



Second-Quarter 2016 Financial Results

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- 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 pension and restructuring costs. 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.
- 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.
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CEO Remarks Peter Altabef

Unisys Is Focused on Pervasive Security — Security In Everything We Do

Cloud Infrastructure

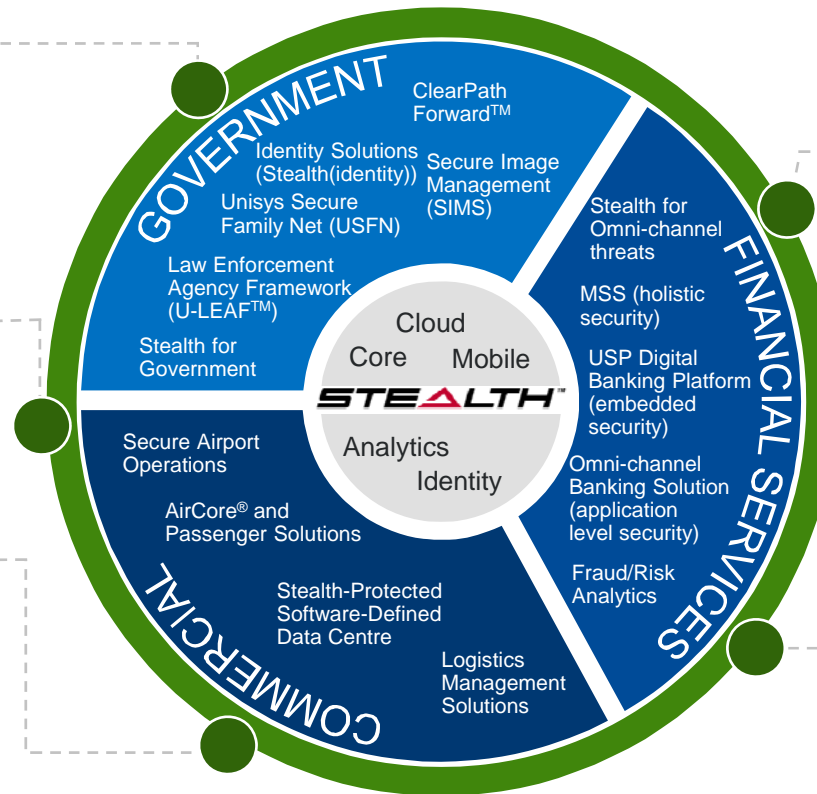
- Cloud Management Platform with On Premise and Public (off premise) Security
- Stealth to protect existing servers
- Hosted Workspace Services w/ End User Security

Business Processes

- DMZ and Intrusion Detection
- PKI enabled QR
- OS and Anti-virus patching/updates

End User Services

- Host Intrusion Prevention System (HIPS)
- Secure Persona Services
- Data Loss Prevention (DLP)
- Anti-Virus & Personal Firewall
- Hard Drive Encryption
- BYOD Security Strategy



Secure Mobile Management

- Secure Mobile Services (Email, Asset Tracking, Wipe, Encryption)
- Secure Browser Management

