

Amdocs Limited

NASDAQ: DOX

Fiscal Q2 2023 Earnings Presentation

May 10, 2023

Shuky Sheffer
President & CEO

Tamar Rapaport-Dagim
CFO & COO



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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 macro-economic conditions, prevailing level of macroeconomic, business and operational uncertainty, including as a result of geopolitical events or other global or regional events such as the COVID-19 pandemic, as well as the current inflationary environment, and the effects of these conditions on the company's clients' businesses and levels of business activity, 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, 2022 filed on December 13, 2022 and our Form 6-K furnished for the first quarter of fiscal 2023 on February 13, 2023.

This presentation includes non-GAAP financial measures, including non-GAAP operating margin, free cash flow, revenue on a constant currency basis, non-GAAP net income, non-GAAP net income attributable to Amdocs Limited, and non-GAAP earnings per share. Free cash flow equals cash generated by operating activities less net capital expenditures and other. While in prior years Amdocs used 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, Amdocs is no longer reporting normalized free cash flow. Normalized free cash flow is not comparable to free cash flow. 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 May 10, 2023 with respect to earnings for fiscal Q2 2023. The press release contains additional information regarding Amdocs' outlook for fiscal year 2023 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**





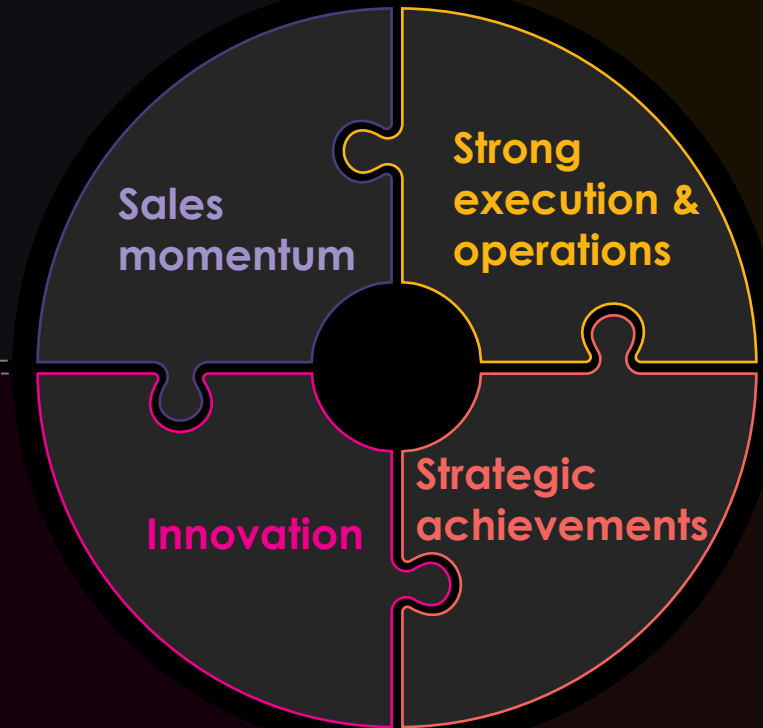
Shuky Sheffer

President & Chief Executive Officer

Strategy and Business Performance Update

Q2-23 solid quarter with significant achievements

- Deepened relationships & expanded footprint with existing customers
- 4 new customer logo wins



- High number of successful project deployments
- Record revenue quarter in managed services

- Launched CES23, our most advanced suite yet, bringing fresh innovation across BSS, OSS & network automation
- Expanded B2B domain focus

- Strategic partnership



- Entered agreement to acquire the service assurance business of TEOCO for ~\$90M



Sincere thanks to our talented people for their amazing energy, agility, and collaborative spirit

Q2 financial highlights: Record revenue, continued sales momentum and ongoing margin improvement



Revenue

Record
\$1.22B

Above guidance midpoint and up 8.2%⁽¹⁾ YoY



Non-GAAP operating margin⁽²⁾

17.8%

- +20bps YoY
- Record high profitability for the last decade



Non-GAAP EPS⁽²⁾

\$1.47

Consistent with guidance midpoint



12-month backlog

Record
\$4.11B

Up ~7% ⁽¹⁾ YoY

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

Q2-23 operational highlights

Continuous sales momentum



North America: Deepened relationships & expanded footprint with existing customers



Significant digital modernization award



Europe: strong deal activity, increasing market share



Several digital modernization wins, including 2 new logos



Rest of world: Attractive opportunities



Cloud engagement



Record revenue quarter for **managed services**



Expanded engagements:



& *Major Western European operator*



Continued growth in **media**



Expanded relationship

amazon prime video Preferred fulfillment vendor

Content services: hispasat & *CSP in Central America*



Strong execution



High rate of **successful project deployment**



Played an important role in the **recent launch of fixed wireless access offering**, 'Internet Air'



Strategy & offerings



Strategic partnership to bring new AI-driven **Customer Engagement Platform**



Launched **CES23**, which includes **enhanced capabilities** designed to meet the **complex demands of B2B**



Entered agreement to acquire the service assurance business of TEOCO for ~\$90M

Enhance our network automation strategy by providing CSPs with end-to-end service orchestration offering

Progress in strategic domains (1/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises B2B customers

Cloud



Accelerate
journey to the
cloud

Selected wins



End-to-end cloud
migration services

Tier 1 Central
European
operator

BSS transformation in
multiple countries

Major Western
European
operator

Expanded managed
services agreement for
migration & operation
of non-Amdocs
applications

Business value

Greater agility efficiency and
scalability for business-critical systems

Enable improved security, operability
and resiliency while defining the
journey towards a full cloud-native
environment

Enable operational agility, scalability,
and ultimately, cloud at scale

Progress in strategic domains (2/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises B2B customers

Digital transformation



Creating seamless digital experiences by transforming IT operations for consumer and B2B customers

Selected wins



Consumer and B2B digital transformation

Major Eastern European operator

Customer engagement platform

Eastern European service provider

Digital transformation



Premium user interface

Business value

Powerful insightful and transparent experiences across all channels

Improved customer loyalty and retention

Harmonized, frictionless customer experience across multiple channels and touchpoints

Improved customer experience

Amdocs eSIM ranked number one eSIM orchestration platform by



eSIM platform

Creating the next generation of frictionless experiences by offering eSIM-based connectivity

Progress in strategic domains (3/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises B2B customers

5G



monetization

Monetization of new 5G services including next-generation charging and policy solutions

Selected wins

Leading North America service provider

Network policy solution on AWS



WINDTRE
Italy

5G-ready monetization stack deployed on the cloud



Network policy control function



Enhanced charging solutions successfully deployed

Business value

Support millions of prepaid subscribers

Enhanced agility and time to market for innovative new products and services

Improved management & monetization of 5G offers and networks

Enable monetization of 5G and IoT-based services for consumers and enterprises

Progress in Strategic Domains (4/4)

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises B2B customers

Network automation

Delivering **dynamic connected** experiences with **real-time, automated** networks

Selected wins

Bell

Automated 5G network slice solution

verizon✓

Drone-Aided Site and Inventory Audits solution

Business value

First use case successfully demonstrated

Enable seamless, advanced, safe and sustainable inventory access to gather inventory information by using drones


Looking Ahead: Reiterating FY2023 financial targets

While Amdocs and its customer globally are not immune to economic uncertainty and market dynamics, we believe in our unique business model which produces visible, high recurring revenue

A


Tightening revenue guidance range

Revenue⁽¹⁾

January 2023 

6%–10%



May 2023 

7%–9%



8% midpoint
YoY growth



8% midpoint
YoY growth

B

Non-GAAP operating Margin⁽²⁾

On track to achieve our FY23

17.5%–18.1%

guidance of improved level of profitability

C

Non-GAAP EPS⁽²⁾

Reiterating FY23 non-GAAP EPS growth outlook

9%–13%

YoY growth

D

Free cash flow⁽²⁾

Reiterating FY23 FCF generation of

\$700M and ~100% conversion rate⁽³⁾

Majority of which we plan to return to shareholders

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

2. Non-GAAP. See reconciliation tables in appendix

3. Earning to cash flow conversion.



Tamar Rapaport-Dagim

Chief Financial Officer
& Chief Operating Officer

Financial Update & Outlook

Q2 FY2023 Financial Highlights

Record revenue, +6.8% YoY as reported and **+8.2% YoY** constant currency⁽¹⁾

Record quarter in North America

Record quarter in Europe

Improved non-GAAP operating margin, reflecting ongoing **efficiency** gains

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

2. Non-GAAP. See reconciliation tables in appendix

Q2 2023 Results

Q2 Revenue

\$1,223 million

+6.8% YoY, +8.2% constant currency⁽¹⁾

Above guidance midpoint
(\$1,200M - \$1,240M)

