

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 7, 2019



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 7, 2019, the Company issued a press release setting forth its first quarter 2019 financial results and fiscal year 2019 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 7, 2019, the Company will hold its previously announced conference call to discuss its first quarter 2019 results and fiscal year 2019 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 7, 2019
99.2	Supplemental materials, dated May 7, 2019

Index to Exhibits

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99.2	Supplemental materials, dated May 7, 2019

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/ Andre J. Fernandez
Andre J. Fernandez
Executive Vice President and Chief Financial Officer

Date: May 7, 2019



May 7, 2019

NCR Announces First Quarter 2019 Results

ATLANTA - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2019. First quarter and other recent highlights include:

- **Revenue of \$1.54 billion, up 1% as reported and up 4% constant currency**
- **Banking revenue up 5% as reported; Recurring revenue up 3% as reported**
- **Net income attributable to NCR of \$37 million; Adjusted EBITDA of \$218 million**
- **GAAP diluted EPS of \$0.20; Non-GAAP diluted EPS of \$0.48**
- **Program to achieve at least \$100 million cost savings in 2019 is on track**
- **2019 guidance reaffirmed**

"Our first quarter results represent a solid start to the year and keep us on track to achieve our full year targets," said Michael Hayford, President and Chief Executive Officer. "Our performance included a return to growth and a strong quarter in our banking segment. We continue to improve execution and are making progress on the targeted investments needed to accelerate our mix shift towards higher margin software, services and recurring revenues. We remain confident our strategy will strengthen our long term growth profile and deliver increased value and competitive advantage to our customers."

In this release, we use certain non-GAAP measures, including presenting certain measures on a constant currency basis. These non-GAAP measures include "free cash flow" and others with the words "non-GAAP," or "constant currency" in their titles. These non-GAAP measures are listed, described, and reconciled to their most directly comparable GAAP measures under the heading "Non-GAAP Financial Measures" later in this release.

First Quarter 2019 Operating Results

Revenue

First quarter revenue of \$1,536 million was up 1% year-over-year. Foreign currency fluctuations had an unfavorable impact on the revenue comparison of 3%. The following table shows revenue for the first quarter:

\$ in millions	Q1 2019		Q1 2018		% Change	% Change Constant Currency
Banking	\$	758	\$	721	5%	9%
Retail		511		521	(2%)	1%
Hospitality		193		204	(5%)	(4%)
Other		74		71	4%	7%
Total Revenue	\$	1,536	\$	1,517	1%	4%
Software	\$	467	\$	460	2%	3%
Services		585		601	(3%)	1%
Hardware		484		456	6%	9%
ATM		236		195	21%	27%
SCO/POS		248		261	(5%)	(3%)
Total Revenue	\$	1,536	\$	1,517	1%	4%

Banking revenue increased 5% due to 21% growth in ATM revenue driven by higher backlog conversion. The revenue growth was mainly driven by strength in North America. Foreign currency fluctuations had an unfavorable impact of 4% on the revenue comparison.

Retail revenue decreased 2% driven by a large implementation services project in the prior year partially offset by higher payment processing revenue and strength in self-checkout revenue. Foreign currency fluctuations had an unfavorable impact of 3% on the revenue comparison.

Hospitality revenue decreased 5% driven by lower hardware revenue partially offset by higher cloud and payments revenue. Foreign currency fluctuations had an unfavorable impact of 1% on the revenue comparison.

Gross Margin

First quarter gross margin of \$411 million decreased from \$420 million in the prior year period. Gross margin rate was 26.8%, down from 27.7%. First quarter gross margin (non-GAAP) of \$425 million decreased from \$431 million in the prior year period. Gross margin rate (non-GAAP) was 27.7%, down from 28.4%. The decreases in gross margin were primarily due to decreases in the Retail and Hospitality segments partially offset by an increase in the Banking segment.

Expenses

First quarter operating expenses of \$311 million was flat with the prior year period. First quarter operating expenses (non-GAAP) of \$278 million decreased from \$283 million in the prior year period. The decrease in operating expenses (non-GAAP) was primarily due to cost reduction benefits realized.

Operating Income

First quarter income from operations of \$100 million decreased from \$109 million in the prior year period. First quarter operating income (non-GAAP) of \$147 million decreased from \$148 million in the prior year period.

Other (Expense)

First quarter other (expense) of \$53 million increased from \$46 million in the prior year period. First quarter other (expense) (non-GAAP) of \$53 million increased from \$46 million in the prior year period. The increase was due to higher interest expense.

Income Tax Expense (Benefit)

First quarter income tax expense of \$9 million increased from \$7 million in the prior year period. The first quarter effective income tax rate was 19% compared to 11% in the prior year period. First quarter income tax expense (non-GAAP) of \$20 million increased from \$16 million in the prior year period. The first quarter effective income tax rate (non-GAAP) was 21% compared to 16% in the prior year period. Income tax increased primarily due to favorable audit settlements realized in the prior year period offset by lower income before taxes in the quarter.

