



The 5G Diamond

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Junior Analysts: Ryley Fernandes, Spencer Johnson

December 2023

Recommendation



We recommend a long position in DOX with an upside of **29.5%** based on the price target of **\$111.78** with a timeframe of **1 year**. The bull case has an upside of **59.0%** and the bear case has a downside of **-25.9%**

5G Basics

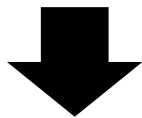
High-Frequency Radio Waves



Mid-Frequency Radio Waves



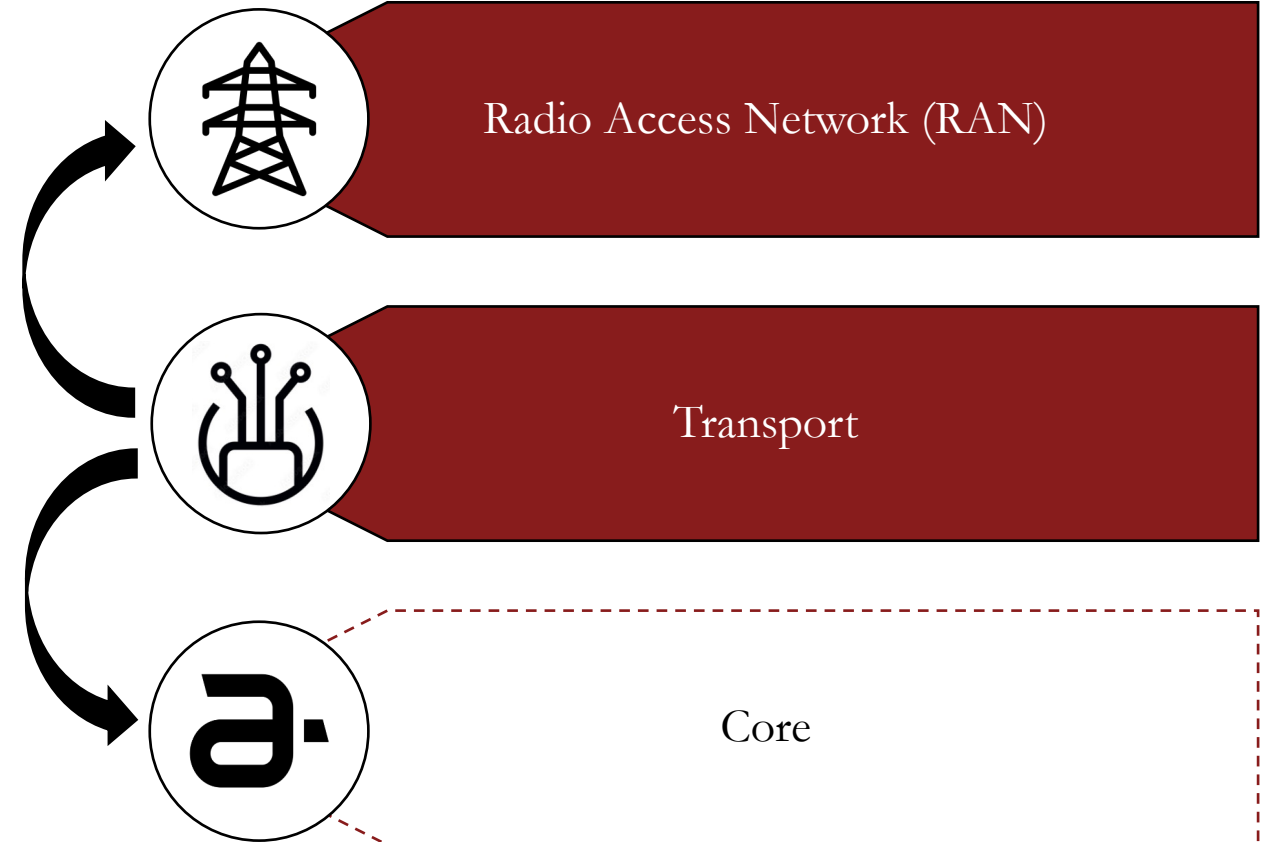
Low-Frequency Radio Waves



5G



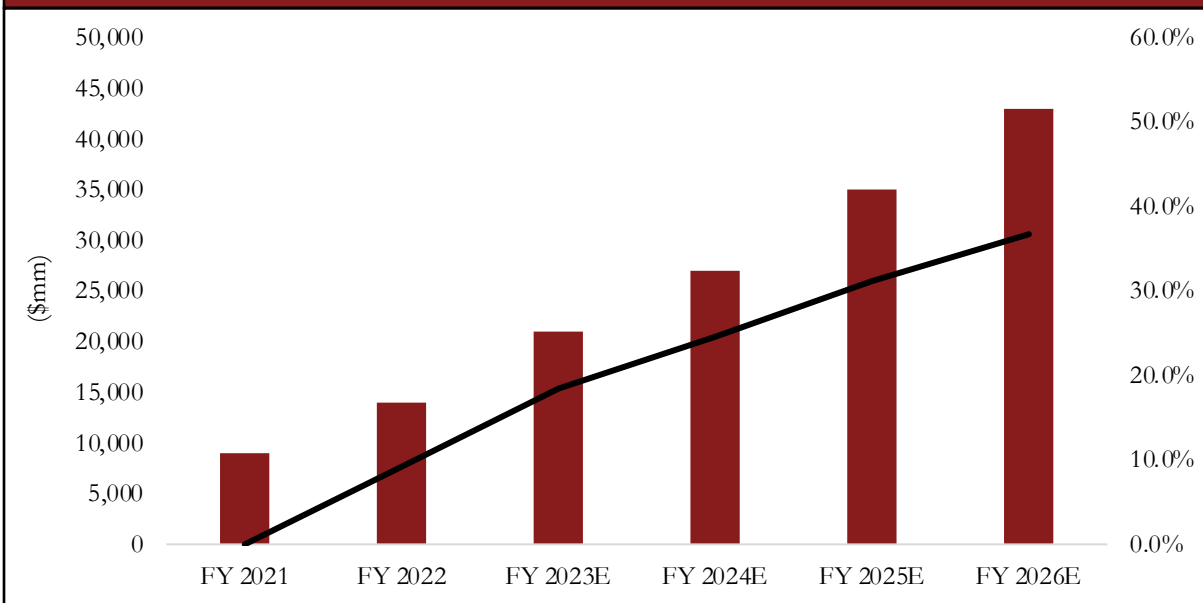
The 5G Value Chain



Domination of 5G

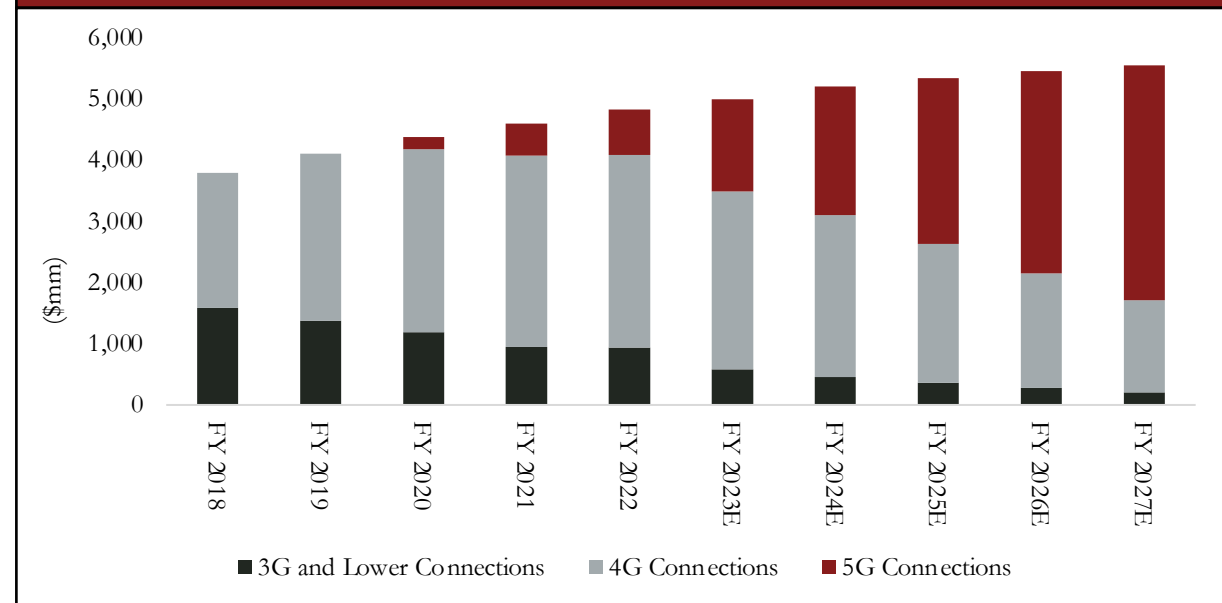


5G TAM Expansion



As 5G CapEx increases, a positive correlation is seen with the Total Addressable Market (TAM), which is anticipated to grow at **~25.0% CAGR in 2024**

Global Telecom CapEx 5G Trend

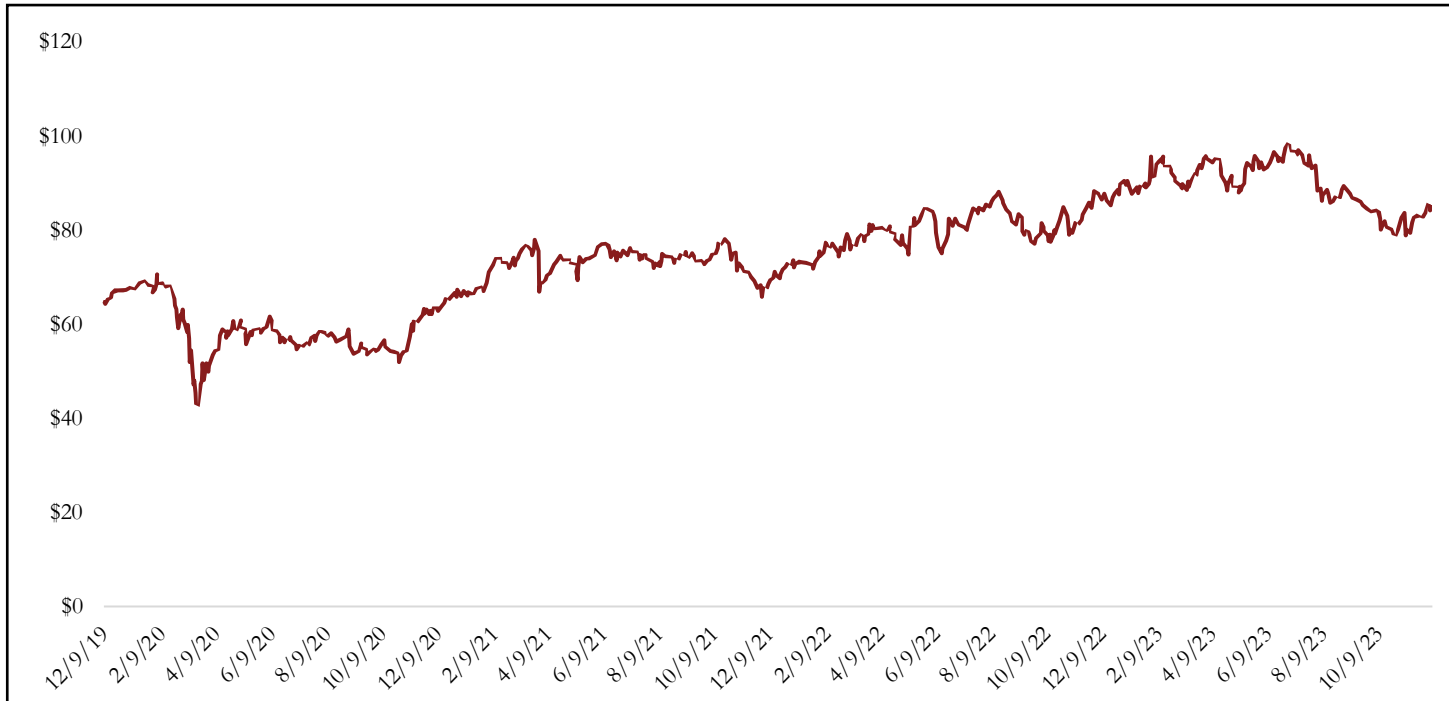


While telecom spend is expected to be roughly flat over the next 4 years, **5G is expected to take over** the majority of CapEx with **4G and 3G declining**

Company Background



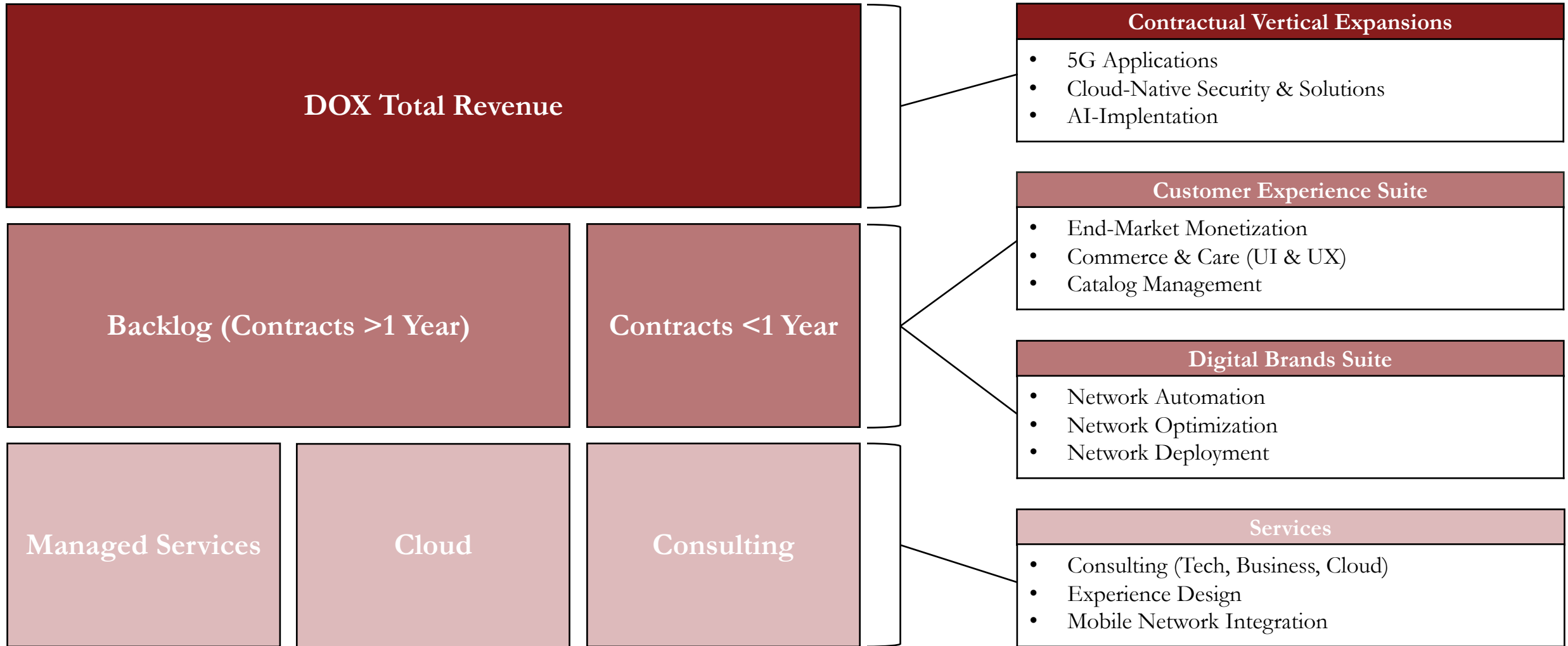
Amdocs Limited (DOX), founded in 1982 in Israel, is a **SaaS company that specializes in BSS/OSS solutions**, mainly servicing **telecom and media end markets**. The company's services, which are developed and managed in-house, are comprised of, but not limited to, cloud and cloud-native, microservices, DevSecOps, edge computing, and bimodal operations



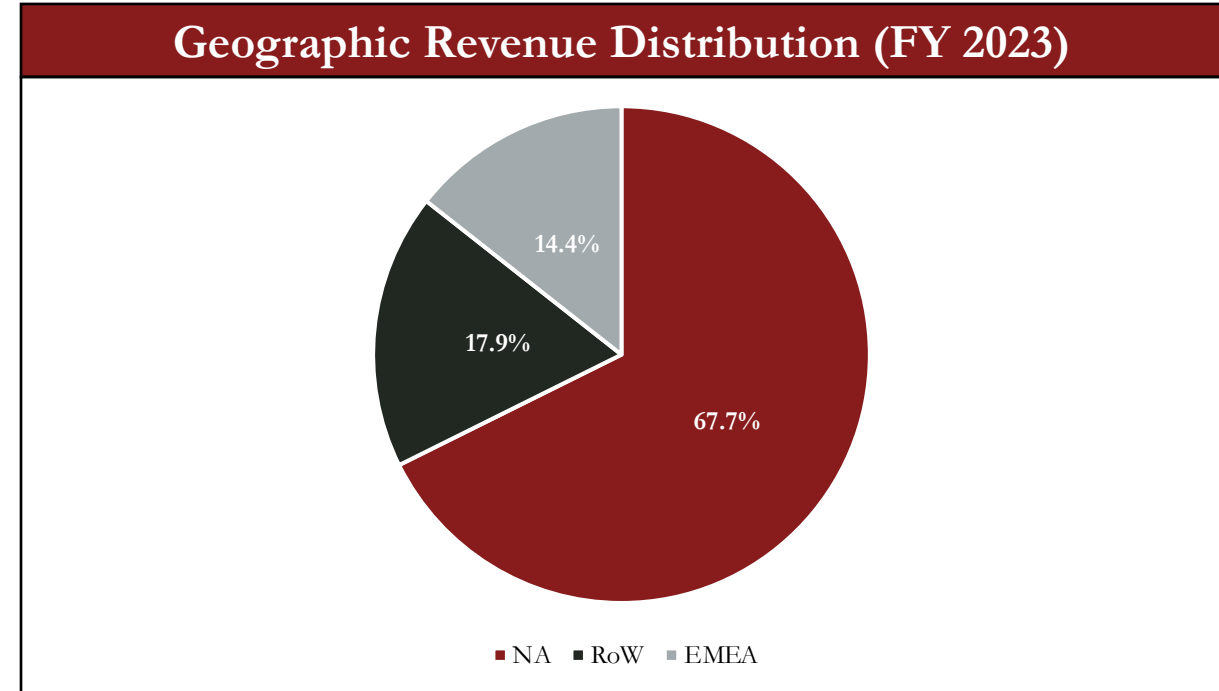
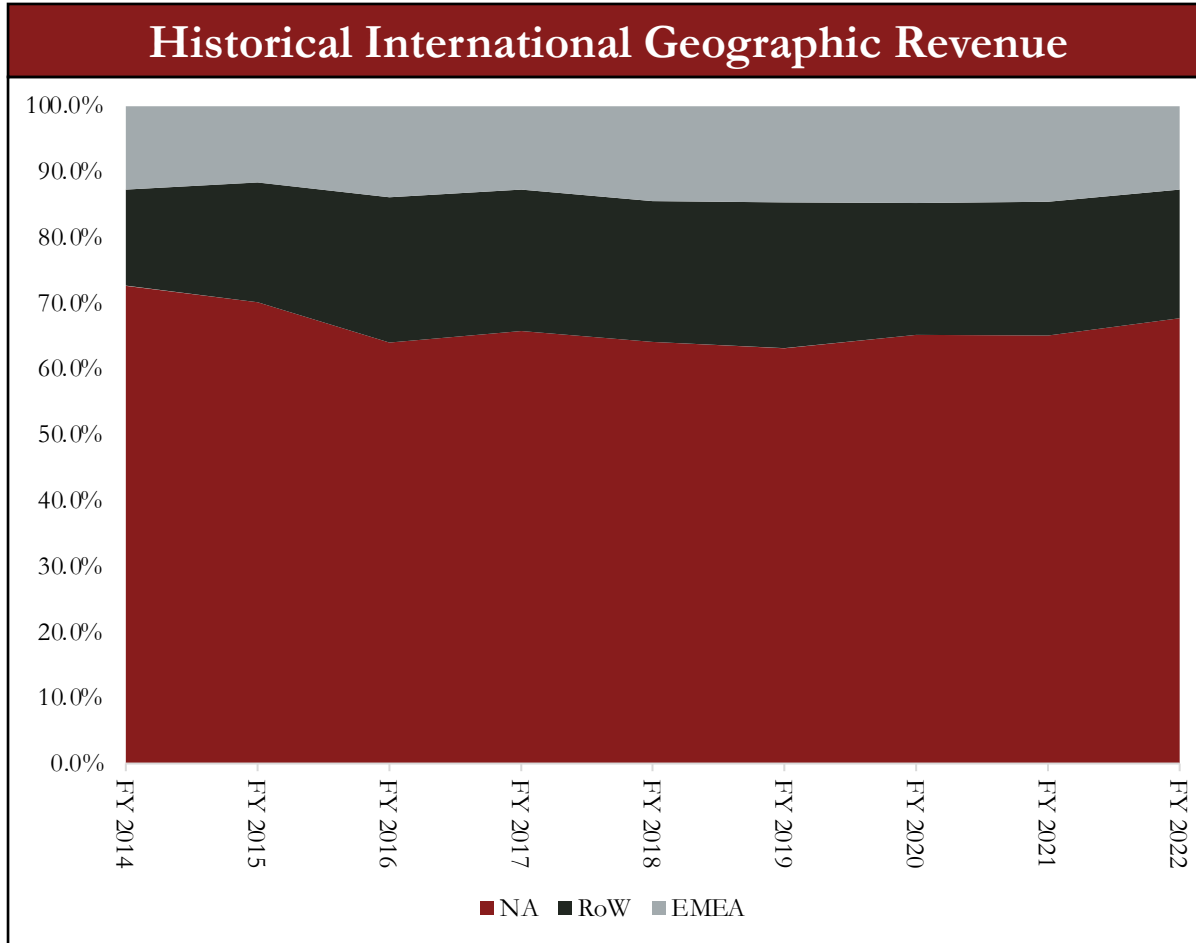
Share Price	\$85.90
Market Capitalization	\$9,854.16
LTM Revenue	\$4,887.55
LTM EBITDA	\$850.27
Diluted EPS*	\$4.50
Shares Outstanding*	119,000,000

