Full-Year and Fourth-Quarter 2018 Financial Results

February 12, 2019

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

www.unisys.com/investor

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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.
- 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 we will be reporting non-GAAP revenue and related measures as a result of the 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-K for the year.
- 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

Progress on Key Strategic Initiatives in 2018

Use Industry Go-To-Market Strategy to Improve Revenue Trends

- Total company revenue grew 3.0% YoY; first full-year growth since 2003
  - Non-GAAP adjusted revenue grew 80 bps YoY, achieving guidance of (2) – 3% YoY growth
- Services revenue grew 2.5% YoY; first full-year Services growth since 2006
- New business and total company TCV up 51% and 27%, respectively

Improve Consistency in Annual Technology Performance

- Technology revenue of $439M, up 6.1%
- Non-GAAP adjusted Technology revenue of $386M, down YoY due to ClearPath Forward renewal schedule, as expected
- Non-GAAP adjusted Technology operating profit up 8.3% YoY, despite lower revenue, due to margin expansion

Leverage our Security Expertise to Drive Revenue

- Stealth™ progress with revenue up 94% YoY, Stealth™ TCV up 94% YoY
- Stealth™ serving as a differentiator in competitive processes
- Launched TrustCheck™ during 2018
- Launching Zero Trust implementation offering in early 2019

Improve Profitability

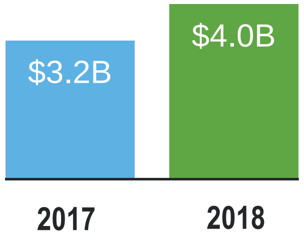
- Non-GAAP operating profit margin of 8.9%, exceeding full-year guidance of 7.75 - 8.75% and up 20 bps YoY
- Adjusted EBITDA margin of 15.3%, exceeding full-year guidance of 13.7% to 14.9% and up 50 bps YoY

See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.
All metrics shown represent full-year 2018 numbers

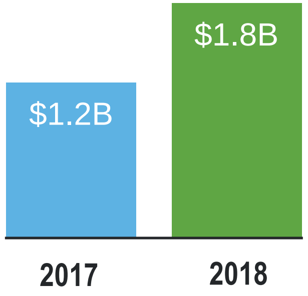
Go-To-Market Progress

Total Contract Value

Total Company

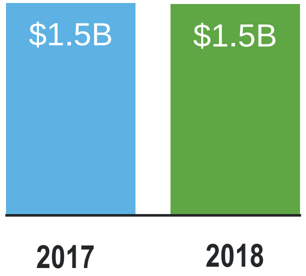


New Business

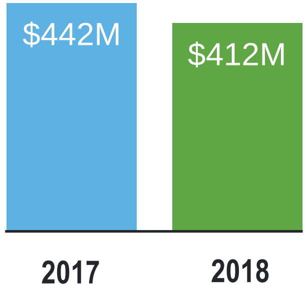


Annual Contract Value

Total Company



New Business



2018 Pipeline[1]

Total Company
>$13B
2% YoY growth

New Business
>$12B
8% YoY growth

See definitions beginning on slide 29

1 Pipeline represents the TCV of prospective sale opportunities being pursued or for which bids have been submitted. There is no assurance that pipeline will translate into recorded revenue.

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CFO Remarks
Inder Singh

2018 Financial Highlights

Strong Revenue Performance

- First full-year total company growth since 2003
  - Total revenue growth of 3.0% YoY as reported and in constant currency
  - Non-GAAP adjusted revenue growth of 80 bps YoY vs. guidance range of (2) – 3% growth
- First full-year Services revenue growth since 2006
  - Services revenue growth of 2.5% YoY (2.1% on a non-GAAP adjusted basis), 2.4% in constant currency

Stronger-Than-Expected Profitability

- Operating profit margin expanded by 660 basis points YoY to 10.1%
- Exceeded full-year guidance for non-GAAP operating profit margin and adjusted EBITDA margin

	Guidance Range	Actuals 2018 Results	Δ YoY
Non-GAAP Operating Profit Margin	7.75 – 8.75%	8.9%	20 bps
Adjusted EBITDA Margin	13.7 – 14.9%	15.3%	50 bps

- Non-GAAP adjusted Technology operating profit up 8.3% YoY despite lower YoY revenues
- 2018 Diluted EPS of $1.30 versus a loss of $1.30 in 2017

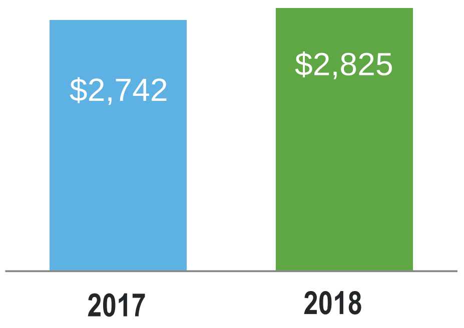
Continuing Momentum with Backlog

- Backlog grew 13% YoY to $4.8B, the second-consecutive year of growth in YE backlog

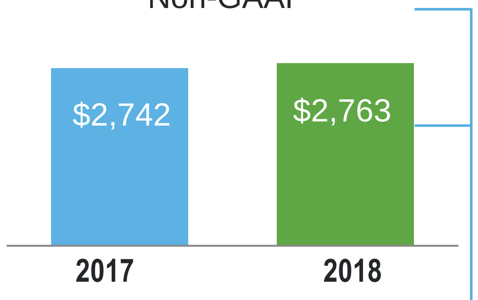
See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.
All metrics shown represent full-year 2018 numbers

