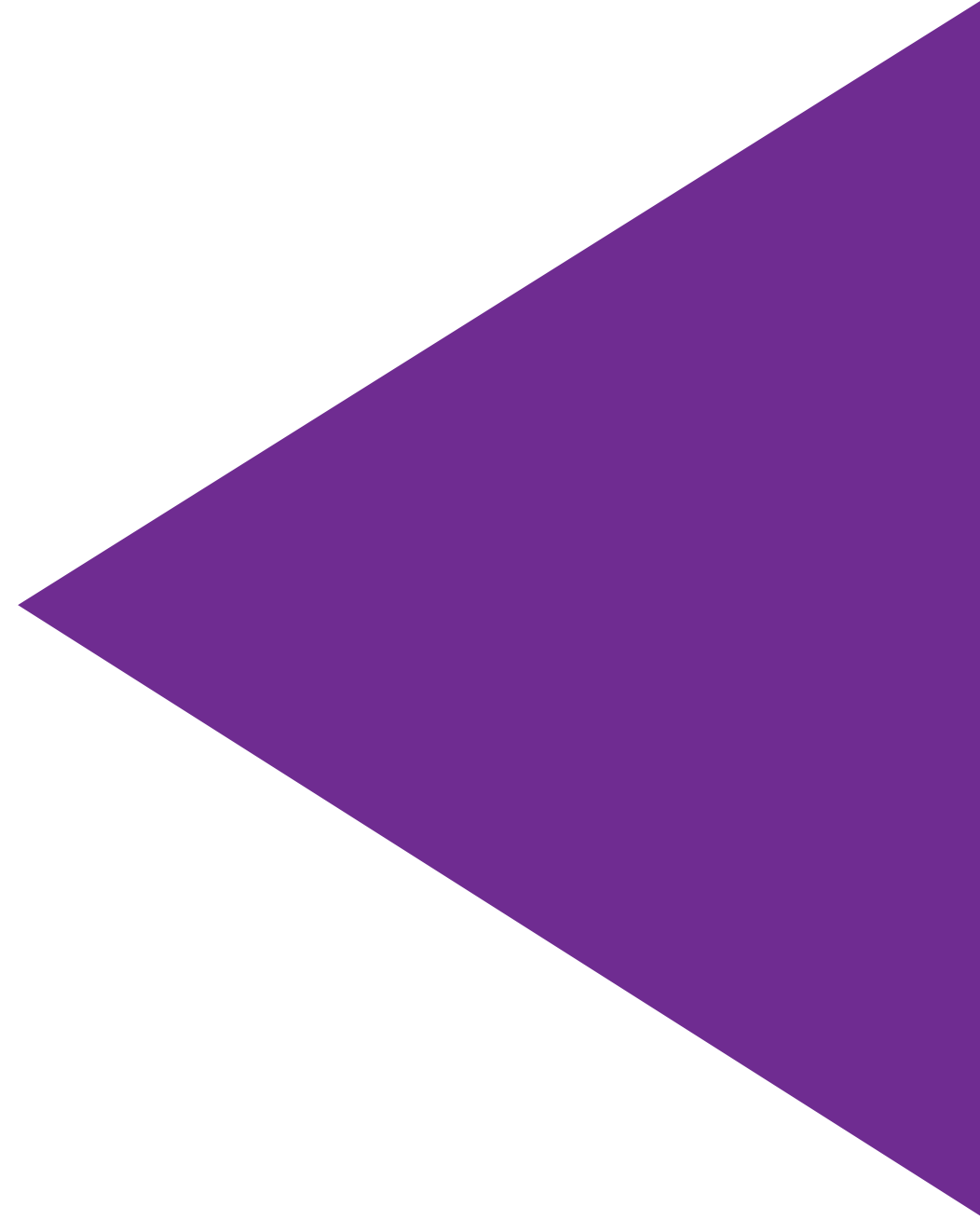




# 1st Quarter FY 2021 Earnings Presentation

August 6, 2020



# Non-GAAP Financial Measures

We present non-GAAP financial measures of performance which are derived from the unaudited condensed consolidated statements of operations of DXC. These non-GAAP financial measures include constant currency, earnings before interest and taxes (“EBIT”), adjusted EBIT, adjusted EBIT margin, non-GAAP income before income taxes, non-GAAP net income and non-GAAP EPS, and adjusted free cash flow.

