



NCR Reports Fourth-Quarter Results

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Data warehouse profitability driven by lower expense structure and higher-than-expected revenues

NCR Corporation (NYSE: NCR) today reported that revenue for the fourth quarter ended December 31, 2001, decreased to \$1.60 billion, an 11 percent decline from the \$1.79 billion reported in the year-ago period. On a local currency basis, revenue decreased 10 percent.

Net income was \$71 million, or \$0.72 per diluted share, for the fourth quarter compared to \$90 million, or \$0.90 per diluted share, in the year-ago period. Excluding special items, fourth-quarter net income was \$72 million, or \$0.73 per diluted share, compared to \$105 million, or \$1.05 per diluted share in the fourth quarter of 2000.

Highlights for the quarter include:

- * Teradata data warehousing showed strength in a difficult economy, with revenue increasing 32 percent over the 2001 third quarter, while down 8 percent from the fourth quarter of 2000, which was Teradata's best-ever quarter. The number of new customer wins continued at a pace consistent with last year's fourth quarter.
- * Top-line performance and expense rationalization enabled Teradata to achieve its first material quarterly operating profit and positions Teradata for continued profitability in 2002.
- * Despite a revenue decline, Financial Self Service maintained operating margins at 17 percent due to lower product costs and a reduced expense structure.
- * Retail Store Automation lowered expenses by more than \$10 million in the fourth quarter, and approximately \$40 million for the year, positioning the business for improved profitability as capital spending returns.

Commenting on the quarterly results, NCR Chairman and Chief Executive Officer Lars Nyberg said, "NCR performed well in a difficult environment driven by product cost reductions and effective expense management. Particularly encouraging is Teradata's success in reducing its breakeven point, resulting in fourth-quarter profitability, while continuing to gain market share quarter over quarter."

"More importantly, our success in lowering the expense structure within each of our core solutions better positions NCR for enhanced profitability when the economic environment improves," Nyberg said.

Revenue

By solution, Data Warehousing revenue exceeded expectations, decreasing only 8 percent for the quarter compared to the prior-year period. Revenues for Retail Store Automation, Financial Self Service and Customer Services Maintenance declined in the quarter by 23 percent, 5 percent and 4 percent, respectively. Systemedia revenue increased 1 percent, while Payment and Imaging revenue decreased 4 percent in the quarter.

For the full year, NCR's revenue declined 1 percent, primarily due to exited businesses, the impact of the slower economy and currency translation. In constant currency, 2001 revenue increased 2 percent versus the prior year. For the full year, Data Warehousing revenues were flat compared to 2000, while Financial Self Service and Customer Services Maintenance revenues increased 5 percent and 4 percent, respectively. Currency translation negatively affected revenue growth by 3 percentage points for the Financial Self Service business. Retail Store Automation revenues declined 7 percent, while Systemedia revenue was flat compared to last year, and Payment and Imaging revenue increased 1 percent.

Gross Margin

Total gross margin for NCR products and services was flat quarter over quarter at 32.1 percent, with higher product gross margins offsetting lower customer service gross margins. Product gross margins increased 1.6 points to 38.5 percent of revenue, while services gross margins decreased 1.3 points to 24.8 percent of revenue. Excluding special items, total gross margin for the fourth quarter decreased 1.0 point to 32.1 percent.

Expenses

Total expenses in the fourth quarter were \$402 million compared to \$463 million in last year's fourth quarter due to the company's actions to improve profitability. Goodwill amortization included in selling, general and administrative expense in the quarter was \$18 million compared with \$14 million in the year-ago period. Research and development expenses were \$72 million, or 4.5 percent of revenue, versus \$87 million, or 4.9 percent of revenue,

in the prior year.

For 2001, total expenses declined by \$54 million to \$1.61 billion compared to last year. Goodwill amortization included in selling, general and administrative expense for the year was \$67 million compared with \$33 million last year. Research and development expenses were \$293 million, or 5.0 percent of revenue, versus \$333 million, or 5.6 percent of revenue, in 2000.

