

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 1, 2018



NCR CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

Maryland

(State or other jurisdiction of
incorporation or organization)

31-0387920

(I.R.S. Employer
Identification No.)

**864 Spring Street NW
Atlanta, GA 30308**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (937) 445-5000

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 1, 2018, the Company issued a press release setting forth its first quarter 2018 financial results along with its second quarter 2018 and fiscal year 2018 financial outlook. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On May 1, 2018, the Company will hold its previously announced conference call to discuss its first quarter 2018 results, its second quarter 2018 financial outlook and fiscal year 2018 financial outlook. A copy of supplementary materials that will be referred to in the conference call, and which were posted to the Company's website, is attached hereto as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

The following exhibits are attached with this current report on Form 8-K:

| Exhibit No. | Description |
|-------------|--|
| 99.1 | Press Release issued by the Company, dated May 1, 2018 |
| 99.2 | Supplemental materials, dated May 1, 2018 |

Index to Exhibits

The following exhibits are attached with this current report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | <u>Press Release issued by the Company, dated May 1, 2018</u> |
| 99.2 | <u>Supplemental materials, dated May 1, 2018</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NCR Corporation

By: /s/ Robert Fishman
Robert Fishman
Executive Vice President and Chief Financial Officer

Date: May 1, 2018



May 1, 2018

NCR Announces First Quarter 2018 Results

ATLANTA - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2018. First quarter highlights include:

- **Revenue of \$1.52 billion, up 3% as reported, above previously provided guidance**
- **Software revenue up 2% driven by cloud revenue growth of 9%**
- **GAAP diluted EPS of \$0.35; Non-GAAP diluted EPS of \$0.56, above previously provided guidance**
- **Services revenue up 8% and gross margin expansion of 230 basis points**
- **\$165 million of share repurchases completed in Q1 of the previously announced \$300 million**
- **2018 guidance reaffirmed**

"I am honored to be the CEO of this great company," said Michael Hayford, whose appointment as President and Chief Executive Officer was announced on April 30, 2018. "NCR is a global leader in providing software-led technology solutions for the financial services, retail and hospitality markets, and has a long history of driving innovation. We are well positioned to extend our leadership position by further evolving into a software-led technology company, and I am excited to capture the growth opportunities that we have ahead of us."

"The first quarter marked a solid start to the year, with results that place us on track to achieve our full year financial and operating targets," said COO Paul Langenbahn. "Cloud revenue increased 9% and we generated healthy net ACV, which demonstrates our global software leadership and our market-leading innovation. We also maintained our focus on driving continuous improvement in our business model and accelerating our operational transformation by recently initiating a process to restructure our Hardware business by simplifying our manufacturing network to best position the business for improved profitability in the years ahead. At the same time, we are focused on capturing efficiencies across our organization, including in Services where our transformation initiatives continue to improve top-line growth and drive strong margin expansion."

In this release, we use certain performance metrics as well as certain non-GAAP measures, including presenting certain measures on a constant currency basis. The performance metrics include net annual contract value (or Net ACV) and the non-GAAP measures include free cash flow and others with the words "non-GAAP," or "constant currency" in their titles. The performance metrics are listed and described, and the non-GAAP measures are listed, described, and reconciled to their most directly comparable GAAP measures, under the heading "Performance Metrics and Non-GAAP Financial Measures" later in this release.

First Quarter 2018 Operating Results

Revenue

First quarter revenue of \$1.52 billion was up 3% year-over-year. Foreign currency fluctuations had a favorable impact on the revenue comparison of 3%.

The following table shows the revenue by segment for the first quarter:

| \$ in millions | 2018 | 2017 | % Change | % Change Constant Currency |
|-------------------------|-----------------|-----------------|-------------|-------------------------------|
| Software License | \$ 70 | \$ 85 | (18%) | (19%) |
| Software Maintenance | 91 | 92 | (1%) | (3%) |
| Cloud | 155 | 142 | 9% | 9% |
| Professional Services | 144 | 133 | 8% | 4% |
| Software Revenue | \$ 460 | \$ 452 | 2% | —% |
| Services Revenue | \$ 601 | \$ 557 | 8% | 4% |
| ATM | \$ 195 | \$ 209 | (7%) | (11%) |
| SCO | 77 | 101 | (24%) | (24%) |
| POS | 184 | 154 | 19% | 15% |
| IPS | — | 5 | (100%) | (100%) |
| Hardware Revenue | \$ 456 | \$ 469 | (3%) | (6%) |
| Total Revenue | \$ 1,517 | \$ 1,478 | 3% | —% |

Software revenue was up 2% driven by cloud revenue growth of 9% and professional services revenue growth of 8%. Software license revenue declined 18% due to lower Hardware revenue, the timing of large software transactions in the prior year and the beginning of a shift from software license revenue to cloud revenue. Net ACV was \$18 million in the first quarter of 2018.

Services revenue was up 8% driven by hardware maintenance and implementation services growth as a result of continued momentum in managed service offerings and channel transformation trends.

Hardware revenue was down 3%. ATM revenue declined 7% as expected and reflected the lower backlog starting the quarter. SCO revenue declined 24% due to the timing of customer rollouts. POS revenue continued its momentum and increased 19% in the quarter due to store transformation trends.

Gross Margin

First quarter gross margin of \$420 million was up from \$412 million. Gross margin rate was 27.7%, down from 27.9%.

First quarter gross margin (non-GAAP) of \$431 million was flat with the prior year. Gross margin rate (non-GAAP) was 28.4%, down from 29.2%. The decrease in gross margin rate (non-GAAP) was primarily due to lower software license revenue and lower Hardware margins, which were partially offset by continued focus on productivity improvements in our Services segment.

Expenses

First quarter operating expenses of \$311 million increased from \$297 million. First quarter operating expenses (non-GAAP) of \$283 million increased from \$273 million. The increases in expenses were due to increased sales investment as we expand our strategic offers and go-to-market strategy.

Operating Income

First quarter operating income of \$109 million decreased 5% from \$115 million. Operating margin rate was 7.2%, down from 7.8%. First quarter operating income (non-GAAP) of \$148 million decreased 6% from \$158 million. Operating margin rate (non-GAAP) was 9.8%, down from 10.7%. Operating margin rates reflected lower software license revenue, lower Hardware margins and increased sales investment, and were partially offset by continued Services margin expansion.

Other (Expense)

First quarter other (expense) and other (expense) (non-GAAP) of \$46 million increased 5% from \$44 million compared to the prior year.

Income Tax Expense

First quarter income tax expense of \$7 million decreased from \$14 million. The first quarter effective income tax rate was 11% compared to 20% in the prior year. First quarter income tax expense (non-GAAP) of \$16 million decreased from \$27 million in the prior year. The first quarter effective income tax rate (non-GAAP) was 16% compared to 24% in the prior year. Income tax expenses decreased due to lower income before taxes in the quarter, favorable audit settlements and the impact of U.S. Tax Reform. Income tax expense included a favorable audit settlement that was previously anticipated in the second quarter which provided an \$0.08 benefit to non-GAAP diluted earnings per share in the first quarter of 2018 versus our previous guidance.

Net Income from Continuing Operations Attributable to NCR

First quarter net income from continuing operations attributable to NCR of \$55 million decreased from \$57 million in the prior year. First quarter net income from continuing operations attributable to NCR (non-GAAP) of \$85 million decreased from \$87 million in the prior year.

Cash Flow

First quarter cash used in operating activities of \$24 million decreased from cash provided by operating activities of \$39 million in the prior year. Free cash outflow was \$99 million in the first quarter of 2018 as compared to free cash outflow of \$16 million in the first quarter of 2017. Free cash flow was negatively impacted by the timing of cash collections and higher inventory. Inventory balances increased to support higher Hardware revenue in the back half of the year and to transition to our new manufacturing strategy.

Share Repurchase Program

During 2018, NCR plans to repurchase up to \$300 million of its common stock under its previously authorized share repurchase programs, and repurchased shares of its common stock for approximately \$165 million during the first quarter.

Other Items

Following a March 2018 court decision in the previously reported litigation concerning alleged environmental contamination at the Kalamazoo River, the Company has recorded a charge of approximately \$35 million, net of tax, included as discontinued operations. The Company will appeal an interim 2013 decision as well as the 2018 decision; if the appeal of the 2013 decision is successful the Company's liability would be eliminated and the charge will be reversed. Significant cash expenditures on Kalamazoo River remediation are not expected to be incurred until the early to mid-2020s, as remedies have not yet been determined for much of the remediation project.

Full Year 2018 Outlook

We are reaffirming our full year 2018 guidance. Our revenue growth is expected to be 0% to 3%. Our GAAP diluted earnings per share is expected to be \$2.08 to \$2.48, and our non-GAAP diluted earnings per share is expected to be \$3.30 to \$3.45. Our non-GAAP diluted earnings per share guidance assumes an effective tax rate of 24% for 2018 compared to 25% in 2017. The decrease is due to the expected impact of U.S. Tax Reform. Free cash flow is expected to be approximately 90% of non-GAAP net income.

To accelerate our transformation journey, we are evaluating and beginning to implement programs to prioritize driving sustainable margin improvement in our Hardware and Services segments targeted at driving higher productivity, process efficiency, and the use of technology as an enabler. As we finalize and execute on these programs, NCR expects to incur a related pre-tax charge over the next two years in the range of approximately \$200 million to \$250 million, with \$100 million to \$150 million in 2018, that will be included in income from operations. The cash impact of these transformation initiatives is expected to be approximately \$150 million to \$200 million over the next two years, with \$100 million in 2018. We plan to achieve run-rate savings of approximately \$150 million per year by 2020. The estimate of the pre-tax charges and cash impact has been included in our 2018 GAAP diluted earnings per share and free cash flow guidance. In the first quarter of 2018, we incurred a \$16 million pre-tax charge and \$14 million of cash payments relating to these initiatives.

Q2 2018 Outlook

For the second quarter of 2018, revenue growth is expected to be down 1% to up 1%, GAAP diluted earnings per share is expected to be \$0.12 to \$0.30, and non-GAAP diluted earnings per share is expected to be \$0.60 to \$0.65. Income from operations includes an estimated pre-tax charge of \$40 million to \$60 million in the second quarter of 2018 related to the transformation initiatives described above.

NCR will provide additional information regarding its second quarter and full year 2018 guidance during its first quarter earnings conference call and webcast.

2018 First Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the first quarter 2018 results and guidance for second quarter and full year 2018. Access to the conference call and accompanying slides, as well as a replay of the call, are available on NCR's web site at <http://investor.ncr.com/>. Additionally, the live call can be accessed by dialing 888-820-9413 (United States/Canada Toll-free) or 786-460-7169 (International Toll) and entering the participant passcode 4018533.

