

Q2 2018 EARNINGS CONFERENCE CALL

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July 26, 2018



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 revised full year 2018 financial guidance and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's manufacturing network redesign; NCR's cloud revenue momentum; NCR's Mission One (M1) Services initiative and its expected benefits on NCR's services margin profile; expectations regarding ATM orders driving revenue in the back half of the year; NCR's expected areas of focus to drive growth and create long-term shareholder value; targeted mergers and acquisitions, expectations for accelerating recurring revenue; and NCR's expected free cash flow generation and capital allocation strategy. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 26, 2018, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated July 26, 2018, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

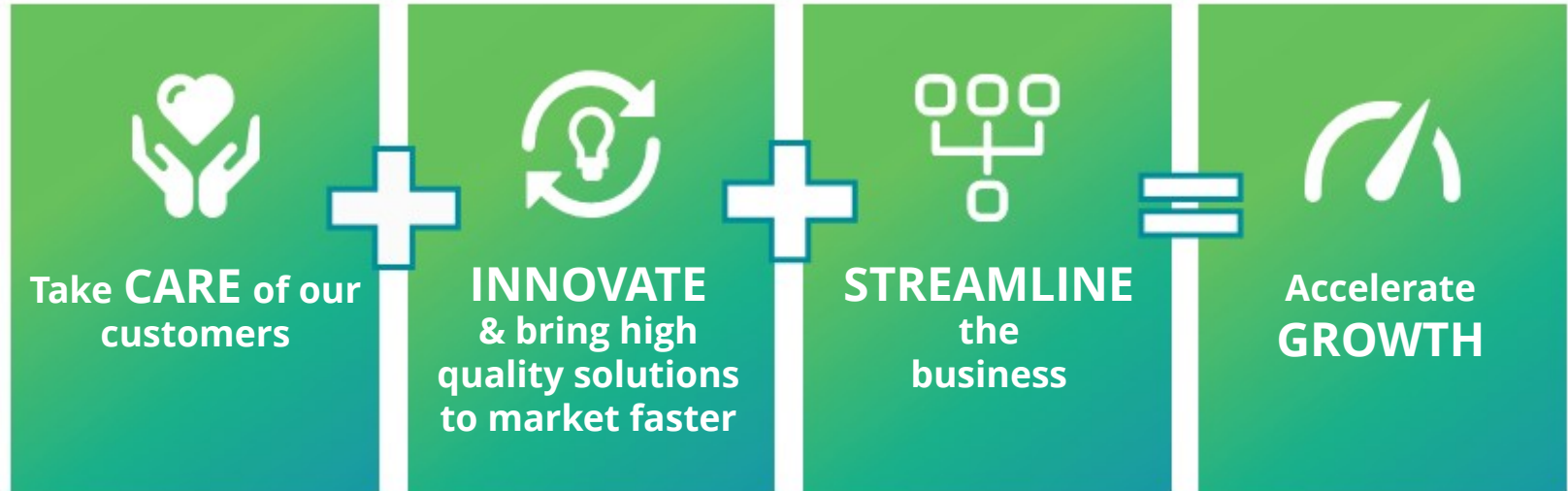
USE OF CERTAIN TERMS. As used in these materials, (i) the term "recurring revenue" means the sum of cloud, hardware maintenance and software maintenance revenue, (ii) the term "net annual contract value" or "net ACV" for any particular period means NCR's net bookings for cloud revenue during the period,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

