



# 4th Quarter FY 2019 Earnings Presentation

May 23, 2019

# 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 Quarterly Reports on Form 10-Q for the quarters ended June 30, 2018, September 30, 2018, December 31, 2018 and any updating information in subsequent SEC filings, including DXC’s upcoming Form 10-K for the fiscal year ended March 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.

# Consolidated statements of operations

(preliminary and unaudited)

in millions, except per-share amounts	Q4		Full Year	
	FY19	FY18	FY19	FY18
Revenue	\$ 5,280	\$ 5,584	\$ 20,753	\$ 21,733
Costs of services	3,836	4,087	14,946	16,317
Selling, general and administrative	459	406	1,959	1,890
Depreciation and amortization	505	531	1,968	1,795
Restructuring costs	47	204	465	789
Interest expense	85	100	334	320
Interest income	(36)	(30)	(128)	(89)
Other expense (income), net	30	(302)	(306)	(593)
Total costs and expenses	4,926	4,996	19,238	20,429
Income, before income taxes	354	588	1,515	1,304
Income tax expense (benefit)	83	61	288	(242)
Income from continuing operations	271	527	1,227	1,546
Income from discontinued operations, net of taxes	-	38	35	236
Net income	271	565	1,262	1,782
Less: net (loss) income attributable to non-controlling interest, net of tax	(3)	5	5	31
Net income attributable to DXC common stockholders	\$ 274	\$ 560	\$ 1,257	\$ 1,751
Income per common share:				
Basic:				
Continuing operations	\$ 1.02	\$ 1.83	\$ 4.40	\$ 5.32
Discontinued operations	-	0.13	0.13	0.83
	\$ 1.02	\$ 1.96	\$ 4.53	\$ 6.15
Diluted:				
Continuing operations	\$ 1.01	\$ 1.80	\$ 4.35	\$ 5.23
Discontinued operations	-	0.13	0.12	0.81
	\$ 1.01	\$ 1.93	\$ 4.47	\$ 6.04
Cash dividend per common share	\$ 0.19	\$ 0.18	\$ 0.76	\$ 0.72
Weighted average common shares outstanding for:				
Basic EPS	268.59	285.64	277.54	284.93
Diluted EPS	270.82	290.20	281.43	289.77



# 4th Quarter FY 2019 Earnings Presentation

**Mike Lawrie**  
Chairman, President and  
Chief Executive Officer

# Key messages

## Strong fourth quarter and FY19 results<sup>(1)</sup>:

- *\$2.19 Q4 non-GAAP EPS; \$8.34 FY19 non-GAAP EPS*
- *15.7% Q4 adj. EBIT margin; 15.8% FY19 adj. EBIT margin*
- *\$917M Q4 adj. free cash flow; \$2.1B FY19 adj. free cash flow*

**\$5.28B Q4 revenue — up more than \$100M sequentially; \$20.8B FY19 revenue**

**Strong double-digit sequential and YoY growth in Digital revenue with a book-to-bill of 1.8x**

**Continuing to invest in Digital assets and capabilities, including the pending acquisition of Luxoft**

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



# 4th Quarter FY 2019 Earnings Presentation

**Paul Saleh**  
Executive Vice President  
and Chief Financial Officer

# Reconciliation of non-GAAP results

(in millions except EPS)	Q4 FY19						
	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Pension and OPEB Actuarial and Settlement Losses	Tax Adjustment	Non-GAAP Results
Income from continuing operations before income taxes	354	47	96	138	143	-	778
Income tax expense	83	12	30	37	27	-	189
Income from continuing operations	271	35	66	101	116	-	589
<b>Diluted EPS from continuing operations<sup>(1)</sup></b>	<b>\$1.01</b>	0.13	0.24	0.37	0.43	-	<b>\$2.19</b>

(in millions except EPS)	FY19						
	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Pension and OPEB Actuarial and Settlement Losses	Tax Adjustment	Non-GAAP Results
Income from continuing operations before income taxes	1,515	465	401	539	143	-	3,063
Income tax expense	288	112	102	138	27	44	711
Income from continuing operations	1,227	353	299	401	116	(44)	2,352
<b>Diluted EPS from continuing operations<sup>(1)</sup></b>	<b>\$4.35</b>	1.25	1.06	1.42	0.41	(0.16)	<b>\$8.34</b>