Operating and Net Income

Operating income for the quarter was \$111 million compared with \$113 million a year ago. Excluding special items, operating income for the quarter was \$113 million compared to \$131 million for the fourth quarter of 2000. Other expense in the quarter was \$4 million compared to \$18 million of other income in the year-ago quarter. (Included in Other expense for the quarter was \$20 million related to a gain on the sale of a non-strategic business and the gain on an investment. Offsetting these gains were investment basis write-downs, net interest expense, real estate losses and miscellaneous other items.)

For the full year, operating income was \$186 million versus \$205 million for 2000. Excluding special items, full-year operating income was \$234 million compared to \$270 million for the full year 2000. Other expense in 2001 was \$62 million contrasted to other income of \$70 million in 2000.

Fourth-quarter net income was \$71 million compared with \$90 million reported a year ago. Reported earnings per diluted share were \$0.72 compared to \$0.90 in the prior year. Excluding special items, fourth-quarter net income was \$72 million, or \$0.73 per diluted share, compared to net income and earnings per diluted share of \$105 million and \$1.05 in the fourth quarter of last year. The effective tax rate for the quarter was 33 percent. The weighted average number of shares outstanding on a fully diluted basis decreased to 99.1 million in the fourth quarter from 99.8 million a year ago.

For the year, reported net income was \$217 million, or \$2.18 per diluted share, compared to \$178 million, or \$1.82 per diluted share, in 2000. Excluding special items, net income was \$142 million, or \$1.43 per diluted share, compared to 2000 net income and diluted earnings per share of \$229 million and \$2.34, respectively.

The fourth quarter of 2001 included the impact of \$2 million of integration charges related to an acquisition. Special items in the fourth quarter of 2000 included \$16 million of charges related to the company's 1999 restructuring plan and \$2 million of acquisition integration charges.

Special items in 2001 included a \$40 million charge to write down loans and receivables from Credit Card Center, \$9 million of acquisition-related integration expenses, a \$138 million release of prior-year tax-exposure reserves, the \$4 million after-tax cumulative effect of adopting SFAS 133 and a \$40 million charge to increase reserves for environmental matters. For 2000, special items included a \$38 million charge related to the company's 1999 restructuring plan, \$25 million of in-process research and development charges, and \$2 million of acquisition integration charges.

Excluding goodwill amortization expense and special items, earnings per diluted share would have been \$0.89 and \$2.09 for the quarter and year, respectively. In 2000, earnings per diluted share excluding goodwill amortization expense and special items would have been \$1.19 for the fourth quarter and \$2.67 for the full year.

Balance Sheet

NCR ended the fourth quarter with \$336 million in cash and short-term investments, up from \$284 million on September 30, 2001. As of December 31, 2001, NCR had debt of \$148 million. During the quarter, NCR repurchased 150,000 shares for approximately \$5 million. For the year, NCR repurchased 1.2 million shares for approximately \$46 million.

Outlook

NCR's 2002 outlook assumes improvement in economic conditions in the second half of 2002. As a result, the company expects relatively flat revenues for the year versus 2001. Data Warehousing revenues are expected to increase 10 percent, while revenues for Financial Self Service are expected to increase 0-5 percent. Retail Store Automation is anticipated to be down 0-5 percent. Customer Services maintenance and Systemedia are expected to be relatively flat. Payment and Imaging revenue will decline 20 percent due to the sale of its item-processing outsourcing business in the fourth quarter of 2001. Other revenue is expected to decrease 15 percent, driven by declining revenues from exited businesses. Operating income is expected to be approximately \$350 million with earnings per diluted share in the range of \$2.25 - \$2.30.

First-quarter 2002 revenue for NCR is expected to decline 8-10 percent against a relatively strong comparison. Data Warehousing revenue for the first quarter is expected to be down 0-5 percent against a difficult prior-year comparison, while Retail Store Automation revenue is expected to be down 25 percent. Financial Self Service and Customer Services revenues will each be down 0-5 percent. Systemedia revenues are expected to be flat, with Payment and Imaging and Other revenues declining 25 percent each. The company expects earnings per share in the \$0.00 - \$0.05 range for the first quarter.

