



# FTI Consulting, Inc.

*Avondale Partners 2016 Healthcare Conference*

***August 10<sup>th</sup>, 2016***



## Cautionary Note About Forward-Looking Statements

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*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, which involve uncertainties and risks. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues, future results and performance, expectations, plans or intentions relating to acquisitions and other matters, business trends and other information that is not historical, including statements regarding estimates of our medium-term growth targets or other future financial results. When used in this presentation, words such as "anticipates," "estimates," "expects," "goals," "intends," "believes," "forecasts," "targets," "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 medium-term growth targets and our future financial results, are based upon our expectations at the time we make them and various assumptions. Our expectations, beliefs, projections and growth targets 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, estimates or growth targets will be achieved, and the Company's actual results may differ materially from our expectations, beliefs, estimates and growth targets. 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, adverse financial, real estate or other market and general economic conditions, which could impact each of our segments differently, 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 and other risks described under the heading "Item 1A Risk Factors" in the Company's most recent Form 10-K filed with the 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.*



# FTI Consulting: A Leader Among Leaders

**FCN**

Publicly traded

**\$1.7BLN**

Equity market capitalization<sup>(1)</sup>

**1982**

Year founded

**4,600+**

Total employees worldwide

**440+**

Senior Managing Directors

**81**

Offices in 81 cities around the globe

**9**

9 Specialized Industry Practice Groups

**2 Nobel Laureates**

**10/10**

Advisor to world's top 10 bank holding companies

**92/100**

Advisor to 92 of the world's top 100 law firms

**48/100**

48 of Global 100 corporations are clients





# Investment Thesis

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FTI Consulting is a leading professional services company with **strong people and strong positions** – corporations and law firms come to FTI Consulting when there is a critical need

The first six months of 2016 mark the **best first-half ever** in the history of FTI Consulting in terms of revenue, GAAP EPS and Adjusted EPS

**Shifting from a capital driven to an organic growth strategy** with an emphasis on profitable revenue growth – organic revenue growth in the first half of 2016 was 6% or 7%, excluding FX

Committed to building a profitable business with **sustainable underlying growth**, regardless of economic conditions

**Willingness to invest EBITDA** in key growth areas where we have strong people and strong positions

Believe we are on a path towards **double-digit year-over-year Adjusted EPS growth**

# Balanced and Diversified Portfolio

## Corporate Finance & Restructuring

- |                                  |   |
|----------------------------------|---|
| Bankruptcy Support Services      | Performance Improvement                 |
| Interim Management Services      | Private Equity Advisory                 |
| Investment Banking               | Restructuring/Turnaround Services       |
| Litigation Support               | Transaction Services                    |
| Business Transformation Services | Valuation & Financial Advisory Services |

## Forensic and Litigation Consulting

- |   |                                       |
|---|---------------------------------------|
| Business Insurance Claims               | Global Risk & Investigations Practice |
| Compliance, Monitoring & Receivership   | Government Contracts                  |
| Construction & Environmental Solutions  | Health Solutions                      |
| Dispute Advisory Services               | Insurance                             |
| Financial Enterprise & Data Analytics   | Intellectual Property                 |
| Financial Services                      | Trial Services                        |
| Forensic Accounting & Advisory Services |                                       |

## Economic Consulting

- |  |   |
|--|---|
| Antitrust & Competition Economics        | Labor & Employment                      |
| Business Valuation                       | Public Policy                           |
| Center for Healthcare Economics & Policy | Regulated Industries                    |
| Intellectual Property                    | Securities Litigation & Risk Management |
| International Arbitration                |   |

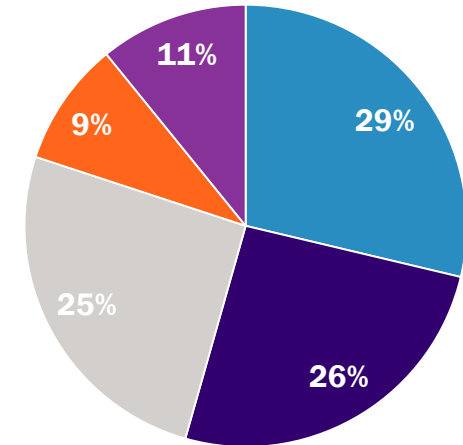
## Technology

- |                                     |                      |
|-------------------------------------|----------------------|
| Computer Forensics & Investigations | Discovery Consulting |
| E-discovery Software & Services     |                      |

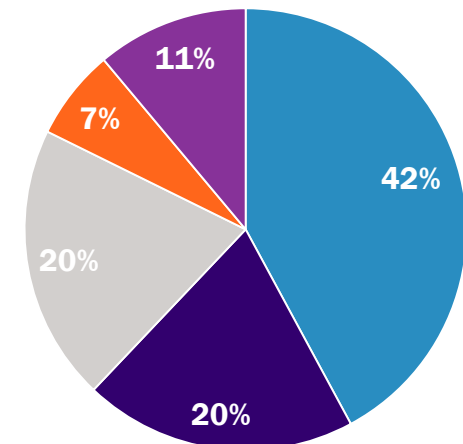
## Strategic Communications

- |  |                                       |
|--|---------------------------------------|
| Corporate Communications                     | Litigation Communications             |
| Creative Engagement & Digital Communications | M&A Communications                    |
| Crisis Communications                        | Public Affairs                        |
| Employee Engagement & Change Communications  | Restructuring & Financial Issues      |
| Financial Communications                     | Shareholder Activism & Proxy Advisory |
|  | Strategy Consulting & Research        |

Q2 2016 Segment Revenues



Q2 2016 Total Adjusted Segment EBITDA



# Advising Across a Global Economy

3,400+ Professionals  
Deployed in 29 Countries

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.



