

Janus Capital Group Inc. Announces Fourth Quarter and Full-Year 2015 Results

Company Release - 1/26/2016 7:00 AM ET

DENVER—(BUSINESS WIRE)—Janus Capital Group Inc. ("JCG") (NYSE: JNS) today reported fourth quarter 2015 net income of \$46.6 million, or \$0.25 per diluted share, compared with third quarter 2015 net income of \$19.9 million, or \$0.10 per diluted share (\$0.22 as adjusted for early retirement of debt). Third quarter 2015 included a \$0.12 per diluted share loss from the early retirement of all outstanding \$344.5 million aggregate principal amount of the Company's 6.70% Senior Notes due June 15, 2017. Fourth quarter 2014 net income was \$46.7 million, or \$0.24 per diluted share.

For the full-year 2015, net income totaled \$155.8 million, or \$0.80 per diluted share (\$0.92 as adjusted for early retirement of debt), compared with net income of \$154.4 million, or \$0.81 per diluted share, for 2014.

Flows, Assets Under Management, and Exchange-Traded Products

Average assets under management during the fourth quarter 2015 were \$191.2 billion compared with \$192.1 billion during the third quarter 2015 and \$179.2 billion during the fourth quarter 2014.

At December 31, 2015, JCG's complex-wide assets totaled \$192.3 billion compared with \$185.0 billion at September 30, 2015, and \$185.5 billion at December 31, 2014. The increase in complex-wide assets during the fourth quarter 2015 reflects net market appreciation of \$7.2 billion, long-term net outflows of \$0.6 billion and exchange-traded product net inflows of \$0.7 billion. Fundamental equity (Janus and Perkins equity flows) and mathematical equity long-term net outflows of \$1.5 billion each in the fourth quarter were offset by fixed income long-term net inflows of \$2.4 billion.

Investment Performance

As of December 31, 2015, 55% of complex-wide mutual funds had a 4- or 5-star Overall Morningstar Rating™.¹

As of December 31, 2015, 84%, 70% and 62% of fundamental equity mutual fund assets ranked in the top half of their Morningstar categories on a one-, three- and five-year total return basis, respectively.²

As of December 31, 2015, 82%, 100% and 82% of fixed income mutual fund assets ranked in the top half of their Morningstar categories on a one-, three- and five-year total return basis, respectively.³

As of December 31, 2015, 74%, 53% and 67% of mathematical equity relative return strategies surpassed their respective benchmarks, net of fees, over the one-, three- and five-year periods, respectively.⁴

¹ For the period ending December 31, 2015, 49%, 52% and 60% of complex-wide mutual funds had a 4- or 5-star Morningstar rating for the 3-, 5- and 10-year periods based on risk-adjusted returns for 49, 42 and 35 funds, respectively. 49 funds were included in the analysis for the Overall period.

² References Morningstar relative performance on an asset-weighted basis. For the 10-year period ending December 31, 2015, 71% of the fundamental equity mutual fund assets outperformed the majority of their Morningstar peers based on total returns. For the 1-, 3-, 5- and 10-year periods ending December 31, 2015, 67%, 61%, 62% and 69% of the 39, 38, 34 and 29 fundamental equity mutual funds outperformed the majority of their Morningstar peers based on total returns.

³ References Morningstar relative performance on an asset-weighted basis. For the 10-year period ending December 31, 2015, 100% of the fixed income mutual fund assets outperformed the majority of their Morningstar peers based on total returns. For the 1-, 3-, 5- and 10-year periods ending December 31, 2015, 75%, 100%, 80% and 100% of the 8, 6, 5 and 4 fixed income mutual funds outperformed the majority of their Morningstar peers based on total returns.

⁴ For the period ending December 31, 2015, 100%, 80%, 100% and 50% of the mathematical equity mutual funds were beating their benchmarks on a 1-, 3-, 5-year and since-fund inception basis. Funds included in the analysis and their inception dates are: INTECH U.S. Core Fund – Class T (2/03); INTECH U.S. Managed Volatility Fund – Class I (12/05); INTECH International Managed Volatility Fund – Class I (5/07); INTECH Global Income Managed Volatility Fund – Class I (12/11); Janus Aspen INTECH U.S. Low Volatility Portfolio – Service Shares (9/12) and INTECH Emerging Markets Managed Volatility Fund – Class I (12/14).

