



4th Quarter FY 2018 Earnings Presentation

May 24, 2018

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 three and twelve months ended March 31, 2017 (the “pro forma combined company” information) as supplemental information herein. The following discussion includes comparisons of our unaudited results of operations for the three and twelve months ended March 31, 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 the Enterprise Services Business of Hewlett Packard Enterprise Company (“HPES”), giving effect to the HPES Merger (defined below) as if it had been consummated on April 2, 2016. The unaudited pro forma statement of operations, which was previously filed with the SEC on June 14, 2017 as Exhibit 99.2 of Form 8-K/A, has been revised to reflect purchase price accounting (“PPA”) adjustments recorded subsequent to the Merger.

CSC reported its results based on a fiscal year convention that comprised four thirteen-week quarters. Every fifth year included an additional week in the first quarter to prevent the fiscal year moving from an approximate end of March date. 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, all references to the pro forma combined company information include the results of operations of CSC for the fiscal year ended March 31, 2017 and of HPES for the fiscal year ended January 31, 2017.

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. The combined statement of operations of HPES included all revenues and costs directly attributable to HPES and an allocation of expenses related to certain HPE corporate functions. The results of operations in the HPES historical combined statement of operations does not necessarily include all expenses that would have been incurred by HPES had it been a separate, stand-alone entity. 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. Consequently, HPES’ historical financial information does not necessarily reflect what HPES’ results of operations would have been had HPES operated as a stand-alone company during the periods presented.

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 PPA 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 (the “HPES Merger”), (ii) factually supportable, and (iii) expected to have a continuing impact on the consolidated results of operations of DXC. The pro forma results do not reflect the costs of integration activities or benefits that may result from realization of first-year synergies.

The adjustments to historical results 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 HPES Merger occurred on April 2, 2016, and should not be taken as being indicative of DXC’s future consolidated financial results.

Non-GAAP financial measures

We present non-GAAP financial measures of performance which are derived from the statements of operations and unaudited pro forma statement of operations of DXC. These non-GAAP financial measures include earnings before interest and taxes (“EBIT”), EBIT margin, adjusted EBIT, adjusted EBIT margin, non-GAAP income before income taxes, non-GAAP net income, 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 or pro forma basis. These non-GAAP financial measures exclude certain items from GAAP results that DXC management believes are not indicative of core operating performance. DXC management believes these non-GAAP measures provide investors supplemental information about 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 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 DXC’s Quarterly Reports on Form 10-Q for the quarters ended June 30, 2017, September 30, 2017, and December 31, 2017 and any updating information in subsequent SEC filings, including DXC’s upcoming Form 10-K for the fiscal year ended March 31, 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.



4th Quarter FY 2018 Earnings Presentation

Mike Lawrie
Chairman, President and
Chief Executive Officer

Key messages

Delivered on financial targets for fiscal 2018

Q4 revenue up 4.3% YoY; fiscal 2018 revenue of \$24.6 billion

Digital revenue up 21.6% YoY in Q4 and 17% for fiscal 2018

Achieved more than \$1.1B of in-year and \$1.6B exit run-rate synergies

FY19 non-GAAP EPS⁽¹⁾ target of \$7.75 – \$8.15

¹ Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement gains, and tax adjustment



4th 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 results reflect revenue adjustments for purchase price accounting, whereas the prior year pro forma does not
- Non-GAAP results exclude restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement gains, and tax adjustment

Reconciliation of non-GAAP results

	Q4 FY18						
(in millions except EPS)	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Pension and OPEB actuarial and settlement gains	Tax adjustment	Non-GAAP results
Income before taxes	661	208	124	153	(203)	—	943
Income tax expense	96	63	27	45	(42)	88	277
Net income	565	145	97	108	(161)	(88)	666
Diluted EPS ⁽¹⁾	\$1.93	0.50	0.33	0.37	(0.55)	(0.30)	\$2.28

	FY18						
(in millions except EPS)	GAAP	Restructuring costs	Transaction, separation and integration-related costs	Amortization of acquired intangible assets	Pension and OPEB actuarial and settlement gains	Tax adjustment	Non-GAAP results
Income before taxes	1,671	803	408	591	(220)	—	3,253
Income tax expense	(111)	206	117	193	(45)	561	921
Net income	1,782	597	291	398	(175)	(561)	2,332
Diluted EPS ⁽¹⁾	\$6.04	2.06	1.00	1.37	(0.60)	(1.94)	\$7.94

