

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operation
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Software-enabled services	\$ 244,672	\$ 150,123	\$ 450,319	\$ 303,690
Maintenance and term licenses	103,392	38,978	198,512	78,952
Total recurring revenues	348,064	189,101	648,831	382,642
Perpetual licenses	5,039	12,948	10,254	16,018
Professional services	19,974	10,719	38,123	19,843
Total non-recurring revenues	25,013	23,667	48,377	35,861
Total revenues	373,077	212,768	697,208	418,503
Cost of revenues:				
Software-enabled services	146,243	88,548	259,971	177,150
Maintenance and term licenses	46,460	12,338	93,406	26,505
Total recurring cost of revenues	192,703	100,886	353,377	203,655
Perpetual licenses	643	1,021	1,141	2,045
Professional services	17,133	7,596	32,645	16,110
Total non-recurring cost of revenues	17,776	8,617	33,786	18,155
Total cost of revenues	210,479	109,503	387,163	221,810
Gross profit	162,598	103,265	310,045	196,693
Operating expenses:				
Selling and marketing	28,535	13,931	58,396	27,318
Research and development	40,827	17,520	77,274	37,128
General and administrative	27,199	13,463	57,894	30,763
Total operating expenses	96,561	44,914	193,564	95,209
Operating income	66,037	58,351	116,481	101,484
Interest expense, net	(32,846)	(5,419)	(65,935)	(11,019)
Other income (expense), net	12	(164)	(1,835)	(1,671)
Income before income taxes	33,203	52,768	48,711	88,794
Provision for income taxes	4,982	13,640	13,485	23,420
Net income	\$ 28,221	\$ 39,128	\$ 35,226	\$ 65,374
Basic earnings per share	\$ 0.14	\$ 0.23	\$ 0.18	\$ 0.39
Basic weighted average number of common shares outstanding	198,765	170,810	198,143	169,674
Diluted earnings per share	\$ 0.14	\$ 0.22	\$ 0.17	\$ 0.37
Diluted weighted average number of common and common equivalent shares outstanding	204,916	179,104	204,596	177,974
Net income	\$ 28,221	\$ 39,128	\$ 35,226	\$ 65,374
Other comprehensive (loss) income, net of tax:				
Foreign currency exchange translation adjustment	(26,793)	22,808	(17,472)	(13,411)
Total comprehensive (loss) income, net of tax	(26,793)	22,808	(17,472)	(13,411)
Comprehensive income	\$ 1,428	\$ 61,936	\$ 17,754	\$ 51,963

See Notes to Condensed Consolidated Financial Information.

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 95,222	\$ 434,159
Accounts receivable, net	239,428	169,951
Prepaid expenses and other current assets	32,598	27,511
Prepaid income taxes	39,319	40,627
Restricted cash	2,818	2,818
Total current assets	409,385	675,066
Property, plant and equipment, net	69,557	67,143
Deferred income taxes	2,018	2,199
Goodwill	3,636,495	3,549,212
Intangible and other assets, net	1,571,384	1,508,622
Total assets	<u>\$ 5,688,839</u>	<u>\$ 5,802,242</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 30,878	\$ 32,281
Accounts payable	20,033	11,957
Income taxes payable	—	1,428
Accrued employee compensation and benefits	55,836	83,894
Interest payable	22,386	28,903
Other accrued expenses	45,964	36,231
Deferred revenue	238,785	222,024
Total current liabilities	413,882	416,718
Long-term debt, net of current portion	2,569,971	2,719,070
Other long-term liabilities	61,915	51,434
Deferred income taxes	478,641	509,574
Total liabilities	3,524,409	3,696,796
Total stockholders' equity	2,164,430	2,105,446
Total liabilities and stockholders' equity	<u>\$ 5,688,839</u>	<u>\$ 5,802,242</u>

See Notes to Condensed Consolidated Financial Information.

