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**Section 1: 8-K (8-K)**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

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**FORM 8-K**

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

**Date of report (Date of earliest event reported): May 1, 2018**

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**EVERTEC, Inc.**

**(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)**

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**Puerto Rico**  
**(State or other jurisdiction of  
incorporation or organization)**

**66-0783622**  
**(I.R.S. employer  
identification number)**

**Cupey Center Building, Road 176, Kilometer 1.3,  
San Juan, Puerto Rico**  
**(Address of principal executive offices)**

**00926**  
**(Zip Code)**

**(787) 759-9999**  
**(Registrant's telephone number, including area code)**

**Not applicable**  
**(Former name, former address and former fiscal year, if changed since last report)**

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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 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 May 1, 2018 the Company issued a press release announcing its preliminary results for the first quarter ended March 31, 2018. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

*Note:* The information contained in this Item 2.02 (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits.*

| <u>Number</u> | <u>Exhibit</u>                                                                      |
|---------------|-------------------------------------------------------------------------------------|
| 99.1          | Press Release re: First quarter earnings issued by EVERTEC, Inc. dated May 1, 2018. |

**SIGNATURES**

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.

**EVERTEC, Inc.**

(Registrant)

Date: May 2, 2018

By: /s/ Peter J.S. Smith

Name: Peter J.S. Smith

Title: Chief Financial Officer

## EXHIBIT INDEX

| <u>Number</u> | <u>Exhibit</u>                                                                                      |
|---------------|-----------------------------------------------------------------------------------------------------|
| 99.1          | <a href="#">Press Release re: First quarter earnings issued by EVERTEC, Inc. dated May 1, 2018.</a> |

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## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



### EVERTEC REPORTS STRONG FIRST QUARTER 2018 RESULTS INCREASES 2018 GUIDANCE RANGE

SAN JUAN, PUERTO RICO - May 1, 2018 - EVERTEC, Inc. (NYSE: EVTC) (“Evertec” or the “Company”) today announced results for the first quarter ended March 31, 2018.

#### First Quarter 2018 and Recent Highlights

- Revenue grew 9% to \$110.3 million
- GAAP Net Income attributable to common shareholders was \$23.0 million or \$0.31 per diluted share flat when compared with the prior year
- Adjusted EBITDA increased 10% to \$54.0 million
- Adjusted earnings per common share was \$0.47, an increase of 4%

Mac Schuessler, President and Chief Executive Officer, stated “We are very pleased with our first quarter financial results that significantly exceeded our expectations. We are encouraged by the recovering sales volumes in Puerto Rico, the positive contribution of our PayGroup acquisition and our continued solid execution. Due to our strong first quarter results and our expectations of continued elevated spending driven by relief programs and insurance proceeds in Puerto Rico, we have increased our 2018 guidance.”

#### First Quarter 2018 Results

*Revenue.* Total revenue for the quarter ended March 31, 2018 was \$110.3 million an increase of 9% compared with \$101.3 million in the prior year. Revenue growth in the quarter reflected the impact of the acquisition of PayGroup as well as elevated sales volumes in Puerto Rico driven by post-hurricane recovery activity, federal relief and benefit programs and insurance proceeds.

*Net Income attributable to common shareholders.* For the quarter ended March 31, 2018, GAAP Net Income attributable to common shareholders was \$23.0 million, or \$0.31 per diluted share, flat as compared to the prior year.

*Adjusted EBITDA.* For the quarter ended March 31, 2018, Adjusted EBITDA was \$54.0 million, an increase of 10% compared to the prior year. Adjusted EBITDA margin (Adjusted EBITDA as a percentage of total revenues) increased 40 basis points to 48.9% compared with 48.5% in the prior year. The increase in Adjusted EBITDA margin was primarily driven by revenue mix changes, the contribution of Paygroup as well as expense management actions.

