

# Unisys Company Overview

# Disclaimer

- This presentation includes certain financial measures not presented in accordance with U.S. generally accepted accounting principles (“GAAP”), including, but not limited to, EBITDA, Adjusted EBITDA, Free Cash Flow, Adjusted Free Cash Flow, and constant currency, and certain ratios and other metrics derived therefrom. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company’s financial results.
- Therefore, these measures should not be considered in isolation or as an alternative to cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company’s presentation of these measures may not be comparable to similarly-titled measures used by other companies. Reconciliations of all non-GAAP financial measures are available in this presentation.

# Unisys at a Glance

>1,500



Global clients

>20,000



Associates globally

130+



Countries served

\$3.0B



2015 revenue

More than 90 of the Fortune Global 500 companies



Building one of the largest cloud-based, on demand U.S. state government computing environments



>60 million air cargo transactions per month



Over half of the top 25 global banks and 10 of the world's top insurance companies



300 government agencies worldwide



18 of the top 25 global airlines



# Key Company Highlights

1

**Diversified Revenue Model**

2

**Long-Standing Relationships with Blue-chip Client Base**

3

**Leading-Edge Technological Solutions**

4

**Recurring Service Revenue with Large Contractual Backlog**

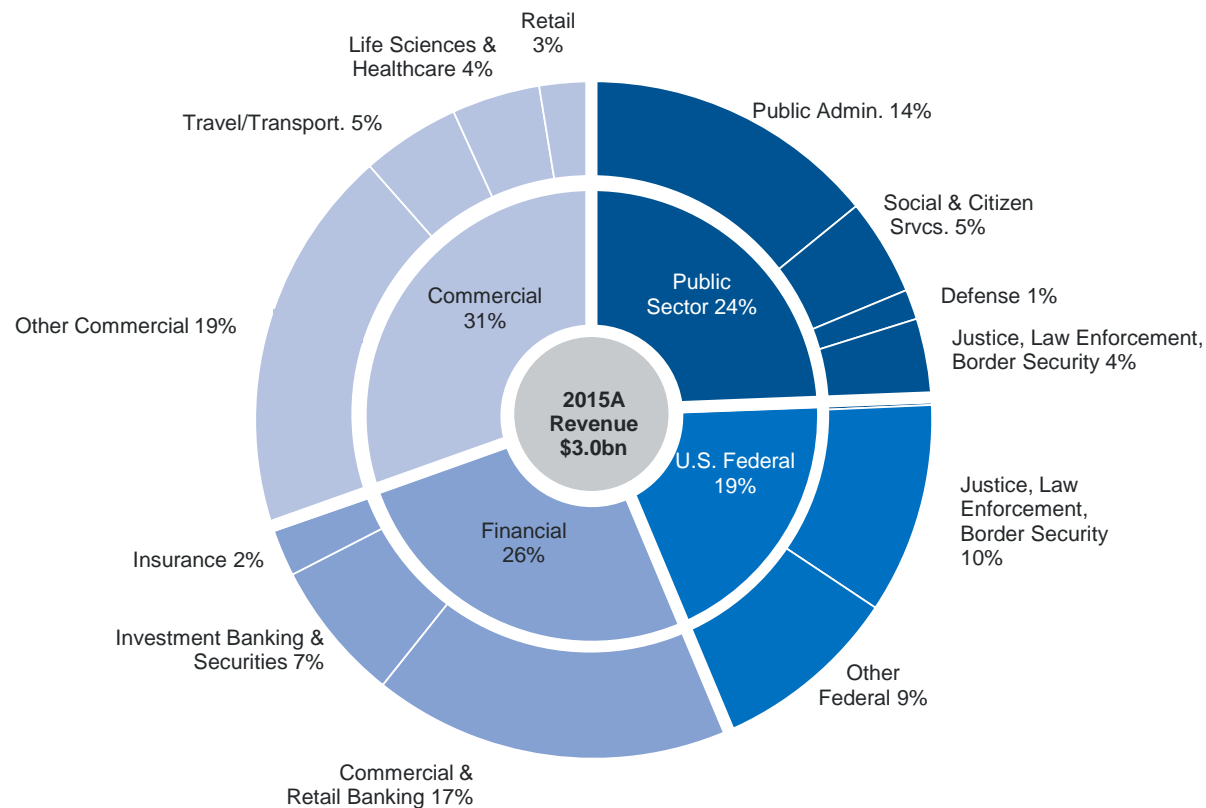
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**Financial Progress**