Q2 Non-GAAP⁽²⁾ Operating Margin

17.8%, +20bps YoY

+10 bps QoQ and within annual target range of **17.5% - 18.1%**

Q2 GAAP Diluted EPS

\$1.23

Above midpoint of guidance
(\$1.18 - \$1.26)

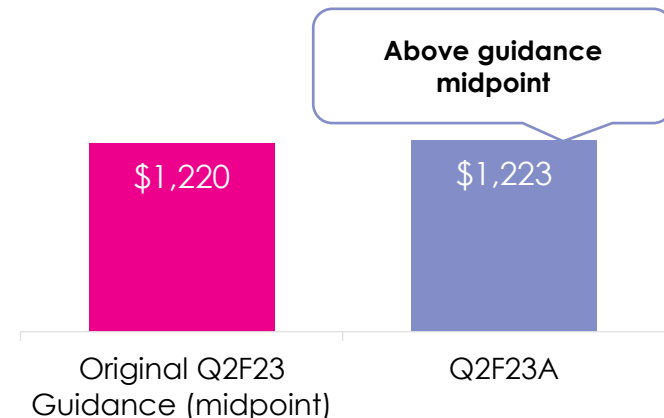
Q2 Non-GAAP⁽²⁾ Diluted EPS

\$1.47

In line with guidance midpoint
(\$1.44 - \$1.50)

