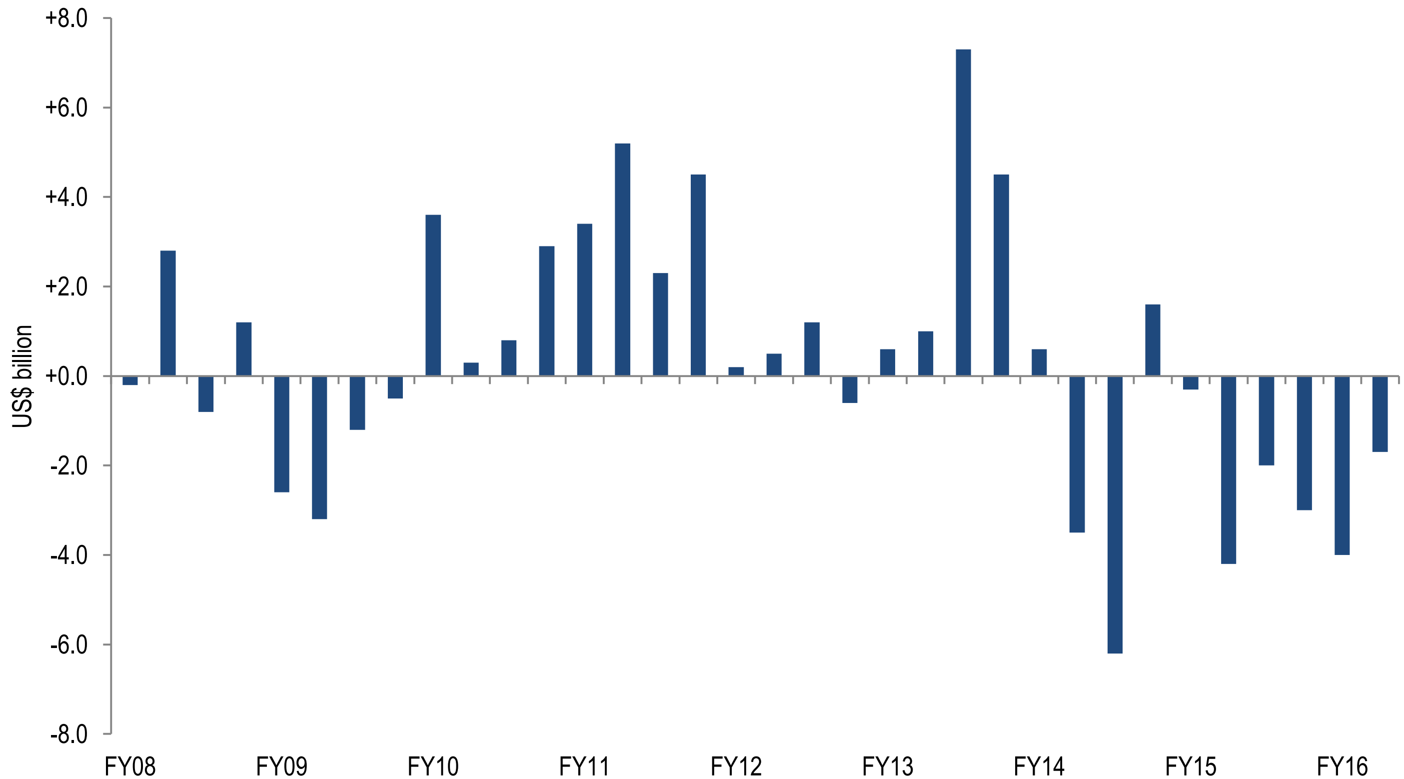


Equities



Source: BAML, JP Morgan, Bloomberg

Appendix 2d
Quarterly net flows



Appendix 3
AuM movements by theme and fund classification

US$bn	AuM 30 June 2015	Performance	Gross subscriptions	Gross redemptions	Net flows	Other*	AuM 31 December 2015
External debt	12.0	(0.2)	0.5	(1.5)	(1.0)	-	10.8
Local currency	15.2	(1.3)	0.6	(2.5)	(1.9)	-	12.0
Corporate debt	7.2	(0.5)	0.4	(1.6)	(1.2)	(0.7)	4.8
Blended debt	15.7	(1.0)	0.5	(2.6)	(2.1)	0.7	13.3
Equities	3.8	(0.5)	0.3	(0.4)	(0.1)	-	3.2
Alternatives	0.8	0.1	0.6	(0.1)	0.5	-	1.4
Multi-asset	1.6	(0.2)	0.1	(0.3)	(0.2)	-	1.2
Overlay / liquidity	2.6	(0.2)	0.4	(0.1)	0.3	-	2.7
Total	**58.9**	**(3.8)**	**3.4**	**(9.1)**	**(5.7)**	**-**	**49.4**

