
Piper Jaffray Companies

September 2018

PiperJaffray®

REALIZE THE POWER
OF PARTNERSHIP.™

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including those factors identified in the document entitled “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017 and updated in our subsequent reports filed with the SEC. These reports are available at our Web site at www.piperjaffray.com and at the SEC Web site at www.sec.gov. Forward-looking statements speak only as of the date they are made, and Piper Jaffray undertakes no obligation to update them in light of new information or future events.

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Table of Contents

- I. Company Overview**
- II. Investment Banking and Public Finance**
- III. Institutional Brokerage**
- IV. Asset Management**
- V. Appendix**

Section I

Company Overview

Our Firm

Realize the Power of PartnershipSM

PiperJaffray[®]

REALIZE THE POWER
OF PARTNERSHIP[®]



PiperJaffray[®]

Piper Jaffray is a leading investment bank and asset management firm

- Reputation for client-first approach and straightforward advice
- Deep expertise and market leadership in focus industry sectors
- Strategic advisory relationships and expert execution
- A track record of delivering results for more than a century

Investment Banking and Equities

Investment Banking

- M&A Advisory
- Capital Markets
- Debt and Restructuring Advisory

Equities

- Institutional Sales and Trading
- Equity and Technical Research

Public Finance and Fixed Income Services

Public Finance

- Municipal Underwriting and Advisory

Fixed Income Services

- Municipal/Taxable Sales and Trading

Asset Management

- U.S. and Global Equities
- Master Limited Partnerships

Investor Value Proposition

10X
Multiple Institutional
Brokerage

18X
Multiple Advisory
Services

Increasing share of revenue derived from high margin, more predictable advisory services

28%
Advisory Services Revenue CAGR²

Strong, sustainable earnings growth

20%
Adjusted Diluted EPS¹ CAGR²

Disciplined operating management and investing to drive shareholder returns

13.1%
Adjusted Rolling 12 Month
Return on Equity¹

Financial flexibility to fund growth and return capital to shareholders

\$95M
LTM Adjusted Net Income¹

Rapidly Expanding Advisory Platform

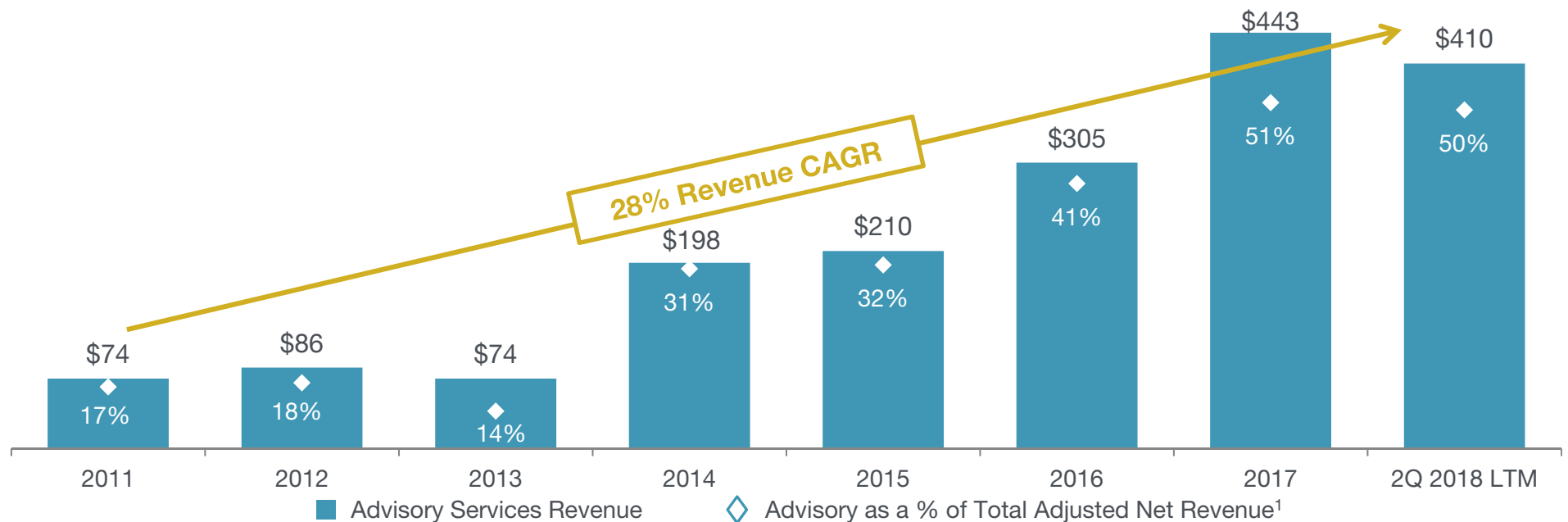
Advisory Services revenue increased nearly 500% since 2011

Deal volume increased from under 50 transactions to over 150 transactions per year

