
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 2017

MEDPACE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-37856
(Commission
File Number)

32-0434904
(IRS Employer
Identification No.)

**5375 Medpace Way
Cincinnati, Ohio 45227
(513) 579-9911**

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

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 October 30, 2017, Medpace Holdings, Inc. (the “Company”) issued a press release announcing its financial results for the three and nine months ended September 30, 2017. The full text of the press release was posted on the Company’s internet website and is furnished as Exhibit 99.1 hereto and incorporated herein by reference.

Pursuant to General Instruction B.2 of Current Report on Form 8-K, the information contained in, or incorporated into, Item 2.02, including the press release attached as Exhibit 99.1, is being furnished and 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 it be deemed incorporated by reference into any registration statement or other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference to such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated October 30, 2017

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.

MEDPACE HOLDINGS, INC.

Date: October 30, 2017

By: /s/ Jesse J. Geiger

Name: Jesse J. Geiger

Title: Chief Financial Officer and Chief Operating Officer, Laboratory Operations

Exhibit 99.1

Media Contact:
Mary Kuramoto
Medpace Holdings, Inc.
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Investor Contact:
investor@medpace.com



FOR IMMEDIATE RELEASE

Medpace Holdings, Inc. Reports Third Quarter 2017 Results

- *Net service revenue of \$98.7 million in the third quarter increased 4.1% from net service revenue of \$94.8 million for the comparable prior-year period, representing a backlog conversion rate of 19.9%.*
- *Net new business awards totaled \$112.1 million in the third quarter, representing an increase of 2.7% from net new business awards of \$109.1 million for the comparable prior-year period; third quarter 2017 net book-to-bill ratio was 1.14x.*
- *Third quarter 2017 GAAP net income was \$9.8 million, or \$0.25 per diluted share, versus a GAAP net income of \$5.0 million, or \$0.13 per diluted share, for the comparable prior-year period. Net income margin was 10.0% and 5.3% for the third quarter of 2017 and 2016, respectively.*
- *Adjusted EBITDA was \$28.0 million, a decrease of 4.8% versus the comparable prior-year period, resulting in an Adjusted EBITDA margin of 28.4% for the third quarter of 2017.*
- *Adjusted Net Income was \$15.9 million, or \$0.40 per diluted share, an increase of 5.0% from the comparable prior-year period.*

CINCINNATI, OHIO, October 30, 2017-- Medpace Holdings, Inc. (Nasdaq: MEDP) ("Medpace") today announced financial results for the third quarter ended September 30, 2017.

Third Quarter 2017 Financial Results

Net service revenue for the three months ended September 30, 2017 was \$98.7 million, an increase of 4.1%, compared to \$94.8 million for the comparable prior-year period.

Backlog as of September 30, 2017 grew 6.2% to \$510.0 million from \$480.4 million as of September 30, 2016. Net new business awards were \$112.1 million, representing a net book-to-bill ratio of 1.14x for the third quarter of 2017, as compared to \$109.1 million for the comparable prior-year period. The Company calculates net book-to-bill ratio by dividing net new business awards by net service revenue.

For the third quarter of 2017, Direct costs, excluding depreciation and amortization, were \$53.1 million, compared to \$51.2 million in the third quarter of 2016. Adjusted Direct costs were \$53.9 million for the third quarter 2017, compared to \$50.0 million in the third quarter of 2016.

Selling, general and administrative expenses were \$16.6 million in the third quarter of 2017, compared to \$16.4 million in the third quarter of 2016. Adjusted Selling, general and administrative expenses were \$16.5 million for the third quarter 2017 versus \$14.9 million in the third quarter of 2016.

GAAP net income for the third quarter of 2017 was \$9.8 million, or \$0.25 per diluted share, versus a GAAP net income of \$5.0 million, or \$0.13 per diluted share, for the third quarter of 2016. This resulted in a net income margin of 10.0% and 5.3% for the third quarter of 2017 and 2016, respectively.

Adjusted EBITDA for the third quarter of 2017 was \$28.0 million, or 28.4% of net service revenue, compared to \$29.5 million, or 31.1% of net service revenue, for the comparable prior-year period.

Adjusted Net Income for the third quarter of 2017 increased 5.0% to \$15.9 million, compared to \$15.1 million for the comparable prior-year period. Adjusted Net Income per diluted share for the third quarter of 2017 was \$0.40 compared to Adjusted Net Income per diluted share of \$0.40 for the comparable prior-year period.

