



NAVIGANT CONSULTING, INC. AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION*

(UNAUDITED)

TOTAL COMPANY(1)							
	2019	2018				2018	2017
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
All numbers in thousands except per share data, DSO, ratios and percentages							
Results for Continuing Operations							
Revenues Before Reimbursements (RBR)	\$ 186,129	\$ 174,639	\$ 171,386	\$ 165,224	\$ 161,445	\$ 672,694	\$ 636,942
Y/Y Growth rate	15%	11%	4%	3%	4%	6%	N/A
Q/Q Growth rate	7%	2%	4%	2%	3%	N/A	N/A
Reimbursements	16,733	18,576	16,232	19,489	16,623	70,920	77,124
Total Revenues	202,862	193,215	187,618	184,713	178,068	743,614	714,066
Geographic Revenues as % of Total Revenues							
U.S. Operations	92%	91%	92%	91%	94%	92%	93%
Non U.S. Operations	8%	9%	8%	9%	6%	8%	7%
Cost of Services Before Reimbursable Expenses	135,356	127,570	121,945	113,121	116,936	479,572	443,423
% of RBR	73%	73%	71%	68%	72%	71%	70%
General and Administrative Expenses	35,167	34,507	32,073	34,912	37,079	138,571	139,024
% of RBR	19%	20%	19%	21%	23%	21%	22%
EBITDA (2)	15,574	12,511	17,569	14,896	6,446	51,423	51,996
% of RBR	8%	7%	10%	9%	4%	8%	8%
Adjusted EBITDA from Continuing Operations (2)	16,283	12,808	17,457	17,565	9,213	57,043	59,088
% of RBR	9%	7%	10%	11%	6%	9%	9%
Operating Income (loss)	9,616	5,961	10,975	8,288	(302)	24,922	22,923
% of RBR	5%	3%	6%	5%	0%	4%	4%
Share-based compensation expense related to client-service FTE	639	572	844	673	767	2,856	5,121
Net Income (loss) from Continuing Operations	6,808	3,824	6,828	6,128	(1,597)	15,183	31,357
% of RBR	4%	2%	4%	4%	-1%	2%	5%
Net Income (loss) from Discontinued Operations	(489)	2,413	67,287	22,698	13,450	105,848	43,595
Net income attributable to non-controlling interests (10)	(2,038)	(319)	(70)	-	-	(389)	-
Net Income attributable to Navigant Consulting, Inc.	4,281	5,918	74,045	28,826	11,853	120,642	74,952
Shares used in computing per diluted share data	41,408	43,594	45,932	46,549	46,834	45,727	48,226
Net Income Per Diluted Share (EPS)	0.10	0.14	1.61	0.62	0.25	2.64	1.55
Net Income (loss) from Continuing Operations attributable to Navigant Consulting, Inc. Per Diluted Share (EPS)	0.12	0.08	0.15	0.13	(0.03)	0.32	0.65
Net Income from Discontinued Operations Per Diluted Share (EPS)	(0.01)	0.06	1.46	0.49	0.29	2.31	0.90

SEGMENT INFORMATION (1) (9)