Broad participation across the entire investment banking platform

Advisory Services Revenue

\$ in millions

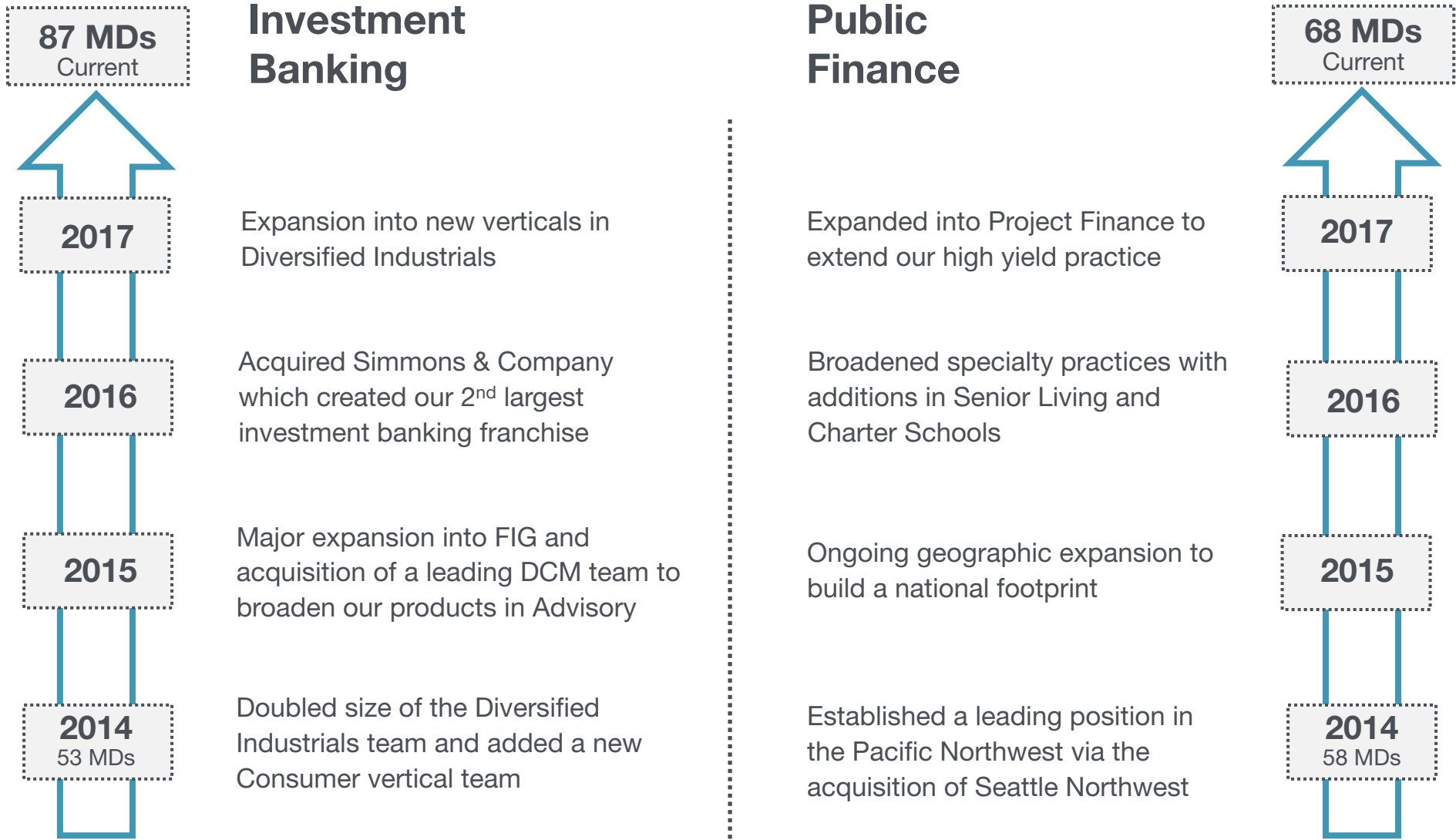


Advisory Services Revenue



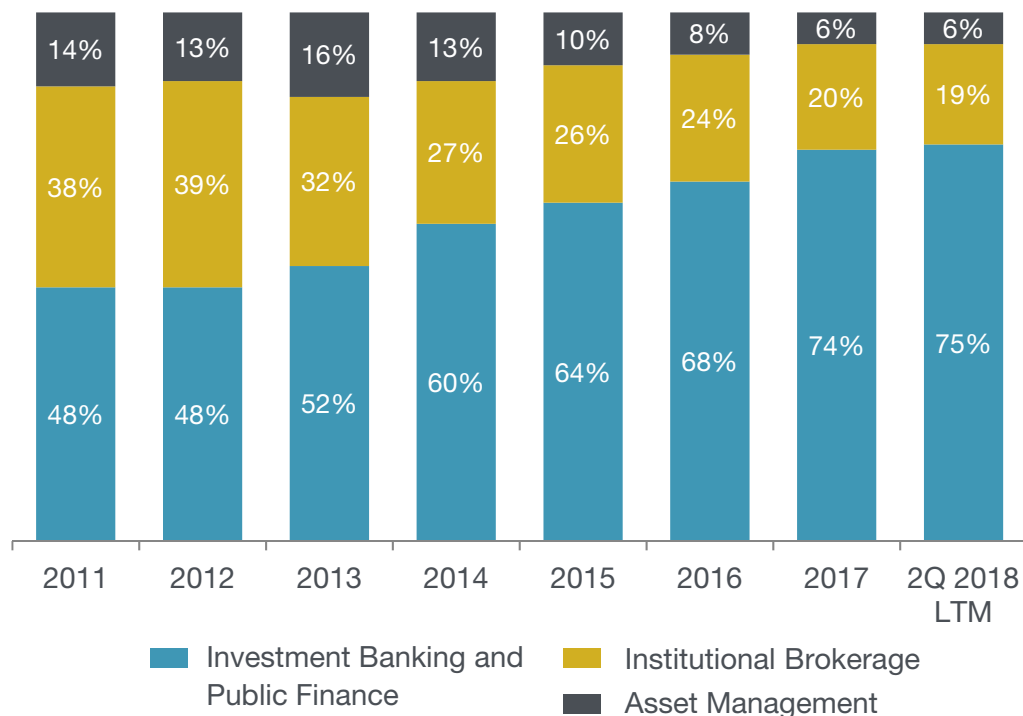
Over 50% of firm adjusted net revenue¹
 Favorable impact on business model
 Foundation for future growth

Continuously Investing for Growth



Business Mix Evolution

Adjusted Net Revenue¹ Mix by Activity



Demonstrating successful execution of our strategy to re-mix revenue in favor of activities characterized by

- High margins
- More predictable earnings
- Modest capital requirements

75%

Investment Banking and Public Finance

Investment Banking

- M&A Advisory
- Capital Markets
- Debt and Restructuring Advisory

Public Finance

- Municipal Underwriting and Advisory

19%

Institutional Brokerage

Fixed Income Services

- Municipal/Taxable Sales and Trading
- Strategic Analytics

Equities

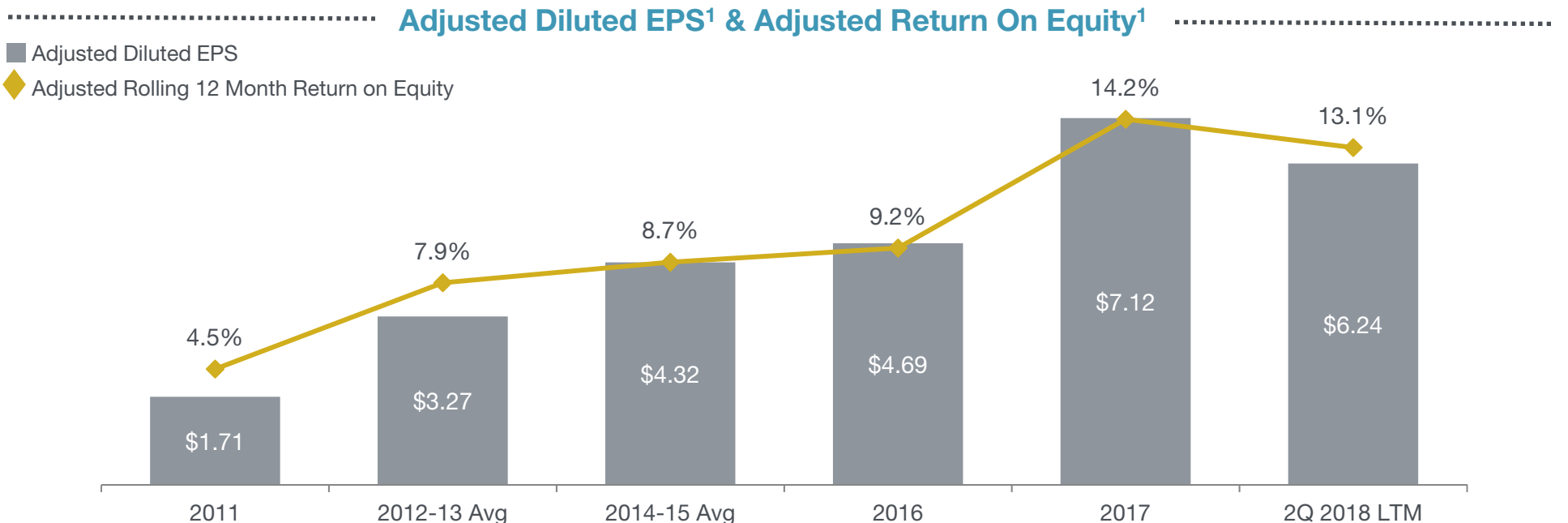
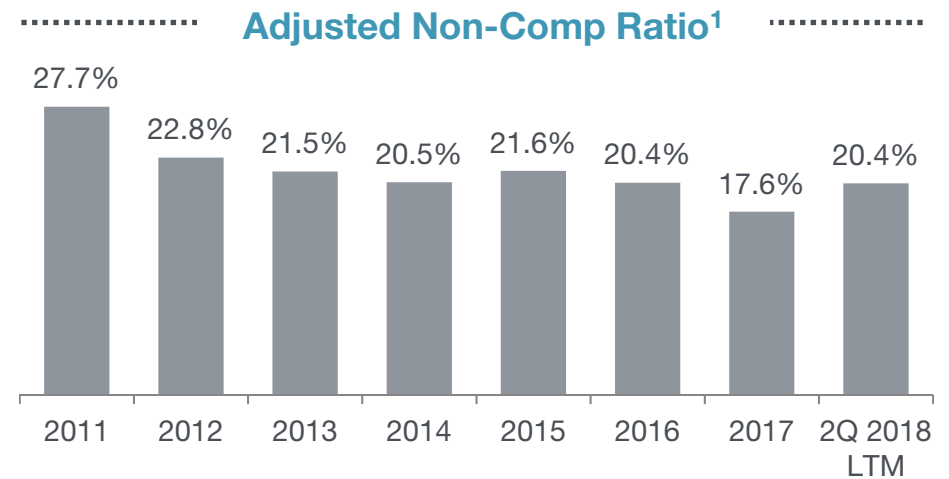
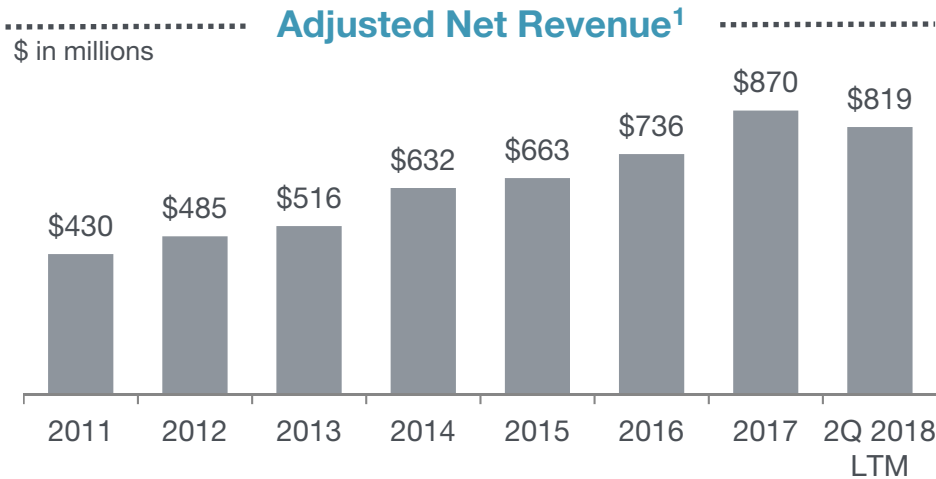
- Institutional Sales and Trading
- Equity and Technical Research

