

Investment Community Conference Call

Third Quarter 2021 Earnings

October 28, 2021



[DieboldNixdorf.com](https://www.DieboldNixdorf.com)

Use of non-GAAP Financial Information



To supplement its condensed consolidated financial statements presented in accordance with GAAP, the company considers certain financial measures that are not prepared in accordance with GAAP, including non-GAAP results, adjusted diluted earnings per share, free cash flow/(use), net debt, EBITDA, adjusted EBITDA and constant currency results. The company calculates constant currency by translating the prior year results at current year exchange rates. The company uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate its operating and financial performance and to compare such performance to that of prior periods and to the performance of its competitors. Also, the company uses these non-GAAP financial measures in making operational and financial decisions and in establishing operational goals. The company also believes providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, helps investors evaluate its operating and financial performance and trends in its business, consistent with how management evaluates such performance and trends. The company also believes these non-GAAP financial measures may be useful to investors in comparing its performance to the performance of other companies, although its non-GAAP financial measures are specific to the company and the non-GAAP financial measures of other companies may not be calculated in the same manner. The company provides EBITDA and adjusted EBITDA because it believes that investors and securities analysts will find EBITDA and adjusted EBITDA to be useful measures for evaluating its operating performance and comparing its operating performance with that of similar companies that have different capital structures and for evaluating its ability to meet its future debt service, capital expenditures and working capital requirements. The company is also providing EBITDA and adjusted EBITDA in light of its credit agreement and the issuance of its secured and unsecured senior notes. For more information on non-GAAP Financial Measures, please refer to the “Supplemental Slides.”

Forward-looking Statements



This document contains statements that are not historical information and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the potential impact of the ongoing coronavirus (COVID-19) pandemic, anticipated revenue, future liquidity and financial position. Statements can generally be identified as forward looking because they include words such as "believes," "anticipates," "expects," "could," "should" or words of similar meaning. Statements that describe the company's future plans, objectives or goals are also forward-looking statements. Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that may affect the company's results include, among others: the overall impact of global supply chain complexities on the company and its business, including delays in sourcing key components as well as longer transport times, especially for container ships and U.S. trucking, given the company's reliance on suppliers, subcontractors and availability of raw materials and other components; the ultimate impact of the ongoing COVID-19 pandemic, including further adverse effects to the company's supply chain, maintenance of increased order backlog, and the effects of any COVID-19 related cancellations; the company's ability to continue to achieve benefits from its cost-reduction initiatives and other strategic initiatives such as DN Now and its digitally enabled hardware, services and software strategy; the success of the company's new products, including its DN Series line and EASY family of retail checkout solutions; the impact of a cybersecurity breach or operational failure on the company's business; the company's ability to generate sufficient cash to service its debt or to comply with the covenants contained in the agreements governing its debt; the company's ability to attract, retain and motivate key employees; changes in the company's intention to further repatriate cash and cash equivalents and short-term investments residing in international tax jurisdictions, which could negatively impact foreign and domestic taxes; the company's success in divesting, reorganizing or exiting non-core and/or non-accretive businesses and its ability to successfully manage acquisitions, divestitures, and alliances; the outcome of the appraisal proceedings initiated in connection with the implementation of the Domination and Profit Loss Transfer Agreement with the former Diebold Nixdorf AG and the merger/squeeze-out; the impact of market and economic conditions, including the proliferation of cash and any deterioration or disruption in the financial and service markets, including the bankruptcies, restructurings or consolidations of financial institutions, which could reduce the company's customer base and/or adversely affect its customers' ability to make capital expenditures, as well as adversely impact the availability and cost of credit; competitive pressures, including pricing pressures and technological developments; changes in political, economic or other factors such as currency exchange rates, inflation rates (including the impact of possible currency devaluations in countries experiencing high inflation rates), recessionary or expansive trends, taxes and regulations and laws affecting the worldwide business in each of the company's operations; the company's ability to maintain effective internal controls; unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments; the effect of changes in law and regulations or the manner of enforcement in the U.S. and internationally and the company's ability to comply with government regulations; and other factors included in the company's filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2020 and in other documents that the company files with the SEC. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only to the date of this document.

Positioned To Respond to Evolving Consumer Trends



“...more and more people using the once-avoided self-checkout aisles...in one of the many reversals seen during the pandemic, many shoppers find they prefer self-service if it’s offered.”

– PYMNTS Sept 23, 2021

Consumers embrace physical retail as U.S. emerges from the pandemic

New research highlights how consumer expectations for physical shopping have changed



Katherine Cullen
Sr. Director, Industry and Consumer Insights

Shoppers heading into a store these days might feel like they’re experiencing déjà vu. As more Americans are vaccinated, mask-wearing is becoming less common, plexiglass barriers are being taken down, social-distancing floor decals are being removed and consumers are opening their wallets.

July 15, 2021

While it might be tempting to view this as a return to “business as usual,” the reality is that consumers’

“It’s been no surprise that some banks have begun cutting back on branches...other banks, however, are working to transform their branches...that deliver omnichannel experiences.”

– ATM Marketplace July 27, 2021

BRANCH TRANSFORMATION

What trends are driving branch closure, transformation?

In response to changing trends and COVID-19, many banks have to make a choice around whether to close the branch or transform it.

