

Janus Capital Group Inc. Announces Second Quarter 2016 Results

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

DENVER--(BUSINESS WIRE)-- Janus Capital Group Inc. ("JCG") (NYSE: JNS) today reported second quarter 2016 net income of \$39.0 million, or \$0.21 per diluted share, compared with first quarter 2016 net income of \$35.1 million, or \$0.19 per diluted share, and net income of \$44.7 million, or \$0.23 per diluted share, in the second quarter 2015.

Flows, Assets Under Management, and Exchange-Traded Products

Average assets under management during the second quarter 2016 were \$189.3 billion compared with \$180.2 billion during the first quarter 2016 and \$193.0 billion during the second quarter 2015.

At June 30, 2016, JCG's complex-wide assets totaled \$194.7 billion compared with \$191.3 billion at March 31, 2016, and \$192.5 billion at June 30, 2015. The increase in complex-wide assets during the second quarter 2016 reflects net market appreciation of \$3.1 billion and exchange-traded product net inflows of \$0.3 billion. Fixed income and fundamental equity (Janus and Perkins equity) long-term net inflows were \$0.4 billion and \$0.3 billion, respectively. Mathematical equity long-term net outflows were \$0.7 million.

Investment Performance

As of June 30, 2016, 64% of complex-wide mutual funds had a 4- or 5-star Overall Morningstar Rating™.¹

As of June 30, 2016, 65%, 85% and 73% 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 June 30, 2016, 22%, 37% and 84% 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 June 30, 2016, 85%, 61% and 75% 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 June 30, 2016, 72%, 67% and 80% 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 50, 43 and 35 funds, respectively. 50 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 June 30, 2016, 76% 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 June 30, 2016, 65%, 69%, 85% and 76% of the 40, 39, 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 June 30, 2016, 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 June 30, 2016, 56%, 67%, 67% and 100% of the 9, 6, 6 and 4 fixed income mutual funds outperformed the majority of their Morningstar peers based on total returns.

⁴ For the period ending June 30, 2016, 100%, 100%, 100% and 83% 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		
	June 30, 2016	March 31, 2016	June 30, 2015
Average Assets Under Management (in billions)	\$ 189.3	\$ 180.2	\$ 193.0
Ending Complex-Wide Assets (in billions)	\$ 194.7	\$ 191.3	\$ 189.5
Revenues	\$ 251.9	\$ 248.5	\$ 271.9
Operating Expenses	\$ 184.0	\$ 185.9	\$ 189.8
Operating Income	\$ 67.9	\$ 62.6	\$ 82.1
Operating Margin	27.0%	25.2%	30.2%
Net Income Attributable to JCG	\$ 39.0	\$ 35.1	\$ 44.7
Diluted Earnings per Share	\$ 0.21	\$ 0.19	\$ 0.23

Second quarter 2016 revenues of \$251.9 million increased from first quarter 2016 due to increased investment management fees and shareholder servicing fees as a result of higher average assets under management. Second quarter 2016 operating expenses of \$184.0 million decreased \$1.9 million from first quarter operating expenses of \$185.9 million, primarily due to lower employee compensation expense compared to seasonally higher compensation expense in the first quarter 2015, partially offset by increased distribution, marketing and advertising costs.

Capital and Liquidity

At June 30, 2016, JCG had total equity of \$1.7 billion, cash and investments of \$653.6 million and outstanding debt of \$404.2 million.

Cash flows from operations during the second quarter 2016 were \$104.3 million compared with (\$46.7) million during the first quarter 2016 and \$87.3 million during the second quarter 2015. The change in cash flows from operations comparing second quarter 2016 to first quarter 2016 is due to payment of annual incentive compensation in the first quarter 2016.

As part of its capital management, JCG repurchased 1,659,780 shares of its common stock at an average price of \$14.59 per share and a total cost of \$24.2 million during the second quarter 2016.

On July 21, 2016, JCG's Board of Directors declared a regular quarterly cash dividend of \$0.11 per share. The quarterly dividend will be paid on August 19, 2016, to stockholders of record at the close of business on August 8, 2016.

Second Quarter 2016 Earnings Call Information

JCG will host a conference call and webcast to discuss its results on Tuesday, July 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 investment solutions, including fixed income, equity, alternative and multi-asset class strategies. It does so through a number of distinct asset management platforms, including investment teams within Janus Capital Management LLC (Janus), INTECH Investment Management LLC (INTECH), Perkins Investment Management LLC (Perkins) and Kapstream Capital Pty Limited (Kapstream), in addition to a suite of exchange-traded products. 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. Based in Denver, JCG has offices located in 12 countries throughout North America, Europe, Asia and Australia. The firm had complex-wide assets under management and ETP assets totaling \$194.7 billion as of June 30, 2016.