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. 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 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.

Non-GAAP financial measures exclude certain items from GAAP results which DXC management believes are not indicative of operating performance such as the amortization of acquired intangible assets and transaction, separation, and integration-related costs. Incremental amortization of intangible assets acquired through business combinations may result in a significant difference in period over period amortization expense on a GAAP basis. We specifically exclude amortization of certain acquired intangible assets as these non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Although DXC management excludes amortization of acquired intangible assets from its non-GAAP expenses, we believe that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation. Any future transactions may result in a change to the acquired intangible asset balances and associated amortization expense.

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. 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. Furthermore, many of these risks and uncertainties are currently amplified by and may continue to be amplified by or may, in the future, be amplified by, the coronavirus disease 2019 (“COVID-19”) pandemic and the impact of varying private and governmental responses that affect our customers, employees, vendors and the economies and communities where they operate. For a written description of these factors, see the section titled “Risk Factors” in DXC’s Annual Report on Form 10-K for the fiscal year ended March 31, 2020 and any updating information in subsequent SEC filings including DXC’s upcoming Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020.

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.

# Agenda for Today

- 1 Overview of Q1 FY21 Results
- 2 Update on Our Transformation Journey
- 3 Q1 FY21 Financial Results and Q2 Guidance
- 4 Closing Remarks

# Strong Start to FY21

## Q1 FY21 – Key Metrics and Drivers

Revenues

**\$4.5B**

Resilient business during COVID-19

Margins  
(Adj. EBIT %)

**4.2%**

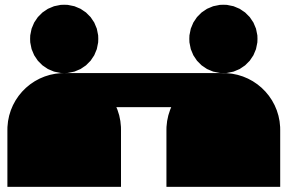
Effective program to optimize costs

Book-to-Bill

**1.2x**

Successfully bringing the “new DXC” to the market

# Transformation Journey

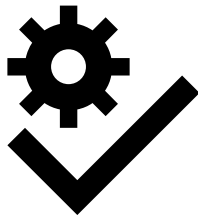


## Focus on Customers

### Proof points:

- Higher than expected revenue in Q1
- Expect revenue stabilization in Q2
- Capturing mindshare of existing customers – Sabre
- Rapid containment and remediation of ransomware attack
- People are engaged and delivering for our customers

# Transformation Journey

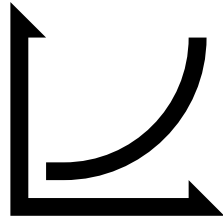


## Optimize Costs

### Proof points:

- Achieved better than expected margins in Q1
- Simplifying management layers
- Right-sizing cost structure
- On track to achieve ~\$550 million of cost reduction targets
- Expect to continue expanding margins in Q2 sequentially

# Transformation Journey



## Seize the Market Opportunity

### Proof points:

- Focused on cross-sell
- Book-to-bill of 1.2x in Q1
- Winning new work – cross-sell and work from new customers
- Renewals – solid evidence that we are delivering for existing customers
- Expect to deliver a book-to-bill of 1x for Q2





# Q1 Financial Results

- **Q1 results – ahead of plan**
  - Solid progress on transformation journey
  - Business resiliency in COVID-19 environment
  - Offerings relevant to customers
- **Lag effects in financial results from prior terminations, pricedowns and runoffs**
- **On track to close the sale of U.S. state and local HHS business**
- **Encouraged by progress, but not yet providing full-year guidance**
- **Targeting stable revenues, sequential margin improvement and book-to-bill of 1.0x in Q2**

# Reconciliation of Non-GAAP Results

(in millions except EPS)	Q1 FY21					
	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Pension and OPEB Actuarial and Settlement Losses	Non-GAAP Results
<b>(Loss) income before income taxes</b>	(225)	72	110	148	2	107
Income tax (benefit) expense	(26)	12	28	34	-	48
Net (loss) income	(199)	60	82	114	2	59
<b>Diluted EPS <sup>(1)</sup></b>	<b>(\$0.81)</b>	0.24	0.32	0.45	0.01	<b>\$0.21</b>

