

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

	Three Months Ended March 31,	
	2019	2018
Revenue		
Services	\$ 612.1	\$ 568.5
Technology	83.7	139.9
	695.8	708.4
Costs and expenses		
Cost of revenue:		
Services	511.9	470.9
Technology	34.0	36.3
	545.9	507.2
Selling, general and administrative	98.0	90.9
Research and development	9.0	8.5
	652.9	606.6
Operating profit	42.9	101.8
Interest expense	15.5	16.6
Other income (expense), net	(30.4)	(22.6)
Income (loss) before income taxes	(3.0)	62.6
Provision for income taxes	13.8	20.9
Consolidated net income (loss)	(16.8)	41.7
Net income attributable to noncontrolling interests	2.6	1.1
Net income (loss) attributable to Unisys Corporation common shareholders	\$ (19.4)	\$ 40.6
Earnings (loss) per share attributable to Unisys Corporation		
Basic	\$ (0.38)	\$ 0.80
Diluted	\$ (0.38)	\$ 0.62
Shares used in the per share computations (in thousands):		
Basic	51,418	50,748
Diluted	51,418	72,943

UNISYS CORPORATION
SEGMENT RESULTS
(Unaudited)
(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended March 31, 2019				
Customer revenue	\$ 695.8	\$ —	\$ 612.1	\$ 83.7
Intersegment	<u>—</u>	<u>(2.4)</u>	<u>—</u>	<u>2.4</u>
Total revenue	<u>\$ 695.8</u>	<u>\$ (2.4)</u>	<u>\$ 612.1</u>	<u>\$ 86.1</u>
Gross profit percent	<u>21.5 %</u>		<u>15.4 %</u>	<u>58.1 %</u>
Operating profit percent	<u>6.2 %</u>		<u>2.5 %</u>	<u>34.1 %</u>
Three Months Ended March 31, 2018				
Customer revenue	\$ 708.4	\$ —	\$ 568.5	\$ 139.9
Intersegment	<u>—</u>	<u>(10.0)</u>	<u>—</u>	<u>10.0</u>
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>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 504.6	\$ 605.0
Accounts receivable, net	522.7	509.2
Contract assets	30.3	29.7
Inventories:		
Parts and finished equipment	12.3	14.0
Work in process and materials	12.6	13.3
Prepaid expenses and other current assets	124.8	130.2
Total current assets	<u>1,207.3</u>	<u>1,301.4</u>
Properties	806.4	800.2
Less-Accumulated depreciation and amortization	683.8	678.9
Properties, net	<u>122.6</u>	<u>121.3</u>
Outsourcing assets, net	216.2	216.4
Marketable software, net	170.7	162.1
Operating lease right-of-use assets	115.5	—
Prepaid postretirement assets	151.4	147.6
Deferred income taxes	111.0	109.3
Goodwill	177.6	177.8
Restricted cash	12.2	19.1
Other long-term assets	200.0	202.6
Total assets	<u>\$ 2,484.5</u>	<u>\$ 2,457.6</u>
Liabilities and deficit		
Current liabilities:		
Current maturities of long-term-debt	\$ 7.3	\$ 10.0
Accounts payable	213.8	268.9
Deferred revenue	292.2	294.4
Other accrued liabilities	348.6	350.0
Total current liabilities	<u>861.9</u>	<u>923.3</u>
Long-term debt	667.1	642.8
Long-term postretirement liabilities	1,927.2	1,956.5
Long-term deferred revenue	158.1	157.2
Long-term operating lease liabilities	97.2	—
Other long-term liabilities	55.5	77.4
Commitments and contingencies		
Total deficit	(1,282.5)	(1,299.6)
Total liabilities and deficit	<u>\$ 2,484.5</u>	<u>\$ 2,457.6</u>