Application Security

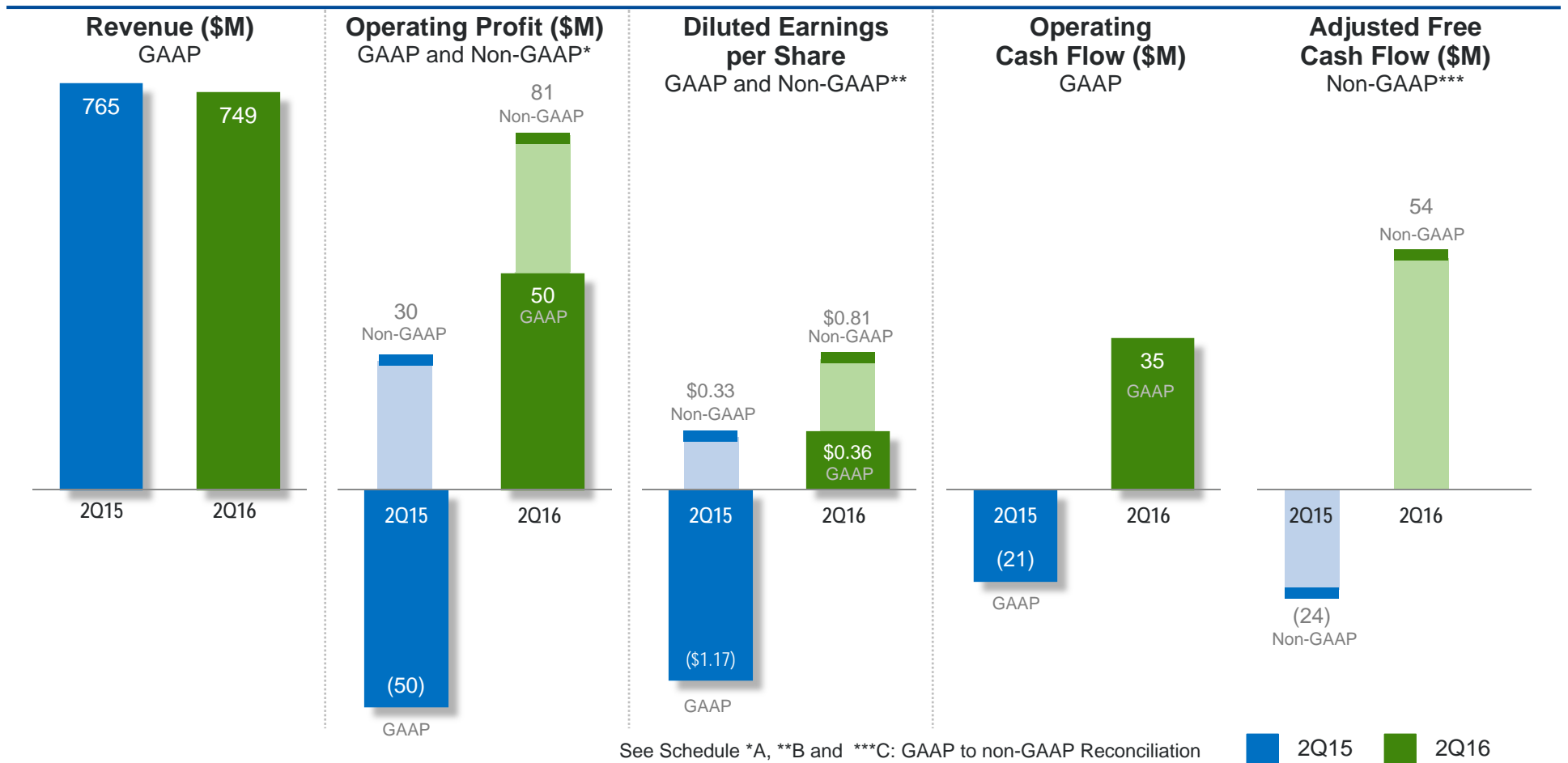
- Embedded security (Stealth(identity), MFA, Crypto)
- Architecture layer security
- Hybrid mobile apps with native security
- Stealth for platform invisibility
- Data obfuscation
- Identify Provider (IdP) integration
- Multi-factor authentication
- Security assessment and testing
- Firewall and proxy revert