US$bn	30 June 2015	31 December 2015
Ashmore sponsored funds	15.2	12.2
Segregated accounts	40.9	35.5
White label / other	2.8	1.7
Total	**58.9**	**49.4**

* Reclassification following a change in investment guidelines for those assets

Appendix 4
Cash flows and consolidated funds

£millions	As reported	Consolidated funds	Group ex funds
Cash from operations	56.9	(2.2)	59.1
Taxation	(14.2)	-	(14.2)
Interest received	3.4	1.9	1.5
Seeding activities	6.3	(4.9)	11.2
Dividends paid	(87.0)	-	(87.0)
Treasury/own shares	(14.7)	-	(14.7)
FX and other	10.0	1.3	8.7
Increase/(decrease) in cash	(39.3)	(3.9)	(35.4)
Opening cash & cash equivalents	380.8	15.7	365.1
Closing cash & cash equivalents	**341.5**	**11.8**	**329.7**

Appendix 5
Adjusted profits

	Statutory H1 2015/16 £m	Seed capital-related items £m	FX translation £m	Adjusted H1 2015/16 £m
Net revenue	116.4	-	(8.0)	108.4
Investment securities & third-party interests	(12.5)	12.5	-	-
Operating expenses[1]	(43.8)	1.8	1.6	(40.4)
EBITDA	**60.1**	**14.3**	**(6.4)**	**68.0**
EBITDA margin	*52%*	-	-	*63%*
Depreciation & amortisation	(2.5)	-	-	(2.5)
Net finance income	6.1	(6.0)	0.9	1.0
Associates & joint ventures	(1.0)	-	-	(1.0)
Seed capital-related items	-	(8.3)	-	(8.3)
Profit before tax excluding FX translation	**62.7**	**-**	**(5.5)**	**57.2**
FX translation	-	-	5.5	5.5
Statutory profit before tax	**62.7**	**-**	**-**	**62.7**

1. For the purposes of presenting 'Adjusted profits', operating expenses have been adjusted for the 20% variable compensation on FX translation gains and losses.

Appendix 6
Foreign exchange

Closing rates	31 December 2015	30 June 2015	31 December 2014
GBP:USD	1.4736	1.5712	1.5577

Average rates	H1 2015/16	H1 2014/15	FY2014/15
GBP:USD	1.5291	1.6289	1.5822

Appendix 7
Investment performance

31 December 2015	1yr Ashmore	Benchmark	3yr Ashmore	Benchmark	5yr Ashmore	Benchmark
External debt						
Broad	**1.9%**	*1.2%*	**-0.7%**	*1.0%*	**4.8%**	*5.4%*
Sovereign	**3.9%**	*1.2%*	**0.6%**	*1.0%*	**5.7%**	*5.4%*
Sovereign IG	**-0.8%**	*-1.1%*	**-0.6%**	*0.1%*	**4.9%**	*4.7%*
Local currency						
Broad	**-7.1%**	*-7.6%*	**-5.5%**	*-5.6%*	**-1.5%**	*-3.0%*
Bonds	**-15.5%**	*-14.9%*	**-10.4%**	*-10.0%*	**-3.1%**	*-3.5%*
Corporate debt						
Broad	**-3.2%**	*1.3%*	**-1.5%**	*1.9%*	**3.2%**	*4.5%*
HY	**-7.1%**	*1.1%*	**-3.7%**	*1.0%*	**2.3%**	*3.6%*
IG	**1.9%**	*1.3%*	**1.7%**	*2.3%*	**5.4%**	*5.0%*
Blended debt						
Blended	**-1.4%**	*-5.2%*	**-2.7%**	*-3.5%*	**2.9%**	*1.0%*
Equities						
Global equities	**-19.9%**	*-14.9%*	**-8.6%**	*-6.8%*	**-6.9%**	*-5.1%*
Global small cap	**-1.8%**	*-6.9%*	**-0.1%**	*-1.7%*	**0.0%**	*-3.3%*

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

- Returns gross of fees, dividends reinvested.
- Annualised performance shown for periods greater than one year.
- All relevant Ashmore Group managed funds globally that have a benchmark reference point have been included; specifically this excludes Alternatives and Multi-asset funds

Benchmarks

External debt Broad	JPM EMBI GD
External debt Sovereign	JPM EMBI GD
External debt Sovereign IG	JPM EMBI GD IG
Local currency Broad	JPM ELMI+
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

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