



SS&C Technologies (NASDAQ:SSNC)

Q4 and Full Year 2020 Earnings Results



Safe Harbor Statement

This presentation contains forward-looking statements, as defined by federal and state securities laws, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance or products, underlying assumptions, and other statements which are other than statements of historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "hope," "expects," "intends," "plans," "anticipates," "contemplates," "believes," "estimates," "predicts," "projects," "potential," "continue," and other similar terminology or the negative of these terms. From time to time, we may publish or otherwise make available forward-looking statements of this nature. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described on this message including those set forth below. All statements contained in this presentation are made only as of the date of this presentation. In addition, except to the extent required by applicable securities laws, we undertake no obligation to update or revise any forward-looking statements to reflect events, circumstances, or new information after the date of the information or to reflect the occurrence or likelihood of unanticipated events, and we disclaim any such obligation.

Forward-looking statements are only predictions that relate to future events or our future performance and are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause actual results, outcomes, levels of activity, performance, developments, or achievements to be materially different from any future results, outcomes, levels of activity, performance, developments, or achievements expressed, anticipated, or implied by these forward-looking statements. Other factors that could affect actual results, outcomes, levels of activity, performance, developments or achievements can be found under the heading "Risk Factors" in SS&C Technologies Holdings, Inc.'s most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. As a result, we cannot guarantee future results, outcomes, levels of activity, performance, developments, or achievements, and there can be no assurance that our expectations, intentions, anticipations, beliefs, or projections will result or be achieved or accomplished.

SS&C's Response to the COVID-19 Pandemic

Maintaining Business Continuity, Operational capabilities, and Employee Safety

- We have instituted safety measures including work from home, work rotations for essential functions and closing of locations following the recommendations of regulators and health organizations around the world. The primary goal is to ensure our clients' and every SS&C employee's health and safety.
- 99% of our global workforce is working from home at this time.
- 9 international offices have reopened. Plan on reopening more locations in the next several months.

Supporting our Clients through this unprecedented time

- We have been reaching out to our customers offering our assistance, expertise and technological resources. The challenges of COVID-19 are proving the value of our investments in worldwide resiliency. We are providing capability via technology at scale and we are meeting our deliverables.
- Increased inbound interest for cloud hosting and outsourced services as firms in this remote working environment look to us to provide access to production systems, and augment their staff and processing capability.
- SS&C Health completed the new COVAX Program, focused on ensuring the successful completion of the COVID Vaccine series for members receiving the vaccination from SS&C Health partner pharmacies.
- Customer service levels remain high

Proven, resilient business model

- 95.7% revenue retention LTM as of December 31, 2020.
- SS&C has high contractually recurring revenue base. Less than 3.0% of 2020 revenues were from perpetual licenses and professional services.
- Cash flow provided by operations was \$1,184.7 million for the twelve months ended December 31, 2020
- Adjusted diluted earnings per share in Q4 2020 were \$1.13 per share, up 4.6%.

Q4 2020 financial highlights

Metric	Q4 2020	Q4 2019	\$ +/-	% +/-
Adjusted Revenues (\$M)	\$1,206.1	\$1,212.2	(\$6.1)	(0.5%)
Adjusted Operating Income (\$M)	\$458.8	\$470.0	(\$11.2)	(2.4%)
Adjusted Consolidated EBITDA (\$M)	\$475.8	\$490.5	(\$14.7)	(3.0%)
Adjusted Net Income (\$M)	\$302.6	\$284.6	\$18.0	6.3%
Adjusted Diluted Earnings Per Share	\$1.13	\$1.08	\$0.05	4.6%
Operating Cash Flow for twelve months ended December 31, 2020 (\$M)	\$1,184.7	\$1,328.3	(\$143.6)	(10.8%)

Note: See appendix for reconciliation of non-GAAP financial measures



Debt review and capital allocation

- Operating cash flow was \$1,184.7 M for the twelve months ended December 31, 2020
- Debt
 - Net leverage ratio is 3.39x LTM consolidated EBITDA, secured net leverage ratio is 2.31x LTM consolidated EBITDA of \$1,856.3 M
- Shareholder Returns
 - Repurchased 3.7 million shares of common stock in 2020 at an average price of \$60.99 per shares for \$227.7 M.
 - Paid \$136.1 M in dividends in 2020
- Acquisitions
 - Acquired Millennium Consulting Services and Millennium Seminar Services in December 2020