Illustrative Examples



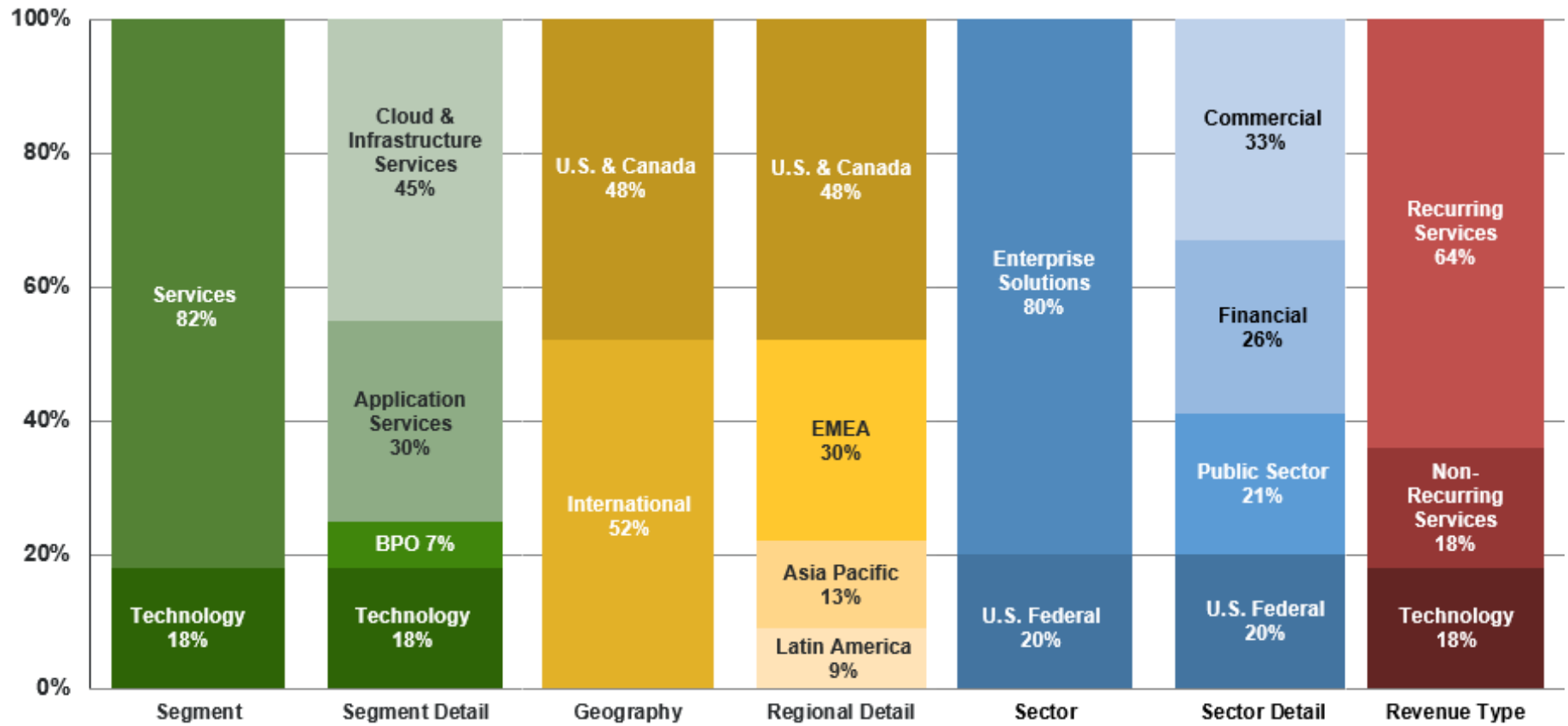
CFO Remarks Janet Haugen

2Q16 Financial Results



Revenue declined slightly as reported and on a constant currency basis, but disciplined cost reductions have resulted in significantly improved profitability and cash flow