6%

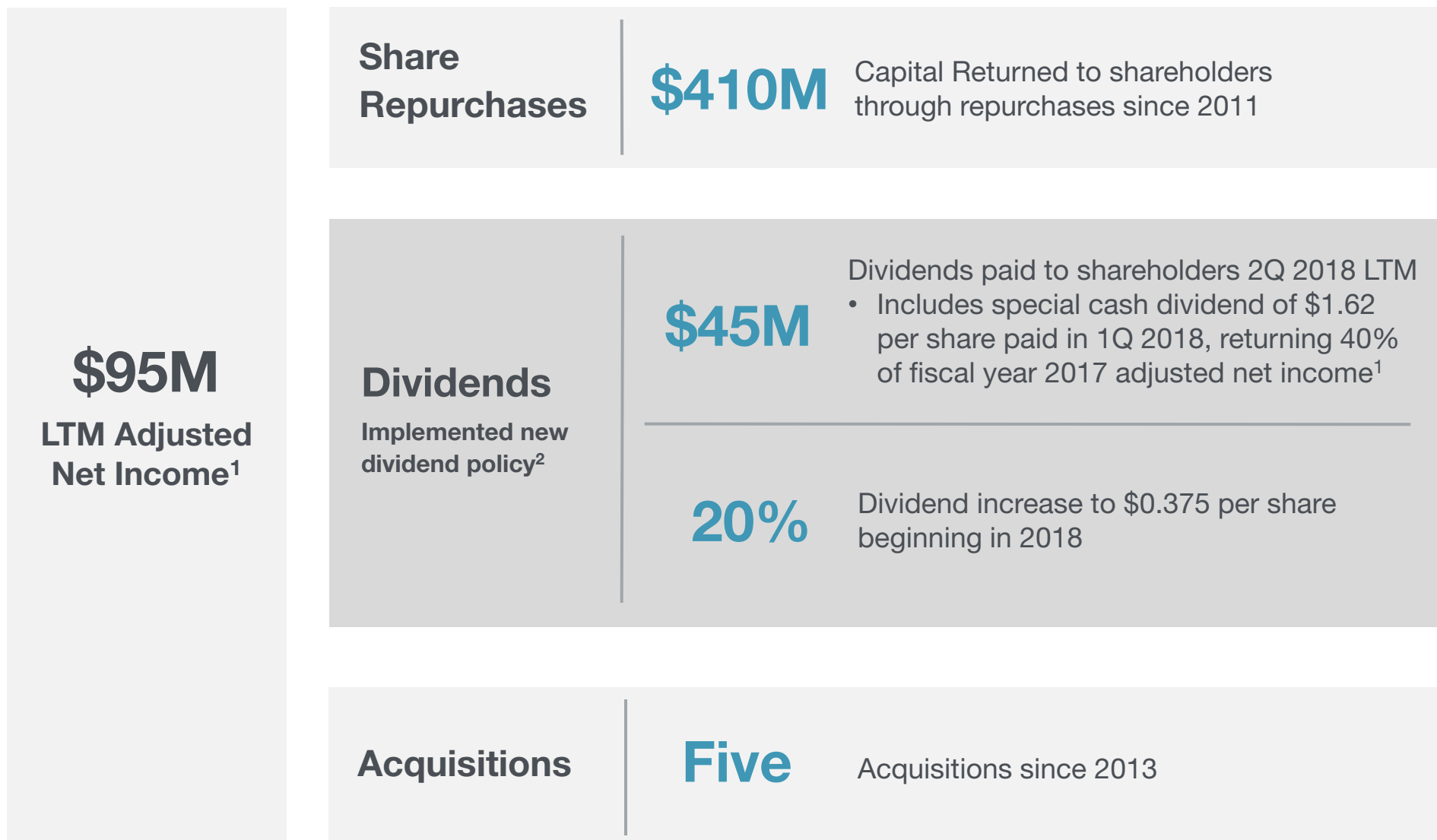
Asset Management

- U.S. and Global Equities
- Master Limited Partnerships

Revenue Growth, Business Mix and Disciplined Cost Management Driving Financial Performance



Multiple Levers to Generate Returns for Shareholders



Significantly Undervalued Advisory Franchise

We believe Piper Jaffray's valuation does not reflect the full value of our Advisory franchise

