

# **Second Quarter 2020 Results**

August 4, 2020

# Forward Looking Statement and Explanatory Note

Statements contained in this presentation regarding the growth and prospects of the business, the Company's projected 2020 financial results, long-term objectives and all other statements in this presentation other than recitation of historical facts are forward looking statements (as defined in the Private Securities Litigation Reform Act of 1995). Such forward looking statements involve known and unknown risks, uncertainties and other factors, which are currently, or in the future could be, amplified by the COVID-19 pandemic. Consequently, actual results may differ materially from those expressed or implied thereby.

Factors that could cause actual results to differ materially include, but are not limited to, uncertainty of the magnitude, duration, geographic reach and impact on the global economy of the COVID-19 pandemic; the current, and uncertain future, impact of the COVID-19 crisis and governments' responses to it on our business, growth, reputation, projections, prospects, financial condition, operations, cash flows, and liquidity; the adequacy or effectiveness or steps we take to respond to the crisis, including cost reduction or other mitigation programs; our ability to recover potential claims under our event cancellation insurance; the ability to achieve and effectively manage growth, including the ability to integrate our acquisitions, and consummate and integrate future acquisitions; the ability to pay Gartner's debt obligations, the ability to maintain and expand Gartner's products and services; the ability to expand or retain Gartner's customer base; the ability to grow or sustain revenue from individual customers; the ability to attract and retain a professional staff of research analysts and consultants as well as experienced sales personnel upon whom Gartner is dependent; the ability to achieve continued customer renewals and achieve new contract value, backlog and deferred revenue growth in light of competitive pressures; the ability to carry out Gartner's strategic initiatives and manage associated costs; the ability to successfully compete with existing competitors and potential new competitors; the ability to enforce and protect our intellectual property rights; additional risks associated with international operations including foreign currency fluctuations; the U.K.'s exit from the European Union and its impact on our results; the impact of restructuring and other charges on Gartner's businesses and operations; cybersecurity incidents; general economic conditions; changes in macroeconomic and market conditions and market volatility (including developments and volatility arising from the COVID-19 pandemic), including interest rates and the effect on the credit markets and access to capital; risks associated with the creditworthiness, budget cuts and shutdown of governments and agencies; the impact of changes in tax policy and heightened scrutiny from various taxing authorities globally; uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; changes to laws and regulations; and other risks listed from time to time in Gartner's reports filed with the Securities and Exchange Commission, including Gartner's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Non-GAAP financial measures such as Adj. EBITDA, Adj. EBITDA Margin, Adj. Net Income, Adj. EPS and Free Cash Flow, as included in this presentation, are supplemental measures that are not calculated in accordance with U.S. GAAP. Definitions of these measures and reconciliations to the most-directly comparable GAAP measures are included in the appendix.

**Unless otherwise indicated, or the content otherwise requires, all percentages indicated in this presentation are year-over-year growth rates.**

The Company's SEC filings can be found on Gartner's website at [investor.gartner.com](http://investor.gartner.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov). Forward looking statements included herein speak only as of August 4, 2020 and the Company disclaims any obligation to revise or update such statements to reflect events or circumstances after this date or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law or regulation.

Some totals may not add due to rounding.

# Contents

## Consolidated

---

<b>2Q 2020 Financial Results</b>	<a href="#">Page 4</a>
<b>Consolidated Financial Summary</b>	<a href="#">Page 5</a>
<b>Normalized P&amp;L (Non-GAAP)</b>	<a href="#">Page 6</a>

## Capital Allocation and Guidance

---

<b>Capital Structure and Allocation</b>	<a href="#">Page 12</a>
<b>2020 Guidance</b>	<a href="#">Page 13</a>

## Segment Results

---

<b>Research</b>	<a href="#">Page 7</a>
<b>Conferences</b>	<a href="#">Page 10</a>
<b>Consulting</b>	<a href="#">Page 11</a>

## Appendix

---

<b>Segment Results</b>	<a href="#">Page 15</a>
<b>2Q 2020 GAAP Financial Statements</b>	<a href="#">Pages 16 – 19</a>
<b>Definitions</b>	<a href="#">Pages 20 – 22</a>
<b>Non-GAAP Reconciliations</b>	<a href="#">Pages 23 – 27</a>

# 2Q 2020 Growth and Financial Results

## Contract Value

### Global Technology Sales (GTS)

**7.2%** \$2.8B

### Global Business Sales (GBS)

**6.6%\*** \$0.6B

### Total

**7.0%** \$3.4B

% increases above  
FX Neutral at 2020 rates

## Consolidated Results

### Revenue

**-9.1%** \$973M

FX Neutral: -7.6%

67% Contribution margin

### Adj. EBITDA

**4.0%** \$192M

FX Neutral: 6.0%

20% Adj. EBITDA margin

### Adj. EPS

**\$1.20**

### Free Cash Flow

**\$322M**

## Capital Allocation

**\$201M**

Repurchases: \$1M

Debt pay down: \$200M

Acquisitions: \$0M

## Research

### Revenue

**6.0%** \$875M

FX Neutral: 7.8%

72% Contribution margin

## Conferences

### Revenue

**-99.8%** \$0M

FX Neutral: -99.8%

nm Contribution margin

## Consulting

### Revenue

**-5.9%** \$97M

FX Neutral: -5.1%

34% Contribution margin

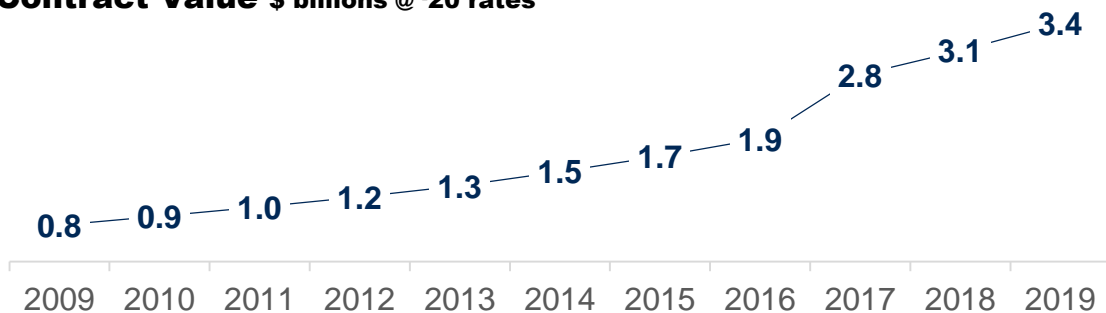
## Medium Term Guidance (unchanged)

GTS CV	GBS CV	Conferences	Consulting	Revenue	EBITDA	EPS	Free Cash Flow
12 - 16%	12 - 16%	5 - 10%	3 - 8%	≥ 10%	≥ Revenue Growth	≥ EBITDA Growth	≥ EBITDA Growth

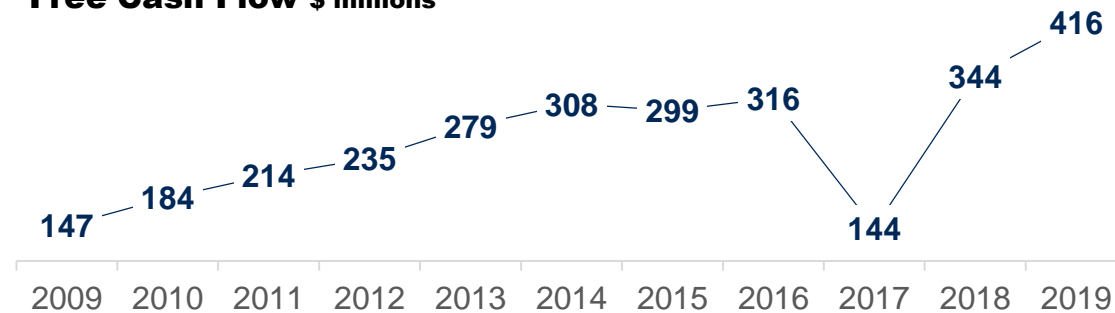
\*Increase in Organic Contract Value was 5.7%. Organic Contract Value eliminates the effects of the Company's 2019 acquisition of TOPO Research LLC.

