

Cohen & Steers: Q1 2019 Earnings Presentation

COHEN & STEERS

Summary of First Quarter 2019 Results

Assets Under Management

- March 31, 2019 AUM was \$62.6 billion versus \$54.8 billion at December 31, 2018
- Average AUM was \$59.5 billion for Q1 2019 versus \$57.6 billion for Q4 2018

Flows

- Net inflows of \$1.0 billion in Q1 2019 versus net outflows of \$1.2 billion in Q4 2018
- Net inflows in open-end funds
- Net outflows in advisory, subadvisory ex. Japan and Japan subadvisory

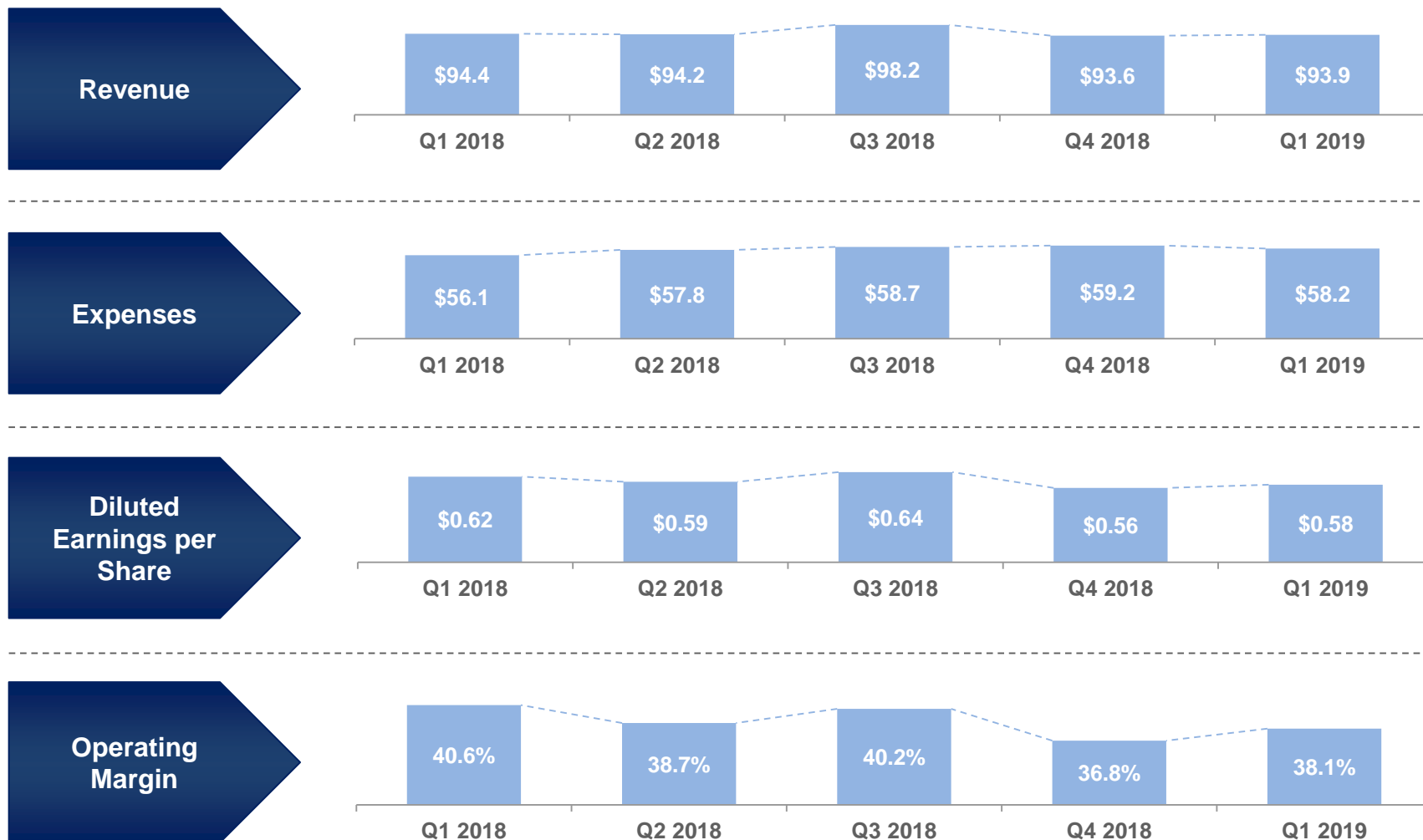
Financial Results, as adjusted

- Net income was \$27.4 million in Q1 2019 versus \$26.7 million in Q4 2018
- Diluted EPS of \$0.58 in Q1 2019 versus \$0.56 in Q4 2018
- Operating margin was 38.1% in Q1 2019 versus 36.8% in Q4 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

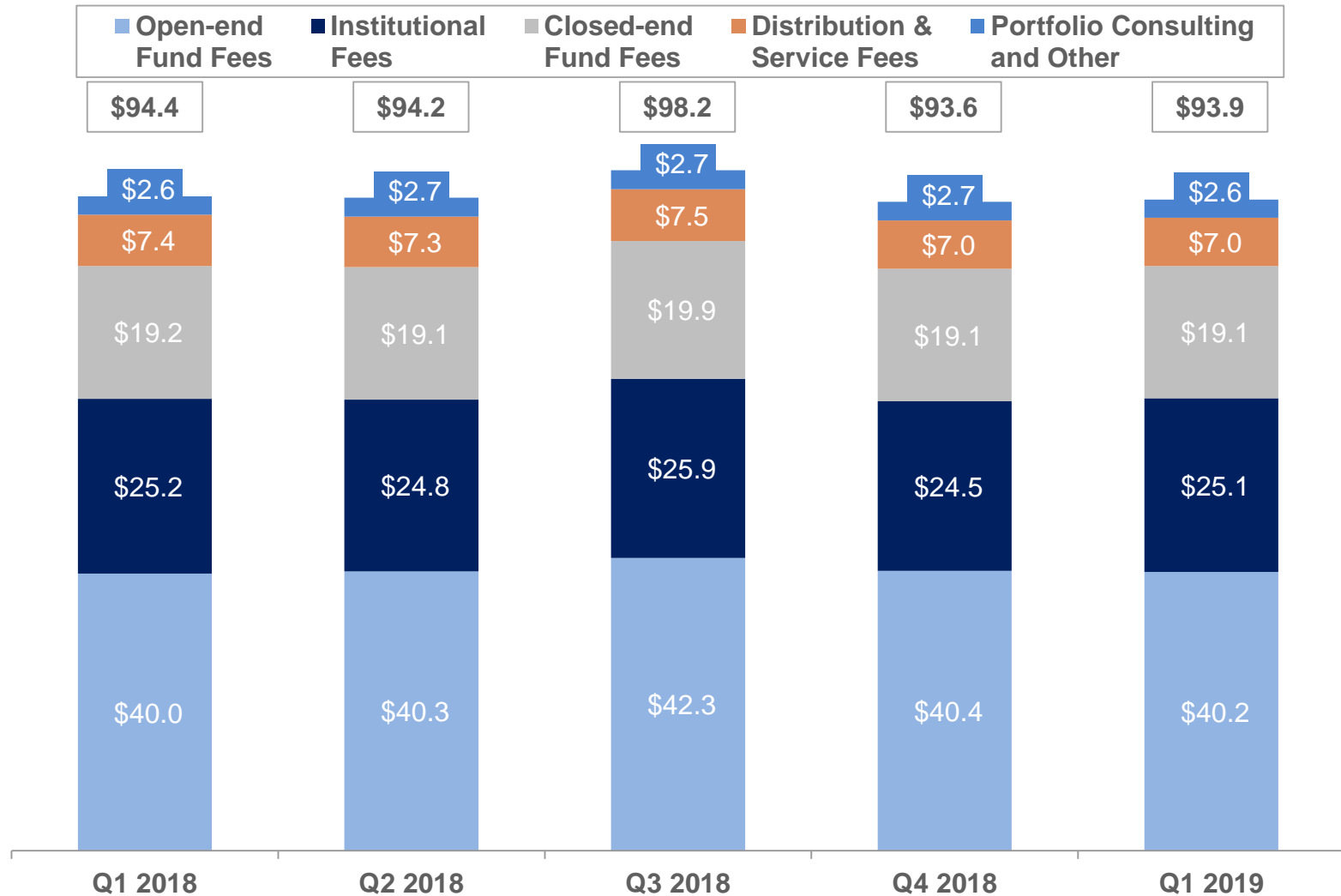
\$ in millions, except earnings per share and percentages



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.

