



2020 FIRST QUARTER RESULTS

Ended March 31, 2020

Forward Looking Statements Disclaimer

This presentation contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements may be identified by words such as “believe,” “expect,” “seek,” “may,” “will,” “intend,” “should,” “project,” “anticipate,” “plan,” and similar expressions. Forward-looking statements are based on the current beliefs, expectations and assumptions of the Company’s management regarding the future of the Company’s business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Examples of forward-looking statements include guidance regarding the Company’s revenue and earnings and the growth of our cloud, analytics and artificial intelligence business.

Forward looking statements are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance, and investors should not place undue reliance on them. There are or will be important known and unknown factors and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These factors, include, but are not limited to, risks associated with changes in economic and business conditions, competition, successful execution of the Company’s growth strategy, success and growth of the Company’s cloud Software-as-a-Service business, difficulties in making additional acquisitions or effectively integrating acquired operations, products, technologies and personnel, the Company’s dependency on third-party cloud computing platform providers, hosting facilities and service partners, rapidly changing technology, cyber security attacks or other security breaches against the Company, privacy concerns and legislation impacting the Company’s business, changes in currency exchange rates and interest rates, the effects of additional tax liabilities resulting from our global operations and various other factors and uncertainties discussed in our filings with the U.S. Securities and Exchange Commission (the “SEC”). In addition, COVID-19 is contributing to a general slowdown in the global economy and may affect the Company’s business, results of operations, financial condition and our future strategic plans. At this time, the extent to which the COVID-19 may impact the Company’s financial condition or results of operations is uncertain. Furthermore, due to our subscription based business model, the effect of the COVID-19 may not be fully reflected in our results of operations until future periods, if at all. You are encouraged to carefully review the section entitled “Risk Factors” in our latest Annual Report on Form 20-F and our other filings with the SEC for additional information regarding these and other factors and uncertainties that could affect our future performance. The forward-looking statements contained in this presentation speak only as of the date hereof, and the Company undertakes no obligation to update or revise them, whether as a result of new information, future developments or otherwise, except as required by law.

Explanation of Non-GAAP measures

Non-GAAP financial measures are included in this presentation. Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude share-based compensation, amortization of acquired intangible assets, acquisition related expenses, amortization of discount on long term debt and the tax effect of the Non-GAAP adjustments. Business combination accounting rules require the recognition of a legal performance obligation related to a revenue arrangement of an acquired entity as a liability. The amount assigned to such liability should be based on its fair value at the date of acquisition. The Non-GAAP adjustment for a revenue arrangement is intended to reflect the full amount of such revenue. The Company believes that these Non-GAAP financial measures, used in conjunction with the corresponding GAAP measures, provide investors with useful supplemental information about the financial performance of our business. We believe Non-GAAP financial measures are useful to investors as a measure of the ongoing performance of our business. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and to make financial, strategic and operating decisions. These Non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Our Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. These Non-GAAP financial measures may differ materially from the Non-GAAP financial measures used by other companies. Reconciliation between results on a GAAP and Non-GAAP basis is provided in a table immediately following the Consolidated Statements of Income. The Company provides guidance only on a Non-GAAP basis. A reconciliation of guidance from a GAAP to Non-GAAP basis is not available due to the unpredictability and uncertainty associated with future events that would be reported in GAAP results and would require adjustments between GAAP and Non-GAAP financial measures, including the impact of future possible business acquisitions. Accordingly, a reconciliation of the guidance based on Non-GAAP financial measures to corresponding GAAP financial measures for future periods is not available without unreasonable effort.

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Q1 2020 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook

Q1 2020 Highlights (Non-GAAP)

Total revenue increased 9%; to \$411M compared to Q1 2019

Cloud revenue increased 27% compared to Q1 2019; and increased to record 42% of total revenue

Q1 Cloud gross margin increased 310 bps to 62.9%; compared to 59.8% in Q1 last year

Recurring revenue increased to 75% of total revenue; compared to 71% in Q1 last year

