

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

February 5, 2019

GARTNER, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or Other Jurisdiction of
Incorporation)

1-14443

(Commission File Number)

04-3099750

(IRS Employer
Identification No.)

P.O. Box 10212

56 Top Gallant Road

Stamford, CT 06902-7747

(Address of Principal Executive Offices, including Zip Code)

(203) 316-1111

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter):

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act:

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 5, 2019, Gartner, Inc. (the "Company" or "Gartner") announced financial results for the three and twelve months ended December 31, 2018. A copy of the Company's Press Release is furnished herein as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 and in Exhibit 99.1 of this Current Report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 7.01. REGULATION FD DISCLOSURES.

Gartner has scheduled a webcast call at 8 a.m. Eastern time on Tuesday February 5, 2019 to discuss the Company's financial results for the fourth quarter of 2018. A slide presentation will also be available via the Internet by accessing the Company's website at <https://investor.gartner.com>. An audio replay of the webcast will also be available on the Company's website.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 of this Current Report on Form 8-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**(d) Exhibits**

| EXHIBIT NO. | DESCRIPTION |
|----------------------|--|
| 99.1 | Press Release issued February 5, 2019 with respect to financial results for Gartner, Inc. for the three and twelve months ended December 31, 2018. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Gartner, Inc.

Date: February 5, 2019

By: /s/ Craig W. Safian

Craig W. Safian
Executive Vice President and Chief Financial Officer

Gartner**Press Release**

Gartner Reports Fourth Quarter 2018 Financial Results
Total Contract Value \$3.2 Billion, +11% YoY FX Neutral

FOURTH QUARTER 2018 HIGHLIGHTS

- Revenues: \$1.1 billion, +7%; adjusted revenues excluding divested operations: \$1.1 billion, +10%, +12% foreign currency neutral.
- Net income: \$84 million; adjusted EBITDA excluding divested operations: \$211 million, +6%, +6% foreign currency neutral.
- Diluted EPS: \$0.92; adjusted EPS: \$1.20.
- Operating cash flow: \$45 million; free cash flow: \$7 million.
- Repurchased 1.1 million common shares for \$156 million.

FULL YEAR 2018 HIGHLIGHTS

- Revenues: \$4.0 billion, +20%; adjusted revenues excluding divested operations: \$3.9 billion, +13%, +12% foreign currency neutral.
- Net income: \$122 million; adjusted EBITDA excluding divested operations: \$687 million, +10%, +9% foreign currency neutral.
- Diluted EPS: \$1.33; adjusted EPS: \$3.79.
- Operating cash flow: \$471 million; free cash flow: \$468 million.
- Reduced outstanding debt by \$1.0 billion.
- Repurchased 1.9 million common shares for \$261 million.

2019 FINANCIAL OUTLOOK

The Company projects the following full year financial results:

- Revenues \$4.22 - \$4.32 billion.
- Net income \$238 - \$272 million; adjusted EBITDA \$720 - \$765 million.
- Diluted EPS \$2.65 - \$3.03; adjusted EPS \$3.82 - \$4.19.
- Operating cash flow \$542 - \$582 million; free cash flow \$455 - \$485 million.

STAMFORD, Conn., February 5, 2019 — Gartner, Inc. (NYSE: IT), the world's leading research and advisory company, today reported results for fourth quarter 2018 and provided guidance for full year 2019. Additional information regarding the Company's results is provided in an Earnings Supplement available on the Company's Investor Relations website at <https://investor.gartner.com>.

Gene Hall, Gartner's chief executive officer, commented, "In 2018, we delivered another year of double-digit revenue growth and strong results across our three segments. We continue to achieve sustained, free cash flow growth and have resumed our share repurchase program to return capital to shareholders. As we enter 2019, we're better positioned than ever to deliver indispensable value to leaders across every function in the enterprise."

CONFERENCE CALL INFORMATION

The Company will host a webcast call at 8:00 a.m. Eastern time on Tuesday, February 5, 2019 to discuss the Company's financial results. The call will be available via the Internet by accessing the Company's website at <http://investor.gartner.com> or by dialing 844-413-7151 (conference ID 3219098). A replay of the webcast will be available for approximately 30 days following the call on the Company's website.

