

Janus Henderson Group 1Q18 results presentation

Wednesday 9 May 2018

Roger Thompson
Chief Financial Officer

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Co-Chief Executive Officers



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1Q18 results presentation

Business and financial update

Roger Thompson
Chief Financial Officer

1Q18 highlights

- Long-term investment performance remains strong
- AUM increased to US\$371.9bn, supported by positive markets and FX
- Adjusted diluted EPS of US\$0.71 reflecting strong financial discipline
- Declared US\$0.36 per share dividend, an increase of 13%

Key metrics – 1Q18 vs 4Q17

	1Q18	4Q17
3 year investment outperformance ¹	68%	66%
Net flows	(US\$2.7bn)	(US\$2.9bn)
Total AUM	US\$371.9bn	US\$370.8bn
US GAAP diluted EPS ²	US\$0.82	US\$2.32
Adjusted diluted EPS ³	US\$0.71	US\$0.73
Dividend per share	US\$0.36	US\$0.32

¹ Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 23.

² 4Q17 US GAAP diluted EPS of US\$2.32 includes US\$1.67 per diluted share related to the new US tax legislation.

³ See adjusted financial measures reconciliation on slide 29 for additional information.

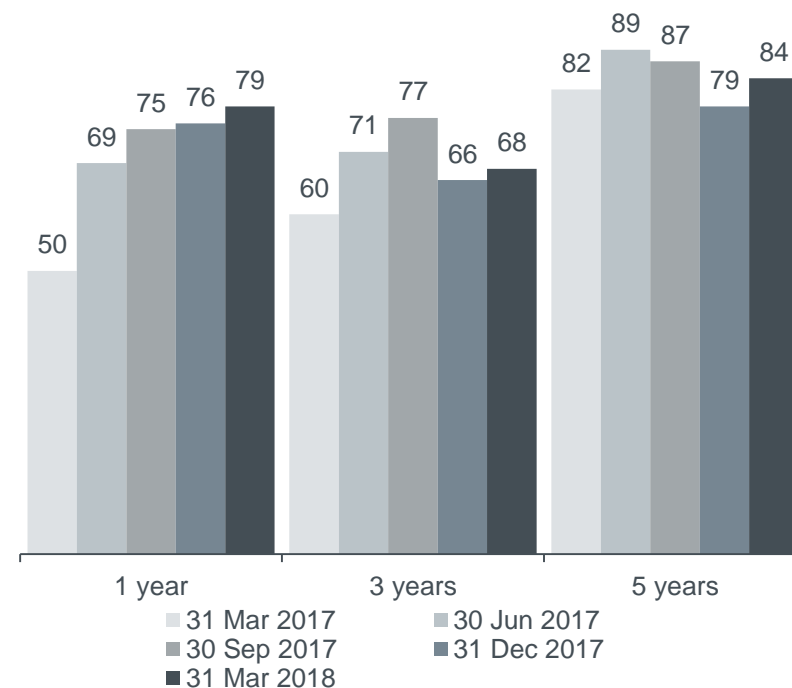
Investment performance

Investment performance strong in the face of elevated market volatility

% of AUM outperforming benchmark
(as at 31 Mar 2018)

Capability	1 year	3 years	5 years
Equities	68%	59%	76%
Fixed Income	96%	96%	97%
Quantitative Equities	91%	46%	88%
Multi-Asset	83%	87%	90%
Alternatives	95%	76%	100%
Total	79%	68%	84%

% of AUM outperforming benchmark
(31 Mar 2017 to 31 Mar 2018)



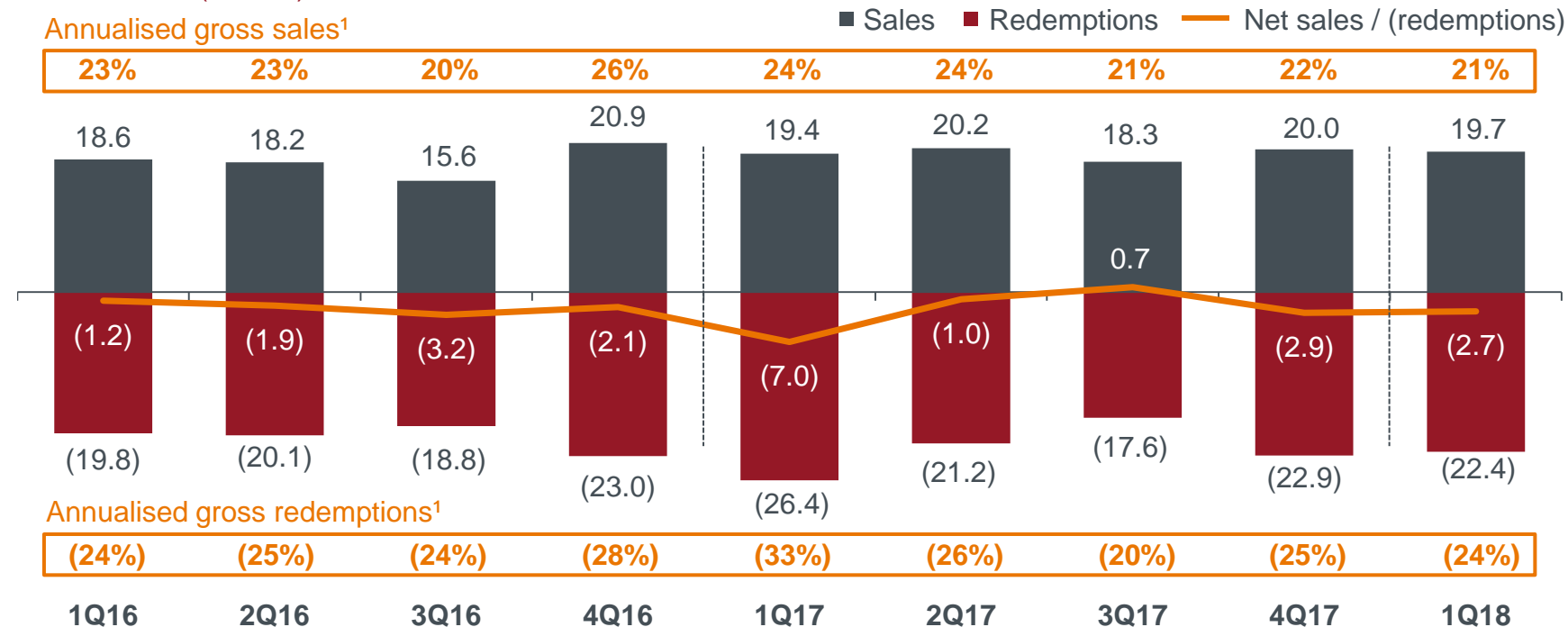
Note: Represents percentage of AUM outperforming the relevant benchmark. For periods prior to and including 30 Jun 2017, JHG pro forma AUM data is used in the calculation as if the merger had occurred at the beginning of the period shown. Full performance disclosures detailed in the appendix on slide 23.

Total flows

Institutional mandate wins offset by challenging Retail flows

Total flows

1Q16 to 1Q18 (US\$bn)



Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

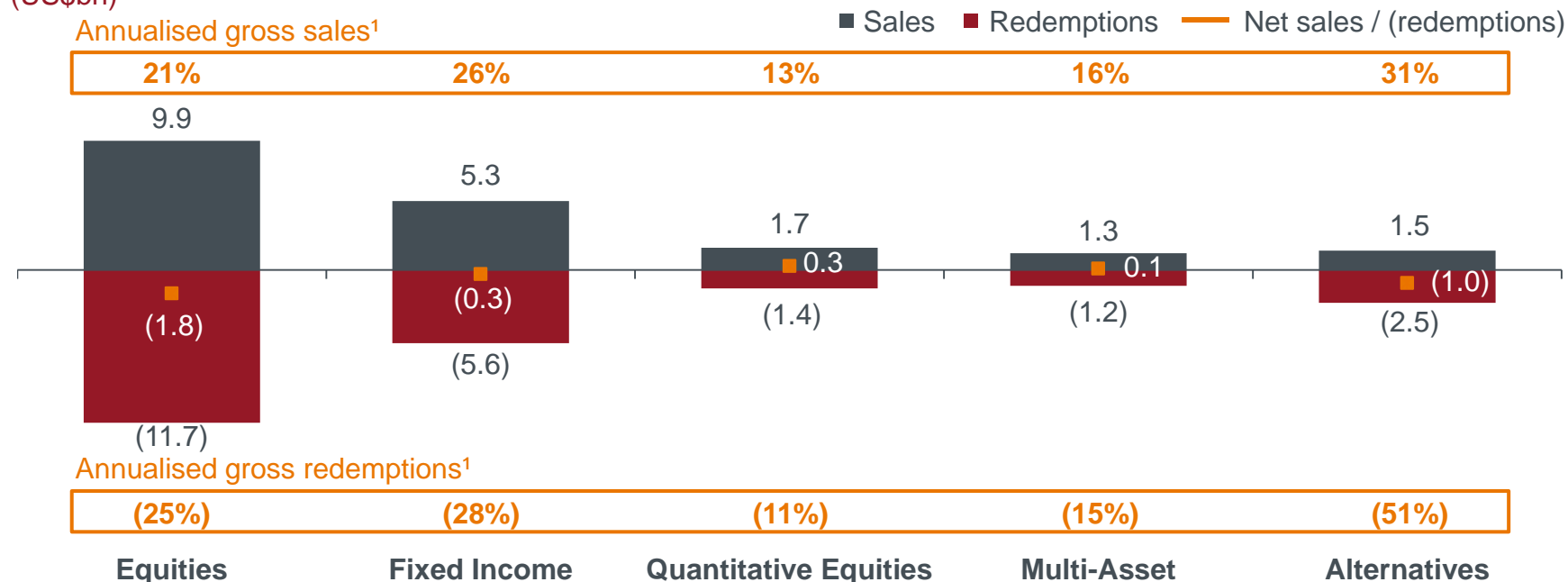
¹ Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