About NCR Corporation

NCR Corporation (NYSE: NCR) is a leader in providing Relationship Technology(TM) solutions to customers worldwide in the retail, financial, communications, manufacturing, travel and transportation, and insurance markets. NCR's Relationship Technology solutions include privacy-enabled Teradata(R) warehouses and customer relationship management (CRM) applications, store automation and automated teller machines (ATMs). The company's business solutions are built on the foundation of its long-established industry knowledge and consulting expertise, value-adding software, global customer support services, a complete line of consumable and media products, and leading edge hardware technology. NCR employs 31,400 in more than 100 countries, and is a component stock of the Standard & Poor's 500 Index. More information about NCR and its solutions may be found at www.ncr.com.

NCR and Teradata are trademarks or registered trademarks of NCR Corporation in the United States and other countries.

Other Information

Detailed financial information regarding NCR's fourth-quarter and 2001 results is available on NCR's Web site <http://www.ncr.com>. NCR's Chairman and Chief Executive Officer Lars Nyberg, and Senior Vice President and Chief Financial Officer Earl Shanks, will discuss the company's financial performance during a conference call today at 10:30 A.M. (ET). Live access and a replay of the conference call is available from NCR's Web site at

Note to Investors

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, future economic performance and statements concerning analysts' earnings estimates, among other things. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially.

In addition to the factors discussed in this release, other risks and uncertainties include: the impact of recent terrorist activity on the economy or the markets in general or on the ability of NCR to meet its commitments to customers, the ability of NCR's suppliers to meet their commitments to NCR, or the timing of purchases by NCR's customers; the timely development, production or acquisition, and market acceptance of new and existing products and services; shifts in market demands; continued competitive factors and pricing pressures; short product cycles and rapidly changing technologies; turnover of workforce and the ability to attract and retain skilled employees; tax rates; ability to execute the company's business plan; general economic and business conditions; and other factors detailed from time to time in the company's Securities and Exchange Commission reports and the company's annual reports to stockholders. 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.

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

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2001	2000	2001	2000
Revenue				
Products	\$850	\$1,000	\$3,048	\$3,178
Services	750	792	2,869	2,781
Total Revenue	1,600	1,792	5,917	5,959
Cost of Products	523	631	1,947	2,000
Cost of Services	564	585	2,176	2,092
Total Gross Margin	513	576	1,794	1,867
% of Revenue	32.1%	32.1%	30.3%	31.3%
Selling, General and Administrative Expenses	330	376	1,315	1,329
Research and Development Expenses	72	87	293	333
Income from Operations	111	113	186	205
% of Revenue	6.9%	6.3%	3.1%	3.4%
Interest and Other (Expense) Income, Net	(4)	18	(62)	70
Income before Income Taxes and Cumulative Effect of Accounting Change	107	131	124	275
% of Revenue	6.7%	7.3%	2.1%	4.6%
Income Tax Expense (Benefit)	36	41	(97)	97
Income before Cumulative Effect of Accounting Change	71	90	221	178
Cumulative Effect of Accounting Change, Net of Tax (SFAS 133)	-	-	(4)	-
Net Income	\$71	\$90	\$217	\$178
% of Revenue	4.4%	5.0%	3.7%	3.0%
Net Income per Common Share				
Basic before Cumulative Effect of Accounting Change	\$0.73	\$0.93	\$2.29	\$1.87

Cumulative Effect of Accounting Change (SFAS 133)	-	-	(0.04)	-
Basic	\$0.73	\$0.93	\$2.25	\$1.87
Diluted before Cumulative Effect of Accounting Change	\$0.72	\$0.90	\$2.22	\$1.82
Cumulative Effect of Accounting Change (SFAS 133)	-	-	(0.04)	-
Diluted	\$0.72	\$0.90	\$2.18	\$1.82

Weighted Average Common Shares

Outstanding				
Basic	97.0	95.9	96.7	95.1
Diluted	99.1	99.8	99.6	98.0

- 2001 - YTD significant special items represent charges related to the write-down of loans and receivables with Credit Card Center (\$40 million), integration charges related to acquisitions (\$9 million; \$2 million in Q4), the release of prior-year tax-exposure reserves (\$138 million), the after-tax, cumulative effect of adopting SFAS 133 (\$4 million) and a charge for long-term liabilities associated with environmental matters (\$40 million).
- 2000 - YTD significant special items represent restructuring and other related charges (\$38 million; \$16 million in Q4) in connection with the 1999 restructuring plan, in-process research and development charges related to acquisitions (\$25 million) and integration charges related to acquisitions (\$2 million; \$2 million in Q4).

