

Amdocs Limited

NASDAQ: DOX

Fiscal Q1 2023 Earnings Presentation

January 31, 2023

Shuky Sheffer
President & CEO

Tamar Rapaport-Dagim
CFO & COO



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This presentation includes non-GAAP financial measures, including non-GAAP operating margin, free cash flow, revenue on a constant currency basis, non-GAAP net income, non-GAAP net income attributable to Amdocs Limited, and non-GAAP earnings per share. Free cash flow equals cash generated by operating activities less net capital expenditures and other. While in prior years Amdocs used 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, Amdocs is no longer reporting normalized free cash flow. Normalized free cash flow is not comparable to free cash flow. 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 January 31, 2023 with respect to earnings for fiscal Q1 2023. The press release contains additional information regarding Amdocs' outlook for fiscal year 2023 and certain non-GAAP metrics and their reconciliations.

Today's Speakers



**Shuky
Sheffer**

President &
Chief Executive Officer

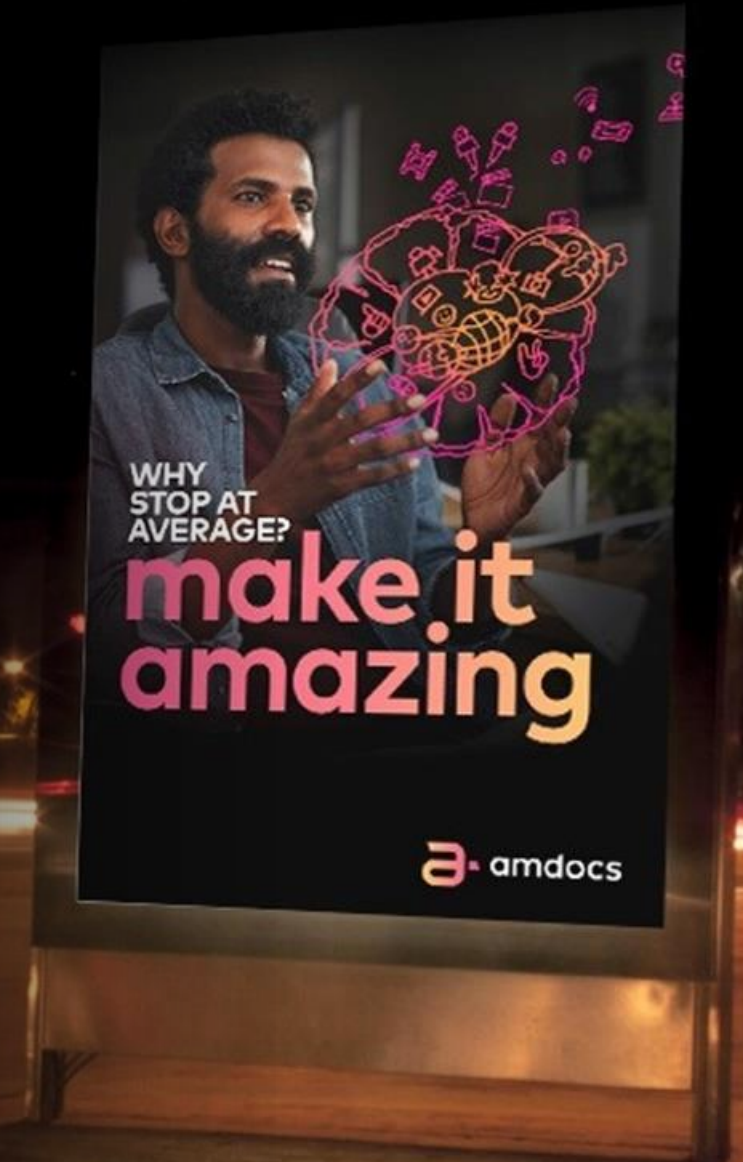


**Tamar
Rapaport-Dagim**

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

Strong Start to Fiscal Year 2023



I am pleased to report **strong first quarter results**, sincere thanks for which go to our **incredible people** around the world



THANK YOU!

Positioned to Deliver another Year of Consistent and Profitable Growth in Fiscal 2023

Revenue



Record
\$1.19B

Up 9.5%⁽¹⁾ YoY,
above guidance
midpoint

12-month backlog



Record
\$4.1B

Up ~7% from a year
ago, on continued sales
momentum

Non-GAAP EPS²



\$1.45

Above guidance range

Reflects better
profitability, higher
revenue and lower than
expected non-GAAP
effective tax rate

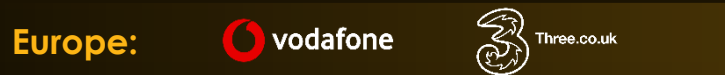
1. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
2. Non-GAAP. See reconciliation tables in appendix

