

Intelsat, S.A.

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Q1 Boosted by Accounting Change, but Core Trends Remain; Mobility Now 12% of Revs, C-band Advances

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- Earnings in the eye of the beholder.** Aided by the adoption of new FASB rules that enable earlier recognition of contracts with prepayments (think Govt. and Media), Intelsat's revenue and EBITDA beat consensus by 5% and 7%, respectively. Excluding "ASC 606," results were essentially in-line with consensus as revenues dipped for the 19th consecutive quarter
- Mobility now 12% of revenues.** Management disclosed (for the first time) that mobility-related revenues (i.e. aero, maritime, land) now represent 12% of overall revenues, up from immaterial levels only five years ago. This growth has been driven almost entirely by the Epic satellite fleet, which delivered "strong teens" growth over the past year.
- Headwinds abating?** Relentless price declines that have battered Intelsat's revenues over the past several years may be abating according to recent [Euroconsult study](#). That said, we are still forecasting Network Services to decline 7% in 2018 and 3.5% in 2019.
- Government leg up?** Following years of steady declines, we are forecasting Government revenues to grow 4% in 2018, aided by more favorable contract renewals and an ASC 606 bump. Intelsat renewed one-third of 2018 contract renewals during Q1 under generally favorable terms.
- Guidance and capex plan affirmed.** Management affirmed its 2018 guidance, (which does not include ASC 600) and long-term capex spending plans. We are marginally raising our 2018 estimates (ASC 606 bump) while leaving our 2019 estimates basically unchanged.
- Banking on C-band?** Why did shares of Intelsat rocket 33% higher when the company reported in-line results and affirmed guidance? While short interest may have played a role (~11% of float), we suspect that investors were encouraged by underlying Epic/mobility trends and C-Band progress. The stock, long a laggard to its FSS peers, is now trading at ~10% premium.

Key Data

Symbol:	EXCH: I
Fiscal Year:	Dec
Stock price:	\$12.31
Shares out (mm):	119.9
Market cap (\$, mm)	\$1,476
Enterprise value (\$, mm)	\$15,153

Trading Data

52-week range:	\$2.44 - \$13.86
Avg daily vol:	3,776,000
Avg daily vol (\$, mm):	\$46.5
Float:	30%
Short % float	11%

Balance Sheet

Total debt (\$, mm):	\$14,188
Net debt (\$, mm):	\$13,677
Book value/share:	NM
Net debt/EBITDA (TTM):	8.2x

Cash Payout

Dividend (annual):	N/A
Dividend yield:	N/A
FCF (current FY):	\$(48.5)
FCF yield:	NM

Adj. EBITDA	Q1	Q2	Q3	Q4	FY	EV/EBITDA
2017A	\$410	\$418	\$421	\$416	\$1,665	9.1x
2018E	\$419A	\$393E	\$388E	\$397E	\$1,596E	9.5x
2019E	\$390E	\$395E	\$389E	\$393E	\$1,568E	9.7x

Revenue	Q1	Q2	Q3	Q4	FY	Y/Y Growth
2017A	\$538	\$533	\$539	\$538	\$2,149	(1.8)%
2018E	\$544A	\$520E	\$510E	\$518E	\$2,092E	(2.6)%
2019E	\$513E	\$517E	\$509E	\$512E	\$2,051E	(1.9)%

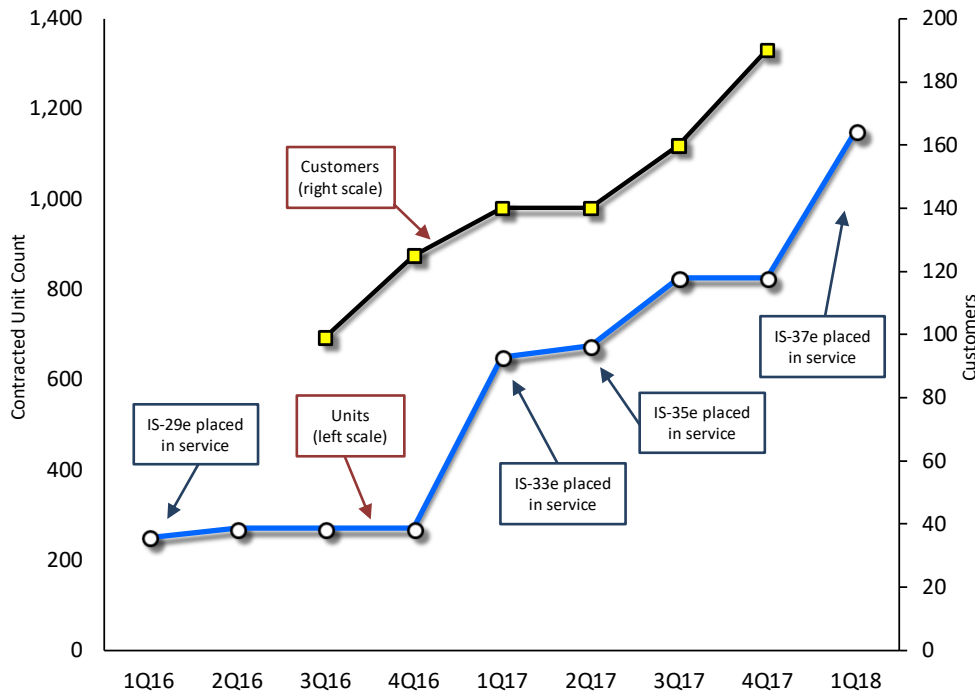
1Q18 Operational Highlights

Double Digit Epic^{NG} Growth as Fleet Nears Completion

With the initiation of service on Intelsat 37e in March, the company’s Epic HTS fleet is now only one launch away from completion, with Horizons 3e expected to launch during 4Q18. Key updates include:

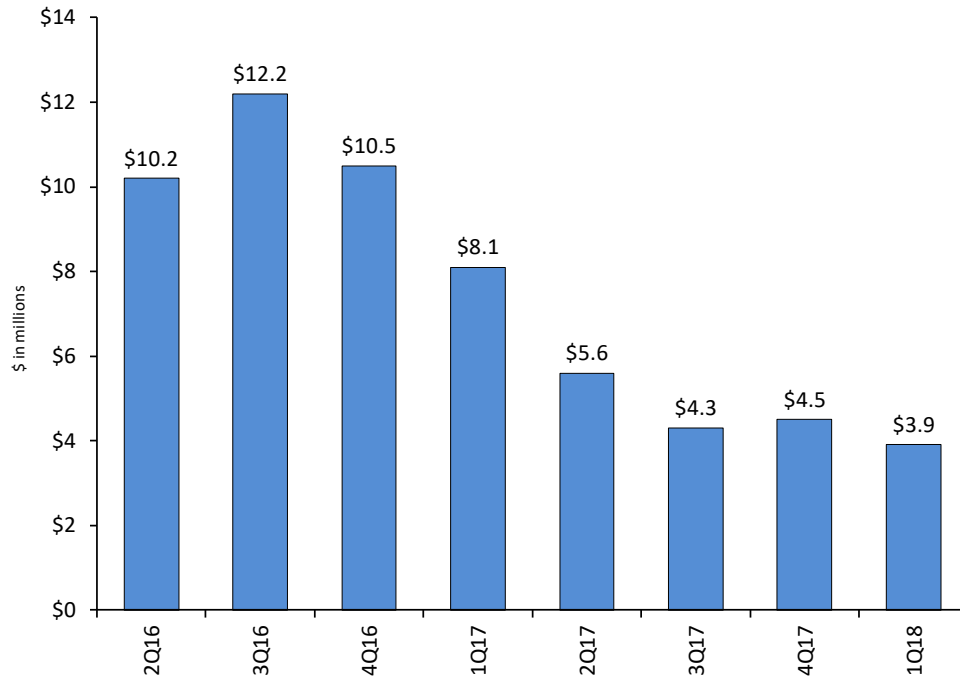
- Mobility now 12% of revenues:** Management disclosed (for the first time) that “Mobility” applications now represent 12% of overall company revenues, or ~\$250 million, up from essentially nothing five years ago. Undoubtedly, most of these revenues are generated from the Epic fleet, although Intelsat’s traditional broadbeam FSS fleet does play an important backup roll.
- Epic growing double-digit:** Although Intelsat does not disclose Epic revenues, management confirmed that mobility revenues (see above) have been growing in the “strong teens” over the past year.
- Epic capacity sees boost:** The unit count for the HTS Epic fleet grew by nearly 40% sequentially, from 825 units in 4Q17 to 1,150 units at the end of 1Q18, following the addition of Intelsat 37e at the start of the quarter (launched Sept’17).
- HTS backlog nudges higher:** Epic backlog climbed \$100 million sequentially to \$1.1 billion. Pricing remains competitive, especially for high-volume deals, but Intelsat is continuing to perform well competitively due to the scale, capacity, and flexibility of the Epic fleet.
- Strong bookings for Horizons 3e:** Scheduled to launch in 4Q18, Horizons 3e (a JV satellite with **SKY Perfect JSAT**) has experienced exceptionally strong bookings (similar to Intelsat 29e) from customers in the wireless sector and maritime (both government and commercial).

Epic Unit Capacity and Customer Totals



Source: Company reports and Quilty Analytics.

Y/Y Growth in Broadband Maritime/Aero Managed Services



Source: Company reports and Quilty Analytics.

Fleet and Capex Plans Unchanged

Intelsat’s 2018-2020 capex plan currently includes seven satellites, **unchanged** from 4Q17:

- **One launched:** Intelsat 37e . Now in service.
- **Two pending launch:** Intelsat 38 (2H18) and Horizons 3e (4Q18)
- **Four not yet ordered:** All four are replacement satellites.

Notably, the launch of Intelsat 38, a non-capex joint asset with **Azercosmos OJSC**, was recently delayed for “several months” from its planned May’18 launch date due to a problem with its co-passenger on the Ariane 5 rocket. Horizons 3e, which is also launching on the Ariane 5 currently remains on schedule, but could see a delay if **Arianespace** is unable reshuffle the launch queue to accommodate the current delay.

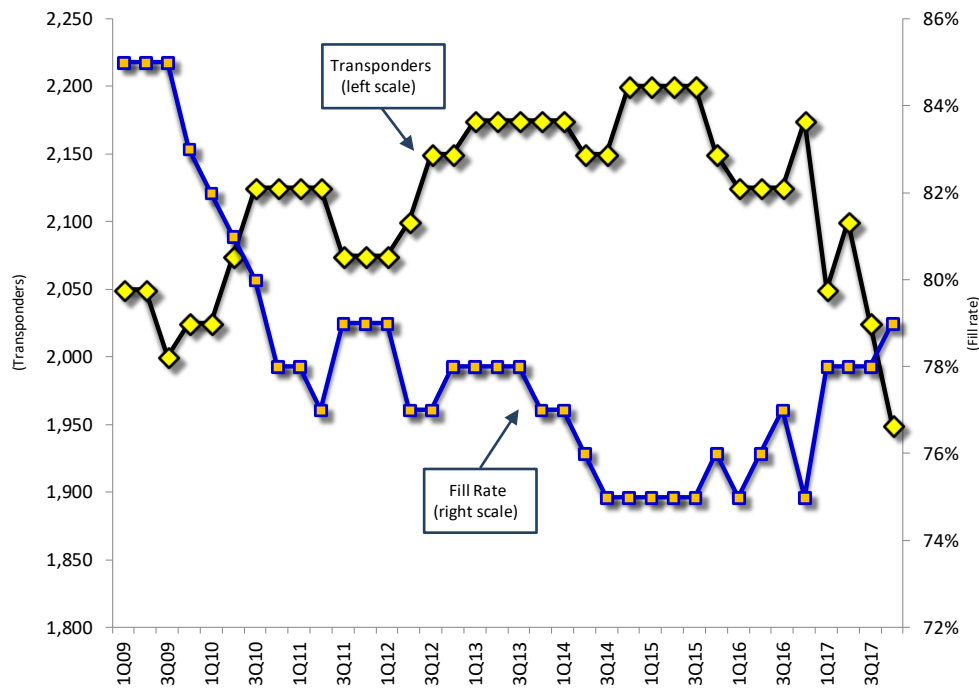
Given the fact that Intelsat affirmed its fleet plans, it is not unsurprising that management also affirmed its 2018-2020 capex plans with no changes.

Intelsat Capex Guidance

Year	Nov'17	Feb'18	Mar'18	% Change
2018	\$400-475	\$375-425	\$375-425	0%
2019	\$400-500	\$425-500	\$425-500	0%
2020	N/A	\$375-475	\$375-475	0%

Source: Company reports.

Station-Kept Transponders and Fill Rate

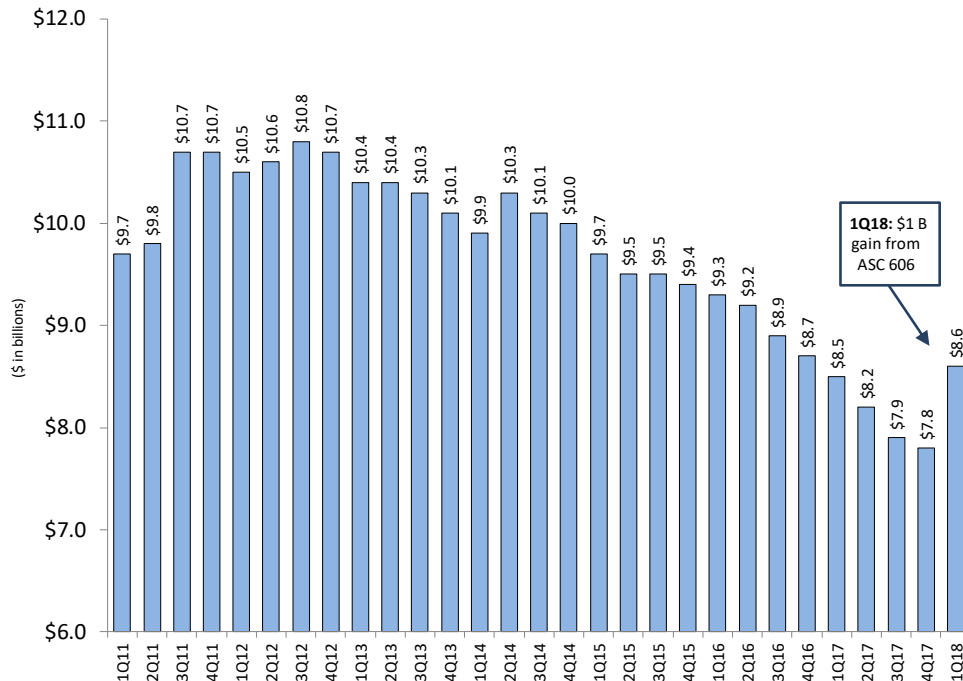


Source: Company reports and Quilty Analytics.

