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): October 30, 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 November 1, 2018, Perficient, Inc. (“Perficient”) announced its financial results for the three and nine months ended September 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 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

(b) <u>Resignation of Kathryn J. Henely</u>. Effective November 1, 2018, Kathryn J. Henely resigned as Perficient’s Chief Operating Officer. Ms. Henely will remain with Perficient for a period of time to ensure an appropriate transition of duties and responsibilities to her successor, Thomas J. Hogan.

(c) <u>Appointment of Thomas J. Hogan</u>. Effective November 1, 2018, the Board of Directors of the Company appointed Thomas J. Hogan, age forty-two, as Chief Operating Officer of Perficient. Mr. Hogan joined Perficient in January 2008 and has served Perficient in several capacities including, Vice President of Operations, General Manager, Director of Business Development, and Engagement Director.

There is no arrangement or understanding between Mr. Hogan and any other person pursuant to which Mr. Hogan was appointed as Perficient’s Chief Operating Officer. There are no related party transactions between Perficient and Mr. Hogan, and there are no family relationships between Mr. Hogan and any of the directors or officers of Perficient.

In connection with his appointment, the Company and Mr. Hogan entered into an employment agreement. The employment agreement is effective as of November 1, 2018 and will expire on December 31, 2020. The employment agreement has the following terms:

- an annual salary of $410,000 that may be increased by the Chief Executive Officer, with approval by the Board of Directors or its Compensation Committee, from time to time;
- an annual performance bonus of up to 150% of Mr. Hogan’s annual salary in the event Perficient achieves certain performance targets;
- entitlement to participate in such insurance, disability, health, and medical benefits and retirement plans or programs as are from time to time generally made available to Perficient’s executive employees, pursuant to Perficient’s policies and subject to the conditions and terms applicable to such benefits, plans or programs; and
- death, disability and severance benefits upon Mr. Hogan’s termination of employment of the Company, including a severance payment of one year’s base salary and one year of benefits if Mr. Hogan is terminated without cause or under a constructive termination, as defined in the employment agreement.

Mr. Hogan has agreed to refrain from competing with the Company for a period of three years following the termination of his employment. Mr. Hogan’s compensation is subject to review and adjustment on an annual basis in accordance with Perficient’s compensation policies as in effect from time to time.

The foregoing is a summary of the material terms of the employment agreement only, and is qualified in its entirety by the complete terms of the employment agreement, filed as an exhibit to Perficient’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018.

ITEM 8.01 OTHER EVENTS

On November 1, 2018, Perficient posted on the Investor Relations page of its website at www.perficient.com a slide presentation related to its third quarter ended September 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
99.1	Perficient, Inc. Press Release, dated November 1, 2018, announcing financial results for the three and nine months ended September 30, 2018
99.2	Perficient, Inc. Q3 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: November 1, 2018	By:	/s/ Paul E. Martin
		Paul E. Martin
		Chief Financial Officer

EXHIBIT 99.1

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

PERFICIENT REPORTS THIRD QUARTER 2018 RESULTS
~Reports Record Services Revenue~

ST. LOUIS (Nov. 1, 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 September 30, 2018.

Financial Highlights

For the quarter ended September 30, 2018:

- Services revenue increased 5% to $122.9 million from $117.4 million in the third quarter of 2017;
- Total revenue increased to $123.9 million from $123.7 million in the third quarter of 2017;
- Net income decreased 10% to $6.3 million from $7.0 million in the third quarter of 2017 primarily due to adjustments to contingent consideration liabilities related to acquisitions;
- GAAP earnings per share results on a fully diluted basis decreased to $0.19 from $0.21 in the third quarter of 2017 primarily due to adjustments to contingent consideration liabilities related to acquisitions;
- 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 21% to $0.41 from $0.34 in the third quarter of 2017; and
- EBITDAS (a non-GAAP measure; see attached schedule, which reconciles to GAAP net income) increased to $19.5 million from $19.2 million in the third quarter of 2017.

