

Fair Isaac Corporation

Q3 19 Financial Highlights

July 31, 2019

Q3 2019 Highlights

- **Revenue:**

Q3 19 revenue of \$314 million vs. Q3 18 revenue of \$ 255 million or 23% increase

- Applications revenue of \$166 million, or 19% y/y increase
 - Scores revenue of \$115 million, or 27% y/y increase
 - Decision Management Software revenue of \$33 million, or 31% y/y increase
- GAAP Net income of \$64 million or \$2.12 per share in Q3 19 vs. \$30 million or \$0.95 per share in Q3 18.
 - Non-GAAP Net income of \$76 million or \$2.50 per share in Q3 19 vs. \$45 million or \$1.43 per share in Q3 18.
 - Free Cash Flow was \$61 million in Q3 19 vs. \$72 million in Q3 18

Prior year financial results have been adjusted as a result of the adoption of ASU 2014-09 effective October 1, 2018.

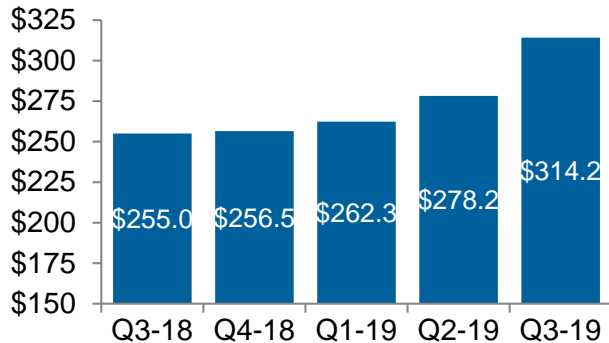
Q3 2019 Financial Highlights

Metric	Q3 18 As Adjusted	Q2 19	Q3 19	% Q/Q	% Y/Y
Revenues	\$255.0	\$278.2	\$314.2	13%	23%
GAAP Diluted EPS	\$0.95	\$1.10	\$2.12	93%	123%
Non-GAAP Op. Margin*	25%	25%	34%	36%	36%
Non-GAAP net margin*	17%	17%	24%	41%	41%
Non-GAAP Diluted EPS*	\$1.43	\$1.56	\$2.50	60%	75%
Adjusted EBITDA*	\$70.3	\$76.5	\$112.9	48%	61%
Free Cash Flow*	\$72.0	\$43.6	\$60.8	39%	-16%
Headcount	3,546	3,896	3,967	2%	12%
Bookings	\$119.9	\$105.7	\$109.2	3%	-9%

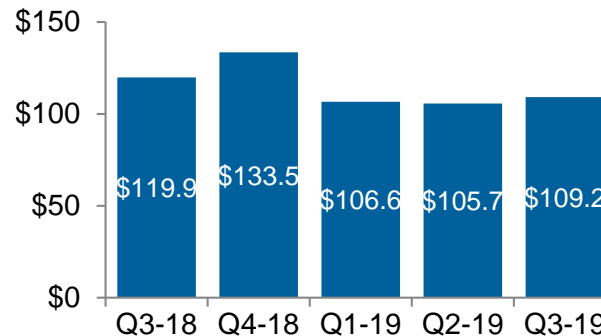
- **For a detailed reconciliation, please refer to our Regulation G Disclosure**
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Key Operating Results

