

Amdocs Limited

NASDAQ: DOX

Fiscal Q4 2021 Earnings Presentation

November 2, 2021

Shuky Sheffer
President & CEO

Tamar Rapaport-Dagim
CFO & COO



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This presentation includes non-GAAP financial measures, including non-GAAP operating margin, free cash flow, normalized free cash flow, revenue on a constant currency basis, non-GAAP net income and non-GAAP earnings per share. Free cash flow equals cash generated by operating activities less net capital expenditures and other. Normalized free cash flow, a measure of our operating performance, is further adjusted to exclude net capital expenditures related to the new campus development, payments for non-recurring and unusual charges (such as capital gains tax to be paid in relation to the divestiture of OpenMarket), and payments of acquisition related liabilities. These non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Amdocs believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Amdocs' results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Amdocs' results of operations in conjunction with the corresponding GAAP measures. Please refer to the appendix for a reconciliation of these metrics to the most comparable GAAP provision.

This presentation also includes pro forma metrics which exclude the financial impact of OpenMarket (divested on December 31, 2020) from fiscal year 2021 and comparable fiscal year 2020, and the expected outlook for fiscal year 2022.

Today's Speakers



**Shuky
Sheffer**

President & Chief
Executive Officer



**Tamar
Rapaport-Dagim**

Chief Financial Officer &
Chief Operating Officer



Earning call agenda

1

Strategic Overview & Business Performance Update

Shuky Sheffer,
President & Chief Executive Officer

2

Financial Review & FY2022 Outlook

Tamar Rapaport-Dagim,
Chief Financial Officer & Chief Operating Officer



Shuky Sheffer

President & Chief Executive Officer

**Strategic Overview &
Business Performance Update**



CEO Strategy & Business Update

- 1 FY21: Inflection point for revenue growth
- 2 Q4 2021 Progress of strategic domains: executing against our key growth pillars
- 3 Looking ahead: sustain accelerated growth in FY2022



Thank you for a great FY2021

A **pivotal year**: executed on our strategy to drive **accelerated revenue growth**

Thanks to our **highly talented people** and experienced **leadership team**

Superb execution to meet our customers' mission-critical requirements

Continuous **upskilling** of our **employees**

Give back to the **communities** in which we live and operate



Inflection point for accelerated growth

Best-positioned to support customers' needs around **digital** modernization, **cloud** and **5G**:

ACCELERATED **R&D INVESTMENTS**



ADVANCING
OUR LEADERSHIP POSITION



COMPLEMENTED BY THE ACQUISITIONS OF:

OPENET¹

5G & Digital



Large-scale cloud transformations
high-end technology consultancy

Industry leading transformation partner

Recently selected project awards:



Strong performance in full FY21



Revenues

\$4,289m, accelerated growth of 7%^{1,2}

Driven by healthy customer activity worldwide



12-month backlog ¹

Record of \$3,690m

Up YoY 10.5%



Operating margin ³

17.5%

30 basis points up YoY



Normalized free cash flow

Record of \$869m

140% earnings³ to cash conversion



Total shareholder return ⁴

Met **double-digit** target

Accelerated EPS^{1,3} growth of 9.8% and 2% dividend yield

1. Pro forma. Excludes the financial impact of OpenMarket (which was divested on December 31, 2020) from the current fiscal year and comparable fiscal year
2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

3. Non-GAAP. See reconciliation tables in appendix
4. Non-GAAP EPS + dividend yield

Progress of Strategic Domains

Executing against our key growth pillars



Q1-Q3 FY21

<p>A1 Austria</p>	<p>AT&T</p>	<p>Israel Cellcom</p>	<p>Charter COMMUNICATIONS</p>	<p>Chile, Puerto Rico Claro</p>
<p>dish</p>	<p>Italy FASTWEB</p>	<p>Philippines Globe</p>	<p>T-Mobile</p>	
<p>3 UK</p>	<p>Thailand true</p>	<p>verizon</p>	<p>Multiple affiliates vodafone</p>	