Q1-23 Operational Highlights



Strong value-driven engagements

Continued sales momentum and deepened our long-standing relationship with key customers:



Continued to diversify Amdocs' customer base:



Media: new projects and extension in past year



Unrivalled execution and operations

Another great quarter of successful project execution including major project milestone



Direct outcome of our:

- (i) Highly **skilled workforce**
- (ii) Unique **global delivery model**
- (iii) Regional **site strategy** which is constantly refined as we **optimize our global talent pool**

Delivered flawless operational support to our customers over the peak retail volume of Black Friday and holiday season



Technology & product leadership

Maintained high level of R&D investment

MWC in Barcelona: opportunity to introduce our latest innovative products and services



Remain committed to disciplined M&A

Constantly evaluating a broad pipeline of strategic M&A opportunities

Striving for Excellence in Amdocs' Approach to ESG

Included as a member of the
2023
Bloomberg
Gender-
Equality
Index



Included for the 4th consecutive year in the
Dow Jones
Sustainability
Index for NA



Amdocs India recognized as one of the **Most Preferred Workplaces** in IT sector & IT Enabled Services for **2022 – 2023**



Improved our environmental disclosure rating at CDP from B to A-



The new state-of-the-art campus in Israel has been **LEED Gold certified** for its **sustainable** design and operations



We are dedicated to making a positive impact

Progress in Strategic Domains (1/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises

Cloud



Journey to the cloud:
accelerate
cloud adoption

T Mobile

win

Cloud-hosted Intelligent Networking Suite

business value

Enables provisioning of advanced 5G services

**vodafone
Ireland**

win

Modernization and migration of Amdocs workloads from on-premises to the cloud

business value

Enables greater flexibility and capacity, an improved customer experience and adoption of 5G innovations

**Tier One Operator
in Southeast Asia**

win

Migration of existing Amdocs' BSS suite to a modern cloud infrastructure

business value

Enables improving security, operability and resiliency while defining the journey towards a full cloud-native environment

Progress in Strategic Domains (2/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises

Digital transformation

Creating seamless digital experiences by transforming IT operations

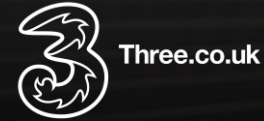


win

Several new projects, including upgrade to the new Amdocs Data Hub for Mobile & B2B on the cloud

business value

Enable greater flexibility and capacity, improved customer experience and rapid adoption of the latest 5G innovations



win

Modernization of cloud-based data architecture under a multi-year managed services deal

business value

Enables timely recommendations and suggestions based on data-driven decision making



win

AI-driven data insights

business value

Enables business growth, time-to-market agility, and operational efficiencies through AI-driven insights

Progress in Strategic Domains (3/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises

5G monetization

Monetization of **new 5G services** and support of **exciting new 5G use cases**

Tier One Operator in NA

win

Home Operating System

business value

Simplifies internet and device management, automates customer support and introduces enhanced security features for fixed wireless broadband customers

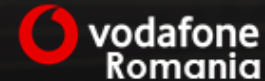


win

Online charging and billing infrastructure modernization

business value

Enables contextualized and differentiated 5G offerings with flexible price plans



win

Modernization of revenue management systems

business value

Enables faster time to market for new offerings



win

Next-gen charging platform

business value

Enables monetization of new standalone 5G services while reducing operating costs



win

3- year extension for ongoing support services

business value

Fast-track development for Amdocs' Turbo charging and Catalog platforms

Progress in Strategic Domains (4/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises

Network automation

Delivering dynamic connected experiences with **real-time, automated networks**

Leading Australian Operator

win

Operational support system (OSS) modernization

business value

Provides increased performance, business agility and cost-savings



win

Delivery of digital infrastructure services as part of Colt's continuous modernization journey

business value

Empower Colt customers and employees around the world



win

System Integration services for vRAN

business value

Drives mass scale of automation, and deployment efficiency



win

Deployment of cloud-native network optimization suite

business value

Maximizes network performance and accessibility and benefits of greater flexibility, scalability, and automation

Looking Ahead: Reiterating FY2023 Revenue Growth Outlook of 6%-10% constant currency⁽¹⁾

While Amdocs and our global customers are **not immune to economic cycles** and we continue to **closely monitor** the current period of **global macro uncertainty**, we remain **confident in our growth outlook**

Well-situated at the heart of the **multi-year 5G, network automation, digital and cloud-driven investment cycle** as a key **technology enabler** and strong **delivery reputation**

Continue to see **healthy levels of engagement** and **attractive pipeline of opportunity** as we collaborate with our customers to evaluate their needs

We bring highly relevant capabilities in digital, cloud and automation **helping our customers to address the complex macro-economic situation**