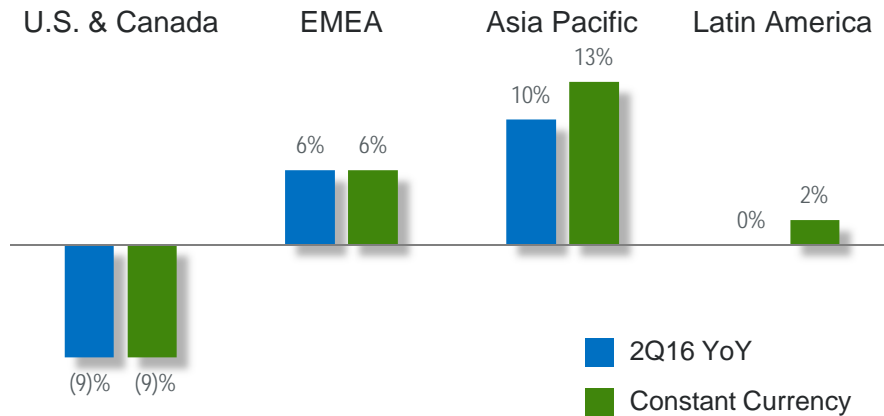
Unisys Revenue Profile — 2Q16



2Q16 Revenue Growth Trends

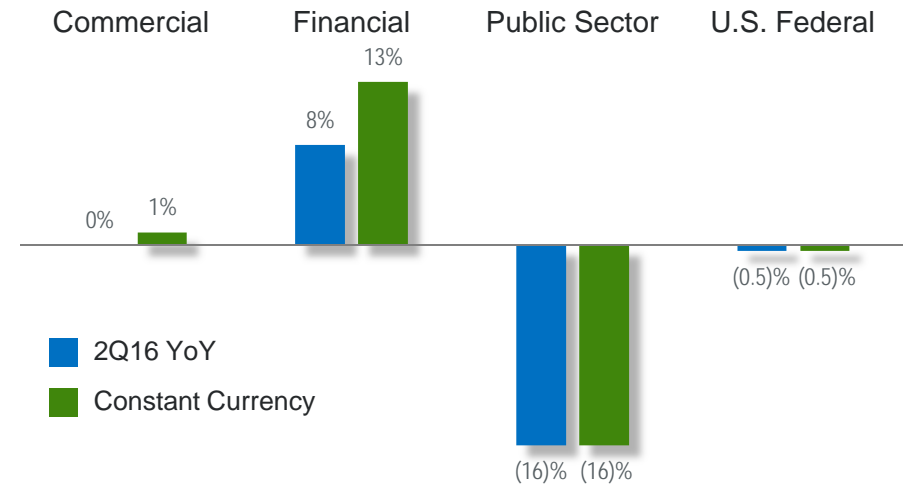
By Region and Sector

By Region



- U.S. weakness driven by Cloud and Infrastructure Services
- EMEA growth driven by technology segment
- Asia Pacific growth mostly in Australia and New Zealand (where the company is viewed as a key partner) related to increased digitalization of government

By Sector



- Financial Services saw a strong quarter
 - Growth driven by the Technology segment
 - Digital and mobile banking conversion plus security and cyber-crime prevention expected to drive growth going forward
- Public sector revenue declined
 - Tough comp to 2Q15, partially due to completion of low-margin government contracts, consistent with focus on improving profitability
- As expected, U.S. Federal saw a slight decline in Services revenue after six consecutive quarters of YoY growth

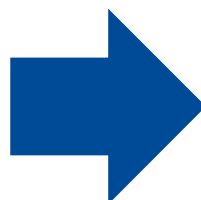
2Q16 Segment Trends

Segment Results		
\$M	2Q16	YoY Change
Services Segment		
Services Revenue	\$614	(7)%
Services Gross Profit Margin	16.8%	110 bps
Services Operating Profit Margin	2.1%	(10) bps
Technology Segment		
Technology Revenue	\$135	31%
Technology Gross Profit	66.9%	23.0 pts
Technology Operating Profit Margin	48.0%	32.4 pts

- ✓ Strong revenue growth for Technology segment driven by strong ClearPath Forward sales
- ✓ Significant improvement in Technology Operating Profit Margin driven by SG&A reductions and higher revenue against largely fixed cost base
- ✗ Services revenue decline driven by weakness in Cloud & Infrastructure Services
- ✗ Services operating margin lighter than anticipated primarily due to lower revenues; other cost targets largely achieved