**All numbers are present in TTM data and are in (\$mm) except in Diluted EPS and Shares Outstanding*

Making a Dollar

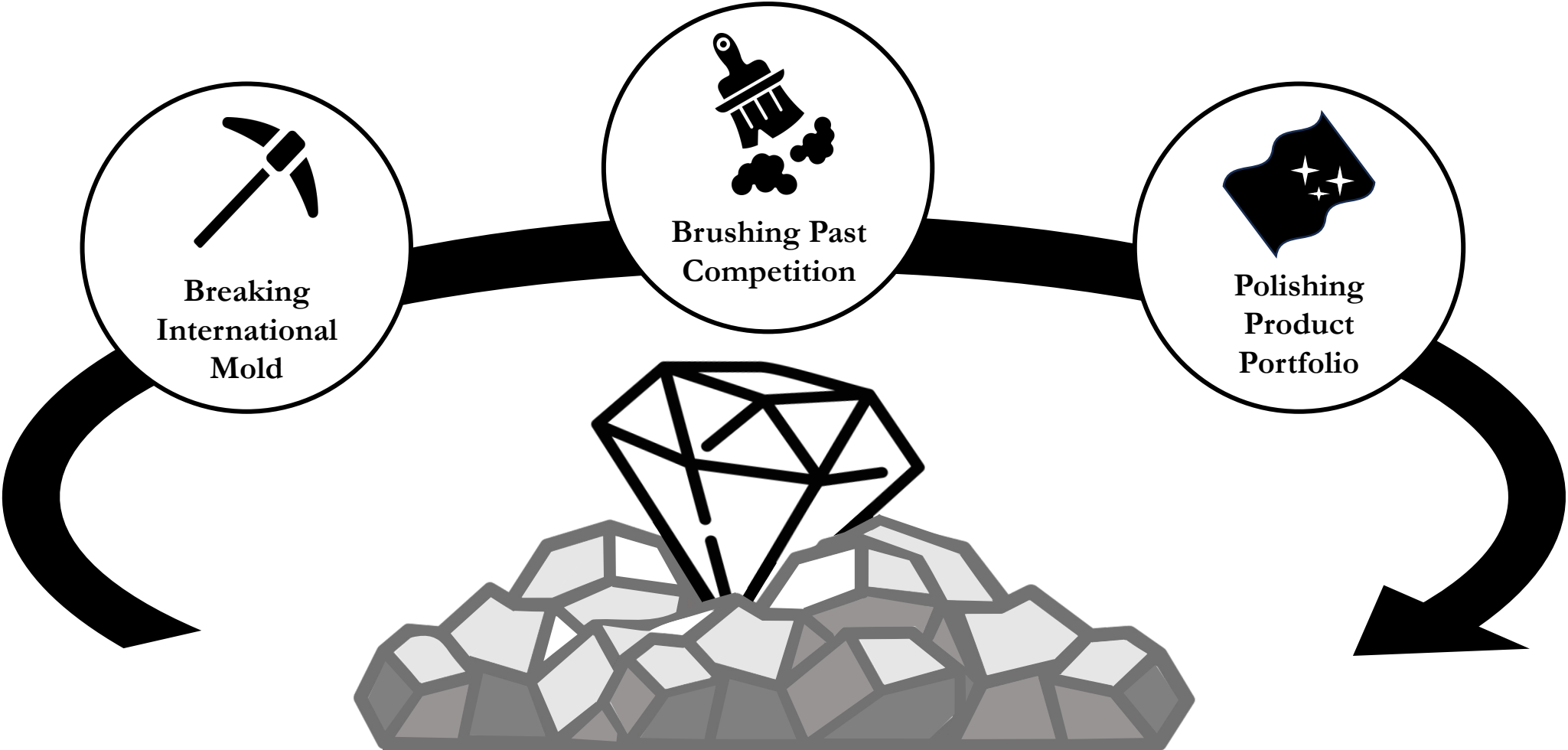


Revenue Breakdown



While DOX has mainly focused in the domestic, NA region, **we expect a gradual shift towards EU and RoW** due to international end market guidance

The 5G Diamond





**Breaking
International
Mold**

International Demand



End Market International Growth



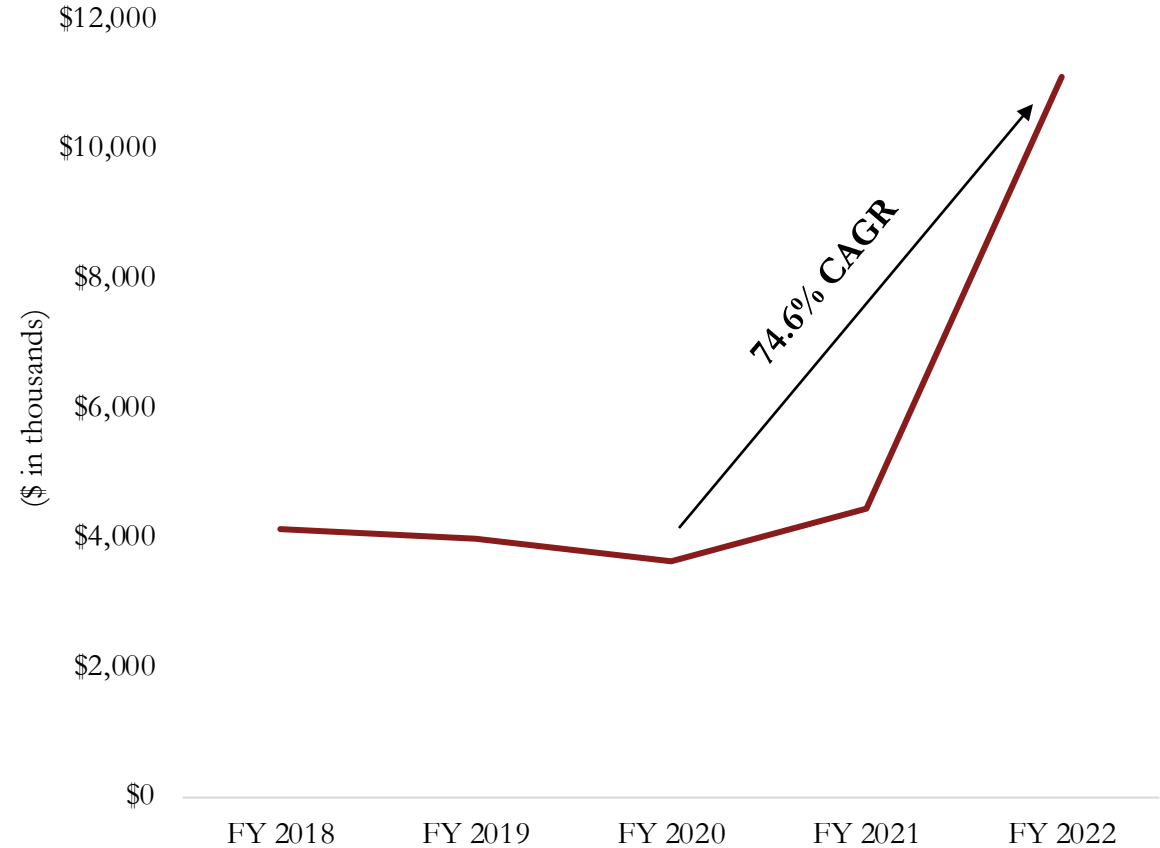
“We’re thrilled to bring 5G access to 35+ destinations around the globe with more coming soon,” - *Jenifer Robertson, Executive Vice President and General Manager, March 2022*

As of June 2022, T-Mobile had already established 5G networks in **11 different European countries** and is expected to continue expanding these offerings in the **215 countries** that it operates in

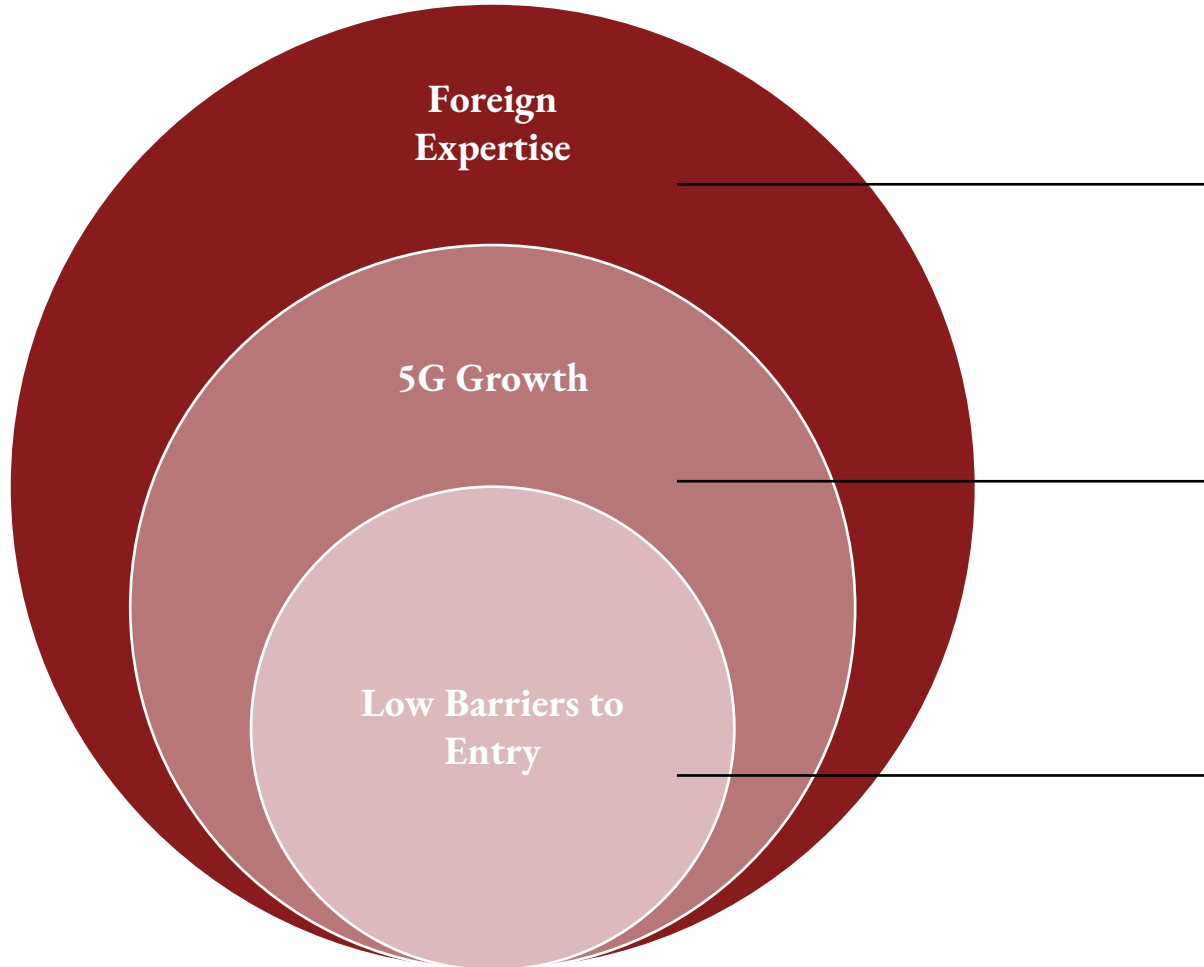
"We look forward to continued collaborative efforts with industry partners such as DISH and Samsung to enable faster 5G around the world," - *Sunil Patil, VP, October 2023*



Warner Bros Non-US Revenue



International Correlation



DOX has **40+ years of experience** serving hundreds of customers in **over 90 countries** -- it now has 85 offices worldwide to cater to foreign clients

According to the Global System for Mobile Communications Association, **5G connections are expected to double in the next two years**, highlighting the inherent need for a player that has prior experience in the niche vertical

DOX can leverage its pre-existing offices and development facilities to significantly **reduce CapEx** within international markets

Foreign Expertise

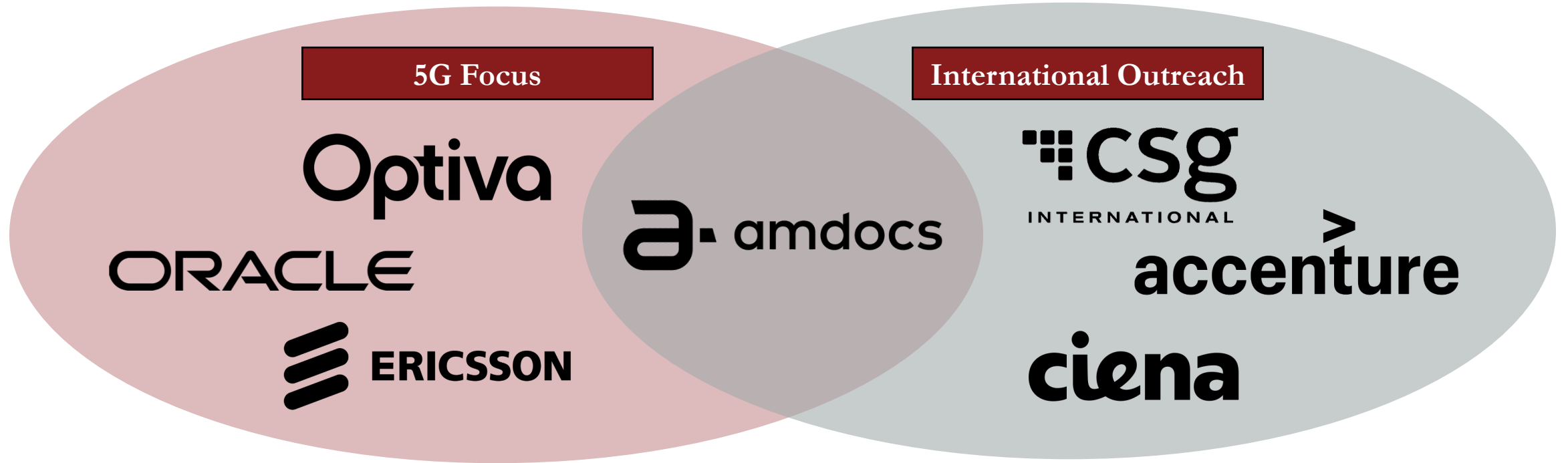


“In fiscal 2022, for example, we succeeded in growing our activities in Albania, Bulgaria, Hungary, and Serbia and also expanded in Africa,” – *FY 2022 20-F*



DOX is **well-versed at performing in foreign markets**, and their recent 20% YoY growth of European revenue in FY 2023 demonstrates their increased focus on international expansion...**as long as their customers are willing to do so**

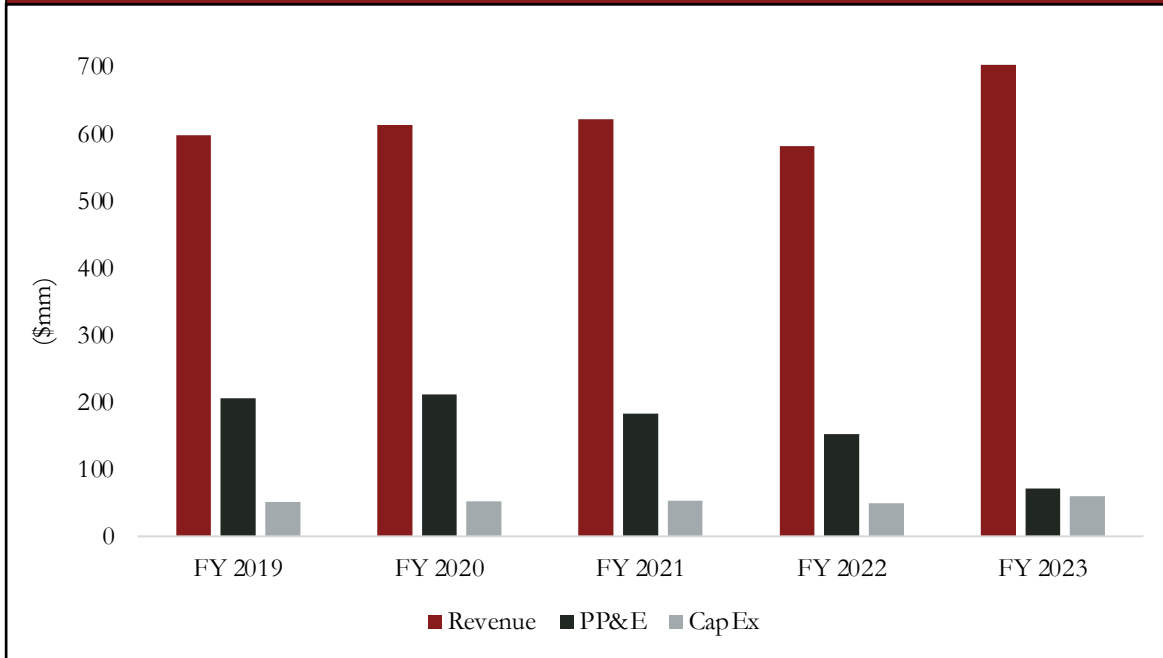
League Of Their Own



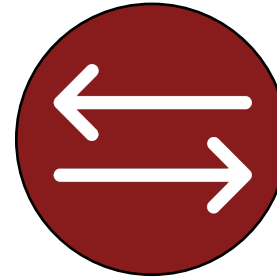
DOX, with 95.0% of its revenue coming from its telecom vertical, is actively trying to expand to international markets while the majority of its competitors either have a **greater reliance on domestic revenue** or **appeal to less specialized end-markets**

International Expansion Expenses

European Revenue & Expenses Growth



Over the last five years, **European revenue grew 17.45%**, while capital expenditures remained relatively low at approximately 8.57% of revenue during the same time



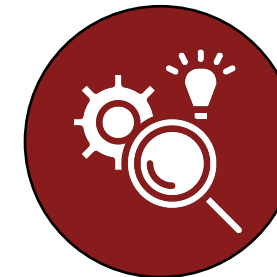
Foreign Exchange

70-80% of FY 2022 revenue completed in USD, showing an unfavorable impact of 0.9% for FY23 revenue



Capital Expenditures

Primarily allocated towards the creation of facilities to house physical computer servers, not a significant cost

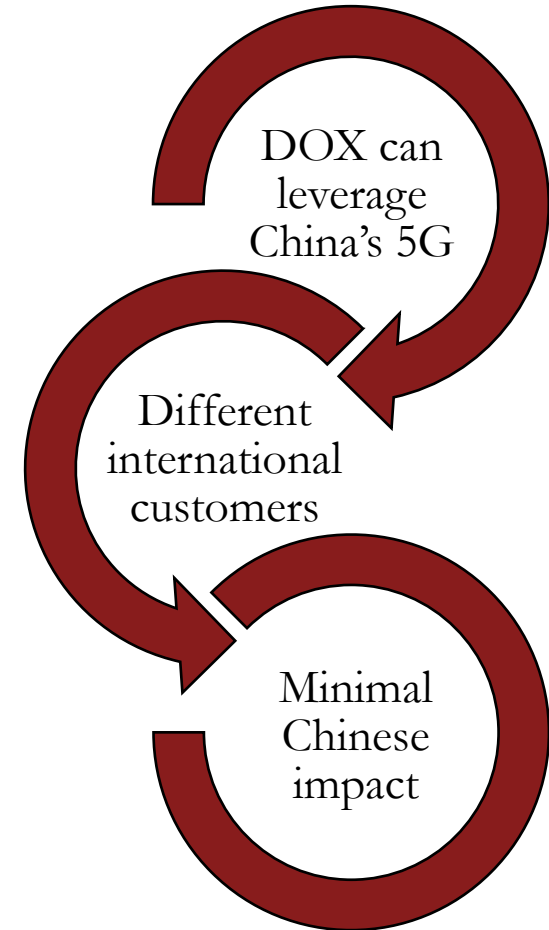
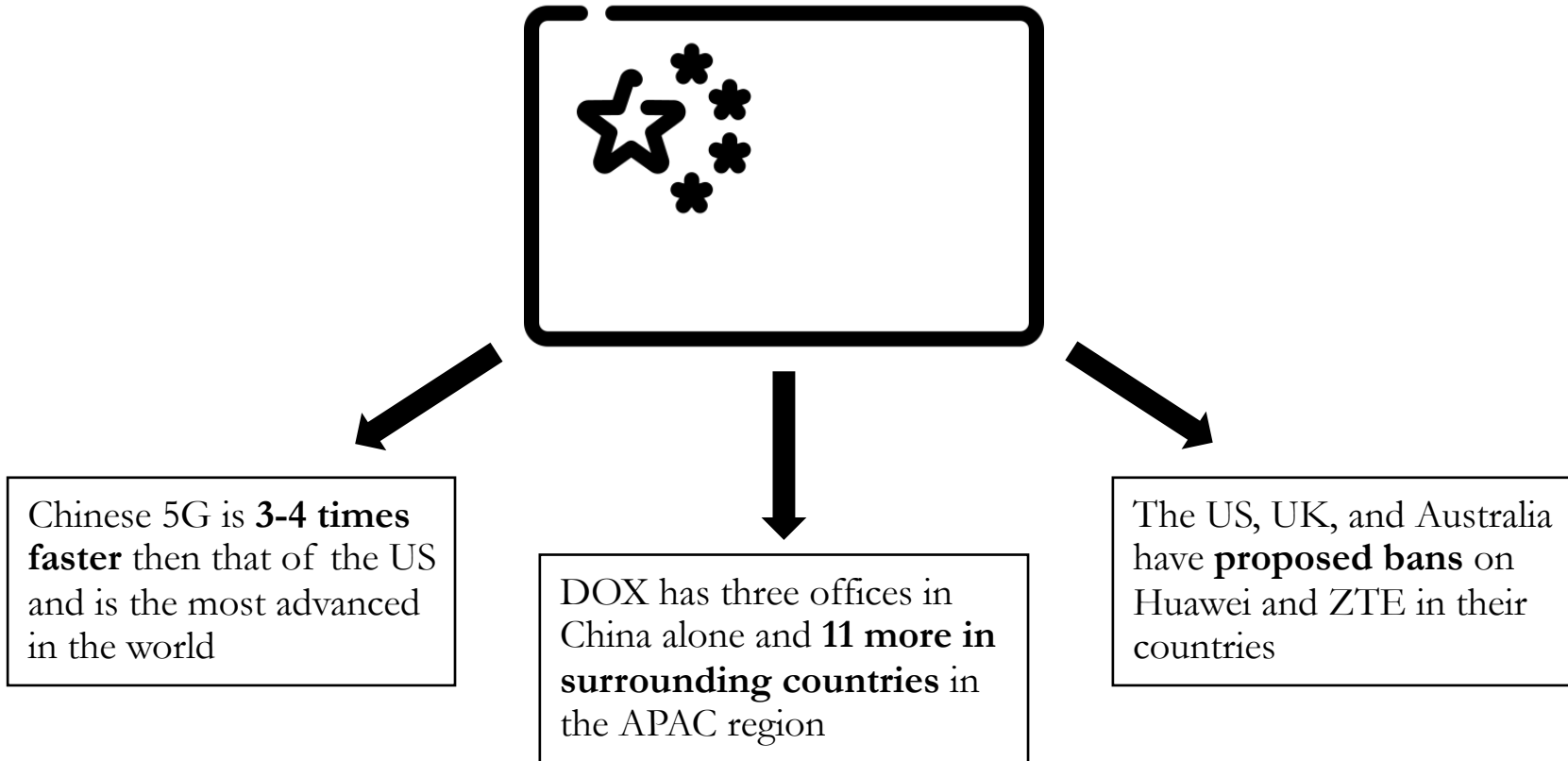


