

# Amdocs Limited

## NASDAQ: DOX

Fiscal Q3 2022 Earnings Presentation  
August 3, 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, prevailing level of macroeconomic, business and operational uncertainty, 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 and for the second quarter of fiscal 2022 on May 24, 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 August 3, 2022 with respect to earnings for fiscal Q3 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



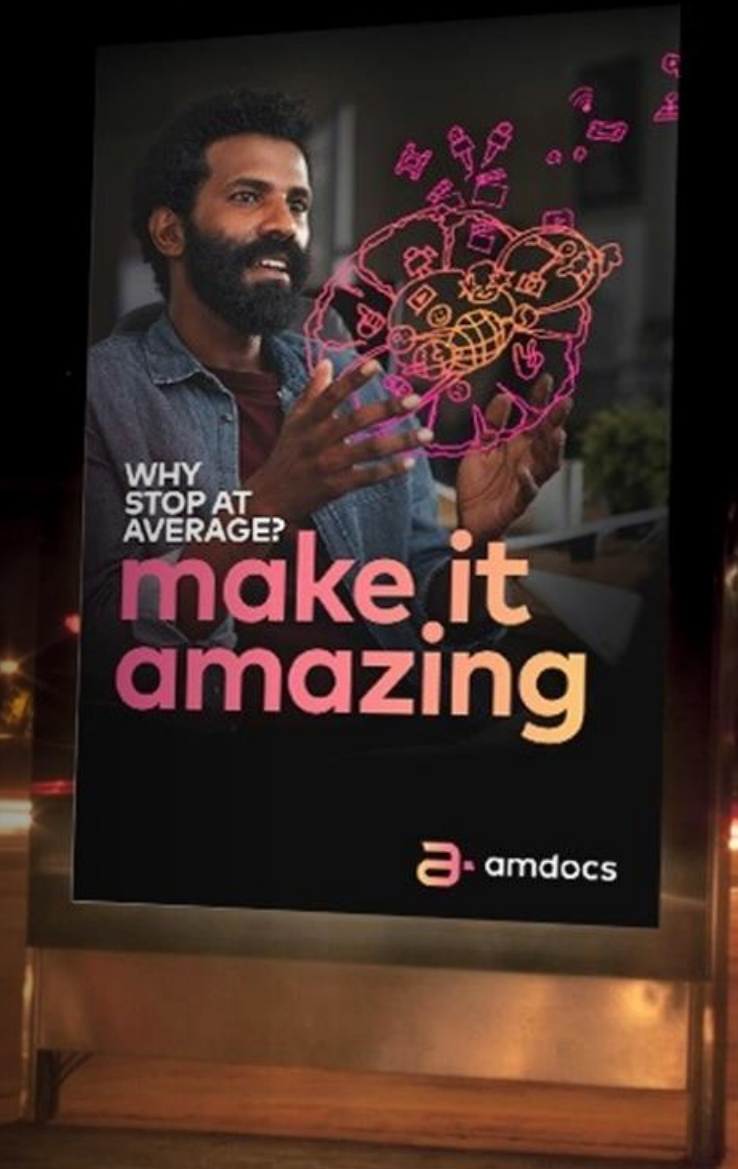
**Tamar  
Rapaport-Dagim**

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**

# Solid Q3 Results, Including Record Revenue and 12-Month Backlog



## Revenue

**Record \$1.16B,**  
accelerated growth  
of **10.8% YoY<sup>(1)</sup>**

**Record revenue** at the mid-point of guidance, despite a greater than expected impact from FX headwind



## 12-month backlog

**Record**  
of **\$3.95B**

Up a healthy 10% YoY, \$60M  
QoQ



## Non-GAAP EPS<sup>2</sup>

**\$1.27**

Above mid-point of  
guidance

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



# Q3 Operational Highlights



## Robust sales

**Strong** levels of business activity led by another **record** quarter in North America

Europe continues to be a strategic growth engine; project awards ramping up at key customers



Continued to **extend and expand** our relationships with **large, long-standing, and trusted customers**



Further **expanded** our **footprint** within major operators



## Execution

**Consistent** operating **execution**

Deployed many **project milestones** on behalf of our customers



**Migrated** ~ 27M customers as part of multi-year managed **digital transformation** project



**Millions** of Brazilian subscribers in the full **BSS quad play transformation**



## R&D

**Continuously** bring our customers fresh **innovation**; **accelerated R&D investment** with a focus on **cloud platforms**



Signed agreement to acquire

**mycomosi**

to **expand network portfolio** to include end-to-end **service** and **network orchestration** to power the **next generation** of networks

# mycomosi will expand our end-to end network portfolio

## About MYCOM OSI



**London HQ**  
Additional offices in US, France, UAE, India & Singapore



Provider of SaaS-based **cloud network and service assurance solutions**



Working with **top-tier CSPs worldwide** including:



## Transaction rationale



**Expands Amdocs' network portfolio** to include end-to-end service and network orchestration



Brings key **assurance capabilities**, key ingredient in the race to deliver differentiated experiences within 5G.



