

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

	Three Months Ended		Year Ended December	
	December 31,		31,	
	2019	2018	2019	2018
Revenue				
Services	\$ 633.1	\$ 625.5	\$ 2,552.7	\$ 2,386.3
Technology	108.4	135.4	396.0	438.7
	<u>741.5</u>	<u>760.9</u>	<u>2,948.7</u>	<u>2,825.0</u>
Costs and expenses				
Cost of revenue:				
Services	551.3	550.5	2,134.1	2,010.5
Technology	40.0	32.0	148.2	128.2
	<u>591.3</u>	<u>582.5</u>	<u>2,282.3</u>	<u>2,138.7</u>
Selling, general and administrative	103.6	95.8	396.9	370.3
Research and development	9.2	10.1	31.3	31.9
	<u>704.1</u>	<u>688.4</u>	<u>2,710.5</u>	<u>2,540.9</u>
Operating profit	37.4	72.5	238.2	284.1
Interest expense	15.2	15.8	62.1	64.0
Other income (expense), net	(27.9)	(18.6)	(136.4)	(76.9)
Income (loss) before income taxes	(5.7)	38.1	39.7	143.2
Provision for income taxes	11.2	13.9	53.0	64.3
Consolidated net income (loss)	(16.9)	24.2	(13.3)	78.9
Net income (loss) attributable to noncontrolling interests	(6.1)	(0.8)	3.9	3.4
Net income (loss) attributable to Unisys Corporation	\$ (10.8)	\$ 25.0	\$ (17.2)	\$ 75.5
Earnings (loss) per share attributable to Unisys Corporation				
Basic	\$ (0.17)	\$ 0.49	\$ (0.31)	\$ 1.48
Diluted	\$ (0.17)	\$ 0.41	\$ (0.31)	\$ 1.30
Shares used in the per share computations (in thousands):				
Basic	62,397	51,028	55,961	50,946
Diluted	62,397	73,626	55,961	73,355

UNISYS CORPORATION
SEGMENT RESULTS
(Unaudited)
(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended December 31, 2019				
Customer revenue	\$ 741.5	\$ -	\$ 633.1	\$ 108.4
Intersegment	-	(8.4)	-	8.4
Total revenue	<u>\$ 741.5</u>	<u>\$ (8.4)</u>	<u>\$ 633.1</u>	<u>\$ 116.8</u>
Gross profit percent	<u>20.3 %</u>		<u>15.5 %</u>	<u>64.0 %</u>
Operating profit percent	<u>5.0 %</u>		<u>2.8 %</u>	<u>45.2 %</u>
Three Months Ended December 31, 2018				
Customer revenue	\$ 760.9	\$ -	\$ 625.5	\$ 135.4
Intersegment	-	(6.4)	-	6.4
Total revenue	<u>\$ 760.9</u>	<u>\$ (6.4)</u>	<u>\$ 625.5</u>	<u>\$ 141.8</u>
Gross profit percent	<u>23.4 %</u>		<u>15.0 %</u>	<u>75.5 %</u>
Operating profit percent	<u>9.5 %</u>		<u>2.1 %</u>	<u>58.6 %</u>
	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Year Ended December 31, 2019				
Customer revenue	\$ 2,948.7	\$ -	\$ 2,552.7	\$ 396.0
Intersegment	-	(15.2)	-	15.2
Total revenue	<u>\$ 2,948.7</u>	<u>\$ (15.2)</u>	<u>\$ 2,552.7</u>	<u>\$ 411.2</u>
Gross profit percent	<u>22.6 %</u>		<u>16.6 %</u>	<u>61.8 %</u>
Operating profit percent	<u>8.1 %</u>		<u>4.2 %</u>	<u>41.9 %</u>
Year Ended December 31, 2018				
Customer revenue	\$ 2,825.0	\$ -	\$ 2,386.3	\$ 438.7
Intersegment	-	(24.7)	-	24.7
Total revenue	<u>\$ 2,825.0</u>	<u>\$ (24.7)</u>	<u>\$ 2,386.3</u>	<u>\$ 463.4</u>
Gross profit percent	<u>24.3 %</u>		<u>16.0 %</u>	<u>69.4 %</u>
Operating profit percent	<u>10.1 %</u>		<u>2.8 %</u>	<u>51.3 %</u>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 538.8	\$ 605.0
Accounts receivable, net	495.0	509.2
Contract assets	53.0	30
Inventories:		
Parts and finished equipment	10.9	14.0
Work in process and materials	9.8	13.3
Prepaid expenses and other current assets	113.8	130.2
Total	<u>1,221.3</u>	<u>1,301.4</u>
Properties	806.0	800.2
Less – Accumulated depreciation and amortization	681.6	678.9
Properties, net	<u>124.4</u>	<u>121.3</u>
Outsourcing assets, net	202.5	216.4
Marketable software, net	186.8	162.1
Operating lease right-of-use assets	127.1	-
Prepaid postretirement assets	136.2	147.6
Deferred income taxes	114.0	109.3
Goodwill	177.2	177.8
Restricted cash	13.0	19.1
Other long-term assets	201.5	202.6
Total	<u>\$ 2,504.0</u>	<u>\$ 2,457.6</u>
Liabilities and deficit		
Current liabilities		
Current maturities of long-term debt	13.5	10.0
Accounts payable	252.0	268.9
Deferred revenue	288.6	294.4
Other accrued liabilities	373.2	350.0
Total	<u>927.3</u>	<u>923.3</u>
Long-term debt	566.1	642.8

