Cognizant Reports Second Quarter 2020 Results

Quarterly revenue of $4.0 billion
Cash flow from operations of $979 million
First half 2020 bookings increased 14%

TEANECK, N.J., July 29, 2020 /PRNewswire/ -- Cognizant Technology Solutions Corporation (Nasdaq: CTSH), one of the world's leading professional services companies, today announced its second quarter 2020 financial results.

Highlights - Second Quarter 2020 as Compared to the Year-ago Period

- Revenue of $4.0 billion, down 3.4% (2.5% in constant currency[1]) including a negative 210 basis points impact from the exit of certain content services business and the ransomware attack
- GAAP operating margin was 11.7% vs. 14.9%
- Adjusted Operating Margin[1] was 14.1% vs.16.1%
- Net income was $361 million vs. $509 million
- GAAP diluted EPS was $0.67 vs. $0.90
- Adjusted Diluted EPS[1] was $0.82 vs. $0.94
- First half 2020 bookings[1] increased 14%

"I'm proud of our associates who maintained their focus on clients in the quarter despite being faced with unprecedented challenges," said Brian Humphries, Chief Executive Officer. "We delivered a solid second quarter performance whilst continuing to improve our competitiveness. Against an uncertain economic backdrop, we remain steadfast in investing in our clients and our associates, and in executing our digital strategy to position Cognizant for accelerated momentum."

Second Quarter 2020 Performance by Business Segment

Revenue across our business segments was negatively impacted by the COVID-19 pandemic and the ransomware attack, primarily in the month of April. Revenue and bookings improved sequentially through May and June, with increased client demand in areas such as cloud and enterprise application services, IT modernization and digital engineering.

Financial Services (34.9% of revenues) revenue decreased 5.2% year-over-year, or 4.3% in constant currency, driven by declines in both banking and insurance. North America saw mixed trends with relatively better performance in banking, driven by regional banks. We continue to see weakness across global banking accounts and capital markets.

[1] Constant currency revenue growth, Adjusted Operating Margin and Adjusted Diluted Earnings Per Share ("Adjusted Diluted EPS") are not measurements of financial performance prepared in accordance with GAAP. Bookings is a performance metric utilized by management. See "About Non-GAAP Financial Measures and Performance Metrics" for more information and, where applicable, reconciliations to the most directly comparable GAAP financial measures at the end of this release.

Healthcare (28.9% of revenues) revenue grew 2.0% year-over-year, or 2.2% in constant currency. Segment revenue growth was driven by increases from life sciences clients, specifically by revenues from our acquisition of Zenith. Revenue in healthcare declined low single digits.

Products and Resources (21.7% of revenues) revenue decreased 6.5% year-over-year, or 5.0% in constant currency. The decline was driven by retail, consumer goods, travel and hospitality clients that were particularly adversely affected by the pandemic, partially offset by double-digit constant currency growth in manufacturing, logistics, energy and utilities.

Communications, Media and Technology (14.5% of revenues) revenue decreased 4.4% year-over-year, or 3.2% in constant currency, driven by a negative 790 basis point impact from our 2019 strategic decision to exit certain content-related services. Excluding that impact, Communications, Media and Technology grew approximately 5% in constant currency. Communication and media was flat, with the growth of certain communications clients offset by weakness with entertainment clients exposed to studios, cable TV and theme parks.

"We made progress against our cost structure initiative allowing us to fund investments aligned to our long-term growth strategy and delivered solid operating performance in a challenging environment," said Karen McLoughlin, Chief Financial Officer. "Strong free cash flow further strengthened our balance sheet and provides us with ample financial flexibility."

