

Amdocs Limited

NASDAQ: DOX

Fiscal Q2 2022 Earnings Presentation

May 11, 2022

Shuky Sheffer
President & CEO

Tamar Rapaport-Dagim
CFO & COO



Disclaimer

The information contained herein in this presentation or delivered or to be delivered to you during this presentation does not constitute an offer, expressed or implied, or a recommendation to do any transaction in Amdocs Limited securities or in any securities of its affiliates or subsidiaries.

This presentation and the comments made by members of Amdocs management in conjunction with it include information that constitutes forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995, including statements about Amdocs' growth and business results in future quarters. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be obtained or that any deviations will not be material. Such statements involve risks and uncertainties that may cause future results to differ from those anticipated. These risks include, but are not limited to, the effects of general economic conditions, the duration and severity of the COVID-19 pandemic, and its impact on the global economy, Amdocs' ability to grow in the business markets that it serves, Amdocs' ability to successfully integrate acquired businesses, adverse effects of market competition, rapid technological shifts that may render the Company's products and services obsolete, potential loss of a major customer, our ability to develop long-term relationships with our customers, and risks associated with operating businesses in the international market. Amdocs may elect to update these forward-looking statements at some point in the future; however, Amdocs specifically disclaims any obligation to do so. These and other risks are discussed at greater length in Amdocs' filings with the Securities and Exchange Commission, including in our Annual Report on Form 20-F for the fiscal year ended September 30, 2021 filed on December 9, 2021, and our Form 6-K furnished for the first quarter of fiscal 2022 on February 14, 2022.

This presentation includes non-GAAP financial measures, including non-GAAP operating margin, free cash flow, normalized free cash flow, revenue on a constant currency basis, non-GAAP net income and non-GAAP earnings per share. Free cash flow equals cash generated by operating activities less net capital expenditures and other. Normalized free cash flow, a measure of our operating performance, is further adjusted to exclude net capital expenditures related to the new campus development, payments for non-recurring and unusual charges (such as capital gains tax to be paid in relation to the divestiture of OpenMarket), and payments of acquisition related liabilities. These non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Amdocs believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Amdocs' results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Amdocs' results of operations in conjunction with the corresponding GAAP measures. Please refer to the appendix for a reconciliation of these metrics to the most comparable GAAP provision.

This presentation also includes pro forma metrics which exclude the financial impact of OpenMarket (divested on December 31, 2020) from fiscal year 2021.

Please also review the information contained in Amdocs' press release dated May 11, 2022 with respect to earnings for fiscal Q2 2022. The press release contains additional information regarding Amdocs' outlook for fiscal years 2022, 2023 and 2024 and certain non-GAAP metrics and their reconciliations.

Today's Speakers



**Shuky
Sheffer**

President &
Chief Executive Officer



**Tamar
Rapaport-Dagim**

Chief Financial Officer &
Chief Operating Officer

Earnings call agenda

1

Strategy & Business Performance Update

Shuky Sheffer,
President & Chief Executive Officer

2

Financial Review & Outlook

Tamar Rapaport-Dagim,
Chief Financial Officer & Chief Operating Officer

3

Q&A





Shuky Sheffer

President & Chief Executive Officer

Strategy and business performance update

Thank you for an exceptional first half

“ *A huge thank you to our thousands of employees worldwide. Following a great Q1, our second quarter was also **very strong**, and I couldn't be more pleased with our operational and financial execution for the fiscal year to date* **”**

Big Thank You

Credit for strong performance and improved outlook belongs to our global, diverse and incredibly talented employees

Q2 Operational Highlights

Very strong second quarter and FY22 first half



Business Activity & Sales Momentum

Particularly high activity in North America



Supporting its multi-year modernization of the consumer domain



Core part of its digital modernization journey

Multiple new strategic awards



Managed Services Extension and cloud transformation



Managed Services Extension, Future cloud projects



Digital Transformation

Tier 1 European customer

5G Policy Solution

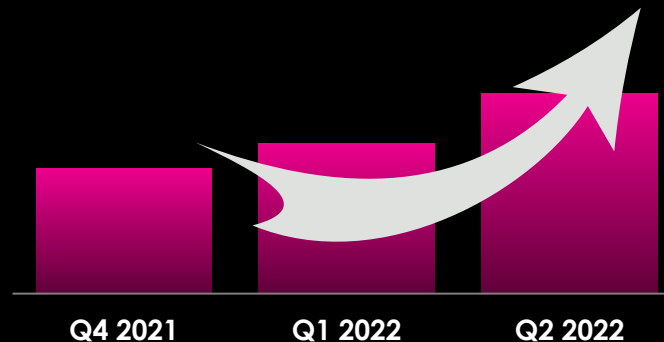


Execution

Record number of customer milestones deliveries

Unrivalled reputation for project delivery

Strengthen ability to maintain high win rate



Major B2B digital transformation:
Go Live in just 15 months



Commitment to Innovation



Continued to accelerate R&D investment in Q2, underscoring our commitment to continuously bring cutting-edge technology and world-class products and platforms to market

