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DOX.OQ - Amdocs Ltd at Nasdaq Investor Conference (Virtual)

EVENT DATE/TIME: DECEMBER 02, 2021 / 12:30PM GMT

CORPORATE PARTICIPANTS

Joshua Sheffer *Amdocs Limited - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

Dafna Kantor Sigal *Morgan Stanley - Head of Israel*

PRESENTATION

Dafna Kantor Sigal - *Morgan Stanley - Head of Israel*

Hi. I'm Dafna Kantor from Morgan Stanley, and I will be hosting today Shuky Sheffer, President and CEO of Amdocs. Shuky, thank you so much for joining us. It's truly a pleasure hosting you. And I'm told I need to start with a disclaimer. So let me move to these 2 sentences. For important disclosures, please see Morgan Stanley research disclosure website at www.morganstanley.com/researchdisclosures. If you have any questions, please reach out to your Morgan Stanley sales representative.

Okay. I will also start with a short intro to Shuky's background, and we'll share with you that Shuky joined Amdocs initially in 1986 that he has been with Amdocs for over 30 years. He's been appointed as CEO in late 2018, and having previously sort of in several managerial positions within Amdocs. So again, thank you for taking the time to join us today.

QUESTIONS AND ANSWERS

Dafna Kantor Sigal - *Morgan Stanley - Head of Israel*

And perhaps Shuky, we'll start with the high level. For those of you who don't know Amdocs well, if you could talk a little bit about kind of business model, core products and technologies just to introduce Amdocs to our investors who are with us today?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Thank you, Dafna. Obviously, always, I'd like to share information about Amdocs. So Amdocs is -- actually, we are leading a provider of software and services for the communication and media industry. And I will get more in details what we do. The company is a global company operating in 85 countries. We have over 28,000 great talented employees across the world. We have about \$4.3 billion revenue in fiscal '21 that actually, we have October to September company. So we just finished our fiscal '21 about the end of September.

We have a very good FY '21. We grew revenue in constant currency -- sorry, on a constant current pro forma base, 7% year-over-year, which is more than double the traditional growth rate of Amdocs in previous years. 75% of our revenue is recurring. I think we have relatively high visibility of 80%. We spend more than 10% on R&D every year. And I think that, as I mentioned, we had a great year, and we believe that the Amdocs right now is at inflection point for growth, and I will share more information about and why we believe we are in this area, in this high-end growth. And we guided the market for next year of a midpoint of 8% growth.

And we are a very unique company from our business model. There are many product companies, they are services company, and Amdocs is what we call a product-led services company, meaning that we deploy our products which are the best-in-class products for the communication industry, and we implement our products and we operate our products. And this is why when we talk about our visibility in our recurring revenue, we are in a position to have more than 75% of our revenue is recurring revenue.

So what we do for the -- and by the way, we have over 350 customers across the world. We serve the blue-chip customer of the world. I will give a few names, obviously, in North America, our largest customer, AT&T, T-Mobile, Comcast, Dish, Charter, Verizon, obviously, you are familiar with these names. In Canada, all of them, I think, are a customer between Bell, Telus, Rogers. So very, very significant presence in North America. The

same in Europe, we are serving the largest service provider in Europe from Vodafone in more than 10 countries. The 3 Hutchinson Group, Sky, Orange, very, very strong presence in Europe. And we are, by far, the market leader in APAC between developed APAC and APAC, I think that the vast majority of the customer over there are running Amdocs system. And we operate -- we are -- obviously, in Latin America, we have a very good presence with the Telefonica Group and América Móvil group between the 2 pretty much the majority of the market.

So what we do for the communication industry? We are -- in our suite of product. Actually, we are dealing with all the monetization, everything every time that you monetize some type of service. By the way, Amdocs roughly handling about 3 billion transactions a day across the world. And we automate and digitize the operation and until provisioning to the service to the network. So when you buy a new phone, and you get a new tariff plan, when you want to buy broadband, when you want to change your offering and you want to buy the package of content, more connectivity, whatever, you are running, probably you don't know it, but you're running on Amdocs system. So most of the interaction, I think, in the U.S. definitely running on the Amdocs system. And we are very unique from the fact that we have a full suite from the channel, it could be more application, website, whatever through the ordering workflows, billing account receivable until the provisioning to the service to the network, everything is integrated and everything, I would say, in digitized in the most automated way.

