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Investor Presentation

NASDAQ: OTEX | TSX: OTEX

May 1, 2019

Safe Harbor Statement

Certain statements in this presentation, including statements about the focus of Open Text Corporation (“OpenText” or “the Company”) in our fiscal year ending June 30, 2019 (Fiscal 2019) on growth in earnings and cash flows, creating value through investments in broader Enterprise Information Management (EIM) capabilities, distribution, the Company's presence in the cloud and in growth markets, expected growth in our revenue lines, total growth from acquisitions, innovation and organic initiatives, and distribution expansion, the focus on recurring revenues, improving efficiency, expanding cash flow and strengthening the business, adjusted operating income and cash flow, its financial condition, the adjusted operating margin target range, results of operations and earnings, announced acquisitions, ongoing tax matters, the integration of the acquired businesses, expected timing, charges and savings related to restructuring activities, declaration of quarterly dividends, future tax rates, new platform and product offerings, scaling OpenText to new levels, and other matters, may contain words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "could", "would", "might", "will" and variations of these words or similar expressions are considered forward-looking statements or information under applicable securities laws. In addition, any information or statements that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking, and based on our current expectations, forecasts and projections about the operating environment, economies and markets in which we operate. Forward-looking statements reflect our current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances, such as certain assumptions about the economy, as well as market, financial and operational assumptions. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Such forward-looking statements involve known and unknown risks, uncertainties and other factors and assumptions that may cause the actual results, performance or achievements to differ materially. Such factors include, but are not limited to: (i) the future performance, financial and otherwise, of OpenText; (ii) the ability of OpenText to bring new products and services to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) the Company's growth and profitability prospects; (v) the estimated size and growth prospects of the EIM market including expected growth in the Artificial Intelligence market; (vi) the Company's competitive position in the EIM market and its ability to take advantage of future opportunities in this market; (vii) the benefits of the Company's products and services to be realized by customers; (viii) the demand for the Company's products and services and the extent of deployment of the Company's products and services in the EIM marketplace; (ix) downward pressure on our share price and dilutive effect of future sales or issuances of equity securities (including in connection with future acquisitions); (x) the Company's financial condition and capital requirements; and (xi) statements about the impact of product releases. The risks and uncertainties that may affect forward-looking statements include, but are not limited to: (i) integration of acquisitions and related restructuring efforts, including the quantum of restructuring charges and the timing thereof; (ii) the potential for the incurrence of or assumption of debt in connection with acquisitions and the impact on the ratings or outlooks of rating agencies on the Company's outstanding debt securities; (iii) the possibility that the Company may be unable to meet its future reporting requirements under the U.S. Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, or applicable Canadian securities regulation; (iv) the risks associated with bringing new products and services to market; (v) failure to comply with privacy laws and regulations that are extensive, open to various interpretations and complex to implement including General Data Protection Regulation (GDPR) and Country by Country Reporting (CBCR); (vi) fluctuations in currency exchange rates; (vii) delays in the purchasing decisions of the Company's customers; (viii) the competition the Company faces in its industry and/or marketplace; (ix) the final determination of litigation, tax audits (including tax examinations in the United States and elsewhere) and other legal proceedings; (x) potential exposure to greater than anticipated tax liabilities or expenses, including with respect to changes in Canadian, U.S. or international tax regimes including the new tax reform legislation enacted through the Tax Cuts and Jobs Act in the United States; (xi) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (xii) the continuous commitment of the Company's customers; and (xiii) demand for the Company's products and services. For additional information with respect to risks and other factors which could occur, see the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other securities filings with the Securities and Exchange Commission (SEC) and other securities regulators. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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The Enterprise Information Management (EIM) leader(1)



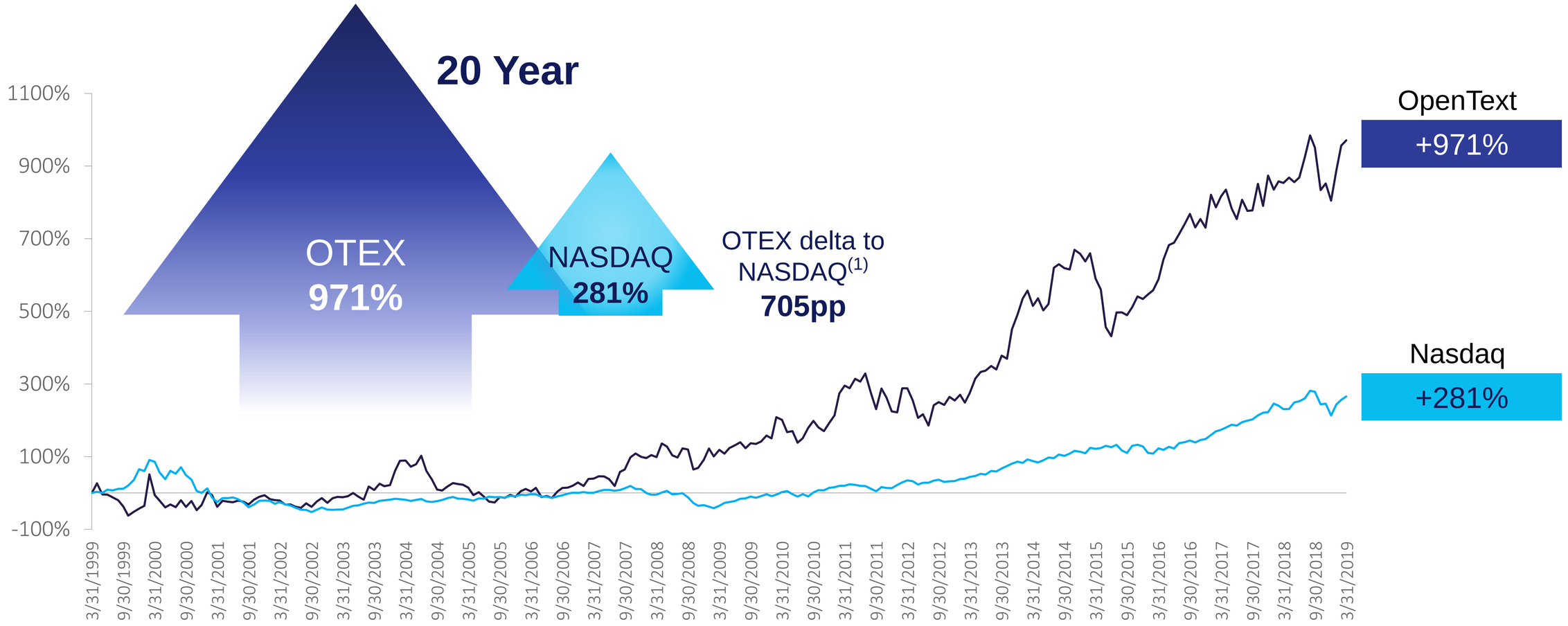
- Track record of superior shareholder returns
- Large addressable market
- Market leader in EIM
- Total Growth Strategy drives market share gains

1. All statements are Company supplied estimates

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20-Year Total Shareholder Return