						2018	2017
All numbers in thousands except percentages	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
Business Segment RBR							
Healthcare	\$ 119,003	\$ 105,569	\$ 101,799	\$ 91,594	\$ 90,149	\$ 389,111	\$ 386,107
% of Total Company RBR	64%	60%	59%	55%	56%	58%	61%
Energy	36,249	34,584	34,591	36,644	33,704	139,523	124,492
% of Total Company RBR	19%	20%	20%	22%	21%	21%	20%
Financial Services Advisory and Compliance	30,877	34,486	34,996	36,986	37,592	144,060	126,343
% of Total Company RBR	17%	20%	20%	22%	23%	21%	20%
Total Company	\$ 186,129	\$ 174,639	\$ 171,386	\$ 165,224	\$ 161,445	\$ 672,694	\$ 636,942
Business Segment Revenues							
Healthcare	\$ 126,569	\$ 113,172	\$ 109,218	\$ 100,250	\$ 98,712	\$ 421,352	\$ 422,515
% of Total Company Revenues	62%	59%	58%	54%	55%	57%	59%
Energy	43,700	42,414	40,530	44,183	37,637	164,764	146,425
% of Total Company Revenues	22%	22%	22%	24%	21%	22%	21%
Financial Services Advisory and Compliance	32,593	37,629	37,870	40,280	41,719	157,498	145,126
% of Total Company Revenues	16%	19%	20%	22%	23%	21%	20%
Total Company	\$ 202,862	\$ 193,215	\$ 187,618	\$ 184,713	\$ 178,068	\$ 743,614	\$ 714,066
Segment Operating Profit							
Healthcare	\$ 36,755	\$ 28,476	\$ 28,687	\$ 27,375	\$ 20,390	\$ 104,928	\$ 116,369
% of Segment RBR	31%	27%	28%	30%	23%	27%	30%
Energy	10,410	10,051	10,857	12,685	10,728	44,321	33,783
% of Segment RBR	29%	29%	31%	35%	32%	32%	27%
Financial Services Advisory and Compliance	5,231	9,753	11,482	13,387	14,836	49,458	50,219
% of Segment RBR	17%	28%	33%	36%	39%	34%	40%
Total Company	\$ 52,396	\$ 48,281	\$ 51,025	\$ 53,447	\$ 45,954	\$ 198,707	\$ 200,371
% of Total Company RBR	28%	28%	30%	32%	28%	30%	31%
Managed Services RBR (3)	\$ 56,769	\$ 49,807	\$ 45,374	\$ 31,896	\$ 31,406	\$ 158,482	\$ 127,102
% of Total Company RBR	30%	29%	26%	19%	19%	24%	20%

METRIC INFORMATION (1) (9)

						2018	2017
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
Average Client-Service Full-Time Equivalent (FTE) Headcount (3)(4)							
Healthcare							
Consulting	655	638	624	622	648	633	663
Managed Services	3,393	3,324	3,127	2,570	2,706	2,932	2,663
Total Client-Service FTE	4,048	3,962	3,751	3,192	3,354	3,565	3,326
Energy							
Consulting	445	483	462	437	437	455	453
Managed Services	59	59	56	56	57	57	59
Total Client-Service FTE	504	542	518	493	494	512	512
Financial Services Advisory and Compliance							
Consulting	303	304	302	298	287	298	270
Managed Services	246	209	173	116	111	152	94
Total Client-Service FTE	549	513	475	414	398	450	364
Total Company							
Consulting	1,403	1,425	1,388	1,357	1,372	1,386	1,386
Managed Services	3,698	3,592	3,356	2,742	2,874	3,141	2,816
Total Client-Service FTE	5,101	5,017	4,744	4,099	4,246	4,527	4,202
Average Bill Rate (3)(5)							
Healthcare	283	284	272	259	263	271	278
Energy	200	204	204	223	215	212	206
Financial Services Advisory and Compliance	274	275	284	280	302	289	294
Total Company	256	255	253	253	259	255	260
Average Utilization (based on 1,850 hrs) (3)(6)							
Healthcare	76%	70%	68%	73%	71%	70%	73%
Energy	68%	69%	64%	71%	68%	68%	66%
Financial Services Advisory and Compliance	63%	67%	73%	81%	84%	76%	79%
Total Company	71%	69%	68%	74%	73%	70%	72%
Period End FTE Employees (3)(4)							
Consulting	1,393	1,427	1,408	1,355	1,355	1,427	1,394
Managed Services	3,743	3,630	3,483	2,757	2,800	3,630	2,870
Centralized Client Support	138	94	96	78	80	94	53
Non-billable	804	801	784	740	740	801	712
Total Company	6,078	5,952	5,771	4,930	4,975	5,952	5,029

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS PAGE 1 OF 3 (1)(2)

