Embargoed until 7am 18 March 2019

MITON GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

"2018 was a year of positive progress – Miton is well positioned coming into 2019."

Miton Group plc (the 'Company' or 'Group'), the AIM quoted asset management group, today announces its final results for the year ended 31 December 2018 (the 'Year').

2018 Results

- £4,376 million closing Assets under Management ('AuM'), up from £3,823 million at the start of 2018 (+14%)
- £1,019 million net inflows (2017: £494 million) (+106%)
- Average AuM was £4,369 million (2017: £3,361 million) (+30%)
- Adjusted profit before tax increased by 34% to £9.2 million (2017: £6.8 million)
- £25.5 million of net cash as at 31 December 2018 (2017: £19.9 million)
- A total of 5,502,180 ordinary shares of 0.1p each in the Company ('Ordinary Shares') acquired and cancelled during the Year at a cash cost of £2.6 million (2017: 15,152,963 Ordinary Shares)
- Proposed dividend of 2.0p (+43%) and the introduction of an interim dividend in 2019

Fund highlights

- 81% of funds are first or second quartile[1] (2017: 87%; 2016: 86%)
- The equity fund range grew by 27% to end the year at £3,015 million (2017: £2,379 million)
- LF Miton UK Multi Cap Income Fund continued to see strong demand ending the Year with £1,265 million of AuM (+25%)
- LF Miton European Opportunities Fund celebrated its three-year anniversary in December and is the best performing fund in the IA Europe sector over three years and since launch. The fund saw net inflows of £210 million in the Year growing its AuM to £364 million at the year end (+101%)
- LF Miton US Smaller Companies Fund was launched in March and finished the Year as the second-best performing fund in the IA US Smaller Companies sector since inception. The fund gained strong traction and contributed to the aggregate AuM being managed by the US team which ended the Year at £626 million (+64%)

Current Trading

- £4,565 million unaudited closing AuM at 28 February 2019
- Neutral net flows for the year to date

David Barron, Chief Executive Officer of Miton, said:

"2018 was a year of positive progress for Miton. Record net flows of just over £1 billion demonstrated the appeal of strategies that are genuinely active. We have continued to broaden the business as evidenced by the strong growth in our newer funds.

We are confident that we can maintain our longer-term momentum, despite the subdued markets in the short term.

Overall, the strength of our strategies, the effectiveness of our distribution and our scalable platform, supported by our robust financial foundations, give us confidence in Miton's future."

	2018	2017	
	£m	£m	%
Closing AuM	4,376	3,823	+14
Average AuM[2]	4,369	3,361	+30
Net revenue	27.5	21.8	+26
Adjusted profit before tax[3]	9.2	6.8	+34
Profit before tax	8.9	6.2	+43
Total cash	25.5	19.9	+28
	pence	pence	%
Adjusted earnings per share[4]	4.69	3.60	+30
Proposed dividend per share	2.00	1.40	+43

Notes

[1] The quartile performance rankings are based on Investment Association sector classifications, with data sourced from FE Analytics in GBP using Class B Shares, net income reinvested, mid to mid basis for OEIC funds and bid to bid for FP Miton Income and MI Miton Cautious Monthly Income funds. Performance for Investment Trusts is calculated on Net Asset Value (NAV), ranked against the relevant Morningstar category for each investment trust, and is sourced from Morningstar Direct. Performance for Miton Global Opportunities plc is quoted over 10 years. All data is as at 31 December 2018.

[2] Average AuM is based on the total month-end closing AuM for each product managed by the Group.

[3] Adjusted profit is stated before amortisation and exceptional items.

[4] Adjusted earnings per share is stated before amortisation, exceptional items and associated taxation.

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 ('MAR').

The person responsible for releasing this announcement on behalf of Miton Group plc is Catriona Fletcher, Company Secretary.

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Notes to Editors:
Miton Group plc (referred to as the 'Company' or 'Group'), is an equity and multi-asset fund management specialist. As at 28 February 2019 the Group managed £4,565 million of assets across eleven OEICs, two unit trusts, three investment trusts and one segregated mandate.

Chairman's Statement
After my first full year as Chairman of Miton Group plc, I am pleased to see continued development against our strategic objectives.

A year of positive progress
It has been a year of significant growth for the business. Pleasingly, we have seen great momentum across much of the fund range, with record net inflows, along with an increase in profitability of the Group.

Despite the uncertainty in markets, Miton's trajectory remains clear. We continue to foster a culture that puts our customers at the heart of our business model. We aim to be recognised as a leading active investment management business, and we seek to deliver premium value for our clients through superior investment performance over the medium to longer-term.

Assets under Management ('AuM')
At 31 December 2018 the Group had AuM of £4,376 million, an increase of 14% for the year. AuM is split between single-strategy, multi-asset funds and investment trusts. Average AuM rose by 30%, to £4,369 million, up from £3,361 million.

