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# Cushman & Wakefield

## Q3 Earnings Presentation

November 13, 2018

# Cautionary Note on Forward-Looking Statements

All statements in this presentation (and oral statements made regarding the subjects of this presentation) other than historical facts are forward-looking statements, which rely on a number of estimates, projections and assumptions concerning future events. Such statements are also subject to a number of uncertainties and factors outside Cushman & Wakefield's control. Such factors include, but are not limited to, uncertainty regarding and changes in global economic or market conditions and changes in government policies, laws, regulations and practices and other risks and uncertainties detailed in Cushman & Wakefield's periodic public filings with the Securities and Exchange Commission, including but not limited to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2018. Should any Cushman & Wakefield estimates, projections and assumptions or other uncertainties and factors materialize in ways that Cushman & Wakefield did not expect, there is no guarantee of future performance and the actual results could differ materially from the forward-looking statements in this presentation, including the possibility that recipients may lose a material portion of the amounts invested. While Cushman & Wakefield believes the assumptions underlying these forward-looking statements are reasonable under current circumstances, recipients should bear in mind that such assumptions are inherently uncertain and subjective and that past or projected performance is not necessarily indicative of future results. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this presentation, and nothing shall be relied upon as a promise or representation as to the performance of any investment. You are cautioned not to place undue reliance on such forward-looking statements or other information in this presentation and should rely on your own assessment of an investment or a transaction. Any estimates or projections as to events that may occur in the future are based upon the best and current judgment of Cushman & Wakefield as actual results may vary from the projections and such variations may be material. Opinions expressed are current opinions as of the date of this presentation.

The Company has not reconciled the (non-GAAP) adjusted EBITDA forward-looking guidance included in this presentation to the most directly comparable GAAP measure because this cannot be done without unreasonable effort due to the variability and low visibility with respect to costs related to integration and other costs related to acquisitions, share-based compensation and the Cassidy Turley deferred payment obligation, which are potential adjustments to future earnings. We expect the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.

Please see the Appendix to this presentation for reconciliations of the non-GAAP measures described in this presentation to the most comparable GAAP measures.

# Non-GAAP Financial Measures and Other Financial Information

The following measures are considered "non-GAAP financial measures" under SEC guidelines:

i. Fee revenue and fee-based operating expenses
ii. Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted EBITDA margin
iii. Adjusted net income and Adjusted earnings per share; and
iv. Local currency

Our management principally uses these non-GAAP financial measures to evaluate operating performance, develop budgets and forecasts, improve comparability of results and assist our investors in analyzing the underlying performance of our business. These measures are not recognized measurements under GAAP. When analyzing our operating results, investors should use them in addition to, but not as an alternative for, the most directly comparable financial results calculated and presented in accordance with GAAP. Because the Company's calculation of these non-GAAP financial measures may differ from other companies, our presentation of these measures may not be comparable to similarly titled measures of other companies.

The Company believes that these measures provide a more complete understanding of ongoing operations, enhance comparability of current results to prior periods and may be useful for investors to analyze our financial performance. The measures eliminate the impact of certain items that may obscure trends in the underlying performance of our business. The Company also uses certain of these measures, and believes that they are useful to investors, for the additional purposes described below.

**Fee Revenue:** The Company believes that investors may find this measure useful to analyze the financial performance of our Property, facilities & project management service line and our business generally. Fee revenue is GAAP revenue excluding costs reimbursable by clients which have substantially no margin, and as such provides greater visibility into the underlying performance of our business.

Additionally, reductions in GAAP revenue result from business combination accounting rules when contingent revenue balances are recorded at fair value on the acquisition date. Subsequent to acquisitions, the Company analyzes the amount of amortized revenue that would have been recognized had the acquired company remained independent and had the contingent revenue balances not been recorded in the opening balance sheet of the acquired entities. Such amounts are included in Fee revenue as purchase accounting adjustments.

