



# First Quarter 2021 Results

May 4, 2021

# Forward Looking Statement and Explanatory Note

Statements contained in this presentation regarding the growth and prospects of the business, the Company's projected 2021 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 of 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 timing of conferences and meetings, in particular our Gartner Symposium/Xpo series that normally occurs during the fourth quarter, as well as the timing of our return to in-person conferences and meetings and willingness of participants to attend; 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 Gartner's 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 May 4, 2021 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.

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# 1Q 2021 Growth and Financial Results

## Contract Value

### Global Technology Sales (GTS)

**4.5%** \$3.0B

### Global Business Sales (GBS)

**11.6%** \$0.7B

### Total

**5.8%** \$3.7B

% increases above are  
FX Neutral at 2021 rates

## Consolidated Results

### Revenue

**8.4%** \$1,104M

FX Neutral: 5.7%

69.7% Contribution margin

### Adj. EBITDA

**50.0%** \$320M

FX Neutral: 44.2%

29.0% Adj. EBITDA margin

### Adj. EPS

**\$2.00**

### Free Cash Flow

**\$145M**

## Capital Allocation

**\$409M**

Repurchases: \$398M

Debt Paydown: \$10M

## Research

### Revenue

**7.7%** \$980M

FX Neutral: 5.3%

73.9% Contribution margin

## Conferences

### Revenue

**78.8%** \$25M

FX Neutral: 68.5%

56.0% Contribution margin

## Consulting

### Revenue

**3.9%** \$100M

FX Neutral: 0.0%

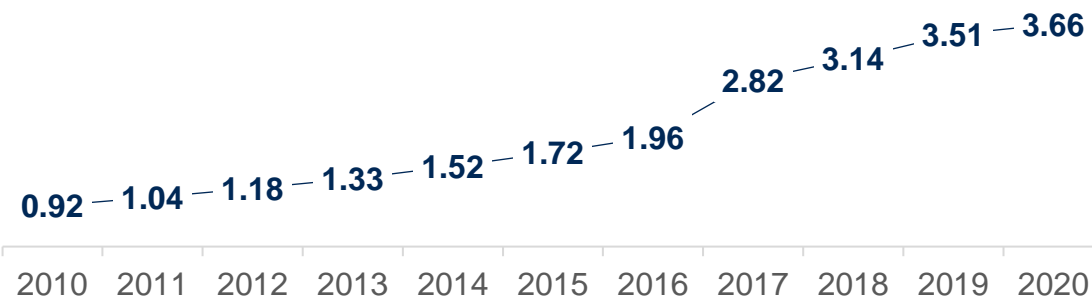
39.3% Contribution margin

## Medium Term Guidance (unchanged)

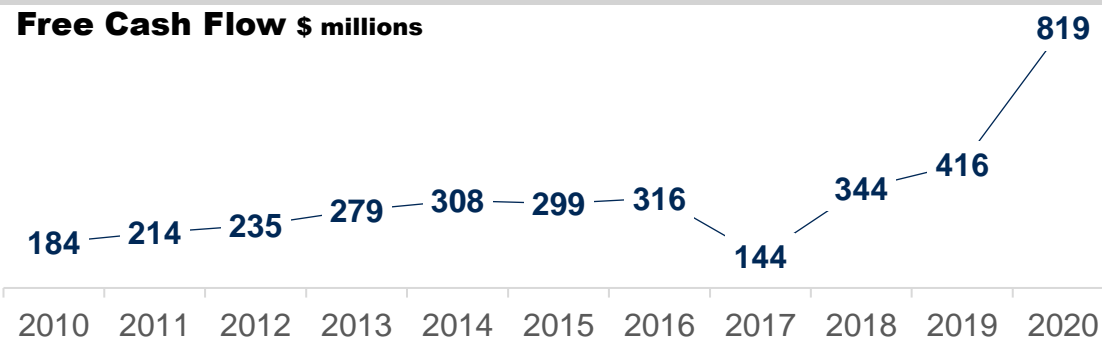
GTS CV	GBS CV	Conferences	Consulting	Revenue	EBITDA	EPS	Free Cash Flow
12 - 16%	12 - 16%	5 - 10%	3 - 8%	≥ 10%	≥ Revenue Growth	≥ EBITDA Growth	≥ EBITDA Growth