Gross margin increased to 70.9%; compared to 70.5% in Q1 2019

Operating income increased 14%; to \$111M compared to Q1 last year

Operating margin increased to 26.9%; compared to 25.7% in Q1 last year

EPS increased 14% to \$1.34; compared to \$1.18 in Q1 2019

* All numbers presented are Non-GAAP

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Q1 2020 Highlights

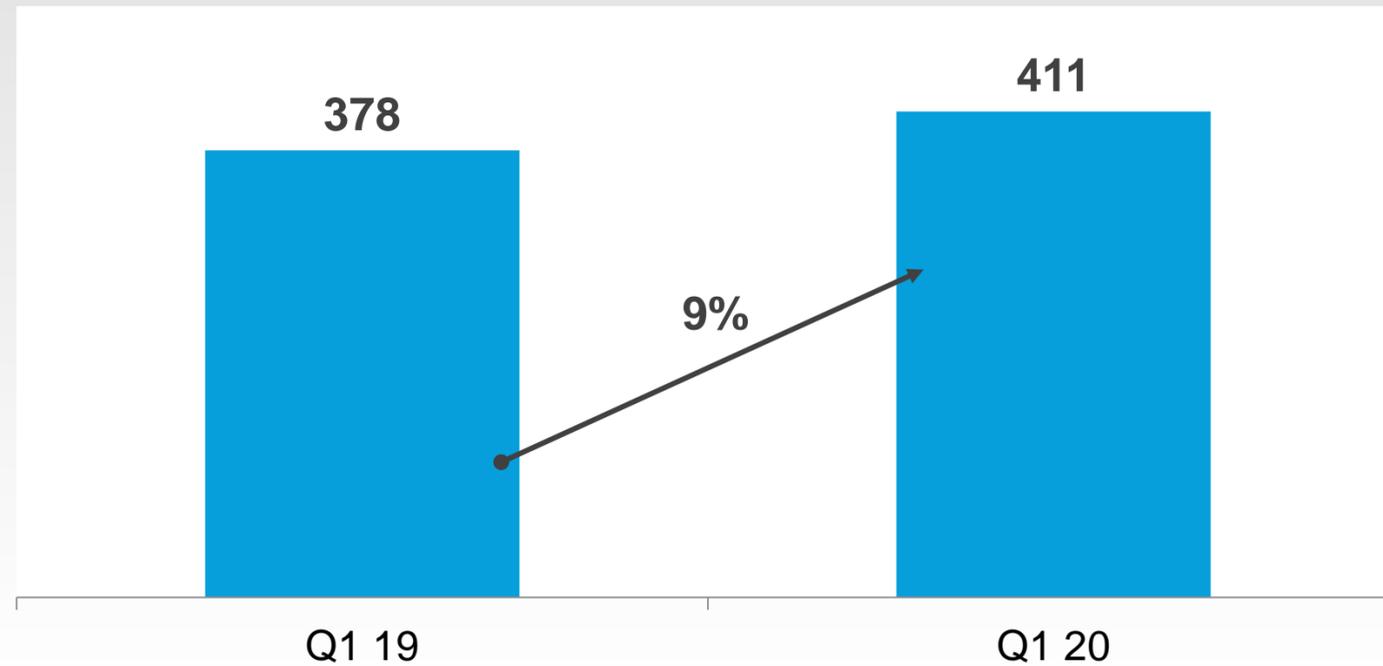
Income Statement

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Outlook

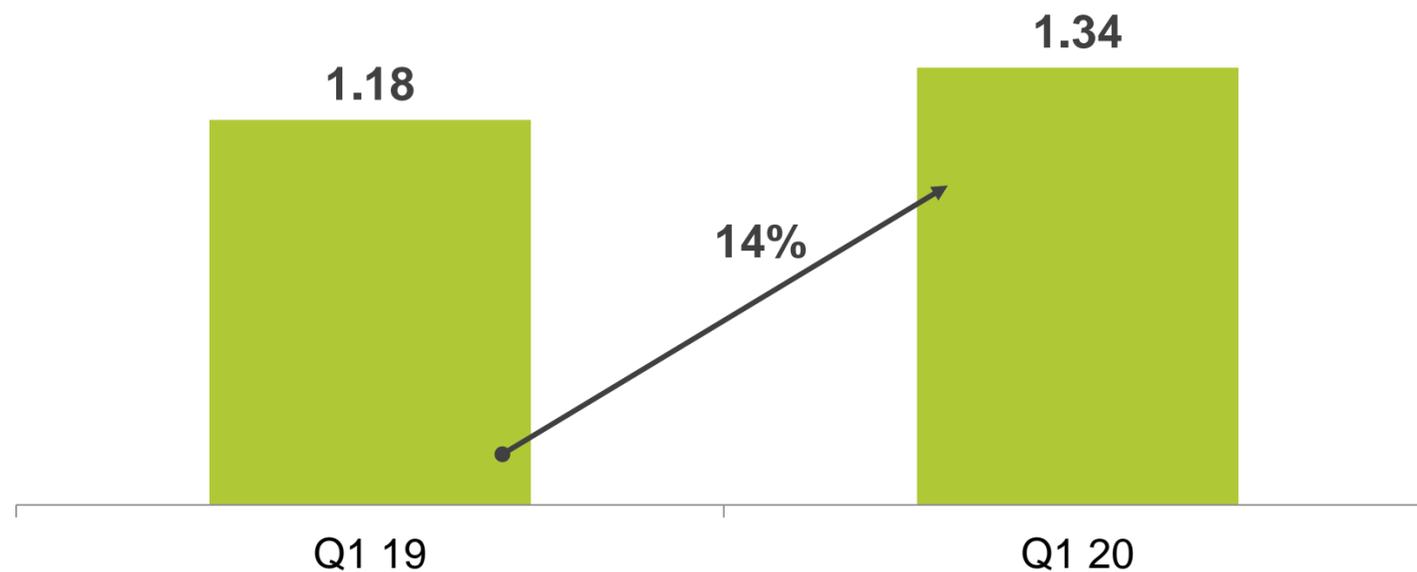
Solid Growth and Execution

REVENUES (Non-GAAP, \$M)



