

Amdocs Limited

NASDAQ: DOX

Fiscal Q1 2022 Earnings Presentation

February 1, 2022

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, 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 and comparable fiscal year 2020.

Please also review the information contained in Amdocs' press release dated February 1, 2022 with respect to earnings for fiscal Q1 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

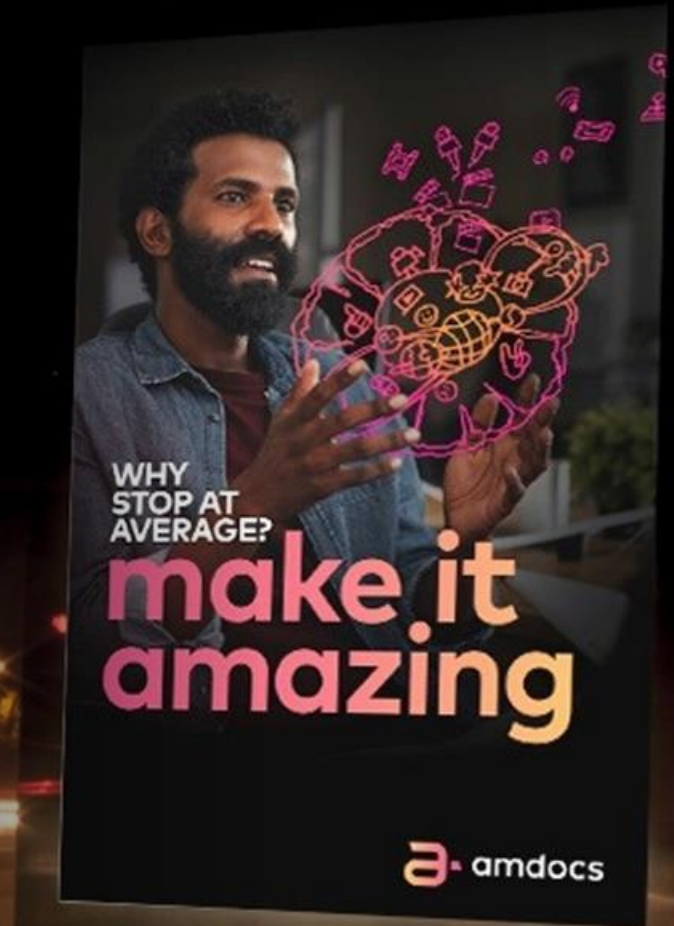
2

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

Strategy and business performance update

1 Q1 FY2022: business and financial achievements

2 Q1 FY2022 progress in strategic domains:
executing against our key growth pillars

3 Financial outlook

Great start to FY2022

Delivering accelerated revenue growth by bringing market-leading innovation designed to meet the industry's megatrends



Strong sales momentum

Additional awards with many of our long-standing global customers



Won new logos and expanded geographically



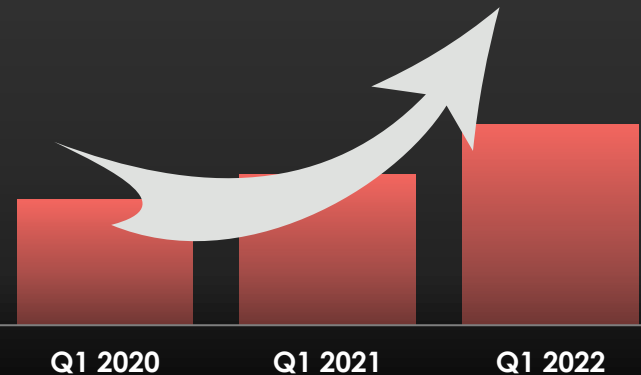
Ongoing commitment to R&D, innovation and extending technological leadership



Execution

Record number of customer milestones deliveries

Unrivalled reputation for project delivery



M&A

Acquired **DevOpsGroup**

Boutique UK-based **cloud** company of Industry experts delivering **highly specialized** cloud services

Focuses on **cloud** strategy

Geographically complements FY2021 Sourced Group acquisition



Completed previously announced acquisition of

Roam Digital

Growing projekt202's geographical presence, expanding its capabilities in APAC

Enriching lives, progressing society

Our ESG journey

Recognized for our **diversity & inclusion impact:**

Peru

Government recognition for Amdocs's commitment for inclusion



Mexico

Human Rights Campaign best places to work for LGBTQ+



Israel

National award for diversity in business



For a 3rd year in a row: Included in the **Dow Jones Sustainability Index**



Dow Jones Sustainability Indexes
2019, 2020 & 2021 – North America

Promoting employability of diverse populations

Hiring & upskilling women in India coming back from career breaks

Cloud migration project that supports the expansion of London's ultra-low emissions zone to **improve the city's air quality**

