

# FICO: The Decisions Company

August, 2017

Some of the statements made by us during this meeting, including statements concerning our expectations about future operations and financial results, are forward-looking statements within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including those risks and uncertainties described from time to time in our SEC reports, including its annual report on Form 10-K for the year ended September 30, 2016.

Product roadmaps and similar marketing materials should be considered forward-looking and subject to future change at FICO’s discretion. Future functionality, features or enhancements as shown are FICO’s current projections of the product direction, but are not specific commitments or obligations.

# FICO Overview

<b>Profile</b>	Leading analytic software company, specializing in decision management Founded: 1956 NYSE: FICO Revenues: \$925M (2017 Guidance)
<b>Products and Services</b>	Credit scores and related analytic models for businesses and consumers Analytic applications for applying advanced analytics to specific business problems Decision Management Software for developing and deploying analytic applications
<b>Clients and Markets</b>	10,000+ clients in 100+ countries Industry focus: Banking, insurance, retail, health care
<b>Recent Rankings</b>	#1 in services operations analytics applications software (IDC)* #4 in advanced and predictive analytics software (IDC)** #25 in the FinTech 100 (IDC) #25 in the FinTech Forward 100 (American Banker)
<b>Offices</b>	20+ offices worldwide, HQ in San Jose, California 3,200+ employees

\*IDC, *Worldwide Business Analytics Software Market Shares, 2014: Line of Business Drives Cloud and Visual Discovery Adoption*, August 2015

\*\*IDC, *Worldwide Advanced and Predictive Analytics Software Market Shares, 2014: The Rise of the Long Tail*, July 2015

A blurred background image showing two men in business attire sitting at a table, looking at documents and talking. The image is dark and out of focus, serving as a backdrop for the text on the left side of the slide.

*“FICO has incredibly deep knowledge about what it takes to make predictive models actionable.”*

The Forrester Wave™: Big Data Predictive Analytics Solutions, Q2 2015,  
Forrester Research, Inc.  
April 1, 2015



Accelerate our analytic innovation, bringing more value to every client



Give the power of FICO analytics to companies in any industry



Use the cloud to help businesses of any size deploy analytics faster and at lower cost



Reveal the secrets in Big Data to transform our clients' customer engagement

# Market Leading Products and Solutions

Credit Decisioning	FICO® Score	<b>#1 credit risk score</b> 10+ billion credit decisions a year
Customer service	FICO® TRIAD® Customer Manager	<b>#1 credit account management system</b> 65% of card accounts worldwide
Fraud & security	FICO® Falcon® Fraud Manager	<b>#1 payment card fraud solution</b> 2.6+ billion payment cards protected
Decision management	FICO® Decision Management Suite	<b>Comprehensive platform for developing decision management applications</b>
Customer engagement	FICO® Customer Communication Services	<b>Leading Omni-Channel Communications Solution</b> 200M Communications a year

## Scores – extend our B2B leadership and brand value into consumer market.

- Continue to expand growth in Open Access, direct-to-consumer partners, lead generation and Affinity.
- FICO 9 and FICO XD adoption.
- International and new opportunities.

## Applications – expand existing offerings with SaaS-enabled versions.

- Expand sales coverage, services capability, client success, and skills.
- Continue to expand capabilities in AML, Cyber and Compliance.
- Establish FICO as cloud player.

## DMS – provide a simple, cost-effective way to develop/deploy analytics.

- Expand sales coverage, productivity, and skills to accelerate growth.
- Continue to invest in the product, including the release of DMS 3.0.
- Deepen our penetration in financial services and in new industries.

## Capital Allocation

- Invest in key areas to support growth.
- Grow earnings faster than revenue.
- Share repurchases with tuck-in M&A.

