Financial outlook & investment thesis

Amdocs 2018 Analyst & Investor Briefing

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Chief Financial Officer & Chief Operating Officer
December 11, 2018

amdocs

Forward looking statements

This presentation and our remarks contain forward-looking statements (within the meaning of The Private Securities Litigation Reform Act of 1995) that involve substantial risks and uncertainties, including statements regarding our expectations and beliefs about our business, strategy, and future operating performance. These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors, including, but not limited to: changes in the overall economy; changes in competition in markets in which we operate; our ability to derive revenues in the future from our current research and development efforts; changes in the demand for our products and services; the loss of a significant customer; consolidation within the industries in which our customers operate; changes in the telecommunications regulatory environment; changes in technology that impact both the markets we serve and the types of products and services we provide; financial difficulties of our customers; losses of key personnel; difficulties in completing or integrating acquisitions; litigation and regulatory proceedings; and acts of war or terrorism. Please refer to our filings with the Securities and Exchange Commission, including our Annual Report on Form 20-F filed on December 10, 2018, and our Form 6-K furnished for the first quarter of fiscal 2018 on February 12, 2018, the second quarter of fiscal 2018 on May 21, 2018 and the third quarter of fiscal 2018 on August 13, 2018 for a discussion of these and other important factors.

You can identify forward-looking statements by words such as “expect,” “anticipate,” “believe,” “seek,” “estimate,” “project,” “forecast,” “continue,” “potential,” “should,” “would,” “could,” “intend” and “may,” and other words that convey uncertainty of future events or outcome. Statements that we make in this presentation that are not statements of historical fact also may be forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve risks, uncertainties, and assumptions that may cause our actual results to differ materially from the expectations that we describe in our forward-looking statements. There may be events in the future that we are not accurately able to predict, or over which we have no control. You should not place undue reliance on forward-looking statements. Although we may elect to update forward-looking statements in the future, we disclaim any obligation to update do so, even if our assumptions and projections change, except where applicable law may otherwise require us to do so. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

In addition, this presentation and our remarks include certain non-GAAP financial measures, including diluted earnings per share, free cash flow, non-GAAP operating margin, non-GAAP net income and non-GAAP diluted earnings per share growth. 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. We believe that the presentation of these non-GAAP financial measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations, as well as the net amount of cash generated by its business operations after taking into account capital spending required to maintain or expand the business. Additionally, we believe 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 our results of operations in conjunction with the corresponding GAAP measures.

Please refer to the explanation of these non-GAAP financial measures under the heading “Non-GAAP Financial Measures” in Exhibit 99.1 to our Form 6-K filed with the U.S. Securities and Exchange Commission on November 8, 2018, and to the Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP tables included therein.

Agenda

- **Report card on fiscal 2017-2019 performance**
- Growth drivers: offerings, regions, managed services
- Adjustment to disclosure practices
- Corporate social responsibility
- Three-year outlook and drivers fiscal 2019-2021
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Report card

Three-year outlook fiscal 2017-2019 tracking roughly in line with midpoint

	Target	Progress(2)
Revenue CAGR (2017–19)	**2.0%–5.0%** organic constant currency	**3.0%–4.0%** includes M&A constant currency
Non-GAAP operating margin(1)	**16.4%–17.4%**	**16.5%–17.5%** Tracking at higher-end
Non-GAAP EPS CAGR (2017–19)(1)	**4.5%–8.5%**	**5.2%–6.5%**
Capital allocation	**Returned a majority of FCF to shareholders while investing in M&A**	

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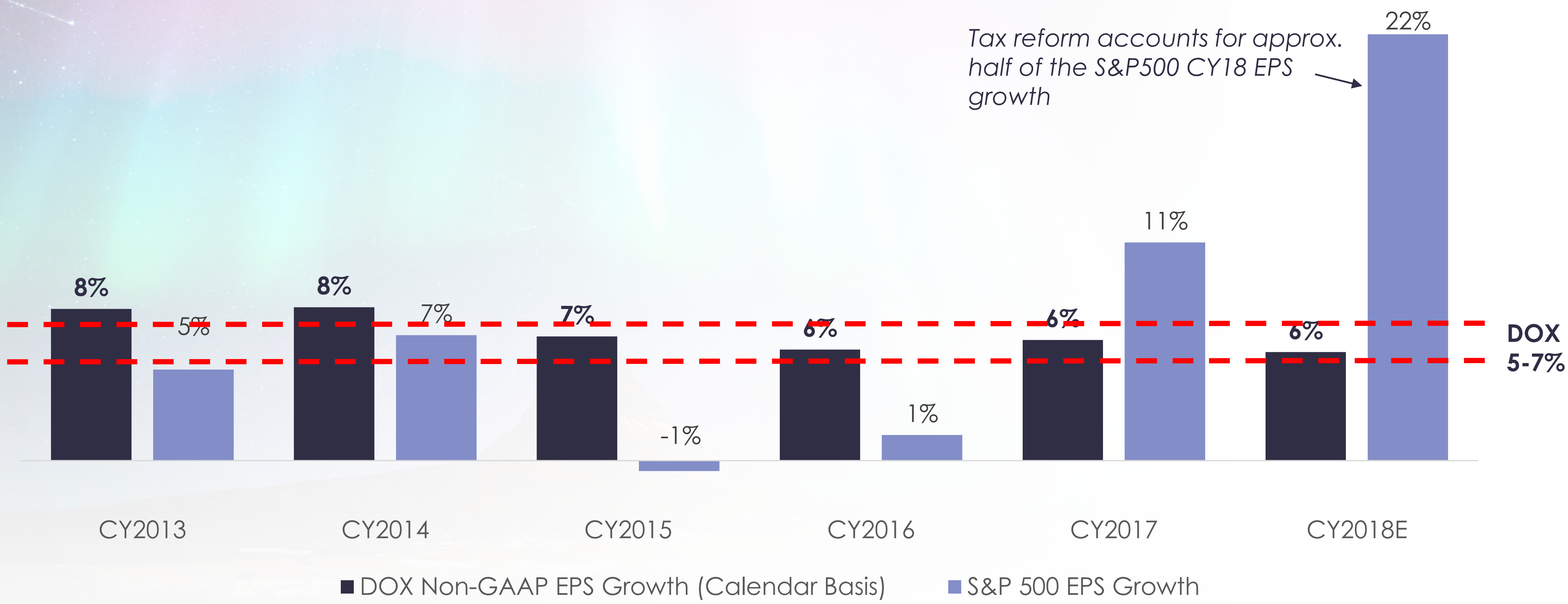
(2) Incorporates the fiscal 2019 outlook range provided on November 8, 2018 and contributions from M&A activity completed during the three year period

