

Q3 Earnings Webcast and Conference Call

Third Quarter Fiscal Year 2020



Forward-Looking Statements

This presentation and other written or oral statements made from time to time by representatives of Broadridge Financial Solutions, Inc. ("Broadridge" or the "Company") may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature, and which may be identified by the use of words such as "expects," "assumes," "projects," "anticipates," "estimates," "we believe," "could be" and other words of similar meaning, are forward-looking statements. In particular, information appearing in the "Fiscal Year 2020 Guidance" section are forward-looking statements.

These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. These risks and uncertainties include those risk factors discussed in Part I, "Item 1A. Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the "Quarterly Report") and our Annual Report on Form 10-K for the fiscal year ended June 30, 2019 (the "2019 Annual Report"), as they may be updated in any future reports filed with the Securities and Exchange Commission. All forward-looking statements speak only as of the date of this presentation and are expressly qualified in their entirety by reference to the factors discussed in the Quarterly Report or the 2019 Annual Report.

These risks include:

- the potential impact and effects of the recent outbreak of the Covid-19 pandemic ("Covid-19") on the business of Broadridge, Broadridge's results of operations and financial performance, any measures Broadridge has and may take in response to Covid-19 and any expectations Broadridge may have with respect thereto;
- the success of Broadridge in retaining and selling additional services to its existing clients and in obtaining new clients;
- Broadridge's reliance on a relatively small number of clients, the continued financial health of those clients, and the continued use by such clients of Broadridge's services with favorable pricing terms;
- a material security breach or cybersecurity attack affecting the information of Broadridge's clients;
- changes in laws and regulations affecting Broadridge's clients or the services provided by Broadridge;
- declines in participation and activity in the securities markets;
- the failure of Broadridge's key service providers to provide the anticipated levels of service;
- a disaster or other significant slowdown or failure of Broadridge's systems or error in the performance of Broadridge's services;
- overall market and economic conditions and their impact on the securities markets;
- Broadridge's failure to keep pace with changes in technology and demands of its clients;
- Broadridge's ability to attract and retain key personnel;
- the impact of new acquisitions and divestitures; and
- competitive conditions.

Broadridge disclaims any obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

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Use of Non-GAAP Financial Measures

Explanation and Reconciliation of the Company's Use of Non-GAAP Financial Measures

The Company's results in this presentation are presented in accordance with U.S. generally accepted accounting principles ("GAAP") except where otherwise noted. In certain circumstances, results have been presented that are not generally accepted accounting principles measures ("Non-GAAP"). These Non-GAAP measures are Adjusted Operating income, Adjusted Operating income margin, Adjusted Net earnings, Adjusted earnings per share, Adjusted EBITDA, EBITDAR and Free cash flow. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results.

The Company believes our Non-GAAP financial measures help investors understand how management plans, measures and evaluates the Company's business performance. Management believes that Non-GAAP measures provide consistency in its financial reporting and facilitates investors' understanding of the Company's operating results and trends by providing an additional basis for comparison. Management uses these Non-GAAP financial measures to, among other things, evaluate our ongoing operations, for internal planning, evaluating leverage, forecasting purposes and in the calculation of performance-based compensation. In addition, and as a consequence of the importance of these Non-GAAP financial measures in managing our business, the Company's Compensation Committee of the Board of Directors incorporates Non-GAAP financial measures in the evaluation process for determining management compensation.

Please see slides 24-29 for further explanation of our Non-GAAP Measures, the reasons we believe these Non-GAAP measures are helpful to our investors, and reconciliations of these Non-GAAP measures to the most directly comparable GAAP measures.





Overview

- 1 The Covid-19 crisis has reinforced the essential nature of Broadridge's work – what we do matters**
- 2 The health and safety of our associates is our top priority**
- 3 We have delivered strong operational performance**
- 4 As a result, we are seeing continued growth and solid financial results despite the crisis**
- 5 Long-term impact confirms Broadridge business model and supports future growth**

Covid-19 Has Reinforced the Essential Nature of Broadridge's Work

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- **Supporting dynamic capital markets processing trillions of dollars of trading activity**
- **Providing investors key information about their investments in a time of high volatility and uncertainty**
- **Ensuring strong and timely corporate governance**
- **Deemed essential under federal guidelines and state orders**
- **Constant communication with regulators and clients**

Ensuring the Health and Safety of our Associates

- **Importance of the Service-Profit Chain**
- **Moved to 100% work-from-home for non-production associates**
 - Began in January in Asia-Pacific
 - North America and Europe staff in early March
 - India staff starting in mid-March
- **Strong measures to protect essential production associates**
 - Masks, gloves, temperature checking required
 - Redistributed work through redundant production facilities
 - 50% staffing in most-impacted locations to maximize social distancing
- **Supporting the communities in which we operate**

Delivered Strong Operational Performance

- **Our resilient and scalable technology successfully supported unprecedented market volumes**
- **Delivering an effective proxy season to support strong corporate governance**
- **Managed very strong spike in transactional communications driven by market volatility**
- **Scaling operations and technology to support a 4x increase in Virtual Shareholder Meetings**