Other 1Q18 Highlights

- C-band deal:** Management noted that a Notice of Proposed Rule Making (“NPRM”) could be issued by the FCC this summer, with the potential for a final order in early to mid-2019. Intelsat’s current proposal envisions clearing 100 MHz of spectrum over a period of 18-36 months, but FCC Commissioner Michael O’Rielly [recently indicated](#) that the commission would be interested in obtaining 200-300 MHz of midband spectrum using a “market-based approach.”
- Capital structure changes:** In March, Intelsat Connect Finance (ICF) purchased \$26.1 mm of 6.75% senior notes due in 2018, along with an additional \$5.1 mm in April. Intelsat also issued a notice of redemption to redeem \$46 mm of the 2018 notes on May 2nd.
- Accounting Changes:** On January 1st, Intelsat adopted the FASB’s new revenue recognition standards (ASU Topic 606), which enables earlier recognition of long-term contracts with a “significant financing component,” such as a pre-payment. The end result of this is a material boost to revenue and EBITDA.
- Backlog up:** Company-wide backlog climbed ~10% sequentially to \$8.6 B as a result of the accounting changes. Excluding the effects of ASC 606, backlog declined ~3% sequentially from \$7.8 B to \$7.6 B.

Intelsat End-of-Quarter Backlog



Source: Company reports and Quilty Analytics.

1Q18 Financial Highlights

(\$ in millions)	1Q17	1Q18	Change	Comment
Revenues	\$538.5	\$543.8	1.0%	Consensus of ~\$521 mm
Gross margin	84.3%	84.8%	50 bp	-
SG&A	57.3	60.3	5.2%	Higher bad debt expense
D&A	179.1	166.5	-7.1%	Timing of satellite depreciations, service activations
EBIT	217.6	234.5	7.8%	
Adj EBITDA	409.8	418.6	2.1%	Consensus of \$390 mm
Adj EBITDA margin	76.1%	77.0%	90 bp	Decline in lower-margin off-network services
Cash flow (CFO)	178.4	80.9	-54.7%	Seasonally higher interest payments in 2nd, 4th qtrs
CapEx	196.8	68.0	-65.4%	Another satellite placed into orbit, satellite servicing (MEV)
Free cash flow	-18.4	12.8	-169.6%	
Backlog	\$8.5	\$8.6	1.2%	\$1.0 B attributable to ASC 606
Transponders	2,050	1,850	-9.8%	Reclassification of satellites' orbits
Fill rate	78.0%	80.0%	200	Up 100 bp from 4Q17

Source: Company reports and Quilty Analytics.

Absent recent accounting changes, Intelsat would have both reported a 4% y/y decline in revenues and EBITDA. However, the bump from ASC 606 instead resulted in a gain of 1% and ~2%, respectively, with revenues beating consensus by ~5% and EBITDA beating consensus by ~7%.

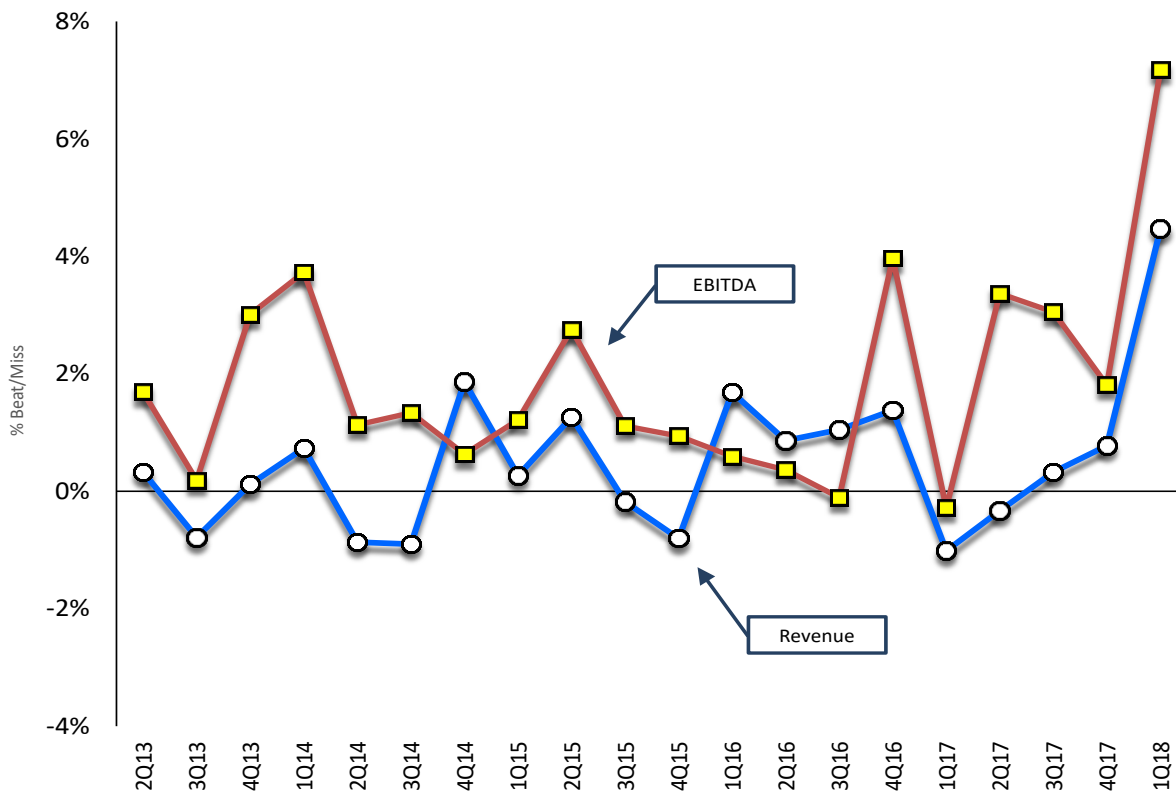
With the application of ASC 606, only Network Services saw a y/y decrease. However, excluding these new changes, all three segments would have been in the red for Q1.

1Q18 Operating Results by Service Type (\$ in millions)

Service Type	1Q17	1Q18	Y/Y	Notes
On-Network Revenues				
Transponder services	388.9	395.7	1.8%	Media up \$14 mm, Network Svcs down \$14 mm
Managed services	100.9	100.7	-0.2%	-
Channel	1.6	1.2	-27.8%	Migration of customers to fiber
Total on-network revenues	491.4	497.6	1.2%	Slight uptick
Off-Network & Other				
Transponder, MSS & other	35.4	35.0	-1.3%	Decline in third-party govt. applications
Satellite-related services	11.6	11.2	-3.2%	Lower professional services revenues
Total off-network and other	47.0	46.2	-1.8%	

Source: Company reports and Quilty Analytics.

Intelsat Reported Beat/Miss vs. Consensus



Source: Company reports and Quilty Analytics.

Guidance & Outlook

Intelsat 2018 Financial Guidance

Segment	2017 Actual	2018 Guidance	Comments
Media	Up 4%	Stable-Down 3%	Lower North American media contract renewals
Network Services	Down 5%	Down 5-8%	Lower contract renewal prices and volume reductions
Government	Down 9%	Up 2% to Down 1%	Depressed pricing due to increase in LPTA procurement
Revenues (\$, mm)	\$2,149	\$2,060 - 2,110	3% y/y midpoint decline
EBITDA	\$1,629	\$1,560 - 1,605	4% y/y midpoint decline

Source: Company reports and Quilty Analytics.

