

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

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Software-enabled services	\$ 205,647	\$ 153,567
Maintenance and term licenses	95,120	39,974
Total recurring revenues	<u>300,767</u>	<u>193,541</u>
Perpetual licenses	5,215	3,070
Professional services	18,149	9,124
Total non-recurring revenues	<u>23,364</u>	<u>12,194</u>
Total revenues	<u>324,131</u>	<u>205,735</u>
Cost of revenues:		
Software-enabled services	113,728	88,602
Maintenance and term licenses	46,946	14,167
Total recurring cost of revenues	<u>160,674</u>	<u>102,769</u>
Perpetual licenses	498	1,024
Professional services	15,512	8,514
Total non-recurring cost of revenues	<u>16,010</u>	<u>9,538</u>
Total cost of revenues	<u>176,684</u>	<u>112,307</u>
Gross profit	<u>147,447</u>	<u>93,428</u>
Operating expenses:		
Selling and marketing	29,861	13,387
Research and development	36,447	19,608
General and administrative	30,695	17,300
Total operating expenses	<u>97,003</u>	<u>50,295</u>
Operating income	50,444	43,133
Interest expense, net	(33,089)	(5,600)
Other expense, net	(1,847)	(1,507)
Income before income taxes	15,508	36,026
Provision for income taxes	8,503	9,780
Net income	<u>\$ 7,005</u>	<u>\$ 26,246</u>
Basic earnings per share	<u>\$ 0.07</u>	<u>\$ 0.31</u>
Basic weighted average number of common shares outstanding	<u>98,760</u>	<u>84,263</u>
Diluted earnings per share	<u>\$ 0.07</u>	<u>\$ 0.30</u>
Diluted weighted average number of common and common equivalent shares outstanding	<u>102,131</u>	<u>88,456</u>
Net income	<u>\$ 7,005</u>	<u>\$ 26,246</u>
Other comprehensive income (loss), net of tax:		
Foreign currency exchange translation adjustment	9,321	(36,219)
Total comprehensive income (loss), net of tax	9,321	(36,219)
Comprehensive income (loss)	<u>\$ 16,326</u>	<u>\$ (9,973)</u>

See Notes to Condensed Consolidated Financial Information.

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

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,826	\$ 434,159
Accounts receivable, net	262,753	169,951
Prepaid expenses and other current assets	32,444	27,511
Prepaid income taxes	36,848	40,627
Restricted cash	2,818	2,818
Total current assets	436,689	675,066
Property, plant and equipment, net	69,211	67,143
Deferred income taxes	1,860	2,199
Goodwill	3,655,005	3,549,212
Intangible and other assets, net	1,627,947	1,508,622
Total assets	<u>\$ 5,790,712</u>	<u>\$ 5,802,242</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 32,062	\$ 32,281
Accounts payable	20,014	11,957
Income taxes payable	—	1,428
Accrued employee compensation and benefits	38,575	83,894
Interest payable	19,048	28,903
Other accrued expenses	40,894	36,231
Deferred revenue	251,741	222,024
Total current liabilities	402,334	416,718
Long-term debt, net of current portion	2,691,960	2,719,070
Other long-term liabilities	58,653	51,434
Deferred income taxes	498,839	509,574
Total liabilities	3,651,786	3,696,796
Total stockholders' equity	2,138,926	2,105,446
Total liabilities and stockholders' equity	<u>\$ 5,790,712</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)