Organic Growth Calculations 2020



	Q1 2020		Q2 2020		Q3 2020		Q4 2020		FY 2020
Total Adjusted Revenues (\$M)	1,178.0		1,140.8		1,156.2		1,206.1		4,681.1
Fx (\$M)	5.5		7.2		(6.5)		(6.1)		0.1
Acquisitions (\$M)	(18.3)		(25.1)		(29.8)		(27.3)		(100.5)
Organic Revenues (\$M)	1,165.2		1,122.9		1,119.9		1,172.7		4,580.7
Adjustments (\$M)	16.3 ¹		16.9 ²		14.6 ³		15.7 ⁴		63.5
Adjusted Organic Revenues (\$M)	1,181.5		1,139.8		1,134.5		1,188.4		4,644.2
Adjusted Organic Revenue Growth Rate (%)	2.8%		(1.4)%		(1.4)%		(2.0)%		(0.5)%

¹Adjustments include \$1.3 M for out-of-pocket expense reimbursements, and \$15.0 M for DST clients that terminated pre-acquisition.

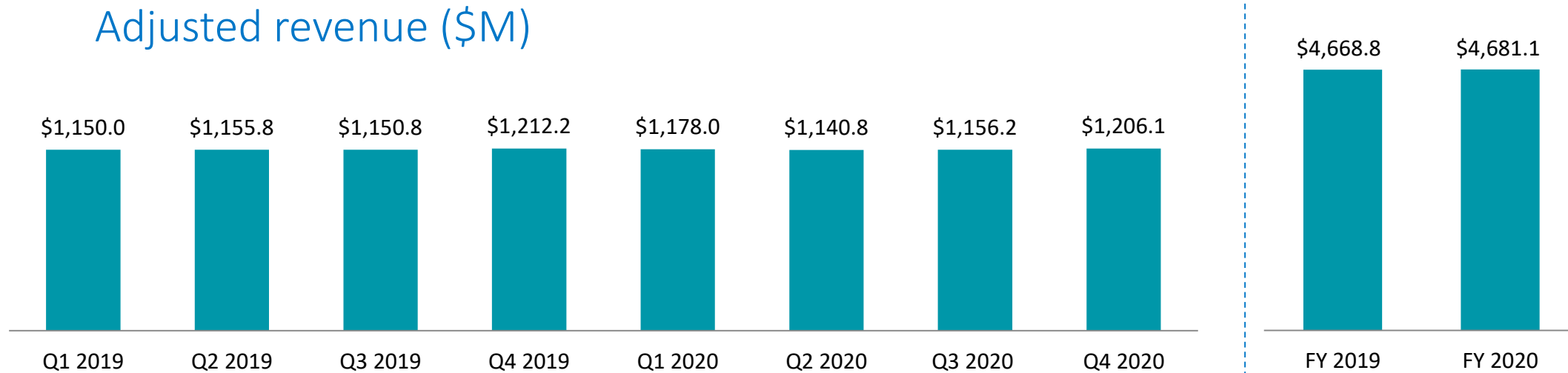
²Adjustments include \$5.7 M for out-of-pocket expense reimbursements, and \$11.2 M for DST clients that terminated pre-acquisition.

³Adjustments include \$4.6 M for out-of-pocket expense reimbursements, and \$10.0 M for DST clients that terminated pre-acquisition.