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

	Three Months Ended	
	March 31,	
	2019	2018
Cash flows from operating activities		
Consolidated net income (loss)	\$ (16.8)	\$ 41.7
Adjustments to reconcile consolidated net income (loss) to net cash used for operating activities:		
Foreign currency transaction losses	4.8	3.3
Non-cash interest expense	2.7	2.6
Employee stock compensation	4.7	4.0
Depreciation and amortization of properties	9.2	11.2
Depreciation and amortization of outsourcing assets	15.8	16.1
Amortization of marketable software	9.5	14.7
Other non-cash operating activities	(0.6)	(0.9)
Loss on disposal of capital assets	1.2	0.2
Postretirement contributions	(23.1)	(30.9)
Postretirement expense	23.5	19.3
(Increase) decrease in deferred income taxes, net	(3.1)	6.0
Changes in operating assets and liabilities:		
Receivables, net	5.5	(28.0)
Inventories	2.6	0.8
Accounts payable and other accrued liabilities	(121.0)	(130.1)
Other liabilities	14.8	21.2
Other assets	(0.1)	(1.4)
Net cash used for operating activities	(70.4)	(50.2)
Cash flows from investing activities		
Proceeds from investments	893.9	1,222.7
Purchases of investments	(887.2)	(1,208.7)
Investment in marketable software	(18.0)	(19.0)
Capital additions of properties	(10.7)	(5.1)
Capital additions of outsourcing assets	(29.4)	(24.4)
Net proceeds from sale of properties	(0.1)	—
Other	(0.4)	(0.4)
Net cash used for investing activities	(51.9)	(34.9)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	27.7	—
Payments of long-term debt	(8.7)	(0.7)
Other	(4.4)	(2.1)
Net cash provided by (used for) financing activities	14.6	(2.8)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.4	6.8
Decrease in cash, cash equivalents and restricted cash	(107.3)	(81.1)
Cash, cash equivalents and restricted cash, beginning of period	624.1	764.1
Cash, cash equivalents and restricted cash, end of period	\$ 516.8	\$ 683.0

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

		Three Months	
		Ended March 31,	
		2019	2018
GAAP net income (loss) attributable to Unisys Corporation common shareholders		\$ (19.4)	\$ 40.6
Topic 606 adjustment:	pretax	—	(53.0)
	tax	—	(5.3)
	net of tax	—	(47.7)
Postretirement expense:	pretax	23.5	19.3
	tax	0.1	0.3
	net of tax	23.6	19.6
Cost reduction and other expense:	pretax	3.6	(2.9)
	tax	0.7	(0.1)
	net of tax	2.9	(2.8)
	minority interest	0.7	—
	net of minority interest	3.6	(2.8)
Non-GAAP net income attributable to Unisys Corporation common shareholders		7.8	9.7
Add interest expense on convertible notes		—	—
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		\$ 7.8	\$ 9.7
Weighted average shares (thousands)		51,418	50,748
Plus incremental shares from assumed conversion:			
	Employee stock plans	516	327
	Convertible notes	—	—
Non-GAAP adjusted weighted average shares		51,934	51,075
Diluted earnings (loss) per share			
<u>GAAP basis</u>			
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$ (19.4)	\$ 45.4
Divided by adjusted weighted average shares		51,418	72,943
GAAP diluted earnings (loss) per share		\$ (0.38)	\$ 0.62
<u>Non-GAAP basis</u>			
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		\$ 7.8	\$ 9.7
Divided by Non-GAAP adjusted weighted average shares		51,934	51,075
Non-GAAP diluted earnings per share		\$ 0.15	\$ 0.19

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

FREE CASH FLOW

	Three Months	
	Ended March 31,	
	2019	2018
Cash used for operations	\$ (70.4)	\$ (50.2)
Additions to marketable software	(18.0)	(19.0)
Additions to properties	(10.7)	(5.1)
Additions to outsourcing assets	(29.4)	(24.4)
Free cash flow	(128.5)	(98.7)
Postretirement funding	23.1	30.9
Cost reduction and other payments, net of reimbursements	9.5	17.0
Adjusted free cash flow	<u>\$ (95.9)</u>	<u>\$ (50.8)</u>