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	For the Six Months Ended June 30,	
	2016	2015
Cash flow from operating activities:		
Net income	\$ 35,226	\$ 65,374
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	113,440	52,103
Stock-based compensation expense	27,913	8,314
Income tax benefit related to exercise of stock options	(23,760)	(5,065)
Amortization and write-offs of loan origination costs	5,312	2,874
Loss on sale or disposition of property and equipment	150	209
Deferred income taxes	(24,056)	(7,395)
Provision for doubtful accounts	1,257	299
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	(13,458)	(1,804)
Prepaid expenses and other assets	(1,516)	2,488
Accounts payable	7,870	(2,405)
Accrued expenses	(25,851)	(20,186)
Income taxes prepaid and payable	23,757	11,064
Deferred revenue	13,052	(5,148)
Net cash provided by operating activities	<u>139,336</u>	<u>100,722</u>
Cash flow from investing activities:		
Additions to property and equipment	(13,593)	(5,750)
Proceeds from sale of property and equipment	43	—
Cash paid for business acquisitions, net of cash acquired	(317,554)	(7,863)
Additions to capitalized software	(3,306)	(1,792)
Purchase of long-term investment	(1,000)	—
Net cash used in investing activities	<u>(335,410)</u>	<u>(15,405)</u>
Cash flow from financing activities:		
Repayments of debt	(155,325)	(174,000)
Proceeds from exercise of stock options	19,212	8,735
Withholding taxes related to equity award net share settlement	(4,615)	—
Income tax benefit related to exercise of stock options	23,760	5,065
Proceeds from common stock issuance, net	—	717,866
Purchase of common stock for treasury	(10)	—
Payment of fees related to refinancing activities	(223)	—
Dividends paid on common stock	(24,790)	(21,101)
Net cash (used in) provided by financing activities	<u>(141,991)</u>	<u>536,565</u>
Effect of exchange rate changes on cash and cash equivalents	(872)	(1,651)
Net (decrease) increase in cash and cash equivalents	(338,937)	620,231
Cash and cash equivalents, beginning of period	434,159	109,577
Cash and cash equivalents, end of period	<u>\$ 95,222</u>	<u>\$ 729,808</u>

See Notes to Condensed Consolidated Financial Information.

SS&C Technologies Holdings, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Information

Note 1. Reconciliation of Revenues to Adjusted Revenues

Adjusted revenues represents revenues adjusted for one-time purchase accounting adjustments to fair value deferred revenue acquired in business combinations. Adjusted revenues are presented because we use this measure to evaluate performance of our business against prior periods and believe it is a useful indicator of the underlying performance of the Company. Adjusted revenues is not a recognized term under generally accepted accounting principles (GAAP). Adjusted revenues does not represent revenues, as that term is defined under GAAP, and should not be considered as an alternative to revenues as an indicator of our operating performance. Adjusted revenues as presented herein is not necessarily comparable to similarly titled measures. Below is a reconciliation between adjusted revenues and revenues, the GAAP measure we believe to be most directly comparable to adjusted revenues.

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 373,077	\$ 212,768	\$ 697,208	\$ 418,503
Purchase accounting adjustments to deferred revenue	11,335	302	30,318	699
Adjusted revenues	<u>\$ 384,412</u>	<u>\$ 213,070</u>	<u>\$ 727,526</u>	<u>\$ 419,202</u>

The following is a breakdown of recurring and non-recurring revenues and adjusted recurring and non-recurring revenues.