<sup>1</sup> EPS and per-share values of certain items may not sum to non-GAAP EPS

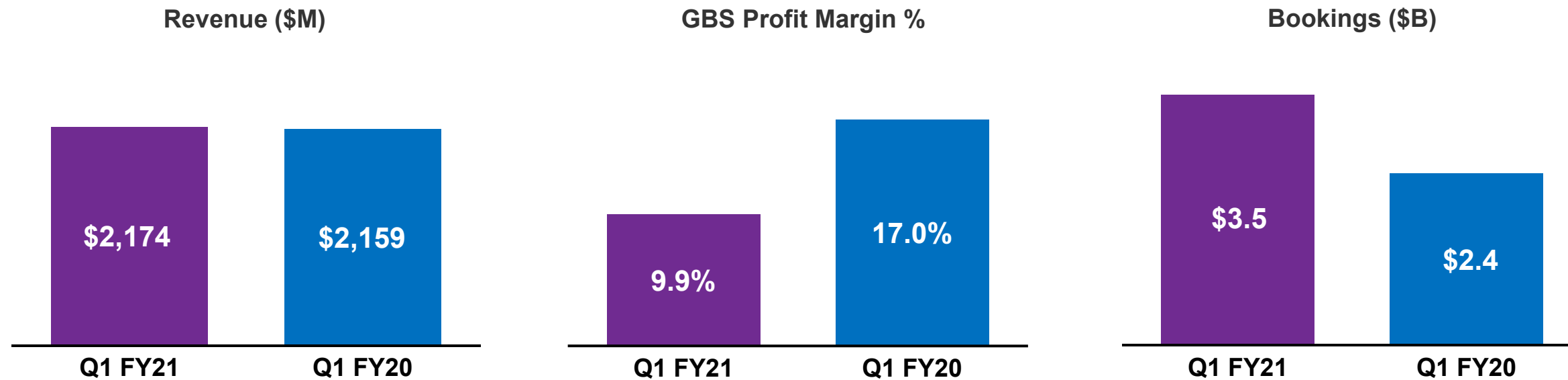
# 1st Quarter Results

	Q1 FY21	Q1 FY20
Revenue (\$M)	\$ 4,502	\$ 4,890
– YoY Growth – GAAP	(7.9%)	
– cc	(5.9%)	
– QtQ Growth – GAAP	(6.5%)	
– cc	(5.7%)	
Adjusted EBIT (\$M)	190	652
Adjusted EBIT Margin (%)	4.2%	13.3%
Adjusted Income (\$M) <sup>(1)</sup>	59	472
Non-GAAP Diluted EPS <sup>(1)</sup>	\$ 0.21	\$ 1.74
Bookings (\$B)	\$ 5.3	\$ 4.2
Book-to-Bill	1.2x	0.9x

<sup>1</sup> Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, and pension and OPEB actuarial and settlement losses

# Global Business Services (GBS)

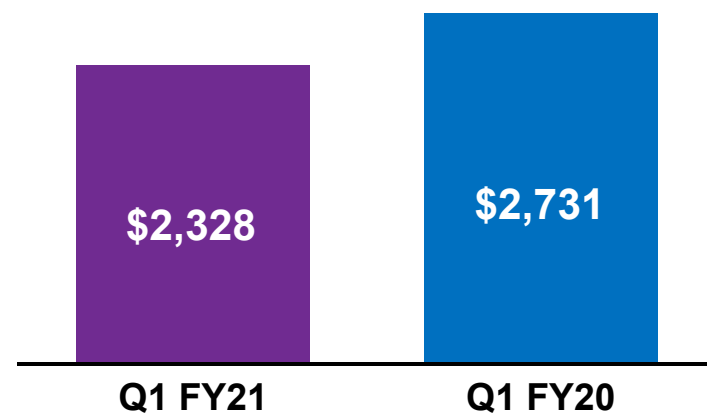
	Q1 FY21	Q1 FY20
Revenue (\$M)	\$ 2,174	\$ 2,159
– YoY Growth – GAAP	0.7%	
– cc	2.5%	
– QtQ Growth – GAAP	(5.8%)	
– cc	(5.2%)	
GBS Profit (\$M)	215	366
GBS Profit Margin (%)	9.9%	17.0%
Bookings (\$B)	\$ 3.5	\$ 2.4
Book-to-Bill	1.6x	1.1x