Investment performance
Miton's investment performance remains strong with 81% of funds in the first or second quartile of their respective sectors, since launch or fund manager tenure (2017: 87%).

The Group's focus, as ever, is on sustained performance over the medium to longer-term, with a view to minimising permanent capital losses and managing downside risk. Given our medium to long-term focus, one can expect some periods when strategies either outperform or underperform their sectors, or market indices.

Results
2018 was a profitable year for the Group, driven largely by the rise in average AuM. This contributed to an increase in profit before tax of 43% to £8.9 million.

September 2018 saw the cessation of the Growth Share Plan ('GSP'), under which equity was issued to participants where funds had achieved growth and profitability. We introduced a structural change to the Group's cost base as all fund managers are now rewarded via a revenue-based structure. This will result in greater clarity of earnings and no future shareholder dilution.

The Group continues to pursue its financial objectives to increase profitability over time by growing AuM through the provision of attractive returns to clients. Miton's message centres on offering value for money funds with clearly defined objectives.

In 2018 we increased our marketing efforts and invested in our digital assets to promote the differentiated characteristics of our products. In 2019, we look to build our brand further and reach more clients.

The Group is robustly financed with no debt and cash balances as at 31 December 2018 of £25.5 million.

Charitable activity
During the year Miton continued its support of the National Youth Advisory Service ('NYAS'), a rights based charity providing a variety of services for children, young people and adults in the UK. I am pleased to report that in 2018 the Group committed further support to NYAS in the years to come.

Dividends
The Board is recommending an annual dividend payment for 2018 of 2.0p per share, representing an increase of 43% on 2017. Over the past three years, the Group's dividend has increased by an average of 44% per annum.

If approved by the shareholders at the Annual General Meeting on 15 May 2019, the dividend will be paid on 21 May 2019 to shareholders on the register at the close of business on 12 April 2019. The ex-dividend date is 11 April 2019. The Company, through its Registrar, has in place a DRIP which allows shareholders to use their dividends to purchase further ordinary shares in the Company. The last election date to participate in the DRIP is 30 April 2019.

From 2019 the Group will introduce an interim dividend to ensure smoother returns to shareholders.

The Group seeks to maintain its progressive dividend policy with a focus on growing the dividend over time reflecting its profitability.

We also recognise that the retention of a material level of profit within the business is important for stability, future endeavours and organic growth. The Directors' intention is therefore to maintain a strong balance sheet with sufficient capital resources to support the business and to grow organically whilst taking a long-term view.

Outlook
The second half of 2018 saw several uncertainties arise connected to the economic and political landscape. The factors driving these uncertainties will continue in 2019, along with challenging market conditions. It is the Board's belief that the commitment, enthusiasm and skills of Miton's people, along with its robust financial strength, will serve it well during these times.

Effective communication of the Miton brand is key to our success and the ability to capitalise on the progress of recent years. Many of our genuinely active products blend well with passive products and offer transparent objectives for our clients and their advisers. Whilst we recognise the significant challenges in the economic landscape, we continue with our strategy to raise our presence in the UK.

We are encouraged by the achievements of 2018, and the momentum it brings to 2019. We look forward to realising the full potential Miton has to offer – for its clients and shareholders alike.

Jim Pettigrew
Chairman

Chief Executive Officer's Report

I am pleased to report another strong year for Miton. We have seen continued flows into our funds, have delivered good long-term investment performance across a broad range of strategies and strong returns to shareholders.

At Miton we aim to offer differentiated investment strategies for our clients. We position our business as 'genuinely active investing', an approach that invests without benchmark constraint in a wider range of companies and instruments with the ultimate goal of achieving better outcomes for clients supported by a strong focus on customer service and a scalable operating platform.

Business performance

At the end of September 2018 Assets under Management ('AuM') stood at £4.9 billion. Markets during the latter part of the year were more difficult and we finished the year with AuM of £4.4 billion, an increase of 14% on last year. The key metric of average AuM (a better guide of our profitability) for the year was £4.4 billion, up from £3.4 billion in the previous year, an increase of 30%.

The net management fee margin (the retained revenue of the firm after deducting the costs of fund administration, external Authorised Corporate Directors ('ACD') and any enhanced fee arrangements), was 63.0bps compared with 64.9bps last year. This continues to reflect the Group's evolving product mix.

The adjusted operating margin increased from 31.2% to 33.3%, however, as noted below, the increased remuneration costs will impact this for future years while the Group continues to grow, diversify and increase the levels of AuM being managed.

