



CCC Intelligent Solutions Inc. (Nasdaq: CCC)

1Q26 Earnings Call Transcript

April 30, 2026

BILL WARMINGTON, VP OF INVESTOR RELATIONS: Thank you, operator. Good morning and thank you all for joining us today to review CCC's first quarter 2026 financial results which we announced in the press release issued earlier this morning. Joining me on the call are Githesh Ramamurthy, CCC's Chairman and CEO; Brian Herb, CCC's CFO; and Tim Welsh, CCC's President. The forward-looking statements we make today about the company's results and plans are subject to risks and uncertainties that may cause the actual results and the implementation of the company's plans to vary materially. These risks are discussed in the earnings releases available on our Investor Relations website and under the heading "Risk Factors" in our 2025 Annual Report on Form 10-K filed with the SEC.

Further, these comments and the Q&A that follows, are copyrighted today by CCC Intelligent Solutions Holdings Incorporated. Any recording, retransmission or reproduction or other use of the same, for profit or otherwise, without prior consent of CCC is prohibited and a violation of United States copyright and other laws. Additionally, while we will provide a transcript of portions of this call and we've approved the publishing of a transcript of this call by a third-party, we take no responsibility for inaccuracies that may appear in the transcripts.

Please note that the discussion on today's call includes certain non-GAAP financial measures as defined by the SEC. The company believes these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to the company's financial condition and the results of operations. A reconciliation of GAAP to non-GAAP measures is available in our earnings release that is available on our Investor Relations website. Thank you.

And now, I'll turn the call over to Githesh.

GITHESH RAMAMURTHY, CHAIRMAN & CEO: Thank you, Bill, and thanks to all of you for joining us today. We had a strong start to 2026, driven by continued customer demand and adoption. In the first quarter, total revenue grew 12% to \$281 million, above the high end of our guidance. Adjusted EBITDA was \$120 million, also above the high end of our guidance, and adjusted EBITDA margin expanded approximately 300 basis points year-over-year to 43%. We are now more than a year past the acquisition of EvolutionIQ, and we continue to see strong momentum across the combined business.



Today I want to focus on three themes that frame both our near-term momentum and our long-term opportunity:

- First, why CCC is positioned to thrive in an AI-driven world;
- Second, how that positioning is translating into strong, tangible revenue momentum, with several of the biggest companies in the world increasing their commitments to both our core and AI solutions;
- And third, why solving the problems caused by rising complexity for our customers in the insurance economy is a durable long-term growth driver for CCC.

Let me start with why CCC is positioned to thrive in an AI-driven world, we can do this by first understanding the work our customers need to get done.

The insurance economy spans many thousands of companies conducting hundreds of billions of dollars in commerce across tens of millions of unique claim events every year. They operate in a complex, highly regulated industry and may interact with dozens of other companies for any given claim. And the work they need CCC to help them get done are the things that directly drive the operating performance of their business.

Take auto insurers, for example, who on average pay out about 75% of their revenues on claims. They use the decision engines built into our solutions, uniquely configured for their specific needs to help them pay what they owe. They use the CCC network to activate the tens of thousands of companies they need to integrate with to get consumers back to their lives. And they use the CCC platform to manage that work end-to-end. In effect, they rely on CCC to manage the most complex, mission-critical, and consequential work they do. This is true across not only our auto insurance customers but also each of the more than 35,000 businesses we work with.

That translates to CCC's economic model. We price our products on the measurable value we provide, typically on a 5:1 ROI basis. We have cumulatively invested billions of dollars in our platform and have deep, industry-leading functionality, but customers buy our technology because of the real-world outcomes they are able to achieve only by using our solutions to impact the hundreds of billions of dollars we help them process annually.

CCC's data is unique in its combination of scale, depth and recency. We have over \$2 trillion of historical data that simply doesn't exist anywhere else. That data is broad, deep, and continuously updated in real-time, allowing us to provide benchmarks customers use to assess their operations, and to provide hyperlocal, up-to-the-minute inputs that inform hundreds of billions of dollars in individual payouts and repairs.