Research and Development

Comprised of costs of developing software for new products and applications, which is done in-house

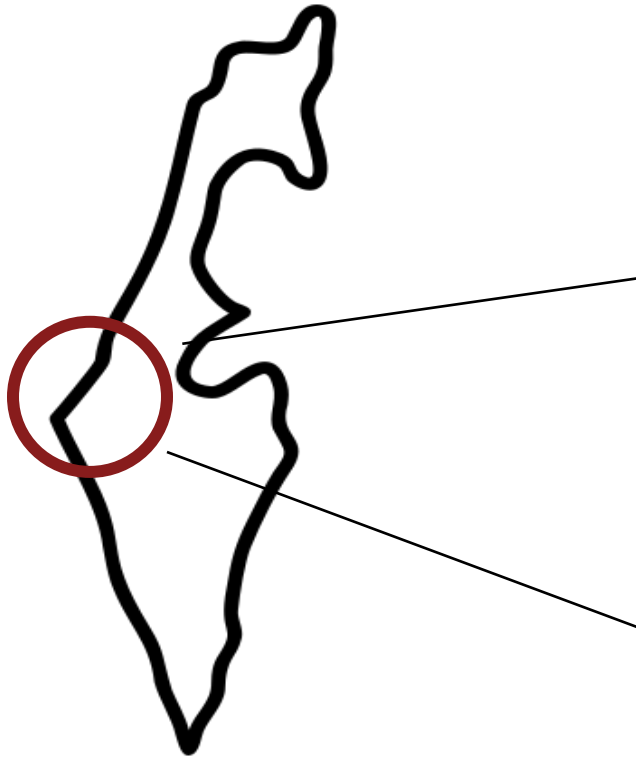
International Regulations

Possible Chinese Restrictions



Geopolitical Threats

Hamas Conflict



DOX Management Response

Even though DOX is now headquartered in Missouri, it was originally founded in Israel, **potentially putting them and their customers at risk**

“With revenue from customers in **Israel comprising less than 0.5% of total revenue**, and the vast majority of our employees outside of Israel, **we currently do not expect these events to materially adversely affect our business,**”

– *Management Statement, October 12th, 2023*

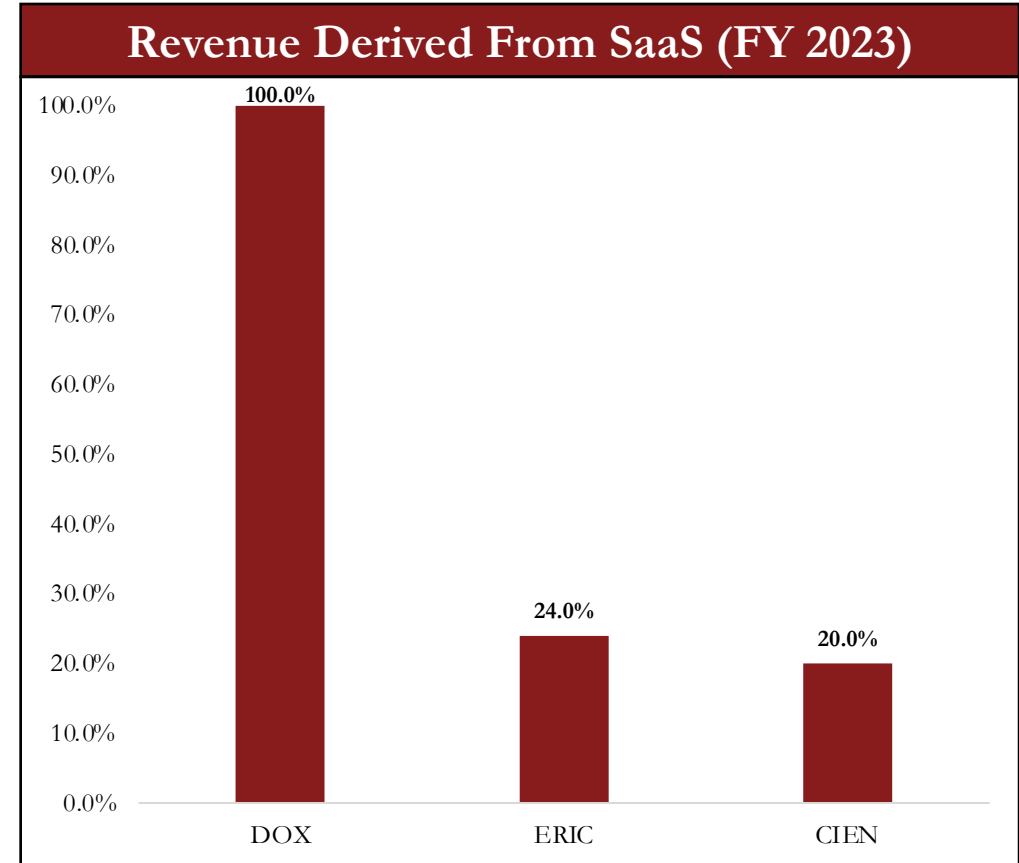
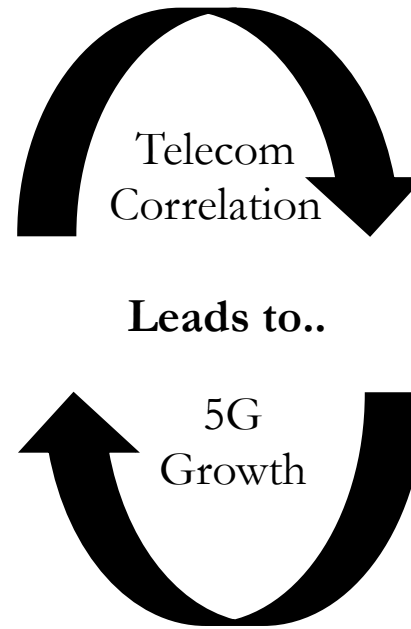
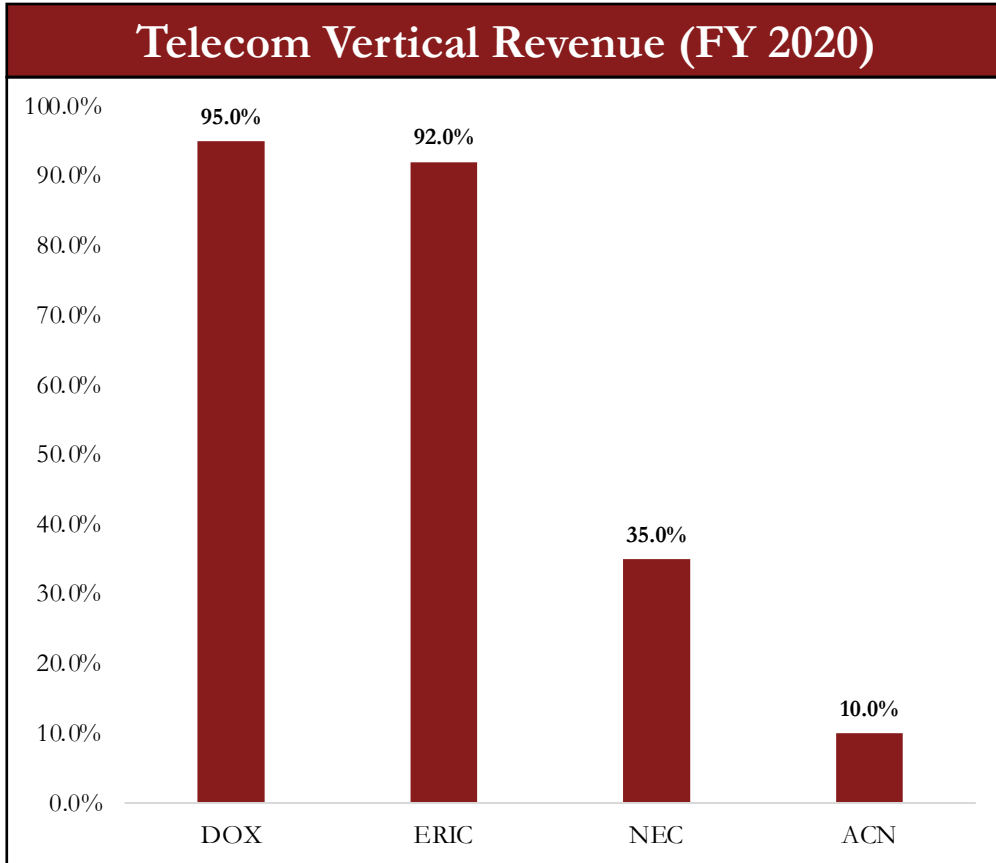
“Taking advantage of the weakness of the currency, as we've seen now in the Israeli shekel, which means we **can improve the effective rate of our hedging** for the latter part of '24 and mainly for 2025, which, of course, we are doing as we speak,”

– *Tamar Rapaport-Dagim in Q4 2023 Earnings Call*



**Brushing Past
Competition**

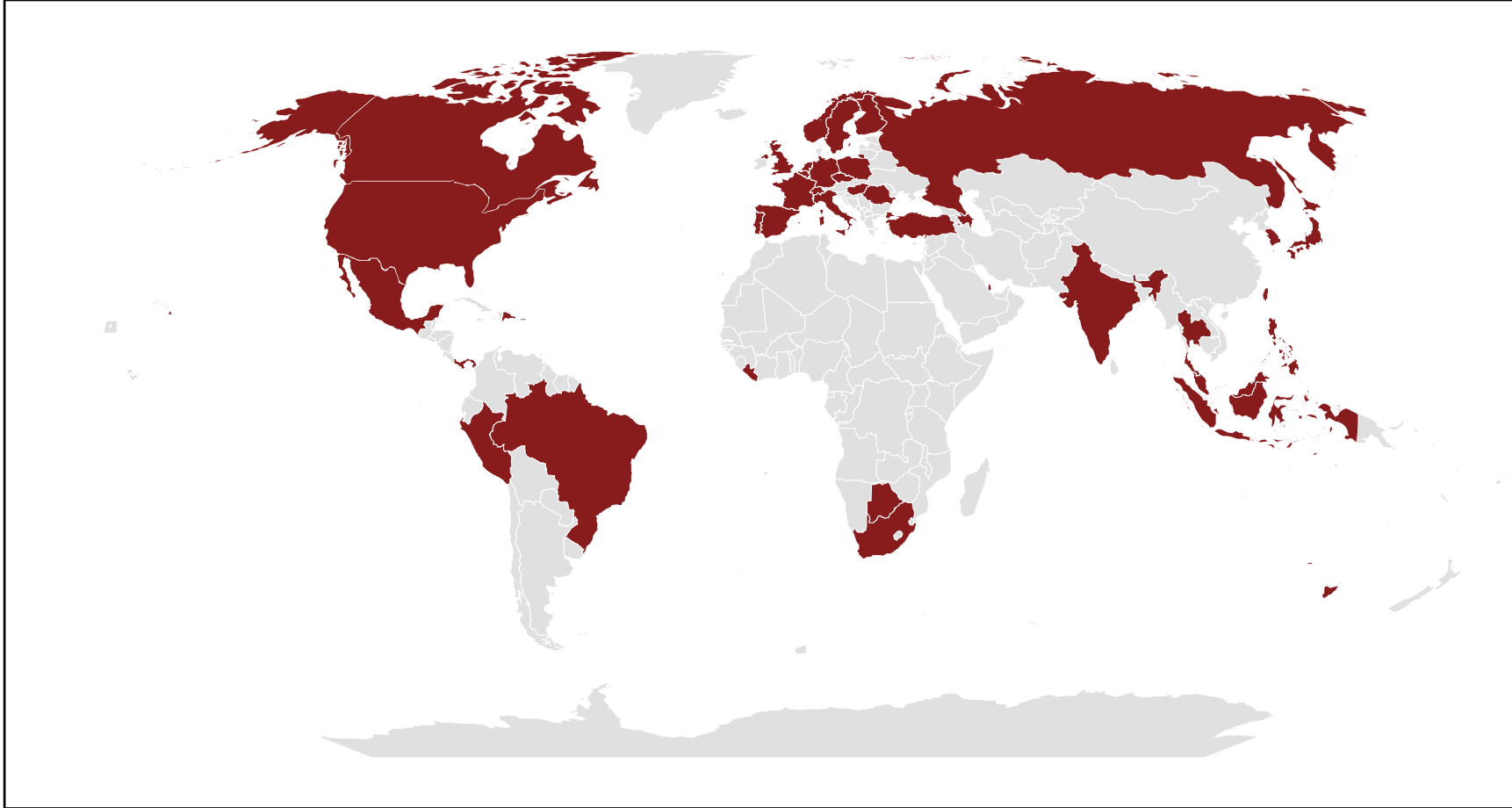
The “5G Choice”



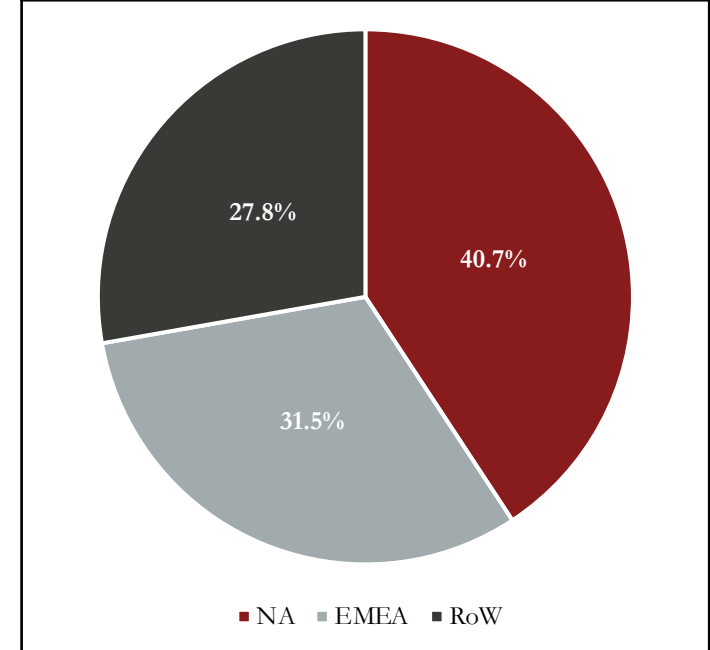
Geographic Outreach



Total End-Market Geographic Exposure

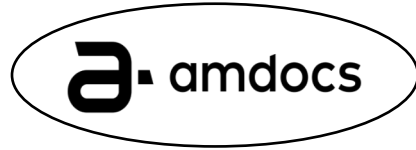


New Deals (FY 2020 - FY 2023)



While overall geographic distribution is skewed to NA, the latest deals have been **evenly split**

Competitors Can't Compete



ORACLE

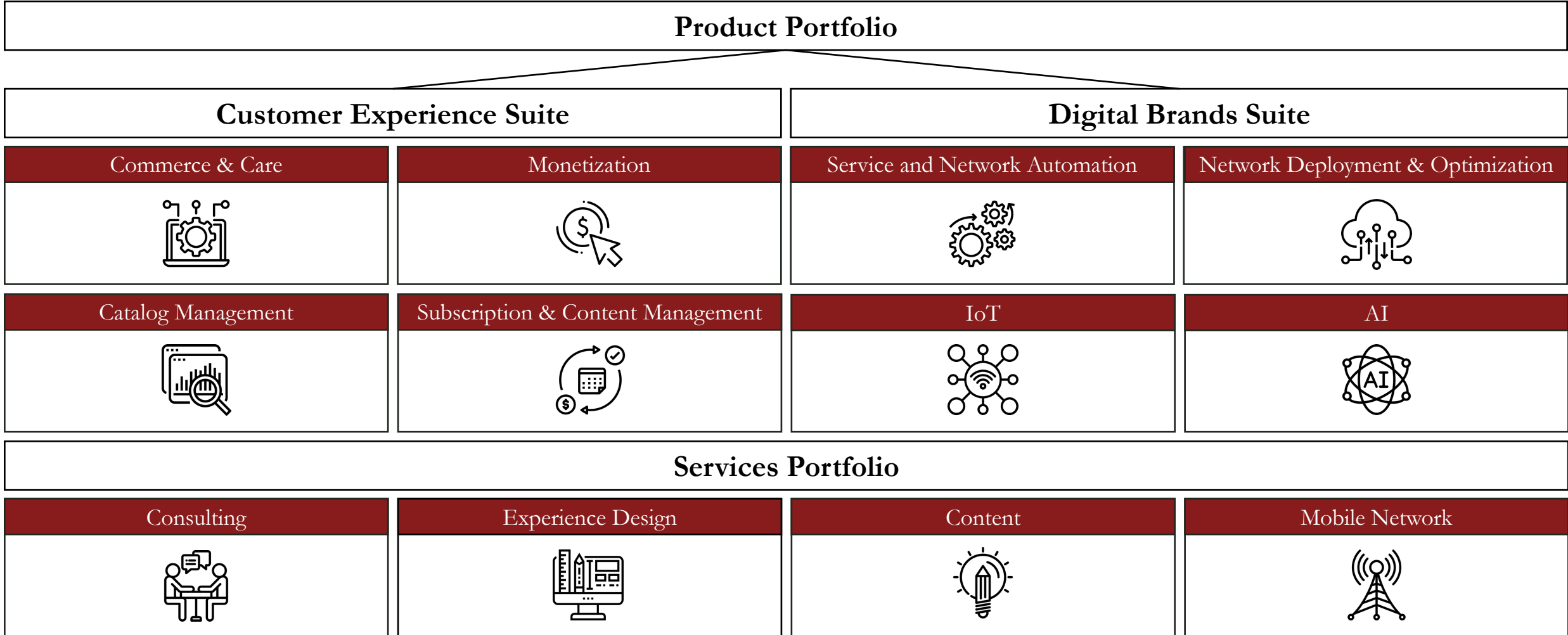
accenture



	Amdocs	PEGA	ORACLE	accenture	ERICSSON
5G Products	✓	✓	✓	✓	✓
Customizable Offerings	✓				
Telecom-Focused	✓				✓
Diversified Products	✓		✓	✓	✓

DOX sets itself apart by utilizing its diversified product portfolio in the telecom vertical (demonstrated via the 14.0% IT telecom market share in FY 2022), while outpacing big players such as Accenture via **cross-selling and partnerships**

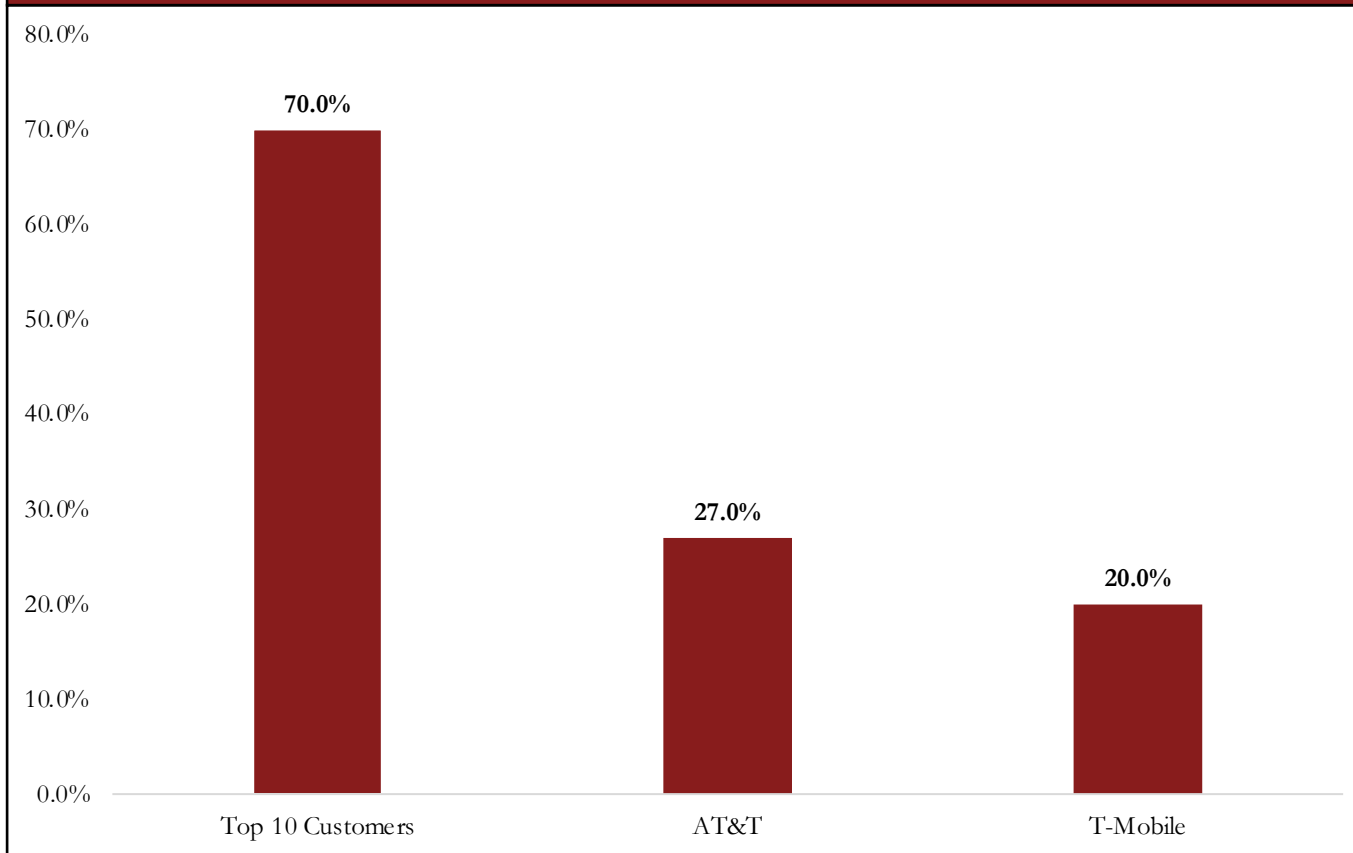
Diversified Offerings



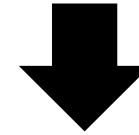
Government Contracts



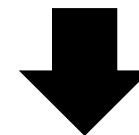
Revenue Per Customer (FY 2023)



