

April 19, 2017



## SEI Reports First-Quarter 2017 Financial Results

OAKS, Pa., April 19, 2017 (GLOBE NEWSWIRE) -- SEI Investments Company (NASDAQ:SEIC) today announced financial results for the first-quarter 2017. Diluted earnings per share were \$0.55 in first-quarter 2017 compared to \$0.47 in first-quarter 2016. Diluted earnings per share in first-quarter 2016 reflect a pre-tax gain of \$2.8 million, or \$0.01 per share, from the sale of SEI Asset Korea.

### Consolidated Overview

| (In thousands, except earnings per share) | For the Three Months<br>Ended March 31, |             |          |
|-------------------------------------------|-----------------------------------------|-------------|----------|
|                                           | <u>2017</u>                             | <u>2016</u> | <u>%</u> |
| Revenues                                  | \$359,984                               | \$334,263   | 8%       |
| Net income                                | 88,737                                  | 77,497      | 15%      |
| Diluted earnings per share                | \$0.55                                  | \$0.47      | 17%      |

“Our financial results for the quarter reflect new and existing client growth, our focus on expenses, and the necessary investments to expand and strengthen the solutions we bring to our target markets,” said Alfred P. West, Jr., SEI Chairman and CEO.

“While we are committed to executing for clients in the short term, we remain focused on the long-term needs of our markets. Our advanced solutions are at the center of what will help our clients sustain their success, while helping us achieve sustainable growth and provide increased shareholder value.”

### Summary of First-Quarter Results by Business Segment

| (In thousands)             | For the Three Months<br>Ended March 31, |             |          |
|----------------------------|-----------------------------------------|-------------|----------|
|                            | <u>2017</u>                             | <u>2016</u> | <u>%</u> |
| Private Banks:             |                                         |             |          |
| Revenues                   | \$112,634                               | \$113,361   | (1)%     |
| Expenses                   | 108,550                                 | 103,741     | 5%       |
| Operating Profit           | 4,084                                   | 9,620       | (58)%    |
| Gain on sale of subsidiary | —                                       | 2,791       | NM       |
| Segment Profit             | 4,084                                   | 12,411      | NM       |
| Operating Margin (A)       | 4 %                                     | 8 %         |          |

Investment Advisors:

|                                |                 |                 |      |
|--------------------------------|-----------------|-----------------|------|
| Revenues                       | 88,238          | 76,679          | 15%  |
| Expenses                       | <u>47,539</u>   | <u>44,774</u>   | 6%   |
| Operating Profit               | 40,699          | 31,905          | 28%  |
| Operating Margin               | 46 %            | 42 %            |      |
| Institutional Investors:       |                 |                 |      |
| Revenues                       | 77,004          | 72,897          | 6%   |
| Expenses                       | <u>38,828</u>   | <u>35,382</u>   | 10%  |
| Operating Profit               | 38,176          | 37,515          | 2%   |
| Operating Margin               | 50 %            | 51 %            |      |
| Investment Managers:           |                 |                 |      |
| Revenues                       | 80,487          | 69,918          | 15%  |
| Expenses                       | <u>52,065</u>   | <u>45,275</u>   | 15%  |
| Operating Profit               | 28,422          | 24,643          | 15%  |
| Operating Margin               | 35 %            | 35 %            |      |
| Investments in New Businesses: |                 |                 |      |
| Revenues                       | 1,621           | 1,408           | 15%  |
| Expenses                       | <u>4,880</u>    | <u>5,232</u>    | (7)% |
| Operating Loss                 | (3,259 )        | (3,824 )        | NM   |
| Totals:                        |                 |                 |      |
| Revenues                       | \$359,984       | \$334,263       | 8%   |
| Expenses                       | 251,862         | 234,404         | 7%   |
| Corporate overhead expenses    | <u>14,605</u>   | <u>13,047</u>   | 12%  |
| Income from operations         | <u>\$93,517</u> | <u>\$86,812</u> | 8%   |

(A) Percentages determined exclusive of gain on sale of subsidiary.