# Consolidated Financial Summary

**Contract Value \$ billions @ '21 rates**



**Free Cash Flow \$ millions**



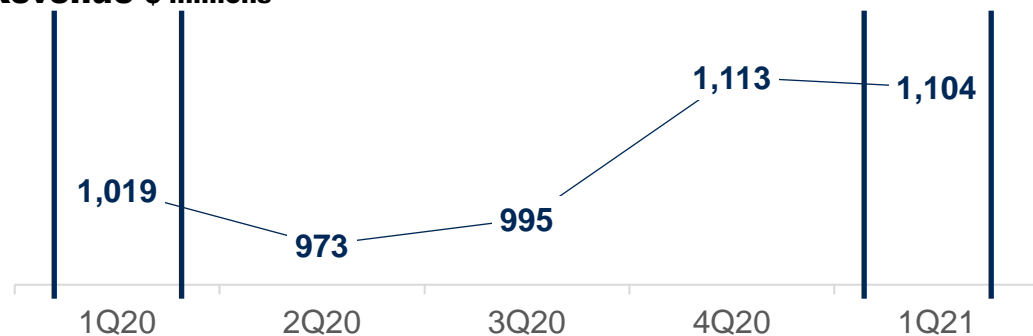
\$ and shares in millions

except per share amounts	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Revenue	1,019	973	995	1,113	1,104	4,246	4,099
Y/Y Growth	5.0%	-9.1%	-0.6%	-7.5%	8.4%	9.5%	-3.4%
Contribution	678	651	665	761	770	2,695	2,754
Contribution Margin	66.5%	66.9%	66.8%	68.4%	69.7%	63.5%	67.2%
Adj. EBITDA	214	192	168	245	320	684	818
Y/Y Growth	50.8%	4.0%	20.0%	12.5%	50.0%	-0.5%	19.7%
Adj. EBITDA Margin	21.0%	19.7%	16.8%	22.0%	29.0%	16.1%	20.0%
Adj. EPS	1.20	1.20	0.91	1.59	2.00	3.90	4.89
Y/Y Growth	106.9%	-17.5%	30.3%	34.4%	66.7%	7.5%	25.2%
Free Cash Flow	31	322	229	237	145	416	819
LTM Free Cash Flow	432	566	612	819	933	416	819
Y/Y Growth	15.3%	37.6%	65.3%	96.8%	115.9%	21.0%	96.8%
Avg. Diluted Shares	90.1	89.8	90.0	90.1	89.1	91.0	90.0

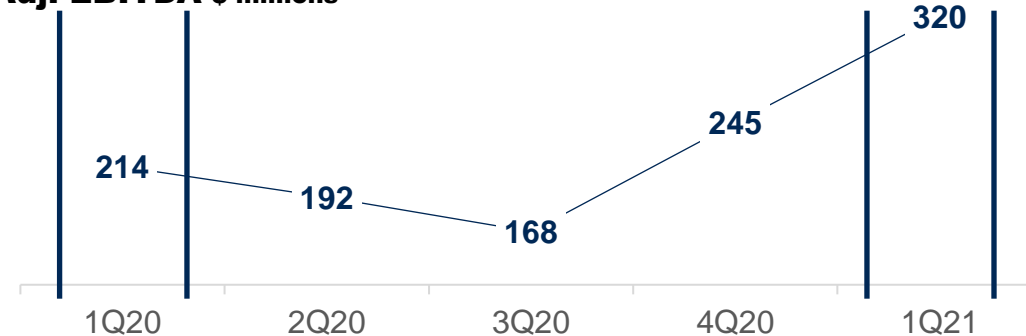
Note: Consolidated contribution includes segment contribution and \$8 million dollars of cost of services and product development – unallocated in 1Q21. The unallocated amounts consist of certain bonus and fringe costs recorded in consolidated Cost of services and product development that are not allocated to segment expense.

# Normalized P&L (Non-GAAP)

Revenue \$ millions



Adj. EBITDA \$ millions

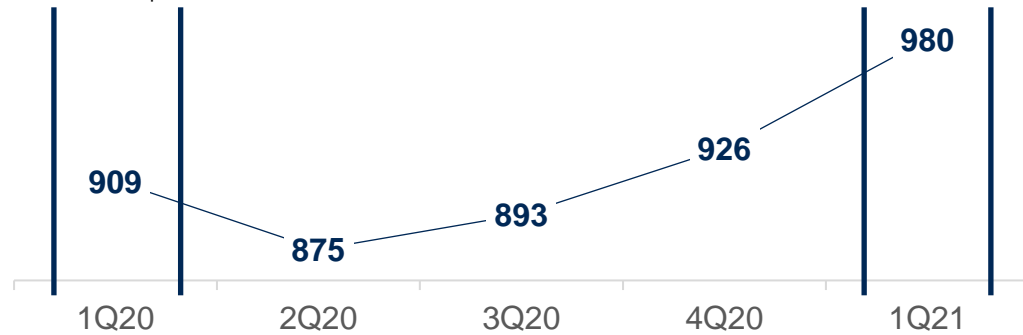


\$ in millions except per share data	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Revenue	1,019	973	995	1,113	1,104	4,246	4,099
Less Cost of Services	341	323	330	351	334	1,551	1,345
<b>Contribution</b>	<b>678</b>	<b>651</b>	<b>665</b>	<b>761</b>	<b>770</b>	<b>2,695</b>	<b>2,754</b>
Less SG&A	497	495	522	526	487	2,103	2,039
Plus Equity Comp	25	16	16	6	36	68	63
Plus Other Adjustments*	7	21	8	3	2	24	39
<b>Adj. EBITDA</b>	<b>214</b>	<b>192</b>	<b>168</b>	<b>245</b>	<b>320</b>	<b>684</b>	<b>818</b>
Less Equity Comp	25	16	16	6	36	68	63
Less Depreciation	23	23	23	26	26	82	94
Less Non-GAAP Interest, net	25	27	29	25	25	93	105
Less Other Expense (Income)	2	0	-2	-4	0	1	-6
Adjusted Pre-tax Income	140	127	102	191	233	438	559
Less Adjusted Tax	31	19	20	48	55	83	120
Adjusted Net Income	108	107	82	143	178	355	440
<b>Adj. EPS</b>	<b>1.20</b>	<b>1.20</b>	<b>0.91</b>	<b>1.59</b>	<b>2.00</b>	<b>3.90</b>	<b>4.89</b>

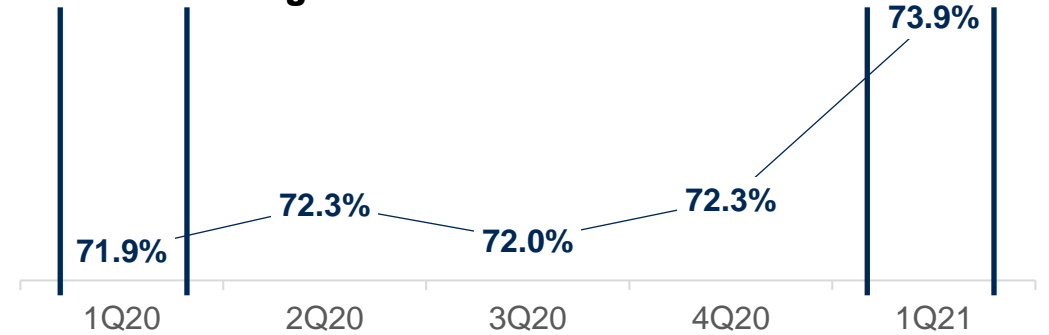
\* Consists of incremental and directly-related charges related to acquisitions, abandoned office space, workforce reductions and other non-recurring items.

