



# First-Quarter 2016 Financial Results

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Peter Altabef | President & CEO  
Janet Haugen | SVP & CFO

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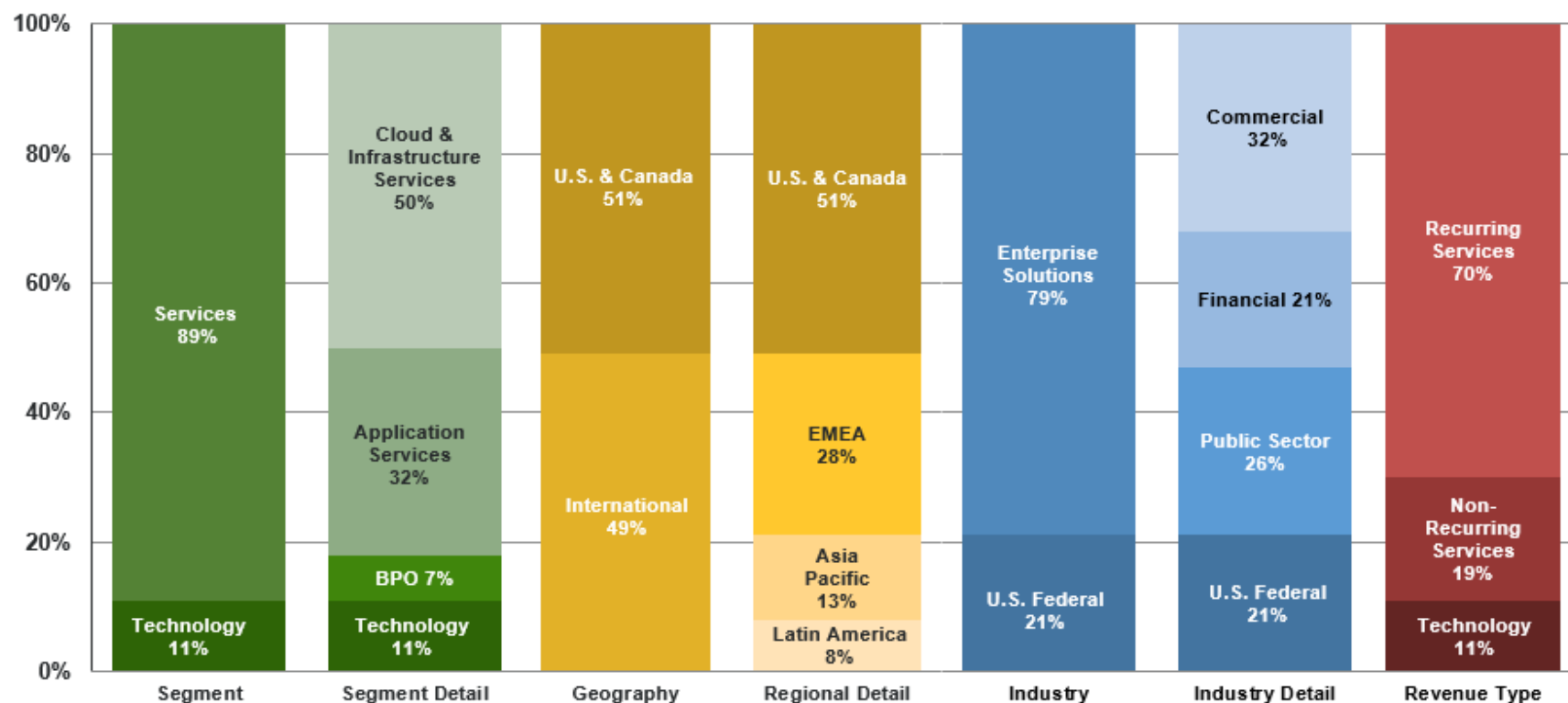
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- This presentation also includes non-GAAP financial measures including Constant Currency, non-GAAP Operating expenses, non-GAAP Diluted Earnings per Share, Free Cash Flow, EBITDA, and Adjusted EBITDA. Definitions of these non-GAAP financial measures and reconciliations to GAAP measures are included in this presentation.
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# Financial Results

\$M (excluding EPS)	1Q16	1Q15	Y/Y Ch
Services Revenue	\$595	\$639	(7%); (2%) in CC
Technology Revenue	\$72	\$82	(13%); (10%) in CC
Total Revenue	\$667	\$721	(8%); (3%) in CC
Operating Expenses (SG&A plus R&D)	\$126	\$147	(14%)
Non-GAAP Operating Expenses*	\$104	\$139	(25%)
Operating Profit Margin	(4.1%)	(4.2%)	10 bps
Non-GAAP Operating Profit Margin**	2.9%	(0.3%)	320 bps
Diluted Loss per Share	(\$0.80)	(\$0.87)	--
Non-GAAP Diluted Earnings (Loss) per Share***	\$0.11	(\$0.32)	--
EBITDA****	\$13	\$15	(16%)
Adjusted EBITDA****	\$60	\$43	39%