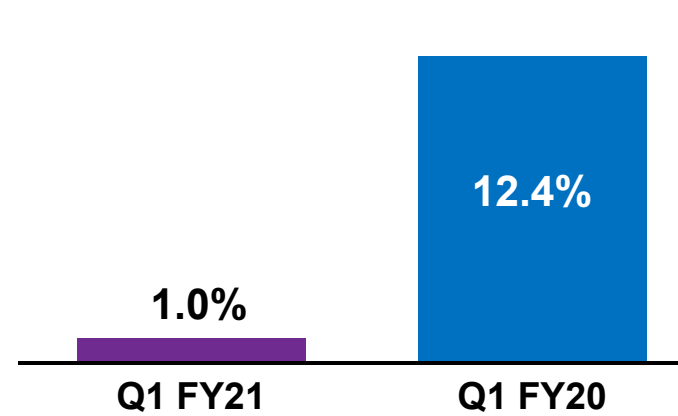
# Global Infrastructure Services (GIS)

	Q1 FY21	Q1 FY20
Revenue (\$M)	\$ 2,328	\$ 2,731
– YoY Growth – GAAP	(14.8%)	
– cc	(12.4%)	
– QtQ Growth – GAAP	(7.1%)	
– cc	(6.1%)	
GIS Profit (\$M)	23	340
GIS Profit Margin (%)	1.0%	12.4%
Bookings (\$B)	\$ 1.8	\$ 1.8
Book-to-Bill	0.8x	0.7x

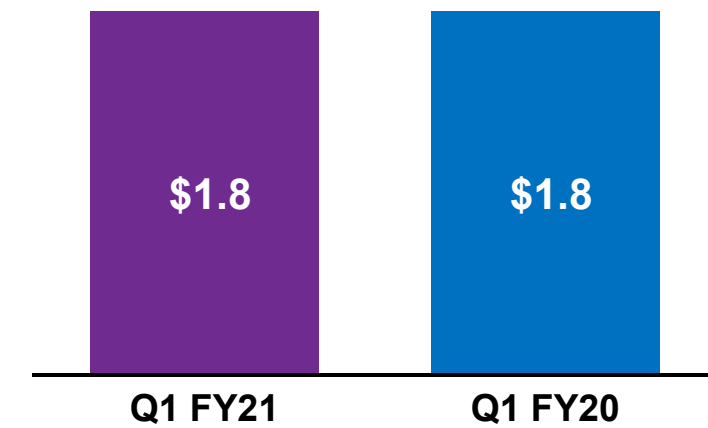
Revenue (\$M)



