

Fourth-Quarter 2016 Financial Results

www.unisys.com/investor

Peter Altabef | President & CEO
Inder Singh | SVP & CFO

January 26, 2017

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- 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.
- 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 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; Non-GAAP Diluted Earnings per Share; Free Cash Flow and Adjusted Free Cash Flow; EBITDA and Adjusted EBITDA; and Constant Currency.
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CEO Remarks Peter Altabef

2016 Highlights

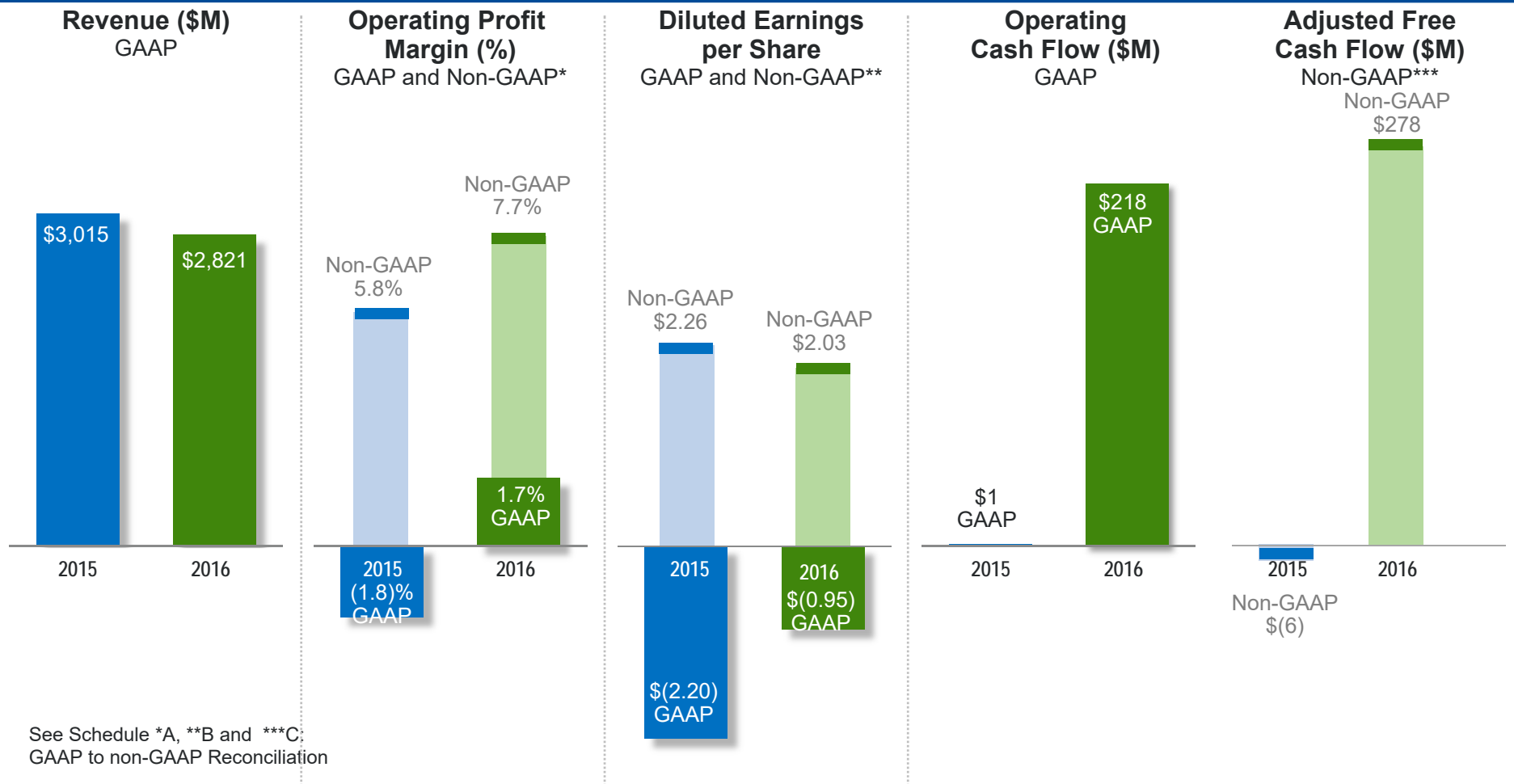
- **Delivered on full-year guidance for Revenue and Non-GAAP Operating Profit Margin and exceeded full-year guidance on Adjusted Free Cash Flow**
- **Successfully executed against vertical go-to-market strategy** developed in 2015
- **Launched several new offerings** aligned with our security focus and vertical go-to-market strategy
- **Increased TCV by 13%** versus full year 2015
- **Executed on cost-reduction plan**, achieving \$205M of annualized savings against goal of \$200M exiting 2016
- Continued transition to more asset-lite business model, thereby **reducing capex needs**
- Grew cash flow and were **free cash flow positive** for the year
- **Managed capital structure and liquidity** needs proactively





