

SS&C Technologies Releases Q3 2023 Earnings Results

Q3 2023 GAAP revenue \$1,365.9 million, up 3.4%, Fully Diluted GAAP Earnings Per Share \$0.61, flat
Adjusted revenue \$1,366.7 million, up 3.4%, Adjusted Diluted Earnings Per Share \$1.17, up 1.7%

WINDSOR, CT, October 26, 2023 (PR Newswire) SS&C Technologies Holdings, Inc. (NASDAQ: SSNC), a global provider of investment, financial and healthcare software-enabled services and software, today announced its financial results for the third quarter ended September 30, 2023.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions, except per share data):	2023	2022	Change	2023	2022	Change
GAAP Results						
Revenue	\$1,365.9	\$1,321.0	3.4%	\$4,091.2	\$3,944.7	3.7%
Operating income	306.4	304.2	0.7%	874.7	841.6	3.9%
Operating income margin	22.4%	23.0%	(60) bps	21.4%	21.3%	10 bps
Diluted earnings per share attributable to SS&C	\$0.61	\$0.61	—	\$1.62	\$1.68	(3.6)%
Net income attributable to SS&C	156.0	160.0	(2.5)%	412.7	442.7	(6.8)%
Adjusted Non-GAAP Results (defined in Notes 1 - 4 below)						
Adjusted revenue	\$1,366.7	\$1,322.0	3.4%	\$4,093.5	\$3,948.2	3.7%
Adjusted operating income attributable to SS&C	517.4	486.1	6.4%	1,496.2	1,440.2	3.9%
Adjusted operating income margin	37.9%	36.8%	110 bps	36.6%	36.5%	10 bps
Adjusted diluted earnings per share attributable to SS&C	\$1.17	\$1.15	1.7%	\$3.35	\$3.50	(4.3)%
Adjusted consolidated EBITDA attributable to SS&C	533.9	501.7	6.4%	1,545.2	1,487.5	3.9%
Adjusted consolidated EBITDA margin	39.1%	38.0%	110 bps	37.7%	37.7%	—

Third Quarter 2023 Highlights:

- Q3 2023 GAAP Revenue growth and Adjusted Revenue growth were 3.4 percent.
- SS&C generated net cash from operating activities of \$826.7 million for the nine months ended September 30, 2023, up 8.1 percent compared to the same time period in 2022.
- Q3 2023 we bought back 1.7 million shares for \$96.9 million, at an average price of \$55.82 per share.
- We paid down \$54.7 million in debt in Q3 2023, bringing our net leverage ratio to 3.18 times consolidated EBITDA attributable to SS&C.
- SS&C reported GAAP net income attributable to SS&C of \$156.0 million, down 2.5 percent and adjusted consolidated EBITDA attributable to SS&C of \$533.9 million for Q3 2023, up 6.4 percent.
- GAAP operating income margin for Q3 2023 was 22.4 percent. Adjusted consolidated EBITDA margin for Q3 2023 was 39.1 percent.
- Revenue retention for the financial services business was the highest in SS&C history at 97.3 percent.

“SS&C delivered strong margins for Q3 2023, with adjusted consolidated EBITDA margins up 230 basis points sequentially and 110 basis points year over year,” says Bill Stone, Chairman and Chief Executive Officer. “Our digital worker initiative is a large part of this margin expansion, as we have seen a 2,000 FTE headcount benefit year to date. We have hit our 2023 target for digital workers, and believe there is more runway ahead.”

Operating Cash Flow

SS&C generated net cash from operating activities of \$826.7 million for the nine months ended September 30, 2023, compared to \$764.6 million for the same period in 2022, a 8.1% increase. SS&C ended the third quarter with \$447.6 million in cash and cash equivalents and \$6,906.6 million in gross debt. SS&C's net debt balance as defined in our credit agreement, which excludes cash and cash equivalents of \$106.1 million held at DomaniRx, LLC was \$6,565.1 million as of September 30, 2023. SS&C's consolidated net leverage ratio as defined in our credit agreement stood at 3.18 times consolidated EBITDA attributable to SS&C as of September 30, 2023. SS&C's net secured leverage ratio stood at 2.21 times consolidated EBITDA attributable to SS&C as of September 30, 2023.