The final tranche of Growth Shares were exchanged into Miton Group plc ordinary 0.1p shares in September 2018. With effect from 1 October 2018, all fund manager remuneration is recognised in personnel costs rather than through the issuance of shares, shareholder dilution and share-based payments. The annual remuneration cost will now move in line with the revenues and performance of the Group; the incremental annualised additional expense to the profit and loss account is estimated to be £1.8 million.

This unification of the remuneration arrangements means that there is greater clarity on the free-cash generation of the business. Historically, we have undertaken share buybacks to mitigate the dilutive impact of the Growth Share Plan ('GSP').

Over the past three years the Group has issued 22.369 million new shares and allocated 3.668 million shares from the Group's Employee Benefit Trust in settlement of the conversion of Growth Shares. These settlements reflect the success of the underlying strategies run by the fund managers who participated in the GSP. During 2017 and 2018, 20.655 million shares were purchased and cancelled at a cash cost of £8.6 million.

Investment flows

We saw strong net inflows of over £1 billion and in September 2018 our AuM reached a peak of £4.9 billion. This was achieved across a range of strategies. The LF Miton UK Multi Cap Income Fund saw net inflows of £400 million and was amongst the leading funds in the highly-competitive UK Equity Income sector, and at the year-end it had assets of £1.3 billion. At a time when many investors were eschewing investment into UK equity markets it was notable that this fund saw net inflows every month of the year and achieved a market share of 6% in its sector. In many ways this fund represents a template for our 'genuinely active' style.

Even though an asset class may be out-of-favour, we believe with sufficient differentiation in our approach we can continue to provide solutions that clients value. We have no defined house investment style and we are neither large cap nor small cap. Some of our strategies may focus on more undervalued situations, others look for companies with genuine growth opportunities, but all have high active share and are unconstrained by benchmarks.

LF Miton Multi Cap Income was the first single-strategy fund we launched in 2011. It is pleasing that several of the more recently launched single-strategy funds have seen strong inflows. LF Miton US Opportunities Fund has returned 105.3% since launch in March 2013 and has seen strong inflows and good returns, which have been delivered, with little or no exposure to the major technology stocks ('FAANGS') that have been responsible for so much of the rise of the broader market indices.

LF Miton European Opportunities was launched on 14 December 2015 and therefore has reached the important milestone of achieving a three-year performance track record. Since its launch, it is the best performing fund in the IA Europe ex UK sector out of 107 funds.

We are confident that several of our other single-strategy funds are well-placed to grow when their style returns to favour or they build longer track records.

Our multi-asset range continued to see positive inflows over the year. We believe offering both single-strategy funds and more outcome-based funds enables the Group to address the UK market with a more balanced business.

Many advisers are looking for investment partners who will offer a broad multi-asset product range and strong client service. On 29 January 2018 we launched the LF Miton Balanced Multi Asset Fund to take the range of multi-assets funds to four. Our experienced team have a strongly differentiated approach that is both scalable and transparent. We believe regulation and industry dynamics mean that many advisers will look to use a smaller number of fund providers who can deliver strong solutions to meet their clients' needs. Our directly invested range of four funds make us an attractive partner for an increasing range of advisers.

Several of our strategies and funds were recognised with various awards during the period. LF Miton US Opportunities won Best North America Fund at the Investment Week Fund Manager of the Year Awards 2018. The Diverse Income Trust and Miton Global Opportunities won Best Trust in the UK Income and Flexible Investment categories respectively in the Investment Week Investment Company of the Year Awards 2018.

Miton is positioned to meet the needs of investors and savers in the UK and is unburdened with legacy approaches. It was gratifying to see that we ranked in the top ten management groups for net retail inflows, as measured by the Pridham Report, in all four quarters of 2018. This is testimony to both the quality of the fund range we manage and the strength of our distribution in the UK.

Our fund flows are increasingly diversified with three investment teams seeing net inflows in excess of £200 million into their respective strategies during the year. As our business develops we expect to see this trend of diversification continue.

Regulation

A significant amount of work went into preparation for MiFID II. We took the decision to seek to agree a specific charge with our clients to cover external research. We have recently decided that we will take the costs of the research for our multi-asset funds, which tends to be more macro-economic, through the profit and loss account. The cost of this is estimated to be £0.2 million.

As we have mentioned in the past, individuals are having to take greater responsibility for their retirement and savings provision. The asset management industry is central to a market economy. The ability of individuals to retire well or of businesses to finance their needs depends on the asset management sector working for customers and allocating capital efficiently. The regulator consistently emphasises the importance of culture of firms, and we believe our genuinely active approach, defined as it is by individual discretion, empowerment and high levels of personal accountability makes good business sense, as well as fitting with the current regulatory agenda.

There will be further regulatory initiatives, including implementation of many of the findings of the FCA's Asset Management Study. We are confident that we are well-placed to implement these without any significant impact on our business.