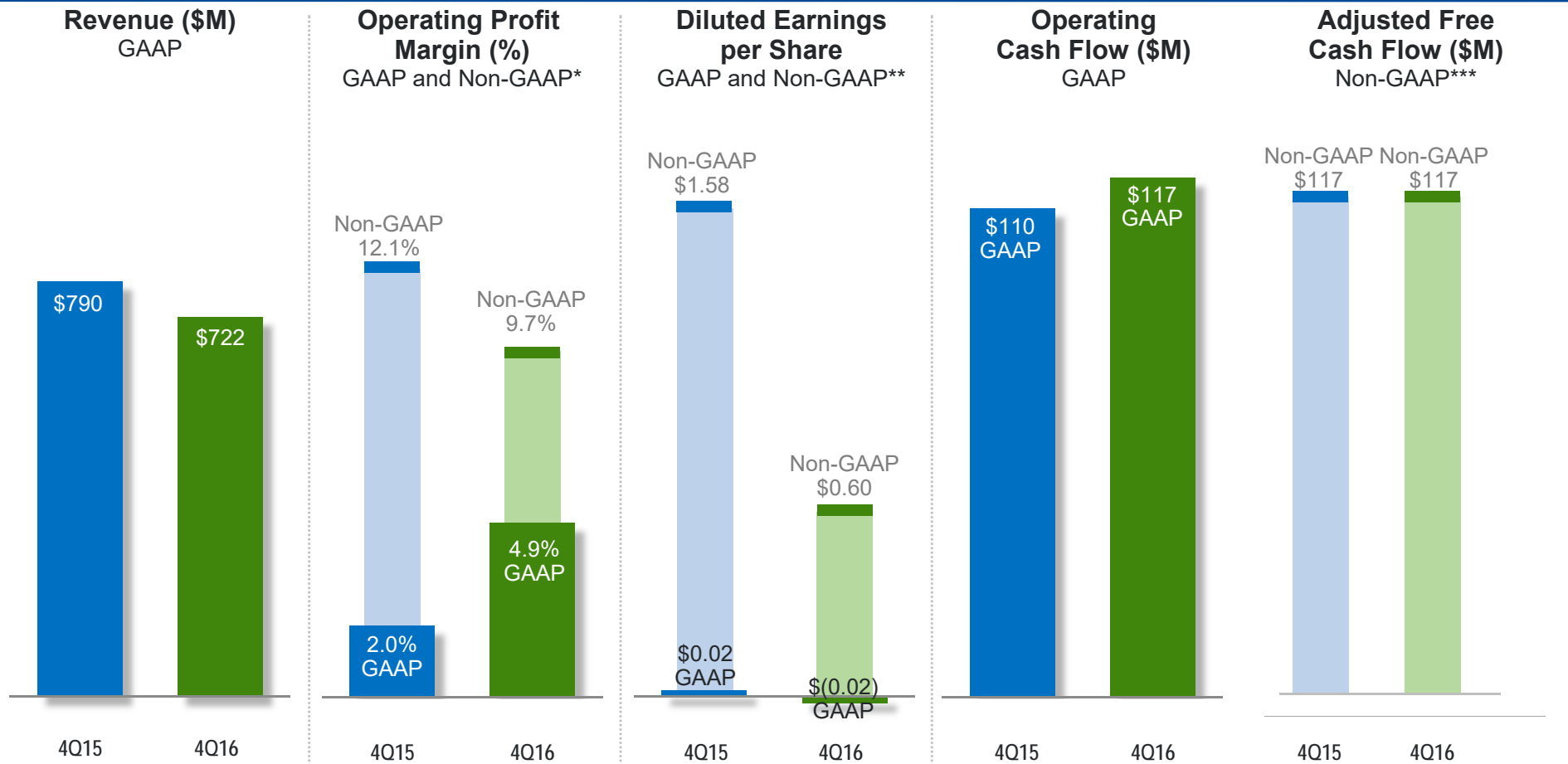
CFO Remarks Inder Singh

Total Year 2016 Financial Results



- Achieved full-year guidance on Revenue and non-GAAP Operating Profit Margin and exceeded on Adjusted Free Cash Flow.
- Achieved \$205M of annualized run-rate savings exiting 2016. Still targeting \$230M annualized run-rate savings exiting 2017.