Full Year 2020 Outlook
The Company is providing the following guidance:

- Full year 2020 revenue expected to be in the range of $16.4-16.7 billion, or a decline on a constant currency basis of 2.0-0.5%. This assumes an estimate of a negative 20 basis points foreign exchange impact and a negative 110 basis points impact from the exit of certain content services business
- Full year 2020 Adjusted Operating Margin[2] expected to be approximately 15%
- Full year 2020 Adjusted Diluted EPS[2] expected to be in the range of $3.48-3.58

Declaration of Quarterly Cash Dividend

The Company has declared a quarterly cash dividend of $0.22 per share on Cognizant Class A common stock for shareholders of record at the close of business on August 21, 2020. This dividend will be payable on August 31, 2020.

Conference Call
Cognizant will host a conference call on July 29, 2020, at 5:00 p.m. (Eastern) to discuss the Company's second quarter 2020 results. To listen to the conference call, please dial (877) 810-9510 (domestically) or (201) 493-6778 (internationally) and provide the following conference passcode: "Cognizant Call."

The conference call will also be available live on the Investor Relations section of the Cognizant website at http://investors.cognizant.com. Please go to the website at least 15 minutes prior to the call to register and to download and install any necessary audio software. An earnings supplement will also be available on the Cognizant website at the time of the conference call.

[2] A full reconciliation of Adjusted Operating Margin and Adjusted Diluted EPS guidance to the corresponding GAAP measures on a forward-looking basis cannot be provided without unreasonable efforts, as we are unable to provide reconciling information with respect to unusual items, net non-operating foreign currency exchange gains or losses, and the tax effects of these adjustments.

For those who cannot access the live broadcast, a replay will be available. To listen to the replay, please dial (877) 660-6853 (domestically) or (201) 612-7415

(internationally) and enter 13706875 from two hours after the end of the call until 11:59 p.m. (Eastern) on Wednesday, August 12, 2020. The replay will also be available at Cognizant's website www.cognizant.com for 60 days following the call.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 193 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

Forward-Looking Statements

This press release includes statements that may constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the accuracy of which are necessarily subject to risks, uncertainties, and assumptions as to future events that may not prove to be accurate. These statements include, but are not limited to, express or implied forward-looking statements relating to our expectations regarding the impact of the COVID-19 pandemic on our business, the impact of the ransomware attack on our clients, business, reputation and financial results, opportunities in the marketplace, our cost structure, investment in and growth of our business, our realignment plans, the timing, cost and impact of the 2020 Fit for Growth Plan, our and our clients' shift to digital solutions and services and our anticipated financial performance. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ materially from those expressed or implied include general economic conditions, legal, reputational and financial risks resulting from cyberattacks, including the ransomware attack, the impact of and effectiveness of business continuity plans during the COVID-19 pandemic, changes in the regulatory environment, including with respect to immigration and taxes, and the other factors discussed in our most recent Annual Report on Form 10-K, as updated by our most recent Quarterly Report on Form 10-Q, *and other filings with the Securities and Exchange Commission. Cognizant undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities law.*

About Non-GAAP Financial Measures and Performance Metrics

To supplement our financial results presented in accordance with GAAP, this press release includes references to the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: Adjusted Income From Operations, Adjusted Operating Margin, Adjusted Diluted EPS, free cash flow, net cash and constant currency revenue growth. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures should be read in conjunction with our financial statements prepared in accordance with GAAP. The reconciliations of our non-GAAP financial measures to the corresponding GAAP measures should be carefully evaluated.

Our non-GAAP financial measures, Adjusted Operating Margin, Adjusted Income From Operations and Adjusted Diluted EPS exclude unusual items. Additionally, Adjusted Diluted EPS excludes net non-operating foreign currency exchange gains or losses and the tax impact of all the applicable adjustments. The income tax impact of each item is calculated by applying the statutory rate and local tax regulations in the jurisdiction in which the item was incurred. Free cash flow is defined as cash flows from operating activities net of purchases of property and equipment. Net cash is defined as cash and cash equivalents and short-term investments less short-term and long-term debt. Constant currency revenue growth is defined as revenues for a given period restated at the comparative period's foreign currency exchange rates measured against the comparative period's reported revenues.

