

Cohen & Steers: Q2 2018 Earnings Presentation

COHEN & STEERS

Summary of Second Quarter

Assets Under Management

- June 30, 2018 AUM was \$60.2 billion versus \$58.5 billion at March 31, 2018
- Average AUM was \$58.7 billion for Q2 2018 versus \$59.2 billion for Q1 2018

Flows

- Net inflows of \$180 million in Q2 2018 versus net outflows of \$95 million in Q1 2018
- Net inflows in advisory and open-end funds
- Net outflows in subadvisory ex. Japan and Japan subadvisory

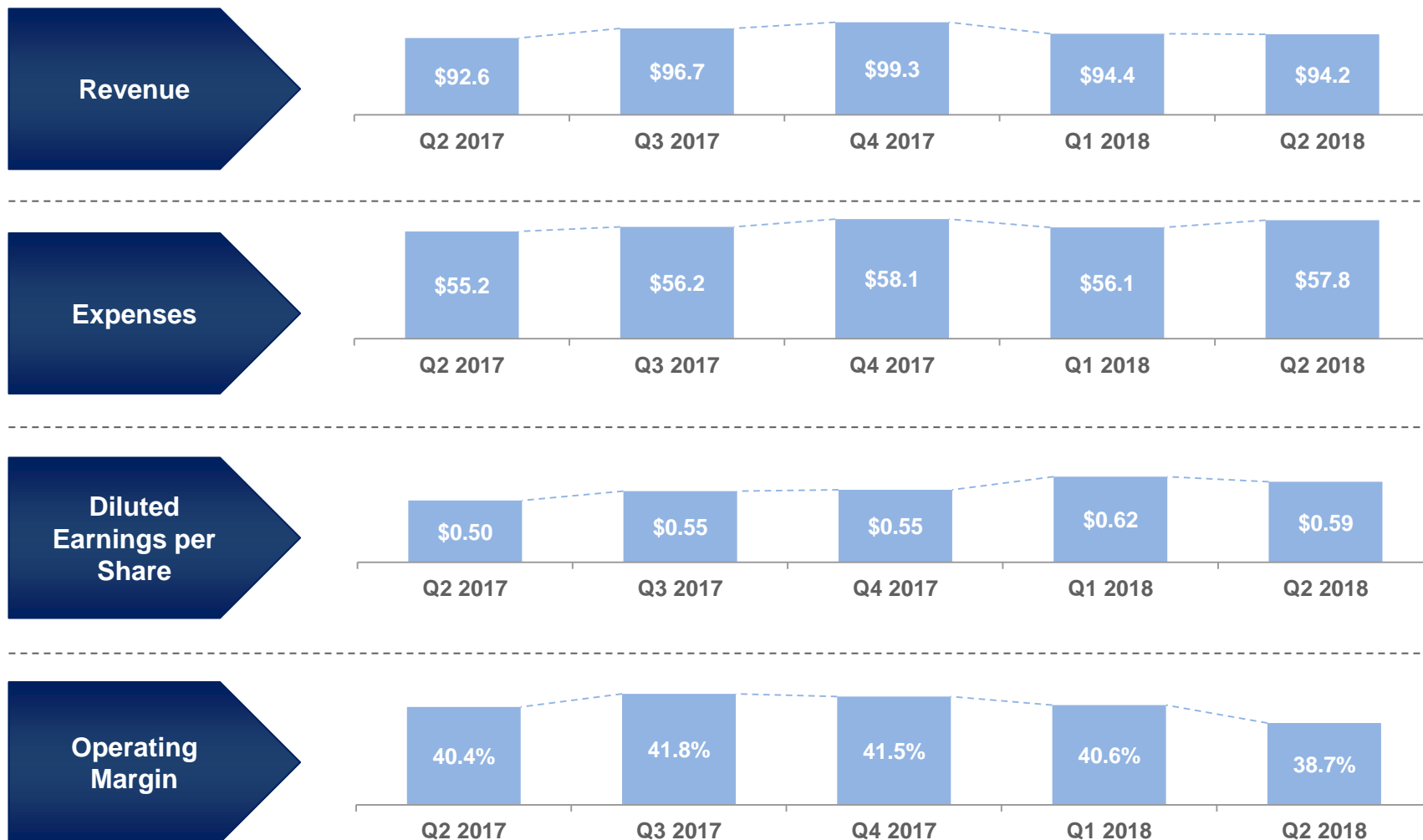
Financial Results, as adjusted

- Net income was \$27.9 million in Q2 2018 versus \$29.0 million in Q1 2018
- Diluted EPS of \$0.59 in Q2 2018 versus \$0.62 in Q1 2018
- Operating margin was 38.7% in Q2 2018 versus 40.6% in Q1 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