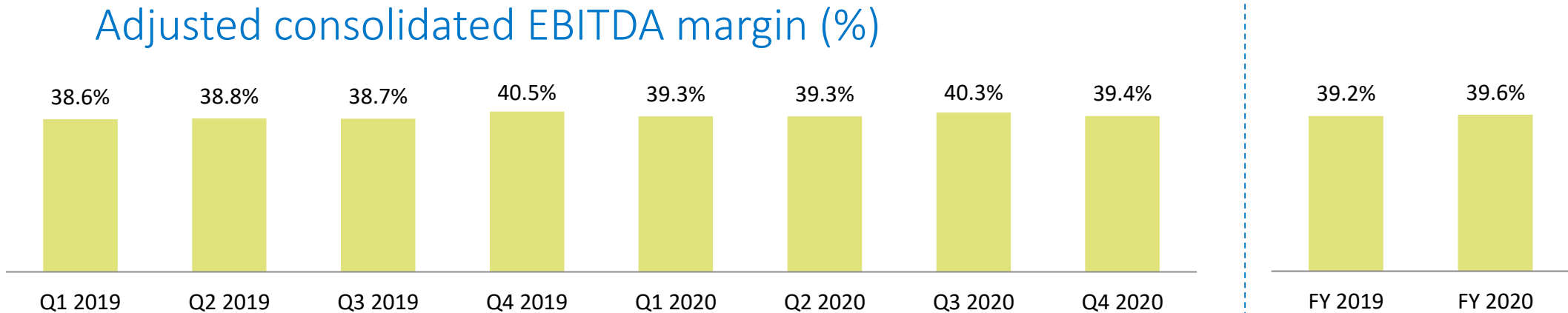
⁴Adjustments include \$6.1 M for out-of-pocket expense reimbursements, and \$9.6 M for DST clients that terminated pre-acquisition.

Adjusted revenue and margins

Adjusted revenue (\$M)