See Schedules \*A, \*\*B, \*\*\*C & \*\*\*\*E: GAAP to non-GAAP Reconciliation

# Unisys Revenue Profile - 1Q16



Regional Detail	1Q16 Y/Y	Constant Currency
U.S. & Canada	(4%)	(3%)
EMEA	(13%)	(8%)
Asia Pacific	1%	9%
Latin America	(20%)	8%

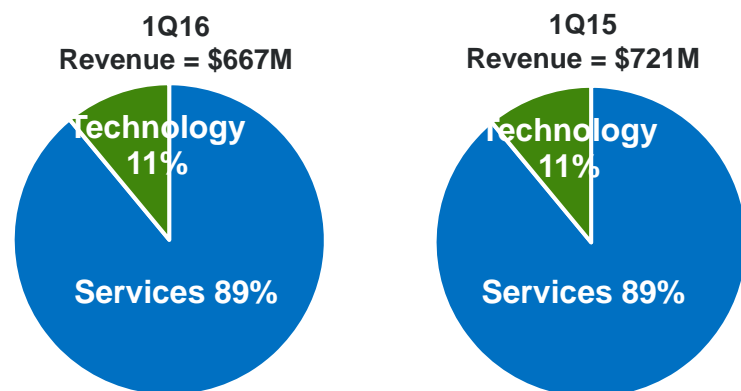
Industry Detail	1Q16 Y/Y	Constant Currency
Commercial	(11%)	(6%)
Financial	(18%)	(9%)
Public Sector	(2%)	2%
U.S. Federal	5%	5%

# Segment Results – 1Q16

## Segment Revenue

- **Services Revenue**
  - Down 7% Y/Y;  
Down 2% in constant currency
- **Technology Revenue**
  - Down 13% Y/Y;  
Down 10% in constant currency

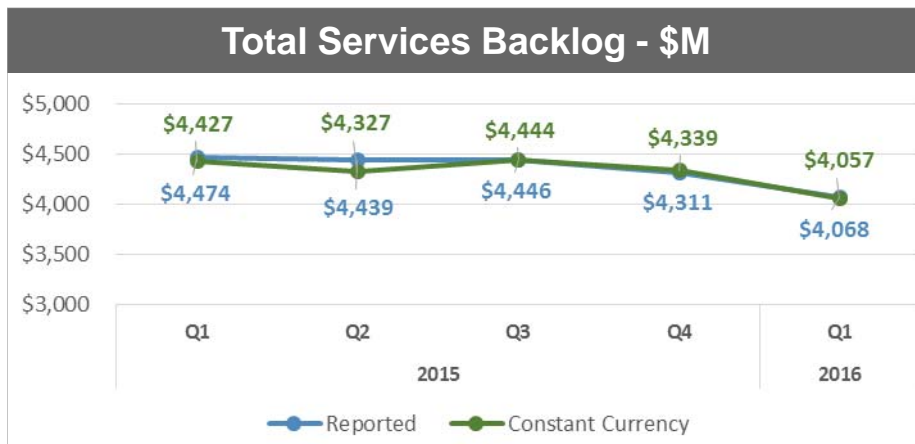
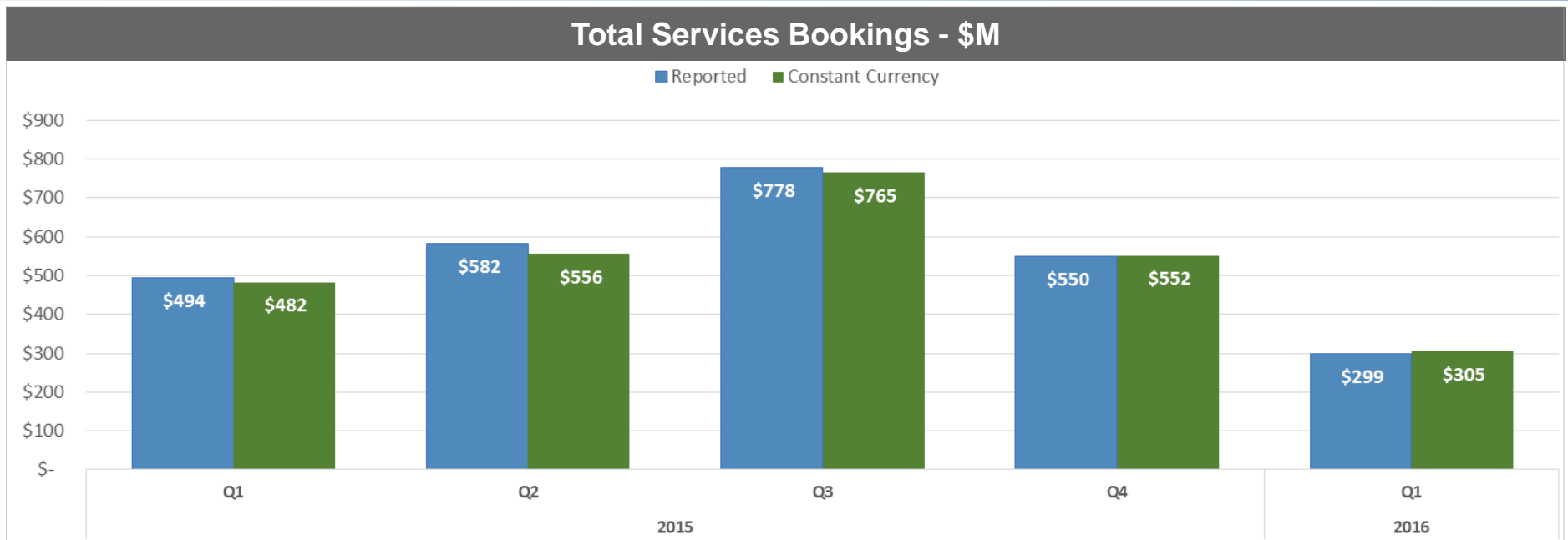
## Revenue Mix



