



Second-Quarter 2020 Financial Results

August 4, 2020

Peter Altabef | Chairman & CEO

Mike Thomson | Senior Vice President & CFO

www.unisys.com/investor

Disclaimer

- Statements made by Unisys during today's presentation that are not historical facts, including those regarding future performance, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and assumptions and involve risks and uncertainties that could cause actual results to differ from expectations. These risks and uncertainties are discussed in the company's reports filed with the SEC and in today's earnings release.
- Forward-looking statements include, but are not limited to, any projections or expectations of earnings, revenues, annual contract value ("ACV"), total contract value ("TCV"), new business ACV or TCV, backlog, pipeline or other financial items; any statements of the company's plans, strategies or objectives for future operations; statements regarding future economic conditions or performance; and any statements of belief or expectation.
- The impact from the rapidly changing market and economic conditions due to the COVID-19 outbreak is uncertain and is expected to impact our business and consolidated results of operations and could impact our financial condition in the future. At this time, we are unable to accurately predict the full impact that COVID-19 will have due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to the business of our customers and partners and other factors.
- Beginning January 1, 2020, the historical results of the company's U.S. Federal business have been reflected in the company's consolidated financial statements as discontinued operations. Prior-period financial statements have been reclassified to reflect the company's U.S. Federal business as discontinued operations. Throughout this presentation we will only refer to the company's continuing operations.
- Although appropriate under generally accepted accounting principles ("GAAP"), 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 certain revenue adjustments and related profit consisting of post-retirement 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; EBITDA and Adjusted EBITDA, Non-GAAP Diluted Earnings per Share; Free Cash Flow and Adjusted Free Cash Flow; Constant Currency, Pipeline and TCV.
- The company's non-GAAP results include adjustments to exclude certain revenue relating to reimbursements from the company's check-processing JV partners for restructuring expenses included as part of the company's restructuring program. For more information regarding these adjustments, please see our earnings release.
- 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.
- These presentation materials can be accessed on the Unisys Investor website at www.unisys.com/investor. Information in this presentation is as of August 4, 2020, and Unisys undertakes no duty to update this information.

Company Insights

Revenue expectations unchanged for the full year 2020 with increased visibility on profitability; high client satisfaction, represented by an industry-leading Net Promoter Score; and strong liquidity after the most challenging COVID-19 quarter

- **Full-year expectations for YoY revenue are unchanged relative to the end of Q1**
 - Model scenarios indicate 10% YoY decline, though results could be better or worse
- **Increased visibility on full-year profitability—company provides first detailed post-COVID-19 perspective on profitability expectations**
 - Model scenarios indicate a range of 5.2% to 6.7%, though results could be better or worse
- **High client satisfaction**
 - Industry-leading NPS of 53 based on April 2020 client satisfaction survey during COVID
- **Ended quarter in a strong liquidity position**
 - \$782M of cash, relative to \$790M at the end of the first quarter

Company Insights

- **Key Revenue Insights**

- Approximately half of revenue decline in the second quarter was due to COVID-related impacts
 - Impacts in line with expectations going into Q2: Field Services, BPO and Travel & Transportation impacted most significantly
 - Business showing signs of improvement relative to COVID-related lows, with operational volumes increasing in each of the most impacted business lines
- Other half of decline driven by intra-year shifts in ClearPath Forward® renewals, currency and expected check-processing JV declines
 - Intra-year shifts in ClearPath Forward contract timing are not expected to impact full-year revenue
 - ClearPath Forward renewal schedule for 2H20 indicates Technology revenue increase vs. 1H20

