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Nasdaq Investor Conference Presentation

NASDAQ: OTEX | TSX: OTEX

December 4, 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, 2020 (Fiscal 2020) on growth, anticipated benefits of our partnerships and next generation product lines, the strength of our operating framework and balance sheet flexibility, continued investments in product innovation, go-to-market and strategic acquisitions, M&A continuing to be our leading growth contributor, our capital allocation strategy, creating value through investments in broader Enterprise Information Management (EIM) capabilities, 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, the focus on recurring revenues, improving operational 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, declaration of quarterly dividends, future tax rates, new platform and product offerings, scaling OpenText to new levels in Fiscal 2020 and beyond, 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 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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Madhu Ranganathan
OpenText EVP, CFO



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About OpenText and Our Value Creation Play Book

The Enterprise Information Management Leader

About OpenText

- Leader in Enterprise Information Management
- Marquee eco-system[1]: 74,000 customers, 60 million identities, 40 million end-points, 2 million trading partners
- Large-scale Enterprise Software Business (Fiscal 2019 results; increases shown in CC[2]):
  - $2.9 billion in Total Revenues, up 3.8%
  - $2.2 billion in ARR[3], up 6.2%
  - $908 million in Cloud Revenues, up 10.8%
  - 38.4% A-EBITDA Margin[4], up 9%
  - $876 million in Operating Cash Flows, up 23.8%[5]

Value Creation Play Book

Recurring Revenue Growth
+
Margin Expansion
+
Strong Cash Flow
+
Accretive Acquisitions

INNOVATION

REINVEST FOR GROWTH

CAPITAL STRUCTURE & DIVIDENDS

OpenText Beat the Rule of 40* in FY'19 @ 42.2%

*Rule of 40 is the sum of LTM EBITDA margin (%) and Revenue Growth in CC (%)

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1. All statements and figures are Company supplied estimates.
2. CC: Constant currency for this purpose is defined as the current period reported revenues/expenses/earnings represented at the prior comparative period's foreign exchange rate.
3. Annual recurring revenue is defined as the sum of cloud services and subscriptions revenue and customer support revenue.
4. Adjusted EBITDA Margin. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings.
5. As reported, not in constant currency

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Our Strategy

Help companies unlock their Information Advantage

Be The Leading Platform for Enterprise Information Management

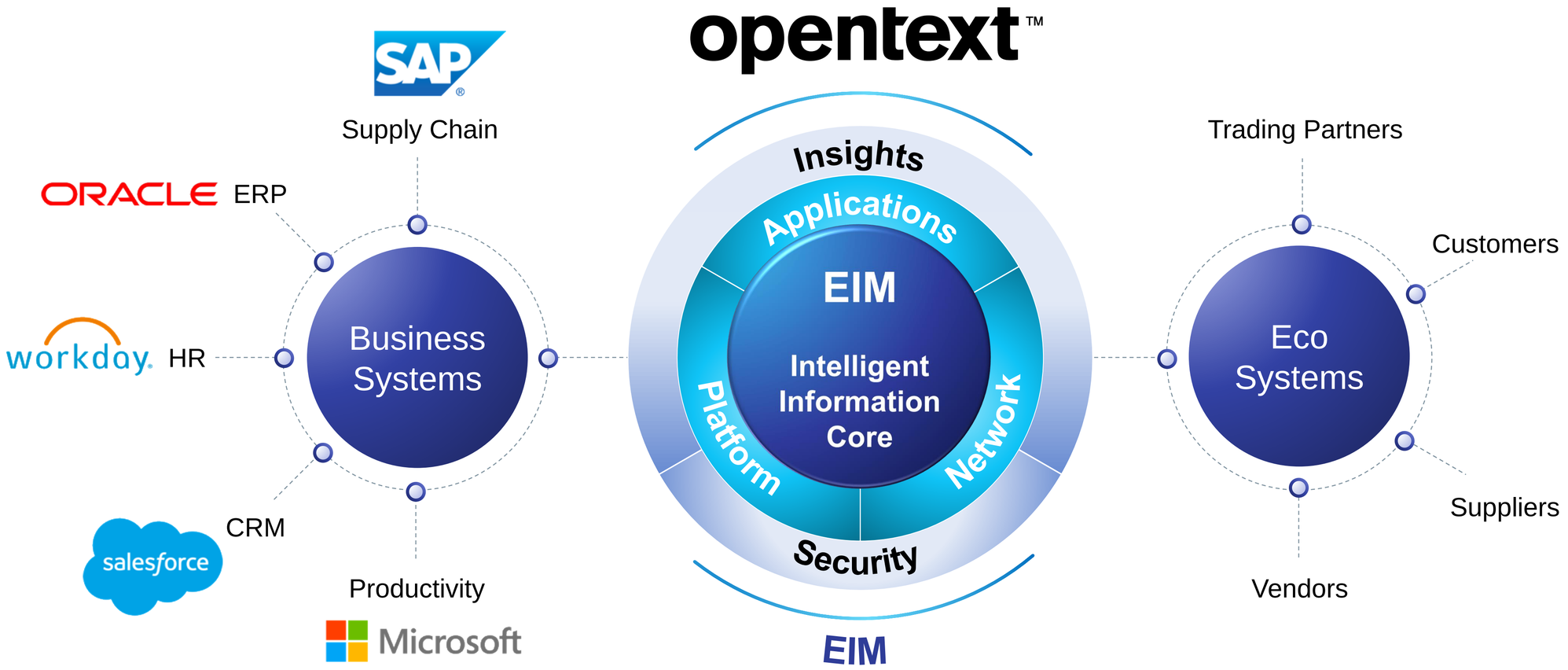
Deliver the best Hybrid Cloud and Customer Experiences

Relentless focus on operational excellence & efficiency

Continue to hire, develop and retain the best, most diverse & inclusive talent

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OpenText Runs at the Center of the Enterprise



20 of 25 top supply chains
20 of 25 top banks
80% of the F1000(1)

EIM is “enterprise class,” meaning it can scale big or small. Its scope is “information,” meaning all forms of data, content, insights and analytics are covered. And it focuses on the data ecosystem, spanning enterprise data rights, data acquisition, data use, data sharing and strategic vision, encompassing capabilities, outcomes, technology and implementation.(2)

