

United States
Securities and Exchange Commission
Washington, DC 20549

Form 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 2, 2018

PERFICIENT, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware

001-15169

74-2853258

(State or Other Jurisdiction of Incorporation)

(Commission File Number)

(IRS Employer Identification No.)

555 Maryville University Drive, Suite 600, Saint Louis, Missouri

63141

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (314) 529-3600

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 2, 2018, Perficient, Inc. (“Perficient”) announced its financial results for the three and six months ended June 30, 2018. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.02.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 8.01 OTHER EVENTS

On August 2, 2018, Perficient posted on the Investor Relations page of its website at www.perficient.com a slide presentation related to its second quarter ended June 30, 2018 financial results and operating metrics. A copy of the slide presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K. The information contained or incorporated in our website is not part of this filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

Exhibit Number	Description
<u>99.1</u>	Perficient, Inc. Press Release, dated August 2, 2018, announcing financial results for the three and six months ended June 30, 2018
<u>99.2</u>	Perficient, Inc. Q2 2018 Financial Results Presentation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PERFICIENT, INC.

Date: August 2, 2018

By: /s/ Paul E. Martin
Paul E. Martin
Chief Financial Officer

For more information, please contact:
 Bill Davis, Perficient, 314-529-3555
bill.davis@perficient.com

PERFICIENT REPORTS SECOND QUARTER 2018 RESULTS

*~GAAP Earnings Per Share and Net Income More Than Doubled; Adjusted Earnings Per Share Up 31%;
 Perficient Raises Adjusted Earnings Per Share Guidance~*

ST. LOUIS (Aug. 2, 2018) - Perficient, Inc. (NASDAQ: PRFT) (“Perficient”), the leading digital transformation consulting firm serving Global 2000® and other large enterprise customers throughout North America, today reported its financial results for the quarter ended June 30, 2018.

Financial Highlights

For the quarter ended June 30, 2018:

- Services revenue increased 12% to \$120.9 million from \$107.8 million in the second quarter of 2017;
- Total revenue increased 4% to \$121.8 million from \$117.0 million in the second quarter of 2017;
- Net income increased 143% to \$5.8 million from \$2.4 million in the second quarter of 2017;
- GAAP earnings per share results on a fully diluted basis increased to \$0.17 from \$0.07 in the second quarter of 2017;
- Adjusted earnings per share results (a non-GAAP measure; see attached schedule, which reconciles to GAAP earnings per share) on a fully diluted basis increased to \$0.38 from \$0.29 in the second quarter of 2017; and
- EBITDAS (a non-GAAP measure; see attached schedule, which reconciles to GAAP net income) increased to \$18.4 million from \$16.9 million in the second quarter of 2017.

“The second quarter represented the third consecutive quarter that Perficient has delivered double-digit services revenue growth. Momentum entering the second half remains solid,” said Jeffrey Davis, chairman and CEO. “Our unique and compelling value proposition, comprehensive portfolio, strong partnerships, nimble structure and depth of expertise are leading to share gains as enterprises increasingly turn to Perficient for their digital transformation needs.”

Other Highlights

Among other recent achievements, Perficient:

- Expanded and deepened its search engine optimization and content services capabilities with the acquisition of Stone Temple Consulting Corporation, an award-winning Boston-based digital marketing agency;
- Announced that its agency, Perficient Digital, won a Silver award for website design in the 2018 Creativity International Awards for work completed for OhioHealth. With its new consolidated, responsive website, OhioHealth is better positioned to deliver personalized experiences, and has enabled deeper loyalty between patients and providers; and
- Added new customer relationships and follow-on projects with such leading companies as AAA Life Insurance, BCBS Michigan, Caterpillar Inc., Leggett and Platt, Marathon Petroleum, Mastercard, Mohawk Industries, Oshkosh Corp., TD Ameritrade, Tiaa-Cref and Trinity Health.

Business Outlook

The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially. See “Safe Harbor Statement” below.