**Follows successful recent deals** in the network and cloud space **OPENET**  
An Amdocs Company



**Executing on network automation, 5G and cloud** - three of Amdocs' core strategic pillars

**Expect to close in Q1 fiscal 2023 for \$188 million cash**



# Progress in Strategic Domains

## wins

## business value



### Cloud

**Journey to the cloud:**  
accelerate cloud adoption



**Operations expansion**

Expanded operations, development and testing, leveraging cloud-native tech



**Digital bill presentment**

Cloud-based service provides a cost-effective solution, to personalize messages, boosting customer engagement, satisfaction and eco-friendly footprint



**5G ops on AWS**

5G ORAN rollout. Drive towards a more intelligent, open, virtualized and fully interoperable mobile cloud network



### 5G monetization

Support exciting new 5G use cases



**Next-generation experiences and on-demand connectivity**

POC completed demonstrating Amdocs' ability to drive next-generation experiences, on-demand connectivity and 5G network slicing monetization enabled by next-generation 5G standalone networks



### Digital modernization

Enhance customer experience and transform operations



**Digital transformation**

Accelerated the customer's digital transformation to harmonize customer experience and improve operating efficiency



**Bill presentment**

Expanding Amdocs' bill presentment solution to support Business Services customers



### Network automation

Deliver and automate dynamic, real-time network-based services



**Service orchestration**

Faster turn-around time for orders, reduced handover times and improved access to new products, services and tools



**Policy & charging**

Delivering latest Policy & Charging products in several Latin American countries



### Media

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

Major UK content provider

**MarketONE**

Launched a new platform for personalized and seamless access to premium on-demand content



**Content services agreement**

Expansion of multi-year content services agreement



**Content services agreement**

Vubiquity providing licensed premium content for hospitality industry



**Subscription management**

Turnkey integrated payments solution for subscription-based merchants

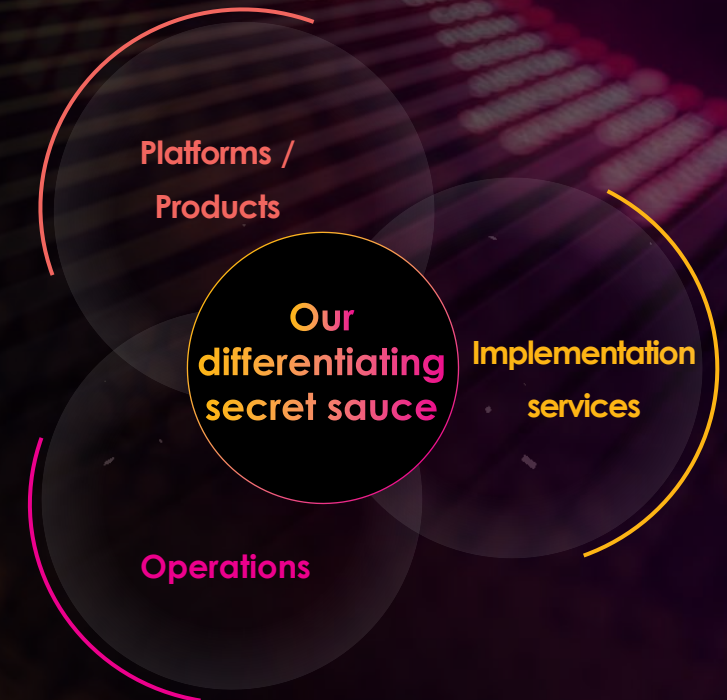
# Confident in our unique business model

**A** Unique business model: mission-critical products and services, highly recurring revenue streams, and long-term customer engagements

