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Financial Outlook

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Senior Vice President & Chief Financial Officer

amdocs



Forward-Looking Statements

This presentation and our remarks contain forward-looking statements (within the meaning of The Private Securities Litigation Reform Act of 1995) that involve substantial risks and uncertainties, including statements regarding our expectations and beliefs about our business, strategy, and future operating performance. These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors, including, but not limited to: changes in the overall economy; changes in competition in markets in which we operate; our ability to derive revenues in the future from our current research and development efforts; changes in the demand for our products and services; the loss of a significant customer; consolidation within the industries in which our customers operate; changes in the telecommunications regulatory environment; changes in technology that impact both the markets we serve and the types of products and services we provide; financial difficulties of our customers; losses of key personnel; difficulties in completing or integrating acquisitions; litigation and regulatory proceedings; and acts of war or terrorism. Please refer to our filings with the Securities and Exchange Commission, including our Annual Report on Form 20-F filed on December 12, 2016, for a discussion of these and other important factors.

You can identify forward-looking statements by words such as “expect,” “anticipate,” “believe,” “seek,” “estimate,” “project,” “forecast,” “continue,” “potential,” “should,” “would,” “could,” “intend” and “may,” and other words that convey uncertainty of future events or outcome. Statements that we make in this presentation that are not statements of historical fact also may be forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve risks, uncertainties, and assumptions that may cause our actual results to differ materially from the expectations that we describe in our forward-looking statements. There may be events in the future that we are not accurately able to predict, or over which we have no control. You should not place undue reliance on forward-looking statements. Although we may elect to update forward-looking statements in the future, we disclaim any obligation to update do so, even if our assumptions and projections change, except where applicable law may otherwise require us to do so. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

In addition, this presentation and our remarks include certain non-GAAP financial measures, including diluted earnings per share, free cash flow, non-GAAP operating margin, non-GAAP net income and non-GAAP diluted earnings per share growth. 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. We believe that the presentation of these non-GAAP financial measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations, as well as the net amount of cash generated by its business operations after taking into account capital spending required to maintain or expand the business. Additionally, we believe 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 our results of operations in conjunction with the corresponding GAAP measures.

Please refer to the explanation of these non-GAAP financial measures under the heading “Non-GAAP Financial Measures” in Exhibit 99.1 to our Form 6-K filed with the U.S. Securities and Exchange Commission on November 9, 2016, and to the Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP tables included therein.

This presentation will be available on our website at <http://investors.amdocs.com/phoenix.zhtml?c=113915&p=irol-IRHome>



Agenda

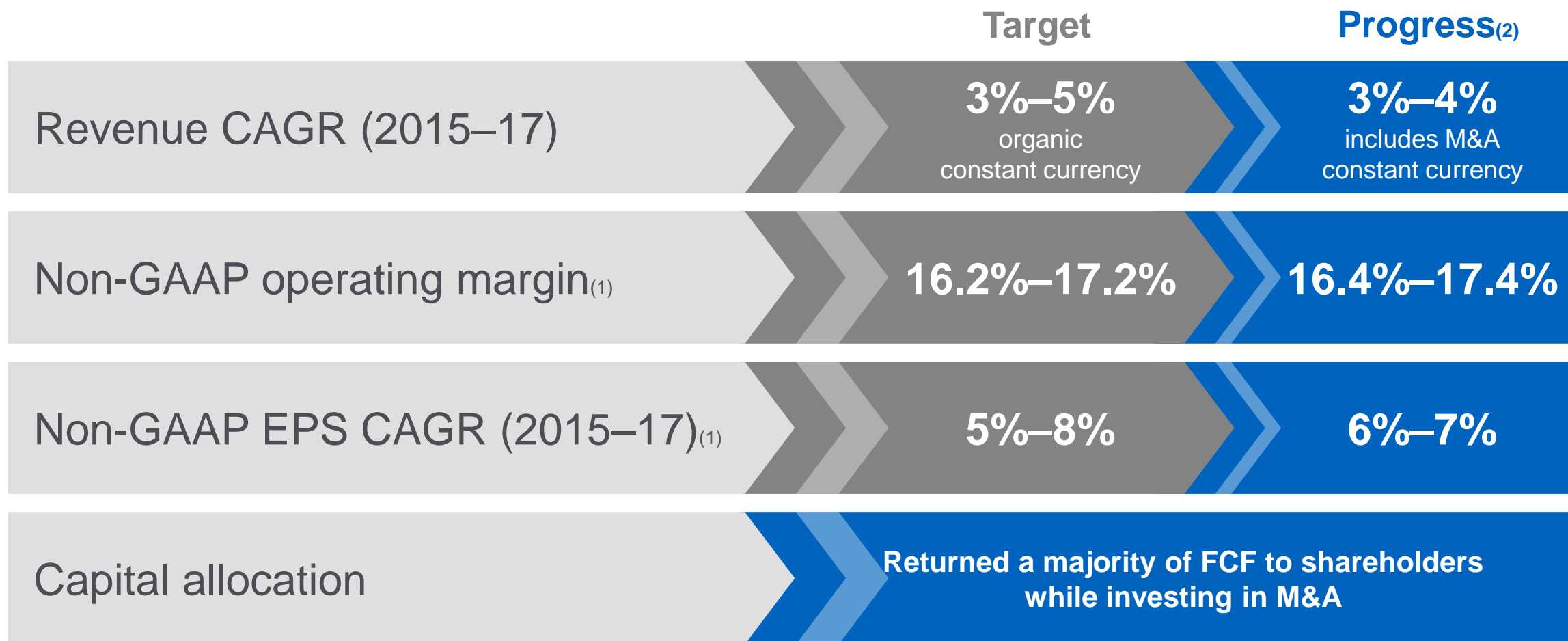
Report card on fiscal 2015–2017 performance

