

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): April 20, 2017



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.)

**3097 Satellite Boulevard
Duluth, Georgia 30096**

(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))

Item 2.02. Results of Operations and Financial Condition.

On April 20, 2017, the Company issued a press release setting forth its first quarter 2017 financial results along with its second quarter 2017 and updated fiscal year 2017 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 April 20, 2017, the Company will hold its previously announced conference call to discuss its first quarter 2017 results, its second quarter 2017 financial outlook and updated fiscal year 2017 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 April 20, 2017
99.2	Supplemental materials, dated April 20, 2017

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: April 20, 2017

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	Press Release issued by the Company, dated April 20, 2017
99.2	Supplemental materials, dated April 20, 2017



April 20, 2017

NCR Announces First Quarter 2017 Results

DULUTH, Ga. - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2017. First quarter highlights include:

- **Revenue of \$1.48 billion, up 2% as reported and up 9% excluding FX and the IPS divestiture**
- **Software revenue up 8%, software license growth of 29% and cloud growth of 6%; Net ACV of \$18 million in the quarter, up 29%**
- **GAAP gross margin rate expanded 160 basis points to 27.9%; Non-GAAP gross margin rate expanded 210 basis points constant currency to 29.2%**
- **GAAP diluted EPS of \$(0.14), down from \$0.16 in the prior year due to impact of the deemed dividend from the Q1 Blackstone transaction; Non-GAAP diluted EPS of \$0.56, up from \$0.38 in the prior year**
- **\$350 million of share repurchases completed; New \$300 million share repurchase authorization approved**
- **2017 GAAP diluted EPS adjusted due to impact of the Q1 Blackstone transaction; 2017 Revenue and Non-GAAP diluted EPS guidance raised; Maintaining our 2017 cash flow guidance**

"We are off to a strong start in 2017, with results that exceeded expectations and position us well to accomplish our full year goals," said Chairman and CEO Bill Nuti. "We generated solid revenue growth and gross margin expansion across each of our business segments driven by our leading portfolio of global omni-channel and channel transformation solutions. In Software, we experienced continued strong demand, including for our cloud solutions while also benefiting from improved efficiency and scale. Our Services business expanded its recurring and implementation revenues and we further advanced our business process improvement initiatives. Store transformation momentum drove further growth in self-checkout revenue in our Hardware business and we are gaining scale as we introduce new products across key markets. Looking ahead, we will remain a global leader in omni-channel software, channel transformation and digital enablement and our solutions support customers of all sizes as they effectively transform their businesses and compete in the digital world. Our focus remains centered on strong execution, innovation, and driving customer success."

In this release, we use certain performance metrics as well as certain non-GAAP measures, including presenting certain measures on a constant currency and adjusted 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," "adjusted," 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 2017 Operating Results

Revenue

First quarter revenue of \$1.48 billion was up 2% year-over-year. On an adjusted constant currency basis, first quarter revenue was up 9%. Foreign currency fluctuations and the IPS divestiture had an unfavorable impact on the revenue comparison of 1% and 6%, respectively.

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

\$ in millions	First Quarter			
	2017	2016	% Change	% Change Adjusted Constant Currency
Software License	\$ 85	\$ 66	29%	30%
Software Maintenance	92	93	(1%)	(1%)
Cloud	142	134	6%	6%
Professional Services	133	126	6%	7%
Software Revenue	\$ 452	\$ 419	8%	8%
Services Revenue	\$ 557	\$ 543	3%	4%
ATM	\$ 209	\$ 226	(8%)	(7%)
SCO	101	45	124%	124%
POS	154	132	17%	17%
IPS	5	79	(94%)	(29%)
Hardware Revenue	\$ 469	\$ 482	(3%)	15%
Total Revenue	\$ 1,478	\$ 1,444	2%	9%

Gross Margin

First quarter gross margin of \$413 million increased 9% from \$380 million. First quarter gross margin (non-GAAP) of \$432 million increased 9% from \$396 million. The increase in gross margin was due to a favorable mix of software and continued focus on productivity improvements, particularly in our Services segment.

Expenses

First quarter operating expenses of \$296 million increased from \$279 million. First quarter operating expenses (non-GAAP) of \$272 million increased from \$257 million. The increase in expenses was a result of increased investment in research and development and higher employee related expenses.

Operating Income

First quarter operating income of \$117 million increased 16% from \$101 million. First quarter operating income (non-GAAP) of \$160 million increased 15% from \$139 million. The increase in operating income was a result of higher revenue and gross margin rate expansion.

Other (Expense)

First quarter other (expense) and other (expense) (non-GAAP) of \$46 million decreased 18% from \$56 million. The decrease was primarily due to a more favorable foreign currency impact and lower interest expense compared to the prior year period.

Income Tax Expense

First quarter income tax expense of \$14 million increased from \$13 million. First quarter income tax expense (non-GAAP) of \$27 million increased from \$22 million. The increase in income tax expense was due to higher income before taxes in the quarter. In addition, the effective income tax rates improved due to more favorable discrete benefits in the current quarter.

Net Income from Continuing Operations Attributable to NCR

First quarter net income from continuing operations attributable to NCR of \$57 million increased from \$32 million. First quarter net income from continuing operations attributable to NCR (non-GAAP) of \$87 million increased from \$61 million.

Cash Flow

First quarter cash provided by operating activities of \$43 million increased from \$23 million. Free cash outflow was \$12 million in the first quarter of 2017 as compared to \$29 million in the first quarter of 2016. Improvements in cash flow were due primarily due to higher operating income.

Share Repurchase Programs

During the first quarter of 2017, NCR repurchased approximately 7.4 million shares of its common stock for \$350 million. Additionally, on March 12, 2017, the Company's board of directors authorized a new \$300 million share repurchase program to succeed its 2016 program. The timing and amount of any repurchases under the new program will depend upon market conditions. Repurchases under the new program may be made from time to time in the open market, private transactions, accelerated stock repurchase programs, issuer self-tenders or otherwise, and may be discontinued at any time.

2017 Outlook

We are raising our full year 2017 revenue and non-GAAP diluted earnings per share guidance. Revenue is expected to be \$6.63 billion to \$6.75 billion, up from previous guidance of \$6.60 billion to \$6.72 billion, due to improving foreign exchange rates. We expect revenue growth of 1% to 3% as reported and 5% to 7% adjusted constant currency. The 2017 revenue guidance now includes expected foreign currency headwinds of \$65 million in revenue versus our prior guidance of \$95 million. The 2017 expected growth rates also exclude approximately \$143 million of IPS revenue from 2016 due to the IPS divestiture in May 2016.