"Solid performance across several key metrics resulted in strong services gross margin and profitability," said Jeffrey Davis, chairman and CEO. "Those results, coupled with very strong third quarter bookings, enable us to raise our full-year earnings estimate and have us well-positioned for a great start to 2019."

Other Highlights

Among other recent achievements, Perficient:

- Broadened and deepened its digital marketing and marketing automation services capabilities with the acquisition of Elixiter, an award-winning $6 million annual revenue marketing consultancy, specializing in Marketo marketing automation services.

- In September 2018, completed a private offering of $143.8 million aggregate principal amount of 2.375% Convertible Senior Notes due 2023.

- Was named the Red Hat Rising Star Partner of the Year, which recognizes Perficient for its demonstrated collaboration and investment within its Red Hat partnership to achieve success in bringing Red Hat technologies and services to customers.

- Announced that its agency, Perficient Digital, received the 2018 Sitecore Experience Award for its best-in-class use of Sitecore as a Digital Experience Platform for its client Dignity Health.

- Was cited as a "Strong Performer" in The Forrester Wave™: Digital Process Automation Service Providers, Q3 2018 report. The report takes an in-depth look at 11 DPA service providers and details their strengths across strategy, design, technology, and change management.

- Was named a Pivotal Systems Integrator Customer Impact Partner Award Winner, recognizing Perficient's success in delivering complex, innovative solutions for customers on Pivotal's cloud-native application platform, Pivotal Cloud Foundry® (PCF).

- Added new customer relationships and follow-on projects with such leading companies as 7-Eleven, Ashley Furniture, Auto Club Group, AutoWeb, BCBS Michigan, Bunzl, Clayton Homes, ConEd, Equifax, Excellus BCBS of New York, Fleetcor, GameStop, GM Financial, Herbalife, Kaiser Permanente, Leggett and Platt, OG&E, PayPal, School Specialty, Inc., and Trinity Health.

Organization Announcement

Perficient Chief Operating Officer Kathy Henely is retiring and Vice President-Operations Tom Hogan has been appointed Chief Operating Officer. Ms. Henely will remain with Perficient for a period of time to ensure an appropriate transition of duties and responsibilities.

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 fourth quarter 2018 revenue to be in the range of $125 million to $131 million. Fourth quarter GAAP earnings per share is expected to be in the range of $0.15 to $0.18. Fourth 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 $0.39 to $0.42.

Perficient is narrowing its previously provided full year 2018 revenue guidance range to $492 million to $498 million, adjusting its 2018 GAAP earnings per share guidance range to $0.66 to $0.69 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 $1.52 to $1.55.

Conference Call Details

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

WHAT: Perficient Reports Third Quarter 2018 Results
WHEN: Thursday, Nov. 1, 2018, at 10 a.m. Eastern
CONFERENCE CALL NUMBERS: 855-246-0403 (U.S. and Canada); 414-238-9806 (International)
PARTICIPANT PASSCODE: 6067617
REPLAY TIMES: Thursday, Nov. 1, 2018, at 1 p.m. Eastern, through Thursday, Nov. 8, 2018 at 1 p.m. Eastern
REPLAY NUMBER: 855-859-2056 (U.S. and Canada); 404-537-3406 (International)
REPLAY PASSCODE: 6067617