2018 Financial Results

Revenue ($M)
GAAP

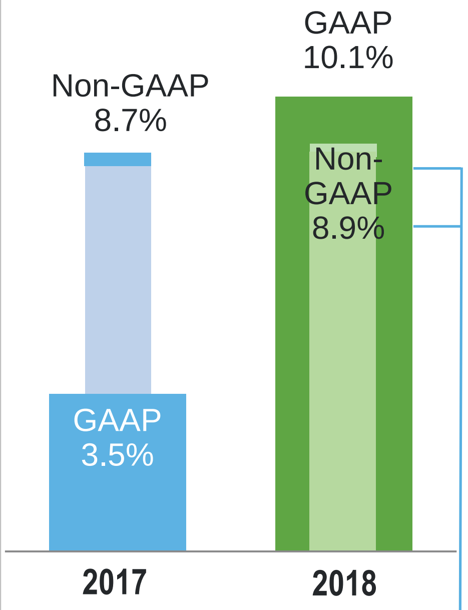


Adjusted Revenue ($M)
Non-GAAP



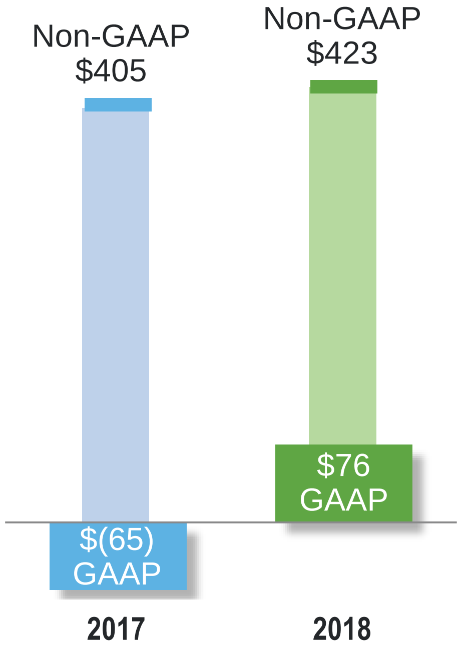
2018 Guidance:
$2.7B - 2.825B

Operating Profit Margin (%)
GAAP and Non-GAAP

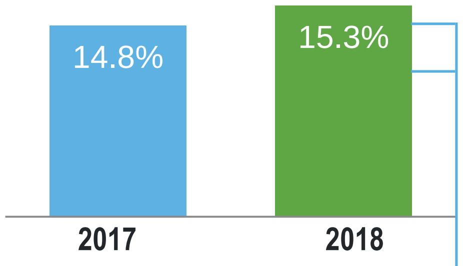


2018 Guidance:
7.75% - 8.75%

Net Income/Loss Attributable to Unisys ($M)
(GAAP) and
Adjusted EBITDA ($M)
(Non-GAAP)



Adjusted EBITDA Margin
(Non-GAAP)



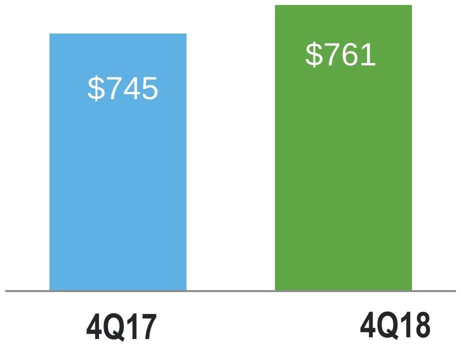
2018 Guidance:
13.7% - 14.9%

Diluted Earnings per Share[1]
GAAP and Non-GAAP

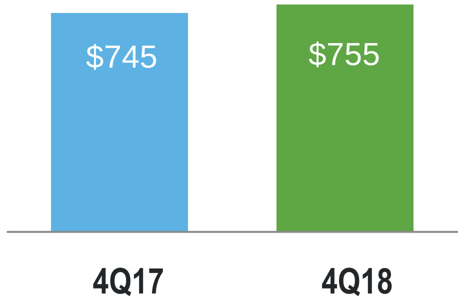
1. 2017 included tax benefits of $50.4M, or $0.69 per diluted share, related to unusually high tax credits
See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures

4Q18 Financial Results

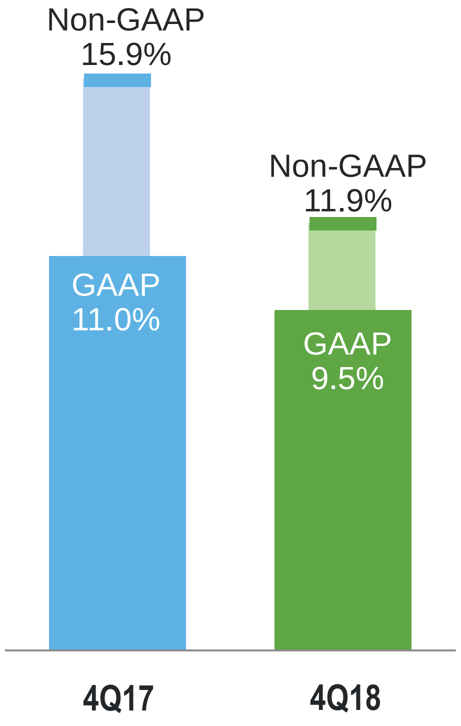
Revenue ($M)
GAAP



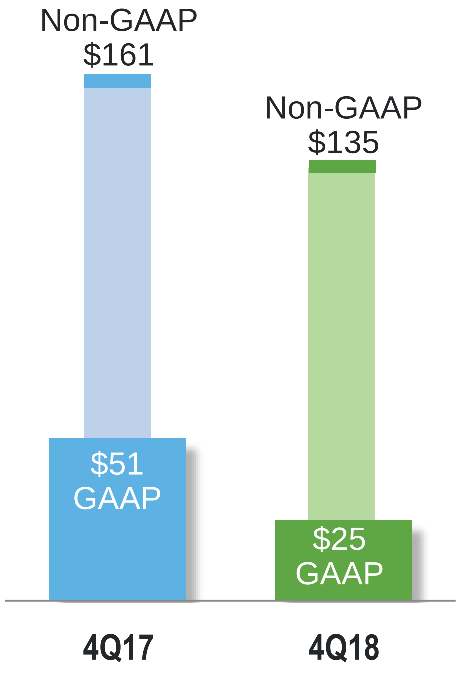
Adjusted Revenue ($M)
Non-GAAP



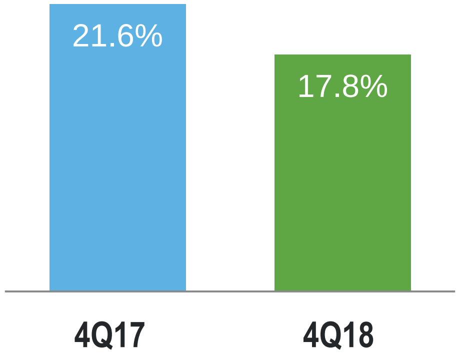
Operating Profit Margin (%)
GAAP and Non-GAAP



