

AFFILIATED MANAGERS GROUP INC
Form 8-K
January 30, 2003

[QuickLinks](#) -- Click here to rapidly navigate through this document

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 29, 2003**

AFFILIATED MANAGERS GROUP, INC.

(Exact name of Registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

0001-13459
(Commission
file number)

043218510
(IRS employer
identification no.)

600 Hale Street, Prides Crossing, MA 01965
(Address of principal executive offices) (Zip code)
(617) 747-3300
(Registrant's telephone number, including area code)

Item 9. Regulation FD Disclosure

Registrant is filing this Form 8-K in order to file a recent earnings press release, which is attached below. By this filing, Registrant is not establishing the practice of filing all earnings press releases in the future and may discontinue such filings at any time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AFFILIATED MANAGERS GROUP, INC.

Date: January 30, 2003

/s/ DARRELL W. CRATE

DARRELL W. CRATE
*Executive Vice President, Chief Financial Officer and Treasurer
(and also as Principal Financial and Accounting Officer)*

AFFILIATED MANAGERS GROUP, INC.

Contact: Darrell W. Crate
Affiliated Managers Group, Inc.
(617) 747-3300

**AMG Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002**

*Company Reports Cash EPS for Fourth Quarter of \$1.13,
Full Year 2002 of \$4.41*

Boston, MA, January 29, 2003 Affiliated Managers Group, Inc. (NYSE: AMG) today reported its financial and operating results for the fourth quarter and full year 2002.

Cash earnings per share ("Cash EPS") for the fourth quarter and full year 2002 were \$1.13 and \$4.41, respectively. (Cash EPS is the Company's reported EPS figure plus non-cash charges on a per share basis which arise from the use of the purchase method of accounting. The Company considers Cash EPS to be the most meaningful measure of its financial performance.) Diluted earnings per share for the fourth quarter and full year 2002 were \$0.60 and \$2.48, respectively. Cash Net Income (net income plus the non-cash charges for depreciation and amortization and deferred taxes related to intangible assets) was \$25.0 million for the fourth quarter and \$99.6 million for the full year 2002. These operating results reflect changes in the accounting for intangible assets as a result of the implementation of Financial Accounting Standard No. 142 in the first quarter of 2002, and therefore are not directly comparable to operating results for the fourth quarter and full year 2001. For the fourth quarter of 2002, revenue was \$118.3 million, compared to \$110.5 million for the fourth quarter of 2001. EBITDA for the fourth quarter of 2002 was \$33.3 million, compared to \$35.3 million for the same period of 2001.

For the year ended December 31, 2002, revenue was \$482.5 million, while EBITDA was \$138.8 million. These results compare to \$408.2 million and \$132.1 million for the same period of 2001.

Aggregate client cash flows from directly managed assets were net outflows of \$260 million for the fourth quarter and net inflows of \$383 million for the full year 2002, resulting in an increase of \$1.9 million in annualized EBITDA for 2002. Outflows from overlay assets for the fourth quarter and full year 2002 were \$31 million and \$1.1 billion, respectively. The aggregate assets under management of AMG's affiliated investment management firms at December 31, 2002 were \$70.8 billion.

"AMG continues to benefit from the diversity of investment styles, client types and distribution channels among our group of high quality, mid-sized investment managers," stated William J. Nutt, Chairman and Chief Executive Officer. "The stability of our earnings throughout the difficult market environment during 2002 continues to evidence the strength of our business model." Mr. Nutt continued, "While the equity market conditions generally favored our value-oriented Affiliates such as Tweedy, Browne and Third Avenue, many of our growth-oriented Affiliates, including Friess and Frontier, produced strong relative performance in 2002. With our Affiliates' proven investment disciplines and their commitment to providing strong investment performance and superior client service, AMG is well positioned for continued growth when market conditions improve."

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002
January 29, 2003
Page 2 of 8

"Our Affiliate Development team made significant progress during this past year in promoting individual and collective growth opportunities for our Affiliates," stated Sean M. Healey, President and Chief Operating Officer. "For example, we created our first multi-Affiliate product when we launched Multiple Attribute Portfolios (MAPs), a series of diversified portfolios managed by independent specialty managers selected from among our Affiliates. In addition, we recently announced the launch of a separate account distribution platform, Portfolio Services Group (PSG), which will enable our Affiliates with appropriate products to enter the broker-sold channel."

Edgar Filing: AFFILIATED MANAGERS GROUP INC - Form 8-K

Mr. Healey added, "Another important achievement this past year was the addition of Third Avenue Management to our group of Affiliates. Third Avenue Management, the highly regarded adviser to the Third Avenue Value family of no-load mutual funds, broadens our participation in the mutual fund distribution channel and enhances our diversity with exposure to real estate and distressed debt investments."

AMG is an asset management company which acquires and holds majority interests in a diverse group of mid-sized investment management firms. AMG's strategy is to generate growth through the internal growth of its existing Affiliates, as well as through investments in new Affiliates. AMG's innovative transaction structure allows individual members of each Affiliate's management team to retain or receive significant direct equity ownership in their firm while maintaining operating autonomy. In addition, AMG provides centralized assistance to its Affiliates in strategic matters, marketing, distribution, product development and operations.

