Third-Quarter 2019 Financial Results

October 29, 2019

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Mike Thomson | Senior Vice President, CFO & Corporate Controller

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 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.

- 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, debt exchange 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 Adjusted Revenue, Non-GAAP Operating Profit; EBITDA and Adjusted EBITDA, Non-GAAP Diluted Earnings per Share; Free Cash Flow and Adjusted Free Cash Flow; and Constant Currency.

- We will be reporting non-GAAP revenue and related measures as a result of the January 1, 2018 adoption of the new revenue recognition rules under ASC 606 to exclude revenue that had previously been recorded in 2017 under ASC 605. Additionally, 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 and our Form 10-Q.

- 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 October 29, 2019, and Unisys undertakes no duty to update this information.

3Q19 Highlights

- Sixth-consecutive quarter of non-GAAP adjusted revenue growth (9.6% YoY)
  - Sixth-consecutive quarter of Services non-GAAP adjusted revenue growth (7.4% YoY)
  - Technology revenue growth of 25.2% YoY
  - Highest U.S. Federal sector revenue growth rate in over 15 years (53.6% YoY)

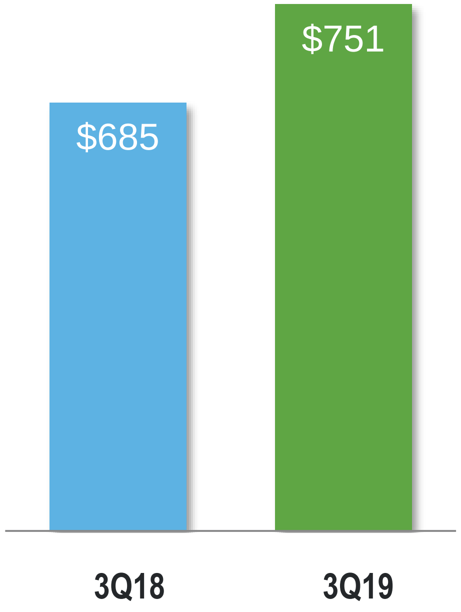
- Non-GAAP operating profit margin expansion of 100 basis points YoY to 8.7%
  - Services non-GAAP adjusted operating profit margin expansion of 190 basis points to 4.5%

- Operating cash flow up \$33M YoY to \$18M
- Adjusted free cash flow up \$42M YoY to \$36M

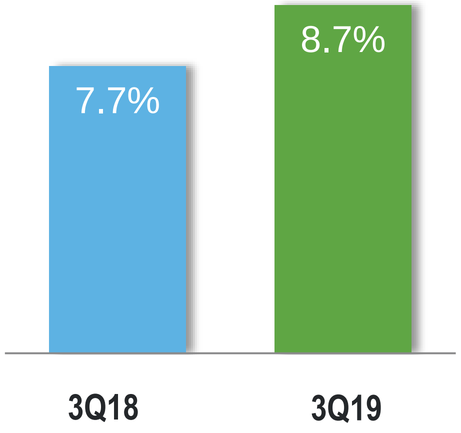
See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.