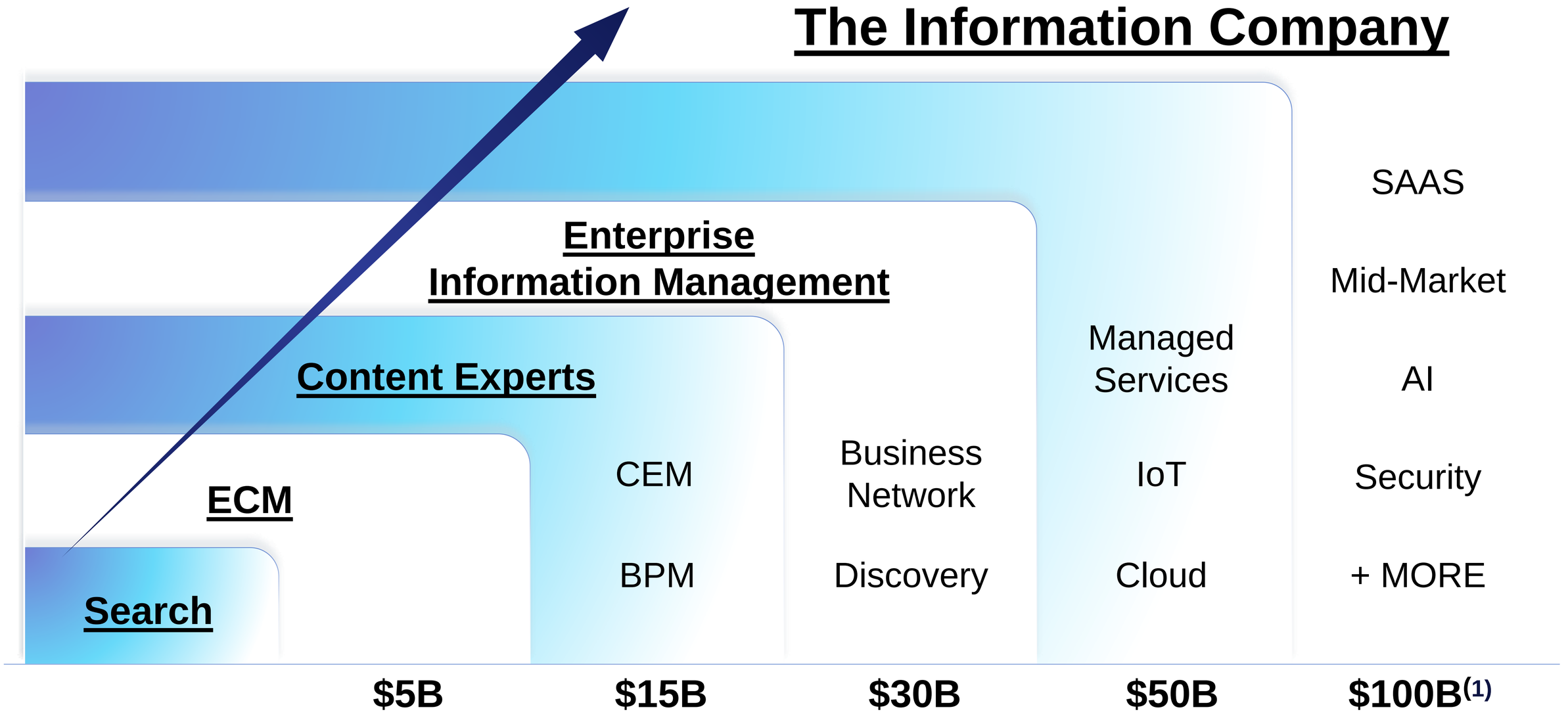
OTEX v. NASDAQ



1. Source: NASDAQ (March 31, 2019)

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$100 Billion Strategic Opportunity



1. Source: Industry Analyst reports for EIM technologies, AI and IoT.

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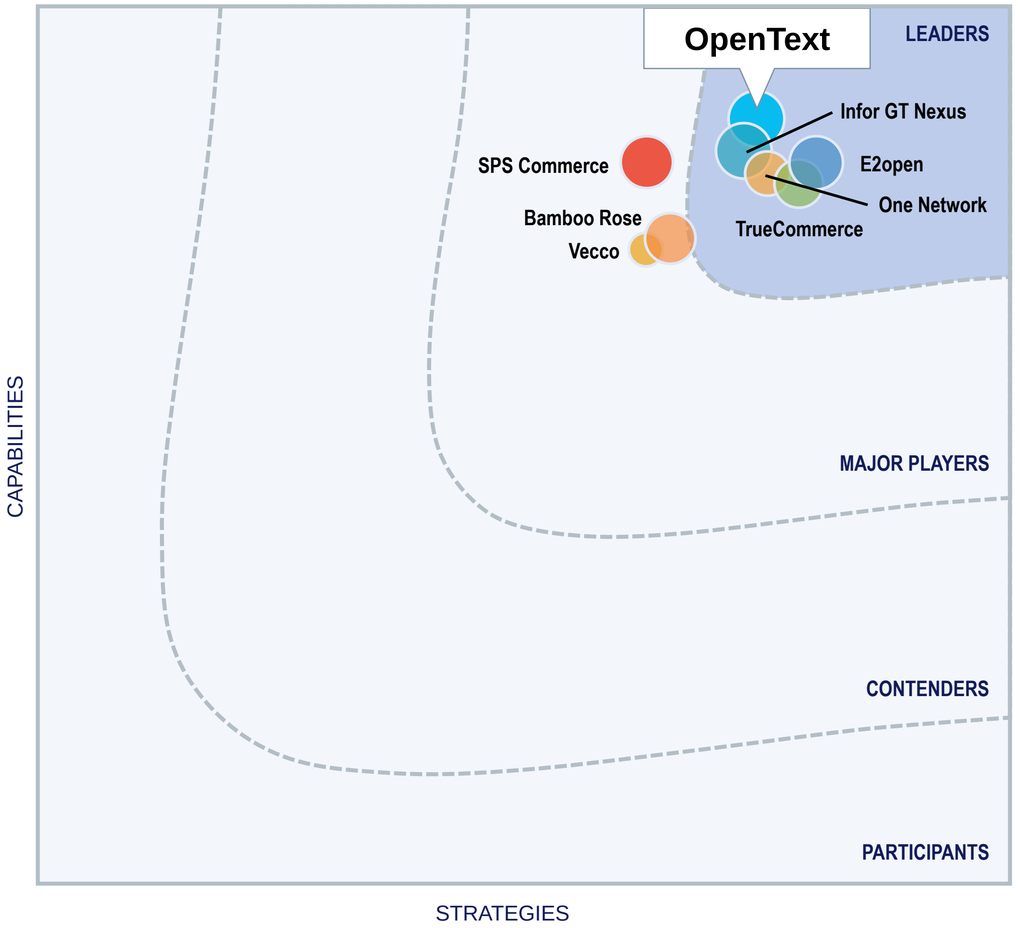
OpenText Leadership