Management fully-affirmed its 2018 revenue, EBITDA and segment-level guidance, **which does not reflect the impact of impact of ASC 606**. Consequently, Intelsat should be able to outperform guidance for the balance of the year, assuming the company continues to win long-term contracts and recognize ASC 606 benefits.

Quilty Analytics 2018 Modeling Changes

P&L	Old	New	% Change	Comments
Revenues	\$2,069	\$2,092	1.1%	2018 Guidance \$2,060-2,110 mm
Gross margin	84.9%	84.9%	10 bp	
SG&A	204	216	6.0%	Bad debt expense normalizes
Adj. EBITDA	1,576	1,596	1.3%	2018 Guidance \$1,560-\$1,605 mm
CFO	473	332	-29.8%	Lower working capital
FCF	64	(48)	-175.7%	Capex on the downtrend
Segment Revenues	Old	New	% Change	
Network services	794	788	-0.7%	Reduced pricing and volume
Media	885	902	1.9%	Decrease in media contract renewals
Government	355	367	3.5%	Defense budgets on the rebound. Revenue reclass from Network Services

Source: Company reports and Quilty Analytics.

2019 vs. 2018

P&L	2018	2019	% Change	Comments
Revenues	\$2,092	\$2,051	-1.9%	Down for the sixth year in a row
Gross margin	84.9%	84.9%	0 bp	
SG&A	216	198	-8.4%	Ongoing focus on cost-cutting
Adj. EBITDA	1,596	1,568	-1.8%	About flat
CFO	332	372	11.9%	
FCF	(48)	(68)	41.3%	Capex picking up slightly
Segment Revenues	Old	New	% Change	
Network services	788	761	-3.5%	New capacity offset by price erosion
Media	902	885	-1.9%	Lack of new capacity
Government	367	371	1.0%	DoD uptake of Epic

Source: Company reports and Quilty Analytics.

Segment Operating Results

1Q18 Operating Results by Segment (\$ in millions)

Segment	1Q17	1Q18	Y/Y	QA Est.	Variance
Network services	212.9	198.6	-6.7%	202.5	-1.9%
Media	225.1	239.3	6.3%	224.6	6.5%
Government	91.9	97.3	5.9%	89.8	8.4%
Other	8.6	8.6	0.3%	9.0	-3.9%
Total	538.5	543.8	1.0%	525.9	3.4%

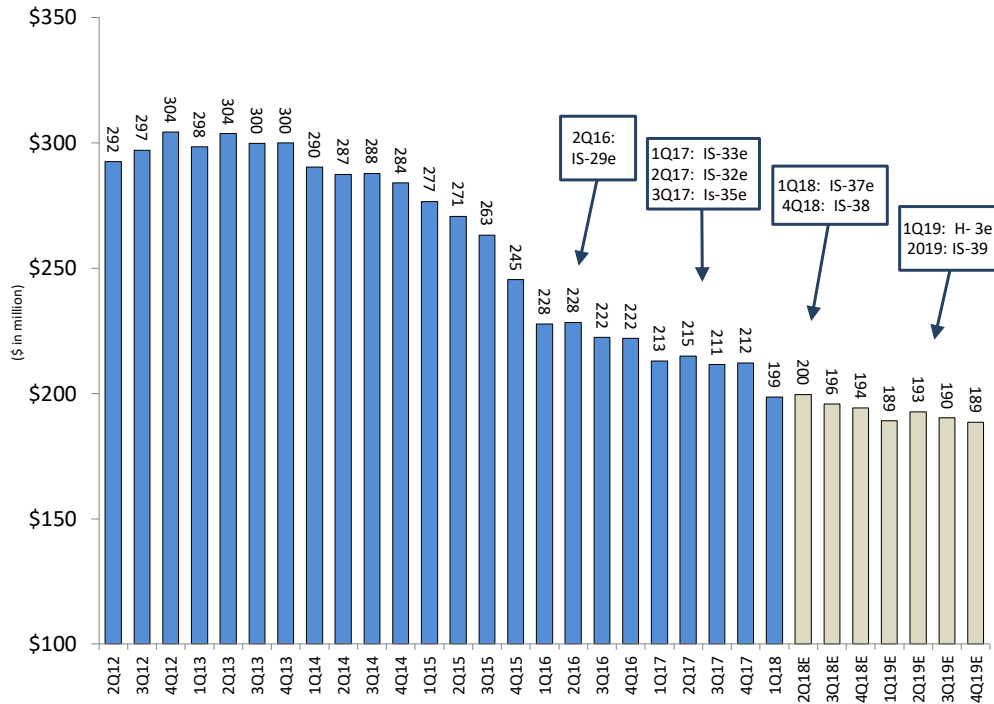
Source: Company reports and Quilty Analytics.

NETWORK SERVICES

Network Services declined for the 18th consecutive quarter, falling 7% y/y reflecting: (1) the reclassification of \$4 million in revenues to the Government segment, (2) customer non-renewals, especially amongst Latin American cellular operators, (3) non-renewal of point-to-point trunking services, and (4) deteriorating wide-beam pricing due to HTS substitution. Key developments include:

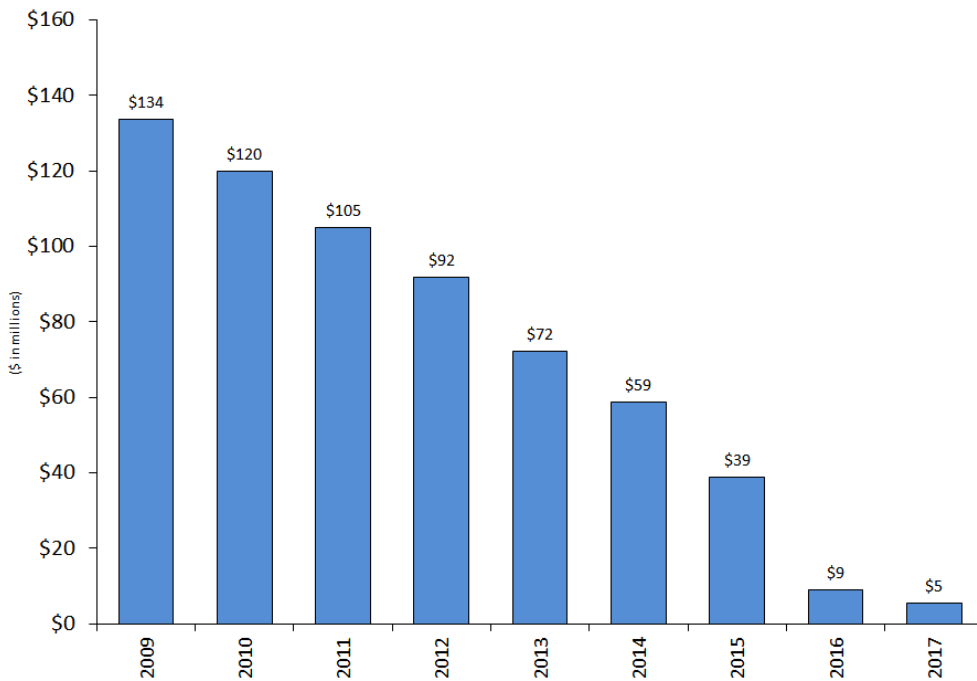
- Japanese mobile operator signs up:** Intelsat closed a long-term contract with a major network operator in Japan to provide cellular backhaul services in the Asia-Pacific geography. Intelsat will provide the services via Horizons 3e following its launch in 2H18.
- Enterprise inks two contracts:** In Q1, Intelsat closed three agreements for enterprise networks with **Vodacom Business Nigeria** for West African broadband services on Intel 35e, **Libya Telecom and Technology**'s renewal on Intel 37e, and VSAT network operator **Elektra Satelital**'s multiyear renewal on Intelsat 23.
- Mobility assuming outsize importance:** Mobility services, enabled via the high-throughput Epic constellation, continue to be a critical growth sector for Intelsat, now representing 12% of company-wide revenues. Intelsat bagged its a maritime IntelsatOne Flex contract in Q1 with a leading Japanese telecom operator, which will use broadband services for cruise ship and commercial shipping customers in the Asia-Pacific region.