3Q19 Financial Results

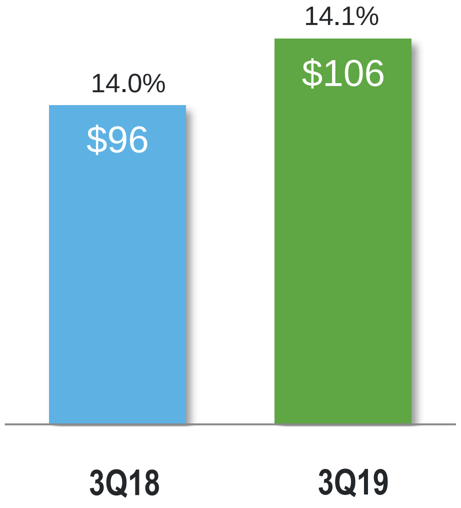
Adjusted Revenue ($M)
Non-GAAP



Operating Profit Margin (%)
Non-GAAP



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

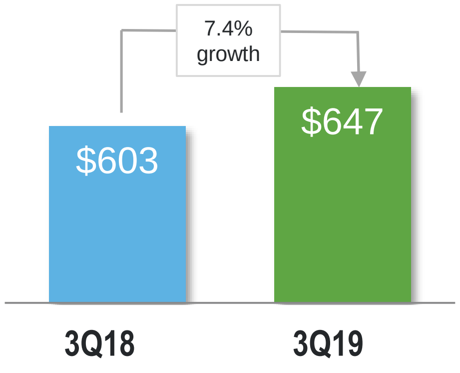


Diluted Earnings per Share
Non-GAAP

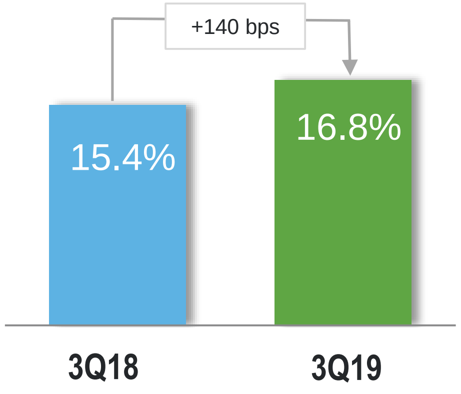
See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures

3Q19 Segment Results

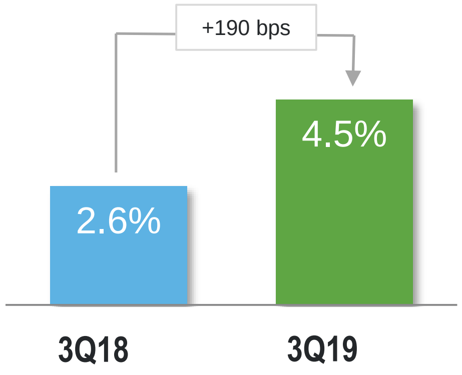
Services Adjusted Revenue ($M)
Non-GAAP



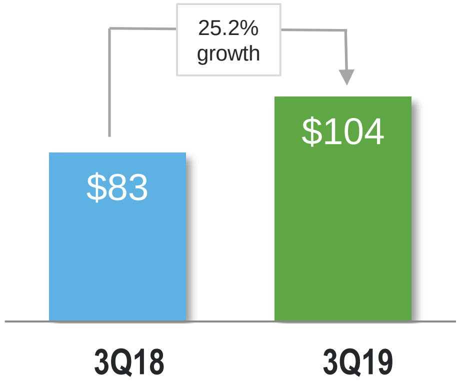
Services Gross Profit (%)
Non-GAAP



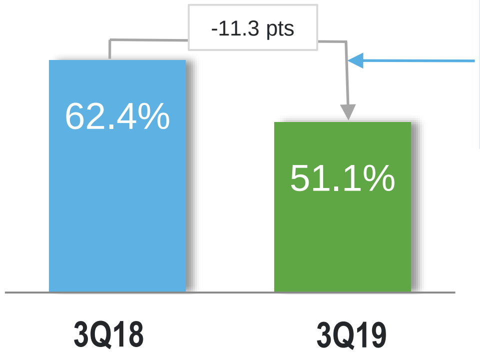
Services Operating Profit (%)
Non-GAAP



Technology Revenue ($M)

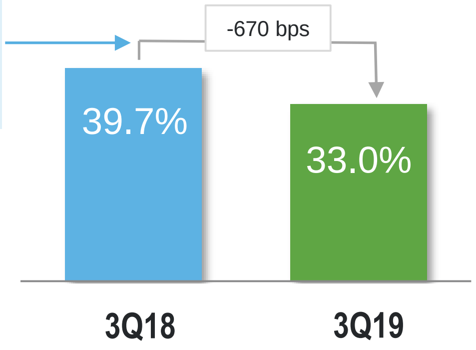


Technology Gross Profit (%)



A U.S. Federal contract with large third-party hardware component impacted Technology margins

Technology Operating Profit (%)



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

3Q19 EBITDA and Cash Flow Results

$M	3Q18	3Q19	YoY Change
EBITDA	$76	$57	(25.3%)
Adjusted EBITDA	$96	$106	10.5%
Adjusted EBITDA Margin	14.0%	14.1%	10 bps
Operating Cash Flow	($16)	$18	$33
Capital Expenditures	($48)	($32)	$16
Free Cash Flow	($63)	($14)	$49
Adjusted Free Cash Flow	($6)	$36	$42

Note: YoY decline is due to ~$20M charge related to convertible note transaction in 3Q19

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

Illustrative Impact of RoA and Discount Rates on U.S. Pension

The following hypothetical examples, which do not depict actual results, help to illustrate the impacts on the U.S. Pension Plans of changes in the Return on Assets or Discount Rates:

Return on Assets (RoA)