Perficient expects its third quarter 2018 revenue to be in the range of \$122 million to \$127 million. Third quarter GAAP earnings per share is expected to be in the range of \$0.18 to \$0.21. Third quarter adjusted earnings per share (a non-GAAP measure; see attached schedule which reconciles to GAAP earnings per share guidance) is expected to be in the range of \$0.38 to \$0.41.

Perficient is narrowing its previously provided full year 2018 revenue guidance range to \$490 million to \$505 million, adjusting its 2018 GAAP earnings per share guidance range to \$0.65 to \$0.75 as a result of transactional costs and additional amortization for the recent acquisition, and raising its 2018 adjusted earnings per share (a non-GAAP measure; see attached schedule which reconciles to GAAP earnings per share guidance) guidance range to \$1.45 to \$1.55.

Conference Call Details

Perficient will host a conference call regarding second quarter 2018 financial results today at 10 a.m. Eastern.

WHAT: Perficient Reports Second Quarter 2018 Results

WHEN: Thursday, Aug. 2, 2018, at 10 a.m. Eastern

CONFERENCE CALL NUMBERS: 855-246-0403 (U.S. and Canada); 414-238-9806 (International)

PARTICIPANT PASSCODE: 5979827

REPLAY TIMES: Thursday, Aug. 2, 2018, at 1 p.m. Eastern, through Thursday, Aug. 9, 2018 at 1 p.m. Eastern

REPLAY NUMBER: 855-859-2056 (U.S. and Canada) 404-537-3406 (International)

REPLAY PASSCODE: 5979827

About Perficient

Perficient is the leading digital transformation consulting firm serving Global 2000® and enterprise customers throughout North America. With unparalleled information technology, management consulting, and creative capabilities, Perficient and its [Perficient Digital](#) agency deliver vision, execution, and value with outstanding digital experience, business optimization, and industry solutions. Our work enables clients to improve productivity and competitiveness; grow and strengthen relationships with customers, suppliers, and partners; and reduce costs. Perficient’s professionals serve clients from a network of offices across North America and offshore locations in India and China. Traded on the Nasdaq Global Select Market, Perficient is a member of the Russell 2000 index and the S&P SmallCap 600 index. Perficient is an award-winning Premier Level IBM business partner, a Microsoft National Service Provider and Gold Certified Partner, an Oracle Platinum Partner, an Adobe Premier Partner, and a Gold Salesforce Consulting Partner. For more information, visit www.perficient.com.

Safe Harbor Statement

Some of the statements contained in this news release that are not purely historical statements discuss future expectations or state other forward-looking information related to financial results and business outlook for 2018. Those statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on management's current intent, belief, expectations, estimates, and projections regarding our company and our industry. You should be aware that those statements only reflect our predictions. Actual events or results may differ substantially. Important factors that could cause our actual results to be materially different from the forward-looking statements include (but are not limited to) those disclosed under the heading "Risk Factors" in our most recently filed annual report on Form 10-K, and the following:

- (1) the possibility that our actual results do not meet the projections and guidance contained in this news release;
- (2) the impact of the general economy and economic uncertainty on our business;
- (3) risks associated with potential changes to federal, state, local and foreign laws, regulations and policies;
- (4) risks associated with the operation of our business generally, including:
 - a) client demand for our services and solutions;
 - b) maintaining a balance of our supply of skills and resources with client demand;
 - c) effectively competing in a highly competitive market;
 - d) protecting our clients' and our data and information;
 - e) risks from international operations including fluctuations in exchange rates;
 - f) changes to immigration policies;
 - g) obtaining favorable pricing to reflect services provided;
 - h) adapting to changes in technologies and offerings;
 - i) risk of loss of one or more significant software vendors;
 - j) making appropriate estimates and assumptions in connection with preparing our consolidated financial statements;
 - k) maintaining effective internal controls; and
 - l) changes to tax levels, audits, investigations, tax laws or their interpretation;
- (5) legal liabilities, including intellectual property protection and infringement or the disclosure of personally identifiable information;
- (6) risks associated with managing growth organically and through acquisitions; and
- (7) the risks detailed from time to time within our filings with the Securities and Exchange Commission.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. This cautionary statement is provided pursuant to Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this release are made only as of the date hereof and we undertake no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future.

PERFICIENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Services	\$ 120,912	\$ 107,756	\$ 241,107	\$ 211,777
Software and hardware	886	9,270	1,632	16,269
Total revenues	121,798	117,026	242,739	228,046
Cost of revenues (exclusive of depreciation and amortization, shown separately below)				
Cost of services	78,041	68,523	155,739	136,136
Software and hardware costs	—	7,727	—	13,692
Stock compensation	1,554	1,385	3,082	2,752
Total cost of revenues	79,595	77,635	158,821	152,580
Selling, general and administrative				
Selling, general and administrative	25,345	23,868	51,713	47,236
Stock compensation	2,539	2,260	4,911	4,576
Total selling, general and administrative	27,884	26,128	56,624	51,812
Depreciation	1,028	1,205	2,062	2,464
Amortization	4,137	3,537	8,020	7,162
Acquisition costs	542	893	840	1,383
Adjustment to fair value of contingent consideration	121	(597)	1,091	(439)
Income from operations	8,491	8,225	15,281	13,084
Net interest expense	513	657	887	1,004
Net other expense (income)	52	(51)	49	(69)
Income before income taxes	7,926	7,619	14,345	12,149
Provision for income taxes	2,077	5,210	3,567	7,030
Net income	\$ 5,849	\$ 2,409	\$ 10,778	\$ 5,119
Basic earnings per share	\$ 0.18	\$ 0.07	\$ 0.33	\$ 0.15
Diluted earnings per share	\$ 0.17	\$ 0.07	\$ 0.32	\$ 0.15
Shares used in computing basic earnings per share	32,772	32,942	32,762	33,161
Shares used in computing diluted earnings per share	33,889	33,747	33,894	34,080

PERFICIENT, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands)

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,359	\$ 6,307
Accounts receivable, net	107,286	112,194
Prepaid expenses	4,523	4,470
Other current assets	3,483	6,237
Total current assets	<u>125,651</u>	<u>129,208</u>
Property and equipment, net	6,678	7,145
Goodwill	315,405	305,238
Intangible assets, net	48,995	51,066
Other non-current assets	7,811	6,403
Total assets	<u>\$ 504,540</u>	<u>\$ 499,060</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,495	\$ 23,196
Other current liabilities	41,662	38,077
Total current liabilities	<u>56,157</u>	<u>61,273</u>
Long-term debt	56,000	55,000
Other non-current liabilities	18,631	16,436
Total liabilities	<u>130,788</u>	<u>132,709</u>
Stockholders' equity:		
Common stock	48	47
Additional paid-in capital	414,610	403,906
Accumulated other comprehensive loss	(2,474)	(1,822)
Treasury stock	(177,301)	(163,871)
Retained earnings	138,869	128,091
Total stockholders' equity	<u>373,752</u>	<u>366,351</u>
Total liabilities and stockholders' equity	<u>\$ 504,540</u>	<u>\$ 499,060</u>

About Non-GAAP Financial Information

This news release includes non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (“GAAP”), please see the section entitled “About Non-GAAP Financial Measures” and the accompanying tables entitled “Reconciliation of GAAP to Non-GAAP Measures.”

About Non-GAAP Financial Measures

Perficient provides non-GAAP financial measures for EBITDAS (earnings before interest, income taxes, depreciation, amortization, stock compensation, acquisition costs and adjustment to fair value of contingent consideration), adjusted net income, and adjusted earnings per share data as supplemental information regarding Perficient’s business performance. Perficient believes that these non-GAAP financial measures are useful to investors because they provide investors with a better understanding of Perficient’s past financial performance and future results. Perficient’s management uses these non-GAAP financial measures when it internally evaluates the performance of Perficient’s business and makes operating decisions, including internal operating budgeting, performance measurement, and the calculation of bonuses and discretionary compensation. Management excludes stock-based compensation related to restricted stock awards, the amortization of intangible assets, acquisition costs, adjustments to the fair value of contingent consideration, net other income and expense, the impact of other infrequent or unusual transactions, and income tax effects of the foregoing, when making operational decisions.

