



CCC Intelligent Solutions Inc. (Nasdaq: CCC)

3Q25 Earnings Call Transcript

October 30, 2025

BILL WARMINGTON, VP OF INVESTOR RELATIONS: Thank you, operator. Good morning and thank you all for joining us today to review CCC's third quarter 2025 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, and Brian Herb, CCC's CFO. 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 2024 Annual Report on Form 10-K filed with the SEC.

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Please note that the discussion on today's call includes certain non-GAAP financial measures as defined by the SEC. The company believes that 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.

I'll now 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 strong top and bottom-line results. In the third quarter of 2025, total revenue was \$267 million, up 12% year-over-year and ahead of our guidance range. Adjusted EBITDA was \$110 million, also ahead of our guidance range, and our adjusted EBITDA margin was 41%. These results underscore the strength of our platform, the scalability of our model, and the growing demand for AI-driven innovation across the insurance economy.



On today's call, I'll focus on two key themes that define our Q3 performance and outlook. First, adoption continued to improve across our platform, particularly among our largest and most sophisticated customers. This momentum builds on the strong trends we observed in Q2 and reflects customers' growing confidence in CCC's ability to help deliver measurable ROI and operational efficiency at scale. Second, we are proactively investing in our organization to harness this momentum to accelerate value creation across the insurance claim and repair ecosystem – enhancing our go-to-market capabilities, deepening client and partner relationships, and strengthening our multi-sided network. We believe these investments position CCC for continued durable, long-term growth.

Let's start with the first theme – the accelerating adoption of CCC's platform across our customer base. In Q3, we saw strong momentum across our customer base, with multiple renewals, relationship expansions, and new business wins. These results reflect the value our solutions deliver and the trust our clients place in CCC.

A recurring theme in CCC's four decades is the evolution of individual solutions into a connected platform. The most recent evolution is with our AI-based solutions, which are following a similar trajectory as previous growth cycles. Starting with the launch of Estimate-STP in late 2021, we've expanded vision AI use cases to create a powerful AI layer that enhances our core software with advanced capabilities in routing, estimating, and workflow. These capabilities are seamlessly connected through our event-based overlay – IX Cloud – which links more than 35,000 businesses across the CCC network. When multiple solutions are used together, it creates a compounding effect – reducing cycle time across the ecosystem and improving outcomes for insurers, repairers, and consumers alike.

We continued to see good engagement from our auto physical damage, or "APD," insurance clients in Q3, with multiple renewals and contract expansions. For example, a top-20 insurer signed on for Intelligent Reinspection, our workflow AI solution, demonstrating the growing demand for intelligent automation across the claim lifecycle. Adoption of these solutions continues to scale, driven by their proven ability to deliver meaningful ROI and operational efficiency.

As I have said before, our largest and most sophisticated customers put new technologies, including our solutions, through rigorous testing and piloting before full adoption. Our customers consider these processes to be essential to validate their specific ROI, to identify internal process improvements, and to align stakeholders across their organization.

We're now seeing evidence that working with our customers through these diligence processes contributes to increased adoption of our solutions. Over the past year, a top-10 insurer has increased the number of AI-based solutions in use and the volume of claims being affected by those different AI use-cases. As a result, this customer increased the number of claims leveraging at least one CCC AI model from roughly 15% of their claims to



about 40%. This is a clear example of CCC turning innovation into operational impact – delivering measurable gains across the claims journey.

Following the progress in APD, let's turn to Casualty, an exciting growth area where our investments in technology, talent, and product innovation are paying increasing dividends. For example, Liberty Mutual, the 6th largest auto insurer in the U.S. by 2024 direct premium written, has signed with CCC and is actively transitioning a substantial portion of their Casualty business to our platform. This decision was based on the strength of CCC's platform capabilities, the breadth of our extended ecosystem, and our ability to deliver operating performance through ease of use, actionable analytics, and continuous innovation – including AI. This transition has just started and will not be at full run rate until mid-2026.

In addition to the Liberty Mutual contract, we had multiple renewals and contract expansions across our Casualty client base, including a top-5 insurer for both first- and third-party claims.

Growth in our casualty business is outpacing overall company growth and represents one of CCC's more compelling long-term opportunities which we believe may reach or even exceed the scale of our auto physical damage insurance business over time. Part of our confidence in the Casualty opportunity comes from the fact that its total addressable market is similar in scale to APD, but its customer count is currently just one-fifth that of APD and contributes approximately 10% of our revenue. Medical inflation and complexity are also increasing rapidly, with our insurance customers increasingly focused on addressing this area of claims.

We are also advancing tools to help how insurers manage injury claims – an area where EvolutionIQ is already delivering results. EvolutionIQ saw good momentum in Q3, renewing and expanding contracts with multiple top-15 disability carriers, launching Medhub for auto casualty, and adding its first workers compensation cross-sell into an existing CCC customer.

