FY20 First Quarter Conference Call

Actionable Intelligence®

May 29, 2019

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This presentation contains "forward-looking statements," including statements regarding expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect relating to Verint Systems Inc. These forward-looking statements are not guarantees of future performance and they are based on management's expectations that involve a number of known and unknown risks, uncertainties, assumptions, and other important factors, any of which could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements. The forward-looking statements contained in this presentation are made as of the date of this presentation and, except as required by law, Verint assumes no obligation to update or revise them, or to provide reasons why actual results may differ. For a more detailed discussion of how these and other risks, uncertainties, and assumptions could cause Verint's actual results to differ materially from those indicated in its forward-looking statements, see Verint's prior filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation includes financial measures which are not prepared in accordance with generally accepted accounting principles ("GAAP"), including certain constant currency measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see the appendices to this presentation, Verint's earnings press releases, as well as the GAAP to non-GAAP reconciliation found under the Investor Relations tab on Verint's website Verint.com.

VERINT®

FY20 First Quarter Conference Call

Actionable Intelligence®

May 29, 2019

Q1 FY20 Financial Highlights
Strong Performance Across Key Metrics

$324 Million
Revenue
↑11% y-o-y

19.2%
Operating Margin
↑340bps y-o-y

$0.73
EPS
↑38% y-o-y

$93 million
Cash From Ops
↑55% y-o-y

GAAP Revenue:
$315 Million

GAAP Revenue Growth:
+9% y-o-y

GAAP Operating Margin:
4.6%

GAAP y-o-y change:
+190bps

GAAP EPS [1]: $0.02

[1] The GAAP EPS growth rate is not meaningful as F1Q19 GAAP EPS was a loss of $0.03.
Note: The $324 million revenue, 19.2% operating margin and $0.73 EPS are non-GAAP metrics.

Customer Engagement – First Quarter Highlights

Revenue
$216 Million
↑14% y-o-y

GAAP Revenue and Growth Rate:
$207 Million and +11% y-o-y

Customer Engagement User Event

Customers Presenting at Event

Uber, AIG, mastercard, Cigna, AARP, verizon, DELL, PNC, Prudential, Allstate

- Attendees up 20% y-o-y
- Launched new version of VOC platform, integrated ForeSee technology
- Showcased automation & cloud innovation

Competitive Differentiation Drives Q1 Wins

>$10 Million	$9 Million	$3 Million	$2 Million
Verint Standardization	Cloud	Cloud	Cloud
Telecom	Technology	Banking	Healthcare

Note: The $216 million of revenue is a non-GAAP metric.

Cyber Intelligence – First Quarter Highlights

Revenue
$108 Million
↑ 5% y-o-y

Gross Margins
↑ 710bps y-o-y
Higher Software Mix

GAAP Gross Margin:
63.7%

GAAP Gross Margin y-o-y change:
+880bps

Cyber Intelligence User Event

- Attendees up 20% y-o-y
- Customers from 70 countries attended
- Showcased data mining software innovation

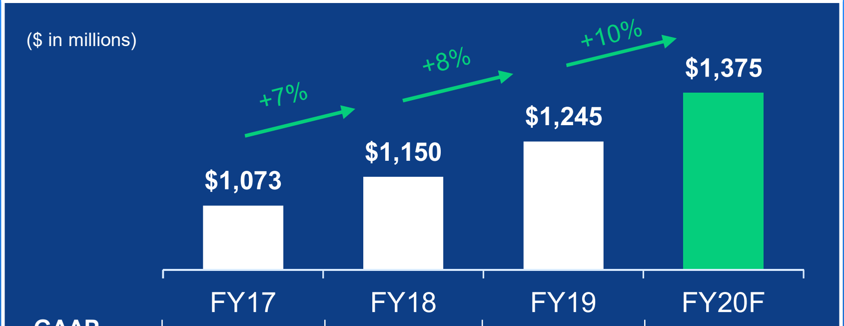
Large Q1 Deals

~$25 Million Order	~$15 Million Order	~$10 million Order	~$5 Million Order

Note: The $108 million revenue and 710bps of gross margin increase are non-GAAP metrics.

Updated FY20 Guidance

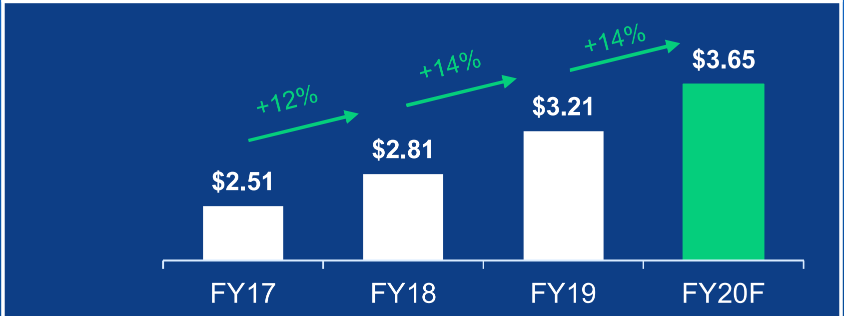
Non-GAAP Revenue



	FY17	FY18	FY19	FY20F
GAAP Revenue	**$1,062**	**$1,135**	**$1,230**	

- Revenue Guidance: $1.375 Billion – **10.5% y-o-y growth**
  - Raised 3 times: $20m on Dec 17th, $25m on Mar 27th, $5m today
  - In total, guidance raised by $50m
    - $30m of the raise is from ForeSee acquisition

Non-GAAP Diluted EPS



	FY17	FY18	FY19	FY20F
GAAP EPS	**($0.47)**	**($0.10)**	**$1.00**	

- Diluted EPS: $3.65 – **13.7% y-o-y EPS growth**
  - Raised $0.15 since first provided guidance on December 17th
  - Increased due to revenue raise and operating leverage

Note: Our guidance for FY20F revenue of $1,375 million and Diluted EPS of $3.65 are on a non-GAAP basis.

Verint – Consolidated Three Year Targets (FY20 – FY22)

Revenue
~$1.65 Billion
10% CAGR

Cloud Revenue
30% to **40%** CAGR

~27% Adjusted EBITDA Margins
250bps Expansion

Diluted EPS
~$4.70
14% CAGR

Note: Three year targets are on a non-GAAP basis.

Customer Engagement – Three Year Targets (FY20 – FY22)

Revenue
~$1.08 Billion
10% CAGR

Cloud >40%
of Total Revenue

Recurring ~70%
of Total Revenue

~30%
Adjusted EBITDA Margins

GM Expansion + OPEX Leverage

Note: Cloud Revenue >40% assumes the high end of our projected 30% to 40% CAGR over the three-year period. Three year targets are on a non-GAAP basis. Adjusted EBITDA margin is estimated.