6

**Experienced Management Team**

# 1 Diversified Revenue Model

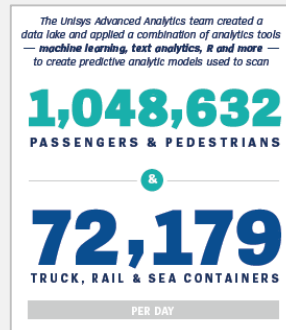


# Case Study: Homeland Security

## Protecting the World's Borders — U.S. Customs and Border Protection (CBP)



- Integrated license plate and RFID reader technologies to nearly 500 inbound vehicular lanes
- Automatically read license plates and RFID-enabled travel documents for advanced security analysis
- Combination of RFID-enabled cards, automated data capture, processing and display systems has enabled CBP to transform land border port of entry operations



- Providing biometrics-based identity solutions at land, air and sea ports
- Completed testing of facial recognition at Dulles
- Integrated facial recognition with NEC at JFK
- DevOps and integration facility dedicated to CBP in Sterling, VA



# 3 Leading-Edge Technological Solutions: Security

## Cloud Infrastructure

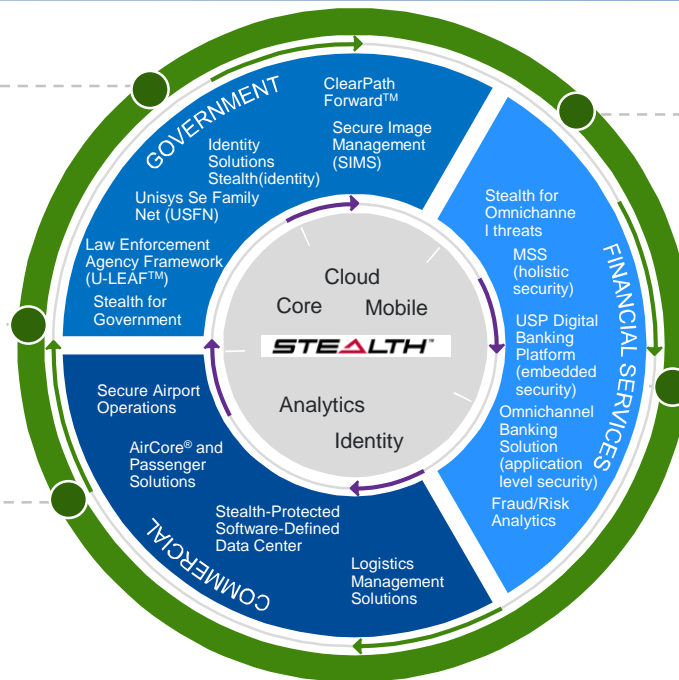
- Cloud Management Platform with On Premise and Public (off premise) Security
- Stealth to protect existing servers
- Hosted Workspace Services with End User Security

## Business Processes

- DMZ and Intrusion Detection
- PKI enabled QR
- OS and anti-virus patching/updates

## End User Services

- Host Intrusion Prevention System (HIPS)
- Secure Persona Services
- Data Loss Prevention (DLP)
- Anti-Virus & Personal Firewall
- Hard Drive Encryption
- BYOD Security Strategy



## Secure Mobile Management

- Secure Mobile Services (Email, Asset Tracking, Wipe, Encryption)
- Secure Browser Management

## Application Security

- Embedded security (Stealth(identity), MFA, Crypto)
- Architecture layer security
- Hybrid mobile apps with native security
- Stealth for platform invisibility
- Data obfuscation
- Identify Provider (IdP) integration
- Multi-factor authentication
- Security assessment and testing
- Firewall and proxy revert

## Unisys Stealth® wins approval from NSA's commercial solutions for classified program

- Opens doors for U.S. agencies to purchase and deploy Stealth within composite solutions that protect classified systems and data
- Certification by National Information Assurance Partnership ("NIAP") as approved product for use in >20 countries; only known micro-segmentation product with this certification today