Gartner Magic Quadrant for Content Services Platforms



Source: Gartner, October 2018

IDC MarketScape: Multi-Enterprise Supply Chain Commerce Networks 2018



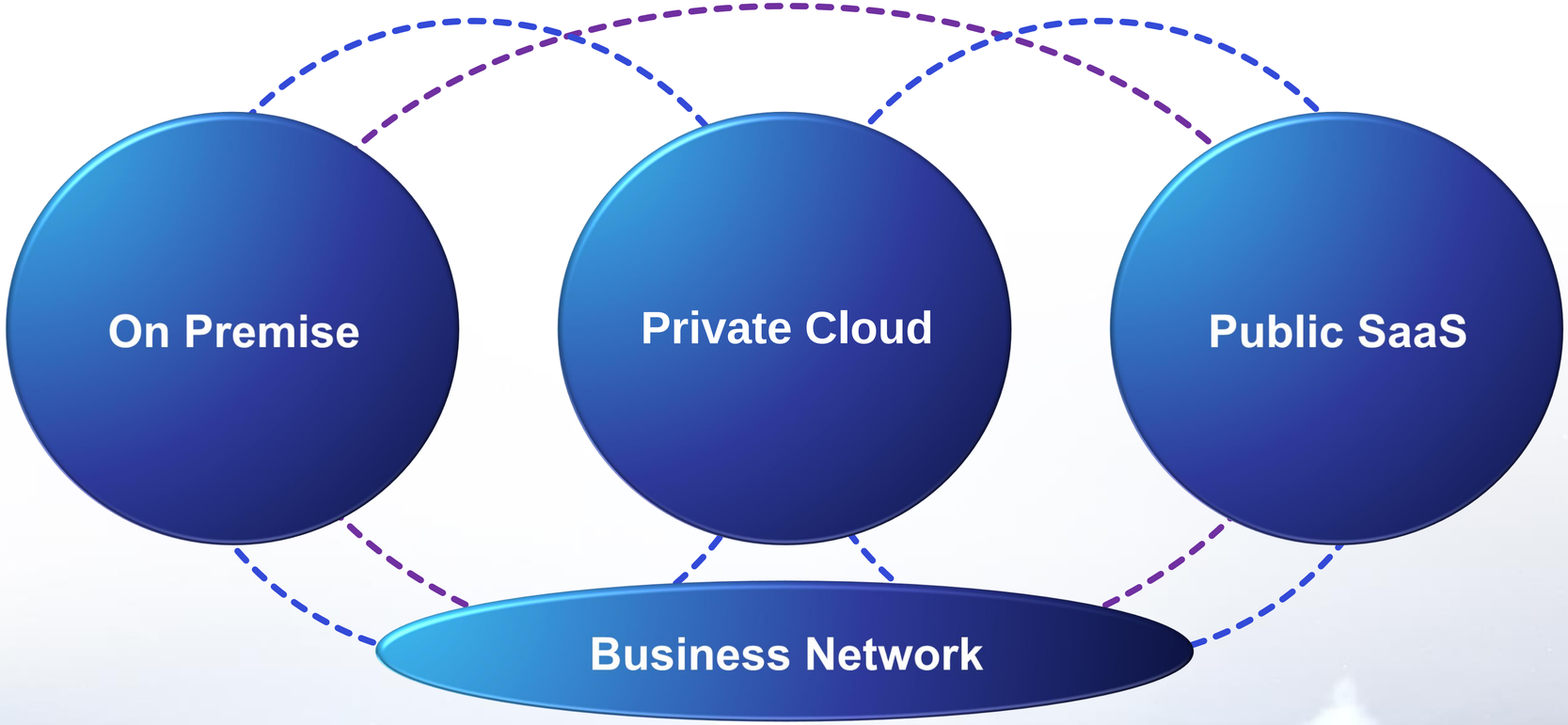
Source: IDC, 2018

1. Gartner Magic Quadrant for Content Services Platforms, Karen Hobert, Michael Woodbridge, Monica Basso, 25 Oct. 2018
2. IDC MarketScape: Worldwide Multi-Enterprise Supply Chain Commerce Network 2018 Vendor Assessment, Simon Ellis, December 2018

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Cloud – Our Greatest Opportunity

Less than 20% of install base penetrated



$1B annualized revenue run rate

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Total Growth Strategy Drives Market Share Gains

EIM Market leader and expanded portfolio to include Security, AI and IoT

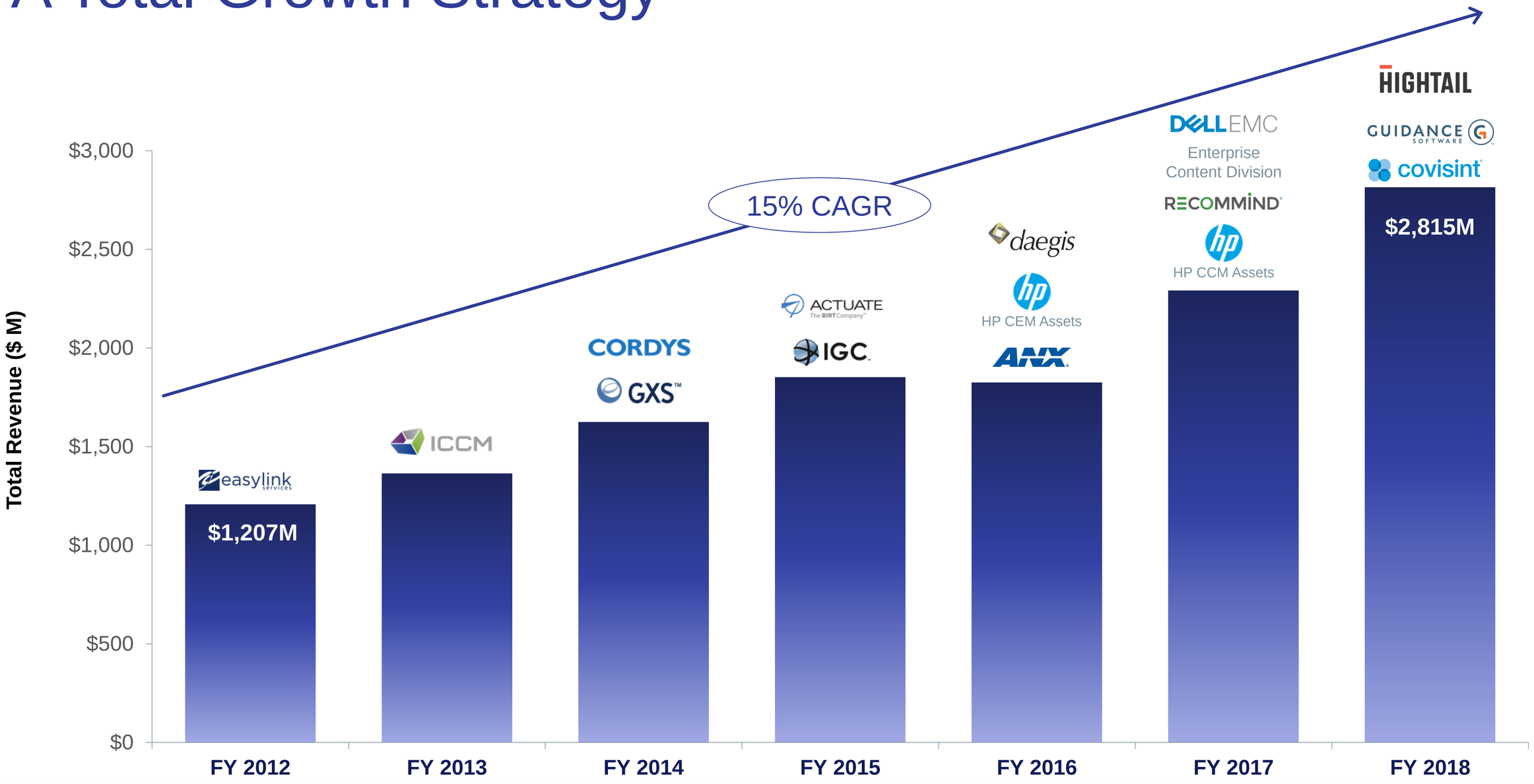


ARR @ 75% of Total Revenue(1)

1. Annual Recurring Revenue (ARR) as of Fiscal 2019 Q3 YTD

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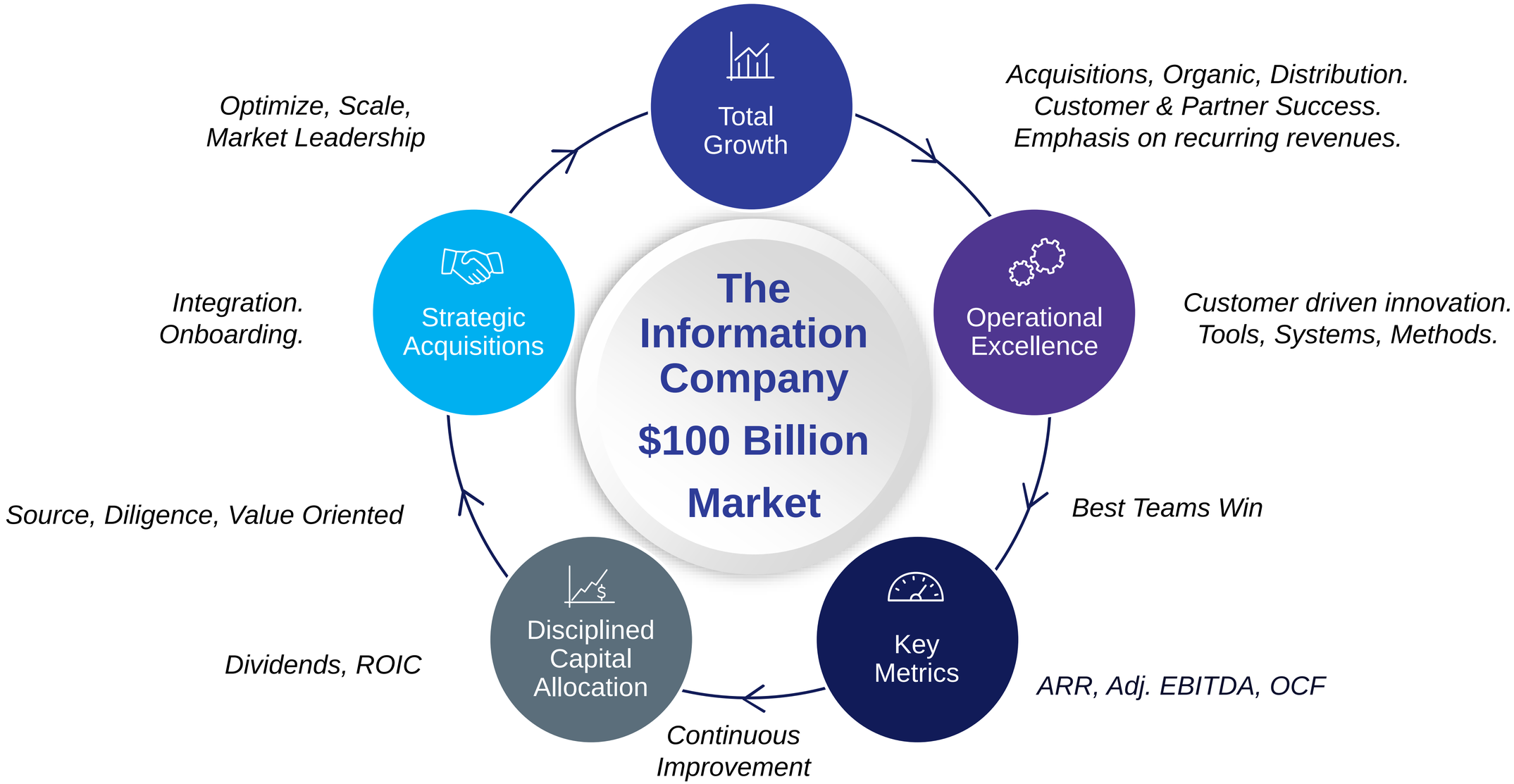
A Total Growth Strategy