- Solid growth in total revenue driven by 27% increase in cloud revenue in Q1
- Cloud revenue of \$173M represented 42% of total revenue in Q1
- Recurring revenue accounted for 75% of total revenue for Q1

EARNINGS PER SHARE (Non-GAAP, \$)



- Strong growth in Q1 EPS due to expanded gross and operating margins combined with strong expense management

GAAP and Non-GAAP Income Statement

\$M (except EPS)	Q1 2020	Q1 2019
GAAP revenues	410.4	377.0
Valuation adjustment on acquired deferred cloud revenue	0.8	0.9
Non-GAAP revenues	411.2	377.9
GAAP Cost of revenue	140.1	131.0
Amortization of acquired intangible assets on cost of product	(1.1)	(0.9)
Amortization of acquired intangible assets on cost of services	(1.5)	(1.5)
Amortization of acquired intangible assets on cost of cloud	(15.6)	(14.8)
Valuation adjustments on acquired deferred cost of cloud	0.3	0.7
Cost of product revenue adjustment (1)	(0.1)	(0.1)
Cost of services revenue adjustment (1)	(1.6)	(2.1)
Cost of cloud revenue adjustment (1,2)	(0.8)	(0.9)
Non-GAAP cost of revenue	119.7	111.4
GAAP gross profit	270.3	246.0
Gross profit adjustments	21.2	20.5
Non-GAAP gross profit	291.5	266.5
GAAP operating expenses	211.5	194.0
Research and development (1)	(2.6)	(1.5)
Sales and marketing (1,2)	(5.3)	(5.7)
General and administrative (1,2)	(12.8)	(6.6)
Amortization of acquired intangible assets	(9.8)	(10.7)
Valuation adjustment on acquired deferred commission	0.0	0.1
Non-GAAP operating expenses	181.0	169.6

GAAP and Non-GAAP Income Statement (cont.)

