

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

	<u>Three Months Ended June 30.</u>		<u>Six Months Ended June 30.</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue				
Services	\$ 653.4	\$ 586.7	\$ 1,265.5	\$ 1,155.2
Technology	100.4	80.7	184.1	220.6
	<u>753.8</u>	<u>667.4</u>	<u>1,449.6</u>	<u>1,375.8</u>
Costs and expenses				
Cost of revenue:				
Services	534.8	484.2	1,046.7	955.1
Technology	25.1	30.3	59.1	66.6
	<u>559.9</u>	<u>514.5</u>	<u>1,105.8</u>	<u>1,021.7</u>
Selling, general and administrative	99.7	92.7	197.7	183.6
Research and development	7.2	6.2	16.2	14.7
	<u>666.8</u>	<u>613.4</u>	<u>1,319.7</u>	<u>1,220.0</u>
Operating profit	87.0	54.0	129.9	155.8
Interest expense	16.2	15.7	31.7	32.3
Other income (expense), net	(28.9)	(18.0)	(59.3)	(40.6)
Income before income taxes	41.9	20.3	38.9	82.9
Provision for income taxes	12.1	14.3	25.9	35.2
Consolidated net income	29.8	6.0	13.0	47.7
Net income attributable to noncontrolling interests	3.6	2.2	6.2	3.3
Net income attributable to Unisys Corporation common shareholders	\$ 26.2	\$ 3.8	\$ 6.8	\$ 44.4
Earnings per share attributable to Unisys Corporation				
Basic	\$ 0.51	\$ 0.07	\$ 0.13	\$ 0.87
Diluted	\$ 0.42	\$ 0.07	\$ 0.13	\$ 0.74
Shares used in the per share computations (in thousands):				
Basic	<u>51,782</u>	<u>50,986</u>	<u>51,600</u>	<u>50,867</u>
Diluted	<u>73,978</u>	<u>51,398</u>	<u>52,022</u>	<u>73,105</u>

UNISYS CORPORATION
SEGMENT RESULTS
(Unaudited)
(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended June 30, 2019				
Customer revenue	\$ 753.8	\$ —	\$ 653.4	\$ 100.4
Intersegment	—	(2.1)	—	2.1
Total revenue	<u>\$ 753.8</u>	<u>\$ (2.1)</u>	<u>\$ 653.4</u>	<u>\$ 102.5</u>
Gross profit percent	<u>25.7 %</u>		<u>17.8 %</u>	<u>73.5 %</u>
Operating profit percent	<u>11.5 %</u>		<u>6.0 %</u>	<u>53.8 %</u>
Three Months Ended June 30, 2018				
Customer revenue	\$ 667.4	\$ —	\$ 586.7	\$ 80.7
Intersegment	—	(4.0)	—	4.0
Total revenue	<u>\$ 667.4</u>	<u>\$ (4.0)</u>	<u>\$ 586.7</u>	<u>\$ 84.7</u>
Gross profit percent	<u>22.9 %</u>		<u>16.5 %</u>	<u>67.1 %</u>
Operating profit percent	<u>8.1 %</u>		<u>3.2 %</u>	<u>45.1 %</u>

