

# Fair Isaac Corporation

**Q4 18 Financial Highlights**

**November 1, 2018**

## Q4 2018 Highlights

- **Revenue:**  
Q4 18 revenue \$280 million vs. Q4 17 revenue of \$ 253 million or 10% increase
  - Applications revenue of \$156 million, or 4% y/y increase
  - Scores revenue of \$93 million, or 29% y/y increase
  - Decision Management Software revenue of \$31 million, or 1% y/y increase
- GAAP Net income of \$50 million or \$1.64 per share in Q4 18 vs. \$40 million or \$ 1.25 per share in Q4 17.
- Non-GAAP Net income of \$58 million or \$1.89 per share in Q4 18 vs. \$53 million or \$1.65 per share in Q4 17.
- Free Cash Flow was \$53 million in Q4 18 vs. \$49 million in Q4 17

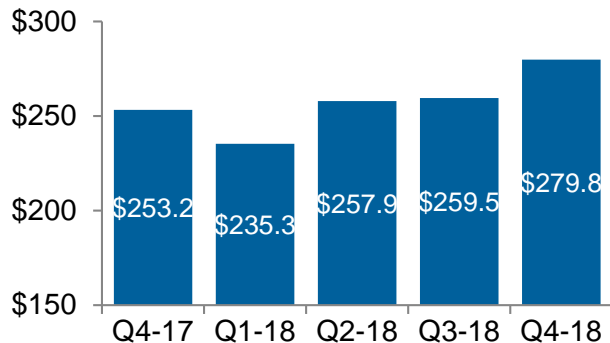
## Q4 2018 Financial Highlights

Metric	Q4 17	Q3 18	Q4 18	% Q/Q	% Y/Y
Revenues	\$253.2	\$259.5	\$279.8	8%	11%
GAAP Diluted EPS	\$1.25	\$1.04	\$1.64	58%	31%
Non-GAAP Op. Margin*	32%	27%	33%	22%	3%
Non-GAAP net margin*	21%	18%	21%	17%	0%
Non-GAAP Diluted EPS*	\$1.65	\$1.51	\$1.89	25%	15%
Adjusted EBITDA*	\$87.1	\$74.2	\$97.8	32%	12%
Free Cash Flow*	\$49.2	\$72.0	\$52.9	-27%	8%
Headcount	3,299	3,546	3,668	3%	11%
Bookings	\$145.9	\$119.9	\$133.5	11%	-8%

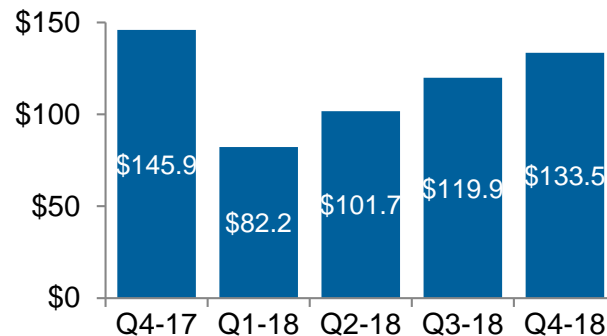
- For a detailed reconciliation, please refer to our Regulation G Disclosure

