

**1Q19 Financial Release
CEO/CFO Statements
May 2, 2019**

Courtney Holben, IRO

Thank you, operator; good afternoon everyone. This is Courtney Holben, Vice President of Investor Relations. Thank you for joining us. Earlier today, Unisys released its first quarter 2019 financial results. I'm joined this afternoon to discuss those results by Peter Altabef, our Chairman, President and CEO; and Mike Thomson, our Interim CFO.

Before we begin, I'd like to cover a few details. First, today's conference call and the Q&A session are being webcast via the Unisys' Investor website. Second, you can find the earnings press release and the presentation slides that we will be using this afternoon to guide our discussion as well as other information relating to our first quarter performance on our Investor website, which we encourage you to visit.

Third, today's presentation, which is complementary to the earnings press release, includes some non-GAAP financial measures. The non-GAAP measures have been reconciled to the related GAAP measures and we've provided reconciliations within the presentation. Although appropriate under Generally Accepted Accounting Principles, the company's results 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, non-GAAP diluted earnings per share, free cash flow and adjusted free cash flow, EBITDA and adjusted EBITDA and constant currency. In addition, this year we will be continuing to report non-GAAP adjusted revenue and related measures as a result of the adoption last year of the new revenue recognition rules under ASC 606 to exclude revenue that had previously been recorded in 2017 under ASC 605 and to exclude certain revenue and related measures relating reimbursement from the company's check-process and JV partners for restructuring expenses included as part of the company restructuring program.

For more information regarding these adjustments, please see our earnings release and our Form 10-Q for the quarter. From time to time, Unisys may provide specific guidance regarding its expected future financial performance. Such guidance is effective only on the date given. Unisys generally will not update, reaffirm or otherwise comment on any prior guidance except as Unisys deems necessary, and then only in a manner that complies with Regulation FD.

And finally, I'd like to remind you that all forward-looking statements made during this conference call are subject to various risks and uncertainties that could cause the actual results to differ materially from our expectations. These factors are discussed more fully in the earnings release and in the company's SEC filings. Copies of those SEC reports are available from the SEC and along with other materials I mentioned earlier on the Unisys' Investor website.

And now, I'd like to turn the call over to Peter.

Peter Altabef, CEO

Thank you, Courtney; and thank you all for joining us to review our first quarter financial results. Before I begin my remarks, I'd like to welcome Mike Thomson to the call today. Mike has been a key member of the team since he joined the company a little over three years ago. And we welcome him to his new role as Interim CFO and look forward to his active participation in the discussion today.

Our key goal for the year has been to capitalize on our go-to market momentum from 2018 by continuing to execute against our strategy of leveraging our IP and related solutions, while also using security to differentiate our offerings. We are pleased to report that we saw continued progress with this in the first quarter. First quarter revenue was \$695.8 million versus \$708.4 million from the prior-year period. But that period reflected \$53 million of additional revenue recorded upon the adoption of the required accounting change that Mike will discuss in more detail.

Total company non-GAAP adjusted revenue grew 5.9%. This is the highest quarterly rate we have seen since 2014. Services revenue grew 7.7% year-over-year and Services non-GAAP adjusted revenue grew 7.3%; marking the fourth consecutive quarter of growth for the segment and the highest quarterly growth since 2003.

Revenue growth for both the total company and Services segment was even higher on a constant currency basis. And Mike will provide those details shortly. While we're also seeing momentum with contract signings in the U.S. Federal sector, those signings included the largest two contracts the companies signed in the first quarter, and we believe that sector is on target to see very strong revenue growth for the year.

Additionally, although technology revenue was down year-over-year as expected and reported margins were down due to the accounting impact in the prior-year period, technology non-GAAP adjusted operating profit dollars increased 1.4% year-over-year.

We're pleased to see continued momentum with new business signings. New business total contract value, or TCV, grew 3% year-over-year in the first quarter and new business annual contract value or ACV was up 20%. New business pipeline was up 5% year-over-year. As we have discussed, 2019 has a lighter renewal schedule than 2018, and that was also true for the first quarter. Additionally, as you may recall, we had a very strong quarter of growth in TCV and ACV in the first quarter of 2018. In that period, we signed our largest contract in over a decade, which cost TCV to more than double year-over-year.

As a result first quarter 2019 total TCV and ACV were down 30% and 25% year-over-year, respectively. However and approximately \$990 million TCV for the quarter was at the highest level we have seen since the first quarter of last year. Additional, total company pipeline was up 3% year-over-year. We are raising guidance for the full year 2019 for non-GAAP adjusted revenue and our reaffirming guidance for non-GAAP operating profit margin and adjusted EBITDA margin.

