

UBS Investment Research

Amdocs Limited

More "cautious optimism"

■ DOX delivers solid F1Q revs, EPS, FCF; + q/q rev growth resumes

Earlier, DOX reported F1Q revs of \$724.8M (aided by \$4M from FX) vs. UBSe/consensus of \$721.8M/\$716.0M & pro forma EPS of \$0.55, which was slightly ahead of UBSe/consensus of \$0.54/\$0.53. The penny beat vs. UBSe was due to the company's lower R&D expenses. Pro forma op mgns of 18.1% were in-line and mgmt expects 18%+ during F10. F1Q FCF of \$169.9M was comfortably ahead of guidance for >\$100M and in-line with UBSe of \$169.2M.

■ With increased visibility mgmt provides F10 quarterly revenue guidance

We believe investors will be pleased with DOX's guidance for F2Q q/q rev growth of 1% to 3.5% (UBSe/consensus = 2.4%/1.3%). Given mgmt's increased visibility in F10, the company also guided F3Q/F4Q's top line to grow 1%-2% q/q. Mgmt's enhanced confidence is being driven by continued strength in managed services, plus stabilization in the project-based and European businesses, as well as shorter sales cycles.

■ Our medium/long-term thesis of challenged top-line growth still holds

Our downgrade to Neutral from Buy on 10/19/09 was not a short-term call. Part of our thesis was that even in a more normal macroeconomic environment, DOX's client/industry concentration and maturing end markets could make pre-recession organic growth rates of 8-10% hard to achieve on a sustainable basis.

■ Valuation: Maintain Neutral rating/increased PT to \$29 from \$27

PT based on 13x pro forma EPS/DCF. We raised our F10 revs/pro forma EPS estimates to \$2.98B/\$2.23 from \$2.95B/\$2.18.

Highlights (US\$m)	09/08	09/09	09/10E	09/11E	09/12E
Revenues	3,162	2,863	2,989	3,181	3,373
EBIT (UBS)	406	367	409	433	452
Net Income (UBS)	383	328	364	382	400
EPS (UBS, US\$)	1.74	1.58	1.75	1.82	1.88
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00

Profitability & Valuation	5-yr hist av.	09/09	09/10E	09/11E	09/12E
EBIT margin %	14.4	12.8	13.7	13.6	13.4
ROIC (EBIT) %	22.9	16.5	17.4	17.5	18.0
EV/EBITDA (core) x	12.1	6.2	8.6	8.2	7.8
PE (UBS) x	21.2	13.2	16.3	15.7	15.1
Net dividend yield %	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$28.52 on 20 Jan 2010 17:52 EST

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Global Equity Research

Americas

Diversified Technology Services

12-month rating **Neutral**
Unchanged

12m price target **US\$29.00**
Prior: US\$27.00

Price **US\$28.52**

RIC: DOX.N BBG: DOX US

21 January 2010

Trading data

52-wk range	US\$28.98-15.83
Market cap.	US\$5.90bn
Shares o/s	207m (COM)
Free float	95%
Avg. daily volume ('000)	338
Avg. daily value (m)	US\$9.1

Balance sheet data 09/10E

Shareholders' equity	US\$3.37bn
P/BV (UBS)	1.7x
Net Cash (debt)	US\$0.91bn

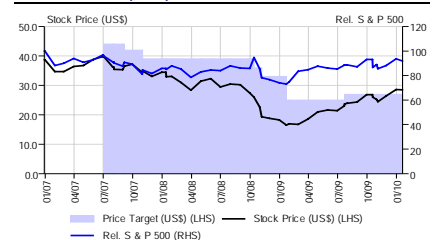
Forecast returns

Forecast price appreciation	+1.7%
Forecast dividend yield	0.0%
Forecast stock return	+1.7%
Market return assumption	5.9%
Forecast excess return	-4.2%

EPS (UBS, US\$)

	09/10E		09/09	
	From	To	Cons.	Actual
Q1	0.42	0.43	0.53	0.35
Q2E	0.42	0.43	0.54	0.39
Q3E	0.42	0.44	0.56	0.42
Q4E	0.43	0.45	0.57	0.42
09/10E	1.69	1.75	2.20	
09/11E	1.78	1.82	2.37	

Performance (US\$)



Source: UBS

www.ubs.com/investmentresearch

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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 5.

