# Investment Community Conference Call

Diebold Nixdorf

## Fourth Quarter 2020 Earnings

February 10, 2021



DieboldNixdorf.com

# Use of non-GAAP Financial Information

To supplement our 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, segment gross profit, return on invested capital (ROIC) and constant currency revenue. The company calculates constant currency by translating the prior year results at the current year exchange rate. The company uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating and financial performance and to compare such performance to that of prior periods and to the performance of our 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 our operating and financial performance and trends in our 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. We provide EBITDA and Adjusted EBITDA because we believe that investors and securities analysts will find EBITDA and adjusted EBITDA to be useful measures for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures and working capital requirements. We are also providing EBITDA and adjusted EBITDA in light of our credit agreement and the issuance of our senior secured and unsecured notes. For more information on Non-GAAP Measures, please refer to the “Supplemental Slides”.

# Forward-looking Statements

This document contains statements that are not historical information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding 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 ultimate impact of the ongoing COVID-19 pandemic on the company's business, results of operations, financial condition and liquidity; the ultimate impact of the appraisal proceedings initiated in connection with the implementation of the domination and profit and loss transfer agreement with Diebold Nixdorf AG and the merger squeeze-out; the company's ability to achieve benefits from its cost-reduction initiatives and other strategic initiatives, such as DN Now, including its planned restructuring actions, and its incremental cost savings actions, as well as its business process outsourcing initiative; the success of the company's new products, including its DN Series line; the company's ability to comply with the covenants contained in the agreements governing its debt; the ultimate outcome of the company's pricing, operating and tax strategies applied to former Diebold Nixdorf AG and the ultimate ability to realize cost reductions and synergies; changes in political, economic or other factors such as currency exchange rates, 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 reliance on suppliers and any potential disruption to the company's global supply chain; the impact of market and economic conditions, including any additional deterioration and disruption in the financial and service markets, including the bankruptcies, restructurings or consolidations of financial institutions, which could reduce our customer base and/or adversely affect our customers' ability to make capital expenditures, as well as adversely impact the availability and cost of credit; interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations in countries experiencing high inflation rates; the acceptance of the company's product and technology introductions in the marketplace; competitive pressures, including pricing pressures and technological developments; changes in the company's relationships with customers, suppliers, distributors and/or partners in its business ventures; the effect of legislative and regulatory actions in the United States and internationally and the company's ability to comply with government regulations; the impact of a security breach or operational failure on the company's business; the company's ability to successfully integrate other acquisitions into its operations; the company's success in divesting, reorganizing or exiting non-core and/or non-accretive businesses; the company's ability to maintain effective internal controls; 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; unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments; the investment performance of the company's pension plan assets, which could require the company to increase its pension contributions, and significant changes in healthcare costs, including those that may result from government action; the amount and timing of repurchases of the company's common shares, if any; 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, 2019 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.

# DBD Investment Thesis

**Transforming the Business Model to Generate Strong Free Cash Flow[1]**

**Leveraging Our Competitive Differentiation for Growth**

1) Non-GAAP metric

# Transformation Programs Well Underway to Strengthen Free Cash Flow

Targeting ~$160M of DN Now savings in 2021

... our 3rd and final year of the Transformation

Restructuring to conclude in 2021

... targeting a maximum spend of $50M

Digital transformation across enablement functions

Information Technology, Human Resources and Finance

Driving strong free cash flow[1] outlook for 2021

$140M - $170M





1) Non-GAAP metric

# Leveraging Our Competitive Differentiation For Growth

**Delivering greater customer value from digitally-enabled solutions**

## Banking

Supporting Our Customers Digital Transformation Agenda



DN Series ATMs



All Connect Data Engine



Managed Services



Cloud-native Vynamic™ Payments

## Retail

Supporting Evolving Consumer Journeys



DN Series EASY Self-Checkout Solutions



Cloud-native Vynamic Retail Software



Managed Services

# Vynamic Payments: Cloud-Native Platform

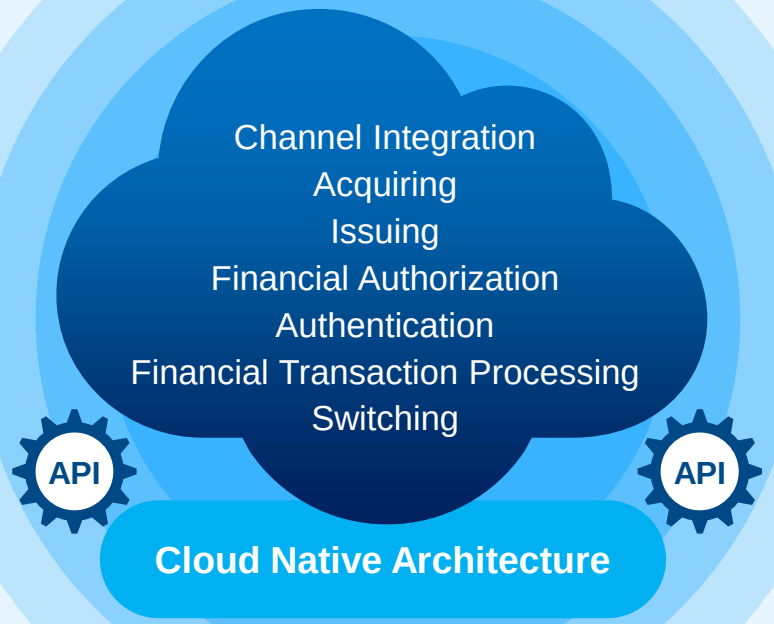
## Any...

### Channel
Self-Service / ATM
POS – Store
Branch / IVR
Digital Wallet / Token
E-Commerce

### Integration
Networks or Schemes
Core Banking Systems
External Ecosystem
Card Management

### Authentication
Token
Voice
Facial
Thumbprint
Password

### Payment
Credit/Debit
P2P
venmo
Alipay



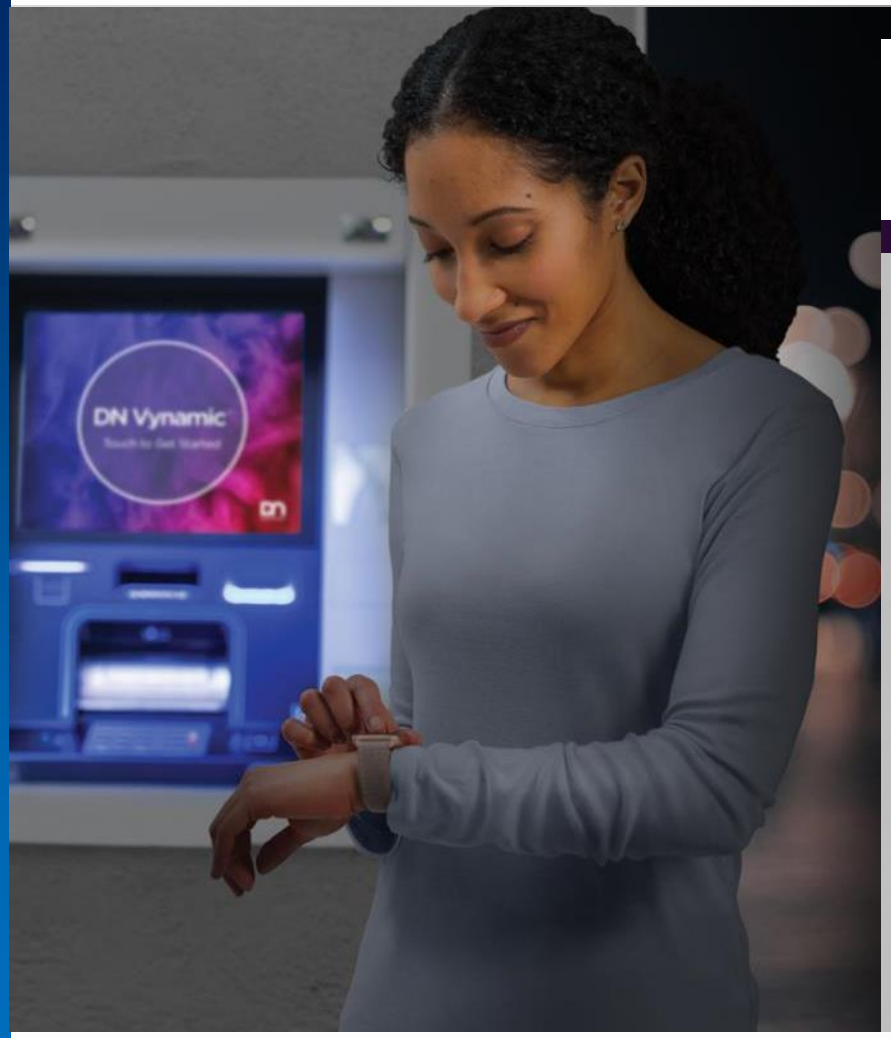

### Market Opportunity

- New payment types emerging
- Payment volumes expanding globally
- Legacy bank payment platforms fragmented, expensive, and difficult to adapt to payment innovations
- Financial institutions seek modern payment solutions which support multiple channels and networks