**B** Amdocs is a key technology enabler, at the heart of operators' multi-year 5G and cloud-driven investment cycle

**C** Enable customers' revenue growth, automation, cost reduction and efficiency improvement

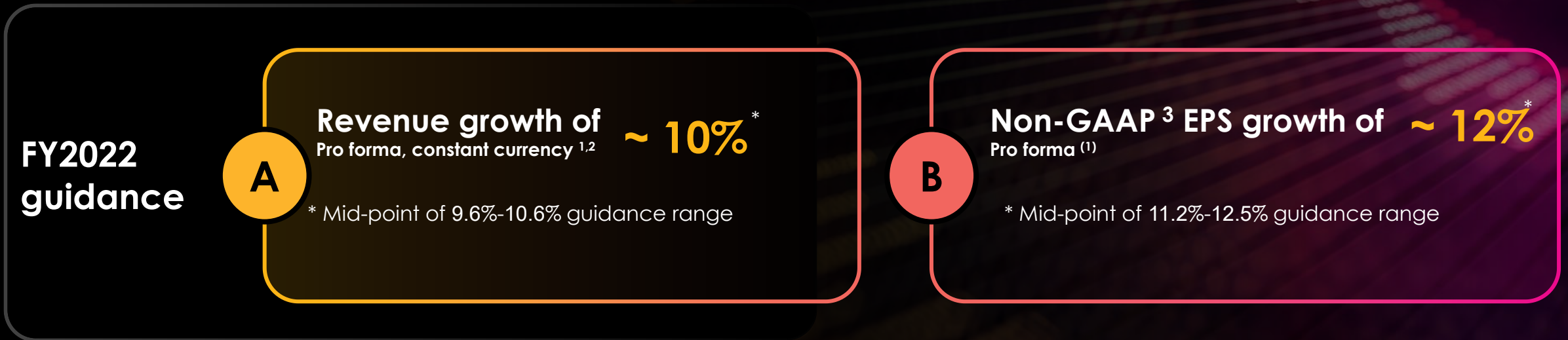
**D** Continue to see strong demand and rich pipeline of opportunity globally



# Looking ahead:

## On-track to achieve our accelerated growth targets

Record 12-month backlog and strong year to date financial performance:



Positioning us to deliver **double-digit** shareholder returns for the second year running, including our dividend yield of ~ 2%

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.



# Amdocs' Commitment to Social Responsibility and Sustainability

## Our Purpose

Enrich lives and progress society with creativity and technology

### 2021-2022 Corporate Social Responsibility and ESG report



### First-ever ESG Webinar

For analysts and investors presenting our CSR report impact and data on employee centricity, product sustainability, social impact, climate action, governance etc.



### Digital Inclusion Activities

Vubiquity providing technology for a new streaming platform with Signed Studios; provides premium quality sign language content for hearing-impaired





I would like to acknowledge and **thank all our customers, partners, shareholders, and communities** for **together** working to **create a better-connected world**



I want to **especially** thank our **global** and **diverse** base of **incredibly talented employees** for their **devotion** to turning the **boldest ideas into reality**





# Tamar Rapaport-Dagim

Chief Financial Officer  
& Chief Operating Officer

**Financial Update & Outlook**



# Q3 FY2022 Financial Highlights

**Record** revenue, +8.8% YoY as reported

**4th** straight quarter of **+10% YoY** revenue growth in pro forma constant currency<sup>(1)(2)</sup>

**Best-ever** quarter in North America

Europe showing signs of **acceleration**

**Consistent** non-GAAP operating margin while accelerating 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

## Q3 2022 Results

### Q3 Revenue

**\$1,160 million**

+8.8% YoY, +10.8% constant currency<sup>(2)</sup>

**Midpoint** of guidance  
(\$1,140M - \$1,180M)

### Q3 Non-GAAP<sup>(3)</sup> Operating Margin

**17.6%, flat QoQ**

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

### Q3 GAAP Diluted EPS

**\$1.04**

**Higher-end of** guidance  
(\$0.97 - \$1.05)

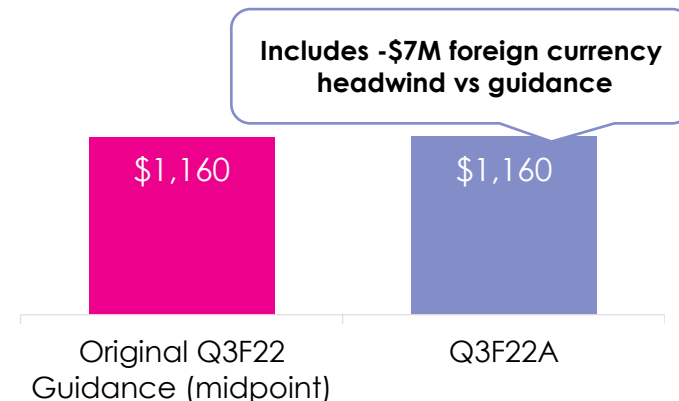
### Q3 Non-GAAP<sup>(3)</sup> Diluted EPS