 **Improved customer experience**

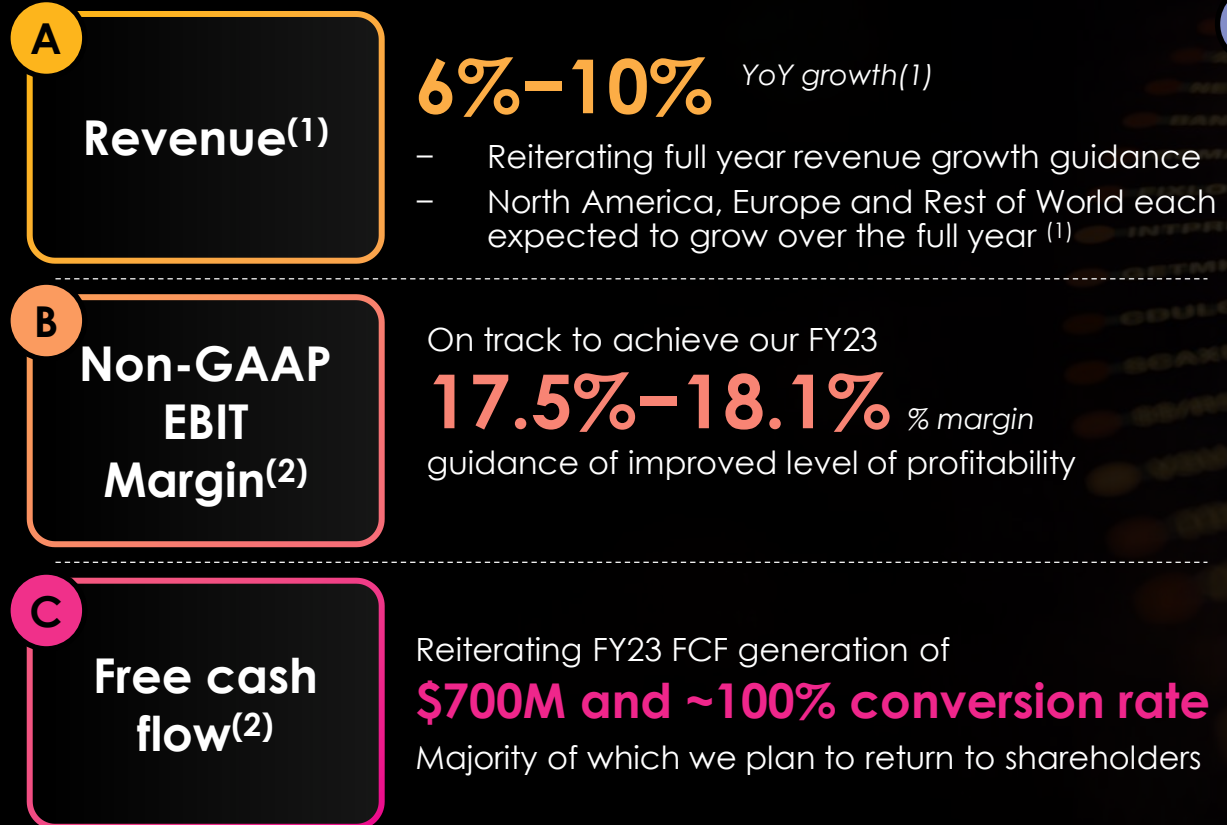
 **Accelerated cost reduction**

 **Increased efficiency**

Unique business model highly **recurring** revenue streams and strong **business visibility** resulting from our support of **mission critical** systems under **multi-year** engagements

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

Looking Ahead: Raising FY2023 Non-GAAP EPS Growth Outlook



We are positioned to deliver **double-digit expected total shareholder returns⁽³⁾** for the **third** straight year in fiscal 2023

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

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); FY2023E assumed midpoint of pro forma non-GAAP EPS outlook, and dividend yield based on proposed new quarterly rate of \$0.435 as of share price on 11/8/22



Tamar Rapaport-Dagim

Chief Financial Officer
& Chief Operating Officer

Financial Update & Outlook

Q1 FY2023 Financial Highlights

Record revenue, +7.3% YoY as reported and **+9.5% YoY** constant currency⁽¹⁾

Best-ever quarter in North America

Europe **acceleration** as projects ramp-up

Improved non-GAAP operating margin while maintaining high levels of R&D investments

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

2. Non-GAAP. See reconciliation tables in appendix

Q1 2023 Results

Q1 Revenue

\$1,186 million

+7.3% YoY, +9.5% constant currency ⁽¹⁾

Above guidance midpoint
(\$1,155M - \$1,195M)

Q1 Non-GAAP⁽²⁾ Operating Margin

17.7%, +20bps YoY

+10 bps QoQ and within annual target range of **17.5% - 18.1%**

Q1 GAAP Diluted EPS

\$1.07

Toward **higher-end of** guidance
(\$1.00 - \$1.08)