Mike will provide more color on this and on the financial performance of the company in general shortly. First though, I wanted to give you some more insight into the business. At the segment level, as I noted, we saw a strong continued growth in Services revenue. We have spoken about it in recent calls about our scalable and repeatable strategy and productized offerings across the company, including Unisys IntelliServe and Unisys CloudForte within Services. Just yesterday, we announced that Unisys CloudForte is now available for hybrid cloud environments, encompassing private clouds and conventional datacenter resources as well as public clouds. This new solution complements Unisys CloudForte solutions that Unisys has already launched for Amazon Web Services or AWS and Microsoft Azure on the cloud environments.

While we again saw impact for new business on margins, we remain focused on continuing to increase the efficiency of our Services delivering into. Our ratio of managed devices to full-time equivalence in our cloud and infrastructure services improved by 8% year-over-year in the first quarter. And we continue our efforts to implement more effective AI and automation. We're specifically focused on increasing our automation resolution over the course of the year.

Moving to our Technology segment, as I noted, although non-GAAP adjusted Technology revenue for the first quarter was down slightly year-over-year, Technology non-GAAP adjusted profit dollars was up 1.4% year-over-year. Technology is a core part of our strategy to help clients with their digital transformations. We have a number of initiatives, including monetizing user interfaces or user experiences, furthering our integration with emerging technology such as AI and blockchain and leading with a cloud-first approach.

As part of our strategy to offer support for modern languages for ClearPath Forward, we completed in the first quarter a technology review for Python with several clients, and we intend to continue to invest in this important area. We also recently won the most innovative project in a company award as a technology and innovation management event in the Netherlands. The award recognizes our work with Nutreco for which we provided a proof-of-concept that combines elements of Stealth, blockchain, the Internet of Things and advanced analytics to provide a highly secure end-to-end seafood supply chain.

Additionally, yesterday for the second consecutive year, Unisys was named as a recipient of the CIO 100 award by IDG. Security continues to be a critical element of our strategy in both Services and Technology, providing standalone revenue opportunities and helping differentiate our broader offerings.

During the first quarter, we launched Unisys managed public key infrastructure, a new service that centrally manages the process by which organizations authenticate users and devices on their networks. We believe this is an important part of our zero trust security model.

We also continue to expand our Stealth portfolio, so it can support the entire digital enterprise. During the first quarter of 2019, we launched Stealth 4.0, which re-features dynamic isolation capabilities to quickly isolate devices or users at the first sign of compromise. In addition to being sold on a standalone basis and being integrated into other Unisys offerings, Stealth 4.0 is also integrated with the LogRhythm security incident and event management system, as well as Palo Alto Networks panorama network security management console.

We also announced yesterday that Stealth has been integrated with Dell EMC Cyber Recovery software to provide enhanced protection to clients' cyber recovery operations. This integrated solution will be available beginning June of 2019. Stealth first quarter revenue grew over 300% year-over-year.

I'll now provide some color on our various sectors. U.S. Federal, as I mentioned earlier, we continue to see encouraging signs of growth in our U.S. Federal business with strong contract signings, including two recent wins, which represented the largest contracts the company signed this quarter and the largest new logo U.S. federal contracts we have signed in recent years. We see some impact from the U.S. Federal government shutdown in the quarter. And as a result, our non-GAAP adjusted revenue for this sector was down 1.7% year-over-year.

However, we do not expect this to have a material impact on our full-year results. TCV for U.S. Federal was up 23% year-over-year in the first quarter, which brought total U.S. Federal TCV signed over the last 15 months to \$1.75 billion as of March 31, 2019. Total funded backlog for this sector was also up 43% year-over-year in the quarter. Based on this and our overall view of the business, we expect U.S. Federal to see revenue growth in the mid to high-teens in 2019, all of which is organic.

Regarding the two large contracts I mentioned, Unisys was selected by the U.S. Air Force to help the Air Force consolidate multiple service desks with varying tool assets into a single environment with a cloud-based ITSM and end-user device management solution that will automate security to ensure end-user devices comply with security rules before they can connect to Air Force networks.

Additionally, during the quarter, a team of contractors that includes Unisys was selected to support a contract with a U.S. Federal cabinet level agency. As part of the team, Unisys will be working with the departments, CIO and Staff to transform legacy operations into a modernized workforce, including the adoption of cloud technologies. Unisys will play a key role in delivering end-user services as well as working with other team members to deliver cyber security services.