Tens of **digital inclusion** activities worldwide
– promoting connectivity, accessibility and employability

Committed to our people

A warm welcome to all those who have recently joined the Amdocs family, and my sincere thanks to all our people for their dedication, resilience and commitment to ensuring a great start to our fiscal year



Big Thank You

to our 29,000 people worldwide

Strong performance in Q1-FY2022



Revenue^{1,2}

\$1,105M, accelerated growth of **10.6% YoY**

Driven by North America, with **high activity levels** across top customers



12-month backlog¹

Record of \$3.83B

+9.7% YoY
+\$140M QoQ



Non-GAAP EPS³

\$1.20

Above guidance midpoint
(\$1.15 - \$1.21)

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
2. Non-GAAP. See reconciliation tables in appendix

Progress in Strategic Domains

Market-leading innovation to support our customer's critical business needs, and provide an amazing experience to consumer and enterprise customers



CLOUD

Journey to the cloud:
accelerate cloud adoption

T-Mobile Cloud migration

NEW LOGO

T-Mobile DATA ONE

NEW LOGO

PPF Cloud transformation



5G

5G monetization: support exciting new 5G use cases

Africa 5G charging & policy solution

NEW LOGO

melita IoT and 5G

NEW LOGO

SAMSUNG ELECTRONICS AMERICA 5G-ready CBRS solutions



DIGITAL

Digital modernization:
enhance customer experience and transform operations

SUMMIT ENTERTAINMENTS BSS & OSS uplift

Consumer Cellular Amdocs eSIM solution

vodafone Turkey Quality engineering



NETWORK AUTOMATION

Network automation:
deliver and automate dynamic, real-time network-based services

LUMEN OSS modernization

Globe Network optimization services

Tier 1 North American customer OSS modernization



MEDIA

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

XL axiata MARKET ONE

astro Media bundling

Looking ahead: a new era of accelerated growth

Providing three-year FY2022-2024 annual revenue growth outlook of 6%-10%⁽¹⁾⁽²⁾

Highly recurring revenue, strong business visibility and durable multi-year customer engagements

Early innings of customer's multi-year investment cycle driven by industry megatrends

Right strategy to monetize a large and expanding funnel of opportunity

A

**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 **higher end** of guidance range for both revenue and EPS:

Revenue growth

Pro forma, constant currency^{1,2}

6.0%-10.0%

Non-GAAP³ EPS growth

Pro forma¹

8.0%-12.0%

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

Q1 FY2022 Financial Highlights

Record revenue in Q1 2022

Best-ever quarter in North America

Non-GAAP operating margin **+20 basis points YoY**, including accelerated R&D investments

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.

Q1 2022 Results

Q1 Revenue

\$1,105 million

+10.6% YoY ⁽¹⁾⁽²⁾

Above guidance midpoint
(\$1,080M - \$1,120M)

Q1 Non-GAAP⁽³⁾ Operating Margin

17.5%, +20 bps YoY

Consistent with midpoint of annual target range of 17.2% - 17.8%

Q1 GAAP Diluted EPS

\$1.07

Above guidance high-end
(\$0.91 - \$0.99)

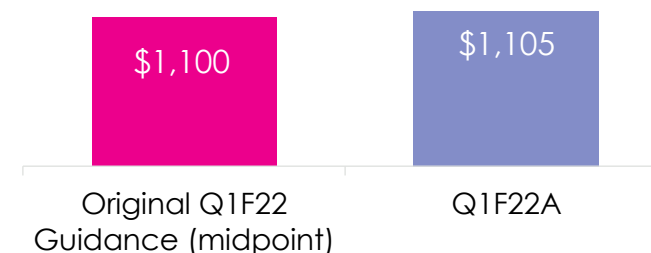
Q1 Non-GAAP⁽³⁾ Diluted EPS

\$1.20

Above guidance midpoint
(\$1.15 - \$1.21)

