

Cohen & Steers: Q3 2019 Earnings Presentation

COHEN & STEERS

Summary of Third Quarter 2019 Results

Assets Under Management ⁽¹⁾

- September 30, 2019 AUM was \$70.8 billion versus \$66.6 billion at June 30, 2019
- Average AUM was \$68.6 billion for Q3 2019 versus \$66.6 billion for Q2 2019

Flows ⁽¹⁾

- Net inflows of \$1.1 billion in Q3 2019 versus net outflows of \$58 million in Q2 2019
- Net inflows in open-end funds, advisory, subadvisory ex. Japan, and Japan subadvisory

Financial Results, as adjusted

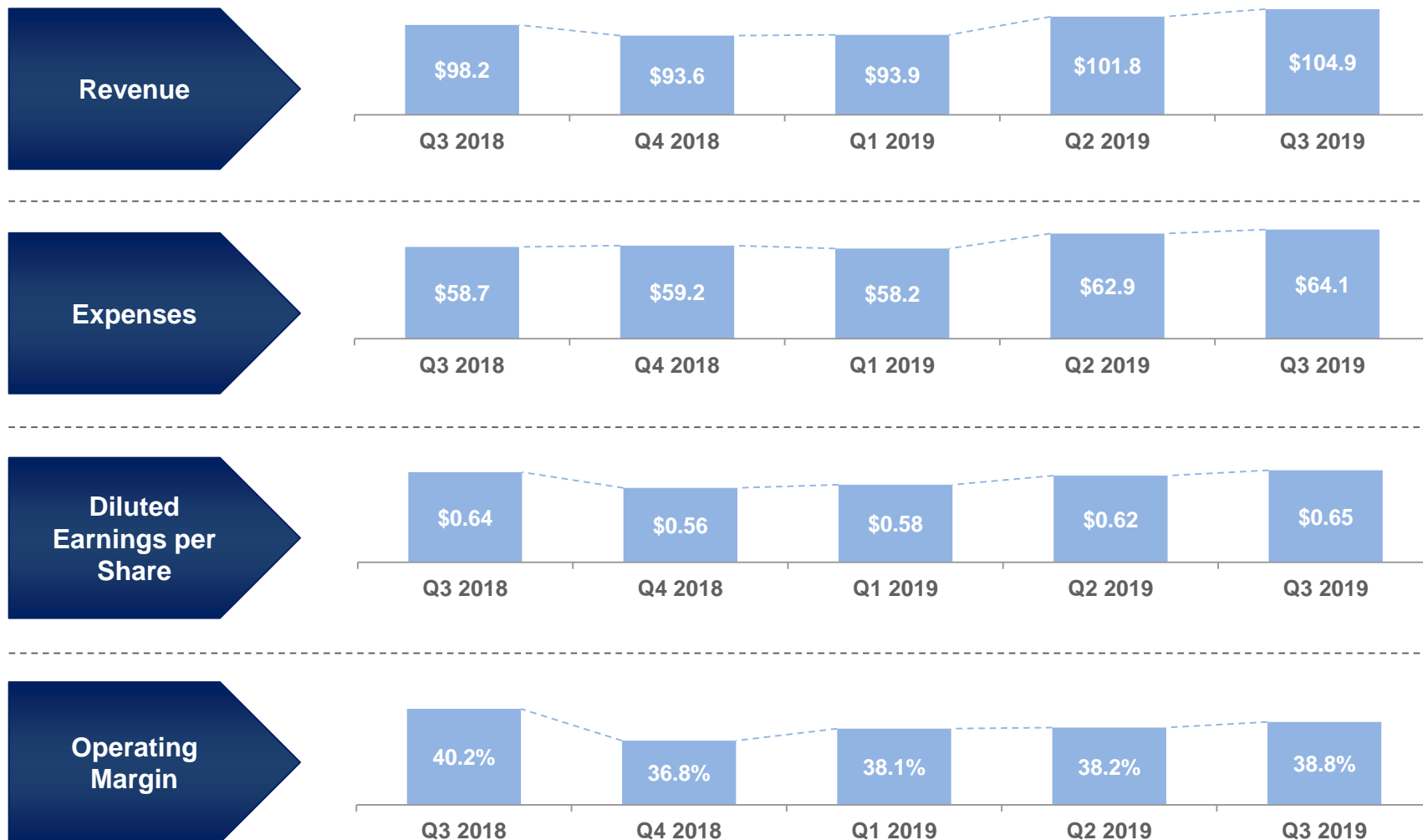
- Net income was \$31.3 million in Q3 2019 versus \$29.7 million in Q2 2019
- Diluted EPS of \$0.65 in Q3 2019 versus \$0.62 in Q2 2019
- Operating margin was 38.8% in Q3 2019 versus 38.2% in Q2 2019

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.

(1) Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Financial Results, as adjusted

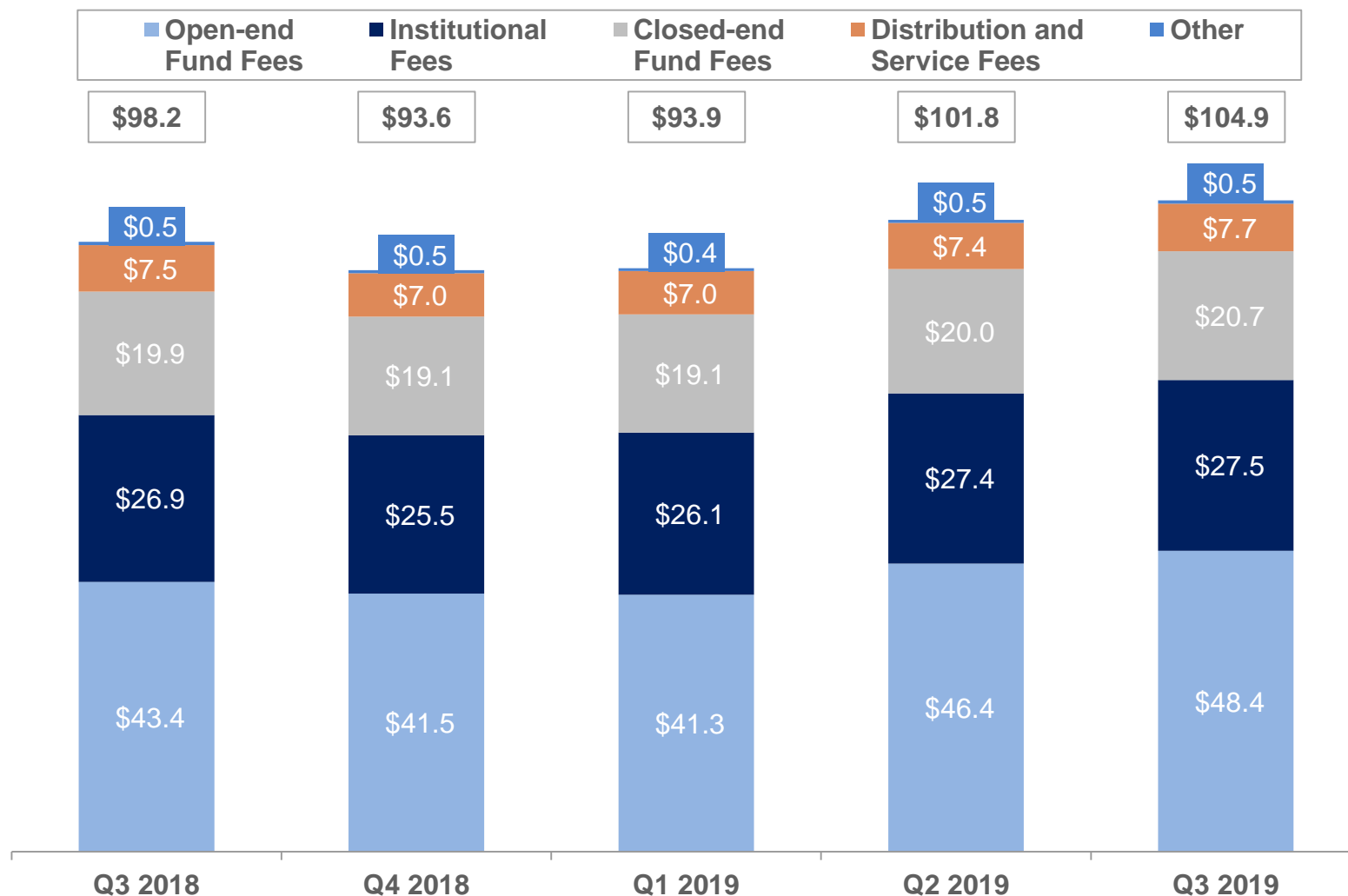
\$ in millions, except earnings per share and percentages