Financial Discussion

Financial Highlights

(dollars in millions, except per share data or as noted)

	Three Months Ended		Year Ended	
	December 31,	September 30,	December 31,	December 31,
	2015	2015	2015	2014

Average Assets Under Management (in billions) \$ 191.2 \$ 192.1 \$ 190.6 \$ 175.8

Ending Complex-Wide Assets (in billions) \$ 192.3 \$ 185.0 \$ 192.3 \$ 185.5

Revenues \$ 267.8 \$ 273.8 \$ 1,076.2 \$ 953.2

Operating Expenses \$ 187.0 \$ 190.4 \$ 753.9 \$ 663.5

Operating Income \$ 80.8 \$ 83.4 \$ 322.3 \$ 289.7

Operating Margin 30.2 % 30.5 % 29.9 % 30.4 %

Net Income Attributable to JCG \$ 46.6 \$ 19.9 \$ 155.8 \$ 154.4

Diluted Earnings per Share \$ 0.25 \$ 0.10 \$ 0.80 \$ 0.81

Fourth quarter 2015 revenues of \$267.8 million decreased from third quarter 2015 due to lower investment management fees as a result of lower average assets under management. Higher negative performance fees also contributed to the decrease. Fourth quarter 2015 operating expenses of \$187.0 million decreased from third quarter operating expenses of \$190.4 million, primarily due to lower general, administrative and occupancy expense after third quarter 2015 expenses were higher from a charge related to an operational error.

Capital and Liquidity

At December 31, 2015, JCG had total equity of \$1.7 billion, cash and investments of \$691.5 million and outstanding debt of \$406.1 million.

Cash flows from operations during the fourth quarter 2015 were \$124.0 million compared with \$122.0 million during the third quarter 2015 and \$88.4 million during the fourth quarter 2014.

As part of its capital management, JCG repurchased 2,084,337 shares of its common stock at an average price of \$14.90 per share and a total cost of \$31.1 million during the fourth quarter 2015.

On January 19, 2016, JCG's Board of Directors declared a regular quarterly cash dividend of \$0.09 per share. The quarterly dividend will be paid on February 25, 2016, to stockholders of record at the close of business on February 12, 2016.

Fourth Quarter 2015 Earnings Call Information

JCG will host a conference call and webcast to discuss its results on Tuesday, January 26, 2016, at 10 a.m. Eastern Daylight Time. To participate in the conference call, please dial (888) 397-5338 in the U.S. and Canada or (719) 325-2145 internationally. The webcast of the conference call and the slides used during the presentation can be accessed via the investor relations section of JCG's website, www.janus.com/ir. For those unable to join the conference call at the scheduled time, an audio replay will be available on www.janus.com/ir for a period of at least seven days following the call.

About Janus Capital Group Inc.

Janus Capital Group Inc. (JCG) is a global investment firm dedicated to delivering better outcomes for clients through a broad range of actively managed and smart beta investment solutions, including fixed income, equity, alternative and multi-asset class strategies. It does so through a number of distinct asset management investment platforms, including investment teams within Janus Capital Management LLC (Janus), as well as INTECH Investment Management LLC (INTECH) and Perkins Investment Management LLC (Perkins), in addition to a suite of exchange-traded products under the VelocityShares brand as well as global macro fixed income products under the Kapstream brand. Each team brings distinct asset class expertise, perspective, style-specific experience and a disciplined approach to risk. Investment strategies are offered through open-end funds domiciled in both the U.S. and offshore, as well as through separately managed accounts, collective investment trusts and exchange-traded products.

At the end of December 2015, JCG's complex-wide assets totaled \$192.3 billion for shareholders, clients and institutions around the globe. Based in Denver, JCG also has offices in London, Milan, Singapore, Hong Kong, Tokyo, Melbourne, Sydney, Paris, The Hague, Zurich, Frankfurt, Dubai and Taipei.