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



# 4th quarter results

	Q4	
	FY19	FY18
Revenue (\$M)	\$ 5,280	\$ 5,584
– YoY Growth – GAAP	(5.4%)	
– cc	(1.0%)	
– QtQ Growth – GAAP	2.0%	
– cc	1.7%	
Adjusted EBIT (\$M)	827	882
Adjusted EBIT Margin (%)	15.7%	15.8%
Adjusted Income from Continuing Operations (\$M) <sup>(1)</sup>	589	585
Non-GAAP Diluted EPS from Continuing Operations <sup>(1)</sup>	\$ 2.19	\$ 2.00
Bookings (\$B)	\$ 5.8	\$ 4.9

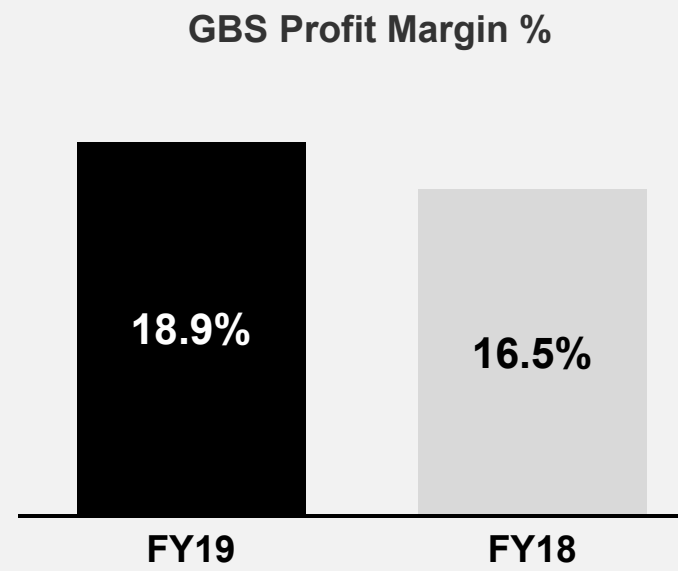
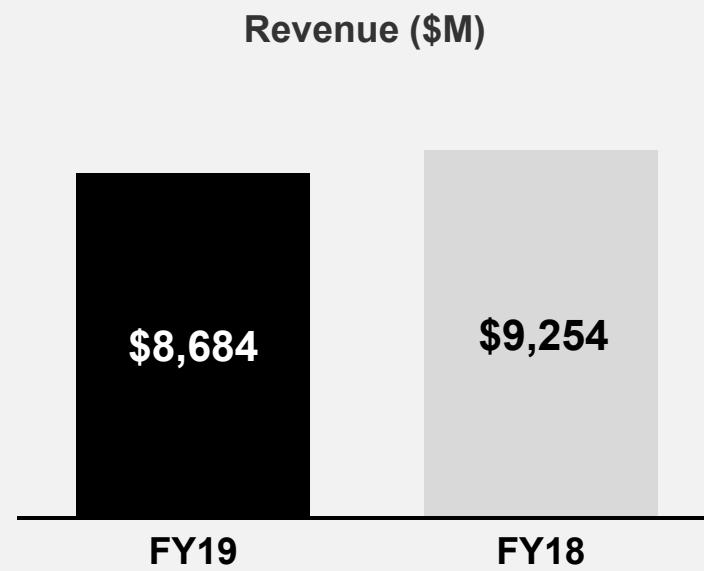
	Full Year	
	FY19	FY18
Revenue (\$M)	\$ 20,753	\$ 21,733
– YoY Growth – GAAP	(4.5%)	
– cc	(2.9%)	
– QtQ Growth – GAAP	—	
– cc	—	
Adjusted EBIT (\$M)	3,269	2,989
Adjusted EBIT Margin (%)	15.8%	13.8%
Adjusted Income from Continuing Operations (\$M) <sup>(1)</sup>	2,352	1,987
Non-GAAP Diluted EPS from Continuing Operations <sup>(1)</sup>	\$ 8.34	\$ 6.75
Bookings (\$B)	\$ 20.7	\$ 21.8

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

# Global Business Services (GBS)

	Q4 FY19	Q4 FY18
Revenue (\$M)	\$ 2,191	\$ 2,361
– YoY Growth – GAAP	(7.2%)	
– cc	(3.1%)	
– QtQ growth – GAAP	1.0%	
– cc	0.9%	
GBS Profit (\$M)	447	459
GBS Profit Margin (%)	20.4%	19.4%
Bookings (\$B)	\$ 2.9	\$ 2.0