## Stealth available on Microsoft Azure cloud and Amazon Web Services, the two market leaders in the space; AT&T and Mitel partnerships

- Only micro-segmentation software product available on both

# 4 Recurring Service Revenue with Large Contractual Backlog

## Typical Contract Provisions\*

### Cloud & Infrastructure Services

- End user support services: typically 3-7 year contract term with price escalators
- Advisory/consulting services: project-based, typically 6-18 month contract term
- Systems integration services: fixed price or T&M contracts, typically 18-60 month contract term

### Application Services

- Typically 6-24 month contract term, largely driven by scope of engagement
- Client has the option to renew, with price escalators

### Business Process Outsourcing

- Typically 3-7 year contract term, largely transaction based
- Client has the option to renew, with price escalators

### Technology

- Equipment : typically no contract term under the master agreement
- Software: typically 3-5 year contract term, some are perpetual licenses
- Support services: typically 3-5 year contract term

## Large Contractual Backlog

Recurring Services  
68%

Non-Recurring Services  
18%

Technology  
14%

Revenue Type  
9Mos 2016

- **As of September 30, 2016, Unisys has a \$4.1 billion services backlog that has an approximate 3-year weighted-average life**
- 68% of 2016 first nine months' revenue from recurring, multi-year outsourcing and managed services contracts
- Over the first 3 quarters of 2016, an average of approximately 85-90% of projected services revenue was already in backlog entering the quarter

Note: US Federal government clients generally require a termination for convenience (often without fee, except possibly for proven stranded costs) and a termination for non-appropriation



# Overview of Financial Strategy and Goals

## Improve Profitability

- Improving Services Operating Profit Margin
- Cost-cutting program established with goal of \$200M of annualized cost reductions by YE 2016
- Enhanced cost structure expected to increase competitiveness with respect to pricing dynamics
- Shift mix to more profitable services

## Drive Enhanced Cash Flow

- Reduce capital intensity of business by transitioning to more asset-lite model

## Stabilize and Grow Revenue

- Vertical go-to-market strategy expected to improve top-line performance over time
- Improving sales trends indicate forward momentum