## Asia Pacific

### Australia

Brisbane  
Gold Coast  
Melbourne  
Perth  
Sydney

### China

Beijing  
Guangzhou  
Hong Kong  
Shanghai

## India

Mumbai  
New Delhi

## Indonesia

Jakarta

## Japan

Tokyo

## Korea

Seoul

## Malaysia

Kuala Lumpur

## Philippines<sup>1</sup>

Manila

## Singapore

## Europe, Middle East, Africa

### Belgium

Brussels

### Denmark

Copenhagen

### France

Paris

### Germany

Berlin  
Frankfurt

### Ireland

Dublin

### Netherlands

Den Haag

## Qatar

Doha

## Russia

Moscow

## South Africa

Cape Town  
Johannesburg

## Spain

Madrid

## United Arab Emirates

Abu Dhabi  
Dubai

## United Kingdom

London  
Stirling

## Latin America

### Argentina

Buenos Aires

### Brazil

Rio de Janeiro  
São Paulo

### Caribbean

British Virgin Islands  
Cayman Islands

### Colombia

Bogotá

### Mexico

Mexico City

### Panama

Panama City

## North America

### Canada

Calgary  
Toronto  
Vancouver

### United States

Annapolis  
Atlanta  
Austin  
Baltimore  
Boston  
Brentwood  
Charlotte  
Chicago  
Coral Gables  
Dallas

### Denver

Great Neck  
Houston  
Indianapolis  
Los Angeles  
Lake Oswego  
McLean  
Miami  
Mountain View  
New York  
Oakland  
Pasadena  
Philadelphia  
Phoenix  
Pittsburgh

### Princeton

Red Bank  
Rockville  
Roseland  
Saddle Brook  
San Francisco  
Santa Barbara  
Seattle  
Tucson  
Walnut Creek  
Washington, D.C.  
Wayne  
West Palm Beach  
Winston-Salem

1. Affiliate

# Corporate Finance & Restructuring

## Services

Bankruptcy Support Services

Interim Management Services

Investment Banking

Litigation Support

Business Transformation Services

Performance Improvement

Private Equity Advisory

Restructuring/Turnaround Services

Transaction Services

Valuation & Financial Advisory Services

## Clients

Corporations/C-Suite

Boards of Directors

Equity Sponsors

Secured Lenders

Unsecured Creditors



|                                       | 2010      | 2011      | 2012      | 2013      | 2014      | Q1 2015   | Q2 2015   | Q3 2015   | Q4 2015   | 2015      | Q1 2016   | Q2 2016   |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Segment Revenue</b>                | \$396,216 | \$364,409 | \$394,719 | \$382,526 | \$391,115 | \$106,212 | \$109,113 | \$113,487 | \$111,586 | \$440,398 | \$127,156 | \$132,142 |
| <b>Segment Gross Profit Margin</b>    | 41.8%     | 37.4%     | 39.5%     | 35.9%     | 32.6%     | 39.8%     | 37.6%     | 39.5%     | 36.5%     | 38.3%     | 40.7%     | 38.8%     |
| <b>Segment SG&amp;A</b>               | \$59,629  | \$60,499  | \$61,027  | \$71,966  | \$75,382  | \$20,528  | \$19,695  | \$18,852  | \$22,475  | \$81,550  | \$20,823  | \$19,983  |
| <b>Adjusted Segment EBITDA</b>        | \$108,152 | \$75,942  | \$95,916  | \$67,183  | \$55,492  | \$22,480  | \$22,032  | \$26,662  | \$18,927  | \$90,101  | \$31,603  | \$32,041  |
| <b>Adjusted Segment EBITDA Margin</b> | 27.3%     | 20.8%     | 24.3%     | 17.6%     | 14.2%     | 21.2%     | 20.2%     | 23.5%     | 17.0%     | 20.5%     | 24.9%     | 24.2%     |
| <b>Segment Billable Headcount</b>     | 620       | 587       | 697       | 737       | 706       | 735       | 775       | 830       | 838       | 838       | 857       | 853       |

(in thousands, except percentages and headcount data) (unaudited)

# Corporate Finance & Restructuring (continued)

## Segment Offering

The Corporate Finance & Restructuring segment focuses on strategic, operational, financial and capital needs of businesses by addressing the full spectrum of financial and transactional challenges faced by companies, boards, private equity sponsors, creditor constituencies and other stakeholders.

## Medium-Term Initiatives

**Reinforce core positions** e.g., TMT, company-side, interim management, creditor rights

**Drive organic growth** in new/adjacent businesses where we have the right to win, e.g., EMEA restructuring, performance improvement, carve out

**Drive overseas bets to fruition** e.g., EMEA transaction advisory services, EMEA Tax

Focus on **profitability enhancements** cost control, engagement profitability improvements

## Q2 2016 Form 10-Q Management's Discussion & Analysis

- **Revenues** increased \$23.0 million, or 21.1%, to \$132.1 million for the three months ended June 30, 2016, which included a 1.4% estimated negative impact from foreign currency translation.
  - Excluding the estimated impact of foreign currency translation, revenues increased by \$24.5 million, or 22.5%.
  - This increase was primarily due to higher demand for the segment's distressed service offerings in North America and higher demand for distressed, tax and transaction advisory services in EMEA.
- **Gross profit** increased \$10.2 million, or 24.9%, to \$51.3 million for the three months ended June 30, 2016. Gross profit margin increased 1.2 percentage points for the three months ended June 30, 2016.
  - Higher realized rates and improved utilization in EMEA drove a majority of the increase.
- **Adjusted Segment EBITDA** for the quarter was \$32.0 million or 24.2% of revenues as compared to \$22.0 million or 20.2% of revenues in the prior year quarter.



# Forensic and Litigation Consulting

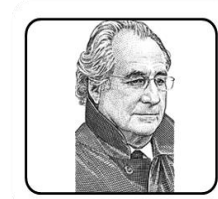
## Services

|  |
|--|
| Business Insurance Claims                        |
| Compliance, Monitoring & Receivership            |
| Construction & Environmental Solutions           |
| Dispute Advisory Services                        |
| Financial Enterprise & Data Analytics ("FEDA")   |
| Financial Services                               |
| Forensic Accounting & Advisory Services ("FAAS") |
| Global Risk & Investigations Practice ("GRIP")   |
| Government Contracts                             |

|                       |
|-----------------------|
| Health Solutions      |
| Insurance             |
| Intellectual Property |
| Trial Services        |

