



2nd Quarter FY 2019 Earnings Presentation

November 6, 2018

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 earnings before interest and taxes (“EBIT”), EBIT margin, adjusted EBIT, adjusted EBIT margin, adjusted free cash flow, and non-GAAP results including non-GAAP income from continuing operations before taxes, non-GAAP income from continuing operations and non-GAAP EPS from continuing operations.

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. 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 DXC’s Annual Report on Form 10-K for the fiscal year ended March 31, 2018, and DXC’s Form 10-Q for the quarterly period ended June 30, 2018 filed August 8, 2018 and any updating information in subsequent SEC filings, including DXC’s upcoming Form 10-Q for the quarter ended September 30, 2018.

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

Q2 non-GAAP EPS⁽¹⁾ of \$2.02

Revenue of \$5B — down 6.2% YoY in cc

Digital revenue up 6.4% YoY in cc with a book-to-bill of 1.8x

Expanded Adjusted EBIT margins by 230 basis points YoY

Raising FY19 non-GAAP EPS⁽¹⁾ target to \$7.95 – \$8.20 from continuing operations

¹ Excludes restructuring costs, transaction, separation and integration-related costs, and amortization of acquired intangible assets



2nd Quarter FY 2019 Earnings Presentation

Paul Saleh

Executive Vice President
and Chief Financial Officer

Reconciliation of non-GAAP results

(in millions except EPS)	Q2 FY19					
	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Tax adjustment	Non-GAAP results
Income from continuing operations before income taxes	332	157	128	132	-	749
Income tax expense	73	41	30	32	-	176
Income from continuing operations	259	116	98	100	-	573
Diluted EPS from continuing operations⁽¹⁾	\$0.92	0.41	0.34	0.35	-	\$2.02

(in millions except EPS)	YTD FY19					
	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Tax adjustment	Non-GAAP results
Income from continuing operations before income taxes	692	342	198	267	-	1,499
Income tax expense (benefit)	202	82	46	65	(33)	362
Income from continuing operations	490	260	152	202	33	1,137
Diluted EPS from continuing operations⁽¹⁾	\$1.69	0.90	0.53	0.70	0.11	\$3.94