2Q16 Cash Flow Comparison

- Continued cost-cutting measures
- Increased focus on contract renewal/extension profitability
- Reduction in Cap Ex due to large investment in outsourcing during Q2 2015



- Improved cash flow
 - Over 700 bps Adj. EBITDA margin expansion
 - 3rd consecutive quarter of positive Adjusted Free Cash Flow

\$M	2Q16	2Q15
Operating Cash Flow	\$35	\$(21)
Capital Expenditures	\$34	\$54
Free Cash Flow*	\$1	\$(75)
Pension Funding	\$32	\$37
Cost Reduction Payments	\$21	\$13
Adjusted Free Cash Flow*	\$54	\$(24)
Depreciation & Amortization	\$40	\$41
EBITDA**	\$92	\$(7)
Adjusted EBITDA**	\$124	\$72

See Schedule *C and **D: GAAP to non-GAAP Reconciliation

Potential Economic Benefit of Unisys Tax Assets

\$M as of Dec. 31, 2015

Description		Unisys Net Deferred Tax Assets ⁽¹⁾	Future Available Reductions in Taxable Income
	US		
NOLs and Tax Credits	Net Operating Loss – Federal & State	\$620	\$1,212
	Tax Credits	350	995
Pension and Other	Pension	614	1,589
	Other Deferred Tax Assets	<u>193</u>	<u>505</u>
	Total available US	\$1,777	\$4,301
	Non-US		
Foreign Tax Attributes	Net Operating Loss – Non-US	\$235	\$894
	Pension and other – Non-US	<u>127</u>	<u>578</u>
	Total available non-US	<u>\$362</u>	<u>\$1,472</u>
	Total available	\$2,139	\$5,773
	Valuation Allowance ⁽¹⁾	<u>(2,025)</u>	
	Total Net Deferred Tax Asset ⁽¹⁾	\$114	

(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, 2015. See Critical Accounting Policies – Income Taxes for the assessment of the realization of company's deferred tax assets and liabilities and Footnote 7 in 2015 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.



Questions & Answers

Non-GAAP Financial Measures

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.

Non-GAAP Operating Profit – During the second quarter 2016 and 2015, Unisys recorded pretax pension expense and a pretax charge in connection with cost reduction actions. 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.

Non-GAAP Diluted Earnings Per Share – During the second quarter 2016 and 2015, Unisys recorded pension expense and a charge in connection with cost reduction actions (both net of tax). Management believes that investors may have a better understanding of the company's performance and return to shareholders by excluding these charges from the non-GAAP diluted earnings/loss per share calculations. The tax amounts netted from pension expense and the charge in connection with cost reduction actions for the calculation of non-GAAP diluted earnings per share include the current and deferred tax expense and benefits recognized under GAAP for pension expense and restructuring costs during the second quarter 2016 and 2015.

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.

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 required for reinvestment.

Adjusted Free Cash Flow – Because inclusion of the company's pension contributions and cost reduction 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 and is more indicative of its on-going operations. This liquidity measure was provided to analysts and investors in the form of external guidance and is used by management to measure operating liquidity.

EBITDA & Adjusted EBITDA – For the company 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, non-cash share-based expense, other (income) expense (net), Interest expense, provision for income taxes, depreciation and amortization. Adjusted EBITDA further excludes both pension expense and cost reduction charges.

Schedule A: GAAP to Non-GAAP Reconciliation

Non-GAAP Operating Profit

\$M	2Q16	2Q15
Operating Profit (Loss)	\$49.5	\$(49.5)
Pension Expense	21.5	26.4
Cost Reduction Charges	10.2	52.6
Non-GAAP Operating Profit	\$81.2	\$29.5
Customer Revenue	\$748.9	\$764.8
GAAP Operating Profit (Loss) %	6.6%	(6.5)%
Non-GAAP Operating Profit %	10.8%	3.9%