Gartner

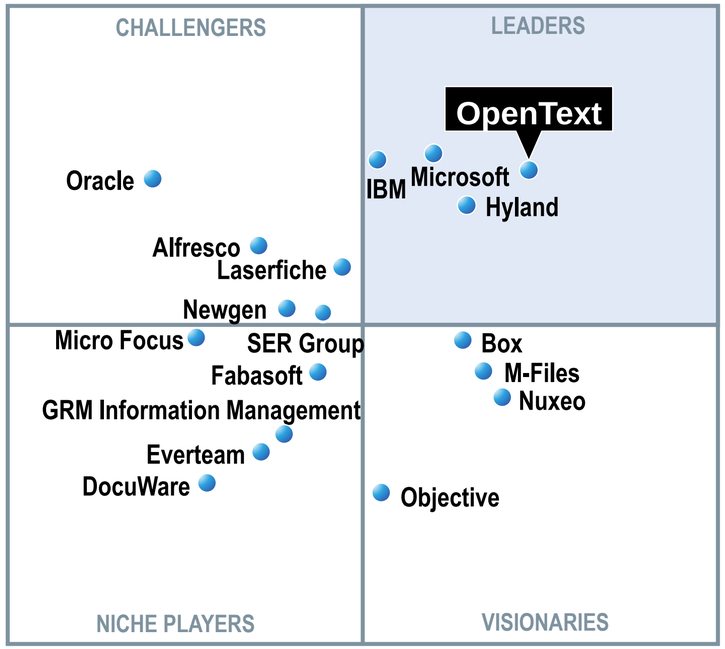
1. F1000 are the 1,000 largest American companies, ranked by revenues, as compiled by business magazine, *Fortune.*
2. Cycle for Enterprise Information Management, Gartner Research, Lydia Clougherty Jones & Andrew White, July 25, 2019

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OpenText: Leader in Content Services

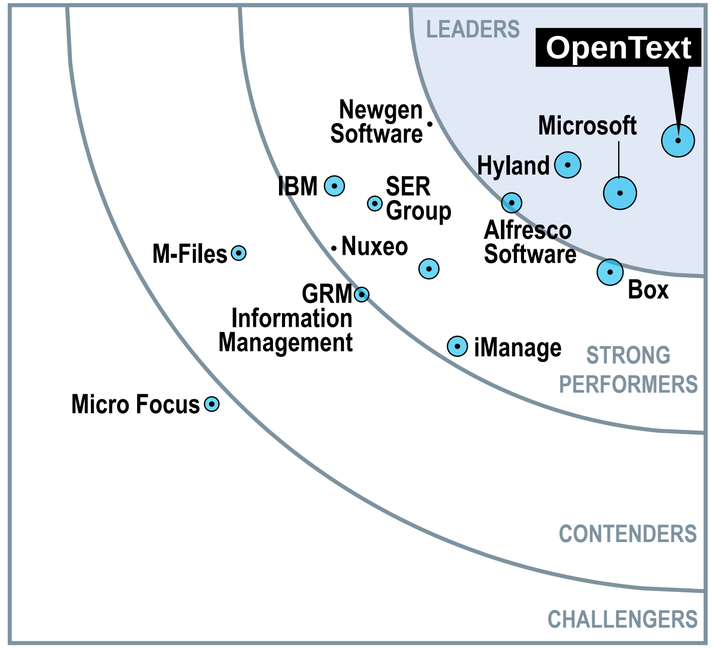
#1 in Content Services (Platforms)

All content is stored, machine readable, tagged and up-to-date



Gartner Magic Quadrant for Content Services Platforms. Karen Hobert, Michael Woodbridge, Monica Basso, Oct. 25, 2018

EIM
Intelligent
Information
Core



Forrester Wave™: ECM Content Platforms, Q3 2019, Cheryl McKinnon, July 24, 2019

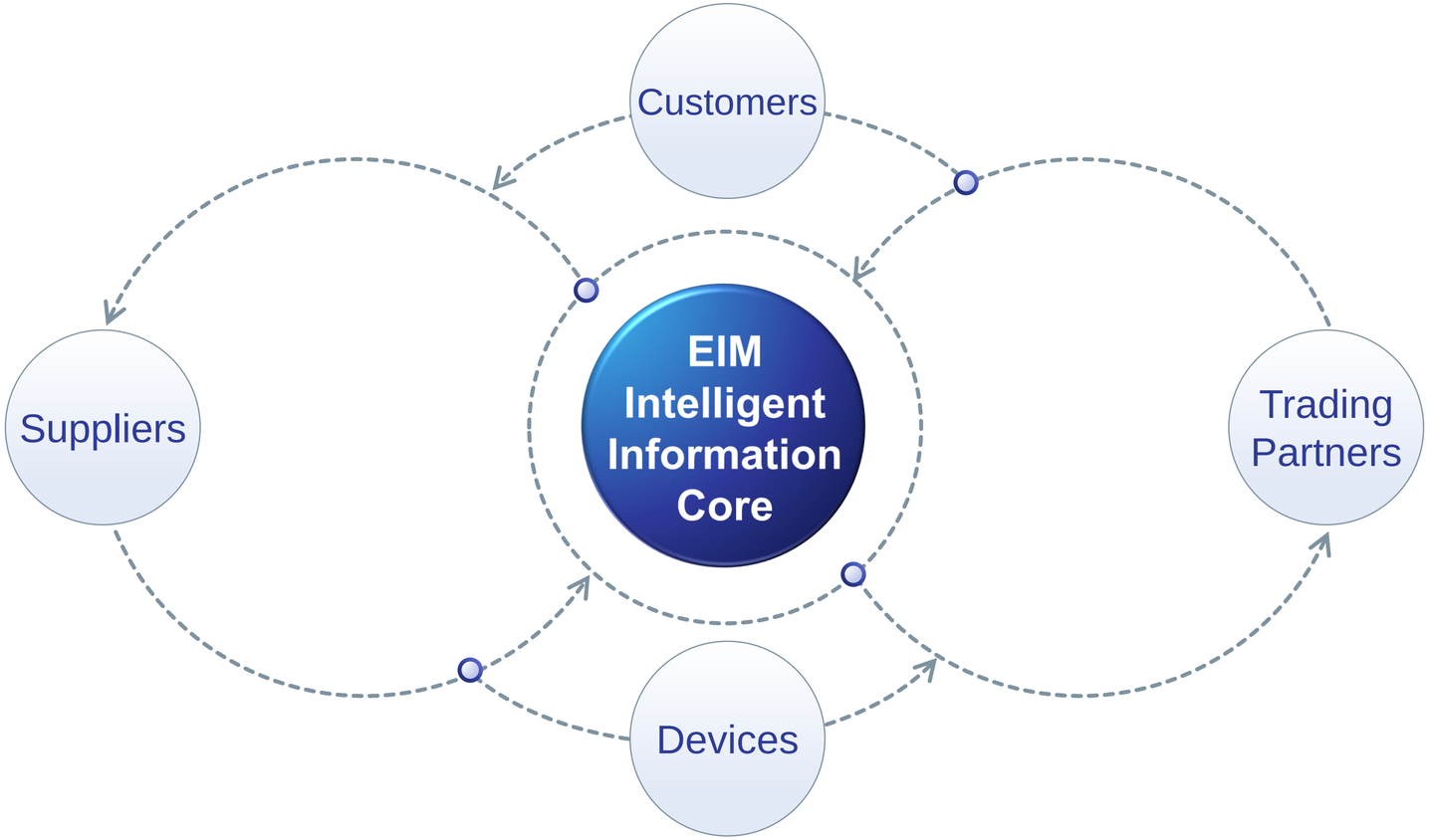
All the right data, in the right place, always up-to-date, in the same context

