



FRANKLIN TEMPLETON

One Franklin Parkway
San Mateo, CA 94403-1906
tel (650) 312-2000
investors.franklinresources.com

Contact: Franklin Resources, Inc.
Investor Relations: Brian Sevilla (650) 312-4091
Media Relations: Matt Walsh (650) 312-2245
investors.franklinresources.com

FOR IMMEDIATE RELEASE

Franklin Resources, Inc. Announces Second Quarter Results

San Mateo, CA, April 26, 2019 – Franklin Resources, Inc. (the “Company”) [NYSE: BEN] today announced net income¹ of \$367.5 million or \$0.72 per diluted share for the quarter ended March 31, 2019, as compared to \$275.9 million or \$0.54 per diluted share for the previous quarter and \$443.2 million or \$0.78 per diluted share for the quarter ended March 31, 2018.

“We’re pleased to see continued performance improvements for a number of our key investment strategies,” said Greg Johnson, Chairman and CEO of Franklin Resources, Inc. “Against that backdrop, we’re also encouraged to see flows improve, most notably in the fixed income and multi-asset investment objectives. Gross inflows increased 24% over the prior quarter, while redemptions slowed to their lowest level since 2011. As we look to the future, we continue to take measured and deliberate steps to redistribute savings from our expense management efforts in order to further invest our resources where they will have the greatest impact, including multi-asset solutions, distribution, alternatives, and technology that helps drive strong investment performance.”

	Quarter Ended		% Change	Quarter Ended	% Change
	31-Mar-19	31-Dec-18	Qtr. vs. Qtr.	31-Mar-18	Year vs. Year
Financial Results					
<i>(in millions, except per share data)</i>					
Operating revenues	\$ 1,433.8	\$ 1,411.5	2%	\$ 1,617.8	(11%)
Operating income	379.5	411.5	(8%)	555.7	(32%)
Operating margin	26.5%	29.2%		34.3%	
Net income ¹	\$ 367.5	\$ 275.9	33%	\$ 443.2	(17%)
Diluted earnings per share	0.72	0.54	33%	0.78	(8%)
Assets Under Management					
<i>(in billions)</i>					
Ending	\$ 712.3	\$ 649.9	10%	\$ 737.5	(3%)
Average ²	688.6	683.2	1%	751.8	(8%)
Net flows	(6.3)	(7.3)		(10.0)	

Total assets under management (“AUM”) were \$712.3 billion at March 31, 2019, up \$62.4 billion or 10% during the quarter due to \$42.3 billion of net market change, distributions and other, and \$26.4 billion from the acquisition of Benefit Street Partners L.L.C., partially offset by \$6.3 billion of net outflows.

Cash and cash equivalents and investments were \$7.2 billion at March 31, 2019, as compared to \$8.0 billion at September 30, 2018. Total stockholders' equity was \$10.5 billion at March 31, 2019, as compared to \$10.2 billion at September 30, 2018. The Company had 507.7 million shares of common stock outstanding at March 31, 2019, as compared to 519.1 million shares outstanding at September 30, 2018. During the quarter ended March 31, 2019, the Company repurchased 4.6 million shares of its common stock for a total cost of \$144.7 million.

Conference Call Information

A commentary on the results by Chairman and CEO Greg Johnson and CFO and Executive Vice President Ken Lewis will be available today at approximately 8:30 a.m. Eastern Time. Access to the commentary will be available via investors.franklinresources.com.

Johnson and Lewis will also lead a live teleconference today at 11:00 a.m. Eastern Time to answer questions of a material nature. Access to the teleconference will be available via investors.franklinresources.com or by dialing (877) 407-8293 in the U.S. and Canada or (201) 689-8349 internationally. A replay of the teleconference can also be accessed by calling (877) 660-6853 in the U.S. and Canada or (201) 612-7415 internationally using access code 13689373, after 2:00 p.m. Eastern Time on April 26, 2019 through May 26, 2019.

