CCC Intelligent Solutions Inc. (Nasdaq: CCC)

2Q26 Earnings Call Transcript

July 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 second 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; Rod Christo, CCC's Interim CFO; Tim Welsh, CCC's President; and Katie Coleman, CCC's Treasurer and SVP GVP Finance. 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. I'm pleased to report that CCC delivered another quarter of solid top and bottom-line results. These results reinforce our belief that CCC is becoming the connective layer for the insurance economy – helping participants make informed decisions, take action, and operate more effectively across an increasingly complex ecosystem.

In the second quarter of 2026, total revenue grew 10% year-over-year to $286 million, above the high end of our guidance range. Adjusted EBITDA was $115 million, also above the high end of our guidance range.

Today, I'd like to focus on three themes that continue to frame both our near-term momentum and our long-term opportunity.

- The first is how CCC is thriving in an AI-driven world.
- The second is how that is translating into strong customer and revenue momentum.
- And third is how solving for rising complexity gives us confidence in CCC's long-term growth opportunity.

Let me start with how CCC is winning in an AI-driven world.

We are a scale player in AI today, generating more than $120 million of annualized revenue from AI-based solutions that are growing at nearly 50% year-over-year. But the more meaningful takeaway is what that growth tells us about how customer behavior is evolving.

Customers are increasingly focused on deploying CCC’s AI to generate measurable business outcomes. Just as importantly, these deployments are frequently backed by multi-year commitments, providing further evidence that customers view AI as a strategic priority and CCC as a long-term technology partner.

Customers are not buying a model; they are buying business outcomes. They care about accuracy, efficiency, customer experience, and economic value. We believe the greatest value from AI comes when it is embedded directly in customer workflows and decision points. That is where CCC’s combination of AI, proprietary data, ecosystem connectivity, and deeply integrated workflows can help customers operate more efficiently and make more informed decisions.

To understand why this matters, I will walk you through two examples.

When a repair facility asks an insurer to approve a change to an estimate, the request triggers a review process that has historically been slow, manual, and passed back and forth by hand. CCC sits inside that exchange. As a result, customers can configure our AI-based tools based on their own rules and workflows to automate routine request handling and route exceptions for review when appropriate. The result is fewer manual reviews, faster decisions when a review is needed, and greater efficiency – all without asking customers to change how they work. Insurers settle claims faster, repair facilities move cars through their bays more efficiently, and drivers get back on the road sooner.

Another example is parts. CCC sits at the center of the parts procurement process, connecting OEMs, suppliers, insurers, and repairers through a common platform. Nearly every major OEM now participates in CCC's parts network, and we are embedding AI throughout the procurement process to help streamline sourcing workflows and reduce administrative effort. By simplifying coordination across multiple participants and systems, CCC helps customers operate more efficiently while improving consistency and compliance with buyer policies.

These are just two of dozens of essential business processes supported on the CCC platform. We help run day-to-day operations for over 900,000 users, powered by AI trained on tens of millions of claims and refined through years of real-world use. That combination of proprietary data, embedded decision points, and ecosystem connectivity is difficult to replicate and helps make CCC the network of action for the insurance economy.

My second theme is how this positioning is translating into strong customer and revenue momentum.

The strongest evidence of customer confidence is what customers demonstrate through multi-year deployments, contract expansions, and adoption of new workflows.

Last quarter, we highlighted several important customer wins with Liberty Mutual and Allstate. Liberty Mutual decided to deploy a significant portion of its casualty business on the CCC platform and Allstate selected CCC for its third-party casualty operations.

This momentum continued during the second quarter, with additional customer expansions and AI adoption milestones.

For example, this quarter we had two top-five insurers expand their use of CCC's AI-enabled claims workflows through their deployment of our First Look solution. One of these carriers added First Look in conjunction with a multi-year extension of its auto physical damage solutions, while the other added it under an existing multi-year agreement.

These wins highlight the operational value of the solution. By identifying total loss earlier in the process, insurers can reduce rental and storage costs, repair facilities can focus capacity on repairable vehicles, and consumers receive faster claim resolution.

In addition, last quarter we highlighted a top-five insurer that renewed and expanded its partnership with CCC through a new multi-year enterprise agreement covering our core APD platform and the full suite of AI-enabled APD solutions. This quarter, that same insurer further expanded its relationship with CCC, becoming the largest carrier yet to adopt our AI-powered subrogation solution, with deployment scaling rapidly.

These decisions by the industry's largest carriers underscore a broader trend: insurers are increasingly moving AI from pilot programs to production-scale deployment across complex, high-value workflows where consistency and productivity matter most. Importantly, these deployments are occurring at renewal and mid-cycle. As customers gain confidence in the business value our solutions deliver, they are more frequently expanding their use of CCC's AI capabilities during existing contract terms.

We are seeing similar adoption trends across repair facilities, notably large multi-store operators or "MSOs".

