

Cohen & Steers: Q1 2018 Earnings Presentation

COHEN & STEERS

Summary of First Quarter

Assets Under Management

- March 31, 2018 AUM was \$58.5 billion versus \$62.1 billion at December 31, 2017
- Average AUM was \$59.2 billion for Q1 2018 versus \$62.0 billion for Q4 2017

Flows

- Net outflows of \$95 million in Q1 2018 versus net inflows of \$227 million in Q4 2017
- Net outflows in subadvisory ex. Japan, open-end funds, and Japan subadvisory
- Net inflows in advisory

Financial Results, as adjusted

- Net income was \$29.0 million in Q1 2018 versus \$26.1 million in Q4 2017
- Diluted EPS of \$0.62 in Q1 2018 versus \$0.55 in Q4 2017
- Operating margin was 40.6% in Q1 2018 versus 41.5% in Q4 2017
- First quarter 2018 results reflected the lower U.S. federal statutory tax rate of 21%

Capital Management

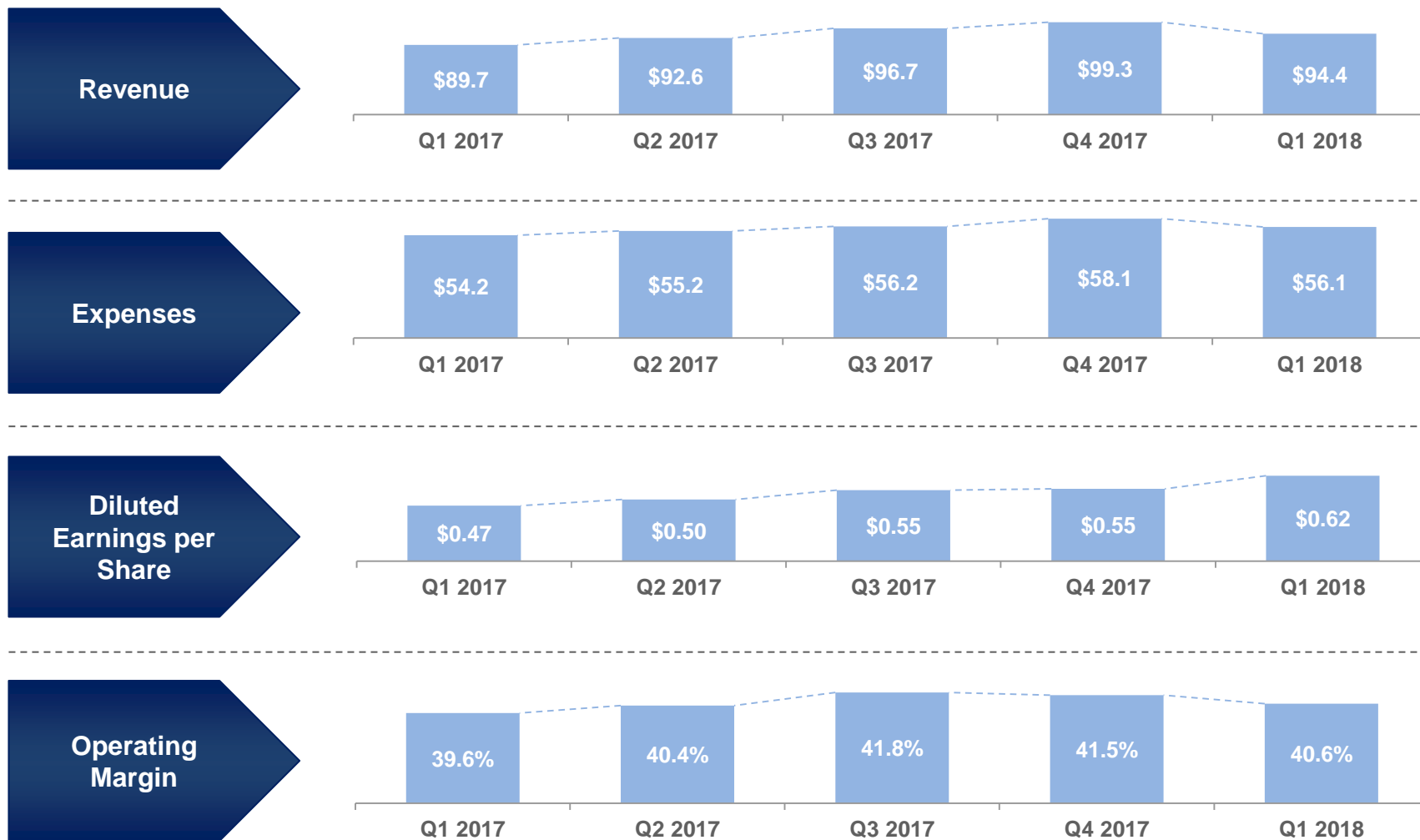
- Declared a quarterly dividend per share of \$0.33, an 18% increase from the prior quarter

The presentation of prior period amounts has been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