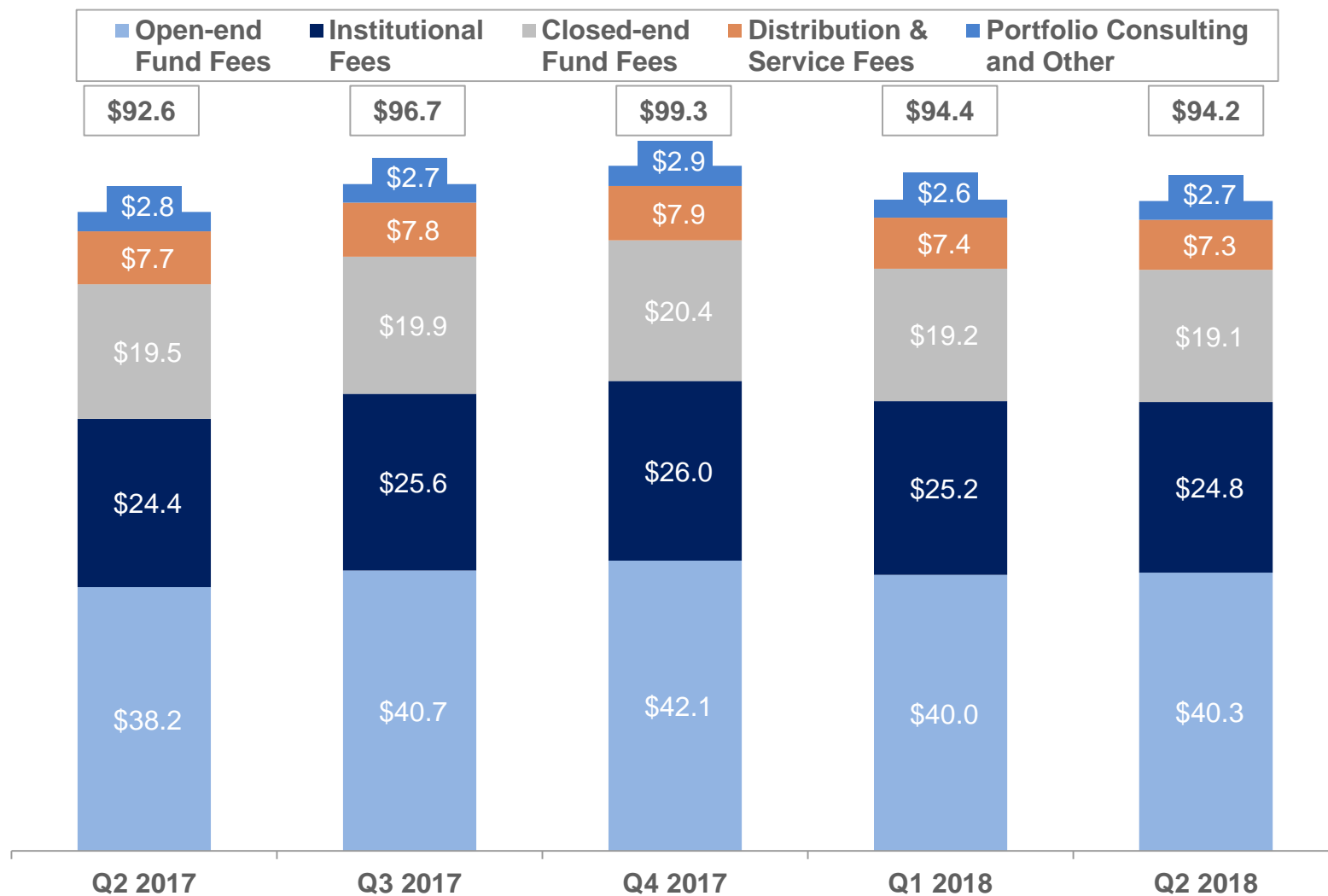


The presentation of 2017 amounts has been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

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.

Revenue, as adjusted

\$ in millions



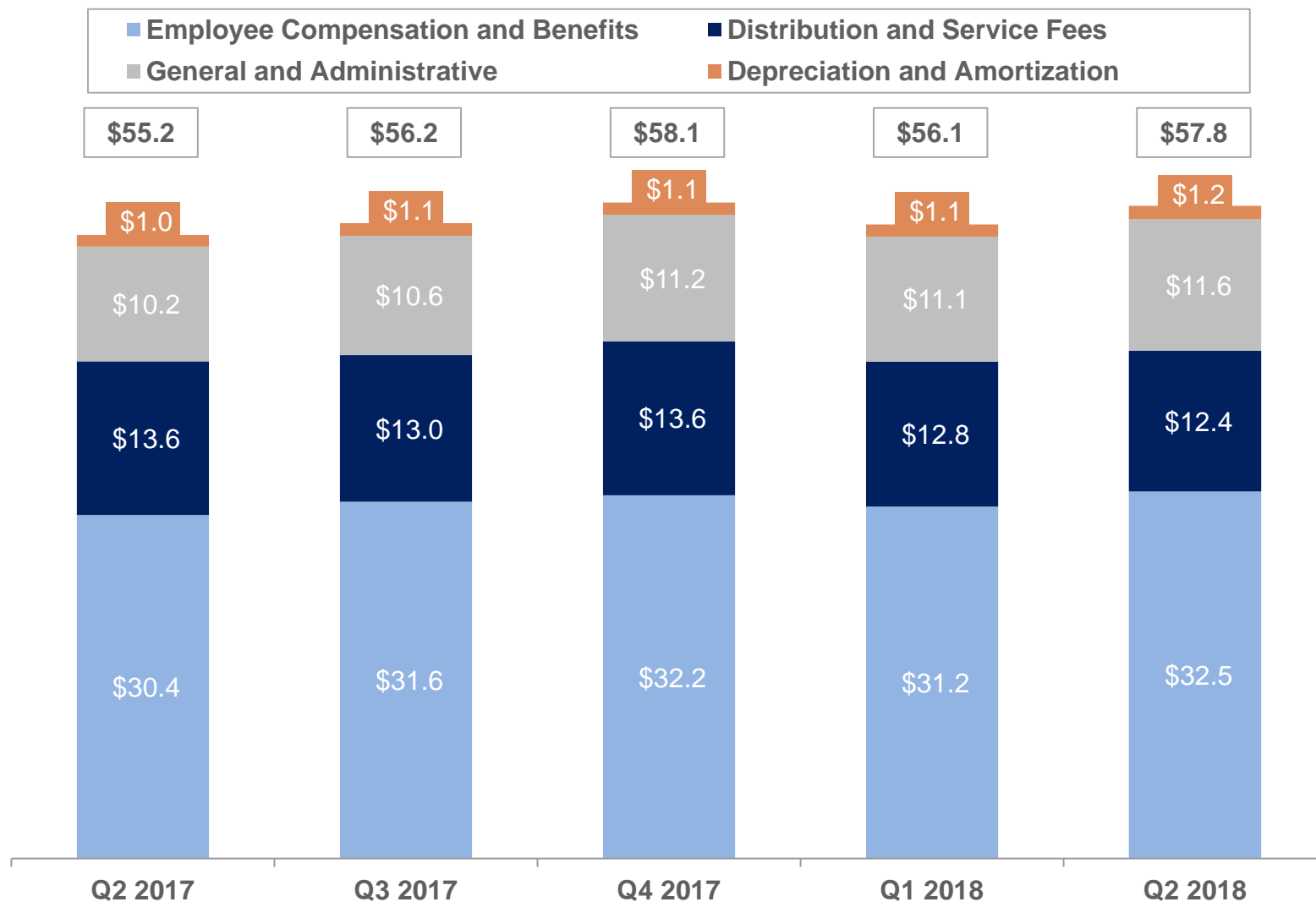
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⁴ Totals may not foot due to rounding.