**\$1.27**

**Above** guidance midpoint  
(\$1.23 - \$1.29)

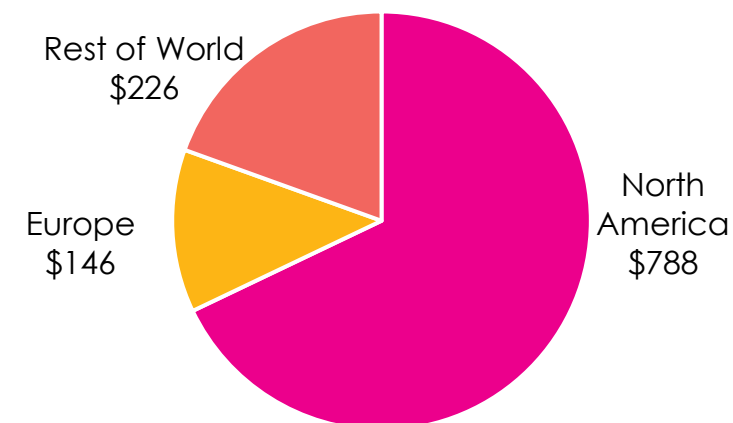
## Q3 2022 Revenue vs. Guidance

\$ Millions



## Q3 2022 Revenue by Region

\$ Millions



# Leading Indicators & Business Model Resiliency

## 12-Month Backlog

~\$3.95B

Record-high level as of June 30, 2022  
~ +10% YoY, +\$60M QoQ

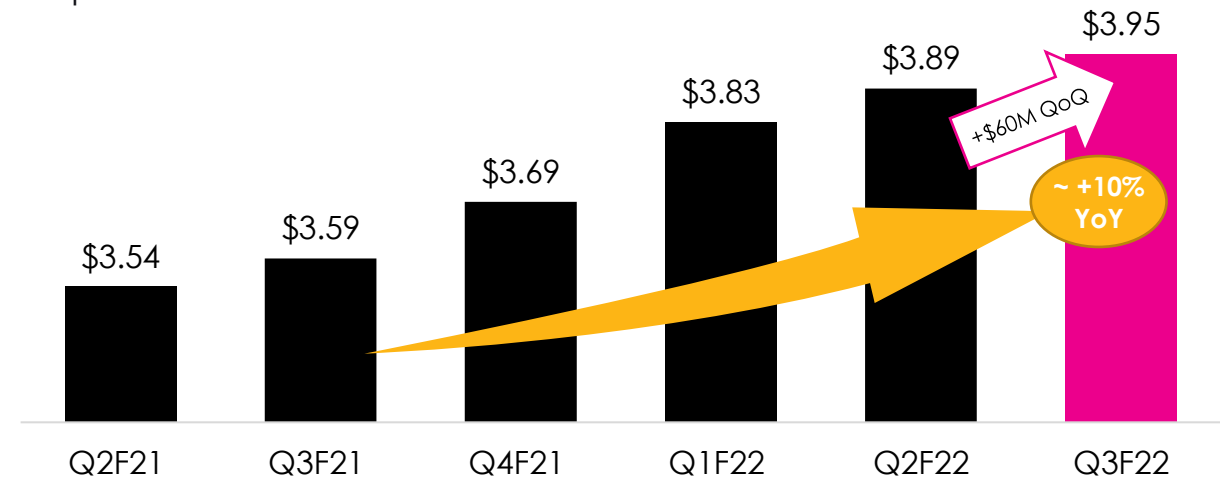
## Leading Indicator

Roughly 80%

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

## Record Quarterly 12-Month Backlog in Q3F22

\$ 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**  
**~\$718M**  
Record-high level as of June 30, 2022  
~ +10% YoY