### First-Quarter Business Highlights:

- Revenue growth in the quarter was primarily driven by higher Asset management, administration, and distribution fees from market appreciation and improved cash flows from new and existing clients.
- Sales events, net of client losses, during first-quarter 2017 totaled approximately \$20.2 million and are expected to generate net annualized recurring revenues of approximately \$17.2 million when contract values are fully realized.
- Our average assets under management, excluding LSV, increased \$20.7 billion, or 11 percent, to \$201.4 billion, as compared to \$180.7 billion during the first-quarter 2016. Our assets under management do not include advised assets (see attached Average Asset Balances schedules for further details).
- Our average assets under administration increased \$69.3 billion, or 17 percent, to \$474.0 billion in the first-quarter 2017, as compared to \$404.7 billion during the first-quarter 2016 (see attached Average Asset Balances schedules for further details).
- Our earnings from LSV increased by \$4.4 million, or 15 percent, to \$33.6 million in first-quarter 2017 as compared to \$29.2 million in first-quarter 2016. The increase in earnings was due to an increase in assets under management from market appreciation; however, our earnings were negatively impacted by increased personnel expenses of LSV.
- We capitalized \$16.9 million and \$9.5 million of software development costs in first-quarter 2017 and 2016, respectively, of which \$15.2 million and \$7.6 million are related to continued enhancements to the SEI Wealth Platform. Our expenses related to maintenance and enhancements not eligible for capitalization have increased. A higher

portion of these costs are recognized in personnel and consulting costs. These increased costs primarily impacted the Private Banks and Investment Advisors business segments.

- Amortization expense related to the SEI Wealth Platform increased to \$12.0 million during the first-quarter 2017 as compared to \$11.0 million during the first-quarter 2016 due to continued enhancements.
- Our operating expenses, primarily personnel costs, in our Investment Managers segment increased. These expenses primarily consist of operational and marketing costs and are mainly related to servicing existing clients and acquiring and implementing new clients.
- During the first-quarter 2017, we adopted ASU 2016-09 which will cause volatility in our quarterly effective tax rate. Our effective tax rates were 31.0 percent in first-quarter 2017 and 35.2 percent in first-quarter 2016. Refer to our Form 10-Q for first-quarter 2017 for information regarding the impact of ASU 2016-09 on our effective tax rate.
- We repurchased 1.1 million shares of our common stock for \$55.4 million during the first-quarter 2017.

### Earnings Conference Call

A conference call to review earnings is scheduled for 4:30 p.m. Eastern time on Apr. 19, 2017. Investors may listen to the call at [seic.com/investors](http://seic.com/investors). The call may also be accessed at many financial services websites, including Google Finance and Yahoo Finance. Investors may also listen to replays at these websites, or by telephone at (USA) 800-475-6701; (International) 320-365-3844, access code 422405.

### About SEI

SEI (NASDAQ:SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of March 31, 2017, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers \$779 billion in hedge, private equity, mutual fund and pooled or separately managed assets, including \$297 billion in assets under management and \$478 billion in client assets under administration. For more information, visit [seic.com](http://seic.com).

Many of the statements in this release may be considered “forward looking statements” and include discussions about future operations, strategies and financial results. Forward-looking statements are based upon estimates and assumptions that involve risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe our assumptions are reasonable, they could be inaccurate. Our actual future revenues and income could differ materially from our expected results. We have no obligation to publicly update or revise any forward-looking statements.

**SEI INVESTMENTS COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

|                                                | For the Three Months<br>Ended March 31, |           |
|------------------------------------------------|-----------------------------------------|-----------|
|                                                | 2017                                    | 2016      |
| Asset management, admin. and distribution fees | \$278,565                               | \$251,437 |

|                                                           |         |         |
|-----------------------------------------------------------|---------|---------|
| Information processing and software servicing fees        | 74,763  | 73,399  |
| Transaction-based and trade execution fees                | 6,656   | 9,427   |
| Total revenues                                            | 359,984 | 334,263 |
| Subadvisory, distribution and other asset mgmt costs      | 42,502  | 39,195  |
| Software royalties and other information processing costs | 7,662   | 7,748   |
| Brokerage commissions                                     | 4,959   | 7,108   |
| Compensation, benefits and other personnel                | 108,943 | 101,931 |
| Stock-based compensation                                  | 6,180   | 3,789   |
| Consulting, outsourcing and professional fees             | 43,149  | 38,506  |
| Data processing and computer related                      | 16,772  | 15,718  |
| Facilities, supplies and other costs                      | 17,478  | 15,997  |
| Amortization                                              | 12,022  | 11,012  |
| Depreciation                                              | 6,800   | 6,447   |
| Total expenses                                            | 266,467 | 247,451 |
| Income from operations                                    | 93,517  | 86,812  |
| Net gain (loss) on investments                            | 347     | (126 )  |
| Interest and dividend income                              | 1,343   | 1,083   |
| Interest expense                                          | (112 )  | (114 )  |
| Equity in earnings of unconsolidated affiliate            | 33,565  | 29,192  |
| Gain on sale of subsidiary                                | —       | 2,791   |
| Income before income taxes                                | 128,660 | 119,638 |
| Income taxes                                              | 39,923  | 42,141  |
| Net income                                                | 88,737  | 77,497  |
| Basic earnings per common share                           | \$0.56  | \$0.48  |
| Shares used to calculate basic earnings per share         | 159,091 | 163,013 |
| Diluted earnings per common share                         | \$0.55  | \$0.47  |
| Shares used to calculate diluted earnings per share       | 162,742 | 166,145 |

