

COHEN & STEERS INC
Form 10-Q
August 08, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 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 JUNE 30, 2007
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: 001-32236

COHEN & STEERS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

280 Park Avenue

New York, NY
(Address of principal executive offices)

(212) 832-3232

(Registrant's telephone number, including area code)

14-1904657
(I.R.S. Employer

Identification No.)

10017
(Zip Code)

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

The number of shares of the Registrant's common stock, par value \$0.01 per share, outstanding as of August 8, 2007 was 39,771,325.

COHEN & STEERS, INC. AND SUBSIDIARIES

Form 10-Q

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Items other than those listed above have been omitted because they are not applicable.

Forward-Looking Statements

This report and other documents filed by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as outlook, believes, expects, potential, continues, may, should, seeks, approximately, predicts, intends, plans, estimates, anticipates or the negative versions of these comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2006, which is accessible on the Securities and Exchange Commission's Web site at <http://www.sec.gov> and on our Web site at www.cohenandsteers.com. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Part I Financial Information**Item 1. Financial Statements****COHEN & STEERS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)**

(in thousands, except share data)

| | June 30, | December 31, |
|---|------------|--------------|
| | 2007 | 2006 |
| ASSETS | | |
| Cash and cash equivalents | \$ 112,488 | \$ 139,360 |
| Marketable securities available-for-sale | 73,438 | 39,408 |
| Accounts receivable | 32,196 | 31,611 |
| Property and equipment net | 11,917 | 10,539 |
| Deferred commissions net | 8,610 | 6,248 |
| Goodwill | 20,598 | 20,609 |
| Intangible assets net | 8,719 | 10,597 |
| Deferred income tax asset net | 10,328 | 17,869 |
| Current income tax receivable | 15,754 | 4,952 |
| Other assets | 3,912 | 3,953 |
| Total assets | \$ 297,960 | \$ 285,146 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Liabilities: | | |
| Accrued compensation | \$ 18,025 | \$ 24,100 |
| Dividends payable | | 5,481 |
| Deferred rent | 2,130 | 1,773 |
| Other liabilities and accrued expenses | 11,546 | 12,383 |
| | 31,701 | 43,737 |
| Stockholders equity: | | |
| Common stock, \$0.01 par value; 500,000,000 shares authorized; 40,811,039 and 38,848,412 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively | 408 | 388 |
| Additional paid-in capital | 302,091 | 265,326 |
| Retained earnings (accumulated deficit) | 1,932 | (22,053) |
| Accumulated other comprehensive income, net of tax | 3,601 | 4,376 |
| Less: Treasury stock, at cost, 1,047,600 and 314,576 shares at June 30, 2007 and December 31, 2006, respectively | (41,773) | (6,628) |
| Total stockholders equity | 266,259 | 241,409 |
| Total liabilities and stockholders equity | \$ 297,960 | \$ 285,146 |

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|--------------------|------------------------------|--------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Revenue: | | | | |
| Investment advisory and administration fees | \$ 56,186 | \$ 35,298 | \$ 108,342 | \$ 68,304 |
| Distribution and service fees | 7,746 | 3,530 | 14,126 | 6,731 |
| Portfolio consulting and other | 2,425 | 1,165 | 4,910 | 2,099 |
| Investment banking fees | 2,930 | 2,128 | 18,676 | 2,833 |
| Total revenue | 69,287 | 42,121 | 146,054 | 79,967 |
| Expenses: | | | | |
| Employee compensation and benefits | 20,094 | 11,992 | 42,356 | 22,589 |
| Distribution and service fees | 9,297 | 81,118 | 18,564 | 88,794 |
| General and administrative | 8,146 | 6,703 | 15,417 | 12,398 |
| Depreciation and amortization | 1,731 | 1,623 | 3,402 | 3,174 |
| Amortization, deferred commissions | 2,755 | 991 | 4,825 | 1,740 |
| Total expenses | 42,023 | 102,427 | 84,564 | 128,695 |
| Operating income (loss) | 27,264 | (60,306) | 61,490 | (48,728) |
| Non-operating income (expense): | | | | |
| Interest and dividend income | 2,043 | 645 | 3,700 | 1,702 |
| Gain from sale of marketable securities | 716 | 530 | 911 | 1,189 |
| Gain (loss) from sale of property and equipment | (2) | 1,056 | (2) | 1,056 |
| Foreign currency transaction gain (loss) | 1 | (29) | (75) | (45) |
| Total non-operating income | 2,758 | 2,202 | 4,534 | 3,902 |
| Income (loss) before provision for income taxes and equity in earnings of affiliate | 30,022 | (58,104) | 66,024 | (44,826) |
| Provision for income taxes | 11,400 | (19,925) | 25,086 | (15,016) |
| Equity in earnings of affiliate | | 360 | | 708 |
| Net income (loss) | \$ 18,622 | \$ (37,819) | \$ 40,938 | \$ (29,102) |
| Earnings (loss) per share | | | | |
| Basic | \$ 0.45 | \$ (0.95) | \$ 0.98 | \$ (0.73) |
| Diluted | \$ 0.44 | \$ (0.95) | \$ 0.96 | \$ (0.73) |
| Weighted average shares outstanding | | | | |
| Basic | 41,809 | 39,805 | 41,895 | 39,831 |
| Diluted | 42,666 | 39,805 | 42,746 | 39,831 |

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

Six Months Ended June 30, 2007

(in thousands)

| | Common Stock | Additional Paid-In Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income, Net | Treasury Stock | Total |
|---|-----------------|----------------------------------|--|--|-------------------|------------|
| Beginning balance, January 1, 2007 | \$ 388 | \$ 265,326 | \$ (22,053) | \$ 4,376 | \$ (6,628) | \$ 241,409 |
| Dividends | | | (16,953) | | | (16,953) |
| Issuance of common stock | 20 | 946 | | | | 966 |
| Acquisition of treasury stock | | | | | (35,145) | (35,145) |
| Tax benefits associated with restricted stock units | | 27,501 | | | | 27,501 |
| Issuance of restricted stock units | | 2,766 | | | | 2,766 |
| Amortization of unearned compensation-net | | 5,552 | | | | 5,552 |
| Net income | | | 40,938 | | | 40,938 |
| Other comprehensive loss, net of taxes | | | | (775) | | (775) |
| Ending balance, June 30, 2007 | \$ 408 | \$ 302,091 | \$ 1,932 | \$ 3,601 | \$ (41,773) | \$ 266,259 |

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

| | Six Months Ended | |
|---|-------------------------|-----------------|
| | June 30, | June 30, |
| | 2007 | 2006 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 40,938 | \$ (29,102) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Stock compensation expense | 5,697 | |