Automation and Cloud Strategy Drive Growth

Automation	• Automation is critical to elevating C/X while managing headcount costs • Robotics process automation purpose-built for customer engagement • Verint solutions infuse automation across the enterprise
Cloud	• Elevated demand for cloud across all customer engagement buyers • Maintenance conversion: expected to contribute a few points of growth per year in FY21 and FY22 • Verint cloud is differentiated across applications, go-to-market and operations

Customer Engagement – Innovation Acceleration

R&D Drives Automation and Cloud Innovation

Best in Class R&D Efficiency (1)	Product Updates and New Products	Best in Class Operating Margins (2)
~13% of Revenue		25.9%

"Buy vs. Build" Strategy – Expand Portfolio and Accelerate Time to Market

- Augmented R&D with tuck-in technology bought to accelerate innovation
- Targets are typically small companies with no Adjusted EBITDA
- Swift integration increases value of overall portfolio
- Returns measured on growth and margin expansion across the portfolio

150 Automation Patent Applications Filed in Last 24 Months

[1] Estimated fully allocated non-GAAP average for FY17, FY18 and FY19
[2] Represents our estimated fully allocated non-GAAP operating margin for FY19

FORESEE Buy vs. Build

VOC Strategy

- VOC has been an integral part of customer engagement portfolio
- Market moved from point solutions to VOC platforms
- Verint analyzed buy vs. build options and decided to accelerate time to market
- Evaluated more than 5 different VOC assets
- Selected ForeSee based on superior technology, people and domain expertise

ForeSee Diligence Findings

- ForeSee has strong technology for digital customer experience and talented employees
- Historical Operational Challenges
  - Parent bankruptcy
  - Point solution only
- Revenue declining rapidly (non-GAAP)
  - 2016: $84.6 million
  - 2017: $77.6 million
  - 2018: $67.3 million
- Significant Losses (non-GAAP)
  - 2017: ($12 million)
  - 2018: ($15 million)
- Heavy Customer Attrition
  - Q4 2018 Renewal Rate: low 60%s

VOC Integration Plan and Status

- Reduce existing customer attrition over time with a roadmap to the Verint VOC platform
- Sacrifice revenue for profitability
  - Swift integration & right-sizing completed
- FY20 ForeSee revenue assumptions
  - Management estimates a range of $30m-$40m from ForeSee this year
  - Only $30 million is in our $900 million customer engagement guidance
- Deal success criteria
  - Strategic: Strengthen customer engagement portfolio and accelerate time to market to drive sustainable growth
  - Financial: Purchase price ~2.0x revenue and profitable day 1

5/21/2019 - Verint Unveils Groundbreaking New Voice of the Customer Cloud Solution that Combines Digital Leadership and Listening at Scale in the Contact Center

Customer Engagement By FY22 – Recap

Revenue
~$1.08 Billion
10% CAGR

Cloud >40%
of Total Revenue

Recurring ~70%
of Total Revenue

~30%
Adjusted EBITDA Margins

GM Expansion + OPEX Leverage

Maintenance Conversion to Cloud Expected to Accelerate in FY21 and FY22

Note: Cloud Revenue >40% assumes the high end of our projected 30% to 40% CAGR over the three-year period. Three year targets are on a non-GAAP basis. Adjusted EBITDA margin is estimated.

Cyber Intelligence – Three Year Targets (FY20 – FY22)

Revenue
~$575 Million
10% CAGR

Gross Margin Expansion from Software Model Transition

>20%
Adjusted EBITDA Margins

Primarily From GM Expansion

Note: Three year targets are on a non-GAAP basis. Adjusted EBITDA margin is estimated.

Automation and Software Model Drives Growth

Automation	• Data Mining software is critical to detect, investigate and neutralize security threats • Automation helps address shortage of data scientists and analysts • Verint infuses automation across portfolio
Software Model	• Significant benefits to customers from software productization and frequent refreshes • Software model makes our portfolio even more competitively differentiated • Verint offers customers the flexibility to shift from integrator model to software model

Cyber Intelligence – Accelerating Innovation

Historical Integrator Model

- Integrator model (bundled software, hardware, customizations and integration services)
- Customer benefits: “one throat to choke”
- Cyber Intelligence estimated gross margin: Low 60%s

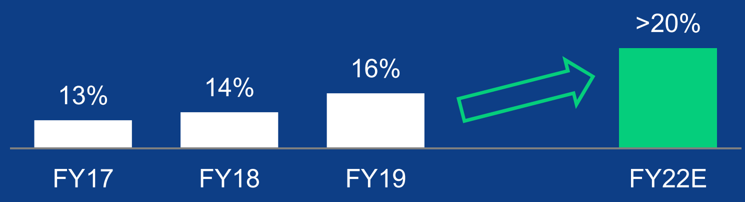
New Software Model

- Software model (unbundle and productize software)
- Customer benefits: accelerate the software refresh cycles
- Cyber Intelligence estimated gross margin: approaching 70% in 3 years

Verint’s R&D Investments in Productization Drive Growth and On-going Margin Improvements

CIS R&D Spend:
20%[1] of Revenue
In-line with Security Peers

Driving 700bps of Margin Expansion over 5 years



Adjusted EBITDA Margin [2]

Minimal acquisitions for software model transition – our investment focus has been on the organic shift to a software model and not on “Buy vs. Build”

[1] Estimated fully allocated non-GAAP average for FY17, FY18 and FY19
[2] Estimated fully allocated Adjusted EBITDA margin. Please refer to appendix for GAAP to Non-GAAP reconciliations.

Cyber Intelligence By FY22 – Recap

Revenue
~$575 Million
10% CAGR

Gross Margin Expansion from Software Model Transition

>20%
Adjusted EBITDA Margins

Primarily From GM Expansion

Both Customers and Verint Benefit From Software Model

Note: Three year targets are on a non-GAAP basis. Adjusted EBITDA margin is estimated.

Three Year Growth Strategy

Financial Model	M&A	Capital Allocation	Board Refreshment

Three Year Targets Driven by Demand for Actionable Intelligence

FINANCIAL REVIEW

Q1 FY20 Consolidated Financial Highlights

Strong Performance Across Key Metrics

GAAP	($ in millions, except per share data)	GROWTH FROM PRIOR YEAR
Revenue	$315	+9.0%
Gross Margin	63.8%	+320bps
Operating Income	$14	+85.9%
Operating Margin	4.6%	+190bps
Diluted EPS	$0.02	NA
Cash flow from operations	$93	+54.7%

Non-GAAP	($ in millions, except per share data)	GROWTH FROM PRIOR YEAR
Revenue	$324	+11.0%
Gross Margin	67.4%	+350bps
Operating Income	$62	+35.0%
Operating Margin	19.2%	+340bps
Adjusted EBITDA	$70	+29.1%
Adjusted EBITDA Margin	21.6%	+300bps
Diluted EPS	$0.73	+38.0%