*Plan growth for mid-single digits;  
Drive to accelerate to high-single-digits*

# Example: FICO® Decision Management Suite

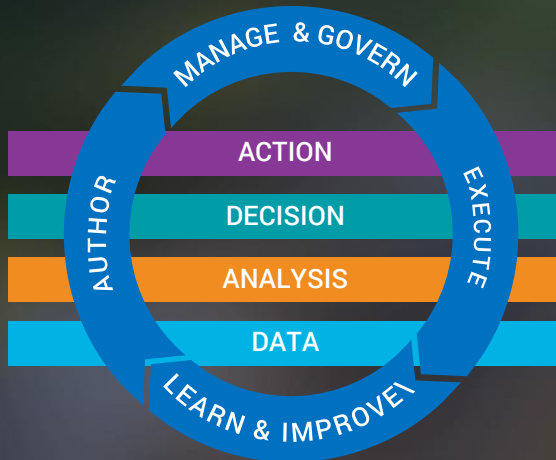
Ingest and explore data

Discover analytic insights

Execute analytics in operational decisions

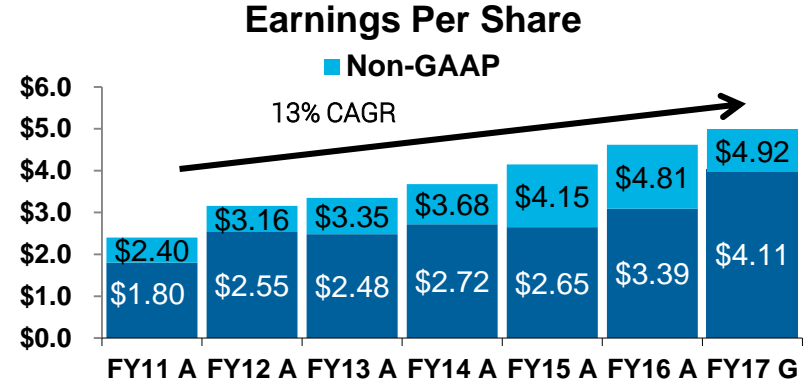
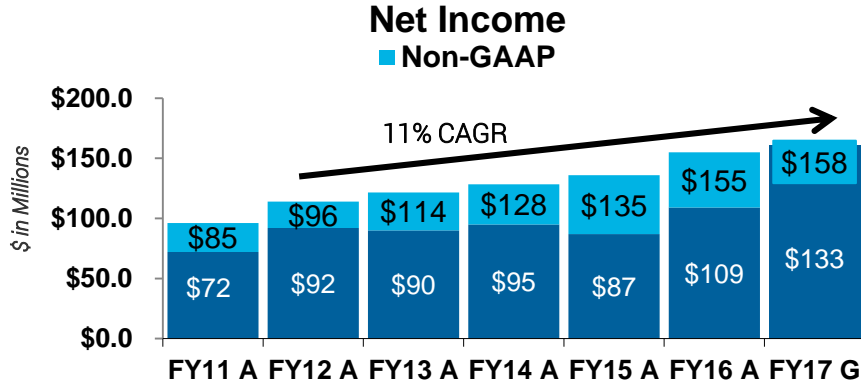
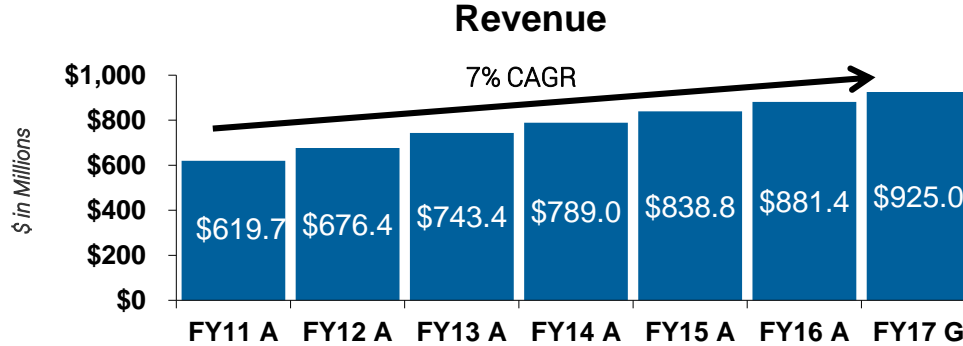
Create and deliver engaging web & mobile applications