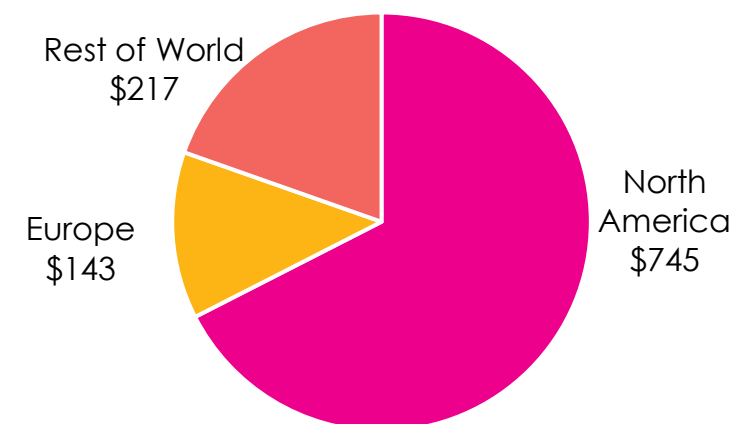
Q1 2022 Revenue vs. Guidance

\$ Millions



Q1 2022 Revenue by Region

\$ Millions

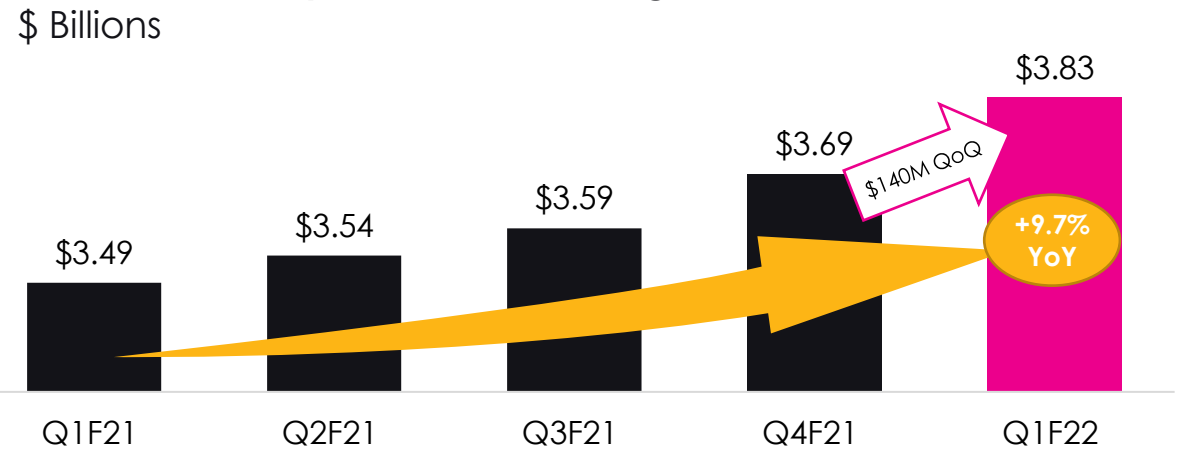


Leading Indicators & Business Model Resiliency

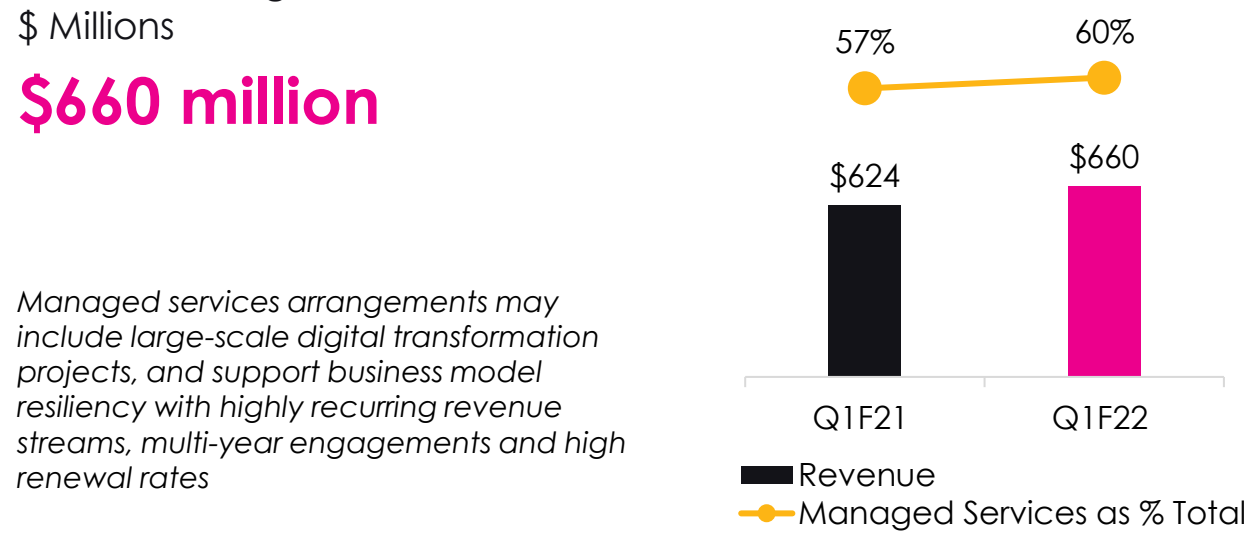
12-Month Backlog
~\$3.83B
 record level as of December 31, 2021
 +9.7% YoY, \$140M QoQ