In our public sector, non-GAAP adjusted revenue was up 1.7% year-over-year, supported by strong growth in Services as a number of the large new deal we signed last year have begun generating revenue. In the first quarter, we also expanded an existing U.S. state agency relationship to include additional cloud migration work. Our commercial sector had non-GAAP adjusted revenue growth of 5.2% year-over-year, supported by strong growth in Services. During the first quarter, we signed a contract to provide Unisys Stealth Security Software to a leading U.S.-based international retailer to help produce its attack surface considerably, while also helping them comply with various regulatory requirements such as GDPR across more than 11,000 locations worldwide.

Unisys also expanded its relationship with a leading global agriculture and specialty products provider to include Unisys Stealth Security Software to isolate critical process systems from the corporate network, protecting sensitive data from threats or unauthorized use.

And in Financial Services, our non-GAAP adjusted revenue grew 18.5% year-over-year. During the quarter, Unisys signed a renewed and expanded contract with a Brazilian Bank for the client to move to a new ClearPath Forward solution. This new environment will enable the bank to process loans faster and provide a better experience to their customers.

And last week, we announced the availability of the latest version of our Elevate omnichannel banking software platform, which enables banks to adopt an open banking approach. Open banking allows financial institutions to share data with other organizations and easily access third-party applications and services that they can then offer to customers to personalize and improve the banking experience.

So in conclusion, we're excited that our go-to-market momentum that we saw last year is continuing in 2019 and driving strong revenue growth in our Services business. We are continuing to focus on the profitability of this new Services revenue and in the Services segment in general, and look forward to the new business contributing more to the bottom line over the course of the year and in the future.

Mike will now provide more color on our financial performance. Mike?

Mike Thomson, CFO

Thank you, Peter, and good afternoon, everyone, and thank you for joining us today to discuss our first quarter results. In my comments, I will discuss both GAAP and non-GAAP results and provide color for our key business drivers. As a reminder and as previously discussed, in 2018, we recognized an additional \$53 million of technology revenue upon the initial adoption of ASC 606 in the first quarter of 2018, which we've consistently excluded from our non-GAAP results.

The recognition of this revenue not only increased total company and technology GAAP revenue, but flowed through to all other GAAP operating profit metrics, including total company and technology gross margin and operating profit margin as well as total company EPS. But again, we've consistently excluded the impact from our non-GAAP results.

In the first quarter of 2018, the initial adoption of ASC 606 had a positive impact of 1,700 basis points and 2,480 basis points on Technology growth and operating profit margin respectively, and 700 basis points on total company operating profit margin. Additionally, as we previously discussed, 2018 revenue benefited from reimbursement of restructuring expenses at our check-processing joint venture, which continued during first quarter of 2019. These 2018 and 2019 benefits are excluded from non-GAAP results.

Please turn to slide 7, which shows some of the key financial takeaways and I'll provide additional details throughout the rest of this discussion. We were pleased to see continued momentum on the go-to-market front for the total company and for Services, as well as higher Technology contribution to margin than anticipated.

GAAP revenue in the first quarter of this year was \$695.8 million versus \$708.4 million in the prior-year period, reflective of the \$53 million ASC 606 impact I just mentioned. However, even with the revenue uplift in the prior year period on a constant currency basis, total company revenue grew 2.3% year-over-year.

Non-GAAP adjusted revenue also grew 5.9%, the highest quarterly growth we've seen since 2014. This revenue growth was helped by many large Services deals that we signed in 2018. Services revenue grew 7.7% year-over-year or 11.7% in constant currency.

Non-GAAP adjusted Service revenue grew 7.3%, the fourth consecutive quarter of growth and the highest quarterly growth we've seen in this segment since 2003. Services backlog was stable year-over-year at \$4.7 billion, one of the highest levels we've seen in recent quarters.

As we noted on our year end call, we expected the first quarter of this year to be light for Technology revenue due to the ClearPath Forward renewal schedule. As expected, we saw year-over-year decline in Technology revenue both due to ASC 606 impact of \$53 million and the ClearPath Forward renewal schedule.

Technology revenue was \$83.7 million in the first quarter versus \$139.9 million in the prior-year period, but was only down 3.7% year-over-year on a non-GAAP adjusted basis. Technology operating profit margin was 34.1% in the first quarter of this year versus 54.7% in the prior-year period due to the flow-through impact of ASC 606, which helped Technology operating profit margin by 2480 basis points in the prior-year period.

However we saw Technology non-GAAP adjusted profit dollars grow 1.4% year-over-year despite the modest decline in Technology non-GAAP adjusted revenue, helped by a higher mix of software versus the prior-year period.

