

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Millions, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenue				
Services	\$ 592.6	\$ 596.5	\$ 2,328.2	\$ 2,406.3
Technology	154.0	125.2	415.4	414.4
	<u>746.6</u>	<u>721.7</u>	<u>2,743.6</u>	<u>2,820.7</u>
Costs and expenses				
Cost of revenue:				
Services	531.2	498.8	2,102.1	2,092.9
Technology	45.2	62.7	162.5	169.2
	<u>576.4</u>	<u>561.5</u>	<u>2,264.6</u>	<u>2,262.1</u>
Selling, general and administrative	100.9	109.8	426.5	455.6
Research and development	9.5	14.9	47.2	55.4
	<u>686.8</u>	<u>686.2</u>	<u>2,738.3</u>	<u>2,773.1</u>
Operating income	59.8	35.5	5.3	47.6
Interest expense	16.4	7.5	52.8	27.4
Other income (expense), net	(15.2)	(3.4)	(23.8)	0.3
Income (loss) before income taxes	28.2	24.6	(71.3)	20.5
(Benefit) provision for income taxes	(27.0)	23.0	(5.4)	57.2
Consolidated net income (loss)	55.2	1.6	(65.9)	(36.7)
Net income (loss) attributable to noncontrolling interests	4.0	2.8	(1.3)	11.0
Net income (loss) attributable to Unisys Corporation common shareholders	\$ 51.2	\$ (1.2)	\$ (64.6)	\$ (47.7)
Earnings (loss) per share attributable to Unisys Corporation				
Basic	\$ 1.01	\$ (0.02)	\$ (1.28)	\$ (0.95)
Diluted	\$ 0.77	\$ (0.02)	\$ (1.28)	\$ (0.95)
Shares used in the per share computations (in thousands):				
Basic	50,475	50,085	50,409	50,060
Diluted	72,596	50,085	50,409	50,060

UNISYS CORPORATION
SEGMENT RESULTS
(Unaudited)
(Millions)

	Total	Eliminations	Services	Technology
Three Months Ended December 31, 2017				
Customer revenue	\$ 746.6	\$ —	\$ 592.6	\$ 154.0
Intersegment		(10.8)	—	10.8
Total revenue	<u>\$ 746.6</u>	<u>\$ (10.8)</u>	<u>\$ 592.6</u>	<u>\$ 164.8</u>
Gross profit percent	<u>22.8 %</u>		<u>18.1 %</u>	<u>69.5 %</u>
Operating profit percent	<u>8.0 %</u>		<u>4.8 %</u>	<u>57.3 %</u>
Three Months Ended December 31, 2016				
Customer revenue	\$ 721.7	\$ —	\$ 596.5	\$ 125.2
Intersegment	—	(5.3)	—	5.3
Total revenue	<u>\$ 721.7</u>	<u>\$ (5.3)</u>	<u>\$ 596.5</u>	<u>\$ 130.5</u>
Gross profit percent	<u>22.2 %</u>		<u>17.2 %</u>	<u>59.2 %</u>
Operating profit percent	<u>4.9 %</u>		<u>2.5 %</u>	<u>39.3 %</u>
	Total	Eliminations	Services	Technology
Year Ended December 31, 2017				
Customer revenue	\$ 2,743.6	\$ —	\$ 2,328.2	\$ 415.4
Intersegment		(25.9)	—	25.9
Total revenue	<u>\$ 2,743.6</u>	<u>\$ (25.9)</u>	<u>\$ 2,328.2</u>	<u>\$ 441.3</u>
Gross profit percent	<u>17.5 %</u>		<u>16.8 %</u>	<u>59.3 %</u>
Operating profit percent	<u>0.2 %</u>		<u>2.8 %</u>	<u>38.8 %</u>
Year Ended December 31, 2016				
Customer revenue	\$ 2,820.7	\$ —	\$ 2,406.3	\$ 414.4
Intersegment		(22.6)	—	22.6
Total revenue	<u>\$ 2,820.7</u>	<u>\$ (22.6)</u>	<u>\$ 2,406.3</u>	<u>\$ 437.0</u>
Gross profit percent	<u>19.8 %</u>		<u>16.2 %</u>	<u>59.9 %</u>
Operating profit percent	<u>1.7 %</u>		<u>1.9 %</u>	<u>37.0 %</u>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 733.9	\$ 370.6
Accounts receivable, net	504.7	505.8
Inventories:		
Parts and finished equipment	13.6	14.0
Work in process and materials	12.5	15.0
Prepaid expenses and other current assets	125.1	121.9
Total current assets	1,389.8	1,027.3
Properties	898.8	886.6
Less-Accumulated depreciation and amortization	756.3	741.3
Properties, net	142.5	145.3
Outsourcing assets, net	202.3	172.5
Marketable software, net	138.3	137.0
Prepaid postretirement assets	148.3	33.3
Deferred income taxes	119.9	146.1
Goodwill	180.8	178.6
Restricted cash	30.2	30.5 *
Other long-term assets	190.6	151.0 *
Total assets	\$ 2,542.7	\$ 2,021.6
Liabilities and deficit		
Current liabilities:		
Current maturities of long-term-debt	\$ 10.8	\$ 106.0
Accounts payable	241.8	189.0
Deferred revenue	327.1	337.4
Other accrued liabilities	391.5	349.2
Total current liabilities	971.2	981.6
Long-term debt	633.9	194.0
Long-term postretirement liabilities	2,004.4	2,292.6
Long-term deferred revenue	159.0	117.6
Other long-term liabilities	99.9	83.2
Commitments and contingencies		
Total deficit	(1,325.7)	(1,647.4)
Total liabilities and deficit	\$ 2,542.7	\$ 2,021.6