JANUS CAPITAL GROUP INC. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (dollars in millions, except per share data or as noted)				
	Three Months Ended			
	June 30, 2016	March 31, 2016	June 30, 2015	
Revenues:				
Investment management fees	\$ 217.9	\$ 210.3	\$ 233.7	
Performance fees	(8.3)	(2.4)	(4.4)	
Shareowner servicing fees and other	42.3	40.6	42.6	
Total revenues	251.9	248.5	271.9	
Operating expenses:				
Employee compensation and benefits	83.6	87.9	91.2	
Long-term incentive compensation	19.0	19.5	19.7	
Marketing and advertising	6.9	5.3	5.5	
Distribution	33.3	32.4	34.7	
Depreciation and amortization	8.9	9.1	7.6	
General, administrative and occupancy	32.3	31.7	31.1	
Total operating expenses	184.0	185.9	189.8	
Operating income	67.9	62.6	82.1	
Interest expense	(5.1)	(5.2)	(7.2)	
Investment gains (losses), net	0.7	1.7	(3.1)	
Other income (expense), net	1.2	1.8	(2.2)	
Income tax provision	(24.5)	(23.9)	(24.7)	
Net income	40.2	37.0	44.9	
Noncontrolling interests	(1.2)	(1.9)	(0.2)	
Net income attributable to JCG	\$ 39.0	\$ 35.1	\$ 44.7	
Net income attributable to JCG	\$ 39.0	\$ 35.1	\$ 44.7	
Less: Allocation of earnings to restricted stock	1.5	1.3	1.6	
Net income attributable to JCG common shareholders	\$ 37.5	\$ 33.8	\$ 43.1	
Basic weighted-average shares outstanding (in millions)	177.5	178.4	180.8	
Diluted weighted-average shares outstanding (in millions)	182.4	181.3	189.4	
Diluted earnings per share	\$ 0.21	\$ 0.19	\$ 0.23	
Average assets under management (in billions)	\$ 189.3	\$ 180.2	\$ 193.0	

JANUS CAPITAL GROUP INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (dollars in millions)				
	June 30, 2016	December 31, 2015		
	2016	2015		
Assets				
Cash and cash equivalents	\$ 337.1	\$ 364.4		
Investment securities	267.3	327.1		
Other assets	192.5	182.2		
Property and equipment, net	37.0	38.7		
Intangible assets and goodwill, net	1,953.5	1,955.3		
Assets of consolidated variable interest entities	52.4	—		
Total assets	\$ 2,839.8	\$ 2,867.7		
Liabilities and equity				
Debt	\$ 404.2	\$ 402.3		
Other liabilities	197.1	272.6		
Deferred income taxes	520.1	498.9		
Liabilities of consolidated variable interest entities	1.2	—		
Redeemable noncontrolling interests	30.3	21.8		
Total equity	1,686.9	1,672.1		
Total liabilities, redeemable noncontrolling interests and equity	\$ 2,839.8	\$ 2,867.7		

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW INFORMATION (dollars in millions)				
	Three Months Ended			
	June 30, 2016	March 31, 2016	June 30, 2015	
Cash provided by (used for):				
Operating activities	\$ 104.3	\$ (46.7)	\$ 87.3	
Investing activities	(29.7)	41.4	(112.7)	
Financing activities	(44.5)	(51.9)	(27.0)	
Effect of exchange rate changes	(0.2)	—	(3.5)	
Net change during period	\$ 29.9	\$ (57.2)	\$ (55.9)	

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 Money Market and ETPs)	Exchange- Traded Products ("ETPs") ⁽³⁾	Money Market	Total Company
June 30, 2016	\$ 65.9	\$ 20.0	\$ 49.1	\$ 46.1	\$ 8.5	\$ 189.6	\$ 3.8	\$ 1.3	\$ 194.7
Sales	3.9	0.6	1.3	3.7	0.4	9.9	2.7	0.2	12.8
Redemptions	(3.0)	(1.1)	(2.0)	(3.3)	(0.5)	(9.9)	(2.4)	(0.2)	(12.5)
Net Sales (Redemptions)	0.9	(0.5)	(0.7)	0.4	(0.1)	0.0	0.3	—	0.3
Market/Fund Performance	0.7	0.4	1.0	0.5	0.3	2.9	0.2	—	3.1
March 31, 2016	\$ 64.3	\$ 20.1	\$ 45.2	\$ 8.3	\$ 186.7	\$ 3.3	\$ 1.3	\$ 191.3	
Sales	3.3	0.6	2.1	3.6	0.4	10.0	3.8	0.2	14.0
Redemptions	(3.2)	(1.4)	(1.4)	(3.7)	(0.6)	(10.3)	(3.2)	(0.2)	(13.7)
Net Sales (Redemptions)	0.1	(0.8)	0.7	(0.1)	(0.2)	(0.3)	0.6	—	0.3
Market/Fund Performance	(0.7)	(1.6)	0.5	0.9	0.1	(0.8)	(0.5)	—	(1.3)
December 31, 2015	\$ 64.9	\$ 22.5	\$ 47.6	\$ 44.4	\$ 8.4	\$ 187.8	\$ 3.2	\$ 1.3	\$ 193.3
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 ⁽²⁾	—	—	—	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