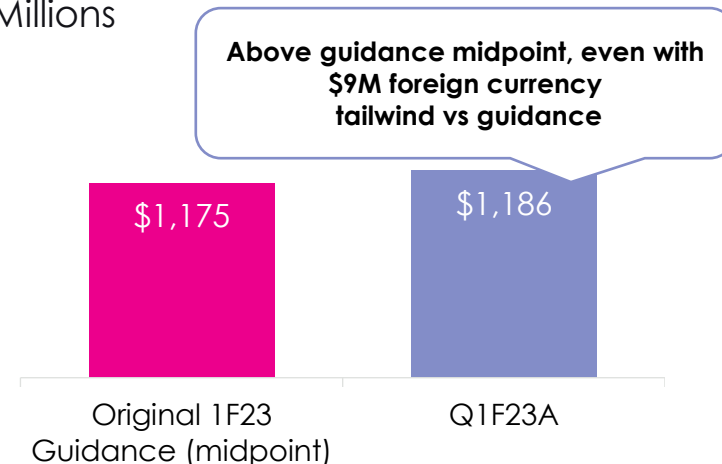
Q1 Non-GAAP⁽²⁾ Diluted EPS

\$1.45

Above guidance range
(\$1.29 - \$1.35)

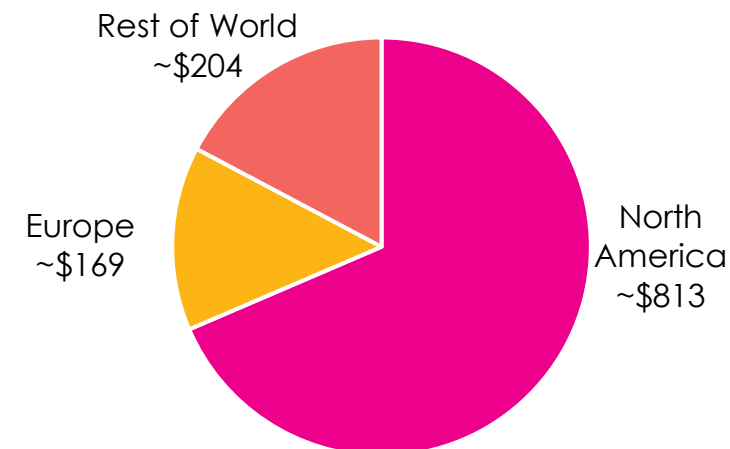
Q1 2023 Revenue vs. Guidance

\$ Millions



Q1 2023 Revenue by Region

\$ Millions



Leading Indicators & Business Model Resiliency

12-Month Backlog

~\$4.09B

Record-high level as of December 31, 2022
~ +6.8% YoY, +\$120M QoQ

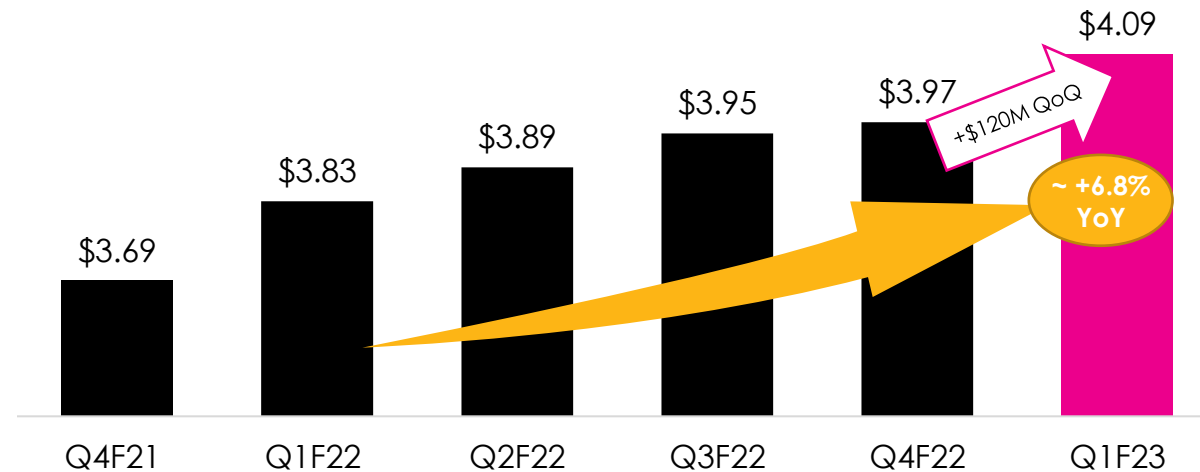
Leading Indicator

Roughly 80%

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

Record Quarterly 12-Month Backlog in Q1F23

\$ 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

~\$700M

~ +6.1% YoY

~59% of total revenue

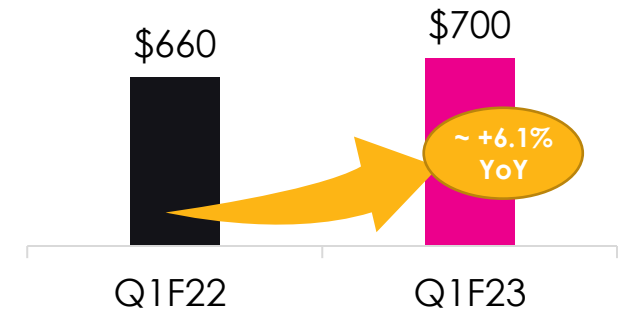
Close to
100%

managed services contract renewals

Managed Services Revenue: Q1 2023

\$ 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



Revenue management system modernization, including multi-year managed services extension



Migration to modern, cloud-based data architecture under a multi-year managed services extension



Provision of AI-driven data insights, implemented on public cloud and delivered under multi-year managed services agreement