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Report Card

Three-year outlook fiscal 2015–2017 tracking roughly in line with midpoint



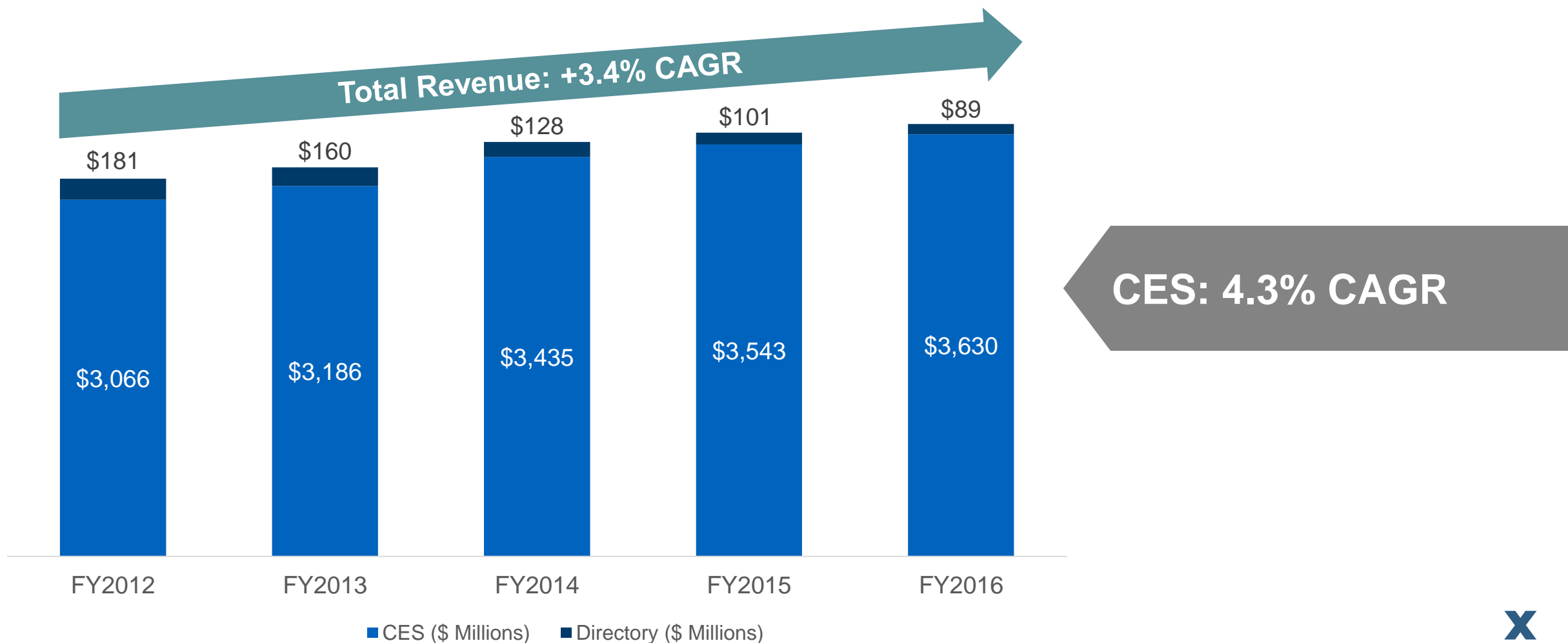
(1) Please refer to the explanation of Non-GAAP Financial Measures in Exhibit 99.1 to our Form 6-K filed with the SEC on November 9, 2016 and the reconciliation of Selected Financial Metrics from GAAP to Non-GAAP on pages 30-34 of this presentation

(2) Incorporates the fiscal 2017 outlook range provided on November 8, 2016 and contributions from M&A activity completed during the three year period



Customer Experience Solutions (CES) Growing Steadily:

Four-year CES CAGR +4.3%, offset by Directory drag of about 1%



Diversification Among Top 10 Customers

Fiscal Year 2010



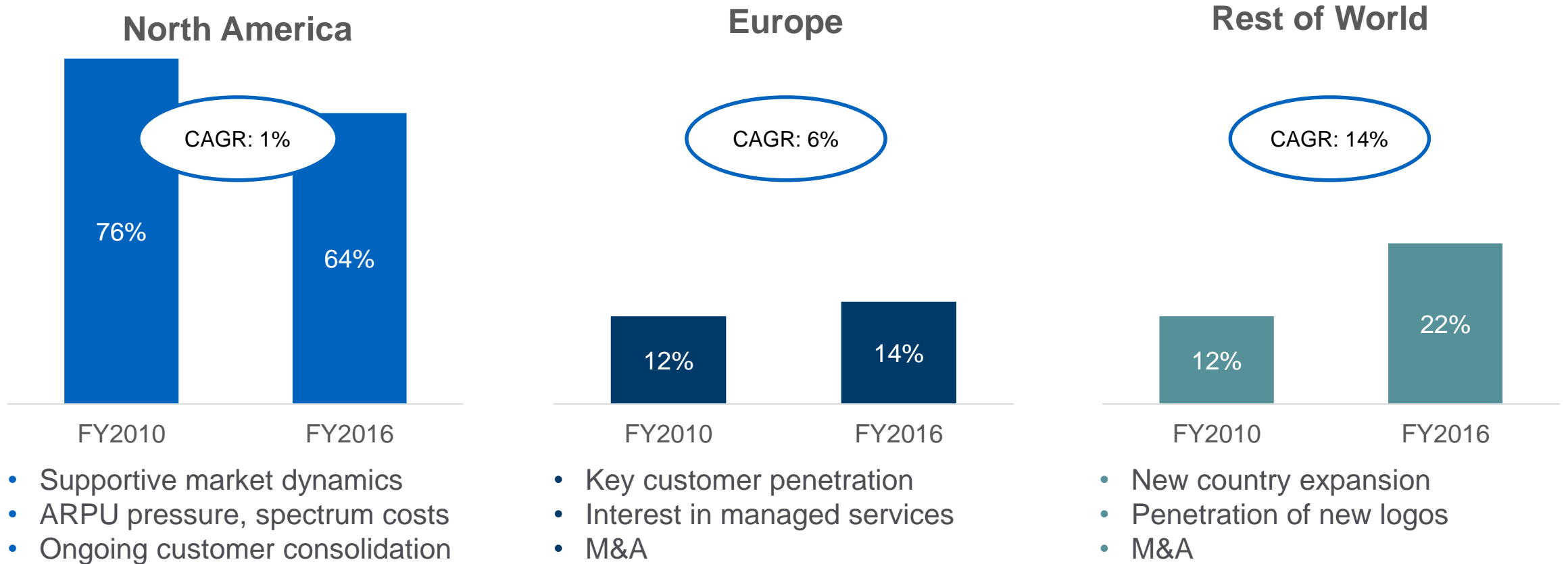
Diversification Among Top 10 Customers

Fiscal Year 2016



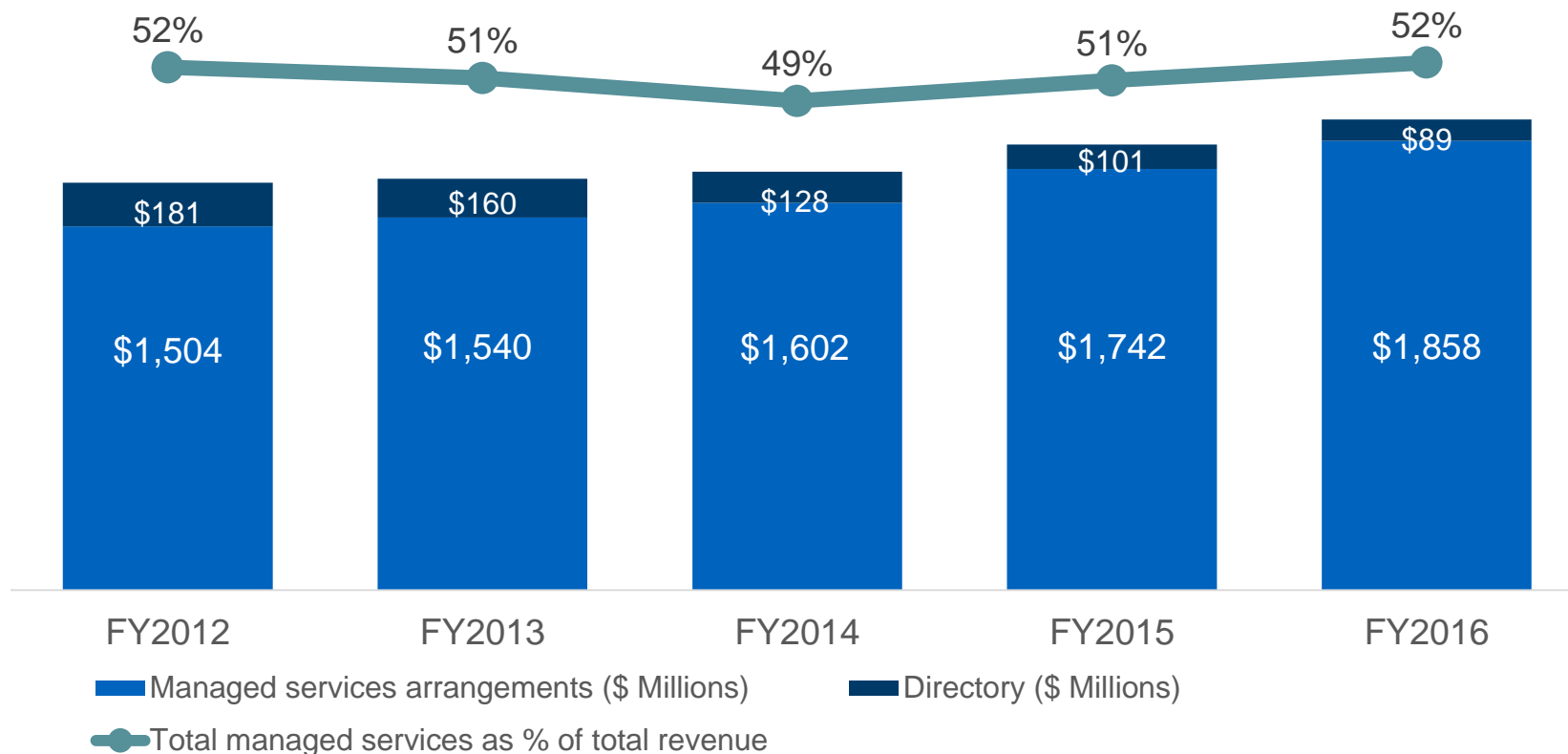
Geographic Revenue Mix Gradually Shifting

Percent of total revenue



Rest of world + Europe as a percent of total has grown from 24% in FY10 to 36% in FY16

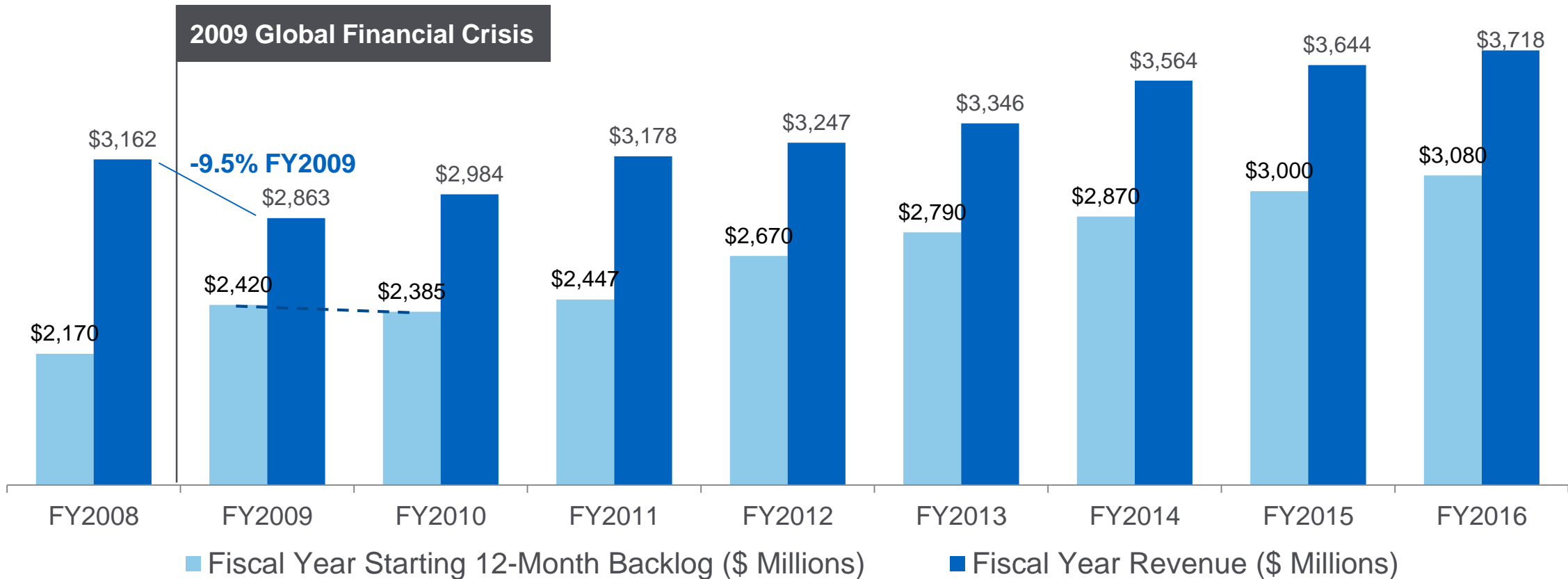
Managed Services Arrangements as a Recurring Revenue Vehicle



**Managed services
(ex-directory)
+5.4% CAGR**

Total revenue from managed services: +3.7% CAGR

Resilient Business Model with High Visibility



High revenue visibility: starting 12-month backlog averages about 80% of reported fiscal year revenue