EBITDA AND ADJUSTED EBITDA

All numbers in thousands except ratios and percentages						2018	2017
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
ADJUSTED EBITDA - CONTINUING OPERATIONS							
Net Income (loss) from Continuing Operations	\$ 6,808	\$ 3,824	\$ 6,828	\$ 6,128	\$ (1,597)	\$ 15,183	\$ 31,357
Interest expense	318	300	669	911	828	2,708	3,022
Interest income	(689)	(1,095)	(697)	(77)	(119)	(1,988)	(320)
Other income, net	132	(449)	390	(183)	361	119	895
Income tax expense	3,047	3,381	3,785	1,509	225	8,900	(12,031)
Depreciation expense	4,586	5,074	5,026	4,943	4,997	20,040	20,398
Accelerated depreciation - office consolidation (included in other operating costs - office consolidation, net)	-	-	-	-	-	-	101
Amortization expense	1,372	1,476	1,568	1,665	1,752	6,461	8,574
EBITDA	15,574	12,511	17,569	14,896	6,447	51,423	51,996
Add:							
Severance expense	677	246	89	374	1,783	2,492	4,593
Other operating costs:							
Contingent acquisition liability adjustments, net	-	(984)	-	-	-	(984)	2,213
Gain on termination of swaps and other financing costs	-	30	(448)	-	-	(418)	-
Other impairment	-	1,019	-	-	-	1,019	-
Other costs	32	(14)	247	2,295	983	3,511	286
Adjusted EBITDA from continuing operations	16,283	12,808	17,457	17,565	9,213	57,043	59,088
General and administrative expenses	35,167	34,507	32,073	34,912	37,079	138,571	139,024
Long term compensation expense related to client-service personnel (including share-based compensation)	1,623	1,212	1,584	1,344	1,445	5,585	6,852
Severance expense added above	(677)	(246)	(89)	(374)	(1,783)	(2,492)	(4,593)
Total Segment Operating Profit	\$ 52,396	\$ 48,281	\$ 51,025	\$ 53,447	\$ 45,954	\$ 198,707	\$ 200,371
ADJUSTED FREE CASH FLOW							
Net cash provided by (used in) operating activities	\$ (31,139)	\$ (5,800)	\$ 24,693	\$ 53,543	\$ (34,847)	\$ 37,589	\$ 102,535
Changes in assets and liabilities	52,576	21,839	(50,908)	(17,893)	63,883	16,921	18,158
Allowance for doubtful accounts receivable	(448)	(1,157)	(691)	(3,764)	(3,130)	(8,742)	(7,755)
Purchases of property and equipment	(3,007)	(4,253)	(3,835)	(1,705)	(5,750)	(15,543)	(38,650)
Payments of contingent acquisition liabilities	-	(1,000)	-	(1,090)	(80)	(2,170)	(8,630)
Adjusted Free Cash Flow	\$ 17,982	\$ 9,629	\$ (30,741)	\$ 29,091	\$ 20,076	\$ 28,055	\$ 65,658

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS PAGE 2 OF 3

						2018	2017
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
LEVERAGE RATIO							
Adjusted EBITDA for prior twelve-month period	\$ 96,899	\$ 110,526	\$ 130,035	\$ 134,847	\$ 124,287	\$ 110,526	\$ 125,838
Bank debt	-	-	-	147,005	184,327	-	132,944
Leverage ratio	-	-	-	1.09	1.48	-	1.06
ORGANIC GROWTH							
Revenues Before Reimbursements	\$ 186,129				\$ 161,445		
Pro forma acquisition adjustment	-				598		
Currency impact	834				-		
Pro forma RBR	\$ 186,963				\$ 162,043		
Y/Y Organic growth rate	15.4%				N/A		
ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE							
Shares used in computing adjusted per diluted share data	41,408	43,594	45,932	46,549	46,384	45,727	48,226
Severance expense	\$ 677	\$ 246	\$ 89	\$ 374	\$ 1,783	\$ 2,492	\$ 4,593
Income tax benefit (7)	(185)	(49)	(36)	(99)	(475)	(659)	(1,772)
Tax-effected impact of severance expense	\$ 492	\$ 197	\$ 53	\$ 275	\$ 1,308	\$ 1,833	\$ 2,821
Diluted earnings per share impact of severance expense	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.06
Other operating costs - contingent acquisition liability adjustment, net	\$ -	\$ (984)	\$ -	\$ -	\$ -	\$ (984)	\$ 2,213
Income tax benefit (7)	-	205	-	-	-	205	(888)
Tax-effected impact of other operating costs - contingent acquisition liability adjustment, net	\$ -	\$ (779)	\$ -	\$ -	\$ -	\$ (779)	\$ 1,325
Diluted earnings per share impact of other operating costs - contingent acquisition liability adjustment, net	\$ -	\$ (0.02)	\$ -	\$ -	\$ -	\$ (0.02)	\$ 0.03
Other operating benefit - gain on termination of swaps and other financing costs	\$ -	\$ 30	\$ (448)	\$ -	\$ -	\$ (418)	\$ -
Income tax expense (7)	-	(8)	122	-	-	114	-
financing costs	\$ -	\$ 22	\$ (326)	\$ -	\$ -	\$ (304)	\$ -
Diluted earnings per share impact of other operating costs - gain on termination of swaps and other financing costs	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ -
Other operating costs - other costs (2018 costs include legal costs relating to shareholder proxy contest and costs relating to the SaleCo transaction)	\$ 32	\$ (14)	\$ 247	\$ 2,295	\$ 983	\$ 3,511	\$ 387
Income tax benefit (7)	(9)	1	(68)	(625)	(268)	(960)	(155)
Tax-effected impact of other operating costs - other costs	\$ 23	\$ (13)	\$ 179	\$ 1,670	\$ 715	\$ 2,551	\$ 232
Diluted earnings per share impact of other operating costs - other costs	\$ -	\$ -	\$ -	\$ 0.04	\$ 0.02	\$ 0.06	\$ -