The investment management services accessed through the multi-Affiliate portfolios discussed in this press release are provided by the registered investment advisory Affiliates of AMG, and not by AMG itself. Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including changes in the securities or financial markets or in general economic conditions, the availability of equity and debt financing, competition for acquisitions of interests in investment management firms, the investment performance of our Affiliates and their ability to effectively market their investment strategies, and other risks detailed from time to time in AMG's filings with the Securities and Exchange Commission. Reference is hereby made to the "Cautionary Statements" set forth in the Company's Form 10-K for the year ended December 31, 2001.

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002
January 29, 2003
Page 3 of 8

Financial Tables Follow

A teleconference will be held with AMG's management at 11:00 a.m. Eastern Time today. Parties interested in listening to the teleconference should dial 1-800-218-9073 (domestic calls) or 1-303-262-2191 (international calls) starting at 10:45 a.m. Eastern Time. Those wishing to listen to the teleconference should dial the appropriate number at least ten minutes before the call begins. The teleconference will be available for replay from approximately one hour after the conclusion of the call until 5:00 p.m. Eastern Time on Wednesday, February 5, 2003. To access the replay, please dial 1-800-405-2236 (domestic calls) or 1-303-590-3000 (international calls), pass code 520717. The live call and the replay (through February 5, 2003) may also be accessed via the Web at www.amg.com.

###

**For more information on Affiliated Managers Group, Inc.,
please visit AMG's Web site at www.amg.com.**

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002
January 29, 2003
Page 4 of 8

Affiliated Managers Group, Inc. Financial Highlights

(dollars in thousands, except per share data)

| | Three Months Ended 12/31/01 | Three Months Ended 12/31/02 |
|------------------------------------|--|--|
| Revenue | \$ 110,488 | \$ 118,312 |
| EBITDA (A) | \$ 35,338 | \$ 33,295 |
| Net Income | \$ 12,600 | \$ 13,262 |
| Cash Net Income (B) | \$ 21,691 | \$ 24,991 |
| Average shares outstanding diluted | 22,886,908 | 22,169,274 |
| Earnings per share diluted | \$ 0.55 | \$ 0.60 |

Edgar Filing: AFFILIATED MANAGERS GROUP INC - Form 8-K

| | Three Months Ended 12/31/01 | Three Months Ended 12/31/02 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Cash earnings per share diluted (C) | \$ 0.95 | \$ 1.13 |
| | December 31, 2001 | December 31, 2002 |
| Cash and cash equivalents | \$ 73,427 | \$ 27,708 |
| Senior debt | \$ 452,894 | \$ 459,023 |
| Stockholders' equity | \$ 543,340 | \$ 571,861 |

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002

January 29, 2003

Page 5 of 8

Affiliated Managers Group, Inc.
Financial Highlights

(dollars in thousands, except per share data)

| | Twelve Months Ended 12/31/01 | Twelve Months Ended 12/31/02 |
|-------------------------------------|------------------------------------|------------------------------------|
| Revenue | \$ 408,210 | \$ 482,536 |
| EBITDA (A) | \$ 132,143 | \$ 138,831 |
| Net Income | \$ 49,989 | \$ 55,942 |
| Cash Net Income (B) | \$ 84,090 | \$ 99,552 |
| Average shares outstanding diluted | 22,732,129 | 22,577,233 |
| Earnings per share diluted | \$ 2.20 | \$ 2.48 |
| Cash earnings per share diluted (C) | \$ 3.70 | \$ 4.41 |

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002

January 29, 2003

Page 6 of 8

Affiliated Managers Group, Inc.
Financial Highlights

(dollars in thousands, except as indicated)

| | Three Months Ended 12/31/02 | Twelve Months Ended 12/31/02 |
|---|-----------------------------------|------------------------------------|
| Assets under management (at period end, in millions): | \$ 70,809 | \$ 70,809 |
| Revenue: | \$ 118,312 | \$ 482,536 |
| Owners' Allocation (D): | \$ 56,685 | \$ 243,403 |
| EBITDA Contribution (E): | \$ 39,085 | \$ 161,946 |
| <i>Reconciliation of EBITDA Contribution to EBITDA:</i> | | |
| Total EBITDA Contribution (as above) | \$ 39,085 | \$ 161,946 |
| Less, holding company expenses | (5,790) | (23,115) |
| EBITDA | \$ 33,295 | \$ 138,831 |

Notes:

Edgar Filing: AFFILIATED MANAGERS GROUP INC - Form 8-K

- (A) EBITDA represents earnings before interest expense, income taxes, depreciation and amortization.
- (B) Cash Net Income represents net income plus depreciation, amortization and deferred taxes. In periods prior to 2002, Cash Net Income represents net income plus depreciation and amortization.
- (C) Cash earnings per share represents Cash Net Income divided by average shares outstanding.
- (D) Owners' Allocation represents the portion of an Affiliate's revenue which is allocated to the owners of that Affiliate, including AMG, generally in proportion to their ownership interest, pursuant to the revenue sharing agreement with such Affiliate.
- (E) EBITDA Contribution represents the portion of an Affiliate's revenue that is allocated to AMG after amounts retained by the Affiliate for compensation and day-to-day operating and overhead expenses, but before the interest, income taxes, depreciation and amortization expenses of the Affiliate.