DOX derives **the majority** of its revenue from backlog with **multi-year contracts**



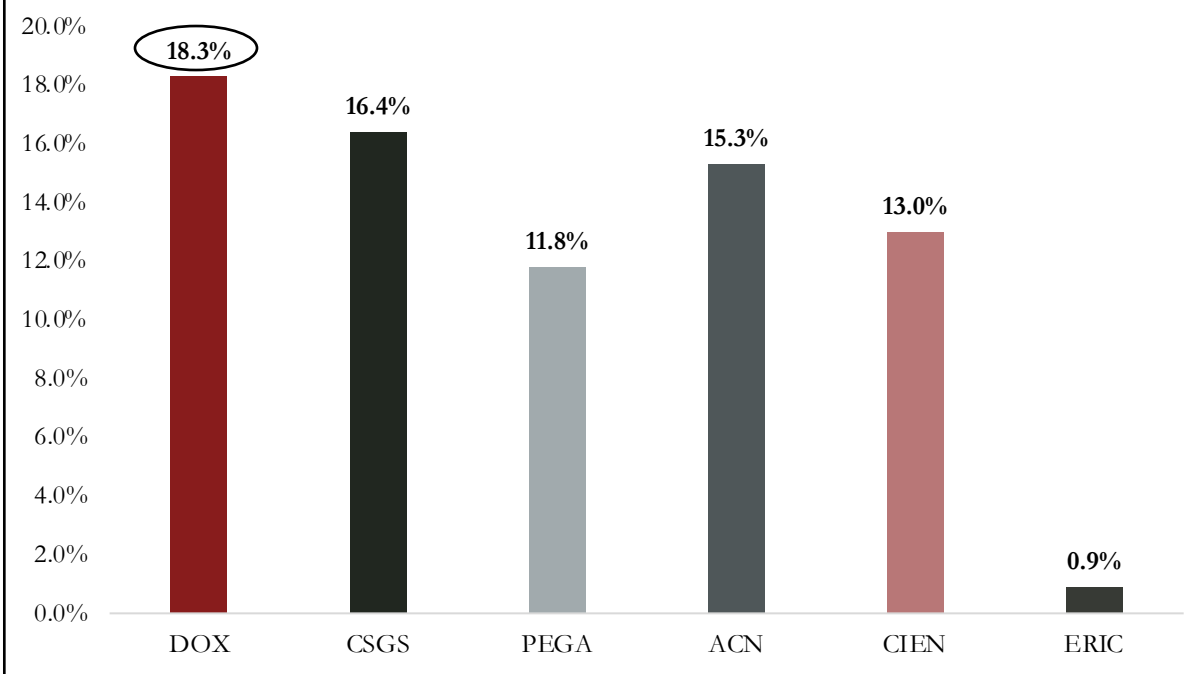
DOX captures **47.0%** of revenue from reputable companies like **AT&T & T-Mobile**



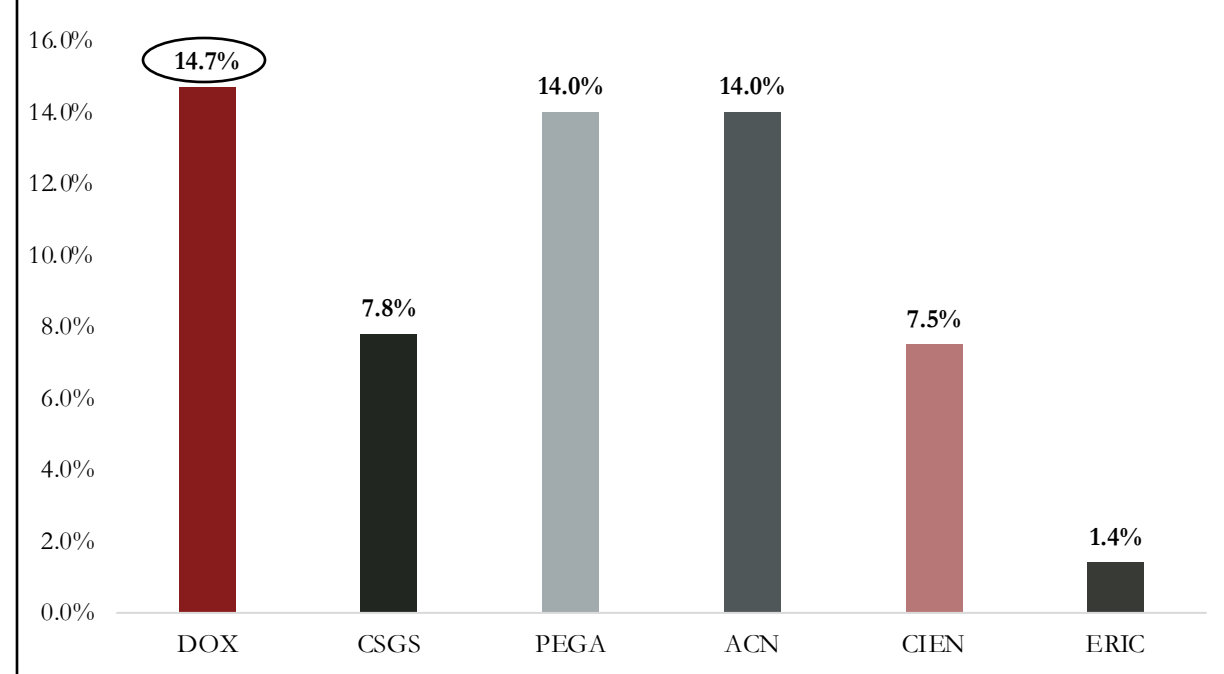
This **ensures DOX's safeguard** from the absence of government contracts

Higher Margin Focus

NTM EBIT Margins (LTM)



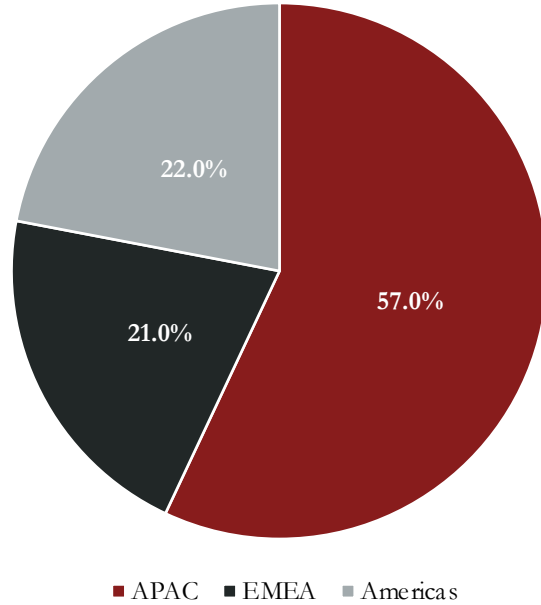
NTM FCF Margins (LTM)



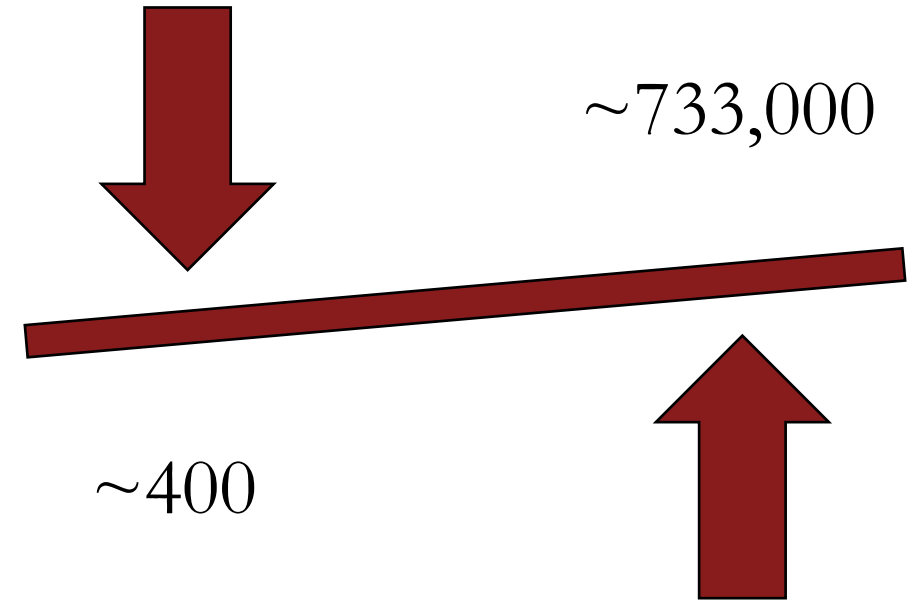
Despite DOX having a lower gross margin compared to some peers in the SaaS sector, the examination of EBIT and FCF margins indicates that **DOX operates with exceptional efficiency and financial performance**

Employee Costs

Employee Distribution Per Geography



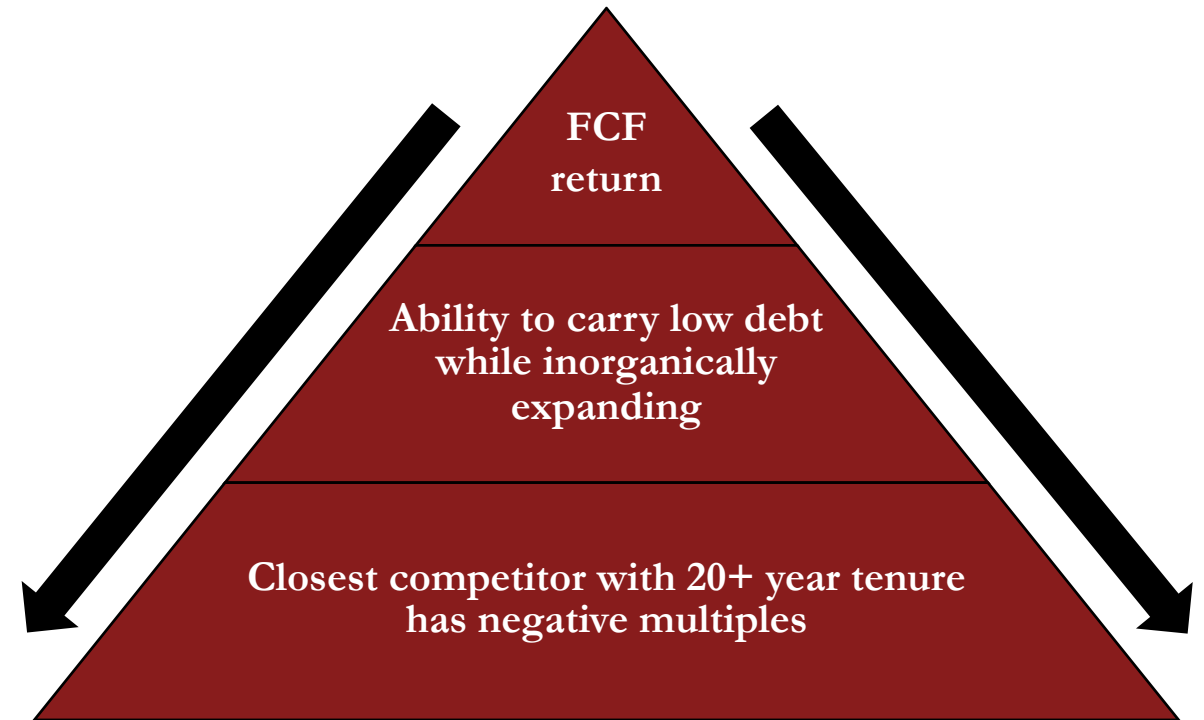
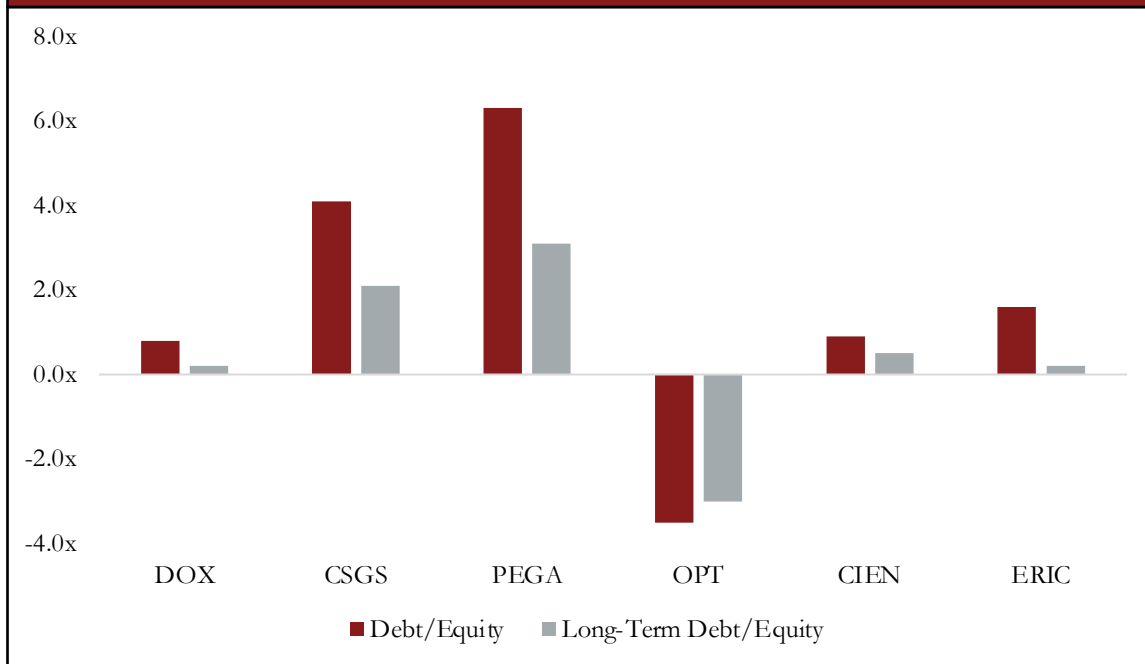
Competitors Employee Range



DOX currently **employs ~ 30,000 employees**, while being neither on the high end nor the low end in comparison to competitors, though with wage inflation, DOX would not be severely affected in comparison to competitors like ACN and CTSI which employ **hundreds of thousands more**. DOX also hired during 2020, further instilling their **resilient business model**

Capital Structure

Debt/Equity Ratios



DOX has one of **the most stable balance sheets** in comparison to their peers in the BSS/OSS and network provider industries, showing how even though it might capture less revenue than some peers, **DOX can operate more efficiently** than them in terms of taking on debt, all while **returning the majority of FCF** back to investors

Management

Shuky Sheffer – President & CEO

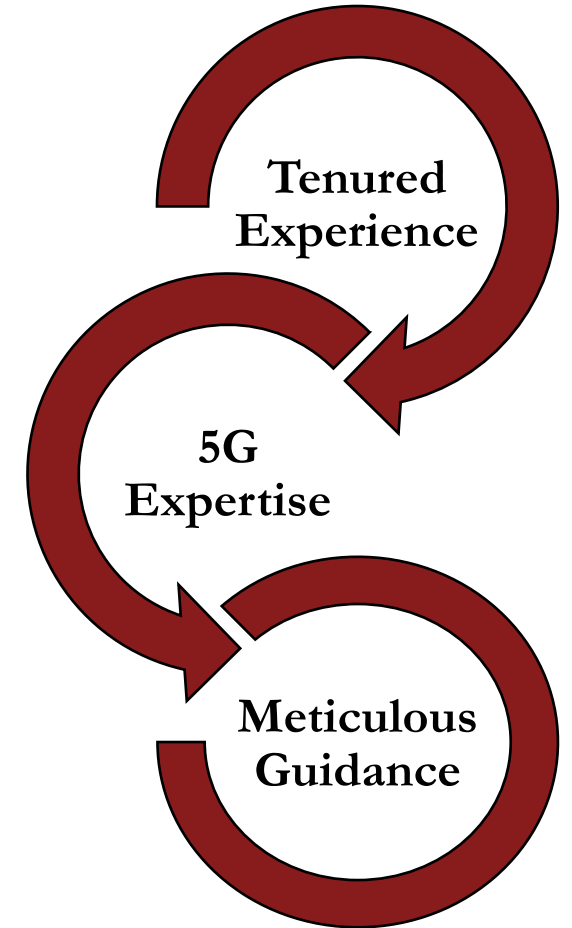


Shuky has worked in leadership roles at DOX from 1982 - 2009, while also having C-Suite positions at Retalix from 2009 - 2013

Tamar Rapoport – CFO & COO



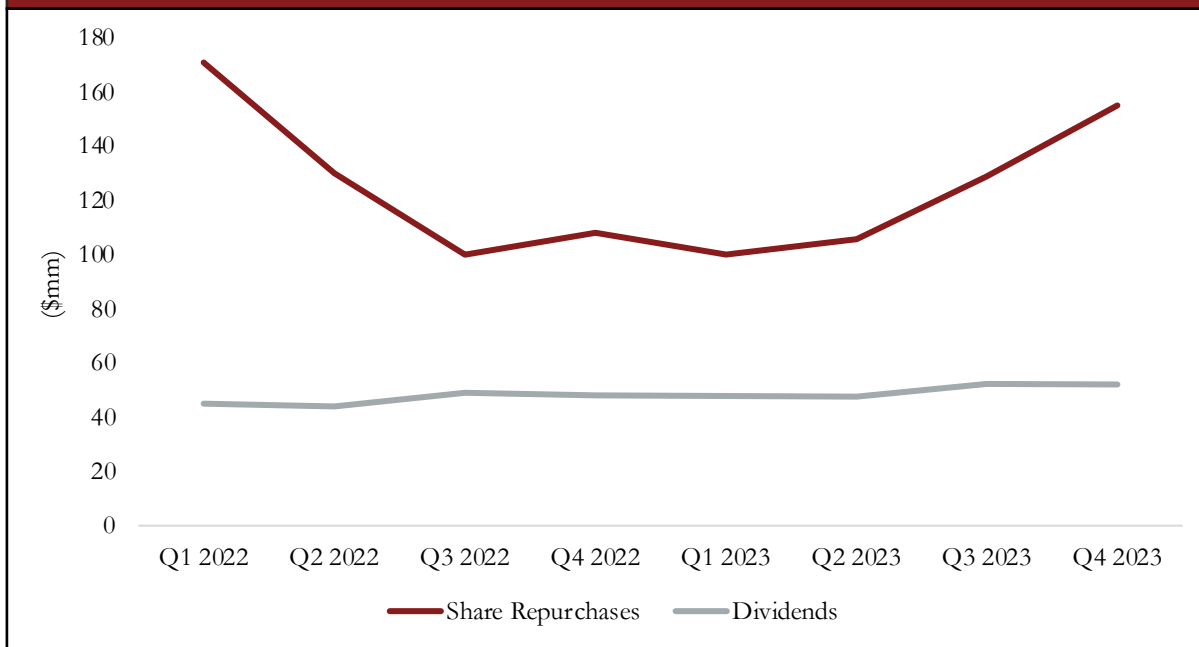
Tamar originally began working at DOX in 2004 as the Vice President of Finance, becoming the CFO in 2007, and then the COO in 2018



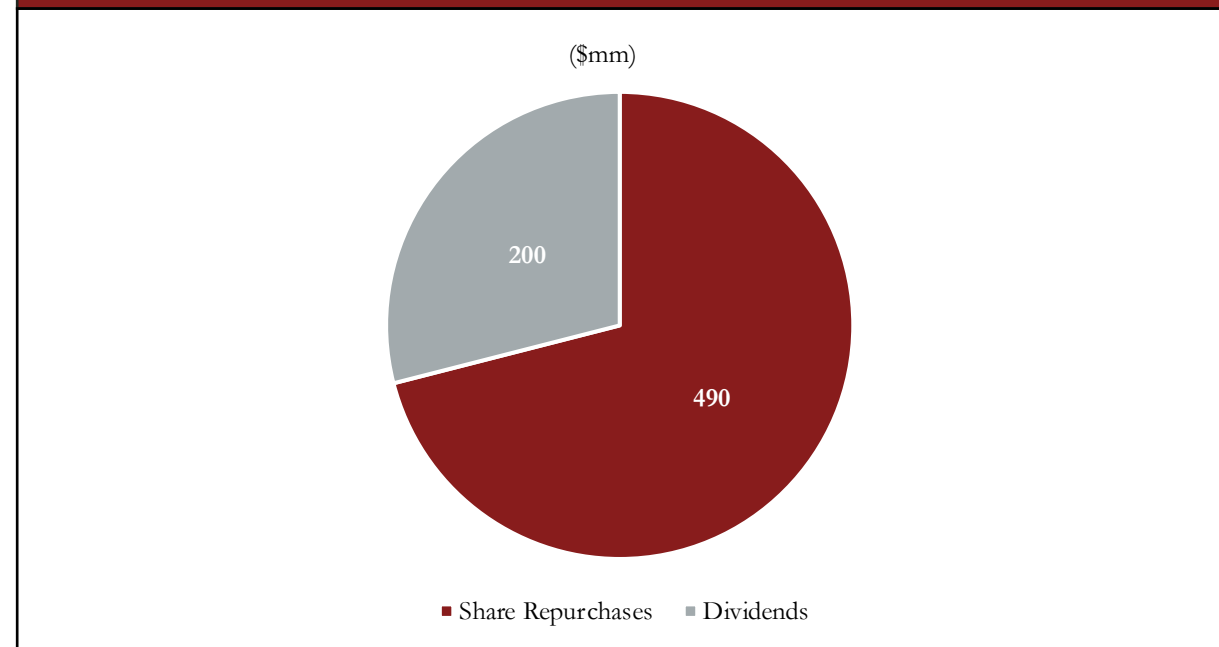
Cashflow Allocation



FCF Allocation (FY 2022 – FY 2023)



