

# 3rd Quarter FY 2021 Earnings Presentation

**February 4, 2021**

**“new DXC”**

# 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 revenues in constant currency, organic revenues, earnings before interest and taxes (“EBIT”), EBIT margin, adjusted EBIT, adjusted EBIT margin, non-GAAP income before income taxes, non-GAAP net income and non-GAAP diluted EPS, and adjusted free cash flow.

We present these non-GAAP financial measures to provide investors with meaningful supplemental financial information, in addition to the financial information presented on a GAAP 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 diluted non-GAAP EPS targets.

Non-GAAP financial measures exclude certain items from GAAP results which DXC management believes are not indicative of operating performance such as the amortization of acquired intangible assets and transaction, separation, and integration-related costs. Incremental amortization of intangible assets acquired through business combinations may result in a significant difference in period over period amortization expense on a GAAP basis. We exclude amortization of certain acquired intangible assets as these non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Although DXC management excludes amortization of acquired intangible assets, primarily customer related intangible assets from its non-GAAP expenses, we believe that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and support revenue generation. Any future transactions may result in a change to the acquired intangible asset balances and associated amortization expense.

There are limitations to the use of the non-GAAP financial measures presented in this presentation. One of the limitations is that they do not reflect complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Additionally, other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes between companies.

Selected references are made on a “constant currency basis” (“cc”) so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby providing comparisons of operating performance from period to period. In addition, references are made to revenues on an “organic basis” to exclude the impacts of acquisitions and divestitures from “constant currency basis” financial results, thereby providing comparisons of operating performance from period to period of the business that we have owned during all periods presented. Revenues on a “constant currency basis” and “organic constant currency basis” are non-GAAP financial 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.

For a reconciliation of GAAP to non-GAAP financial measures, see tables at the end of this presentation.

# 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. Furthermore, many of these risks and uncertainties are currently amplified by and may continue to be amplified by or may, in the future, be amplified by, the coronavirus disease 2019 (“COVID-19”) pandemic and the impact of varying private and governmental responses that affect our customers, employees, vendors and the economies and communities where they operate. For a written description of these factors, see the section titled “Risk Factors” in DXC’s Annual Report on Form 10-K for the fiscal year ended March 31, 2020, DXC’s Quarterly Report on Form 10-Q for the quarters ended June 30, 2020 and September 30, 2020, and any updating information in subsequent SEC filings including DXC’s upcoming Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2020.

No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date they are made. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events except as required by law.

# Agenda for Today

- 1 Overview of Q3 FY21 Results
- 2 Progress on Our Transformation Journey
- 3 Q3 FY21 Financial Results and Q4 Guidance
- 4 Closing Remarks

# Continued Strong Performance in Q3

## Q3 FY21 – Key Metrics and Drivers

Revenues

**\$4.29B**

Strong progress delivering quarter-on-quarter revenue stabilization

Adjusted EBIT  
Margin <sup>(1)</sup>

**7.0%**

Sequential improvement driven by effective cost optimization

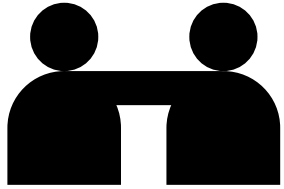
Book-to-Bill

**1.13x**

Continued success in bringing the “new DXC” to the market

<sup>(1)</sup> This is a non-GAAP measure, and is reconciled on Slide 26 of this presentation

# Transformation Journey

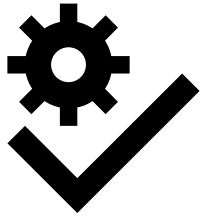


## Focus on Customers

### Proof points:

- Focus on customers continues to pay off
- Stabilizing revenues sequentially
- Delivering for customers, leading to more work from them
- Customer success stories giving us confidence in revenue stabilization

# Transformation Journey



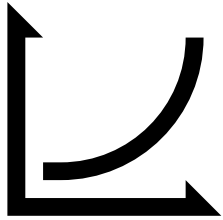
## Optimize Costs

### Proof points:

- Continued progress on cost optimization program
- On track to achieve ~\$550 million of cost savings in FY21
- Cost optimization program was driver of Q3 adjusted EBIT margin <sup>(1)</sup> of 7.0%
- Expect to continue expanding margins in Q4 sequentially

<sup>(1)</sup> This is a non-GAAP measure, and is reconciled on Slide 26 of this presentation

# Transformation Journey



## Seize the Market Opportunity

### Proof points:

- Cross-selling to existing accounts and winning work with new customers
- Book-to-bill of 1.13x in Q3 – third quarter in a row with >1x book-to-bill
- 55% of Q3 bookings were new work and 45% were renewals
- Encouraged by customer success stories
- Expect another quarter with a book-to-bill of 1x or greater in Q4



# Finance Focus Areas

## Demonstrate True Earnings Power

- Focus on free cash flow
- Reducing spend in areas such as restructuring, CapEx, excess facilities and overhead
- Started providing organic revenue this quarter

## Disciplined Capital Deployment Program

- Maximize the value creation of our free cash flow engine
- Carefully evaluate the returns associated with capital deployment alternatives

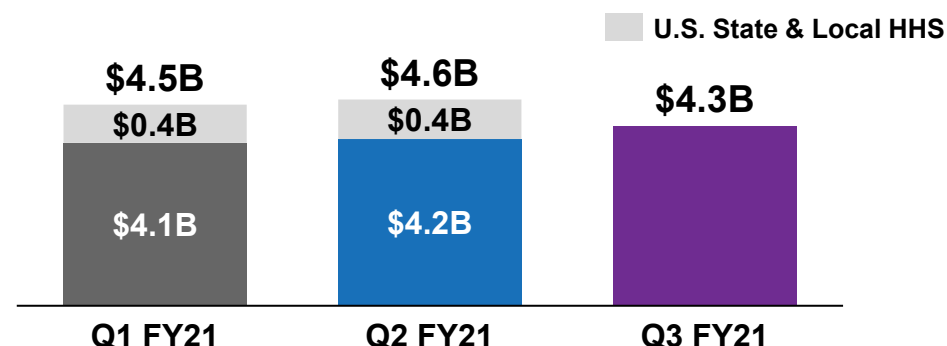
## Improved Financial Visibility

- Committed to providing annual guidance and longer-term expectations on our next earnings call
- Hold an investor day event to introduce you to the leadership team

# Quarterly Results

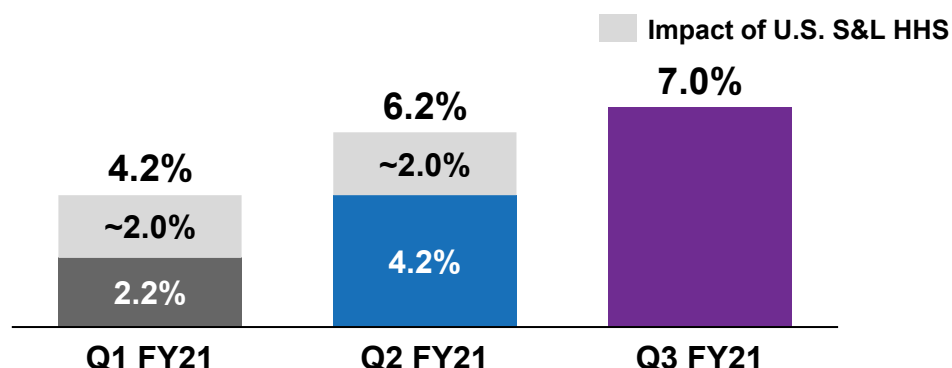
## Commentary

### Revenue



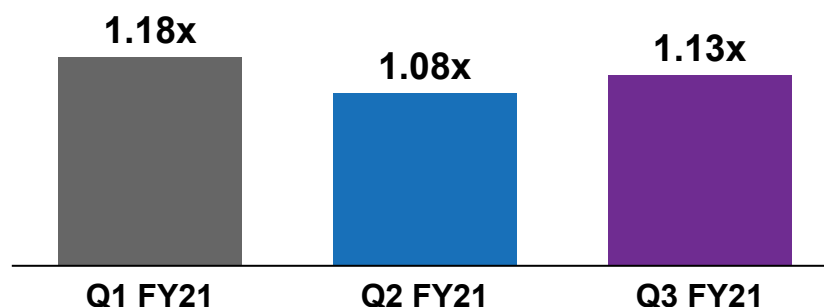
- Exceeded top end of revenue guidance
- Excluding the impact of the HHS sale, **revenue increased 3.1% on a sequential basis, up 1.7% in constant currency**
- Organic <sup>(1)</sup> revenues declined 10.5% year-over-year