More information on NCR's Q1 2018 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

About NCR Corporation

NCR Corporation (NYSE: NCR) is a leader in omni-channel solutions, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables nearly 700 million transactions daily across financial, retail, hospitality, travel, telecom and technology industries. NCR solutions run the everyday transactions that make your life easier. NCR is headquartered in Atlanta, Ga., with about 30,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries. NCR encourages investors to visit its website which is updated regularly with financial and other important information about NCR.

Website: www.ncr.com

Twitter: @NCRCorporation

Facebook: www.facebook.com/ncrcorp

LinkedIn: <https://www.linkedin.com/company/ncr-corporation>

YouTube: www.youtube.com/user/ncrcorporation

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Note to Investors This release contains forward-looking statements. Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “plan,” “believe,” “will,” “should,” “would,” “could,” and words of similar meaning. Statements that describe or relate to NCR’s plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in this release include statements about NCR’s plans for further share repurchases in 2018; NCR’s ability to extend its leadership position; NCR’s growth opportunities; process to restructure its hardware business and the expected timing, costs and benefits thereof; the expected timing, costs and benefits of NCR’s process to restructure its Hardware business and NCR’s Services transformation initiatives; expectations regarding the shift from software license revenue to cloud revenue; expectations regarding Hardware revenue in the back half of the year; the potential success of any appeal of the Kalamazoo River matter and expectations regarding costs related to Kalamazoo River remediation efforts; and NCR’s full-year and second quarter financial guidance and outlook (including the sections entitled “2018 Outlook” and “Q2 2018 Outlook”) and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors relating to: the strength of demand for ATMs and other financial services hardware and its effect on the results of our businesses and reportable segments; domestic and global economic and credit conditions including, in particular, those resulting from the imposition or threat of protectionist trade policies or import or export tariffs, global and regional market conditions and spending trends in the financial services and retail industries, new comprehensive U.S. tax legislation, modified or new global or regional trade agreements, the determination by the United Kingdom to exit the European Union, uncertainty over further potential changes in Eurozone participation and fluctuations in oil and commodity prices; the transformation of our business model and our ability to sell higher-margin software and services; our ability to improve execution in our sales and services organizations; our ability to successfully introduce new solutions and compete in the information technology industry; cybersecurity risks and compliance with data privacy and protection requirements; the possibility of disruptions in or problems with our data center hosting facilities; defects or errors in our products; the impact of our indebtedness and its terms on our financial and operating activities; the historical seasonality of our sales; tax rates and new US tax legislation; foreign currency fluctuations; the success of our restructuring plans and cost reduction initiatives, including those in our Hardware segment; manufacturing disruptions, including those caused by or related to outsourced manufacturing; the availability and success of acquisitions, divestitures and alliances; our pension strategy and underfunded pension obligation; reliance on third party suppliers; the impact of the terms of our strategic relationship with Blackstone and our Series A Convertible Preferred Stock; our multinational operations, including in new and emerging markets; collectability difficulties in subcontracting relationships in certain geographical markets; development and protection of intellectual property; workforce turnover and the ability to attract and retain skilled employees; uncertainties or delays associated with the transition of key business leaders; environmental exposures from our historical and ongoing manufacturing activities; and uncertainties with regard to regulations, lawsuits, claims, and other matters across various jurisdictions. Additional information concerning these and other factors can be found in the Company’s filings with the U.S. Securities and Exchange Commission, including the Company’s most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Performance Metrics and Non-GAAP Financial Measures

Performance Metrics. The term “net annual contract value” or “net ACV” for any particular period means NCR’s net bookings for cloud revenue during the period, and is calculated as twelve months of expected subscription revenues under new cloud contracts during such period less twelve months of subscription revenues under cloud contracts that expired or were terminated during such period, adjusted for twelve months of expected pricing discounts or price increases from renewals of existing contracts. Net ACV is a forward-looking measure that NCR tracks and discloses as an indicator of potential cloud revenue growth in future periods.

Non-GAAP Financial Measures. While NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP, in this release NCR also uses the non-GAAP measures listed and described below.

Non-GAAP Diluted Earnings Per Share (EPS), Gross Margin (non-GAAP), Gross Margin Rate (non-GAAP), Operating Expenses (non-GAAP), Operating Income (non-GAAP), Operating Margin Rate (non-GAAP), Other (Expense) (non-GAAP), Income Tax Expense (non-GAAP), Effective Income Tax Rate (non-GAAP), and Net Income from Continuing Operations Attributable to NCR (non-GAAP). NCR’s non-GAAP diluted EPS, gross margin (non-GAAP), gross margin rate (non-GAAP), operating expenses (non-GAAP), operating income (non-GAAP), operating margin rate (non-GAAP), other (expense) (non-GAAP), income tax expense (non-GAAP), effective income tax rate (non-GAAP), and net income from continuing operations attributable to NCR (non-GAAP) are determined by excluding, as applicable, pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles, from NCR’s GAAP earnings per share, gross margin, gross margin rate, expenses, income from operations, operating margin rate, other (expense), income tax expense, effective income tax rate and net income from continuing operations attributable to NCR, respectively. Due to the non-operational nature of these pension and other special items, NCR’s management uses these non-GAAP measures to evaluate year-over-year operating performance. NCR also uses operating income (non-GAAP) and diluted EPS (non-GAAP), to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR believes these measures are useful for investors because they provide a more complete understanding of NCR’s underlying operational performance, as well as consistency and comparability with NCR’s past reports of financial results.

Free Cash Flow and Free Cash Flow as a Percentage of Non-GAAP Net Income (or Free Cash Flow Conversion Rate). NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, additions to capitalized software, discretionary pension contributions and pension settlements. NCR’s management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for, among other things, investment in the Company’s existing businesses, strategic acquisitions, strengthening the Company’s balance sheet, repurchase of Company stock and repayment of the Company’s debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. NCR also describes the ratio of free cash flow to non-GAAP net income (or free cash flow conversion rate), which is calculated as free cash flow divided by non-GAAP net income. NCR’s management targets an annual free cash flow conversion rate at or above the range described in this release because management believes that a conversion rate at or above that range represents the efficient conversion of non-GAAP net income to free cash flow for its business. Free cash flow and free cash flow conversion rate do not have uniform definitions under GAAP and, therefore, NCR’s definitions may differ from other companies’ definitions of these measures.

Constant Currency. NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR’s management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR’s management believes that presentation of financial measures without this result is more representative of the company’s period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors.

NCR’s definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their most directly comparable GAAP measures in the tables below.

Reconciliation of Gross Margin (GAAP) to Gross Margin (non-GAAP)

| \$ in millions | Q1 2018 | Q1 2017 |
|---|---------|---------|
| Gross Margin (GAAP) | \$ 420 | \$ 412 |
| Transformation costs | 4 | 6 |
| Acquisition-related amortization of intangibles | 7 | 13 |
| Gross Margin (Non-GAAP) | \$ 431 | \$ 431 |

Reconciliation of Gross Margin Rate (GAAP) to Gross Margin Rate (non-GAAP)

| | Q1 2018 | Q1 2017 |
|---|---------|---------|
| Gross Margin Rate (GAAP) | 27.7% | 27.9% |
| Transformation costs | 0.2% | 0.4% |
| Acquisition-related amortization of intangibles | 0.5% | 0.9% |
| Gross Margin Rate (Non-GAAP) | 28.4% | 29.2% |

Reconciliation of Operating Expenses (GAAP) to Operating Expenses (non-GAAP)

| \$ in millions | Q1 2018 | Q1 2017 |
|---|---------|---------|
| Operating Expenses (GAAP) | \$ 311 | \$ 297 |
| Transformation costs | (12) | (7) |
| Acquisition-related amortization of intangibles | (16) | (16) |
| Acquisition-related costs | — | (1) |
| Operating Expenses (Non-GAAP) | \$ 283 | \$ 273 |

Reconciliation of Income from Operations (GAAP) to Operating Income (non-GAAP)

| \$ in millions | Q1 2018 | Q1 2017 |
|---|---------|---------|
| Income from Operations (GAAP) | \$ 109 | \$ 115 |
| Transformation costs | 16 | 13 |
| Acquisition-related amortization of intangibles | 23 | 29 |
| Acquisition-related costs | — | 1 |
| Operating Income (Non-GAAP) | \$ 148 | \$ 158 |

Reconciliation of Operating Margin rate (GAAP) to Operating Margin rate (non-GAAP)

| | Q1 2018 | Q1 2017 |
|---|---------|---------|
| Operating Margin rate (GAAP) | 7.2% | 7.8% |
| Transformation costs | 1.1% | 0.9% |
| Acquisition-related amortization of intangibles | 1.5% | 1.9% |
| Acquisition-related costs | —% | 0.1% |
| Operating Margin rate (Non-GAAP) | 9.8% | 10.7% |

Reconciliation of Income Tax Expense (GAAP) to Income Tax Expense (non-GAAP)

| \$ in millions | Q1 2018 | Q1 2017 |
|---|---------|---------|
| Income Tax Expense (GAAP) | \$ 7 | \$ 14 |
| Transformation costs | 4 | 4 |
| Acquisition-related amortization of intangibles | 5 | 9 |
| Income Tax Expense (Non-GAAP) | \$ 16 | \$ 27 |

**Reconciliation of Net Income from Continuing Operations Attributable to NCR (GAAP) to
Net Income from Continuing Operations Attributable to NCR (non-GAAP)**

| \$ in millions | Q1 2018 | Q1 2017 |
|---|--------------|--------------|
| Net Income from Continuing Operations Attributable to NCR (GAAP) | \$ 55 | \$ 57 |
| Transformation costs | 12 | 9 |
| Acquisition-related amortization of intangibles | 18 | 20 |
| Acquisition-related costs | — | 1 |
| Net Income from Continuing Operations Attributable to NCR (Non-GAAP) | \$ 85 | \$ 87 |

Reconciliation of Diluted Earnings Per Share (GAAP) to Non-GAAP Diluted Earnings Per Share (non-GAAP)

| | Q1 2018 Actual | Q1 2017 Actual | Q2 2018 Guidance ⁽²⁾ | 2018 Guidance ⁽²⁾ |
|--|-------------------|-------------------|------------------------------------|------------------------------|
| Diluted Earnings (Loss) Per Share (GAAP) ⁽¹⁾ | \$ 0.35 | \$ (0.14) | \$0.12 - \$0.30 | \$2.08 - \$2.48 |
| Transformation costs | 0.08 | 0.06 | 0.19 - 0.28 | 0.50 - 0.75 |
| Acquisition-related amortization of intangibles | 0.12 | 0.13 | 0.10 | 0.42 |
| Acquisition-related costs | — | 0.01 | 0.01 | 0.05 |
| Deemed dividends related to Blackstone transaction | — | 0.39 | — | — |
| Diluted Earnings Per Share (non-GAAP) ⁽¹⁾ | \$ 0.56 | \$ 0.56 | \$0.60 - \$0.65 | \$3.30 - \$3.45 |

⁽¹⁾ Non-GAAP diluted EPS is determined using the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of weighted average diluted shares outstanding. GAAP EPS is determined using the most dilutive measure, either including the impact of dividends or deemed dividends on the Company's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may not mathematically reconcile.