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Table 1: DOX's Quarterly Income Statement, F08A-F11E

	2008					2009					2010					2011
	FY A	Dec '08A 1 Q	Mar. '09A 2 Q	Jun '09A 3 Q	Sept. '09A 4 Q	FY E	Dec '09A 1 Q	Mar. '10E 2 Q	Jun '10E 3 Q	Sept. '10E 4 Q	FY E	Dec '10E 1 Q	Mar. '11E 2 Q	Jun '11E 3 Q	Sept. '11E 4 Q	FY E
Revenues																
License	135.5	44.6	37.2	26.1	27.3	135.1	24.2	24.9	26.1	27.3	102.4	27.8	28.2	28.7	29.2	113.8
year-over-year growth	-15.0%	70.1%	15.9%	-26.0%	-35.0%	-0.3%	-45.9%	-33.0%	0.0%	0.0%	-24.2%	15.0%	13.0%	10.0%	7.0%	11.1%
sequential growth	NA	6.4%	-16.6%	-29.9%	4.6%	NA	-11.4%	3.2%	4.6%	4.6%	NA	1.9%	1.4%	1.8%	1.7%	NA
as a % of total revenue	4.3%	5.9%	5.2%	3.8%	3.9%	4.7%	3.3%	3.4%	3.5%	3.6%	3.4%	3.6%	3.6%	3.6%	3.6%	3.6%
Service	3,026.6	709.2	673.9	664.2	680.2	2,727.5	700.7	717.7	728.6	740.0	2,887.0	749.7	760.7	772.3	784.4	3,067.2
year-over-year growth	13.1%	-0.9%	-9.2%	-15.4%	-13.2%	-9.9%	-1.2%	6.5%	9.7%	8.8%	5.8%	7.0%	6.0%	6.0%	6.0%	6.2%
sequential growth	NA	-9.5%	-5.0%	-1.4%	2.4%	NA	3.0%	2.4%	1.5%	1.6%	NA	1.3%	1.5%	1.5%	1.6%	NA
as a % of total revenue	95.7%	94.1%	94.8%	96.2%	96.1%	95.3%	96.7%	96.6%	96.5%	96.4%	96.6%	96.4%	96.4%	96.4%	96.4%	96.4%
TOTAL REVENUE	3,162.1	753.8	711.1	690.3	707.4	2,862.6	724.8	742.6	754.7	767.3	2,989.4	777.5	788.9	801.0	813.6	3,181.0
year-over-year growth	11.5%	1.6%	-8.2%	-15.9%	-14.3%	-9.5%	-3.9%	4.4%	9.3%	8.5%	4.4%	7.3%	6.2%	6.1%	6.0%	6.4%
sequential growth		-8.7%	-5.7%	-2.9%	2.5%		2.5%	2.5%	1.6%	1.7%		1.3%	1.5%	1.5%	1.6%	
TOTAL COST OF SERVICES	2,026.3	485.0	456.6	442.3	450.7	1,834.6	462.7	474.0	481.7	489.8	1,908.2	501.5	508.8	516.7	524.8	2,051.7
as a % of total revenue	64.1%	64.3%	64.2%	64.1%	63.7%	64.1%	63.8%	63.8%	63.8%	63.8%	63.8%	64.5%	64.5%	64.5%	64.5%	64.5%
TOTAL GROSS PROFIT	1,135.8	268.8	254.5	248.0	256.7	1,028.0	262.2	268.6	273.0	277.5	1,081.2	276.0	280.1	284.4	288.8	1,129.3
total gross margin	35.9%	35.7%	35.8%	35.9%	36.3%	35.9%	36.2%	36.2%	36.2%	36.2%	36.2%	35.5%	35.5%	35.5%	35.5%	35.5%
Operating expenses																
Research and development	225.5	56.2	52.8	51.1	50.3	210.4	50.1	53.5	54.3	55.2	213.2	54.4	55.2	56.1	57.0	222.7
as a % of total revenue	7.1%	7.5%	7.4%	7.4%	7.1%	7.3%	6.9%	7.2%	7.2%	7.2%	7.1%	7.0%	7.0%	7.0%	7.0%	7.0%
Selling, general, and administrative	404.1	90.3	84.3	81.7	88.0	344.3	91.6	91.3	92.8	94.4	370.1	93.3	94.7	96.1	97.6	381.7
as a % of total revenue	12.8%	12.0%	11.9%	11.8%	12.4%	12.0%	12.6%	12.3%	12.3%	12.3%	12.4%	12.0%	12.0%	12.0%	12.0%	12.0%
Amortization of purchased intangible assets	86.7	20.3	21.5	21.8	21.6	85.2	21.3	22.3	22.6	23.0	89.3	22.5	22.9	23.2	23.6	92.2
as a % of total revenue	2.7%	2.7%	3.0%	3.2%	3.0%	3.0%	2.9%	3.0%	3.0%	3.0%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%
Restructuring and other	13.9	20.8	0.0	0.0	0.0	20.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
as a % of total revenue	0.4%	2.8%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (GAAP)	405.6	81.3	96.0	93.2	96.8	367.3	99.1	101.5	103.2	104.9	408.7	105.7	107.3	108.9	110.6	432.6
