



1st Quarter FY 2018 Earnings Presentation

August 8, 2017

Pro forma combined company financial information

In an effort to provide investors with additional information, we are disclosing certain unaudited pro forma combined company financial information of DXC for the first quarter of fiscal 2017 (“pro forma combined company” information) as supplemental information herein. The following discussion includes comparisons of our unaudited results of operations for the first quarter of fiscal 2018 to our pro forma combined company results. The pro forma combined company results are based on the historical quarterly statements of operations of each of CSC and HPES, giving effect to the merger as if it had been consummated on April 2, 2016. CSC reported its results based on a fiscal year convention that comprised four thirteen-week quarters, while HPES reported its results on a fiscal year basis ended October 31. As a consequence of CSC and HPES having different fiscal year-end dates, the pro forma combined company results include the historical unaudited condensed combined statements of operations of CSC for the three months ended July 1, 2016 and of HPES for the three months ended April 30, 2016.

The historical financial information of HPES was “carved-out” from the combined statement of operations of HPE and reflects assumptions and allocations made by HPE and only includes revenue and costs directly attributable to HPES and an allocation of expenses related to certain HPE corporate functions and does not necessarily include all expenses that would have been incurred by HPES had it been a separate, stand-alone entity and therefore, does not necessarily reflect what HPES’ results of operations would have been had HPES operated as a stand-alone company during the period presented. Actual costs that may have been incurred if HPES had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, functions outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

The pro forma combined company results have been prepared using the acquisition method of accounting with CSC considered the accounting acquirer of HPES. These pro forma combined company results include historical results, reflecting preliminary purchase accounting adjustments and aligning our accounting policies for consolidated results and reportable segments. These adjustments give effect to pro forma events that were (i) directly attributable to the merger of CSC and HPES, (ii) factually supportable, and (iii) expected to have a continuing impact on the consolidated results of operations of DXC. The pro forma combined company results do not reflect the costs of integration activities or benefits that may result from realization of synergies. No assurances of the timing or the amount of cost synergies, or the costs necessary to achieve those cost synergies, can be provided.

The adjustments to historical results included were based upon currently available information and assumptions that management of DXC believes to be reasonable. The pro forma combined company results are provided for illustrative and informational purposes only and are not intended to represent or be indicative of what DXC’s results of operations would have been had the merger occurred on April 2, 2016, and should not be taken as being indicative of DXC’s future consolidated financial results. The pro forma combined company results should be read in conjunction with Exhibit 99.2 of the previously filed Amendment to Form 8-K that was filed on June 14, 2017, including the accompanying notes.

Non-GAAP financial measures

We present non-GAAP financial measures of performance which are derived from the unaudited condensed consolidated statements of operations and unaudited pro forma combined company statement of operations of DXC. These non-GAAP financial measures include earnings before interest and taxes (“EBIT”), adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income and non-GAAP EPS.

We present these non-GAAP financial measures to provide investors with meaningful supplemental financial information, in addition to the financial information presented on a GAAP basis. Non-GAAP financial measures exclude certain items from GAAP results which DXC management believes are not indicative of core operating performance. DXC management believes these non-GAAP measures allow investors to better understand the financial performance of DXC exclusive of the impacts of corporate wide strategic decisions. DXC management believes that adjusting for these items provides investors with additional measures to evaluate the financial performance of our core business operations on a comparable basis from period to period. DXC management believes the non-GAAP measures provided are also considered important measures by financial analysts covering DXC as equity research analysts continue to publish estimates and research notes based on our non-GAAP commentary, including our guidance around non-GAAP EPS.

There are limitations to the use of the non-GAAP financial measures presented in this presentation. One of the limitations is that they do not reflect complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP or on a pro forma combined company basis. Additionally, other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes between companies.