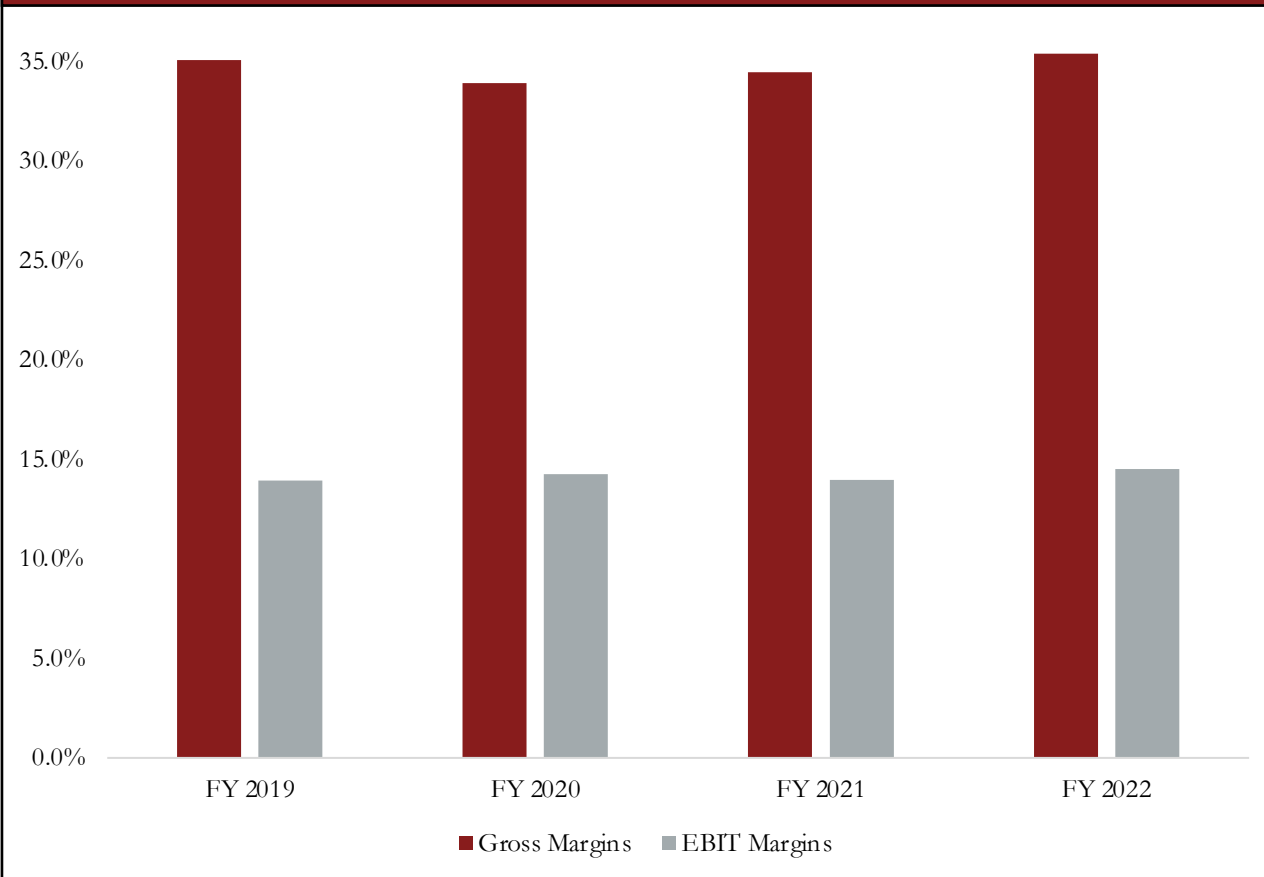
FCF Returned to Investors (FY 2023)



DOX has superb FCF allocation, consistently returning the **majority back to investors** over the past 2 years while continuing to grow inorganically. **In Q1 2024**, DOX closed the acquisition of ProCom and Astadia, while also **joining AWS's private network**

Cost Saving Initiatives

Historical Margins



Reduced Cost of Revenue by ~1.5% in FY 22

Mainly attributable to automation, divestiture of OpenMarket, and changes in acquisition liabilities

Consistent Margins

Steady gross margin of ~35.0% and EBIT margin of ~14.0%

Disciplined ROIC

12.2% ROIC, well above average and median compared to competitors

Long-Term Plans



Management's Initiatives

Diversify Revenue Geographically



Continue Expansion in NA



Focus on Cloud and 5G Offerings



Attainable By...

Management's Track Record



Strong Balance Sheet

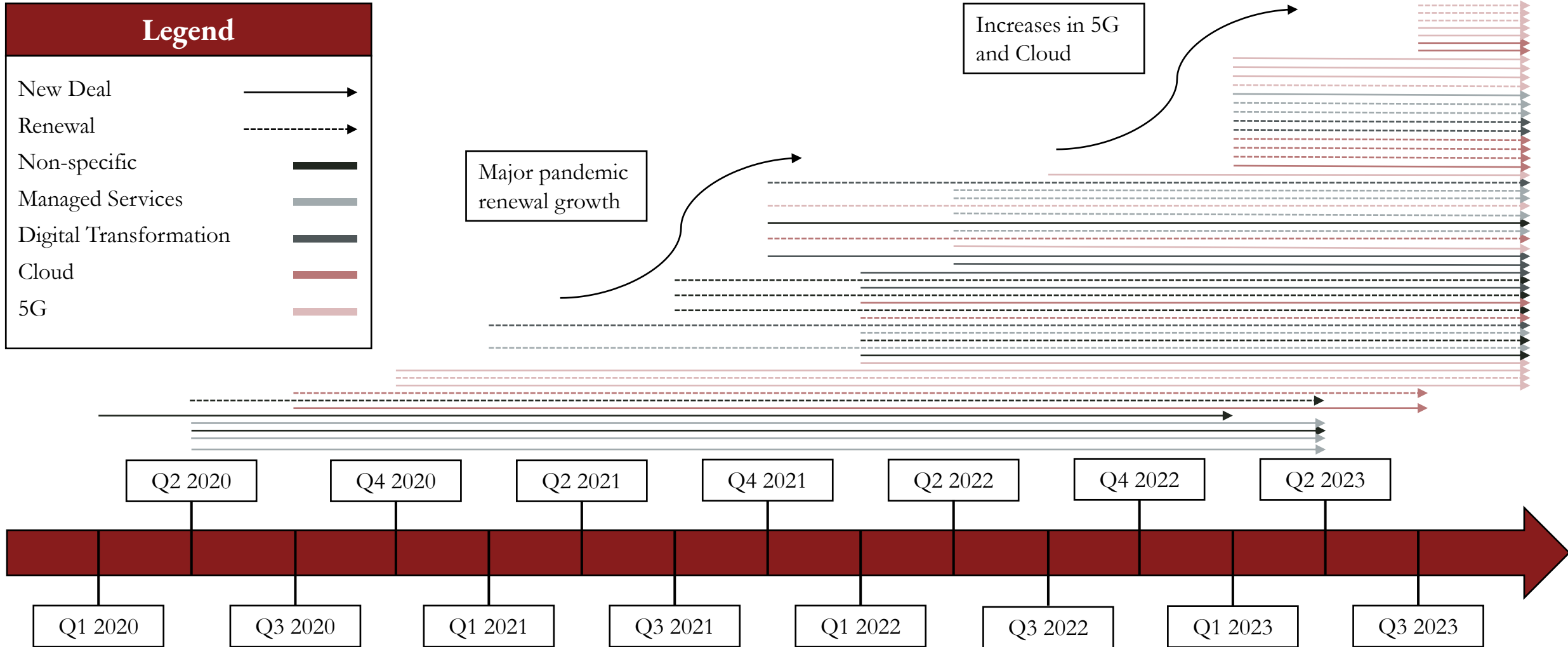


Operational Strength

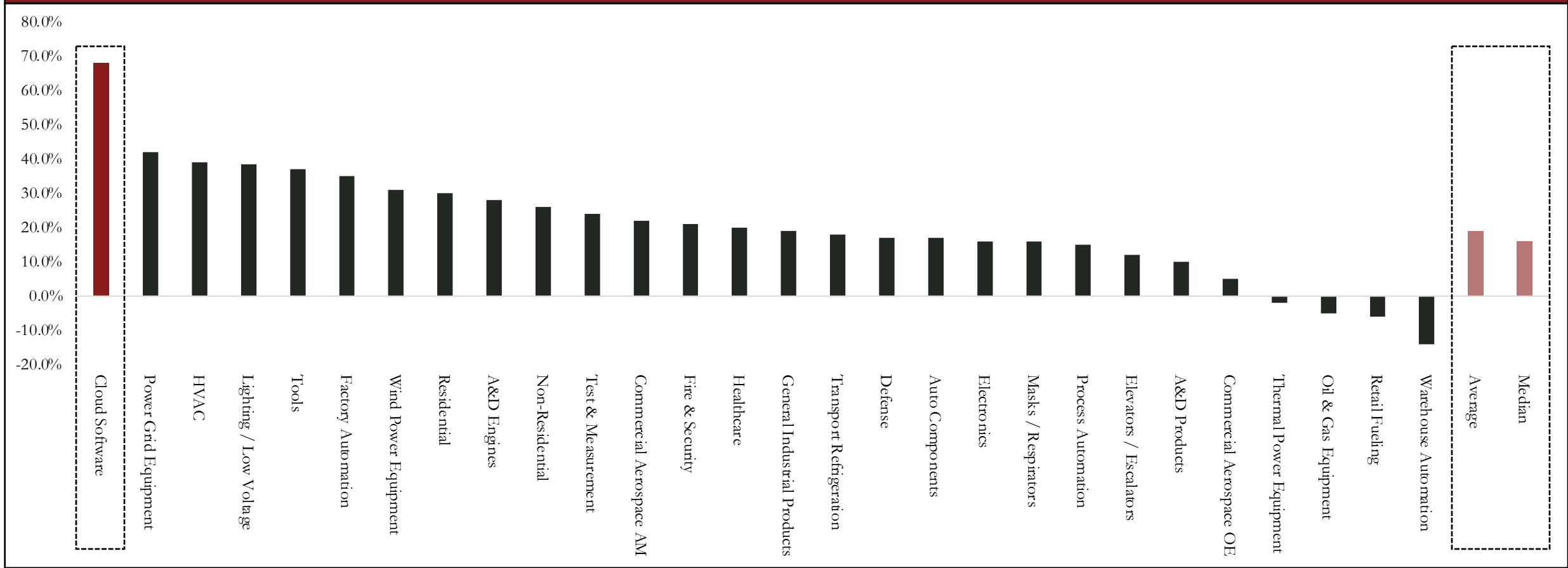
“Further highlighting the long-term diversification of our business, while we continue to expand our business in North America,” – Q4 2023 Earnings Call



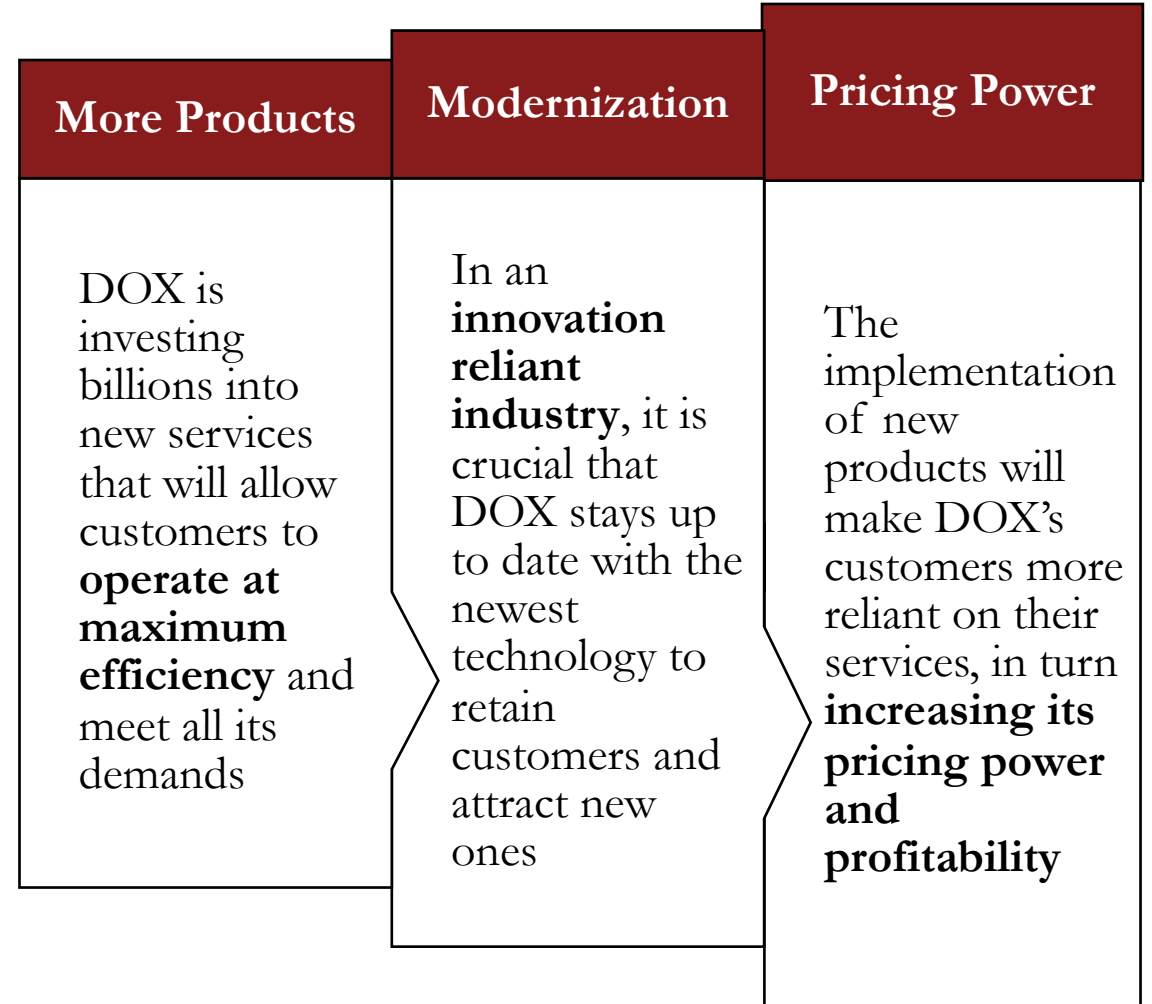
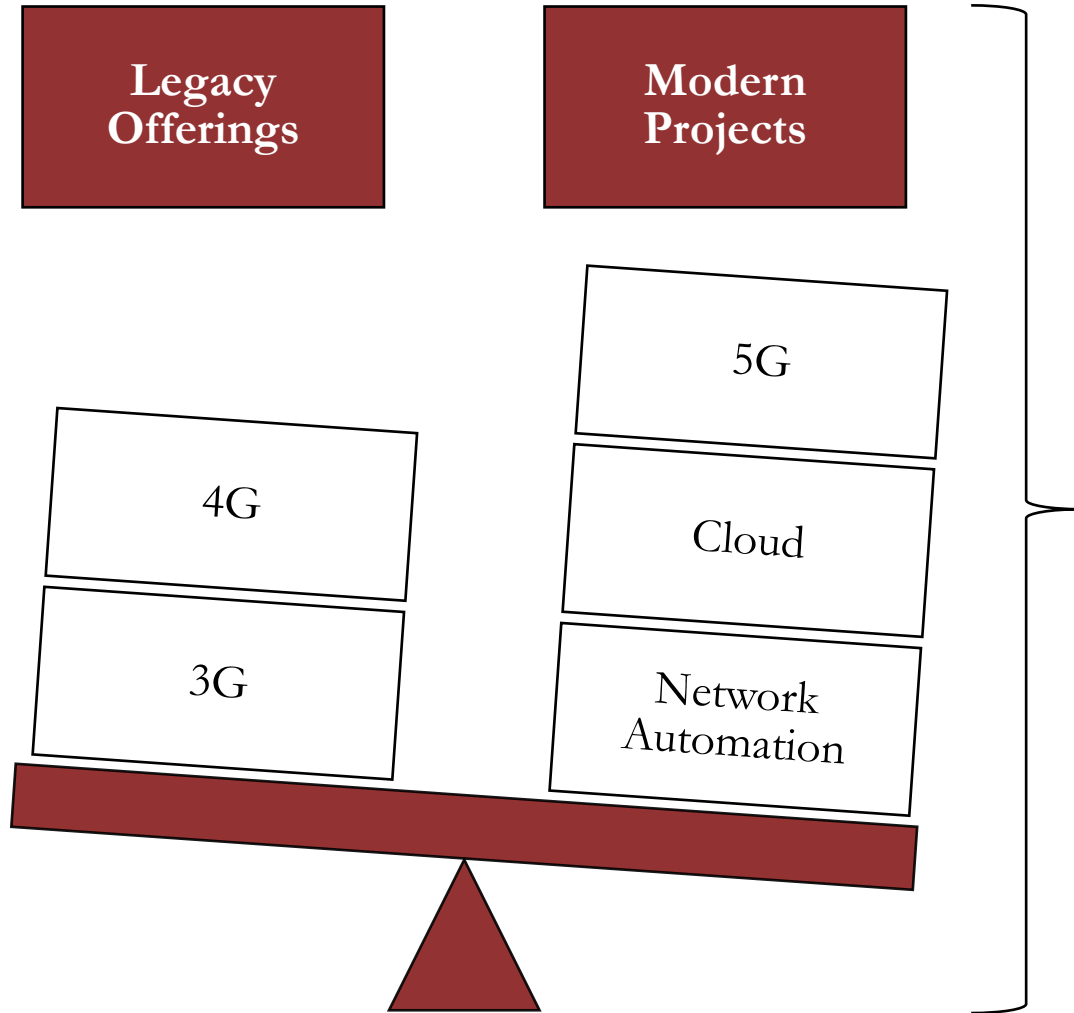
Partnerships & Deals



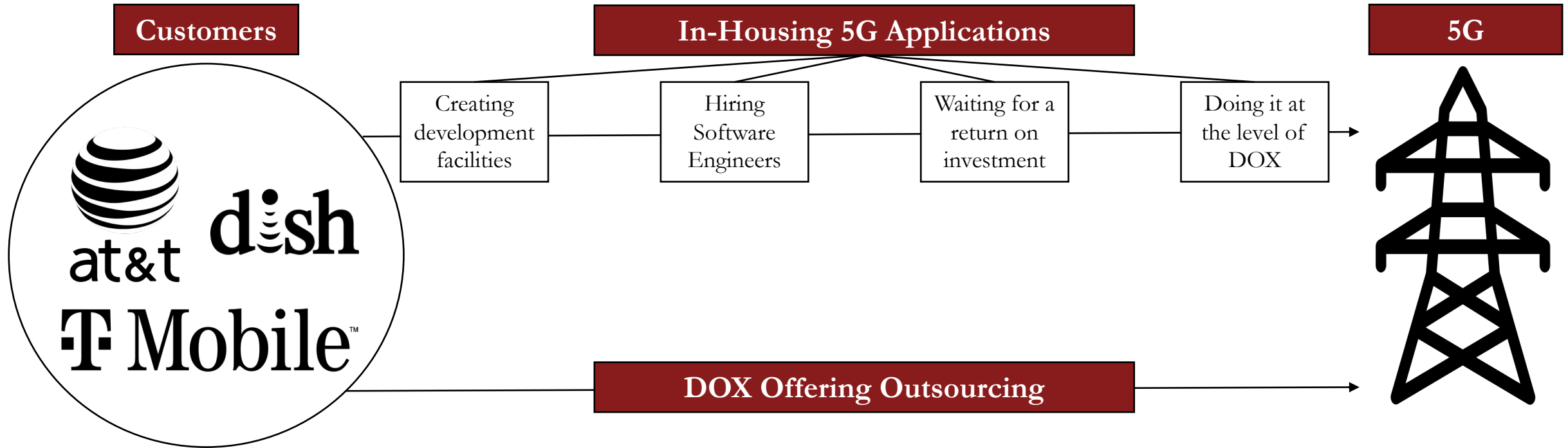
Cumulative Organic Sales Growth (FY 2020 – FY 2024E)



Legacy Offerings



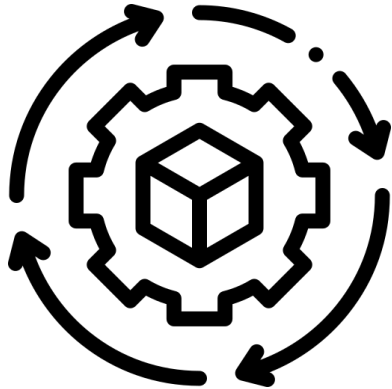
Lack of 5G In-Housing



Cybersecurity



Complimentary Product Universe



Cross-selling is **extremely intuitive** considering the large amount of cloud-native clients DOX serves