Now turning to slide 8. We've already discussed revenue trends. So I'll move to our first quarter total company operating profit margin, which was 6.2% versus 14.4% in the prior-year period, reflective of non-recurring adjustments acquired by ASC 606, contributing 700 basis points to the operating profit margin in that prior-year period.

On a non-GAAP basis, operating profit margin for the first quarter was down just 80 basis points year-over-year to 6.4% with the decline due mostly to the impact of new business within Services. As we've discussed, while critical to longer-term success for the company, new Services business particularly within managed services can have a short-term impact on margin as the contracts are ramping up.

In the first quarter of 2019, this weighed on Services gross margin by 180 basis points. I would note, however, that in the first quarter, our new business signings had a positive contribution profit on a dollars basis.

Net income margin was negative 2.8% versus 5.7% in the prior-year period with the compare impacted by the non-recurring adjustment required by ASC 606, which contributed a 680 basis points to net income margin in the prior-year period as well as the effect of 180-basis-point impact of new business on Services gross profit margin in the first quarter of this year.

First quarter adjusted EBITDA margin was 11.9%, down 230 basis points year-over-year, also impacted by new businesses and Services. As you can see, the year-over-year decline in adjusted EBITDA margin is greater than that for non-GAAP operating profit margin due to lower depreciation and amortization in the first quarter of 2019 as compared to the prior-year period.

You can also see that the diluted loss per share for the first quarter 2019 was \$0.38 versus diluted earnings per share of \$0.62 in the prior-year period.

Prior-year period net income included \$47.7 million or \$0.76 diluted share related to the initial adoption of ASC 606. Non-GAAP diluted EPS was \$0.15 versus \$0.19 in the prior-year period, driven by similar factors as non-GAAP operating income.

As we've discussed, Unisys incurs taxes in certain foreign jurisdictions, largely for withholding in income taxes. It's important to remember that while typically the convention is to think about modeling taxes based on net income, for us it tends to be more correlated to international revenue. Historically, this foreign tax expense has been between approximately 3% and 5% of international revenue. The associated cash tax has been somewhat less driven by our ability to utilize tax assets in certain jurisdictions.

As we turn to slides 9 and 10, you can see the revenue trends for quarter by region and by sector. We're pleased that on a non-GAAP basis, we saw all regions grow year-over-year in constant currency with the exception of Latin America, which was impacted by the ClearPath Forward renewal schedule in the period. However, this region did see service revenue growth on a constant currency basis.

Overall, the euro and the Australian dollar weighed most heavily on results as reported in the first quarter. You can see this impact the number shown here with the impact of currency considered, EMEA still showed non-GAAP revenue growth year-on-year. We also saw non-GAAP revenue growth for all sectors in the first quarter. With the exception of U.S. Federal, which Peter provided some color on, given the recent large contract wins and strong backlog growth in that sector that he noted, we're expecting to see revenue growth in the mid-to-high teens from U.S. Federal for the full year 2019.

Please turn to slide 11 for more detail on our segment results. As we noted, first quarter growth in Service revenues was the strongest we've seen since 2003. As expected, we continue to see the impact of new managed services contracts that are in various stages of implementation, weighing on margins. We expect this trend to moderate over the rest of 2019 as the deals we signed in 2018 begin to contribute more to Services margin as the year unfolds.

We maintain our focus on expanding our margins over the longer term, including through continued implementation of automation, improving the cost profile of our labor force and driving further improvements into the real estate portfolio. As we noted on our last call, during the fourth quarter of 2018, we identified several opportunities for improvement in our cost structure, which resulted in a restructuring charge. These actions are expected to yield

annualized cost savings of approximately \$30 million and the majority of the restructuring charges for these actions were taken in the fourth quarter of 2018.

Total restructuring cash payments incurred in this period, which included these initiatives was \$14.3 million. As you may recall, last year we saw significant growth in our Services backlog, which we noted was not necessarily sustainable, nor was it needed to achieve our near-term revenue goals. Specifically, in the first quarter of last year, we saw a 26% growth in Services backlog to one of the highest levels we've seen in recent quarters. And this metric remains stable in the first quarter of 2019 year-over-year at \$4.7 billion.

We view this metric as healthy and believe it positions us well to achieve our near-term goals. Of the \$4.7 billion, we expect approximately \$584 million to convert into Services revenue in the second quarter of this year. I've already covered the revenue and margin trends in Technology for the quarter, so I won't repeat those. As we look to the rest of the year, given our first quarter results, we expect to see first half/second half revenue split of approximately 40% and 60%, which is roughly in line with what we've seen in recent years. We're still expecting 2019 non-GAAP adjusted Technology revenue to be stable year-over-year.