Selected references are made on a “constant currency basis” (cc) so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby providing comparisons of operating performance from period to period. Financial results on a “constant currency basis” are non-GAAP measures calculated by translating current period activity into U.S. dollars using the comparable prior period’s currency conversion rates. This approach is used for all results where the functional currency is not the U.S. dollar.



Forward-looking statements

All statements in this presentation that do not directly and exclusively relate to historical facts constitute “forward-looking statements.” These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, many of which are outside of our control. For a written description of these factors, see the section titled “Risk Factors” in CSC’s Form 10-K for the fiscal year ended March 31, 2017, and DXC’s (formerly named Everett SpinCo, Inc.) Form S-4 filed on February 24, 2017, and any updating information in subsequent SEC filings.

No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date they are made. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events except as required by law.



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Mike Lawrie
Chairman, President and
Chief Executive Officer

Key messages

Q1 FY18 non-GAAP EPS* of \$1.59

Revenue down 4.2% YoY in cc, adjusted for PPA** with book-to-bill of 1.1x

Strong digital momentum, with revenue up 13.4% YoY in cc, adjusted for PPA**

Key merger integration milestones completed

FY18 non-GAAP EPS* target of \$6.50 – \$7.00

*Non-GAAP EPS excludes restructuring costs, transaction and integration-related costs, and amortization of acquired intangible assets

**Adjusted for the impact of purchase price accounting (PPA) on revenue in the first quarter of FY18 of \$119 million
(see slides 9, 18 – 21 for non-GAAP reconciliations)



1st Quarter FY 2018 Earnings Presentation

Paul Saleh
Executive Vice President
and Chief Financial Officer

Financial presentation

- Pro forma results conform with the methodology used in the Form S-4

	Fiscal 2017			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
CSC	July 1, 2016	September 30, 2016	December 30, 2016	March 31, 2017
HPES	April 30, 2016	July 31, 2016	October 31, 2016	January 31, 2017

- Prior year pro forma non-GAAP results assume a flat quarterly tax rate of about 27.5%
- FY18 first quarter results reflect revenue adjustments for purchase price accounting, whereas the prior year pro forma does not
- Non-GAAP results exclude restructuring costs, transaction and integration-related costs, and amortization of acquired intangible assets

Reconciliation of non-GAAP results

(in millions except EPS)	Q1 FY18				
	GAAP	Restructuring costs	Transaction and integration-related costs	Amortization of acquired intangible assets	Non-GAAP results
Income before income taxes	185	190	124	120	619
Income tax expense	12	45	41	46	144
Net income	173	145	83	74	475
Diluted EPS*	\$ 0.55	0.50	0.29	0.26	\$ 1.59

*EPS and per-share values of certain items may not sum to non-GAAP EPS due to rounding

