SS&C Technologies (NASDAQ:SSNC)

Q4 and FY 2021 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.

Q4 2021 Highlights

- SS&C generated net cash from operating activities of $1,429.0 million for the twelve months ended December 31, 2021.
- We paid down $519.9 million in debt in 2021 to bring our consolidated net leverage ratio and net secured leverage ratio to 2.69x and 1.72x consolidated EBITDA attributable to SS&C, respectively.
- Adjusted organic revenue growth for Q4 2021 was 6.9%.
- SS&C reported adjusted consolidated EBITDA attributable to SS&C of $522.9 million for the quarter, $2,064.8 million for the full year 2021.
- Adjusted consolidated EBITDA margin increased to 40.3%, up 90 bps from Q4 2020.
- In November, SS&C's Board of Directors approved a quarterly dividend payout of $0.20 per share, up 25.0% from $0.16 per share.

Q4 2021 financial highlights

Metric	Q4 2021	Q4 2020	$ +/-	% +/-
Adjusted Revenues ($M)	$1,296.2	$1,206.1	$90.1	7.5%
Adjusted Operating Income attributable to SS&C ($M)	$507.5	$458.8	$48.7	10.6%
Adjusted Consolidated EBITDA attributable to SS&C ($M)	$522.9	$475.8	$47.1	9.9%
Adjusted Consolidated EBITDA margin attributable to SS&C	40.3%	39.4%	90 bps	-
Adjusted Diluted Earnings Per Share attributable to SS&C	$1.28	$1.13	$0.15	13.3%
Operating Cash Flow for twelve months ended December 31 ($M)	$1,429.0	$1,184.7	$244.3	20.6%

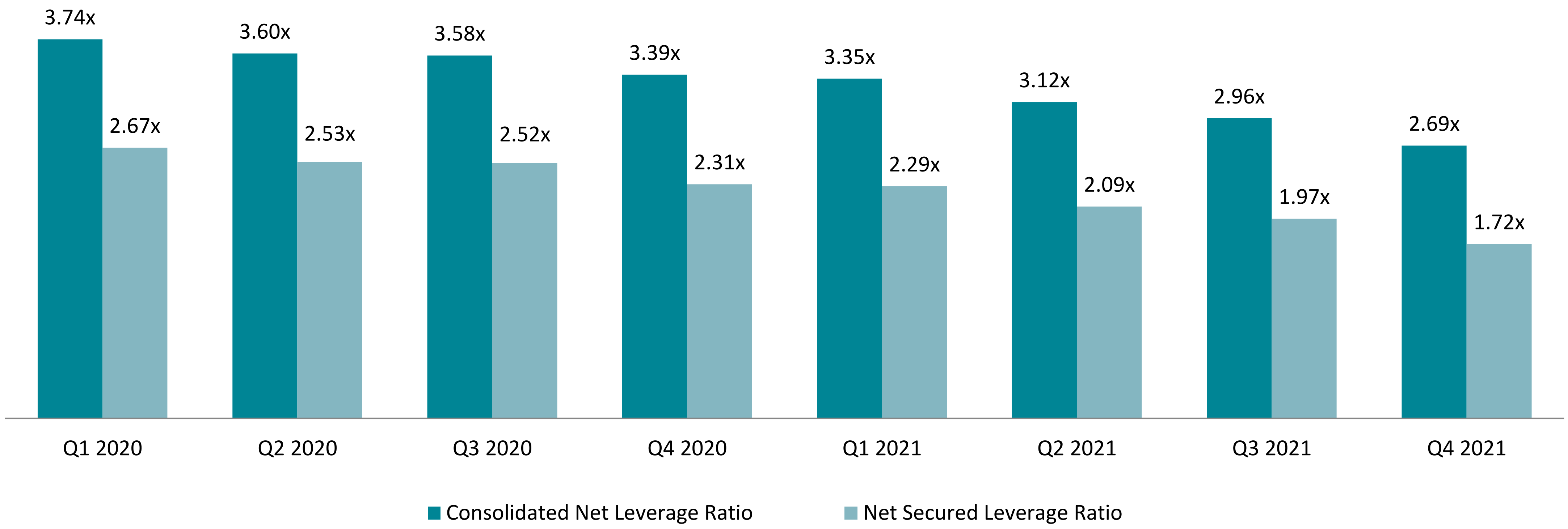
Note: See appendix for reconciliation of non-GAAP financial measures