Turning now to slide 12, which provides more detail on EBITDA and cash flow. We've already discussed adjusted EBITDA, but I'll provide a little bit more color on depreciation and amortization. Depreciation was lower year-over-year by \$2.3 million due to the reduced real estate footprint, which is consistent with the strategy that we discussed on our last call with respect to ongoing cost structure improvements.

Amortization was lower by \$4.4 million due to a determination that our ClearPath Forward software has a longer useful life than had previously been assumed. The previous assumed life for this software was three years in effective January 1, 2019; it is now five years. The relevant amortization period has been adjusted accordingly.

While adjusted EBITDA is obviously before these items, they help explain why there is a more significant year-over-year change in adjusted EBITDA than in non-GAAP operating profit margin. I'll now spend some time on cash flow. As you know, the first quarter of the year often results in use of cash in part due to the timing of variable compensation payments. This was true this year with cash used in operations of \$70.4 million versus \$50.2 million in the prior-year period.

This usage was higher year-over-year largely as a result of two factors. First we had the opportunity to benefit from discounted pricing on certain startup costs associated with one of our large public sector contracts that we prepaid those expenses.

Second, operating cash flows was impacted by the collection timing for some large Technology and U.S. Federal contracts that closed late in the quarter. As you know, given the size of many of our contracts timing of collections can have a meaningful impact on quarterly cash flows. For example, there was one large U.S. Federal contract that was signed in the first quarter of this year for which we received cash on April 1 as opposed to March 31.

Adjusted free cash flow was a use of \$95.9 million versus the use of \$50.8 million in the prior-year period. In addition to the operating cash flow items I just described, CapEx increased year-over-year in part as a result of new business that we've signed. As we've mentioned previously, we continue to target a CapEx-light model over time. However, the dollar amount of these requirements will naturally increase as revenue grows. Our target for CapEx intensity remains in the 5.5% to 6.5% of annual revenue range.

The first quarter amount was higher than this due to the seasonality of revenue versus the required CapEx spend, but we're still targeting this range over the near term with a goal of approximately \$170 million for the full year 2019.

I would also note that, as you know, we've updated our pension valuations at the end of each calendar year, including estimated future cash contributions, which impact cash flows in future periods. While we don't intend to formally increase the frequency with which we update these valuations, this year, those calculations were performed following a period of challenging market conditions that saw significant reversals in the early part of 2019.

Given these changes and the impact they would have had on calculations, we wanted to provide some color. The slides we have provided, therefore, have not been updated to reflect these changes as we only update those slides once a year. For this informal update, we've only adjusted for asset returns during the first quarter based on market conditions as of March 31, 2019.

Our projected cash contributions for the five years would have been lower than year ended 2018 projections and actually lower than the projections as of year-end 2017. Contribution estimates for the period from 2020 through 2024 would have been lower by approximately \$225 million as of March 31, 2019 compared to the year-end 2018 projections and would have been approximately \$60 million lower versus the year ended 2017 projections.

The \$225 million improvement versus year-end would have a more modest impact on the first four years of the noted period. With the annual improvement increasing each year and approximately half of that benefit coming in the fifth year. Additionally, with respect to the pension deficit although the corporate bond yields that we use for valuation purposes have come down for the first quarter of 2019, strong return on assets have offset this impact. So the combination of those two factors would have also lowered pension deficit by approximately \$50 million versus the year ended amount as calculated at the end of March.

Overall, we're pleased with the start for 2019, including a strong go-to-market momentum. As Peter noted, we're raising guidance for non-GAAP adjusted revenue for the full-year 2019 and we're reaffirming guidance on non-GAAP operating profit margin and adjusted EBITDA margin. For non-GAAP adjusted revenue, we're raising our range from a positive 1% to a positive 4% year-over-year growth to a positive 2% a positive 5% year-over-year growth or \$2.82 billion to \$2.9 billion. For non-GAAP operating profit margin, we are reaffirming our range of 8.25% to 9.25%. And for adjusted EBITDA margin, we are reaffirming our range of 14.4% to 16.0%. The primary reason for increasing our guidance range with respect to non-GAAP adjusted revenue is the strength we've been seeing in new businesses and the revenue it is beginning to contribute.

While we expect this new business to continue having impact on margins in the short term, we still expect to be within the ranges noted for profitability. As we look to the remainder of the year, we maintain a sharp focus on cost controls and operational efficiencies.