We are lowering our GAAP diluted earnings per share guidance to \$2.20 to \$2.32 versus prior guidance of \$2.56 to \$2.69, due to the impact of the Blackstone transaction in March where NCR repurchased preferred shares at a price in excess of the carrying value which is considered a deemed dividend for GAAP EPS purposes. Our non-GAAP diluted earnings per share is expected to be \$3.32 to \$3.42, up from previous guidance of \$3.27 to \$3.37. Our non-GAAP diluted earnings guidance is expected to be up 10% to 14% constant currency. The 2017 non-GAAP diluted earnings per share guidance now includes an expected foreign currency headwind of \$0.01 versus our previous guidance of a \$0.03 headwind.

Additionally, we continue to expect net cash provided by operating activities to be \$805 million to \$830 million and free cash flow to be \$500 million to \$525 million, or approximately 95% to 100% of non-GAAP net income.

Q2 2017 Outlook

For the second quarter of 2017, revenue is expected to be \$1.59 billion to \$1.62 billion, GAAP diluted earnings per share is expected to be \$0.53 to \$0.60, and non-GAAP diluted earnings per share is expected to be \$0.72 to \$0.77. The second quarter 2017 guidance includes expected foreign currency headwinds of \$30 million in revenue and \$0.01 in diluted earnings per share.

NCR will provide additional information regarding its second quarter and full year 2017 guidance during its first quarter earnings conference call and webcast.

2017 First Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the first quarter 2017 results and guidance for second quarter and full-year 2017. 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 913-312-0415 (International Toll) and entering the participant passcode 4228682.

More information on NCR's Q1 2017 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 the global leader in omni-channel solutions, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables nearly 550 million transactions daily across the financial, retail, hospitality, travel, telecom and technology industries. NCR solutions run the everyday transactions that make your life easier.

NCR is headquartered in Duluth, Georgia with over 33,000 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 web site which is updated regularly with financial and other important information about NCR.

Web site: www.ncr.com

Twitter: @NCRCorporation

Facebook: www.facebook.com/ncrcorp

LinkedIn: <http://linkd.in/ncrgroup>

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 The forward-looking statements in this release include statements about the effect of NCR's first quarter results on its ability to accomplish its full year goals; NCR's future position as a leader in omni-channel software, channel transformation and digital enablement; the effects of NCR's solutions on customers' businesses and their ability to compete; NCR's areas of focus for 2017; and NCR's full-year and second quarter financial guidance and outlook (including the section entitled "2017 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: domestic and global economic and credit conditions including, in particular, those resulting from uncertainty in the Chinese economy, economic sanctions against Russia, the determination by Britain to exit the European Union and further potential changes in Eurozone participation, the potential for changes to global or regional trade agreements or the imposition of protectionist trade policies, and the imposition of import or export tariffs or border adjustments; the impact of our indebtedness and its terms on our financial and operating activities; the impact of the terms of our strategic relationship with Blackstone and our Series A Convertible Preferred Stock; the transformation of our business model and our ability to sell higher-margin software and services; the possibility of disruptions in or problems with our data center hosting facilities; cybersecurity risks and compliance with data privacy and protection requirements; foreign currency fluctuations; our ability to successfully introduce new solutions and compete in the information technology industry; our ability to improve execution in our sales and services organizations; defects or errors in our products; manufacturing disruptions; collectability difficulties in subcontracting relationships in Emerging Industries; the historical seasonality of our sales; the availability and success of acquisitions, divestitures and alliances, including the divestiture of our Interactive Printer Solutions business; our pension strategy and underfunded pension obligation; the success of our restructuring plans and cost reduction initiatives; tax rates; reliance on third party suppliers; development and protection of intellectual property; workforce turnover and the ability to attract and retain skilled employees; 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.

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.

Diluted EPS (non-GAAP), Gross Margin (non-GAAP), Gross Margin Rate (non-GAAP), Operating Expenses (non-GAAP), Operating Income (non-GAAP), Other (Expense) (non-GAAP), Income Tax Expense (non-GAAP), and Net Income from Continuing Operations Attributable to NCR (non-GAAP). NCR's diluted earnings per share (non-GAAP), gross margin (non-GAAP), gross margin rate (non-GAAP), operating expenses (non-GAAP), operating income (non-GAAP), other (expense) (non-GAAP), income tax expense (non-GAAP), and net income from continuing operations attributable to NCR (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 earnings per share, gross margin, gross margin rate, expenses, income (loss) from operations, other (expense), income tax expense 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 free cash flow as a percentage of non-GAAP net income (or the cash flow conversion rate). 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 do not have uniform definitions under GAAP and, therefore, NCR's definitions may differ from other companies' definitions of these measures.

Constant Currency, IPS Divestiture and Adjusted 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 also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR's Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR's Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. 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.

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 or, in the case of quarterly free cash flow, in the body of this release.

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

\$ in millions	Q1 2017	Q1 2016
Gross Margin (GAAP)	\$ 413	\$ 380
Transformation/Restructuring Costs	6	—
Acquisition-related amortization of intangibles	13	16
Operating Gross Margin (Non-GAAP)	\$ 432	\$ 396

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

\$ in millions	Q1 2017	Q1 2016
Operating Expenses (GAAP)	\$ 296	\$ 279
Transformation/Restructuring Costs	(7)	(4)
Acquisition-related amortization of intangibles	(16)	(16)
Acquisition-related costs	(1)	(2)
Operating Expenses (Non-GAAP)	\$ 272	\$ 257

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

\$ in millions	Q1 2017	Q1 2016
Income from Operations (GAAP)	\$ 117	\$ 101
Transformation/Restructuring Costs	13	4
Acquisition-related amortization of intangibles	29	32
Acquisition-related costs	1	2
Operating Income (Non-GAAP)	\$ 160	\$ 139

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

\$ in millions	Q1 2017	Q1 2016
Income Tax Expense (GAAP)	\$ 14	\$ 13
Transformation/Restructuring Costs	4	(1)
Acquisition-related amortization of intangibles	9	9
Acquisition-related costs	—	1
Income Tax Expense (Non-GAAP)	\$ 27	\$ 22

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 2017	Q1 2016
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$ 57	\$ 32
Transformation/Restructuring Costs	9	5
Acquisition-related amortization of intangibles	20	23
Acquisition-related costs	1	1
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$ 87	\$ 61