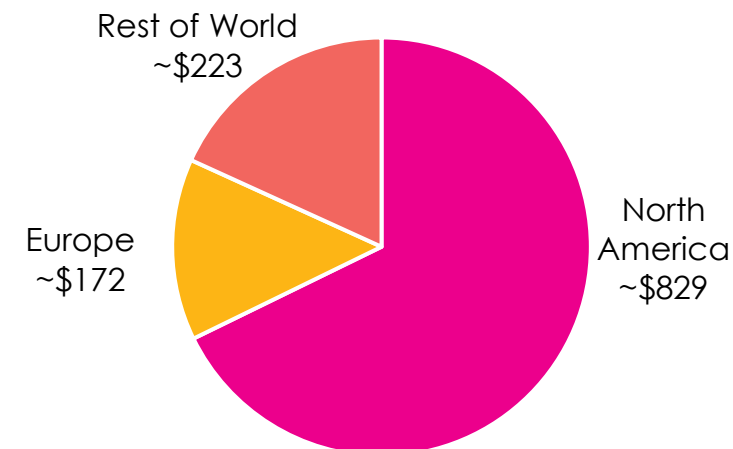
Q2 2023 Revenue vs. Guidance

\$ Millions



Q2 2023 Revenue by Region

\$ Millions



Leading Indicators & Business Model Visibility

12-Month Backlog

~\$4.11B

Record-high as of March 31, 2023
~ +5.7% YoY, ~ +7% YoY cc

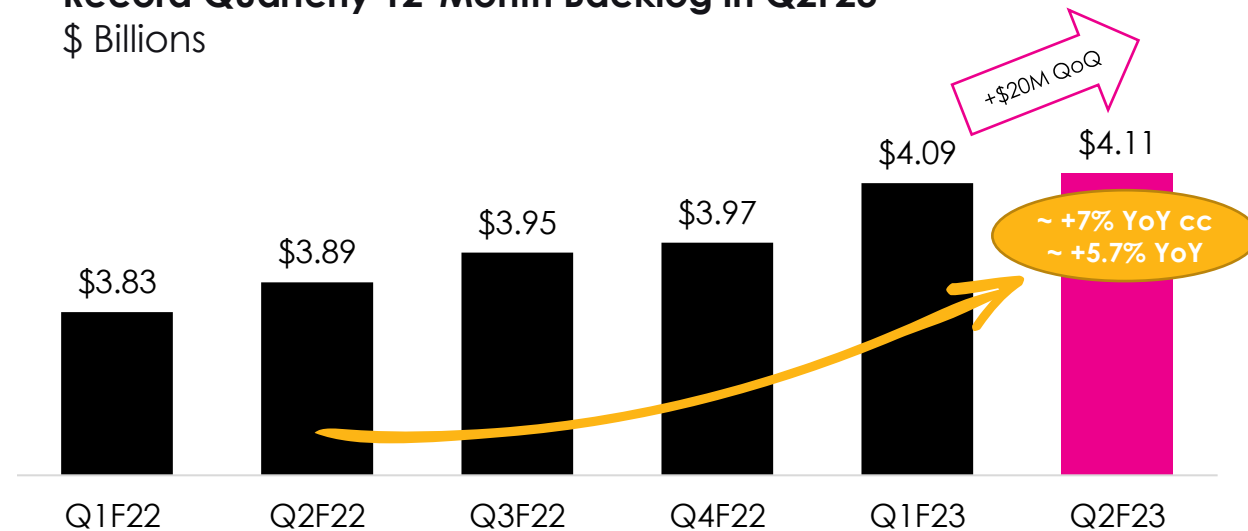
Leading Indicator

Roughly 80%

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

Record Quarterly 12-Month Backlog in Q2F23

\$ 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 Visibility

Managed Services
~\$719M
Best-ever Quarter
~ +8.4% YoY
~59% of total revenue

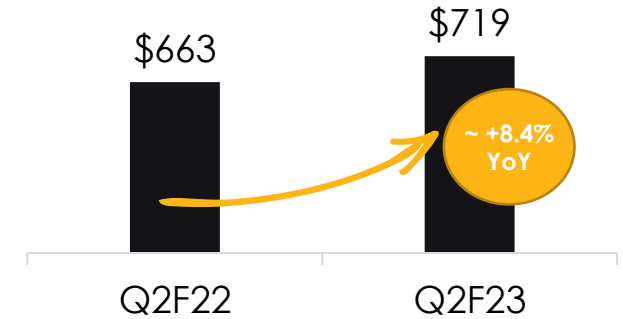
Close to
100%

managed services contract renewals

Managed Services Revenue: Q2 2023

\$ 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



Globe

Extended partnership to reimagine Globe's IT operations, enabled by digital transformation & cloud adaptation, for better business alignment under a multi-year managed services arrangement

Major Western European operator

Extended multi-year agreement to migrate and operate non-Amdocs applications to the cloud

Balance Sheet & Cash Flow

Healthy customer cash collections, offset by normal seasonal timing of annual bonus payments in Q2

1H FY2023 free cash flow **tracking in line** with annual target

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

DSO's

74 days

-7 days YoY and -13 days QoQ
DSO's may fluctuate from quarter to quarter

Deferred revenue > unbilled

+\$102 million QoQ

Deferred revenue: +\$88M QoQ
Unbilled receivables: -\$14M QoQ

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

Liquidity: Cash + Credit Facility

\$1.4 billion

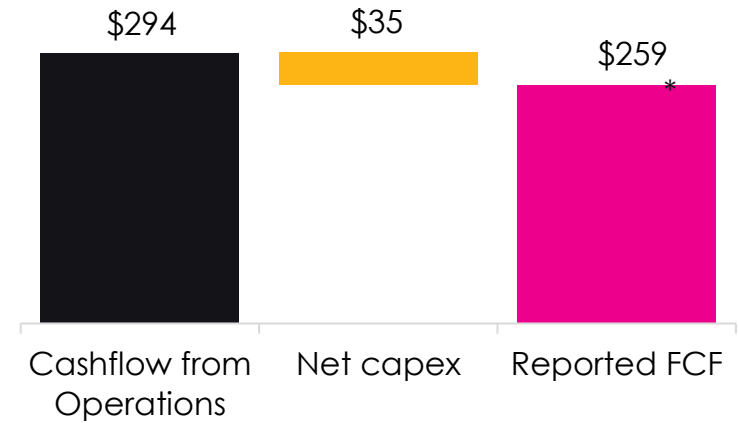
Ample liquidity including available \$500M revolving credit facility