Schedule B: GAAP to Non-GAAP Reconciliation

Non-GAAP Earnings per Diluted Share

\$M except share and per share data	2Q16	2Q15
GAAP net income (loss) attributable to Unisys Corporation common shareholders	\$21.6	\$(58.2)
Pension expense, net of tax of \$(0.3), \$0.5, respectively	21.8	25.9
Cost reduction, net of tax of \$(0.1), \$4.0, respectively	10.3	48.6
Non-GAAP net income attributable to Unisys Corporation common shareholders	\$53.7	\$16.3
Interest expense on convertible notes	4.5	0.0
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$58.2	\$16.3
Weighted average shares (thousands)	50,069	49,927
Plus incremental shares from assumed conversion of employee stock plans & convertible notes	21,717	155
Adjusted weighted average shares	71,786	50,082
Diluted Earnings per Share		
<i>GAAP basis</i>		
GAAP net income (loss) attributable to Unisys Corporation common shareholders	\$26.1	\$(58.2)
Divided by adjusted weighted average shares	71,786	49,927
GAAP earnings (loss) per diluted share	\$0.36	\$(1.17)
<i>Non-GAAP basis</i>		
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$58.2	\$16.3
Divided by adjusted weighted average shares	71,786	50,082
Non-GAAP earnings per diluted share	\$0.81	\$0.33

Schedule C: GAAP to Non-GAAP Reconciliation

Free Cash Flow

\$M	2Q16	2Q15
Cash Provided by (Used for) Operations	\$34.6	\$(21.1)
Capital Expenditures	(34.0)	(53.5)
Free Cash Flow	\$0.6	\$(74.6)
Pension Funding	32.5	37.0
Cost Reduction Payments	21.2	13.2
Adjusted Free Cash Flow	\$54.3	\$(24.4)

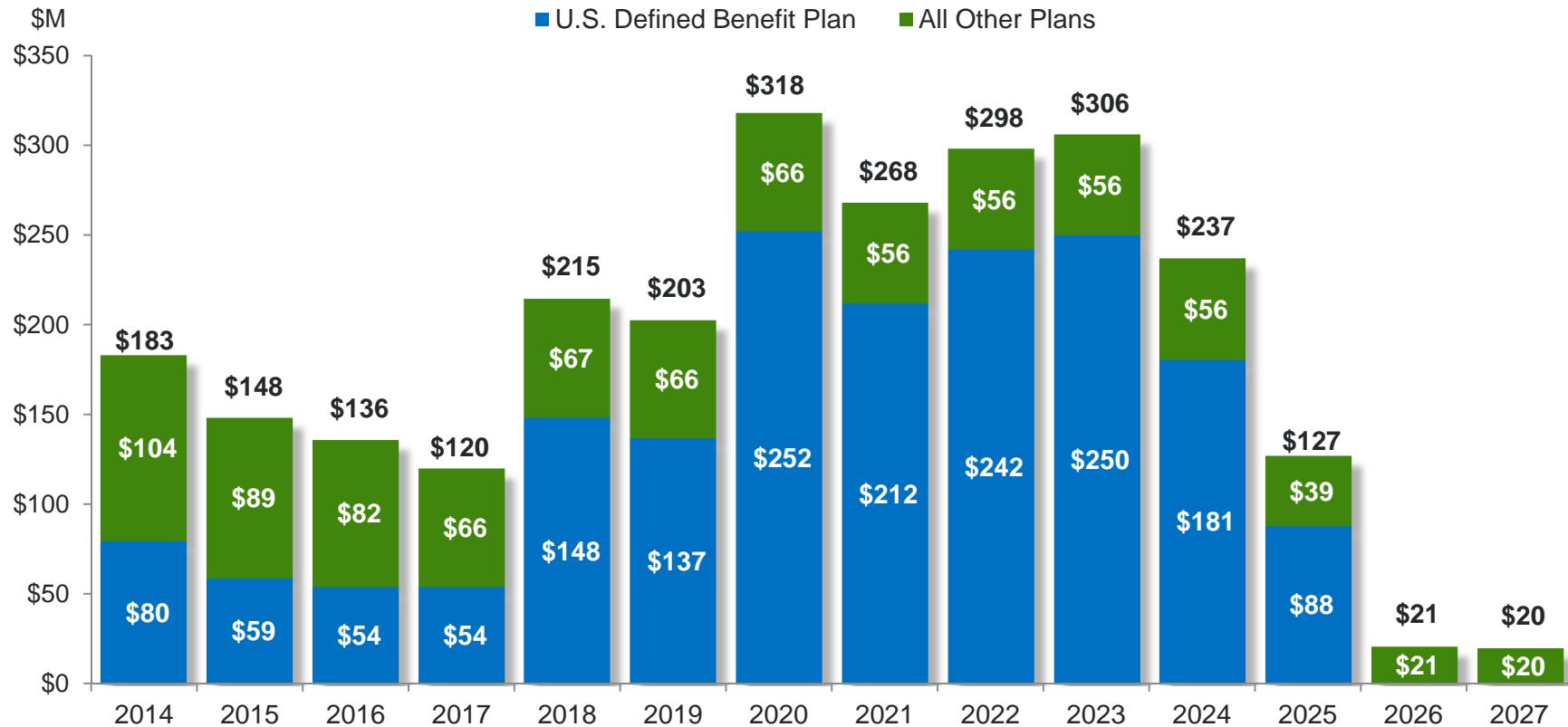
Schedule D: GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

