

FTI Consulting, Inc.

First Quarter 2018 Earnings Conference Call



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 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve uncertainties and risks. Forward-looking statements include statements concerning our plans, objectives, goals, 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 the 2017 U.S. Tax Cuts and Jobs Act (the "2017 Tax Act"), and other information that is not historical, including statements regarding estimates of our future financial results. When used in this presentation, words such as "anticipates," "estimates," "expects," "goals," "intends," "believes," "forecasts," "objectives" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, estimates of our future financial results, are based upon our expectations at the time we make them and various assumptions. Our expectations, beliefs and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs or estimates will be achieved, and the Company's actual results may differ materially from our expectations, beliefs and estimates. The Company has experienced fluctuating revenues, operating income and cash flow 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, and other future events, which could impact each of our segments differently and could be outside our control, the pace and timing of the consummation and integration of past and 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, including the 2017 Tax Act, and other risks described under the heading "Part I, Item 1A Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission ("SEC") and in the Company's other filings with the SEC, including the risks set forth under "Risks Related to Our Reportable Segments" and "Risks Related to Our Operations." 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.

First Quarter 2018 Financial Review

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

	Q1 2018	Q4 2017	% Variance	Q1 2017	% Variance	Percentage Change in Revenues Excluding the Estimated Impact of Foreign Currency Translation for Q1 2018 vs. Q1 2017
Consolidated Results						
Revenues	\$ 497,774	\$ 467,711	6.4%	\$ 446,344	11.5%	8.8%
Net Income	\$ 38,945	\$ 66,888	(41.8)%	\$ 14,016	177.9%	
Earnings per Diluted Share	\$ 1.04	\$ 1.78	(41.6)%	\$ 0.34	205.9%	
Adjusted Earnings per Diluted Share ⁽¹⁾	\$ 1.04	\$ 0.78	33.3%	\$ 0.34	205.9%	
Adjusted EBITDA ⁽¹⁾	\$ 72,294	\$ 55,511	30.2%	\$ 38,319	88.7%	
Adjusted EBITDA Margin ⁽¹⁾	14.5%	11.9%	—	8.6%	—	
Segment Results						
Corporate Finance & Restructuring						
Revenues	\$ 142,922	\$ 130,532	9.5%	\$ 105,901	35.0%	32.4%
Adjusted Segment EBITDA	\$ 34,804	\$ 25,756	35.1%	\$ 10,325	237.1%	
Adjusted Segment EBITDA Margin	24.4%	19.7%	—	9.7%	—	
Forensic and Litigation Consulting						
Revenues	\$ 128,039	\$ 120,869	5.9%	\$ 111,406	14.9%	13.3%
Adjusted Segment EBITDA	\$ 25,757	\$ 23,613	9.1%	\$ 13,521	90.5%	
Adjusted Segment EBITDA Margin	20.1%	19.5%	—	12.1%	—	
Economic Consulting						
Revenues	\$ 133,109	\$ 121,051	10.0%	\$ 139,221	(4.4)%	(7.1)%
Adjusted Segment EBITDA	\$ 19,136	\$ 14,284	34.0%	\$ 20,110	(4.8)%	
Adjusted Segment EBITDA Margin	14.4%	11.8%	—	14.4%	—	
Technology						
Revenues	\$ 40,914	\$ 40,915	—%	\$ 46,087	(11.2)%	(12.9)%
Adjusted Segment EBITDA	\$ 5,732	\$ 2,973	92.8%	\$ 7,804	(26.6)%	
Adjusted Segment EBITDA Margin	14.0%	7.3%	—	16.9%	—	
Strategic Communications						
Revenues	\$ 52,790	\$ 54,344	(2.9)%	\$ 43,729	20.7%	14.1%
Adjusted Segment EBITDA	\$ 9,852	\$ 10,526	(6.4)%	\$ 4,257	131.4%	
Adjusted Segment EBITDA Margin	18.7%	19.4%	—	9.7%	—	

⁽¹⁾ See "Financial Tables" and "End Notes: FTI Consulting Non-GAAP Financial Measures" for the reconciliations and definitions of Adjusted Earnings Per Diluted Share and Adjusted EBITDA, which are non-GAAP financial measures, to the most directly comparable GAAP measures, and for the definition of Adjusted EBITDA Margin.

