



# FTI Consulting, Inc.

## Third Quarter 2024 Earnings Conference Call



October 24, 2024

## Cautionary Note About Forward-Looking Statements

*This presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve uncertainties and risks. Forward-looking statements include statements concerning our plans, initiatives, projections, prospects, policies, processes and practices, objectives, goals, commitments, strategies, future events, future revenues, future results and performance, future capital allocations and expenditures, expectations, plans or intentions relating to acquisitions, share repurchases and other matters, business trends, new, or changes to, laws and regulations, including U.S. and foreign tax laws, environmental, social and governance ("ESG")-related issues, climate change-related matters, scientific or technological developments, including relating to new and emerging technologies, such as artificial intelligence and machine learning and other information that is not historical. Forward-looking statements often contain words such as "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "commits," "aspires," "forecasts," "future," "goal," "seeks" and variations of such words or similar expressions. All forward-looking statements, including, without limitation, management's financial guidance and examination of operating trends, are based upon our historical performance and our current plans, estimates, intentions and expectations at the time we make them, and various assumptions. Our actual financial results, performance or achievements and outcomes could differ materially from those expressed in, or implied by, any forward-looking statements. Further, unaudited quarterly results are subject to normal year-end adjustments. The Company has experienced fluctuating revenues, operating income and cash flows in prior periods and expects that this will occur from time to time in the future. Other factors that could cause such differences include declines in demand for, or changes in, the mix of services and products that we offer; the mix of the geographic locations where our clients are located or where services are performed; fluctuations in the price per share of our common stock; adverse financial, real estate or other market and general economic conditions; the impact of public health crises and related events that are beyond our control, which could affect our segments, practices and the geographic regions in which we conduct business differently and adversely; and other future events, which could impact each of our segments, practices and the geographic regions in which we conduct business differently and could be outside of our control; the pace and timing of the consummation and integration of future acquisitions; the Company's ability to realize cost savings and efficiencies; competitive and general economic conditions; retention of staff and clients; new laws and regulations or changes thereto; and other risks described under the heading "Item 1A, Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 22, 2024 and in the Company's other filings with the SEC. We are under no duty to update any of the forward-looking statements to conform such statements to actual results or events and do not intend to do so.*

## Third Quarter 2024: Financial Review

All numbers in \$000s, except for per share data and percentages

Consolidated Results	Q3 2024	Q2 2024	% Variance	Q3 2023	% Variance	Percentage Change in Revenues Excluding the Estimated Impact of Foreign Currency Translation for Q3 2024 vs. Q3 2023
<b>Revenues</b>	\$ 926,019	\$ 949,156	-2.4%	\$ 893,261	3.7%	3.2%
<b>Net income</b>	\$ 66,466	\$ 83,947	-20.8%	\$ 83,317	-20.2%	
<b>Earnings per Diluted Share</b>	\$ 1.85	\$ 2.34	-20.9%	\$ 2.34	-20.9%	
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 102,948	\$ 115,921	-11.2%	\$ 118,748	-13.3%	
<b>Adjusted EBITDA Margin <sup>(1)</sup></b>	11.1%	12.2%	—	13.3%	—	
<b>Segment Results</b>						
<b>Corporate Finance &amp; Restructuring</b>						
Revenues	\$ 341,512	\$ 347,971	-1.9%	\$ 347,560	-1.7%	-2.0%
Adjusted Segment EBITDA	\$ 57,919	\$ 66,467	-12.9%	\$ 68,094	-14.9%	
Adjusted Segment EBITDA Margin	17.0%	19.1%	—	19.6%	—	
<b>Forensic and Litigation Consulting</b>						
Revenues	\$ 168,778	\$ 169,496	-0.4%	\$ 166,137	1.6%	1.4%
Adjusted Segment EBITDA	\$ 19,991	\$ 14,994	33.3%	\$ 21,480	-6.9%	
Adjusted Segment EBITDA Margin	11.8%	8.8%	—	12.9%	—	
<b>Economic Consulting</b>						
Revenues	\$ 222,033	\$ 230,873	-3.8%	\$ 193,866	14.5%	13.7%
Adjusted Segment EBITDA	\$ 35,244	\$ 44,296	-20.4%	\$ 27,756	27.0%	
Adjusted Segment EBITDA Margin	15.9%	19.2%	—	14.3%	—	
<b>Technology</b>						
Revenues	\$ 110,404	\$ 115,875	-4.7%	\$ 98,860	11.7%	11.3%
Adjusted Segment EBITDA	\$ 16,465	\$ 20,930	-21.3%	\$ 14,873	10.7%	
Adjusted Segment EBITDA Margin	14.9%	18.1%	—	15.0%	—	
<b>Strategic Communications</b>						
Revenues	\$ 83,292	\$ 84,941	-1.9%	\$ 86,838	-4.1%	-5.1%
Adjusted Segment EBITDA	\$ 12,124	\$ 11,611	4.4%	\$ 13,454	-9.9%	
Adjusted Segment EBITDA Margin	14.6%	13.7%	—	15.5%	—	

<sup>(1)</sup> See "Financial Tables" and "End Notes: FTI Consulting Non-GAAP Financial Measures" for the reconciliations and definition of Adjusted EBITDA, which is a non-GAAP financial measure, to the most directly comparable GAAP financial measure, and for the definition of Adjusted EBITDA Margin, which is a non-GAAP financial measure.