Network Services Quarterly Revenue



Source: Company reports and Quilty Analytics.

Channel Services Annual Revenue



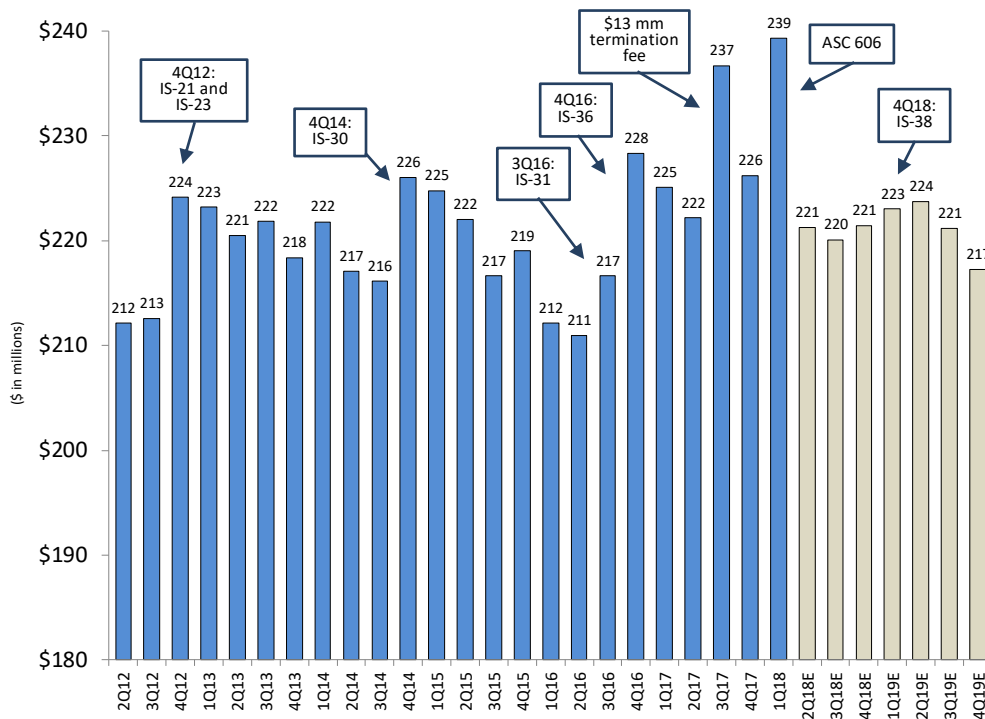
Source: Company reports and Quilty Analytics.

MEDIA

Excluding \$17 million of revenue attributable to ASC 606, Media revenues in declined \$3 million, or 1% in during Q1 reflecting declines in customer termination fees and revenues from cash basis customers. On a positive note, Intelsat saw increased revenues from managed services and third-part satellite fees. Other key takeaways include:

- **North American growth.** Q1 business activity was primarily driven by North American television and content providers renewing their contracts.
- **Intelsat 38 waiting in the wings.** Expected to launch in 2H18, Intelsat 38 is targeted as a replacement satellite (IS-904 and Galaxy 11) but will also add growth capacity for DTH applications for Central and Eastern Europe and Asia.
- **Targeting Latin America.** Management reiterated their intent to carve out a new media neighborhood in Latin America on Intelsat 14.

Media Quarterly Revenue



Source: Company reports and Quilty Analytics.

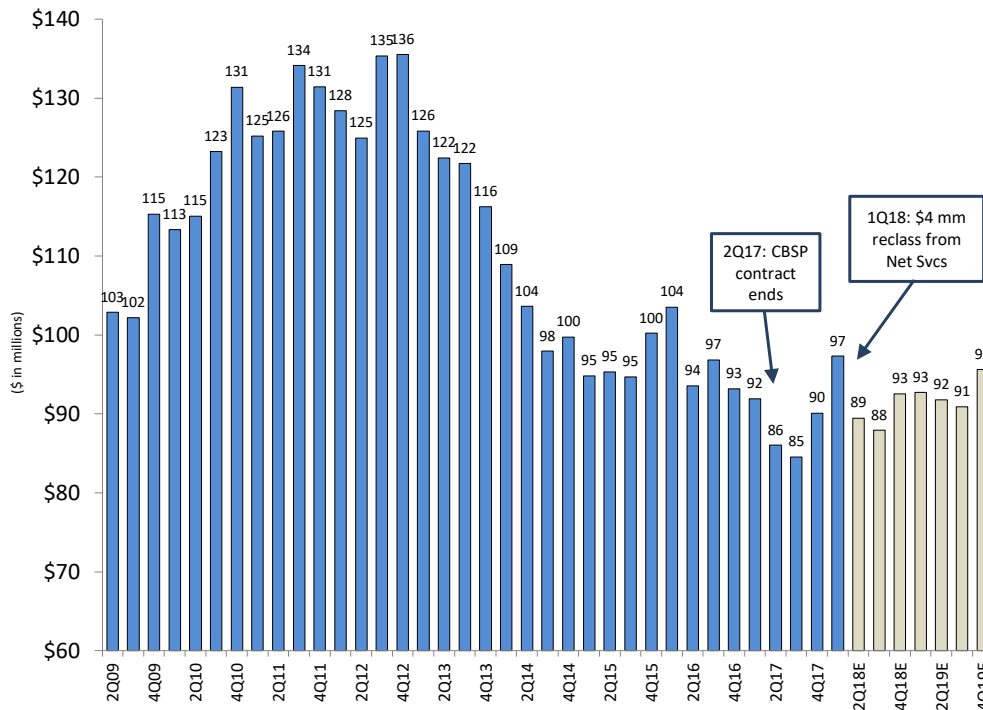
GOVERNMENT

Excluding \$8 million of revenue attributable to ASC 606, Government revenue declined for the sixth consecutive quarter, falling \$3 million, or 3% y/y due primarily to the loss of the CBSP contract (\$35-40 mm run rate) in March 2017. These headwinds were partially offset by the reclassification of \$4 million of revenue from the Network Services segment. Additional Q4 takeaways include:

- **RFP activity remains slow.** According to management, RFP activity and contract awards remain “slow, but modestly improved from 2017 levels.”