Q4 FY21

<p>AT&T</p> <p>BSSe Cloud Operations & extension of managed services</p>	
<p>Philippines Globe</p>	<p>France orange</p>
<p>Luxembourg SES</p>	<p>Eurasia VEON</p>

Looking ahead: sustain accelerated growth in FY2022

Rich pipeline to support the **early-stage** of a multi-year industry investment cycle in **5G & cloud**



- Cutting-edge technologies
- Unparalleled execution track record
- Highly skilled talent

FY22 Outlook:



Revenue growth of roughly 8%¹

Double-digit total shareholder returns for the second consecutive year

- EPS² growth of 10%
- Dividend yield of ~2%

1. On a pro forma & constant currency basis. Excludes the financial impact of OpenMarket (which was divested on December 31, 2020) from the current fiscal year and comparable fiscal year and assumes exchange rates in the current period were unchanged from the prior period
2. Pro forma non-GAAP diluted. See reconciliation tables in appendix



Tamar Rapaport-Dagim

Chief Financial Officer
& Chief Operating Officer

Financial Update & FY2022 Outlook



Q4 & FY2021 Financial Highlights

FY2021 revenue growth **accelerated** to 7.0% pro forma⁽¹⁾ constant currency⁽²⁾

FY2021 pro forma⁽¹⁾ non-GAAP⁽³⁾ diluted EPS growth **accelerated** to 9.8%

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021 and comparable fiscal year 2020
2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
3. Non-GAAP. See reconciliation tables in appendix
4. FY2021 pro forma revenue growth Includes an M&A contribution of ~2%, of which ~0.5% was not included in original FY2021 guidance

Q4 2021

Q4 Revenue

\$1,087 million

+10.2% YoY pro forma⁽¹⁾, const. currency⁽²⁾
Above guidance midpoint
(\$1,065M - \$1,105M)

Q4 Non-GAAP⁽³⁾ Operating Margin

17.5%, +30 bps YoY

Consistent with high-end of annual target range of 16.5% - 17.5%

Q4 GAAP Diluted EPS

\$0.97

Above guidance midpoint
(\$0.91 - \$0.99)

Q4 Non-GAAP⁽³⁾ Diluted EPS

\$1.16

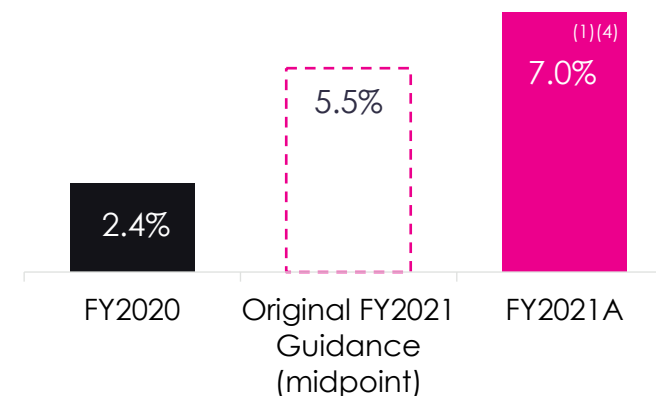
Inline with guidance midpoint
(\$1.13 - \$1.19)