Expenses, as adjusted

\$ in millions



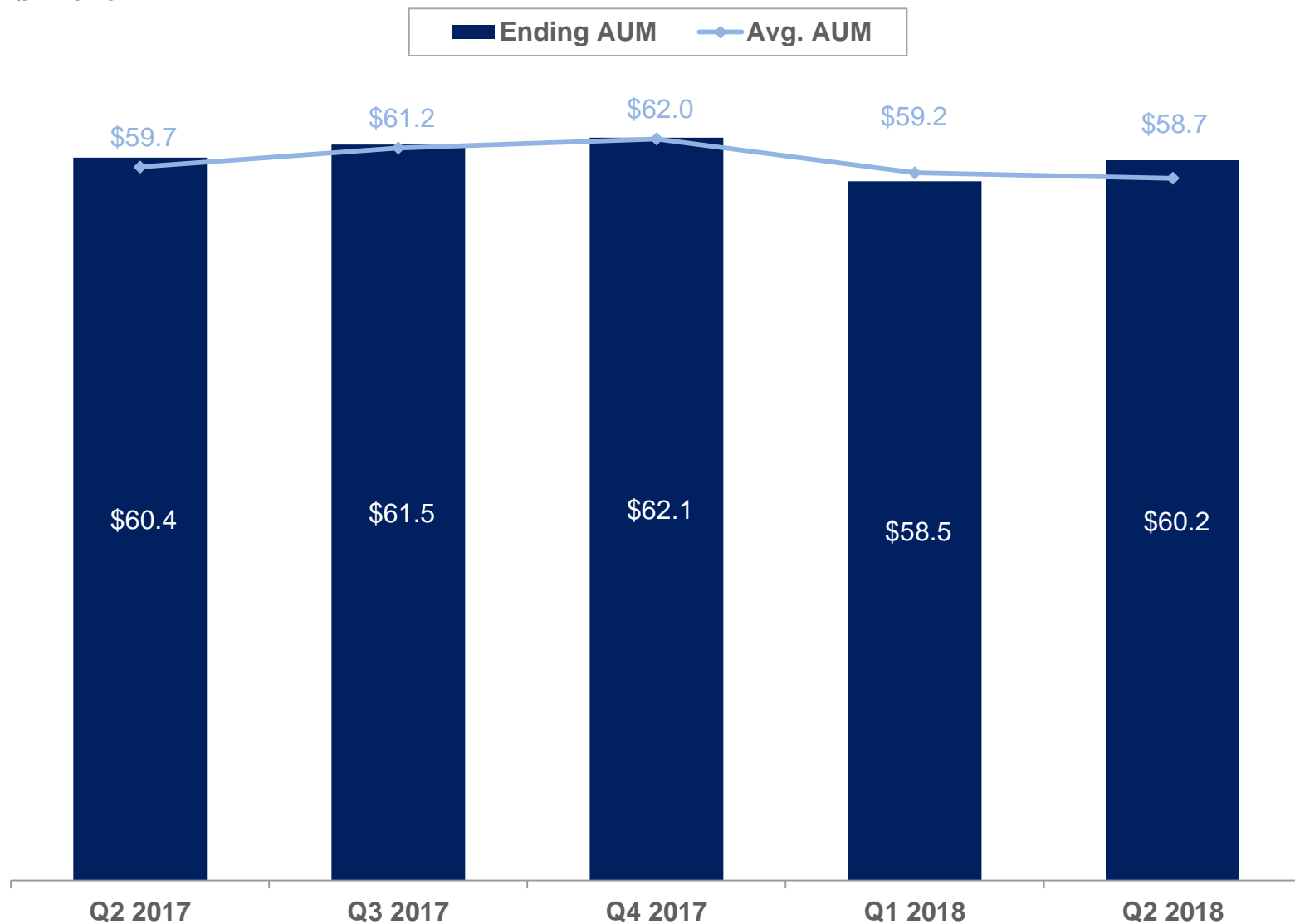
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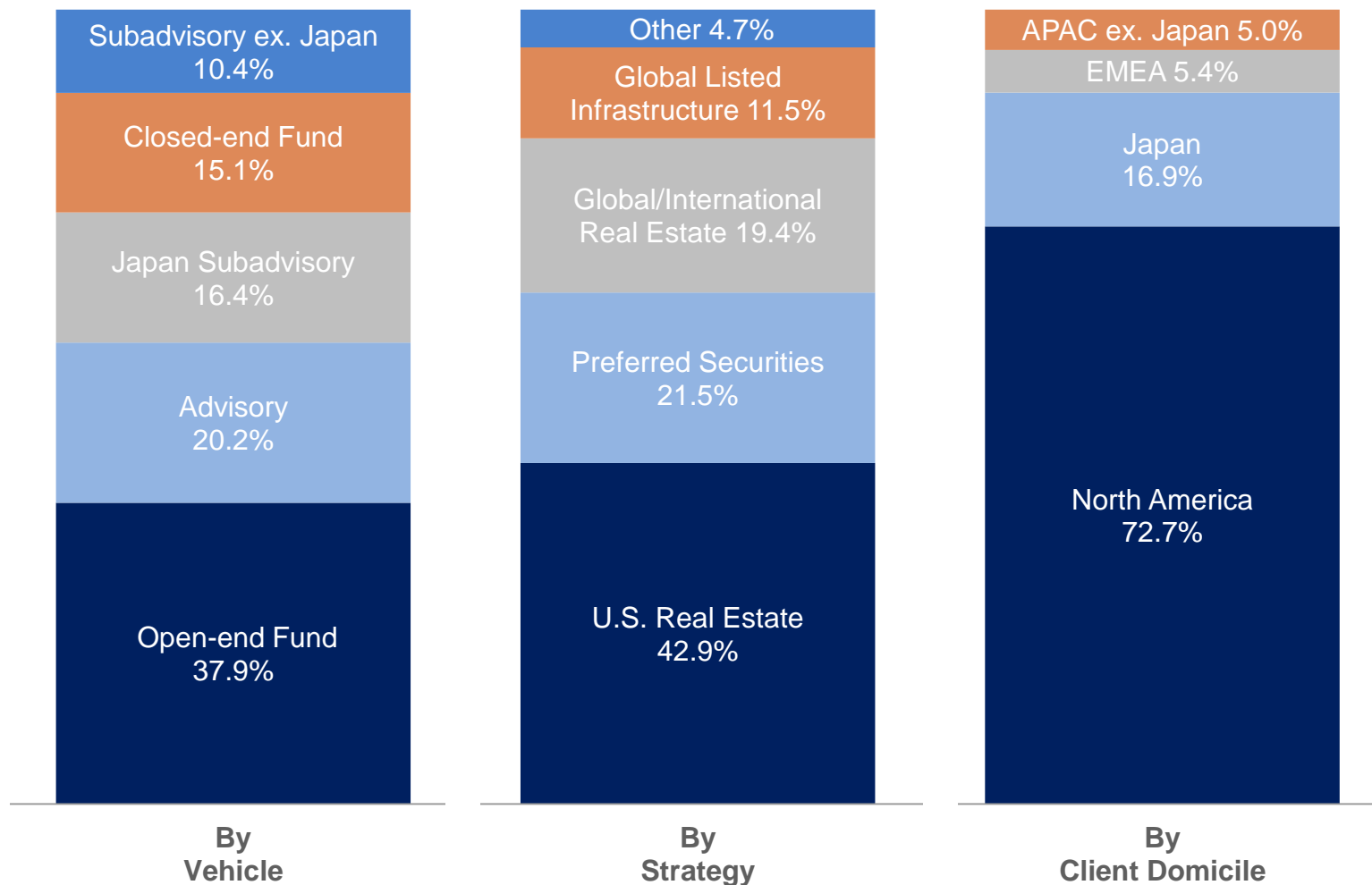
Assets Under Management