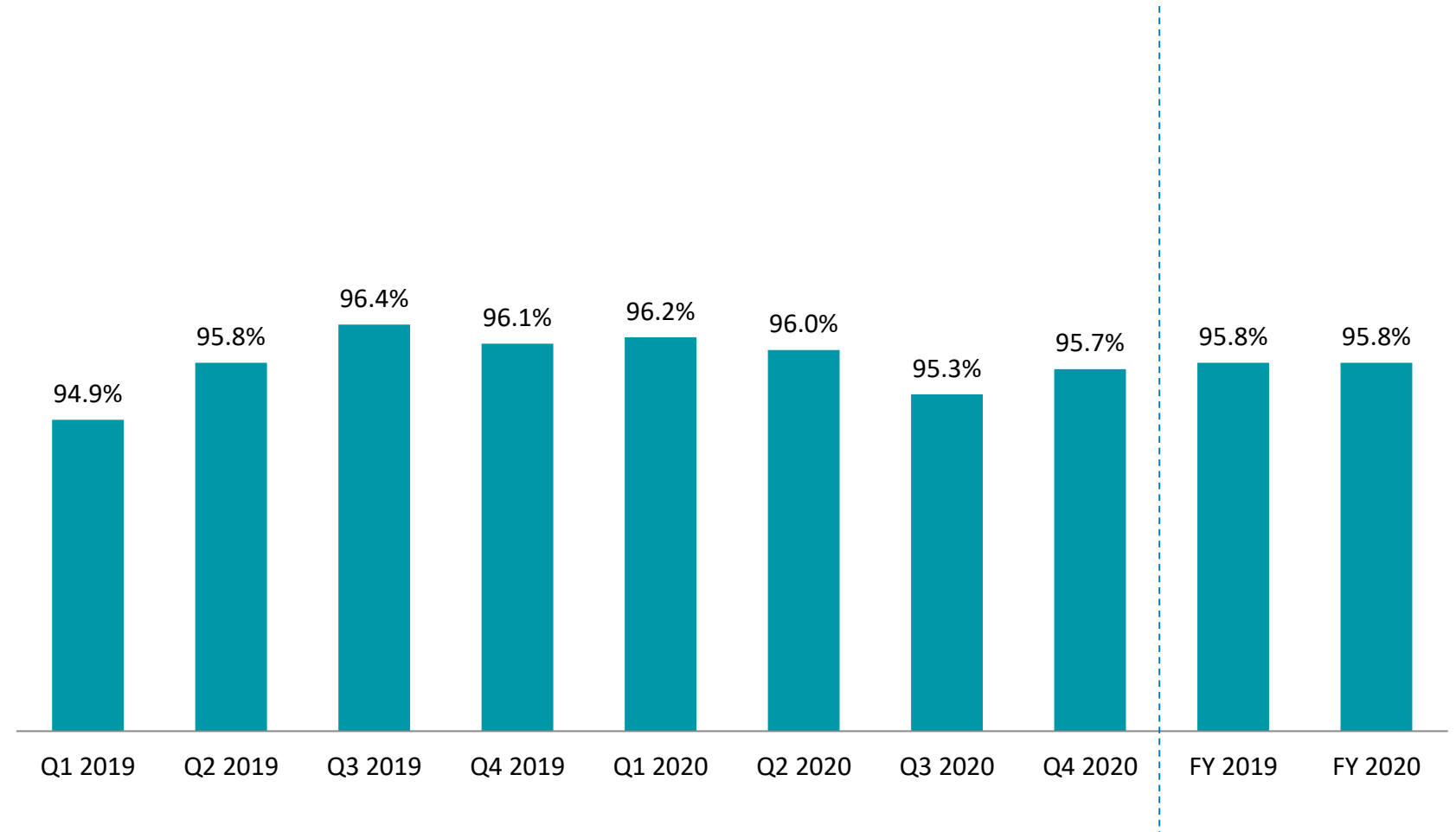


Adjusted consolidated EBITDA margin (%)



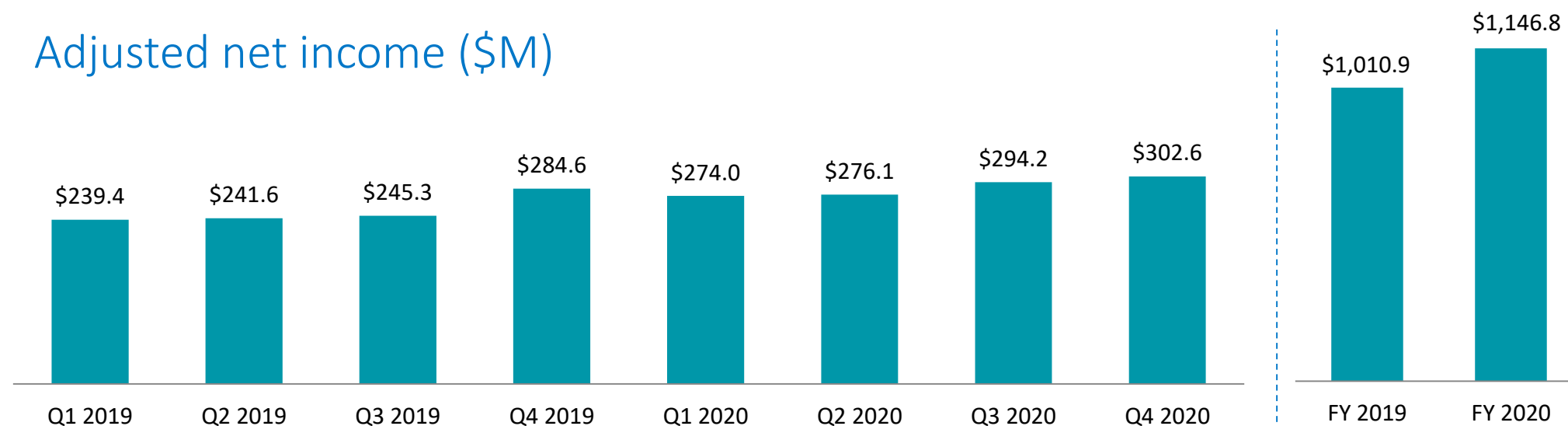
- Quarterly retention rate is based on a rolling prior twelve months.
- Yearly retention is the average of four quarters.
- Acquisitions are not included in retention rate calculation until one year post-acquisition.