Note: Liaison and Catalyst acquisitions closed in FY 2019

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The OpenText Business System



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History of Successful Acquisitions

- **$4.5 billion** of capital deployed since 2014 for acquisitions
- **13** completed acquisitions over 5 years
- Average revenue multiple of **2.1x** revenue

eDiscovery	Catalyst, RECOMMIND, GUIDANCE SOFTWARE
Content Management	documentum, IGC
Supply Chain	ANX, GXS
Data Analytics & Visualization	ACTUATE The BIRT Company
Information Integration	LIAISON
File Sharing	HIGHTAIL
Archiving	daegis
Identity Management	covisint
Customer Experience	hp

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Drivers for Organic Growth



Install Base

- Only one third penetrated into Global 10K
- Point solutions to suite
- Developing digital transformation plans
- Sell more suites
- Migrate to the Cloud
- Simplified consumption



Competitive Replacement

- **Market leadership**: stronger roadmap, breadth of capability & expertise
- **Value**: specialized migration & archiving tools, expert PS team
- **Relevance**: On premise, Managed Services, Cloud



Partner Expansion

- Ecosystem
- System Integrators
- Resellers
- Implementers
- Cloud
- Developer Communities

Global 10K Customers

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Selected Customer & Product Expansion

	OpenText Content Suite	HP	Documentum	Covisint	Guidance
Nestlé	✓	✓	✓		
GM	✓	✓	✓	✓	✓
AT&T	✓	✓	✓	✓	✓
DAIMLER	✓	✓		✓	
Canon	✓	✓	✓		
nationalgrid	✓	✓	✓		

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Selected Customer & Product Expansion

	OpenText Content Suite	HP	Documentum	Covisint	Guidance
FedEx	✓	✓	✓		✓
BlueCross BlueShield	✓	✓	✓	✓	✓
Coca-Cola	✓	✓	✓	✓	✓
AIR FRANCE KLM	✓	✓	✓		
SIEMENS	✓	✓	✓		✓
BNY MELLON	✓	✓	✓		✓

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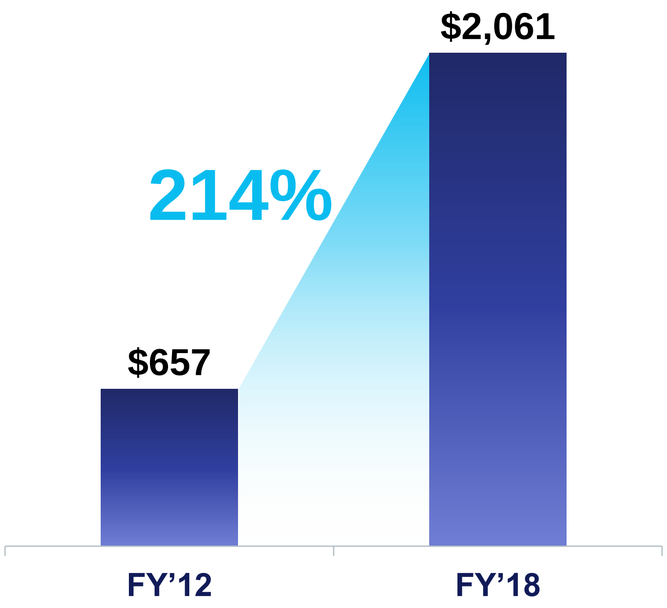
Selected Customer & Product Expansion

	OpenText Content Suite	HP	Documentum	Covisint	Guidance
HYUNDAI	✓	✓	✓	✓	✓
	✓	✓	✓		✓
MITSUBISHI MOTORS	✓	✓	✓	✓	✓
FUJITSU	✓	✓	✓		
	✓		✓		✓
ENGIE	✓	✓	✓		

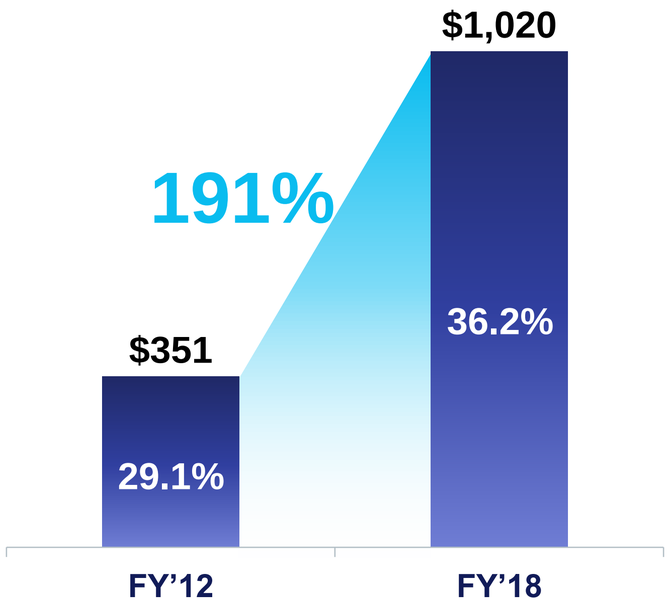
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Productivity Leader with Upper Quartile Metrics

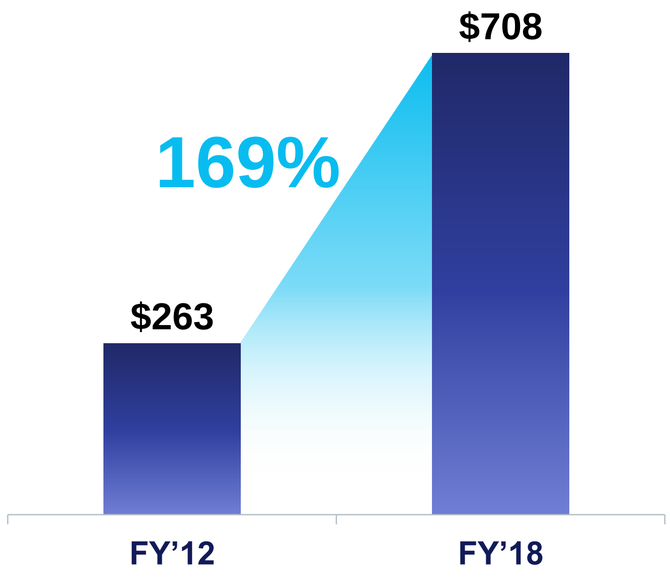
ARR[1]
($US M)



Adj. EBITDA & Margin[2],[3]
($US M)



Operating Cash Flows[3]
($US M)



ARR
214% Growth

Adj. EBITDA[2]
191% Growth

OCF
169% Growth

1. ARR – Annual recurring revenue is defined as the sum of cloud services and subscriptions revenue and customer support revenue.
2. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings on Forms 10-Q and 10-K.
3. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q.