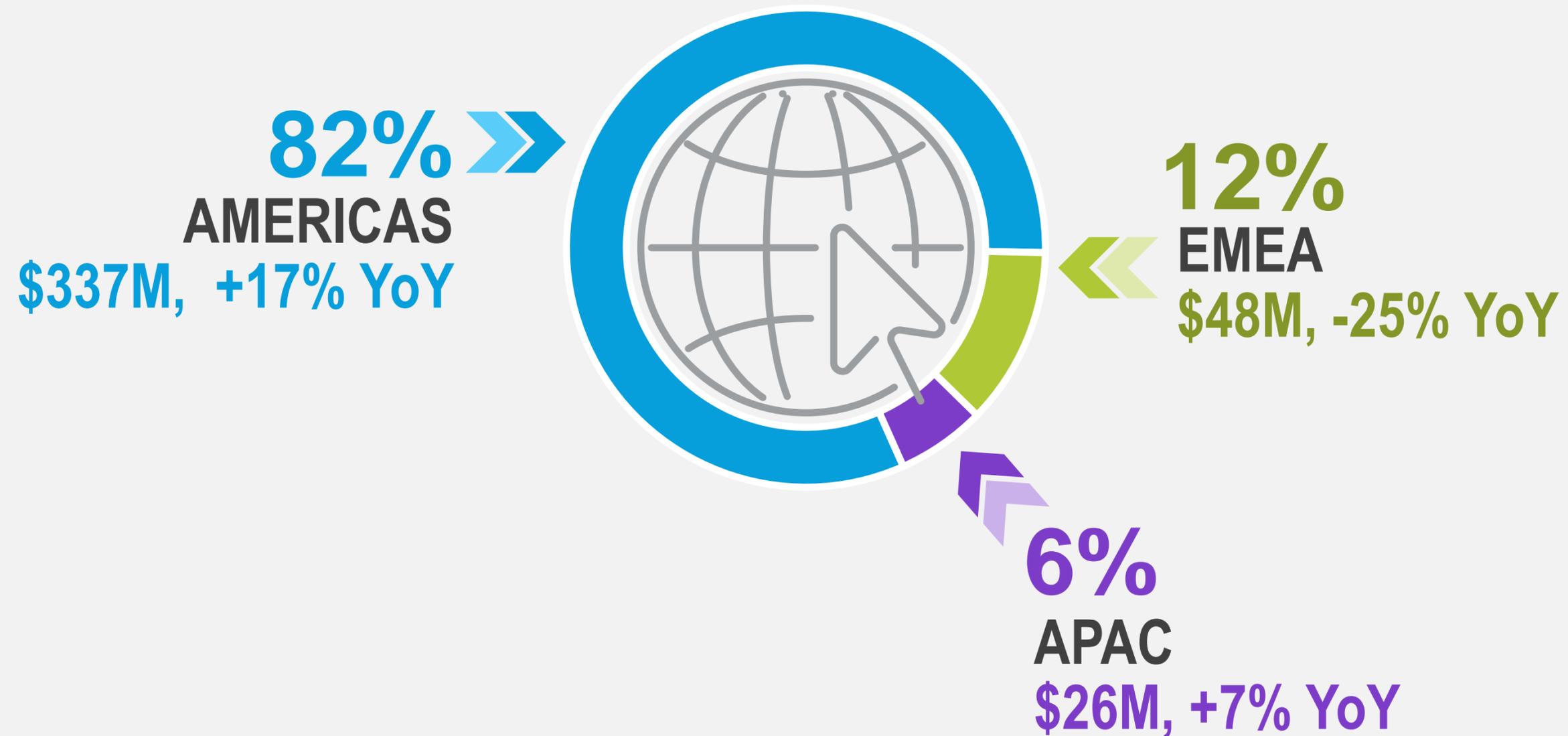
\$M (except EPS)	Q1 2020	Q1 2019
GAAP finance & other expense (income), net	1.6	3.4
Amortization of discount on long term debt	(2.3)	(2.3)
Non-GAAP finance & other expense (income), net	(0.7)	1.1
GAAP taxes on income	11.1	11.4
Tax adjustments re non-GAAP adjustments	12.3	8.9
Non-GAAP taxes on income	23.4	20.3
GAAP net income	46.1	37.1
Valuation adjustment on acquired deferred cloud revenue	0.8	0.9
Valuation adjustment on acquired deferred cost of cloud revenue	(0.3)	(0.7)
Amortization of acquired intangible assets	28.0	27.9
Valuation adjustment on acquired deferred commission	(0.0)	(0.1)
Share-based compensation (1)	21.6	17.0
Acquisition related expenses (2)	1.6	-
Amortization of discount on debt	2.3	2.3
Tax adjustments re non-GAAP adjustments	(12.3)	(8.9)
Non-GAAP net income	87.8	75.5
GAAP diluted earnings per share	0.71	0.58
Non-GAAP diluted earnings per share	1.34	1.18

GAAP and Non-GAAP Income Statement (cont.)

\$M (except EPS)	Q1 2020	Q1 2019
(1) Shared-based Compensation		
Cost of product revenue	0.1	0.1
Cost of services revenue	1.6	2.1
Cost of cloud revenue	0.8	0.9
Research and development	2.6	1.6
Sales and marketing	5.2	5.7
General and administrative	11.3	6.6
	21.6	17.0
(2) Acquisition related expenses		
Sales and marketing	0.1	-
General and administrative	1.5	-
	1.6	-

Q1 2020

Revenue Breakdown by Region (Non-GAAP)