Revenue retention rates

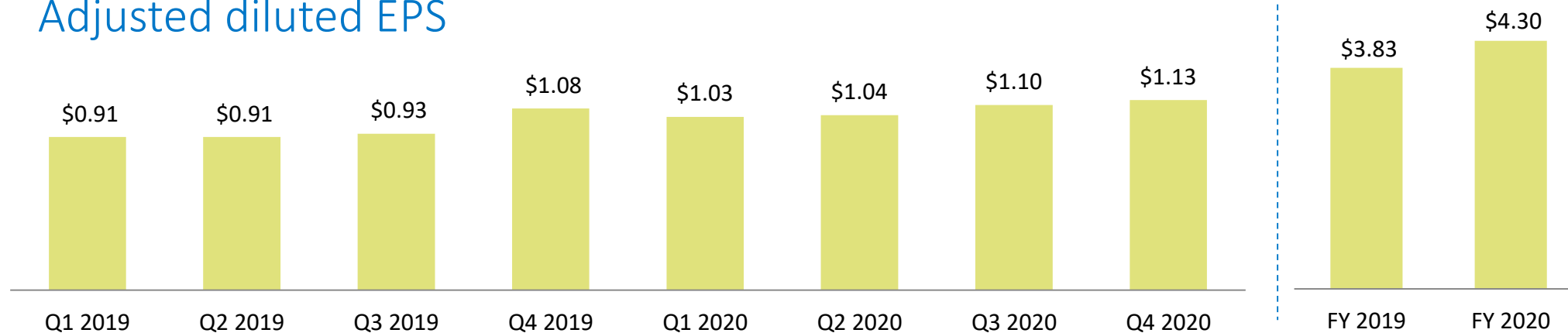


Adjusted net income and adjusted diluted EPS

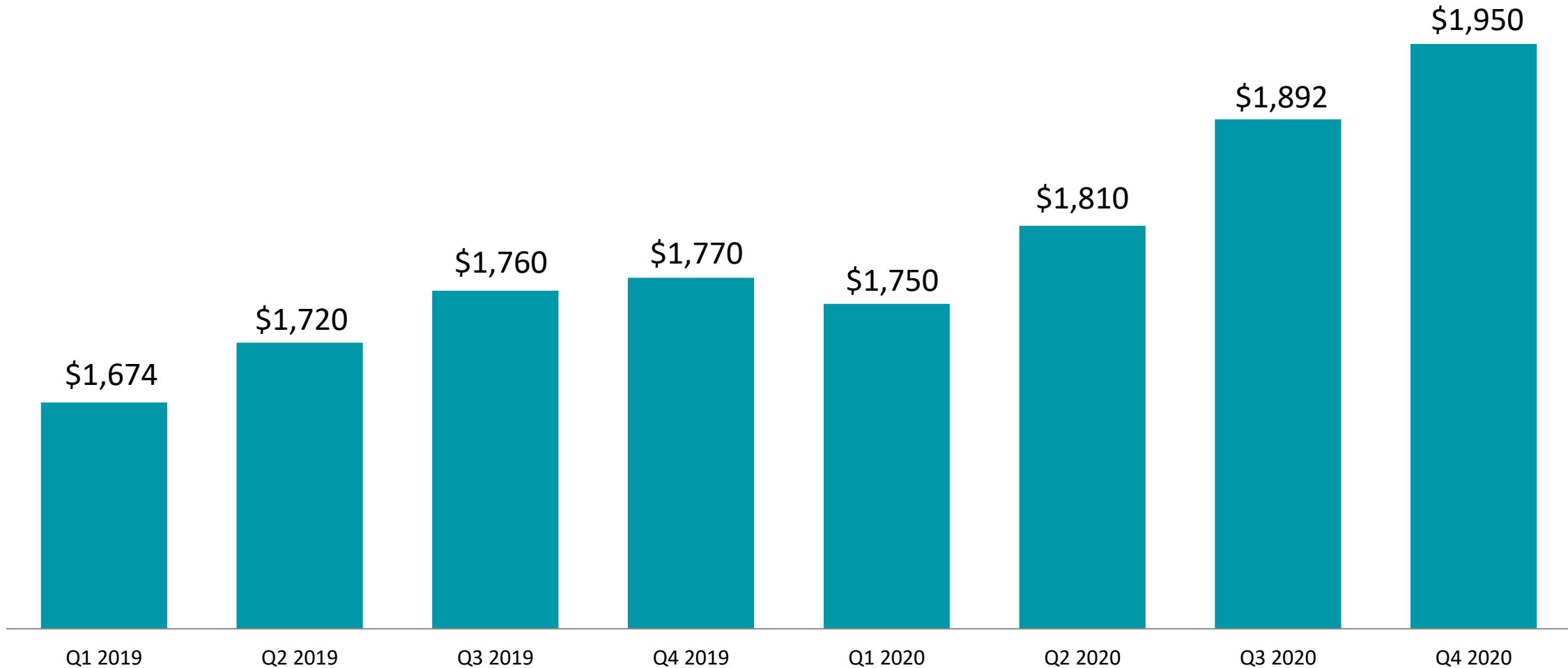
Adjusted net income (\$M)