*Adjusted Net Income.* For the quarter ended March 31, 2018, Adjusted Net Income was \$34.6 million, an increase of 5% compared

with \$33.0 million in the prior year and included the impact of increased interest

expense and a higher tax rate in the current year. Adjusted earnings per common share was \$0.47, an increase of 4% as compared to \$0.45 in the prior year.

## **Share Repurchases**

During the three months ended March 31, 2018, the Company did not repurchase stock and a total of approximately \$72 million remains authorized and available for future repurchases under its share repurchase program. The Company may repurchase shares in the open market, through an accelerated share repurchase program or in privately negotiated transactions, subject to business opportunities and other factors.

## **Debt Repayment and Reduction in Revolving Loan Facility in April**

On April 17, 2018, the Company paid the final installment of its 2018 Term Loan A of \$26 million with a combination of cash on hand and a revolver draw. After this payment, Long-term debt was reduced to approximately \$582 million. In addition, on the same date, \$35 million of the Revolving Facility expired and the total borrowing capacity of the Facility is \$65 million.

## **2018 Outlook**

The Company is revising its financial outlook for 2018 as follows:

- Total consolidated revenue between \$430 million and \$440 million representing growth of 6% to 8%
- Adjusted earnings per common share guidance of \$1.51 to \$1.66 representing a range of 3% to 13% as compared to \$1.47 in 2017
- Capital expenditures ranging between \$35 and \$40 million
- Non-GAAP effective tax rate ranging between 12% to 13%

## **Earnings Conference Call and Audio Webcast**

The Company will host a conference call to discuss its first quarter 2018 financial results today at 4:30 p.m. ET. Hosting the call will be Mac Schuessler, President and Chief Executive Officer, and Peter Smith, Executive Vice President and Chief Financial Officer. The conference call can be accessed live over the phone by dialing (888) 338-7153 or for international callers by dialing (412) 317-5117. A replay will be available one hour after the end of the conference call and can be accessed by dialing (877) 344-7529 or (412) 317-0088 for international callers; the pin number is 10110465. The replay will be available through Tuesday, May 8, 2018. The call will be webcast live from the Company's website at [www.evertecinc.com](http://www.evertecinc.com) under the Investor Relations section or directly at <http://ir.evertecinc.com>. A supplemental slide presentation that accompanies this call and webcast can be found on the investor relations website at [ir.evertecinc.com](http://ir.evertecinc.com) and will remain available after the call.

## **About Evertec**

EVERTEC, Inc. (NYSE: EVTC) is a leading full-service transaction processing business in Latin America, providing a broad range of merchant acquiring, payment processing and business solutions services. The Company manages a system of electronic payment networks that process more than two billion transactions annually, and offers a comprehensive suite of services for core bank processing, cash processing and technology outsourcing. In addition, Evertec owns and operates the ATH® network, one of the leading personal identification number ("PIN") debit networks in Latin America. Based in Puerto Rico, the Company operates in 26 Latin American countries and serves a diversified customer base of leading financial

institutions, merchants, corporations and government agencies with “mission-critical” technology solutions. For more information, visit [www.evertecinc.com](http://www.evertecinc.com).

### **Use of Non-GAAP Financial Information**

The non-GAAP measures referenced in this release material are supplemental measures of the Company’s performance and are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America (“GAAP”). They are not measurements of the Company’s financial performance under GAAP and should not be considered as alternatives to total revenue, net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities, as indicators of operating performance or as measures of the Company’s liquidity. In addition to GAAP measures, management uses these non-GAAP measures to focus on the factors the Company believes are pertinent to the daily management of the Company’s operations and believes that they are also frequently used by analysts, investors and other interested parties to evaluate companies in the industry. Reconciliations of the non-GAAP measures to the most directly comparable GAAP measure are included in the schedules to this release. These non-GAAP measures include EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share and are defined below.

