

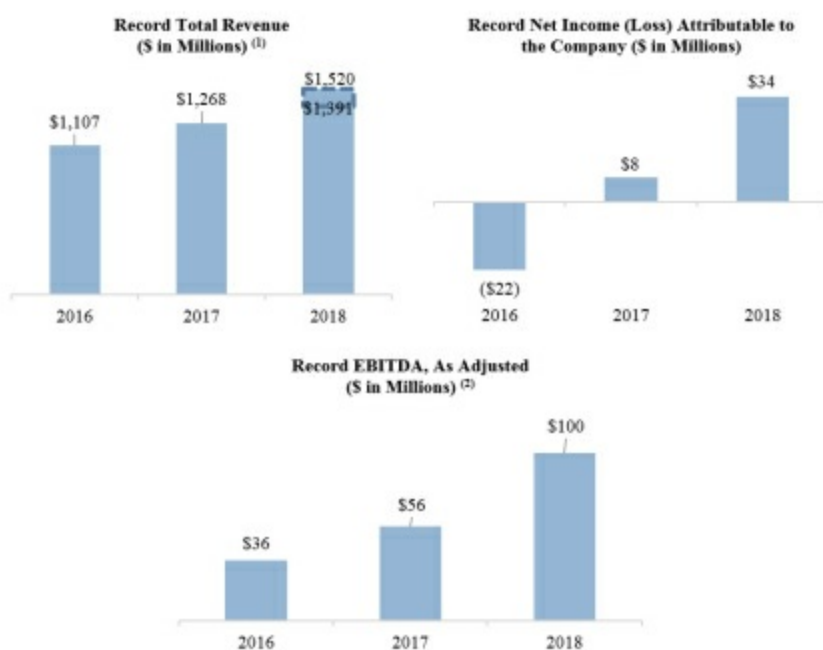
May 2, 2019



Ladenburg Thalmann Sends Annual Letter to Shareholders

MIAMI--(BUSINESS WIRE)-- Ladenburg Thalmann Financial Services Inc. (NYSE American: LTS, LTSL, LTS PrA, LTSF, LTSK) today announced that the Company sent the following annual letter to its shareholders from the Company's Chairman, President and CEO, Richard J. Lampen:

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20190502005273/en/>



(1) Revenue data for 2018 reflects both as reported and pre-ASC 606 adjustment values (as depicted above []). Please refer to the reconciliation schedules for ASC 606 adjustments in our SEC filings. See Note 2, "Summary of Significant Accounting Policies" and Note 4, "Revenue from Contracts with Customers," to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 (the "10-K").

(2) EBITDA, as adjusted, is a non-GAAP financial measure, as defined on page 36 of our 10-K. Please refer to the 10-K for a reconciliation of net income (loss) attributable to the Company as reported to EBITDA, as adjusted.

Dear Fellow Shareholder:

2018 was a year of strong performance for Ladenburg in financial, operational and strategic terms, as we broadened and deepened our position as a leader in the independent retail financial advice space, while continuing to generate robust results from our capital markets and investment banking business.

Ladenburg's revenues for the year increased 9.7% from the prior year period to \$1.4 billion, the

(Graphic: Business Wire)

majority of which originated from our independent advisory and brokerage (IAB) segment.

These numbers not only underscore ongoing favorable market conditions – including the positive effects of a higher interest rate environment – but more importantly, spotlight the strength of our long-term strategy, and its focus on profitably growing our independent advisory and brokerage (IAB)-related businesses.

2018 Financial Performance Summary Highlights

Our robust financial performance for 2018 encompasses the following summary highlights:

- Revenues were \$1.4 billion, an increase of 9.7% from the prior year.
- 2018 net income was \$33.8 million and EBITDA, as adjusted, was \$100.4 million.
- Revenues for our IAB segment increased 1.8% compared to the prior year to \$1.16 billion, including advisory fees, trailing commissions, interest income and service fees, compared to \$1.14 billion in IAB segment revenues from 2017.
- Total client assets of \$158.6 billion at December 31, 2018, including advisory assets under management of \$72.8 billion.
- Recurring revenue of 77.3% for fiscal 2018 in our IAB segment.
- Ladenburg Thalmann Asset Management (LTAM) – our internal wealth management division that supports our IAB segment’s financial advisors and their clients – ended 2018 with approximately \$2.5 billion of assets under management.
- Complementing the robust performance of our IAB segment, our investment banking group turned in solid results as well, with revenue from capital raising activities increasing nearly 30% from the prior year.