	<u>Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Cash flow from operating activities:		
Net income	\$ 7,005	\$ 26,246
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55,273	25,996
Stock-based compensation expense	15,347	4,106
Income tax benefit related to exercise of stock options	(8,174)	(2,839)
Amortization and write-offs of loan origination costs	2,653	1,435
(Gain) loss on sale or disposition of property and equipment	(2)	209
Deferred income taxes	(6,274)	(2,131)
Provision for doubtful accounts	679	437
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	(33,203)	(12,058)
Prepaid expenses and other assets	(1,221)	4,744
Accounts payable	3,592	(333)
Accrued expenses	(52,843)	(25,283)
Income taxes prepaid and payable	10,526	1,517
Deferred revenue	25,260	9,121
Net cash provided by operating activities	<u>18,618</u>	<u>31,167</u>
Cash flow from investing activities:		
Additions to property and equipment	(2,808)	(2,249)
Proceeds from sale of property and equipment	2	—
Cash paid for business acquisitions, net of cash acquired	(317,554)	—
Additions to capitalized software	(2,169)	(928)
Net cash used in investing activities	<u>(322,529)</u>	<u>(3,177)</u>
Cash flow from financing activities:		
Repayments of debt	(29,825)	(44,000)
Proceeds from exercise of stock options	7,629	4,661
Withholding taxes related to equity award net share settlement	(1,559)	—
Income tax benefit related to exercise of stock options	8,174	2,839
Dividends paid on common stock	(12,353)	(10,539)
Net cash used in financing activities	<u>(27,934)</u>	<u>(47,039)</u>
Effect of exchange rate changes on cash and cash equivalents	(488)	(2,198)
Net decrease in cash and cash equivalents	<u>(332,333)</u>	<u>(21,247)</u>
Cash and cash equivalents, beginning of period	434,159	109,577
Cash and cash equivalents, end of period	<u>\$ 101,826</u>	<u>\$ 88,330</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 is 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 March 31,	
	2016	2015
Revenues	\$ 324,131	\$ 205,735
Purchase accounting adjustments to deferred revenue	18,983	397
Adjusted revenues	<u>\$ 343,114</u>	<u>\$ 206,132</u>

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

(in thousands)	Three Months Ended March 31,	
	2016	2015
Software-enabled services	\$ 205,647	\$ 153,567
Maintenance and term licenses	95,120	39,974
Total recurring revenues	<u>300,767</u>	<u>193,541</u>
Perpetual licenses	5,215	3,070
Professional services	18,149	9,124
Total non-recurring revenues	<u>23,364</u>	<u>12,194</u>
Total revenues	<u>\$ 324,131</u>	<u>\$ 205,735</u>
Software-enabled services	\$ 205,786	\$ 153,567
Maintenance and term licenses	109,950	40,371
Total adjusted recurring revenues	<u>315,736</u>	<u>193,938</u>
Perpetual licenses	5,215	3,070
Professional services	22,163	9,124
Total adjusted non-recurring revenues	<u>27,378</u>	<u>12,194</u>
Total adjusted revenues	<u>\$ 343,114</u>	<u>\$ 206,132</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 March 31,	
	2016	2015
Operating income	\$ 50,444	\$ 43,133
Amortization of intangible assets	49,680	22,181
Stock-based compensation	15,347	4,106
Capital-based taxes	472	—
Unusual or non-recurring charges	3,618	7,585
Purchase accounting adjustments	15,628	397
Adjusted operating income	<u>\$ 135,189</u>	<u>\$ 77,402</u>

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 March 31,		Twelve Months Ended
	2016	2015	March 31,
Net income	\$ 7,005	\$ 26,246	\$ 23,621
Interest expense, net	33,089	5,600	135,263
Taxes	8,503	9,780	16,703
Depreciation and amortization	55,273	25,996	180,111
EBITDA	<u>103,870</u>	<u>67,622</u>	<u>355,698</u>
Stock-based compensation	15,347	4,106	55,320
Capital-based taxes	472	—	1,300
Acquired EBITDA and cost savings	4,768	1,767	83,131
Unusual or non-recurring charges	5,465	9,092	22,521
Purchase accounting adjustments	15,628	397	65,158
Other	784	95	2,218
Consolidated EBITDA	<u>\$ 146,334</u>	<u>\$ 83,079</u>	<u>\$ 585,346</u>
Less: acquired EBITDA	<u>(4,768)</u>	<u>(1,767)</u>	<u>(83,131)</u>
Adjusted Consolidated EBITDA	<u>\$ 141,566</u>	<u>\$ 81,312</u>	<u>\$ 502,215</u>

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)	Three Months Ended March 31,	
	2016	2015
GAAP – Net income	\$ 7,005	\$ 26,246
Plus: Amortization of intangible assets	49,680	22,181
Plus: Amortization of deferred financing costs and original issue discount	2,653	1,435
Plus: Stock-based compensation	15,347	4,106
Plus: Capital-based taxes	472	—
Plus: Unusual and non-recurring items	5,465	9,092
Plus: Purchase accounting adjustments	15,628	397
Income tax effect (1)	(20,828)	(10,726)
Adjusted net income	<u>\$ 75,422</u>	<u>\$ 52,731</u>
Adjusted diluted earnings per share	\$ 0.74	\$ 0.60
GAAP diluted earnings per share	\$ 0.07	\$ 0.30
Diluted weighted-average shares outstanding	102,131	88,456

- (1) 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.