NCR CORPORATION
IMPACT OF SIGNIFICANT SPECIAL ITEMS
(in millions, except per share amounts)

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2001	2000	2001	2000
Revenue	\$1,600	\$1,792	\$5,917	\$5,959
Gross Margin - base business	514	593	1,800	1,905
% of Revenue	32.1%	33.1%	30.4%	32.0%
Special items	(1)	(17)	(6)	(38)
Reported Gross Margin	513	576	1,794	1,867
% of Revenue	32.1%	32.1%	30.3%	31.3%
Expenses - base business	401	462	1,566	1,635
% of Revenue	25.1%	25.8%	26.5%	27.4%
Special items	1	1	42	27
Reported Expenses	402	463	1,608	1,662
% of Revenue	25.1%	25.8%	27.2%	27.9%
Income from Operations - base business	113	131	234	270
Special items	(2)	(18)	(48)	(65)
Reported Income from Operations	111	113	186	205
Other (Expense) Income, Net - base business	(4)	18	(21)	70
Special items	-	-	(41)	-
Reported Other (Expense) Income	(4)	18	(62)	70

Income before Income Taxes - base business	109	149	213	340
Special items	(2)	(18)	(89)	(65)
Reported Income before Income Taxes and Cumulative Effect of Accounting Change	107	131	124	275
Income Taxes - base business	37	44	71	111
Income Taxes related to special items	(1)	(3)	(168)	(14)
Reported Income Tax Expense (Benefit)	36	41	(97)	97
Cumulative Effect of Accounting Change, Net of Tax (SFAS 133)	-	-	(4)	-
Net Income - base business	72	105	142	229
Special items	(1)	(15)	75	(51)
Reported Net Income	\$71	\$90	\$217	\$178
Earnings per Diluted Share - base business	\$0.73	\$1.05	\$1.43	\$2.34
Earnings per Diluted Share - special items	(0.01)	(0.15)	0.75	(0.52)
Reported Earnings per Diluted Share	\$0.72	\$0.90	\$2.18	\$1.82

2001 - YTD significant special items represent charges related to the write-down of loans and receivables with Credit Card Center (\$40 million), integration charges related to acquisitions (\$9 million; \$2 million in Q4), the release of prior-year tax-exposure reserves (\$138 million), the after-tax, cumulative effect of adopting SFAS 133 (\$4 million) and a charge for long-term liabilities associated with environmental matters (\$40 million).

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NCR CORPORATION
CONSOLIDATED REVENUE SUMMARY and OPERATING INCOME SUMMARY
(in millions)

	For the Periods Ended December 31					
	Three Months			Twelve Months		
			%			%
	2001	2000	Change	2001	2000	Change
Revenue By Solution Offering						
Data Warehousing						
Solution	\$266	\$288	(8%)	\$957	\$961	-
Customer Services Maintenance	51	43	19%	192	173	11%
Total Data Warehousing	317	331	(4%)	1,149	1,134	1%
Financial Self Service						
Solution	349	369	(5%)	1,136	1,077	5%
Customer Services Maintenance	119	107	11%	479	434	10%
Total Financial Self Service	468	476	(2%)	1,615	1,511	7%
Retail Store Automation						
Solution	227	296	(23%)	834	894	(7%)
Customer Services Maintenance	111	119	(7%)	438	465	(6%)