A reconciliation of the Company's non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Direct costs, Adjusted Selling, general and administrative expenses, Adjusted Net Income, and Adjusted Net Income per diluted share to the corresponding GAAP measures is provided below.

Balance Sheet and Liquidity

The Company's Cash and cash equivalents were \$24.2 million at September 30, 2017, and the Company generated \$39.0 million in cash flow from operating activities during the third quarter of 2017. During the third quarter of 2017, the Company repurchased approximately 0.3 million shares for a total of \$8.3 million under its authorized share repurchase program. The Company had \$15.3 million remaining under its program at the end of the quarter. Additionally, the Company repurchased 2.0 million shares from Cinven Capital Management (V) General Partner Limited for a total of \$60.5 million.

Financial Guidance

The Company forecasts 2017 net service revenue in the range of \$381 million to \$386 million, representing growth of 2.8% to 4.2% over 2016 net service revenue of \$370.6 million. GAAP net income for full year 2017 is forecasted in the range of \$35.5 million to \$37.2 million. Additionally, full-year 2017 Adjusted EBITDA is expected in the range of \$106 million to \$108 million.

Based on forecasted 2017 net service revenue of \$381 million to \$386 million and GAAP net income of \$35.5 million to \$37.2 million, diluted earnings per share (GAAP) is forecasted in the range of \$0.87 to \$0.92. Adjusted Net Income for 2017 is forecasted in the range of \$59.0 million to \$61.0 million, compared to Adjusted Net Income of \$55.7 million for 2016. Furthermore, Adjusted Net Income per diluted share for 2017 is expected in the range of \$1.47 to \$1.52 per share.

Conference Call Details

Medpace will host a conference call at 9:00 a.m. ET, Tuesday, October 31, 2017, to discuss its third quarter 2017 results.

To participate in the conference call, dial 800-219-7113 (domestic) or 574-990-1030 (international) using the passcode 96458863.

To access the conference call via webcast, visit the "Investors" section of Medpace's website at medpace.com. The webcast replay of the call will be available at the same site approximately one hour after the end of the call.

A supplemental slide presentation will also be available at the "Investors" section of Medpace's website prior to the start of the call.

A recording of the call will be available at 12:00 p.m. ET on Tuesday, October 31, 2017 until 12:00 p.m. ET on Tuesday, November 14, 2017. To hear this recording, dial 855-859-2056 (domestic) or 404-537-3406 (international) using the passcode 96458863.

About Medpace

Medpace is a scientifically-driven, global, full-service clinical contract research organization (CRO) providing Phase I-IV clinical development services to the biotechnology, pharmaceutical and medical device industries. Medpace's mission is to accelerate the global development of safe and effective medical therapeutics through its physician-led, high-science, and disciplined operating approach that leverages regulatory and therapeutic expertise across all major areas including oncology, cardiology, metabolic disease, endocrinology, central nervous system and anti-viral and anti-infective. Headquartered in Cincinnati, Ohio, Medpace employs approximately 2,500 people across 35 countries.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding our anticipated financial results and effective tax rate used for non-GAAP adjustment purposes. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "target," "forecast," "may," "could," "likely," "anticipate," "project," "goal," "objective," similar expressions, and variations or negatives of these words.