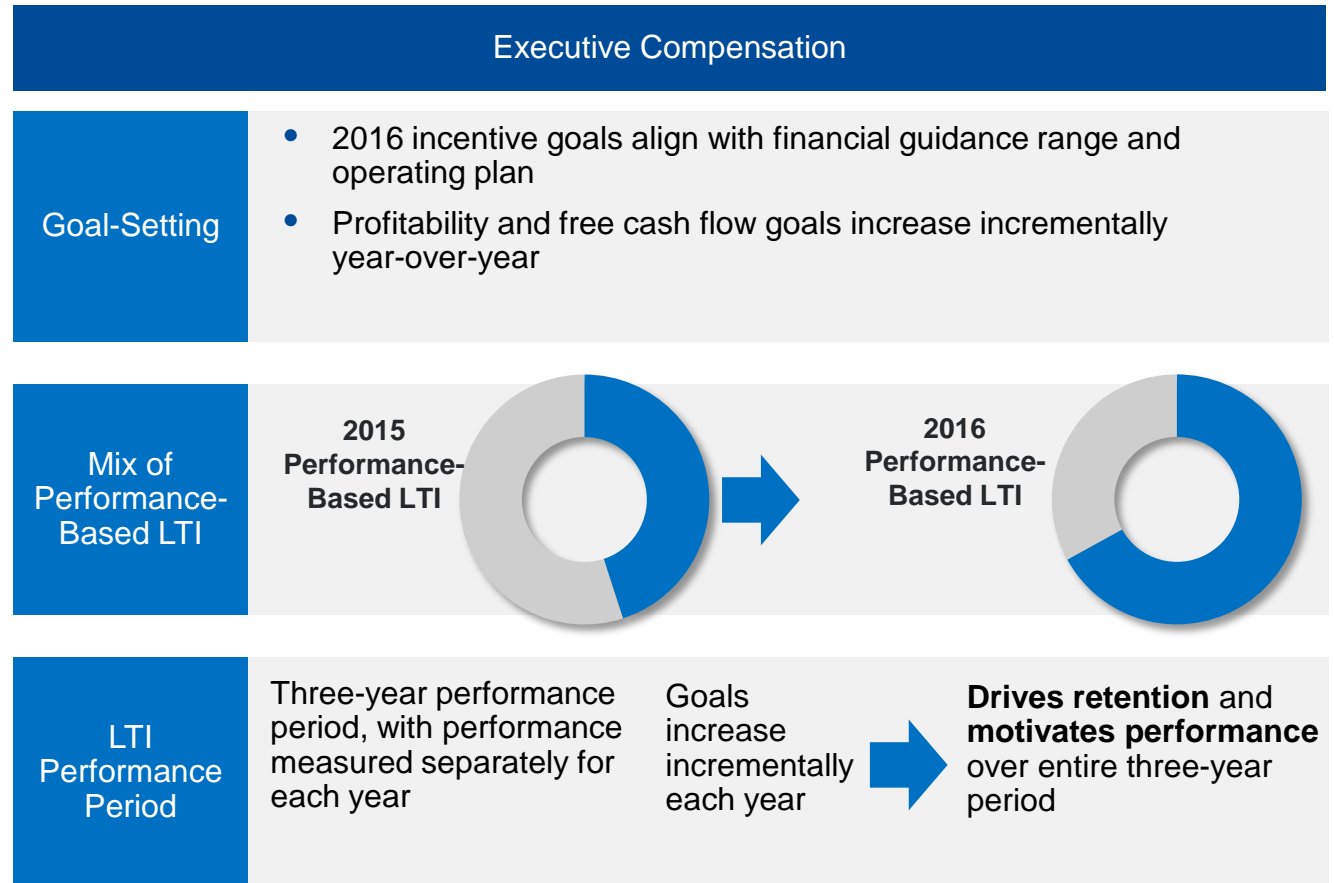
## Manage to Pension Obligations

- Optimize capital resources to meet ongoing pension requirements

# Aligning Incentives with Corporate Strategy

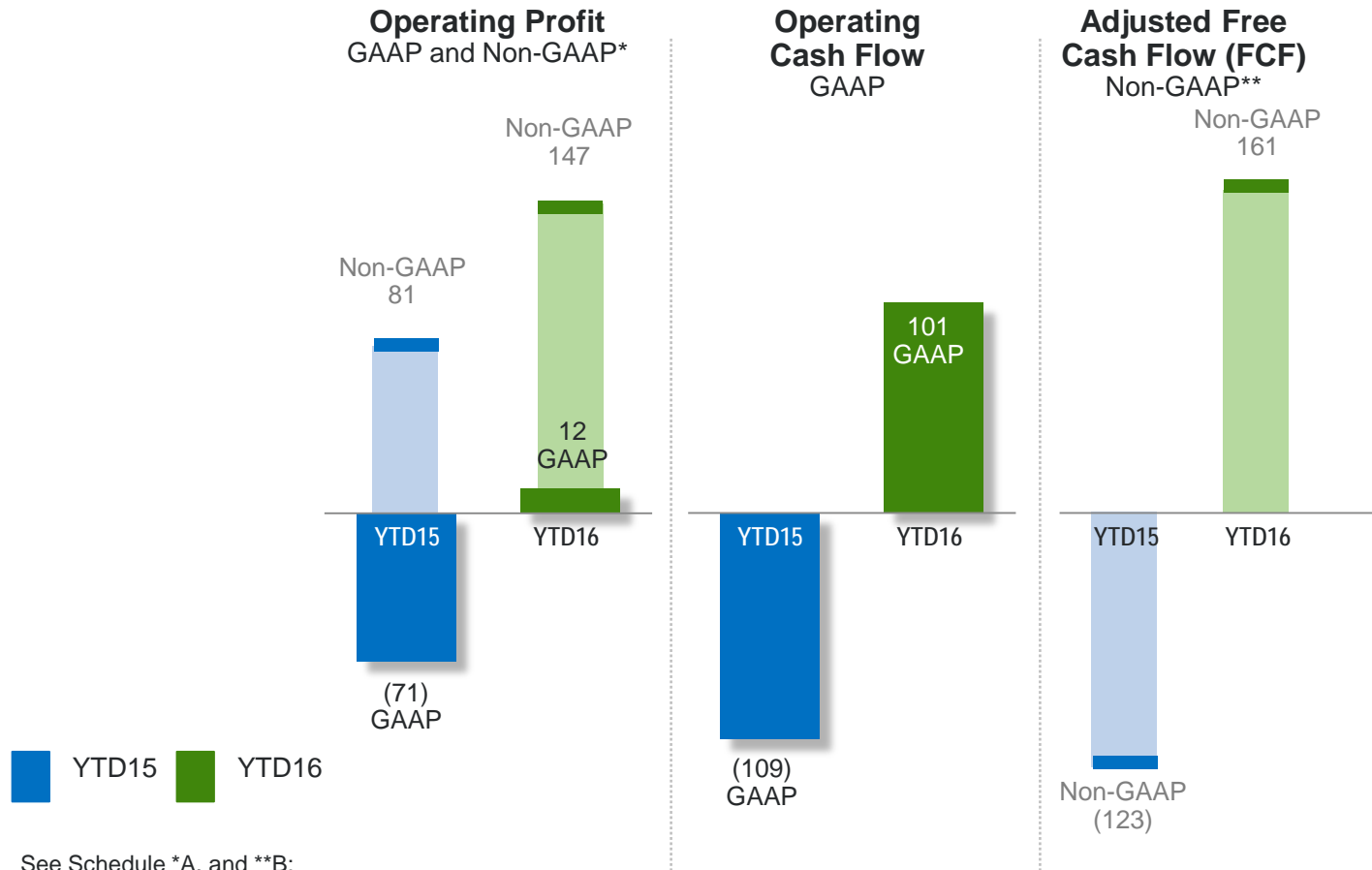
## Compensation plans aligned with overall strategy to incentivize associates properly