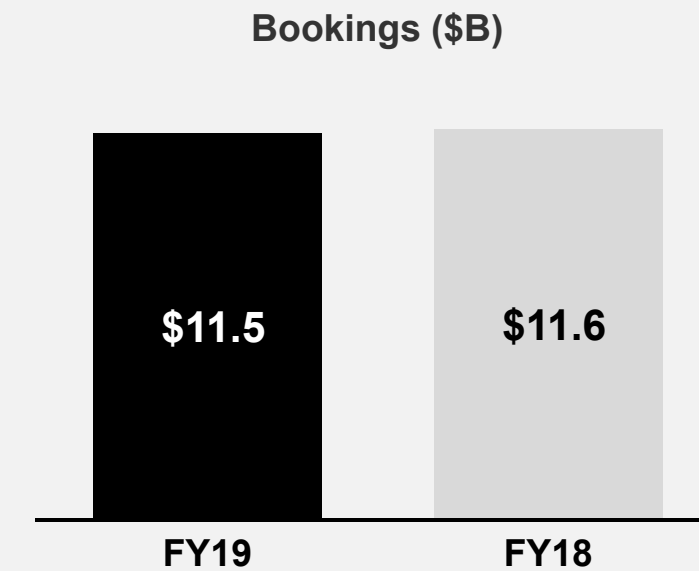
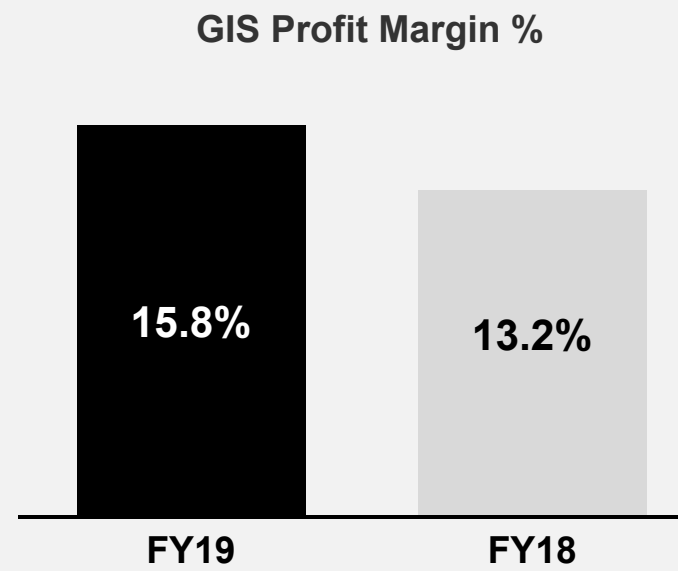
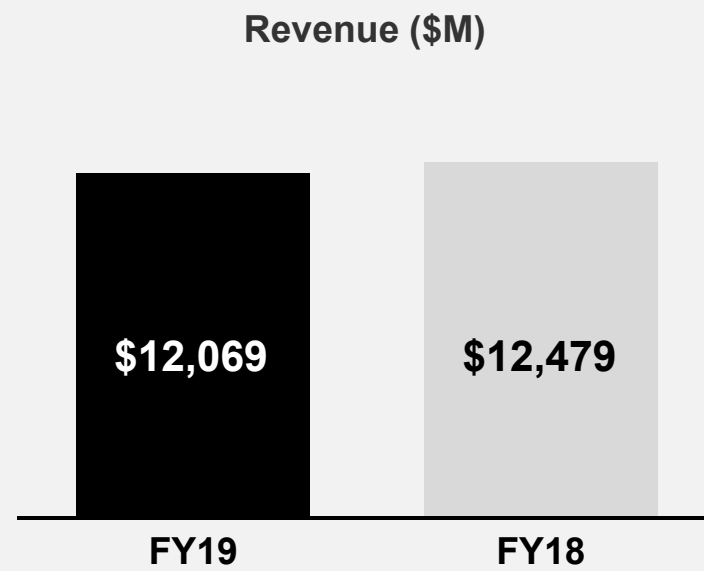
	FY19	FY18
Revenue (\$M)	\$ 8,684	\$ 9,254
– YoY Growth – GAAP	(6.2%)	
– cc	(4.7%)	
– QtQ growth – GAAP	—	
– cc	—	
GBS Profit (\$M)	1,645	1,525
GBS Profit Margin (%)	18.9%	16.5%
Bookings (\$B)	\$ 9.3	\$ 10.2