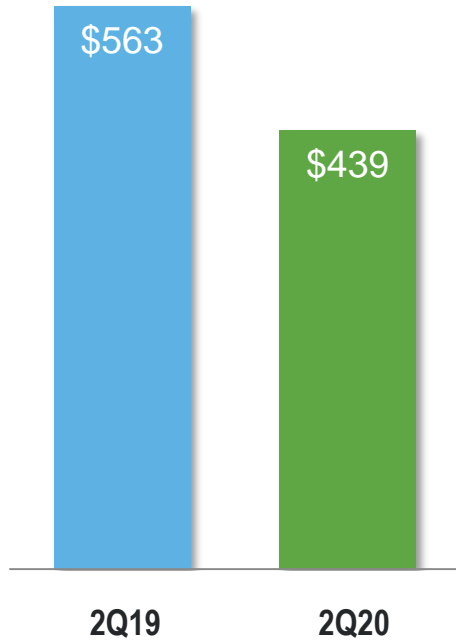
Company Insights

- **Key Profitability Insights**

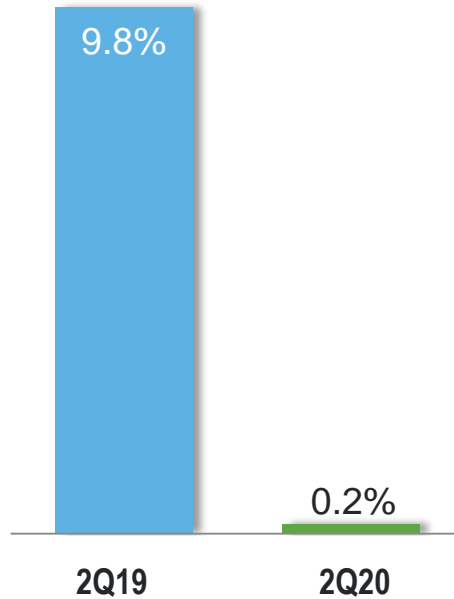
- Lighter ClearPath Forward renewals accounted for 90% of the year-over-year decline in non-GAAP operating profit in quarter, but not expected to impact full year
- Quickly adjusted costs to mitigate the impact of COVID-related revenue declines on margins
 - Services non-GAAP adjusted gross profit margin increased 20 bps YoY and 280bps sequentially vs. Q1