These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our financial condition, actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: the potential loss, delay or non-renewal of our contracts, or the non-payment by customers for services we have performed; the failure to convert backlog to revenue at our present or historical conversion rate; fluctuation in our results between fiscal quarters and years; decreased operating margins due to increased pricing pressure or other pressures; failure to perform our services in accordance with contractual requirements, government regulations and ethical considerations; the impact of underpricing our contracts, overrunning our cost estimates or failing to receive approval for or experiencing delays with documentation of change orders; our failure to successfully execute our growth strategies; the impact of a failure to retain key personnel or recruit experienced personnel; the risks associated with our information systems infrastructure, including potential security breaches and other disruptions which could compromise our information; our failure to manage our growth effectively; adverse results from customer or therapeutic area concentration; the risks associated with doing business internationally; the risks associated with the Foreign Corrupt Practices Act and other anti-corruption laws; future net losses; the impact of income tax rate fluctuations on operations, earnings and earnings per share; the risks associated with our intercompany pricing policies; our failure to attract suitable investigators and patients to our clinical trials; the liability risks associated with our research and development services; the risks related to our Phase I clinical services; inadequate insurance coverage for our operations and indemnification obligations; fluctuations in exchange rates; the risks related to our relationships with existing or potential customers who are in competition with each other; our failure to successfully integrate potential future acquisitions; potential impairment of goodwill or other intangible assets; our limited ability to utilize our net operating loss carryforwards or other tax attributes; the risks associated with the use and disposal of hazardous substances and waste; the failure of third parties to provide us critical support services; our limited ability to protect our intellectual property rights; the risks associated with potential future investments in our customers' business or drugs; general economic conditions in the markets in which we operate, including financial market conditions; the impact of a natural disaster or other catastrophic event; negative outsourcing trends in the biopharmaceutical industry and a reduction in aggregate expenditures and research and development budgets; our inability to compete effectively with other CROs; the impact of healthcare reform; the impact of recent consolidation in the biopharmaceutical industry; failure to comply with federal, state and foreign healthcare laws; the effect of current and proposed laws and regulations regarding the protection of personal data; our potential involvement in costly intellectual property lawsuits; actions by regulatory authorities or customers to limit the scope of or withdraw an approved drug, biologic or medical device from the market; failure to keep pace with rapid technological changes; the impact of industry-wide reputational harm to CROs; the end result of any negotiations between the U.K. government and the EU regarding the terms of the U.K.'s exit from the EU, which could have implications on our research, commercial and general business operations in the U.K. and the EU; changes in U.S. generally accepted accounting principles; risks related to internal control over financial reporting; our ability to fulfill our debt obligations; the risks associated with incurring additional debt or undertaking additional debt obligations; the effect of covenant restrictions under our debt agreements on our ability to operate our business; our inability to generate sufficient cash to service all of our indebtedness; fluctuations in interest rates; and our dependence on our lenders, which may not be able to fund borrowings under the credit commitments, and our inability to borrow.

These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on February 28, 2017, and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. We cannot guarantee that any forward-looking statement will be realized. Achievement of anticipated results is subject to substantial risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. Any such forward-looking statements represent management's estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

Non-GAAP Financial Measures

Certain financial measures presented in this press release, such as EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Direct costs, Adjusted Selling, general and administrative expenses, Adjusted Net Income, and Adjusted Net Income per diluted share, are not recognized under generally accepted accounting principles in the United States of America, or U.S. GAAP. Management uses EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Direct costs, Adjusted Selling, general and administrative expenses, Adjusted Net Income, and Adjusted Net Income per diluted share or comparable metrics as a measurement used in evaluating our operating performance on a consistent basis, as a consideration to assess incentive compensation for our employees, for planning purposes, including the preparation of our internal annual operating budget, and to evaluate the performance and effectiveness of our operational strategies.

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Direct costs, Adjusted Selling, general and administrative expenses, Adjusted Net Income, and Adjusted Net Income per diluted share have important limitations as analytical tools and you should not consider them in isolation, or as a substitute for, analysis of our results as reported under U.S. GAAP. See the condensed consolidated financial statements included elsewhere in this release for our U.S. GAAP results. Additionally, for reconciliations of EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Direct costs, Adjusted Selling, general and administrative expenses, Adjusted Net Income, Adjusted Net Income per diluted share to our closest reported U.S. GAAP measures, refer to the appendix of this press release.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin

We believe that EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin are useful to provide additional information to investors about certain material non-cash and non-recurring items. While we believe these financial measures are commonly used by investors to evaluate our performance and that of our competitors, because not all companies use identical calculations, this presentation of EBITDA, Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to other similarly titled measures of other companies and should not be considered as an alternative to performance measures derived in accordance with U.S. GAAP. EBITDA is calculated as net income (loss) attributable to Medpace Holdings, Inc. before income tax expense, interest expense, net, depreciation and amortization with Adjusted EBITDA being further adjusted for unusual and other items. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Service revenue, net for each period. Our presentation of EBITDA, Adjusted EBITDA and Adjusted EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted Net Income and Adjusted Net Income per diluted share