Security Partnerships

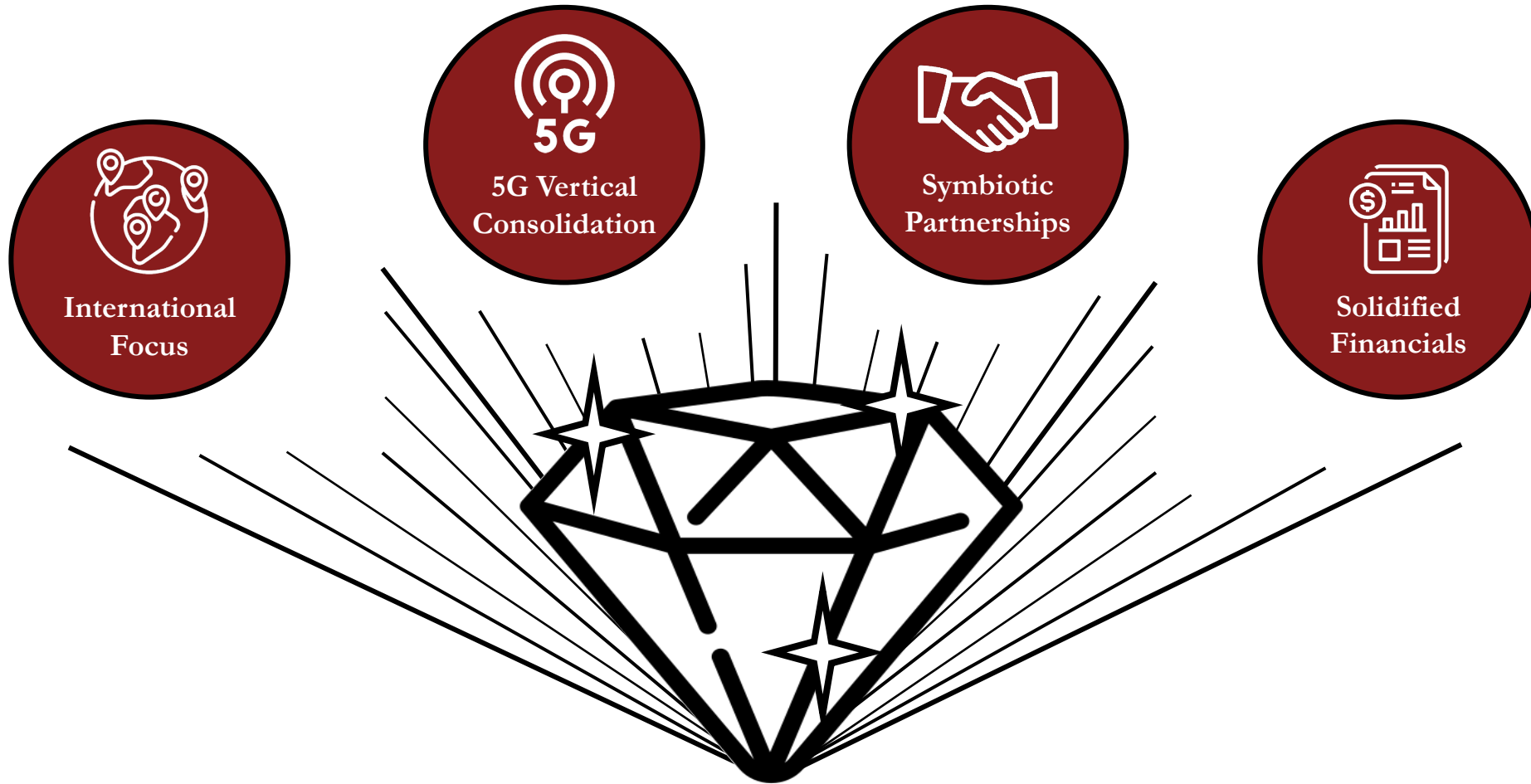


Spotless Track Record



DOX stands out with **no reported incidents of hacking or product insecurity in its history**

“Shine Bright Like A Diamond”



Risks & Mitigants



Low International Demand

5G is the network of the future, countries will need to adopt it sooner rather than later

DOX's customers are **already making moves** to expand internationally

Losing Market Share to Big Competitors

Managed services renewal rate **nearly 100.0%**

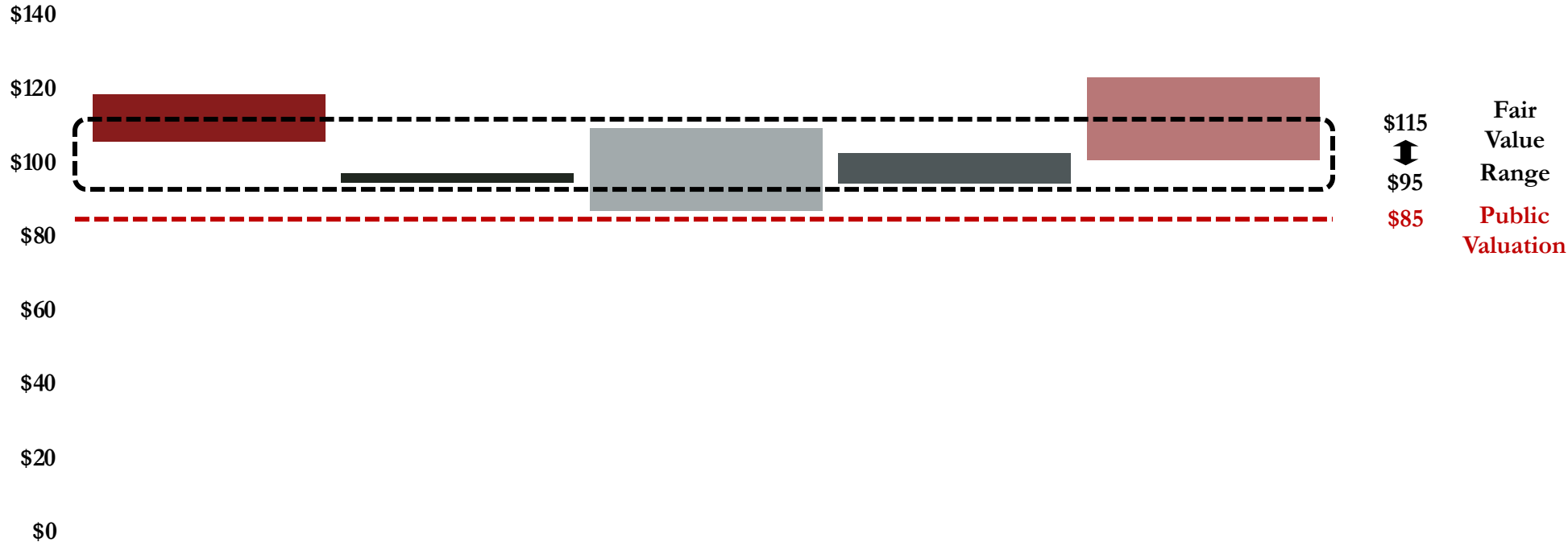
One of the few companies to **specialize in 5G** as it continues to focus on M&A

Short Term Losses in Legacy Offerings

Necessary evil of investing in 5G to new trends **accommodate end market needs**

Only player to encompass 5G and **induce partnerships** to cover expensive verticals

Football Field Valuation



- 1 **DCF Valuation:** The range represents the DCF base case using a WACC of 8.0% - 9.0% (Bloomberg at 8.7%)
- 2 **DDM Valuation:** The range represents the DDM Cost of Equity of 8.0% - 9.0% (Bloomberg at 8.3%)
- 3 **EV/NTM Revenue Multiple:** The range is the average 2.0x - 2.5x spread of multiples for publicly traded peers
- 4 **EV/NTM EBITDA Multiple:** The range is the average 12.0x - 13.0x spread of multiples for publicly traded peers
- 5 **Price/NTM Revenue Multiple:** The range is the average 2.3x - 2.8x spread of multiples for publicly traded peers

DCF	DDM	EV/NTM Revenue	EV/NTM EBITDA	Price/NTM Revenue
8.0%	8.0%	2.0x	12.0x	2.3x
9.0%	8.5%	2.5x	13.0x	2.8x

Comparable Companies



All numbers displaced in \$mm (except per share data)

Ticker	Name	Share Price	EV	Market Cap	SBC	SBC % of Rev	Rule of 40	P / NTM Rev	EV / NTM Rev	EV / NTM EBITDA	EV / NTM FCF
DOX	AMDOCS LTD	\$82.79	\$10,164.46	\$9,854.16	\$71.37	1.5%	17.8%	2.0x	2.0x	9.2x	13.7x
BSS & OSS & CRM											
CSGS	CSG SYSTEMS INTL INC	\$49.89	\$1,985.85	\$1,480.29	\$19.02	1.6%	4.5%	1.3x	1.8x	8.2x	22.8x
PEGA	PEGASYSTEMS INC	\$52.46	\$3,872.58	\$4,383.34	\$120.33	8.9%	15.5%	3.2x	2.8x	20.1x	20.1x
CRM	SALESFORCE INC	\$230.35	\$231,637.23	\$224,130.55	\$2,707.38	8.0%	25.2%	6.4x	6.7x	18.2x	29.3x
ORCL	ORACLE CORP	\$116.21	\$407,077.21	\$318,342.89	\$2,576.79	5.1%	25.9%	5.9x	7.6x	15.3x	37.1x
System Integration & Providers of IT Services											
ACN	ACCENTURE PLC-CL A	\$333.34	\$198,383.96	\$221,833.31	\$1,327.28	2.1%	17.7%	3.3x	3.0x	15.9x	21.3x
CTSH	COGNIZANT TECH SOLUTIONS-A	\$70.12	\$33,014.74	\$35,159.05	\$169.00	0.9%	10.5%	1.8x	1.7x	10.0x	15.6x
DXC	DXC TECHNOLOGY CO	\$23.33	\$8,324.85	\$4,517.70	\$85.32	0.6%	3.0%	0.3x	0.6x	4.1x	10.7x
TCS	TATA CONSULTANCY SVCS LTD	\$45.72	\$160,750.89	\$167,284.75	\$0.00	0.0%	18.8%	5.8x	5.5x	20.9x	30.2x
WPRO	WIPRO LTD	\$5.69	\$27,140.83	\$29,722.66	\$32.16	0.3%	12.8%	2.7x	2.5x	13.4x	17.5x
Network Providers											
CIEN	CIENA CORP	\$45.31	\$6,525.88	\$6,698.74	\$83.05	2.0%	10.6%	1.5x	1.5x	9.9x	20.0x
ERIC	ERICSSON (LM) TEL-SP ADR	\$5.01	\$182,853.90	\$16,821.33	\$0.00	0.0%	-1.9%	0.1x	0.7x	7.5x	47.3x
Average		\$98.38	\$106,144.89	\$93,707.05	\$600.71	2.6%	14.6%	3.1x	3.0x	12.4x	19.7x
Median		\$52.59	\$30,077.79	\$24,529.13	\$92.59	1.5%	15.2%	2.4x	2.2x	11.6x	19.5x

DDM Valuation



All numbers displayed in \$mm (except for per share data)

Assumptions	
Current Dividends Per Share	\$1.70
Cost of Equity	8.4%

Cost of Equity	
Risk Free Rate	4.2%
Equity Risk Premium	5.9%
Beta	0.7
Cost of Equity	8.4%

Dividend Growth Rate(s)	
Stage 1	12.0%
Stage 2	6.5%

Intrinsic Value	
Stage 1 Dividends NPV	\$11.08
Stage 2 Dividends TV	\$111.56
Stage 2 Dividends PV	\$74.50
Equity Value Per Share	\$85.58

Upside (Downside)	
Current Share Price	\$92.67
Intrinsic Value	\$85.58
Upside (Downside) %	-7.6%

Stage 1 Dividends	Entry	2024	2025	2026	2027	2028
Dividends Per Share	\$1.70	\$1.90	\$2.13	\$2.39	\$2.67	\$3.00
Cost of Equity	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Present Value of Dividends	\$1.70	\$1.76	\$1.81	\$1.87	\$1.94	\$2.00

		Stage 2 Growth Rate				
		6.4%	6.5%	6.5%	6.6%	6.6%
Cost of Equity	8.2%	\$90.32	\$92.59	\$94.98	\$97.53	\$100.22
	8.2%	\$92.94	\$95.35	\$97.90	\$100.61	\$103.49
	8.1%	\$95.71	\$98.27	\$100.99	\$103.89	\$106.97
	8.1%	\$98.65	\$101.38	\$104.29	\$107.38	\$110.69
	8.0%	\$101.77	\$104.69	\$107.80	\$111.12	\$114.67

		Stage 2 Growth Rate				
		6.4%	6.5%	6.5%	6.6%	6.6%
Cost of Equity	8.2%	-2.2%	0.3%	2.9%	5.6%	8.6%
	8.2%	0.7%	3.3%	6.0%	9.0%	12.1%
	8.1%	3.7%	6.4%	9.4%	12.5%	15.9%
	8.1%	6.8%	9.8%	13.0%	16.3%	19.9%
	8.0%	10.2%	13.4%	16.8%	20.3%	24.2%

DCF Valuation



All numbers displayed in \$mm (except for per share data)

Assumptions	
Tax Rate	15.3%
Discount Rate	8.2%
Perpetual Growth Rate	2.5%
EV/EBITDA Multiple	10.50x
Transaction Date	1/29/2024
Fiscal Year End	9/30/2024
Current Price	\$92.51
Diluted Shares Outstanding	119.22
Debt & Other LT Liabilities	\$807.31
Cash & Investments	\$520.08
Preferred Equity	\$0.00

Intrinsic Value	
Enterprise Value	\$13,154.38
Plus: Cash	\$520.08
Less: Debt	\$807.31
Less: Preferred Equity	\$0.00
Equity Value	\$12,867.15
Equity Value Per Share	\$107.93

Upside (Downside)	
Current Share Price	\$92.51
Intrinsic Value	\$107.93
Upside (Downside) %	16.7%

Discounted Cash Flow	Entry	2024	2025	2026	2027	2028	Exit
Date	1/29/2024	9/30/2024	9/30/2025	9/30/2026	9/30/2027	9/30/2028	9/30/2028
Year Fraction		0.67	1.00	1.00	1.00	1.00	
EBIT		\$886.11	\$1,067.60	\$1,123.39	\$1,199.71	\$1,277.86	
Less: Cash Taxes		\$135.57	\$163.34	\$171.88	\$183.56	\$195.51	
Plus: D&A		\$213.90	\$230.11	\$248.25	\$252.99	\$257.82	
EBITDA		\$964.43	\$1,134.37	\$1,199.76	\$1,269.14	\$1,340.17	
Less: CapEx		(\$588.22)	(\$632.81)	(\$682.68)	(\$695.72)	(\$709.01)	
Plus: NWC Investment		\$137.73	\$144.86	\$157.63	\$167.78	\$180.39	
Adjusted Free Cash Flow		\$513.94	\$646.41	\$674.71	\$741.20	\$811.55	\$14,336.85
Transaction Cash Flow		\$344.06	\$646.41	\$674.71	\$741.20	\$811.55	\$14,336.85

		EV/EBITDA Multiple				
		9.5x	10.0x	10.5x	11.0x	11.5x
WACC	8.4%	\$101.39	\$103.43	\$105.46	\$107.49	\$109.53
	8.2%	\$104.16	\$106.21	\$108.26	\$110.32	\$112.37
	7.9%	\$107.15	\$109.22	\$111.29	\$113.36	\$115.43
	7.7%	\$110.39	\$112.48	\$114.57	\$116.66	\$118.76
	7.4%	\$113.93	\$116.04	\$118.15	\$120.26	\$122.37

		EV/EBITDA Multiple				
		9.5x	10.0x	10.5x	11.0x	11.5x
WACC	8.4%	9.6%	11.8%	14.0%	16.2%	18.4%
	8.2%	12.6%	14.8%	17.0%	19.2%	21.5%
	7.9%	15.8%	18.1%	20.3%	22.5%	24.8%
	7.7%	19.3%	21.6%	23.8%	26.1%	28.4%
	7.4%	23.2%	25.4%	27.7%	30.0%	32.3%

MAIF vs. Consensus



MAIF vs. Consensus (\$mm)	FY 2024E	FY 2025E	FY 2026E
MAIF Revenue	\$5,347.46	\$5,752.85	\$6,206.20
Consensus Revenue	\$5,050.10	\$5,379.10	\$5,762.30
<i>Difference %</i>	<i>5.9%</i>	<i>6.9%</i>	<i>7.7%</i>

MAIF vs. Consensus (\$mm)	FY 2024E	FY 2025E	FY 2026E
MAIF Gross Profit Margin	36.1%	37.4%	37.6%
Consensus Gross Profit Margin	36.1%	36.2%	36.2%
<i>Difference %</i>	<i>0.0%</i>	<i>3.2%</i>	<i>3.9%</i>
MAIF Operating Margin	16.6%	18.6%	18.1%
Consensus Operating Margin	18.1%	18.2%	18.4%
<i>Difference %</i>	<i>-8.4%</i>	<i>2.0%</i>	<i>-1.6%</i>
MAIF Net Income Margin	14.4%	16.8%	16.9%
Consensus Net Income	15.1%	15.1%	15.3%
<i>Difference %</i>	<i>-4.7%</i>	<i>11.5%</i>	<i>10.5%</i>
MAIF Free Cash Flow	8.9%	11.4%	11.5%
Consensus Free Cash Flow	14.9%	15.2%	14.6%
<i>Difference %</i>	<i>-40.1%</i>	<i>-25.3%</i>	<i>-21.2%</i>

MAIF Revenue Commentary (Total Backlog / Backlog Conversion)

In the base case, DOX will be **roughly in line with the top range of their guidance** with less material international expansion but **consistent growth in their largest geographic segment**, which will allow them to win over new customers, but not as many as would be realized with a more successful international expansion

MAIF Operating Expenses Commentary (As a % of Revenue)

- **Cost of Revenue:** In the base case, DOX will have a relatively successful expansion, slightly offset by reduced investments in legacy systems in North America but will cause a decrease in cost or revenue along with new revenue streams.
- **Research & Development:** In the base case, DOX will decrease their R&D due to existing developments taking the market, with little need to increase due to strong end-market demand in the US and overseas
- **Selling, General, and Administrative:** DOX becomes more efficient in its operations by lowering headcount and wage expenses concerning revenue
- **Amortization of Purchased Intangible Assets:** In the base case, DOX gradually decreases its amortization expense due to an increase in efficiency of synergizing tangible goodwill

MAIF Purchase of Property and Equipment Commentary (CapEx)

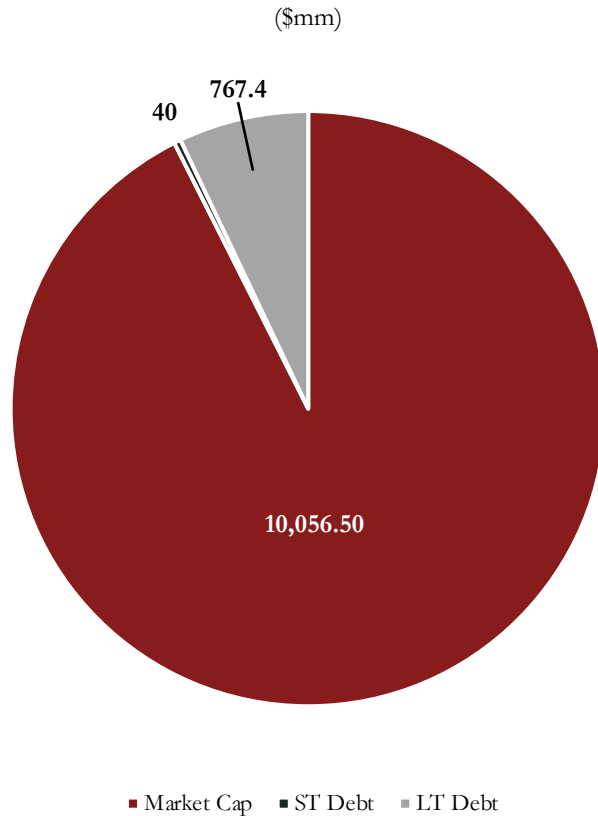
To take into account the large expansion into international markets, geographies, and industries, coupled with the integration of new technology verticals such as 5G and cloud-native partnerships, **we estimated ~5 times (11% revenue) the amount of CapEx** given the acquisitive nature of the firm but the simple inability to project out future RFPs and alliances

Appendix

MAIF WACC



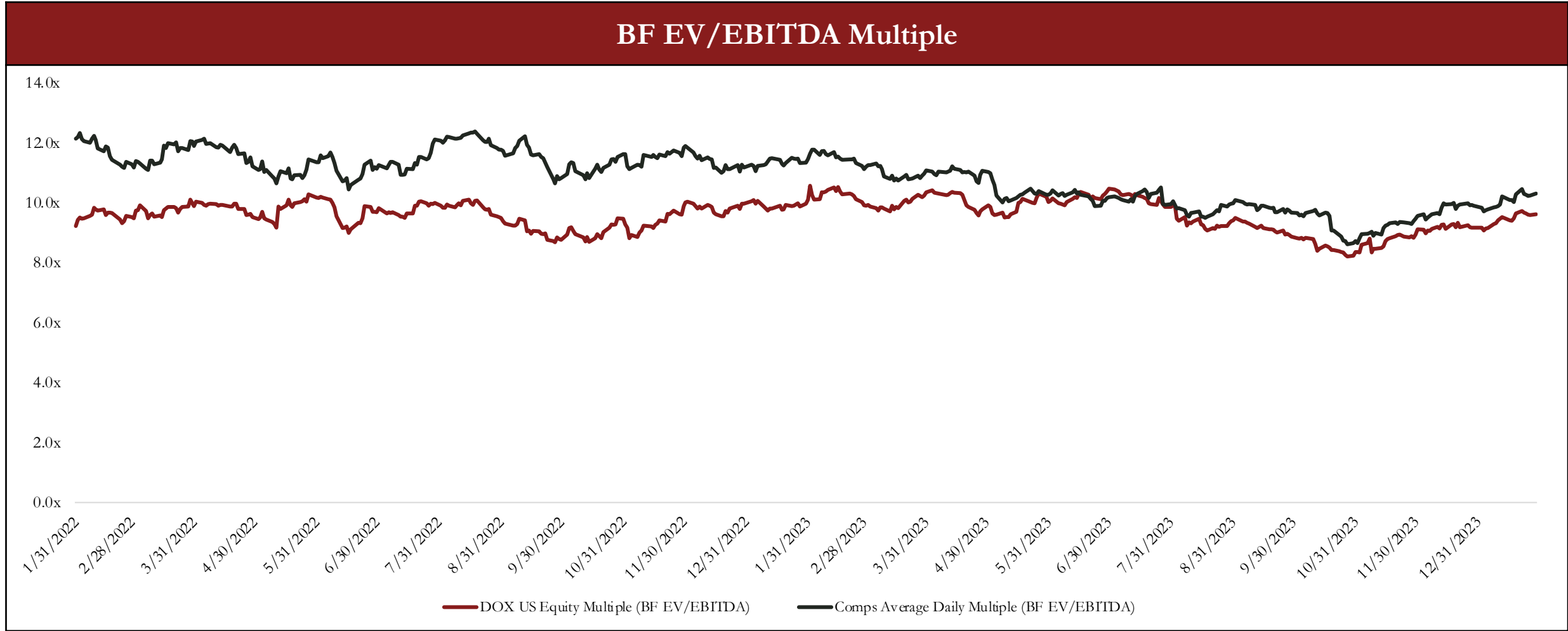
Capital Structure (FY 2023)