# Consolidated Financial Summary

**Contract Value \$ billions @ '20 rates**



**Free Cash Flow \$ millions**



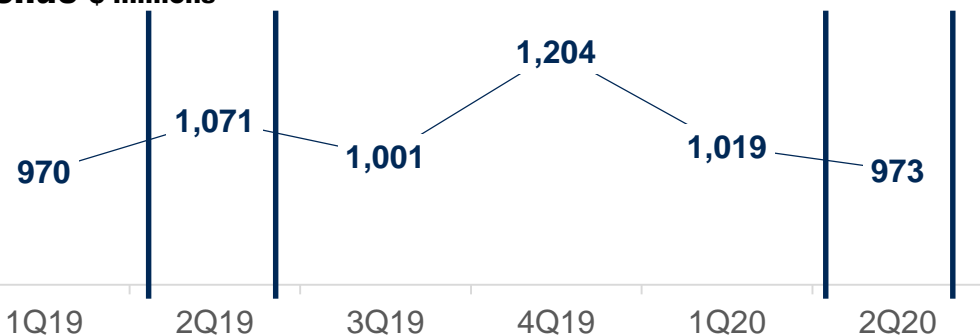
\$ in millions except  
shares and per share amounts

	1Q19	<b>2Q19</b>	3Q19	4Q19	1Q20	<b>2Q20</b>	2019
Revenue	970	<b>1,071</b>	1,001	1,204	1,019	<b>973</b>	4,246
YY Growth	7.9%	<b>9.3%</b>	10.0%	10.6%	5.0%	<b>-9.1%</b>	9.5%
Contribution	624	<b>683</b>	635	753	678	<b>651</b>	2,695
YY Growth	9.6%	<b>10.0%</b>	9.8%	10.6%	8.6%	<b>-4.7%</b>	10.0%
Contribution Margin	64.3%	<b>63.8%</b>	63.5%	62.5%	66.5%	<b>66.9%</b>	63.5%
Adj. EBITDA	142	<b>185</b>	140	218	214	<b>192</b>	684
YY Growth	-1.9%	<b>1.2%</b>	-6.3%	3.0%	50.8%	<b>4.0%</b>	-0.5%
Adj. EPS	0.58	<b>1.45</b>	0.70	1.18	1.20	<b>1.20</b>	3.90
Free Cash Flow	16	<b>188</b>	183	30	31	<b>322</b>	416
LTM Free Cash Flow	375	<b>411</b>	370	416	432	<b>566</b>	
YY Growth	121.6%	<b>71.9%</b>	6.1%	21.0%	15.3%	<b>37.6%</b>	21.0%
Avg. Diluted Shares	91.0	<b>91.2</b>	90.9	90.6	90.1	<b>89.8</b>	91.0

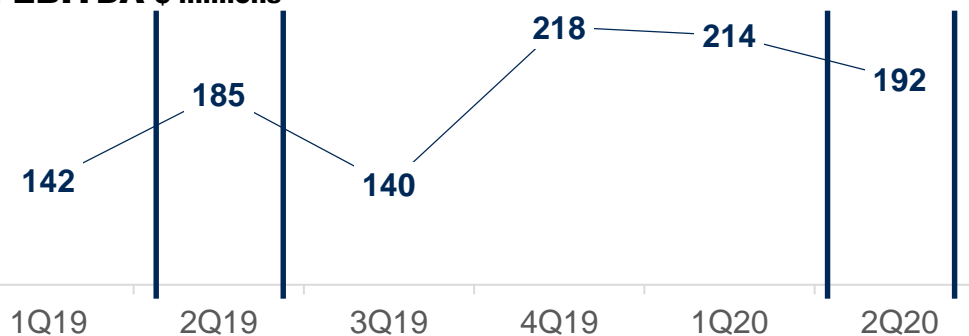
Contract Value includes both GTS and GBS values starting in 2017.

# Normalized P&L (Non-GAAP)

Revenue \$ millions



Adj. EBITDA \$ millions



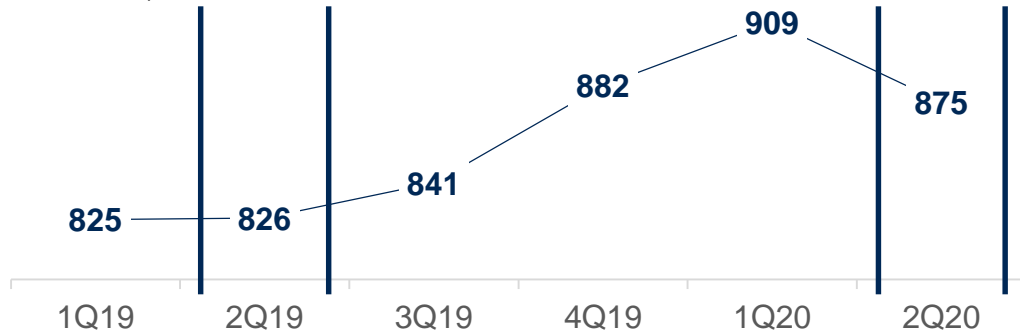
\$ millions, except shares and per share data

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2019
Revenue	970	<b>1,071</b>	1,001	1,204	1,019	<b>973</b>	4,246
Less Cost of Services	<u>347</u>	<b><u>388</u></b>	<u>365</u>	<u>451</u>	<u>341</u>	<b><u>323</u></b>	<u>1,551</u>
<b>Contribution</b>	<b>624</b>	<b>683</b>	<b>635</b>	<b>753</b>	<b>678</b>	<b>651</b>	<b>2,695</b>
Less SG&A	519	<b>515</b>	512	558	497	<b>495</b>	2,103
Plus Equity Comp	32	<b>13</b>	13	11	25	<b>16</b>	68
Plus Other Adjustments*	<u>5</u>	<b><u>4</u></b>	<u>4</u>	<u>11</u>	<u>7</u>	<b><u>21</u></b>	<u>24</u>
<b>Adj. EBITDA</b>	<b>142</b>	<b>185</b>	<b>140</b>	<b>218</b>	<b>214</b>	<b>192</b>	<b>684</b>
Less Equity Comp	32	<b>13</b>	13	11	25	<b>16</b>	68
Less Depreciation	20	<b>20</b>	21	21	23	<b>23</b>	82
Less Non-GAAP Interest, net	23	<b>23</b>	22	25	25	<b>27</b>	93
Less Other Expense (Income)	<u>0</u>	<b><u>0</u></b>	<u>1</u>	<u>-1</u>	<u>2</u>	<b><u>0</u></b>	<u>1</u>
Adjusted Pre-tax Income	66	<b>128</b>	83	161	140	<b>127</b>	438
Less Adjusted Tax	<u>13</u>	<b><u>-4</u></b>	<u>19</u>	<u>55</u>	<u>31</u>	<b><u>19</u></b>	<u>83</u>
Adjusted Net Income	53	<b>132</b>	64	106	108	<b>107</b>	355
<b>Adj. EPS</b>	<b>0.58</b>	<b>1.45</b>	<b>0.70</b>	<b>1.18</b>	<b>1.20</b>	<b>1.20</b>	<b>3.90</b>