\$ in billions



Assets Under Management

Across Vehicle, Strategy, and Client Domicile

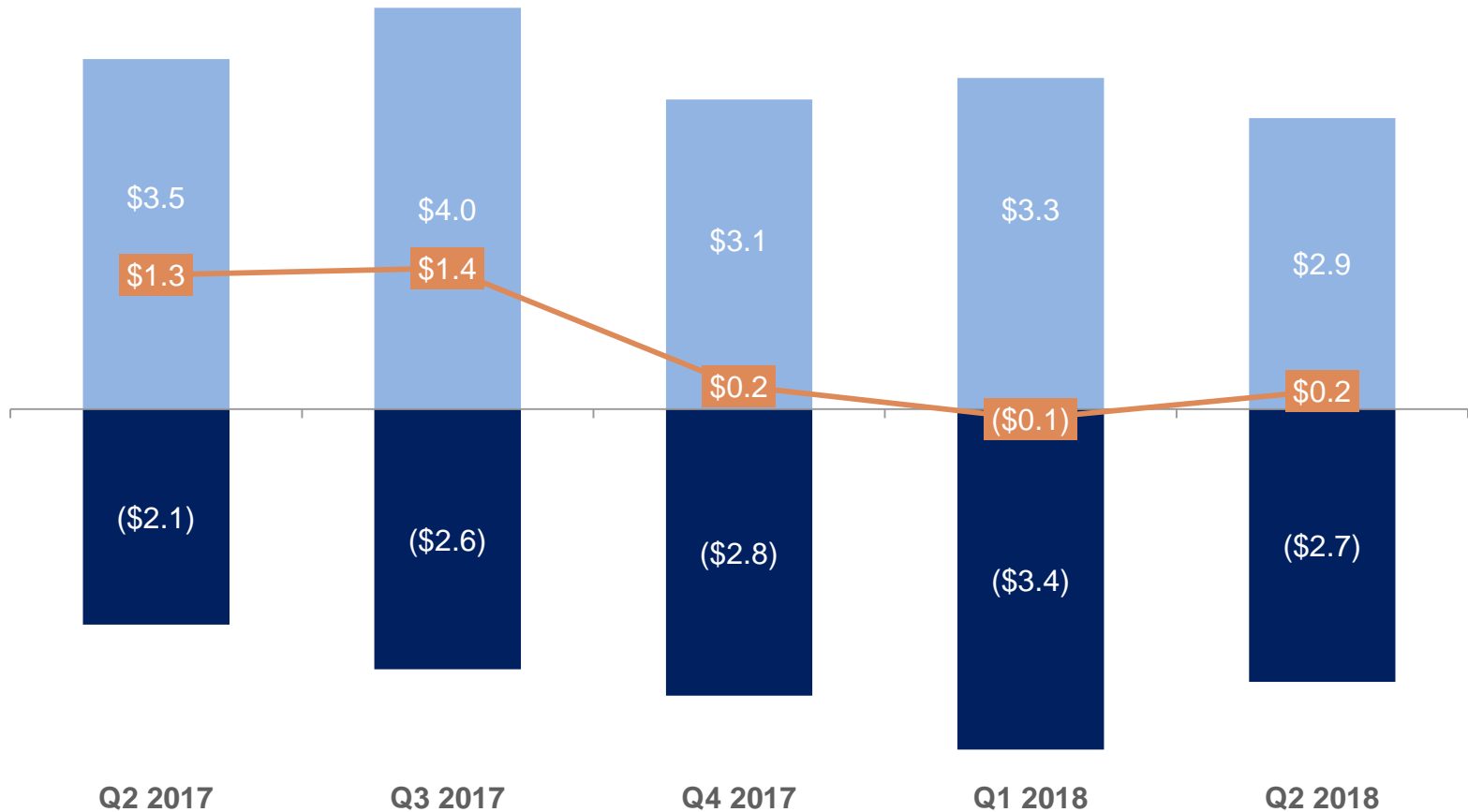
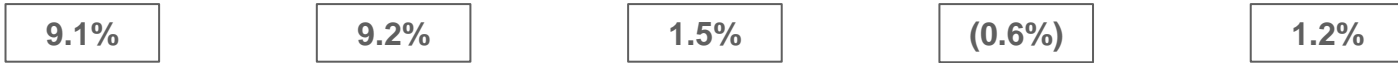


Total Firm Net Flows

\$ in billions



Organic Growth/
(Decay)



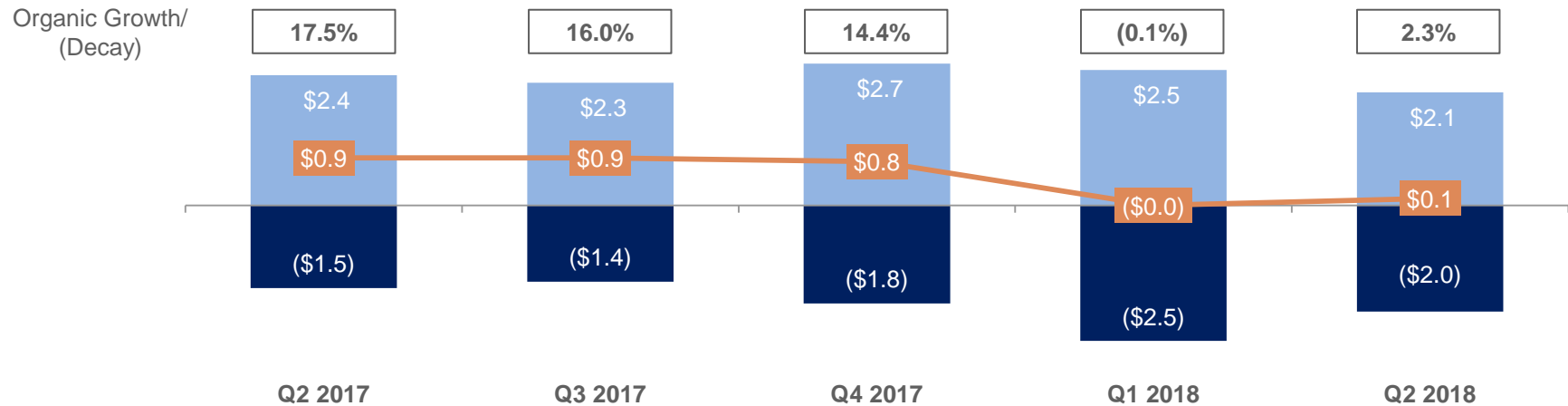
8 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