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Six Months Ended June 30, 2019				
Customer revenue	\$ 1,449.6	\$ —	\$ 1,265.5	\$ 184.1
Intersegment	—	(4.5)	—	4.5
Total revenue	<u>\$ 1,449.6</u>	<u>\$ (4.5)</u>	<u>\$ 1,265.5</u>	<u>\$ 188.6</u>
Gross profit percent	<u>23.7 %</u>		<u>16.6 %</u>	<u>66.4 %</u>
Operating profit percent	<u>9.0 %</u>		<u>4.3 %</u>	<u>44.8 %</u>
Six Months Ended June 30, 2018				
Customer revenue	\$ 1,375.8	\$ —	\$ 1,155.2	\$ 220.6
Intersegment	—	(14.0)	—	14.0
Total revenue	<u>\$ 1,375.8</u>	<u>\$ (14.0)</u>	<u>\$ 1,155.2</u>	<u>\$ 234.6</u>
Gross profit percent	<u>25.7 %</u>		<u>16.5 %</u>	<u>68.2 %</u>
Operating profit percent	<u>11.3 %</u>		<u>3.1 %</u>	<u>51.2 %</u>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 507.2	\$ 605.0
Accounts receivable, net	496.4	509.2
Contract assets	32.7	29.7
Inventories:		
Parts and finished equipment	13.5	14.0
Work in process and materials	14.4	13.3
Prepaid expenses and other current assets	141.6	130.2
Total current assets	<u>1,205.8</u>	<u>1,301.4</u>
Properties	814.2	800.2
Less-Accumulated depreciation and amortization	690.4	678.9
Properties, net	<u>123.8</u>	<u>121.3</u>
Outsourcing assets, net	210.1	216.4
Marketable software, net	177.8	162.1
Operating lease right-of-use assets	134.5	—
Prepaid postretirement assets	152.9	147.6
Deferred income taxes	104.0	109.3
Goodwill	177.8	177.8
Restricted cash	10.3	19.1
Other long-term assets	210.8	202.6
Total assets	<u>\$ 2,507.8</u>	<u>\$ 2,457.6</u>
Liabilities and deficit		
Current liabilities:		
Current maturities of long-term-debt	\$ 7.5	\$ 10.0
Accounts payable	233.5	268.9
Deferred revenue	288.3	294.4
Other accrued liabilities	342.4	350.0
Total current liabilities	<u>871.7</u>	<u>923.3</u>
Long-term debt	668.6	642.8
Long-term postretirement liabilities	1,888.0	1,956.5
Long-term deferred revenue	147.0	157.2
Long-term operating lease liabilities	96.1	—
Other long-term liabilities	50.1	77.4
Commitments and contingencies		
Total deficit	(1,213.7)	(1,299.6)

Total liabilities and deficit

<u>\$</u>	<u>2,507.8</u>	<u>\$</u>	<u>2,457.6</u>
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UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions)

	Six Months Ended June 30.	
	2019	2018
Cash flows from operating activities		
Consolidated net income	\$ 13.0	\$ 47.7
Adjustments to reconcile consolidated net income to net cash used for operating activities:		
Foreign currency transaction losses	5.3	1.5
Non-cash interest expense	5.4	5.2
Employee stock compensation	7.3	7.3
Depreciation and amortization of properties	17.8	21.6
Depreciation and amortization of outsourcing assets	31.7	31.9
Amortization of marketable software	21.6	28.6
Other non-cash operating activities	(0.2)	(1.6)
Loss on disposal of capital assets	1.3	0.3
Gain on sale of properties	—	(7.1)
Postretirement contributions	(47.7)	(72.9)
Postretirement expense	47.1	38.5
Decrease in deferred income taxes, net	2.7	8.3
Changes in operating assets and liabilities:		
Receivables, net	10.1	(21.2)
Inventories	(0.3)	(0.8)
Accounts payable and other accrued liabilities	(140.3)	(152.8)
Other liabilities	16.9	10.8
Other assets	(11.2)	(7.2)
Net cash used for operating activities	(19.5)	(61.9)
Cash flows from investing activities		
Proceeds from investments	1,704.1	2,028.8
Purchases of investments	(1,706.9)	(2,034.6)
Investment in marketable software	(37.2)	(41.1)
Capital additions of properties	(20.8)	(9.9)
Capital additions of outsourcing assets	(39.7)	(42.4)
Net proceeds from sale of properties	(0.2)	19.7
Other	(0.4)	(0.9)
Net cash used for investing activities	(101.1)	(80.4)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	28.1	—
Payments of long-term debt	(10.5)	(1.3)
Other	(4.5)	(2.1)
Net cash provided by (used for) financing activities	13.1	(3.4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.9	(17.3)