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

	Q1 2017 Actual	Q1 2016 Actual	2017 Current Guidance ⁽²⁾	2017 Prior Guidance ⁽²⁾	Q2 2017 Guidance ⁽²⁾
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ (0.14)	\$ 0.16	\$2.20 - \$2.32	\$2.56 - \$2.69	\$0.53 - \$0.60
Transformation/Restructuring Costs	0.06	0.03	0.14 - 0.17	0.15 - 0.18	0.02 - 0.05
Acquisition-related amortization of intangibles	0.13	0.14	0.49	0.48	0.13
Acquisition-related costs	0.01	0.01	0.03	0.03	0.01
Deemed dividends related to Blackstone transaction	0.39	—	0.39	—	—
Diluted Earnings Per Share (non-GAAP) ⁽¹⁾	\$ 0.56	\$ 0.38	\$3.32 - \$3.42	\$3.27 - \$3.37	\$0.72 - \$0.77

⁽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 2017 Actual	Q1 2016 Actual	2017 Guidance
Net cash provided by operating activities	\$ 43	\$ 23	\$805 - \$830
Total capital expenditures	(52)	(40)	(285)*
Net cash used in discontinued operations	(3)	(12)	(20)
Free cash flow	\$ (12)	\$ (29)	\$500 - \$525

* Note: The total capital expenditures of \$285 million in 2017 includes \$70 million related to the new world headquarters in Atlanta, Georgia. This \$70 million is offset by \$45 million of expected reimbursements by the lessor included in net cash provided by operating activities.

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

Three months ended March 31, 2017

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software License	29%	(1)%	—%	30%
Software Maintenance	(1)%	—%	—%	(1)%
Cloud	6%	—%	—%	6%
Professional Services	6%	(1)%	—%	7%
Software	8%	—%	—%	8%
Services	3%	(1)%	—%	4%
ATMs	(8)%	(1)%	—%	(7)%
SCO	124%	—%	—%	124%
POS	17%	—%	—%	17%
IPS	(94)%	—%	(65)%	(29)%
Hardware	(3)%	1%	(17)%	15%
Total Revenue	2%	(1)%	(6)%	9%



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

Schedule A

	For the Periods Ended March 31	
	Three Months	
	2017	2016
Revenue		
Products	\$ 554	\$ 548
Services	924	896
Total Revenue	1,478	1,444
Cost of products	424	442
Cost of services	641	622
Total gross margin	413	380
% of Revenue	27.9%	26.3%
Selling, general and administrative expenses	229	224
Research and development expenses	67	53
Restructuring-related charges	—	2
Income from operations	117	101
% of Revenue	7.9%	7.0%
Interest expense	(39)	(46)
Other (expense), net	(7)	(10)
Total other (expense), net	(46)	(56)
Income before income taxes and discontinued operations	71	45
% of Revenue	4.8%	3.1%
Income tax expense	14	13
Income from continuing operations	57	32
Loss from discontinued operations, net of tax	—	—
Net income	57	32
Net income attributable to noncontrolling interests	—	—
Net income attributable to NCR	\$ 57	\$ 32
Amounts attributable to NCR common stockholders:		
Income from continuing operations	\$ 57	\$ 32
Dividends on convertible preferred stock	(12)	(11)
Deemed dividend on modification of convertible preferred stock	(4)	—
Deemed dividend on convertible preferred shares related to redemption	(58)	—
Net (loss) income from continuing operations attributable to NCR common stockholders	(17)	21
Loss from discontinued operations, net of tax	—	—
Net (loss) income attributable to NCR common stockholders	\$ (17)	\$ 21
Net (loss) income per share attributable to NCR common stockholders:		
Net (loss) income per common share from continuing operations		
Basic	\$ (0.14)	\$ 0.16
Diluted	\$ (0.14)	\$ 0.16
Net (loss) income per common share		
Basic	\$ (0.14)	\$ 0.16
Diluted	\$ (0.14)	\$ 0.16
Weighted average common shares outstanding		
Basic	122.8	130.4
Diluted	122.8	132.7

⁽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 Adjusted Constant Currency
	2017	2016	% Change	
Revenue by segment				
Software	\$ 452	\$ 419	8%	8%
<i>Software Gross Margin Rate</i>	51.3 %	50.4 %		
Services	557	543	3%	4%
<i>Services Gross Margin Rate</i>	21.9 %	20.4 %		
Hardware	469	482	(3)%	15%
<i>Hardware Gross Margin Rate</i>	16.6 %	15.4 %		
Total Revenue	\$ 1,478	\$ 1,444	2%	9%
Gross Margin Rate	29.2 %	27.4 %		
Operating income by segment				
Software	\$ 125	\$ 115		
<i>% of Revenue</i>	27.7 %	27.4 %		
Services	45	34		
<i>% of Revenue</i>	8.1 %	6.3 %		
Hardware	(10)	(10)		
<i>% of Revenue</i>	(2.1)%	(2.1)%		
Subtotal-segment operating income	\$ 160	\$ 139		
<i>% of Revenue</i>	10.8 %	9.6 %		
Other adjustments ⁽¹⁾	43	38		
Total income from operations	\$ 117	\$ 101		

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

In millions	For the Periods Ended March 31	
	Three Months	
	2017	2016
Transformation/Restructuring costs	\$ 13	\$ 4
Acquisition-related amortization of intangible assets	29	32
Acquisition-related costs	1	2
Total other adjustments	\$ 43	\$ 38



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

Schedule C

	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 401	\$ 498
Accounts receivable, net	1,298	1,282
Inventories	800	699
Other current assets	281	278
Total current assets	2,780	2,757
Property, plant and equipment, net	288	287
Goodwill	2,732	2,727
Intangibles, net	645	672
Prepaid pension cost	100	94
Deferred income taxes	619	575
Other assets	561	561
Total assets	\$ 7,725	\$ 7,673
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$ 252	\$ 50
Accounts payable	765	781
Payroll and benefits liabilities	181	234
Deferred service revenue and customer deposits	562	468
Other current liabilities	399	432
Total current liabilities	2,159	1,965
Long-term debt	3,076	3,001
Pension and indemnity plan liabilities	749	739
Postretirement and postemployment benefits liabilities	128	127
Income tax accruals	145	142
Other liabilities	143	138
Total liabilities	6,400	6,112
Redeemable noncontrolling interests	14	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, 2017 and 0.9 shares issued and outstanding as of December 31, 2016	776	847
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, 2017 and December 31, 2016, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 121.2 and 124.6 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	1	1
Paid-in capital	—	32
Retained earnings	716	867
Accumulated other comprehensive loss	(187)	(205)
Total NCR stockholders' equity	530	695
Noncontrolling interests in subsidiaries	5	4
Total stockholders' equity	535	699
Total liabilities and stockholders' equity	\$ 7,725	\$ 7,673



