

A financial candlestick chart with a dark blue background. The chart features numerous blue and white candlesticks representing price movements. Two light blue moving average lines are overlaid on the chart, one above the other. The text "ANALYST DAY 2016" is centered in a white, italicized, serif font.

ANALYST DAY 2016

ACI SOFTWARE AS A SERVICE OPPORTUNITY

CAROLYN HOMBERGER

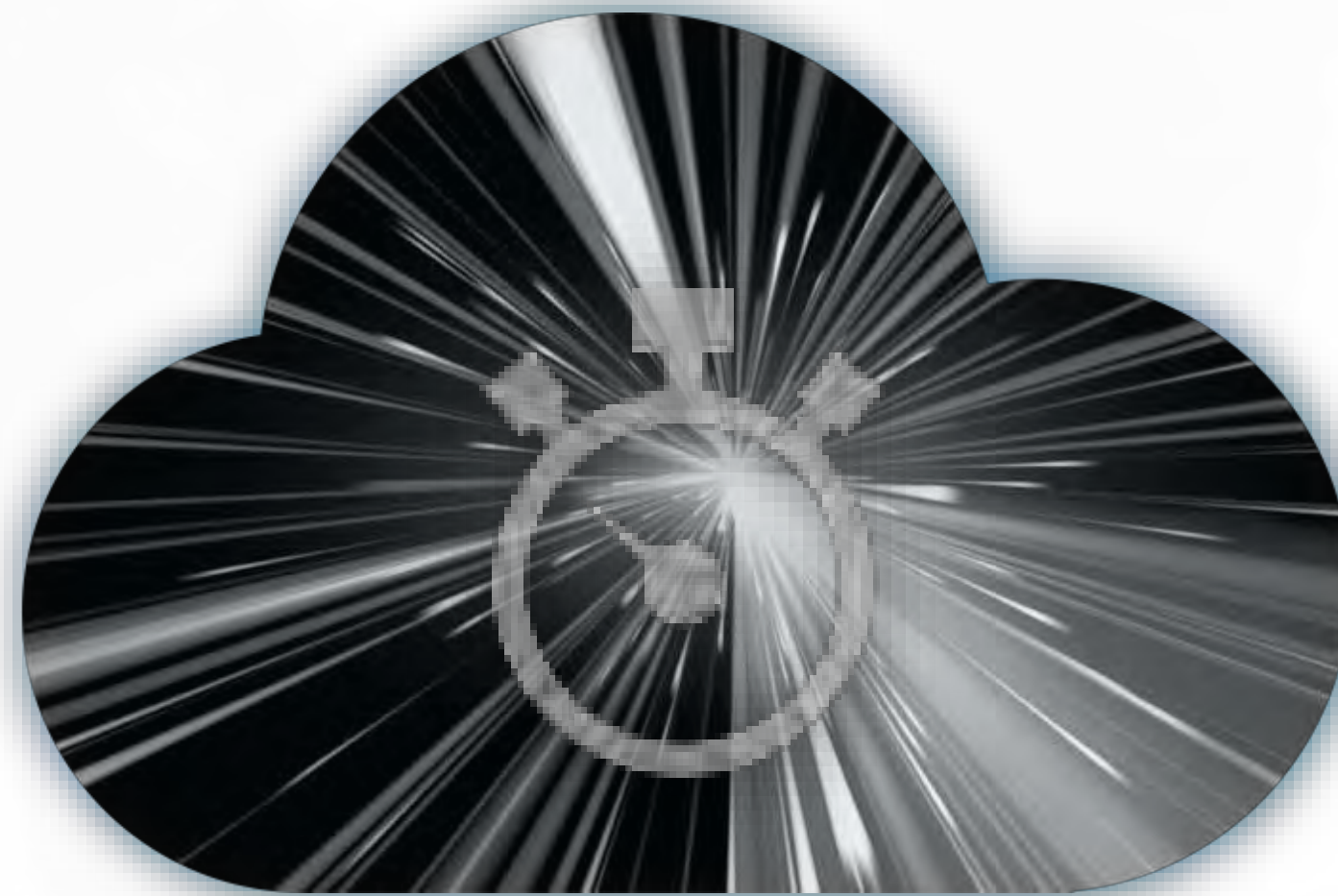
GROUP PRESIDENT, ACI ON DEMAND

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Key drivers of payments to the cloud



**Security and
Compliance**



**Speed
to Market**



Focus

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Diversity of solutions and clients



Electronic Bill Payment and Presentment

- Financial institutions
- IRS and government
- Higher education
- Insurance
- Multi-tenant



Merchant Retail

- Retail and grocery
- Fuel and transportation
- Quick service restaurants
- Omni-channel solutions – card present and card not present
- Fraud management
- Multi-tenant, global



Large Financial Institutions and Financial Intermediaries

- Retail and transaction banking
- Processors
- Complete suite of ACI omni-channel payment solutions
- Global

INTEGRATED SUPPORT FOR MULTIPLE ACI APPLICATIONS

4,600+

FINANCIAL
INSTITUTIONS,
RETAILERS AND BILLERS

- 7 of the top 50 banks globally
- 3 of the top 10 brands globally
- 5 of the top 10 banks in the U.S.

