

Aberdeen Asset Management

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Merging Aberdeen Asset sees strong rebound in first-half results, boosted by market gains, cost-cutting

Aberdeen Asset Management PLC (LON:ADN), the fund manager which in March agreed an £11bn merger with rival Standard Life PLC (LON:SL) saw a strong rebound in first-half results, boosted by market gains and cost-cutting, with client outflows slowing.

The emerging-markets focused firm said its revenues for the six months to March 31 rose by 10.6% to £534.9m, up from £483.6m at the same stage last year, while underlying pre-tax profit increased by 19.8% to £195.2m.

READ: Standard Life and Aberdeen Asset Management agree merger [CLICK HERE](#): For a daily round-up of all the Proactive news
Aberdeen's assets under management at the end of March were £308.1bn, up from £312.1bn at the end of September as outflows of £13.4bn from existing funds and £5.7bn after it restructured parts of its operations were offset by market and currency gains of £15.1bn.

The fund manager said net client outflows were heaviest in the first quarter, at £10.5bn and slowed markedly in the second quarter to £2.9bn.

The firm left its interim dividend unchanged at 7.5p, as expected under the merger terms.

Sentiment towards emerging markets "improving"
Aberdeen's chief executive Martin Gilbert said: "These figures reflect improving sentiment towards emerging markets".

He added: " Global growth appears to be recovering but elections and geo-political issues will continue to weigh on investor sentiment."

Gilbert also said the proposed merger with Standard Life remains "on track" with the deal expected to complete in the fourth quarter of Aberdeen's financial year, which ends in September.

READ: Merger with Aberdeen Asset Management a bold gamble, says Berenberg
Media reports at the weekend suggested the two firms will pay around £35m in retention bonuses to star executives to prevent them quitting during the deal.

In early morning trading, shares in Aberdeen took on nearly 3%, or 8.3p at 287.3p, while Standard Life shares gained 2.1%, or 7.6p at 371.5p.

The proposed all-share merger deal initially valued each Aberdeen share at 286.5p. Aberdeen shareholders will have a 33.3% stake in the merged group while Standard Life's shareholders will own 66.7%.

Rationale of merger with Standard Life looks "pretty compelling"
Laith Khalaf, senior analyst at Hargreaves Lansdown said: 'Aberdeen has been leaking funds for four years now, but

Share Information

Code: ADN

Listing: LSE

Sector: Nonequity Investment Instruments

Website: www.aberdeen-asset.com

Company Synopsis:

Aberdeen Asset Management PLC is an international investment management group, managing assets for both institutions and private individuals from offices around the world.

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

over the last six months the fund group has been bailed out by rising markets and weakening sterling, which have both helped to buoy assets under management.

He added: "Without these favourable effects, profit growth wouldn't have looked quite as rosy, though the company has delivered on its target of making £70 million of annual cost savings, which also helps to cushion the blow of lost assets."

The analysts concluded: "Against a backdrop of weak flows, the rationale of a merger with Standard Life looks pretty compelling, particularly given the gauntlet laid down by passive funds for the active fund industry."

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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