as a % of total revenues	12.8%	10.8%	13.5%	13.5%	13.7%	12.8%	13.7%	13.7%	13.7%	13.7%	13.7%	13.6%	13.6%	13.6%	13.6%	13.6%
EBIT (Pro forma)	563.7	135.7	128.0	124.5	128.0	516.1	131.3	134.8	136.1	138.3	540.4	139.9	141.8	143.1	145.3	570.1
as a % of total revenues	17.8%	18.0%	18.0%	18.0%	18.1%	18.0%	18.1%	18.1%	18.0%	18.0%	18.1%	18.0%	18.0%	17.9%	17.9%	17.9%
EBITDA	598.5	130.0	145.7	142.6	147.1	565.4	149.2	146.1	148.4	150.9	594.6	152.4	154.6	157.0	159.5	623.5
as a % of total revenues	18.9%	17.2%	20.5%	20.7%	20.8%	19.8%	20.6%	19.7%	19.7%	19.7%	19.9%	19.6%	19.6%	19.6%	19.6%	19.6%
Net interest (expense)/income and other	12.0	2.2	(5.8)	2.5	(0.2)	(1.2)	(0.7)	(0.7)	(0.7)	(0.7)	(2.9)	(0.7)	(0.7)	(0.7)	(0.7)	(2.9)
Pretax profit	417.6	83.5	90.2	95.8	96.7	366.2	98.4	100.8	102.4	104.2	405.8	105.0	106.6	108.2	109.9	429.8
as a % of total revenues	13.2%	11.1%	12.7%	13.9%	13.7%	12.8%	13.6%	13.6%	13.6%	13.6%	13.6%	13.5%	13.5%	13.5%	13.5%	13.5%
Income taxes	38.6	9.3	9.6	10.2	10.9	40.0	10.1	10.3	10.5	10.7	41.6	11.6	11.7	11.9	12.1	47.3
as a % of pretax profit	9.3%	11.1%	10.6%	10.7%	11.3%	10.9%	10.2%	10.2%	10.2%	10.2%	10.2%	11.0%	11.0%	11.0%	11.0%	11.0%
Effect of assumed conversion of convertible notes	3.9	0.9	0.6	-	-	1.5	-	-	-	-	-	-	-	-	-	-
Net income (incl options, net special items)	382.8	75.1	81.3	85.5	85.8	327.7	88.4	90.5	91.9	93.5	364.3	93.5	94.9	96.3	97.8	382.5
as a % of total revenues	12.1%	10.0%	11.4%	12.4%	12.1%	11.4%	12.2%	12.2%	12.2%	12.2%	12.2%	12.0%	12.0%	12.0%	12.0%	12.0%
EPS (incl options, fully diluted)	\$1.74	\$0.35	\$0.39	\$0.42	\$0.42	\$1.58	\$0.43	\$0.43	\$0.44	\$0.45	\$1.75	\$0.45	\$0.45	\$0.46	\$0.46	\$1.82
year-over-year growth	5.5%	-18.7%	-15.6%	-9.4%	8.8%	-9.3%	20.8%	12.3%	4.9%	6.9%	10.8%	4.4%	3.8%	3.8%	3.7%	3.9%
Diluted shares outstanding	219.6	212.3	209.8	203.5	204.9	207.6	206.7	208.0	208.5	209.0	208.0	209.5	210.0	210.5	211.0	210.3
Pro Forma EPS Calculation																
Amortization of purchased intangible assets	86.7	20.3	21.5	21.8	21.6	85.2	21.3	22.3	22.6	23.0	89.3	22.5	22.9	23.2	23.6	92.2
Stock options expense (pretax)	57.5	13.4	10.5	9.4	9.6	42.9	10.9	11.0	10.3	10.4	42.5	11.6	11.7	10.9	11.0	45.2
Restructuring & In-process R&D	13.9	20.8	-	-	-	20.8	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pro forma Pre-tax Income	575.6	138.0	122.2	127.0	127.8	515.0	130.6	134.1	135.3	137.6	537.6	139.2	141.1	142.3	144.5	567.2
Tax effect	76.0	21.7	17.3	18.4	18.6	76.1	17.5	18.8	18.9	19.3	74.5	19.5	19.8	19.9	20.2	79.4
Pro forma tax rate	13.2%	15.7%	14.2%	14.5%	14.6%	14.8%	13.4%	14.0%	14.0%	14.0%	13.9%	14.0%	14.0%	14.0%	14.0%	14.0%
Pro forma After-tax Net Income	503.5	117.1	105.5	108.5	109.2	440.3	113.1	115.3	116.4	118.3	463.1	119.7	121.4	122.4	124.3	487.8
Pro forma EPS	\$ 2.29	0.55	0.50	0.53	0.53	\$ 2.12	0.55	0.55	0.56	0.57	\$ 2.23	0.57	0.58	0.58	0.59	\$ 2.32
year-over-year growth	7.4%	-1.4%	-13.4%	-12.4%	-1.9%	-7.5%	-0.8%	10.2%	4.7%	6.2%	5.0%	4.4%	4.3%	4.2%	4.1%	4.2%

