EDITED TRANSCRIPT
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OVERVIEW:

Company Summary

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Shimie Hortig *Amdocs Ltd - President, Americas Group*

Tamar Rapaport-Dagim *Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

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Shlomo Rosenbaum *Stifel Nicolaus & Company Inc - Analyst*

Daniel McDermott *Oppenheimer & Co Inc - Analyst*

Tomer Zilberman *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

PRESENTATION

Operator

Thank you for standing by, and welcome to the Amdocs first-quarter 2026 earnings conference call. (Operator Instructions) As a reminder, today's program is being recorded. And now I'd like to introduce your host for today's program, Matt Smith, Head of Investor Relations. Please go ahead, sir.

Matthew Smith *- Amdocs Ltd - Head of Investor Relations, Company Secretary*

Yeah. Thank you, operator. Before we begin, I need to call your attention to our disclaimer statement on slide 2 of the presentation. I note that some of our comments today may be forward-looking statements and are subject to risks and uncertainties, including as described in Amdocs's 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.

Participating on the call with me today are Shuky Sheffer, President and Chief Executive Officer of Amdocs Management Limited; and Tamar Rapaport-Dagim, Chief Financial and Operating Officer. 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, Shuky will recap our business and financial achievements for the first fiscal quarter 2026, including our strategic progress in generative AI and data services. Shuky will finish by addressing our financial and business outlook, after which Tamar will provide additional details on our first quarter financial performance and guidance for the full fiscal year '26. And with that, I'll turn it over to Shuky.

Shuky Sheffer *- Amdocs Ltd - President, Chief Executive Officer, Director*

Thank you, Matt, and everyone joining us on the call today. Beginning on slide 6, I am pleased to report a solid start to fiscal 2026 as we continue to focus on our primary goal of accelerating Amdoc's long-term growth and position of ourselves as a market leader for the GenAI era. First quarter financial results were consistent with our expectations. Revenue of $1.16 billion was slightly above the midpoint of guidance, rising 4.1% from a year ago and 3.5% in constant currency.

Profitability improved by 40 basis points from a year ago and was unchanged on a sequential basis, reflecting our commitment to balance internal efficiency gains with accelerated investments to support long-term growth. Non-GAAP diluted earnings per share was $1.81 above

the guidance range, primarily due to a lower-than-expected tax rate for the quarter. And we finished Q1 with 12-month backlog of $4.25 billion, up $60 million sequentially and 2.7% from a year ago.

Turning to slide 7. I'd like to thank our people around the world for their part in delivering best-in-class mission-critical operations support over the holiday period, and for achieving a high number of milestone deliveries under the many outcome-based projects and managed service engagements we are supporting for our customers. Q1 included several important developments which strengthened our underlying basis business, accelerated our global growth potential and advance our generative AI strategy.

First, I am proud to announce that we signed a new multiyear agreement with T-Mobile that includes Managed Services, software development and AI innovation. Under the new agreement, T-Mobile and Amdocs will collaborate to support T-Mobile growth strategy and business objectives. Amdocs will continue to support T-Mobile's consumer business domain, including implementation of GenAI technology where applicable. As part of this agreement, Amdocs will also support integration activities related to common systems.

Additionally, we are supporting T-Mobile in the integration of USCellular. As a reminder, integration activities by nature are nonrecurring and are ramping down by design once the integration is completed. Overall, this important agreement extends our long-standing strategic collaboration with T-Mobile. Having said that, as mentioned last quarter, we expect a revenue decline with this customer in fiscal 2026 due to a lower level of spending.

Second, we expanded Amdocs global customer footprint and progressed our international diversification strategy this quarter through a combination of organic and inorganic moves. We signed an expanded multiyear engagement at Vodafone Germany, the largest of Vodafone operating companies and won significant transformation awards with two new logos in Western Europe.

Additionally, I'm excited to report as we close the acquisition of Matrixx Software for $197 million cash at the end of Q1. Based in California, Matrixx is a strategic consolidation move, which complements and extends our leading market position around the controlling heel of billing, monetization, and charging solutions. As such, we believe there is an amazing potential to bring our full suite of product and Managed Services in support of Matrixx impressive customer base. These customers include major Tier 1 service providers such as Verizon, TELUS, Telefónica, Swisscom, Three, Virgin Media O2, and Telstra, as well as a growing list of many smaller peers operators and MVNOs.