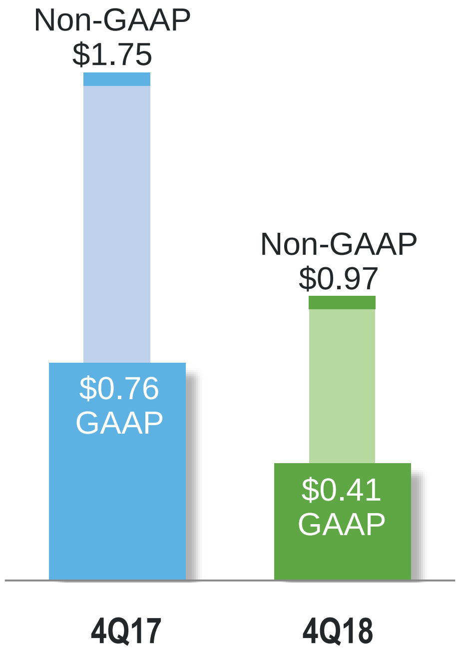
Net Income/Loss Attributable to Unisys ($M)
(GAAP) and
Adjusted EBITDA ($M)
(Non-GAAP)



Adjusted EBITDA Margin
(Non-GAAP)



Diluted Earnings per Share[1]
GAAP and Non-GAAP



1. 4Q17 included tax benefits of $29.3M, or $0.41 per diluted share, related to unusually high tax credits
See appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures

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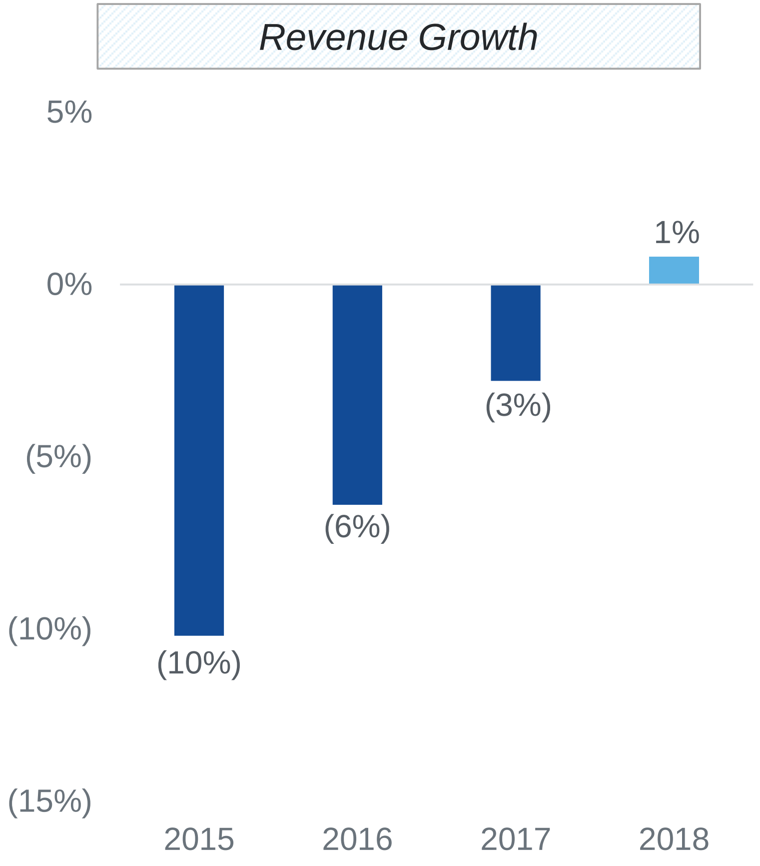
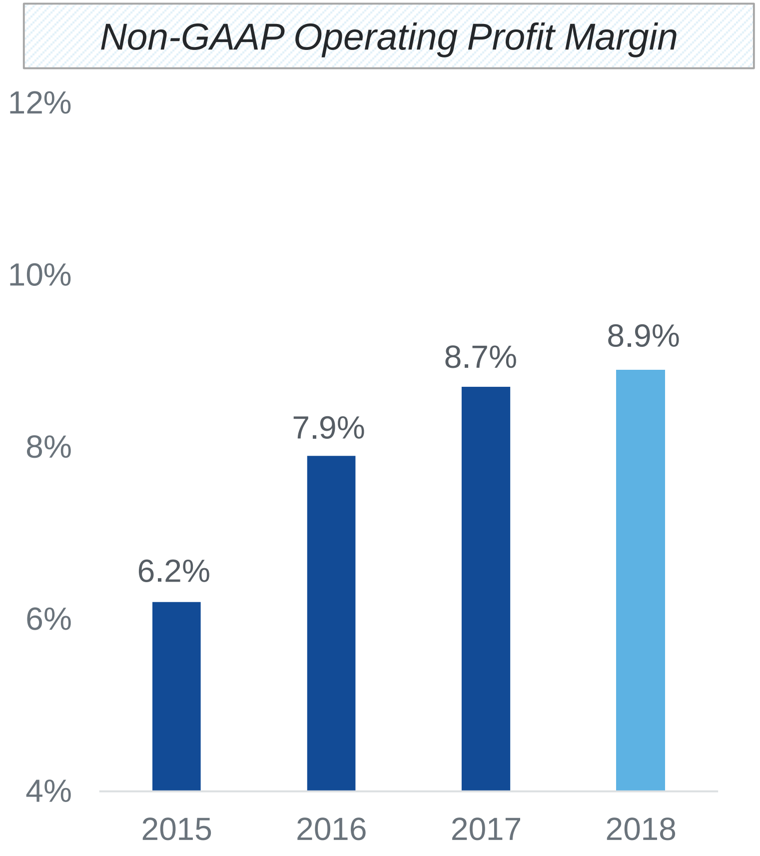
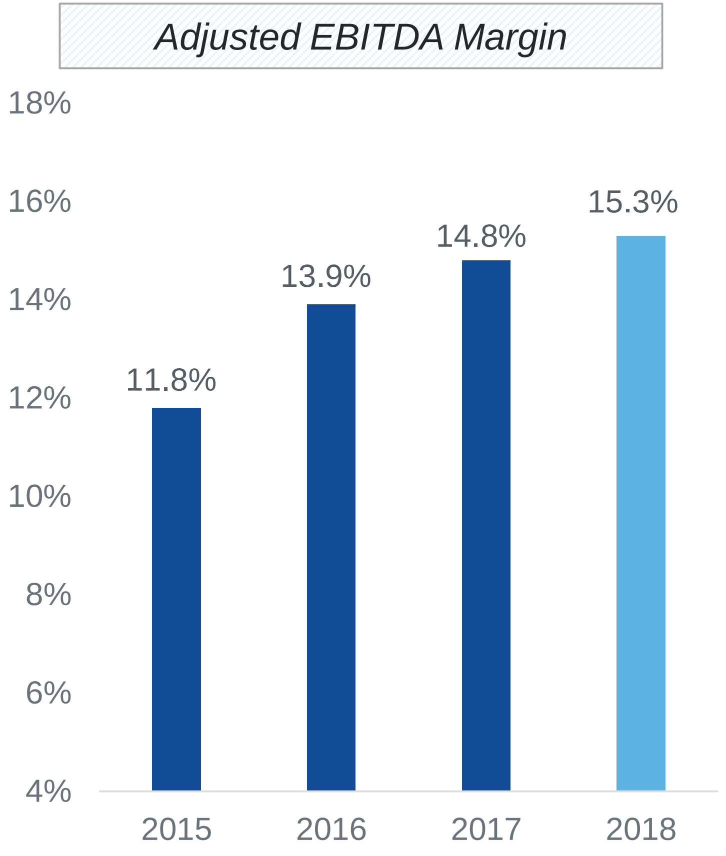
Financial Trends