CONSOLIDATED RESULTS HIGHLIGHTS

(\$ in millions, except per share data)

| | Three Months Ended | | Reported Change | FX Neutral Change |
|---|--------------------|----------|-----------------|-------------------|
| | December 31, | | | |
| | 2018 | 2017 | | |
| GAAP Metrics: | | | | |
| Revenues | \$ 1,089 | \$ 1,015 | 7 % | 9% |
| Net income | 84 | 107 | (21)% | na |
| Diluted EPS | 0.92 | 1.16 | (21)% | na |
| Operating cash flow | \$ 45 | \$ 22 | >100% | na |
| Non-GAAP Metrics: | | | | |
| Adjusted revenues excluding divested operations | \$ 1,088 | \$ 985 | 10 % | 12% |
| Adjusted EBITDA excluding divested operations | 211 | 200 | 6 % | 6% |
| Adjusted EPS | 1.20 | 1.17 | 3 % | na |
| Free cash flow | \$ 7 | \$ 14 | (50)% | na |

na=not available.

SEGMENT RESULTS HIGHLIGHTS

- Global Technology Sales Contract Value (GTS CV): \$2.6 billion, +14% YOY FX Neutral
- Global Business Sales Contract Value (GBS CV): \$0.6 billion, +1% YOY FX Neutral

The Company's segment results for the three months ended December 31, 2018 are as follows (Unaudited; \$ in millions) (a), (b):

| <u>GAAP revenue</u> | <u>Adjusted revenues excluding divested operations</u> |
|--|---|
| Research: \$797 million, +15%; +17% FX neutral. | Research: \$796 million, +9%; +11% FX neutral. |
| Conferences: \$196 million, +18%; +19% FX neutral. | Conferences: \$196 million, +16%; +18% FX neutral. |
| Consulting: \$96 million, +12%; +14% FX neutral. | Consulting: \$96 million, +12%; +14% FX neutral. |
| <u>GAAP gross contribution and contribution margin</u> | <u>Adjusted contribution and adjusted contribution - margin - excluding divested operations</u> |
| Research: \$545 million, +17%; 68% contribution margin. | Research: \$545 million, +9%; 68% contribution margin. |
| Conferences: \$103 million, +22%; 52% contribution margin. | Conferences: \$103 million, +19%; 52% contribution margin. |
| Consulting: \$26 million, +19%; 28% contribution margin. | Consulting: \$26 million, +19%; 28% contribution margin. |

(a) Our *Conferences* segment was previously called *Events*.

(b) The results of the Company's *Other* segment are not presented in the table since the Company divested all three of the non-core operations that comprised its *Other* segment during 2018. Additional information regarding our segment results are provided in the Earnings Supplement and on our webcast call.

Certain financial metrics contained in this Press Release are considered non-GAAP financial measures. Definitions of these non-GAAP financial measures are included in this Press Release under "Non-GAAP Financial Measures" and reconciliations under "Supplemental Information — Non-GAAP Reconciliations."

FINANCIAL OUTLOOK FOR 2019

Additional details regarding our 2019 financial outlook are available in the Earnings Supplement.

ANNUAL MEETING OF STOCKHOLDERS

Gartner will hold its 2019 Annual Meeting of Stockholders at 10:00 a.m. eastern time on Thursday, May 30, 2019 at the Company's offices in Stamford, Connecticut.

ABOUT GARTNER

Gartner, Inc. (NYSE: IT) is the world's leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their goals and build the successful organizations of tomorrow. We believe we have an unmatched combination of expert-led, practitioner-sourced and data-driven research that steers clients toward the right decisions on the issues that matter most. We're a trusted advisor and an objective resource for more than 15,000 organizations in more than 100 countries — across all major functions, in every industry and enterprise size. To learn more about how we help decision makers fuel the future of business, visit gartner.com.