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

4th quarter results

	Q4	
	FY18	Pro forma combined company FY17
Revenue (\$M)	\$ 6,294	\$ 6,036
– YoY Growth - GAAP	4.3%	
– cc	(1.3%)	
– QtQ Growth - GAAP	1.7%	
– cc	(0.2%)	
Adjusted EBIT (\$M)	1,017	615
Adjusted EBIT Margin (%)	16.2%	10.2%
Adjusted Net Income (\$M) ⁽¹⁾	666	398
Non-GAAP EPS ⁽¹⁾	\$ 2.28	\$ 1.35
Bookings (\$B)	\$ 5.4	\$ 5.9

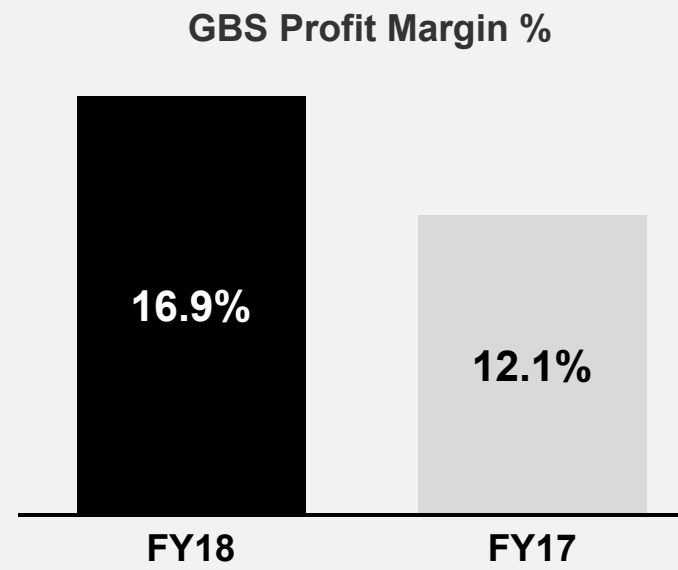
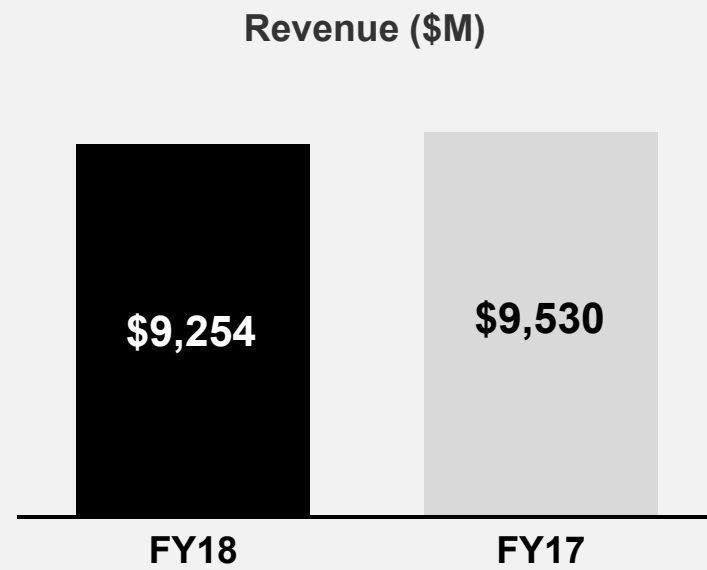
Full Year	
FY18	Pro forma combined company FY17
\$ 24,556	\$ 25,394
(3.3%)	
(4.8%)	
—	
—	
3,499	2,445
14.2%	9.6%
2,332	1,584
\$ 7.94	\$ 5.42
\$ 23.7	\$ 24.1

¹ Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement gains, certain overhead costs, and tax adjustment

Global Business Services (GBS)

	Q4 FY18	Pro forma combined company Q4 FY17
Revenue (\$M)	\$ 2,361	\$ 2,285
– YoY growth - GAAP	3.3%	
– cc	(2.2%)	
– QtQ growth - GAAP	2.0%	
– cc	(0.1%)	
GBS Profit (\$M)	470	284
GBS Profit Margin (%)	19.9%	12.4%
Bookings (\$B)	\$ 2.0	\$ 2.2