Other operating costs - other impairment	\$ -	\$ 1,019	\$ -	\$ -	\$ -	\$ 1,019	\$ -
Income tax benefit(7)	-	(278)	-	-	-	(278)	-
Tax-effected impact of other operating costs - other impairment	\$ -	\$ 741	\$ -	\$ -	\$ -	\$ 741	\$ -
Diluted earnings per share impact of other operating costs - other impairment	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ 0.02	\$ -
Impact of certain income tax related items (8)	\$ -	\$ 235	\$ 800	\$ 100	\$ 1,100	\$ 2,235	\$ (18,493)
Diluted earnings per share impact of certain income tax related items (8)	\$ -	\$ 0.01	\$ 0.02	\$ -	\$ 0.02	\$ 0.05	\$ (0.38)
Net Income from Continuing Operations	\$ 6,808	\$ 3,824	\$ 6,828	\$ 6,128	\$ (1,597)	\$ 15,183	\$ 31,357
Tax-effected impact of severance expense	492	197	53	275	1,308	1,833	2,821
Tax-effected impact of other operating costs - contingent acquisition liability adjustment, net	-	(779)	-	-	-	(779)	1,325
Tax-effected impact of other operating benefit- gain on termination of swaps and other	-	22	(326)	-	-	(304)	-
Tax-effected impact of other operating costs - other impairment	-	741	-	-	-	741	-
Tax-effected impact of other operating costs - other costs	23	(13)	179	1,670	715	2,551	232
Impact of certain income tax related items (8)	-	235	800	100	1,100	2,235	(18,493)
Adjusted net income - continuing operations	7,323	4,227	7,534	8,173	1,526	21,460	17,242
Earnings per Share from Continuing Operations, attributable to Navigant Consulting, Inc.	\$ 0.12	\$ 0.08	\$ 0.15	\$ 0.13	\$ (0.04)	\$ 0.32	\$ 0.65
Earnings per Share attributable to non-controlling interest (10)	0.05	0.01	-	-	-	0.01	-
Earnings per Share from adjusted items (11)	0.01	0.01	0.02	0.04	0.07	0.14	(0.29)
Adjusted earnings per share - continuing operations	\$ 0.18	\$ 0.10	\$ 0.16	\$ 0.18	\$ 0.03	\$ 0.47	\$ 0.36

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS PAGE 3 of 3

FOOTNOTES

***TOTALS MAY NOT SUM DUE TO ROUNDING DIFFERENCES**

(1) This supplemental information is reported on a continuing operations basis unless otherwise noted. On June 23, 2018, we entered into an agreement to sell all of the operations of the former Disputes, Forensics and Legal Technology (DFLT) segment and the Transaction Advisory Services (TAS) practice within the Financial Services Advisory and Compliance segment to Ankura Consulting Group, LLC (SaleCo). The transaction closed on August 24, 2018. These businesses have been classified as discontinued operations in our results for all periods presented.

(2) Non-GAAP Financial Information

This supplemental information includes certain non-GAAP financial measures as defined by the Securities and Exchange Commission. All non-GAAP financial measures are presented on a continuing operations basis. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles (GAAP) have been provided. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with GAAP. Management uses these non-GAAP financial measures in addition to GAAP financial measures to assess the Company's operations and financial results and believes they are useful indicators of operating performance and the Company's ability to generate cash flows from operations that are available for interest, debt service, taxes and capital expenditures. Investors should recognize that these non-GAAP financial measures may not be comparable to similarly-titled measures of other companies.

EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per Share

Adjusted EBITDA is EBITDA – earnings before interest, taxes, depreciation, and amortization – excluding the impact of severance expense and other operating costs (benefit), as applicable. Adjusted Net Income and Adjusted Earnings per Share exclude the net income and per share net income impact of severance expense, other operating costs (benefit) and certain tax adjustments, as applicable. While other operating costs (benefit) are generally non-recurring in nature, severance expense and certain other operating costs are not considered to be non-recurring, infrequent or unusual to our business. Management believes that these non-GAAP financial measures provide investors with enhanced comparability of Navigant's results of operations across periods. See non-GAAP reconciliations for more details.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is calculated as net cash provided from operations excluding the change in assets and liabilities and allowance for doubtful accounts receivable less cash payments for property and equipment and deferred acquisition related payments. Adjusted Free cash flow does not represent discretionary cash available for spending as it excludes certain contractual obligations such as debt repayment. However, management believes that it provides investors with an indicator of cash flows available for on-going business operations and long term value creation.

Leverage Ratio

Leverage ratio is calculated as bank debt at the end of the period divided by Adjusted EBITDA (including discontinued operations prior to the divestiture) for the prior twelve-month period. Management believes that leverage provides investors with an indicator of the cash flows available to repay the Company's debt obligations.

Organic Growth

Organic growth represents revenues before reimbursements adjusted to include the impact of our acquisitions as if we owned them from the beginning of each comparable period and adjusted to exclude the impact of foreign currency exchange rate fluctuations. Management believes that organic growth reflects the growth of our existing business and is, therefore, useful in analyzing the Company's financial condition and results of operations.

- (3) Managed Services businesses are comprised of technology-enabled professional services, including business process management services and data analytics, market research and benchmarking businesses.
- (4) Average FTE is our average headcount during the period adjusted for part-time status. Average FTE is further split between the following categories:
- a) Client-Service FTE - combination of Consulting FTE and Managed Services FTE defined as follows:
 - i) Consulting FTE - individuals assigned to client services who record time to client engagements; and
 - ii) Managed Services FTE - individuals in businesses primarily dedicated to maintaining and delivering the services described above in note (3) and are not included in average bill rate and average utilization
 - b) Non-billable FTE - individuals assigned to administrative support functions, including office services and corporate functions.
 - c) Centralized Client Support FTE - individuals providing data analytics and project support to client-related engagements.
- (5) Average bill rate is calculated by dividing fee revenues before certain adjustments such as discounts and markups, by the number of hours associated with the fee revenues. Fee revenues and hours billed on performance-based services and related to Managed Services FTE are excluded from average bill rate.
- (6) Average utilization rate is calculated by dividing the number of hours of our Consulting FTE who recorded time to client engagements during a period by the total available working hours for these consultants during the same period (1,850 hours annually). Hours related to Managed Services FTE are excluded from average utilization rate.
- (7) Effective income tax (benefit) has been determined based on specific tax jurisdiction.
- (8) In Q4 2017, we recorded adjustments to our deferred income tax liabilities related to the impact of 2017 Tax Reform that resulted in an income tax benefit. In Q4 2018, the Company settled its 2014 income tax audit with the IRS. The settlement resulted in an incremental tax expense related to the timing of tax deductions on certain executive compensation awards that required employment beyond the year of deduction. Although tax expense also includes adjustments for the 2014-2017 tax years, the adjustment is primarily driven by the deductions taken on our 2014 income tax return. After reaching this settlement in Q4 2018, the Company restated the Q1-Q3 2018 Adjusted EPS figures to reflect amounts accrued in those periods for this settlement.
- (9) During the quarter ended March 31, 2018, we moved our life sciences regulatory and compliance related business from the Disputes, Forensics and Legal Technology reporting segment into our Healthcare segment. All prior period information has been restated to conform to current period presentation.
- (10) Amounts represent the net income and net income per diluted share from the HSS joint venture that is attributable to Baptist Health South Florida, who own a 40% ownership interest.
- (11) Amounts represent the net income per diluted share from the other Adjusted Items.