We also take special pride in the trust our customers place in us as partners in their business. Our role connecting the ecosystem has been built on decades of consistent, high-quality execution, where each participant can feel confident in being able to deliver the best



outcome for them and the consumer. Importantly, the outputs generated using our solutions are already accepted and embedded in the core operations of their trading partners.

It is therefore no surprise that customers are increasingly looking to accelerate their AI ambitions by leveraging the CCC Intelligent Experience cloud. Our AI solutions have been the fastest growing part of our portfolio for some time, with a scale that has few equals in vertical software. In Q1, our AI-based solutions drove approximately one-third of our overall year-over-year growth, growing at roughly 3.5x the total company growth rate. AI solutions are approximately 10% of total revenue, or about \$120mm in run-rate. These solutions are entirely incremental to our core products, with discrete value propositions and ROI that customers validate through intense piloting and testing, demonstrating both the durability of our core solutions and the rapid adoption of our AI tools.

While we are tremendously excited about the growth in our AI products, the benefits of marrying AI with deterministic software are becoming increasingly evident to customers. It's not an either / or – it's an "and." Governance and trust are bedrock principles in our industry, and the efficiency of the CCC platform is particularly well-suited to helping customers manage AI at scale. Our systems efficiently process almost 6 billion transactions per day, giving customers a battle-tested platform that flexibly handles volume spikes and constant adjustments to their operating rules.

To summarize our first theme: CCC is positioned to thrive in an AI-driven world because we combine unique, real-time data, embedded workflows, and a trusted, scaled platform that allows customers to deploy AI safely, govern it effectively, and realize measurable economic value.

My second theme is the strong, tangible revenue momentum across the business, as several of the biggest companies in the world increase their commitments to both our traditional and AI products.

CCC's customer base includes 27 of the top 30 auto insurers in the US by 2024 direct written premium, as well as multi-billion dollar repair facility chains. These are some of the largest and most discerning companies in the world, with incredible access to leading edge technology capabilities.

We are thrilled that one of the top 5 auto insurers in the US by direct written premium, renewed and extended its partnership with CCC through a new, multi-year enterprise agreement. This agreement covers our entire Auto Physical Damage suite, as well as our entire portfolio of AI solutions related to Auto Physical Damage, following an extensive two-year test of those capabilities. The insurer consolidated its APD business onto CCC several years ago, and this new agreement both renews the core software relationship and adds the full AI layer, resulting in a meaningful step up in the value of the partnership.



Our largest and most sophisticated customers are also deepening their commitment to the CCC platform by expanding the scope of their relationship into Casualty. Casualty remains one of the largest growth opportunities for CCC. Our acquisition of EvolutionIQ expanded our capabilities in this area through the creation of Medhub for auto casualty, an AI document insights solution, now embedded within the CCC platform. Medhub adds meaningful new functionality that is helping customers manage complex casualty workflows and is helping to advance our pipeline.

Last quarter, we announced that Liberty Mutual, the 6th largest US auto insurer and one of the largest P&C insurers globally, selected us. They have since begun deploying a significant portion of their casualty business on the CCC platform.

In April, we signed a multi-year agreement with ALLSTATE for their third-party casualty business. All of these wins are validation of large customers increasingly recognizing that CCC's platform and comprehensive suite of solutions represent their best path to embracing an AI-driven future.

This dynamic is playing out across our entire business, including on the repair facility side. Adoption of our core and AI solutions in that market continues to grow, with more than 6,500 repair facilities now using our AI estimating capability. At our industry conference next month, we plan to introduce even more exciting innovations for repair facilities.

In summary, we are seeing this differentiated positioning translate into tangible revenue momentum, as some of the largest insurers and repair organizations in the world deepen and expand their relationships with CCC across both our core software and AI solutions.

My third theme is how solving for rising complexity is expanding CCC's value proposition and driving long-term growth.

The most important structural trend in the insurance economy is rising complexity. Vehicles are more sophisticated. Medical and casualty claims are more involved. Regulatory requirements continue to increase. Every claim requires more decisions, more coordination, and more judgment, all the time.