Analysts and investors are encouraged to review the Company's recent filings with the U.S. Securities and Exchange Commission and to contact Investor Relations at (650) 312-4091 before the live teleconference for any clarifications or questions related to the earnings release or commentary.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Unaudited

<i>(in millions, except per share data and AUM)</i>	Three Months Ended March 31,			Six Months Ended March 31,		
	2019	2018	% Change	2019	2018	% Change
Operating Revenues						
Investment management fees	\$ 992.4	\$ 1,117.1	(11%)	\$ 1,964.2	\$ 2,230.7	(12%)
Sales and distribution fees	358.5	409.8	(13%)	713.3	827.6	(14%)
Shareholder servicing fees	57.1	61.3	(7%)	112.2	116.2	(3%)
Other	25.8	29.6	(13%)	55.6	58.8	(5%)
Total operating revenues	1,433.8	1,617.8	(11%)	2,845.3	3,233.3	(12%)
Operating Expenses						
Sales, distribution and marketing	449.4	521.5	(14%)	893.9	1,050.2	(15%)
Compensation and benefits	409.6	355.5	15%	764.6	688.0	11%
Information systems and technology	62.1	58.1	7%	123.0	113.1	9%
Occupancy	31.4	34.1	(8%)	62.6	63.5	(1%)
General, administrative and other	101.8	92.9	10%	210.2	181.7	16%
Total operating expenses	1,054.3	1,062.1	(1%)	2,054.3	2,096.5	(2%)
Operating Income	379.5	555.7	(32%)	791.0	1,136.8	(30%)
Other Income (Expenses)						
Investment and other income, net	118.7	87.4	36%	59.6	168.7	(65%)
Interest expense	(5.7)	(10.0)	(43%)	(12.1)	(20.8)	(42%)
Other income, net	113.0	77.4	46%	47.5	147.9	(68%)
Income before taxes	492.5	633.1	(22%)	838.5	1,284.7	(35%)
Taxes on income ³	110.9	150.2	(26%)	196.9	1,373.7	(86%)
Net income (loss)	381.6	482.9	(21%)	641.6	(89.0)	NM
Less: net income (loss) attributable to						
Redeemable noncontrolling interests	21.5	15.2	41%	6.1	26.7	(77%)
Nonredeemable noncontrolling interests	(7.4)	24.5	NM	(7.9)	24.4	NM
Net Income (Loss) Attributable to Franklin Resources, Inc.	\$ 367.5	\$ 443.2	(17%)	\$ 643.4	\$ (140.1)	NM
Earnings (Loss) per Share						
Basic	\$ 0.72	\$ 0.79	(9%)	\$ 1.26	\$ (0.29)	NM
Diluted	0.72	0.78	(8%)	1.25	(0.29)	NM
Dividends Declared per Share	\$ 0.26	\$ 3.23	(92%)	\$ 0.52	\$ 3.46	(85%)
Average Shares Outstanding						
Basic	504.7	545.0	(7%)	507.6	547.9	(7%)
Diluted	505.1	545.5	(7%)	508.0	547.9	(7%)
Operating Margin	26.5%	34.3%		27.8%	35.2%	
AUM (in billions)						
Ending	\$ 712.3	\$ 737.5	(3%)	\$ 712.3	\$ 737.5	(3%)
Average	688.6	751.8	(8%)	691.1	752.0	(8%)
Net flows	(6.3)	(10.0)		(13.6)	(12.3)	

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME

Unaudited

<i>(in millions, except per share data and employees)</i>	Three Months Ended		% Change	Three Months Ended		
	31-Mar-19	31-Dec-18		30-Sep-18	30-Jun-18	31-Mar-18
Operating Revenues						
Investment management fees	\$ 992.4	\$ 971.8	2%	\$ 1,058.9	\$ 1,077.9	\$ 1,117.1
Sales and distribution fees	358.5	354.8	1%	380.8	391.4	409.8
Shareholder servicing fees	57.1	55.1	4%	51.8	53.9	61.3
Other	25.8	29.8	(13%)	35.7	35.4	29.6
Total operating revenues	1,433.8	1,411.5	2%	1,527.2	1,558.6	1,617.8
Operating Expenses						
Sales, distribution and marketing	449.4	444.5	1%	489.7	499.8	521.5
Compensation and benefits	409.6	355.0	15%	345.1	357.5	355.5
Information systems and technology	62.1	60.9	2%	68.3	62.5	58.1
Occupancy	31.4	31.2	1%	34.6	30.5	34.1
General, administrative and other	101.8	108.4	(6%)	110.8	105.2	92.9
Total operating expenses	1,054.3	1,000.0	5%	1,048.5	1,055.5	1,062.1
Operating Income	379.5	411.5	(8%)	478.7	503.1	555.7
Other Income (Expenses)						
Investment and other income (losses), net	118.7	(59.1)	NM	10.4	(33.8)	87.4
Interest expense	(5.7)	(6.4)	(11%)	(5.8)	(22.1)	(10.0)
Other income (expenses), net	113.0	(65.5)	NM	4.6	(55.9)	77.4
Income before taxes	492.5	346.0	42%	483.3	447.2	633.1
Taxes on income ³	110.9	86.0	29%	7.0	91.8	150.2
Net income	381.6	260.0	47%	476.3	355.4	482.9
Less: net income (loss) attributable to						
Redeemable noncontrolling interests	21.5	(15.4)	NM	5.5	(45.0)	15.2
Nonredeemable noncontrolling interests	(7.4)	(0.5)	NM	(31.7)	(1.6)	24.5
Net Income Attributable to Franklin Resources, Inc.	\$ 367.5	\$ 275.9	33%	\$ 502.5	\$ 402.0	\$ 443.2
Earnings per Share						
Basic	\$ 0.72	\$ 0.54	33%	\$ 0.96	\$ 0.75	\$ 0.79
Diluted	0.72	0.54	33%	0.96	0.75	0.78
Dividends Declared per Share	\$ 0.26	\$ 0.26	0%	\$ 0.23	\$ 0.23	\$ 3.23
Average Shares Outstanding						
Basic	504.7	510.3	(1%)	520.9	533.0	545.0
Diluted	505.1	510.8	(1%)	521.5	533.5	545.5
Operating Margin	26.5%	29.2%		31.3%	32.3%	34.3%
Employees	9,893	9,717	2%	9,691	9,784	9,448