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002
January 29, 2003
Page 7 of 8

Affiliated Managers Group, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data)

| | Quarter Ended December 31, | | Year to Date December 31, | |
|---|----------------------------|------------|---------------------------|------------|
| | 2001 | 2002 | 2001 | 2002 |
| Revenue | \$ 110,488 | \$ 118,312 | \$ 408,210 | \$ 482,536 |
| Operating expenses: | | | | |
| Compensation and related expenses | 36,531 | 40,896 | 134,900 | 165,909 |
| Amortization of intangible assets | 7,584 | 4,008 | 28,432 | 14,529 |
| Depreciation and other amortization | 1,507 | 1,520 | 5,669 | 5,847 |
| Selling, general and administrative | 18,178 | 21,892 | 73,779 | 84,453 |
| Other operating expenses | 3,277 | 4,691 | 11,143 | 15,970 |
| | 67,077 | 73,007 | 253,923 | 286,708 |
| Operating income | 43,411 | 45,305 | 154,287 | 195,828 |
| Non-operating (income) and expenses: | | | | |
| Investment and other income | (1,159) | (875) | (5,105) | (3,473) |
| Interest expense | 5,246 | 5,663 | 14,728 | 25,217 |
| | 4,087 | 4,788 | 9,623 | 21,744 |
| Income before minority interest and taxes | 39,324 | 40,517 | 144,664 | 174,084 |
| Minority interest | (18,323) | (18,413) | (61,350) | (80,846) |

Edgar Filing: AFFILIATED MANAGERS GROUP INC - Form 8-K

| | Quarter Ended December 31, | | Year to Date December 31, | |
|------------------------------------|----------------------------|------------------|---------------------------|------------------|
| | | | | |
| Income before income taxes | 21,001 | 22,104 | 83,314 | 93,238 |
| Income taxes current | 7,121 | 2,641 | 27,594 | 14,062 |
| Income taxes deferred | 1,280 | 6,201 | 5,731 | 23,234 |
| Net income | \$ 12,600 | \$ 13,262 | \$ 49,989 | \$ 55,942 |
| Average shares outstanding basic | 22,191,463 | 21,755,498 | 22,136,410 | 22,019,482 |
| Average shares outstanding diluted | 22,886,908 | 22,169,274 | 22,732,129 | 22,577,233 |
| Earnings per share basic | \$ 0.57 | \$ 0.61 | \$ 2.26 | \$ 2.54 |
| Earnings per share diluted | \$ 0.55 | \$ 0.60 | \$ 2.20 | \$ 2.48 |

(more)

Affiliated Managers Group, Inc. Reports Financial and Operating Results
for Fourth Quarter and Full Year 2002
January 29, 2003
Page 8 of 8

Affiliated Managers Group, Inc.
Consolidated Balance Sheets
(in thousands)

| | December 31, 2001 | December 31, 2002 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 73,427 | \$ 27,708 |
| Investment advisory fees receivable | 57,148 | 50,798 |
| Other current assets | 9,464 | 11,009 |
| Total current assets | 140,039 | 89,515 |
| Fixed assets, net | 17,802 | 19,228 |
| Equity investment in Affiliate | 1,732 | |
| Acquired client relationships, net | 319,645 | 374,011 |
| Goodwill, net | 655,311 | 739,053 |
| Other assets | 25,792 | 21,187 |
| Total assets | \$ 1,160,321 | \$ 1,242,994 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 67,136 | \$ 93,752 |
| Senior bank debt | 25,000 | |
| Zero coupon convertible debt | 227,894 | |
| Total current liabilities | 320,030 | 93,752 |

Edgar Filing: AFFILIATED MANAGERS GROUP INC - Form 8-K

| | December 31, 2001 | December 31, 2002 |
|--|----------------------|----------------------|
| Zero coupon convertible debt | | 229,023 |
| Mandatory convertible debt | 200,000 | 230,000 |
| Deferred taxes | 38,081 | 61,658 |
| Other long-term liabilities | 23,795 | 26,202 |
| | <hr/> | <hr/> |
| Total liabilities | 581,906 | 640,635 |
| Minority interest | 35,075 | 30,498 |
| Stockholders' equity: | | |
| Common stock | 235 | 235 |
| Additional paid-in capital | 405,087 | 405,769 |
| Accumulated other comprehensive income | (846) | (244) |
| Retained earnings | 190,502 | 246,444 |
| | <hr/> | <hr/> |
| Less treasury shares, at cost | 594,978 (51,638) | 652,204 (80,343) |
| | <hr/> | <hr/> |
| Total stockholders' equity | 543,340 | 571,861 |
| | <hr/> | <hr/> |
| Total liabilities and stockholders' equity | \$ 1,160,321 | \$ 1,242,994 |
| | <hr/> | <hr/> |

QuickLinks

SIGNATURES