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

Schedule D

	For the Periods Ended March 31	
	Three Months	
	2017	2016
Operating activities		
Net income	\$ 57	\$ 32
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	85	89
Stock-based compensation expense	19	13
Deferred income taxes	(3)	5
Impairment of long-lived and other assets	—	1
Changes in assets and liabilities:		
Receivables	(17)	(52)
Inventories	(101)	(83)
Current payables and accrued expenses	(82)	(31)
Deferred service revenue and customer deposits	96	97
Employee benefit plans	3	(14)
Other assets and liabilities	(14)	(34)
Net cash provided by operating activities	43	23
Investing activities		
Expenditures for property, plant and equipment	(11)	(9)
Additions to capitalized software	(41)	(31)
Other investing activities, net	(1)	(8)
Net cash used in investing activities	(53)	(48)
Financing activities		
Short term borrowings, net	3	(9)
Payments on term credit facilities	(11)	(56)
Payments on revolving credit facilities	(195)	(180)
Borrowings on revolving credit facilities	480	511
Debt issuance costs	—	(8)
Repurchases of Company common stock	(350)	(213)
Proceeds from employee stock plans	3	3
Tax withholding payments on behalf of employees	(22)	(6)
Net cash (used in)/provided by financing activities	(92)	42
Cash flows from discontinued operations		
Net cash used in discontinued operations	(3)	(12)
Effect of exchange rate changes on cash and cash equivalents	8	—
(Decrease)/increase in cash and cash equivalents	(97)	5
Cash and cash equivalents at beginning of period	498	328
Cash and cash equivalents at end of period	\$ 401	\$ 333



Q1 2017 EARNINGS CONFERENCE CALL

BILL NUTI, CHAIRMAN & CEO
MARK BENJAMIN, PRESIDENT & COO
BOB FISHMAN, CFO

April 20, 2017

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 omni-channel market momentum; expected demand for NCR's Channel Transformation solutions; NCR's business process improvement initiatives and their effect on gross margin rate; the expected areas of focus for NCR's Services segment in 2017; the expansion of new product introductions into global markets; NCR's FY 2017, 2017 segment and Q2 2017 financial guidance and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's confidence in its full year results; NCR's solution offerings and their alignment with major market trends and customer demands; NCR's backlog and key metrics; expectations for margin expansion and the drivers of margin expansion; the expected drivers of NCR's growth; and the prioritization of free cash flow generation and a balanced 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 24, 2017, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated April 20, 2017, 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 these materials will include or make reference to the following "non-GAAP" measures: 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), 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, 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 **EXCEED EXPECTATIONS**

Continued **SOFTWARE** growth of 8%,
including **CLOUD** growth of 6%

Significant Gross **MARGIN RATE EXPANSION** in all
segments

Omni-Channel market **MOMENTUM** continues

\$350 MILLION of **SHARE REPURCHASES** in Q1

2017 Revenue and Non-GAAP EPS
GUIDANCE RAISED; Free Cash Flow guidance reaffirmed



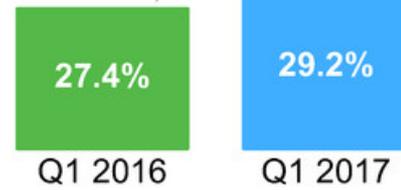
Q1 2017 FINANCIAL RESULTS

Revenue



FX ~(\$12) million
IPS ~(\$72) million

Non-GAAP Gross Margin Rate



FX ~(-30) bps

Revenue up 9% adjusted CC
Recurring revenue up 2% CC, 47% of total revenue

Non-GAAP gross margin rate up 210 bps CC

Non-GAAP Diluted EPS



FX ~(\$0.01)

Non-GAAP Diluted EPS up 51% CC

Free Cash Flow



Strong start in free cash flow

OMNI-CHANNEL MARKET

NCR's strategic offers include:

Omni Channel Software

- NCR's Omni-Channel Platform Hub and Applications
- Enables seamless consumer experiences across physical and digital channels
- Solutions Include: Retail One, Customer Experience Platform (CxP), Aloha Enterprise, NCR Silver

Channel Transformation

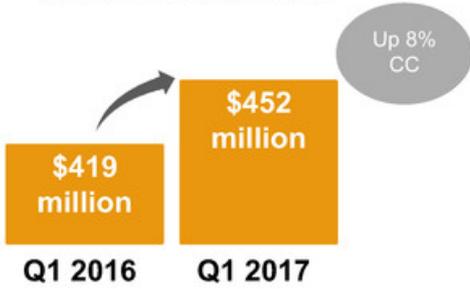
- Enables revenue growth, productivity gains, and modernized consumer experiences from the transformation of physical and digital channels
- Solutions include: Branch, Store, Restaurant, and Venue Transformation
- Drives edge offerings: ATMs, SCO, mPOS, ePOS, Peripherals
- Drives service offerings: Consulting Services, Implementation Services, Hardware Maintenance, Managed Services, High Availability

Digital Enablement

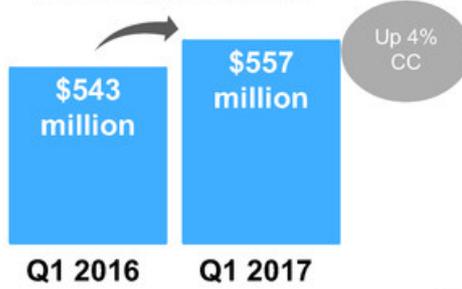
- Enables new business models driven by the growing digitalization movement
- Solutions include: Real-Time Actionable Insights, Loyalty, Cloud/ATM Security, Loss & Fraud Prevention, Inventory and Labor Management, Cash Management, Secure Payments, Transaction Processing, Remote Deposit, Digital Check Processing