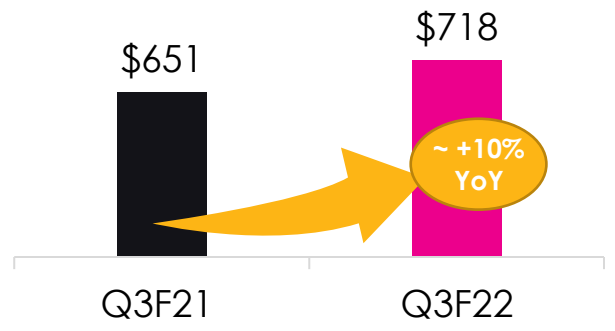
Close to 100%

managed services contract renewals

## Record-High Managed Services Revenue in Q3F22

\$ 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



5-year managed services extension

Expands relationship to include incident management, next-gen digital catalog

Leverages latest cloud-native technologies



# Balance Sheet & Cash Flow

Normalized free cash flow of **\$144 million**

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

DSO's

**82 days**

+3 days YoY and +1 days QoQ  
DSO's may fluctuate from quarter to quarter

Deferred revenue > unbilled

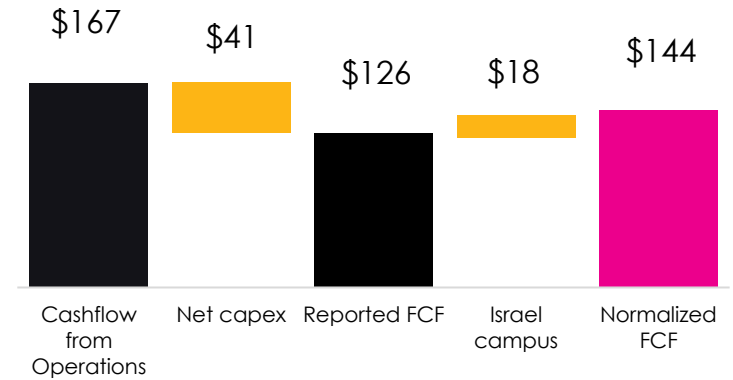
**+\$62 million YoY**

Deferred revenue: +\$16M YoY  
Unbilled receivables: -\$46M YoY

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

## Q3 2022 Free cash flow<sup>(2)</sup> bridge

Reported FCF vs. Normalized FCF, \$ Millions



\*Figures may not sum due to rounding

Liquidity: Cash + Credit Facility

**\$1.4 billion**

Ample liquidity including available \$500M revolving credit facility

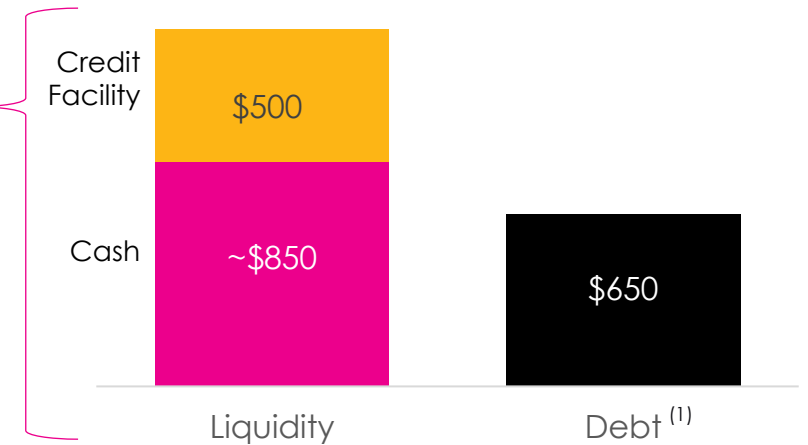
**Baa2**  
Moody's

**BBB**  
S&P

Remain committed to maintaining our Investment grade credit rating

## Cash, Credit Facility & Debt Position

\$ Millions, as of June 30, 2022



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

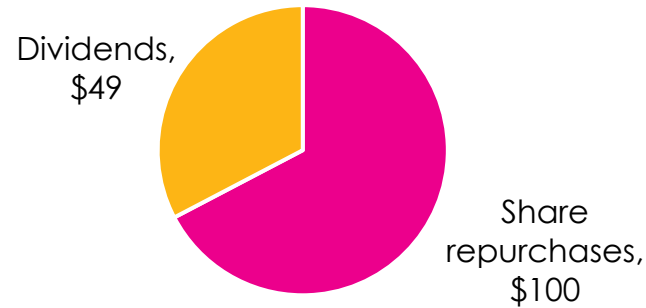
# Disciplined Capital Allocation

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

~6% normalized free cash flow yield<sup>(2)</sup>

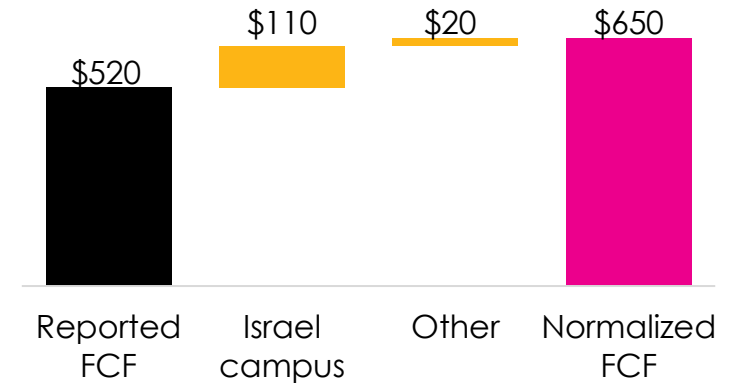
Expect to return slightly more than **100%** of normalized free cash flow to shareholders in FY2022