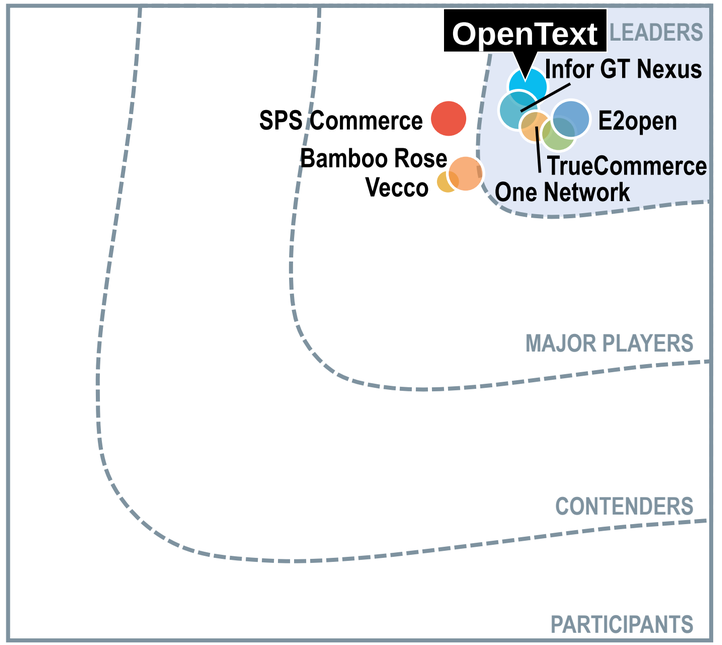
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OpenText: Leader in Business Networks

#1 in Business Networks

Platform for Global Commerce and Business to Business Integration





IDC MarketScape: Worldwide Multi-Enterprise Supply Chain Commerce Network 2018 Vendor Assessment, Simon Ellis, December 2018

Purchase orders, invoices, shipment receipt & notifications, local taxes, tariffs, data privacy, ethical supply chains, IoT Devices & Identity.

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The Mission Critical Nature of OpenText EIM

e-Invoicing

Digital Supply Chain

Content & Collaboration

Predictive Maintenance

Communications & Compliance

Digital Citizen

Analytics / ML

Connected Cars

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Pursuing a Large and Growing Addressable Market

EIM $100B Total Addressable Market(1): Our Playbook within the G10K

Market Area 5 Key Vectors	Market Size	Customer Value Approach	OpenText Key Product Families
ECM, Business Collaboration, File Sync and Share, Experience	$30B	Supporting new ways to work	Content Suite, Documentum, Capture, Extreme, Extend ECM
Business Network, Supply Chain, IoT, ODM	$25B	Digital Supply Chains, Application Integration	GXS, Liaison, EasyLink, Covisint
AI/ML/Advanced Technology	$10B	Insight-driven decision making	Magellan
Security	$10B	Information Security, Governance, Compliance, Privacy, End-points	Guidance, EnCase
Vertical Applications	$25B	Building next generation content-based applications (Contracts, Cases, Quality, Invoicing, Supply Chain, LegalTech)	Active Applications, Core Applications, Quality Center

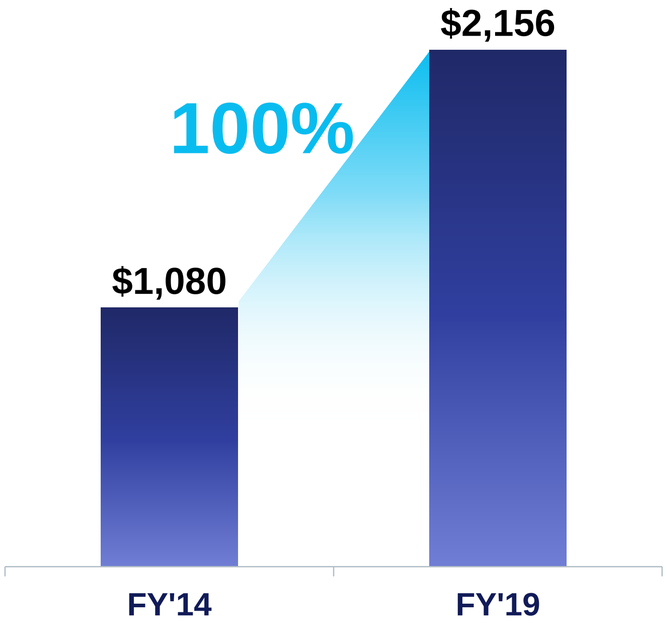
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1. Total Addressable Market based on data from various industry analyst reports including Forrester, Gartner, and others, as well as company estimates.

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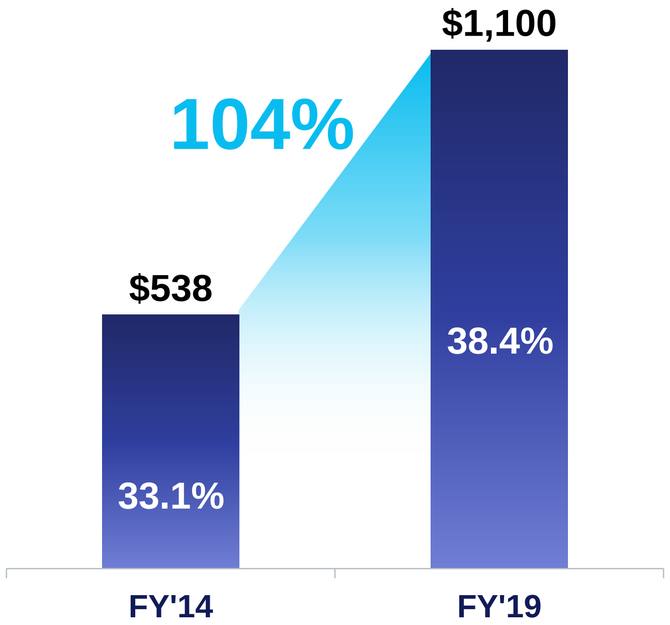
A Durable Business Driven by the OpenText Business System