Theoretical 3% incremental RoA vs. expected RoA of 6.8%

Illustrative Change to Aggregate Cash Contributions

- ~$75M decrease[1]

Illustrative Change to Accounting Deficit

- ~$95M decrease

Impacts would be approximately the same magnitude but inverse for an RoA 3% lower than expected RoA

Discount Rate

Theoretical 100 bps decline in discount rate

Illustrative Change to Aggregate Cash Contributions[2]

In isolation:

- ~$80M increase

Incorporating fixed income returns[3]:

- Net ~$90M decrease

Illustrative Change to Accounting Deficit

In isolation:

- ~$400M increase

Incorporating fixed income returns[3]:

- Net ~$200M increase

Impacts would be approximately the same magnitude but inverse for a 100 bps increase

*There are virtually **no changes** to required cash contributions **in Yr 1 or 2** in this scenario*

[1] Reflects 2019 assumed RoA of 6.8% + 3%, with all subsequent periods reverting to 6.8% long-term expected RoA
[2] Note that cash contribution calculations are complex and incorporate a number of assumptions. They do not necessarily change in a linear fashion. The example shown is illustrative and extrapolation of conclusions may not hold at all potential rate change scenarios
[3] Only incorporates the return on the fixed income portion of the portfolio related to changes in interest rates

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Questions & Answers

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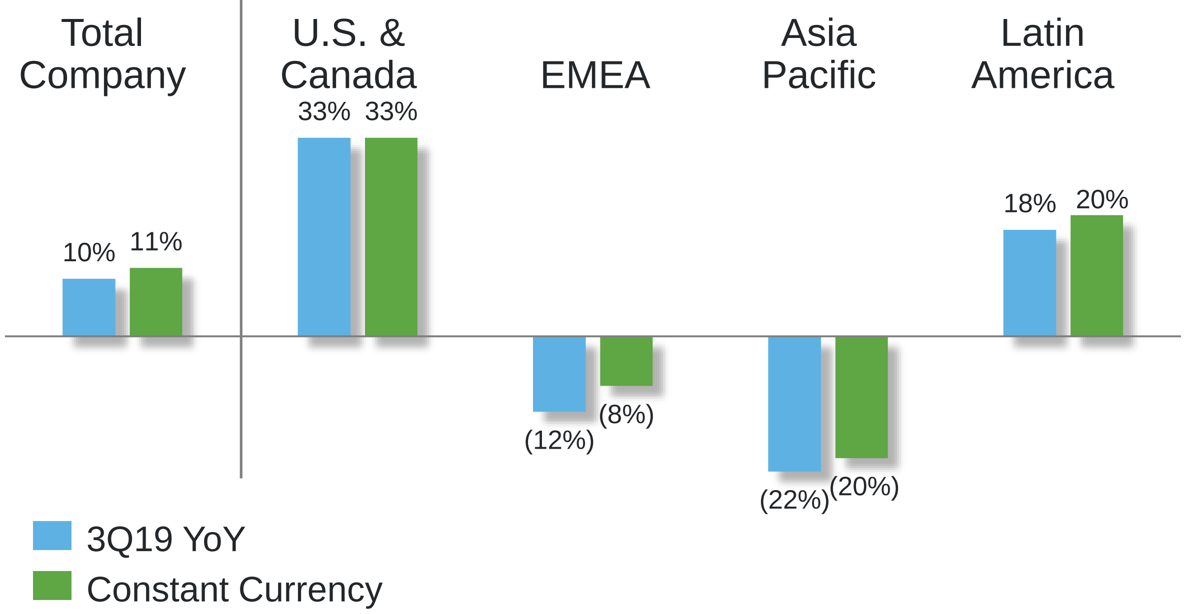
Appendix