First Quarter 2018

Cash Position and Capital Allocation Snapshot

All numbers in \$000s, except for DSOs

	Q1 2018	Q1 2017
Cash and cash equivalents	\$ 152,044	\$ 120,959
Accounts receivable, net	\$ 583,588	\$ 526,180
Days sales outstanding ("DSO")	95	98
Net cash used in operating activities	\$ (69,200)	\$ (93,087)
Purchases of property and equipment	\$ (7,680)	\$ (5,831)
Purchase and retirement of common stock	\$ (14,220)	\$ (36,918)
Total Debt ⁽¹⁾	\$ 445,000	\$ 407,000
Free Cash Flow ⁽²⁾	\$ (76,880)	\$ (98,918)

⁽¹⁾ Total debt excludes the reduction for deferred debt issue costs of \$3.5 million and \$4.3 million as of March 31, 2018 and March 31, 2017, respectively.

⁽²⁾ 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 measure.

Financial Tables

Reconciliation of Net Income to Adjusted Net Income and Earnings Per Diluted Share to Adjusted Earnings Per Diluted Share:

Three Months Ended March 31, 2018, December 31, 2017 and March 31, 2017

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

	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended March 31, 2017
Net income	\$ 38,945	\$ 66,888	\$ 14,016
Special charges	—	10,811	—
Tax impact of special charges	—	(3,635)	—
Remeasurement of acquisition-related contingent consideration	—	—	166
Tax impact of remeasurement of acquisition-related contingent consideration	—	—	(65)
Impact of 2017 Tax Act	—	(44,870)	—
Adjusted Net Income ⁽¹⁾	\$ 38,945	\$ 29,194	\$ 14,117
Earnings per Diluted Share	\$ 1.04	\$ 1.78	\$ 0.34
Special charges	—	0.29	—
Tax impact of special charges	—	(0.10)	—
Impact of 2017 Tax Act	—	(1.19)	—
Adjusted Earnings per Diluted Share ⁽¹⁾⁽²⁾	\$ 1.04	\$ 0.78	\$ 0.34
Weighted average number of common shares outstanding—diluted ⁽²⁾	37,612	37,643	41,245

⁽¹⁾ See "End Notes: FTI Consulting Non-GAAP Financial Measures" for the definitions of Adjusted Net Income and Adjusted Earnings per Diluted Share, which are non-GAAP financial measures.

⁽²⁾ For non-GAAP purposes, the Adjusted Earnings per Diluted Share and diluted weighted average number of common shares outstanding presented herein reflect the impact of the inclusion of share-based awards that are considered dilutive based on the impact of the add-backs included in Adjusted Net Income above.

Reconciliation of Net Income and Operating Income (Loss) to Adjusted EBITDA: Three Months Ended March 31, 2018 and December 31, 2017

All numbers in \$000s

Three Months Ended March 31, 2018

	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
Net income							\$ 38,945
Interest income and other							1,800
Interest expense							6,244
Income tax provision							15,270
Operating income	\$ 33,211	\$ 24,330	\$ 17,648	\$ 2,593	\$ 8,365	\$ (23,888)	\$ 62,259
Depreciation and amortization	802	1,028	1,364	3,077	593	901	7,765
Amortization of other intangible assets	791	399	124	62	894	—	2,270
Adjusted EBITDA ⁽¹⁾	\$ 34,804	\$ 25,757	\$ 19,136	\$ 5,732	\$ 9,852	\$ (22,987)	\$ 72,294

Three Months Ended December 31, 2017

	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
Net income							\$ 66,888
Interest income and other							(452)
Interest expense							6,547
Income tax benefit							(38,458)
Operating income (loss)	\$ 21,332	\$ 20,286	\$ 12,120	\$ (1,079)	\$ 4,840	\$ (22,974)	\$ 34,525
Depreciation and amortization	815	1,042	1,316	2,664	673	899	7,409
Amortization of other intangible assets	1,218	396	134	158	860	—	2,766
Special charges	2,391	1,889	714	1,230	4,153	434	10,811
Adjusted EBITDA ⁽¹⁾	\$ 25,756	\$ 23,613	\$ 14,284	\$ 2,973	\$ 10,526	\$ (21,641)	\$ 55,511

