



ACI Worldwide (ACIW)

Conferences 2016

Private Securities Litigation Reform Act of 1995

Safe Harbor For Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A discussion of these forward-looking statements and risk factors that may affect them is set forth at the end of this presentation. The Company assumes no obligation to update any forward-looking statement in this presentation, except as required by law.



About ACI Worldwide

Founded in 1975, ACI is a leading provider of software products and SaaS-based solutions focused on facilitating real-time electronic and ecommerce payments for financial institutions, retailers, processors and billers worldwide

- High quality products and services drive strong renewal rates on a large installed user base of over 5,000 customers
- Long-term, blue-chip, geographically diverse customer base with low customer concentration
- Subscription-based model drives recurring revenue and provides stability and predictability to our operations
- Large contractual backlog provides earnings visibility and allows our management to optimally manage the size and infrastructure of the business
- Leading payments transformation with Universal Payments (UP)
- Management team has an established track record of operational excellence and significant industry experience

2015
Revenue⁽¹⁾
\$954 Million

2015
Adjusted EBITDA⁽¹⁾
\$247 Million

2015
60-Month Backlog
\$4 Billion

1-Revenue and EBITDA are presented on a Non-GAAP basis that represents a run rate adjusted for acquisitions, divestitures, one-time items and foreign currency fluctuations



MEETS THE CHALLENGE OF CHANGE

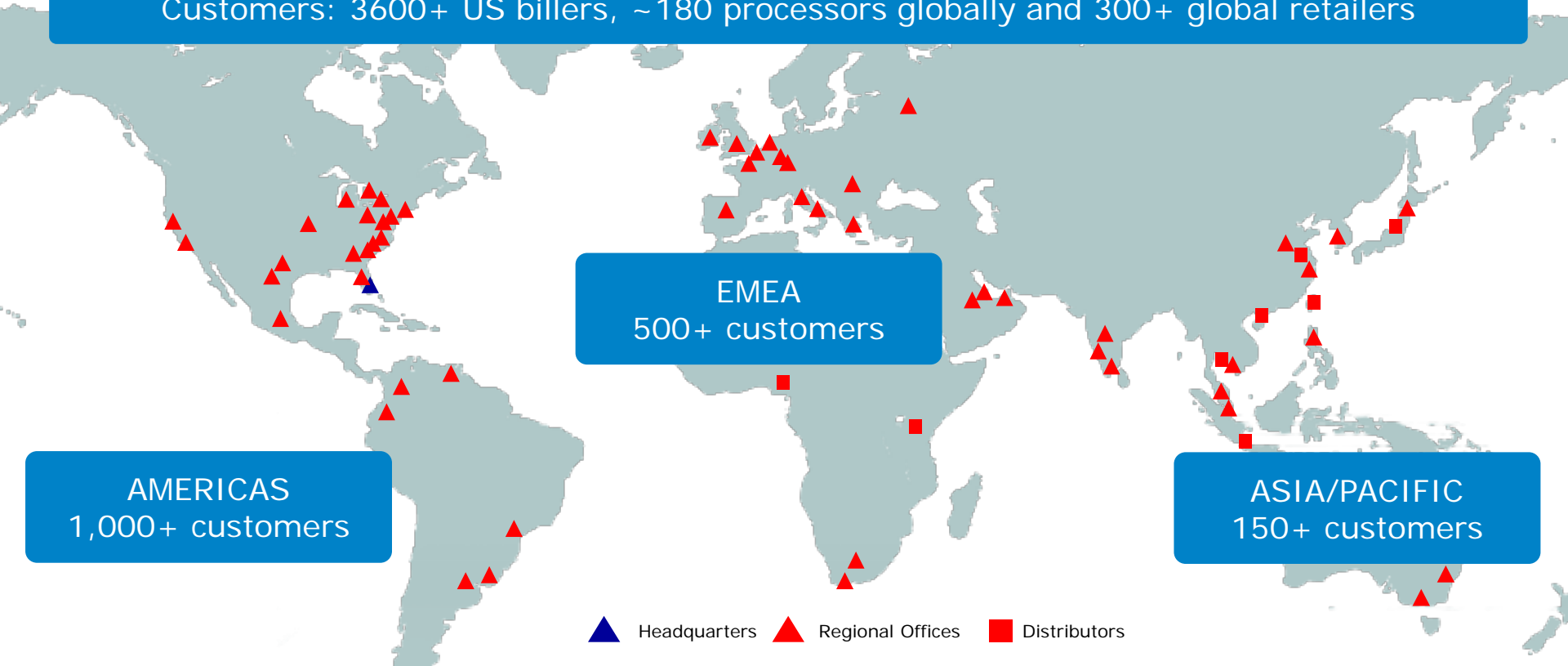
ACI UNIVERSAL
PAYMENTS

Global Distribution and Customer Base

5,000+ customers in over 80 countries depend on ACI solutions

18 of the top 20 and 67 of the top 100 global banks use ACI for payment solutions

Customers: 3600+ US billers, ~180 processors globally and 300+ global retailers



~ 4,500 employees in 36 countries



MEETS THE CHALLENGE OF CHANGE

ACI UNIVERSAL
PAYMENTS

Diverse Customer Base of Top Global Banks, Processors, Billers and Retailers Provide Significant Cross Sell Opportunities

**WELLS
FARGO**

**Bank of America
Merrill Lynch**

 **Santander**

 **PNC**


FIFTH THIRD BANK

 **REGIONS®**

 **TD Bank**


HSBC

 **usbank®**


SUNTRUST

FY 2015 Revenue by Customer

Customer	#1	2.7%
Customer	#2	2.0%
Customer	#3	1.8%
Customer	#4	1.7%
Customer	#5	1.4%
Customer	#6	0.9%
Customer	#7	0.9%
Customer	#8	0.9%
Customer	#9	0.8%
Customer	#10	0.7%
Top 10 Customers		13.8%