### Adjusted EBIT Margin <sup>(2)</sup>



- Sequential margin expansion of 80 bps despite ~200 bps headwind from sale of U.S. State & Local HHS business
- Cost optimization program driver of adjusted EBIT margin <sup>(2)</sup>
- Non-GAAP diluted EPS <sup>(3)</sup> for the quarter of \$0.84**
- Using a normalized tax rate of 30%, non-GAAP diluted EPS would have been \$0.65**

### Book-to-Bill



- Third quarter in a row with >1x book-to-bill**
- Cross-selling to existing accounts
- Winning work with new customers

<sup>(1)</sup> Organic defined on Slide 32 of this presentation

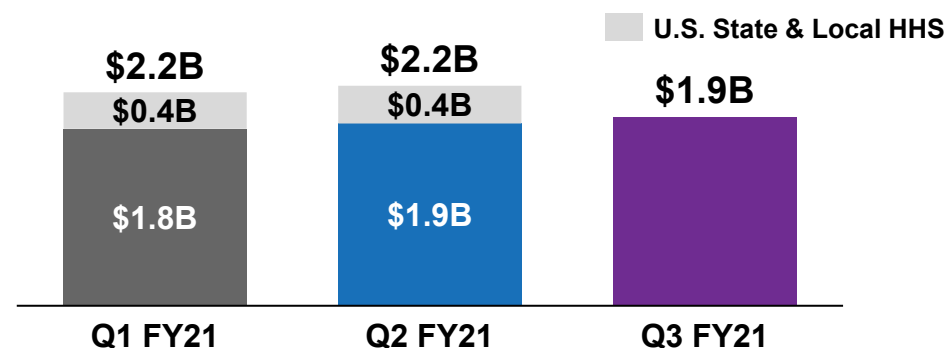
<sup>(2)</sup> This is a non-GAAP measure and is reconciled on Slide 26 of this presentation

<sup>(3)</sup> This is a non-GAAP measure and is reconciled on Slide 24 of this presentation

# Global Business Services (GBS)

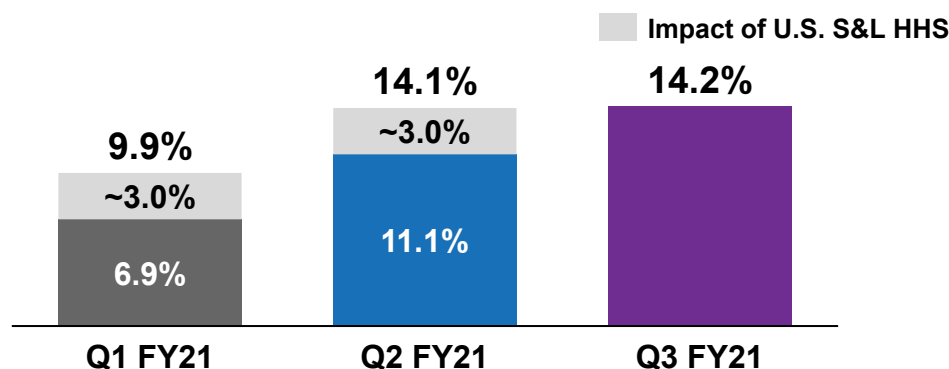
## Commentary

### Revenue



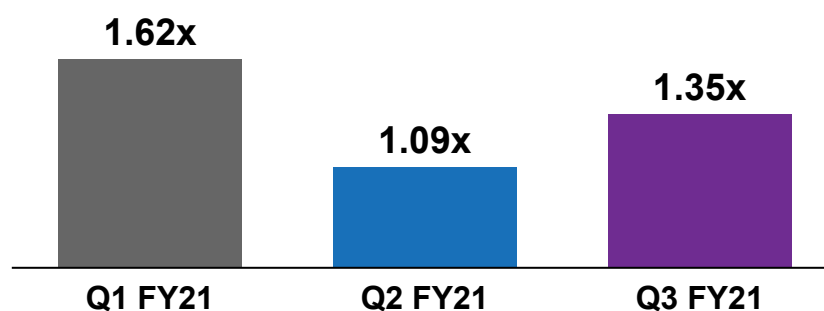
- Excluding U.S. State & Local HHS sale, **revenue increased 3.4%** on a sequential basis, **up 2.2% in constant currency**
- Organic <sup>(1)</sup> revenues declined 7.0% year-over-year
- Growth driven by top two layers of the Enterprise Technology Stack – Analytics and Engineering, and Applications

### GBS Profit Margin <sup>(1)</sup>



- Sequential margin expansion of 10 bps despite ~300 bps headwind from sale of HHS business

### Book-to-Bill



- Third quarter in a row **with >1x book-to-bill**

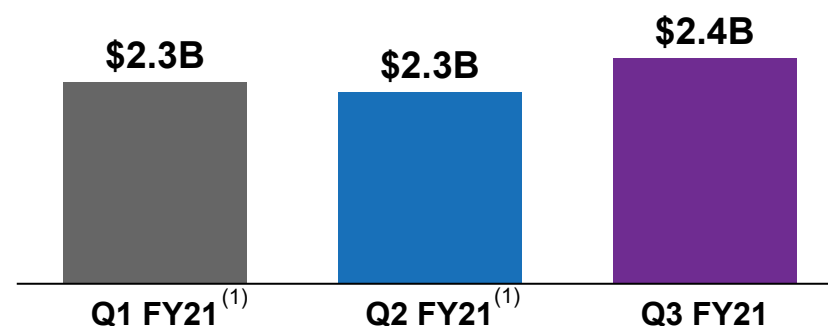
<sup>(1)</sup> Defined on Slide 32 of this presentation

Note: The summation of numbers may not equal the total number due to rounding

# Global Infrastructure Services (GIS)

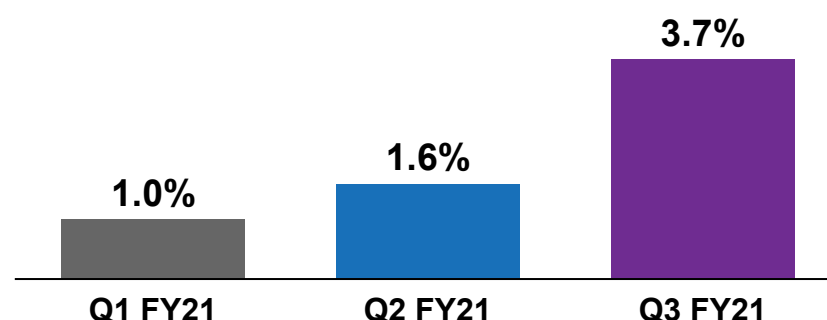
## Commentary

### Revenue



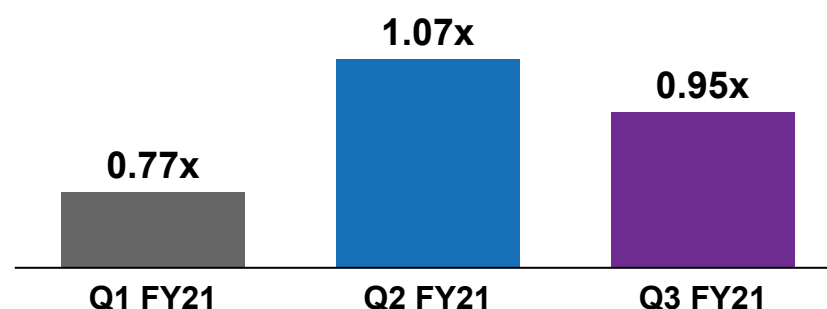
- Excluding HHS sale, **revenue increased 2.8%** on a sequential basis in Q3, **up 1.3% in constant currency**
- Organic <sup>(2)</sup> revenues declined 13.2% year-over-year
- Growth driven by strength in Cloud and Security