We see advancing vehicle technology as a significant tailwind for CCC over time, with many new product possibilities on the horizon. The multi-decade trend in advancing vehicle safety technology has shown a repeated pattern of frequency reductions being more than offset by increases in severity to fix these systems when they are damaged. That causes claim dollars and complexity to rise, which grows the industry and creates additional growth opportunities for CCC.

Over the past decade, personal auto claim counts declined by less than 1% annually, while average dollars per claim grew approximately 6% per year, driving about 5% annual growth in total claims dollars paid. We believe that going forward, claim cost growth is going to



outpace claim frequency moderation and our insurance customers will be managing an increasing level of total claim spend. That means our software and AI capabilities remain mission critical as customers manage growing claim complexity and spend over time.

The rising complexity inherent in our industry, combined with the growing appetite across our customer base to adopt both our core and AI solutions, gives us confidence in our long-term growth outlook.

Stepping back, the common thread across all three themes is rising complexity. As claims become more complex and customer appetite for AI increases, CCC's platform, data, and workflows become even more essential, giving us confidence in our long-term growth opportunity.

To help us navigate toward that future, we have added another experienced technology leader to our Board of Directors, John Schweitzer. John brings more than three decades of leadership experience across enterprise technology and global go-to-market organizations, including senior roles at Salesforce, Informatica, SAP, and Oracle. With the addition of John, Neil de Crescenzo, and Barak Eilam over the past 18 months, we have deliberately strengthened our board to support platform strength, AI innovation, and durable value creation while preserving neutrality across the ecosystem we serve.

We are pleased with our strong start to the year and continue to be incredibly excited by our near-term momentum and the long-term opportunity in front of us.

With that I will turn the call over to Brian who will walk you through our results in more detail.

BRIAN HERB, CHIEF FINANCIAL OFFICER: Thanks, Githesh. As Githesh outlined, Q1 was a strong start to the year, with revenue growth and profitability ahead of expectations, increasing adoption of our AI solutions across our largest and most sophisticated clients, and continued execution on our capital allocation priorities, including return of capital to shareholders.

Now, let's turn to the numbers. . . I'll review our first quarter 2026 results and then provide guidance for the second quarter and the full year.

Total revenue in the first quarter was \$281 million, up 12% from the prior-year period and above the high-end of our revenue guidance range. Please note that all of this growth is organic.

Of the 12% growth, 9 points was driven by cross-sell, upsell, and adoption of solutions across our client base. Approximately 3 points of growth came from new logos. Within this position, we did see more than a point of impact from a combination of timing and one-time items, including true-ups on subscription contracts, and transactional strength in Casualty.



In the quarter, Emerging Solutions contributed about 4 points of growth, primarily driven by EvolutionIQ, our AI-based APD solutions, Diagnostics, and Build Sheets. Emerging Solutions continue to represent an important and expanding part of our portfolio, accounting for approximately 11% of total revenue in the first quarter of 2026 and growing approximately 50% year-over-year, with the largest contribution from our AI solutions.

Turning to our key metrics of software gross dollar retention or “GDR” and software net dollar retention or “NDR.”

GDR captures the amount of revenue retained from our client base compared to the prior-year period. In Q1 2026, our GDR was 98%, down from 99% last quarter. Please note that since we started reporting this metric, GDR has been between 98% and 99% and has either rounded up or down primarily by repair shop industry churn. We view the consistency as evidence of the value we deliver and the benefits of participating in the CCC network. Our strong GDR is a core tenet of our predictable and resilient revenue model.

Net dollar retention captures the amount of cross-sell and upsell from our existing clients compared to the prior-year period, as well as volume movements in our Auto Physical Damage client base. In Q1 2026 our NDR was 107%, up compared to full-year NDR in 2025 of 106%.

Now, I’d like to review the income statement in more detail. As a reminder, unless otherwise noted, all metrics are non-GAAP. We provide a reconciliation of GAAP to non-GAAP metrics in our press release.

Adjusted gross profit was \$216 million for the quarter, with an adjusted gross margin of 77%, which is up sequentially from 76% and flat year-over-year. The underlying economics of the business continue to demonstrate leverage and scalability, and we remain confident in our ability to progress toward our long-term target of approximately 80% as newer solution revenue scales and offsets the impact of higher depreciation from recent investments.

