

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

	Three Months Ended	
	March 31,	
	2018	2017
Revenue		
Services	\$ 568.5	\$ 585.3
Technology	139.9	79.2
	<u>708.4</u>	<u>664.5</u>
Costs and expenses		
Cost of revenue:		
Services	470.9	486.4 *
Technology	36.3	39.5 *
	<u>507.2</u>	<u>525.9</u> *
Selling, general and administrative	90.9	105.0 *
Research and development	8.5	11.8 *
	<u>606.6</u>	<u>642.7</u> *
Operating profit	101.8	21.8 *
Interest expense	16.6	5.7
Other income (expense), net	(22.6)	(32.9) *
Income (loss) before income taxes	62.6	(16.8)
Provision for income taxes	20.9	12.9
Consolidated net income (loss)	41.7	(29.7)
Net income attributable to noncontrolling interests	1.1	3.0
Net income (loss) attributable to Unisys Corporation common shareholders	\$ 40.6	\$ (32.7)
Earnings (loss) per share attributable to Unisys Corporation		
Basic	\$ 0.80	\$ (0.65)
Diluted	\$ 0.62	\$ (0.65)
Shares used in the per share computations (in thousands):		
Basic	50,748	50,256
Diluted	72,943	50,256

UNISYS CORPORATION

SEGMENT RESULTS

(Unaudited)

(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended March 31, 2018				
Customer revenue	\$ 708.4	\$ —	\$ 568.5	\$ 139.9
Intersegment	—	(10.0)	—	10.0
Total revenue	<u>\$ 708.4</u>	<u>\$ (10.0)</u>	<u>\$ 568.5</u>	<u>\$ 149.9</u>
Gross profit percent	<u>28.4 %</u>		<u>16.6 %</u>	<u>68.9 %</u>
Operating profit percent	<u>14.4 %</u>		<u>3.0 %</u>	<u>54.7 %</u>
Three Months Ended March 31, 2017				
Customer revenue	\$ 664.5	\$ —	\$ 585.3	\$ 79.2
Intersegment	—	(5.3)	—	5.3
Total revenue	<u>\$ 664.5</u>	<u>\$ (5.3)</u>	<u>\$ 585.3</u>	<u>\$ 84.5</u>
Gross profit percent	<u>20.9 %</u> *		<u>18.2 %</u>	<u>46.6 %</u>
Operating profit percent	<u>3.3 %</u> *		<u>4.7 %</u>	<u>15.4 %</u>

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

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 656.4	\$ 733.9
Accounts receivable, net	492.5	503.3
Contract assets	46.4	—
Inventories:		
Parts and finished equipment	11.5	13.6
Work in process and materials	10.7	12.5
Prepaid expenses and other current assets	115.3	126.2
Total current assets	1,332.8	1,389.5
Properties	906.6	898.8
Less-Accumulated depreciation and amortization	769.7	756.3
Properties, net	136.9	142.5
Outsourcing assets, net	213.4	202.3
Marketable software, net	142.6	138.3
Prepaid postretirement assets	157.3	148.3
Deferred income taxes	116.0	119.9
Goodwill	181.0	180.8
Restricted cash	26.6	30.2
Other long-term assets	207.1	190.6
Total assets	\$ 2,513.7	\$ 2,542.4
Liabilities and deficit		
Current liabilities:		
Current maturities of long-term-debt	\$ 10.6	\$ 10.8
Accounts payable	214.5	241.8
Deferred revenue	324.8	327.5
Other accrued liabilities	344.4	391.5
Total current liabilities	894.3	971.6
Long-term debt	636.2	633.9
Long-term postretirement liabilities	1,973.2	2,004.4
Long-term deferred revenue	184.9	159.0
Other long-term liabilities	95.9	100.0
Commitments and contingencies		
Total deficit	(1,270.8)	(1,326.5)
Total liabilities and deficit	\$ 2,513.7	\$ 2,542.4