Long-term postretirement liabilities	1,960.2	1,956.5
Long-term deferred revenue	147.4	157.2
Long-term operating lease liabilities	83.6	-
Other long-term liabilities	47.7	77.4
Commitments and contingencies		
Total deficit	<u>(1,228.3)</u>	<u>(1,299.6)</u>
Total	<u><u>2,504.0</u></u>	<u><u>2,457.6</u></u>

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

	Year Ended	
	December 31,	
	2019	2018
Cash flows from operating activities		
Consolidated net income (loss)	\$ (13.3)	\$ 78.9
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Foreign currency transaction losses	11.0	7.4
Non-cash interest expense	9.2	10.5
Loss on debt exchange	20.1	-
Employee stock compensation	13.2	13.2
Depreciation and amortization of properties	35.3	40.4
Depreciation and amortization of outsourcing assets	63.8	66.8
Amortization of marketable software	48.3	56.9
Other non-cash operating activities	(1.6)	(4.8)
Loss on disposal of capital assets	1.5	0.8
Gain on sale of properties	-	(7.3)
Postretirement contributions	(109.4)	(138.7)
Postretirement expense	96.6	84.1
Decrease in deferred income taxes, net	4.4	8.2
Changes in operating assets and liabilities:		
Receivables, net	(8.3)	(50.5)
Inventories	6.1	(5.5)
Accounts payable and other accrued liabilities	(114.4)	(62.2)
Other liabilities	51.5	(0.4)
Other assets	9.9	(23.9)
Net cash provided by operating activities	123.9	73.9
Cash flows from investing activities		
Proceeds from investments	3,568.9	3,708.0
Purchases of investments	(3,566.1)	(3,722.0)
Investment in marketable software	(73.0)	(80.7)
Capital additions of properties	(38.0)	(35.6)

Capital additions of outsourcing assets	(48.8)	(73.0)
Net proceeds from sale of properties	(0.3)	19.2
Other	(0.9)	(0.9)
Net cash used for investing activities	(158.2)	(185.0)
Cash flows from financing activities		
Cash paid in connection with debt exchange	(56.7)	-
Proceeds from capped call transactions	7.2	-
Proceeds from issuance of long-term debt	30.5	-
Payments of long-term debt	(14.4)	(2.3)
Financing fees	-	(0.2)
Other	(4.6)	(2.3)
Net cash used for financing activities	(38.0)	(4.8)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	-	(24.1)
Decrease in cash, cash equivalents and restricted cash	(72.3)	(140.0)
Cash, cash equivalents and restricted cash, beginning of period	624.1	764.1
Cash, cash equivalents and restricted cash, end of period	551.8	624.1