Net Income from Continuing Operations Attributable to NCR

First quarter net income from continuing operations attributable to NCR of \$37 million decreased from net income from continuing operations of \$55 million in the prior year period. First quarter net income from continuing operations attributable to NCR (non-GAAP) of \$73 million decreased from \$85 million in the prior year period.

Cash Flow

First quarter cash used by operating activities of \$16 million decreased from cash used by operating activities of \$24 million in the prior year period. Free cash outflow was \$87 million in the first quarter of 2019 as compared to \$99 million in the first quarter of 2018.

Restructuring and Transformation Initiatives

Our previously announced transformation and restructuring initiatives continue to progress. Our services performance and profit improvement program continues to deliver revenue growth and margin expansion. Our manufacturing transformation initiatives to move to a variable cost structure by reducing the number of manufacturing plants and ramping up production with contract manufacturers is substantially complete. Additionally, we are executing our spend optimization program to drive cost savings through operational efficiencies to generate at least \$100 million of savings in 2019. This initiative will create efficiencies in our corporate functions, reduce spend in the non-strategic areas and limit discretionary spending. The benefits generated from the spend optimization program will largely offset higher real estate and people costs incurred in 2019. We incurred a pre-tax charge of \$26 million in the first quarter of 2019 with a cash impact of \$18 million. In 2019, for all initiatives, we expect to incur a pre-tax charge of \$60 million and a cash impact of \$70 million to \$80 million.

Full Year 2019 Outlook

We are reaffirming our 2019 guidance. Our revenue growth is expected to be approximately 1% to 2%. Our GAAP diluted earnings per share guidance is expected to be \$1.91 to \$2.01, and our non-GAAP diluted earnings per share guidance is expected to be \$2.75 to \$2.85. Non-GAAP diluted earnings per share guidance assumes an effective tax rate of 23% to 24% for 2019 compared to 21% in 2018. We expect net income attributable to NCR to be \$290 million to \$305 million and adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) to be \$1.04 billion to \$1.08 billion. Additionally, we expect cash flow from operations to be \$705 million to \$730 million and free cash flow to be \$300 million to \$350 million.

2019 First Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the first quarter 2019 results and guidance for full year 2019. 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 6612880.

More information on NCR's Q1 2019 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 leading software- and services-led enterprise provider in the financial, retail, hospitality, telecom and technology industries. NCR is headquartered in Atlanta, Ga., with 34,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries.

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 financial guidance and outlook (including the section entitled “Full Year 2019 Outlook” and the tables entitled “Reconciliation of Diluted Earnings Per Share from Continuing Operations (GAAP) to Non-GAAP Diluted Earnings Per Share from Continuing Operations (non-GAAP)” and “Reconciliation of Net Income for Continuing Operations Attributable to NCR (GAAP) to Earnings Before Interest, Depreciation, Taxes and Amortization (Adjusted EBITDA)”; NCR’s areas of focus on strategic growth and expected results and impact of its spend optimization program in 2019; NCR’s expected areas of focus to drive growth and create long-term stockholder value; NCR’s cost savings program and its expected benefits in 2019; NCR’s expected free cash flow generation and capital allocation strategy; earnings per share; the effective tax rate in 2019; and the expected impact of NCR’s previously announced restructuring and transformation activities. 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 and pricing 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 U.S. 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.

Non-GAAP Financial Measures

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.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) 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 net income attributable to NCR plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus other income (expense); plus pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles.

Free Cash Flow. 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. Free cash flow does 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 2019		Q1 2018	
Gross Margin (GAAP)	\$	411	\$	420
Transformation and restructuring costs		8		4
Acquisition-related amortization of intangibles		6		7
Gross Margin (Non-GAAP)	\$	425	\$	431

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

	Q1 2019		Q1 2018	
Gross Margin Rate (GAAP)		26.8%		27.7%
Transformation and restructuring costs		0.5%		0.2%
Acquisition-related amortization of intangibles		0.4%		0.5%
Gross Margin Rate (Non-GAAP)		27.7%		28.4%

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

\$ in millions	Q1 2019		Q1 2018	
Operating Expenses (GAAP)	\$	311	\$	311
Transformation and restructuring costs		(18)		(12)
Acquisition-related amortization of intangibles		(15)		(16)
Operating Expenses (Non-GAAP)	\$	278	\$	283

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

\$ in millions	Q1 2019		Q1 2018	
Income from Operations (GAAP)	\$	100	\$	109
Transformation and restructuring costs		26		16
Acquisition-related amortization of intangibles		21		23
Operating Income (Non-GAAP)	\$	147	\$	148

