

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue				
Services	\$ 605.6	\$ 575.5	\$ 1,760.8	\$ 1,735.6
Technology	82.7	90.8	303.3	261.4
	<u>688.3</u>	<u>666.3</u>	<u>2,064.1</u>	<u>1,997.0</u>
Costs and expenses				
Cost of revenue:				
Services	504.9	522.5 *	1,460.0	1,519.7 *
Technology	29.6	40.2 *	96.2	116.4 *
	<u>534.5</u>	<u>562.7 *</u>	<u>1,556.2</u>	<u>1,636.1 *</u>
Selling, general and administrative	90.9	97.8 *	274.5	314.2 *
Research and development	7.1	8.7 *	21.8	31.3 *
	<u>632.5</u>	<u>669.2 *</u>	<u>1,852.5</u>	<u>1,981.6 *</u>
Operating profit (loss)	55.8	(2.9) *	211.6	15.4 *
Interest expense	15.9	16.4	48.2	36.4
Other income (expense), net	(17.7)	(21.1) *	(58.3)	(78.5) *
Income (loss) before income taxes	22.2	(40.4)	105.1	(99.5)
Provision for income taxes	15.2	12.5	50.4	21.6
Consolidated net income (loss)	7.0	(52.9)	54.7	(121.1)
Net income (loss) attributable to noncontrolling interests	0.9	(11.8)	4.2	(5.3)
Net income (loss) attributable to Unisys Corporation common shareholders	\$ 6.1	\$ (41.1)	50.5	\$ (115.8)
Earnings (loss) per share attributable to Unisys Corporation				
Basic	\$ 0.12	\$ (0.81)	\$ 0.99	\$ (2.30)
Diluted	\$ 0.12	\$ (0.81)	\$ 0.89	\$ (2.30)
Shares used in the per share computations (in thousands):				
Basic	51,021	50,471	50,918	50,388
Diluted	51,718	50,471	73,265	50,388

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

UNISYS CORPORATION

SEGMENT RESULTS

(Unaudited)

(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended September 30, 2018				
Customer revenue	\$ 688.3	\$ -	\$ 605.6	\$ 82.7
Intersegment	-	(4.3)	-	4.3
Total revenue	<u>\$ 688.3</u>	<u>\$ (4.3)</u>	<u>\$ 605.6</u>	<u>\$ 87.0</u>
Gross profit percent	<u>22.3%</u>		<u>15.9%</u>	<u>62.4%</u>
Operating profit percent	<u>8.1%</u>		<u>3.1%</u>	<u>39.7%</u>
Three Months Ended September 30, 2017				
Customer revenue	\$ 666.3	\$ -	\$ 575.5	\$ 90.8
Intersegment	-	(4.4)	-	4.4
Total revenue	<u>\$ 666.3</u>	<u>\$ (4.4)</u>	<u>\$ 575.5</u>	<u>\$ 95.2</u>
Gross profit percent	<u>15.5%*</u>		<u>16.5%</u>	<u>53.3%</u>
Operating profit (loss) percent	<u>(0.4%)*</u>		<u>3.2%</u>	<u>31.1%</u>
	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Nine Months Ended September 30, 2018				
Customer revenue	\$ 2,064.1	\$ -	\$ 1,760.8	\$ 303.3
Intersegment	-	(18.3)	-	18.3
Total revenue	<u>\$ 2,064.1</u>	<u>\$ (18.3)</u>	<u>\$ 1,760.8</u>	<u>\$ 321.6</u>
Gross profit percent	<u>24.6%</u>		<u>16.3%</u>	<u>66.7%</u>
Operating profit percent	<u>10.3%</u>		<u>3.1%</u>	<u>48.1%</u>
Nine Months Ended September 30, 2017				
Customer revenue	\$ 1,997.0	\$ -	\$ 1,735.6	\$ 261.4
Intersegment	-	(15.1)	-	15.1
Total revenue	<u>\$ 1,997.0</u>	<u>\$ (15.1)</u>	<u>\$ 1,735.6</u>	<u>\$ 276.5</u>
Gross profit percent	<u>18.1%*</u>		<u>16.3%</u>	<u>53.2%</u>
Operating profit percent	<u>0.8%*</u>		<u>2.1%</u>	<u>27.8%</u>

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

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Millions)