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



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.

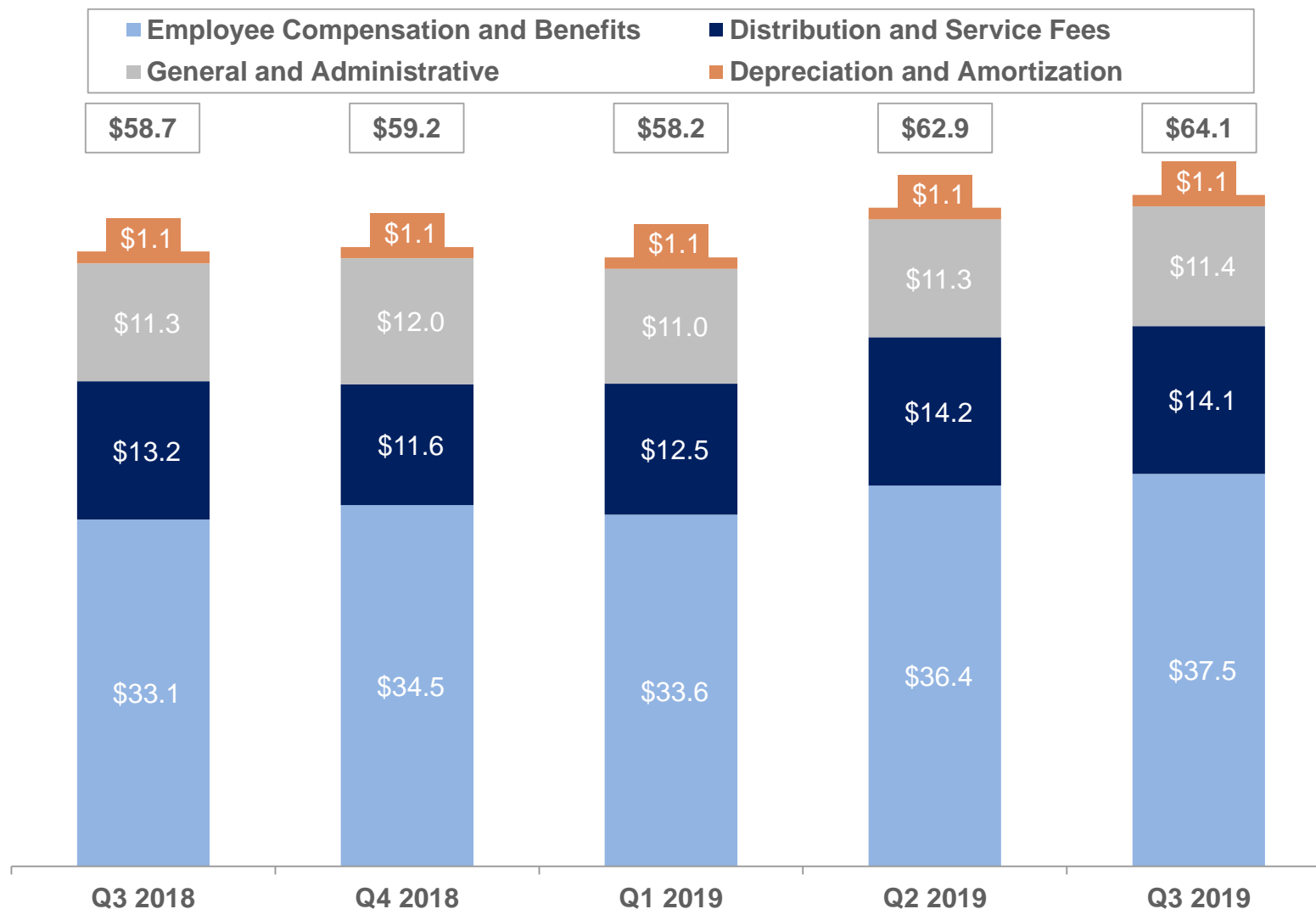
Prior period amounts related to model-based portfolios were reclassified from other (previously reported as portfolio consulting and other) to investment advisory and administration fees.

4

Totals may not foot due to rounding.