2Q20 Financial Results

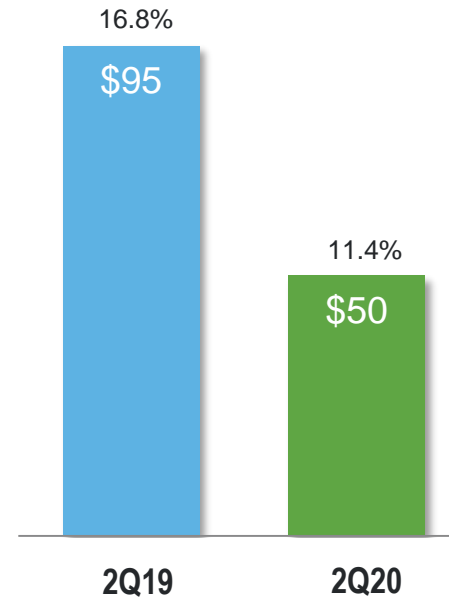
Adjusted Revenue (\$M)
Non-GAAP



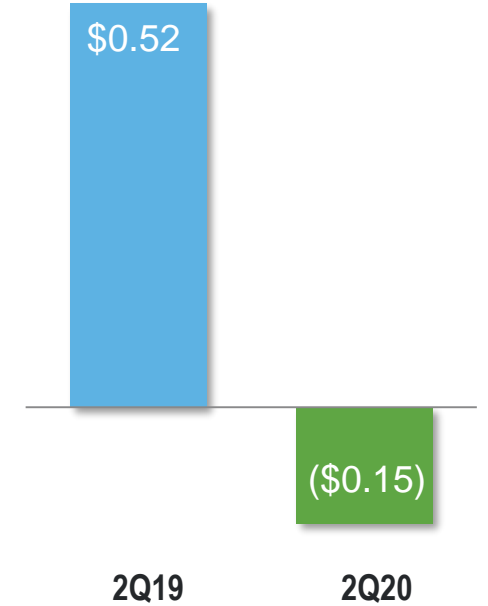
Operating Profit Margin (%)
Non-GAAP



Adjusted EBITDA (\$M) and Margin (%)
Non-GAAP

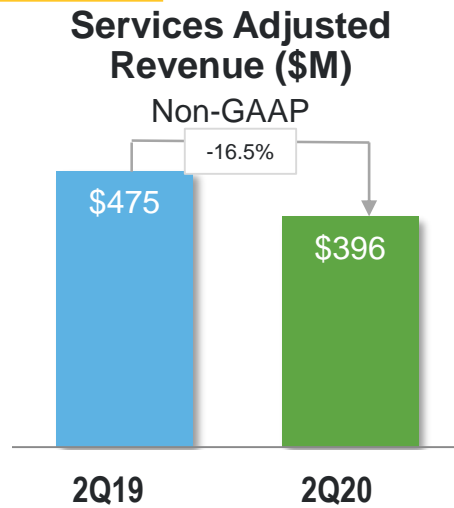


Diluted Earnings per Share
Non-GAAP

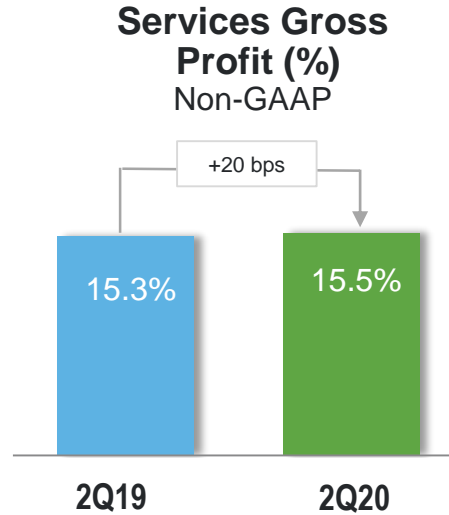


See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures

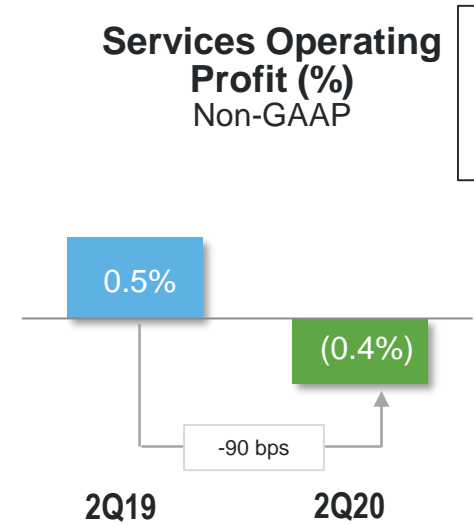
2Q20 Segment Results



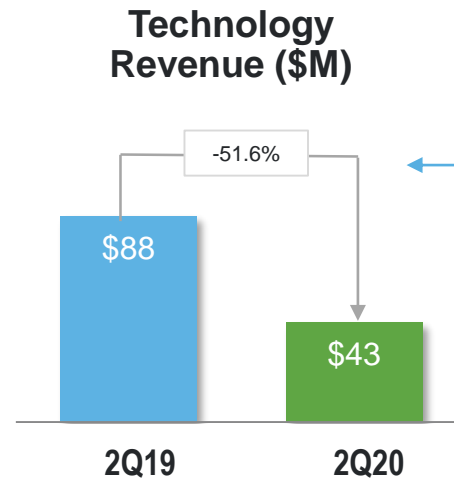
YoY decline largely driven by COVID-19-related impact to field services, BPO and Travel and Transportation + anticipated decline in UK-based check-processing JV



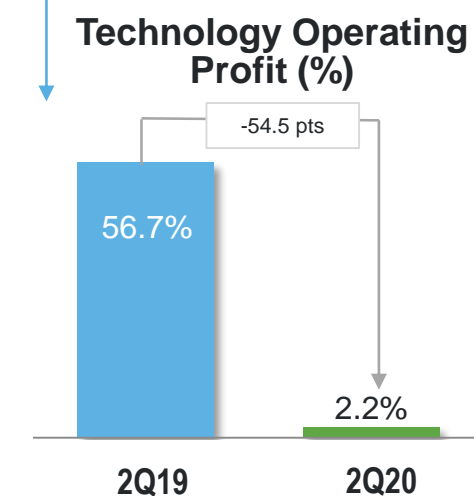
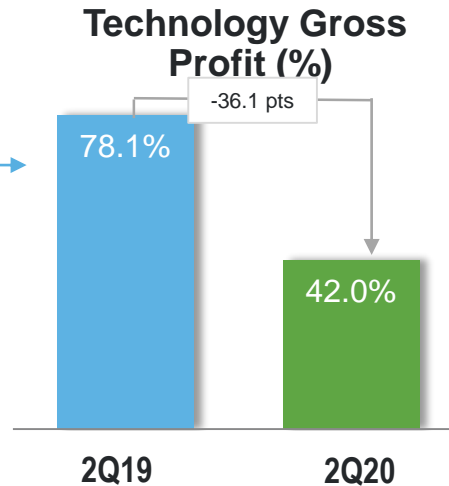
280 bps sequential improvement vs. 1Q20



310 bps sequential improvement vs. 1Q20



Technology revenue and margins impacted by timing of ClearPath Forward renewals: 2 contracts originally expected in 2Q20 were signed in 1Q20, and 2 others were delayed and are now expected in 3Q20



See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures

2Q20 EBITDA and Cash Flow Results

\$M	2Q19	2Q20	YoY Change
EBITDA	\$58	(\$18)	(131.0%)
Adjusted EBITDA	\$95	\$50	(47.3%)
Adjusted EBITDA Margin	16.8%	11.4%	(540 bps)
Operating Cash Flow	\$51	(\$14)	(\$65)
Capital Expenditures	(\$40)	(\$35)	\$5
Free Cash Flow	\$11	(\$50)	(\$61)
Adjusted Free Cash Flow	\$14	(\$37)	(\$51)

See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.