Financial Results, as adjusted

\$ in millions, except earnings per share and percentages

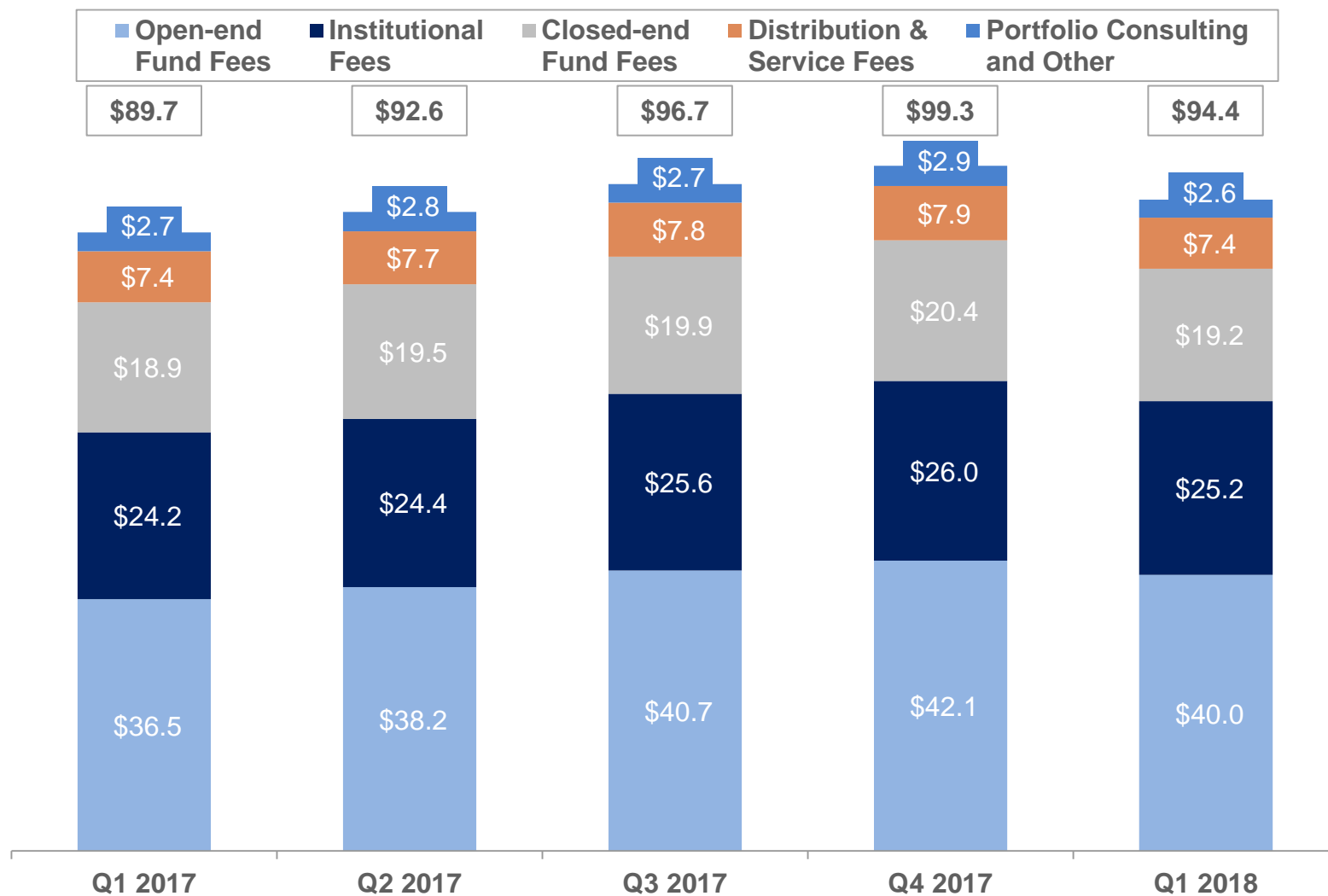


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Revenue, as adjusted

\$ in millions



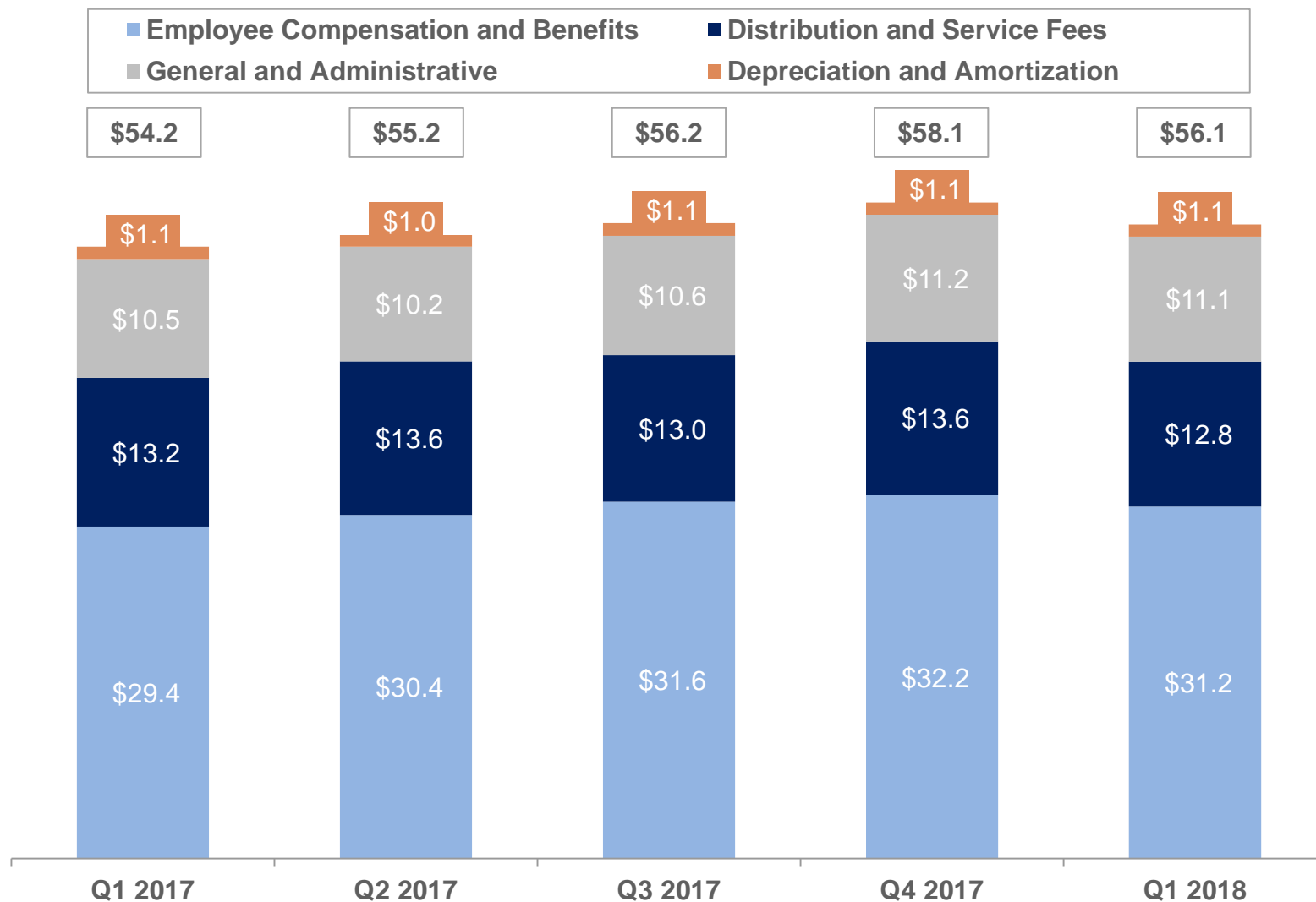
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⁴ Total may not foot due to rounding.