Amdocs non-GAAP EPS growth vs S&P 500

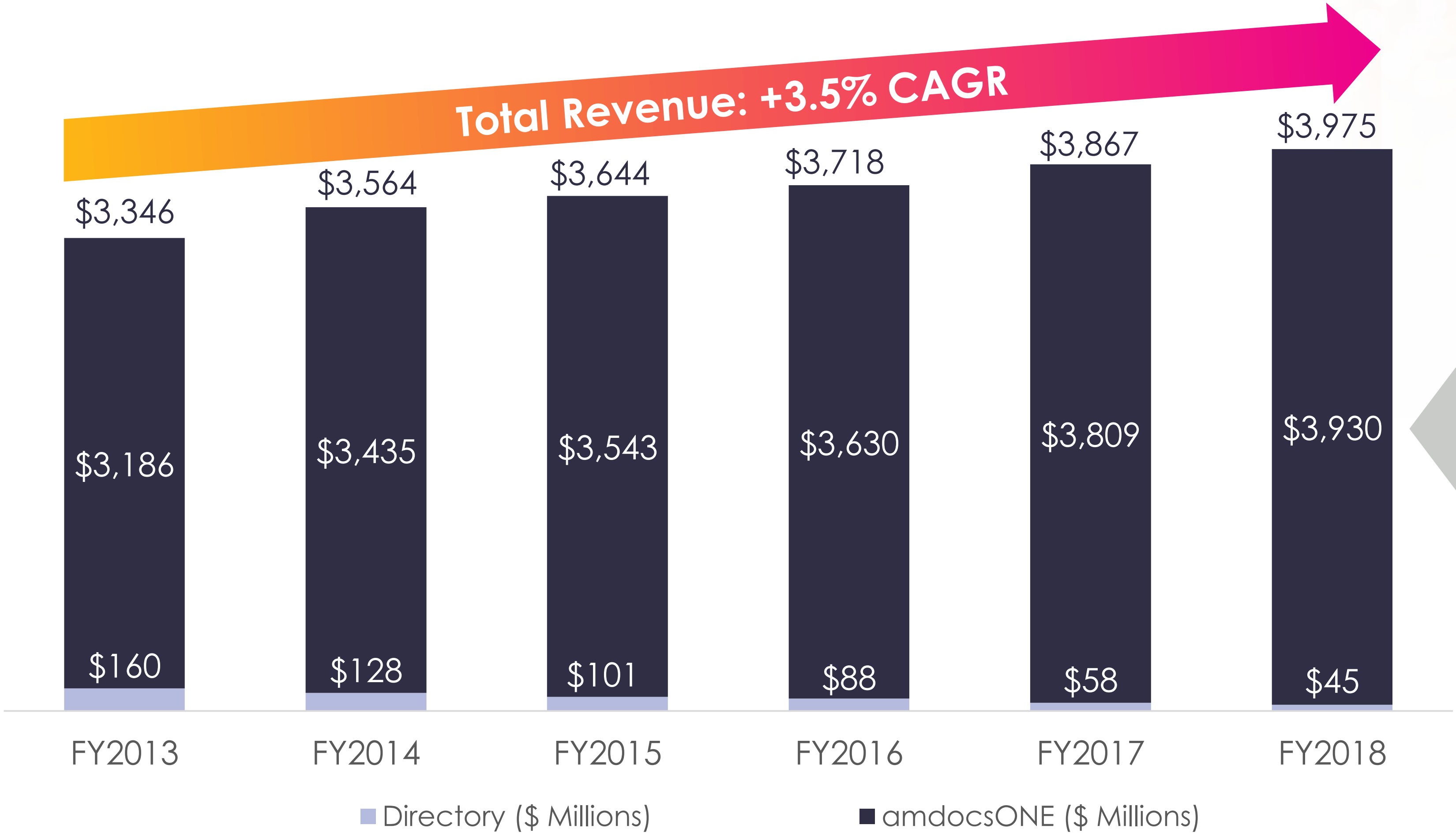
Consistently delivering mid-to-high single digit growth in non-GAAP EPS



