

Cohen & Steers: Q4 2017 Earnings Presentation

COHEN & STEERS

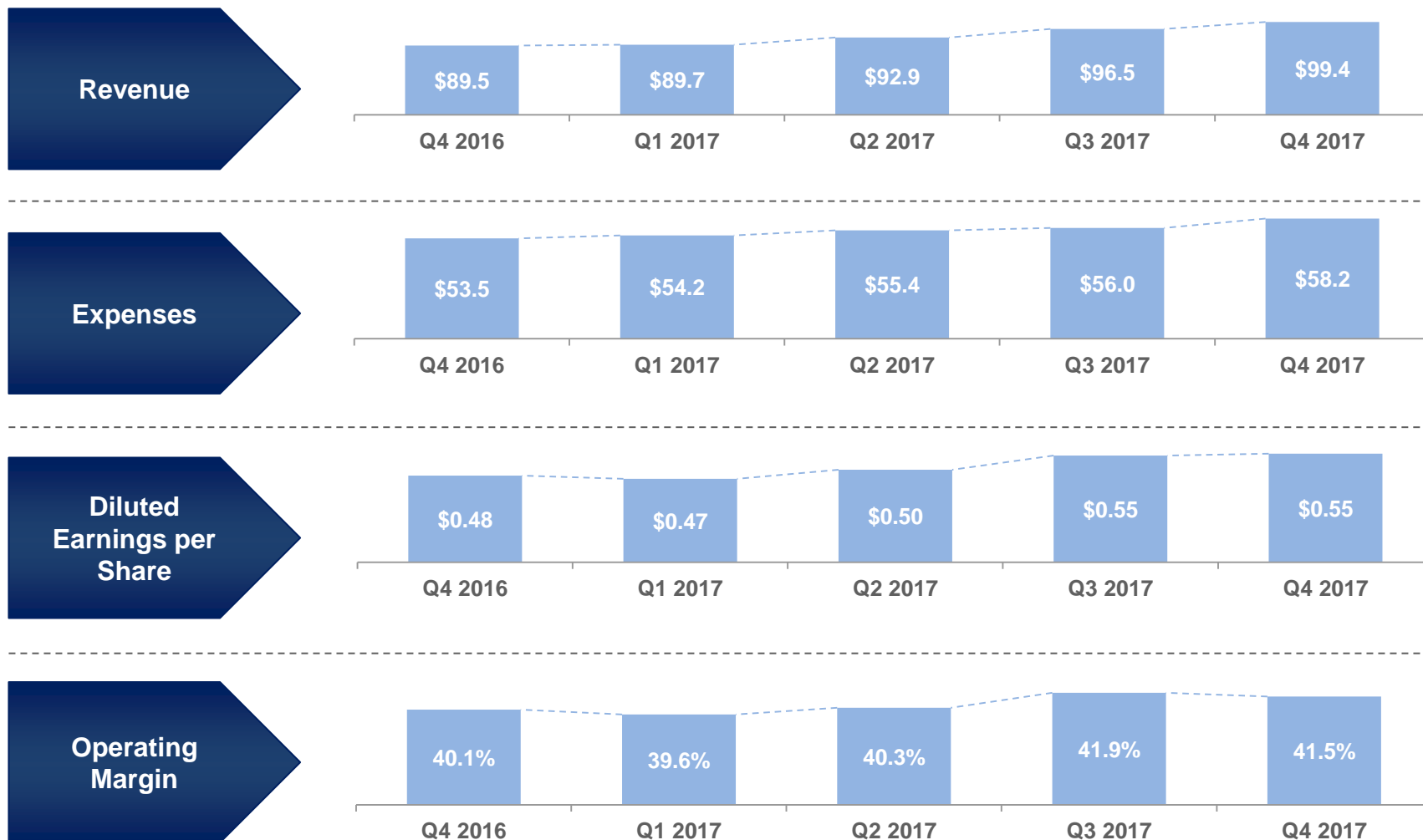
Summary of Fourth Quarter and Full Year 2017 Results

	<u>4th Quarter 2017</u>	<u>Full Year 2017</u>
Assets Under Management	<ul style="list-style-type: none"> December 31, 2017 AUM was \$62.1 billion versus \$61.5 billion at September 30, 2017 Average AUM was \$62.0 billion for Q4 2017 versus \$61.2 billion for Q3 2017 	<ul style="list-style-type: none"> December 31, 2017 AUM was \$62.1 billion versus \$57.2 billion at December 31, 2016 Average AUM was \$60.3 billion in FY 2017 versus \$56.4 billion in FY 2016
Flows	<ul style="list-style-type: none"> Net inflows of \$227 million in Q4 2017 versus \$1.4 billion in Q3 2017 Net inflows in subadvisory ex. Japan and open-end funds Net outflows in advisory and Japan subadvisory 	<ul style="list-style-type: none"> Net inflows of \$3.9 billion in FY 2017 versus net inflows of \$6.7 billion in FY 2016 Overall, 6.7% organic growth rate in FY 2017 versus 12.7% organic growth rate in FY 2016
Financial Results, as adjusted	<ul style="list-style-type: none"> Net income was \$26.1 million in Q4 2017 versus \$25.7 million in Q3 2017 Diluted EPS of \$0.55 in Q4 2017 versus \$0.55 in Q3 2017 Operating margin was 41.5% in Q4 2017 versus 41.9% in Q3 2017 	<ul style="list-style-type: none"> Net income was \$97.0 million in FY 2017 versus \$86.1 million in FY 2016 Diluted EPS of \$2.07 in FY 2017 versus \$1.85 in FY 2016 Operating margin was 40.9% in FY 2017 versus 39.3% in FY 2016
Other	<ul style="list-style-type: none"> \$8.4 million transition tax on deemed repatriation of foreign earnings and profits \$4.3 million charge on remeasurement of deferred and other tax balances 	<ul style="list-style-type: none"> Paid special dividend of \$1.00 per share