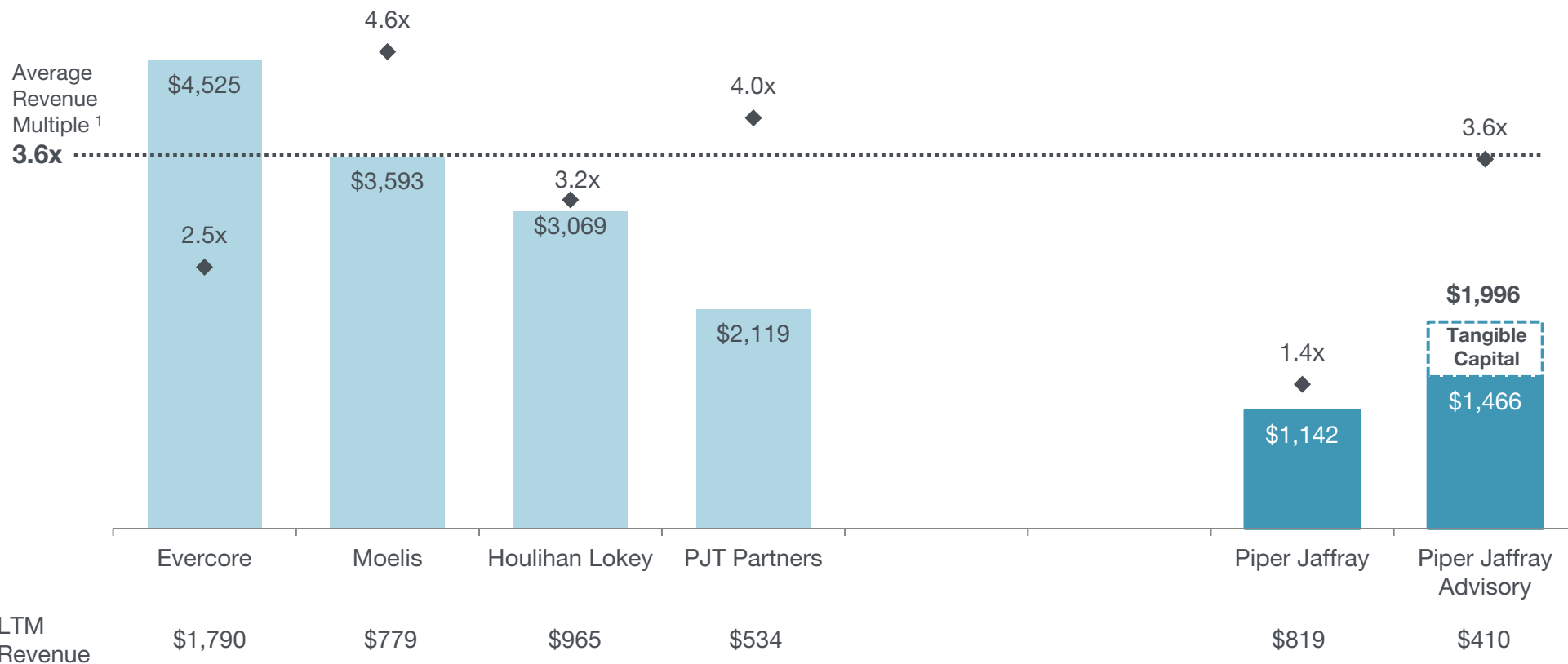


Implied Value	\$2.0B
Current Value	\$1.1B
Potential Upside	75%

\$ in millions

■ Market Cap

◆ Revenue Multiple: Market Cap/LTM Revenue



LTM Revenue

Section II

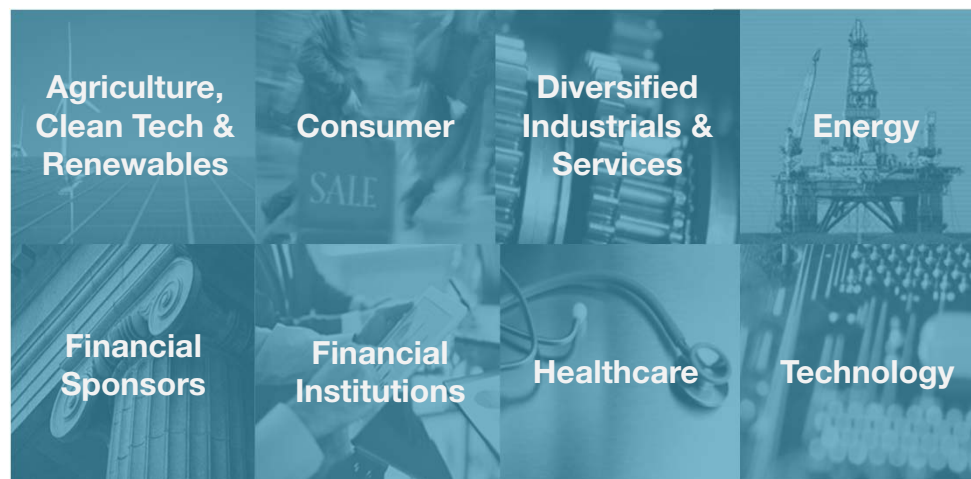
Investment Banking and Public Finance

Investment Banking Overview

Broad brand permission across sectors, products, transaction sizes and ownership structures (entrepreneur, private equity, public, etc.)

Comprehensive advisory services that span the entire capital spectrum (M&A, DCM, Private Placement and Restructuring)

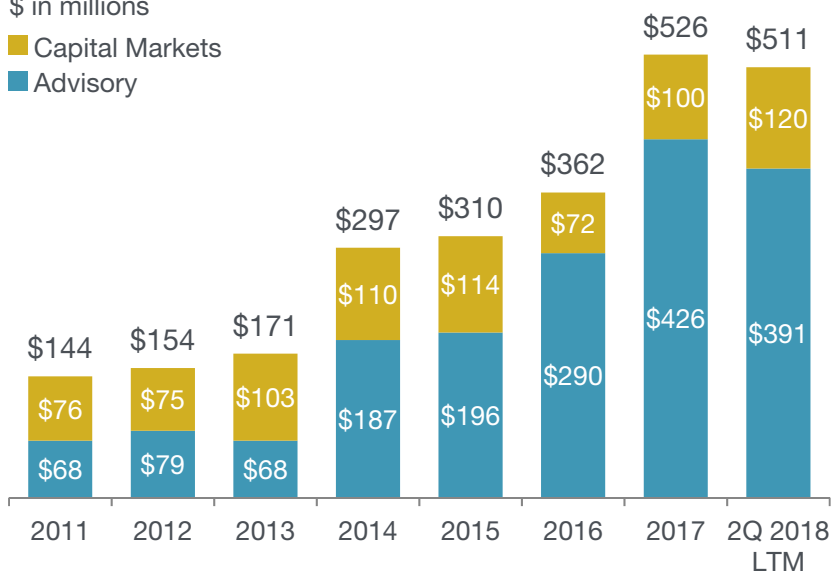
Complemented by a broad range of equity and equity-linked financing solutions



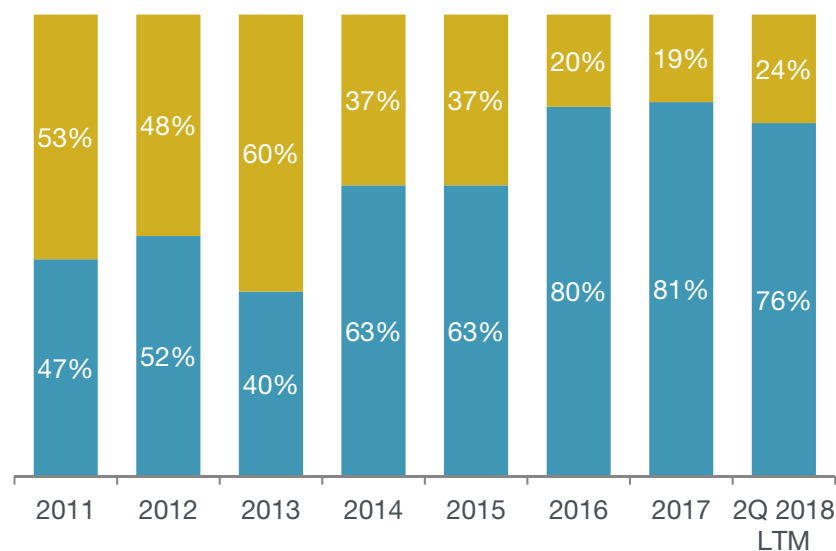
Investment Banking Revenue & Mix by Activity

\$ in millions

■ Capital Markets
■ Advisory



Advisory Revenue
5X+
Since 2011



One of the Fastest Growing Investment Banks in the US

Sector Expansion

Adding Energy and FIG sectors increased our industry coverage to 85% of the S&P, up from a historical 55%

Broader Addressable Market

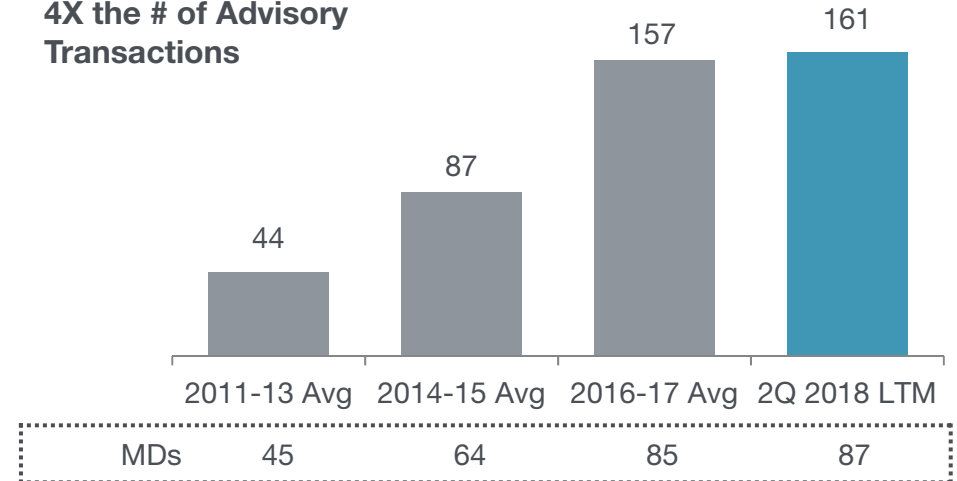
Recent DCM expansion opens up the \$15B+ syndicated lending fee pool (comparable in size to the equities fee pool)

Foundation for Growth

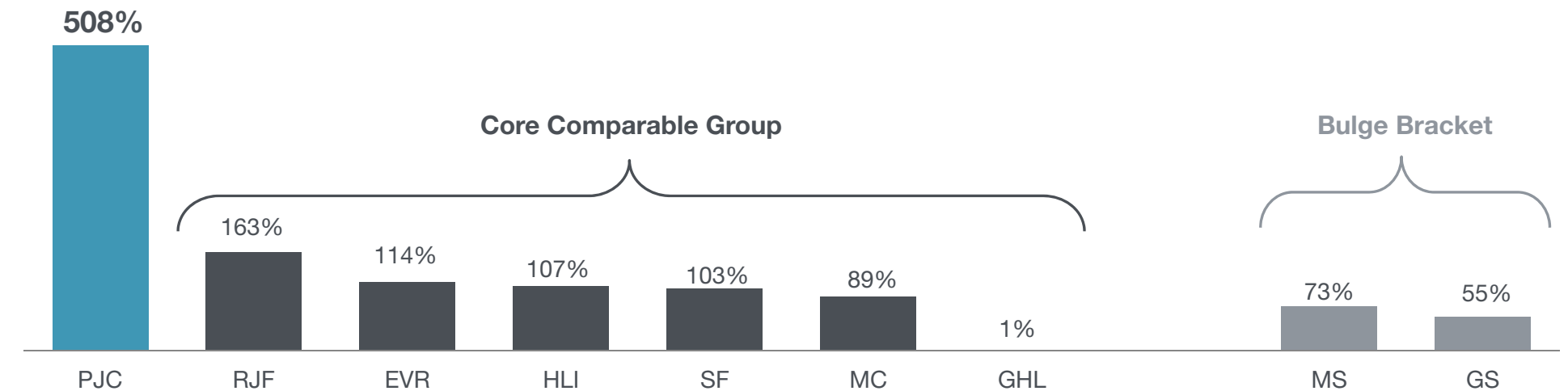
Significant momentum and strength of franchise positions the business for strong growth