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 in our other securities filings including our quarterly report on Form 10-Q for the quarter ended September 30, 2018, 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;
(7) risks associated with servicing our debt, the potential impact on the value of our common stock from the conditional conversion features of such debt and the associated convertible note hedge transactions; and
(8) 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 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 September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues				
Services	$ 122,879	$ 117,415	$ 363,986	$ 329,192
Software and hardware	1,054	6,323	2,686	22,591
Total revenues	123,933	123,738	366,672	351,783
Cost of revenues (exclusive of depreciation and amortization, shown separately below)				
Cost of services	77,688	74,677	233,427	210,812
Software and hardware costs	—	5,168	—	18,860
Stock compensation	1,495	1,294	4,577	4,046
Total cost of revenues	79,183	81,139	238,004	233,718
Selling, general and administrative	26,706	24,742	78,418	71,978
Stock compensation	2,616	2,330	7,527	6,906
Total selling, general and administrative	29,322	27,072	85,945	78,884
Depreciation	995	1,123	3,057	3,587
Amortization	4,009	3,936	12,029	11,098
Acquisition costs	497	(100)	1,337	1,283
Adjustment to fair value of contingent consideration	666	(389)	1,757	(828)
Income from operations	9,261	10,957	24,543	24,041
Net interest expense	831	440	1,718	1,444
Net other (income) expense	(6)	(15)	43	(84)
Income before income taxes	8,436	10,532	22,782	22,681
Provision for income taxes	2,131	3,505	5,699	10,535
Net income	$ 6,305	$ 7,027	$ 17,083	$ 12,146
Basic net income per share	$ 0.19	$ 0.22	$ 0.52	$ 0.37
Diluted net income per share	$ 0.19	$ 0.21	$ 0.50	$ 0.36
Shares used in computing basic net income per share	32,648	32,673	32,724	32,997
Shares used in computing diluted net income per share	33,645	33,991	33,846	34,085

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

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 44,947	$ 6,307
Accounts receivable, net	109,764	112,194
Prepaid expenses	4,303	4,470
Other current assets	2,212	6,237
Total current assets	161,226	129,208
Property and equipment, net	6,565	7,145
Goodwill	321,995	305,238
Intangible assets, net	49,821	51,066
Other non-current assets	9,662	6,403
Total assets	$ 549,269	$ 499,060
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,801	$ 23,196
Other current liabilities	44,172	38,077
Total current liabilities	54,973	61,273
Long-term debt, net	119,038	55,000
Other non-current liabilities	20,254	16,436
Total liabilities	194,265	132,709
Stockholders' equity:		
Common stock	48	47
Additional paid-in capital	431,510	403,906
Accumulated other comprehensive loss	(2,837)	(1,822)
Treasury stock	(218,891)	(163,871)
Retained earnings	145,174	128,091
Total stockholders' equity	355,004	366,351
Total liabilities and stockholders' equity	$ 549,269	$ 499,060

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, amortization of debt discounts and issuance costs related to convertible senior notes, 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.

Amortization of Debt Discount and Debt Issuance Costs
On September 11, 2018, Perficient issued $143.8 million aggregate principal amount of 2.375% Convertible Senior Notes due 2023 (the “Notes”) in a private placement to qualified institutional purchasers. In accordance with accounting for debt with conversions and other options, the company bifurcated the principal amount of the Notes into liability and equity components. The resulting debt discount is being amortized to interest expense over the period from the issuance date through the contractual maturity date of September 15, 2023. Issuance costs related to the Notes were allocated pro rata based on the relative fair values of the liability and equity components. Issuance costs attributable to the liability component of the Notes, in addition to issuance costs related to Perficient’s credit agreement, are being amortized to interest expense over their respective terms. Perficient believes that excluding these non-cash expenses from its non-GAAP financial measures is useful to investors because the expenses are not reflective of the company’s business performance.

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 September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
GAAP Net Income	$ 6,305	$ 7,027	$ 17,083	$ 12,146
Adjustments:				
Provision for income taxes	2,131	3,505	5,699	10,535
Amortization	4,009	3,936	12,029	11,098
Acquisition costs	497	(100)	1,337	1,283
Adjustment to fair value of contingent consideration	666	(389)	1,757	(828)
Amortization of debt discounts and issuance costs	265	—	300	—
Write-off of unamortized credit facility fees	—	—	—	246
Stock compensation	4,111	3,624	12,104	10,952
Adjusted Net Income Before Tax	17,984	17,603	50,309	45,432
Adjusted income tax (1)	4,334	6,196	12,175	16,128
Adjusted Net Income	$ 13,650	$ 11,407	$ 38,134	$ 29,304
GAAP Earnings Per Share (diluted)	$ 0.19	$ 0.21	$ 0.50	$ 0.36
Adjusted Earnings Per Share (diluted)	$ 0.41	$ 0.34	$ 1.13	$ 0.86
Shares used in computing GAAP and Adjusted Earnings Per Share (diluted)	33,645	33,991	33,846	34,085