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

Record Quarterly 12-Month Backlog⁽¹⁾ in Q1F22



Record Managed Services Revenue in Q1F22



1. Excludes OpenMarket, which was divested on December 31, 2020

Balance Sheet & Cash Flow

We remain comfortable with our balance sheet

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

DSO's
79 days

+1 day YoY and +6 days QoQ
DSO's may fluctuate from quarter to quarter

Deferred revenue > unbilled
+\$100 million

Deferred revenue: +\$86M QoQ
Unbilled receivables: -\$14M QoQ
Items fluctuate from quarter to quarter in line with normal business activities.

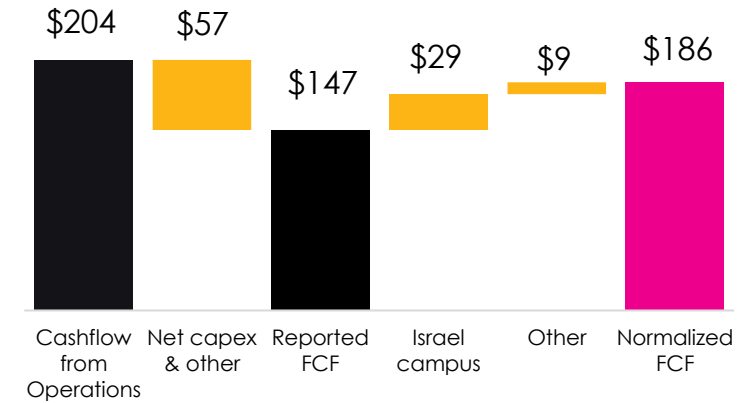
Liquidity: Cash + Credit Facility
\$1.4 billion

Ample liquidity including available \$500M revolving credit facility



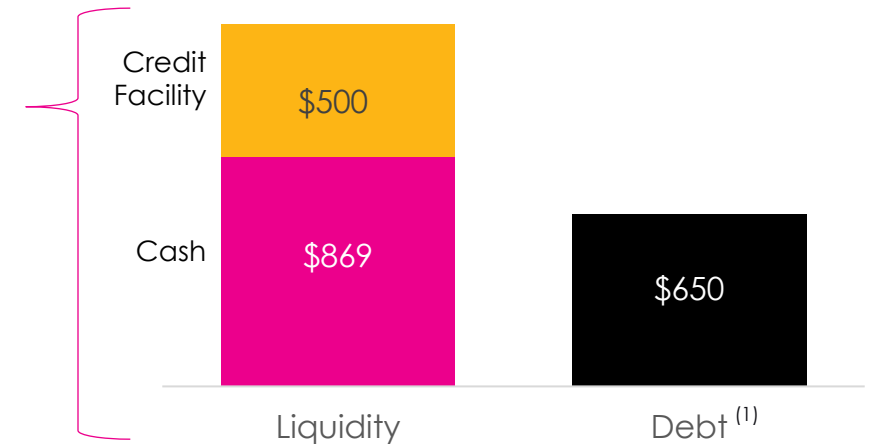
Remain committed to maintaining our Investment grade credit rating