We -- so as I said, we are doing the product. By the way, I think by far, our products are leading in the industry. We implement the products, and we have many managed service operation in which we're running the port. And this is -- will give us the high recurring revenue. And we have large managed services agreement with T-Mobile, with AT&T and with Comcast, with Charter. This is some example in North America. With Vodafone in Europe. With the Singapore Telecom in different countries in APAC. With Telefonica. So this is a very, I would say, our customer really like this model because it brings a very unique accountability model because usually, when you try to implement the product, and there are issues, the product company will say, the product is great. The system integrator doesn't know how to implement this. The system integrator will say, the product doesn't work, and Amdocs is the only one that can bring this accountability. And this is why our success rate in implementing such a complex project is second to none.

Back to the numbers, as I said, we had a very successful 2021. The trends that support our growth right now, probably are familiar with the journey to the cloud. Just to give you some numbers, I think that today, maybe the industry is 10% there. So this trend is here to stay. We are supporting everything which related to 5G, for network deployment, monetization of 5G and everything around 5G, challenging rating, et cetera.

And digitization, automation in general is something that we have done before and we continue to do. These 3 trends started probably in the last couple of years that are accelerating and are here to stay and they are supporting our growth because there is a great alignment between our offering to the market in this domain and the needs in the market for this type of services. I'll stop here, and obviously, I'll be happy to answer more questions.

Dafna Kantor Sigal - Morgan Stanley - Head of Israel

Okay. Great. So that is super helpful in thinking through kind of 2021. Perhaps we'll double take as you think about growth into 2022 and talking about these growth pillars. Can you talk a little bit about kind of where you see growth coming in the next year also the mix between existing customers to new customers? Organics versus inorganic? Can you talk a little bit about what you're thinking about with the 2022 growth? And you've provided an impressive indication for growth when you announced yearly results not only that you spoke about doubling the growth in 2021, more than doubling the growth in 2021, you're seeing accelerated growth into 2022. So that is very impressive.

Joshua Sheffer - Amdocs Limited - President, CEO & Director

So first of all, I have to say that why we don't necessarily like the pandemic, like everyone else, we still the majority -- the vast majority of the company is working from home. By the way, we are very successful in delivering the services in working from home for most part, depends on countries and geographies, sometimes it's different. But the pandemic accelerated many trends. And I think that we -- I don't know to say predicted, but we started to accelerate R&D actually since 2019, definitely 2021. And I think this is what brought us the position to be very aligned with our product and services to the trends that I mentioned before.

Let's start with the journey to the cloud. Every Amdocs customer in the world will do the journey to the cloud. And the journey to the cloud, we are not doing it just for cost savings. We are doing it because to get agility, better security and many other things that you can get access to a lot of applications. So we are just starting this journey. And we develop the most sophisticated cloud native application. We are partnering -- we are partner agnostic, so we are working with AWS, Microsoft with GCP.

So the journey to the cloud and transforming all Amdocs customer to the cloud is a journey that has just started. Some of our customers are more advanced, some of them did not start it at all. But I see this trend definitely going for the next 3 to 5 years. And this is -- most of our customers spend a lot of money because they understand the value. So this is a trend that is here to stay.

The second one is definitely 5G. In North America, it's very well developed. I mean everyone is deploying 5G. Europe is lagging behind. APAC just starting, but the move to 5G in the new use cases and capabilities for enterprise and consumer. And besides the fact that all our customers are investing billions of dollars in deploying 5G from the spectrum itself to deploying the network, they must monetize it. And we are the main monetization engine. And many of the projects that we are doing today in AT&T, Verizon, T-Mobile and others are supporting and building infrastructure for our customers to be able to monetize the high -- a lot of capabilities of the 5G.

Automation and digitization in general was there before, by the way, accelerated during the pandemic because obviously, people had to shut down retail stores and in call centers and to shut down the data center operations, et cetera. So this is accelerating. It has been before, and actually, we see it accelerating. This is together with the fact that the new 5G network is completely software-defined, which you could do things much more automated way. These are key trends.