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

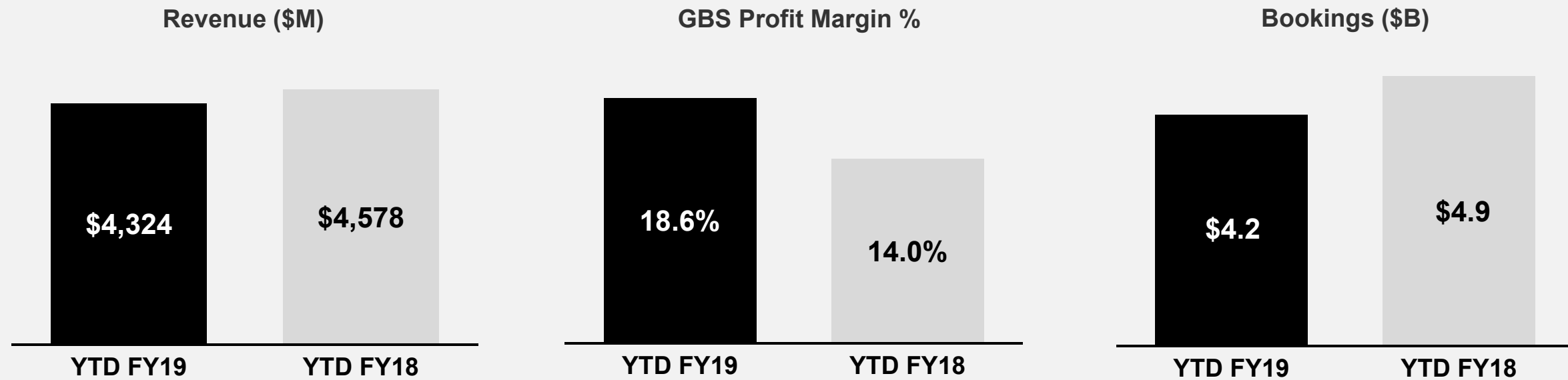
2nd quarter results

	Q2		YTD	
	FY19	FY18	FY19	FY18
Revenue (\$M)	\$ 5,013	\$ 5,453	\$ 10,295	\$ 10,689
– YoY Growth – GAAP	(8.1%)		(3.7%)	
– CC	(6.2%)		(4.1%)	
– QtQ Growth – GAAP	(5.1%)		—	
– CC	(3.2%)		—	
Adjusted EBIT (\$M)	799	740	1,602	1,310
Adjusted EBIT Margin (%)	15.9%	13.6%	15.6%	12.3%
Adjusted Income from Continuing Operations (\$M) ⁽¹⁾	573	492	1,137	861
Non-GAAP Diluted EPS from Continuing Operations ⁽¹⁾	\$ 2.02	\$ 1.67	\$ 3.94	\$ 2.90
Bookings (\$B)	\$ 4.7	\$ 5.3	\$ 9.2	\$ 11.4

¹ Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, and tax adjustment

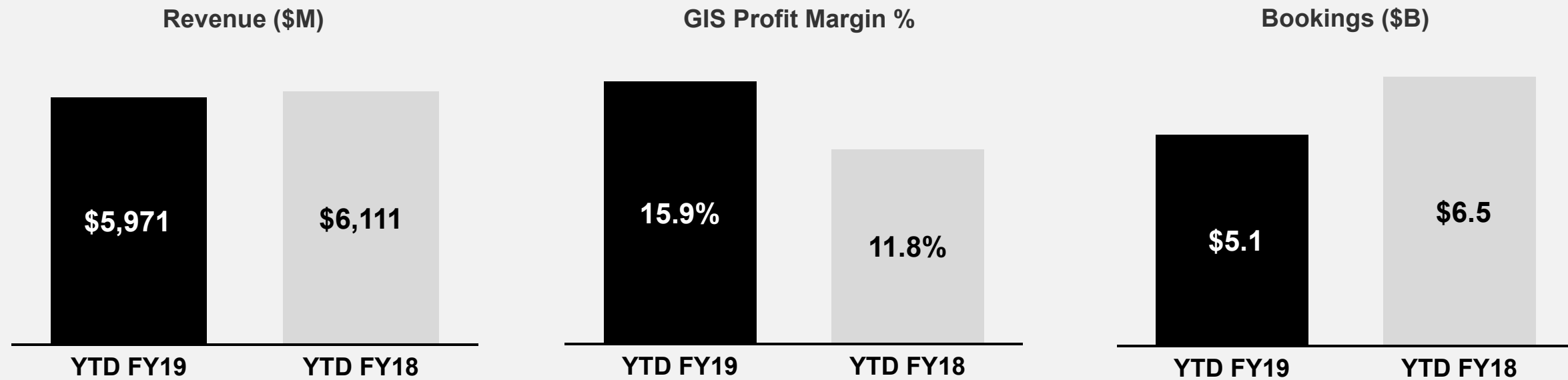
Global Business Services (GBS)

	Q2 FY19		Q2 FY18		YTD FY19		YTD FY18	
Revenue (\$M)	\$	2,111	\$	2,311	\$	4,324	\$	4,578
– YoY Growth – GAAP		(8.7%)				(5.5%)		
– cc		(6.9%)				(5.8%)		
– QtQ growth – GAAP		(4.6%)				—		
– cc		(2.9%)				—		
GBS Profit (\$M)		400		369		803		643
GBS Profit Margin (%)		18.9%		16.0%		18.6%		14.0%
Bookings (\$B)	\$	2.2	\$	2.5	\$	4.2	\$	4.9



Global Infrastructure Services (GIS)

	Q2 FY19		Q2 FY18		YTD FY19		YTD FY18	
Revenue (\$M)	\$	2,902	\$	3,142	\$	5,971	\$	6,111
– YoY Growth – GAAP		(7.6%)				(2.3%)		
– cc		(5.7%)				(2.8%)		
– QtQ growth – GAAP		(5.4%)				—		
– cc		(3.4%)				—		
GIS Profit (\$M)		473		450		947		721
GIS Profit Margin (%)		16.3%		14.3%		15.9%		11.8%
Bookings (\$B)	\$	2.5	\$	2.8	\$	5.1	\$	6.5