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Merchants

Growth Drivers

Today

- EMV, point-to-point encryption
- Legacy systems

2016+

- eCommerce, card-not-present fraud
- Big data and changes in consumer shopping behaviors



Merchants

ACI Investments

Today

- Additional technical resources to keep pace with growth
- Globalization through European data center

2016+

- Scale affords vertical specialization in sales and technology

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Merchants

Growth Drivers

Today

- EMV, point-to-point encryption
- Legacy systems

2016+

- eCommerce, card-not-present fraud
- Big data and changes in consumer shopping behaviors



Merchants

ACI Investments

Today

- Additional technical resources to keep pace with growth
- Globalization through European data center

2016+

- Scale affords vertical specialization in sales and technology

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Billers

Growth Drivers

Today

- Biller direct leads
- Legacy systems

2016+

- Consumer payment experience expectations
- Affordable Care Act compliance



Billers

ACI Investments

Today

- Data center migration
- Tran\$act platform consolidation

2016+

- Globalization
- Cross sell to merchants and large financial institutions

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Billers

Growth Drivers

Today

- Biller direct leads
- Legacy systems

2016+

- Consumer payment experience expectations
- Affordable Care Act compliance



Billers

ACI Investments

Today

- Data center migration
- Tran\$act platform consolidation

2016+

- Globalization
- Cross sell to merchants and large financial institutions

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Financial institutions and intermediaries

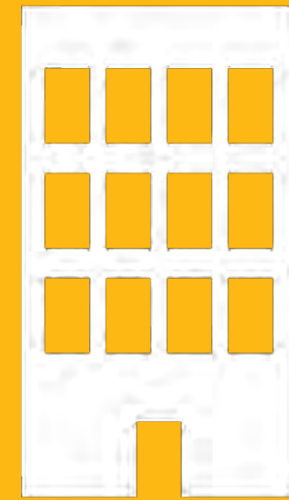
Growth Drivers

Today

- Mandates and compliance
- Legacy systems

2016+

- Immediate Payments
- UP Retail Payments Solution



**Financial Institutions
and Intermediaries**

ACI Investments

Today

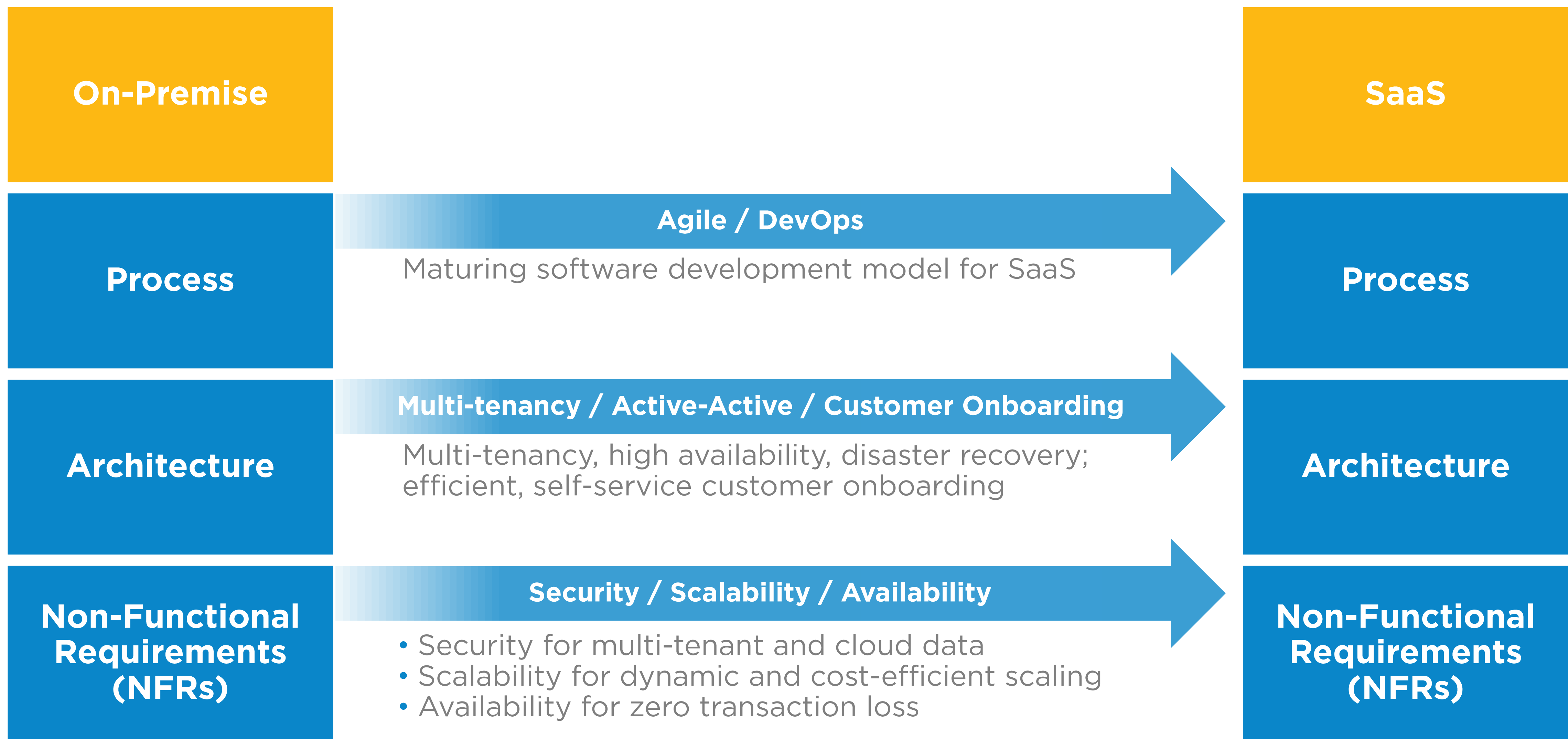
- Value proposition tools to demonstrate business value of ACI solutions
- Globalization through European data center

