

July 24, 2019



SEI Reports Second-Quarter 2019 Financial Results

OAKS, Pa., July 24, 2019 /PRNewswire/ -- SEI Investments Company (NASDAQ: SEIC) today announced financial results for the second-quarter 2019. Diluted earnings per share were \$0.82 in second-quarter 2019 compared to \$0.75 in second-quarter 2018.

In addition, on July 23, 2019, SEI's Board of Directors approved an increase in its stock repurchase program by an additional \$250 million, increasing the available authorization under the program to approximately \$280 million.

Consolidated Overview

(In thousands, except earnings per share)

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>%</u>	<u>2019</u>	<u>2018</u>	<u>%</u>
Revenues	\$409,586	\$404,830	1%	\$810,406	\$810,428	—%
Net income	126,540	121,677	4%	240,521	261,515	(8)%
Diluted earnings per share	\$0.82	\$0.75	9%	\$1.54	\$1.61	(4)%

"Our second-quarter results reflect improved capital markets, the implementation of new clients and the delivery of services to existing clients. We are efficiently managing the business while making the necessary investments to expand our opportunities and strengthen the platforms we bring to our target markets," said Alfred P. West, Jr., SEI Chairman and CEO.

"We continue to face up to the challenges presented by the ever-changing markets, while innovating to take advantage of today's opportunities and those we anticipate in the future. Our platforms are built to help our clients achieve lasting success. This key focus will foster the company's growth and increased shareholder value over the long term."

Summary of Second-Quarter Results by Business Segment

(In thousands)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>%</u>	<u>2019</u>	<u>2018</u>	<u>%</u>
Private Banks:						
Revenues	\$116,092	\$121,126	(4)%	\$234,351	\$243,290	(4)%
Expenses	<u>107,790</u>	<u>114,842</u>	(6)%	<u>218,752</u>	<u>227,044</u>	(4)%
Operating Profit	8,302	6,284	32%	15,599	16,246	(4)%
Operating Margin	7 %	5 %		7 %	7 %	
Investment Advisors:						
Revenues	100,122	99,890	—%	194,883	199,082	(2)%
Expenses	<u>50,558</u>	<u>53,052</u>	(5)%	<u>103,060</u>	<u>105,505</u>	(2)%
Operating Profit	49,564	46,838	6%	91,823	93,577	(2)%
Operating Margin	50 %	47 %		47 %	47 %	
Institutional Investors:						
Revenues	81,109	83,434	(3)%	161,222	168,925	(5)%
Expenses	<u>39,361</u>	<u>40,871</u>	(4)%	<u>78,115</u>	<u>82,120</u>	(5)%
Operating Profit	41,748	42,563	(2)%	83,107	86,805	(4)%
Operating Margin	51 %	51 %		52 %	51 %	

Investment Managers:						
Revenues	109,202	97,566	12%	213,851	194,421	10%
Expenses	<u>68,371</u>	<u>63,321</u>	8%	<u>137,437</u>	<u>126,659</u>	9%
Operating Profit	40,831	34,245	19%	76,414	67,762	13%
Operating Margin	37 %	35 %		36 %	35 %	
Investments in New Businesses:						
Revenues	3,061	2,814	9%	6,099	4,710	29%
Expenses	<u>6,797</u>	<u>5,940</u>	14%	<u>12,737</u>	<u>11,038</u>	15%
Operating Loss	(3,736)	(3,126)	NM	(6,638)	(6,328)	NM
Totals:						
Revenues	\$409,586	\$404,830	1%	\$810,406	\$810,428	—%
Expenses	272,877	278,026	(2)%	550,101	552,366	—%
Corporate overhead expenses	<u>16,573</u>	<u>16,514</u>	—%	<u>36,608</u>	<u>31,456</u>	16%
Income from operations	<u>\$120,136</u>	<u>\$110,290</u>	9%	<u>\$223,697</u>	<u>\$226,606</u>	(1)%

Second-Quarter Business Highlights:

- Revenues from Asset management, administration, and distribution fees increased primarily from higher assets under administration in our Investment Managers segment.
- Our average assets under administration increased \$78.3 billion, or 14 percent, to \$623.6 billion in the second-quarter 2019, as compared to \$545.3 billion during the second-quarter 2018 (see attached Average Asset Balances schedules for further details).
- Our average assets under management, excluding LSV, increased \$1.6 billion, or one percent, to \$228.6 billion in the second-quarter 2019, as compared to \$227.0 billion during the second-quarter 2018 (see attached Average Asset Balances schedules for further details).
- Information processing and software servicing fees in our Private Banks segment decreased by \$3.4 million due to decreased non-recurring fees and previously announced client losses.
- Our Subadvisory, distribution and other asset management costs increased in second-quarter 2019, primarily from higher assets under management.
- Sales events, net of client losses, during second-quarter 2019 totaled approximately \$12.7 million and are expected to generate net annualized recurring revenues of approximately \$10.8 million when contract values are fully realized.
- Our earnings from LSV decreased by \$3.2 million, or eight percent, to \$37.8 million in second-quarter 2019 as compared to \$41.1 million in second-quarter 2018. The decrease in earnings was primarily due to a decline in assets under management from market depreciation, as well as reduced performance fees earned by LSV and negative cash flows.
- Our operating expenses during the second-quarter 2019 decreased primarily due to cost containment measures implemented in late 2018 and early 2019. These measures mainly impacted personnel compensation and consulting costs.
- Total expenses during the second-quarter 2019 in our Investment Advisors segment included approximately \$400 thousand of fixed costs associated with TRUST 3000®.
- We capitalized \$9.0 million of software development costs in second-quarter 2019 for continued enhancements to the SEI Wealth PlatformSM (SWP). Amortization expense related to SWP was \$10.5 million in second-quarter 2019.
- Our effective tax rates were 22.1 percent in second-quarter 2019 and 21.1 percent in second-quarter 2018. The increase in our effective tax rate was primarily due to reduced tax benefits from a lower volume of stock option exercise activity during the quarter as compared to the prior year period.
- We repurchased 1.8 million shares of our common stock for \$97.0 million during the second-quarter 2019.

Earnings Conference Call

A conference call to review earnings is scheduled for 4:30 p.m. Eastern Time on July 24, 2019. Investors may listen to the call at seic.com/ir-events. Investors may also listen to a replay by telephone at (USA) 800-475-6701; (International) 320-365-3844, access code 469877.

About SEI

After 50 years in business, SEI (NASDAQ:SEIC) remains 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 June 30, 2019, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers \$970 billion in hedge, private equity, mutual fund and pooled or separately managed assets, including \$335 billion in assets under management and \$630 billion in client assets under administration. For more information, visit seic.com.

This release contains forward-looking statements within the meaning of the rules and regulations of the Securities and Exchange Commission. In some cases you can identify forward-looking statements by the words "may," "will," "expect," "believe," and "continue" or "appear." Our forward-looking statements include discussions about future operations, strategies and financial results, including our expectations as to revenue that we believe will be generated by sales events that occurred during the quarter, the degree to which we are able to take advantage of current and anticipated market opportunities, the degree to which the manner in which we will seek to invest will create opportunities for growth and value, and whether our current initiatives will create growth and shareholder value. You should not place undue reliance on our forward-looking statements as they are based on the current beliefs and expectations of our management and subject to significant risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe the assumptions upon which we base our forward-looking statements are reasonable, they could be inaccurate. Some of the risks and important factors that could cause actual results to differ from those described in our forward-looking statements can be found in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended Dec. 31, 2018, filed with the Securities and Exchange Commission and available on our website at <https://www.seic.com/investor-relations> and on the Securities and Exchange Commission's website (www.sec.gov). There may be additional risks that we do not presently know or that we currently believe are immaterial which could also cause actual results to differ from those contained in our forward-looking statements. We do not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Asset management, admin. and distribution fees	\$324,925	\$316,508	\$638,869	\$632,717
Information processing and software servicing fees	84,661	88,322	171,537	177,711
Total revenues	409,586	404,830	810,406	810,428
Subadvisory, distribution and other asset mgmt. costs	46,177	45,209	89,982	90,414
Software royalties and other information processing costs	7,393	7,977	15,521	16,695
Compensation, benefits and other personnel	125,999	127,375	256,334	251,652
Stock-based compensation	5,064	5,323	10,102	10,518
Consulting, outsourcing and professional fees	45,330	50,441	95,536	99,148
Data processing and computer related	22,184	21,133	43,176	41,724
Facilities, supplies and other costs	17,100	17,783	35,845	35,396
Amortization	12,781	12,161	25,460	24,015
Depreciation	7,422	7,138	14,753	14,260
Total expenses	289,450	294,540	586,709	583,822
Income from operations	120,136	110,290	223,697	226,606
Net gain (loss) on investments	231	(139)	1,510	(549)
Interest and dividend income	4,313	3,162	8,570	5,664
Interest expense	(166)	(132)	(323)	(389)
Equity in earnings of unconsolidated affiliate	37,832	41,073	75,149	81,680
Income before income taxes	162,346	154,254	308,603	313,012