Expenses, as adjusted

\$ in millions



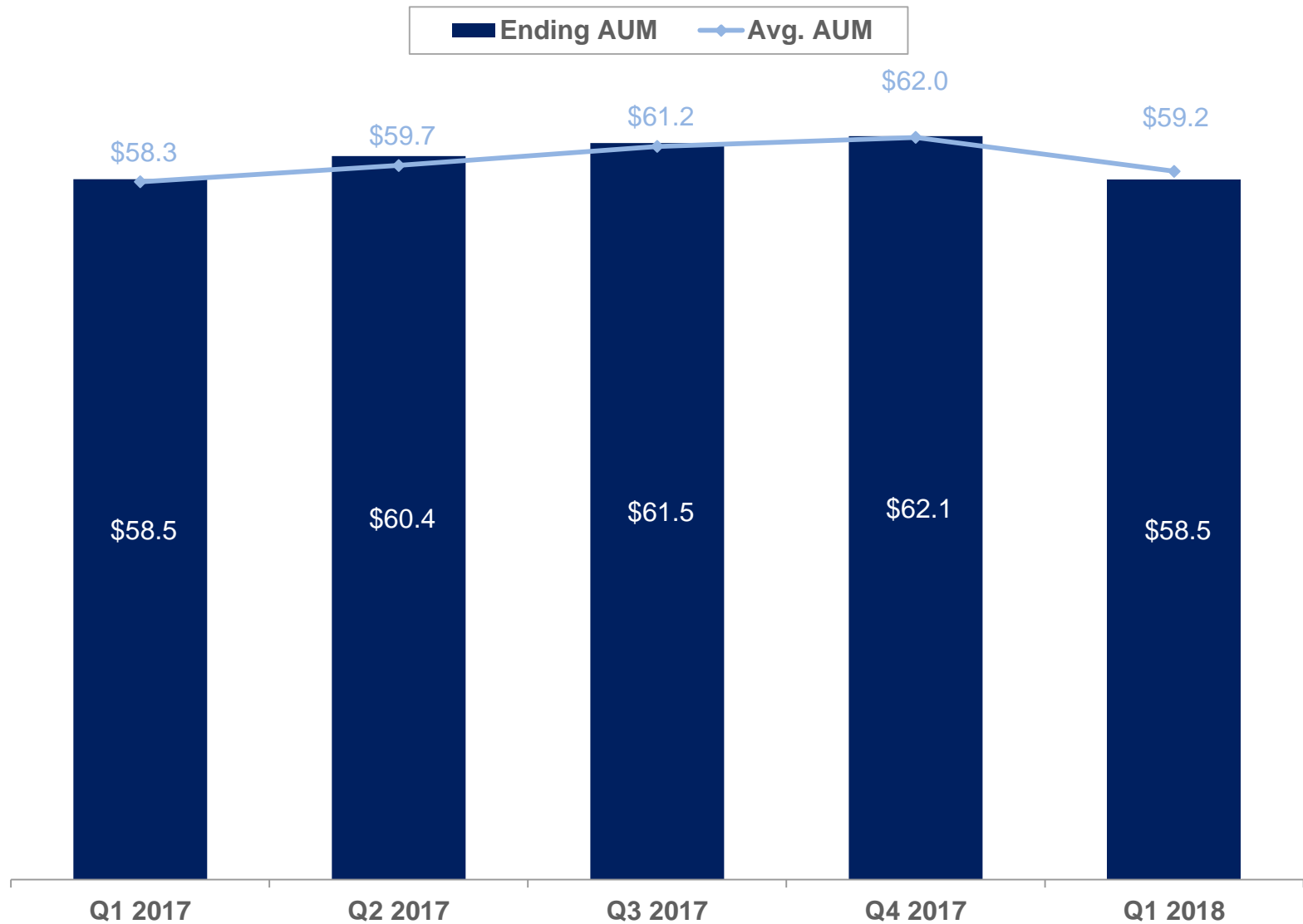
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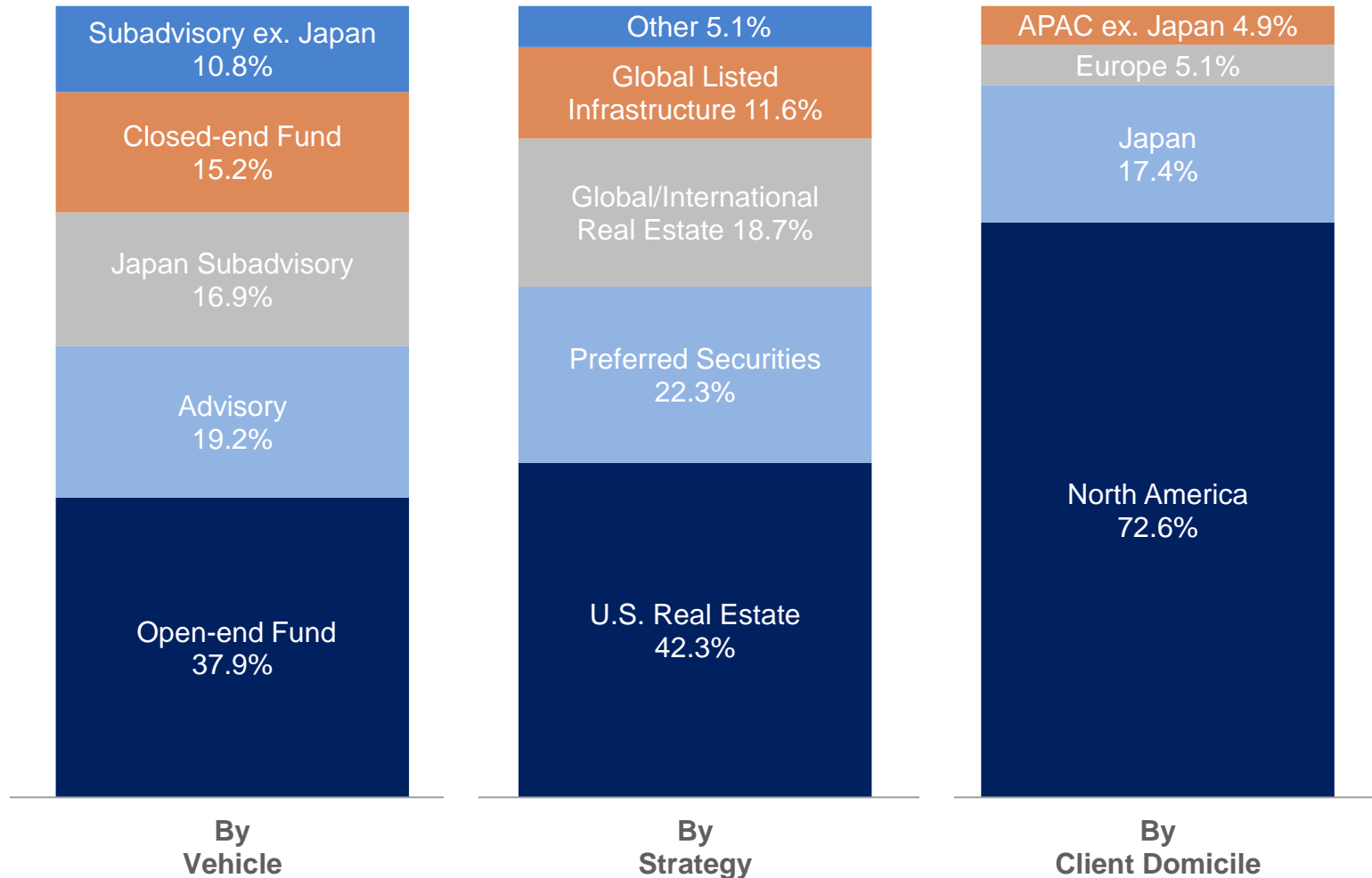
Assets Under Management

\$ in billions



Assets Under Management

Across Vehicle, Strategy, and Client Domicile

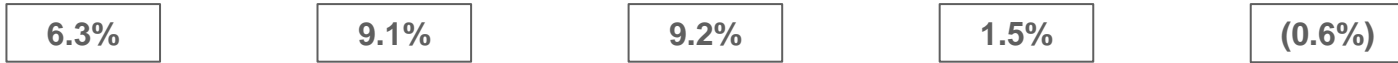


Total Firm Net Flows

\$ in billions



Organic Growth/
(Decay)