Source: Company reports and UBS estimates

Amdocs Limited

Income statement (US\$m)	09/05	09/06	09/07	09/08	09/09	09/10E	% ch	09/11E	% ch	09/12E	% ch
Revenues	2,039	2,480	2,836	3,162	2,863	2,989	4.4	3,181	6.4	3,373	6.0
Operating expenses (ex depn)	(1,606)	(2,030)	(2,314)	(2,564)	(2,297)	(2,395)	4.2	(2,558)	6.8	(2,719)	6.3
EBITDA (UBS)	432	450	522	599	565	595	5.2	623	4.9	654	5.0
Depreciation	(94)	(118)	(165)	(193)	(198)	(186)	-6.2	(191)	2.7	(202)	6.0
Operating income (EBIT, UBS)	338	332	357	406	367	409	11.3	433	5.9	452	4.5
Other income & associates	0	0	0	0	0	0	-	0	-	0	-
Net interest	22	42	51	12	(1)	(3)	145.5	(3)	0.0	(3)	0.0
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	361	374	408	418	366	406	10.8	430	5.9	449	4.5
Tax	(72)	(55)	(43)	(39)	(40)	(42)	4.0	(47)	13.7	(49)	4.5
Profit after tax	289	319	365	379	326	364	11.7	382	5.0	400	4.5
Abnormal items (post-tax)	4	4	4	4	1	0	-	0	-	0	-
Minorities / pref dividends	0	0	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	293	323	369	383	328	364	11.2	382	5.0	400	4.5
Net Income (UBS)	293	323	369	383	328	364	11.2	382	5.0	400	4.5
Tax rate (%)	20	15	11	9	11	10	-6.2	11	7.4	11	0.0
Pre-abnormal tax rate (%)	20	15	11	9	11	10	-6.2	11	7.4	11	0.0
Per share (US\$)	09/05	09/06	09/07	09/08	09/09	09/10E	% ch	09/11E	% ch	09/12E	% ch
EPS (local GAAP)	1.35	1.48	1.65	1.74	1.58	1.75	10.9	1.82	3.9	1.88	3.5
EPS (UBS)	1.35	1.48	1.65	1.74	1.58	1.75	10.9	1.82	3.9	1.88	3.5
Net DPS	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	1.78	2.02	2.39	2.62	2.53	2.64	4.4	2.73	3.1	2.84	4.0
BVPS	8.27	10.56	12.57	13.57	15.79	16.50	4.5	18.91	14.6	21.43	13.3
Balance sheet (US\$m)	09/05	09/06	09/07	09/08	09/09	09/10E	% ch	09/11E	% ch	09/12E	% ch
Cash and equivalents	1,146	979	1,179	1,244	1,173	1,106	-5.7	1,568	41.8	2,032	29.6
Other current assets	482	659	710	761	700	786	12.4	810	3.0	853	5.4
Total current assets	1,628	1,639	1,889	2,006	1,873	1,892	1.0	2,378	25.7	2,886	21.4
Net tangible fixed assets	182	220	284	317	280	246	-12.2	260	6.0	276	6.0
Net intangible fixed assets	1,129	1,809	1,793	1,797	1,767	2,048	15.9	2,048	0.0	2,048	0.0
Investments / other assets	264	295	379	459	409	417	1.7	417	0.0	417	0.0