- Vertical leaders' compensation based on growth of verticals
- Sales and Client Executives compensated based on pricing discipline and gross margin
- Services organization measured against improvements in profitability



# 2016 Progress

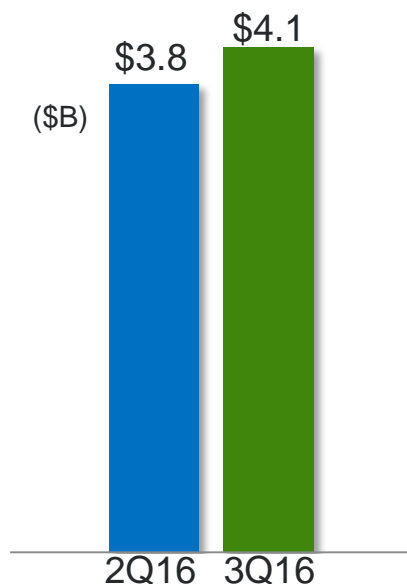
## YTD through 9/30 (\$M)



See Schedule \*A, and \*\*B:  
GAAP to non-GAAP Reconciliation

Solid progress on cost savings, with \$185M of annualized savings to date relative to goal of \$230M

# 3Q16 & YTD (through 9/30) — Contract Signings



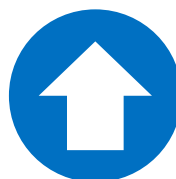
**Services backlog**  
up 7% sequentially  
in 3Q16