Earnings before Interest, Taxes, Depreciation and Amortization

\$M	2Q16	2Q15
Net Income (Loss) Attributable to Unisys	\$21.6	\$(58.2)
Net Income Attributable to Noncontrolling Interests	3.9	2.3
Other (Income) Expense, net	(2.6)	(1.4)
Non-Cash Share-Based Compensation Expense	2.1	1.8
Interest Expense	7.8	2.7
Income Tax Provision	18.8	5.1
Depreciation & Amortization	40.3	41.0
EBITDA	\$91.9	\$(6.7)
Pension Expense	21.5	26.4
Cost Reduction Charges	10.2	52.6
Adjusted EBITDA	\$123.6	\$72.3

Estimated Future Pension Cash Contributions



The funding estimates for our U.S. qualified defined benefit pension plan are based on current estimated asset returns and the funding discount rates used for the U.S. qualified defined benefit plan which have been updated to reflect the year end 2015 discount rates. 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 and are likely to change in 2017 and beyond based on a number of factors including market conditions, changes in discount rates and changes in currency rates.

Assumes adoption of updated mortality table for funding purposes on January 1, 2017.

Impact of Convertible Notes on Earnings Per Share (EPS) (Illustrative Example)

Illustrative Example

	Three Months Ended, 20XX (Millions of Dollars)	
Basic Earnings Per Share		
Net income	\$	12.0
Weighted average shares		50,000
Basic Earnings Per Share	\$	0.24
Diluted Earnings Per Share		
Net income	\$	12.00
Add interest expense on convertible notes, net of tax	\$	4.50
Net income	\$	16.50
Weighted average shares		50,000
Plus incremental shares from assumed conversions of Convertible notes		21,550
Adjusted weighted average shares		71,550
Diluted Earnings Per Share	\$	0.23

Only dilutive with quarterly income of \$12M or greater

- Under generally accepted accounting principles (GAAP) the dilutive effect of the Convertible Senior Notes (notes) on EPS is accounted for by the if-converted method.
 - This method requires that the numerator be adjusted by the interest expense on an after-tax basis.
 - This method also assumes the notes are converted at the beginning of the period and the resulting common shares should be included in the denominator.
- Application of the if-converted method is **only** applicable if impact is dilutive
- Concurrent with the issuance of the notes the company entered into a separate capped call transaction. There is **no** impact from the capped call, under GAAP, on the share count for this transaction until the transaction closes because the notes can be paid in cash, shares or combination of both at the company's discretion.