### DN Competitive Advantage

- Debit payments deployment underway at Top 10 global bank
- Cloud native, micro-services approach – fast, efficient and flexible
- Business-transformative – optimizes payment operations
- Future-proof – adapts to changing regulations, schemes, payment types and channels

# Strong 2020 Results and 2021 Outlook




## Delivered Strong 2020 Results

- Strengthened competitive position with digitally-enabled solutions
- 2020 order activity increased despite COVID-19 complexities
- Delivered ~$165M of DN Now savings
- Meaningfully increased profits and expanded profit margins
- Generated positive free cash flow[1] of $57M

## ...and Planning for Stronger Results in 2021

- Revenue

  $4.0 - $4.1 billion
- Adjusted EBITDA[1]

  $480 - $500 million
- Free Cash Flow[1]

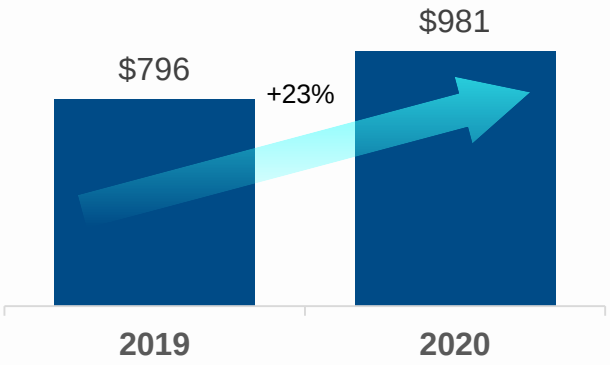
  $140 - $170 million



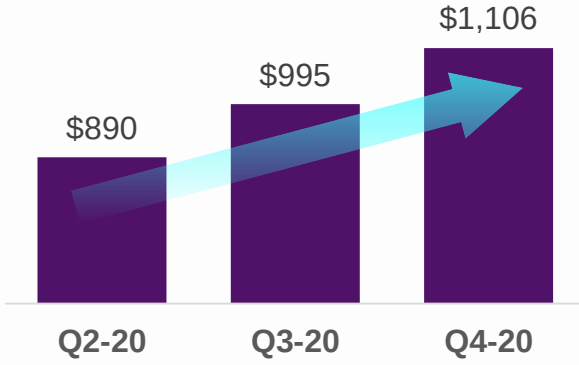
1) Non-GAAP metric

# Strong Financial Results in 2020

## Product Backlog[1,2]

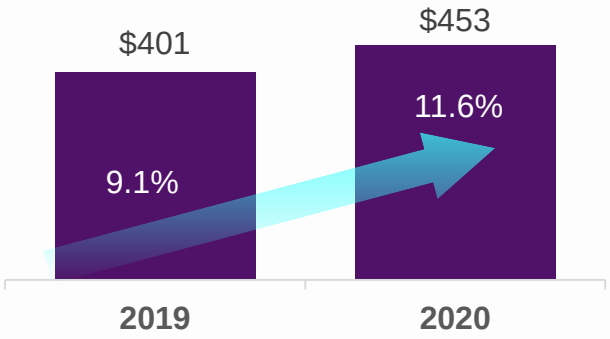



## Total Revenue[2]

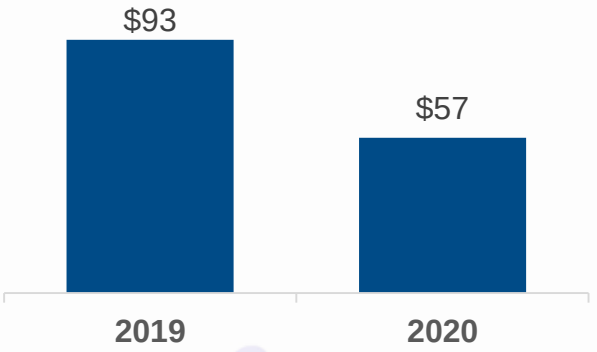



*Revenue rebounding from COVID-19 related delays*

## Adjusted EBITDA and Margin[1,2]




## Free Cash Flow[1,2]

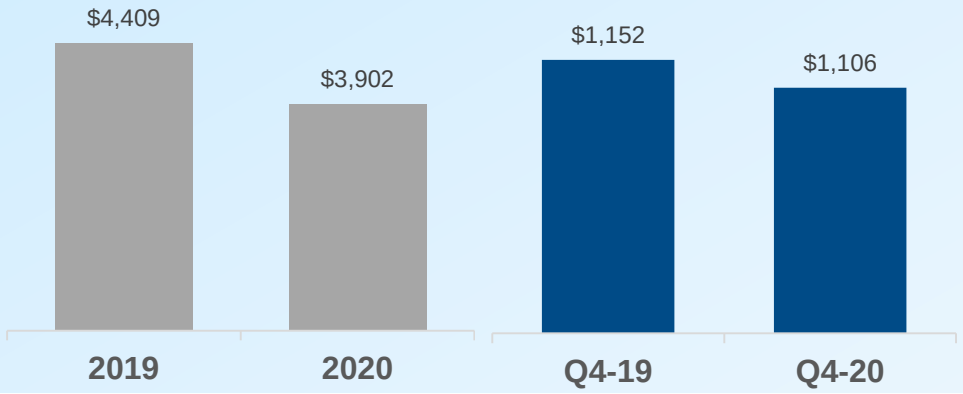




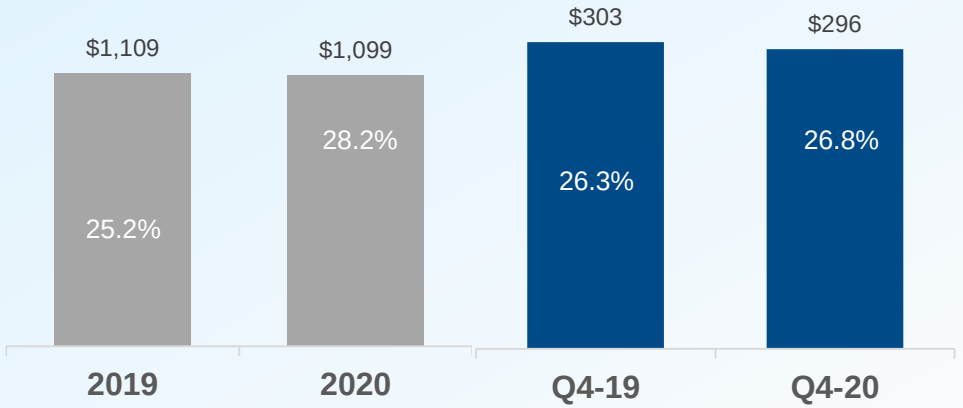

1) Non-GAAP metric 2) all dollar amounts are shown in millions

# Financial Highlights of 2020

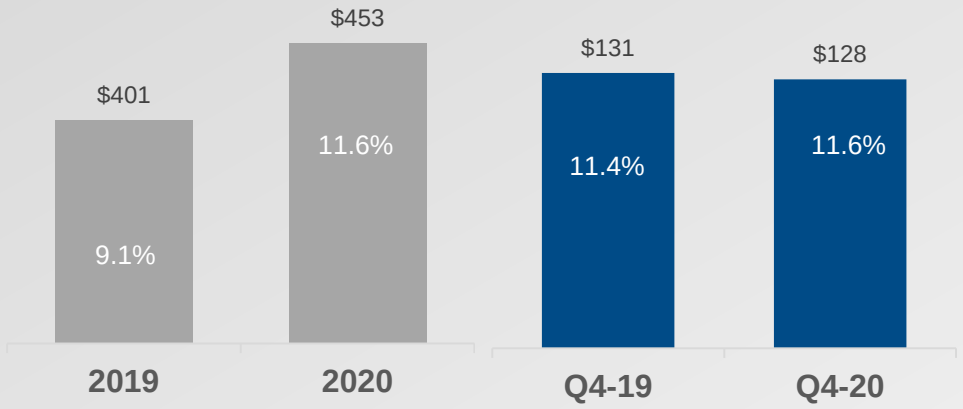
## Total Revenue



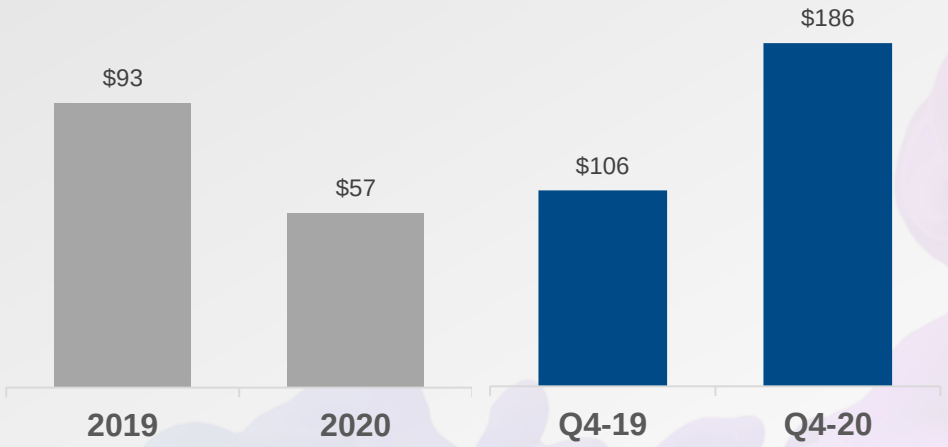