Full Year Fiscal 2021

Revenue Growth

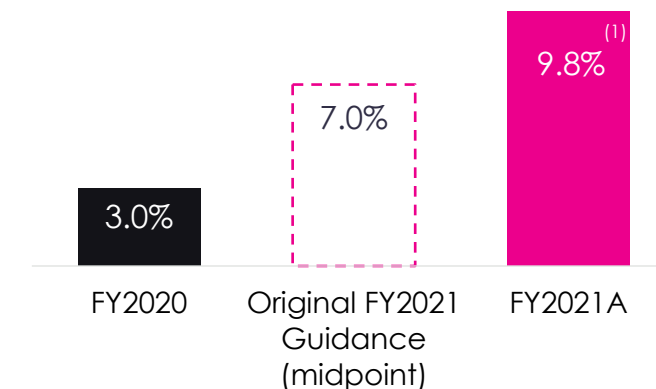
Y/Y% growth constant currency⁽²⁾

FY2021 is pro forma⁽¹⁾ constant currency⁽²⁾



Non-GAAP⁽³⁾ EPS Y/Y % Growth

FY2021 is pro forma⁽¹⁾



Leading Indicators & Business Model Resiliency

12-month backlog historically covers about **80%** of forward 12-month revenue

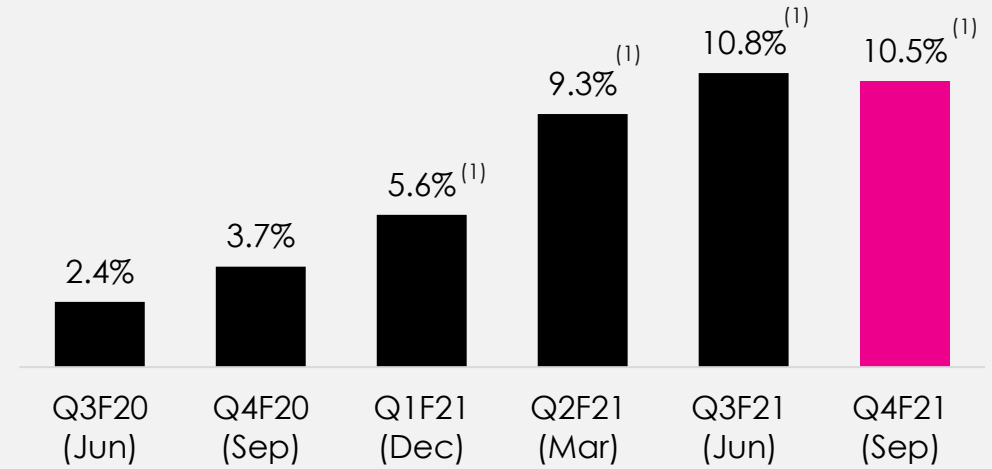
Managed services arrangements include large-scale digital transformation projects, and support business model resiliency with highly recurring revenue streams, multi-year engagements and high renewal rates

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021 and comparable fiscal year 2020.

Record 12-month backlog:

\$3.69 billion

as of September 30, 2021, up 10.5% YoY pro forma⁽¹⁾



Q4 2021 Managed Services Revenue

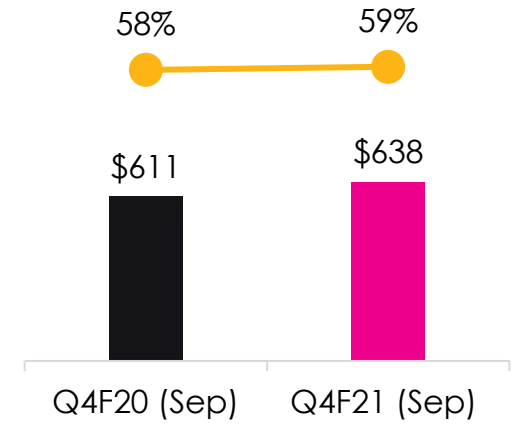
\$638 million



Next-gen cloud operations to support BSSe under long-term agreement



3-years extension to maintain, develop and enhance the BSS platform for EE brand



■ Revenue
● Managed Services as % Total

Balance Sheet & Cash Flow

We remain comfortable with our balance sheet

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

1. \$650M senior note, maturing June 2030
2. Non-GAAP. See reconciliation tables in appendix
3. Includes \$40M tax payment on the divestiture of OpenMarket

DSO's 73 days

-2 days YoY and -6 days QoQ
DSO's may fluctuate from quarter to quarter

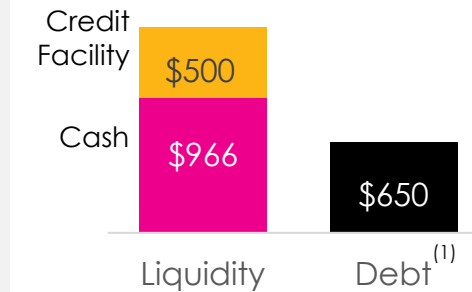
Deferred revenue > unbilled +\$145 million