## Segment Results

\$M	1Q16	Y/Y Ch
<b>Services Segment</b>		
Services Revenue	\$595	(7%)
Services Gross Profit Margin	14.2%	10 bps
Services Operating Profit Margin	0.7%	200 bps
<b>Technology Segment</b>		
Technology Revenue	\$72	(13%)
Technology Gross Profit Margin	48.6%	(100 bps)
Technology Operating Profit Margin	18.1%	1,290 bps

# 1Q16 Services Bookings and Backlog



- Closed 1Q16 with \$4.1B in services backlog; Down 9% Y/Y; 8% in constant currency
  - \$545M of services backlog expected to turn into 2Q16 Services revenue

# Cash Flow Comparison

\$M	1Q16	1Q15
Cash Flow From Operations	\$24	(\$43)
Capital Expenditures	\$36	\$58
Free Cash Flow*	(\$12)	(\$101)
Pension Funding	\$32	\$39
Cost Reduction Payments	\$18	\$0
Adjusted Free Cash Flow*	\$38	(\$62)
Depreciation & Amortization	\$37	\$41
EBITDA**	\$13	\$15
Adjusted EBITDA**	\$60	\$43

See Schedules \*D and \*\*E: GAAP to non-GAAP Reconciliation

# Capital Structure

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- Issued \$214M of Convertible Senior Notes due 2021
  - \$190M issued in 1Q; ~\$160M net proceeds
  - \$24M over-allotment exercised in 2Q; ~\$20M net proceeds
- Enhances liquidity and flexibility
  - \$210M 6.25% Senior Notes maturing August 2017
- Annual coupon rate of 5.50%
- Conversion rate with over-allotment corresponds to 21.9M shares
  - Initial conversion price \$9.76 per share (22.5% conversion premium)
- Conversion may occur in cash, shares, or combination
- Capped call
  - Expected to reduce potential dilution to the company's common stock and/or offset potential cash payments upon conversion
  - Effective conversion price \$12.75 per share (60% effective conversion premium)
  - Cost of capped call: ~\$24M in 1Q; ~\$3M in 2Q





## Questions & Answers

# Non-GAAP Financial Measures

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**In an effort to provide investors with additional information regarding the company's results as determined by generally accepted accounting principles (GAAP), the company also discusses, in its earnings press release and/or earnings presentation materials, the following non-GAAP information which management believes provides useful information to investors.**

**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.

**Non-GAAP Operating Profit** – Unisys recorded pretax pension expense during the first quarters of 2016 and 2015. During the first quarter of 2016, Unisys recorded a pretax charge in connection with cost reduction actions. In order to provide investors with additional understanding of the company's operating results, these charges are excluded from the operating profit.

**Non-GAAP Diluted Earnings Per Share** – Unisys recorded pension expense, net of tax, during the first quarters of 2016 and 2015. During the first quarter of 2016, Unisys recorded a charge, net of tax, in connection with cost reduction actions. In an effort to provide investors with a perspective on the company's earnings without these charges, they are excluded from the non-GAAP diluted earnings per share calculations.

# Non-GAAP Financial Measures

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**Free Cash Flow** – To better understand the trends in our business, we believe that it is helpful to present free cash flow, which we define as cash flow from operations less capital expenditures. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment.