**Adjusted EBITDA and Adjusted EBITDA margin:** We have determined Adjusted EBITDA to be our primary measure of segment profitability. We believe that investors find this measure useful in comparing our operating performance to that of other companies in our industry because these calculations generally eliminate integration and other costs related to acquisitions, stock-based compensation for plans enacted before the Company's IPO ("pre-IPO stock-based compensation"), the deferred payment obligation related to the acquisition of Cassidy Turley and other items. Adjusted EBITDA also excludes the effects of financings, income tax and the non-cash accounting effects of depreciation and intangible asset amortization. Adjusted EBITDA margin, a non-GAAP measure of profitability as a percent of revenue, is calculated by dividing Adjusted EBITDA by Fee revenue.

**Adjusted net income/loss ("Adjusted net income") and Adjusted earnings per share ("Adjusted EPS"):** Management also assesses the profitability of the business using Adjusted net income. We believe that investors find this measure useful in comparing our profitability to that of other companies in our industry because this calculation generally eliminates integration and other costs related to acquisitions, pre-IPO stock-based compensation, the deferred payment obligation related to the acquisition of CT and other items. Similarly, depreciation and amortization related to merger and acquisition activity and one-time financing related to debt extinguishment and modification are excluded from this measure. Income tax, as adjusted, reflects management's expectation about our long-term effective rate as a public company. The Company also uses Adjusted EPS as a significant component when measuring operating performance. Management defines Adjusted EPS as Adjusted net income, divided by total basic and diluted weighted-average outstanding shares.

**Local Currency:** In discussing our results, we refer to percentage changes in local currency. For comparability purposes, such amounts presented on a local currency basis are calculated by translating foreign operations to USD using a constant USD exchange rate for each underlying currency (i.e., year-over-year changes are presented in local currency assuming constant foreign exchange rates measured against USD). Management believes that this methodology provides investors with greater visibility into the performance of our business excluding the effect of foreign currency rate fluctuations.

The interim financial information for the three and nine months ended September 30, 2017 and 2018 is unaudited. All adjustments, consisting of normal recurring adjustments, except as otherwise noted, considered necessary for a fair presentation of the unaudited interim condensed consolidated financial information for these periods have been included. Users of all of the aforementioned unaudited interim financial information should refer to the audited Consolidated Financial Statements of the Company and notes thereto for the year ended December 31, 2017 included in the Prospectus as filed with the Securities and Exchange Commission on August 3, 2018, pursuant to Rule 424(b) under the Securities Act of 1933, as amended.

# Today's Presenters

**Brett White**

*Executive Chairman & CEO*

**Duncan Palmer**

*Chief Financial Officer*

**Bill Knightly**

*Investor Relations & Treasurer*

# Business Highlights

- Strong performance with double-digit fee revenue growth and substantial Adjusted EBITDA growth
  - Fee revenue growth 18% Q3 and 13% YTD
  - Adjusted EBITDA growth 77% Q3 and 61% YTD
  - Double-digit fee revenue growth in all three geographic segments for the quarter
  - Capital Markets (34% Q3, 30% YTD) and Leasing (32% Q3, 21% YTD) had particularly strong growth
- Q3 Adjusted EBITDA margin of 11.9% Q3 and 10.1% YTD, an increase of 400bps and 300bps year-over-year, respectively, due to fee revenue mix and operating leverage
- Continued successful execution of growth strategy with in-fill M&A and recruiting in key service lines and markets

# Global Real Estate Market Outlook as of Q3 2018

- Global GDP forecast remains healthy at approx. 3.7% for both 2018 and 2019
- Real estate fundamentals are strong amid stock market volatility, trade tensions and rising interest rates
- Investment volumes expected to be higher than 2017 with ample capital and historically low interest rates
- Leasing fundamentals remain robust globally

## Americas(1)

- Real GDP: +2.5% -3.5%
- Unemployment: ~4%
- Office Rents: +2 - 3%

(1) U.S. as a proxy

## EMEA

- Real GDP (2) : +1.9%
- Unemployment (2): ~6.8%
- Office Rents (3) : +3%

(2) European Union. as a proxy
(3) Europe as a proxy

## APAC

- Real GDP: +4% - 5%
- Unemployment: ~4%
- Office Rents: +2 - 3%

Data Sources: GDP Forecast IMF World Economic Outlook – October 2018, Moody's Macro Forecast as of September 2018 (economic data), Oxford Economics Q3 2018 versus Q3 2017 (economic data) and Cushman & Wakefield Research Q3 2018 versus Q3 2017 (Rent data)

