



3rd Quarter FY 2020

# Earnings Presentation

February 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 earnings before interest and taxes (“EBIT”), adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income and non-GAAP EPS, constant currency revenues, net debt and net debt-to-total capitalization.

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. 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, 2019, and any updating information in subsequent SEC filings, including DXC’s upcoming Form 10-Q for the quarter ended December 31, 2019.

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. Progress against priorities outlined in Q2 earnings call
2. Review preliminary third quarter results and outlook for Q4 and full-year FY20
3. Closing remarks concerning what is next on our transformation journey

# Priorities

## Running the Business

### 1. Customers:

- Upgrade engagement and service at key accounts
- Deliver against customer priorities

### 2. People:

- Invest in our people/employee value proposition
- Augment senior management team
- Expand account management and sales talent

### 3. Operational Execution:

- Invest in and enhance delivery execution
- Simplify operating model
- Re-emphasize the ITO business

## Unlocking Value

### 1. Execute go-forward strategy centered on:

- Enterprise technology stack
- Selling industry solutions
- Focus on installed base of customers

### 2. Pursue strategic alternatives for adjacent businesses that do not fit the strategy

### 3. Pursue a balanced capital allocation

- Maintain investment grade credit profile

# Progress on running the business

## 1. Customers:

- Upgrade engagement and service at key accounts
- Deliver against customer priorities

## 2. People:

- Invest in our people/employee value proposition
- Augment senior management team
- Expand account management and sales talent

## 3. Operational Execution:

- Invest in and enhance delivery execution
- Simplify operating model
- Re-emphasize the ITO business

- **Trusted partner to customers for mission-critical operations**
- **Leveraging ITO business to grow DXC**
- **Established a program focusing on 40 challenged accounts**
  - Majority of accounts to be turned around by Q4
  - Program to be completed in the first half of the next fiscal year
  - Already been awarded over \$500 million of business from several of these accounts

# Progress on running the business

## 1. Customers:

- Upgrade engagement and service at key accounts
- Deliver against customer priorities

## 2. People:

- Invest in our people/employee value proposition
- Augment senior management team
- Expand account management and sales talent

## 3. Operational Execution:

- Invest in and enhance delivery execution
- Simplify operating model
- Re-emphasize the ITO business

## • Completed global employee survey and acting on results:

- Broader learning opportunities
- Career prospects
- Compensation

## • Continue to attract top talent

- Added nearly 50 leaders to DXC in Q3 focused on account management and delivery
- Two more senior executives joined the leadership team
- New hires collaborating well with existing team and making an impact

## • Leadership changes in Delivery and UKIIMEA

# Progress on running the business

## 1. Customers:

- Upgrade engagement and service at key accounts
- Deliver against customer priorities

## 2. People:

- Invest in our people/employee value proposition
- Augment senior management team
- Expand account management and sales talent

## 3. Operational Execution:

- Invest in and enhance delivery execution
- Simplify operating model
- Re-emphasize the ITO business

## • Focusing on delivery execution

- Examining delivery footprint, utilization and talent
- Prioritizing quality and speed of delivery

## • Simplified regional operating model

- Faster decision making
- Increased accountability

## • Bringing together our automotive and banking capabilities



# Progress on running the business

## 1. Customers:

- Upgrade engagement and service at key accounts
- Deliver against customer priorities

## 2. People:

- Invest in our people/employee value proposition
- Augment senior management team
- Expand account management and sales talent

## 3. Operational Execution:

- Invest in and enhance delivery execution
- Simplify operating model
- Re-emphasize the ITO business

- Using the unique capabilities of Virtual Clarity to assess the ITO estate of top 200 accounts, and address cloud migration and IT modernization roadmaps:

- Technical feasibility
- Risk
- Value proposition
- Customer's ability to execute

- By the end of Q4, we expect to complete the assessment of 30 top accounts
- Will be in the market engaging with customers as soon as our initial assessment is done

# Progress on unlocking value

## 1. Execute go-forward strategy centered on:

- Enterprise technology stack
- Selling industry solutions
- Focus on installed base of customers