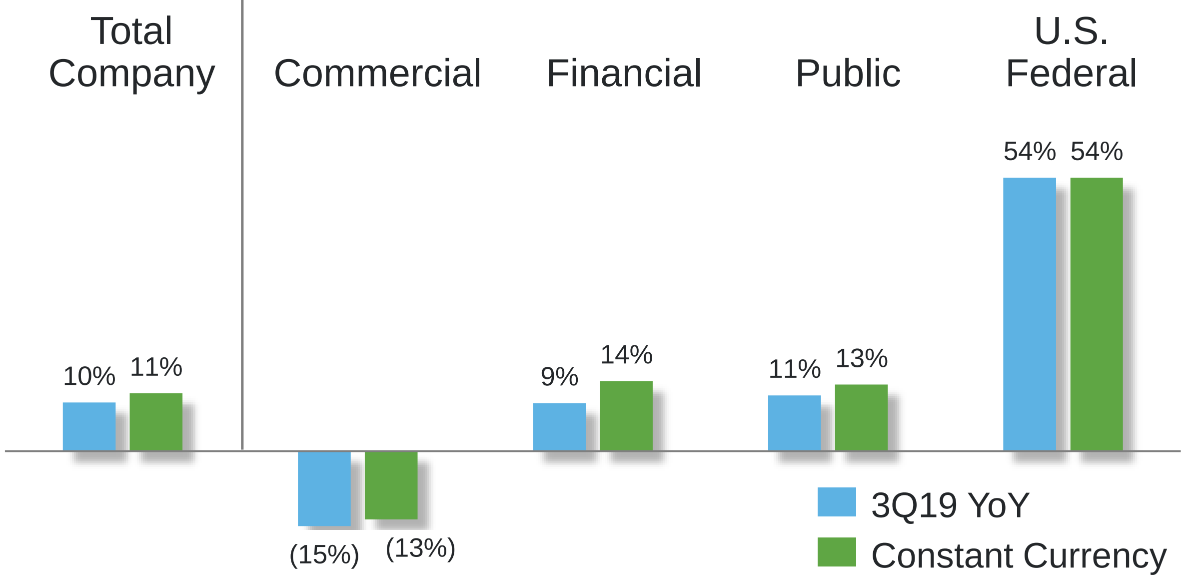
3Q19 Non-GAAP Revenue Growth by Region and Sector

By Region[1]



- Strong YoY growth in US&C with double-digit growth in Services and Technology
  - Supported by U.S. Federal revenue growth
  - Traction with land and expand strategy with new and existing clients
- EMEA revenue decline in part due to Technology and currency impact
  - Services revenue expected to be down YoY, reported numbers were better than internal expectations
- Latin America growth of 18% supported by both Technology and Services
- Asia Pacific impacted by lighter Technology revenue with Services revenue also down due, in part, to currency and new client build revenue in prior-year period

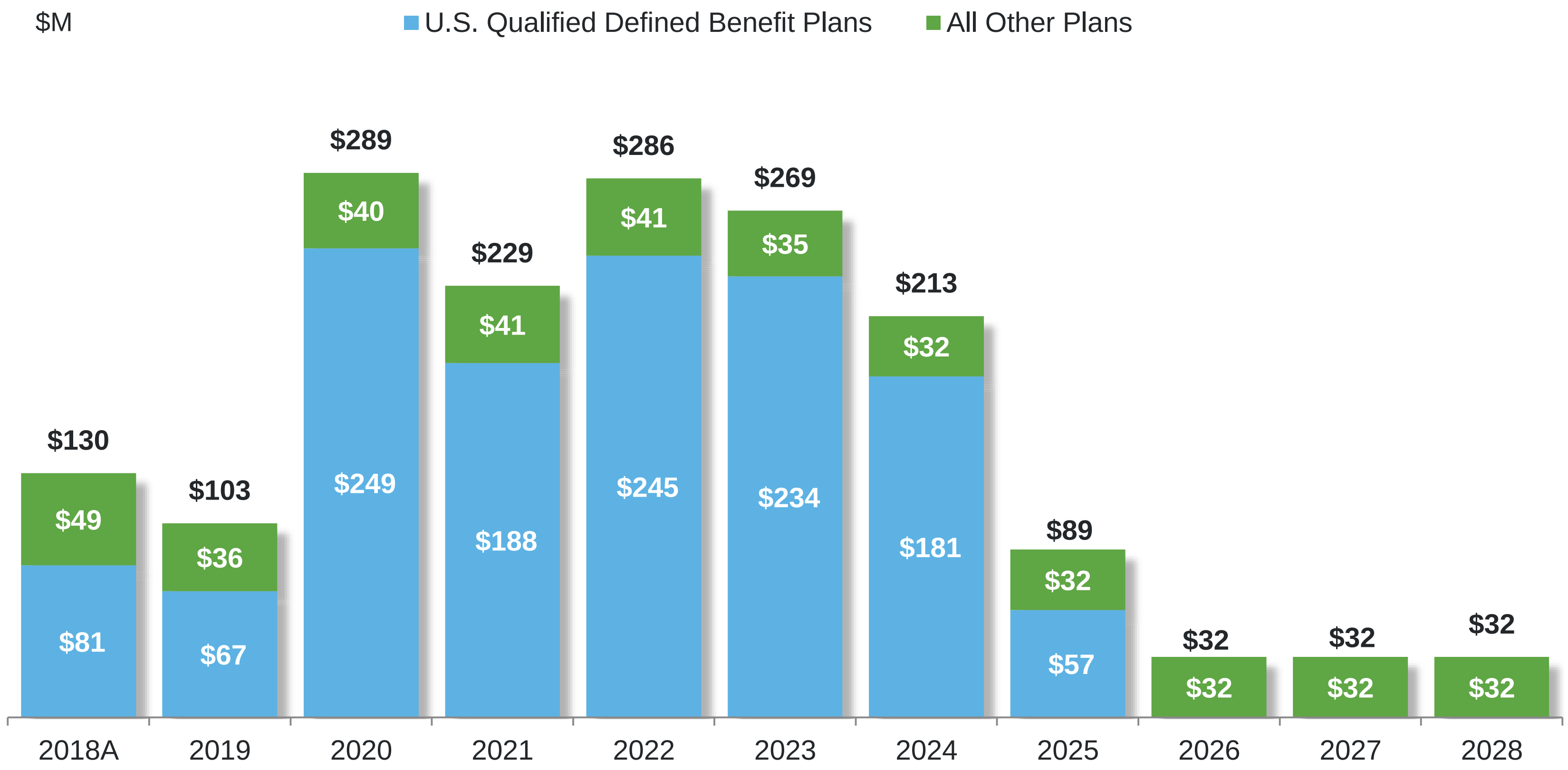
By Sector[1]