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Long Term Targets

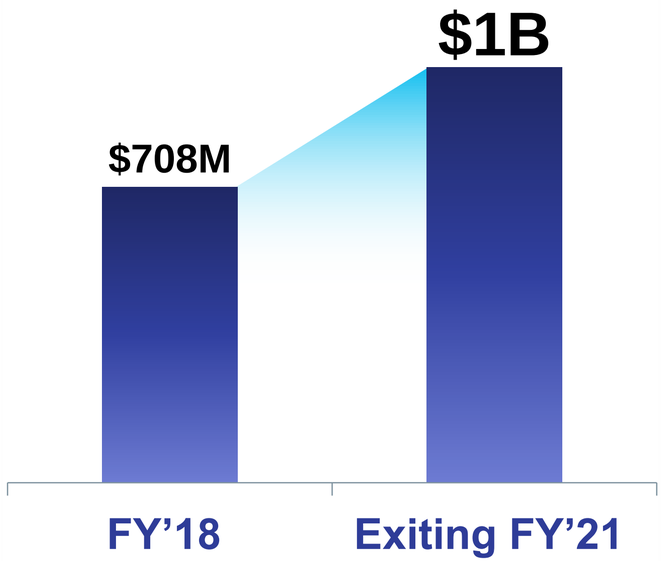
Adj. EBITDA FY'19 Model

36 - 38%

Adj. EBITDA FY'21 Target[1]

38 - 40%

OCF[2]



Operating Cash Flows

$1 Billion

Key Drivers

- Total Growth:
  - Acquisitions
  - Organic growth
  - Partner distribution
- Cloud margin expansion
- Automation, AI across OpenText

1. Aspirational model, results could vary based on timing and onboarding of acquisitions. This model is not guidance.
2. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q.

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FY’19 Target Model

	Fiscal 2018 Results	Fiscal 2018 Model	Fiscal 2019 Model*
Revenue Type:			
Annual Recurring Revenue (ARR)	73.2%	71% - 75%	72% - 76%
License	15.5%	15% - 19%	13% - 17%
Cloud Services and Subscriptions	29.4%	26% - 30%	28% - 32%
Customer Support	43.8%	41% - 47%	42% - 46%
Professional Services and Other	11.2%	8% - 12%	8% - 12%
Non-GAAP Gross Margin:			
License	96.8%	95% - 97%	96% - 98%
Cloud Services and Subscriptions(1)	56.2%	58% - 60%	57% - 59%
Customer Support	89.2%	88% - 90%	89% - 91%
Professional Services and Other(1)	20.5%	18% - 20%	18% - 20%
Non-GAAP Gross Margin	**73.0%**	**73% - 75%**	**73% - 75%**
Non-GAAP Operating Expenses:			
Research & Development	11.3%	11% - 13%	11% - 13%
Sales & Marketing	18.5%	18% - 20%	17% - 19%
General & Admin	7.0%	7% - 8%	6% - 8%
Depreciation	3.1%	2% - 4%	2% - 4%
Adjusted EBITDA Margin(2)	**36.2%**	**35% - 38%**	**36% - 38%**
Interest and Other Related Expense USD million(1)	$139	$130 - $135	$144 - $149
Adjusted Tax Rate(3)	14%	14%	14%

*** This model <u>is not</u> guidance**

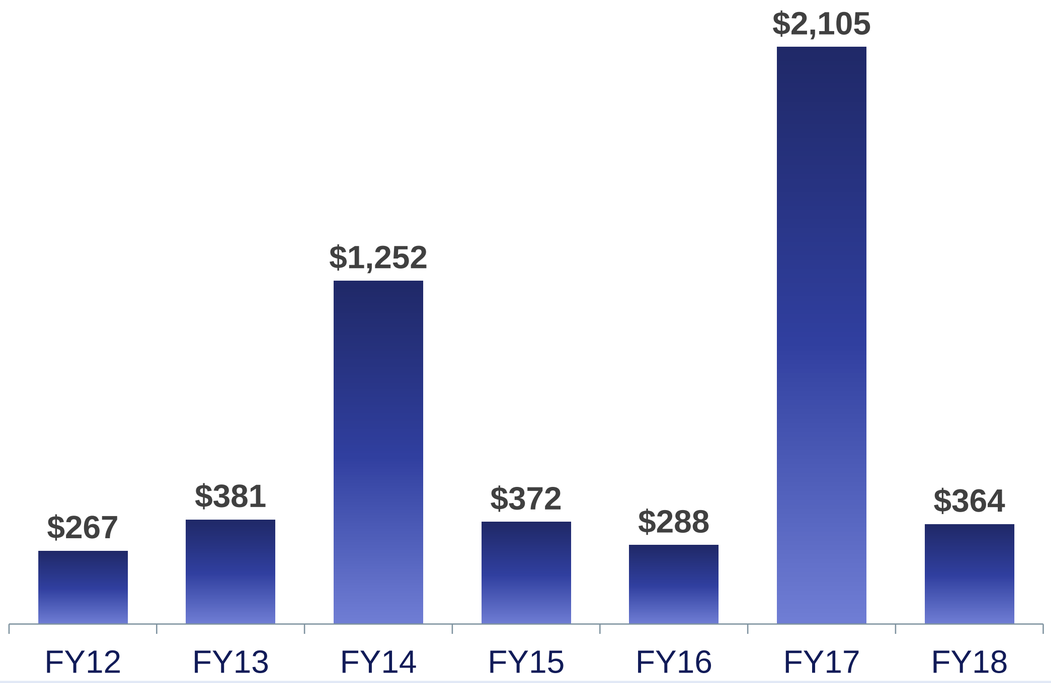
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1. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company’s Form 10-Q.
2. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings on Form 10K.
3. Please refer to historical filings, including our Forms 10-K and 10-Q, regarding the company’s adjusted tax rate.

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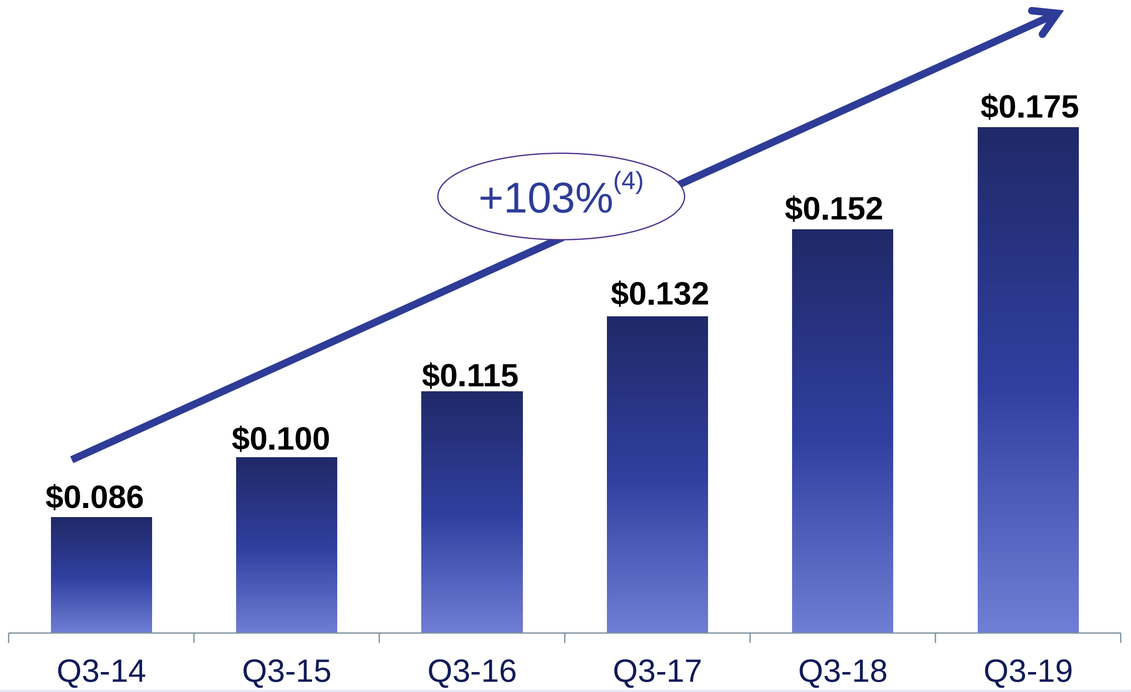
Capital Deployment, Dividends & Balance Sheet Strength