# Key Operating Results

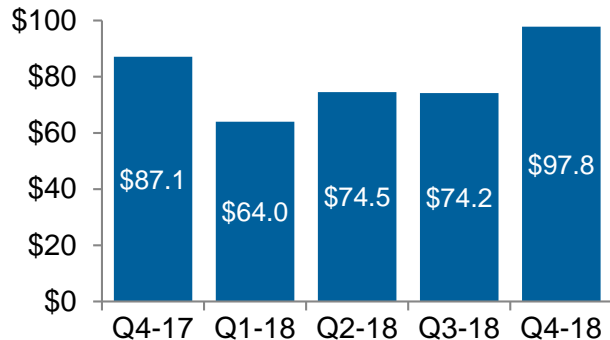
## Revenues



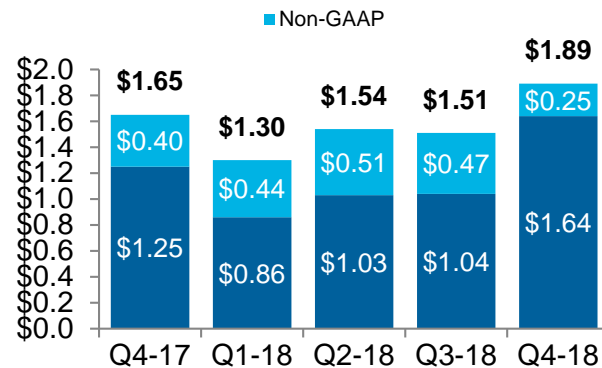
## Bookings



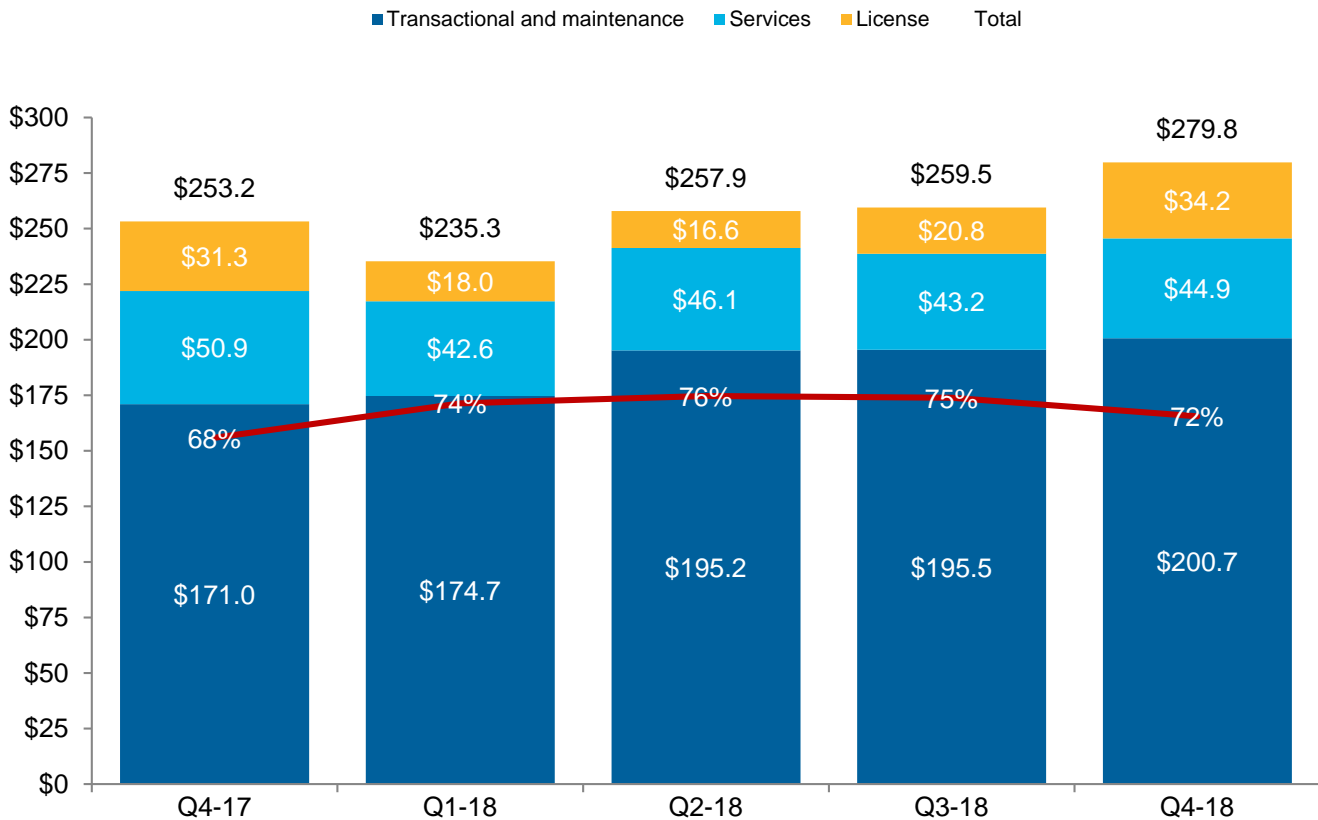
## Adjusted EBITDA



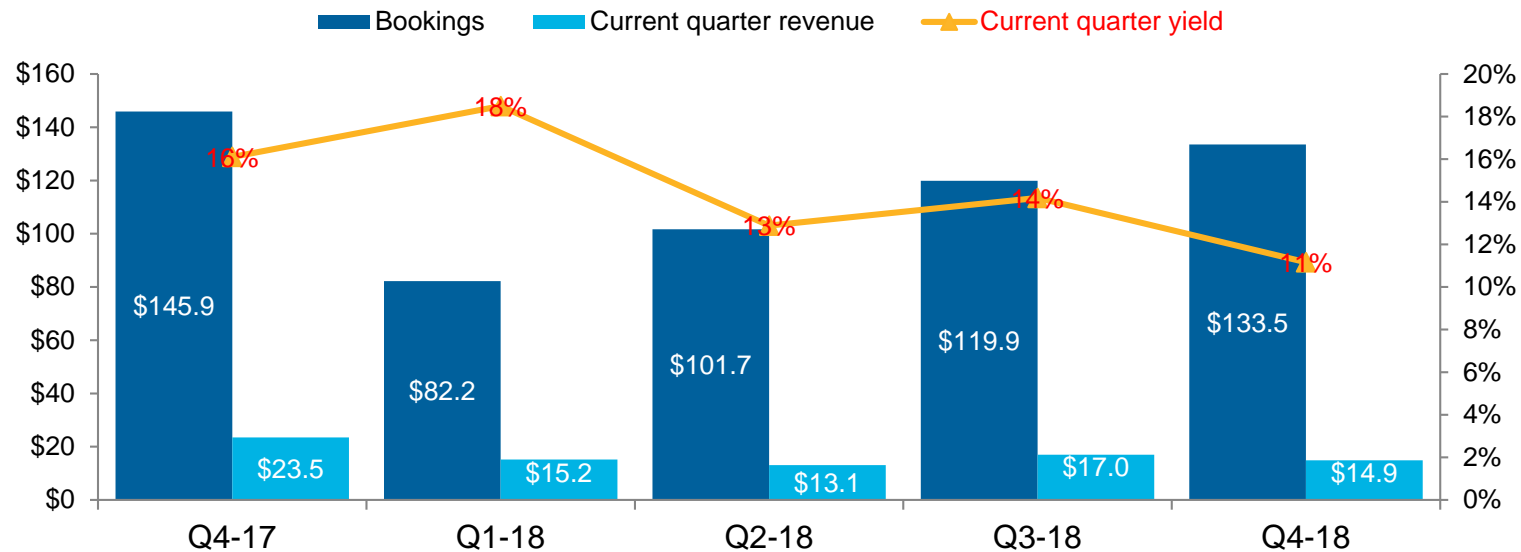
## GAAP EPS



# Revenue Type Mix

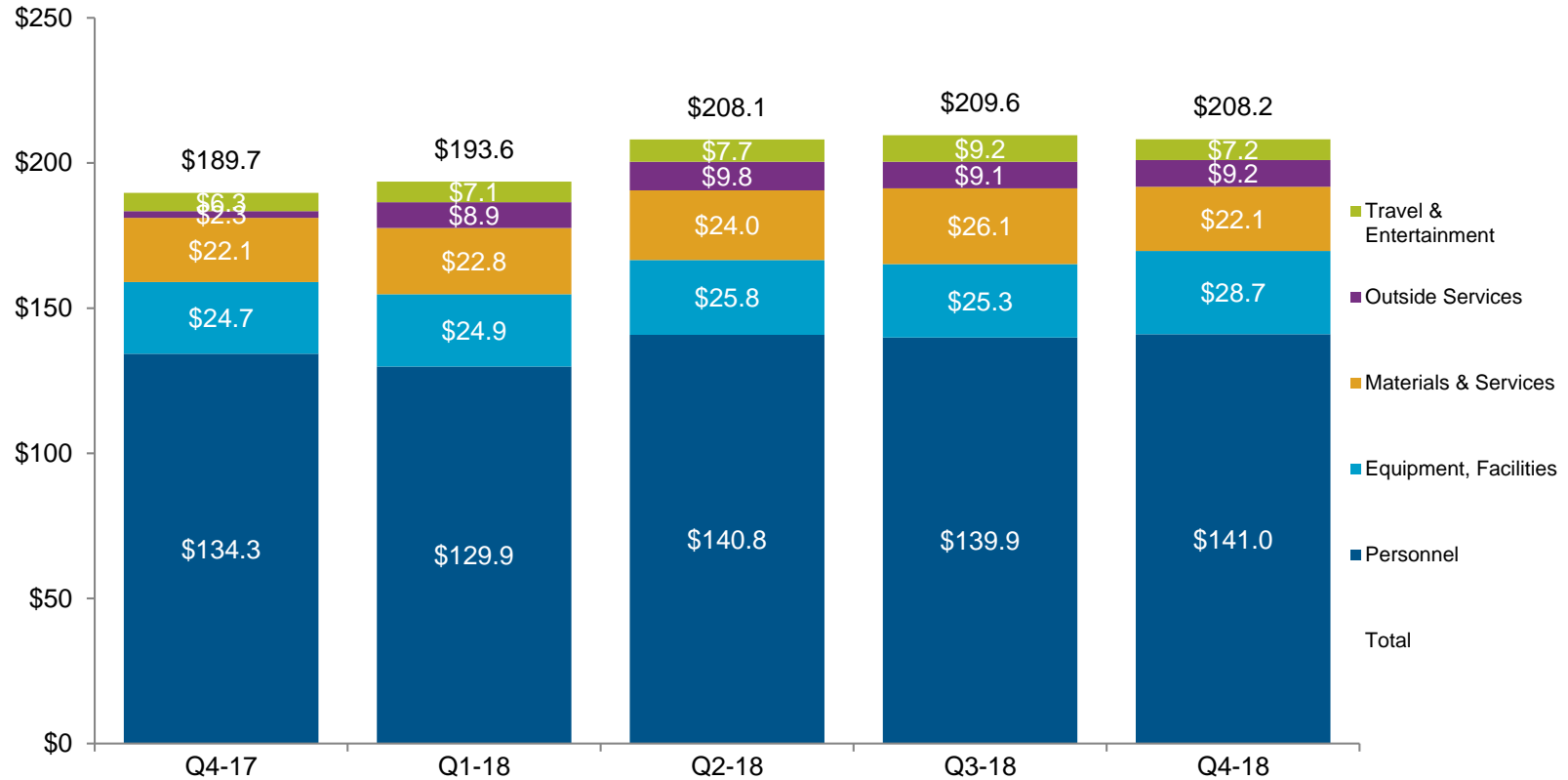


# Bookings and Current Quarter Yield

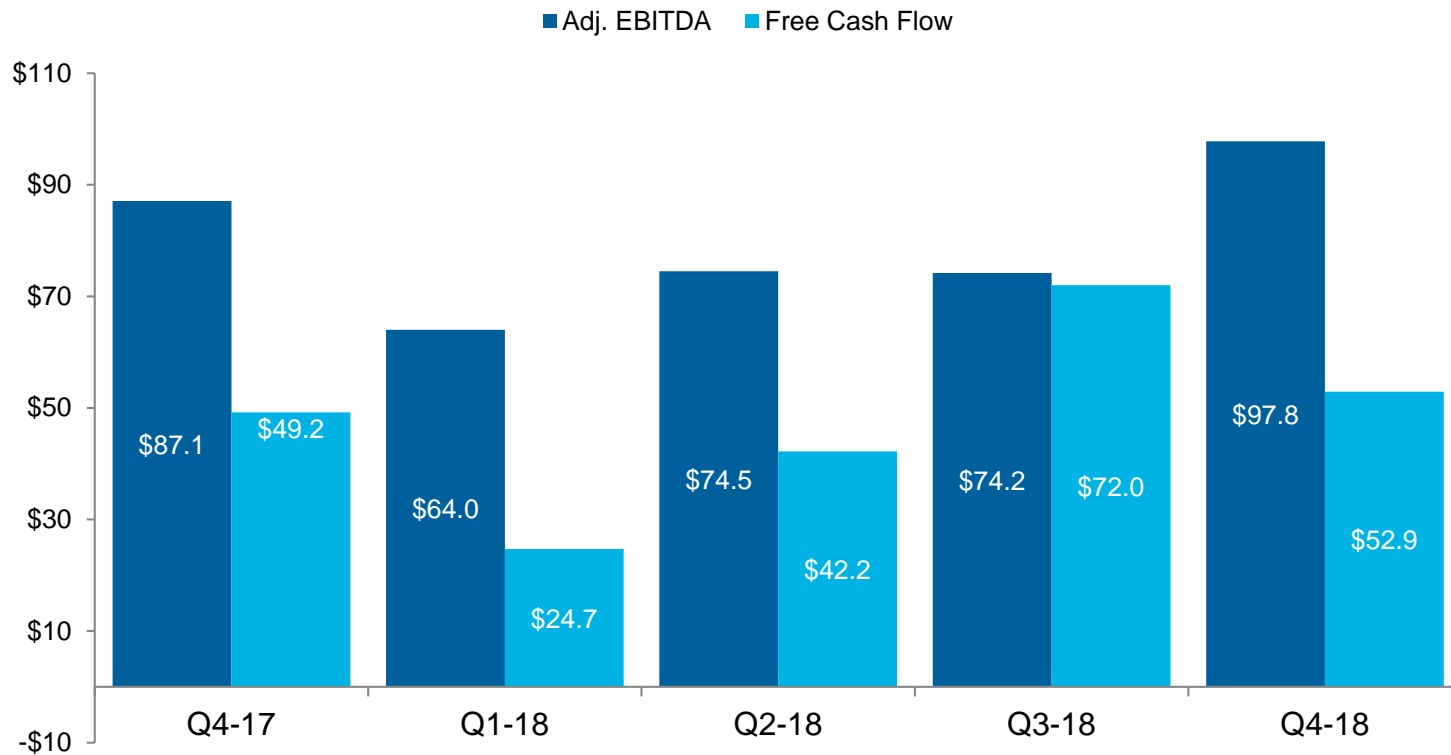


# Deals \$1-3 million	19	9	13	15	16
# Deals >\$3 million	13	4	6	9	8
Average Term	29 mos.	27 mos.	30 mos.	28 mos.	31 mos.

# Expense Review



# Adjusted EBITDA & Free Cash Flow





# Balance Sheet Review

\$ in Millions	4Q'17	3Q'18	4Q'18	YoY Var	QoQ Var
<b>ASSETS</b>					
Cash & investments	\$ 131.1	\$ 148.6	\$ 109.8	-16%	-26%
Accounts receivable & other current assets	205.3	215.4	248.5	21%	15%
Goodwill & intangibles, net	825.6	818.1	815.4	-1%	0%