## 2. Pursue strategic alternatives for adjacent businesses that do not fit the strategy

## 3. Pursue a balanced capital allocation

- Maintain investment grade credit profile

## • Focus on the enterprise technology stack

- Opportunity to engage with customers on their digital transformations

## • Progressing along stated timeline in pursuing strategic alternatives for all 3 businesses – U.S. State and Local HHS, Horizontal BPS, and Workplace & Mobility

- Retained several world-class advisors
- Targeting to be in the market this month
- Business trends for the three assets are in line with expectations

# Reconciliation of non-GAAP results

	Q3 FY20							
(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Gain on Arbitration Award	Tax Adjustment	Non-GAAP Results
Income from continuing operations before income taxes	127	74	68	146	53	-	-	468
Income tax expense	37	10	16	34	53	-	(10)	140
Income from continuing operations	90	64	52	112	-	-	10	328
Diluted EPS from continuing operations <sup>(1)</sup>	<b>\$0.32</b>	0.25	0.20	0.44	-	-	0.04	<b>\$1.25</b>

	YTD FY20							
(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Gain on Arbitration Award	Tax Adjustment	Non-GAAP Results
(Loss) income from continuing operations before income taxes	(1,666)	248	226	435	2,940	(632)	-	1,551
Income tax expense	191	42	43	99	53	-	(39)	389
(Loss) income from continuing operations	(1,857)	206	183	336	2,887	(632)	39	1,162
Diluted EPS from continuing operations <sup>(1)</sup>	<b>(\$7.20)</b>	0.79	0.70	1.28	11.03	(2.42)	0.15	<b>\$4.38</b>

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

# 3rd quarter results

	Q3	
	FY20	FY19
Revenue (\$M)	\$ 5,021	\$ 5,178
– YoY Growth – GAAP	(3.0%)	
– cc	(2.0%)	
– QtQ Growth – GAAP	3.5%	
– cc	3.0%	
Adjusted EBIT (\$M)	528	840
Adjusted EBIT Margin (%)	10.5%	16.2%
Adjusted Income from Continuing Operations (\$M) <sup>(1)</sup>	328	626
Non-GAAP Diluted EPS from Continuing Operations <sup>(1)</sup>	\$ 1.25	\$ 2.23
Bookings (\$B)	\$ 5.3	\$ 5.7

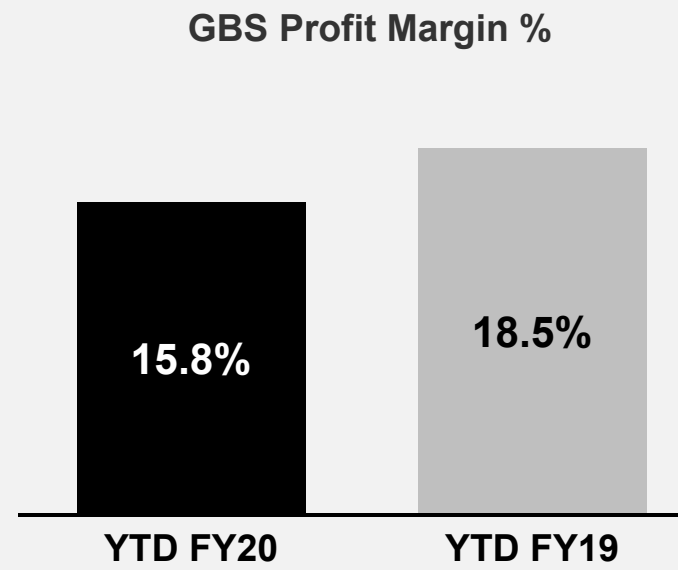
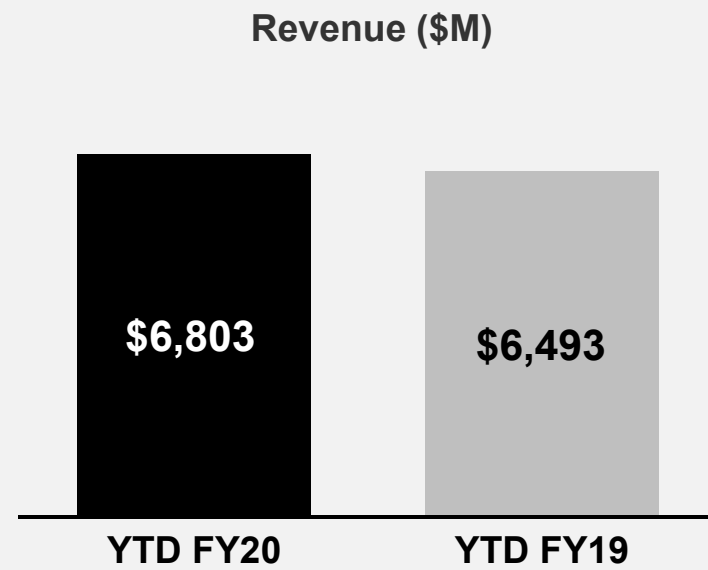
	YTD	
	FY20	FY19
\$ 14,762	\$ 15,473	
(4.6%)		
(2.4%)		
—		
—		
1,709	2,442	
11.6%	15.8%	
1,162	1,763	
\$ 4.38	\$ 6.16	
\$ 13.3	\$ 14.9	