## Clients

|                     |
|---------------------|
| Corporations        |
| Boards of Directors |
| Governments         |
| Law Firms           |



|                                       | 2010      | 2011      | 2012      | 2013      | 2014      | Q1 2015   | Q2 2015   | Q3 2015   | Q4 2015   | 2015      | Q1 2016   | Q2 2016   |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Segment Revenue</b>                | \$379,780 | \$428,730 | \$407,586 | \$433,632 | \$483,380 | \$123,265 | \$126,131 | \$116,158 | \$116,715 | \$482,269 | \$119,004 | \$118,193 |
| <b>Segment Gross Profit Margin</b>    | 37.5%     | 36.5%     | 33.8%     | 35.9%     | 36.6%     | 36.3%     | 35.2%     | 30.0%     | 26.7%     | 32.2%     | 32.7%     | 31.1%     |
| <b>Segment SG&amp;A</b>               | \$69,712  | \$78,745  | \$80,842  | \$84,616  | \$90,707  | \$23,634  | \$25,347  | \$22,349  | \$23,387  | \$94,717  | \$20,192  | \$22,523  |
| <b>Adjusted Segment EBITDA</b>        | \$76,402  | \$80,923  | \$60,566  | \$74,481  | \$90,468  | \$22,071  | \$19,979  | \$13,406  | \$8,811   | \$64,267  | \$19,808  | \$15,190  |
| <b>Adjusted Segment EBITDA Margin</b> | 20.1%     | 18.9%     | 14.9%     | 17.2%     | 18.7%     | 17.9%     | 15.8%     | 11.5%     | 7.5%      | 13.3%     | 16.6%     | 12.9%     |
| <b>Segment Billable Headcount</b>     | 911       | 957       | 952       | 1,061     | 1,154     | 1,145     | 1,169     | 1,209     | 1,131     | 1,131     | 1,132     | 1,117     |

(in thousands, except percentages and headcount data) (unaudited)

# Forensic and Litigation Consulting (continued)

## Segment Offering

The Forensic and Litigation Consulting segment provides a complete range of multidisciplinary, independent dispute advisory, investigative, data acquisition/analysis and forensic accounting services. Our professionals combine end-to-end capabilities when clients face high stakes litigation, arbitration and compliance investigations and regulatory scrutiny.

## Medium-Term Initiatives

**Reinvest behind core areas of strength** e.g., FAAS, FEDA, GRIP

**Grow key regions where we have a right to win in** e.g., with a focus in construction & environmental solutions

**Invest behind people to expand key businesses** e.g., insurance, geopolitical intelligence

## Q2 2016 Form 10-Q Management's Discussion & Analysis

- **Revenues** decreased \$7.9 million, or 6.3%, to \$118.2 million for the three months ended June 30, 2016, which included a 1.0% estimated negative impact from foreign currency translation.
  - Excluding the estimated impact of foreign currency translation, revenues decreased by \$6.7 million, or 5.3%, due to lower demand and success fees in our health solutions practice.
  - These decreases were partially offset by increased demand in our global risk and investigations practice.
- **Gross profit** decreased \$7.7 million, or 17.3%, to \$36.7 million for the three months ended June 30, 2016. Gross profit margin decreased 4.1 percentage points for the three months ended June 30, 2016.
  - This was driven by a decrease in lower utilization and success fees in our health solutions practice. This decline was partially offset by higher average realization in our global risk and investigations practice.
- **Adjusted Segment EBITDA** was \$15.2 million or 12.9% of revenues compared to \$20.0 million or 15.8% of segment revenues in the prior year quarter.

# Economic Consulting

## Services

Antitrust & Competition Economics

Business Valuation

Center for Healthcare Economics & Policy

Intellectual Property

International Arbitration

Labor & Employment

Public Policy

Regulated Industries

Securities Litigation & Risk Management

## Clients

Corporations

Government Entities

Law Firms



BNY MELLON



|                                       | 2010      | 2011       | 2012      | 2013      | 2014      | Q1 2015   | Q2 2015   | Q3 2015   | Q4 2015   | 2015      | Q1 2016   | Q2 2016   |
|---------------------------------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Segment Revenue</b>                | \$255,660 | \$ 353,981 | \$391,622 | \$447,366 | \$451,040 | \$106,081 | \$108,698 | \$114,541 | \$118,589 | \$447,909 | \$130,731 | \$118,006 |
| <b>Segment Gross Profit Margin</b>    | 33.2%     | 31.4%      | 32.3%     | 32.9%     | 27.0%     | 24.6%     | 26.9%     | 27.4%     | 28.1%     | 26.8%     | 28.2%     | 27.2%     |
| <b>Segment SG&amp;A</b>               | \$37,879  | \$46,802   | \$51,912  | \$58,282  | \$66,159  | \$15,501  | \$14,858  | \$15,538  | \$15,316  | \$61,213  | \$16,426  | \$17,604  |
| <b>Adjusted Segment EBITDA</b>        | \$49,481  | \$67,028   | \$77,461  | \$92,204  | \$59,282  | \$11,556  | \$15,292  | \$16,654  | \$18,828  | \$62,330  | \$21,319  | \$15,381  |
| <b>Adjusted Segment EBITDA Margin</b> | 19.4%     | 18.9%      | 19.8%     | 20.6%     | 13.1%     | 10.9%     | 14.1%     | 14.5%     | 15.9%     | 13.9%     | 16.3%     | 13.0%     |
| <b>Segment Billable Headcount</b>     | 297       | 433        | 474       | 530       | 574       | 566       | 554       | 594       | 599       | 599       | 607       | 604       |

(in thousands, except percentages and headcount data) (unaudited)

# Economic Consulting (continued)

## Segment Offering

The Economic Consulting segment provides analysis of complex economic issues. We help our clients with legal, regulatory and international arbitration proceedings; strategic decision making; and public policy debates in the U.S. and around the world. We deliver sophisticated economic analysis and modeling of issues arising in M&A transactions, complex antitrust litigation, commercial disputes, international arbitration, regulatory proceedings and a wide range of securities litigation. Our statistical and economic experts help clients analyze complex economic issues, such as the economic impact of deregulation on a particular industry or the amount of damages suffered by a business as a result of particular events.

## Medium-Term Initiatives

Continue driving **Compass Lexecon**

Expand **international arbitration, energy and Center for Healthcare Economics and Policy offerings**

Continue to expand **cross-segment collaboration**

## Q2 2016 Form 10-Q Management's Discussion & Analysis

- **Revenues** increased \$9.3 million, or 8.6%, to \$118.0 million for the three months ended June 30, 2016, which included a 1.0% estimated negative impact from foreign currency translation.
  - Excluding the estimated impact of foreign currency translation, revenues increased by \$10.4 million, or 9.6%, primarily due to higher demand for financial economics services in North America and non-M&A antitrust services in North America and EMEA.
- **Gross profit** increased \$2.8 million, or 9.6%, to \$32.1 million for the three months ended June 30, 2016. Gross profit margin increased 0.3 percentage points for the three months ended June 30, 2016.
  - This increase was primarily driven by higher utilization in North America and higher average realization in EMEA.
- **Adjusted Segment EBITDA** was \$15.4 million or 13.0% of revenues compared to \$15.3 million or 14.1% of revenues in the prior year quarter.