Other	93.6	105.0	81.4	-13%	-22%
<b>Total Assets</b>	<b>\$ 1,255.6</b>	<b>\$ 1,287.1</b>	<b>\$ 1,255.1</b>	<b>0%</b>	<b>-2%</b>
<b>LIABILITIES</b>					
Current liabilities	\$ 326.7	\$ 397.2	\$ 422.2	29%	6%
Noncurrent liabilities	502.4	595.2	569.2	13%	-4%
<b>Total Liabilities</b>	<b>\$ 829.1</b>	<b>\$ 992.4</b>	<b>\$ 991.4</b>	<b>20%</b>	<b>0%</b>
<b>Stockholders Equity</b>	<b>\$ 426.5</b>	<b>\$ 294.7</b>	<b>\$ 263.7</b>	<b>-38%</b>	<b>-11%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,255.6</b>	<b>\$ 1,287.1</b>	<b>\$ 1,255.1</b>	<b>0%</b>	<b>-2%</b>
<b>METRICS</b>					
Leverage Covenant (max 3.0)	2.02	2.34	2.30	0.28	-0.04
Fixed Charge Covenant (min 2.5)	5.38	5.18	5.13	-0.25	-0.05
Days Sales Outstanding	61 days	64 days	69 days	8 day	5 day