Revenue, as adjusted

\$ in millions

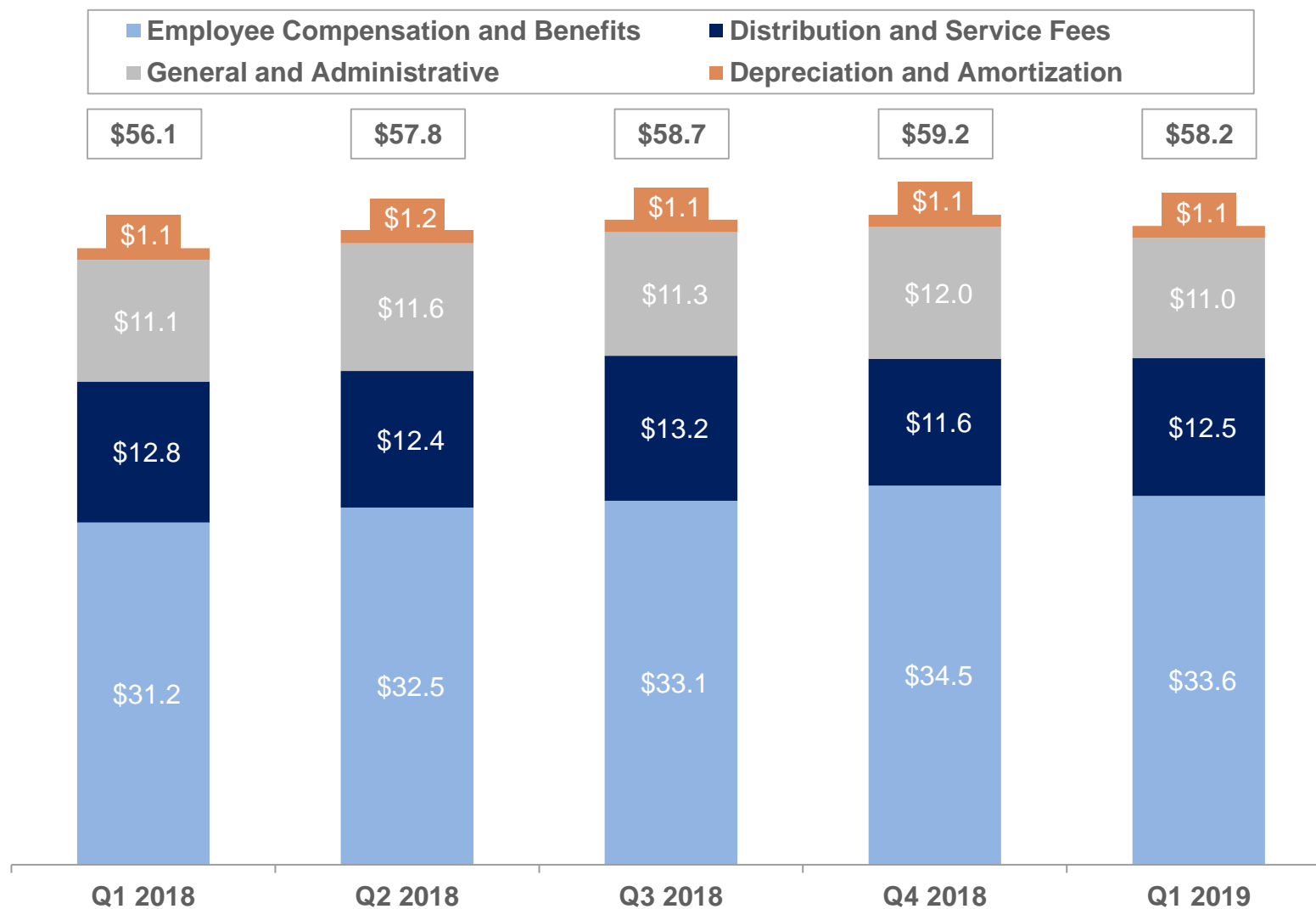


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Totals may not foot due to rounding.

