

BlackRock Inc.
Form 8-K
April 17, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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): April 17, 2019 (April 16, 2019)

BLACKROCK, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction

of incorporation)

001-33099
(Commission

File Number)

32-0174431
(IRS Employer

Identification No.)

55 East 52nd Street, New York, New York
(Address of principal executive offices)

10055
(Zip Code)

Registrant's telephone number, including area code: (212) 810-5300

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 8.01 Other Events.**First Quarter 2019 Results**

On April 16, 2019, BlackRock, Inc. (the Company) reported results of operations for the three months ended March 31, 2019.

FINANCIAL RESULTS

<i>(in millions, except per share data)</i>	Q1 2019	Q1 2018
AUM	\$ 6,515,345	\$ 6,316,984
<i>% change</i>	<i>3%</i>	
Total net flows	\$ 64,666	\$ 56,946
GAAP basis:		
Revenue	\$ 3,346	\$ 3,583
<i>% change</i>	<i>(7)%</i>	
Operating income	\$ 1,233	\$ 1,375
<i>% change</i>	<i>(10)%</i>	
Operating margin	36.8%	38.4%
Net income ⁽¹⁾	\$ 1,053	\$ 1,089
<i>% change</i>	<i>(3)%</i>	
Diluted EPS	\$ 6.61	\$ 6.68
<i>% change</i>	<i>(1)%</i>	
Weighted average diluted shares	159.3	162.9
<i>% change</i>	<i>(2)%</i>	
As Adjusted:		
Operating income ⁽²⁾	\$ 1,233	\$ 1,378
<i>% change</i>	<i>(11)%</i>	
Operating margin ⁽²⁾	41.9%	44.1%
Net income ^{(1) (2)}	\$ 1,053	\$ 1,092
<i>% change</i>	<i>(4)%</i>	
Diluted EPS ⁽²⁾	\$ 6.61	\$ 6.70
<i>% change</i>	<i>(1)%</i>	

(1) Net income represents net income attributable to BlackRock, Inc.

(2) See notes (1) through (3) to the condensed consolidated statements of income and supplemental information on pages 10-11 for more information on as adjusted items and the reconciliation to GAAP.

NET FLOW HIGHLIGHTS

<i>(in billions)</i>	Q1 2019	LTM⁽¹⁾ 2019
Long-term net flows:	\$ 59.0	\$ 127.7
By region:		
Americas	\$ 40.0	\$ 140.8

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EMEA	21.9	3.3
APAC	(2.9)	(16.4)
By client type:		
<i>Retail:</i>	\$ (0.8)	\$ 1.6
US	3.2	18.8
International	(4.0)	(17.2)
<i>iShares®:</i>	\$ 30.7	\$ 163.6
Core	19.5	93.4
Non-Core	11.2	70.2
<i>Institutional:</i>	\$ 29.1	\$ (37.5)
Active	15.4	12.9
Index	13.7	(50.4)
Cash management net flows:	\$ 5.7	\$ 3.0

(1) Amounts represent rolling last twelve months long-term net flows as of March 31, 2019.

BUSINESS RESULTS

<i>(in millions), (unaudited)</i>	Q1 2019 Net flows	March 31, 2019 AUM	Q1 2019 Base fees⁽¹⁾	March 31, 2019 AUM % of Total	Q1 2019 Base fees⁽¹⁾ % of Total
RESULTS BY CLIENT TYPE					
Retail	\$ (813)	\$ 646,355	\$ 826	10%	29%
<i>iShares</i> ETFs	30,688	1,924,710	1,091	30%	39%
Institutional:					
Active	15,367	1,160,150	500	17%	18%
Index	13,757	2,327,080	247	36%	9%
Total institutional	29,124	3,487,230	747	53%	27%
Long-term	58,999	6,058,295	2,664	93%	95%
Cash management	5,666	455,271	141	7%	5%
Advisory	1	1,779			
Total	\$ 64,666	\$ 6,515,345	\$ 2,805	100%	100%
RESULTS BY INVESTMENT STYLE					
Active	\$ 13,603	\$ 1,724,875	\$ 1,307	26%	47%
Index and <i>iShares</i> ETFs	45,396	4,333,420	1,357	67%	48%
Long-term	58,999	6,058,295	2,664	93%	95%
Cash management	5,666	455,271	141	7%	5%
Advisory	1	1,779			
Total	\$ 64,666	\$ 6,515,345	\$ 2,805	100%	100%
RESULTS BY PRODUCT TYPE					
Equity	\$ (26,077)	\$ 3,375,885	\$ 1,386	52%	49%
Fixed income	79,923	2,029,966	774	31%	28%
Multi-asset	(1,655)	499,520	276	8%	10%
Alternatives	6,808	152,924	228	2%	8%
Long-term	58,999	6,058,295	2,664	93%	95%
Cash management	5,666	455,271	141	7%	5%
Advisory	1	1,779			
Total	\$ 64,666	\$ 6,515,345	\$ 2,805	100%	100%

⁽¹⁾ Base fees include investment advisory, administration fees and securities lending revenue.