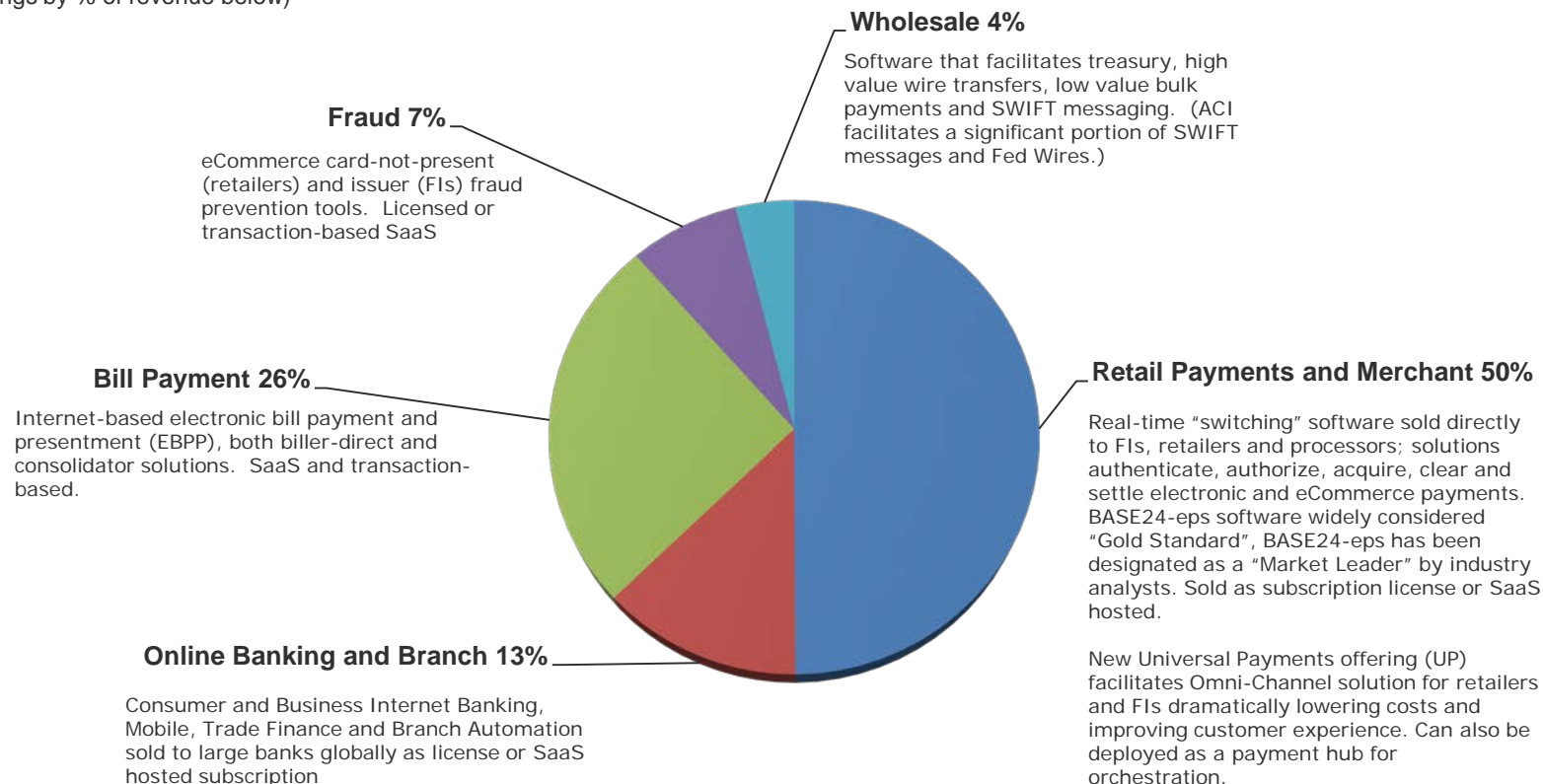
No single customer represents more than 3% of consolidated revenue

On average, customers use 3 ACI products or less representing a large cross sell opportunity

ACI is a Leader in Payments Solutions

Solutions Incorporate a Suite of Applications Subscription License or SaaS/Cloud Delivery

(offerings by % of revenue below)



Note: Revenue figures represent FY 2015 Revenue on a pro forma basis for the PAY.ON acquisition and CFS divestiture



MEETS THE CHALLENGE OF CHANGE

ACI UNIVERSAL
PAYMENTS

Delivering an Omni-channel Customer Experience



for one of the world's
largest banks

CHALLENGE

- Aspirations to be the primary bank of its customers held back by inconsistent experience caused by legacy technology
- Improve cross sell and retention rates

