



# FTI Consulting, Inc.

Fourth Quarter and Full Year 2021 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, 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, policies and practices, objectives, goals, strategies, future events, future revenues, future results and performance, 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, scientific and technological developments, and other information that is not historical, including statements regarding estimates of our future financial results. When used in this presentation, words such as “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” 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, intentions, aspirations, beliefs and estimates will be achieved, and the Company’s actual results may differ materially from our expectations, beliefs and estimates. 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 the COVID-19 pandemic 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, including U.S. and foreign tax rules and regulations; expectations relating to ESG-related matters; 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, 2021 filed with the Securities and Exchange Commission (“SEC”) on February 24, 2022 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.*

# Fourth Quarter 2021: Financial Review

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

Consolidated Results	Q4 2021	Q4 2020	% Variance	Percentage Change in Revenues Excluding the Estimated Impact of Foreign Currency Translation for Q4 2021 vs. Q4 2020
<b>Revenues</b>	\$ 676,231	\$ 626,581	7.9%	7.8%
<b>Net income</b>	\$ 38,208	\$ 55,589	-31.3%	
<b>Earnings per Diluted Share</b>	\$ 1.07	\$ 1.57	-31.8%	
<b>Adjusted Earnings per Diluted Share <sup>(1)</sup></b>	\$ 1.13	\$ 1.61	-29.8%	
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 61,975	\$ 82,347	-24.7%	
<b>Adjusted EBITDA Margin <sup>(1)</sup></b>	9.2%	13.1 %	—	
<b>Segment Results</b>				
<b>Corporate Finance &amp; Restructuring</b>				
Revenues	\$ 231,474	\$ 219,809	5.3%	5.1%
Adjusted Segment EBITDA	\$ 22,234	\$ 35,405	-37.2%	
<i>Adjusted Segment EBITDA Margin</i>	9.6%	16.1%	—	
<b>Forensic and Litigation Consulting</b>				
Revenues	\$ 138,004	\$ 127,193	8.5%	8.3%
Adjusted Segment EBITDA	\$ 8,491	\$ 7,622	11.4%	
<i>Adjusted Segment EBITDA Margin</i>	6.2%	6.0%	—	
<b>Economic Consulting</b>				
Revenues	\$ 172,283	\$ 160,479	7.4%	7.4%
Adjusted Segment EBITDA	\$ 29,991	\$ 31,308	-4.2%	
<i>Adjusted Segment EBITDA Margin</i>	17.4%	19.5%	—	
<b>Technology</b>				
Revenues	\$ 64,604	\$ 58,624	10.2%	9.9%
Adjusted Segment EBITDA	\$ 7,788	\$ 10,155	-23.3%	
<i>Adjusted Segment EBITDA Margin</i>	12.1%	17.3%	—	
<b>Strategic Communications</b>				
Revenues	\$ 69,866	\$ 60,476	15.5%	15.9%
Adjusted Segment EBITDA	\$ 14,925	\$ 11,738	27.2%	
<i>Adjusted Segment EBITDA Margin</i>	21.4%	19.4%	—	

<sup>(1)</sup> 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 financial measures, and for the definition of Adjusted EBITDA Margin, which is a non-GAAP financial measure.

# Full Year 2021: Financial Review

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

Consolidated Results	FY 2021	FY 2020	% Variance	Percentage Change in Revenues Excluding the Estimated Impact of Foreign Currency Translation for FY 2021 vs. FY 2020
<b>Revenues</b>	\$ 2,776,222	\$ 2,461,275	12.8%	10.8%
<b>Net income</b>	\$ 234,966	\$ 210,682	11.5%	
<b>Earnings per Diluted Share</b>	\$ 6.65	\$ 5.67	17.3%	
<b>Adjusted Earnings per Diluted Share <sup>(1)</sup></b>	\$ 6.76	\$ 5.99	12.9%	
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 354,010	\$ 332,271	6.5%	
<b>Adjusted EBITDA Margin <sup>(1)</sup></b>	12.8%	13.5%	—	
<b>Segment Results</b>				
<b>Corporate Finance &amp; Restructuring</b>				
Revenues	\$ 938,969	\$ 910,184	3.2%	1.2%
Adjusted Segment EBITDA	\$ 155,482	\$ 216,830	-28.3%	
<i>Adjusted Segment EBITDA Margin</i>	16.6%	23.8%	—	
<b>Forensic and Litigation Consulting</b>				
Revenues	\$ 584,835	\$ 500,275	16.9%	15.4%
Adjusted Segment EBITDA	\$ 72,545	\$ 33,374	117.4%	
<i>Adjusted Segment EBITDA Margin</i>	12.4%	6.7%	—	
<b>Economic Consulting</b>				
Revenues	\$ 697,405	\$ 599,088	16.4%	14.3%
Adjusted Segment EBITDA	\$ 117,186	\$ 91,432	28.2%	
<i>Adjusted Segment EBITDA Margin</i>	16.8%	15.3%	—	
<b>Technology</b>				
Revenues	\$ 287,366	\$ 223,016	28.9%	26.8%
Adjusted Segment EBITDA	\$ 55,739	\$ 43,013	29.6%	
<i>Adjusted Segment EBITDA Margin</i>	19.4%	19.3%	—	
<b>Strategic Communications</b>				
Revenues	\$ 267,647	\$ 228,712	17.0%	13.9%
Adjusted Segment EBITDA	\$ 54,313	\$ 38,975	39.4%	
<i>Adjusted Segment EBITDA Margin</i>	20.3%	17.0%	—	