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

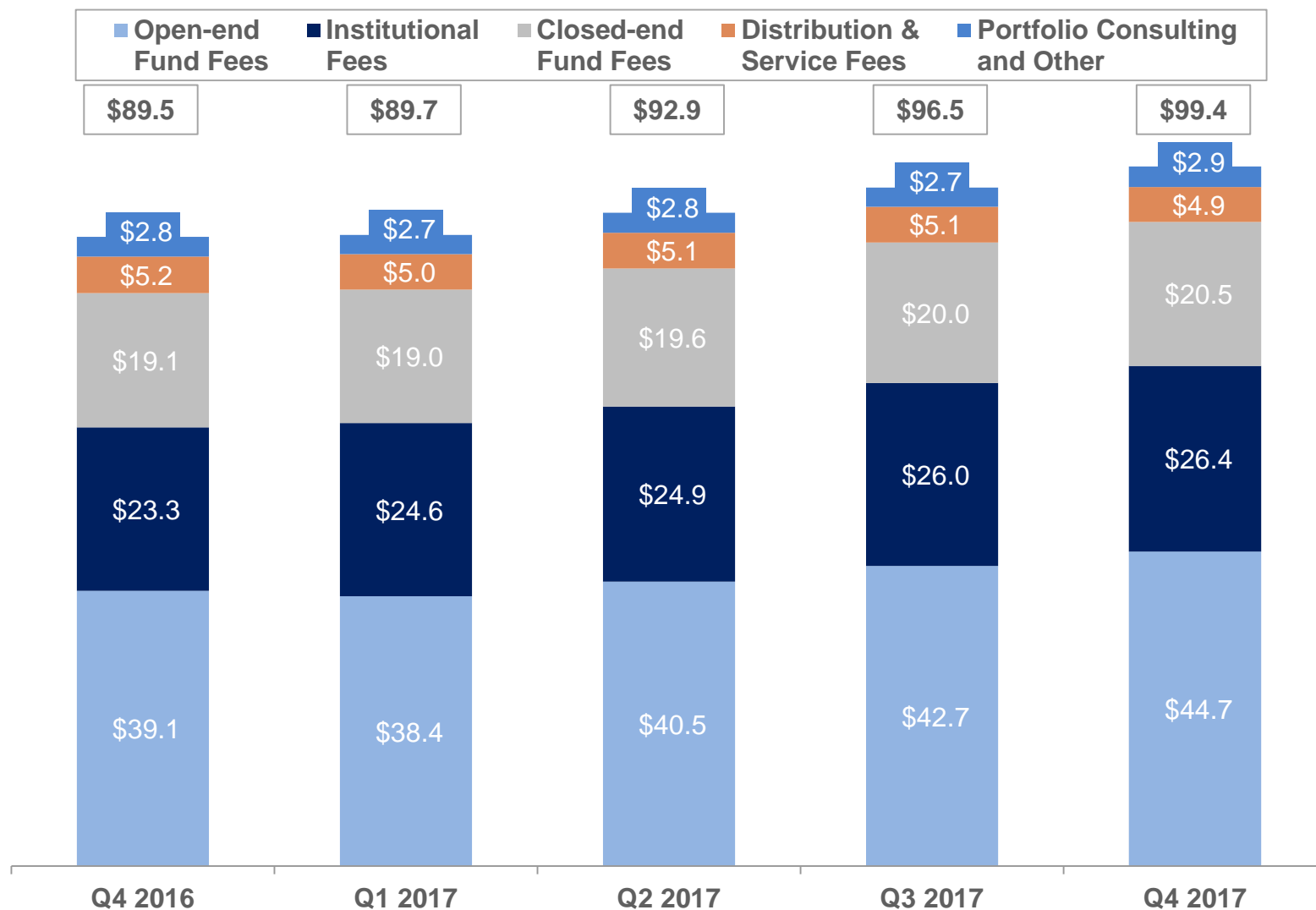
\$ in millions, except earnings per share



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

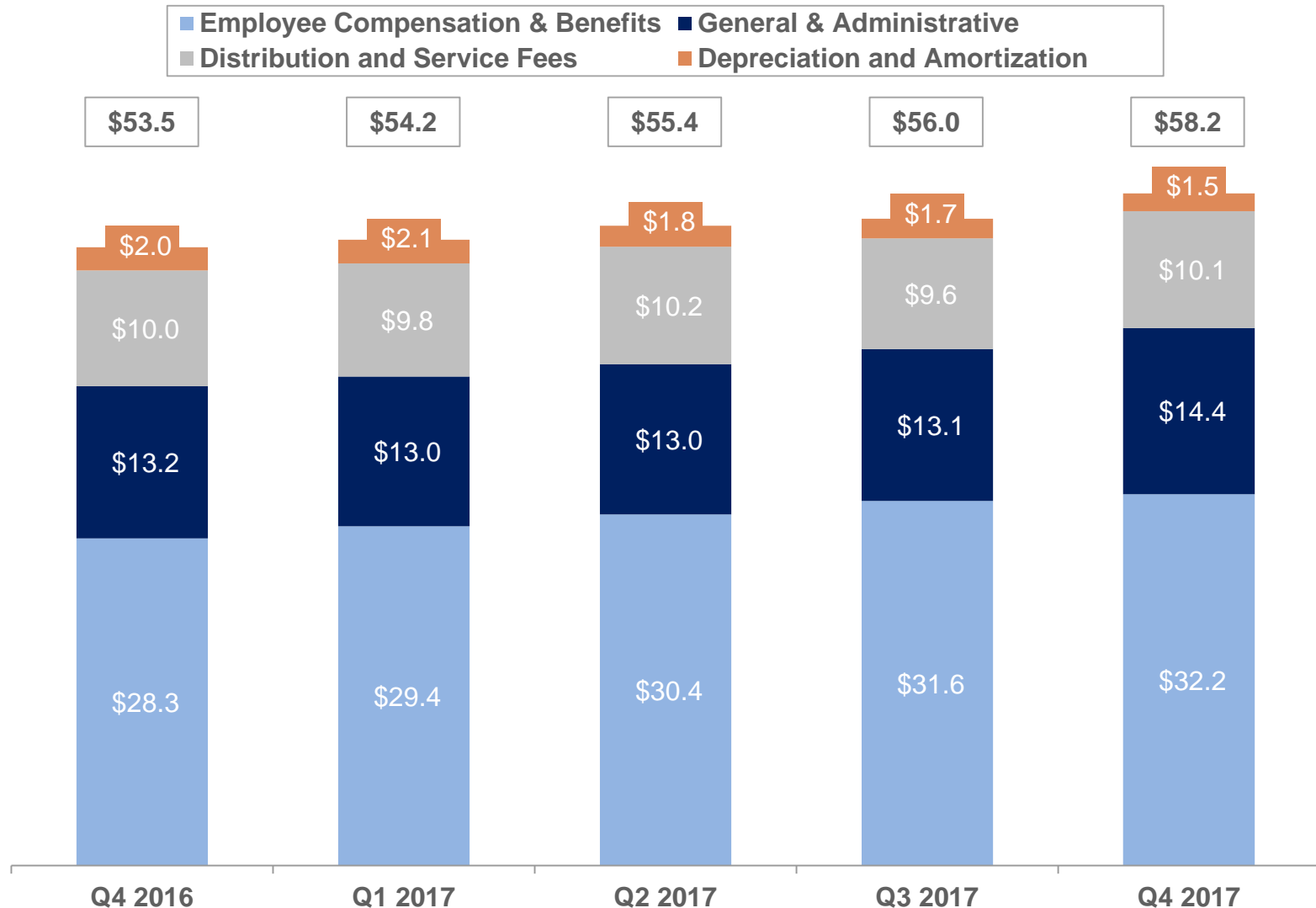
\$ in millions



4 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.