# Financial Overview

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# Q3 and YTD Financial Highlights

USD in Millions, unless otherwise indicated

| | Fee Revenue | Adj. EBITDA | Adj. EBITDA Margin | Adjusted EPS |
|---|---|---|---|---|
| **Q3** | $1,509<br>+18% Growth | $179<br>+77% Growth | 11.9%<br>+400 bps | $0.45 |
| **YTD** | $4,199<br>+13% Growth | $424<br>+61% Growth | 10.1%<br>+300 bps | $1.02 |
| | Led by strong Capital Markets & Leasing in all Segments | Driven by revenue flow-through and operating leverage | Driven by Service Line revenue mix and operating leverage | Strong operating results and lower adjusted tax rate |

Note: Percent change, presented as change versus prior comparable period, shown in local currency

# Q3 and YTD Fee Revenue by Segment

| Third Quarter and Nine Months Ended Performance | | | | | | |
|---|---|---|---|---|---|---|
| (USD $m) | Three Months Ended September 30, | | % Change | Nine Months Ended September 30, | | % Change |
| | 2018 | 2017 | LC | 2018 | 2017 | LC |
| Americas | $1,051 | $882 | 20% | $2,892 | $2,540 | 14% |
| EMEA | 212 | 178 | 21% | 575 | 487 | 12% |
| APAC | 246 | 231 | 11% | 732 | 671 | 8% |
| **Total Fee Revenue** | **$1,509** | **$1,292** | **18%** | **$4,199** | **$3,697** | **13%** |

Notes: 2017 financials reflect previous revenue recognition standard, ASC 605, while 2018 financials reflect new revenue recognition standard, ASC 606; percent changes, presented as change versus prior comparable period, shown in local currency.

# Q3 and YTD Fee Revenue by Service Line

| Third Quarter and Nine Months Ended Performance | | | | | | |
|---|---|---|---|---|---|---|
| (USD $m) | Three Months Ended September 30, | | % Change | Nine Months Ended September 30, | | % Change |
| | 2018 | 2017 | LC | 2018 | 2017 | LC |
| Prop, Fac & Proj Management | $652 | $615 | 8% | $1,925 | $1,820 | 5% |
| Leasing | 519 | 398 | 32% | 1,315 | 1,074 | 21% |
| Capital Markets | 234 | 175 | 34% | 649 | 493 | 30% |
| Valuation & Other | 103 | 104 | 1% | 310 | 311 | (2)% |
| **Total Fee Revenue** | **$1,509** | **$1,292** | **18%** | **$4,199** | **$3,697** | **13%** |

Notes: 2017 financials reflect previous revenue recognition standard, ASC 605, while 2018 financials reflect new revenue recognition standard, ASC 606; percent changes, presented as change versus prior comparable period, shown in local currency.

# Americas - Q3 and YTD Performance

| Third Quarter and Nine Months Ended Performance | | | | | | |
|---|---|---|---|---|---|---|
| (USD $m) | Three Months Ended September 30, | | % Change | Nine Months Ended September 30, | | % Change |
| | 2018 | 2017 | LC | 2018 | 2017 | LC |
| Prop, Fac & Proj Management | $427 | $409 | 6% | $1,258 | $1,207 | 5% |
| Leasing | 411 | 308 | 34% | 1,031 | 828 | 25% |
| Capital Markets | 177 | 125 | 42% | 491 | 366 | 34% |
| Valuation & Other | 35 | 41 | (12)% | 112 | 139 | (19)% |
| **Total Fee Revenue** | **$1,051** | **$882** | **20%** | **$2,892** | **$2,540** | **14%** |
| **Adjusted EBITDA** | **$129** | **$76** | **69%** | **$314** | **$201** | **56%** |
| **Adjusted EBITDA Margin** | **12.3%** | **8.6%** | **+370bps** | **10.9%** | **7.9%** | **+300bps** |

Notes: 2017 financials reflect previous revenue recognition standard, ASC 605, while 2018 financials reflect new revenue recognition standard, ASC 606; percent changes, presented as change versus prior comparable period, shown in local currency.