Debt review and capital allocation

- Operating cash flow was $1,429.0 M for the twelve months ended December 31, 2021
- Debt
  - Paid down $519.9 M in debt in 2021
  - Net leverage ratio is 2.69x, secured net leverage ratio is 1.72x LTM consolidated EBITDA attributable to SS&C of $2,066.1 M
- Shareholder Returns
  - Increased our quarterly common stock dividend to $0.20, a 25.0% increase
  - Treasury stock buybacks for year 2021 were $487.9 million for purchases of 6.8 million shares at an average price of $71.74 per share
  - We were restricted from buying back stock in Q4 2021 due to material non-public information related to the Blue Prism acquisition
- Acquisitions
  - Pending acquisitions of Hubwise and Blue Prism expected to close in Q1 or Q2 2022

Consistent Leverage Reduction

- Reduced our consolidated net leverage ratio by 1.05x since Q1 2020
- Our covenant requirement is 6.25x net secured leverage as per our debt agreement



Organic Growth Calculations 2021

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Total Adjusted Revenues ($M)	1,235.4	1,261.0	1,266.3	1,296.2	5,058.9
Fx ($M)	(16.1)	(26.4)	(10.4)	(0.8)	(53.7)
Acquisitions ($M)	(18.6)	(17.8)	(10.0)	(10.5)	(56.9)
Organic Revenues ($M)	1,200.7	1,216.8	1,245.9	1,284.9	4,948.3
Adjustments ($M)	11.1[1]	5.6[2]	5.1[3]	4.4[4]	26.2
Adjusted Organic Revenues ($M)	1,211.8	1,222.4	1,251.0	1,289.3	4,974.5
Adjusted Organic Revenue Growth Rate (%)	2.9%	7.2%	8.2%	6.9%	6.3%

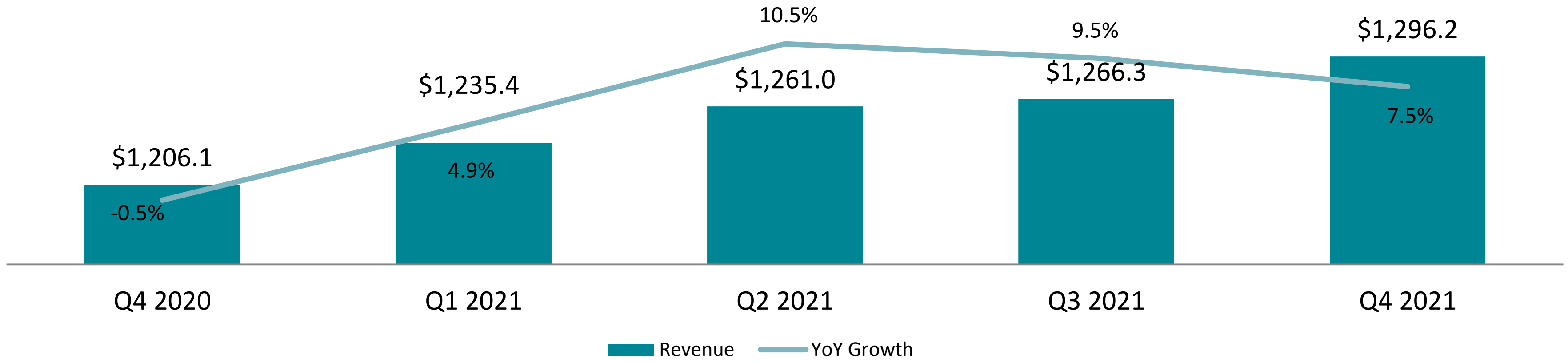
[1]Adjustments include $3.8 M for out-of-pocket expense reimbursements, and $7.3 M for DST clients that terminated pre-acquisition.
[2]Adjustments include $5.6 M for DST clients that terminated pre-acquisition.
[3]Adjustments include $5.1 M for DST clients that terminated pre-acquisition.
[4]Adjustments include $4.4 M for DST clients that terminated pre-acquisition.