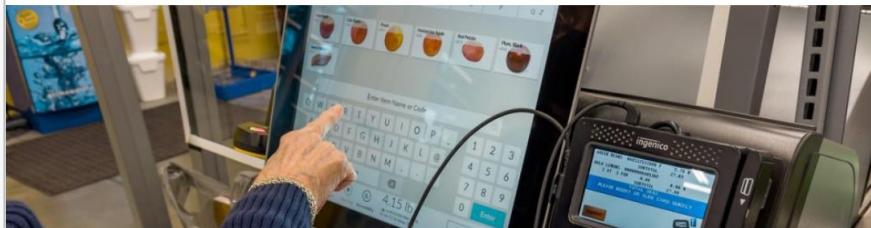


RETAIL New Study Finds Self-Service Checkout Options Gaining Favor Across Demographic Groups

By PYMNTS

Listen to Article

Posted on September 23, 2021



“On average, three-quarters of shopping still takes place in physical retail stores...”

– NRF July 15, 2021

Q3 2021 Business Highlights



- Won \$12M+ contract with Banco Azteca in Mexico including our DN Series™ cash recyclers
- Expanded our relationship with a large, multi-country retailer in Europe, with a competitive takeaway in SCO devices along with a three-year services and maintenance contract.
- Won \$16M contract renewal for systems and services for the Malaysia division of a large global petrol convenience store retailer
- Surpassed milestone of 100k+ banking self-service devices connected to AllConnectSM Data Engine
- Continued progress with our retail and banking customers with substantial improvement in both Net Promoter Scores & brand perception



Focused On Growth Initiatives



- Securing more Managed Services business including a win with a Tier 1 Financial Institution
- Scaling our Vynamic™ Payments Platform with a top 10 global bank across 17,000+ ATMs
- New horizontal opportunity in the Electric Vehicle Charging Stations market for our 8,000 seasoned technicians

Supply Chain, Logistics and Cost Inflation

- Outbound Lead Time – Mainly to Americas
 - Delays in seaborne shipping
 - Port delays
 - Ground transportation
- Cost Inflation
 - Significant increase in container costs
 - Costs expected to normalize with demand adjustment
- Mitigation Strategies
 - Pre-reservation of containers
 - Shifting manufacturing to Ohio facility where possible

Raw Materials/Inputs

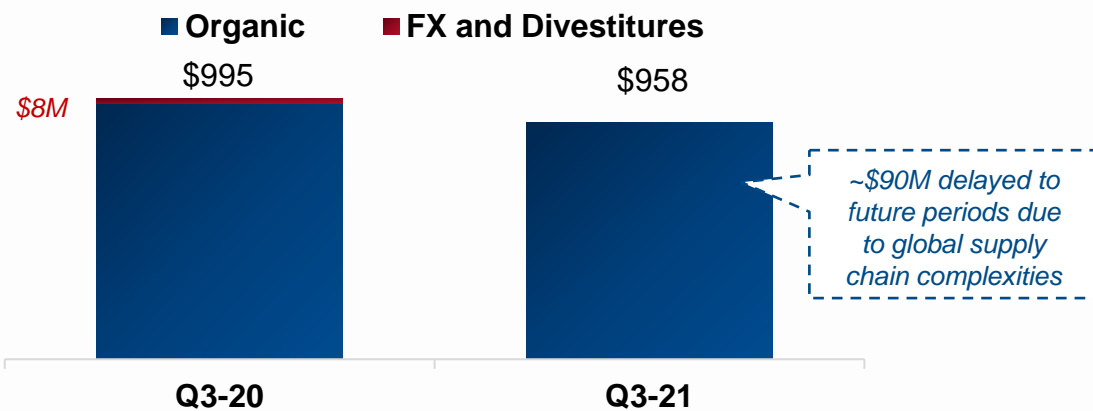
- Inbound suppliers challenged by same logistics delays & costs that we face for outbound
- Lack of semiconductor chip availability
 - We have put a strong process in place with line of sight to the appropriate inventory for the next six months
- Increased safety stock to assure supply

Q3 2021 Broadly Seen As An Inflection Point in Supply Chain Disruptions

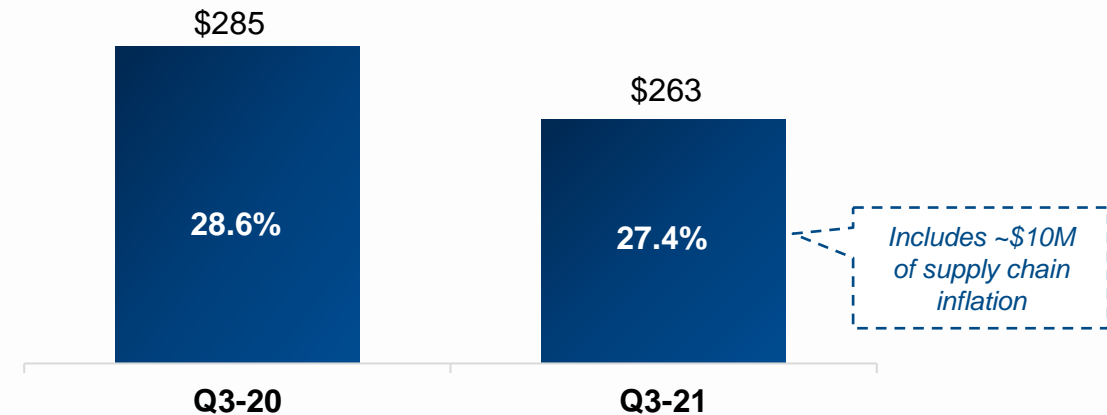
Q3 2021 Financial Summary



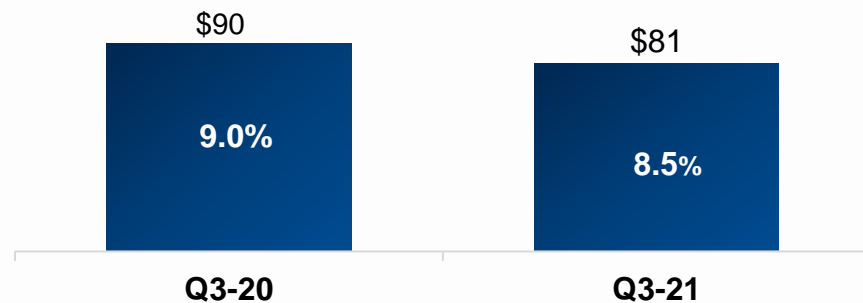
Total Revenue (\$M)