* Certain amounts have been reclassified to conform to the current-year presentation.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions)

	Year Ended December	
	2017	2016
Cash flows from operating activities		
Consolidated net loss	\$ (65.9)	\$ (36.7)
Adjustments to reconcile consolidated net loss to net cash provided by operating activities:		
Foreign currency transaction losses	11.9	0.4
Non-cash interest expense	9.5	7.0
Loss on debt extinguishment	1.5	4.0
Employee stock compensation	11.2	9.5
Depreciation and amortization of properties	39.7	38.9
Depreciation and amortization of outsourcing assets	53.7	51.9
Amortization of marketable software	63.1	64.8
Other non-cash operating activities	3.3	1.9
Loss on disposal of capital assets	5.0	6.2
Pension contributions	(138.4)	(132.5)
Pension expense	92.4	82.7
Decrease in deferred income taxes, net	3.4	2.7
Changes in operating assets and liabilities:		
Receivables, net	4.5	87.3
Inventories	4.1	15.3
Other assets	14.9	16.5
Accounts payable and other accrued liabilities	16.6	7.5
Other liabilities	35.9	(9.2)
Net cash provided by operating activities	166.4	218.2
Cash flows from investing activities		
Proceeds from investments	4,717.2	4,455.9
Purchases of investments	(4,692.4)	(4,490.0)
Capital additions of properties	(25.8)	(32.5)
Capital additions of outsourcing assets	(86.3)	(51.3)
Investment in marketable software	(64.4)	(63.3)
Other	(0.8)	(0.9)
Net cash used for investing activities	(152.5)	(182.1)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	452.9	213.5
Payments for capped call transactions	—	(27.3)
Issuance costs relating to long-term debt	(12.1)	(7.3)
Payments of long-term debt	(107.5)	(129.8)
Net payments of short-term borrowings	—	(65.8)
Financing fees	(1.1)	—
Other	(2.3)	(0.4)
Net cash provided by (used for) financing activities	329.9	(17.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	19.2	(14.7)
Increase in cash, cash equivalents and restricted cash	363.0	4.3
Cash, cash equivalents and restricted cash, beginning of year	401.1	396.8
Cash, cash equivalents and restricted cash, end of year	\$ 764.1	\$ 401.1

UNISYS CORPORATION
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES
(Unaudited)
(Millions, except per share data)