Strategy

Our business is distributing UK domiciled funds to a client base that is predominantly UK based, be they advisers or discretionary managers. This gives our business a simplicity and focus, and at a time of some uncertainty over the relationship of the UK with other markets we do not have the structural complexity of some of our competitors.

We have significant scope for growth by taking further market share in the UK; we aim to achieve this by growing our existing funds and by launching new and differentiated strategies with clear objectives that meet our clients' needs.

During the year we launched two funds, these being the LF Miton US Smaller Companies Fund and the LF Miton UK Balanced Fund which bring our range of funds up to 16. Indeed, over the last five years we have successfully launched five new products.

The capacity within our existing strategies gives us significant scope for growth. Over the past three years we have added both European and Global Infrastructure capabilities and have the capacity to bring-on and invest in further new strategies. We do not currently seed funds and wish to ensure that new strategies receive sufficient distribution attention to start well and that new strategies can really help our clients achieve their goals. We see good opportunities to expand but do not need to offer all strategies to all clients to succeed.

We continue to invest in our brand and our ability to reach a wider group of clients. We have enhanced our website and added to our digital resource, whilst improving our CRM and sales infrastructure. We believe it is important to maintain our profile in the UK, and so even though market levels are down from their highs, we will continue our investment in distribution and marketing on a sensible scale.

Brexit

Our business is straightforward. Our funds are UK domiciled and the majority of our clients are UK-based. Many of the immediate post Brexit concerns that larger competitors may be wrestling with do not therefore impact our operations. Nonetheless, Brexit has introduced significant uncertainty and has changed the perception of UK markets and equities, especially amongst overseas investors. However, opportunities may arise once there is greater clarity on the UK's future relationship with the European Union.

Outlook

Trading in the last three months of the financial year was more subdued which has continued into 2019. There are specific factors relating to the UK, which impact both markets and investor willingness to invest. Our gross fund flows in the first three quarters of 2018 averaged £170.9 million, and in the final quarter were £111.5 million, whilst redemptions averaged £66.1 million per month. This points to a more cautious stance by clients which has continued into the early part of this financial year. Nonetheless, we have benefited from the improved stock markets in January and February resulting in our AuM standing at £4,565 million at 28 February 2019.

It is important, however, to differentiate between the shorter-term external factors and the longer-term momentum in the business, which is positive.

By the key measures of the health of an asset management business, long-term investment performance and the willingness of clients to invest more with a firm, Miton is well-placed. Miton has a strong balance sheet with good cash resources, a profitable business and offers a range of differentiated strategies that are well-suited to the current environment. The strength of our strategies, the effectiveness of our distribution and our scalable platform give me confidence in the future.

The strategy of diversifying the business has continued to deliver and we see further opportunities to attract talented individuals.

Finally, we would like to thank our clients and their advisers for their continuing trust in us and for investing in our funds and strategies. We would like to also thank our colleagues for their hard work, their dedication and desire to do the right thing for clients. Each role in our firm is important and delivering good client outcomes depends on investment management, distribution and our support and control teams working together effectively.

David Barron
Chief Executive Officer

Financial and Operating Review

Assets under Management ('AuM')

AuM ended the year 14% ahead of the comparative period at £4,376 million. Having reported AuM of £4,868 million at the end of September, heightened market volatility in the last quarter of the year saw a reversal of the investment gains of the first nine months. The market falls were, however, offset by strong net inflows of £1 billion for the 12 months.

Average AuM for 2018 was £4,369 million, an increase of £1 billion (30%) on the previous year.

AuM and flows	**2018 £m**	2017 £m	% change
Opening AuM	**3,823**	2,905	
Net flows	**1,019**	494	
Market/investment performance	**(466)**	424	
Closing AuM	**4,376**	3,823	+14%
Average AuM	**4,369**	3,361	+30%

Positive net flows were experienced in both the equity and multi-asset fund ranges. In February, the Group onboarded a small segregated mandate.

The investment trusts saw a fall in AuM arising from the agreed transfer of The Investment Company plc mandate on 29 March 2018 and a redemption option for shareholders in the Miton UK MicroCap Trust plc completing on 15 May 2018.

AuM by asset class and fund type	**2018 £m**	2017 £m	% change
Equity funds	**2,994**	2,379	+26%
Multi-asset funds	**847**	839	+1%
Investment trusts	**514**	605	-15%
Segregated mandate	**21**	—	n/a
Total	**4,376**	3,823	+14%

Equity funds

In 2018 the Group saw net flows into the equity funds becoming increasingly diversified with the more nascent funds contributing significantly to the total net inflows of £927 million achieved in the year.

The AuM of the LF Miton US Opportunities Fund increased by 41% to end the year at £537 million. The LF Miton European Opportunities Fund, launched in December 2015, ended the year with £364 million of AuM, an increase of 101% on the comparative period.