AUM AND FLOWS

<i>(in billions)</i>	Three Months Ended March 31,			Six Months Ended March 31,		
	2019	2018	% Change	2019	2018	% Change
Beginning AUM	\$ 649.9	\$ 753.8	(14%)	\$ 717.1	\$ 753.2	(5%)
Long-term sales	27.0	28.6	(6%)	48.7	56.7	(14%)
Long-term redemptions	(36.2)	(41.7)	(13%)	(78.6)	(81.1)	(3%)
Long-term net exchanges	—	(0.1)	(100%)	(0.5)	(0.2)	150%
Long-term reinvested distributions	2.9	3.2	(9%)	16.8	12.3	37%
Net flows	(6.3)	(10.0)	(37%)	(13.6)	(12.3)	11%
Acquisition	26.4	—	NM	26.4	—	NM
Net market change, distributions and other ⁴	42.3	(6.3)	NM	(17.6)	(3.4)	418%
Ending AUM	\$ 712.3	\$ 737.5	(3%)	\$ 712.3	\$ 737.5	(3%)

AUM BY INVESTMENT OBJECTIVE

<i>(in billions)</i>	31-Mar-19	31-Dec-18	% Change	30-Sep-18	30-Jun-18	31-Mar-18
Equity						
Global/international	\$ 174.4	\$ 166.0	5%	\$ 194.4	\$ 201.0	\$ 202.7
United States	109.5	97.1	13%	115.2	109.6	106.6
Total equity	283.9	263.1	8%	309.6	310.6	309.3
Multi-Asset/Balanced	134.7	124.8	8%	138.9	137.7	137.6
Fixed Income						
Tax-free	63.4	62.0	2%	63.9	65.6	67.0
Taxable						
Global/international	152.5	147.7	3%	150.6	154.5	165.0
United States	68.9	42.2	63%	44.8	46.6	48.2
Total fixed income	284.8	251.9	13%	259.3	266.7	280.2
Cash Management	8.9	10.1	(12%)	9.3	9.1	10.4
Total AUM	\$ 712.3	\$ 649.9	10%	\$ 717.1	\$ 724.1	\$ 737.5
Average AUM for the Three-Month Period	\$ 688.6	\$ 683.2	1%	\$ 724.3	\$ 731.7	\$ 751.8

AUM AND FLOWS - UNITED STATES AND INTERNATIONAL ⁵

<i>(in billions)</i>	As of and for the Three Months Ended					
	31-Mar-19	% of Total	31-Dec-18	% of Total	31-Mar-18	% of Total
Long-Term Sales						
United States	\$ 14.2	53%	\$ 12.1	56%	\$ 13.6	48%
International	12.8	47%	9.6	44%	15.0	52%
Total long-term sales	\$ 27.0	100%	\$ 21.7	100%	\$ 28.6	100%
Long-Term Redemptions						
United States	\$ (20.6)	57%	\$ (26.4)	62%	\$ (24.0)	58%
International	(15.6)	43%	(16.0)	38%	(17.7)	42%
Total long-term redemptions	\$ (36.2)	100%	\$ (42.4)	100%	\$ (41.7)	100%
AUM						
United States	\$ 486.6	68%	\$ 433.7	67%	\$ 484.9	66%
International	225.7	32%	216.2	33%	252.6	34%
Total AUM	\$ 712.3	100%	\$ 649.9	100%	\$ 737.5	100%