# Technology

## Software & Services

Computer Forensics & Investigations

Discovery Consulting

E-discovery Software & Services

## Clients

Corporations

Government Agencies

Law Firms



|                                       | 2010      | 2011      | 2012      | 2013      | 2014      | Q1 2015  | Q2 2015  | Q3 2015  | Q4 2015  | 2015      | Q1 2016  | Q2 2016  |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|-----------|----------|----------|
| <b>Segment Revenue</b>                | \$176,607 | \$218,738 | \$195,194 | \$202,663 | \$241,310 | \$54,654 | \$61,826 | \$55,568 | \$46,551 | \$218,599 | \$48,281 | \$41,882 |
| <b>Segment Gross Profit Margin</b>    | 62.7%     | 60.0%     | 54.9%     | 52.2%     | 48.0%     | 44.7%    | 43.6%    | 43.9%    | 40.7%    | 43.3%     | 41.5%    | 41.2%    |
| <b>Segment SG&amp;A</b>               | \$ 59,721 | \$65,322  | \$62,436  | \$59,890  | \$68,162  | \$18,026 | \$18,297 | \$17,386 | \$17,411 | \$71,120  | \$16,014 | \$16,211 |
| <b>Adjusted Segment EBITDA</b>        | \$64,358  | \$77,011  | \$57,203  | \$60,655  | \$63,545  | \$10,073 | \$12,166 | \$10,813 | \$5,958  | \$39,010  | \$7,823  | \$5,035  |
| <b>Adjusted Segment EBITDA Margin</b> | 36.4%     | 35.2%     | 29.3%     | 29.9%     | 26.3%     | 18.4%    | 19.7%    | 19.5%    | 12.8%    | 17.8%     | 16.2%    | 12.0%    |
| <b>Segment Billable Headcount</b>     | 257       | 290       | 277       | 306       | 344       | 360      | 364      | 354      | 349      | 349       | 313      | 301      |

(in thousands, except percentages and headcount data) (unaudited)



## Technology (continued)

### Segment Offering

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The Technology segment is a leading provider of software, services and consulting for e-discovery and information management. We assist clients with internal, regulatory and global investigations, early case assessment, litigation and joint defense, antitrust and competition investigations, including pre-merger notification “Second Request”, and the secure management, analysis and use of critical corporate information. We provide a comprehensive suite of software and services to help clients locate, review and produce electronically stored information (“ESI”) including e-mail, computer files, voicemail, instant messaging and financial and transactional data. Our proprietary Ringtail® software and Acuity® managed review are used for e-discovery and document review in litigation and secure information management.

### Medium-Term Initiatives

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Increased investment in **R&D** and **sales and marketing** to expand the ecosystem for Ringtail®

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Ongoing investment in **new products and services** e.g., Radiance™, to stay leading edge with respect to the most complicated, major corporate events

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### Q2 2016 Form 10-Q Management’s Discussion & Analysis

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- **Revenues** decreased \$19.9 million, or 32.3%, to \$41.9 million for the three months ended June 30, 2016.
  - This decrease was largely due to a decrease in M&A-related second request activity and reduced demand for cross-border investigations.
  
- **Gross profit** decreased \$9.7 million, or 36.0%, to \$17.3 million for the three months ended June 30, 2016. Gross profit margin decreased 2.4 percentage points for the three months ended June 30, 2016.
  - The decrease in gross profit margin was primarily due to lower demand for managed review services and lower realized pricing for consulting based on our mix of clients.
  
- **Adjusted Segment EBITDA** was \$5.0 million or 12.0% of segment revenues compared to \$12.2 million or 19.7% of segment revenues in the prior year quarter.

# Strategic Communications

## Services

Corporate Communications

Creative Engagement & Digital Communications

Crisis Communications

Employee Engagement & Change Communications

Financial Communications

Litigation Communications

M&A Communications

Public Affairs

Restructuring & Financial Issues

Shareholder Activism & Proxy Advisory

Strategy Consulting & Research

## Clients

CEOs

CFOs

Chief Communications Officers

Investor Relations Officers

Boards of Directors



|                                       | 2010      | 2011      | 2012      | 2013      | 2014      | Q1 2015  | Q2 2015  | Q3 2015  | Q4 2015  | 2015      | Q1 2016  | Q2 2016  |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|-----------|----------|----------|
| <b>Segment Revenue</b>                | \$193,198 | \$200,910 | \$187,750 | \$186,245 | \$189,367 | \$42,126 | \$43,369 | \$55,716 | \$48,763 | \$189,974 | \$45,113 | \$49,924 |
| <b>Segment Gross Profit Margin</b>    | 37.4%     | 37.2%     | 36.9%     | 34.7%     | 36.7%     | 37.4%    | 36.9%    | 33.0%    | 38.4%    | 36.3%     | 38.0%    | 39.4%    |
| <b>Segment SG&amp;A</b>               | \$46,469  | \$50,919  | \$46,852  | \$47,874  | \$48,890  | \$10,444 | \$10,747 | \$10,058 | \$11,471 | \$42,720  | \$11,408 | \$11,518 |
| <b>Adjusted Segment EBITDA</b>        | \$28,971  | \$26,801  | \$25,019  | \$18,737  | \$22,588  | \$5,752  | \$5,631  | \$8,717  | \$7,627  | \$27,727  | \$6,108  | \$8,440  |
| <b>Adjusted Segment EBITDA Margin</b> | 15.0%     | 13.3%     | 13.3%     | 10.1%     | 11.9%     | 13.7%    | 13.0%    | 15.6%    | 15.6%    | 14.6%     | 13.5%    | 16.9%    |
| <b>Segment Billable Headcount</b>     | 583       | 582       | 593       | 590       | 566       | 556      | 551      | 594      | 599      | 599       | 601      | 606      |

(in thousands, except percentages and headcount data) (unaudited)

# Strategic Communications (continued)

## Segment Offering

The Strategic Communications segment provides advice and consulting services relating to financial and corporate communications and investor relations, reputation management and brand communications, public affairs, business consulting and digital design and marketing.

## Medium-Term Initiatives

Reinforce **financial and corporate communications positions**

Continued expansion of **public affairs practice**

Focus on **EBIT improvement**

## Q2 2016 Form 10-Q Management's Discussion & Analysis

- **Revenues** increased \$6.6 million, or 15.1%, to \$49.9 million for the three months ended June 30, 2016, which included a 2.5% estimated negative impact from foreign currency translation.
  - Excluding the estimated impact of foreign currency translation, revenues increased by \$7.6 million, or 17.6%, primarily due to increased project-based revenues in North America and EMEA, predominantly in financial communications and public affairs-related engagements.
- **Gross profit** increased \$3.7 million, or 22.9%, to \$19.7 million for the three months ended June 30, 2016. Gross profit margin increased 2.5 percentage points for the three months ended June 30, 2016.
  - The increase in gross profit margin was primarily due to the mix of higher margin large project engagements with improved utilization across North America.
- **Adjusted Segment EBITDA** was \$8.4 million or 16.9% of segment revenues compared to \$5.6 million or 13.0% of segment revenues in the prior year quarter.