And as I mentioned before, we came very prepared to these trends, very in line with software and services to support it. Generally, we do the R&D by ourselves, but we do M&A also to accelerate our growth. We do M&A generally for 3 reasons. One, sometimes for bolt-on technology. We acquired Openet 18 months ago that had the best cloud-native or 5G native ready charging and policy solution. Every company, every service provider in the world will have to upgrade his charging system eventually and immediately become the market leader in charging. We were before, and this has actually expanded our leadership in this domain. We have many, many projects in this domain. And as part of the 5G readiness of our customers. So this is the 1 example of M&A.

The second one, if we want consolidation, we've done consolidation of competitor historically. And the third one, if you want to go to a new area. Several years ago, we wanted to go to the media. So we acquired Vubiquity to, for example, to get a position in the media domain. So this is the reason that we do M&A to support our strategy and to support our growth. And I think that we're very nice disciplined in doing that.

Overall, I think that between the trends, the fact that we are very aligned with our product and services to these trends. And these are -- as I said, this is not 1 year or 2 years, they are several years, 5, 7 years trends and a very disciplined M&A to support our strategy. This is, I think, was the main reason that we successfully had a very -- as I said, we are in inflection point from a growth perspective, starting in 2021 and even accelerated in 2022.

Dafna Kantor Sigal - Morgan Stanley - Head of Israel

Yes. And that was super helpful. And just to double take, the 8% indication for 2022, is that only organic? Or does that include an assumption on excitation?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

It is vast majority organic, maybe less than 0.5% or something is nonorganic, but the vast majority is organic. And I mean the -- I don't want to promise anything, but we gave a range in 2021 with a midpoint of 5.5%. We finished with 7%. We gave a midpoint of 8% and -- but the range is 6% to 10%, and we hope to deliver more than that.

Dafna Kantor Sigal - Morgan Stanley - Head of Israel

Understood. Okay. Let's perhaps double click on specific customers, then we'll start with your largest AT&T, which is mentioned. Perhaps you can talk about kind of where you are supporting AT&T today? And kind of what are your long-term goals with this specific customer?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

So as we mentioned, AT&T is built to our heart, our largest customer, we are serving AT&T for probably more than 25 years. The last couple of years were very significant in AT&T because, a, we are expanding there in different domains that we didn't have before. Generally, we're doing AT&T with all the consumer mobility which is -- as AT&T is talking about, this is the main growth engine is running on Amdocs platform. We are running AT&T Mexico. We are running, obviously, the Cricket brand. We have network activity, data activity, security activity. So the activity with AT&T is very robust. I will highlight in the next couple of years, actually, we're selected by AT&T to build their next-generation consumer mobility to support 5G in all the new 5G offering.

We are in the process of delivering this project. This is a very complex and long-term project. It started probably a year ago. We are in the midst of delivering this project. So this is very important because this is in the heart of the strategy. If you look at AT&T today are back to the core strategy of being a communication company with high focus on the mobile -- or the mobile domain. So we are very happy to support this for AT&T.

Additionally, we announced actually last quarter. So we -- as I mentioned before, we are not just building the platform, we are also signed then a long-term cloud operation agreement -- service agreement. So when the system will be deployed to production, we are going to run it also in the managed services in cloud operation format. I would say that our strategic relationship with AT&T are probably the best I remember, and we are very happy to support them in their strategic pillars.

Dafna Kantor Sigal - Morgan Stanley - Head of Israel

And perhaps before moving to other customers, I'll ask you a general question double clicking on what you just mentioned, that mix between kind of project and managed services and how you see the revenue mix going forward, given that you've spoken about the trends of the revenues and the benefits of managed services and the visibility that, that brings? But still, you're talking about kind of major projects that your customer needs you to deploy for them. Perhaps if you could talk a little bit more generally about the revenue mix going forward with your initial development?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

So project is the new fuel. This is the new money. When you win, by the way, we won in the last several years, many, many new logos. One of them is Verizon, for example, small customers in North America, mainly in Europe and in APAC. So usually, we start with the project or doing a project in existing customer to deploy new capabilities to the customer. And then after we finish this and we finished the project and implemented it and the customers start to get value from this project, then in many cases, we are operating it. We're doing the full managed services format, and this is actually which contributes to the -- to what -- as you mentioned, the recurring revenue.