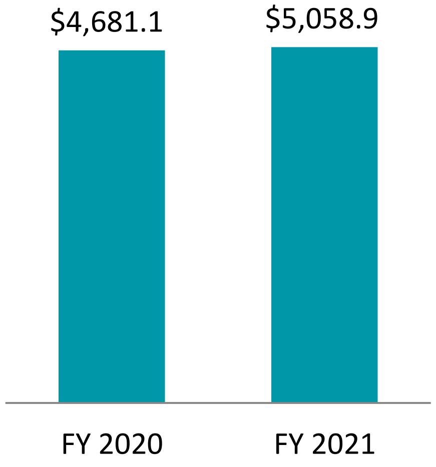
Adjusted Organic Growth by Business

Business	2021 Revenue	Q4 2021	FY 2021	
Alternatives	$1.1 B	12.9%	11.5%	
Software Businesses	$1.0 B	6.3%	4.9%	Advent growth was >10% for Q4 2021 and the year
DST Financial Services	$1.8 B	2.3%	2.6%	
Healthcare	$370 M	0.6%	5.4%	
Eze	$275 M	3.0%	(0.7%)	Tough comps from 2020 volatility and equity trading volumes
Intralinks	$420 M	23.0%	18.9%	M&A share gain was 1% in Q4 and 5% in the full year as measured by our participation in globally announced deals

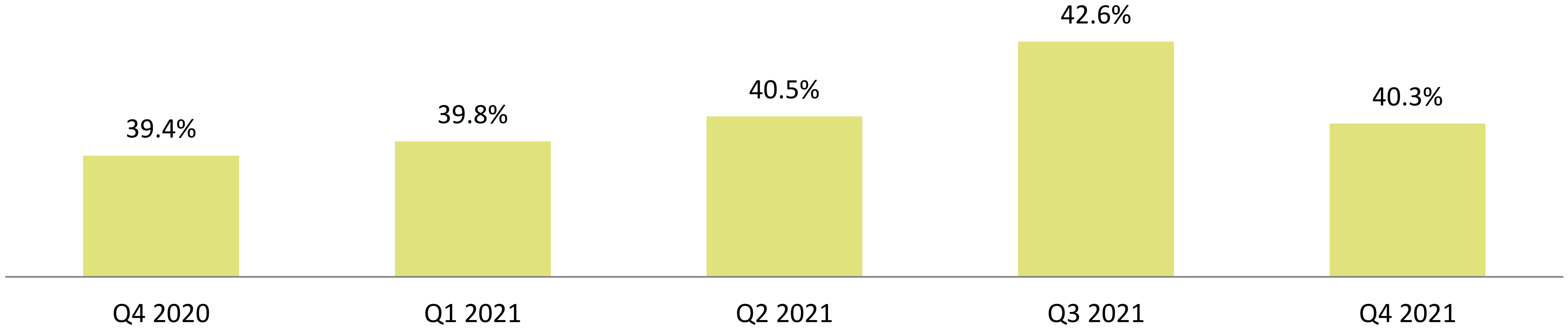
Adjusted revenue and margins

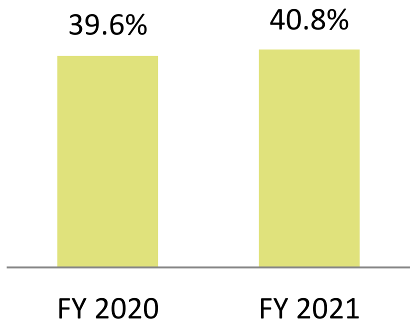
Adjusted revenue ($M)





Adjusted consolidated EBITDA margin (%)