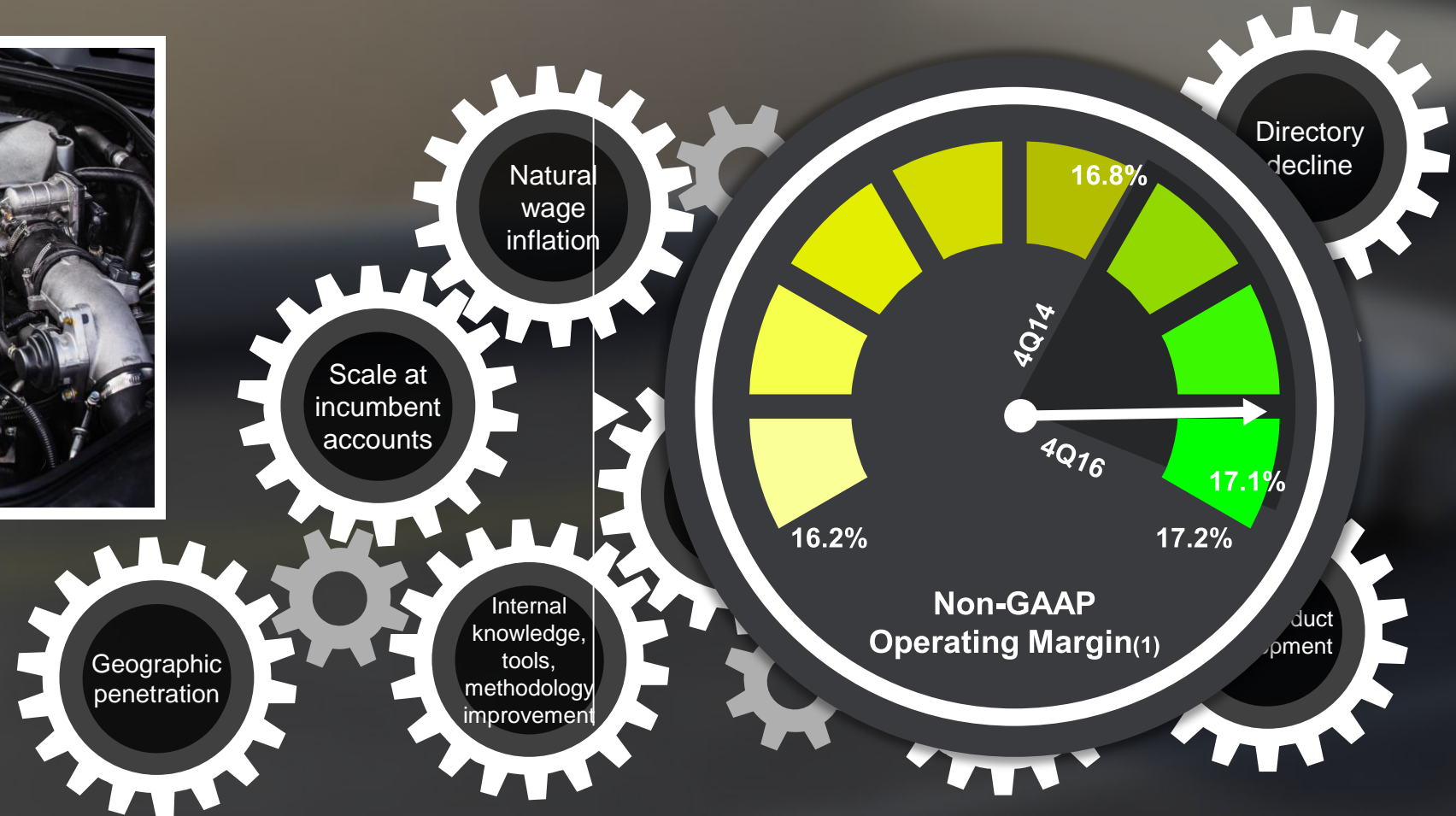
Operating Margins (Non-GAAP)

The many moving parts “under the hood”



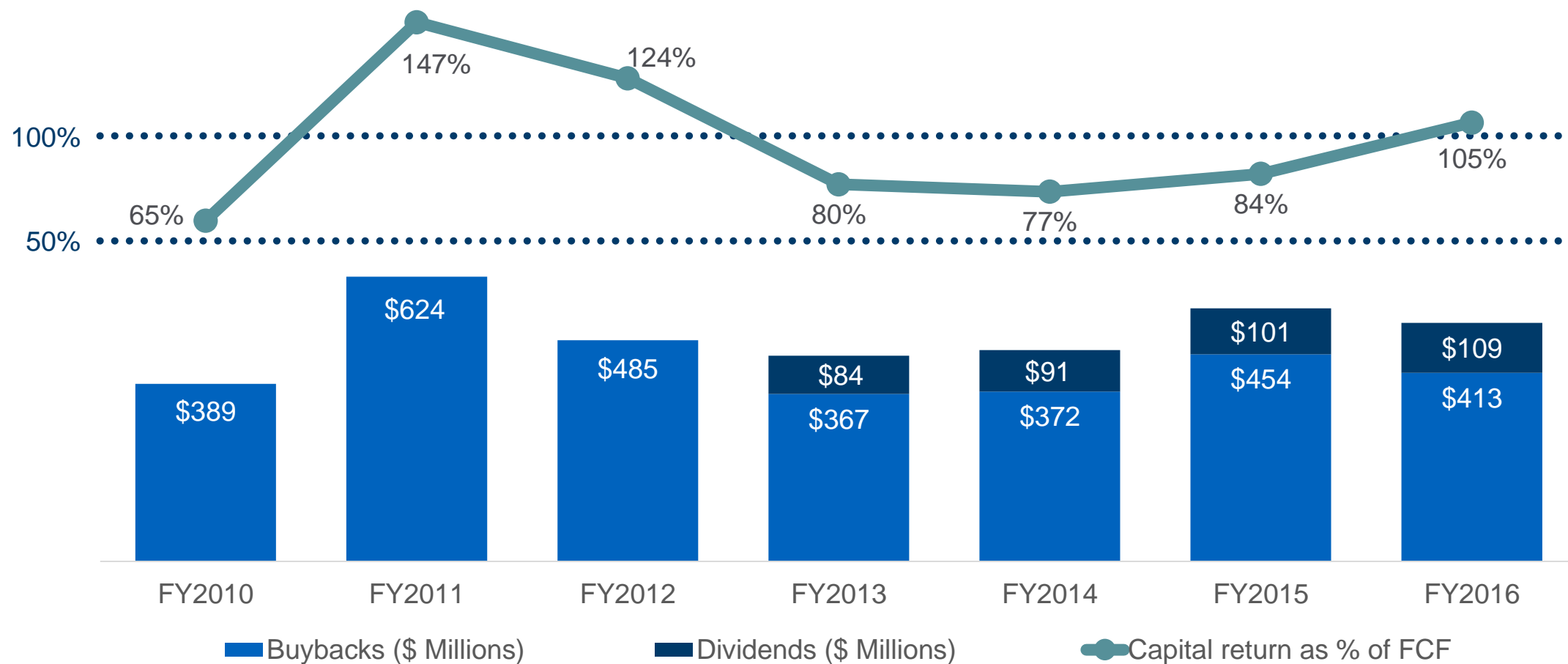
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Capital Return to Shareholders as a Percent of Free Cash Flow