Note: For reconciliation of non-GAAP measure see appendices

Q1 FY20 Customer Engagement Financial Highlights

Strong Performance Across Key Metrics

GAAP	($ in millions, except per share data)	GROWTH FROM PRIOR YEAR
Revenue	$207	+11.1%
Recurring Revenue	$123	+16.7%
Nonrecurring Revenue	$84	+3.6%
Estimated Gross Margin	63.8%	+10bps

Non-GAAP	($ in millions, except per share data)	GROWTH FROM PRIOR YEAR
Revenue	$216	+14.1%
Recurring Revenue	$132	+22.8%
Nonrecurring Revenue	$84	+2.6%
Estimated Gross Margin	68.4%	+150bps
Estimated Operating Profit	$50	+27.8%
Estimated Operating Margin	23.3%	+250bps
Estimated Adjusted EBITDA	$55	+23.9%
Estimated Adjusted EBITDA Margin	25.6%	+200bps

Note: For reconciliation of non-GAAP measure see appendices

Q1 FY20 Cyber Intelligence Financial Highlights

Strong Results with Expanding Margins

GAAP	($ in millions, except per share data)	GROWTH FROM PRIOR YEAR
Revenue	$108	+5.3%
Estimated Gross Profit	$69	+22.1%
Estimated Gross Margin	63.7%	+880bps

Non-GAAP	($ in millions, except per share data)	GROWTH FROM PRIOR YEAR
Revenue	$108	+5.3%
Estimated Gross Profit	$71	+18.1%
Estimated Gross Margin	65.4%	+710bps
Estimated Operating Profit	$12	+76.8%
Estimated Operating Margin	11.1%	+450bps
Estimated Adjusted EBITDA	$15	+53.4%
Estimated Adjusted EBITDA Margin	13.6%	+420bps

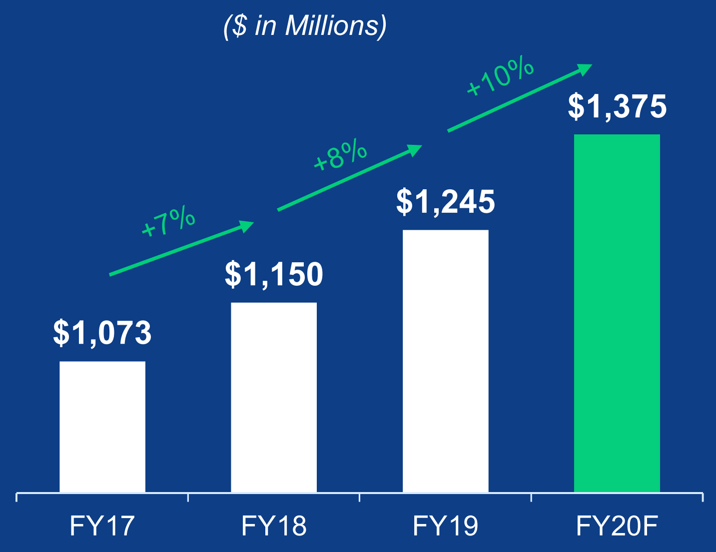
Note: For reconciliation of non-GAAP measure see appendices

FINANCIAL REVIEW

FY20 Guidance

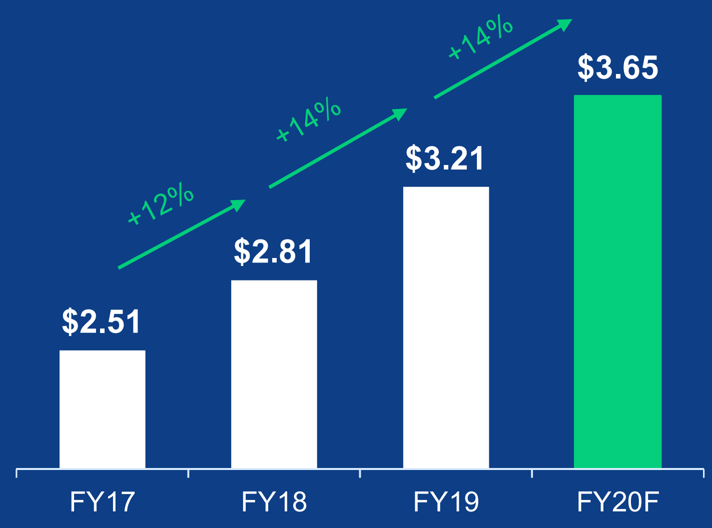
Accelerating Revenue with 14% EPS Growth

Non-GAAP Revenue



GAAP Revenue	$1,062	$1,135	$1,230	

Non-GAAP Diluted EPS



GAAP EPS	($0.47)	($0.10)	$1.00	

Note: Our guidance for FY20F revenue of $1,375 million and Diluted EPS of $3.65 are on a non-GAAP basis.

FY20 Guidance

Three Year Targets

Verint	Revenue: ~$1.65 Billion	Adjusted EBITDA Margin: ~27%	Diluted EPS: $4.70
Customer Engagement	Revenue: ~$1.08 Billion	Adjusted EBITDA Margin: ~30%	Cloud Revenue Mix: >40% Recurring Revenue Mix: ~70%
Cyber Intelligence	Revenue: ~$575 Million	Adjusted EBITDA Margin: >20%	Gross Margin Expansion from Software Model Transition

Note: All targets are on a non-GAAP basis. Adjusted EBITDA margin is estimated.

Customer Engagement Three Year Target Detail
Both Recurring Revenue and Margins Increasing

(Non-GAAP unless otherwise noted, $s in Millions)

		FY19 (1/31/19)	FY22 Targets (1/31/22)
Revenue	**Total** (@ 10% CAGR)	$811	~$1,080
	Recurring Revenue (Cloud and Maintenance)	*$481*	*~$750*
	Nonrecurring (On-Premise and Services)	*$330*	*Similar Level*
	% Recurring [1]	59%	~70%
	Cloud (@ 40% CAGR) [2] [3]	$165	~$450
	% SaaS [1]	*~75%*	*~85%*
	% Managed Services [1]	*~25%*	*~15%*
	% Cloud	20%	>40%
Margins	**Estimated Gross Margin**	69.0%	~70%
	Recurring revenue (Cloud and Maintenance)	*Mid to High 70%s*	*Similar Level*
	Nonrecurring (On-Premise and Services)	*Mid 50%s*	*Similar Level*
	Estimated Operating Margin	25.9%	*~27.5%*
	Estimated Adjusted EBITDA Margin	28.3%	*~30%*

[1] GAAP and Non-GAAP
[2] Cloud guidance 30% to 40% CAGR; 40% assumed for Cloud revenue target
[3] SaaS revenue includes bundled SaaS, software with standard managed services and unbundled SaaS where managed services are purchased separately
Note: Our FY22 targets are on a non-GAAP basis.