<sup>1</sup> Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, goodwill impairment losses, gain on arbitration award, and tax adjustment

# Global Business Services (GBS)

	Q3 FY20	Q3 FY19
Revenue (\$M)	\$ 2,359	\$ 2,169
– YoY Growth – GAAP	8.8%	
– cc	9.9%	
– QtQ Growth – GAAP	3.2%	
– cc	3.0%	
GBS Profit (\$M)	353	395
GBS Profit Margin (%)	15.0%	18.2%
Bookings (\$B)	\$ 2.5	\$ 2.3

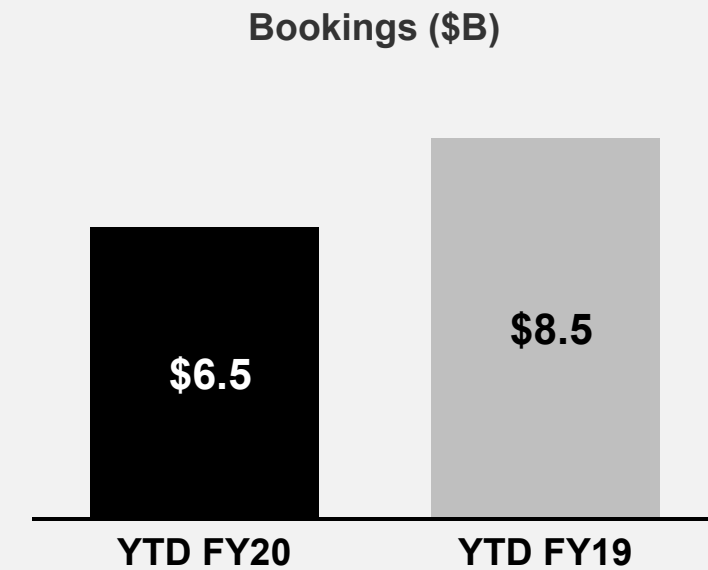
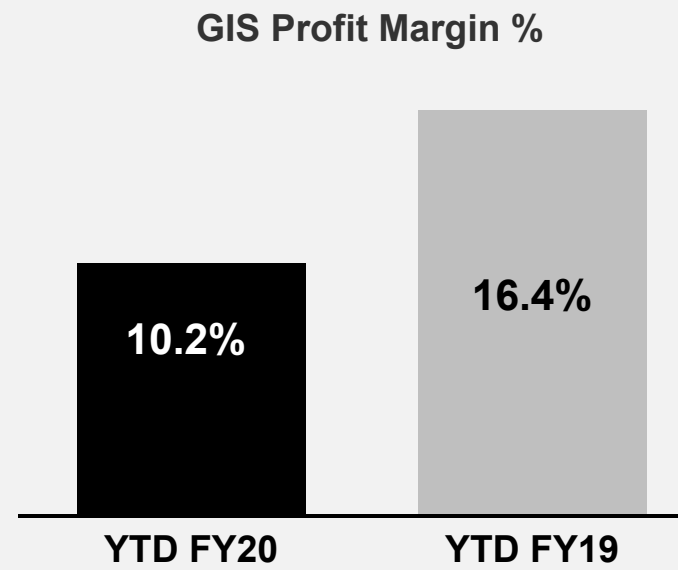
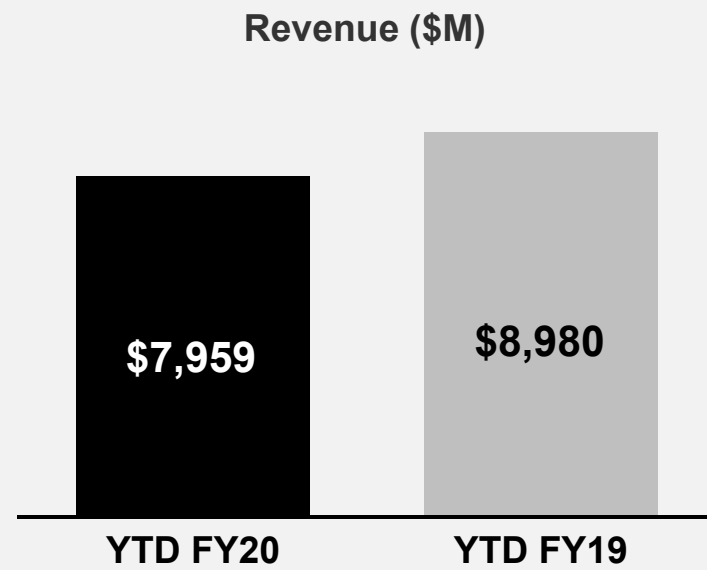
	YTD FY20	YTD FY19
	\$ 6,803	\$ 6,493
	4.8%	
	6.9%	
	—	
	—	
	1,078	1,198
	15.8%	18.5%
	\$ 6.8	\$ 6.4