Source: FactSet, Amdocs IR

Revenue performance

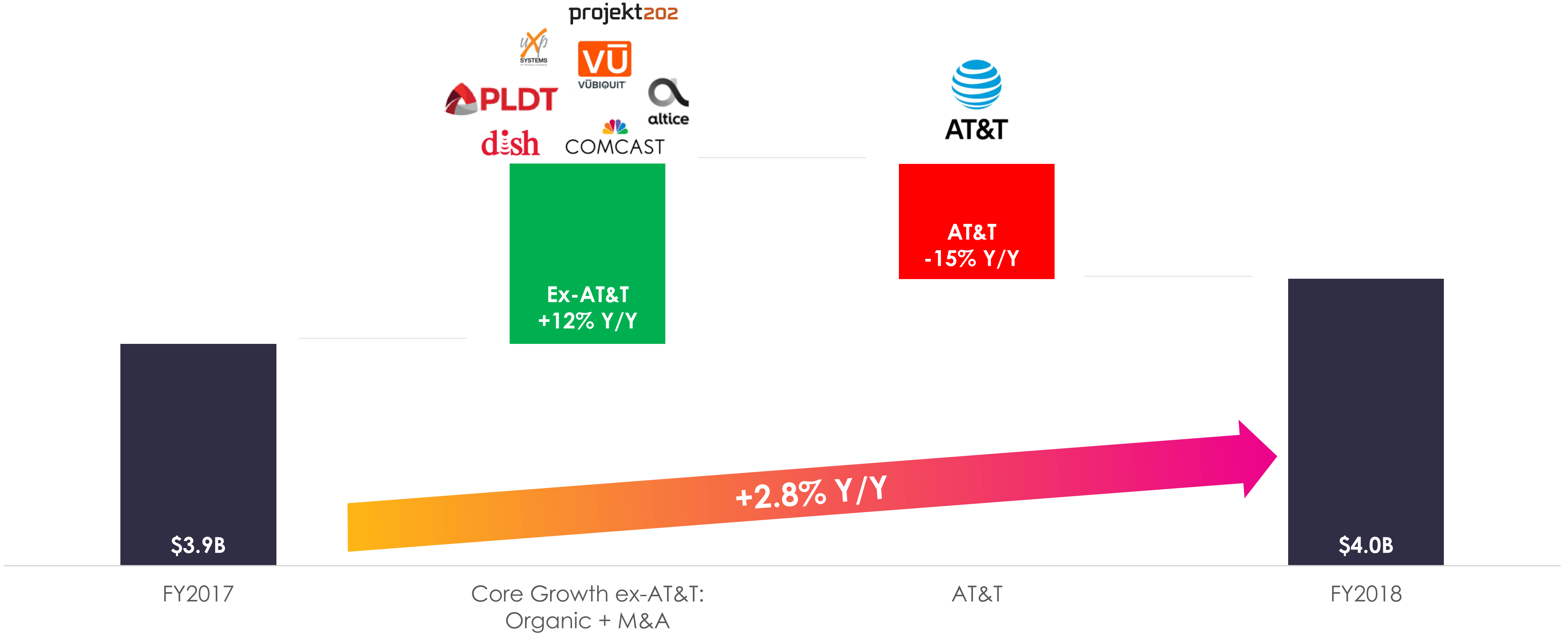
Consistent growth in the core business, drag from Directory finally abating



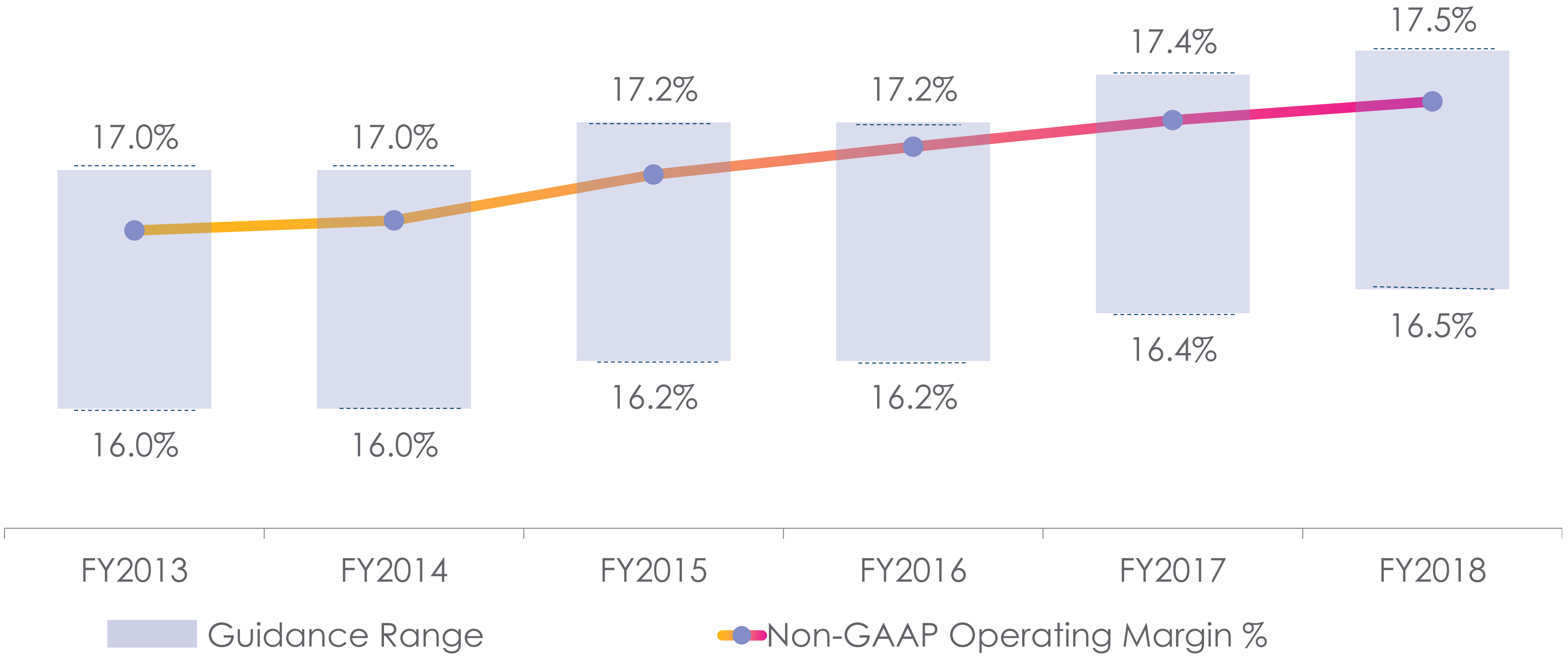
amdocsONE: 4.3% CAGR

Revenue bridge fiscal 2017 to fiscal 2018

Strong organic growth plus M&A more than offsets AT&T revenue decline



Operating margin performance (non-GAAP)