Income taxes	<u>35,806</u>	<u>32,577</u>	<u>68,082</u>	<u>51,497</u>
Net income	<u>\$126,540</u>	<u>\$121,677</u>	<u>\$240,521</u>	<u>\$261,515</u>
Basic earnings per common share	<u>\$0.83</u>	<u>\$0.77</u>	<u>\$1.58</u>	<u>\$1.66</u>
Shares used to calculate basic earnings per share	<u>151,863</u>	<u>157,542</u>	<u>152,587</u>	<u>157,488</u>
Diluted earnings per common share	<u>\$0.82</u>	<u>\$0.75</u>	<u>\$1.54</u>	<u>\$1.61</u>
Shares used to calculate diluted earnings per share	<u>155,165</u>	<u>162,225</u>	<u>155,853</u>	<u>162,825</u>
Dividends declared per common share	<u>\$0.33</u>	<u>\$0.30</u>	<u>\$0.33</u>	<u>\$0.30</u>

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

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$682,266	\$754,525
Restricted cash	3,520	3,514
Receivables from investment products	52,407	49,869
Receivables, net of allowance for doubtful accounts of \$1,101 and \$718	335,144	315,336
Securities owned	32,289	30,892
Other current assets	<u>31,915</u>	<u>36,676</u>
Total Current Assets	1,137,541	1,190,812
Property and Equipment, net of accumulated depreciation of \$352,293 and \$338,206	150,045	145,863
Operating Lease Right-of-Use Assets	42,940	—
Capitalized Software, net of accumulated amortization of \$418,675 and \$395,171	305,184	309,500
Investments Available for Sale	106,671	111,901
Investments in Affiliated Funds, at fair value	5,434	4,887
Investment in Unconsolidated Affiliate	50,203	52,342
Goodwill	64,489	64,489
Intangible Assets, net of accumulated amortization of \$6,932 and \$5,090	29,828	31,670
Deferred Contract Costs	25,132	24,007
Deferred Income Taxes	1,571	2,042
Other Assets, net	<u>33,761</u>	<u>34,155</u>
Total Assets	<u>\$1,952,799</u>	<u>\$1,971,668</u>
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$5,494	\$10,920
Accrued liabilities	178,473	279,634
Short-term operating lease liabilities	8,259	—
Deferred revenue	<u>4,705</u>	<u>5,154</u>
Total Current Liabilities	196,931	295,708
Long-term Taxes Payable	803	803
Deferred Income Taxes	55,793	57,795
Long-term Operating Lease Liabilities	39,427	—
Other Long-term Liabilities	<u>25,344</u>	<u>24,215</u>
Total Liabilities	318,298	378,521
Shareholders' Equity:		

Common stock, \$0.01 par value, 750,000 shares authorized; 150,955 and 153,634

shares issued and outstanding

Capital in excess of par value

Retained earnings

Accumulated other comprehensive loss, net

Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

1,509

1,122,068

541,664

(30,740)

1,634,501

\$1,952,799

1,536

1,106,641

517,970

(33,000)

1,593,147

\$1,971,668

ENDING ASSET BALANCES
(In millions) (Unaudited)