Adjusted diluted EPS



Alternative Assets under Administration (\$B)



Guidance



	Q1 2021	FY 2021
Adjusted Revenues (\$M)	\$1,158.0 – \$1,198.0	\$4,685.0 – \$4,875.0
Adjusted Net Income (\$M)	\$281.5 – \$298.5	\$1,185.0 – \$1,270.0
Adjusted Diluted Earnings Per Share	\$1.05 – \$1.11	\$4.36 – \$4.64
Cash from Operating Activities (\$M)	–	\$1,240.0 – \$1,320.0
Capital Expenditures (% of revenue)	–	2.6% – 3.0%
Diluted Shares (M)	269.0 – 270.0	271.5 – 274.0
Effective Income Tax Rate (%)	26%	26%

Revenue Assumptions

- Revenue retention remains consistent with historical levels, 95.0% - 96.0%
- Some reopening and return to work in 2nd half of 2021
- Expect customer appetite and buying behavior to improve throughout the year
- Fund services business continues to perform
- Large scale outsourcing deals and license sales continue at moderate levels
- Capita and any future acquisitions are not incorporated in our guidance and would be additive to revenue and earnings

Expense Assumptions

- Incremental expenses are managed
- Reduced hiring
- Marketing reductions
- Travel and expense remains low for 2021
- Interest rates stay at current levels

SS&C does not provide reconciliations of guidance for Adjusted Revenues and Adjusted Net Income to comparable GAAP measures, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. SS&C is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include acquisition transactions and integration, foreign exchange rate changes, as well as other non-cash and other adjustments as defined under the Company's Credit agreement, that are difficult to predict in advance in order to include in a GAAP estimate. The unavailable information could have a significant impact on Q1 2020 and FY 2020 GAAP financial results.

Appendix

Disclosures relating to non-GAAP financial measures



Reconciliation of revenues to adjusted revenues

Adjusted revenues represents revenues adjusted to include a) amounts that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition and b) amounts that would have been recognized if not for adjustments to deferred revenue and retained earnings related to the adoption of ASC 606. Adjusted revenues is presented because we use this measure to evaluate performance of our business against prior periods and believe it is a useful indicator of the underlying performance of our business. Adjusted revenues is not a recognized term under generally accepted accounting principles ("GAAP"). Adjusted revenues does not represent revenues, as that term is defined under GAAP, and should not be considered as an alternative to revenues as an indicator of our operating performance. Adjusted revenues as presented herein is not necessarily comparable to similarly titled measures presented by other companies. Below is a reconciliation of adjusted revenues to revenues, the GAAP measure we believe to be most directly comparable to adjusted revenues.

(in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Revenues	\$ 1,203.4	\$ 1,203.5	\$ 4,667.9	\$ 4,632.9
ASC 606 adoption impact	0.7	6.6	4.9	18.7
Purchase accounting adjustments impact on revenue	2.0	2.1	8.3	17.2
Adjusted revenues	<u>\$ 1,206.1</u>	<u>\$ 1,212.2</u>	<u>\$ 4,681.1</u>	<u>\$ 4,668.8</u>

The following is a breakdown of software-enabled services and license, maintenance and related revenues and adjusted software-enabled services and license, maintenance and related revenues.