Adjusted Net Income measures our operating performance by adjusting net income (loss) attributable to Medpace Holdings, Inc. to include cash expenditures related to rental payments on leases classified for accounting purposes as deemed landlord liabilities, and exclude amortization expense, certain stock based compensation award non-cash expenses, certain litigation expenses, deferred financing fees and certain other non-recurring items. Adjusted Net Income per diluted share measures Adjusted Net Income on a per diluted share basis. Management uses these measures to evaluate our core operating results as it excludes certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of the business, but includes certain items such as depreciation, interest expense and tax expense, which are otherwise excluded from Adjusted EBITDA. We believe the presentation of Adjusted Net Income and Adjusted Net Income per diluted share enhances our investors' overall understanding of the financial performance. You should not consider Adjusted Net Income or Adjusted Net Income per diluted share as an alternative to Net income (loss) or Net income per diluted share attributable to Medpace Holdings Inc., determined in accordance with U.S. GAAP, as an indicator of operating performance.

Adjusted Direct costs and Adjusted Selling, general and administrative expenses

Adjusted Direct costs and Adjusted Selling, general and administrative expenses are useful to provide information to investors to evaluate core operating expenses as they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of the business, but includes certain items such as certain lease payments which are otherwise excluded from core operating expenses. We believe that reporting these metrics enhance our investors' overall understanding of our core recurring operating expenses. You should not consider Adjusted Direct costs and Adjusted Selling, general and administrative expenses as an alternative to Direct costs, excluding depreciation and amortization and Selling, general and administrative expenses, determined in accordance with U.S. GAAP, as an indicator of operating performance.

MEDPACE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue:				
Service revenue, net	\$ 98,681	\$ 94,812	\$ 287,014	\$ 275,245
Reimbursed out-of-pocket revenue	11,962	12,987	36,456	38,094
Total revenue	110,643	107,799	323,470	313,339
Operating expenses:				
Direct costs, excluding depreciation and amortization	53,144	51,221	156,204	147,436
Reimbursed out-of-pocket expenses	11,962	12,987	36,456	38,094
Selling, general and administrative	16,606	16,391	46,515	44,724
Depreciation	2,237	1,915	6,468	5,481
Amortization	9,496	12,668	28,406	38,004
Total operating expenses	93,445	95,182	274,049	273,739
Income from operations	17,198	12,617	49,421	39,600
Other expense, net:				
Miscellaneous expense, net	(145)	(378)	(642)	(1,319)
Interest expense, net	(1,906)	(4,656)	(5,508)	(16,550)
Total other expense, net	(2,051)	(5,034)	(6,150)	(17,869)
Income before income taxes	15,147	7,583	43,271	21,731
Income tax provision	5,316	2,547	15,440	8,285
Net income	\$ 9,831	\$ 5,036	\$ 27,831	\$ 13,446
Net income per share attributable to common shareholders:				
Basic	\$ 0.25	\$ 0.14	\$ 0.70	\$ 0.39
Diluted	\$ 0.25	\$ 0.13	\$ 0.69	\$ 0.39
Weighted average common shares outstanding:				
Basic	38,579	37,118	39,803	34,138
Diluted	39,329	37,623	40,537	34,365

MEDPACE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Amounts in thousands, except share amounts)

	As Of	
	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,168	\$ 37,099
Restricted cash	79	308
Accounts receivable and unbilled, net	74,708	79,767
Prepaid expenses and other current assets	18,074	16,074
Total current assets	117,029	133,248
Property and equipment, net	45,903	43,805
Goodwill	660,981	660,981
Intangible assets, net	108,234	136,071
Deferred income taxes	11,115	97
Other assets	5,614	4,903
Total assets	<u>\$ 948,876</u>	<u>\$ 979,105</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,972	\$ 10,911
Accrued expenses	20,085	24,417
Pre-funded study costs	53,246	51,948
Advanced billings	68,341	65,668
Current portion of long-term debt	15,469	12,375
Other current liabilities	5,250	3,284
Total current liabilities	172,363	168,603
Long-term debt, net, less current portion	169,152	151,267
Deemed landlord liability, less current portion	27,104	28,527
Deferred income tax liability	513	12,030
Deferred credit	20,956	-
Other long-term liabilities	8,538	7,968
Total liabilities	398,626	368,395
Commitments and contingencies		
Shareholders' equity:		
Preferred stock - \$0.01 par-value; 5,000,000 shares authorized; no shares issued and outstanding at September 30, 2017 and December 31, 2016	-	-
Common stock - \$0.01 par-value; 250,000,000 shares authorized at September 30, 2017 and December 31, 2016, respectively; 37,403,764 and 40,662,856 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	375	407
Additional paid-in capital	628,558	623,629
Accumulated deficit	(77,420)	(9,584)
Accumulated other comprehensive loss	(1,263)	(3,742)
Total shareholders' equity	550,250	610,710
Total liabilities and shareholders' equity	<u>\$ 948,876</u>	<u>\$ 979,105</u>