Expenses, as adjusted

\$ in millions

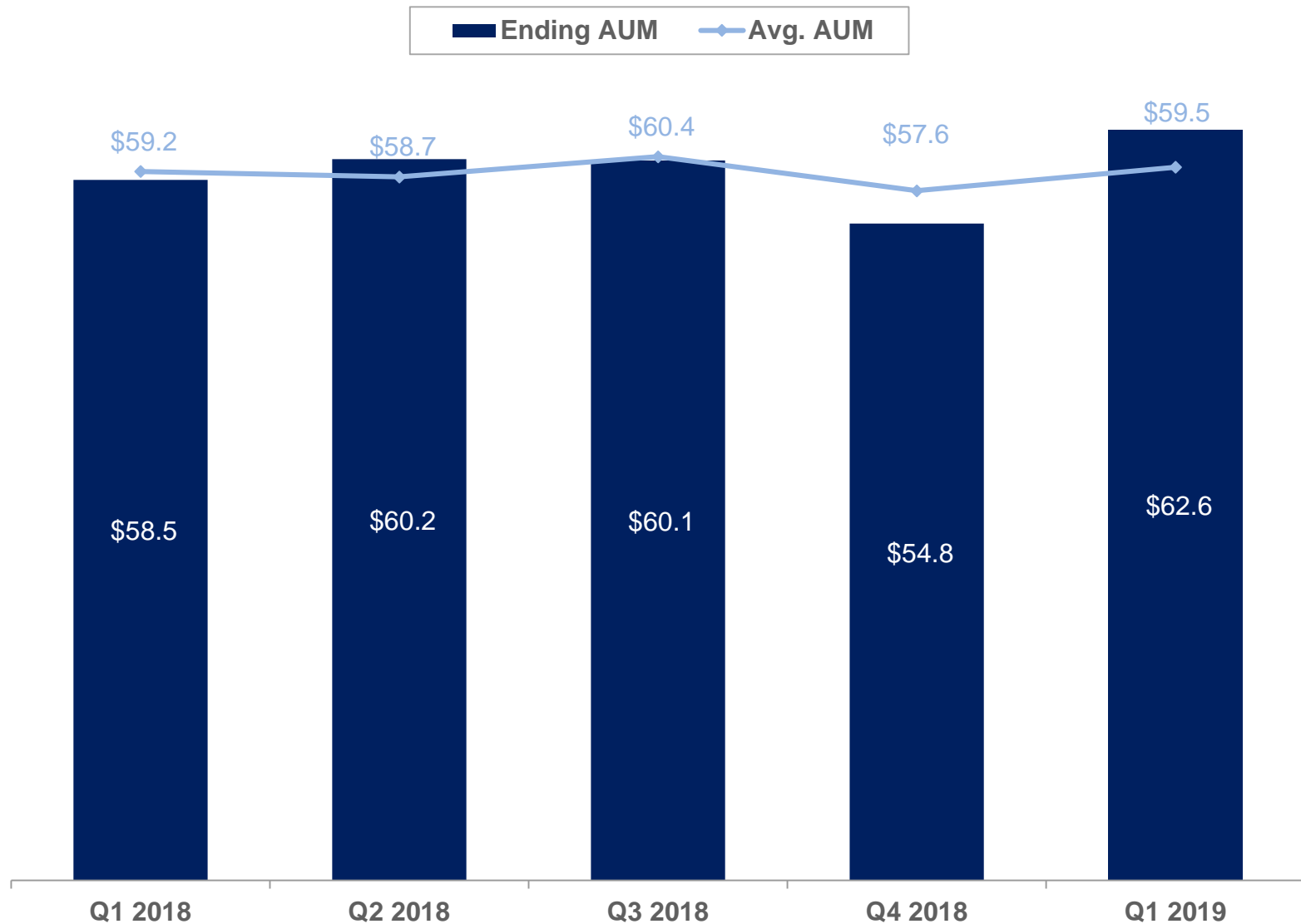


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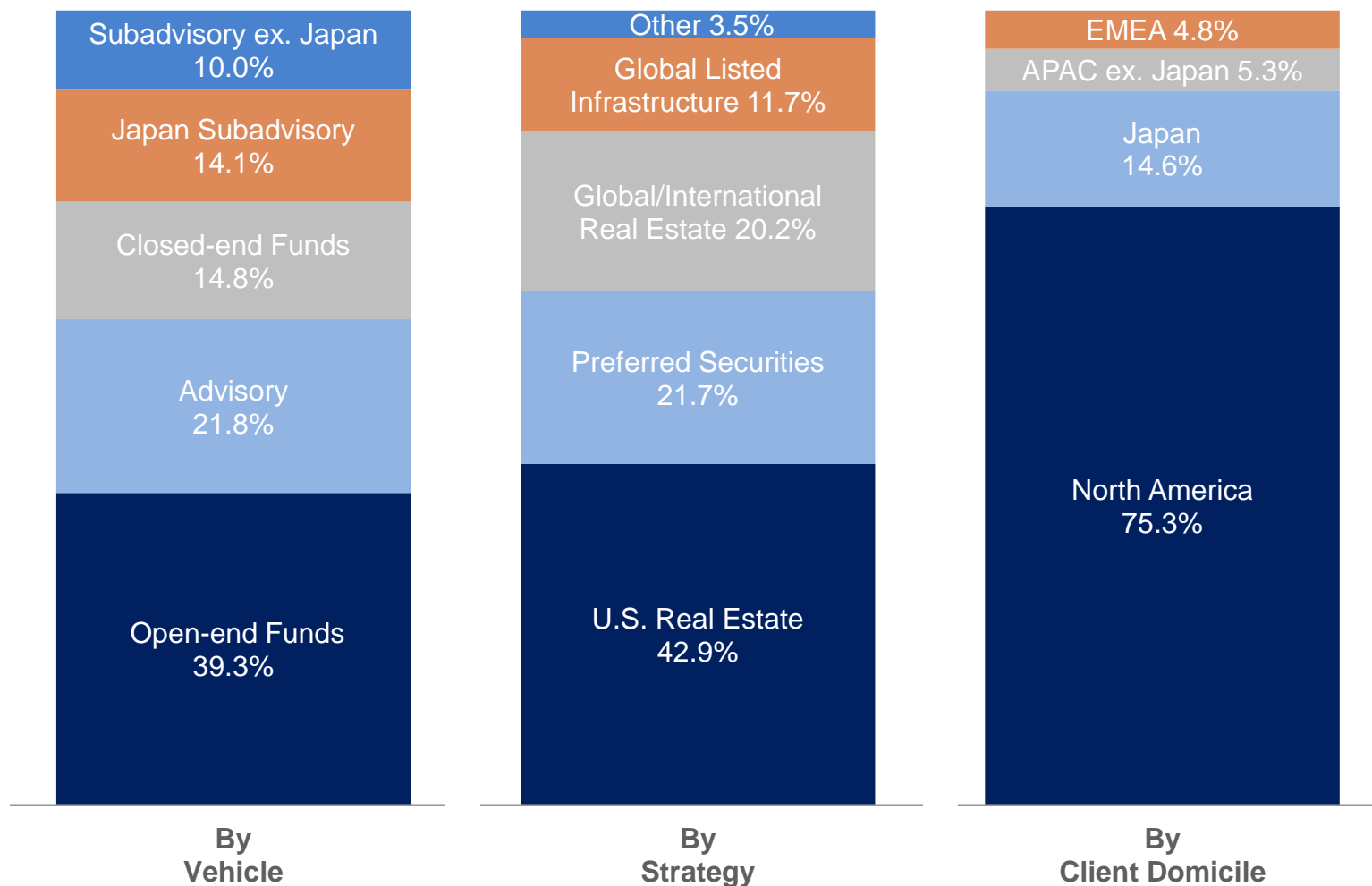
Assets Under Management