Third, I'm encouraged by the highly positive recognition Amdocs is receiving as a market leader in data and generative AI from customers and industry analysts like Gartner. In my opinion, such recognition directly reflects Amdocs very deep domain expertise which is unmatched in the telco vertical.

During Q1, our commercial momentum continued with additional GenAI-related wins at TELUS and other customers. Our next generation AI platform development is also progressing to plan with today announcement of aOS, an agenting operation system purpose built for telecommunication, which we plan to showcase at Mobile World Congress in early March.

Now turning to slide 8. I'd like to provide some additional color with respect to our growth strategy, which is designed to deliver the tech-led products and services our customer needs to maximize the value of generative AI data across our customer footprint, accelerate the journey to the cloud, digitalize customer experience in consumer and B2B, monetize next-generation network investments, and streamline and automate complex network ecosystems.

Starting with data and generative AI on slide 9. We are busy executing the recent Gene related commercial awards as we won with Optimum, Consumer Cellular, e&, Telefónica Germany and other first-mover adopters of Amdocs amAIz, our generative AI platform that leverage NVIDIA's AI capabilities. These early awards provide proof point as to the important role of generative AI in telecom industry and transformation as witnessed by the consistent pipeline expansion and growing commercial progress we are seeing.

As an example, TELUS, Amdocs, and NVIDIA recently teamed up to deliver advanced AI clouds quality engineering solution on the TELUS sovereign AI factory. Specifically designed to meet Canadian data residency and compliance mandates, this strategic integration will enable

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secure autonomous testing, automation and validation for Canadian enterprises and government agencies, helping them to adopt generative AI securely and to roll out digital services faster.

As to our long-term generative AI strategy, last quarter, we shared that we are accelerating our investment to fast track development of Cognitive Core, a next-generation AI platform built on the foundation of Amdocs amAIz which integrates prebuild telco-specific agent libraries and actionable insights. I'm pleased to say that our development road map is progressing as planned with today exciting announcements of aOS, the world's first agentic operating system purpose-built for tele communication, which we plan to showcase at Mobile World Congress in Barcelona a few weeks from now.

Designed to help service providers accelerate generative AI strategies and innovate at scale, aOS operates on top of any BSS/OSS stack, embedded Cognitive Core and integrates into telecom operation to elevate customer and employee experiences, unlock new growth opportunities and drive measurable operational efficiency by executing complex end-to-end workflows across BSS/OSS environment. Overall, we are excited by the announcement of aOs, which believe can emerge as a long-term growth engine for Amdocs as telco realize the potential to simplify and accelerate their AI transformation journey.

Switching to cloud on slide 11. Amdocs remains uniquely positioned as the preferred partner to lead the telco industry journey to the cloud, reflecting our proven ability to accelerate public, private and hybrid cloud migrations. We are continuing to grow our cloud migration collaboration with AT&T, supporting them as they move another key infrastructure stack to the cloud.

This represents an important next phase in AT&T's cloud modernization journey. By applying Amdocs AI-driven migration capabilities and deep telecom domain expertise, we are helping AT&T modernize core infrastructure faster, reduce transformation risk and improve operational efficiency while creating the foundation for future innovation.

As discussed last quarter, our SaaS-based platform, including Amdocs ConnectX, Amdocs MarketONE, and Amdocs eSIM are also contributing to growth with riding -- with rising customer of adoption. This quarter, Amdocs MarketONE, was selected by V, formerly VIDAA, a leading smart TV platform, powering over 50 million connected TVs globally.

MarketONE will drive V's global OTT subscription and streaming bundles on (inaudible) equipped with smart TVs. Streamlined OTT partner onboarding, enabling innovation subscription bundling, and digital services expansion across the international footprint. Looking forward, cloud will remain primarily focus for Amdocs as we continue to support our global telco customer base, many of which are just getting started on their multiyear cloud journeys.