Management believes providing investors with an operating view consistent with how we manage the Company provides enhanced transparency into our operating results. For our internal management reporting and budgeting purposes, we use various GAAP and non-GAAP financial measures for financial and operational decision-making, to evaluate period-to-period comparisons, to determine portions of the compensation for our executive officers and for making comparisons of our operating results to those of our competitors. Therefore, it is our belief that the use of non-GAAP financial measures excluding certain costs provides a meaningful supplemental measure for investors to evaluate our financial performance. Accordingly, we believe that the presentation of our non-GAAP measures, when read in conjunction with our reported GAAP results, can provide useful supplemental information to our management and investors regarding financial and business trends relating to our financial condition and results of operations.

A limitation of using non-GAAP financial measures versus financial measures calculated in accordance with GAAP is that non-GAAP financial measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and may exclude costs that are recurring such as our net non-operating foreign currency exchange gains or losses. In addition, other companies may calculate non-GAAP financial measures differently than us, thereby limiting the usefulness of these non-GAAP financial measures as a comparative tool. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from our non-GAAP financial measures to allow investors to evaluate such non-GAAP financial measures.

Bookings are defined as total contract value (or TCV) of new contracts, including new contract sales as well as renewals and expansions of existing contracts. Bookings can vary significantly quarter to quarter depending in part on the timing of the signing of a small number of large contracts. Measuring bookings involves the use of estimates and judgments and there are no third-party standards or requirements governing the calculation of bookings. The extent and timing of conversion of bookings to revenues may be impacted by, among other factors, the types of services and solutions sold, contract duration, the pace of client spending, actual volumes of services delivered as compared to the volumes anticipated at the time of sale, and contract modifications, including terminations, over the lifetime of a contract. The majority of our contracts are terminable by the client on short notice often without penalty, and some without notice. We do not update our bookings for material subsequent terminations or reductions related to bookings originally recorded in prior year periods or foreign currency exchange rate fluctuations. Information regarding our bookings is not comparable to, nor should it be substituted for, an analysis of our reported revenues. However, management believes that it is a key indicator of potential future revenues and provides a useful indicator of the volume of our business over time.

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues	$ 4,000	$ 4,141	$ 8,225	$ 8,251

Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization expense shown separately below)	2,615	2,629	5,362	5,204
Selling, general and administrative expenses	711	719	1,422	1,590
Restructuring charges	71	49	126	51
Depreciation and amortization expense	136	125	269	248
Income from operations	467	619	1,046	1,158
Other income (expense), net:				
Interest income	37	45	78	93
Interest expense	(9)	(6)	(15)	(13)
Foreign currency exchange gains (losses), net	(2)	16	(104)	18
Other, net	2	2	—	3
Total other income (expense), net	28	57	(41)	101
Income before provision for income taxes	495	676	1,005	1,259
Provision for income taxes	(134)	(167)	(276)	(309)
Income (loss) from equity method investment	—	—	(1)	—
Net income	$ 361	$ 509	$ 728	$ 950
Basic earnings per share	$ 0.67	$ 0.90	$ 1.34	$ 1.67
Diluted earnings per share	$ 0.67	$ 0.90	$ 1.34	$ 1.67
Weighted average number of common shares outstanding - Basic	541	564	543	569
Dilutive effect of shares issuable under stock-based compensation plans	—	—	1	1
Weighted average number of common shares outstanding - Diluted	541	564	544	570

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(in millions, except par values)