	Jun. 30, 2018	Sept. 30, 2018	Dec 31, 2018	Mar. 31, 2019	Jun. 30, 2019
Private Banks:					
Equity and fixed-income programs	\$22,448	\$22,739	\$20,453	\$22,369	\$22,563
Collective trust fund programs	4	4	4	4	4
Liquidity funds	<u>3,471</u>	<u>3,142</u>	<u>3,633</u>	<u>3,753</u>	<u>3,322</u>
Total assets under management	\$25,923	\$25,885	\$24,090	\$26,126	\$25,889
Client assets under administration	<u>22,435</u>	<u>23,394</u>	<u>20,226</u>	<u>22,886</u>	<u>23,387</u>
Total assets	\$48,358	\$49,279	\$44,316	\$49,012	\$49,276
Investment Advisors:					
Equity and fixed-income programs	\$62,227	\$63,958	\$55,395	\$61,277	\$64,591
Collective trust fund programs	5	5	7	5	6
Liquidity funds	<u>3,101</u>	<u>3,182</u>	<u>5,948</u>	<u>4,362</u>	<u>2,618</u>
Total assets under management	\$65,333	\$67,145	\$61,350	\$65,644	\$67,215
Institutional Investors:					
Equity and fixed-income programs	\$83,687	\$85,248	\$78,765	\$82,578	\$82,335
Collective trust fund programs	73	74	79	79	78
Liquidity funds	<u>2,594</u>	<u>2,544</u>	<u>2,234</u>	<u>2,529</u>	<u>2,173</u>
Total assets under management	\$86,354	\$87,866	\$81,078	\$85,186	\$84,586
Client assets under advisement	<u>4,544</u>	<u>4,131</u>	<u>3,359</u>	<u>3,694</u>	<u>3,598</u>
Total assets	\$90,898	\$91,997	\$84,437	\$88,880	\$88,184
Investment Managers:					
Equity and fixed-income programs	\$95	\$99	\$89	\$—	\$—
Collective trust fund programs	45,213	46,934	42,804	49,232	51,838
Liquidity funds	<u>496</u>	<u>580</u>	<u>336</u>	<u>704</u>	<u>472</u>
Total assets under management	\$45,804	\$47,613	\$43,229	\$49,936	\$52,310
Client assets under administration (A)	<u>522,700</u>	<u>552,411</u>	<u>552,318</u>	<u>585,997</u>	<u>607,086</u>
Total assets	\$568,504	\$600,024	\$595,547	\$635,933	\$659,396
Investments in New Businesses:					
Equity and fixed-income programs	\$1,120	\$1,179	\$1,257	\$1,466	\$1,566
Liquidity funds	<u>106</u>	<u>162</u>	<u>189</u>	<u>218</u>	<u>141</u>
Total assets under management	\$1,226	\$1,341	\$1,446	\$1,684	\$1,707
Client assets under advisement	<u>807</u>	<u>730</u>	<u>687</u>	<u>729</u>	<u>887</u>
Total assets	\$2,033	\$2,071	\$2,133	\$2,413	\$2,594
LSV Asset Management:					
Equity and fixed-income programs (B)	\$106,505	\$109,363	\$96,114	\$103,163	\$103,575
Total:					
Equity and fixed-income programs (C)	\$276,082	\$282,586	\$252,073	\$270,853	\$274,630
Collective trust fund programs	45,295	47,017	42,894	49,320	51,926
Liquidity funds	<u>9,768</u>	<u>9,610</u>	<u>12,340</u>	<u>11,566</u>	<u>8,726</u>
Total assets under management	\$331,145	\$339,213	\$307,307	\$331,739	\$335,282
Client assets under advisement	<u>5,351</u>	<u>4,861</u>	<u>4,046</u>	<u>4,423</u>	<u>4,485</u>

Client assets under administration (D)	545,135	575,805	572,544	608,883	630,473
Total assets	<u>\$881,631</u>	<u>\$919,879</u>	<u>\$883,897</u>	<u>\$945,045</u>	<u>\$970,240</u>

- (A) Client assets under administration in the Investment Managers segment include \$57.1 billion of assets that are at fee levels below our normal full-service assets (as of June 30, 2019).
 (B) Equity and fixed-income programs include \$2.8 billion of assets managed by LSV in which fees are based on performance only (as of June 30, 2019).
 (C) Equity and fixed-income programs include \$5.5 billion of assets invested in various asset allocation funds at June 30, 2019.
 (D) In addition to the numbers presented, SEI also administers an additional \$11.6 billion in Funds of Funds assets (as of June 30, 2019) on which SEI does not earn an administration fee.