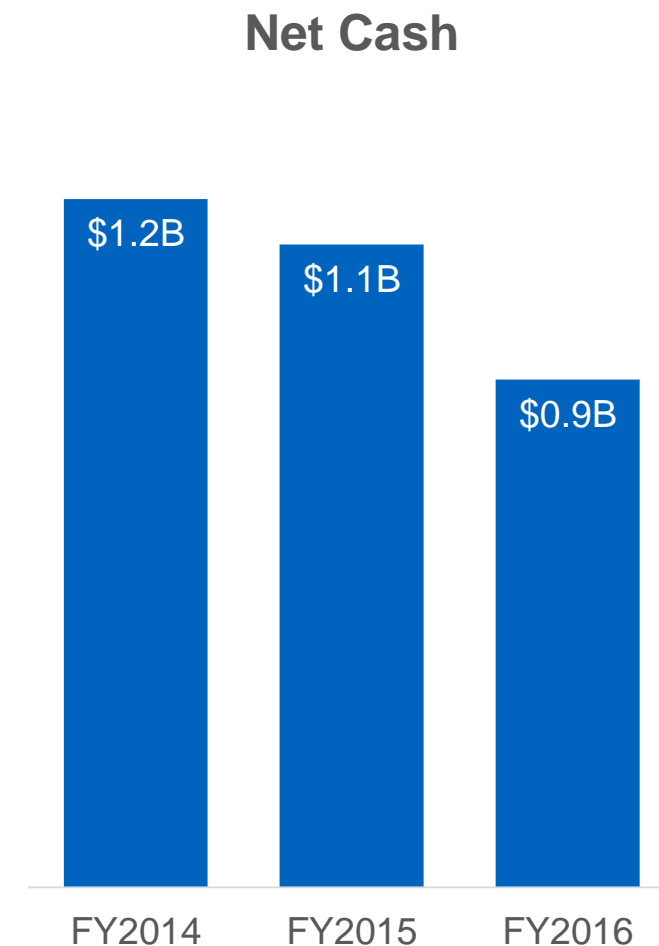
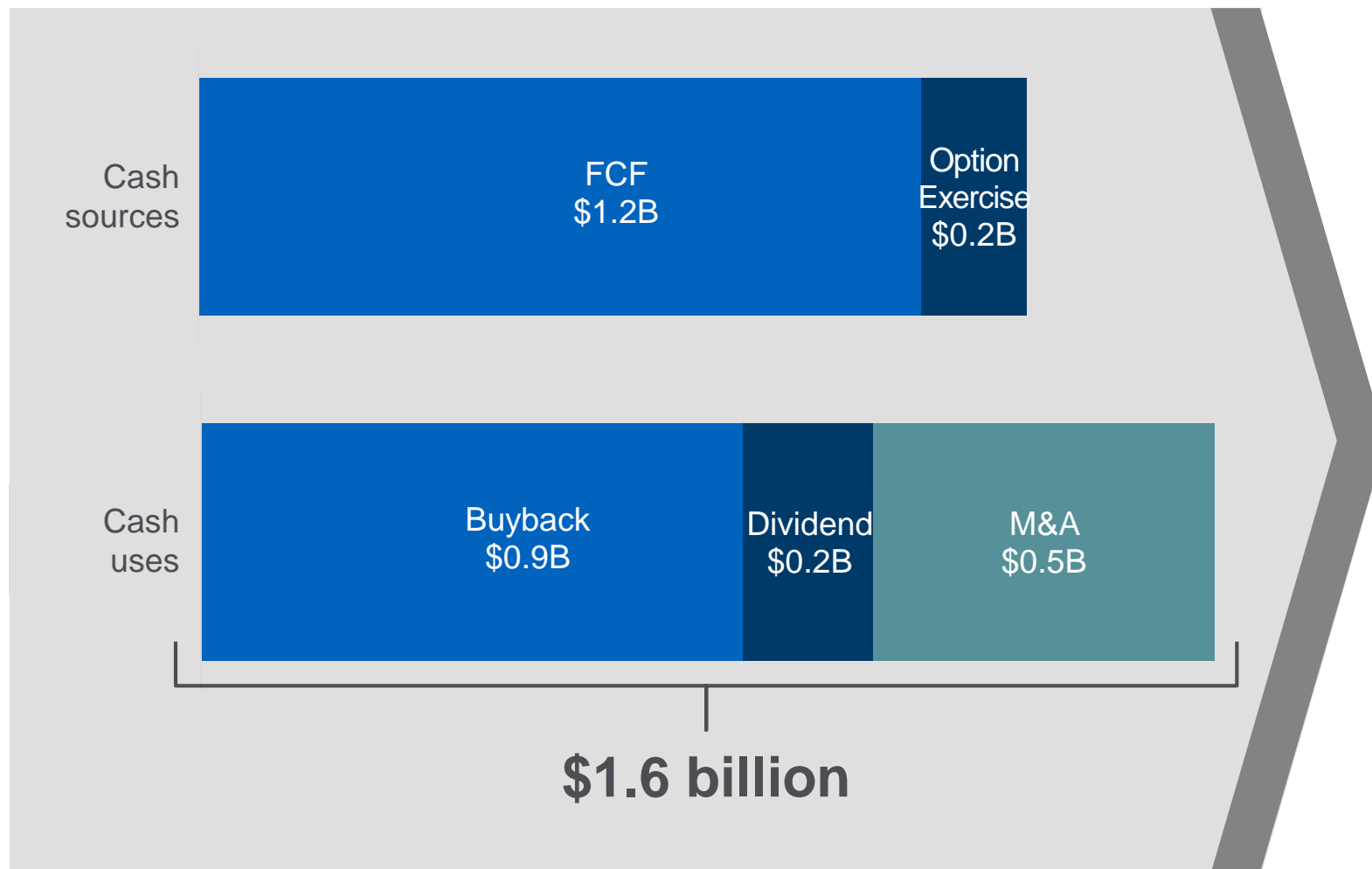


Note: Free Cash Flow (FCF) defined as Cash Flow from Operations less Net Capital Expenditures and other.

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Aggregate Cash Use, Last Two Years, and Balance Sheet Impact



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Organic Three-year Outlook Fiscal 2017–2019



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(3) Reconciliation of the Three-year Non-GAAP EPS guidance to Three-year GAAP EPS guidance is not available at this time without unreasonable effort; the impact of acquisitions, including the timing and amount of integration costs, make it difficult to provide meaningful and comparable GAAP guidance

(4) Defined as Non-GAAP EPS growth plus dividend yield of ~1.5% (assumes the new quarterly dividend rate of \$0.22 is approved by shareholders at the annual meeting in January 2017; yield calculated on Amdocs' closing share price as of November 8, 2016)



Organic Three-year Revenue Growth Considerations

- Growth drivers
 - New offerings expansion and new market penetration, such as digital and NFV
 - Geographic expansion, with Rest-of-World still a “growth engine”
- Growth inhibitors
 - Directories drag over the forecast period
 - Slow growth in Service Provider IT spending in mature markets
- Uncertainties
 - Service Providers M&A on a global basis, including risk deals are not approved by regulators
 - Global economic conditions, including Europe and parts of Latin America
 - Ongoing volatility in foreign currency markets
 - Revenue fluctuations resulting from transformation projects
 - Potential regulatory changes on various fronts



