

AFFILIATED MANAGERS GROUP, INC.

Form 10-Q

November 06, 2014

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 001-13459

Affiliated Managers Group, Inc.
(Exact name of registrant as specified in its charter)
Delaware

04-3218510

(State or other jurisdiction
of incorporation or organization)

(IRS Employer Identification Number)

600 Hale Street, P.O. Box 1000, Prides Crossing, Massachusetts 01965

(Address of principal executive offices)

(617) 747-3300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 55,572,618 shares of the registrant's common stock outstanding on November 3, 2014.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)

(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2014	2013	2014
Revenue	\$551.6	\$640.3	\$1,594.8	\$1,869.7
Operating expenses:				
Compensation and related expenses	229.8	258.1	679.7	766.5
Selling, general and administrative	106.4	114.4	298.2	359.5
Intangible amortization and impairments	32.7	28.7	98.1	84.2
Depreciation and other amortization	3.4	4.5	10.3	12.3
Other operating expenses	10.2	10.4	27.5	30.6
	382.5	416.1	1,113.8	1,253.1
Operating income	169.1	224.2	481.0	616.6
Income from equity method investments	34.1	50.1	121.0	152.6
Other non-operating (income) and expenses:				
Investment and other income	(8.0)	(2.6)	(20.0)	(19.2)
Interest expense	19.9	19.0	68.5	56.7
Imputed interest expense and contingent payment arrangements	3.9	2.8	26.5	27.6
	15.8	19.2	75.0	65.1
Income before income taxes	187.4	255.1	527.0	704.1
Income taxes	31.0	64.1	106.6	174.7
Net income	156.4	191.0	420.4	529.4
Net income (non-controlling interests)	(81.2)	(86.7)	(218.1)	(247.9)
Net income (controlling interest)	\$75.2	\$104.3	\$202.3	\$281.5
Average shares outstanding—basic	53.2	55.6	53.0	54.9
Average shares outstanding—diluted	56.9	58.8	54.7	56.1
Earnings per share—basic	\$1.41	\$1.88	\$3.82	\$5.13
Earnings per share—diluted	1.37	1.84	3.70	5.01

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2014	2013	2014
Net income	\$156.4	\$191.0	\$420.4	\$529.4
Other comprehensive income (loss):				
Foreign currency translation adjustment	18.1	(34.2)	(14.4)	(22.6)
Change in net realized and unrealized gain on derivative securities, net of tax	—	0.3	0.8	0.6
Change in net unrealized gain (loss) on investment securities, net of tax	6.3	4.1	(3.9)	(4.6)
Other comprehensive income (loss)	24.4	(29.8)	(17.5)	(26.6)
Comprehensive income	180.8	161.2	402.9	502.8
Comprehensive income (non-controlling interests)	(80.8)	(77.4)	(216.3)	(242.5)
Comprehensive income (controlling interest)	\$100.0	\$83.8	\$186.6	\$260.3

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

	December 31, 2013	September 30, 2014
Assets		
Cash and cash equivalents	\$ 469.6	\$ 560.2
Receivables	418.4	524.9
Investments in marketable securities	157.9	158.1