1Q18 flows by capability

Net outflows driven by Equities and Alternatives

1Q18 flows by capability

(US\$bn)



¹ Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

Statement of income

US GAAP and adjusted

US\$m	3 months ended 31 Mar 2018		
	US GAAP	Adjustments	Adjusted
Revenue			
Management fees	502.9		
Performance fees	(3.9)		
Shareowner servicing fees	31.5		
Other revenue	57.2		
Total revenue	587.7	(117.3)	470.4
Operating expenses			
Employee compensation and benefits	146.7		
Long-term incentive plans	40.0		
Distribution expenses	117.3		
Investment administration	11.4		
Marketing	8.5		
General, administrative and occupancy	72.2		
Depreciation and amortisation	15.4		
Total operating expenses	411.5	(129.9)	281.6
Operating income	176.2	12.6	188.8

Note: See adjusted financial measures reconciliation on slide 28 for additional information.

Financial highlights

US GAAP and adjusted

Summary of results

US\$m unless otherwise stated	1Q18	4Q17	Change 1Q18 vs 4Q17	1Q17	Change 1Q18 vs 1Q17
Average AUM	377.4bn	366.1bn	3%	329.0bn	15%
Total revenue	587.7m	621.8m	(5%)	513.4m	14%
Operating income	176.2m	196.6m	(10%)	105.9m	66%
Operating margin	30.0%	31.6%	(1.6ppt)	20.6%	9.4ppt
US GAAP diluted EPS	0.82	2.32	(65%)	0.36	128%
Adjusted revenue	470.4m	505.3m	(7%)	406.0m	16%
Adjusted operating income	188.8m	220.4m	(14%)	143.6m	31%
Adjusted operating margin	40.1%	43.6%	(3.5ppt)	35.4%	4.7ppt
Adjusted diluted EPS	0.71	0.73	(3%)	0.50	42%

Note: 1Q17 data presents results of JHG as if the merger had occurred at the beginning of the period shown. 1Q17 and 4Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 31. See adjusted financial measures reconciliation on slides 28 and 29 for additional information.

Revenue

1Q18 adjusted revenue impacted by lower performance fees

1Q18 adjusted revenue drivers

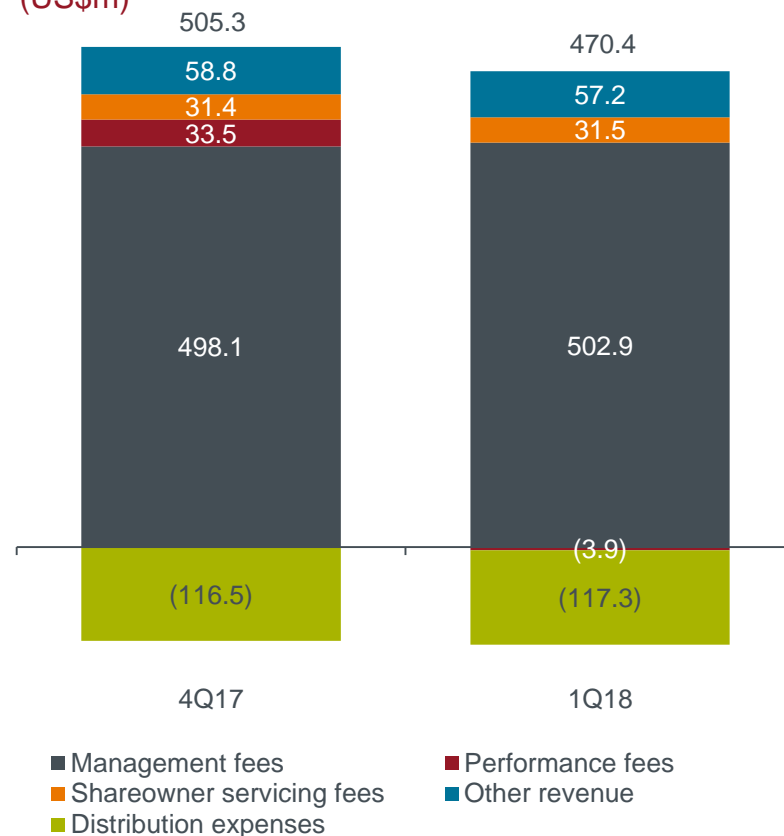
US\$m	1Q18	4Q17	Change
Total adjusted revenue	470.4	505.3	(7%)
Management fees	502.9	498.1	1%
Performance fees	(3.9)	33.5	nm
Shareowner servicing fees	31.5	31.4	–
Other revenue	57.2	58.8	(3%)
Distribution expenses	(117.3)	(116.5)	1%

- 1% increase in management fees driven by higher average AUM
- 1Q18 group average net¹ management fee margin of 44.9bps (4Q17: 44.9bps)
- Reduction in performance fees primarily due to lower performance fees from UK Absolute Return

Note: 4Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 31. See pro forma adjusted financial measures reconciliation on slide 28 for additional information.

¹ Net margin based on management fees net of distribution expenses.

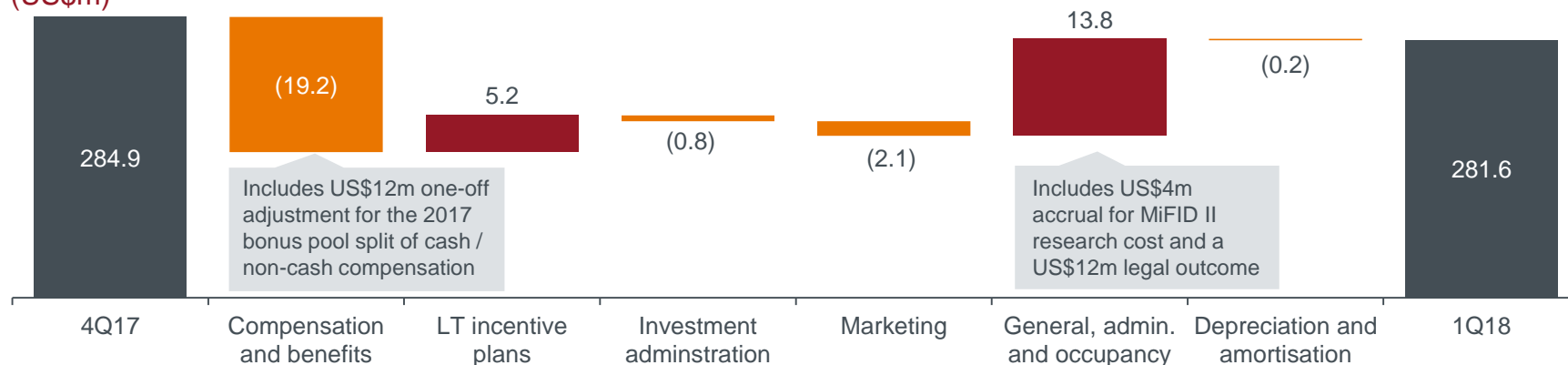
Pro forma adjusted revenue – 4Q17 vs 1Q18 (US\$m)



Operating expenses

US\$m	1Q18 US GAAP	Adjustments	1Q18 adjusted	4Q17 adjusted	Change 1Q18 adjusted vs 4Q17 adjusted
Employee compensation and benefits	146.7	(2.9)	143.8	163.0	(12%)
Long-term incentive plans	40.0	(0.1)	39.9	34.7	15%
Distribution expenses	117.3	(117.3)	–	–	nm
Investment administration	11.4	–	11.4	12.2	(7%)
Marketing	8.5	(0.1)	8.4	10.5	(20%)
General, administrative and occupancy	72.2	(2.1)	70.1	56.3	25%
Depreciation and amortisation	15.4	(7.4)	8.0	8.2	(2%)
Total operating expenses	411.5	(129.9)	281.6	284.9	(1%)

Adjusted operating expenses – 1Q18 versus 4Q17 (US\$m)