⁽²⁾ Except for the adjustments noted herein, this guidance does not include the effects of any future acquisitions/divestitures, restructuring activities, pension mark-to-market adjustments, taxes or other events, which are difficult to predict and which may or may not be significant.

Reconciliation of Net Cash Provided by Operating Activities (GAAP) to Free Cash Flow (non-GAAP)

| \$ in millions | Q1 2018 QTD | Q1 2017 QTD |
|--|----------------|----------------|
| Net cash (used in) provided by operating activities | \$ (24) | \$ 39 |
| Total capital expenditures | (71) | (52) |
| Net cash used in discontinued operations | (4) | (3) |
| Free cash outflow | \$ (99) | \$ (16) |

* Note: Capital expenditures in Q1 2018 and Q1 2017 included \$20 million and \$1 million, respectively related to our new world headquarters. Partially offsetting the \$20 million is \$7 million of reimbursement from the lessor included in net cash used in operating activities.

**Reconciliation of Revenue Growth % (GAAP) to
Revenue Growth Constant Currency % (non-GAAP)**

| | Three months ended March 31, 2018 | | |
|-----------------------|-----------------------------------|---|--|
| | Revenue Growth % (GAAP) | Favorable (unfavorable) FX impact | Revenue Growth Constant Currency % (non-GAAP) |
| Software License | (18)% | 1% | (19)% |
| Software Maintenance | (1)% | 2% | (3)% |
| Cloud | 9% | —% | 9% |
| Professional Services | 8% | 4% | 4% |
| Software | 2% | 2% | —% |
| Services | 8% | 4% | 4% |
| ATMs | (7)% | 4% | (11)% |
| SCO | (24)% | —% | (24)% |
| POS | 19% | 4% | 15% |
| IPS | (100)% | —% | (100)% |
| Hardware | (3)% | 3% | (6)% |
| Total Revenue | 3% | 3% | —% |



NCR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions, except per share amounts)

Schedule A

| | For the Periods Ended March 31 | |
|--|--------------------------------|-----------|
| | Three Months | |
| | 2018 | 2017 |
| Revenue | | |
| Products | \$ 526 | \$ 554 |
| Services | 991 | 924 |
| Total Revenue | 1,517 | 1,478 |
| Cost of products | 420 | 424 |
| Cost of services | 677 | 642 |
| Total gross margin | 420 | 412 |
| <i>% of Revenue</i> | 27.7% | 27.9% |
| Selling, general and administrative expenses | 245 | 230 |
| Research and development expenses | 66 | 67 |
| Income from operations | 109 | 115 |
| <i>% of Revenue</i> | 7.2% | 7.8% |
| Interest expense | (41) | (39) |
| Other (expense), net | (5) | (5) |
| Total other (expense), net | (46) | (44) |
| Income before income taxes and discontinued operations | 63 | 71 |
| <i>% of Revenue</i> | 4.2% | 4.8% |
| Income tax expense | 7 | 14 |
| Income from continuing operations | 56 | 57 |
| Loss from discontinued operations, net of tax | (35) | — |
| Net income | 21 | 57 |
| Net income attributable to noncontrolling interests | 1 | — |
| Net income attributable to NCR | \$ 20 | \$ 57 |
| Amounts attributable to NCR common stockholders: | | |
| Income from continuing operations | \$ 55 | \$ 57 |
| Dividends on convertible preferred stock | (12) | (12) |
| Deemed dividend on modification of convertible preferred stock | — | (4) |
| Deemed dividend on convertible preferred shares related to redemption | — | (58) |
| Net income (loss) from continuing operations attributable to NCR common stockholders | 43 | (17) |
| Loss from discontinued operations, net of tax | (35) | — |
| Net income (loss) attributable to NCR common stockholders | \$ 8 | \$ (17) |
| Net (loss) income per share attributable to NCR common stockholders: | | |
| Net income (loss) per common share from continuing operations | | |
| Basic | \$ 0.36 | \$ (0.14) |
| Diluted | \$ 0.35 | \$ (0.14) |
| Net income (loss) per common share | | |
| Basic | \$ 0.07 | \$ (0.14) |
| Diluted | \$ 0.06 | \$ (0.14) |
| Weighted average common shares outstanding | | |
| Basic | 119.2 | 122.8 |
| Diluted | 123.8 | 122.8 |

⁽¹⁾ Diluted EPS is determined using the most dilutive measure, either including the impact of the dividends and deemed dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss per common share from continuing operations and net income or loss per common share or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding.



NCR CORPORATION
REVENUE AND OPERATING INCOME SUMMARY
(Unaudited)
(in millions)

Schedule B

| | For the Periods Ended March 31 | | | |
|--|--------------------------------|-----------------|----------|----------------------------------|
| | Three Months | | | % Change Constant Currency |
| | 2018 | 2017 | % Change | |
| Revenue by segment | | | | |
| Software | \$ 460 | \$ 452 | 2% | —% |
| <i>Software Gross Margin Rate</i> | 47.8 % | 51.3 % | | |
| Services | 601 | 557 | 8% | 4% |
| <i>Services Gross Margin Rate</i> | 24.0 % | 21.7 % | | |
| Hardware | 456 | 469 | (3)% | (6)% |
| <i>Hardware Gross Margin Rate</i> | 14.7 % | 16.6 % | | |
| Total Revenue | \$ 1,517 | \$ 1,478 | 3% | —% |
| Gross Margin Rate | 28.4 % | 29.2 % | | |
| Operating income by segment | | | | |
| Software | \$ 109 | \$ 124 | | |
| <i>% of Revenue</i> | 23.7 % | 27.4 % | | |
| Services | 62 | 44 | | |
| <i>% of Revenue</i> | 10.3 % | 7.9 % | | |
| Hardware | (23) | (10) | | |
| <i>% of Revenue</i> | (5.0)% | (2.1)% | | |
| Subtotal-segment operating income | \$ 148 | \$ 158 | | |
| <i>% of Revenue</i> | 9.8 % | 10.7 % | | |
| Other adjustments ⁽¹⁾ | 39 | 43 | | |
| Total income from operations | \$ 109 | \$ 115 | | |

⁽¹⁾ The following table presents the other adjustments for NCR:

| In millions | For the Periods Ended March 31 | |
|---|--------------------------------|--------------|
| | Three Months | |
| | 2018 | 2017 |
| Transformation costs | \$ 16 | \$ 13 |
| Acquisition-related amortization of intangible assets | 23 | 29 |
| Acquisition-related costs | — | 1 |
| Total other adjustments | \$ 39 | \$ 43 |



NCR CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in millions, except per share amounts)

Schedule C

| | March 31, 2018 | December 31, 2017 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 348 | \$ 537 |
| Accounts receivable, net | 1,338 | 1,270 |
| Inventories | 822 | 780 |
| Other current assets | 283 | 243 |
| Total current assets | <u>2,791</u> | <u>2,830</u> |
| Property, plant and equipment, net | 338 | 341 |
| Goodwill | 2,746 | 2,741 |
| Intangibles, net | 556 | 578 |
| Prepaid pension cost | 129 | 118 |
| Deferred income taxes | 474 | 460 |
| Other assets | 607 | 586 |
| Total assets | <u>\$ 7,641</u> | <u>\$ 7,654</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Short-term borrowings | \$ 34 | \$ 52 |
| Accounts payable | 697 | 762 |
| Payroll and benefits liabilities | 190 | 219 |
| Contract liabilities | 538 | 458 |
| Other current liabilities | 385 | 398 |
| Total current liabilities | <u>1,844</u> | <u>1,889</u> |
| Long-term debt | 3,038 | 2,939 |
| Pension and indemnity plan liabilities | 810 | 798 |
| Postretirement and postemployment benefits liabilities | 133 | 133 |
| Income tax accruals | 131 | 148 |
| Other liabilities | 245 | 200 |
| Total liabilities | <u>6,201</u> | <u>6,107</u> |
| Redeemable noncontrolling interests | 16 | 15 |
| Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.8 shares issued and outstanding as of March 31, 2018 and December 31, 2017 | 822 | 810 |
| Stockholders' equity | | |
| NCR stockholders' equity: | | |
| Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of March 31, 2018 and December 31, 2017 | — | — |
| Common stock: par value \$0.01 per share, 500.0 shares authorized, 118.3 and 122.0 shares issued and outstanding as of March 31, 2018 and December 31, 2017 | 1 | 1 |
| Paid-in capital | — | 60 |
| Retained earnings | 782 | 857 |
| Accumulated other comprehensive loss | (184) | (199) |
| Total NCR stockholders' equity | <u>599</u> | <u>719</u> |
| Noncontrolling interests in subsidiaries | 3 | 3 |
| Total stockholders' equity | <u>602</u> | <u>722</u> |
| Total liabilities and stockholders' equity | <u>\$ 7,641</u> | <u>\$ 7,654</u> |



NCR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

Schedule D

| | For the Periods Ended March 31 | |
|---|--------------------------------|---------------|
| | Three Months | |
| | 2018 | 2017 |
| Operating activities | | |
| Net income | \$ 21 | \$ 57 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Loss from discontinued operations | 35 | — |
| Depreciation and amortization | 86 | 85 |
| Stock-based compensation expense | 14 | 19 |
| Deferred income taxes | 4 | (3) |
| Changes in assets and liabilities: | | |
| Receivables | (114) | (17) |
| Inventories | (42) | (101) |
| Current payables and accrued expenses | (77) | (82) |
| Contract liabilities | 75 | 96 |
| Employee benefit plans | (3) | 3 |
| Other assets and liabilities | (23) | (18) |
| Net cash (used in) provided by operating activities | (24) | 39 |
| Investing activities | | |
| Expenditures for property, plant and equipment | (29) | (11) |
| Additions to capitalized software | (42) | (41) |
| Other investing activities, net | (3) | (1) |
| Net cash used in investing activities | (74) | (53) |
| Financing activities | | |
| Short term borrowings, net | (1) | 3 |
| Payments on term credit facilities | (34) | (11) |
| Payments on revolving credit facilities | (498) | (195) |
| Borrowings on revolving credit facilities | 613 | 480 |
| Repurchases of Company common stock | (165) | (350) |
| Proceeds from employee stock plans | 5 | 3 |
| Tax withholding payments on behalf of employees | (11) | (22) |
| Net cash used in financing activities | (91) | (92) |
| Cash flows from discontinued operations | | |
| Net cash used in discontinued operations | (4) | (3) |
| Effect of exchange rate changes on cash and cash equivalents | 5 | 8 |
| Decrease in cash, cash equivalents, and restricted cash | (188) | (101) |
| Cash, cash equivalents and restricted cash at beginning of period | 543 | 507 |
| Cash, cash equivalents, and restricted cash at end of period | \$ 355 | \$ 406 |

