

**ICF International, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
(in thousands, except per share amounts)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenue	\$ 377,910	\$ 321,174	\$ 1,337,973	\$ 1,229,162
Direct Costs	249,057	207,230	857,508	771,725
Operating costs and expenses:				
Indirect and selling expenses	91,958	86,840	360,987	346,440
Depreciation and amortization	4,439	4,260	17,163	17,691
Amortization of intangible assets	3,013	2,663	10,043	10,888
Total operating costs and expenses	99,410	93,763	388,193	375,019
Operating Income	29,443	20,181	92,272	82,418
Interest expense	(2,637)	(1,890)	(8,710)	(8,553)
Other (expense) income	(170)	97	(735)	121
Income before income taxes	26,636	18,388	82,827	73,986
Provision (benefits) for income taxes	7,941	(8,682)	21,427	11,110
Net income	<u>\$ 18,695</u>	<u>\$ 27,070</u>	<u>\$ 61,400</u>	<u>\$ 62,876</u>
Earnings per Share:				
Basic	<u>\$ 0.99</u>	<u>\$ 1.45</u>	<u>\$ 3.27</u>	<u>\$ 3.35</u>
Diluted	<u>\$ 0.97</u>	<u>\$ 1.41</u>	<u>\$ 3.18</u>	<u>\$ 3.27</u>
Weighted-average Shares:				
Basic	<u>18,838</u>	<u>18,646</u>	<u>18,797</u>	<u>18,766</u>
Diluted	<u>19,333</u>	<u>19,136</u>	<u>19,335</u>	<u>19,244</u>
Cash dividends declared per common share	<u>0.14</u>	<u>—</u>	<u>0.56</u>	<u>—</u>
Other comprehensive (loss) income:	(4,407)	1,571	(6,683)	4,601
Comprehensive income, net of tax	<u>\$ 14,288</u>	<u>\$ 28,641</u>	<u>\$ 54,717</u>	<u>\$ 67,477</u>

**ICF International, Inc. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures** <sup>(2)</sup>  
(in thousands, except per share amounts)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
<b>Reconciliation of Service Revenue</b>				
Revenue	\$ 377,910	\$ 321,174	\$ 1,337,973	\$ 1,229,162
Subcontractor and Other Direct Costs <sup>(3)</sup>	(138,296)	(103,399)	(412,216)	(344,913)
Service Revenue	<u>\$ 239,614</u>	<u>\$ 217,775</u>	<u>\$ 925,757</u>	<u>\$ 884,249</u>
<b>Reconciliation of EBITDA and Adjusted EBITDA</b>				
Net Income	\$ 18,695	\$ 27,070	\$ 61,400	\$ 62,876
Other expense (income)	170	(97)	735	(121)
Interest expense	2,637	1,890	8,710	8,553
Provision for income taxes	7,941	(8,682)	21,427	11,110
Depreciation and amortization	7,452	6,923	27,206	28,579
EBITDA	36,895	27,104	119,478	110,997
Special charges related to acquisition expenses <sup>(4)</sup>	748	239	1,361	239
Special charges related to severance for staff realignment <sup>(5)</sup>	559	742	1,554	1,583
Special charges related to facilities consolidations and office closures <sup>(6)</sup>	—	339	115	2,060
Special charges due to additional cash bonus expense <sup>(7)</sup>	—	3,000	—	3,000
Special charges related to bad debt reserve <sup>(8)</sup>	1,240	—	1,240	—
Total special charges and adjustments	2,547	4,320	4,270	6,882
Adjusted EBITDA	<u>\$ 39,442</u>	<u>\$ 31,424</u>	<u>\$ 123,748</u>	<u>\$ 117,879</u>
EBITDA Margin Percent on Revenue <sup>(9)</sup>	9.8%	8.4%	8.9%	9.0%
EBITDA Margin Percent on Service Revenue <sup>(9)</sup>	15.4%	12.4%	12.9%	12.6%
Adjusted EBITDA Margin Percent on Revenue <sup>(9)</sup>	10.4%	9.8%	9.2%	9.6%
Adjusted EBITDA Margin Percent on Service Revenue <sup>(9)</sup>	16.5%	14.4%	13.4%	13.3%
<b>Reconciliation of Non-GAAP EPS</b>				
Diluted EPS	\$ 0.97	\$ 1.41	\$ 3.18	\$ 3.27
Special charges related to acquisitions	0.04	0.01	0.07	0.01
Special charges related to severance for staff realignment	0.03	0.04	0.08	0.08
Special charges related to facilities consolidations and office closures	—	0.02	0.01	0.12
Special charges due to additional cash bonus expense	—	0.16	—	0.16
Special charges related to bad debt reserve	0.06	—	0.06	—
Amortization of intangibles	0.16	0.14	0.52	0.57
Income tax effects on amortization, special charges, and adjustments <sup>(10)</sup>	(0.09)	(0.15)	(0.19)	(0.35)
Adjustments for changes in the tax rate under new Tax Act	—	(0.85)	—	(0.84)
Non-GAAP EPS	<u>\$ 1.17</u>	<u>\$ 0.78</u>	<u>\$ 3.73</u>	<u>\$ 3.02</u>