# EMEA - Q3 and YTD Performance

| Third Quarter and Nine Months Ended Performance | | | | | | |
|---|---|---|---|---|---|---|
| (USD $m) | Three Months Ended September 30, | | % Change | Nine Months Ended September 30, | | % Change |
| | 2018 | 2017 | LC | 2018 | 2017 | LC |
| Prop, Fac & Proj Management | $60 | $46 | 33% | $178 | $132 | 27% |
| Leasing | 67 | 55 | 25% | 174 | 154 | 7% |
| Capital Markets | 40 | 37 | 10% | 99 | 91 | 3% |
| Valuation & Other | 44 | 40 | 11% | 124 | 110 | 7% |
| **Total Fee Revenue** | **$212** | **$178** | **21%** | **$575** | **$487** | **12%** |
| **Adjusted EBITDA** | **$29** | **$13** | **126%** | **$41** | **$23** | **76%** |
| **Adjusted EBITDA Margin** | **13.7%** | **7.3%** | **+640bps** | **7.0%** | **4.6%** | **+240bps** |

Notes: 2017 financials reflect previous revenue recognition standard, ASC 605, while 2018 financials reflect new revenue recognition standard, ASC 606; percent changes, presented as change versus prior comparable period, shown in local currency.

# APAC - Q3 and YTD Performance

| Third Quarter and Nine Months Ended Performance | | | | | | |
|---|---|---|---|---|---|---|
| (USD $m) | Three Months Ended September 30, | | % Change | Nine Months Ended September 30, | | % Change |
| | 2018 | 2017 | LC | 2018 | 2017 | LC |
| Prop, Fac & Proj Management | $165 | $160 | 8% | $489 | $481 | 1% |
| Leasing | 41 | 36 | 20% | 110 | 92 | 18% |
| Capital Markets | 17 | 13 | 33% | 59 | 35 | 69% |
| Valuation & Other | 23 | 23 | 5% | 74 | 62 | 16% |
| **Total Fee Revenue** | **$246** | **$231** | **11%** | **$732** | **$671** | **8%** |
| **Adjusted EBITDA** | **$21** | **$13** | **69%** | **$69** | **$38** | **77%** |
| **Adjusted EBITDA Margin** | **8.6%** | **5.6%** | **+300bps** | **9.4%** | **5.7%** | **+370bps** |

Notes: 2017 financials reflect previous revenue recognition standard, ASC 605, while 2018 financials reflect new revenue recognition standard, ASC 606; percent changes, presented as change versus prior comparable period, shown in local currency.

# Outlook

- Full year 2018 guidance for Adjusted EBITDA is $630m to $650m, reflecting solid market fundamentals globally
- Q4 is typically our strongest revenue and EBITDA quarter. Business momentum is strong
- We expect to grow revenue and Adjusted EBITDA across our segments in 2019. 2019 guidance will be provided on our Q4 2018 earnings call

# Q&A

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# Supplemental slides and reconciliations of GAAP to Non-GAAP financial measures

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# New Revenue Recognition Standard – ASC 606

- **Gross Up of Third Party Costs:** Increase in gross pass-through expenses and reimbursed revenue
- **Acceleration of At-Risk Incentive Fees:** Upfront recognition of incentive fees required if past experience and current client relationship indicates probable chance of meeting performance goals and earning fees
- **Acceleration of Leasing Revenues:** Recognize revenue earlier upon lease execution if certain conditions are met
- Historical financials have not been re-stated for ASC 606

| (USD $m) | 3Q18 QTD Impact | 3Q18 YTD Impact |
|---|---|---|
| GAAP revenue | $123.0 | 351.4 |
| Gross contract costs | 98.5 | 302.0 |
| Fee revenue | 24.5 | 49.4 |
| Adjusted EBITDA | 8.8 | 19.5 |