Expecting Continued Growth and Solid Financial Results

- **Broadridge reported solid third quarter results**
 - Recurring fee revenue growth of 9%
 - 20% increase in Closed sales including stronger March
- **Fiscal Year 2020 guidance calls for continued growth**
 - 8 – 10% Recurring fee revenue growth, including organic growth of 4%
 - Continued Adjusted EPS growth tempered by significantly lower event-driven revenues
 - Remain on track to deliver strong Closed sales
- **Broadridge remains on-track to deliver at or above the midpoint of our three year Adjusted EPS growth objective of 14-18%**

Third Quarter Financial Summary

	Third Quarter		
	2020	2019	Change
Total revenues	\$1,250	\$1,225	2%
Recurring fee revenues	835	767	9%
Event-driven fee revenues	\$39	\$68	(43)%
Operating Income	226	234	(3)%
Margin	18.1%	19.1%	
Adjusted Operating Income	262	256	3%
Margin	21.0%	20.9%	
Diluted EPS	\$1.43	\$1.45	(1)%
Adjusted EPS	\$1.67	\$1.59	5%
Closed Sales	\$44	\$37	20%

Financial Highlights

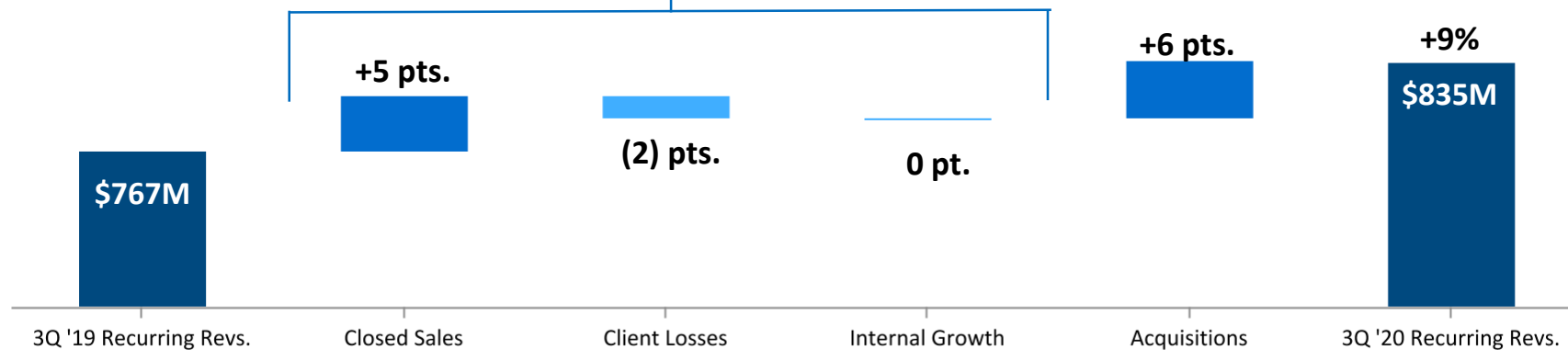
- 1 Solid results:** 9% increase in Recurring revenues and Adjusted EPS growth of 5%
- 2 Event-driven revenue weakness** exacerbated by Covid-19 crisis
- 3 Strong Closed sales:** 20% increase in third quarter
- 4 Strong balance sheet** with \$1.5B of liquidity
- 5 FY20 Guidance** highlights resilience of Broadridge business
 - 8-10% Recurring revenue growth
 - 5-7% Adjusted EPS outlook

Dollars in millions, except per share amounts

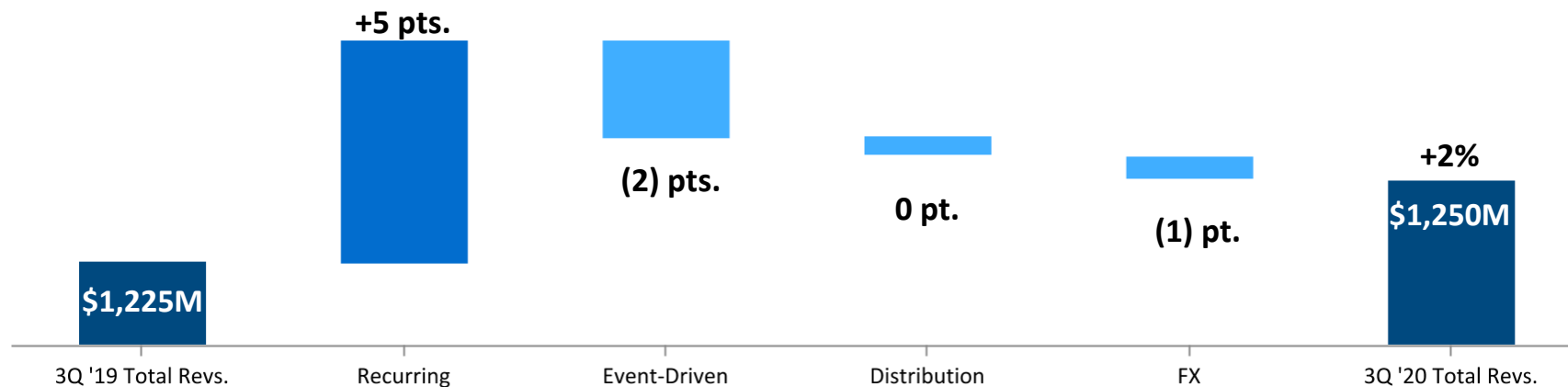
Third Quarter 2020 Revenue Growth Drivers