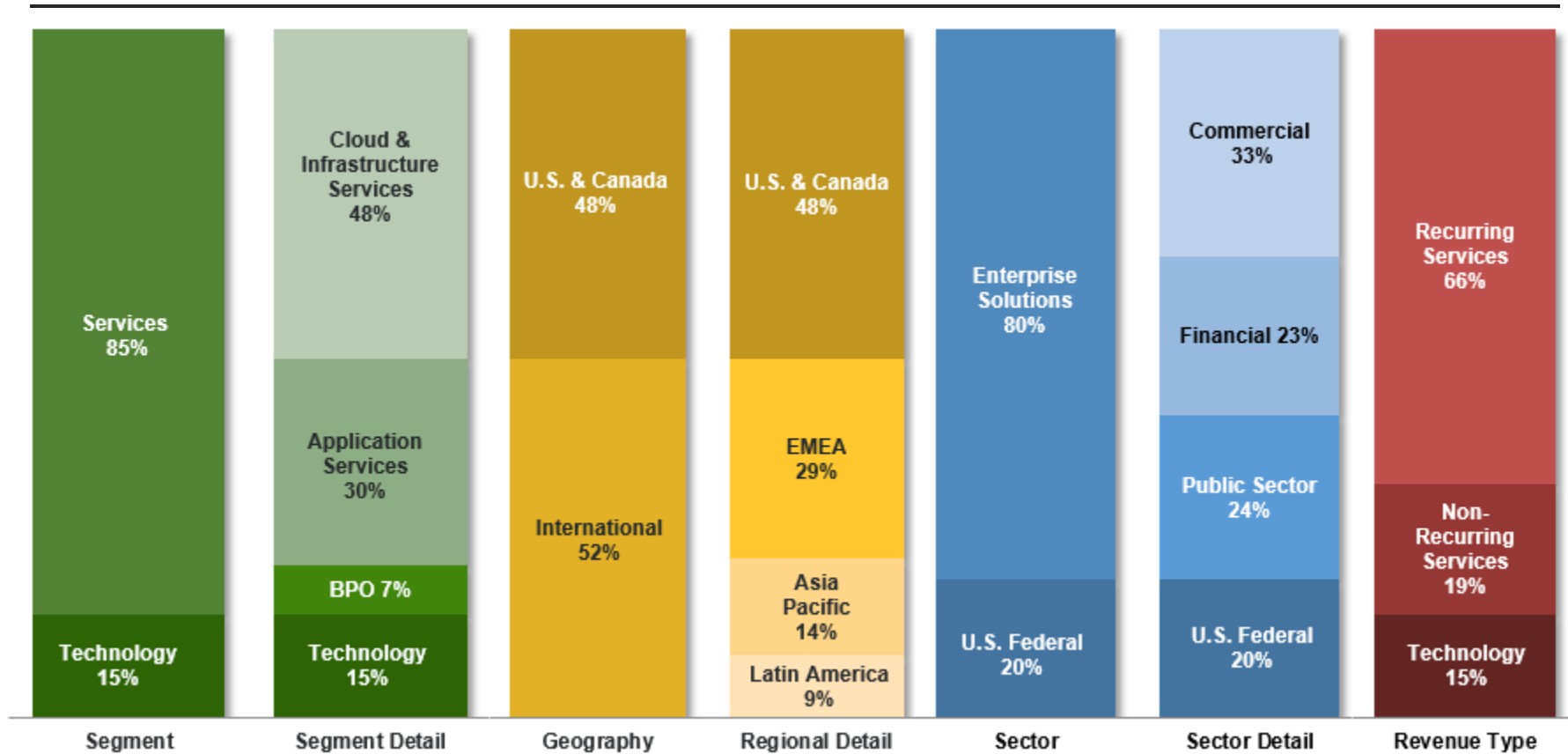
4Q16 Financial Results



See Schedule *A, **B and ***C:
GAAP to non-GAAP Reconciliation

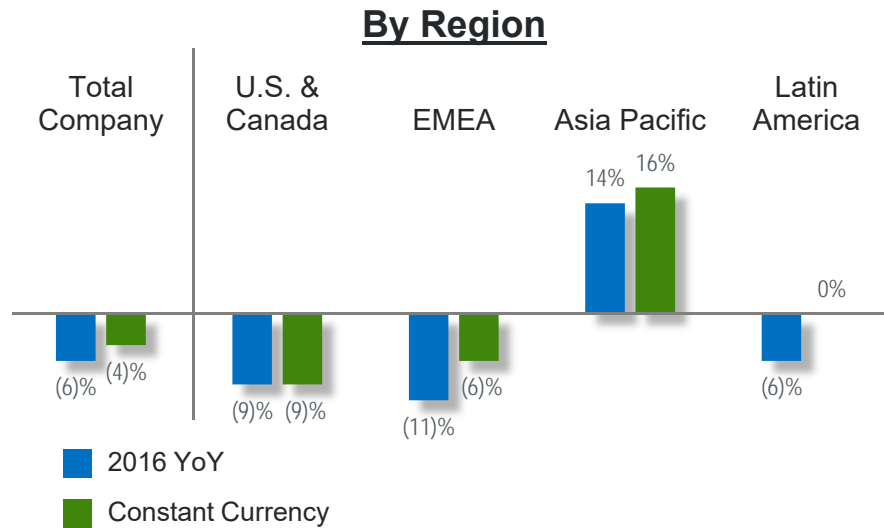
2016 Unisys Revenue Profile

Percent of 2016 Revenue

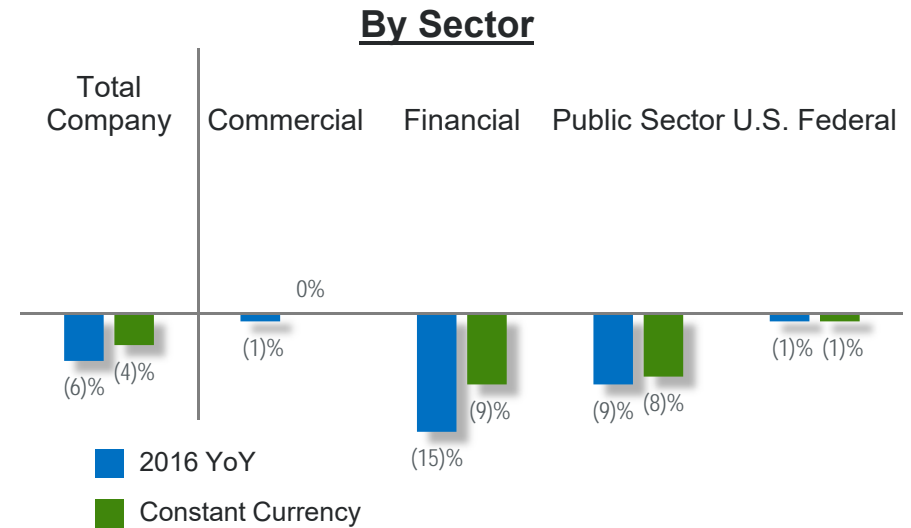


Total Year 2016 Revenue Growth Trends

By Region and Sector



- Asia Pacific growth driven by both Services (including several key new logo wins in Public Sector and increases in new scope business generally) and Technology
- EMEA decline driven by check-processing business in the UK, and lower Services revenue generally; Technology relatively flat
- Latin America decline driven by decline in Services, partly offset by a strong Technology year
- U.S. & Canada saw declines in both Services and Technology



- Commercial and Federal relatively flat for the year with only modest declines in Services and helped by Technology
 - Federal services backlog up year-over-year as of end of 4Q16
- Financial Services saw a decline in Services in 2016 and also faced a tough YoY comparison for Technology sales