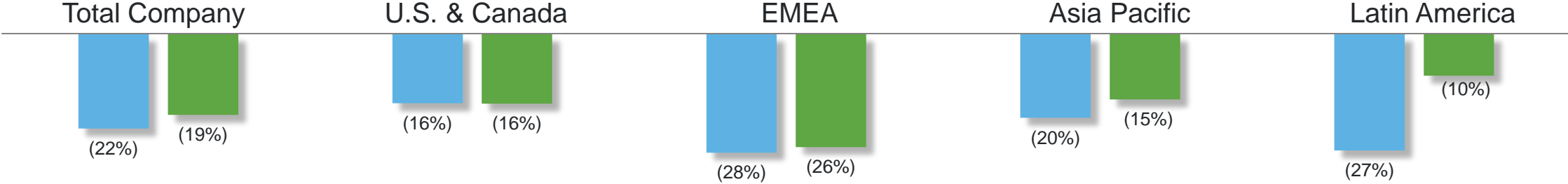
Questions & Answers



Appendix

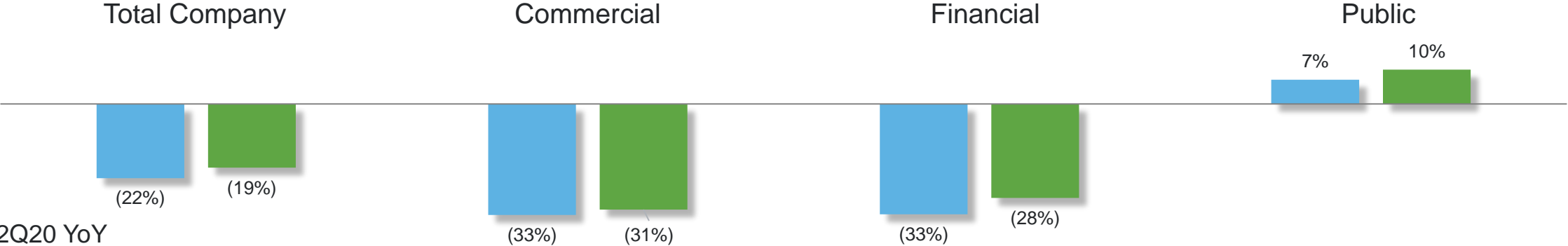
2Q20 Non-GAAP Adj. Revenue Growth by Region and Sector