Question & Answer Section

Q – Joe Vafi – Loop Capital Markets LLC: Hey, guys, good afternoon. Nice to see the Services business momentum. Peter, can you go back to that Brazil deal you were talking about on a ClearPath and that renewal. And how are ClearPath renewals looking in terms of convincing these banks, especially these banks to step up again and maybe a little more color on the thought process of the Brazilian client? And then, I have a follow-up.

A – Peter Altabef – Unisys Corp.: Sure. Well, as Mike indicated, we think that the ClearPath business as a whole is relatively stable from 2019 compared to 2018. Renewal cycles vary from year to year and they vary from quarter to quarter because these are dependent on when they come in.

With respect to the Brazilian bank, in particular, we did mention that also in the press release, Joe, so you can get the specific name there, it's really a good example of the way we're approaching the business. So that is a bank that historically has used ClearPath Forward as an operating system for some of its applications, but not for all of its applications. And so what we've done there is, in addition to extending and renewing the license there, we're expanding it, because there are applications that can be put onto ClearPath Forward or ClearPath Forward related applications, they weren't taking advantage of.

So specifically, with respect to loan processing, we've got a bevy of things that banks can do with their core processing. And so we're actually expanding our footprint in that Brazilian bank. That's a little different from, let's say, using Elevate. So most of the ClearPath Forward – what we're talking about in that Brazilian situation is what I call a back-end core banking system. The promise of Elevate, which we just announced a major new release this quarter, is really on the front-end. It's that omnichannel, which really faces the customer.

And the idea behind open banking system, which is our omnichannel approach to banking, is at this point banks really want best of breed. And there are a ton of FinTechs out there that are really putting in some really interesting innovative way. There is an article in the paper this morning, I think you saw that FinTechs are finally striking the core banks.

Well, by using Elevate, we're allowing banks to take advantage of these FinTech innovations by actually kind of a plug-and-play approach. So that's kind of a Yin and Yang, if you will, of our financial sector, which is strengthening the core banking, the kind of behind-the-scenes large processing approach, while also being pretty innovative at allowing people to start doing customer-facing banking, which Unisys historically has not been engaged in.

Q – Joe Vafi – Loop Capital Markets LLC: Sure. That's helpful, Peter. And if you kind of – if you looked at that banking and that ClearPath installed base, say, versus a year ago and susceptibility to replacement by, let's call them, other platforms, banks are moving away from ClearPath. How are you thinking of doing on protecting that installed base?

A – Peter Altabef – Unisys Corp.: Yeah, Joe, that's a great question. I think we've been pretty consistent for – I joined the company in 2015. And I think we did an evaluation even by the end of 2015. We have a very strong customer base in ClearPath Forward. There is always pricing pressure. In that, we have a very strong renewal rate. That said, we do expect ClearPath Forward licensing revenue to go down marginally year-after-year. The rate of decline has diminished substantially in the several years that I've been here and then Mike has been. But we do still expect that ClearPath Forward licensing revenue to decline somewhat year-over-year.

Now, that is offset in our Technology sector by other licensing revenues such as Stealth licensing revenue, which we expect to increase. If we take a step back and look at ClearPath Forward in its totality, not just the licensing part, but the warranty work and especially the services work we do on top of ClearPath Forward, over the past several years, the entirety of ClearPath Forward revenue has actually been increasing.

When we look at the entirety of ClearPath Forward revenue, we expect that to be relatively stable for certainly the midterm. So it's very strong part of the company. It's an important part of the company. It's not a part of the company we count on as a growth driver.

Q – Joe Vafi – Loop Capital Markets LLC: Fair enough. That's good color, Peter. And then, just on Stealth. Is there any updates there in terms of reaching out that product into perhaps larger distribution? It doesn't really seem to be that competitive with firewall, it's kind of complementary. And just wonder if there is any updates that you can potentially provide us there?

A – Peter Altabef – Unisys Corp.: Absolutely, Joe. And in fact, I alluded to a few of those in my remarks. Historically, as we think about Stealth, we've thought of it kind of with two legs of the stool. And what you're seeing now is us very assertively adding the third leg. And I'll explain why we're doing it now as well. So the first leg has really been Stealth as a standalone offer either from a license standpoint, or as built into services as a SaaS offering. We have Stealth as kind of a core as well as Stealth identity.

The second leg of the stool is really the way that adding Stealth differentiates our overall offerings. So we have been able to sign a much larger deals. Part of the momentum you're seeing in our TCV and ACV sales is that in addition to an ordinary course world, we're putting Stealth into those bigger deals and it is being a very, very positive differentiator for us. So that's the second leg of the stool.