Notes:
(1) Growth / Core and Fixed Income assets and flows reflect an even split of the Janus Balanced Fund between the two categories.
(2) Kapstream was acquired on July 1, 2015.
(3) ETP sales and redemptions across all periods (exclusive of the first and second quarters 2016) were adjusted due to a revised reporting method by the subsidiary;
ending and average assets were not impacted.

Data presented reflects past performance, which is no guarantee of future results. Due to market volatility, current performance may be higher or lower than the recent performance. Call 877.33JANUS (52687) or visit janus.com/advisor/mutual-funds for performance, rankings and ratings current to the most recent month-end.

Janus Capital Group Inc. ("JCG") provides investment advisory services through its primary subsidiaries, Janus Capital Management LLC ("Janus"), INTECH Investment Management LLC ("INTECH") and Perkins Investment Management LLC ("Perkins").

"Complex-Wide Mutual Funds" means all affiliated mutual funds managed by Janus, INTECH and Perkins. "Fundamental Equity Mutual Funds" means all mutual funds managed by Janus or Perkins that invest in equity securities. "Fixed Income Mutual Funds" means all mutual funds managed by Janus that invest primarily in fixed income securities. "Mathematical Equity Relative Return Strategies" means all relative return discretionary managed accounts (not mutual funds) that are advised or sub-advised by INTECH with at least a one-year track record.

Mutual fund relative performance analysis shown is for each Fund's parent share class (typically the share class with the longest performance history): Class T, S or I Shares in the Janus retail fund ("JIF") trust and the Institutional or Service Shares in the Janus Aspen Series ("JAS"). These share classes may not be eligible for purchase by all investors. Other share classes may have higher sales and management fees, which can result in differences in performance.

Investing involves risk, including the possible loss of principal. The value of your investment will fluctuate over time and you may gain or lose money. A fund's performance may be affected by risks that include those associated with non-diversification, non-investment grade debt securities, high-yield/high-risk securities, undervalued or overlooked companies, investments in specific industries or countries and potential conflicts of interest. Additional risks to REITs may include those associated with investing in foreign securities, emerging markets, initial public offerings, real estate investment trusts ("REITs"), derivatives, short sales, commodity linked investments and companies with relatively small market capitalizations. Each fund has different risks. Please see a Janus prospectus for more information about risks, fund holdings and other details.

The Overall Morningstar Rating™ for a fund is derived from a weighted-average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating™ metrics. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of the funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (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). The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structures. It may be based, in part, on the performance of a predecessor fund. Morningstar does not rate funds with less than a three-year performance history.

The Morningstar percentile ranking is based on the fund's total-return performance rank relative to all funds that have the same category for the same time period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Morningstar total-return includes both income and capital gains or losses and is not adjusted for sales charges. The top-performing funds in a category will always receive a rank of 1.

Morningstar performance on an asset-weighted basis is calculated by taking all funds and assigning the assets under management ("AUM") for each respective fund to either the 1st, 2nd, 3rd or 4th quartile bucket based on each fund's respective Morningstar relative ranking. The total AUM of each quartile's bucket is then divided by complex-wide total AUM to arrive at the respective percent of AUM in each bucket.

Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus containing this and other information, please call Janus at (800) 525-3713 or download the file from www.janus.com/info. Read it carefully before you invest or send money.

Funds distributed by Janus Distributors LLC.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," "forecast" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements. These statements are based on the beliefs and assumptions of Company management based on information currently available to management.

Various risks, uncertainties, assumptions and factors that could cause future results to differ materially from those expressed by the forward-looking statements included in this press release include, but are not limited to, risks specified in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, included under headings such as "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other filings and furnishings made by the Company with the SEC from time to time. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release may not occur. Many of these factors are beyond the control of the Company and its management. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this press release. Except for the Company's ongoing obligations to disclose material information under the applicable securities law and stock exchange rules, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.

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