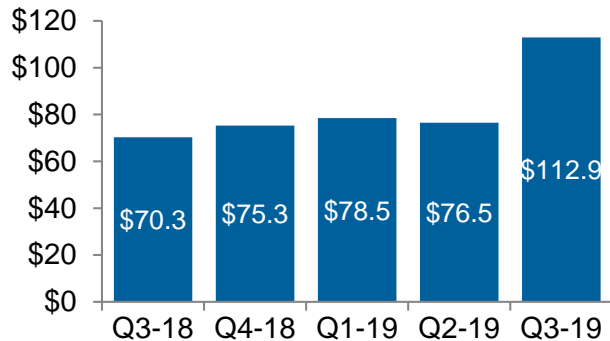
Revenues



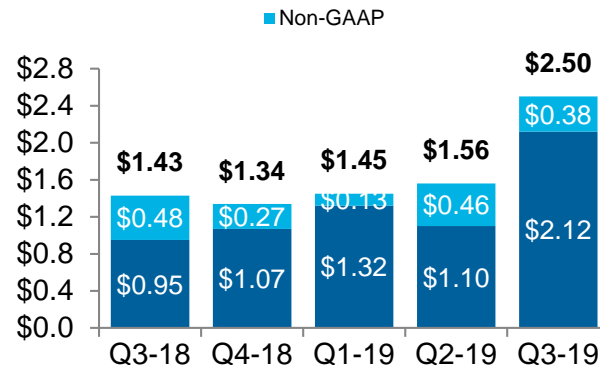
Bookings



Adjusted EBITDA

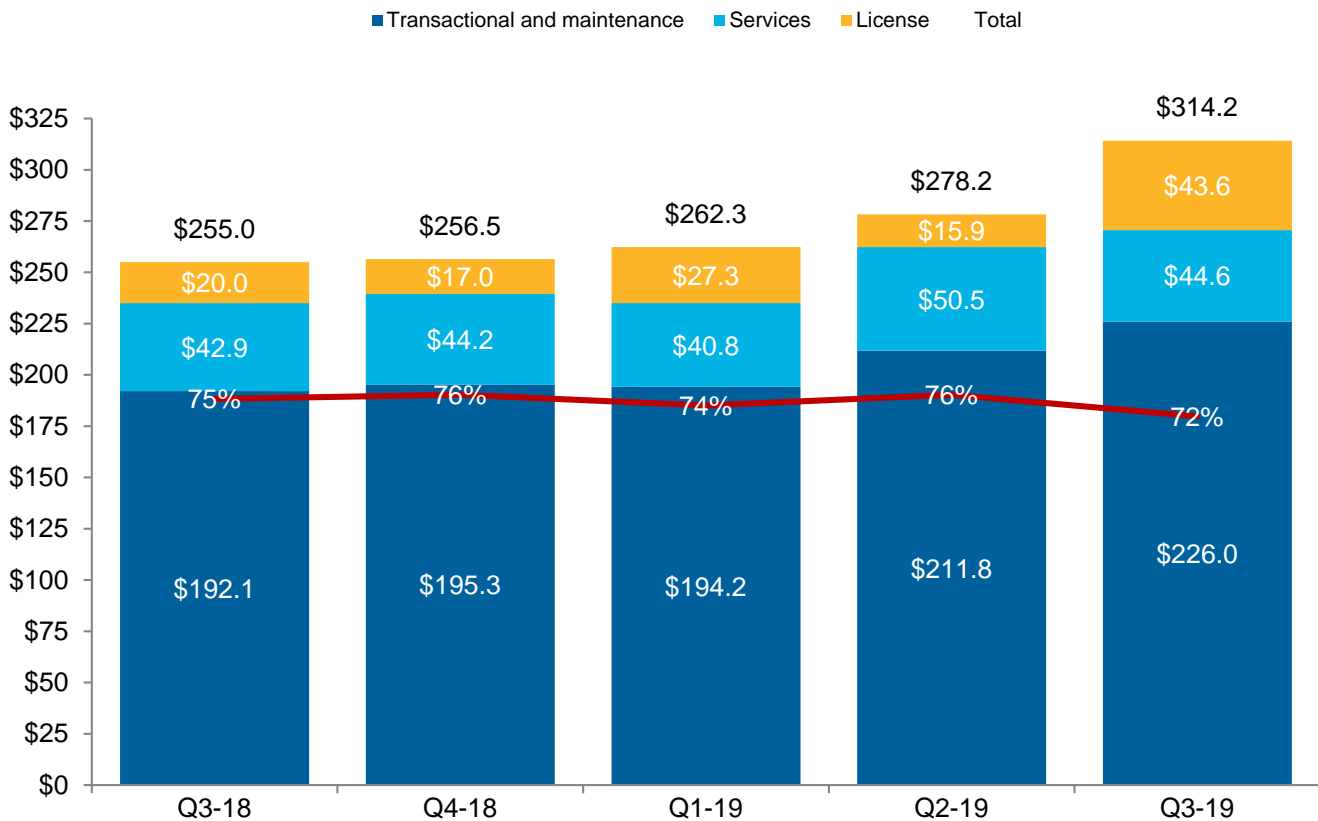