\$ in billions



Assets Under Management

Across Vehicle, Strategy, and Client Domicile

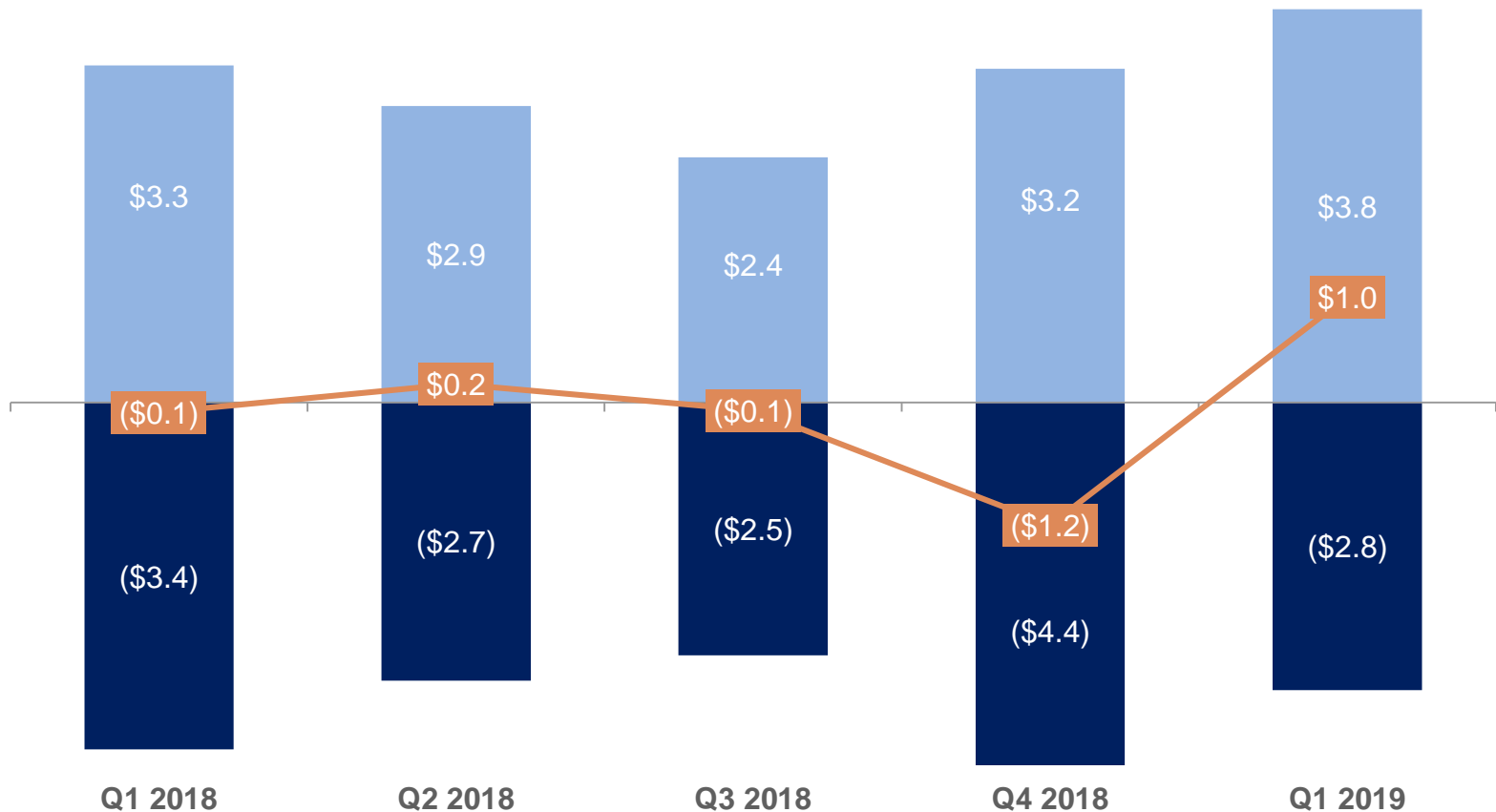
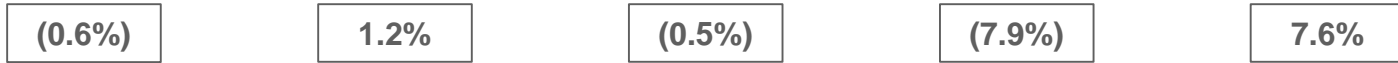


Total Firm Net Flows

\$ in billions



Organic Growth/
(Decay)



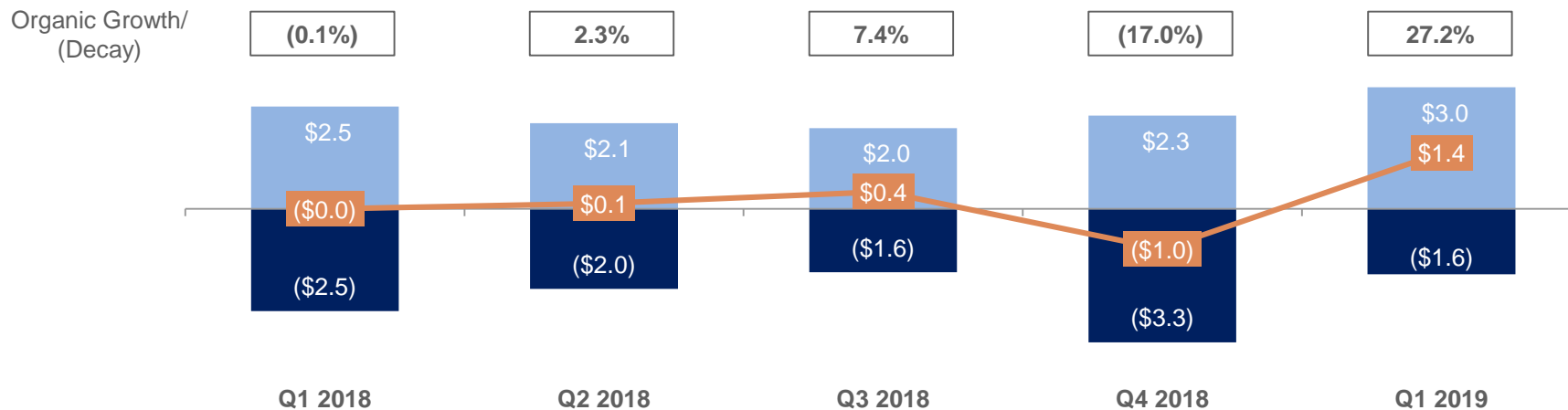
8 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