AUM AND FLOWS BY INVESTMENT OBJECTIVE

(in billions)

for the three months ended March 31, 2019	Equity			Fixed Income				Cash Management	Total
	Global/ International	United States	Multi- Asset/ Balanced	Tax-Free	Taxable Global/ International	Taxable United States			
AUM at January 1, 2019	\$ 166.0	\$ 97.1	\$ 124.8	\$ 62.0	\$ 147.7	\$ 42.2	\$ 10.1	\$ 649.9	
Long-term sales	5.1	4.1	3.1	1.8	11.1	1.8	—	27.0	
Long-term redemptions	(12.0)	(5.8)	(4.4)	(2.2)	(8.6)	(3.2)	—	(36.2)	
Long-term net exchanges	(0.2)	(0.1)	0.1	0.2	—	—	—	—	
Long-term reinvested distributions	0.1	—	1.1	0.4	1.1	0.2	—	2.9	
Net flows	(7.0)	(1.8)	(0.1)	0.2	3.6	(1.2)	—	(6.3)	
Acquisition	—	—	—	—	—	26.4	—	26.4	
Net market change, distributions and other ⁴	15.4	14.2	10.0	1.2	1.2	1.5	(1.2)	42.3	
AUM at March 31, 2019	\$ 174.4	\$ 109.5	\$ 134.7	\$ 63.4	\$ 152.5	\$ 68.9	\$ 8.9	\$ 712.3	

(in billions)

for the three months ended December 31, 2018	Equity			Fixed Income				Cash Management	Total
	Global/ International	United States	Multi- Asset/ Balanced	Tax-Free	Taxable Global/ International	Taxable United States			
AUM at October 1, 2018	\$ 194.4	\$ 115.2	\$ 138.9	\$ 63.9	\$ 150.6	\$ 44.8	\$ 9.3	\$ 717.1	
Long-term sales	4.3	4.0	2.8	1.6	7.4	1.6	—	21.7	
Long-term redemptions	(9.7)	(6.3)	(6.8)	(3.9)	(12.1)	(3.6)	—	(42.4)	
Long-term net exchanges	(0.4)	0.1	(0.2)	(0.2)	0.2	—	—	(0.5)	
Long-term reinvested distributions	4.4	5.0	1.9	0.5	1.8	0.3	—	13.9	
Net flows	(1.4)	2.8	(2.3)	(2.0)	(2.7)	(1.7)	—	(7.3)	
Net market change, distributions and other ⁴	(27.0)	(20.9)	(11.8)	0.1	(0.2)	(0.9)	0.8	(59.9)	
AUM at December 31, 2018	\$ 166.0	\$ 97.1	\$ 124.8	\$ 62.0	\$ 147.7	\$ 42.2	\$ 10.1	\$ 649.9	

(in billions)

for the three months ended March 31, 2018	Equity			Fixed Income				Cash Management	Total
	Global/ International	United States	Multi- Asset/ Balanced	Tax-Free	Taxable Global/ International	Taxable United States			
AUM at January 1, 2018	\$ 212.0	\$ 109.4	\$ 142.7	\$ 69.4	\$ 163.7	\$ 50.0	\$ 6.6	\$ 753.8	
Long-term sales	6.6	4.1	4.0	1.7	10.3	1.9	—	28.6	
Long-term redemptions	(11.6)	(6.7)	(6.3)	(3.1)	(11.0)	(3.0)	—	(41.7)	
Long-term net exchanges	0.1	0.1	—	(0.2)	(0.1)	—	—	(0.1)	
Long-term reinvested distributions	0.4	—	1.2	0.5	0.9	0.2	—	3.2	
Net flows	(4.5)	(2.5)	(1.1)	(1.1)	0.1	(0.9)	—	(10.0)	
Net market change, distributions and other ⁴	(4.8)	(0.3)	(4.0)	(1.3)	1.2	(0.9)	3.8	(6.3)	
AUM at March 31, 2018	\$ 202.7	\$ 106.6	\$ 137.6	\$ 67.0	\$ 165.0	\$ 48.2	\$ 10.4	\$ 737.5	

Notes

1. Net income represents net income attributable to Franklin Resources, Inc.
2. Average AUM represents simple monthly average AUM.
3. Taxes on income for the quarter ended December 31, 2017 includes an estimated income tax charge of \$1.1 billion resulting from enactment of the Tax Cuts and Jobs Act of 2017, which was based on information available as of December 31, 2017. The estimate decreased by \$0.8 million, \$9.7 million, \$89.6 million and \$0.4 million during the quarters ended March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, and may be further adjusted in the future upon issuance of additional technical guidance, legislative updates from states on tax reform, and the completion of the Company's tax return filings for fiscal year 2018.
4. Net market change, distributions and other includes appreciation (depreciation), distributions to investors that represent return on investments and return of capital, foreign exchange revaluation and net cash management.
5. International includes North America-based advisors serving non-resident clients.