By Region¹



■ 2Q20 YoY
 ■ Constant Currency

By Sector¹

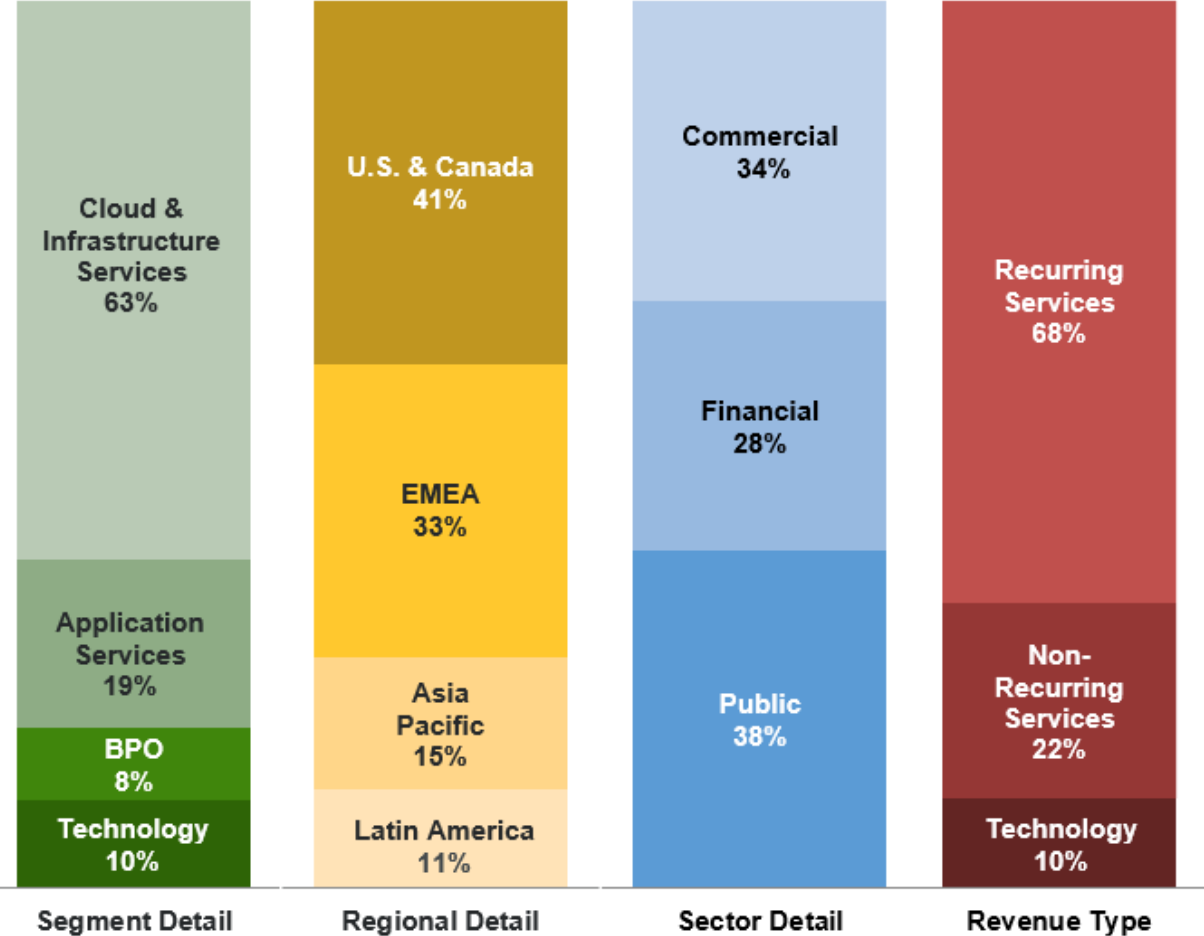


■ 2Q20 YoY
 ■ Constant Currency

1. Numbers adjusted to exclude certain revenue (see additional detail starting on slide 20)

Second Quarter 2020 Unisys Revenue Profile

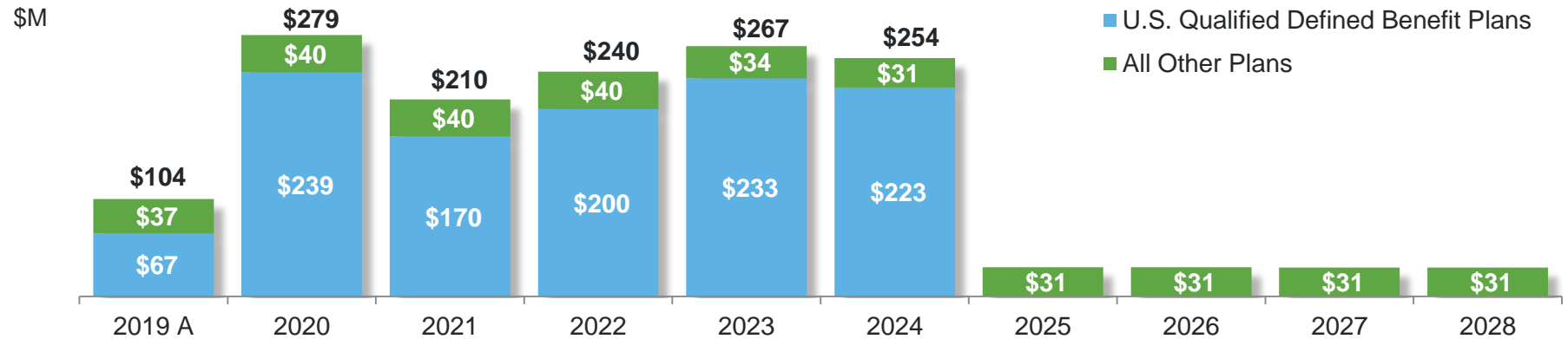
Percent of Second Quarter 2020 Non-GAAP Adjusted Revenue¹



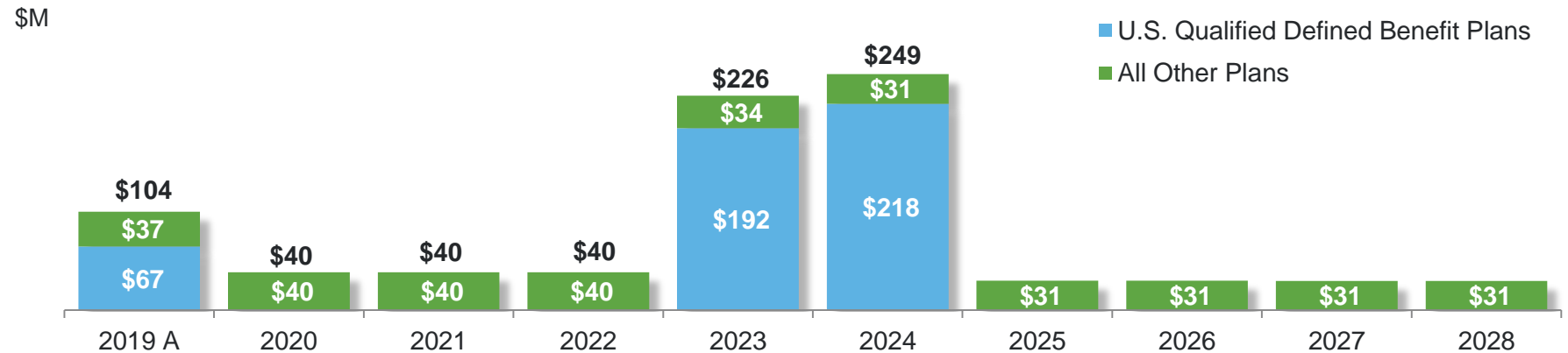
1. Numbers adjusted to exclude certain revenue relating to reimbursement from the company's check processing JV partners for restructuring expenses (see additional detail starting on slide 20)

