AMDOCS Q3 2026 CONFERENCE CALL SCRIPT - FINAL

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5:00 pm

Matthew Smith, Head of Investor Relations

Slide 2: Disclaimer

Thank you, operator. Before we begin, I need to call your attention to our disclaimer statement on slide 2 of the presentation. It notes that some of our comments today may be forward-looking statements and are subject to risks, uncertainties, and other important factors, including as described in Amdocs' SEC filings, and that we will discuss certain financial information that is not prepared in accordance with GAAP. For more information regarding our use of non-GAAP financial measures, including reconciliations of these measures, we refer you to today's earnings release, which will also be furnished with the SEC on Form 6-K.

Slide 3: Today's Speakers

Participating on the call with me today are Shimie Hortig, President and Chief Executive Officer of Amdocs Management Limited and Tal Rozenfeld, Chief Financial Officer.

Slide 4: Agenda

To support today's earnings call we are providing a presentation which can be found on the Investor Relations section of our website, and, as always, a copy of today's prepared remarks will also be posted immediately following the conclusion of this call.

On today's agenda, Shimie will recap our financial achievements for the third fiscal quarter 2026 and full year outlook, after which he will present the future strategy for Amdocs in the agentic era.

Tal will then provide additional details on our third quarter financial performance, and guidance for the full fiscal year 2026.

And with that, I'll turn it over to Shimie.

Slide 5: Welcome & Opening Remarks

Thanks, Matt, and good afternoon to everyone joining Amdocs' fiscal third quarter 2026 earnings call. I'm pleased to join you today from our Amdocs New Jersey offices and provide an update on the significant progress we've made on our strategy, as well as the meaningful commercial wins from the past few months.

Slide 6: Business Performance Update

Today, I'd like to focus most of my remarks on Amdocs' strategy and provide you with more color and insight on our long-term direction.

Before that, let me briefly review our solid financial and operating performance for the third fiscal quarter.

Slide 7: Q3 Financial Highlights

As shown on slide 7:

- Q3 revenue of $1.175 billion and non-GAAP diluted earnings per share of $1.84, were consistent with the midpoint of guidance

- Non-GAAP operating margin improved by 20 bps from a year ago as we balanced our growth investments with intentional strategic efforts to reshape our cost structure and drive efficiency

- Managed services delivered a record quarter, accounting for 67% of total revenue, and

- We closed the quarter with twelve-month backlog of $4.26 billion, up 2.7% from a year ago.

Slide 8: Reiterating FY2026 Financial Outlook

With these results, I'm happy to say that we're reiterating the midpoint of our full year fiscal 2026 financial outlook, including revenue growth of 3% in constant currency and non-GAAP diluted EPS growth of 6%.

Additionally, we are on track to generate free cash flow of roughly $720 million before restructuring payments in fiscal 2026, consistent with the midpoint of our target range.

Slide 9: Key Customer Wins

Building on our strong financial performance, I'm proud to share an important moment in our agentic journey. We signed a new, large-scale multi-year partnership with Liberty Latin America to manage and transform their entire end-to-end IT ecosystem. This is a true flagship engagement and a major proof point of our agentic transformation strategy which I will cover in more detail shortly.

Additionally, we continued to see good sales momentum across our core products and services with wins at many of the world's leading providers, including Lumen, TELUS in Canada, Three Scandinavia, Telefonica Vivo in Brazil, PLDT and Optage in Japan.

Slide 10: Q3 Project Execution & Delivery

At the same time, we remained focused on delivering consistent operational execution in Q3, successfully achieving a high number of milestones in support of project activities for customers such as AT&T, T-Mobile, Optimum, TELUS, Bell, A1 Austria, Globe Telecom and Telkom South Africa.

To elaborate on a few of them:

- At T-Mobile, we've made significant progress with the large USCellular integration project and we are on schedule to complete it

- For A1 Austria we completed a billing, charging and catalog transformation deployment following a multi-year transformation

- At Globe in the Philippines, we completed a major modernization of their network policy to support cloud native 5G.

Slide 11: The Amdocs Strategy

Now, let me provide an update on Amdocs' strategy.

Over the last few months, we've continued to advance our strategy and I'd like to share more details about our plans to lead Amdocs forward.