Margins have consistently tracked at the high-end of the guidance range

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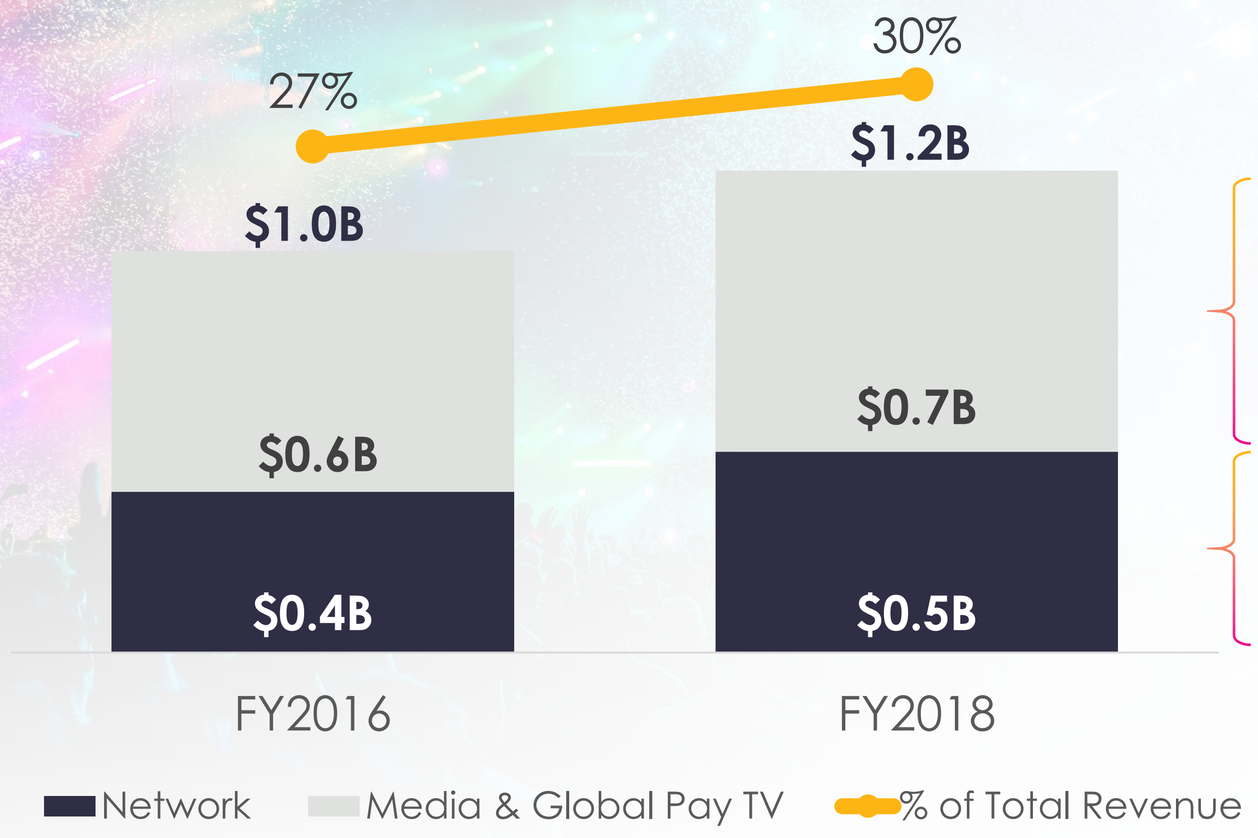
Key strategic engines: Media & pay TV, network