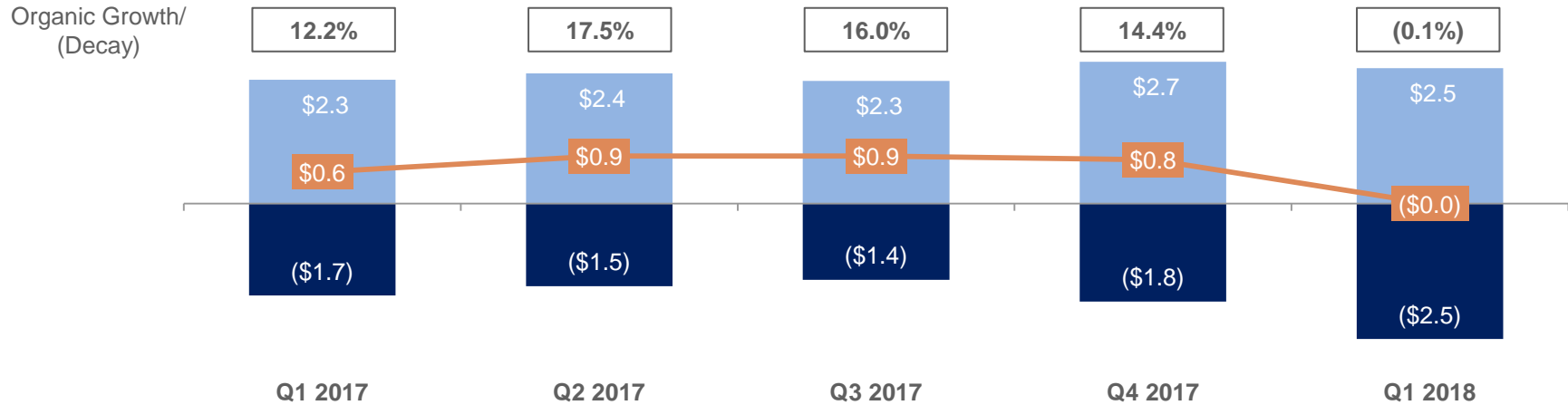
8 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

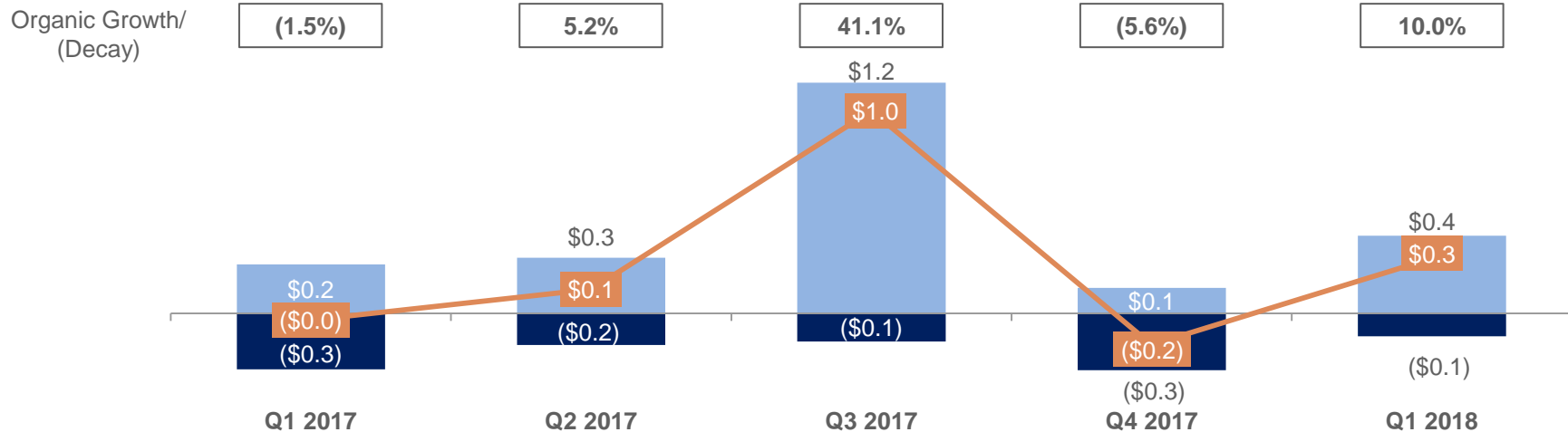
\$ in billions



Open-end Funds



Advisory



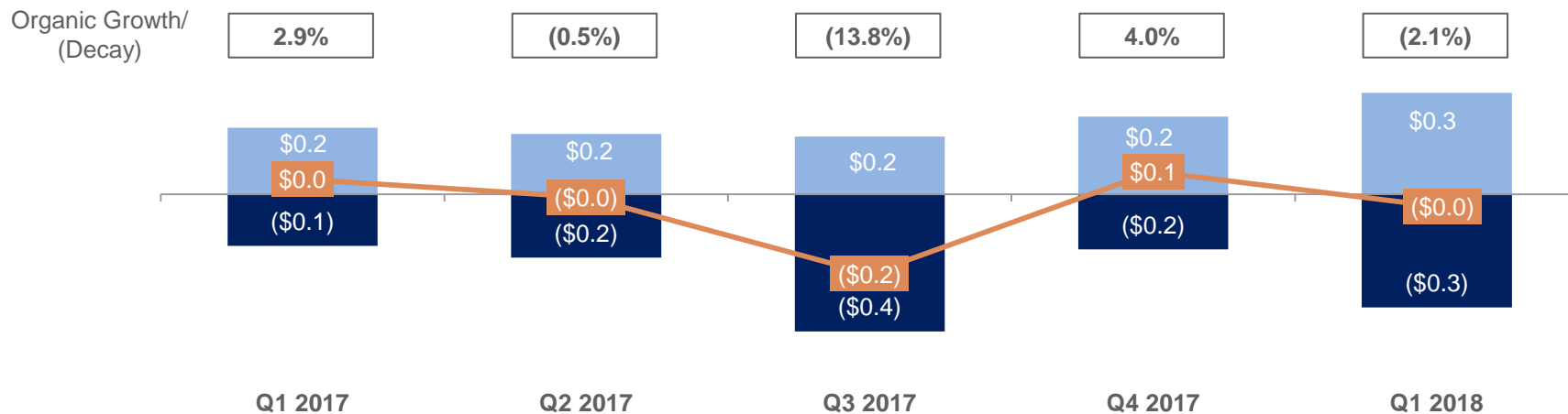
9 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

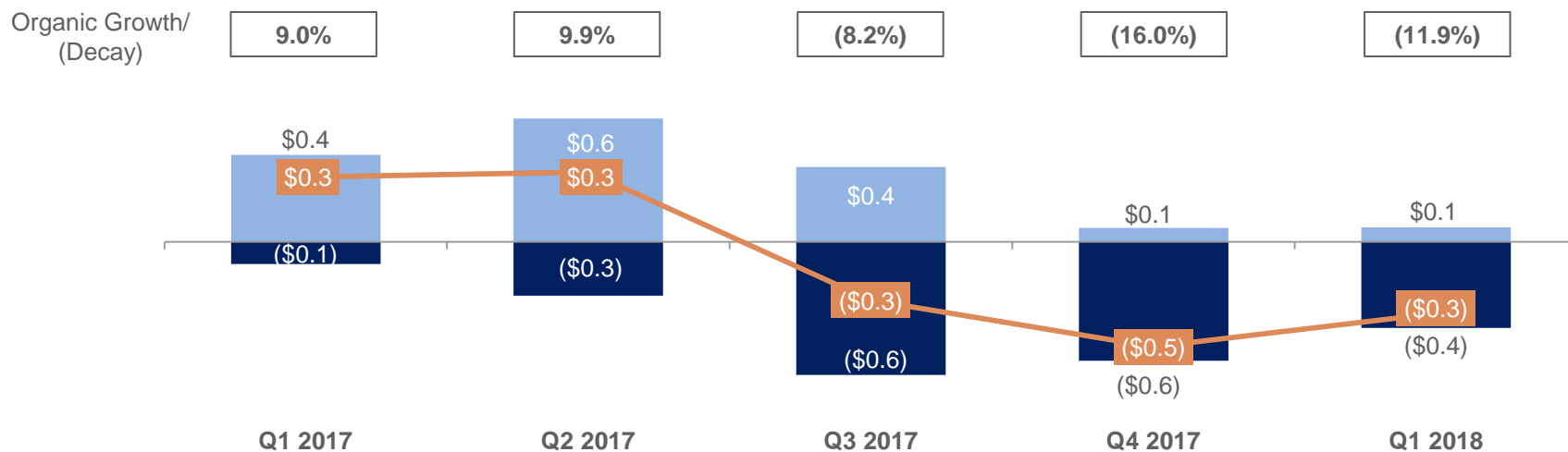
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