Q1 2018 EARNINGS CONFERENCE CALL

MICHAEL HAYFORD, PRESIDENT & CEO
BOB FISHMAN, CFO
PAUL LANGENBAHN, COO

May 1, 2018



NCR Confidential

NOTES TO INVESTORS

FORWARD-LOOKING STATEMENTS. Comments made during this conference call and in these materials contain forward-looking statements. Statements that describe or relate to NCR's plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in these materials include statements about NCR's plans for further share repurchases in 2018; NCR's full year 2018 financial guidance, and second quarter 2018 financial guidance, and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's initiatives to accelerate its transformation, including with respect to its manufacturing network redesign, and the expected timing, costs, results and benefits thereof; NCR's cloud revenue momentum; NCR's Mission One (M1) Services initiative and its expected benefits on NCR's services margin profile; expectations regarding the shift from software license revenue to cloud revenue; expectations regarding ATM order improvement and hardware margin rate improvement; NCR's expected areas of focus to drive momentum; expectations for accelerating cloud and recurring revenue; the status and momentum of NCR's Services and Hardware transformations; and NCR's expected free cash flow generation and capital allocation strategy. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 26, 2018, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated May 1, 2018, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NON-GAAP MEASURES. While NCR reports its results in accordance with generally accepted accounting principles in the United States (GAAP), comments made during this conference call and in these materials will include or make reference to certain "non-GAAP" measures, including: selected measures, such as period-over-period revenue growth, expressed on a constant currency basis and adjusted constant currency basis, gross margin rate (non-GAAP), diluted earnings per share (non-GAAP), free cash flow (FCF), gross margin (non-GAAP), free cash flow as a percentage of non-GAAP net income (or free cash flow conversion rate), net debt, adjusted EBITDA, the ratio of net debt to adjusted EBITDA, operating expenses (non-GAAP), operating income (non-GAAP), interest and other expense (non-GAAP), income tax expense (non-GAAP), effective income tax rate (non-GAAP), and net income (non-GAAP). These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures. Explanations of these non-GAAP measures, and reconciliations of these non-GAAP measures to their directly comparable GAAP measures, are included in the accompanying "Supplementary Materials" and are available on the Investor Relations page of NCR's website at www.ncr.com. Descriptions of many of these non-GAAP measures are also included in NCR's SEC reports.

USE OF CERTAIN TERMS. As used in these materials, (i) the term "recurring revenue" means the sum of cloud, hardware maintenance and software maintenance revenue, (ii) the term "net annual contract value" or "net ACV" for any particular period means NCR's net bookings for cloud revenue during the period, and is calculated as twelve months of expected subscription revenues under new cloud contracts during such period less twelve months of subscription revenues under cloud contracts that expired or were terminated during such period, adjusted for twelve months of expected pricing discounts or price increases from renewals of existing contracts, and (iii) the term "CC" means constant currency.

These presentation materials and the associated remarks made during this conference call are integrally related and are intended to be presented and understood together.

OVERVIEW

Q1 results **EXCEEDED** expectations; On track for full year

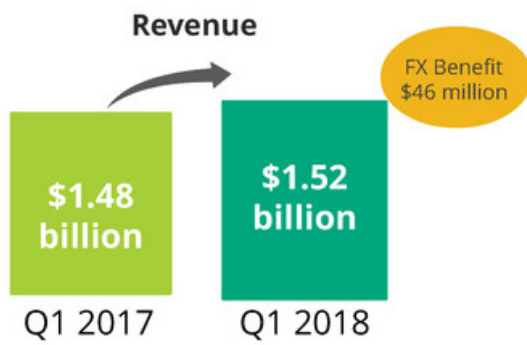
CLOUD revenue growth of 9% and Net ACV of \$18 million

SERVICES revenue up 8% and gross margin **RATE EXPANSION** of 230 bps

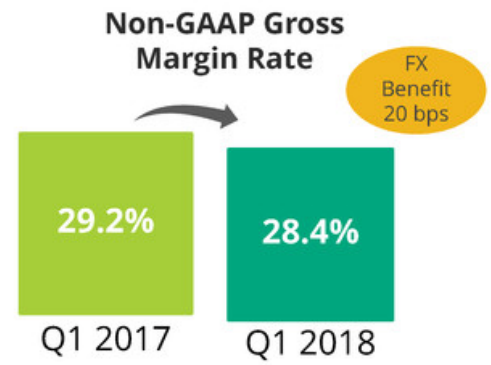
\$165M of **SHARE REPURCHASES** completed in Q1 of the \$300M planned in 2018

2018 Guidance **REAFFIRMED**

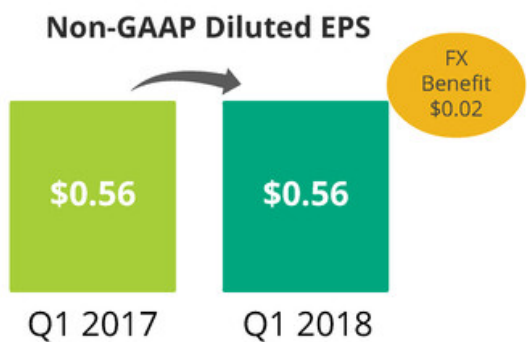
Q1 2018 FINANCIAL RESULTS



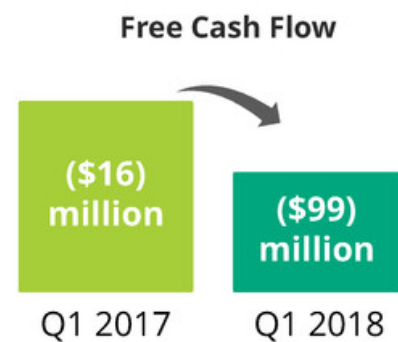
Revenue up 3% as reported and flat CC;
Recurring revenue up 5%, 48% of total revenue



Non-GAAP gross margin rate down 80 bps as reported and down 100 bps CC

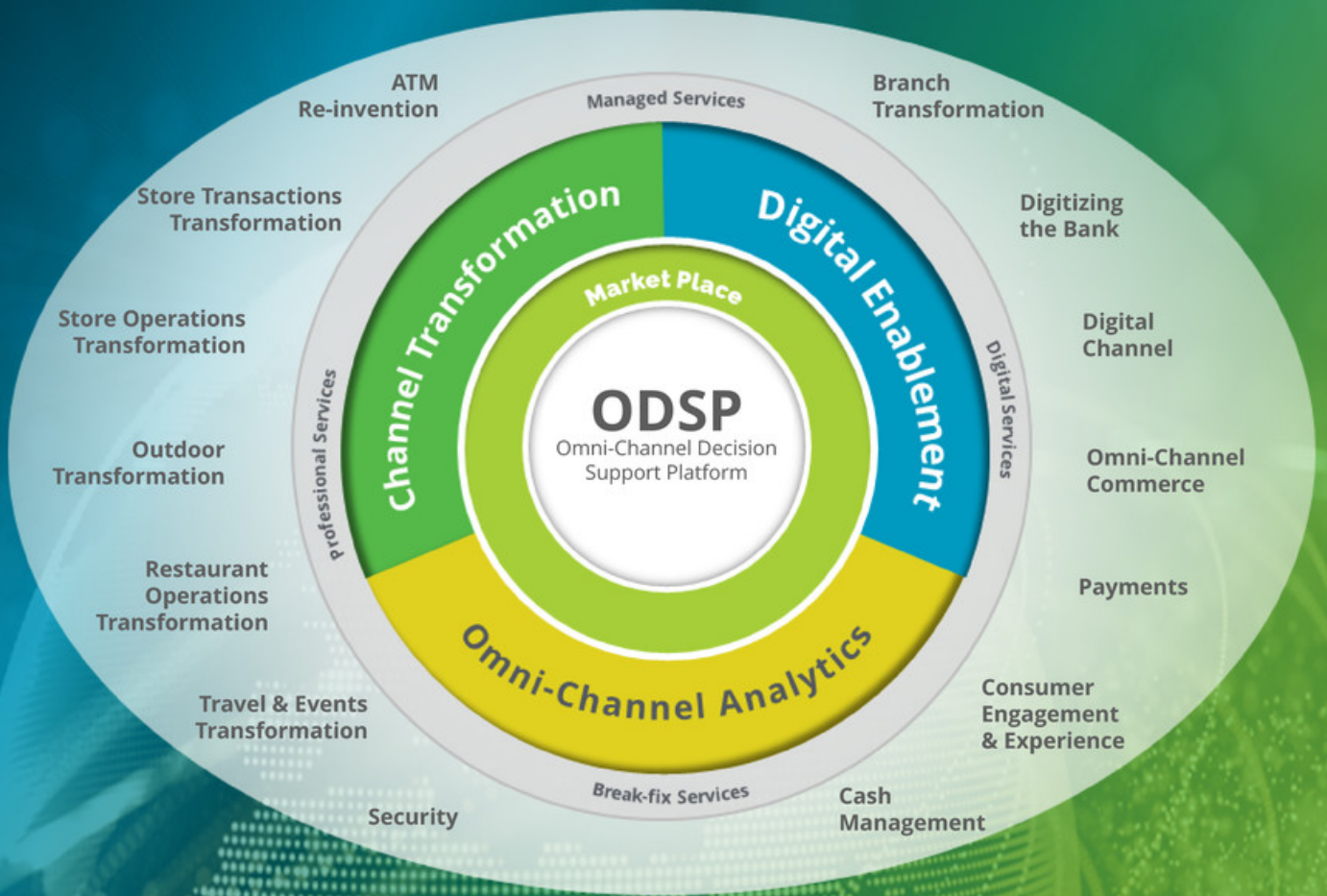


Non-GAAP Diluted EPS flat as reported and down 3% CC



Free Cash Flow down due to timing of working capital

NCR SOLUTION ECOSYSTEM



ACCELERATING OUR TRANSFORMATION

Focus on ensuring success in our strategic plan to build share in the most promising growth areas while driving further operating efficiencies