Turning to slide 12. I'd like to spotlight some additional deals win across Amdocs other strategic domain this quarter. First, I'm delighted to announce that Vodafone Germany has extended its multiyear digital transformation engagement with Amdocs. As part of which, it will decommission multiple legacy technology stacks to simplify its IT infrastructure across its fragmented cable portfolio. The program will complete with a gradual migration following proven agile delivery running fully in public cloud and utilizing AI tools to increase delivery efficiency.

In Western Europe, we won significant digital transformation award with two new logos that further expand our strategic relationship with a large global telco service providers. In Italy, Swisscom subsidiary, Fastweb, will broaden its use of the OMS Amdocs platform as the unified orchestration layer to manage end-to-end order management across both wireline and wireless consumer domain in the new core resulting for the post-merger integration with Vodafone Italy.

Within the BSS and OSS sphere, Swiss service provider, Sunrise, has extended the collaboration with Amdocs to support AI evolution in CRM, signing the foundation for further increase its Net Promoter Score and to offer customers the best service at any time. We also signed a new four-year agreement with Telefónica Germany to renew our Actix mobile network platform. Actix plays an important role in optimizing radio network performance, helping Telefónica Germany enhance coverage and network quality at scale. This [will all] reflects the ongoing value we deliver in mission-critical network operation and further strengthen our long-term standing collaboration with the customer.

Finally, we recently signed a proof of concept with leading operator in Japan, deploying Amdocs RevenueONE with billing capabilities to run real operation scenarios. This engagement reinforced the strength of our revenue management portfolio in supporting complex strategic customer environment and create a path for potential expansion.

Now to the current operating environment. We believe many growth opportunities exist across our several addressable market of roughly $60 billion by tapping new domains at our largest long-standing customers, capturing additional wallet share at existing customers and new logos, diversifying in new geographies such as Japan, Africa and Middle East, and bringing innovation in emerging strategic domain such as generative AI, fiber rollout, cloud migration and the rapidly evolving MNO segment.

With our deep telco domain expertise and unique tech-led customer-based business model, we will -- we are well positioned in the market and laser-focused to monetize the rich deal pipeline we see in front of us. That said, we are, of course, closely monitoring our customer demand and spending behavior within the prevailing global macroeconomic environment.

Bringing everything together on slide 14. With our solid first quarter performance and our visibility for the remainder of the year, we are reiterating our guidance for revenue growth of between 1% and 5% in constant currency for fiscal 2026. Similarly, we are on track for non-GAAP diluted earnings per share growth of between 4% to 8% in fiscal 2026. The midpoint of which equates to an expected total shareholder return in the high-single-digits, including our dividend yield.

On a personal note, after many years serving Amdocs in a range of leadership roles, including more than seven years as President and Chief Executive Officer, I've decided to retire from my role as President and Chief Executive Officer. It has been the greatest privilege of my professional life to lead this incredible organization and serve the people for the past seven years.

I'm immensely proud of what we've accomplished together. We didn't just navigate and achieved the cloud and the rise to GenAI, we transformed Amdocs into a truly catalyst for the digital age. I am pleased to announce that Shimie Hortig, a longtime colleague and trusted partner, who is here with me today, will succeed me as the President and Chief Executive Officer effective March 31, 2026, following a planned transition period.

I take this step with a deep confidence in Amdocs position, long-term strategy, and leadership team. Having worked closely with Shimie over many years, I've seen his ability to lead the company superior to significant industry and technological change while maintaining a strong focus on customer and execution. This planned succession reflects the depth of strength of Amdocs management team and ensure continuity in our strategic direction.

I am confident that Shimie, supported by an experienced and highly capable executive team, will be on Amdoc's strong foundation and lead the company to new highs. I'm delighted to say that Shimie is here with me in the room today. So let me hand things over to him to say a few words before moving to Tamar.

Shimie Hortig *- Amdocs Ltd - President, Americas Group*

Thank you, Shuky, for the kind words and for our partnership over the years. I'm excited to lead the Amdocs to the next chapter. During my career at Amdocs across different leadership roles, I've come to appreciate what makes Amdocs a leader, our people and culture, our customer trust and our technology and innovation. As we look ahead, Amdocs is well positioned to combine emerging technologies with deep domain expertise to drive value to customers and shareholders. I'm looking forward to building on everything we have accomplished and taking Amdocs to the next level.