BENEFITS

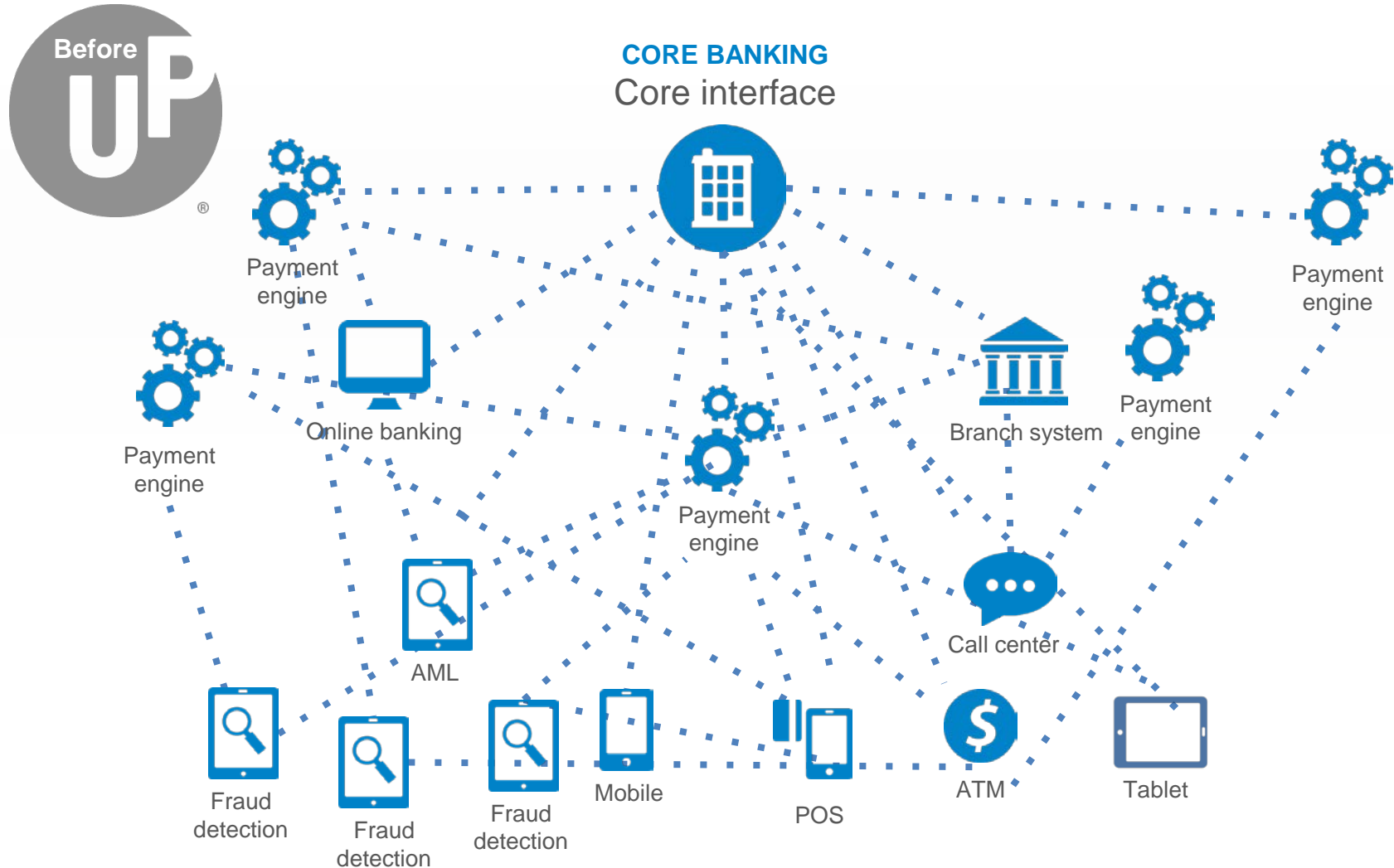
- Significant operating **cost improvements**
- **New channels** deployed in 4 months instead of 18, reducing deployment costs by 80%
- Payment analytics improves **cross sell and retention**
- **Consistent** payment experience