Investing in Software products that will accelerate cloud growth



Driving growth in Services through structural improvements



Optimizing Hardware production, sourcing and supply chain strategy

Expected P&L Charge of \$200 million to \$250 million over next 2 years; \$16 million in Q1
Expected Cash Costs of \$150 million to \$200 million over next 2 years; \$14 million in Q1
Annual Run Rate Savings of approximately \$150 million by 2020

MANUFACTURING NETWORK REDESIGN

STRATEGY

- Executing a multi-year strategic initiative to strengthen our global competitive position and accelerate our transformation to a software and services-led, data driven business

ACTIONS

- Announced the closure of three manufacturing plants
- Signed new agreement with contract manufacturing company

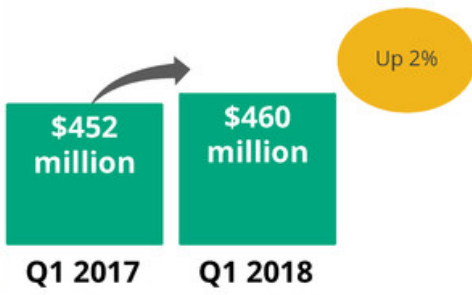
EXPECTED RESULTS

- Shift cost from a largely fixed structure to a more variable cost structure
- Reduce our exposure to variable hardware demand cycles
- Increase global utilization rates and optimize supply chain network
- Improve working capital and margins

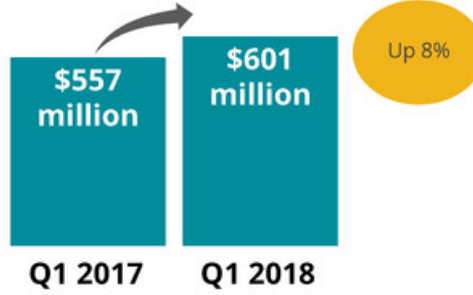


Q1 2018 SEGMENT RESULTS

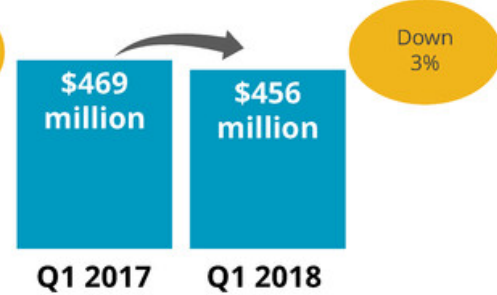
Software Revenue



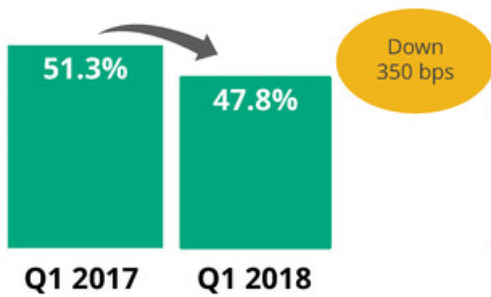
Services Revenue



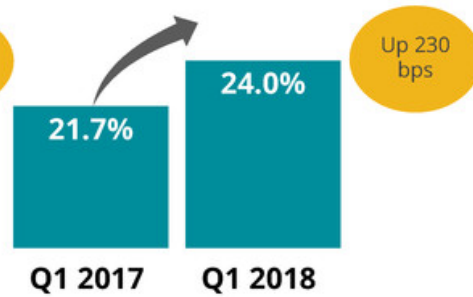
Hardware Revenue



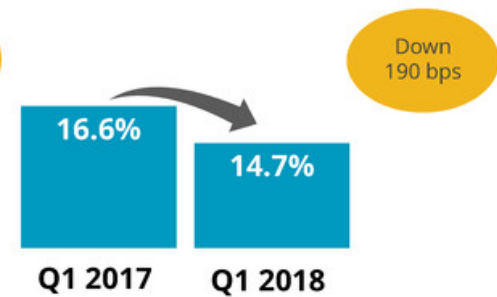
Software Gross Margin



Services Gross Margin



Hardware Gross Margin



SOFTWARE

Q1 2018 Update

| | Q1 2018 | Q1 2017 | % Change | % Change Constant Currency |
|------------------------------------|--------------|--------------|--------------|----------------------------|
| Software License | \$70 | \$85 | (18)% | (19)% |
| <i>Attached License</i> | 21 | 25 | (16)% | (22)% |
| <i>Unattached License</i> | 49 | 60 | (18)% | (18)% |
| Software Maintenance | 91 | 92 | (1)% | (3)% |
| Cloud | 155 | 142 | 9% | 9% |
| Professional Services | 144 | 133 | 8% | 4% |
| Software Revenue | \$460 | \$452 | 2% | —% |
| Software Gross Margin | \$220 | \$232 | (5)% | (7)% |
| Software Gross Margin Rate | 47.8% | 51.3% | (350) bps | (330) bps |
| Operating Income | \$109 | \$124 | (12)% | (12)% |
| Operating Income as a % of Revenue | 23.7% | 27.4% | (370) bps | (330) bps |

KEY HIGHLIGHTS

\$ in millions

- Cloud revenue up 9%; Net ACV of \$18M indicating continued strong momentum
- Software License down 18% due to lower hardware revenue, the timing of large software transactions in the prior year, and the beginning of a shift from software license revenue to cloud revenue
- Professional Services up 8% due to strength in channel transformation and digital enablement
- Software Maintenance down due to lower Software License revenue in prior periods
- Gross Margin Rate down driven by lower Software License revenue partially offset by margin expansion in Cloud

SERVICES

Q1 2018 Update

| | Q1 2018 | Q1 2017 | % Change | % Change Constant Currency |
|------------------------------------|---------|---------|----------|----------------------------|
| Services Revenue | \$601 | \$557 | 8% | 4% |
| Services Gross Margin | \$144 | \$121 | 19% | 15% |
| Services Gross Margin Rate | 24.0% | 21.7% | +230 bps | +230 bps |
| Operating Income | \$62 | \$44 | 41% | 40% |
| Operating Income as a % of Revenue | 10.3% | 7.9% | +240 bps | +260 bps |

\$ in millions

KEY HIGHLIGHTS

- Increase in revenue driven by hardware maintenance and implementation services as a result of continued momentum in managed service offerings and channel transformation trends. Backlog improving in the form of higher file value
- Increased wallet share from the current install base driven by improved customer satisfaction
- Gross margin rate increased due to sustainable improvements achieved through Mission One (M1) initiative
- M1 initiative is a performance and profit improvement program focused on transforming NCR's services margin profile through: 1) Productivity and efficiency improvements; 2) Remote diagnostics and repair; 3) Product life-cycle management; and 4) A higher mix of managed services

HARDWARE

Q1 2018 Update

| | Q1 2018 | Q1 2017 | % Change | % Change Constant Currency |
|-------------------------------------|---------------|---------------|---------------|----------------------------|
| ATMs | \$195 | \$209 | (7)% | (11)% |
| Self-Checkout (SCO) | 77 | 101 | (24)% | (24)% |
| Point-of-Sale (POS) | 184 | 154 | 19% | 15% |
| Interactive Printer Solutions (IPS) | — | 5 | (100)% | (100)% |
| Hardware Revenue | \$456 | \$469 | (3)% | (6)% |
| Hardware Gross Margin | \$67 | \$78 | (14)% | (23)% |
| Hardware Gross Margin Rate | 14.7% | 16.6% | (190) bps | (320) bps |
| Operating Income | (\$23) | (\$10) | (130)% | (280)% |
| Operating Income as a % of Revenue | (5.0%) | (2.1%) | (290) bps | (400) bps |

\$ in millions

KEY HIGHLIGHTS

- Strong growth in POS revenues, primarily due to market gains and store transformation momentum
- ATM revenue down as expected in the quarter due to lower backlog at the beginning of the quarter; ATM orders showing signs of improvement to start the year
- SCO revenue down due to the timing of customer roll-outs
- Gross margin rate decrease due to lower Hardware revenue and an unfavorable mix of less SCO revenue
- Hardware margin rates are expected to significantly improve in the back half of the year as we implement the manufacturing network redesign and drive higher back half revenue

FREE CASH FLOW, NET DEBT & EBITDA

| Free Cash Flow | Q1 2018 | Q1 2017 |
|---|---------------|---------------|
| Cash Provided by Operating Activities | (\$24) | \$39 |
| Total capital expenditures ⁽¹⁾ | (71) | (52) |
| Cash used in Discontinued Operations | (4) | (3) |
| Free Cash Flow | (\$99) | (\$16) |

⁽¹⁾ Capital expenditures in Q1 2018 and Q1 2017 included \$20 million and \$1 million, respectively related to our new world headquarters. Partially offsetting the \$20 million is \$7 million of reimbursement from the lessor included in net cash used in operating activities.

| Net Debt & EBITDA | Q1 2018 | Q1 2017 |
|---------------------------------------|----------------|----------------|
| Debt | \$3,072 | \$3,328 |
| Cash | (348) | (401) |
| Net Debt | \$2,724 | \$2,927 |
| Adjusted EBITDA ⁽²⁾ | \$1,116 | \$1,091 |
| Net Debt / Adjusted EBITDA | 2.4x | 2.7x |

⁽²⁾ Adjusted EBITDA for the trailing twelve-month period

\$ in millions

FY and Q2 2018 GUIDANCE

| | FY 2018 Guidance |
|----------------------|----------------------|
| Revenue Growth | 0% - 3% |
| GAAP Diluted EPS | \$2.08 - \$2.48 |
| Non-GAAP Diluted EPS | \$3.30 - \$3.45 |
| Free Cash Flow | ~90% Conversion Rate |