CONTACT

David Cohen
GVP, Investor Relations, Gartner
+1 203.316.6631
investor.relations@gartner.com

FORWARD LOOKING STATEMENTS

Statements contained in this press release regarding the Company's growth and prospects, projected financial results and all other statements in this release other than recitation of historical facts are forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, estimates, uncertainties and other factors that may cause actual results to be materially different. Such factors include, but are not limited to, the following: our ability to achieve and effectively manage growth, including our ability to integrate our acquisitions and consummate and integrate future acquisitions; our ability to pay our debt; our ability to maintain and expand our products and services; our ability to expand or retain our customer base; our ability to grow or sustain revenue from individual customers; our ability to attract and retain a professional staff of research analysts and consultants as well as experienced sales personnel upon whom we are dependent; our ability to achieve continued customer renewals and achieve new contract value, backlog and deferred revenue growth in light of competitive pressures; our ability to carry out our strategic initiatives and manage associated costs; our ability to successfully compete with existing competitors and potential new competitors; our ability to enforce or protect our intellectual property rights; additional risks associated with international operations including foreign currency fluctuations; the impact of restructuring and other charges on our businesses and operations; general economic conditions; risks associated with the creditworthiness, budget cuts, and shutdown of governments and agencies; the impact of the U.S. Tax Cuts and Jobs Act of 2017; and other factors described under "Risk Factors" contained in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, which can be found on Gartner's website at <http://investor.gartner.com> and the SEC's website at www.sec.gov. Forward-looking statements included herein speak only as of the date hereof and Gartner disclaims any obligation to revise or update such statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.

NON-GAAP FINANCIAL MEASURES

Certain financial measures used in this Press Release are not defined by U.S. generally accepted accounting principles ("GAAP") and as such are considered non-GAAP financial measures. We provide these measures to enhance the user's overall understanding of the Company's current financial performance and the Company's prospects for the future. Investors are cautioned that these non-GAAP financial measures may not be defined in the same manner by other companies and as a result may not be comparable to other similarly titled measures used by other companies. Also, these non-GAAP financial measures should not be construed as alternatives, or superior, to other measures determined in accordance with GAAP.

The non-GAAP financial measures used in this Release are defined as follows:

Adjusted Revenue: Represents GAAP revenue plus: (i) revenue from pre-acquisition periods, as applicable; (ii) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues. The majority of the non-cash fair value adjustments on pre-acquisition deferred revenues is recognized ratably over the remaining period of the underlying revenue contract. We believe Adjusted Revenue is an important measure of our recurring operations as it provides a more accurate period-over-period comparison of trends in revenues.

Adjusted Contribution and Adjusted Contribution Margin: GAAP gross contribution is derived from our GAAP-based financial statements and represents revenue less direct expense; certain unallocated corporate costs are excluded. Adjusted Contribution represents GAAP gross contribution plus: (i) the contribution from pre-acquisition periods, as applicable, and (ii) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues; and (iii) an adjustment for the unallocated corporate costs. Adjusted Contribution Margin represents the contribution margin on Adjusted Revenue. We believe these are important measures of our recurring operations as they provide a more accurate and consistent period-over-period comparison of our segment results.

Adjusted Revenue, Adjusted Contribution, and Adjusted Contribution Margin - Excluding Divested Operations: Represent the non-GAAP metrics defined above less results of divested operations. We believe these are important measures of our recurring operations as they provide a more accurate and consistent period-over-period comparison of our segment results.

Adjusted EBITDA: Represents GAAP net income (loss) plus: (i) interest expense, net; (ii) tax provision (benefit); (iii) other operating expense, net; (iv) stock-based compensation expense; (v) depreciation, amortization, and accretion on excess facilities obligations; (vi) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues; (vii) acquisition and integration charges and certain other non-recurring items; (viii) the EBITDA from pre-acquisition periods, as applicable; less (ix) gain on divestitures. We believe Adjusted EBITDA is an important measure of our recurring operations as it excludes items not representative of our core operating results.

Adjusted EBITDA Excluding Divested Operations: Represents Adjusted EBITDA as defined above less EBITDA from divested operations. We believe this metric is an important measure of our recurring operations as it provides a more accurate and consistent period-over-period comparison of our 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; (iii) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues; (iv) the non-recurring impact from the enactment of the Tax Cuts and Jobs Act of 2017; (v) gains on divestitures; (vi) certain other non-recurring items; and (vii) the related tax effect. We believe Adjusted Net Income is an important measure of our recurring operations as it excludes items not indicative of our core operating results.