Deferred revenue: -\$12M QoQ
Unbilled receivables: -\$9M QoQ

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

Liquidity \$1.5 billion

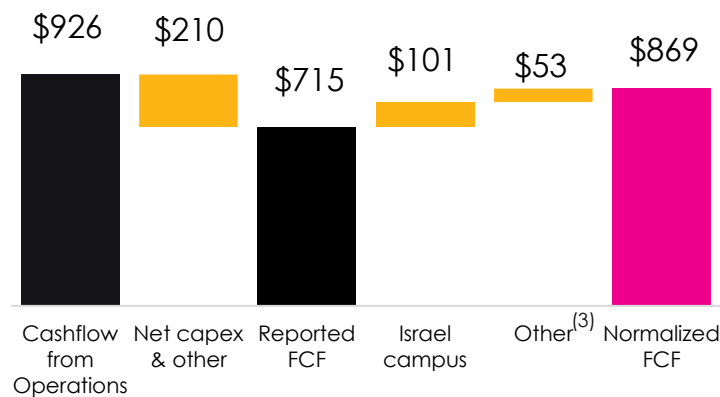
Ample liquidity including available \$500M revolving credit facility



Baa2
Moody's
BBB
S&P

Investment grade credit rating

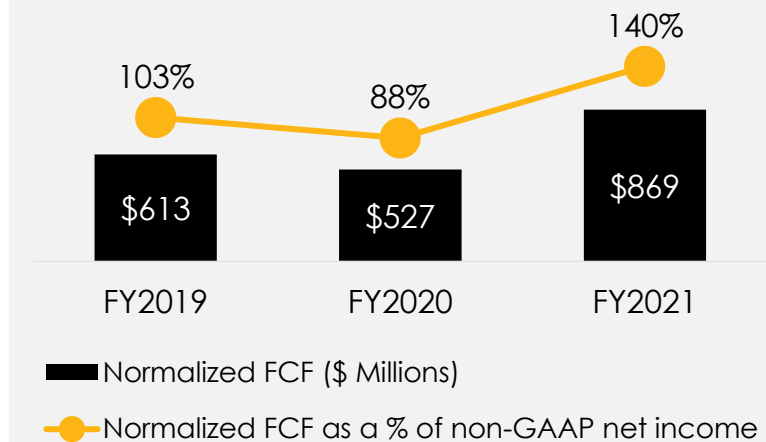
FY2021 Free cash flow⁽²⁾ bridge \$ Millions



Figures may not sum due to rounding

FY2021 normalized free cash flow⁽²⁾ \$869 million

Exceeded original guidance of \$620M



Disciplined Capital Allocation

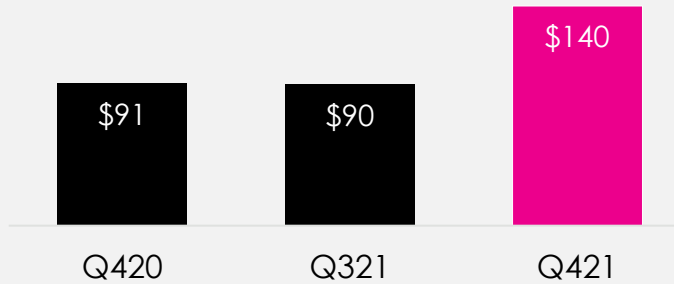
Expect a **majority** of normalized free cash flow to be returned to shareholders by way of share repurchases and quarterly cash dividend payments in FY2022

1. Non-GAAP. See reconciliation tables in appendix

Q4 2021 Share repurchases

\$140M

Faster pace of share repurchases in Q421

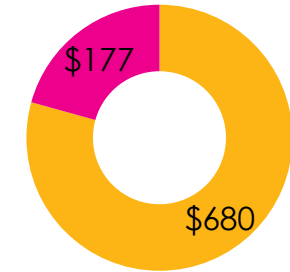


As of September 30, roughly **\$1B** of share repurchase authorization capacity remained