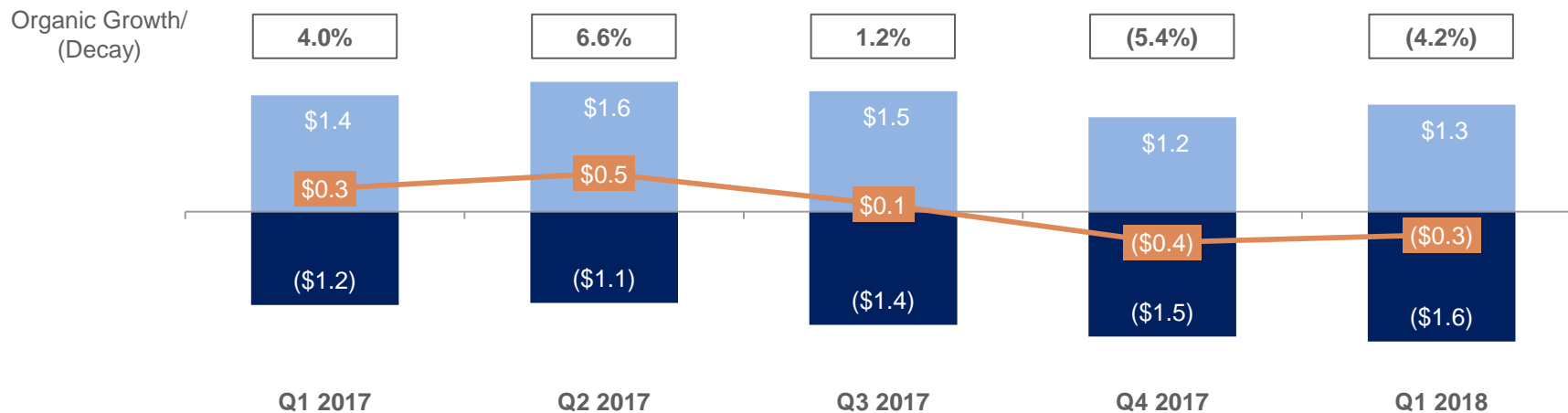
10 Totals may not foot due to rounding.

Net Flows by Investment Strategy

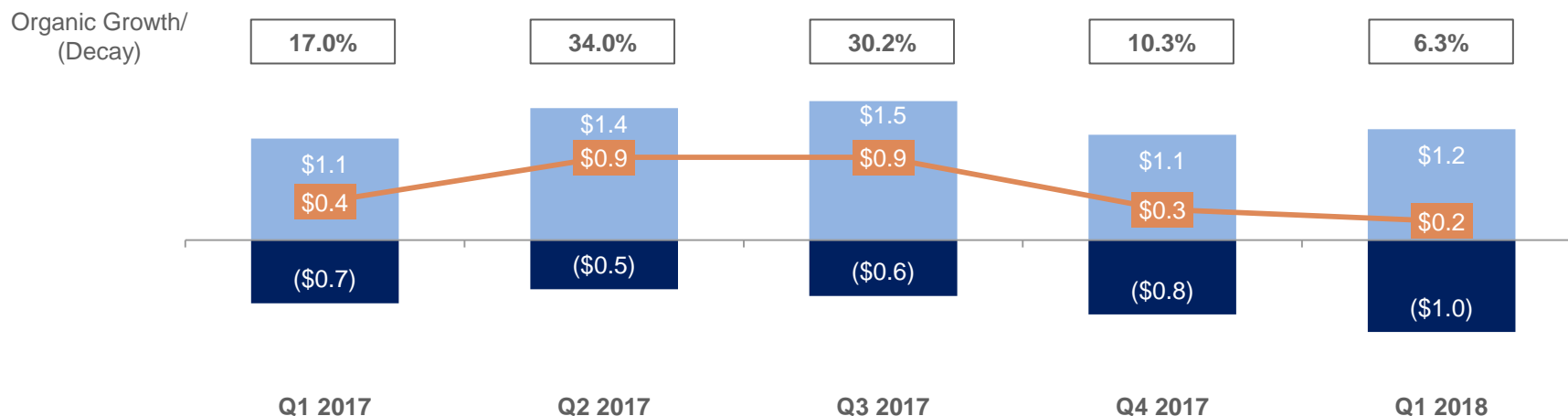
\$ in billions



U.S. Real Estate



Preferred Securities



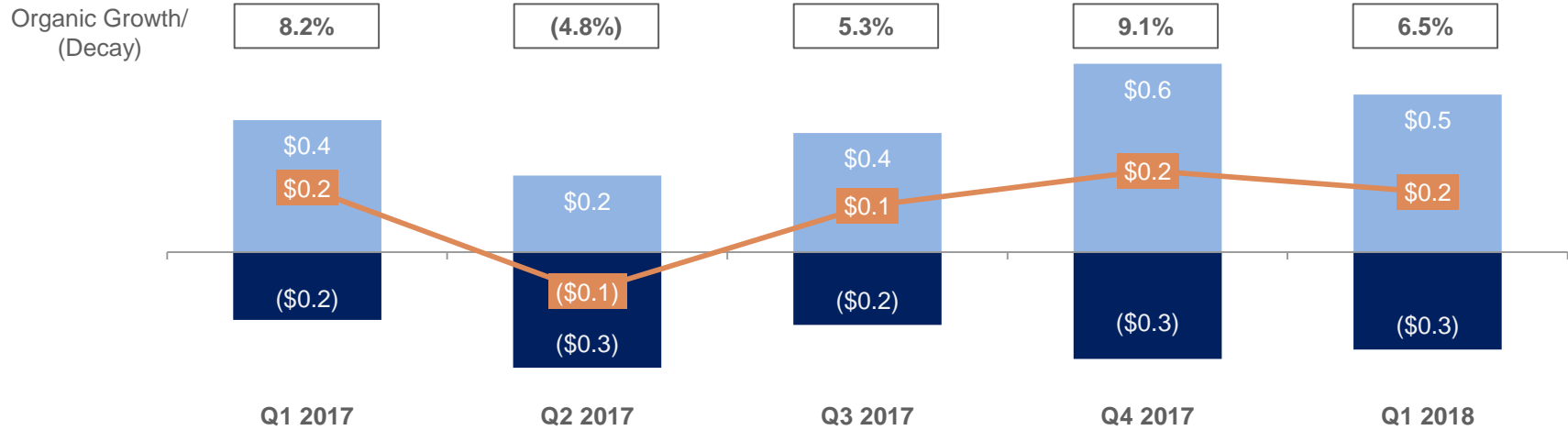
11 Totals may not foot due to rounding.