Adjusted EPS: Represents Adjusted Net Income as defined above divided by the weighted-average diluted shares outstanding. 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: (i) plus payments for acquisition and integration items directly-related to our acquisitions and certain other non-recurring items; (ii) less payments for capital expenditures. We believe that 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.

SUPPLEMENTAL INFORMATION - NON-GAAP RECONCILIATIONS

The following tables provide reconciliations of certain Non-GAAP financial measures used in this Press Release with the most directly comparable GAAP measure. See "Non-GAAP Financial Measures" above for definitions of these measures. In the following Non-GAAP reconciliation tables, some totals may not add due to rounding and percentage changes are based on the whole number and recalculation based on millions may yield a different result.

Reconciliation - GAAP Revenue to Adjusted Revenue and GAAP Contribution to Adjusted Contribution - Excluding Divested Operations (Unaudited; in millions):

For the three months ended December 31, 2018:

| | Research | Conferences | Consulting | Other | Unallocated | Total |
|--|----------|-------------|------------|-------|-------------|----------|
| GAAP revenue | \$ 797 | \$ 196 | \$ 96 | \$ — | \$ — | \$ 1,089 |
| Add: Amortization of deferred revenue fair value adjustment ^(a) | — | — | — | — | — | — |
| Adjusted revenue | 797 | 196 | 96 | — | — | 1,089 |
| Less: divested operations | (1) | — | — | — | — | (1) |
| Adjusted revenue excluding divested operations | \$ 796 | \$ 196 | \$ 96 | \$ — | \$ — | \$ 1,088 |
| GAAP gross contribution | \$ 545 | \$ 103 | \$ 26 | \$ — | \$ — | \$ 674 |
| Add: Amortization of deferred revenue fair value adjustment ^(a) | — | — | — | — | — | — |
| Unallocated ^(b) | — | — | — | — | 7 | 7 |
| Adjusted contribution | 545 | 103 | 26 | — | 7 | 681 |
| Less: divested operations | — | — | — | — | — | — |
| Adjusted contribution excluding divested operations | \$ 545 | \$ 103 | \$ 26 | \$ — | \$ 7 | \$ 681 |
| Adjusted contribution margin excluding divested operations | 68% | 52% | 28% | na | na | 63% |

For the three months ended December 31, 2017:

| | Research | Conferences | Consulting | Other | Unallocated | Total |
|---|----------|-------------|------------|-------|-------------|----------|
| GAAP revenue | \$ 693 | \$ 166 | \$ 85 | \$ 70 | \$ — | \$ 1,014 |
| Add: Amortization of deferred revenue fair value adjustment (a) | 39 | 2 | — | 9 | — | 50 |
| Adjusted revenue | 732 | 168 | 85 | 79 | — | 1,064 |
| Less: divested operations | (4) | — | — | (75) | — | (79) |
| Adjusted revenue excluding divested operations | \$ 727 | \$ 169 | \$ 85 | \$ 4 | \$ — | \$ 985 |
| GAAP gross contribution | \$ 465 | \$ 84 | \$ 22 | \$ 42 | \$ — | \$ 613 |
| Add: Amortization of deferred revenue fair value adjustment (a) | 39 | 2 | — | 9 | — | 50 |
| Unallocated (b) | — | — | — | — | 3 | 3 |
| Adjusted contribution | 504 | 86 | 22 | 51 | 3 | 666 |
| Less: divested operations | (3) | — | — | (48) | — | (51) |
| Adjusted contribution excluding divested operations | \$ 501 | \$ 86 | \$ 22 | \$ 3 | \$ 3 | \$ 615 |
| Adjusted contribution margin excluding divested operations | 69% | 51% | 26% | na | na | 62% |