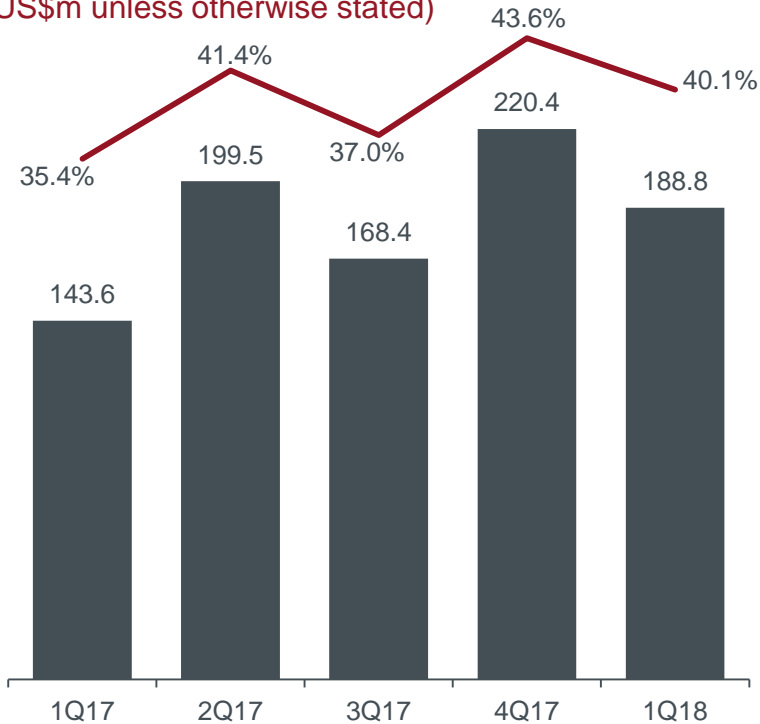


Note: See adjusted financial measures reconciliation on slide 28 for additional information.

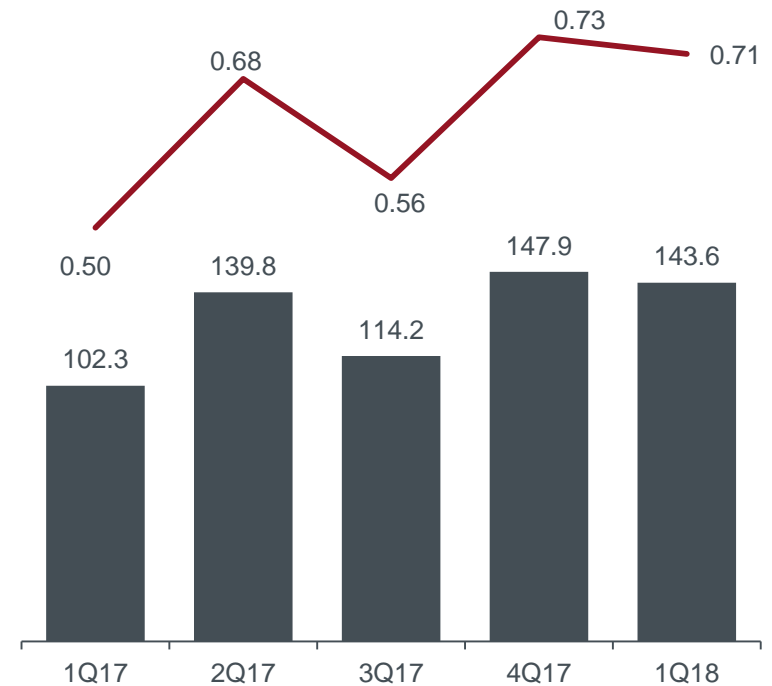
Profitability

Financial discipline to support sustainable growth

Pro forma adjusted operating income and margin
(US\$m unless otherwise stated)



Pro forma adjusted net income and diluted EPS
(US\$m, except per share data)



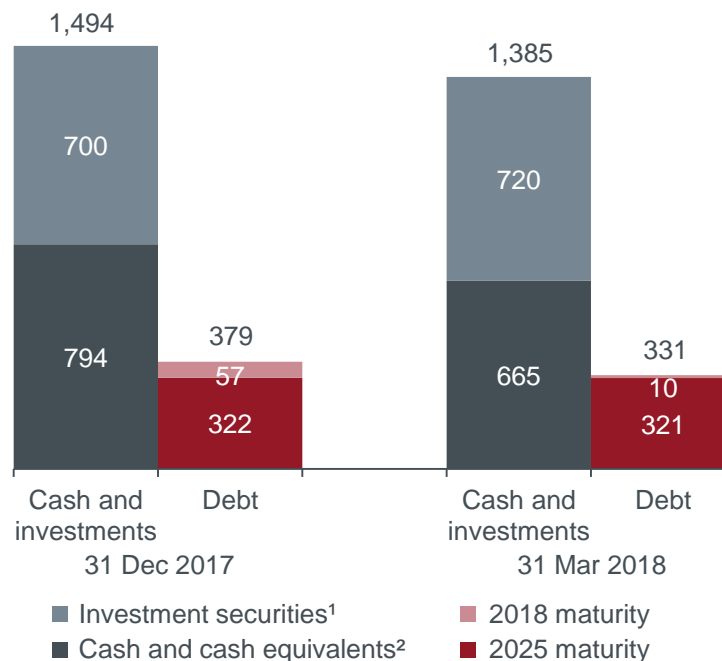
Note: Data for periods prior to and including 2Q17 presents the results of JHG as if the merger had occurred at the beginning of the period shown. See pro forma adjusted financial measures reconciliation on slides 28 and 29 for additional information.

Balance sheet

Strong liquidity position

- At 31 Mar 2018, cash and investment securities totalled US\$1,385m compared to outstanding debt of US\$331m
- Cash and investment securities decreased 7% driven by seasonal bonus payments, dividends and convertible debt repayment
- Total debt outstanding declined 13% due to US\$48m early conversion notices received from holders of 2018 Convertible Senior Notes, settled in cash for US\$82m
- The Board approved a dividend of US\$0.36 per share to be paid on 1 June to shareholders on record at the close of business on 21 May

**Balance sheet profile – carrying value
(31 December 2017 vs 31 March 2018)
(US\$m)**

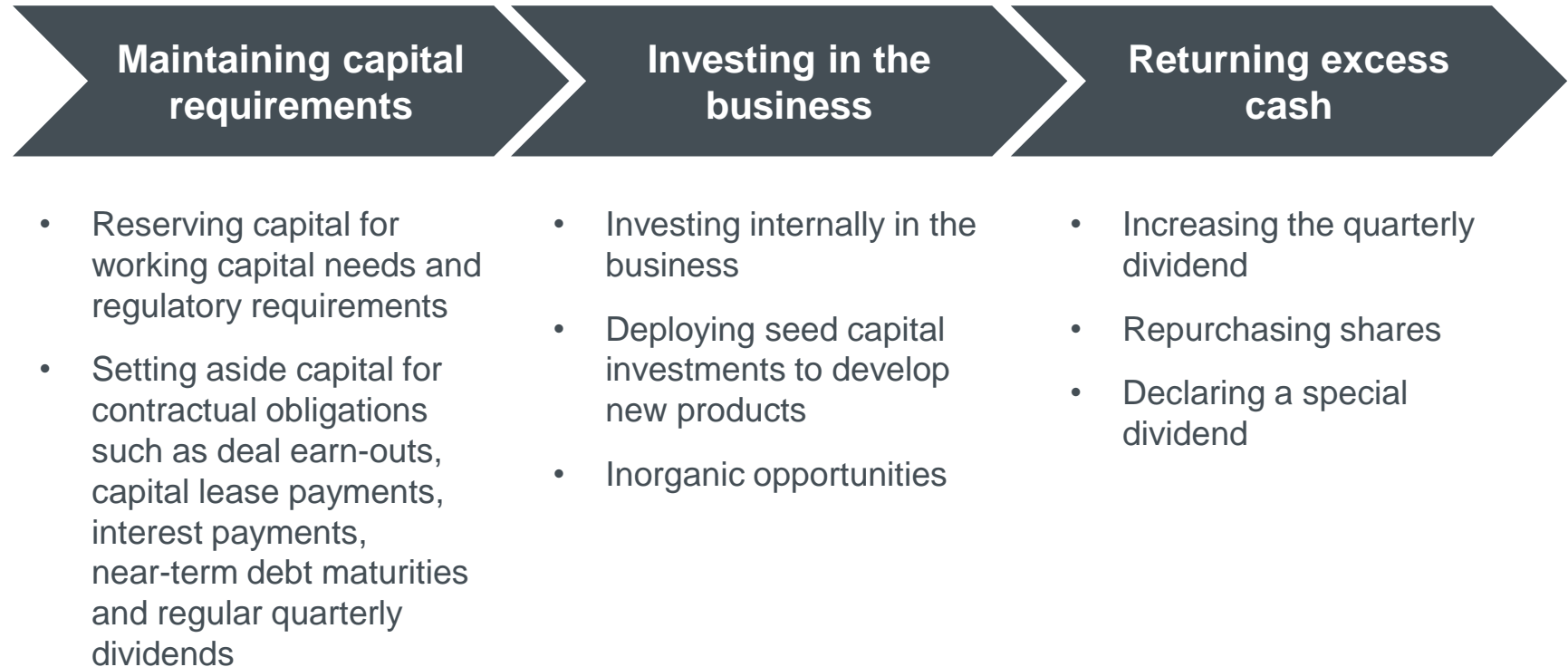


¹ Includes seed investments of US\$597.9m (including investment securities of consolidated variable interest entities of US\$419.7m), investments related to deferred compensation plans of US\$94.0m and other investments of US\$8.2m as at 31 December 2017; includes seed investments of US\$600.5m (including investment securities of consolidated variable interest entities of US\$432.2m), investments related to deferred compensation plans of US\$106.0m and other investments of US\$13.3m as at 31 March 2018.