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

EARLY OBSERVATIONS



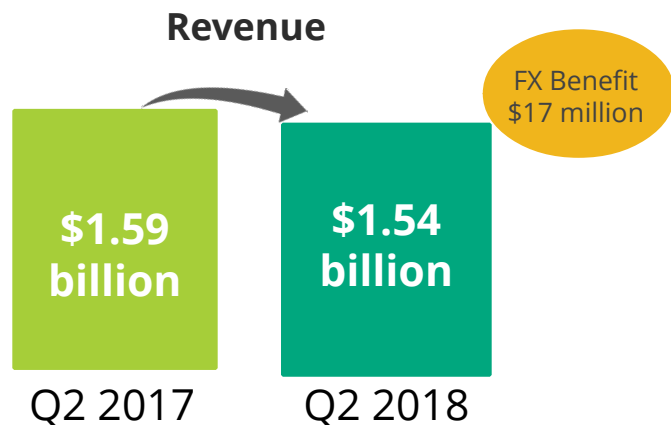
TOP PRIORITIES



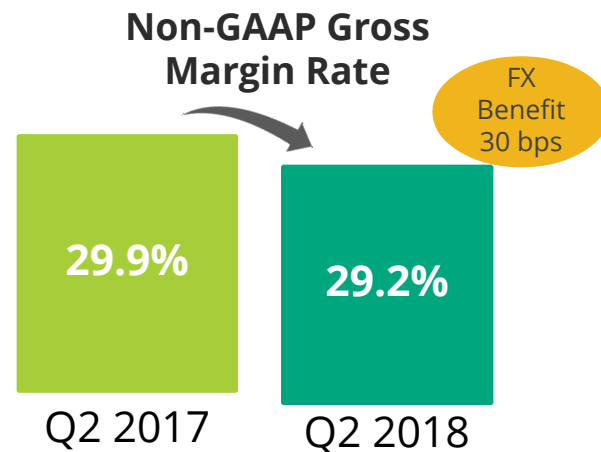
Create long-term shareholder value

- Maintain focus on cost efficiencies
- Reallocate cash investments to highest growth opportunities
- Drive higher recurring revenue and better predictability
- Grow free cash flow, share repurchase and targeted product M&A and selected partnerships
- Investor Day November 7th

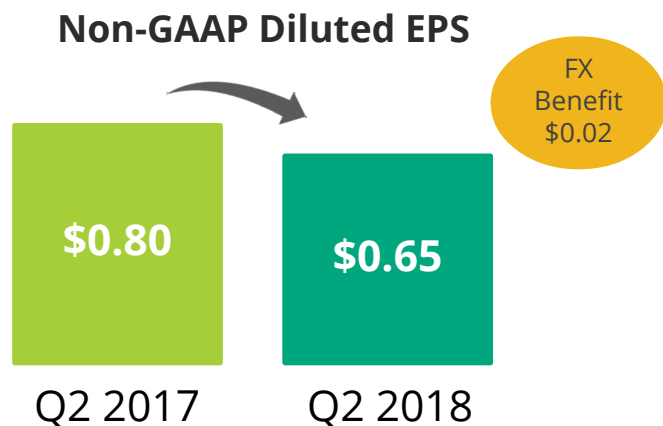
Q2 2018 FINANCIAL RESULTS



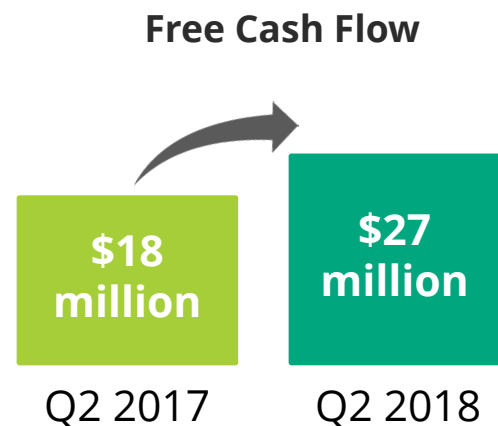
Revenue down 4% as reported and down 5% CC;
Recurring revenue up 4%, 48% of total revenue



Non-GAAP gross margin rate down 70 bps as reported and down 100 bps CC



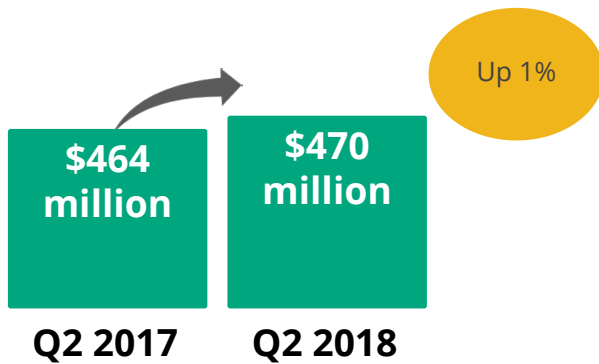
Non-GAAP Diluted EPS down 19% as reported and 20% CC



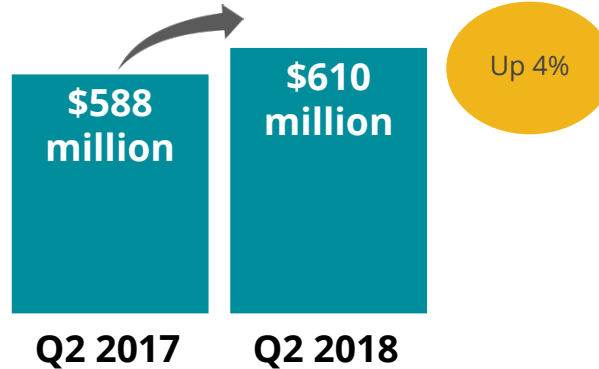
Free Cash Flow up due to working capital improvements