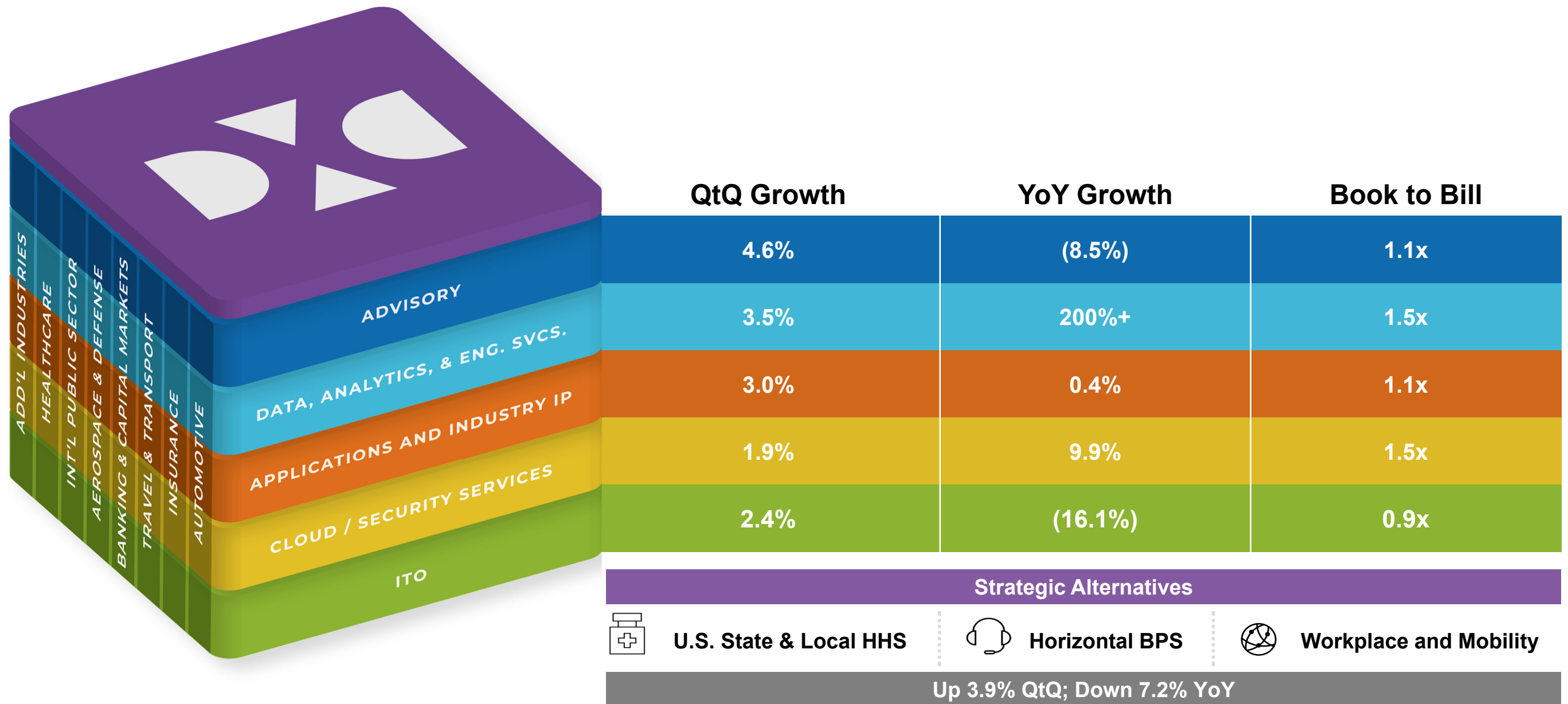
# Global Infrastructure Services (GIS)