- Last quarter, I shared my excitement about the agentic era, and the long-term opportunity this presents to help our industry and customers fundamentally transform their IT and network domains.

- Our vision is to be the primary partner of choice to accelerate this agentic transformation and unlock its value for our customers.

Slide 12: Amdocs Strategy

- Today I want to introduce our new four-pillar growth strategy, as shown on slide 12.

    1. Pillar 1, and the core of our strategy, is “aOS, the Agentic Telco Operating System”, designed to fundamentally transform the way our customers operate their business

    2. Pillar II is “New Vertical Expansion” where we plan to leverage our deep engineering pedigree, combined with our transformation expertise, to accelerate agentic modernization in another industry

    3. Pillar III is ”Emerging Growth Horizons” where we intend to capture and solve emerging needs driven by the GenAI revolution in our customer base and beyond, and

    4. Pillar IV relates to the “Internal Transformation” of Amdocs to become an agentic-first organization as a key enabler to support our future growth

Let me take some time to discuss each of these pillars in more detail.

Slide 13: Pillar I: Amdocs Agentic Telco Operating System, aOS

Starting with Pillar I -aOS, the Amdocs Agentic Telco Operating System.

In this pillar, our mission is to accelerate the transformation of each and every one of our customers to the agentic era in a risk mitigated and cost-conscious manner.

In so doing, we will enable our customers to unlock the value of the agentic era by

- ✓ Simplifying complexity
- ✓ Reimagining end-to-end workflows
- ✓ Accelerating the launch of new offerings from months to hours, and
- ✓ Significantly reducing their cost structures

To that end, we are bringing to market aOS, Amdocs' agentic telco operating system, which we've designed to be the leading technological framework for enabling our customers to be successful in their agentic journey. This framework includes all the components and capabilities needed for our customers to agentify their business and IT operations. We plan to continuously enhance this framework and its capabilities to lead our customers to a fully agentic and autonomous future.

- We firmly believe that NOW is the time for our customers to embark on this journey

- We also understand that each customer has a different starting point and our role as the market leader is to design a tailored roadmap for each of them.

- Given our deep industry expertise, engineering heritage, transformation capabilities, and outcome-based model, we believe our customers will trust us as their primary partner on this journey.

- Along these lines, let me share more details about the significant large-scale agreement we've signed with Liberty Latin America.

Slide 14: Pillar I: Strategic Win: Liberty Latin America

In this 10-year strategic engagement, Liberty Latin America is trusting Amdocs to manage and transform its end-to-end IT ecosystem, leveraging aOS, Amdocs' agentic telco operating system.

- The engagement moves beyond traditional IT operations into an AI-driven operating model designed to accelerate time to market, increase product innovation, enhance customer and employee experience, and deliver significant cost savings.

- The deal is also a meaningful expansion of Amdocs' footprint in the CALA region and is a major demonstration of our ability to handle highly complex mission critical operations across multiple markets.

Slide 15: Pillar I: aOS Market Traction

Beyond this flagship agreement with Liberty Latin America, aOS is gaining encouraging market traction.

As highlighted last quarter, AT&T Cricket, Lumen, EchoStar, Bell and PLDT were among the first to adopt aoS which is already in production and delivering value for several of them.

More recently, Verizon, TELUS, Sunrise Switzerland, Three Scandinavia and a Tier 1 provider in Asia Pacific have signed initial commercial aOS deals.

- To provide some color, TELUS in Canada, has seen encouraging early results of a Customer Digital Twin engagement, demonstrating the power of aOS to deliver personalized experiences across customer service and sales interactions.

- As another example, Amdocs is partnering with Verizon on an Agentic AI initiative to automate RF design workflows, with the program in active development. This reflects the broader industry shift toward AI-driven network operations and showcases Verizon's continued investment in AI and Network Quality.

We believe that these initial engagements are a great indication of the aOS capabilities we are bringing to market, and we expect they will evolve into larger and more meaningful journeys on which Amdocs will become the primary partner of our customers for their agentic transformation.

Slide 16: Pillar II: New Vertical Expansion

Turning to Pillar II, we believe that our proven track record of successfully executing major core system transformations, coupled with our agentic offering, are especially relevant in other high volume, mission critical and strictly regulated industries where complexity presents a major challenge for core systems transformation.