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 516.1	\$ 733.9
Accounts receivable, net	492.2	503.3
Contract assets	73.3	-
Inventories:		
Parts and finished equipment	12.3	13.6
Work in process and materials	10.7	12.5
Prepaid expenses and other current assets	102.6	126.2
Total current assets	<u>1,207.2</u>	<u>1,389.5</u>
Properties	857.2	898.8
Less-Accumulated depreciation and amortization	737.4	756.3
Properties, net	<u>119.8</u>	<u>142.5</u>
Outsourcing assets, net	202.0	202.3
Marketable software, net	157.2	138.3
Prepaid postretirement assets	155.0	148.3
Deferred income taxes	97.3	119.9
Goodwill	178.1	180.8
Restricted cash	17.8	30.2
Other long-term assets	193.6	190.6
Total assets	<u>\$ 2,328.0</u>	<u>\$ 2,542.4</u>
Liabilities and deficit		
Current liabilities:		
Current maturities of long-term-debt	\$ 9.9	\$ 10.8
Accounts payable	225.7	241.8
Deferred revenue	254.7	327.5
Other accrued liabilities	351.9	391.5
Total current liabilities	<u>842.2</u>	<u>971.6</u>
Long-term debt	640.1	633.9
Long-term postretirement liabilities	1,814.0	2,004.4
Long-term deferred revenue	167.4	159.0
Other long-term liabilities	68.1	100.0
Commitments and contingencies		
Total deficit	(1,203.8)	(1,326.5)
Total liabilities and deficit	<u>\$ 2,328.0</u>	<u>\$ 2,542.4</u>

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

	Nine Months Ended	
	September 30,	
	2018	2017
Cash flows from operating activities		
Consolidated net income (loss)	\$ 54.7	\$ (121.1)
Adjustments to reconcile consolidated net income (loss) to net cash used for operating activities:		
Foreign currency transaction losses (gains)	1.1	(0.5)
Non-cash interest expense	7.8	6.9
Loss on debt extinguishment	-	1.5
Employee stock compensation	10.0	8.6
Depreciation and amortization of properties	31.2	29.6
Depreciation and amortization of outsourcing assets	48.7	39.3
Amortization of marketable software	42.8	47.1
Other non-cash operating activities	(2.6)	3.3
Loss on disposal of capital assets	0.6	4.5
Gain on the sale of properties	(7.3)	-
Postretirement contributions	(124.5)	(119.2) *
Postretirement expense	58.2	74.5 *
Decrease in deferred income taxes, net	9.3	2.3
Changes in operating assets and liabilities:		
Receivables, net	(69.3)	3.1
Inventories	(1.3)	(2.6)
Accounts payable and other accrued liabilities	(144.1)	(15.3)
Other liabilities	(1.5)	(18.5) *
Other assets	8.8	20.2
Net cash used for operating activities	(77.4)	(36.3)
Cash flows from investing activities		
Proceeds from investments	2,889.3	3,663.5
Purchases of investments	(2,892.4)	(3,632.8)
Investment in marketable software	(61.7)	(46.6)
Capital additions of properties	(25.0)	(21.8)
Capital additions of outsourcing assets	(54.4)	(60.1)
Net proceeds from sale of properties	19.2	-
Other	(0.9)	(0.8)
Net cash used for investing activities	(125.9)	(98.6)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	-	445.0
Issuance costs relating to long-term debt	-	(12.1)
Payments of long-term debt	(2.0)	(98.4)
Financing fees	(0.2)	-
Other	(2.2)	0.2
Net cash (used for) provided by financing activities	(4.4)	334.7
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(22.5)	19.1
(Decrease) increase in cash, cash equivalents and restricted cash	(230.2)	218.9
Cash, cash equivalents and restricted cash, beginning of period	764.1	401.1
Cash, cash equivalents and restricted cash, end of period	\$ 533.9	\$ 620.0