- LPTA remains a hindrance.** Intelsat’s government customers are continuing to favor “lowest price technically acceptable” contract vehicles that result in bare-bottom pricing and minimal opportunity for value-added services.
- Renewal activity trending well.** Facing unusually high renewal activity in 2018 (~15% of contracts), Intelsat started the year off on a positive note, capturing approximately one-third of this volume during the first quarter. Management indicated that pricing was down, but in-line with expectations.
- Mobility growth on the horizon?** Facing upcoming contract pressure, Intelsat will be looking to expand the array of aeronautical and ground HTS mobility services provided to the US government via the Intelsat Epic constellation. Management indicated that Government mobility is “...a net growth area for the company.”
- Hosted payload win.** Partnering with **Leidos Holdings**, Intelsat was awarded a task order by the FAA to develop and operate the Wide Area Augmentation System (“WAAS”) satellite payload as a hosted payload on Galaxy 30. Valued at \$117 million, the Leidos-managed task order covers four years of development work and 10 years of operations.

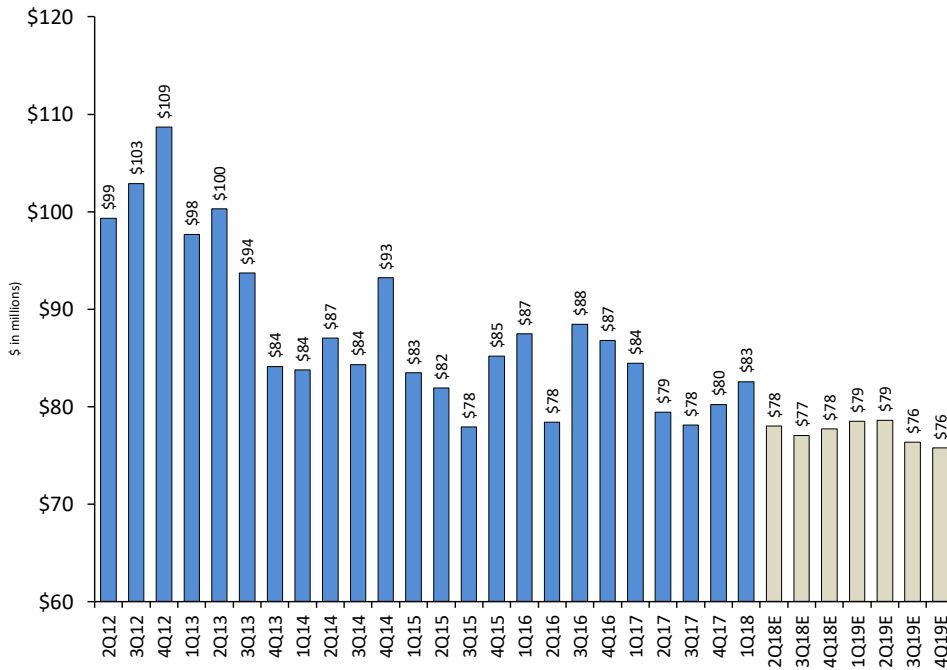
Government Quarterly Revenue



Source: Company reports and Quilty Analytics.

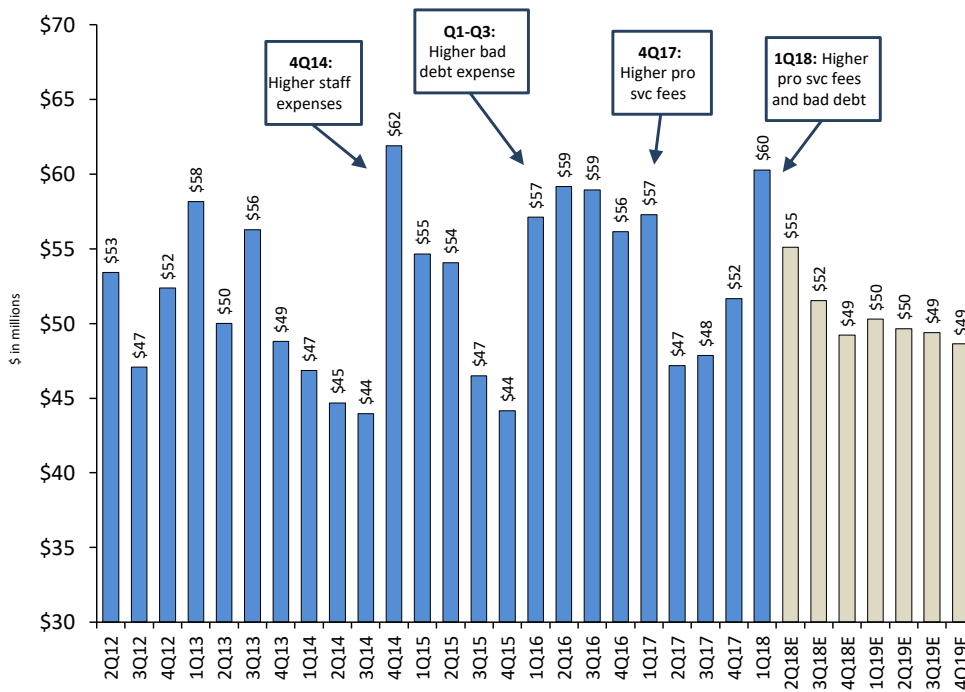
Charts and Tables

Direct Costs



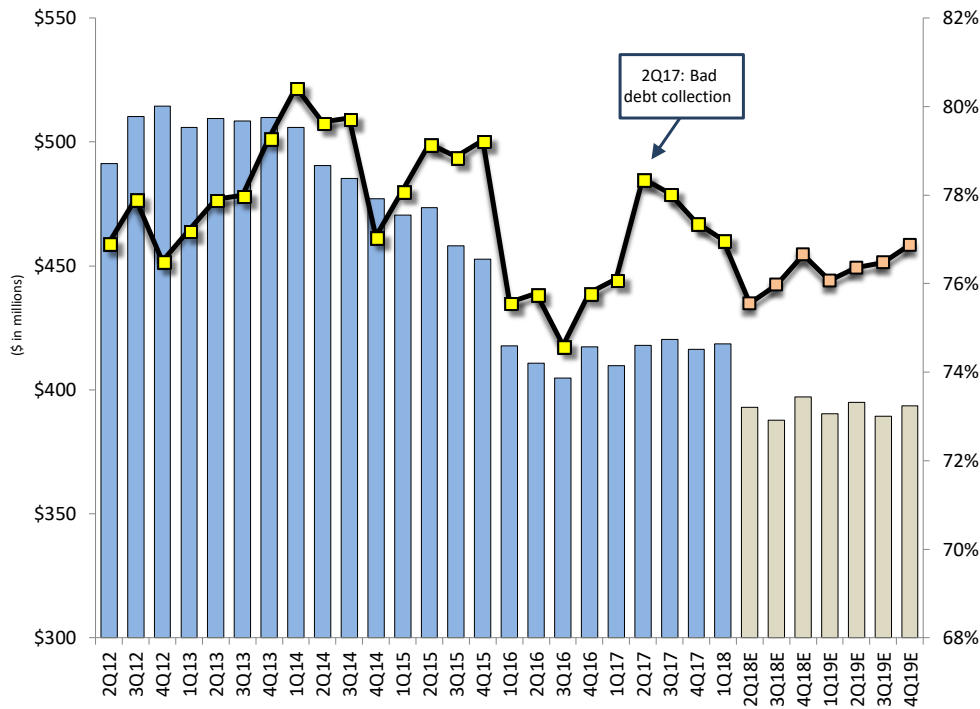
Source: Company reports and Quilty Analytics.