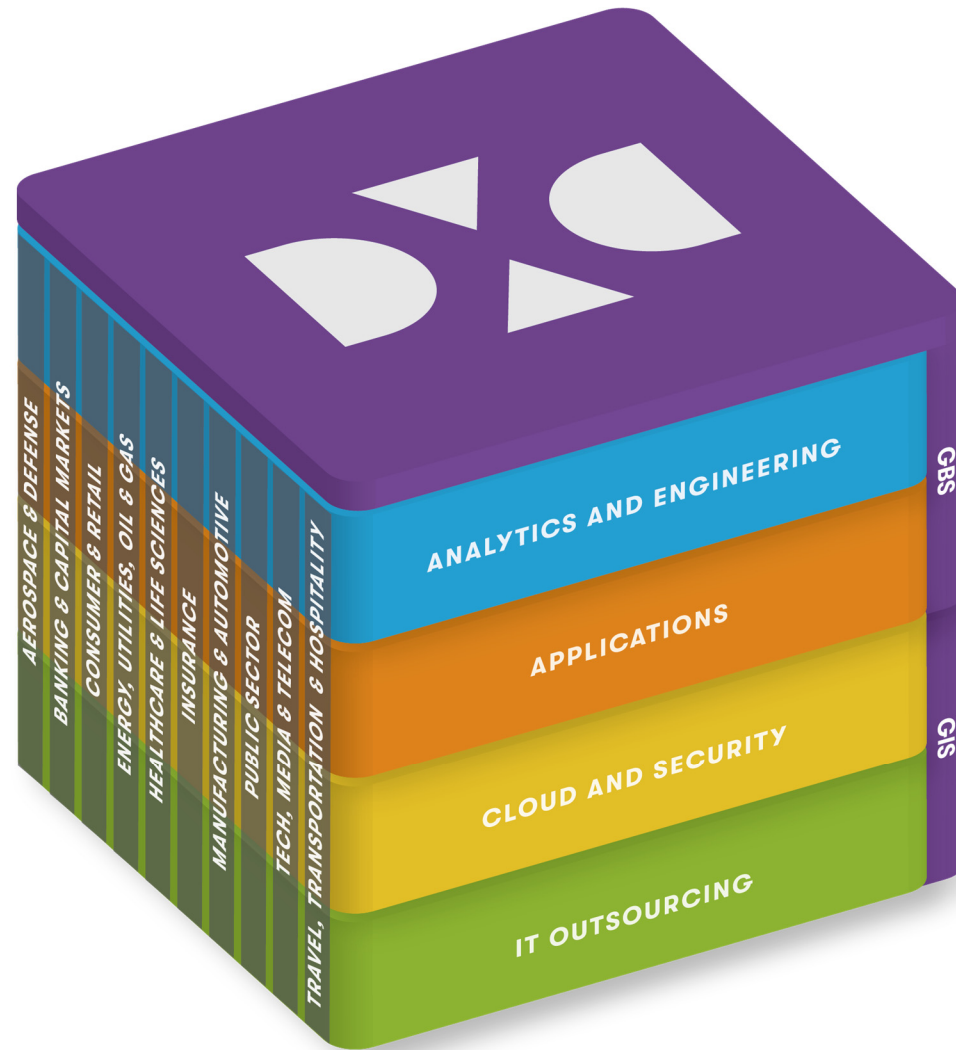
GIS Profit Margin %



Bookings (\$B)



# Enterprise Technology Stack – Q1 FY21 Performance



GBS: Global Business Services  
GIS: Global Infrastructure Services

Note: Figures in the chart represent growth rates in constant currency, except for Book-to-Bill values

	QtQ Growth	YoY Growth	Book-to-Bill
Analytics and Engineering	(2.0%)	52.1%	1.3x
Applications	(8.7%)	(7.5%)	1.5x
Cloud and Security	(11.1%)	(6.0%)	1.0x
IT Outsourcing	(5.2%)	(18.7%)	0.6x
<b>Strategic Alternatives – Q1 FY21</b>	<b>(7.0%)</b>	<b>(7.4%)</b>	<b>1.1x</b>
<b>Strategic Alternatives – Q1 FY21 (1.9%) QtQ and (1.4%) YoY</b>			
U.S. S&L HHS	Healthcare Software	Horizontal BPS	Workplace & Mobility