- U.S. Federal sector up 54% YoY, the highest growth rate in over 15 years
  - U.S. Federal sector expected to see revenue growth of >20% for the full year 2019
- Public sector up 11% as large deals signed in 2018 continue to generate revenue
- Financial Services sector up 9% YoY, helped by a strong Technology quarter, but also supported by Services revenue growth
- Commercial down YoY largely due to a large Technology deal signed in 3Q18

1. Numbers adjusted to exclude certain revenue (see additional detail starting on slide 21)

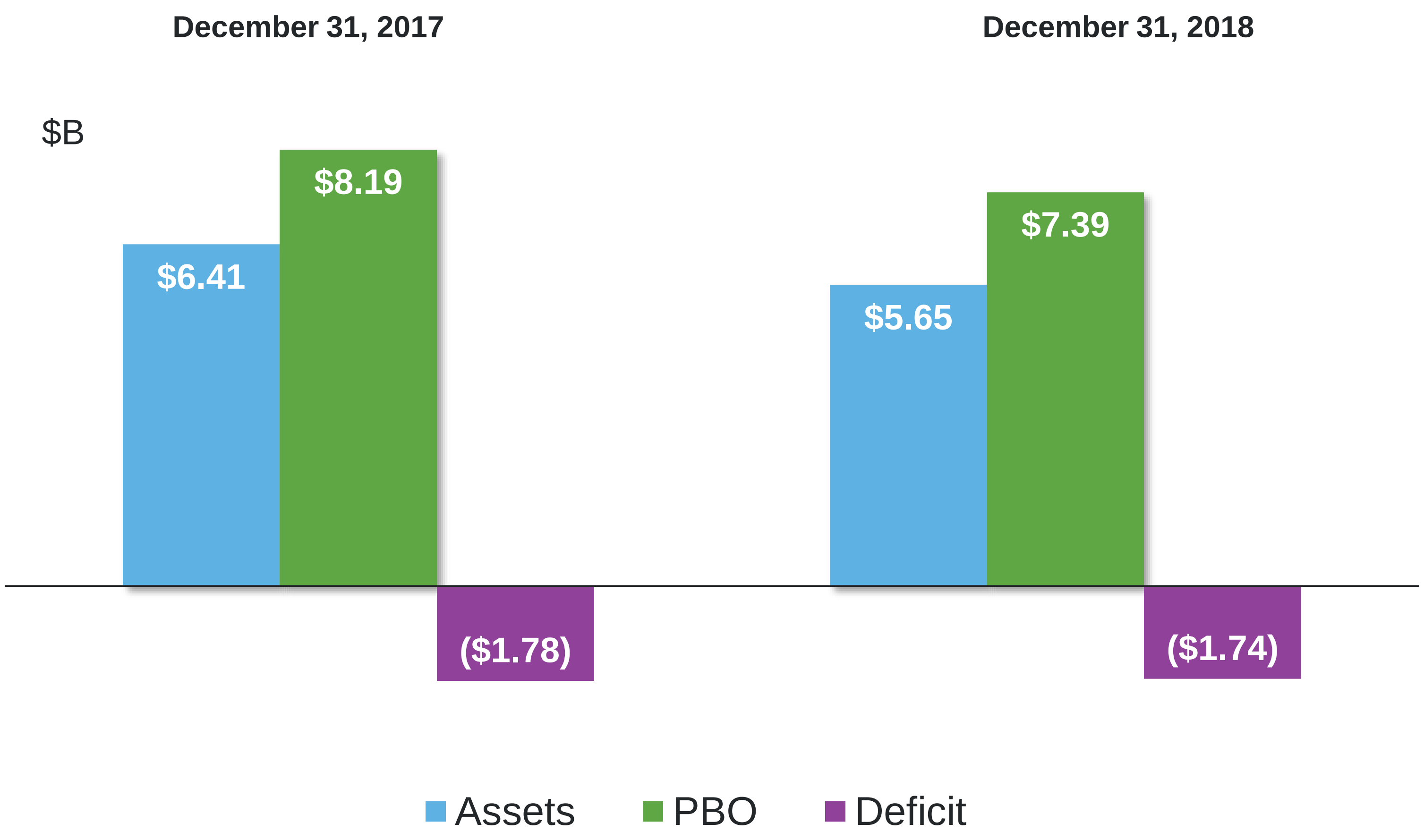
Estimated Future Pension Cash Contributions Through 2028