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

\$ in millions	Q1 2019		Q1 2018	
Income Tax Expense (GAAP)	\$	9	\$	7
Transformation and restructuring costs		6		4
Acquisition-related amortization of intangibles		5		5
Income Tax Expense (Non-GAAP)	\$	20	\$	16

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 2019		Q1 2018	
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$	37	\$	55
Transformation and restructuring costs		20		12
Acquisition-related amortization of intangibles		16		18
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$	73	\$	85

**Reconciliation of Diluted Earnings Per Share from Continuing Operations (GAAP) to
Non-GAAP Diluted Earnings Per Share from Continuing Operations (non-GAAP)**

	Q1 2019 Actual	Q1 2018 Actual	2019 Guidance ⁽²⁾
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ 0.20	\$ 0.35	\$1.91 - \$2.01
Transformation & restructuring costs	0.13	0.08	0.31
Acquisition-related amortization of intangibles	0.11	0.12	0.48
Acquisition-related costs	—	—	0.05
Diluted Earnings Per Share (non-GAAP) ⁽¹⁾	\$ 0.48	\$ 0.56	\$2.75 - \$2.85

⁽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, pension mark-to-market adjustments, taxes or other events, which are difficult to predict and may or may not be significant.

Reconciliation of Net Income from Continuing Operations Attributable to NCR (GAAP) to Earnings Before Interest, Depreciation, Taxes and Amortization (Adjusted EBITDA)

\$ in millions	Q1 2019 Actual	2019 Guidance
Net Income Attributable to NCR (GAAP)	\$ 37	\$290 - \$305
Transformation and restructuring costs	26	60
Acquisition-related amortization of intangibles	21	95
Acquisition-related costs	—	10
Interest, net	44	180 - 195
Taxes	9	85 - 95
Depreciation & Amortization (excluding acquisition-related amortization of intangibles)	58	240
Stock Compensation	23	80
Adjusted EBITDA (Non-GAAP)	\$ 218	\$1,040 - \$1,080

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

\$ in millions	Q1 2019 QTD	Q1 2018 QTD
Net cash used by operating activities	\$ (16)	\$ (24)
Total capital expenditures	(65)	(71)
Net cash used in discontinued operations	(6)	(4)
Free cash flow	\$ (87)	\$ (99)

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

Three months ended March 31, 2019

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Constant Currency % (non-GAAP)
Banking	5%	(4)%	9%
Retail	(2)%	(3)%	1%
Hospitality	(5)%	(1)%	(4)%
Other	4%	(3)%	7%
Total Revenue	1%	(3)%	4%

Three months ended March 31, 2019

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	2%	(1)%	3%
Services	(3)%	(4)%	1%
Hardware	6%	(3)%	9%
ATM	21%	(6)%	27%
SCO/POS	(5)%	(2)%	(3)%
Total Revenue	1%	(3)%	4%

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

Schedule A

	For the Periods Ended March 31	
	Three Months	
	2019	2018
Revenue		
Products	\$ 539	\$ 526
Services	997	991
Total Revenue	1,536	1,517
Cost of products	453	420
Cost of services	672	677
Total gross margin	411	420
<i>% of Revenue</i>	26.8%	27.7%
Selling, general and administrative expenses	252	245
Research and development expenses	59	66
Income from operations	100	109
<i>% of Revenue</i>	6.5%	7.2%
Interest expense	(45)	(41)
Other expense, net	(8)	(5)
Total other expense, net	(53)	(46)
Income from continuing operations before income taxes	47	63
<i>% of Revenue</i>	3.1%	4.2%
Income tax expense	9	7
Income from continuing operations	38	56
Loss from discontinued operations, net of tax	—	(35)
Net income	38	21
Net income attributable to noncontrolling interests	1	1
Net income attributable to NCR	\$ 37	\$ 20
Amounts attributable to NCR common stockholders:		
Income from continuing operations	\$ 37	\$ 55
Dividends on convertible preferred stock	(13)	(12)
Income from continuing operations attributable to NCR common stockholders	24	43
Loss from discontinued operations, net of tax	—	(35)
Net income attributable to NCR common stockholders	\$ 24	\$ 8
Income per share attributable to NCR common stockholders:		
Income per common share from continuing operations		
Basic	\$ 0.20	\$ 0.36
Diluted ⁽¹⁾	\$ 0.20	\$ 0.35
Net income per common share		
Basic	\$ 0.20	\$ 0.07
Diluted ⁽¹⁾	\$ 0.20	\$ 0.06
Weighted average common shares outstanding		
Basic	119.3	119.2
Diluted ⁽¹⁾	122.2	123.8