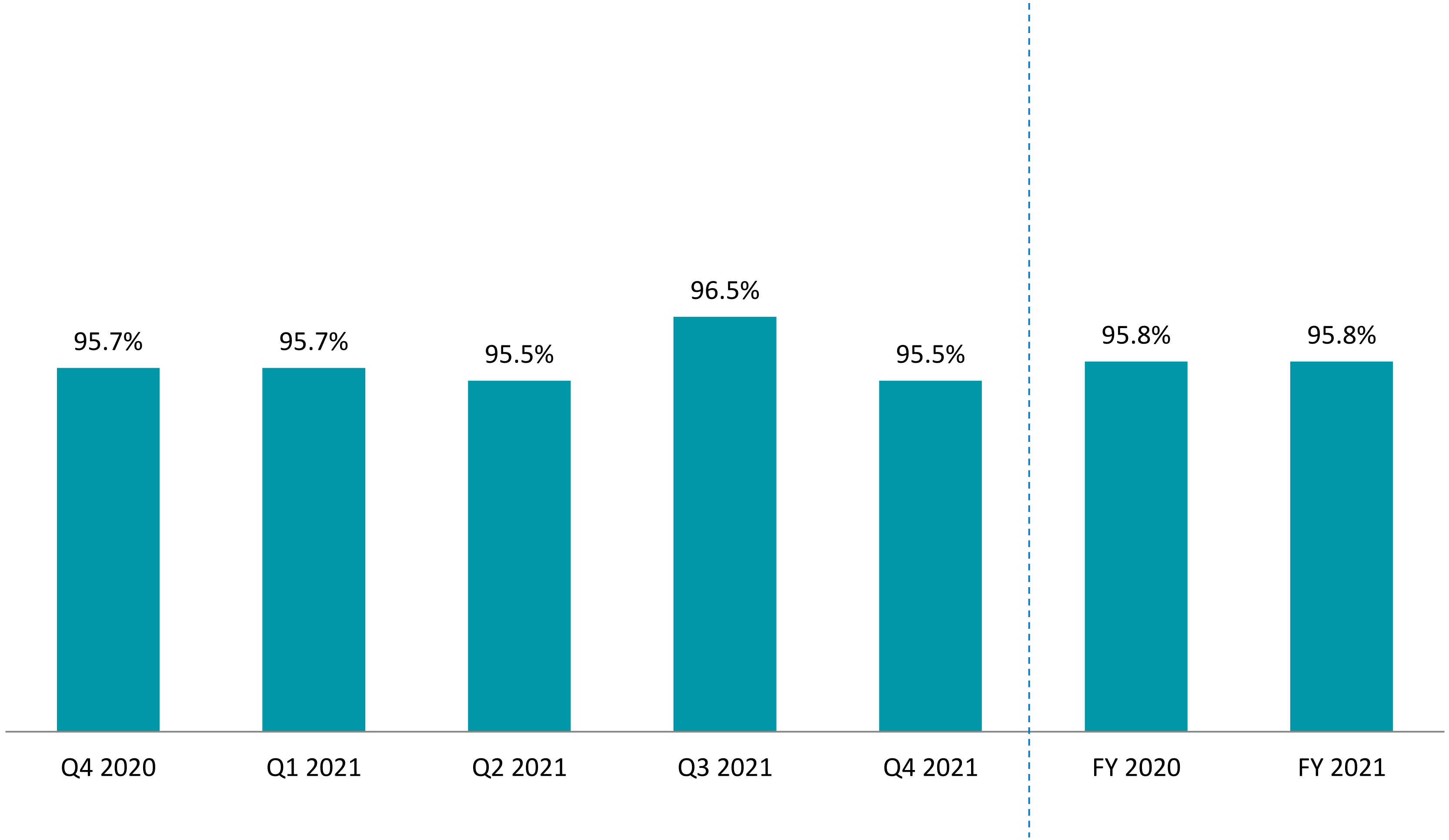




Note: See appendix for reconciliation of non-GAAP financial measures

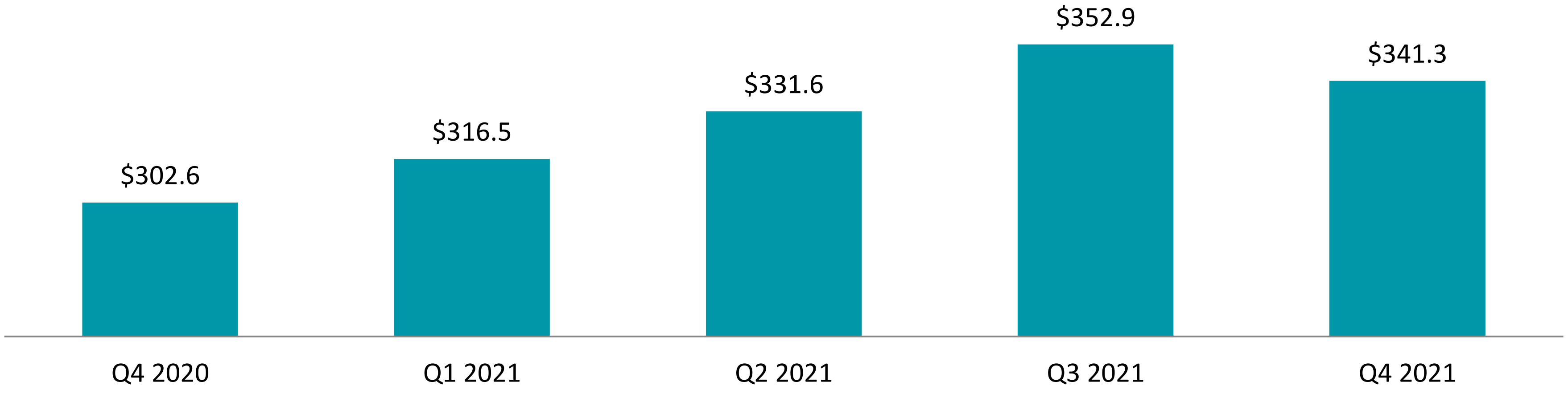
- Quarterly retention rate is based on a rolling prior twelve months.
- Yearly retention is the average of four quarters.