Baa2
Moody's

BBB
S&P

Remain committed to maintaining our Investment grade credit rating

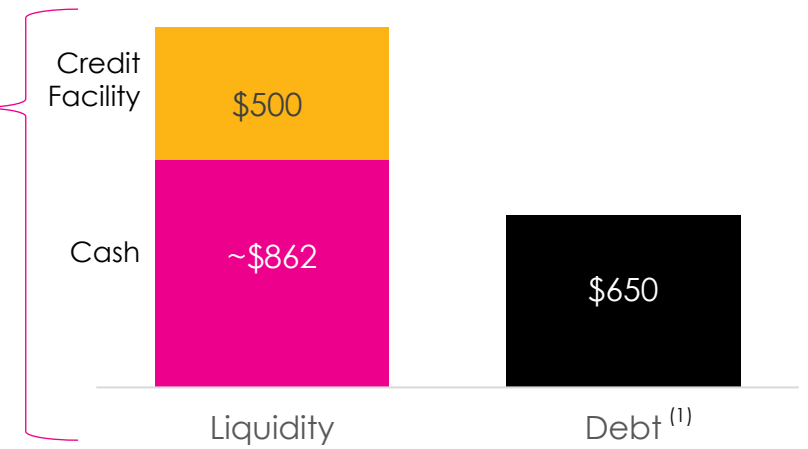
Q2 2023 Free cash flow⁽²⁾ bridge



*Figures may not sum due to rounding

Cash, Credit Facility & Debt Position

\$ Millions, as of March 31, 2023



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

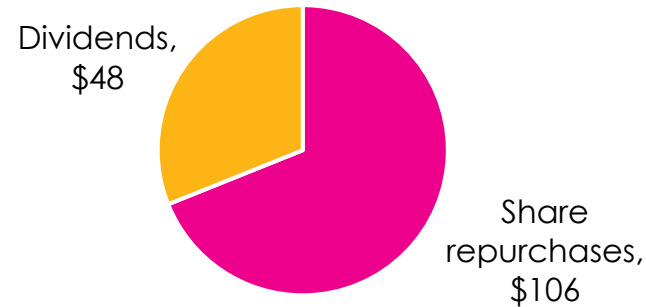
Disciplined Capital Allocation

Reiterating free cash flow⁽¹⁾ (FCF) outlook of **\$700M** in FY2023, equating to roughly 100% cash conversion

~6% free cash flow yield⁽²⁾

Expects to return the **majority** of free cash flow to shareholders in FY2023

Q2 2023 Cash Returned to Shareholders \$ Millions



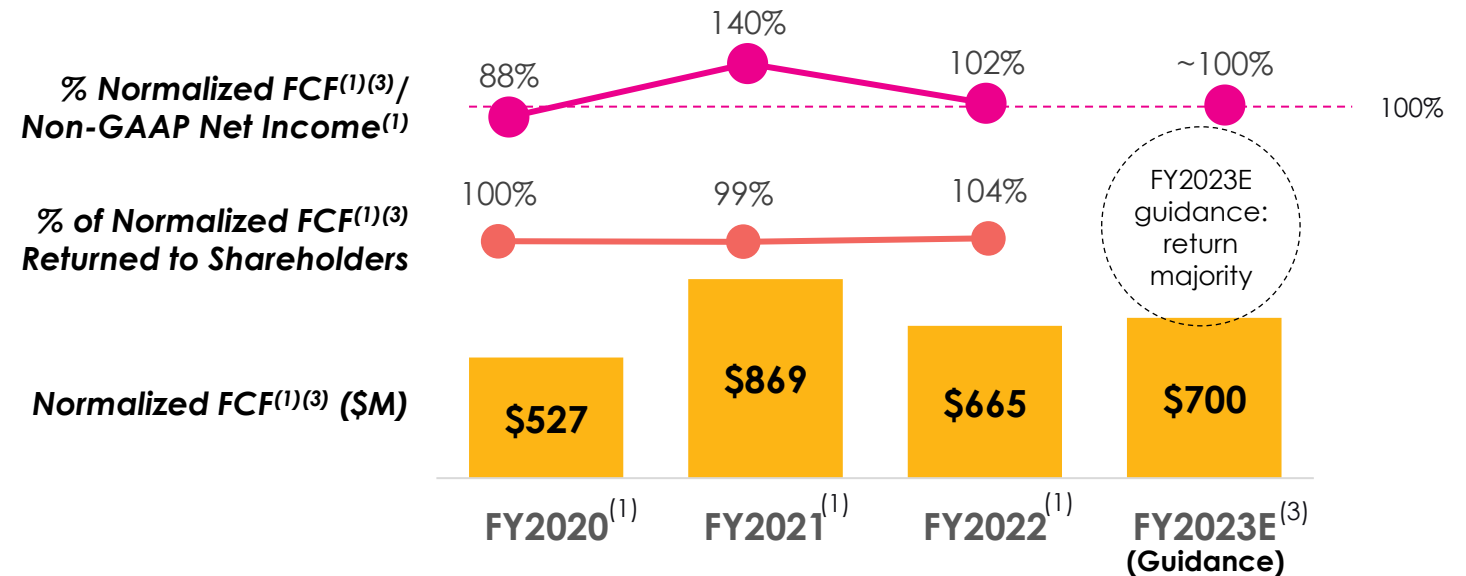
Quarterly Dividend

Board authorized quarterly dividend payment:

43.5 cents

As of March 31, roughly **\$0.3B** of share repurchase authorization capacity remained