A central pillar of our investment thesis in EvolutionIQ was the integration of its AI-powered injury claims resolution capabilities into CCC's auto casualty suite. This strategic alignment positions us to accelerate our momentum in casualty and unlock new cross-sell opportunities across our APD client base of over 300 insurers.

The first milestone in this integration journey was Medhub – EvolutionIQ's AI-powered medical record synthesis solution – becoming Generally Available for auto casualty in Q3. Medhub's ability to decode complex medical documentation and surface actionable insights is generating strong interest from multiple top-10 insurers. In the past 12 months, Medhub has processed 6 million documents, 5.5 million full summaries, and 82 million pages.



Another strategic rationale for our acquisition of EvolutionIQ was the opportunity to deploy EvolutionIQ's solutions – particularly its emerging workers' compensation product line – into CCC's existing insurance client base. With seven of the top 10 workers' comp P&C insurers already CCC clients, we are excited to announce that in Q3, a top-25 CCC APD and Casualty client became a new customer for EvolutionIQ's workers' comp solution.

Together, CCC and EvolutionIQ are enabling insurers to harness AI more broadly – driving meaningful improvements in operational efficiency, customer experience, and claims outcomes. Over time, we plan to scale these capabilities across our client base, unlocking new pathways for growth and long-term value creation. This integration is a natural extension of our platform strategy – uniting data, AI, and workflow automation to address complex challenges in injury claims resolution.

While insurers are scaling adoption of our AI solutions, repair facilities are also embracing innovation to meet the challenges of increasingly complex vehicles and higher consumer expectations. As vehicles become more advanced and customers demand faster, more accurate, and more transparent service, repair facilities face growing pressure to deliver. CCC's platform is designed to help repairers thrive in today's demanding environment.

This quarter, we saw continued momentum of repair facilities adopting our latest solutions. For example, Build Sheets – our accuracy-enhancing part selection tool – has now been adopted by over 5,500 repair facilities, up from about 5,000 last quarter. Usage of our photo AI-powered estimating tool, Mobile Jumpstart, is also accelerating. In September, we surpassed an annualized run rate of one million AI-based repair estimates generated using Mobile Jumpstart. Jumpstart enables repairers to cut estimate preparation time from 30 minutes to under two, freeing up technicians and accelerating cycle times. With tools like Jumpstart and Build Sheets, CCC is helping define what modern, efficient, and consumer-centric repair looks like.

We believe our AI-driven tools and the connectivity of our network are driving a widening gap in operating efficiency and consumer experience between repair facilities on the CCC platform and those that are not – a gap that we anticipate will continue to expand as adoption and expectations rise.

Let's take CCC's routing AI solution, First Look, as an example – it helps insurers only route vehicles to a repair facility if they are truly repairable, preventing shops from losing valuable time and space on vehicles that will ultimately be declared total losses. Our workflow AI solution, Intelligent Reinspection, is another example – it reviews supplement requests which now occur in about two-thirds of repair claims. With CCC's new solution, roughly 40% of those supplement requests are auto-approved, significantly shortening cycle times for repairers.



We will continue to introduce new solutions that combine the connectivity of our multi-sided network and the power of AI to deliver even greater efficiency and consumer experience gains for our customers. As a result, we expect the productivity and service gap between those on the CCC network and those who are not to expand over time.

This brings me to the second theme of today's call: the organizational investments we are making to accelerate value creation across the insurance claim and repair ecosystem.

In addition to getting to know many of our team members during his first six months at CCC, our new President, Tim Welsh, and I have met with dozens of clients. These conversations were invaluable and had three takeaways.

The first is that our insurance customers are increasingly focused on the affordability of their products. A recent Guardian Service study found that 1 in 4 Americans have downgraded or dropped insurance to free up cash, and 1 in 3 would temporarily go without coverage to afford basic necessities. This underscores a critical question our clients are asking: How can CCC help improve operational cost efficiency to make insurance more affordable for consumers?

The second takeaway is that our clients are intent on leveraging the opportunities presented by the current wave of technology-driven transformation. AI creates new possibilities for handling claims, and new opportunities for participants in the CCC ecosystem to collaborate. Insurers, repair facilities, OEMs and other participants in the ecosystem are looking to us for strategic guidance on how to leverage AI to streamline workflows and navigate the organizational change required to implement these innovations. They're not looking for incremental gains – they want a step change, and they want CCC to help them achieve it.

The third takeaway is that our clients want us to do more with them. Over time, we've built long-term relationships by supporting their mission-critical processes and consistently delivering platform-driven innovation. As a result, our role has evolved into a trusted advisor and innovation partner. Clients are asking us to provide solutions that integrate more deeply across their operations and ecosystems as well as work closely with them to help shape the future of insurance.