## Q3 2022 Cash Returned to Shareholders \$ Millions

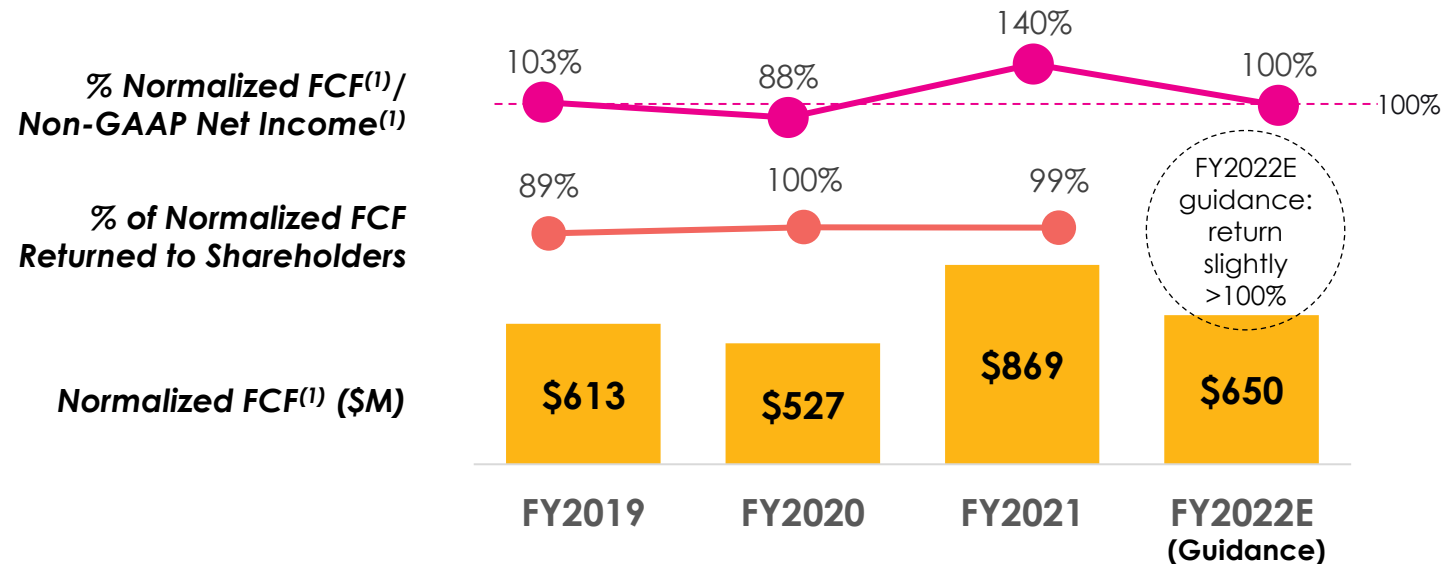


As of June 30, roughly **\$0.6B** of share repurchase authorization capacity remained

## FY2022E Normalized FCF outlook<sup>(1)</sup> \$ Millions



## Normalized FCF<sup>(1)</sup>: Three-year historical trend and FY2022E outlook



1. Non-GAAP. See reconciliation tables in appendix

2. Yield = expected normalized free cash flow of \$650M in FY2022 as a percentage of Amdocs' market capitalization as of July 31, 2022

# FY2022 Outlook

**On-track** for pro forma<sup>(1)</sup> revenue<sup>(4)</sup> growth of **~10% YoY** in FY2022E

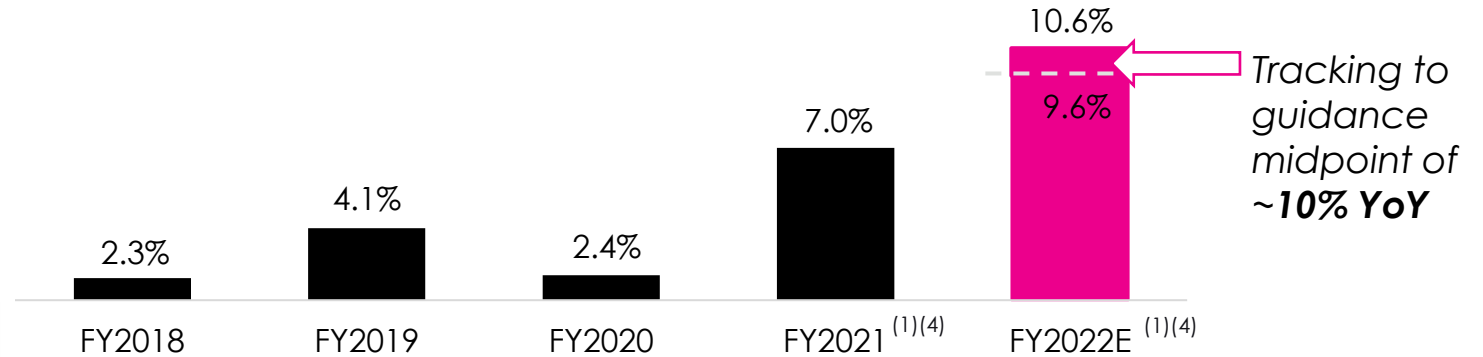
Positioned to deliver **double-digit** total shareholder returns for the **second** year running