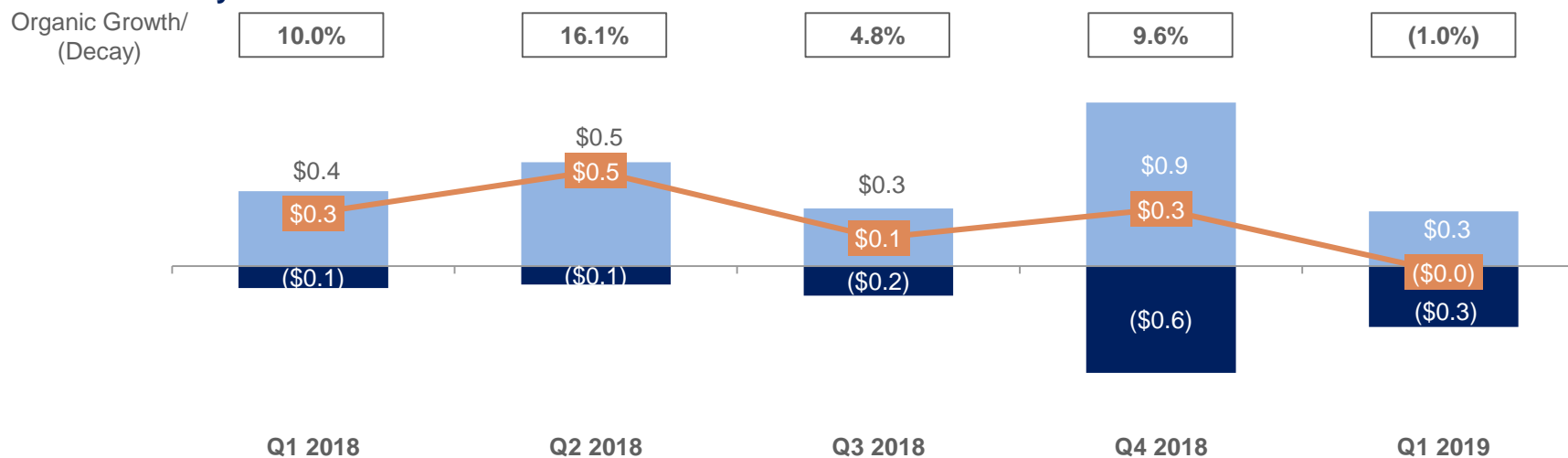
\$ in billions



Open-end Funds



Advisory



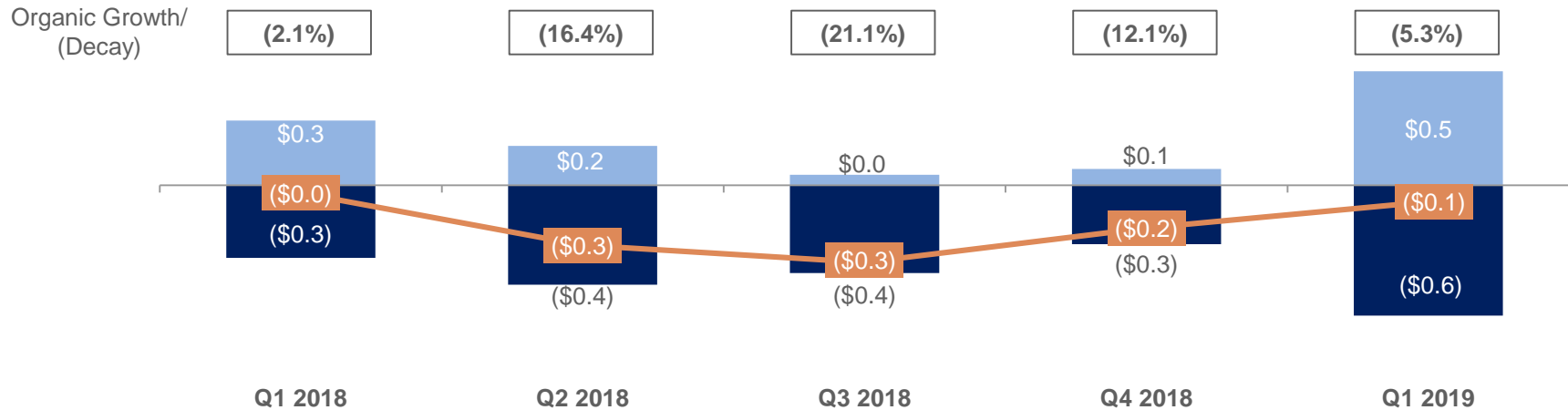
9 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

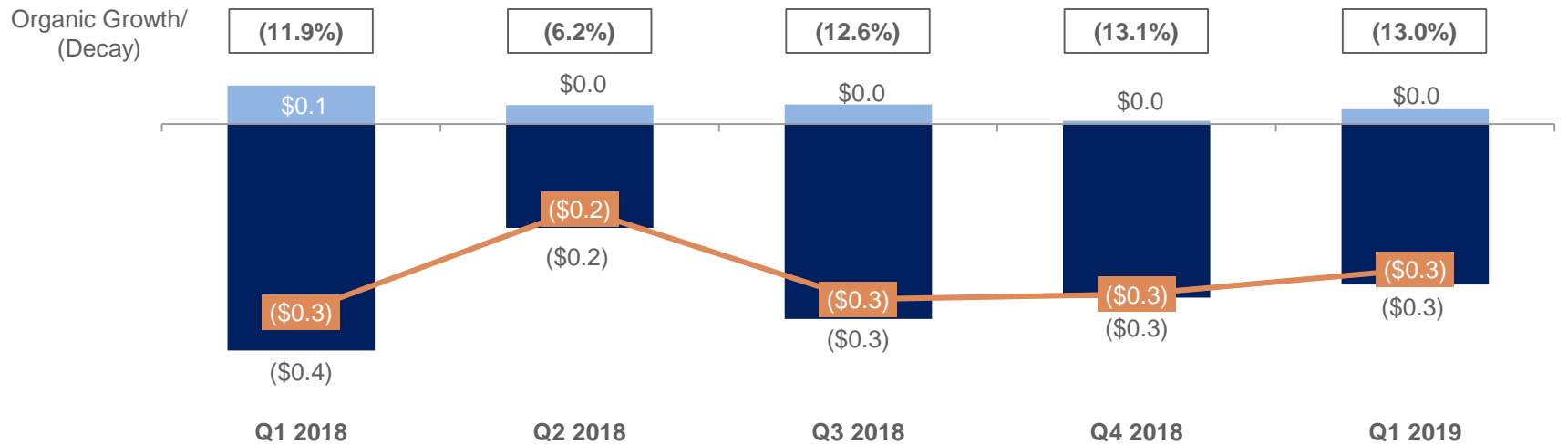
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



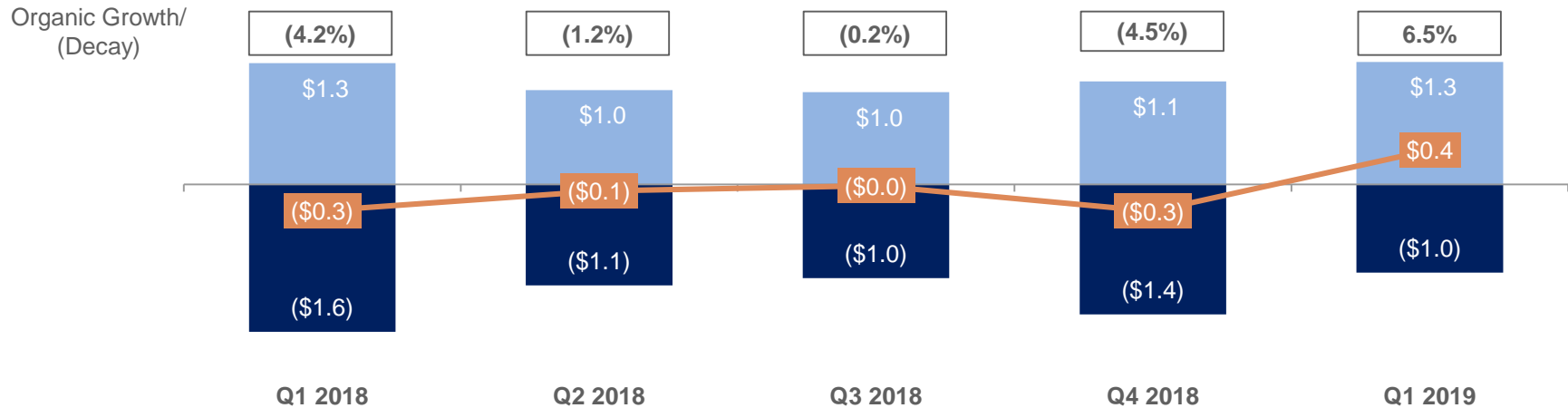
10 Totals may not foot due to rounding.

