



AMG Reports Financial and Operating Results for the Second Quarter and First Half of 2016

August 1, 2016

Company Reports EPS of \$1.97; Economic EPS of \$3.06

WEST PALM BEACH, Fla.--(BUSINESS WIRE)--Aug. 1, 2016-- Affiliated Managers Group, Inc. (NYSE: AMG) today reported its financial and operating results for the second quarter and six months ended June 30, 2016.

For the second quarter of 2016, diluted earnings per share were \$1.97, compared to \$2.31 for the same period of 2015, and Economic earnings per share ("Economic EPS") were \$3.06, compared to \$3.08 for the same period of 2015. For the second quarter of 2016, Net income was \$107.4 million, compared to \$128.7 million for the same period of 2015. For the second quarter of 2016, Economic net income was \$166.5 million, compared to \$171.4 million for the same period of 2015. For the second quarter of 2016, EBITDA was \$220.3 million, compared to \$239.2 million for the same period of 2015. (Economic EPS, Economic net income, and EBITDA are defined in the attached tables, along with reconciliations to the most directly comparable GAAP measure.)

For the six months ended June 30, 2016, Net income was \$212.0 million, Economic net income was \$326.4 million, and EBITDA was \$436.1 million. For the six months ended June 30, 2015, Net income was \$256.7 million, Economic net income was \$333.5 million, and EBITDA was \$460.1 million.

Net client cash flows for the second quarter of 2016 were \$0.6 billion. AMG's aggregate assets under management were approximately \$700 billion at June 30, 2016, pro forma for pending investments and investments which have since closed.

"Despite elevated market volatility, AMG generated solid results in the second quarter, including a year-over-year increase of 8% in our pro forma AUM, which is now approximately \$700 billion," stated Sean M. Healey, Chairman and Chief Executive Officer of AMG. "In a quarter marked by macro uncertainty, our results reflect the quality of our Affiliates and their strong relative investment performance, as well as the ongoing success of our strategy to partner with the highest-quality boutiques worldwide, including the addition of Capula Investment Management and Winton Capital Group."

"Against the backdrop of industry-wide risk aversion, especially in the aftermath of the 'Brexit' referendum, AMG generated positive net client cash flows of \$0.6 billion across our actively-managed product set in the second quarter," Mr. Healey continued. "Inflows through our retail and high net worth channels were offset by lower institutional sales, including several delayed fundings from institutional clients. In an environment of rising dispersion and market dislocation, we believe that our Affiliates have substantial opportunities to generate alpha across the broad array of their differentiated active equity and alternative strategies, and to build further on their long-term track records of investment outperformance. Looking ahead, as market conditions improve, we see meaningfully enhanced prospects for organic growth in the second half of 2016 and beyond."

"We are very pleased with the continued success of our new investments strategy," Mr. Healey concluded. "AMG is uniquely positioned as the partner of choice for leading independent asset management firms around the world, given our two-decade track record of successful investments and demonstrated capabilities as a partner across varying market environments. We remain confident in our ability to generate meaningful earnings growth and add breadth and diversity to our business through additional accretive investments in outstanding new Affiliates."

About AMG

AMG is a global asset management company with equity investments in leading boutique investment management firms. AMG's innovative partnership approach allows each Affiliate's management team to own significant equity in their firm while maintaining operational autonomy. AMG's strategy is to generate growth through

the internal growth of existing Affiliates, as well as through investments in new Affiliates. In addition, AMG provides centralized assistance to its Affiliates in strategic matters, marketing, distribution, product development and operations. As of June 30, 2016, AMG's aggregate assets under management were approximately \$700 billion, pro forma for pending investments and investments which have since closed, in more than 500 investment products across a broad range of investment styles, asset classes and distribution channels. For more information, please visit the Company's website at www.amg.com.

Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements. You can identify these forward-looking statements by the use of words such as "outlook," "guidance," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "projects," "intends," "plans," "estimates," "pending investments," "anticipates" or the negative version of these words or other comparable words. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including changes in the securities or financial markets or in general economic conditions, the availability of equity and debt financing, competition for acquisitions of interests in investment management firms, the ability to close pending investments, the investment performance and growth rates of our Affiliates and their ability to effectively market their investment strategies, the mix of Affiliate contributions to our earnings and other risks, uncertainties and assumptions, including those described under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

From time to time, AMG may use its website as a distribution channel of material Company information. AMG routinely posts financial and other important information regarding the Company in the Investor Relations section of its website at www.amg.com and encourages investors to consult that section regularly.

Financial Tables Follow

A teleconference will be held with AMG's management at 8:00 a.m. Eastern time today. Parties interested in listening to the teleconference should dial 1-877-407-8291 (U.S. calls) or 1-201-689-8345 (non-U.S. calls) starting at 7:45 a.m. Eastern time. Those wishing to listen to the teleconference should dial the appropriate number at least ten minutes before the call begins.