Q2 2018 SEGMENT RESULTS

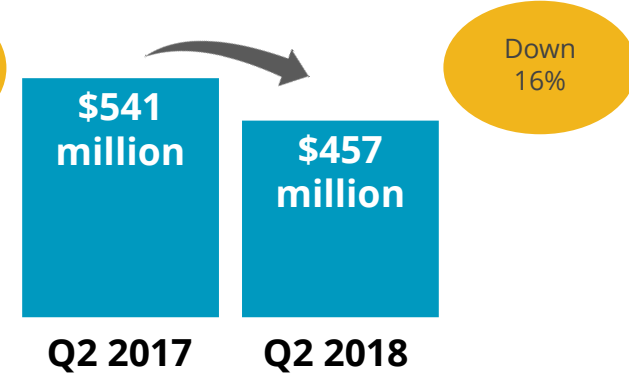
Software Revenue



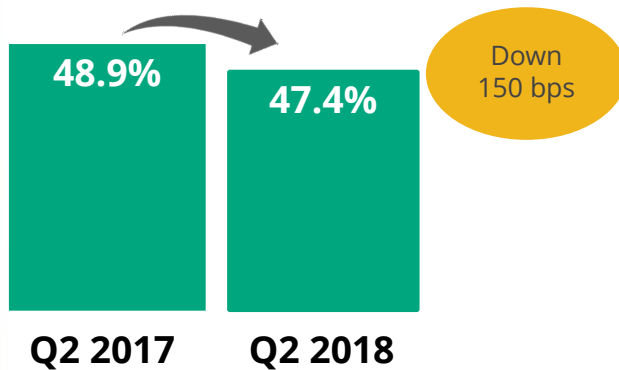
Services Revenue



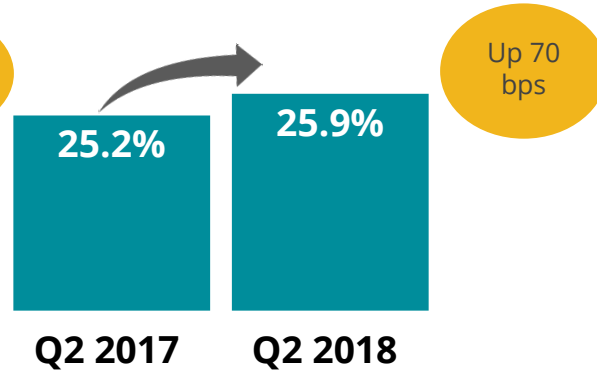
Hardware Revenue



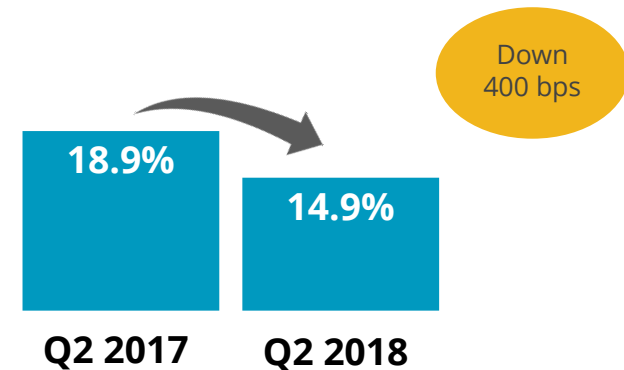
Software Gross Margin



Services Gross Margin



Hardware Gross Margin



SOFTWARE

Q2 2018 Update

	Q2 2018	Q2 2017	% Change	% Change Constant Currency
Software License	\$68	\$77	(12)%	(13)%
<i>Attached License</i>	23	27	(15)%	(17)%
<i>Unattached License</i>	45	50	(10)%	(10)%
Software Maintenance	93	91	2%	1%
Cloud	155	145	7%	7%
Professional Services	154	151	2%	—%
Software Revenue	\$470	\$464	1%	—%
Software Gross Margin	\$223	\$227	(2)%	(3)%
Software Gross Margin Rate	47.4%	48.9%	(150) bps	(150) bps
Operating Income	\$115	\$127	(9)%	(10)%
Operating Income as a % of Revenue	24.5%	27.4%	(290) bps	(280) bps

KEY HIGHLIGHTS

\$ in millions

- Cloud revenue up 7%; Net ACV of \$14M indicating continued growth
- Software License down 12% primarily due to lower hardware sales and unattached software licenses
- Operating income down driven by lower Software License revenue and continued investment partially offset by Cloud and Software Maintenance margin expansion.