Franklin Resources, Inc. is a global investment management organization operating as Franklin Templeton. Franklin Templeton's goal is to deliver better outcomes by providing global and domestic investment management to retail, institutional and sovereign wealth clients in over 170 countries. Through specialized teams, the Company has expertise across all asset classes, including equity, fixed income, alternatives and custom multi-asset solutions. The Company's more than 600 investment professionals are supported by its integrated, worldwide team of risk management professionals and global trading desk network. With employees in over 30 countries, the California-based company has more than 70 years of investment experience and \$712.3 billion in AUM as of March 31, 2019. The Company posts information that may be significant for investors in the Investor Relations and News Center sections of its website, and encourages investors to consult those sections regularly. For more information, please visit investors.franklinresources.com.

Forward-Looking Statements

Statements in this press release regarding Franklin Resources, Inc. ("Franklin") and its subsidiaries, which are not historical facts, are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. When used in this press release, words or phrases generally written in the future tense and/or preceded by words such as "will," "may," "could," "expect," "believe," "anticipate," "intend," "plan," "seek," "estimate" or other similar words are forward-looking statements.

Forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors, some of which are listed below, that could cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. While forward-looking statements are our best prediction at the time that they are made, you should not rely on them and are cautioned against doing so. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. They are neither statements of historical fact nor guarantees or assurances of future performance.

These and other risks, uncertainties and other important factors are described in more detail in Franklin's recent filings with the U.S. Securities and Exchange Commission, including, without limitation, in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in Franklin's Annual Report on Form 10-K for the fiscal year ended September 30, 2018 and Franklin's subsequent Quarterly Reports on Form 10-Q:

- Volatility and disruption of the capital and credit markets, and adverse changes in the global economy, may significantly affect our results of operations and may put pressure on our financial results.
- The amount and mix of our AUM are subject to significant fluctuations.
- We are subject to extensive, complex, overlapping and frequently changing rules, regulations, policies, and legal interpretations.
- Global regulatory and legislative actions and reforms have made the regulatory environment in which we operate more costly and future actions and reforms could adversely impact our financial condition and results of operations.
- Failure to comply with the laws, rules or regulations in any of the jurisdictions in which we operate could result in substantial harm to our reputation and results of operations.
- Changes in tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and liquidity.

- Any significant limitation, failure or security breach of our information and cyber security infrastructure, software applications, technology or other systems that are critical to our operations could disrupt our business and harm our operations and reputation.
- Our contractual obligations may subject us to indemnification costs and liability to third parties.
- Our business operations are complex and a failure to properly perform operational tasks or the misrepresentation of our services and products, or the termination of investment management agreements representing a significant portion of our AUM, could have an adverse effect on our revenues and income.
- We face risks, and corresponding potential costs and expenses, associated with conducting operations and growing our business in numerous countries.
- We depend on key personnel and our financial performance could be negatively affected by the loss of their services.
- Strong competition from numerous and sometimes larger companies with competing offerings and products could limit or reduce sales of our products, potentially resulting in a decline in our market share, revenues and income.
- Changes in the third-party distribution and sales channels on which we depend could reduce our income and hinder our growth.
- Our increasing focus on international markets as a source of investments and sales of our products subjects us to increased exchange rate and market-specific political, economic or other risks that may adversely impact our revenues and income generated overseas.
- Harm to our reputation or poor investment performance of our products could reduce the level of our AUM or affect our sales, and negatively impact our revenues and income.
- Our future results are dependent upon maintaining an appropriate level of expenses, which is subject to fluctuation.
- Our ability to successfully manage and grow our business can be impeded by systems and other technological limitations.
- Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm, or legal liability.
- Regulatory and governmental examinations and/or investigations, litigation and the legal risks associated with our business, could adversely impact our AUM, increase costs and negatively impact our profitability and/or our future financial results.
- Our ability to meet cash needs depends upon certain factors, including the market value of our assets, operating cash flows and our perceived creditworthiness.
- We are dependent on the earnings of our subsidiaries.

Any forward-looking statement made by us in this press release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

###