**EBITDA** is defined as earnings before interest, taxes, depreciation and amortization.

**Adjusted EBITDA** is defined as EBITDA further adjusted to exclude unusual items and other adjustments. This measure is reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. For this reason, Adjusted EBITDA, as it relates to our segments, is presented in conformity with Accounting Standards Codification 280, Segment Reporting, and is excluded from the definition of non-GAAP financial measures under the Securities and Exchange Commission's Regulation G and Item 10(e) of Regulation S-K. Our presentation of Adjusted EBITDA is substantially consistent with the equivalent measurements that are contained in the senior secured credit facilities in testing EVERTEC Group’s compliance with covenants therein such as the senior secured leverage ratio.

**Adjusted Net Income** is defined as net income adjusted to exclude unusual items and other adjustments

**Adjusted Earnings per common share** is defined as Adjusted Net Income divided by diluted shares outstanding

We use Adjusted Net Income to measure our overall profitability because we believe better reflects our comparable operating performance by excluding the impact of the non-cash amortization and depreciation that was created as a result of Apollo Global Management LLC’s acquisition of a 51% indirect ownership in EVERTEC Group. In addition, in evaluating EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share, you should be aware that in the future we may incur expenses such as those excluded in calculating them. Further, our presentation of these measures should not be construed as an inference that our future operating results will not be affected by unusual or nonrecurring items.

### **Forward-Looking Statements**

Certain statements in this press release constitute “forward-looking statements” within the meaning of, and subject to the protection of, the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of EVERTEC to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded



by, followed by, or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” and “plans” and similar expressions of future or conditional verbs such as “will,” “should,” “would,” “may,” and “could” are generally forward-looking in nature and not historical facts. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements.

Various factors that could cause actual future results and other future events to differ materially from those estimated by management include, but are not limited to: the Company’s reliance on its relationship with Popular for a significant portion of revenue; our ability to renew our client contracts on terms favorable to us; the effectiveness of our risk management procedures; our dependence on our processing systems, technology infrastructure, security systems and fraudulent-payment-detection systems, and the risk that our systems may experience breakdowns or fail to prevent security breaches or fraudulent transfers; our ability to develop, install and adopt new technology; a decreased client base due to consolidations in the banking and financial-services industry; the credit risk of our merchant clients, for which we may also be liable; the continuing market position of the ATH® network; reduction in consumer confidence leading to decreased consumer spending; the Company’s dependence on credit card associations; regulatory limitations on our activities, including the potential need to seek regulatory approval to consummate transactions, due to our relationship with Popular and our role as a service provider to financial institutions; changes in the regulatory environment and changes in international, legal, tax, political, administrative or economic conditions; the geographical concentration of the Company’s business in Puerto Rico; operating an international business in multiple regions with potential political and economic instability; increased compliance risks associated with operating an international business; operating in countries and counterparties that put us at risk of violating U.S. sanctions laws; our ability to execute our expansion and acquisition strategies; our ability to protect our intellectual property rights; our ability to recruit and retain qualified personnel; our ability to comply with federal, state, and local regulatory requirements; evolving industry standards; the Company’s high level of indebtedness and restrictions contained in the Company’s debt agreements; and the Company’s ability to generate sufficient cash to service the Company’s indebtedness and to generate future profits.

Consideration should be given to the areas of risk described above, as well as those risks set forth under the headings “Forward-Looking Statements” and “Risk Factors” in the reports the Company files with the SEC from time to time, in connection with considering any forward-looking statements that may be made by the Company and its businesses generally. We undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law.

**Investor Contact**

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(787) 773-5442  
[IR@evertecinc.com](mailto:IR@evertecinc.com)

EVERTEC, Inc.