SERVICES

Q2 2018 Update

	Q2 2018	Q2 2017	% Change	% Change Constant Currency
Services Revenue	\$610	\$588	4%	3%
Services Gross Margin	\$158	\$148	7%	7%
Services Gross Margin Rate	25.9%	25.2%	+70 bps	+100 bps
Operating Income	\$77	\$74	4%	7%
Operating Income as a % of Revenue	12.6%	12.6%	— bps	+40 bps

\$ in millions

KEY HIGHLIGHTS

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

HARDWARE

Q2 2018 Update

	Q2 2018	Q2 2017	% Change	% Change Constant Currency
ATMs	\$180	\$227	(21)%	(22)%
Self-Checkout (SCO)	99	96	3%	3%
Point-of-Sale (POS)	178	213	(16)%	(18)%
Interactive Printer Solutions (IPS)	—	5	(100)%	(100)%
Hardware Revenue	\$457	\$541	(16)%	(17)%
Hardware Gross Margin	\$68	\$102	(33)%	(37)%
Hardware Gross Margin Rate	14.9%	18.9%	(400) bps	(500) bps
Operating Income	(\$27)	\$11	(345)%	(264)%
Operating Income as a % of Revenue	(5.9%)	2.0%	(790) bps	(890) bps

\$ in millions

KEY HIGHLIGHTS

- ATM revenue down due to supply constraints related to higher demand for new products; ATM orders increased for the second consecutive quarter, which is expected to drive improved revenue performance in the back half of the year
- SCO revenue up due to timing of customer roll-outs
- POS revenues down compared to growth of 18% in the prior year which benefited from several large customer roll-outs
- Operating income decreased due to lower Hardware revenue and unfavorable product mix
- Manufacturing network redesign progressing as planned

FREE CASH FLOW, NET DEBT & EBITDA

Free Cash Flow	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Cash Provided by Operating Activities	\$119	\$95	\$95	\$134
Total capital expenditures ⁽¹⁾	(85)	(75)	(156)	(127)
Cash used in Discontinued Operations	(7)	(2)	(11)	(5)
Free Cash Flow	\$27	\$18	(\$72)	\$2

\$ in millions

⁽¹⁾ Capital expenditures in Q2 2018 and Q2 2017 included \$22 million and \$16 million, respectively related to our new world headquarters. Cash provided by Operating Activities in Q2 2018 and Q2 2017 included \$14 million and \$22 million, respectively, of reimbursement from the landlord.

Net Debt & EBITDA	Q2 2018	Q2 2017
Debt	\$3,112	\$3,282
Cash	(343)	(377)
Net Debt	\$2,769	\$2,905
Adjusted EBITDA ⁽²⁾	\$1,073	\$1,111
Net Debt / Adjusted EBITDA	2.6x	2.6x

\$ in millions

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

2018 GUIDANCE

	Previous FY 2018 Guidance	Current FY 2018 Guidance
Revenue Growth	0% - 3%	(1)% - (3)%
GAAP Diluted EPS ⁽¹⁾	\$2.08 - \$2.48	\$0.07- \$0.65
Non-GAAP Diluted EPS	\$3.30 - \$3.45	\$2.55- \$2.75
Free Cash Flow	~90% Conversion Rate	\$300 - \$350 million
		~ 80 - 90% Conversion Rate

⁽¹⁾ The current year 2018 GAAP diluted EPS guidance includes \$183 million, or \$1.16 per share, of asset impairment charges for goodwill and other long-lived assets related to the Hardware segment. Additionally, the restructuring and transformation charge included in our current year 2018 GAAP diluted EPS guidance has not changed. For all other GAAP to non-GAAP adjustments, refer to the reconciliations included in the supplemental materials.

LOOKING FORWARD

- Accelerate growth; Primarily recurring revenue
- Improve the quality and delivery of our products and services
- Focus on customer satisfaction
- Act with a sense of urgency
- Drive free cash flow and invest in projects that generate the highest long term return on capital

SUPPLEMENTARY MATERIALS

Q2 2018 GAAP RESULTS

	Q2 2018	Q2 2017	% Change As Reported
Revenue	\$1,537	\$1,593	(4)%
Gross Margin	403	461	(13)%
Gross Margin Rate	26.2%	28.9%	
Operating Expenses	509	286	78%
% of Revenue	33.1%	18.0%	
Operating (Loss) Income ⁽¹⁾	(106)	175	(161)%
% of Revenue	(6.9)%	11.0%	
Interest and other expense	(50)	(45)	11%
Income Tax (Benefit) Expense	(12)	33	(136)%
Effective Income Tax Rate	8%	25%	
Net (Loss) Income	(\$143)	\$97	(247)%
Diluted EPS	(\$1.31)	\$0.64	(305)%

in millions, except per share amounts

⁽¹⁾ Q2 2018 results included \$183 million of pre-tax asset impairment charges related to goodwill and other long-lived assets associated with the Hardware segment and \$66 million of costs incurred related to the restructuring and transformation initiatives.