⁽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			
	2019	2018	% Change	% Change Constant Currency
Revenue by segment				
Banking	\$ 758	\$ 721	5%	9%
Retail	511	521	(2)%	1%
Hospitality	193	204	(5)%	(4)%
Other	74	71	4%	7%
Total Revenue	\$ 1,536	\$ 1,517	1%	4%
Operating income by segment				
Banking	\$ 95	\$ 84		
Banking operating income margin %	12.5%	11.7%		
Retail	26	35		
Retail operating income margin %	5.1%	6.7%		
Hospitality	16	19		
Hospitality operating income margin %	8.3%	9.3%		
Other	10	10		
All Other operating income margin %	13.5%	14.1%		
Subtotal-segment operating income	\$ 147	\$ 148		
Total Revenue operating income margin %	9.6%	9.8%		
Other adjustments ⁽¹⁾	47	39		
Total income from operations	\$ 100	\$ 109		

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

In millions	For the Periods Ended March 31			
	Three Months			
	2019		2018	
Transformation and restructuring costs	\$	26	\$	16
Acquisition-related amortization of intangible assets		21		23
Total other adjustments	\$	47	\$	39

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

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 414	\$ 464
Accounts receivable, net	1,335	1,356
Inventories	874	806
Other current assets	393	397
Total current assets	3,016	3,023
Property, plant and equipment, net	373	359
Goodwill	2,705	2,692
Intangibles, net	573	595
Operating lease assets	433	—
Prepaid pension cost	148	140
Deferred income taxes	453	448
Other assets	497	504
Total assets	\$ 8,198	\$ 7,761
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$ 297	\$ 185
Accounts payable	788	897
Payroll and benefits liabilities	184	238
Contract liabilities	566	461
Other current liabilities	546	501
Total current liabilities	2,381	2,282
Long-term debt	2,914	2,980
Pension and indemnity plan liabilities	760	759
Postretirement and postemployment benefits liabilities	120	118
Income tax accruals	93	91
Operating lease liabilities	406	—
Other liabilities	184	259
Total liabilities	6,858	6,489
Redeemable noncontrolling interests	14	14
Series A convertible preferred stock; par value \$0.01 per share, 3.0 shares authorized, 0.9 and 0.9 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively; redemption amount and liquidation preference of \$883 and \$871 as of March 31, 2019 and December 31, 2018, respectively	872	859
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, 2019 and December 31, 2019, respectively	—	—
Common stock; par value \$0.01 per share, 500.0 shares authorized, 119.8 and 118.7 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	1	1
Paid-in capital	48	34
Retained earnings	630	606
Accumulated other comprehensive loss	(230)	(246)
Total NCR stockholders' equity	449	395
Noncontrolling interests in subsidiaries	5	4
Total stockholders' equity	454	399
Total liabilities and stockholders' equity	\$ 8,198	\$ 7,761

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

	For the Periods Ended March 31	
	Three Months	
	2019	2018
Operating activities		
Net income	\$ 38	\$ 21
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations	—	35
Depreciation and amortization	81	86
Stock-based compensation expense	23	14
Deferred income taxes	(5)	4
Changes in assets and liabilities:		
Receivables	21	(114)
Inventories	(68)	(42)
Current payables and accrued expenses	(192)	(77)
Contract liabilities	100	75
Employee benefit plans	(4)	(3)
Other assets and liabilities	(10)	(23)
Net cash used in operating activities	(16)	(24)
Investing activities		
Expenditures for property, plant and equipment	(22)	(29)
Additions to capitalized software	(43)	(42)
Business acquisition, net	(6)	—
Other investing activities, net	3	(3)
Net cash used in investing activities	(68)	(74)
Financing activities		
Short term borrowings, net	7	(1)
Payments on term credit facilities	(17)	(34)
Payments on revolving credit facilities	(375)	(498)
Borrowings on revolving credit facilities	430	613
Repurchases of Company common stock	—	(165)
Proceeds from employee stock plans	4	5
Tax withholding payments on behalf of employees	(13)	(11)
Net cash provided by (used in) financing activities	36	(91)
Cash flows from discontinued operations		
Net cash used in discontinued operations	(6)	(4)
Effect of exchange rate changes on cash and cash equivalents	1	5
Decrease in cash, cash equivalents, and restricted cash	(53)	(188)
Cash, cash equivalents and restricted cash at beginning of period	476	543
Cash, cash equivalents, and restricted cash at end of period	\$ 423	\$ 355