# Financial Highlights

## Cash Flow Performance

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

Q1 FY21

\$(28)M

\$382M

8.5%

## Capital to Shareholders

- Cash Dividends
- Share Repurchases

Q1 FY21

\$53M

—

## Capital Structure

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

Q1 FY21

\$5.5B

38.4%

# Q2 FY21 Outlook

**Revenue**

**\$4.4B – \$4.45B**

**Adjusted EBIT Margin %**

**5.0% – 5.5%**

**Non-GAAP EPS**

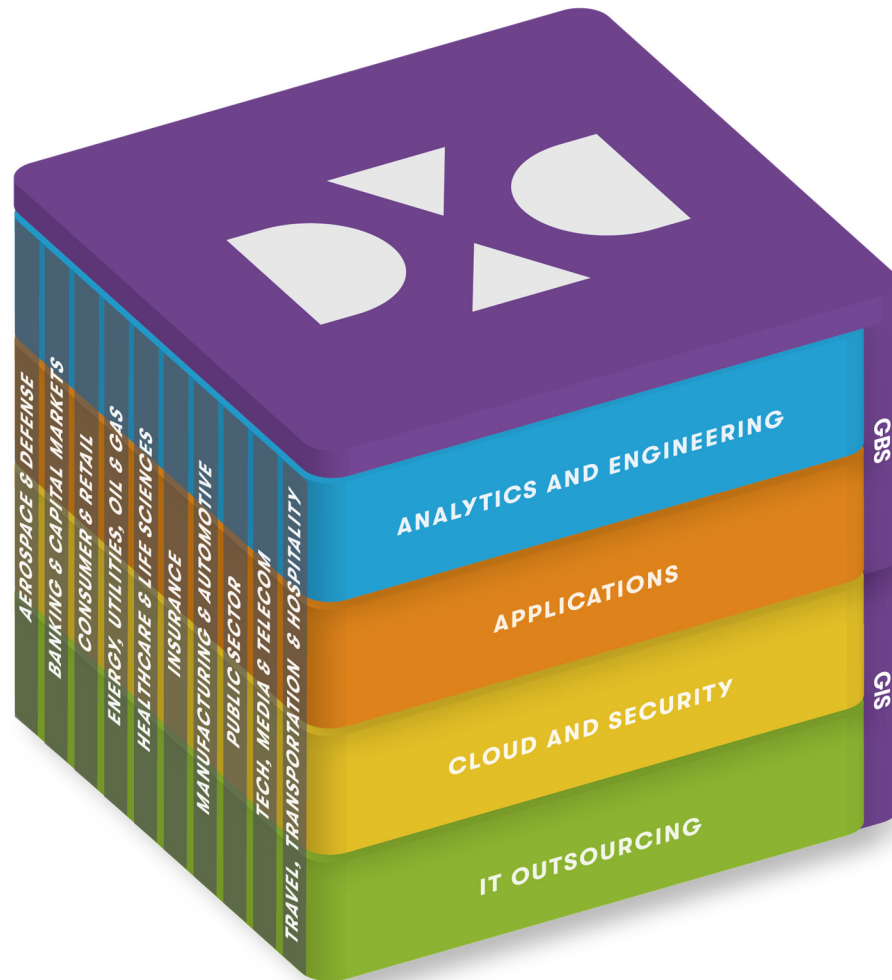
**\$0.30 – \$0.35**

Note: Q2 outlook for margins and EPS excludes restructuring costs, transaction, separation and integration-related costs, and amortization of acquired intangible assets

Note: EPS is based on a 35% tax rate



# Closing Remarks



GBS: Global Business Services  
GIS: Global Infrastructure Services

## Positive Momentum

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- **Fixed challenged accounts and issues are behind us**
- **Our people are engaged, and their efforts are being recognized by customers**
- **Clear progress on our \$550M FY21 cost optimization target**
- **Number of levers to further expand our margins**
- **Uniquely positioned to capture market opportunity**
- **In challenging times, customers trust us with their IT needs**
- **Expect to continue positive momentum in Q2**