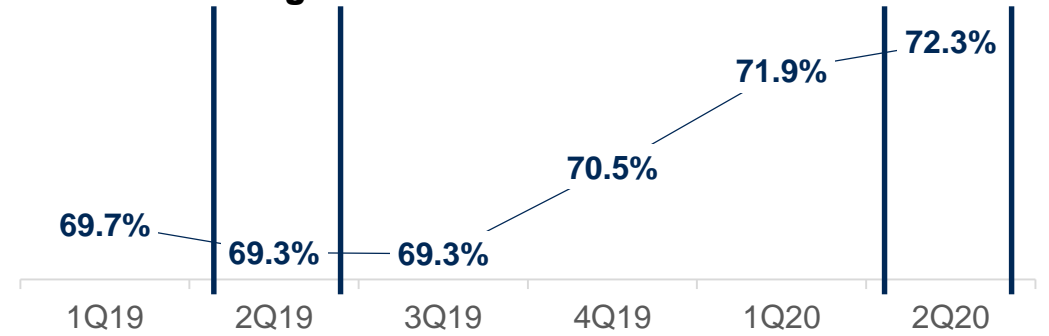
\* Consists of incremental and directly-related charges related to acquisitions, workforce reductions and other nonrecurring items.

# Research Segment

Revenue \$ millions



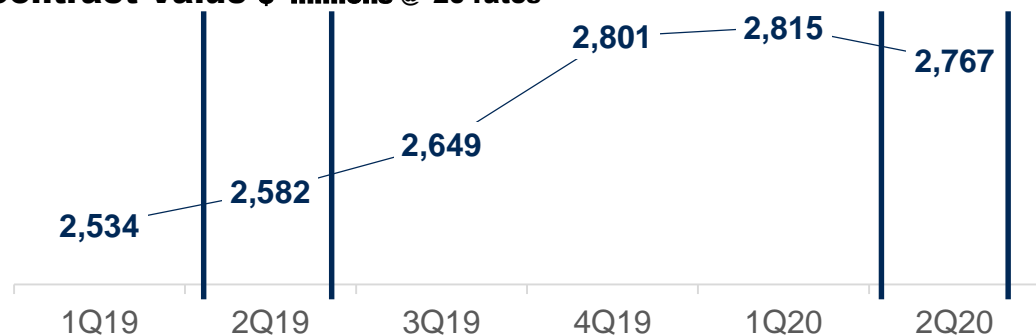
Contribution Margin



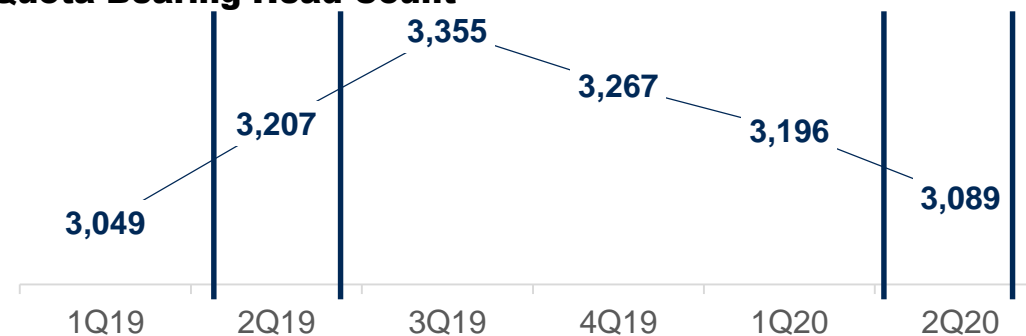
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2019
Revenue (\$ millions)	825	<b>826</b>	841	882	909	<b>875</b>	3,375
Y/Y Growth	7.7%	<b>7.7%</b>	9.1%	10.8%	10.2%	<b>6.0%</b>	8.8%
Contribution (\$ millions)	575	<b>572</b>	583	622	653	<b>633</b>	2,352
Y/Y Growth	7.5%	<b>7.8%</b>	9.3%	14.3%	13.6%	<b>10.5%</b>	9.7%
Contribution Margin	69.7%	<b>69.3%</b>	69.3%	70.5%	71.9%	<b>72.3%</b>	69.7%
Contract Value (\$ billions)	3.1	<b>3.2</b>	3.3	3.4	3.5	<b>3.4</b>	3.4
Y/Y FX Neutral Growth	11.3%	<b>11.0%</b>	11.1%	11.7%	10.6%	<b>7.0%</b>	11.7%

# Research: Global Technology Sales

**Contract Value \$ millions @ '20 rates**



**Quota-Bearing Head Count**



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2019
Contract Value (\$ millions)	2,534	<b>2,582</b>	2,649	2,801	2,815	<b>2,767</b>	2,801
Contract Value FX Neutral Growth	14.3%	<b>13.6%</b>	13.2%	12.3%	11.1%	<b>7.2%</b>	12.3%
Net Contract Value Increase (NCVI, \$ millions)	318	<b>308</b>	309	307	281	<b>185</b>	307
Quota Bearing Head Count	3,049	<b>3,207</b>	3,355	3,267	3,196	<b>3,089</b>	3,267
YY Growth	11.0%	<b>14.5%</b>	13.5%	5.3%	4.8%	<b>-3.7%</b>	5.3%
Productivity (\$ thousands)	116	<b>110</b>	104	99	92	<b>58</b>	99
YY Growth	9.2%	<b>2.2%</b>	-4.0%	-13.3%	-20.5%	<b>-47.7%</b>	-13.3%
Client Enterprises	12,821	<b>12,739</b>	12,728	13,077	12,826	<b>12,381</b>	13,077
Contract Value / Enterprise (\$ thousands)	198	<b>203</b>	208	214	219	<b>223</b>	214
Wallet Retention	105.5%	<b>104.9%</b>	104.7%	104.2%	103.5%	<b>100.2%</b>	104.2%
Client Retention	82.2%	<b>82.2%</b>	81.7%	81.9%	81.7%	<b>79.6%</b>	81.9%

Note: All numbers are shown at 2020 FX rates where applicable. Enterprises that are clients of both GTS and GBS appear in both counts.