## Cash Position and Capital Allocation Snapshot

As of September 30, 2024, June 30, 2024 and September 30, 2023

All numbers in \$000s, except for DSO	As of September 30, 2024	As of June 30, 2024	As of September 30, 2023
<b>Cash and cash equivalents</b>	\$ 386,344	\$ 226,428	\$ 201,148
<b>Accounts receivable, net</b>	\$ 1,184,475	\$ 1,190,521	\$ 1,207,016
<b>Days Sales Outstanding ("DSO") <sup>(1)</sup></b>	108	105	114
<b>Net cash provided by operating activities</b>	\$ 219,374	\$ 135,226	\$ 106,675
<b>Purchases of property and equipment</b>	\$ (7,047)	\$ (10,060)	\$ (14,199)
<b>Total Debt</b>	\$ —	\$ 60,000	\$ 285,000
<b>Free Cash Flow <sup>(2)</sup></b>	\$ 212,327	\$ 125,166	\$ 92,476

<sup>(1)</sup> DSO is a performance measure used to assess how quickly revenues are collected by the Company. We calculate DSO at the end of each reporting period by dividing net accounts receivable reduced by billings in excess of services provided, by revenues for the quarter, adjusted for changes in foreign exchange rates. We multiply the result by the number of days in the quarter.

<sup>(2)</sup> See "Financial Tables" and "End Notes: FTI Consulting Non-GAAP Financial Measures" for the reconciliation and definition of Free Cash Flow, which is a non-GAAP financial measure, to the most directly comparable GAAP financial measure.



# Financial Tables

## Reconciliations of Net Income and Operating Income to Adjusted EBITDA

### Three Months Ended September 30, 2024 and June 30, 2024

All numbers in \$000s

Three Months Ended September 30, 2024							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ 66,466
Interest income and other							909
Interest expense							1,197
Income tax provision							22,320
<b>Operating income</b>	\$ 54,503	\$ 18,118	\$ 33,880	\$ 12,524	\$ 11,188	\$ (39,321)	\$ 90,892
Depreciation and amortization	2,631	1,644	1,364	3,941	897	526	11,003
Amortization of intangible assets	785	229	—	—	39	—	1,053
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 57,919	\$ 19,991	\$ 35,244	\$ 16,465	\$ 12,124	\$ (38,795)	\$ 102,948

Three Months Ended June 30, 2024							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ 83,947
Interest income and other							(1,909)
Interest expense							3,319
Income tax provision							18,735
<b>Operating income</b>	\$ 63,193	\$ 13,100	\$ 42,952	\$ 17,137	\$ 10,594	\$ (42,884)	\$ 104,092
Depreciation and amortization	2,560	1,627	1,344	3,793	918	507	10,749
Amortization of intangible assets	714	267	—	—	99	—	1,080
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 66,467	\$ 14,994	\$ 44,296	\$ 20,930	\$ 11,611	\$ (42,377)	\$ 115,921

<sup>(1)</sup> See "End Notes: FTI Consulting Non-GAAP Financial Measures" for the definition of Adjusted EBITDA, which is a non-GAAP financial measure.

## Reconciliations of Net Income and Operating Income to Adjusted EBITDA

### Three Months Ended September 30, 2023

All numbers in \$000s

Three Months Ended September 30, 2023							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ <b>83,317</b>
Interest income and other							(5,147)
Interest expense							4,474
Income tax provision							24,385
<b>Operating income</b>	\$ <b>64,633</b>	\$ <b>19,708</b>	\$ <b>26,293</b>	\$ <b>11,481</b>	\$ <b>12,503</b>	\$ <b>(27,589)</b>	\$ <b>107,029</b>
Depreciation and amortization	2,414	1,548	1,463	3,392	882	680	10,379
Amortization of intangible assets	1,047	224	—	—	69	—	1,340
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ <b>68,094</b>	\$ <b>21,480</b>	\$ <b>27,756</b>	\$ <b>14,873</b>	\$ <b>13,454</b>	\$ <b>(26,909)</b>	\$ <b>118,748</b>

<sup>(1)</sup> See "End Notes: FTI Consulting Non-GAAP Financial Measures" for the definition of Adjusted EBITDA, which is a non-GAAP financial measure.

## Reconciliations of Net Cash Provided by Operating Activities to Free Cash Flow

Three Months Ended September 30, 2024, June 30, 2024 and September 30, 2023

All numbers in \$000s	Three Months Ended September 30, 2024	Three Months Ended June 30, 2024	Three Months Ended September 30, 2023
<b>Net cash provided by operating activities</b>	\$ 219,374	\$ 135,226	\$ 106,675
Purchases of property and equipment	(7,047)	(10,060)	(14,199)
<b>Free Cash Flow <sup>(1)</sup></b>	<b>\$ 212,327</b>	<b>\$ 125,166</b>	<b>\$ 92,476</b>

<sup>(1)</sup> See "End Notes: FTI Consulting Non-GAAP Financial Measures" for the definition of Free Cash Flow, which is a non-GAAP financial measure.