FY2021 Returning cash to shareholders

\$857M

Cash returned through share repurchases and dividends in FY2021

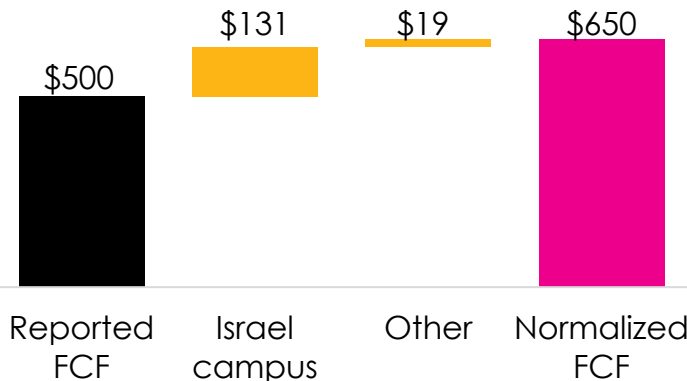


■ Share repurchases ■ Dividends

FY2022E Normalized free cash flow outlook⁽¹⁾

~\$650M

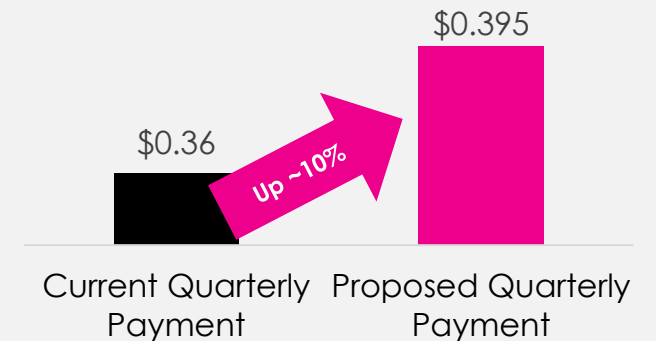
~100% cash conversion vs non-GAAP net income



Proposed increase in quarterly cash dividend

~10% to \$0.395/ share

Subject to shareholder approval at the annual meeting in January 2022



Initiating Q1 & FY2022 Outlook

Accelerated pro forma revenue and non-GAAP⁽²⁾ EPS growth in FY2022E

Expects **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 and comparable fiscal year 2020.
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

Q1 Fiscal 2022E Outlook

Revenue	\$1,080 - \$1,120 million
GAAP EPS	\$0.91 - \$0.99
Non-GAAP ⁽²⁾ EPS	\$1.15 - \$1.21
Share Count	126 million
Effective Tax Rate Non-GAAP ⁽²⁾	Above high-end of annual target range

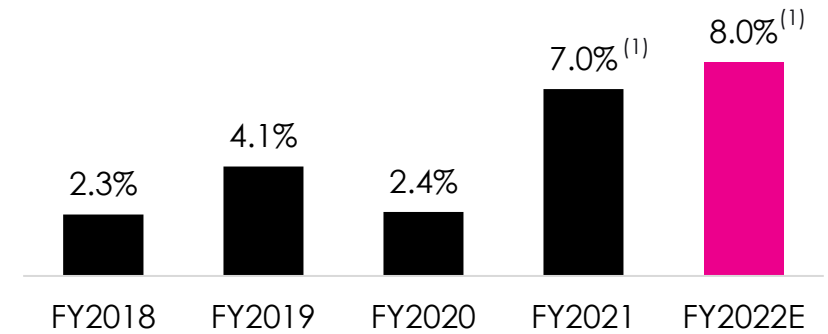
Full Year Fiscal 2022E Outlook

Revenue growth As reported	3.7% - 7.7%
Revenue growth Pro forma ⁽¹⁾ , constant currency ⁽⁴⁾	6.0% - 10.0%
Non-GAAP ⁽²⁾ EPS growth As reported	6.3% - 10.3%
Non-GAAP ⁽²⁾ EPS growth Pro forma ⁽¹⁾	8.0% - 12.0%
Operating Margin Non-GAAP ⁽²⁾	17.2%-17.8%
Effective Tax Rate Non-GAAP ⁽²⁾	13.0%-17.0%
Free cash flow ⁽²⁾	\$500 million
Normalized free cash flow ⁽²⁾	\$650 million