## Gross Profit[1] & Gross Margin[1]




## Adj. EBITDA[1] & Adj. EBITDA Margin[1]




## Free Cash Flow[1]



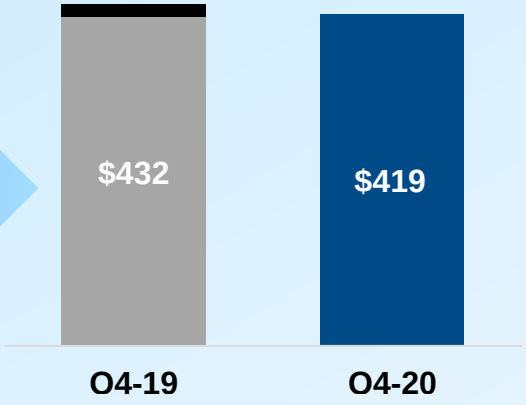



1) Non-GAAP metric 2) all dollar amounts are in millions

# Eurasia Banking Highlights

## Revenue ($M)

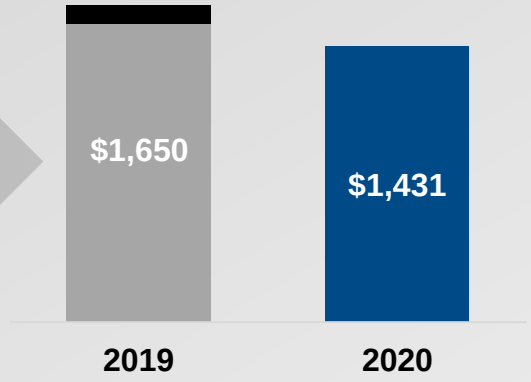
### Q4




-3% as reported

+1% adjusted for currency & divestitures

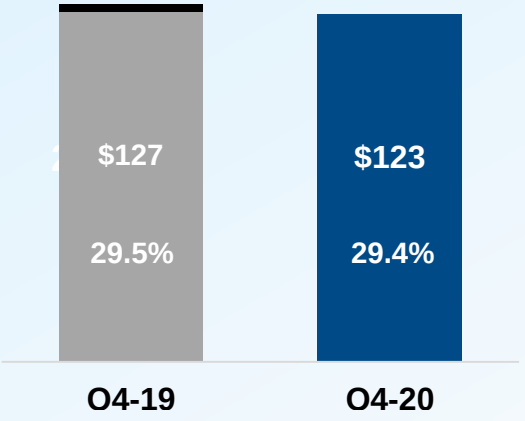
### Full Year



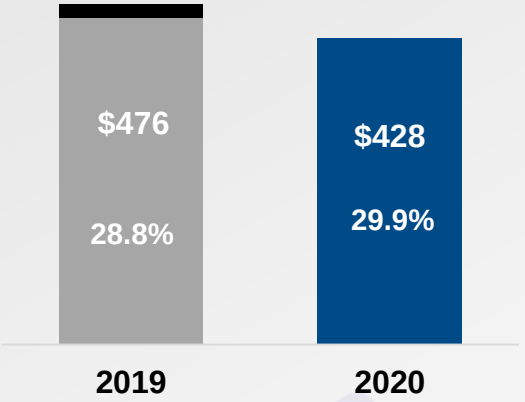

-13% as reported

-8% adjusted for currency & divestitures

## Gross Profit & Margin[1]




Gross margin was relatively unchanged despite lower revenue




Gross margin expanded 110 bps despite lower revenue



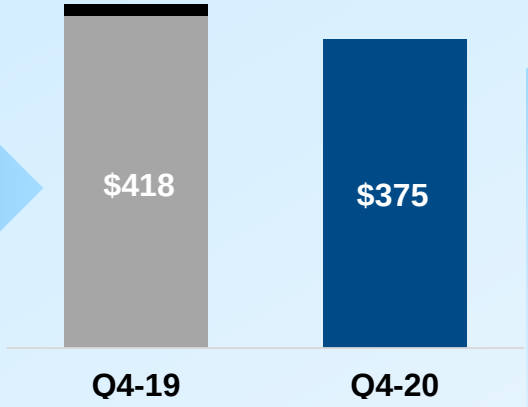
1) Non-GAAP metric 2) all dollar amounts are in millions

Impact of FX & Divestitures

# Americas Banking Highlights

## Revenue

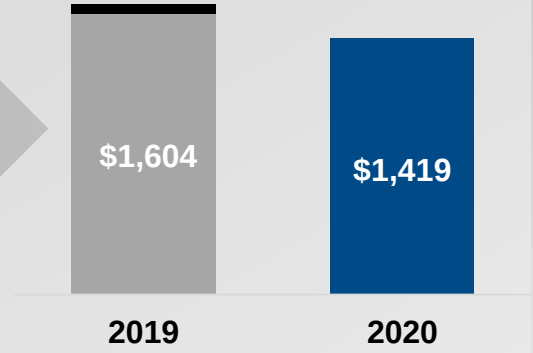
### Q4




-10% as reported

-7% adjusted for currency & divestitures

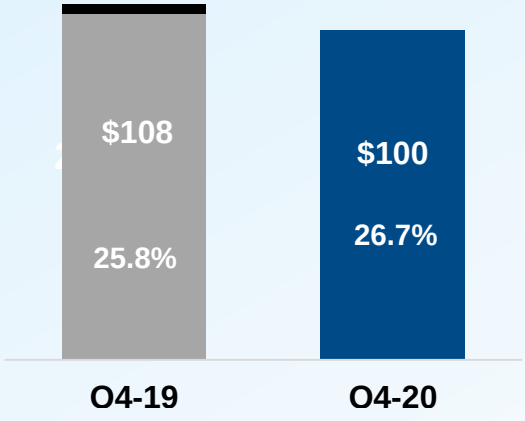
### Full Year



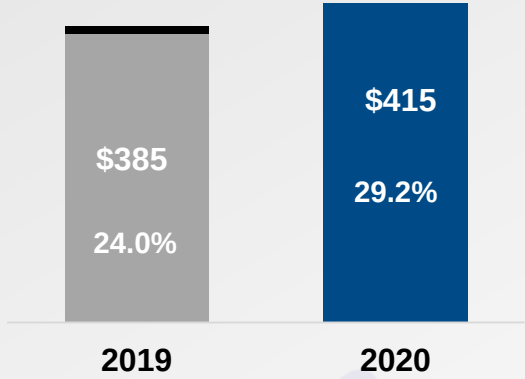

-12% as reported

-8% adjusted for currency & divestitures

## Gross Profit & Margin[1]




Gross margin expanded 80 bps despite lower revenue




Gross margin expanded 520 bps despite lower revenue



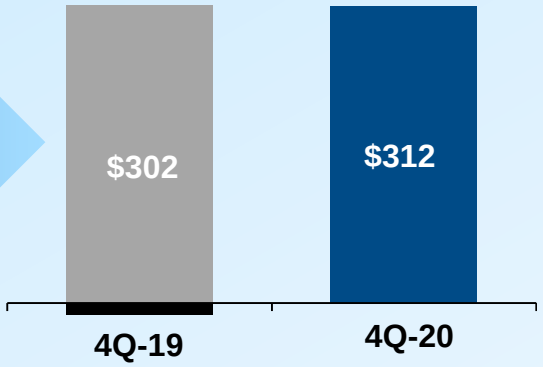
1) Non-GAAP metric 2) all dollar amounts are in millions

Impact of FX & Divestitures

# Retail Highlights

## Revenue

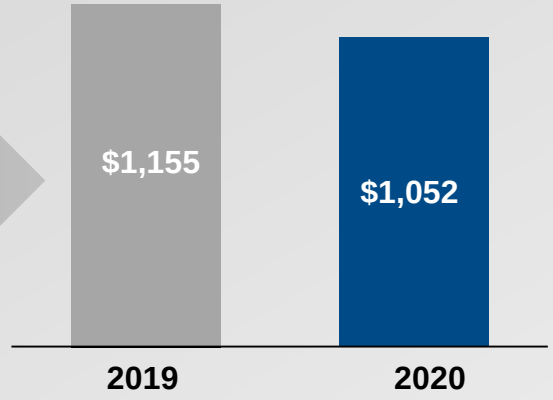
### Q4




+3% as reported

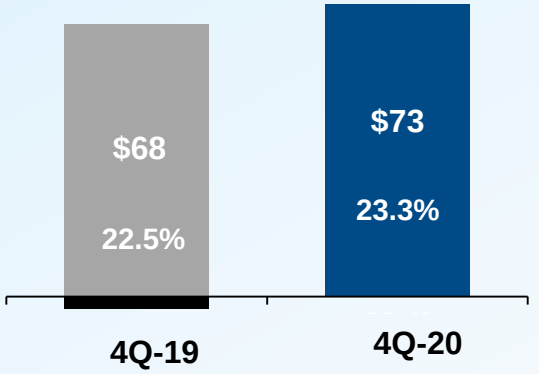
-1% adjusted for currency & divestitures