## End Notes: FTI Consulting Non-GAAP Financial Measures

*In this presentation, we sometimes use information derived from consolidated and segment financial information that may not be presented in our financial statements or prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). Certain of these measures are considered "non-GAAP financial measures" under the Securities and Exchange Commission ("SEC") rules. Specifically, we have referred to the following non-GAAP financial measures in this presentation:*

*Adjusted EBITDA*

*Adjusted EBITDA Margin*

*Adjusted Net Income*

*Adjusted Earnings per Diluted Share*

*Free Cash Flow*

*We have included the definitions of Segment Operating Income and Adjusted Segment EBITDA, which are GAAP financial measures, below in order to more fully define the components of certain non-GAAP financial measures in this presentation. We define Segment Operating Income as a segment's share of consolidated operating income. We use Segment Operating Income for the purpose of calculating Adjusted Segment EBITDA. We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We use Adjusted Segment EBITDA as a basis to internally evaluate the financial performance of our segments because we believe it reflects current core operating performance and provides an indicator of the segment's ability to generate cash.*

*We define Adjusted EBITDA, which is a non-GAAP financial measure, as consolidated net income before income tax provision, other non-operating income (expense), depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, gain or loss on sale of a business and losses on early extinguishment of debt. We believe that this non-GAAP financial measure, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with a more complete understanding of our operating results, including underlying trends. In addition, EBITDA is a common alternative measure of operating performance used by many of our competitors. It is used by investors, financial analysts, rating agencies and others to value and compare the financial performance of companies in our industry. Therefore, we also believe that this non-GAAP financial measure, considered along with corresponding GAAP financial measures, provide management and investors with additional information for comparison of our operating results with the operating results of other companies. We define Adjusted EBITDA Margin, which is a non-GAAP financial measure, as Adjusted EBITDA as a percentage of total revenues.*

*We define Adjusted Net Income and Adjusted Earnings per Diluted Share ("Adjusted EPS"), which are non-GAAP financial measures, as net income and earnings per diluted share ("EPS"), respectively, excluding the impact of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, losses on early extinguishment of debt, non-cash interest expense on convertible notes and the gain or loss on sale of a business. We use Adjusted Net Income for the purpose of calculating Adjusted EPS. Management uses Adjusted EPS to assess total Company operating performance on a consistent basis. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with an additional understanding of our business operating results, including underlying trends.*

*We define Free Cash Flow, which is a non-GAAP financial measure, as net cash provided by (used in) operating activities less cash payments for purchases of property and equipment. We believe this non-GAAP financial measure, when considered together with our GAAP financial results, provides management and investors with an additional understanding of the Company's ability to generate cash for ongoing business operations and other capital deployment.*

*Non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable with other similarly titled measures of other companies. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, the information contained in our Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Cash Flows.*



# Appendix

## Third Quarter 2024: Select Geographic Review

All numbers in \$000s, except for percentages

### Consolidated Revenues by Region

Region	Q3 2024	Q2 2024	% Variance	Q3 2023	% Variance	Percentage Change in Revenues Excluding the Estimated Impact of Foreign Currency Translation for Q3 2024 vs. Q3 2023
North America	\$ 608,066	\$ 620,939	-2.1%	\$ 581,039	4.7%	4.7%
EMEA	\$ 251,790	\$ 265,713	-5.2%	\$ 247,387	1.8%	-0.1%
Asia Pacific	\$ 54,568	\$ 52,003	4.9%	\$ 52,380	4.2%	2.8%
Latin America	\$ 11,595	\$ 10,501	10.4%	\$ 12,455	-6.9%	0.4%

### Percentage of Consolidated Revenues by Region

Region	Q3 2024	Q2 2024	Q3 2023
North America	65.6%	65.4%	65.0%
EMEA	27.2%	28.0%	27.7%
Asia Pacific	5.9%	5.5%	5.9%
Latin America	1.3%	1.1%	1.4%

## Third Quarter 2024

### Select Awards & Accolades



Named by *The Deal* as **#1 Out-of-Court Restructuring Advisers to Creditors** in Q1 and Q2 of 2024

*The Deal*



Recognized for **Restructuring Deal of the Year (Over \$1B)** and **M&A Deal of the Year (\$5B to \$10B)** at The M&A Advisor's 15th annual International M&A Awards

*The M&A Advisor*



Named to the list of **Top 100 Internship Programs in the U.S.** by Yello

Yello



Recognized at *Global M&A Network's* 16<sup>th</sup> annual Turnaround Atlas Awards in the following categories:

- PR Firm of the Year
- Turnaround of the Year
- Chapter 11 Restructuring of the Year
- Auto & Services Restructuring of the Year
- Corporate Turnaround of the Year
- Cross-Border Turnaround of the Year
- Cross-Border Distressed M&A Deal of the Year

*Global M&A Network*



Led the *Who's Who Legal Consulting Experts Guide* for the ninth consecutive year and the **Competition 2024** list

*Who's Who Legal*



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