Q1 2020

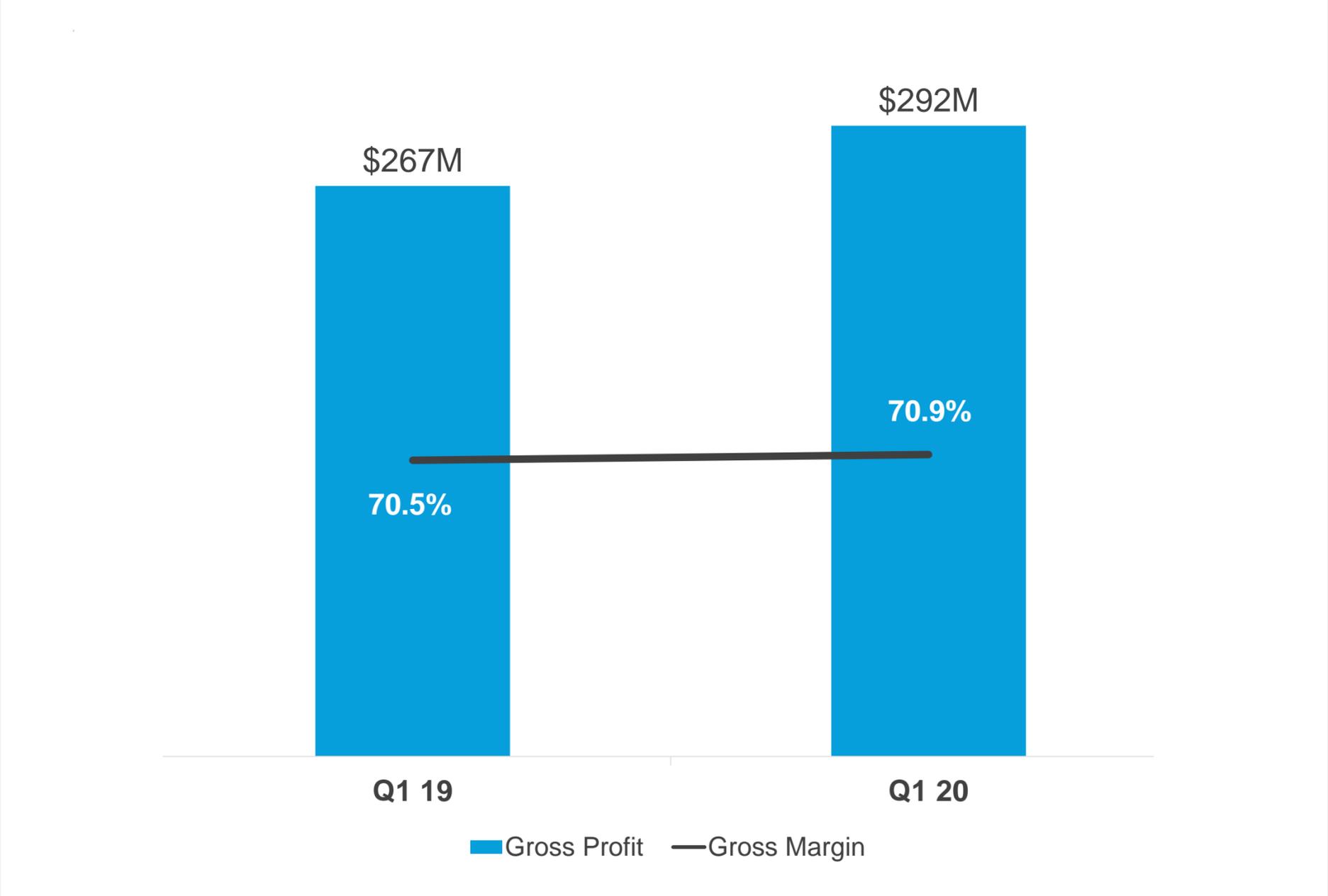
Revenue Breakdown by Business Unit (Non-GAAP)

