Gluskin Sheff

GLUSKIN SHEFF + ASSOCIATES INC. ANNOUNCES THIRD QUARTER FISCAL 2016 RESULTS

May 12, 2016

TORONTO, ONTARIO

Gluskin Sheff + Associates Inc. (the "Company") announced today its results for the three and nine months ended March 31, 2016.

Financial Highlights:

(unaudited, $ '000s except for AUM and per share amounts)		3 Months Ended Mar 31, 2016		3 Months Ended Mar 31, 2015		9 Months Ended Mar 31, 2016		9 Months Ended Mar 31, 2015
Assets Under Management ($ in millions)	$	8,199	$	8,599	$	8,199	$	8,599
Revenue:								
Base Management Fees	$	25,587	$	26,465	$	79,432	$	78,748
Performance Fees		34		1,400		33,038		44,548
Investment & Other Income		598		874		2,239		2,953
Total Revenue	$	26,219	$	28,739	$	114,709	$	126,249
Net Income attributable to shareholders	$	4,995	$	5,518	$	30,986	$	40,145
Amortization of Restricted Share Units (RSUs)		3,610		4,476		11,642		13,112
Other amortization		1,647		1,535		5,381		4,412
RSU portion of current period's Base bonus		(746)		(768)		(2,360)		(2,529)
Special RSUs		-		-		(863)		(750)
Stock option and post-retirement obligation		100		97		306		437
Performance fees net of related cash bonus		(27)		(957)		(22,850)		(30,437)
Provision for income taxes		1,951		2,510		13,486		15,621
Base EBITDA	$	11,530	$	12,411	$	35,728	$	40,011
Basic Earnings per Share	$	0.17	$	0.18	$	1.04	$	1.32
Diluted Earnings per Share	$	0.16	$	0.18	$	1.00	$	1.27

The Company's revenues are derived from Base Management Fees, calculated as a percentage of Assets Under Management ("AUM"), Performance Fees, which are earned when the Company exceeds pre-specified rates of return, and Other Income.

During the quarter, AUM decreased by $108 million to $8.2 billion as at March 31, 2016, from $8.3 billion as at December 31, 2015, due to negative net investment performance of $158 million, partially offset by net additions of $50 million. $39 million in net additions were from high net worth clients and $11 million in net additions were from institutional clients. Year-over-year AUM decreased by $400 million due to negative net investment performance of $214 million and $186 million in net withdrawals. $113 million in net withdrawals from institutional clients and $73 million in net withdrawals were from high net worth clients.

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Base Management Fees for the three months ended March 31, 2016, decreased year-over-year to $25.6 million from $26.5 million as Average AUM for the quarter decreased to $8.1 billion from $8.5 billion for the same quarter last year. The average Base Management Fee Percentage increased to 1.28% versus 1.26% for the same period last year.

Total expenses decreased by $1.4 million from the year-ago quarter primarily due to a decrease of $1.7 million in base salaries due to reduced severance costs, a decline of $0.9 million in cash bonus expense on lower performance fees earned and lower base business net income and a decline of $0.9 million in restricted share unit amortization expense. Partially offsetting these declines were increases in research costs, consulting fees, systems development and license expenses, legal fees, and higher amortization of intangible assets. DSU expenses and regulatory fees also declined in the quarter.

Net income was $5.0 million, and represented earnings per share, basic and diluted, of $0.17 and $0.16, respectively. Net income for the three months ended March 31, 2015, was $5.5 million, and represented basic and diluted earnings per share of $0.18. The decrease in net income was due primarily to the decrease in Base Management Fees and Performance Fees, partially offset by a decrease in expenses as described above.

Base EBITDA eliminates the effect of Performance Fees, Performance Fee related expenses, post-retirement obligations, stock option expense and amortization of RSU awards, and deducts the dollar value of the base bonus RSUs to be awarded in respect of the current period and special RSUs awarded in the period. Base EBITDA was $11.5 million for the three months ended December 31, 2015, compared with $12.4 million in the year ago quarter due primarily to the decrease in Base Management Fees and lower other income, partially offset by the decrease in base business expenses noted above.

"During challenging and volatile market phases such as the current one, our approach continues to resonate with new and existing clients who are seeking prudent management of their assets and risk-adjusted returns," commented Jeremy Freedman, President &Chief Executive Officer. "As I transition from CEO to a significant client and shareholder of the Company, I have the utmost confidence in the leadership of our incoming CEO, Tom MacMillan, in the depth of our team and in the strength and stability of our investment process."

Gluskin Sheff + Associates Inc. is one of Canada's pre-eminent wealth management firms, serving high net worth private clients, estates, trusts and institutional investors. Founded in 1984, the Firm is dedicated to providing clients with strong risk-adjusted returns together with the highest level of personalized client service. The Company's Common Shares are listed on the Toronto Stock Exchange under the symbol "GS". For more information about the Company, please visit our website at www.gluskinsheff.com.

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This press release may contain forward-looking statements relating to Gluskin Sheff + Associates Inc.'s business and the environment in which it operates. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. These risks and uncertainties are discussed in the Company's regulatory filings available on the Company's website at www.gluskinsheff.com or at www.sedar.com. Actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances; except as required by applicable law.

Non-IFRS Measures

Included in this press release are certain financial terms (including Base EBITDA and AUM) that the Company utilizes to assess the financial performance of its business that are not measures recognized under International Financial Reporting Standards (IFRS). These non-IFRS measures do not have any standardized meanings prescribed by IFRS and should not be considered alternatives to net income or any other measure of performance determined in accordance with IFRS. Therefore, these non-IFRS measures are unlikely to be comparable to similar measures presented by other issuers. For additional information regarding the Company's use of non-IFRS measures, including the calculation of these measures, please refer to the "Non-IFRS financial measures" section of the Company's Management's Discussion and Analysis and its financial statements available on the Company's website and on the SEDAR website located at www.sedar.com.