² Includes cash and cash equivalents of consolidated variable interest entities of US\$34.1m and US\$54.0m as at 31 December 2017 and 31 March 2018 respectively.

Capital philosophy

Balancing strategic investments with returning excess capital to shareholders



Janus Henderson's capital return programme will be comprised of a progressive, quarterly dividend that grows with profits, supported by regular share repurchases

Q&A

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Appendix

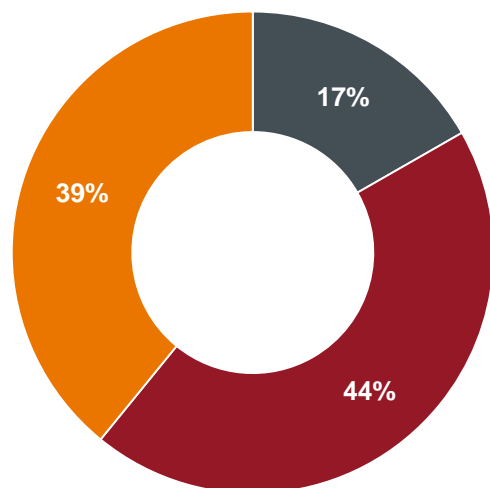


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Assets under management as at 31 Mar 2018

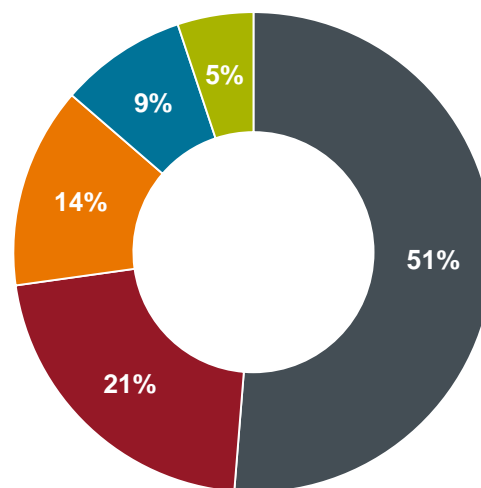
AUM: US\$371.9bn

By client type



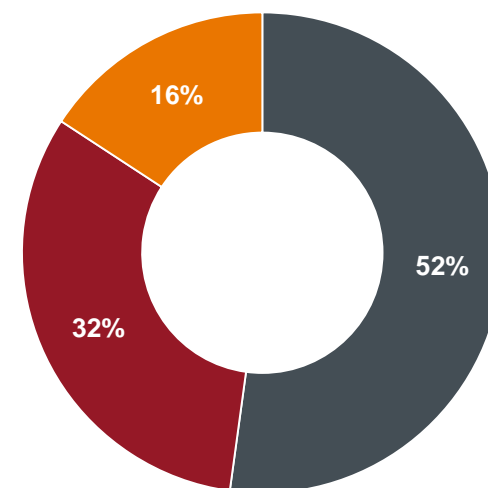
■ Self-directed	US\$62.2bn
■ Intermediary	US\$164.2bn
■ Institutional	US\$145.5bn

By capability



■ Equities	US\$190.7bn
■ Fixed Income	US\$80.0bn
■ Quantitative Equities	US\$50.4bn
■ Multi-Asset	US\$31.8bn
■ Alternatives	US\$19.0bn

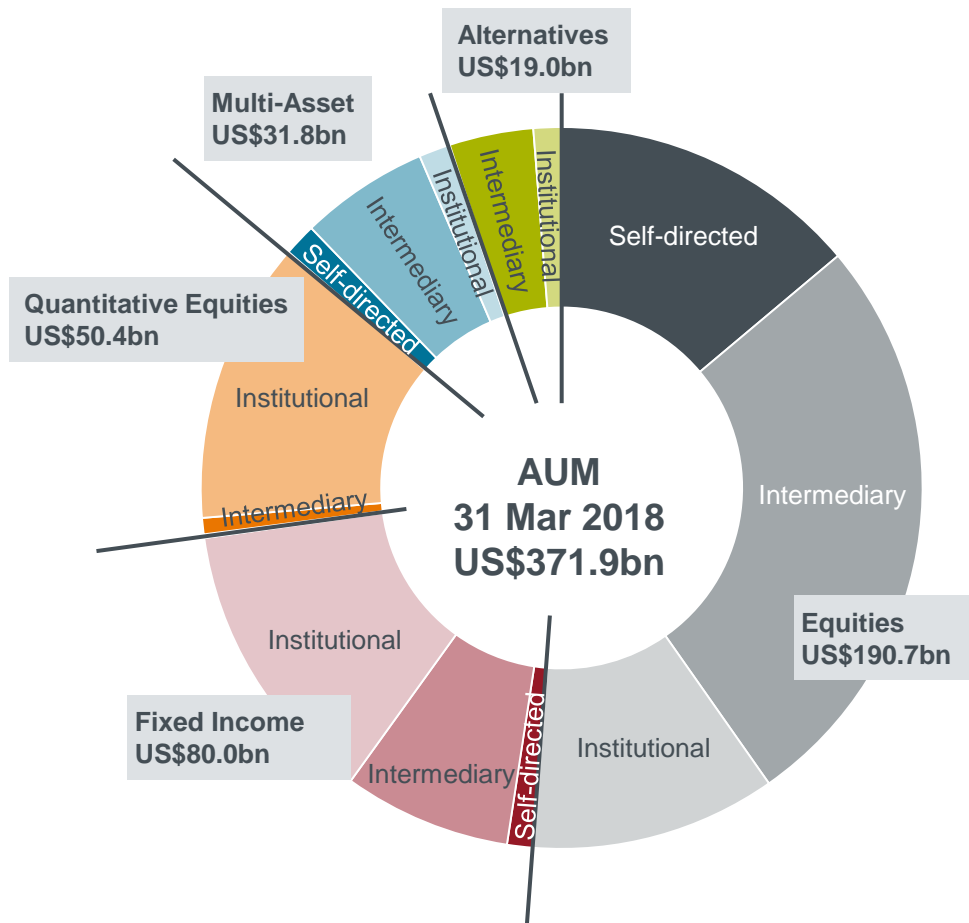
By client location



■ Americas	US\$194.0bn
■ EMEA	US\$119.2bn
■ Asia Pacific	US\$58.7bn

Investment management capabilities

Diversified product range



Equities (54bps¹)

- Diverse business encompassing a wide range of geographic and investment styles

Fixed Income (31bps¹)

- Coverage across the asset class, with an increasingly global offering

Quantitative Equities (24bps¹)

- Intech applies advanced mathematical and systematic portfolio rebalancing intended to harness the volatility of stock price movements

Multi-Asset (40bps¹)

- Retail and Institutional offering through a diversity of strategies

Alternatives (71bps¹)