Perficient believes that providing the non-GAAP financial measures to its investors is useful because it allows investors to evaluate Perficient’s performance using the same methodology and information used by Perficient’s management. Specifically, adjusted net income is used by management primarily to review business performance and determine performance-based incentive compensation for executives and other employees. Management uses EBITDAS to measure operating profitability, evaluate trends, and make strategic business decisions.

Non-GAAP financial measures are subject to inherent limitations because they do not include all of the expenses included under GAAP and because they involve the exercise of discretionary judgment as to which charges are excluded from the non-GAAP financial measure. However, Perficient’s management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of EBITDAS, adjusted net income, and adjusted earnings per share. In addition, some items that are excluded from adjusted net income and adjusted earnings per share can have a material impact on cash. Management compensates for these limitations by evaluating the non-GAAP measure together with the most directly comparable GAAP measure. Perficient has historically provided non-GAAP financial measures to the investment community as a supplement to its GAAP results to enable investors to evaluate Perficient’s business performance in the way that management does. Perficient’s definition may be different from similar non-GAAP financial measures used by other companies and/or analysts.

The non-GAAP adjustments, and the basis for excluding them, are outlined below:

Amortization

Perficient has incurred expense on amortization of intangible assets primarily related to various acquisitions. Management excludes these items for the purposes of calculating EBITDAS, adjusted net income, and adjusted earnings per share. Perficient believes that eliminating this expense from its non-GAAP financial measures is useful to investors because the amortization of intangible assets can be inconsistent in amount and frequency, and is significantly impacted by the timing and magnitude of Perficient’s acquisition transactions, which also vary substantially in frequency from period to period.

Acquisition Costs

Perficient incurs transaction costs related to merger and acquisition-related activities which are expensed in its GAAP financial statements. Management excludes these items for the purposes of calculating EBITDAS, adjusted net income, and adjusted earnings per share. Perficient believes that excluding these expenses from its non-GAAP financial measures is useful to investors because these are expenses associated with each transaction, and are inconsistent in amount and frequency causing comparison of current and historical financial results to be difficult.

Adjustment to Fair Value of Contingent Consideration

Perficient is required to remeasure its contingent consideration liability related to acquisitions each reporting period until the contingency is settled. Any changes in fair value are recognized in earnings. Management excludes these items for the purposes of calculating EBITDAS, adjusted net income, and adjusted earnings per share. Perficient believes that excluding these adjustments from its non-GAAP financial measures is useful to investors because they are related to acquisitions and are inconsistent in amount and frequency from period to period.

Write-off of Unamortized Credit Facility Fees

Perficient entered into a new credit agreement during the second quarter of 2017. In connection with the new agreement, Perficient wrote off unamortized credit facility fees associated with the former credit agreement. Perficient believes that excluding this non-cash write-off from its non-GAAP financial measures is useful to investors because the expense is infrequent and not reflective of the company's business performance.

Stock Compensation

Perficient incurs stock-based compensation expense under Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation - Stock Compensation*. Perficient excludes stock-based compensation expense and the related tax effects for the purposes of calculating EBITDAS, adjusted net income, and adjusted earnings per share because stock-based compensation is a non-cash expense, which Perficient believes is not reflective of its business performance. The nature of stock-based compensation expense also makes it very difficult to estimate prospectively, since the expense will vary with changes in the stock price and market conditions at the time of new grants, varying valuation methodologies, subjective assumptions, and different award types, making the comparison of current results with forward-looking guidance potentially difficult for investors to interpret. The tax effects of stock-based compensation expense may also vary significantly from period to period, without any change in underlying operational performance, thereby obscuring the underlying profitability of operations relative to prior periods. Perficient believes that non-GAAP measures of profitability, which exclude stock-based compensation are widely used by analysts and investors.