	2015	2016	2017	2018
GAAP revenue growth	(10%)	(6%)	(3%)	3%
GAAP Operating Profit Margin	1.8%	4.6%	3.5%	10.1%

2018 Segment Results

$M	As Reported			Non-GAAP Adjusted		
Services Segment	**2017**	**2018**	**YoY Δ**	**2017**	**2018**	**YoY Δ**
Services Customer Revenue	$2,328	$2,386	2.5%	$2,328	$2,377	2.1%
Services Gross Profit Margin	16.8%	16.0%	(80) bps	16.8%	15.6%	(120) bps
Services Operating Profit Margin	2.8%	2.8%	Flat	2.8%	2.4%	(40) bps
Technology Segment	**2017**	**2018**	**YoY Δ**	**2017**	**2018**	**YoY Δ**
Technology Customer Revenue	$414	$439	6.1%	$414	$386	(6.7)%
Technology Gross Profit Margin	59.4%	69.4%	10.0 pts	59.4%	65.4%	600 bps
Technology Operating Profit Margin	38.8%	51.3%	12.5 pts	38.8%	45.0%	620 bps
Total Company	**2017**	**2018**	**YoY Δ**	**2017**	**2018**	**YoY Δ**
Customer Revenue	$2,742	$2,825	3.0%	$2,742	$2,763	0.8%
Gross Profit Margin	20.0%	24.3%	430 bps	23.8%	23.2%	(60) bps
Operating Profit Margin	3.5%	10.1%	660 bps	8.7%	8.9%	20 bps

- Services revenue grew for first time since 2006
- The impact of new contracts on Services gross margin was negative 130 basis points

- Non-GAAP adjusted Technology revenue down YoY, as expected, due to ClearPath Forward renewal schedule
- Non-GAAP adjusted Technology operating profit up 8.3% YoY despite decline in revenue due to non-GAAP adjusted operating profit margin expansion of 620 bps

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

4Q18 Segment Results

$M	As Reported			Non-GAAP Adjusted		
Services Segment	**4Q17**	**4Q18**	**YoY Δ**	**4Q17**	**4Q18**	**YoY Δ**
Services Customer Revenue	$593	$626	5.6%	$593	$619	4.5%
Services Gross Profit Margin	18.1%	15.0%	(310) bps	18.1%	14.1%	(400) bps
Services Operating Profit Margin	4.8%	2.1%	(270) bps	4.8%	1.1%	(370) bps
Technology Segment	**4Q17**	**4Q18**	**YoY Δ**			
Technology Customer Revenue	$152	$135	(11.0)%			
Technology Gross Profit Margin	69.9%	75.5%	560 bps			
Technology Operating Profit Margin	57.4%	58.6%	120 bps			
Total Company	**4Q17**	**4Q18**	**YoY Δ**	**4Q17**	**4Q18**	**YoY Δ**
Customer Revenue	$745	$761	2.2%	$745	$755	1.3%
Gross Profit Margin	25.1%	23.4%	(170) bps	29.1%	25.8%	(330) bps
Operating Profit Margin	11.0%	9.5%	(150) bps	15.9%	11.9%	(400) bps

Note: Non-GAAP adjusted Technology results for 4Q are the same as reported results

- Services revenue growth of 5.6% (4.5% on a non-GAAP adjusted basis), marking the third-consecutive quarter of Services growth
- The impact of new contracts on Services gross margin was negative 210 basis points in addition to increased costs associated with certain existing contracts

- Technology revenue down YoY, as expected, due to timing of ClearPath Forward renewals

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

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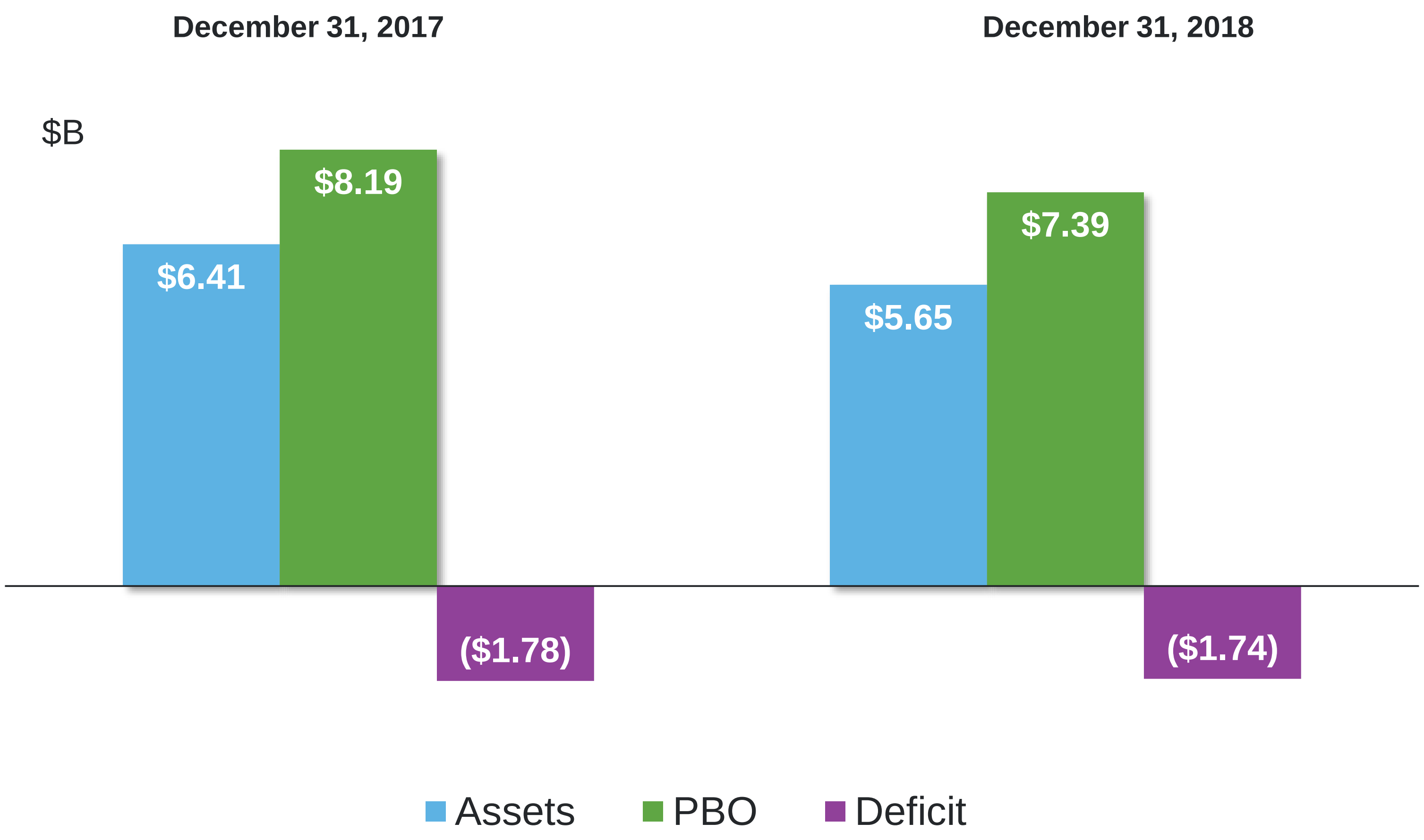
4Q18 and Total Year 2018 Cash Flow and EBITDA Results