### Full Year

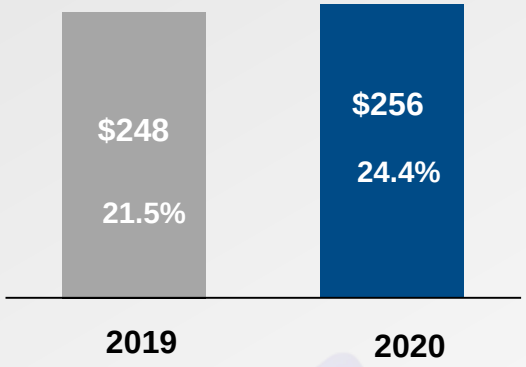



-9% as reported and adjusted for currency & divestitures

## Gross Profit & Margin[1]




Gross margin expanded 80 bps




Gross margin expanded 290 bps despite lower revenue

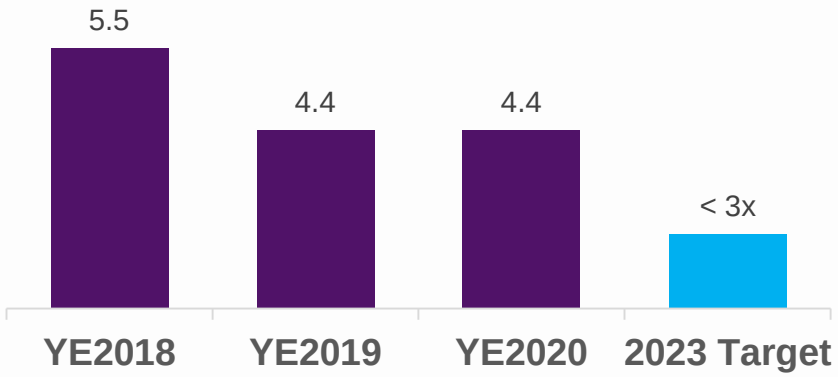


1) Non-GAAP metric 2) all dollar amounts are in millions

Impact of FX & Divestitures

# Leverage and Debt Maturities

## Leverage Ratio[1]




- Leverage ratio[1] of 4.4x
- Maintaining commitment to de-leveraging and target leverage of less than 3x
- Net debt[2] of $1,982M and adjusted EBITDA[3] of $453M as of December 31, 2020
- Total liquidity of $647M includes cash of $364M

## Debt Maturities[4]

- No material maturities until November 2023

| Facilities | Balances YE2020 ($M) | Interest Rate Index & Margin[4] | Maturity & Termination Dates |
|---|---|---|---|
| Revolving Credit | $60 | LIBOR +4.25% | $39M in 2022<br>$330M in 2023 |
| Term Loan B US$ | $390 | LIBOR +2.75% | November 2023 |
| Term Loan B € | $417 | EURIBOR +3.00% | November 2023 |
| US$ 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 | $429 | 9.00% | July 2025 |

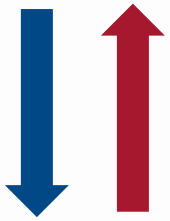
1) Leverage ratio is defined as net debt to trailing 12-month calculated adjusted EBITDA. Ending cash balance excludes ~$3M of cash in assets held for sale, which was not realized as of December 31, 2020.
2) Net debt and liquidity as of December 31, 2020. Net debt is a non-GAAP financial measure defined as notes payable plus long-term debt less cash, cash equivalents, restricted cash, short-term investments, and cash expected to be realized from assets held for sale.
3) Non-GAAP metric
4) LIBOR and EURIBOR rates are subject to certain floors.

# Income Taxes

## Tax Structure

Tax Principals
in US & Germany

*Provide*
Products &
Support



*Pay for*
Products &
Support

Distribution subsidiaries
in ~60 countries

## Financials

### 2020A

- ~$37M cash tax payments
- Consolidated pre-tax loss

### 2021E

- ~$35M cash tax payments
- Estimated effective tax rate
  25% - 30%
- Consolidated pre-tax income

## Key Considerations

Geographic distribution of
taxable income

Deductibility of interest

US tax loss due to
restructuring costs
and interest concentration

US foreign source income tax

# Outlook for 2021

| | 2020A | 2021E | Key Expectations[2] |
|---|---|---|---|
| Total Revenue | $3.9B | $4.0 - $4.1B | Revenue growth led by DN Series and SCO adoption<br>Completed divestitures and related actions create a $50M headwind |
| Adjusted EBITDA[1] | $453M | $480 – $500M | YoY improvement[2] driven by<br>+ Higher gross profit from revenue growth & $160M DN Now savings<br>– $40M of growth investments, $40M reversal of one-time savings from 2020, people investments and inflation |
| Free cash flow[1] | $57M | $140 – $170M | Adjusted EBITDA midpoint +$490M; Net working capital +$50M; Restructuring payments ($50M); Net interest payments ($175M); CapEx & capitalized software ($85M); Cash taxes, pension & other ($75M) |
| ROIC[1] | ~15% | ~18% | |

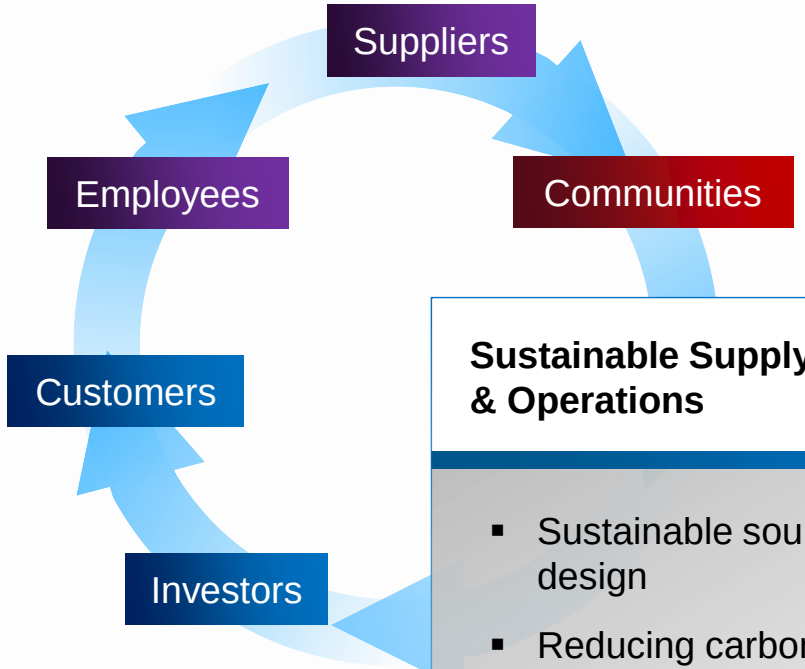
1) Non-GAAP metrics
2) Key expectations represent approximate year-over-year changes versus 2020 results

# Establishing 2023 Financial Targets

| Revenue | Profitability | Free Cash Flow | Return on Invested Capital[1,2] | Leverage Ratio[1,3] |
|---|---|---|---|---|
| **2% - 4%** CAGR | **> 13%** Adjusted EBITDA[1] Margin | **~ 50%** conversion of adjusted EBITDA to levered free cash flow[1]<br><br>**> $600M** cumulative 3-year levered free cash flow[1] | **> 20%** | **< 3X** |

1) Non-GAAP metrics
2) Return on invested capital (ROIC) is defined as tax-affected adjusted operating profit (NOPAT) utilizing an estimated 30% effective tax rate, divided by average invested capital for the period. Invested capital includes net debt, leases, pension and other post-retirement liabilities and equity
3) Leverage ratio is defined as net debt divided by trailing 12 months adjusted EBITDA

# Focusing on Environmental, Social and Governance




**Advancing our solutions and business model to reduce our carbon footprint, mitigate risks and generate value for all stakeholders**

**Sustainable Supply Chain & Operations**

- Sustainable sourcing and design
- Reducing carbon footprint
- Using energy-saving technologies and environmentally sustainable materials

**Environment, Health & Safety**

- Responsible resource consumption
- Committed to a safe workplace
- Compliance with Environmental Health & Safety (EHS) regulations

**Global Citizenship**

- Diversity & Inclusion action plans being led by our C.A.R.E. council
- Support for payment choice
- Charitable giving focused on financial inclusion

DN CSR report >

# Supplemental Slides

# Transformation Update

***Increasing gross savings target from ~$470M to ~$500M through 2021***

| Timeline for completion | 2019 | 2020 | 2021 | |
|---|---|---|---|---|
| **Operational Excellence** | ✓ | | | Streamline operating model |
| | | ✓ | | Simplify product portfolio & manufacturing footprint |
| | | | ✓ | Services modernization plan |
| | | | ✓ | Harvest G&A efficiencies |
| | | | *Complete in 2023* | Digital transformation with Accenture |
| **Enhance Customer Solutions** | | | ✓ | Deploy DN Series |
| | | | ✓ | Implement AllConnect Data Engine |
| | | | ✓ | Software excellence |
| **Optimize the Balance Sheet** | | ✓ | | Efficient net working capital |
| | | ✓ | | Non-core divestitures - high quality revenue |
| | | ✓ | | Opportunistic cost of capital actions |