In March, the Group added to its US product range with the launch of the LF Miton US Smaller Companies Fund, drawing on the team's track record in this area of the market. The fund gained significant traction, and at 31 December 2018 it had AuM of £89 million.

Multi-asset funds

The multi-asset range of funds saw net inflows of £95 million for the year with the total AuM managed by the team increasing by 1% to £847 million. In January, a balanced multi-asset fund was launched in the IA Mixed Investment 40%–85% shares sector.

Net management fees and margins

Net management fees for the year were £27.5 million (2017: £21.8 million) reflecting the increase in the average AuM achieved in the year.

The net management fee margin reduced to 63.0bps (2017: 64.9bps). The Group continues to launch new products with founder share classes. This, coupled with increased costs associated with OCF caps while the funds gain critical mass, results in an overall contribution of these products at lower margins in the period after launch.

Administration expenses

Administration expenses (excluding share-based payments) increased by 26% to £18.1 million. Staff costs continue to represent the major component totalling £12.7 million (2017: £10.1 million).

Staff costs consist of two core elements structured around fixed and variable awards.

Fixed compensation (comprising base salaries, pension, NI, and indirect costs of employment) rose by 3% to £6.9 million. Variable compensation (discretionary bonuses and rewards to fund managers and related national insurance costs ('NI')) increased by 71% to £5.8 million.

The increase in variable compensation reflects the robust underlying performance of the Group, as well as strong longer-term investment performance. Additionally, from 1 October 2018 all fund managers were rewarded through the fund manager remuneration scheme, which is a cash-based reward rather than a share-based plan.

In 2019, a further increase in variable staff costs is anticipated to reflect a full year of expense under the fund manager remuneration scheme and the rising amortisation of deferred bonuses.

Overheads rose by £0.7 million to £4.3 million. Key initiatives in the year were increased investment in digital marketing and customer relationship management systems. In September the Group appointed joint brokers which contributed to the increase in professional fees. Levies of £0.1 million were paid in the year (2017: £Nil) to the Financial Services Compensation Scheme.

Other costs consist principally of depreciation and irrecoverable VAT.

In addition to the increased variable costs already noted, the Group's income statement in 2019 will also reflect IFRS 16 which will be applied from 1 January 2019. IFRS 16 requires operating leases to be capitalised unless the lease term is 12 months or less or the underlying asset value is immaterial. Operating lease expenses in the income statement will be replaced by a depreciation expense on the recognised right of use asset and an interest expense as the lease liabilities unwind. This change is not expected to have a material impact on the Group's profitability.

Adjusted profit and profit before tax

The adjusted profit increased to £9.2 million from £6.8 million in the comparative year; this represented an increase of 34%. The increase reflects the higher net revenues generated by the Group which was driven by the elevated levels of AuM achieved throughout the year.

The table below reconciles adjusted profit before tax and profit before tax.

	2018 £m	2017 £m
Net revenue	**27.5**	21.8
Administrative expenses	**(18.1)**	(14.4)
Share-based payments	**(0.3)**	(0.6)
Adjusted profit before tax	**9.2**	6.8
Amortisation	**(0.3)**	(0.3)
Exceptional costs	**—**	(0.4)
Profit before tax	**8.9**	6.2

Share-based payments

The share-based payment expense decreased from £0.6 million to £0.3 million reflecting the cessation of the Growth Share Plan (‘GSP’) in October 2018. Included within this current year expense, £0.2 million related to the GSP (2017: £0.4 million).

Exceptional costs

There were no exceptional costs during the year (2017: £0.4 million predominantly relating to changes in the Board structure).

Earnings per share

The adjusted earnings per share was 4.69p, representing an increase of 30% (2017: 3.60p). This is an alternative performance measure, see below for further detail. Diluted adjusted earnings per share was 4.61p (2017: 3.38p). Basic and diluted earnings per share are calculated on profit after tax. For the year ended 31 December 2018 these were 4.54p and 4.47p respectively (2017: 3.27p and 3.06p).

The theoretical dilution has fallen as a result of the cessation of the GSP. Dilution arises from the Management Equity Incentive (‘MEI’) and the Management Incentive Plan (‘MIP’) where the exercise prices are below the average share price during the year of 53.57p (2017: 38.64p).

Dividend

The Board is proposing to increase the annual dividend by 43% to 2.0p per share (2017: 1.4p). The Group seeks to maintain a progressive dividend policy.

The proposed dividend payment totals £3.1 million (2017: £2.1 million) equating to a dividend cover of 2.2 times (profit after taxation divided by proposed dividend amount) (2017: 2.3 times).