The teleconference will also be available for replay beginning approximately one hour after the conclusion of the call. To hear a replay of the call, please dial 1-877-660-6853 (U.S. calls) or 1-201-612-7415 (non-U.S. calls) and provide conference ID 13636135. The live call and replay of the session, and additional financial information referenced during the teleconference, can also be accessed via AMG's website at <http://www.amg.com/InvestorRelations/>.

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Financial Highlights

(in millions, except as noted and per share data)

	Three Months Ended 6/30/15	Three Months Ended 6/30/16
Assets under management (at period end, in billions)	\$ 642.7	\$ 647.6
Revenue	\$ 646.6	\$ 554.1
Income from equity method investments	\$ 60.1	\$ 65.2
Net income (controlling interest)	\$ 128.7	\$ 107.4
Economic net income (controlling interest) (A)	\$ 171.4	\$ 166.5
EBITDA (controlling interest) (B)	\$ 239.2	\$ 220.3
Average shares outstanding (diluted)	57.5	56.5
Earnings per share (diluted)	\$ 2.31	\$ 1.97
Average shares outstanding (adjusted diluted) (C)	55.6	54.3
Economic earnings per share (C)	\$ 3.08	\$ 3.06
	December 31, 2015	June 30, 2016
Cash and cash equivalents	\$ 563.8	\$ 360.4
Senior bank debt	\$ 643.3	\$ 898.4

Senior notes	\$ 937.1	\$ 938.2
Convertible securities	\$ 299.0	\$ 300.3
Stockholders' equity	\$ 2,837.1	\$ 2,918.7

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Financial Highlights

(in millions, except as noted and per share data)

	Six Months Ended 6/30/15	Six Months Ended 6/30/16
Assets under management (at period end, in billions)	\$ 642.7	\$ 647.6
Revenue	\$ 1,281.6	\$ 1,099.5
Income from equity method investments	\$ 113.2	\$ 133.2
Net income (controlling interest)	\$ 256.7	\$ 212.0
Economic net income (controlling interest) (A)	\$ 333.5	\$ 326.4
EBITDA (controlling interest) (B)	\$ 460.1	\$ 436.1
Average shares outstanding (diluted)	57.7	56.5
Earnings per share (diluted)	\$ 4.58	\$ 3.89
Average shares outstanding (adjusted diluted) (C)	55.7	54.3
Economic earnings per share (C)	\$ 5.99	\$ 6.01

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Reconciliations of Earnings Per Share Calculation

(in millions, except per share data)

	Three Months Ended 6/30/15	Three Months Ended 6/30/16
Net income (controlling interest)	\$ 128.7	\$ 107.4
Convertible securities interest expense, net	3.8	3.9
Net income (controlling interest), as adjusted	\$ 132.5	\$ 111.3
Average shares outstanding (diluted)	57.5	56.5
Earnings per share (diluted)	\$ 2.31	\$ 1.97

	Six Months Ended 6/30/15	Six Months Ended 6/30/16
Net income (controlling interest)	\$ 256.7	\$ 212.0
Convertible securities interest expense, net	7.6	7.7
Net income (controlling interest), as adjusted	\$ 264.3	\$ 219.7
Average shares outstanding (diluted)	57.7	56.5
Earnings per share (diluted)	\$ 4.58	\$ 3.89

AMG**Reconciliations of Average Shares Outstanding**

(in millions)

	Three Months Ended 6/30/15	Three Months Ended 6/30/16
Average shares outstanding (diluted)	57.5	56.5
Assumed issuance of junior convertible securities shares	(2.2)	(2.2)
Dilutive impact of junior convertible securities shares	0.3	-
Average shares outstanding (adjusted diluted) (C)	55.6	54.3

	Six Months Ended 6/30/15	Six Months Ended 6/30/16
Average shares outstanding (diluted)	57.7	56.5
Assumed issuance of junior convertible securities shares	(2.2)	(2.2)
Dilutive impact of junior convertible securities shares	0.2	-
Average shares outstanding (adjusted diluted) (C)	55.7	54.3

AMG**Operating Results****Assets Under Management**

(in billions)

Statement of Changes - Quarter to Date

	Institutional	Mutual Fund	High Net Worth	Total
Assets under management, March 31, 2016	\$ 369.5	\$ 181.7	\$ 90.8	\$ 642.0
Client cash inflows and commitments	8.8	13.3	4.5	26.6
Client cash outflows and realizations	(11.7)	(11.5)	(2.8)	(26.0)
Net client cash flows	(2.9)	1.8	1.7	0.6
Market changes	3.7	3.8	0.9	8.4
Foreign exchange	(0.6)	(2.8)	0.1	(3.3)
Other	(0.1)	-	-	(0.1)
Assets under management, June 30, 2016	\$ 369.6	\$ 184.5	\$ 93.5	\$ 647.6