Total assets	3,202	3,963	4,345	4,579	4,328	4,602	6.3	5,103	10.9	5,626	10.3
Trade payables & other ST liabilities	850	1,030	973	828	611	688	12.6	697	1.3	706	1.4
Short term debt	8	2	2	2	0	0	-	0	-	0	-
Total current liabilities	859	1,032	975	830	611	688	12.6	697	1.3	706	1.4
Long term debt	450	450	450	450	1	0	-	0	-	0	-
Other long term liabilities	237	327	320	494	503	548	8.9	548	0.0	548	0.0
Total liabilities	1,546	1,809	1,744	1,774	1,115	1,236	10.8	1,245	0.7	1,255	0.8
Equity & minority interests	1,656	2,154	2,600	2,805	3,213	3,366	4.8	3,858	14.6	4,372	13.3
Total liabilities & equity	3,202	3,963	4,345	4,579	4,328	4,602	6.3	5,103	10.9	5,626	10.3
Cash flow (US\$m)	09/05	09/06	09/07	09/08	09/09	09/10E	% ch	09/11E	% ch	09/12E	% ch
Net income	293	323	369	383	328	364	11.2	382	5.0	400	4.5
Depreciation	94	118	165	193	198	186	-6.2	191	2.7	202	6.0
Net change in working capital	(13)	(98)	(135)	(153)	(72)	18	-	(15)	-	(34)	131.2
Other (operating)	13	91	30	65	67	34	-50.0	45	34.4	48	6.0
Net cash from operations	386	433	428	488	521	602	15.6	604	0.4	616	2.0
Capital expenditure	(66)	(76)	(163)	(133)	(82)	(103)	24.9	(143)	39.2	(152)	6.0
Net (acquisitions) / disposals	(262)	(625)	(91)	(59)	(66)	(56)	-14.3	0	-	0	-
Other changes in investments	202	72	(188)	22	82	(70)	-	0	-	0	-
Cash from investing activities	(126)	(629)	(441)	(170)	(66)	(230)	246.2	(143)	-37.7	(152)	6.0
Increase/(decrease) in debt	(22)	(8)	0	(1)	(451)	0	-	0	-	0	-
Share issues / (repurchases)	(100)	0	(50)	(248)	(20)	0	-	0	-	0	-
Dividends paid	0	0	0	0	0	0	-	0	-	0	-
Other cash from financing	24	108	75	38	28	5	-	0	-	0	-
Cash from financing activities	(98)	100	26	(211)	(443)	5	-	0	-	0	-
Cash flow chge in cash & equivalents	161	(96)	12	107	11	377	-	461	-	464	-
FX / non cash items	(206)	(70)	188	(42)	(83)	(444)	435.2	1	-	0	-
Bal sheet chge in cash & equivalents	(45)	(166)	200	65	(71)	(67)	-	462	-	464	-
Core EBITDA	432	450	522	599	565	595	5.2	623	4.9	654	5.0
Maintenance capital expenditure	(66)	(76)	(163)	(133)	(82)	(103)	24.9	(143)	39.2	(152)	6.0
Maintenance net working capital	(13)	(98)	(135)	(153)	(72)	18	-	(15)	-	(34)	131.2
Operating free cash flow, pre-tax	354	276	224	312	411	510	24.1	466	-8.6	469	0.6