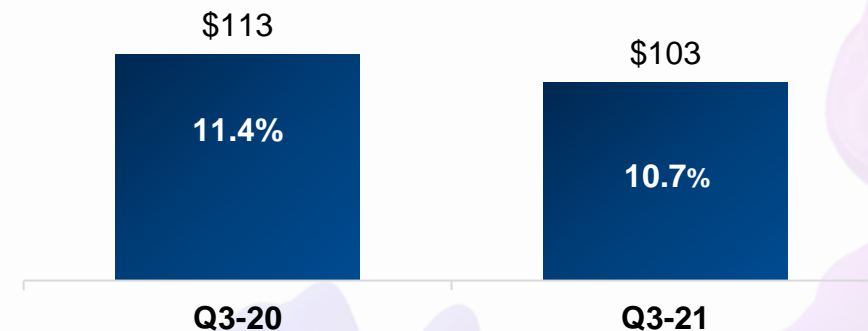
Gross Profit¹ (\$M) & Margin¹



Operating Profit¹ (\$M) & Margin¹



Adj. EBITDA¹ (\$M) & Margin¹

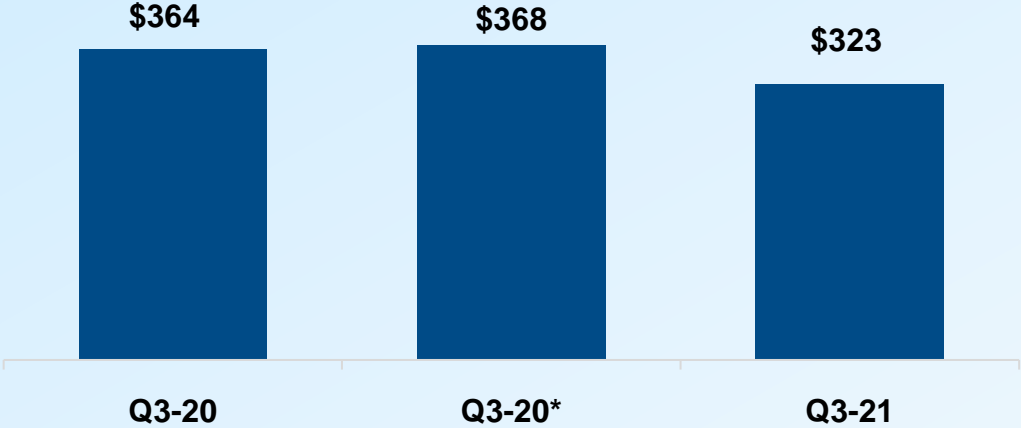


1) Non-GAAP metric. See "Use of Non-GAAP Financial Information" and the "Supplemental Slides" for additional information. Note: Differences may occur due to rounding.

Eurasia Banking Highlights

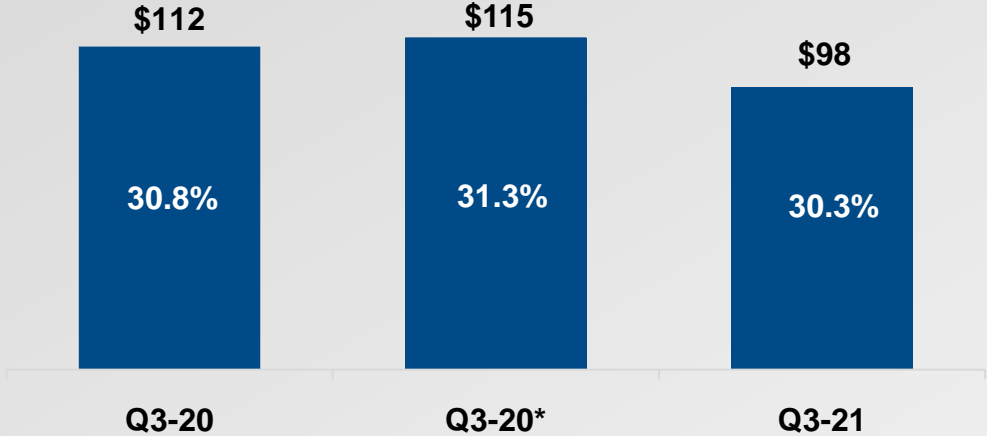


Revenue (\$M)



- Revenue decrease primarily due to supply chain challenges impacting timing of deliveries and installations of product, with collateral impact to services and software plus the termination of expiring Service contracts.

Gross Profit¹ (\$M) & Margin¹



- Gross margin percentage remains steady due to continued focus on cost management, slightly impacted by inflationary pressures.
- Lower core gross profit dollars are related to lower revenue recognition.