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

		Three Months Ended		Year Ended	
		December 31,		December 31,	
		2019	2018	2019	2018
GAAP net income (loss) attributable to Unisys Corporation common shareholders		\$ (10.8)	\$ 25.0	\$ (17.2)	\$ 75.5
Topic 606 adjustment:	pretax	-	-	-	(53.0)
	tax	-	-	-	5.3
	net of tax	-	-	-	(47.7)
Postretirement expense:	pretax	25.1	25.9	96.6	84.1
	tax	(0.2)	(1.1)	-	(0.3)
	net of tax	24.9	24.8	96.6	83.8
Debt exchange, cost reduction and other expenses:	pretax	25.9	16.5	54.9	10.3
	tax	-	(1.8)	(1.8)	(1.6)
	net of tax	25.9	14.7	53.1	8.7
	minority interest	0.6	2.0	7.2	3.5
	net of minority interest	26.5	16.7	60.3	12.2
Non-GAAP net income attributable to Unisys Corporation common shareholders		40.6	66.5	139.7	123.8
Add interest expense on convertible notes		2.1	5.0	15.3	19.6

Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 42.7	\$ 71.5	\$ 155.0	\$ 143.4
Weighted average shares (thousands)	62,397	51,028	55,961	50,946
Plus incremental shares from assumed conversion:				
Employee stock plans	456	730	411	541
Convertible notes	8,626	21,868	16,577	21,868
Non-GAAP adjusted weighted average shares	<u>71,479</u>	<u>73,626</u>	<u>72,949</u>	<u>73,355</u>
Diluted earnings (loss) per share				
<u>GAAP basis</u>				
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$ (10.8)	\$ 30.0	\$ (17.2)	\$ 95.1
Divided by adjusted weighted average shares	62,397	73,626	55,961	73,355
GAAP diluted earnings (loss) per share	<u>(0.17)</u>	<u>0.41</u>	<u>(0.31)</u>	<u>1.30</u>
<u>Non-GAAP basis</u>				
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 42.7	\$ 71.5	\$ 155.0	\$ 143.4
Divided by Non-GAAP adjusted weighted average shares	71,479	73,626	72,949	73,355
Non-GAAP diluted earnings per share	<u>0.60</u>	<u>0.97</u>	<u>2.12</u>	<u>1.95</u>

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

FREE CASH FLOW

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Cash provided by operations	\$ 125.7	\$ 151.3	\$ 123.9	\$ 73.9
Additions to marketable software	(16.8)	(19.0)	(73.0)	(80.7)
Additions to properties	(8.9)	(10.6)	(38.0)	(35.6)
Additions to outsourcing assets	(4.4)	(18.6)	(48.8)	(73.0)
Free cash flow	95.6	103.1	(35.9)	(115.4)
Postretirement funding	27.1	14.2	109.4	138.7
Cost reduction and other payments, net of reimbursements	16.4	6.5	53.5	38.7
Adjusted free cash flow	\$ 139.1	\$ 123.8	\$ 127.0	\$ 62.0

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

EBITDA

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net income (loss) attributable to Unisys Corporation common shareholders	\$ (10.8)	\$ 25.0	\$ (17.2)	\$ 75.5
Net income (loss) attributable to noncontrolling interests	(6.1)	(0.8)	3.9	3.4
Interest expense, net of interest income of \$2.1, \$2.7, \$10.6, \$11.7 respectively*	13.1	13.1	51.5	52.3
Provision for income taxes	11.2	13.9	53.0	64.3
Depreciation	25.1	27.3	99.1	107.2
Amortization	13.3	14.1	48.3	56.9
EBITDA	<u>\$ 45.8</u>	<u>\$ 92.6</u>	<u>\$ 238.6</u>	<u>\$ 359.6</u>
Topic 606 adjustment	-	-	-	(53.0)
Postretirement expense	25.1	25.9	96.6	84.1
Debt exchange, cost reduction and other expenses**	25.9	16.5	53.8	10.3
Non-cash share based expense	3.1	3.2	13.2	13.2
Other (income) expense adjustment***	5.2	(3.7)	20.0	8.3
Adjusted EBITDA	<u>\$ 105.1</u>	<u>\$ 134.5</u>	<u>\$ 422.2</u>	<u>\$ 422.5</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		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Revenue	\$ 741.5	\$ 760.9	\$ 2,948.7	\$ 2,825.0
Non-GAAP revenue	739.3	754.6	2,931.2	2,762.6
Net income as a percentage of revenue	(1.5)%	3.3 %	(0.6)%	2.7 %
Non-GAAP net income as a percentage of Non-GAAP revenue	5.5 %	8.8 %	4.8 %	4.5 %
Adjusted EBITDA as a percentage of Non-GAAP revenue	14.2 %	17.8 %	14.4 %	15.3 %