- Public Sector saw decline in Services partially offset by a strong year in Technology

4Q16 and Total Year 2016 Segment Trends

Segment Results				
\$M	4Q16 YoY Change		2016 YoY Change	
Services Segment				
Services Revenue	\$597	(8)%	\$2,406	(8)%
Services Gross Profit Margin	17.2%	100 bps	16.2%	40 bps
Services Operating Profit Margin	2.5%	(110) bps	1.9%	(40) bps
Technology Segment				
Technology Revenue	\$125	(11)%	\$414	1%
Technology Gross Profit	59.2%	(920) bps	59.9%	460 bps
Technology Operating Profit Margin	39.3%	(750) bps	37.0%	12.2 pts

4Q16 and Total Year 2016 Cash Flow Comparison

Significant increase in all cash flow metrics for 2016 on a YoY basis, including being free cash flow positive for the full year

\$M	4Q15	4Q16	2015	2016
Operating Cash Flow	\$110	\$117	\$1	\$218
Capital Expenditures	\$47	\$40	\$214	\$147
Free Cash Flow*	\$63	\$77	\$(213)	\$71
Adjusted Free Cash Flow*	\$117	\$117	\$(6)	\$278
EBITDA**	\$68	\$69	\$124	\$192
Adjusted EBITDA**(1)	\$136	\$110	\$346	\$381

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

1: In connection with our previously announced cost reduction and other expense, we recognized \$52.5 million of pretax charges (which includes \$16.0 million of asset write-offs which are reflected in Depreciation & Amortization) impacting Adjusted EBITDA by \$36.5 million for the quarter ended December 31, 2015 and \$122.5 million of pretax charges (which includes \$19.9 million of asset write-offs which are reflected in Depreciation & Amortization) impacting Adjusted EBITDA by \$102.6 million for the year ended December 31, 2015. The 2016 cost reduction and other expense is \$18.7 million of pretax charges (which includes \$1.2 million of asset write-offs which are reflected in Depreciation & Amortization and includes loss on debt extinguishment of \$4.0M reducing the Other (income) expense adjustment) impacting Adjusted EBITDA by \$17.5 million for the quarter ended December 31, 2016 and \$90.4 million of pretax charges (which includes \$1.2 million of asset writeoffs which are reflected in Depreciation & Amortization and includes loss on debt extinguishment of \$4.0M reducing the Other (income) expense adjustment) impacting Adjusted EBITDA by \$89.2 million for the year ended December 31, 2016.