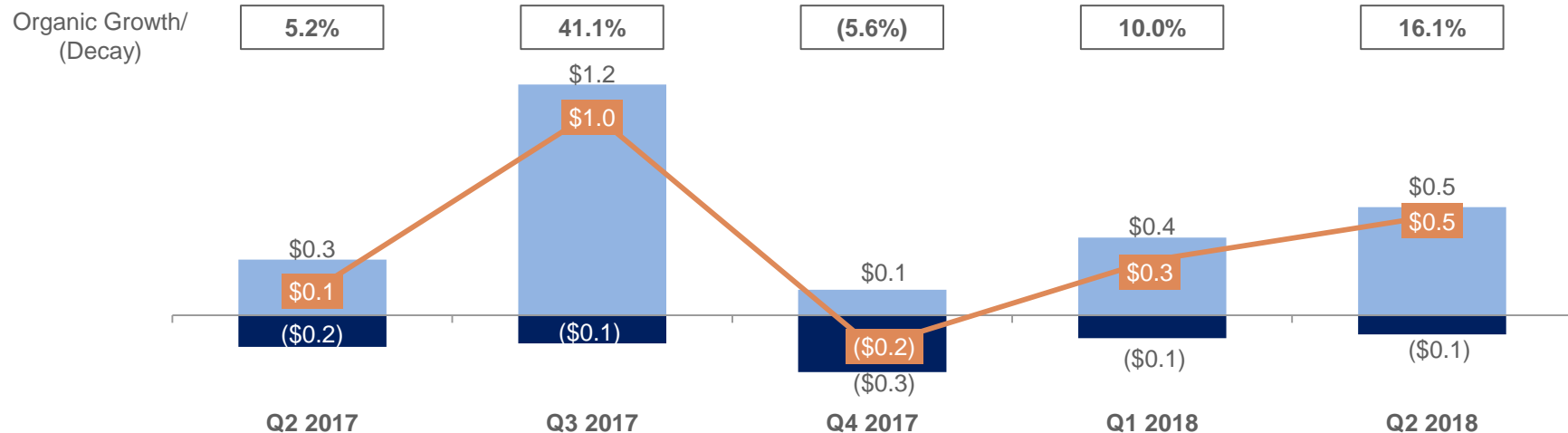
\$ in billions



Open-end Funds



Advisory



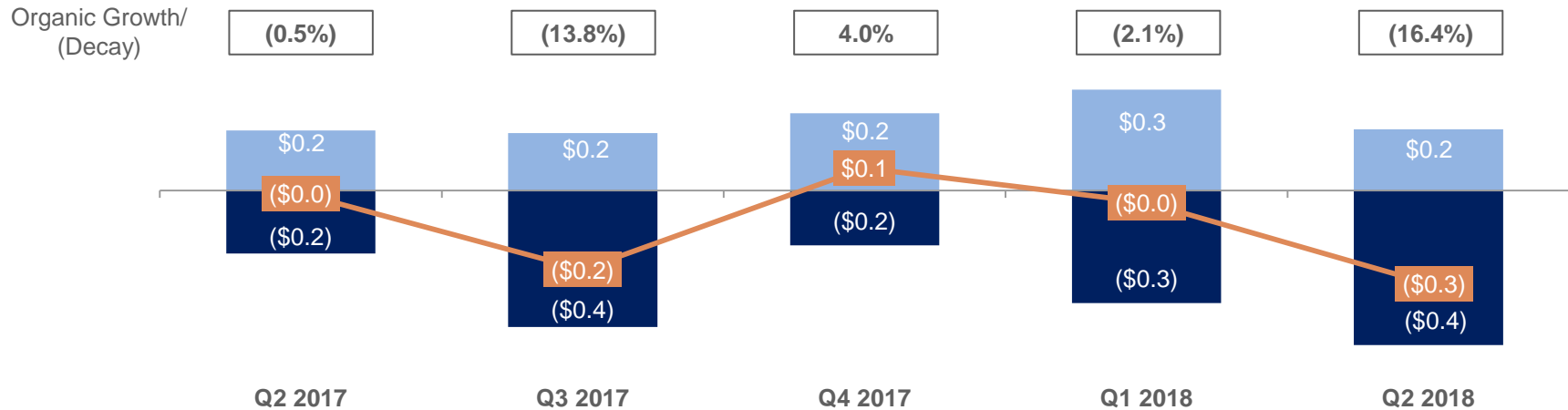
9 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

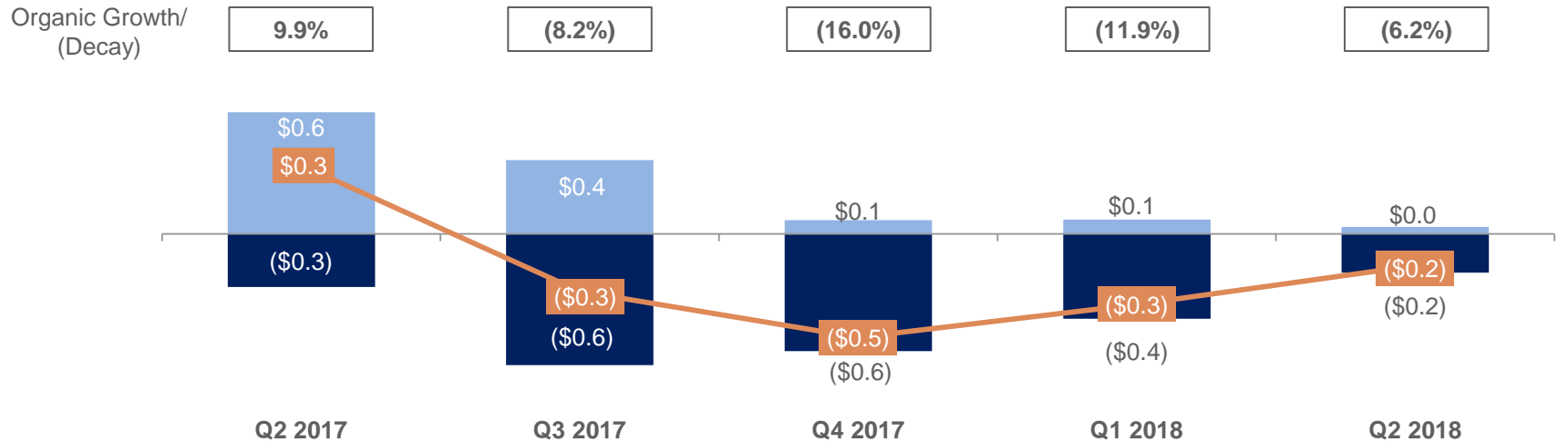
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



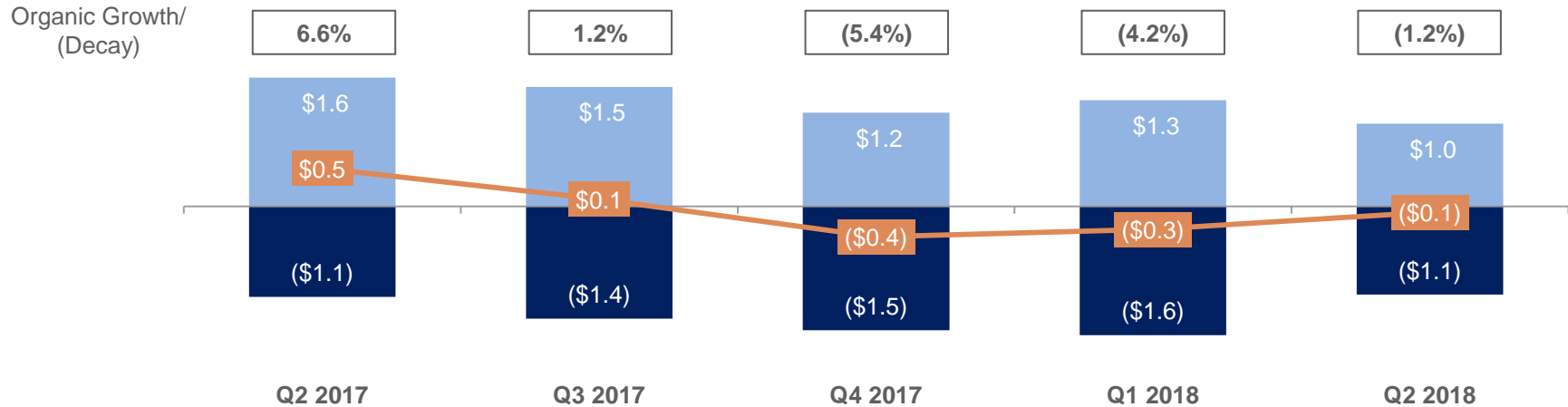
10 Totals may not foot due to rounding.