# Research Segment

Revenue \$ millions



Contribution Margin



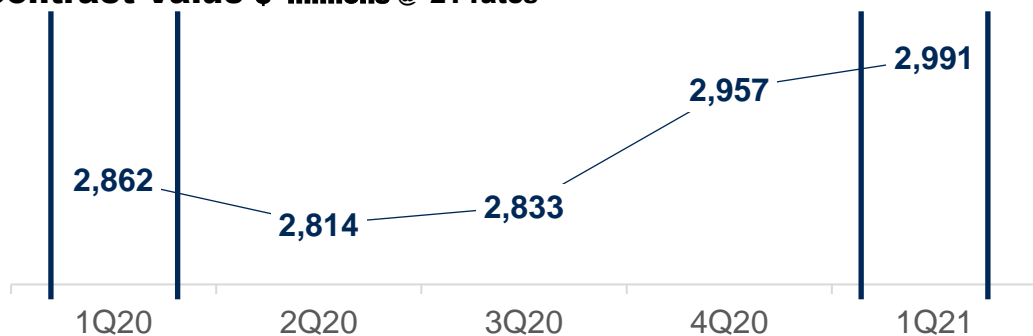
\$ millions	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Revenue	909	875	893	926	980	3,375	3,603
Y/Y Growth	10.2%	6.0%	6.2%	4.9%	7.7%	8.8%	6.8%
Contribution	653	633	642	669	724	2,352	2,598
Contribution Margin	71.9%	72.3%	72.0%	72.3%	73.9%	69.7%	72.1%
Subscription Revenue	829	811	824	850	894	3,084	3,313
Y/Y Growth	10.2%	7.5%	7.0%	5.3%	7.8%	8.2%	7.4%
Non-subscription Revenue	80	65	69	76	86	291	290
Y/Y Growth	10.3%	-9.8%	-3.1%	1.2%	7.0%	14.0%	-0.3%
Total Contract Value	3,517	3,466	3,498	3,663	3,722	3,507	3,663
Y/Y FX Neutral Growth	10.5%	7.0%	5.2%	4.4%	5.8%	11.6%	4.4%
Quarterly Net Contract Value Increase (NCVI)	10	-51	32	165	59	365	156
Quota Bearing Head Count	4,058	3,923	3,935	3,935	3,859	4,136	3,935
Quarterly Productivity (\$ thousands)	2	-13	8	42	15	94	38

Note: All numbers are shown at 2021 FX rates where applicable.

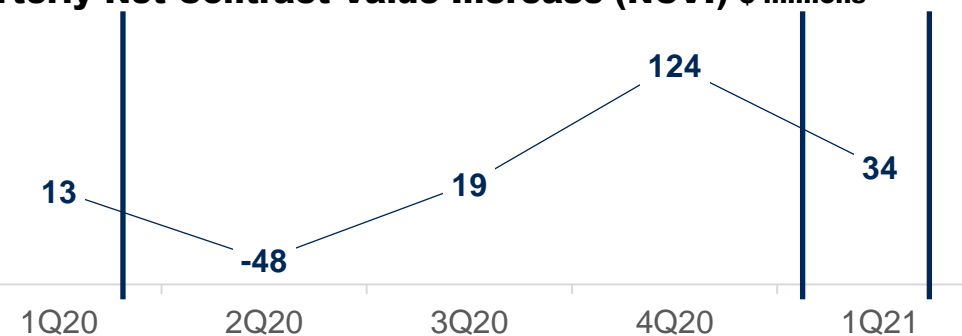
Quarterly NCVI and Quarterly Productivity are on a sequential basis. Quarterly Productivity is Quarterly NCVI divided by prior quarter quota-bearing head count. Quarterly NCVI for the full year is the sum of the four quarters. Quarterly Productivity for the full year is calculated as full year NCVI divided by opening period quota-bearing headcount.

# Research: Global Technology Sales

**Contract Value \$ millions @ '21 rates**



**Quarterly Net Contract Value Increase (NCVI) \$ millions**



\$ millions	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Contract Value	<b>2,862</b>	2,814	2,833	2,957	<b>2,991</b>	2,849	2,957
Contract Value FX Neutral Growth	<b>10.9%</b>	7.1%	5.1%	3.8%	<b>4.5%</b>	12.2%	3.8%
Net Contract Value Increase (NCVI)	<b>282</b>	185	138	108	<b>129</b>	310	108
Quota Bearing Head Count	<b>3,196</b>	3,089	3,092	3,089	<b>2,992</b>	3,267	3,089
Y/Y Growth	<b>4.8%</b>	-3.7%	-7.8%	-5.4%	<b>-6.4%</b>	5.3%	-5.4%
Productivity (\$ thousands)	<b>93</b>	58	41	33	<b>40</b>	100	33
Y/Y Growth	<b>-21.5%</b>	-48.4%	-61.3%	-66.9%	<b>-56.4%</b>	na	-66.9%
Client Enterprises	<b>12,826</b>	12,381	12,296	13,029	<b>13,256</b>	13,077	13,029
Contract Value / Enterprise (\$ thousands)	<b>223</b>	227	230	227	<b>226</b>	218	227
Wallet Retention	<b>103.5%</b>	100.2%	98.7%	98.0%	<b>97.9%</b>	104.2%	98.0%
Client Retention	<b>81.7%</b>	79.6%	80.1%	82.7%	<b>83.0%</b>	81.9%	82.7%