	Q3 FY20	Q3 FY19
Revenue (\$M)	\$ 2,662	\$ 3,009
– YoY Growth – GAAP	(11.5%)	
– cc	(10.6%)	
– QtQ Growth – GAAP	3.7%	
– cc	3.1%	
GIS Profit (\$M)	232	528
GIS Profit Margin (%)	8.7%	17.5%
Bookings (\$B)	\$ 2.8	\$ 3.4

	YTD FY20	YTD FY19
Revenue (\$M)	\$ 7,959	\$ 8,980
– YoY Growth – GAAP	(11.4%)	
– cc	(9.1%)	
– QtQ Growth – GAAP	—	
– cc	—	
GIS Profit (\$M)	815	1,475
GIS Profit Margin (%)	10.2%	16.4%
Bookings (\$B)	\$ 6.5	\$ 8.5



# Enterprise technology stack – performance update



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

# Financial highlights

## Cash Flow Performance

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

**Q3 FY20**

**YTD FY20**

\$397M

\$1,210M

\$310M

\$1,009M

6.2%

6.8%

## Capital to Shareholders

- ▶ Cash Dividends
- ▶ Share Repurchases

**Q3 FY20**

**YTD FY20**

\$54M

\$161M

\$86M  
2.4M shares

\$736M  
15.9M shares

## Capital Structure

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

**Q3 FY20**

\$2.6B

35.2%



# FY 2020 targets

**Revenue**

**\$19.5B – \$19.8B**

**Non-GAAP EPS<sup>(1)</sup>**

**\$5.25 – \$5.75**

**Adjusted Free Cash Flow**

**80%+ of Adj. Net Income<sup>(1)</sup>**

<sup>1</sup> Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, goodwill impairment losses, gain on arbitration award, and tax adjustment

# Closing remarks



## Q4 FY20 Priorities

### Customers:

- Focus on 40 challenged accounts
- Virtual Clarity IT estate assessment work for our top 200 accounts

### People:

- Continue to address the results of our global employee survey
- Implement employee value proposition
- Attract high-quality talent

### Operational Execution:

- Roll out our final operating model in support of our regional structure
- Refine offering portfolio to better align with our enterprise technology stack
- Complete our detailed account review, which will feed into our FY21 plan