In the second quarter, we renewed and expanded our multi-year agreement with one of the nation's largest independent collision repair operators. This MSO has been a leader in adopting AI technology across its repair facility organization and was the first MSO to adopt Mobile Jumpstart back in 2025. Today, the organization uses Jumpstart to initiate approximately 98% of its repair estimates and is an early adopter of Mobile Jumpstart 2.0, which leverages agentic AI to support faster, more consistent estimate creation. These investments reflect the organization's continued commitment to using AI-enabled workflows to improve efficiency, support teammates, and enhance the consumer experience.

We are seeing strong adoption of AI-based solutions across other large MSOs as well, including double-digit increases in participating repair facilities and estimates initiated through Jumpstart. Importantly, this adoption is occurring across some of the industry's largest repair organizations, reinforcing our view that AI-enabled workflows are becoming embedded in day-to-day operations at enterprise scale.

Taken together, these examples demonstrate how AI adoption is moving beyond pilots into production across the industry's largest and most sophisticated insurers and repair organizations. Because these organizations typically conduct extensive testing before deploying new technologies at scale, their move from evaluation to enterprise-wide adoption provides a powerful signal to the rest of the industry that AI-enabled workflows are delivering measurable business value.

My third theme is how solving for rising complexity gives us confidence in CCC's long-term growth opportunity.

Every claim creates its own supply chain – towing, diagnostics, parts sourcing, repair, calibration, rental, medical care, payments and subrogation – coordinated across insurers, repairers, suppliers, OEMs and consumers. As vehicles, medical procedures and regulatory requirements continue to evolve and become more complex, orchestrating that ecosystem is becoming more challenging. That is where CCC's platform becomes even more valuable.

Customers want integrated solutions that bring participants together to solve shared business problems. As a result, the ability to help participants coordinate across the ecosystem is becoming a more important strategic differentiator. Over the past five years we have invested heavily in building our robust partner ecosystem. Today, we work with more than 250 ecosystem partners across the insurance economy, helping our over 35,000 customers navigate more complex workflows while maintaining consistent processes. These partner relationships span over 20 different business areas ranging from towing and salvage to consumer engagement.

One example of how connected workflows are creating value is our partnership with Sunbit, which offers consumers an integrated financing option when they drop off their vehicles for repair. As insurance deductibles and repair costs continue to increase, this solution can help consumers manage out-of-pocket expenses while enabling repair facilities to convert more estimates into repair orders. Because the financing option is embedded directly into the repair workflow, consumers can access financing at the point of service without leaving the process. We have seen rapid adoption since launching the solution in April, with more than 2,000 shops onboarded and millions of dollars financed. In addition, one of the nation's largest MSOs has deployed the solution across its coast-to-coast network.

Another example is our work with Tempus, a partner that helps insurers analyze, evaluate, and resolve medical claims. Rather than requiring adjusters to leave their claims workflow and engage separate vendors, these services are integrated directly into CCC's platform, allowing referrals, reviews, and outcomes to flow automatically through the process. Today, approximately 20 carriers use the integrated solution, including multiple top-10 insurers.

A third example of how CCC helps coordinate increasingly specialized repair workflows is our expanding network of diagnostics partners. Diagnostic scans after an accident are key to modern vehicle repair, which often requires coordination among insurers, repair facilities, diagnostics providers, OEMs, and parts suppliers – each with information the others need to make decisions. Today, we work with 10 diagnostics partners across the ecosystem. Our diagnostics solutions help create greater consistency in reporting, improve scan verification, and increase transparency between repairers and insurers.

OEM customers have strongly endorsed these capabilities as critical to both repair quality and vehicle safety. In addition, several OEMs have extended their relationships with CCC through connected-car initiatives such as our Accident Advisor solution, which helps create a more seamless experience for drivers following an accident.

As you can see from the examples we've discussed today, CCC is becoming the network of action for the insurance economy. Over the past several years we have developed the core components of that network across auto physical damage, casualty, subrogation and adjacent workflows. As customers shift their AI expectations and deployments from insight generation to operational execution, we see opportunities for agentic orchestration to connect our deeply embedded workflows, improve coordination, streamline operations, and help our customers create better outcomes across the insurance economy.

In closing, the common thread we see across all three themes is that customers are operationalizing AI through trusted workflows that connect the insurance economy. AI adoption, customer momentum, and rising complexity are reinforcing one another, strengthening CCC's leadership position and creating additional opportunities for growth.

As AI becomes more deeply embedded in day-to-day claims operations, the value of CCC's trusted workflows, ecosystem connectivity, and decision-enabling capabilities continues to increase. We believe these trends position CCC to deepen customer relationships, expand our role across the insurance economy, and create long-term value for our customers and shareholders alike. Taken together, they reinforce our confidence in the durability of our business and the long-term growth opportunity ahead.

With that, I'll turn the call over to Rod.

ROD CHRISTO, INTERIM CHIEF FINANCIAL OFFICER: Thanks, Githesh. As Githesh outlined, Q2 was a solid quarter with revenue growth and profitability ahead of expectations. We continue to see momentum in the adoption of our AI-based solutions across many of our large clients.

Now, turning to the numbers. . . I'll review our second quarter '26 results and then provide guidance for the third quarter and full-year. Total revenue in the second quarter was $286 million, up 10% from Q2 2025 and above the high-end of our revenue guidance range. Of the 10% growth, approximately 7-and-a-half points was driven by cross-sell, upsell, and the adoption of AI solutions across our client base. About 2-and-a-half points of growth came from new logos.