**SEI INVESTMENTS COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

|                                                                        | <b>March 31,<br/>2017</b> | <b>December<br/>31,<br/>2016</b> |
|------------------------------------------------------------------------|---------------------------|----------------------------------|
| <b>Assets</b>                                                          |                           |                                  |
| Current Assets:                                                        |                           |                                  |
| Cash and cash equivalents                                              | \$661,372                 | \$695,701                        |
| Restricted cash                                                        | 3,500                     | 3,500                            |
| Receivables from investment products                                   | 51,453                    | 61,761                           |
| Receivables, net of allowance for doubtful accounts of \$518 and \$523 | 252,205                   | 227,957                          |

|                                                                                                             |                    |                    |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Securities owned                                                                                            | 21,372             | 21,339             |
| Other current assets                                                                                        | 29,873             | 27,575             |
| Total Current Assets                                                                                        | 1,019,775          | 1,037,833          |
| Property and Equipment, net of accumulated depreciation of \$291,500 and \$285,322                          | 142,726            | 146,190            |
| Capitalized Software, net of accumulated amortization of \$315,512 and \$303,540                            | 300,756            | 295,867            |
| Investments Available for Sale                                                                              | 89,262             | 84,033             |
| Investments in Affiliated Funds, at fair value                                                              | 5,156              | 4,858              |
| Investment in Unconsolidated Affiliate                                                                      | 48,759             | 50,459             |
| Deferred Income Taxes                                                                                       | 1,878              | 2,127              |
| Other Assets, net                                                                                           | 16,240             | 15,456             |
| Total Assets                                                                                                | <u>\$1,624,552</u> | <u>\$1,636,823</u> |
| <b>Liabilities and Equity</b>                                                                               |                    |                    |
| Current Liabilities:                                                                                        |                    |                    |
| Accounts payable                                                                                            | \$7,372            | \$5,966            |
| Accrued liabilities                                                                                         | 167,061            | 240,525            |
| Deferred revenue                                                                                            | 2,337              | 2,880              |
| Total Current Liabilities                                                                                   | 176,770            | 249,371            |
| Deferred Income Taxes                                                                                       | 69,379             | 69,693             |
| Other Long-term Liabilities                                                                                 | 15,610             | 14,645             |
| Total Liabilities                                                                                           | 261,759            | 333,709            |
| Shareholders' Equity:                                                                                       |                    |                    |
| Common stock, \$.01 par value, 750,000 shares authorized; 158,687 and 159,031 shares issued and outstanding | 1,587              | 1,590              |
| Capital in excess of par value                                                                              | 976,007            | 955,461            |
| Retained earnings                                                                                           | 420,712            | 384,018            |
| Accumulated other comprehensive loss, net                                                                   | (35,513 )          | (37,955 )          |
| Total Shareholders' Equity                                                                                  | 1,362,793          | 1,303,114          |
| Total Liabilities and Shareholders' Equity                                                                  | <u>\$1,624,552</u> | <u>\$1,636,823</u> |