Annual Recurring Revenue (ARR) (US$ M)



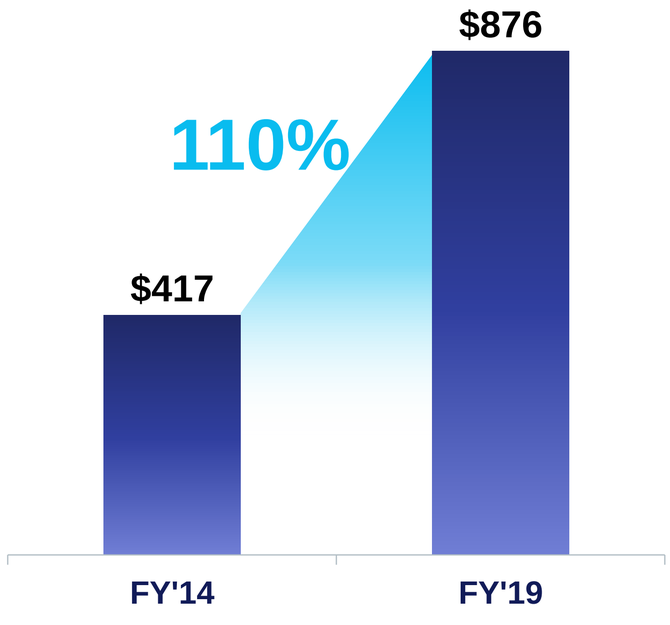
Renewal Rates:
Cloud: mid 90%’s
Off Cloud CS: low 90%’s

A-EBITDA & Margin[1],[2] (US$ M)



A-EBITDA Margin[1]
+530 bps since FY’14

Operating Cash Flows[2] (US$ M)



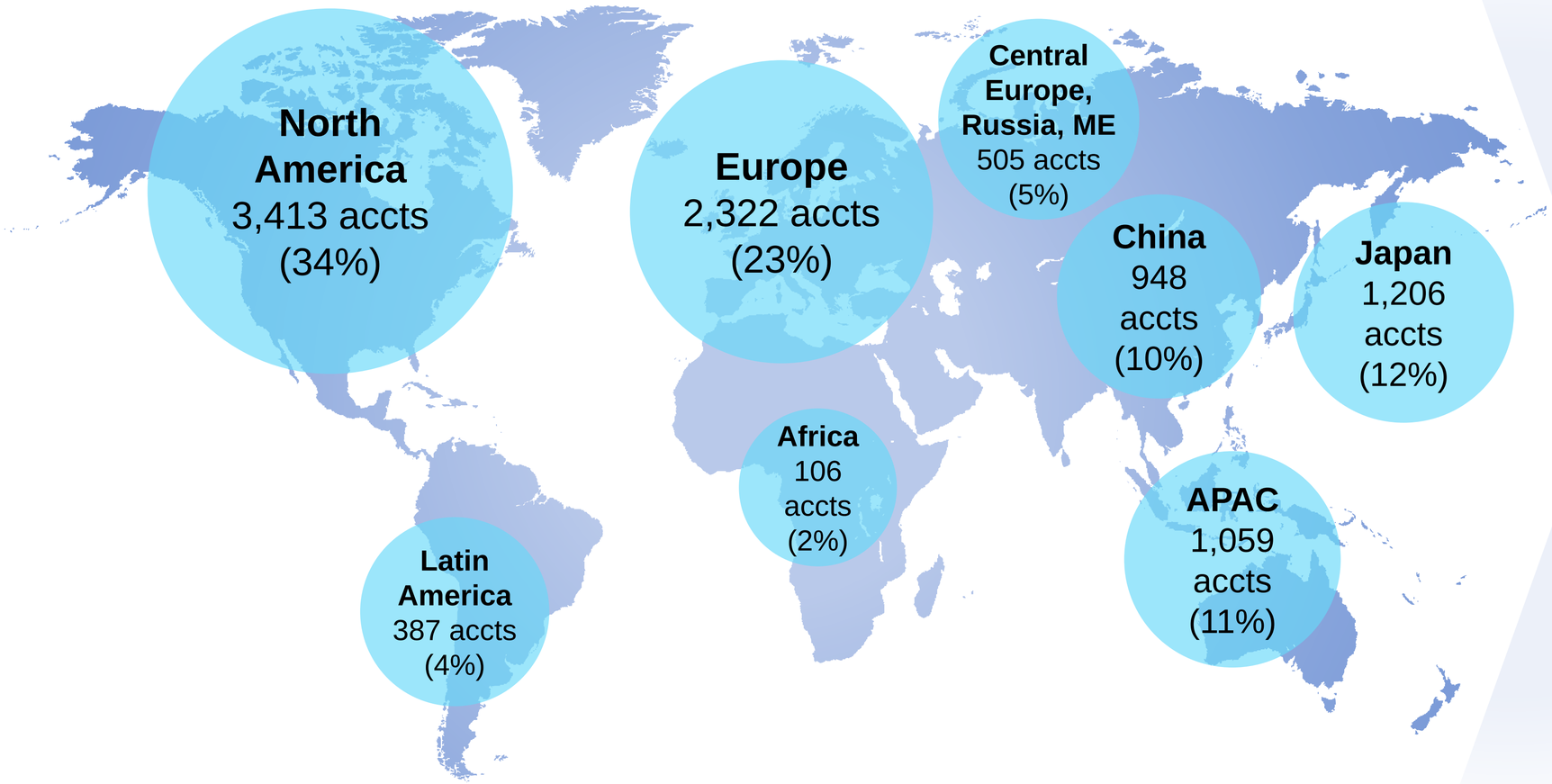
Strong Annual Operating Cash Flows

1. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings.
2. Refer to note 1 of our Fiscal 2019 10-K for details on the impact of recently adopted accounting standards on prior period results.