Launched CES22, our latest open and modular cloud-native, 5G suite



Strong feedback received in respect to our offering and strategic direction throughout dozens of C-level executive meetings

Strong performance in Q2-FY2022



Revenue

Record \$1.15B,
accelerated growth
of **10% YoY⁽¹⁾**

At higher end of the \$1,110-
\$1,150 guidance range
Driven primarily by North
America, with **high activity
levels** across top customers



12-month backlog

Record
of **\$3.89B**

~ +10% YoY
+\$60m QoQ
driven by robust sales
momentum



Non-GAAP EPS²

\$1.54

Above \$1.22-\$1.28 guidance
range mainly due to a lower
than anticipated non-GAAP
effective tax rate for the
quarter

1. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
2. Non-GAAP. See reconciliation tables in appendix

War in Ukraine

- » **Fully compliant** with the applicable sanctions and export controls
- » **Stopped all new sales** of our products and services in Russia
- » **Immaterial Amdocs exposure** to Russia and Ukraine
- » **Ensuring the wellbeing of the employees** and contractors we have in the region, and to support those who wanted to leave with their families
- » **Actively providing humanitarian aid** in Ukraine and neighboring countries, including:



Donation campaign to provide essential services **via UNICEF to vulnerable children** and families affected



Working with **local community volunteers**



Sponsoring **temporary housing for refugees** in Poland



Sponsoring **clothing and stipends** for Ukrainian kids in a boarding school



Progress in Strategic Domains

Helping service providers deliver seamless experiences to their consumers and enterprise customers, enabled by the innovation we bring across key domains:

CLOUD

Cloud platforms and services, which accelerate the multi-year journeys to the public cloud to realize operational agility, scalability and ultimately, cloud at scale

wins



**MANAGED SERVICES
EXTENSION**

business value

Enrich BSS platform with real-time, agile and cloud-ready ecosystem



BUSINESS ASSURANCE

Further accelerate T-Mobile / Sprint merger synergies

5G

Monetization of new 5G services based on ultra low-latency connectivity, immersive entertainment, and connected industries

wins

Tier 1
European
customer

**5G POLICY
SOLUTION**

business value

Enable launching of cutting-edge 5G services and business models for its customers, while reducing operational costs

DIGITAL

Creating seamless digital experiences: enhance customer experience and transform operations

wins



**DIGITAL
TRANSFORMATION**

business value

Unified customer journey across fixed-line and mobile, shorter average handling times, reduced time to market, and cost savings

Progress in Strategic Domains (cont'd)

Helping service providers deliver seamless experiences to their consumers and enterprise customers, enabled by the innovation we bring across key domains:

NETWORK AUTOMATION

Real-time, automated networks to deliver dynamic connected experiences

wins

 FASTWEB

INVENTORY
MODERNIZATION

 vodafone

INVENTORY &
NEXTGEN OSS

 COMCAST

MULTI-YEAR NETWORK
OPTIMIZATION TESTING

business value

Improve time-to-market with innovative new services in the 5G and cloud era

Harmonization of inventory systems across multiple European countries will enable improved efficiency and cost savings

Network optimization

MEDIA

Monetize partner ecosystem and retain customers' end-users; support content delivery and monetization

wins

 Virgin media O₂

MARKET
ONE

business value

Ability to add entertainment subscriptions to monthly bill or bigger bundle with existing broadband, mobile and cable packages and expand company's growing portfolio of new OTT partners

Looking ahead: Tracking at the high end of guidance in FY2022

Amdocs is well positioned to monetize a large and expanding pipeline of opportunity:

Innovative
market-leading technology

Unrivalled
track-record of execution

Highly skilled
and talented employee base

A

**Reiterating
FY2022-2024
revenue
growth outlook**

6.0%-10.0%⁽¹⁾⁽²⁾

Annual three-year revenue growth target

(Guidance does not depend on a material level of M&A activity)

B

**FY2022
revenue and
EPS guidance**

Tracking at **high end** of guidance range for both revenue and EPS:

Revenue growth **8.0%-10.0%**
Pro forma, constant currency ^{1,2}

Non-GAAP ³ **EPS growth** **9.0%-12.0%**
Pro forma ¹

1. Pro forma excludes the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.
2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period.
3. Pro forma non-GAAP diluted. See reconciliation tables in appendix



Tamar Rapaport-Dagim

Chief Financial Officer
& Chief Operating Officer

Financial Update & Outlook

Q2 FY2022 Financial Highlights

Record revenue in Q2 2022

3rd straight quarter of **+10% YoY** revenue growth⁽¹⁾⁽²⁾

Best-ever quarter in North America

Consistent non-GAAP operating margin while accelerating R&D investments

Diluted EPS **positively** impacted by **lower** than anticipated tax rate

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.