<sup>(1)</sup> 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 financial measures, and for the definition of Adjusted EBITDA Margin, which is a non-GAAP financial measure.

# Cash Position and Capital Allocation Snapshot

As of December 31, 2021, September 30, 2021 and December 31, 2020

All numbers in \$000s, except for DSO	As of December 31, 2021		As of September 30, 2021		As of December 31, 2020	
<b>Cash and cash equivalents</b>	\$	494,485	\$	342,527	\$	294,953
<b>Accounts receivable, net</b>	\$	754,120	\$	809,878	\$	711,357
<b>Days Sales Outstanding ("DSO") <sup>(1)</sup></b>		94		100		95
<b>Net cash provided by operating activities</b>	\$	355,483	\$	155,920	\$	327,069
<b>Purchases of property and equipment</b>	\$	(68,569)	\$	(52,470)	\$	(34,866)
<b>Purchase and retirement of common stock</b>	\$	(46,133)	\$	(46,133)	\$	(353,593)
<b>Total Debt <sup>(2)</sup></b>	\$	316,245	\$	341,250	\$	316,250
<b>Free Cash Flow <sup>(3)</sup></b>	\$	286,914	\$	103,450	\$	292,203

<sup>(1)</sup> DSO is a performance measure used to assess how quickly the Company collects accounts receivable. 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> Total debt excludes the impact of unamortized deferred issuance costs and unamortized deferred debt discount related to our 2.0% convertible senior notes due 2023.

<sup>(3)</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 to Adjusted Net Income and Earnings per Diluted Share to Adjusted Earnings per Diluted Share

Three Months Ended December 31, 2021 and December 31, 2020

All numbers in \$000s, except for per share data	Three Months Ended December 30, 2021	Three Months Ended December 30, 2020
<b>Net income</b>	<b>\$ 38,208</b>	<b>\$ 55,589</b>
Non-cash interest expense on convertible notes	2,445	2,317
Tax impact of non-cash interest expense on convertible notes	(636)	(602)
<b>Adjusted Net Income <sup>(1)</sup></b>	<b>\$ 40,017</b>	<b>\$ 57,304</b>
<b>Earnings per Diluted Share</b>	<b>\$ 1.07</b>	<b>\$ 1.57</b>
Non-cash interest expense on convertible notes	0.08	0.06
Tax impact of non-cash interest expense on convertible notes	(0.02)	(0.02)
<b>Adjusted Earnings per Diluted Share <sup>(1)</sup></b>	<b>\$ 1.13</b>	<b>\$ 1.61</b>
<b>Weighted average number of common shares outstanding — diluted</b>	<b>35,550</b>	<b>35,484</b>

<sup>(1)</sup> 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.

# Reconciliations of Net Income to Adjusted Net Income and Earnings per Diluted Share to Adjusted Earnings per Diluted Share

Years Ended December 31, 2021 and December 31, 2020

All numbers in \$000s, except for per share data	Year Ended December 31, 2021	Year Ended December 31, 2020
<b>Net income</b>	<b>\$ 234,966</b>	<b>\$ 210,682</b>
Remeasurement of acquisition-related contingent consideration	(3,130)	—
Special charges	—	7,103
Tax impact of special charges	—	(1,847)
Non-cash interest expense on convertible notes	9,586	9,083
Tax impact of non-cash interest expense on convertible notes	(2,492)	(2,361)
<b>Adjusted Net Income <sup>(1)</sup></b>	<b>\$ 238,930</b>	<b>\$ 222,660</b>
<b>Earnings per Diluted Share</b>	<b>\$ 6.65</b>	<b>\$ 5.67</b>
Remeasurement of acquisition-related contingent consideration	(0.09)	—
Special charges	—	0.19
Tax impact of special charges	—	(0.05)
Non-cash interest expense on convertible notes	0.27	0.24
Tax impact of non-cash interest expense on convertible notes	(0.07)	(0.06)
<b>Adjusted Earnings per Diluted Share <sup>(1)</sup></b>	<b>\$ 6.76</b>	<b>\$ 5.99</b>
<b>Weighted average number of common shares outstanding — diluted</b>	<b>35,337</b>	<b>37,149</b>

<sup>(1)</sup> 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.