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

	2018				
	Q1	Q2	Q3	Q4	Total
Revenue by segment					
Banking	\$ 721	\$ 725	\$ 795	\$ 942	\$ 3,183
Retail	521	537	483	556	2,097
Hospitality	204	198	193	222	817
Other	71	77	79	81	308
Total Revenue	\$ 1,517	\$ 1,537	\$ 1,550	\$ 1,801	\$ 6,405
Operating income by segment					
Banking	\$ 84	\$ 94	\$ 102	\$ 132	\$ 412
<i>Banking operating income margin %</i>	<i>11.7%</i>	<i>13.0%</i>	<i>12.8%</i>	<i>14.0%</i>	<i>12.9%</i>
Retail	35	41	29	37	142
<i>Retail operating income margin %</i>	<i>6.7%</i>	<i>7.6%</i>	<i>6.0%</i>	<i>6.7%</i>	<i>6.8%</i>
Hospitality	19	19	15	32	85
<i>Hospitality operating income margin %</i>	<i>9.3%</i>	<i>9.6%</i>	<i>7.8%</i>	<i>14.4%</i>	<i>10.4%</i>
Other	10	11	15	13	49
<i>Other operating income margin %</i>	<i>14.1%</i>	<i>14.3%</i>	<i>19.0%</i>	<i>16.0%</i>	<i>15.9%</i>
Subtotal-segment operating income	\$ 148	\$ 165	\$ 161	\$ 214	\$ 688
<i>Total operating income margin %</i>	<i>9.8%</i>	<i>10.7%</i>	<i>10.4%</i>	<i>11.9%</i>	<i>10.7%</i>
Other adjustments ⁽¹⁾	39	271	36	151	497
Total income from operations	\$ 109	\$ (106)	\$ 125	\$ 63	\$ 191

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

	2018				
	Q1	Q2	Q3	Q4	Total
In millions					
Restructuring and transformation costs	\$ 16	\$ 66	\$ 16	\$ 125	\$ 223
Asset impairment charges	—	183	—	—	183
Acquisition-related amortization of intangible assets	23	21	20	21	85
Acquisition-related costs	—	1	—	5	6
Total other adjustments	\$ 39	\$ 271	\$ 36	\$ 151	\$ 497

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

Schedule F

	2017				
	Q1	Q2	Q3	Q4	Total
Revenue by segment					
Banking	\$ 704	\$ 764	\$ 828	\$ 879	\$ 3,175
Retail	509	544	528	588	2,169
Hospitality	195	210	230	243	878
Other	70	75	77	72	294
Total Revenue	\$ 1,478	\$ 1,593	\$ 1,663	\$ 1,782	\$ 6,516
Operating income by segment					
Banking	\$ 68	\$ 105	\$ 123	\$ 125	\$ 421
Banking operating income margin %	9.7%	13.7%	14.9%	14.2%	13.3%
Retail	49	61	57	64	231
Retail operating income margin %	9.6%	11.2%	10.8%	10.9%	10.7%
Hospitality	32	34	38	36	140
Hospitality operating income margin %	16.4%	16.2%	16.5%	14.8%	15.9%
Other	9	12	16	11	48
Other operating income margin %	12.9%	16.0%	20.8%	15.3%	16.3%
Subtotal-segment operating income	\$ 158	\$ 212	\$ 234	\$ 236	\$ 840
Total operating income margin %	10.7%	13.3%	14.1%	13.2%	12.9%
Other adjustments ⁽¹⁾	43	37	35	34	149
Total income from operations	\$ 115	\$ 175	\$ 199	\$ 202	\$ 691

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

	2017				
	Q1	Q2	Q3	Q4	Total
In millions					
Restructuring and transformation costs	\$ 13	\$ 8	\$ 5	\$ 3	\$ 29
Acquisition-related amortization of intangible assets	29	28	29	29	115
Acquisition-related costs	1	1	1	2	5
Total other adjustments	\$ 43	\$ 37	\$ 35	\$ 34	\$ 149

Q1 2019 EARNINGS CONFERENCE CALL

MICHAEL HAYFORD, PRESIDENT & CEO
OWEN SULLIVAN, COO
ANDRE FERNANDEZ, CFO

May 7, 2019



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 full year 2019 financial guidance and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's strategy and expected areas of focus to drive stockholder value creation including strategic growth platforms, revenue shift and spend optimization, and related expected investments and results; areas of focus to improve productivity; areas of focus for paymer integration; NCR's investment priorities and their expected benefits in 2019; 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 28, 2019, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated May 7, 2019, 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.

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

NOTES TO INVESTORS

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 (CC) basis; gross margin rate (non-GAAP); diluted earnings per share (non-GAAP); free cash flow (FCF); gross margin (non-GAAP); net debt; adjusted EBITDA; the ratio of net debt to adjusted EBITDA; 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 intended to 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 revenue for services under a contract for which revenue is recognized over time; (ii) the term "CC" means constant currency; and (iii) the term "FCF" means free cash flow.