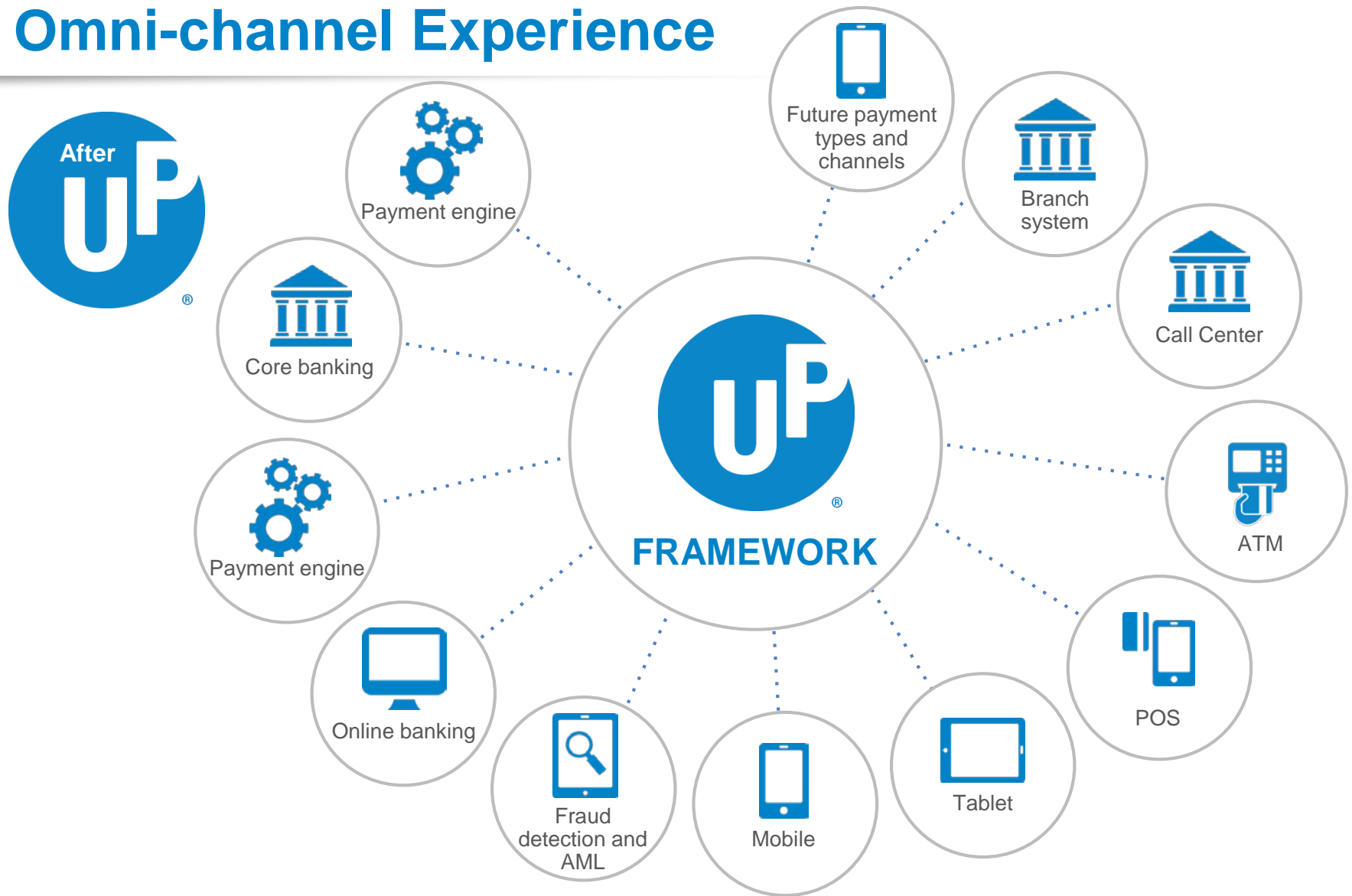
MEETS THE CHALLENGE OF CHANGE

ACI UNIVERSAL
PAYMENTS

Complex Payments Environment Leads to Inconsistent Customer Experience



Streamlined, Consistent Omni-channel Experience



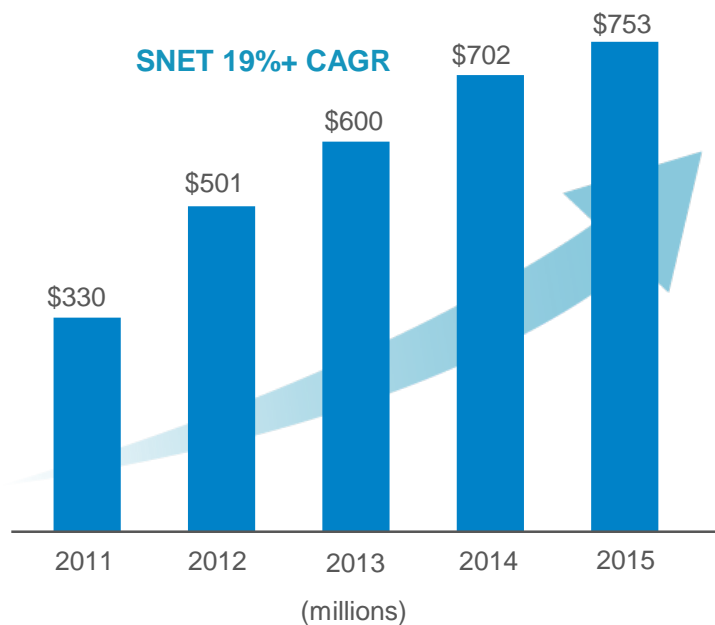


FINANCIAL OVERVIEW

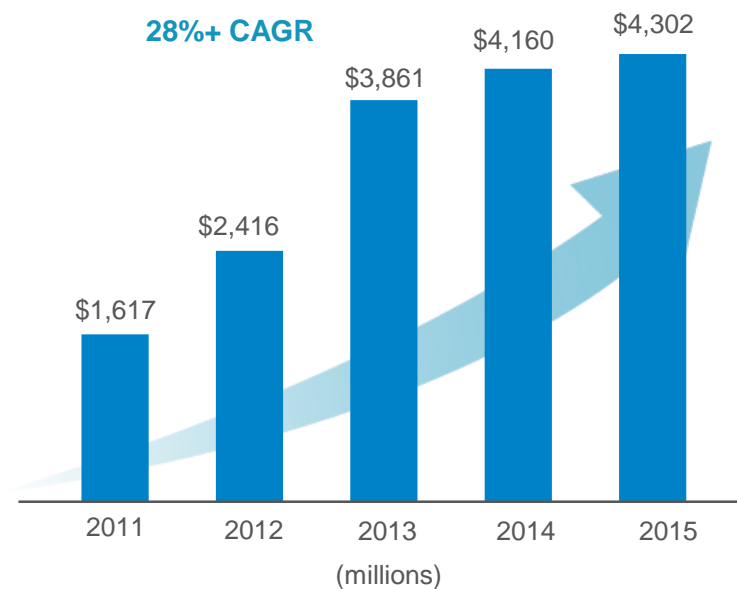
Bookings Growth Leads to Large Backlog Provides Revenue and Earnings Visibility

Renewal rates across ACI products in the mid-high 90%
>95% of our contracts are transaction-based

NET NEW SALES BOOKINGS⁽¹⁾



HISTORICAL 60-MONTH BACKLOG



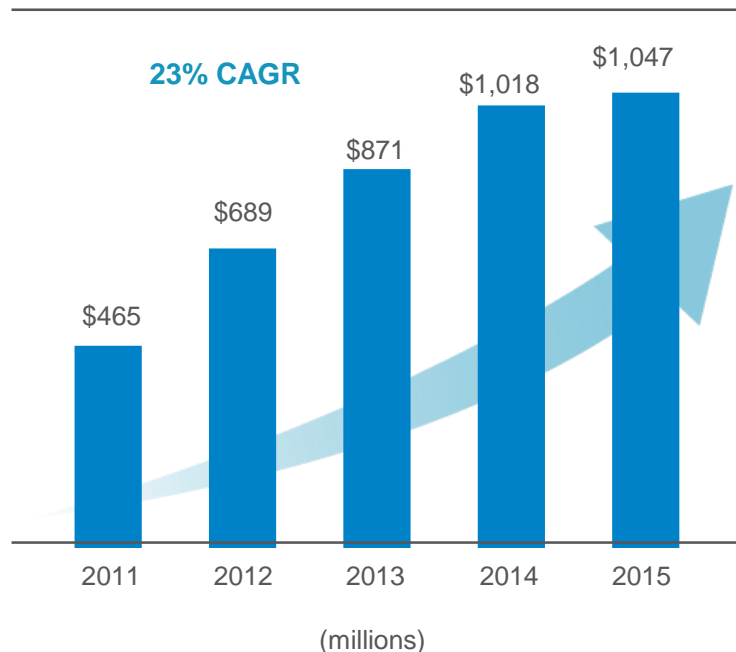
1 – Refers to new sales bookings, net of term extensions.