Schedule 1: Unaudited Consolidated Condensed Statements of Income and Comprehensive Income

|                                                                                       | <b>Three months ended March 31,</b> |                  |
|---------------------------------------------------------------------------------------|-------------------------------------|------------------|
|                                                                                       | <b>2018</b>                         | <b>2017</b>      |
| <i>(Dollar amounts in thousands, except share data)</i>                               |                                     |                  |
| <b>Revenues</b>                                                                       | \$ 110,274                          | \$ 101,280       |
| <b>Operating costs and expenses</b>                                                   |                                     |                  |
| Cost of revenues, exclusive of depreciation and amortization shown below              | 47,420                              | 44,173           |
| Selling, general and administrative expenses                                          | 13,432                              | 10,831           |
| Depreciation and amortization                                                         | 15,867                              | 15,684           |
| <b>Total operating costs and expenses</b>                                             | <b>76,719</b>                       | <b>70,688</b>    |
| Income from operations                                                                | 33,555                              | 30,592           |
| <b>Non-operating income (expenses)</b>                                                |                                     |                  |
| Interest income                                                                       | 157                                 | 185              |
| Interest expense                                                                      | (7,679)                             | (7,036)          |
| Earnings of equity method investment                                                  | 199                                 | 143              |
| Other income                                                                          | 817                                 | 1,274            |
| <b>Total non-operating expenses</b>                                                   | <b>(6,506)</b>                      | <b>(5,434)</b>   |
| <b>Income before income taxes</b>                                                     | <b>27,049</b>                       | <b>25,158</b>    |
| Income tax expense                                                                    | 3,935                               | 2,020            |
| <b>Net income</b>                                                                     | <b>23,114</b>                       | <b>23,138</b>    |
| Less: Net income attributable to non-controlling interest                             | 92                                  | 109              |
| <b>Net income attributable to EVERTEC, Inc.'s common stockholders</b>                 | <b>23,022</b>                       | <b>23,029</b>    |
| <b>Other comprehensive income (loss), net of tax</b>                                  |                                     |                  |
| Foreign currency translation adjustments                                              | 2,407                               | (645)            |
| Gain on cash flow hedge                                                               | 1,503                               | 618              |
| <b>Total comprehensive income attributable to EVERTEC, Inc.'s common stockholders</b> | <b>\$ 26,932</b>                    | <b>\$ 23,002</b> |
| <b>Net income per common share:</b>                                                   |                                     |                  |
| Basic                                                                                 | \$ 0.32                             | \$ 0.32          |
| Diluted                                                                               | \$ 0.31                             | \$ 0.31          |
| <b>Shares used in computing net income per common share:</b>                          |                                     |                  |
| Basic                                                                                 | 72,409,462                          | 72,636,166       |
| Diluted                                                                               | 73,372,835                          | 73,154,693       |