Financial highlights

Cash Flow Performance

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

Q2 FY19	YTD FY19
\$604M	\$925M
\$308M	\$676M
6.1%	6.6%

Capital to Shareholders

- ▶ Cash Dividends
- ▶ Share Repurchases

Q2 FY19	YTD FY19
\$54M	\$105M
\$127M 1.4M shares	\$451M 5.2M shares

Capital Structure

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

Q2 FY19
\$2.8B
22.5%

FY 2019 targets

Revenue

\$20.7B – \$21.2B

Non-GAAP EPS⁽¹⁾

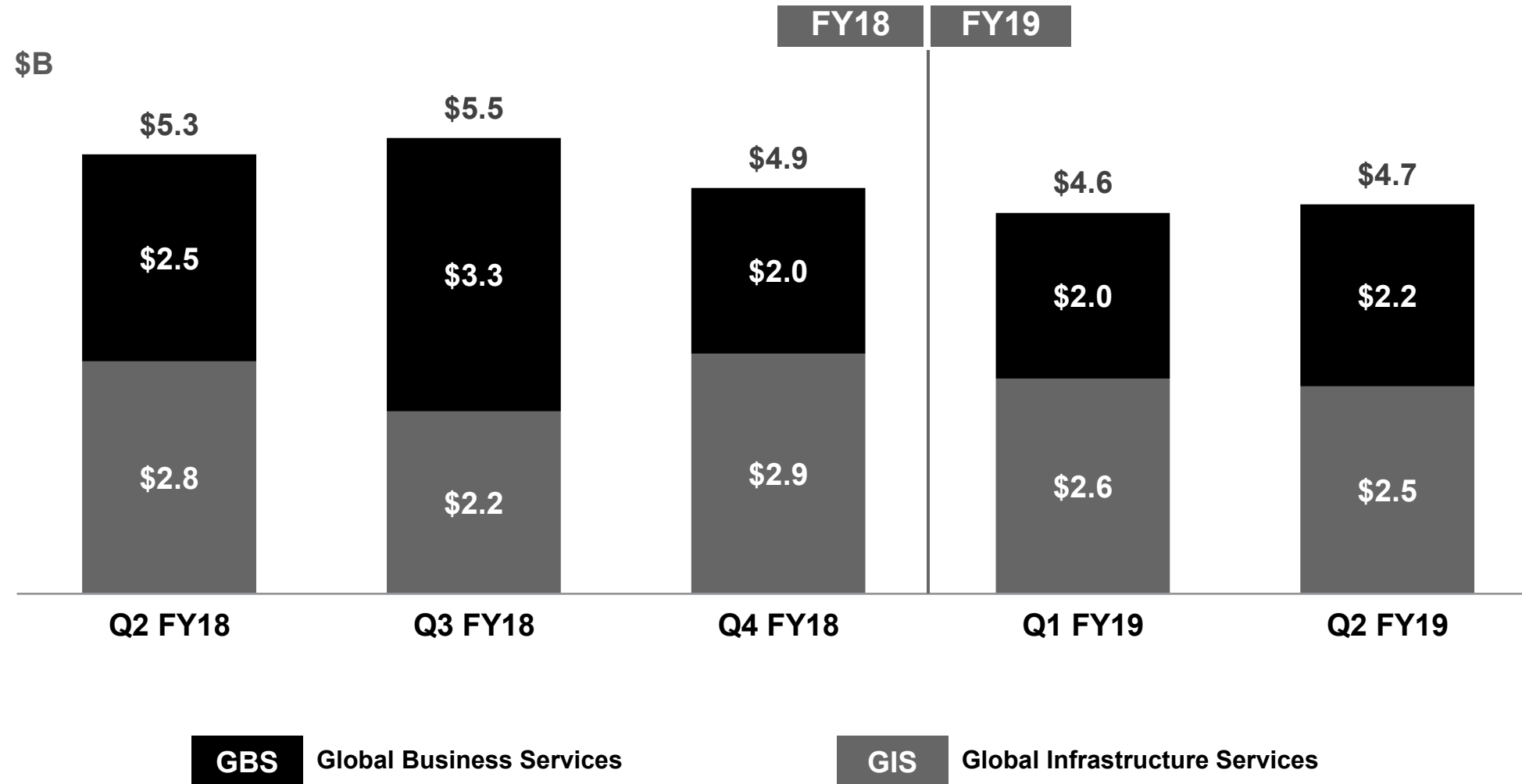
\$7.95 – \$8.20

Adjusted Free Cash Flow

90%+ of Adj. Net Income⁽¹⁾

¹ Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, and tax adjustment

Bookings⁽¹⁾



¹ The summation of the quarter bookings number may not equal the full-year number, due to rounding