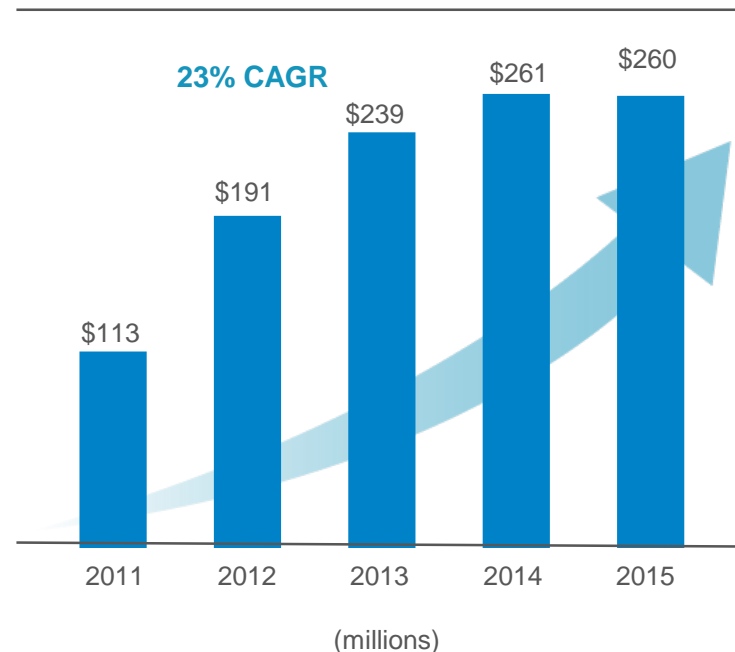
ACI's Financial Summary, 2011 – 2015

2015 revenue geographic mix: 68% Americas, 24% EMEA and 8% Asia/Pacific

NON-GAAP REVENUE



ADJUSTED EBITDA



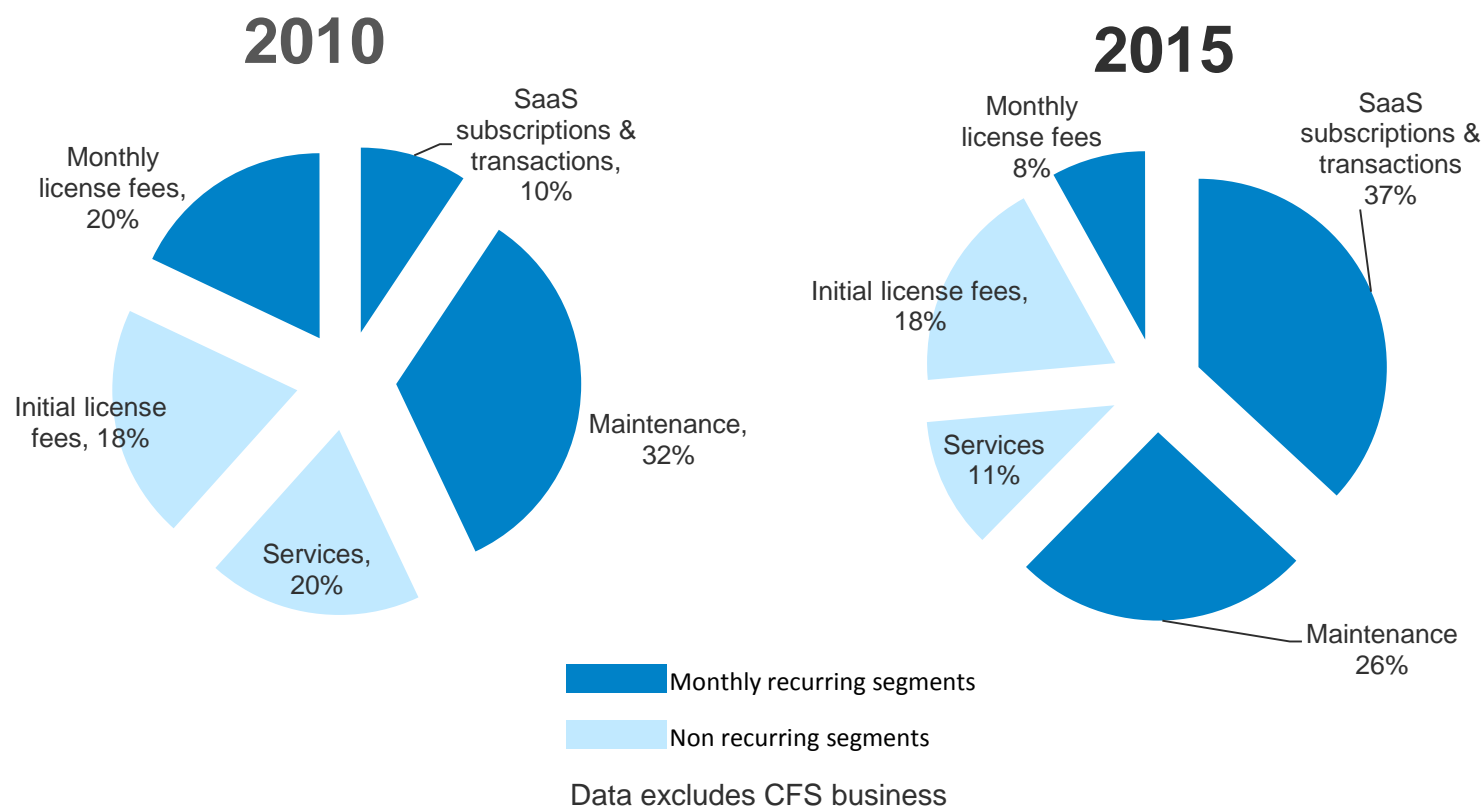
Notes:

- 1- Represents Adjusted EBITDA as reported by ACI in its disclosure of Non-GAAP financial measures (see appendix for reconciliation of GAAP Net Income to Adjusted EBITDA).
- 2- 2015 numbers based on the mid-point of company guidance.

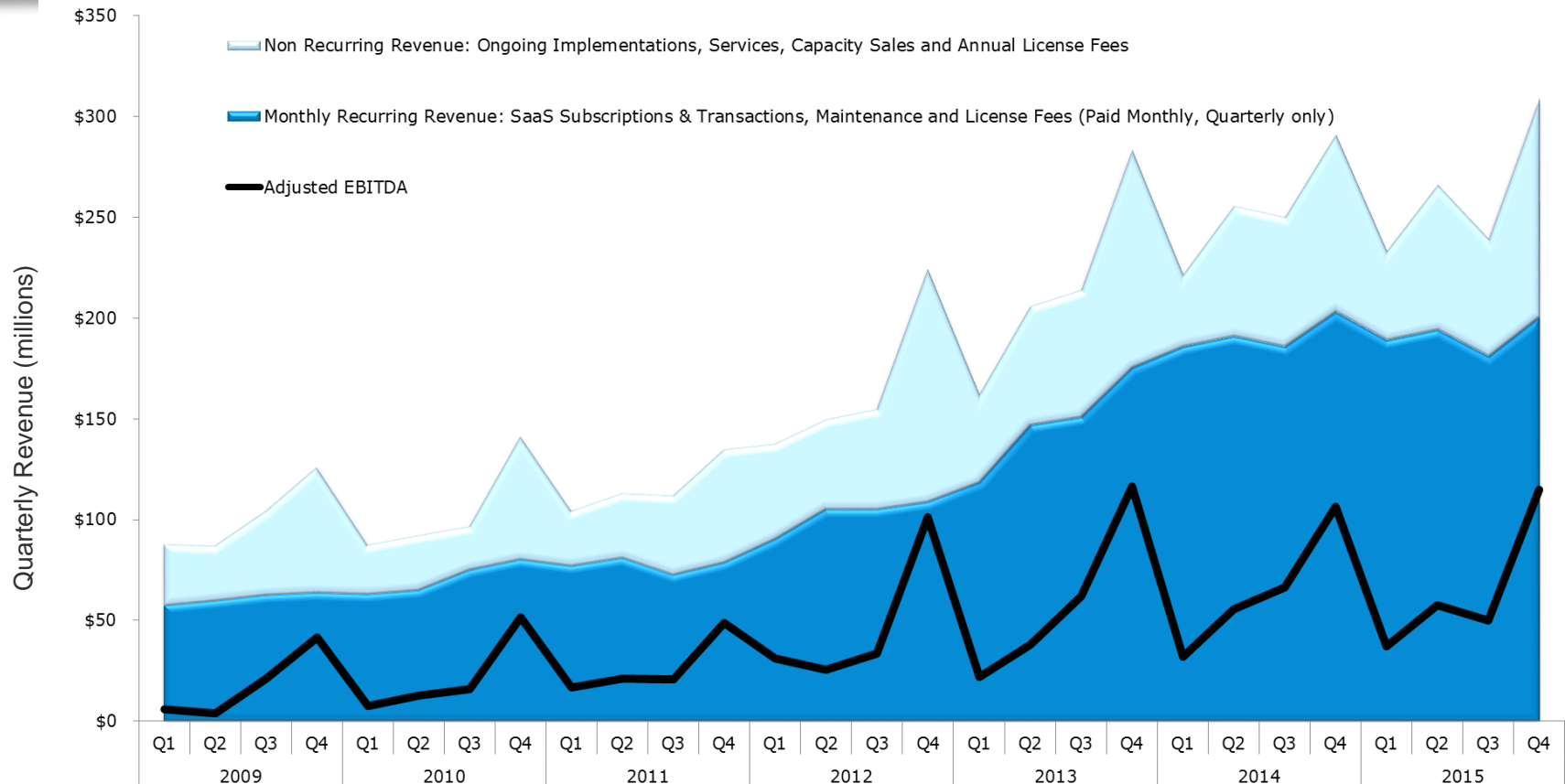


Recurring Revenue Growth Drives Stability

- Strong growth in SaaS - 10% to nearly 40%
- Overall monthly recurring revenues now over 70%