Decrease in cash, cash equivalents and restricted cash	<u>(106.6)</u>	<u>(163.0)</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>624.1</u>	<u>764.1</u>
Cash, cash equivalents and restricted cash, end of period	<u><u>\$ 517.5</u></u>	<u><u>\$ 601.1</u></u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
GAAP net income attributable to Unisys Corporation common shareholders	\$ 26.2	\$ 3.8	\$ 6.8	\$ 44.4
Topic 606 adjustment:				
pretax	—	—	—	(53.0)
tax	—	—	—	5.3
net of tax	—	—	—	(47.7)
Postretirement expense:				
pretax	23.6	19.2	47.1	38.5
tax	—	0.2	0.1	0.5
net of tax	23.6	19.4	47.2	39.0
Cost reduction and other expense:				
pretax	7.0	0.7	10.6	(2.2)
tax	(0.3)	—	(1.0)	0.1
net of tax	6.7	0.7	9.6	(2.1)
minority interest	2.5	—	3.2	—
net of minority interest	9.2	0.7	12.8	(2.1)
Non-GAAP net income attributable to Unisys Corporation common shareholders	59.0	23.9	66.8	33.6
Add interest expense on convertible notes	5.0	4.9	10.0	9.7
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 64.0	\$ 28.8	\$ 76.8	\$ 43.3
Weighted average shares (thousands)	51,782	50,986	51,600	50,867
Plus incremental shares from assumed conversion:				
Employee stock	328	412	422	370
Convertible notes	21,868	21,868	21,868	21,868
Non-GAAP adjusted weighted average shares	73,978	73,266	73,890	73,105
Diluted earnings per share				
GAAP basis				
GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 31.2	\$ 3.8	\$ 6.8	\$ 54.1
Divided by adjusted weighted average shares	73,978	51,398	52,022	73,105
GAAP diluted earnings per share	\$ 0.42	\$ 0.07	\$ 0.13	\$ 0.74
Non-GAAP basis				
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 64.0	\$ 28.8	\$ 76.8	\$ 43.3
Divided by Non-GAAP adjusted weighted average shares	73,978	73,266	73,890	73,105

Non-GAAP diluted earnings per share

\$ 0.87 \$ 0.39 \$ 1.04 \$ 0.59

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

FREE CASH FLOW

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Cash provided by (used for) operations	\$ 50.9	\$ (11.7)	\$ (19.5)	\$ (61.9)
Additions to marketable software	(19.2)	(22.1)	(37.2)	(41.1)
Additions to properties	(10.1)	(4.8)	(20.8)	(9.9)
Additions to outsourcing assets	(10.3)	(18.0)	(39.7)	(42.4)
Free cash flow	11.3	(56.6)	(117.2)	(155.3)
Postretirement funding	24.6	42.0	47.7	72.9
Cost reduction and other payments, net of reimbursements	12.4	10.0	21.9	27.0
Adjusted free cash flow	\$ 48.3	\$ (4.6)	\$ (47.6)	\$ (55.4)

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

EBITDA

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net income attributable to Unisys Corporation common shareholders	\$ 26.2	\$ 3.8	\$ 6.8	\$ 44.4
Net income attributable to noncontrolling interests	3.6	2.2	6.2	3.3
Interest expense, net of interest income of \$2.9, \$3.1, \$5.8, \$6.3 respectively*	13.3	12.6	25.9	26.0
Provision for income taxes	12.1	14.3	25.9	35.2
Depreciation	24.5	26.2	49.5	53.5
Amortization	12.1	13.9	21.6	28.6
EBITDA	\$ 91.8	\$ 73.0	\$ 135.9	\$ 191.0
Topic 606 adjustment	\$ —	\$ —	\$ —	\$ (53.0)
Postretirement expense	23.6	19.2	47.1	38.5
Cost reduction and other expense**	7.0	0.7	9.5	(2.2)
Non-cash share based expense	2.6	3.3	7.3	7.3
Other (income) expense adjustment***	3.5	2.8	11.1	10.3
Adjusted EBITDA	\$ 128.5	\$ 99.0	\$ 210.9	\$ 191.9

*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		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Revenue	\$ 753.8	\$ 667.4	\$ 1,449.6	\$ 1,375.8
Non-GAAP revenue	\$ 747.3	\$ 667.4	\$ 1,441.1	\$ 1,322.8
Net income as a percentage of revenue	3.5 %	0.6 %	0.5 %	3.2 %
Adjusted EBITDA as a percentage of Non-GAAP revenue	17.2 %	14.8 %	14.6 %	14.5 %