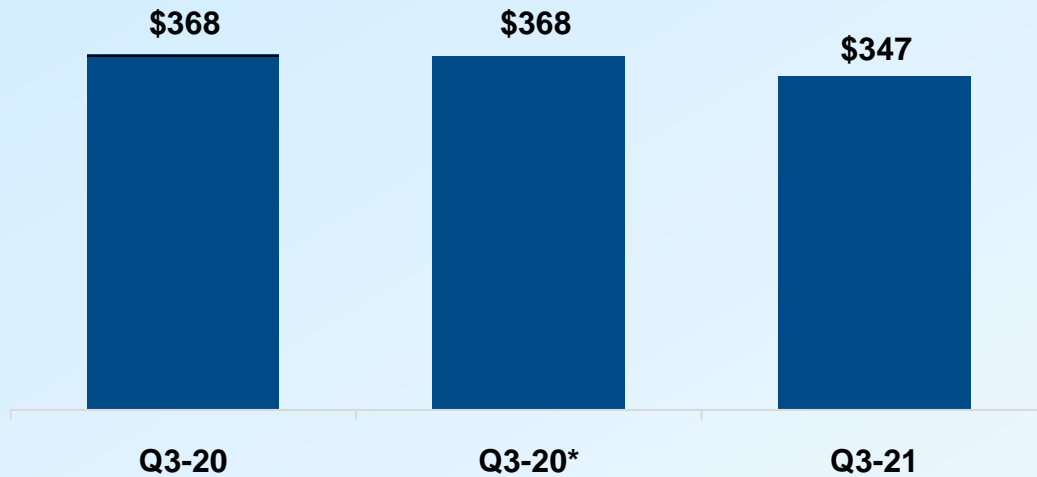
1) Non-GAAP metric. See "Use of Non-GAAP Financial Information" and the "Supplemental Slides" for additional information. Note: Differences may occur due to rounding. Detailed reconciliations can be found starting on slide 17.

*Includes adjustment for FX and divestitures

Americas Banking Highlights

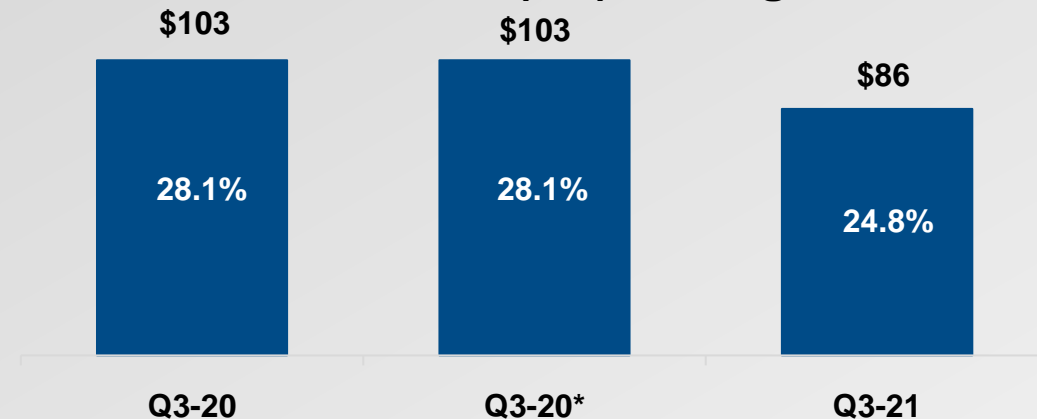


Revenue (\$M)



- Although product revenue remained flat, the business experienced declines in Service and Software revenue due to the negative collateral impact of unfavorable geographic mix of installations from North America to LATAM.

Gross Profit¹ (\$M) & Margin¹



- Gross margin percentage declined due to impact of supply chain inflation and unfavorable geographic mix referenced above.
- Lower gross profit dollars related to lower revenue.

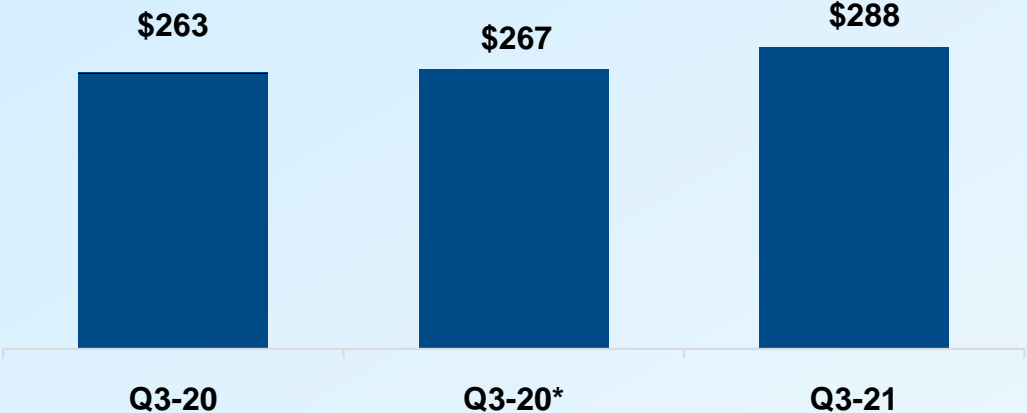
1) Non-GAAP metric. See "Use of Non-GAAP Financial Information" and the "Supplemental Slides" for additional information. Note: Differences may occur due to rounding. Detailed reconciliations can be found starting on slide 17.