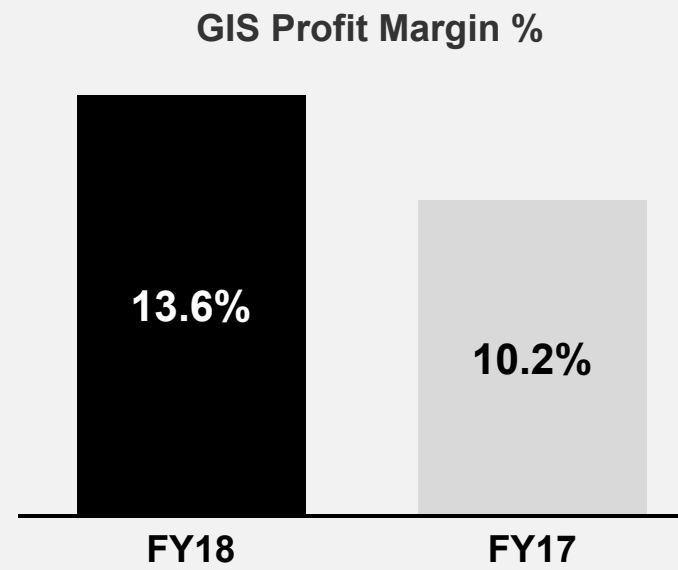
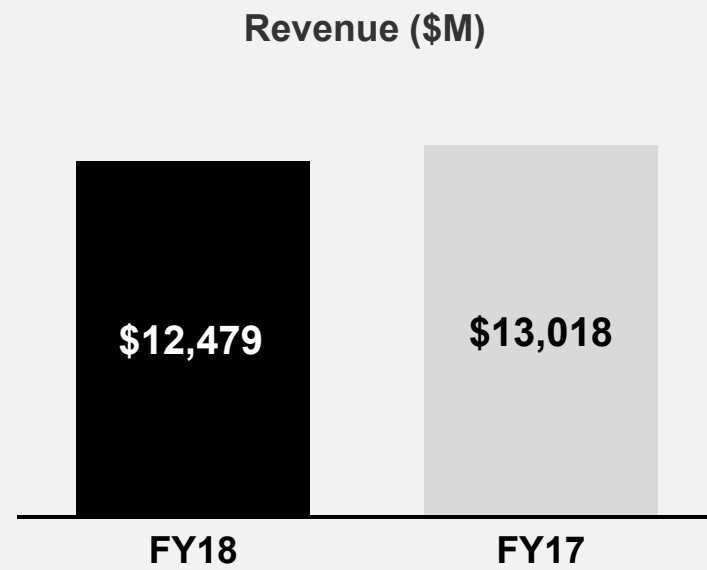
FY18	Pro forma combined company FY17
\$ 9,254	\$ 9,530
(2.9%)	
(4.6%)	
—	
—	
1,563	1,156
16.9%	12.1%
\$ 10.2	\$ 9.5



Global Infrastructure Services (GIS)

	Q4 FY18	Pro forma combined company Q4 FY17
Revenue (\$M)	\$ 3,223	\$ 3,112
– YoY growth - GAAP	3.6%	
– cc	(3.2%)	
– QtQ growth - GAAP	2.5%	
– cc	0.1%	
GIS Profit (\$M)	477	355
GIS Profit Margin (%)	14.8%	11.4%
Bookings (\$B)	\$ 2.9	\$ 2.6