Q1 2022 Free cash flow⁽²⁾ bridge
\$ Millions



**Figures may not sum due to rounding*

Cash, Credit Facility & Debt Position
\$ Millions, as of December 31, 2021



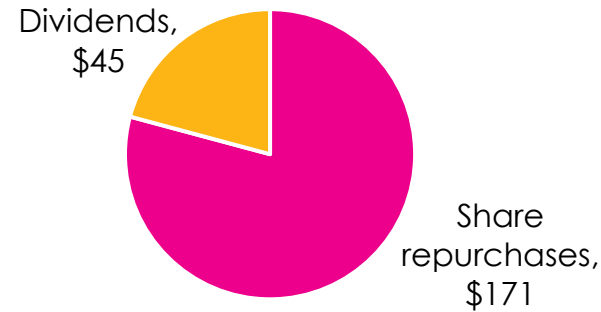
1. \$650M senior note, maturing June 2030
2. Non-GAAP. See reconciliation tables in appendix

Disciplined Capital Allocation

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

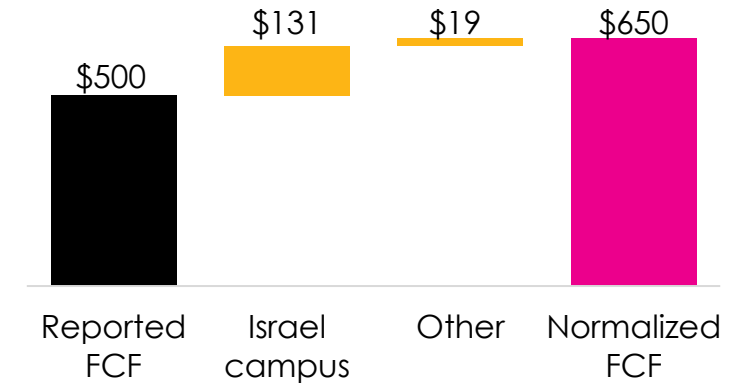
Expect a **majority** of normalized free cash flow to be returned to shareholders by way of share repurchases and quarterly cash dividend payments in FY2022

Q1 2022 Cash Returned to Shareholders \$ Millions

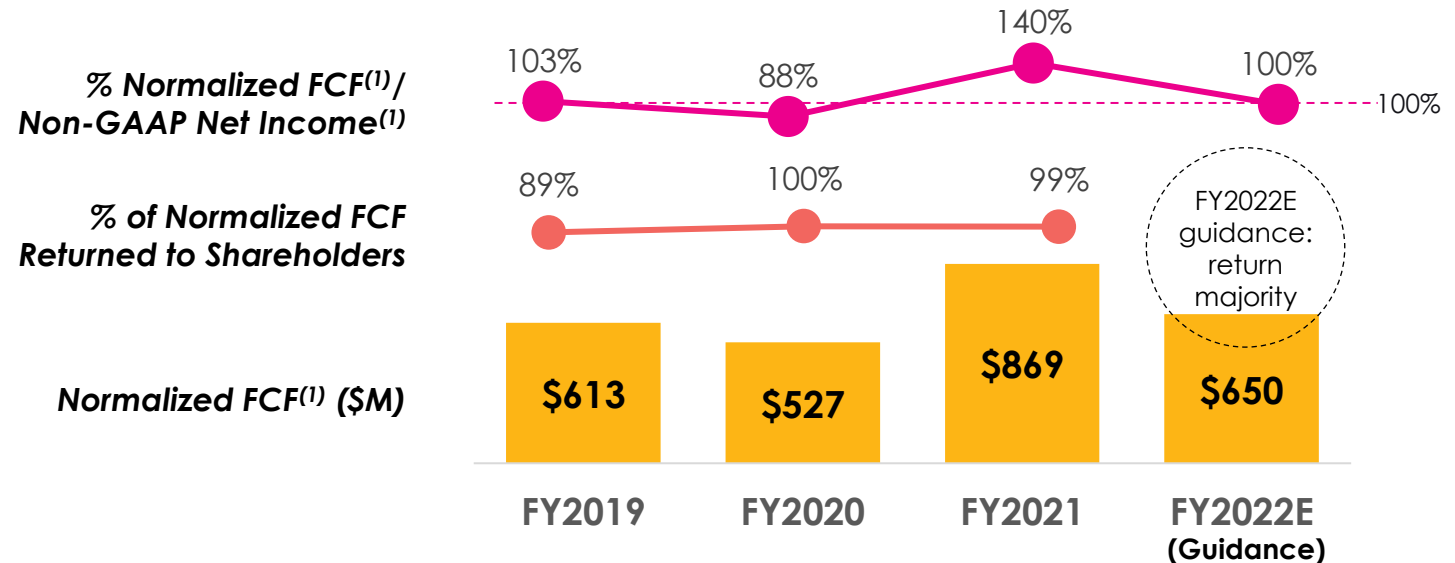


As of December 31, roughly **\$0.8B** of share repurchase authorization capacity remained