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Retail Highlights

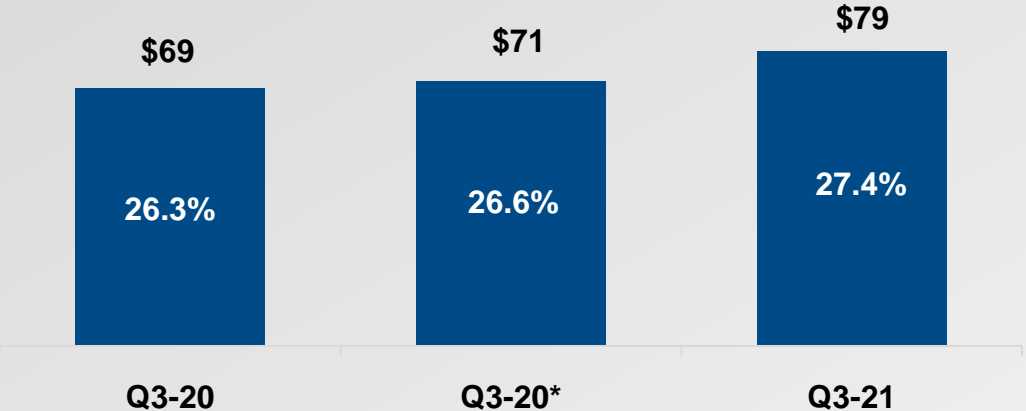


Revenue (\$M)



- Continued growth due to strength in POS and SCO demand.

Gross Profit¹ (\$M) & Margin¹



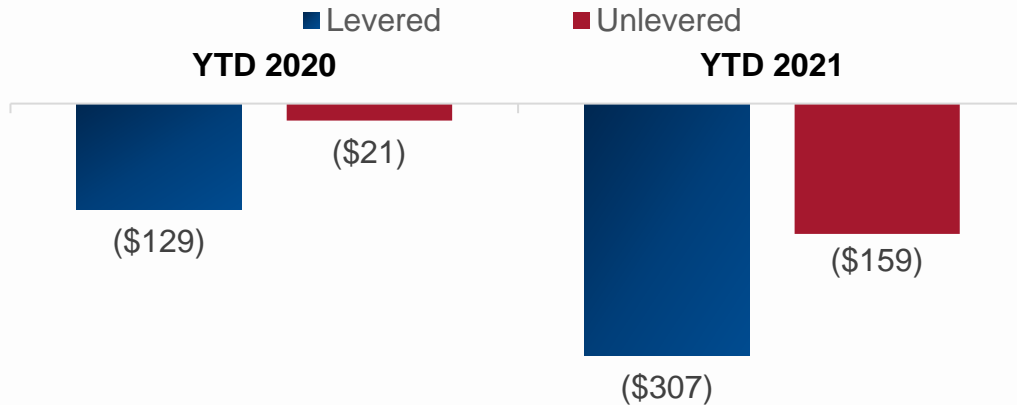
- Gross margin percentage increase directly attributable to growth in SCO revenue.

1) Non-GAAP metric. See "Use of Non-GAAP Financial Information" and the "Supplemental Slides" for additional information. Note: Differences may occur due to rounding. Detailed reconciliations can be found starting on slide 17.
*Includes adjustment for FX and divestitures

Free Cash Flow, Leverage and Debt Maturities



Levered & Unlevered Free Cash Flow¹



- Free cash use of \$307M reflects lower EBITDA and higher cash use on inventory investment due to supply chain challenges and strong orders, capital expenditures, and interest, partially offset by lower restructuring payments, all compared to the prior year same period.
- Leverage ratio² increased to 5.4x with net debt³ of \$2,266M and TTM adjusted EBITDA¹ of \$417M
- Total liquidity³ of \$325M includes cash and short-term investments of \$230M

Debt Maturities⁴

Facilities	Balances as of September 30, 2021 (\$M)	Interest Rate Index & Margin ⁴	Maturity & Termination Dates
Revolving Credit	\$248	LIBOR +4.25%	\$39M in April 2022 \$330M in July 2023
Term Loan B US\$	\$387	LIBOR +2.75%	November 2023
Term Loan B €	\$390	EURIBOR +3.00%	November 2023
US\$ Senior Unsecured Notes due 2024	\$400	8.50%	April 2024
US\$ Senior Secured Notes due 2025	\$700	9.38%	July 2025
€ Senior Secured Notes due 2025	\$405	9.00%	July 2025

1) Non-GAAP metric. See "Use of Non-GAAP Financial Information" and "Supplemental Slides" for further information.
 2) Leverage ratio is defined as net debt to trailing 12-month calculated adjusted EBITDA. Ending cash balance includes \$0.6M of cash in assets held for sale, which was not realized as of September 30, 2021.
 3) Net debt and liquidity as of September 30, 2021. Net debt is a non-GAAP financial measure defined as notes payable plus long-term debt less cash, cash equivalents, short-term investments, and cash expected to be realized from assets held for sale. Total liquidity includes cash plus available borrowing under the revolving credit facility less letters of credit.
 4) LIBOR and EURIBOR rates are subject to certain floors.

2021 Outlook



	Prior Outlook	Current Outlook	Key Factors
Total Revenue	\$4.0 - \$4.1B	\$3.90 - \$3.95B	<ul style="list-style-type: none"> • Approximately \$120m of revenue deferred to future periods due to logistics challenges.
Adjusted EBITDA¹	\$455 - \$475M	\$415 - \$435M	<ul style="list-style-type: none"> • Gross Profit from revenue deferral • Higher inflation for freight and direct materials
Free Cash Flow¹	\$120 - \$140M	\$80 - \$100M	<ul style="list-style-type: none"> • Higher inventory build in support of revenue that is being deferred to future periods as a result of supply chain and logistics challenges, as well as future production • Delayed collections from revenue deferral
ROIC¹	~17%	~15%	<ul style="list-style-type: none"> • Collective impact of above factors



Let's start with the positives...