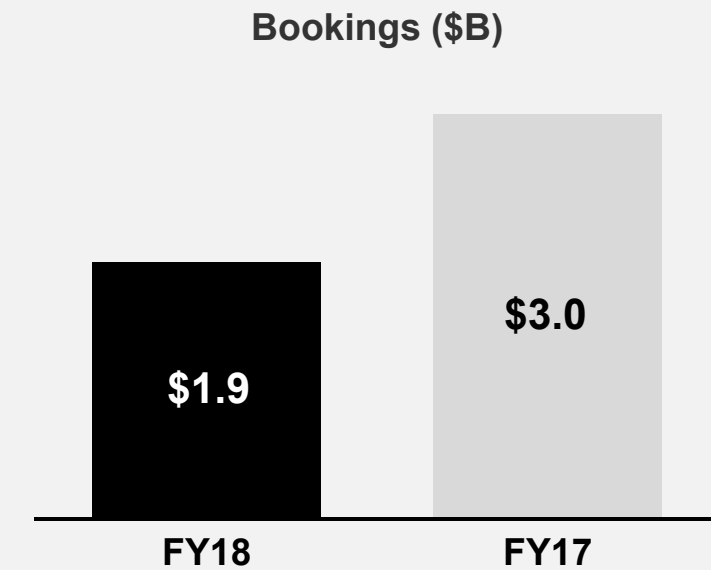
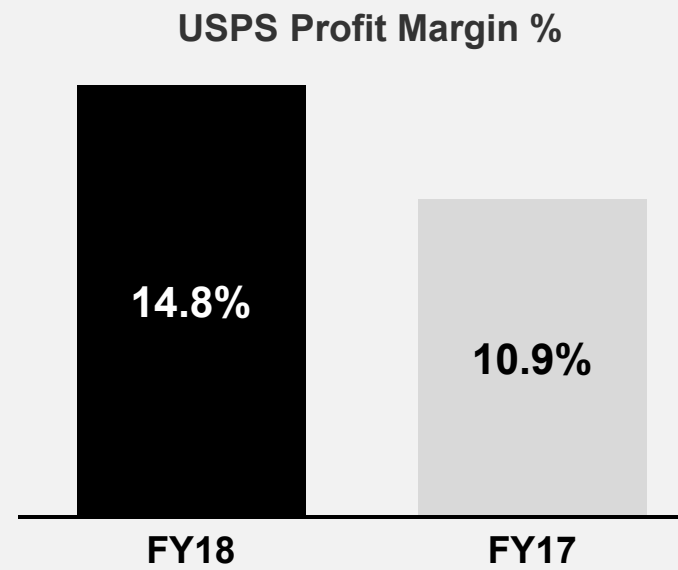
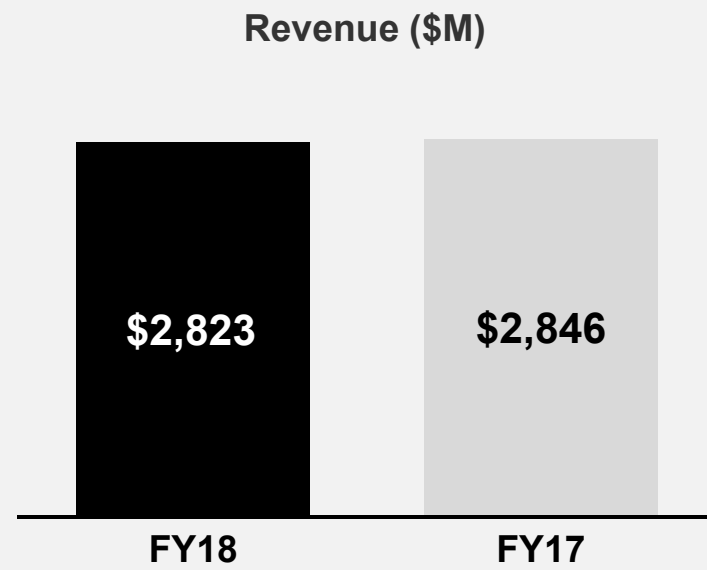
FY18	Pro forma combined company FY17
\$ 12,479	\$ 13,018
(4.1%)	
(5.9%)	
—	
—	
1,699	1,325
13.6%	10.2%
\$ 11.6	\$ 11.6



U.S. Public Sector (USPS)

	Q4 FY18	Pro forma combined company Q4 FY17
Revenue (\$M)	\$ 710	\$ 639
– YoY growth - GAAP	11.1%	
– QtQ growth - GAAP	(2.2%)	
USPS Profit (\$M)	121	63
USPS Profit Margin (%)	17.0%	9.9%
Bookings (\$B)	\$ 0.5	\$ 1.1

FY18	Pro forma combined company FY17
\$ 2,823	\$ 2,846
(0.8%)	
—	
417	310
14.8%	10.9%
\$ 1.9	\$ 3.0