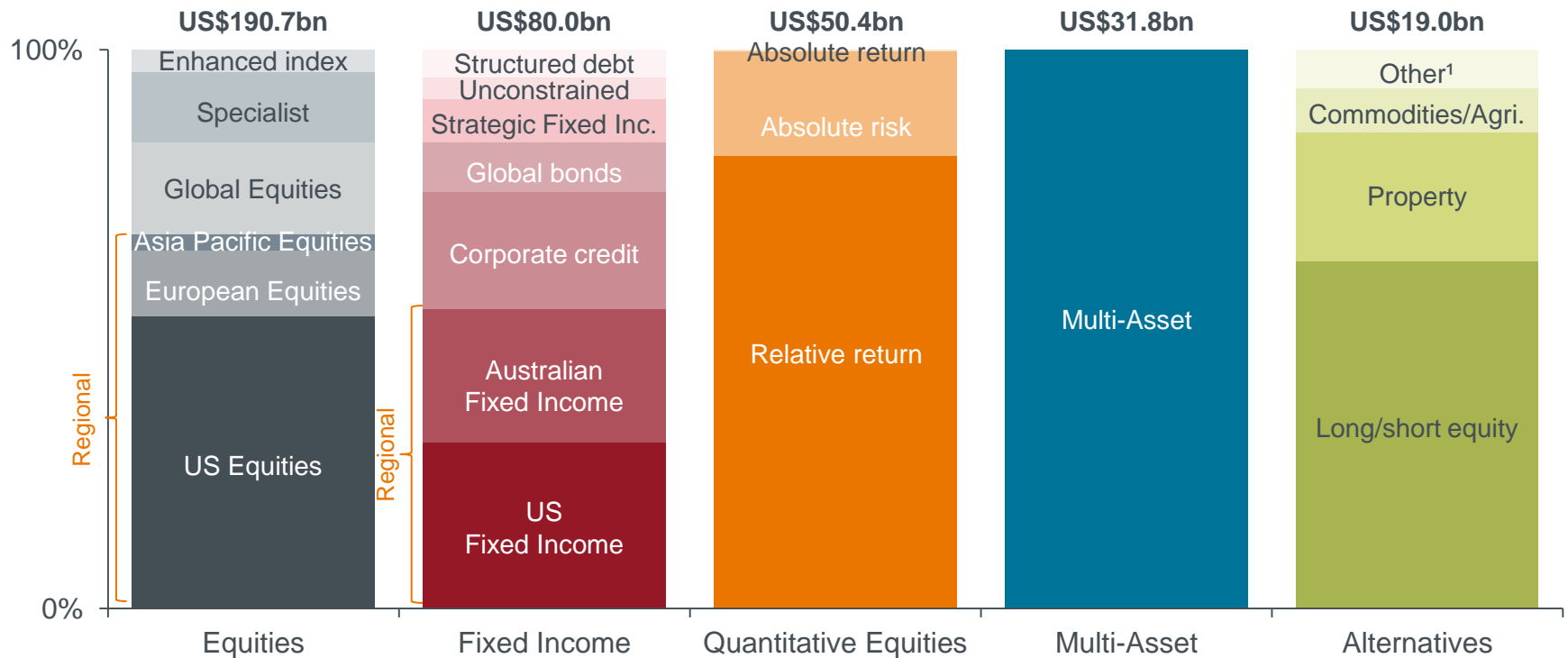
- Expertise in liquid alternatives alongside traditional hedge funds

¹ 1Q18 average net management fee margin. Net margin based on management fees net of distribution expenses.

Investment management capabilities

Balanced range of strategies

AUM by investment capability as at 31 Mar 2018



¹ Other primarily includes Absolute Return Bond, Multi-Strategy and VelocityShares.

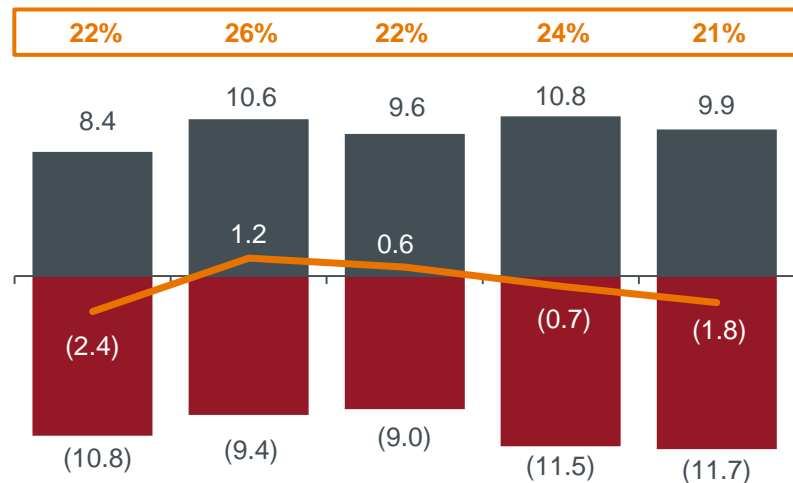
Largest pooled funds by capability

Capability	Fund	Product	Strategy	AUM 31 Mar 2018
Equity	JnsHnd Enterprise	US Mutual Fund	Mid Cap Growth	US\$17.0bn
	JnsHnd Research	US Mutual Fund	US Research Growth Equity	US\$13.4bn
	JnsHnd Forty	US Mutual Fund	Concentrated Growth	US\$12.0bn
	JnsHnd Triton	US Mutual Fund	Small-Mid Cap Growth	US\$10.2bn
	JnsHnd Global Equity Income	US Mutual Fund	Global Equity Income	US\$5.7bn
Fixed Income	JnsHnd Flexible Bond	US Mutual Fund	Core Plus Fixed Income	US\$7.8bn
	JnsHnd Absolute Return	Australian UT	Absolute Return Income	US\$5.0bn
	JnsHnd Strategic Bond	UK OEIC	Global Strategic Fixed Income	US\$2.9bn
	JnsHnd Global Unconstrained Bond	US Mutual Fund	Global Unconstrained Bond	US\$2.2bn
	JnsHnd Tactical Income	Australian MIS	Australian Fixed Income	US\$2.2bn
Multi-Asset	JnsHnd Balanced	US Mutual Fund	Balanced	US\$14.2bn
	JnsHnd Balanced Portfolio	US Mutual Fund	Balanced	US\$3.4bn
	JnsHnd Cautious Managed	UK OEIC	UK Income and Growth	US\$2.9bn
	JnsHnd Balanced	Dublin OEIC	Balanced	US\$0.9bn
	JnsHnd Multi-Manager Managed	UK OEIC	Multi-manager	US\$0.5bn
Alternatives	JnsHnd UK Absolute Return	SICAV	UK Large Cap Absolute Return Equity	US\$5.9bn
	JnsHnd UK Property PAIF / Feeder	UK OEIC/UT	Property	US\$4.4bn
	JnsHnd UK Absolute Return	UK OEIC	UK Large Cap Absolute Return Equity	US\$3.6bn
	JnsHnd Horizon Pan European Alpha	SICAV	Europe Large Cap Long/Short	US\$1.2bn
	JnsHnd Multi-Asset Absolute Return	UK OEIC	Multi-manager	US\$0.2bn
Total				US\$115.6bn

Flows: Equities and Fixed Income

Equities (US\$bn)

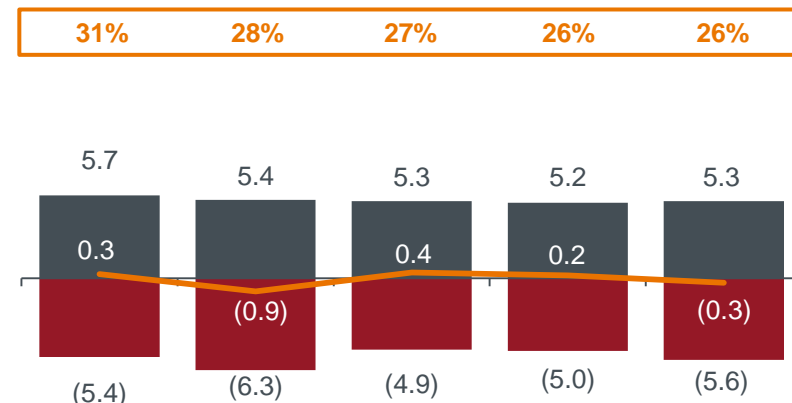
Annualised gross sales¹



Annualised gross redemptions¹



Fixed Income (US\$bn)



■ Sales ■ Redemptions — Net sales / (redemptions)

Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

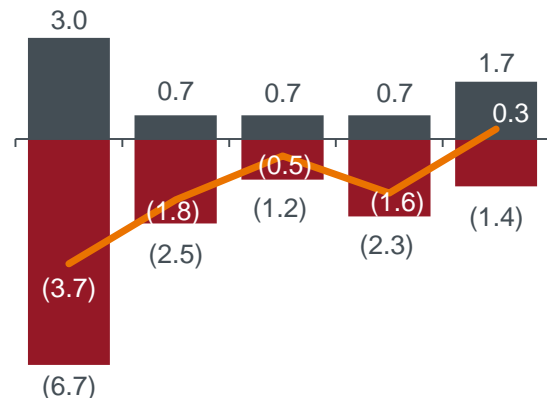
¹ Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

Flows: Quantitative Equities, Multi-Asset and Alternatives

Quantitative Equities (US\$bn)

Annualised gross sales¹

26% 6% 6% 6% 13%



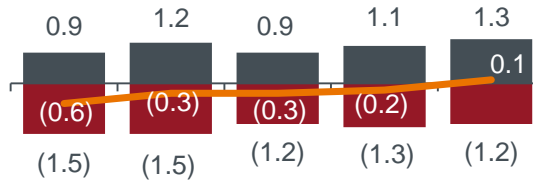
Annualised gross redemptions¹

(58%) (22%) (10%) (19%) (11%)

1Q17² 2Q17 3Q17 4Q17 1Q18

Multi-Asset (US\$bn)