New managed services agreement which will offer an improved billing experience for Dish commercial TV customers.

Balance Sheet & Cash Flow

Q1 2023 cash collections impacted by timing of quarter-end holidays, but payments **subsequently received** in January

1H FY2023 free cash flow **tracking in line** with expectations, taking into consideration normal seasonal timing of annual bonus payments in Q2

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

DSO's

87 days

+8 days YoY and +13 days QoQ
DSO's may fluctuate from quarter to quarter

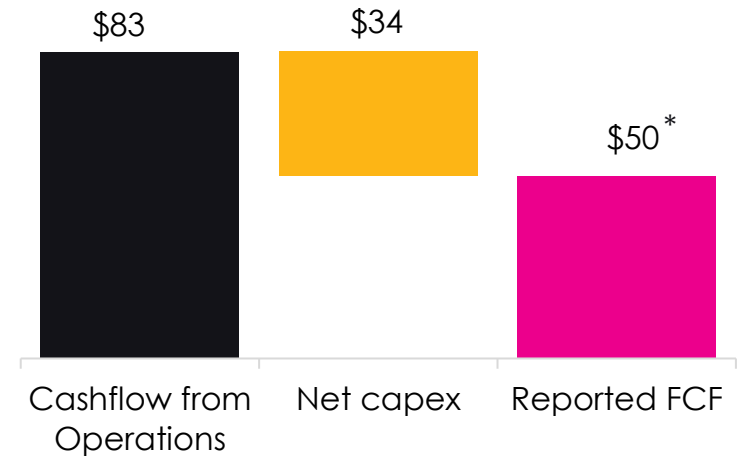
Deferred revenue > unbilled

-\$39 million QoQ

Deferred revenue: -\$6M QoQ
Unbilled receivables: +\$33M QoQ

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

Q1 2023 Free cash flow⁽²⁾ bridge



*Figures may not sum due to rounding

Liquidity: Cash + Credit Facility

\$1.2 billion

Ample liquidity including available \$500M revolving credit facility

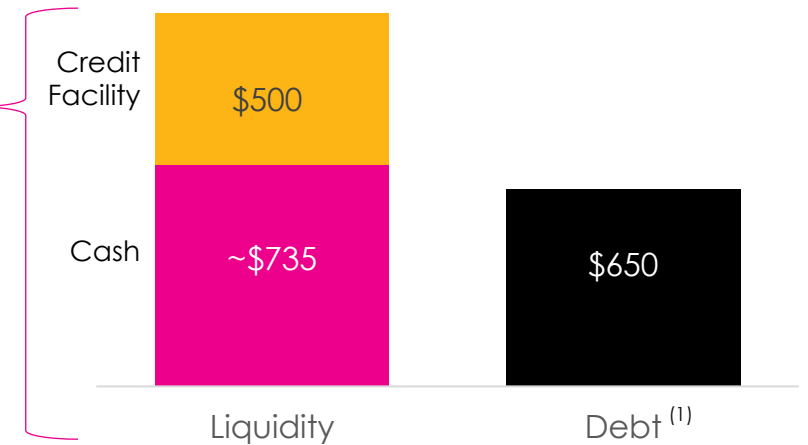
Baa2
Moody's

BBB
S&P

Remain committed to maintaining our Investment grade credit rating

Cash, Credit Facility & Debt Position

\$ Millions, as of December 31, 2022



1. \$650M senior note, maturing June 2030
2. Non-GAAP. See reconciliation tables in appendix