## Benefits

- Gross savings target of ~$500M to be realized through 2021
- Proven foundation for DN's operational rigor during the pandemic
- Higher quality revenue
- More sustainable cash flows
- Reducing leverage
- Differentiated & digitally-enabled solutions

# DN Now Transformation Expense and Cash Flow Bridge

| *($ in millions)* | FY 2018 | FY 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | FY 2020 | Cumulative total |
|---|---|---|---|---|---|---|---|---|
| 1 GAAP Restructuring Expense | $65.0 | $50.2 | $10.0 | $11.5 | $13.8 | $46.3 | $81.6 | $196.8 |
| 2 Non-GAAP Incremental DN Now Transformation Expense | 14.3 | 64.6 | 31.6 | 15.3 | 28.0 | 25.3 | 100.2 | 179.1 |
| **Non-GAAP Restructuring and DN Now Transformation Expense** | **$79.3** | **$114.8** | **$41.6** | **$26.8** | **$41.8** | **$71.6** | **$181.8** | **$375.9** |
| Accelerated depreciation (D&A) already added back in unadjusted EBITDA | - | (1.9) | (5.4) | (3.8) | (2.8) | (2.8) | (14.8) | 3 (16.7) |
| **Restructuring and DN Now Transformation Expenses added back to EBITDA** | **$79.3** | **$112.9** | **$36.2** | **$23.0** | **$39.0** | **$68.8** | **$167.0** | **$359.2** |
| **Cash Payments** | **$(68.0)** | **$(118.7)** | **$(22.5)** | **$(32.4)** | **$(28.3)** | **$(60.5)** | **$(143.7)** | **$(330.4)** |
| **Cumulative difference between expense and cash payment** | **$11.3** | **$(5.8)** | **$13.7** | **$(9.4)** | **$10.7** | **$8.3** | **$23.3** | 4 **$28.8** |

| | |
|---|---|
| **1 GAAP Restructuring Expense** | ▪ Majority of expense is severance related to headcount reduction |
| **2 Non-GAAP incremental DN Now ransformation Expenses** | ▪ One-time implementation costs:<br>– Accounting compliance, including setting up regional controlling centers, internal audit outsourcing and tax compliance and provision outsourcing<br>– Elimination of DN shared service centers and outsourced and centralized accounting transaction operations<br>– Design and execution of Services and Software modernization<br>– Others, including various aspects of design and execution |
| **3 Accelerated depreciation (D&A) already added back in unadjusted EBITDA** | ▪ D&A acceleration; permanent differences between expense and cash |
| **4 Cumulative difference between expense and cash payment** | ▪ Temporary timing difference between expense recognition and cash outflow, will net to zero as DN Now restructuring expenses decline to zero |

# Q4 2020 Profit & Loss Statement
## Reconciliation 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 | Divestitures and fixed asset sale | Other non-routine inc/exp | 2020 (non-GAAP) | % of Net Sales |
|---|---|---|---|---|---|---|---|---|---|
| Services | 525.8 | 47.5% | - | - | - | - | - | 525.8 | 47.5% |
| Products | 453.9 | 41.0% | - | - | - | - | - | 453.9 | 41.0% |
| Software | 126.2 | 11.4% | - | - | - | - | - | 126.2 | 11.4% |
| Total Revenue | 1,105.9 | 100.0% | - | - | - | - | - | 1,105.9 | 100.0% |
| Services | 375.7 | | (5.6) | - | - | - | 1.1 | 371.2 | |
| Products | 375.7 | | (5.4) | - | - | - | (4.1) | 366.2 | |
| Software | 78.0 | | (5.5) | - | - | - | - | 72.5 | |
| Total Cost of Goods Sold | 829.4 | | (16.5) | - | - | - | (3.0) | 809.9 | |
| Services | 150.1 | 28.5% | 5.6 | - | - | - | (1.1) | 154.6 | 29.4% |
| Products | 78.2 | 17.2% | 5.4 | - | - | - | 4.1 | 87.7 | 19.3% |
| Software | 48.2 | 38.2% | 5.5 | - | - | - | - | 53.7 | 42.6% |
| Total Gross Profit | 276.5 | 25.0% | 16.5 | - | - | - | 3.0 | 296.0 | 26.8% |
| Operating Expenses | | | | | | | | | |
| Selling, G & A | 228.9 | | (51.7) | (19.7) | (0.2) | - | (1.9) | 155.5 | |
| R , D & E | 40.0 | | (3.4) | - | - | - | (0.7) | 35.8 | |
| (Gain)/Loss on Assets | (1.5) | | - | - | - | 1.5 | 0.0 | 0.0 | |
| Impairment of Assets | 3.4 | | - | - | - | - | (3.4) | (0.0) | |
| Total Operating Expense | 270.8 | **24.5%** | (55.1) | (19.7) | (0.2) | 1.5 | (6.0) | 191.3 | **17.3%** |
| Total Operating Profit (loss) | 5.7 | 0.5% | 71.6 | 19.7 | 0.2 | (1.5) | 9.0 | 104.7 | 9.5% |

Note: Differences may occur due to rounding.

# Q4 2019 Profit & Loss Statement
## Reconciliation GAAP to non-GAAP ($Millions)

| | 2019 (GAAP) | % of Net Sales | Restructuring and DN Now transformation expenses | Amortization of Wincor Nixdorf purchase accounting intangible assets (non-cash) | Legal / deal expense | Impairment | Divestitures and fixed asset sale | Inventory gain / charge | Other non-routine inc/exp | 2019 (non-GAAP) | % of Net Sales |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Services | 568.1 | 49.3% | - | - | - | - | - | - | - | 568.1 | 49.3% |
| Products | 449.0 | 39.0% | - | - | - | - | - | - | - | 449.0 | 39.0% |
| Software | 134.5 | 11.7% | - | - | - | - | - | - | - | 134.5 | 11.7% |
| Total Revenue | 1,151.6 | 100.0% | - | - | - | - | - | - | - | 1,151.6 | 100.0% |
| Services | 425.9 | | (1.1) | - | - | - | - | (16.1) | (0.9) | 407.8 | |
| Products | 363.5 | | (1.5) | (1.5) | - | - | - | (6.7) | (1.7) | 352.1 | |
| Software | 91.8 | | (0.8) | (1.7) | - | - | - | - | (0.7) | 88.6 | |
| Total Cost of Goods Sold | 881.2 | | (3.4) | (3.2) | - | - | - | (22.8) | (3.3) | 848.5 | |
| Services | 142.2 | 25.0% | 1.1 | - | - | - | - | 16.1 | 0.9 | 160.3 | 28.2% |
| Products | 85.5 | 19.0% | 1.5 | 1.5 | - | - | - | 6.7 | 1.7 | 96.9 | 21.6% |
| Software | 42.7 | 31.7% | 0.8 | 1.7 | - | - | - | - | 0.7 | 45.9 | 34.1% |
| Total Gross Profit | 270.4 | 23.5% | 3.4 | 3.2 | - | - | - | 22.8 | 3.3 | 303.1 | 26.3% |
| Operating Expenses | | | | | | | | | | | |
| Selling, G & A | 234.5 | | (44.8) | (18.3) | (4.3) | - | - | - | 2.3 | 169.4 | |
| R , D & E | 37.3 | | (2.9) | - | - | - | - | - | (1.8) | 32.6 | |
| (Gain)/Loss on Assets | 1.0 | | - | - | - | - | (0.3) | - | - | 0.7 | |
| Impairment of Assets | 30.2 | | - | - | - | (30.2) | - | - | - | - | |
| Total Operating Expense | 303.0 | **26.3%** | (47.7) | (18.3) | (4.3) | (30.2) | (0.3) | - | 0.5 | 202.7 | **17.6%** |
| Total Operating Profit (loss) | (32.6) | -2.8% | 51.1 | 21.5 | 4.3 | 30.2 | 0.3 | 22.8 | 2.8 | 100.4 | 8.7% |

Note: Differences may occur due to rounding.