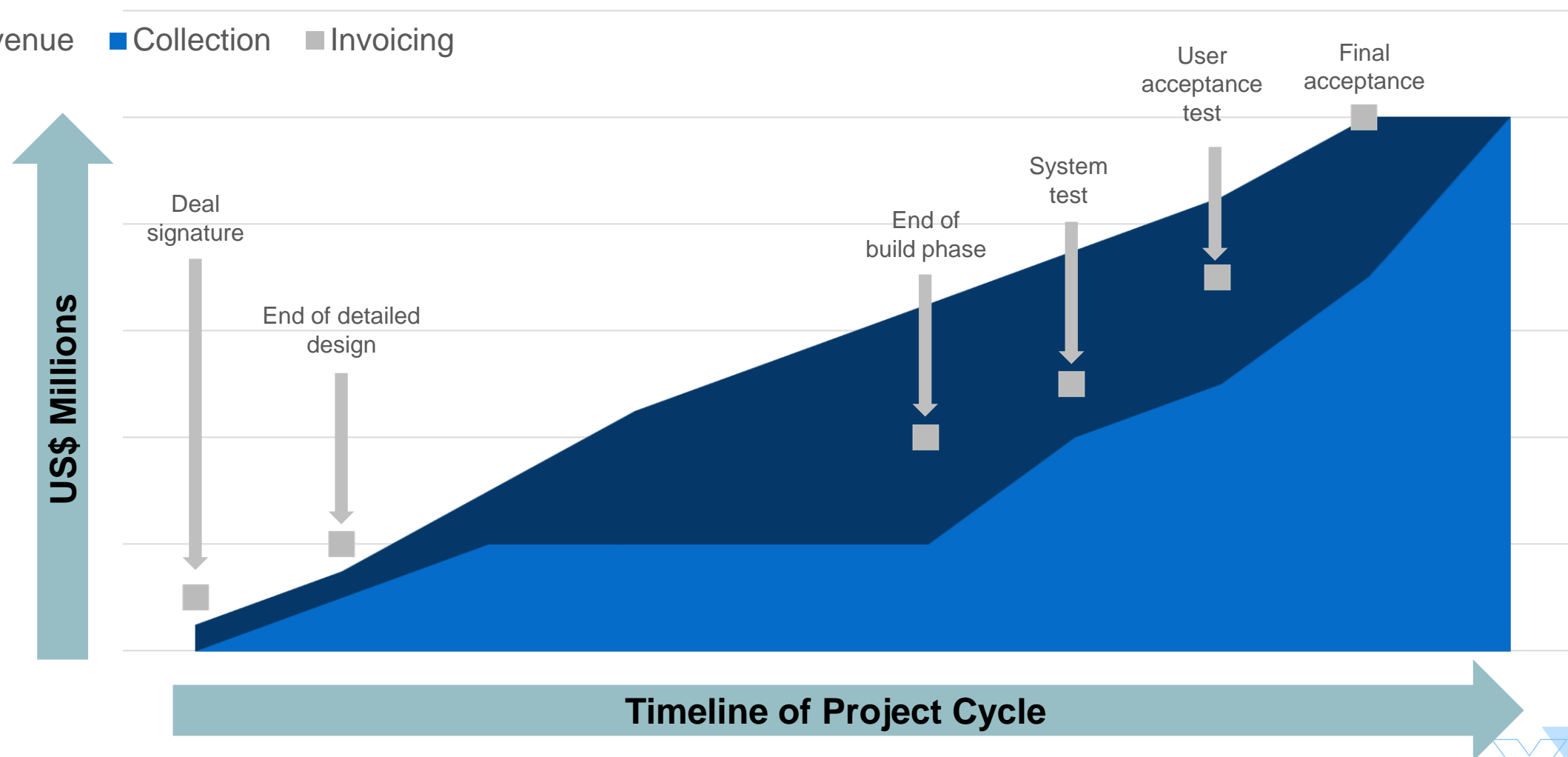
Anticipating Continued Volatility in Foreign Currency Markets

- FX program primarily designed to protect profitability and free cash flow, not revenue
- Strategy has proven effective through the volatile currency markets of the last two fiscal years
- Natural hedge against rising U.S. dollar
 - ~70% to 80% of revenue denominated in, or linked to, the U.S. dollar
 - ~50% to 60% of operating costs denominated in, or linked to, the U.S. dollar
- Derivatives used to hedge significant net exposures in the major foreign currencies in which we operate
- We do not hedge currencies where the cost of doing so is prohibitively expensive



Anatomy of a Project

Revenue and cash collections over the typical project life-cycle



Long-Term Non-GAAP Margin Considerations

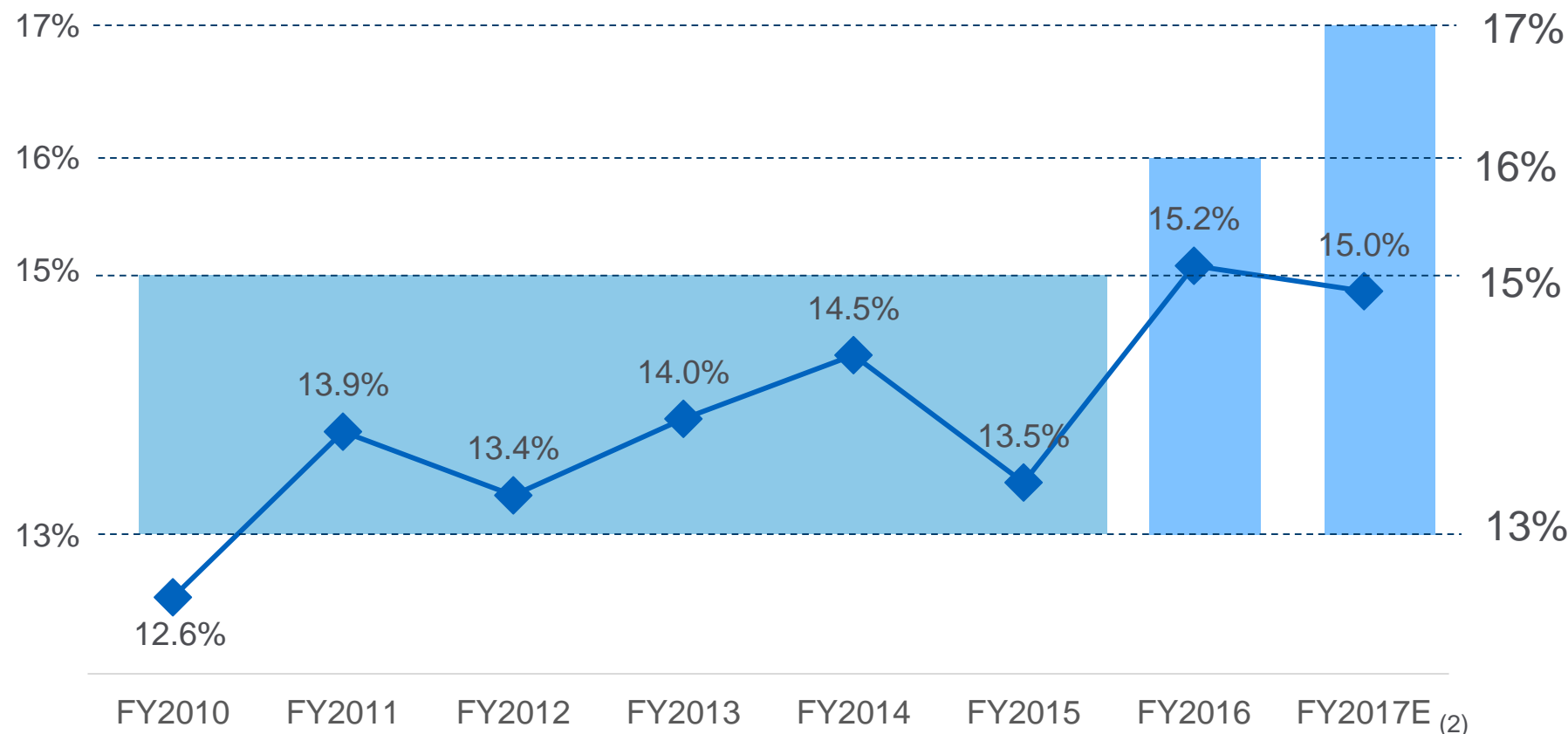
- We believe that Non-GAAP operating margins⁽¹⁾ may fluctuate within the stated range of 16.4% to 17.4% in any given period
- Continue investments to support future business growth while maximizing profitability
- Modest margin expansion remains a long-term goal via consistent operating execution, improving scale and internal efficiency gains
- Revenue mix plays a significant role in the three-year margin outlook