Expenses, as adjusted

\$ in millions

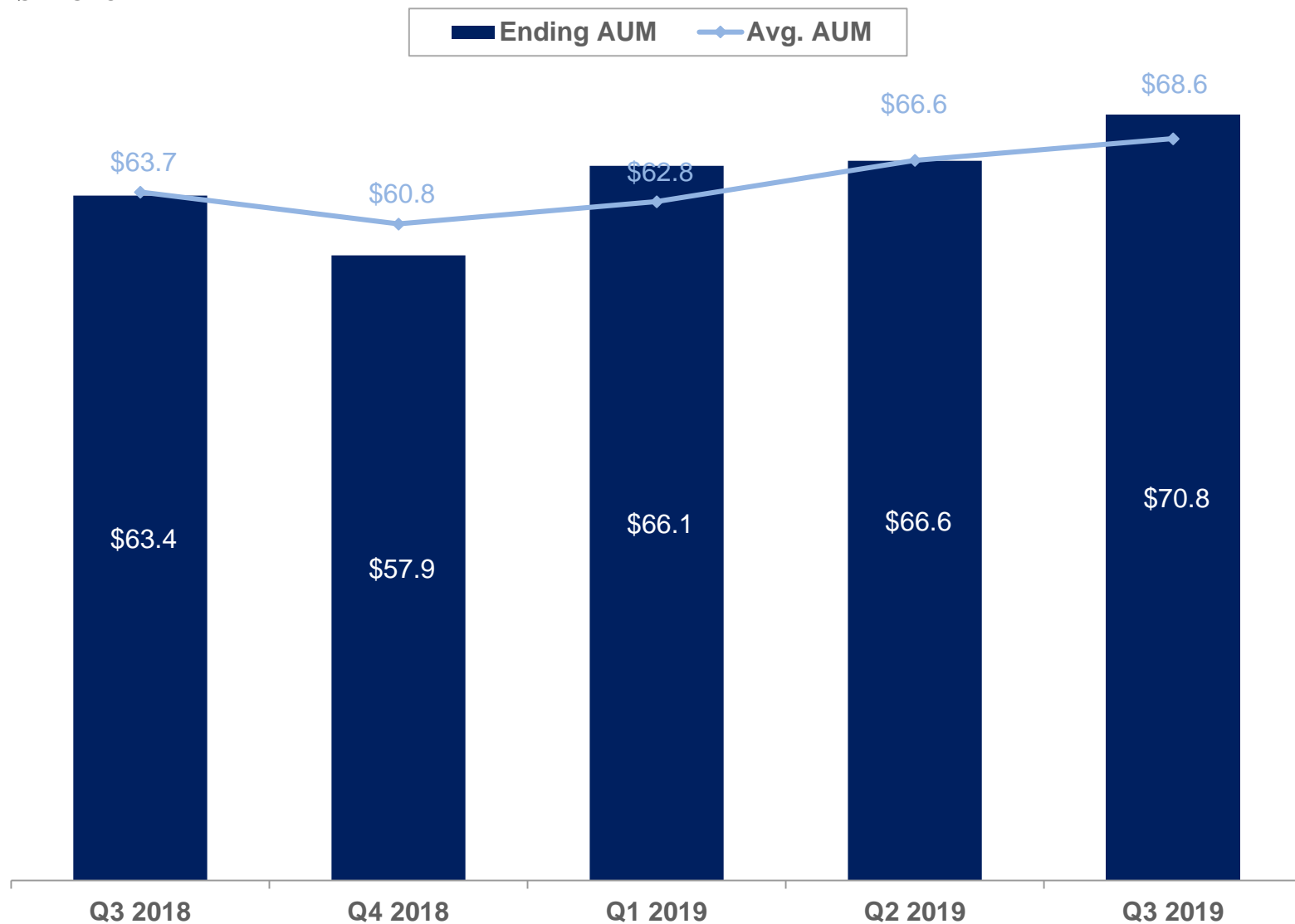


Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

Totals may not foot due to rounding.