Net Flows by Investment Strategy

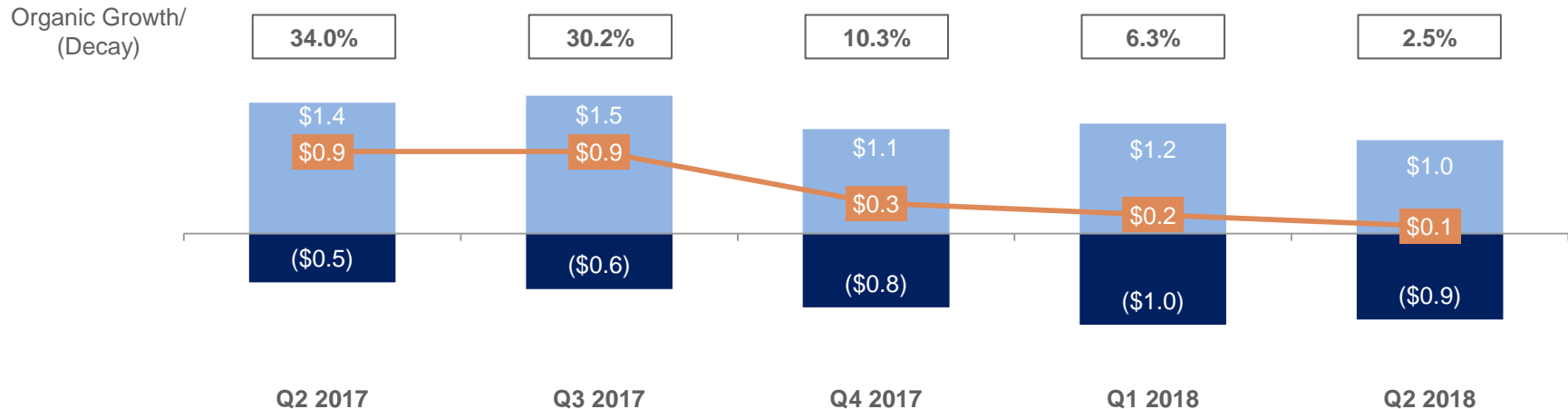
\$ in billions



U.S. Real Estate



Preferred Securities



11 Totals may not foot due to rounding.

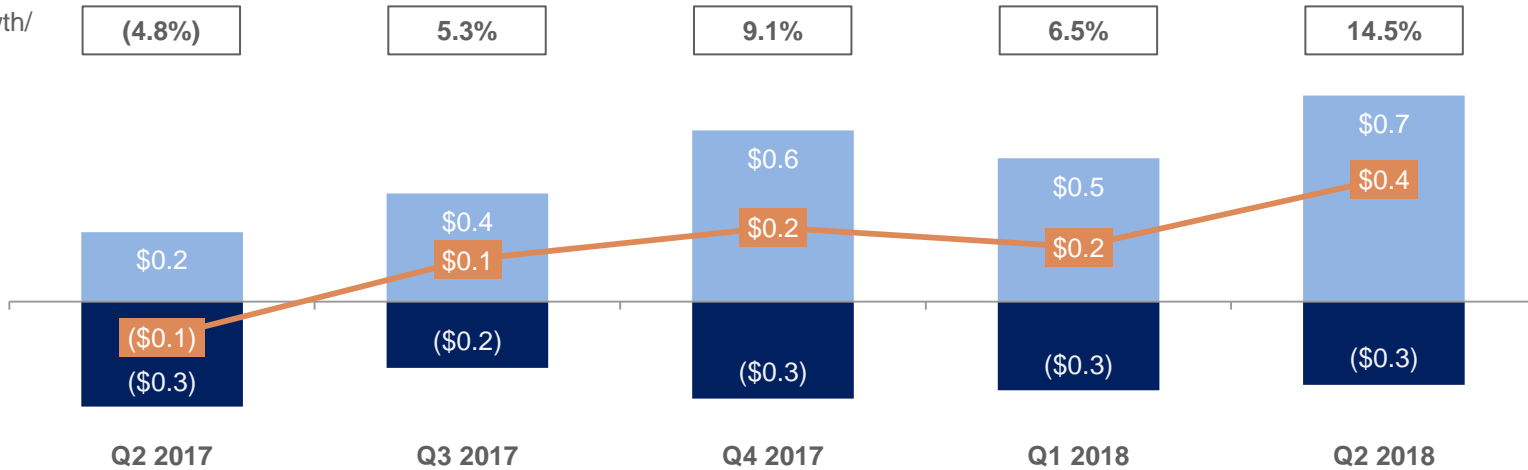
Net Flows by Investment Strategy

\$ in billions



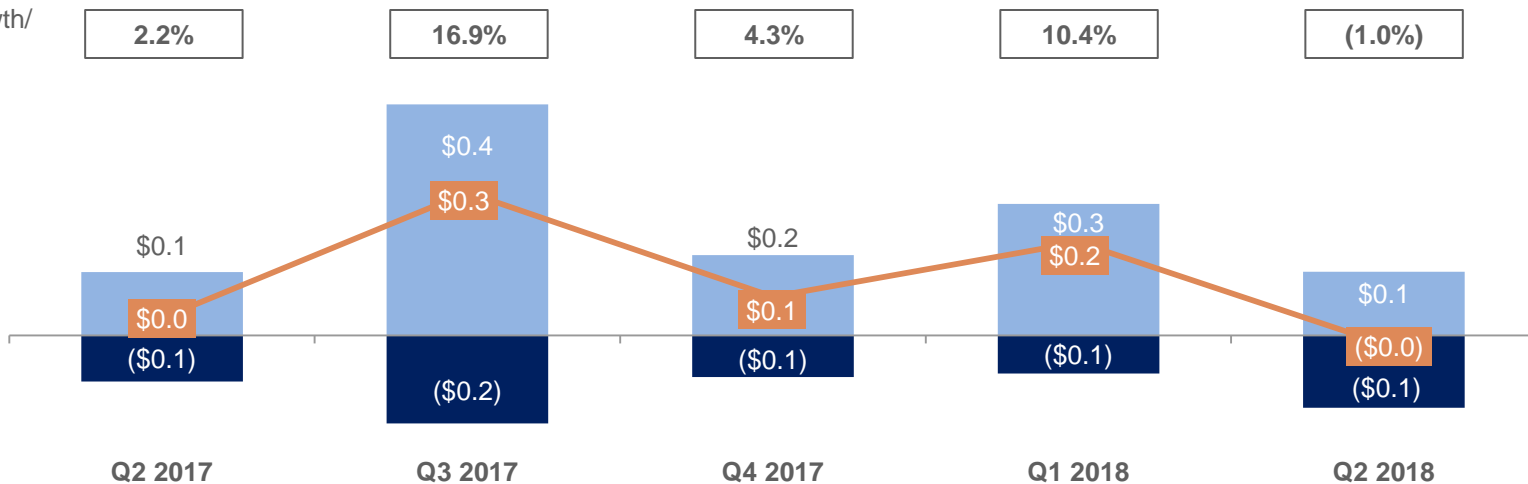
Global/International Real Estate

Organic Growth/
(Decay)



Global Listed Infrastructure

Organic Growth/
(Decay)