$M	4Q17	4Q18	2017	2018
EBITDA	$82	$93	$127	$360
EBITDA Margin	11.0%	12.2%	4.6%	12.7%
Adjusted EBITDA	$161	$135	$405	$423
Adjusted EBITDA Margin	21.6%	17.8%	14.8%	15.3%
Operating Cash Flow	$203	$151	$166	$74
Capital Expenditures	$(48)	$(48)	$(177)	$(189)
Free Cash Flow	$155	$103	$(10)	$(115)
Adjusted Free Cash Flow	$207	$124	$211	$62

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

Defined Benefit Pension Plans Funded Status



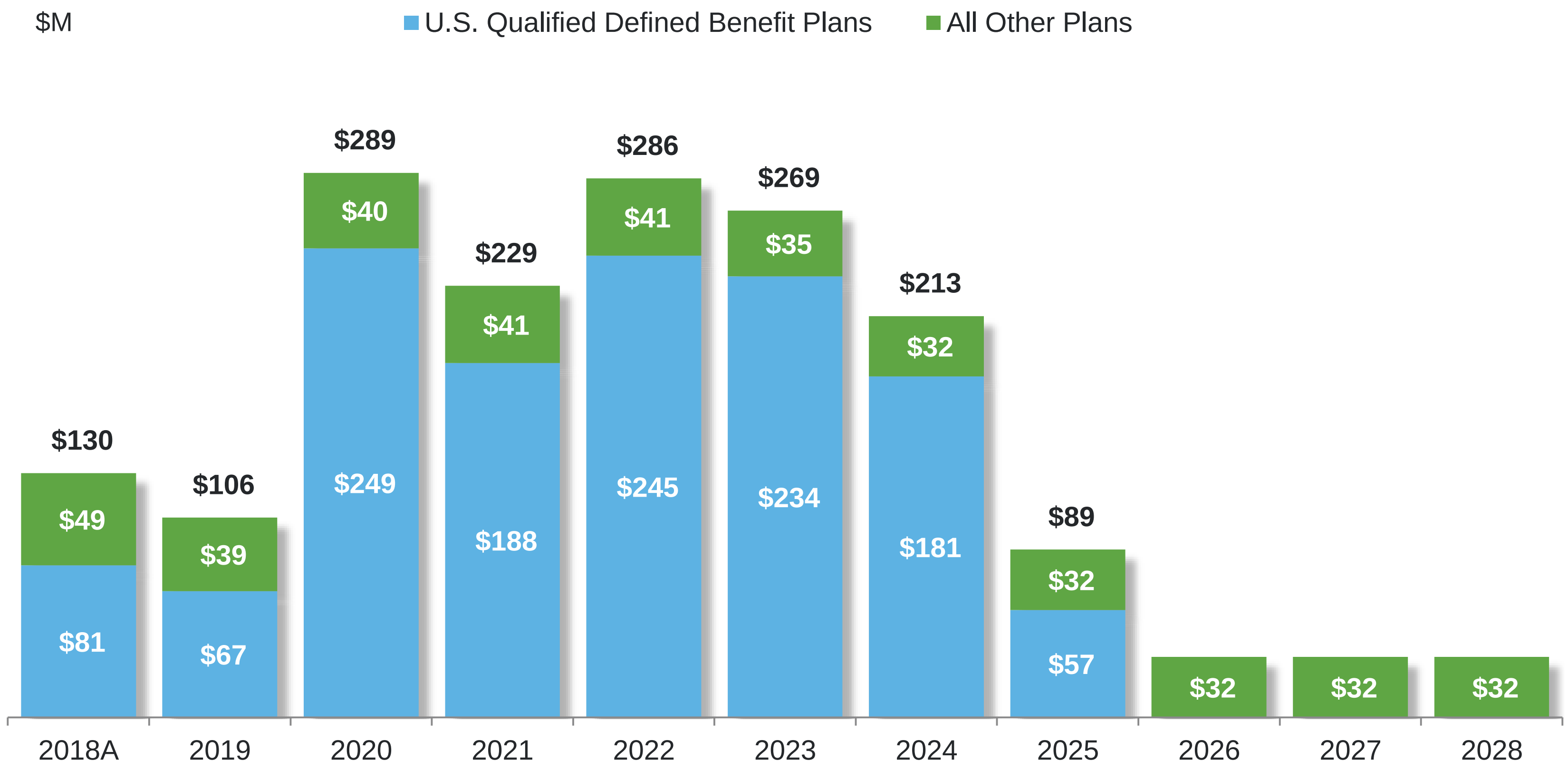
In accordance with U.S. GAAP, discount rates are set annually at December 31.