These client conversations reaffirm the strength of our product investments and highlight CCC's growing role as the transformation partner of choice. Combined with strong adoption momentum we're seeing across our platform, this gives us the confidence to invest behind the demand – positioning CCC to capitalize on what we believe is a transformative era of growth and innovation.

One of the key investments we're making is the refinement of our go-to-market strategy to better engage customers around the broader value of the CCC platform. As we shared on



our February call, early changes included simplifying our solution packaging by combining insurance offerings into more holistic, outcome-driven bundles; enhancing change management support to accelerate adoption of newer innovations; and consolidating all market-facing and service functions under Tim Welsh's leadership to drive alignment and accountability.

The next phase of this evolution involves augmenting our teams with new skillsets – bringing in talent that can help us build broader, deeper, and more strategic relationships across key clients. One way that we are doing this is augmenting our existing teams with new client leaders that have proven expertise in deep strategic consultative platform sales which will allow us to engage higher and more broadly across the organization. We are funding these investments by reallocating existing spend to these higher-ROI opportunities. These moves reflect our confidence in our long-term growth potential and are guided by what our clients need most.

As part of our broader effort to align the organization for scale, we have also separated the previously combined roles of Chief Product Officer and Chief Technology Officer, and are actively recruiting to fill both positions. This structural change enables greater focus and specialization across both functions, which we believe will drive stronger execution, enhance client satisfaction, and elevate the consumer experience.

In parallel, we are continuing to invest in our multi-sided network – adding new capabilities, expanding participation, and integrating advanced AI features that enhance our ability to deliver differentiated value at scale. With over 200 partner organizations, we see significant opportunity to deepen existing relationships and forge new ones, further strengthening the CCC ecosystem.

Taken together, these investments reflect our commitment to scaling CCC's impact – by aligning our organization more closely with client needs, deepening strategic relationships, and strengthening the ecosystem that powers our platform. We are confident that these steps position us to lead in a rapidly evolving market and deliver meaningful, durable value for our customers, partners, and shareholders.

Every day, CCC's solutions help our customers support over 50,000 people affected by vehicle accidents and over 10,000 impacted by workplace injuries – helping them get their lives back on track as quickly as possible. Since going public in 2021, we've doubled the annual dollar value of claims processed in our system – from slightly over \$100 billion to over \$200 billion – for this we are truly grateful to the growing trust and reliance from our customers across the insurance economy.

We saw clear traction in Q3, particularly among some of our largest and most sophisticated customers. Their adoption trends reinforce our confidence in the structural changes we're making to scale our impact and deliver against a compelling long-term growth opportunity.



As the insurance economy continues its digital transformation, CCC remains deeply committed to providing our customers with solutions to shape a future where innovation drives better outcomes – for businesses, consumers, and communities. We are excited about the road ahead and confident in our ability to deliver strong results and lasting value.

I will now 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 highlighted, Q3 was a strong quarter with meaningful new business wins, renewals, contract expansions, and a continuation of the adoption momentum we saw in Q2. These results reflect the continued execution of our platform strategy and the strategic investments we’re making to support long-term growth.

Now, let’s turn to the numbers. . . I’d like to review our third quarter 2025 results and then provide guidance for the fourth quarter and the full year of 2025.

Total revenue in the third quarter was \$267 million, which is up 12% from the prior-year period.

In the third quarter of 2025, approximately 5 points of our growth was driven by cross-sell, upsell, and adoption of solutions across our client base, including repair shop upgrades, the continued adoption of our Emerging Solutions, and Casualty. Approximately 3 points of growth came from new logos – mostly from repair facilities and parts suppliers – and about 4 points of growth came from EvolutionIQ. In the quarter, contribution from Emerging Solutions expanded to just over 2 points of growth, mainly driven by our AI-based APD solutions, Subrogation, Diagnostics, and Build Sheets. Emerging Solutions represented about 4 percentage points of our total revenue in Q3 of 2025 and these solutions continue to be the fastest-growing portion of our portfolio. Industry claim volumes in Q3 declined 6% year-over-year that compares to 9% decline in Q1 and an 8% decline in Q2. The trend continues to represent approximately one percentage point headwind to growth, consistent with the impact we experienced in the first half of the year.

Turning to our key metrics of software gross dollar retention or “GDR” and software net dollar retention or “NDR.” Please note that both these metrics now include EvolutionIQ, and we are using annualized software revenue on a combined basis for the prior year to provide a prior year baseline for annualized revenue growth.