Q1 2017 SEGMENT RESULTS

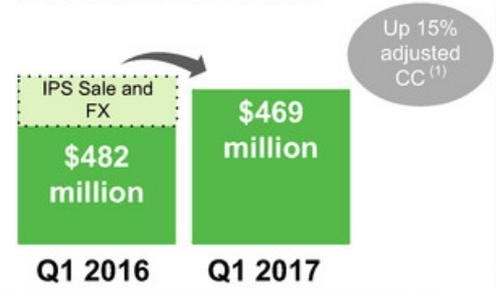
Software Revenue



Services Revenue

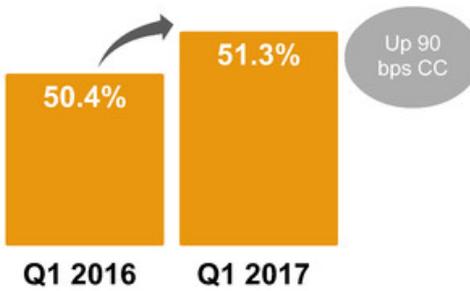


Hardware Revenue

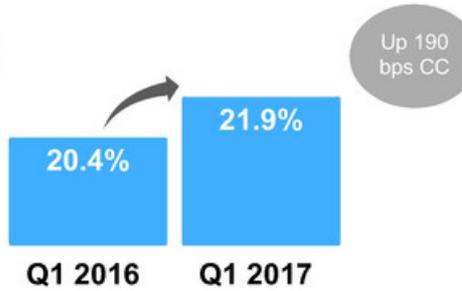


Hardware revenue drives higher margin attached Software and Services revenue and future recurring revenue

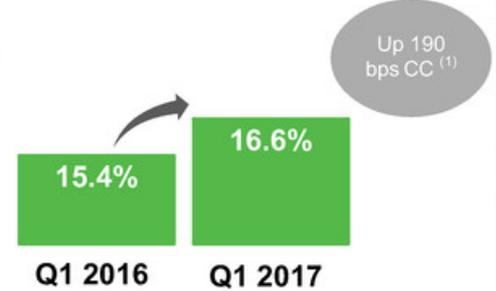
Software Gross Margin



Services Gross Margin



Hardware Gross Margin



(1) Adjusted CC revenue growth excludes ~\$72 million of IPS revenue from Q1 2016.

SOFTWARE

Q1 2017 Update

	Q1 2017	Q1 2016	% Change	% Change Constant Currency
Software License	\$85	\$66	29%	30%
<i>Unattached License</i>	60	35	71%	71%
Software Maintenance	92	93	(1)%	(1)%
Cloud	142	134	6%	6%
Professional Services	133	126	6%	7%
Software Revenue	\$452	\$419	8%	8%
Non-GAAP Gross Margin	\$232	\$211	10%	10%
Non-GAAP Gross Margin Rate	51.3%	50.4%	+90 bps	+90 bps
Operating Income	\$125	\$115	9%	9%
Operating Income as a % of Revenue	27.7%	27.4%	+30 bps	+30 bps

\$ in millions

Key Highlights

- Software License growth of 30% reflects demand for NCR's Channel Transformation solutions
- Cloud revenue up 6% driven by prior period bookings; Net ACV of \$18 million, up 29% percent from prior year
- Software maintenance down slightly due to favorable one-time items in the prior year; Growth expected to return in the second quarter
- Significant gross margin rate expansion driven by Software License growth, increase efficiency and scale across our Software business



SERVICES

Q1 2017 Update

	Q1 2017	Q1 2016	% Change	% Change Constant Currency
Services Revenue	\$557	\$543	3%	4%
Non-GAAP Gross Margin	\$122	\$111	10%	14%
Non-GAAP Gross Margin Rate	21.9%	20.4%	+150 bps	+190 bps
Operating Income	\$45	\$34	32%	47%
Operating Income as a % of Revenue	8.1%	6.3%	+180 bps	+240 bps

\$ in millions

Key Highlights

- Hardware maintenance growth as a result of improving Channel Transformation trends, combined with increased managed and implementation services, drove higher revenue in the quarter; Backlog improving in form of higher file value
- Gross margin rate increased due to on-going business process improvement initiatives and mix of higher value services
- Key areas of focus to drive future margin rate improvements: 1) Drive a higher mix of managed services; 2) Productivity and efficiency improvements; 3) Remote diagnostics and repair; and 4) Product life-cycle management



HARDWARE

Q1 2017 Update

	Q1 2017	Q1 2016	% Change	% Change Constant Currency
ATMs	\$209	\$226	(8)%	(7)%
Self-Checkout (SCO)	101	45	124%	124%
Point-of-Sale (POS)	154	132	17%	17%
Interactive Printer Solutions (IPS)	5	79	(94)%	(29)% ⁽¹⁾
Hardware Revenue	\$469	\$482	(3)%	15% ⁽¹⁾
Non-GAAP Gross Margin	\$78	\$74	5%	10%
Non-GAAP Gross Margin Rate	16.6%	15.4%	+120 bps	+190 bps
Operating Income	(\$10)	(\$10)	—%	22%
Operating Income as a % of Revenue	(2.1%)	(2.1%)	— bps	+60 bps

⁽¹⁾ % change constant currency adjusted for FX and the divestiture of IPS.

\$ in millions

Key Highlights

- Strong growth in SCO and POS revenues due to Channel Transformation momentum and new product offerings
- ATM revenue down due to lower backlog entering 2017 and reduced conversion rates in the first quarter; ATM revenue growth expected to improve in back half of year as larger customer roll-outs take place
- Gross margin growth driven by higher revenue and gaining scale from new product introductions
- New product introductions expanding to global markets
- Hardware revenue growth expected to drive higher margin attached revenue and future recurring revenue

Q1 2017 FREE CASH FLOW

	Q1 2017	Q1 2016	FY 2017e	FY 2016
Cash Provided by Operating Activities	\$43	\$23	\$805 - \$830	\$894
Total capital expenditures ⁽¹⁾	(52)	(40)	(285)	(227)
Cash used in Discontinued Operations	(3)	(12)	(20)	(39)
Free Cash Flow	(\$12)	(\$29)	\$500 - \$525	\$628
Free Cash Flow as a % of non-GAAP net income ⁽²⁾			95% - 100%	132%

\$ in millions

⁽¹⁾ The total capital expenditures of \$285 million in 2017 includes \$70 million related to the new world headquarters in Atlanta, Georgia. This \$70 million is offset by \$45 million of expected reimbursements by the lessor included in net cash provided by operating activities.

⁽²⁾ Also referred to as Free Cash Flow Conversion Rate.



NET DEBT & EBITDA METRICS

	Q1 2016	FY 2016	Q1 2017
Debt	\$3,519	\$3,051	\$3,328
Cash	(333)	(498)	(401)
Net Debt	\$3,186	\$2,553	\$2,927
Adjusted EBITDA	\$1,008	\$1,061	\$1,095 ⁽¹⁾
Net Debt / Adjusted EBITDA	3.2x	2.4x	2.7x

\$ in millions, except metrics

⁽¹⁾ Adjusted EBITDA for the trailing twelve-month period.



