

Fair Isaac Corporation

Q2 20 Financial Highlights

March 31, 2020

A Resilient Culture

- **Nearly every member of our 4,000-person global workforce currently working from home.**
- **43 offices in 32 countries = working remotely is a core competency.**
- **Key internal and client project deliverables remain on-track.**
- **All colleagues equipped with laptops, many provided with company-issued mobile phones.**
- **Video-based communication culture well-established and driving collaboration.**
- **Robust VPN infrastructure permitting remote access to secured networks, servers, etc.**
- **Utilization of 3rd party vendors with established business continuity plans for onsite data center support – no issues.**
- **Cyber Security team focused on protecting customers, environments and sensitive data.**
- **Dedicated coronavirus response team centrally coordinating corporate and client communications.**

Q2 2020 Highlights

- **Revenue:**

Q2 20 revenue of \$308 million vs. Q2 19 revenue of \$ 278 million or 11% increase

- Applications revenue of \$140 million, or 1% y/y decrease
- Scores revenue of \$129 million, or 24% y/y increase
- Decision Management Software revenue of \$39 million, or 20% y/y increase

- GAAP Net income of \$58 million or \$1.94 per share in Q2 20 vs. \$33 million or \$1.10 per share in Q2 19.

- Non-GAAP Net income of \$64 million or \$2.14 per share in Q2 20 vs. \$47 million or \$1.56 per share in Q2 19.

- Free Cash Flow was \$55 million in Q2 20 vs. \$44 million in Q2 19

Liquidity Review

	<u>March 31, 2020</u>
Cash	\$109M
Available capacity on revolving line	\$276M
Total Liquidity	\$385M
Leverage Ratio for Q220¹	2.25x
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 First Half vs. Original Guidance*

	GAAP Guidance	1H20	Implied 2H20	
Revenue	1,245	606	639	
Scores				
B2B	336	179	157	Higher Risk, low visibility to volumes
B2C	120	65	55	
Software				
Transactional & Maintenance	473	226	247	
License	118	45	73	Higher Risk, customers may delay purchases
Services	198	91	107	Higher Risk, customers may delay purchases
Total Spend	1,008	502	506	Possible Opportunity from revenue-based expenses
Pre-Tax Income	237	104	133	
Net Income	204	113	91	

*FY 2020 Guidance has been withdrawn

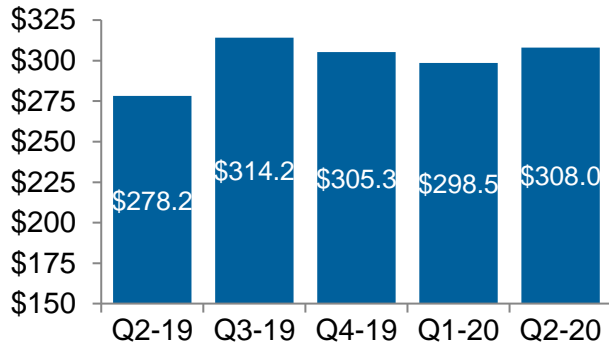
Q2 2020 Financial Highlights

Metric	Q2 19	Q1 20	Q2 20	% Q/Q	% Y/Y
Revenues	\$278.2	\$298.5	\$308.0	3%	11%
GAAP Diluted EPS	\$1.10	\$1.82	\$1.94	7%	76%
Non-GAAP Op. Margin*	25%	27%	32%	19%	28%
Non-GAAP net margin*	17%	18%	21%	17%	24%
Non-GAAP Diluted EPS*	\$1.56	\$1.80	\$2.14	19%	37%
Adjusted EBITDA*	\$76.5	\$85.6	\$105.7	23%	38%
Free Cash Flow*	\$43.6	\$53.9	\$54.8	2%	26%
Headcount	3,896	3,956	4,029	2%	3%
Bookings	\$105.7	\$112.1	\$84.1	-25%	-20%