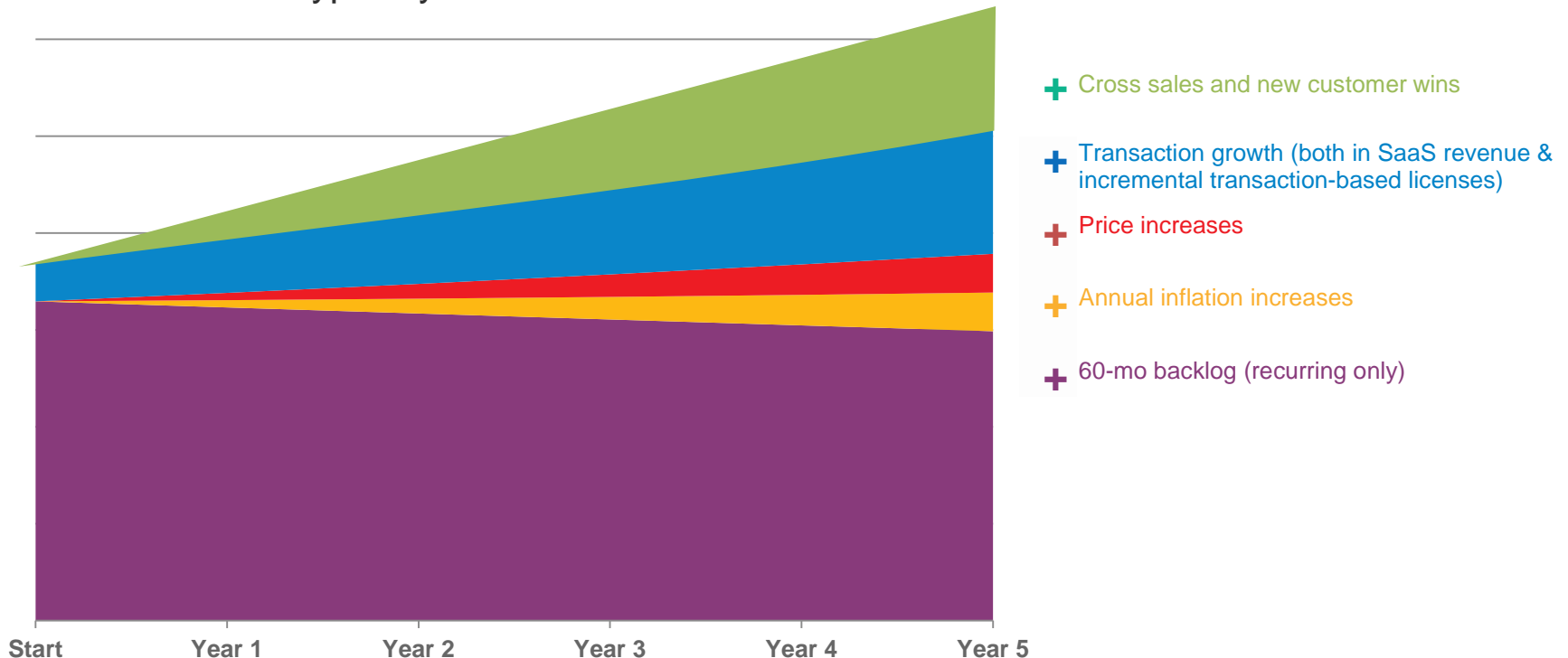
Fixed Costs Provide Leverage in Model



- Monthly Recurring Revenue predictable & growing, now >70% of total revenue
- Non-recurring revenue is strongest in Q4
- EBITDA margin spikes follow revenue

Backlog is Foundation, Cross Sales Add Growth

- Existing customer base and low customer attrition provide baseline for future revenue
- Competitive positioning and high R&D spending provides pricing power
- Electronic payment growth of mid-high single digits
- Cross sales typically account for 2/3 of net new business



2016 Guidance

	2015 Actual	Deduct CFS	PAY.ON	FX Impact	2015 Proforma	2016 Non-GAAP Guidance		Implied Growth Rate
						Low	High	
Non-GAAP Revenue	1,047	(95)	12	(10)	954	990	1,020	4-7%
Adjusted EBITDA	260	(13)	-	-	247	265	275	7-11%
Adjusted EBITDA %	28.4%	13.7%			30.0%	31.0%	31.2%	100-120 bps
\$'s in millions								
Foreign currency rates as of 12/31/15								
EBITDA % computed net of interchange of \$140 million and \$130 million for 2016 and 2015, respectively								
PAY.ON adjustment to normalize for annualized contribution								

- **Guidance**

- 2015 pro forma adjusted to exclude CFS business and reflect a full-year impact of PAY.ON acquisition and fx rate changes
- 2016 guidance excludes any contribution from CFS business
- Net new sales growth expected to be in the upper single digits
- Revenue and margin phasing by quarter consistent with seasonal history
- Q1 non-GAAP revenue expected to represent \$205 to \$215 million, excluding CFS
- CFS closed on 3/3/2016 and is expected to contribute an incremental \$15 million to full year revenue




Financial Summary – Five-year Targets

- **Organic revenue growth**
Mid-to-upper single digits
- **Adjusted EBITDA margin**
100 bps expansion per year
- **Operating free cash flow**
Track adjusted EBITDA growth
- **Sales net of term extension growth**
High single digits



Questions?



The Advantage

- Leading market position
- High retention and renewal rates
- Significant recurring revenue
- Scalable, fixed-cost model with improving margin
- Pricing power and large barriers to entry



Non-GAAP Financial Measures

To supplement our financial results presented on a GAAP basis, we use the non-GAAP measures indicated in the tables, which exclude certain business combination accounting entries related to the acquisition of Online Resources Corporation and significant transaction related expenses, as well as other significant non-cash expenses such as depreciation, amortization, and non-cash compensation, that we believe are helpful in understanding our past financial performance and our future results. The presentation of these non-GAAP financial measures should be considered in addition to our GAAP results and are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management generally compensates for limitations in the use of non-GAAP financial measures by relying on comparable GAAP financial measures and providing investors with a reconciliation of non-GAAP financial measures only in addition to and in conjunction with results presented in accordance with GAAP. We believe that these non-GAAP financial measures reflect an additional way to view aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. Certain non-GAAP measures include:

- Non-GAAP revenue: revenue plus deferred revenue that would have been recognized in the normal course of business by Online Resources if not for GAAP purchase accounting requirements. Non-GAAP revenue should be considered in addition to, rather than as a substitute for, revenue.
- Non-GAAP operating income: operating income plus deferred revenue that would have been recognized in the normal course of business by Online Resources if not for GAAP purchase accounting requirements and significant transaction related expenses. Non-GAAP operating income should be considered in addition to, rather than as a substitute for, operating income.
- Adjusted EBITDA: net income plus income tax expense, net interest income (expense), net other income (expense), depreciation, amortization, and non-cash compensation, as well as deferred revenue that would have been recognized in the normal course of business by Online Resources if not for GAAP purchase accounting requirements and significant transaction related expenses. Adjusted EBITDA should be considered in addition to, rather than as a substitute for, operating income.