Cost-Reduction Plan Update



- Unisys previously announced a plan to create a more competitive cost structure and rebalance the global skill set
 - The original announced plan was to achieve \$200M of annualized cost savings exiting YE2016
 - Possible additional \$30M of annualized cost savings exiting 2017
- As of the end of 2016, the company has realized \$205M in annualized cost savings
 - The company is still targeting \$230M in annualized cost savings exiting 2017
 - The anticipated charges to achieve these savings as announced in our original plan is still expected to be \$300M
 - \$201M have been incurred as of 12/31/16, inception to date
 - Majority of remaining additional charge expected in 2017
- The cost reduction plan was originally estimated to require \$280M cash usage
 - Through 12/31/2016, we have used \$133M
 - We anticipate \$80-90M of cash to be used in 2017
 - We anticipate \$30-35M to be used in 2018 and \$15-20M to be used in 2019

Update on Defined Benefit Pension Plans

Worldwide P&L Impact (\$M)	2016	2017E
Total Pension Expense*	\$82.7	\$98.0
U.S. Qualified Defined Benefit Pension Plan		
Expected Return on Assets	6.80%	6.80%
Actual Return	7.32%	
U.S. GAAP Discount Rate	at 12/31/15 4.56%	at 12/31/16 4.38%
International Qualified Defined Benefit Pension Plans		
Expected Return on Assets	5.99%	5.30%
Weighted Average GAAP Discount Rate	at 12/31/15 3.30%	at 12/31/16 2.34%

*All estimates are based on expected asset returns and discount rate assumptions as calculated at December 31, 2016.

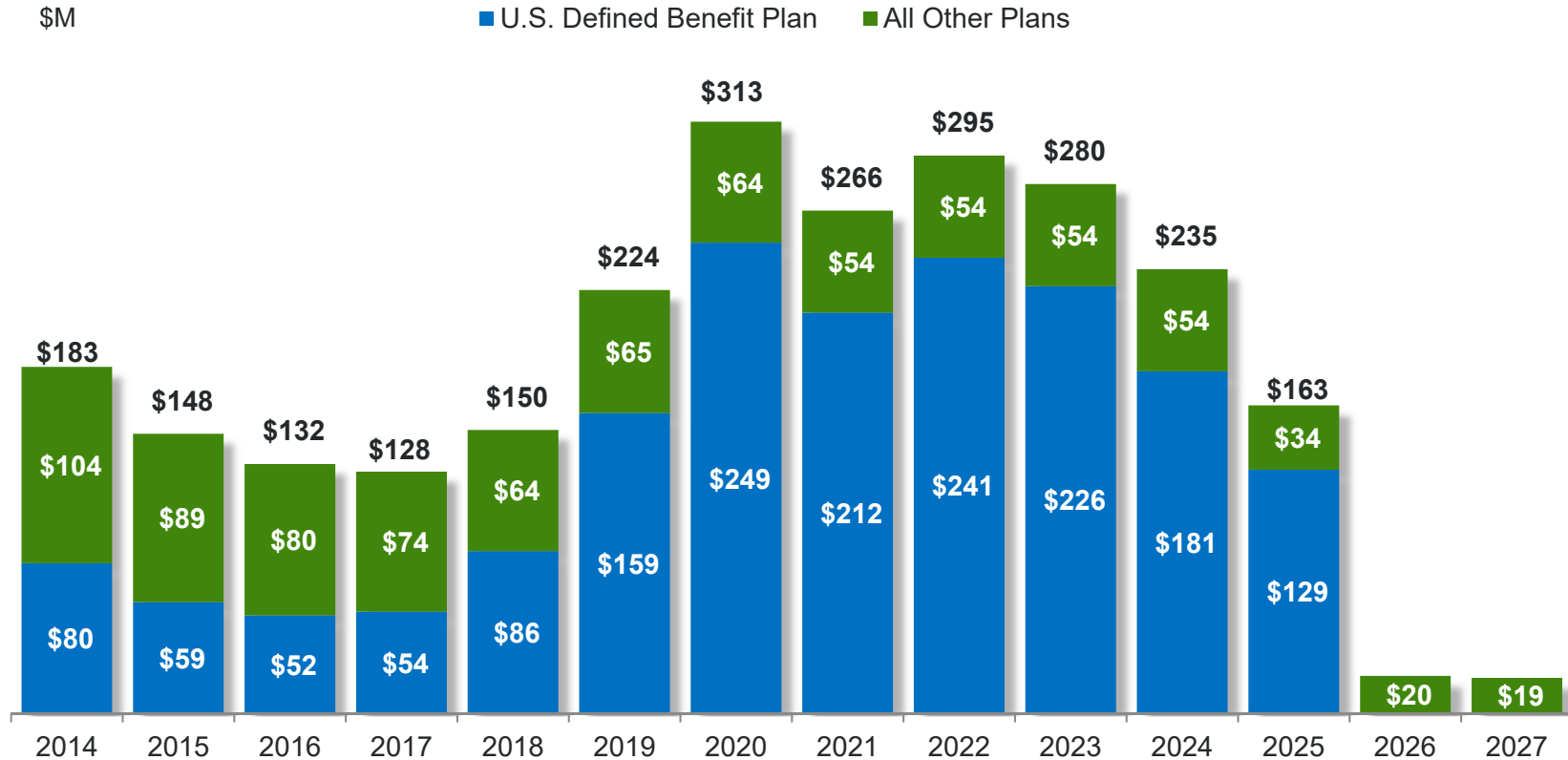
Defined Benefit Pension Plans Funded Status