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Software-enabled services	\$ 244,672	\$ 150,123	\$ 450,319	\$ 303,690
Maintenance and term licenses	103,392	38,978	198,512	78,952
Total recurring revenues	<u>348,064</u>	<u>189,101</u>	<u>648,831</u>	<u>382,642</u>
Perpetual licenses	5,039	12,948	10,254	16,018
Professional services	19,974	10,719	38,123	19,843
Total non-recurring revenues	<u>25,013</u>	<u>23,667</u>	<u>48,377</u>	<u>35,861</u>
Total revenues	<u>\$ 373,077</u>	<u>\$ 212,768</u>	<u>\$ 697,208</u>	<u>\$ 418,503</u>
Software-enabled services	\$ 244,763	\$ 150,123	\$ 450,549	\$ 303,690
Maintenance and term licenses	111,324	39,280	221,274	79,651
Total adjusted recurring revenues	<u>356,087</u>	<u>189,403</u>	<u>671,823</u>	<u>383,341</u>
Perpetual licenses	5,039	12,948	10,254	16,018
Professional services	23,286	10,719	45,449	19,843
Total adjusted non-recurring revenues	<u>28,325</u>	<u>23,667</u>	<u>55,703</u>	<u>35,861</u>
Total adjusted revenues	<u>\$ 384,412</u>	<u>\$ 213,070</u>	<u>\$ 727,526</u>	<u>\$ 419,202</u>

Note 2. Reconciliation of Operating Income to Adjusted Operating Income

Adjusted operating income represents operating income adjusted for amortization of acquisition-related intangible assets, stock-based compensation, purchase accounting adjustments for deferred revenue and other expenses. Adjusted operating income is presented because we use this measure to evaluate performance of our business and believe it is a useful indicator of the underlying performance of the Company. Adjusted operating income is not a recognized term under GAAP. Adjusted operating income does not represent operating income, as that term is defined under GAAP, and should not be considered as an alternative to operating income as an indicator of our operating performance. Adjusted operating income as presented herein is not necessarily comparable to similarly titled measures. The following is a reconciliation between adjusted operating income and operating income, the GAAP measure we believe to be most directly comparable to adjusted operating income.

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating income	\$ 66,037	\$ 58,351	\$ 116,481	\$ 101,484
Amortization of intangible assets	51,995	22,312	101,675	44,493
Stock-based compensation	12,566	4,208	27,913	8,314
Capital-based taxes	—	(636)	472	(636)
Unusual or non-recurring charges (1)	1,301	994	4,919	8,579
Purchase accounting adjustments (2)	8,630	302	24,258	699
Adjusted operating income	<u>\$ 140,529</u>	<u>\$ 85,531</u>	<u>\$ 275,718</u>	<u>\$ 162,933</u>

- (1) Unusual or non-recurring charges include proceeds from legal and other settlements, severance expenses, transaction costs and other one-time expenses, such as expenses associated with facilities consolidations and acquisitions.
- (2) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions and (b) an adjustment to increase personnel and

commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions.

Note 3. Reconciliation of Net Income to EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA

EBITDA represents net income before interest expense, income taxes, depreciation and amortization. Consolidated EBITDA, defined under our Credit Agreement entered into in July 2015, is used in calculating covenant compliance, and is EBITDA adjusted for certain items. Consolidated EBITDA is calculated by subtracting from or adding to EBITDA items of income or expense described below. Adjusted consolidated EBITDA is calculated by subtracting acquired EBITDA from consolidated EBITDA. EBITDA, consolidated EBITDA and adjusted consolidated EBITDA are presented because we use these measures to evaluate performance of our business and believe them to be useful indicators of an entity's debt capacity and its ability to service debt. EBITDA, consolidated EBITDA and adjusted consolidated EBITDA are not recognized terms under GAAP and should not be considered in isolation or as alternatives to operating income, net income or cash flows from operating activities as indicators of our operating performance. The following is a reconciliation of EBITDA, consolidated EBITDA and adjusted consolidated EBITDA to net income.