Net Flows by Investment Strategy

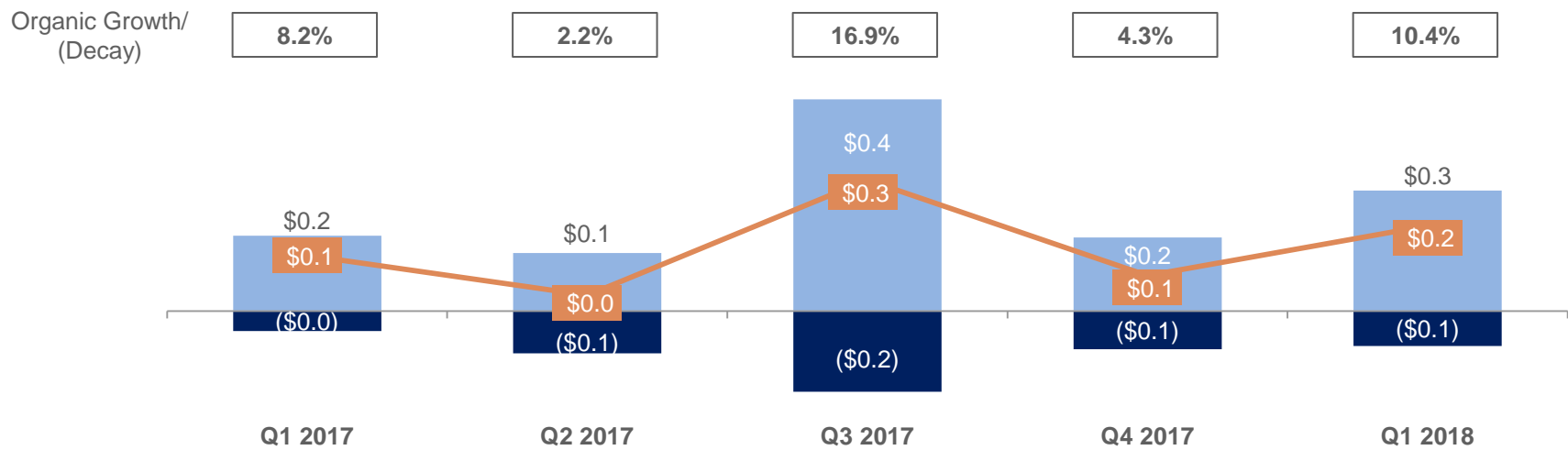
\$ in billions



Global/International Real Estate



Global Listed Infrastructure

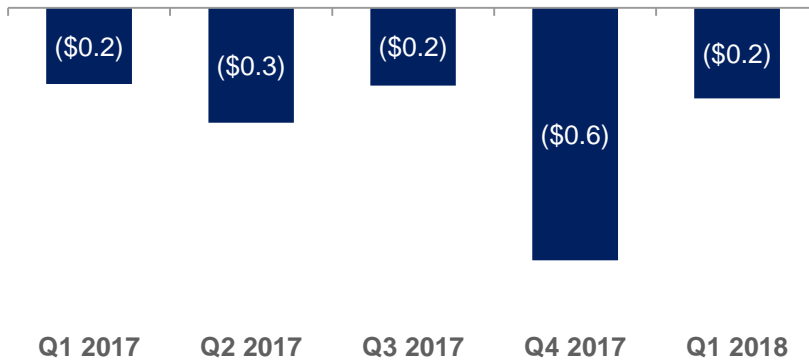


12 Totals may not foot due to rounding.

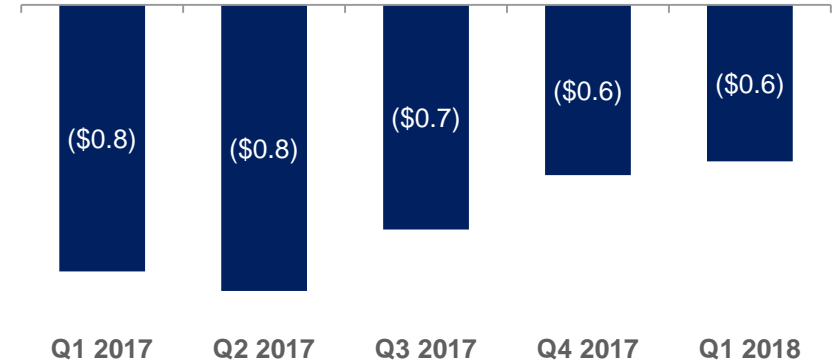
Distributions by Investment Vehicle

\$ in billions

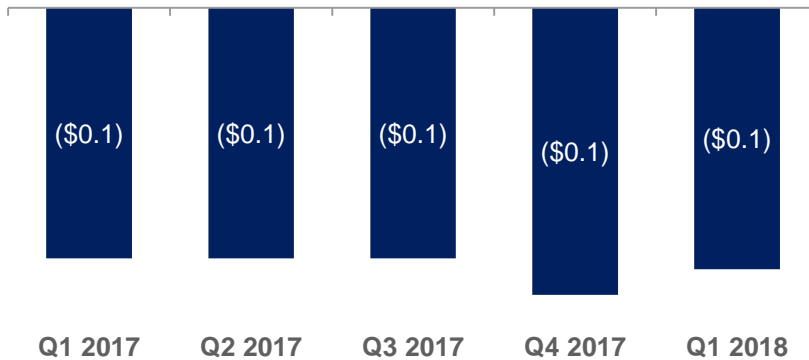
Open-end Funds



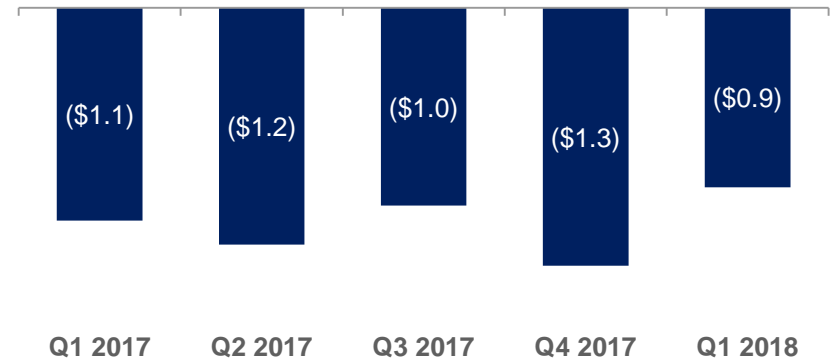
Japan Subadvisory



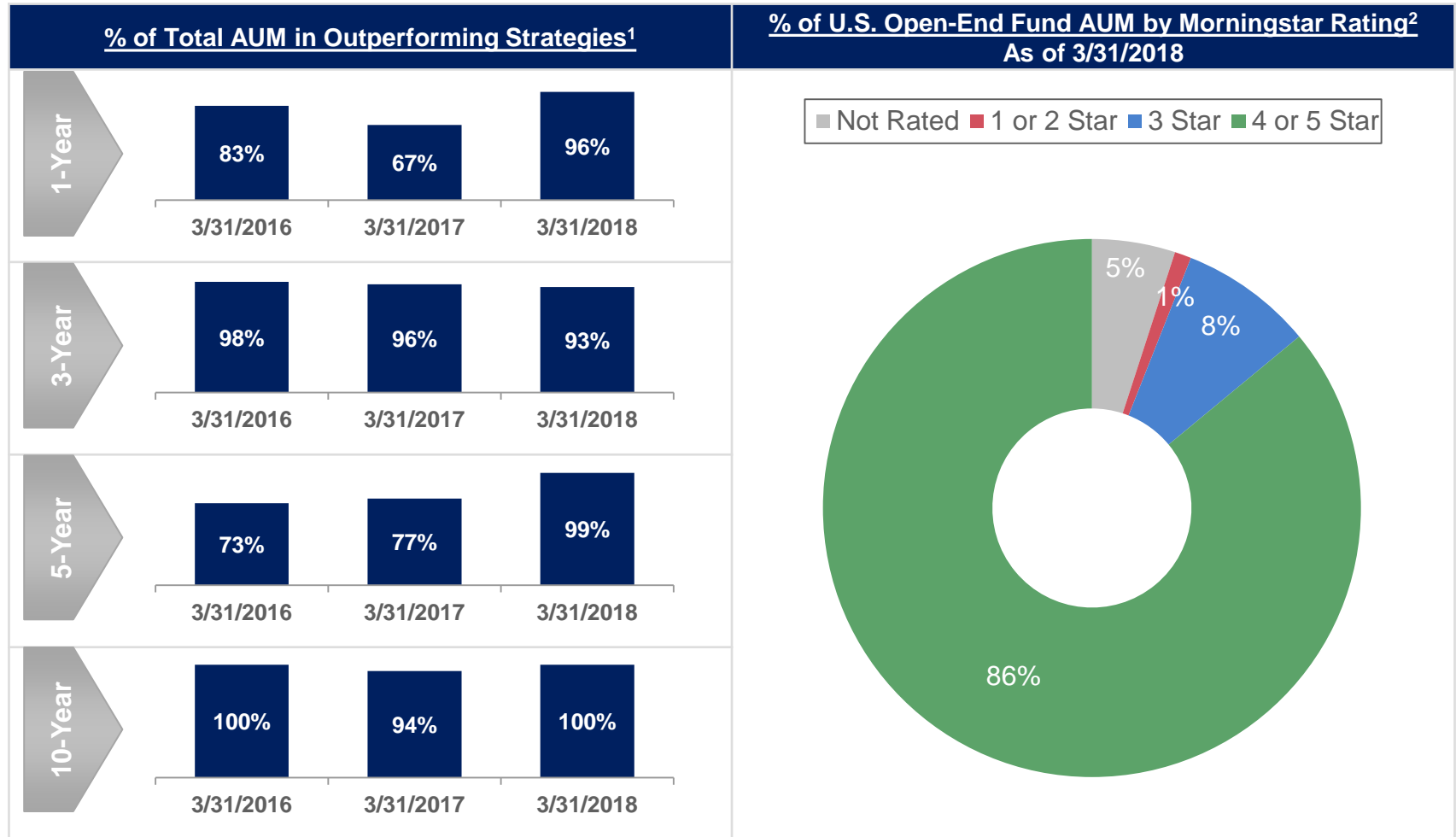
Closed-end Funds



Total



Investment Performance