# Reconciliation of GAAP Revenue to Fee Revenue

| (USD $m) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| **Americas Segment** | | | | |
| Total Revenue | 1,475.6 | 1,137.4 | 4,053.9 | 3,253.3 |
| Less: Gross contract costs | (424.9) | (255.4) | (1,164.2) | (726.8) |
| Acquisition accounting adjustments | — | 0.4 | 2.5 | 13.0 |
| **Total Fee revenue** | **1,050.7** | **882.4** | **2,892.2** | **2,539.5** |
| **EMEA Segment** | | | | |
| Total Revenue | 226.9 | 199.6 | 650.9 | 546.4 |
| Less: Gross contract costs | (15.4) | (21.6) | (76.4) | (59.4) |
| Acquisition accounting adjustments | — | (0.1) | — | (0.1) |
| **Total Fee revenue** | **211.5** | **177.9** | **574.5** | **486.9** |
| **APAC Segment** | | | | |
| Total Revenue | 373.5 | 372.3 | 1,113.2 | 1,071.5 |
| Less: Gross contract costs | (127.2) | (140.9) | (381.0) | (401.0) |
| Acquisition accounting adjustments | — | — | — | 0.1 |
| **Total Fee revenue** | **246.3** | **231.4** | **732.2** | **670.6** |
| **Total Company** | | | | |
| Total Revenue | 2,076.0 | 1,709.3 | 5,818.0 | 4,871.2 |
| Less: Gross contract costs | (567.5) | (417.9) | (1,621.6) | (1,187.2) |
| Acquisition accounting adjustments | — | 0.3 | 2.5 | 13.0 |
| **Total Fee revenue** | **1,508.5** | **1,291.7** | **4,198.9** | **3,697.0** |

# Reconciliation of Total Costs and Expenses to Fee-based Operating Expenses

| (USD $m) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| Total costs and expenses | 2,065.0 | 1,763.9 | 5,855.2 | 5,082.1 |
| Less: Gross contract costs | (567.5) | (417.9) | (1,621.6) | (1,187.2) |
| **Total Fee-based operating expenses** | **1,497.5** | **1,346.0** | **4,233.6** | **3,894.9** |

# Reconciliation of Fee-based Operating Expenses by Segment to Consolidated Fee-based Operating Expenses

| (USD $m) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| Americas Fee-based operating expenses | $921.7 | $806.0 | $2,577.9 | $2,337.9 |
| EMEA Fee-based operating expenses | 182.9 | 165.8 | 537.1 | 466.0 |
| APAC Fee-based operating expenses | 225.0 | 219.1 | 664.2 | 633.4 |
| **Segment fee-based operating expenses** | **1,329.6** | **1,190.9** | **3,779.2** | **3,437.3** |
| Depreciation and amortization | 71.6 | 64.1 | 213.0 | 193.0 |
| Integration and other costs related to acquisitions(1) | 71.5 | 71.2 | 175.8 | 200.3 |
| Stock-based compensation | 10.8 | 6.2 | 25.7 | 20.5 |
| Cassidy Turley deferred payment obligation | 11.0 | 10.2 | 32.3 | 32.3 |
| Other | 3.0 | 3.4 | 7.6 | 11.5 |
| **Fee-based operating expenses** | **1,497.5** | **1,346.0** | **4,233.6** | **3,894.9** |

(1) Represents integration and other costs related to acquisitions, comprised of certain direct and incremental costs resulting from acquisitions and related integration efforts, as well as costs related to our restructuring efforts and initial public offering/private placement. Excludes the impact of acquisition accounting revenue adjustments as these amounts do not impact operating expenses.

# Reconciliation of Net Income (Loss) to Adjusted EBITDA

| (USD $m) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| Net income / (loss) | (48.7) | (78.6) | (172.9) | (245.6) |
| Add/(less): | | | | |
| Depreciation and amortization[1] | 71.6 | 64.1 | 213.0 | 193.0 |
| Interest expense, net of interest income[2] | 92.7 | 49.2 | 189.1 | 134.9 |
| Income tax (benefit) / expense | (32.9) | (23.8) | (49.5) | (98.0) |
| Integration and other costs related to acquisitions[3] | 71.5 | 71.5 | 178.3 | 213.3 |
| Pre-IPO stock-based compensation[4] | 10.8 | 6.2 | 25.7 | 20.5 |
| Cassidy Turley deferred payment obligation[5] | 11.0 | 10.2 | 32.3 | 32.3 |
| Other[6] | 3.0 | 3.4 | 7.6 | 11.5 |
| Adjusted EBITDA | **179.0** | **102.2** | **423.6** | **261.9** |

