



Second Quarter Results for Fiscal 2003

April 15, 2003



Key highlights:

- Revenue of \$355 million, exceeding guidance of \$333-\$340 million
- Sequential revenue growth of 4.6%
- GAAP EPS of \$0.21
- Proforma EPS of \$0.22
- Free cash flow of \$93 million in quarter
- Cash balance increased to \$1.221 billion at end of quarter
- Third quarter fiscal 2003 guidance: Expected revenue of \$360-\$370 million and proforma EPS of \$0.22-\$0.23. GAAP EPS results expected to be approximately \$0.01 less than proforma EPS.

St. Louis, MO – April 15, 2003 – Amdocs Limited (NYSE: DOX) today reported that for the second quarter ended March 31, 2003, revenue was \$355 million, representing sequential growth of 4.6% although a decrease of 22% from last year's second quarter. Excluding acquisition-related costs, restructuring charges and related tax effects, net income increased sequentially by \$5.3 million to \$48.8 million, or \$0.22 per diluted share, however, decreased when compared to net income of \$82.9 million, or \$0.37 per diluted share, in the second quarter of fiscal 2002. The Company's GAAP net income, which includes acquisition-related charges for amortization of purchased intangible assets and related tax effects, and, for the second quarter of fiscal 2002 only, the acquisition-related charges for amortization of goodwill, was \$45.4 million, or \$0.21 per diluted share, compared to net income of \$26.4 million, or \$0.12 per diluted share, in the second quarter of fiscal 2002.

Dov Baharav, Chief Executive Officer of Amdocs Management Limited, said, "This was a very good quarter for Amdocs in which we exceeded both revenue and new business targets. We expanded our market presence in outsourcing and made important gains with our unique integrated billing-CRM offering. This reflects our focus on execution and our ability to use R&D to bring new products to market that help close deals. Business conditions remain challenging, and while we cannot be certain of the timing or magnitude, we believe the telecom market will ultimately recover. Longer term, we are well positioned to benefit from this recovery, which will be a key factor in achieving sustained growth."

Sales Highlights

During the second quarter, our new business included the following seven new key wins:

- SFR (Groupe Cegetel), a Vodafone affiliate, selected Amdocs, together with Accenture, to implement an integrated billing-CRM project supporting prepaid-postpaid convergence for voice, data, content and commerce services.
- An outsourcing agreement with Dex Media, Qwest's former directory publishing subsidiary, including modernization and consolidation of systems across the company, as well as comprehensive support for IT operations.
- Amdocs was selected to provide its Corporate Self Care and Residential Self Care products for an existing customer in North America.
- Amdocs has been selected to implement its end-to-end billing system for additional markets at an existing mobile operator customer in North America.
- A major directory publisher in Latin America selected Amdocs to implement an end-to-end directory sales and publishing system.
- A European mobile operator selected Amdocs to implement its Partner Relationship Management (PRM) and collections products.
- Amdocs is implementing the PRM, Corporate Self Care and Residential Self Care products for an existing mobile customer in Europe.

Operating And Financial Highlights

During the second quarter:

- Amdocs expanded its ClarifyCRM application suite through the acquisition of the assets of Xchange, a provider of campaign management and real-time marketing automation software to hundreds of large companies worldwide, complementing Amdocs strong operational CRM capabilities with enhanced, closed-loop analytical CRM.
- For Telefónica de España, Amdocs completed implementation of the Acquisition & Formatting and Error Management modules. This is the first stage in the rollout of Amdocs comprehensive billing platform supporting end-to-end convergent voice, PBX, NPV and data wireline services, including broadband ADSL.
- At PT Excelcomindo Pratama (excelcom), a leading Indonesian mobile provider, Amdocs Enabler was implemented, supporting prepaid-postpaid convergence for all voice, next generation data and content services.
- Free cash flow, defined as cash flow from operations less net capital expenditures and payments on capital leases, was \$93 million in the quarter.

Effective October 1, 2002, Amdocs adopted Statement of Financial Accounting Standards No. 142 and therefore no longer amortizes goodwill resulting from acquisitions. Adjusting prior year's as-reported results to eliminate the effects of \$50.5 million of goodwill amortization and related tax recorded in the second quarter of fiscal 2002 would have resulted in operating income, net income and earnings per diluted share of \$101.9 million, \$76.9 million and \$0.34, respectively.

Financial Outlook

Amdocs expects that revenue for the third quarter ending June 30, 2003, will be approximately \$360-\$370 million. Proforma earnings per share for the quarter are expected to be approximately \$0.22-\$0.23, excluding acquisition-related costs and related tax effects. GAAP earnings per share, including acquisition-related costs and related tax effects, for the quarter are expected to be approximately \$0.01 less than proforma EPS.