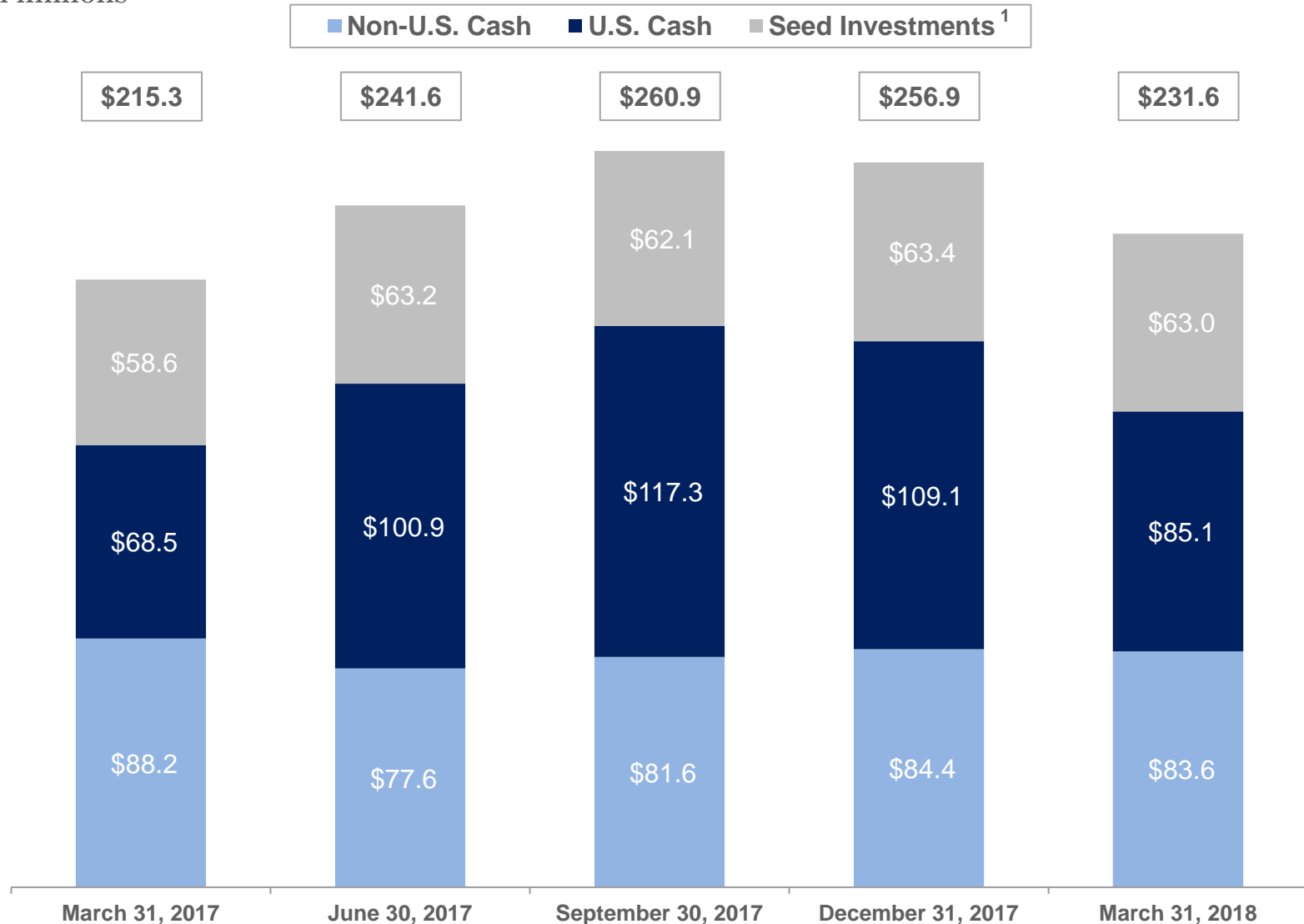


¹Past performance is no guarantee of future results. Outperformance is determined by annualized investment performance of all accounts in each investment strategy measured gross of fees and net of withholding taxes in comparison to performance of each account's reference benchmark measured net of withholding taxes, where applicable. This is not investment advice and may not be construed as sales or marketing material for any financial product or service sponsored or provided by Cohen & Steers.