**ENDING ASSET BALANCES**  
(In millions) (Unaudited)

|                                    | Mar. 31,<br>2016 | Jun. 30,<br>2016 | Sept. 30,<br>2016 | Dec 31,<br>2016 | Mar. 31,<br>2017 |
|------------------------------------|------------------|------------------|-------------------|-----------------|------------------|
| Private Banks:                     |                  |                  |                   |                 |                  |
| Equity and fixed-income programs   | \$18,370         | \$18,328         | \$18,668          | \$17,926        | \$19,034         |
| Collective trust fund programs     | 4                | 3                | 3                 | 3               | 5                |
| Liquidity funds                    | 5,521            | 4,848            | 4,034             | 4,230           | 3,903            |
| Total assets under management      | <u>\$23,895</u>  | <u>\$23,179</u>  | <u>\$22,705</u>   | <u>\$22,159</u> | <u>\$22,942</u>  |
| Client assets under administration | 18,324           | 18,537           | 19,269            | 19,255          | 20,760           |
| Total assets                       | <u>\$42,219</u>  | <u>\$41,716</u>  | <u>\$41,974</u>   | <u>\$41,414</u> | <u>\$43,702</u>  |
| Investment Advisors:               |                  |                  |                   |                 |                  |
| Equity and fixed-income programs   | \$47,357         | \$50,016         | \$52,594          | \$52,847        | \$55,311         |
| Collective trust fund programs     | 7                | 5                | 5                 | 5               | 5                |
| Liquidity funds                    | 5,051            | 3,661            | 2,539             | 2,741           | 2,645            |
| Total assets under management      | <u>\$52,415</u>  | <u>\$53,682</u>  | <u>\$55,138</u>   | <u>\$55,593</u> | <u>\$57,961</u>  |
| Institutional Investors:           |                  |                  |                   |                 |                  |
| Equity and fixed-income programs   | \$73,468         | \$75,944         | \$78,701          | \$76,465        | \$80,136         |

|                                        |           |           |           |           |           |
|----------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Collective trust fund programs         | 97        | 88        | 90        | 93        | 89        |
| Liquidity funds                        | 2,390     | 2,526     | 2,612     | 2,903     | 2,759     |
| Total assets under management          | \$75,955  | \$78,558  | \$81,403  | \$79,461  | \$82,984  |
| Advised assets                         | —         | —         | —         | —         | 3,228     |
| Total assets                           | \$75,955  | \$78,558  | \$81,403  | \$79,461  | \$86,212  |
| Investment Managers:                   |           |           |           |           |           |
| Equity and fixed-income programs       | \$72      | \$73      | \$79      | \$81      | \$84      |
| Collective trust fund programs         | 32,385    | 33,841    | 35,962    | 36,991    | 40,646    |
| Liquidity funds                        | 733       | 750       | 812       | 667       | 911       |
| Total assets under management          | \$33,190  | \$34,664  | \$36,853  | \$37,739  | \$41,641  |
| Client assets under administration (A) | 400,579   | 419,139   | 451,204   | 448,708   | 457,356   |
| Total assets                           | \$433,769 | \$453,803 | \$488,057 | \$486,447 | \$498,997 |
| Investments in New Businesses:         |           |           |           |           |           |
| Equity and fixed-income programs       | \$803     | \$820     | \$850     | \$884     | \$931     |
| Liquidity funds                        | 41        | 37        | 53        | 61        | 79        |
| Total assets under management          | \$844     | \$857     | \$903     | \$945     | \$1,010   |
| Advised assets                         | —         | —         | —         | —         | 85        |
| Total assets                           | \$844     | \$857     | \$903     | \$945     | \$1,095   |
| LSV Asset Management:                  |           |           |           |           |           |
| Equity and fixed-income programs       | \$78,390  | \$78,352  | \$83,863  | \$87,248  | \$90,611  |
| Total:                                 |           |           |           |           |           |
| Equity and fixed-income programs (B)   | \$218,460 | \$223,533 | \$234,755 | \$235,451 | \$246,107 |
| Collective trust fund programs         | 32,493    | 33,937    | 36,060    | 37,092    | 40,745    |
| Liquidity funds                        | 13,736    | 11,822    | 10,050    | 10,602    | 10,297    |
| Total assets under management          | \$264,689 | \$269,292 | \$280,865 | \$283,145 | \$297,149 |
| Advised assets (C)                     | —         | —         | —         | —         | 3,313     |
| Client assets under administration (D) | 418,903   | 437,676   | 470,473   | 467,963   | 478,116   |
| Total assets                           | \$683,592 | \$706,968 | \$751,338 | \$751,108 | \$778,578 |

(A) Client assets under administration in the Investment Managers segment include \$47.4 billion of assets that require limited services and therefore are at fee levels below our normal full service assets (as of March 31, 2017).

(B) Equity and fixed-income programs include \$5.0 billion of assets invested in various asset allocation funds at March 31, 2017.

(C) Assets for which SEI acts as an advisor to the accounts. These assets were excluded in previous periods.