### Unlocking Value:

- Continue to progress along our stated timeline for the strategic alternatives

# 3rd Quarter FY 2020

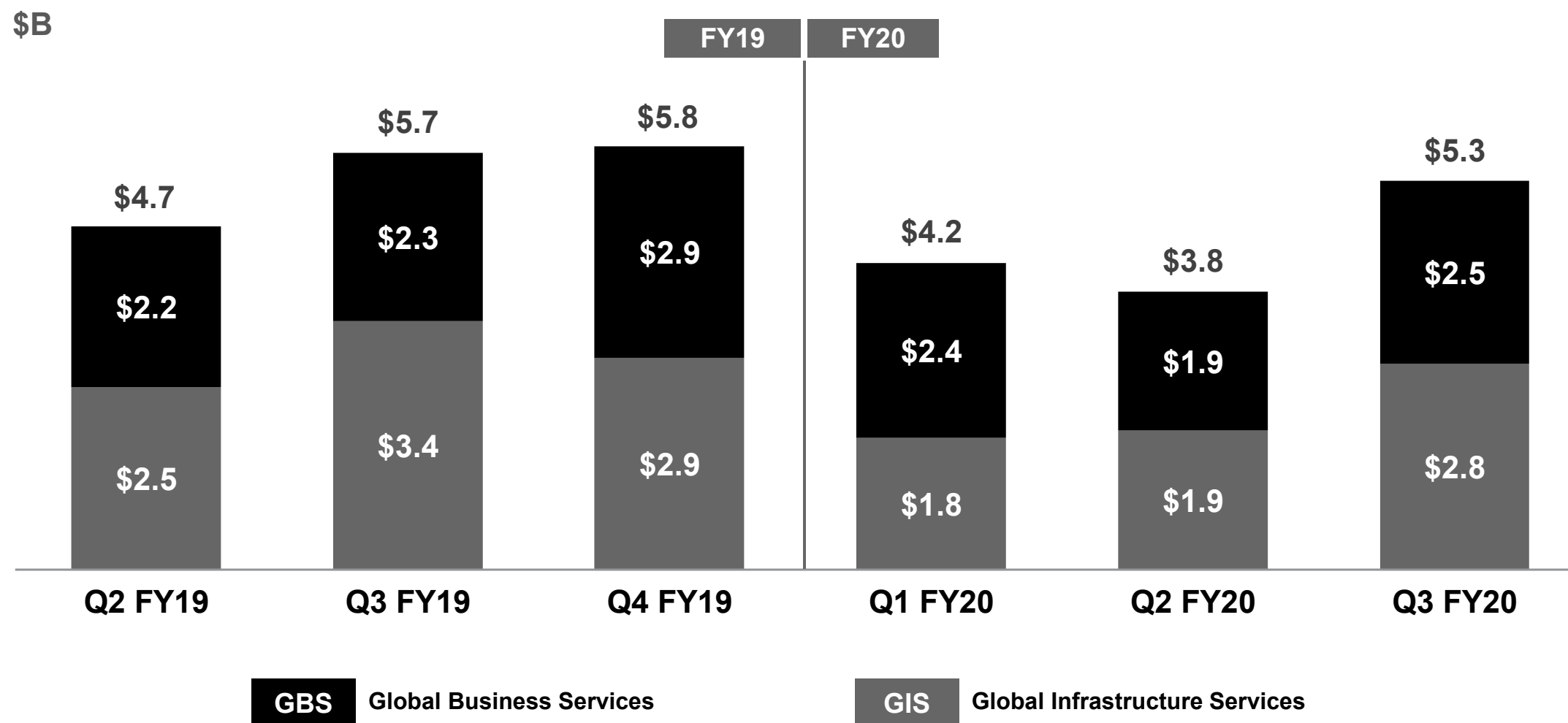
## Supplemental Information

# Consolidated statements of operations

(preliminary and unaudited)

in millions, except per-share amounts	Q3 FY20	Q3 FY19	YTD FY20	YTD FY19
Revenue	\$ 5,021	\$ 5,178	\$ 14,762	\$ 15,473
Costs of services	3,827	3,725	11,128	11,110
Selling, general and administrative	518	491	1,514	1,500
Depreciation and amortization	479	508	1,416	1,463
Goodwill impairment losses	53	-	2,940	-
Restructuring costs	74	76	248	418
Interest expense	93	81	288	249
Interest income	(33)	(27)	(130)	(92)
Gain on arbitration award	-	-	(632)	-
Other income, net	(117)	(145)	(344)	(336)
Total costs and expenses	4,894	4,709	16,428	14,312
Income (loss) from continuing operations before income taxes	127	469	(1,666)	1,161
Income tax expense	37	3	191	205
Income (loss) from continuing operations	90	466	(1,857)	956
Income from discontinued operations, net of tax	-	-	-	35
Net income (loss)	90	466	(1,857)	991
Less: net income (loss) attributable to non-controlling interest, net of tax	8	4	17	8
Net income (loss) attributable to DXC common stockholders	\$ 82	\$ 462	\$ (1,874)	\$ 983
Income (loss) per common share:				
Basic:				
Continuing operations	\$ 0.32	\$ 1.68	\$ (7.20)	\$ 3.38
Discontinued operations	-	-	-	0.12
	\$ 0.32	\$ 1.68	\$ (7.20)	\$ 3.50
Diluted:				
Continuing operations	\$ 0.32	\$ 1.66	\$ (7.20)	\$ 3.33
Discontinued operations	-	-	-	0.12
	\$ 0.32	\$ 1.66	\$ (7.20)	\$ 3.45
Cash dividend per common share	\$ 0.21	\$ 0.19	\$ 0.63	\$ 0.57
Weighted average common shares outstanding for:				
Basic EPS	255.09	275.66	260.24	280.47
Diluted EPS	256.05	278.99	260.24	284.70