Estimated Future Pension Cash Contributions Through 2028

Estimated Cash Contributions as of 12/31/19



Estimated Cash Contributions as of 12/31/19 Pro Forma for \$600M Contribution from Proceeds of U.S. Federal Business Sale¹



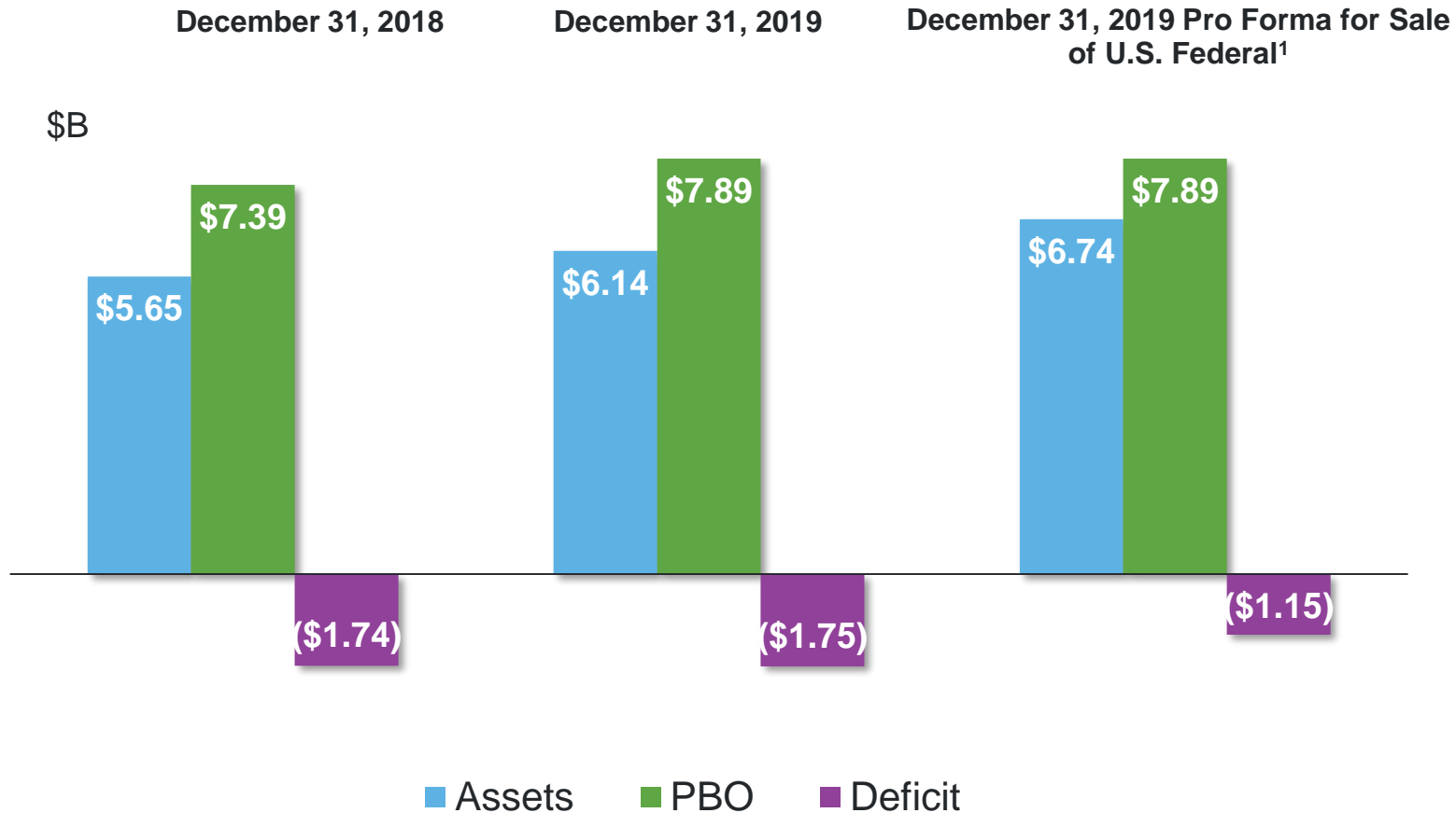
The funding estimates for our U.S. qualified defined benefit pension plans are based on estimated asset returns and the funding discount rates used for the U.S. qualified defined benefit plans as of year-end 2019. The future funding requirements are likely to change based on, among other items, market conditions and changes in discount rates.

Current estimates for future contributions to international plans are based on local funding regulations and agreements as of year-end 2019 and are likely to change based on a number of factors including market conditions, changes in funding agreements, changes in discount rates and changes in currency rates.

Expected future pension cash contributions from 2029 to 2038 are approximately \$300M, all of which are to non-U.S. plans.

1. As of June 30th, 2020, we have contributed \$315M to the U.S. qualified defined benefit pension plans with an additional \$285M assumed to be contributed during the remainder of 2020.