Already at scale and contributing to growth



Media & Pay TV: 8% CAGR FY2016-2018

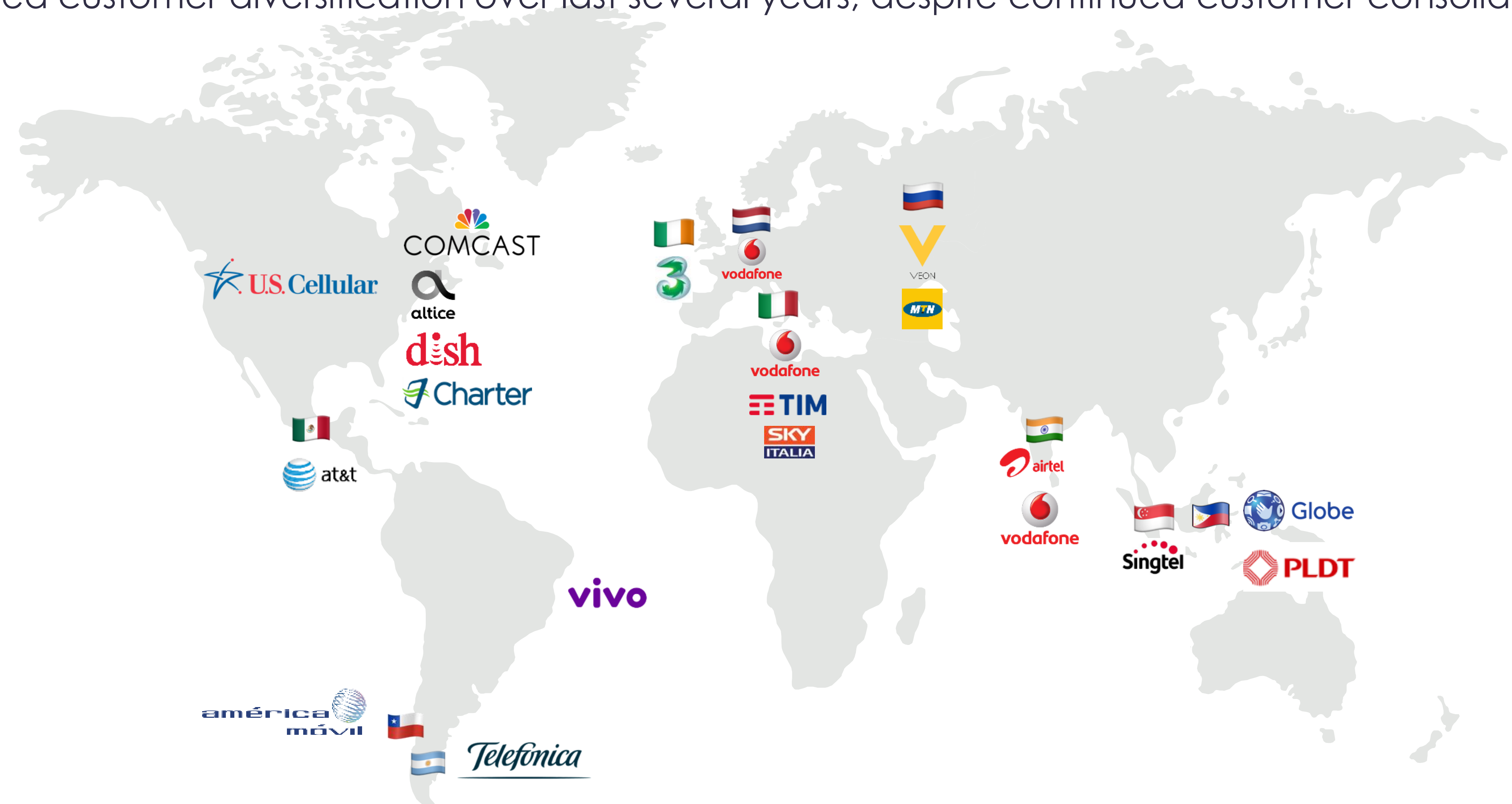
Vubiquity pipeline expanded 3X since acquisition closed in February 2018

Network: 12% CAGR FY2016-2018

Expect Network + Media & Global Pay TV revenue to grow at 3-year CAGR of 8-10% FY2019-2021

Diversifying our business into new geographies and new logos

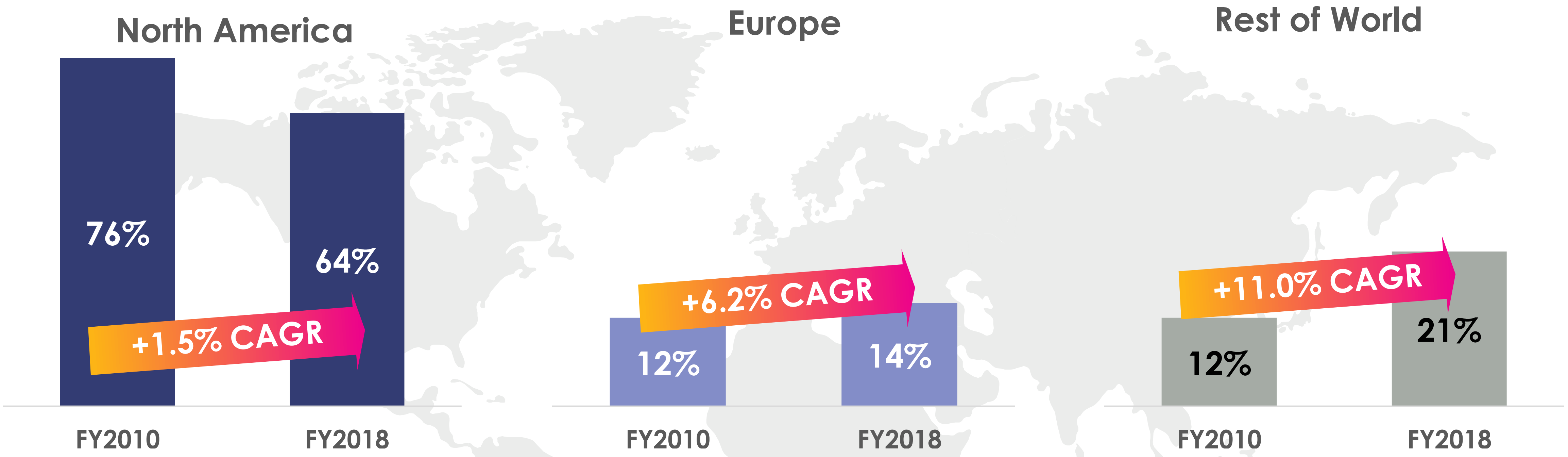
Improved customer diversification over last several years, despite continued customer consolidation



- 18 countries individually generated greater than 1% of revenue in FY2018 versus only 8 in FY2010
- Revenue from Top 10 customers was 66% of total in FY2018, versus 75% in FY2010