- Third Quarter 2020 Recurring fee revenues grew 9% to \$835 million

Organic Growth: 3%



- Third Quarter 2020 Total revenues grew 2% to \$1,250 million



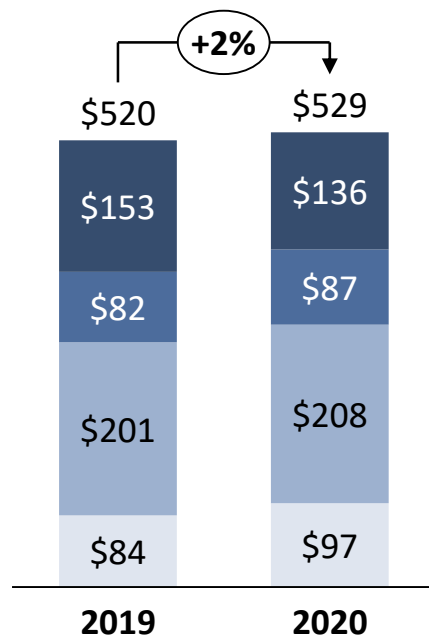
Note: Amounts may not sum due to rounding.

Third Quarter Fiscal 2020 ICS Results

Total Revenues

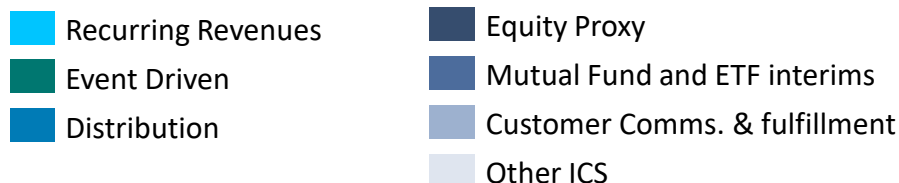


Recurring Revenues



Highlights

- Covid-19 related production shifts reduced Equity proxy revenues by \$15-20 million, offsetting impact of 7% stock record growth
- Higher volumes led by post-sale prospectus drove customer communications growth
- Continued strong growth in data & analytics products offset by lower interest rates and market impact on assets under administration



Net New Business

↑ 3 pts

Internal Growth

↓ (4) pts

Organic Recurring Revenue Growth

↓ (1)%

Acquisitions

↑ 3 pts

Total Growth

↑ 2%

Dollars in millions

Event-Driven Revenue: lowest Q3 since FY'14

Dollars in millions

Q3								FY14-19
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Average
Equity & Other	16	16	17	18	40	35	22	24
Mutual Fund	22	32	32	43	27	33	17	31
Total	38	48	48	61	67	68	39	55

Year to Date								FY14-19
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Average
Equity & Other	38	44	56	50	99	79	55	61
Mutual Fund	69	76	87	78	124	114	55	91
Total	107	120	143	128	223	193	110	152

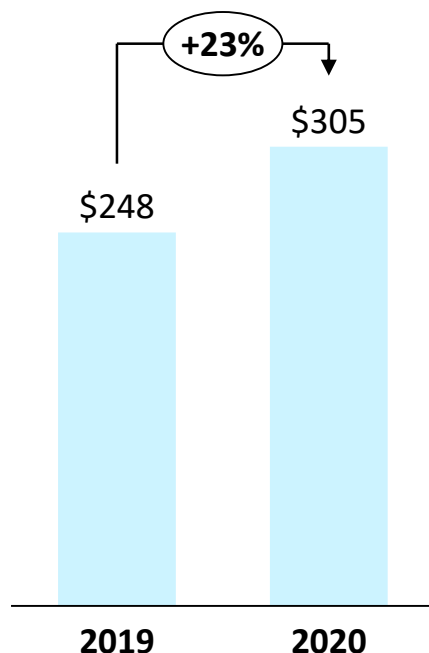
Full Year								FY14-19
	FY14	FY15	FY16	FY17	FY18	FY19	FY20F	Average
Equity & Other	58	71	83	86	134	107		90
Mutual Fund	98	101	117	133	149	137		123
Total	156	173	199	219	284	244	~\$155	212

Note: Significant mutual fund proxy events were noted in FY17 Q4, FY18 Q2, and FY19 Q1.

Note: Amounts may not sum due to rounding.