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

<u>Services Segment</u>	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
GAAP total revenue	\$ 633.1	\$ 625.5	\$ 2,552.7	\$ 2,386.3
Restructuring reimbursement	(2.2)	(6.3)	(17.5)	(9.4)
Non-GAAP revenue	\$ 630.9	\$ 619.2	\$ 2,535.2	\$ 2,376.9
GAAP gross margin	\$ 98.0	\$ 93.9	\$ 423.9	\$ 380.8
Restructuring reimbursement	(2.2)	(6.3)	(17.5)	(9.4)
Non-GAAP gross margin	\$ 95.8	\$ 87.6	\$ 406.4	\$ 371.4
GAAP operating profit	\$ 17.7	\$ 13.3	\$ 108.2	\$ 67.6
Restructuring reimbursement	(2.2)	(6.3)	(17.5)	(9.4)
Non-GAAP operating profit	\$ 15.5	\$ 7.0	\$ 90.7	\$ 58.2
GAAP gross margin %	15.5%	15.0%	16.6%	16.0%
Non-GAAP gross margin %	15.2%	14.1%	16.0%	15.6%
GAAP operating profit %	2.8%	2.1%	4.2%	2.8%
Non-GAAP operating profit %	2.5%	1.1%	3.6%	2.4%
<u>Technology Segment</u>				
<u>Technology Segment</u>	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
GAAP total revenue	\$ 116.8	\$ 141.8	\$ 411.2	\$ 463.4
Topic 606 adjustment	\$ -	\$ -	\$ -	\$ (53.0)
Non-GAAP revenue	\$ 116.8	\$ 141.8	\$ 411.2	\$ 410.4
GAAP gross margin	\$ 74.8	\$ 107.1	\$ 254.2	\$ 321.5
Topic 606 adjustment	\$ -	\$ -	\$ -	\$ (53.0)
Non-GAAP gross margin	\$ 74.8	\$ 107.1	\$ 254.2	\$ 268.5
GAAP operating profit	\$ 52.8	\$ 83.1	\$ 172.2	\$ 237.8

Topic 606 adjustment	\$ -	\$ -	\$ -	\$ (53.0)
Non-GAAP operating profit	\$ 52.8	\$ 83.1	\$ 172.2	\$ 184.8

GAAP gross margin %	64.0%	75.5%	61.8%	69.4%
Non-GAAP gross margin %	64.0%	75.5%	61.8%	65.4%
GAAP operating profit %	45.2%	58.6%	41.9%	51.3%
Non-GAAP operating profit %	45.2%	58.6%	41.9%	45.0%

Total Unisys	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
GAAP total revenue	\$ 741.5	\$ 760.9	\$ 2,948.7	\$ 2,825.0
Topic 606 adjustment	-	-	-	(53.0)
Restructuring reimbursement	-2.2	(6.3)	-17.5	(9.4)
Non-GAAP revenue	\$ 739.3	\$ 754.6	\$ 2,931.2	\$ 2,762.6
GAAP gross margin	\$ 150.2	\$ 178.4	\$ 666.4	\$ 686.3
Topic 606 adjustment	-	-	-	(53.0)
Restructuring reimbursement	-2.2	(6.3)	-17.5	(9.4)
Postretirement expense	-	\$ -	-	\$ -
Cost-reduction expense	17.7	22.3	11.0	18.1
Non-GAAP gross margin	\$ 165.7	\$ 194.4	\$ 659.9	\$ 642.0
GAAP operating profit	\$ 37.4	\$ 72.5	\$ 238.2	\$ 284.1
Topic 606 adjustment	-	-	-	(53.0)
Restructuring reimbursement	-2.2	(6.3)	-17.5	(9.4)
Postretirement expense	0.8	0.9	3.3	3.8
Cost-reduction and other expenses	27.6	22.8	38.7	19.7
Non-GAAP operating profit	\$ 63.6	\$ 89.9	\$ 262.7	\$ 245.2
GAAP gross margin %	20.3%	23.4%	22.6%	24.3%
Non-GAAP gross margin %	22.4%	25.8%	22.5%	23.2%
GAAP operating profit %	5.0%	9.5%	8.1%	10.1%
Non-GAAP operating profit %	8.6%	11.9%	9.0%	8.9%