- Acquisitions are not included in retention rate calculation until one year post-acquisition.

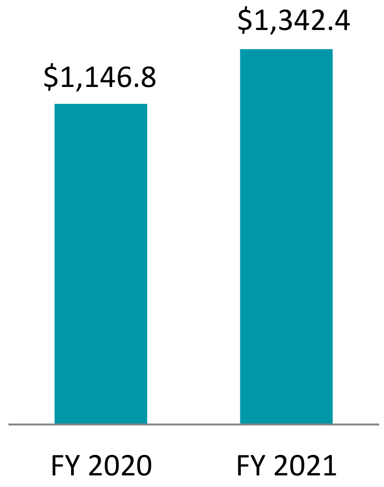
Revenue retention rates



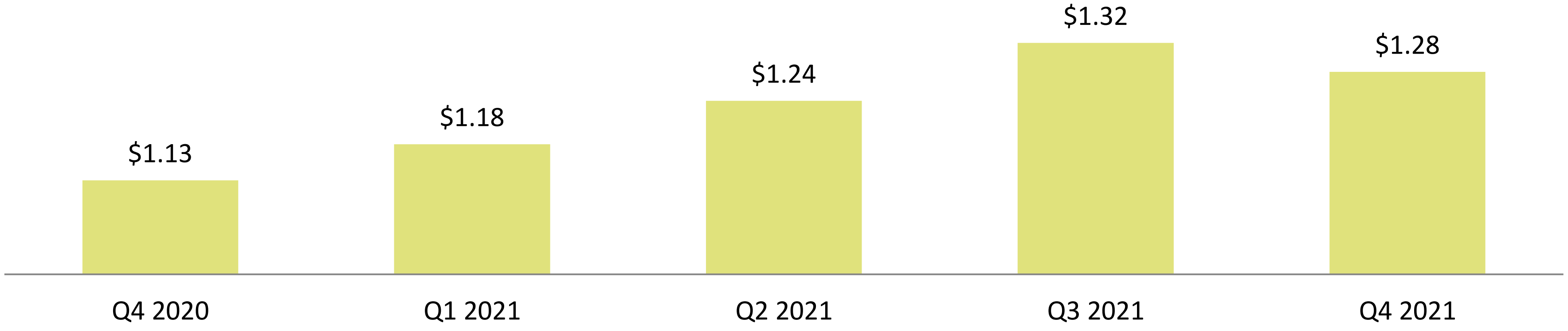
Adjusted net income and adjusted diluted EPS attributable to SS&C