Ladenburg’s Independent Advisory and Brokerage (IAB) Segment

Going beyond financial performance numbers, we are excited about the strategic and operating success of our independent advisory and brokerage (IAB) segment. This segment encompasses our five firms that collectively support over 4,400 financial advisors across the country, including Securities America, Triad Advisors, Investacorp, KMS Financial Services and Securities Service Network.

Our focus on our IAB segment reflects Ladenburg’s passionate belief in the power of objective and professional guidance, delivered by trusted financial advisors, to help many thousands of individuals, families and business owners reach their life goals.

We are proud of the role we play in delivering access to professional advice and planning to individuals and households with \$100,000 to \$2,000,000 in net investible assets. This is an underserved retail investor segment, estimated by third-party industry experts to represent an asset base of roughly \$17 trillion. Equally important, it is a population segment that encompasses members of the Millennial, Gen X and Baby Boomer generations, many of whom are experiencing significant life inflection points, and who increasingly recognize the value of professional financial advice.

With this context in mind, our IAB segment’s continued success has been built on four unique strengths of Ladenburg:

- ***First, we translate our intellectual and financial capital, technology and other resources into platforms and tools that directly support the success of our financial advisors.*** This core strength makes Ladenburg a top destination for experienced and successful advisors seeking to deliver a personalized, planning-based service experience to individuals, families and business owners.

- **Second, we are a leading innovator of the network model in the independent financial advice space.** We support a true multi-brand structure that embraces distinct advisor service cultures, while also delivering on the enterprise-level stability, security and business growth tools that independent advisors demand in a rapidly consolidating landscape. All of this enables us to appeal to the widest possible range of advisor preferences and needs in recruiting and retaining successful and experienced financial advisors to each of our IAB firms.
- **Third, we invest in visionary innovation that directly benefits our financial advisors.** We do so by recognizing social, cultural and economic trends that can fundamentally transform the delivery and consumption of financial advice, while also identifying early-stage technology firms with tools we can adapt for our financial advisors that place them nicely ahead of the curve in capturing major new opportunities arising from these trends. This marks a clear departure from the way innovation is frequently viewed in the narrow context of incremental improvements to daily-use technologies.
- **Our culture of authentic collaboration inspires different firms, teams and individuals to come together proactively and capture growth opportunities while solving challenges.** We leverage the diversity of best practices and thought leadership that exists across each corner of our organization to the advantage of the financial advisors we serve.

Reflecting these core strengths, our key business highlights for our IAB segment for 2018 include the following:

- **The enterprise-level platforms and functions we rolled out last year are now fully operational and driving significant value-add.** Our new enterprise-level due diligence platform has been delivering scalable due diligence solutions to our financial advisors, significantly supplementing existing IAB resources. Similarly, our Ladenburg Innovation Lab, which serves as the primary vehicle for our commitment to visionary innovation, has already established a recurring and highly collaborative innovation investing process that involves growth-oriented financial advisors, leaders across our organization and members of the early-stage technology start-up and venture capital communities.
- **We continue to invest in existing enterprise-level functions to deliver additional resources to support the growth and success of our financial advisors.** We continued to expand Ladenburg Practice Management, which partners closely with our IAB subsidiaries and their advisors to identify and roll-out strategies, tools and platforms that enable our advisors to operate more effectively their businesses and distinguish their value proposition.
- **Our Ladenburg Advantage platform continues to serve as a key differentiator for our company.** We made enhancements to our Ladenburg Advantage platform, which delivers a differentiated set of resources and services available through our various affiliated companies that are strategically adjacent to the work our financial advisors do. The platform encompasses Ladenburg's proprietary research, investment banking and capital markets services, fixed income trading and syndicate products, Highland Capital's insurance and annuity expertise, Premier Trust's trust services and Ladenburg Thalman Asset Management's turnkey asset management solutions.

In 2018, we generated significant momentum in building out the product, consulting and marketing capabilities of Highland Capital, our insurance and annuity distribution subsidiary. This reflects the growing importance of providing high-touch consultative support for financial advisors in this increasingly crucial area of financial planning solutions for an aging population. This effort included Highland Capital's acquisition of the distribution business of Kestler Financial Group, as well as key assets of Four Seasons Financial Group, both longstanding insurance and annuity industry leaders.