Update on Defined Benefit Pension Plans

Worldwide P&L Impact ($M)	2018	2019E
Total Pension Expense[1]	$79.7	$90.5
U.S. Qualified Defined Benefit Pension Plan		
Expected Return on Assets	6.80%	6.80%
Actual Return	(4.97%)	
U.S. GAAP Discount Rate	at 12/31/17 3.87%	at 12/31/18 4.50%
International Defined Benefit Pension Plans		
Expected Return on Assets	4.38%	4.18%
Weighted Average GAAP Discount Rate	at 12/31/17 2.24%	at 12/31/18 2.55%

1 All estimates are based on expected asset returns and discount rate assumptions as calculated at December 31, 2018

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.

Current estimates for future contributions to international plans are based on local funding regulations and agreements as of year-end 2018 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.

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 2018 Form 10-K that will be filed in February 2019.

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.

2019 Financial Guidance

- **Non-GAAP Adjusted Revenue: $2.8B – 2.875B**
  - +1% to +4% YoY growth[1]
- **Non-GAAP Operating Profit Margin: 8.25% - 9.25%**
- **Adjusted EBITDA Margin: 14.4% - 16.0%**

1. Growth ranges shown are adjusted to exclude the benefit from the major one-time differences in revenue that was reported in 2018 under Topic 606 that would not have been reported in 2018 had the revenue recognition rules been in existence before January 1, 2018, as well as other adjustments.

Questions & Answers

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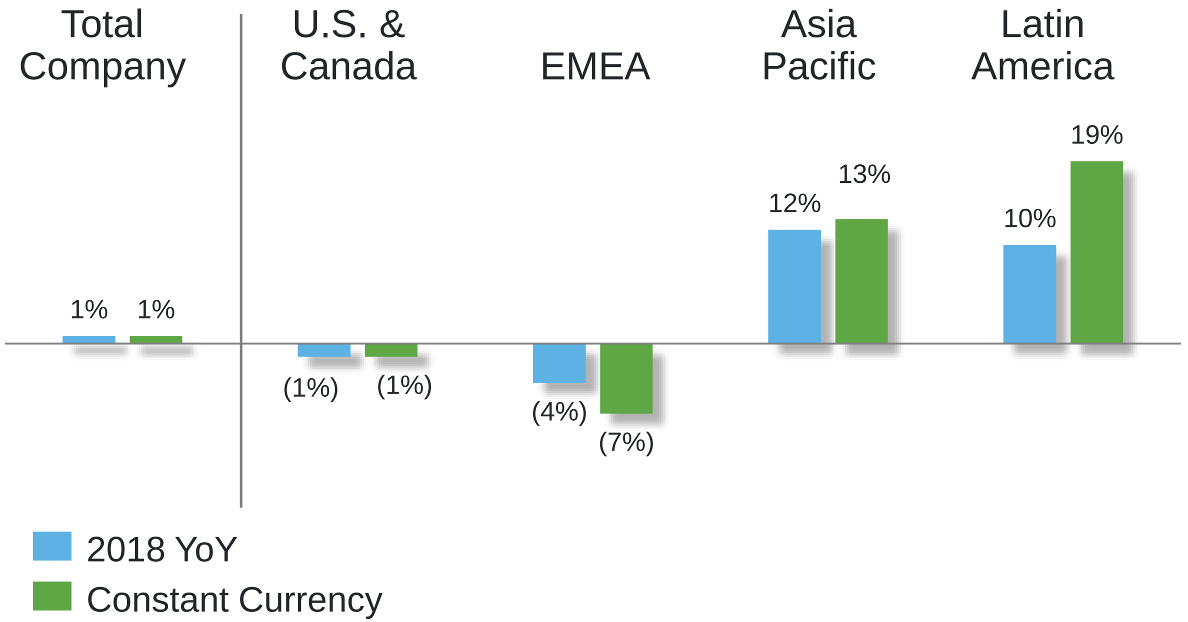
Appendix

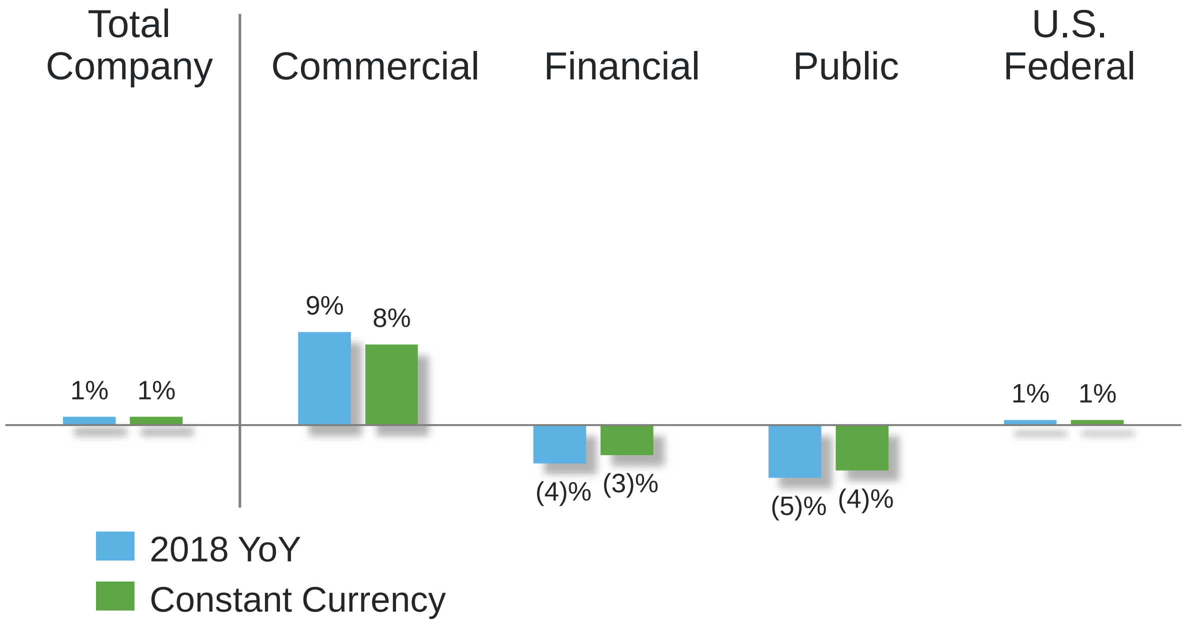
Total Year Revenue Growth by Region and Sector[1]

By Region



- Continued progress in Latin America with strong growth both as reported and in constant currency
- Growth of 12% in Asia Pacific with growth in both Services and Technology
- U.S. & Canada revenue down slightly but significant wins with U.S. State clients during the year