<sup>(2)</sup> These tables provide reconciliations of non-GAAP financial measures to the most applicable U.S. GAAP numbers. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered supplemental in nature and not as a substitute for financial information prepared in accordance with U.S. GAAP. Other companies may define similarly titled non-GAAP measures differently and, accordingly, care should be exercised in understanding how we define these measures.

<sup>(3)</sup> Subcontractor and Other Direct Costs is equal to Direct Costs minus Direct Labor and Fringe Costs.

<sup>(4)</sup> Special charges related to acquisitions: These costs are mainly related to closed and anticipated-to-close acquisitions, consisting primarily of consultants and other outside party costs and an increase in the contingent consideration liability. The amortization of deferred consideration payments, discounted as part of the acquisition, are included in the calculation of non-GAAP earnings per share.

<sup>(5)</sup> Special charges related to severance for staff realignment: These costs are mainly due to involuntary employee termination benefits for Company officers or groups of employees who have been terminated as part of a consolidation or reorganization.

<sup>(6)</sup> Special charges related to facilities consolidations and office closures: These costs are exit costs associated with terminated leases or full office closures. These exit costs include charges incurred under a contractual obligation that existed as of the date of the accrual and for which we will continue to pay until the contractual obligation is satisfied but with no economic benefit to us.

<sup>(7)</sup> Special charges due to additional cash bonus expense: In response to the Tax Act that was passed in December 2017 and took effect in 2018, we increased the portion of bonuses that will be paid in cash, which increased the amount that can be deducted for income tax purposes for 2017.

<sup>(8)</sup> Special charge related bad debt reserve: This cost is related to the January 2019 bankruptcy filing of a utility client.

<sup>(9)</sup> EBITDA Margin Percent and Adjusted EBITDA Margin Percent were calculated by dividing the non-GAAP measure by the corresponding revenue.

<sup>(10)</sup> Income tax effects were calculated using an effective U.S. GAAP tax rate of 29.8% and 25.9% for the quarter and the year ended December 31, 2018, respectively, and 41.1% and 37.0%, prior to the adjustments for changes in the tax rate under the new tax regulations, for the quarter and the year ended December 31, 2017, respectively.

**ICF International, Inc. and Subsidiaries**  
**Consolidated Balance Sheets (Unaudited)**  
(in thousands, except share and per share amounts)

	December 31, 2018	December 31, 2017
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 11,694	\$ 11,809
Restricted cash - current	—	11,191
Contract receivables, net	230,966	168,318
Contract assets	126,688	123,197
Prepaid expenses and other	16,253	11,327
Income tax receivable	6,505	5,596
<b>Total Current Assets</b>	<b>392,106</b>	<b>331,438</b>
<b>Total Property and Equipment, net</b>	<b>48,105</b>	<b>38,052</b>
<b>Other Assets:</b>		
Restricted cash - non-current	1,292	1,266
Goodwill	715,644	686,108
Other intangible assets, net	35,494	35,304
Other assets	21,221	18,087
<b>Total Assets</b>	<b>\$ 1,213,862</b>	<b>\$ 1,110,255</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 102,599	\$ 75,074
Contract liabilities	33,494	38,571
Accrued salaries and benefits	44,103	45,645
Accrued subcontractors and other direct costs	58,791	47,508
Accrued expenses and other current liabilities	39,072	17,572
<b>Total Current Liabilities</b>	<b>278,059</b>	<b>224,370</b>
<b>Long-term Liabilities:</b>		
Long-term debt	200,424	206,250
Deferred rent	13,938	15,119
Deferred income taxes	40,165	33,351
Other	20,859	15,135
<b>Total Liabilities</b>	<b>553,445</b>	<b>494,225</b>
<b>Commitments and Contingencies (Note 19)</b>		
<b>Stockholders' Equity:</b>		
Preferred stock, par value \$.001 per share; 5,000,000 shares authorized; none issued	—	—
Common stock, \$.001 par value; 70,000,000 shares authorized; 22,445,576 and 22,019,315 shares issued; and 18,817,495 and 18,661,801 shares outstanding as of December 31, 2018 and December 31, 2017, respectively	22	22
Additional paid-in capital	326,208	307,821
Retained earnings	486,442	434,766
Treasury stock	(139,704)	(121,540)
Accumulated other comprehensive loss	(12,551)	(5,039)
<b>Total Stockholders' Equity</b>	<b>660,417</b>	<b>616,030</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,213,862</b>	<b>\$ 1,110,255</b>