- ***We have integrated planning, platforms and expertise throughout Ladenburg to support the launch and consolidation of advisor-facing events that can accelerate the success of our IABs and financial advisors.*** In 2018, we hosted our second annual Ladenburg Advisory Symposium, designed to provide our financial advisors with the resources and expertise they need to grow their fee-based advisory work, with attendance and positive attendee feedback once again significantly exceeding expectations.

Leveraging our approach to the Ladenburg Advisory Symposium as a blueprint for organizing other enterprise-level events, we are now well-positioned to deliver successful and effective national conferences that consolidate national conference activities that previously existed across each of our five firms. Most importantly, we look forward to delivering a consolidated national conference experience that drives significantly enhanced professional development and learning experiences for our advisors, as well as networking, practice acquisition and succession planning opportunities, while providing measurable value for our strategic partners.

As we move forward, we will continue to focus on multiple opportunities to significantly accelerate our growth on an organic basis. From intensifying our ongoing advisor recruiting efforts across each of our firms, to maximizing advisor retention, to identifying opportunities to enhance the financial advisor service experience, Ladenburg's IAB segment is well-positioned for future success.

We also intend to take an opportunistic approach in seeking to identify potential acquisitions of firms that would be a strong fit with our existing IABs, as well as other businesses that offer a unique advisor-facing solution set or service that can further create value for the financial advisors we support, and by extension, Ladenburg's shareholders.

Ladenburg's Investment Banking & Capital Markets Business

Revenues from our investment banking & capital markets segment for 2018 increased by 17% to \$78.1 million, compared to \$66.7 million in 2017. The segment's success was driven by the nearly 30% increase in revenue from capital raising activities for small and mid-cap public companies.

Our investment bankers remain focused on healthcare and biotechnology companies, as well as the energy and technology sectors. Consistent with our long-term strategy of seeking to mobilize our distribution network, we are also focused on yield-oriented equities that are attractive to both institutional and individual investors.

In 2018, our investment bank participated in 82 underwritten offerings that raised an

aggregate of approximately \$6.1 billion. Our investment bank also placed 15 registered direct and PIPE offerings, which raised an aggregate of approximately \$334 million.

Quarterly Cash Dividend, Management and Board of Directors Update

We were pleased to increase our quarterly cash dividend on our common stock to \$0.05 per share in 2018, while continuing to invest in our business. Cash dividends of \$8.8 million were paid to common shareholders in 2018.

Since the beginning of 2018, we made some key additions to strengthen our management team. Erinn Ford joined us as President of KMS Financial Services in February 2018 and recently assumed the additional position of CEO. Erinn, who is one of the most visible leaders in the retail financial advice space, especially in the Pacific Northwest where KMS is based, brought to us her extensive experience as a senior executive in our industry. We were also pleased to announce in April 2019 that veteran industry operations and technology leader David Ballard has joined us at our parent company as Senior Vice President, Enterprise Services.

Additionally, we updated our Board composition in 2018 and early 2019. I was privileged to take on the role of Board Chairman, in tandem with my ongoing position as President and CEO of Ladenburg, while Adam Malamed, our EVP and Chief Operating Officer, also joined the Board as a fellow member. We were also pleased to welcome to our Board both Glenn C. Davis – a veteran CPA and strategic consultant with senior experience across firms such as CohnReznick LLP and Coopers & Lybrand – as well as Michael Liebowitz, President and CEO of Harbor Group Consulting, an insurance advisory firm.

At the same time, the Ladenburg Board and executive team extends our deepest sympathies to the friends and family of Jeffrey S. Podell, a long-serving member of our Board who passed away in August 2018. We will miss the expertise Jeff brought to our Board, and we are grateful for his many contributions to the Company.

While our Board membership has been updated, as major shareholders in Ladenburg, the interests of our Board directors and our senior leadership team remain directly aligned with our shareholders, and we all remain completely focused on the creation of long-term value for our shareholders as our foremost priority.

Ladenburg's Commitment to Corporate Citizenship

Ladenburg has a deep and longstanding commitment to good corporate citizenship, even as we remain focused on creating long-term shareholder value through profitable growth across our business segments.

We believe our company's position as a leader in the independent retail financial advice space imparts on us a unique responsibility for driving broader changes that benefit both the financial advisor community, as well as individuals and households who deserve access to high quality, professional financial guidance to meet their life goals.

In keeping with this sense of responsibility and our passion for supporting the financial advice profession, Ladenburg was proud to form the Ladenburg Institute of Women & Finance (LIWF) in 2012, which today is a leading force in supporting the inclusion and

business success of female financial advisors and executives in our industry.