Third Quarter Fiscal 2020 GTO Results

Total GTO Revenues



Highlights

- 23% revenue growth, including 11% organic growth and continued benefit from recent acquisitions
- Scalable and resilient technology processed record volumes
- Client onboarding activity remains on track despite work-from-home

Net New Business	↑ 4 pts
<u>Internal Growth</u>	↑ 7 pts
Organic Recurring Revenue Growth	↑ 11%
<u>Acquisitions</u>	↑ 12 pts
Total Growth	↑ 23%

Dollars in millions

Strong Balance Sheet

Investment-Grade Credit Ratings

BBB+ (S&P, Fitch)

Baa1 (Moody's)

	March 31, 2020
Cash and cash equivalents	\$402M
Available Borrowing Capacity ¹	\$1.1B
Total Liquidity	\$1.5B
<u>Leverage Ratios (Non-GAAP)</u>	
Net Debt ²	1.9x
Adjusted Gross Debt ³	2.4x

Next Maturity

\$400M in September 2020

- (1) Committed \$1.5B revolving credit facility. As of March 31, 2020, the Company had \$1.1B of unused capacity of committed \$1.5B revolving credit facility
- (2) Estimated current net leverage ratio for 3Q 2020 is 1.9x, calculated: Net Debt = total long term and short term debt, less cash and cash equivalents, reported as of March 31, 2020 divided by trailing 12 months Adjusted EBITDA as of March 31, 2020. Please see slides 24-29 for explanation and reconciliation of these Non-GAAP measures
- (3) Estimated current gross leverage ratio for 3Q 2020 is 2.4x, calculated: Gross Debt = total long term and short term debt plus present value of operating lease liabilities, reported as of March 31, 2020 divided by trailing 12 months EBITDAR as of March 31, 2020. Please see slides 24-29 for explanation and reconciliation of these Non-GAAP measures

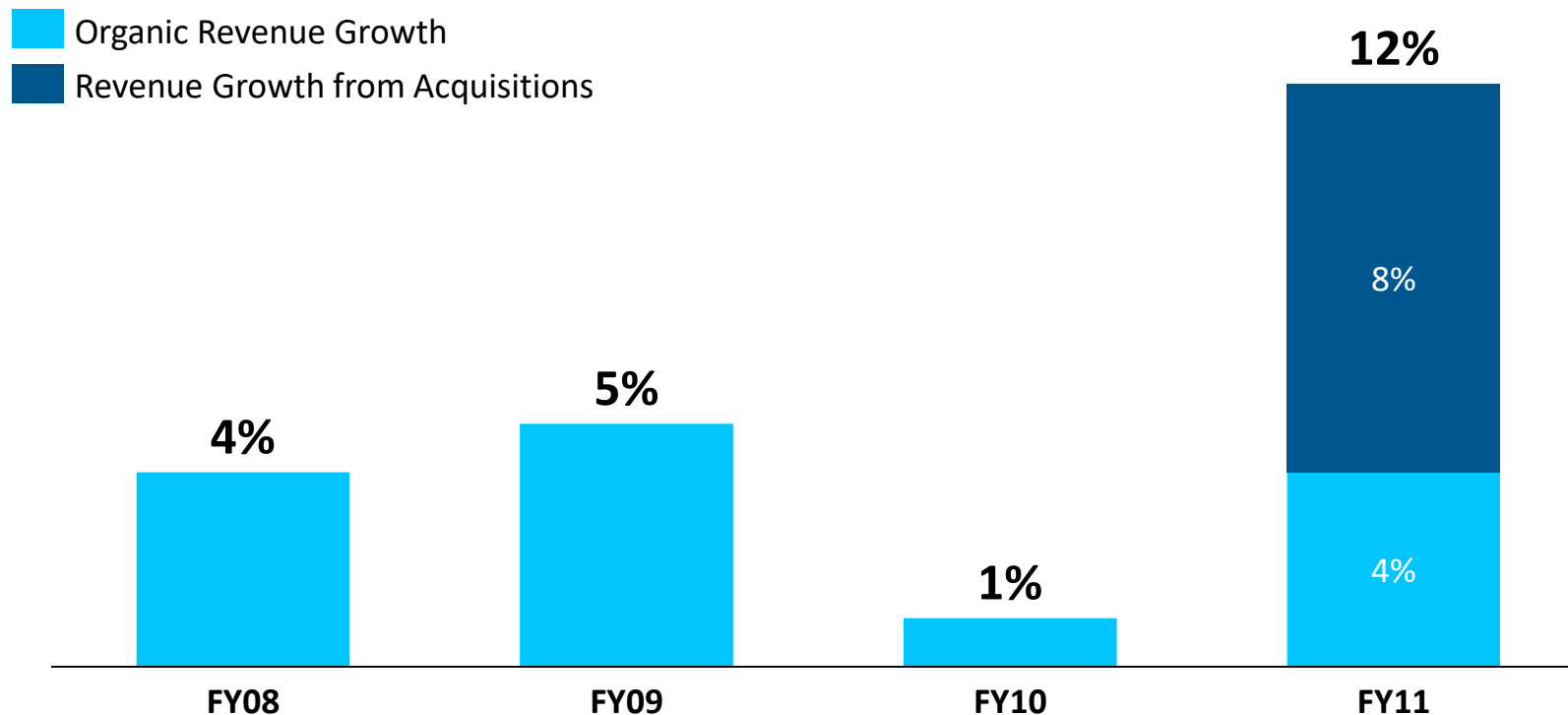
Fiscal Year 2020 Guidance – As of May 8, 2020

