

GARTNER, INC. - SUMMARY FINANCIAL STATEMENTS (QUARTERLY)

(In thousands, except per share data)

SUMMARY INCOME STATEMENT

	Quarter ending March '14	Quarter ending June '14	Quarter ending September '14	Quarter ending December '14	Quarter ending March '15	Quarter ending June '15	Quarter ending September '15	Quarter ending December '15	Quarter ending March '16	Quarter ending June '16	Quarter ending September '16	Quarter ending December '16
Revenues:												
Research	\$348,114	\$358,495	\$365,334	\$373,395	\$381,090	\$385,718	\$396,179	\$420,499	\$440,271			
Consulting	84,271	93,488	82,300	88,337	76,792	88,336	74,686	87,921	84,940			
Events	14,317	67,837	23,306	122,247	13,304	73,882	29,301	135,348	32,055			
Total revenues	\$446,702	\$519,820	\$470,940	\$583,979	\$471,186	\$547,936	\$500,166	\$643,768	\$557,266			
Costs and expenses:												
Cost of services and product development	170,821	203,178	188,059	235,875	177,762	210,495	193,602	257,217	212,041			
Selling, general and administrative	204,617	218,537	217,025	235,888	229,522	237,991	236,355	258,809	257,411			
Depreciation	7,459	7,721	7,945	8,061	7,989	8,440	8,510	8,850	8,834			
Amortization of intangibles	1,279	1,979	2,505	2,463	2,139	2,107	2,737	6,359	6,183			
Acquisition and integration charges	3,356	6,644	6,015	5,852	5,092	3,683	6,488	10,912	8,368			
Total costs and expenses	387,532	438,059	421,549	488,139	422,504	462,716	447,692	542,147	492,837			
Operating income	59,170	81,761	49,391	95,840	48,682	85,220	52,474	101,621	64,429			
Interest expense, net	(2,250)	(2,680)	(2,656)	(3,301)	(3,480)	(5,240)	(6,049)	(6,013)	(6,006)			
Other income (expense), net	(229)	175	(287)	(251)	(962)	(468)	5,367	1,059	1,884			
Income before income taxes	56,691	79,256	46,448	92,288	44,240	79,512	51,792	96,667	60,307			
Provision for income taxes	18,955	26,216	12,602	33,144	15,889	28,357	21,426	30,904	20,140			
Net income	\$37,736	\$53,040	\$33,846	\$59,144	\$28,351	\$51,155	\$30,366	\$65,763	\$40,167			
Diluted income per share	\$0.40	\$0.58	\$0.38	\$0.66	\$0.32	\$0.61	\$0.36	\$0.78	\$0.48			
Income (loss) per share (diluted)	\$0.40	\$0.58	\$0.38	\$0.66	\$0.32	\$0.61	\$0.36	\$0.78	\$0.48			
Weighted average shares outstanding												
Basic	91,669	89,521	88,513	87,647	86,539	83,203	82,989	82,677	82,451			
Diluted	93,209	90,744	89,708	88,956	87,773	84,271	84,113	83,890	83,464			
SEGMENT RESULTS ⁽¹⁾												
Research Revenue	\$348,114	\$358,495	\$365,334	\$373,395	\$381,090	\$385,718	\$396,179	\$420,499	\$440,271			
Research Gross Contribution	\$246,101	\$248,263	\$251,113	\$256,438	\$267,065	\$269,846	\$274,967	\$285,005	\$308,186			
Contribution Margin	70.7%	69.3%	68.7%	68.7%	70.1%	70.0%	69.4%	67.8%	70.0%			
Consulting Revenue	\$84,271	\$93,488	\$82,300	\$88,337	\$76,792	\$88,336	\$74,686	\$87,921	\$84,940			
Consulting Gross Contribution	\$30,338	\$36,235	\$24,774	\$28,584	\$26,327	\$33,255	\$21,593	\$26,018	\$29,378			
Contribution Margin	36.0%	38.8%	30.1%	32.4%	34.3%	37.6%	28.9%	29.6%	34.6%			
Events Revenue	\$14,317	\$67,837	\$23,306	\$122,247	\$13,304	\$73,882	\$29,301	\$135,348	\$32,055			
Events Gross Contribution	\$2,963	\$34,232	\$6,946	\$68,243	\$2,442	\$39,442	\$11,543	\$77,100	\$12,983			
Contribution Margin	20.7%	50.5%	29.8%	55.8%	18.4%	53.4%	39.4%	57.0%	40.5%			

(1) The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution is defined as operating income excluding certain cost of services and product development expenses, selling, general and administrative expenses, depreciation, acquisition and integration charges, and amortization of intangibles. Gross contribution margin is defined as gross contribution as a percentage of revenues.

GARTNER, INC. - SUMMARY FINANCIAL STATEMENTS (QUARTERLY)

(In thousands)