Balance sheet and cash management
At 31 December 2018 the cash balances of the Group totalled £25.5 million (2017: £19.9 million). The Group continues to be cash generative, with the higher closing cash balances being a result of the increased profitability achieved in the year.

During 2018 the Group completed one (2017: two) share buyback programme to ameliorate the dilutive impact of shares issued to participants under the GSP. On 13 December 2018 the Group acquired and cancelled 5,502,180 ordinary 0.1p shares at a cash cost of £2.6 million (2017: 15,152,963 ordinary 0.1p shares at a cash cost of £6 million).

Outlook
The Group recognises the volatility now faced by the business caused by the current macro environment and the impact it may have on the average AuM. These risks and uncertainties have been reflected through the impairment testing and going concern analysis.

The business operates under one jurisdiction, all funds are UK domiciled and are not passported outside of the UK. The Group is positioned to sell products inside the UK, to UK-based clients, which lessens the risk Brexit poses to the Group's operating model.

Alternative Performance Measure (‘APMs’)
The Directors use the following APMs in evaluating the performance of the Group and for planning, reporting and incentive-setting purposes.

Adjusted profit before tax
Definition: Profit before interest, taxation, depreciation and amortisation, share-based payments and exceptional items.
Purpose: Encompasses all operating expenses in the business, including fixed and variable staff cash costs. Provides a proxy for cash generated and is the key measure for the profitability of the Group.

Adjusted operating margin
Definition: Adjusted profit before tax divided by net revenue.
Purpose: Used to determine the efficiency of operations and the ratio of operating expenses to revenues generated in the year.

Cash generated from operations
Definition: Profit before taxation adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals and items of income or expense associated with investing or financing cash flows.
Purpose: Provides a measure in demonstrating the amount of cash generated from the Group’s ongoing regular business operations.

Assets under Management (‘AuM’)
Definition: The value of assets that are managed by the Group.
Purpose: Management fee income is calculated based on the level of AuM managed. The AuM managed by the Group is used to measure the Group’s relative size against the industry peer group.

Net management fee
Definition: The net revenue of the Group. Calculated as gross management fee income, after deducting the cost of fund accounting, external Authorised Corporate Directors (‘ACD’) and any enhanced fee arrangements.
Purpose: Provides a consistent measure of the profitability of the Group and its ability to grow and retain clients, after removing amounts paid to third parties.

Net management fee margin
Definition: Net management fees divided by average AuM.
Purpose: A measure used to demonstrate the blended management fee rate earned from the AuM managed by the Group. A basis point (‘bps’) represents one hundredth of a percent. This measure is used within the asset management sector and provides comparability of the Group’s net revenue generation.

Adjusted earnings per share (basic)
Definition: Profit after tax excluding amortisation and exceptional items, divided by the weighted average number of shares in issue in the year.
Purpose: Provides a clear measure to shareholders of the profitability of the Group from its underlying operations. The exclusion of amortisation and exceptional items provides a consistent basis for comparability of results year on year.

Piers Harrison
Chief Operating Officer

Financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	**2018** **£000**	2017 £000
Revenue		**36,174**	27,789
Fees and commission expenses		**(8,649)**	(5,983)
Net revenue		**27,525**	21,806
Administration expenses		**(18,116)**	(14,440)
Share-based payment expense		**(303)**	(548)
Amortisation of intangible assets		**(280)**	(280)
Exceptional operating expenses		—	(352)
Operating profit	3(a)	**8,826**	6,186
Finance revenue		**53**	3
Profit for the year before taxation		**8,879**	6,189
Taxation		**(1,867)**	(1,184)
Profit for the year after taxation attributable to equity holders of the parent		**7,012**	5,005

		pence	pence
Basic earnings per share	4(a)	**4.54**	3.27
Diluted earnings per share	4(a)	**4.47**	3.06

No other comprehensive income was recognised during 2018 or 2017. Therefore, the profit for the year is also the total comprehensive income.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £000	Share premium £000	Employee Benefit Trust £000	Treasury shares £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2017	178	2,661	(6,530)	(11)	—	65,216	61,514
Profit for the year	—	—	—	—	—	5,005	5,005
Release of Treasury shares	—	—	—	7	—	—	7
Settlement of options	—	—	—	—	—	(220)	(220)
Share-based payment	—	—	—	—	—	548	548
Share issue on exchange of Growth Shares	10	—	—	—	—	(10)	—
Cancellation of ordinary shares	(15)	—	—	—	15	(5,965)	(5,965)
Dividends paid	—	—	—	—	—	(1,509)	(1,509)
At 1 January 2018	**173**	**2,661**	**(6,530)**	**(4)**	**15**	**63,065**	**59,380**
Profit for the year	—	—	—	—	—	7,012	7,012
Release of Treasury shares	—	—	—	4	—	—	4
Share-based payment	—	—	—	—	—	303	303
Deferred tax direct to equity	—	—	—	—	—	30	30
Share issue on exchange of Growth Shares	6	—	1,198	—	—	(1,204)	—
Cancellation of ordinary shares	(6)	—	—	—	6	(2,660)	(2,660)
Dividends paid	—	—	—	—	—	(2,136)	(2,136)
At 31 December 2018	**173**	**2,661**	**(5,332)**	**—**	**21**	**64,410**	**61,933**