For the twelve months ended December 31, 2018:

| | Research | Conferences | Consulting | Other | Unallocated | Total |
|---|-----------------|---------------|---------------|--------------|----------------|-----------------|
| GAAP revenue | \$ 3,106 | \$ 410 | \$ 354 | \$ 105 | \$ — | \$ 3,975 |
| Add: Amortization of deferred revenue fair value adjustment (a) | 7 | — | — | 4 | — | 11 |
| Adjusted revenue | 3,113 | 410 | 354 | 109 | — | 3,986 |
| Less: divested operations | (12) | — | — | (97) | — | (109) |
| Adjusted revenue excluding divested operations | <u>\$ 3,101</u> | <u>\$ 410</u> | <u>\$ 354</u> | <u>\$ 12</u> | <u>\$ —</u> | <u>\$ 3,877</u> |
| GAAP gross contribution | \$ 2,144 | \$ 207 | \$ 103 | \$ 65 | \$ — | \$ 2,519 |
| Add: Amortization of deferred revenue fair value adjustment (a) | 7 | — | — | 4 | — | 11 |
| Unallocated (b) | — | — | — | — | (12) | (12) |
| Adjusted contribution | 2,151 | 207 | 103 | 69 | (12) | 2,518 |
| Less: divested operations | (7) | — | — | (61) | — | (68) |
| Adjusted contribution excluding divested operations | <u>\$ 2,144</u> | <u>\$ 207</u> | <u>\$ 103</u> | <u>\$ 8</u> | <u>\$ (12)</u> | <u>\$ 2,450</u> |
| Adjusted contribution margin excluding divested operations | <u>69%</u> | <u>50%</u> | <u>29%</u> | <u>na</u> | <u>na</u> | <u>63%</u> |

For the twelve months ended December 31, 2017:

| | Research | Conferences | Consulting | Other | Unallocated | Total |
|---|-----------------|---------------|---------------|--------------|---------------|-----------------|
| GAAP revenue | \$ 2,471 | \$ 338 | \$ 328 | \$ 175 | \$ — | \$ 3,311 |
| Add: Pre-acquisition revenue | 144 | 1 | — | 69 | — | 214 |
| Add: Amortization of deferred revenue fair value adjustment (a) | 147 | 6 | — | 52 | — | 205 |
| Adjusted revenue | 2,762 | 345 | 328 | 295 | — | 3,730 |
| Less: divested operations | (16) | — | — | (279) | — | (295) |
| Adjusted revenue excluding divested operations | <u>\$ 2,746</u> | <u>\$ 345</u> | <u>\$ 328</u> | <u>\$ 16</u> | <u>\$ —</u> | <u>\$ 3,436</u> |
| GAAP gross contribution | \$ 1,653 | \$ 163 | \$ 94 | \$ 90 | \$ — | \$ 2,000 |
| Add: Pre-acquisition contribution | 102 | (2) | — | 37 | — | 137 |
| Add: Amortization of deferred revenue fair value adjustment (a) | 147 | 6 | — | 52 | — | 205 |
| Unallocated (b) | — | — | — | — | (9) | (9) |
| Adjusted contribution | 1,902 | 167 | 94 | 179 | (9) | 2,333 |
| Less: divested operations | (10) | — | — | (172) | — | (182) |
| Adjusted contribution excluding divested operations | <u>\$ 1,892</u> | <u>\$ 168</u> | <u>\$ 94</u> | <u>\$ 7</u> | <u>\$ (9)</u> | <u>\$ 2,152</u> |
| Adjusted contribution margin excluding divested operations | <u>69%</u> | <u>49%</u> | <u>29%</u> | <u>na</u> | <u>na</u> | <u>63%</u> |

(a) 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.

(b) Consists of certain unallocated corporate expense items.

na=not applicable.