Expenses, as adjusted

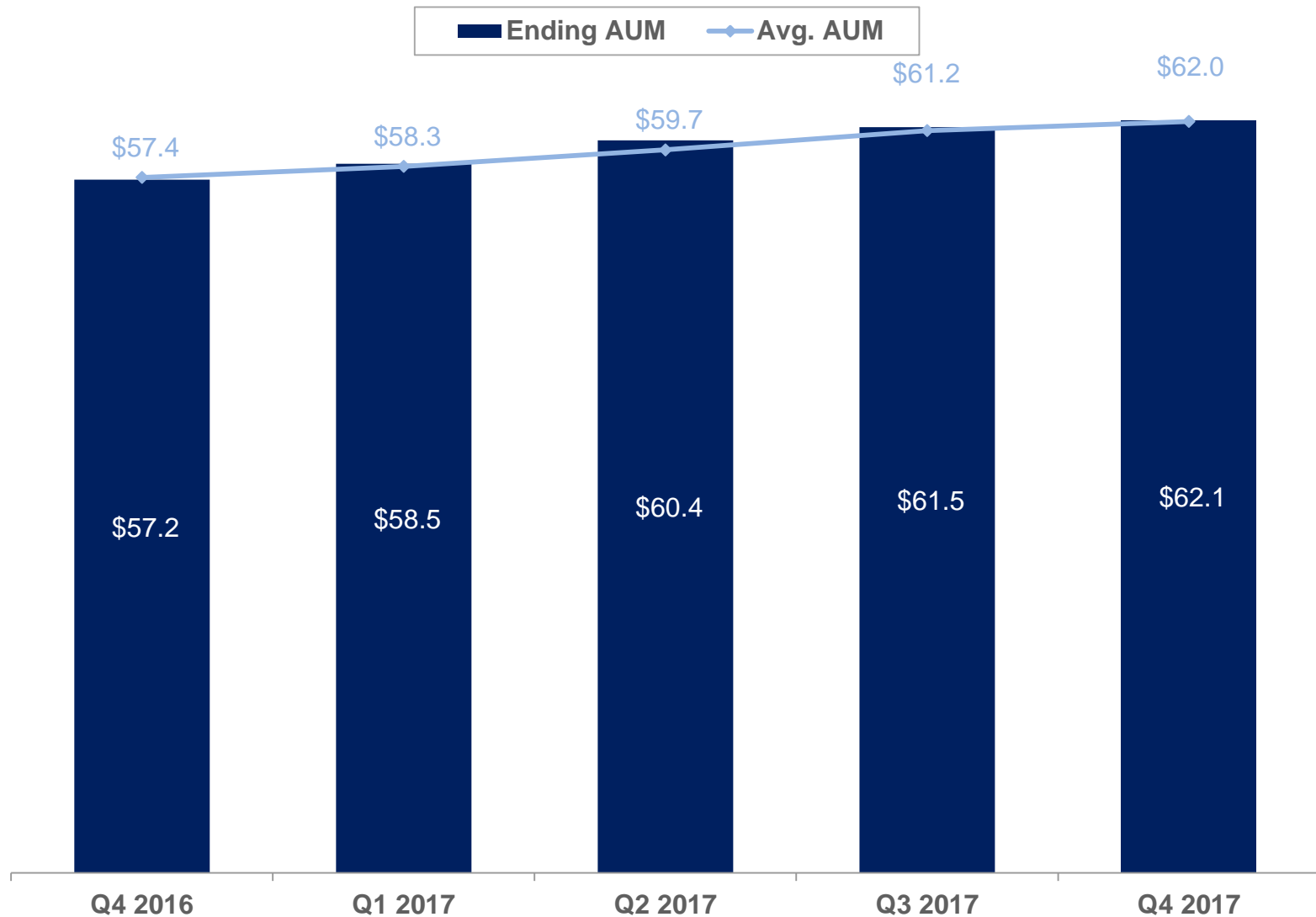
\$ in millions



5 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.