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,
	2016	2015	2016	2015	2016
Net income	\$ 28,221	\$ 39,128	\$ 35,226	\$ 65,374	\$ 12,714
Interest expense, net	32,846	5,419	65,935	11,019	162,690
Income tax provision	4,982	13,640	13,485	23,420	8,045
Depreciation and amortization	58,167	26,107	113,440	52,103	212,171
EBITDA	124,216	84,294	228,086	151,916	395,620
Stock-based compensation	12,566	4,208	27,913	8,314	63,678
Capital-based taxes	—	(636)	472	(636)	1,936
Acquired EBITDA and cost savings (1)	1,046	389	5,814	2,156	28,468
Unusual or non-recurring charges (2)	1,289	1,158	6,754	10,250	22,652
Purchase accounting adjustments (3)	8,630	302	24,258	699	73,486
Other (4)	769	47	1,553	142	2,940
Consolidated EBITDA	\$ 148,516	\$ 89,762	\$ 294,850	\$ 172,841	\$ 588,780
Less: acquired EBITDA	(1,046)	(389)	(5,814)	(2,156)	(28,468)
Adjusted Consolidated EBITDA	\$ 147,470	\$ 89,373	\$ 289,036	\$ 170,685	\$ 560,312

- (1) Acquired EBITDA reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period, as well as cost savings enacted in connection with acquisitions.
- (2) Unusual or non-recurring charges include foreign currency gains and losses, proceeds from legal and other settlements, severance expenses, transaction costs and other one-time expenses, such as expenses associated with the facilities consolidations, acquisitions and the sale of fixed assets.
- (3) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions and (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions.
- (4) Other includes the non-cash portion of straight-line rent expense.

Note 4. Reconciliation of Net Income to Adjusted Net Income and Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

Adjusted net income and adjusted diluted earnings per share represent net income and earnings per share before amortization of intangible assets and deferred financing costs, stock-based compensation, capital-based taxes and other unusual and non-recurring items. Adjusted net income and adjusted diluted earnings per share are not recognized terms under GAAP, do not represent net income or diluted earnings per share, as those terms are defined under GAAP, and should not be considered as alternatives to net income or diluted earnings per share as indicators of our operating performance. Adjusted net income and adjusted diluted earnings per share are important to management and investors because they represent our operational performance exclusive of the effects of amortization of intangible assets and deferred financing costs, stock-based compensation, capital-based taxes, other unusual and non-recurring items, purchase accounting adjustments, and loss on extinguishment of debt that are not operational in nature or comparable to those of our competitors. The following is a reconciliation between adjusted net income and adjusted diluted earnings per share and net income and diluted earnings per share.

(in thousands, except per share data)	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
GAAP – Net income	\$ 28,221	\$ 39,128	\$ 35,226	\$ 65,374
Plus: Amortization of intangible assets	51,995	22,312	101,675	44,493
Plus: Amortization of deferred financing costs and original issue discount	2,659	1,439	5,312	2,874
Plus: Stock-based compensation	12,566	4,208	27,913	8,314
Plus: Capital-based taxes	—	(636)	472	(636)
Plus: Unusual and non-recurring items (1)	1,289	1,158	6,754	10,250
Plus: Purchase accounting adjustments (2)	8,630	302	24,258	699
Income tax effect (3)	(25,914)	(9,194)	(46,742)	(19,920)
Adjusted net income	<u>\$ 79,446</u>	<u>\$ 58,717</u>	<u>\$ 154,868</u>	<u>\$ 111,448</u>
Adjusted diluted earnings per share	\$ 0.39	\$ 0.33	\$ 0.76	\$ 0.63
GAAP diluted earnings per share	\$ 0.14	\$ 0.22	\$ 0.17	\$ 0.37
Diluted weighted-average shares outstanding	204,916	179,104	204,596	177,974

- (1) Unusual or non-recurring charges include foreign currency gains and losses, proceeds from legal and other settlements, severance expenses, transaction costs and other one-time expenses, such as expenses associated with the facilities consolidations, acquisitions and the sale of fixed assets.
- (2) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions and (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions.
- (3) An estimated normalized effective tax rate of 28% has been used to adjust the provision for income taxes for the purpose of computing adjusted net income.