(in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Software-enabled services	\$ 998.4	\$ 974.5	\$ 3,891.3	\$ 3,869.2
License, maintenance and related	205.0	229.0	776.6	763.7
Total revenues	<u>\$ 1,203.4</u>	<u>\$ 1,203.5</u>	<u>\$ 4,667.9</u>	<u>\$ 4,632.9</u>
Software-enabled services	\$ 1,000.3	\$ 976.4	\$ 3,898.6	\$ 3,886.8
License, maintenance and related	205.8	235.8	782.5	782.0
Total adjusted revenues	<u>\$ 1,206.1</u>	<u>\$ 1,212.2</u>	<u>\$ 4,681.1</u>	<u>\$ 4,668.8</u>

Reconciliation of operating income to adjusted operating income

Adjusted operating income represents operating income adjusted for amortization of intangible assets, stock-based compensation, purchase accounting adjustments for deferred revenue and related costs, ASC 606 adoption impact and other expenses. Adjusted operating income is presented because we use this measure to evaluate performance of our business and believe it is a useful indicator of our underlying performance. Adjusted operating income is not a recognized term under GAAP. Adjusted operating income does not represent operating income, as that term is defined under GAAP, and should not be considered as an alternative to operating income as an indicator of our operating performance. Adjusted operating income as presented herein is not necessarily comparable to similarly titled measures by other companies. The following is a reconciliation between adjusted operating income and operating income, the GAAP measure we believe to be most directly comparable to adjusted operating income.

(in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Operating income	\$ 268.7	\$ 261.3	\$ 985.8	\$ 914.4
Amortization of intangible assets	155.8	162.2	619.7	652.0
Stock-based compensation	21.9	16.7	87.8	72.4
Purchase accounting adjustments (1)	10.2	11.2	40.3	52.1
ASC 606 adoption impact	0.8	6.7	5.2	19.0
Other (2)	1.4	11.9	43.1	32.8
Adjusted operating income	<u>\$ 458.8</u>	<u>\$ 470.0</u>	<u>\$ 1,781.9</u>	<u>\$ 1,742.7</u>

- 1) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition, (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions and (c) an adjustment to decrease depreciation expense by the amount that would not have been recognized if property, plant and equipment were not adjusted to fair value at the date of acquisition.
- 2) Other includes expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, facilities and workforce restructuring, legal settlements and business acquisitions.

Reconciliation of net income to EBITDA, consolidated EBITDA and adjusted consolidated EBITDA

EBITDA represents net income before interest expense, income taxes, depreciation and amortization. Consolidated EBITDA, defined under our Credit Agreement entered into in April 2018, as amended, is used in calculating covenant compliance, and is EBITDA adjusted for certain items. Consolidated EBITDA is calculated by subtracting from or adding to EBITDA items of income or expense described below. Adjusted Consolidated EBITDA is calculated by subtracting acquired EBITDA (as defined below) from Consolidated EBITDA. EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA are presented because we use these measures to evaluate performance of our business and believe them to be useful indicators of an entity's debt capacity and its ability to service debt. EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA are not recognized terms under GAAP and should not be considered in isolation or as alternatives to operating income, net income or cash flows from operating activities as indicators of our operating performance. These measures are not necessarily comparable to similarly titled measures by other companies. The following is a reconciliation of EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA to net income.

(in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net income	\$ 197.1	\$ 141.6	\$ 625.2	\$ 438.5
Interest expense, net	53.3	100.5	245.9	404.9
Provision for income taxes	37.7	19.3	150.6	93.2
Depreciation and amortization	181.2	192.4	725.3	775.2
EBITDA	469.3	453.8	1,747.0	1,711.8
Stock-based compensation	21.9	16.7	87.8	72.4
Acquired EBITDA and cost savings (1)	—	3.9	2.3	49.6
Non-cash portion of straight-line rent expense	0.1	(0.1)	(0.1)	0.1
Loss on extinguishment of debt	2.0	—	4.2	7.1
Equity in earnings of unconsolidated affiliates, net	1.4	(1.5)	1.5	(3.6)
Purchase accounting adjustments (2)	1.7	1.6	6.9	14.0
ASC 606 adoption impact	0.8	6.7	5.2	19.0
Other (3)	(21.4)	13.3	1.5	7.1
Consolidated EBITDA	\$ 475.8	\$ 494.4	\$ 1,856.3	\$ 1,877.5
Less: acquired EBITDA and cost savings (1)	—	(3.9)	(2.3)	(49.6)
Adjusted Consolidated EBITDA	<u>\$ 475.8</u>	<u>\$ 490.5</u>	<u>\$ 1,854.0</u>	<u>\$ 1,827.9</u>