Reconciliation - GAAP Net Income to Adjusted EBITDA Excluding Divested Operations (Unaudited; in millions):

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|--------|-------------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| GAAP net income | \$ 84 | \$ 107 | \$ 122 | \$ 3 |
| Interest expense, net | 25 | 36 | 124 | 125 |
| Gain on divestitures | (7) | — | (45) | — |
| Other expense (income), net | 1 | (2) | — | (3) |
| Tax provision (benefit) | 27 | (78) | 59 | (131) |
| Operating income (loss) | 130 | 63 | 260 | (6) |
| Adjustments: | | | | |
| Stock-based compensation expense (a) | 10 | 9 | 64 | 61 |
| Depreciation, accretion, and amortization (b) | 53 | 72 | 258 | 241 |
| Amortization of deferred revenue fair value adjustment (c) | — | 50 | 10 | 205 |
| Acquisition and integration charges and other non-recurring items (d) | 19 | 27 | 124 | 160 |
| Adjusted EBITDA | 212 | 221 | 716 | 661 |
| Plus: CEB pre-acquisition EBITDA (Q1 2017) | — | — | — | 36 |
| Less: Divested operations adjusted EBITDA (e) | — | (21) | (29) | (72) |
| Rounding | (1) | — | — | — |
| Adjusted EBITDA excluding divested operations | \$ 211 | \$ 200 | \$ 687 | \$ 625 |

(a) Consists of charges for stock-based compensation awards.

(b) Includes depreciation expense, accretion on excess facilities obligations, and amortization of 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 from acquisitions and other non-recurring items.

(e) Consists of Adjusted EBITDA from divested operations.

Reconciliation - GAAP Net Income to Adjusted Net Income and Adjusted EPS (Unaudited; in millions, except per share amounts):

| | Three Months Ended December 31, | | | |
|--|---------------------------------|-----------|--------|-----------|
| | 2018 | | 2017 | |
| | Amount | Per share | Amount | Per share |
| GAAP net income | \$ 84 | \$ 0.92 | \$ 107 | \$ 1.16 |
| Acquisition and other adjustments: | | | | |
| Amortization of acquired intangibles (a) | 34 | 0.37 | 53 | 0.58 |
| Amortization of deferred revenue fair value adjustment (b) | — | — | 50 | 0.54 |
| Acquisition & integration charges and other non-recurring items (c), (d) | 20 | 0.22 | 29 | 0.32 |
| Gain on divestitures | (7) | (0.07) | — | — |
| Impact of Tax Cuts & Jobs Act of 2017 | (6) | (0.07) | (59) | (0.65) |
| Tax impact of adjustments (e) | (15) | (0.17) | (72) | (0.78) |
| Adjusted net income and Adjusted EPS (f) | \$ 110 | \$ 1.20 | \$ 108 | \$ 1.17 |

| | Twelve Months Ended December 31, | | | |
|--|----------------------------------|-----------|--------|-----------|
| | 2018 | | 2017 | |
| | Amount | Per share | Amount | Per share |
| GAAP net income | \$ 122 | \$ 1.33 | \$ 3 | \$ 0.04 |
| Acquisition and other adjustments: | | | | |
| Amortization of acquired intangibles (a) | 187 | 2.03 | 176 | 1.96 |
| Amortization of deferred revenue fair value adjustment (b) | 11 | 0.11 | 205 | 2.29 |
| Acquisition & integration charges and other non-recurring items (c), (d) | 138 | 1.49 | 174 | 1.94 |
| Gain on divestitures | (45) | (0.49) | — | — |
| Impact of Tax Cuts & Jobs Act of 2017 | (5) | (0.06) | (59) | (0.66) |
| Tax impact of adjustments (e) | (58) | (0.63) | (202) | (2.25) |
| Rounding | (1) | 0.01 | 1 | (0.01) |
| Adjusted net income and Adjusted EPS (f) | \$ 349 | \$ 3.79 | \$ 298 | \$ 3.31 |

(a) Consists of non-cash amortization charges from acquired intangibles.

(b) 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.

(c) Consists of incremental and directly-related charges related to acquisitions and other non-recurring items.

(d) Includes the amortization and write-off of deferred financing fees, which is recorded in Interest expense, net in the Consolidated Statement of Operations and in the Adjusted EBITDA table above.

(e) The blended effective tax rates on the adjustments were 33% and 54% for the three months ended December 31, 2018 and 2017, respectively, and 20% and 36% for the twelve months ended December 31, 2018 and 2017, respectively.

(f) Adjusted EPS was calculated based on 91.7 million and 92.2 million diluted shares for the three months ended December 31, 2018 and 2017, respectively.

