

**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): October 19, 2017



NCR CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

Maryland

(State or other jurisdiction of
incorporation or organization)

31-0387920

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

**3097 Satellite Boulevard
Duluth, Georgia 30096**

(Address of principal executive offices and zip code)

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

N/A

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

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

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

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 October 19, 2017, the Company issued a press release setting forth its third quarter 2017 financial results along with its fourth quarter 2017 and updated fiscal year 2017 financial outlook. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On October 19, 2017, the Company will hold its previously announced conference call to discuss its third quarter 2017 results, its fourth quarter 2017 financial outlook and updated fiscal year 2017 financial outlook. A copy of supplementary materials that will be referred to in the conference call, and which were posted to the Company's website, is attached hereto as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

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

Exhibit No.	Description
99.1	Press Release issued by the Company, dated October 19, 2017
99.2	Supplemental materials, dated October 19, 2017

SIGNATURES

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

NCR Corporation

By: /s/ Robert Fishman

Robert Fishman

Executive Vice President and Chief Financial Officer

Date: October 19, 2017

Index to Exhibits

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by the Company, dated October 19, 2017
99.2	Supplemental materials, dated October 19, 2017



October 19, 2017

NCR Announces Third Quarter 2017 Results

DULUTH, Ga. - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended September 30, 2017. Third quarter highlights include:

- **GAAP diluted EPS of \$0.77, up 12% from \$0.69 in the prior year; Non-GAAP diluted EPS of \$0.93, up 7% constant currency**
- **Revenue of \$1.66 billion, down 1% as reported and constant currency**
- **Software revenue up 2%, Cloud up 5% and net ACV of \$16 million in the quarter, up 37%**
- **Transformation initiatives drive Services gross margin expansion of 450 basis points**
- **Guidance reduced for full year 2017 due to lower than expected ATM revenue**

"Third quarter results were within the range of our Q3 guidance for revenue and earnings, but orders, particularly for ATMs, were disappointing, and the primary cause of our need to reduce our full year guidance", said Chairman and CEO Bill Nuti. "ATM orders continue to be negatively impacted by large customer delays in spending in North America, weakness in India, the Middle East and Africa, and the upcoming Windows 10 conversion. On the positive side, we saw strong net ACV growth again this quarter as a result of our customers embracing our SaaS solutions in digital banking and in our hospitality cloud portfolio. In addition, we significantly expanded our Services margins as a result of higher revenue and our ongoing productivity programs, continuing a trend we have seen throughout the year. Despite our near-term ATM hardware challenges, our investment priorities across our markets remain the same, and our confidence in the business remains strong. We expect that the ATM market will recover in the medium-term and that may ultimately improve our revenue growth, but our strategic focus remains on driving software, cloud, and recurring revenue growth as priority number one."

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

Third Quarter 2017 Operating Results

Revenue

Third quarter revenue of \$1.66 billion was down 1% year-over-year. Foreign currency fluctuations had no impact on the year-over-year comparison.

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

\$ in millions	2017	2016	% Change	% Change Adjusted Constant Currency
Software License	\$ 79	\$ 90	(12%)	(11%)
Software Maintenance	95	92	3%	3%
Cloud	149	142	5%	5%
Professional Services	153	144	6%	6%
Software Revenue	\$ 476	\$ 468	2%	2%
Services Revenue	\$ 609	\$ 591	3%	3%
ATM	\$ 273	\$ 324	(16%)	(17%)
SCO	79	104	(24%)	(24%)
POS	221	185	19%	18%
IPS	5	5	—%	—%
Hardware Revenue	\$ 578	\$ 618	(6%)	(7%)
Total Revenue	\$ 1,663	\$ 1,677	(1%)	(1%)

Software revenue was up 2% primarily due to continued demand for NCR's channel transformation with increases in software maintenance of 3%, cloud of 5% and professional services of 6%. Software license revenue was down 12% due to a large unattached license in the prior year period and lower software license revenue attached to hardware in the recently completed quarter.

Services revenue was up 3% driven by hardware maintenance and implementation services growth as a result of improving channel transformation trends.

Hardware revenue was down 7% on a constant currency basis due to a 17% decline in ATM revenue and a 24% decline in SCO revenue, partially offset by an 18% increase in POS revenue. The ATM market continues to be challenging due to the timing of large customer rollouts and softness in certain geographic regions. SCO revenue was down due to a strong third quarter in the prior year but we expect it to continue its full year momentum and grow sequentially in the fourth quarter. POS revenue was up due to product replacements and new introductions.