(1) Depreciation and amortization includes merger and acquisition-related depreciation and amortization of $51.3 million and $48.2 million for the three months ended September 30, 2018 and 2017, respectively, and $155.0 million and $141.1 million for the nine months ended September 30, 2018 and 2017, respectively.

(2) Interest expense, net of interest income includes one-time write-off of financing fees and other fees incurred in relation to debt extinguishments and modifications of $50.4 million and $53.8 million for the three and nine months ended September 30, 2018.

(3) Integration and other costs related to acquisitions represents certain direct and incremental costs resulting from acquisitions and certain related integration efforts as a result of those acquisitions, as well as costs related to our restructuring efforts and initial public offering/private placement.

(4) Pre-IPO share-based compensation represents non-cash compensation expense associated with our pre-IPO equity compensation plans. Refer to Note 10: Stock-based Payments of the Notes to the unaudited interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2018 for additional information.

(5) Cassidy Turley deferred payment obligation represents expense associated with a deferred payment obligation related to the acquisition of Cassidy Turley on December 31, 2014, which will be paid out before the end of 2018. Refer to Note 10: Stock-based Payments of the Notes to the unaudited interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2018 for additional information.

(6) Other includes sponsor monitoring fees of approximately $1.1 million and $1.1 million for the three months ended September 30, 2018 and 2017, respectively, and $3.4 million and $3.4 million for the nine months ended September 30, 2018 and 2017, respectively; accounts receivable securitization costs of approximately $1.9 million and $0.7 million for the three months ended September 30, 2018 and 2017, respectively, and $4.3 million and $5.1 million for the nine months ended September 30, 2018 and 2017, respectively; and other items.

# Reconciliation of Net Income to Adjusted Net Income

| (USD $m, unless otherwise indicated) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| Net income / (loss) | (48.7) | (78.6) | (172.9) | (245.6) |
| Add / (less): | | | | |
| Merger and acquisition-related depreciation and amortization | 51.3 | 48.2 | 155.0 | 141.2 |
| Financing and other facility costs | 48.5 | (0.7) | 49.5 | (5.1) |
| Integration and other costs related to acquisitions | 71.5 | 71.5 | 178.3 | 213.3 |
| Stock-based compensation | 10.8 | 6.2 | 25.7 | 20.5 |
| Cassidy Turley deferred payment obligation | 11.0 | 10.2 | 32.3 | 32.3 |
| Other | 3.0 | 3.4 | 7.6 | 11.5 |
| Income tax adjustments(1) | (58.1) | (34.7) | (99.2) | (119.0) |
| Adjusted net income | **89.3** | **25.5** | **176.3** | **49.1** |
| Weighted average shares outstanding, basic (millions) | 184.0 | 144.1 | 158.5 | 143.6 |
| Weighted average shares outstanding, diluted(2) (millions) | 198.0 | 158.0 | 172.2 | 157.3 |
| Adjusted earnings per share, basic | 0.49 | 0.18 | 1.11 | 0.34 |
| Adjusted earnings per share, diluted | 0.45 | 0.16 | 1.02 | 0.31 |

(1) Reflective of management's estimation of an adjusted effective tax rate determined for business as usual effective tax rate if a public company of 22% and 30% for the three months ended September 30, 2018 and 2017, respectively, and 22% and 30% for the nine months ended September 30, 2018 and 2017, respectively.

(2) Weighted average shares outstanding, diluted ("WACS, diluted") is calculated by taking WACS, basic and adding in dilutive shares of 14.0 million and 13.9 million for the three months ended September 30, 2018 and 2017, respectively, and 13.7 million and 13.7 million for the nine months ended September 30, 2018 and 2017, respectively, which is used to calculate Adjusted earnings per share, diluted.