# 1st Quarter FY 2021

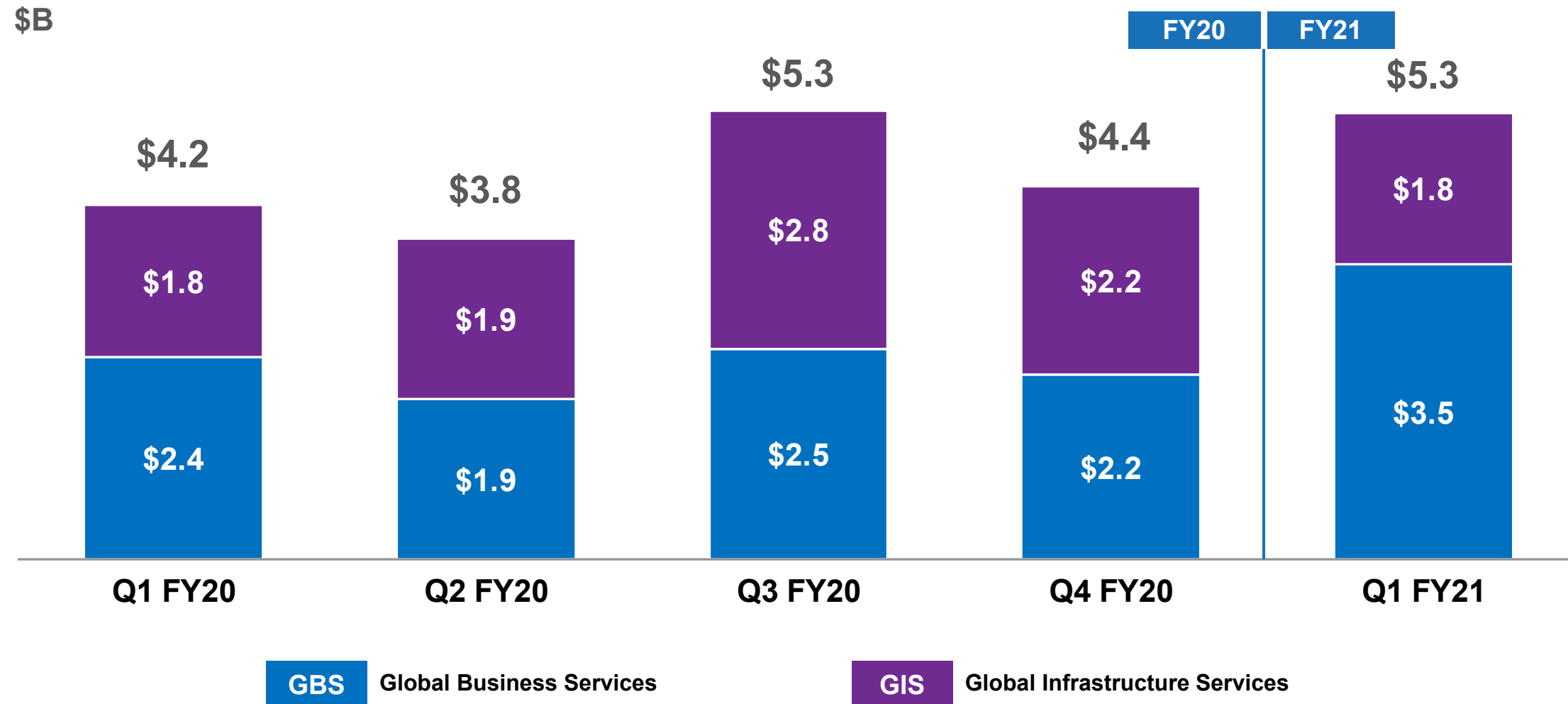
## Supplemental Information

# Consolidated Statements of Operations

(preliminary and unaudited)

in millions, except per-share amounts	Q1 FY21	Q1 FY20
Revenue	\$ 4,502	\$ 4,890
Costs of services	3,629	3,622
Selling, general and administrative	539	507
Depreciation and amortization	492	470
Restructuring costs	72	142
Interest expense	106	91
Interest income	(23)	(30)
Other income, net	(88)	(118)
Total costs and expenses	4,727	4,684
(Loss) income before income taxes	(225)	206
Income tax (benefit) expense	(26)	38
Net (loss) income	(199)	168
Less: net (loss) income attributable to non-controlling interest, net of tax	6	5
Net (loss) income attributable to DXC common stockholders	\$ (205)	\$ 163
(Loss) income per common share:		
Basic	\$ (0.81)	\$ 0.61
Diluted	\$ (0.81)	\$ 0.61
Cash dividend per common share	\$ -	\$ 0.21
Weighted average common shares outstanding for:		
Basic EPS	253.63	267.00
Diluted EPS	253.63	268.97

# Bookings<sup>(1)</sup>



<sup>1</sup> The summation of the quarter bookings number may not equal the full-year number due to rounding

# Non-GAAP Reconciliations

## EBIT and Adjusted EBIT

(in millions)	Q1 FY21	Q1 FY20
Net (loss) income	\$ (199)	\$ 168
Income tax (benefit) expense	(26)	38
Interest income	(23)	(30)
Interest expense	106	91
<b>EBIT</b>	<b>(142)</b>	<b>267</b>
Restructuring costs	72	142
Transaction, separation and integration-related costs	110	105
Amortization of acquired intangible assets	148	138
Pension and OPEB actuarial and settlement losses	2	-
<b>Adjusted EBIT</b>	<b>\$ 190</b>	<b>\$ 652</b>

