



Unisys Announces Sale of U.S. Federal Business to SAIC

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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, assumptions, anticipated events, beliefs relating to matters that are not historical in nature and involve risks and uncertainties that could cause actual results to differ from expectations, all of which are difficult to predict and many of which are beyond the control of the company. Factors that may cause actual results to differ materially from the company's current expectations include, among others: the failure of the transaction to close within the expected time period or at all; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; the ability of the company to achieve the intended benefits of the transactions (including, without limitation, risks related to the ability of the company to repay certain indebtedness and reduce pension obligations following the closing of the transaction); risks related to the diversion of management's attention from the company's ongoing business operations; the effect of the announcement or pendency of the transaction on the company's business relationships (including, without limitation, customers and suppliers and other third parties), operating results, and business generally; and risks related to the change of the company's business structure and a smaller size of the company following the closing of the transaction. These risks and uncertainties are discussed in the company's reports filed with the SEC, including but not limited to the company's annual report on Form 10-K and in its subsequent reports on Form 10-Q and periodic reports on Form 8-K.
- 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 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; and Constant Currency.
- This year the company will be reporting non-GAAP revenue and related measures as a result of the adoption of the 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 the appendix to this presentation and the press release associated with this transaction.
- From time to time the company may provide specific guidance regarding its expected future financial performance. Such guidance is effective only on the date given. The company generally will not update, reaffirm or otherwise comment on any prior guidance except as the company deems necessary, and then only in a manner that complies with Regulation FD.
- These presentation materials can be accessed on the company's Investor website at www.unisys.com/investor. Information in this presentation is as of February 6, 2020, and the company undertakes no duty to update this information.

Executive Summary



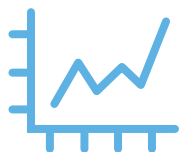
Key Transaction Terms

- Total Consideration: \$1.2B
 - Represents 13x Adj. EBITDA¹, a significant premium to Unisys' trading multiple
- Use of Proceeds: Pay down debt, reduce pension obligations, pay transaction fees and expenses, general corporate purposes
- Tax Asset Protection Plan: See press release for more detail



Timing and Closing Considerations

- Targeted close date: First half 2020
- Customary regulatory approvals and closing conditions



Unisys 2019 Preliminary Results

- Preliminary 2019 Unisys results indicate company achieves guidance on all provided metrics
 - Full-year 2019 Non-GAAP adjusted revenue growth and non-GAAP operating profit margin expected to be toward upper end of full-year 2019 guidance ranges of 3% to 7% and 8.25% to 9.25%, respectively
 - Full-year 2019 Adjusted EBITDA margin expected to be at low end of full-year 2019 guidance range of 14.4% to 16.0%



The New Unisys

- Effectively comprised of the existing Unisys global Enterprise Solutions business
- Non-GAAP adjusted revenue¹: \$2.26B
- Approximately 19,300 associates
- Serving clients in over 90 countries

¹ Last twelve months effective 9/30/19, derived from Unisys' accounting records, which are maintained in accordance with GAAP. The U.S. Federal business has not been run on a standalone basis, and as such, certain adjustments were based on management's best estimates of standalone assumptions.

Transaction Benefits All Current Unisys Stakeholders



Clients

- Increased capital structure flexibility allows for further investment in new solutions, more optionality in deal pursuits and more dedicated focus on clients' needs



Partners

- Accelerated investment and co-innovation of CloudForte®, IntelliServe™ and Stealth™
- Increased focus on partner accreditation and certification in key solution areas