GAAP EPS



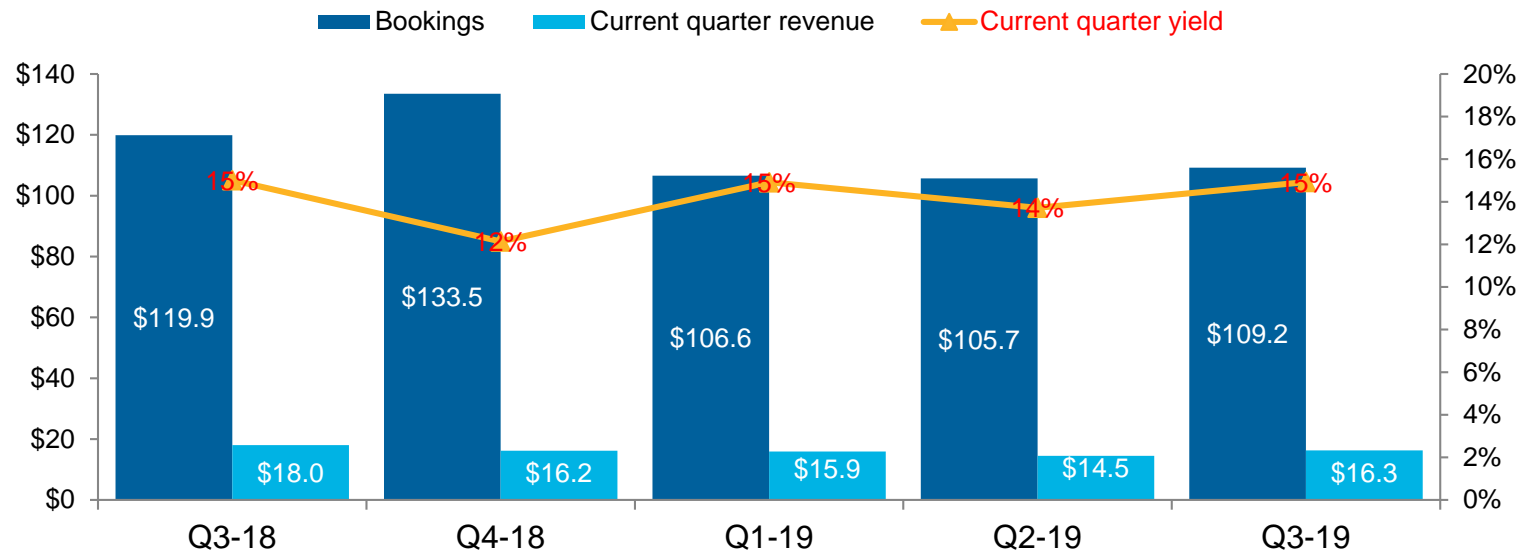
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Revenue Type Mix