Normalized FCF⁽¹⁾⁽³⁾⁽⁴⁾: Three-year historical trend and FY2023E outlook



1. Non-GAAP. See appendix tables for reconciliation of normalized FCF
2. Yield = expected reported free cash flow of \$700M in FY2023 as a percentage of Amdocs' market capitalization as of May 10, 2023
3. FCF in FY2020, FY2021 and FY2022 is presented on a normalized basis, which mainly excludes net capital expenditures related to the new campus development; normalized FCF disclosure is no longer applicable in FY2023
4. Refer to <https://investors.amdocs.com/> and earnings reports issued on 11/2/2021 and 11/8/2022 for reconciliation of normalized FCF in FY2020, FY2021 and FY2022

FY2023 Outlook

FY2023E revenue growth outlook tightened to **~7%-9% YoY⁽⁴⁾**, midpoint unchanged

Reiterating 9%-13% non-GAAP diluted EPS growth outlook

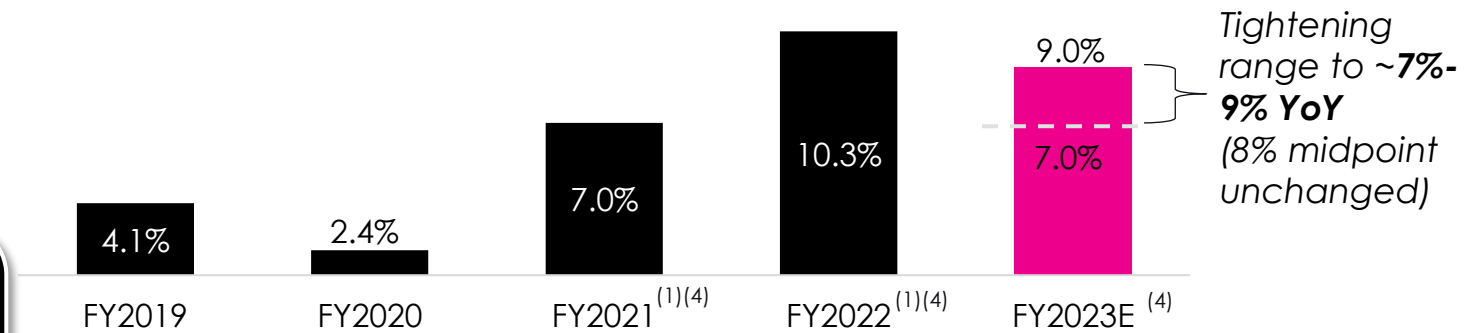
On-track to deliver **double-digit** expected total shareholder returns for **third** year running

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); FY2023E assumed 11% midpoint of pro forma non-GAAP EPS outlook, and dividend yield based on proposed new quarterly rate of \$0.435 as of share price on 11/8/22
4. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
5. Refer to <https://investors.amdocs.com/> and earnings reports issued on 11/10/2020, 11/2/2021 and 11/8/2022 for non-GAAP reconciliation in FY2019, FY2020, FY2021 and FY2022

Revenue Growth

YoY% Growth Constant Currency⁽⁴⁾

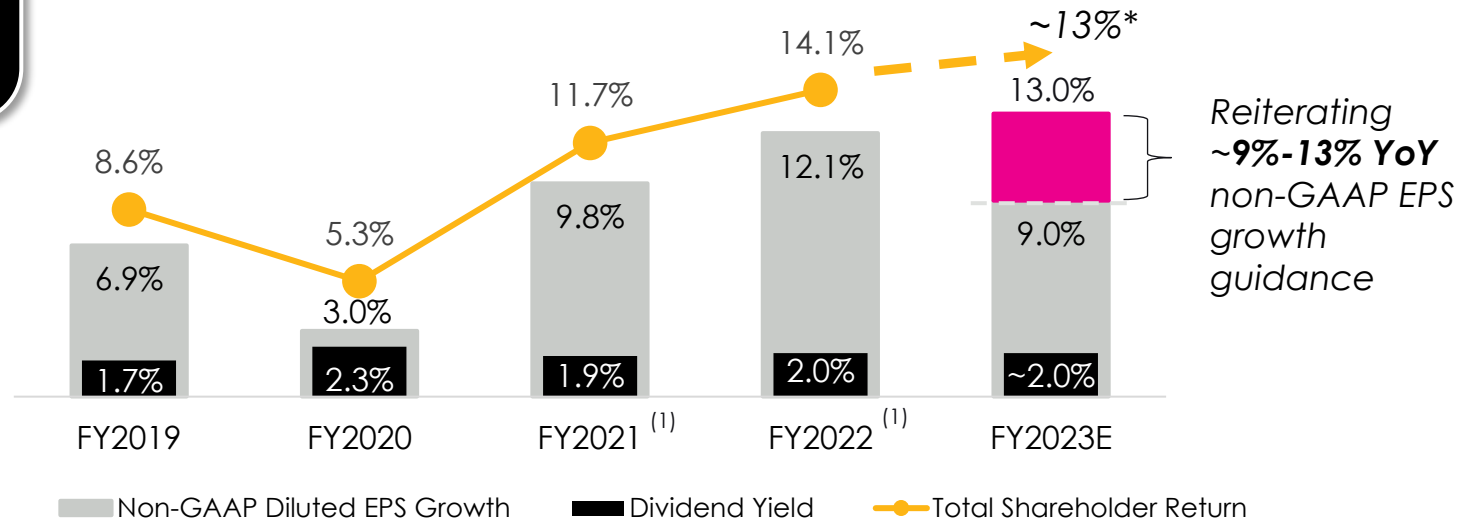
FY21 and FY22 revenue is pro forma⁽¹⁾ constant currency⁽⁴⁾