Net Flows by Investment Strategy

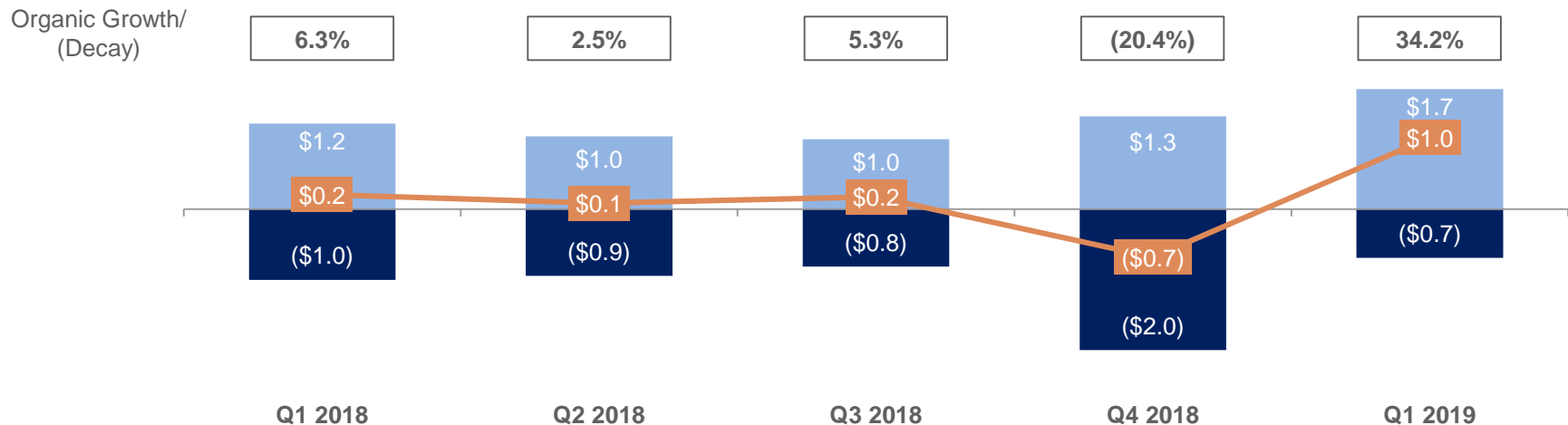
\$ in billions



U.S. Real Estate



Preferred Securities



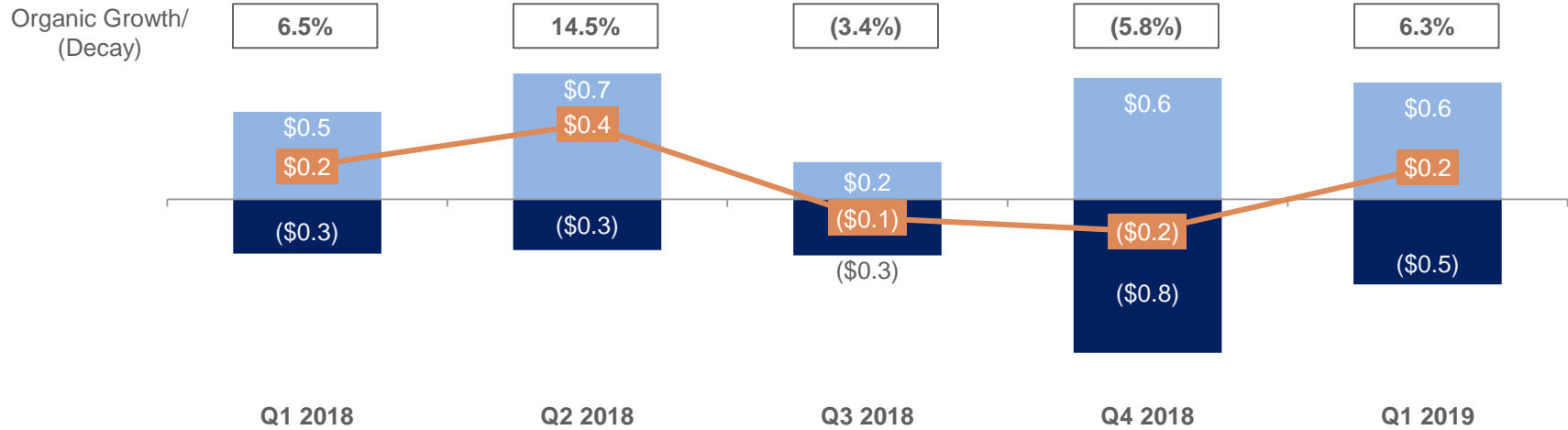
11 Totals may not foot due to rounding.