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

EBITDA

	Three Months	
	Ended March 31,	
	<u>2019</u>	<u>2018</u>
Net income (loss) attributable to Unisys Corporation common shareholders	\$ (19.4)	\$ 40.6
Net income attributable to noncontrolling interests	2.6	1.1
Interest expense, net of interest income of \$2.9, \$3.2 respectively*	12.6	13.4
Provision for income taxes	13.8	20.9
Depreciation	25.0	27.3
Amortization	9.5	14.7
EBITDA	<u>\$ 44.1</u>	<u>\$ 118.0</u>
Topic 606 adjustment	\$ —	\$ (53.0)
Postretirement expense	23.5	19.3
Cost reduction and other expense**	2.5	(2.9)
Non-cash share based expense	4.7	4.0
Other (income) expense adjustment***	7.6	7.5
Adjusted EBITDA	<u>\$ 82.4</u>	<u>\$ 92.9</u>

*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

	Three Months	
	Ended March 31,	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 695.8	\$ 708.4
Non-GAAP revenue	\$ 693.8	\$ 655.4
Net income (loss) as a percentage of revenue	(2.8) %	5.7 %
Adjusted EBITDA as a percentage of Non-GAAP revenue	11.9 %	14.2 %

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

Services Segment	Three Months Ended March 31,	
	2019	2018
GAAP total revenue	\$ 612.1	\$ 568.5
Restructuring reimbursement	(2.0)	—
Non-GAAP revenue	\$ 610.1	\$ 568.5
GAAP gross margin	\$ 94.5	\$ 94.1
Restructuring reimbursement	(2.0)	—
Non-GAAP gross margin	\$ 92.5	\$ 94.1
GAAP operating profit	\$ 15.2	\$ 17.1
Restructuring reimbursement	(2.0)	—
Non-GAAP operating profit	\$ 13.2	\$ 17.1
GAAP gross margin %	15.4 %	16.6 %
Non-GAAP gross margin %	15.2 %	16.6 %
GAAP operating profit %	2.5 %	3.0 %
Non-GAAP operating profit %	2.2 %	3.0 %

Technology Segment	Three Months Ended March 31,	
	2019	2018
GAAP total revenue	\$ 86.1	\$ 149.9
Topic 606 adjustment	—	(53.0)
Non-GAAP revenue	\$ 86.1	\$ 96.9
GAAP gross margin	\$ 50.0	\$ 103.3
Topic 606 adjustment	—	(53.0)
Non-GAAP gross margin	\$ 50.0	\$ 50.3
GAAP operating profit	\$ 29.4	\$ 82.0
Topic 606 adjustment	—	(53.0)
Non-GAAP operating profit	\$ 29.4	\$ 29.0
GAAP gross margin %	58.1 %	68.9 %
Non-GAAP gross margin %	58.1 %	51.9 %
GAAP operating profit %	34.1 %	54.7 %
Non-GAAP operating profit %	34.1 %	29.9 %

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

Total Unisys	Three Months Ended March 31,	
	2019	2018
GAAP total revenue	\$ 695.8	\$ 708.4
Topic 606 adjustment	—	(53.0)
Restructuring reimbursement	(2.0)	—
Non-GAAP revenue	\$ 693.8	\$ 655.4
GAAP gross margin	\$ 149.9	\$ 201.2
Topic 606 adjustment	—	(53.0)
Restructuring reimbursement	(2.0)	—
Cost reduction expense	(3.7)	(3.0)
Non-GAAP gross margin	\$ 144.2	\$ 145.2
GAAP operating profit	\$ 42.9	\$ 101.8
Topic 606 adjustment	—	(53.0)
Restructuring reimbursement	(2.0)	—
Postretirement expense	0.8	1.0
Cost reduction expense	2.6	(2.9)
Non-GAAP operating profit	\$ 44.3	\$ 46.9
GAAP gross margin %	21.5 %	28.4 %
Non-GAAP gross margin %	20.8 %	22.2 %
GAAP operating profit %	6.2 %	14.4 %
Non-GAAP operating profit %	6.4 %	7.2 %