## Recent Awards and Accolades

*Who's Who Legal: Consulting Experts Guide* recognized FTI Consulting and Compass Lexecon among the Most Highly Regarded Consulting Firms **with the most experts (98) of any firm** named (2016)

**Corporate Counsel** Names FTI Consulting a Top Service Provider in the Legal Industry and as the **#1 Provider for Crisis Management, Litigation Valuation, Case Management Software and Corporate Investigations Support**

*Who's Who Legal* named FTI Consulting the **2016 Arbitration Expert Firm of the Year** and Compass Lexecon the **2016 Competition Economist Firm of the Year** (2016 and 2015)

*Forbes* magazine named FTI Consulting to inaugural list of **America's Best Management Consulting Firms** in 17 categories

FTI Consulting won four 2016 **Association of Management Consulting Firms** Spotlight Awards and **RadioShack** engagement won "**Project of the Year**"

FTI Consulting's Transaction Services practice received top ranking in **ALM Intelligence's Transaction Advisory Services 2016** report with **The ALM Vanguard™ status**

FTI Consulting named **Global Turnaround Consulting Firm of the Year** for the second consecutive year and was awarded **four Turnaround Atlas Awards** by the **Global M&A Network**

FTI Consulting ranked as the **#1 Crisis Management Firm** in **The Deal's Bankruptcy League Tables** for the second quarter of 2016 for creditors and debtors

Compass Lexecon worked on several matters that won 2016 **Global Competition Review** awards and Compass Lexecon's **Neil Dryden** named **2016 Economist of the Year**

FTI Consulting had the most professionals of any firm named to the **Who's Who Legal 2016 Insurance and Reinsurance Expert list**

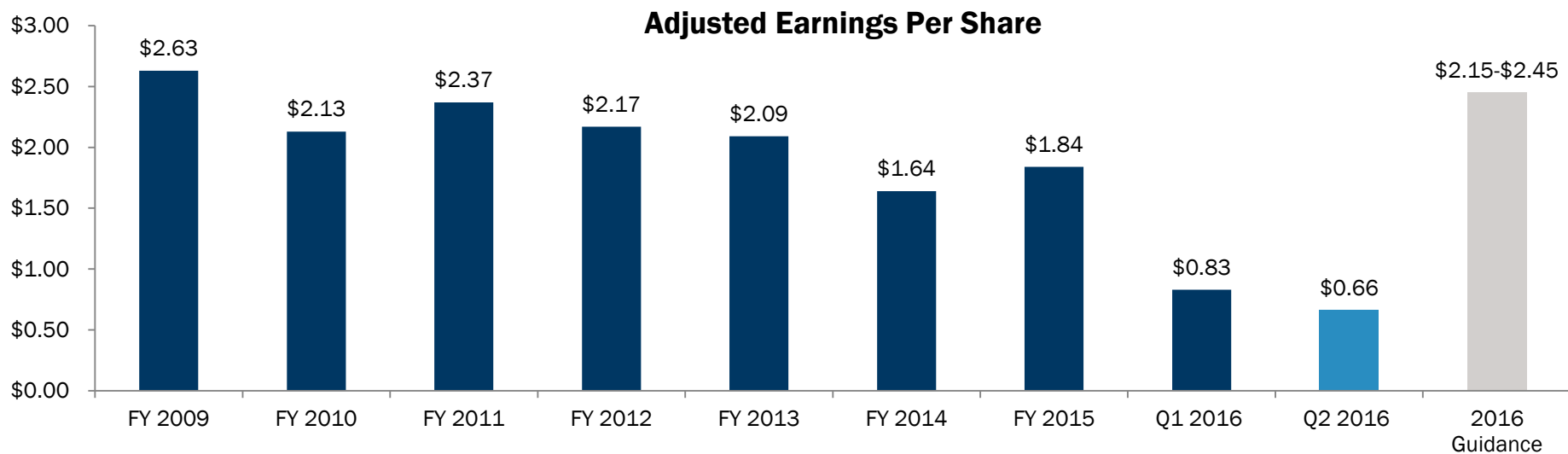
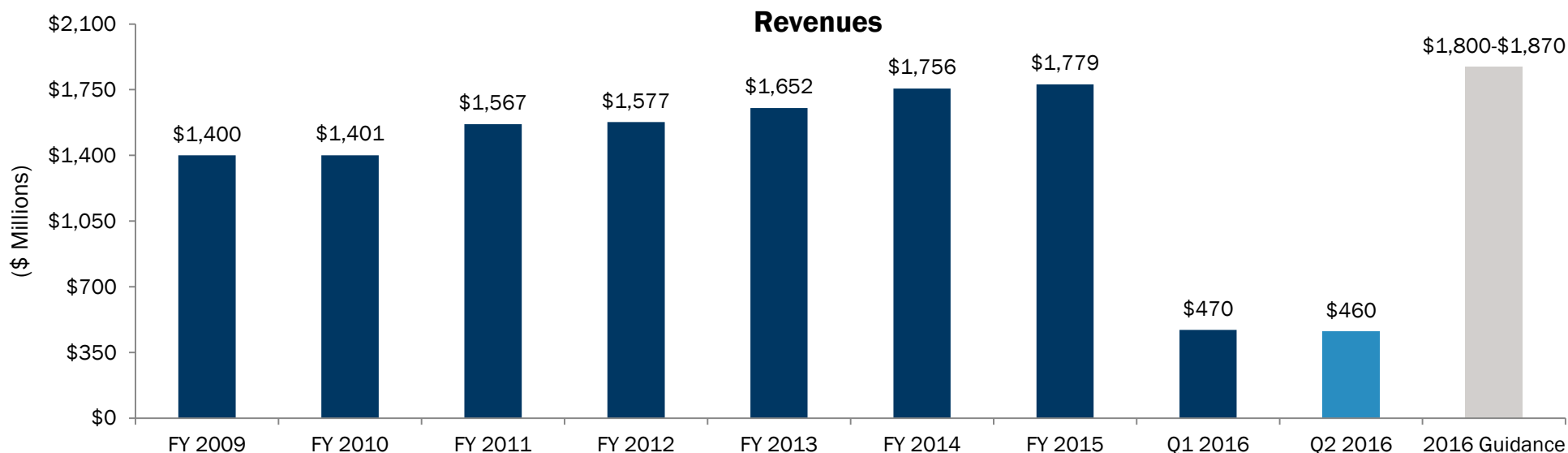
*Intellectual Asset Management* magazine's **Patent 1000 – The World's Leading Patent Professionals** guide recognized five Forensic and Litigation Consulting professionals as **leading patent litigation expert witnesses**