Net Flows by Investment Strategy

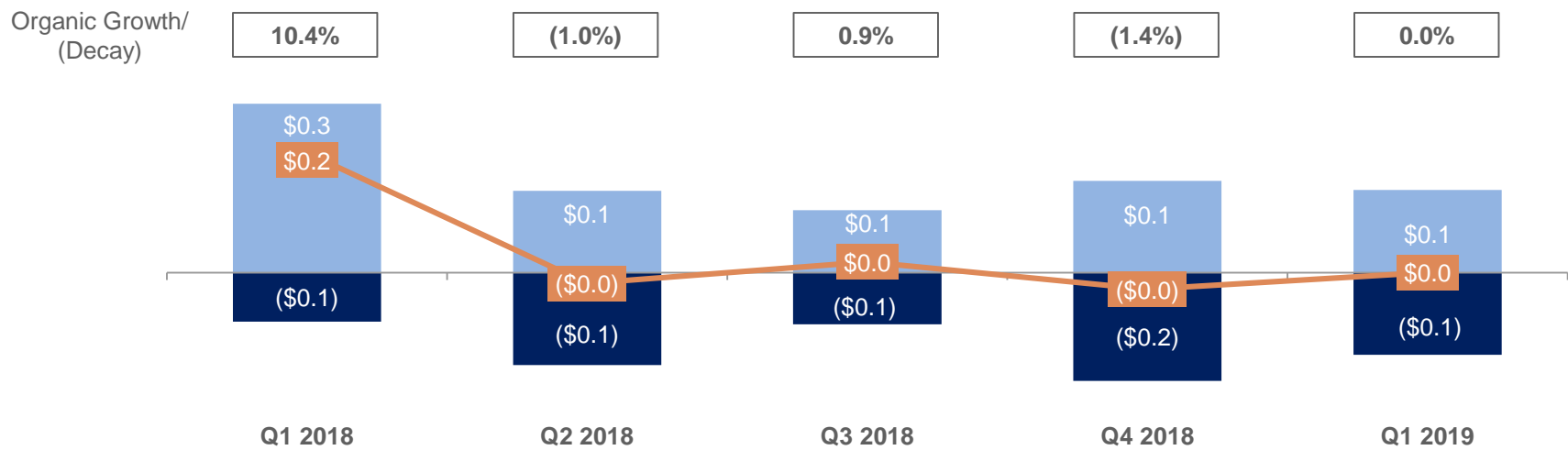
\$ in billions



Global/International Real Estate



Global Listed Infrastructure

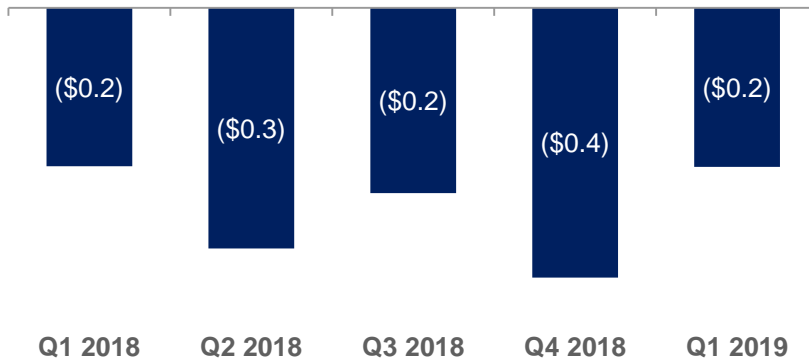


12 Totals may not foot due to rounding.

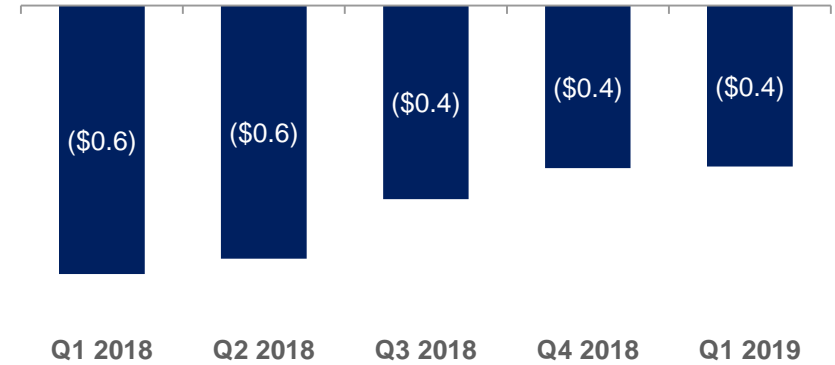
Distributions by Investment Vehicle

\$ in billions

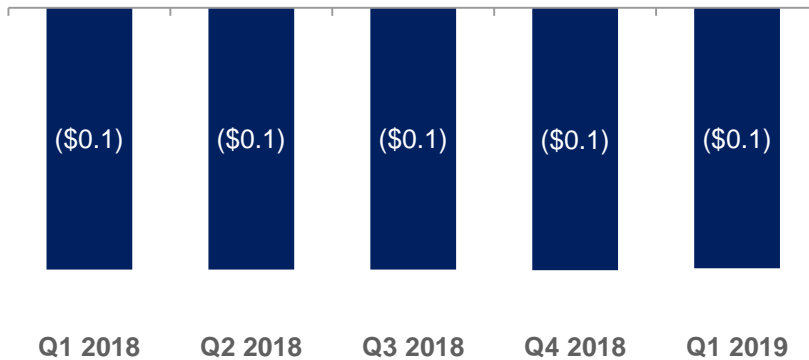
Open-end Funds



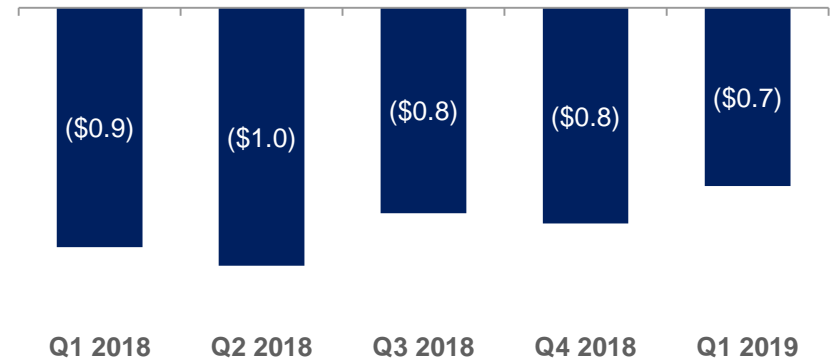
Japan Subadvisory



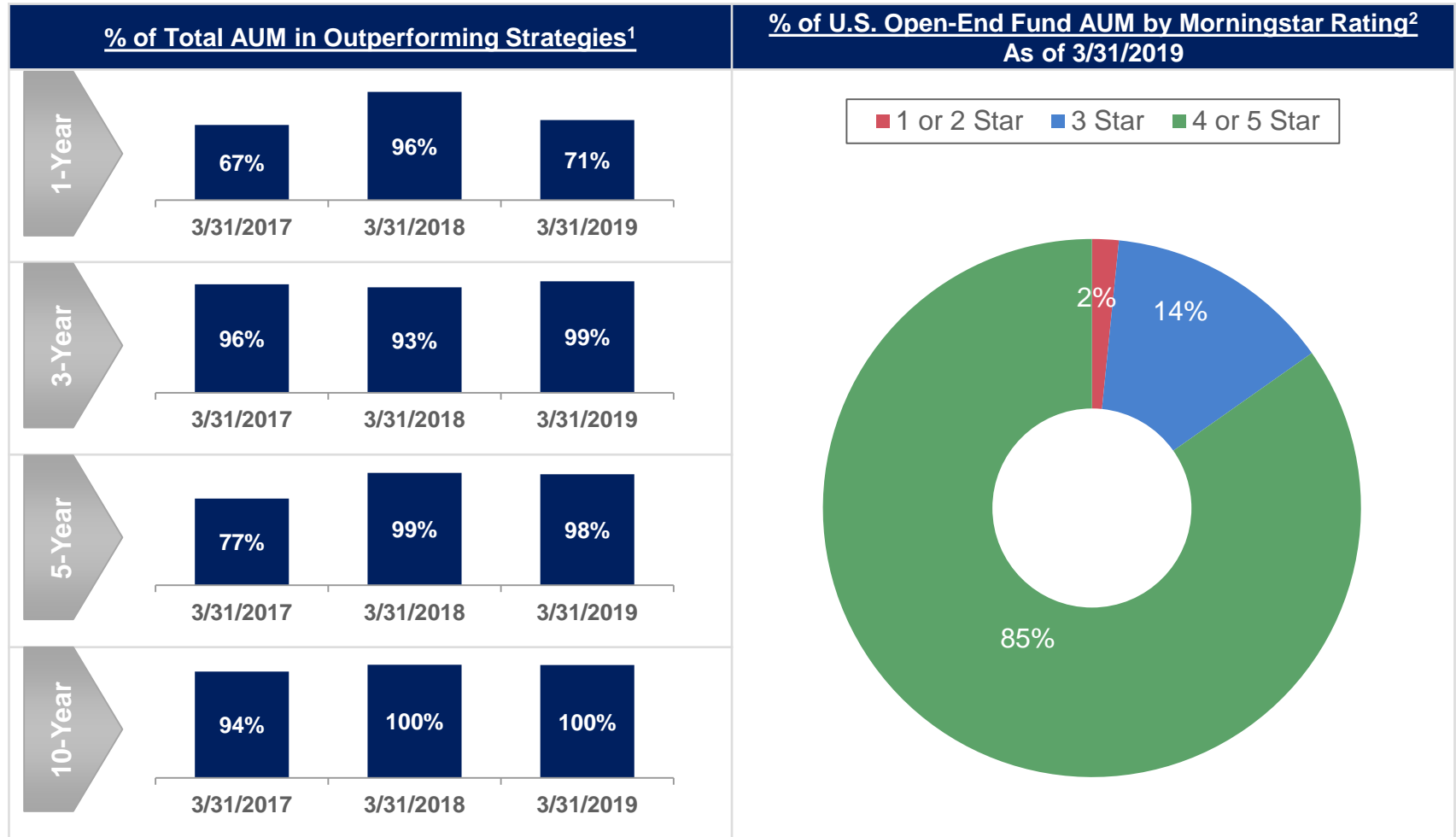
Closed-end Funds



Total



Investment Performance

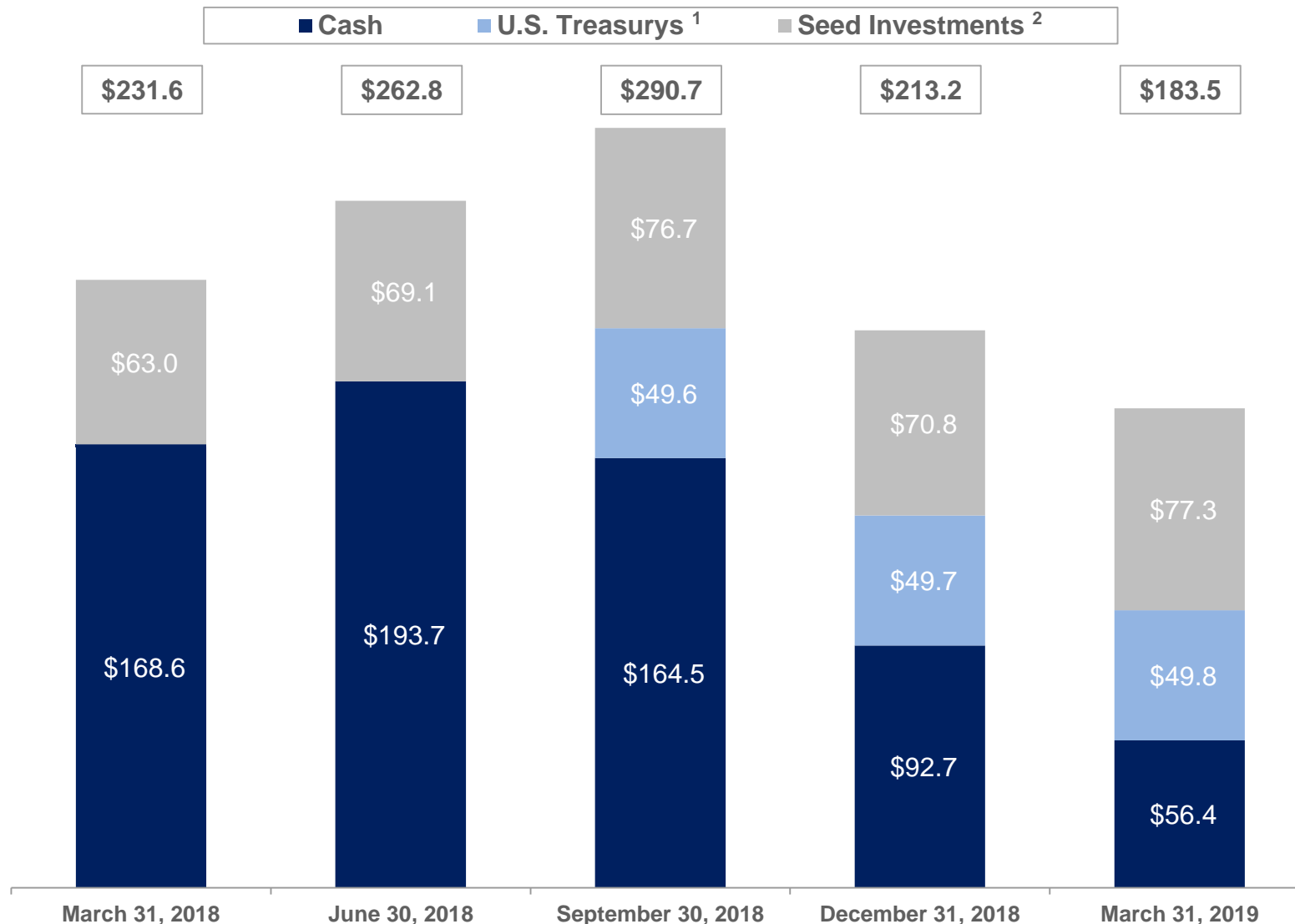


¹Past performance is no guarantee of future results. Outperformance is determined by annualized investment performance of all accounts in each investment strategy measured gross of fees and net of withholding taxes in comparison to performance of each account's reference benchmark measured net of withholding 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, 2019. 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, U.S. Treasurys and Seed Investments

\$ in millions



¹ Classified as held to maturity as of 3/31/19 with maturity dates not exceeding 15 months.

² 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, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Net income attributable to common stockholders, U.S. GAAP	\$27,586	\$29,959	\$30,790	\$25,561	\$32,543
Seed investments ⁽¹⁾	2,255	(1,669)	(614)	5,580	(7,016)
Accelerated vesting of restricted stock units ⁽²⁾	—	—	—	—	129
General and administrative ⁽³⁾	871	—	—	—	—
Foreign currency exchange (gain) loss ⁽⁴⁾	—	(953)	(217)	(1,100)	664
Tax adjustments ⁽⁵⁾	(1,703)	528	313	(3,338)	1,104
Net income attributable to common stockholders, as adjusted	\$29,009	\$27,865	\$30,272	\$26,703	\$27,424
Diluted weighted average shares outstanding	47,152	47,311	47,524	47,562	47,642
Diluted earnings per share, U.S. GAAP	\$0.59	\$0.63	\$0.65	\$0.54	\$0.68
Seed investments ⁽¹⁾	0.05	(0.03)	0.01	0.11	(0.15)
Accelerated vesting of restricted stock units ⁽²⁾	—	—	—	—	0.01
General and administrative ⁽³⁾	0.02	—	—	—	—
Foreign currency exchange (gain) loss ⁽⁴⁾	—	(0.02)	(0.01)	(0.02)	0.01
Tax adjustments	(0.04)	0.01	0.01	(0.07)	0.03
Diluted earnings per share, as adjusted	\$0.62	\$0.59	\$0.64	\$0.56	\$0.58

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as interest and dividend income and realized and unrealized (gains) losses on seed investments that were not consolidated.

(2) Represents amounts related to the accelerated vesting of certain restricted stock units.

(3) Represents expenses associated with the evaluation of a potential business transaction that the Company did not pursue for the first quarter of 2018.

(4) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets and liabilities held by certain foreign subsidiaries. U.S. GAAP amounts for the first quarter of 2018 have not been recast to conform with the current period presentation as the impact to results was not material.