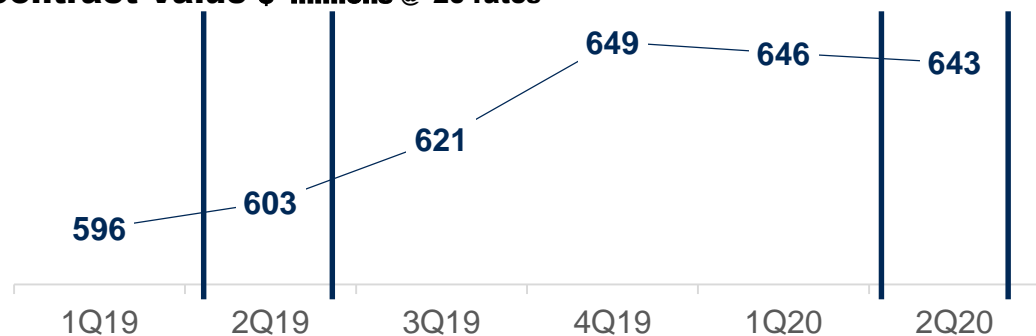
NCVI, or net change in contract value, and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount.

8 © 2020 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates.

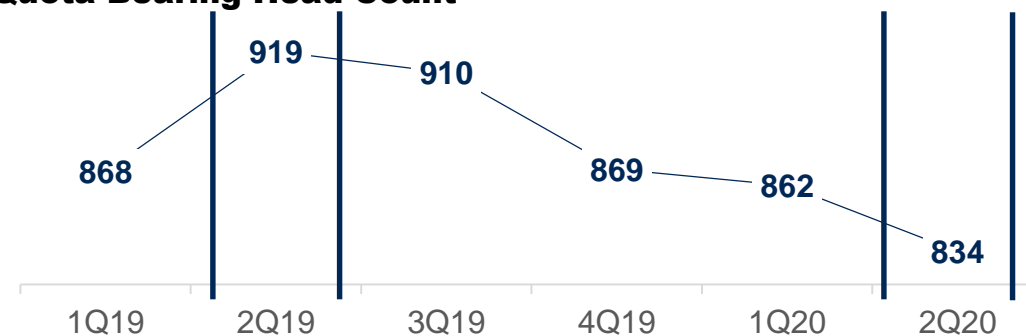


# Research: Global Business Sales

**Contract Value \$ millions @ '20 rates**



**Quota-Bearing Head Count**



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2019
Contract Value (\$ millions)	596	<b>603</b>	621	649	646	<b>643</b>	649
Contract Value FX Neutral Growth	-0.2%	<b>1.0%</b>	3.1%	9.0%	8.3%	<b>6.6%</b>	9.0%
Net Contract Value Increase (NCVI, \$ millions)	-1	<b>6</b>	19	54	50	<b>40</b>	54
Quota Bearing Head Count	868	<b>919</b>	910	869	862	<b>834</b>	869
YY Growth	21.4%	<b>23.5%</b>	19.0%	10.0%	-0.7%	<b>-9.2%</b>	10.0%
Productivity (\$ thousands)	-2	<b>8</b>	24	68	57	<b>43</b>	68
YY Growth	-102.4%	<b>-79.7%</b>	-37.3%	366.6%	nm	<b>421.6%</b>	366.6%
Client Enterprises	5,254	<b>5,173</b>	5,143	5,130	5,025	<b>4,789</b>	5,130
Contract Value / Enterprise (\$ thousands)	113	<b>117</b>	121	126	128	<b>134</b>	126
Wallet Retention	94.1%	<b>94.8%</b>	96.7%	101.3%	101.1%	<b>100.0%</b>	101.3%
Client Retention	81.3%	<b>80.8%</b>	81.1%	82.4%	83.0%	<b>82.5%</b>	82.4%

Note: All numbers are shown, at 2020 FX rates where applicable. Enterprises that are clients of both GTS and GBS appear in both counts.

NCVI, or net change in contract value, and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount.

Contract value from the Company's 2019 acquisition of TOPO Research LLC is included in 4Q19 through 2Q20.

9 © 2020 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates.

# Conferences Segment

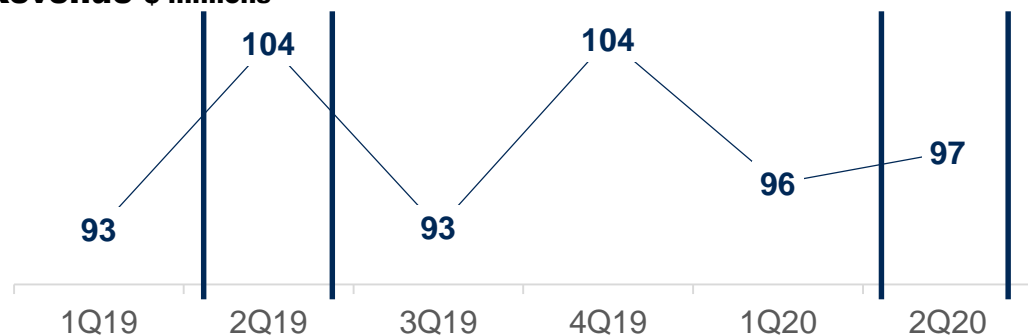
- Gartner's highest priority is the health and safety of our associates, clients, vendors, partners, and other stakeholders
- Cancelled all destination conferences scheduled for remainder of 2020
- Pivoting to virtual destination conferences for remainder of 2020
- Held 3 virtual destination conference pilots
- Single, local one day conferences primarily pivoted to virtual

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2019
Revenue	52	141	66	217	14	0	477
Y/Y Growth	12.6%	26.9%	16.0%	11.0%	-73.3%	-99.8%	16.2%
Contribution (\$ millions)	19	81	27	115	-6	-11	242
Y/Y Growth	16.5%	26.9%	9.7%	12.0%	-132.1%	-113.9%	16.6%
Contribution Margin	36.3%	57.1%	41.4%	52.8%	-43.7%	nm	50.7%
Destination Conferences (#)	12	27	18	15	5	0	72
Destination Conference Attendees (#)	11,530	26,416	14,739	33,065	3,364	0	85,750
Same Conference Revenue Growth	12.5%	18.7%	17.0%	7.8%	3.2%	-100.0%	12.7%
Same Conference Attendee Growth	6.1%	17.7%	9.4%	0.7%	1.2%	nm	7.6%

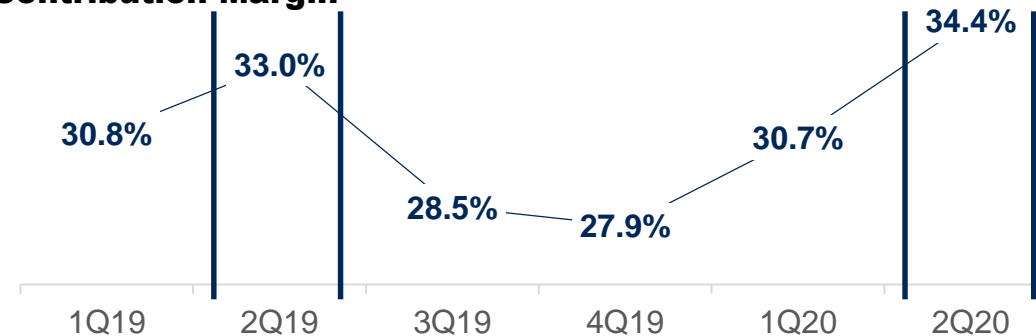
Same Conference Revenue Growth is shown at actual rates.