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Supplemental Information

Non-GAAP reconciliations

EBIT and Adjusted EBIT

(in millions)	Q2 FY19	Q2 FY18	YTD FY19	YTD FY18
Net income	\$ 259	\$ 265	\$ 525	\$ 438
Income from discontinued operations, net of taxes	-	(60)	(35)	(125)
Income tax expense	73	79	202	62
Interest income	(33)	(16)	(65)	(32)
Interest expense	83	73	168	147
EBIT	382	341	795	490
Restructuring costs	157	188	342	375
Transaction, separation and integration-related costs	128	66	198	190
Amortization of acquired intangible assets	132	145	267	255
Adjusted EBIT	\$ 799	\$ 740	\$ 1,602	\$ 1,310
	Q2 FY19	Q2 FY18	YTD FY19	YTD FY18
Adjusted EBIT margin (%)	15.9%	13.6%	15.6%	12.3%
EBIT margin (%)	7.6%	6.3%	7.7%	4.6%

Non-GAAP reconciliations

Segment profit

(in millions)	Q2 FY19	Q2 FY18	YTD FY19	YTD FY18
GBS profit	\$ 400	\$ 369	\$ 803	\$ 643
GIS profit	473	450	947	721
All other profit (loss)	(74)	(79)	(148)	(54)
Interest income	33	16	65	32
Interest expense	(83)	(73)	(168)	(147)
Restructuring costs	(157)	(188)	(342)	(375)
Transaction, separation and integration-related costs	(128)	(66)	(198)	(190)
Amortization of acquired intangible assets	(132)	(145)	(267)	(255)
Income from continuing operations before taxes	\$ 332	\$ 284	\$ 692	\$ 375

Segment profit margins	Q2 FY19	Q2 FY18	YTD FY19	YTD FY18
GBS profit margin (%)	18.9%	16.0%	18.6%	14.0%
GIS profit margin (%)	16.3%	14.3%	15.9%	11.8%

Q2 FY19 non-GAAP results

(in millions except EPS)	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,518	\$ -	\$ -	\$ -	\$ -	\$ 3,518
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	569	-	(128)	-	-	441
Income from continuing operations before income taxes	332	157	128	132	-	749
Income tax expense	73	41	30	32	-	176
Income from continuing operations	259	116	98	100	-	573
Income from discontinued operations, net of tax	-	-	-	-	-	-
Net income	259	116	98	100	-	573
Less: net income attributable to noncontrolling interest, net of tax	(3)	-	-	-	-	(3)
Net income (loss) attributable to DXC common stockholders	\$ 262	\$ 116	\$ 98	\$ 100	\$ -	\$ 576
Effective tax rate	22.0%					23.5%
Basic EPS from continuing operations ⁽¹⁾	\$ 0.93	\$ 0.41	\$ 0.35	\$ 0.36	\$ -	\$ 2.05
Diluted EPS from continuing operations ⁽¹⁾	\$ 0.92	\$ 0.41	\$ 0.34	\$ 0.35	\$ -	\$ 2.02
Weighted average common shares outstanding for:						
Basic EPS	281.37	281.37	281.37	281.37	281.37	281.37
Diluted EPS	285.78	285.78	285.78	285.78	285.78	285.78

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

YTD FY19 non-GAAP results

(in millions except EPS)	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 7,385	\$ -	\$ -	\$ -	\$ -	\$ 7,385
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,009	-	(198)	-	-	811
Income from continuing operations before income taxes	692	342	198	267	-	1,499
Income tax expense (benefit)	202	82	46	65	(33)	362
Income from continuing operations	490	260	152	202	33	1,137
Income from discontinued operations, net of tax	35	-	-	-	-	35
Net income	525	260	152	202	33	1,172
Less: net income attributable to noncontrolling interest, net of tax	4	-	-	-	-	4
Net income (loss) attributable to DXC common stockholders	\$ 521	\$ 260	\$ 152	\$ 202	\$ 33	\$ 1,168
Effective tax rate	29.2%					24.1%
Basic EPS from continuing operations ⁽¹⁾	\$ 1.72	\$ 0.92	\$ 0.54	\$ 0.71	\$ 0.12	\$ 4.01
Diluted EPS from continuing operations ⁽¹⁾	\$ 1.69	\$ 0.90	\$ 0.53	\$ 0.70	\$ 0.11	\$ 3.94
Weighted average common shares outstanding for:						
Basic EPS	282.89	282.89	282.89	282.89	282.89	282.89
Diluted EPS	287.53	287.53	287.53	287.53	287.53	287.53