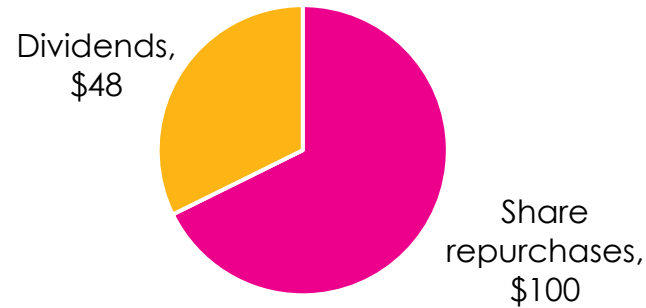
Disciplined Capital Allocation

Reiterating free cash flow⁽¹⁾ (FCF) outlook of **\$700M** in FY2023, equating to roughly 100% cash conversion

~6% free cash flow yield⁽²⁾

Expects to return the **majority** of free cash flow to shareholders in FY2023

Q1 2023 Cash Returned to Shareholders \$ Millions



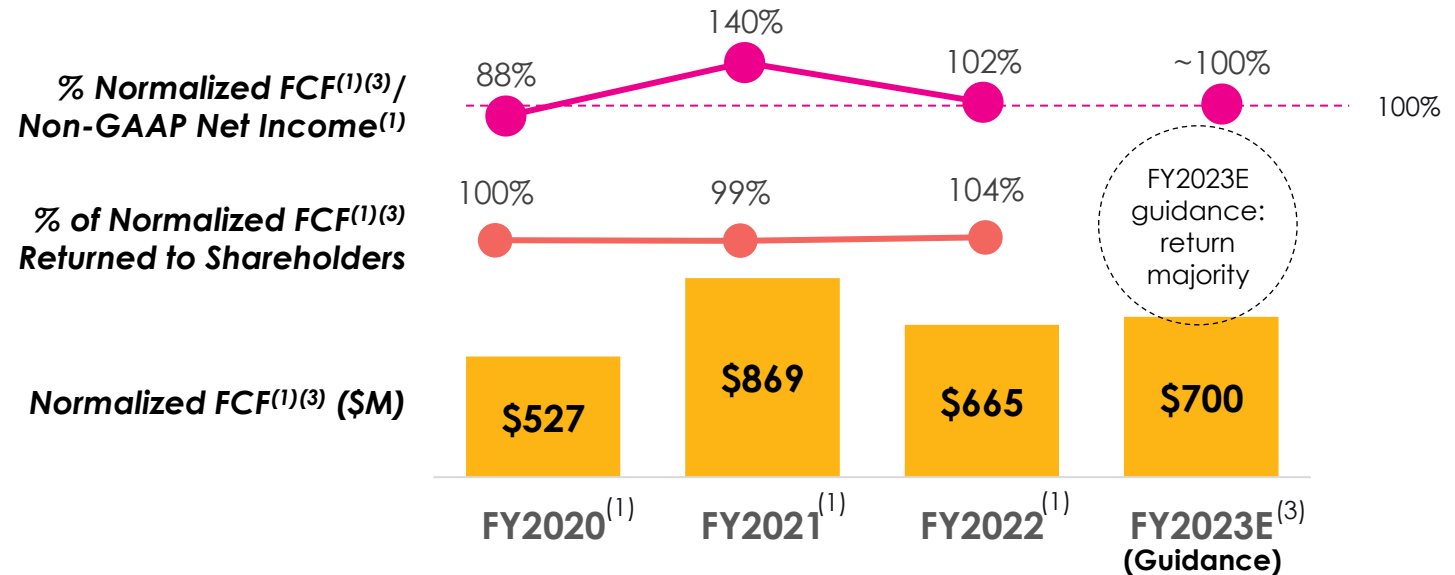
Quarterly Dividend

Board authorized quarterly dividend payment:

43.5 cents

As of December 31, roughly **\$0.4B** of share repurchase authorization capacity remained

Normalized FCF⁽¹⁾⁽³⁾ : Three-year historical trend and FY2023E outlook



1. Non-GAAP. See appendix tables for reconciliation of normalized FCF
 2. Yield = expected reported free cash flow of \$700M in FY2023 as a percentage of Amdocs' market capitalization as of January 31, 2023
 3. FCF in FY2020, FY2021 and FY2022 is presented on a normalized basis, which mainly excludes net capital expenditures related to the new campus development; normalized FCF disclosure is no longer applicable in FY2023