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The G10K:

The Strategic Theater for Enterprise Software and Clouds



- World's largest enterprises and governments(1)(2)
- Large and global firms benefiting from digital transformation
- 40% covered today (through our direct organization)
- 3 year plan to double our coverage (direct and through partners)

1. G10K - 10,000 largest companies and organizations in the world. Numbers are approximated and rounded.
2. Location of G10K based on company analysis of Dun & Bradstreet data

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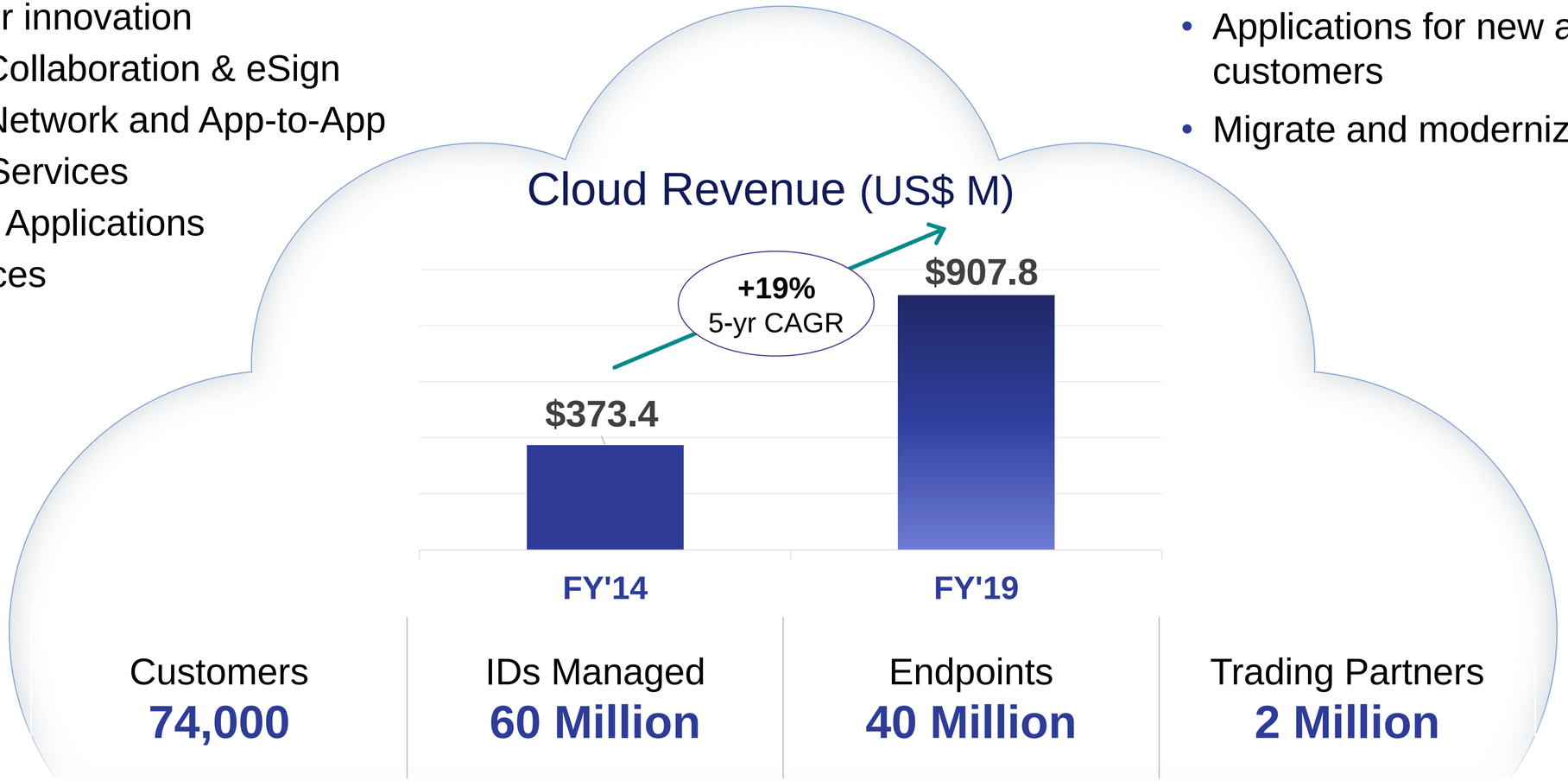
Total Growth Strategy: Grow The OpenText Cloud

OpenText Cloud:

- Cloud First approach
- Platform for innovation
- Business Collaboration & eSign
- Business Network and App-to-App
- Managed Services
- New SaaS Applications
- OT2 Services

The Opportunity:

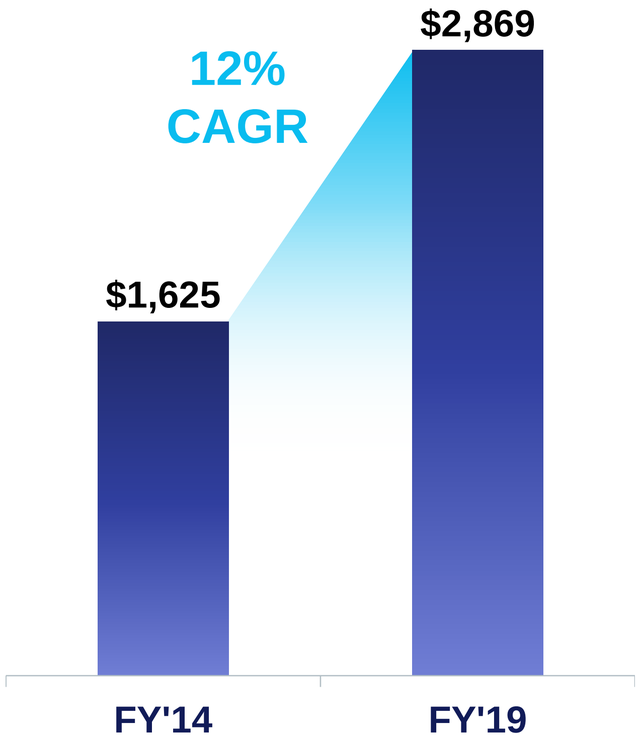
- < 20% of install base penetrated
- Applications for new and existing customers
- Migrate and modernize the Enterprise



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Total Growth Strategy: FY’20

Total Revenue Growth
(US$ M)