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

12-month rating **Neutral**

12m price target **US\$29.00**

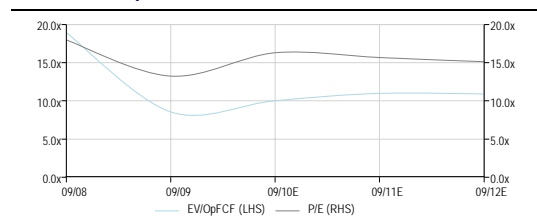
Company profile

Amdocs is a leading provider of CRM, billing, and order management systems to the communications industry. Focused on the major carriers and service providers, Amdocs offers suites of customized software products and services to its global customer base. The company has a 27-year track record delivering large-scale, mission-critical systems through its 17,000+ information systems professionals.

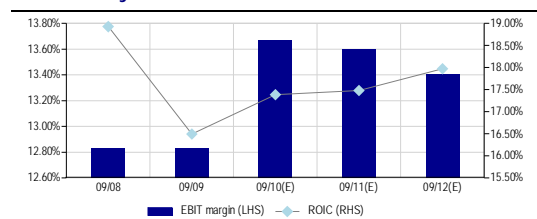
Valuation (x)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
P/E (local GAAP)	21.2	18.0	13.2	16.3	15.7	15.1
P/E (UBS)	21.2	18.0	13.2	16.3	15.7	15.1
P/CEPS	15.0	11.9	8.2	10.8	10.5	10.1
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	3.0	2.3	1.3	1.7	1.5	1.3
EV/revenue (core)	2.4	1.9	1.2	1.7	1.6	1.5
EV/EBITDA (core)	12.1	9.9	6.2	8.6	8.2	7.8
EV/EBIT (core)	16.8	14.6	9.6	12.5	11.8	11.3
EV/OpFCF (core)	19.0	18.9	8.6	10.0	11.0	10.9
EV/op. invested capital	3.9	2.8	1.6	2.2	2.1	2.0

Enterprise value (US\$m)	09/08	09/09	09/10E	09/11E	09/12E
Average market cap	6,476	4,302	5,895	5,895	5,895
+ minority interests	0	0	0	0	0
+ average net debt (cash)	(560)	(782)	(782)	(782)	(782)
+ pension obligations and other	0	0	0	0	0
- non-core asset value	0	0	0	0	0
Core enterprise value	5,916	3,520	5,113	5,113	5,113

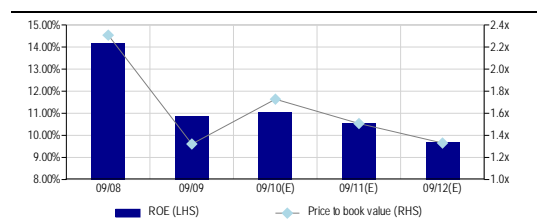
Value (EV/OpFCF & P/E)



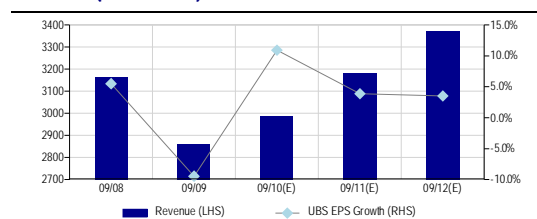
Profitability



ROE v Price to book value



Growth (UBS EPS)



Growth (%)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
Revenue	15.6	11.5	-9.5	4.4	6.4	6.0
EBITDA (UBS)	10.8	14.6	-5.5	5.2	4.9	5.0
EBIT (UBS)	8.2	13.5	-9.4	11.3	5.9	4.5
EPS (UBS)	12.9	5.5	-9.5	10.9	3.9	3.5
Cash EPS	14.4	9.6	-3.4	4.4	3.1	4.0
Net DPS	-	-	-	-	-	-
BVPS	17.3	7.9	16.4	4.5	14.6	13.3

Margins (%)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
EBITDA / revenue	19.8	18.9	19.8	19.9	19.6	19.4
EBIT / revenue	14.4	12.8	12.8	13.7	13.6	13.4
Net profit (UBS) / revenue	13.2	12.1	11.4	12.2	12.0	11.9