### GIS Profit Margin <sup>(2)</sup>



- Sequential **margin expansion of 210 bps**

### Book-to-Bill

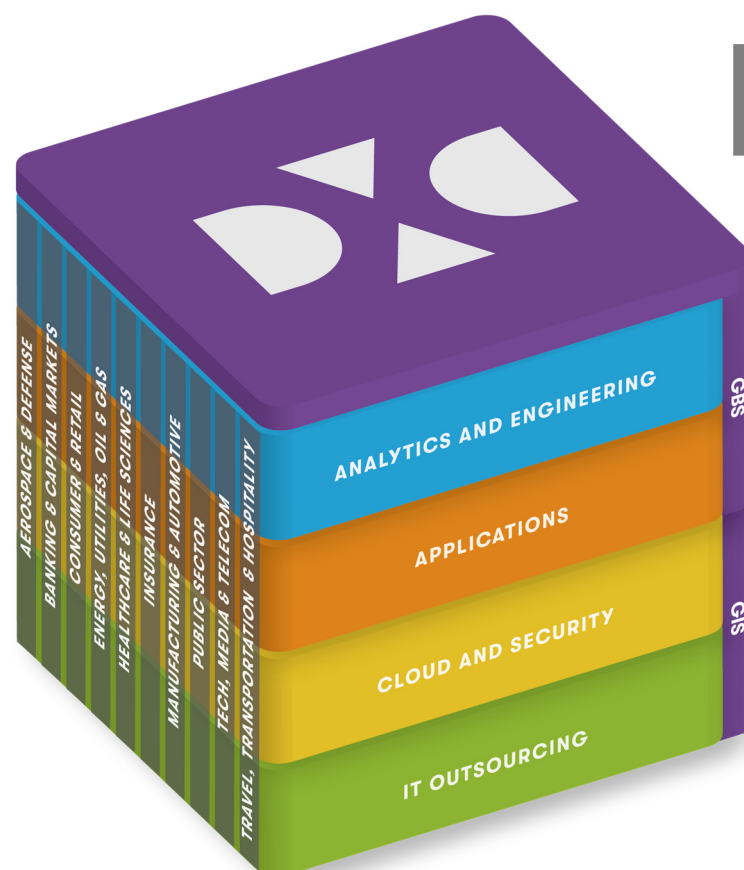


- Book-to-bill of 0.95x**

<sup>(1)</sup> GIS segment includes revenue of ~\$10 million in Q1 FY21 and ~10 million in Q2 FY21 from the U.S. State & Local HHS business

<sup>(2)</sup> Defined on Slide 32 of this presentation

# Enterprise Technology Stack – Q3 FY21 Performance



GBS: Global Business Services  
GIS: Global Infrastructure Services

	Q1 FY21		Q2 FY21		Q3 FY21	
	QtQ Growth	Book-to-Bill	QtQ Growth	Book-to-Bill	QtQ Growth	Book-to-Bill
Analytics and Engineering	(2.0%)	1.33x	4.0%	1.39x	4.6%	1.20x
Applications	(8.7%)	1.50x	(2.6%)	0.85x	2.6%	1.46x
Cloud and Security	(11.1%)	1.02x	2.8%	0.98x	4.7%	1.02x
IT Outsourcing	(5.2%)	0.58x	(4.7%)	1.31x	(1.8%)	0.96x
	(7.0%)		(1.8%)		1.6%	1.19x
Workplace & Horizontal BPS	(5.2%)	0.82x	(5.4%)	0.69x	2.6%	0.90x
Healthcare Software	Strategic Alternatives – QtQ: Q1 FY21 4.5%; Q2 FY21 3.9%; Q3 FY21 (3.7%) <sup>(1)</sup>					
	(5.7%)		(1.9%)		1.7% <sup>(1)</sup>	1.13x

Transformation Journey  
IN PROGRESS

Transformation Journey  
STARTED IN Q3 FY21

Note: Figures in the chart represent growth rates in constant currency, except for Book-to-Bill values  
<sup>(1)</sup> Q3 FY21 sequential growth rates are calculated by excluding U.S. State & Local HHS business from Q2 FY21

# Adjusted Free Cash Flow

(in millions)	Q3 FY21	YTD FY21
Net cash (used in) provided by operating activities	\$ (187)	\$ 404
Net cash provided by investing activities <sup>(1)</sup>	4,734	4,500
Acquisitions, net of cash acquired	—	10
Business dispositions	(4,942)	(4,942)
Payments on capital leases and other long-term asset financings	(207)	(694)
Payments on transaction, separation and integration-related costs	135	304
Payments on restructuring costs	149	309
<b>Adjusted free cash flow</b>	<b>\$ (318)</b>	<b>\$ (109)</b>