Q2 2018 OPERATIONAL RESULTS

	Q2 2018	Q2 2017	% Change As Reported	% Change Constant Currency
Revenue	\$1,537	\$1,593	(4)%	(5)% ⁽¹⁾
Gross Margin (non-GAAP)	449	477	(6)%	(8)%
Gross Margin Rate (non-GAAP)	29.2%	29.9%	(70) bps	(100) bps
Operating Expenses (non-GAAP)	284	265	7%	6%
% of Revenue	18.5%	16.6%		
Operating Income (non-GAAP)	165	212	(22)%	(24)%
% of Revenue	10.7%	13.3%	(260) bps	(270) bps
Interest and other expense (non-GAAP)	(50)	(45)	11%	8%
Income Tax Expense (non-GAAP)	18	45	(60)%	
Effective Income Tax Rate (non-GAAP)	16%	27%		
Net Income (non-GAAP)	\$97	\$122	(20)%	(22)%
Diluted EPS (non-GAAP) ⁽²⁾	\$0.65	\$0.80	(19)%	(20)%

in millions, except per share amounts

⁽¹⁾ The impact of foreign currency was \$17 million favorable in Q2 2018.

⁽²⁾ Q2 2018 includes \$0.02 of foreign currency benefit on EPS. Diluted share count of 149.2 million in Q2 2018 and 152.7 million in Q2 2017.

NON-GAAP MEASURES

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

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

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

NON-GAAP MEASURES

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

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

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

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

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

GAAP TO NON-GAAP RECONCILIATION

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

in millions	Q2 2018 LTM	Q2 2017 LTM
Net Income from Continuing Operations (GAAP)	(\$2)	\$335
Pension Mark-to-Market Adjustments	28	85
Transformation/Restructuring Costs	90	32
Acquisition-Related Amortization of Intangibles	102	116
Acquisition-Related Costs	4	6
Asset Impairment Charges	183	—
Divestiture and Liquidation Losses	—	1
Net (Income) Loss from Continuing Operations Attributable to Noncontrolling Interests	(3)	(6)
Interest Expense	165	161
Interest Income	(3)	(4)
Depreciation and Amortization	243	217
Income Taxes	190	95
Stock Compensation Expense	76	73
Adjusted EBITDA (non-GAAP)	\$1,073	\$1,111

in millions

GAAP TO NON-GAAP RECONCILIATION

Q2 2018 QTD

in millions (except per share amounts)	Q2 QTD 2018 GAAP	Transformation and Restructuring costs	Asset Impairment charges	Acquisition-related amortization of intangibles	Acquisition-related costs	Impact of U.S. Tax Reform	Q2 QTD 2018 non-GAAP
Product revenue	\$525	\$—	\$—	\$—	\$—	\$—	\$525
Service revenue	1,012	—	—	—	—	—	1,012
Total revenue	1,537	—	—	—	—	—	1,537
Cost of products	451	(32)	—	(2)	—	—	417
Cost of services	683	(9)	—	(3)	—	—	671
Gross margin	403	41	—	5	—	—	449
Gross margin rate	26.2%	2.7%	—%	0.3%	—%	—%	29.2%
Selling, general and administrative expenses	261	(22)	—	(16)	(1)	—	222
Research and development expenses	65	(3)	—	—	—	—	62
Asset impairment charges	183	—	(183)	—	—	—	—
Total operating expenses	509	(25)	(183)	(16)	(1)	—	284
<i>Total operating expense as a % of revenue</i>	33.1%	(1.6)%	(11.9)%	(1.0)%	(0.1)%	—%	18.5%
Income from operations	(106)	66	183	21	1	—	165
<i>Income from operations as a % of revenue</i>	(6.9)%	4.2%	11.9%	1.4%	0.1%	—%	10.7%
Interest and Other (expense) income, net	(50)	—	—	—	—	—	(50)
Income from continuing operations before income taxes	(156)	66	183	21	1	—	115
Income tax expense	(12)	16	8	4	—	2	18
<i>Effective income tax rate</i>	8%						16%
Income from continuing operations	(144)	50	175	17	1	(2)	97
Net income attributable to noncontrolling interests	(1)	—	1	—	—	—	—
Income from continuing operations (attributable to NCR)	(\$143)	\$50	\$174	\$17	\$1	(\$2)	\$97
Diluted earnings per share	(\$1.31)	\$0.34	\$1.17	\$0.11	\$0.01	(\$0.01)	\$0.65
Diluted shares outstanding	117.9						149.2

GAAP TO NON-GAAP RECONCILIATION

Q2 2018 QTD

	Q2 QTD 2018 GAAP	Q2 QTD 2018 non-GAAP
in millions (except per share amounts)		
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$(143)	\$97
Dividends on convertible preferred shares	(12)	—
Income from continuing operations attributable to NCR common stockholders	\$(155)	\$97
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	117.9	121.1
Weighted as-if converted preferred shares	—	28.1
Total shares used in diluted earnings per share	117.9	149.2
Diluted earnings per share ⁽¹⁾	(\$1.31)	\$0.65

