

Fair Isaac Corporation

Q3 20 Financial Highlights

June 30, 2020

- **Revenue:**

Q3 20 revenue of \$314 million, consistent with Q3 19 revenue.

- Applications revenue of \$141 million, or 15% y/y decrease
 - Scores revenue of \$132 million, or 14% y/y increase
 - Decision Management Software revenue of \$41 million, or 22% y/y increase
- GAAP Net income of \$64 million or \$2.15 per share in Q3 20 vs. \$64 million or \$2.12 per share in Q3 19.
 - Non-GAAP Net income of \$77 million or \$2.58 per share in Q3 20 vs. \$76 million or \$2.50 per share in Q3 19.
 - Free Cash Flow was \$99 million in Q3 20 vs. \$61 million in Q3 19

Liquidity Review

	<u>June 30, 2020</u>
Cash	\$126M
Available capacity on revolving line	\$297M
Total Liquidity	\$423M
Leverage Ratio for Q320¹	2.16x
Debt maturity in July 2020	\$ 85M

¹ Net debt to Adj. EBITDA as defined in bank revolving line of credit. Current covenant is 3.0x, will move to 3.25x in July 2020

FY20 YTD vs. Original Guidance*

	Original GAAP Guidance	1H20	3Q 20	Implied 4Q 20	
Revenue	1,245	606	314	325	
Scores					
B2B	336	179	94	63	
B2C	120	65	37	18	
Software					
Transactional & Maintenance	473	226	117	130	Currently trending lower
License	118	45	22	51	Higher Risk, customers may delay purchases
Services	198	91	44	63	Higher Risk, customers may delay purchases
Total Spend	1,008	502	237	269	Possible Opportunity from expense savings
Pre-Tax Income	237	104	76	57	Trending positively
GAAP Net Income	204	113	64	27	Trending positively

*FY 2020 Guidance has been withdrawn

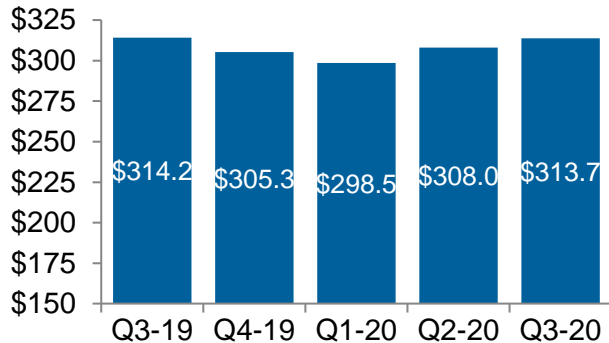
Q3 2020 Financial Highlights

Metric	Q3 19	Q2 20	Q3 20	% Q/Q	% Y/Y
Revenues	\$314.2	\$308.0	\$313.7	2%	0%
GAAP Diluted EPS	\$2.12	\$1.94	\$2.15	11%	1%
Non-GAAP Op. Margin*	34%	32%	34%	6%	0%
Non-GAAP net margin*	24%	21%	24%	14%	0%
Non-GAAP Diluted EPS*	\$2.50	\$2.14	\$2.58	21%	3%
Adjusted EBITDA*	\$112.9	\$105.7	\$112.6	7%	0%
Free Cash Flow*	\$60.8	\$54.8	\$99.0	81%	63%
Headcount	3,967	4,029	4,065	1%	2%
Bookings	\$109.2	\$84.1	\$106.2	26%	-3%

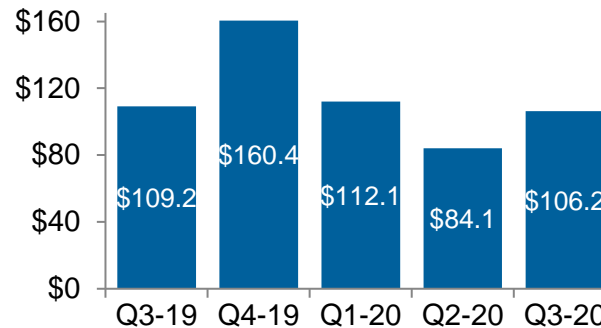
- For a detailed reconciliation, please refer to our Regulation G Disclosure