FTI Consulting recognized as the **top intellectual property litigation consulting firm** in the 2016 Best of **The National Law Journal** reader rankings

Nine professionals from Forensic and Litigation Consulting named to the **Who's Who Legal 2016 Construction Expert Witness list** and **Patrick McGeehin**, Leader of FTI Consulting's North American Construction Solutions practice, was ranked as one of the **five most highly regarded experts worldwide**

# Financial Overview

# Revenues and Adjusted Earnings Per Share



# Financial Profile

(In thousands, except for DSOs)

|   | Three Months<br>Ended June 30,<br>2016 | Three Months<br>Ended March 31,<br>2016 | Twelve Months<br>Ended December 31,<br>2015 | Three Months<br>Ended June 30,<br>2015 | Twelve Months<br>Ended December 31,<br>2014 |
|---|--|---|---|--|---|
| <b>Cash and cash equivalents</b>  | \$ 182,665                             | \$ 114,451                              | \$ 149,760                                  | \$ 239,988                             | \$ 283,680                                  |
| <b>Accounts receivable, net</b>   | \$ 547,298                             | \$ 553,230                              | \$ 499,784                                  | \$ 549,300                             | \$ 485,101                                  |
| <b>Days sales outstanding ("DSO")<sup>(1)</sup></b>                     | 100                                    | 98                                      | 97  | 104                                    | 97  |
| <b>Net cash provided by (used in)<br/>operating activities</b>          | \$ 73,732                              | \$ (33,099)                             | \$ 139,920                                  | \$ 20,602                              | \$ 135,401                                  |
| <b>Purchases of property and<br/>equipment</b>                          | \$ 5,621                               | \$ 6,362                                | \$ 31,399                                   | \$ 8,657                               | \$ 39,256                                   |
| <b>Payments for acquisition of<br/>businesses, net of cash received</b> | \$ 56                                  | -                                       | \$ 575                                      | \$ 576                                 | \$ 23,467                                   |
| <b>Purchase and retirement of<br/>common stock</b>                      | -                                      | \$ 2,903                                | \$ 26,532                                   | -                                      | \$ 4,367                                    |
| <b>Total debt</b>   | \$ 500,000                             | \$ 507,000                              | \$ 500,000                                  | \$ 711,000                             | \$ 711,000                                  |

(1) 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 revenue for the quarter, adjusted for changes in foreign exchange rates. We multiply the result by the number of days in the quarter.