FY 2017 GUIDANCE

	2017 Current Guidance	2017 Current CC Growth Rates	2017 Prior Guidance ⁽⁴⁾	2017 Prior CC Growth Rates ⁽⁴⁾	2016
Revenue ⁽¹⁾	\$6,630 - \$6,750	5% - 7%	\$6,600 - \$6,720	5% - 7%	\$6,543
GAAP Diluted EPS ⁽²⁾	\$2.20 - \$2.32	23% - 29%	\$2.56 - \$2.69	42% - 49%	\$1.80
Non-GAAP Diluted EPS ⁽¹⁾⁽³⁾	\$3.32 - \$3.42	10% - 14%	\$3.27 - \$3.37	9% - 13%	\$3.02

	2017 Current Guidance	2017 Current Conversion Rate	2017 Prior Guidance	2017 Prior Conversion Rate	2016
Free Cash Flow	\$500 - \$525	95% - 100%	\$500 - \$525	95% - 100%	\$628

\$ millions, except per share amounts

⁽¹⁾ The 2017 current revenue guidance and growth rates include an expected unfavorable foreign currency impact of \$65 million, or ~1%, compared to our previous expectation of \$95 million, or 2%. Revenue growth rates also exclude ~\$143 million of IPS revenue, or ~3%, from 2016. The 2017 current non-GAAP diluted EPS guidance includes \$0.01 negative impact from expected foreign currency versus our previous expectation of \$0.03 negative impact.

⁽²⁾ FY 2017 guidance does not include an estimate of the pension mark-to-market adjustments.

⁽³⁾ For the 2017 guidance, we have assumed OIE of approximately \$205 million, an effective tax rate of 25% and a share count of 157 million compared to OIE of \$214 million, an effective tax rate of 23% and a share count of 157 million in 2016.

⁽⁴⁾ Prior guidance for Non-GAAP Diluted EPS provided in connection with the Q1 Blackstone Transaction announced on March 13, 2017. All other guidance provided in NCR's Q4 and Full Year 2016 earnings release dated February 9, 2017.



2017 SEGMENT REVENUE GUIDANCE

Segment	2017e CC Growth Rates ⁽¹⁾	FY 2017 Current Guidance	FY 2017 Prior Guidance	FY 2016
Software	6% - 8%	\$1,945 - \$1,965	\$1,940 - \$1,960	\$1,841
<i>Cloud Revenue</i>	<i>6% - 8%</i>	<i>\$590 - \$600</i>	<i>\$590 - \$600</i>	<i>\$556</i>
Services	3% - 5%	\$2,335 - \$2,375	\$2,320 - \$2,360	2,306
Hardware ⁽²⁾	5% - 8%	\$2,350 - \$2,410	\$2,340 - \$2,400	2,396
Total ^{(1) (2)}	5% - 7%	\$6,630 - \$6,750	\$6,600 - \$6,720	\$6,543

\$ in millions

⁽¹⁾ The 2017 current revenue guidance and growth rates include an expected foreign currency negative impact of \$65 million for revenue, or ~1%, compared to prior guidance of \$95 million, or 2%.

⁽²⁾ The growth rates for Hardware revenue and total revenue are normalized for the sale of the IPS business, which was ~\$143 million of Hardware revenue in 2016.



Q2 2017 GUIDANCE

	Q2 2017e	Q2 2016	Q2 2017e CC Growth Rates
Revenue ⁽¹⁾	\$1,590 - \$1,620	\$1,620	4% - 6%
GAAP Diluted EPS	\$0.53 - \$0.60	\$0.49	8% - 22%
Non-GAAP Diluted EPS ^{(1) (2)}	\$0.72 - \$0.77	\$0.72	1% - 8%

\$ millions, except per share amounts

⁽¹⁾ The Q2 2017 revenue guidance and growth rates include an expected foreign currency headwind of \$30 million, or roughly 2%. The revenue growth rates also exclude ~\$58 million of IPS revenue, or roughly 4%, from Q2 2016. The Q2 2017 non-GAAP diluted EPS guidance includes an expected foreign currency negative impact of \$0.01.

⁽²⁾ For Q2 2017, we have assumed OIE of approximately \$51 million, an effective tax rate of 27% and a share count of 155 million compared to OIE of \$53 million, an effective tax rate of 29% and a share count of 155 million in Q2 2016.



REVENUE AND EPS TRENDING

	First Half		Second Half	
	\$	% of Total	\$	% of Total
Revenue ⁽¹⁾				
2017 Guidance (mid-point)	\$3,083	46%	\$3,607	54%
2016 Results	\$2,927	46%	\$3,466	54%
3 year average	\$2,948	47%	\$3,269	53%
Diluted EPS (non-GAAP)				
2017 Guidance (mid-point)	\$1.31	39%	\$2.06	61%
2016 Results	\$1.10	36%	\$1.94	64%
3 year average	\$1.12	40%	\$1.72	60%

⁽¹⁾ The 2016 and 3 year average exclude IPS revenues

\$ in millions, except per share amounts



LOOKING FORWARD

- Strong execution in Q1 improves full year confidence

- NCR's solution offerings aligned with major market trends and customer demands

- Backlog and key metrics remain strong

- Software growth combined with our business transformation program is the key to margin expansion

- Omni-Channel, Channel Transformation, and Digital Enablement continue to be strong growth drivers

- Free cash flow generation and balanced capital allocation strategy remains a top priority



SUPPLEMENTARY MATERIALS

Q1 2017 GAAP RESULTS

	Q1 2017	Q1 2016	As Reported
Revenue	\$1,478	\$1,444	2%
Gross Margin	413	380	9%
Gross Margin Rate	27.9%	26.3%	
Operating Expenses	296	279	6%
% of Revenue	20.0%	19.3%	
Operating Income	117	101	16%
% of Revenue	7.9%	7.0%	
Interest and other expense	(46)	(56)	(18)%
Income Tax Expense	14	13	8%
Income Tax Rate	20%	29%	
Net Income	\$57	\$32	78%
Diluted EPS	(\$0.14)	\$0.16	(188)%

\$ millions, except per share amounts



Q1 2017 OPERATIONAL RESULTS

	Q1 2017	Q1 2016	As Reported	Constant Currency
Revenue	\$1,478	\$1,444	2%	9% ⁽¹⁾
Gross Margin (non-GAAP)	432	396	9%	11%
Gross Margin Rate (non-GAAP)	29.2%	27.4%	+180 bps	+210 bps
Operating Expenses (non-GAAP)	272	257	6%	6%
% of Revenue	18.4%	17.8%		
Operating Income (non-GAAP)	160	139	15%	21%
% of Revenue	10.8%	9.6%	+120 bps	+160 bps
Interest and other expense	(46)	(56)	(18)%	(12)%
Income Tax Expense (non-GAAP)	27	22	23%	
Income Tax Rate (non-GAAP)	24%	27%		
Net Income (non-GAAP)	\$87	\$61	43%	47%
Diluted EPS (non-GAAP) ⁽²⁾	\$0.56	\$0.38	47%	51%

\$ millions, except per share amounts

⁽¹⁾ Adjusted CC revenue growth excludes \$72 million of IPS revenue from Q1 2016. The negative impact of FX was \$12 million.