2016+

- Modernization of payments infrastructure for clients

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Technology



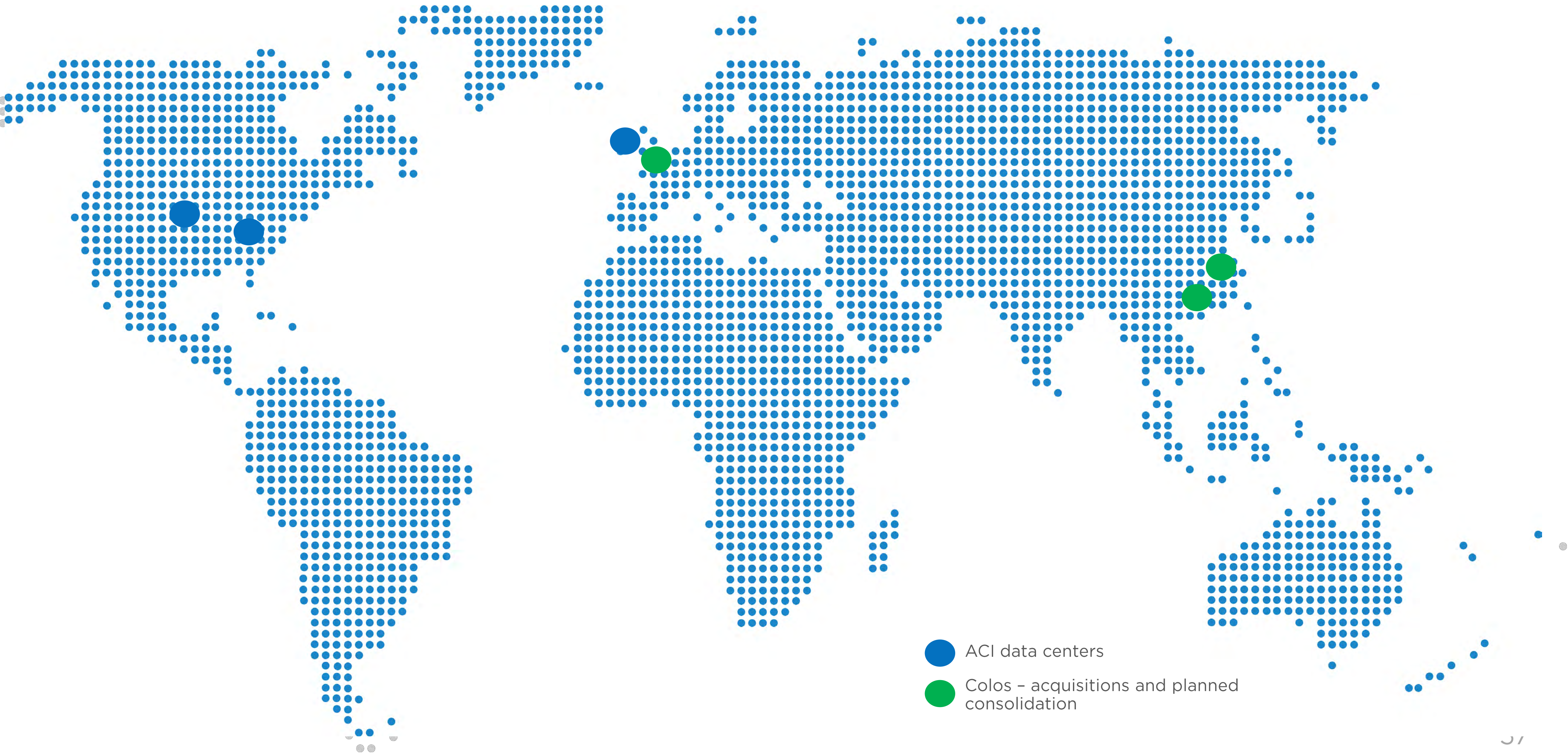
ACI SOFTWARE AS A SERVICE OPPORTUNITY

Data center footprint - today



ACI SOFTWARE AS A SERVICE OPPORTUNITY

Data center footprint - 2017



ACI SOFTWARE AS A SERVICE OPPORTUNITY

AOD customer experience and operations



**Implementation
and Onboarding**



**Service Delivery
Management**



**Audits and
Operational
Compliance**



**Payment
Services
Capabilities**

ACI SOFTWARE AS A SERVICE OPPORTUNITY

AOD customer experience and operations



**Implementation
and Onboarding**



**Service Delivery
Management**



**Audits and
Operational
Compliance**



**Payment
Services
Capabilities**

ACI SOFTWARE AS A SERVICE OPPORTUNITY

Conclusion

Accelerating
double-digit
sales and revenue
growth

Value-added
security,
compliance and
NFRs

2.5X+
deal size

EXECUTIVE Q&A

PHIL HEASLEY

PRESIDENT & CEO

SCOTT BEHRENS

SENIOR EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER

CRAIG SAKS

GROUP PRESIDENT, STRATEGIC PRODUCTS

CAROLYN HOMBERGER

GROUP PRESIDENT, ACI ON DEMAND

A financial candlestick chart with a dark blue background. The chart features numerous blue and white candlesticks representing price movements. Two light blue moving average lines are overlaid on the chart, one above the other. The text "ANALYST DAY 2016" is centered in a white, italicized serif font.

ANALYST DAY 2016

APPENDIX

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 and less estimated revenue from the CFS product line. Non-GAAP revenue should be considered in addition to, rather than as a substitute for, revenue.
- 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 and the estimated impact of the CFS divestiture. 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
	418	465	689	871	1018	1047
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 EBIDTA	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 EBIDTA excluding significant transaction related expenses	\$ 88	\$ 113	\$ 191	\$ 239	\$ 261	\$ 260

Non-GAAP Financial Measures