(1) The estimated adjusted effective tax rate of 24.1% and 35.2% for the three months ended September 30, 2018 and 2017, respectively, and 24.2% and 35.5% for the nine months ended September 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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
GAAP Net Income	$ 6,305	$ 7,027	$ 17,083	$ 12,146
Adjustments:				
Income tax provision	2,131	3,505	5,699	10,535
Net interest expense	831	440	1,718	1,444
Net other (income) expense	(6)	(15)	43	(84)
Depreciation	995	1,123	3,057	3,587
Amortization	4,009	3,936	12,029	11,098
Acquisition costs	497	(100)	1,337	1,283
Adjustment to fair value of contingent consideration	666	(389)	1,757	(828)
Stock compensation	4,111	3,624	12,104	10,952
EBITDAS (1)	$ 19,539	$ 19,151	$ 54,827	$ 50,133

(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)

	Q4 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	$ 0.15	$ 0.18	$ 0.66	$ 0.69
Non-GAAP adjustment (1):				
Non-GAAP reconciling items	0.33	0.33	1.14	1.14
Tax effect of reconciling items	(0.09)	(0.09)	(0.28)	(0.28)
Adjusted EPS	$ 0.39	$ 0.42	$ 1.52	$ 1.55

(1) Non-GAAP adjustment represents the impact of amortization expense, stock compensation, amortization of debt discounts and issuance costs, 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 its Q4 2018 and full year 2018 GAAP effective income tax rate to be approximately 21% and 24%, respectively.

PERFICIENT

vision. execution. value.

Q3 2018 FINANCIAL RESULTS

November 1, 2018

S&P SmallCap 600

PRFT NASDAQ GLOBAL SELECT

Russell 2000 INDEX

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; risks associated with servicing our debt, the potential impact on the value of our common stock from the conditional conversion features of such debt and the associated convertible note hedge transactions; 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:

	Q4 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	$ 0.15	$ 0.18	$ 0.66	$ 0.69
Non-GAAP Adjustment (a):				
Non-GAAP Reconciling Items	0.33	0.33	1.14	1.14
Tax Effect of Above Reconciling Items	(0.09)	(0.09)	(0.28)	(0.28)
Adjusted EPS	$ 0.39	$ 0.42	$ 1.52	$ 1.55

(a) Non-GAAP adjustment represents the impact of amortization expense, stock compensation, acquisition costs, adjustments to fair value of contingent consideration, and amortization of debt discounts and issuance costs, net of the tax effect of these adjustments, divided by fully diluted shares. The Company currently expects its Q4 2018 and full year 2018 GAAP effective income tax rate to be approximately 21% and 24%, respectively. 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 Actual	Q4	Full Year
Fully Diluted Shares for 2018 (in millions)	33.8	33.9	33.6	32.5	33.5

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 November 1, 2018.