Tax Impact of China Repatriation

During the second quarter of 2017, Perficient determined that as a result of changes in the business and macroeconomic environment, the foreign earnings of the company's Chinese subsidiary were no longer permanently reinvested and may repatriate available earnings from time to time. A provision for the expected taxes on repatriation of these earnings was recorded in the amount of \$2.5 million during the three and six months ended June 30, 2017. Perficient believes that excluding this incremental tax expense from its non-GAAP financial measures is useful to investors because this expense is infrequent and can cause comparison of current and historical financial results to be difficult.

PERFICIENT, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
(unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP Net Income	\$ 5,849	\$ 2,409	\$ 10,778	\$ 5,119
Adjustments:				
Provision for income taxes	2,077	5,210	3,567	7,030
Amortization	4,137	3,537	8,020	7,162
Acquisition costs	542	893	840	1,383
Adjustment to fair value of contingent consideration	121	(597)	1,091	(439)
Write-off of unamortized credit facility fees	—	246	—	246
Stock compensation	4,093	3,645	7,993	7,328
Adjusted Net Income Before Tax	16,819	15,343	32,289	27,829
Adjusted income tax (1)	4,037	5,554	7,814	9,963
Adjusted Net Income	<u>\$ 12,782</u>	<u>\$ 9,789</u>	<u>\$ 24,475</u>	<u>\$ 17,866</u>
GAAP Earnings Per Share (diluted)	\$ 0.17	\$ 0.07	\$ 0.32	\$ 0.15
Adjusted Earnings Per Share (diluted)	\$ 0.38	\$ 0.29	\$ 0.72	\$ 0.52
Shares used in computing GAAP and Adjusted Earnings Per Share (diluted)	33,889	33,747	33,894	34,080

(1) The estimated adjusted effective tax rate of 24.0% and 36.2% for the three months ended June 30, 2018 and 2017, respectively, and 24.2% and 35.8% for the six months ended June 30, 2018 and 2017, respectively, has been used to calculate the provision for income taxes for non-GAAP purposes. The estimated adjusted effective tax rate for the three and six months ended June 30, 2017 excludes the tax impact of the China repatriation.

PERFICIENT, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
(unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP Net Income	\$ 5,849	\$ 2,409	\$ 10,778	\$ 5,119
Adjustments:				
Provision for income taxes	2,077	5,210	3,567	7,030
Net interest expense	513	657	887	1,004
Net other expense (income)	52	(51)	49	(69)
Depreciation	1,028	1,205	2,062	2,464
Amortization	4,137	3,537	8,020	7,162
Acquisition costs	542	893	840	1,383
Adjustment to fair value of contingent consideration	121	(597)	1,091	(439)
Stock compensation	4,093	3,645	7,993	7,328
EBITDAS (1)	<u>\$ 18,412</u>	<u>\$ 16,908</u>	<u>\$ 35,287</u>	<u>\$ 30,982</u>

(1) EBITDAS is a non-GAAP performance measure and is not intended to be a performance measure that should be regarded as an alternative to or more meaningful than either GAAP operating income or GAAP net income. EBITDAS measures presented may not be comparable to similarly titled measures presented by other companies.

PERFICIENT, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
(unaudited)

	Q3 2018		Full Year 2018	
	Low end of adjusted goal	High end of adjusted goal	Low end of adjusted goal	High end of adjusted goal
GAAP EPS	\$ 0.18	\$ 0.21	\$ 0.65	\$ 0.75
Non-GAAP adjustment (1):				
Non-GAAP reconciling items	0.26	0.26	1.03	1.03
Tax effect of reconciling items	(0.06)	(0.06)	(0.23)	(0.23)
Adjusted EPS	<u>\$ 0.38</u>	<u>\$ 0.41</u>	<u>\$ 1.45</u>	<u>\$ 1.55</u>

(1) Non-GAAP adjustment represents the impact of amortization expense, stock compensation, acquisition costs, and adjustments to fair value of contingent consideration, net of the tax effect of these adjustments, divided by fully diluted shares. Perficient currently expects both its Q3 2018 and full year 2018 GAAP effective income tax rate to be between 26% and 27%.