Return on capital (%)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
EBIT ROIC (UBS)	22.9	18.9	16.5	17.4	17.5	18.0
ROIC post tax	-	17.2	14.7	15.6	15.6	16.0
Net ROE	16.2	14.2	10.9	11.1	10.6	9.7

Coverage ratios (x)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
EBIT / net interest	-	-	NM	NM	NM	NM
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (% , UBS EPS)	-	-	-	-	-	-
Net debt / EBITDA	NM	NM	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
Revenue / op. invested capital	1.6	1.5	1.3	1.3	1.3	1.3
Revenue / fixed assets	1.5	1.5	1.4	1.4	1.4	1.5
Revenue / net working capital	NM	90.4	13.6	10.2	10.4	10.2

Investment ratios (x)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
OpFCF / EBIT	0.9	0.8	1.1	1.2	1.1	1.0
Capex / revenue (%)	4.0	4.2	2.9	3.4	4.5	4.5
Capex / depreciation	0.7	0.7	0.4	0.6	0.8	0.8

Capital structure (%)	5Yr Avg	09/08	09/09	09/10E	09/11E	09/12E
Net debt / total equity	(24.4)	(21.1)	(30.3)	(26.9)	(35.5)	(41.9)
Net debt / (net debt + equity)	(29.9)	(26.8)	(43.4)	(36.8)	(54.9)	(72.1)
Net debt (core) / EV	-8.58	(9.5)	(22.2)	(15.3)	(15.3)	(15.3)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Valuations: based on an average share price that year, (E): based on a share price of US\$28.52 on 20 Jan 2010 17:52 EST Market cap(E) may include forecast share issues/buybacks.

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■ **Amdocs Limited**

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■ **Statement of Risk**

Client consolidation and loss/decline on large customer relationships, the pace of customer spending on BSS/OSS systems, pricing, and increasing competition remain a risk for the company. We also believe DOX's high customer concentration and lack of diversification outside of the telecom industry remain risks.

■ **Analyst Certification**

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	48%	40%
Neutral	Hold/Neutral	40%	35%
Sell	Sell	13%	26%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	17%
Sell	Sell	less than 1%	67%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2009.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

Equity Price Targets have an investment horizon of 12 months.

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UBS Securities LLC: Jason Kupferberg; Steve Fordham, CFA.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Amdocs Limited ¹⁶	DOX.N	Neutral	N/A	US\$28.52	20 Jan 2010

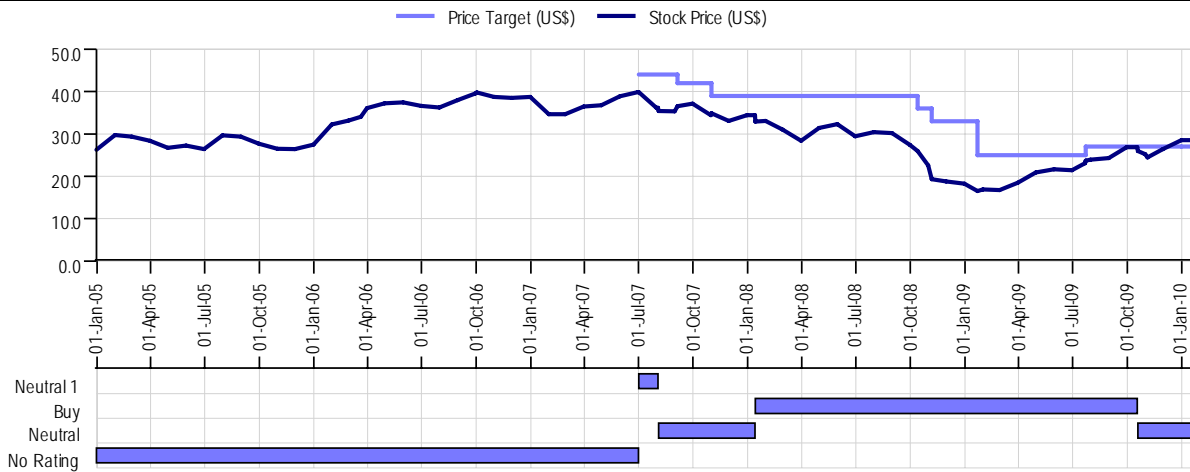
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Amdocs Limited (US\$)



Source: UBS; as of 20 Jan 2010

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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