Gross Margin

Third quarter gross margin of \$473 million decreased 1% from \$477 million. Third quarter gross margin (non-GAAP) of \$486 million decreased 1% from \$491 million. Gross margin rate was consistent at 28.4%. Gross margin rate (Non-GAAP) was 29.2%, down from 29.3%. The decrease in gross margin was primarily due to lower software license revenue and lower ATM and SCO volumes as well as new product introductions, offset by continued focus on productivity improvements in our Services segment.

Expenses

Third quarter operating expenses of \$273 million decreased from \$288 million. Third quarter operating expenses (non-GAAP) of \$251 million decreased from \$261 million. The decrease in expenses is due to continued focus on expense management including lower employee-related expenses.

Operating Income

Third quarter operating income of \$200 million increased 6% from \$189 million. Third quarter operating income (non-GAAP) of \$235 million increased 2% from \$230 million. Operating margin rate was 12.0%, up from 11.3%. Operating margin rate (non-GAAP) was 14.1%, up from 13.7%.

Other (Expense)

Third quarter other (expense) and other (expense) (non-GAAP) of \$50 million increased 2% from \$49 million.

Income Tax Expense

Third quarter income tax expense remained consistent at \$31 million. Third quarter income tax expense (non-GAAP) of \$41 million decreased from \$44 million in the prior year.

Net Income from Continuing Operations Attributable to NCR

Third quarter net income from continuing operations attributable to NCR of \$118 million increased from \$107 million. Third quarter net income from continuing operations attributable to NCR (non-GAAP) of \$143 million increased from \$135 million.

Cash Flow

Third quarter cash provided by operating activities of \$133 million decreased from \$225 million. Free cash flow was \$45 million in the third quarter of 2017 as compared to \$153 million in the third quarter of 2016. The decreases were due to higher working capital in the third quarter of 2017, which we expect to improve in the fourth quarter. Year-to-date cash provided by operating activities was \$271 million compared to \$369 million in the prior year, and year-to-date free cash flow was \$51 million compared to free cash flow of \$179 million in the prior year.

2017 Outlook

We are reducing our full year 2017 revenue guidance. We now expect revenue of \$6.475 billion to \$6.525 billion (previous guidance of \$6.63 billion to \$6.75 billion), due to a softer than expected ATM market. We anticipate foreign currency to be a favorable impact of \$20 million versus our previous guidance of an unfavorable impact of \$25 million.

We are also lowering our earnings per share guidance. We now expect GAAP diluted earnings per share to be \$1.97 to \$2.09 (previous guidance of \$2.20 to \$2.32) and non-GAAP diluted earnings per share to be \$3.10 to \$3.20 (previous guidance of \$3.32 to \$3.42). The decrease in earnings per share is due to lower ATM hardware and attached software licenses. The favorable impact of foreign currency on earnings per share is now expected to be \$0.06 versus a favorable \$0.01 in our previous guidance. For 2016, the actuarial mark-to-market pension adjustment is included in GAAP diluted earnings per share; however, 2017 guidance does not include actuarial mark-to-market pension adjustments, which will be determined in the fourth quarter of 2017.

Additionally, we are lowering our cash flow guidance. We now expect net cash provided by operating activities to be \$745 million to \$775 million (previous guidance of \$805 million and \$830 million) and free cash flow to be \$440 million to \$470 million (previous guidance of \$500 million to \$525 million). The decrease in the cash flow guidance is due to the impact of lower revenue.

Q4 2017 Outlook

For the fourth quarter of 2017, revenue is expected to be \$1.74 billion to \$1.79 billion, GAAP diluted earnings per share is expected to be \$0.64 to \$0.76, and non-GAAP diluted earnings per share is expected to be \$0.83 to \$0.93. The fourth quarter 2017 guidance includes an expected foreign currency benefit of \$40 million for revenue and a \$0.08 benefit on earnings per share. For the fourth quarter of 2016, the actuarial mark-to-market pension adjustment is included in GAAP

diluted earnings per share; however, the fourth quarter of 2017 guidance does not include actuarial mark-to-market pension adjustments, which will be determined in the fourth quarter of 2017.

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

2017 Third Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the third quarter 2017 results and guidance for fourth quarter and full year 2017. Access to the conference call and accompanying slides, as well as a replay of the call, are available on NCR's web site at <http://investor.ncr.com/>. Additionally, the live call can be accessed by dialing 888-820-9413 (United States/Canada Toll-free) or 786-460-7169 (International Toll) and entering the participant passcode 1935288.