# Reconciliations of Net Income and Operating Income to Adjusted EBITDA

## Three Months Ended December 31, 2021 and December 31, 2020

All numbers in \$000s

Three Months Ended December 30, 2021							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ 38,208
Interest income and other							(896)
Interest expense							5,130
Income tax provision							8,587
<b>Operating income</b>	\$ 19,047	\$ 7,044	\$ 28,571	\$ 4,612	\$ 14,171	\$ (22,416)	\$ 51,029
Depreciation and amortization	1,346	1,200	1,420	3,176	536	960	8,638
Amortization of intangible assets	1,841	247	—	—	218	2	2,308
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 22,234	\$ 8,491	\$ 29,991	\$ 7,788	\$ 14,925	\$ (21,454)	\$ 61,975

Three Months Ended December 30, 2020							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ 55,589
Interest income and other							4,291
Interest expense							4,636
Income tax provision							6,422
<b>Operating income</b>	\$ 32,182	\$ 6,046	\$ 29,774	\$ 7,227	\$ 10,244	\$ (14,535)	\$ 70,938
Depreciation and amortization	1,359	1,403	1,342	2,928	776	654	8,462
Amortization of intangible assets	1,864	173	192	—	718	—	2,947
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 35,405	\$ 7,622	\$ 31,308	\$ 10,155	\$ 11,738	\$ (13,881)	\$ 82,347

<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

## Years Ended December 31, 2021 and December 31, 2020

All numbers in \$000s

Year Ended December 31, 2021							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ 234,966
Interest income and other							(6,193)
Interest expense							20,294
Income tax provision							62,981
<b>Operating income</b>	\$ 145,765	\$ 66,643	\$ 111,462	\$ 42,927	\$ 49,708	\$ (104,457)	\$ 312,048
Depreciation and amortization	5,362	5,008	5,724	12,812	2,166	3,197	34,269
Amortization of intangible assets	7,485	894	—	—	2,439	5	10,823
Remeasurement of acquisition-related contingent consideration	(3,130)	—	—	—	—	—	(3,130)
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 155,482	\$ 72,545	\$ 117,186	\$ 55,739	\$ 54,313	\$ (101,255)	\$ 354,010

Year Ended December 31, 2020							
	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Unallocated Corporate	Total
<b>Net income</b>							\$ 210,682
Interest income and other							412
Interest expense							19,805
Income tax provision							51,764
<b>Operating income</b>	\$ 205,029	\$ 23,899	\$ 85,690	\$ 30,869	\$ 31,639	\$ (94,463)	\$ 282,663
Depreciation and amortization	4,485	5,191	5,382	11,867	2,456	2,737	32,118
Amortization of intangible assets	6,455	800	325	1	2,806	—	10,387
Special charges	861	3,484	35	276	2,074	373	7,103
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 216,830	\$ 33,374	\$ 91,432	\$ 43,013	\$ 38,975	\$ (91,353)	\$ 332,271

<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 and Years Ended December 31, 2021 and December 31, 2020

All numbers in \$000s	Three Months Ended December 31, 2021		Year Ended December 31, 2021		Three Month Ended December 31, 2020		Year Ended December 31, 2020	
<b>Net cash provided by operating activities</b>	\$	199,563	\$	355,483	\$	186,092	\$	327,069
Purchases of property and equipment		(16,099)		(68,569)		(9,203)		(34,866)
<b>Free Cash Flow <sup>(1)</sup></b>	<b>\$</b>	<b>183,464</b>	<b>\$</b>	<b>286,914</b>	<b>\$</b>	<b>176,889</b>	<b>\$</b>	<b>292,203</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 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 Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows.*



# Appendix

## Fourth Quarter and Full Year 2021: Select Geographic Review

### Percentage of Consolidated Revenues

Region	Q4 2021	FY 2021
North America	62.2%	63.1%
EMEA	29.9%	29.2%
Asia Pacific	6.5%	6.3%
Latin America	1.4%	1.4%

### Revenue Growth

Q4 2021 vs. Q4 2020	FY 2021 vs. FY 2020
6.8%	10.6%
8.6%	17.2%
10.0%	12.8%
44.1%	30.5%

# Fourth Quarter 2021

## Select Awards & Accolades



Ranked as the **#1 Restructuring Adviser** by dollar volume on *The Deal's* Q4 2021 Bankruptcy League Table

*The Deal*



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*Regulation Asia*



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- **Consulting** Firm of the Year
- **Insurance** Expert Witnesses Firm of the Year
- **Investigations Digital Forensics** Firm of the Year
- **Restructuring & Insolvency** Advisers Firm of the Year
- **Competition Economics** Firm of the Year

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