So you see all the time balance in Amdocs between a long-term agreement or new agreement of operation, which actually correct, it's not just -- I would say it's not just -- obviously, it's important because it's revenue, it's recurring revenue, it's predicted profitability, which is very nice, but it's also a step-up, I think, from the strategic relationship with the customer. But someone hands you pretty much the IT and tell you you're going to run this operation for me, it means that we reached a strategic level of partnership, not just, I would say, tactical partnership.

So you see a mix between new project and transformation in which we're starting and deploying new value for the customer in different areas that I mentioned, and managed services that are more recurring revenue, deploying and running and operating this operation. I can say that the journey to the cloud actually even increase the, I would say, the value that Amdocs can bring to our customer because historically, many times, the data center operation was done by our customers, and we were doing just the operation of the application.

Now that everything is merged together and we deploy everything on the cloud. So we are combining the cloud operation and also the application operation. So in many cases, activities that were run by our customers, by the customer IT on the data -- all data centers when it moves to the new cloud operation. And we have, I think, a very significant value proposition that in many cases, we are getting the new managers' agreement are much more robust comparing to what it used to be.

Dafna Kantor Sigal - Morgan Stanley - Head of Israel

So let's move on to another important customer, it's a growing one, and that's T-Mobile. If you could talk about that relationship? And also to ask if you see T-Mobile becoming key customer -- growing customer and as important as AT&T, how you see that relationship going forward?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

So T-Mobile is a very large customer. Let's remind us that T-Mobile today, used to be 2 customers for Amdocs. It used to be Sprint, which we had a long-term relationship with Sprint and T-Mobile before the acquisition, which also have a very -- were very strong, big customer of Amdocs. Today, I think that the strategic partnership with T-Mobile is also stronger than ever. We signed a 5 years agreement with T-Mobile just at the beginning of this year. This is a very significant agreement for Amdocs and for T-Mobile because actually, Amdocs is supporting T-Mobile to take all the Sprint base. All the -- what used to be the originally the T-Mobile base. The Metro base and to do a platform for all the consumer and enterprise -- new platform for all the consumer and business enterprises of customer of T-Mobile.

Think about how complex is this project to deploy completely cloud-native platform and then migrate all the [tens and tens] of major customers from all the different platforms and then to operate this in the cloud operations. Very, very strategic to T-Mobile to be able to deliver 1 consistent offering to their customers regarding they're from the Sprint base or the T-Mobile whatever, et cetera.

So as I mentioned, we signed a very strategic deal with them. And now we are in the midst of building this platform for them, while supporting also the existing activity we do today in managed services. So we are doing the managed services on the legacy platforms. We are building a new platform. We are going to migrate all the customers to the new platform. And then we are going to do the cloud operation on the new platform. So it's a very robust activity that we support T-Mobile right now.

Dafna Kantor Sigal - Morgan Stanley - Head of Israel

Very impressive. And maybe at your choice, a couple of other 2021 specific customer wins, new customers, new projects, things that speak to Amdocs' unique capabilities and differentiated ability to win versus competitors?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

So I think I will give one example in North America and one in Europe. I think one of them is Verizon after -- and Amdocs, as you mentioned, in many years, we wanted to be part of the strategic part of Verizon. I think we've done a tremendous progress in 2021. We are deploying a couple of products of Amdocs. Some of these are Amdocs product catalog, which are the best catalog in the market, and this will be the main catalog in the Verizon for all the offerings starting next year. A very strategic project for Verizon.

And I think that slowly but surely, Verizon is starting to recognize the value that Amdocs -- of Amdocs product and services. And I hope that this project will lead to additional activity as we hope and think it will happen in Verizon. So this is one example of a big logo in North America.