In terms of expenses, adjusted operating expense in Q1 2026 was \$109 million, which is up 2% year-over-year, reflecting strong cost discipline, nearly-flat year-over-year headcount, and some phasing benefits of costs that moved into Q2.

Adjusted EBITDA for the quarter was \$120 million, up 21% year-over-year, with an adjusted EBITDA margin of 43%. This was above the high end of the range, reflecting ongoing cost efficiencies, some phasing benefits, and the flow-through from revenue over-performance in the quarter. Q1 adjusted EBITDA margin expanded over 300 basis points year-over-year.

Stock-based compensation as a percent of revenue was 11% in Q1 of 2026, consistent with Q4 of 2025. We expect full-year stock-based compensation in 2026 to be approximately 13% of revenue, with a path to single-digits as we move into 2027.



Now, let's turn to the balance sheet and cash flow. We ended the quarter with \$37 million in cash and cash equivalents and \$1.3 billion of debt. At the end of the quarter, net leverage was 2.7 times adjusted EBITDA.

We continued to deliver strong free cash flow generation and return that capital to shareholders via share repurchases. Free cash flow in Q1 was \$42 million compared to \$44 million in the prior-year period. Free cash flow on a trailing 12-month basis was \$252 million, which is up 7% year over year. On a trailing 12-month free cash flow margin as of Q1 2026 was 23%, down modestly from 24% as of Q1 2025.

We are committed to a disciplined capital allocation framework which balances investment in the business and capital return to shareholders to deliver long-term shareholder value. In December of 2025, we announced a \$500 million share repurchase authorization and a \$300 million accelerated share repurchase program under that authorization. During Q1, we completed the ASR, under which we purchased a total of approximately 43 million shares. Following the completion of the ASR, we repurchased an additional \$100 million of stock in the open market during Q1. At the end of Q1, we have returned more than \$1 billion to shareholders via repurchases over the last two and a half years and have \$100 million remaining available under the current \$500 million Board authorization.

I'll now turn to guidance. For Q2 2026, we expect revenue of \$283-to-\$285 million, representing 9% growth year-over-year at the midpoint. We expect adjusted EBITDA of \$111-to-\$113 million, a 39% adjusted EBITDA margin at the midpoint.

For full year 2026, we expect total revenue of \$1.155-to-\$1.163 billion, which represents approximately 10% year-over-year growth at the midpoint. For adjusted EBITDA, we expect between \$484 to \$490 million, which implies a 42% adjusted EBITDA margin at the midpoint.

So, three points to keep in mind as you think about the Q2 and the full year guide:

First, we have raised the full year revenue growth guidance range from 8.5% to 9.5% to now 9% to 10% growth on the back of Q1's strong results and the momentum that we're seeing across the business.

Second, in terms of the cascade of revenue growth through 2026, Q1 included more than a point of impact from a combination of one-time items and transactional strength in Casualty. In addition, in the second half we expect approximately a one-point revenue headwind as an insurance carrier transitions away their legacy first-party casualty business from us.

Third, we remain confident in our ability to drive margin expansion in 2026, consistent with our demonstrated track record. As we stated on our Q4 call, we expect adjusted EBITDA



margin to decline sequentially in Q2 due to phasing of spend, and then resume year-over-year margin expansion in the second half of the year. We manage our adjusted EBITDA margin on an annual basis and the progression is driven by continued cost discipline and the operating leverage in the business. The high end of the guide reflects approximately 100 bps of margin expansion in both the first and second half of the year.

In closing, we feel very good about the financial position of the business and the durability of our operating model.

We delivered strong revenue growth, margin expansion and free cash flow, enabling meaningful capital return to shareholders through repurchases while maintaining a prudent leverage profile. Our capital allocation framework remains disciplined, prioritizing organic investment, balance sheet strength, and return of excess capital to shareholders, while remaining highly selective on M&A.

Taken together, our predictable operating model, strong cash generation, and margin discipline position us well as we move through 2026.

I'll now turn the call back over to Githesh for some additional comments before we begin with Q&A.

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