# Full Year 2020 Profit & Loss Statement

## Reconciliation 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 | Divestitures and fixed asset sale | Costs related to previously divested business in Germany | Inventory charge/gain | Loss making contract related to discontinued offering | Other non-routine inc/exp | 2020 (non-GAAP) | % of Net Sales |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Services | 1,997.1 | 51.2% | - | - | - | - | - | - | - | - | 1,997.1 | 51.2% |
| Products | 1,448.9 | 37.1% | - | - | - | - | - | - | - | - | 1,448.9 | 37.1% |
| Software | 456.3 | 11.7% | - | - | - | - | - | - | - | - | 456.3 | 11.7% |
| Total Revenue | 3,902.3 | 100.0% | - | - | - | - | - | - | - | - | 3,902.3 | 100.0% |
| Services | 1,448.6 | | (7.4) | - | - | - | - | (2.5) | (25.5) | 3.5 | 1,416.7 | |
| Products | 1,158.7 | | (8.0) | (3.5) | - | - | (4.6) | 0.2 | - | (5.4) | 1,137.4 | |
| Software | 260.0 | | (6.9) | (4.0) | - | - | - | - | - | 0.1 | 249.2 | |
| Total Cost of Goods Sold | 2,867.3 | | (22.3) | (7.5) | - | - | (4.6) | (2.3) | (25.5) | (1.8) | 2,803.3 | |
| Services | 548.5 | 27.5% | 7.4 | - | - | - | - | 2.5 | 25.5 | (3.5) | 580.4 | 29.1% |
| Products | 290.2 | 20.0% | 8.0 | 3.5 | - | - | 4.6 | (0.2) | - | 5.4 | 311.5 | 21.5% |
| Software | 196.3 | 43.0% | 6.9 | 4.0 | - | - | - | - | - | (0.1) | 207.1 | 45.4% |
| Total Gross Profit | 1,035.0 | 26.5% | 22.3 | 7.5 | - | - | 4.6 | 2.3 | 25.5 | 1.8 | 1,099.0 | 28.2% |
| Operating Expenses | | | | | | | | | | | | |
| Selling, G & A | 858.6 | | (153.1) | (75.4) | (8.4) | - | - | - | - | (4.4) | 617.3 | |
| R , D & E | 133.4 | | (6.4) | - | - | - | - | - | - | (0.9) | 126.1 | |
| (Gain)/Loss on Assets | 11.5 | | - | - | - | (11.3) | - | - | - | 0.0 | 0.2 | |
| Impairment of Assets | 7.5 | | - | - | - | - | - | - | - | (7.5) | 0.0 | |
| Total Operating Expense | 1,011.0 | **25.9%** | (159.5) | (75.4) | (8.4) | (11.3) | - | - | - | (12.8) | 743.6 | **19.1%** |
| Total Operating Profit (loss) | 24.0 | 0.6% | 181.8 | 82.9 | 8.4 | 11.3 | 4.6 | 2.3 | 25.5 | 14.6 | 355.4 | 9.1% |

Note: Differences may occur due to rounding.

# Full Year 2019 Profit & Loss Statement
## Reconciliation GAAP to non-GAAP ($Millions)

| | 2019 (GAAP) | % of Net Sales | Restructuring and DN Now transformation expenses | Amortization of Wincor Nixdorf purchase accounting intangible assets (non-cash) | Legal / deal expense | Impairment | Divestitures and fixed asset sale | Acq. integration | Inventory gain / charge | Other non-routine inc/exp | 2019 (Non-GAAP) | % of Net Sales |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Services | 2,230.5 | 50.6% | - | - | - | - | - | - | - | - | 2,230.5 | 50.6% |
| Products | 1,709.6 | 38.8% | - | - | - | - | - | - | - | - | 1,709.6 | 38.8% |
| Software | 468.6 | 10.6% | - | - | - | - | - | - | - | - | 468.6 | 10.6% |
| Total Revenue | 4,408.7 | 100.0% | - | - | - | - | - | - | - | - | 4,408.7 | 100.0% |
| Services | 1,663.4 | | (4.2) | - | - | - | - | - | (15.7) | (3.5) | 1,640.0 | |
| Products | 1,357.3 | | (1.8) | (6.2) | - | - | - | - | 2.9 | (2.0) | 1,350.2 | |
| Software | 320.9 | | (3.6) | (7.1) | - | - | - | - | - | (0.7) | 309.5 | |
| Total Cost of Goods Sold | 3,341.6 | | (9.6) | (13.3) | - | - | - | - | (12.8) | (6.2) | 3,299.7 | |
| Services | 567.1 | 25.4% | 4.2 | - | - | - | - | - | 15.7 | 3.5 | 590.5 | 26.5% |
| Products | 352.3 | 20.6% | 1.8 | 6.2 | - | - | - | - | (2.9) | 2.0 | 359.4 | 21.0% |
| Software | 147.7 | 31.5% | 3.6 | 7.1 | - | - | - | - | - | 0.7 | 159.1 | 34.0% |
| Total Gross Profit | 1,067.1 | 24.2% | 9.6 | 13.3 | - | - | - | - | 12.8 | 6.2 | 1,109.0 | 25.2% |
| Operating Expenses | | | | | | | | | | | | |
| Selling, G & A | 908.8 | | (102.1) | (80.0) | (20.6) | - | - | (1.4) | - | (7.2) | 697.5 | |
| R , D & E | 147.1 | | (3.0) | - | - | - | - | - | - | (1.8) | 142.3 | |
| (Gain)/Loss on Assets | 7.6 | | (0.1) | - | - | - | (6.2) | - | - | - | 1.3 | |
| Impairment of Assets | 30.2 | | - | - | - | (30.2) | - | - | - | (0.0) | - | |
| Total Operating Expense | 1,093.7 | **24.8%** | (105.2) | (80.0) | (20.6) | (30.2) | (6.2) | (1.4) | - | (9.0) | 841.1 | **19.1%** |
| Total Operating Profit (loss) | (26.6) | -0.6% | 114.8 | 93.3 | 20.6 | 30.2 | 6.2 | 1.4 | 12.8 | 15.2 | 267.9 | 6.1% |

Note: Differences may occur due to rounding.

# YoY Revenue Variance for FX, Divestitures and Related Actions

## Reconciliation GAAP to non-GAAP ($Millions)

### Segment View

| $Millions | Q4-20 | Q4-19 | Variance F/(U) | Variance % | 2020 | 2019 | Variance F/(U) | Variance % |
|---|---|---|---|---|---|---|---|---|
| **Eurasia Banking Revenue (GAAP)** | **419** | **432** | **(13)** | **-3.2%** | **1,431** | **1,650** | **(219)** | **-13.4%** |
| FX Impact | - | 20 | (20) | n/a | - | 10 | (10) | n/a |
| Divestitures and Related Actions | - | (36) | 36 | n/a | - | (109) | 109 | n/a |
| **Eurasia Banking Adjusted Revenue (Non-GAAP)** | **419** | **416** | **3** | **0.7%** | **1,431** | **1,551** | **(120)** | **-7.7%** |
| **Americas Banking Revenue (GAAP)** | **375** | **418** | **(43)** | **-10.3%** | **1,419** | **1,604** | **(185)** | **-11.5%** |
| FX Impact | - | (13) | 13 | n/a | - | (54) | 54 | n/a |
| Divestitures and Related Actions | - | - | - | n/a | - | (0) | 0 | n/a |
| **Americas Banking Adjusted Revenue (Non-GAAP)** | **375** | **404** | **(30)** | **-7.3%** | **1,419** | **1,550** | **(130)** | **-8.4%** |
| **Retail Revenue (GAAP)** | **312** | **302** | **10** | **3.4%** | **1,052** | **1,155** | **(103)** | **-8.9%** |
| FX Impact | - | 12 | (12) | n/a | - | 6 | (6) | n/a |
| Divestitures and Related Actions | - | - | - | n/a | - | - | - | n/a |
| **Retail Adjusted Revenue (Non-GAAP)** | **312** | **314** | **(2)** | **-0.5%** | **1,052** | **1,161** | **(109)** | **-9.4%** |

### Business Line

| $Millions | Q4-20 | Q4-19 | Variance F/(U) | Variance % | 2020 | 2019 | Variance F/(U) | Variance % |
|---|---|---|---|---|---|---|---|---|
| **Services Revenue (GAAP)** | **526** | **568** | **(42)** | **-7.5%** | **1,997** | **2,231** | **(233)** | **-10.5%** |
| FX Impact | - | 9 | (9) | n/a | - | (15) | 15 | n/a |
| Divestitures and Related Actions | - | (30) | 30 | n/a | - | (85) | 85 | n/a |
| **Services Adj. Revenue (Non-GAAP)** | **526** | **547** | **(21)** | **-3.8%** | **1,997** | **2,131** | **(134)** | **-6.3%** |
| **Products Revenue (GAAP)** | **454** | **449** | **5** | **1.1%** | **1,449** | **1,710** | **(261)** | **-15.3%** |
| FX Impact | - | 6 | (6) | n/a | - | (21) | 21 | n/a |
| Divestitures and Related Actions | - | (5) | 5 | n/a | - | (13) | 13 | n/a |
| **Products Adj. Revenue (Non-GAAP)** | **454** | **450** | **4** | **0.9%** | **1,449** | **1,676** | **(227)** | **-13.5%** |
| **Software Revenue (GAAP)** | **126** | **134** | **(8)** | **-6.1%** | **456** | **469** | **(12)** | **-2.6%** |
| FX Impact | - | 3 | (3) | n/a | - | (3) | 3 | n/a |
| Divestitures and Related Actions | - | (0) | 0 | n/a | - | (11) | 11 | n/a |
| **Software Adj. Revenue (Non-GAAP)** | **126** | **138** | **(12)** | **-8.4%** | **456** | **455** | **1** | **0.3%** |
| **Total Revenue (GAAP)** | **1,106** | **1,152** | **(46)** | **-4.0%** | **3,902** | **4,409** | **(506)** | **-11.5%** |
| FX Impact | - | 18 | (18) | n/a | - | (39) | 39 | n/a |
| Divestitures and Related Actions | - | (36) | 36 | n/a | - | (109) | 109 | n/a |
| **Total Adjusted Revenue (Non-GAAP)** | **1,106** | **1,134** | **(28)** | **-2.5%** | **3,902** | **4,261** | **(359)** | **-8.4%** |

Note: Differences may occur due to rounding.