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 2018. The future funding requirements are likely to change based on, among other items, market conditions and changes in discount rates.

Expected future pension cash contributions from 2029 to 2038 are approximately $300M.

Defined Benefit Pension Plans Funded Status



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

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	$607	$1,665
	Tax Credits	250	1,192
Pension and Other	Pension	387	1,527
	Other Deferred Tax Assets	49	195
	Total available U.S.	**$1,293**	**$4,579**
	Non-U.S.		
Foreign Tax Attributes	Net Operating Loss – Non-U.S.	$253	$1,059
	Pension and other – Non-U.S.	91	411
	Total available non-U.S.	**$344**	**$1,470**
	Total available	**$1,637**	**$6,049**
	Valuation Allowance [1]	(1,548)	
	Total Net Deferred Tax Asset [1]	**$89**	

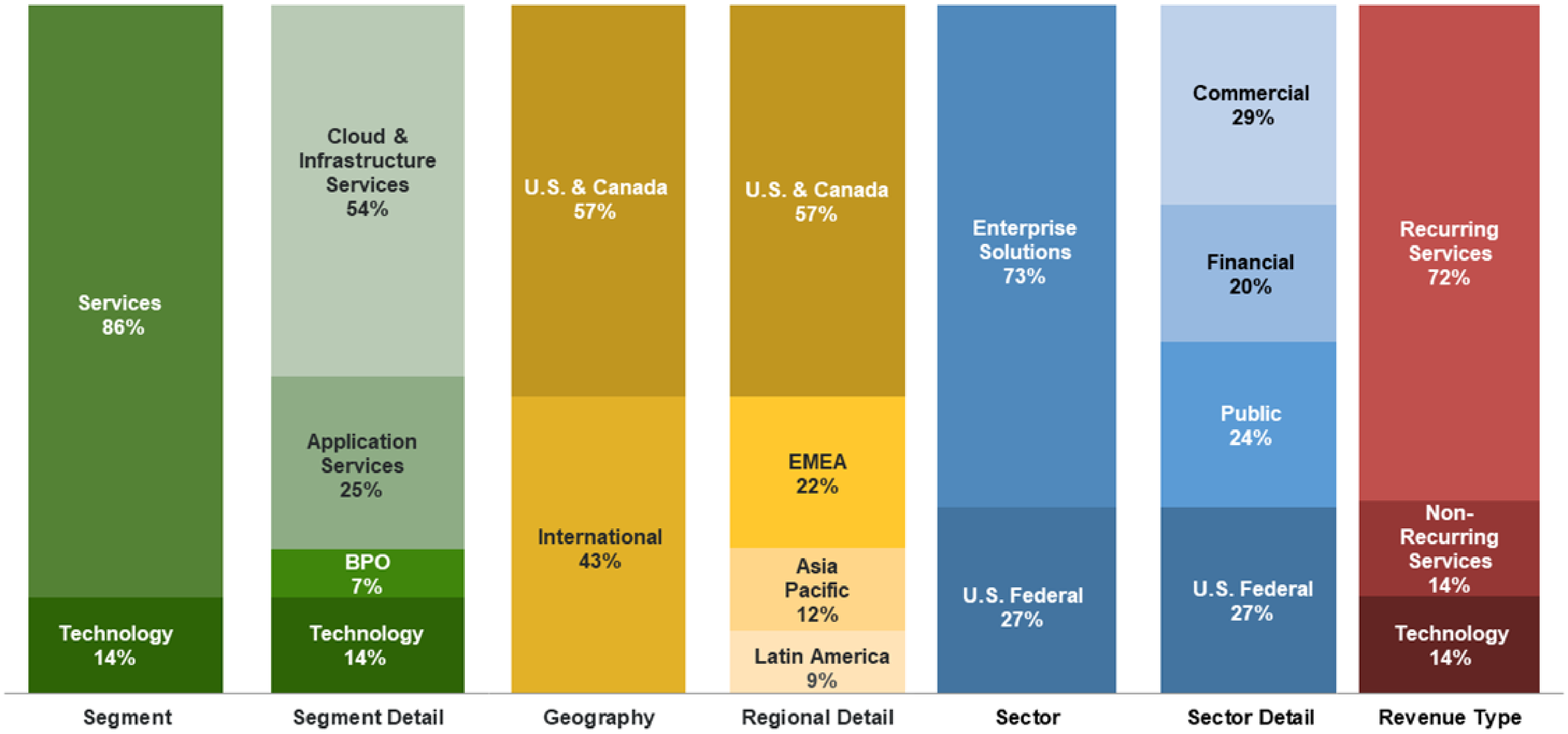
1 The elements listed above are for informational purposes only and are based on expectations and assumptions defined in the Form 10-K filed for December 31, 2018. See Critical Accounting Policies – Income Taxes for the assessment of the realization of company's deferred tax assets and liabilities and Footnote 6 in the 2018 Form 10-K.