80% **»»**
**CUSTOMER
ENGAGEMENT**
\$328M, +8% YoY

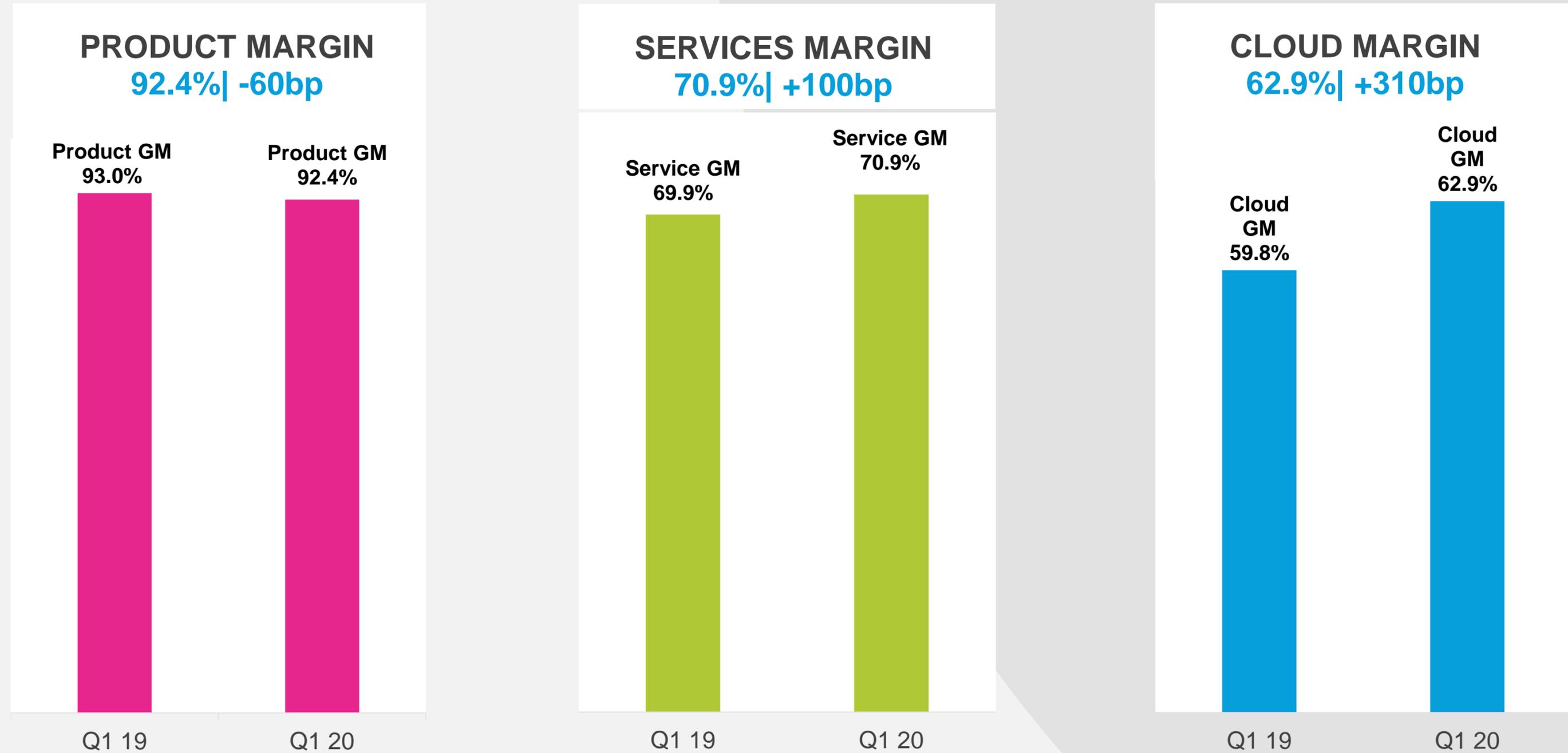


«« 20%
**FINANCIAL CRIME &
COMPLIANCE**
\$83M, +14% YoY

Gross Profit and Gross Margin Q1 2020 (Non-GAAP)

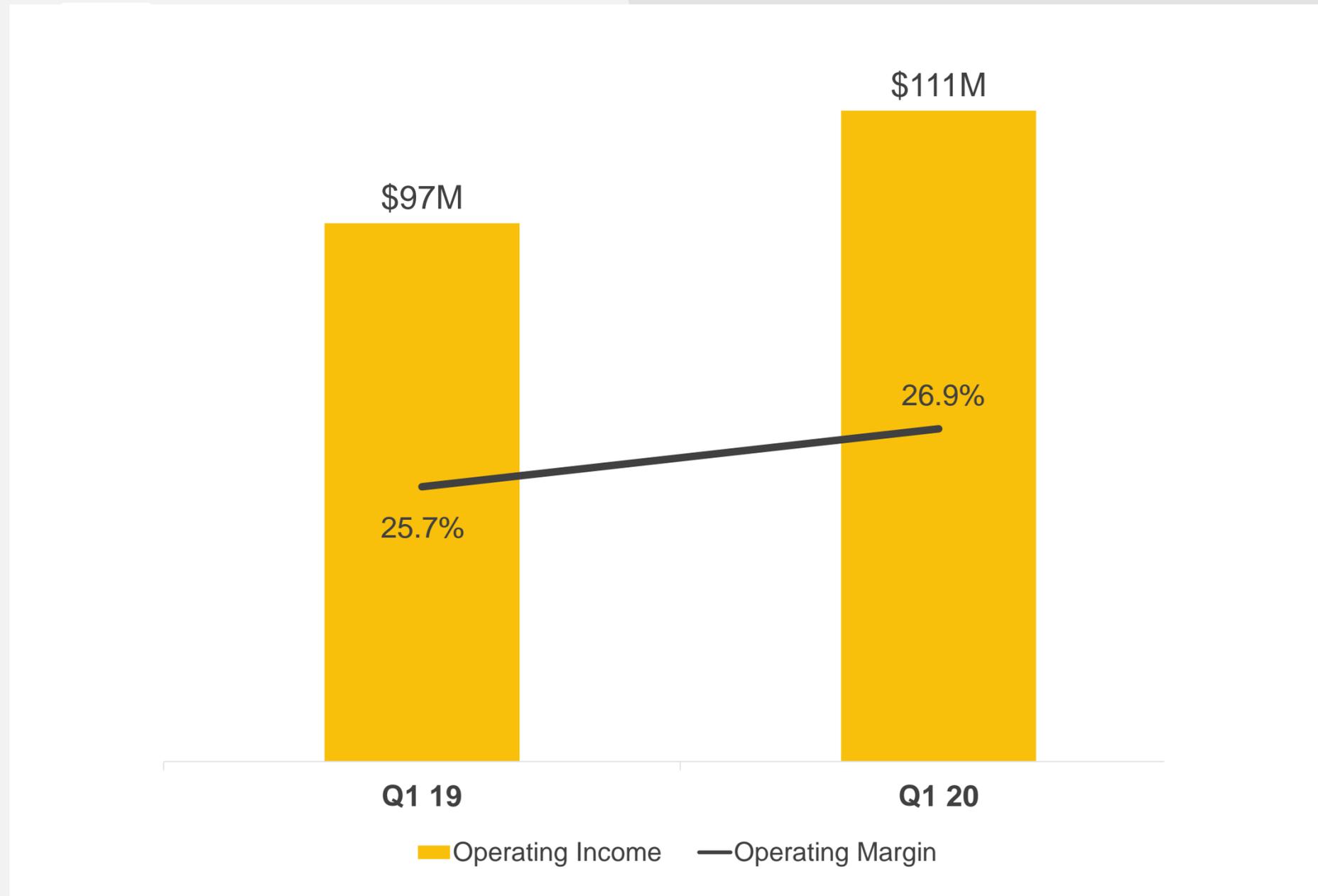


Gross Margin Q1 2020 (Non-GAAP)