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

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 QTD

in millions (except per share amounts)	Q2 QTD 2017 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q2 QTD 2017 non-GAAP
Product revenue	\$618	\$—	\$—	\$—	\$618
Service revenue	975	—	—	—	975
Total revenue	1,593	—	—	—	1,593
Cost of products	478	—	(6)	—	472
Cost of services	654	(4)	(6)	—	644
Gross margin	461	4	12	—	477
Gross margin rate	28.9%	0.3%	0.7%	—%	29.9%
Selling, general and administrative expenses	228	(3)	(16)	(1)	208
Research and development expenses	58	(1)	—	—	57
Total expenses	286	(4)	(16)	(1)	265
<i>Total expense as a % of revenue</i>	18.0%	(0.3)%	(1.0)%	(0.1)%	16.6%
Income from operations	175	8	28	1	212
<i>Income from operations as a % of revenue</i>	11.0%	0.5%	1.7%	0.1%	13.3%
Interest and Other (expense) income, net	(45)	—	—	—	(45)
Income from continuing operations before income taxes	130	8	28	1	167
Income tax expense	33	2	9	1	45
<i>Effective income tax rate</i>	25%				27%
Income from continuing operations	97	6	19	—	122
Net income attributable to noncontrolling interests	—	—	—	—	—
Income from continuing operations (attributable to NCR)	\$97	\$6	\$19	\$—	\$122
Diluted (loss) earnings per share	\$0.64	\$0.04	\$0.12	\$—	\$0.80
Diluted shares outstanding	152.7				152.7

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 QTD

	Q2 QTD 2017 GAAP	Q2 QTD 2017 non-GAAP
in millions (except per share amounts)		
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$97	\$122
(Loss) Income from continuing operations attributable to NCR common stockholders	\$97	\$122
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	126.1	126.1
Weighted as-if converted preferred shares	26.6	26.6
Total shares used in diluted earnings per share	152.7	152.7
Diluted (loss) earnings per share ⁽¹⁾	\$0.64	\$0.80

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

GAAP TO NON-GAAP RECONCILIATION

Q2 2018 YTD

in millions (except per share amounts)	Q2 2018 YTD GAAP	Transformation and Restructuring costs	Asset Impairment charges	Acquisition- related amortization of intangibles	Acquisition- related costs	Impact of U.S. Tax Reform	Q2 2018 YTD non-GAAP
Product revenue	\$1,051	\$—	\$—	\$—	\$—	\$—	\$1,051
Service revenue	2,003	—	—	—	—	—	2,003
Total revenue	3,054	—	—	—	—	—	3,054
Cost of products	871	(32)	—	(6)	—	—	833
Cost of services	1,360	(13)	—	(6)	—	—	1,341
Gross margin	823	45	—	12	—	—	880
Gross margin rate	26.9%	1.5%	—%	0.4%	—%	—%	28.8%
Selling, general and administrative expenses	506	(32)	—	(32)	(1)	—	441
Research and development expenses	131	(5)	—	—	—	—	126
Asset impairment charges	183	—	(183)	—	—	—	—
Total expenses	820	(37)	(183)	(32)	(1)	—	567
<i>Total expense as a % of revenue</i>	26.9%	(1.3)%	(6.0)%	(1.0)%	—%	—%	18.6%
Income from operations	3	82	183	44	1	—	313
<i>Income from operations as a % of revenue</i>	0.1%	2.7%	6.0%	1.4%	—%	—%	10.2%
Interest and Other (expense) income, net	(96)	—	—	—	—	—	(96)
Income from continuing operations before income taxes	(93)	82	183	44	1	—	217
Income tax expense	(5)	20	8	9	—	2	34
<i>Effective income tax rate</i>	5%						16%
Income from continuing operations	(88)	62	175	35	1	(2)	183
Net income attributable to noncontrolling interests	—	—	1	—	—	—	1
Income from continuing operations (attributable to NCR)	(\$88)	\$62	\$174	\$35	\$1	(\$2)	\$182
Diluted earnings per share	(\$0.94)	\$0.41	\$1.16	\$0.23	\$0.01	(\$0.01)	\$1.21
Diluted Shares outstanding	118.6						150.5

GAAP TO NON-GAAP RECONCILIATION

Q2 2018 YTD

	Q2 2018 YTD GAAP	Q2 2018 YTD non-GAAP
in millions (except per share amounts)		
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$(88)	\$182
Dividends on convertible preferred shares	(24)	—
Income from continuing operations attributable to NCR common stockholders	\$(112)	\$182
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	118.6	122.6
Weighted as-if converted preferred shares	—	27.9
Total shares used in diluted earnings per share	118.6	150.5
Diluted earnings per share ⁽¹⁾	(\$0.94)	\$1.21