Guidance - Updated		Change / Update ⁽¹⁾
Recurring fee revenue growth	8 – 10%	No Change
Total revenue growth	3 – 6%	<i>Expected to be at low end of range</i>
Operating income margin – GAAP	~14%	No Change
Adjusted Operating income margin – Non-GAAP	~18%	No Change
Diluted earnings per share growth	(7) – (3)%	<i>Reduced from (4) – 0%</i>
Adjusted earnings per share growth – Non-GAAP	5 – 7%	<i>Reduced from low end of 8 – 12%</i>
Closed sales	\$190 – \$230M	No Change

(1) From full-year guidance provided in earnings release Q2 FY20 on 1/31/2020

Recurring Revenue in 2008/09 Global Financial Crisis

Total Recurring Fee Revenue Growth¹



(1) Total recurring fee revenue growth %, as reported

Early Thinking on FY'21

- **Our preliminary planning contemplates a prolonged recession**
- **Resilient business model supported by secular growth drivers . . .**
 - Strong \$330M+ backlog
 - Single digit position growth: Total equity / mutual fund position growth remained positive through Global Financial Crisis
 - 97+% client revenue retention rate
 - Mutualization not cyclical, downturn may increase outsourcing demand
- **. . . but Covid-19 recession will impact FY'21**
 - Steep trading and post-sale prospectus volume comparisons in 2H FY'21
 - Impact of lower assets under administration and interest rates on Mutual Fund Processing and Transfer Agent businesses
 - Potential client onboarding delays and lower license activity

Preliminary FY'21 Outlook: Low Single Digit Recurring Revenue Growth



Long-Term Impact Confirms Broadridge Business Model and Supports Future Growth

- **Broadridge will continue investing to support future growth**
- **Covid-19 crisis strengthens long-term trends on mutualization, digitization and data driving Broadridge's growth**
- **New focus on resiliency and enhanced digital capabilities will be critical in a post-pandemic world**
- **Positive long-term outlook and strong business fundamentals leave Broadridge well-positioned**



Nine Months Fiscal Year 2020

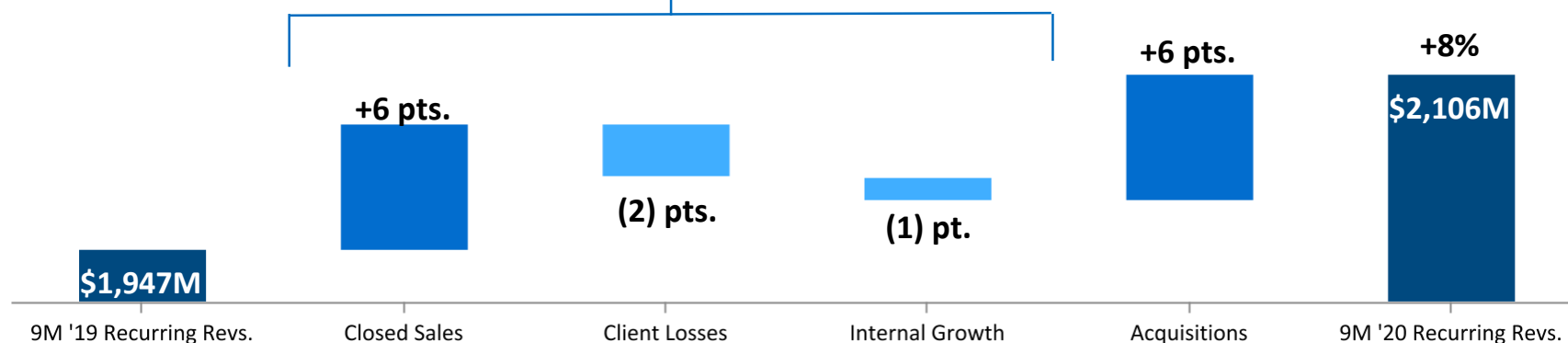
vs.