MEDPACE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Amounts in thousands)

	Nine Months Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 27,831	\$ 13,446
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	6,468	5,481
Amortization	28,406	38,004
Stock-based compensation expense	3,215	8,559
Amortization of debt issuance costs and discount	498	2,024
Deferred income tax benefit	(420)	(568)
Other	(615)	(256)
Changes in assets and liabilities:		
Accounts receivable and unbilled, net	5,340	(16,606)
Prepaid expenses and other current assets	(1,271)	(8,733)
Accounts payable	(467)	(943)
Accrued expenses	(4,840)	1,257
Pre-funded study costs	1,149	6,810
Advanced billings	2,381	16,560
Other assets and liabilities, net	1,058	(2,368)
Net cash provided by operating activities	<u>68,733</u>	<u>62,667</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment expenditures	(8,329)	(7,843)
Acquisition of intangibles	(569)	-
Other	44	83
Net cash used in investing activities	<u>(8,854)</u>	<u>(7,760)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment for common stock issuance costs	-	(2,719)
Proceeds from stock option exercises	1,187	452
Repurchases of common stock	(95,260)	-
Payment of debt	(9,281)	(225,054)
Proceeds from revolving loan	40,000	-
Payments on revolving loan	(10,000)	-
Payment of deemed landlord liability	(1,240)	(1,129)
Proceeds from common stock issued, net of underwriters discount	-	173,578
Net cash used in financing activities	<u>(74,594)</u>	<u>(54,872)</u>
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,555	227
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(13,160)	262
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of period	37,407	17,737
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of period	<u>\$ 24,247</u>	<u>\$ 17,999</u>

MEDPACE HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES (UNAUDITED)

(Amounts in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
RECONCILIATION OF GAAP NET INCOME TO EBITDA AND ADJUSTED EBITDA				
Net income (GAAP)	\$ 9,831	\$ 5,036	\$ 27,831	\$ 13,446
Interest expense, net	1,906	4,656	5,508	16,550
Income tax provision	5,316	2,547	15,440	8,285
Depreciation	2,237	1,915	6,468	5,481
Amortization	9,496	12,668	28,406	38,004
EBITDA (Non-GAAP)	\$ 28,786	\$ 26,822	\$ 83,653	\$ 81,766
Stock compensation expense: liability awards mark-to-market (a)	-	3,092	-	5,668
Corporate campus lease payments (b)	(945)	(933)	(2,817)	(2,793)
Other transaction expenses (d)	205	480	205	1,247
Adjusted EBITDA (Non-GAAP)	\$ 28,046	\$ 29,461	\$ 81,041	\$ 85,888
Net income margin (GAAP)	10.0%	5.3%	9.7%	4.9%
Adjusted EBITDA margin (Non-GAAP)	28.4%	31.1%	28.2%	31.2%
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED NET INCOME				
Net income as reported (GAAP)	\$ 9,831	\$ 5,036	\$ 27,831	\$ 13,446
Amortization	9,496	12,668	28,406	38,004
Stock compensation expense: liability awards mark-to-market (a)	-	3,092	-	5,668
Corporate campus lease payments - principal portion (b)	(427)	(385)	(1,240)	(1,129)
Other transaction expenses (d)	205	480	205	1,247
Deferred financing fees (c)	166	679	498	2,024
Income tax effect of adjustments (e)	(3,398)	(6,448)	(10,033)	(17,867)
Adjusted net income (Non-GAAP)	\$ 15,873	\$ 15,122	\$ 45,667	\$ 41,393
Net income per diluted share (GAAP)	\$ 0.25	\$ 0.13	\$ 0.69	\$ 0.39
Adjusted net income per diluted share (Non-GAAP)	\$ 0.40	\$ 0.40	\$ 1.13	\$ 1.20
Diluted average common shares outstanding	39,329	37,623	40,537	34,365
RECONCILIATION OF ADJUSTED DIRECT COSTS				
Direct costs, excluding depreciation and amortization (GAAP)	\$ 53,144	\$ 51,221	\$ 156,204	\$ 147,436
Corporate campus lease payments (b)	803	793	2,394	2,374
Stock compensation expense: liability awards mark-to-market (a)	-	(1,979)	-	(3,615)
Adjusted direct costs (Non-GAAP)	\$ 53,947	\$ 50,035	\$ 158,598	\$ 146,195
RECONCILIATION OF ADJUSTED SELLING, GENERAL AND ADMINISTRATIVE				
Selling, general and administrative (GAAP)	\$ 16,606	\$ 16,391	\$ 46,515	\$ 44,724
Corporate campus lease payments (b)	142	140	423	419
Other transaction expenses (d)	(205)	(480)	(205)	(1,247)
Stock compensation expense: liability awards mark-to-market (a)	-	(1,113)	-	(2,053)
Adjusted selling, general and administrative (Non-GAAP)	\$ 16,543	\$ 14,938	\$ 46,733	\$ 41,843