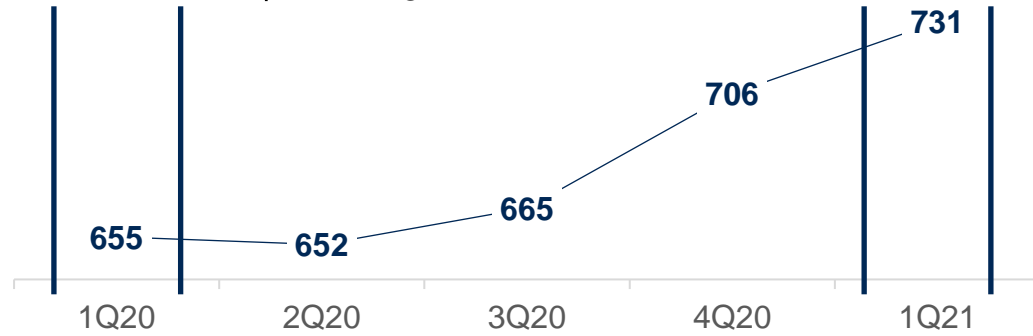
Note: All numbers are shown at 2021 FX rates where applicable. Enterprises that are clients of both GTS and GBS appear in both counts.

NCVI and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount.

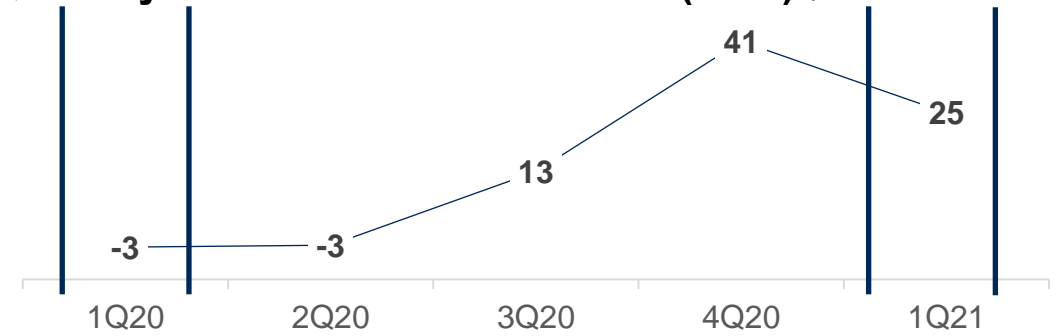


# Research: Global Business Sales

**Contract Value \$ millions @ '21 rates**



**Quarterly Net Contract Value Increase (NCVI) \$ millions**



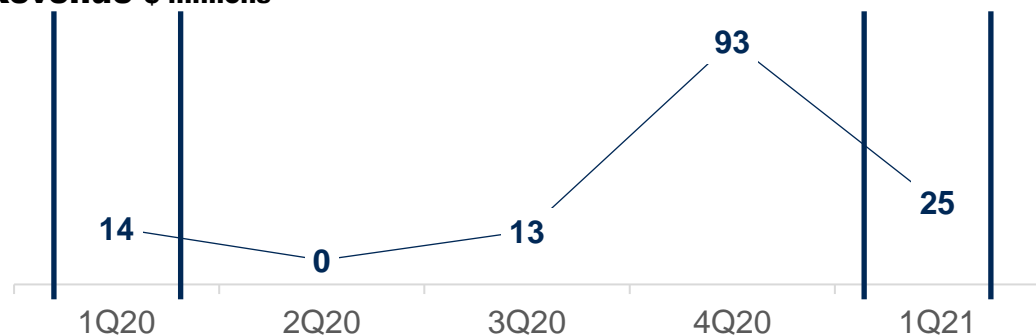
\$ millions	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Contract Value	655	652	665	706	731	658	706
Contract Value FX Neutral Growth	8.5%	6.6%	5.6%	7.2%	11.6%	9.2%	7.2%
Net Contract Value Increase (NCVI)	51	41	35	48	76	55	48
Quota Bearing Head Count	862	834	843	846	867	869	846
Y/Y Growth	-0.7%	-9.2%	-7.4%	-2.6%	0.6%	10.0%	-2.6%
Productivity (\$ thousands)	59	44	39	55	88	70	55
Y/Y Growth	na	334.5%	44.5%	-21.9%	50.0%	na	-21.9%
Client Enterprises	5,025	4,789	4,669	4,692	4,728	5,130	4,692
Contract Value / Enterprise (\$ thousands)	130	136	142	150	155	128	150
Wallet Retention	101.1%	100.0%	98.9%	100.9%	104.5%	101.3%	100.9%
Client Retention	83.0%	82.5%	82.3%	82.9%	83.8%	82.4%	82.9%

Note: All numbers are shown at 2021 FX rates where applicable. Enterprises that are clients of both GTS and GBS appear in both counts.