The third leg of the school is really starting – I want to say last quarter of 2018 on the promise of Stealth 4.0. So Stealth 4.0, which was launched only in the first quarter, actually provides Stealth a much closer to a plug-and play environment. It now plays very well with third parties. So you saw me actually refer to three efforts – more than efforts, I mean, wins for us to expand what I call the distribution type of stuffs.

So we now actively have Stealth engaged in the LogRhythm environment, in the Palo Alto Networks environment, and as of yesterday, in the Dell EMC environment. So these are big deals for us. And we think over time this will really expand that distribution pipe for Stealth. So the question might be why now? And it really is because with Stealth 4.0, we've achieved that close to plug-and-play environment we never had before, it's come an incredible way over the last several years. And in addition to that plug-and-play aspect, or the easier to configure aspect, we've added something called Dynamic Isolation, which is almost taking the idea of Stealth and turning it on its head.

When the product was imagined, it was really imagined as a very defensive product. So that we would compartmentalize data, we would compartmentalize assets, we'd really prevent people from getting to assets and really protect crown jewels. So in addition to relying on firewalls, if somebody got through your firewall or if they were already inside your firewall, they could still have access only to bits of data and not all the data that would be of import to that. That's been the premise of Stealth really since day one.

What we've done now is, say, well, that's an interesting premise, but most important to companies is how do they kick people out? How do they stop people from doing damage or rummaging around the network? So the idea behind Dynamic Isolation is to take this community of interest idea, which has always been part of Stealth, was to limit the access to the specific communities that need access to the data to as soon as we identify a bad actor that identification is done through LogRhythm, it's done through Palo Alto. That's what those folks do.

But as soon as they identify a bad actor or now through Dell EMC, we can use Stealth to basically close the door on them and create a community of one. So they [ph] itself (00:45:02) get isolated inside their own little world. So we can lapse the world on them. And the promise of this what makes this so exciting to all these third parties and why people are jumping at this and this distribution pipe is increasing is because this allows the non-affected part of the network to continue to remain operational.

So the idea would be rather than have an incident where you then have to throw away every bit of hardware you have, you can really isolate the damage as soon as you identify the bad, either device or the bad identity of the player, you use Dynamic Isolation to collapse it. That's really a change in the way we've thought about Stealth, and it too becomes effective with the new Version 4.0.

Q – Joe Vafi – Loop Capital Markets LLC: That's great. Sounds very, very promising, Peter. That's great. And then maybe, Mike, welcome on-board. Maybe just one quick one. I know you're not doing cash flow guidance at this point. And I know you're continuing to see good strength and new contract awards that probably have upfront capital requirements. Is this kind of run rate on capital additions and CapEx? Do we kind of expect this cadence for the rest of the year? I know you've got longer term goals, but just trying to get a sense of CapEx over the next few quarters. Thanks.

A – Mike Thomson – Unisys Corp.: Thanks, Joe, for the kind words upfront. And I guess, I would say to you that in my remarks we talked about CapEx for the year, and we know we've given that color at year end and we are giving it again that we think the full-year value of CapEx should be in the \$170 million. The CapEx that you saw in Q1 was a little higher, not unexpectedly higher just really due to the kind of cadence in which the revenue or the seasonality of the revenue came into play versus the need on the CapEx.

I did note too that we had some additional spend in Q1 related to some prepaids. So we prepaid some CapEx on a large public deal, so we can get it at a discount, which should further help our margin expansion efforts. And we would expect again with the full-year being at the \$170 million range and our total CapEx to be between 5.5% and 6.5% of total revenue.

A – Peter Altabef– Unisys Corp.: And, Joe, if I could just add a little more color to that as well. And Mike has been in the middle of this effort even before he moved into his new role. There is the accounting side of CapEx, there is also the cash implications. And as we saw last year that we were becoming much more successful in signing new business and some of that business was more cash-intensive, in particular the public sector business.

We began to revisit really hard how we were financing some of this CapEx. So again, there is a difference to what goes on your books and what doesn't go on your books. But from a cash standpoint, one of the efforts that we have underway for new deals is to bring in third-party cash financing much earlier in the process, in a much, we think, more energetic way of working with select partners to bring cost of that cash down, and actually going back into some of those existing deals and refinancing some of the deals we sold last year also to increase cash flow.

So in addition to CapEx, we're working really hard on the cash side of that.

Q – Jon Tanwanteng – CJS Securities, Inc.: Hi, Peter. Nice quarter. And Mike, congrats on your first one in the CFO seat. My first question is, when can we see the margins of the large products that you've taken on start to normalize and start to be accretive and start to be dilutive to your Services margin profile?