# 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)	Q3 FY20	Q3 FY19
Net income (loss)	\$ 90	\$ 466
Income from discontinued operations, net of taxes	-	-
Income tax expense	37	3
Interest income	(33)	(27)
Interest expense	93	81
<b>EBIT</b>	<b>187</b>	<b>523</b>
Restructuring costs	74	76
Transaction, separation and integration-related costs	68	107
Amortization of acquired intangible assets	146	134
Goodwill impairment losses	53	-
Gain on arbitration award	-	-
<b>Adjusted EBIT</b>	<b>\$ 528</b>	<b>\$ 840</b>

	Q3 FY20	Q3 FY19
Adjusted EBIT margin (%)	10.5%	16.2%
EBIT margin (%)	3.7%	10.1%

YTD FY20	YTD FY19
\$ (1,857)	\$ 991
-	(35)
191	205
(130)	(92)
288	249
<b>(1,508)</b>	<b>1,318</b>
248	418
226	305
435	401
2,940	-
(632)	-
<b>\$ 1,709</b>	<b>\$ 2,442</b>

YTD FY20	YTD FY19
11.6%	15.8%
(10.2%)	8.5%

# Non-GAAP reconciliations

## Segment profit

(in millions)	Q3 FY20	Q3 FY19
GBS profit	\$ 353	\$ 395
GIS profit	232	528
All other loss	(57)	(83)
Interest income	33	27
Interest expense	(93)	(81)
Restructuring costs	(74)	(76)
Transaction, separation and integration-related costs	(68)	(107)
Amortization of acquired intangible assets	(146)	(134)
Goodwill impairment losses	(53)	-
Gain on arbitration award	-	-
<b>Income (loss) from continuing operations before taxes</b>	<b>\$ 127</b>	<b>\$ 469</b>

Segment profit margins	Q3 FY20	Q3 FY19
GBS profit margin (%)	15.0%	18.2%
GIS profit margin (%)	8.7%	17.5%

YTD FY20	YTD FY19
\$ 1,078	\$ 1,198
815	1,475
(184)	(231)
130	92
(288)	(249)
(248)	(418)
(226)	(305)
(435)	(401)
(2,940)	-
632	-
<b>\$ (1,666)</b>	<b>\$ 1,161</b>

YTD FY20	YTD FY19
15.8%	18.5%
10.2%	16.4%

# Q3 FY20 non-GAAP results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Gain on Arbitration Award	Tax Adjustment	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,827
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	518	-	(68)	-	-	-	-	450
Income from continuing operations before income taxes	127	74	68	146	53	-	-	468
Income tax expense	37	10	16	34	53	-	(10)	140
Net income	90	64	52	112	-	-	10	328
Less: net income attributable to noncontrolling interest, net of tax	8	-	-	-	-	-	-	8
Net income attributable to DXC common stockholders	\$ 82	\$ 64	\$ 52	\$ 112	\$ -	\$ -	\$ 10	\$ 320
Effective tax rate	29.1%							29.9%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 0.32	\$ 0.25	\$ 0.20	\$ 0.44	\$ -	\$ -	\$ 0.04	\$ 1.25
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 0.32	\$ 0.25	\$ 0.20	\$ 0.44	\$ -	\$ -	\$ 0.04	\$ 1.25
Weighted average common shares outstanding for:								
Basic EPS	255.09	255.09	255.09	255.09	255.09	255.09	255.09	255.09
Diluted EPS	256.05	256.05	256.05	256.05	256.05	256.05	256.05	256.05