By Sector



- Continued momentum in U.S. Federal with revenue up 1%; 4Q18 revenue up 9%
- Public revenue declined 5% YoY, but 2018 Public TCV grew 31%
- Commercial growth of 9%, helped by growth in both Services and Technology
- Financial Services decline of 4% largely due to lighter Technology renewal schedule

1. 2018 numbers adjusted to exclude revenue previously recorded under ASC 605, which was also included under ASC 606, as well as other adjustments

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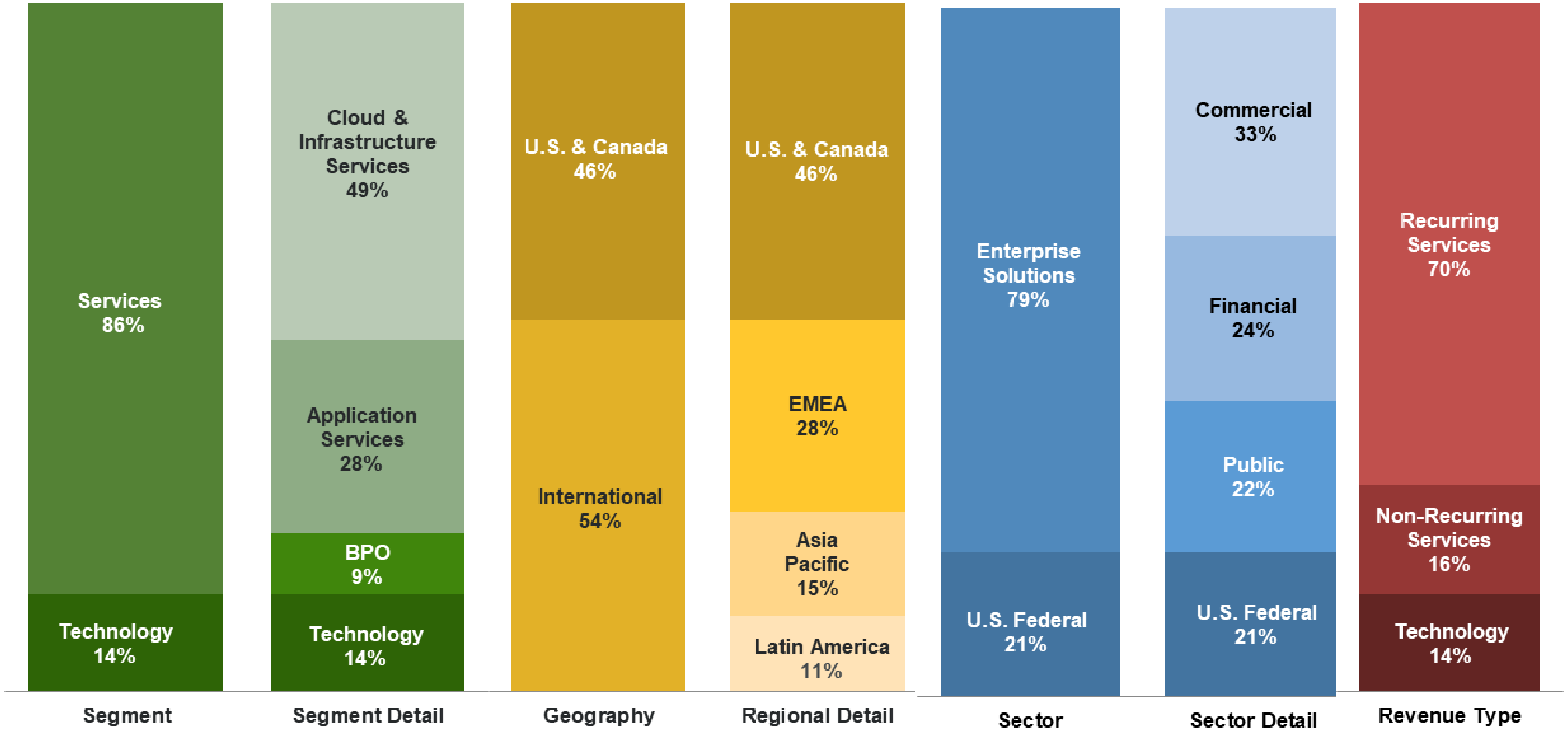
2018 Unisys Non-GAAP Adjusted Revenue Profile

Percent of Full Year 2018 Non-GAAP Adjusted Revenue



Schedule A: GAAP to Non-GAAP Reconciliation

Operating Profit

$M	4Q17	4Q18	2015	2016	2017	2018
Operating profit	**$81.7**	**$72.5**	**54.3**	**129.2**	**$97.1**	**$284.1**
Topic 606 adoption	0.0	0.0	0.0	0.0	0.0	(53.0)
Restructuring reimbursement	0.0	(6.3)	0.0	0.0	0.0	(9.4)
Postretirement expense	1.0	0.9	9.3	7.8	5.6	3.8
Cost reduction expense	35.4	22.8	122.5	86.4	135.0	19.7
Non-GAAP operating profit	**$118.1**	**$89.9**	**$186.1**	**$223.4**	**$237.7**	**$245.2**
Customer revenue	744.8	760.9	3,015.1	2,820.7	2,741.8	2,825.0
Non-GAAP adjusted revenue	744.8	754.6	3,015.1	2,820.7	2,741.8	2,762.6
GAAP operating profit (loss)%	11.0%	9.5%	1.8%	4.6%	3.5%	10.1%
Non-GAAP operating profit (loss)%	15.9%	11.9%	6.2%	7.9%	8.7%	8.9%

Schedule B: GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

$M	4Q17	4Q18	2015	2016	2017	2018
Net income (loss) attributable to Unisys	**$50.5**	**$25.0**	**$(109.9)**	**$(47.7)**	**$(65.3)**	**$75.5**
Net income (loss) attributable to noncontrolling interests	4.0	(0.8)	6.7	11.0	(1.3)	3.4
Interest expense, net of interest income of $2.7, $2.7, $9.2, $11.2, $9.9, $11.7 respectively *	13.7	13.1	2.7	16.2	42.9	52.3
Income tax provision (benefit)	(27.1)	13.9	44.4	57.2	(5.5)	64.3
Depreciation	24.5	27.3	113.2	90.8	93.4	107.2
Amortization	16.0	14.1	66.9	64.8	63.1	56.9
EBITDA	**$81.6**	**$92.6**	**$124.0**	**$192.3**	**$127.3**	**$359.6**
Postretirement expense	23.6	25.9	118.7	89.4	98.1	84.1
Cost-reduction and other expense***	49.1	16.5	102.6	89.2	149.6	10.3
Topic 606 adoption	0.0	0.0	0.0	0.0	0.0	(53.0)
Non-cash share-based expense	2.6	3.2	9.4	9.5	11.2	13.2
Other (income) expense adjustment**	4.0	(3.7)	1.0	10.9	18.9	8.3
Adjusted EBITDA	**$160.9**	**$134.5**	**$355.7**	**$391.3**	**$405.1**	**$422.5**