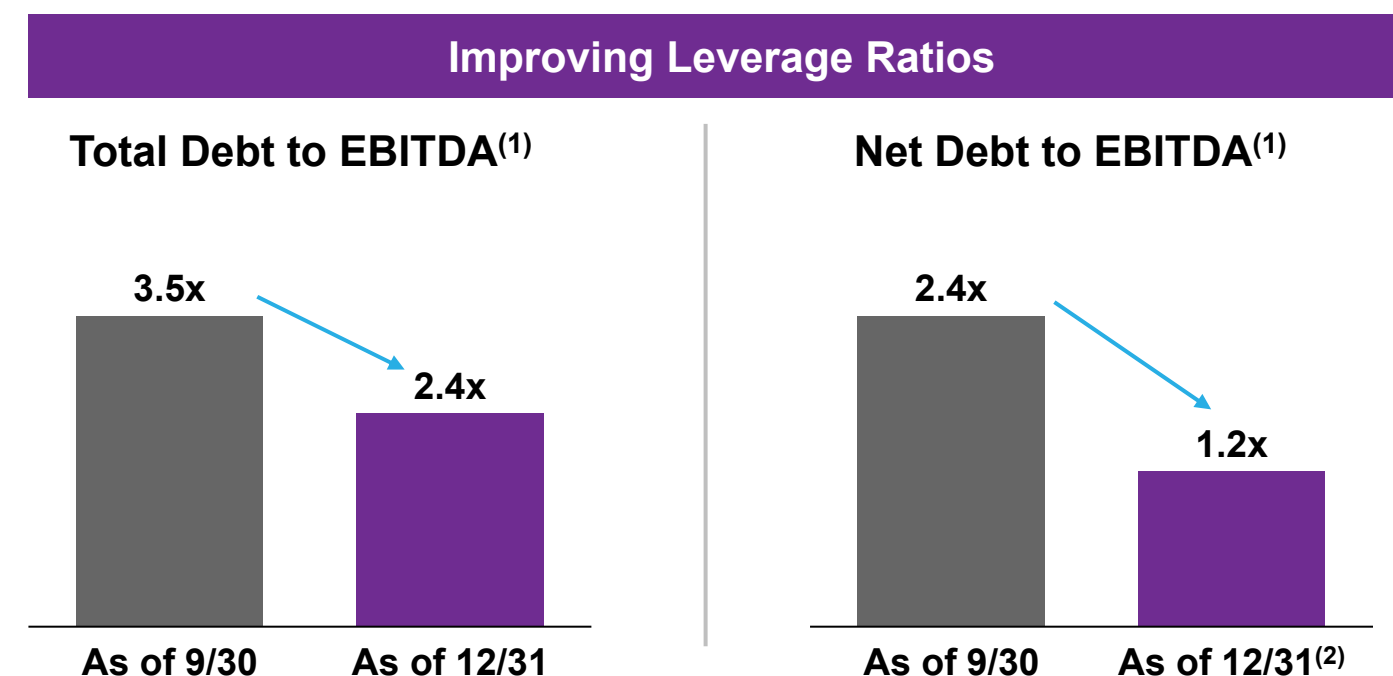
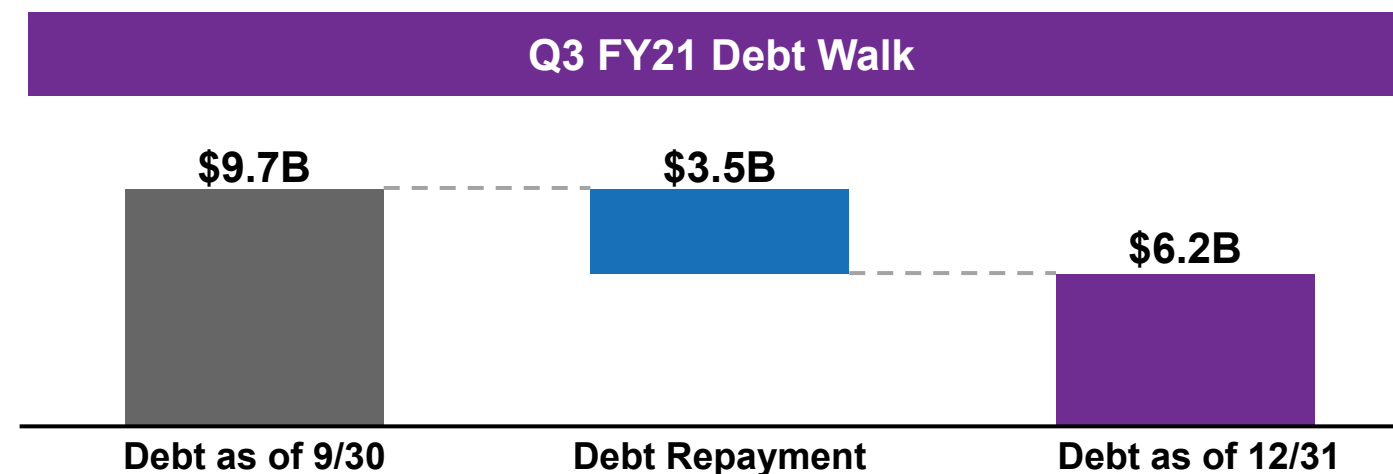
<sup>(1)</sup> Excludes short-term investments

## Adjusted free cash flow impacted by two large items that are not expected to reoccur:

- \$332 million associated with sale of U.S. State & Local HHS business (repurchase of securitized receivables and purchase of software license)
- ~\$400M associated with normalizing payments to our suppliers and partners in light of COVID-19 and our stronger balance sheet position

# Strengthening the Balance Sheet

- Completed sale of U.S. State & Local HHS
- \$5.0B in gross proceeds
  - \$3.5B in net proceeds used to pay down debt
- \$4.0B undrawn credit facility as of 12/31/2020
  - Full capacity available to DXC
- \$6.2B in debt and cash balance of \$3.9B
  - ~\$900M earmarked for taxes associated with the sale of U.S. State & Local HHS
- Leverage ratios continue to improve
  - Expected to further improve in FY21 Q4 with the sale of our Healthcare Provider Software business



<sup>(1)</sup> EBITDA is on a last-twelve-month basis

<sup>(2)</sup> Net debt for 12/31 is calculated by adjusting cash balance as of 12/31 for taxes earmarked for sale of U.S. State & Local HHS

# Q4 FY21 Outlook

**Revenue**

**\$4.25B – \$4.3B**

**Adjusted EBIT Margin**

**7.0% – 7.4%**

**Non-GAAP Diluted EPS**

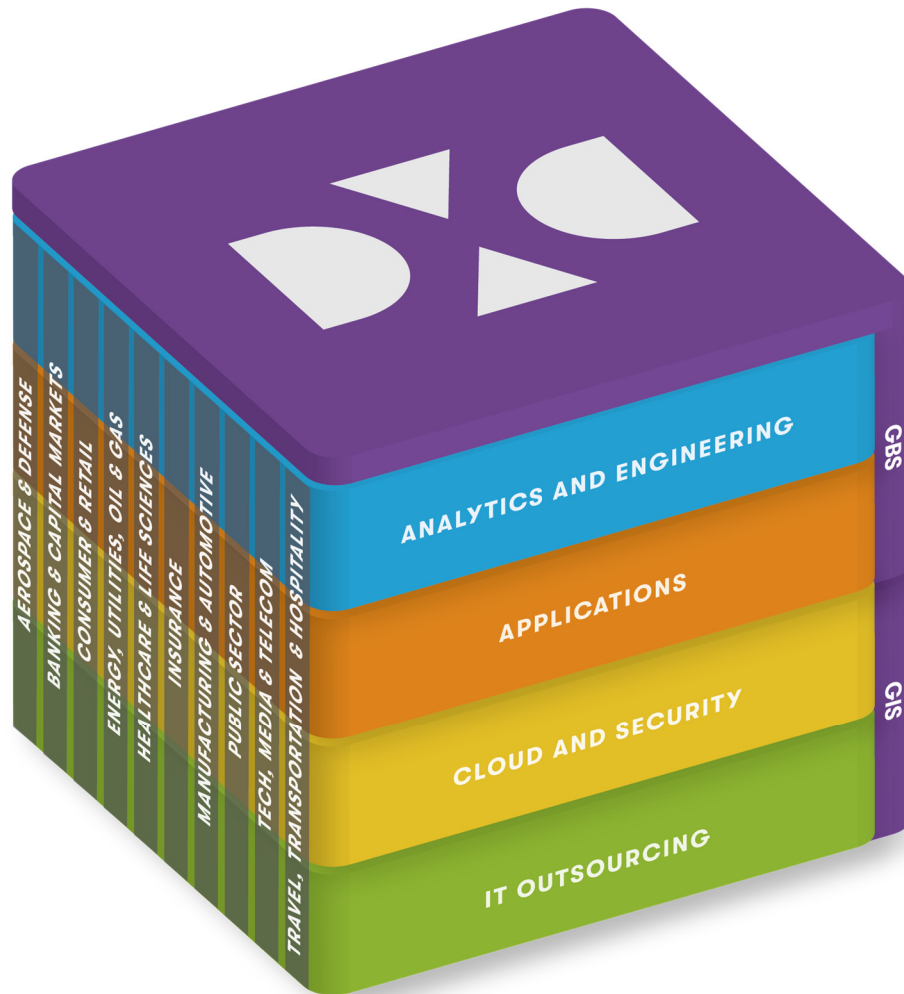
**\$0.65 – \$0.70**

Notes:

- Q4 outlook for adjusted EBIT margin and non-GAAP diluted EPS excludes restructuring costs, transaction, separation and integration-related costs, and amortization of acquired intangible assets.
- Non-GAAP diluted EPS is based on a 28% tax rate.
- The company is unable to reconcile the forward-looking adjusted EBIT margin and non-GAAP diluted EPS to the most directly comparable GAAP measures without unreasonable efforts because the company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. Such items may include restructuring costs, transaction, separation and integration-related costs, and amortization of acquired intangible assets. The unavailable information could have a significant impact on the company's GAAP financial results.