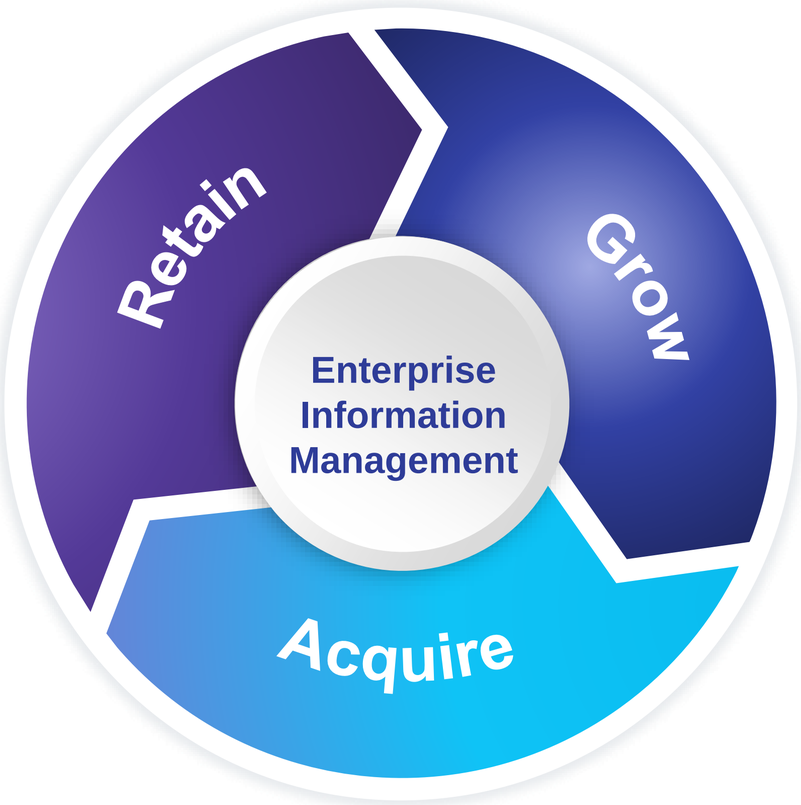


FY’20 Business Profile

License	Constant $ year-over-year
Cloud	High-single digit growth
Customer Support	Constant to low-single digit growth
Professional Services	Constant $ year-over-year Optimized for margins
M&A	Additive M&A revenues
Total Growth	**Low-single digit organic growth + additive M&A revenues**

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The OpenText Business System Starts with Total Growth



Retain

- High Annual Recurring Revenues (ARR), 75% of total revenues
- Increased customer intimacy and value creation
- 90%+ renewal rates(1)

Grow

- Accelerated innovation with $2B in R&D over the next 5 years
- Scale our leadership positions
- Deeper G10K coverage

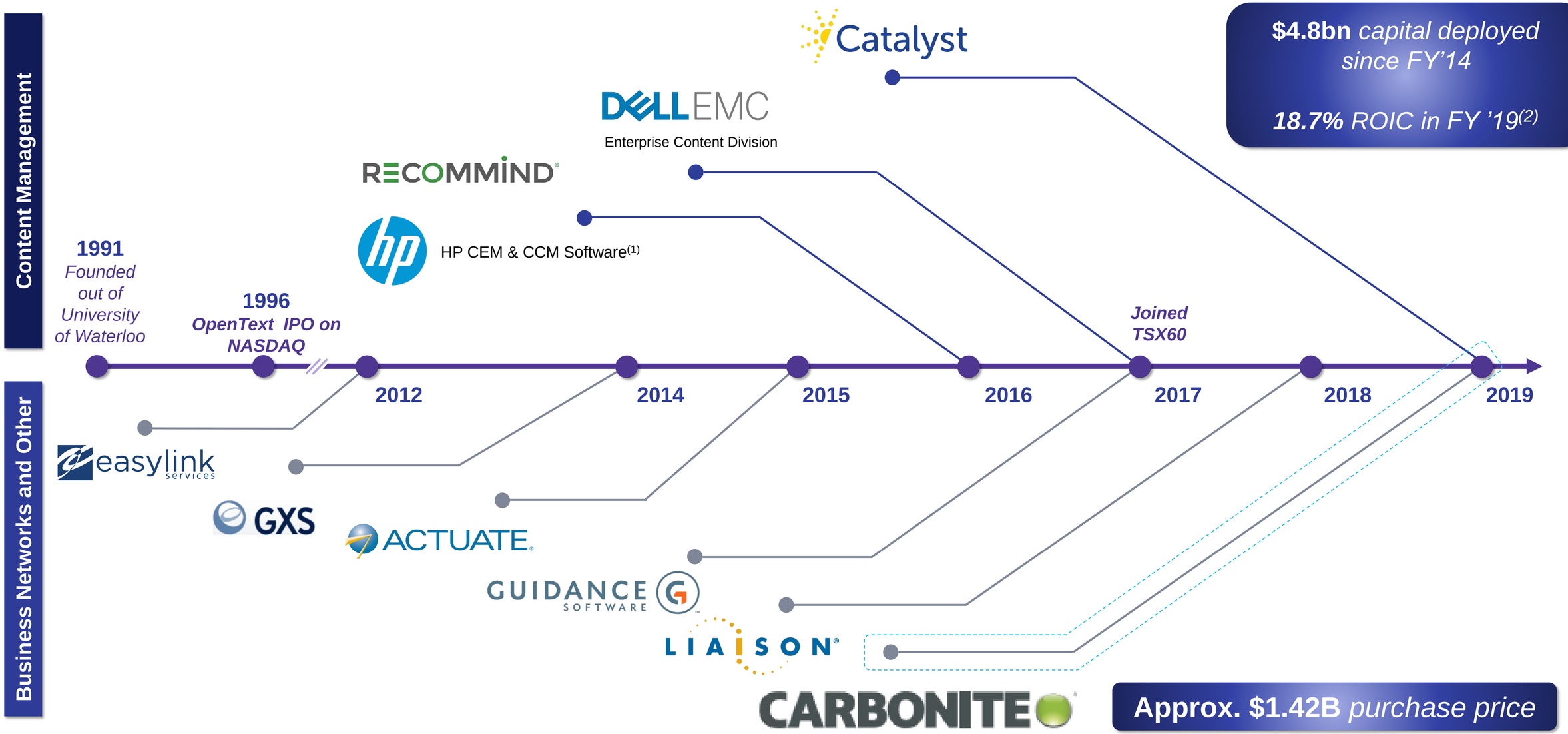
Acquire

- $100B TAM opportunity(2)
- Increased pipeline development
- Leverage the OpenText Business System for strategic M&A value creation

1. Customer Support renewal rate is typically in the low 90's and Cloud services and subscriptions renewal rate is typically in the mid-90's
2. Total Addressable Market based on data from various industry analyst reports including Forrester, Gartner, and others, as well as company estimates.

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Building on OpenText's History of Innovation



1. CEM – Customer Experience and Content Management. CCM – Customer Communications Management.
2. See page 20 on OpenText's Investor Presentation dated August 1, 2019.

Note: Timeline based on calendar year, including select transactions.