WACC Calculations

Cost of Equity	8.41%
Risk Free Rate	4.2%
Equity Risk Premium	5.9%
Beta	0.70
Cost of Debt	6.3%
Weight of Equity	93.2%
Weight of Debt	6.8%
1- Tax Rate	84.7%
WACC	8.2%

Long-Term Multiple



Bull MAIF vs. Consensus



MAIF vs. Consensus (\$mm)	FY 2024E	FY 2025E	FY 2026E
MAIF Revenue	\$5,509.62	\$6,123.95	\$6,615.91
Consensus Revenue	\$5,050.10	\$5,379.10	\$5,762.30
<i>Difference %</i>	<i>9.1%</i>	<i>13.8%</i>	<i>14.8%</i>

MAIF vs. Consensus (\$mm)	FY 2024E	FY 2025E	FY 2026E
MAIF Gross Profit Margin	36.8%	38.8%	38.9%
Consensus Gross Profit Margin	36.1%	36.2%	36.2%
<i>Difference %</i>	<i>1.8%</i>	<i>7.1%</i>	<i>7.5%</i>
MAIF Operating Margin	17.3%	20.1%	19.6%
Consensus Operating Margin	18.1%	18.2%	18.4%
<i>Difference %</i>	<i>-4.3%</i>	<i>10.6%</i>	<i>6.5%</i>
MAIF Net Income Margin	15.2%	18.6%	18.6%
Consensus Net Income	15.1%	15.1%	15.3%
<i>Difference %</i>	<i>0.8%</i>	<i>23.1%</i>	<i>21.8%</i>
MAIF Free Cash Flow	10.5%	13.8%	13.2%
Consensus Free Cash Flow	14.9%	15.2%	14.6%
<i>Difference %</i>	<i>-29.8%</i>	<i>-9.0%</i>	<i>-9.4%</i>

MAIF Revenue Commentary (Total Backlog / Backlog Conversion)

In the bull case, we are assuming that DOX's international expansion matched with their excellent cross-selling opportunities will guide them to **dominate even more market share and cause less of their TAM to go to generalists** like ORCL, CTSH, and CAN -- there will also be a continued **dominance over low code applications** programs like PEGA's, driving more demand for traditional more customizable software

MAIF Operating Expenses Commentary (As a % of Revenue)

- **Cost of Revenue:** In the bull case, DOX will successfully reduce the cost of revenue with 5G investments not slowing in 2024, along with a successful expansion combined with increased cross-selling from existing customers
- **Research & Development:** In the bull case, DOX will leverage existing products at a very effective rate in the US and overseas with no need to increase due to new revenue streams coming in
- **Selling, General, and Administrative:** DOX will be unable to automate as much as anticipated, requiring increased spending on labor and their respective wages
- **Amortization of Purchased Intangible Assets:** In the bull case, if DOX increases spending on tangible goodwill this will further offset amortization expenses over time

MAIF Purchase of Property and Equipment Commentary (CapEx)

To take into account the large expansion into international markets, geographies, and industries, coupled with the integration of new technology verticals such as 5G and cloud-native partnerships, **we estimated ~5 times (11% revenue) the amount of CapEx** given the acquisitive nature of the firm but the simple inability to project out future RFPs and alliances

Bear MAIF vs. Consensus



MAIF vs. Consensus (\$mm)	FY 2024E	FY 2025E	FY 2026E
MAIF Revenue	\$5,155.78	\$5,351.81	\$5,250.83
Consensus Revenue	\$5,050.10	\$5,379.10	\$5,762.30
<i>Difference %</i>	2.1%	-0.5%	-8.9%

MAIF vs. Consensus (\$mm)	FY 2024E	FY 2025E	FY 2026E
MAIF Gross Profit Margin	34.9%	34.9%	35.4%
Consensus Gross Profit Margin	36.1%	36.2%	36.2%
<i>Difference %</i>	-3.2%	-3.5%	-2.3%
MAIF Operating Margin	14.8%	14.8%	14.5%
Consensus Operating Margin	18.1%	18.2%	18.4%
<i>Difference %</i>	-18.3%	-18.8%	-21.1%
MAIF Net Income Margin	12.5%	12.8%	12.8%
Consensus Net Income	15.1%	15.1%	15.3%
<i>Difference %</i>	-17.0%	-15.0%	-16.4%
MAIF Free Cash Flow	6.2%	6.5%	5.0%
Consensus Free Cash Flow	14.9%	15.2%	14.6%
<i>Difference %</i>	-58.1%	-57.0%	-66.0%

MAIF Revenue Commentary (Total Backlog / Backlog Conversion)

In the bear case, DOX will grow at the bottom range of their guidance, which will be attributable to **telecoms decreasing their investments in legacy systems driving less demand** -- given this lower range, **DOX will expand to more markets but with a lower success rate**

MAIF Operating Expenses Commentary (As a % of Revenue)

- **Cost of Revenue:** In the bear case, DOX's expansion internationally will not be as effective as it could be and will cause them to incur expenses related to software suppliers
- **Research & Development:** In the bear case, DOX will increase R&D due to decreased investments in legacy systems and will cause them to implement new products
- **Selling, General, and Administrative:** DOX becomes more efficient in its operations by lowering headcount and wage expenses concerning revenue
- **Amortization of Purchased Intangible Assets:** The bear case would occur if DOX decreases the number of acquisitions of tangible goodwill, which would not offset their amortization costs

MAIF Purchase of Property and Equipment Commentary (CapEx)

To take into account the large expansion into international markets, geographies, and industries, coupled with the integration of new technology verticals such as 5G and cloud-native partnerships, **we estimated ~5 times (11% revenue) the amount of CapEx** given the acquisitive nature of the firm but the simple inability to project out future RFPs and alliances

Debt Information



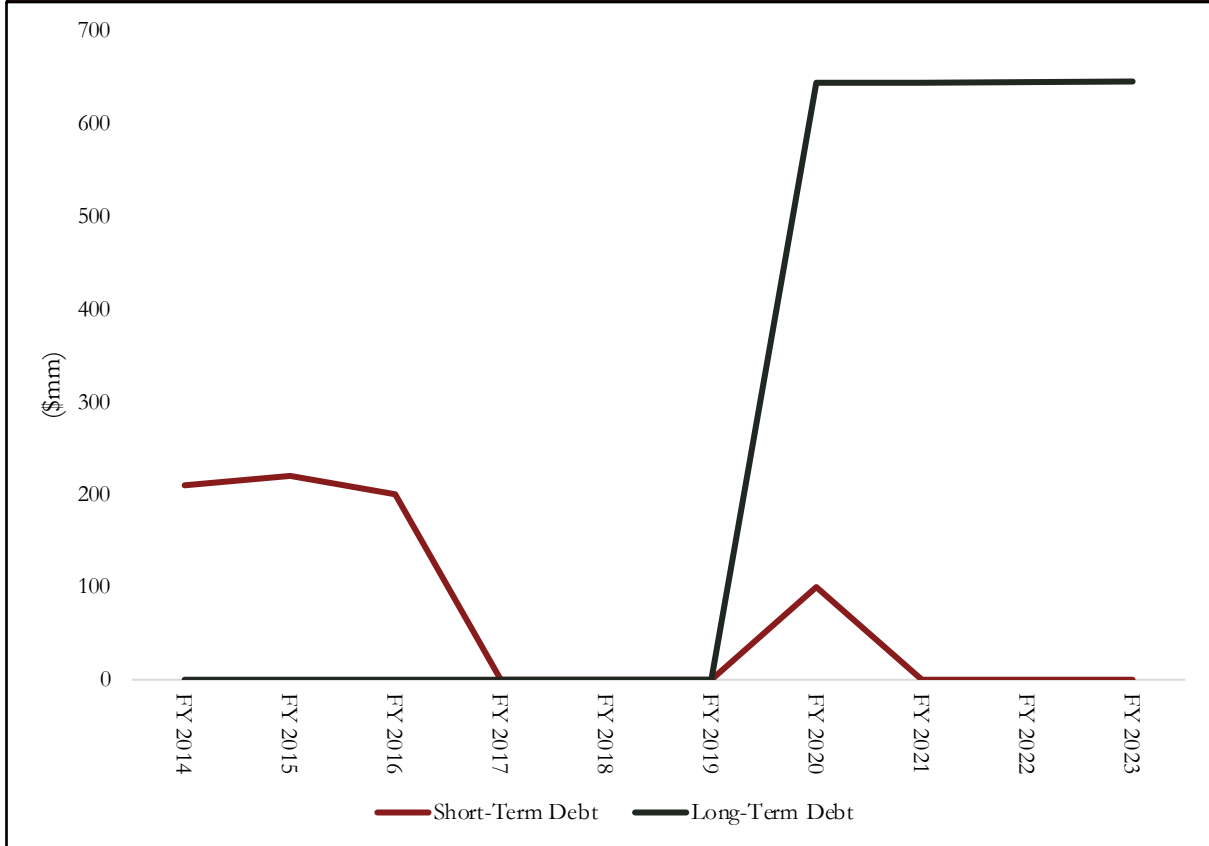
All numbers displayed in \$mm (except for bps)

Type	Amount	Limit	CSA	Floating Coupon	Floating Reference	Fixed Coupon	Issuance Date	Maturity Date
Revolver A	0.00	240.00	10.0 bps	137.5 bps	TSFR1M	0.0%	12/20/2011	3/19/2026
Revolver B	0.00	260.00	10.0 bps	137.5 bps	TSFR1M	0.0%	12/20/2011	3/19/2026
Revolver C	0.00	0.00	10.0 bps	137.5 bps	TSFR1M	0.0%	12/20/2011	3/19/2026
Senior Unsecured Loan	650.00	0.00	0.0 bps	0.0 bps	N/A	2.5%	6/15/2020	6/15/2030
Total	650.00							