EVERTEC, Inc.  
Schedule 2: Unaudited Consolidated Condensed Balance Sheets

| <i>(Dollar amounts in thousands)</i>                                                                                                                       | <b>March 31, 2018</b> | <b>December 31, 2017</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------|
| <b>Assets</b>                                                                                                                                              |                       |                          |
| Current Assets:                                                                                                                                            |                       |                          |
| Cash and cash equivalents                                                                                                                                  | \$ 53,471             | \$ 50,423                |
| Restricted cash                                                                                                                                            | 10,540                | 9,944                    |
| Accounts receivable, net                                                                                                                                   | 90,037                | 83,328                   |
| Prepaid expenses and other assets                                                                                                                          | 30,318                | 25,011                   |
| Total current assets                                                                                                                                       | 184,366               | 168,706                  |
| Investment in equity investee                                                                                                                              | 13,369                | 13,073                   |
| Property and equipment, net                                                                                                                                | 38,515                | 37,924                   |
| Goodwill                                                                                                                                                   | 399,861               | 398,575                  |
| Other intangible assets, net                                                                                                                               | 273,536               | 279,961                  |
| Other long-term assets                                                                                                                                     | 7,182                 | 4,549                    |
| Total assets                                                                                                                                               | <u>\$ 916,829</u>     | <u>\$ 902,788</u>        |
| <b>Liabilities and stockholders' equity</b>                                                                                                                |                       |                          |
| Current Liabilities:                                                                                                                                       |                       |                          |
| Accrued liabilities                                                                                                                                        | \$ 35,334             | \$ 38,451                |
| Accounts payable                                                                                                                                           | 40,670                | 41,135                   |
| Unearned income                                                                                                                                            | 9,521                 | 7,737                    |
| Income tax payable                                                                                                                                         | 4,121                 | 1,406                    |
| Current portion of long-term debt                                                                                                                          | 46,558                | 46,487                   |
| Short-term borrowings                                                                                                                                      | —                     | 12,000                   |
| Total current liabilities                                                                                                                                  | 136,204               | 147,216                  |
| Long-term debt                                                                                                                                             | 553,140               | 557,251                  |
| Deferred tax liability                                                                                                                                     | 13,033                | 13,820                   |
| Unearned income - long term                                                                                                                                | 23,695                | 23,486                   |
| Other long-term liabilities                                                                                                                                | 11,472                | 13,039                   |
| Total liabilities                                                                                                                                          | <u>737,544</u>        | <u>754,812</u>           |
| Stockholders' equity                                                                                                                                       |                       |                          |
| Preferred stock, par value \$0.01; 2,000,000 shares authorized; none issued                                                                                | —                     | —                        |
| Common stock, par value \$0.01; 206,000,000 shares authorized; 72,429,141 shares issued and outstanding at March 31, 2018 (December 31, 2017 - 72,393,933) | 724                   | 723                      |
| Additional paid-in capital                                                                                                                                 | 8,782                 | 5,350                    |
| Accumulated earnings                                                                                                                                       | 172,777               | 148,887                  |
| Accumulated other comprehensive loss, net of tax                                                                                                           | (6,938)               | (10,848)                 |
| Total EVERTEC, Inc. stockholders' equity                                                                                                                   | 175,345               | 144,112                  |
| Non-controlling interest                                                                                                                                   | 3,940                 | 3,864                    |
| Total equity                                                                                                                                               | <u>179,285</u>        | <u>147,976</u>           |
| Total liabilities and equity                                                                                                                               | <u>\$ 916,829</u>     | <u>\$ 902,788</u>        |

EVERTEC, Inc.  
Schedule 3: Unaudited Consolidated Condensed Statements of Cash Flows