	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 4,422	$ 2,645
Short-term investments	160	779
Trade accounts receivable, net	3,208	3,256
Other current assets	741	931
Total current assets	8,531	7,611
Property and equipment, net	1,345	1,309
Operating lease assets, net	1,002	926
Goodwill	4,391	3,979
Intangible assets, net	1,026	1,041
Deferred income tax assets, net	669	585
Long-term investments	429	17
Other noncurrent assets	823	736
Total assets	$ 18,216	$ 16,204
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 359	$ 239
Deferred revenue	319	313
Short-term debt	38	38
Operating lease liabilities	206	202
Accrued expenses and other current liabilities	2,290	2,191
Total current liabilities	3,212	2,983
Deferred revenue, noncurrent	46	23
Operating lease liabilities, noncurrent	802	745
Deferred income tax liabilities, net	28	35
Long-term debt	2,421	700
Long-term income taxes payable	428	478
Other noncurrent liabilities	307	218
Total liabilities	7,244	5,182
Stockholders' equity:		
Preferred stock, $0.10 par value, 15.0 shares authorized, none issued	—	—
Class A common stock, $0.01 par value, 1,000 shares authorized, 542 and 548 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	5	5
Additional paid-in capital	83	33
Retained earnings	11,072	11,022
Accumulated other comprehensive income (loss)	(188)	(38)
Total stockholders' equity	10,972	11,022
Total liabilities and stockholders' equity	$ 18,216	$ 16,204

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
Reconciliations of Non-GAAP Financial Measures
(Unaudited)
(dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,		Guidance
	2020	2019	2020	2019	Full Year 2020
GAAP income from operations	$ 467	$ 619	$ 1,046	$ 1,158	
Realignment charges[(a)]	12	49	32	51	
2020 Fit for Growth Plan restructuring charges[(b)]	59	—	94	—	
COVID-19 charges[(c)]	25	—	31	—	
Incremental accrual related to the India Defined Contribution Obligation[(d)]	—	—	—	117	
Adjusted Income From Operations	$ 563	$ 668	$ 1,203	$ 1,326	
GAAP operating margin	11.7 %	14.9 %	12.7 %	14.0 %	
Realignment charges	0.3	1.2	0.4	0.7	0.2%
2020 Fit for Growth Plan restructuring charges	1.5	—	1.1	—	0.7% - 0.9%
COVID-19 charges	0.6	—	0.4	—	0.2% - 0.3%
Incremental accrual related to the India Defined Contribution Obligation	—	—	—	1.4	(d)
Adjusted Operating Margin	14.1 %	16.1 %	14.6 %	16.1 %	approximately 15.0%
GAAP diluted earnings per share	$ 0.67	$ 0.90	$ 1.34	$ 1.67	
Effect of above adjustments, pre-tax	0.18	0.09	0.29	0.29	(a), (b), (c), (d)
Non-operating foreign currency exchange (gains) losses, pre-tax[(e)]	—	(0.03)	0.19	(0.03)	(e)
Tax effect of above adjustments[(f)]	(0.03)	(0.02)	(0.04)	(0.08)	(a), (b), (c), (d), (e)
Adjusted Diluted Earnings Per Share	$ 0.82	$ 0.94	$ 1.78	$ 1.85	$3.48 - $3.58

Notes:

(a) Realignment charges include:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in millions)			
Executive transition costs	$ —	$ 20	$ —	$ 22
Employee separation costs	—	27	—	27
Employee retention costs	9	—	15	—
Professional fees	3	2	17	2
Total realignment charges	$ 12	$ 49	$ 32	$ 51

Executive transition costs are costs associated with our CEO transition and the departure of our President in 2019. The total costs related to the realignment program are reported in "Restructuring charges" in our unaudited consolidated statements of operations. We do not expect to incur significant realignment charges during the remainder of 2020. Our guidance anticipates pre-tax charges in the range of $0.06 to $0.07 per diluted share for the full year 2020. The tax effect of these charges is expected to be approximately $0.02 per diluted share for the full year 2020.