More information on NCR's Q3 2017 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

About NCR Corporation

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

Web site: www.ncr.com

Twitter: @NCRCorporation

Facebook: www.facebook.com/ncrcorp

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

YouTube: www.youtube.com/user/ncrcorporation

News Media Contact

Scott Sykes

NCR Corporation

212.589.8428

scott.sykes@ncr.com

Investor Contact

Michael Nelson

NCR Corporation

678.808.6995

michael.nelson@ncr.com

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 growth trends in margins in NCR’s Services segment; the ATM market and our expectations for its recovery and the effects thereof; NCR’s investment priorities and confidence in its business; NCR’s areas of strategic focus; momentum and fourth quarter growth in self-checkout revenue; expectations for improvements in working capital in the fourth quarter; and NCR’s full-year and fourth quarter financial guidance and outlook (including the sections entitled “2017 Outlook” and “Q4 2017 Outlook”) and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors relating to: the strength of demand for ATMs and other financial services hardware and its effect on the results of our businesses and reportable segments; domestic and global economic and credit conditions including, in particular, those resulting from uncertainty in the “BRIC” economies, economic sanctions against Russia, the determination by Britain to exit the European Union, the potential for changes to global or regional trade agreements or the imposition of protectionist trade policies, and the imposition of import or export tariffs or border adjustments; the impact of our indebtedness and its terms on our financial and operating activities; the impact of the terms of our strategic relationship with Blackstone and our Series A Convertible Preferred Stock; the transformation of our business model and our ability to sell higher-margin software and services; the possibility of disruptions in or problems with our data center hosting facilities; cybersecurity risks and compliance with data privacy and protection requirements; our ability to successfully introduce new solutions and compete in the information technology industry; our ability to improve execution in our sales and services organizations; defects or errors in our products; manufacturing disruptions; collectability difficulties in subcontracting relationships in Emerging Industries; the historical seasonality of our sales; foreign currency fluctuations; the availability and success of acquisitions, divestitures and alliances, including the divestiture of our Interactive Printer Solutions business; our pension strategy and underfunded pension obligation; the success of our restructuring plans and cost reduction initiatives; tax rates; reliance on third party suppliers; development and protection of intellectual property; workforce turnover and the ability to attract and retain skilled employees; environmental exposures from our historical and ongoing manufacturing activities; and uncertainties with regard to regulations, lawsuits, claims, and other matters across various jurisdictions. Additional information concerning these and other factors can be found in the Company’s filings with the U.S. Securities and Exchange Commission, including the Company’s most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Performance Metrics and Non-GAAP Financial Measures

Performance Metrics. The term “net annual contract value” or “net ACV” for any particular period means NCR’s net bookings for cloud revenue during the period, and is calculated as twelve months of expected subscription revenues under new cloud contracts during such period less twelve months of subscription revenues under cloud contracts that expired or were terminated during such period.

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

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

Free Cash Flow. 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 a uniform definition under GAAP and, therefore, NCR’s definition may differ from other companies’ definitions of this measure.

Constant Currency, IPS Divestiture and Adjusted Constant Currency. NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR’s management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR’s Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR’s Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. NCR’s management believes that presentation of financial measures without these results is more representative of the company’s period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors.

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

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

\$ in millions	Q3 2017		Q3 2016	
Gross Margin (GAAP)	\$	473	\$	477
Transformation Costs		1		—
Acquisition-related amortization of intangibles		12		14
Gross Margin (Non-GAAP)	\$	486	\$	491

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

\$ in millions	Q3 2017		Q3 2016	
Gross Margin Rate (GAAP)		28.4%		28.4%
Transformation Costs		0.1%		—%
Acquisition-related amortization of intangibles		0.7%		0.9%
Gross Margin Rate (Non-GAAP)		29.2%		29.3%

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

\$ in millions	Q3 2017		Q3 2016	
Operating Expenses (GAAP)	\$	273	\$	288
Transformation/Restructuring Costs		(4)		(8)
Acquisition-related amortization of intangibles		(17)		(17)
Acquisition-related costs		(1)		(2)
Operating Expenses (Non-GAAP)	\$	251	\$	261

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

\$ in millions	Q3 2017		Q3 2016	
Income from Operations (GAAP)	\$	200	\$	189
Transformation/Restructuring Costs		5		8
Acquisition-related amortization of intangibles		29		31
Acquisition-related costs		1		2
Operating Income (Non-GAAP)	\$	235	\$	230

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

\$ in millions	Q3 2017		Q3 2016	
Operating Margin rate (GAAP)		12.0%		11.3%
Transformation/Restructuring Costs		0.3%		0.5%
Acquisition-related amortization of intangibles		1.7%		1.8%
Acquisition-related costs		0.1%		0.1%
Operating Margin rate (Non-GAAP)		14.1%		13.7%