Nine Months Fiscal Year 2019

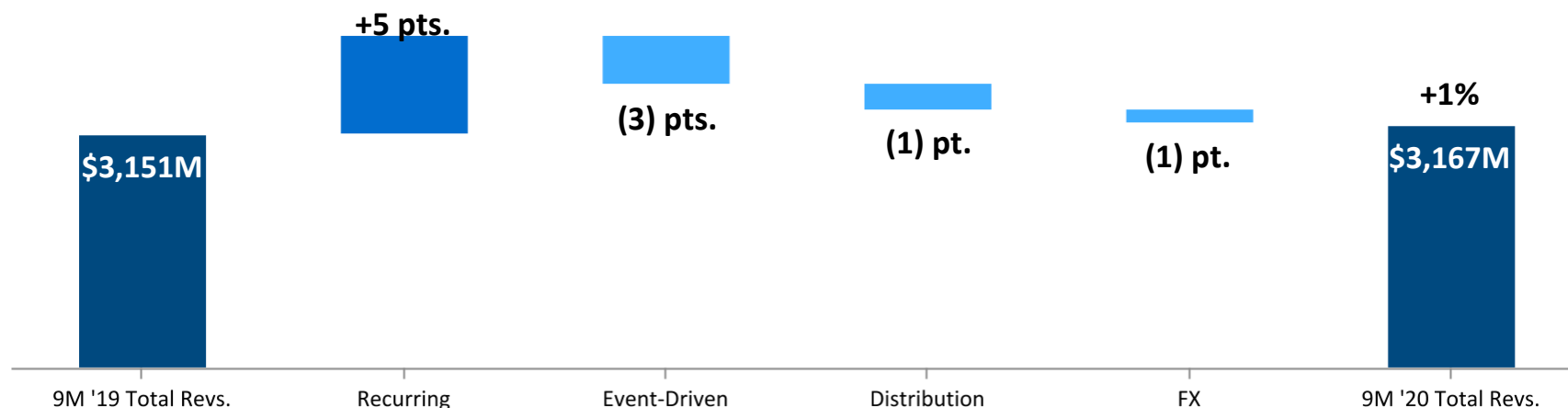
Nine Months 2020 Revenue Growth Drivers

- Nine Months Fiscal 2020 Recurring fee revenues grew 8% to \$2,106 million

Organic Growth: 2%



- Nine Months Fiscal 2020 Total revenues grew by 1% to \$3,167 million



Note: Amounts may not sum due to rounding.

Nine Months 2020 Segment Revenue Growth and Drivers

Dollars in millions

	9M		Growth
	2019	2020	
Investor Communication Solutions Revenues¹			
Recurring Fee Revenues	\$ 1,214	\$ 1,246	3 %
Event-Driven Fee Revenues	193	110	(43)%
Distribution Revenues	1,082	1,042	(4)%
Total ICS Revenues	\$ 2,489	\$ 2,398	(4)%
Global Technology and Operations Revenues¹	\$ 733	\$ 860	17 %

	ICS	GTO
Nine Month 2020 Recurring Revenue Growth Drivers		
Net New Business	3 pts	4 pts
Internal Growth	(3) pts	2 pts
Organic Recurring Fee Revenue Growth	0 pt	6 pts
Acquisitions	3 pts	11 pts
Recurring Fee Revenue Growth	3 %	17 %

(1) FY2019 revenues have been revised to reflect the Broadridge Advisor Solutions organizational change. This change had the effect of transferring revenues previously reported in the ICS segment to the GTO segment. In aggregate, the Total revenues transferred for the nine months ended March 31, 2019 were \$32.3 million.

Note: Amounts may not sum due to rounding.

Supplemental Reporting Detail - Product Line Reporting¹

Dollars in millions

	2019			2020		
	3Q	4Q	FY	1Q	2Q	3Q
<u>Investor Communication Solutions ("ICS")</u>						
Equity proxy	\$ 152.9	\$ 211.4	\$ 437.0	\$ 29.8	\$ 42.2	\$ 136.4
Mutual fund and ETF interims	82.1	65.3	265.9	65.3	65.1	87.2
Customer communications and fulfillment	201.1	177.8	736.4	170.9	176.6	208.0
Other ICS	83.5	95.9	324.8	83.2	83.5	97.4
Total ICS recurring fee revenues	\$ 519.6	\$ 550.4	\$ 1,764.0	\$ 349.2	\$ 367.5	\$ 529.0
Equity and other	\$ 35.4	\$ 28.3	\$ 107.3	\$ 17.5	\$ 15.3	\$ 22.1
Mutual funds	33.1	22.7	137.2	22.6	15.7	17.0
Total Event-driven fee revenues	\$ 68.4	\$ 51.0	\$ 244.5	\$ 40.1	\$ 31.0	\$ 39.1
Distribution	417.9	378.2	1,459.8	313.3	317.0	412.1
Total ICS revenues	\$ 1,005.9	\$ 979.6	\$ 3,468.3	\$ 702.6	\$ 715.6	\$ 980.2
<u>Global Technology and Operations ("GTO")</u>						
Equities and other	\$ 206.7	\$ 219.7	\$ 831.7	\$ 230.9	\$ 237.2	\$ 259.4
Fixed income	41.1	43.4	164.6	43.1	43.7	46.1
Total GTO recurring fee revenues	\$ 247.8	\$ 263.1	\$ 996.3	\$ 273.9	\$ 280.9	\$ 305.5
Foreign currency exchange	(28.9)	(31.5)	(102.4)	(28.0)	(27.8)	(35.8)
Total revenues	\$ 1,224.8	\$ 1,211.2	\$ 4,362.2	\$ 948.6	\$ 968.7	\$ 1,249.9
<u>Revenues by Type</u>						
Recurring fee revenues	\$ 767.4	\$ 813.5	\$ 2,760.3	\$ 623.2	\$ 648.4	\$ 834.5
Event-driven fee revenues	68.4	51.0	244.5	40.1	31.0	39.1
Distribution revenues	417.9	378.2	1,459.8	313.3	317.0	412.1
Foreign currency exchange	(28.9)	(31.5)	(102.4)	(28.0)	(27.8)	(35.8)
Total revenues	\$ 1,224.8	\$ 1,211.2	\$ 4,362.2	\$ 948.6	\$ 968.7	\$ 1,249.9

(1) FY2019 revenues have been revised to reflect the Broadridge Advisor Solutions organizational change. This change had the effect of transferring revenues previously reported in the ICS segment to the GTO segment. In the aggregate, the Total revenues transferred in FY2019 were \$42.8 million.