(b) 2020 Fit for Growth Plan restructuring charges include:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
	(in millions)	
Employee separation costs	$ 39	$ 65
Employee retention costs	1	5
Facility exit costs and other charges	19	24
Total 2020 Fit For Growth charges	$ 59	$ 94

These charges include $8 million and $19 million for the three and six months ended June 30, 2020, respectively, of costs incurred related to our exit from certain content-related services. The total costs related to the restructuring are reported in "Restructuring charges" in our unaudited consolidated statements of operations. Our guidance anticipates pre-tax charges in the range of $0.22 to $0.28 per diluted share for the full year 2020. The tax effect of these charges is expected to be in the range of $0.06 to $0.07 per diluted share for the full year 2020.

(c) During the three and six months ended June 30, 2020, we incurred costs in response to the COVID-19 pandemic including a one-time bonus to our employees at the designation of associate and below in both India and the Philippines, costs to enable our employees to work remotely and provide medical staff and extra cleaning services for our facilities, partially offset by benefits provided to us by certain jurisdictions in which we operate. Most of the costs related to the pandemic are reported in "Cost of revenues" in our unaudited consolidated statements of operations. Our guidance anticipates pre-tax charges in the range of $0.07 to $0.09 per diluted share for the full year 2020. The tax effect of these charges is expected to be approximately $0.02 per diluted share for the full year 2020.

(d) During the first quarter of 2019, a ruling of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income. As a result, the ongoing contributions of our affected employees and the Company have increased. In the first quarter of 2019, we accrued $117 million with respect to prior periods, assuming retroactive application of the Supreme Court's ruling. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. Since the ruling, a variety of trade associations and industry groups have advocated to the Indian government, highlighting the harm to the information technology sector, other industries and job growth in India that would result from a retroactive application of the ruling. It is possible that the Indian government will review the matter and there is a substantial question as to whether the Indian government will apply the Supreme Court's ruling on a retroactive basis. As such, the ultimate amount of our obligation may be materially different from the amount accrued. The incremental accrual related to the India Defined Contribution Obligation is reported in "Selling, general and administrative expenses" in our unaudited consolidated statement of operations.

(e) Non-operating foreign currency exchange gains and losses, inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, are reported in "Foreign currency exchange gains (losses), net" in our unaudited consolidated statements of operations. Non-operating foreign currency exchange gains and losses are subject to high variability and low visibility and therefore cannot be provided on a forward-looking basis without unreasonable efforts.

(f) Presented below are the tax impacts of each of our non-GAAP adjustments to pre-tax income:

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
	(in millions)		(in millions)	
Non-GAAP income tax benefit (expense) related to:				
Realignment charges	$ 3	$ 13	$ 8	$ 13
2020 Fit For Growth plan restructuring charges	16	—	25	—
COVID-19 charges	6	—	8	—
Incremental accrual related to the India Defined Contribution Obligation	—	—	—	31
Foreign currency exchange gains and losses	(8)	—	(18)	1

The effective tax rate related to each of our non-GAAP adjustments varies depending on the jurisdictions in which such income and expenses are generated and the statutory rates applicable in those jurisdictions.

Reconciliations of net cash
(in millions)

	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 4,422	$ 2,645
Short-term investments[(a)]	160	779
Less:		
Short-term debt	38	38
Long-term debt	2,421	700
Net cash	$ 2,123	$ 2,686

Notes:

(a) As of December 31, 2019, $414 million in restricted time deposits were classified as short-term investments. As of June 30, 2020, the restricted deposits in the amount of $391 million were reclassified to long-term investments and therefore are not included in net cash as of that date.

The above tables serve to reconcile the Non-GAAP financial measures to the most directly comparable GAAP measures. Please refer to the "About Non-GAAP Financial Measures" section of our press release for further information on the use of these Non-GAAP measures.