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

RESULTS IN LINE with expectations

Continued to **IMPROVE EXECUTION**

BANKING REVENUE up 9% cc; ATM revenue up 27% cc

RECURRING REVENUE up 6% cc

2019 GUIDANCE reaffirmed

Q1 2019 FINANCIAL RESULTS

Revenue



Revenue up 1% as reported and up 4% CC; Recurring revenue up 6% CC, 49% of total revenue

Adjusted EBITDA



Adjusted EBITDA in line with expectations

Non-GAAP Diluted EPS



Non-GAAP EPS in line with expectations

Free Cash Flow



Change driven by working capital improvement

STRATEGIC GROWTH PLATFORMS



Digital
First
Banking



Digital
First
Restaurant



Digital
First
Retail



Digital
Connected
Services



Digital
Convenience
and Fuel



Digital
Smart
Business
Essentials

PAYMENTS INTEGRATION



Payments
Pricing
Established



Q1 Plan
Customers Live



On Track for
NCR Silver &
Aloha GA*
2H19

* General Av

PRODUCTIVITY FOCUS AREAS

SERVICES TRANSFORMATION

- Service performance and productivity initiative
- Driving revenue and margin expansion

HARDWARE NETWORK

- Manufacturing transformation initiatives largely complete
- 2019 on track to reduce loss by > 50% versus 2018
- Improved price / mix

SPEND OPTIMIZATION

- \$100m savings in 2019 on track
- Savings realized offsets higher real estate and people costs
- ~80% targeted actions completed

BANKING

\$ in millions

Revenue



Operating Income



Key Highlights

- Revenue up 9% CC driven by 27% CC growth in ATM revenue
- Operating Income up 20% CC driven by higher volume and favorable impact of productivity initiatives

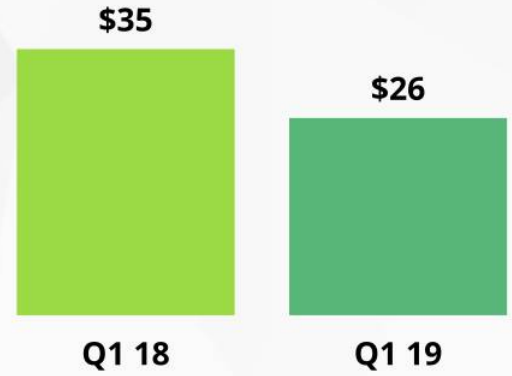
RETAIL

\$ in millions

Revenue



Operating Income



Key Highlights

- Revenue up 1% CC driven by increase in Payments and Self-Checkout revenue partially offset by a large implementation services project in the prior year
- Operating Income down 18% CC driven by an unfavorable mix of revenue

HOSPITALITY

\$ in millions

Revenue



Operating Income



Key Highlights

- Revenue down 4% CC driven by lower hardware sales partially offset by higher cloud and payments revenue
- Operating Income down 15% CC driven by a decline in hardware revenue and continued investment in customer satisfaction initiatives partially offset by an increase in software revenue

SUPPLEMENTAL REVENUE

	Q1 2019	Q1 2018	% Change	% Change CC
Software	\$467	\$460	2%	3%
Services	\$585	\$601	(3%)	1%
Hardware	\$484	\$456	6%	9%
ATM	\$236	\$195	21%	27%
SCO/POS	\$248	\$261	(5%)	(3%)
Total Revenue	\$1,536	\$1,517	1%	4%

\$ in millions

Key Highlights

- Software growth of 3% CC driven by a favorable mix of more cloud and payments revenue
- Services growth of 1% CC driven by increase in recurring revenue partially offset by large implementation services project in the prior period
- Hardware growth of 9% CC driven by a 27% CC growth in ATM revenue partially offset by declines in SCO/POS

FREE CASH FLOW, NET DEBT & EBITDA

Free Cash Flow	Q1 2019	Q1 2018
Cash used in Operating Activities	(\$16)	(\$24)
Total capital expenditures	(\$65)	(\$71)
Cash used in Discontinued Operations	(6)	(4)
Free Cash Flow	(\$87)	(\$99)

\$ in millions

Net Debt & EBITDA	Q1 2019	Q4 2018	Q1 2018
Debt	\$3,211	\$3,165	\$3,072
Cash	(\$414)	(\$464)	(\$348)
Net Debt	2,797	2,701	2,724
Adjusted EBITDA ⁽¹⁾	\$958	\$957	\$1,116
Net Debt / Adjusted EBITDA	2.9x	2.8x	2.4x

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

\$ in millions

2019 GUIDANCE REAFFIRMED

	FY 2019 Guidance
Revenue Growth	1% - 2%
Net Income Attributable to NCR	\$290 - \$305
Adjusted EBITDA	\$1,040 - \$1,080
GAAP Diluted EPS	\$1.91 - \$2.01
Non-GAAP Diluted EPS	\$2.75 - \$2.85
Cash Flow from Operations	\$705 - \$730
Free Cash Flow	\$300 - \$350

\$ in millions, except per share amounts

LOOKING FORWARD



- Solid execution in Q1 reinforced year confidence
- Deliver profitable growth
- Mix shift to software, services and recurring revenue
- Improve cost structure
- Allocate capital to highest growth and return on investment opportunities
- Drive cash flow generation