We are therefore evaluating the potential to expand our addressable market by targeting an additional vertical, positioning ourselves as a new market entrant with our disruptive agentic approach.

Slide 17: Pillar III: Emerging Growth Horizons

Moving to Pillar III of our strategy, the emerging growth horizons. As we work closely with our telco customers, it is apparent that the GenAI revolution is creating a clear demand to solve technological gaps and needs that didn't exist before.

We therefore see the potential to be the first to market with disruptive technologies designed to address these issues and expand our offering.

As we scan through these potential opportunities, we plan to incubate and scale the ones with the greatest potential to become future new growth drivers for Amdocs.

Slide 18: Pillar IV: Internal Transformation

Finishing up with Pillar IV, we are accelerating our internal transformation to make Amdocs an agentic-first company with the right foundation to support our future growth.

To that end, we are implementing agentic capabilities across software development, service delivery and operations. We already see this maturing with high levels of employee adoption.

What makes our story unique is that we're transforming internally with the same technology we deliver to customers. We are our own "customer zero" and believe that running our operations on agentic AI while delivering it commercially at scale will provide the essential foundation to being an agentic-first organization.

Slide 19: Bringing it All Together

To bring it all together:

- The agentic revolution presents an exciting opportunity for Amdocs and I believe we have the right strategy to seize the moment with our agentic operating system, aOS

- Our flagship deal with Liberty Latin America is an important proof point to show that we can tailor specific agentic journeys for telco customers, lead large-scale agentic transformations and expand our addressable market

- Our systems transformation expertise, coupled with Amdocs' agentic offerings, present potential opportunities to expand beyond telco to other verticals and grasp the opportunity of emerging horizons.

- Although we understand we are dealing with a constantly evolving landscape that could present uncertainties, we believe we have the right leadership, talent, and skills necessary to quickly adapt and drive us forward.

With that let me hand it over to Tal for his financial review. Go ahead Tal.

Slide 20: Financial Review & Outlook

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Slide 21: Q3 FY2026 Financial Results

Thank you, Shimie and good afternoon everyone. Thank you for joining us.

To echo Shimie's remarks, we're pleased with our solid financial performance for the third fiscal quarter.

Q3 revenue was approximately $1.175 billion, up 2.7% year over year as reported and in line with the midpoint of our guidance, with a negligible impact from foreign currency movements versus our guidance assumptions.

In constant currency, revenue was up 2.2% from a year ago.

- Moving down the income statement, non-GAAP operating margin was 21.6%, up 20 basis points year over year and 10 basis points sequentially, as we continued to balance our agentic growth investments with internal cost and efficiency gains.

- As a reminder, our non-GAAP operating margin may fluctuate slightly on a quarter-to-quarter basis.

- Interest and other expenses amounted to roughly $14 million in Q3, consistent with the prior quarter.

- On the bottom-line, non-GAAP diluted EPS of $1.84 was in line with the guidance midpoint.

- Diluted GAAP EPS of 59 cents was below the guidance range of $1.39 to $1.47. This was due to a restructuring charge of roughly 91 cents per share resulting from the acceleration of our internal transformation and our strategy to become an agentic-first organization as Shimie discussed a moment ago. Adjusting for this charge, GAAP diluted EPS would have been above the guidance range.

- I'd also like to highlight that we generated free cash flow of $193 million before restructuring payments in Q3. This was driven by healthy earnings to cash conversion in the period, demonstrating that the core business is performing well as we continue to consistently execute for our customers.

Slide 22: Managed Services

As a measure of our visibility and business resilience, managed services delivered record revenue of $791 million in Q3, up 2.5% from the prior year. Managed services accounted for roughly 67% of total revenue in Q3, and renewal rates remained consistently high as we continued to expand our engagements under multi-year agreements.

- In the US, a premier provider of digital television entertainment has signed an agreement with Amdocs to execute a strategic billing migration program. By leveraging Amdocs' agentic operating system and AI-driven migration capabilities, the provider is modernizing its billing environment to streamline operations, improve efficiency and support long-term business growth while further strengthening its strategic relationship with Amdocs.