Consolidated Statement of Financial Position
as at 31 December 2018

	Notes	**2018 £000**	2017 £000
Non-current assets			
Goodwill		**41,070**	41,070
Intangible assets		**257**	537
Other investments		**100**	100
Property and equipment		**186**	52
Deferred tax asset		**69**	55
Trade and other receivables		**85**	20
		41,767	41,834
Current assets			
Trade and other receivables		**3,471**	3,016
Cash and cash equivalents	5	**25,539**	19,902
		29,010	22,918
Total assets		**70,777**	64,752
Current liabilities			
Trade and other payables		**(8,455)**	(5,072)
Provisions		**(15)**	(285)
		(8,470)	(5,357)
Non-current liabilities			
Provisions		**(374)**	(15)
Total liabilities		**(8,844)**	(5,372)
Net assets		**61,933**	59,380
Equity			
Share capital		**173**	173
Share premium		**2,661**	2,661
Employee Benefit Trust		**(5,332)**	(6,530)
Treasury shares		**—**	(4)
Capital redemption reserve		**21**	15
Retained earnings		**64,410**	63,065
Total equity shareholders’ funds		**61,933**	59,380

David Barron
Chief Executive Officer
15 March 2019

Consolidated Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the year after taxation		**7,012**	5,005
Adjustments to reconcile profit to net cash flow from operating activities:			
Tax on continuing operations		**1,867**	1,184
Finance revenue		**(53)**	(3)
Depreciation		**38**	66
Loss on disposal of fixed assets		**—**	2
Increase in employee benefit liability		**136**	83
Purchase of plan assets (held for employee benefit liability)		**(136)**	(83)
Amortisation of intangible assets		**280**	280
Share-based payment expense		**303**	548
Increase in trade and other receivables		**(520)**	(622)
Increase in trade and other payables		**3,384**	770
Increase in provisions		**89**	113
Cash generated from operations		**12,400**	7,343
Income tax paid		**(1,852)**	(1,011)
Net cash from operating activities		**10,548**	6,332
Cash flows from investing activities:			
Interest received		**53**	3
Purchase of property and equipment		**(172)**	(34)
Net cash used in investing activities		**(119)**	(31)
Cash flows from financing activities:			
Release of Treasury shares		**4**	7
Settlement of options		**—**	(220)
Acquisition and cancellation of ordinary shares		**(2,660)**	(5,965)
Dividend paid		**(2,136)**	(1,509)
Net cash from financing activities		**(4,792)**	(7,687)
Increase/(decrease) in cash and cash equivalents		**5,637**	(1,386)
Cash and cash equivalents at the beginning of the year		**19,902**	21,288
Cash and cash equivalents at the end of the year	5	**25,539**	19,902

Notes to the Consolidated Financial Statements
for the year ended 31 December 2018

1. Authorisation of financial statements and statement of compliance with IFRS
The financial statements of Miton Group plc and its subsidiaries (the 'Group') for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 15 March 2019 and the Consolidated Statement of Financial Position was signed on the Board's behalf by the Chief Executive, David Barron. Miton Group plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

This financial information does not constitute statutory accounts, but has been extracted from the statutory accounts for the years ended 31 December 2018 and 31 December 2017 on which unqualified audit reports, which did not contain a statement under s498(2) or s498(3) of the Companies Acts 2006, have been issued. The statutory accounts for the year ended 31 December 2017 were posted to shareholders on 29 March 2018 and delivered to the Registrar on 15 May 2018. The results announcement has been prepared on the same basis as that used in the preparation of the previous year's annual report and was approved for issue by the Board of Directors on 15 March 2019.

The statutory accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held at 10.30am on 15 May 2019 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London, EC2M 7SH.

Copies of the Annual Report and Accounts will be published on the Group's website www.mitongroup.com on 18 March 2019 and posted to shareholders on or before 28 March 2019.

2. Accounting policies
Basis of preparation
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2018. The Consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value. The Consolidated Financial Statements are presented in Sterling and all values rounded to the nearest thousand pounds (£000). This results announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses and plans for Miton Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that have not yet occurred. There are a number of different factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. Nothing in this statement should be construed as a profit forecast.

Segmental reporting
The Group has only one operating segment, fund management, which is derived from clients in the United Kingdom. Therefore, no segmental reporting is presented. The Group has one cash-generating unit ('CGU').