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

	Three Months Ended				
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Transition tax liability in connection with the Tax Cuts and Jobs Act	\$—	(\$123)	\$—	\$—	\$—
Tax-effect of non-GAAP adjustments	(700)	595	313	9	1,298
Delivery of restricted stock units	(1,003)	56	—	—	(194)
Reversal of certain liabilities associated with unrecognized tax benefits	—	—	—	(2,758)	—
Other tax related items	—	—	—	(589)	—
Total tax adjustments	(\$1,703)	\$528	\$313	(\$3,338)	\$1,104

*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, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Revenue, U.S. GAAP	\$94,464	\$94,410	\$98,331	\$93,906	\$94,226
Seed investments ⁽¹⁾	(51)	(194)	(180)	(269)	(280)
Revenue, as adjusted	\$94,413	\$94,216	\$98,151	\$93,637	\$93,946
Expenses, U.S. GAAP	\$57,245	\$58,123	\$59,108	\$59,597	\$58,791
Seed investments ⁽¹⁾	(251)	(347)	(373)	(437)	(496)
Accelerated vesting of restricted stock units ⁽²⁾	—	—	—	—	(129)
General and administrative ⁽³⁾	(871)	—	—	—	—
Expenses, as adjusted	\$56,123	\$57,776	\$58,735	\$59,160	\$58,166
Operating income, U.S. GAAP	\$37,219	\$36,287	\$39,223	\$34,309	\$35,435
Seed investments ⁽¹⁾	200	153	193	168	216
Accelerated vesting of restricted stock units ⁽²⁾	—	—	—	—	129
General and administrative ⁽³⁾	871	—	—	—	—
Operating income, as adjusted	\$38,290	\$36,440	\$39,416	\$34,477	\$35,780
Operating margin, U.S. GAAP	39.4%	38.4%	39.9%	36.5%	37.6%
Operating margin, as adjusted	40.6%	38.7%	40.2%	36.8%	38.1%

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

(2) Represents amounts related to the accelerated vesting of certain restricted stock units.

(3) Represents expenses associated with the evaluation of a potential business transaction that the Company did not pursue in the first quarter of 2018.

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

	Three Months Ended				
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Non-operating income (loss), U.S. GAAP	(\$199)	(\$778)	\$1,047	(\$3,329)	\$14,910
Seed investments ⁽¹⁾	717	2,568	252	5,675	(14,666)
Foreign currency exchange (gain) loss ⁽²⁾	—	(953)	(217)	(1,100)	664
Non-operating income (loss), as adjusted	\$518	\$837	\$1,082	\$1,246	\$908

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as interest and dividend income and realized and unrealized (gains) losses on seed investments that were not consolidated.

(2) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets and liabilities held by certain foreign subsidiaries. U.S. GAAP amounts for the first quarter of 2018 have not been recast to conform with the current period presentation as the impact to results was not material.

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, 2018 (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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