SUMMARY BALANCE SHEET

	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
ASSETS												
Current assets:												
Cash and cash equivalents	\$283,284	\$317,925	\$341,220	\$365,302	\$281,653	\$357,581	\$371,244	\$372,976	\$403,943			
Fees receivable, net	496,997	493,216	449,923	552,107	526,384	527,615	482,302	580,763	602,877			
Deferred commissions	97,610	88,689	80,599	115,381	104,405	98,211	93,792	124,831	118,125			
Prepaid expenses and other current assets	67,777	71,939	87,492	63,868	88,206	82,661	114,061	62,427	54,332			
Total current assets	945,668	971,769	959,234	1,096,658	1,000,648	1,066,068	1,061,399	1,140,997	1,179,277			
Property, equipment and leasehold improvements, net	94,208	95,831	93,625	97,990	104,374	107,112	109,557	108,733	108,628			
Goodwill	589,786	598,731	593,212	586,665	579,910	583,002	723,950	715,359	718,034			
Intangible assets, net	34,537	36,415	33,515	30,689	28,456	27,110	96,174	96,544	90,553			
Other assets	93,514	94,062	89,367	92,349	75,982	77,747	100,462	113,053	115,017			
Total assets	\$1,757,713	\$1,796,808	\$1,768,953	\$1,904,351	\$1,789,370	\$1,861,039	\$2,091,542	\$2,174,686	\$2,211,509			
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)												
Current liabilities:												
Accounts payable and accrued liabilities	211,566	251,421	266,545	353,761	240,301	262,293	290,044	387,691	247,423			
Deferred revenues	832,555	847,877	847,327	841,457	895,430	922,227	925,056	900,801	986,301			
Current portion of long term debt	222,500	246,250	245,000	20,000	285,000	20,000	20,000	35,000	57,500			
Total current liabilities	1,266,621	1,345,548	1,358,872	1,215,218	1,420,731	1,204,520	1,235,100	1,323,492	1,291,224			
Other liabilities	121,869	125,001	132,558	142,962	128,152	131,674	196,031	193,594	200,455			
Long term debt	132,500	128,750	125,000	385,000	380,000	695,000	820,000	790,000	832,500			
Total liabilities	1,520,990	1,599,299	1,616,430	1,743,180	1,928,883	2,031,194	2,251,131	2,307,086	2,324,179			
Total stockholders' equity (deficit)	236,723	197,509	152,523	161,171	(139,513)	(170,155)	(159,589)	(132,400)	(112,670)			
Total liabilities and stockholders' equity (deficit)	\$1,757,713	\$1,796,808	\$1,768,953	\$1,904,351	\$1,789,370	\$1,861,039	\$2,091,542	\$2,174,686	\$2,211,509			

SUMMARY CASH FLOW STATEMENT

	Three months ended 03/31/14	Six months ended 6/30/14	Nine months ended 9/30/14	Twelve months ended 12/31/14	Three months ended 03/31/15	Six months ended 6/30/15	Nine months ended 9/30/15	Twelve months ended 12/31/15	Three months ended 03/31/16	Six months ended 6/30/16	Nine months ended 9/30/16	Twelve months ended 12/31/16
Operating activities:												
Net income	\$37,736	\$90,776	\$124,622	\$183,766	\$28,351	\$79,506	\$109,872	\$175,635	\$40,167			
Adjustments to reconcile net income (loss) to net cash provided by operating activities:												
Depreciation and amortization of intangibles	8,738	18,438	28,888	39,412	10,128	19,734	31,922	47,131	15,017			
Stock based compensation expense	13,752	20,617	29,425	38,861	16,729	27,392	36,980	46,149	15,495			
Excess tax benefits from stock-based compensation	(11,146)	(14,275)	(19,275)	(20,193)	(7,556)	(11,117)	(11,222)	(13,860)	(4,751)			
Deferred taxes	7,351	4,450	(1,299)	(719)	(3,358)	2,298	(5,724)	344	(2,191)			
Other adjustments, net	581	1,100	1,572	2,350	837	1,595	2,392	1,512	411			
Changes in assets and liabilities, excluding the effects of acquisitions	(40,542)	31,652	111,676	103,302	(39,468)	29,995	102,087	88,650	(55,568)			
Cash provided by operating activities	16,470	152,758	275,609	346,779	5,663	149,403	266,307	345,561	8,580			
Investing activities:												
Additions to property, equipment and leasehold improvements	(9,185)	(19,151)	(25,516)	(38,486)	(11,632)	(23,614)	(36,067)	(46,128)	(6,560)			
Other investing activities, net	(115,270)	(121,891)	(121,891)	(124,291)	0	0	(195,478)	(196,229)	(800)			
Cash used in investing activities	(124,455)	(141,042)	(147,407)	(162,777)	(11,632)	(23,614)	(231,545)	(242,357)	(7,360)			
Financing activities:												
Net issuance (payment) of debt	150,000	170,000	165,000	200,000	260,000	310,000	435,000	420,000	65,000			
Proceeds from stock-based compensation plans and ESP Plan	2,428	5,064	6,365	7,767	2,076	3,824	5,583	7,499	2,580			
Purchases of treasury stock	(195,850)	(307,448)	(387,126)	(432,006)	(324,042)	(441,442)	(453,000)	(509,049)	(45,487)			
Excess tax benefit from stock-based compensation plans	11,146	14,275	19,275	20,193	7,556	11,117	11,222	13,860	4,751			
Payments for debt issuance and debt conversion costs	-	-	-	-	-	-	-	-	-			
Cash used in financing activities	(32,276)	(118,109)	(196,486)	(208,670)	(54,410)	(116,501)	(1,195)	(67,690)	26,844			
Net increase (decrease) in cash and cash equivalents	(140,261)	(106,393)	(68,284)	(24,668)	(60,379)	9,288	33,567	35,514	28,064			
Cash used by discontinued operation	0	0	0	0	0	0	0	0	0			
Effects of exchange rates on cash and cash equivalents	(445)	328	(14,486)	(34,020)	(23,270)	(17,009)	(27,625)	(27,840)	2,903			
Cash and cash equivalents, beginning of period	\$423,990	\$423,990	\$423,990	\$423,990	\$365,302	\$365,302	\$372,976	\$365,302	\$372,976			
Cash and cash equivalents, end of period	\$283,284	\$317,925	\$341,220	\$365,302	\$281,653	\$357,581	\$371,244	\$372,976	\$403,943			