\$B



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

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 2016 discount rates and projected discount rates based on current legislation. 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 2018 and beyond based on a number of factors including market conditions, changes in funding agreements, changes in discount rates and changes in currency rates.

Potential Economic Benefit of Unisys Tax Assets

\$M as of Dec. 31, 2016

Description		Unisys Net Deferred Tax Assets ⁽¹⁾	Future Available Reductions in Taxable Income
	U.S.		
NOLs and Tax Credits	Net Operating Loss – Federal & State	\$656	\$1,302
	Tax Credits	408	1,166
Pension and Other	Pension	631	1,657
	Other Deferred Tax Assets	<u>152</u>	<u>400</u>
	Total available U.S.	\$1,847	\$4,525
	Non-U.S.		
Foreign Tax Attributes	Net Operating Loss – Non-U.S.	\$234	\$924
	Pension and other – Non-U.S.	<u>143</u>	<u>650</u>
	Total available non-U.S.	\$377	\$1,574
	Total available	\$2,224	\$6,099
	Valuation Allowance ⁽¹⁾	<u>(2,084)</u>	
	Total Net Deferred Tax Asset ⁽¹⁾	\$140	

(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, 2016. 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.

2017 Financial Guidance



- **Revenue: \$2.65B-2.75B**
 - 1-5% Y/Y decline in constant currency
- **Non-GAAP Operating Profit Margin: 7.25-8.25%**
- **Adjusted Free Cash Flow: \$130M-170M**



Questions & Answers

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 pension 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.

Total Contract Value – TCV is the estimated total contractual revenue related to signed contracts including option years and without regard for cancellation.

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 – The company recorded pretax pension 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.

Non-GAAP diluted earnings per share – The company has recorded pension expense and charges in connection with 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.

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, interest expense (net of interest income), provision for income taxes, depreciation and amortization. Adjusted EBITDA further excludes pension expense, cost-reduction and other expenses, non-cash share-based expense, and adjusted other (income) expense. In order to provide investors with additional understanding of the company's operating results, these charges are excluded from the adjusted EBITDA calculation. The company has also provided external guidance to investors and analysts that it thinks will aid any interested party in understanding and measuring the company's ongoing operations and profitability.