# Segment Profitability

	Year Ended September 30, 2018				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 381,109	\$ 337,530	\$ 47,420	\$ —	\$ 766,059
Professional services	142,908	1,751	32,145	—	176,804
License	61,554	3,367	24,691	—	89,612
Total segment revenues	585,571	342,648	104,256	—	1,032,475
Segment operating expense	(420,995)	(63,477)	(134,903)	(125,255)	(744,630)
Segment operating income (loss)	\$ 164,576	\$ 279,171	\$ (30,647)	\$ (125,255)	\$ 287,845
Unallocated share-based compensation expense					(74,814)
Unallocated amortization expense					(6,594)
Operating income					206,437
Unallocated interest expense, net					(31,311)
Unallocated other income, net					12,884
Income before income taxes					\$ 188,010
Depreciation expense	\$ 15,651	\$ 555	\$ 5,471	\$ 956	\$ 22,633

	Year Ended September 30, 2017				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 348,861	\$ 259,780	\$ 44,019	\$ —	\$ 652,660
Professional services	141,857	2,849	34,863	—	179,569
License	62,449	3,725	33,766	—	99,940
Total segment revenues	553,167	266,354	112,648	—	932,169
Segment operating expense	(393,667)	(54,436)	(123,466)	(104,998)	(676,567)
Segment operating income (loss)	\$ 159,500	\$ 211,918	\$ (10,818)	\$ (104,998)	\$ 255,602
Unallocated share-based compensation expense					(61,222)
Unallocated amortization expense					(12,709)
Unallocated restructuring and acquisition-related expenses					(4,471)
Operating income					177,200
Unallocated interest expense, net					(25,790)
Unallocated other expense, net					(86)
Income before income taxes					\$ 151,324
Depreciation expense	\$ 15,857	\$ 991	\$ 4,783	\$ 1,349	\$ 22,980

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