SUPPLEMENTARY MATERIALS



Q1 2019 GAAP RESULTS

	Q1 2019	Q1 2018	% Ch As Re
Revenue	\$1,536	\$1,517	1%
Gross Margin	411	420	(2)
Gross Margin Rate	26.8%	27.7%	
Operating Expenses	311	311	—
% of Revenue	20.2%	20.5%	
Operating Income	100	109	(8)
% of Revenue	6.5%	7.2%	
Interest and other expense	(53)	(46)	15
Income Tax (Benefit) Expense	9	7	29
Effective Income Tax Rate	19.1%	11.1%	
Net Income	37	55	(33)
Diluted EPS	\$0.20	\$0.35	(43)

\$ in millions, except per share

Q1 2019 OPERATIONAL RESULTS

	Q1 2019	Q1 2018	% Change As Reported	% C Cor Cur
Revenue	\$1,536	\$1,517	1%	4
Gross Margin (non-GAAP)	425	431	(1)%	2
Gross Margin Rate (non-GAAP)	27.7%	28.4%	(70 bps)	(70
Operating Expenses (non-GAAP)	278	283	(2%)	1
% of Revenue	18.1%	18.7%		
Operating Income (non-GAAP)	147	148	(1%)	5
% of Revenue	9.6%	9.8%	(20)bps	—
Interest and other expense (non-GAAP)	(53)	(46)	(15%)	(1
Income Tax Expense (non-GAAP)	20	16	25%	
Effective Income Tax Rate (non-GAAP)	21.3%	15.7%		
Net Income (non-GAAP)	73	85	(14)%	(5
Diluted EPS (non-GAAP)	\$0.48	\$0.56	(14%)	(6

\$ in millions, except per share

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 measure.

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 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, 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 non-GAAP measures to evaluate year-over-year operating performance. NCR also uses operating income (non-GAAP) and 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. 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 used 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. Free cash flow does not have a uniform definition under GAAP and, therefore, NCR's definition may differ from other companies' definition of this measure.

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 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.

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, credit 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 net income attributable to NCR plus interest expense, net income tax expense (benefit); plus depreciation and amortization; plus other income (expense); plus pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles. 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 a measure 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)

	Q1 2019 LTM	Q1 2018 LTM	Q1 2019	Q1
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ (54)	\$ 235	\$ 37	\$
Pension Mark-to-Market Adjustments	(45)	28	—	
Transformation/Restructuring Costs	233	32	26	
Acquisition-Related Amortization of Intangibles	83	109	21	
Acquisition-Related Costs	6	4	—	
Long-lived and Intangible Asset Impairment Charges	183	—	—	
Interest Expense	172	165	45	
Interest Income	(5)	(3)	(1)	
Depreciation and Amortization	237	239	58	
Income Taxes	75	235	9	
Stock Compensation Expense	73	72	23	
Adjusted EBITDA (non-GAAP)	\$ 958	\$ 1,116	\$ 218	\$

\$ in mil

GAAP TO NON-GAAP RECONCILIATION

Q1 2019 QTD

	Q1 QTD 2019 GAAP	Transformation and Restructuring costs	Acquisition- related amortization of intangibles	Q1 QTD 2019 non-GAAP
Product revenue	\$539	\$—	\$—	\$539
Service revenue	997	—	—	997
Total revenue	1,536	—	—	1,536
Cost of products	453	(3)	(3)	447
Cost of services	672	(5)	(3)	664
Gross margin	411	8	6	425
<i>Gross margin rate</i>	26.8%	0.5%	0.4%	27.7%
Selling, general and administrative expenses	\$252	(15)	(15)	\$222
Research and development expenses	59	(3)	—	56
Total operating expenses	\$311	(18)	(15)	\$278
<i>Total operating expense as a % of revenue</i>	20.2%	(1.1)%	(1.0)%	18.1%
Income from operations	100	26	21	147
<i>Income from operations as a % of revenue</i>	6.5%	1.7%	1.4%	9.6%
Interest and Other (expense) income, net	(53)	—	—	(53)
Income from continuing operations before income taxes	47	26	21	94
Income tax (benefit) expense	9	6	5	20
<i>Effective income tax rate</i>	19.1%			21.3%
Income from continuing operations	38	20	16	74
Net income attributable to noncontrolling interests	1	—	—	1
Income from continuing operations (attributable to NCR)	\$37	\$20	\$16	\$73
Diluted earnings per share	0.20	0.13	0.11	0.48
Diluted shares outstanding	122.2			151.4