2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

3. Non-GAAP. See reconciliation tables in appendix

Q2 2022 Results

Q2 Revenue

\$1,145 million

+10.1% YoY⁽²⁾

High-end of guidance
(\$1,110M - \$1,150M)

Q2 Non-GAAP⁽³⁾ Operating Margin

17.6%, +10 bps QoQ

Above midpoint of annual target range of **17.2% - 17.8%**, and unchanged YoY

Q2 GAAP Diluted EPS

\$1.28

Above guidance high-end
(\$0.96 - \$1.04)

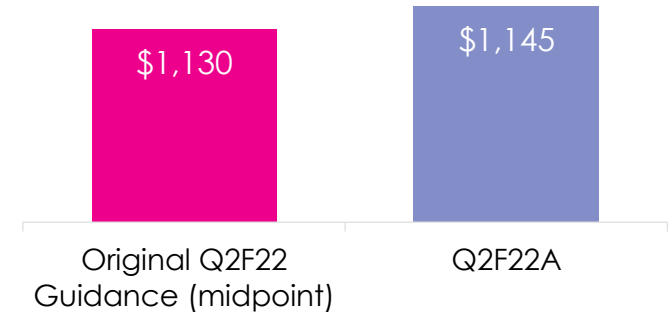
Q2 Non-GAAP⁽³⁾ Diluted EPS

\$1.54

Above guidance high-end
(\$1.22 - \$1.28)

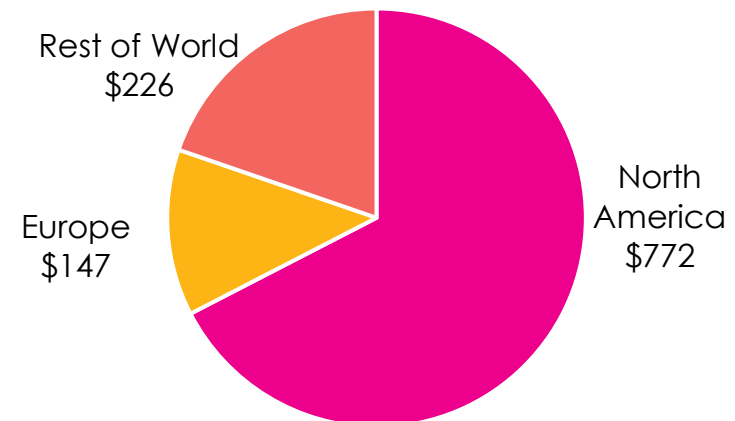
Q2 2022 Revenue vs. Guidance

\$ Millions



Q2 2022 Revenue by Region

\$ Millions



Leading Indicators & Business Model Resiliency

12-Month Backlog

~\$3.89B

Record-high level as of March 31, 2022
~ +10% YoY, +\$60M QoQ

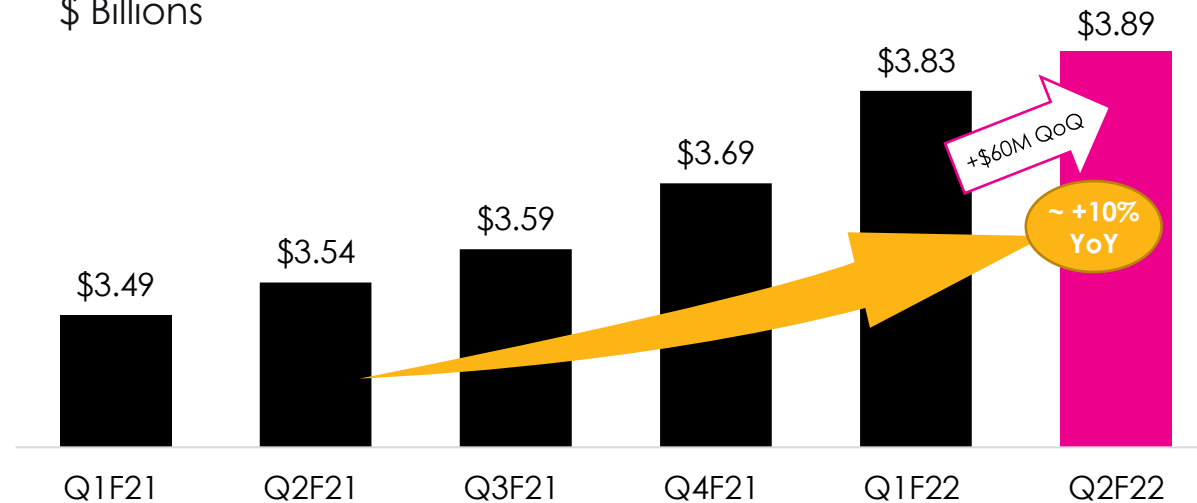
Leading Indicator

Roughly 80%

12-month backlog typically covers ~80% of forward 12-month revenue

Record Quarterly 12-Month Backlog in Q2F22

\$ Billions



12-month backlog includes:

- Anticipated revenue related to contracts
- Estimated revenue from **managed services** contracts
- Letters of intent
- **Maintenance**
- Estimated **ongoing support** activities

Leading Indicators & Business Model Resiliency

Managed Services
~\$663M
Record-high level as of
 March 31, 2022
 ~ +5% YoY

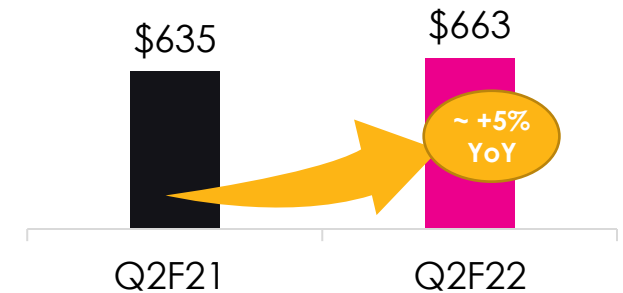
Close to
100%

managed services contract renewals

Record-High Managed Services Revenue in Q2F22

\$ Millions

Managed services arrangements support business model resiliency with highly recurring revenue streams, multi-year engagements and high renewal rates, and may also include large-scale digital transformation projects



Bell Canada

5-year managed services extension through 2027

Support continued cloud transformation

PLDT Philippines

3-year managed services extension through 2028

Future projects to support PLDT's cloud journey

Balance Sheet & Cash Flow

Strong normalized free cash flow of \$160 million, even with Q2 seasonal weakness due to the timing of annual bonus payments

Ample liquidity to support ongoing business needs while retaining the capacity to fund future strategic growth investments

DSO's

81 days

+2 days YoY and +2 days QoQ
DSO's may fluctuate from quarter to quarter

Deferred revenue > unbilled

Improved by \$48 million

Deferred revenue: +\$17M QoQ
Unbilled receivables: -\$31M QoQ

Items fluctuate from quarter to quarter in line with normal business activities.

Liquidity: Cash + Credit Facility \$1.4 billion

Ample liquidity including available \$500M revolving credit facility

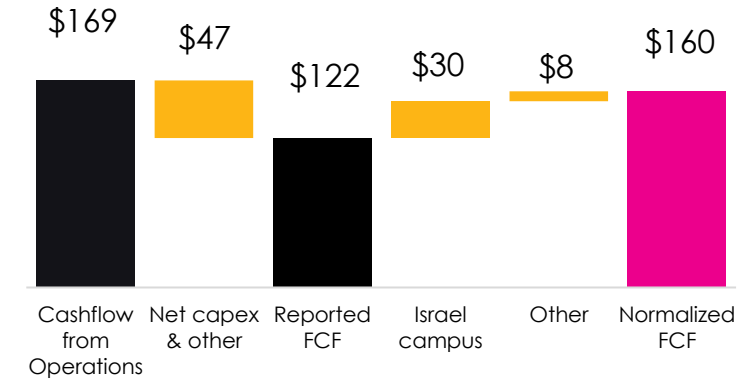
Baa2
Moody's

BBB
S&P

Remain committed to maintaining our Investment grade credit rating

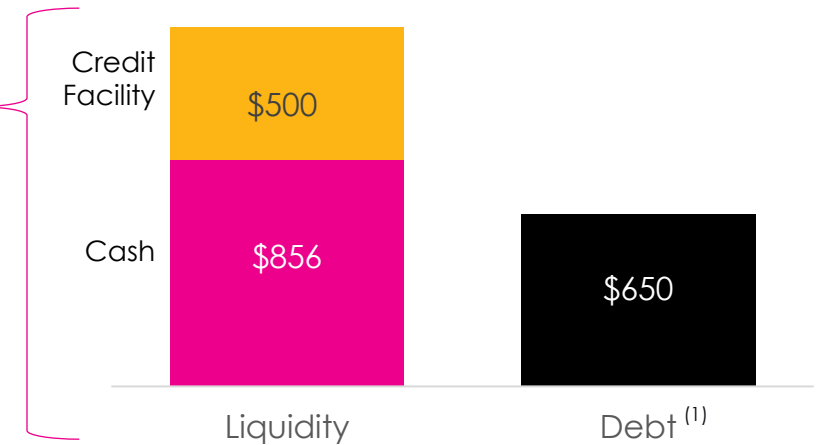
Q2 2022 Free cash flow⁽²⁾ bridge

Reported FCF vs. Normalized FCF, \$ Millions



*Figures may not sum due to rounding

Cash, Credit Facility & Debt Position \$ Millions, as of March 31, 2022



- \$650M senior note, maturing June 2030
- Non-GAAP. See reconciliation tables in appendix

