

FRANKLIN RESOURCES INC
Form 10-Q
July 28, 2017
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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, 2017

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: 001-09318

FRANKLIN RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-2670991

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One Franklin Parkway, San Mateo, CA

94403

(Address of principal executive offices)

(Zip Code)

(650) 312-2000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act).

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Outstanding: 557,701,394 shares of common stock, par value \$0.10 per share, of Franklin Resources, Inc. as of July 21, 2017.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

FRANKLIN RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2017	2016	2017	2016
Operating Revenues				
Investment management fees	\$1,097.0	\$1,093.5	\$3,249.4	\$3,375.4
Sales and distribution fees	433.3	450.2	1,283.8	1,365.6
Shareholder servicing fees	56.7	61.5	169.7	185.2
Other	26.9	29.1	72.4	80.0
Total operating revenues	1,613.9	1,634.3	4,775.3	5,006.2
Operating Expenses				
Sales, distribution and marketing	541.2	553.4	1,596.0	1,673.7
Compensation and benefits	342.7	326.9	997.6	1,043.7
Information systems and technology	54.1	50.5	159.8	151.3
Occupancy	30.2	33.1	88.3	96.8
General, administrative and other	81.5	75.0	227.0	254.4
Total operating expenses	1,049.7	1,038.9	3,068.7	3,219.9
Operating Income	564.2	595.4	1,706.6	1,786.3
Other Income (Expenses)				
Investment and other income, net	92.2	65.8	222.9	113.7
Interest expense	(12.9)	(12.3)	(38.8)	(36.5)
Other income, net	79.3	53.5	184.1	77.2
Income before taxes	643.5	648.9	1,890.7	1,863.5
Taxes on income	184.1	187.4	577.5	578.8
Net income	459.4	461.5	1,313.2	1,284.7
Less: net income attributable to				
Nonredeemable noncontrolling interests	12.5	14.2	8.6	29.7
Redeemable noncontrolling interests	36.3	0.9	33.1	0.4
Net Income Attributable to Franklin Resources, Inc.	\$410.6	\$446.4	\$1,271.5	\$1,254.6
Earnings per Share				
Basic	\$0.73	\$0.77	\$2.25	\$2.12
Diluted	0.73	0.77	2.25	2.12
Dividends Declared per Share	\$0.20	\$0.18	\$0.60	\$