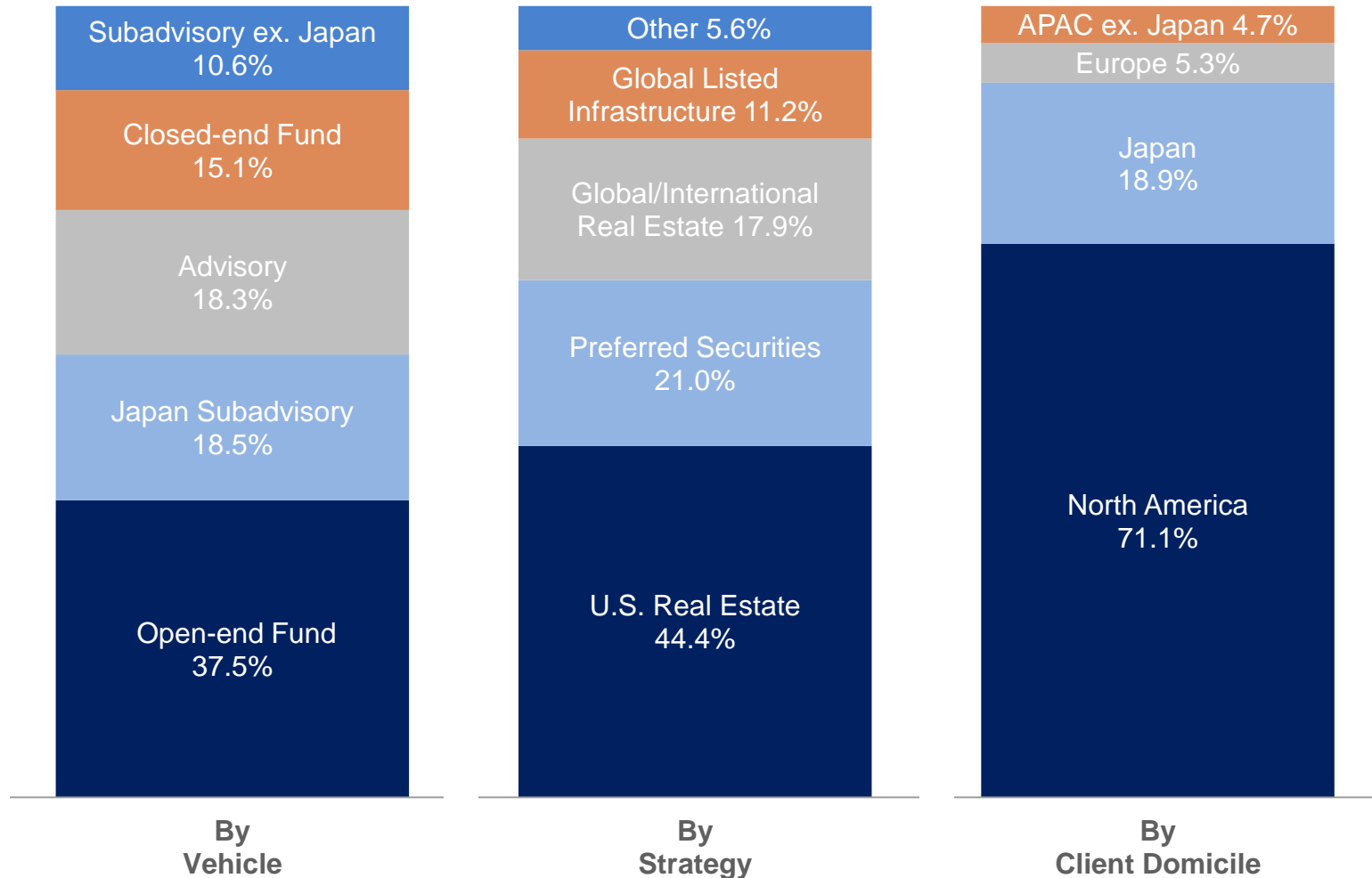
Assets Under Management

\$ in billions



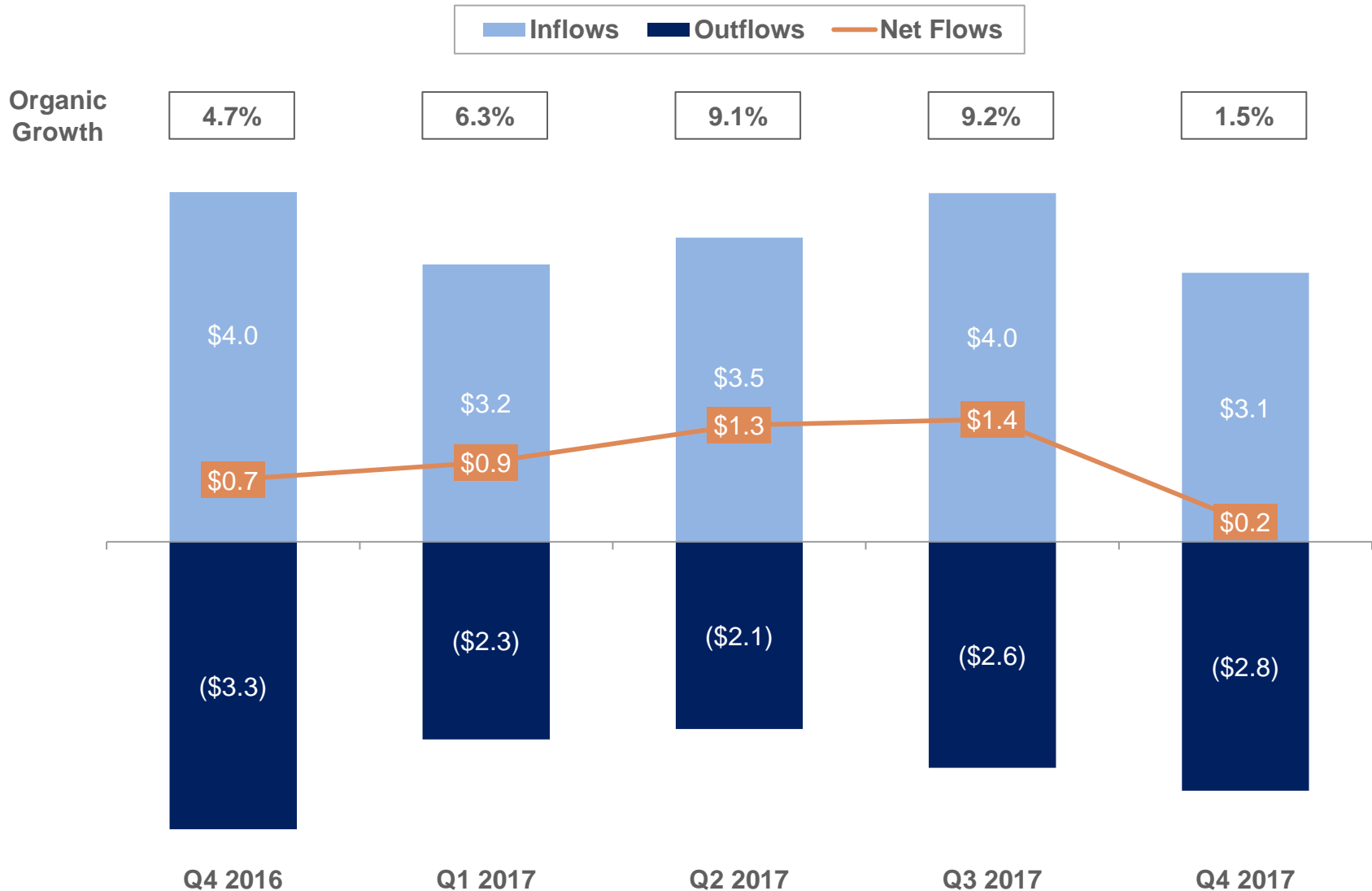
Assets Under Management

Across Vehicle, Strategy, and Client Domicile



Total Firm Net Flows

\$ in billions



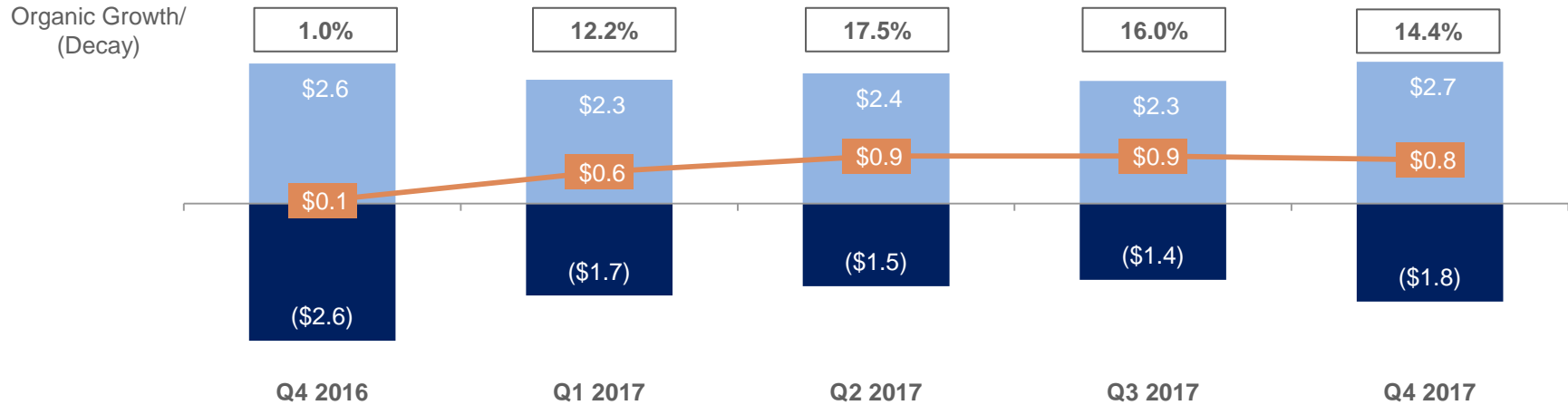
8 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