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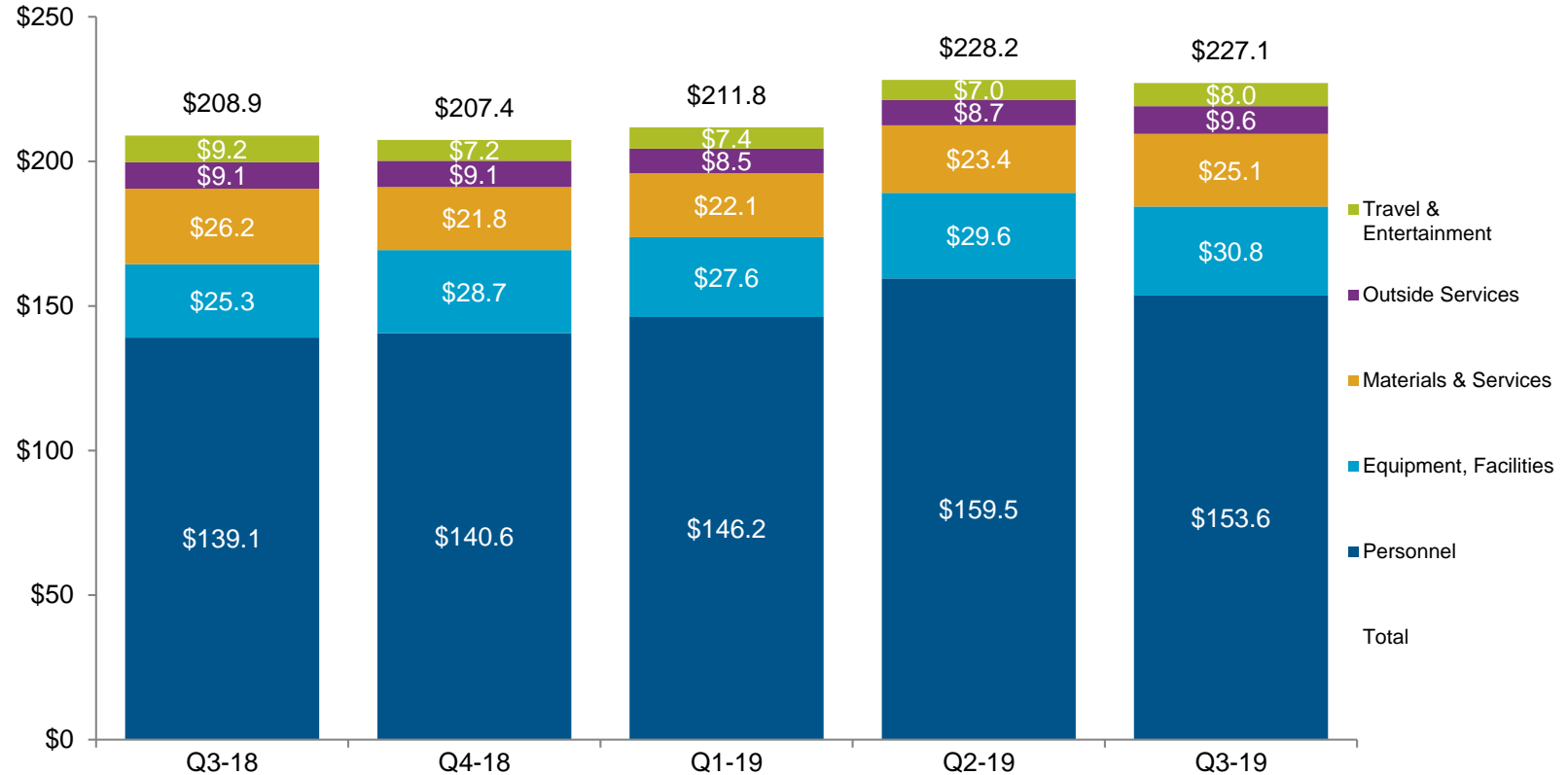
Bookings and Current Quarter Yield