SG&A



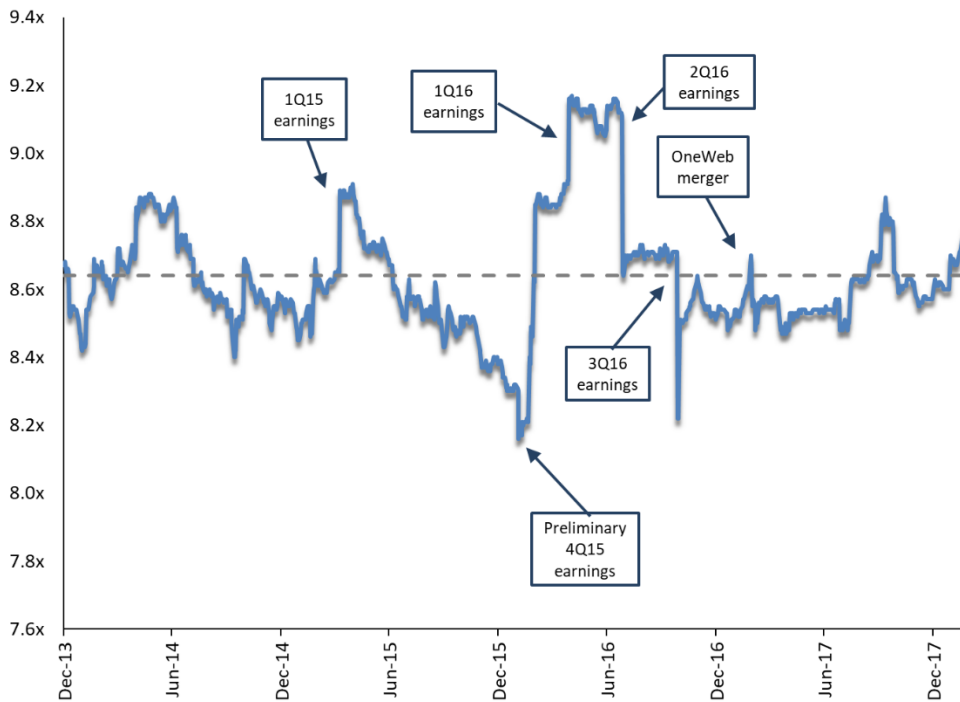
Source: Company reports and Quilty Analytics.

Intelsat Quarterly Adjusted EBITDA and Margin



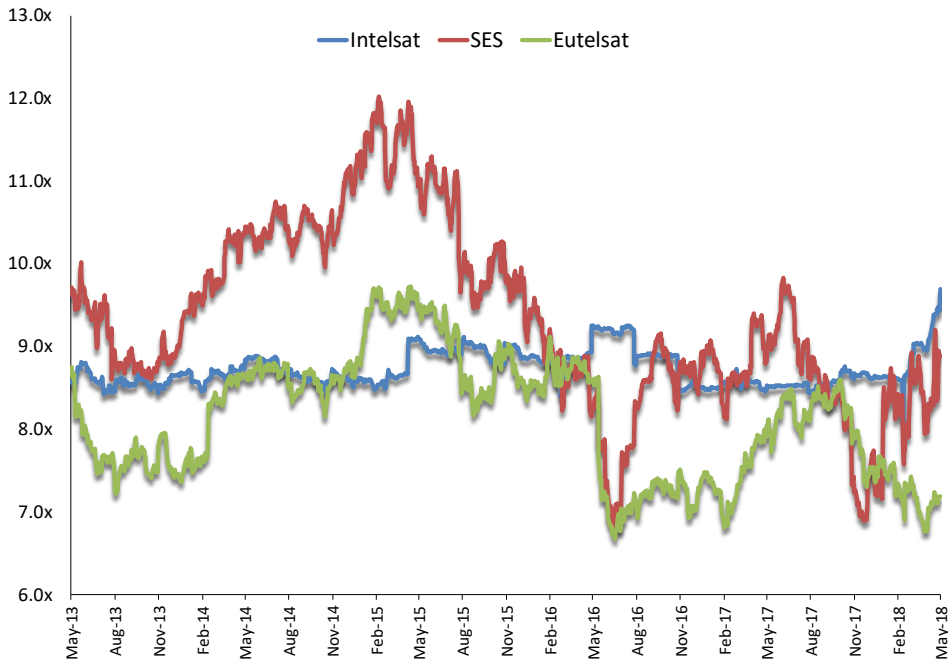
Source: Company reports and Quilty Analytics.

Intelsat Consensus Forward EV/EBITDA Multiple (Next 12 Months)



Source: Sentio.

Intelsat Forward EV/EBITDA Multiple (Next 12 Months) vs. Peers



Source: Sentio.

Intelsat, S.A.
Quarterly Income Statement

(\$ in millions, except EPS)						proj.					proj.				
	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Revenue	\$538.5	\$533.2	\$538.8	\$538.1	\$2,148.6	\$543.8	\$520.0	\$510.3	\$518.2	\$2,092.3	\$513.2	\$517.2	\$509.1	\$511.9	\$2,051.5
Direct costs	84.5	79.4	78.1	80.2	322.2	82.6	78.0	77.1	77.7	315.4	78.5	78.6	76.4	75.8	309.3
Gross profit	454.0	453.8	460.6	457.9	1,826.4	461.2	442.0	433.2	440.4	1,776.9	434.7	438.6	432.8	436.1	1,742.2
SG&A	57.3	47.2	47.9	51.7	204.0	60.3	55.1	51.5	49.2	216.2	50.3	49.7	49.4	48.6	198.0
D&A	179.1	177.5	178.7	172.4	707.8	166.5	182.2	180.6	179.2	708.5	179.2	177.7	176.1	174.7	707.8
Impairment of asset value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Losses on derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	217.6	229.1	234.0	233.8	914.6	234.5	204.7	201.1	212.0	852.3	205.2	211.2	207.3	212.8	836.4
Interest expense, net	246.2	248.1	261.8	264.6	1,020.8	282.5	269.1	267.9	266.1	1,085.5	268.4	267.4	266.5	265.5	1,067.8
Loss on debt extinguishment	0.5	(0.0)	(4.6)	0.0	(4.1)	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Unconsolidated affiliate loss	0.0	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income (expense), net	1.3	0.0	1.8	2.8	6.0	4.4	0.0	0.0	0.0	4.4	0.0	0.0	0.0	0.0	0.0
Pretax income	(26.8)	(18.4)	(30.6)	(28.0)	(103.7)	(43.5)	(64.4)	(66.8)	(54.1)	(228.8)	(63.3)	(56.2)	(59.2)	(52.8)	(231.4)
Benefit from income taxes	6.8	4.4	(1.2)	61.0	71.1	22.4	33.1	34.3	27.8	117.6	(1.6)	(1.4)	(1.5)	(1.3)	(5.8)
Net loss	(33.6)	(22.8)	(29.4)	(89.0)	(174.8)	(65.8)	(97.5)	(101.1)	(81.9)	(346.4)	(61.7)	(54.8)	(57.7)	(51.4)	(225.6)
Noncontrolling net income	(0.9)	(1.0)	(1.0)	(1.0)	(3.9)	(1.0)	(1.0)	(1.0)	(1.0)	(4.0)	(1.0)	(1.0)	(1.0)	(1.0)	(4.0)
Net loss to Intelsat S.A.	(34.6)	(23.8)	(30.4)	(90.0)	(178.7)	(66.8)	(98.5)	(102.1)	(82.9)	(350.4)	(62.7)	(55.8)	(58.7)	(52.4)	(229.6)
Cumulative Preferred dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net loss to Intelsat S.A.	(34.6)	(23.8)	(30.4)	(90.0)	(178.7)	(66.8)	(98.5)	(102.1)	(82.9)	(350.4)	(62.7)	(55.8)	(58.7)	(52.4)	(229.6)
Basic EPS	(\$0.29)	(\$0.20)	(\$0.26)	(\$0.75)	(\$1.50)	(\$0.56)	(\$0.82)	(\$0.85)	(\$0.69)	(\$2.92)	(\$0.52)	(\$0.46)	(\$0.49)	(\$0.43)	(\$1.90)
Diluted EPS	(\$0.29)	(\$0.20)	(\$0.26)	(\$0.75)	(\$1.50)	(\$0.56)	(\$0.82)	(\$0.85)	(\$0.69)	(\$2.91)	(\$0.52)	(\$0.46)	(\$0.48)	(\$0.43)	(\$1.90)
Wtd Ave Shares	118.3	118.9	119.0	119.3	118.9	119.9	120.6	120.6	120.6	120.4	120.6	120.6	120.6	120.6	120.6
Fully Diluted Shares	118.3	118.9	119.0	119.3	118.9	119.9	120.7	120.8	120.9	120.6	120.9	121.0	121.1	121.2	121.1