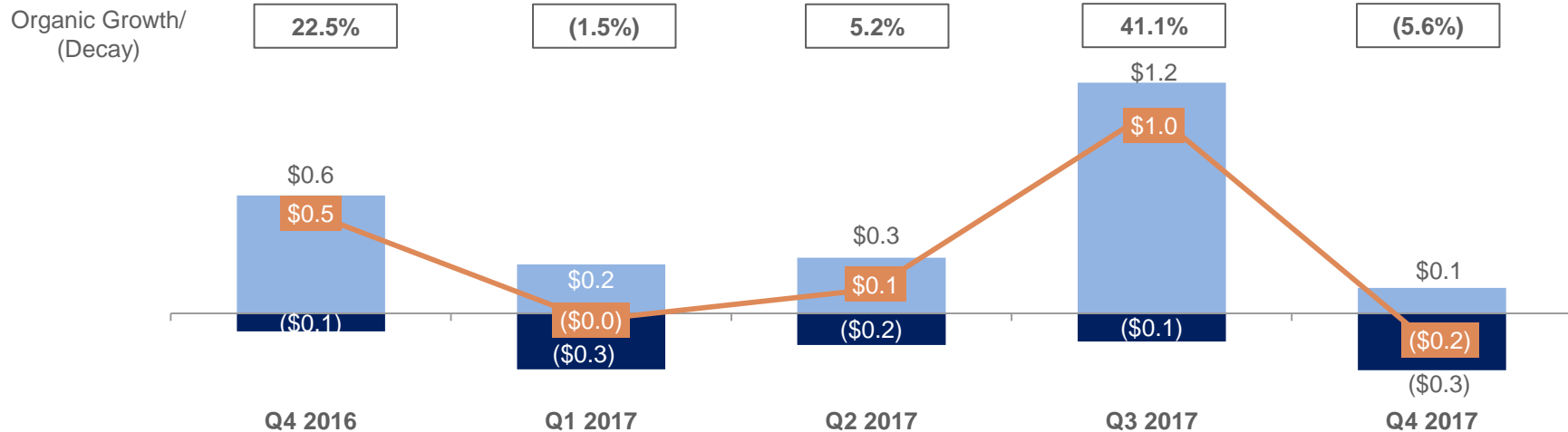
\$ in billions



Open-end Funds



Advisory



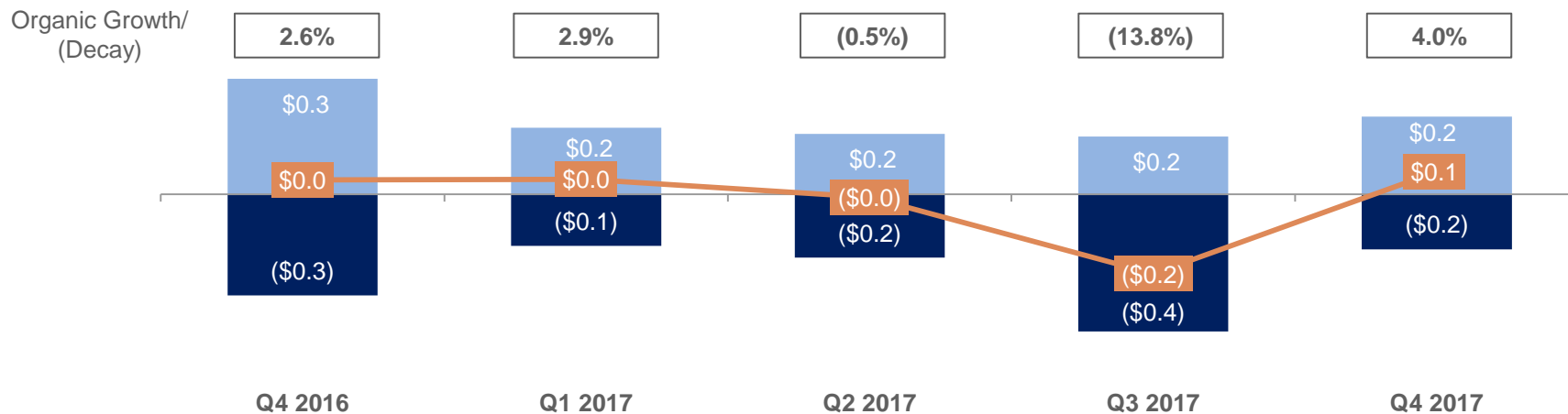
9 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

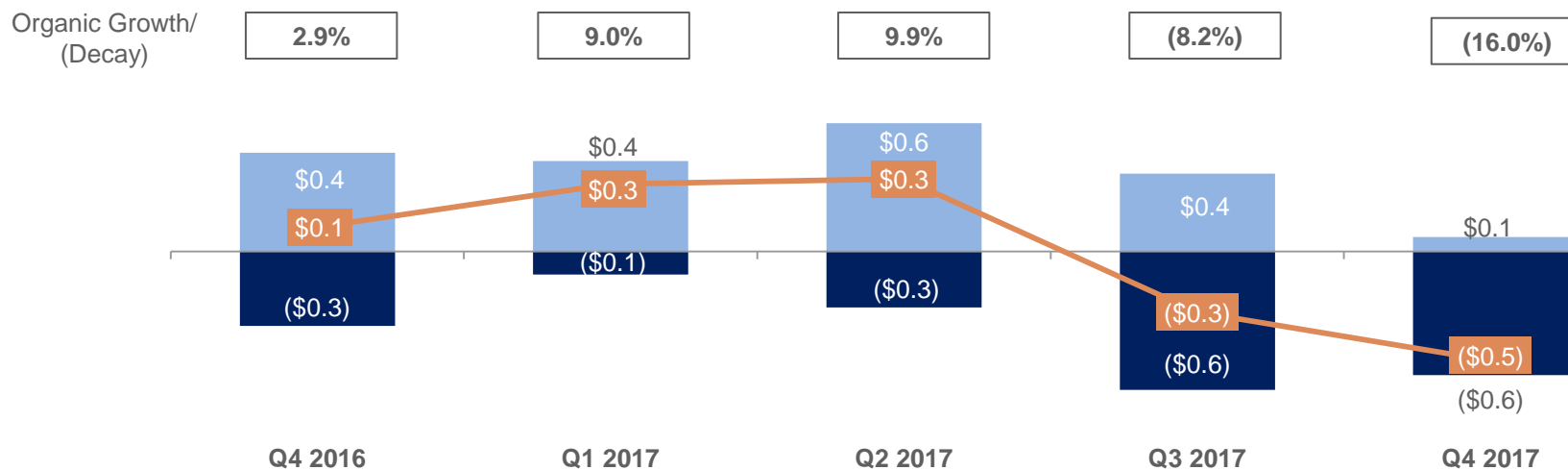
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



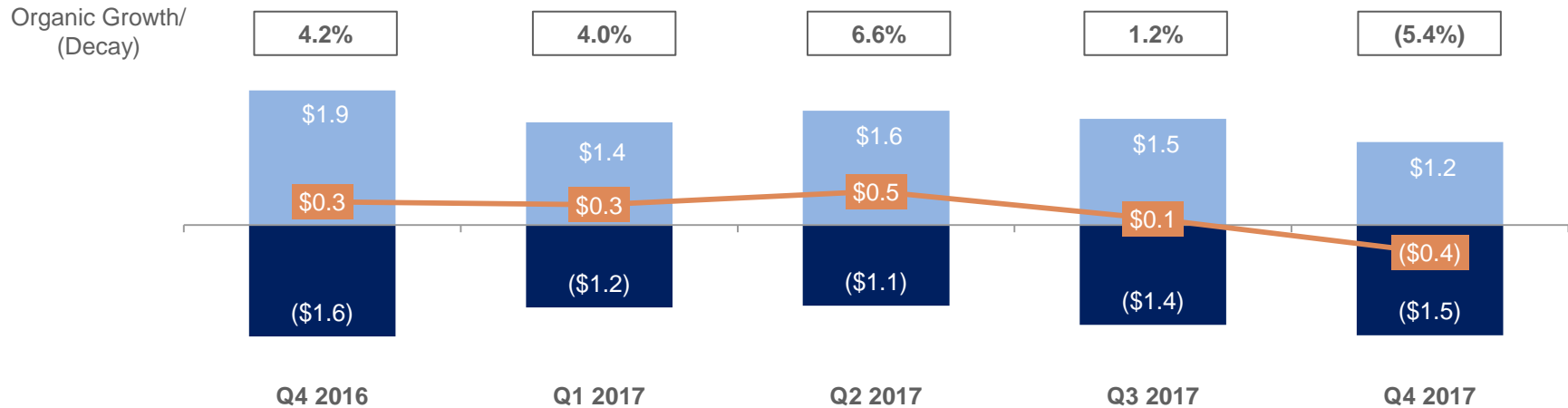
10 Totals may not foot due to rounding.