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<sup>(4)</sup>

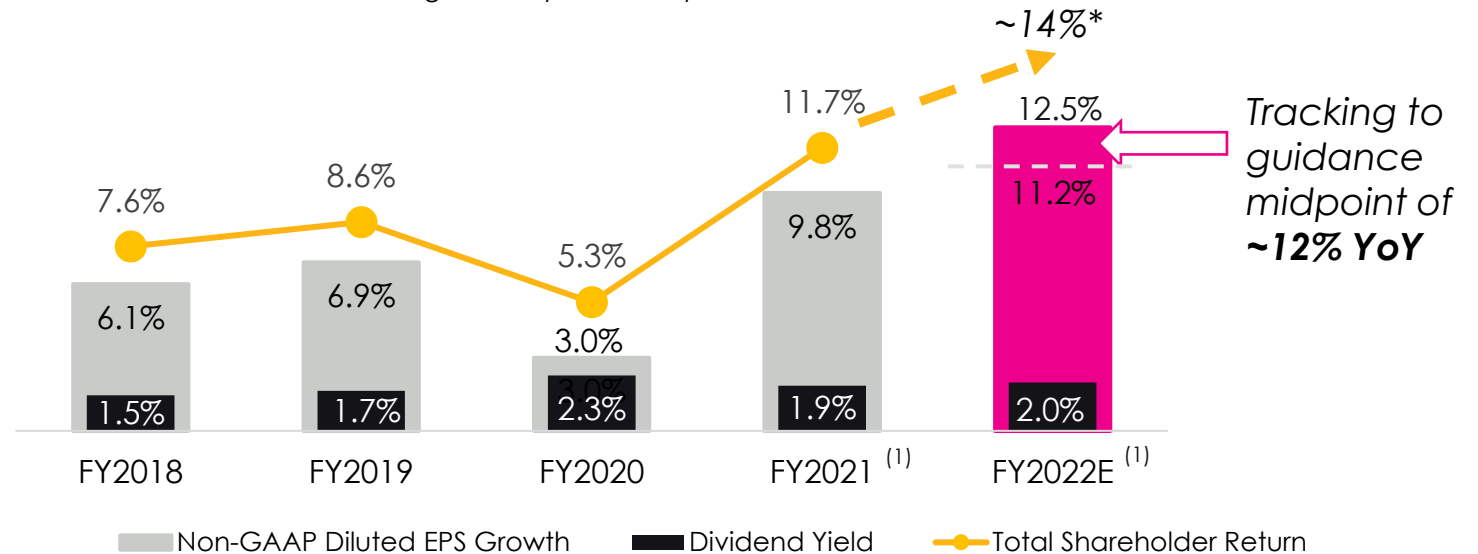
FY21 and FY22E revenue is pro forma<sup>(1)</sup> constant currency<sup>(4)</sup>



## Total Shareholder Return<sup>(3)</sup>

Non-GAAP<sup>(2)</sup> Diluted EPS Growth YoY % + Dividend Yield

FY21 and FY22E non-GAAP EPS growth is presented pro forma<sup>(1)</sup>



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



# Q&A



Let's  
**make it**  
**amazing**



# Q4 & FY2022 Outlook

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

## Q4 Fiscal 2022 Outlook

Revenue	\$1,145 - \$1,185 million
GAAP EPS	\$0.98 - \$1.06
Non-GAAP <sup>(2)</sup> EPS	\$1.26 - \$1.32
Share Count	123 million
Effective Tax Rate Non-GAAP <sup>(2)</sup>	<b>Above</b> high-end of annual target range of 13%-17%

Full Year Fiscal 2022 Outlook	Updated	Previous
Revenue growth As reported	<b>6.2% - 7.2%</b>	5.2% - 7.2%
Revenue growth Pro forma <sup>(1)</sup> , constant currency <sup>(3)</sup>	<b>9.6% - 10.6%</b>	8.0% - 10.0%
Non-GAAP <sup>(2)</sup> EPS growth As reported	<b>9.6% - 10.9%</b>	7.3% - 10.3%
Non-GAAP <sup>(2)</sup> EPS growth Pro forma <sup>(1)</sup>	<b>11.2% - 12.5%</b>	9.0% - 12.0%
Operating Margin Non-GAAP <sup>(2)</sup>	<b>17.2% - 17.8%</b>	17.2%-17.8%
Effective Tax Rate Non-GAAP <sup>(2)</sup>	<b>13.0% - 17.0%</b>	13.0%-17.0%
Free cash flow <sup>(2)</sup>	<b>\$520 million</b>	\$500 million
Normalized free cash flow <sup>(2)</sup>	<b>\$650 million</b>	\$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 \$521 and \$233 for the nine months ended June 30, 2022 and 2021, respectively.