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

	Three Months Ended	
	March 31,	
	2018	2017
Cash flows from operating activities		
Consolidated net income (loss)	\$ 41.7	\$ (29.7)
Adjustments to reconcile consolidated net (income) loss to net cash used for operating activities:		
Foreign currency transaction losses	3.3	5.3
Non-cash interest expense	2.6	2.0
Employee stock compensation	4.0	3.7
Depreciation and amortization of properties	11.2	10.1
Depreciation and amortization of outsourcing assets	16.1	12.9
Amortization of marketable software	14.7	15.7
Other non-cash operating activities	(0.9)	(1.1)
Loss on disposal of capital assets	0.2	3.8
Postretirement contributions	(30.9)	(31.7)
Postretirement expense	19.3	26.2
Decrease in deferred income taxes, net	6.0	2.2
Changes in operating assets and liabilities:		
Receivables, net	(28.0)	0.1
Inventories	0.8	0.1
Accounts payable and other accrued liabilities	(130.1)	(50.0)
Other liabilities	21.2	(9.2)
Other assets	(1.4)	(1.4)
Net cash used for operating activities	(50.2)	(41.0)
Cash flows from investing activities		
Proceeds from investments	1,222.7	1,218.9
Purchases of investments	(1,208.7)	(1,211.5)
Investment in marketable software	(19.0)	(13.8)
Capital additions of properties	(5.1)	(8.5)
Capital additions of outsourcing assets	(24.4)	(12.9)
Other	(0.4)	(0.3)
Net cash used for investing activities	(34.9)	(28.1)
Cash flows from financing activities		
Payments of long-term debt	(0.7)	(0.7)
Other	(2.1)	(2.1)
Net cash used for financing activities	(2.8)	(2.8)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	6.8	6.3
Decrease in cash, cash equivalents and restricted cash	(81.1)	(65.6)
Cash, cash equivalents and restricted cash, beginning of period	764.1	401.1
Cash, cash equivalents and restricted cash, end of period	\$ 683.0	\$ 335.5

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

		Three Months	
		Ended March 31,	
		2018	2017
GAAP net income (loss) attributable to Unisys Corporation common shareholders		\$ 40.6	\$ (32.7)
Topic 606 adjustment:	pretax	(53.0)	—
	tax provision	5.3	—
	net of tax	<u>(47.7)</u>	<u>—</u>
Postretirement expense:	pretax	19.3	26.2 *
	tax provision	0.3	0.2
	net of tax	<u>19.6</u>	<u>26.4 *</u>
Cost reduction and other expense:	pretax	(2.9)	25.4
	tax provision	0.1	(0.5)
	net of tax	<u>(2.8)</u>	<u>24.9</u>
Non-GAAP net income attributable to Unisys Corporation common shareholders		9.7	18.6 *
Add interest expense on convertible notes		<u>—</u>	<u>4.7</u>
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		<u>\$ 9.7</u>	<u>\$ 23.3 *</u>
Weighted average shares (thousands)		50,748	50,256
Plus incremental shares from assumed conversion:			
	Employee stock plans	327	387
	Convertible notes	<u>—</u>	<u>21,868</u>
Non-GAAP adjusted weighted average shares		<u>51,075</u>	<u>72,511</u>
Diluted earnings (loss) per share			
<u>GAAP basis</u>			
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$ 45.4	\$ (32.7)
Divided by adjusted weighted average shares		72,943	50,256
GAAP diluted earnings (loss) per share		<u>\$ 0.62</u>	<u>\$ (0.65)</u>
<u>Non-GAAP basis</u>			
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		\$ 9.7	\$ 23.3 *

UNISYS CORPORATION

RECONCILIATION OF GAAP OPERATING PROFIT TO NON-GAAP OPERATING PROFIT

(Unaudited)

(Millions)

	Three Months	
	Ended March 31,	
	2018	2017
GAAP operating profit	\$ 101.8	\$ 21.8 *
Topic 606 adjustment	(53.0)	—
Postretirement expense	1.0	1.7 *
Cost reduction and other expense	(2.9)	20.1
Non-GAAP operating profit	\$ 46.9	\$ 43.6 *
GAAP customer revenue	\$ 708.4	\$ 664.5
Non-GAAP adjusted customer revenue	655.4	664.5
GAAP operating profit %	14.4 %	3.3 % *
Non-GAAP operating profit %	7.2 %	6.6 % *

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

FREE CASH FLOW

	Three Months	
	Ended March 31,	
	2018	2017
Cash used for operations	\$ (50.2)	\$ (41.0)
Additions to marketable software	(19.0)	(13.8)
Additions to properties	(5.1)	(8.5)
Additions to outsourcing assets	(24.4)	(12.9)
Free cash flow	(98.7)	(76.2)
Postretirement funding	30.9	31.7 *
Cost reduction and other payments	17.0	21.2
Adjusted free cash flow	\$ (50.8)	\$ (23.3) *

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

EBITDA

	Three Months	
	Ended March 31,	
	2018	2017
Net income (loss) attributable to Unisys Corporation common shareholders	\$ 40.6	\$ (32.7)
Net income attributable to noncontrolling interests	1.1	3.0
Interest expense, net of interest income of \$3.2, \$2.4, respectively**	13.4	3.3
Provision for income taxes	20.9	12.9
Depreciation	27.3	23.0
Amortization	14.7	15.7
EBITDA	\$ 118.0	\$ 25.2
Topic 606 adjustment	(53.0)	—
Postretirement expense	19.3	26.2 *
Cost reduction and other expense	(2.9)	25.4
Non-cash share based expense	4.0	3.7
Other (income) expense adjustment***	7.5	5.5
Adjusted EBITDA	\$ 92.9	\$ 86.0 *

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

** 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 postretirement expense, interest income and items included in cost reduction and other expense