ACI is also presenting operating free cash flow, which is defined as net cash provided by operating activities, plus payments associated with the cash settlement of acquisition related options and significant acquired opening balance sheet liabilities, plus net after-tax payments associated with employee-related actions and facility closures, net after-tax payments associated with significant transaction related expenses, net after-tax payments associated with IBM IT outsourcing transition and termination, and less capital expenditures. Operating free cash flow is considered a non-GAAP financial measure as defined by SEC Regulation G. We utilize this non-GAAP financial measure, and believe it is useful to investors, as an indicator of cash flow available for debt repayment and other investing activities, such as capital investments and acquisitions. We utilize operating free cash flow as a further indicator of operating performance and for planning investing activities. Operating free cash flow should be considered in addition to, rather than as a substitute for, net cash provided by operating activities. A limitation of operating free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. This measure also does not exclude mandatory debt service obligations and, therefore, does not represent the residual cash flow available for discretionary expenditures. We believe that operating free cash flow is useful to investors to provide disclosures of our operating results on the same basis as that used by our management.

Reconciliation of Operating Free Cash Flow (millions)	2010	2011	2012	2013	2014	2015
Net cash provided (used) by operating activities	\$ 81	\$ 83	\$ (9)	\$ 138	\$ 149	\$ 183
Net after-tax payments associated with employee-related actions	-	-	6	10	6	5
Net after-tax payments associated with facility closures	-	-	3	1	1	1
Net after-tax payments associated with significant transaction related expenses	-	4	9	18	8	3
Net after-tax payments associated with cash settlement of acquisition related options	-	-	10	10	-	-
Payments associated with acquired opening balance sheet liabilities	-	-	-	5	5	-
Net after-tax payments associated with IBM IT Outsourcing Transition	1	1	1	2	-	-
Plus IBM Alliance liability repayment	-	-	21	-	-	-
Less capital expenditures	(13)	(19)	(17)	(33)	(35)	(49)
Less IBM Alliance technical enablement expenditures	(6)	(2)	-	-	-	-
Operating Free Cash Flow	\$ 63	\$ 67	\$ 24	\$ 151	\$ 134	\$ 143

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.

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.