MEDPACE HOLDINGS, INC. AND SUBSIDIARIES
FY 2017 GUIDANCE RECONCILIATION (UNAUDITED)

(Amounts in millions, except per share amounts)

	Forecast 2017		Forecast 2017		Year ended	
	Adjusted Net Income		Adjusted Diluted Earnings Per Share		December 31, 2016	
	Low	High	Low	High	Adjusted Net Income	Adjusted Net Income per diluted share
Net income and diluted earnings per share (GAAP)	\$ 35.5	\$ 37.2	\$ 0.87	\$ 0.92	\$ 13.4	\$ 0.37
<i>Adjustments:</i>						
Amortization	37.9	37.9	0.95	0.95	50.7	1.39
Stock compensation expense: liability awards mark-to-market (a)	-	-	-	-	5.7	0.16
Other transaction expenses (d)	-	-	-	-	1.2	0.03
Corporate campus lease payments - principal portion (b)	(1.7)	(1.7)	(0.04)	(0.04)	(1.5)	(0.04)
Loss on extinguishment of debt (f)	-	-	-	-	10.7	0.29
Deferred financing fees (c)	0.7	0.7	0.02	0.02	2.6	0.07
Income tax effect of adjustments (e)	(13.4)	(13.1)	(0.33)	(0.33)	(27.1)	(0.74)
Adjusted net income and adjusted net income per diluted share (Non-GAAP)	\$ 59.0	\$ 61.0	\$ 1.47	\$ 1.52	\$ 55.7	\$ 1.53
Depreciation	8.7	8.7				
Income tax provision	33.6	33.6				
Interest expense, net	4.7	4.7				
Adjusted EBITDA (Non-GAAP)	\$ 106.0	\$ 108.0				

- (a) Consists of period end mark-to-market fair value adjustments associated with liability classified awards. Future stock based awards activity is expected to be classified as equity for accounting purposes and will not be subject to period ending fair value adjustments.
- (b) Represents cash rental payments on two corporate headquarter buildings that are accounted for as deemed assets and subject to depreciation expense over the life of the lease. Payments made for these leases are accounted for with a principal portion and an interest portion, consistent with deemed landlord liability accounting. The interest portion of these payments is included in net cash provided by operating activities in our statement of cash flows. The principal portion is reflected as a financing activity in our statement of cash flows. These adjustments for purposes of arriving at Adjusted EBITDA, Adjusted Direct costs, Adjusted Selling, general and administrative expenses and Adjusted Net Income have the effect of presenting these leases consistently with all other office lease rentals that we have globally.
- (c) Represents amortization of the discount and issuance costs deferred on the consolidated balance sheet associated with the issuance of the Senior Secured Credit Facility.
- (d) Represents advisory costs and other fees incurred in connection with the August 2016 initial public offering and the 2017 S-3 registration statement.
- (e) Represents the tax effect of the total adjustments at 39% for 2016. Third quarter of 2017 and year-to-date 2017 is reflective of an estimated effective tax rate of 36%. For full year 2017 guidance, a tax rate of 36.0% to 38.0% is assumed.
- (f) Represents a loss on extinguishment of long-term debt in connection with the repayment and extinguishment of our obligations under the previous Senior Secured Credit Facilities during the fourth quarter of 2016.