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

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

		<u>Three Months</u>		<u>Nine Months</u>	
		<u>Ended September 30,</u>		<u>Ended September 30,</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
GAAP net income (loss) attributable to Unisys Corporation common shareholders		\$ 6.1	\$ (41.1)	\$ 50.5	\$ (115.8)
Topic 606 adjustment:	pretax	-	-	(53.0)	-
	tax	-	-	(5.3)	-
	net of tax	<u>-</u>	<u>-</u>	<u>(47.7)</u>	<u>-</u>
Postretirement expense:	pretax	19.7	25.3 *	58.2	74.5 *
	tax	(0.3)	0.1	(0.8)	(1.7)
	net of tax	<u>20.0</u>	<u>25.2 *</u>	<u>59.0</u>	<u>76.2 *</u>
Cost reduction and other expense:	pretax	(4.0)	46.1	(6.2)	100.5
	tax	(0.1)	1.2	(0.2)	10.2
	net of tax	<u>(3.9)</u>	<u>44.9</u>	<u>(6.0)</u>	<u>90.3</u>
	minority interest	(1.5)	11.1	(1.5)	11.1
	net of minority interest	<u>(2.4)</u>	<u>33.8</u>	<u>(4.5)</u>	<u>79.2</u>
Non-GAAP net income attributable to Unisys Corporation common shareholders		23.7	17.9 *	57.3	39.6 *
Add interest expense on convertible notes		<u>4.9</u>	<u>4.8</u>	<u>14.6</u>	<u>14.2</u>
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		<u>\$ 28.6</u>	<u>\$ 22.7 *</u>	<u>\$ 71.9</u>	<u>\$ 53.8 *</u>
Weighted average shares (thousands)		51,021	50,471	50,918	50,388
Plus incremental shares from assumed conversion:	Employee stock plans	697	241	479	308
	Convertible notes	<u>21,868</u>	<u>21,868</u>	<u>21,868</u>	<u>21,868</u>
Non-GAAP adjusted weighted average shares		<u>73,586</u>	<u>72,580</u>	<u>73,265</u>	<u>72,564</u>
Diluted earnings (loss) per share					
<u>GAAP basis</u>					
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$ 6.1	\$ (41.1)	\$ 65.1	\$ (115.8)
Divided by adjusted weighted average shares		51,718	50,471	73,265	50,388
GAAP diluted earnings (loss) per share		<u>\$ 0.12</u>	<u>\$ (0.81)</u>	<u>\$ 0.89</u>	<u>\$ (2.30)</u>
<u>Non-GAAP basis</u>					
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		\$ 28.6	\$ 22.7 *	\$ 71.9	\$ 53.8 *
Divided by Non-GAAP adjusted weighted average shares		73,586	72,580	73,265	72,564
Non-GAAP diluted earnings per share		<u>\$ 0.39</u>	<u>\$ 0.31 *</u>	<u>\$ 0.98</u>	<u>\$ 0.74 *</u>

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

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

FREE CASH FLOW

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2018	2017	2018	2017
Cash (used for) provided by operations	\$ (15.5)	\$ 53.9	\$ (77.4)	\$ (36.3)
Additions to marketable software	(20.6)	(17.8)	(61.7)	(46.6)
Additions to properties	(15.1)	(5.9)	(25.0)	(21.8)
Additions to outsourcing assets	(12.0)	(23.2)	(54.4)	(60.1)
Free cash flow	(63.2)	7.0	(218.5)	(164.8)
Postretirement funding	51.6	43.0 *	124.5	119.2 *
Cost reduction and other payments, net of reimbursements	5.2	20.2	32.2	49.0
Adjusted free cash flow	\$ (6.4)	\$ 70.2 *	\$ (61.8)	\$ 3.4 *

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

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

EBITDA

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2018	2017	2018	2017
Net income (loss) attributable to Unisys Corporation common shareholders	\$ 6.1	\$ (41.1)	\$ 50.5	\$ (115.8)
Net income (loss) attributable to noncontrolling interests	0.9	(11.8)	4.2	(5.3)
Interest expense, net of interest income of \$2.7, \$2.5, \$9.0, \$7.2 respectively**	13.2	13.9	39.2	29.2
Provision for income taxes	15.2	12.5	50.4	21.6
Depreciation	26.4	22.8	79.9	68.9
Amortization	14.2	15.3	42.8	47.1
EBITDA	\$ 76.0	\$ 11.6	\$ 267.0	\$ 45.7
Topic 606 adjustment	\$ -	\$ -	\$ (53.0)	\$ -
Postretirement expense	19.7	25.3 *	58.2	74.5 *
Cost reduction and other expense***	(4.0)	45.8	(6.2)	100.2
Non-cash share based expense	2.7	2.4	10.0	8.6
Other (income) expense adjustment****	1.7	5.1	12.0	14.9
Adjusted EBITDA	\$ 96.1	\$ 90.2 *	\$ 288.0	\$ 243.9 *