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.

Third Quarter 2019 Unisys Revenue Profile

Percent of Third Quarter 2019 Non-GAAP Adjusted Revenue[1]



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 21)

Revenue and Operating Profit

$M	3Q18	3Q19
Reported revenue	**$688.3**	**$757.6**
Restructuring reimbursement	(3.1)	(6.8)
Non-GAAP adjusted revenue[1]	**$685.2**	**$750.8**
Operating profit (loss)	**$55.8**	**$70.9**
Restructuring reimbursement	(3.1)	(6.8)
Postretirement expense	1.0	0.9
Cost reduction and other expense	(0.9)	0.5
Non-GAAP operating profit (loss)[1]	**$52.8**	**$65.5**
GAAP operating profit (loss) %	8.1%	9.4%
Non-GAAP operating profit (loss) %[1]	7.7%	8.7%

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 21)

Schedule B: GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

$M	3Q18	3Q19
Net income (loss) attributable to Unisys	**$6.1**	**($13.2)**
Net income (loss) attributable to noncontrolling interests	0.9	3.8
Interest expense, net of interest income of $2.7, $2.8 respectively *	13.2	12.4
Provision for income tax	15.2	15.9
Depreciation	26.4	24.5
Amortization	14.2	13.4
EBITDA	**$76.0**	**$56.8**
Postretirement expense	19.7	24.4
Debt exchange, cost reduction and other charges***	(4.0)	18.4
Non-cash share-based expense	2.7	2.8
Other (income) expense adjustment**	1.7	3.8
Adjusted EBITDA	**$96.1**	**$106.2**

*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, debt exchange, interest income and items included in cost reduction and other expenses
*** Reduced for depreciation and amortization included above

Schedule C: GAAP to Non-GAAP Reconciliation

Net Income and EBITDA as a percentage of revenue

$M	3Q18	3Q19
Revenue	$688.3	$757.6
Non-GAAP adjusted revenue	685.2	750.8
Net income (loss) as percentage of revenue	0.9%	(1.7%)
Non-GAAP net income (loss) as a percentage of non-GAAP revenue	4.3%	3.5%
Adjusted EBITDA as a percentage of non-GAAP revenue	14.0%	14.1%