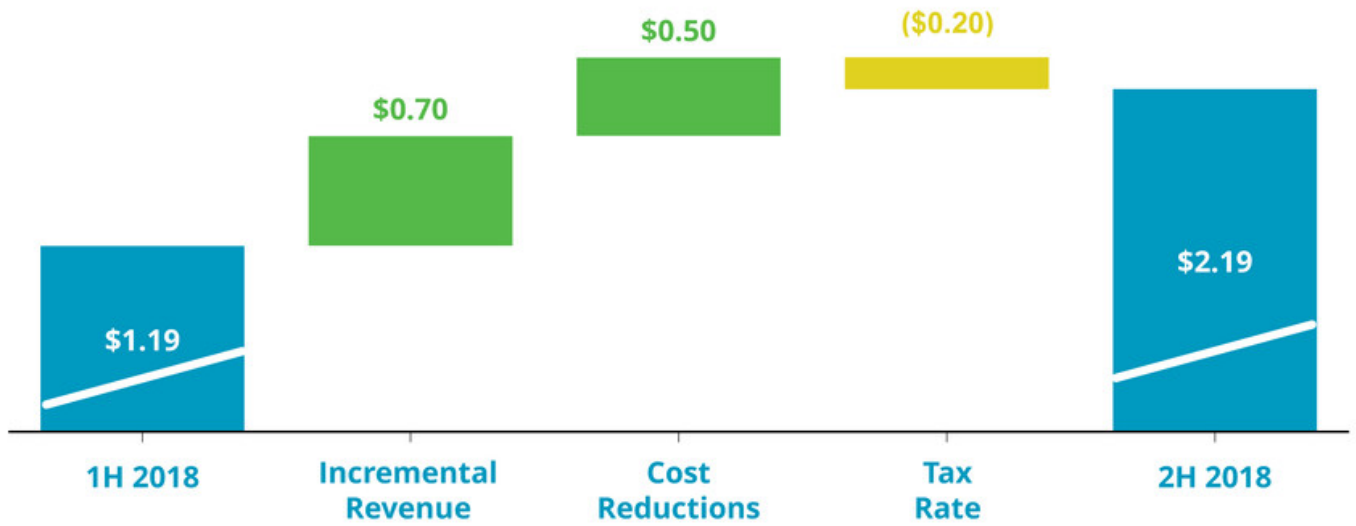
| | Q2 2018 Guidance |
|----------------------|------------------|
| Revenue Growth | (1)%- 1% |
| GAAP Diluted EPS | \$0.12 - \$0.30 |
| Non-GAAP Diluted EPS | \$0.60 - \$0.65 |

REVENUE AND EPS TRENDING

| | First Half | | Second Half | |
|-------------------------------|------------|------------|-------------|------------|
| | \$ | % of Total | \$ | % of Total |
| Revenue | | | | |
| 2018 Guidance (mid-point) | \$3,112 | 47% | \$3,504 | 53% |
| 2017 Results | \$3,071 | 47% | \$3,445 | 53% |
| 2016 Results | \$3,064 | 47% | \$3,479 | 53% |
| 2015 Results | \$3,080 | 48% | \$3,293 | 52% |
| 3 year average | \$3,072 | 47% | \$3,406 | 53% |
| Diluted EPS (non-GAAP) | | | | |
| 2018 Guidance (mid-point) | \$1.19 | 35% | \$2.19 | 65% |
| 2017 Results | \$1.36 | 42% | \$1.85 | 58% |
| 2016 Results | \$1.10 | 36% | \$1.94 | 64% |
| 2015 Results | \$1.09 | 40% | \$1.66 | 60% |
| 3 year average | \$1.18 | 39% | \$1.82 | 61% |

\$ in millions, except per share amounts

Non-GAAP EPS GUIDANCE BRIDGE



LOOKING FORWARD

- Focused on sales funnel, go to market offers, orders and Net ACV growth to drive momentum
- Accelerate recurring revenue; primarily cloud
- Services transformation well under way; Hardware transformation building momentum
- Accelerate transformation initiatives to generate targeted run-rate savings of \$150 million by 2020
- Free cash flow generation and balanced capital allocation strategy remain top priorities

SUPPLEMENTARY MATERIALS

Q1 2018 OPERATIONAL RESULTS

| | Q1 2018 | Q1 2017 | % Change As Reported | % Change Constant Currency |
|---------------------------------------|---------|---------|----------------------|----------------------------|
| Revenue | \$1,517 | \$1,478 | 3% | —% ⁽¹⁾ |
| Gross Margin (non-GAAP) | 431 | 431 | —% | (4)% |
| Gross Margin Rate (non-GAAP) | 28.4% | 29.2% | (80) bps | (100) bps |
| Operating Expenses (non-GAAP) | 283 | 273 | 4% | —% |
| % of Revenue | 18.7% | 18.5% | | |
| Operating Income (non-GAAP) | 148 | 158 | (6)% | (10)% |
| % of Revenue | 9.8% | 10.7% | (90) bps | (100) bps |
| Interest and other expense (non-GAAP) | (46) | (44) | 5% | (1)% |
| Income Tax Expense (non-GAAP) | 16 | 27 | (41)% | |
| Effective Income Tax Rate (non-GAAP) | 15.7% | 23.7% | | |
| Net Income (non-GAAP) | \$85 | \$87 | (2)% | (5)% |
| Diluted EPS (non-GAAP) ⁽²⁾ | \$0.56 | \$0.56 | —% | (3)% |

in millions, except per share amounts

⁽¹⁾ The impact of foreign currency was \$46 million favorable in Q1 2018.

⁽²⁾ Q1 2018 includes \$0.02 of foreign currency benefit on EPS. Diluted share count of 151.5 million in Q1 2018 and 156.7 million in Q1 2017.

Q1 2018 GAAP RESULTS

| | Q1 2018 | Q1 2017 | % Change As Reported |
|-----------------------------------|----------------|-----------------|----------------------|
| Revenue | \$1,517 | \$1,478 | 3% |
| Gross Margin | 420 | 412 | 2% |
| Gross Margin Rate | 27.7% | 27.9% | |
| Operating Expenses | 311 | 297 | 5% |
| % of Revenue | 20.5% | 20.1% | |
| Operating Income | 109 | 115 | (5)% |
| % of Revenue | 7.2% | 7.8% | |
| Interest and other expense | (46) | (44) | 5% |
| Income Tax Expense | 7 | 14 | (50)% |
| Effective Income Tax Rate | 11% | 20% | |
| Net Income | \$55 | \$57 | (4)% |
| Diluted EPS ⁽¹⁾ | \$0.35 | (\$0.14) | 350% |

in millions, except per share amounts

⁽¹⁾ In Q1 2017, net income from continuing operations attributable to NCR common stockholders used in the calculation of earnings per share was adjusted by a \$4 million deemed dividend on modification of convertible preferred shares and a \$58 million deemed dividend on convertible preferred shares related to redemption value accretion.

NON-GAAP MEASURES

While NCR reports its results in accordance with generally accepted accounting principles (GAAP) in the United States, comments made during this conference call and in these materials will include non-GAAP measures. These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures.

Operating Income (non-GAAP), Diluted EPS (non-GAAP), Gross Margin (non-GAAP), Gross Margin Rate (non-GAAP), Interest and Other expense (non-GAAP), Effective Income Tax Rate (non-GAAP), Net Income (non-GAAP), Operating Expenses (non-GAAP) and Income Tax Expense (non-GAAP). NCR's operating income (non-GAAP), diluted earnings per share (non-GAAP), gross margin (non-GAAP), gross margin rate (non-GAAP), interest and other expense (non-GAAP), effective income tax rate (non-GAAP), and net income (non-GAAP), operating expenses (non-GAAP) and income tax expense (non-GAAP) are determined by excluding pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles, from NCR's GAAP income (loss) from operations, earnings per share, gross margin, gross margin rate, interest and other expense, effective income tax rate, net income, operating expenses and income tax expense, respectively. Due to the non-operational nature of these pension and other special items, NCR's management uses these non-GAAP measures to evaluate year-over-year operating performance. NCR also uses operating income (non-GAAP) and non-GAAP diluted EPS, to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR believes these measures are useful for investors because they provide a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with NCR's past reports of financial results.

Free Cash Flow and Free Cash Flow as a Percentage of Non-GAAP Net Income (or Free Cash Flow Conversion Rate). NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, additions to capitalized software, discretionary pension contributions and pension settlements. NCR's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for, among other things, investment in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repayment of the Company's debt obligations. NCR also describes free cash flow as a percentage of non-GAAP net income (or free cash flow conversion rate), which is calculated as free cash flow divided by non-GAAP net income. NCR's management targets an annual free cash flow conversion rate at or above the range described in these materials because management believes that a conversion rate at or above that range represents the efficient conversion of non-GAAP net income to free cash flow for its business. Free cash flow and free cash flow conversion rate do not have uniform definitions under GAAP and, therefore, NCR's definitions may differ from other companies' definition of these measures.

NON-GAAP MEASURES

Constant Currency. NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR's management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR's management believes that presentation of financial measures without these results is more representative of the company's period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors which the company is able to convert its non-GAAP net income to cash.

Net Debt and Adjusted EBITDA. NCR believes that Net Debt provides useful information to investors because NCR's management reviews Net Debt as part of its management of overall liquidity, financial flexibility, capital structure and leverage. In addition, certain debt rating agencies, creditors and credit analysts monitor NCR's Net Debt as part of their assessments of NCR's business. NCR determines Net Debt based on its total debt less cash and cash equivalents, with total debt being defined as total short-term borrowings plus total long-term debt.

NCR believes that Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) provides useful information to investors because it is an indicator of the strength and performance of the Company's ongoing business operations, including its ability to fund discretionary spending such as capital expenditures, strategic acquisitions and other investments. NCR determines Adjusted EBITDA for a given period based on its GAAP income (loss) from continuing operations plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus other income (expense); plus pension expense (benefit); and plus special items. NCR believes that its ratio of net debt to Adjusted EBITDA provides useful information to investors because it is an indicator of the company's ability to meet its future financial obligations.

NCR believes that its ratio of Net Debt to Adjusted EBITDA provides useful information to investors because it is an indicator of the company's ability to meet its future financial obligations. In addition, the Net Debt to Adjusted EBITDA ratio is measures frequently used by investors and credit rating agencies. The Net Debt to Adjusted EBITDA ratio is calculated by dividing Net Debt by trailing twelve-month Adjusted EBITDA.

NCR management's definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their corresponding GAAP measures in the following slides and elsewhere in these materials. These reconciliations and other information regarding these non-GAAP measures are also available on the Investor Relations page of NCR's website at www.ncr.com.