Statement of Changes - Year to Date

	Institutional	Mutual Fund	High Net Worth	Total
Assets under management, December 31, 2015	\$ 347.5	\$ 175.8	\$ 88.0	\$ 611.3
Client cash inflows and commitments	19.2	30.1	9.2	58.5
Client cash outflows and realizations	(21.8)	(24.9)	(6.1)	(52.8)
Net client cash flows	(2.6)	5.2	3.1	5.7
New investments (D)	16.0	0.3	0.9	17.2
Market changes	7.9	6.6	1.0	15.5
Foreign exchange	0.9	(3.4)	0.6	(1.9)
Other	(0.1)	-	(0.1)	(0.2)
Assets under management, June 30, 2016	\$ 369.6	\$ 184.5	\$ 93.5	\$ 647.6

AMG**Reconciliations of Performance Measures**

(in millions, except per share data)

Three Months Ended 6/30/15	Three Months Ended 6/30/16
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Net income (controlling interest)	\$ 128.7	\$ 107.4
Intangible amortization and impairments	30.0	37.0
Intangible-related deferred taxes	20.7	21.3
Other economic items (E)	(8.0)	0.8
Economic net income (controlling interest) (A)	\$ 171.4	\$ 166.5

Average shares outstanding (adjusted diluted) (C)	55.6	54.3
Economic earnings per share (C)	\$ 3.08	\$ 3.06

Net income (controlling interest)	\$ 128.7	\$ 107.4
Interest expense	22.5	21.9
Imputed interest and contingent payment arrangements	(13.2)	0.8
Income taxes	69.2	51.2
Depreciation and other amortization	2.0	2.0
Intangible amortization and impairments	30.0	37.0
EBITDA (controlling interest) (B)	\$ 239.2	\$ 220.3

	Six Months Ended 6/30/15	Six Months Ended 6/30/16
Net income (controlling interest)	\$ 256.7	\$ 212.0
Intangible amortization and impairments	59.8	71.4
Intangible-related deferred taxes	41.1	43.4
Other economic items (E)	(24.1)	(0.4)
Economic net income (controlling interest) (A)	\$ 333.5	\$ 326.4

Average shares outstanding (adjusted diluted) (C)	55.7	54.3
Economic earnings per share (C)	\$ 5.99	\$ 6.01

Net income (controlling interest)	\$ 256.7	\$ 212.0
Interest expense	44.7	44.0
Imputed interest and contingent payment arrangements	(40.4)	(1.1)
Income taxes	135.4	105.8
Depreciation and other amortization	3.9	4.0
Intangible amortization and impairments	59.8	71.4
EBITDA (controlling interest) (B)	\$ 460.1	\$ 436.1

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Consolidated Statements of Income

(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Revenue	\$ 646.6	\$ 554.1	\$ 1,281.6	\$ 1,099.5
Operating expenses:				
Compensation and related expenses	292.2	232.1	544.9	458.7
Selling, general and administrative	114.3	96.6	223.0	192.5
Intangible amortization and impairments	28.1	28.6	55.9	55.3
Depreciation and other amortization	4.6	5.0	9.0	10.0
Other operating expenses	12.2	10.0	22.1	22.5
	451.4	372.3	854.9	739.0
Operating income	195.2	181.8	426.7	360.5
Income from equity method investments	60.1	65.2	113.2	133.2
Other non-operating (income) and expenses:				
Investment and other income	(16.0)	(11.6)	(16.7)	(15.6)
Interest expense	22.5	21.9	44.7	44.0
Imputed interest expense and contingent payment arrangements (F)	(13.2)	0.8	(40.4)	(1.1)
	(6.7)	11.1	(12.4)	27.3
Income before income taxes	262.0	235.9	552.3	466.4
Income taxes (G)	72.1	53.2	141.7	109.7

Net income	189.9	182.7	410.6	356.7
Net income (non-controlling interests)	(61.2)	(75.3)	(153.9)	(144.7)
Net income (controlling interest)	\$ 128.7	\$ 107.4	\$ 256.7	\$ 212.0
Average shares outstanding (basic)	54.6	53.8	54.7	53.9
Average shares outstanding (diluted)	57.5	56.5	57.7	56.5
Earnings per share (basic)	\$ 2.36	\$ 2.00	\$ 4.70	\$ 3.93
Earnings per share (diluted)	\$ 2.31	\$ 1.97	\$ 4.58	\$ 3.89

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Consolidated Balance Sheets

(in millions)