- In Brazil, Telefónica’s Vivo expanded its collaboration with Amdocs by extending its managed services agreement to support its customer growth and OSS modernization with Amdocs Customer Experience Suite

- Additionally, we signed a multi-year managed services agreement with a leading South American provider which will leverage Amdocs' full BSS/OSS stack supported by AI-driven application management, operations services and software factory expertise

Slide 23: Balance Sheet & Cash Flow

Moving to the balance sheet and cash flow highlights, DSO of 78 days increased by 2 days from a year ago and 5 days sequentially.

Unbilled receivables net of deferred revenue increased by $98 million versus a year ago, and by $68 million sequentially in Q3, aggregating the short-term and long-term balances. As a reminder, the net difference between unbilled receivables and deferred revenue fluctuates from quarter to quarter, in line with normal business activities, as well as our progress on multi-year engagements.

As mentioned, free cash flow before restructuring payments was $193 million in Q3. Highlighting strong free cash flow for the year so far, we’ve already achieved nearly 75% of our fiscal 2026 target.

Including restructuring payments of $21 million, reported free cash flow was $172 million in the quarter.

Overall, we ended Q3 with a healthy cash balance of approximately $206 million, and aggregate borrowings of roughly $930 million, including our $650 million senior note maturing in June 2030, and short-term financing arrangements of $280 million.

As of June 30, 2026, there was $200 million outstanding notes under the commercial paper program, and $520 million remains available on the revolving credit facility.

Overall, we have ample liquidity to support our ongoing business needs while retaining the capacity to fund our future strategic growth.

Slide 24: Disciplined Capital Allocation

Switching to capital allocation, this quarter we repurchased $143 million of our shares, leaving us with up to $560 million of remaining repurchase authority as of June 30, 2026.

We paid cash dividends of $60 million in the third fiscal quarter.

Looking to fiscal 2026, we are on track to generate free cash flow of between $710 million to $730 million, not including payments we expect to make under our current restructuring program.

Our free cash flow outlook equates to a conversion rate of roughly 90% relative to expected non-GAAP net income.

Regarding our capital allocations for this year, we expect to return the majority of our free cash flow to shareholders.

Slide 25: Leading Indicators & Visibility: 12-Month Backlog

Moving on, 12-month backlog was $4.26 billion at the end of Q3, up 2.7% from a year ago but down $20 million sequentially.

We continue to believe 12-month backlog remains a good leading indicator of our business and forward visibility.

Slide 26: FY2026 Revenue Growth Outlook

Now, turning to our revenue outlook we are continuing to closely monitor the prevailing level of macro-economic, geopolitical, business, and operational uncertainty, including our customers' spending behavior in the current business environment. The fourth quarter and full fiscal year 2026 financial guidance reflects what we consider to be the most likely outcomes based on the information we have today, but we cannot predict all possible scenarios.

For the full fiscal year 2026, we expect revenue growth within a tighter range of between 3.2% and 4.0% as reported, the midpoint of which is unchanged as compared with our prior outlook of 2.6% to 4.6%. Our guidance assumes foreign currency tailwinds of roughly 0.6%, consistent with our previous assumption.

Consistent with our prior guidance, we expect that roughly half of the expected growth in fiscal 2026 will be inorganic in nature.

On a constant currency basis, we expect revenue growth within a tighter range of between 2.6% and 3.4% for the full fiscal year, the 3% midpoint of which is also unchanged as compared with our previous guidance.

As to the fourth fiscal quarter, we expect revenue of between $1.175 billion to $1.215 billion.

Slide 27: Sustained Margin Expansion in FY2026

Moving down the income statement, we are on track to deliver non-GAAP operating margins within our target range of 21.3% to 21.9% in fiscal 2026, the midpoint of which is roughly 20 basis points higher than the prior year of 21.4%.

As we discussed last quarter, our profitability outlook reflects a decision to accelerate our investments in GenAI and our agentic operating system, aOS, including R&D, sales, and marketing, balanced by our internal transformation initiatives to become an agentic-first organization.

We continue to expect our non-GAAP effective tax rate to be within an annual target range of 16% to 19% for the full fiscal year 2026.

Slide 28: FY2026 Non-GAAP Diluted EPS Growth Outlook

Tying everything together, we now expect non-GAAP diluted earnings per share growth within a tightened range of 5.5% to 6.5% in fiscal 2026, the 6% midpoint of which is unchanged.

With that, back to you, Shimie

Slide 29: Q&A

Thank you, Tal, and with that, we are happy to take your questions.

Operator?