GAAP TO NON-GAAP RECONCILIATION

Net Income from Continuing Operations (GAAP) to Adjusted EBITDA (non-GAAP)

| in millions | Q1 2017 LTM | Q1 2018 LTM |
|---|----------------|----------------|
| Net Income from Continuing Operations (GAAP) | \$312 | \$239 |
| Pension Mark-to-Market Adjustments | 85 | 28 |
| Transformation/Restructuring Costs | 35 | 32 |
| Acquisition-Related Amortization of Intangibles | 120 | 109 |
| Acquisition-Related Costs | 6 | 4 |
| Divestiture and Liquidation Losses | 6 | — |
| Net (Income) Loss from Continuing Operations Attributable to Noncontrolling Interests | (4) | (4) |
| Interest Expense | 163 | 165 |
| Interest Income | (4) | (3) |
| Depreciation and Amortization | 212 | 239 |
| Income Taxes | 93 | 235 |
| Stock Compensation Expense | 67 | 72 |
| Adjusted EBITDA (non-GAAP) | \$1,091 | \$1,116 |

in millions

GAAP TO NON-GAAP RECONCILIATION

Q1 2018 QTD

| in millions (except per share amounts) | Q1 QTD 2018 GAAP | Transformation Costs | Acquisition- related amortization of intangibles | Q1 QTD 2018 non-GAAP |
|--|---------------------|-------------------------|--|-------------------------|
| Product revenue | \$526 | \$— | \$— | \$526 |
| Service revenue | 991 | — | — | 991 |
| Total revenue | 1,517 | — | — | 1,517 |
| Cost of products | 420 | — | (4) | 416 |
| Cost of services | 677 | (4) | (3) | 670 |
| Gross margin | 420 | 4 | 7 | 431 |
| Gross margin rate | 27.7% | 0.2% | 0.5% | 28.4% |
| Selling, general and administrative expenses | 245 | (10) | (16) | 219 |
| Research and development expenses | 66 | (2) | — | 64 |
| Total operating expenses | 311 | (12) | (16) | 283 |
| Total operating expense as a % of revenue | 20.5% | (0.7)% | (1.1)% | 18.7% |
| Income from operations | 109 | 16 | 23 | 148 |
| Income from operations as a % of revenue | 7.2% | 1.1% | 1.5% | 9.8% |
| Interest and Other (expense) income, net | (46) | — | — | (46) |
| Income from continuing operations before income taxes | 63 | 16 | 23 | 102 |
| Income tax expense | 7 | 4 | 5 | 16 |
| Effective income tax rate | 11% | | | 16% |
| Income from continuing operations | 56 | 12 | 18 | 86 |
| Net income attributable to noncontrolling interests | 1 | — | — | 1 |
| Income from continuing operations (attributable to NCR) | \$55 | \$12 | \$18 | \$85 |
| Diluted earnings per share | \$0.35 | \$0.08 | \$0.12 | \$0.56 |
| Diluted shares outstanding | 123.8 | | | 151.5 |

GAAP TO NON-GAAP RECONCILIATION

Q1 2018 QTD

| | Q1 QTD 2018 GAAP | Q1 QTD 2018 non-GAAP |
|--|---------------------|-------------------------|
| in millions (except per share amounts) | | |
| <i>Income from continuing operations attributable to NCR common stockholders:</i> | | |
| Income from continuing operations (attributable to NCR) | \$55 | \$85 |
| Dividends on convertible preferred shares | (12) | — |
| Income from continuing operations attributable to NCR common stockholders | \$43 | \$85 |
| <i>Weighted average outstanding shares:</i> | | |
| Weighted average diluted shares outstanding | 123.8 | 123.8 |
| Weighted as-if converted preferred shares | — | 27.7 |
| Total shares used in diluted earnings per share | 123.8 | 151.5 |
| Diluted earnings per share ⁽¹⁾ | \$0.35 | \$0.56 |

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

GAAP TO NON-GAAP RECONCILIATION

Q1 2017 QTD

| in millions (except per share amounts) | Q1 QTD 2017 GAAP | Transformation Costs | Acquisition- related amortization of intangibles | Acquisition- related costs | Q1 QTD 2017 non-GAAP |
|--|---------------------|-------------------------|---|----------------------------------|-------------------------|
| Product revenue | \$554 | \$— | \$— | \$— | \$554 |
| Service revenue | 924 | — | — | — | 924 |
| Total revenue | 1,478 | — | — | — | 1,478 |
| Cost of products | 424 | (2) | (7) | — | 415 |
| Cost of services | 642 | (4) | (6) | — | 632 |
| Gross margin | 412 | 6 | 13 | — | 431 |
| Gross margin rate | 27.9% | 0.4% | 0.9% | —% | 29.2% |
| Selling, general and administrative expenses | 230 | (4) | (16) | (1) | 209 |
| Research and development expenses | 67 | (3) | — | — | 64 |
| Total expenses | 297 | (7) | (16) | (1) | 273 |
| <i>Total expense as a % of revenue</i> | <i>20.1%</i> | <i>(0.4)%</i> | <i>(1.1)%</i> | <i>(0.1)%</i> | <i>18.5%</i> |
| Income from operations | 115 | 13 | 29 | 1 | 158 |
| <i>Income from operations as a % of revenue</i> | <i>7.8%</i> | <i>0.9%</i> | <i>1.9%</i> | <i>0.1%</i> | <i>10.7%</i> |
| Interest and Other (expense) income, net | (44) | — | — | — | (44) |
| Income from continuing operations before income taxes | 71 | 13 | 29 | 1 | 114 |
| Income tax expense | 14 | 4 | 9 | — | 27 |
| <i>Effective income tax rate</i> | <i>20%</i> | | | | <i>24%</i> |
| Income from continuing operations | 57 | 9 | 20 | 1 | 87 |
| Net income attributable to noncontrolling interests | — | — | — | — | — |
| Income from continuing operations (attributable to NCR) | \$57 | \$9 | \$20 | \$1 | \$87 |
| Diluted (loss) earnings per share | (\$0.14) | \$0.06 | \$0.13 | \$0.01 | \$0.56 |
| Diluted shares outstanding | 122.8 | | | | 156.7 |

GAAP TO NON-GAAP RECONCILIATION

Q1 2017 QTD

| | Q1 QTD 2017 GAAP | Q1 QTD 2017 non-GAAP |
|--|---------------------|-------------------------|
| in millions (except per share amounts) | | |
| <i>Income from continuing operations attributable to NCR common stockholders:</i> | | |
| Income from continuing operations (attributable to NCR) | \$57 | \$87 |
| Dividends on convertible preferred shares | (12) | — |
| Deemed dividend on modification of convertible preferred shares | (4) | — |
| Deemed dividend on convertible preferred shares related to redemption value accretion | (58) | — |
| (Loss) Income from continuing operations attributable to NCR common stockholders | \$(17) | \$87 |
| <i>Weighted average outstanding shares:</i> | | |
| Weighted average diluted shares outstanding | 122.8 | 128.2 |
| Weighted as-if converted preferred shares | — | 28.5 |
| Total shares used in diluted earnings per share | 122.8 | 156.7 |
| Diluted (loss) earnings per share ⁽¹⁾ | (\$0.14) | \$0.56 |

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

GAAP TO NON-GAAP RECONCILIATION

FY 2017

| in millions (except per share amounts) | FY 2017 GAAP | Transformation Costs | Acquisition- related amortization of intangibles | Acquisition- related costs | Pension mark- to-market adjustments | Impact of U.S. Tax Reform | FY 2017 non-GAAP |
|--|-----------------|-------------------------|---|----------------------------------|---|------------------------------|---------------------|
| Product revenue | \$2,579 | \$— | \$— | \$— | \$— | \$— | \$2,579 |
| Service revenue | 3,937 | — | — | — | — | — | 3,937 |
| Total revenue | 6,516 | — | — | — | — | — | 6,516 |
| Cost of products | 2,021 | (2) | (25) | — | — | — | 1,994 |
| Cost of services | 2,640 | (9) | (25) | — | — | — | 2,606 |
| Gross margin | 1,855 | 11 | 50 | — | — | — | 1,916 |
| Gross margin rate | 28.5% | 0.1% | 0.8% | —% | —% | —% | 29.4% |
| Selling, general and administrative expenses | 923 | (14) | (65) | (5) | — | — | 839 |
| Research and development expenses | 241 | (4) | — | — | — | — | 237 |
| Total expenses | 1,164 | (18) | (65) | (5) | — | — | 1,076 |
| <i>Total expense as a % of revenue</i> | <i>17.9%</i> | <i>(0.3)%</i> | <i>(1.0)%</i> | <i>(0.1)%</i> | <i>(0.4)%</i> | <i>—%</i> | <i>16.5%</i> |
| Income from operations | 691 | 29 | 115 | 5 | — | — | 840 |
| <i>Income from operations as a % of revenue</i> | <i>10.6%</i> | <i>0.4%</i> | <i>1.8%</i> | <i>0.1%</i> | <i>0.4%</i> | <i>—%</i> | <i>12.9%</i> |
| Interest and Other (expense) income, net | (209) | — | — | — | 28 | — | (181) |
| Income from continuing operations before income taxes | 482 | 29 | 115 | 5 | 28 | — | 659 |
| Income tax expense (benefit) | 242 | 9 | 36 | 2 | 3 | (130) | 162 |
| <i>Effective income tax rate</i> | <i>50%</i> | | | | | | <i>25%</i> |
| Income from continuing operations | 240 | 20 | 79 | 3 | 25 | 130 | 497 |
| Net income attributable to noncontrolling interests | 3 | — | — | — | — | — | 3 |
| Income from continuing operations (attributable to NCR) | \$237 | \$20 | \$79 | \$3 | \$25 | \$130 | \$494 |
| Diluted earnings per share | \$1.01 | \$0.13 | \$0.51 | \$0.02 | \$0.16 | \$0.84 | \$3.20 |
| Diluted Shares outstanding | 127.0 | | | | | | 154.3 |

GAAP TO NON-GAAP RECONCILIATION

FY 2017

| | FY 2017 GAAP | FY 2017 non-GAAP |
|---|-----------------|---------------------|
| in millions (except per share amounts) | | |
| Income from continuing operations attributable to NCR common stockholders: | | |
| Income from continuing operations (attributable to NCR) | \$237 | \$494 |
| Dividends on convertible preferred shares | (47) | — |
| Deemed dividend on modification of convertible preferred shares | (4) | — |
| Deemed dividend on convertible preferred shares related to redemption value accretion | (58) | — |
| Income from continuing operations attributable to NCR common stockholders | \$128 | \$494 |
| Weighted average outstanding shares: | | |
| Weighted average diluted shares outstanding | 127.0 | 127.0 |
| Weighted as-if converted preferred shares | — | 27.3 |
| Total shares used in diluted earnings per share | 127.0 | 154.3 |
| Diluted earnings per share ⁽¹⁾ | \$1.01 | \$3.20 |