Track and improve models & strategies



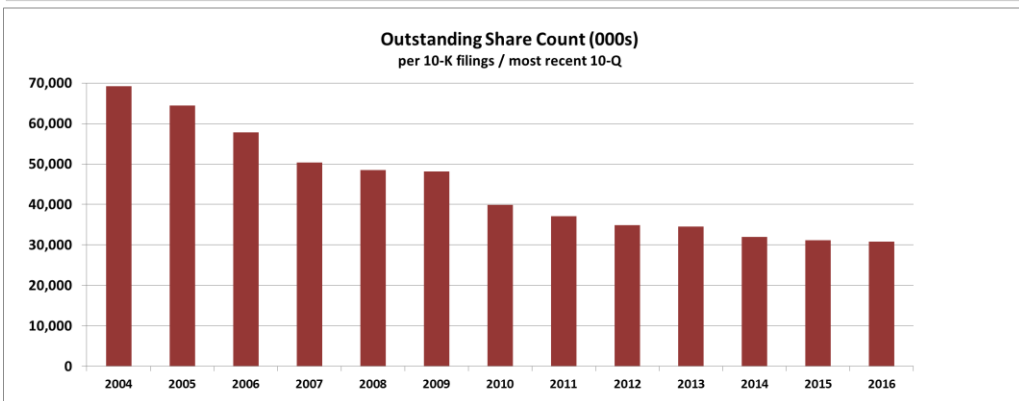
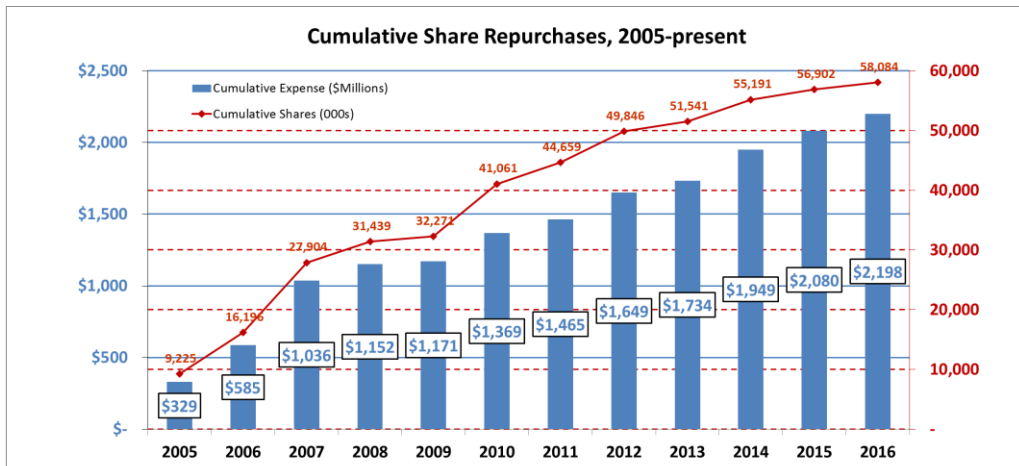
- Full suite of Decision Management software authoring components
  - Analytics, Decisions, and Optimization
  - Application development and productivity tools
- Rich, configurable user interfaces for browser and mobile
- Management tools to create insight, increase control and drive learning
- Visualizes insights to decision performance with dashboards and reports
- Allows Seamless integration of new application functionality with FICO/Partner Solutions