Shuky Sheffer *- Amdocs Ltd - President, Chief Executive Officer, Director*

Thank you, Shimie. And with that, let me turn the call over to Tamar for her remarks.

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Tamar Rapaport-Dagim *- Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

Thank you, Shuky, and hello, everyone. Thank you for joining us. And Shimie, [lots of] success.

Shimie Hortig *- Amdocs Ltd - President, Americas Group*

Thank you.

Tamar Rapaport-Dagim *- Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

To begin, I'm pleased with our solid financial performance for the first fiscal quarter as summarized on slide 17. We Q1 revenue of approximately $1.156 billion was up 3.5% year over year in constant currency. Revenue was slightly above the midpoint of our guidance even after unfavorable foreign currency movements of roughly $3 million compared to our guidance assumptions.

On a reported basis, revenue was up 4.1% from a year ago. Revenue from acquisition of Matrixx Software was immaterial in Q1 since the deal closed in the last week of the quarter. On a regional basis, North America was up nearly 4% from a year ago and was higher on a sequential basis for the fourth consecutive quarter.

Europe was up by 17% year over year and increased by 1% sequentially driven by organic growth initiatives and the December 2024 acquisition of Profinit, which made little contribution to the year ago quarter. Rest of the world was down from a year ago, but improved slightly as compared to the prior quarter. Consistent with our prior guidance, our strong sales momentum provides clear visibility to continued growth in rest of the world this year, but we remind you that quarterly trends may fluctuate given the project orientation of our customer activities in this region.

Shifting down the income statement, non-GAAP operating margin of 21.6% improved by 40 basis points from a year ago and was stable on a sequential basis as we continue to balance the benefits of internal cost and efficiency initiatives to the investments designed to accelerate our long-term growth, including the development of our next-generation AI platform.

Interest and other expenses amounted to roughly $10 million in Q1. On the bottom line, non-GAAP diluted EPS of $1.81 was above the guidance range, primarily due to a lower-than-expected non-GAAP effective tax rate in the quarter. Similarly, diluted GAAP EPS of $1.45 exceeded the guidance range, which was also primarily due to a lower-than-expected GAAP effective tax rate in the quarter. Additionally, diluted GAAP EPS included a restructuring charge of roughly $0.09 per share which was not included in our guidance for the quarter.

Turning to slide 18. Managed Services revenue of $746 million was up 2.3% from the prior year in the first fiscal quarter. As a share of total revenue, Managed Services accounted for roughly 65%, consistently the last several quarters. During Q1, we maintained a very high Managed Services renewal rates signing expanded multiyear engagements, which together strengthen our business resiliency.

In addition to the new agreement with T-Mobile and the new agreement with Vodafone Germany, we signed an agreement with Telefónica Argentina, covering product maintenance services, application Managed Services in our software factory.

Moving to the balance sheet and cash flow highlights on slide 19. DSO of 76 days decreased by five days from a year ago and was up by two days sequentially. And billed receivables net of deferred revenue was down by $32 million sequentially and by $66 million versus a year ago in Q1, 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 multiyear engagements.

Free cash flow before restructuring payments was $237 million in Q1, driven by a strong earnings to cash conversion to begin the year. In fact, Q1 free cash flow already equates to roughly 33% of our full year target, which is higher than usual after just one quarter, including restructuring payments of $49 million, reported free cash flow was $188 million in the quarter.

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We ended Q1 with a healthy cash balance of approximately $248 million and aggregate borrowings of roughly $780 million, including a drawdown of $130 million on our $500 million revolving credit facility to fund the acquisition of Matrixx Software and our $650 million senior notes, which mature in June 2030. Overall, we have ample liquidity to support our ongoing business needs while retaining the capacity to fund our future strategic growth.

Switching to capital allocation on slide 20. This quarter, we repurchased $146 million of our shares. We had up to $840 million of remaining repurchase authority as of December 31, 2025. We paid cash dividends of $57 million in the first 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 and translates to a healthy free cash flow yield of roughly 8% and relative to Amdocs current market capitalization.

Regarding our capital allocations for the coming year, we expect to return the majority of our free cash flow to shareholders. Moving to slide 21. 12-month backlog was $4.25 billion at the end of Q1, up $60 million sequentially and 2.7% from a year ago.