Capital Deployed by Fiscal Year (US$M) - $5.7B since 2008[1] FY'18 ROIC 17.5%



$765M Cash[2,3] after payment of $381M for Liaison & Catalyst
Consolidated Net Leverage Ratio of 1.7:1[3]

Dividends Paid & Declared (US$/share, adjusted for stock splits[4])



Consistent (Target) dividend payout
Approx. 20% of TTM Operating Cash Flows

1. Cash consideration paid, net of cash acquired
2. Excludes restricted cash
3. As of March 31, 2019;
4. Based on dividend declared in Fiscal Q3 earnings results, payable in Fiscal Q4. % Increase on a per share basis.

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Experienced Management Team



Mark J. Barrenechea
CEO & CTO



Madhu Ranganathan
EVP, CFO



Muhi Majzoub
EVP, Engineering



Gordon Davies
EVP, CLO & Corporate Development



Simon “Ted” Harrison
EVP, Sales



James McGourlay
EVP, Customer Operations



Savinay Berry
SVP, Cloud Service Delivery



Prentiss Donohue
SVP, Portfolio Group



Paul Duggan
SVP, Revenue Operations



David Jamieson
SVP, CIO



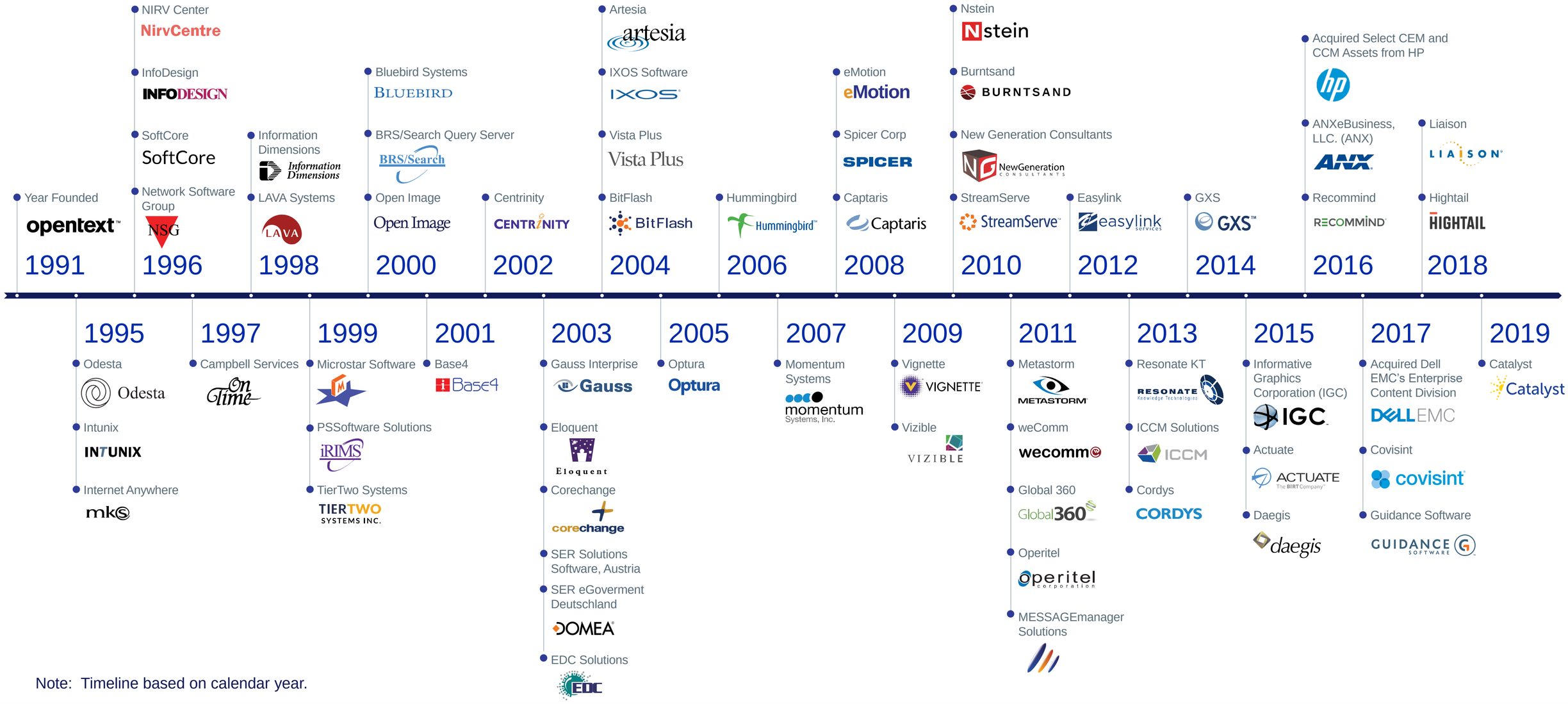
Patricia E. Nagle
SVP, CMO



Brian Sweeney
SVP, CHRO

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OpenText Path is Unique: Acquire, Integrate, Innovate

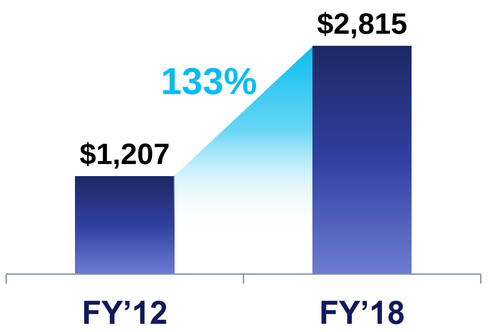


Note: Timeline based on calendar year.

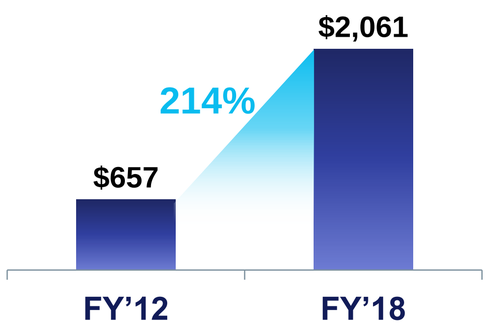
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Six Years of Significant, Sustainable, Profitable Growth

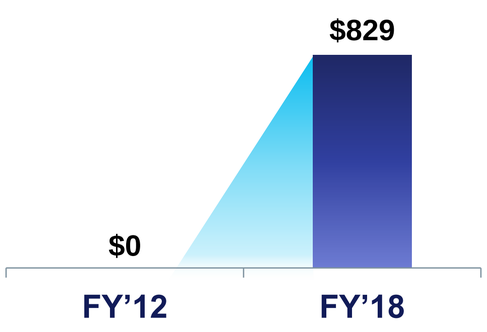
Total Revenue
($US M)



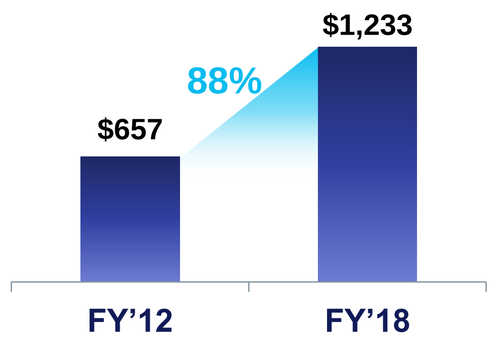
ARR(1)
($US M)