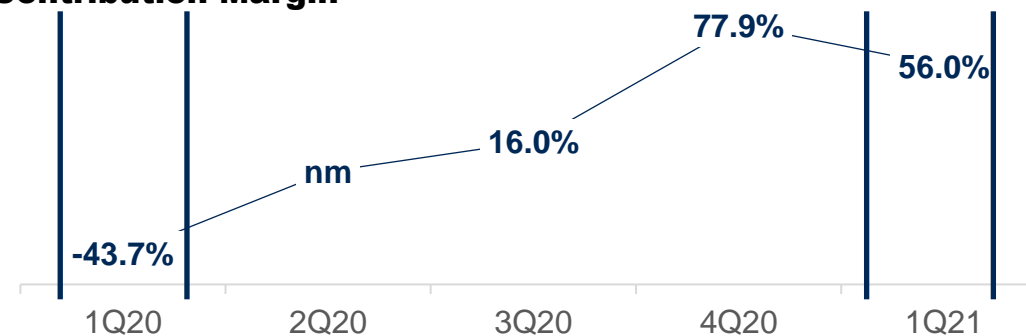
NCVI and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount.

# Conferences Segment

Revenue \$ millions



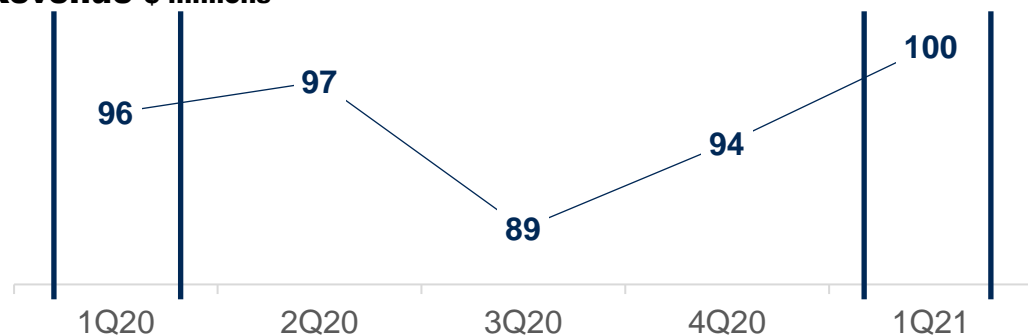
Contribution Margin



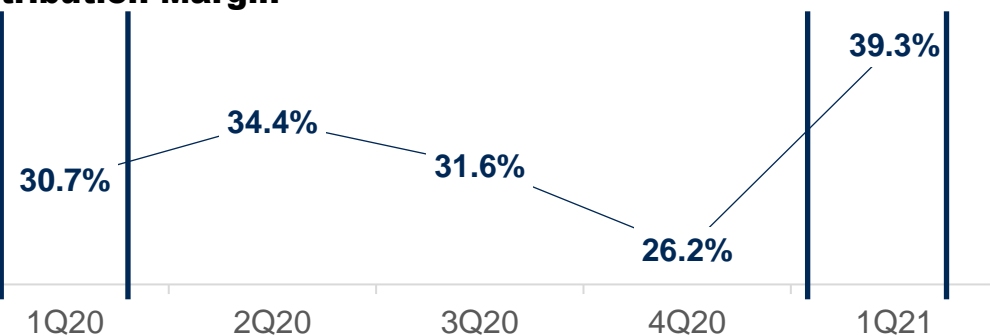
\$ millions	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Revenue	14	0	13	93	25	477	120
Y/Y Growth	-73.3%	-99.8%	-80.8%	-57.1%	78.8%	16.2%	-74.8%
Contribution	-6	-11	2	73	14	242	57
Contribution Margin	-43.7%	nm	16.0%	77.9%	56.0%	50.7%	47.8%
Destination Conferences (#)	5	0	2	13	5	72	20
Destination Conference Attendees (#)	3,364	0	2,584	36,325	5,382	85,750	42,273

# Consulting Segment

Revenue \$ millions



Contribution Margin



\$millions	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Revenue	96	97	89	94	100	394	376
Y/Y Growth	2.8%	-5.9%	-4.4%	-9.5%	3.9%	11.4%	-4.5%
Contribution	29	34	28	25	39	118	116
Contribution Margin	30.7%	34.4%	31.6%	26.2%	39.3%	30.1%	30.8%
Labor Revenue	81	69	74	73	84	316	297
Y/Y Growth	3.2%	-13.2%	-4.6%	-9.7%	3.6%	7.3%	-6.1%
Contract Optimization Revenue	14	29	15	21	15	78	80
Y/Y Growth	1.0%	17.6%	-3.0%	-8.6%	5.9%	31.9%	2.5%
Backlog	113	102	99	103	116	119	103
Y/Y Growth	2.6%	-10.2%	-11.3%	-13.1%	3.0%	6.5%	-13.1%
Billable Head Count	808	796	737	730	744	784	768
Y/Y Growth	9.3%	3.0%	-9.0%	-10.4%	-7.9%	9.2%	-2.1%
Utilization Rate	62.2%	59.3%	60.5%	63.3%	67.7%	62.3%	61.3%
Y/Y Change (bps)	-687	-399	343	301	553	-84	-96

Note: Backlog is at 2021 FX rates where applicable.

# Capital Structure and Allocation

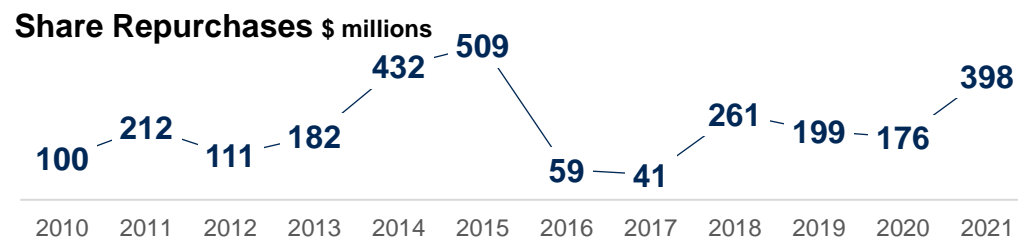
## Overview

### Capital Structure

- Optimizes financial leverage benefits and financial flexibility
- Target 2-2.5x leverage<sup>1</sup>
- ~\$150M cash is needed to run the business

### Free Cash Flow deployment

- Expect to offset equity dilution
- Opportunistic, price sensitive stock repurchases
- Strategic value-enhancing tuck-in acquisitions
- No current plans for material debt repayments



**\$790M+ repurchase authorization remaining as of April 30, 2021**

<sup>1</sup> Gross debt/Adjusted trailing twelve month EBITDA.  
<sup>2</sup> Floating and total rates reflect LIBOR and spread as of date shown.  
<sup>3</sup> As defined in the Company's 2020 Credit Agreement.