| <i>(Dollar amounts in thousands)</i>                                              | <b>Three months ended March 31,</b> |                  |
|-----------------------------------------------------------------------------------|-------------------------------------|------------------|
|                                                                                   | <b>2018</b>                         | <b>2017</b>      |
| <b>Cash flows from operating activities</b>                                       |                                     |                  |
| Net income                                                                        | \$ 23,114                           | \$ 23,138        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                     |                  |
| Depreciation and amortization                                                     | 15,867                              | 15,684           |
| Amortization of debt issue costs and accretion of discount                        | 1,270                               | 1,265            |
| Provision for doubtful accounts and sundry losses                                 | 221                                 | 96               |
| Deferred tax benefit                                                              | (1,152)                             | (1,487)          |
| Share-based compensation                                                          | 3,637                               | 2,006            |
| Loss on disposition of property and equipment and other intangibles               | 11                                  | 117              |
| Earnings of equity method investment                                              | (199)                               | (143)            |
| Decrease (increase) in assets:                                                    |                                     |                  |
| Accounts receivable, net                                                          | (6,815)                             | 1,119            |
| Prepaid expenses and other assets                                                 | (5,108)                             | (5,909)          |
| Other long-term assets                                                            | (1,117)                             | (237)            |
| (Decrease) increase in liabilities:                                               |                                     |                  |
| Accounts payable and accrued liabilities                                          | (4,905)                             | (15,285)         |
| Income tax payable                                                                | 2,716                               | 1,658            |
| Unearned income                                                                   | 2,645                               | 3,064            |
| Other long-term liabilities                                                       | 183                                 | 219              |
| Total adjustments                                                                 | 7,254                               | 2,167            |
| Net cash provided by operating activities                                         | 30,368                              | 25,305           |
| <b>Cash flows from investing activities</b>                                       |                                     |                  |
| Additions to software                                                             | (5,208)                             | (3,860)          |
| Property and equipment acquired                                                   | (4,157)                             | (2,674)          |
| Net cash used in investing activities                                             | (9,365)                             | (6,534)          |
| <b>Cash flows from financing activities</b>                                       |                                     |                  |
| Statutory withholding taxes paid on share-based compensation                      | (204)                               | (1,096)          |
| Net decrease in short-term borrowings                                             | (12,000)                            | (1,000)          |
| Repayment of short-term borrowing for purchase of equipment and software          | (114)                               | (497)            |
| Dividends paid                                                                    | —                                   | (7,264)          |
| Repurchase of common stock                                                        | —                                   | (3,765)          |
| Repayment of long-term debt                                                       | (5,041)                             | (4,853)          |
| Net cash used in financing activities                                             | (17,359)                            | (18,475)         |
| <b>Net increase in cash, cash equivalents and restricted cash</b>                 | <b>3,644</b>                        | <b>296</b>       |
| <b>Cash, cash equivalents and restricted cash at beginning of the period</b>      | <b>60,367</b>                       | <b>60,032</b>    |
| <b>Cash, cash equivalents and restricted cash at end of the period</b>            | <b>\$ 64,011</b>                    | <b>\$ 60,328</b> |

EVERTEC, Inc.  
Schedule 4: Unaudited Segment Information

**Three months ended March 31, 2018**

| <i>(In thousands)</i>                                  | <b>Payment Services - Puerto Rico &amp; Caribbean</b> | <b>Payment Services - Latin America</b> | <b>Merchant Acquiring, net</b> | <b>Business Solutions</b> | <b>Corporate and Other <sup>(1)</sup></b> | <b>Total</b>     |
|--------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|--------------------------------|---------------------------|-------------------------------------------|------------------|
| Revenues                                               | \$ 27,168                                             | \$ 20,391                               | \$ 23,379                      | \$ 47,921                 | \$ (8,585)                                | \$ 110,274       |
| Operating costs and expenses                           | 12,933                                                | 18,060                                  | 13,141                         | 29,015                    | 3,570                                     | 76,719           |
| Depreciation and amortization                          | 2,316                                                 | 2,449                                   | 420                            | 3,519                     | 7,163                                     | 15,867           |
| Non-operating income (expenses)                        | 816                                                   | 1,813                                   | 4                              | 300                       | (1,917)                                   | 1,016            |
| EBITDA                                                 | 17,367                                                | 6,593                                   | 10,662                         | 22,725                    | (6,909)                                   | 50,438           |
| Compensation and benefits <sup>(2)</sup>               | 193                                                   | 400                                     | 190                            | 440                       | 2,606                                     | 3,829            |
| Transaction, refinancing and other fees <sup>(3)</sup> | (250)                                                 | —                                       | —                              | —                         | (49)                                      | (299)            |
| Adjusted EBITDA                                        | <u>\$ 17,310</u>                                      | <u>\$ 6,993</u>                         | <u>\$ 10,852</u>               | <u>\$ 23,165</u>          | <u>\$ (4,352)</u>                         | <u>\$ 53,968</u> |

(1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment eliminations predominantly reflect the \$8.6 million processing fee from Payments Services - Puerto Rico and Caribbean to Merchant Acquiring and cost transfer fees from Corporate and Other to Payment Services Latin America for leveraged services and management fees.

(2) Primarily represents share-based compensation, other compensation expense and severance payments.

(3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement.