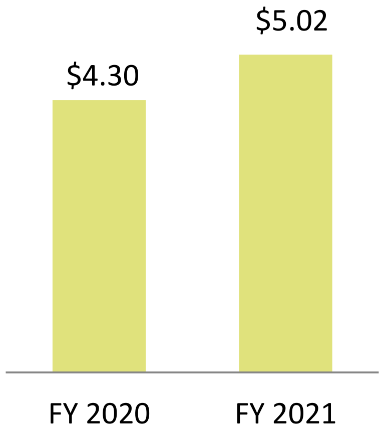
Adjusted net income attributable to SS&C ($M)





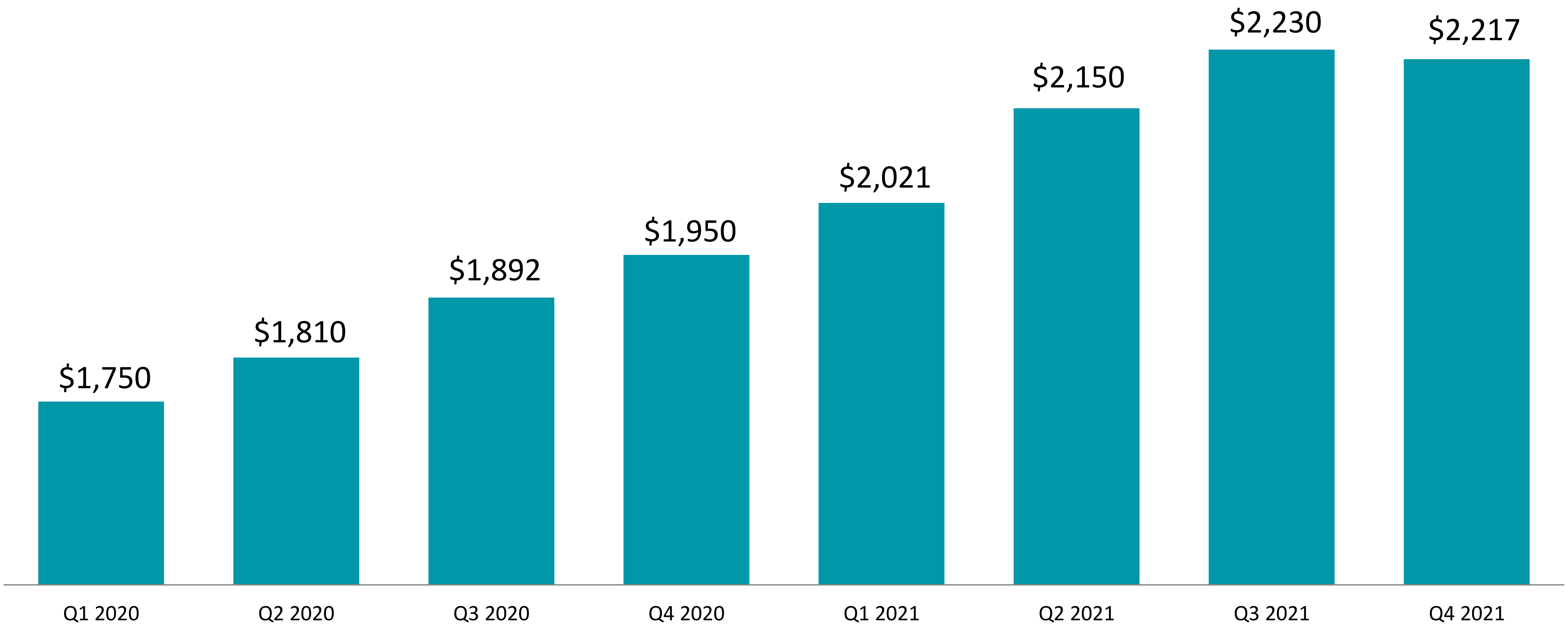
Adjusted diluted EPS attributable to SS&C