Financial highlights

Cash Flow Performance

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

Q4 FY18

FY18

\$557M

\$2,427M

\$471M

\$1,760M

7.5%

7.2%

Capital to Shareholders

- ▶ Cash Dividends
- ▶ Share Repurchases

Q4 FY18

FY18

\$51M

\$174M

\$72M

\$137M

0.7M shares

1.5M shares

Capital Structure

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

Q4 FY18

\$2.6B

25.8%

FY 2019 targets

Revenue

\$21.5B – \$22.0B

Non-GAAP EPS⁽¹⁾

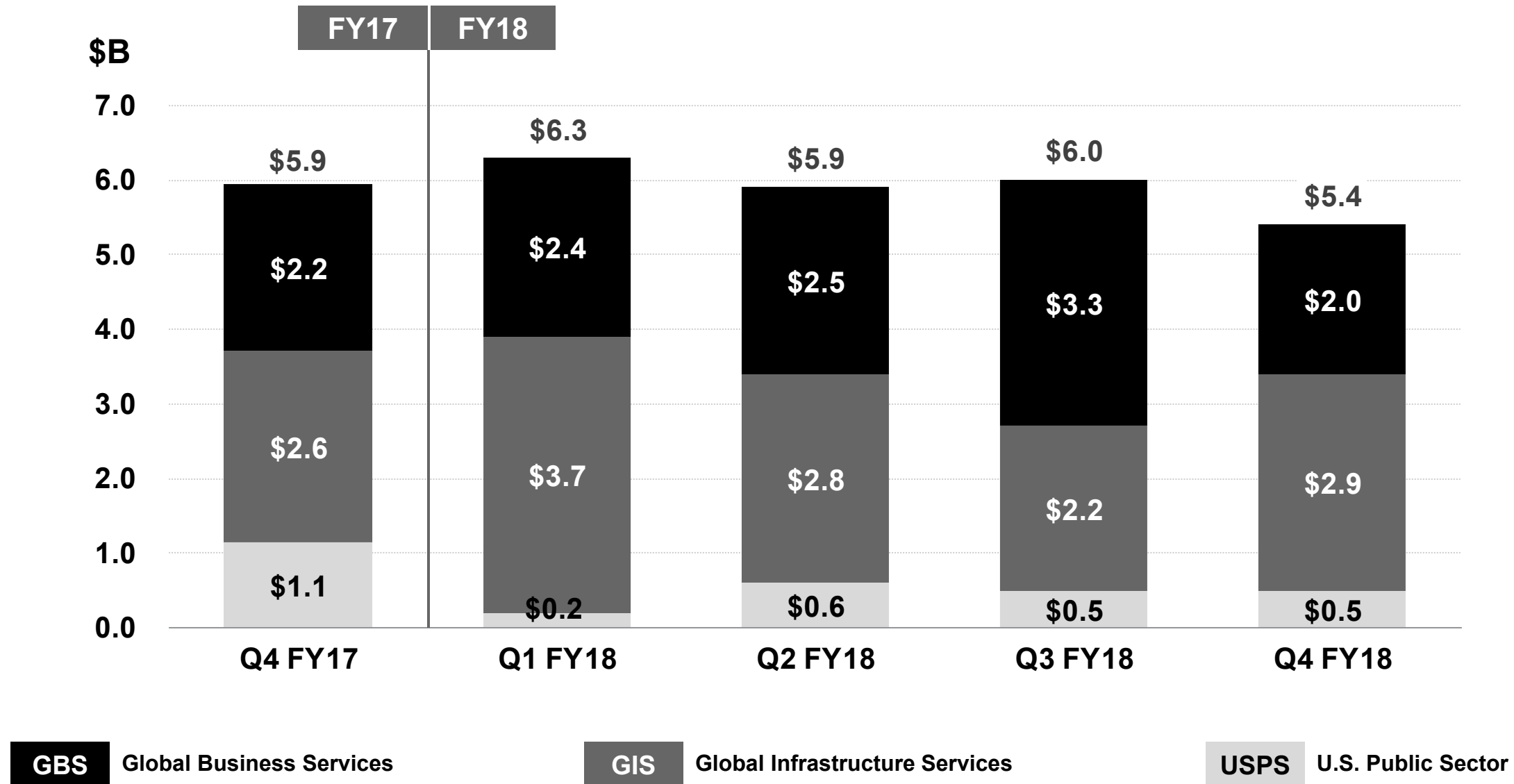
\$7.75 – \$8.15

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, pension and OPEB actuarial and settlement gains, and tax adjustment