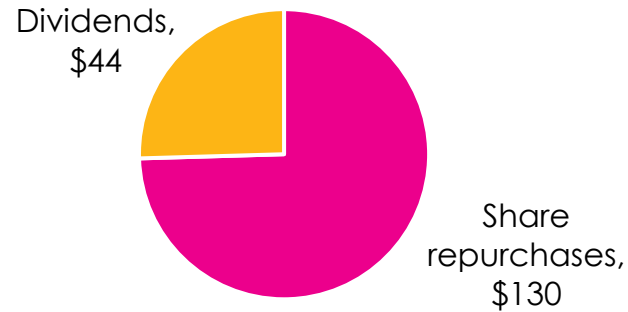
Disciplined Capital Allocation

Reiterating normalized free cash flow (FCF) outlook of \$650M in FY2022, equating to ~100% cash conversion

Expect the **majority** of normalized free cash flow to be returned to shareholders by way of share repurchases and quarterly cash dividend payments in FY2022

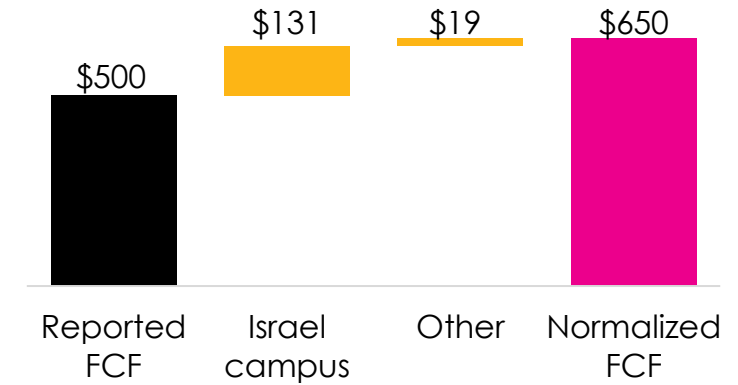
1. Non-GAAP. See reconciliation tables in appendix

Q2 2022 Cash Returned to Shareholders \$ Millions

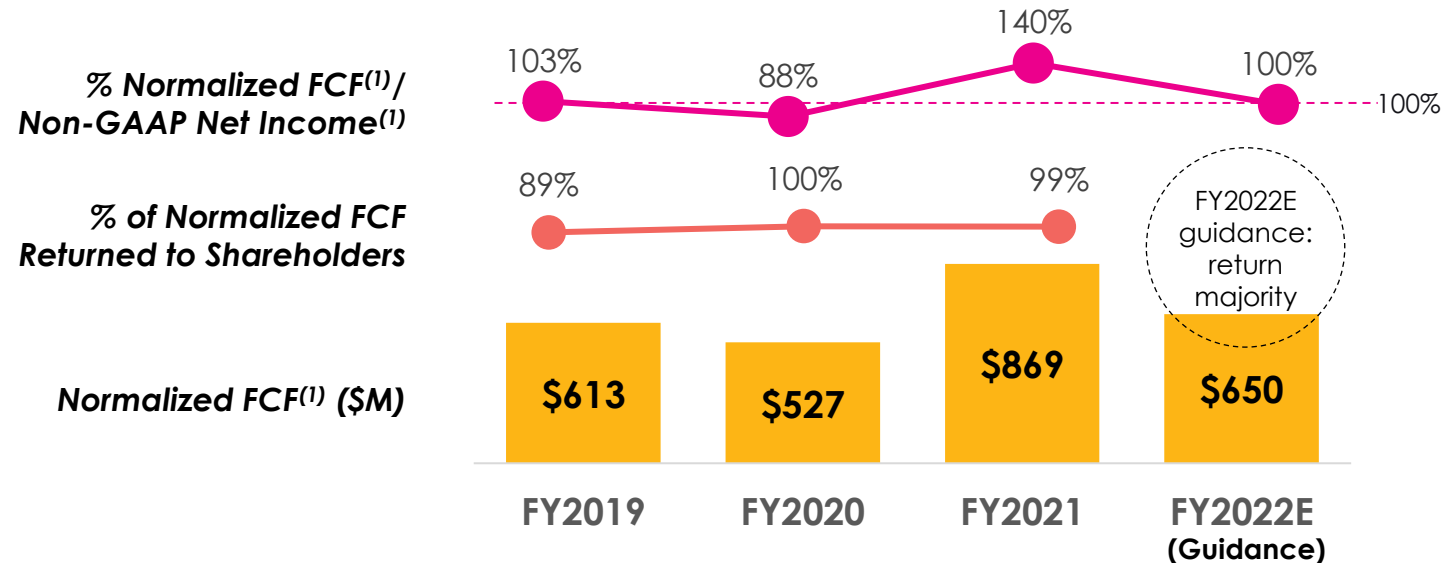


As of March 31, roughly **\$0.7B** of share repurchase authorization capacity remained