Completed Advisory Transactions

4X the # of Advisory Transactions



Growth in Advisory Revenue^{1,2}



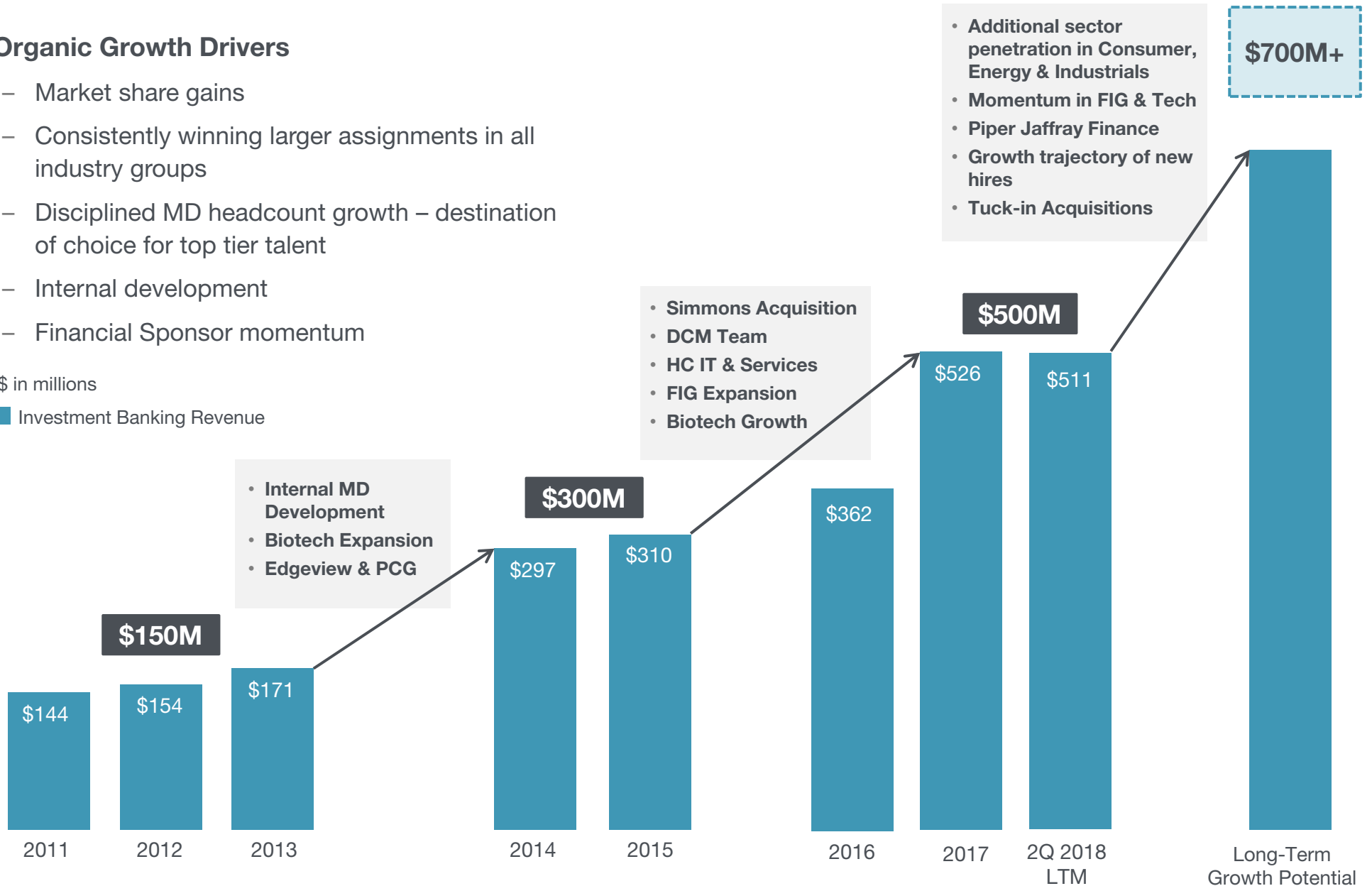
Investment Banking Growth

Organic Growth Drivers

- Market share gains
- Consistently winning larger assignments in all industry groups
- Disciplined MD headcount growth – destination of choice for top tier talent
- Internal development
- Financial Sponsor momentum

\$ in millions

■ Investment Banking Revenue



Longstanding Public Finance Leadership

Supported by a broad national platform, our expert teams leverage localized knowledge to facilitate the issuance of taxable and tax-exempt debt across a range of sectors

Sector Expertise

Government

Local Municipalities
School Districts
State and State Agencies
Infrastructure for Development

Healthcare

Non-Profit Health Care Providers

Senior Living

Assisted & Independent Living
Retirement Communities (CCRCs)

Education

Higher Education
Charter Schools

Hospitality

Hotels and Convention Centers

Housing

Single & Multi-Family Housing

Transportation

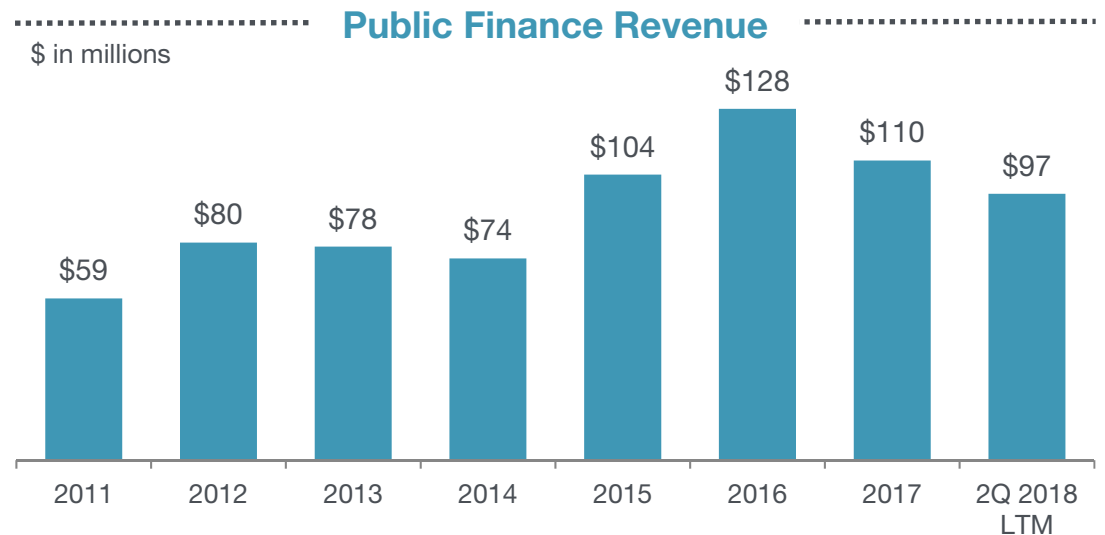
Toll Roads & Surface Transportation
Airports

Leading Middle-Market Tax Exempt Underwriter

Team of 325 public finance and distribution professionals

Success built on local market relationships and knowledge amplified by the strength of substantial scale and expertise

- Broad product set to meet client's needs
- Industry sector expertise in high margin specialty sectors
- Robust distribution capabilities



Longstanding Public Finance Leadership

National Platform, Local Relationships

Periods of market instability create industry consolidation opportunities

We are a destination of choice: we continually attract professionals or firms and their clients

Adding professionals expanded our footprint, strengthened areas of industry expertise and broadened our product capabilities

..... Consistently Improving a Strong Franchise

	2007	2010	2014	2Q 2018 LTM
Number of Offices	18	23	36	40
Number of States	15	18	27	27
Number of Professionals	93	100	125	140
Negotiated Market Share	1.4%	1.8%	3.2%	3.9%

Market share based on par value of long-term senior municipal negotiated issuance

..... National Long-Term Municipal Par Value

Rank	Firm	Par Value
1	Bank of America Merrill Lynch	\$44.4M
2	Citi	\$33.2M
3	J P Morgan Securities LLC	\$26.3M
4	RBC Capital Markets	\$23.3M
5	Goldman Sachs & Co LLC	\$21.5M
6	Morgan Stanley	\$20.9M
7	Wells Fargo & Co	\$14.7M
8	Stifel Nicolaus & Co	\$13.8M
9	Piper Jaffray & Co	\$12.3M
10	Raymond James	\$11.3M