Associates

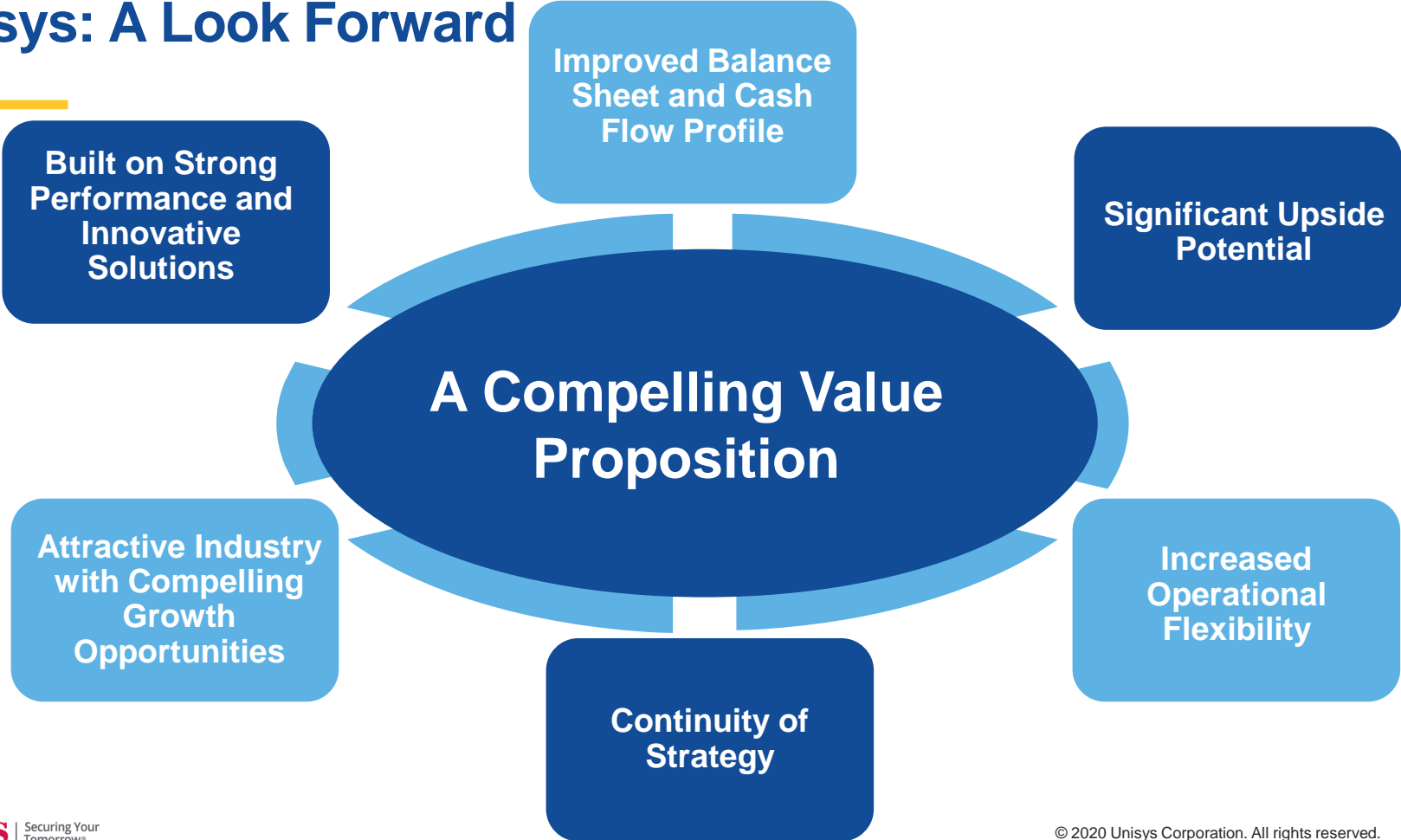
- Unisys associates will benefit from increased opportunities due to improved operational flexibility
- U.S. Federal associates will benefit from increased opportunities associated with being part of a company with a larger U.S. Federal footprint



Investors

- Transaction capitalizes on recent strength of U.S. Federal performance and current market conditions
 - Sale executed at significant premium to Unisys' trading level
- De-leveraging, reduction of pension obligations and improvements to U.S. pension funded status significantly de-risks balance sheet and removes overhang from stock trading dynamics
 - Accelerates path to becoming free cash flow positive

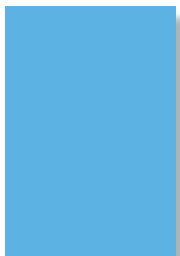
Unisys: A Look Forward



Built on Strong Performance and Innovative Solutions

Enterprise Solutions Recent Performance

>4%



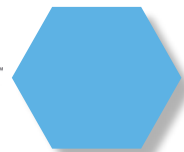
YTD ¹ 2019 Non-GAAP Adj. Revenue Growth

Unisys will continue to leverage existing solutions and will be able to accelerate the integration of next-generation capabilities into new solutions

Existing Solutions

STEALTH™

InteliServe™



CloudForte®

ClearPath Forward®

Next-Gen Capabilities

AI and IoT



¹ YTD period as of 9/30/19. See appendix for non-GAAP definitions.

Built on Strong Performance and Innovative Solutions

Longstanding Clients and New Relationships: Solid Foundation and Opportunities for Growth



Attractive Industry with Compelling Growth Opportunities

Global IT Services Market



Size¹

\$1,268 B

2018-2024
Growth Rate¹

5%

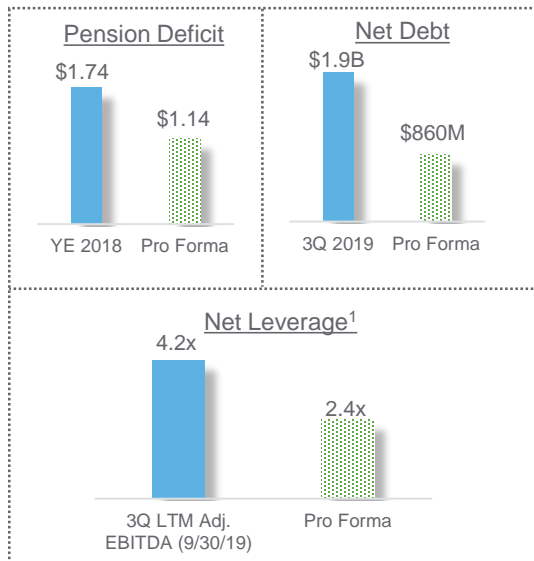
Key IT Services Market Growth Drivers

- Ongoing and increased digital and cloud transformation needs
- Heightened focus on security
- Regulatory and compliance needs will continue to drive demand for increasingly sophisticated analytics
- Emerging technologies such as AI, advanced automation, IoT and blockchain create additional IT needs, as well as creating opportunities for improvement of existing IT solutions
- Tight labor market and increasing importance of contract labor/“gig economy” creates opportunities for services firms

¹ Source: Gartner Forecast: IT Services, Worldwide, 2017-2023, 4Q19 Update. Total Addressable Market (TAM) includes all service lines, regions and industries, including U.S. Federal, covered by Gartner.