# Closing Remarks



GBS: Global Business Services  
GIS: Global Infrastructure Services

## Continued Positive Momentum

- Substantial progress in bringing the “new DXC” to the market
- Sequential revenue stabilization and margin expansion, book-to-bill of 1x
- On track to complete the sale of our Healthcare Provider Software business with expected net proceeds of ~\$450 million to be used to pay down debt
- Senior leadership team is now complete with two recent additions
- Focused on execution; expect positive momentum to continue in Q4

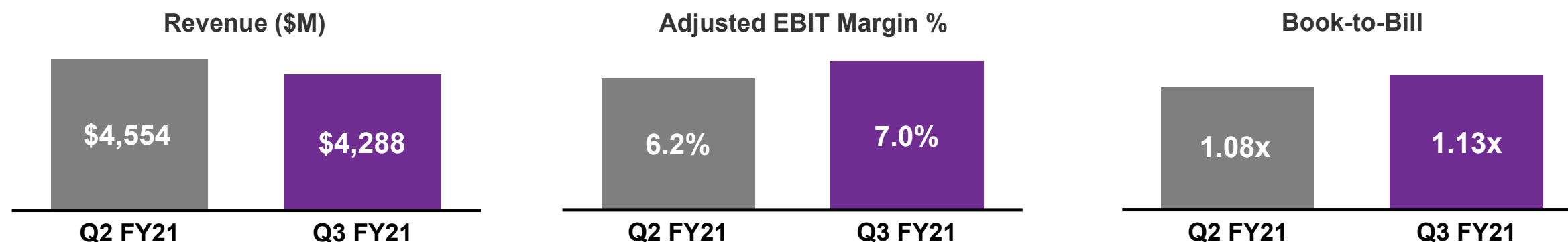
# 3rd Quarter FY 2021

## Supplemental Information

**“new DXC”**

# 3rd Quarter Results

	Q3 FY20	Q3 FY21	YTD FY20	YTD FY21
Revenue (\$M)	\$ 5,021	\$ 4,288	\$ 14,762	\$ 13,344
– YoY Growth – GAAP		(14.6%)		(9.6%)
– cc <sup>(1)</sup>		(16.9%)		(10.2%)
– organic <sup>(1)</sup>		(10.5%)		(10.5%)
– QtQ Growth – GAAP		(5.8%)		n.a.
– cc <sup>(1)</sup>		(7.1%)		n.a.
– cc <sup>(1)</sup> excl. U.S. S&L HHS		1.7%		n.a.
Adjusted EBIT (\$M) <sup>(2)</sup>	528	300	1,709	773
Adjusted EBIT Margin (%) <sup>(2)</sup>	10.5%	7.0%	11.6%	5.8%
Adjusted Net Income (\$M) <sup>(3)</sup>	328	221	1,162	441
Non-GAAP Diluted EPS <sup>(3)</sup>	\$ 1.25	\$ 0.84	\$ 4.38	\$ 1.69
Bookings (\$B)	\$ 5.3	\$ 4.9	\$ 13.3	\$ 15.1
Book-to-Bill	1.06x	1.13x	0.90x	1.13x



<sup>(1)</sup> Defined on Slide 32 of this presentation

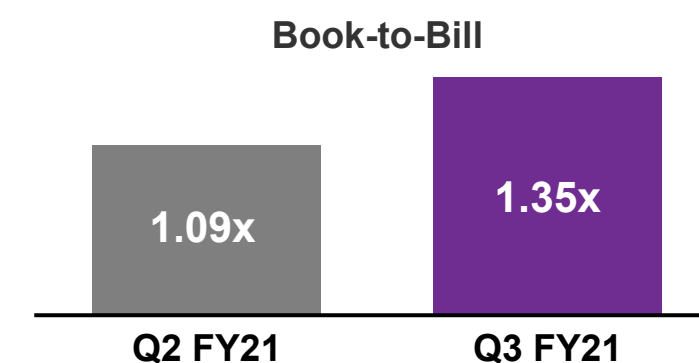
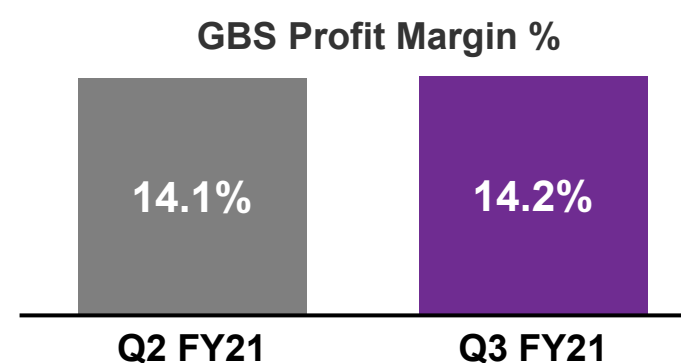
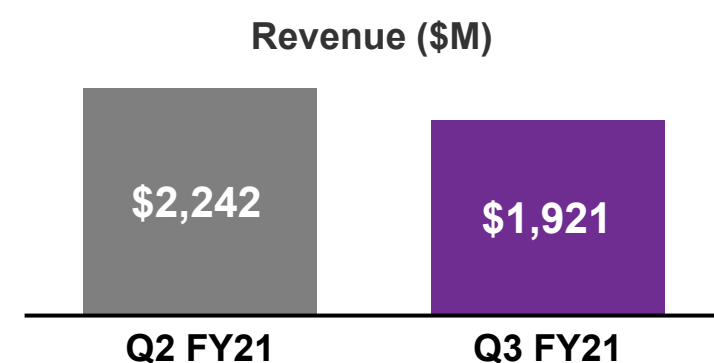
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<sup>(3)</sup> This is a non-GAAP measure and is reconciled on Slide 24 of this presentation

# Global Business Services (GBS)

	Q3 FY20	Q3 FY21
Revenue (\$M)	\$ 2,359	\$ 1,921
– YoY Growth – GAAP		(18.6%)
– cc <sup>(1)</sup>		(20.8%)
– organic <sup>(1)</sup>		(7.0%)
– QtQ Growth – GAAP		(14.3%)
– cc <sup>(1)</sup>		(15.4%)
– cc <sup>(1)</sup> excl. U.S. S&L HHS		2.2%
GBS Profit (\$M)	353	273
GBS Profit Margin (%)	15.0%	14.2%
Bookings (\$B)	\$ 2.5	\$ 2.7
Book-to-Bill	1.07x	1.35x

YTD FY20	YTD FY21
\$ 6,803	\$ 6,337
	(6.8%)
	(7.6%)
	(7.4%)
	n.a.
	n.a.
	n.a.
1,078	805
15.8%	12.7%
\$ 6.8	\$ 8.6
1.00x	1.35x

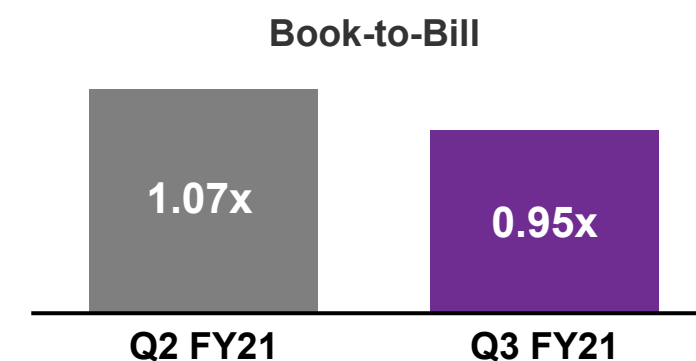
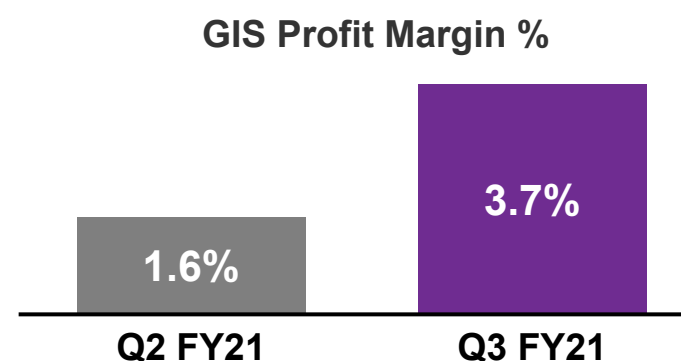
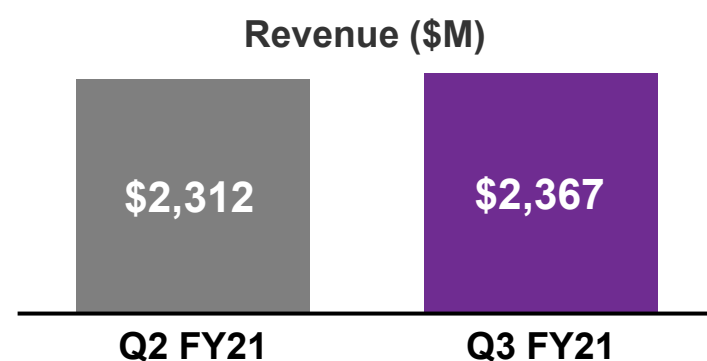