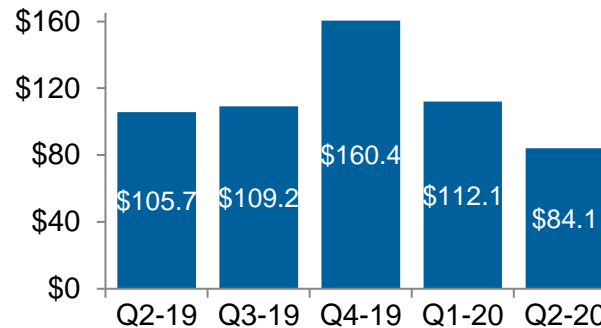
- For a detailed reconciliation, please refer to our Regulation G Disclosure

Key Operating Results

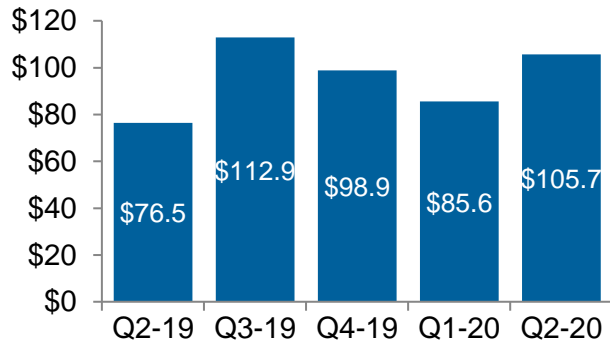
Revenues



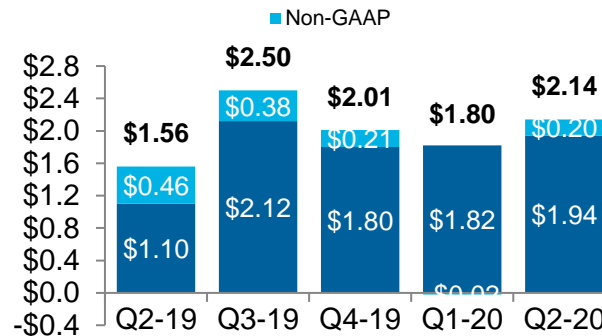
Bookings



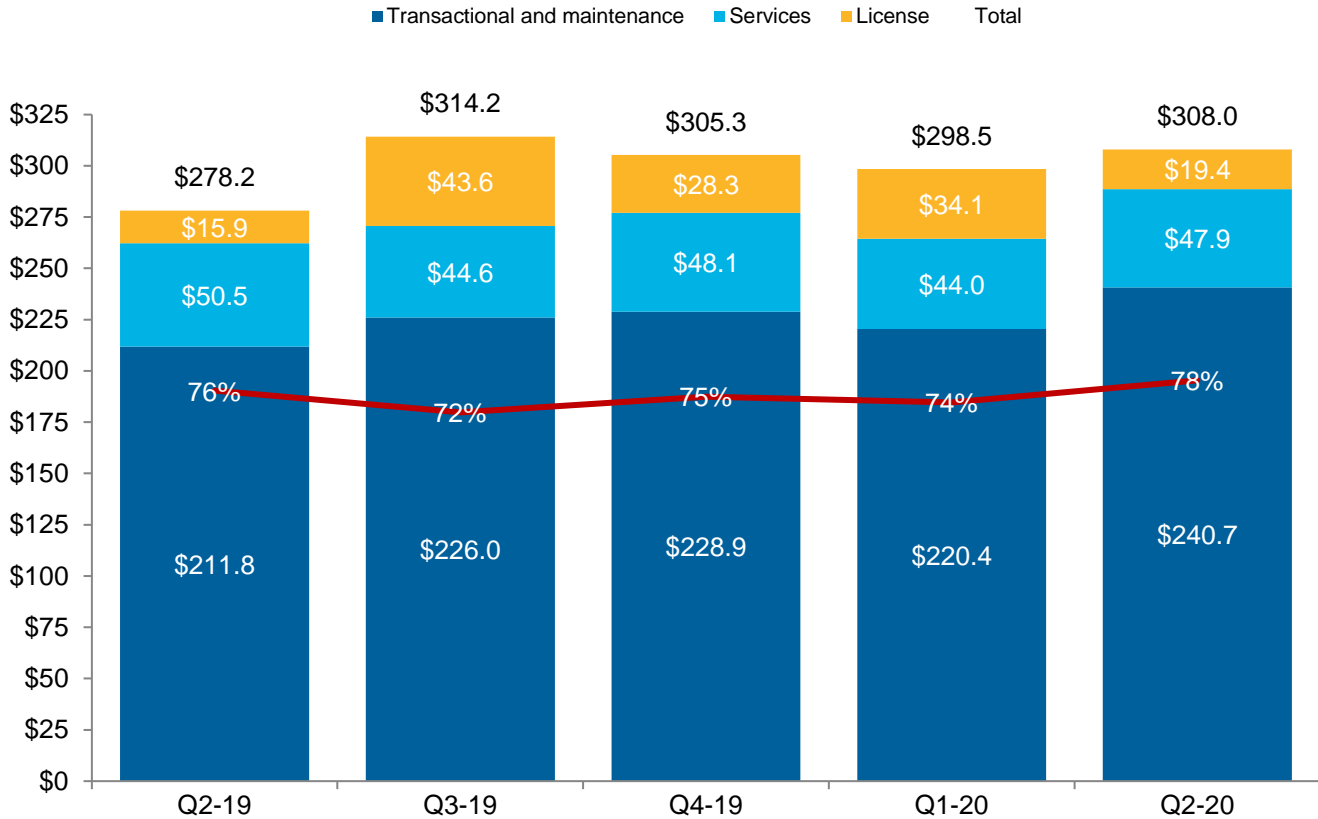
Adjusted EBITDA



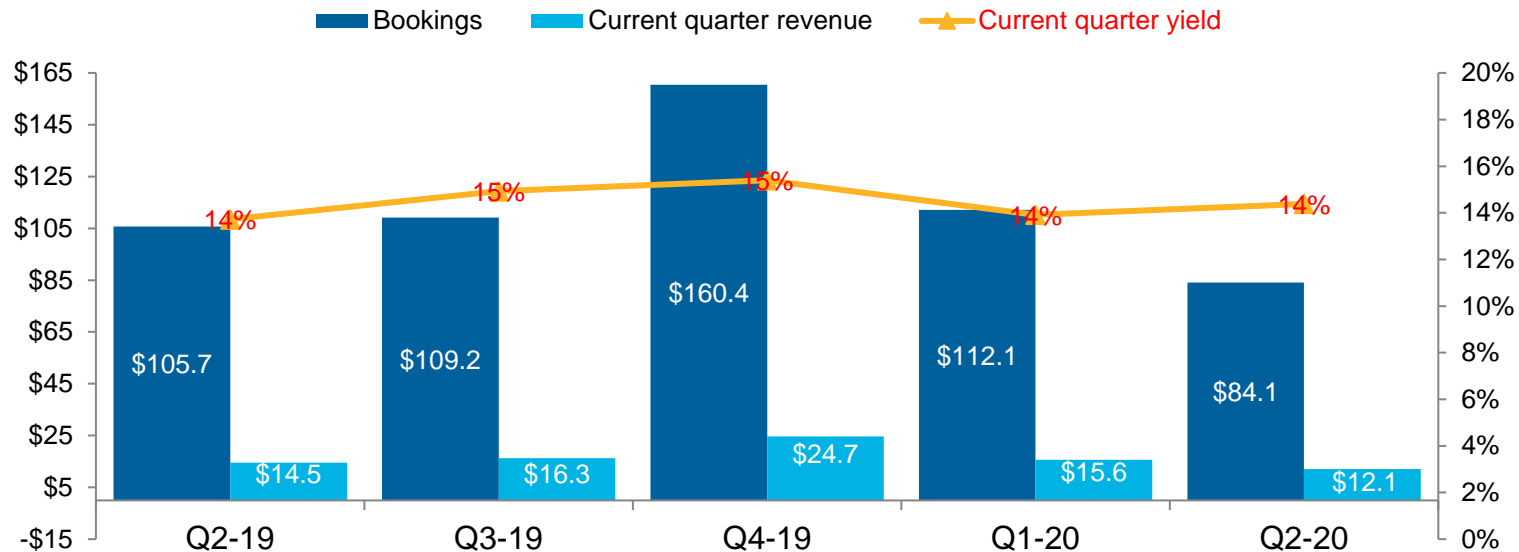
GAAP EPS



Revenue Type Mix

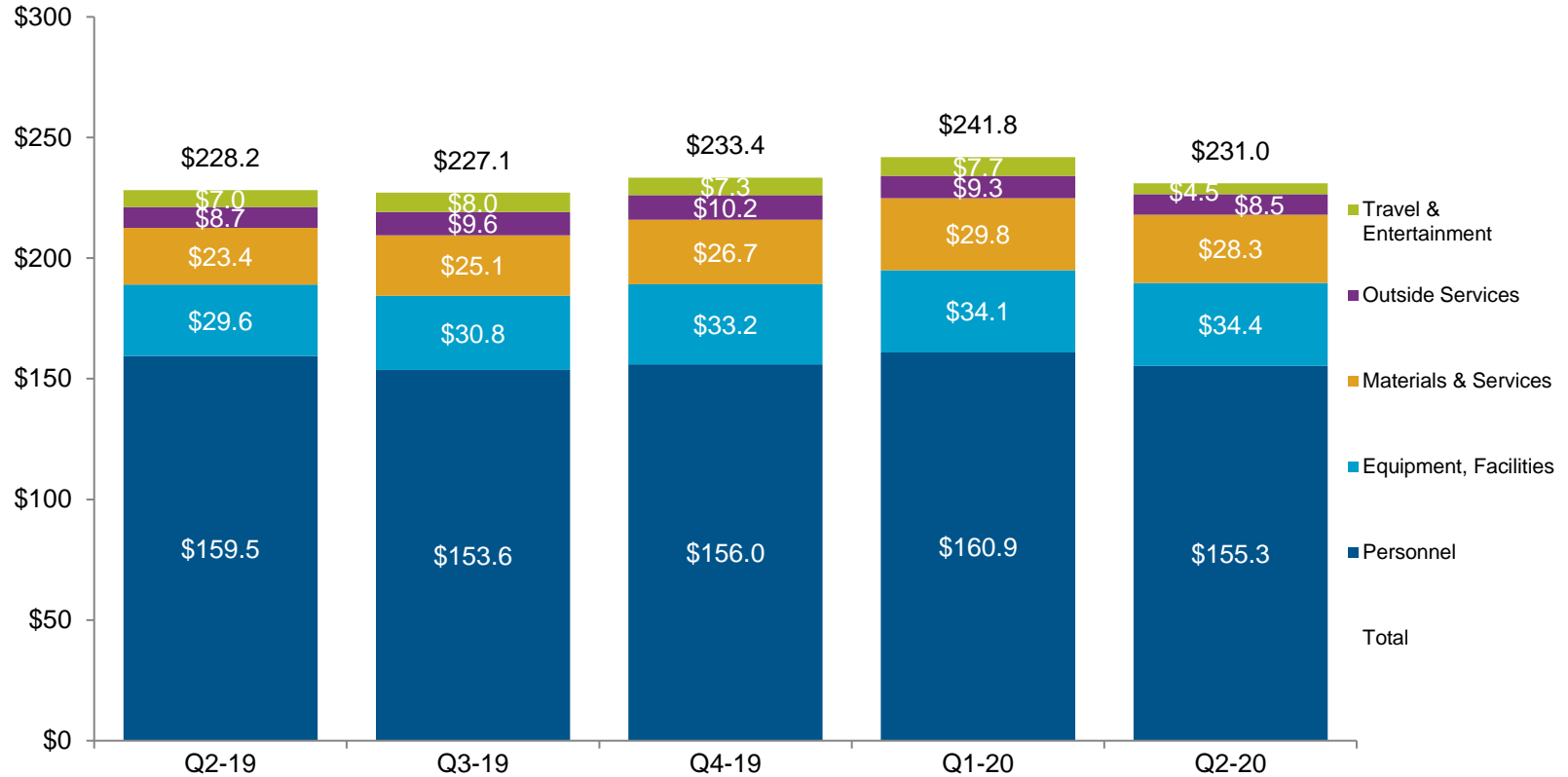


Bookings and Current Quarter Yield

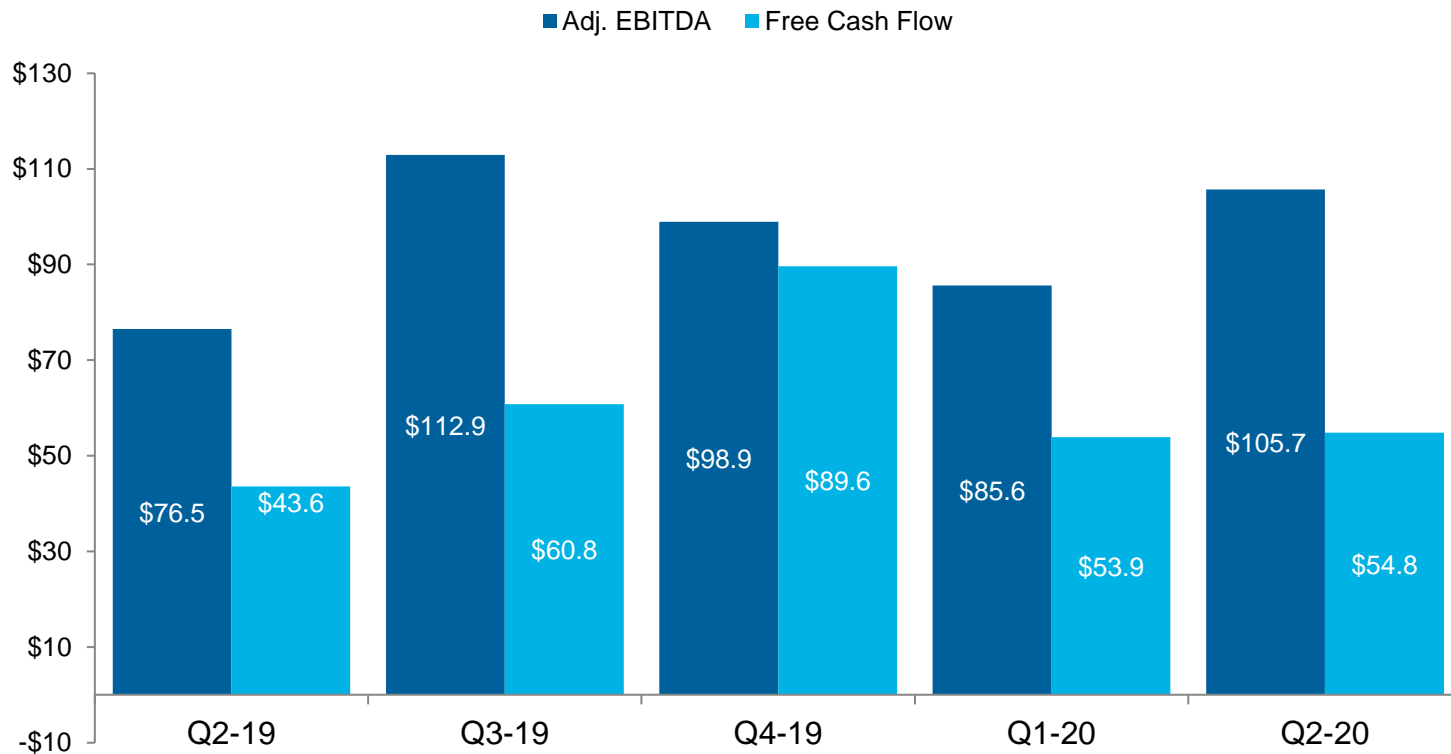


# Deals \$1-3 million	12	15	25	16	12
# Deals >\$3 million	7	4	9	9	3
Average Term	32mos.	38mos.	34mos.	39mos.	35mos.