Maintenance and Cloud Dynamics

Maintenance Conversion Opportunity	• Maintenance to cloud conversion beginning
	  – More than $300 million maintenance revenue
	  – 2x uplift potential
	• Maintenance conversion: starts small this year and expected to accelerate
	  • Expected to contribute a few points of growth per year in FY21 and FY22
	• Opportunity to upsell new products with conversion
	• Cloud-first strategy

Conversion Dynamics	• Maintenance revenue: expecting flat to modest decline over next three years
	  – New maintenance from new on-premise deals; offset by conversion to cloud
	• Recurring revenue renewal rates: 90%+ expected
	• Recurring revenue gross margin: remain mid-to-high 70%s over next three years
	  – Due to mix of SaaS, maintenance and optional managed services

Three Year Capital Allocation

1/31/19 Cash	+	Cash Generation	−	CapEx	=	1/31/22 Cash Available For Working Capital, M&A And Buybacks
$468 Million		~$800 Million		~$150 Million		~$1.1 Billion

Expected Uses of Cash

- Global company with cash generated across multiple geographies
- Build cash for incremental opportunistic M&A
  - Potential M&A incremental to 10% revenue CAGR target [1]
- Absent desirable acquisition opportunities, return cash to shareholders
- Convertible notes (due June 2021) expected to be settled in cash through refinancing, not shares

[1] Non-GAAP target

Q1 FY20 Financial Highlights
Strong Performance Across Key Metrics

$324 Million Revenue	19.2% Operating Margin	$0.73 EPS	$93 million Cash From Ops
↑11% y-o-y	↑340bps y-o-y	↑38% y-o-y	↑55% y-o-y

GAAP Revenue: $315 Million

GAAP Revenue Growth: +9% y-o-y

GAAP Operating Margin: 4.6%

GAAP y-o-y change: +190bps

GAAP EPS [1]: $0.02

[1] The GAAP EPS growth rate is not meaningful as F1Q19 GAAP EPS was a loss of $0.03.
Note: The $324 million revenue, 19.2% operating margin and $0.73 EPS are non-GAAP metrics.

THANK YOU

Appendices

About Non-GAAP Financial Measures

The following tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles (“GAAP”), consisting of non-GAAP revenue, non-GAAP cloud revenue, non-GAAP gross profit and gross margin, non-GAAP operating income and operating margin, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc., non-GAAP net income per common share attributable to Verint Systems Inc., adjusted EBITDA, net debt, constant currency measures, estimated GAAP and non-GAAP fully allocated gross margins, and estimated non-GAAP fully allocated operating margins and estimated fully allocated adjusted EBITDA to the most directly comparable financial measures prepared in accordance with GAAP.

We believe 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 by:

- facilitating the comparison of our financial results and business trends between periods, by excluding certain items that either can vary significantly in amount and frequency, are based upon subjective assumptions, or in certain cases are unplanned for or difficult to forecast,
- facilitating the comparison of our financial results and business trends with other technology companies who publish similar non-GAAP measures, and
- allowing investors to see and understand key supplementary metrics used by our management to run our business, including for budgeting and forecasting, resource allocation, and compensation matters.

We also make these non-GAAP financial measures available because a number of our investors have informed us that they find this supplemental information useful.

Non-GAAP financial measures should not be considered in isolation as substitutes for, or superior to, comparable GAAP financial measures. The non-GAAP financial measures we present have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. These non-GAAP financial measures do not represent discretionary cash available to us to invest in the growth of our business, and we may in the future incur expenses similar to or in addition to the adjustments made in these non-GAAP financial measures. Other companies may calculate similar non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

About Non-GAAP Financial Measures

Our non-GAAP financial measures are calculated by making the following adjustments to our GAAP financial measures:

- ***Revenue adjustments.*** We exclude from our non-GAAP revenue the impact of fair value adjustments required under GAAP relating to cloud services and customer support contracts acquired in a business acquisition, which would have otherwise been recognized on a stand-alone basis. We believe that it is useful for investors to understand the total amount of revenue that we and the acquired company would have recognized on a stand-alone basis under GAAP, absent the accounting adjustment associated with the business acquisition. Our non-GAAP revenue also reflects certain adjustments from aligning an acquired company's revenue recognition policies to our policies. We believe that our non-GAAP revenue measure helps management and investors understand our revenue trends and serves as a useful measure of ongoing business performance.
- ***Amortization of acquired technology and other acquired intangible assets***. When we acquire an entity, we are required under GAAP to record the fair values of the intangible assets of the acquired entity and amortize those assets over their useful lives. We exclude the amortization of acquired intangible assets, including acquired technology, from our non-GAAP financial measures because they are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions. We also exclude these amounts to provide easier comparability of pre- and post-acquisition operating results.
- ***Stock-based compensation expenses.*** We exclude stock-based compensation expenses related to restricted stock awards, stock bonus programs, bonus share programs, and other stock-based awards from our non-GAAP financial measures. We evaluate our performance both with and without these measures because stock-based compensation is typically a non-cash expense and can vary significantly over time based on the timing, size and nature of awards granted, and is influenced in part by certain factors which are generally beyond our control, such as the volatility of the price of our common stock. In addition, measurement of stock-based compensation is subject to varying valuation methodologies and subjective assumptions, and therefore we believe that excluding stock-based compensation from our non-GAAP financial measures allows for meaningful comparisons of our current operating results to our historical operating results and to other companies in our industry.
- ***Unrealized gains and losses on certain derivatives, net.*** We exclude from our non-GAAP financial measures unrealized gains and losses on certain foreign currency derivatives which are not designated as hedges under accounting guidance. We exclude unrealized gains and losses on foreign currency derivatives that serve as economic hedges against variability in the cash flows of recognized assets or liabilities, or of forecasted transactions. These contracts, if designated as hedges under accounting guidance, would be considered "cash flow" hedges. These unrealized gains and losses are excluded from our non-GAAP financial measures because they are non-cash transactions which are highly variable from period to period. Upon settlement of these foreign currency derivatives, any realized gain or loss is included in our non-GAAP financial measures.