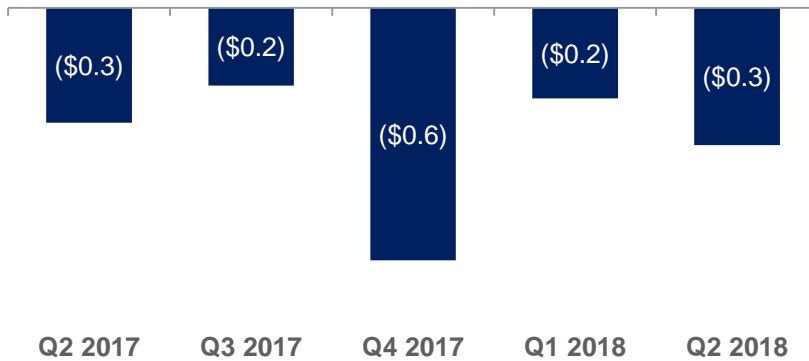


12 Totals may not foot due to rounding.

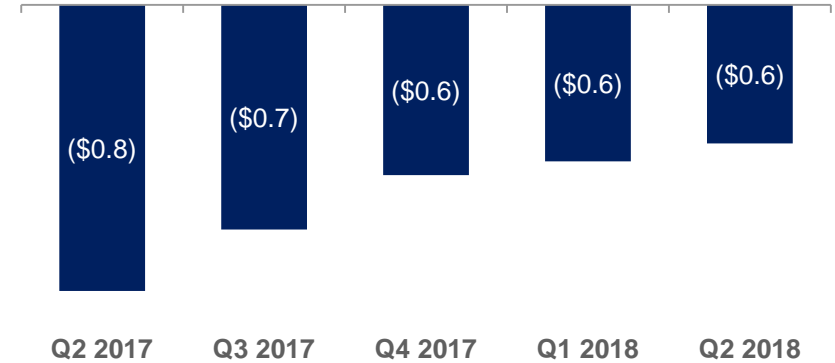
Distributions by Investment Vehicle

\$ in billions

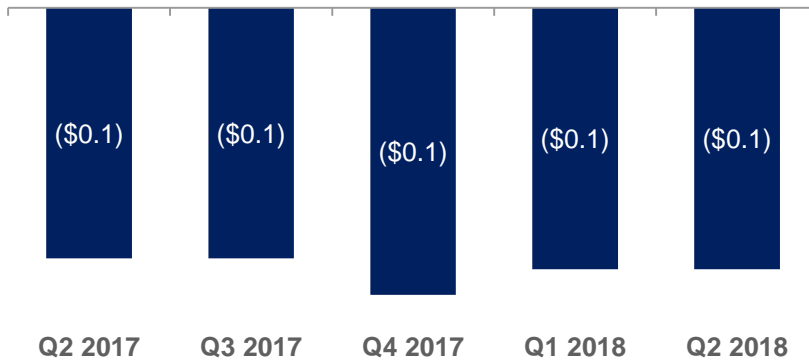
Open-end Funds



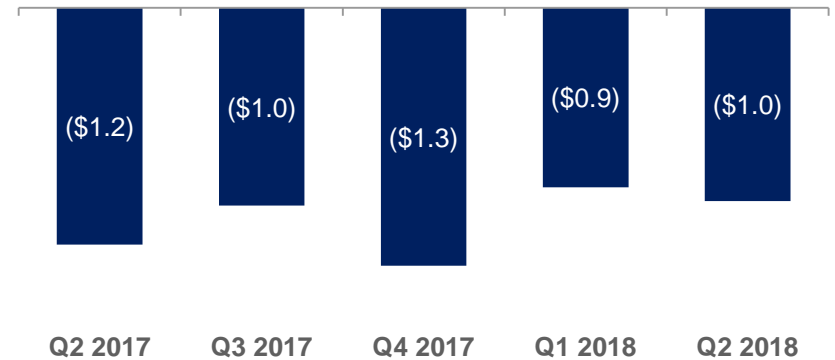
Japan Subadvisory



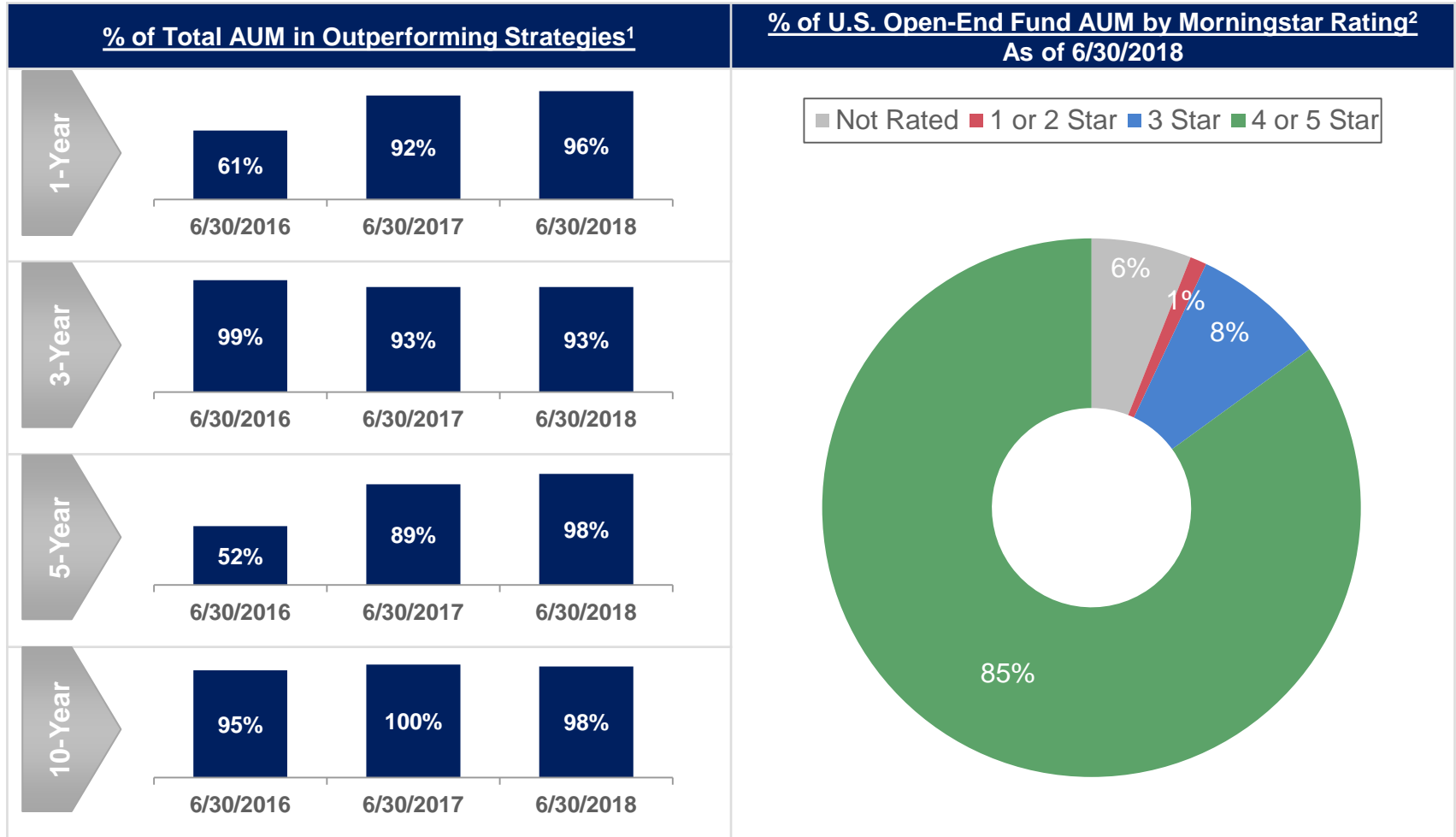
Closed-end Funds



Total



Investment Performance

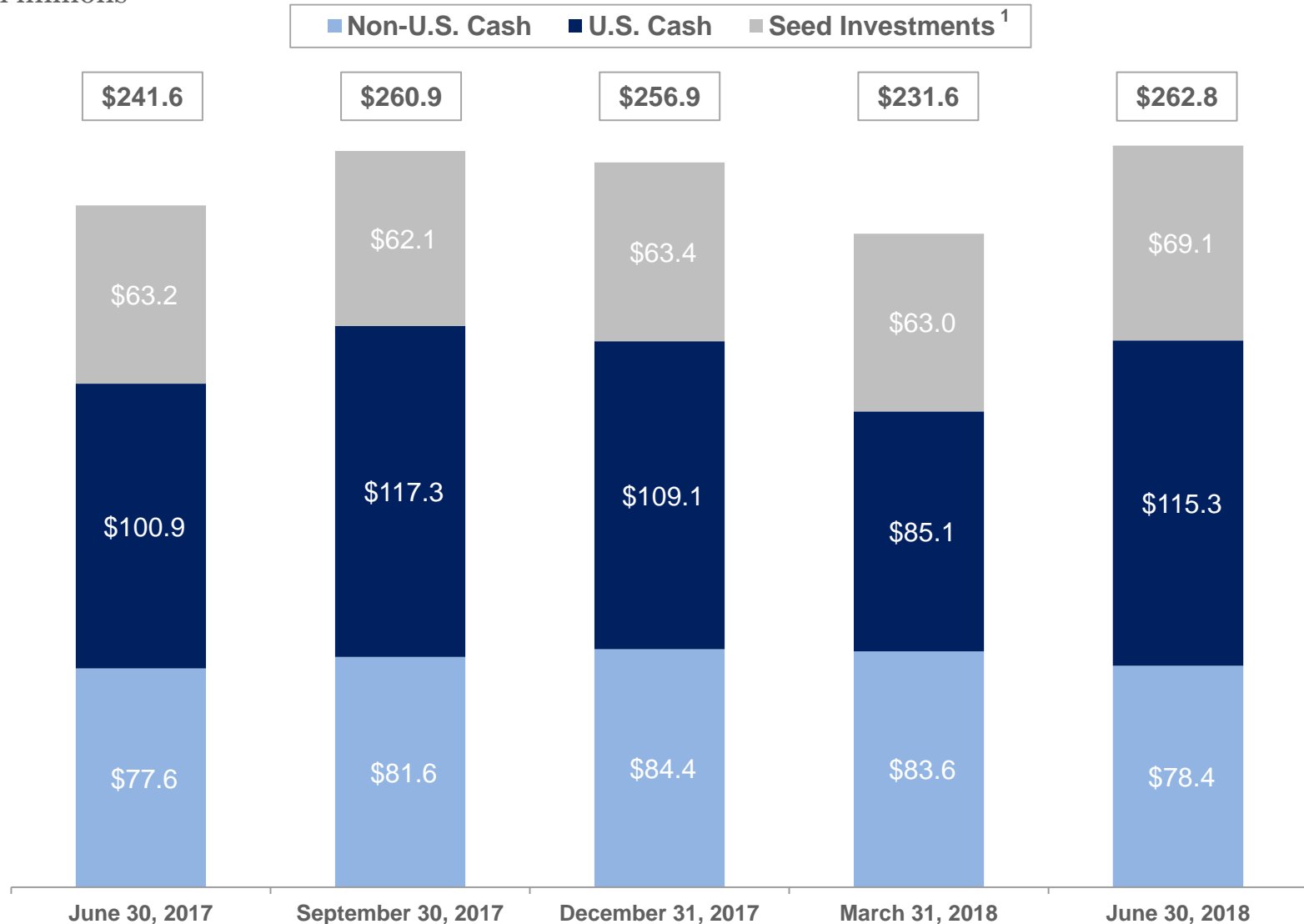


¹Past performance is no guarantee of future results. Outperformance is determined by annualized investment performance of all accounts in each investment strategy measured gross of fees and net of withholding taxes in comparison to performance of each account's reference benchmark measured net of withholding 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 June 30, 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				
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Net income attributable to common stockholders, U.S. GAAP	\$23,474	\$25,082	\$20,398	\$27,586	\$29,959
Deconsolidation ⁽¹⁾	(264)	(558)	(1,216)	481	485
Results from seed investments ⁽²⁾	(64)	(521)	(471)	1,774	(2,154)
Accelerated vesting of restricted stock units ⁽³⁾	—	298	224	—	—
General and administrative ⁽⁴⁾	—	(950)	—	871	—
Foreign currency exchange gain ⁽⁵⁾	—	—	—	—	(953)
Tax adjustments ⁽⁶⁾	269	2,300	7,120	(1,703)	528
Net income attributable to common stockholders, as adjusted	\$23,415	\$25,651	\$26,055	\$29,009	\$27,865
Diluted weighted average shares outstanding	46,902	47,047	47,300	47,152	47,311
Diluted earnings per share, U.S. GAAP	\$0.50	\$0.53	\$0.43	\$0.59	\$0.63
Deconsolidation ⁽¹⁾	(0.01)	(0.01)	(0.03)	0.01	0.01
Results from seed investments ⁽²⁾	—*	(0.01)	(0.01)	0.04	(0.04)
Accelerated vesting of restricted stock units ⁽³⁾	—	0.01	0.01	—	—
General and administrative ⁽⁴⁾	—	(0.02)	—	0.02	—
Foreign currency exchange gain ⁽⁵⁾	—	—	—	—	(0.02)
Tax adjustments ⁽⁶⁾	0.01	0.05	0.15	(0.04)	0.01
Diluted earnings per share, as adjusted	\$0.50	\$0.55	\$0.55	\$0.62	\$0.59

* 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 on unconsolidated seed investments.

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

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

(5) Represents net foreign currency exchange gains associated with U.S. dollar-denominated assets and liabilities held by certain foreign subsidiaries for the second quarter of 2018.

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