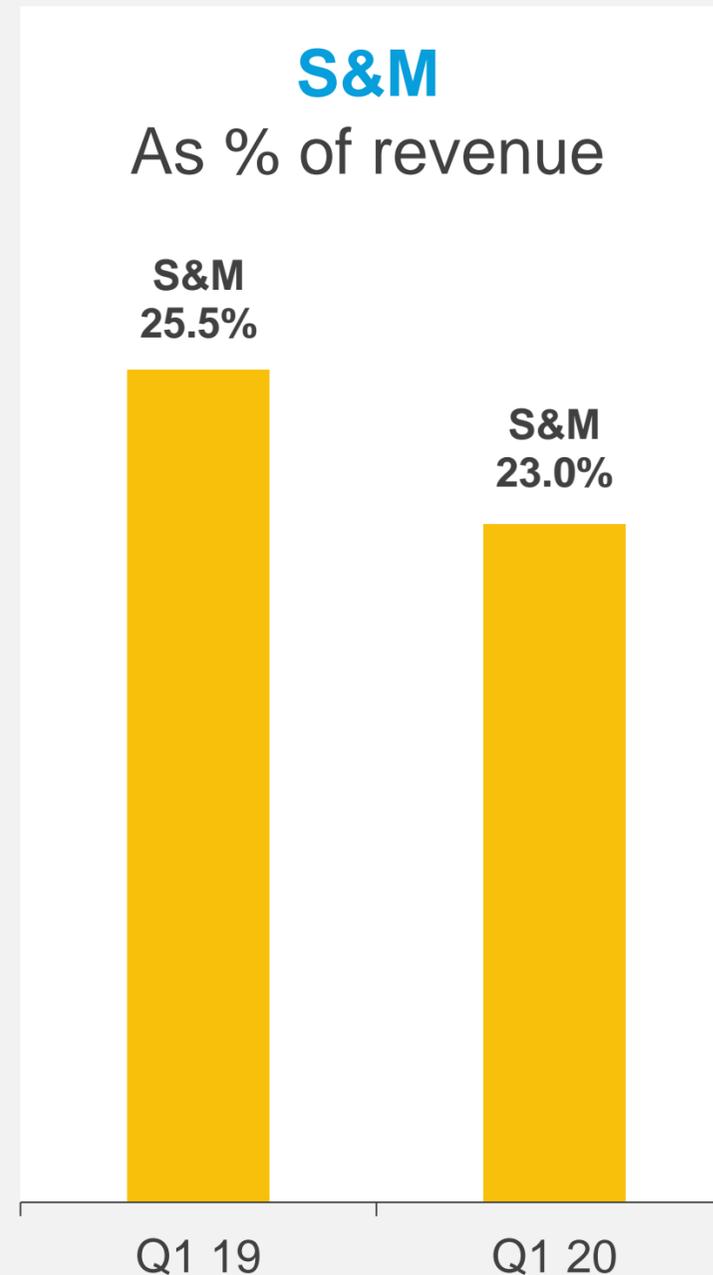
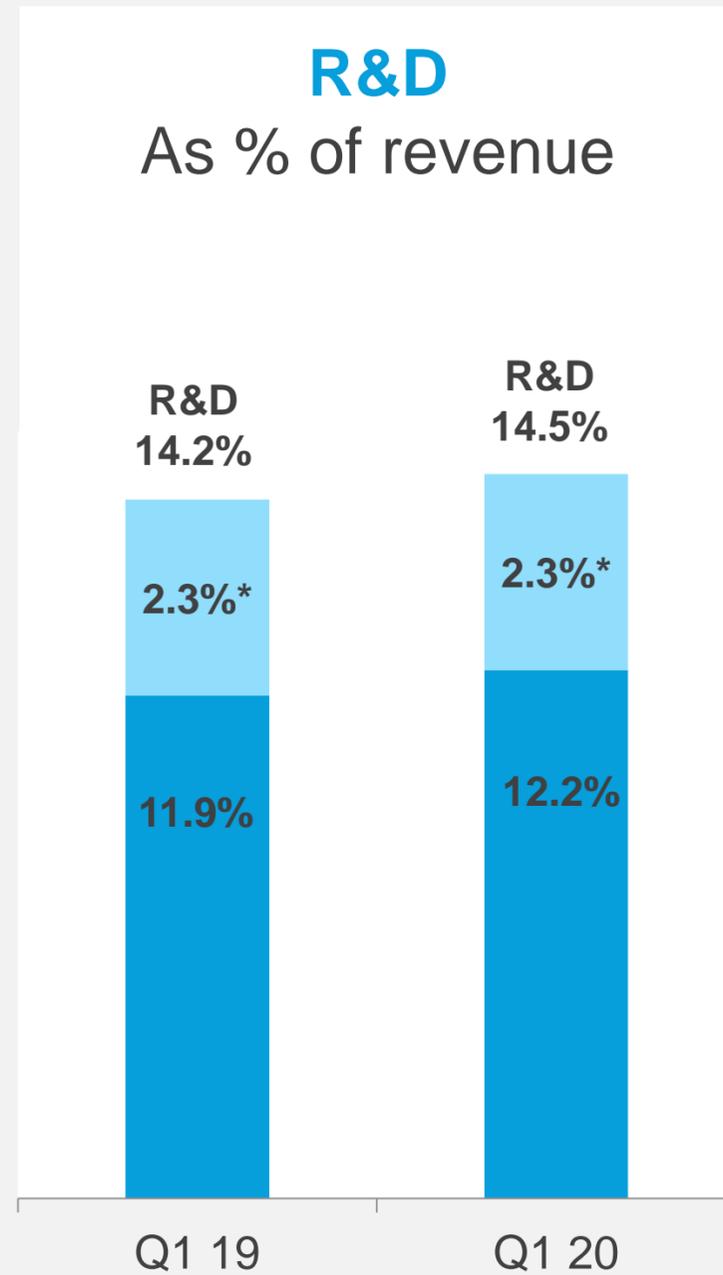
- Services gross margin increased as a result of continued efficiencies in the services organization
- Cloud gross margin increased as a result of increased scale in the cloud business