FY2022E Normalized FCF outlook⁽¹⁾ \$ Millions



Normalized FCF⁽¹⁾: Three-year historical trend and FY2022E outlook



FY2022 Outlook

Tracking in line with **high end** of pro forma⁽¹⁾ outlooks for revenue⁽⁴⁾ and diluted non-GAAP⁽²⁾ EPS growth in FY2022E

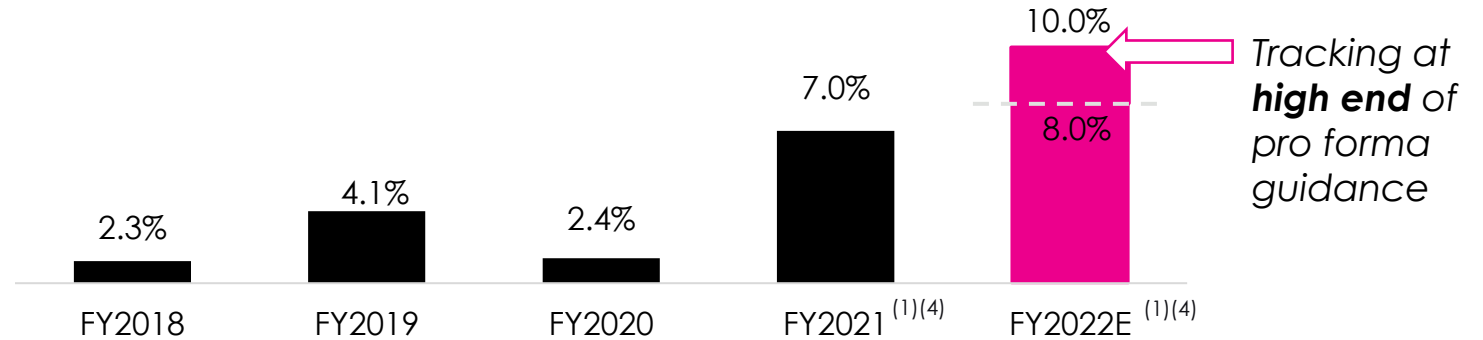
Firmly positioned to deliver **double-digit** total shareholder returns for the **second** year running

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.
2. Non-GAAP. See reconciliation tables in appendix
3. Expected total shareholder return assumes Non-GAAP EPS growth plus dividend yield (based on fiscal year end closing share price); FY2022E assumed midpoint of pro forma non-GAAP EPS outlook, and dividend yield based on proposed new quarterly rate of \$0.395 as of share price on 11/2/21
4. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

Revenue Growth

YoY% Growth Constant Currency⁽⁴⁾

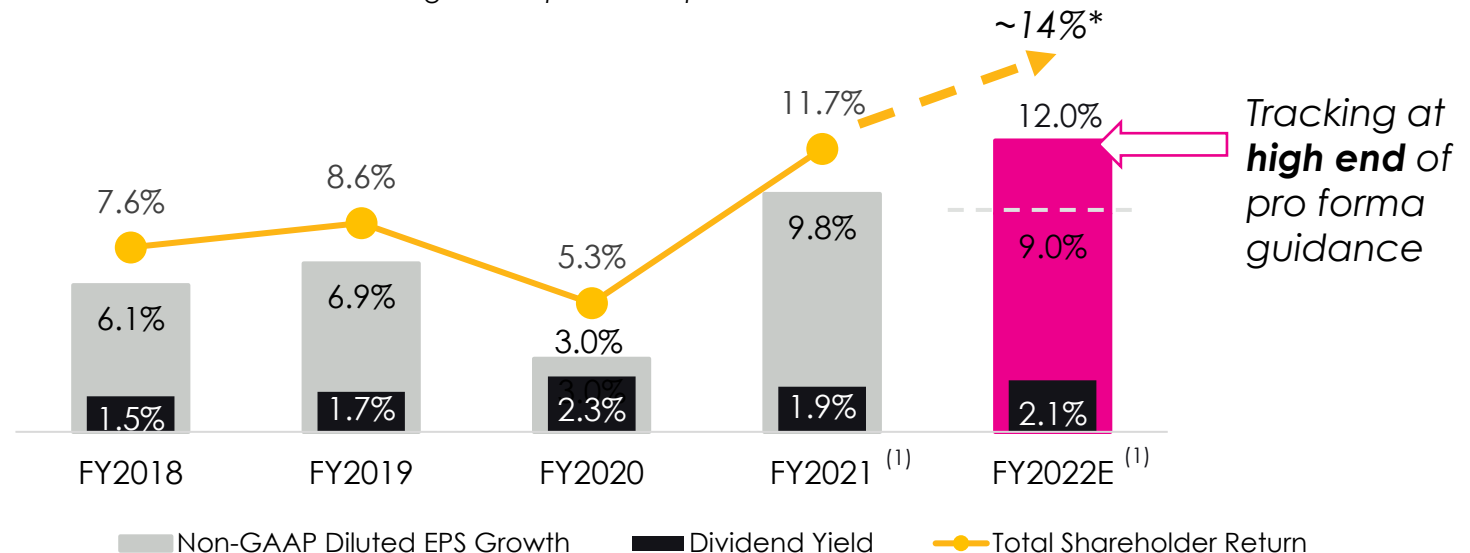
FY21 and FY22E revenue is pro forma⁽¹⁾ constant currency⁽⁴⁾