	December 31, 2015	June 30, 2016
Assets		
Cash and cash equivalents	\$ 563.8	\$ 360.4
Receivables	391.2	486.6
Investments in marketable securities	199.9	203.6
Other investments	149.3	142.5
Fixed assets, net	114.1	112.1
Goodwill	2,668.4	2,653.5
Acquired client relationships, net	1,686.4	1,584.4
Equity method investments in Affiliates	1,937.1	2,450.4
Other assets	59.2	56.0
Total assets	\$ 7,769.4	\$ 8,049.5
Liabilities and Equity		
Payables and accrued liabilities	\$ 729.4	\$ 592.9
Senior bank debt	643.3	898.4
Senior notes	937.1	938.2
Convertible securities	299.0	300.3
Deferred income taxes	565.7	610.5
Other liabilities	213.3	179.7
Total liabilities	3,387.8	3,520.0
Redeemable non-controlling interests	612.5	745.0
Equity:		
Common stock	0.6	0.6
Additional paid-in capital	597.2	527.7
Accumulated other comprehensive loss	(18.1)	(76.3)
Retained earnings	2,679.3	2,891.3
	3,259.0	3,343.3
Less: treasury stock, at cost	(421.9)	(424.6)
Total stockholders' equity	2,837.1	2,918.7
Non-controlling interests	932.0	865.8
Total equity	3,769.1	3,784.5
Total liabilities and equity	\$ 7,769.4	\$ 8,049.5

- (A) Under our Economic net income (controlling interest) definition, we add to Net income (controlling interest) our share of pre-tax intangible amortization and impairments (including the portion attributable to equity method investments in Affiliates), deferred taxes related to intangible assets, and other economic items which include non-cash imputed interest (principally related to the accounting for convertible securities and contingent payment arrangements) and certain Affiliate equity expenses. We consider Economic net income (controlling interest) an important measure of our financial performance, as we believe it best represents operating performance before our share of non-cash expenses relating to the acquisition of interests in our affiliated investment management firms, and it is therefore employed as our principal performance benchmark. This non-GAAP performance measure is provided in addition to, but not as a substitute for, Net income (controlling interest) or any other GAAP measure of financial performance or liquidity.

We add back intangible amortization and impairments attributable to acquired client relationships because these expenses do not correspond to the changes in the value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) is added back because we believe it is unlikely these accruals will be used to settle material tax obligations. We add back non-cash imputed interest and reductions or increases in contingent payment arrangements because it better reflects our contractual interest obligations. We add back non-cash expenses relating to certain transfers of equity between Affiliate partners when these transfers have no dilutive effect to shareholders.

- (B) EBITDA (controlling interest) represents our performance before our share of interest expense, income taxes, depreciation and amortization. We believe that many investors use this information when comparing the financial performance of companies in the investment management industry. EBITDA (controlling interest), as calculated by us, may not be consistent with computations of EBITDA by other companies. This non-GAAP performance measure is provided in addition to, but not as a substitute for, Net income (controlling interest) or any other GAAP measure of financial performance or liquidity.

- (C) Economic earnings per share represents Economic net income (controlling interest) divided by the average shares outstanding (adjusted diluted). In this calculation, the potential share issuance in connection with our convertible securities is measured using a "treasury stock" method. Under this method, only the net number of shares of common stock equal to the value of the convertible securities in excess of par, if any, are deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion. Economic earnings per share is provided in addition to, but not as a substitute for, Earnings per share (diluted) or any other GAAP measure of financial performance.

- (D) We completed our investments in Systematica Investments L.P. and Baring Private Equity Asia in the first quarter of 2016.

- (E) For the three months ended June 30, 2015 and 2016, Other economic items are net of income taxes of \$4.9 and \$0.4, respectively. For the six months ended June 30, 2015 and 2016, Other economic items are net of income taxes of \$14.7 and \$0.2, respectively.

- (F) For the three months ended June 30, 2015, Imputed interest and contingent payment arrangements include gains from adjustments to our contingent payment obligations of \$15.0. For the six months ended June 30, 2015 and 2016, Imputed interest and contingent payment arrangements include gains from adjustments to our contingent payment obligations of \$44.7 and \$2.8, respectively.

- (G) Our consolidated income tax provision includes taxes attributable to the controlling interest, and to a lesser extent, taxes attributable to non-controlling interests, as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2016	2015	2016
Taxes attributable to controlling interest	\$ 69.2	\$ 51.2	\$ 135.4	\$ 105.8
Taxes attributable to non-controlling interests	2.9	2.0	6.3	3.9
Total income taxes	\$ 72.1	\$ 53.2	\$ 141.7	\$ 109.7
Income before taxes (controlling interest)	\$ 197.9	\$ 158.6	\$ 392.1	\$ 317.8
Effective tax rate (controlling interest)	35.0	% 32.3	34.5	% 33.3

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