⁽²⁾ Q1 2017 includes \$0.01 of unfavorable EPS impact related to foreign currency headwinds. Diluted share count of 156.7 million in Q1 2017 and 160.4 million in Q1 2016.



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), 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), 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 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, IPS Divestiture and Adjusted 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 also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR's Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR's Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. 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 Attributable to NCR (GAAP) to Adjusted EBITDA (non-GAAP)

in millions

	Q1 2016 LTM	2016	Q1 2017 LTM
Net Income from Continuing Operations Attributable to NCR (GAAP)	(\$162)	\$283	\$308
Pension Mark-to-Market Adjustments	454	85	85
Transformation/Restructuring Costs	62	26	35
Acquisition-Related Amortization of Intangibles	125	123	120
Acquisition-Related Costs	11	7	6
Reserve related to a subcontract in MEA	20	—	—
Divestiture and Liquidation Losses	34	6	6
Net Income from Continuing Operations Attributable to Noncontrolling Interests	2	4	4
Interest Expense	175	170	163
Interest Income	(5)	(4)	(4)
Depreciation and Amortization	180	208	212
Income Taxes	66	92	93
Stock Compensation Expense	46	61	67
Adjusted EBITDA (non-GAAP)	1,008	1,061	1,095



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	641	(4)	(6)	—	631
Gross margin	413	6	13	—	432
Gross margin rate	27.9%	0.4%	0.9%	—%	29.2%
Selling, general and administrative expenses	229	(4)	(16)	(1)	208
Research and development expenses	67	(3)	—	—	64
Total operating expenses	296	(7)	(16)	(1)	272
<i>Total operating expense as a % of revenue</i>	<i>20.0%</i>	<i>(0.5)%</i>	<i>(1.1)%</i>	<i>(0.1)%</i>	<i>18.4%</i>
Income (loss) from operations	117	13	29	1	160
<i>Income (loss) from operations as a % of revenue</i>	<i>7.9%</i>	<i>0.9%</i>	<i>2.0%</i>	<i>0.1%</i>	<i>10.8%</i>
Interest and Other (expense) income, net	(46)	—	—	—	(46)
Income (loss) from continuing operations before income taxes	71	13	29	1	114
Income tax expense (benefit)	14	4	9	—	27
<i>Effective tax rate</i>	<i>20%</i>				<i>24%</i>
Income (loss) from continuing operations	57	9	20	1	87
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$57	\$9	\$20	\$1	\$87
Diluted earnings per share	(\$0.14)	\$0.06	\$0.13	\$0.01	\$0.56
	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)		
Income (loss) from continuing operations attributable to NCR common stockholders:		
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
Weighted average outstanding shares:		
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

Q1 2016 QTD

in millions (except per share amounts)	Q1 QTD 2016 GAAP	Restructuring plan	Acquisition-related amortization of intangibles	Acquisition-related costs	Q1 QTD 2016 non- GAAP
Product revenue	\$548	\$—	\$—	\$—	\$548
Service revenue	896	—	—	—	896
Total revenue	1,444	—	—	—	1,444
Cost of products	442	—	(10)	—	432
Cost of services	622	—	(6)	—	616
Gross margin	380	—	16	—	396
Gross margin rate	26.3%	—%	1.1%	—%	27.4%
Selling, general and administrative expenses	224	(2)	(16)	(2)	204
Research and development expenses	53	—	—	—	53
Restructuring-related charges	2	(2)	—	—	—
Total operating expenses	279	(4)	(16)	(2)	257
<i>Total operating expense as a % of revenue</i>	<i>19.3%</i>	<i>(0.3)%</i>	<i>(1.1)%</i>	<i>(0.1)%</i>	<i>17.8%</i>
Income (loss) from operations	101	4	32	2	139
<i>Income (loss) from operations as a % of revenue</i>	<i>7.0%</i>	<i>0.3%</i>	<i>2.2%</i>	<i>0.1%</i>	<i>9.6%</i>
Interest and Other (expense) income, net	(56)	—	—	—	(56)
Income (loss) from continuing operations before income taxes	45	4	32	2	83
Income tax expense (benefit)	13	(1)	9	1	22
<i>Effective tax rate</i>	<i>29%</i>				<i>27%</i>
Income (loss) from continuing operations	32	5	23	1	61
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$32	\$5	\$23	\$1	\$61
Diluted earnings per share	\$0.16	\$0.03	\$0.14	\$0.01	\$0.38
Diluted shares outstanding	132.7				160.4

GAAP TO NON-GAAP RECONCILIATION

Q1 2016 QTD

	Q1 QTD 2016 GAAP	Q1 QTD 2016 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders:		
Income from continuing operations (attributable to NCR)	\$32	\$61
Dividends on convertible preferred shares	(11)	—
Income from continuing operations attributable to NCR common stockholders	\$21	\$61
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	132.7	132.7
Weighted as-if converted preferred shares	—	27.7
Total shares used in diluted earnings per share	132.7	160.4
Diluted earnings per share ⁽¹⁾	\$0.16	\$0.38