	Three Months Ended				
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Transition tax	\$—	\$—	\$8,432	\$—	\$(123)
Remeasurement of deferred and other tax balances	—	—	4,300	—	—
Tax reserves	—	1,665	(4,737)	—	—
Other tax related items	(25)	(5)	(826)	(1,003)	56
Tax-effect of non-GAAP adjustments	294	640	(49)	(700)	595
Total tax adjustments	\$269	\$2,300	\$7,120	\$(1,703)	\$528

16 *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				
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Revenue, U.S. GAAP ⁽¹⁾	\$92,714	\$96,787	\$99,454	\$94,464	\$94,410
Deconsolidation ⁽²⁾	(88)	(101)	(148)	(51)	(194)
Revenue, as adjusted	\$92,626	\$96,686	\$99,306	\$94,413	\$94,216
Expenses, U.S. GAAP ⁽¹⁾	\$55,357	\$55,814	\$58,566	\$57,245	\$58,123
Deconsolidation ⁽²⁾	(172)	(222)	(274)	(251)	(347)
Accelerated vesting of restricted stock units ⁽³⁾	—	(298)	(224)	—	—
General and administrative ⁽⁴⁾	—	950	—	(871)	—
Expenses, as adjusted	\$55,185	\$56,244	\$58,068	\$56,123	\$57,776
Operating income, U.S. GAAP	\$37,357	\$40,973	\$40,888	\$37,219	\$36,287
Deconsolidation ⁽²⁾	84	121	126	200	153
Accelerated vesting of restricted stock units ⁽³⁾	—	298	224	—	—
General and administrative ⁽⁴⁾	—	(950)	—	871	—
Operating income, as adjusted	\$37,441	\$40,442	\$41,238	\$38,290	\$36,440
Operating margin, U.S. GAAP	40.3%	42.3%	41.1%	39.4%	38.4%
Operating margin, as adjusted	40.4%	41.8%	41.5%	40.6%	38.7%

(1) The presentation of 2017 amounts has been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

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

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

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

	Three Months Ended				
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Non-operating income (loss), U.S. GAAP	\$261	\$2,327	\$2,839	(\$199)	(\$778)
Deconsolidation ⁽¹⁾	128	(1,335)	(1,750)	(1,057)	4,722
Results from seed investments ⁽²⁾	(64)	(521)	(471)	1,774	(2,154)
Foreign currency exchange gain ⁽³⁾	—	—	—	—	(953)
Non-operating income (loss), as adjusted	\$325	\$471	\$618	\$518	\$837

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(3) Represents net foreign currency exchange gains associated with U.S. dollar-denominated assets and liabilities held by certain foreign subsidiaries for the second quarter of 2018.

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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