Assets Under Management

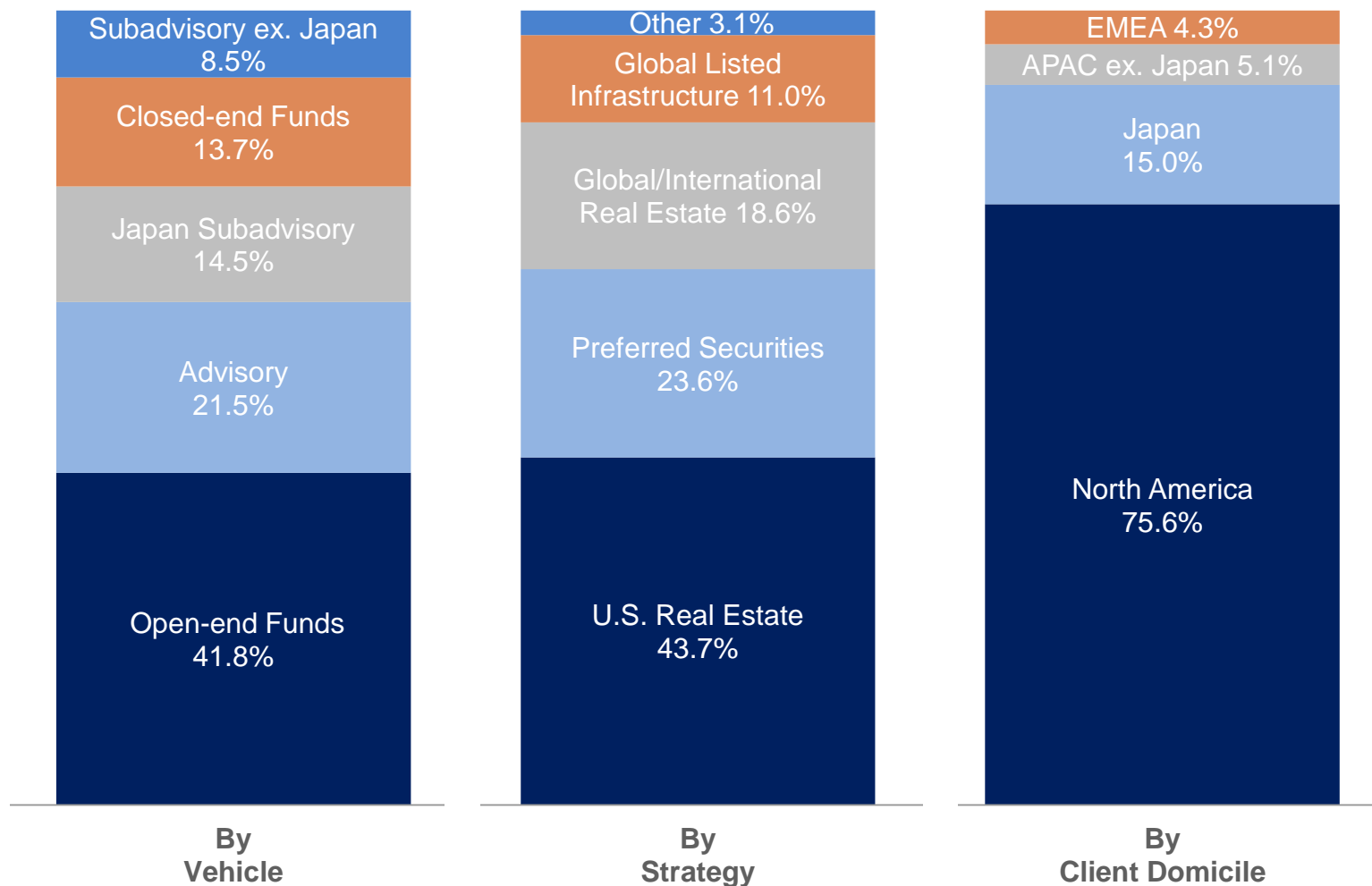
\$ in billions



6 Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Assets Under Management

Across Vehicle, Strategy, and Client Domicile



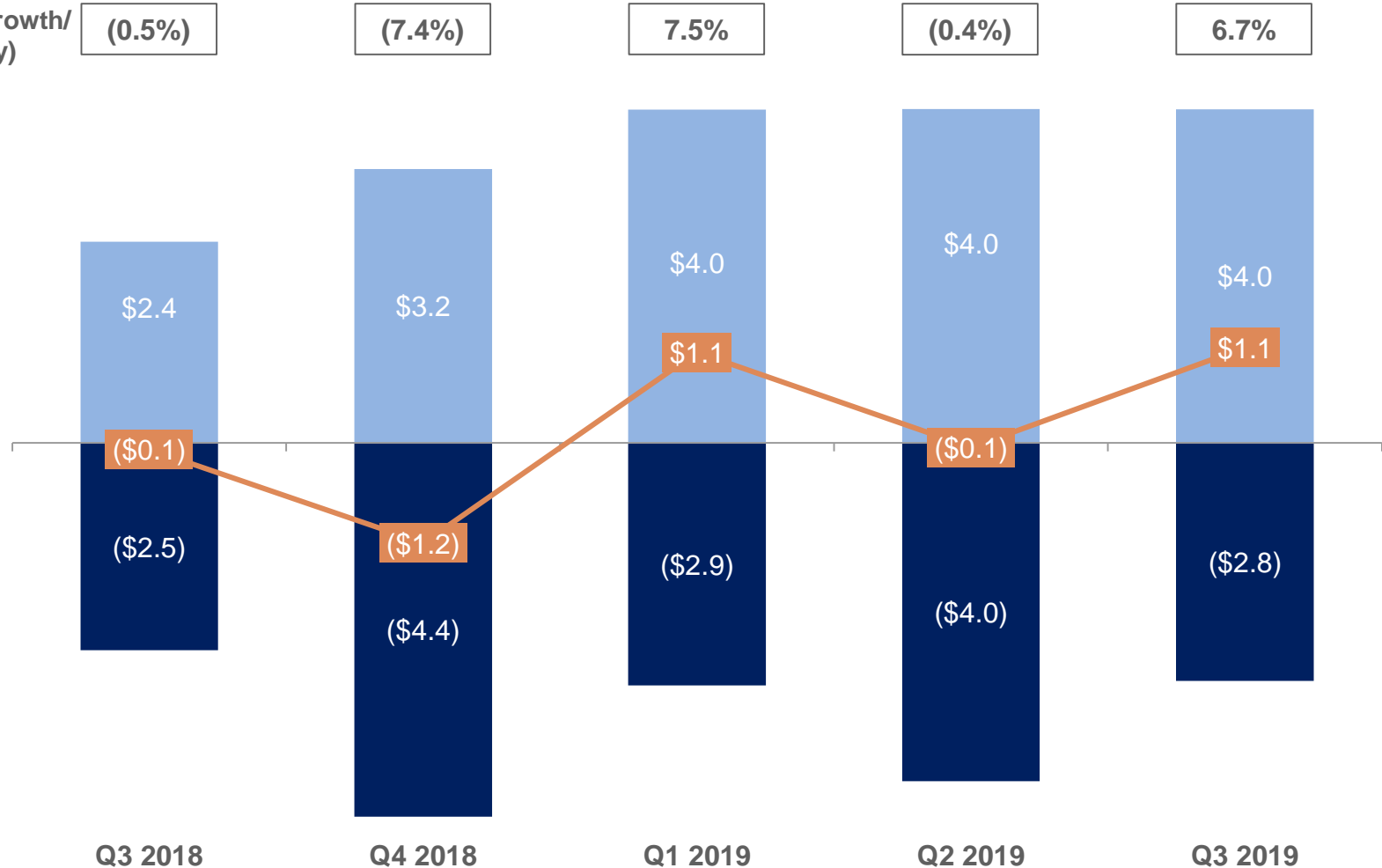
7 As of September 30, 2019.
Totals may not foot due to rounding.

Total Firm Net Flows

\$ in billions



Organic Growth/
(Decay)



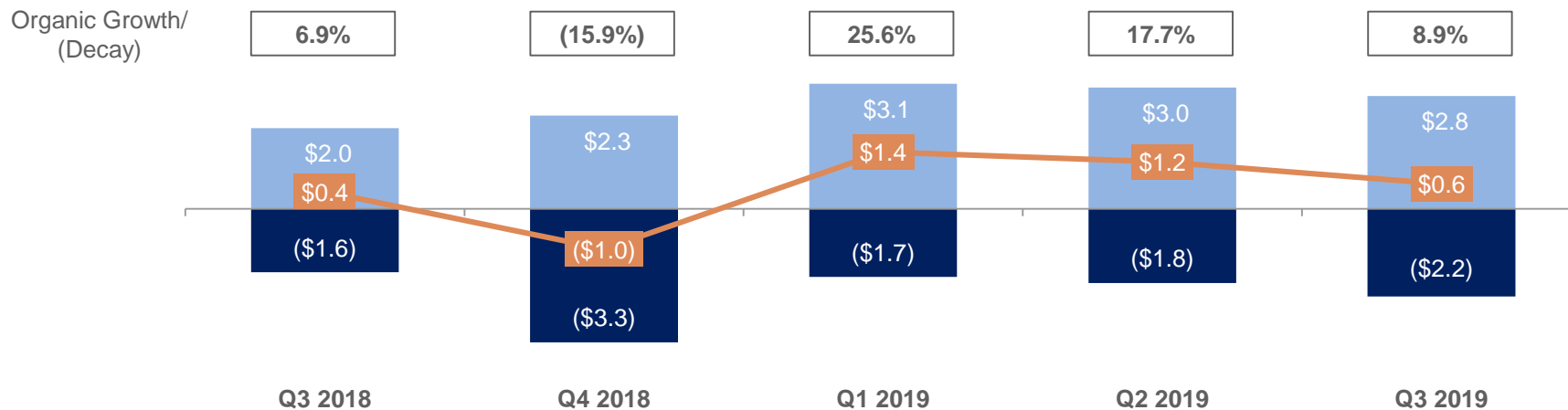
8 Totals may not foot due to rounding.
Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Net Flows by Investment Vehicle