⁽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 2016 QTD

in millions (except per share amounts)	Q2 QTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Divestiture and Liquidation Losses	Q2 QTD 2016 non-GAAP
Product revenue	\$676	\$—	\$—	\$—	\$—	\$676
Service revenue	944	—	—	—	—	944
Total revenue	1,620	—	—	—	—	1,620
Cost of products	517	—	(9)	—	—	508
Cost of services	657	(4)	(6)	—	—	647
Gross margin	446	4	15	—	—	465
Gross margin rate	27.5%	0.2%	1.0%	—%	—%	28.7%
Selling, general and administrative expenses	229	(3)	(17)	(1)	—	208
Research and development expenses	50	—	—	—	—	50
Restructuring-related charges	4	(4)	—	—	—	—
Total expenses	283	(7)	(17)	(1)	—	258
Total expense as a % of revenue	17.5%	(0.4)%	(1.1)%	(0.1)%	—%	15.9%
Income (loss) from operations	163	11	32	1	—	207
Income (loss) from operations as a % of revenue	10.1%	0.7%	1.9%	0.1%	—%	12.8%
Interest and Other (expense) income, net	(58)	—	—	—	5	(53)
Income (loss) from continuing operations before income taxes	105	11	32	1	5	154
Income tax expense (benefit)	31	3	11	—	—	45
<i>Effective tax rate</i>	30%					29%
Income (loss) from continuing operations	74	8	21	1	5	109
Net income (loss) attributable to noncontrolling interests	(2)	—	—	—	—	(2)
Income (loss) from continuing operations (attributable to NCR)	\$76	\$8	\$21	\$1	\$5	\$111
Diluted earnings per share	\$0.49	\$0.05	\$0.14	\$0.01	\$0.03	\$0.72
Diluted shares outstanding	154.5					154.5

GAAP TO NON-GAAP RECONCILIATION

Q2 2016 QTD

	Q2 QTD 2016 GAAP	Q2 QTD 2016 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders:		
Income from continuing operations (attributable to NCR)	\$76	\$111
Dividends on convertible preferred shares	—	—
Income from continuing operations attributable to NCR common stockholders	\$76	\$111
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	126.5	126.5
Weighted as-if converted preferred shares	28.0	28.0
Total shares used in diluted earnings per share	154.5	154.5
Diluted earnings per share ⁽¹⁾	\$0.49	\$0.72

⁽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 2016

in millions (except per share amounts)	FY 2016 GAAP	Restructuring / Transformation Costs	Acquisition-related amortization of intangibles	Acquisition-related costs	Divestiture and Liquidations Losses	Pension mark-to-market adjustments	FY 2016 non-GAAP
Product revenue	\$2,737	\$—	\$—	\$—	\$—	\$—	\$2,737
Service revenue	3,806	—	—	—	—	—	3,806
Total revenue	6,543	—	—	—	—	—	6,543
Cost of products	2,102	—	(34)	—	—	(34)	2,034
Cost of services	2,659	(4)	(24)	—	—	(4)	2,627
Gross margin	1,782	4	58	—	—	38	1,882
Gross margin rate	27.2%	0.1%	0.8%	—%	—%	0.6%	28.8%
Selling, general and administrative expenses	926	(7)	(65)	(7)	—	(24)	823
Research and development expenses	242	—	—	—	—	(23)	219
Restructuring-related charges	15	(15)	—	—	—	—	—
Total expenses	1,183	(22)	(65)	(7)	—	(47)	1,042
Total expense as a % of revenue	18.1%	(0.3)%	(1.0)%	(0.1)%	—%	(0.7)%	15.9%
Income (loss) from operations	599	26	123	7	—	85	840
Income (loss) from operations as a % of revenue	9.2%	0.4%	1.9%	0.1%	—%	1.3%	12.8%
Interest and Other (expense) income, net	(220)	—	—	—	6	—	(214)
Income (loss) from continuing operations before income taxes	379	26	123	7	6	85	626
Income tax expense (benefit)	92	5	40	2	1	7	147
Effective tax rate	24%						23%
Income (loss) from continuing operations	287	21	83	5	5	78	479
Net income (loss) attributable to noncontrolling interests	4	—	—	—	—	—	4
Income (loss) from continuing operations (attributable to NCR)	\$283	\$21	\$83	\$5	\$5	\$78	\$475
Diluted earnings per share	\$1.80	\$0.13	\$0.53	\$0.03	\$0.03	\$0.50	\$3.02
Diluted Shares outstanding	157.4						157.4

GAAP TO NON-GAAP RECONCILIATION

FY 2016

	FY 2016 GAAP	FY 2016 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders:		
Income from continuing operations (attributable to NCR)	\$283	\$475
Dividends on convertible preferred shares	—	—
Income from continuing operations attributable to NCR common stockholders	\$283	\$475
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	129.2	129.2
Weighted as-if converted preferred shares	28.2	28.2
Total shares used in diluted earnings per share	157.4	157.4
Diluted earnings per share ⁽¹⁾	\$1.80	\$3.02

⁽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

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

	Q1 2017 QTD			Revenue Growth Adjusted Constant Currency % (non-GAAP)
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture impact	
Software License	29%	(1)%	—%	30%
Software Maintenance	(1)%	—%	—%	(1)%
Cloud	6%	—%	—%	6%
Professional Services	6%	(1)%	—%	7%
Software	8%	—%	—%	8%
Services	3%	(1)%	—%	4%
ATMs	(8)%	(1)%	—%	(7)%
Self-Checkout (SCO)	124%	—%	—%	124%
Point-of-Sale (POS)	17%	—%	—%	17%
Interactive Printer Solutions (IPS)	(94)%	—%	(65)%	(29)%
Hardware	(3)%	1%	(17)%	15%
Total Revenue	2%	(1)%	(6)%	9%

GAAP TO NON-GAAP RECONCILIATION

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

	Q1 2017 QTD		
	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non-GAAP)
Software	9%	—%	9%
Services	32%	(15)%	47%
Hardware	—%	(22)%	22%
Total Operating Income	15%	(6)%	21%

GAAP TO NON-GAAP RECONCILIATION

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

	Q1 2017 QTD		
	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non-GAAP)
Software	+30 bps	— bps	+30 bps
Services	+180 bps	-60 bps	+240 bps
Hardware	— bps	-60 bps	+60 bps
Total Operating Income	+120 bps	-40 bps	+160 bps

GAAP TO NON-GAAP RECONCILIATION

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

	2017 Current Guidance	2017 Prior Guidance	Q2 2017e
Diluted EPS (GAAP) ⁽¹⁾	\$2.20 - \$2.32	\$2.56 - \$2.69	\$0.53 - \$0.60
Transformation costs	0.14 - 0.17	0.15 - 0.18	0.02 - 0.05
Acquisition-Related Amortization of Intangibles	0.49	0.48	0.13
Acquisition-Related Costs	0.03	0.03	0.01
Deemed dividends related to Blackstone Transaction	0.39	—	—
Non-GAAP Diluted EPS	\$3.32 - \$3.42	\$3.27 - \$3.37	\$0.72 - \$0.77

⁽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.