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

Alternative Assets under Administration ($B)



Guidance

	Q1 2022	FY 2022
Adjusted Revenues ($M)	$1,258.0 – $1,298.0	$5,130.0 – $5,330.0
Adjusted Net Income attributable to SS&C ($M)	$326.0 – $343.5	$1,375.0 – $1,445.0
Adjusted Diluted Earnings Per Share attributable to SS&C	$1.22 – $1.28	$5.10 – $5.40
Cash from Operating Activities ($M)	–	$1,440.0 – $1,510.0
Capital Expenditures (% of revenue)	–	2.6% – 3.0%
Diluted Shares (M)	268.3 – 267.8	269.5 – 267.5
Effective Income Tax Rate (%)	26%	26%

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 2022 and FY 2022 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.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions)	2021	2020	2021	2020
Revenues	$ 1,294.2	$ 1,203.4	$ 5,051.0	$ 4,667.9
ASC 606 adoption impact	0.3	0.7	0.7	4.9
Purchase accounting adjustments impact on revenue	1.7	2.0	7.2	8.3
Adjusted revenues	$ 1,296.2	$ 1,206.1	$ 5,058.9	$ 4,681.1

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.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions)	2021	2020	2021	2020
Software-enabled services	$ 1,085.7	$ 998.4	$ 4,256.1	$ 3,891.3
License, maintenance and related	208.5	205.0	794.9	776.6
Total revenues	$ 1,294.2	$ 1,203.4	$ 5,051.0	$ 4,667.9
Software-enabled services	$ 1,087.3	$ 1,000.3	$ 4,263.1	$ 3,898.6
License, maintenance and related	208.9	205.8	795.8	782.5
Total adjusted revenues	$ 1,296.2	$ 1,206.1	$ 5,058.9	$ 4,681.1

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.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions)	2021	2020	2021	2020
Operating income	$ 320.2	$ 268.7	$ 1,242.3	$ 985.8
Amortization of intangible assets	148.7	155.8	586.3	619.7
Stock-based compensation	31.3	21.9	114.0	87.8
Purchase accounting adjustments (1)	4.1	10.2	23.9	40.3
ASC 606 adoption impact	0.3	0.8	1.0	5.2
Other (2)	4.0	1.4	37.7	43.1
Adjusted operating income	$ 508.6	$ 458.8	$ 2,005.2	$ 1,781.9
Adjusted operating income attributable to noncontrolling interest (3)	(1.1)	—	(2.0)	—
Adjusted operating income attributable to SS&C common stockholders	$ 507.5	$ 458.8	$ 2,003.2	$ 1,781.9

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.
3) On July 15, 2021, we entered into a joint venture named DomaniRx, LLC in which we are the majority interest holder and primary beneficiary. As such, we consolidate DomaniRx, LLC as a variable interest entity. Adjusted operating income attributable to noncontrolling interest represents adjusted operating income based on the ownership interest retained by the respective noncontrolling parties.