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Carbonite Transaction Overview

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+

CARBONITE

Announcement	• On November 11, 2019, OpenText signed a definitive agreement to acquire all of the outstanding shares of Carbonite for $23.00 per share • Carbonite has over 300,000 SMB customers, 14,000 MSPs, 7 million prosumers, and 1,500+ employees
Transaction and Purchase Price	• Purchase price of approx. $1.42 billion, inclusive of Carbonite's cash and debt(1) • Total purchase price is approximately 2.8x TTM (Trailing Twelve Months) Carbonite GAAP revenues (as of September 30, 2019), inclusive of annualized full year reported Webroot GAAP revenues, a significant acquisition which closed in March 2019 • Funded with OpenText's existing cash on hand and revolver
Projected Financial Impact	• Current Carbonite Annual Recurring Revenues (ARR) of 90% • Expect significant expansion of cloud revenues, A-EBITDA margin, cloud margin, and cash flows in FY'21 • Accretive, and targeting to be on the OpenText operating model by end of Fiscal 2021 • Estimated OpenText net leverage ratio at closing of approximately 2.5x, with a target to return to less than 2x net leverage during the 4-6 quarters post close of transaction • Financial projections and target models to be provided upon closing
Expected Closing	• Expect to close within 90 days of this announcement • Subject to regulatory approvals and customary closing conditions

1. Purchase price subject to certain adjustments; all dollar amounts in this presentation are in US dollars unless otherwise indicated.

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Carbonite at a Glance: A Leader in Cyber Resiliency

A vision to protect 1 million small and medium businesses by 2023 by providing the first fully integrated cyber resiliency solution via a worldwide network of MSPs and channel partners.

$405m TTM Revenue(1) (as of September 30, 2019)	**90%** Recurring revenue	**29%** A-EBITDA Margin(1)	**1,500** Employees	**300k** SMB Businesses
7M Prosumers	**50M** end-points protected	**250 petabytes** Data under management	**>200** Patents issued/pending	**14,000** MSP's, Online, VARs, Retail, RMM, OEM

- Compelling vision couples **Data Protection** and **Security** creates platform for **Total Protection**
- Proprietary **Cloud native architecture**; secure **encryption**
- **Strong prosumer brands**

Positioned to **leverage key trends:**

- *Back-up moving to the cloud*
- *Increased data regulation*
- *Ever increasing data sprawl*
- *Growing attacks from ransomware*

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1. TTM metrics as of September 30, 2019, based on Carbonite's historical filings. Please refer to Carbonite's historical financial filings for additional information on their calculation of A-EBITDA (a Non-GAAP measure)
2. VAR: Value Added Resellers, RRM: Remote Monitoring and Management, OEM: Original Equipment Manufacturer

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Continued Execution of OpenText's Strategic Vision

- ✓ Carbonite is a continuation of our Total Growth Strategy, both through acquisitions and organic growth
- ✓ We are leading the market as a Cloud Consolidator – Carbonite represents OpenText's 9th cloud acquisition (EasyLink, GXS, ANX, Covisint, Recommind, Hightail, Catalyst, Liaison, and now Carbonite)
- ✓ Market leader in end-point protection. Carbonite was founded in 2005, the first vendor to combine data protection and end-point security, strengthens and broadens OpenText's information security offerings in digital forensics, end-point detection and response
- ✓ Carbonite brings a leading SMB(1) and prosumer channel with 14,000 MSPs(1), 300,000 SMB customers, 50 million end-point points and 7 million prosumers
- ✓ Current Annual Recurring Revenues (ARR) of 90%, expect significant expansion of cloud revenues, cloud margins, Adj. EBITDA and cash flows in FY'21
- ✓ High teens ROIC (Return on Invested Capital)
- ✓ Complements our Enterprise G10K(2) customer base
- ✓ The OpenText Business System to benefit Carbonite in operational execution, growth, margin and cash flow expansion

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1. SMB: Small, Medium-sized Businesses, MSP: Managed Service Provider
2. G10K: The Global 10K represents the 10,000 largest companies and organizations in the world.

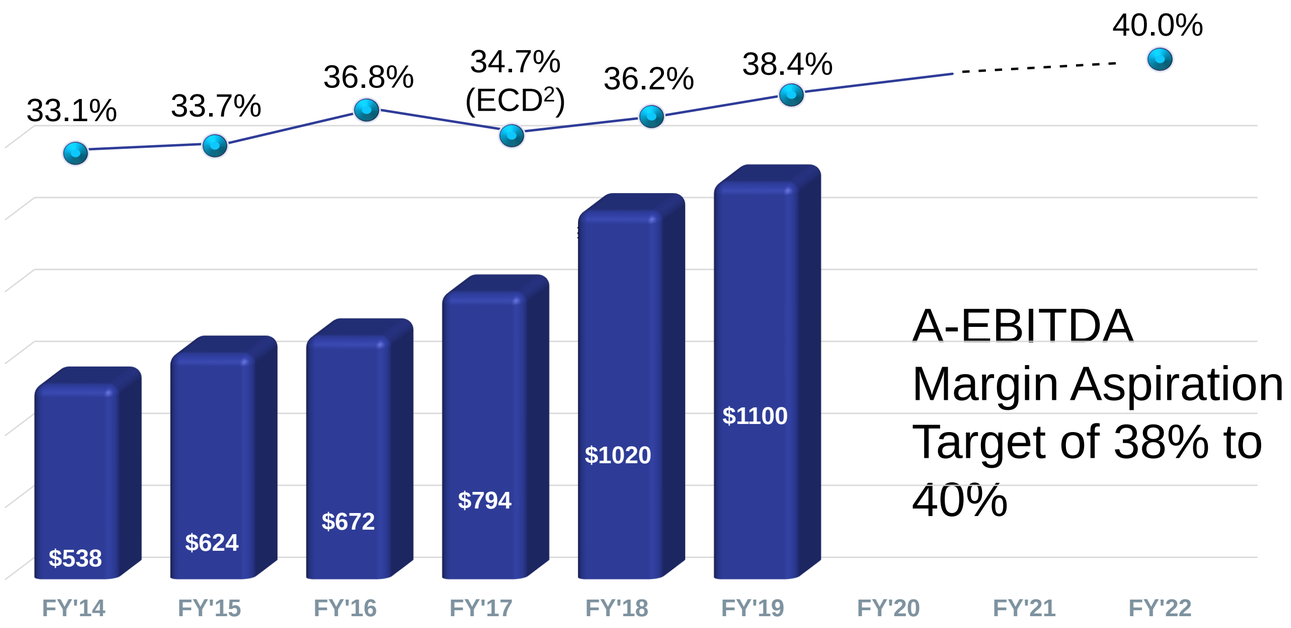
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FY’22 Long-Term Aspirations & Roadmap

38% to 40% Adj. EBITDA

We will remain disciplined, while we invest

A-EBITDA Margin (%) & (US$ M)



A-EBITDA margin aspiration of 38% to 40% is an ideal zone for OpenText

We are ranked in the upper quartile performance among peers(1)

Above 40% A-EBITDA, we plan to reinvest for future growth:

- Innovation, products, engineering capacity
- Sales capacity & coverage, investment in partners, and marketing