Source: Thomson Financial Sole/Senior Negotiated and Private Placement Transactions – Ranked by Par Value for 2Q 2018 LTM

Section III

Institutional Brokerage

Research and Equities

Research

Expanded into FIG and Energy – now representing over 35% of our coverage

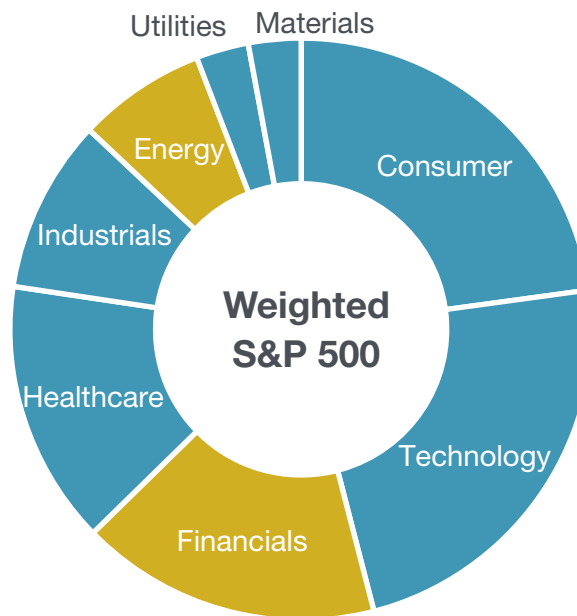
Piper Jaffray coverage includes most major sectors within the S&P 500

Equities

Business impacted by low volatility and active/passive trend

Modest increase in market share driven by Energy and FIG expansions, offset by lower trading volumes

We believe market share gains are achievable through higher quality products and services, and a new tool that enhances the depth of client engagement

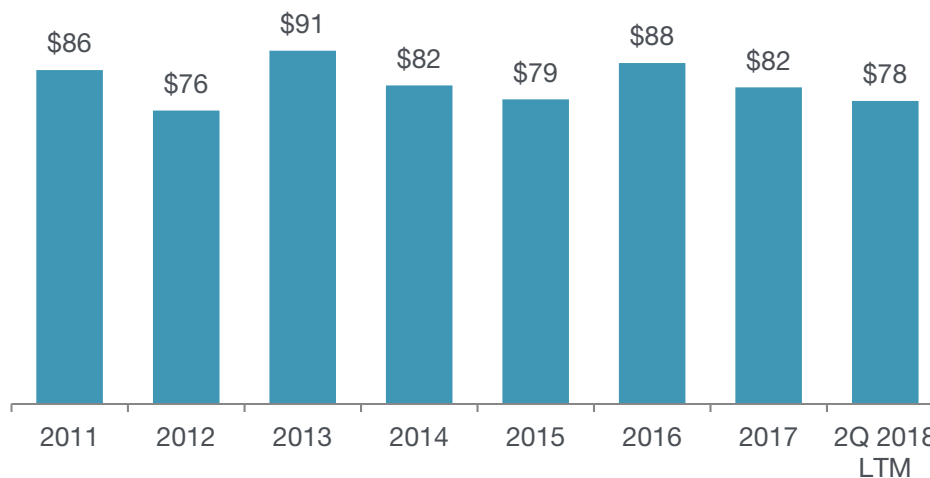


36
Senior Research Analysts

626
Covered Companies

Equities Brokerage Revenue

\$ in millions



Diversified Fixed Income Trading Business

Business Description

Scaled, multi-product business in the middle market primarily focused on investment grade products

Unique expertise in municipal bond markets

Strong capital base to pursue investment opportunities

Overall Goals

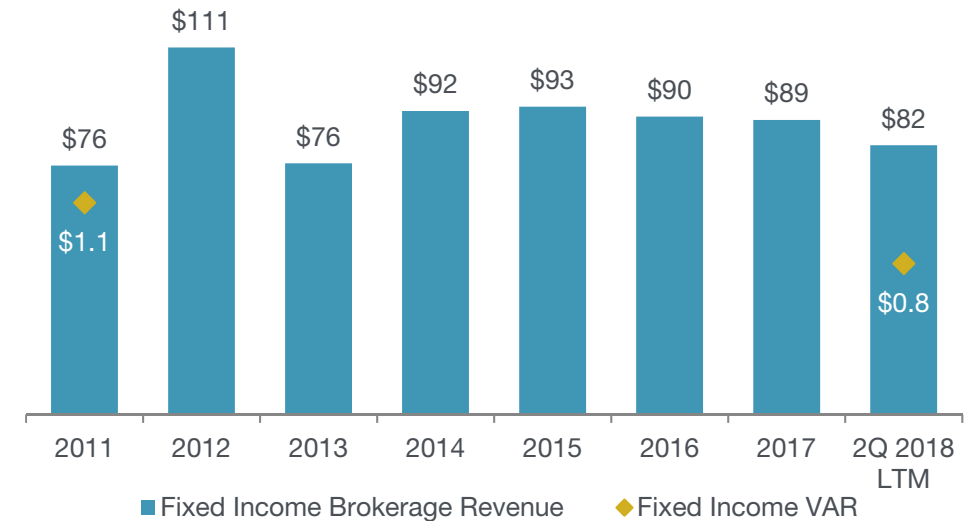
Reduce inventories and improve return on capital

Reducing VAR while maintaining revenue as we lower the risk profile of the business

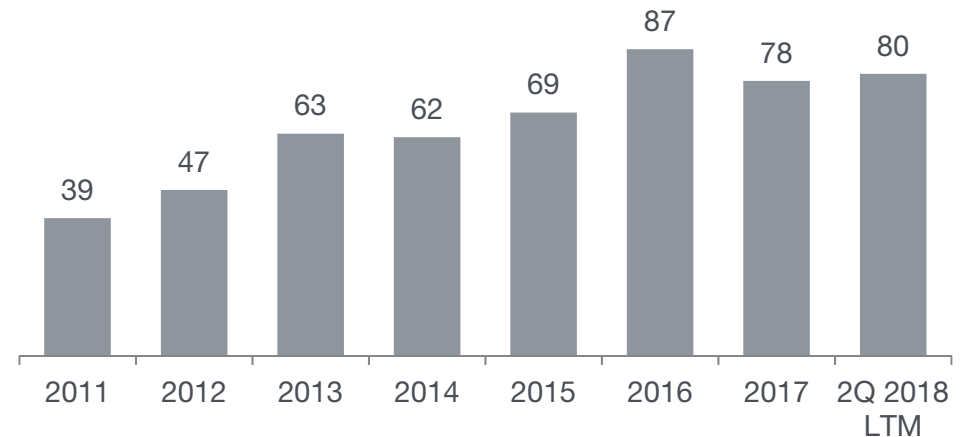
Expand our salesforce to create operating leverage through hiring or a consolidating transaction