About Non-GAAP Financial Measures

- ***Amortization of convertible note discount.*** Our non-GAAP financial measures exclude the amortization of the imputed discount on our convertible notes. Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are required to recognize imputed interest expense on the difference between our assumed non-convertible debt borrowing rate and the coupon rate on our $400.0 million of 1.50% convertible notes. This difference is excluded from our non-GAAP financial measures because we believe that this expense is based upon subjective assumptions and does not reflect the cash cost of our convertible debt.
- ***Losses and expenses on early retirements or modifications of debt.*** We exclude from our non-GAAP financial measures losses on early retirements of debt attributable to refinancing or repaying our debt, and expenses incurred to modify debt terms, because we believe they are not reflective of our ongoing operations.
- ***Acquisition expenses, net.*** In connection with acquisition activity (including with respect to acquisitions that are not consummated), we incur expenses, including legal, accounting, and other professional fees, integration costs, changes in the fair value of contingent consideration obligations, and other costs. Integration costs may consist of information technology expenses as systems are integrated across the combined entity, consulting expenses, marketing expenses, and professional fees, as well as non-cash charges to write-off or impair the value of redundant assets. We exclude these expenses from our non-GAAP financial measures because they are unpredictable, can vary based on the size and complexity of each transaction, and are unrelated to our continuing operations or to the continuing operations of the acquired businesses.
- ***Restructuring expenses.*** We exclude restructuring expenses from our non-GAAP financial measures, which include employee termination costs, facility exit costs, certain professional fees, asset impairment charges, and other costs directly associated with resource realignments incurred in reaction to changing strategies or business conditions. All of these costs can vary significantly in amount and frequency based on the nature of the actions as well as the changing needs of our business and we believe that excluding them provides easier comparability of pre- and post-restructuring operating results.
- ***Impairment charges and other adjustments.*** We exclude from our non-GAAP financial measures asset impairment charges (other than those associated with restructuring or acquisition activity), rent expense for redundant facilities, gains or losses on sales of property, gains or losses on settlements of certain legal matters, and certain professional fees unrelated to our ongoing operations, including $1.9 million of fees and expenses for the three months ended April 30, 2019 related to a shareholder proxy contest, all of which are unusual in nature and can vary significantly in amount and frequency.

About Non-GAAP Financial Measures

- ***Non-GAAP income tax adjustments***. We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., and instead include a non-GAAP provision for income taxes, determined by applying a non-GAAP effective income tax rate to our income before provision for income taxes, as adjusted for the non-GAAP items described above. The non-GAAP effective income tax rate is generally based upon the income taxes we expect to pay in the reporting year. Our GAAP effective income tax rate can vary significantly from year to year as a result of tax law changes, settlements with tax authorities, changes in the geographic mix of earnings including acquisition activity, changes in the projected realizability of deferred tax assets, and other unusual or period-specific events, all of which can vary in size and frequency. We believe that our non-GAAP effective income tax rate removes much of this variability and facilitates meaningful comparisons of operating results across periods. Our non-GAAP effective income tax rates for the year ending January 31, 2020 is currently approximately 10%, and was 11.0% for the year ended January 31, 2019. We evaluate our non-GAAP effective income tax rate on an ongoing basis and it can change from time to time. Our non-GAAP income tax rate can differ materially from our GAAP effective income tax rate.

Customer Engagement Cloud, Recurring and Nonrecurring Revenue Metrics
Recurring revenue, on both a GAAP and non-GAAP basis, is the portion of our revenue that we believe is likely to be renewed in the future, and primarily consists of initial and renewal post contract support and cloud revenue.

Nonrecurring revenue, on both a GAAP and non-GAAP basis, primarily consists of our perpetual licenses, consulting, implementation and installation services, and training.

Cloud revenue, on both a GAAP and non-GAAP basis, primarily consists of SaaS and optional managed services.

SaaS revenue includes bundled SaaS, software with standard managed services and unbundled SaaS that we account for as term licenses where managed services are purchased separately.

We believe that recurring revenue, nonrecurring revenue, and cloud revenue provide investors with useful insight into the nature and sustainability of our revenue streams. The recurrence of these revenue streams in future periods depends on a number of factors including contractual periods and customers' renewal decisions. Please see "*Revenue adjustments*" above for an explanation for why we present these revenue numbers on both a GAAP and non-GAAP basis.

About Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure defined as net income (loss) before interest expense, interest income, income taxes, depreciation expense, amortization expense, revenue adjustments, restructuring expenses, acquisition expenses, and other expenses excluded from our non-GAAP financial measures as described above. We believe that adjusted EBITDA is also commonly used by investors to evaluate operating performance between companies because it helps reduce variability caused by differences in capital structures, income taxes, stock-based compensation accounting policies, and depreciation and amortization policies. Adjusted EBITDA is also used by credit rating agencies, lenders, and other parties to evaluate our creditworthiness.

Net Debt

Net Debt is a non-GAAP measure defined as the sum of long-term and short-term debt on our consolidated balance sheet, excluding unamortized discounts and issuance costs, less the sum of cash and cash equivalents, restricted cash, restricted cash equivalents, restricted bank time deposits, and restricted investments (including long-term portions), and short-term investments. We use this non-GAAP financial measure to help evaluate our capital structure, financial leverage, and our ability to reduce debt and to fund investing and financing activities, and believe that it provides useful information to investors.

Financial Outlook

Our non-GAAP outlook for the three months ending July 31, 2019 and year ending January 31, 2020 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets of approximately $14 million and $55 million, for the three months ending July 31, 2019 and year ending January 31, 2020, respectively.
- Amortization of discount on convertible notes of approximately $3 million and $12 million, for the three months ending July 31, 2019 and year ending January 31, 2020, respectively.

Our non-GAAP outlook for the three months ending July 31, 2019 and year ending January 31, 2020 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately $6 million and $8 million, and $24 million and $26 million, for the three months ending July 31, 2019 and year ending January 31, 2020, respectively.
- Stock-based compensation is expected to be between approximately $19 million and $21 million, and $73 million and $77 million, for the three months ending July 31, 2019 and year ending January 31, 2020, respectively, assuming market prices for our common stock approximately consistent with current levels.

Our non-GAAP outlook does not include the potential impact of any in-process business acquisitions that may close after the date hereof, and, unless otherwise specified, reflects foreign currency exchange rates approximately consistent with current rates.

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquisition expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items. While historical results may not be indicative of future results, actual amounts for the three months ended April 30, 2019 and years ended January 31, 2019 and 2018 for the GAAP measures excluded from our non-GAAP outlook appear in the GAAP to Non-GAAP Reconciliation Tables contained in this presentation.

Financial Outlook

Our non-GAAP Consolidated, Customer Engagement, and Cyber Intelligence three-year targets exclude various GAAP measures, including:

- Amortization of intangible assets.
- Stock-based compensation expenses.
- Revenue adjustments.
- Acquisition expenses.
- Restructuring expenses.

Our non-GAAP Consolidated three-year targets also reflect income tax provisions on a non-GAAP basis.

We are unable, without unreasonable efforts, to provide a reconciliation for these GAAP measures which are excluded from our non-GAAP Consolidated, Customer Engagement, and Cyber Intelligence three-year targets, due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items.

Our non-GAAP Consolidated, Customer Engagement, and Cyber Intelligence three-year targets reflect foreign currency exchange rates approximately consistent with current rates.