Note: Amounts may not sum due to rounding.



Explanation of Non-GAAP Measures and Reconciliation of GAAP to Non- GAAP Measures

Non-GAAP Financial Measures

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Earnings and Adjusted Earnings Per Share, Adjusted EBITDA and EBITDAR

Adjusted Operating income, Adjusted Operating income margin, Adjusted Net earnings and Adjusted earnings per share reflect Operating income, Operating income margin, Net earnings, and Diluted earnings per share, as adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items that management believes are not indicative of our ongoing operating performance. These adjusted measures exclude the impact of: (i) Amortization of Acquired Intangibles and Purchased Intellectual Property, (ii) Acquisition and Integration Costs, and (iii) IBM Private Cloud Charges. Amortization of Acquired Intangibles and Purchased Intellectual Property represents non-cash amortization expenses associated with the Company's acquisition activities. Acquisition and Integration Costs represent certain transaction and integration costs associated with the Company's acquisition activities. IBM Private Cloud Charges represent a charge on the hardware assets to be transferred to International Business Machines Corporation ("IBM") and other charges related to the information technology agreement for private cloud services the Company entered into with IBM. Adjusted EBITDA reflects Net earnings before interest, taxes, other non-operating (income)/expenses net, depreciation, amortization, IBM Private Cloud Charges, and Acquisition and Integration Costs. EBITDAR reflects Adjusted EBITDA before facilities and equipment lease expenses, and software license agreement expenses. Our management uses Adjusted EBITDA and EBITDAR to better understand the Company's pre-tax cash flow, adjusted for the impact of leverage.

We exclude IBM Private Cloud Charges from our Adjusted Operating income and other earnings measures because excluding such information provides us with an understanding of the results from the primary operations of our business and this item does not reflect ordinary operations or earnings. We also exclude the impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, as these non-cash amounts are significantly impacted by the timing and size of individual acquisitions and do not factor into the Company's capital allocation decisions, management compensation metrics or multi-year objectives. Furthermore, management believes that this adjustment enables better comparison of our results as Amortization of Acquired Intangibles and Purchased Intellectual Property will not recur in future periods once such intangible assets have been fully amortized. Although we exclude Amortization of Acquired Intangibles and Purchased Intellectual Property from our adjusted earnings measures, our management believes that it is important for investors to understand that these intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

Free Cash Flow

In addition to the Non-GAAP financial measures discussed above, we provide Free cash flow information because we consider Free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated that could be used for dividends, share repurchases, strategic acquisitions, other investments, as well as debt servicing. Free cash flow is a Non-GAAP financial measure and is defined by the Company as Net cash flows provided by operating activities less Capital expenditures as well as Software purchases and capitalized internal use software.

Reconciliations of such Non-GAAP measures to the most directly comparable financial measures presented in accordance with GAAP can be found in the tables that are part of this presentation.

Reconciliation of GAAP to Non-GAAP Measures

(Unaudited)

Dollars in millions

Operating income (GAAP)

Adjustments:

Amortization of Acquired Intangibles and Purchased Intellectual Property

Acquisition and Integration Costs

IBM Private Cloud Charges

Adjusted Operating income (Non-GAAP)

Operating income margin (GAAP)

Adjusted Operating income margin (Non-GAAP)

Three Months Ended March 31,		Nine Months Ended March 31,	
2020	2019	2020	2019
\$ 226.3	\$ 233.6	\$ 326.1	\$ 411.9
32.5	21.2	90.9	64.3
3.0	0.9	9.0	3.1
0.2	—	33.6	—
<u>\$ 262.1</u>	<u>\$ 255.7</u>	<u>\$ 459.6</u>	<u>\$ 479.4</u>
18.1 %	19.1 %	10.3 %	13.1 %
21.0 %	20.9 %	14.5 %	15.2 %

Net earnings (GAAP)

Adjustments:

Amortization of Acquired Intangibles and Purchased Intellectual Property

Acquisition and Integration Costs

IBM Private Cloud Charges

Taxable adjustments

Tax impact of adjustments (a)

Adjusted Net earnings (Non-GAAP)

Three Months Ended March 31,		Nine Months Ended March 31,	
2020	2019	2020	2019
\$ 166.8	\$ 172.2	\$ 232.8	\$ 298.8
32.5	21.2	90.9	64.3
3.0	0.9	9.0	3.1
0.2	—	33.6	—
35.8	22.1	133.5	67.5
(7.6)	(5.4)	(29.0)	(15.7)
<u>\$ 195.0</u>	<u>\$ 188.9</u>	<u>\$ 337.3</u>	<u>\$ 350.6</u>

(a) Calculated using the GAAP effective tax rate, adjusted to exclude \$1.9 million and \$9.9 million of excess tax benefits associated with stock-based compensation for the three and nine months ended March 31, 2020, and \$1.3 million and \$9.2 million of excess tax benefits associated with stock-based compensation for the three and nine months ended March 31, 2019, respectively. For purposes of calculating Adjusted earnings per share, the same adjustments were made on a per share basis.