Total Shareholder Return⁽³⁾

Non-GAAP⁽²⁾ Diluted EPS Growth YoY % + Dividend Yield

FY21 and FY22E non-GAAP EPS growth is presented pro forma⁽¹⁾



*Non-GAAP pro forma EPS growth of 12%, plus ~2% dividend yield

Q&A



Let's
make it
amazing



Q3 & FY2022 Outlook

Tracking at **high-end** of pro forma⁽¹⁾ outlooks for revenue⁽³⁾ and diluted non-GAAP⁽²⁾ EPS growth in FY2022E

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.

2. Non-GAAP. See reconciliation tables in appendix

3. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

Q3 Fiscal 2022 Outlook

Revenue	\$1,140 - \$1,180 million
GAAP EPS	\$0.97 - \$1.05
Non-GAAP ⁽²⁾ EPS	\$1.23 - \$1.29
Share Count	124 million
Effective Tax Rate Non-GAAP ⁽²⁾	Above high-end of annual target range of 13%-17%

Full Year Fiscal 2022 Outlook	Updated	Previous
Revenue growth As reported	5.2% - 7.2%	3.4% - 7.4%
Revenue growth Pro forma ⁽¹⁾ , constant currency ⁽³⁾	8.0% - 10.0%	6.0% - 10.0%
Non-GAAP ⁽²⁾ EPS growth As reported	7.3% - 10.3%	6.3% - 10.3%
Non-GAAP ⁽²⁾ EPS growth Pro forma ⁽¹⁾	9.0% - 12.0%	8.0% - 12.0%
Operating Margin Non-GAAP ⁽²⁾	17.2%-17.8%	17.2%-17.8%
Effective Tax Rate Non-GAAP ⁽²⁾	13.0%-17.0%	13.0%-17.0%
Free cash flow ⁽²⁾	\$500 million	\$500 million
Normalized free cash flow ⁽²⁾	\$650 million	\$650 million

Appendix

Reconciliation Tables



Reconciliation Tables

- a) Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- b) Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- c) The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$555 and \$136 for the six months ended March 31, 2022 and 2021, respectively.

AMDOCS LIMITED Selected Financial Metrics (In thousands, except per share data)

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021 ^(a)
Revenue	\$ 1,145,271	\$ 1,048,734	\$ 2,249,903	\$ 2,135,077
Non-GAAP operating income	201,625	184,883	395,232	372,864
Non-GAAP net income	190,944	148,095	341,079	301,067
Non-GAAP diluted earnings per share	\$ 1.54	\$ 1.13	\$ 2.74	\$ 2.30
Diluted weighted average number of shares outstanding	123,821	130,696	124,571	131,147

Free Cash Flows and Normalized Free Cash Flow (In thousands)

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021 ^(a)
Net Cash Provided by Operating Activities	\$ 168,856	\$ 119,736	\$ 372,974	\$ 536,221
Purchases of property and equipment, net ^(c)	(47,271)	(49,245)	(104,496)	(99,310)
Free Cash Flow	121,585	70,491	268,478	436,911
Tax payment on sale of business ^(b)	3,193	25,190	3,193	25,190
Payments of acquisition related liabilities	4,871	13,234	14,350	13,234
Net capital expenditures related to the new campus development	30,109	24,221	59,416	42,555
Normalized Free Cash Flow	\$ 159,758	\$ 133,136	\$ 345,437	\$ 517,890

Reconciliation Tables

AMDOCS LIMITED Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP (In thousands)