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

	Three months ended June 30,		Nine months ended June 30,	
	2022	2021	2022	2021 <sup>(a)</sup>
Revenue	\$ 1,160,290	\$ 1,066,254	\$ 3,410,193	\$ 3,201,331
Non-GAAP operating income	204,325	187,606	599,557	560,470
Non-GAAP net income	156,520	173,283	497,599	474,350
Non-GAAP diluted earnings per share	\$ 1.27	\$ 1.35	\$ 4.01	\$ 3.65
Diluted weighted average number of shares outstanding	123,153	128,050	124,098	130,115

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

	Three months ended June 30,		Nine months ended June 30,	
	2022	2021	2022	2021 <sup>(a)</sup>
Net Cash Provided by Operating Activities	\$ 166,826	\$ 189,873	\$ 539,800	\$ 726,094
Purchases of property and equipment, net <sup>(c)</sup>	(40,904)	(50,255)	(145,400)	(149,565)
Free Cash Flow	125,922	139,618	394,400	576,529
Tax payment on sale of business <sup>(b)</sup>	-	13,597	3,193	38,787
Payments of acquisition related liabilities	-	-	14,350	13,234
Net capital expenditures related to the new campus development	18,260	25,324	77,676	67,879
Normalized Free Cash Flow	\$ 144,182	\$ 178,539	\$ 489,619	\$ 696,429

# Reconciliation Tables

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

GAAP	Three months ended June 30, 2022 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	Other	Tax effect		
Operating expenses:							
Cost of revenue	\$ 748,214	\$ -	\$ (8,523)	\$ 284	\$ -	\$ 739,975	
Research and development	89,479	-	(1,495)	-	-	87,984	
Selling, general and administrative	136,110	-	(8,104)	-	-	128,006	
Amortization of purchased intangible assets and other	17,173	(17,173)	-	-	-	-	
Total operating expenses	990,976	(17,173)	(18,122)	284	-	955,965	
Operating income	169,314	17,173	18,122	(284)	-	204,325	
Interest and other expense, net	(7,811)	-	-	500	-	(7,311)	
Income taxes	33,037	-	-	-	7,457	40,494	
Net income	\$ 128,466	\$ 17,173	\$ 18,122	\$ (284)	\$ 500	\$ (7,457)	\$ 156,520

GAAP	Three months ended June 30, 2021 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	Other	Tax effect		
Operating expenses:							
Cost of revenue	\$ 689,370	\$ -	\$ (6,020)	\$ 74	\$ -	\$ 683,424	
Research and development	80,794	-	(1,032)	-	-	79,762	
Selling, general and administrative	122,401	-	(6,939)	-	-	115,462	
Amortization of purchased intangible assets and other	18,770	(18,770)	-	-	-	-	
Total operating expenses	911,335	(18,770)	(13,991)	74	-	878,648	
Operating income	154,919	18,770	13,991	(74)	-	187,606	
Interest and other income (expense), net	334	-	-	(1,510)	-	(1,176)	
Income taxes	9,103	-	-	-	4,044	13,147	
Net income	\$ 146,150	\$ 18,770	\$ 13,991	\$ (74)	\$ (1,510)	\$ (4,044)	\$ 173,283

# Reconciliation Tables

- Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
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## AMDOCS LIMITED Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP (In thousands)

Nine months ended  
June 30, 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	\$ 2,206,189	\$ -	\$ (23,740)	\$ (509)	\$ -	\$ -	\$ 2,181,940	
Research and development	258,488		(4,093)				254,395	
Selling, general and administrative	399,168		(24,867)				374,301	
Amortization of purchased intangible assets and other	53,237	(53,237)					-	
Total operating expenses	2,917,082	(53,237)	(52,700)	(509)	-	-	2,810,636	
Operating income	493,111	53,237	52,700	509	-	-	599,557	
Interest and other expense, net	(18,992)					(2,005)	(20,997)	
Gain from sale of a business	10,000			(10,000)			-	
Income taxes	63,554					17,407	80,961	
Net income	\$ 420,565	\$ 53,237	\$ 52,700	\$ (509)	\$ (10,000)	\$ (2,005)	\$ (17,407)	\$ 497,599

Nine months ended  
June 30, 2021<sup>(a)</sup>

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	\$ 2,103,601	\$ -	\$ (16,543)	\$ (15,654)	\$ -	\$ -	\$ 2,071,404	
Research and development	231,617	-	(2,876)	-	-	-	228,741	
Selling, general and administrative	361,240	-	(20,524)	-	-	-	340,716	
Amortization of purchased intangible assets and other	60,510	(60,510)	-	-	-	-	-	
Total operating expenses	2,756,968	(60,510)	(39,943)	(15,654)	-	-	2,640,861	
Operating income	444,363	60,510	39,943	15,654	-	-	560,470	
Interest and other income (expense), net	(9,698)	-	-	-	-	(686)	(10,384)	
Gain from sale of a business	226,410	-	-	(226,410)	-	-	-	
Income taxes	96,226	-	-	-	-	(20,490)	75,736	
Net income	\$ 564,849	\$ 60,510	\$ 39,943	\$ 15,654	\$ (226,410)	\$ (686)	\$ 20,490	\$ 474,350

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