Key Operating Results

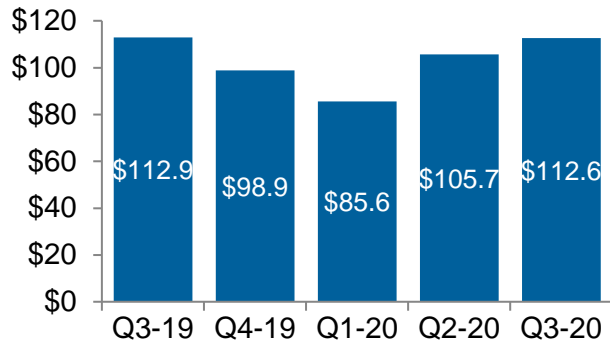
Revenues



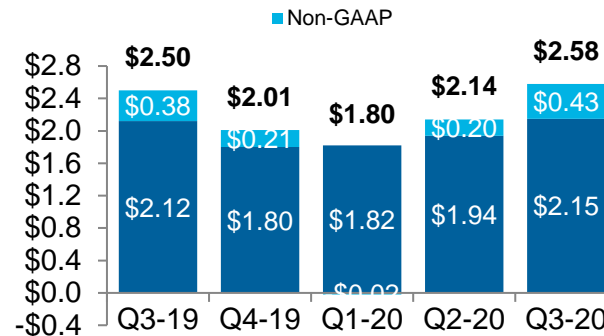
Bookings



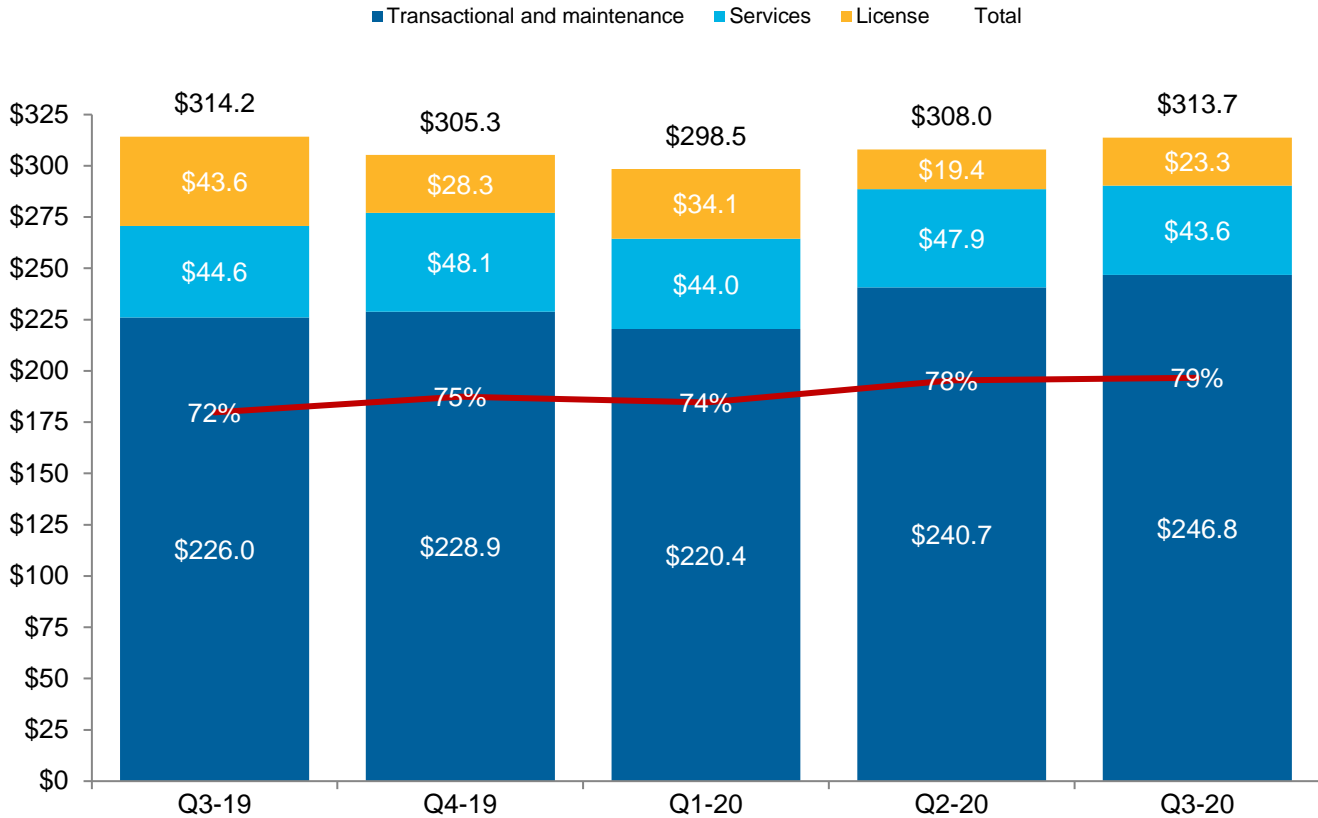
Adjusted EBITDA



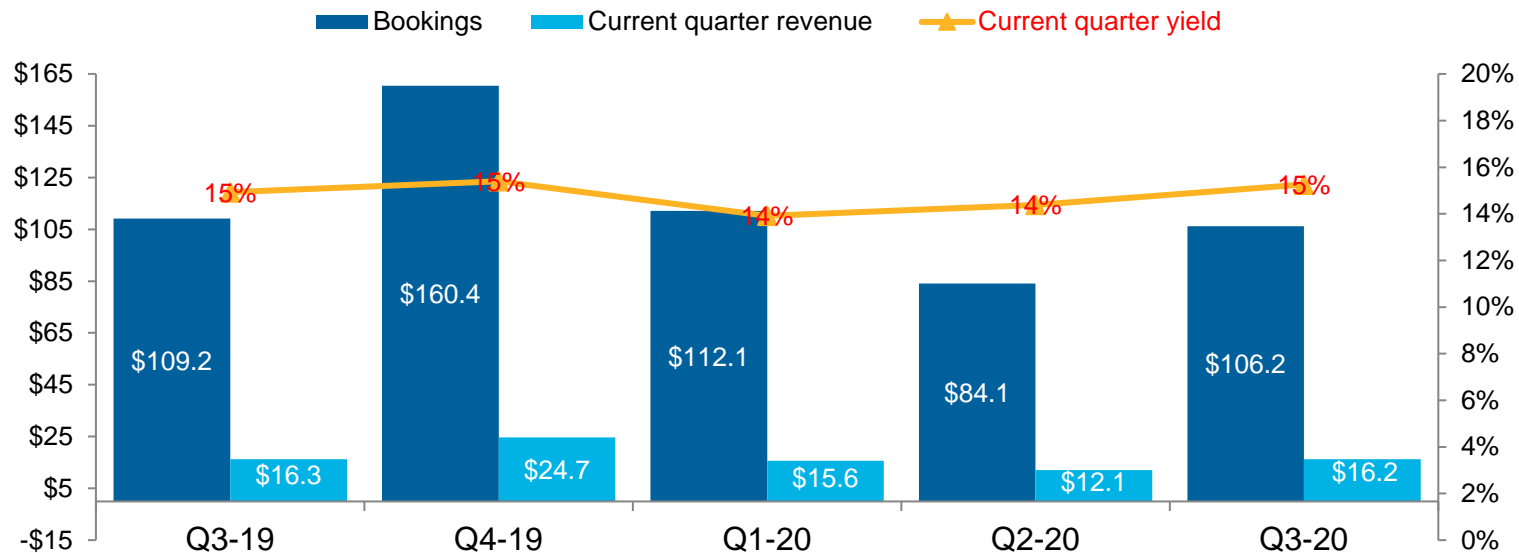
GAAP EPS



Revenue Type Mix

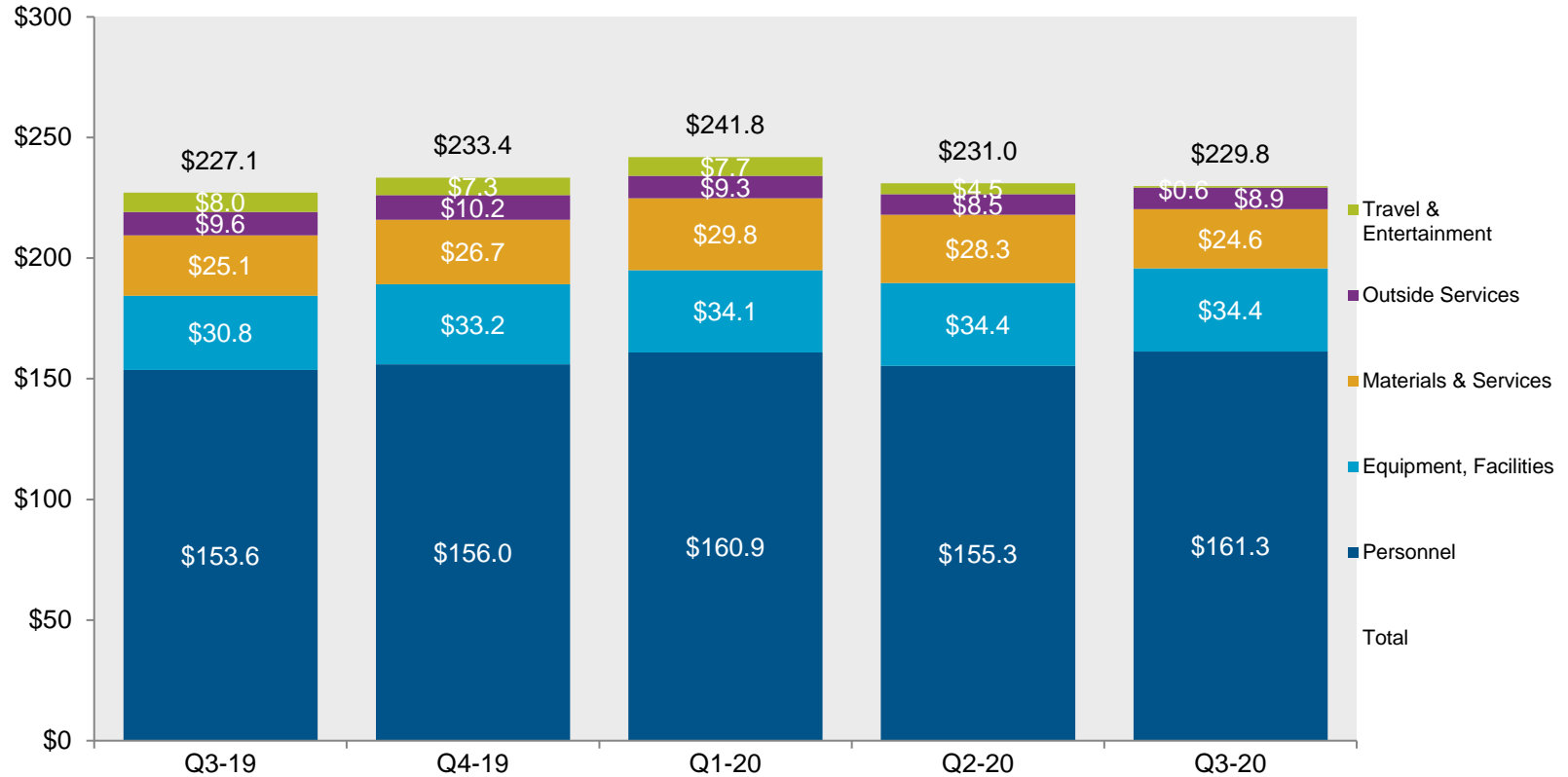


Bookings and Current Quarter Yield

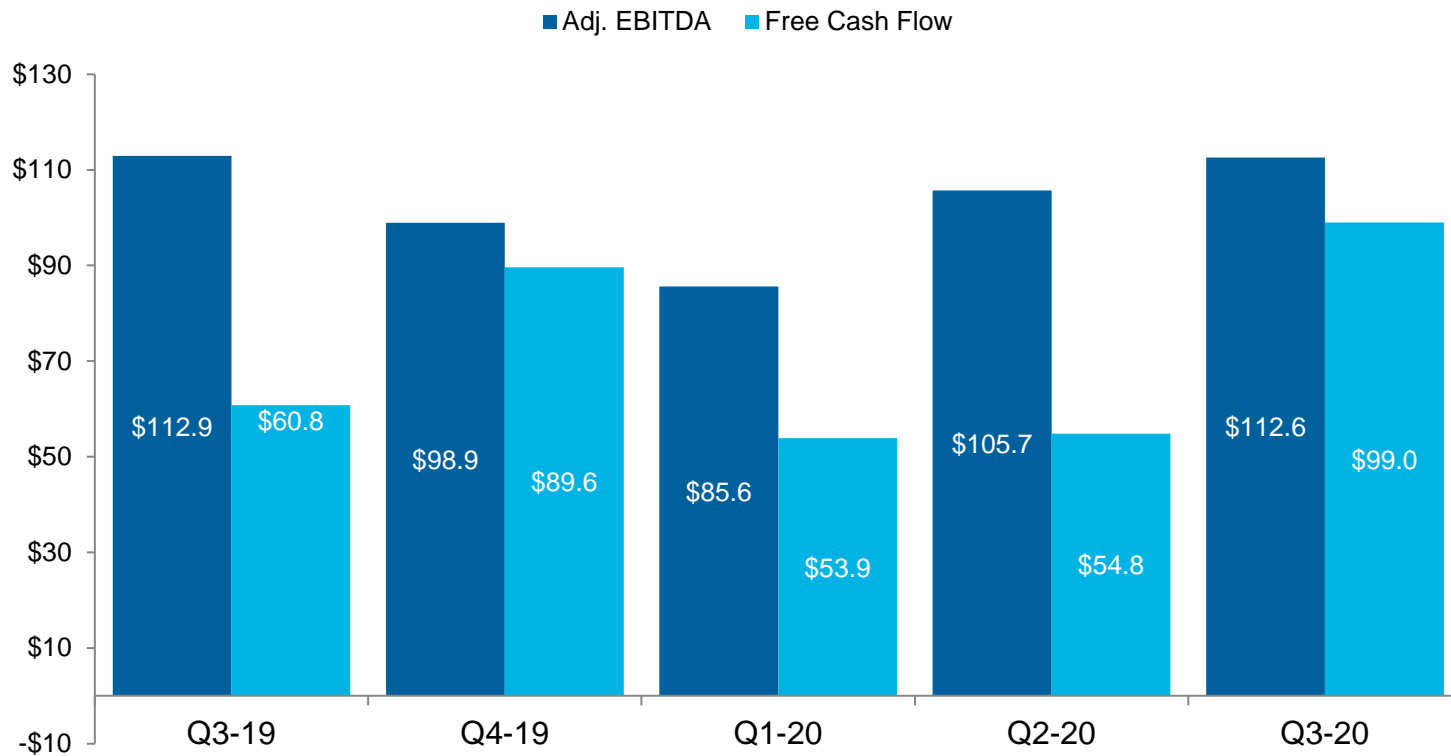


# Deals \$1-3 million	15	25	16	12	8
# Deals >\$3 million	4	9	9	3	8
Average Term	38mos.	34mos.	39mos.	35mos.	37mos.

Expense Review



Adjusted EBITDA & Free Cash Flow



Balance Sheet Review

\$ in Millions	3Q'19	2Q'20	3Q'20	YoY Var	QoQ Var
ASSETS					
Cash & investments	\$ 100.5	\$ 130.1	\$ 150.8	50%	16%
Accounts receivable & other current assets	356.3	374.7	357.3	0%	-5%