**TCV<sup>1</sup>**  
up 22% YTD  
vs. comparable  
period last year

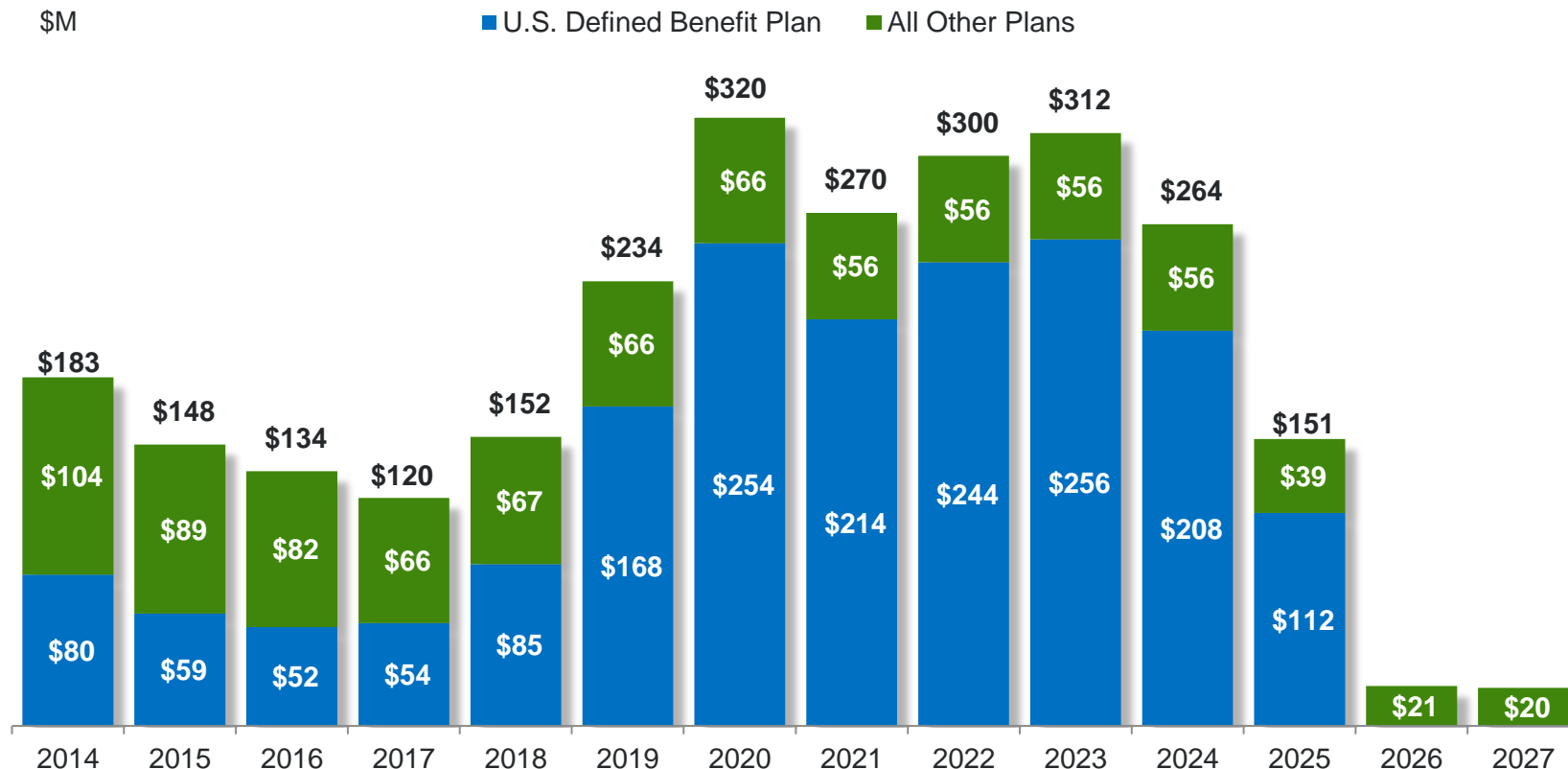
**TCV of \$1.1B in Q3**, helped significantly by the timing of some **large deals** signed this quarter including with

- U.S. Customs and Border Protection
- Philippine Statistics Authority



**New business pipeline** up 6.5%  
YTD vs. comparable  
period last year

# Estimated Future Pension Cash Contributions



The funding estimates for our U.S. qualified defined benefit pension plan are based on current estimated asset returns and the funding discount rates used for the U.S. qualified defined benefit plan which have been updated to reflect the year end 2015 discount rates. The future funding requirements are likely to change based on, among other items, market conditions and changes in discount rates.

Current estimates for future contributions to international plans are based on local funding regulations and agreements and are likely to change in 2017 and beyond based on a number of factors including market conditions, changes in discount rates and changes in currency rates.

Assumes adoption of updated mortality table for funding purposes on January 1, 2018.