**Three months ended March 31, 2017**

| <i>(In thousands)</i>                                  | <b>Payment Services - Puerto Rico &amp; Caribbean</b> | <b>Payment Services - Latin America</b> | <b>Merchant Acquiring, net</b> | <b>Business Solutions</b> | <b>Corporate and Other <sup>(1)</sup></b> | <b>Total</b>     |
|--------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|--------------------------------|---------------------------|-------------------------------------------|------------------|
| Revenues                                               | \$ 26,452                                             | \$ 12,964                               | \$ 22,485                      | \$ 47,997                 | \$ (8,618)                                | \$ 101,280       |
| Operating costs and expenses                           | 11,802                                                | 12,266                                  | 13,413                         | 29,765                    | 3,442                                     | 70,688           |
| Depreciation and amortization                          | 2,149                                                 | 1,871                                   | 599                            | 4,014                     | 7,051                                     | 15,684           |
| Non-operating income (expenses)                        | 553                                                   | 2,731                                   | 1                              | —                         | (1,868)                                   | 1,417            |
| EBITDA                                                 | 17,352                                                | 5,300                                   | 9,672                          | 22,246                    | (6,877)                                   | 47,693           |
| Compensation and benefits <sup>(2)</sup>               | 99                                                    | 151                                     | 95                             | 226                       | (1,505)                                   | 2,076            |
| Transaction, refinancing and other fees <sup>(3)</sup> | (660)                                                 | —                                       | —                              | —                         | 50                                        | (610)            |
| Adjusted EBITDA                                        | <u>\$ 16,791</u>                                      | <u>\$ 5,451</u>                         | <u>\$ 9,767</u>                | <u>\$ 22,472</u>          | <u>\$ (5,322)</u>                         | <u>\$ 49,159</u> |

(1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment eliminations predominantly reflect the \$8.6 million processing fee from Payments Services - Puerto Rico and Caribbean to Merchant Acquiring and cost transfer fees from Corporate and Other to Payment Services Latin America for leveraged services and management fees.

(2) Primarily represents share-based compensation, other compensation expense and severance payments.

(3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement.

EVERTEC, Inc.

Schedule 5: Reconciliation of GAAP to Non-GAAP Operating Results

| <i>(Dollar amounts in thousands, except share data)</i>             | <b>Three months ended March 31,</b> |                  |
|---------------------------------------------------------------------|-------------------------------------|------------------|
|                                                                     | <b>2018</b>                         | <b>2017</b>      |
| <b>Net income</b>                                                   | <b>\$ 23,114</b>                    | <b>\$ 23,138</b> |
| Income tax expense                                                  | 3,935                               | 2,020            |
| Interest expense, net                                               | 7,522                               | 6,851            |
| Depreciation and amortization                                       | 15,867                              | 15,684           |
| <b>EBITDA</b>                                                       | <b>50,438</b>                       | <b>47,693</b>    |
| Equity income <sup>(1)</sup>                                        | (199)                               | (143)            |
| Compensation and benefits <sup>(2)</sup>                            | 3,829                               | 2,076            |
| Transaction, refinancing and other fees <sup>(3)</sup>              | (100)                               | (467)            |
| <b>Adjusted EBITDA</b>                                              | <b>53,968</b>                       | <b>49,159</b>    |
| Operating depreciation and amortization <sup>(4)</sup>              | (7,321)                             | (7,461)          |
| Cash interest expense, net <sup>(5)</sup>                           | (6,368)                             | (5,702)          |
| Income tax expense <sup>(6)</sup>                                   | (5,567)                             | (2,891)          |
| Non-controlling interest <sup>(7)</sup>                             | (138)                               | (155)            |
| <b>Adjusted net income</b>                                          | <b>\$ 34,574</b>                    | <b>\$ 32,950</b> |
| <b>Net income per common share (GAAP):</b>                          |                                     |                  |
| Diluted                                                             | \$ 0.31                             | \$ 0.31          |
| <b>Adjusted Earnings per common share (Non-GAAP):</b>               |                                     |                  |
| Diluted                                                             | \$ 0.47                             | \$ 0.45          |
| <b>Shares used in computing adjusted earnings per common share:</b> |                                     |                  |
| Diluted                                                             | 73,372,835                          | 73,154,693       |