1st quarter results

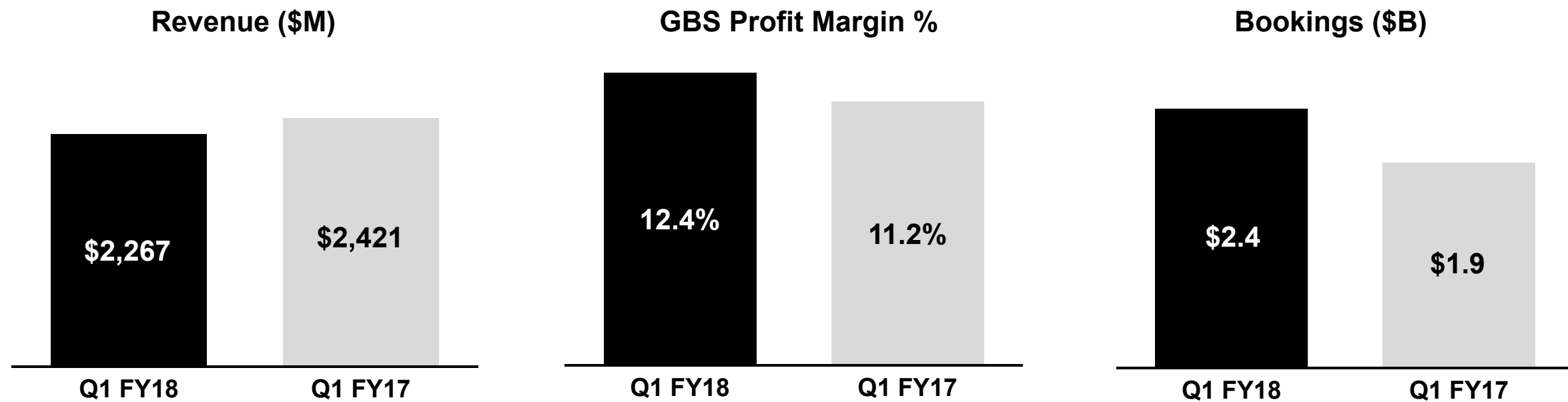
	Q1 FY18	Pro forma combined company Q1 FY17
Revenue (\$M)	\$ 5,913	\$ 6,418
– YoY Growth - GAAP	(7.9%)	
– YoY Growth - cc, adjusted for PPA*	(4.2%)	
– QtQ Growth - GAAP	(2.0%)	
– QtQ Growth - GAAP, adjusted for PPA*	(0.1%)	
Adjusted EBIT (\$M)	679	310
Adjusted EBIT Margin (%)	11.5%	4.8%
Non-GAAP Net Income (\$M)**	475	176
Non-GAAP EPS**	\$ 1.59	\$ 0.61
Bookings (\$B)	\$ 6.3	\$ 6.1

*Adjusted for the impact of purchase price accounting (PPA) on revenue in the first quarter of FY18 of \$119 million

**Non-GAAP net income and EPS excludes restructuring costs, transaction and other integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement losses, certain overhead costs, and tax adjustment
(see slides 9, 18 – 21 for non-GAAP reconciliations)

Global Business Services (GBS)

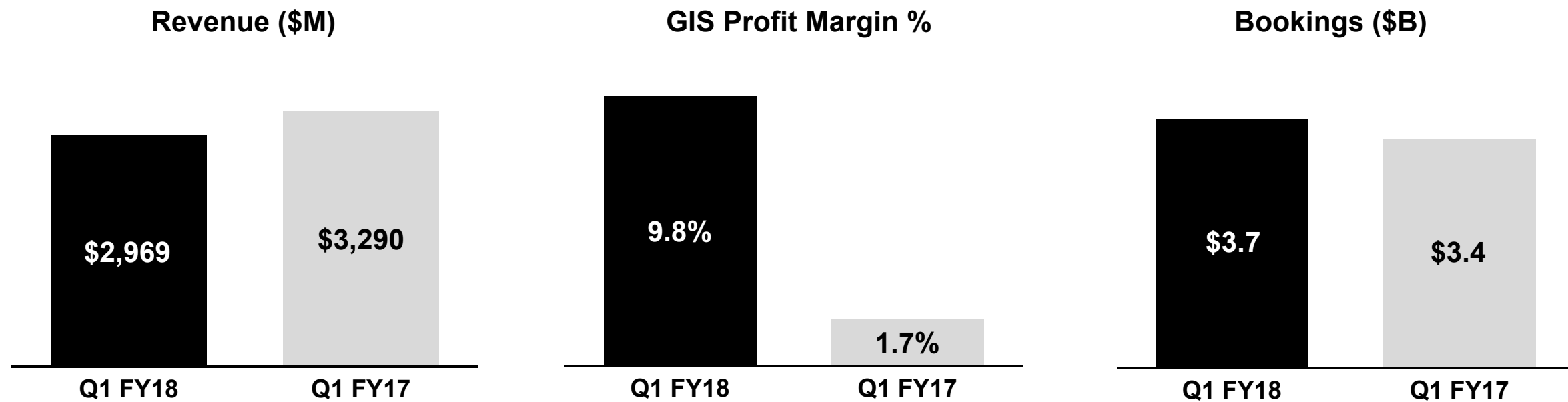
	Q1 FY18	Pro forma combined company Q1 FY17
Revenue (\$M)	\$ 2,267	\$ 2,421
– YoY growth - GAAP	(6.4%)	
– YoY growth - cc, adjusted for PPA*	(3.8%)	
– QtQ growth - GAAP	(0.8%)	
– QtQ growth - GAAP, adjusted for PPA*	0.1%	
GBS Profit (\$M)	282	270
GBS Profit Margin (%)	12.4%	11.2%
Bookings (\$B)	\$ 2.4	\$ 1.9