Revenue Growth

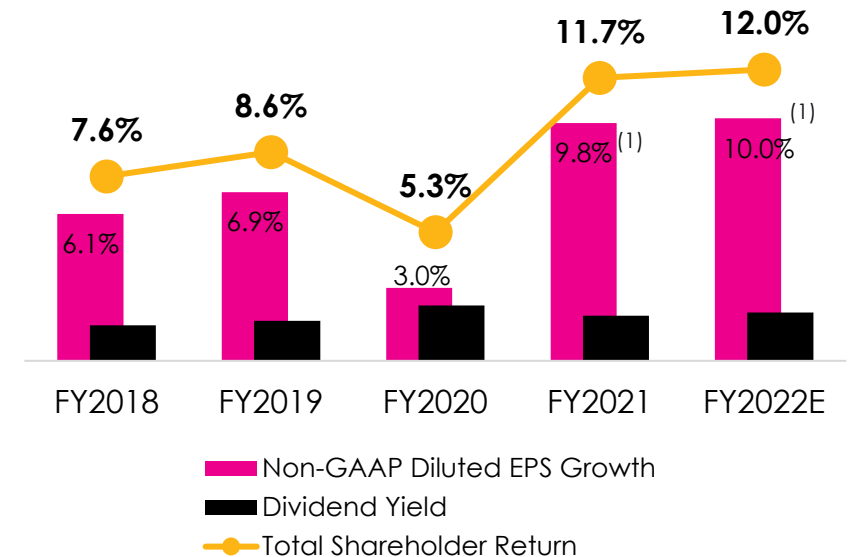
YoY% Growth Constant Currency⁽⁴⁾

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



Total Shareholder Return⁽³⁾

Non-GAAP⁽²⁾ Diluted EPS Growth YoY % + Dividend Yield
FY21 and FY22E non-GAAP EPS growth is presented pro forma⁽¹⁾



Amdocs: Enter the Future

FY2022 Analyst & Investor Business Update

November 5, 2021 | 9:30 am – 12:00 pm ET

Please join Amdocs' management for this virtual event, in which we will provide an overview of the strong foundation built over the last several years to position Amdocs for success in an increasingly digital world.

Hear from Amdocs' President & CEO Shuky Sheffer, CFO & COO Tamar Rapaport-Dagim, and Group President of Technology & Head of Strategy Anthony Goonetilleke who will discuss Amdocs' strategic journey to accelerated growth and unique competitive advantages to capture the market opportunities ahead.

To access the live event, please visit
<https://investors.amdocs.com/>

Materials and replay available at the same link



Q&A



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Reconciliation Tables

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

	Three months ended September 30,		Fiscal year ended September 30,	
	2021 ^(a)	2020	2021 ^(a)	2020
Revenue	\$ 1,087,309	\$ 1,052,948	\$ 4,288,640	\$ 4,169,039
Non-GAAP operating income	190,195	181,082	750,665	715,022
Non-GAAP net income	147,470	162,716	621,820	595,758
Non-GAAP diluted earnings per share	\$ 1.16	\$ 1.23	\$ 4.81	\$ 4.44
Diluted weighted average number of shares outstanding	126,820	132,661	129,284	134,232

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

	Three months ended September 30,		Fiscal year ended September 30,	
	2021	2020	2021	2020
Net Cash Provided by Operating Activities ^(a)	\$ 199,713	\$ 204,680	\$ 925,807	\$ 658,136
Purchases of property and equipment, net ^(c)	(60,873)	(59,555)	(210,438)	(205,510)
Free Cash Flow	138,840	145,125	715,369	452,626
Tax payment on sale of business ^(b)	809	-	39,596	-
Payments of acquisition related liabilities	-	-	13,234	9,417
Payments for previously expensed restructuring charges	-	214	-	2,143
Net capital expenditures related to the new campus development	32,801	15,975	100,680	62,727
Normalized Free Cash Flow	\$ 172,450	\$ 161,314	\$ 868,879	\$ 526,913

- 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 \$328 and \$194 for the Fiscal year ended September 30, 2021 and 2020, respectively.