In the quarter, revenue from AI-based solutions contributed 4 points of growth. This was primarily driven by our APD solutions, subrogation, and EvolutionIQ. AI-based solutions continue to represent an important and expanding part of our portfolio, accounting for approximately 11% of total revenue in the second quarter, and growing approximately 45% year-over-year.

Now, 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 Q2 2026, our GDR was 98%, in line with last quarter. Please note that since we started reporting this metric 5 years ago, GDR has been between 98% and 99% and has either rounded up or down primarily because of churn in repair shop industry. We view the consistency of this metric as evidence of the value we deliver and the multiple 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 Q2 2026, our NDR was 107%, in line with Q1 2026 and up from full year 2025 level 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 $217 million for the quarter, with an adjusted gross margin of 76%, which is down modestly from 77% last quarter and from 78% a year ago. The underlying economics of the business continue to demonstrate leverage and scalability. We remain confident in our ability to progress toward our long-term target of approximately 80% as the newer solution revenue scales and offsets recent investments.

In terms of expenses, Q2 2026 adjusted operating expenses were $116 million, up 7% year-over-year, which is due to higher resource-related expenses, professional services fees and technology investments.

Adjusted EBITDA for the quarter was $115 million, up 7% year-over-year, and above the high end of the guidance range. Adjusted EBITDA margins were 40%, down about 110 basis points year-over-year. However, when you normalize for a $2 million one-time benefit related to the exit of a vendor relationship in Q2 2025, margins were roughly flat year-over-year. Through the first half of 2026, adjusted EBITDA margin were 41.6%, up about 110 basis points year-over-year and up about 150 basis points excluding the vendor benefit.

Stock-based compensation as a percent of revenue was 11% in Q2 of 2026, consistent with Q1 of 2026 and Q4 of 2025. We now expect full-year stock-based compensation in '26 to be in the range of 11-to-12% of revenue, down from our earlier estimate of 13%. We are on a path to high single-digits as we move into 2027.

Now, let's turn to the balance sheet and cash flow. We ended the quarter with $116 million in cash and cash equivalents and $1.3 billion of debt. At the end of the quarter, net leverage was 2.5 times adjusted EBITDA.

Our track record of strong cash flow generation continued in Q2. We generated $82 million in free cash flow during the quarter, compared with $27 million in Q2 of 2025. On a trailing 12-month basis, free cash flow totaled $308 million, an increase of 36% year-over-year, and free cash flow margin expansion of 500 basis points to 28% vs. 23% a year ago. Approximately 200 basis points of this expansion was the result of the favorable timing of tax payments in Q2 2026.

We are committed to a disciplined capital allocation framework that balances investment in the business, balance sheet strength, and the return of excess capital to shareholders in order to drive long-term shareholder value. Our strong cash flow generation provides us with significant flexibility to execute against these priorities while maintaining a prudent leverage profile.

I'll now turn to guidance. For Q3 2026, we expect revenue of $289.5-to-$291.5 million, which represents 9% growth year-over-year at the midpoint. We expect adjusted EBITDA of $118-to-$120 million, a 41% adjusted EBITDA margin at the midpoint.

For full year 2026, we expect total revenue of $1.158-to-$1.164 billion, which represents approximately 10% year-over-year growth at the midpoint. For adjusted EBITDA, we expect $485-to-$491 million, which implies a 42% adjusted EBITDA margin at the midpoint.

So, three points to keep in mind as you think about the Q3 and full year guide:

First, we have narrowed and raised the midpoint of our full-year revenue growth guidance range from 9-to-10% to 9.5-to-10%, reflecting Q2's solid performance and the momentum we continue to see across the business.

Second, the guide implies year-over-year revenue growth for Q3 and Q4 of about 9%. This is consistent with the guidance we provided in April. This reflects approximately one point of headwind from the roll-off of the legacy first-party casualty business we discussed last quarter.

Third, our guidance reflects continued progress on our margin expansion objectives. For the second half of 2026, the adjusted EBITDA margin is expected to be approximately 42.5%, up roughly 50 basis points year-over-year. As a reminder, we manage the business to full-year profitability objectives, and individual quarters can be affected by the timing of investments, activities and expenses relative to the prior quarter and prior year. At the high-end of our full-year guidance range, adjusted EBITDA margin expansion is expected to approach 100 basis points year-over-year, and we remain confident in our ability to deliver continued margin expansion through operating leverage and disciplined expense management.

In closing, we feel very good about the financial position of the business and the durability of our operating model. The continued growth of our AI-based solutions, which now represent approximately 11% of revenue and are growing substantially faster than the overall business, provides additional confidence in our ability to drive durable revenue growth over time.

We delivered solid revenue growth and profitability while delivering exceptional free cash flow generation during the quarter and maintaining a prudent leverage profile.

Our strong cash flow generation, recurring revenue model, and disciplined expense management continue to provide meaningful financial flexibility as we invest in the business and execute against our long-term growth objectives.

Operator, we're now ready to take some questions. Thank you.

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