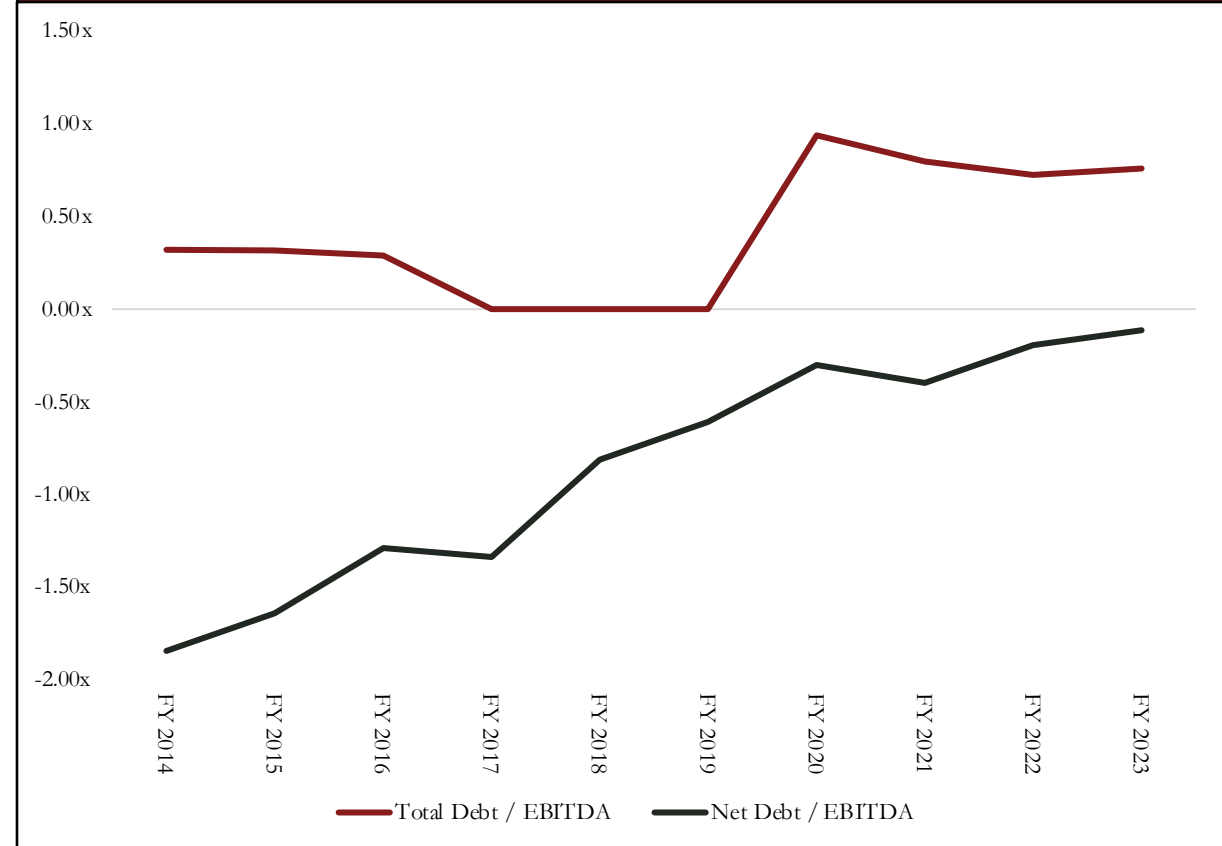
Credit & Liquidity



Historical Debt Distribution



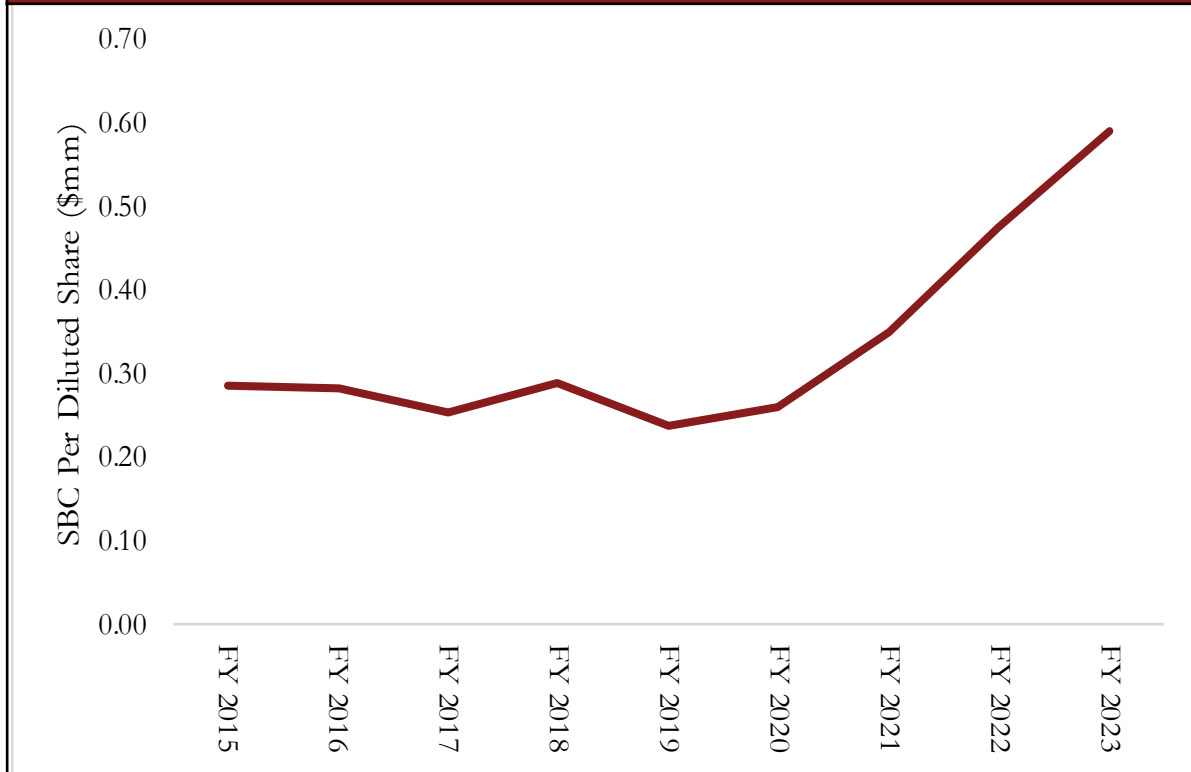
Debt Ratio Evolution



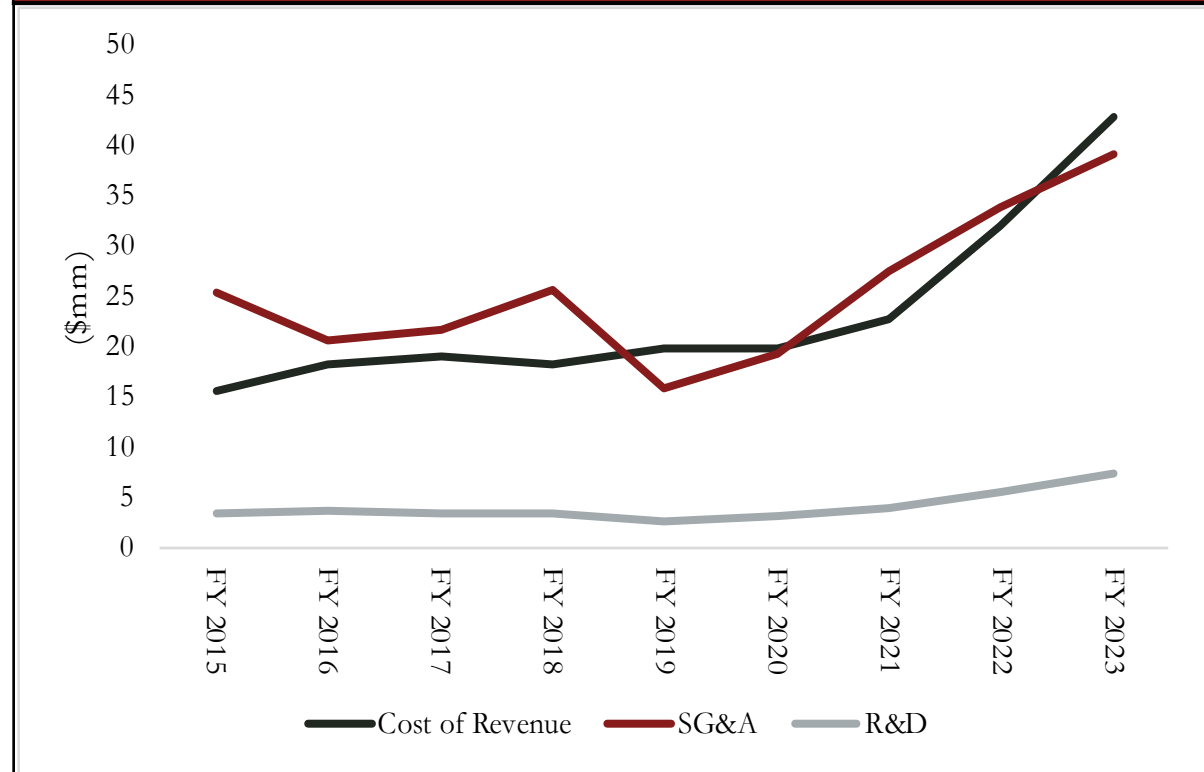
Share-Based Compensation



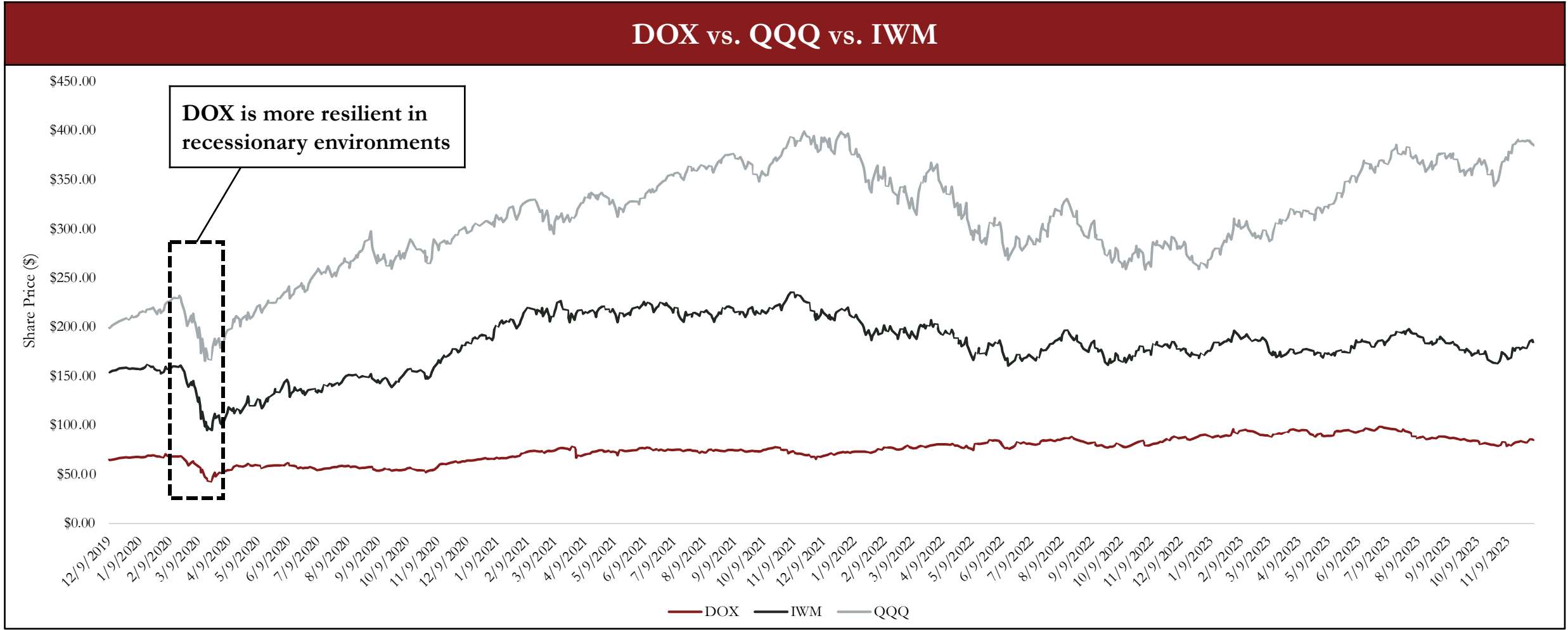
Dividend Yield & Per Share Data



SBC Per Operating Expense



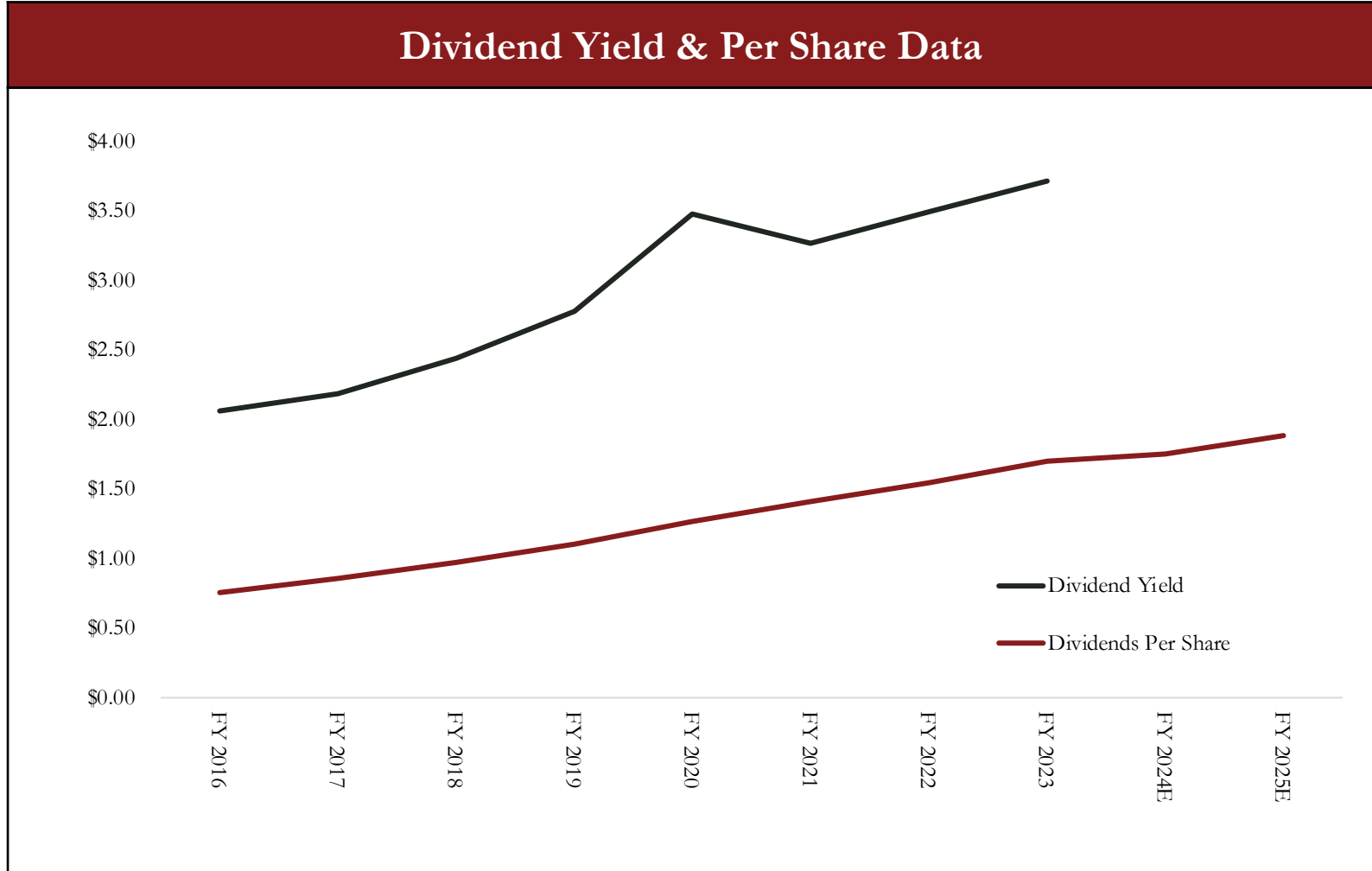
Benchmarks



Dividends



Date	12mth Div	Yield
12/29/2023	1.74	1.9797
9/29/2023	1.7	2.0121
6/30/2023	1.66	1.6793
3/31/2023	1.62	1.687
12/30/2022	1.58	1.7382
9/30/2022	1.545	1.9446
6/30/2022	1.51	1.8125
3/31/2022	1.475	1.7942
12/31/2021	1.44	1.9241
9/30/2021	1.4075	1.8591
6/30/2021	1.375	1.7774
3/31/2021	1.3425	1.9138
12/31/2020	1.31	1.8469
9/30/2020	1.2675	2.2078
6/30/2020	1.225	2.0122
3/31/2020	1.1825	2.1512
12/31/2019	1.14	1.5792
9/30/2019	1.105	1.6715
6/28/2019	1.07	1.7233
3/29/2019	1.035	1.9128
12/31/2018	1	1.7071
9/28/2018	0.97	1.4701
6/29/2018	0.94	1.4202
3/30/2018	0.91	1.3639
12/29/2017	0.88	1.3439
9/29/2017	0.855	1.3293
6/30/2017	0.83	1.2876
3/31/2017	0.805	1.3199
12/30/2016	0.78	1.3391
9/30/2016	0.755	1.3051
6/30/2016	0.73	1.2647
3/31/2016	0.705	1.1668
12/31/2015	0.68	1.2461
9/30/2015	0.665	1.1691
6/30/2015	0.65	1.1907
3/31/2015	0.635	1.1673
12/31/2014	0.62	1.3289
9/30/2014	0.595	1.2969
6/30/2014	0.57	1.2303
3/31/2014	0.545	1.1731

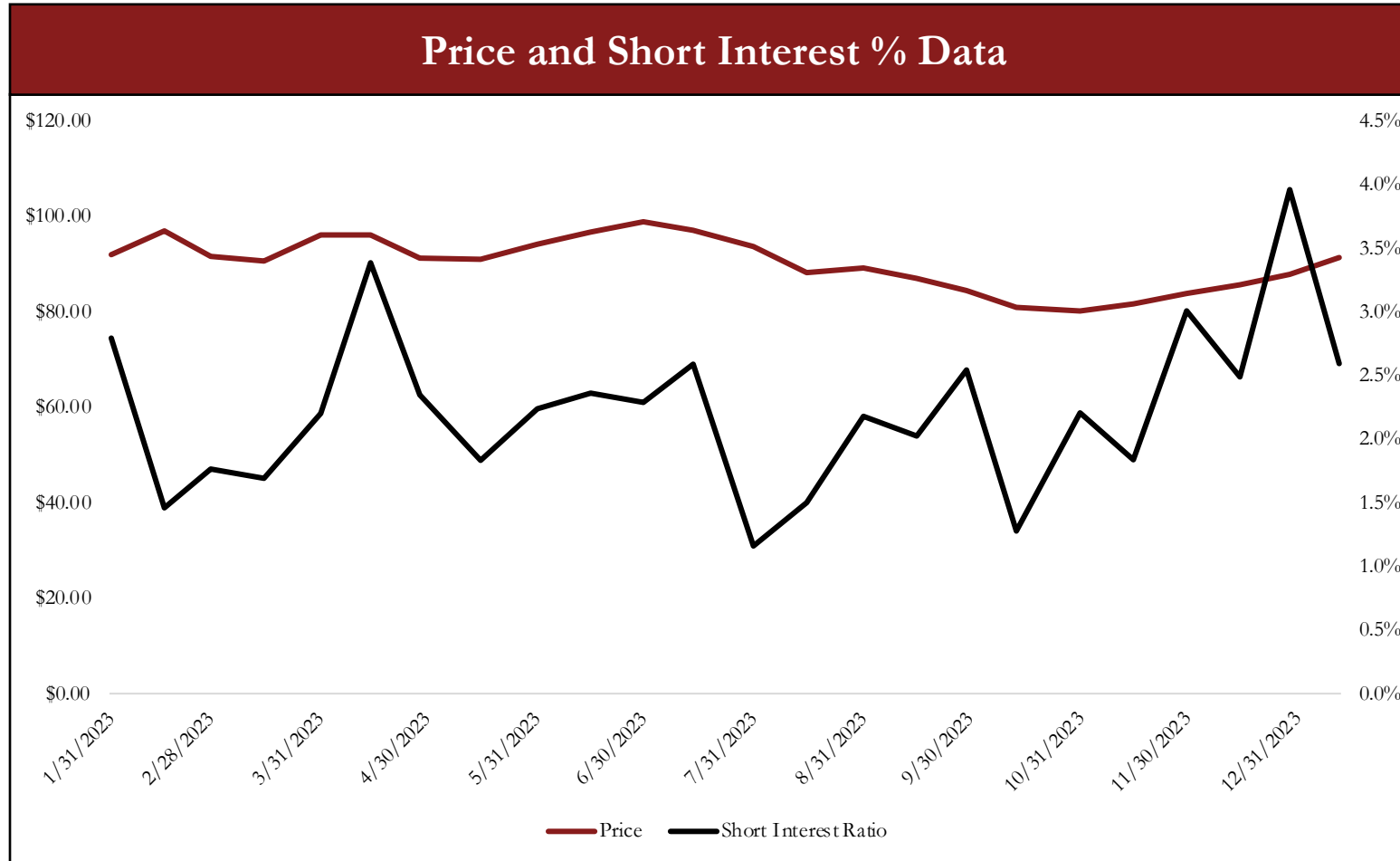


Shareholders

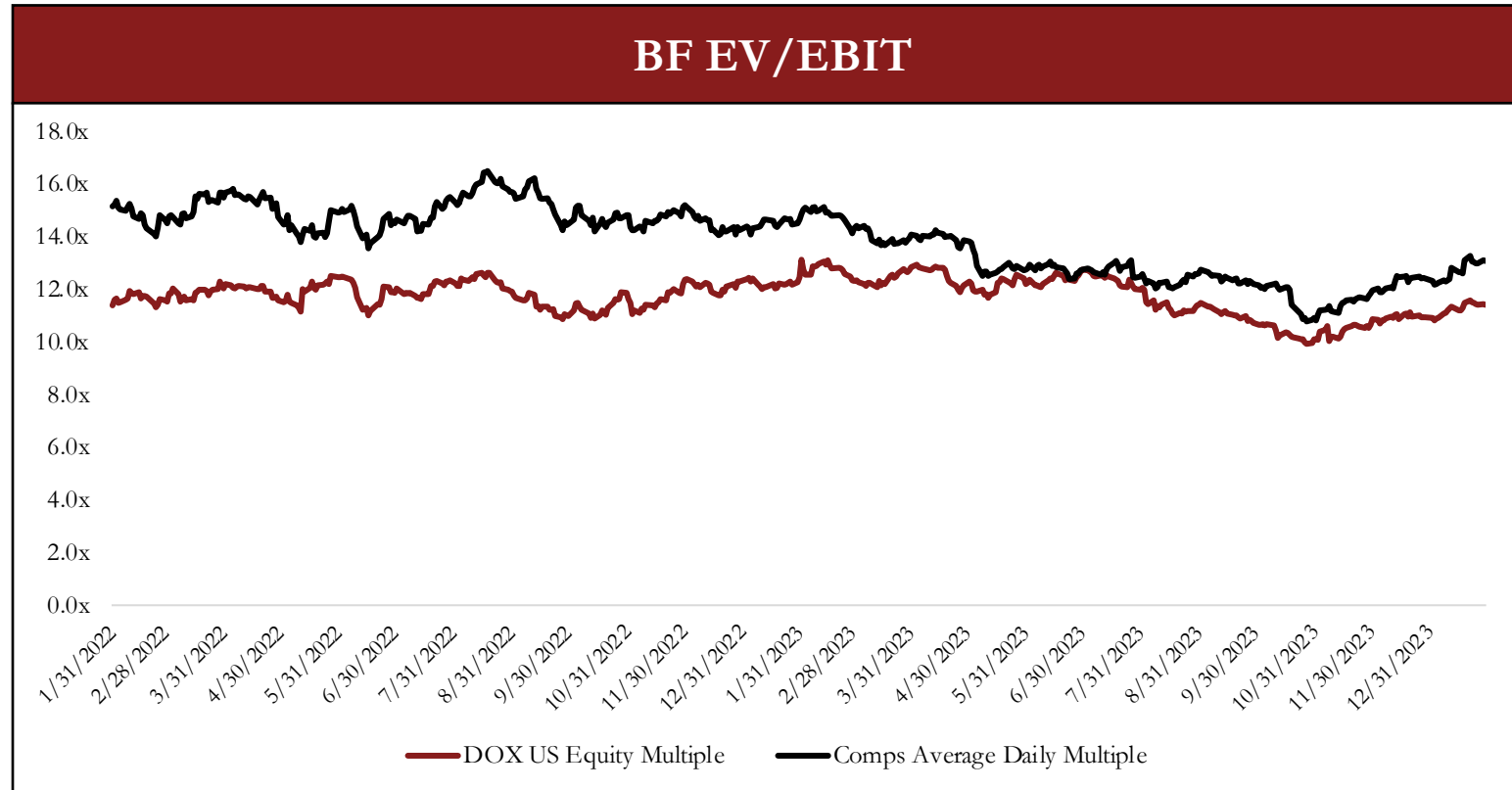


Holder Name	Portfolio Name	Position	% Out	% Portfolio	Institution Type	Country
FMR LLC	--	15,331,306	13.11	0.00	Investment Advisor	United States
Janus Henderson Group PLC	JANUS HENDERSON GROUP PLC	6,736,311	5.76	0.37	Investment Advisor	United Kingdom
Pzena Investment Management LLC	PZENA INVESTMENT MANAGEMENT LLC	4,043,887	3.46	1.46	Investment Advisor	United States
Beutel Goodman & Co Ltd	BEUTEL, GOODMAN & COMPANY LTD	4,040,134	3.46	2.01	Investment Advisor	Canada
BlackRock Inc	--	3,803,495	3.25	0.00	Investment Advisor	United States
Nordea Bank Abp	--	3,431,648	2.94	0.00	Investment Advisor	Sweden
LSV Asset Management	LSV ASSET MANAGEMENT	3,099,482	2.65	0.61	Investment Advisor	United States
Schroders PLC	--	2,923,322	2.50	0.00	Investment Advisor	United Kingdom
Invesco Ltd	--	2,629,346	2.25	0.00	Investment Advisor	United States
Allspring Global Investments Holdi	ALLSPRING GLOBAL INVESTMENTS HOLDINGS LLC	2,522,127	2.16	0.37	Investment Advisor	United States
Parnassus Investments	PARNASSUS INVEST	2,384,250	2.04	0.49	Investment Advisor	United States
Massachusetts Financial Services C	MASSACHUSETTS FINANCIAL SERVICES	2,341,757	2.00	0.07	Investment Advisor	United States
American Century Cos Inc	AMERICAN CENTURY COMPANIES INC	1,980,219	1.69	0.13	Investment Advisor	United States
Dimensional Fund Advisors LP	DIMENSIONAL FUND ADVISORS LP	1,912,921	1.64	0.05	Investment Advisor	United States
Clal Insurance Enterprises Holding	CLAL INSURANCE ENTERPRISE HOLDINGS LTD	1,883,478	1.61	2.21	Insurance Company	Israel
AllianceBernstein LP	ALLIANCEBERNSTEIN LP	1,662,504	1.42	0.06	Brokerage	United States
Morgan Stanley	--	1,653,299	1.41	0.00	Brokerage	United States
State Street Corp	--	1,602,990	1.37	0.00	Investment Advisor	United States
Vanguard Group Inc/The	--	1,437,085	1.23	0.00	Investment Advisor	United States
Wellington Management Group LLP	WELLINGTON MANAGEMENT GROUP LLP	1,289,317	1.10	0.02	Investment Advisor	United States
FIL Ltd	--	1,255,852	1.07	0.00	Investment Advisor	Bermuda
Norges Bank	NORGES BANK	1,242,353	1.06	0.03	Bank	Norway
SEI Investments Co	--	1,212,318	1.04	0.00	Investment Advisor	United States
Bank of America Corp	BANK OF AMERICA CORP	1,203,035	1.03	0.01	Bank	United States
Principal Financial Group Inc	PRINCIPAL FINANCIAL GROUP INC	1,173,713	1.00	0.07	Investment Advisor	United States
Geode Capital Management LLC	GEODE CAPITAL MANAGEMENT LLC	1,151,250	0.98	0.01	Investment Advisor	United States
Brandes Investment Partners LP	BRANDES INVESTMENT PARTNERS LP	1,148,342	0.98	1.89	Investment Advisor	United States
Acadian Asset Management LLC	ACADIAN ASSET MANAGEMENT LLC	1,147,499	0.98	0.40	Investment Advisor	United States
Arrowstreet Capital LP	ARROWSTREET CAPITAL LIMITED PARTNERSHIP	1,128,640	0.97	0.12	Hedge Fund Manager	United States
Grace Partners of DuPage LP	--	1,004,035	0.86	0.00	Investment Advisor	United States

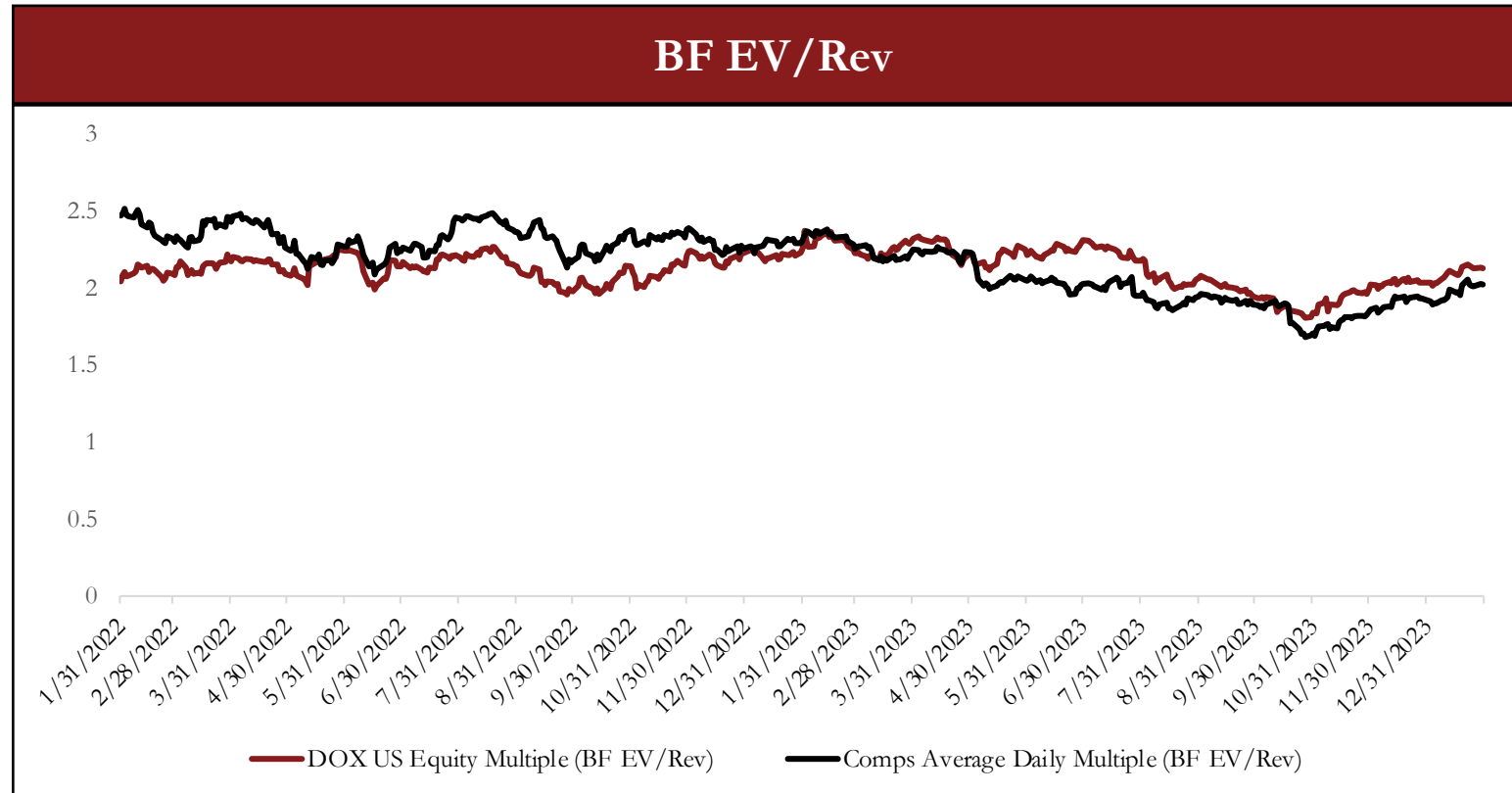
Short Interest Ratio



EV/EBIT Multiple



EV/Revenue Multiple



Suppliers



Joined AWS Private Wireless to enable CSP's to access new innovations



Microsoft-Oracle partnership to integrate DOX applications on Azure



Google Cloud

Enabling CSPs to deploy DOX solutions on Google Cloud's Anthos