12% 16% 13% 14% 16%

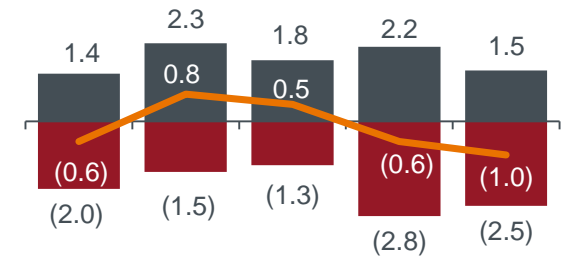


(20%) (21%) (16%) (17%) (15%)

1Q17 2Q17 3Q17 4Q17 1Q18

Alternatives (US\$bn)

31% 54% 38% 45% 31%



(45%) (35%) (29%) (56%) (51%)

1Q17 2Q17 3Q17 4Q17 1Q18

■ Sales ■ Redemptions — Net sales / (redemptions)

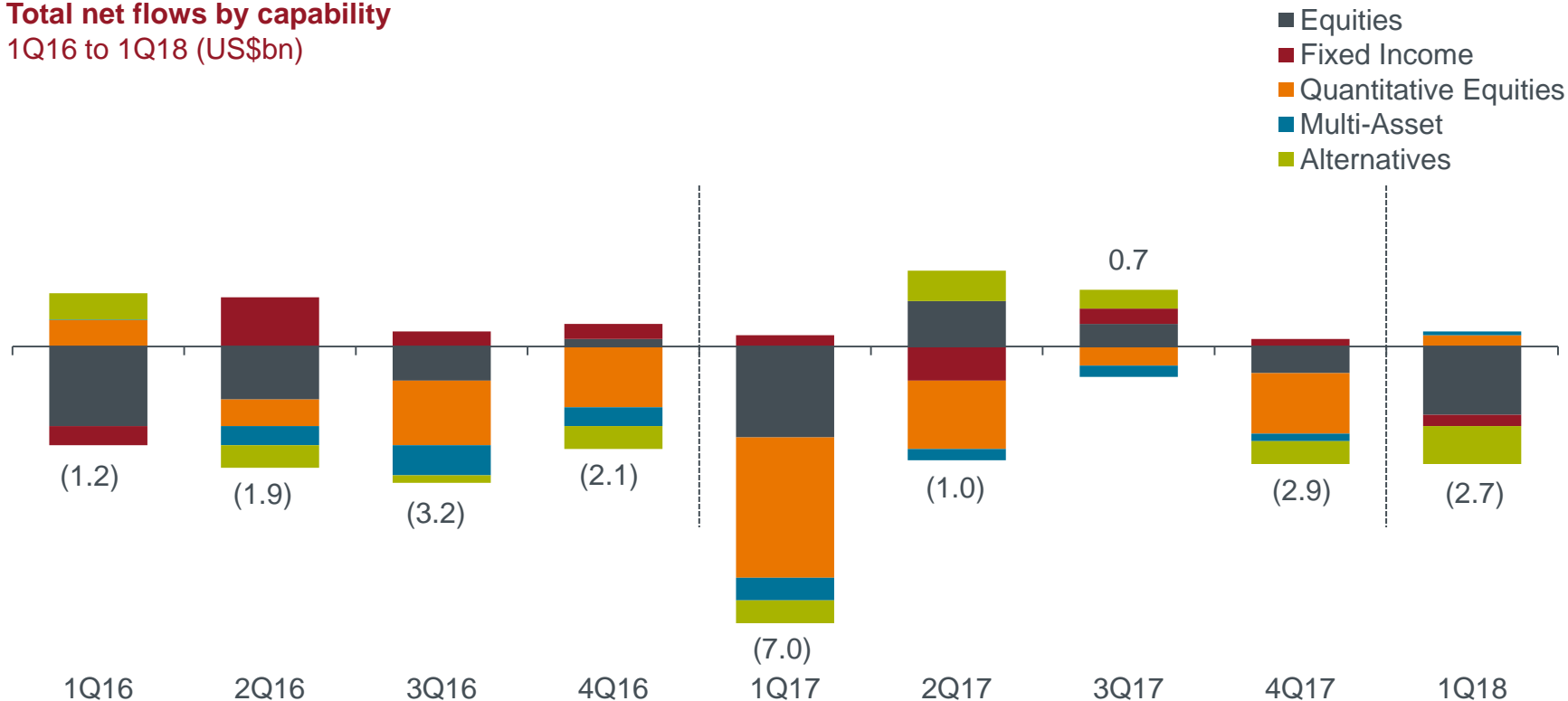
Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

¹ Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

² 1Q17 gross sales and redemptions include an intra-strategy transfer of US\$1.6bn from a Danish krone-denominated account into a US dollar-denominated account.

Total net flows by capability

Total net flows by capability
1Q16 to 1Q18 (US\$bn)



Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

AUM and flows by capability

All data in US\$bn	Equities	Fixed Income	Quantitative Equities	Multi-Asset	Alternatives	Total
AUM 31 Dec 2016	153.3	73.7	46.5	28.0	17.7	319.2
Sales	8.4	5.7	3.0	0.9	1.4	19.4
Redemptions	(10.8)	(5.4)	(6.7)	(1.5)	(2.0)	(26.4)
Net sales / (redemptions)	(2.4)	0.3	(3.7)	(0.6)	(0.6)	(7.0)
Market / FX	11.4	2.3	3.4	1.2	0.3	18.6
AUM 31 Mar 2017	162.3	76.3	46.2	28.6	17.4	330.8
Sales	10.6	5.4	0.7	1.2	2.3	20.2
Redemptions	(9.4)	(6.3)	(2.5)	(1.5)	(1.5)	(21.2)
Net sales / (redemptions)	1.2	(0.9)	(1.8)	(0.3)	0.8	(1.0)
Market / FX	9.9	1.9	2.1	1.1	0.8	15.8
Acquisitions / disposals	–	(0.1)	–	–	(0.6)	(0.7)
AUM 30 Jun 2017	173.4	77.2	46.5	29.4	18.4	344.9
Sales	9.6	5.3	0.7	0.9	1.8	18.3
Redemptions	(9.0)	(4.9)	(1.2)	(1.2)	(1.3)	(17.6)
Net sales / (redemptions)	0.6	0.4	(0.5)	(0.3)	0.5	0.7
Market / FX	8.3	1.8	3.0	1.1	0.7	14.9
AUM 30 Sep 2017	182.3	79.4	49.0	30.2	19.6	360.5
Sales	10.8	5.2	0.7	1.1	2.2	20.0
Redemptions	(11.5)	(5.0)	(2.3)	(1.3)	(2.8)	(22.9)
Net sales / (redemptions)	(0.7)	0.2	(1.6)	(0.2)	(0.6)	(2.9)
Market / FX	8.1	0.5	2.5	1.6	0.5	13.2
AUM 31 Dec 2017	189.7	80.1	49.9	31.6	19.5	370.8
Sales	9.9	5.3	1.7	1.3	1.5	19.7
Redemptions	(11.7)	(5.6)	(1.4)	(1.2)	(2.5)	(22.4)
Net sales / (redemptions)	(1.8)	(0.3)	0.3	0.1	(1.0)	(2.7)
Market / FX	2.8	0.2	0.2	0.1	0.5	3.8
AUM 31 Mar 2018	190.7	80.0	50.4	31.8	19.0	371.9

Note: Data for periods prior to and including 2Q17 presents pro forma AUM and flows of JHG as if the merger had occurred at the beginning of the period shown.

Investment performance

% of AUM outperforming benchmark

Capability	1Q17			2Q17			3Q17			4Q17			1Q18		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	38%	64%	73%	68%	77%	84%	61%	73%	82%	64%	60%	67%	68%	59%	76%
Fixed Income	92%	90%	93%	93%	92%	91%	92%	91%	97%	93%	95%	98%	96%	96%	97%
Quantitative Equities	0%	12%	92%	6%	48%	91%	85%	61%	87%	90%	27%	87%	91%	46%	88%
Multi-Asset	87%	22%	89%	97%	21%	100%	95%	87%	90%	86%	87%	89%	83%	87%	90%
Alternatives	73%	90%	100%	97%	67%	100%	91%	100%	100%	93%	76%	100%	95%	76%	100%
Total	50%	60%	82%	69%	71%	89%	75%	77%	87%	76%	66%	79%	79%	68%	84%

Note: Outperformance is measured based on composite performance gross of fees vs primary benchmark, except where a strategy has no benchmark index or corresponding composite in which case the most relevant metric is used: (1) composite gross of fees vs zero for absolute return strategies, (2) fund net of fees vs primary index or (3) fund net of fees vs Morningstar peer group average or median. Non-discretionary and separately managed account assets are included with a corresponding composite where applicable.

Cash management vehicles, ETFs, Managed CDOs, Private Equity funds and custom non-discretionary accounts with no corresponding composite are excluded from the analysis. Excluded assets represent 4% of AUM as at 31 Mar 2017, 30 Jun 2017 and 31 Mar 2018, and 3% of AUM as at 30 Sep 2017 and 31 Dec 2017. Capabilities defined by Janus Henderson. Data for periods prior to and including 2Q17 presents the pro forma assets as if the merger had occurred at the beginning of the period shown.