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

\$ in millions	Q3 2017		Q3 2016	
Income Tax Expense (GAAP)	\$	31	\$	31
Transformation/Restructuring Costs		1		1
Acquisition-related amortization of intangibles		9		11
Acquisition-related costs		—		1
Income Tax Expense (Non-GAAP)	\$	41	\$	44

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

\$ in millions	Q3 2017		Q3 2016	
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$	118	\$	107
Transformation/Restructuring Costs		4		7
Acquisition-related amortization of intangibles		20		20
Acquisition-related costs		1		1
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$	143	\$	135

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

	Q3 2017 Actual	Q3 2016 Actual	FY 2017 Guidance ⁽²⁾	Prior FY 2017 Guidance ⁽²⁾	Q4 2017 Guidance ⁽²⁾
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ 0.77	\$ 0.69	\$1.97 - \$2.09	\$2.20 - \$2.32	\$0.64 - \$0.76
Transformation/Restructuring Costs	0.02	0.05	0.14 - 0.17	0.14 - 0.17	0.02 - 0.05
Acquisition-related amortization of intangibles	0.13	0.12	0.49	0.49	0.13
Acquisition-related costs	0.01	0.01	0.03	0.03	0.02
Deemed dividends related to Blackstone transaction	—	—	0.39	0.39	—

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

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

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

\$ in millions	Q3 2017 QTD	Q3 2016 QTD	Q3 2017 YTD	Q3 2016 YTD	Current 2017 Guidance	Prior 2017 Guidance
Net cash provided by operating activities	\$ 133	\$ 225	\$ 271	\$ 369	\$745 - \$775	\$805 - \$830
Total capital expenditures	(79)	(62)	(206)	(160)	(285)*	(285)*
Net cash used in discontinued operations	(9)	(10)	(14)	(30)	(20)	(20)
Free cash flow	\$ 45	\$ 153	\$ 51	\$ 179	\$440 - \$470	\$500 - \$525

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

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

	Three months ended September 30, 2017		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software License	(12)%	(1)%	(11)%
Software Maintenance	3%	—%	3%
Cloud	5%	—%	5%
Professional Services	6%	—%	6%
Software	2%	—%	2%
Services	3%	—%	3%
ATMs	(16)%	1%	(17)%
SCO	(24)%	—%	(24)%
POS	19%	1%	18%
IPS	—%	—%	—%
Hardware	(6)%	1%	(7)%
Total Revenue	(1)%	—%	(1)%



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

Schedule A

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2017	2016	2017	2016
Revenue				
Products	\$ 657	\$ 708	\$ 1,829	\$ 1,932
Services	1,006	969	2,905	2,809
Total Revenue	1,663	1,677	4,734	4,741
Cost of products	528	528	1,430	1,487
Cost of services	662	672	1,955	1,951
Total gross margin	473	477	1,349	1,303
% of Revenue	28.4%	28.4%	28.5%	27.5%
Selling, general and administrative expenses	220	225	676	678
Research and development expenses	53	56	178	159
Restructuring-related charges	—	7	—	13
Income from operations	200	189	495	453
% of Revenue	12.0%	11.3%	10.5%	9.6%
Interest expense	(42)	(41)	(122)	(130)
Other (expense), net	(8)	(8)	(22)	(33)
Total other (expense), net	(50)	(49)	(144)	(163)
Income before income taxes and discontinued operations	150	140	351	290
% of Revenue	9.0%	8.3%	7.4%	6.1%
Income tax expense	31	31	78	75
Income from continuing operations	119	109	273	215
(Loss) income from discontinued operations, net of tax	—	(2)	5	(2)
Net income	119	107	278	213
Net income attributable to noncontrolling interests	1	2	1	—
Net income attributable to NCR	\$ 118	\$ 105	\$ 277	\$ 213
Amounts attributable to NCR common stockholders:				
Income from continuing operations	\$ 118	\$ 107	\$ 272	\$ 215
Dividends on convertible preferred stock	(12)	(13)	(36)	(37)
Deemed dividend on modification of convertible preferred stock	—	—	(4)	—
Deemed dividend on convertible preferred shares related to redemption	—	—	(58)	—
Net income from continuing operations attributable to NCR common stockholders	106	94	174	\$ 178
Income from discontinued operations, net of tax	—	(2)	5	(2)
Net income attributable to NCR common stockholders	\$ 106	\$ 92	\$ 179	\$ 176
Net income per share attributable to NCR common stockholders:				
Net income per common share from continuing operations				
Basic	\$ 0.87	\$ 0.76	\$ 1.43	\$ 1.41
Diluted	\$ 0.77	\$ 0.69	\$ 1.37	\$ 1.37
Net income per common share				
Basic	\$ 0.87	\$ 0.74	\$ 1.47	\$ 1.40
Diluted	\$ 0.77	\$ 0.68	\$ 1.41	\$ 1.36
Weighted average common shares outstanding				
Basic	121.5	123.9	121.9	126.0
Diluted	153.1	155.4	126.9	156.8