*Adjusted for the impact of purchase price accounting (PPA) on revenue in the first quarter of FY18 of \$21 million

Global Infrastructure Services (GIS)

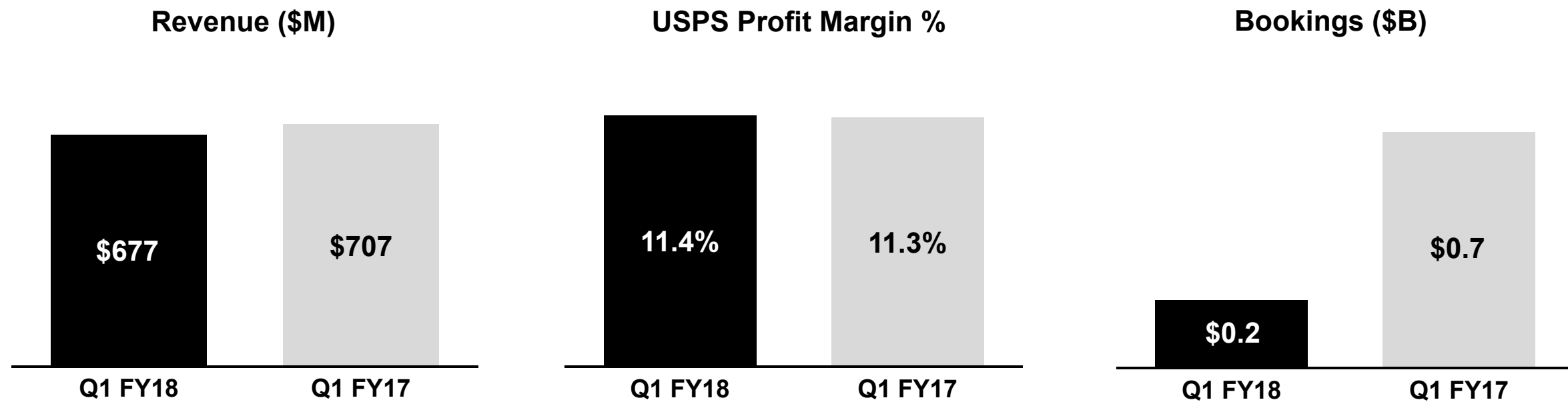
	Q1 FY18	Pro forma combined company Q1 FY17
Revenue (\$M)	\$ 2,969	\$ 3,290
– YoY growth - GAAP	(9.8%)	
– YoY growth - cc, adjusted for PPA*	(4.7%)	
– QtQ growth - GAAP	(4.6%)	
– QtQ growth - GAAP, adjusted for PPA*	(1.6%)	
GIS Profit (\$M)	290	55
GIS Profit Margin (%)	9.8%	1.7%
Bookings (\$B)	\$ 3.7	\$ 3.4



*Adjusted for the impact of purchase price accounting (PPA) on revenue in the first quarter of FY18 of \$93 million

U.S. Public Sector (USPS)