INVESTMENT PERFORMANCE AT MARCH 31, 2019⁽¹⁾

	One-year period	Three-year period	Five-year period
Fixed income:			
<i>Actively managed AUM above benchmark or peer median</i>			
Taxable	61%	83%	85%
Tax-exempt	28%	78%	76%
<i>Index AUM within or above applicable tolerance</i>	98%	99%	98%
Equity:			
<i>Actively managed AUM above benchmark or peer median</i>			
Fundamental	63%	73%	83%
Systematic	27%	87%	87%
<i>Index AUM within or above applicable tolerance</i>	97%	99%	98%

- (1) Past performance is not indicative of future results. The performance information shown is based on preliminary available data. Please refer to page 12 for performance disclosure detail.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND SUPPLEMENTAL INFORMATION*(in millions, except shares and per share data), (unaudited)*

	Three Months Ended March 31,			Three Months Ended December 31,		
	2019	2018	Change	2018	Change	
Revenue						
Investment advisory, administration fees and securities lending revenue	\$ 2,805	\$ 2,947	\$ (142)	\$ 2,779	\$ 26	
Investment advisory performance fees	26	70	(44)	100	(74)	
Technology services revenue	204	184	20	203	1	
Distribution fees	262	311	(49)	271	(9)	
Advisory and other revenue	49	71	(22)	81	(32)	
Total revenue	3,346	3,583	(237)	3,434	(88)	
Expense						
Employee compensation and benefits	1,064	1,121	(57)	1,020	44	
Distribution and servicing costs	404	432	(28)	420	(16)	
Direct fund expense	242	261	(19)	224	18	
General and administration	388	383	5	449	(61)	
Restructuring charge				60	(60)	
Amortization of intangible assets	15	11	4	15		
Total expense	2,113	2,208	(95)	2,188	(75)	
Operating income	1,233	1,375	(142)	1,246	(13)	
Nonoperating income (expense)						
Net gain (loss) on investments	142	15	127	(67)	209	
Interest and dividend income	29	15	14	41	(12)	
Interest expense	(46)	(46)		(46)		
	125	(16)	141	(72)	197	

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Total nonoperating income (expense)						
Income before income taxes	1,358	1,359	(1)	1,174	184	
Income tax expense	298	265	33	247	51	
Net income	1,060	1,094	(34)	927	133	
Less:						
Net income (loss) attributable to noncontrolling interests	7	5	2		7	
Net income attributable to BlackRock, Inc.	\$ 1,053	\$ 1,089	\$ (36)	\$ 927	\$ 126	
Weighted-average common shares outstanding						
Basic	158,268,034	161,250,018	(2,981,984)	158,859,998	(591,964)	
Diluted	159,348,431	162,918,961	(3,570,530)	160,450,266	(1,101,835)	
Earnings per share attributable to BlackRock, Inc. common stockholders (3)						
Basic	\$ 6.65	\$ 6.75	\$ (0.10)	\$ 5.84	\$ 0.81	
Diluted	\$ 6.61	\$ 6.68	\$ (0.07)	\$ 5.78	\$ 0.83	
Cash dividends declared and paid per share						
	\$ 3.30	\$ 2.88	\$ 0.42	\$ 3.13	\$ 0.17	
Supplemental information:						
AUM (end of period)	\$ 6,515,345	\$ 6,316,984	\$ 198,361	\$ 5,975,818	\$ 539,527	
Shares outstanding (end of period)	155,323,503	161,275,008	(5,951,505)	158,520,147	(3,196,644)	
GAAP:						
Operating margin	36.8%	38.4%	(160) bps	36.3%	50 bps	
Effective tax rate	22.1%	19.6%	250 bps	21.0%	110 bps	
As adjusted:						
Operating income (1)	\$ 1,233	\$ 1,378	\$ (145)	\$ 1,310	\$ (77)	
Operating margin (1)	41.9%	44.1%	(220) bps	43.5%	(160) bps	
Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests	\$ 118	\$ (21)	\$ 139	\$ (72)	\$ 190	

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Net income attributable to BlackRock, Inc. (2)	\$	1,053	\$	1,092	\$	(39)	\$	975	\$	78
Diluted earnings attributable to BlackRock, Inc. common stockholders per share (2) (3)	\$	6.61	\$	6.70	\$	(0.09)	\$	6.08	\$	0.53
Effective tax rate		22.1%		19.6%		250 bps		21.2%		90 bps

See pages 10-11 for the reconciliation to GAAP and notes (1) through (3) for more information on as adjusted items.