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

**Included in other (income) expense, net on the consolidated statements of income

***Reduced for depreciation and amortization included above

****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

UNISYS CORPORATION
RECONCILIATIONS OF SEGMENT REPORTING TO NON-GAAP SEGMENT REPORTING
(Unaudited)
(Millions)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2018	2017	2018	2017
Services Segment				
GAAP total revenue	\$ 605.6	\$ 575.5	\$ 1,760.8	\$ 1,735.6
Restructuring reimbursement	(3.1)	-	(3.1)	-
Non-GAAP revenue	<u>\$ 602.5</u>	<u>\$ 575.5</u>	<u>\$ 1,757.7</u>	<u>\$ 1,735.6</u>
GAAP gross margin	\$ 96.1	\$ 95.0 *	\$ 286.9	\$ 282.8 *
Restructuring reimbursement	(3.1)	-	(3.1)	-
Non-GAAP gross margin	<u>\$ 93.0</u>	<u>\$ 95.0 *</u>	<u>\$ 283.8</u>	<u>\$ 282.8 *</u>
GAAP operating profit	\$ 18.6	\$ 18.7 *	\$ 54.3	\$ 36.6 *
Restructuring reimbursement	(3.1)	-	(3.1)	-
Non-GAAP operating profit	<u>\$ 15.5</u>	<u>\$ 18.7 *</u>	<u>\$ 51.2</u>	<u>\$ 36.6 *</u>
GAAP gross margin %	15.9%	16.5% *	16.3%	16.3% *
Non-GAAP gross margin %	15.4%	16.5% *	16.1%	16.3% *
GAAP operating profit %	3.1%	3.2% *	3.1%	2.1% *
Non-GAAP operating profit %	2.6%	3.2% *	2.9%	2.1% *
Technology Segment				
GAAP total revenue	\$ 87.0	\$ 95.2	\$ 321.6	\$ 276.5
Topic 606 impact	-	-	(53.0)	-
Non-GAAP revenue	<u>\$ 87.0</u>	<u>\$ 95.2</u>	<u>\$ 268.6</u>	<u>\$ 276.5</u>
GAAP gross margin	\$ 54.3	\$ 50.7 *	\$ 214.4	\$ 147.0 *
Topic 606 impact	-	-	(53.0)	-
Non-GAAP gross margin	<u>\$ 54.3</u>	<u>\$ 50.7 *</u>	<u>\$ 161.4</u>	<u>\$ 147.0 *</u>
GAAP operating profit	\$ 34.5	\$ 29.6 *	\$ 154.7	\$ 77.0 *
Topic 606 impact	-	-	(53.0)	-
Non-GAAP operating profit	<u>\$ 34.5</u>	<u>\$ 29.6 *</u>	<u>\$ 101.7</u>	<u>\$ 77.0 *</u>
GAAP gross margin %	62.4%	53.3% *	66.7%	53.2% *
Non-GAAP gross margin %	62.4%	53.3% *	60.1%	53.2% *
GAAP operating profit %	39.7%	31.1% *	48.1%	27.8% *
Non-GAAP operating profit %	39.7%	31.1% *	37.9%	27.8% *
Total Unisys				
GAAP total revenue	\$ 688.3	\$ 666.3	\$ 2,064.1	\$ 1,997.0
Topic 606 impact	-	-	(53.0)	-
Restructuring reimbursement	(3.1)	-	(3.1)	-
Non-GAAP revenue	<u>\$ 685.2</u>	<u>\$ 666.3</u>	<u>\$ 2,008.0</u>	<u>\$ 1,997.0</u>
GAAP gross margin	\$ 153.8	\$ 103.6 *	\$ 507.9	\$ 360.9 *
Topic 606 impact	-	-	(53.0)	-
Restructuring reimbursement	(3.1)	-	(3.1)	-
Postretirement expense	-	0.8 *	-	3.1 *
Cost reduction expense	(0.7)	42.7	(4.2)	70.8
Non-GAAP gross margin	<u>\$ 150.0</u>	<u>\$ 147.1 *</u>	<u>\$ 447.6</u>	<u>\$ 434.8 *</u>
GAAP operating profit (loss)	\$ 55.8	\$ (2.9) *	\$ 211.6	\$ 15.4 *
Topic 606 impact	-	-	(53.0)	-
Restructuring reimbursement	(3.1)	-	(3.1)	-
Postretirement expense	1.0	1.2 *	2.9	4.6 *
Cost reduction expense	(0.9)	51.7	(3.1)	99.6
Non-GAAP operating profit	<u>\$ 52.8</u>	<u>\$ 50.0 *</u>	<u>\$ 155.3</u>	<u>\$ 119.6 *</u>
GAAP gross margin %	22.3%	15.5% *	24.6%	18.1% *
Non-GAAP gross margin %	21.9%	22.1% *	22.3%	21.8% *
GAAP operating profit (loss) %	8.1%	(0.4)% *	10.3%	0.8% *
Non-GAAP operating profit %	7.7%	7.5% *	7.7%	6.0% *

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