Operating Income and Operating Margin Q1 2020 (Non-GAAP)



- Operating income increased as a result of an increase in revenue coupled with cost control

Cost Ratios Q1 2020 (Non-GAAP)



* R&D capitalization

** Q1 2019 included some one-time non-recurring credits

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Q1 2020 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook

Balance Sheet

March 31, 2020

Assets (\$M)	03/31/2020	12/31/2019
Cash and cash equivalents	289.1	228.3
Short term investments	192.5	210.8
Trade receivables	315.8	319.6
Prepaid expenses and other current assets	130.2	117.0
Total current assets	927.6	875.7
Long term Investments	553.7	542.4
Property and equipment, net	141.8	141.7
Deferred tax assets	30.6	30.5
Other Intangible assets, net	405.7	411.0
Operating lease right-of-use assets	103.6	106.2
Goodwill	1,428.1	1378.4
Other long-term assets	124.8	124.0
Total long-term assets	2,788.3	2,734.2
Total Assets	3,715.9	3,609.9

Equity & Liabilities (\$M)	03/31/2020	12/31/2019
Trade payables	41.0	30.3
Deferred revenues and advances from customers	274.8	245.8
Current maturities of operating leases	21.2	21.5
Exchangeable senior notes	253.6	251.6
Accrued expenses and other liabilities	407.4	391.7
Total current liabilities	998.0	940.9
Deferred revenues and advances from customers	31.2	26.1
Operating leases	99.8	103.5
Deferred tax liabilities	46.5	52.5
Loan	213.5	213.3
Other long-term liabilities	16.2	16.3
Total long-term liabilities	407.2	411.7
Nice Ltd's equity	2,285.8	2,257.3
Non-controlling interests	24.9	-
Equity & Liabilities	3,715.9	3,609.9

Cash Flow From Operations

\$M	Q1 20	Q1 19	%Δ
Cash flow from operations	154.8	182.4	(15%)
- Capital expenditure	9.6	8.4	14%
- Capitalization of software development	9.3	8.5	9%
Cash flow from operations after capex & software capitalization	135.9	165.5	(18%)
Cash flow from operation after capex and software capitalization as % of non-GAAP revenue	33%	44%	(11pp)
Cash conversion rate *	1.5	2.2	(29%)
Days sales outstanding (DSO)	71	63	13%

* Cash Conversion Rate = (Cash Flow from Operations after CAPEX and software capitalization / Non-GAAP Net Income)

Cash Movement and Liquidity

March 31, 2020



* CAPEX movement includes R&D capitalization

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Q1 2020 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook

Outlook* (Non-GAAP)

	Q2 2020
Revenue (\$M)	387-397
EPS (\$)	1.28-1.38

The outlook is provided as of May 14, 2020. There is no guarantee that the Company will change or update these figures in this presentation should a need arise in the future to update the outlook. This is in addition to the forward-looking statements disclaimer at the beginning of the presentation.

Thank You

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