Net Flows by Investment Strategy

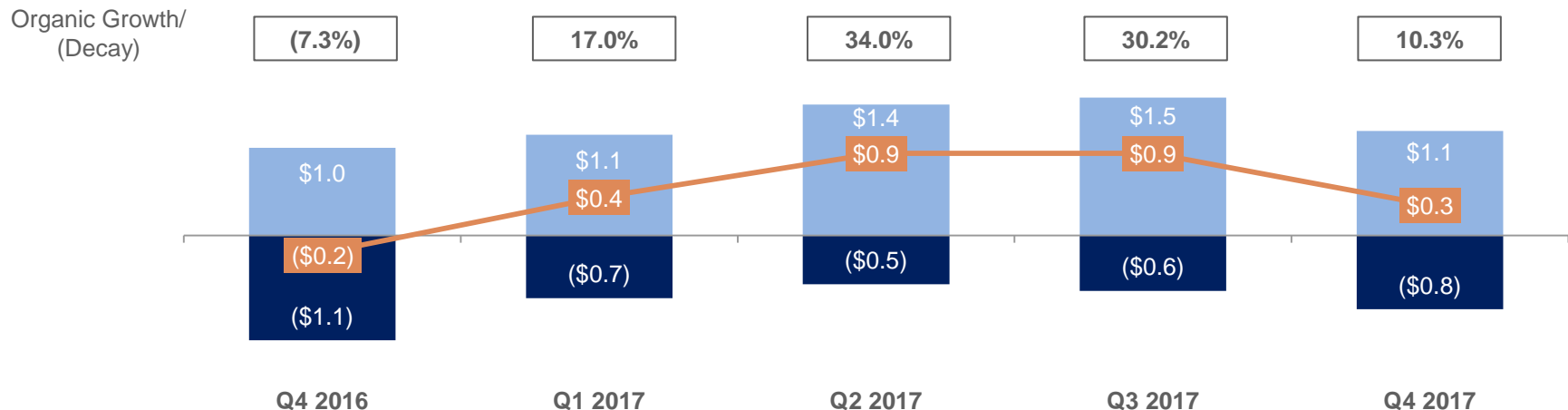
\$ in billions



U.S. Real Estate



Preferred Securities



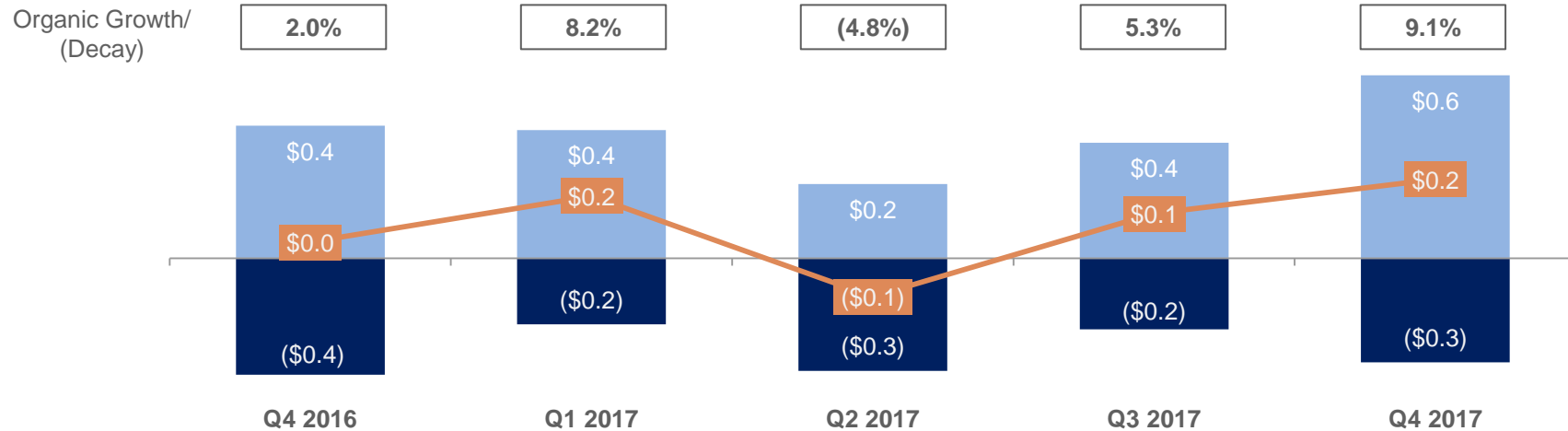
11 Totals may not foot due to rounding.