**ICF International, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows (Unaudited)**  
(in thousands)

	Twelve months ended	
	December 31,	
	2018	2017
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 61,400	\$ 62,876
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	2,480	1,480
Deferred income taxes	5,100	(7,390)
Non-cash equity compensation	11,506	10,291
Depreciation and amortization	27,206	28,579
Deferred rent	523	(177)
Facilities consolidation reserve	(260)	1,479
Remeasurement of contingent acquisition liability	505	—
Amortization of debt issuance costs	510	673
Other adjustments, net	449	275
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Net contract assets and liabilities	(14,148)	405
Contract receivables	(60,096)	702
Prepaid expenses and other assets	(6,650)	(1,844)
Accounts payable	28,309	3,631
Accrued salaries and benefits	(2,159)	5,597
Accrued subcontractors and other direct costs	10,762	15,507
Accrued expenses and other current liabilities	11,120	(2,250)
Income tax receivable and payable	(2,063)	(5,697)
Other liabilities	176	3,054
<b>Net Cash Provided by Operating Activities</b>	<b>74,670</b>	<b>117,191</b>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures for property and equipment and capitalized software	(21,812)	(14,513)
Payments for business acquisitions, net of cash received	(34,575)	(91)
<b>Net Cash Used in Investing Activities</b>	<b>(56,387)</b>	<b>(14,604)</b>
<b>Cash Flows from Financing Activities</b>		
Advances from working capital facilities	573,991	590,225
Payments on working capital facilities	(579,817)	(643,363)
Payments on capital expenditure obligations	(3,726)	(4,808)
Debt issue costs	(21)	(1,612)
Proceeds from exercise of options	5,842	4,722
Dividends paid	(7,915)	—
Net payments for stockholder issuances and buybacks	(17,125)	(32,464)
<b>Net Cash Used in Financing Activities</b>	<b>(28,771)</b>	<b>(87,300)</b>
Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash	(792)	1,094
(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(11,280)	16,381
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	24,266	7,885
<b>Cash, Cash Equivalents, and Restricted Cash, End of Period</b>	<b>\$ 12,986</b>	<b>\$ 24,266</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ 9,893	\$ 7,922
Income taxes	\$ 14,870	\$ 21,659
Non-cash investing and financing transactions:		
Deferred and contingent consideration arising from businesses acquired	\$ 8,391	\$ —
Capital expenditure obligations	\$ 6,121	\$ —

**ICF International, Inc. and Subsidiaries**  
**Supplemental Schedule**<sup>(11)(12)</sup>

Revenue by client markets	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Energy, environment, and infrastructure	42%	39%	42%	40%
Health, education, and social programs	41%	44%	40%	42%
Safety and security	8%	8%	8%	8%
Consumer and financial	9%	9%	10%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Revenue by client type	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
U.S. federal government	35%	40%	41%	45%
U.S. state and local government	16%	9%	14%	10%
International government	9%	9%	9%	7%
<b>Government</b>	<b>60%</b>	<b>58%</b>	<b>64%</b>	<b>62%</b>
<b>Commercial</b>	<b>40%</b>	<b>42%</b>	<b>36%</b>	<b>38%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Revenue by contract mix	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Time-and-materials	48%	45%	44%	43%
Fixed-price	38%	39%	39%	39%
Cost-based	14%	16%	17%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>(11)</sup> As is shown in the supplemental schedule, we track revenue by key metrics (including client markets and client type) that provide useful information about the nature of our operations. The client markets metric provides insight into the breadth of our expertise while the client type metric is an indicator of the diversity of our client base.

<sup>(12)</sup> Certain immaterial revenue percentages in the prior year have been reclassified due to minor adjustments and reclassification within contract mix.