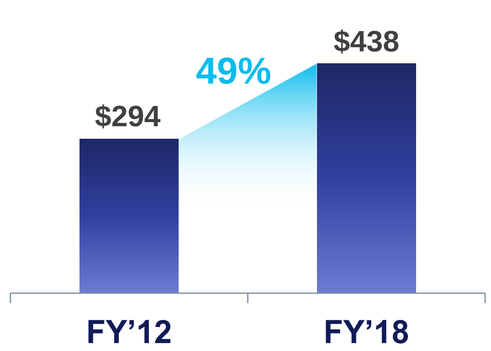
Cloud
($US M)



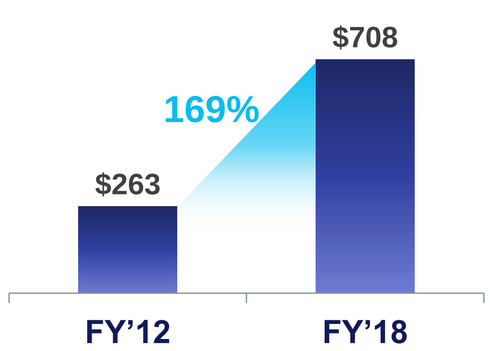
Customer Support
($US M)



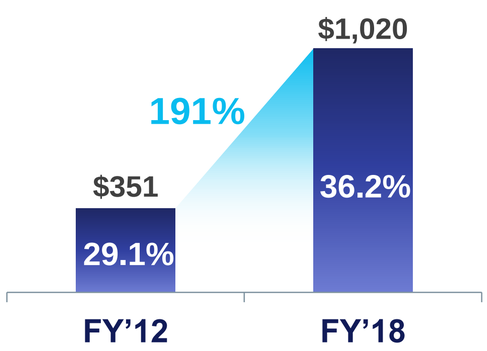
License
($US M)



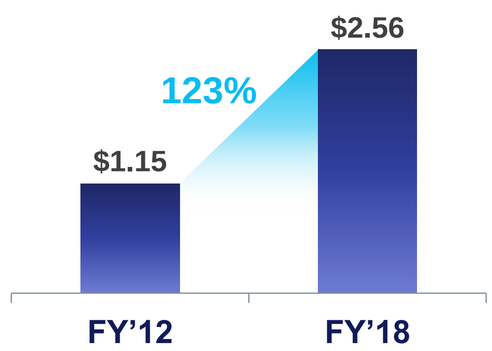
Operating Cash Flows(2),(3)
($US M)



Adj. EBITDA & Margin(2),(3)
($US M)



Adj. EPS(2)
($US/sh)



1. ARR – Annual recurring revenue is defined as the sum of cloud services and subscriptions revenue and customer support revenue.
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3. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings on Forms 10-Q and 10-K.

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Return on Invested Capital (ROIC)

ROIC (OT Calculation) = **Adj. Operating Income (after-tax)** / **(Debt + Equity – Cash – Deferred Tax)**

- We measure our ROIC annually. It is defined as our non-GAAP net operating profit after tax, divided by our average invested capital
- Non-GAAP net operating profit after tax is our non-GAAP based income from operations (as previously defined), net of our non-GAAP tax rate
- Invested capital is defined as our total debt, plus total equity, less the sum of total cash and total net deferred tax assets (liabilities), as they each appear on our Consolidated Balance Sheets

	F17	F18
ROIC		**17.5%**
(in US$M)		
Non-GAAP based income from operations[1],[2]		$933
Adjusted Tax Rate (%)		14%
Non-GAAP based operating income after non-GAAP tax		$802
Total Debt (incl. Current Portion of LT Debt)	$2,570	$2,622
+Total Shareholders' Equity	$3,533	$3,716
- Cash & Cash Equivalents	$443	$683
- Net Deferred Tax Assets (Liabilities)	$1,121	$1,043
= Invested Capital	$4,539	$4,611
Average Invested Capital (Avg. Current Yr. & Prior Yr.)		$4,575

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1. Please see reconciliation of GAAP to Non-GAAP measures at the end of this presentation and in our historical filings on Forms 10-Q and 10-K.
2. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q.

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Organic Revenue Growth

- We grew organically in FY’18
  - 5.5% as reported in USD
  - 2.5% in CC
- We report our organic revenue growth on an annual basis
- Organic revenue growth is calculated by removing the revenue contribution from newly acquired companies for the first year post acquisition

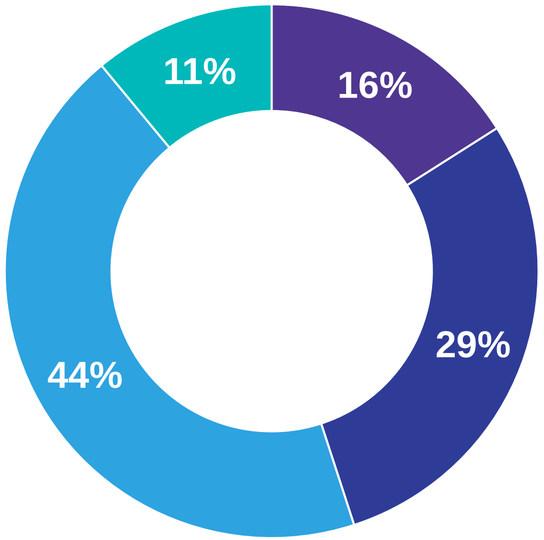
in US$ ‘000s (unless indicated otherwise)	FY’18	FY’18 in CC[1]
Total revenues	$2,815,241	$2,742,672
Less:		
Revenues from acquisitions[2]	(398,905)	(395,254)
Organic revenues	$2,416,336	$2,347,418
Growth in organic revenues over FY’17 Total revenues	5.5%	2.5%

1. Constant currency is defined as the current period reported revenues represented at the prior comparative period’s foreign exchange rate.
2. Revenue from acquisitions refers to the revenues that were recognized in Fiscal 2018 that were contributed from acquired businesses for a period of one year from the date of the acquisition.

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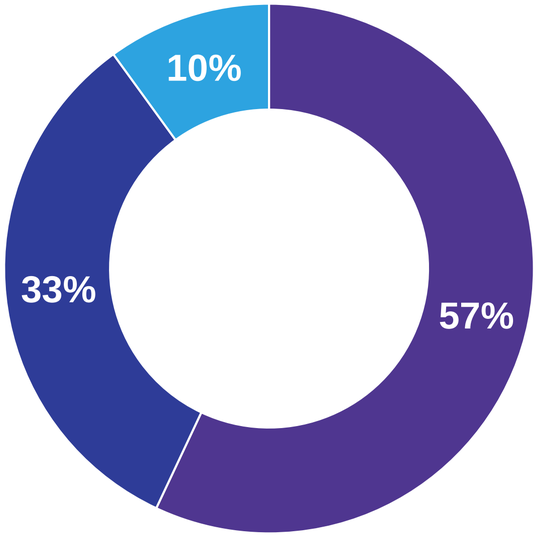
FY’18 Revenue Breakdown

Total Revenue Mix



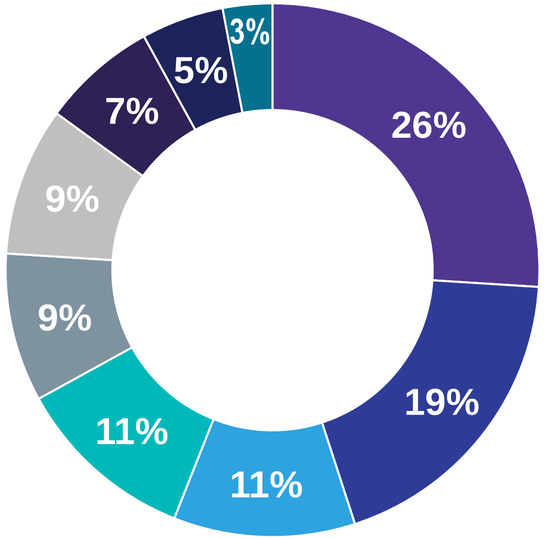
- License
- Cloud services & Subscriptions
- Customer Support
- Professional Service & Other