	Q1 FY18	Pro forma combined company Q1 FY17
Revenue (\$M)	\$ 677	\$ 707
– YoY growth - GAAP	(4.2%)	
– YoY growth - cc, adjusted for PPA*	(3.5%)	
– QtQ growth - GAAP	6.0%	
– QtQ growth - GAAP, adjusted for PPA*	6.8%	
USPS Profit (\$M)	77	80
USPS Profit Margin (%)	11.4%	11.3%
Bookings (\$B)	\$ 0.2	\$ 0.7



*Adjusted for the impact of purchase price accounting (PPA) on revenue in the first quarter of FY18 of \$5 million

Financial highlights

Cash Flow Performance

- ▶ Adjusted Free Cash Flow
- ▶ Cap Ex — Including Capital Leases
- ▶ *Cap Ex as a % of Revenue*

Q1 FY18

\$595M

\$255M

4.3%

Capital to Shareholders

- ▶ Cash Dividends
- ▶ Share Repurchases

Q1 FY18

\$20M

\$19M

250K shares

Capital Structure

- ▶ Cash and Cash Equivalents
- ▶ Net Debt-to-Total Capitalization

Q1 FY18

\$2.5B

24.9%

FY 2018 targets

Revenue

\$24.0B – \$24.5B

Non-GAAP EPS*

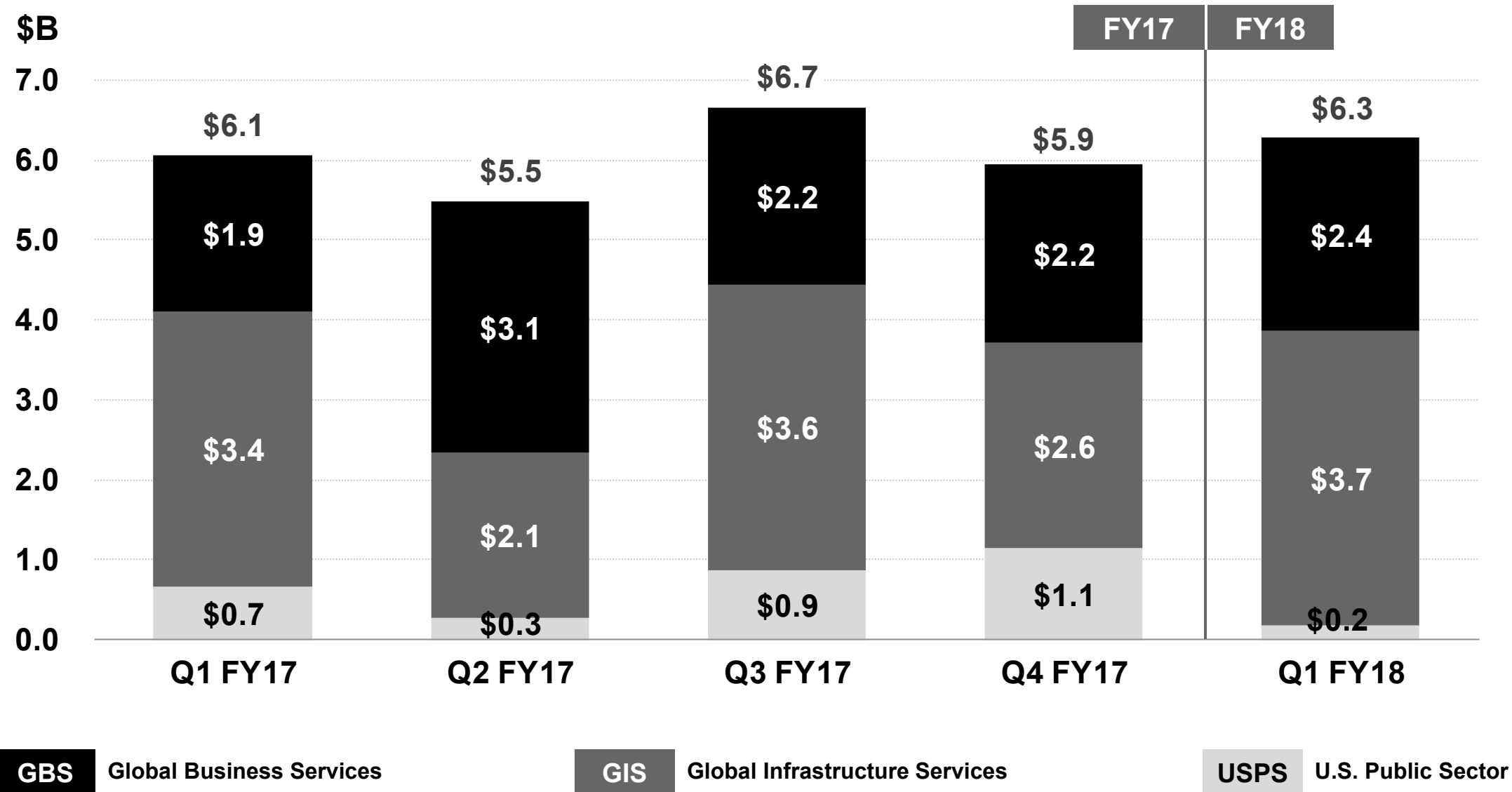
\$6.50 – \$7.00

Adjusted Free Cash Flow

100%+ of Adj. Net Income

*Non-GAAP EPS excludes restructuring costs, transaction and integration-related costs, and amortization of acquired intangible assets
(see slides 9, 18 – 21 for non-GAAP reconciliations)

Bookings*



*The summation of the quarter bookings number may not equal the full-year number, due to rounding



1st Quarter FY 2018 Earnings Presentation

Supplemental Information

Non-GAAP reconciliations

(in millions)	Q1 FY18	Pro forma combined company Q1 FY17
Net income (loss)	\$ 173	\$ (281)
Income tax expense (benefit)	12	(41)
Interest income	(16)	(21)
Interest expense	76	88
EBIT	245	(255)
Restructuring costs	190	131
Transaction and integration-related costs	124	86
Amortization of acquired intangible assets	120	113