# Key Operating Trends

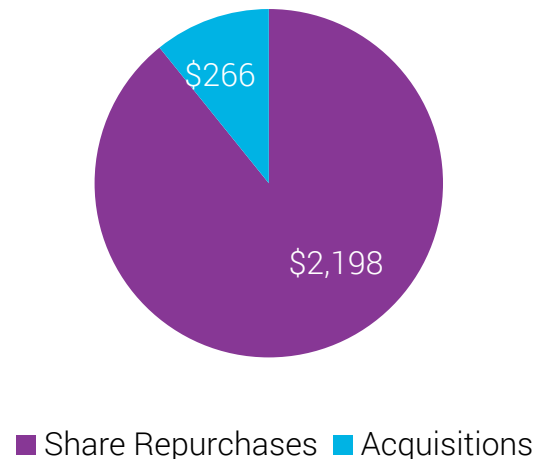




# Efficient Use of Cash



Historical use of cash since 2005



# Regulation G Disclosures (Unaudited) Current Non-GAAP Measures

	Fiscal Year 2017	Quarter Ended June 30, 2017	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Fiscal Year 2016	Quarter Ended September 30, 2016	Quarter Ended June 30, 2016	Quarter Ended March 31, 2016	Quarter Ended December 31, 2015
<b>Operating Income</b>									
Operating income, as reported	\$ 116,397	\$ 41,429	\$ 40,041	\$ 34,927	\$ 169,591	\$ 44,915	\$ 55,318	\$ 38,524	\$ 30,834
Amortization of intangible assets	9,997	3,365	3,312	3,320	13,982	3,409	3,486	3,507	3,580
Restructuring and acquisition-related	4,471	4,471	-	-	0	-	-	-	-
Stock-based compensation expense	43,546	14,315	14,712	14,519	55,508	13,804	13,404	13,600	14,700
Non-GAAP operating income (segment operating income)	\$ 174,411	\$ 63,580	\$ 58,065	\$ 52,766	\$ 239,081	\$ 62,128	\$ 72,208	\$ 55,631	\$ 49,114
Revenues	\$ 678,964	\$ 230,986	\$ 228,378	\$ 219,600	\$ 881,356	\$ 235,824	\$ 238,778	\$ 206,678	\$ 200,076
Non-GAAP operating margin	26%	28%	25%	24%	27%	26%	30%	27%	25%
<b>Net Income</b>									
Net income, as reported	\$ 88,212	\$ 25,227	\$ 25,084	\$ 37,901	\$ 109,448	\$ 32,104	\$ 34,987	\$ 23,116	\$ 19,241
Amortization of intangible assets	9,997	3,365	3,312	3,320	13,982	3,409	3,486	3,507	3,580
Restructuring and acquisition-related	4,471	4,471	-	-	0	-	-	-	-
Stock-based compensation expense	43,546	14,315	14,712	14,519	55,508	13,804	13,404	13,600	14,700
Income tax adjustments	(17,801)	(7,272)	(5,542)	(4,987)	(20,235)	(4,676)	(5,051)	(5,094)	(5,414)
Excess tax benefit	(23,548)	(2,685)	(3,602)	(17,261)	0	-	-	-	-
Adjustment to foreign tax credit and tax reverses	-	-	-	-	(3,287)	(3,287)	-	-	-
Non-GAAP net income	\$ 104,877	\$ 37,421	\$ 33,964	\$ 33,492	\$ 155,416	\$ 41,354	\$ 46,826	\$ 35,129	\$ 32,107
Revenues	\$ 678,964	\$ 230,986	\$ 228,378	\$ 219,600	\$ 881,356	\$ 235,824	\$ 238,778	\$ 206,678	\$ 200,076
Non-GAAP net margin	15%	16%	15%	15%	18%	18%	20%	17%	16%
<b>Diluted Earnings per Share</b>									
Diluted earnings per share, as reported	\$ 2.73	\$ 0.78	\$ 0.78	\$ 1.16	\$ 3.39	\$ 1.00	\$ 1.08	\$ 0.72	\$ 0.59
Amortization of intangible assets	0.31	0.10	0.10	0.10	0.43	0.11	0.11	0.11	0.11
Restructuring and acquisition-related	0.14	0.14	-	-	-	-	-	-	-
Stock-based compensation expense	1.35	0.44	0.46	0.45	1.72	0.43	0.41	0.42	0.45
Income tax adjustments	(0.55)	(0.23)	(0.17)	(0.15)	(0.63)	(0.15)	(0.16)	(0.16)	(0.17)
Excess tax benefit	(0.73)	(0.08)	(0.11)	(0.53)	-	-	-	-	-
Adjustment to foreign tax credit and tax reverses	-	-	-	-	(0.10)	(0.10)	-	-	-
Non-GAAP diluted earnings per share	\$ 3.24	\$ 1.16	\$ 1.05	\$ 1.03	\$ 4.81	\$ 1.28	\$ 1.45	\$ 1.09	\$ 0.99
<b>Reconciliation to Adjusted EBITDA</b>									
Net income, as reported	\$ 88,212	\$ 25,227	\$ 25,084	\$ 37,901	\$ 109,448	\$ 32,104	\$ 34,987	\$ 23,116	\$ 19,241
Interest expense, net	19,403	6,653	6,578	6,172	26,634	6,314	6,781	6,815	6,724
Provision for income taxes	8,910	10,104	8,052	(9,246)	35,121	6,255	15,303	9,028	4,535
Other expense (income), net	(128)	(555)	327	100	(1,610)	243	(1,752)	(435)	334
Amortization of intangible assets	9,997	3,365	3,312	3,320	13,982	3,409	3,486	3,507	3,580
Depreciation	17,044	5,697	5,738	5,609	17,650	5,096	4,473	4,219	3,862
Stock-based compensation expense	43,546	14,315	14,712	14,519	55,508	13,804	13,404	13,600	14,700
Restructuring and acquisition-related	4,471	4,471	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 191,455	\$ 69,277	\$ 63,803	\$ 58,375	\$ 256,733	\$ 67,225	\$ 76,682	\$ 59,850	\$ 53,976
Revenues	\$ 678,964	\$ 230,986	\$ 228,378	\$ 219,600	\$ 881,356	\$ 235,824	\$ 238,778	\$ 206,678	\$ 200,076
Adjusted EBITDA as a percent of revenues	28%	30%	28%	27%	29%	29%	32%	29%	26%
<b>Reconciliation To Free Cash Flow</b>									
Net cash provided by operating activities	\$ 171,422	\$ 72,026	\$ 66,418	\$ 32,978	\$ 210,267	\$ 32,542	\$ 85,390	\$ 41,705	\$ 50,630
Reduced by cash flow items:									
Capital expenditures	14,792	5,189	5,284	4,319	21,969	9,428	4,734	3,513	4,294
Dividends paid	1,238	-	620	618	2,488	619	624	623	622
Free cash flow	\$ 155,392	\$ 66,837	\$ 60,514	\$ 28,041	\$ 185,810	\$ 22,495	\$ 80,032	\$ 37,569	\$ 45,714
Revenues	\$ 678,964	\$ 230,986	\$ 228,378	\$ 219,600	\$ 881,356	\$ 235,824	\$ 238,778	\$ 206,678	\$ 200,076
Free cash flow as a percent of revenues	23%	29%	26%	13%	21%	10%	34%	18%	23%

Note: The numbers may not sum to total due to rounding.