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Tax Outlook and Considerations

Non-GAAP tax rate relative to expected range⁽¹⁾



- FY2017-19 expected non-GAAP tax range: 13%–17%
- Guidance will be updated annually
- Current tax structure reflects more than a decade of deliberate planning and execution
- Growing economic and political pressure in many jurisdictions and from multinational organizations to increase tax revenue
- Future taxation changes are largely outside of our control

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(2) FY2017E assumes midpoint of guidance range of 13% to 17%

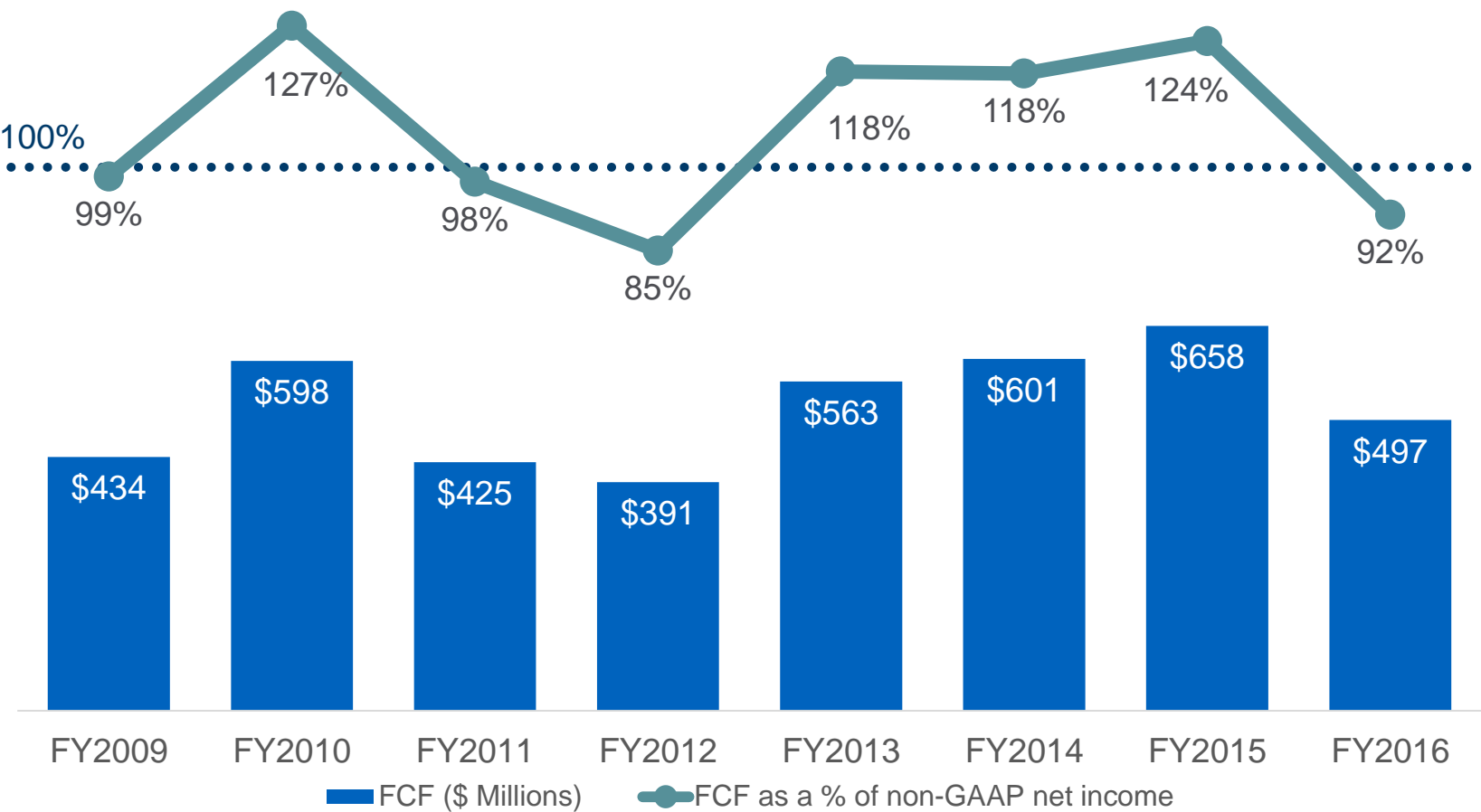


Capital Structure Allocation Framework

- Long-term capital allocation philosophy remains unchanged
 - Strike rough balance between shareholder capital return and investments to support future growth, including M&A
 - Retain sufficient M&A flexibility by reserving the majority of our debt capacity to fund strategic growth
 - Preserve investment grade debt rating to ensure customer confidence
 - Maintain at least \$500 million in gross cash to respond to business fluctuations and smoothly fund operations
- Exercise flexibility in our short term approach to capital return
 - Return a majority of free cash flow in the form of share repurchases and dividends in fiscal 2017, subject to factors such as the M&A outlook, financial markets and prevailing industry conditions
- Dividend will remain an important component of overall returns
 - Proposed dividend raise of nearly 13%, subject to shareholder approval in January 2017
 - Future dividend changes subject to periodic review, and tied to factors such as the growth rate of the underlying business