<sup>(1)</sup> Defined on Slide 32 of this presentation

# Global Infrastructure Services (GIS)

	Q3 FY20	Q3 FY21
Revenue (\$M)	\$ 2,662	\$ 2,367
– YoY Growth – GAAP		(11.1%)
– cc <sup>(1)</sup>		(13.5%)
– organic <sup>(1)</sup>		(13.2%)
– QtQ Growth – GAAP		2.4%
– cc <sup>(1)</sup>		0.9%
– cc <sup>(1)</sup> excl. U.S. S&L HHS		1.3%
GIS Profit (\$M)	232	88
GIS Profit Margin (%)	8.7%	3.7%
Bookings (\$B)	\$ 2.8	\$ 2.2
Book-to-Bill	1.06x	0.95x

YTD FY20	YTD FY21
\$ 7,959	\$ 7,007
	(12.0%)
	(12.5%)
	(12.6%)
	n.a.
	n.a.
	n.a.
815	147
10.2%	2.1%
\$ 6.5	\$ 6.5
0.82x	0.93x



<sup>(1)</sup> Defined on Slide 32 of this presentation

# Consolidated Statements of Operations

(preliminary and unaudited)

in millions, except per-share amounts	Q3 FY20	Q3 FY21	YTD FY20	YTD FY21
Revenue	\$ 5,021	\$ 4,288	\$ 14,762	\$ 13,344
Costs of services	3,827	3,333	11,128	10,525
Selling, general and administrative	518	517	1,514	1,595
Depreciation and amortization	479	475	1,416	1,492
Goodwill impairment losses	53	—	2,940	—
Restructuring costs	74	104	248	441
Interest expense	93	82	288	284
Interest income	(33)	(28)	(130)	(76)
Gain on dispositions of businesses	—	(2,046)	—	(2,046)
Gain on arbitration award	—	—	(632)	—
Other income, net	(117)	(127)	(344)	(318)
Total costs and expenses	4,894	2,310	16,428	11,897
Income (loss) before income taxes	127	1,978	(1,666)	1,447
Income tax expense	37	875	191	789
Net income (loss)	90	1,103	(1,857)	658
Less: net income attributable to non-controlling interest, net of tax	8	5	17	9
Net income (loss) attributable to DXC common stockholders	\$ 82	\$ 1,098	\$ (1,874)	\$ 649
Earnings (loss) per common share:				
Basic	\$ 0.32	\$ 4.32	\$ (7.20)	\$ 2.55
Diluted	\$ 0.32	\$ 4.29	\$ (7.20)	\$ 2.54
Cash dividend per common share	\$ 0.21	\$ —	\$ 0.63	\$ —
Weighted average common shares outstanding for:				
Basic EPS	255.09	254.32	260.24	254.03
Diluted EPS	256.05	255.75	260.24	255.20

# Organic Revenue Non-GAAP Reconciliation

(in millions)	3 Mos. Ended 12/31/2019			3 Mos. Ended 12/31/2020			YoY Growth (%)		
	GBS	GIS	Total	GBS	GIS	Total	GBS	GIS	Total
<b>Revenues</b>	<b>2,359</b>	<b>2,662</b>	<b>5,021</b>	<b>1,921</b>	<b>2,367</b>	<b>4,288</b>	<b>(18.6)%</b>	<b>(11.1)%</b>	<b>(14.6)%</b>
<i>Impact of foreign currency</i>	—	—	—	(53)	(65)	(118)	(2.2)%	(2.4)%	(2.3)%
<b>Revenues in constant currency<sup>(1)</sup></b>	<b>2,359</b>	<b>2,662</b>	<b>5,021</b>	<b>1,868</b>	<b>2,302</b>	<b>4,170</b>	<b>(20.8)%</b>	<b>(13.5)%</b>	<b>(16.9)%</b>
<i>Impact of acquisitions and divestitures</i>	(358)	(17)	(375)	(7)	(6)	(13)	13.8%	0.3%	6.4%
<b>Organic<sup>(1)</sup> revenues</b>	<b>2,001</b>	<b>2,645</b>	<b>4,646</b>	<b>1,861</b>	<b>2,296</b>	<b>4,157</b>	<b>(7.0)%</b>	<b>(13.2)%</b>	<b>(10.5)%</b>

(in millions)	9 Mos. Ended 12/31/2019			9 Mos. Ended 12/31/2020			YoY Growth (%)		
	GBS	GIS	Total	GBS	GIS	Total	GBS	GIS	Total
<b>Revenues</b>	<b>6,803</b>	<b>7,959</b>	<b>14,762</b>	<b>6,337</b>	<b>7,007</b>	<b>13,344</b>	<b>(6.8)%</b>	<b>(12.0)%</b>	<b>(9.6)%</b>
<i>Impact of foreign currency</i>	—	—	—	(50)	(45)	(95)	(0.8)%	(0.5)%	(0.6)%
<b>Revenues in constant currency<sup>(1)</sup></b>	<b>6,803</b>	<b>7,959</b>	<b>14,762</b>	<b>6,287</b>	<b>6,962</b>	<b>13,249</b>	<b>(7.6)%</b>	<b>(12.5)%</b>	<b>(10.2)%</b>
<i>Impact of acquisitions and divestitures</i>	(1,085)	(32)	(1,117)	(994)	(37)	(1,031)	0.2%	(0.1)%	(0.3)%
<b>Organic<sup>(1)</sup> revenues</b>	<b>5,718</b>	<b>7,927</b>	<b>13,645</b>	<b>5,293</b>	<b>6,925</b>	<b>12,218</b>	<b>(7.4)%</b>	<b>(12.6)%</b>	<b>(10.5)%</b>

<sup>(1)</sup> Defined on Slide 32 of this presentation

# Reconciliation of Non-GAAP Results

Q3 FY21								
(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs <sup>(2)</sup>	Amortization of Acquired Intangible Assets	Gain on Disposition of Businesses	Pension and OPEB Actuarial and Settlement Losses	Tax Adjustment	Non-GAAP Results
Income (loss) before income taxes	1,978	104	96	114	(2,046)	—	—	246
Income tax expense (benefit)	875	11	16	26	(903)	—	—	25
Net income (loss)	1,103	93	80	88	(1,143)	—	—	221
Diluted EPS <sup>(1)</sup>	<b>\$4.29</b>	0.36	0.31	0.34	(4.47)	—	—	<b>\$0.84</b>