Note: Amounts may not sum due to rounding.

Reconciliation of GAAP to Non-GAAP Measures

(Unaudited)

Dollars in millions, except per share amounts

Diluted earnings per share (GAAP)

Adjustments:

Amortization of Acquired Intangibles and Purchased Intellectual Property

Acquisition and Integration Costs

IBM Private Cloud Charges

Taxable adjustments

Tax impact of adjustments (a)

Adjusted earnings per share (Non-GAAP)

Three Months Ended March 31,		Nine Months Ended March 31,	
2020	2019	2020	2019
\$ 1.43	\$ 1.45	\$ 1.99	\$ 2.51
0.28	0.18	0.78	0.54
0.03	0.01	0.08	0.03
—	—	0.29	—
0.31	0.19	1.14	0.57
(0.07)	(0.05)	(0.25)	(0.13)
<u>\$ 1.67</u>	<u>\$ 1.59</u>	<u>\$ 2.88</u>	<u>\$ 2.94</u>

Net cash flows provided by operating activities (GAAP)

Capital expenditures and Software purchases and capitalized internal use software

Free cash flow (Non-GAAP)

Nine Months Ended March 31,	
2020	2019
\$ 155.6	\$ 217.9
(73.5)	(46.3)
<u>\$ 82.2</u>	<u>\$ 171.6</u>

(a) Calculated using the GAAP effective tax rate, adjusted to exclude \$1.9 million and \$9.9 million of excess tax benefits associated with stock-based compensation for the three and nine months ended March 31, 2020, and \$1.3 million and \$9.2 million of excess tax benefits associated with stock-based compensation, for the three and nine months ended March 31, 2019. For purposes of calculating Adjusted earnings per share, the same adjustments were made on a per share basis.

Note: Amounts may not sum due to rounding.

Reconciliation of GAAP to Non-GAAP Measures

(Unaudited)

Dollars in millions

	Fiscal Year Ended	Nine Months Ended March 31,		TTM Ended
	June 30, 2019	2019	2020	March 31, 2020
Net earnings (GAAP)	\$ 482.1	\$ 298.8	\$ 232.8	\$ 416.1
Provision for income taxes	125.2	78.4	52.0	98.7
Earnings before income taxes (GAAP)	607.3	377.2	284.8	514.8
Interest expense, net	41.8	30.4	43.2	54.6
Other non-operating (income)/expenses, net	3.7	4.3	(1.8)	(2.5)
Operating income (GAAP)	652.7	411.9	326.1	566.9
Depreciation and amortization	85.2	63.7	56.5	78.0
Amortization of Acquired Intangibles and Purchased Intellectual Property	87.4	64.3	90.9	114.0
Amortization of Other Assets	87.4	66.8	76.0	96.6
IBM Private Cloud Charges	—	—	33.6	33.6
Acquisition and Integration Costs	6.4	3.1	9.0	12.2
Adjusted EBITDA (Non-GAAP)	\$ 919.1	\$ 609.9	\$ 592.1	\$ 901.3
Facilities and equipment lease expenses	49.0	36.6	29.4	41.8
Software license agreement expenses	37.3	27.0	33.5	43.8
EBITDAR (Non-GAAP)	\$ 1,005.4	\$ 673.5	\$ 655.0	\$ 986.9

Note: Amounts may not sum due to rounding.

Reconciliation of GAAP to Non-GAAP Measures - FY20 Guidance

(Unaudited)

FY20 Adjusted Earnings Per Share Growth Rate (a)

Diluted earnings per share growth (GAAP)	(7) – (3) %
Adjusted earnings per share growth (Non-GAAP)	5 – 7 %

FY20 Adjusted Operating Income Margin (b)

Operating income margin % (GAAP)	~14%
Adjusted Operating income margin % (Non-GAAP)	~18%

(a) Adjusted earnings per share growth (Non-GAAP) is adjusted to exclude the projected impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs, and IBM Private Cloud Charges, and is calculated using diluted shares outstanding. Fiscal year 2020 Non-GAAP Adjusted earnings per share guidance estimates exclude Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs, and IBM Private Cloud Charges, net of taxes, of approximately \$1.12 per share.

(b) Adjusted Operating income margin (Non-GAAP) is adjusted to exclude the projected impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs, and IBM Private Cloud Charges. Fiscal year 2020 Non-GAAP Adjusted Operating income margin guidance estimates exclude Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs, and IBM Private Cloud Charges of approximately \$170 million.



Broadridge Investor Relations Contacts

W. Edings Thibault

Tel: 516-472-5129

Email: edings.thibault@broadridge.com

Elsa Ballard

Tel: 212-973-6197

Email: elsa.ballard@broadridge.com