Defined Benefit Pension Plans Funded Status



In accordance with U.S. GAAP, discount rates are set annually at December 31.

¹As of June 30th, 2020, we have contributed \$315M to the U.S. qualified defined benefit pension plans with an additional \$285M assumed to be contributed during the remainder of 2020.

Potential Economic Benefit of Tax Assets

\$M

Description		Net Deferred Tax Assets ¹	Future Available Reductions in Taxable Income
	U.S.		
NOLs and Tax Credits	Net Operating Loss – Federal & State	\$596	\$1,657
	Tax Credits	241	1,148
Pension and Other	Pension	376	1,506
	Other Deferred Tax Assets	<u>60</u>	<u>240</u>
	Total available U.S.	\$1,273	\$4,551²
	Non-U.S.		
Foreign Tax Attributes	Net Operating Loss – Non-U.S.	\$245	\$1,027
	Pension and other – Non-U.S.	<u>100</u>	<u>447</u>
	Total available non-U.S.	<u>\$345</u>	<u>\$1,474</u>
	Total available	\$1,618	\$6,025
	Valuation Allowance ¹	<u>(1,525)</u>	
	Total Net Deferred Tax Asset ¹	\$93	

¹ The elements listed above are for informational purposes only and are based on expectations and assumptions defined in the Form 10-K filed for December 31, 2019. See Critical Accounting Policies – Income Taxes for the assessment of the realization of company's deferred tax assets and liabilities and Footnote 6 in 2019 Form 10-K that was filed on February 28, 2020.

Net Deferred Tax Assets represent the tax effected difference between the book and tax basis of assets and liabilities. Deferred tax assets represent future deductions against taxable income or a credit against a future income tax liability. Deferred tax liabilities represent taxable amounts in future years when the related asset or liability is recovered.

Valuation Allowance - US GAAP requires net deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized. The factors used to assess the likelihood of realization are the company's historical profitability, forecast of future taxable income and available tax-planning strategies that could be implemented to realize the net deferred tax assets. The company considers tax-planning strategies to realize or renew net deferred tax assets to avoid the potential loss of future tax benefits.

² The sale of the U.S. Federal business (closed in March 2020) will reduce future available reductions in U.S. federal taxable income by approximately \$1,031.

Schedule A: GAAP to Non-GAAP Reconciliation

Revenue and Operating Profit

\$M	2Q19	2Q20
Reported revenue	\$569.4	\$438.8
Restructuring reimbursement	(6.5)	0.0
Non-GAAP adjusted revenue	\$562.9	\$438.8
Operating profit (loss)	\$53.0	(\$8.5)
Restructuring reimbursement	(6.5)	0.0
Postretirement expense	0.8	0.8
Cost reduction expense and other charges	8.0	8.5
Non-GAAP operating profit (loss)	\$55.3	\$0.8
GAAP operating profit (loss) %	9.3%	(1.9%)
Non-GAAP operating profit (loss) %	9.8%	0.2%

Schedule B: GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

\$M	2Q19	2Q20
Net income (loss) from continuing operations attributable to Unisys	\$0.7	(\$76.5)
Net income (loss) attributable to noncontrolling interests	3.6	0.0
Interest expense, net of interest income of \$2.9, \$2.4 respectively *	13.3	2.2
Provision for income tax	3.6	9.7
Depreciation	24.5	24.1
Amortization	12.1	22.4
EBITDA	\$57.8	(\$18.1)
Postretirement expense	23.6	24.9
Cost reduction and other charges***	7.0	42.8
Non-cash share-based expense	2.6	2.9
Other (income) expense adjustment**	3.5	(2.3)
Adjusted EBITDA	\$94.5	\$50.2

*Included in Other (income) expense, net on the Consolidated Statements of Income

** 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 expenses

*** Reduced for depreciation and amortization included above & Disposals in Other Expense

Schedule C: GAAP to Non-GAAP Reconciliation

Net Income and EBITDA as a percentage of revenue

\$M	2Q19	2Q20
Revenue	\$569.4	\$438.8
Non-GAAP adjusted revenue	\$562.9	\$438.8
Net income (loss) from continuing operations as percentage of revenue	0.1%	(17.4%)
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation as a percentage of non-GAAP revenue	6.0%	(2.2%)
Adjusted EBITDA as a percentage of non-GAAP revenue	16.8%	11.4%