Diversifying our business into new geographies and new logos

Percent of total revenue across regions and average growth rate, FY2010-FY2018

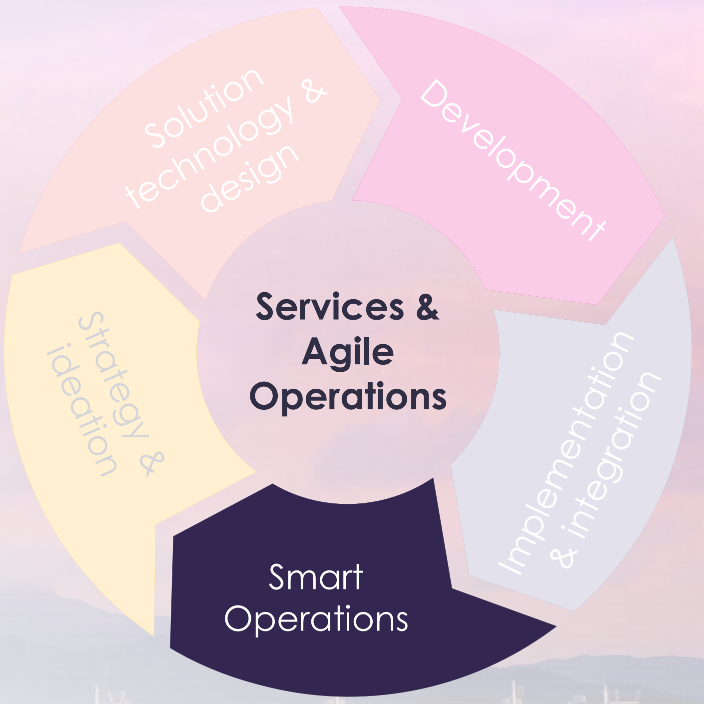


Our expansion initiatives have resulted in faster growth outside North America

Leveraging Amdocs’ unique business model through managed services

amdocsONE

- Design & develop better experiences
- Modernize IT and move to the cloud
- Leverage data for insight and action
- Automate IT and business operations
- Effectively manage hybrid operations



SmartOps value proposition leading to continued success with managed services offerings

Market leader with Smart Operations

Single point of accountability

Mitigate risk

Committed to reduced and predictable TCO

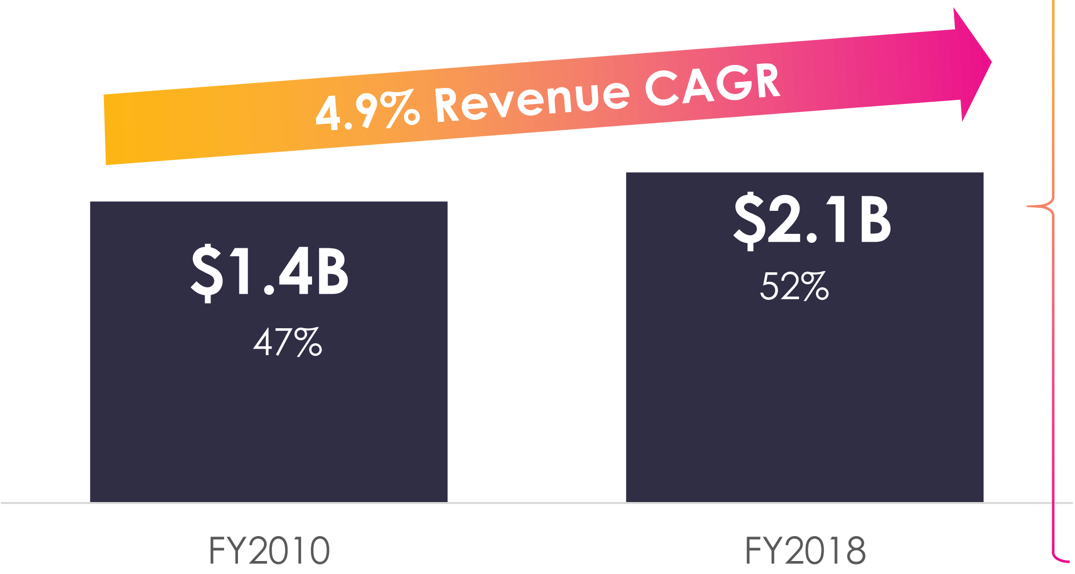
Innovation based on experience

Long term partner

Visible and highly recurring revenue stream

Growth in Managed Service arrangements underpin resilient business model

Managed Services Arrangements
Revenue Growth & Percent of Total



Projects lead to future recurring service revenues

Managed services model was proven initially in North America and is now proving highly applicable in Europe and ROW

Majority of our customers are still a potential to adopt managed services

Growing Appetite for Managed Transformation Activity

FY2008	FY2012	FY2018	FY2019 YTD
metroPCS	Globe	SKY ITALIA, bharti airtel, PLDT Smart, altice	PLDT Smart, astro

High visibility: 12-month backlog averages about 80% of forward 12-month revenue

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Adjustment to disclosure practices

Directory revenue

Ceasing quarterly and annual disclosure

Year-over-year revenue headwind is no longer material
Directory revenue is only 1% of total revenue

Normalized free cash flow

Adjusting quarterly FCF for non-recurring, unusual items, including:

Israel campus: ~$50 million in FY2019
Legal dispute settlement: $55 million in first half FY2019

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Corporate social Responsibility **2017**

"...As a company, we can be proud of our success, not just in terms of the positive economic, social and environmental impact of our products and services, but also of our social and environmental programs... "

“Shaping a better future through inclusion”