# YoY Gross Profit Variance for FX, Divestitures and Related Actions

## Reconciliation GAAP to non-GAAP ($Millions)

### Segment View

| $Millions | Q4-20 | Q4-19 | Variance F/(U) | Variance % | 2020 | 2019 | Variance F/(U) | Variance % |
|---|---|---|---|---|---|---|---|---|
| **Eurasia Banking Gross Profit (Non-GAAP)** | **123** | **127** | **(4)** | **-3.2%** | **428** | **476** | **(48)** | **-10.2%** |
| FX Impact | - | 6 | (6) | n/a | - | 2 | (2) | n/a |
| Divestitures and Related Actions | - | (8) | 8 | n/a | - | (20) | 20 | n/a |
| **Eurasia Banking Adjusted Gross Profit (Non-GAAP)** | **123** | **124** | **(1)** | **-0.9%** | **428** | **457** | **(30)** | **-6.5%** |
| **Americas Banking Gross Profit (Non-GAAP)** | **100** | **108** | **(8)** | **-7.3%** | **415** | **385** | **30** | **7.7%** |
| FX Impact | - | (3) | 3 | n/a | - | (11) | 11 | n/a |
| Divestitures and Related Actions | - | - | - | n/a | - | 0 | (0) | n/a |
| **Americas Banking Adjusted Gross Profit (Non-** | **100** | **105** | **(5)** | **-5.1%** | **415** | **375** | **40** | **10.8%** |
| **Retail Gross Profit (Non-GAAP)** | **73** | **68** | **5** | **7.2%** | **256** | **248** | **8** | **3.4%** |
| FX Impact | - | 3 | (3) | n/a | - | 1 | (1) | n/a |
| Divestitures and Related Actions | - | - | - | n/a | - | - | - | n/a |
| **Retail Adjusted Gross Profit (Non-GAAP)** | **73** | **71** | **2** | **2.8%** | **256** | **249** | **7** | **2.8%** |

### Business Line

| $Millions | Q4-20 | Q4-19 | Variance F/(U) | Variance % | 2020 | 2019 | Variance F/(U) | Variance % |
|---|---|---|---|---|---|---|---|---|
| **Services Gross Profit (Non-GAAP)** | **155** | **160** | **(6)** | **-3.5%** | **580** | **590** | **(10)** | **-1.7%** |
| FX Impact | - | 2 | (2) | n/a | - | (3) | 3 | n/a |
| Divestitures and Related Actions | - | (6) | 6 | n/a | - | (14) | 14 | n/a |
| **Services Adj. Gross Profit (Non-GAAP)** | **155** | **156** | **(1)** | **-0.7%** | **580** | **573** | **7** | **1.3%** |
| **Products Gross Profit (Non-GAAP)** | **88** | **97** | **(9)** | **-9.4%** | **312** | **359** | **(48)** | **-13.3%** |
| FX Impact | - | 5 | (5) | n/a | - | 2 | (2) | n/a |
| Divestitures and Related Actions | - | (2) | 2 | n/a | - | (5) | 5 | n/a |
| **Products Adj. Gross Profit (Non-GAAP)** | **88** | **99** | **(12)** | **-11.8%** | **312** | **357** | **(45)** | **-12.6%** |
| **Software Gross Profit (Non-GAAP)** | **54** | **46** | **8** | **17.1%** | **207** | **159** | **48** | **30.2%** |
| FX Impact | - | (0) | 0 | n/a | - | (3) | 3 | n/a |
| Divestitures and Related Actions | - | 0 | (0) | n/a | - | (1) | 1 | n/a |
| **Software Adj. Gross Profit (Non-GAAP)** | **54** | **46** | **8** | **17.4%** | **207** | **155** | **52** | **33.7%** |
| **Total Gross Profit (Non-GAAP)** | **296** | **303** | **(7)** | **-2.3%** | **1,099** | **1,109** | **(10)** | **-0.9%** |
| FX Impact | - | 6 | (6) | n/a | - | (4) | 4 | n/a |
| Divestitures and Related Actions | - | (8) | 8 | n/a | - | (20) | 20 | n/a |
| **Total Adjusted Gross Profit** | **296** | **301** | **(5)** | **-1.6%** | **1,099** | **1,085** | **15** | **1.4%** |

Note: Differences may occur due to rounding.

# Gross Profit and Operating Expense Reconciliation

## Reconciliation GAAP to non-GAAP ($Millions)

### Gross Profit – Segment View

| | Q1-19 | Q2-19 | Q3-19 | Q4-19 | 2019 | Q1-20 | Q2-20 | Q3-20 | Q4-20 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (GAAP)** | **$1,028** | **$1,150** | **$1,079** | **$1,152** | **$4,409** | **$911** | **$890** | **$995** | **$1,106** | **$3,902** |
| Americas Banking | 363 | 420 | 404 | 418 | 1,604 | 345 | 331 | 368 | 375 | 1,419 |
| Eurasia Banking | 383 | 430 | 405 | 432 | 1,650 | 311 | 338 | 364 | 419 | 1,431 |
| Retail | 283 | 300 | 270 | 302 | 1,155 | 256 | 221 | 263 | 312 | 1,052 |
| **Total Gross Profit (GAAP)** | **$246** | **$279** | **$271** | **$270** | **$1,067** | **$227** | **$248** | **$284** | **$277** | **$1,035** |
| Americas Banking | 82 | 97 | 99 | 108 | 385 | 104 | 107 | 103 | 100 | 415 |
| Eurasia Banking | 109 | 121 | 118 | 127 | 476 | 90 | 102 | 112 | 123 | 428 |
| Retail | 56 | 66 | 58 | 68 | 248 | 60 | 55 | 69 | 73 | 256 |
| Total Restructuring and DN Now Transformation Expenses | (2) | (3) | (2) | (3) | (10) | (1) | (2) | (3) | (16) | (22) |
| Total Non-Routine Expense | 0 | (1) | (2) | (29) | (32) | (26) | (15) | 3 | (3) | (42) |
| Total Restructuring, DN Now Transformation & Non-Routine Expense | (1) | (4) | (4) | (33) | (42) | (27) | (17) | (1) | (19) | (64) |
| **Total Gross Profit (non-GAAP)** | **$247** | **$283** | **$276** | **$303** | **$1,109** | **$254** | **$264** | **$285** | **$296** | **$1,099** |
| **Total Gross Margin (Non- GAAP)** | **24.1%** | **24.6%** | **25.5%** | **26.3%** | **25.2%** | **27.9%** | **29.7%** | **28.6%** | **26.8%** | **28.2%** |
| Americas Banking | 22.7% | 23.0% | 24.5% | 25.8% | 24.0% | 30.3% | 32.4% | 28.1% | 26.7% | 29.2% |
| Eurasia Banking | 28.5% | 28.1% | 29.2% | 29.5% | 28.8% | 28.9% | 30.3% | 30.8% | 29.4% | 29.9% |
| Retail | 19.7% | 22.0% | 21.6% | 22.5% | 21.5% | 23.4% | 24.7% | 26.3% | 23.3% | 24.4% |

### Operating Expense

| | Q1-19 | Q2-19 | Q3-19 | Q4-19 | 2019 | Q1-20 | Q2-20 | Q3-20 | Q4-20 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (GAAP)** | **$1,028** | **$1,150** | **$1,079** | **$1,152** | **$4,409** | **$911** | **$890** | **$995** | **$1,106** | **$3,902** |
| **Total Operating Expense (GAAP)** | **$271** | **$272** | **$248** | **$303** | **$1,094** | **$253** | **$227** | **$260** | **$271** | **$1,011** |
| Selling and administrative expense | 184 | 172 | 173 | 169 | 697 | 160 | 136 | 165 | 155 | 617 |
| Research, development and engineering expense | 37 | 36 | 37 | 33 | 142 | 31 | 30 | 30 | 36 | 126 |
| Other | 0 | 1 | (0) | 1 | 1 | (0) | 0 | 0 | 0 | 0 |
| Total Restructuring and DN Now Transformation Expenses | 14 | 26 | 18 | 48 | 105 | 41 | 25 | 39 | 55 | 160 |
| Total Non-Routine Expense | 37 | 37 | 21 | 53 | 148 | 21 | 36 | 26 | 24 | 107 |
| Total Restructuring, DN Now Transformation & Non-Routine Expense | 50 | 63 | 39 | 100 | 253 | 62 | 61 | 65 | 79 | 267 |
| **Total Operating Expense (non-GAAP)** | **$220** | **$209** | **$209** | **$203** | **$841** | **$191** | **$166** | **$195** | **$191** | **$744** |
| Non-GAAP operating expense as a % of GAAP Revenue | 21.4% | 18.2% | 19.4% | 17.6% | 19.1% | 21.0% | 18.6% | 19.6% | 17.3% | 19.1% |
| **Operating Profit (non-GAAP)** | **$27** | **$74** | **$66** | **$100** | **$268** | **$63** | **$98** | **$90** | **105** | **$355** |
| Non-GAAP Operating Profit Margin | 2.6% | 6.4% | 6.2% | 8.7% | 6.1% | 6.9% | 11.0% | 9.0% | 9.5% | 9.1% |

Note: Differences may occur due to rounding.