Schedule A: GAAP to Non-GAAP Reconciliation

Operating Profit

\$M	4Q15	4Q16	2015	2016
Operating profit (loss)	\$15.8	\$35.5	\$(55.1)	\$47.6
Cost-reduction charges and other expense	52.5	14.7	122.5	86.4
Pension expense	27.2	19.7	108.7	82.7
Non-GAAP operating profit (loss)	\$95.5	\$69.9	\$176.1	\$216.7
Customer revenue	\$789.9	\$721.7	\$3,015.1	\$2,820.7
GAAP operating profit (loss) %	2.0%	4.9%	(1.8)%	1.7%
Non-GAAP operating profit (loss) %	12.1%	9.7%	5.8%	7.7%

Schedule B: GAAP to Non-GAAP Reconciliation

Earnings per Diluted Share

\$M except share and per share data		4Q15	4Q16	2015	2016
Net income (loss) attributable to Unisys Corporation common shareholders		\$1.1	\$(1.2)	\$(109.9)	\$(47.7)
Cost-reduction and other expense:	Pretax	52.5	18.7	122.5	90.4
	tax provision (benefit)	(1.0)	0.7	(6.0)	(4.0)
	net of tax	51.5	19.4	116.5	86.4
Pension expense:	pretax	27.2	19.7	108.7	82.7
	tax provision (benefit)	(0.5)	0.6	(2.1)	1.5
	net of tax	26.7	20.3	106.6	84.2
Non-GAAP net income (loss) attributable to Unisys Corporation common shareholders		\$79.3	\$38.5	\$113.2	\$122.9
Add interest expense on convertible notes		0.0	4.7	0.0	14.5
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$79.3	\$43.2	\$113.2	\$137.4
Weighted average shares (thousands)		49,937	50,085	49,905	50,060
Plus incremental shares from assumed conversion of employee stock plans & convertible notes		111	22,270	150	17,461
GAAP adjusted weighted average shares		50,049	72,355	50,055	67,523
Diluted earnings (loss) per share					
<i>GAAP basis</i>					
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$1.1	\$(1.2)	\$(109.9)	\$(47.7)
Divided by adjusted weighted average shares		50,049	50,085	49,905	50,060
GAAP earnings (loss) per diluted share		\$0.02	\$(0.02)	\$(2.20)	\$(0.95)
<i>Non-GAAP basis</i>					
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$79.3	\$43.2	\$113.2	\$137.4
Divided by non-GAAP adjusted weighted average shares		50,049	72,355	50,055	67,523
Non-GAAP earnings (loss) per diluted share		\$1.58	\$0.60	\$2.26	\$2.03

Schedule C: GAAP to Non-GAAP Reconciliation

Free Cash Flow

\$M	4Q15	4Q16	2015	2016
Cash provided by (used for) operations	\$109.7	\$116.9	\$1.2	\$218.2
Capital expenditures	(46.3)	(40.3)	(213.7)	(147.1)
Free cash flow	\$63.4	\$76.6	\$(212.5)	\$71.1
Pension funding	32.7	28.5	148.3	132.5
Cost-reduction funding	20.9	11.7	58.5	74.0
Adjusted free cash flow	\$117.0	\$116.8	\$(5.7)	\$277.6

Schedule D: GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization

\$M	4Q15	4Q16	2015	2016
Net income (loss) attributable to Unisys	\$1.1	\$(1.2)	\$(109.9)	\$(47.7)
Net income (loss) attributable to noncontrolling interests	0.2	2.8	6.7	11.0
Interest expense, net of interest income of \$2.7, \$2.5, \$11.2, \$9.2, respectively*	1.1	4.8	2.7	16.2
Income tax provision	11.1	23.0	44.4	57.2
Depreciation ⁽¹⁾	37.9	22.5	113.2	90.8
Amortization	16.6	16.8	66.9	64.8
EBITDA	\$68.0	\$68.7	\$124.0	\$192.3
Pension expense	27.2	19.7	108.7	82.7
Cost-reduction and other expense ^{**} (1)	36.5	17.5	102.6	89.2
Non-cash share-based expense	1.5	1.8	9.4	9.5
Other (income) expense adjustment ^{***}	2.3	2.1	1.0	6.9
Adjusted EBITDA⁽¹⁾	\$135.5	\$109.8	\$345.7	\$380.6

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

** Adjusted to exclude duplication of D&A

*** Other (income) expense, net as reported on the Consolidated Statements of Income less interest income and loss on debt extinguishment of \$4.0 million for the quarter and year ended December 31, 2016

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