	Passionate People	Valuable Products & Services	Supply Chain	Business Conduct	Community Commitment	Environment, Health & Safety
Goal	**To create a diverse and inclusive talent pool**	**To redefine the concept of value for our products and services, to address the world’s challenges**	**To increase sustainability in our supply chain**	**To continue integrating ethical conduct into everyday actions and behaviors**	**To maintain our commitment to diversity, employability and empowering the younger generation**	**To reduce GHG emissions**
	• Presence in over 85 countries • Gender diversity- Inspire Program • ‘Mind the Gap Campaign’ • ‘Shine in all colors’ campaign • High employee engagement	• Connecting people globally • Promoting sustainability: NFV, BriteBill etc. • Driving financial inclusion: MFS	• Supplier Code of Conduct • Green procurement	• 100% compliance in the annual education process • ‘Do the right thing’ campaign	• 35,000+ hours of volunteering • 270 community partners • Joint social initiatives with customers	• 10% reduction of relative emissions (per employee) • Won 2017 ‘Environmental Project of the Year’ • ACR News Award Advanced road safety program

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Three-year outlook fiscal 2019–2021

Organic revenue growth CAGR	**2.0%–6.0%** constant currency
Average non-GAAP operating margin(1)	**16.5%–17.5%**
Non-GAAP EPS CAGR(1)(2)	**4.5%–8.5%**
Average total return to shareholders(3)	**6%–10%**

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(2) Reconciliation of the Three-year Non-GAAP EPS guidance to Three-year GAAP EPS guidance is not available at this time without unreasonable effort; the impact of acquisitions, including the timing and amount of integration costs, make it difficult to provide meaningful and comparable GAAP guidance.
(3) Defined as Non-GAAP EPS growth plus dividend yield of ~1.7% (assumes the new quarterly dividend rate of $0.285 is approved by shareholders at the annual meeting in January 2019; yield calculated on Amdocs' closing share price as of November 8, 2018)

Revenue and non-GAAP operating margins

Key Drivers of 3-Year Revenue and Margin Outlook

Organic Revenue Potential Upsides

Digital transformations acceleration
New opportunities at AT&T-Warner Media
Monetization of Pay TV, media pipeline
Open Network: 5G, NFV
Expansion of scope in managed services
Geographic expansion

Non-GAAP Operating Margins Potential Upsides

Accelerating new technologies and methodologies
Global delivery model
Continued automation
Consistent project execution
Scale at incumbent accounts

Industry consolidation activity

Foreign currency volatility

Potential regulatory changes on various fronts

Organic Revenue Potential Inhibitors

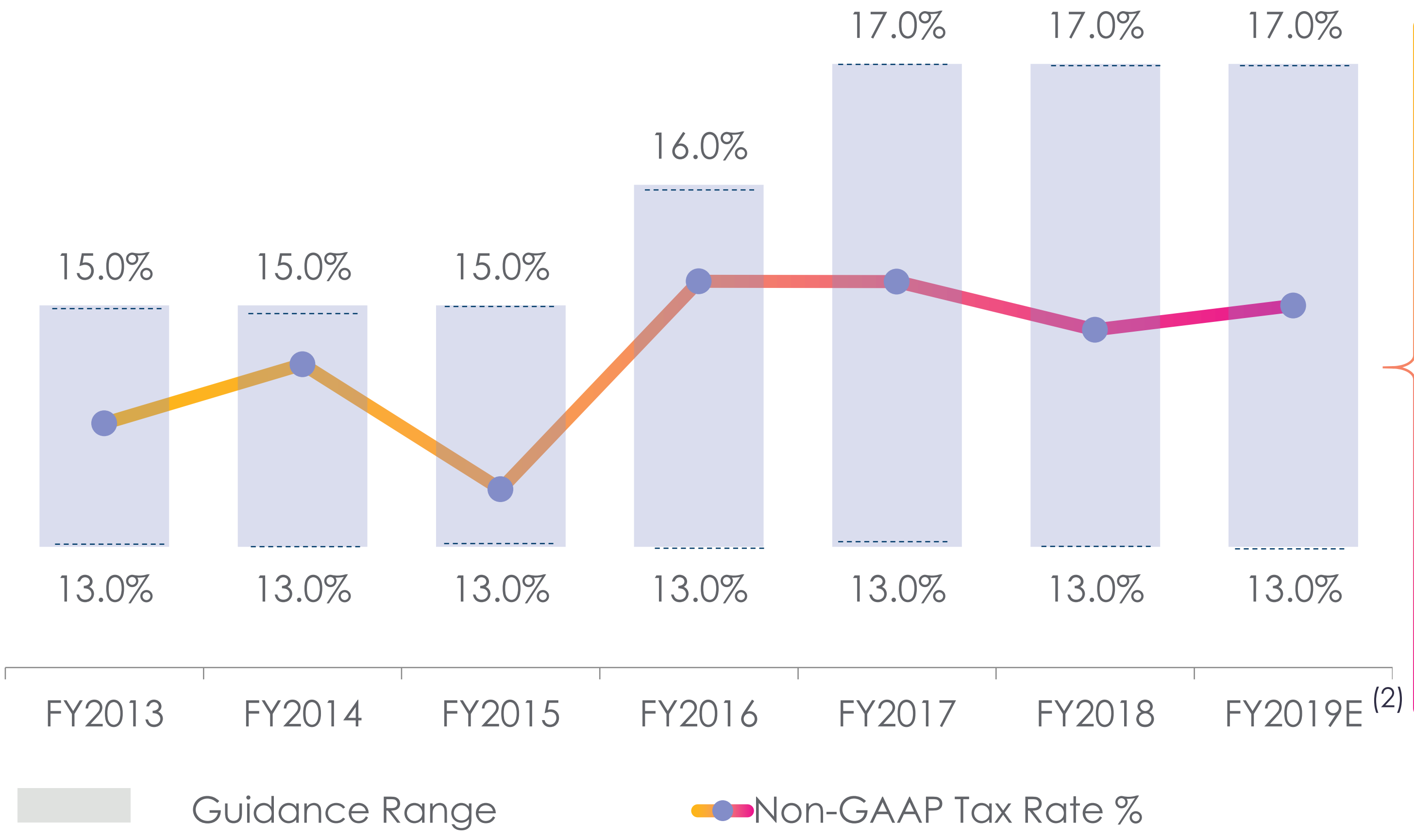
Slower execution of projects
Industry and macro trends impacting discretionary spending in our key accounts
Pricing