1. Source: Bloomberg. Based on Bloomberg’s calculation of EBITDA Margin (August 29, 2019). Peer group consists of selected universe of 160 peer companies
2. OTEX integrated the acquisition of Dell-EMC Enterprise Content Division (ECD) at low-teens EBITDA in FY’17

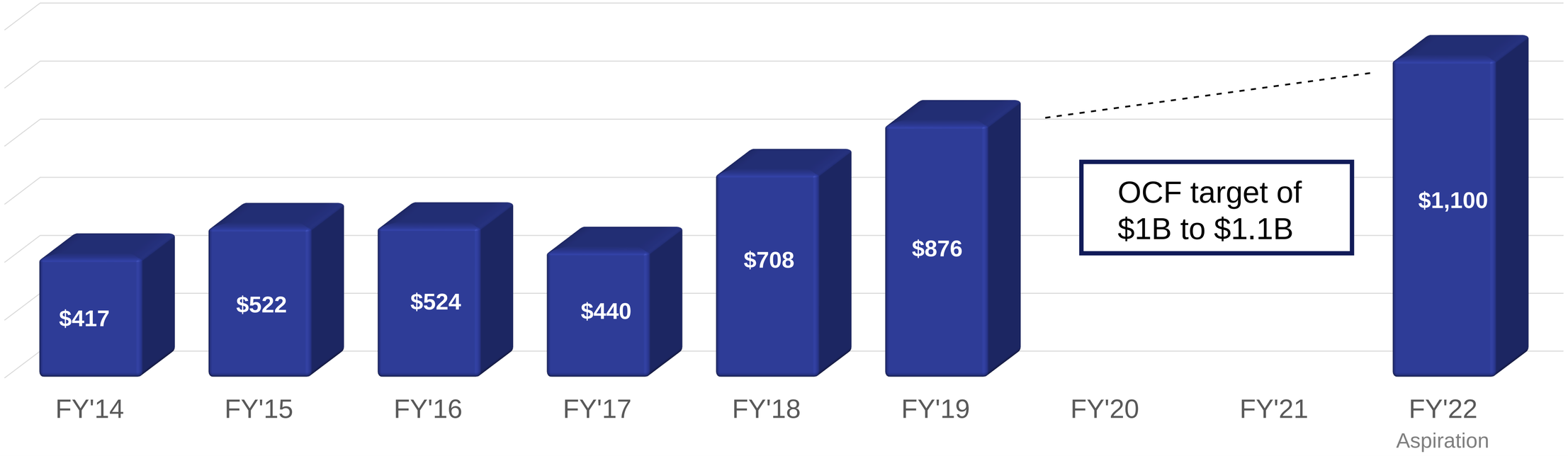
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FY’22 Long-Term Aspirations & Roadmap

OCF Target of $1B to $1.1B in FY’22

- Driven by higher profitability, productivity enhancements
- Use of AI in collections, higher leverage in procurement and vendor management

Operating Cash Flows (US$ M)



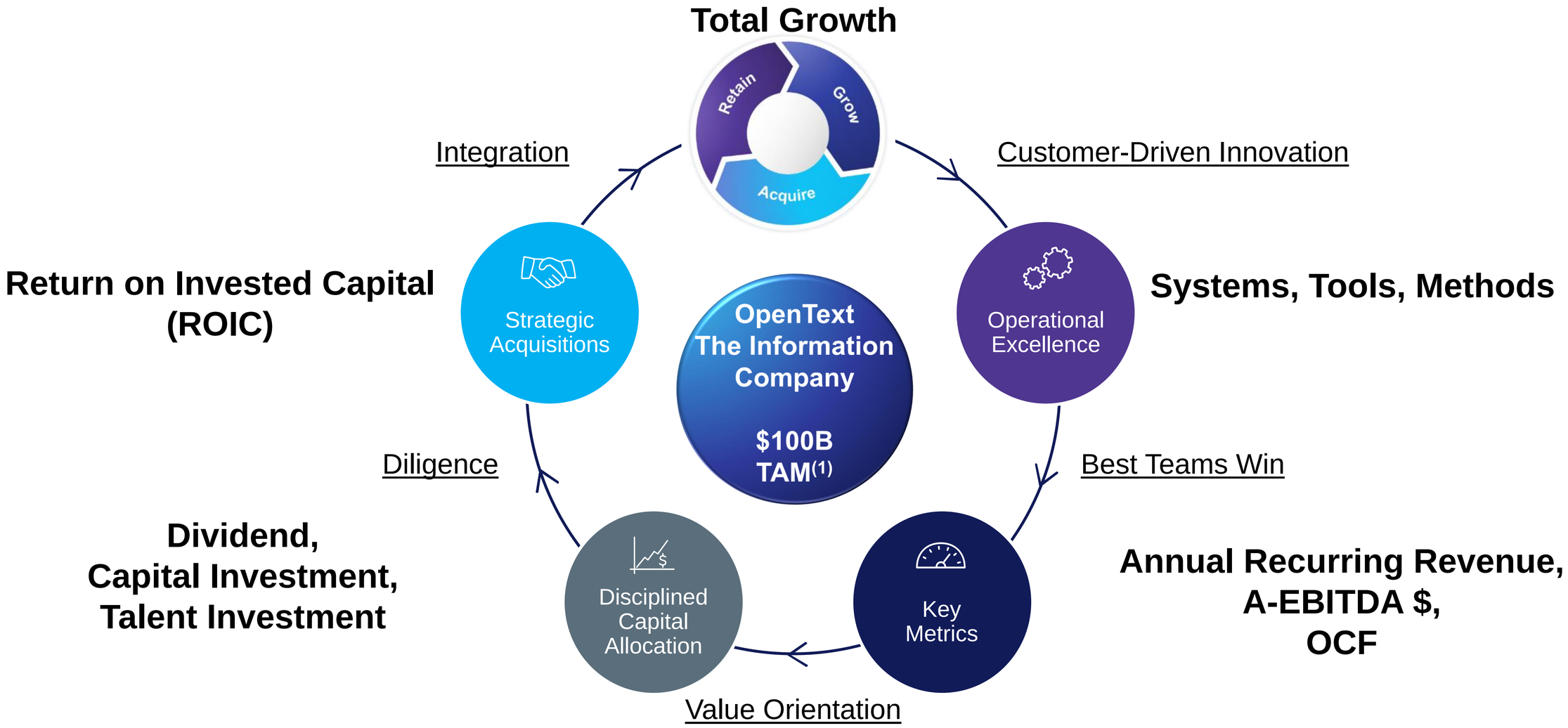
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Appendix

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The OpenText Business System

Our Competitive Advantage: It is who we are and how we work



1. Total Addressable Market based on data from various industry analyst reports including Forrester, Gartner, and others, as well as company estimates.

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