# Global Infrastructure Services (GIS)

	Q4 FY19	Q4 FY18
Revenue (\$M)	\$ 3,089	\$ 3,223
– YoY Growth – GAAP	(4.2%)	
– cc	0.6%	
– QtQ growth – GAAP	2.7%	
– cc	2.3%	
GIS Profit (\$M)	436	472
GIS Profit Margin (%)	14.1%	14.6%
Bookings (\$B)	\$ 2.9	\$ 2.9

	FY19	FY18
Revenue (\$M)	\$ 12,069	\$ 12,479
– YoY Growth – GAAP	(3.3%)	
– cc	(1.6%)	
– QtQ growth – GAAP	—	
– cc	—	
GIS Profit (\$M)	1,911	1,643
GIS Profit Margin (%)	15.8%	13.2%
Bookings (\$B)	\$ 11.5	\$ 11.6



# Financial highlights

## Cash Flow Performance

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

**Q4 FY19**

**FY19**

\$917M

\$2,105M

\$316M

\$1,145M

6.0%

5.5%

## Capital to Shareholders

- ▶ Cash Dividends
- ▶ Share Repurchases

**Q4 FY19**

**FY19**

\$51M

\$210M

\$91M  
1.7M shares

\$1,339M  
19.3M shares

## Capital Structure

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

**Q4 FY19**

\$2.9B

23.6%

# FY 2020 targets<sup>(1)</sup>

**Revenue**

\$20.7B – \$21.2B

**Non-GAAP EPS<sup>(2)</sup>**

\$7.75 – \$8.50

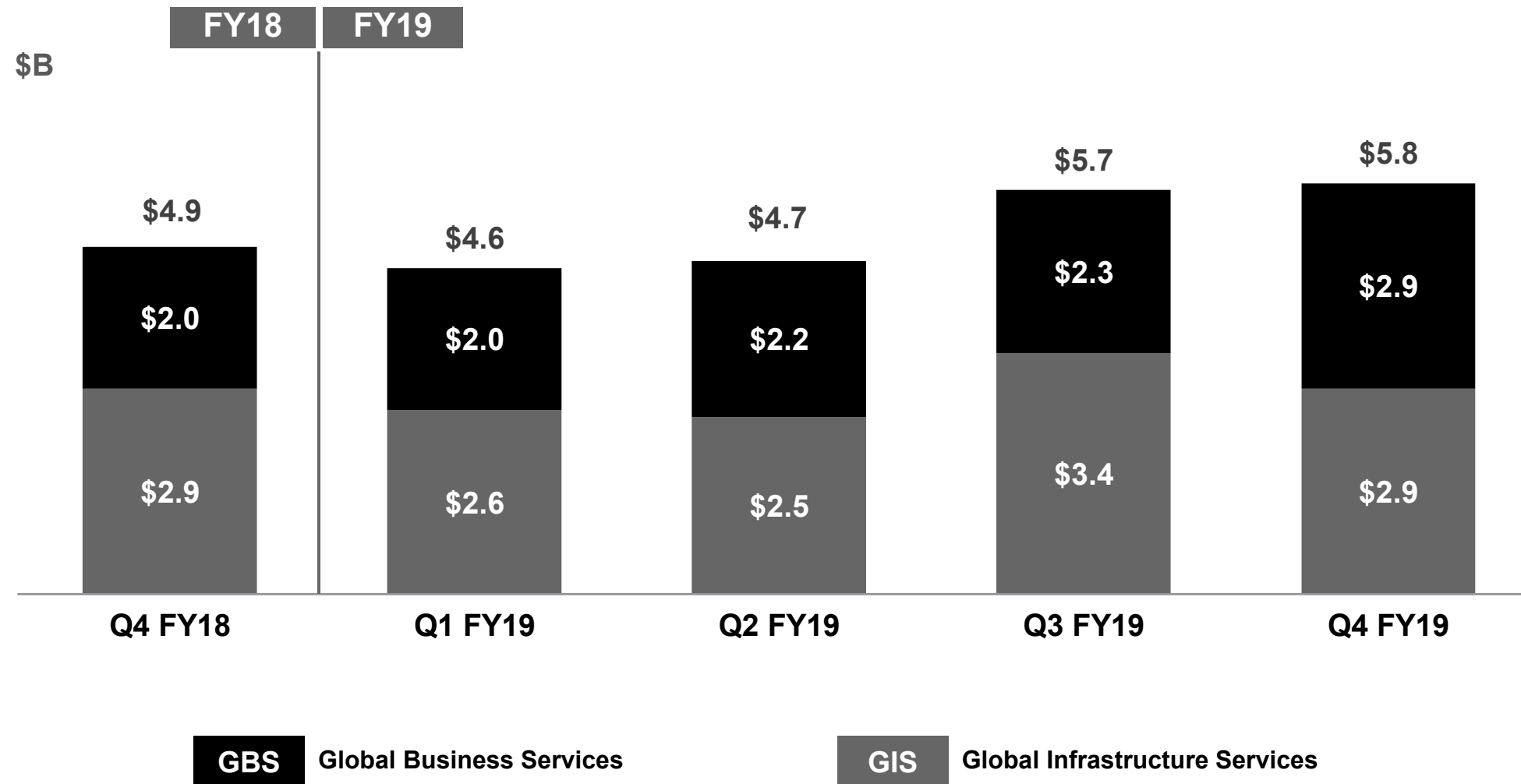
**Adjusted Free Cash Flow**

90% of Adj. Net Income<sup>(2)</sup>

<sup>1</sup> FY20 targets assume that the Luxoft transaction closes by the end of June

<sup>2</sup> Excludes restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement losses, and tax adjustment

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



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



# 4th Quarter FY 2019 Earnings Presentation

Supplemental Information

# Non-GAAP reconciliations

## EBIT and Adjusted EBIT

(in millions)	Q4 FY19	Q4 FY18
Net income	\$ 271	\$ 565
Income from discontinued operations, net of taxes	-	(38)
Income tax expense (benefit)	83	61
Interest income	(36)	(30)
Interest expense	85	100
<b>EBIT</b>	<b>403</b>	<b>658</b>
Restructuring costs	47	204
Transaction, separation and integration-related costs	96	86
Amortization of acquired intangible assets	138	137
Pension and OPEB actuarial and settlement losses (gains)	143	(203)
<b>Adjusted EBIT</b>	<b>\$ 827</b>	<b>\$ 882</b>

	Q4 FY19	Q4 FY18
Adjusted EBIT margin (%)	15.7%	15.8%