Total Shareholder Return⁽³⁾⁽⁵⁾

Non-GAAP⁽²⁾ Diluted EPS Growth YoY % + Dividend Yield

FY21 and FY22 non-GAAP EPS growth is presented pro forma⁽¹⁾



*Non-GAAP⁽²⁾ EPS growth of 11%, plus ~2% dividend yield

Committed to

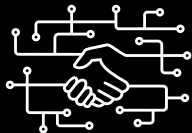
ESG



MWC
GSMA



Presented an **interactive map** showcasing **how technology can help our clients** achieve ESG & sustainable development goals



Digital inclusion - total of 60,000 hours of internet connectivity for 2,000 girls and family in India

a. Women's DAY

BREAK THE BIAS

International Women's Day campaign - Break the Bias

a.



Completed the move to the new Amdocs Park campus in March



Raised ~\$100,000 to **support earthquake recovery in Turkey** in an employee donation drive with Unicef

Q&A



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amazing



 amdocs

Q3 & FY2023 Outlook

On-track to deliver **double-digit** total shareholder returns for the **third** year running

1. Non-GAAP. See reconciliation tables in appendix

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

Q3 Fiscal 2023 Outlook

Revenue	\$1,215 - \$1,255 million
GAAP EPS	\$1.16 - \$1.26
Non-GAAP ⁽¹⁾ EPS	\$1.45 - \$1.51
Share Count	121 million
Non-GAAP ⁽¹⁾ Effective Tax Rate	In line with annual target range of 13%-17%

Full Year Fiscal 2023 Outlook	Updated	Previous
Revenue growth As reported	6.0% - 8.0%	5.0% - 9.0%
Revenue growth Constant currency ⁽²⁾	7.0% - 9.0%	6.0% - 10.0%
GAAP EPS growth	3.0% - 10.0%	3.0% - 10.0%
Non-GAAP ⁽¹⁾ EPS growth	9.0% - 13.0%	9.0% - 13.0%
Non-GAAP ⁽¹⁾ Operating Margin	17.5% - 18.1%	17.5% - 18.1%
Non-GAAP ⁽¹⁾ Effective Tax Rate	13.0% - 17.0%	13.0% - 17.0%
Free cash flow ⁽¹⁾	\$700 million	\$700 million

Appendix

Reconciliation Tables



Reconciliation Tables

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

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Revenue	\$ 1,223,304	\$ 1,145,271	\$ 2,409,024	\$ 2,249,903
Non-GAAP operating income	217,737	201,625	427,275	395,232
Non-GAAP net income	179,298	190,944	355,840	341,079
Non-GAAP net income attributable to Amdocs Limited	178,592	190,944	354,929	341,079
Non-GAAP diluted earnings per share	\$ 1.47	\$ 1.54	\$ 2.92	\$ 2.74
Diluted weighted average number of shares outstanding	121,359	123,821	121,430	124,571

Free Cash Flows (In thousands)

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Net Cash Provided by Operating Activities	\$ 294,476	\$ 168,856	\$ 377,702	\$ 372,974
Purchases of property and equipment, net (a)	(35,119)	(47,271)	(68,822)	(104,496)
Free Cash Flow	\$ 259,357	\$ 121,585	\$ 308,880	\$ 268,478

Normalized Free Cash Flow ^(b) for the three and six months ended March 31, 2022: \$159,758 and \$345,437, respectively, excluding net capital expenditures related to the new campus development of \$30,109 and \$59,416, respectively, payment for acquisition related liability of \$4,871 and \$14,350, respectively, and tax payment on sale of business of \$3,193.