Fixed Income Brokerage Revenue & VAR

\$ in millions



Average Middle-Market Sales Reps



Section IV

Asset Management

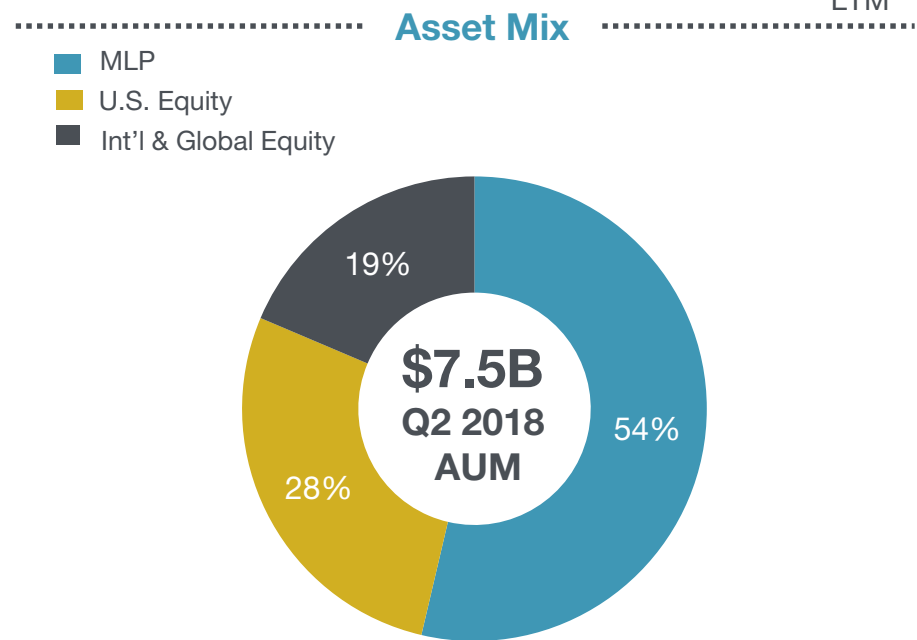
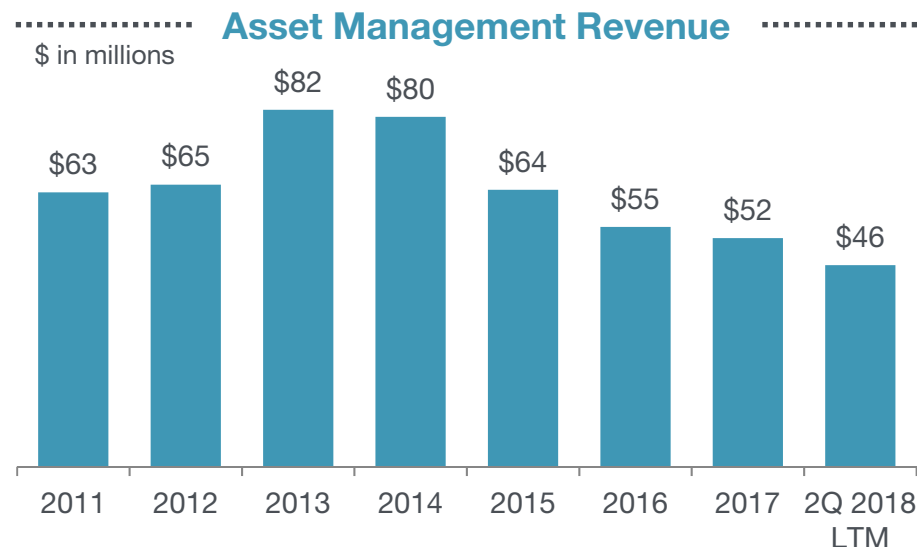
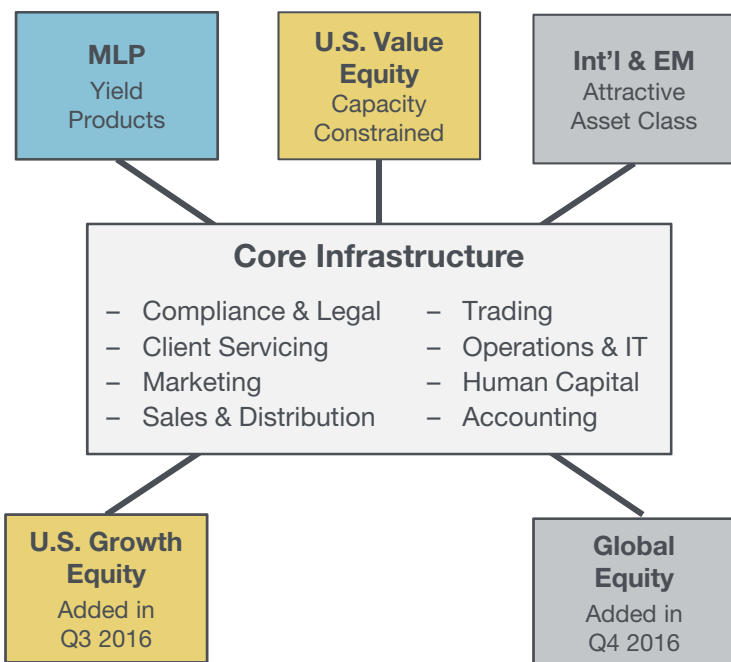
Asset Management Business

Business Description

High quality, institutional-centric Asset Manager with a broad mix of products and multi-channel distribution

Platform built to leverage core infrastructure as a shared service

Facilitates on-boarding and marketing enabling PMs to focus on driving performance



Section V

Appendix

ROE RECONCILIATION FOR NON-GAAP MEASURES

The following table sets forth a reconciliation of net income from operations and return on shareholders' equity excluding the impact of the noted item in the relevant year.

(Dollars in thousands)	LTM	For the year ended December 31,						
	June 30, 2018	2017	2016	2015	2014	2013	2012	2011
Average common shareholders' equity	\$ 727,092	\$ 766,128	\$ 785,899	\$ 808,551	\$ 783,425	\$ 728,187	\$ 721,131	\$ 834,594
Deduct: goodwill attributable to PJC Inc. acquisition by USB	-	-	-	-	-	-	-	105,522
Adjusted average common shareholders' equity, excluding the impact of the noted item in the relevant periods	<u>\$ 727,092</u>	<u>\$ 766,128</u>	<u>\$ 785,899</u>	<u>\$ 808,551</u>	<u>\$ 783,425</u>	<u>\$ 728,187</u>	<u>\$ 721,131</u>	<u>\$ 729,072</u>
Return on average common shareholders' equity	-10.9%	-8.1%	-2.8%	6.4%	8.1%	6.2%	5.7%	2.3%
Adjusted return on average common shareholders' equity⁽¹⁾	13.1%	14.2%	9.2%	8.1%	9.2%	8.2%	7.5%	4.5%

(Dollars in thousands)	LTM	For the year ended December 31,						
	June 30, 2018	2017	2016	2015	2014	2013	2012	2011
Net Income/(loss) applicable to Piper Jaffray Companies	\$ (78,958)	\$ (61,939)	\$ (21,952)	\$ 52,075	\$ 63,172	\$ 45,090	\$ 41,268	\$ (102,020)
Add: Impairment of goodwill attributable to PJC Inc. acquisition by USB, net of income tax	-	-	-	-	-	-	-	118,448 ⁽²⁾
Net income applicable to Piper Jaffray Companies, excluding the impact of the noted item in the relevant periods	<u>\$ (78,958)</u>	<u>\$ (61,939)</u>	<u>\$ (21,952)</u>	<u>\$ 52,075</u>	<u>\$ 63,172</u>	<u>\$ 45,090</u>	<u>\$ 41,268</u>	<u>\$ 16,428</u>

(1) Adjusted return on average common shareholders' equity, a non-GAAP measure, is computed by dividing adjusted net income from continuing operations for the last 12 months by average monthly common shareholders' equity. For a detailed explanation of the components of adjusted net income from continuing operations, see the "Financial Trend Reconciliation for Non-GAAP Measures." Management believes that the adjusted return on average common shareholders' equity provides a meaningful measure of our return on the core operating results of the business.

(2) For the year ended December 31, 2011, Piper Jaffray Companies recorded a \$118.4 million after-tax charge for goodwill impairment. Management believes that excluding the impact of this item increases the comparability of period-to-period results and allows a more meaningful representation of results.