Mutual fund investment performance

% of mutual fund AUM in top 2 Morningstar quartiles

Capability	1Q17			2Q17			3Q17			4Q17			1Q18		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	47%	88%	70%	53%	87%	90%	56%	71%	88%	63%	59%	87%	64%	62%	82%
Fixed Income	37%	43%	98%	38%	41%	98%	81%	49%	98%	43%	36%	87%	48%	32%	62%
Quantitative Equities	3%	80%	100%	3%	58%	100%	7%	97%	48%	24%	64%	50%	57%	55%	51%
Multi-Asset	77%	76%	97%	79%	80%	97%	83%	81%	83%	82%	83%	84%	84%	82%	83%
Alternatives	12%	23%	67%	63%	24%	69%	38%	25%	32%	59%	25%	32%	53%	53%	53%
Total	46%	76%	77%	54%	74%	90%	61%	66%	85%	61%	56%	82%	63%	59%	76%

Note: Includes Janus Investment Fund, Janus Aspen Series and Clayton Street Trust (US Trusts), Janus Henderson Capital Funds (Dublin based), Dublin and UK OEIC and Investment Trusts, Luxembourg SICAVs and Australian Managed Investment Schemes. The top two Morningstar quartiles represent funds in the top half of their category based on total return. On an asset-weighted basis, 79%, 82%, 82%, 73% and 67% of total mutual fund AUM were in the top 2 Morningstar quartiles for the 10-year periods ended 31 Mar 2017, 30 Jun 2017, 30 Sep 2017, 31 Dec 2017 and 31 Mar 2018 respectively. For the 1-, 3-, 5- and 10-year periods ending 31 Mar 2018, 51%, 48%, 57% and 60% of the 216, 202, 181 and 132 total mutual funds, respectively, were in the top 2 Morningstar quartiles.

Analysis based on "primary" share class (Class I Shares, Institutional Shares or share class with longest history for US Trusts; Class A Shares or share class with longest history for Dublin based; primary share class as defined by Morningstar for other funds). Performance may vary by share class.

ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by Janus Henderson. Data for periods prior to and including 2Q17 presents the pro forma assets as if the merger had occurred at the beginning of the period shown. © 2017 Morningstar, Inc. All Rights Reserved.

US GAAP: statement of income

US\$m, except per share data or as noted	3 months ended		
	31 Mar 2018	31 Dec 2017	31 Mar 2017
Revenue			
Management fees	502.9	498.1	201.0
Performance fees	(3.9)	33.5	14.8
Shareowner servicing fees	31.5	31.4	–
Other revenue	57.2	58.8	17.2
Total revenue	587.7	621.8	233.0
Operating expenses			
Employee compensation and benefits	146.7	172.6	70.4
Long-term incentive plans	40.0	36.2	16.4
Distribution expenses	117.3	116.5	50.6
Investment administration	11.4	12.2	10.2
Marketing	8.5	9.8	3.2
General, administrative and occupancy	72.2	55.6	25.1
Depreciation and amortisation	15.4	22.3	6.3
Total operating expenses	411.5	425.2	182.2
Operating income	176.2	196.6	50.8
Interest expense	(3.8)	(4.1)	(1.1)
Investment gains (losses), net	(0.7)	3.0	(0.9)
Other non-operating income (expenses), net	38.9	(9.0)	1.3
Income before taxes	210.6	186.5	50.1
Income tax provision	(47.4)	285.6	(7.5)
Net income	163.2	472.1	42.6
Net (income) loss attributable to non-controlling interests	2.0	(0.4)	–
Net income attributable to JHG	165.2	471.7	42.6
Less: allocation of earnings to participating stock-based awards	4.2	12.9	0.9
Net income attributable to JHG common shareholders	161.0	458.8	41.7
Diluted weighted-average shares outstanding (m)	196.9	197.7	110.6
Diluted EPS	0.82	2.32	0.38

Note: 1Q17 and 4Q17 numbers updated to reflect the adoption of the new revenue recognition standard.

Pro forma US GAAP: statement of income

US\$m, except per share data	3 months ended		
	31 Mar 2018	31 Dec 2017	31 Mar 2017
Revenue			
Management fees	502.9	498.1	431.1
Performance fees	(3.9)	33.5	1.0
Shareowner servicing fees	31.5	31.4	28.6
Other revenue	57.2	58.8	52.7
Total revenue	587.7	621.8	513.4
Operating expenses			
Employee compensation and benefits	146.7	172.6	163.3
Long-term incentive plans	40.0	36.2	34.5
Distribution expenses	117.3	116.5	107.4
Investment administration	11.4	12.2	10.2
Marketing	8.5	9.8	21.7
General, administrative and occupancy	72.2	55.6	56.0
Depreciation and amortisation	15.4	22.3	14.4
Total operating expenses	411.5	425.2	407.5
Operating income	176.2	196.6	105.9
Interest expense	(3.8)	(4.1)	(4.8)
Investment gains (losses), net	(0.7)	3.0	0.5
Other non-operating income (expenses), net	38.9	(9.0)	2.4
Income before taxes	210.6	186.5	104.0
Income tax provision	(47.4)	285.6	(28.2)
Net income	163.2	472.1	75.8
Net (income) loss attributable to non-controlling interests	2.0	(0.4)	(1.4)
Net income attributable to JHG	165.2	471.7	74.4
Less: allocation of earnings to participating stock-based awards	4.2	12.9	2.1
Net income attributable to JHG common shareholders	161.0	458.8	72.3
Diluted weighted-average shares outstanding (m)	196.9	197.7	196.5
Diluted EPS	0.82	2.32	0.36

Note: 1Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. 1Q17 and 4Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 31.

Pro forma adjusted: statement of income

US\$m, except per share data	3 months ended		
	31 Mar 2018	31 Dec 2017	31 Mar 2017
Revenue			
Management fees	502.9	498.1	431.1
Performance fees	(3.9)	33.5	1.0
Shareowner servicing fees	31.5	31.4	28.6
Other revenue	57.2	58.8	52.7
Distribution expenses	(117.3)	(116.5)	(107.4)
Total adjusted revenue	470.4	505.3	406.0
Operating expenses			
Employee compensation and benefits	143.8	163.0	159.7
Long-term incentive plans	39.9	34.7	34.5
Investment administration	11.4	12.2	10.2
Marketing	8.4	10.5	7.2
General, administrative and occupancy	70.1	56.3	44.0
Depreciation and amortisation	8.0	8.2	6.8
Total adjusted operating expenses	281.6	284.9	262.4
Adjusted operating income	188.8	220.4	143.6
Interest expense	(3.1)	(3.4)	(4.8)
Investment gains (losses), net	(0.7)	(0.1)	0.5
Other non-operating income (expenses), net	(5.9)	2.0	3.3
Adjusted income before taxes	179.1	218.9	142.6
Income tax provision	(37.5)	(70.6)	(38.9)
Adjusted net income	141.6	148.3	103.7
Net (income) loss attributable to non-controlling interests	2.0	(0.4)	(1.4)
Adjusted net income attributable to JHG	143.6	147.9	102.3
Less: allocation of earnings to participating stock-based awards	(3.6)	(4.0)	(3.0)
Adjusted net income attributable to JHG common stockholders	140.0	143.9	99.3
Diluted weighted-average shares outstanding (m)	196.9	197.7	196.5
Adjusted diluted EPS	0.71	0.73	0.50

Note: 1Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. 1Q17 and 4Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 31. See adjusted financial measures reconciliation on slides 28 and 29 for additional information.

Alternative performance measures

Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	31 Mar 2018	31 Dec 2017	31 Mar 2017
Reconciliation of revenue to adjusted revenue			
Revenue	587.7	621.8	513.4
Distribution expenses ¹	(117.3)	(116.5)	(107.4)
Adjusted revenue	470.4	505.3	406.0
Reconciliation of operating income to adjusted operating income			
Operating income	176.2	196.6	105.9
Employee compensation and benefits ²	2.9	9.6	3.6
Long-term incentive plans ²	0.1	1.5	–
Marketing ²	0.1	(0.7)	14.5
General, administrative and occupancy ²	2.1	(0.7)	12.0
Depreciation and amortisation ^{2,3}	7.4	14.1	7.6
Adjusted operating income	188.8	220.4	143.6
Operating margin⁴	30.0%	31.6%	20.6%
Adjusted operating margin⁵	40.1%	43.6%	35.4%

Note: 1Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. 1Q17 and 4Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 31. Reconciliation to be used in conjunction with slide 29. Footnotes 1 to 5 included on slide 30.