Amdocs will host a conference call on April 15, 2003 at 5 p.m. Eastern Daylight Time to discuss the Company's second quarter results. The call will be carried live on the Internet via www.vcall.com and the Amdocs website, www.amdocs.com.

About Amdocs

Amdocs is the world's leading provider of billing and CRM. With a 20-year track record of delivery excellence, our products empower major communications operators around the globe. We enable rapid time-to-market for next generation voice, content, commerce and application services, while enhancing subscriber loyalty and lowering total cost of ownership. We offer our customers flexible modes of delivery -- products, solutions and outsourcing. For more information, visit our web site at www.amdocs.com

Cautionary statements

Investors are cautioned that this press release contains proforma information that is not prepared in accordance with GAAP. Investors should not construe the proforma financial measures as being superior to GAAP. The Company's management uses proforma financial information in its internal analysis because it enables the management to consistently analyze the critical components and results of operations and to have a meaningful comparison to prior periods. The Company's management believes that such measures provide useful information to investors for meaningful comparison to prior periods and analysis of the critical components and results of operations.

This press release includes 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, Amdocs' ability to grow in the mobile, wireline and IP business segments, 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. These and other risks are discussed at greater length in the Company's filings with the Securities and Exchange Commission, including in our Annual Report on Form 20-F and our Form 6-K, both filed on March 24, 2003.

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AMDOCS LIMITED

Pro forma Consolidated Statements of Income (Unaudited)

Excluding Restructuring Charges, Purchased In-Process Research and Development,
Amortization of Goodwill and Purchased Intangible Assets and Related Tax Effects
(in thousands, except per share data)

| | Three months ended March 31, | | Six months ended March 31, | |
|--|---------------------------------|------------------|-------------------------------|-------------------|
| | 2003 (1) | 2002 (1) | 2003 (2) | 2002 (2) |
| Revenue: | | | | |
| License | \$ 19,159 | \$ 45,528 | \$ 39,685 | \$ 87,818 |
| Service | 335,855 | 409,741 | 654,715 | 790,092 |
| | <u>355,014</u> | <u>455,269</u> | <u>694,400</u> | <u>877,910</u> |
| Operating expenses: | | | | |
| Cost of license | 1,546 | 1,627 | 2,682 | 3,068 |
| Cost of service | 212,080 | 249,010 | 416,066 | 479,152 |
| Research and development | 29,328 | 30,902 | 58,947 | 59,469 |
| Selling, general and administrative | 51,121 | 61,023 | 102,701 | 114,802 |
| | <u>294,075</u> | <u>342,562</u> | <u>580,396</u> | <u>656,481</u> |
| Operating income | <u>60,939</u> | <u>112,707</u> | <u>114,004</u> | <u>221,429</u> |
| Interest income and other, net | 4,186 | 2,383 | 9,163 | 5,710 |
| Income before income taxes | <u>65,125</u> | <u>115,090</u> | <u>123,167</u> | <u>227,139</u> |
| Income taxes | 16,282 | 32,225 | 30,792 | 63,599 |
| Net income | <u>\$ 48,843</u> | <u>\$ 82,865</u> | <u>\$ 92,375</u> | <u>\$ 163,540</u> |
| Diluted earnings per share | <u>\$ 0.22</u> | <u>\$ 0.37</u> | <u>\$ 0.42</u> | <u>\$ 0.73</u> |
| Diluted weighted average number of shares outstanding | <u>219,109</u> | <u>225,488</u> | <u>218,179</u> | <u>225,275</u> |

- (1) Excludes \$0 and \$51,135 for amortization of goodwill, \$4,625 and \$10,759 for amortization of purchased intangible assets, and tax effects related to the above of \$(1,157) and \$(5,470) for the three months ended March 31, 2003 and 2002, respectively. Including the above items, income before income taxes was \$60,500 and \$53,196 and diluted earnings per share were \$0.21 and \$0.12 for the three months ended March 31, 2003 and 2002, respectively.
- (2) Excludes \$0 and \$102,272 for amortization of goodwill, \$9,779 and \$16,404 for amortization of purchased intangible assets, \$0 and \$17,400 for write-off of purchased in-process research and development related to the Clarify acquisition, \$9,956 and \$13,311 of restructuring charges related to the cost reduction measures and the consolidation of data centers, respectively, and tax effects related to the above of \$(4,834) and \$(16,622) for the six months ended March 31, 2003 and 2002, respectively. Including the above items, income before income taxes was \$103,432 and \$77,752, and diluted earnings per share were \$0.36 and \$0.14 for the six months ended March 31, 2003 and 2002, respectively.