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

Services Segment	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
GAAP total revenue	\$ 653.4	\$ 586.7	\$ 1,265.5	\$ 1,155.2
Restructuring reimbursement	(6.5)	—	(8.5)	—
Non-GAAP revenue	<u>\$ 646.9</u>	<u>\$ 586.7</u>	<u>\$ 1,257.0</u>	<u>\$ 1,155.2</u>
GAAP gross margin	\$ 116.0	\$ 96.7	\$ 210.5	\$ 190.8
Restructuring reimbursement	(6.5)	—	(8.5)	—
Non-GAAP gross margin	<u>\$ 109.5</u>	<u>\$ 96.7</u>	<u>\$ 202.0</u>	<u>\$ 190.8</u>
GAAP operating profit	\$ 39.2	\$ 18.6	\$ 54.4	\$ 35.7
Restructuring reimbursement	(6.5)	—	(8.5)	—
Non-GAAP operating profit	<u>\$ 32.7</u>	<u>\$ 18.6</u>	<u>\$ 45.9</u>	<u>\$ 35.7</u>
GAAP gross margin %	17.8 %	16.5 %	16.6 %	16.5 %
Non-GAAP gross margin %	16.9 %	16.5 %	16.1 %	16.5 %
GAAP operating profit %	6.0 %	3.2 %	4.3 %	3.1 %
Non-GAAP operating profit %	5.1 %	3.2 %	3.7 %	3.1 %
Technology Segment	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
GAAP total revenue	\$ 102.5	\$ 84.7	\$ 188.6	\$ 234.6
Topic 606 adjustment	—	—	—	(53.0)
Non-GAAP revenue	<u>\$ 102.5</u>	<u>\$ 84.7</u>	<u>\$ 188.6</u>	<u>\$ 181.6</u>
GAAP gross margin	\$ 75.3	\$ 56.8	\$ 125.3	\$ 160.1
Topic 606 adjustment	—	—	—	(53.0)
Non-GAAP gross margin	<u>\$ 75.3</u>	<u>\$ 56.8</u>	<u>\$ 125.3</u>	<u>\$ 107.1</u>
GAAP operating profit	\$ 55.1	\$ 38.2	\$ 84.5	\$ 120.2
Topic 606 adjustment	—	—	—	(53.0)
Non-GAAP operating profit	<u>\$ 55.1</u>	<u>\$ 38.2</u>	<u>\$ 84.5</u>	<u>\$ 67.2</u>
GAAP gross margin %	73.5 %	67.1 %	66.4 %	68.2 %
Non-GAAP gross margin %	73.5 %	67.1 %	66.4 %	59.0 %
GAAP operating profit %	53.8 %	45.1 %	44.8 %	51.2 %
Non-GAAP operating profit %	53.8 %	45.1 %	44.8 %	37.0 %

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

Total Unisys	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
GAAP total revenue	\$ 753.8	\$ 667.4	\$ 1,449.6	\$ 1,375.8
Topic 606 adjustment	—	—	—	(53.0)
Restructuring reimbursement	(6.5)	—	(8.5)	—
Non-GAAP revenue	\$ 747.3	\$ 667.4	\$ 1,441.1	\$ 1,322.8
GAAP gross margin	\$ 193.9	\$ 152.9	\$ 343.8	\$ 354.1
Topic 606 adjustment	—	—	—	(53.0)
Restructuring reimbursement	(6.5)	—	(8.5)	—
Cost reduction expense	(1.0)	(0.5)	(4.7)	(3.5)
Non-GAAP gross margin	\$ 186.4	\$ 152.4	\$ 330.6	\$ 297.6
GAAP operating profit	\$ 87.0	\$ 54.0	\$ 129.9	\$ 155.8
Topic 606 adjustment	—	—	—	(53.0)
Restructuring reimbursement	(6.5)	—	(8.5)	—
Postretirement expense	0.8	0.9	1.6	1.9
Cost reduction and other expense	8.0	0.7	10.6	(2.2)
Non-GAAP operating profit	\$ 89.3	\$ 55.6	\$ 133.6	\$ 102.5
GAAP gross margin %	25.7 %	22.9 %	23.7 %	25.7 %
Non-GAAP gross margin %	24.9 %	22.8 %	22.9 %	22.5 %
GAAP operating profit %	11.5 %	8.1 %	9.0 %	11.3 %
Non-GAAP operating profit %	12.0 %	8.3 %	9.3 %	7.7 %