FY2022E Normalized FCF outlook⁽¹⁾ \$ Millions



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



1. Non-GAAP. See reconciliation tables in appendix

Q2 & FY2022 Outlook

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

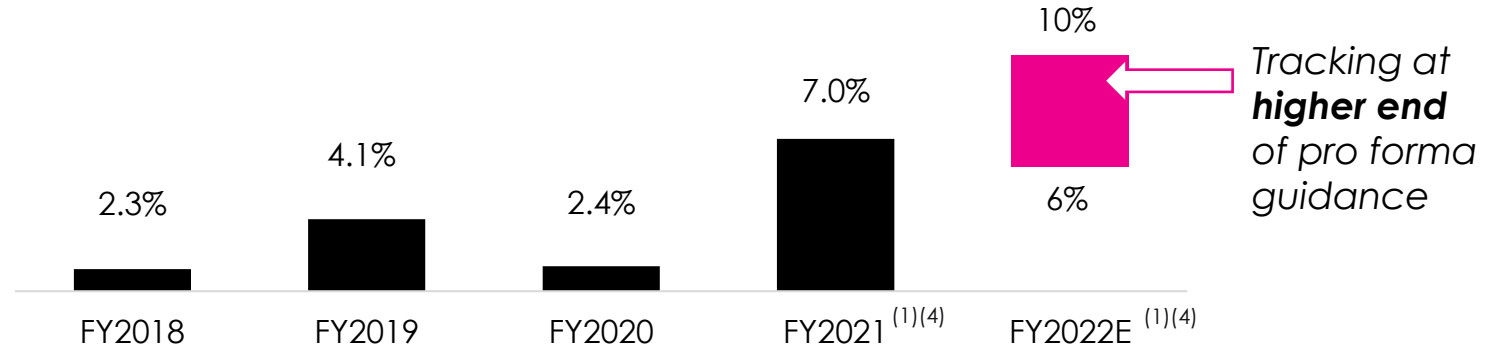
Positioned to deliver **double-digit** total shareholder returns for the **second** year running

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⁾

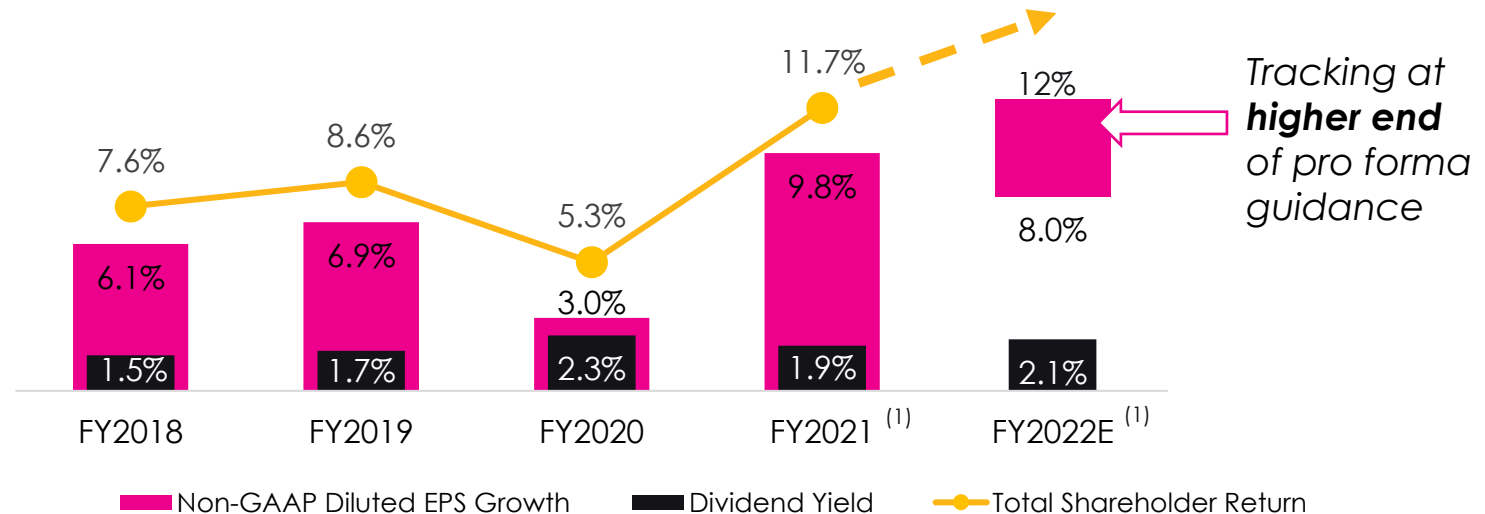
FY21 and FY22E revenue is pro forma⁽¹⁾ constant currency⁽⁴⁾