Guidance

	Q4 2023	FY 2023
Adjusted Revenue (\$M)	\$1,370.0 – \$1,410.0	\$5,463.5 – \$5,503.5
Adjusted Net Income attributable to SS&C (\$M)	\$305.0 – \$327.0	\$1,159.9 – \$1,181.9
Interest Expense ¹ (\$M)	\$116.0 - \$119.0	\$456.3 - \$459.3
Adjusted Diluted Earnings per Share attributable to SS&C	\$1.21 – \$1.29	\$4.55 – \$4.64
Cash from Operating Activities (\$M)	–	\$1,180.0 – \$1,230.0
Capital Expenditures (% of revenue)	–	3.9% – 4.1%
Diluted Shares (M)	252.0 – 254.0	254.5 – 255.0
Effective Income Tax Rate (%)	26%	26%

¹Interest expense is net of deferred financing cost amortization and original issue discount

SS&C does not provide reconciliations of guidance for Adjusted Revenues and Adjusted Net Income to comparable GAAP measures, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. SS&C is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include acquisition transactions and integration, foreign exchange rate changes, as well as other non-cash and other adjustments as defined under the Company's Credit agreement, that are difficult to predict in advance in order to include in a GAAP estimate. The unavailable information could have a significant impact on Q4 2023 and FY 2023 GAAP financial results.

Non-GAAP Financial Measures

Adjusted revenue, adjusted operating income, adjusted consolidated EBITDA, adjusted net income and adjusted diluted earnings per share are non-GAAP measures. See the accompanying notes for the reconciliations and definitions for each of these non-GAAP measures and the reasons our management believes these measures provide useful information to investors regarding our financial condition and results of operations.

Earnings Call and Press Release

SS&C's Q3 2023 earnings call will take place at 5:00 p.m. eastern time today, October 26, 2023. The call will discuss Q3 2023 results and business outlook. Interested parties may dial 888-210-4650 (US and Canada) or 646-960-0327 (International), and request the "SS&C Technologies Third Quarter 2023 Earnings Conference Call"; conference ID #4673675. In connection with the earnings call, a presentation will be available on SS&C's website at www.ssctech.com. A replay will be available after 8:00 p.m. eastern time on October 26, 2023, until midnight on November 2, 2023. The replay dial-in number is 800-770-2030 (US and Canada) or 647-362-9199 (International); access code #4673675. The call will also be available for replay on SS&C's website after October 26, 2023; access: <http://investor.ssctech.com/financials/quarterly-results/default.aspx>

Certain information contained in this press release relating to, among other things, the Company's financial guidance for the fourth quarter and full year of 2023 constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance, underlying assumptions, and other statements that are other than statements of historical facts. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects", "estimates", "projects", "forecasts", "may", "assume", "intend", "will", "continue", "opportunity", "predict", "potential", "future", "guarantee", "likely", "target", "indicate", "would", "could" and "should" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Such statements reflect management's best judgment based on factors currently known but are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, the state of the economy and the financial services industry and other industries in which the Company's clients operate, the Company's ability to realize anticipated benefits from its acquisitions, including DST Systems, Inc., the effect of customer consolidation on demand for the Company's products and services, the increasing focus of the Company's business on the hedge fund industry, the variability of revenue as a result of activity in the securities markets, the ability to retain and attract clients, fluctuations in customer demand for the Company's products and services, the intensity of competition with respect to the Company's products and services, the exposure to litigation and other claims, terrorist activities and other catastrophic events, disruptions, attacks or failures affecting the Company's software-enabled services, risks associated with the Company's foreign operations, privacy concerns relating to the collection and storage of personal information, evolving regulations and increased scrutiny from regulators, the Company's ability to protect intellectual property assets and litigation regarding intellectual property rights, delays in product development, investment decisions concerning cash balances, regulatory and tax risks, risks associated with the Company's joint ventures, changes in accounting standards, risks related to the Company's substantial indebtedness, the market price of the Company's stock prevailing from time to time, and the risks discussed in the "Risk Factors" section of the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are on file with the Securities and Exchange Commission and can also be accessed on our website. Forward-looking statements speak only as of the date on which they are made and, except to the extent required by applicable securities laws, we undertake no obligation to update or revise any forward-looking statements.

About SS&C Technologies

SS&C is a global provider of services and software for the financial services and healthcare industries. Founded in 1986, SS&C is headquartered in Windsor, Connecticut, and has offices around the world. Some 20,000 financial services and healthcare organizations, from the world's largest companies to small and mid-market firms, rely on SS&C for expertise, scale, and technology.

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