Now turning to our revenue outlook on slide 22. We are continuing to closely monitor the prevailing level of macroeconomic, geopolitical business and operational uncertainty in the current business environment. The second quarter and full fiscal year 2026 financial guidance reflects what we consider to be the most likely outcome based on the information we have today, but we cannot predict all possible scenarios.

For the full fiscal year 2026, we expect revenue growth of between 1.5% and 5.5% as reported, roughly half of which will be inorganic in nature. This includes the acquisition of Matrixx Software, which was already incorporated in our assumptions when we provided our fiscal 2026 guidance last quarter. This expected range compares with 1.7% to 5.7% previously with the change reflecting foreign currency movements, which are now assumed to provide the benefit of 0.5% for the full year as compared to 0.7% previously.

For the full fiscal year 2026, we are reiterating our outlook for revenue growth of between 1% and 5% in constant currency. As to the second fiscal quarter, we expect revenue between $1.15 billion to $1.19 billion.

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%.

Our profitability outlook reflects an intentional decision to accelerate our R&D sales and marketing investments with respect to generative AI and our next-gen agentic operating system, while balancing this with ongoing cost and efficiency gains resulting from our continued focus on operational excellence automation and the internal deployment of generative AI based tools across our business.

As a reminder, our non-GAAP operating margin may fluctuate slightly on a quarter-to-quarter basis. Additionally, our margin outlook excludes additional restructuring charges we may take. Below the operating line, we expect non-GAAP net interest and other expenses to be impacted by higher finance costs this year resulting for a reduced cash balance and funding of our strategic long-term growth plans.

As anticipated in the beginning of the year, we expect our non-GAAP effective tax rate to be within an annual target range of 16% to 19% for the full fiscal year 2026. For your modeling purposes, in Q2 specifically, we expect our non-GAAP effective tax rate to be above the high end of this annual range.

Bringing everything together on slide 24, we are reiterating our outlook for non-GAAP diluted earnings per share growth of 4% to 8% in fiscal 2026. The midpoint of which positions us to deliver high-single-digit expected total shareholders' return when including our dividend yield of around 2.7%.

With that, back to you, Shuky.

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Shuky Sheffer *- Amdocs Ltd - President, Chief Executive Officer, Director*

Thank you, Tamar. I am pleased with our solid start for the fiscal year and the important progress we've made in respect to our long-term strategic partnerships, the expansion of our customer base globally in today's announcements for a new agentic operation system aOS, which we believe can provide an additional engine of the long-term growth. With that, we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Shlomo Rosenbaum, Stifel.

Shlomo Rosenbaum *- Stifel Nicolaus & Company Inc - Analyst*

Shuki, Tamar, just the T-Mobile announcement, obviously, a significant positive. Everyone's kind of waiting for this renewal. I was wondering if you could give us just a little bit more color on that because it's just discussed as a multiyear agreement, doesn't say how long it is. How could we compare this to the prior agreement?

I know you talked about revenue being down in '26. Is there a continued trajectory that way? Or should we assume there's a new baseline? And just is the scope of the same of what you were doing?

I know there's -- T-Mobile in the third quarter announced a very sizable charge against its billing system, including what it seems like stuff that was still in development. And maybe you could just kind of put a -- just a finer point on what's going on over there since it is a very significant client. And then I have one follow-up.

Tamar Rapaport-Dagim *- Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

Sure. Hi, Shlomo. So let me try and give some more color. We're talking about a five-year agreement. This is quite typical for our long-term services engagement and additional long-term engagement with the top customers.

We are covering in this agreement, as we indicated, Managed Services. We are covering development services, some AI-related activities, integration of common systems. So there's plenty of, I would say, breadth to the engagement that is covered there.

We are also as indicated beyond this agreement that we are going to support in the integration of USCellular, which is, of course, a strategic move that T-Mobile announced already in the past. We feel that the relationship, of course, needs to take us to continue to support the T-Mobile and both -- see, feel is not the right word. We know it's going to support T-Mobile both on the consumer side of the business as well as the support of the business segment of T-Mobile.

We continue to see -- specifically, we're guiding now for 2026. So we're talking about the fact that we want to be very transparent about the fact we still expect revenue to decline in 2026 as their spending appetite is lower.