Goodwill & intangibles, net	807.4	815.8	814.6	1%	0%
Other	109.6	231.5	241.4	120%	4%
Total Assets	\$ 1,373.8	\$ 1,552.1	\$ 1,564.1	14%	1%
LIABILITIES					
Current liabilities	\$ 457.7	\$ 479.8	\$ 460.2	1%	-4%
Noncurrent liabilities	647.8	858.2	856.6	32%	0%
Total Liabilities	\$ 1,105.5	\$ 1,338.0	\$ 1,316.8	19%	-2%
Stockholders Equity	\$ 268.3	\$ 214.1	\$ 247.3	-8%	16%
Total Liabilities & Equity	\$ 1,373.8	\$ 1,552.1	\$ 1,564.1	14%	1%
METRICS					
Leverage Covenant (max 3.0)	2.29	2.25	2.16	(0.13)	-0.09
Fixed Charge Covenant (min 2.5)	4.73	4.71	4.59	-0.14	-0.12
Days Sales Outstanding	92 days	100 days	100 days	8 day	0 day

Segment Profitability

	Quarter Ended June 30, 2020				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 98,476	\$ 130,268	\$ 18,085	\$ —	\$ 246,829
Professional services	32,364	58	11,211	—	43,633
License	10,620	1,224	11,425	—	23,269
Total segment revenues	141,460	131,550	40,721	—	313,731
Segment operating expense	(111,061)	(21,333)	(43,839)	(31,315)	(207,548)
Segment operating income (loss)	\$ 30,399	\$ 110,217	\$ (3,118)	\$ (31,315)	106,183
Unallocated share-based compensation expense					(22,264)
Unallocated amortization expense					(1,048)
Operating income					82,871
Unallocated interest expense, net					(11,223)
Unallocated other income, net					4,560
Income before income taxes					\$ 76,208
Depreciation expense	\$ 5,091	\$ 176	\$ 1,156	\$ 28	\$ 6,451

	Quarter Ended June 30, 2019				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 100,385	\$ 112,949	\$ 12,706	\$ —	\$ 226,040
Professional services	33,989	392	10,213	—	44,594
License	31,263	1,805	10,547	—	43,615
Total segment revenues	165,637	115,146	33,466	—	314,249
Segment operating expense	(113,400)	(15,850)	(42,229)	(36,019)	(207,498)
Segment operating income (loss)	\$ 52,237	\$ 99,296	\$ (8,763)	\$ (36,019)	106,751
Unallocated share-based compensation expense					(19,595)
Unallocated amortization expense					(1,448)
Operating income					85,708
Unallocated interest expense, net					(10,111)
Unallocated other income, net					2,457
Income before income taxes					\$ 78,054
Depreciation expense	\$ 4,800	\$ 130	\$ 1,027	\$ 222	\$ 6,179

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