GDR captures the amount of revenue retained from our client base compared to the prior-year period. In Q3 2025, our gross dollar retention was 99%, which is in line with the last couple years. We believe that GDR reflects the value we provide and the significant benefits that accrue to our clients from participating in the broader 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 Q3 2025 our NDR was 105%, which is down from 107% in Q2 2025 primarily due to timing of deals.

Now, I'd like to turn to 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 in the quarter was \$199 million. Adjusted gross profit margin was 75%, which is down from 78% last quarter and against Q3 of 2024. The lower adjusted gross profit margin is mostly driven by higher depreciation from newly launched solutions and software enhancements. Other impacts include a one-time impact of the write-off of a discontinued solution and revenue mix. Overall, we feel good about the leverage and scalability of the business and making progress toward our long-term target of 80% over time, but this percentage can move around quarter-to-quarter.

In terms of expenses, adjusted operating expense in Q3 2025 was \$106 million, which is up 12% year-over-year including the acquisition of EvolutionIQ. Excluding EvolutionIQ, adjusted operating expense increased 3% year-over-year, primarily driven by higher resource-related expenses and professional fees.

Adjusted EBITDA for the quarter was \$110 million, up 8% year-over-year with an adjusted EBITDA margin of 41%. This was above the high end of the range, which was \$104-to-107 million, reflecting the revenue that flowed through in the quarter and some phasing of costs that have moved to the fourth quarter.

Stock-based compensation as a percent of revenue declined to 15% in Q3, that's down from 24% of revenue in Q1 and 18% of revenue in Q2. We expect stock-based compensation as a percent of revenue to continue trend down in Q4 and in 2026 to reach high-single digits in 2027 - that's subject to future business needs and market conditions.

Now, let's turn to the balance sheet and cash flow. We ended the quarter with \$97 million in cash and cash equivalents and \$993 million of debt. At the end of the quarter, our net leverage was 2.1 times adjusted EBITDA.

We continued to show improving trends in free cash flow generation. Free cash flow in Q3 was strong at \$79 million. That compares to \$49 million in the prior-year period. This reflects strong collections and favorable timing on working capital. Free cash flow on a trailing 12-month basis was \$255 million, which is up 28% year over year. Our trailing 12-month free cash flow margin as of Q3 2025 was 25%, that's up from 22% in Q3 of 2024.



We have used our strong free cash flow performance to return capital to shareholders through share repurchases. In Q3 we completed open market repurchases of 4.8 million shares of CCC common stock for about \$45 million. We have continue to be active buyers in October, bringing the total year-to-date repurchases to approximately 30 million shares for approximately \$280 million under our previously announced \$300 million share repurchase program.

I'll now turn to guidance, beginning with Q4 2025. We expect revenue of \$272-to-\$277 million, which represents 10-to-12% growth year-over-year. We expect adjusted EBITDA of \$106-to-\$111 million, a 40% adjusted EBITDA margin at the midpoint.

For full-year 2025, we are raising the lower end of our guidance range and maintaining the upper end for both revenue and adjusted EBITDA. We are now expecting revenue of \$1.051-to-\$1.056 billion – which is 12% year-over-year growth at both the midpoint and the high end of the range. For adjusted EBITDA, we are now expecting \$423-to-\$428 million, a 40% adjusted EBITDA margin at the midpoint and 41% margin at the high end of the range. This includes a moderate EBITDA loss from EvolutionIQ. Excluding EvolutionIQ, our guidance implies about 100 bps of year-over-year margin expansion, at the mid point.

So, a couple of points to keep in mind as you think about our Q4 and the full year guide:

First, our Q4 revenue forecast for the core remains in line with our previous guidance. We are raising the low end of our full-year revenue guidance range to reflect strong performance in Q3 and maintaining the upper end of the range because of a slightly softer contribution from EvolutionIQ. Overall, the pace and scale of new business wins, renewals, and contract expansions – across the core business and EvolutionIQ – reinforce our confidence in our long-term growth as we head into 2026.

Second, we are raising the low end of our full-year adjusted EBITDA guidance to reflect Q3 outperformance while keeping the upper end unchanged as we expect to absorb Q4 costs tied to the organizational investments Githesh outlined, which includes some one-time consulting and recruiting fees, as well as exit and onboarding costs. As a result, we do not expect these investments to impact margins going forward, and we remain on track to resume margin progression in 2026.

So, as we wrap up, I'd like to reiterate our confidence in the strength of our business and our ability to deliver against our long-term strategic priorities. Our Q3 results and positive momentum underscore our commitment to supporting our clients as they advance their digital transformation. We're encouraged by the growth of Emerging Solutions and the disciplined execution that is driving margin expansion and strong free cash flow. As we look ahead, we believe our durable business model, expanding portfolio of AI-enabled solutions, and strategic investments – including continued investment in our core platforms and the



teams that support them – position us well to create long-term value for both our customers and our shareholders.

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

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