PERFICIENT[®]
vision. execution. value.

Q2 2018 FINANCIAL RESULTS

August 2, 2018





SAFE HARBOR STATEMENT

The adjusted GAAP and GAAP earnings per share goals, as well as effective income tax rate and fully diluted shares for 2018, outlined in this presentation are estimates of future company performance and are forward-looking statements within the meaning of the securities laws. These forward-looking statements are subject to risk and uncertainties and are based on management's current expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from management's current expectations and the forward-looking statements made in this presentation. These risks and uncertainties include, but are not limited to, the impact of the general economy and economic uncertainty on our business; potential changes to federal, state, local and foreign laws, regulations, and policies; client demand for our services and solutions; maintaining a balance of our supply of skills and resources with client demand; effectively competing in a highly competitive market; protecting our clients' and our

data and information; risks from international operations including fluctuations in exchange rates; changes to immigration policies; obtaining favorable pricing to reflect services provided; adapting to changes in technologies and offerings; risk of loss of one or more significant software vendors; making appropriate estimates and assumptions in connection with preparing our consolidated financial statements; maintaining effective internal controls; changes to tax levels, audits, investigations, tax laws or their interpretation; legal liabilities including intellectual property protection and infringement or the disclosure of personally identifiable information; risks associated with managing growth organically and through acquisitions; and risks detailed from time to time in the Company's filings with the Securities and Exchange Commission, including the most recent Form 10-K and Form 10-Q.

RECONCILIATION OF ADJUSTED GAAP MEASURES

The following table provides a reconciliation of Perficient, Inc. GAAP EPS guidance to Adjusted EPS guidance:

	Q3 2018		Full Year 2018	
	Low end of adjusted goal	High end of adjusted goal	Low end of adjusted goal	High end of adjusted goal
GAAP EPS	\$ 0.18	\$ 0.21	\$ 0.65	\$ 0.75
Non-GAAP Adjustment (a):				
Non-GAAP Reconciling Items	0.26	0.26	1.03	1.03
Tax Effect of Above Reconciling Items	(0.06)	(0.06)	(0.23)	(0.23)
Adjusted EPS	\$ 0.38	\$ 0.41	\$ 1.45	\$ 1.55

(a) Non-GAAP adjustment represents the impact of amortization expense, stock compensation, acquisition costs, and adjustments to fair value of contingent consideration, net of the tax effect of these adjustments, divided by fully diluted shares. The Company currently expects both its Q3 2018 and full year 2018 GAAP effective income tax rate to be between 26% and 27%. The Company's estimates of fully diluted shares for 2018, by quarter, are included in the following table. These estimates could be affected by share repurchases and shares issued in conjunction with future acquisitions.

	Q1 Actual	Q2 Actual	Q3	Q4	Full Year
Fully Diluted Shares for 2018 (in millions)	33.8	33.9	33.9	33.9	33.9

Note further discussion and reconciliation of Perficient, Inc. non-GAAP financial measures can be found in our earnings press release and Form 8-K furnished August 2, 2018.