A – Peter Altabef – Unisys Corp.: It's a great question. I would say, one, these are staggering, right? So these new contracts are coming in over time. The first ones really came in very, very late in 2017. They came in throughout 2018. As you could see from our contracts, this quarter, we signed almost \$990 million of new stuff this quarter. So one way to look at this, and I think a more effective way is actually looking at it in a staggered way based of when the contracts signed.

Often, you will have contracts that in the first 12 months are frankly dilutive. They don't add anything to profitability. And then sometime in the 12 to 15 to 24 months they get more and more profitable, you would expect to close to profitable run rate by 24 months. And that's not scientific for every one of these, but you'd expect two years into this to be operating close to what you would expect to see, at least as an average profitability over the term.

And then towards the end of the term, it would go above average. But that would counterbalance the below average in the beginning. So it's really more of a contract-by-contract approach rather than it is for – to look at the whole thing [indiscernible] (00:50:58). Now that is ameliorated in the U.S. Federal market, where you don't have as much of a negative in the front or as much of a positive in the back. The U.S. Federal profitability has some variability but not nearly the amount we see in the non-U.S. world.

Mike?

A – Mike Thomson– Unisys Corp.: Yeah, no. I think you hit it spot on, Peter. It's really a matter of time and it's contract-specific and some implementations are more complex than others. And the size of each deal has impact on that as well. So as we noted in our prepared remarks that we think that we'll see some modest recovery throughout the year in expansion into our margin. But I think the timeframes that Peter alluded to are spot on.

Q – Jon Tanwanteng – CJS Securities, Inc.: Great. Thanks so much for the color. And just regarding your comments on mid-teens growth in the Federal market for this year, is that all with projects in hand and in the backlog? And are you really seeing that in Q2? Or do you expect to actually win to more projects to get to that rate?

A – Peter Altabef – Unisys Corp.: Jon, that's a great question, too. So all of our sectors, whether it's federal, public, commercial or U.S. Federal all have a blend of long-term work and short-term work. And if you go to the Investor Relations snapshot that we show, you can see again I would suggest non-GAAP, because it's the cleanest. But if you go over there, you'll see that of our total revenues 73% of what we call recurring, 15% are non-recurring Services and 12% are Technology, which is really at this point the vast majority that is software licensing.

But that 15% non-recurring is really short-term project. And that short-term project work appears throughout our business, including U.S. Federal. So it'd be wrong to say we have all of that locked and signed, because we do expect and rely on that level of project work. But based off what we've already seen, we would not have given out that mid to upper-teens numbers, if we didn't have confidence in it. The real fly in that ointment would be, if there's some government shutdown before the end of the year or whether there's issues with respect to the federal budget, that's not foreseen and it's not in our estimate. But other than that, we feel good about that range of revenue in U.S. Federal. And again, and that is all organic.

A – Mike Thomson– Unisys Corp.: Maybe one thing there, Jon, we're expecting to see that Federal growth start in Q2. So that's how confident we are in those backlog and those signings.

Q – Jon Tanwanteng – CJS Securities, Inc.: Great. Appreciate that color. And then finally, just given your 6% growth in Q1 and your 2% to 5% guidance for the year, are you expecting any slowdowns or just difficult comps coming up, is there any reason why you're a little bit more conservative given the run rate you've achieved in Q1 even with the Federal slowdown?

A – Mike Thomson– Unisys Corp.: Yeah. Well, I think consistent with the discussions that we've had today, it's really about the new business and the time it takes to ramp that new business up. So the take-up on the revenue side is going to have a little bit of drag on the margins. So from our perspective, it's very consistent to what we've seen over 2018 and moving into 2019. So nothing in particular outside of that.

Peter Altabef, CEO

Okay. I'd like to thank everybody for joining. As I alluded to in the question that Jon just gave, we do have a bevy of materials available on the Web for you in the Investor Relations site including the snapshot. And I'd offer all of that to you as well as our Investor Relations team, Courtney and Dan are ready to have conversations with you and Mike and I do as well.

One of the items we have done over the past quarter and I think you've seen some of them as we've also had a series of blogs that highlight different parts of the business, we think would be of interest to investors to really understand what we're doing at a deeper level. Those blogs are available. And I call them blogs, but technically they're webinars. And so those webinars are available from our Investor Relations site. There is now a basically a library of them and we really encourage you if you want to deeper dive into parts of the business to take a look at that as well.

With that, we look forward to continuing dialog.