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

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 YTD

in millions (except per share amounts)	Q2 2017 YTD GAAP	Transformation costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q2 2017 YTD non-GAAP
Product revenue	\$1,172	\$—	\$—	\$—	\$1,172
Service revenue	1,899	—	—	—	1,899
Total revenue	3,071	—	—	—	3,071
Cost of products	902	(2)	(13)	—	887
Cost of services	1,296	(8)	(12)	—	1,276
Gross margin	873	10	25	—	908
Gross margin rate	28.4%	0.4%	0.8%	—%	29.6%
Selling, general and administrative expenses	458	(7)	(32)	(2)	417
Research and development expenses	125	(4)	—	—	121
Total expenses	583	(11)	(32)	(2)	538
<i>Total expense as a % of revenue</i>	19.0%	(0.4)%	(1.0)%	(0.1)%	17.5%
Income from operations	290	21	57	2	370
<i>Income from operations as a % of revenue</i>	9.4%	0.6%	1.9%	0.1%	12.0%
Interest and Other (expense) income, net	(89)	—	—	—	(89)
Income from continuing operations before income taxes	201	21	57	2	281
Income tax expense	47	6	18	1	72
<i>Effective income tax rate</i>	23%				26%
Income from continuing operations	154	15	39	1	209
Net income attributable to noncontrolling interests	—	—	—	—	—
Income from continuing operations (attributable to NCR)	\$154	\$15	\$39	\$1	\$209
Diluted earnings per share	\$0.53	\$0.10	\$0.25	\$0.01	\$1.35
Diluted Shares outstanding	127.2				154.7

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 YTD

	Q2 2017 YTD GAAP	Q2 2017 YTD non-GAAP
in millions (except per share amounts)		
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$154	\$209
Dividends on convertible preferred shares	(24)	—
Deemed dividend on modification of convertible preferred shares	(4)	—
Deemed dividend on convertible preferred shares related to redemption value accretion	(58)	—
Income from continuing operations attributable to NCR common stockholders	\$68	\$209
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	127.2	127.2
Weighted as-if converted preferred shares	—	27.5
Total shares used in diluted earnings per share	127.2	154.7
Diluted earnings per share ⁽¹⁾	\$0.53	\$1.35

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

GAAP TO NON-GAAP RECONCILIATION

FY 2017

in millions (except per share amounts)	FY 2017 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Pension market- to-market adjustments	Impact of U.S. Tax Reform	FY 2017 non-GAAP
Product revenue	\$2,579	\$—	\$—	\$—	\$—	\$—	\$2,579
Service revenue	3,937	—	—	—	—	—	3,937
Total revenue	6,516	—	—	—	—	—	6,516
Cost of products	2,021	(2)	(25)	—	—	—	1,994
Cost of services	2,639	(9)	(25)	—	—	—	2,605
Gross margin	1,856	11	50	—	—	—	1,917
Gross margin rate	28.5%	0.1%	0.8%	—%	—%	—%	29.4%
Selling, general and administrative expenses	923	(14)	(65)	(5)	—	—	839
Research and development expenses	242	(4)	—	—	—	—	238
Total expenses	1,165	(18)	(65)	(5)	—	—	1,077
<i>Total expense as a % of revenue</i>	<i>17.9%</i>	<i>(0.3)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>—%</i>	<i>16.5%</i>
Income from operations	691	29	115	5	—	—	840
<i>Income from operations as a % of revenue</i>	<i>10.6%</i>	<i>0.4%</i>	<i>1.8%</i>	<i>0.1%</i>	<i>—%</i>	<i>—%</i>	<i>12.9%</i>
Interest and Other (expense) income, net	(209)	—	—	—	28	—	(181)
Income from continuing operations before income taxes	482	29	115	5	28	—	659
Income tax expense (benefit)	242	9	36	2	3	(130)	162
<i>Effective income tax rate</i>	<i>50%</i>						<i>25%</i>
Income from continuing operations	240	20	79	3	25	130	497
Net income attributable to noncontrolling interests	3	—	—	—	—	—	3
Income from continuing operations (attributable to NCR)	\$237	\$20	\$79	\$3	\$25	\$130	\$494
Diluted earnings per share	\$1.01	\$0.13	\$0.51	\$0.02	\$0.16	\$0.84	\$3.20
Diluted Shares outstanding	127.0						154.3

GAAP TO NON-GAAP RECONCILIATION

FY 2017

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

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

GAAP TO NON-GAAP RECONCILIATION

Q2 2018 QTD

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

	Q2 2018 QTD	
	Gross Margin	Gross Margin Rate %
Software	223	47.4%
Services	158	25.9%
Hardware	68	14.9%
Total Gross Margin (non-GAAP)	449	29.2%
Less:		
Transformation Costs	41	2.7%
Acquisition-related amortization of intangibles	5	0.3%
Total Gross Margin (GAAP)	403	26.2%

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 QTD

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

	Q2 2017 QTD	
	Gross Margin	Gross Margin Rate %
Software	227	48.9%
Services	148	25.2%
Hardware	102	18.9%
Total Gross Margin (non-GAAP)	477	29.9%
Less:		
Transformation Costs	4	0.3%
Acquisition-related amortization of intangibles	12	0.7%
Total Gross Margin (GAAP)	461	28.9%