- Strong demand for self-service and automation solutions
- Healthy backlog of orders
- Improvement with semiconductor visibility
- Mitigation efforts underway, such as safety inventory build and relocation of a large portion of Americas Banking assembly to Ohio as well as pricing tactics
- Large opportunity with new EV charging services horizontal
- Continue to analyze strategies around debt refinancing for 2022

Challenges...

- Improved supply chain & logistics but expect lumpiness on the path forward
- Inflationary pressures on raw materials lessening – however will take time to reach a more normalized state

Supplemental Slides



Q3 2021 Profit & Loss Statement



Reconciliation of GAAP to non-GAAP (\$Millions)

	2021 (GAAP)	% of Net Sales	Restructuring and DN Now transformation expenses	Amortization of Wincor Nixdorf purchase accounting intangible assets (non-cash)	Loss making contract related to discontinued offering	Legal / deal expense	Other non- routine income / expense	2021 (non-GAAP)	% of Net Sales
Services	473.1	49.4%	-	-	-	-	-	473.1	49.4%
Products	377.7	39.4%	-	-	-	-	-	377.7	39.4%
Software	107.4	11.2%	-	-	-	-	-	107.4	11.2%
Total Revenue	958.2	100.0%	-	-	-	-	-	958.2	100.0%
Services	140.3	29.7%	(0.5)	-	2.3	-	(2.1)	140.0	29.6%
Products	74.8	19.8%	0.5	-	-	-	(0.4)	74.9	19.8%
Software	45.0	41.9%	3.0	-	-	-	-	48.0	44.7%
Total Gross Profit	260.1	27.1%	3.0	-	2.3	-	(2.5)	262.9	27.4%
Operating Expenses									
Selling, G & A	195.5		(19.2)	(19.5)	(0.3)	(1.5)	(0.3)	154.7	
R, D & E	25.6		1.3	-	-	-	-	26.9	
Impairment of Assets	0.3						(0.3)	-	
Total Operating Expense	221.4	23.1%	(17.9)	(19.5)	(0.3)	(1.5)	(0.6)	181.6	19.0%
Total Operating Profit (loss)	38.7	4.0%	20.9	19.5	2.6	1.5	(1.9)	81.3	8.5%

Q3 2020 Profit & Loss Statement



Reconciliation of GAAP to non-GAAP (\$Millions)

	2020 (GAAP)	% of Net Sales	Restructuring and DN Now transformation expenses	Amortization of Wincor Nixdorf purchase accounting intangible assets (non- cash)	Legal / deal expense	Other non-routine inc/exp	2020 (non- GAAP)	% of Net Sales
Services	499.0	50.1%	-	-	-	-	499.0	50.1%
Products	383.1	38.5%	-	-	-	-	383.1	38.5%
Software	113.1	11.4%	-	-	-	-	113.1	11.4%
Total Revenue	995.2	100.0%					995.2	100.0%
Services	149.4	29.9%	0.5	-	-	(4.0)	145.9	29.2%
Products	79.3	20.7%	2.6	0.5	0.3	(0.0)	82.6	21.6%
Software	55.4	49.0%	0.2	0.6	-	(0.0)	56.2	49.7%
Total Gross Profit	284.1	28.5%	3.4	1.1	0.3	(4.1)	284.8	28.6%
Operating Expenses								
Selling, G & A	226.0		(38.1)	(19.3)	(2.6)	(0.3)	165.7	
R, D & E	30.2		(0.4)	-	-	(0.1)	29.6	
(Gain)/Loss on Assets	-		-	-	-	-	-	
Impairment of Assets	4.1		-	-	-	(4.1)	-	
Total Operating Expense	260.3	26.2%	(38.5)	(19.3)	(2.6)	(4.5)	195.3	19.6%
Total Operating Profit (loss)	23.8	2.4%	41.9	20.4	2.9	0.4	89.5	9.0%

Revenue Variance for FX, Divestitures & Related Actions



(\$Millions)

Segment View

\$Millions	Q3-21	Q3-20	Variance F/(U)	Variance %
Eurasia Banking Revenue (GAAP)	323	364	(41)	-11.3%
FX Impact	-	7		
Divestitures and Related Actions	-	(3)		
Eurasia Banking Adjusted Revenue (Non-GAAP)	323	368	(45)	-12.2%
Americas Banking Revenue (GAAP)	347	368	(21)	-5.7%
FX Impact	-	3		
Divestitures and Related Actions	-	(3)		
Americas Banking Adjusted Revenue (Non-GAAP)	347	368	(21)	-5.7%
Retail Revenue (GAAP)	288	263	25	9.5%
FX Impact	-	6		
Divestitures and Related Actions	-	(2)		
Retail Adjusted Revenue (Non-GAAP)	288	267	21	7.9%
Total Revenue (GAAP)	958	995	(37)	-3.7%
FX Impact	-	16		1.6%
Divestitures and Related Actions	-	(8)		-0.8%
Total Adjusted Revenue (Non-GAAP)	958	1,003	(45)	-4.5%

Business Line

\$Millions	Q3-21	Q3-20	Variance F/(U)	Variance %
Services Revenue (GAAP)	473	499	(26)	-5.2%
FX Impact	-	6		
Divestitures and Related Actions	-	-		
Services Adj. Revenue (Non-GAAP)	473	505	(32)	-6.3%
Products Revenue (GAAP)	378	383	(5)	-1.3%
FX Impact	-	8		
Divestitures and Related Actions	-	(3)		
Products Adj. Revenue (Non-GAAP)	378	388	(10)	-2.6%
Software Revenue (GAAP)	107	113	(6)	-5.3%
FX Impact	-	2		
Divestitures and Related Actions	-	(5)		
Software Adj. Revenue (Non-GAAP)	107	110	(3)	-2.7%
Total Revenue (GAAP)	958	995	(37)	-3.7%
FX Impact	-	16		1.6%
Divestitures and Related Actions	-	(8)		-0.8%
Total Adjusted Revenue (Non-GAAP)	958	1,003	(45)	-4.5%