OPERATING METRICS

(in thousands, except per share data)	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues	$ 123,933	$ 123,738	0%	$ 366,672	$ 351,783	4%
Services Revenues*	$ 122,879	$ 117,415	5%	$ 363,986	$ 329,192	11%
Cost of Services**	$ 79,183	$ 75,971	4%	$ 238,004	$ 214,858	11%
Services Revenues Net of Cost	$ 43,696	$ 41,444	5%	$ 125,982	$ 114,334	10%
% of Services Revenues	35.6%	35.3%		34.6%	34.7%	
EBITDA Excluding Stock Compensation	$ 19,539	$ 19,151	2%	$ 54,827	$ 50,133	9%
% of Services Revenues	15.9%	16.3%		15.1%	15.2%	
Income from Operations	$ 9,261	$ 10,957	-15%	$ 24,543	$ 24,041	2%
% of Services Revenues	7.5%	9.3%		6.7%	7.3%	
Net Income	$ 6,305	$ 7,027	-10%	$ 17,083	$ 12,146	41%
% of Services Revenues	5.1%	6.0%		4.7%	3.7%	
Adjusted Net Income	$ 13,650	$ 11,407	20%	$ 38,134	$ 29,304	30%
% of Services Revenues	11.1%	9.7%		10.5%	8.9%	
GAAP EPS	$ 0.19	$ 0.21	-10%	$ 0.50	$ 0.36	39%
Amortization	0.12	0.12		0.36	0.32	
Stock Compensation	0.12	0.11		0.36	0.32	
Acquisition Costs/Earnout Adjustments	0.03	(0.02)		0.09	0.01	
Amortization of Debt Issuance Costs and Discounts	0.01	-		0.01	-	
Write-off of Unamortized Credit Facility Fees	-	-		-	0.01	
Tax Effect of Above Reconciling Items	(0.06)	(0.08)		(0.19)	(0.23)	
Tax Effect of China Repatriation	-	-		-	0.07	
Adjusted EPS	$ 0.41	$ 0.34	21%	$ 1.13	$ 0.86	31%

*Services Revenues includes reimbursable expenses.
**Cost of Services excludes depreciation and amortization.

OPERATING METRICS

(in thousands)	Q3 2018	Q2 2018	% Change	Q3 2018	Q3 2017	% Change
Services Revenue (including reimbursable expenses)	$ 122,879	$ 120,912	2%	$ 122,879	$ 117,415	5%
Software and Hardware Revenue*	$ 1,054	$ 886	19%	$ 1,054	$ 6,323	-83%

Time & Materials ABR	Q3 2018	Q2 2018
North American Employees	$ 146	$ 146

Utilization	Q3 2018	Q2 2018
North American Employees (Organic)	80%	77%

Headcount	Q3 2018		Q2 2018	
	Average	Ending	Average	Ending
North American Billable Employees	1,804	1,793	1,787	1,766
Subcontractors	222	228	241	235
Offshore Billable Employees	662	655	677	670
Total Billable Headcount	**2,688**	**2,676**	**2,705**	**2,671**
SG&A Headcount	455	458	445	443
Total Headcount	**3,143**	**3,134**	**3,150**	**3,114**

*Software and Hardware Revenue is presented on a net basis upon adoption of ASU No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*, effective January 1, 2018.

SOLUTIONS DATA

Revenue by Solution (Top 10)	Q3 2018*	Q2 2018*	Q3 2017
Custom Applications	15%	15%	15%
Management Consulting	14%	16%	12%
Analytics	14%	12%	17%
Commerce	11%	10%	11%
Content Management	9%	8%	8%
Business Integration	7%	8%	7%
Portals/Collaboration	6%	6%	4%
Customer Relationship Management	5%	5%	5%
Business Process Management	3%	3%	4%
Platform	3%	3%	5%

*Q3 and Q2 2018 impacted by modified allocation and classification methodology for improved accuracy.

INDUSTRY DATA

Revenue by Industry (Top 10)	Q3 2018	Q2 2018	Q3 2017
Healthcare/Pharma/Life Sciences	30%	27%	28%
Financial Services/Banking/Insurance	14%	14%	16%
Retail and Consumer Goods	12%	11%	9%
Manufacturing	10%	10%	9%
Automotive and Transport Products	9%	9%	9%
Electronics and Computer Hardware	6%	8%	8%
Telecommunications	5%	6%	6%
Business Services	5%	5%	4%
Energy and Utilities	4%	4%	2%
Leisure, Media and Entertainment	3%	3%	2%

PLATFORM DATA

Revenue by Platform	Q3 2018	Q2 2018	Q3 2017
IBM	25%	25%	29%
Microsoft	14%	15%	19%
Adobe	8%	8%	6%
Oracle	7%	8%	11%
Salesforce	3%	2%	4%
Other Technologies	39%	37%	23%
Management Consulting*	4%	5%	8%

*Platform independent