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

Reconciliation of Net Income and Operating Income to Adjusted EBITDA:

Three Months Ended March 31, 2017

All numbers in \$000s

Three Months Ended March 31, 2017

	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic & Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
Net income							\$ 14,016
Interest income and other							(605)
Interest expense							5,801
Income tax provision							7,877
Operating income	\$ 8,749	\$ 11,924	\$ 18,502	\$ 4,440	\$ 2,527	\$ (19,053)	\$ 27,089
Depreciation and amortization	781	1,173	1,454	3,206	602	1,355	8,571
Amortization of other intangible assets	795	424	154	158	962	—	2,493
Remeasurement of acquisition-related contingent consideration	—	—	—	—	166	—	166
Adjusted EBITDA ⁽¹⁾	\$ 10,325	\$ 13,521	\$ 20,110	\$ 7,804	\$ 4,257	\$ (17,698)	\$ 38,319

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

Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow: Three Months Ended March 31, 2018 and 2017

All numbers in \$000s

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net cash used in operating activities	\$ (69,200)	\$ (93,087)
Purchases of property and equipment	(7,680)	(5,831)
Free Cash Flow ⁽¹⁾	\$ (76,880)	\$ (98,918)

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 ("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:

- Total Segment Operating Income
- Adjusted EBITDA
- Total Adjusted Segment EBITDA
- Adjusted EBITDA Margin
- Adjusted Net Income
- Adjusted Earnings per Diluted Share
- Free Cash Flow

We have included the definitions of Segment Operating Income (Loss) and Adjusted Segment EBITDA below in order to more fully define the components of certain non-GAAP financial measures in this presentation. We define Segment Operating Income (Loss) as a segment's share of Consolidated Operating Income. We define Total Segment Operating Income, which is a non-GAAP financial measure, as the total of Segment Operating Income (Loss) for all segments, which excludes unallocated corporate expenses. We use Segment Operating Income (Loss) 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 Margin as Adjusted EBITDA as a percentage of total revenues.

We define Total Adjusted Segment EBITDA, which is a non-GAAP financial measure, as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. 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 and losses on early extinguishment of debt. We believe that the non-GAAP financial measures, which exclude the effects of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges and losses on early extinguishment of debt, when considered together with our GAAP financial results and GAAP 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 these measures, considered along with corresponding GAAP measures, provide management and investors with additional information for comparison of our operating results with the operating results of other companies.

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 and the impact of adopting the 2017 Tax Act. 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 this non-GAAP financial measure, which excludes the effects of the remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, losses on early extinguishment of debt and the impact of adopting the 2017 Tax Act, when considered together with our GAAP financial results, provides management and investors with an additional understanding of our business operating results, including underlying trends.

We define Free Cash Flow as net cash provided by 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.

Appendix

First Quarter 2018

Select Geographic Review

Region	Percentage of Consolidated Revenues		Revenue Growth
	Q1 2018	Q1 2017	Q1 2018 vs. Q1 2017
North America	70.1%	73.5%	6.5%
EMEA	20.9%	19.1%	22.0%
Asia Pacific	7.2%	6.2%	28.8%
Latin America	1.8%	1.2%	63.5%

First Quarter 2018 Awards & Accolades

Global Arbitration Review ranked **Compass Lexecon 1st** and **FTI Consulting 4th** on their inaugural **Expert Witness Power Index**

Who's Who Legal recognized 19 FTI Consulting professionals as **Leading Forensic Accounting** and **Digital Forensic Experts**

Who's Who Legal named 17 **Construction Solutions** professionals within FTI Consulting's Forensic & Litigation Consulting and the Economic Consulting segments to the **Construction Experts 2018 list**

FTI Consulting ranked as the **#1 Restructuring Adviser** by *The Deal Newsroom* in their 1Q18 Bankruptcy League Tables, earning the **top spot for 10 years**

FTI Consulting honored with **15 M&A Advisor Turnaround awards**

Paul Linton, FTI Consulting's Chief Strategy & Transformation Officer, recognized as "**One of the Most Influential Blacks in Corporate America**" by *Savoy* magazine

Carlyn Taylor, Global Co-Leader of FTI Consulting's Corporate Finance & Restructuring segment, inducted into the **American College of Bankruptcy's 29th Class of Fellows**



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