Non-GAAP Gross Profit Variance for FX, Divestitures & Related Actions



Reconciliation of GAAP to non-GAAP (\$Millions)

Segment View

\$Millions	Q3-21	Q3-20	Variance F/(U)	Variance %
Eurasia Banking Gross Profit (Non-GAAP)	98	112	(14)	-12.5%
FX Impact	-	4		
Divestitures and Related Actions	-	(1)		
Eurasia Banking Adjusted Gross Profit (Non-GAAP)	98	115	(17)	-14.8%
Americas Banking Gross Profit (Non-GAAP)	86	103	(17)	-16.5%
FX Impact	-	-		
Divestitures and Related Actions	-	-		
Americas Banking Adjusted Gross Profit (Non-GAAP)	86	103	(17)	-16.5%
Retail Gross Profit (Non-GAAP)	79	69	10	14.5%
FX Impact	-	2		
Divestitures and Related Actions	-	-		
Retail Adjusted Gross Profit (Non-GAAP)	79	71	8	11.3%
Total Gross Profit (Non-GAAP)	263	285	(22)	-7.7%
FX Impact	-	6		2.1%
Divestitures and Related Actions	-	(1)		-0.4%
Total Adjusted Gross Profit (Non-GAAP)	263	290	(27)	-9.3%

Business Line

\$Millions	Q3-21	Q3-20	Variance F/(U)	Variance %
Services Gross Profit (Non-GAAP)	140	146	(6)	-4.1%
FX Impact	-	1		
Divestitures and Related Actions	-	-		
Services Adj. Gross Profit (Non-GAAP)	140	147	(7)	-4.8%
Products Gross Profit (Non-GAAP)	75	83	(8)	-9.6%
FX Impact	-	5		
Divestitures and Related Actions	-	-		
Products Adj. Gross Profit (Non-GAAP)	75	88	(13)	-14.8%
Software Gross Profit (Non-GAAP)	48	56	(8)	-14.3%
FX Impact	-	-		
Divestitures and Related Actions	-	(1)		
Software Adj. Gross Profit (Non-GAAP)	48	55	(7)	-12.7%
Total Gross Profit (Non-GAAP)	263	285	(22)	-7.7%
FX Impact	-	6		2.1%
Divestitures and Related Actions	-	(1)		-0.4%
Total Adjusted Gross Profit (Non-GAAP)	263	290	(27)	-9.3%

Gross Profit & Operating Expense



Reconciliation of GAAP to non-GAAP (\$Millions)

Gross Profit – Segment View

	Q3-20	Q3-21
Revenue (GAAP)	\$ 995	\$ 958
Americas Banking	368	347
Eurasia Banking	364	323
Retail	263	288
Total Gross Profit (GAAP)	\$ 284	\$ 260
Americas Banking	103	88
Eurasia Banking	112	94
Retail	69	78
Total Restructuring and DN Now Transformation Expense	4	3
Total Non-Routine Expense	(3)	(0)
Total Restructuring, DN Now Transformation & Non-Routine Expense	1	3
Total Gross Profit (Non- GAAP)	\$ 285	\$ 263
Total Gross Margin (Non- GAAP)	28.6%	27.4%

Operating Expense

	Q3-20	Q3-21
Revenue (GAAP)	\$995	\$958
Total Operating Expense (GAAP)	\$260	\$221
Total Restructuring and DN Now Transformation Expense	(39)	(37)
Total Non-Routine Expense	(26)	(2)
Total Restructuring, DN Now Transformation & Non-Routine Expense	(65)	(39)
Total Operating Expense (non-GAAP)	\$195	\$182
Non-GAAP Operating Expense as a % of GAAP Revenue	19.6%	19.0%
Operating Profit (non-GAAP)	\$90	\$81
Non-GAAP Operating Profit Margin	9.0%	8.5%

Adjusted EBITDA



Reconciliation of GAAP to non-GAAP (\$Millions)

Adjusted EBITDA

	Q3-20	Q3-21
GAAP Revenue	\$995	\$958
GAAP Net Income	(\$101)	(\$2)
Income tax (benefit) expense	(22)	(1)
Interest income	(2)	(1)
Interest expense	144	51
Depreciation & amortization ¹	43	36
EBITDA	\$62	\$83
Share-based compensation	4	5
Foreign exchange (gain) loss, net	2	(4)
Miscellaneous (income) expense, net	2	(5)
Equity in (earnings) loss of unconsolidated subsidiaries, net	0	1
Restructuring and DN Now Transformation expense ²	39	21
Non-routine expense, net ³	4	2
Adjusted EBITDA	\$113	\$103
Adjusted EBITDA % GAAP revenue	11.4%	10.7%

Trailing 12-month Adjusted EBITDA Reconciliation

	Q3-20	Q3-21
GAAP Revenue	\$3,948	\$3,952
GAAP Net Income	(\$340)	(\$91)
Income tax (benefit) expense	37	(7)
Interest income	(7)	(7)
Interest expense	290	202
Depreciation & amortization ¹	187	157
EBITDA	\$167	\$254
Share-based compensation	17	17
Foreign exchange (gain) loss, net	11	4
Miscellaneous (income) expense, net	(3)	(10)
Equity in (earnings) loss of unconsolidated subsidiaries, net	(1)	1
Restructuring and DN Now Transformation expense ²	147	141
Non-routine expense, net ³	119	10
Adjusted EBITDA	\$457	\$417
Adjusted EBITDA % GAAP revenue	11.6%	10.6%

With respect to the company's adjusted EBITDA outlook for 2021, it is not providing a reconciliation to the most directly comparable GAAP financial measure because it is unable to predict with reasonable certainty those items that may affect such measures calculated and presented in accordance with GAAP without unreasonable effort. These measures primarily exclude the future impact of restructuring actions and net non-routine items. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, net income calculated and presented in accordance with GAAP. Please see "Use of Non-GAAP Financial Information" for additional information regarding our use of non-GAAP financial measures.