²Past performance is no guarantee of future results. Based on independent rating by Morningstar, Inc. of investment performance of each Cohen & Steers-sponsored open-end U.S.-registered mutual fund for all share classes for the overall period as of March 31, 2018. Overall Morningstar rating is a weighted average based on the 3-year, 5-year and 10-year Morningstar rating. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages. This is not investment advice and may not be construed as sales or marketing material for any financial product or service sponsored or provided by Cohen & Steers. See Legal Disclosures on page 18 of this presentation for more information about our investment performance.

Cash, Cash Equivalents and Seed Investments

\$ in millions



15 ¹ Excludes certain illiquid seed investments.
Totals may not foot due to rounding.

Non-GAAP Reconciliation

\$ in thousands, except per share data

Reconciliation of U.S. GAAP Net Income Attributable to Common Stockholders and U.S. GAAP Earnings per Share to Net Income Attributable to Common Stockholders, As Adjusted, and Earnings per Share, As Adjusted

	Three Months Ended				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Net income attributable to common stockholders, U.S. GAAP	\$22,985	\$23,474	\$25,082	\$20,398	\$27,586
Deconsolidation ⁽¹⁾	(312)	(264)	(558)	(1,216)	481
Results from seed investments ⁽²⁾	(68)	(64)	(521)	(471)	1,774
Accelerated vesting of restricted stock units ⁽³⁾	—	—	298	224	—
General and administrative ⁽⁴⁾	(68)	—	(950)	—	871
Tax adjustments ⁽⁵⁾	(621)	269	2,300	7,120	(1,703)
Net income attributable to common stockholders, as adjusted	\$21,916	\$23,415	\$25,651	\$26,055	\$29,009
Diluted weighted average shares outstanding	46,603	46,902	47,047	47,300	47,152
Diluted earnings per share, U.S. GAAP	\$0.49	\$0.50	\$0.53	\$0.43	\$0.59
Deconsolidation ⁽¹⁾	(0.01)	(0.01)	(0.01)	(0.03)	0.01
Results from seed investments ⁽²⁾	—*	—*	(0.01)	(0.01)	0.04
Accelerated vesting of restricted stock units ⁽³⁾	—	—	0.01	0.01	—
General and administrative ⁽⁴⁾	—*	—	(0.02)	—	0.02
Tax adjustments ⁽⁵⁾	(0.01)	0.01	0.05	0.15	(0.04)
Diluted earnings per share, as adjusted	\$0.47	\$0.50	\$0.55	\$0.55	\$0.62

* Amounts round to less than \$0.01 per share.

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds.

(2) Represents (i) dividend income and realized (gains) losses on seed investments in Company-sponsored funds, (ii) the Company's proportionate share of the results of operations of seed investments classified as equity method investments, including realized and unrealized (gains) losses and (iii) realized and unrealized (gains) losses from individual investment securities held for purposes of establishing a performance track record.

(3) Represents amounts related to the accelerated vesting of certain restricted stock units due to retirements.

(4) Represents expenses for the first quarter of 2018 associated with the evaluation of a potential business transaction that the Company did not pursue and the refund of foreign withholding taxes for the first and third quarter of 2017.

(5) Tax adjustments are summarized in the following table:

	Three Months Ended				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Transition tax	\$—	\$—	\$—	\$8,432	\$—
Remeasurement of deferred and other tax balances	—	—	—	4,300	—
Tax reserves	(700)	—	1,665	(4,737)	—
Other tax related items	78	(25)	(5)	(826)	(1,003)
Tax-effect of non-GAAP adjustments	1	294	640	(49)	(700)
Total tax adjustments	(\$621)	\$269	\$2,300	\$7,120	(\$1,703)

*Totals may not foot due to rounding.

Non-GAAP Reconciliation

\$ in thousands, except percentages

Reconciliation of U.S. GAAP Operating Income and U.S. GAAP Operating Margin to Operating Income, As Adjusted and Operating Margin, As Adjusted

	Three Months Ended				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Revenue, U.S. GAAP ⁽¹⁾	\$89,741	\$92,714	\$96,787	\$99,454	\$94,464
Deconsolidation ⁽²⁾	(66)	(88)	(101)	(148)	(51)
Revenue, as adjusted	\$89,675	\$92,626	\$96,686	\$99,306	\$94,413
Expenses, U.S. GAAP ⁽¹⁾	\$54,213	\$55,357	\$55,814	\$58,566	\$57,245
Deconsolidation ⁽²⁾	(121)	(172)	(222)	(274)	(251)
Accelerated vesting of restricted stock units ⁽³⁾	—	—	(298)	(224)	—
General and administrative ⁽⁴⁾	68	—	950	—	(871)
Expenses, as adjusted	\$54,160	\$55,185	\$56,244	\$58,068	\$56,123
Operating income, U.S. GAAP	\$35,528	\$37,357	\$40,973	\$40,888	\$37,219
Deconsolidation ⁽²⁾	55	84	121	126	200
Accelerated vesting of restricted stock units ⁽³⁾	—	—	298	224	—
General and administrative ⁽⁴⁾	(68)	—	(950)	—	871
Operating income, as adjusted	\$35,515	\$37,441	\$40,442	\$41,238	\$38,290
Operating margin, U.S. GAAP	39.6%	40.3%	42.3%	41.1%	39.4%
Operating margin, as adjusted	39.6%	40.4%	41.8%	41.5%	40.6%

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Reconciliation of U.S. GAAP Non-operating Income (Loss) to Non-operating Income (Loss), As Adjusted

	Three Months Ended				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Non-operating income (loss), U.S. GAAP	\$227	\$261	\$2,327	\$2,839	(\$199)
Deconsolidation ⁽¹⁾	(326)	128	(1,335)	(1,750)	(1,057)
Results from seed investments ⁽²⁾	(68)	(64)	(521)	(471)	1,774
Non-operating income (loss), as adjusted	(\$167)	\$325	\$471	\$618	\$518

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(2) Represents (i) dividend income and realized (gains) losses on seed investments in Company-sponsored funds, (ii) the Company's proportionate share of the results of operations of seed investments classified as equity method investments, including realized and unrealized (gains) losses and (iii) realized and unrealized (gains) losses from individual investment securities held for purposes of establishing a performance track record.

Legal Disclosures

This presentation and other statements that Cohen & Steers may make may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect management's current views with respect to, among other things, the Company's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these forward-looking statements. The Company believes that these factors include, but are not limited to, the risks described in the Risk Factors section of the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (Form 10-K), which is accessible on the Securities and Exchange Commission's website at www.sec.gov and on the Company's website at www.cohenandsteers.com. These factors are not exhaustive and should be read in conjunction with the other cautionary statements that are included in the Company's Form 10-K and other filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This presentation contains non-GAAP financial measures that we believe are meaningful in evaluating the Company's performance. For disclosures on these non-GAAP financial measures and their U.S. GAAP reconciliations, you should refer to the Non-GAAP Reconciliation contained on pages 16-17 of this presentation.

Investment Performance:

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