# Consulting Segment

Revenue \$ millions



Contribution Margin



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2019
Revenue (\$ millions)	93	<b>104</b>	93	104	96	<b>97</b>	394
Y/Y Growth	12.4%	<b>7.5%</b>	18.4%	8.7%	2.8%	<b>-5.9%</b>	11.4%
Contribution (\$ millions)	29	<b>34</b>	27	29	29	<b>34</b>	118
Y/Y Growth	19.0%	<b>1.6%</b>	44.1%	10.1%	2.3%	<b>-2.0%</b>	15.5%
Contribution Margin	30.8%	<b>33.0%</b>	28.5%	27.9%	30.7%	<b>34.4%</b>	30.1%
Labor Revenue (\$ millions)	79	<b>79</b>	78	80	81	<b>69</b>	316
Y/Y Growth	6.7%	<b>2.5%</b>	11.2%	9.0%	3.2%	<b>-13.2%</b>	7.3%
Contract Optimization Revenue (\$ millions)	14	<b>25</b>	16	23	14	<b>29</b>	78
Y/Y Growth	59.6%	<b>26.6%</b>	73.9%	6.8%	1.0%	<b>17.6%</b>	31.9%
Backlog (\$ millions)	108	<b>111</b>	109	116	110	<b>99</b>	116
Y/Y Growth	6.7%	<b>6.5%</b>	3.0%	6.7%	1.3%	<b>-10.5%</b>	6.7%
Billable Head Count	739	<b>773</b>	809	815	808	<b>796</b>	784
Y/Y Growth	6.5%	<b>8.8%</b>	11.2%	10.4%	9.3%	<b>3.0%</b>	9.2%
Utilization Rate	69.1%	<b>63.3%</b>	57.0%	60.3%	62.2%	<b>59.3%</b>	62.3%
Y/Y Change (bps)	366	<b>-352</b>	-231	-104	-687	<b>-399</b>	-84

Note: Backlog is at 2020 FX rates where applicable.

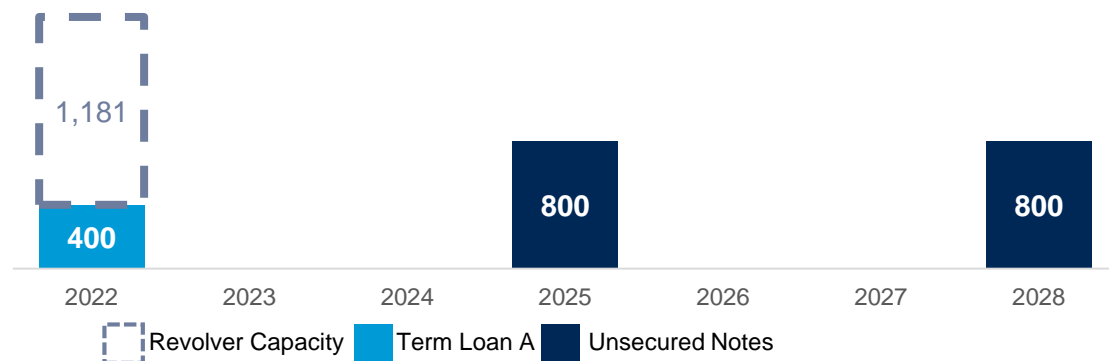
# Capital Structure and Allocation

## Capital Market Activity

- Amended covenants in credit facility to provide additional leverage flexibility
- Issued \$800M of new 8 year HY Senior Unsecured notes
- Repaid \$1B of Revolver and Term Loan A, using bond proceeds plus \$0.2B in cash
- Interest rate swaps expire 2022 (\$700M) and 2025 (\$700M)
- June 30<sup>th</sup> cash balance was \$357M and total liquidity was \$1.5B

Leverage Ratios*	As of	Bank
	June 30 2020	Covenant
Consolidated Leverage Ratio	2.76x	≤ 5.0x
Consolidated Secured Leverage Ratio	0.58x	≤ 3.75x
Interest Expense Ratio	7.25x	≥ 3.25x

## Debt Maturity Profile \$ millions



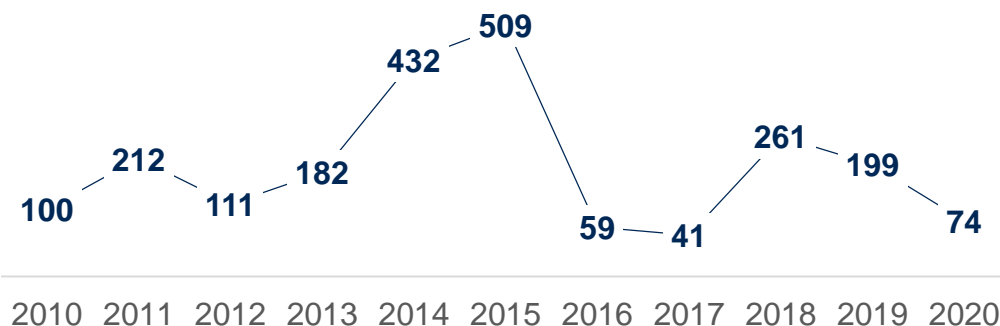
Debt \$ billions	6/30/2020	Rate <sup>(1)</sup>
Revolver	0.0	LIBOR + 150
TLA	0.4	LIBOR + 150
2025 Bonds	0.8	5.13%
2028 Bonds	0.8	4.50%
<b>Total Debt</b>	<b>2.0</b>	<b>5.57%</b>

Revolver Unused Capacity	1.2	25 bps
Interest Rate Swaps	1.4	2.59%
% Debt With Fixed Rates	100%	

<sup>(1)</sup> Floating and total rates reflect LIBOR and spread as of date shown

Note: Interest Rate Swaps are dependent on LIBOR rates.

## Share Repurchases \$ millions



**\$681M repurchase authorization remaining as of 6/30/2020 of \$1.2B plan**

\* Terms are defined in 2016 Credit Agreement.

# 2020 Guidance

\$ in millions, except per share amounts; shares in millions

## 2020 Revised Guidance

	As of May 7, 2020 <sup>1</sup> At Least:	Guidance Update	As of August 4, 2020 <sup>1</sup> At Least:	FX Update	With FX Update As of August 4, 2020 <sup>2</sup> At Least:
Research Revenue	3,425	20	3,445	35	3,480
Conferences Revenue	35	-	35	-	35
Consulting Revenue	350	10	360	5	365
Total Revenue	3,810	30	3,840	40	3,880
Adj. EBITDA	625	-	625	10	635
Adj. EPS	\$3.00	-	\$3.00	\$0.08	\$3.08
Free Cash Flow	300	120	420	5	425

### Guidance Inputs: Balance of the Year

- Research reflects a continuation of late March and 2<sup>nd</sup> quarter new business and retention trends
- No Conferences held for remainder of 2020
- Consulting down 10 - 15%

## Additional 2020 Guidance

Depreciation & Amortization	Interest Expense, net	Stock-based Compensation	Effective Tax Rate	Shares	Capital Expenditures
~ 96 ~ 125	~ 118 GAAP & ~ 108 Adj.	~ 77	~ 21% GAAP ~ 22% Adj.	~ 90	~ 100

<sup>1</sup>Based on May 2020 FX rates.

<sup>2</sup>Based on July 2020 FX rates.

Adj. Interest Expense, net excludes certain deferred financing fees.