GAAP to Non-GAAP Reconciliations

($ in millions)

	Three Months Ended				Year Ended	Three Months Ended
	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	January 31, 2019	April 30, 2019
Revenue Reconciliation						
GAAP revenue	**$ 289.2**	**$ 306.3**	**$ 304.0**	**$ 330.2**	**$ 1,229.7**	**$ 315.3**
Revenue adjustments	2.8	2.2	4.0	6.5	15.4	8.9
Non-GAAP revenue	**$ 292.0**	**$ 308.5**	**$ 308.0**	**$ 336.7**	**$ 1,245.1**	**$ 324.2**
Gross Profit Reconciliation						
GAAP gross profit	**$ 175.1**	**$ 193.0**	**$ 192.7**	**$ 219.7**	**$ 780.5**	**$ 201.1**
GAAP gross margin	**60.6%**	**63.0%**	**63.4%**	**66.5%**	**63.5%**	**63.8%**
Revenue adjustments	2.8	2.2	4.0	6.5	15.4	8.9
Amortization of acquired technology	7.4	5.5	5.9	6.5	25.4	6.7
Stock-based compensation expenses	0.8	1.9	1.4	1.6	5.7	1.4
Acquisition expenses	-	-	-	0.3	0.4	-
Restructuring expenses	0.4	0.7	0.1	0.3	1.5	0.5
Non-GAAP gross profit	**$ 186.5**	**$ 203.3**	**$ 204.1**	**$ 234.9**	**$ 828.9**	**$ 218.6**
Non-GAAP gross margin	**63.9%**	**65.9%**	**66.3%**	**69.8%**	**66.6%**	**67.4%**

Notes: Amounts may not cross foot due to rounding.

GAAP to Non-GAAP Reconciliations

($ in millions)

	Three Months Ended				Year Ended	Three Months Ended
	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	January 31, 2019	April 30, 2019
Operating Income Reconciliation						
GAAP operating income	**$ 7.8**	**$ 29.2**	**$ 33.7**	**$ 43.6**	**$ 114.2**	**$ 14.5**
As a percentage of GAAP revenue	**2.7%**	**9.5%**	**11.1%**	**13.2%**	**9.3%**	**4.6%**
Revenue adjustments	2.8	2.2	4.0	6.5	15.4	8.9
Amortization of acquired technology	7.4	5.5	5.9	6.5	25.4	6.7
Amortization of other acquired intangible assets	7.7	7.4	7.6	8.3	31.0	7.7
Stock-based compensation expenses	16.4	17.5	16.6	16.1	66.7	17.1
Acquisition expenses, net	2.3	0.1	1.9	5.7	9.9	3.9
Restructuring expenses	1.1	0.9	1.0	1.9	4.9	1.4
Other adjustments	0.6	0.6	(1.5)	(0.4)	(0.6)	2.1
Non-GAAP operating income	**$ 46.1**	**$ 63.4**	**$ 69.2**	**$ 88.2**	**$ 266.9**	**$ 62.3**
As a percentage of non-GAAP revenue	**15.8%**	**20.6%**	**22.5%**	**26.2%**	**21.4%**	**19.2%**
Other Expense Reconciliation						
GAAP other expense, net	**$ (8.7)**	**$ (10.0)**	**$ (7.8)**	**$ (9.9)**	**$ (36.5)**	**$ (9.3)**
Unrealized (gains) losses on derivatives, net	(0.5)	0.4	0.4	0.9	1.1	0.7
Amortization of convertible note discount	2.9	2.9	2.9	3.0	11.9	3.1
Acquisition expenses, net	-	0.3	-	0.1	0.4	(0.1)
Non-GAAP other expense, net	**$ (6.3)**	**$ (6.4)**	**$ (4.5)**	**$ (5.9)**	**$ (23.1)**	**$ (5.6)**

Note: Amounts may not cross foot due to rounding.

GAAP to Non-GAAP Reconciliations

($ in millions, except share and per share data; shares in thousands)

	Three Months Ended				Year Ended	Three Months Ended
	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	January 31, 2019	April 30, 2019
Tax Provision (Benefit) Reconciliation						
GAAP provision (benefit) for income taxes	**$ 0.3**	**$ (3.7)**	**$ 5.6**	**$ 5.4**	**$ 7.5**	**$ 1.4**
GAAP effective income tax rate	**-28.8%**	**-19.4%**	**21.7%**	**16.0%**	**9.7%**	**27.3%**
Non-GAAP tax adjustments	4.0	9.7	1.4	4.2	19.4	4.0
Non-GAAP provision for income taxes	**$ 4.3**	**$ 6.0**	**$ 7.0**	**$ 9.6**	**$ 26.9**	**$ 5.4**
Non-GAAP effective income tax rate	**10.7%**	**10.5%**	**10.8%**	**11.7%**	**11.0%**	**9.5%**
Net (Loss) Income Attributable to Verint Systems Inc. Reconciliation						
GAAP net (loss) income attributable to Verint Systems Inc.	**$ (2.2)**	**$ 22.0**	**$ 18.9**	**$ 27.3**	**$ 66.0**	**$ 1.6**
Total GAAP net (loss) income adjustments	36.7	28.1	37.5	44.4	146.7	47.5
Non-GAAP net income attributable to Verint Systems Inc.	**$ 34.5**	**$ 50.1**	**$ 56.4**	**$ 71.7**	**$ 212.7**	**$ 49.1**
GAAP diluted net (loss) income per common share attributable to Verint Systems Inc.	$ (0.03)	$ 0.33	$ 0.29	$ 0.41	$ 1.00	$ 0.02
Non-GAAP diluted net income per common share attributable to Verint Systems Inc.	$ 0.53	$ 0.76	$ 0.85	$ 1.08	$ 3.21	$ 0.73
GAAP weighted-average shares used in computing diluted net (loss) income per common share	**63,928**	**65,840**	**66,200**	**66,504**	**66,245**	**67,088**
Additional weighted-average shares applicable to non-GAAP net income per common share attributable to Verint Systems Inc	1,203	-	-	-	-	-
Non-GAAP diluted weighted-average shares used in computing net income per common share	**65,131**	**65,840**	**66,200**	**66,504**	**66,245**	**67,088**

Note: Amounts may not cross foot due to rounding.

GAAP to Non-GAAP Reconciliations

($ in millions)

	Three Months Ended				Year Ended	Three Months Ended
	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	January 31, 2019	April 30, 2019
Adjusted EBITDA Reconciliation						
GAAP net (loss) income attributable to Verint Systems Inc.	**$ (2.2)**	**$ 22.0**	**$ 18.9**	**$ 27.3**	**$ 66.0**	**$ 1.6**
As a percentage of GAAP revenue	**-0.8%**	**7.2%**	**6.2%**	**8.3%**	**5.4%**	**0.5%**
Net income attributable to noncontrolling interest	1.0	0.9	1.3	1.0	4.2	2.2
Provision (benefit) income taxes	0.3	(3.7)	5.6	5.4	7.5	1.4
Other expense, net	8.7	10.0	7.8	9.9	36.5	9.3
GAAP depreciation & amortization **(1)**	23.3	20.3	20.6	22.0	86.2	22.3
Revenue adjustments	2.8	2.2	4.0	6.5	15.4	8.9
Stock-based compensation expenses	16.4	17.5	16.6	16.1	66.7	17.1
Acquisition expenses, net	2.3	0.1	1.9	5.7	9.9	3.9
Restructuring expenses	1.1	0.8	1.1	1.9	4.9	1.3
Other adjustments	0.6	0.6	(1.5)	(0.4)	(0.6)	2.1
Adjusted EBITDA	**$ 54.3**	**$ 70.7**	**$ 76.3**	**$ 95.4**	**$ 296.7**	**$ 70.1**
As a percentage of non-GAAP revenue	**18.6%**	**22.9%**	**24.8%**	**28.3%**	**23.8%**	**21.6%**

(1) Adjusted for patent and financing fee amortization.