Net Flows by Investment Strategy

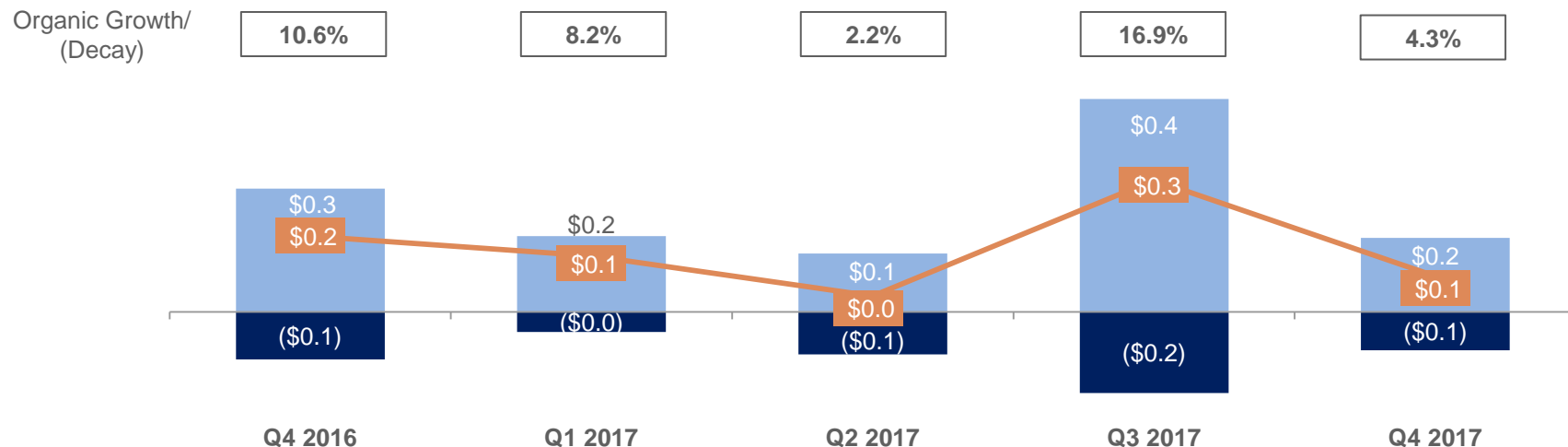
\$ in billions



Global/International Real Estate



Global Listed Infrastructure

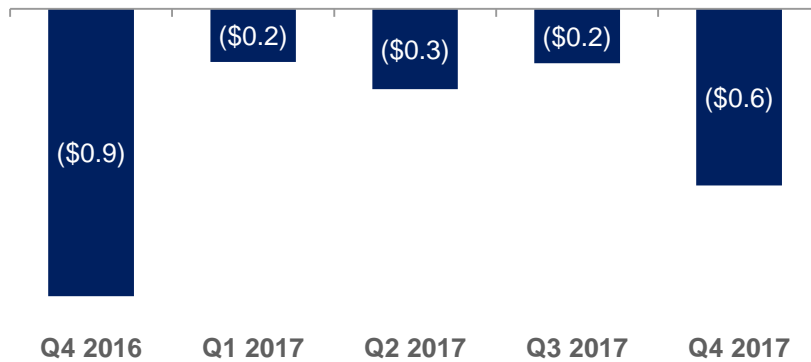


12 Totals may not foot due to rounding.

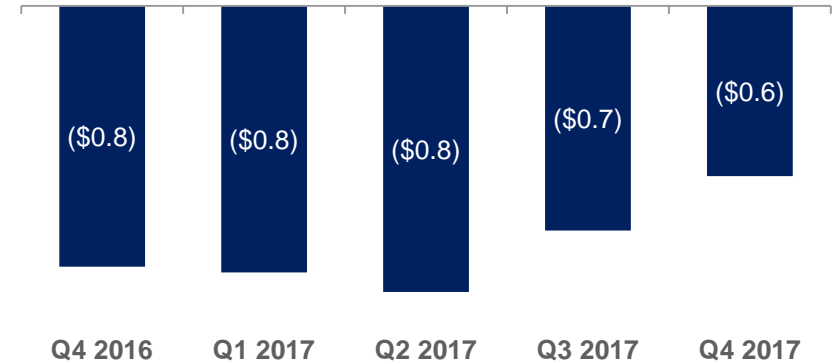
Distributions by Investment Vehicle

\$ in billions

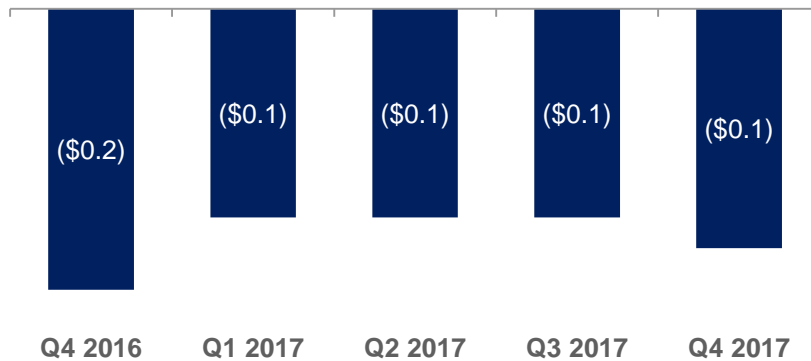
Open-end Funds



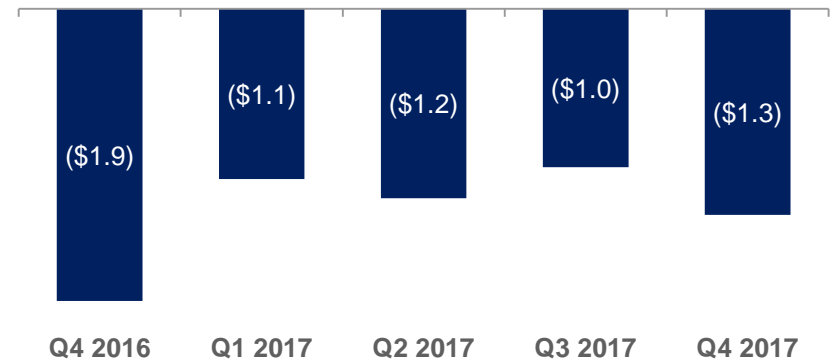
Japan Subadvisory



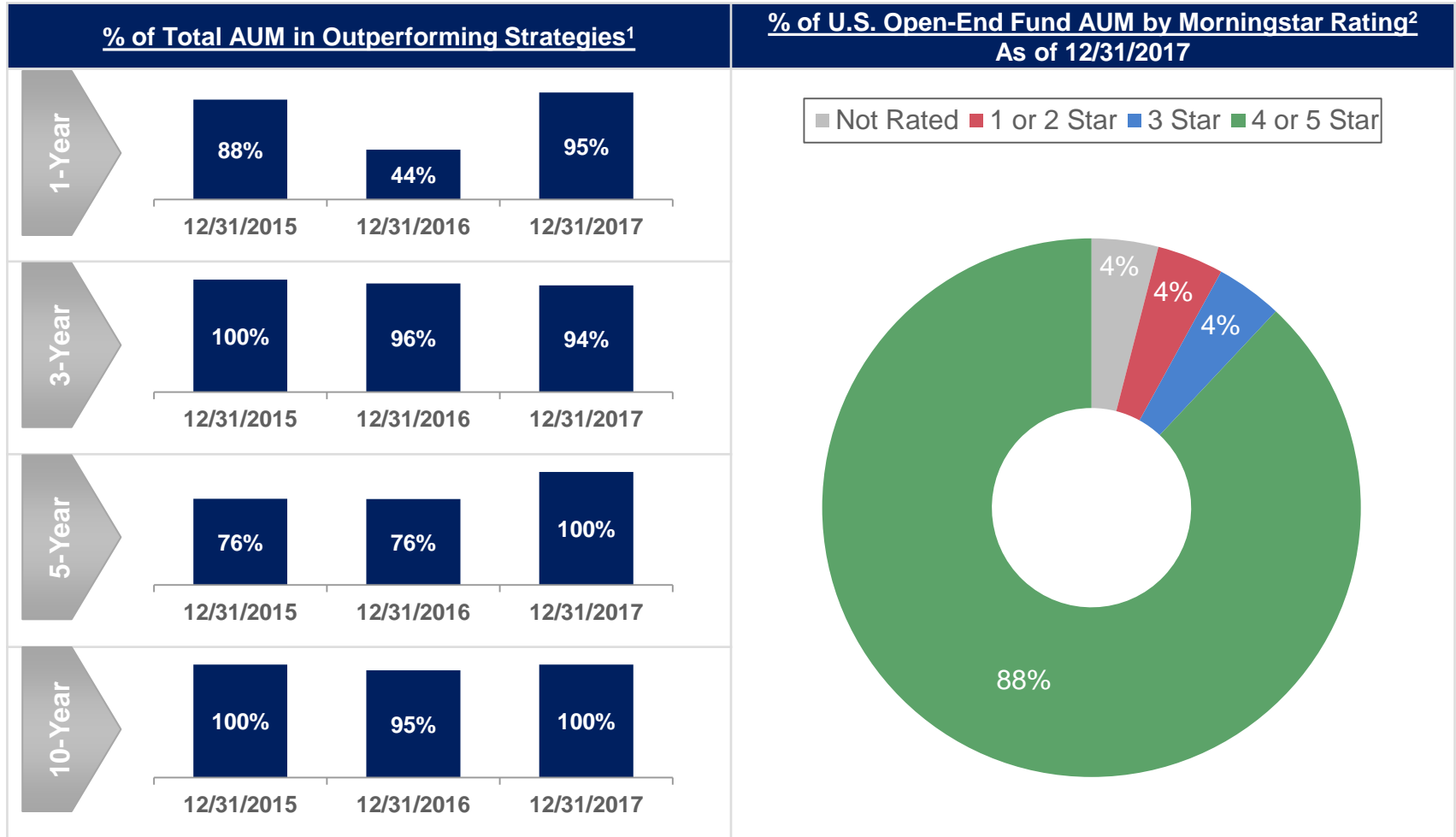
Closed-end Funds



Total



Investment Performance

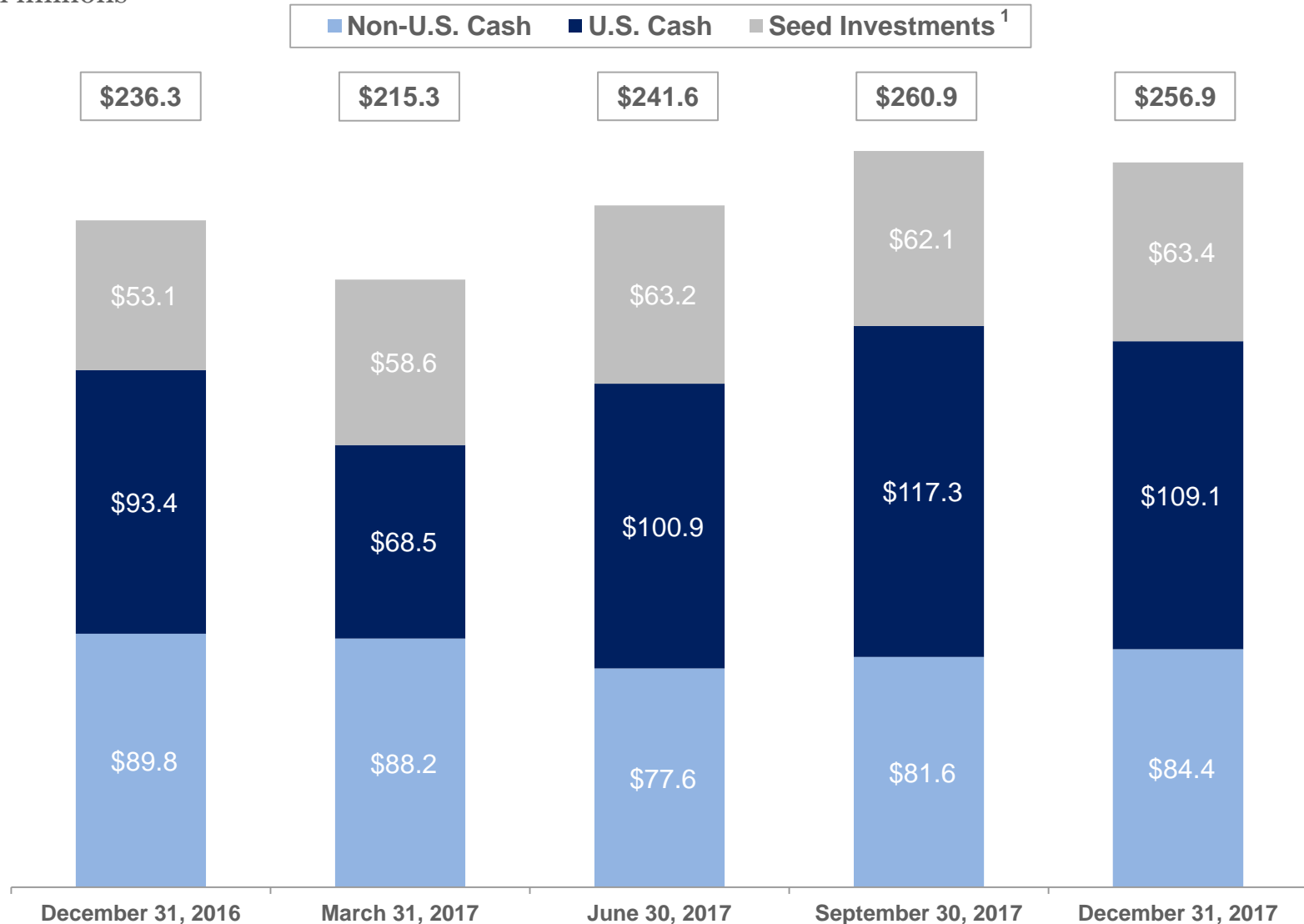


¹Past performance is no guarantee of future results. Outperformance is determined by annualized investment performance of all accounts in each investment strategy measured gross of fees and net of withholding taxes in comparison to performance of each account's reference benchmark measured net of withholding 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 December 31, 2017. 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					Years Ended	
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2016	December 31, 2017
Net income attributable to common stockholders, U.S. GAAP	\$26,168	\$22,985	\$23,474	\$25,082	\$20,398	\$92,936	\$91,939
Accelerated vesting of restricted stock units ⁽¹⁾	—	—	—	298	224	1,945	522
Deconsolidation ⁽²⁾	218	(312)	(264)	(558)	(1,216)	(654)	(2,350)
Results from seed investments ⁽³⁾	(982)	(68)	(64)	(521)	(471)	(5,934)	(1,124)
General and administrative ⁽⁴⁾	—	(68)	—	(950)	—	—	(1,018)
Tax adjustments ⁽⁵⁾	(3,031)	(621)	269	2,300	7,120	(2,184)	9,068
Net income attributable to common stockholders, as adjusted	\$22,373	\$21,916	\$23,415	\$25,651	\$26,055	\$86,109	\$97,037
Diluted weighted average shares outstanding	46,609	46,603	46,902	47,047	47,300	46,432	46,979
Diluted earnings per share, U.S. GAAP	\$0.56	\$0.49	\$0.50	\$0.53	\$0.43	\$2.00	\$1.96
Accelerated vesting of restricted stock units ⁽¹⁾	—	—	—	0.01	0.01	0.04	0.01
Deconsolidation ⁽²⁾	—*	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.05)
Results from seed investments ⁽³⁾	(0.02)	—*	—*	(0.01)	(0.01)	(0.13)	(0.02)
General and administrative ⁽⁴⁾	—	—*	—	(0.02)	—	—	(0.02)
Tax adjustments ⁽⁵⁾	(0.06)	(0.01)	0.01	0.05	0.15	(0.05)	0.19
Diluted earnings per share, as adjusted	\$0.48	\$0.47	\$0.50	\$0.55	\$0.55	\$1.85	\$2.07

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

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

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

(3) Represents dividend income and realized gains (losses) on the Company's seed investments classified as available-for-sale, and the Company's proportionate share of the results of operations of seed investments classified as equity method investments, including realized and unrealized gains (losses).

(4) Represents refund of foreign withholding taxes.