# Appendix

# Segment Results Summary

\$ millions	2Q20			Consolidated
	Research	Conferences	Consulting	
Revenues	875.3	0.3	97.5	973.1
Gross Contribution	632.6	(11.2)	33.5	655.0
<b>Cost of services and product development - unallocated <sup>(a)</sup></b>				(4.0)
<b>Contribution</b>				<b>651.0</b>

\$ millions	2Q19			Consolidated
	Research	Conferences	Consulting	
Revenues	826.1	141.2	103.7	1,070.9
Gross Contribution	572.3	80.6	34.2	687.1
<b>Cost of services and product development - unallocated <sup>(a)</sup></b>				(4.0)
<b>Contribution</b>				<b>683.1</b>

<sup>(a)</sup> The unallocated amounts consist of certain bonus and fringe costs recorded in consolidated Cost of services and product development that are not allocated to segment expense. The Company's policy is to allocate bonuses to segments at 100% of a segment employee's target bonus. Amounts above or below 100% are absorbed by corporate.

**2Q 2020  
GAAP  
Financial  
Statements**



# Condensed Consolidated Balance Sheets

	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 356.6	\$ 280.8
Fees receivable, net	1,048.5	1,326.0
Deferred commissions	231.2	265.9
Prepaid expenses and other current assets	130.9	146.0
Total current assets	1,767.2	2,018.7
Property, equipment and leasehold improvements, net	343.5	344.7
Operating lease right-of-use assets	668.5	702.9
Goodwill	2,935.6	2,937.7
Intangible assets, net	847.4	925.1
Other assets	248.1	222.2
<b>Total Assets</b>	<b>\$ 6,810.3</b>	<b>\$ 7,151.3</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 736.0	\$ 788.8
Deferred revenues	1,765.3	1,928.0
Current portion of long-term debt	38.0	139.7
Total current liabilities	2,539.3	2,856.5
Long-term debt, net of deferred financing fees	1,937.3	2,043.9
Operating lease liabilities	802.1	832.6
Other liabilities	540.4	479.7
<b>Total Liabilities</b>	<b>5,819.1</b>	<b>6,212.7</b>
<b>Total Stockholders' Equity</b>	<b>991.2</b>	<b>938.6</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 6,810.3</b>	<b>\$ 7,151.3</b>

(Unaudited; in millions)

# Condensed Consolidated Statements of Operations

	Three Months Ended June 30,	
	2020	2019
Revenues:		
Research	\$ 875.3	\$ 826.1
Conferences	0.3	141.2
Consulting	97.5	103.6
Total revenues	973.1	1,070.9
Costs and expenses:		
Cost of services and product development	322.5	388.0
Selling, general and administrative	494.8	515.0
Depreciation	22.7	20.1
Amortization of intangibles	31.2	32.2
Acquisition and integration charges (credits)	2.2	(0.4)
Total costs and expenses	873.4	954.9
Operating income	99.7	116.0
Interest expense, net	(30.3)	(24.8)
Other expense, net	(10.4)	(0.2)
Income before income taxes	59.0	91.0
Provision (benefits) for income taxes	3.9	(12.4)
Net income	\$ 55.1	\$ 103.4
Net income per share:		
Basic	\$ 0.62	\$ 1.15
Diluted	\$ 0.61	\$ 1.13
Weighted average shares outstanding:		
Basic	89.3	90.1
Diluted	89.8	91.2

(Unaudited; in millions, except per share amounts)

# Condensed Consolidated Statements of Cash Flows

	Three Months Ended June 30,	
	2020	2019
<b>Operating activities:</b>		
Net income	\$ 55.1	\$ 103.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	53.9	52.3
Stock-based compensation expense	15.7	13.1
Deferred taxes	(27.4)	(23.9)
Reduction in the carrying amount of operating lease right-of-use assets	20.4	21.6
Amortization and write-off of deferred financing fees	3.8	1.6
Amortization of deferred swap losses from de-designation	10.3	-
Changes in assets and liabilities, net of divestitures:		
Fees receivable, net	125.5	62.5
Deferred commissions	13.7	18.9
Prepaid expenses and other current assets	26.9	7.8
Other assets	(6.9)	(21.0)
Deferred revenues	(123.4)	(37.8)
Accounts payable and accrued and other liabilities	175.6	29.0
<b>Cash provided by operating activities</b>	<b>343.2</b>	<b>227.5</b>
<b>Investing activities:</b>		
Additions to property, equipment and leasehold improvements	(21.3)	(39.4)
<b>Cash used in investing activities</b>	<b>(21.3)</b>	<b>(39.4)</b>
<b>Financing activities:</b>		
Proceeds from employee stock purchase plan	4.1	4.0
Proceeds from borrowings	800.0	-
Payments for deferred financing fees	(10.5)	-
Proceeds from revolving credit facility	300.0	-
Payments on revolving credit facility	(475.0)	-
Payments on borrowings	(825.2)	(121.0)
Purchases of treasury stock	(0.7)	(1.7)
<b>Cash used in financing activities</b>	<b>(207.3)</b>	<b>(118.7)</b>
<b>Net Increase in cash and cash equivalents</b>	<b>114.6</b>	<b>69.4</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>14.1</b>	<b>(0.2)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>227.9</b>	<b>149.3</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 356.6</b>	<b>\$ 218.5</b>

(Unaudited; in millions)

# Definitions

**Adjusted EBITDA and Adjusted EBITDA Margin:** Represents GAAP net income (loss) adjusted for: (i) interest expense, net; (ii) tax provision (benefit), as applicable; (iii) other expense/income, net; (iv) stock-based compensation expense; (v) depreciation, amortization, and accretion; (vi) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues, as applicable; (vii) acquisition and integration charges and certain other non-recurring items; and (viii) gain/loss on divestitures, as applicable. Adjusted EBITDA Margin represents Adjusted EBITDA divided by GAAP Revenue. We believe Adjusted EBITDA and Adjusted EBITDA Margin are important measures of our recurring operations as they exclude items not representative of our core operating results.

**Adjusted Net Income:** Represents GAAP net income (loss) adjusted for the impact of certain items directly related to acquisitions and other non-recurring items. These adjustments include: (i) the amortization of acquired intangibles; (ii) acquisition and integration charges and other non-recurring items; (iii) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues, as applicable; (iv) gain/loss on divestitures and other similar items, as applicable; (v) the non-cash gain/loss on de-designated interest rate swaps, as applicable; and (vi) the related tax effect, as applicable. We believe Adjusted Net Income is an important measure of our recurring operations as it excludes items that may not be indicative of our core operating results.

**Adjusted EPS:** Represents GAAP diluted EPS adjusted for the impact of certain items directly related to acquisitions and other non-recurring items. These adjustments include on a per share basis: (i) the amortization of acquired intangibles; (ii) acquisition and integration charges and other non-recurring items; (iii) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues, as applicable; (iv) the gain/loss on divestitures and other similar items, as applicable; (v) the non-cash gain/loss on de-designated interest rate swaps, as applicable; and (vi) the related tax effect, as applicable. We believe Adjusted EPS is an important measure of our recurring operations as it excludes items that may not be indicative of our core operating results.

**Free Cash Flow:** Represents cash provided by operating activities determined in accordance with GAAP less payments for capital expenditures. The definition of Free Cash Flow no longer excludes acquisition and other non-recurring items as we believe this change better captures actual cash generated in the period for capital allocation. We believe Free Cash Flow is an important measure of the recurring cash generated by the Company's core operations that may be available to be used to repay debt obligations, repurchase our stock, invest in future growth through new business development activities, or make acquisitions.