Total Revenue by Geography



- Americas
- EMEA
- APJ

ARR by Industry



- Financial
- Services
- Consumer goods
- Technology
- Public sector
- Healthcare
- Basic materials and conglomerates
- Industrial goods
- Utilities

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Leadership in Key Verticals

Utilities/Energy

hydro one
uem
TATA
TATA POWER
acciona
edp
ENGIE
Peabody
British Gas
Bruce Power

Public Sector

County of Los Angeles California
Lincolnshire County Council
Los Angeles County Department of Human Resources
Defense Logistics Agency
City of Philadelphia
New Brunswick Nouveau Canada Natural Resources
Tennessee Comptroller of the Treasury
NASA
MND Singapore

Manufacturing

TATA STEEL
ZODIAC AEROSPACE
BEKAERT better together
KNORR-BREMSE
KUKA
MAN
HUTCHINSON
Givaudan

Automotive

HONDA The Power of Dreams
MITSUBISHI MOTORS
MICHELIN
BMW Group
ADIENT
Autoliv
YAZAKI

Consumer Goods

Constellation Brands
Nestlé
GRUPPO CAMPARI
Coca-Cola Refrescos Bandeirantes
House
Canon
Columbia Sportswear Company
Cargill Helping the world thrive
Timberland

Technology

DELL
INTELLITEK SYSTEMS
PHILIPS
PFU a Fujitsu company
TORA
CenturyLink
Canon
SIEMENS
Panasonic

Finance/Insurance

Scotiabank
RBC
BANKERS INSURANCE GROUP
The PrivateBank
PACIFIC LIFE
TRANSAMERICA REINSURANCE
DEUTSCHE BUNDESBANK EUROSYSTEM
MUFG
PAYCHEX
BNY MELLON
ING

Healthcare

NHS North Bristol NHS Trust
Shield HealthCare
B|BRAUN SHARING EXPERTISE
ALBERTA BLUE CROSS
DHA Defense Health Agency
OCHIN
BSN medical
astellas
Quest Diagnostics
ZOLL
GENESIS

Transportation

NMBS
DB SCHENKER
TRANSPORT FOR LONDON EVERY JOURNEY MATTERS
Bangkok Airways
MTA New York City Transit
AIR FRANCE KLM
GTAA
KNIGHT TRANSPORTATION Delivering More.

Services

IRON MOUNTAIN
مؤسسة قطر Qatar Foundation
LSC COMMUNICATIONS
HATCH
bgl group
avenuelink
PAYCHEX
TATA
TATA CONSULTANCY SERVICES

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The OpenText Cloud

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Perpetual License

Optimize Assist
or
Managed Services

Customer Platform of Choice

Business Network

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VAN A2A
ODM IoT
B2B IAM

Network

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Azure aws

EIM-as-a-Service

OT2 opentext™

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The Developer

Services

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OpenText Partner Program

Ecosystem

Microsoft

SAP

ORACLE

Google Cloud

aws

salesforce

SAP SuccessFactors

SAP Hybris

Strategic Alliances

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WIPRO
Applying Thought

Cognizant

Deloitte.

EY
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CGI

Capgemini
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Channel Partners

Alitek

delaware

DXC.technology

DELL EMC

aiimi

KONICA MINOLTA

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Global Operations and Distribution



	Total	Americas[2]		EMEA	APJ
# of Employees[1]:	Total Employees	United States	Canada	Europe, Middle East, Africa	APJ
	13,000	**3,700**	**1,800**	**2,500**	**4,800**
FY18 Revenue:	Total Revenue	United States	Canada		
	$2.82B	**$1.43B**	**$150M**	**$920M**	**$280M**

1. Numbers are approximate as of March 31, 2019
2. Excludes Central and South America

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Use of Non-GAAP Financial Measures

In addition to reporting financial results in accordance with U.S. GAAP, the Company provides certain financial measures that are not in accordance with U.S. GAAP (Non-GAAP).These Non-GAAP financial measures have certain limitations in that they do not have a standardized meaning and thus the Company's definition may be different from similar Non-GAAP financial measures used by other companies and/or analysts and may differ from period to period. Thus it may be more difficult to compare the Company's financial performance to that of other companies. However, the Company's management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of these Non-GAAP financial measures both in its reconciliation to the U.S. GAAP financial measures and its consolidated financial statements, all of which should be considered when evaluating the Company's results.

The Company uses these Non-GAAP financial measures to supplement the information provided in its consolidated financial statements, which are presented in accordance with U.S. GAAP. The presentation of Non-GAAP financial measures are not meant to be a substitute for financial measures presented in accordance with U.S. GAAP, but rather should be evaluated in conjunction with and as a supplement to such U.S. GAAP measures. OpenText strongly encourages investors to review its financial information in its entirety and not to rely on a single financial measure. The Company therefore believes that despite these limitations, it is appropriate to supplement the disclosure of the U.S. GAAP measures with certain Non-GAAP measures defined below.

Non-GAAP-based net income and Non-GAAP-based EPS, attributable to OpenText, are calculated as GAAP-based net income or earnings per share, attributable to OpenText, on a diluted basis, after giving effect to the amortization of acquired intangible assets, other income (expense), share-based compensation, and Special charges (recoveries), all net of tax and any tax benefits/expense items unrelated to current period income, as further described in the tables below. Non-GAAP-based gross profit is the arithmetical sum of GAAP-based gross profit and the amortization of acquired technology-based intangible assets and share-based compensation within cost of sales. Non-GAAP-based gross margin is calculated as Non-GAAP-based gross profit expressed as a percentage of total revenue. Non-GAAP-based income from operations is calculated as GAAP-based income from operations, excluding the amortization of acquired intangible assets, Special charges (recoveries), and share-based compensation expense.

Adjusted earnings (loss) before interest, taxes, depreciation and amortization (Adjusted EBITDA) is calculated as GAAP-based net income, attributable to OpenText, excluding interest income (expense), provision for income taxes, depreciation and amortization of acquired intangible assets, other income (expense), share-based compensation and Special charges (recoveries).

The Company's management believes that the presentation of the above defined Non-GAAP financial measures provides useful information to investors because they portray the financial results of the Company before the impact of certain non-operational charges. The use of the term “non-operational charge” is defined for this purpose as an expense that does not impact the ongoing operating decisions taken by the Company's management. These items are excluded based upon the way the Company's management evaluates the performance of the Company's business for use in the Company's internal reports and are not excluded in the sense that they may be used under U.S. GAAP.

The Company does not acquire businesses on a predictable cycle, and therefore believes that the presentation of non-GAAP measures, which in certain cases adjust for the impact of amortization of intangible assets and the related tax effects that are primarily related to acquisitions, will provide readers of financial statements with a more consistent basis for comparison across accounting periods and be more useful in helping readers understand the Company’s operating results and underlying operational trends. Additionally, the Company has engaged in various restructuring activities over the past several years that have resulted in costs associated with reductions in headcount, consolidation of leased facilities and related costs, all which are recorded under the Company’s “Special Charges (recoveries)” caption on the Consolidated Statements of Income. Each restructuring activity is a discrete event based on a unique set of business objectives or circumstances, and each differs in terms of its operational implementation, business impact and scope, and the size of each restructuring plan can vary significantly from period to period. Therefore, the Company believes that the exclusion of these special charges (recoveries) will also better aid readers of financial statements in the understanding and comparability of the Company's operating results and underlying operational trends.

In summary, the Company believes the provision of supplemental Non-GAAP measures allow investors to evaluate the operational and financial performance of the Company's core business using the same evaluation measures that management uses, and is therefore a useful indication of OpenText's performance or expected performance of future operations and facilitates period-to-period comparison of operating performance (although prior performance is not necessarily indicative of future performance). As a result, the Company considers it appropriate and reasonable to provide, in addition to U.S. GAAP measures, supplementary Non-GAAP financial measures that exclude certain items from the presentation of its financial results.

See historical filings, including the Company’s Annual Reports on Form 10-K, for reconciliations of certain Non-GAAP measures to GAAP measures.

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The Information Company™

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