Note: Amounts may not cross foot due to rounding.

Revenue by Segment

($ in millions)

	Three Months Ended				Year Ended	Three Months Ended
	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	January 31, 2019	April 30, 2019
GAAP Revenue by Segment:						
Customer Engagement	$ 186.5	$ 200.8	$ 197.5	$ 211.5	$ 796.3	$ 207.1
Cyber Intelligence	102.7	105.5	106.5	118.7	433.4	108.2
GAAP Total Revenue	**$ 289.2**	**$ 306.3**	**$ 304.0**	**$ 330.2**	**$ 1,229.7**	**$ 315.3**
Revenue Adjustments:						
Customer Engagement	$ 2.7	$ 2.2	$ 4.0	$ 6.3	$ 15.0	$ 8.8
Cyber Intelligence	0.1	-	-	0.2	0.4	0.1
Total Revenue Adjustments	**$ 2.8**	**$ 2.2**	**$ 4.0**	**$ 6.5**	**$ 15.4**	**$ 8.9**
Non-GAAP Revenue by Segment:						
Customer Engagement	$ 189.2	$ 203.0	$ 201.5	$ 217.8	$ 811.3	$ 215.9
Cyber Intelligence	102.8	105.5	106.5	118.9	433.8	108.3
Non-GAAP Total Revenue	**$ 292.0**	**$ 308.5**	**$ 308.0**	**$ 336.7**	**$ 1,245.1**	**$ 324.2**

Note: Amounts may not cross foot due to rounding.

Table of Reconciliation from Gross Debt to Net Debt, including Long-Term Restricted Cash, Cash Equivalents, Time Deposits and Investments

($ in millions)

As of January 31,	2019	As of April 30, 2019
Current maturities of long-term debt	$ 4.3	$ 4.3
Long-term debt	777.8	780.3
Unamortized debt discounts and issuance costs	36.6	33.0
Gross debt	**818.7**	**817.6**
Less:		
Cash and cash equivalents	370.0	412.0
Restricted cash and cash equivalents, and restricted time deposits	42.3	39.7
Short-term investments	32.3	39.4
Long-term restricted cash, cash equivalents, time deposits and investments	23.1	25.1
Net debt, including long-term restricted cash, cash equivalents, time deposits, and investments	**$ 351.0**	**$ 301.4**

GAAP to Non-GAAP Customer Engagement Cloud Revenue, Recurring Revenue and Nonrecurring Revenue

($ in millions)

	Three Months Ended				Year Ended	Three Months Ended
	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	January 31, 2019	April 30, 2019
Table of Reconciliation from GAAP Cloud Revenue to Non-GAAP Cloud Revenue						
Customer Engagement						
Cloud revenue - GAAP	$ 30.6	$ 31.9	$ 33.0	$ 55.2	$ 150.7	$ 47.1
Estimated revenue adjustments	1.8	1.5	3.5	8.0	14.7	8.6
Cloud revenue - non-GAAP	$ 32.4	$ 33.4	$ 36.5	$ 63.2	$ 165.4	$ 55.7
Table of Reconciliation from GAAP Recurring Revenue to Non-GAAP Recurring Revenue						
Customer Engagement						
Recurring revenue - GAAP	105.7	113.0	112.3	134.8	465.7	123.3
As a percentage of GAAP revenue	56.7%	56.2%	56.9%	63.7%	58.5%	59.6%
Estimated revenue adjustments	1.9	1.6	3.5	8.0	15.0	8.8
Recurring revenue - non-GAAP	107.6	114.6	115.8	142.8	480.7	132.1
As a percentage of non-GAAP revenue	56.9%	56.5%	57.5%	65.6%	59.3%	61.2%
Table of Reconciliation from GAAP Nonrecurring Revenue to Non-GAAP Nonrecurring Revenue						
Customer Engagement						
Nonrecurring revenue - GAAP	80.8	87.9	85.2	76.8	330.6	83.7
As a percentage of GAAP revenue	43.3%	43.8%	43.1%	36.3%	41.5%	40.4%
Estimated revenue adjustments	0.8	0.5	0.5	(1.8)	-	-
Nonrecurring revenue - non-GAAP	81.6	88.4	85.7	75.0	330.6	83.7
As a percentage of non-GAAP revenue	43.1%	43.6%	42.6%	34.4%	40.7%	38.8%

Estimated GAAP to Non-GAAP Fully Allocated Gross Margins

($ in millions)

	For Year Ended January 31, 2019		
	Customer Engagement	Cyber Intelligence	Consolidated
GAAP Product revenue	$ 221.7	$ 232.9	$ 454.6
GAAP Service revenue	574.6	200.5	775.1
Total GAAP revenue	**796.3**	**433.4**	**1,229.7**
Product costs	35.0	90.6	125.6
Service expenses	208.1	69.6	277.7
Amortization of acquired technology	18.0	7.4	25.4
Stock-based compensation expenses (1)	4.4	1.3	5.7
Shared support service allocation (2)	9.7	5.1	14.8
Total GAAP cost of revenue	**275.2**	**174.0**	**449.2**
GAAP gross profit	**$ 521.1**	**$ 259.4**	**$ 780.5**
GAAP gross margin	**65.4%**	**59.9%**	**63.5%**
Revenue adjustments	15.0	0.4	15.4
Amortization of acquired technology	18.0	7.4	25.4
Stock-based compensation expenses (1)	4.4	1.3	5.7
Acquisition expenses, net (3)	0.3	0.1	0.4
Restructuring expenses (3)	1.0	0.5	1.5
Non-GAAP gross profit	**$ 559.8**	**$ 269.1**	**$ 828.9**
Non-GAAP gross margin	**69.0%**	**62.0%**	**66.6%**

	For Three Months Ended April 30, 2019		
	Customer Engagement	Cyber Intelligence	Consolidated
GAAP Product revenue	$ 54.0	$ 50.2	$ 104.2
GAAP Service revenue	153.1	58.0	211.1
Total GAAP revenue	**207.1**	**108.2**	**315.3**
Product costs	8.5	17.9	26.4
Service expenses	57.5	18.5	76.0
Amortization of acquired technology	5.4	1.3	6.7
Stock-based compensation expenses (1)	1.1	0.3	1.4
Shared support service allocation (2)	2.4	1.3	3.7
Total GAAP cost of revenue	**74.9**	**39.3**	**114.2**
GAAP gross profit	**$ 132.2**	**$ 68.9**	**$ 201.1**
GAAP gross margin	**63.8%**	**63.7%**	**63.8%**
Revenue adjustments	8.8	0.1	8.9
Amortization of acquired technology	5.4	1.3	6.7
Stock-based compensation expenses (1)	1.1	0.3	1.4
Acquisition expenses, net (3)	-	-	-
Restructuring expenses (3)	0.3	0.2	0.5
Non-GAAP gross profit	**$ 147.8**	**$ 70.8**	**$ 218.6**
Non-GAAP gross margin	**68.4%**	**65.4%**	**67.4%**

Note: Amounts may not cross foot due to rounding.