Improved Balance Sheet and Cash Flow Profile

Key Balance Sheet Metrics



Impact to Required Annual Pension Contributions

- Approximately **\$600M** of the net proceeds of the transaction are expected to be **contributed to U.S. pension plans** and applied towards minimum contribution requirements for 2020, 2021, and 2022
 - This will effectively **remove the requirements to make any cash contributions** to the U.S. plans out of operating cash flow **in 2020, 2021 and 2022**
 - This will also **increase the funded status** of the U.S. pension plans to allow for potential removal of pension liability through bulk lump sum offerings and potential annuitization of obligations.
 - The company will have the flexibility to make additional discretionary contributions at any time to smooth funding requirements beyond 2022
- **Cumulative required contributions** into worldwide pension plans from 2020 through 2025 expected to be **reduced to ~\$775M** from previously estimated ~\$1,375M (based on assumptions as of YE 2018)
- U.S. pension plans still expected to be full funded by YE 2025

Increased capital structure flexibility to allow for further **investment in new solutions & broader optionality in deal pursuits**, while maintaining **disciplined focus on optimizing cash flow & profitability**

Continuity of Strategy

- Strategy for Unisys will largely remain the same
 - Vertical go-to-market approach and differentiation through security are unchanged
 - Potential for increased investment in the business, which could create additional growth opportunity
 - Increased balance sheet flexibility could allow for inorganic growth
 - Key focus in recent years has been improving profitability of Services within Enterprise Solutions
 - This will remain a top priority and key area of upside for Unisys, inclusive of investment and/or inorganic growth opportunities
 - Strong attention to cash flow generation
 - This will remain a top priority, benefitted by lower leverage and required cash pension contributions
 - Regarding the U.S. Federal market, Unisys has agreed to the following over the noted time frames:
 - Two years from the date of closing: a blanket non-compete—company may not enter the U.S. Federal market, directly or indirectly
 - Five years from the date of closing: company will not solicit, or bid, as prime or sub, any U.S. Federal clients that are clients at the time of closing nor will it solicit or bid on any other U.S. Federal clients that are listed in the pipeline provided to the buyer and where the opportunity is due for submission or bid by SAIC through December 31, 2021

Significant Upside Potential

3-5-Year Business Model per November 2017 Investor Day

Revenue Growth

2-4%

Non-GAAP Operating Profit
Margin

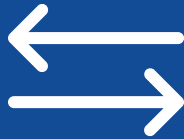
9-12%

- Medium-term expectations for Unisys still in line with previous expectations
 - Enterprise Solutions has grown over 4% on a YTD basis through 3Q19
 - Medium-term targeted margin expansion for Unisys has been expected to come largely from Enterprise Solutions, since U.S. Federal was already operating at or above target margins

Transaction accelerates path to becoming free cash flow positive, given changes to pension profile

See appendix for non-GAAP definitions.

Key Takeaways



Transaction unlocks value based on recent strength of U.S. Federal performance and current market conditions



Unisys benefits from significantly strengthened balance sheet and improved cash flow profile



The financial flexibility resulting from the transaction creates opportunities to further optimize operations and solutions



Unisys is positioned to continue momentum through revenue growth and margin expansion opportunities



Appendix

Non-GAAP and Other Information

Although appropriate under generally accepted accounting principles (“GAAP”), the company’s results reflect items 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 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 – In 2018, the company’s non-GAAP results reflect adjustments to exclude certain revenue. This includes revenue from software license extensions and renewals which were contracted for in the fourth quarter of 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 this \$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 is 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. However, in its quarterly financial statements on Form 10-Q for all of 2018, the company is required to report what its financial statements would have been if it had not adopted ASC 606. The \$53 million is included in those adjustments. There are additional adjustments being made, but they do not represent previously recorded revenue. Those adjustments represent other differences between ASC 605 and ASC 606, principally extended payment term software licenses and short-term software licenses both of which are recorded at the inception of the license term under ASC 606 but were required to be recognized ratably over the software license term under ASC 605. Additionally, the company’s non-GAAP results include an adjustment 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, the company included the adjustments discussed in “Non-GAAP adjusted revenue”.

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, cost-reduction and other expense, 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, the company included the adjustments discussed in “Non-GAAP adjusted revenue”.