Free Cash Flow Maximization is a Core Discipline



FCF of about \$500M in FY2017⁽¹⁾⁽²⁾

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Investment Thesis



Sustainable market share growth

High win rate: best-in-class product and service offering
Multi-dimensional **expansion** of core offerings
Penetration of **core markets** and **new buying centers**



Recurring revenue stream

Long-standing customer relationships
Unique technology-led services model
12-month backlog **visibility**



Margin stability

Consistent operational **execution**
Disciplined approach to investment
Stable-to-improving **profitability** over time



Robust FCF and balance sheet

Consistently **high cash return** to shareholders
Commitment to long-term growth
Optionality to execute on **M&A**



Attractive total shareholder return

Expected **high single-digit** total shareholder return (2017-19)⁽¹⁾
Upside potential of long-term growth initiatives

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Thank You

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Closing Remarks Q&A

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Amdocs Selected Financial Metrics

Thousands of Dollars

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenue	\$ 3,718,229	\$ 3,643,538	\$ 3,563,637	\$ 3,345,854	\$ 3,246,903
Non-GAAP Operating Income (1)	635,714	618,675	598,293	560,302	538,130
Non-GAAP net income (1)	540,116	529,700	509,602	476,539	459,998
Non-GAAP diluted earnings per share (1)	\$ 3.57	\$ 3.38	\$ 3.16	\$ 2.92	\$ 2.71
Diluted weighted average number of shares outstanding	151,176	156,809	161,366	163,118	169,437

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Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP Fiscal Year 2016, Thousands of Dollars

	Fiscal year ended September 30, 2016				
	Reconciliation items				Non-GAAP
	GAAP	Amortization of purchased intangible assets and other	Equity based compensation expense	Tax effect	
Operating expenses:					
Cost of revenue					
	\$2,408,040	\$ -	\$(18,249)	\$ -	\$ 2,389,791
Research and development	252,292	-	(3,742)	-	248,550
Selling, general and administrative	464,883	-	(20,709)	-	444,174
Amortization of purchased intangible assets and other	109,873	(109,873)	-	-	-
Total operating expenses	3,235,088	(109,873)	(42,700)	-	3,082,515
Operating income	483,141	109,873	42,700	-	635,714
Income taxes	75,367	-	-	21,788	97,155
Net income	\$409,331	\$ 109,873	\$ 42,700	\$ (21,788)	\$ 540,116



Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP Fiscal Year 2015, Thousands of Dollars

Fiscal year ended
September 30, 2015

Reconciliation items

	GAAP	Amortization of purchased intangible assets and other	Equity based compensation expense	Restructuring charges	Changes in fair value of certain acquisition-related liabilities	Tax effect	Non-GAAP
Operating expenses:							
Cost of revenue	\$2,349,488	\$ -	\$(15,621)	\$ -	\$ 24,906	\$ -	\$2,358,773
Research and development	254,944	-	(3,400)	-	-	-	251,544
Selling, general and administrative	440,085	-	(25,539)	-	-	-	414,546
Amortization of purchased intangible assets and other	70,073	(70,073)	-	-	-	-	-
Restructuring charges	13,000	-	-	(13,000)	-	-	-
Total operating expenses	3,127,590	(70,073)	(44,560)	(13,000)	24,906	-	3,024,863
Operating income	515,948	70,073	44,560	13,000	(24,906)	-	618,675
Interest and other expense, net	2,544	-	-	-	3,921	-	6,465
Income taxes	67,241	-	-	-	-	15,269	82,510
Net income	\$446,163	\$ 70,073	\$44,560	\$13,000	\$(28,827)	\$ (15,269)	\$ 529,700



Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP Fiscal Year 2014, Thousands of Dollars

	Fiscal year ended September 30, 2014					Non-GAAP
	GAAP	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in fair value of certain acquisition- related liabilities	Tax effect	
Operating expenses:						
Cost of license	\$ 2,768	\$ -	\$ -	\$ -	\$ -	\$ 2,768
Cost of service	2,304,124	-	(17,496)	-	-	2,286,628
Research and development	257,896	-	(3,599)	-	-	254,297
Selling, general and administrative	445,134	-	(23,483)	-	-	421,651
Amortization of purchased intangible assets and other	58,067	(58,067)	-	-	-	-
Total operating expenses	3,067,989	(58,067)	(44,578)	-	-	2,965,344
Operating income	495,648	58,067	44,578	-	-	598,293
Interest and other expense, net	6,098	-	-	(3,921)	-	2,177
Income taxes	67,428	-	-	-	19,086	86,514
Net income	\$ 422,122	\$ 58,067	\$ 44,578	\$ 3,921	\$(19,086)	\$ 509,602



Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP Fiscal Year 2013, Thousands of Dollars

	Fiscal year ended September 30, 2013				
	GAAP	Reconciliation items			Non-GAAP
		Amortization of purchased intangible assets and other	Equity based compensation expense	Tax effect	
Operating expenses:					
Cost of license	\$ 2,602	\$ -	\$ -	\$ -	\$ 2,602
Cost of service	2,164,450	-	(18,284)	-	2,146,166
Research and development	240,266	-	(3,805)	-	236,461
Selling, general and administrative	418,574	-	(18,251)	-	400,323
Amortization of purchased intangible assets and other	38,410	(38,410)	-	-	-
Total operating expenses	2,864,302	(38,410)	(40,340)	-	2,785,552
Operating income	481,552	38,410	40,340	-	560,302
Income taxes	63,038	-	-	14,650	77,688
Net income	\$ 412,439	\$ 38,410	\$ 40,340	\$ (14,650)	\$ 476,539



Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP Fiscal Year 2012, Thousands of Dollars

	Fiscal Year ended September 30, 2012					Non-GAAP
	GAAP	Amortization of purchased intangible assets and other	Equity based compensation expense	Gain on sale of investment	Tax effect	
Operating expenses:						
Cost of license	\$ 3,523	\$ -	\$ -	\$ -	\$ -	\$ 3,523
Cost of service	2,081,945	-	(22,641)	-	-	2,059,304
Research and development	242,063	-	(4,320)	-	-	237,743
Selling, general and administrative	424,671	-	(16,468)	-	-	408,203
Amortization of purchased intangible assets and other	52,229	(52,229)	-	-	-	-
Total operating expenses	2,804,431	(52,229)	(43,429)	-	-	2,708,773
Operating income	442,472	52,229	43,429	-	-	538,130
Interest and other expense, net	948	-	-	6,270	-	7,218
Income taxes	50,153	-	-	-	20,761	70,914
Net income	\$ 391,371	\$ 52,229	\$ 43,429	\$ (6,270)	\$(20,761)	\$ 459,998