Expense Review



Adjusted EBITDA & Free Cash Flow



Balance Sheet Review

\$ in Millions	2Q'19	1Q'20	2Q'20	YoY Var	QoQ Var
ASSETS					
Cash & investments	\$ 97.5	\$ 136.6	\$ 130.1	33%	-5%
Accounts receivable & other current assets	320.1	349.8	374.7	17%	7%
Goodwill & intangibles, net	812.1	825.3	815.8	0%	-1%
Other	98.4	233.3	231.5	135%	-1%
Total Assets	\$ 1,328.1	\$ 1,545.0	\$ 1,552.1	17%	0%
LIABILITIES					
Current liabilities	\$ 436.6	\$ 442.0	\$ 479.8	10%	9%
Noncurrent liabilities	644.0	862.0	858.2	33%	0%
Total Liabilities	\$ 1,080.6	\$ 1,304.0	\$ 1,338.0	24%	3%
Stockholders Equity	\$ 247.5	\$ 241.0	\$ 214.1	-13%	-11%
Total Liabilities & Equity	\$ 1,328.1	\$ 1,545.0	\$ 1,552.1	17%	0%
METRICS					
Leverage Covenant (max 3.0)	2.61	2.33	2.25	(0.36)	-0.08
Fixed Charge Covenant (min 2.5)	4.42	4.67	4.71	0.29	0.04
Days Sales Outstanding	88 days	98 days	100 days	12 day	2 day

Segment Profitability

	Quarter Ended March 31, 2020				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 97,789	\$ 127,610	\$ 15,303	\$ —	\$ 240,702
Professional services	35,134	819	11,952	—	47,905
License	7,356	719	11,289	—	19,364
Total segment revenues	140,279	129,148	38,544	—	307,971
Segment operating expense	(111,456)	(15,660)	(47,354)	(33,785)	(208,255)