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⁾



Q&A



Let's
make it
amazing



Appendix

Reconciliation Tables



Q2 & FY2022 Outlook

Tracking at **higher 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

Q2 Fiscal 2022E Outlook

Revenue	\$1,110 - \$1,150 million
GAAP EPS	\$0.96 - \$1.04
Non-GAAP ⁽²⁾ EPS	\$1.22 - \$1.28
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

Revenue growth As reported	3.4% - 7.4%	Includes unfavorable foreign currency impact of 0.6% YoY versus 0.3% previously
Revenue growth Pro forma ⁽¹⁾ , constant currency ⁽³⁾	6.0% - 10.0%	
Non-GAAP ⁽²⁾ EPS growth As reported	6.3% - 10.3%	
Non-GAAP ⁽²⁾ EPS growth Pro forma ⁽¹⁾	8.0% - 12.0%	
Operating Margin Non-GAAP ⁽²⁾	17.2%-17.8%	
Effective Tax Rate Non-GAAP ⁽²⁾	13.0%-17.0%	
Free cash flow ⁽²⁾	\$500 million	
Normalized free cash flow ⁽²⁾	\$650 million	

Reconciliation Tables

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

	Three months ended December 31,	
	2021 ^(a)	2020
Revenue	\$ 1,104,632	\$ 1,086,343
Non-GAAP operating income	193,607	187,981
Non-GAAP net income	150,135	152,972
Non-GAAP diluted earnings per share	\$ 1.20	\$ 1.16
Diluted weighted average number of shares outstanding	125,304	131,582

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

	Three months ended December 31,	
	2021	2020
Net Cash Provided by Operating Activities ^(a)	\$ 204,118	\$ 416,485
Purchase of property and equipment, net ^(b)	(57,225)	(50,065)
Free Cash Flow	146,893	366,420
Net capital expenditures related to the new campus development	29,307	18,334
Payment of acquisition related liability	9,479	-
Normalized Free Cash Flow	\$ 185,679	\$ 384,754

a) Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.

b) The amounts under "Purchase of property and equipment, net", include proceeds from sale of property and equipment of \$269 and \$53 for the three months ended 31 December 2021 and 2020, respectively.

Reconciliation Tables

- a) Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- b) The amounts under "Purchase of property and equipment, net", include proceeds from sale of property and equipment of \$269 and \$53 for the three months ended 31 December 2021 and 2020, respectively.

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

	Three months ended December 31, 2021 ^(a)							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

Reconciliation Tables

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- b) The amounts under "Purchase of property and equipment, net", include proceeds from sale of property and equipment of \$269 and \$53 for the three months ended 31 December 2021 and 2020, respectively.

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

	Three months ended December 31, 2020							Non-GAAP
	GAAP	Reconciliation items						
	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	\$ 728,716	\$ -	\$ (4,941)	\$ (15,334)	\$ -	\$ -	\$ 708,441	
Research and development	75,669	-	(832)	-	-	-	74,837	
Selling, general and administrative	121,888	-	(6,804)	-	-	-	115,084	
Amortization of purchased intangible assets and other	19,870	(19,870)	-	-	-	-	-	
Total operating expenses	946,143	(19,870)	(12,577)	(15,334)	-	-	898,362	
Operating income	140,200	19,870	12,577	15,334	-	-	187,981	
Interest and other expense, net	(6,490)	-	-	-	-	1,199	(5,291)	
Gain from sale of a business	226,410	-	-	-	(226,410)	-	-	
Income taxes	60,488	-	-	-	-	(30,770)	29,718	
Net income	\$ 299,632	\$ 19,870	\$ 12,577	\$ 15,334	\$ (226,410)	\$ 1,199	\$ 30,770	\$ 152,972