\$ in millions, except per share amounts

GAAP TO NON-GAAP RECONCILIATION

Q1 2019 QTD

	Q1 QTD 2019 GAAP	Q1 QTD 2019 non-GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$37	\$73
Dividends on convertible preferred shares	\$(13)	—
Income from continuing operations attributable to NCR common stockholders	\$24	\$73
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	122.2	122.2
Weighted as-if converted preferred shares	—	29.2
Total shares used in diluted earnings per share	122.2	151.4
Diluted earnings per share ⁽¹⁾	0.20	0.48

\$ in millions, except per share amounts

⁽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

	Q1 QTD 2018 GAAP	Transformati on Costs	Acquisition- related amortizatio n of intangibles	Q1 2018 GA
Product revenue	526	\$—	\$—	5
Service revenue	991	—	—	9
Total revenue	1,517	—	—	1,517
Cost of products	420	—	(4)	424
Cost of services	677	(4)	(3)	684
Gross margin	420	4	7	431
Gross margin rate	27.7%	0.2%	0.5%	28.2%
Selling, general and administrative expenses	245	(10)	(16)	229
Research and development expenses	66	(2)	—	64
Total expenses	311	(12)	(16)	315
<i>Total expense as a % of revenue</i>	<i>20.5%</i>	<i>(0.7)%</i>	<i>(1.1)%</i>	<i>20.6%</i>
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
<i>Effective income tax rate</i>	<i>11.1%</i>			<i>15.7%</i>
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 (loss) earnings per share	\$0.35	\$0.08	\$0.12	\$0.55
Diluted shares outstanding	123.8			152.7

\$ in millions, except per share amounts

GAAP TO NON-GAAP RECONCILIATION

Q1 2018 QTD

	Q1 QTD 2018 GAAP	Q1 QTD 2018 non-GAAP
Income from continuing operations attributable to NCR common stockholders:		
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
Weighted average outstanding shares:		
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

\$ in millions, except per share amounts

⁽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 2019 QTD

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

	Operating Income	Operating Income Rate
Banking	\$95	12.5%
Retail	26	5.1%
Hospitality	16	8.3%
Other	10	13.5%
Total Operating Income (non-GAAP)	147	9.6%
Less:		
Transformation & Restructuring costs	26	1.7%
Acquisition-related amortization of intangibles	21	1.4%
Total Operating Income (GAAP)	\$100	6.5%

\$ in million

GAAP TO NON-GAAP RECONCILIATION

Q1 2018 QTD

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

	Operating Income	Operating Income Rate
Banking	\$84	11.7%
Retail	35	6.7%
Hospitality	19	9.3%
Other	10	14.1%
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%

\$ in m

GAAP TO NON-GAAP RECONCILIATION

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

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Constant Currency % (non-GAAP)
Banking	5%	(4%)	9%
Retail	(2%)	(3%)	1%
Hospitality	(5%)	(1%)	(4%)
Other	4%	(3%)	7%
Total Revenue Growth %	1%	(3)%	4%

GAAP TO NON-GAAP RECONCILIATION

Operating Income % (GAAP) to Operating Income Constant Currency % (non-GAAP)

	Operating Income Growth % (GAAP)	Favorable (unfavorable) FX impact	Operating Income Growth % (non-GAAP)
Banking	13%	(7%)	20%
Retail	(26%)	(8%)	(18%)
Hospitality	(16%)	(1%)	(15%)
Other	—%	—%	—%
Total Operating Income %	(1%)	(6)%	5%

GAAP TO NON-GAAP RECONCILIATION

Diluted Earnings Per Share

	2019 Guidance
Diluted EPS (GAAP) ^{(1) (2)}	\$1.91 - \$2.01
Transformation & Restructuring costs	\$0.31
Acquisition-Related Amortization of Intangibles	\$0.48
Acquisition-Related Costs	\$0.05
Non-GAAP Diluted EPS ^{(1) (3)}	\$2.75 - \$2.85

⁽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, 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 2019, we have assumed an effective tax rate of 23% to 24% and a share count of 151 million compared to an effective tax rate of 19% and a share count of 150 million in FY 2018.

GAAP TO NON-GAAP RECONCILIATION

Earnings Before Interest, Taxes, Depreciation & Amortization (Adjusted EBITDA)

	2019 Guidance
Net Income Attributable to NCR (GAAP)	\$290 - \$305
Transformation & Restructuring costs	60
Acquisition-Related Amortization of Intangibles	95
Acquisition-Related Costs	10
Interest	180 - 195
Taxes	85 - 95
Depreciation & Amortization	240
Stock Compensation	80
Adjusted EBITDA (Non-GAAP)	\$1,040 - \$1,080

\$ in millions

GAAP TO NON-GAAP RECONCILIATION

	2019 Guidance
Cash Provided by Operating Activities	\$705 - \$730
Less: Total capital expenditures	(350) - (375)
Less: Cash used in Discontinued Operations	(30)
Free Cash Flow	\$300 - \$350

\$ in m

THANK YOU