GAAP TO NON-GAAP RECONCILIATION

Q2 2018 QTD

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

	Q2 2018 QTD	
	Operating Income	Operating Income Rate
Software	115	24.5%
Services	77	12.6%
Hardware	(27)	(5.9)%
Total Operating Income (non-GAAP)	165	10.7%
Less:		
Transformation & Restructuring costs	66	4.2%
Asset Impairment charges	183	11.9%
Acquisition-related amortization of intangibles	21	1.4%
Acquisition-related costs	1	0.1%
Total Operating Income (GAAP)	(106)	(6.9)%

GAAP TO NON-GAAP RECONCILIATION

Q2 2017 QTD

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

	Q2 2017 QTD	
	Operating Income	Operating Income Rate
Software	127	27.4%
Services	74	12.6%
Hardware	11	2.0%
Total Operating Income (non-GAAP)	212	13.3%
Less:		
Transformation Costs	8	0.5%
Acquisition-related amortization of intangibles	28	1.7%
Acquisition-related costs	1	0.1%
Total Operating Income (GAAP)	175	11.0%

GAAP TO NON-GAAP RECONCILIATION

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

	Q2 2018 QTD		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Constant Currency % (non-GAAP)
Software License	(12)%	1%	(13)%
<i>Attached License</i>	(15)%	2%	(17)%
<i>Unattached License</i>	(10)%	—%	(10)%
Software Maintenance	2%	1%	1%
Cloud	7%	—%	7%
Professional Services	2%	2%	—%
Software	1%	1%	—%
Services	4%	1%	3%
ATMs	(21)%	1%	(22)%
Self-Checkout (SCO)	3%	—%	3%
Point-of-Sale (POS)	(16)%	2%	(18)%
Interactive Printer Solutions (IPS)	(100)%	—%	(100)%
Hardware	(16)%	1%	(17)%
Total Revenue	(4)%	1%	(5)%

GAAP TO NON-GAAP RECONCILIATION

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

	Q2 2018 QTD		
	Gross Margin Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Gross Margin Growth % (non-GAAP)
Software	(2)%	1%	(3)%
Services	7%	—%	7%
Hardware	(33)%	4%	(37)%
Total Gross Margin	(6)%	2%	(8)%

GAAP TO NON-GAAP RECONCILIATION

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

	Q2 2018 QTD		
	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non-GAAP)
Software	(9)%	1%	(10)%
Services	4%	(3)%	7%
Hardware	(345)%	81%	(264)%
Total Operating Income	(22)%	2%	(24)%

GAAP TO NON-GAAP RECONCILIATION

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

	Q2 2018 QTD		
	Gross Margin bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Gross Margin bps Growth (non- GAAP)
Software	(150) bps	— bps	(150) bps
Services	70 bps	(30) bps	100 bps
Hardware	(400) bps	100 bps	(500) bps
Total Gross Margin bps	(70) bps	30 bps	(100) bps

GAAP TO NON-GAAP RECONCILIATION

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

	Q2 2018 QTD		
	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non- GAAP)
Software	(290) bps	(10) bps	(280) bps
Services	— bps	(40) bps	40 bps
Hardware	(790) bps	100 bps	(890) bps
Total Operating Income	(260) bps	10 bps	(270) bps

GAAP TO NON-GAAP RECONCILIATION

Diluted Earnings per Share

	Current 2018 Guidance	Prior 2018 Guidance
Diluted EPS (GAAP) ^{(1) (2)}	\$0.07- \$0.65	\$2.08 - \$2.48
Transformation & Restructuring costs	0.50 - 0.75	0.50 - 0.75
Asset impairment charges	1.16	—
Acquisition-Related Amortization of Intangibles	0.42	0.42
Acquisition-Related Costs	0.05	0.05
Non-GAAP Diluted EPS ^{(1) (3)}	\$2.55- \$2.75	\$3.30 - \$3.45

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

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

⁽³⁾ For FY 2018, we have assumed OIE of approximately \$205 million, an effective tax rate of 23% and a share count of 151 million compared to OIE of \$181 million, an effective tax rate of 25% and a share count of 154 million in FY 2017.

GAAP TO NON-GAAP RECONCILIATION

Free Cash Flow	2018 Guidance
Cash Provided by Operating Activities	\$690 - \$720
Total capital expenditures ⁽¹⁾	(330) - (350)
Cash used in Discontinued Operations	(40)
Free Cash Flow	\$300 - \$350

\$ in millions

⁽¹⁾ Total capital expenditures includes approximately \$75 million related to the new world headquarters in Atlanta, Georgia. This \$75 million is offset by \$23 million of expected reimbursements by the lessor included in net cash provided by operating activities