# Health Solutions Overview

## OUR PEOPLE

HEALTH SYSTEM C-SUITE  
EXECUTIVES

PHYSICIAN PRACTICE  
LEADERS

BIG DATA EXPERTS

EPIC CERTIFIED SPECIALISTS

FORENSIC ACCOUNTANTS

STATISTICS EXPERTS

EXPERIENCED NURSES

40% FORMER HOSPITAL  
STAFF

## WHAT WE DO

PERFORMANCE  
IMPROVEMENT

REVENUE CYCLE

PAYOR COMPLIANCE

CONVERGENCE & M&A

INVESTIGATIONS

BUSINESS ANALYTICS &  
SYSTEMS IMPROVEMENT

SYSTEMS OPTIMIZATION

CLINICAL RESEARCH &  
COMPLIANCE

## WHO WE SERVE

HOSPITALS & PHYSICIANS

ACADEMIC MEDICAL  
CENTERS

UNIVERSITIES

PAYORS

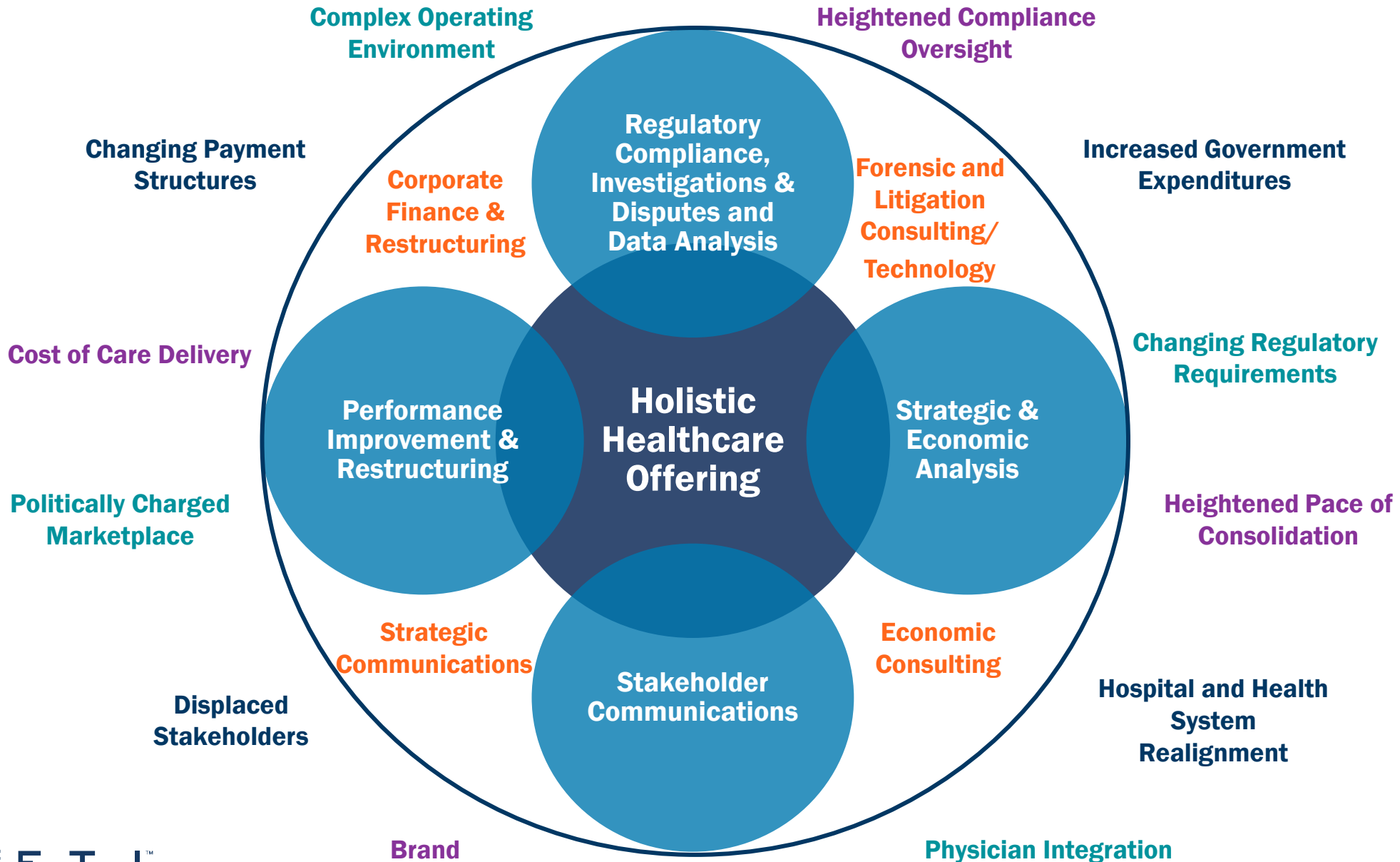
PHARMACY, DEVICE &  
BIOTECH MANUFACTURERS

WHOLESALE PHARMACY  
DISTRIBUTORS

PHARMACY CHAINS

CLINICAL RESEARCH  
ORGANIZATIONS

# Health Solutions' Competitive Advantage: Holistic Client Solutions For A Complex Environment



## Awards and Accolades

- Association of Management Consulting Firms Spotlight Award for **Operating Model Design** for work with **Children's National Health System** (2016)
- Ranked as one of the largest **Healthcare Management Consulting Firms in the U.S.** by *Modern Healthcare* (2012, 2013, 2014, 2015)
- *Turnaround Atlas Award* from the **Global M&A Network** for the Healthcare Services Turnaround of **the Year** (2014)
- Association of Management Consulting Firms Spotlight Award for **Operational Performance** for work with **The North Shore-LIJ Health Systems** (2014)





# Case Study: Northwell Health

## WHAT TO DO WHEN THE HOSPITAL HAS THE HEADACHE?

*Measurable results, cost savings and improved patient care and safety*

### Situation

■ Northwell Health, an award-winning health organization comprised of 16 hospitals, grew rapidly through acquisitions. This rapid growth resulted in disparate practices, guidelines and reporting metrics across their Perioperative Services, which manage care for surgical patients before, during and after their procedures. Because Perioperative Services represent as much as **50% of the health system's total annual revenues**, identifying opportunities for improved efficiencies, outcomes, growth and strategic decision-making was critical for Northwell Health.

*"The FTI Consulting team has been the best I have seen in my professional career. They create custom solutions, hold your hands to make improvements and do not walk away after giving you advice and a manual."*

— **Chief of Bariatric Surgery at Lennox Hill Hospital**

### FTI Consulting Role

- To begin this transformation, FTI Consulting performed a comprehensive evaluation, which included interviewing key stakeholders, observing processes and identifying both strategic and operational enablers and issues. Following this assessment, **FTI Consulting defined a two-phased, 24-month plan to improve safety, quality, satisfaction, profitability and efficiencies significantly across the health system.**
- Phase one of this process focused on **laying the foundation for a centralized, enterprise-wide Perioperative Services model.** It created an integrated body to provide consistent direction, support, business intelligence tools and communications across the health system.
- Phase two called for **the deployment of FTI Consulting experts into Northwell Health's facilities to identify hospital-specific challenges and opportunities;** provide hands-on implementation support and guidance and educate Perioperative leadership and managers to ensure the successful adoption of best practices.



### Outcome

- The customized model yielded measurable performance improvement, enhanced efficiencies, better communication and collaboration, enterprise-wide reporting and enriched patient care for Northwell Health. It also generated measurable quantitative results including:
- A **15% reduction in annual supply costs** in physician high-preference categories of spinal and total joint replacement surgeries, achieved through pricing negotiations and vendor consolidation;
  - Site-level implementation efforts resulting in a **14% improvement in on-time starts** across the health system's 16 hospitals just six months following execution; and
  - The **implementation of more than 30 foundational policies, guidelines, forms and tools** that have been accepted by medical boards throughout the health system.

# Case Study: Children's National Health System

## SETTING A SOLID FOUNDATION FOR FUTURE GROWTH

### *New management systems lead to income statement improvements*

#### Situation

- Children's National Health System is a premier health system that cares for more than 300,000 pediatric patients each year.
- In 2012, Children's National Health System conducted a financial impact study of the potential impact of Health Reform spanning 2013 to 2018.
- The projection indicated that Children's National Health System could face a **significant impact on the Cash Flow and Balance Sheet strength** based on several of the potential changes (e.g., Medicaid Expansion and reduction in governmental subsidies).

#### FTI Consulting Role

- FTI Consulting was engaged to assist Children's National Health Systems' leadership team in identifying, developing and executing improvement plans in four primary areas: **Revenue Cycle Management, Labor Productivity and Processes and Non-Labor and Physician Enterprise.**
- Over an ensuing two-year implementation period (July 2013-July 2015), **FTI Consulting implemented three new management systems** to enhance existing data and analytics, improve management information and create supporting governance groups.
- FTI Consulting professionals **provided training, coaching and leadership development** and worked with **more than 1,000 CNHS staff** in multiple business specialties and functions.
- In addition to the deployment of experts in the various specialized fields, FTI Consulting partnered with the executive and finance teams to **expand the Project Management activities** to ensure that resources and systems were applied consistently.



#### Outcome

Children's National Health System implemented a wide variety of specific findings and actions that resulted in **recurring income statement improvement**, including:

- Implementation of new and additional charges for patient services, bi-weekly labor management reporting system, changes in physician scheduling and staffing levels based on patient volume and implementation of new Value Analysis and Vendor Negotiation Process/benchmarking for clinical supplies and non-labor cost.
- In total, during 2014 and 2015 the combined improvements resulted in **over \$100 million in revenue improvement and cost savings.**

During the last two years, Children's National Health System **received two upgrades in its Credit rating. Children's National Health System and FTI Consulting also received an award from the Association of Management Consulting Firms (AMCF) in the Operating Model Design** category and various management systems developed during implementation.