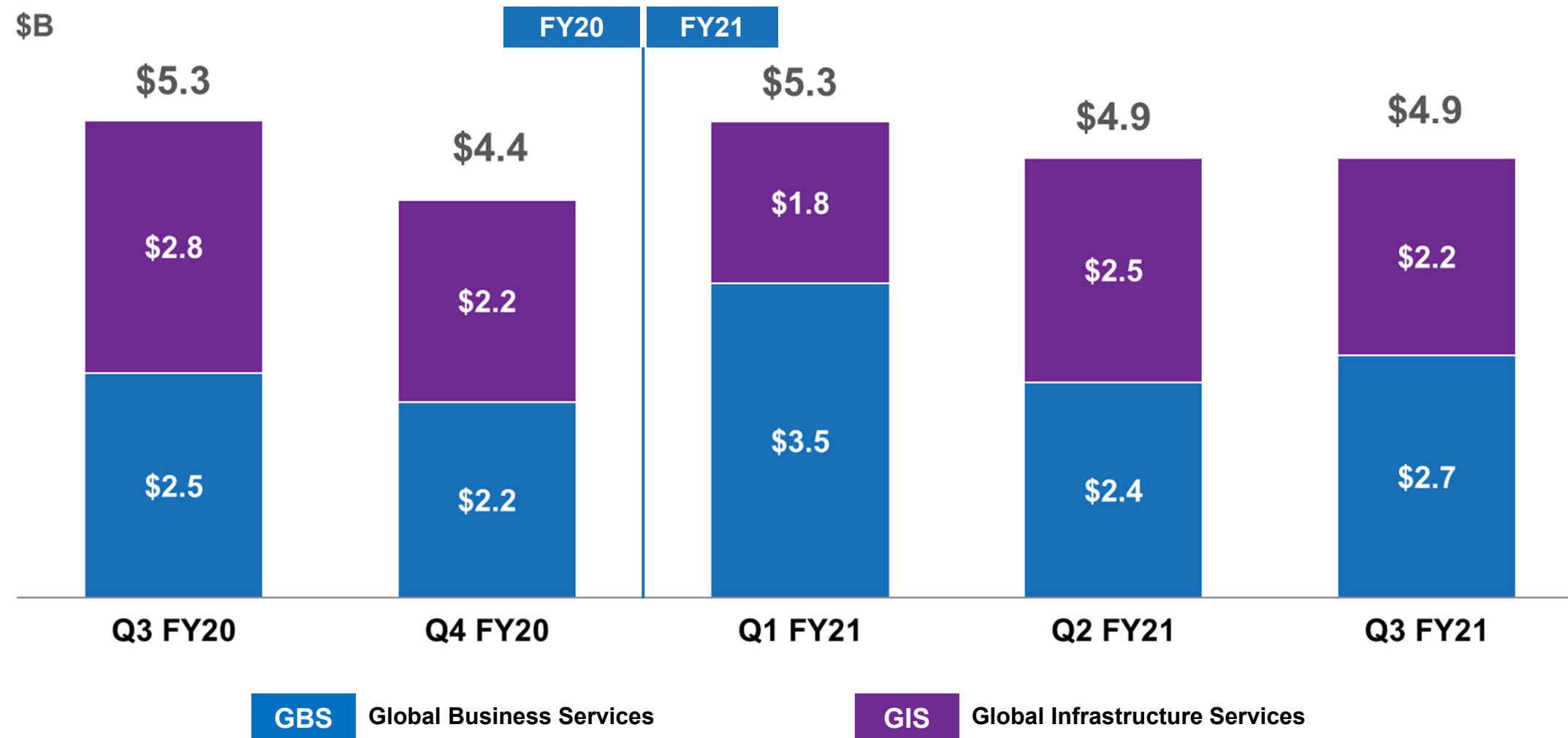
YTD FY21								
(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs <sup>(2)</sup>	Amortization of Acquired Intangible Assets	Gain on Disposition of Businesses	Pension and OPEB Actuarial and Settlement Losses	Tax Adjustment	Non-GAAP Results
Income (loss) before income taxes	1,447	441	307	414	(2,046)	2	—	565
Income tax expense (benefit)	789	75	70	95	(903)	—	(2)	124
Net income (loss)	658	366	237	319	(1,143)	2	2	441
Diluted EPS <sup>(1)</sup>	<b>\$2.54</b>	1.43	0.93	1.25	(4.48)	0.01	0.01	<b>\$1.69</b>

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

<sup>(2)</sup> Transaction, Separation and Integration-Related Costs for all periods presented include fees and other internal and external expenses associated with legal, accounting, consulting, due diligence, investment banking advisory, and other services, as well as financing fees, retention incentives, and resolution of transaction related claims in connection with, or resulting from, exploring or executing potential acquisitions, dispositions and strategic alternatives, whether or not announced or consummated. The Transaction, Separation and Integration-Related Costs for Q3 FY21 include \$77 million of costs to execute the strategic alternatives (including \$52M for the sale of HHS which closed in October 2020 and \$23M for the sale of the healthcare software business which is expected to close later this year); \$7 million in expenses related to integration projects resulting from the CSC – HPE ES merger (including costs associated with continuing efforts to separate certain IT systems) and \$12 million of costs incurred in connection with activities related to other acquisitions and divestitures.



# Bookings (1)



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

# Non-GAAP Reconciliations

## EBIT and Adjusted EBIT

(in millions)	Q3 FY20	Q3 FY21	YTD FY20	YTD FY21
Net income (loss)	\$ 90	\$ 1,103	\$ (1,857)	\$ 658
Income tax expense	37	875	191	789
Interest income	(33)	(28)	(130)	(76)
Interest expense	93	82	288	284
<b>EBIT</b>	<b>187</b>	<b>2,032</b>	<b>(1,508)</b>	<b>1,655</b>
Restructuring costs	74	104	248	441
Transaction, separation and integration-related costs	68	96	226	307
Amortization of acquired intangible assets	146	114	435	414
Gain on disposition of businesses	—	(2,046)	—	(2,046)
Pension and OPEB actuarial and settlement losses	—	—	—	2
Goodwill impairment losses	53	—	2,940	—
Gain on arbitration award	—	—	(632)	—
<b>Adjusted EBIT</b>	<b>\$ 528</b>	<b>\$ 300</b>	<b>\$ 1,709</b>	<b>\$ 773</b>

	Q3 FY20	Q3 FY21	YTD FY20	YTD FY21
Adjusted EBIT margin (%)	10.5%	7.0%	11.6%	5.8%
EBIT margin (%)	3.7%	47.4%	(10.2%)	12.4%

Note: The non-GAAP reconciliations for adjusted EBIT and adjusted EBIT margin for prior quarters are included in DXC's earnings presentation for the quarters

# Reconciliation of Segment Profit to Income Before Taxes

(in millions)	Q3 FY20	Q3 FY21	YTD FY20	YTD FY21
GBS profit	\$ 353	\$ 273	\$ 1,078	\$ 805
GIS profit	232	88	815	147
All other loss	(57)	(61)	(184)	(179)
Interest income	33	28	130	76
Interest expense	(93)	(82)	(288)	(284)
Restructuring costs	(74)	(104)	(248)	(441)
Transaction, separation and integration-related costs	(68)	(96)	(226)	(307)
Amortization of acquired intangible assets	(146)	(114)	(435)	(414)
Gain on disposition of businesses	—	2,046	—	2,046
Pension and OPEB actuarial and settlement losses	—	—	—	(2)
Goodwill impairment losses	(53)	—	(2,940)	—
Gain on arbitration award	—	—	632	—
<b>Income (loss) before taxes</b>	<b>\$ 127</b>	<b>\$ 1,978</b>	<b>\$ (1,666)</b>	<b>\$ 1,447</b>

Segment profit margins	Q3 FY20	Q3 FY21	YTD FY20	YTD FY21
GBS profit margin (%)	15.0%	14.2%	15.8%	12.7%
GIS profit margin (%)	8.7%	3.7%	10.2%	2.1%

Note: The reconciliation of segment profit to (loss) income before taxes for prior quarters is included in DXC’s earnings presentation for the quarters