FY2023 Outlook

On-track for **~6%-10% YoY⁽⁴⁾** revenue growth in FY2023E

Raising non-GAAP diluted EPS outlook to **9%-13%** from 8%-12% previously

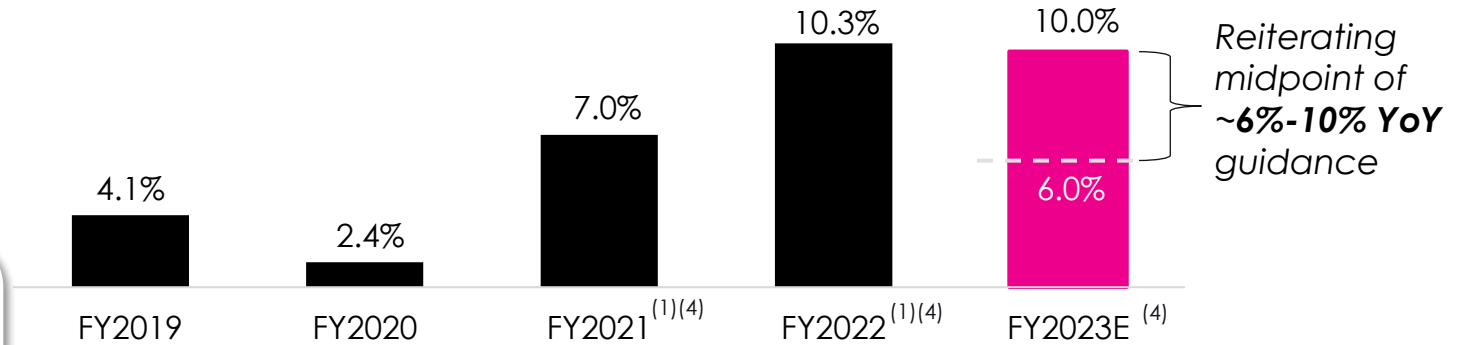
Positioned to deliver **double-digit** expected total shareholder returns for **third** year running

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); FY2023E assumed midpoint of pro forma non-GAAP EPS outlook, and dividend yield based on proposed new quarterly rate of \$0.435 as of share price on 11/8/22
4. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

Revenue Growth

YoY% Growth Constant Currency⁽⁴⁾

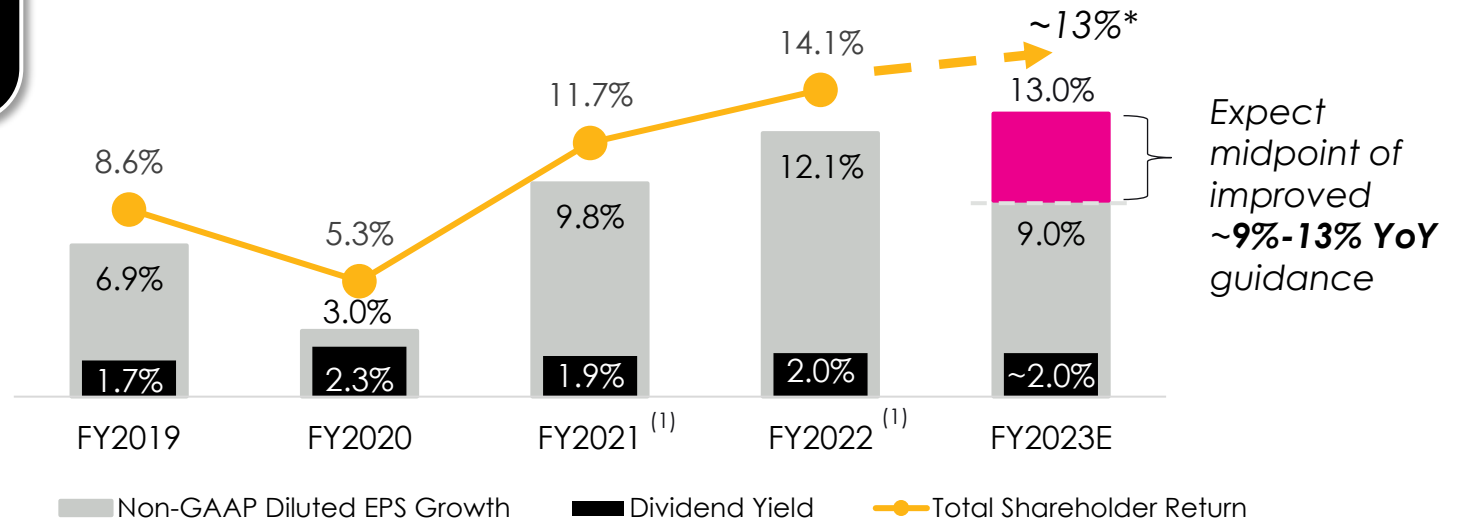
FY21 and FY22 revenue is pro forma⁽¹⁾ constant currency⁽⁴⁾



Total Shareholder Return⁽³⁾

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

FY21 and FY22 non-GAAP EPS growth is presented pro forma⁽¹⁾



*Non-GAAP⁽²⁾ EPS growth of 11%, plus ~2% dividend yield

Q&A



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Q2 & FY2023 Outlook

On-track to deliver **double-digit** total shareholder returns for the **third** year running

1. Non-GAAP. See reconciliation tables in appendix

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

Q2 Fiscal 2023 Outlook

Revenue	\$1,200 - \$1,240 million
GAAP EPS	\$1.18 - \$1.26
Non-GAAP ⁽¹⁾ EPS	\$1.44 - \$1.50
Share Count	122 million
Non-GAAP ⁽¹⁾ Effective Tax Rate	In line with annual target range of 13%-17%