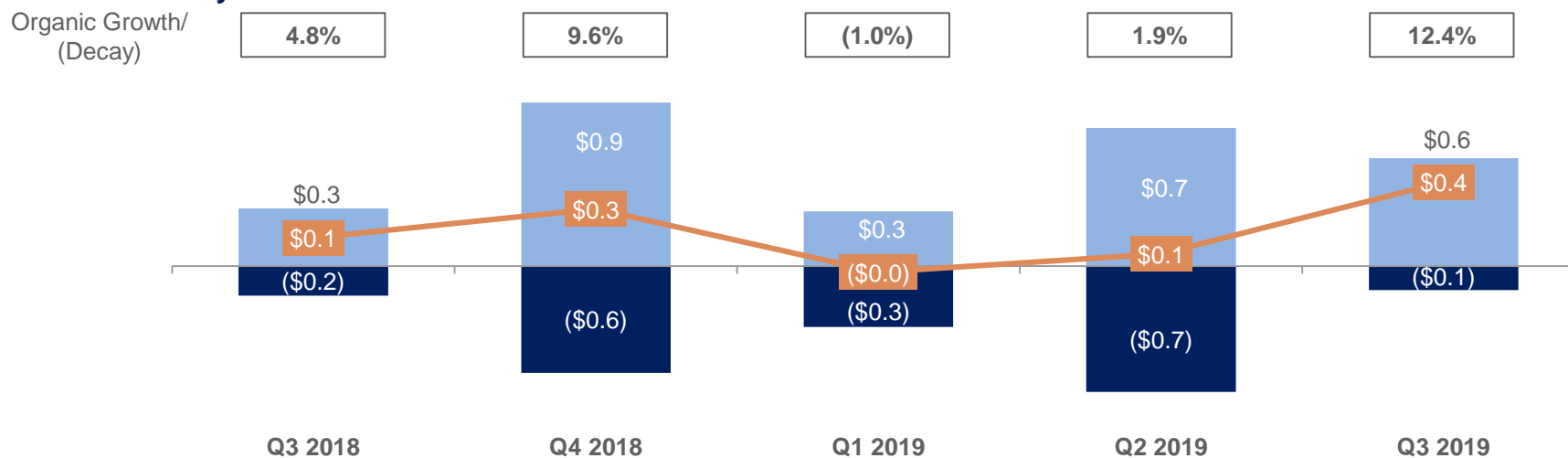
\$ in billions



Open-end Funds



Advisory



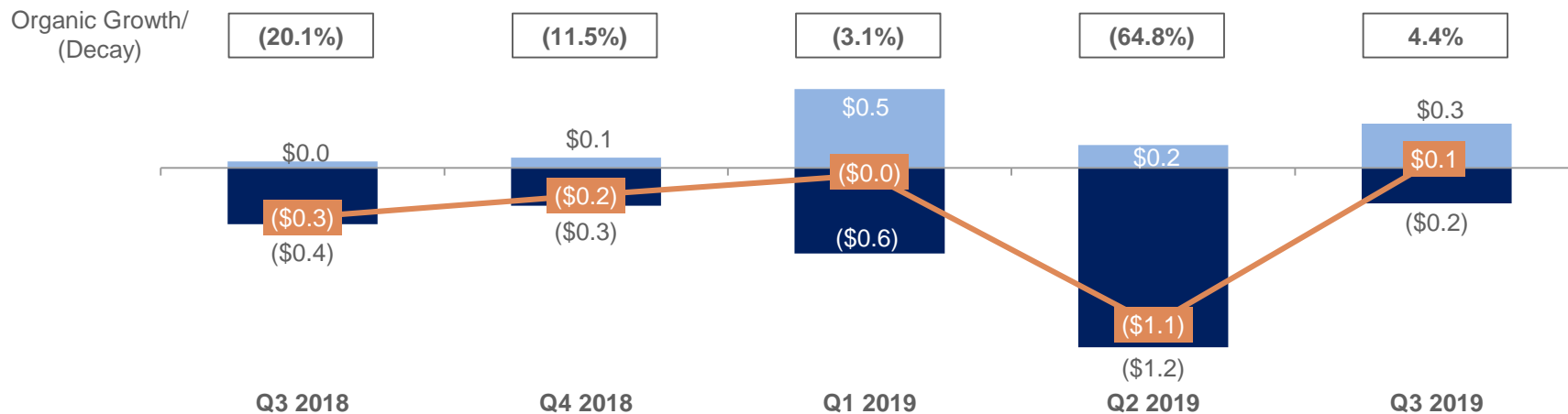
⁹ Totals may not foot due to rounding. Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Net Flows by Investment Vehicle

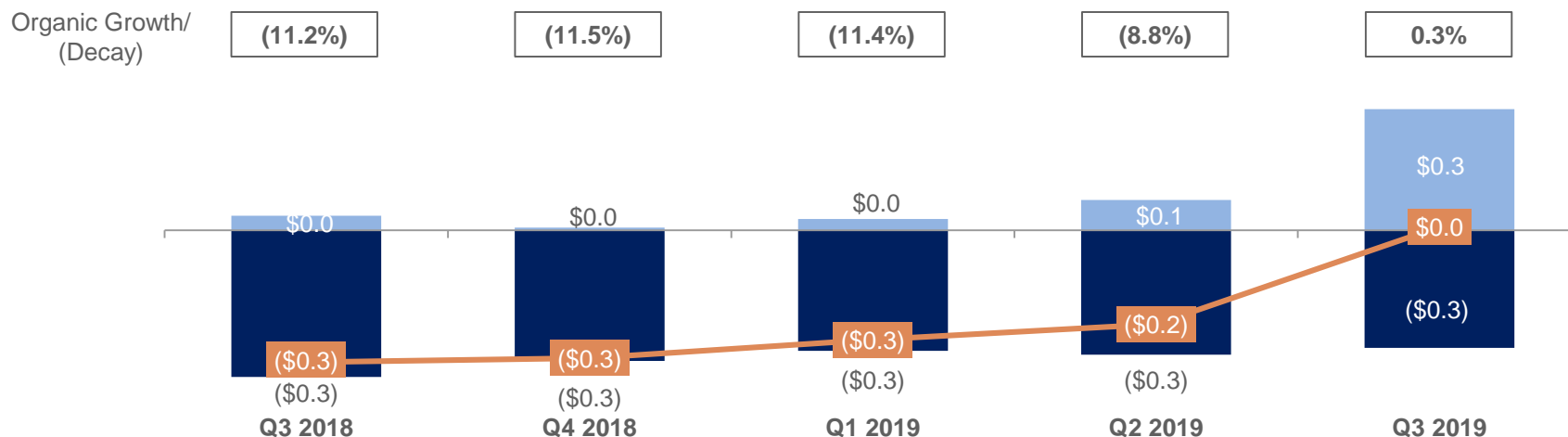
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



¹⁰ Totals may not foot due to rounding.

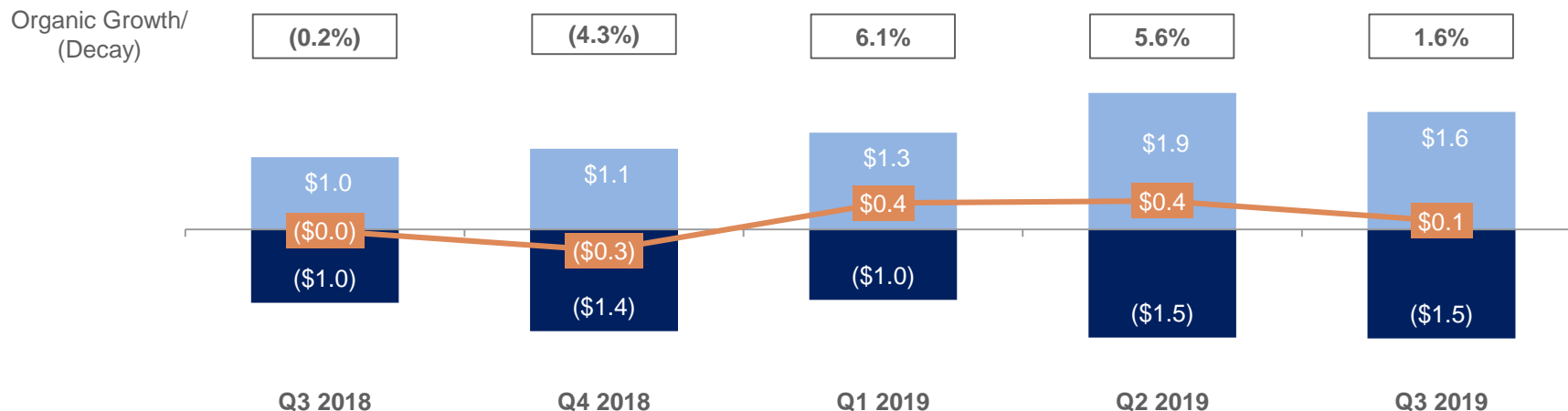
Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Net Flows by Investment Strategy