In 2018, we were proud to convene our seventh annual Ladenburg Institute of Women & Finance Symposium, an invitation-only event that brings together leading women advisors from Ladenburg's independent advisory and brokerage firms to share insights on how female advisors in particular can best position themselves for professional success with respect to ongoing shifts in client expectations, demographics and technology. In addition, the 2018 Symposium celebrated the success of Ladenburg's IAB subsidiaries in bolstering the ranks of women advisors in the profession. In June 2018, Financial Planning magazine recognized that 28% of advisors affiliated with both Securities America and Triad Advisors are female, while women make up 22% of KMS's advisors. Separately, a May 2018 article in Investment News recognized Securities America for increasing the firm's proportion of women advisors as a percentage of total advisors by 1.3% from the previous year.

On a closely related note, our LIFT Mentoring Program of LIWF continues to play an instrumental role as it advances into its sixth year since inception in helping younger female advisors in the Ladenburg community benefit from the guidance and insights of more experienced female advisors.

In July 2018, Jim Nagengast, the President and CEO of Securities America, our largest IAB firm, was elected to a large firm seat on the FINRA Board of Governors, where he helps oversee the organization dedicated to investor protections and market integrity. We thank Jim for his commitment to our industry and recognize the high respect that he and Securities America are held in by our peer firms.

Additionally, Ladenburg continues to work closely with the Financial Services Institute (FSI), the industry's leading association of independent firms and advisors. Our company's focus in this regard is to promote broad access to competent and affordable financial advice, products and services, together with a well-functioning regulatory environment for independent financial services firms, their advisors and their clients. Ladenburg's executives are active volunteer members of FSI's Board of Directors, as well as the organization's various advocacy and action committees.

2019 Outlook

I am pleased to have this opportunity to share our 2018 performance summary and highlights, communicating to you all in my first annual shareholder letter as Chairman of the Board. My role as Chairman of the Board is new, but the dedication that I share with my fellow Board members and colleagues on Ladenburg's executive leadership team to creating sustained, long-term value for our shareholders remains a constant part of our vision, planning and execution with all that we do.

As we advance into 2019, we are confident that our growth prospects for this year and beyond are bright. We have carefully built the groundwork needed to position ourselves for continued industry leadership and success, and we expect the forward momentum we have created to continue at a healthy clip.

On behalf of the Board of Directors and the management team, we extend our gratitude to all of who have contributed to our company's success. We thank you for your continued support and your ongoing confidence in Ladenburg.

Sincerely,

Richard J. Lampen
Chairman, President & CEO

About Ladenburg

Ladenburg Thalmann Financial Services Inc. (NYSE American: LTS, LTSL, LTS PrA, LTSF, LTSK) is a publicly-traded diversified financial services company based in Miami, Florida. Ladenburg's subsidiaries include industry-leading independent advisory and brokerage (IAB) firms Securities America, Triad Advisors, Securities Service Network, Investacorp and KMS Financial Services, as well as Premier Trust, Ladenburg Thalmann Asset Management, Highland Capital Brokerage, a leading independent life insurance brokerage company and full-service annuity processing and marketing company, and Ladenburg Thalmann & Co. Inc., an investment bank which has been a member of the New York Stock Exchange for over 135 years. The company is committed to investing in the growth of its subsidiaries while respecting and maintaining their individual business identities, cultures, and leadership. For more information, please visit www.ladenburg.com.

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth, future demand for financial services, growth of our independent advisory and brokerage business, growth of our investment banking and capital markets business, the amount and timing of future quarterly dividends on the Company's common stock, recruitment of financial advisors, changes in interest rates, future levels of recurring revenue, future acquisitions, future synergies, future investments and future services. These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive and/or regulatory factors, including the SEC's proposed rules and interpretations concerning the standards of conduct for broker dealers and investment advisers when dealing with retail investors, future cash flows, a change in the Company's dividend policy by the Company's Board of Directors (which has the ability in its sole discretion to increase, decrease or eliminate entirely the Company's dividend at any time) and other risks and uncertainties affecting the operation of the Company's business. These risks, uncertainties and contingencies include those set forth in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2018 and other factors detailed from time to time in its other filings with the Securities and Exchange Commission. The information set forth herein should be read in light of such risks. Further, investors should keep in mind that the Company's quarterly revenue and profits can fluctuate materially depending on many factors, including the number, size and timing of completed offerings and other transactions. Accordingly, the Company's revenue and profits in any particular quarter may not be indicative of future results. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise, except as required by law.

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