- 1) Represents the elimination of non-cash equity earnings from our 19.99% equity investment in Consorcio de Tarjetas Dominicanas S.A., net of cash dividends received.
- 2) Primarily represents share-based compensation and other compensation expense of \$3.6 million and \$2.0 million for the quarters ended March 31, 2018 and 2017 and severance payments \$0.2 million and \$0.1 million for the same periods, respectively.
- 3) Represents fees and expenses associated with corporate transactions, recorded as part of selling, general and administrative expenses and cost of revenues.
- 4) Represents operating depreciation and amortization expense, which excludes amounts generated as a result of the Merger and other from purchase accounting intangibles generated from acquisitions.
- 5) Represents interest expense, less interest income, as they appear on our consolidated statements of income and comprehensive income, adjusted to exclude non-cash amortization of the debt issue costs, premium and accretion of discount.
- 6) Represents income tax expense calculated on adjusted pre-tax income using the applicable GAAP tax rate.
- 7) Represents the 35% non-controlling equity interest in Processa, net of amortization for intangibles created as part of the purchase.

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Schedule 6: Outlook Summary and Reconciliation to Non-GAAP Adjusted Earnings per Share

|                                                                             | <b>2018 Outlook</b> |                | <b>2017 Actual</b> |
|-----------------------------------------------------------------------------|---------------------|----------------|--------------------|
| <i>(Dollar amounts in millions, except share data)</i>                      |                     |                |                    |
| Revenues                                                                    | \$ 430 to           | \$ 440         | \$ 407             |
| Earnings per Share (EPS) - Diluted (GAAP)                                   | \$ 0.88 to          | \$ 1.03        | \$ 0.76            |
| <b>Per share adjustment to reconcile GAAP EPS to Non-GAAP Adjusted EPS:</b> |                     |                |                    |
| Share-based comp, non-cash equity earnings and other <sup>(1)</sup>         | \$ 0.23             | \$ 0.23        | 0.33               |
| Merger related depreciation and amortization <sup>(2)</sup>                 | \$ 0.44             | \$ 0.44        | 0.42               |
| Non-cash interest expense <sup>(3)</sup>                                    | \$ 0.06             | \$ 0.06        | 0.07               |
| Tax effect of non-GAAP adjustments <sup>(4)</sup>                           | \$ (0.09)           | \$ (0.09)      | (0.10)             |
| Non-controlling interest <sup>(5)</sup>                                     | \$ (0.01)           | \$ (0.01)      | (0.01)             |
| <b>Total adjustments</b>                                                    | <b>\$ 0.63</b>      | <b>\$ 0.63</b> | <b>0.71</b>        |
| <b>Adjusted Earnings per common share (Non-GAAP)</b>                        | <b>\$ 1.51 to</b>   | <b>\$ 1.66</b> | <b>\$ 1.47</b>     |
| Shares used in computing adjusted earnings per share (in millions)          |                     | 73.5           | 72.9               |

- 1) Represents share based compensation, the elimination of non-cash equity earnings from our 19.99% equity investment in Consorcio de Tarjetas Dominicanas S.A. , and other adjustments to reconcile GAAP EPS to Non-GAAP EPS.
- 2) Represents depreciation and amortization expenses amounts generated as a result of the Merger and other M&A transactions.
- 3) Represents non-cash amortization of the debt issue costs, premium and accretion of discount.
- 4) Represents income tax expense on non-GAAP adjustments using the applicable GAAP tax rate (in an anticipated range of 11% to 13%).
- 5) Represents the 35% non-controlling equity interest in Processa, net of amortization of intangibles created as part of the purchase.