JANUS CAPITAL GROUP INC. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (dollars in millions, except per share data or as noted)					
	Three Months Ended		Year Ended		
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenues:					
Investment management fees	\$ 226.4	\$ 231.0	\$ 217.1	\$ 913.7	\$ 849.1
Performance fees	(1.9)	(1.2)	(0.8)	(9.8)	(48.0)
Shareowner servicing fees and other	43.3	44.0	38.5	172.3	152.1
Total revenues	267.8	273.8	254.8	1,076.2	953.2
Operating expenses:					
Employee compensation and benefits	84.0	85.9	82.3	352.5	322.8
Long-term incentive compensation	19.3	17.6	15.2	76.8	51.3
Marketing and advertising	5.9	4.9	5.9	22.0	19.5
Distribution	35.3	36.8	32.5	141.0	131.0
Depreciation and amortization	9.0	9.0	6.6	33.0	25.6
General, administrative and occupancy	33.5	36.2	31.8	128.6	113.3
Total operating expenses	187.0	190.4	174.3	753.9	663.5
Operating income	80.8	83.4	80.5	322.3	289.7
Interest expense	(5.2)	(8.0)	(7.2)	(27.7)	(33.1)
Investment losses, net	(2.3)	(7.2)	(3.0)	(8.2)	(1.9)
Other income, net	4.3	1.2	3.1	3.2	3.0
Loss on early extinguishment of debt	—	(36.3)	—	(36.3)	—
Income tax provision	(29.3)	(13.2)	(26.6)	(94.0)	(102.3)
Net income	48.3	19.9	46.8	159.3	155.4
Noncontrolling interests	(1.7)	—	(0.1)	(3.5)	(1.0)
Net income attributable to JCG	\$ 46.6	\$ 19.9	\$ 46.7	\$ 155.8	\$ 154.4
Net income attributable to JCG	\$ 46.6	\$ 19.9	\$ 46.7	\$ 155.8	\$ 154.4
Less: Allocation of earnings to restricted stock	1.6	0.7	1.5	5.5	5.1
Net income attributable to JCG common shareholders	\$ 45.0	\$ 19.2	\$ 45.2	\$ 150.3	\$ 149.3
Basic weighted-average shares outstanding (in millions)	178.0	179.9	179.7	179.7	182.2
Diluted weighted-average shares outstanding (in millions)	183.6	186.4	186.0	186.8	184.9
Diluted earnings per share	\$ 0.25	\$ 0.10	\$ 0.24	\$ 0.80	\$ 0.81
Average assets under management (in billions)	\$ 191.2	\$ 192.1	\$ 179.2	\$ 190.6	\$ 175.8

JANUS CAPITAL GROUP INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (dollars in millions)					
	December 31, 2015	December 31, 2014			
Assets					
Cash and cash equivalents	\$ 364.4	\$ 452.5			
Investment securities	327.1	344.0			
Other assets	186.0	198.5			
Property and equipment, net	38.7	31.1			
Intangible assets and goodwill, net	1,955.3	1,768.7			
Total assets	\$ 2,871.5	\$ 2,794.8			
Liabilities, redeemable noncontrolling interests and equity					
Debt	\$ 406.1	\$ 450.5			
Other liabilities	272.6	270.8			
Deferred income taxes	498.9	480.0			
Redeemable noncontrolling interests	21.8	5.4			
Total equity	1,672.1	1,588.1			
Total liabilities, redeemable noncontrolling interests and equity	\$ 2,871.5	\$ 2,794.8			

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW INFORMATION (dollars in millions)					
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash provided by (used in):					
Operating activities	\$ 124.0	\$ 122.0	\$ 88.4	\$ 274.4	\$ 218.4
Investing activities	5.4	0.9	(36.2)	(118.5)	128.4
Financing activities	(57.5)	(128.8)	(34.2)	(239.4)	(238.3)
Effect of foreign exchange rate changes	0.1	(0.9)	(0.4)	(4.6)	(0.5)
Net change during period	\$ 72.0	\$ (6.8)	\$ 17.6	\$ (88.1)	\$ 108.0