# Q3 FY21 Non-GAAP Results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs <sup>(2)</sup>	Amortization of Acquired Intangible Assets	Gain on Disposition of Businesses	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,333	\$ —	\$ —	\$ —	\$ —	\$ 3,333
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	517	—	(96)	—	—	421
Income (loss) before income taxes	1,978	104	96	114	(2,046)	246
Income tax expense (benefit)	875	11	16	26	(903)	25
Net income (loss)	1,103	93	80	88	(1,143)	221
Less: net income attributable to non-controlling interest, net of tax	5	—	—	—	—	5
Net income (loss) attributable to DXC common stockholders	\$ 1,098	\$ 93	\$ 80	\$ 88	\$ (1,143)	\$ 216
Effective tax rate	44.2%					10.2%
Basic EPS <sup>(1)</sup>	\$ 4.32	\$ 0.37	\$ 0.31	\$ 0.35	\$ (4.49)	\$ 0.85
Diluted EPS <sup>(1)</sup>	\$ 4.29	\$ 0.36	\$ 0.31	\$ 0.34	\$ (4.47)	\$ 0.84
Weighted average common shares outstanding for:						
Basic EPS	254.32	254.32	254.32	254.32	254.32	254.32
Diluted EPS	255.75	255.75	255.75	255.75	255.75	255.75

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

<sup>(2)</sup> Transaction, Separation and Integration-Related Costs for all periods presented include fees and other internal and external expenses associated with legal, accounting, consulting, due diligence, investment banking advisory, and other services, as well as financing fees, retention incentives, and resolution of transaction related claims in connection with, or resulting from, exploring or executing potential acquisitions, dispositions and strategic alternatives, whether or not announced or consummated.

The Transaction, Separation and Integration-Related Costs for Q3 FY21 include \$77 million of costs to execute the strategic alternatives (including \$52M for the sale of HHS which closed in October 2020 and \$23M for the sale of the healthcare software business which is expected to close later this year); \$7 million in expenses related to integration projects resulting from the CSC – HPE ES merger (including costs associated with continuing efforts to separate certain IT systems) and \$12 million of costs incurred in connection with activities related to other acquisitions and divestitures.

# YTD FY21 Non-GAAP Results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs <sup>(2)</sup>	Amortization of Acquired Intangible Assets	Gain on Disposition of Businesses	Pension and OPEB Actuarial and Settlement Losses	Tax Adjustment	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 10,525	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,525
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,595	—	(314)	—	—	—	—	1,281
Income (loss) before income taxes	1,447	441	307	414	(2,046)	2	—	565
Income tax expense (benefit)	789	75	70	95	(903)	—	(2)	124
Net income (loss)	658	366	237	319	(1,143)	2	2	441
Less: net income attributable to non-controlling interest, net of tax	9	—	—	—	—	—	—	9
Net income (loss) attributable to DXC common stockholders	\$ 649	\$ 366	\$ 237	\$ 319	\$ (1,143)	\$ 2	\$ 2	\$ 432
Effective tax rate	54.5%							21.9%
Basic EPS <sup>(1)</sup>	\$ 2.55	\$ 1.44	\$ 0.93	\$ 1.26	\$ (4.50)	\$ 0.01	\$ 0.01	\$ 1.70
Diluted EPS <sup>(1)</sup>	\$ 2.54	\$ 1.43	\$ 0.93	\$ 1.25	\$ (4.48)	\$ 0.01	\$ 0.01	\$ 1.69
Weighted average common shares outstanding for:								
Basic EPS	254.03	254.03	254.03	254.03	254.03	254.03	254.03	254.03
Diluted EPS	255.20	255.20	255.20	255.20	255.20	255.20	255.20	255.20

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

<sup>(2)</sup> Transaction, Separation and Integration-Related Costs for all periods presented include fees and other internal and external expenses associated with legal, accounting, consulting, due diligence, investment banking advisory, and other services, as well as financing fees, retention incentives, and resolution of transaction related claims in connection with, or resulting from, exploring or executing potential acquisitions, dispositions and strategic alternatives, whether or not announced or consummated.

The Transaction, Separation and Integration-Related Costs for Q3 FY21 include \$77 million of costs to execute the strategic alternatives (including \$52M for the sale of HHS which closed in October 2020 and \$23M for the sale of the healthcare software business which is expected to close later this year); \$7 million in expenses related to integration projects resulting from the CSC – HPE ES merger (including costs associated with continuing efforts to separate certain IT systems) and \$12 million of costs incurred in connection with activities related to other acquisitions and divestitures.

# Q3 FY20 Non-GAAP Results

(in millions except EPS)	GAAP	Restructuring Costs	Transaction, Separation and Integration-Related Costs <sup>(2)</sup>	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Tax Adjustment	Non-GAAP Results
Cost of services (excludes depreciation and amortization and restructuring costs)	\$ 3,827	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,827
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	518	—	(68)	—	—	—	450
Income before income taxes	127	74	68	146	53	—	468
Income tax expense (benefit)	37	10	16	34	53	(10)	140
Net income	90	64	52	112	—	10	328
Less: net income attributable to non-controlling interest, net of tax	8	—	—	—	—	—	8
Net (loss) income attributable to DXC common stockholders	\$ 82	\$ 64	\$ 52	\$ 112	\$ —	\$ 10	\$ 320
Effective tax rate	29.1%						29.9%
Basic EPS <sup>(1)</sup>	\$ 0.32	\$ 0.25	\$ 0.20	\$ 0.44	\$ —	\$ 0.04	\$ 1.25
Diluted EPS <sup>(1)</sup>	\$ 0.32	\$ 0.25	\$ 0.20	\$ 0.44	\$ —	\$ 0.04	\$ 1.25
Weighted average common shares outstanding for:							
Basic EPS	255.09	255.09	255.09	255.09	255.09	255.09	255.09
Diluted EPS	256.05	256.05	256.05	256.05	256.05	256.05	256.05

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

<sup>(2)</sup> Transaction, Separation and Integration-Related Costs for all periods presented include fees and other internal and external expenses associated with legal, accounting, consulting, due diligence, investment banking advisory, and other services, as well as financing fees, retention incentives, and resolution of transaction related claims in connection with, or resulting from, exploring or executing potential acquisitions, dispositions and strategic alternatives, whether or not announced or consummated.

The Transaction, Separation and Integration-Related Costs for Q3 FY21 include \$77 million of costs to execute the strategic alternatives (including \$52M for the sale of HHS which closed in October 2020 and \$23M for the sale of the healthcare software business which is expected to close later this year); \$7 million in expenses related to integration projects resulting from the CSC – HPE ES merger (including costs associated with continuing efforts to separate certain IT systems) and \$12 million of costs incurred in connection with activities related to other acquisitions and divestitures.

# YTD FY20 Non-GAAP Results

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

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

<sup>(2)</sup> Transaction, Separation and Integration-Related Costs for all periods presented include fees and other internal and external expenses associated with legal, accounting, consulting, due diligence, investment banking advisory, and other services, as well as financing fees, retention incentives, and resolution of transaction related claims in connection with, or resulting from, exploring or executing potential acquisitions, dispositions and strategic alternatives, whether or not announced or consummated.

The Transaction, Separation and Integration-Related Costs for Q3 FY21 include \$77 million of costs to execute the strategic alternatives (including \$52M for the sale of HHS which closed in October 2020 and \$23M for the sale of the healthcare software business which is expected to close later this year); \$7 million in expenses related to integration projects resulting from the CSC – HPE ES merger (including costs associated with continuing efforts to separate certain IT systems) and \$12 million of costs incurred in connection with activities related to other acquisitions and divestitures.

# 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, restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement losses and gain on disposition of businesses

**Segment profit margin:** Segment profit as a percentage of segment 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 losses and gain on disposition of businesses

**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 and (ii) restructuring payments

**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

**Organic revenue:** Excludes the impacts of acquisitions and divestitures from financial results on a constant currency basis, thereby providing comparisons of operating performance from period to period of the business that we have owned during all periods presented

**Constant currency revenue (cc):** Non-GAAP measure calculated by translating current period activity into U.S. dollars using the comparable prior period's currency conversion rates