Alternative performance measures (cont'd)

Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	31 Mar 2018	31 Dec 2017	31 Mar 2017
Reconciliation of net income to adjusted net income, attributable to JHG			
Net income attributable to JHG	165.2	471.7	74.4
Employee compensation and benefits ²	2.9	9.6	3.6
Long-term incentive plans ²	0.1	1.5	–
Marketing ²	0.1	(0.7)	14.5
General, administrative and occupancy ²	2.1	(0.7)	12.0
Depreciation and amortisation ^{2,3}	7.4	14.1	7.6
Interest expense ⁶	0.7	0.7	–
Investment gains ⁷	–	(3.1)	–
Other non-operating income (expense) ⁶	(44.8)	11.0	0.9
Income tax provision ⁸	9.9	(356.2)	(10.7)
Adjusted net income attributable to JHG	143.6	147.9	102.3
Diluted earnings per share⁹	0.82	2.32	0.36
Adjusted diluted earnings per share¹⁰	0.71	0.73	0.50

Note: 1Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. Reconciliation to be used in conjunction with slide 28. Footnotes 2, 3, 6, 7, 8, 9 and 10 included on slide 30.

Alternative performance measures (cont'd)

Footnotes to reconciliation of adjusted financial measures

- ¹ Distribution expenses are paid to financial intermediaries for the distribution of JHG's investment products. JHG management believes that the deduction of third-party distribution, service and advisory expenses from revenue in the computation of net revenue reflects the nature of these expenses as revenue-sharing activities, as these costs are passed through to external parties that perform functions on behalf of, and distribute, the Group's managed AUM.
- ² Adjustments primarily represent deal and integration costs in relation to the Merger. The costs primarily represent severance costs, legal costs, consulting fees and the write down of legacy IT systems. JHG management believes these costs do not represent the ongoing operations of the Group.
- ³ Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognised at the net present value of the expected future cash flows arising from the contracts at the date of acquisition. For segregated mandate contracts, the intangible asset is amortised on a straight-line basis over the expected life of the contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.
- ⁴ Operating income divided by revenue.
- ⁵ Adjusted operating income divided by adjusted revenue.
- ⁶ Adjustments primarily represent the gain on the sale of JHG's back office (including fund administration and fund accounting), middle office and custody functions in the US to BNP Paribas, fair value movements on options issued to Dai-ichi, adjustments to debt expense as a result of the fair value uplift on debt due to acquisition accounting and deferred consideration costs associated with acquisitions prior to the Merger. JHG management believes these costs do not represent the ongoing operations of the Group.
- ⁷ Adjustment primarily relates to adjustments related to deferred consideration costs from prior acquisitions. JHG management believes these adjustments do not represent the ongoing operations of the Group.
- ⁸ The tax impact of the adjustments is calculated based on the US or foreign statutory tax rate as they relate to each adjustment. Certain adjustments are either not taxable or not tax-deductible. Fourth quarter 2017 adjustments include the impact of the US tax legislation passed in December 2017.
- ⁹ Net income attributable to JHG common shareholders divided by weighted-average diluted common shares outstanding.
- ¹⁰ Adjusted net income attributable to JHG common shareholders divided by weighted-average diluted common shares outstanding.

Reconciliation: revenue recognition standard

Pro forma US GAAP statement of income extract

Impact of adoption of new revenue recognition standard

US\$m	3 months ended			3 months ended		
	31 Dec 2017 Previously reported	Adjustment	31 Dec 2017 Updated	31 Mar 2017 Previously reported	Adjustment	31 Mar 2017 Updated
Revenue						
Management fees	493.9	4.2	498.1	427.6	3.5	431.1
Performance fees	33.5	–	33.5	1.0	–	1.0
Shareowner servicing fees	31.4	–	31.4	28.6	–	28.6
Other revenue	33.2	25.6	58.8	29.9	22.8	52.7
Total revenue	592.0	29.8	621.8	487.1	26.3	513.4
Distribution expenses	(86.7)	(29.8)	(116.5)	(81.1)	(26.3)	(107.4)
Total revenue, net of distribution expenses	505.3	–	505.3	406.0	–	406.0

Performance fees

	1Q18 (US\$m)	4Q17 (US\$m)	1Q17 (US\$m)	AUM generating 1Q18 pfees (US\$bn)	# of funds generating 1Q18 pfees	Frequency	Timing
SICAVs ¹	1.0	9.3	8.2	–	–	23 annually; 2 quarterly	23 at June; 2 on quarters
Offshore Absolute Return	0.4	3.0	1.0	0.1	2	Quarterly / Annually	Various
Segregated Mandates ²	2.5	21.6	1.8	9.9	28	Quarterly / Annually	Various
UK OEICs & Unit Trusts	–	5.9	3.2	–	1	Quarterly	Various
Investment Trusts	–	2.7	–	–	–	Annually	Various
US Mutual Funds ³	(7.8)	(9.0)	(13.2)	42.8	17	Monthly	Monthly
Total	(3.9)	33.5	1.0	52.8	48		

Note: 1Q17 data presents the results of JHG as if the merger had occurred at the beginning of the period shown.

¹ 1Q18 SICAV performance fee relates to accrual true-ups.

² Segregated Mandates includes Private Accounts (legacy Janus product categorisation), Managed CDOs and Private Equity.

³ AUM data presents US Mutual Fund AUM subject to performance fees as at 31 Mar 2018. Janus Investment Funds and Janus Aspen Series Portfolios are counted as distinct and separate funds.

US mutual funds with performance fees

Mutual funds with performance fees ¹	AUM 31 Mar 2018 US\$m	Benchmark	Base fee	Performance fee ²	Performance cap/(floor) vs benchmark	1Q18 P&L impact US\$'000
Research Fund ³	13,402	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 5.00%	(3,520)
Forty Fund ³ and Portfolio	12,777	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 8.50%	(1,798)
Mid Cap Value Fund and Portfolio	3,905	Russell Midcap [®] Value Index	0.64%	± 15 bps	± 4.00%	567
Global Research Fund and Portfolio	3,580	MSCI World Index SM	0.60%	± 15 bps	± 6.00%	(1,173)
Small Cap Value Fund	2,852	Russell 2000 [®] Value Index	0.72%	± 15 bps	± 5.50%	443
Contrarian Fund	2,538	S&P 500 [®] Index	0.64%	± 15 bps	± 7.00%	(1,152)
Overseas Fund and Portfolio	2,500	MSCI All Country World ex-U.S. Index SM	0.64%	± 15 bps	± 7.00%	(934)
Research Portfolio ⁴	517	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 5.00%	(199)
Global Value Fund	240	MSCI World Index SM	0.64%	± 15 bps	± 7.00%	(92)
Global Real Estate Fund	237	FTSE EPRA / NAREIT Global Index	0.75%	± 15 bps	± 4.00%	58
Large Cap Value Fund	130	Russell 1000 [®] Value Index	0.64%	± 15 bps	± 3.50%	(58)
Select Value Fund	120	Russell 3000 [®] Value Index	0.70%	± 15 bps	± 5.00%	19
Asia Equity Fund	40	MSCI All Country Asia ex-Japan Index SM	0.92%	± 15 bps	± 7.00%	(1)
Total	42,838					(7,840)

Note: AUM data shown on a managed view.

¹ The funds listed have a performance-based investment advisory fee that adjusts up or down based on performance relative to a benchmark over 36-month rolling periods. Please see the funds' Statements of Additional Information for more details and benchmark information.

² Adjustment of ± 15 bps assumes constant assets and could be higher or lower depending on asset fluctuations.

³ The Janus Fund merged into the Research Fund and the Twenty Fund merged into the Forty Fund effective 1 May 2017. For two years, the investment advisory fee will be waived to the lesser of the investment advisory fee rate payable by the surviving fund, or the investment advisory fee rate that the merged fund would have paid if the merger did not occur.

⁴ Until 1 May 2020, the portion of performance for periods prior to 1 May 2017 will be compared to the Portfolio's former benchmark, the Core Growth Index (50% S&P 500[®] Index / 50% Russell 1000[®] Growth Index. Prior to 1 May 2017, the performance fee hurdle was ± 4.5% vs the Core Growth Index.

Long-term incentive compensation

Estimated future long-term incentive compensation amortisation

US\$m	Amount remaining to expense	2018	2019	2020	2021
2015 annual grant	7	6	1		
2016 annual grant	29	21	7	1	
2017 annual grant	61	37	18	6	
2018 annual grant ¹	164	80	53	24	6
Other ²	111	40	32	23	16
Total long-term incentive	372	184	111	54	22

Note: 2015, 2016, 2017 and 2018 annual grants generally vest over three and four years. Assumed no forfeitures in future periods. Assumed no change in future values related to market or currency, which would impact expense related to cash based awards (MFSA's and DEP funds) and social security expense upon vesting.

¹ Estimated 2018 annual grant based on amounts expected to be granted associated with the annual award process. Includes US\$1m of vesting in 2022 that is not reflected in the table.

² Includes retention and recruiting awards; other subsidiary grants and social security expense. Social security expense is estimated based on amount of existing awards expected to vest in that year.

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