	Q1 FY21	Q1 FY20
Adjusted EBIT margin (%)	4.2%	13.3%
EBIT margin (%)	(3.2%)	5.5%

# Non-GAAP Reconciliations

## Segment profit

(in millions)	Q1 FY21	Q1 FY20
GBS profit	\$ 215	\$ 366
GIS profit	23	340
All other loss	(48)	(54)
Interest income	23	30
Interest expense	(106)	(91)
Restructuring costs	(72)	(142)
Transaction, separation and integration-related costs	(110)	(105)
Amortization of acquired intangible assets	(148)	(138)
Pension and OPEB actuarial and settlement losses	(2)	-
<b>(Loss) income before taxes</b>	<b>\$ (225)</b>	<b>\$ 206</b>

Segment profit margins	Q1 FY21	Q1 FY20
GBS profit margin (%)	9.9%	17.0%
GIS profit margin (%)	1.0%	12.4%

# Q1 FY21 Non-GAAP Results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Pension and OPEB Actuarial and Settlement Losses	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,629	\$ -	\$ -	\$ -	\$ -	\$ 3,629
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	539	-	(110)	-	-	429
(Loss) income before income taxes	(225)	72	110	148	2	107
Income tax (benefit) expense	(26)	12	28	34	-	48
Net (loss) income	(199)	60	82	114	2	59
Less: net loss attributable to noncontrolling interest, net of tax	6	-	-	-	-	6
Net (loss) income attributable to DXC common stockholders	\$ (205)	\$ 60	\$ 82	\$ 114	\$ 2	\$ 53
Effective tax rate	11.6%					44.9%
Basic EPS <sup>(1)</sup>	\$ (0.81)	\$ 0.24	\$ 0.32	\$ 0.45	\$ 0.01	\$ 0.21
Diluted EPS <sup>(1)</sup>	\$ (0.81)	\$ 0.24	\$ 0.32	\$ 0.45	\$ 0.01	\$ 0.21
Weighted average common shares outstanding for:						
Basic EPS	253.63	253.63	253.63	253.63	253.63	253.63
Diluted EPS	253.63	254.41	254.41	254.41	254.41	254.41

<sup>1</sup> EPS and per-share values of certain items may not sum to non-GAAP EPS due to rounding

# Q1 FY20 Non-GAAP Results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,622	\$ -	\$ -	\$ -	\$ 3,622
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	507	-	(105)	-	402
Income before income taxes	206	142	105	138	591
Income tax expense	38	28	22	31	119
Net income	168	114	83	107	472
Less: net loss attributable to noncontrolling interest, net of tax	5	-	-	-	5
Net income attributable to DXC common stockholders	\$ 163	\$ 114	\$ 83	\$ 107	\$ 467
Effective tax rate	18.4%				20.1%
Basic EPS <sup>(1)</sup>	\$ 0.61	\$ 0.43	\$ 0.31	\$ 0.40	\$ 1.75
Diluted EPS <sup>(1)</sup>	\$ 0.61	\$ 0.42	\$ 0.31	\$ 0.40	\$ 1.74
Weighted average common shares outstanding for:					
Basic EPS	267.00	267.00	267.00	267.00	267.00
Diluted EPS	268.97	268.97	268.97	268.97	268.97

<sup>1</sup> 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 FY21
Net cash provided by operating activities	\$ 119
Net cash used in investing activities <sup>(1)</sup>	(61)
Acquisitions, net of cash acquired	10
Payments on capital leases and other long-term asset financings	(245)
Payments on transaction, separation and integration-related costs	88
Payments on restructuring costs	61
<b>Adjusted free cash flow</b>	<b>\$ (28)</b>

# Non-GAAP and Other Definitions

**Segment profit:** Segment revenue *less* costs of services, segment selling, general and administrative, depreciation and amortization, and other income, excluding the movement in foreign currency exchange rates on our foreign currency denominated assets and liabilities and the related economic hedges, restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, and pension and OPEB actuarial and settlement losses

**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, separation and integration-related costs, amortization expense related to acquired intangible assets, and pension and OPEB actuarial and settlement losses

**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 on transaction, separation and integration-related costs and (ii) restructuring payments

**Capital expenditure:** Equal to the sum of purchases of property, equipment, and software, and payments on capital leases, less proceeds from sales of assets

**Net debt:** Total debt, less cash and cash equivalents

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



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