## 6 Unisys Management Team

Name	Title	Years of Experience	Background
<b>Peter Altabef</b>	President & Chief Executive Officer	22	CEO of Perot Systems until its acquisition by DELL, and CEO of MICROS Systems
<b>Inder Singh</b>	Chief Financial Officer	20	Managing Director at SunTrust Robinson Humphrey, SVP Finance Comcast, VP Corp Finance Cisco
<b>Eric Hutto</b>	President of Enterprise Solutions	15	Held senior leadership positions at Dell
<b>Gerald P. Kenney</b>	General Counsel and Secretary	32	Served as SVP / General Counsel / Secretary at NEC Corp.
<b>David Loeser</b>	Worldwide Human Resources	10	EVP of Human Resources at Mitel
<b>Venkatapathi Puvvada</b>	President of Federal Systems	30	Served in leadership positions at several technology industry groups
<b>Tarek El-Sadany</b>	Chief Technology Officer	31	COO of Remedy Informatics
<b>Andy Stafford</b>	Senior Vice President of Services	30	Senior Managing Director at Accenture
<b>Lawrence Wieser</b>	Vice President of Global Operations	29	Vice President, Hewlett-Packard

**Strengthened leadership aligned with our strategic focus**



# Non-GAAP and Other Information

Although appropriate under generally accepted accounting principles (“GAAP”), the company’s results in these presentation materials reflect charges that the company believes are not indicative of its ongoing operations and that can make its profitability and liquidity results difficult to compare to prior periods, anticipated future periods, or to its competitors’ results. These items consist of pension and cost-reduction and other expense. Management believes each of these items can distort the visibility of trends associated with the company’s ongoing performance. Management also believes that the evaluation of the company’s financial performance can be enhanced by use of supplemental presentation of its results that exclude the impact of these items in order to enhance consistency and comparativeness with prior or future period results. The following measures are often provided and utilized by the company’s management, analysts, and investors to enhance comparability of year-over-year results, as well as to compare results to other companies in our industry.

**Non-GAAP operating profit** – Unisys recorded pretax pension expense and a pretax charge in connection with cost-reduction and other expense. The company believes that this profitability measure is more indicative of the company’s operating results and aligns those results to the company’s external guidance which is used by the company’s management to allocate resources and may be used by analysts and investors to gauge the company’s ongoing performance.

**Constant currency** – The company refers to growth rates in constant currency or on a constant currency basis so that the business results can be viewed without the impact of fluctuations in foreign currency exchange rates to facilitate comparisons of the company’s business performance from one period to another. Constant currency is calculated by retranslating current and prior period results at a consistent rate.

**Free cash flow** – The company defines free cash flow as cash flow from operations less capital expenditures. Management believes this liquidity measure gives investors an additional perspective on cash flow from on-going operating activities in excess of amounts required for reinvestment.

**Adjusted free cash flow** – Because inclusion of the company’s pension contributions and cost-reduction payments in free cash flow may distort the visibility of the company’s ability to generate cash flow from its operations without the impact of these non-operational costs, management believes that investors may be interested in adjusted free cash flow, which provides free cash flow before these payments and is more indicative of its on-going operations. This liquidity measure was provided to analysts and investors in the form of external guidance and is used by management to measure operating liquidity.

## Schedule A: GAAP to Non-GAAP Reconciliation

# Operating Profit

\$M	9Mos16	9Mos15
<b>Operating profit (loss)</b>	<b>\$12.1</b>	<b>\$(70.9)</b>
Pension expense	63.0	81.5
Cost-reduction charges and other expense	71.7	70.0
<b>Non-GAAP operating profit (loss)</b>	<b>\$146.8</b>	<b>\$80.6</b>
Customer revenue	\$2,099.0	\$2,225.2
GAAP operating profit (loss) %	0.6%	(3.2)%
Non-GAAP operating profit (loss) %	7.0%	3.6%

# Free Cash Flow

\$M	9Mos16	9Mos15
Cash provided by (used for) operations	\$101.3	\$(108.5)
Capital expenditures	(106.8)	(167.4)
<b>Free cash flow</b>	<b>\$(5.5)</b>	<b>\$(275.9)</b>
Pension funding	104.0	115.6
Cost-reduction payments	62.3	37.6
<b>Adjusted free cash flow</b>	<b>\$160.8</b>	<b>\$(122.7)</b>