Non-GAAP Operating Margins Potential Inhibitors

Expansion to new logos and domains
Accelerating investment in innovation
Complex transformation projects

Tax outlook and considerations

Non-GAAP tax rate guidance range unchanged at 13%-17% in FY2019E



Tax guidance updated annually

Current tax structure reflects deliberate long-term planning and execution

Growing economic and political pressure in many jurisdictions and from multinational organizations to increase tax revenue

Future taxation changes are largely outside of our control

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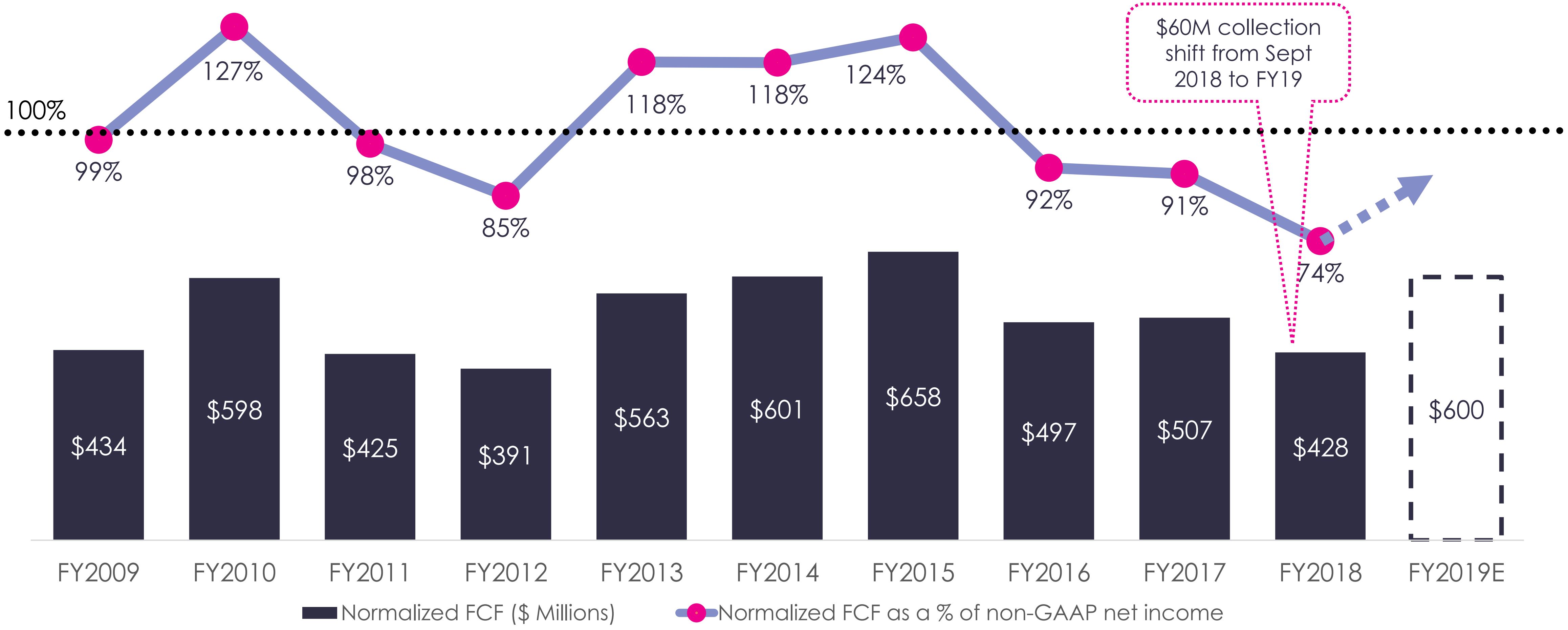
Free cash flow expected to improve in FY2019



Note: Free Cash Flow (FCF) defined as cash flow from operations less net capital expenditures and other; normalized FCF excludes capital spending related to new Israel campus investment and other nonrecurring cash items

Capital structure allocation framework

Long-term capital allocation philosophy remains unchanged	Strike rough **balance** between capital return and strategic growth investments **Debt** capacity primarily reserved for strategic **M&A** Preserve **investment grade** debt rating to ensure **customer confidence**
Flexible approach to capital return in short term	Capacity to return the **majority** of **normalized** free cash flow in FY2019, subject to M&A requirements, financial markets, prevailing industry conditions and other relevant factors
Quarterly dividend is an important component of total shareholder returns	Proposed dividend **increase** of 14%, subject to shareholder approval Future dividend changes subject to periodic review, and tied to factors such as the growth rate of the underlying business

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Amdocs investment thesis

Improving revenue growth rate	**Market high win rate: best-in-class** product and service offering **Core** leadership, **leveraging** growth in network, Pay TV & media
Recurring, highly visible revenue base	**Long-standing** customer relationships High managed services **renewal** rates + **new** engagements **Unique** technology-led services model
Margin stability	Consistent operational **execution** **Disciplined** investment to sustainably **accelerate** growth
Robust FCF and balance sheet	**Improving** FCF conversion, returning a **majority** to shareholders Optionality to execute **M&A,** utilizing **debt** as appropriate
Attractive total shareholder return	Expected **6%-10%** total shareholder return (2019-21)(1) Additional **upside potential** of long-term growth initiatives
Experienced management team	CEO transition was **smooth** Deep leadership bench ensuring business **continuity**

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Thank you