Reconciliation - GAAP Cash Provided by Operating Activities to Free Cash Flow (Unaudited; in millions):

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---------------------------------|-------|----------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| GAAP cash provided by operating activities | \$ 45 | \$ 22 | \$ 471 | \$ 255 |
| Adjustments: | | | | |
| Plus: cash paid for acquisition, integration, and other non-recurring items | 24 | 27 | 124 | 121 |
| Less: cash paid for capital expenditures | (62) | (35) | (127) | (111) |
| Free Cash Flow | \$ 7 | \$ 14 | \$ 468 | \$ 265 |

Financial Outlook Reconciliation - GAAP Net Income to Adjusted EBITDA (Unaudited; in millions):

| | Full Year 2019 Guidance | |
|--|-------------------------|--------|
| | Low | High |
| Net income | \$ 238 | \$ 272 |
| Interest expense, net ^(a) | 103 | 103 |
| Other (income) expense, net | 1 | 1 |
| Tax provision | 82 | 93 |
| Operating income | 424 | 469 |
| <i>Normalizing adjustments:</i> | | |
| Stock-based compensation expense | 71 | 71 |
| Depreciation, accretion, and amortization | 215 | 215 |
| Acquisition and integration charges and other nonrecurring items | 10 | 10 |
| Adjusted EBITDA | \$ 720 | \$ 765 |

(a) Includes approximately \$6.0 million of amortization of deferred financing fees, which is reported in Interest expense, net in the Consolidated Statement of Operations.

Financial Outlook Reconciliation - GAAP EPS to Adjusted EPS (Unaudited):

| | Full Year 2019 Guidance | |
|--|-------------------------|---------|
| | Low | High |
| GAAP EPS | \$ 2.65 | \$ 3.03 |
| <i>Normalizing adjustments:</i> | | |
| Amortization of acquired intangibles | 1.04 | 1.04 |
| Acquisition and integration charges and other nonrecurring items | 0.13 | 0.13 |
| Rounding | — | (0.01) |
| Adjusted EPS | \$ 3.82 | \$ 4.19 |

Financial Outlook Reconciliation - GAAP Cash Provided by Operating Activities to Free Cash Flow (Unaudited; in millions):

| | Full Year 2019 Guidance | |
|--|-------------------------|--------|
| | Low | High |
| Operating cash flow | \$ 542 | \$ 582 |
| Acquisition, integration, and other non-recurring payments | 60 | 60 |
| Capital expenditures | (147) | (157) |
| Free cash flow | \$ 455 | \$ 485 |

GARTNER, INC.

Condensed Consolidated Statements of Operations

(Unaudited; in thousands, except per share data)

| | Three Months Ended | |
|---|---------------------------|-------------------|
| | December 31, | |
| | 2018 | 2017 |
| Revenues: | | |
| Research | \$ 797,338 | \$ 692,799 |
| Conferences | 195,980 | 166,476 |
| Consulting | 95,560 | 85,257 |
| Other | — | 69,977 |
| Total revenues | 1,088,878 | 1,014,509 |
| Costs and expenses: | | |
| Cost of services and product development | 407,842 | 398,378 |
| Selling, general and administrative | 488,056 | 465,371 |
| Depreciation | 18,136 | 18,260 |
| Amortization of intangibles | 34,384 | 53,260 |
| Acquisition and integration charges | 10,854 | 16,346 |
| Total costs and expenses | 959,272 | 951,615 |
| Operating income | 129,606 | 62,894 |
| Interest expense, net | (24,561) | (36,312) |
| Gain from divested operations | 6,947 | — |
| Other (expense) income, net | (1,026) | 1,795 |
| Income before income taxes | 110,966 | 28,377 |
| Provision (benefit) for income taxes | 26,946 | (78,930) |
| Net income | \$ 84,020 | \$ 107,307 |
| Net income per share: | | |
| Basic | \$ 0.93 | \$ 1.18 |
| Diluted | \$ 0.92 | \$ 1.16 |
| Weighted average shares outstanding: | | |
| Basic | 90,400 | 90,785 |
| Diluted | 91,701 | 92,152 |

Source: Gartner, Inc.

Gartner-IR