Schedule D: GAAP to Non-GAAP Reconciliation

Earnings per Diluted Share

\$M except share and per share data		2Q19	2Q20
Net income (loss) from continuing operations attributable to Unisys Corporation common shareholders		\$0.7	(\$76.5)
Post-retirement expense:	pretax	23.6	24.9
	tax	0.0	0.4
	net of tax	23.6	24.5
Cost reduction and other expense:	pretax	7.0	42.8
	tax and minority interest	2.3	0.5
	net of tax	9.3	42.3
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation		\$33.6	(\$9.7)
Add interest expense on convertible notes		5.0	0.0
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$38.6	(\$9.7)
Weighted average shares (thousands)		51,777	63,010
Plus incremental shares from assumed conversion of employee stock plans & convertible notes		22,201	0
GAAP adjusted weighted average shares		73,978	63,010
Diluted earnings (loss) per share			
<i>GAAP basis</i>			
GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share		0.7	(76.5)
Divided by adjusted weighted average shares		52,110	63,010
GAAP earnings (loss) per diluted share		\$0.01	(\$1.21)
<i>Non-GAAP basis</i>			
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share		38.6	(9.7)
Divided by non-GAAP adjusted weighted average shares		73,978	63,010
Non-GAAP earnings (loss) per diluted share		\$0.52	(\$0.15)

Schedule E: GAAP to Non-GAAP Reconciliation

Free Cash Flow

\$M	2Q19	2Q20
Cash provided by (used for) operations	\$50.9	(\$14.2)
Capital expenditures	(39.6)	(35.4)
Free cash flow	\$11.3	(\$49.6)
Postretirement funding	24.6	5.3
Discontinued operations	(34.0)	(0.1)
Cost reduction funding	12.4	7.3
Adjusted free cash flow	\$14.3	(\$37.1)

Schedule F: GAAP to Non-GAAP Reconciliation

Reconciliation of Segment Reporting

\$M	2Q19	2Q20
Total Services Revenue	\$481.0	\$396.0
Restructuring reimbursement	(6.5)	0.0
Total Services non-GAAP adjusted Revenue	\$474.5	\$396.0
Services gross profit	\$79.2	\$61.5
Restructuring reimbursement	(6.5)	0.0
Non-GAAP adjusted Services gross profit	\$72.7	\$61.5
Services operating profit	\$9.0	(\$1.6)
Restructuring reimbursement	(6.5)	0.0
Non-GAAP adjusted Services operating profit	\$2.5	(\$1.6)
Services gross margin	16.5%	15.5%
Non-GAAP adjusted Services gross margin	15.3%	15.5%
Services operating margin	1.9%	(0.4%)
Non-GAAP adjusted Services operating margin	0.5%	(0.4%)

Non-GAAP and Other Information

Although appropriate under generally accepted accounting principles (“GAAP”), 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 revenue, post-retirement, debt exchange/extinguishment, cost-reduction, and other expenses. 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.

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 adjusted revenue – In 2019 and 2020, the company’s non-GAAP results reflect adjustments to exclude certain revenue and related profit relating to reimbursements from the company’s check-processing JV partners for restructuring expenses included as part of the company’s restructuring program.

Non-GAAP operating profit – The company recorded pretax post-retirement expense and pretax charges in connection with cost-reduction activities, debt exchange/extinguishment and other expenses. For the company, non-GAAP operating profit excluded these items. 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. During 2019 and 2020, the company included the non-GAAP adjustments discussed herein.

Non-GAAP adjusted Services gross profit – During 2019 and 2020, the company included the adjustments discussed herein.

Non-GAAP adjusted Services operating profit – During 2019 and 2020, the company included the adjustments discussed herein.

EBITDA & adjusted EBITDA – Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is calculated by starting with net income (loss) from continuing operations attributable to Unisys Corporation common shareholders and adding or subtracting the following items: net income attributable to noncontrolling interests, interest expense (net of interest income), provision for income taxes, depreciation and amortization. Adjusted EBITDA further excludes post-retirement, debt exchange/extinguishment, and cost-reduction and other expenses, non-cash share-based expense, and other (income) expense adjustment. In order to provide investors with additional understanding of the company’s operating results, these charges are excluded from the adjusted EBITDA calculation. During 2019 and 2020, the company included the adjustments discussed herein.

Non-GAAP diluted earnings per share – The company has recorded post-retirement expense and charges in connection with debt exchange/extinguishment and cost-reduction activities and other expenses. Management believes that investors may have a better understanding of the company’s performance and return to shareholders by excluding these charges from the GAAP diluted earnings/loss per share calculations. The tax amounts presented for these items for the calculation of non-GAAP diluted earnings per share include the current and deferred tax expense and benefits recognized under GAAP for these amounts. During 2019 and 2020, the company included the adjustments discussed herein.

Non-GAAP and Other Information

Although appropriate under generally accepted accounting principles (“GAAP”), 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 revenue, post-retirement, debt exchange/extinguishment, cost-reduction, and other expenses. 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.

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 used for reinvestment.

Adjusted free cash flow – Because inclusion of the company’s post-retirement contributions, discontinued operations and cost-reduction charges/reimbursements and other 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. This liquidity measure was provided to analysts and investors in the form of external guidance and is used by management to measure operating liquidity.