EBIT margin (%)	7.6%	11.8%

	FY19	FY18
\$	1,262	\$ 1,782
	(35)	(236)
	288	(242)
	(128)	(89)
	334	320
	<b>1,721</b>	<b>1,535</b>
	465	789
	401	359
	539	526
	143	(220)
<b>\$</b>	<b>3,269</b>	<b>\$ 2,989</b>

	FY19	FY18
	15.8%	13.8%
	8.3%	7.1%



# Non-GAAP reconciliations

## Segment profit

(in millions)	Q4 FY19		Q4 FY18		FY19		FY18	
GBS profit	\$	447	\$	459	\$	1,645	\$	1,525
GIS profit		436		472		1,911		1,643
All other loss		(56)		(49)		(287)		(179)
Interest income		36		30		128		89
Interest expense		(85)		(100)		(334)		(320)
Restructuring costs		(47)		(204)		(465)		(789)
Transaction, separation and integration-related costs		(96)		(86)		(401)		(359)
Amortization of acquired intangible assets		(138)		(137)		(539)		(526)
Pension and OPEB actuarial and settlement (losses) gains		(143)		203		(143)		220
<b>Income from continuing operations before taxes</b>	<b>\$</b>	<b>354</b>	<b>\$</b>	<b>588</b>	<b>\$</b>	<b>1,515</b>	<b>\$</b>	<b>1,304</b>

Segment profit margins	Q4 FY19		Q4 FY18		FY19		FY18	
GBS profit margin (%)		20.4%		19.4%		18.9%		16.5%
GIS profit margin (%)		14.1%		14.6%		15.8%		13.2%

# Q4 FY19 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)	\$ 3,836	\$ -	\$ -	\$ -	\$ -	\$ 3,836
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	459	-	(96)	-	-	363
Income from continuing operations before income taxes	354	47	96	138	143	778
Income tax expense	83	12	30	37	27	189
Income from continuing operations	271	35	66	101	116	589
Income from discontinued operations, net of tax	-	-	-	-	-	-
Net income	271	35	66	101	116	589
Less: net income attributable to noncontrolling interest, net of tax	(3)	-	-	-	-	(3)
Net income attributable to DXC common stockholders	\$ 274	\$ 35	\$ 66	\$ 101	\$ 116	\$ 592
Effective tax rate	23.4%					24.3%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 1.02	\$ 0.13	\$ 0.25	\$ 0.38	\$ 0.43	2.20
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 1.01	\$ 0.13	\$ 0.24	\$ 0.37	\$ 0.43	2.19
Weighted average common shares outstanding for:						
Basic EPS	268.59	268.59	268.59	268.59	268.59	268.59
Diluted EPS	270.82	270.82	270.82	270.82	270.82	270.82