**Foreign Currency Neutral (FX Neutral):** We provide foreign currency neutral dollar amounts and percentages for our contract values, revenues, certain expenses, and other metrics. These foreign currency neutral dollar amounts and percentages eliminate the effects of exchange rate fluctuations and thus provide a more accurate and meaningful trend in the underlying data being measured. We calculate foreign currency neutral dollar amounts by converting the underlying amounts in local currency for different periods into U.S. dollars by applying the same foreign exchange rates to all periods presented.

**Non-GAAP Interest:** Interest expense, net excluding amortization of certain deferred financing fees. .

# Definitions of Key Metrics/Calculations

## Segment

## Business Measurements

### Research

**Total contract value** represents the value attributable to all of our subscription-related contracts. It is calculated as the annualized value of all contracts in effect at a specific point in time, without regard to the duration of the contract. Total contract value primarily includes Research deliverables for which revenue is recognized on a ratable basis, as well as other deliverables (primarily Conferences tickets) for which revenue is recognized when the deliverable is utilized. Comparing contract value year-over-year not only measures the short-term growth of our business, but also signals the long-term health of our Research subscription business since it measures revenue that is highly likely to recur over a multi-year period. Our total contract value consists of Global Technology Sales contract value, which includes sales to users and providers of technology, and Global Business Sales contract value, which includes sales to all other functional leaders.

**Client retention rate** represents a measure of client satisfaction and renewed business relationships at a specific point in time. Client retention is calculated on a percentage basis by dividing our current clients, who were also clients a year ago, by all clients from a year ago. Client retention is calculated at an enterprise level, which represents a single company or customer.

**Wallet retention rate** represents a measure of the amount of contract value we have retained with clients over a twelvemonth period. Wallet retention is calculated on a percentage basis by dividing the contract value of our current clients, who were also clients a year ago, by the total contract value from a year ago, excluding the impact of foreign currency exchange. When wallet retention exceeds client retention, it is an indication of retention of higher-spending clients, or increased spending by retained clients, or both. Wallet retention is calculated at an enterprise level, which represents a single company or customer.

**Attrition** represents the dollar amount of contract value lost on renewal transactions during the measurement period.

**New business growth** represents the dollar amount of incremental contract value signed with both existing and new clients during the measurement period.

# Definitions of Key Metrics/Calculations

## Segment

## Business Measurements

### Conferences

**Number of destination conferences** represents the total number of hosted conferences completed during the period. Single day, local meetings are excluded.

**Number of destination attendees** represents the total number of people who attend conferences. Single day, local meetings are excluded.

### Consulting

**Consulting backlog** represents future revenue to be derived from in-process consulting and measurement engagements.

**Utilization rate** represents a measure of productivity of our consultants. Utilization rates are calculated for billable headcount on a percentage basis by dividing total hours billed by total hours available to bill.

**Billing rate** represents earned billable revenue divided by total billable hours.

# **Non-GAAP Reconciliations**

# Non-GAAP Reconciliations

\$ millions

<b>Reconciliation - Net Income to Adjusted EBITDA:</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>
<b>Net income</b>	20.8	103.4	41.4	67.7	75.1	55.1
Interest expense, net	24.8	24.7	24.1	26.1	26.3	30.3
Loss on divested operations <sup>(a)</sup>	2.1	-	-	-	-	-
Other (income) expense, net <sup>(b)</sup>	0.8	0.2	(8.0)	(0.6)	1.5	10.4
Tax provision (benefit)	0.3	(12.4)	11.7	42.9	21.8	3.9
<b>Operating income</b>	<b>48.8</b>	<b>116.0</b>	<b>69.1</b>	<b>136.1</b>	<b>124.7</b>	<b>99.7</b>
<b>Adjustments:</b>						
Stock-based compensation expense <sup>(c)</sup>	31.7	13.0	13.0	11.1	25.1	15.7
Depreciation, accretion, and amortization <sup>(d)</sup>	53.6	52.4	52.5	53.8	54.9	54.1
Amortization of pre-acquisition deferred revenues <sup>(e)</sup>	-	-	-	0.3	-	-
Acquisition and integration charges and other nonrecurring items <sup>(f)</sup>	7.6	3.3	5.0	16.6	8.9	22.6
<b>Adjusted EBITDA</b>	<b>141.6</b>	<b>184.6</b>	<b>139.6</b>	<b>217.9</b>	<b>213.6</b>	<b>192.1</b>

## Reconciliation - Cash Provided by Operating Activities

<b>to Free Cash Flow (a):</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	
<b>Cash provided by operating activities</b>	161.9	205.5	255.6	279.8	315.7	346.8	345.6	365.6	254.5	
Less: cash paid for capital expenditures	(15.1)	(21.7)	(42.0)	(44.3)	(36.5)	(38.5)	(46.1)	(49.9)	(110.8)	
<b>Free Cash Flow</b>	<b>146.8</b>	<b>183.8</b>	<b>213.6</b>	<b>235.5</b>	<b>279.2</b>	<b>308.3</b>	<b>299.4</b>	<b>315.8</b>	<b>143.8</b>	
<i>Cash paid for acquisition, integration, and other non-recurring items</i>	-	8.0	-	1.4	1.1	3.7	17.0	31.4	120.9	
	<b>1Q18</b>	<b>2Q18</b>	<b>3Q18</b>	<b>4Q18</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>
<b>Cash provided by operating activities</b>	2.7	174.0	249.3	45.1	35.6	227.5	219.5	82.8	55.7	343.2
Less: cash paid for capital expenditures	(17.7)	(22.4)	(24.5)	(62.2)	(20.1)	(39.4)	(36.2)	(53.3)	(24.5)	(21.3)
<b>Free Cash Flow</b>	<b>(15.0)</b>	<b>151.6</b>	<b>224.8</b>	<b>(17.1)</b>	<b>15.5</b>	<b>188.1</b>	<b>183.3</b>	<b>29.5</b>	<b>31.2</b>	<b>321.9</b>
<i>Cash paid for acquisition, integration, and other non-recurring items</i>	42.1	31.4	25.8	24.5	19.6	8.5	6.9	10.5	9.6	10.6

- (a) Consists of net gain or loss from divestitures of non-core businesses.
- (b) Consists of the non-cash loss on de-designated interest rate swaps as a result of the prepayment of \$787.9 million under the Term A loan facility and all amounts outstanding under the Revolving credit facility on June 30, 2020.
- (c) Consists of charges for stock-based compensation awards.
- (d) Includes depreciation expense, amortization of intangibles, and accretion on asset retirement obligations.
- (e) Consists of the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues. The majority of the pre-acquisition deferred revenue is recognized ratably over the remaining period of the underlying revenue contract.
- (f) Consists of incremental and directly-related charges related to acquisitions, workforce reductions and other non-recurring items.

- (a) Free cash flow is based on cash provided by operating activities determined in accordance with GAAP less payments for capital expenditures.

Numbers may differ from other presentations due to rounding.