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 QTD

| in millions (except per share amounts) | FY 2017 GAAP | Transformation Costs | Acquisition- related amortization of intangibles | Acquisition- related costs | FY 2017 non-GAAP |
|--|-----------------|-------------------------|---|----------------------------------|---------------------|
| Product revenue | \$618 | \$— | \$— | \$— | \$618 |
| Service revenue | 975 | — | — | — | 975 |
| Total revenue | 1,593 | — | — | — | 1,593 |
| Cost of products | 478 | — | (6) | — | 472 |
| Cost of services | 654 | (4) | (6) | — | 644 |
| Gross margin | 461 | 4 | 12 | — | 477 |
| Gross margin rate | 28.9% | 0.3% | 0.7% | —% | 29.9% |
| Selling, general and administrative expenses | 228 | (3) | (16) | (1) | 208 |
| Research and development expenses | 58 | (1) | — | — | 57 |
| Total expenses | 286 | (4) | (16) | (1) | 265 |
| <i>Total expense as a % of revenue</i> | <i>18.0%</i> | <i>(0.3)%</i> | <i>(1.0)%</i> | <i>(0.1)%</i> | <i>16.6%</i> |
| Income from operations | 175 | 8 | 28 | 1 | 212 |
| <i>Income from operations as a % of revenue</i> | <i>11.0%</i> | <i>0.5%</i> | <i>1.7%</i> | <i>0.1%</i> | <i>13.3%</i> |
| Interest and Other (expense) income, net | (45) | — | — | — | (45) |
| Income from continuing operations before income taxes | 130 | 8 | 28 | 1 | 167 |
| Income tax expense | 33 | 2 | 9 | 1 | 45 |
| <i>Effective income tax rate</i> | <i>25%</i> | | | | <i>27%</i> |
| Income from continuing operations | 97 | 6 | 19 | — | 122 |
| Net income attributable to noncontrolling interests | — | — | — | — | — |
| Income from continuing operations (attributable to NCR) | \$97 | \$6 | \$19 | \$— | \$122 |
| Diluted earnings per share | \$0.64 | \$0.04 | \$0.12 | \$— | \$0.80 |
| Diluted Shares outstanding | 152.7 | | | | 152.7 |

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 QTD

| | FY 2017 GAAP | FY 2017 non-GAAP |
|--|-----------------|---------------------|
| in millions (except per share amounts) | | |
| <i>Income from continuing operations attributable to NCR common stockholders:</i> | | |
| Income from continuing operations (attributable to NCR) | \$97 | \$122 |
| Income from continuing operations attributable to NCR common stockholders | \$97 | \$122 |
| <i>Weighted average outstanding shares:</i> | | |
| Weighted average diluted shares outstanding | 126.1 | 126.1 |
| Weighted as-if converted preferred shares | 26.6 | 26.6 |
| Total shares used in diluted earnings per share | 152.7 | 152.7 |
| Diluted earnings per share ⁽¹⁾ | \$0.64 | \$0.80 |

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

GAAP TO NON-GAAP RECONCILIATION

Q1 2018 QTD

Gross Margin and Gross Margin Rate (non-GAAP) to Gross Margin and Gross Margin Rate (GAAP)

| | Q1 2018 QTD | |
|---|--------------|---------------------|
| | Gross Margin | Gross Margin Rate % |
| Software | 220 | 47.8% |
| Services | 144 | 24.0% |
| Hardware | 67 | 14.7% |
| Total Gross Margin (non-GAAP) | 431 | 28.4% |
| Less: | | |
| Transformation Costs | 4 | 0.2% |
| Acquisition-related amortization of intangibles | 7 | 0.5% |
| Total Gross Margin (GAAP) | 420 | 27.7% |

GAAP TO NON-GAAP RECONCILIATION

Q1 2017 QTD

Gross Margin and Gross Margin Rate (non-GAAP) to Gross Margin and Gross Margin Rate (GAAP)

| | Q1 2017 QTD | |
|---|--------------|---------------------|
| | Gross Margin | Gross Margin Rate % |
| Software | 232 | 51.3% |
| Services | 121 | 21.7% |
| Hardware | 78 | 16.6% |
| Total Gross Margin (non-GAAP) | 431 | 29.2% |
| Less: | | |
| Transformation Costs | 6 | 0.4% |
| Acquisition-related amortization of intangibles | 13 | 0.9% |
| Acquisition-related costs | — | —% |
| Total Gross Margin (GAAP) | 412 | 27.9% |

GAAP TO NON-GAAP RECONCILIATION

Q1 2018 QTD

Operating Income and Operating Income Rate (non-GAAP) to
Operating Income and Operating Income Rate (GAAP)

| | Q1 2018 QTD | |
|---|---------------------|--------------------------|
| | Operating Income | Operating Income Rate |
| Software | 109 | 23.7% |
| Services | 62 | 10.3% |
| Hardware | (23) | (5.0)% |
| Total Operating Income (non-GAAP) | 148 | 9.8% |
| Less: | | |
| Transformation Costs | 16 | 1.1% |
| Acquisition-related amortization of intangibles | 23 | 1.5% |
| Total Operating Income (GAAP) | 109 | 7.2% |

GAAP TO NON-GAAP RECONCILIATION

Q1 2017 QTD

Operating Income and Operating Income Rate (non-GAAP) to
Operating Income and Operating Income Rate (GAAP)

| | Q1 2017 QTD | |
|---|------------------|-----------------------|
| | Operating Income | Operating Income Rate |
| Software | 124 | 27.4% |
| Services | 44 | 7.9% |
| Hardware | (10) | (2.1)% |
| Total Operating Income (non-GAAP) | 158 | 10.7% |
| Less: | | |
| Transformation Costs | 13 | 0.9% |
| Acquisition-related amortization of intangibles | 29 | 1.9% |
| Acquisition-related costs | 1 | 0.1% |
| Total Operating Income (GAAP) | 115 | 7.8% |

GAAP TO NON-GAAP RECONCILIATION

Revenue Growth % (GAAP) to Revenue Growth Constant Currency % (non-GAAP)

| | Q1 2018 QTD | | |
|-------------------------------------|-------------------------|-----------------------------------|---|
| | Revenue Growth % (GAAP) | Favorable (unfavorable) FX impact | Revenue Growth Constant Currency % (non-GAAP) |
| Software License | (18)% | 1% | (19)% |
| <i>Attached License</i> | (16)% | 6% | (22)% |
| <i>Unattached License</i> | (18)% | —% | (18)% |
| Software Maintenance | (1)% | 2% | (3)% |
| Cloud | 9% | —% | 9% |
| Professional Services | 8% | 4% | 4% |
| Software | 2% | 2% | —% |
| Services | 8% | 4% | 4% |
| ATMs | (7)% | 4% | (11)% |
| Self-Checkout (SCO) | (24)% | —% | (24)% |
| Point-of-Sale (POS) | 19% | 4% | 15% |
| Interactive Printer Solutions (IPS) | (100)% | —% | (100)% |
| Hardware | (3)% | 3% | (6)% |
| Total Revenue | 3% | 3% | —% |

GAAP TO NON-GAAP RECONCILIATION

Gross Margin Growth % (GAAP) to Gross Margin Growth % on a Constant Currency Basis (non-GAAP)

| | Q1 2018 QTD | | |
|---------------------------|--------------------------------|-----------------------------------|--|
| | Gross Margin Growth % Reported | Favorable (unfavorable) FX impact | Constant Currency Gross Margin Growth % (non-GAAP) |
| Software | (5)% | 2% | (7)% |
| Services | 19% | 4% | 15% |
| Hardware | (14)% | 9% | (23)% |
| Total Gross Margin | —% | 4% | (4)% |

GAAP TO NON-GAAP RECONCILIATION

Operating Income Growth % (GAAP) to Operating Income Growth % on a Constant Currency Basis (non-GAAP)

| | Q1 2018 QTD | | |
|-------------------------------|------------------------------------|-----------------------------------|--|
| | Operating Income Growth % Reported | Favorable (unfavorable) FX impact | Constant Currency Operating Income Growth % (non-GAAP) |
| Software | (12)% | —% | (12)% |
| Services | 41% | 1% | 40% |
| Hardware | (130)% | 150% | (280)% |
| Total Operating Income | (6)% | 4% | (10)% |

GAAP TO NON-GAAP RECONCILIATION

Gross Margin Growth bps (GAAP) to Gross Margin Growth bps on a Constant Currency Basis (non-GAAP)

| | Q1 2018 QTD | | |
|-------------------------------|----------------------------------|-----------------------------------|--|
| | Gross Margin bps Growth Reported | Favorable (unfavorable) FX impact | Constant Currency Gross Margin bps Growth (non-GAAP) |
| Software | (350) bps | (20) bps | (330) bps |
| Services | 230 bps | — bps | 230 bps |
| Hardware | (190) bps | 130 bps | (320) bps |
| Total Gross Margin bps | (80) bps | 20 bps | (100) bps |

GAAP TO NON-GAAP RECONCILIATION

Operating Income Growth bps (GAAP) to Operating Income Growth bps on a Constant Currency Basis (non-GAAP)

| | Q1 2018 QTD | | |
|-------------------------------|--|---|---|
| | Operating Income bps Growth Reported | Favorable (unfavorable) FX impact | Constant Currency Operating Income bps Growth (non- GAAP) |
| Software | (370) bps | (40) bps | (330) bps |
| Services | 240 bps | (20) bps | 260 bps |
| Hardware | (290) bps | 110 bps | (400) bps |
| Total Operating Income | (90) bps | 10 bps | (100) bps |

GAAP TO NON-GAAP RECONCILIATION

Diluted Earnings per Share (GAAP) to Diluted Earnings per Share (non-GAAP)

| | 2018 Guidance | Q2 2018 Guidance |
|---|-----------------|------------------|
| Diluted EPS (GAAP) ^{(1) (2)} | \$2.08 - \$2.48 | \$0.12 - \$0.30 |
| Transformation costs | 0.50 - 0.75 | 0.19 - 0.28 |
| Acquisition-Related Amortization of Intangibles | 0.42 | 0.10 |
| Acquisition-Related Costs | 0.05 | 0.01 |
| Non-GAAP Diluted EPS ^{(1) (3)} | \$3.30 - \$3.45 | \$0.60 - \$0.65 |

⁽¹⁾ Non-GAAP diluted EPS is determined using the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of weighted average diluted shares outstanding. GAAP EPS is determined using the most dilutive measure, either including the impact of dividends or deemed dividends on the Company's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may not mathematically reconcile.

⁽²⁾ Except for the adjustments noted herein, this guidance does not include the effects of any future acquisitions/divestitures, restructuring activities, pension mark-to-market adjustments, taxes or other events, which are difficult to predict and which may or may not be significant.

⁽³⁾ For FY 2018, we have assumed OIE of approximately \$204 million, an effective tax rate of 24% and a share count of 153 million (154 million previously) compared to OIE of \$181 million, an effective tax rate of 25% and a share count of 154 million in FY 2017. For Q2 2018, we have assumed OIE of approximately \$52 million, an effective tax rate of 22% and a share count of 152 million compared to OIE of \$45 million, an effective tax rate of 27% and a share count of 153 million in Q2 2017.

¹⁾ Except for the adjustments noted herein, this guidance does not include the effects of any future acquisitions/divestitures, restructuring activities, pension mark-to-market adjustments, taxes or other events, which are difficult to predict and which may or may not be significant.