3. Group operating profit
(a) Operating profit is stated after charging:

	Notes	**2018 £000**	2017 £000
Auditors' remuneration	3(b)	**157**	149
Staff costs		**12,997**	10,610
Operating lease rentals – land and buildings		**484**	485
Depreciation		**38**	66
Loss on disposal of fixed assets		—	2
Amortisation of intangible assets		**280**	280
Exceptional operating expenses		—	352

The operating lease rentals charged to the Consolidated Statement of Comprehensive Income include the service charges associated with each lease.

There were no exceptional operating expenses in the year (2017: £352,000 which predominantly related to changes in the Board structure).

(b) Auditors' remuneration
The remuneration of the auditors is analysed as follows:

	2018 £000	2017 £000
Audit of the Consolidated Financial Statements	**40**	40
Audit of the Company's subsidiaries	**60**	67
	100	107
Other fees to auditors — tax compliance services	**22**	25
Other fees to auditors — tax advisory services	**8**	8
Other fees to auditors — other assurance services	**27**	9
	157	149

4. Earnings per share
Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average of issued ordinary share capital of the Company is reduced by the weighted average number of shares held by the Group's Employee Benefit Trust. These shares have waived their dividend rights.

In calculating diluted earnings per share, IAS 33 Earnings Per Share requires that the profit is divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares during the year.

On 10 October 2018 exchange notices were received from holders of the final 100 Growth Shares in Miton Group Service Company Limited for ordinary 0.1p shares in the Company. As a result of the exchange, the Company issued and allotted 5,502,180 ordinary shares and the Trustees of the EBT transferred 3,668,120 shares at the market price of 70.2p per share on the day (2017: Issued 10,260,200 ordinary shares at the market price of 40.5p per share).

In 2018 the Group undertook one share buyback (2017: Two). On 13 December 2018 the Group acquired and cancelled 5,502,180 ordinary 0.1p shares for a cash cost of £2.660m (2017: 15,152,963 ordinary 0.1p shares cancelled for a cash cost of £5.965m).

(a) Reported earnings per share
Reported basic earnings per share has been calculated as follows:

	2018			2017		
	Profit £000	**Shares No.**	**Basic earnings per share pence**	Profit £000	Shares No.	Basic earnings per share pence
Profit attributable to ordinary equity shareholders of the Parent Company for basic earnings	**7,012**			5,005		
Basic earnings per share	**7,012**	**154,420,555**	**4.54**	5,005	153,198,768	3.27

Diluted earnings per share has been calculated as follows:

	2018			2017		
	Profit £000	**Diluted shares No.**	**Diluted earnings per share pence**	Profit £000	Diluted shares No.	Diluted earnings per share pence
Profit attributable to ordinary equity shareholders of the Parent Company for diluted earnings	**7,012**			5,005		
Diluted earnings per share	**7,012**	**156,966,647**	**4.47**	5,005	163,362,452	3.06

Reconciliation of weighted average number of ordinary shares:

	2018 shares No.	2017 shares No.
Weighted average number of ordinary shares for basic EPS*	**154,420,555**	153,198,768
Effects of dilution from share options	**2,546,092**	10,163,684
Weighted average number of ordinary shares adjusted for the effect of dilution*	**156,966,647**	163,362,452

* The weighted average number of shares takes into account the weighted average effect of changes in Treasury share transactions during the year.

The dilution arises from the Management Equity Incentive ('MEI') and the Management Incentive Plan ('MIP') awards where the exercise prices are below the average share price during the year (2017: Dilution predominantly related to Growth Shares with an accrued value at 31 December 2017).

(b) Adjusted earnings per share
Adjusted earnings per share is based on adjusted profit after tax, where adjusted profit is stated after charging interest and share-based payments but before amortisation, and exceptional items.

Adjusted profit for calculating adjusted earnings per share:

	2018 £000	2017 £000
Profit before taxation for the year	**8,879**	6,189
Add back:		
Exceptional operating expenses	—	352
Amortisation	**280**	280
Adjusted profit before tax	**9,159**	6,821

Taxation:		
Tax charge in the Consolidated Statement of Comprehensive Income	**(1,866)**	(1,184)
Tax effect of adjustments	**(54)**	(122)
Adjusted profit after tax for the calculation of adjusted earnings per share	**7,239**	5,515

Adjusted earnings per share was as follows using the number of shares calculated at note 4(a):

	2018 pence	2017 pence
Adjusted earnings per share	**4.69**	3.60

Diluted adjusted earnings per share was as follows:

	2018 pence	2017 pence
Diluted adjusted earnings per share	**4.61**	3.38

5. Cash

	2018 £000	2017 £000
Cash at bank and in hand	**25,539**	19,902