## Quarterly Profile

\$ billions	3/31/2021	Rate <sup>(2)</sup>	Maturity
Cash	0.4	nm	nm
Revolver	0.0	L + 137.5	2025
TLA	0.4	L + 137.5	2025
2028 Bonds	0.8	4.50%	2028
2030 Bonds	0.8	3.75%	2030
<b>Total Debt</b>	<b>2.0</b>	<b>5.04%</b>	
Revolver Unused Capacity	1.0	23 bps	
Interest Rate Swaps	1.4	2.59%	
% Debt With Fixed Rates	100%		

Leverage Ratios	1Q 2021	Bank Covenant
Gross Debt/Adjusted EBITDA	2.2x	na
Net Debt/Adjusted EBITDA	1.7x	na
Consolidated Leverage Ratio <sup>3</sup>	2.1x	≤ 5.0x
<b>Debt Ratings</b>	<b>Corporate Rating</b>	<b>Unsecured Notes</b>
Moody's	Ba2	Ba3
S&P	BB	BB

# Updated 2021 Guidance

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

## Guidance

	Guidance as of February 9, 2021 At Least:	Guidance as of May 4, 2021 At Least:	Updated Growth Rate vs. 2020 At Least:
\$ at Reported Rates			
<b>Research Revenue</b>	<b>3,815</b>	<b>3,935</b>	<b>9%</b>
<b>Conferences Revenue</b>	<b>160</b>	<b>170</b>	<b>42%</b>
<b>Consulting Revenue</b>	<b>390</b>	<b>400</b>	<b>6%</b>
<b>Total Revenue</b>	<b>4,365</b>	<b>4,505</b>	<b>10%</b>
<b>Adj. EBITDA</b>	<b>760</b>	<b>1,000</b>	<b>22%</b>
<b>Adj. EPS</b>	<b>\$4.10</b>	<b>\$6.25</b>	<b>28%</b>
<b>Free Cash Flow</b>	<b>630</b>	<b>850</b>	<b>4%</b>

### Guidance Inputs:

- Operationally planning a return to in-person destination conferences in the second half of 2021 but guidance assumes virtual only for Conferences revenue.
- Expense restorations and investments impact the P&L for the balance of the year.
- Growth rates include about 200 bps of FX benefit (late April rates).

## Additional Guidance

Depreciation & Amortization	Interest Expense, net	Stock-based Compensation	Effective Tax Rate	Shares	Capital Expenditures
~ 104 ~ 106	~ 105 GAAP & ~ 102 Adj.	~ 90	~ 21% GAAP ~ 22% Adj.	~ 87 - 88	~ 85

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

# **1Q 2021 GAAP Financial Statements**

# Condensed Consolidated Balance Sheets

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 446.0	\$ 712.6
Fees receivable, net	1,175.4	1,241.5
Deferred commissions	258.0	259.8
Prepaid expenses and other current assets	118.5	109.2
<b>Total current assets</b>	<b>1,997.9</b>	<b>2,323.1</b>
Property, equipment and leasehold improvements, net	322.6	336.8
Operating lease right-of-use assets	633.8	647.3
Goodwill	2,943.5	2,945.5
Intangible assets, net	777.4	807.0
Other assets	262.7	256.3
<b>Total Assets</b>	<b>\$ 6,937.9</b>	<b>\$ 7,316.0</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 703.4	\$ 952.4
Deferred revenues	2,088.5	1,974.5
Current portion of long-term debt	20.5	20.5
<b>Total current liabilities</b>	<b>2,812.4</b>	<b>2,947.4</b>
Long-term debt, net of deferred financing fees	1,949.1	1,958.3
Operating lease liabilities	765.1	780.2
Other liabilities	519.6	539.6
<b>Total Liabilities</b>	<b>6,046.3</b>	<b>6,225.5</b>
<b>Total Stockholders' Equity</b>	<b>891.6</b>	<b>1,090.4</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 6,937.9</b>	<b>\$ 7,316.0</b>

(Unaudited; in millions)

# Condensed Consolidated Statements of Operations

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Research	\$ 979.7	\$ 909.3
Conferences	24.8	13.9
Consulting	99.5	95.7
Total revenues	1,104.0	1,018.9
Costs and expenses:		
Cost of services and product development	334.4	341.3
Selling, general and administrative	487.3	496.6
Depreciation	25.8	22.5
Amortization of intangibles	30.5	32.2
Acquisition and integration charges	0.6	1.6
Total costs and expenses	878.6	894.2
Operating income	225.4	124.7
Interest expense, net	(26.1)	(26.3)
Other income (expense), net	15.5	(1.5)
Income before income taxes	214.8	96.9
Provision for income taxes	50.7	21.8
Net income	\$ 164.1	\$ 75.1
Net income per share:		
Basic	\$ 1.86	\$ 0.84
Diluted	\$ 1.84	\$ 0.83
Weighted average shares outstanding:		
Basic	88.4	89.2
Diluted	89.1	90.1

(Unaudited; in millions, except per share amounts)



# Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
	2021	2020
<b>Operating activities:</b>		
Net income	\$ 164.1	\$ 75.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56.3	54.7
Stock-based compensation expense	36.1	25.1
Deferred taxes	3.9	25.5
Reduction in the carrying amount of operating lease right-of-use assets	18.6	22.9
Amortization and write-off of deferred financing fees	0.9	1.6
Gain on de-designated swaps	(15.8)	-
Changes in assets and liabilities:		
Fees receivable, net	54.2	135.7
Deferred commissions	(0.2)	17.5
Prepaid expenses and other current assets	(9.9)	(12.7)
Other assets	(10.1)	6.0
Deferred revenues	131.8	(26.2)
Accounts payable and accrued and other liabilities	(272.5)	(269.5)
<b>Cash provided by operating activities</b>	<b>157.3</b>	<b>55.7</b>
<b>Investing activities:</b>		
Additions to property, equipment and leasehold improvements	(12.5)	(24.5)
<b>Cash used in investing activities</b>	<b>(12.5)</b>	<b>(24.5)</b>
<b>Financing activities:</b>		
Proceeds from employee stock purchase plan	5.4	5.6
Proceeds from revolving credit facility	-	27.0
Payments on revolving credit facility	(5.0)	-
Payments on borrowings, net	(5.1)	(28.0)
Purchases of treasury stock	(398.5)	(73.2)
<b>Cash used in financing activities</b>	<b>(403.2)</b>	<b>(68.5)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(258.4)</b>	<b>(37.3)</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>(8.1)</b>	<b>(15.7)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>712.6</b>	<b>280.8</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 446.0</b>	<b>227.9</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); (iii) loss on extinguishment of debt, as applicable; (iv) other expense/income, net; (v) stock-based compensation expense; (vi) depreciation, amortization, and accretion; (vii) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues, as applicable; (viii) acquisition and integration charges and certain other non-recurring items; and (ix) gain/loss on divestitures and other similar items, 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) loss on extinguishment of debt, as applicable; (iv) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues, as applicable; (v) gain/loss on divestitures and other similar items, as applicable; (vi) the non-cash gain/loss on de-designated interest rate swaps and other similar items, as applicable; and (vii) the related tax effect. 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) loss on extinguishment of debt, as applicable; (iv) the amortization of non-cash fair value adjustments on pre-acquisition deferred revenues, as applicable; (v) the gain/loss on divestitures and other similar items, as applicable; (vi) the non-cash gain/loss on de-designated interest rate swaps and other similar items, as applicable; and (vii) 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. 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 twelve-month 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.

# 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.

# **Non-GAAP Reconciliations**

# Non-GAAP Reconciliations

\$ millions

<b>Reconciliation - Net Income to Adjusted EBITDA:</b>	<b>2019</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>Net income</b>	233.3	75.1	55.1	17.0	119.6	164.1
Interest expense, net	99.8	26.3	30.3	30.6	26.4	26.1
Loss on divested operations <sup>(a)</sup>	2.1	-	-	-	-	-
Loss on extinguishment of debt <sup>(b)</sup>	-	-	-	44.8	-	-
Other (income) expense, net <sup>(c)</sup>	(7.6)	1.5	10.4	(1.9)	(4.4)	(15.5)
Tax provision (benefit)	42.5	21.8	3.9	(2.8)	36.5	50.7
Operating income	370.0	124.7	99.7	87.7	178.1	225.4
<b>Adjustments:</b>						
Stock-based compensation expense <sup>(d)</sup>	68.7	25.1	15.7	15.5	6.2	36.1
Depreciation, accretion, and amortization <sup>(e)</sup>	212.3	54.9	54.1	54.3	56.6	56.5
Amortization of pre-acquisition deferred revenues <sup>(f)</sup>	0.3	-	-	-	-	-
Acquisition and integration charges and other nonrecurring items <sup>(g)</sup>	32.4	8.9	22.6	10.1	3.8	2.4
<b>Adjusted EBITDA</b>	<b>683.7</b>	<b>213.6</b>	<b>192.1</b>	<b>167.6</b>	<b>244.7</b>	<b>320.4</b>

## Reconciliation - Cash Provided by Operating Activities to Free Cash Flow:

	<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>2018</b>	<b>2019</b>
<b>Cash provided by operating activities</b>	205.5	255.6	279.8	315.7	346.8	345.6	365.6	254.5	471.2	565.4
Less: cash paid for capital expenditures	(21.7)	(42.0)	(44.3)	(36.5)	(38.5)	(46.1)	(49.9)	(110.8)	(126.9)	(149.0)
Free Cash Flow	183.8	213.6	235.5	279.2	308.3	299.4	315.8	143.8	344.3	416.4

	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>Cash provided by operating activities</b>	55.7	343.2	243.9	260.4	157.3
Less: cash paid for capital expenditures	(24.5)	(21.3)	(15.0)	(23.0)	(12.5)
Free Cash Flow	31.2	321.9	228.9	237.3	144.8

- (a) Consists of net gain or loss from divestitures of non-core businesses.
- (b) Includes \$30.8 million early redemption premium payment and \$14.0 million write-off of unamortized deferred financing fees related to the early repayment of the 2025 senior notes and the 2016 Credit Agreement.
- (c) Consists of the non-cash loss on de-designated interest rate swaps in June 2020. Consists of the fair value adjustment on interest rate swaps subsequent to de-designation in June 2020.
- (d) Consists of charges for stock-based compensation awards.
- (e) Includes depreciation expense, amortization of intangibles, and accretion on asset retirement obligations.
- (f) 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.
- (g) Consists of incremental and directly-related charges related to acquisitions, abandoned office space, workforce reductions and other non-recurring items.