AMDOCS LIMITED

Consolidated Statements of Income (Unaudited)

(in thousands, except per share data)

| | Three months ended | | Six months ended | |
|---|--------------------|------------------|------------------|------------------|
| | March 31, | | March 31, | |
| | 2003 | 2002(1) | 2003 | 2002(1) |
| Revenue: | | | | |
| License | \$ 19,159 | \$ 46,528 | \$ 39,685 | \$ 87,818 |
| Service | 335,855 | 409,741 | 654,715 | 790,092 |
| | <u>355,014</u> | <u>456,269</u> | <u>694,400</u> | <u>877,910</u> |
| Operating expenses: | | | | |
| Cost of license | 1,546 | 1,627 | 2,682 | 3,068 |
| Cost of service | 212,080 | 249,010 | 416,066 | 479,152 |
| Research and development | 29,328 | 30,902 | 58,947 | 59,469 |
| Selling, general and administrative | 51,121 | 61,023 | 102,701 | 114,802 |
| Amortization of goodwill and purchased intangible assets | 4,625 | 61,894 | 9,779 | 118,676 |
| Restructuring charges and in-process research and development | - | - | 9,956 | 30,711 |
| | <u>298,700</u> | <u>404,456</u> | <u>600,131</u> | <u>805,868</u> |
| Operating income | <u>56,314</u> | <u>50,813</u> | <u>94,269</u> | <u>72,042</u> |
| Interest income and other, net | 4,186 | 2,383 | 9,163 | 5,710 |
| Income before income taxes | <u>60,500</u> | <u>53,196</u> | <u>103,432</u> | <u>77,752</u> |
| Income taxes | 15,125 | 26,755 | 25,858 | 46,977 |
| Net income | <u>\$ 45,375</u> | <u>\$ 26,441</u> | <u>\$ 77,574</u> | <u>\$ 30,775</u> |
| Basic earnings per share | <u>\$ 0.21</u> | <u>\$ 0.12</u> | <u>\$ 0.36</u> | <u>\$ 0.14</u> |
| Diluted earnings per share | <u>\$ 0.21</u> | <u>\$ 0.12</u> | <u>\$ 0.36</u> | <u>\$ 0.14</u> |
| Basic weighted average number of shares outstanding | <u>215,797</u> | <u>222,995</u> | <u>215,711</u> | <u>222,944</u> |
| Diluted weighted average number of shares outstanding | <u>219,109</u> | <u>225,488</u> | <u>218,179</u> | <u>225,275</u> |

- (1) Includes \$51,135 and \$102,272 of goodwill amortization and \$(679) and \$(1,368) related tax effects for the three months and six months ended March 31, 2002, respectively. Net income and diluted earnings per share excluding these items (as if Statement of Financial Accounting Standards No. 142 had been implemented) for the three months and six months ended March 31, 2002 would have been \$76,897 and \$131,689 and \$0.34 and \$0.58, respectively.

AMDOCS LIMITED

Condensed Consolidated Balance Sheets

(in thousands)

| | <i>As of</i> | |
|---|--|---------------------------------|
| | March 31, 2003 <hr/> (Unaudited) | September 30, 2002 <hr/> |
| ASSETS | | |
| Current assets | | |
| Cash, cash equivalents and short-term interest-bearing investments | \$ 1,221,302 | \$ 1,047,819 |
| Accounts receivable, net, including unbilled of \$13,819 and \$24,144, respectively | 238,514 | 312,732 |
| Deferred income taxes and taxes receivable | 50,212 | 48,154 |
| Prepaid expenses and other current assets | 88,137 | 72,196 |
| Total current assets | <hr/> 1,598,165 | <hr/> 1,480,901 |
| Equipment, vehicles and leasehold improvements, net | 144,072 | 160,902 |
| Goodwill and other intangible assets, net | 730,357 | 750,530 |
| Other noncurrent assets | 154,958 | 147,761 |
| Total assets | <hr/> \$ 2,627,552 <hr/> | <hr/> \$ 2,540,094 <hr/> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accruals | \$ 242,279 | \$ 279,071 |
| Short-term portion of capital lease obligations | 8,384 | 10,347 |
| Deferred revenue | 178,520 | 149,590 |
| Deferred income taxes and taxes payable | 115,777 | 103,315 |
| Total current liabilities | <hr/> 544,960 | <hr/> 542,323 |
| Convertible notes and other noncurrent liabilities | 579,478 | 581,496 |
| Shareholders' equity | 1,503,114 | 1,416,275 |
| Total liabilities and shareholders' equity | <hr/> \$ 2,627,552 <hr/> | <hr/> \$ 2,540,094 <hr/> |