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

# FY19 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	Tax Adjustment	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 14,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,946
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,959	-	(401)	-	-	-	1,558
Income from continuing operations before income taxes	1,515	465	401	539	143	-	3,063
Income tax expense	288	112	102	138	27	44	711
Income from continuing operations	1,227	353	299	401	116	(44)	2,352
Income from discontinued operations, net of tax	35	-	-	-	-	-	35
Net income	1,262	353	299	401	116	(44)	2,387
Less: net income attributable to noncontrolling interest, net of tax	5	-	-	-	-	-	5
Net income attributable to DXC common stockholders	\$ 1,257	\$ 353	\$ 299	\$ 401	\$ 116	\$ (44)	\$ 2,382
Effective tax rate	19.0%						23.2%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 4.40	\$ 1.27	\$ 1.08	\$ 1.44	\$ 0.42	\$ (0.16)	\$ 8.46
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 4.35	\$ 1.25	\$ 1.06	\$ 1.42	\$ 0.41	\$ (0.16)	\$ 8.34
Weighted average common shares outstanding for:							
Basic EPS	277.54	277.54	277.54	277.54	277.54	277.54	277.54
Diluted EPS	281.43	281.43	281.43	281.43	281.43	281.43	281.43

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

# 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)	\$ 4,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,087
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	406	-	(86)	-	-	-	320
Income from continuing operations before income taxes	588	204	86	137	(203)	-	812
Income tax expense	61	-	-	-	-	166	227
Income from continuing operations	527	204	86	137	(203)	(166)	585
Income from discontinued operations, net of tax	38	-	-	-	-	-	38
Net income	565	204	86	137	(203)	(166)	623
Less: net income attributable to noncontrolling interest, net of tax	5	-	-	-	-	-	5
Net income attributable to DXC common stockholders	\$ 560	\$ 204	\$ 86	\$ 137	\$ (203)	\$ (166)	\$ 618
Effective tax rate	10.4%						28.0%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 1.83	\$ 0.71	\$ 0.30	\$ 0.48	\$ (0.71)	\$ (0.58)	2.03
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 1.80	\$ 0.70	\$ 0.30	\$ 0.47	\$ (0.70)	\$ (0.57)	2.00
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

<sup>1</sup> 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)	\$ 16,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,317
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,890	-	(359)	-	-	-	1,531
Income from continuing operations before income taxes	1,304	789	359	526	(220)	-	2,758
Income tax (benefit) expense	(242)	-	-	-	-	1,013	771
Income from continuing operations	1,546	789	359	526	(220)	(1,013)	1,987
Income from discontinued operations, net of tax	236	-	-	-	-	-	236
Net income	1,782	789	359	526	(220)	(1,013)	2,223
Less: net income attributable to noncontrolling interest, net of tax	31	-	-	-	-	-	31
Net income attributable to DXC common stockholders	\$ 1,751	\$ 789	\$ 359	\$ 526	\$ (220)	\$ (1,013)	\$ 2,192
Effective tax rate	(18.6)%						28.0%
Basic EPS from continuing operations <sup>(1)</sup>	\$ 5.32	\$ 2.77	\$ 1.26	\$ 1.85	\$ (0.77)	\$ (3.56)	\$ 6.86
Diluted EPS from continuing operations <sup>(1)</sup>	\$ 5.23	\$ 2.72	\$ 1.24	\$ 1.82	\$ (0.76)	\$ (3.50)	\$ 6.75
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

<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)	Q4 FY19	FY19
Net cash provided by operating activities	\$ 748	\$ 1,783
Net cash provided by investing activities	109	69
Acquisitions, net of cash acquired	33	365
Business dispositions	-	65
Payments on capital leases and other long-term asset financings	(234)	(944)
Payments on transaction, separation and integration-related costs	96	373
Payments on restructuring costs	140	562
Sale of accounts receivables	25	(168)
<b>Adjusted free cash flow</b>	<b>\$ 917</b>	<b>\$ 2,105</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

**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 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