(D) In addition to the numbers presented, SEI also administers an additional \$10.1 billion in Funds of Funds assets (as of March 31, 2017) on which SEI does not earn an administration fee.

**AVERAGE ASSET BALANCES**  
(In millions) (Unaudited)

|                                  | 1st Qtr.<br>2016 | 2nd Qtr.<br>2016 | 3rd Qtr.<br>2016 | 4th Qtr.<br>2016 | 1st Qtr.<br>2017 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Private Banks:                   |                  |                  |                  |                  |                  |
| Equity and fixed-income programs | \$17,644         | \$18,504         | \$18,650         | \$17,945         | \$18,498         |
| Collective trust fund programs   | 3                | 3                | 3                | 3                | 4                |
| Liquidity funds                  | 5,661            | 5,118            | 4,386            | 4,030            | 4,051            |

|                                    |           |           |           |           |           |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total assets under management      | \$23,308  | \$23,625  | \$23,039  | \$21,978  | \$22,553  |
| Client assets under administration | 17,248    | 18,436    | 19,039    | 19,010    | 20,223    |
| Total assets                       | \$40,556  | \$42,061  | \$42,078  | \$40,988  | \$42,776  |
| Investment Advisors:               |           |           |           |           |           |
| Equity and fixed-income programs   | \$45,175  | \$48,783  | \$51,924  | \$52,267  | \$54,446  |
| Collective trust fund programs     | 7         | 6         | 5         | 5         | 5         |
| Liquidity funds                    | 5,009     | 4,061     | 2,694     | 2,638     | 2,559     |
| Total assets under management      | \$50,191  | \$52,850  | \$54,623  | \$54,910  | \$57,010  |
| Institutional Investors:           |           |           |           |           |           |
| Equity and fixed-income programs   | \$71,779  | \$74,984  | \$77,583  | \$77,040  | \$77,852  |
| Collective trust fund programs     | 98        | 96        | 90        | 92        | 90        |
| Liquidity funds                    | 2,834     | 2,868     | 2,751     | 2,766     | 2,891     |
| Total assets under management      | \$74,711  | \$77,948  | \$80,424  | \$79,898  | \$80,833  |
| Advised assets                     | —         | —         | —         | —         | 3,125     |
| Total assets                       | \$74,711  | \$77,948  | \$80,424  | \$79,898  | \$83,958  |
| Investment Managers:               |           |           |           |           |           |
| Equity and fixed-income programs   | \$66      | \$72      | \$73      | \$79      | \$75      |
| Collective trust fund programs     | 30,784    | 33,021    | 35,257    | 36,170    | 39,081    |
| Liquidity funds                    | 832       | 701       | 874       | 813       | 860       |
| Total assets under management      | \$31,682  | \$33,794  | \$36,204  | \$37,062  | \$40,016  |
| Client assets under administration | 387,421   | 415,237   | 436,459   | 446,666   | 453,766   |
| Total assets                       | \$419,103 | \$449,031 | \$472,663 | \$483,728 | \$493,782 |
| Investments in New Businesses:     |           |           |           |           |           |
| Equity and fixed-income programs   | \$757     | \$811     | \$845     | \$851     | \$909     |
| Liquidity funds                    | 48        | 39        | 44        | 60        | 63        |
| Total assets under management      | \$805     | \$850     | \$889     | \$911     | \$972     |
| Advised assets                     | —         | —         | —         | —         | 82        |
| Total assets                       | \$805     | \$850     | \$889     | \$911     | \$1,054   |
| LSV Asset Management:              |           |           |           |           |           |
| Equity and fixed-income programs   | \$74,699  | \$79,733  | \$83,373  | \$84,676  | \$90,274  |
| Total:                             |           |           |           |           |           |
| Equity and fixed-income programs   | \$210,120 | \$222,887 | \$232,448 | \$232,858 | \$242,054 |
| Collective trust fund programs     | 30,892    | 33,126    | 35,355    | 36,270    | 39,180    |
| Liquidity funds                    | 14,384    | 12,787    | 10,749    | 10,307    | 10,424    |
| Total assets under management      | \$255,396 | \$268,800 | \$278,552 | \$279,435 | \$291,658 |
| Advised assets                     | —         | —         | —         | —         | 3,207     |
| Client assets under administration | 404,669   | 433,673   | 455,498   | 465,676   | 473,989   |
| Total assets                       | \$660,065 | \$702,473 | \$734,050 | \$745,111 | \$768,854 |

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Source: SEI Investments Company