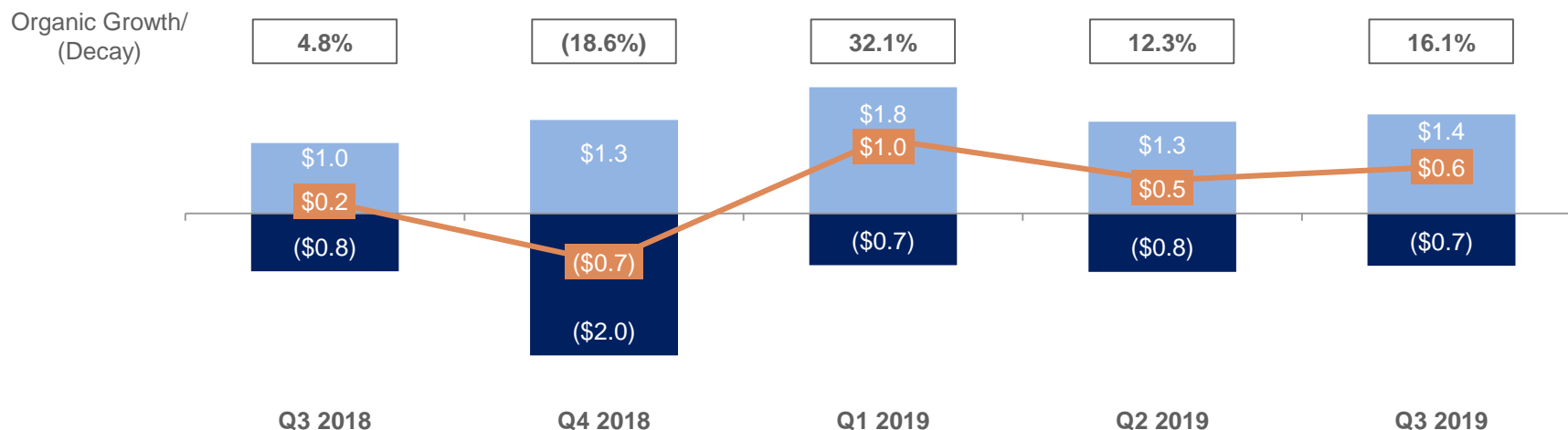
\$ in billions



U.S. Real Estate



Preferred Securities



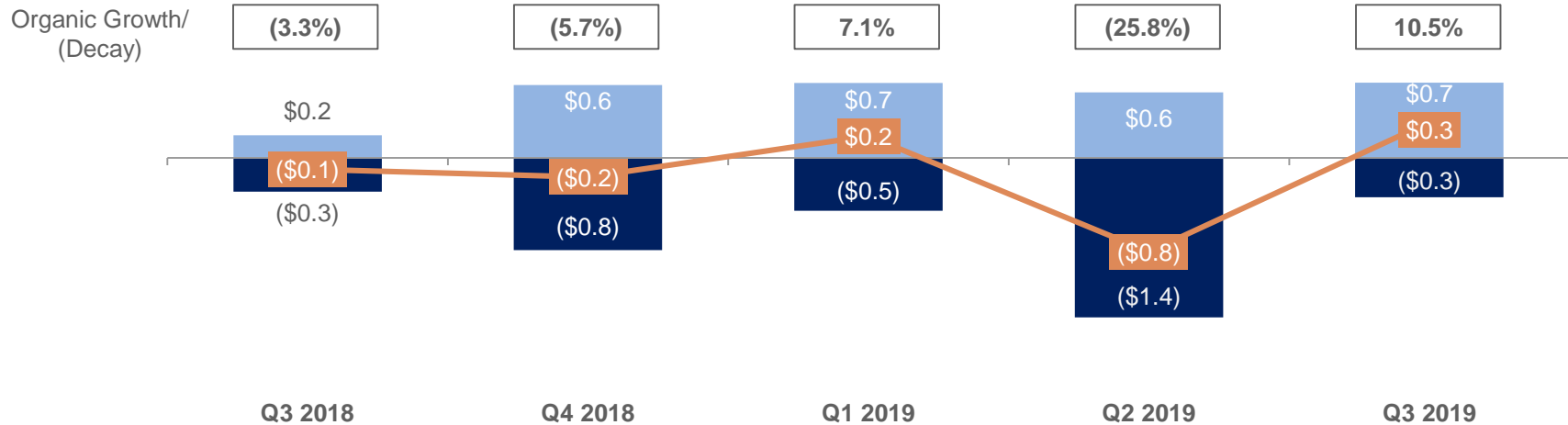
¹¹ Totals may not foot due to rounding. Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Net Flows by Investment Strategy

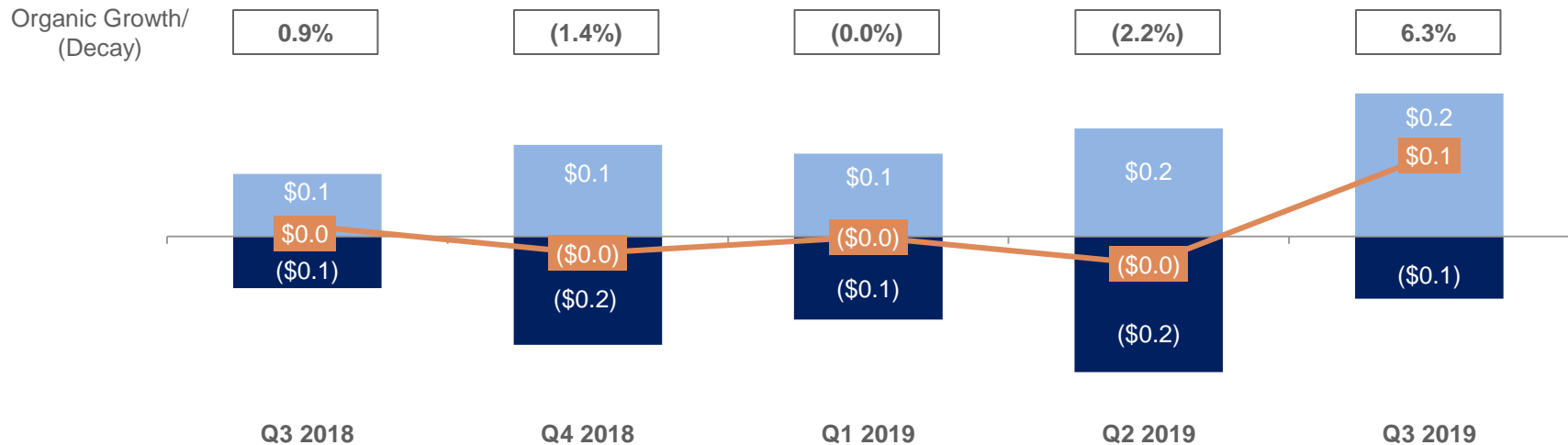
\$ in billions



Global/International Real Estate



Global Listed Infrastructure



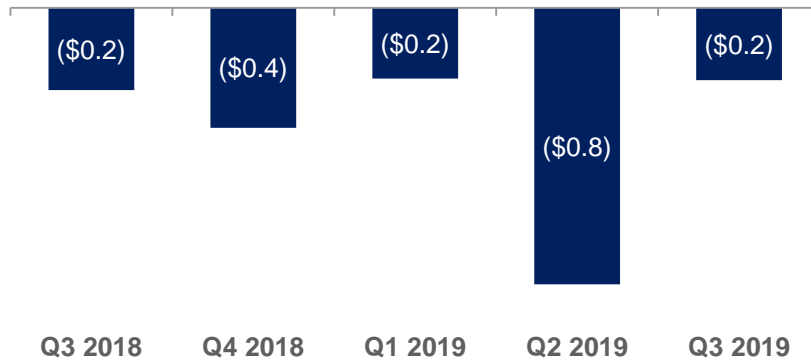
¹² Totals may not foot due to rounding.

Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

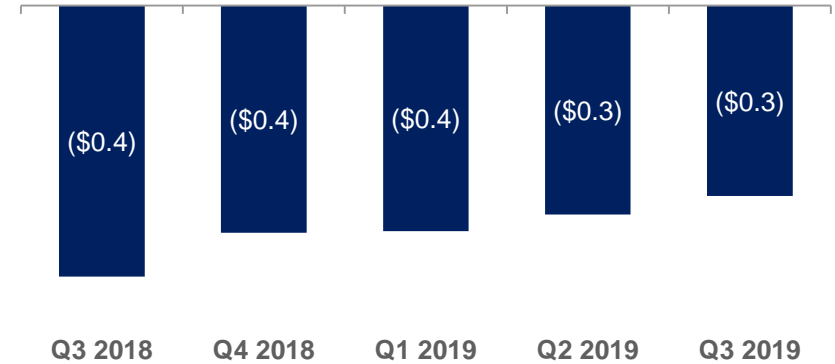
Distributions by Investment Vehicle

\$ in billions

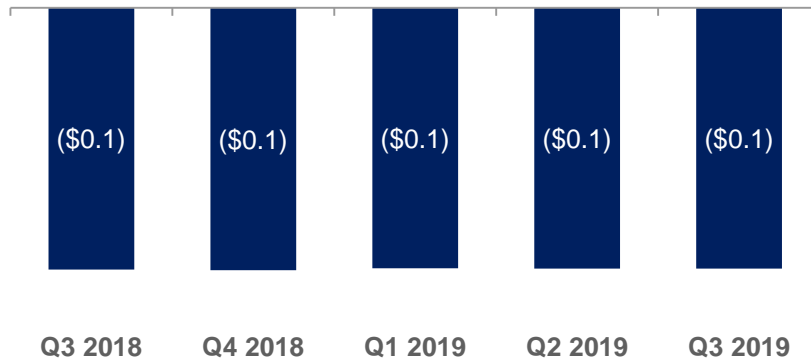
Open-end Funds



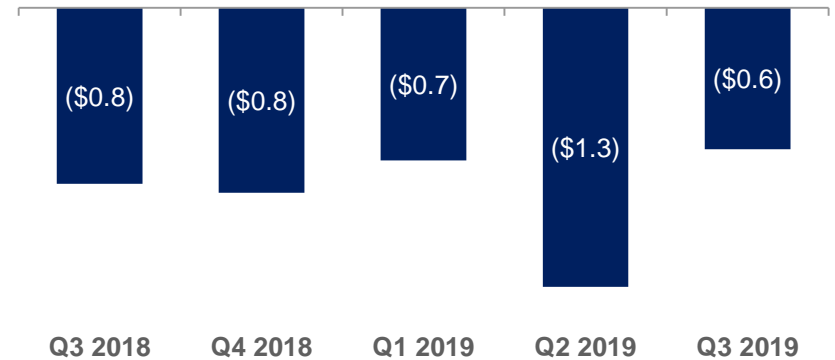
Japan Subadvisory



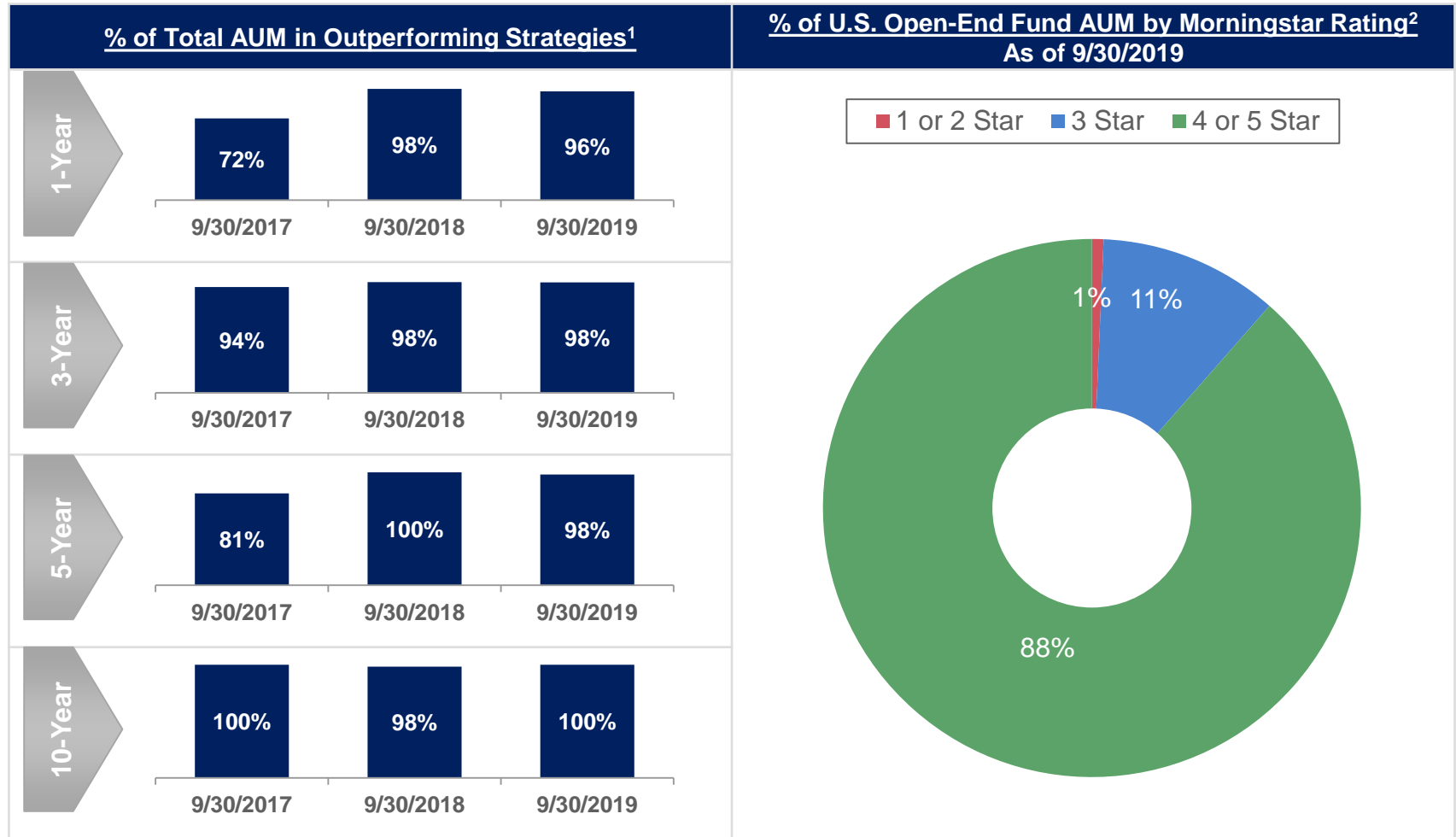
Closed-end Funds



Total



Investment Performance

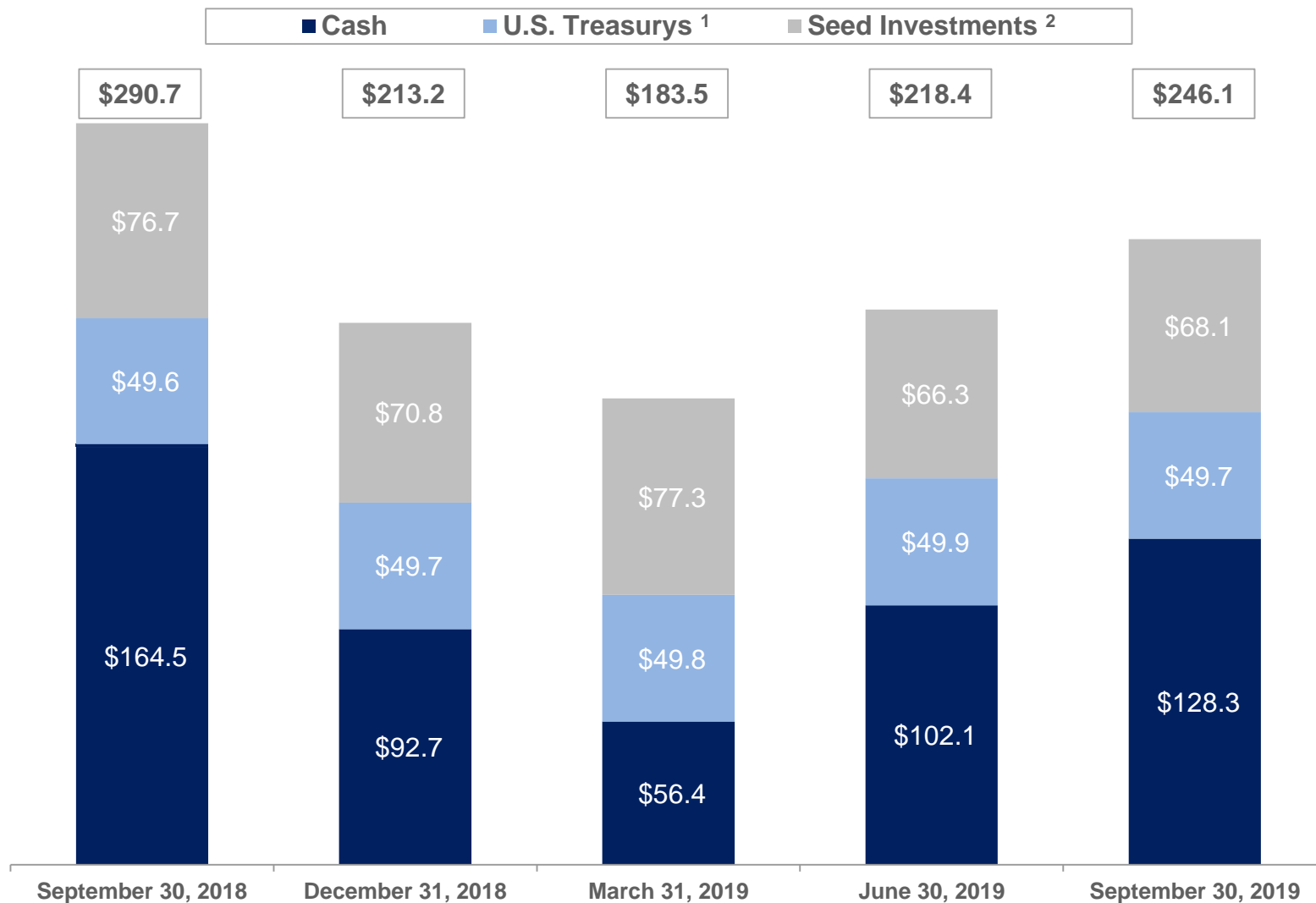


¹Past performance is no guarantee of future results. Outperformance is determined by annualized investment performance of all accounts in each investment strategy measured gross of fees and net of withholding taxes in comparison to performance of each account's reference benchmark measured net of withholding 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 September 30, 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 9/30/19 with maturity dates not exceeding 22 months.

² Excludes certain illiquid seed investments and amounts attributable to third-party interests in consolidated 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				
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Net income attributable to common stockholders, U.S. GAAP	\$30,790	\$25,561	\$32,543	\$31,333	\$34,017
Seed investments ⁽¹⁾	(614)	5,580	(7,016)	(1,819)	(1,630)
Accelerated vesting of restricted stock units	—	—	129	470	387
Foreign currency exchange (gains) losses – net ⁽²⁾	(217)	(1,100)	664	(267)	(1,310)
Tax adjustments ⁽³⁾	313	(3,338)	1,104	(35)	(207)
Net income attributable to common stockholders, as adjusted	\$30,272	\$26,703	\$27,424	\$29,682	\$31,257
Diluted weighted average shares outstanding	47,524	47,562	47,642	48,175	48,412
Diluted earnings per share, U.S. GAAP	\$0.65	\$0.54	\$0.68	\$0.65	\$0.70
Seed investments ⁽¹⁾	(0.01)	0.11	(0.15)	(0.03)	(0.03)
Accelerated vesting of restricted stock units	—	—	0.01	0.01	0.01
Foreign currency exchange (gains) losses - net ⁽²⁾	(0.01)	(0.02)	0.01	(0.01)	(0.03)
Tax adjustments	0.01	(0.07)	0.03	—*	—*
Diluted earnings per share, as adjusted	\$0.64	\$0.56	\$0.58	\$0.62	\$0.65

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as non-operating (income) loss from seed investments that were not consolidated.