# Appendix

# Financial Tables Reconciliations of Non-GAAP Financial Measures

# Q2 2016 - FY 2009 Reconciliations of Net Income (Loss) to Adjusted Net Income and Earnings (Loss) Per Share to Adjusted Earnings Per Share

In thousands, except for per share data

|   | Q2 2016         | Q1 2016         | 2015            | 2014            | 2013            | 2012            | 2011             | 2010             | 2009             |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| <b>Net income (loss)</b>  | \$26,547        | \$30,181        | \$66,053        | \$58,807        | (\$10,594)      | (\$36,986)      | \$103,903        | \$65,984         | \$139,843        |
| Add back:   |                 |                 |                 |                 |                 |                 |                  |                  |                  |
| Special charges, net of tax   | 1,059           | 3,269           | -               | 9,637           | 23,267          | 19,115          | 9,285            | 32,733           | -                |
| Goodwill impairment charge  | -               | -               | -               | -               | 83,752          | 110,387         | -                | -                | -                |
| Loss on early extinguishment of debt, net of tax                          | -               | -               | 11,881          | -               | -               | 2,910           | -                | 3,019            | -                |
| Remeasurement of acquisition-related contingent consideration, net of tax | -               | 600             | (1,120)         | (1,718)         | (12,054)        | (5,228)         | (9,953)          | -                | -                |
| <b>Adjusted Net Income <sup>(1)</sup></b>                                 | <b>\$27,606</b> | <b>\$34,050</b> | <b>\$76,814</b> | <b>\$66,726</b> | <b>\$84,371</b> | <b>\$90,198</b> | <b>\$103,235</b> | <b>\$101,736</b> | <b>\$139,843</b> |
| <b>Earnings (loss) per common share – diluted</b>                         | <b>\$0.64</b>   | <b>\$0.73</b>   | <b>\$1.58</b>   | <b>\$1.44</b>   | <b>(\$0.27)</b> | <b>(\$0.92)</b> | <b>\$2.39</b>    | <b>\$1.38</b>    | <b>\$2.63</b>    |
| Add back:   |                 |                 |                 |                 |                 |                 |                  |                  |                  |
| Special charges, net of tax   | 0.02            | 0.08            | -               | 0.24            | 0.59            | 0.47            | 0.21             | 0.69             | -                |
| Goodwill impairment charge  | -               | -               | -               | -               | 2.14            | 2.74            | -                | -                | -                |
| Loss on early extinguishment of debt, net of tax                          | -               | -               | 0.28            | -               | -               | 0.07            | -                | 0.06             | -                |
| Remeasurement of acquisition-related contingent consideration, net of tax | -               | 0.02            | (0.02)          | (0.04)          | (0.30)          | (0.13)          | (0.23)           | -                | -                |
| Impact of denominator for diluted adjusted earnings per common share      | -               | -               | -               | -               | (0.07)          | (0.06)          | -                | -                | -                |
| <b>Adjusted earnings per common share – diluted <sup>(1)</sup></b>        | <b>\$0.66</b>   | <b>\$0.83</b>   | <b>\$1.84</b>   | <b>\$1.64</b>   | <b>\$2.09</b>   | <b>\$2.17</b>   | <b>\$2.37</b>    | <b>\$2.13</b>    | <b>\$2.63</b>    |
| Weighted average number of common shares outstanding – diluted            | 41,599          | 41,148          | 41,729          | 40,729          | 40,421          | 41,578          | 43,473           | 47,664           | 53,127           |

<sup>(1)</sup> See “End Notes: FTI Consulting Non-GAAP Data Reconciliations” for the definition of Adjusted Net Income and Adjusted Earnings Per Share.

# Reconciliation of Total Adjusted Segment EBITDA to Income Before Income Tax Provision and Net Income

In thousands, except for per share data

|   | Q2 2016          |
|---|------------------|
| <b>Adjusted Segment EBITDA</b>                            |                  |
| Corporate Finance & Restructuring                         | \$ 32,041        |
| Forensic and Litigation Consulting                        | 15,190           |
| Economic Consulting                                       | 15,381           |
| Technology  | 5,035            |
| Strategic Communications                                  | 8,440            |
| <b>Total Adjusted Segment EBITDA<sup>(4)</sup></b>        | <b>\$ 76,087</b> |
| Segment depreciation expense                              | (7,179)          |
| Amortization of intangible assets                         | (2,590)          |
| Special charges   | (1,750)          |
| Unallocated corporate expenses, excluding special charges | (20,406)         |
| Interest income and other                                 | 4,125            |
| Interest expense  | (6,303)          |
| <b>Income before income tax provision</b>                 | <b>\$ 41,984</b> |
| Income tax provision                                      | (15,437)         |
| <b>Net Income</b>   | <b>\$ 26,547</b> |

<sup>(4)</sup> See "End Notes: FTI Consulting Non-GAAP Data Reconciliations" for the definition of Total Adjusted Segment EBITDA.



## End Notes: FTI Consulting Non-GAAP Data Reconciliations

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We have included the definitions of Segment Operating Income (Loss), Adjusted Segment EBITDA and Adjusted Segment EBITDA Margin, GAAP measures, below in order to more fully define the components of the certain non-GAAP measures presented in this presentation. We define Segment Operating Income (Loss) as a segment's share of Consolidated Operating Income (Loss). We define Total Segment Operating Income (Loss) 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 (Loss) before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We define Adjusted Segment EBITDA Margin as Adjusted Segment EBITDA as a percentage of a segment's revenues. We use Adjusted Segment EBITDA to internally evaluate the financial performance of our segments because we believe it is a useful supplemental measure which reflects current core operating performance and provides an indicator of the segment's ability to generate cash.

We define non-GAAP measures, Total Adjusted Segment EBITDA as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses and Adjusted EBITDA as Consolidated Net Income (Loss) 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 our non-GAAP financial measures, 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, by excluding the effects of remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. In addition, EBITDA and Adjusted EBITDA are common alternative measures of operating performance used by many of our competitors. They are 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 to the operating results of other companies.

We define Adjusted Net Income and Adjusted Earnings Per Diluted Share ("Adjusted EPS") as net income (loss) and earnings per diluted share, respectively, excluding the impact of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges and losses on early extinguishment of debt. 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 measure, when considered together with our GAAP financial results, provides management and investors with a more complete understanding of our business operating results, including underlying trends, by excluding the effects of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges and losses on early extinguishment of debt.

Non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable to 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 Consolidated Statements of Comprehensive Income (Loss).

# Critical Thinking at the Critical Time <sup>TM</sup>