Pension and OPEB actuarial and settlement losses	-	198
Certain overhead costs	-	37
Adjusted EBIT	\$ 679	\$ 310

	Q1 FY18	Pro forma combined company Q1 FY17
Adjusted EBIT margin	11.5%	4.8%
EBIT margin	4.1%	(4.0%)

(in millions)	Q1 FY18	Pro forma combined company Q1 FY17
Profit		
GBS profit	\$ 282	\$ 270
GIS profit	290	55
USPS profit	77	80
All other profit (loss)	30	(132)
Interest income	16	21
Interest expense	(76)	(88)
Restructuring costs	(190)	(131)
Transaction and integration-related costs	(124)	(86)
Amortization of acquired intangible assets	(120)	(113)
Pension and OPEB actuarial and settlement losses	-	(198)
Income (loss) before income taxes	\$ 185	\$ (322)

Segment profit margins	Q1 FY18	Pro forma combined company Q1 FY17
GBS	12.4%	11.2%
GIS	9.8%	1.7%
USPS	11.4%	11.3%

Q1 FY18 non-GAAP results

(in millions except EPS)	GAAP	Restructuring costs	Transaction and integration-related costs	Amortization of acquired intangible assets	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 4,788	\$ -	\$ -	\$ -	\$ 4,788
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	410	-	(124)	-	286
Income before income taxes	185	190	124	120	619
Income tax expense	12	45	41	46	144
Net income	173	145	83	74	475
Less: net income attributable to noncontrolling interest, net of tax	14	-	-	-	14
Net income attributable to DXC common stockholders	\$ 159	\$ 145	\$ 83	\$ 74	\$ 461
Effective tax rate	6.5%				23.3%
Basic EPS*	\$ 0.56	\$ 0.51	\$ 0.29	\$ 0.26	\$ 1.62
Diluted EPS*	\$ 0.55	\$ 0.50	\$ 0.29	\$ 0.26	\$ 1.59
Weighted average common shares outstanding for:					
Basic EPS	283.83	283.83	283.83	283.83	283.83
Diluted EPS	289.47	289.47	289.47	289.47	289.47