FINANCIAL TREND RECONCILIATION FOR NON-GAAP MEASURES

(Amounts in thousands, except per share data)	LTM	For the year ended December 31,						
	June 30, 2018	2017	2016	2015	2014	2013	2012	2011
Net revenues:								
Net revenues – U.S. GAAP basis	\$ 819,192	\$ 874,923	\$ 747,349	\$ 672,918	\$ 648,138	\$ 525,195	\$ 488,952	\$ 432,083
Adjustments:								
Revenue related to noncontrolling interests	64	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Adjusted net revenues	<u>\$ 819,256</u>	<u>\$ 869,604</u>	<u>\$ 736,279</u>	<u>\$ 663,108</u>	<u>\$ 632,439</u>	<u>\$ 516,401</u>	<u>\$ 484,778</u>	<u>\$ 430,298</u>
Compensation and benefits:								
Compensation and benefits – U.S. GAAP basis	\$ 579,687	\$ 617,635	\$ 510,612	\$ 421,733	\$ 394,510	\$ 322,464	\$ 296,882	\$ 265,015
Adjustments:								
Compensation from acquisition-related agreements	(56,548)	(54,999)	(36,241)	(4,233)	(5,229)	(2,904)	(1,284)	(1,284)
Adjusted compensation and benefits	<u>\$ 523,139</u>	<u>\$ 562,636</u>	<u>\$ 474,371</u>	<u>\$ 417,500</u>	<u>\$ 389,281</u>	<u>\$ 319,560</u>	<u>\$ 295,598</u>	<u>\$ 263,731</u>
Non-compensation expenses:								
Non-compensation expenses – U.S. GAAP basis	\$ 298,207	\$ 286,611	\$ 267,611	\$ 164,762	\$ 143,317	\$ 127,118	\$ 123,059	\$ 247,257
Adjustments:								
Non-compensation expenses related to noncontrolling interests	(3,384)	(2,932)	(2,864)	(3,403)	(4,546)	(3,400)	(1,708)	(322)
Restructuring and integration costs	-	-	(10,206)	(10,652)	-	(4,689)	(3,642)	-
Goodwill impairment	(114,363)	(114,363)	(82,900)	-	-	-	-	(120,298)
Amortization of intangible assets related to acquisitions	(12,986)	(15,400)	(21,214)	(7,662)	(9,272)	(7,993)	(6,944)	(7,256)
Non-compensation expenses from acquisition-related agreements	(684)	(600)	-	-	-	-	-	-
Adjusted non-compensation expenses	<u>\$ 166,790</u>	<u>\$ 153,316</u>	<u>\$ 150,427</u>	<u>\$ 143,045</u>	<u>\$ 129,499</u>	<u>\$ 111,036</u>	<u>\$ 110,765</u>	<u>\$ 119,381</u>
Income/(loss) from continuing operations before income tax								
Income/(loss) from continuing operations before income tax expense/(benefit) – U.S. GAAP basis	\$ (58,702)	\$ (29,323)	\$ (30,874)	\$ 86,423	\$ 110,311	\$ 75,613	\$ 69,011	\$ (80,189)
Adjustments:								
Revenue related to noncontrolling interests	64	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Expenses related to noncontrolling interests	3,384	2,932	2,864	3,403	4,546	3,400	1,708	322
Compensation from acquisition-related agreements	56,548	54,999	36,241	4,233	5,229	2,904	1,284	1,284
Restructuring and integration costs	-	-	10,206	10,652	-	4,689	3,642	-
Goodwill impairment	114,363	114,363	82,900	-	-	-	-	120,298
Amortization of intangible assets related to acquisitions	12,986	15,400	21,214	7,662	9,272	7,993	6,944	7,256
Non-compensation expenses from acquisition-related agreements	684	600	-	-	-	-	-	-
Adjusted income from continuing operations before adjusted income tax expense	<u>\$ 129,327</u>	<u>\$ 153,652</u>	<u>\$ 111,481</u>	<u>\$ 102,563</u>	<u>\$ 113,659</u>	<u>\$ 85,805</u>	<u>\$ 78,415</u>	<u>\$ 47,186</u>

FINANCIAL TREND RECONCILIATION FOR NON-GAAP MEASURES

(Amounts in thousands, except per share data)	LTM	For the year ended December 31,						
	June 30, 2018	2017	2016	2015	2014	2013	2012	2011
Income tax expense/(benefit):								
Income tax expense/(benefit) – U.S. GAAP basis	\$ 23,704	\$ 30,229	\$ (17,128)	\$ 27,941	\$ 35,986	\$ 20,390	\$ 19,470	\$ 9,120
Tax effect of adjustments:								
Compensation from acquisition-related agreements	17,657	19,244	12,541	1,647	2,034	1,130	500	500
Restructuring and integration costs	-	-	3,192	4,144	-	1,824	1,417	-
Goodwill impairment	43,572	43,572	31,999	-	-	-	-	1,850
Amortization of intangible assets related to acquisitions	4,213	5,866	8,235	2,981	3,525	2,914	2,700	2,824
Non-compensation expenses from acquisition-related agreements	(21)	(7)	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	(55,106)	(54,154)	-	-	-	-	-	-
Adjusted income tax expense	<u>\$ 34,019</u>	<u>\$ 44,750</u>	<u>\$ 38,839</u>	<u>\$ 36,713</u>	<u>\$ 41,545</u>	<u>\$ 26,258</u>	<u>\$ 24,087</u>	<u>\$ 14,294</u>
Net income/(loss) from continuing operations applicable to Piper Jaffray Companies:								
Net income/(loss) from continuing operations applicable to Piper Jaffray Companies – U.S. GAAP basis	\$ (78,958)	\$ (61,939)	\$ (21,952)	\$ 52,075	\$ 63,172	\$ 49,829	\$ 47,075	\$ (90,772)
Adjustments:								
Compensation from acquisition-related agreements	38,891	35,755	23,700	2,586	3,195	1,774	784	784
Restructuring and integration costs	-	-	7,014	6,508	-	2,865	2,225	-
Goodwill impairment	70,791	70,791	50,901	-	-	-	-	118,448
Amortization of intangible assets related to acquisitions	8,773	9,534	12,979	4,681	5,747	5,079	4,244	4,432
Non-compensation expenses from acquisition-related agreements	705	607	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	55,106	54,154	-	-	-	-	-	-
Adjusted net income from continuing operations	<u>\$ 95,308</u>	<u>\$ 108,902</u>	<u>\$ 72,642</u>	<u>\$ 65,850</u>	<u>\$ 72,114</u>	<u>\$ 59,547</u>	<u>\$ 54,328</u>	<u>\$ 32,892</u>

FINANCIAL TREND RECONCILIATION FOR NON-GAAP MEASURES

	LTM							
	June 30, 2018	2017	2016	For the year ended December 31,				2011
	2018	2017	2016	2015	2014	2013	2012	2011
<i>(Amounts in thousands, except per share data)</i>								
Net income/(loss) from continuing operations applicable to Piper Jaffray Companies' common shareholders:								
Net income/(loss) from continuing operations applicable to Piper Jaffray Companies' common stockholders – U.S. GAAP basis	\$ (85,190)	\$ (64,875)	\$ (21,952)	\$ 48,060	\$ 58,141	\$ 44,863	\$ 40,307	\$ (90,772)
Adjustment for undistributed loss allocated to participating securities	17,069 ⁽¹⁾	12,444 ⁽¹⁾	3,842 ⁽¹⁾	-	-	-	-	16,671 ⁽¹⁾
	<u>(68,121)</u>	<u>(52,431)</u>	<u>(18,110)</u>	<u>48,060</u>	<u>58,141</u>	<u>44,863</u>	<u>40,307</u>	<u>(74,101)</u>
Adjustments:								
Compensation from acquisition-related agreements	33,553	30,266	19,552	2,387	2,941	1,596	671	640
Restructuring and integration costs	-	-	5,786	6,006	-	2,579	1,905	-
Goodwill impairment	61,075	59,924	41,993	-	-	-	-	96,694
Amortization of intangible assets related to acquisitions	7,569	8,070	10,708	4,320	5,289	4,573	3,634	3,618
Non-compensation expenses from acquisition-related agreements	608	514	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	47,543	45,841	-	-	-	-	-	-
Adjusted net income from continuing operations applicable to Piper Jaffray Companies' common stockholders	<u>\$ 82,227</u>	<u>\$ 92,184</u>	<u>\$ 59,929</u>	<u>\$ 60,773</u>	<u>\$ 66,371</u>	<u>\$ 53,611</u>	<u>\$ 46,517</u>	<u>\$ 26,851</u>
Earnings/(loss) per diluted common share from continuing operations:								
U.S. GAAP basis	\$ (6.55)	\$ (5.07)	\$ (1.73)	\$ 3.34	\$ 3.87	\$ 2.98	\$ 2.58	\$ (5.79)
Adjustment for undistributed loss allocated to participating securities	1.32 ⁽¹⁾	1.04 ⁽¹⁾	0.30 ⁽¹⁾	-	-	-	-	1.06 ⁽¹⁾
	<u>(5.23)</u>	<u>(4.03)</u>	<u>(1.43)</u>	<u>3.34</u>	<u>3.87</u>	<u>2.98</u>	<u>2.58</u>	<u>(4.73)</u>
Adjustments:								
Compensation from acquisition-related agreements	2.57	2.33	1.53	0.17	0.20	0.11	0.04	0.04
Restructuring and integration costs	-	-	0.45	0.42	-	0.17	0.12	-
Goodwill impairment	4.66	4.62	3.29	-	-	-	-	6.16
Amortization of intangible assets related to acquisitions	0.57	0.62	0.84	0.30	0.35	0.30	0.23	0.23
Non-compensation expenses from acquisition-related agreements	0.05	0.04	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	3.62	3.54	-	-	-	-	-	-
Non-U.S. GAAP basis, as adjusted	<u>\$ 6.24</u>	<u>\$ 7.12</u>	<u>\$ 4.69</u>	<u>\$ 4.22</u>	<u>\$ 4.42</u>	<u>\$ 3.56</u>	<u>\$ 2.98</u>	<u>\$ 1.71</u>

(1) Piper Jaffray Companies calculates earnings per common share using the two-class method, which requires the allocation of consolidated adjusted net income between common shareholders and participating security holders, which in the case of Piper Jaffray Companies, represents unvested stock with dividend rights. No allocation of undistributed earnings is made for periods in which a loss is incurred, or for periods in which the special cash dividend exceeds adjusted net income resulting in an undistributed loss.

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