Total Retail Store Automation	338	415	(19%)	1,272	1,359	(6%)
Systemedia	138	137	1%	503	502	-
Payment and Imaging						
Solution	52	54	(4%)	186	185	1%
Customer Services Maintenance	26	30	(13%)	115	119	(3%)
Total Payment and Imaging	78	84	(7%)	301	304	(1%)
Other						
Solution	114	176	(35%)	483	589	(18%)
Customer Services Maintenance	147	173	(15%)	594	560	6%
Total Other	261	349	(25%)	1,077	1,149	(6%)
Total Revenue	\$1,600	\$1,792	(11%)	\$5,917	\$5,959	(1%)
Memo: Total Customer Services						
Maintenance Revenue	\$454	\$472	(4%)	\$1,818	\$1,751	4%
Operating Income (Loss) by						
Solution Offering						
Data Warehousing	\$18	\$ (7)		\$ (32)	\$ (34)	
Financial Self Service	80	81		249	201	
Retail Store Automation	10	17		4	(17)	
Systemedia	1	4		9	15	
Payment and Imaging	15	12		44	42	
Other	(11)	24		(40)	63	
Operating Income Excluding						
Special Items	113	131		234	270	
Special items	(2)	(18)		(48)	(65)	
Total Operating Income	\$111	\$113		\$186	\$205	
Goodwill Amortization						
Reflected in						
Operating Income	\$18	\$14		\$67	\$33	

2001 - YTD significant special items in operating income represent charges related to the write-down of loans and receivables with Credit Card Center (\$39 million) and integration charges related to acquisitions (\$9 million; \$2 million in Q4).

2000 - YTD significant special items in operating income represent restructuring and other related charges (\$38 million; \$16 million in Q4) in connection with the 1999 restructuring plan, in-process research and development charges related to acquisitions (\$25 million) and integration charges related to acquisitions (\$2 million; \$2 million in Q4).

NCR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	December 31 2001	December 31 2000
Assets		
Current assets		
Cash and short-term investments	\$336	\$357
Accounts receivable, net	1,126	1,338
Inventories	280	288

Other current assets	221	251
Total Current Assets	1,963	2,234
Property, plant and equipment, net	853	960
Other assets	2,039	1,912
Total Assets	\$4,855	\$5,106
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term borrowings	\$138	\$96
Accounts payable	362	521
Other current liabilities	1,018	1,219
Total Current Liabilities	1,518	1,836
Long-term debt	10	11
Other long-term liabilities	1,300	1,501
Total Liabilities	2,828	3,348
Total Stockholders' Equity	2,027	1,758
Total Liabilities and Stockholders' Equity	\$4,855	\$5,106

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

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2001	2000	2001	2000
Operating Activities				
Net Income	\$71	\$90	\$217	\$178
Adjustments to reconcile net income to cash provided by Operating Activities				
Depreciation and amortization	106	89	423	361
Deferred income taxes	14	9	(127)	32
Other (gain) loss, net	(15)	4	(23)	(8)
Changes in assets and liabilities				
Receivables	(79)	(141)	212	(80)
Inventories	31	39	8	28
Current payables	15	99	(146)	80
Customer deposits and deferred service revenue	(21)	(35)	(25)	(42)
Timing of disbursements for employee severance and pension	(51)	(31)	(263)	(248)
Other assets and liabilities	(24)	(16)	(130)	(130)
Net Cash Provided by Operating Activities	47	107	146	171
Investing Activities				
Short-term investments, net	18	130	9	182
Net expenditures and proceeds for service parts	(15)	(32)	(117)	(108)
Expenditures for property, plant and equipment	(28)	(53)	(141)	(216)
Proceeds from sales of property, plant and equipment	14	1	40	173

Business acquisitions, investments and divestitures	41	(248)	38	(319)
Other investing activities	(17)	(6)	(62)	(79)
Net Cash Provided by (Used in) Investing Activities	13	(208)	(233)	(367)
Financing Activities				
Purchase of Company common stock	(10)	(73)	(60)	(110)
Short-term borrowings, net	3	7	42	15
Long-term debt, net	(1)	(26)	(1)	(29)
Other financing activities	22	62	106	117
Net Cash Provided by (Used in) Financing Activities	14	(30)	87	(7)
Effect of exchange rate changes on cash and cash equivalents	(4)	(4)	(12)	(21)
Increase (Decrease) in Cash and Cash Equivalents	70	(135)	(12)	(224)
Cash and Cash Equivalents at Beginning of Period	265	482	347	571
Cash and Cash Equivalents at End of Period	\$335	\$347	\$335	\$347

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