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

Q2 FY18 non-GAAP results

(in millions except EPS)	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,870	\$ -	\$ -	\$ -	\$ -	\$ 3,870
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	644	-	(66)	-	-	578
Income from continuing operations before income taxes	284	188	66	145	-	683
Income tax expense	79	-	-	-	112	191
Income from continuing operations	205	188	66	145	(112)	492
Income from discontinued operations, net of tax	60	-	-	-	-	60
Net income	265	188	66	145	(112)	552
Less: net income attributable to noncontrolling interest, net of tax	9	-	-	-	-	9
Net income (loss) attributable to DXC common stockholders	\$ 256	\$ 188	\$ 66	\$ 145	\$ (112)	\$ 543
Effective tax rate	27.8%					28.0%
Basic EPS from continuing operations ⁽¹⁾	\$ 0.69	\$ 0.66	\$ 0.23	\$ 0.51	\$ (0.39)	\$ 1.70
Diluted EPS from continuing operations ⁽¹⁾	\$ 0.67	\$ 0.65	\$ 0.23	\$ 0.50	\$ (0.39)	\$ 1.67
Weighted average common shares outstanding for:						
Basic EPS	284.87	284.87	284.87	284.87	284.87	284.87
Diluted EPS	289.29	289.29	289.29	289.29	289.29	289.29

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

YTD FY18 non-GAAP results

(in millions except EPS)	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 8,179	\$ -	\$ -	\$ -	\$ -	\$ 8,179
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,037	-	(190)	-	-	847
Income from continuing operations before income taxes	375	375	190	255	-	1,195
Income tax expense	62	-	-	-	272	334
Income from continuing operations	313	375	190	255	(272)	861
Income from discontinued operations, net of tax	125	-	-	-	-	125
Net income	438	375	190	255	(272)	986
Less: net income attributable to noncontrolling interest, net of tax	23	-	-	-	-	23
Net income (loss) attributable to DXC common stockholders	\$ 415	\$ 375	\$ 190	\$ 255	\$ (272)	\$ 963
Effective tax rate	16.5%					28.0%
Basic EPS from continuing operations ⁽¹⁾	\$ 1.02	\$ 1.32	\$ 0.67	\$ 0.90	\$ (0.96)	\$ 2.95
Diluted EPS from continuing operations ⁽¹⁾	\$ 1.00	\$ 1.30	\$ 0.66	\$ 0.88	\$ (0.94)	\$ 2.90
Weighted average common shares outstanding for:						
Basic EPS	284.35	284.35	284.35	284.35	284.35	284.35
Diluted EPS	289.38	289.38	289.38	289.38	289.38	289.38

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

Adjusted free cash flow

(in millions)	Q2 FY19	YTD FY19
Net cash provided by operating activities	\$ 412	\$ 885
Net cash used in investing activities	200	(84)
Acquisitions, net of cash acquired	-	43
Business dispositions	-	65
Payments on capital leases and other long-term asset financings	(216)	(475)
Payments on transaction, separation and integration-related costs	86	191
Payments on restructuring costs	122	270
Sale of accounts receivables, net DPP	— ⁽¹⁾	30
Adjusted free cash flow	\$ 604	\$ 925

¹ Adjusted free cash flow excludes the impacts from the sale of accounts receivable, net DPP

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, transaction, separation and integration-related costs, amortization expense related to acquired intangible assets, and pension and OPEB actuarial and settlement gains and 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, pension and OPEB actuarial and settlement gains and 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, (ii) restructuring payments, (iii) cash receipts from the sale of accounts receivable

Capital expenditure: Equal to the sum of purchases of property, equipment, and software, and principal 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