OPERATING METRICS

(in thousands, except per share data)	THREE MONTHS ENDED JUNE 30,			SIX MONTHS ENDED JUNE 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues	\$ 121,798	\$ 117,026	4%	\$ 242,739	\$ 228,046	6%
Services Revenues*	\$ 120,912	\$ 107,756	12%	\$ 241,107	\$ 211,777	14%
Cost of Services**	\$ 79,595	\$ 69,908	14%	\$ 158,821	\$ 138,888	14%
Services Revenues Net of Cost	\$ 41,317	\$ 37,848	9%	\$ 82,286	\$ 72,889	13%
% of Services Revenues	34.2%	35.1%		34.1%	34.4%	
EBITDA Excluding Stock Compensation	\$ 18,412	\$ 16,908	9%	\$ 35,287	\$ 30,982	14%
% of Services Revenues	15.2%	15.7%		14.6%	14.6%	
Income from Operations	\$ 8,491	\$ 8,225	3%	\$ 15,281	\$ 13,084	17%
% of Services Revenues	7.0%	7.6%		6.3%	6.2%	
Net Income	\$ 5,849	\$ 2,409	143%	\$ 10,778	\$ 5,119	111%
% of Services Revenues	4.8%	2.2%		4.5%	2.4%	
Adjusted Net Income	\$ 12,782	\$ 9,789	31%	\$ 24,475	\$ 17,866	37%
% of Services Revenues	10.6%	9.1%		10.2%	8.4%	
GAAP EPS	\$ 0.17	\$ 0.07	143%	\$ 0.32	\$ 0.15	113%
Amortization	0.12	0.10		0.24	0.21	
Stock Compensation	0.12	0.11		0.23	0.21	
Acquisition Costs/Earnout Adjustments	0.02	0.01		0.06	0.03	
Write-off of Unamortized Credit Facility Fees	-	0.01		-	0.01	
Tax Effect of Above Reconciling Items	(0.05)	(0.09)		(0.13)	(0.16)	
Tax Effect of China Repatriation	-	0.08		-	0.07	
Adjusted EPS	\$ 0.38	\$ 0.29	31%	\$ 0.72	\$ 0.52	38%

* Services Revenues includes reimbursable expenses.

**Cost of Services excludes depreciation and amortization and stock compensation.

OPERATING METRICS

(in thousands)	Q2 2018	Q1 2018	% Change	Q2 2018	Q2 2017	% Change
Services Revenue (including reimbursable expenses)	\$ 120,912	\$ 120,196	1%	\$ 120,912	\$ 107,756	12%
Software and Hardware Revenue*	\$ 886	\$ 746	19%	\$ 886	\$ 9,270	-90%
Time & Materials ABR	Q2 2018			Q1 2018		
North American Employees	\$ 146			\$ 147		
Utilization	Q2 2018			Q1 2018		
North American Employees (Organic)	77%			78%		
Headcount	Q2 2018			Q1 2018		
	Average	Ending		Average	Ending	
North American Billable Employees	1,787	1,766		1,722	1,736	
Subcontractors	241	235		227	224	
Offshore Billable Employees	677	670		687	693	
Total Billable Headcount	2,705	2,671		2,636	2,653	
SG&A Headcount	445	443		443	442	
Total Headcount	3,150	3,114		3,079	3,095	

SOLUTIONS DATA

Revenue by Solution (Top 10)	Q2 2018*	Q1 2018*	Q2 2017
Management Consulting	16%	14%	10%
Custom Applications	15%	15%	10%
Analytics	12%	10%	19%
Commerce	10%	11%	12%
Content Management	8%	10%	10%
Business Integration	8%	7%	7%
Portals/Collaboration	6%	6%	4%
Customer Relationship Management	5%	5%	6%
Business Process Management	3%	4%	4%
Platform	3%	3%	6%

*Q2 and Q1 2018 impacted by modified allocation and classification methodology for improved accuracy.

INDUSTRY DATA

Revenue by Industry (Top 10)	Q2 2018	Q1 2018	Q2 2017
Healthcare/Pharma/Life Sciences	27%	26%	27%
Financial Services/Banking/Insurance	14%	14%	15%
Retail and Consumer Goods	11%	10%	10%
Manufacturing	10%	10%	9%
Automotive and Transport Products	9%	10%	10%
Electronics and Computer Hardware	8%	8%	9%
Telecommunications	6%	6%	7%
Business Services	5%	4%	2%
Energy and Utilities	4%	3%	2%
Leisure, Media and Entertainment	3%	3%	3%

PLATFORM DATA

Revenue by Platform	Q2 2018	Q1 2018	Q2 2017
IBM	25%	25%	32%
Microsoft	15%	18%	12%
Oracle	8%	10%	12%
Adobe	8%	9%	4%
Salesforce	2%	3%	7%
Other Technologies	37%	29%	26%
Management Consulting*	5%	6%	7%

*Platform independent