- 1) Deferred financing fees have been removed from depreciation and amortization.
- 2) Excludes accelerated ERP depreciation, included in depreciation and amortization.
- 3) Net non-routine expenses excludes the amortization of Wincor Nixdorf intangible assets, which are included in depreciation and amortization.

Free Cash Flow



Reconciliation of GAAP to non-GAAP (\$Millions)

	Q3-20	Q3-21	2020-YTD	2021-YTD
Net cash provided (used) by operating activities (GAAP measure)	(29)	(148)	(197)	(292)
Excluding the impact of changes in cash of assets held for sale and the use of cash for M&A activities	10	6	38	13
Excluding the use of cash for the settlement of foreign exchange derivative instruments	13	0	32	5
Excluding the termination of certain interest rate swaps due to debt refinancing	6	0	6	0
Proceeds from the surrender of company-owned life insurance policies	8	0	16	0
Capital expenditures	(3)	(5)	(12)	(11)
Capitalized software development	(3)	(10)	(12)	(22)
Free cash flow (use) (non-GAAP measure)	\$2	(\$157)	(\$129)	(\$307)
Add Back: Cash interest	(23)	(61)	(108)	(148)
Unlevered Free cash flow (use) (non-GAAP measure)	\$25	(\$96)	(\$21)	(\$159)

Free cash flow is a non-GAAP financial measure defined as net cash provided by operating activities from continuing operations less capital expenditures, less cash used for capitalized software development, and excluding the impact of changes in cash of assets held for sale and the use of cash for M&A activities, and excluding the use of cash for the settlement of foreign exchange derivative instruments, and excluding the use of cash for the termination of certain interest rate swaps due to the debt refinancing completed in Q3 2020, and including the proceeds from the surrender of company-owned life insurance policies. Unlevered free cash flow adds back cash interest to non-GAAP free cash flow.

With respect to the company's non-GAAP free cash flow outlook for 2021, it is not providing a reconciliation to the most directly comparable GAAP financial measure because it is unable to predict with reasonable certainty those items that may affect such measure calculated and presented in accordance with GAAP without unreasonable effort. This measure primarily excludes the future impact of changes in cash of assets held for sale, cash used for M&A activities and the settlement of foreign exchange derivative instruments. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, net cash provided (used) by operating activities calculated and presented in accordance with GAAP. Please see "Use of Non-GAAP Financial Information" for additional information regarding our use of non-GAAP financial measures.

Return on Invested Capital & Net Debt



(\$Millions)

Return on Invested Capital (ROIC)

	2018	2019	2020	TTM Q3 2021
Revenue	\$4,579	\$4,409	\$3,902	\$3,952
GAAP operating profit (loss)	(\$326)	(\$27)	\$24	\$94
Non-GAAP adjustments ¹	\$488	\$295	\$331	\$234
Non-GAAP operating profit ¹	\$162	\$268	\$355	\$328
Effective tax rate of 30%	\$49	\$80	\$107	\$98
Net operating profit after Tax (NOPAT) ¹ :	\$114	\$188	\$249	\$229
Cash and short-term investments ²	(\$499)	(\$388)	(\$364)	(\$230)
Debt	\$2,240	\$2,141	\$2,346	\$2,496
Leases	\$224	\$172	\$154	\$143
Pension and other post-retirement liabil	\$277	\$265	\$222	\$194
Redeemable noncontrolling interest	\$130	\$21	\$19	\$0
Equity	(\$123)	(\$506)	(\$832)	(\$864)
Total Invested Capital	\$2,249	\$1,705	\$1,545	\$1,739
Average invested capital	\$2,492	\$1,977	\$1,625	\$1,639
Return on Invested Capital (ROIC) ¹	4.56%	9.49%	15.31%	14.00%

Net Debt

\$ Millions	9/30/20	9/30/21
Cash, cash equivalents, restricted cash and short term investments (GAAP Measure)	\$284	\$230
Cash included in assets held for sale	4	1
Debt instruments	(2,446)	(2,496)
Net debt (non-GAAP measure)	(\$2,158)	(\$2,266)

Return on invested capital (ROIC) is a non-GAAP financial measure defined as adjusted net operating profit after tax (NOPAT) utilizing a 30% estimated effective tax rate divided by average invested capital for the period. Invested capital consists of net debt, leases, pension and other post-retirement liabilities and equity.

With respect to the company's non-GAAP outlook for ROIC in 2021, it is not providing a reconciliation to the most directly comparable GAAP financial measure because it is unable to predict with reasonable certainty those items that may affect such measure calculated and presented in accordance with GAAP without unreasonable effort. These measures primarily exclude the future impact of restructuring actions and net non-routine items. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, net income calculated and presented in accordance with GAAP. Please see "Use of Non-GAAP Financial Information" for additional information regarding our use of non-GAAP financial measures.