Segment operating income (loss)	\$ 28,823	\$ 113,488	\$ (8,810)	\$ (33,785)	99,716
Unallocated share-based compensation expense					(22,788)
Unallocated amortization expense					(1,202)
Operating income					75,726
Unallocated interest expense, net					(11,254)
Unallocated other expense, net					(2,008)
Income before income taxes					\$ 62,464
Depreciation expense	\$ 4,553	\$ 141	\$ 1,158	\$ 108	\$ 5,960

	Quarter Ended March 31, 2019				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 97,074	\$ 102,363	\$ 12,342	\$ —	\$ 211,779
Professional services	35,981	901	13,673	—	50,555
License	8,760	1,139	6,001	—	15,900
Total segment revenues	141,815	104,403	32,016	—	278,234
Segment operating expense	(111,643)	(16,167)	(40,384)	(39,506)	(207,700)
Segment operating income (loss)	\$ 30,172	\$ 88,236	\$ (8,368)	\$ (39,506)	70,534
Unallocated share-based compensation expense					(20,482)
Unallocated amortization expense					(1,503)
Operating income					48,549
Unallocated interest expense, net					(10,008)
Unallocated other expense, net					1,433
Income before income taxes					\$ 39,974
Depreciation expense	\$ 4,662	\$ 132	\$ 972	\$ 229	\$ 5,995

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