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
EBITDA	398.1	407.3	414.6	409.1	1,629.0	405.4	386.9	381.7	391.2	1,565.2	384.4	389.0	383.4	387.5	1,544.2
Net income	(33.6)	(22.8)	(29.4)	(89.0)	(174.8)	(65.8)	(97.5)	(101.1)	(81.9)	(346.4)	(61.7)	(54.8)	(57.7)	(51.4)	(225.6)
(+) Interest expense	246.2	248.1	261.8	264.6	1,020.8	282.5	269.1	267.9	266.1	1,085.5	268.4	267.4	266.5	265.5	1,067.8
(+) Loss on debt extinguishment	(0.5)	0.0	4.6	0.0	4.1	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
(+) Income taxes	6.8	4.4	(1.2)	61.0	71.1	22.4	33.1	34.3	27.8	117.6	(1.6)	(1.4)	(1.5)	(1.3)	(5.8)
(+) D&A	179.1	177.5	178.7	172.4	707.8	166.5	182.2	180.6	179.2	708.5	179.2	177.7	176.1	174.7	707.8
EBITDA	398.1	407.3	414.6	409.1	1,629.0	405.4	386.9	381.7	391.2	1,565.2	384.4	389.0	383.4	387.5	1,544.2

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Adjusted EBITDA	409.8	417.9	420.5	416.4	1,664.6	418.6	392.9	387.7	397.2	1,596.4	390.4	395.0	389.4	393.5	1,568.2
EBITDA	398.1	407.3	414.6	409.1	1,629.0	405.4	386.9	381.7	391.2	1,565.2	384.4	389.0	383.4	387.5	1,544.2
Comp & benefits	4.9	4.5	4.5	2.1	16.0	1.3	6.0	6.0	6.0	19.3	6.0	6.0	6.0	6.0	24.0
Management fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prev. unconsolidated earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment of asset value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gain) loss on derivatives	0.0	0.0	0.0	(0.7)	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurring and other	6.9	6.2	1.4	5.9	20.3	12.0	0.0	0.0	0.0	12.0	0.0	0.0	0.0	0.0	0.0
Adj. EBITDA	409.8	417.9	420.5	416.4	1,664.6	418.6	392.9	387.7	397.2	1,596.4	390.4	395.0	389.4	393.5	1,568.2

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Cash Flow from Operations	178.4	50.8	212.9	22.1	464.2	80.9	120.5	61.2	69.5	332.1	94.8	78.6	97.4	100.7	371.5
CFO	178.4	50.8	212.9	22.1	464.2	80.9	120.5	61.2	69.5	332.1	94.8	78.6	97.4	100.7	371.5
(-) CapEx	196.8	126.8	115.9	57.5	497.0	68.0	92.5	104.0	116.0	380.5	118.4	114.6	100.6	106.5	440.0
Free Cash	(18.4)	(76.0)	97.0	(35.4)	(32.8)	12.8	28.0	(42.7)	(46.6)	(48.5)	(23.6)	(36.0)	(3.2)	(5.7)	(68.5)

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Margin Analysis															
Direct costs	15.7%	14.9%	14.5%	14.9%	15.0%	15.2%	15.0%	15.1%	15.0%	15.1%	15.3%	15.2%	15.0%	14.8%	15.1%
Gross Margin	84.3%	85.1%	85.5%	85.1%	85.0%	84.8%	85.0%	84.9%	85.0%	84.9%	84.7%	84.8%	85.0%	85.2%	84.9%
SG&A	10.6%	8.8%	8.9%	9.6%	9.5%	11.1%	10.6%	10.1%	9.5%	10.3%	9.8%	9.6%	9.7%	9.5%	9.6%
EBIT	40.4%	43.0%	43.4%	43.4%	42.6%	43.1%	39.4%	39.4%	40.9%	40.7%	40.0%	40.8%	40.7%	41.6%	40.8%
Income taxes	-25.5%	-24.2%	3.8%	-218.3%	-68.6%	-51.4%	-51.4%	-51.4%	-51.4%	-51.4%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	73.9%	76.4%	76.9%	76.0%	75.8%	74.5%	74.4%	74.8%	75.5%	74.8%	74.9%	75.2%	75.3%	75.7%	75.3%
Adjusted EBITDA	76.1%	78.4%	78.0%	77.4%	77.5%	77.0%	75.6%	76.0%	76.7%	76.3%	76.1%	76.4%	76.5%	76.9%	76.4%

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
YOY Growth															
Revenues	-2.6%	-1.6%	-0.7%	-2.3%	-1.8%	1.0%	-2.5%	-5.3%	-3.7%	-2.6%	-5.6%	-0.5%	-0.2%	-1.2%	-1.9%
Direct costs	-3.4%	1.3%	-11.7%	-7.6%	-5.5%	-2.2%	-1.8%	-1.4%	-3.1%	-2.1%	-4.9%	0.8%	-0.9%	-2.5%	-1.9%
SG&A	0.3%	-20.3%	-18.8%	-8.0%	-11.8%	5.2%	16.8%	7.7%	-4.7%	6.0%	-16.6%	-9.9%	-4.2%	-1.2%	-8.4%
EBIT	-9.0%	0.8%	6.2%	0.0%	-0.7%	7.8%	-10.7%	-14.1%	-9.3%	-6.8%	-12.5%	3.2%	3.1%	0.4%	-1.9%
EBITDA	-2.3%	0.9%	4.8%	0.6%	1.0%	1.8%	-5.0%	-7.9%	-4.4%	-3.9%	-5.2%	0.5%	0.4%	-1.0%	-1.3%
Adjusted EBITDA	-1.9%	1.7%	3.8%	-0.2%	0.8%	2.1%	-6.0%	-7.8%	-4.6%	-4.1%	-6.7%	0.5%	0.4%	-0.9%	-1.8%

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