GAAP	Three months ended March 31, 2022						Non-GAAP
	Amortization of purchased intangible assets and other	Equity based compensation expense	Reconciliation items			Tax effect	
			Changes in certain acquisitions related liabilities measured at fair value	Other			
Operating expenses:							
Cost of revenue	\$ 741,257	\$ -	\$ (8,070)	\$ (1,820)	\$ -	\$ -	\$ 731,367
Research and development	87,064	-	(1,375)	-	-	-	85,689
Selling, general and administrative	134,982	-	(8,392)	-	-	-	126,590
Amortization of purchased intangible assets and other	18,317	(18,317)	-	-	-	-	-
Total operating expenses	981,620	(18,317)	(17,837)	(1,820)	-	-	943,646
Operating income	163,651	18,317	17,837	1,820	-	-	201,625
Interest and other expense, net	(8,619)	-	-	-	1,100	-	(7,519)
Income tax (benefit) expense	(3,465)	-	-	-	-	6,627	3,162
Net income	\$ 158,497	\$ 18,317	\$ 17,837	\$ 1,820	\$ 1,100	\$ (6,627)	\$ 190,944

GAAP	Three months ended March 31, 2021						Non-GAAP
	Amortization of purchased intangible assets and other	Equity based compensation expense	Reconciliation items			Tax effect	
			Changes in certain acquisitions related liabilities measured at fair value	Other			
Operating expenses:							
Cost of revenue	\$ 685,515	\$ -	\$ (5,582)	\$ (394)	\$ -	\$ -	\$ 679,539
Research and development	75,154	-	(1,012)	-	-	-	74,142
Selling, general and administrative	116,951	-	(6,781)	-	-	-	110,170
Amortization of purchased intangible assets and other	21,870	(21,870)	-	-	-	-	-
Total operating expenses	899,490	(21,870)	(13,375)	(394)	-	-	863,851
Operating income	149,244	21,870	13,375	394	-	-	184,883
Interest and other expense, net	(3,542)	-	-	-	(375)	-	(3,917)
Income tax (benefit) expense	26,635	-	-	-	-	6,236	32,871
Net income	\$ 119,067	\$ 21,870	\$ 13,375	\$ 394	\$ (375)	\$ (6,236)	\$ 148,095

- Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$555 and \$136 for the six months ended March 31, 2022 and 2021, respectively.

Reconciliation Tables

- Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$555 and \$136 for the six months ended March 31, 2022 and 2021, respectively.

AMDOCS LIMITED Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP (In thousands)

Six months ended March 31, 2022								
GAAP	Reconciliation items							Non-GAAP
	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Gain from sale of a business	Other	Tax effect		
Operating expenses:								
Cost of revenue	\$ 1,457,975	\$ -	\$ (15,217)	\$ (793)	\$ -	\$ -	\$ -	\$ 1,441,965
Research and development	169,009	-	(2,598)	-	-	-	-	166,411
Selling, general and administrative	263,058	-	(16,763)	-	-	-	-	246,295
Amortization of purchased intangible assets and other	36,064	(36,064)	-	-	-	-	-	-
Total operating expenses	1,926,106	(36,064)	(34,578)	(793)	-	-	-	1,854,671
Operating income	323,797	36,064	34,578	793	-	-	-	395,232
Interest and other expense, net	(11,181)	-	-	-	-	(2,505)	-	(13,686)
Gain from sale of a business	10,000	-	-	-	(10,000)	-	-	-
Income tax (benefit) expense	30,517	-	-	-	-	-	9,950	40,467
Net income	\$ 292,099	\$ 36,064	\$ 34,578	\$ 793	\$ (10,000)	\$ (2,505)	\$ (9,950)	\$ 341,079
Six months ended March 31, 2021 ^(a)								
GAAP	Reconciliation items							Non-GAAP
	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Gain from sale of a business	Other	Tax effect		
Operating expenses:								
Cost of revenue	\$ 1,414,231	\$ -	\$ (10,523)	\$ (15,728)	\$ -	\$ -	\$ -	\$ 1,387,980
Research and development	150,823	-	(1,844)	-	-	-	-	148,979
Selling, general and administrative	238,839	-	(13,585)	-	-	-	-	225,254
Amortization of purchased intangible assets and other	41,740	(41,740)	-	-	-	-	-	-
Total operating expenses	1,845,633	(41,740)	(25,952)	(15,728)	-	-	-	1,762,213
Operating income	289,444	41,740	25,952	15,728	-	-	-	372,864
Interest and other expense, net	(10,032)	-	-	-	-	824	-	(9,208)
Gain from sale of a business	226,410	-	-	-	(226,410)	-	-	-
Income tax (benefit) expense	87,123	-	-	-	-	-	(24,534)	62,589
Net income	\$ 418,699	\$ 41,740	\$ 25,952	\$ 15,728	\$ (226,410)	\$ 824	\$ 24,534	\$ 301,067