# Non-GAAP Reconciliations

\$ millions

<b>Reconciliation - GAAP Net Income to Adjusted Net Income <sup>(a)</sup>:</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>
<b>GAAP net income</b>	20.8	103.4	41.4	67.7	75.1	55.1
Acquisition and other adjustments:						
Amortization of acquired intangibles <sup>(b)</sup>	33.7	32.2	31.7	32.2	32.2	31.2
Amortization of pre-acquisition deferred revenues <sup>(c)</sup>	-	-	-	0.3	-	-
Acquisition and integration charges and other nonrecurring items <sup>(d)</sup>	9.2	4.9	6.8	18.2	10.5	26.4
Fair value adjustment - equity security <sup>(e)</sup>	-	-	(9.1)	-	-	-
Loss on divested operations <sup>(f)</sup>	2.1	-	-	-	-	-
Loss on de-designated interest rate swaps <sup>(g)</sup>	-	-	-	-	-	10.3
Tax impact of adjustments	(12.8)	(8.6)	(7.1)	(11.9)	(9.6)	(15.5)
<b>Adjusted net income</b>	<b>52.9</b>	<b>131.9</b>	<b>63.7</b>	<b>106.5</b>	<b>108.2</b>	<b>107.5</b>
Diluted shares	91.0	91.2	90.9	90.6	90.1	89.8
<b>Adjusted EPS</b>	<b>0.58</b>	<b>1.45</b>	<b>0.70</b>	<b>1.18</b>	<b>1.20</b>	<b>1.20</b>

## Reconciliation - GAAP Net Income to Adjusted Net Income <sup>(a)</sup>

<b>per share:</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>
<b>GAAP net income</b>	0.23	1.13	0.46	0.75	0.83	0.61
Acquisition and other adjustments:						
Amortization of acquired intangibles <sup>(b)</sup>	0.37	0.35	0.35	0.36	0.36	0.35
Amortization of pre-acquisition deferred revenues <sup>(c)</sup>	-	-	-	-	-	-
Acquisition and integration charges and other nonrecurring items <sup>(d)</sup>	0.10	0.05	0.08	0.20	0.12	0.29
Fair value adjustment - equity security <sup>(e)</sup>	-	-	(0.10)	-	-	-
Loss on divested operations <sup>(f)</sup>	0.02	-	-	-	-	-
Loss on de-designated interest rate swaps <sup>(g)</sup>	-	-	-	-	-	0.11
Tax impact of adjustments	(0.14)	(0.09)	(0.08)	(0.13)	(0.11)	(0.17)
Rounding	-	0.01	(0.01)	-	-	-
<b>Adjusted net income</b>	<b>0.58</b>	<b>1.45</b>	<b>0.70</b>	<b>1.18</b>	<b>1.20</b>	<b>1.20</b>

- (a) Adj. net income represents GAAP net income adjusted for the impact of certain items directly related to acquisitions and other non-recurring items.
- (b) Consists of non-cash amortization charges from acquired intangibles.
- (c) Consists of the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues. The majority of the pre-acquisition deferred revenue is recognized ratably over the remaining period of the underlying revenue contract.
- (d) Consists of incremental and directly-related charges related to acquisitions, workforce reductions and other nonrecurring items. Includes the amortization and write-off of deferred financing fees, which are recorded in Interest expense, net in the Consolidated Statements of Operations and in the Adj. EBITDA on the prior page.
- (e) Represents unrealized appreciation related to a minority equity investment that the Company sold in October 2019. Such benefit was recorded in Other income/expense, net in the Company's Condensed Consolidated Statements of Operations and in the Adjusted EBITDA on the prior page.
- (f) Consists of net gain or loss from divestitures of non-core businesses.
- (g) Consists of the non-cash loss on de-designated interest rate swaps as a result of the prepayment of \$787.9 million under the Term A loan facility and all amounts outstanding under the Revolving credit facility on June 30, 2020.

Numbers may differ from other presentations due to rounding.

25 © 2020 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates.



# Non-GAAP Reconciliations

\$ millions

## Reconciliation - Interest, net to Non-GAAP

<b>Interest:</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>
Interest, net	24.8	24.7	24.1	26.1	26.3	30.3
Less Non-GAAP Interest items <sup>(a)</sup>	(1.6)	(1.5)	(1.6)	(1.6)	(1.6)	(3.8)
Non-GAAP Interest, net	23.2	23.2	22.4	24.5	24.7	26.5

## Effective GAAP Tax Rate to Non-GAAP Tax

<b>Rate:</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>
GAAP Rate	1.2%	-13.6%	22.1%	38.8%	22.5%	6.6%
Acquisition and Other Adjustments	28.5%	23.1%	24.2%	23.5%	22.5%	22.8%
Adjusted Tax Rate	19.8%	-3.0%	22.8%	34.0%	22.5%	15.3%

(a) Non-GAAP Interest: Interest expense, net excluding amortization of deferred financing fees.

# Non-GAAP Reconciliations – 2020 Guidance

## Financial Outlook Reconciliation: GAAP Net Income to Adjusted EBITDA

(Unaudited; \$ in millions)	2020 Guidance
GAAP net income	≥ \$137
Interest Expense, net <sup>(a)</sup>	~ 118
Other expense, net <sup>(b)</sup>	~ 12
Tax provision	~ 36
Operating income	~ 303
<i>Adjustments</i>	
Stock-based compensation expense	~ 77
Depreciation, accretion, and amortization	~ 219
Acquisition and integration changes and other non-recurring items <sup>(c)</sup>	~ 36
Adjusted EBITDA	≥ \$635

<sup>(a)</sup> Assumes approximately \$9M of amortization of deferred financing fees, which is reported in interest expense, net in the Company's Consolidated Statement of Operations.

<sup>(b)</sup> Includes the \$10.3M non-cash loss on dedesignated interest rate swaps as a result of the prepayment of \$787.9M under the Term A loan facility and all amounts outstanding under the Revolving credit facility on June 30, 2020.

<sup>(c)</sup> Consists of incremental and directly-related charges related to acquisitions, workforce reductions, and other non-recurring items.

## Financial Outlook Reconciliation: GAAP Cash Provided by Operating Activities to Free Cash Flow

(Unaudited; \$ in millions)	2020 Guidance
GAAP cash provided by operating activities	≥ \$525
Capital Expenditures	~ (100)
Free Cash Flow	≥ \$425
<i>Acquisition, integration, and non-recurring payments <sup>(a)</sup></i>	~40

<sup>(a)</sup> No longer included in Free Cash Flow calculation.

## Financial Outlook Reconciliation: GAAP Diluted EPS to Adjusted EPS

(Unaudited)	2020 Guidance
GAAP Diluted EPS <sup>(a)</sup>	≥ \$1.52
<i>Adjustments (after-tax):</i>	
Amortization of acquired intangibles	~ 1.08
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ 0.39
Loss on de-designated interest rate swaps <sup>(c)</sup>	~ 0.09
Adjusted EPS <sup>(a)</sup>	≥ \$3.08

<sup>(a)</sup> GAAP Diluted EPS and Adjusted EPS are calculated based on approximately 90M of diluted shares for 2020.

<sup>(b)</sup> Consists of incremental and directly-related charges related to acquisitions, workforce reductions and other non-recurring items.

<sup>(c)</sup> Includes the \$10.3M non-cash loss on dedesignated interest rate swaps as a result of the prepayment of \$787.9M under the Term A loan facility and all amounts outstanding under the Revolving credit facility on June 30, 2020.