	Three Months		Year Ended	
	Ended December 31,		December 31,	
	2017	2016	2017	2016
GAAP net income (loss) attributable to Unisys Corporation common shareholders	\$ 51.2	\$ (1.2)	\$ (64.6)	\$ (47.7)
Cost reduction and other expense:				
pretax	49.4	18.7	149.9	90.4
tax provision (benefit)	(2.0)	0.7	(12.2)	(4.0)
net of tax	47.4	19.4	137.7	86.4
minority interest	—	—	(11.1)	—
net of minority interest	47.4	19.4	126.6	86.4
Pension expense:				
pretax	23.0	19.7	92.4	82.7
tax provision	0.6	0.6	2.3	1.5
net of tax	23.6	20.3	94.7	84.2
Non-GAAP net income attributable to Unisys Corporation common shareholders	122.2	38.5	156.7	122.9
Add interest expense on convertible notes	4.8	4.7	19.0	14.5
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 127.0	\$ 43.2	\$ 175.7	\$ 137.4
Weighted average shares (thousands)	50,475	50,085	50,409	50,060
Plus incremental shares from assumed conversion:				
Employee stock plans	253	402	295	233
Convertible notes	21,868	21,868	21,868	17,230
Non-GAAP adjusted weighted average shares	72,596	72,355	72,572	67,523
Diluted earnings (loss) per share				
<u>GAAP basis</u>				
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$ 56.0	\$ (1.2)	\$ (64.6)	\$ (47.7)
Divided by adjusted weighted average shares	72,596	50,085	50,409	50,060
GAAP diluted earnings (loss) per share	\$ 0.77	\$ (0.02)	\$ (1.28)	\$ (0.95)
<u>Non-GAAP basis</u>				
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 127.0	\$ 43.2	\$ 175.7	\$ 137.4
Divided by Non-GAAP adjusted weighted average shares	72,596	72,355	72,572	67,523
Non-GAAP diluted earnings per share	\$ 1.75	\$ 0.60	\$ 2.42	\$ 2.03

UNISYS CORPORATION
RECONCILIATION OF GAAP OPERATING PROFIT TO NON-GAAP OPERATING PROFIT
(Unaudited)
(Millions)

	Three Months		Year Ended	
	Ended December 31,		Ended December 31,	
	2017	2016	2017	2016
GAAP operating profit	\$ 59.8	\$ 35.5	\$ 5.3	\$ 47.6
Cost reduction and other expense	35.4	14.7	135.0	86.4
FAS87 pension expense	23.0	19.7	92.4	82.7
Non-GAAP operating profit	\$ 118.2	\$ 69.9	\$ 232.7	\$ 216.7
Customer revenue	\$ 746.6	\$ 721.7	\$ 2,743.6	\$ 2,820.7
GAAP operating profit %	8.0 %	4.9 %	0.2 %	1.7 %
Non-GAAP operating profit %	15.8 %	9.7 %	8.5 %	7.7 %

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

FREE CASH FLOW

	Three Months		Year Ended	
	Ended December 31,		Ended December 31,	
	2017	2016	2017	2016
Cash provided by operations	\$ 202.7	\$ 115.2 *	\$ 166.4	\$ 218.2
Additions to marketable software	(17.8)	(16.2)	(64.4)	(63.3)
Additions to properties	(4.0)	(14.2)	(25.8)	(32.5)
Additions to outsourcing assets	(26.2)	(9.9)	(86.3)	(51.3)
Free cash flow	154.7	74.9 *	(10.1)	71.1
Pension funding	27.6	28.5	138.4	132.5
Cost reduction and other payments	21.3	11.7	70.3	74.0
Adjusted free cash flow	\$ 203.6	\$ 115.1 *	\$ 198.6	\$ 277.6

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

EBITDA

	Three Months		Year Ended	
	Ended December 31,		December 31,	
	2017	2016	2017	2016
Net income (loss) attributable to Unisys Corporation common shareholders	\$ 51.2	\$ (1.2)	\$ (64.6)	\$ (47.7)
Net income (loss) attributable to noncontrolling interests	4.0	2.8	(1.3)	11.0
Interest expense, net of interest income of \$2.7, \$2.7, \$9.9, \$11.2, respectively*	13.7	4.8	42.9	16.2
(Benefit) provision for income taxes	(27.0)	23.0	(5.4)	57.2
Depreciation	24.5	22.5	93.4	90.8
Amortization	16.0	16.8	63.1	64.8
EBITDA	\$ 82.4	\$ 68.7	\$ 128.1	\$ 192.3
Pension expense	23.0	19.7	92.4	82.7
Cost reduction and other expense***	49.4	17.5	149.6	89.2
Non-cash share based expense	2.6	1.8	11.2	9.5
Other (income) expense adjustment**	3.9	6.1	18.8	10.9
Adjusted EBITDA	\$ 161.3	\$ 113.8	\$ 400.1	\$ 384.6

* Included in Other (income) expense, net on the Consolidated Statements of Income

** Other (income) expense, net as reported on the Consolidated Statements of Income less interest income and items included in cost reduction and other expense

*** Reduced for depreciation and amortization included above