(5) Tax adjustments include the following:

	Three Months Ended					Years Ended	
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2016	December 31, 2017
Transition tax	\$—	\$—	\$—	\$—	\$8,432	\$—	\$8,432
Remeasurement of deferred and other tax balances	—	—	—	—	4,300	—	4,300
Tax reserves	(675)	(700)	—	1,665	(4,737)	(675)	(3,772)
Other tax related items	(547)	78	(25)	(5)	(826)	(547)	(780)
Tax-effect of non-GAAP adjustments	(1,809)	1	294	640	(49)	(962)	888
Total tax adjustments	(\$3,031)	(\$621)	\$269	\$2,300	\$7,120	(\$2,184)	\$9,068

*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					Years Ended	
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2016	December 31, 2017
Revenue, U.S. GAAP	\$89,434	\$89,686	\$92,812	\$96,354	\$99,342	\$349,876	\$378,194
Deconsolidation ⁽¹⁾	29	32	50	98	100	147	280
Revenue, as adjusted	\$89,463	\$89,718	\$92,862	\$96,452	\$99,442	\$350,023	\$378,474
Expenses, U.S. GAAP	\$53,574	\$54,158	\$55,455	\$55,381	\$58,454	\$214,365	\$223,448
Deconsolidation ⁽¹⁾	(24)	(23)	(34)	(23)	(26)	(106)	(106)
Accelerated vesting of restricted stock units ⁽²⁾	—	—	—	(298)	(224)	(1,945)	(522)
General and administrative ⁽³⁾	—	68	—	950	—	—	1,018
Expenses, as adjusted	\$53,550	\$54,203	\$55,421	\$56,010	\$58,204	\$212,314	\$223,838
Operating income, U.S. GAAP	\$35,860	\$35,528	\$37,357	\$40,973	\$40,888	\$135,511	\$154,746
Deconsolidation ⁽¹⁾	53	55	84	121	126	253	386
Accelerated vesting of restricted stock units ⁽²⁾	—	—	—	298	224	1,945	522
General and administrative ⁽³⁾	—	(68)	—	(950)	—	—	(1,018)
Operating income, as adjusted	\$35,913	\$35,515	\$37,441	\$40,422	\$41,238	\$137,709	\$154,636
Operating margin, U.S. GAAP	40.1%	39.6%	40.3%	42.5%	41.2%	38.7%	40.9%
Operating margin, as adjusted	40.1%	39.6%	40.3%	41.9%	41.5%	39.3%	40.9%

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

	Three Months Ended					Years Ended	
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2016	December 31, 2017
Non-operating income (loss), U.S. GAAP	\$1,427	\$227	\$261	\$2,327	\$2,839	\$7,892	\$5,654
Deconsolidation ⁽¹⁾	142	(326)	128	(1,335)	(1,750)	(781)	(3,283)
Results from seed investments ⁽⁴⁾	(982)	(68)	(64)	(521)	(471)	(5,934)	(1,124)
Non-operating income (loss), as adjusted	\$587	(\$167)	\$325	\$471	\$618	\$1,177	\$1,247

(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 due to retirements.

(3) Represents refund of foreign withholding taxes.

(4) Represents dividend income and realized gains (losses) on the Company's seed investments classified as available-for-sale, and the Company's proportionate share of the results of operations of seed investments classified as equity method investments, including realized and unrealized gains (losses).

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, 2016 (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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