Bookings⁽¹⁾



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



4th Quarter FY 2018 Earnings Presentation

Supplemental Information

Non-GAAP reconciliations

EBIT and Adjusted EBIT

(in millions)	Q4 FY18	Pro forma combined company Q4 FY17
Net income (loss)	\$ 565	\$ 255
Income tax expense (benefit)	96	(20)
Interest income	(30)	(22)
Interest expense	104	89
EBIT	735	302
Restructuring costs	208	214
Transaction, separation and integration-related costs	124	116
Amortization of acquired intangible assets	153	148
Pension and OPEB actuarial and settlement (gains) losses	(203)	(173)
Certain overhead costs	-	8
Adjusted EBIT	\$ 1,017	\$ 615

FY18	Pro forma combined company FY17
\$ 1,782	\$ (23)
(111)	233
(89)	(81)
335	342
1,917	471
803	860
408	398
591	576
(220)	25
-	115
\$ 3,499	\$ 2,445

	Q4 FY18	Pro forma combined company Q4 FY17
Adjusted EBIT margin (%)	16.2%	10.2%
EBIT margin (%)	11.7%	5.0%

FY18	Pro forma combined company FY17
14.2%	9.6%
7.8%	1.9%

Non-GAAP reconciliations

Segment profit

(in millions)	Q4 FY18	Pro forma combined company Q4 FY17
GBS profit	\$ 470	\$ 284
GIS profit	477	355
USPS profit	121	63
All other loss	(51)	(95)
Interest income	30	22
Interest expense	(104)	(89)
Restructuring costs	(208)	(214)
Pension and OPEB actuarial and settlement gains (losses)	203	173
Amortization of acquired intangible assets	(153)	(148)
Transaction, separation and integration-related costs	(124)	(116)
Income from continuing operations before taxes	\$ 661	\$ 235

FY18	Pro forma combined company FY17
\$ 1,563	\$ 1,156
1,699	1,325
417	310
(180)	(461)
89	81
(335)	(342)
(803)	(860)
220	(25)
(591)	(576)
(408)	(398)
\$ 1,671	\$ 210

Segment profit margins	Q4 FY18	Pro forma combined company Q4 FY17
GBS profit margin (%)	19.9%	12.4%
GIS profit margin (%)	14.8%	11.4%
USPS profit margin (%)	17.0%	9.9%

FY18	Pro forma combined company FY17
16.9%	12.1%
13.6%	10.2%
14.8%	10.9%

Q4 FY18 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 gains	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 4,323	\$ -	\$ -	\$ -	\$ 192	\$ -	\$ 4,515
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	453	-	(124)	-	11	-	340
Income before taxes	661	208	124	153	(203)	-	943
Income tax expense	96	63	27	45	(42)	88	277
Net income	565	145	97	108	(161)	(88)	666
Less: net income attributable to noncontrolling interest, net of tax	5	-	-	-	-	-	5
Net income attributable to DXC common stockholders	\$ 560	\$ 145	\$ 97	\$ 108	\$ (161)	\$ (88)	\$ 661
Effective tax rate	14.5%						29.4%
Basic EPS ⁽¹⁾	\$ 1.96	\$ 0.51	\$ 0.34	\$ 0.38	\$ (0.56)	\$ (0.31)	\$ 2.31
Diluted EPS ⁽¹⁾	\$ 1.93	\$ 0.50	\$ 0.33	\$ 0.37	\$ (0.55)	\$ (0.30)	\$ 2.28
Weighted average common shares outstanding for:							
Basic EPS	285.64	285.64	285.64	285.64	285.64	285.64	285.64
Diluted EPS	290.20	290.20	290.20	290.20	290.20	290.20	290.20