**Adjusted Free Cash Flow** - Adjusted free cash flow provides free cash flow before the company's pension contributions or cost reduction payments in an effort to provide investors with a perspective on the company's free cash flow generation before these items.

**EBITDA** – Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is an approximate measure of a company's operating cash flow based on data from the company's income statement. EBITDA is calculated as earnings before the deduction of net income attributable to noncontrolling interests, other (income) expense, net, interest expense, taxes, depreciation and amortization, and non-cash share-based compensation expense. Management believes this measure may be relevant to investors due to the level of fixed assets and related depreciation charges. This measure is also of interest to the company's creditors, since it provides a perspective on earnings available for interest payments.

**Adjusted EBITDA** – Unisys recorded pretax pension expense during the first quarters of 2016 and 2015. During the first quarter of 2016, Unisys recorded a pretax charge in connection with cost reduction actions. In order to provide investors with additional understanding of the company's operating results, these charges are excluded from the Adjusted EBITDA calculation.

Schedule A: GAAP to Non-GAAP Reconciliation

## Non-GAAP Operating Expenses

\$M	1Q16	1Q15
Operating Expenses	\$126.1	\$147.0
Pension Expense	6.3	8.5
Cost Reduction Charges	15.4	0.0
Non-GAAP Operating Expenses	\$104.4	\$138.5

Schedule B: GAAP to Non-GAAP Reconciliation

## Non-GAAP Operating Profit

\$M	1Q16	1Q15
Operating Loss	(\$27.6)	(\$30.0)
Pension Expense	20.3	27.9
Cost Reduction Charges	26.9	0.0
Non-GAAP Operating Profit (Loss)	\$19.6	(\$2.1)
Customer Revenue	\$666.8	\$721.2
GAAP Operating Loss %	(4.1%)	(4.2%)
Non-GAAP Operating Profit (Loss) %	2.9%	(0.3%)

## Schedule C: GAAP to Non-GAAP Reconciliation

# Non-GAAP Earnings per Diluted Share

<b>\$M except share and per share data</b>	<b>1Q16</b>	<b>1Q15</b>
GAAP net loss attributable to Unisys Corporation common shareholders	(\$39.9)	(\$43.2)
Pension expense, net of tax	20.6	27.4
Cost reduction, net of tax	24.7	0.0
<b>Non-GAAP net income (loss) attributable to Unisys Corporation common shareholders</b>	<b>\$5.4</b>	<b>(\$15.8)</b>
Interest expense on convertible notes	0.7	0.0
<b>Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share</b>	<b>\$6.1</b>	<b>(\$15.8)</b>
Weighted average shares (thousands)	50,004	49,821
Plus incremental shares from assumed conversion of employee stock plans	134	---
<b>Adjusted weighted average shares</b>	<b>50,138</b>	<b>49,821</b>
<b>Diluted Earnings per Share</b>		
<i>GAAP basis</i>		
GAAP loss attributable to Unisys Corporation common shareholders	(\$39.9)	(\$43.2)
Divided by adjusted weighted average shares	50,004	49,821
<b>GAAP loss per diluted share</b>	<b>(\$0.80)</b>	<b>(\$0.87)</b>
<i>Non-GAAP basis</i>		
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$5.4	(\$15.8)
Divided by adjusted weighted average shares	50,138	49,821
<b>Non-GAAP earnings (loss) per diluted share</b>	<b>\$0.11</b>	<b>(\$0.32)</b>

## Schedule D: GAAP to Non-GAAP Reconciliation

# Free Cash Flow

\$M	1Q16	1Q15
Cash Provided by (Used for) Operations	\$24.2	(\$43.3)
Capital Expenditures	(36.0)	(57.3)
Free Cash Flow	(\$11.8)	(\$100.6)
Pension Funding	31.6	38.7
Cost Reduction Payments	18.0	0.0
Adjusted Free Cash Flow	\$37.8	(\$61.9)

Schedule E: GAAP to Non-GAAP Reconciliation

# EBITDA and Adjusted EBITDA

## Earnings before Interest, Taxes, Depreciation and Amortization

\$M	1Q16	1Q15
Net Loss Attributable to Unisys	(\$39.9)	(\$43.2)
Net income Attributable to Noncontrolling Interests	1.2	2.2
Other (Income) Expense, net	1.2	(4.9)
Non-Cash Share-Based Compensation Expense	3.2	4.4
Interest Expense	4.4	2.6
Income Tax Provision	5.5	13.3
Depreciation & Amortization	37.1	40.7
<b>EBITDA</b>	<b>\$12.7</b>	<b>\$15.1</b>
Pension Expense	20.3	27.9
Cost Reduction Charges	26.9	0.0
<b>Adjusted EBITDA</b>	<b>\$59.9</b>	<b>\$43.0</b>