Reconciliation Tables

- Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$328 and \$194 for the Fiscal year ended September 30, 2021 and 2020, respectively.

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

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	Other	Tax effect	
Three months ended September 30, 2021 ^(a)						
Operating expenses:						
Cost of revenue	\$ 707,366	\$ -	\$ (6,148)	\$ (3,285)	\$ -	\$ 697,933
Research and development	81,324	-	(1,145)	-	-	80,179
Selling, general and administrative	126,015	-	(7,013)	-	-	119,002
Amortization of purchased intangible assets and other	18,274	(18,274)	-	-	-	-
Total operating expenses	932,979	(18,274)	(14,306)	(3,285)	-	897,114
Operating income	154,330	18,274	14,306	3,285	-	190,195
Interest and other (expense), net	(1,099)	-	-	-	(4,360)	(5,459)
Income taxes	29,706	-	-	-	7,560	37,266
Net income	\$ 123,525	\$ 18,274	\$ 14,306	\$ 3,285	\$ (4,360)	\$ 147,470

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	Other	Tax effect	
Three months ended September 30, 2020						
Operating expenses:						
Cost of revenue	\$ 703,556	\$ -	\$ (4,981)	\$ (4,021)	\$ -	\$ 694,554
Research and development	75,843	-	(821)	-	-	75,022
Selling, general and administrative	106,352	-	(4,062)	-	-	102,290
Amortization of purchased intangible assets and other	20,259	(20,259)	-	-	-	-
Total operating expenses	906,010	(20,259)	(9,864)	(4,021)	-	871,866
Operating income	146,938	20,259	9,864	4,021	-	181,082
Interest and other (expense) income, net	(6,377)	-	-	(600)	-	(6,977)
Income taxes	6,098	-	-	-	5,291	11,389
Net income	\$ 134,463	\$ 20,259	\$ 9,864	\$ 4,021	\$ (600)	\$ 162,716

Reconciliation Tables

- Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$328 and \$194 for the Fiscal year ended September 30, 2021 and 2020, respectively.

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

GAAP	Fiscal year ended September 30, 2021 ^(A)						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	\$ 2,810,967	\$ -	\$ (22,691)	\$ (18,939)	\$ -	\$ -	\$ 2,769,337
Research and development	312,941	-	(4,021)	-	-	-	308,920
Selling, general and administrative	487,255	-	(27,537)	-	-	-	459,718
Amortization of purchased intangible assets and other	78,784	(78,784)	-	-	-	-	-
Total operating expenses	3,689,947	(78,784)	(54,249)	(18,939)	-	-	3,537,975
Operating income	598,693	78,784	54,249	18,939	-	-	750,665
Interest and other (expense), net	(10,797)	-	-	-	(5,046)	-	(15,843)
Gain from sale of a business	226,410	-	-	-	(226,410)	-	-
Income taxes	125,932	-	-	-	-	(12,930)	113,002
Net income	\$ 688,374	\$ 78,784	\$ 54,249	\$ 18,939	\$ (226,410)	\$ (5,046)	\$ 621,820

GAAP	Fiscal year ended September 30, 2020						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	\$ 2,755,563	\$ -	\$ (20,005)	\$ 307	\$ -	\$ -	\$ 2,735,865
Research and development	282,042	-	(3,058)	-	-	-	278,984
Selling, general and administrative	458,539	-	(19,371)	-	-	-	439,168
Amortization of purchased intangible assets and other	78,137	(78,137)	-	-	-	-	-
Total operating expenses	3,574,281	(78,137)	(42,434)	307	-	-	3,454,017
Operating income	594,758	78,137	42,434	307	-	-	715,022
Interest and other (expense) income, net	(11,436)	-	-	-	(600)	-	(12,036)
Income taxes	85,482	-	-	-	-	21,746	107,228
Net income	\$ 497,840	\$ 78,137	\$ 42,434	\$ 307	\$ (600)	\$ (21,746)	\$ 595,758