- (a) The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$255 and \$555 for the six months ended March 31, 2023 and 2022, respectively.
- (b) Since Q1 2023, the Normalized Free Cash Flow is no longer applicable.

Reconciliation Tables

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

	Three Months Ended March 31, 2023					
	GAAP	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Tax effect	Non-GAAP
Operating expenses:						
Cost of revenue	\$ 795,485	\$ -	\$ (10,061)	\$ (1,159)	\$ -	\$ 784,265
Research and development	89,274		(1,703)			87,571
Selling, general and administrative	143,328		(9,597)			133,731
Amortization of purchased intangible assets and other	12,940	(12,940)				-
Total operating expenses	1,041,027	(12,940)	(21,361)	(1,159)	-	1,005,567
Operating income	182,277	12,940	21,361	1,159	-	217,737
Interest and other expense, net	(2,938)					(2,938)
Income taxes	29,030				6,471	35,501
Net income	150,309	12,940	21,361	1,159	(6,471)	179,298
Net income attributable to noncontrolling interests	706					706
Net income attributable to Amdocs Limited	\$ 149,603	\$ 12,940	\$ 21,361	\$ 1,159	\$ (6,471)	\$ 178,592

	Three Months Ended March 31, 2022						
	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	Non-GAAP
Operating expenses:							
Cost of revenue	\$ 741,257	\$ -	\$ (8,070)	\$ (1,820)	\$ -	\$ -	\$ 731,367
Research and development	87,064		(1,375)				85,689
Selling, general and administrative	134,982		(8,392)				126,590
Amortization of purchased intangible assets and other	18,317	(18,317)					-
Total operating expenses	981,620	(18,317)	(17,837)	(1,820)	-	-	943,646
Operating income	163,651	18,317	17,837	1,820	-	-	201,625
Interest and other expense, net	(8,619)				1,100		(7,519)
Income tax (benefit) expense	(3,465)					6,627	3,162
Net income	\$ 158,497	\$ 18,317	\$ 17,837	\$ 1,820	\$ 1,100	\$ (6,627)	\$ 190,944

Reconciliation Tables

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

	Six Months Ended March 31, 2023						Non-GAAP
	GAAP	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Restructuring charges	Tax effect	
Operating expenses:							
Cost of revenue	\$ 1,552,334	\$ -	\$ (18,716)	\$ (1,284)	\$ -	\$ -	\$ 1,532,334
Research and development	185,000		(3,187)				181,813
Selling, general and administrative	286,550		(18,948)				267,602
Amortization of purchased intangible assets and other	28,253	(28,253)					-
Restructuring charges	24,536				(24,536)		-
Total operating expenses	2,076,673	(28,253)	(40,851)	(1,284)	(24,536)	-	1,981,749
Operating income	332,351	28,253	40,851	1,284	24,536	-	427,275
Interest and other expense, net	(7,901)						(7,901)
Income taxes	44,269					19,265	63,534
Net income	280,181	28,253	40,851	1,284	24,536	(19,265)	355,840
Net income attributable to noncontrolling interests	911						911
Net income attributable to Amdocs Limited	\$ 279,270	\$ 28,253	\$ 40,851	\$ 1,284	\$ 24,536	\$ (19,265)	\$ 354,929

	Six Months Ended March 31, 2022						Non-GAAP
	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	
Operating expenses:							
Cost of revenue	\$ 1,457,975	\$ -	\$ (15,217)	\$ (793)	\$ -	\$ -	\$ 1,441,965
Research and development	169,009		(2,598)				166,411
Selling, general and administrative	263,058		(16,763)				246,295
Amortization of purchased intangible assets and other	36,064	(36,064)					-
Total operating expenses	1,926,106	(36,064)	(34,578)	(793)	-	-	1,854,671
Operating income	323,797	36,064	34,578	793	-	-	395,232
Interest and other expense, net	(11,181)					(2,505)	(13,686)
Gain from sale of a business	10,000				\$ (10,000)		-
Income tax (benefit) expense	30,517						9,950
Net income	\$ 292,099	\$ 36,064	\$ 34,578	\$ 793	\$ (10,000)	\$ (2,505)	\$ (9,950)
							341,079

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