Schedule D: GAAP to Non-GAAP Reconciliation

Earnings per Diluted Share

$M except share and per share data		3Q18	3Q19
Net income (loss) attributable to Unisys Corporation common shareholders		**$6.1**	**($13.2)**
Post-retirement expense:	pretax	19.7	24.4
	tax	0.3	0.1
	net of tax	20.0	24.5
Debt exchange, cost reduction and other expenses:	pretax	(4.0)	18.4
	tax and minority interest	1.6	2.6
	net of tax	(2.4)	21.0
Non-GAAP net income (loss) attributable to Unisys Corporation common shareholders		**23.7**	**32.3**
Add interest expense on convertible notes		4.9	3.2
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		**$28.6**	**$35.5**
Weighted average shares (thousands)		51,021	58,245
Plus incremental shares from assumed conversion of employee stock plans & convertible notes		22,565	14,292
Non-GAAP adjusted weighted average shares		**73,586**	**72,537**
Diluted earnings (loss) per share			
GAAP basis			
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		$6.1	($13.2)
Divided by adjusted weighted average shares		51,718	58,245
GAAP earnings (loss) per diluted share		**$0.12**	**($0.23)**
Non-GAAP basis			
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		$28.6	$35.5
Divided by non-GAAP adjusted weighted average shares		73,586	72,537
Non-GAAP earnings (loss) per diluted share		**$0.39**	**$0.49**

Schedule E: GAAP to Non-GAAP Reconciliation

Free Cash Flow

$M	3Q18	3Q19
Cash provided by (used for) operations	**($15.5)**	**$17.7**
Capital expenditures	(47.7)	(32.0)
Free cash flow	**($63.2)**	**($14.3)**
Postretirement funding	51.6	34.6
Cost reduction funding	5.2	15.2
Adjusted free cash flow	**($6.4)**	**$35.5**

Schedule F: GAAP to Non-GAAP Reconciliation

Reconciliation of Segment Reporting

$M	3Q18	3Q19
Total Services Revenue	**$605.6**	**$654.1**
Restructuring reimbursement	(3.1)	(6.8)
Total Services non-GAAP adjusted Revenue	**$602.5**	**$647.3**
Services gross profit	**$96.1**	**$115.4**
Restructuring reimbursement	(3.1)	(6.8)
Non-GAAP adjusted Services gross profit	**$93.0**	**$108.6**
Services operating profit	**$18.6**	**$36.1**
Restructuring reimbursement	(3.1)	(6.8)
Non-GAAP adjusted Services operating profit	**$15.5**	**$29.3**
Services gross margin	15.9%	17.6%
Non-GAAP adjusted Services gross margin	15.4%	16.8%
Services operating margin	3.1%	5.5%
Non-GAAP adjusted Services operating margin	2.6%	4.5%

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, 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.

Total Contract Value – TCV is the estimated total contractual revenue related to contracts signed in the period including option years (U.S. Federal contracts only) and without regard for cancellation terms. New business TCV represents TCV attributable to new scope for existing clients and new logo contracts.

Annual Contract Value – ACV represents the revenue expected to be recognized during the first twelve months following the signing of a contract in the period.

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.

Services Backlog – Services Backlog is the balance of contracted services revenue not yet recognized, including only the funded portion of services contracts with the U.S. Federal government.

Non-GAAP adjusted revenue – In 2018 and 2019, the company’s non-GAAP results reflect adjustments to exclude certain revenue. In 2018, this includes revenue from software license extensions and renewals which were contracted for in 2017 and properly recorded as revenue at that time under the revenue recognition rules then in effect (ASC 605). Upon adoption of the new revenue recognition rules (ASC 606) on January 1, 2018, and since the company adopted ASC 606 under the modified retrospective method whereby prior periods were not restated, the company was required to include $53 million in the cumulative effect adjustment to retained earnings on January 1, 2018. ASC 606 requires revenue related to software license renewals or extensions to be recorded when the new license term begins, which in the case of the $53 million was January 1, 2018. The company has excluded revenue and related profit for these software licenses in its non-GAAP results since it has been previously reported in 2017. This is a one-time adjustment and it will not reoccur in future periods. Additionally, the company’s non-GAAP results include 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 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 2018 and 2019, the company included the non-GAAP adjustments discussed herein.

Non-GAAP adjusted Technology gross margin – In the first quarter of 2018, the company included the ASC 606 adjustment discussed herein.

Non-GAAP adjusted Technology operating margin – In the first quarter of 2018, the company included the ASC 606 adjustment discussed herein.

Non-GAAP adjusted Services gross margin – During 2018 and 2019, the company included the adjustments discussed herein.

Non-GAAP adjusted Services operating margin – During 2018 and 2019, 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, 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.

EBITDA & adjusted EBITDA – Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated by starting with net income (loss) 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 expense, debt exchange, 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 2018 and 2019, 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, 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 2018 and 2019, the company included the adjustments discussed herein.

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 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.