(2) Represents net foreign currency exchange gains associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

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

	Three Months Ended				
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Tax-effect of non-GAAP adjustments	\$313	\$9	\$1,298	(\$33)	(\$200)
Delivery of restricted stock units	—	—	(194)	(2)	(7)
Reversal of certain liabilities associated with unrecognized tax benefits	—	(2,758)	—	—	—
Other tax related items	—	(589)	—	—	—
Total tax adjustments	\$313	(\$3,338)	\$1,104	(\$35)	(\$207)

*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				
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Revenue, U.S. GAAP	\$98,331	\$93,906	\$94,226	\$101,792	\$104,965
Seed investments ⁽¹⁾	(180)	(269)	(280)	(40)	(99)
Revenue, as adjusted	\$98,151	\$93,637	\$93,946	\$101,752	\$104,866
Expenses, U.S. GAAP	\$59,108	\$59,597	\$58,791	\$63,688	\$64,832
Seed investments ⁽¹⁾	(373)	(437)	(496)	(297)	(306)
Accelerated vesting of restricted stock units	—	—	(129)	(470)	(387)
Expenses, as adjusted	\$58,735	\$59,160	\$58,166	\$62,921	\$64,139
Operating income, U.S. GAAP	\$39,223	\$34,309	\$35,435	\$38,104	\$40,133
Seed investments ⁽¹⁾	193	168	216	257	207
Accelerated vesting of restricted stock units	—	—	129	470	387
Operating income, as adjusted	\$39,416	\$34,477	\$35,780	\$38,831	\$40,727
Operating margin, U.S. GAAP	39.9%	36.5%	37.6%	37.4%	38.2%
Operating margin, as adjusted	40.2%	36.8%	38.1%	38.2%	38.8%

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

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

	Three Months Ended				
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Non-operating income (loss), U.S. GAAP	\$1,047	(\$3,329)	\$14,910	\$4,536	\$6,617
Seed investments ⁽¹⁾	252	5,675	(14,666)	(3,392)	(4,218)
Foreign currency exchange (gain) loss-net ⁽²⁾	(217)	(1,100)	664	(267)	(1,310)
Non-operating income (loss), as adjusted	\$1,082	\$1,246	\$908	\$877	\$1,089

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as non-operating (income) loss from seed investments that were not consolidated.

(2) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

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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