# Adjusted EBITDA
## Reconciliation GAAP to non-GAAP ($Millions)

### Adjusted EBITDA

| $Millions | Q1-18 | Q2-18 | Q3-18 | Q4-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | Q1-20 | Q2-20 | Q3-20 | Q4-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (GAAP)** | $1,064 | $1,106 | $1,119 | $1,290 | $1,028 | $1,150 | $1,079 | $1,152 | $911 | $890 | $995 | $1,106 |
| **Net income (loss)** | ($66) | ($116) | ($220) | ($128) | ($132) | ($55) | ($35) | ($123) | ($93) | ($23) | ($101) | ($50) |
| Income tax (benefit) expense | 19 | (30) | 45 | 3 | 60 | 9 | 5 | 42 | 20 | (3) | (22) | $4 |
| Interest income | (4) | (2) | (2) | (1) | (3) | (2) | (2) | (2) | (1) | (2) | (2) | ($1) |
| Interest expense | 26 | 28 | 45 | 55 | 51 | 50 | 52 | 50 | 48 | 48 | 144 | $52 |
| Depreciation & amortization[1] | 62 | 58 | 58 | 57 | 53 | 52 | 49 | 49 | 49 | 46 | 43 | $42 |
| **EBITDA** | $38 | ($61) | ($74) | ($14) | $30 | $54 | $70 | $16 | $23 | $65 | $63 | $46 |
| Share-based compensation | 14 | 7 | 7 | 9 | 9 | 5 | 5 | 5 | 4 | 4 | 3 | $4 |
| Foreign exchange gain (loss), net | 1 | 3 | (2) | 0 | (3) | 5 | 2 | 1 | (0) | 8 | 2 | $5 |
| Miscellaneous, net | 0 | 3 | 2 | (0) | 1 | 0 | 1 | 1 | 1 | (7) | 1 | ($3) |
| Equity in earnings (loss) of unconsolidated subsidiaries, net | (1) | (1) | (3) | 18 | 0 | 0 | (1) | (1) | 0 | 0 | (0) | ($1) |
| Restructuring & DN Now Transformation Expenses[2] | 4 | 2 | 41 | 32 | 15 | 28 | 20 | 49 | 36 | 23 | 39 | $69 |
| Non-routine expenses, net[3] | 6 | 88 | 123 | 78 | 12 | 14 | 0 | 60 | 26 | 29 | 4 | $8 |
| **Adjusted EBITDA** | $62 | $41 | $93 | $124 | $65 | $107 | $98 | $131 | $89 | $122 | $113 | $128 |
| Adjusted EBITDA % GAAP revenue | 5.8% | 3.7% | 8.3% | 9.6% | 6.3% | 9.3% | 9.1% | 11.4% | 9.8% | 13.7% | 11.4% | 11.6% |

### Trailing 12-month Reconciliation

| $Millions | Q1-19 | Q2-19 | Q3-19 | Q4-19 | Q1-20 | Q2-20 | Q3-20 | Q4-20 |
|---|---|---|---|---|---|---|---|---|
| **Revenue (GAAP)** | $4,543 | $4,587 | $4,547 | $4,409 | $4,291 | $4,032 | $3,948 | $3,902.3 |
| **Net income (loss)** | ($595) | ($534) | ($350) | ($345) | ($306) | ($274) | ($340) | ($268) |
| Income tax (benefit) expense | 78 | 117 | 77 | 117 | 76 | 64 | 37 | ($1) |
| Interest income | (8) | (8) | (8) | (9) | (8) | (8) | (8) | ($7) |
| Interest expense | 180 | 201 | 209 | 203 | 200 | 198 | 290 | $293 |
| Depreciation & amortization[1] | 226 | 220 | 212 | 204 | 200 | 194 | 188 | $180 |
| **EBITDA** | ($119) | ($4) | $140 | $170 | $163 | $174 | $167 | $198 |
| Share-based compensation | 32 | 30 | 29 | 24 | 19 | 17 | $16 | $15 |
| Foreign exchange gain (loss), net | (2) | 0 | 4 | 5 | 7 | 10 | $11 | $14 |
| Miscellaneous, net | 5 | 3 | 3 | 4 | 3 | (4) | ($3) | ($7) |
| Equity in earnings (loss) of unconsolidated subsidiaries, net | 15 | 16 | 18 | (1) | (1) | (2) | ($1) | ($1) |
| Restructuring & DN Now Transformation Expenses[2] | 91 | 117 | 96 | 113 | 134 | 128 | $147 | $167 |
| Non-routine expenses, net[3] | 301 | 227 | 104 | 86 | 101 | 116 | $120 | $67 |
| **Adjusted EBITDA** | $323 | $389 | $394 | $401 | $425 | $441 | $456 | $453 |
| Adjusted EBITDA % GAAP revenue | 7.1% | 8.5% | 8.7% | 9.1% | 9.9% | 10.9% | 11.5% | 11.6% |

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 & amortization.
2) Excludes accelerated ERP depreciation, included in depreciation and amortization
3) Net non-routine expenses excludes the Wincor Nixdorf purchase accounting adjustments, which are included in depreciation and amortization.

Note: Differences may occur due to rounding.

# Free Cash Flow
## Reconciliation GAAP to non-GAAP ($Millions)

### Free Cash Flow Reconciliation

| | Q1-19 | Q2-19 | Q3-19 | Q4-19 | 2019 | Q1-20 | Q2-20 | Q3-20 | Q4-20 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net cash provided (used) by operating activities (GAAP measure) | ($57) | ($11) | $75 | $128 | $136 | ($78) | ($90) | ($29) | $215 | $18 |
| Excluding the impact of changes in cash of assets held for sale and the use of cash for M&A | 12 | 3 | 3 | (4) | 15 | 23 | 5 | 10 | (13) | 25 |
| Excluding the use of cash for the settlement of foreign exchange derivative instruments | (1) | 5 | 5 | (0) | 8 | 3 | 16 | 13 | 1 | 32 |
| Excluding the termination of certain interest rate swaps due to debt refinancing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 4 | 10 |
| Proceeds from the surrender of company-owned life insurance policies | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 | 0 | 16 |
| Capital expenditures | (15) | (6) | (10) | (13) | (43) | (5) | (3) | (3) | (15) | (27) |
| Capitalized software development | (6) | (6) | (6) | (5) | (23) | (5) | (4) | (3) | (5) | (17) |
| **Free cash flow (use) (non-GAAP measure)** | **($66)** | **($15)** | **$68** | **$106** | **$93** | **($63)** | **($68)** | **$2** | **$186** | **$57** |

### Trailing 12-month Free Cash Flow Reconciliation

| | Q1-19 | Q2-19 | Q3-19 | Q4-19 | Q1-20 | Q2-20 | Q3-20 | Q4-20 |
|---|---|---|---|---|---|---|---|---|
| Net cash provided (used) by operating activities (GAAP measure) | ($19) | $85 | $275 | $136 | $115 | $36 | ($68) | $18 |
| Excluding the impact of changes in cash of assets held for sale and the use of cash for M&A | 12 | 16 | 19 | 15 | 25 | 27 | 34 | 25 |
| Excluding the use of cash for the settlement of foreign exchange derivative instruments | (1) | 4 | 9 | 8 | 12 | 23 | 31 | 32 |
| Excluding the termination of certain interest rate swaps due to debt refinancing | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 10 |
| Proceeds from the surrender of company-owned life insurance policies | 0 | 0 | 0 | 0 | 0 | 8 | 16 | 16 |
| Capital expenditures | (53) | (48) | (48) | (43) | (34) | (31) | (25) | (27) |
| Capitalized software development | (28) | (25) | (25) | (23) | (22) | (19) | (17) | (17) |
| **Free cash flow (use) (non-GAAP measure)** | **($88)** | **$31** | **$230** | **$93** | **$96** | **$43** | **($23)** | **$57** |

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 research and 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. 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 and Net Debt

## Reconciliation GAAP to non-GAAP ($Millions)

### Return on Invested Capital (ROIC)

| | 2019 | 2020 |
|---|---|---|
| Revenue | 4,409 | 3,902 |
| Net Operating Profit after Tax (NOPAT)[1]: | | |
| Non-GAAP operating profit [1] | 268 | 355 |
| Est. effective tax rate of 30% | 80 | 107 |
| NOPAT [1] | 188 | 249 |
| Invested Capital | | |
| Cash and short-term investments | (291) | (362) |
| Debt | 2,141 | 2,346 |
| Leases | 172 | 154 |
| Pension liability | 265 | 222 |
| Redeemable noncontrolling interest | 21 | 19 |
| Equity | (506) | (832) |
| | 1,802 | 1,548 |
| Average invested capital | | 1,675 |
| **Return on Invested Capital (ROIC)** | | **15%** |

### Net Debt

| $ Millions | 12/31/19 | 12/31/20 |
|---|---|---|
| Cash, cash equivalents, restricted cash and short term investments (GAAP Measure) | $291 | $362 |
| Cash included in assets held for sale | 97 | 3 |
| Debt instruments | (2,141) | (2,346) |
| **Net debt (non-GAAP measure)** | **($1,753)** | **($1,982)** |

1) Non-GAAP metric

2) Return on invested capital (ROIC) is 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.