The other one is in the U.K. Those of you who are familiar with the U.K. market. The 3 Group or the Hutchinson Group is a very large group in Europe. And I want to mention this example is that we are operating with many what we call multi OpCo's customers. Vodafone, I don't know, 7 countries, Veon group in several countries. Telefonica, America Movil so -- and the 3 Group in Europe, we have done a very successful project in Ireland. And that's lead to another very -- another win in the U.K., which is a much bigger bucket. And now we are deploying all the enterprise and consumer

platforms in the U.K. So this is a good example of if we are doing a good job and build trust in one operation, immediately, we can expand in other operation of the same customer like we've done with the 3 Group.

All in all, I can tell you that 2021 and my many years in the company because I think the growth of the backlog, our 12-month backlog was higher than ever. We finished the year of 2021 with our backlog is more than 10% bigger comparing how we started the year. And this is a good fraction on a lot of wins and agreements we were able to sign in 2021.

Dafna Kantor Sigal - *Morgan Stanley - Head of Israel*

I'd like to switch to the 2021 advertising campaign of Amdocs, which is make it amazing. And ask you to check a little bit and explain to us how that kind of fits with your vision? How does it fits with your thoughts on talent -- winning new talent, retaining talent and all around kind of -- make it amazing, what does that mean?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Make it amazing. This is a very -- it's part of rebranding of the company. And it means to everyone different things. Obviously, for our customer, we want to make it amazing for their customers, for the consumer. So everyone, every consumer that is using Amdocs system of our customer will see an amazing experience, an amazing journey when they consume our services. So this is from a customer perspective.

When our employees, and we are a customer-centric company, and we're also employee-centric company. I believe we have a great talent in the company, dedicated and the most professional employees around the world. So make it amazing. It's a newer employee value proposition. We want to make sure that in this war for talent, our employees will feel increasingly well when they work for Amdocs and that we compensate very well, that we take care of their wellbeing, that we can contribute to the community, that we do work around the world, that we give them career path. So make it amazing for our employees, this is I think significant for us.

And obviously, we want to make it amazing to our investors. So I think that all in all, this is something -- so it's much more -- it's not just, okay, make it amazing. It's a journey that the company is going through -- so when we talk to our customers, we are not talking in the language we are going to implement this project. We are talking in a language, what is the value that our customer, customer, the consumer, how we are going to make it amazing for them. So it's changing all the language in the company, and it's a journey that we embarked and we are very happy with this. And it's a long journey, but we always feel a lot of momentum around it.

Dafna Kantor Sigal - *Morgan Stanley - Head of Israel*

Great. And perhaps with kind of we're getting close to the end of our time. So maybe you could share with us with the view to 2, 3 years horizon, kind of what are the biggest challenges that you think that the company face? And what are the main areas of focus for you for the immediate couple of years?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

So I think that -- first of all, we are -- we see a lot of growth ahead of us. So we believe that the current trends that support our growth are here to stay. And obviously, we need to execute and if you think about -- I don't want to call it challenges, but right now, the company is very successful. We are deploying many -- the largest transformation in the world from Vodafone Germany, to AT&T, to T-Mobile, to Charter, to -- I mean, so making sure that, obviously, it's important Amdocs is no claim or fine from always deliver. But the ability, and this is what we want to do to continue to deliver this high value to our customer and continue to have second to none track record of implementing all these projects. This is, I think, will take a lot of focus. We continue to focus on our talent. I think that we have a lot of talented employees across.

But in order to continue to -- with this growth momentum, we need to bring a lot of new talent to the company. We have many, many centers around the world, and I think that we are working hard to bring more talent to the company. and continue our win rates, again, the competition. We are doing exceptionally well in 2021. We want to continue to do it in 2022. All in all, I'm very optimistic. I mean there are many things that we need to work on and execution is a key, but the market trends, current success, the company culture and DNA, which is winning always deliver, which always there for Amdocs, I'm very optimistic about the future, and we're looking forward to continue this momentum.

Dafna Kantor Sigal - *Morgan Stanley - Head of Israel*

Thank you, and thank you for taking the time. Exciting times for Amdocs for sure. It was great to hear your perspective and really look forward to seeing you in person at the next conference.

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Thank you very much.

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