# Deals \$1-3 million	15	16	16	12	15
# Deals >\$3 million	9	8	7	7	4
Average Term	28 mos.	31mos.	31mos.	32mos.	38mos.

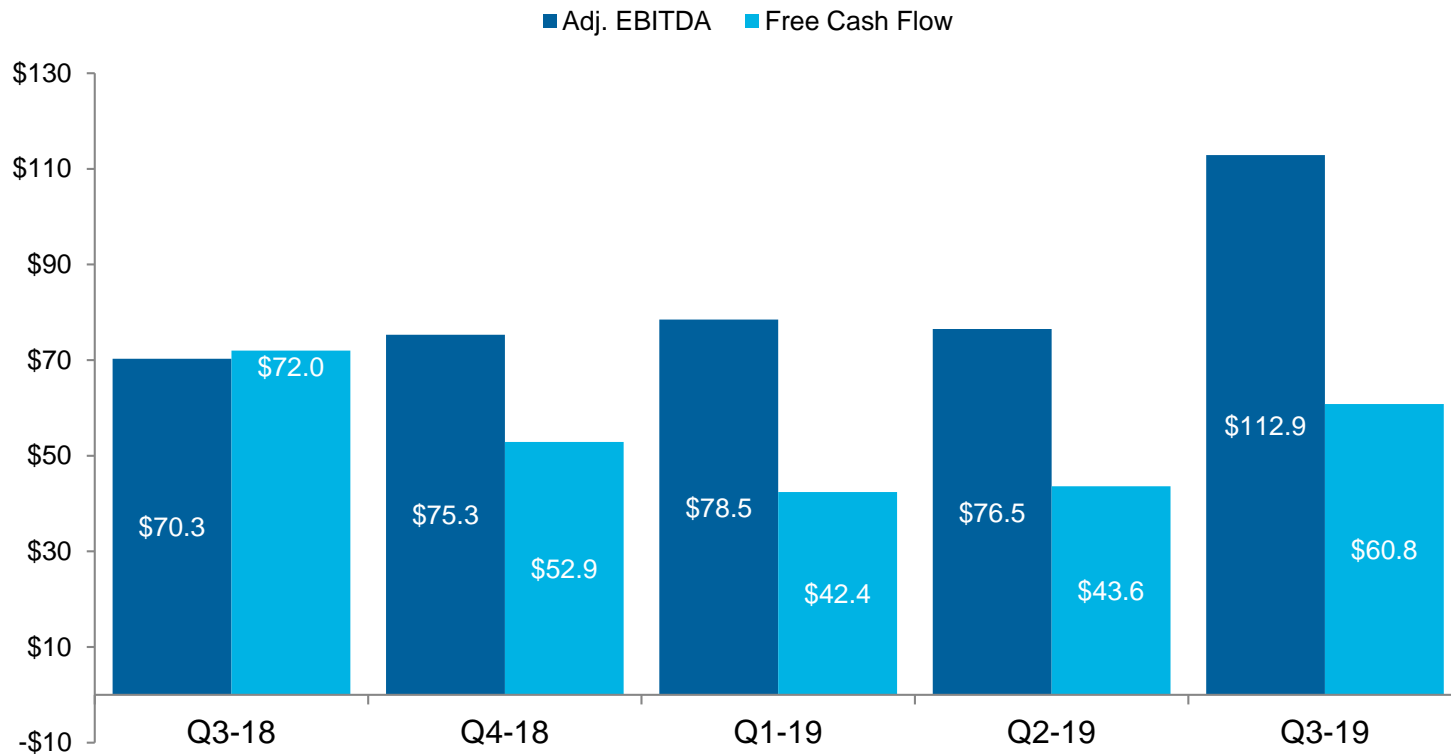
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Expense Review



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Adjusted EBITDA & Free Cash Flow



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Balance Sheet Review

\$ in Millions	4Q'18 As Adjusted	2Q'19	3Q'19	QoYE Var	QoQ Var
ASSETS					
Cash & investments	\$ 109.8	\$ 97.5	\$ 100.5	-8%	3%
Accounts receivable & other current assets	306.4	320.1	356.3	16%	11%
Goodwill & intangibles, net	815.4	812.1	807.4	-1%	-1%
Other	98.9	98.4	109.6	11%	11%
Total Assets	\$ 1,330.5	\$ 1,328.1	\$ 1,373.8	3%	3%
LIABILITIES					
Current liabilities	\$ 473.9	\$ 436.6	\$ 457.7	-3%	5%
Noncurrent liabilities	569.1	644.0	647.8	14%	1%
Total Liabilities	\$ 1,043.0	\$ 1,080.6	\$ 1,105.5	6%	2%
Stockholders Equity	\$ 287.5	\$ 247.5	\$ 268.3	-7%	8%
Total Liabilities & Equity	\$ 1,330.5	\$ 1,328.1	\$ 1,373.8	3%	3%
METRICS					
Leverage Covenant (max 3.0)	2.54	2.61	2.29	(0.25)	-0.32
Fixed Charge Covenant (min 2.5)	4.69	4.42	4.73	0.04	0.31
Days Sales Outstanding	96 days	88 days	92 days	(4 day)	4 day

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Segment Profitability

	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

	Quarter Ended June 30, 2018 (As Adjusted)				
	Applications	Scores	Decision Management Software	Unallocated Corporate Expenses	Total
	(In thousands)				
Segment revenues:					
Transactional and maintenance	\$ 91,102	\$ 89,876	\$ 11,165	\$ —	\$ 192,143
Professional services	33,783	559	8,494	—	42,836
License	13,773	394	5,847	—	20,014
Total segment revenues	138,658	90,829	25,506	—	254,993
Segment operating expense	(106,741)	(16,369)	(34,971)	(31,922)	(190,003)
Segment operating income (loss)	\$ 31,917	\$ 74,460	\$ (9,465)	\$ (31,922)	64,990
Unallocated share-based compensation expense					(18,882)
Unallocated amortization expense					(1,571)
Operating income					44,537
Unallocated interest expense, net					(8,223)
Unallocated other income, net					1,588
Income before income taxes					\$ 37,902
Depreciation expense	\$ 3,682	\$ 130	\$ 1,321	\$ 215	\$ 5,348

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