Reconciliation of net income to EBITDA, consolidated EBITDA and adjusted consolidated EBITDA

- 1) Acquired EBITDA reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period, as well as cost savings enacted in connection with acquisitions.
- 2) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition and (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions.
- 3) Other includes expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, investment gains and losses, facilities and workforce restructuring, legal settlements, business acquisitions and other items.

Reconciliation of net income to adjusted net income and diluted earnings per share to adjusted diluted earnings per share

Adjusted net income and adjusted diluted earnings per share represent net income and earnings per share before amortization of intangible assets and deferred financing costs, stock-based compensation, purchase accounting adjustments and other items. We consider adjusted net income and adjusted diluted earnings per share to be important to management and investors because they represent our operational performance exclusive of the effects of amortization of intangible assets and deferred financing costs, stock-based compensation, purchase accounting adjustments, loss on extinguishment of debt and other items, that are not operational in nature or comparable to those of our competitors. Adjusted net income and adjusted diluted earnings per share are not recognized terms under GAAP. Adjusted net income and adjusted diluted earnings per share do not represent net income or diluted earnings per share, as those terms are defined under GAAP, and should not be considered as alternatives to net income or diluted earnings per share as indicators of our operating performance. Adjusted net income and adjusted diluted earnings per share as presented herein are not necessarily comparable to similarly titled measures presented by other companies. Below is a reconciliation of adjusted net income and adjusted diluted earnings per share to net income and diluted earnings per share, the GAAP measures we believe to be most directly comparable to adjusted net income and adjusted diluted earnings per share.

(in millions, except per share data)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
GAAP – Net income	\$ 197.1	\$ 141.6	\$ 625.2	\$ 438.5
Plus: Amortization of intangible assets	155.8	162.2	619.7	652.0
Plus: Amortization of deferred financing costs and original issue discount	3.4	15.1	13.8	28.4
Plus: Stock-based compensation	21.9	16.7	87.8	72.4
Plus: Loss on extinguishment of debt	2.0	—	4.2	7.1
Plus: Purchase accounting adjustments (1)	10.2	11.2	40.3	52.1
Plus: ASC 606 adoption impact	0.8	6.7	5.2	19.0
Plus (Less): Equity in earnings of unconsolidated affiliates, net	1.4	(1.5)	1.5	(3.6)
(Less) Plus: Other (2)	(21.4)	13.3	1.5	7.1
Income tax effect (3)	(68.6)	(80.7)	(252.4)	(262.1)
Adjusted net income	<u>\$ 302.6</u>	<u>\$ 284.6</u>	<u>\$ 1,146.8</u>	<u>\$ 1,010.9</u>
Adjusted diluted earnings per share	\$ 1.13	\$ 1.08	\$ 4.30	\$ 3.83
GAAP diluted earnings per share	\$ 0.74	\$ 0.54	\$ 2.35	\$ 1.66
Diluted weighted-average shares outstanding	268.1	264.4	266.6	264.2

Reconciliation of net income to adjusted net income and diluted earnings per share to adjusted diluted earnings per share

- 1) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition, (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions and (c) an adjustment to decrease depreciation expense by the amount that would not have been recognized if property, plant and equipment were not adjusted to fair value at the date of acquisition.
- 2) Other includes expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, investment gains and losses, facilities and workforce restructuring, legal settlements, business acquisitions and other items.
- 3) An estimated normalized effective tax rate of approximately 26% for the three and twelve months ended December 31, 2020 and 2019, respectively, has been used to adjust the provision for income taxes for the purpose of computing adjusted net income.



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