Not just with that. I think if you look into the commentary of T-Mobile, they are much more cautious. And the other point I will say is that specifically, again, it's specific to the contract, is just to remind you that the kind of work we do for integration of systems, like the one we are doing with USCellular is one that is typically not -- it's not recurring by nature, integration has a beginning and an end. I mean, hopefully, of course, it will be successful. And therefore, we wanted to make it clear.

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This is not a -- while we're talking about multiyear agreement and other activities with T-Mobile integration of cellular is not a five-year thing, right? Usual integration is measured by quarters rather than years.

Shuky Sheffer - *Amdocs Ltd - President, Chief Executive Officer, Director*

I think overall -- I agree with what Thomas said, I think it's -- we have relationship with T-Mobile, the previous version since 1999. So I think this is extend our partnership with T-Mobile -- for T-Mobile for the years to come.

Shlomo Rosenbaum - *Stifel Nicolaus & Company Inc - Analyst*

Okay. And then just -- I want to dig in a little bit more on the Matrixx acquisition. Just -- you already bought a charging platform Openet like five years ago. And I wanted to ask just what strategically is this adding to what you had? And if you could put a finer point on to the revenue that you're expecting from it this year?

Or is it -- if I take kind of the midpoint of your revenue guidance, assume half of it is coming from acquisitions and kind of split that over three quarters, it sounds like it's like around a $90 million run rate business. Is that the way to think about it?

Shuky Sheffer - *Amdocs Ltd - President, Chief Executive Officer, Director*

I will start with the value of the products, and Tamar will answer more on the financial question. Look, we are dealing across the world with different sizes and different complication of customers. Some of the Tier 1 customer need different type of charging and capabilities comparing to what we call low-tiers or mid-tiers. So I think the rationale of this acquisition was also -- it was consolidation of a competitor with very strong product.

So I think the rationale, A, it gives us additional charging engine that we can -- it's more like what we call Tier 2 level rather than Q1. This is one. It gives us a very nice set of customers, as we mentioned. And I think that between all our capabilities, I think it strengthens our position by far, the market leader in this critical domain of charging and monetization.

Tamar Rapaport-Dagim - *Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

YeAH. Maybe just to add, you mentioned the acquisition five years ago of Openet. Openet is an amazing solution that we've seen deployed in many leading customers and of course (multiple speakers).

Shuky Sheffer - *Amdocs Ltd - President, Chief Executive Officer, Director*

Openet is a significant Tier 1, yeah. (multiple speakers)

Tamar Rapaport-Dagim - *Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

And we continue to be our solution for the high scale. Back to your point about the revenue contribution coming from M&A. So we did incorporate in the original guidance of the year, about half of our growth coming from M&A. And Matrixx was definitely maturing the pipeline of M&As when we gave that guidance. So that's why I wanted to emphasize that it was planned and now is materializing.

Now relative to the model of Amdocs, Matrixx is a product -- software product company, so less visibility into the model than our own regular model. We have taken that into consideration, of course, being the first year of integrating Matrixx being more cautious on the revenue view. So I think we are appropriately conservative there.

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So yes, it's in the numbers. It's not necessarily the end of the M&A plans that we have for the year. We don't have any major build-up of expectations in terms of (inaudible) I'm not talking about revenue. I'm just talking about the fact we do sales, so additional pipeline of good ideas on the M&A side as we may execute upon. But as I always say, M&A, is not something you can plan for in a linear way, we want to do the right deals for the right reasons with the right prices. So I think we are building it into a very prudent way into our guidance.

Operator

Dan McDermott, Oppenheimer.

Daniel McDermott - *Oppenheimer & Co Inc - Analyst*

Hi, guys. It's Dan on for Tim Horan. Just two quick ones. Can you give us some more color on your new agentic operating system you announced today, why it's unique and how can serve as a new growth engine?

And then second, Verizon has been very vocal about aggressively cutting expenses. We're wondering if you're doing anything there to help them with their restructuring and their AI initiatives. Thanks again.