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



# YTD FY20 non-GAAP results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Gain on Arbitration Award	Tax Adjustment	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 11,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,128
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,514	-	(226)	-	-	-	-	1,288
(Loss) income from continuing operations before income taxes	(1,666)	248	226	435	2,940	(632)	-	1,551
Income tax expense	191	42	43	99	53	-	(39)	389
Net (loss) income	(1,857)	206	183	336	2,887	(632)	39	1,162
Less: net income attributable to noncontrolling interest, net of tax	17	-	-	-	-	-	-	17
Net (loss) income attributable to DXC common stockholders	\$ (1,874)	\$ 206	\$ 183	\$ 336	\$ 2,887	\$ (632)	\$ 39	\$ 1,145
Effective tax rate	(11.5)%							25.1%
Basic EPS from continuing operations <sup>(1)</sup>	\$ (7.20)	\$ 0.79	\$ 0.70	\$ 1.29	\$ 11.09	\$ (2.43)	\$ 0.15	\$ 4.40
Diluted EPS from continuing operations <sup>(1)</sup>	\$ (7.20)	\$ 0.79	\$ 0.70	\$ 1.28	\$ 11.03	\$ (2.42)	\$ 0.15	\$ 4.38
Weighted average common shares outstanding for:								
Basic EPS	260.24	260.24	260.24	260.24	260.24	260.24	260.24	260.24
Diluted EPS	260.24	261.69	261.69	261.69	261.69	261.69	261.69	261.69

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

# Q3 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)	\$ 3,725	\$ -	\$ -	\$ -	\$ -	\$ 3,725
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	491	-	(107)	-	-	384
Income from continuing operations before income taxes	469	76	107	134	-	786
Income tax expense	3	18	26	36	77	160
Income from continuing operations	466	58	81	98	(77)	626
Income from discontinued operations, net of tax	-	-	-	-	-	-
Net income	466	58	81	98	(77)	626
Less: net income attributable to noncontrolling interest, net of tax	4	-	-	-	-	4
Net income attributable to DXC common stockholders	\$ 462	\$ 58	\$ 81	\$ 98	\$ (77)	\$ 622
Effective tax rate	0.6%					20.4%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 1.68	\$ 0.21	\$ 0.29	\$ 0.36	\$ (0.28)	\$ 2.26
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 1.66	\$ 0.21	\$ 0.29	\$ 0.35	\$ (0.28)	\$ 2.23
Weighted average common shares outstanding for:						
Basic EPS	275.66	275.66	275.66	275.66	275.66	275.66
Diluted EPS	278.99	278.99	278.99	278.99	278.99	278.99

<sup>1</sup> 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)	\$ 11,110	\$ -	\$ -	\$ -	\$ -	\$ 11,110
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,500	-	(305)	-	-	1,195
Income from continuing operations before income taxes	1,161	418	305	401	-	2,285
Income tax expense	205	100	72	101	44	522
Income from continuing operations	956	318	233	300	(44)	1,763
Income from discontinued operations, net of tax	35	-	-	-	-	35
Net income	991	318	233	300	(44)	1,798
Less: net income attributable to noncontrolling interest, net of tax	8	-	-	-	-	8
Net income attributable to DXC common stockholders	\$ 983	\$ 318	\$ 233	\$ 300	\$ (44)	\$ 1,790
Effective tax rate	17.7%					22.8%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 3.38	\$ 1.13	\$ 0.83	\$ 1.07	\$ (0.16)	\$ 6.26
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 3.33	\$ 1.12	\$ 0.82	\$ 1.05	\$ (0.15)	\$ 6.16
Weighted average common shares outstanding for:						
Basic EPS	280.47	280.47	280.47	280.47	280.47	280.47
Diluted EPS	284.70	284.70	284.70	284.70	284.70	284.70

<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)	Q3 FY20	YTD FY20
Net cash provided by operating activities	\$ 477	\$ 2,062
Net cash provided by investing activities <sup>(1)</sup>	(75)	(2,047)
Acquisitions, net of cash acquired	76	1,997
Payments on capital leases and other long-term asset financings	(225)	(646)
Payments on transaction, separation and integration-related costs	68	203
Payments on restructuring costs	76	273
Sale of accounts receivables	-	(632)
<b>Adjusted free cash flow</b>	<b>\$ 397</b>	<b>\$ 1,210</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, 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, goodwill impairment losses, and gain on arbitration award

**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) gain on arbitration award

**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