*EPS and per-share values of certain items may not sum to non-GAAP EPS due to rounding

Q1 FY17 non-GAAP results

(in millions except EPS)	Pro forma combined company	Restructuring costs	Transaction and integration- related costs	Amortization of acquired intangible assets	Pension and OPEB actuarial and settlement losses	Certain overhead costs	Tax adjustment	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 5,270	\$ -	\$ -	\$ -	\$ (150)	\$ -	\$ -	\$ 5,120
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	710	-	(86)	-	(48)	(37)	-	539
(Loss) income before taxes	(322)	131	86	113	198	37	-	243
Income tax (benefit) expense	(41)	-	-	-	-	-	108	67
Net (loss) income	(281)	131	86	113	198	37	(108)	176
Less: net income attributable to noncontrolling interest, net of tax	2	-	-	-	-	-	-	2
Net (loss) income attributable to DXC common stockholders	\$ (283)	\$ 131	\$ 86	\$ 113	\$ 198	\$ 37	\$ (108)	\$ 174
Effective tax rate	12.7%							27.6%
Basic EPS*	\$ (1.00)	\$ 0.46	\$ 0.30	\$ 0.40	\$ 0.70	\$ 0.13	\$ (0.38)	\$ 0.61
Diluted EPS*	\$ (1.00)	\$ 0.46	\$ 0.30	\$ 0.39	\$ 0.69	\$ 0.13	\$ (0.38)	\$ 0.61
Weighted average common shares outstanding for:								
Basic EPS	283.16	283.16	283.16	283.16	283.16	283.16	283.16	283.16
Diluted EPS	283.16	286.61	286.61	286.61	286.61	286.61	286.61	286.61

*EPS and per-share values of certain items may not sum to non-GAAP EPS due to rounding

Adjusted free cash flow

(in millions)	Q1 FY18	
Net cash provided by operating activities	\$	534
Net cash used in investing activities		859
Acquisitions, net of cash acquired		(974)
Payment on capital leases and other long-term asset financings		(125)
Payments on transaction and integration-related costs		80
Payments on restructuring costs		231
Sale of accounts receivables		(10)
Adjusted free cash flow	\$	595

Non-GAAP and other definitions

Segment profit: Segment revenue less costs of services, segment selling, general, and administrative, and depreciation and amortization (excluding amortization of acquired intangible assets)

Segment profit margin: Segment profit as a percentage of revenue

Earnings before interest and taxes (EBIT): Net income (loss) less income from discontinued operations, net of taxes, interest expense, interest income, and income tax expense (benefit)

EBIT margin: EBIT as a percentage of revenue

Adjusted EBIT: EBIT excluding restructuring costs, transaction and integration-related costs, amortization expense related to acquired intangible assets, pension and OPEB actuarial and settlement losses, and certain overhead costs

Adjusted EBIT margin: Adjusted segment EBIT as a percentage of revenue

Adjusted free cash flow: Equal to the sum of (1) operating cash flows, (2) investing cash flows, excluding business acquisitions, dispositions and investments (including short-term investments and purchase or sale of available for sale securities), and (3) payments on capital leases and other long-term asset financings. Adjusted free cash flow is further adjusted for certain cash flow items, such as (i) payments for transaction and integration-related costs, (ii) restructuring payments, (iii) cash receipts from the sale of accounts receivables

Capital expenditure: Equal to sum of purchases of property, equipment, and software, and payments on outsourcing contracts, less proceeds from sales of assets and purchases made through our lease credit facility

Net debt: Total debt, less cash and cash equivalents

Net debt-to-total capitalization: Calculated as the ratio of net debt to total capitalization