Non-GAAP Financial Measures

Non-GAAP Revenue (millions)	2010	2011	2012	2013	2014	2015
Revenue	\$418	\$465	\$667	\$865	\$1,016	\$1,046
Deferred revenue fair value adjustment	-	-	22	6	2	1
Non-GAAP revenue	\$418	\$465	\$689	\$871	\$1,018	\$1,047
Adjusted EBITDA (millions)	2010	2011	2012	2013	2014	2015
Net Income (loss)	\$27	\$46	\$49	\$64	\$68	\$85
Plus:						
Income tax expense (benefit)	22	18	16	29	31	28
Net interest expense	1	1	10	27	39	41
Net other expense	4	1	-	3	-	(26)
Depreciation expense	6	8	13	19	21	22
Amortization expense	20	21	38	51	66	76
Non-cash compensation expense	8	11	15	14	11	18
Adjusted EBITDA	\$88	\$106	\$141	\$207	\$236	244
Deferred revenue fair value adjustment	-	-	22	6	2	1
Employee related actions	-	-	11	11	10	6
Facility closure costs	-	-	5	2	-	-
IT exit costs	-	-	3	-	-	-
Other significant transaction related expenses	-	7	9	13	13	9
Adjusted EBITDA excluding significant transaction related expenses	\$88	\$113	\$191	\$239	\$261	\$260



Non-GAAP Financial Measures

ACI also includes backlog estimates, which include all software license fees, maintenance fees and services specified in executed contracts, as well as revenues from assumed contract renewals to the extent that we believe recognition of the related revenue will occur within the corresponding backlog period. We have historically included assumed renewals in backlog estimates based upon automatic renewal provisions in the executed contract and our historic experience with customer renewal rates.

Backlog is considered a non-GAAP financial measure as defined by SEC Regulation G. Our 60-month backlog estimate represents expected revenues from existing customers using the following key assumptions:

- Maintenance fees are assumed to exist for the duration of the license term for those contracts in which the committed maintenance term is less than the committed license term.
- License, facilities management, and software hosting arrangements are assumed to renew at the end of their committed term at a rate consistent with our historical experiences.
- Non-recurring license arrangements are assumed to renew as recurring revenue streams.
- Foreign currency exchange rates are assumed to remain constant over the 60-month backlog period for those contracts stated in currencies other than the U.S. dollar.
- Our pricing policies and practices are assumed to remain constant over the 60-month backlog period.

Estimates of future financial results require substantial judgment and are based on a number of assumptions as described above. These assumptions may turn out to be inaccurate or wrong, including for reasons outside of management's control. For example, our customers may attempt to renegotiate or terminate their contracts for a number of reasons, including mergers, changes in their financial condition, or general changes in economic conditions in the customer's industry or geographic location, or we may experience delays in the development or delivery of products or services specified in customer contracts which may cause the actual renewal rates and amounts to differ from historical experiences. Changes in foreign currency exchange rates may also impact the amount of revenue actually recognized in future periods. Accordingly, there can be no assurance that contracts included in backlog estimates will actually generate the specified revenues or that the actual revenues will be generated within the corresponding 60-month period.

Backlog should be considered in addition to, rather than as a substitute for, reported revenue and deferred revenue.



Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as “believes,” “will,” “expects,” “anticipates,” “intends,” and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements in this presentation include, but are not limited to, statements regarding:

- Expectations regarding 2016 financial guidance related to revenue and adjusted EBITDA;
- Expectations regarding net new sales bookings;
- Expectations regarding Q1 2016 revenue;
- Expectations regarding CFS contribution and pro forma impact of excluding CFS;
- Expectations regarding five year targets, including future increases in organic revenue, adjusted EBITDA margin, operating free cash flow, and sales net of term extension.



Forward-Looking Statements

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission. Such factors include but are not limited to, increased competition, the performance of our strategic product, UP, BASE24-eps, demand for our products, restrictions and other financial covenants in our credit facility, consolidations and failures in the financial services industry, customer reluctance to switch to a new vendor, the accuracy of management's backlog estimates, the maturity of certain products, our strategy to migrate customers to our next generation products, ratable or deferred recognition of certain revenue associated with customer migrations and the maturity of certain of our products, failure to obtain renewals of customer contracts or to obtain such renewals on favorable terms, delay or cancellation of customer projects or inaccurate project completion estimates, volatility and disruption of the capital and credit markets and adverse changes in the global economy, our existing levels of debt, impairment of our goodwill or intangible assets, litigation, future acquisitions, strategic partnerships and investments, risks related to the expected benefits to be achieved in the transaction with PAY.ON, the complexity of our products and services and the risk that they may contain hidden defects or be subjected to security breaches or viruses, compliance of our products with applicable legislation, governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, the cyclical nature of our revenue and earnings and the accuracy of forecasts due to the concentration of revenue generating activity during the final weeks of each quarter, business interruptions or failure of our information technology and communication systems, our offshore software development activities, risks from operating internationally, including fluctuations in currency exchange rates, exposure to unknown tax liabilities, and volatility in our stock price. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q.