* 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 Interest income and items included in cost reduction and other expenses
*** Reduced for D&A included above

Schedule C: GAAP to Non-GAAP Reconciliation

Earnings per Diluted Share

$M except share and per share data		4Q17	4Q18	2017	2018
Net income (loss) attributable to Unisys Corporation common shareholders		**$50.5**	**$25.0**	**$(65.3)**	**$75.5**
Cost-reduction and other expense:	pretax	49.4	16.5	149.9	10.3
	Tax	2.0	1.8	12.2	1.6
	Minority interest	0.0	2.0	(11.1)	3.5
	Net of tax and minority interest	47.4	16.7	126.6	12.2
Topic 606 adjustment	Pretax	0.0	0.0	0.0	(53.0)
	Tax	0.0	0.0	0.0	(5.3)
	Net of tax	0.0	0.0	0.0	(47.7)
Postretirement expense:	Pretax	23.6	25.9	98.1	84.1
	Tax	0.6	(1.1)	2.3	(0.3)
	net of tax	24.2	24.8	100.4	83.8
Non-GAAP net income (loss) attributable to Unisys Corporation common shareholders		**122.1**	**66.5**	**161.7**	**123.8**
Add interest expense on convertible notes		4.8	5.0	19.0	19.6
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		**126.9**	**71.5**	**180.7**	**143.4**
Weighted average shares (thousands)		50,475	51,028	50,409	50,946
Plus incremental shares from assumed conversion of employee stock plans & convertible notes		22,121	22,598	22,163	22,409
GAAP adjusted weighted average shares		**72,596**	**73,626**	**72,572**	**73,355**
Diluted earnings (loss) per share					
GAAP basis					
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		55.3	30.0	(65.3)	95.1
Divided by adjusted weighted average shares		72,596	73,626	50,409	73,355
GAAP earnings (loss) per diluted share		**$0.76**	**$0.41**	**$(1.30)**	**$1.30**
Non-GAAP basis					
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		126.9	71.5	180.7	143.4
Divided by non-GAAP adjusted weighted average shares		72,596	73,626	72,572	73,355
Non-GAAP earnings (loss) per diluted share		**$1.75**	**$0.97**	**$2.49**	**$1.95**

Schedule D: GAAP to Non-GAAP Reconciliation

Free Cash Flow

$M	4Q17	4Q18	2017	2018
Cash provided by (used for) operations	**$202.7**	**$151.3**	**$166.4**	**$73.9**
Capital expenditures	(48.0)	(48.2)	(176.5)	(189.3)
Free cash flow	**$154.7**	**$103.1**	**$(10.1)**	**$(115.4)**
Postretirement funding	31.4	14.2	150.6	138.7
Cost-reduction funding	21.3	6.5	70.3	38.7
Adjusted free cash flow	**$207.4**	**$123.8**	**$210.8**	**$62.0**

Schedule E: GAAP to Non-GAAP Reconciliation

Reconciliation of Segment Reporting

$M	4Q17	4Q18	2017	2018
Total Services Revenue	**$592.6**	**$625.5**	**$2,328.2**	**$2,386.3**
Restructuring reimbursement	0.0	(6.3)	0.0	(9.4)
Total Services non-GAAP adjusted Revenue	**$592.6**	**$619.2**	**$2,328.2**	**$2,376.9**
Services gross profit	**$107.5**	**$93.9**	**$390.3**	**$380.8**
Restructuring reimbursement	0.0	(6.3)	0.0	(9.4)
Non-GAAP adjusted Services gross profit	**$107.5**	**$87.6**	**$390.3**	**$371.4**
Services operating profit	**$28.2**	**$13.3**	**$64.8**	**$67.6**
Restructuring reimbursement	0.0	(6.3)	0.0	(9.4)
Non-GAAP adjusted Services operating profit	**$28.2**	**$7.0**	**$64.8**	**$58.2**
Services gross margin	18.1%	15.0%	16.8%	16.0%
Non-GAAP adjusted Services gross margin	18.1%	14.1%	16.8%	15.6%
Services operating margin	4.8%	2.1%	2.8%	2.8%
Non-GAAP adjusted Services operating margin	4.8%	1.1%	2.8%	2.4%

Schedule F: GAAP to Non-GAAP Reconciliation

Reconciliation of Segment Reporting

$M	4Q17	4Q18	2017	2018
Total Technology Revenue	**$163.0**	**$141.8**	**$439.5**	**$463.4**
Topic 606 impact	0.0	0.0	0.0	(53.0)
Total Technology non-GAAP adjusted Revenue	**$163.0**	**$141.8**	**$439.5**	**$410.4**
Technology gross profit	**$113.9**	**$107.1**	**$260.9**	**$321.5**
Topic 606 impact	0.0	0.0	0.0	(53.0)
Non-GAAP adjusted Technology gross profit	**$113.9**	**$107.1**	**$260.9**	**$268.5**
Technology operating profit	**$93.6**	**$83.1**	**$170.6**	**$237.8**
Topic 606 impact	0.0	0.0	0.0	(53.0)
Non-GAAP adjusted Technology operating profit	**$93.6**	**$83.1**	**$170.6**	**$184.8**
Technology gross margin	69.9%	75.5%	59.4%	69.4%
Non-GAAP adjusted Technology gross margin	69.9%	75.5%	59.4%	65.4%
Technology operating margin	57.4%	58.6%	38.8%	51.3%
Non-GAAP adjusted Technology operating margin	57.4%	58.6%	38.8%	45.0%

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.

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, 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”.

Non-GAAP adjusted Technology gross profit margin – During 2018, the company included adjustments discussed in “Non-GAAP adjusted revenue”.

Non-GAAP adjusted Technology operating profit margin – During 2018, the company included adjustments discussed in “Non-GAAP adjusted revenue”.

Non-GAAP and Other Information

Non-GAAP adjusted Services gross profit margin – During 2018, the company included adjustments discussed in "Non-GAAP adjusted revenue".

Non-GAAP adjusted Services operating profit margin – During 2018, the company included 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".

Non-GAAP diluted earnings per share – The company has recorded post-retirement 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. During 2018, the company included the adjustments discussed in in "Non-GAAP adjusted revenue".

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.