ASSETS UNDER MANAGEMENT*(in millions), (unaudited)***Current Quarter Component Changes by Client Type and Product Type**

	December 31, 2018	Net inflows (outflows)	Market change	FX impact ⁽¹⁾	March 31, 2019	Average AUM ⁽²⁾
Retail:						
Equity	\$ 205,714	\$ (3,613)	\$ 23,370	\$ 521	\$ 225,992	\$ 219,245
Fixed income	271,588	5,929	4,099	(50)	281,566	277,587
Multi-asset	113,417	(3,692)	8,086	87	117,898	116,924
Alternatives	20,131	563	226	(21)	20,899	20,495
Retail subtotal	610,850	(813)	35,781	537	646,355	634,251
iShares ETFs:						
Equity	1,274,262	(1,622)	151,100	(536)	1,423,204	1,369,626
Fixed income	427,596	32,203	12,010	(648)	471,161	451,119
Multi-asset	4,485	(636)	320	2	4,171	4,204
Alternatives	25,082	743	354	(5)	26,174	26,119
iShares ETFs subtotal	1,731,425	30,688	163,784	(1,187)	1,924,710	1,851,068
Institutional:						
Active:						
Equity	110,976	(5,536)	12,941	272	118,653	117,018
Fixed income	538,961	12,992	18,942	418	571,313	551,584
Multi-asset	336,237	2,591	30,680	(462)	369,046	355,060
Alternatives	93,805	5,320	1,905	108	101,138	98,044
Active subtotal	1,079,979	15,367	64,468	336	1,160,150	1,121,706
Index:						
Equity	1,444,873	(15,306)	177,919	550	1,608,036	1,558,876
Fixed income	646,272	28,799	25,821	5,034	705,926	676,391
Multi-asset	7,745	82	600	(22)	8,405	8,182
Alternatives	4,340	182	157	34	4,713	4,511
Index subtotal	2,103,230	13,757	204,497	5,596	2,327,080	2,247,960
Institutional subtotal	3,183,209	29,124	268,965	5,932	3,487,230	3,369,666
Long-term	5,525,484	58,999	468,530	5,282	6,058,295	5,854,985
Cash management	448,565	5,666	676	364	455,271	450,140
Advisory ⁽³⁾	1,769	1	3	6	1,779	1,778
Total	\$ 5,975,818	\$ 64,666	\$ 469,209	\$ 5,652	\$ 6,515,345	\$ 6,306,903

Current Quarter Component Changes by Investment Style and Product Type (Long-term)

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	December 31, 2018	Net inflows (outflows)	Market change	FX impact ⁽¹⁾	March 31, 2019	Average AUM ⁽²⁾
Active:						
Equity	\$ 258,205	\$ (9,464)	\$ 29,893	\$ 310	\$ 278,944	\$ 273,333
Fixed income	795,985	18,285	22,525	155	836,950	813,821
Multi-asset	449,654	(1,101)	38,766	(375)	486,944	471,984
Alternatives	113,936	5,883	2,131	87	122,037	118,539
Active subtotal	1,617,780	13,603	93,315	177	1,724,875	1,677,677
Index and <i>iShares</i> ETFs:						
<i>iShares</i> ETFs:						
Equity	1,274,262	(1,622)	151,100	(536)	1,423,204	1,369,626
Fixed income	427,596	32,203	12,010	(648)	471,161	451,119
Multi-asset	4,485	(636)	320	2	4,171	4,204
Alternatives	25,082	743	354	(5)	26,174	26,119
<i>iShares</i> ETFs subtotal	1,731,425	30,688	163,784	(1,187)	1,924,710	1,851,068
Non-ETF Index:						
Equity	1,503,358	(14,991)	184,337	1,033	1,673,737	1,621,806
Fixed income	660,836	29,435	26,337	5,247	721,855	691,741
Multi-asset	7,745	82	600	(22)	8,405	8,182
Alternatives	4,340	182	157	34	4,713	4,511
Non-ETF Index subtotal	2,176,279	14,708	211,431	6,292	2,408,710	2,326,240
Index & <i>iShares</i> ETFs subtotal	3,907,704	45,396	375,215	5,105	4,333,420	4,177,308
Long-term	\$ 5,525,484	\$ 58,999	\$ 468,530	\$ 5,282	\$ 6,058,295	\$ 5,854,985

Current Quarter Component Changes by Product Type (Long-term)

	December 31, 2018	Net inflows (outflows)	Market change	FX impact ⁽¹⁾	March 31, 2019	Average AUM ⁽²⁾
Equity	\$ 3,035,825	\$ (26,077)	\$ 365,330	\$ 807	\$ 3,375,885	\$ 3,264,765
Fixed income	1,884,417	79,923	60,872	4,754	2,029,966	1,956,681
Multi-asset	461,884	(1,655)	39,686	(395)	499,520	484,370
Alternatives:						
Illiquid alternatives	59,827	5,938	600	97		