Full Year Fiscal 2023 Outlook	Updated	Previous
Revenue growth As reported	5.0% - 9.0%	4.0% - 8.0%
Revenue growth Constant currency ⁽²⁾	6.0 - 10.0%	6.0% - 10.0%
GAAP EPS growth	3.0% - 10.0%	3.0% - 10.0%
Non-GAAP ⁽¹⁾ EPS growth	9.0% - 13.0%	8.0% - 12.0%
Non-GAAP ⁽¹⁾ Operating Margin	17.5% - 18.1%	17.5% - 18.1%
Non-GAAP ⁽¹⁾ Effective Tax Rate	13.0% - 17.0%	13.0% - 17.0%
Free cash flow ⁽¹⁾	\$700 million	\$700 million

Appendix

Reconciliation Tables



Reconciliation Tables

- (a) The amounts under "Purchase of property and equipment, net", include proceeds from sale of property and equipment. There were no such proceeds in the three months ended December 31, 2022, while there was \$269 for the three months ended December 31, 2021.
- (b) Since Q12023, the Normalized Free Cash Flow is no longer applicable.

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

	Three months ended December 31,	
	2022	2021
Revenue	\$ 1,185,720	\$ 1,104,632
Non-GAAP operating income	209,538	193,607
Non-GAAP net income	176,542	150,135
Non-GAAP net income attributable to Amdocs Limited	176,337	150,135
Non-GAAP diluted earnings per share	\$ 1.45	\$ 1.2
Diluted weighted average number of shares outstanding	121,500	125,304

Free Cash Flows (In thousands)

	Three months ended December 31,	
	2022	2021
Net Cash Provided by Operating Activities	\$ 83,226	\$ 204,118
Purchase of property and equipment, net ^(a)	(33,703)	(57,225)
Free Cash Flow	\$ 49,523	\$ 146,893

Normalized Free Cash Flow^(b) for the three months ended December 31, 2021: \$185,679, excluding net capital expenditures related to the new campus development of \$29,307 and payment for acquisition related liability of \$9,479.

Reconciliation Tables

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

	Three months ended December 31, 2022							Non-GAAP
	GAAP	Reconciliation items					Tax effect	
		Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Restructuring charges			
Operating expenses:								
Cost of revenue	\$ 756,849	\$ -	\$ (8,655)	\$ (125)	\$ -	\$ -	\$ -	\$ 748,069
Research and development	95,726	-	(1,484)	-	-	-	-	94,242
Selling, general and administrative	143,222	-	(9,351)	-	-	-	-	133,871
Amortization of purchased intangible assets and other	15,313	(15,313)	-	-	-	-	-	-
Restructuring charges	24,536	-	-	-	(24,536)	-	-	-
Total operating expenses	1,035,646	(15,313)	(19,490)	(125)	(24,536)	-	-	976,182
Operating income	150,074	15,313	19,490	125	24,536	-	-	209,538
Interest and other expense, net	(4,963)	-	-	-	-	-	-	(4,963)
Income taxes	15,239	-	-	-	-	12,794	-	28,033
Net income	\$ 129,872	\$ 15,313	\$ 19,490	\$ 125	\$ 24,536	\$ (12,794)	\$ -	\$ 176,542
Net income attributable to noncontrolling interests	205	-	-	-	-	-	-	205
Net income attributable to Amdocs Limited	\$ 129,872	\$ 15,313	\$ 19,490	\$ 125	\$ 24,536	\$ (12,794)	\$ -	\$ 176,337

	Three months ended December 31, 2021							Non-GAAP
	GAAP	Reconciliation items					Tax effect	
		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		
Operating expenses:								
Cost of revenue	\$ 716,718	\$ -	\$ (7,147)	\$ 1,027	\$ -	\$ -	\$ -	\$ 710,598
Research and development	81,945	-	(1,223)	-	-	-	-	80,722
Selling, general and administrative	128,076	-	(8,371)	-	-	-	-	119,705
Amortization of purchased intangible assets and other	17,747	(17,747)	-	-	-	-	-	-
Total operating expenses	944,486	(17,747)	(16,741)	1,027	-	-	-	911,025
Operating income	160,146	17,747	16,741	(1,027)	-	-	-	193,607
Interest and other expense, net	(2,562)	-	-	-	-	(3,605)	-	(6,167)
Gain from sale of a business	10,000	-	-	-	(10,000)	-	-	-
Income taxes	33,982	-	-	-	-	-	3,323	37,305
Net income	\$ 133,602	\$ 17,747	\$ 16,741	\$ (1,027)	\$ (10,000)	\$ (3,605)	\$ (3,323)	\$ 150,135

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amazing**