# Non-GAAP Reconciliations

\$ in millions except per share amounts

<b>Reconciliation - GAAP Net Income to Adjusted Net Income:</b>	<b>2019</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>GAAP net income</b>	233.3	75.1	55.1	17.0	119.6	164.1
Acquisition and other adjustments:						
Amortization of acquired intangibles <sup>(a)</sup>	129.7	32.2	31.2	31.2	30.4	30.5
Amortization of pre-acquisition deferred revenues <sup>(b)</sup>	0.3	-	-	-	-	-
Acquisition and integration charges and other nonrecurring items <sup>(c)</sup>	39.1	10.5	26.4	11.9	4.7	3.4
Loss on extinguishment of debt <sup>(d)</sup>	-	-	-	44.8	-	-
Fair value adjustment - equity security <sup>(e)</sup>	(9.1)	-	-	-	-	-
Loss on divested operations <sup>(f)</sup>	2.1	-	-	-	-	-
Amortization of deferred swap losses from de-designation <sup>(g)</sup>	-	-	10.3	-	-	-
Loss (gain) on de-designated interest rate swaps <sup>(h)</sup>	-	-	-	0.5	(2.6)	(15.8)
Tax impact of adjustments	(40.4)	(9.6)	(15.5)	(23.3)	(9.2)	(4.0)
Adjusted net income	355.0	108.2	107.5	82.0	142.9	178.2
Diluted shares	91.0	90.1	89.8	90.0	90.1	89.1
<b>Adjusted EPS</b>	<b>3.90</b>	<b>1.20</b>	<b>1.20</b>	<b>0.91</b>	<b>1.59</b>	<b>2.00</b>

## Reconciliation - GAAP Net Income to Adjusted Net Income per share:

	<b>2019</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>GAAP net income</b>	2.56	0.83	0.61	0.19	1.33	1.84
Acquisition and other adjustments:	-					
Amortization of acquired intangibles <sup>(a)</sup>	1.43	0.36	0.35	0.35	0.34	0.34
Amortization of pre-acquisition deferred revenues <sup>(b)</sup>	-	-	-	-	-	-
Acquisition and integration charges and other nonrecurring items <sup>(c)</sup>	0.43	0.12	0.29	0.13	0.05	0.04
Loss on extinguishment of debt <sup>(d)</sup>	-	-	-	0.50	-	-
Fair value adjustment - equity security <sup>(e)</sup>	(0.10)	-	-	-	-	-
Loss on divested operations <sup>(f)</sup>	0.02	-	-	-	-	-
Amortization of deferred swap losses from de-designation <sup>(g)</sup>	-	-	0.11	-	-	-
Loss (gain) on de-designated interest rate swaps <sup>(h)</sup>	-	-	-	0.01	(0.03)	(0.18)
Tax impact of adjustments	(0.44)	(0.11)	(0.17)	(0.26)	(0.10)	(0.05)
<b>Adjusted net income</b>	<b>3.90</b>	<b>1.20</b>	<b>1.20</b>	<b>0.91</b>	<b>1.59</b>	<b>2.00</b>

- (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, abandoned office space, 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.
- (d) Includes \$30.8 million early redemption premium payment and \$14.0 million write-off of unamortized deferred financing fees related to the early repayment of the 2025 senior notes and the 2016 Credit Agreement.
- (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 in June 2020.
- (h) Represents the fair value adjustment for interest rate swaps after de-designation.

Numbers may differ from other presentations due to rounding.

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# Non-GAAP Reconciliations

\$ millions

## Reconciliation - Interest, net to Non-GAAP

<b>Interest, net:</b>	<b>2019</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
Interest, net	99.8	26.3	30.3	30.6	26.4	26.1
Less amortization of deferred financing fees	(6.4)	(1.6)	(3.8)	(1.8)	(0.9)	(0.9)
Non-GAAP Interest, net	93.4	24.7	26.5	28.8	25.4	25.2

## Effective GAAP Tax Rate to Non-GAAP Tax

<b>Rate:</b>	<b>2019</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
GAAP Rate	15.4%	22.5%	6.6%	-19.7%	23.4%	23.6%
Acquisition and Other Adjustments	24.9%	22.5%	22.8%	26.4%	28.4%	22.4%
Non-GAAP Tax Rate	18.9%	22.5%	15.3%	20.0%	25.3%	23.5%



# Non-GAAP Reconciliations – 2021 Guidance

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

(Unaudited; \$ in millions)	2021 Guidance
GAAP net income	≥ \$471
Interest expense, net <sup>(a)</sup>	~ 105
Other (income) expense, net	~ (13)
Tax provision	~ 129
Operating income	<u>≥ 692</u>
<i>Adjustments</i>	
Stock-based compensation expense	~ 90
Depreciation, accretion, and amortization	~ 211
Acquisition and integration changes and other non-recurring items <sup>(b)</sup>	~ 7
Adjusted EBITDA	<u>≥ \$1,000</u>

<sup>(a)</sup> Assumes approximately \$4M of amortization of deferred financing fees, which is reported in interest expense, net in the Company's Consolidated Statement of Operations.

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

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

(Unaudited; \$ in millions)	2021 Guidance
GAAP cash provided by operating activities	≥ \$935
Capital expenditures	~ (85)
Free Cash Flow	<u>≥ \$850</u>

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

(Unaudited)	2021 Guidance
GAAP Diluted EPS <sup>(a)</sup>	≥ \$5.39
<i>Adjustments (after-tax):</i>	
Amortization of acquired intangibles	~ 0.90
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ (0.04)
Adjusted EPS <sup>(a)</sup>	<u>≥ \$6.25</u>

<sup>(a)</sup> GAAP Diluted EPS and Adjusted EPS are calculated based on approximately 87M to 88M of diluted shares for 2021.

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