Shuky Sheffer - *Amdocs Ltd - President, Chief Executive Officer, Director*

So the -- what we call aOS, the agentic operating system. If you remember last quarter, we started to talk about this that we are developing a next-generation platform for GenAI. At the time, we talk about Cognitive Core, which is part of the overall aOS. And in a simple way, and I want to become an architectural discussion, it's a layer that can sit on top of any BSS/OSS infrastructure and actually can provide with obviously, giving our knowledge of this very deep intimate knowledge of this industry, we are building an agentic platform that actually, eventually you can operate all the activities through agents.

We are going to showcase this in Barcelona, meet with many customers. And so today, we are announcing it and the full focus will be roughly a month from now. And we believe this will, in the future, will serve us as a new growth engine for Amdocs.

We did not include any significant revenue for this in this current fiscal year, but we believe that from everything that we hear in the industry, this is going to be probably the most, I would say, permanent and strong foundation to leverage GenAI. We are very proud of what we are in the process of building. Regarding Verizon, I cannot comment more that you need to assume that we are engaging with Verizon. We'll see how we can help them in the future.

Operator

George Notter, Wolfe Research.

Unidentified Participant

Hi, guys. This is [Jaren] on for George. Could you talk a little bit more about how the telcos are progressing in terms of looking to accelerate and simplify their AI journey? Specifically, can you talk about how the pipeline is progressing and any new opportunities that have popped for you?

Shuky Sheffer *- Amdocs Ltd - President, Chief Executive Officer, Director*

I think, overall, and definitely, we talked about this before, we were very active in working with our customer, developing different use cases in the call center, in the retail store, or any upsell or care type of scenarios. But this was more, I would say, a different solution to different needs, different use cases.

The difference with the aOS is it's a complete, holistic, value proposition to address all what we believe the future telecom needs to leverage this technology. All our customers are obviously applying successfully in many cases to leverage this, but it's more, I would say, it's like moving from opportunistic to strategic.

From different use cases and different capabilities that all our customers are already experiencing both in the IT and the network domain to a much more holistic value proposition that actually will translate converge in the future, the way our customers working to a full agentic way. So this is the difference what -- from what we've done so far to this day with solution.

But obviously, it's early days. I mean, most of our customers, as I said, are trying, so we do a lot of POC. In many cases, also they are getting some value, but I think this is very, very, very early days in this domain.

Operator

(Operator Instructions) Tal Liani, Bank of America.

Tomer Zilberman *- Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Hey, guys. This is actually Tomer Zilberman on for Tal. Maybe two for me. You mentioned in the prepared remarks that you had a slight beat to your expectations this quarter on revenues and your 2Q guidance was also slightly above the street, but you were consistent in maintaining the fiscal year.

Just wanted to ask if this is more about rightsizing when you expect the ramp down of T-Mobile revenues this year, if there's anything else to look there. And my follow-up is as we think about this new multiyear agreement with T-Mobile, can you give us a sense of the progression and the trajectory of the milestones you need to hit to really ramp the revenues there?

Tamar Rapaport-Dagim *- Amdocs Ltd - Chief Financial Officer, Chief Operating Officer*

So on the first question, it's not anything specific in particular. It's not a customer that caused that. Actually, I'm happy about the fact that we were able to show now faster performance on the revenue to meet the numbers.

We talked at the beginning of the year of a stronger half two than half one. But even then, it wasn't like a big difference. So I would say it's a slight change and nothing in particular that I can point out that caused that.

On your second question, it's not a matter of meeting specific deliverable that is singular in nature. What we do for T-Mobile is including many activities. So we are doing the Managed Services that covers the ongoing IT operations. We are doing development work.

Some of it is new project oriented. Some of it is helping them to enhance existing systems.

We are going to embed new AI activities. We are doing the USCellular integration. We are going to work with other rationalization of common systems.

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So it's many, many things. It's not like a single project that I can point to a specific milestone. So it's mainly a matter of continuing to execute, bring value and push forward to the demand and the desires of T-Mobile.

Operator

Thank you. This does conclude the question-and-answer session of today's program. I'd like to hand the program back to Matt Smith for any further remarks.

Matthew Smith *- Amdocs Ltd - Head of Investor Relations, Company Secretary*

Okay. Thanks, operator, and thanks, everyone, for joining the call tonight. If you do have any additional questions, please give us a call in the IR group here. And with that, have a great evening.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.