AVERAGE ASSET BALANCES
(In millions) (Unaudited)

	2nd Qtr. 2018	3rd Qtr. 2018	4th Qtr. 2018	1st Qtr. 2019	2nd Qtr. 2019
Private Banks:					
Equity and fixed-income programs	\$22,870	\$22,516	\$21,383	\$21,831	\$22,088
Collective trust fund programs	4	4	4	4	4
Liquidity funds	<u>3,516</u>	<u>3,376</u>	<u>3,265</u>	<u>3,706</u>	<u>3,388</u>
Total assets under management	\$26,390	\$25,896	\$24,652	\$25,541	\$25,480
Client assets under administration	<u>22,605</u>	<u>23,175</u>	<u>21,608</u>	<u>22,098</u>	<u>23,124</u>
Total assets	\$48,995	\$49,071	\$46,260	\$47,639	\$48,604
Investment Advisors:					
Equity and fixed-income programs	\$62,890	\$63,399	\$59,954	\$58,732	\$62,419
Collective trust fund programs	5	5	4	5	6
Liquidity funds	<u>2,429</u>	<u>2,958</u>	<u>3,452</u>	<u>5,298</u>	<u>3,465</u>
Total assets under management	\$65,324	\$66,362	\$63,410	\$64,035	\$65,890
Institutional Investors:					
Equity and fixed-income programs	\$85,045	\$84,885	\$81,833	\$81,725	\$82,597
Collective trust fund programs	72	74	75	79	78
Liquidity funds	<u>2,621</u>	<u>2,469</u>	<u>2,449</u>	<u>2,375</u>	<u>2,342</u>
Total assets under management	\$87,738	\$87,428	\$84,357	\$84,179	\$85,017
Client assets under advisement	<u>4,301</u>	<u>4,263</u>	<u>3,566</u>	<u>3,494</u>	<u>3,641</u>
Total assets	\$92,039	\$91,691	\$87,923	\$87,673	\$88,658
Investment Managers:					
Equity and fixed-income programs	\$109	\$95	\$96	\$—	\$—
Collective trust fund programs	45,646	45,856	44,009	47,322	50,108
Liquidity funds	<u>649</u>	<u>555</u>	<u>480</u>	<u>559</u>	<u>497</u>
Total assets under management	\$46,404	\$46,506	\$44,585	\$47,881	\$50,605
Client assets under administration (A)	<u>522,679</u>	<u>541,063</u>	<u>561,043</u>	<u>572,065</u>	<u>600,509</u>
Total assets	\$569,083	\$587,569	\$605,628	\$619,946	\$651,114
Investments in New Businesses:					
Equity and fixed-income programs	\$1,090	\$1,148	\$1,198	\$1,394	\$1,436
Liquidity funds	<u>95</u>	<u>146</u>	<u>179</u>	<u>202</u>	<u>178</u>
Total assets under management	\$1,185	\$1,294	\$1,377	\$1,596	\$1,614
Client assets under advisement	<u>813</u>	<u>777</u>	<u>958</u>	<u>708</u>	<u>917</u>
Total assets	\$1,998	\$2,071	\$2,335	\$2,304	\$2,531
LSV Asset Management:					
Equity and fixed-income programs (B)	\$108,380	\$109,527	\$99,791	\$104,517	\$102,919
Total:					
Equity and fixed-income programs (C)	\$280,384	\$281,570	\$264,255	\$268,199	\$271,459
Collective trust fund programs	45,727	45,939	44,092	47,410	50,196
Liquidity funds	<u>9,310</u>	<u>9,504</u>	<u>9,825</u>	<u>12,140</u>	<u>9,870</u>
Total assets under management	\$335,421	\$337,013	\$318,172	\$327,749	\$331,525
Client assets under advisement	5,114	5,040	4,524	4,202	4,558

Client assets under administration (D)	<u>545,284</u>	<u>564,238</u>	<u>582,651</u>	<u>594,163</u>	<u>623,633</u>
Total assets	<u>\$885,819</u>	<u>\$906,291</u>	<u>\$905,347</u>	<u>\$926,114</u>	<u>\$959,716</u>

- (A) Average client assets under administration in the Investment Managers segment during second-quarter 2019 include \$56.7 billion that are at fee levels below our normal full-service assets.
- (B) Equity and fixed-income programs include \$2.8 billion of average assets managed by LSV in which fees are based on performance only during second-quarter 2019.
- (C) Equity and fixed-income programs include \$5.6 billion of average assets invested in various asset allocation funds during second-quarter 2019.
- (D) In addition to the numbers presented, SEI also administers an additional \$11.5 billion of average assets in Funds of Funds assets during second-quarter 2019 on which SEI does not earn an administration fee.

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