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.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions)	2021	2020	2021	2020
Net income	$ 251.2	$ 197.1	$ 800.6	$ 625.2
Interest expense, net	49.0	53.3	201.6	245.9
Provision for income taxes	38.3	37.7	236.4	150.6
Depreciation and amortization	167.2	181.2	667.4	725.3
EBITDA	505.7	469.3	1,906.0	1,747.0
Stock-based compensation	31.3	21.9	114.0	87.8
Acquired EBITDA and cost savings (1)	—	—	1.3	2.3
Non-cash portion of straight-line rent expense	(0.5)	0.1	(1.9)	(0.1)
Loss on extinguishment of debt	7.4	2.0	10.9	4.2
Equity in earnings of unconsolidated affiliates, net	(23.5)	1.4	(25.4)	1.5
Purchase accounting adjustments (2)	1.5	1.7	6.3	6.9
ASC 606 adoption impact	0.3	0.8	1.0	5.2
Other (3)	1.8	(21.4)	55.9	1.5
Consolidated EBITDA	$ 524.0	$ 475.8	$ 2,068.1	$ 1,856.3
Less: acquired EBITDA and cost savings (1)	—	—	(1.3)	(2.3)
Adjusted Consolidated EBITDA	$ 524.0	$ 475.8	$ 2,066.8	$ 1,854.0
Adjusted Consolidated EBITDA attributable to noncontrolling interest (4)	(1.1)	—	(2.0)	—
Adjusted Consolidated EBITDA attributable to SS&C common stockholders	$ 522.9	$ 475.8	$ 2,064.8	$ 1,854.0

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 acquisitions (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 increase or decrease rent expense by the amount that would have been recognized if lease obligations were not adjusted to fair value at the date of 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 combinations and other items.
4) On July 15, 2021, we entered into a joint venture named DomaniRx, LLC in which we are the majority interest holder and primary beneficiary. As such, we consolidate DomaniRx, LLC as a variable interest entity. Adjusted Consolidated EBITDA attributable to noncontrolling interest represents adjusted Consolidated EBITDA based on the ownership interest retained by the respective noncontrolling parties.

Reconciliation of net income to adjusted net income attributable to SS&C and diluted earnings per share to adjusted diluted earnings per share attributable to SS&C

Adjusted net income and adjusted diluted earnings per share attributable to SS&C represent net income and earnings per share attributable to SS&C 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 attributable to SS&C 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 attributable to SS&C 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 attributable to SS&C to net income and diluted earnings per share attributable to SS&C, the GAAP measures we believe to be most directly comparable to adjusted net income and adjusted diluted earnings per share.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions, except per share data)	2021	2020	2021	2020
GAAP – Net income	$ 251.2	$ 197.1	$ 800.6	$ 625.2
Amortization of intangible assets	148.7	155.8	586.3	619.7
Amortization of deferred financing costs and original issue discount	3.2	3.4	13.2	13.8
Stock-based compensation	31.3	21.9	114.0	87.8
Loss on extinguishment of debt	7.4	2.0	10.9	4.2
Purchase accounting adjustments (1)	4.1	10.2	23.9	40.3
ASC 606 adoption impact	0.3	0.8	1.0	5.2
Equity in earnings of unconsolidated affiliates, net	(23.5)	1.4	(25.4)	1.5
Other (2)	1.8	(21.4)	55.9	1.5
Income tax effect (3)	(82.1)	(68.6)	(236.0)	(252.4)
Adjusted net income	$ 342.4	$ 302.6	$ 1,344.4	$ 1,146.8
Adjusted net income attributable to noncontrolling interest (4)	(1.1)	—	(2.0)	—
Adjusted net income attributable to SS&C common stockholders	$ 341.3	$ 302.6	$ 1,342.4	$ 1,146.8
Adjusted diluted earnings per share attributable to SS&C common stockholders	$ 1.28	$ 1.13	$ 5.02	$ 4.30
GAAP diluted earnings per share attributable to SS&C common stockholders	$ 0.94	$ 0.74	$ 2.99	$ 2.35
Diluted weighted-average shares outstanding	267.0	268.1	267.3	266.6

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, 2021 and 2020, respectively, has been used to adjust the provision for income taxes for the purpose of computing adjusted net income.
4) On July 15, 2021, we entered into a joint venture named DomaniRx, LLC in which we are the majority interest holder and primary beneficiary. As such, we consolidate DomaniRx, LLC as a variable interest entity. Adjusted net income attributable to noncontrolling interest represents adjusted net income based on the ownership interest retained by the respective noncontrolling parties.

SS&C

SMART PEOPLE
SUPERB TECHNOLOGY