(1) Represents the stock-based compensation expenses applicable to cost of revenue, allocated proportionally to our year ended January 31, 2019, when filed, annual operations and service expense wages for each segment, and the stock-based compensation expenses applicable to cost of revenue, allocated proportionally to our year ended January 31, 2018 annual operations and service expense wages for each segment, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

(2) Represents the portion of our shared support expenses (as disclosed in footnote 16 to our January 31, 2019 Form 10-K, when filed) applicable to cost of revenue, allocated proportionally to our year ended January 31, 2019 annual non-GAAP segment revenue, and our shared support expenses (as disclosed in footnote 15 to our January 31, 2018 Form 10-K) applicable to cost of revenue, allocated proportionally to our year ended January 31, 2018 annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

(3) Represents the portion of our acquisition expenses, net and restructuring expenses applicable to cost of revenue, allocated proportionally to our year ended January 31, 2019, when filed, annual non-GAAP segment revenue, and our acquisition expenses, net and restructuring expenses applicable to cost of revenue, allocated proportionally to our year ended January 31, 2018 annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

Estimated CES GAAP to Non-GAAP Fully Allocated Gross Margins

($ in millions)

	Year Ended January 31, 2019		
Customer Engagement	**Nonrecurring**	**Recurring**	**Total**
GAAP gross profit	**$ 176.1**	**$ 345.0**	**$ 521.1**
GAAP gross margin	**53.3%**	**74.1%**	**65.4%**
Revenue adjustments	-	15.1	15.1
Amortization of acquired technology	7.3	10.7	18.0
Stock-based compensation expenses	1.8	2.6	4.4
Acquisition expenses, net	0.1	0.1	0.2
Restructuring expenses	0.4	0.6	1.0
Non-GAAP gross profit	**$ 185.7**	**$ 374.1**	**$ 559.8**
Non-GAAP gross margin	**56.2%**	**77.8%**	**69.0%**

Note: Amounts may not cross foot due to rounding.

Estimated Non-GAAP Fully Allocated Operating Margins and Estimated Fully Allocated Adjusted EBITDA

($ in millions)

	For Year Ended January 31, 2017			For Year Ended January 31, 2018		
	Customer Engagement	Cyber Intelligence	Consolidated	Customer Engagement	Cyber Intelligence	Consolidated
Non-GAAP segment revenue	$ 716.2	$ 356.5	$ 1,072.7	$ 755.0	$ 395.5	$ 1,150.5
Segment contribution (1)	269.0	85.8	354.8	286.2	94.6	380.8
Estimated allocation of shared support expenses (2)	100.3	49.9	150.2	103.5	51.2	154.7
Estimated non-GAAP operating income	168.7	35.9	204.6	182.7	43.4	226.1
Depreciation and amortization (3)	19.3	9.6	28.9	20.0	10.5	30.5
Estimated adjusted EBITDA	$ 188.0	$ 45.5	$ 233.5	$ 202.7	$ 53.9	$ 256.6
Segment contribution margin	37.6%	24.1%	33.1%	37.9%	23.9%	33.1%
Estimated non-GAAP fully allocated operating margin	23.6%	10.1%	19.1%	24.2%	11.0%	19.7%
Estimated fully allocated EBITDA margin	26.2%	12.8%	21.8%	26.8%	13.6%	22.3%

Note: Amounts may not cross foot due to rounding.

Note: Please refer to notes on bottom of Slide 48.

Estimated Non-GAAP Fully Allocated Operating Margins and Estimated Fully Allocated Adjusted EBITDA

($ in millions)

	For Year Ended January 31, 2019			Three Months Ended April 30, 2019		
	Customer Engagement	Cyber Intelligence	Consolidated	Customer Engagement	Cyber Intelligence	Consolidated
Non-GAAP segment revenue	$ 811.3	$ 433.8	$ 1,245.1	$ 215.9	$ 108.3	$ 324.2
Segment contribution (1)	316.8	114.0	430.8	78.8	27.3	106.1
Estimated allocation of shared support expenses (2)	106.9	57.0	163.9	28.6	15.2	43.8
Estimated non-GAAP operating income	209.9	57.0	266.9	50.2	12.1	62.3
Depreciation and amortization (3)	19.4	10.4	29.8	5.1	2.7	7.8
Estimated adjusted EBITDA	$ 229.3	$ 67.4	$ 296.7	$ 55.3	$ 14.8	$ 70.1
Segment contribution margin	39.0%	26.3%	34.6%	36.5%	25.2%	32.7%
Estimated non-GAAP fully allocated operating margin	25.9%	13.1%	21.4%	23.3%	11.1%	19.2%
Estimated fully allocated EBITDA margin	28.3%	15.5%	23.8%	25.6%	13.6%	21.6%

Note: Amounts may not cross foot due to rounding.

(1) See footnote 16 to our Form 10-K for the year ended January 31, 2019, 2018 and 2017, and footnote 15 to our April 30, 2019 Form 10-Q.

(2) When determining segment contribution, we do not allocate "Shared support expenses" which are provided by shared resources or are otherwise generally not controlled by segment management, the majority of which are expenses for administrative support functions, such as information technology, human resources, finance, legal, and other general corporate support, and also include occupancy expenses, procurement, manufacturing support, and logistics expenses. For the year ended January 31, 2017 expenses are allocated proportionally to our year ended January 31, 2017 annual non-GAAP segment revenue. For the year ended January 31, 2018 expenses are allocated proportionally to our year ended January 31, 2018 annual non-GAAP segment revenue. For the year ended January 31, 2019 and three months ended April 30, 2019 expenses are allocated proportionally to our year ended January 31, 2019 annual non-GAAP segment revenue which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.

(3) Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated proportionally to our non-GAAP segment revenue for the years ended January 31, 2019, January 31, 2018 and January 31, 2017, respectively, which we believe provides a reasonable approximation for purposes of understanding the relative adjusted EBITDA of our two businesses.