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

FY18 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 gains	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 17,944	\$ -	\$ -	\$ -	\$ 192	\$ -	\$ 18,136
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	2,010	-	(408)	-	28	-	1,630
Income before taxes	1,671	803	408	591	(220)	-	3,253
Income tax expense	(111)	206	117	193	(45)	561	921
Net income	1,782	597	291	398	(175)	(561)	2,332
Less: net income attributable to noncontrolling interest, net of tax	31	-	-	-	-	-	31
Net income attributable to DXC common stockholders	\$ 1,751	\$ 597	\$ 291	\$ 398	\$ (175)	\$ (561)	\$ 2,301
Effective tax rate	(6.6)%						28.3%
Basic EPS ⁽¹⁾	\$ 6.15	\$ 2.10	\$ 1.02	\$ 1.40	\$ (0.61)	\$ (1.97)	\$ 8.08
Diluted EPS ⁽¹⁾	\$ 6.04	\$ 2.06	\$ 1.00	\$ 1.37	\$ (0.60)	\$ (1.94)	\$ 7.94
Weighted average common shares outstanding for:							
Basic EPS	284.93	284.93	284.93	284.93	284.93	284.93	284.93
Diluted EPS	289.77	289.77	289.77	289.77	289.77	289.77	289.77

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

Q4 FY17 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 gains	Certain overhead costs	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 4,344	\$ -	\$ -	\$ -	\$ 126	\$ -	\$ -	\$ 4,470
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	591	-	(116)	-	47	(8)	-	514
Income before taxes	235	214	116	148	(173)	8	-	548
Income tax (benefit) expense	(20)	-	-	-	-	-	170	150
Net income	255	214	116	148	(173)	8	(170)	398
Less: net income attributable to noncontrolling interest, net of tax	11	-	-	-	-	-	-	11
Net income attributable to DXC common stockholders	\$ 244	\$ 214	\$ 116	\$ 148	\$ (173)	\$ 8	\$ (170)	\$ 387
Effective tax rate	(8.5)%							27.4%
Basic EPS ⁽¹⁾	\$ 0.86	\$ 0.76	\$ 0.41	\$ 0.52	\$ (0.61)	\$ 0.03	\$ (0.60)	\$ 1.37
Diluted EPS ⁽¹⁾	\$ 0.85	\$ 0.74	\$ 0.40	\$ 0.51	\$ (0.60)	\$ 0.03	\$ (0.59)	\$ 1.35
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	287.68	287.68	287.68	287.68	287.68	287.68	287.68	287.68

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

FY17 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	Certain overhead costs	Tax adjustment	Non-GAAP results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 18,999	\$ -	\$ -	\$ -	\$ (24)	\$ -	\$ -	\$ 18,975
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	2,638	-	(398)	-	(1)	(115)	-	2,124
Income before taxes	210	860	398	576	25	115	-	2,184
Income tax expense	233	-	-	-	-	-	367	600
Net (loss) income	(23)	860	398	576	25	115	(367)	1,584
Less: net income attributable to noncontrolling interest, net of tax	28	-	-	-	-	-	-	28
Net (loss) income attributable to DXC common stockholders	\$ (51)	\$ 860	\$ 398	\$ 576	\$ 25	\$ 115	\$ (367)	\$ 1,556
Effective tax rate	111.0%							27.5%
Basic EPS ⁽¹⁾	\$ (0.18)	\$ 3.04	\$ 1.41	\$ 2.03	\$ 0.09	\$ 0.41	\$ (1.30)	\$ 5.50
Diluted EPS ⁽¹⁾	\$ (0.18)	\$ 3.00	\$ 1.39	\$ 2.01	\$ 0.09	\$ 0.40	\$ (1.28)	\$ 5.42
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	287.08	287.08	287.08	287.08	287.08	287.08	287.08

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)	Q4 FY18	FY18
Net cash provided by operating activities	\$ 701	\$ 3,243
Net cash used in investing activities ⁽¹⁾	(246)	(26)
Acquisitions, net of cash acquired	46	(735)
Payments on capital leases and other long-term asset financings	(328)	(1,060)
Payments on transaction, separation and integration-related costs	80	284
Payments on restructuring costs	223	792
Sale of accounts receivables, net DPP	(15)	(19)
Sale of USPS accounts receivable	96	(52)
Adjusted free cash flow	\$ 557	\$ 2,427

¹ Excludes capital expenditures financed through our lease credit facility

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, separation and integration-related costs, amortization expense related to acquired intangible assets, pension and OPEB actuarial and settlement gains and 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 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, payments on outsourcing contracts, 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