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
Schedule of Supplemental Information
(Unaudited)
(dollars in millions)

	Three Months Ended June 30, 2020			
			Year over Year	
	$	% of total	% Change	Constant Currency % Change [(a)]
Revenues by Segment:				
Financial Services	$ 1,396	34.9 %	(5.2) %	(4.3) %
Healthcare	1,157	28.9 %	2.0 %	2.2 %
Products and Resources	867	21.7 %	(6.5) %	(5.0) %
Communications, Media and Technology	580	14.5 %	(4.4) %	(3.2) %
Total Revenues	$ 4,000		(3.4) %	(2.5) %
Revenues by Geography:				
North America	$ 3,006	75.2 %	(4.2) %	(4.1) %
United Kingdom	314	7.9 %	(2.5) %	0.2 %
Continental Europe	419	10.5 %	(1.9) %	0.2 %

Europe - Total	733	18.3 %	(2.1) %	0.2 %
Rest of World	261	6.5 %	3.2 %	9.7 %
Total Revenues	$ 4,000		(3.4) %	(2.5) %

	Six Months Ended June 30, 2020			
			Year over Year	
	$	% of total	% Change	Constant Currency % Change [(a)]
Revenues by Segment:				
Financial Services	$ 2,847	34.6 %	(2.1) %	(1.3) %
Healthcare	2,351	28.6 %	2.3 %	2.4 %
Products and Resources	1,821	22.1 %	(1.1) %	0.1 %
Communications, Media and Technology	1,206	14.7 %	0.3 %	1.5 %
Total Revenues	$ 8,225		(0.3) %	0.5 %
Revenues by Geography:				
North America	$ 6,196	75.3 %	(1.1) %	(1.0) %
United Kingdom	651	7.9 %	— %	2.2 %
Continental Europe	856	10.4 %	2.9 %	5.2 %
Europe - Total	1,507	18.3 %	1.6 %	3.9 %
Rest of World	522	6.4 %	3.2 %	8.6 %
Total Revenues	$ 8,225		(0.3) %	0.5 %

Employee Metrics:	**June 30, 2020**	**June 30, 2019**
Number of employees	281,200	288,200

Notes:

(a) Constant currency revenue growth is not a measurement of financial performance prepared in accordance with GAAP. See "About Non-GAAP Financial Measures" for more information.

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash flows from operating activities:				
Net income	$ 361	$ 509	$ 728	$ 950
Adjustments for non-cash income and expenses	171	30	487	180
Changes in assets and liabilities	447	36	261	(286)
Net cash provided by operating activities	979	575	1,476	844
Cash flows from investing activities:				
Purchases of property and equipment	(93)	(96)	(205)	(202)
Net sales of investments	237	1,398	163	2,057
Payments for business combinations, net of cash acquired	(403)	(35)	(489)	(232)
Net cash (used in) provided by investing activities	(259)	1,267	(531)	1,623
Cash flows from financing activities:				
Repurchases of common stock	(74)	(1,054)	(585)	(1,825)
Repayment of term loan borrowings and finance lease and earnout obligations	(12)	(7)	(25)	(9)
Borrowings under the revolving credit facility	—	—	1,740	—
Dividends paid	(121)	(116)	(242)	(232)
Issuance of common stock under stock-based compensation plans	36	40	76	90
Net cash (used in) provided by financing activities	(171)	(1,137)	964	(1,976)
Effect of exchange rate changes on cash and cash equivalents	(13)	5	(132)	8
Increase in cash and cash equivalents	536	710	1,777	499
Cash and cash equivalents, beginning of period	3,886	950	2,645	1,161
Cash and cash equivalents, end of period	$ 4,422	$ 1,660	$ 4,422	$ 1,660

SUPPLEMENTAL CASH FLOW INFORMATION
(in millions)

	Three Months Ended	
Stock Repurchases under Board of Directors' authorized stock repurchase program:	**June 30, 2020**	**June 30, 2019**
Number of shares repurchased	0.9	18.7

Remaining authorized balance	$ 1,818

Reconciliation of Free Cash Flow Non-GAAP Financial Measure
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net cash provided by operating activities	$ 979	$ 575	$ 1,476	$ 844
Purchases of property and equipment	(93)	(96)	(205)	(202)
Free cash flow	$ 886	$ 479	$ 1,271	$ 642

SOURCE Cognizant

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