JANUS CAPITAL GROUP INC. ASSETS & FLOWS BY INVESTMENT DISCIPLINE (dollars in billions)									
	Growth / Core ⁽¹⁾	Global / International	Mathematical Equity	Fixed Income ⁽¹⁾	Value	Total Company (Excluding Market and ETPs)		Exchange- Traded Products (“ETPs”) ^{(2) (3)}	
						Money	Market	Market	Company
QUARTERLY									
December 31, 2015	\$ 64.9	\$ 22.5	\$ 47.6	\$ 44.4	\$ 8.4	\$ 187.8	\$ 3.2	\$ 1.3	\$ 192.3
Sales	3.2	1.3	1.5	5.8	0.3	12.1	2.6	0.1	14.8
Redemptions	(3.7)	(1.6)	(3.0)	(3.4)	(1.0)	(12.7)	(1.9)	(0.1)	(14.7)
Net Sales (Redemptions)	(0.5)	(0.3)	(1.5)	2.4	(0.7)	(0.6)	0.7	—	0.1
Market/Fund Performance	3.8	1.1	2.5	0.4	0.4	8.2	(1.0)	—	7.2
September 30, 2015	\$ 61.6	\$ 21.7	\$ 46.6	\$ 41.6	\$ 8.7	\$ 180.2	\$ 3.5	\$ 1.3	\$ 185.0
Sales	3.1	2.7	1.5	4.2	0.2	11.7	3.7	0.3	15.7
Redemptions	(4.0)	(2.3)	(3.1)	(4.4)	(1.2)	(15.0)	(1.9)	(0.2)	(17.1)
Net Sales (Redemptions)	(0.9)	0.4	(1.6)	(0.2)	(1.0)	(3.3)	1.8	0.1	(1.4)
Market/Fund Performance	(4.6)	(3.0)	(2.6)	(1.0)	(0.7)	(11.9)	(1.3)	—	(13.2)
Acquisitions ⁽⁴⁾	—	—	—	7.1	—	7.1	—	—	7.1
June 30, 2015	\$ 67.1	\$ 24.3	\$ 50.8	\$ 35.7	\$ 10.4	\$ 188.3	\$ 3.0	\$ 1.2	\$ 192.5
Sales	3.6	2.6	2.2	2.7	0.5	11.6	2.7	0.2	14.5
Redemptions	(3.5)	(1.7)	(2.2)	(2.4)	(1.6)	(11.4)	(2.7)	(0.2)	(14.3)
Net Sales (Redemptions)	0.1	0.9	—	0.3	(1.1)	0.2	—	—	0.2
Market/Fund Performance	(0.3)	0.6	(0.3)	(0.3)	(0.1)	(0.4)	0.3	—	(0.1)
March 31, 2015	\$ 67.3	\$ 22.8	\$ 51.1	\$ 35.7	\$ 11.6	\$ 188.5	\$ 2.7	\$ 1.2	\$ 192.4
Sales	3.9	2.7	1.4	3.5	0.8	12.3	3.6	0.1	16.0
Redemptions	(3.0)	(1.4)	(2.7)	(2.7)	(1.4)	(11.2)	(2.8)	(0.2)	(14.2)
Net Sales (Redemptions)	0.9	1.3	(1.3)	0.8	(0.6)	1.1	0.8	(0.1)	1.8
Market/Fund Performance	2.5	1.2	1.4	0.5	—	5.6	(0.5)	—	5.1
December 31, 2014	\$ 63.9	\$ 20.3	\$ 51.0	\$ 34.4	\$ 12.2	\$ 181.8	\$ 2.4	\$ 1.3	\$ 185.5
Sales	3.1	1.8	2.0	5.3	0.7	12.9	1.1	0.1	14.1
Redemptions	(3.1)	(1.3)	(2.6)	(2.5)	(1.7)	(10.9)	(0.4)	(0.2)	(11.5)
Net Sales (Redemptions)	—	0.5	(0.6)	2.8	(0.7)	2.0	0.7	(0.1)	2.6
Market/Fund Performance	3.7	0.2	2.2	0.1	0.6	6.8	(0.6)	—	6.2
Acquisitions ⁽²⁾	—	—	—	—	—	—	2.3	—	2.3
September 30, 2014	\$ 60.2	\$ 19.6	\$ 49.4	\$ 31.5	\$ 12.3	\$ 173.0	\$ —	\$ 1.4	\$ 174.4

ANNUAL									
December 31, 2015	\$ 64.9	\$ 22.5	\$ 47.6	\$ 44.4	\$ 8.4	\$ 187.8	\$ 3.2	\$ 1.3	\$ 192.3
Sales	13.8	9.3	6.6	16.2	1.8	47.7	12.6	0.7	61.0
Redemptions	(14.2)	(7.0)	(11.0)	(12.9)	(5.2)	(50.3)	(9.3)	(0.7)	(60.3)
Net Sales (Redemptions)	(0.4)	2.3	(4.4)	3.3	(3.4)	(2.6)	3.3	—	0.7
Market/Fund Performance	1.4	(0.1)	1.0	(0.4)	(0.4)	1.5	(2.5)	—	(1.0)
Acquisitions ⁽⁴⁾	—	—	—	7.1	—	7.1	—	—	7.1
December 31, 2014	\$ 63.9	\$ 20.3	\$ 51.0	\$ 34.4	\$ 12.2	\$ 181.8	\$ 2.4	\$ 1.3	\$ 185.5
Sales	10.6	5.5	6.6	13.7	2.5	38.9	1.1	0.6	40.6
Redemptions	(13.7)	(5.2)	(8.3)	(9.3)	(7.3)	(43.8)	(0.4)	(0.7)	(44.9)
Net Sales (Redemptions)	(3.1)	0.3	(1.7)	4.4	(4.8)	(4.9)	0.7	(0.1)	(4.3)
Market/Fund Performance	6.2	0.7	5.1	1.1	1.1	14.2	(0.6)	—	13.6
Acquisitions ⁽²⁾	—	—	—	—	—	—	2.3	—	2.3
December 31, 2013	\$ 60.8	\$ 19.3	\$ 47.6	\$ 28.9	\$ 15.9	\$ 172.5	\$ —	\$ 1.4	\$ 173.9

Notes:
(1) Growth / Core and Fixed Income assets and flows reflect an even split of the Janus Balanced fund between the two categories.
(2) VS Holdings Inc., the parent company of VelocityShares, LLC, was acquired on December 1, 2014, prior to that the firm did not have exchange-traded products (“ETPs”).
(3) ETP sales (“creates”) and redemptions across all periods were adjusted due to a revised reporting methodology by the subsidiary; ending and average assets