⁽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 September 30

	Three Months				Nine Months			
	2017	2016	% Change	% Change Constant Currency	2017	2016	% Change	% Change Adjusted Constant Currency
Revenue by segment								
Software	\$ 476	\$ 468	2%	2%	\$ 1,392	\$ 1,339	4%	4%
<i>Software Gross Margin Rate</i>	50.4 %	51.1%			50.3%	51.0%		
Services	609	591	3%	3%	1,754	1,708	3%	4%
<i>Services Gross Margin Rate</i>	26.3 %	21.8%			24.6%	21.3%		
Hardware	578	618	(6)%	(7)%	1,588	1,694	(6)%	1%
<i>Hardware Gross Margin Rate</i>	14.9 %	19.9%			16.8%	18.0%		
Total Revenue	\$ 1,663	\$ 1,677	(1)%	(1)%	\$ 4,734	\$ 4,741	—%	3%
Gross Margin Rate	29.2 %	29.3%			29.5%	28.5%		
Operating income by segment								
Software	\$ 148	\$ 146			\$ 401	\$ 405		
<i>% of Revenue</i>	31.1 %	31.2%			28.8%	30.2%		
Services	89	56			209	139		
<i>% of Revenue</i>	14.6 %	9.5%			11.9%	8.1%		
Hardware	(2)	28			—	32		
<i>% of Revenue</i>	(0.3)%	4.5%			—%	1.9%		
Subtotal-segment operating income	\$ 235	\$ 230			\$ 610	\$ 576		
<i>% of Revenue</i>	14.1 %	13.7%			12.9%	12.1%		
Other adjustments ⁽¹⁾	35	41			115	123		
Total income from operations	\$ 200	\$ 189			\$ 495	\$ 453		

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

In millions	For the Periods Ended September 30			
	Three Months		Nine Months	
	2017	2016	2017	2016
Transformation/Restructuring costs	\$ 5	\$ 8	\$ 26	\$ 23
Acquisition-related amortization of intangible assets	29	31	86	95
Acquisition-related costs	1	2	3	5
Total other adjustments	\$ 35	\$ 41	\$ 115	\$ 123



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

Schedule C

	September 30, 2017	June 30, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents	\$ 405	\$ 377	\$ 498
Accounts receivable, net	1,408	1,321	1,282
Inventories	824	828	699
Other current assets	263	290	278
Total current assets	2,900	2,816	2,757
Property, plant and equipment, net	321	304	287
Goodwill	2,741	2,736	2,727
Intangibles, net	591	618	672
Prepaid pension cost	115	107	94
Deferred income taxes	595	611	575
Other assets	587	575	561
Total assets	\$ 7,850	\$ 7,767	\$ 7,673
Liabilities and stockholders' equity			
Current liabilities			
Short-term borrowings	\$ 269	\$ 267	\$ 50
Accounts payable	720	731	781
Payroll and benefits liabilities	202	205	234
Deferred service revenue and customer deposits	465	521	468
Other current liabilities	390	389	432
Total current liabilities	2,046	2,113	1,965
Long-term debt	2,984	3,015	3,001
Pension and indemnity plan liabilities	771	764	739
Postretirement and postemployment benefits liabilities	127	127	127
Income tax accruals	138	140	142
Other liabilities	197	161	138
Total liabilities	6,263	6,320	6,112
Redeemable noncontrolling interests	14	14	15
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.8 shares issued and outstanding as of September 30, 2017, June 30, 2017 and 0.9 shares issued and outstanding as of December 31, 2016	799	786	847
Stockholders' equity			
NCR stockholders' equity:			
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of September 30, 2017, June 30, 2017 and December 31, 2016	—	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 121.5, 121.4 and 124.6 shares issued and outstanding as of September 30, 2017, June 30, 2017 and December 31, 2016	1	1	1
Paid-in capital	44	25	32
Retained earnings	913	806	867
Accumulated other comprehensive loss	(188)	(190)	(205)
Total NCR stockholders' equity	770	642	695
Noncontrolling interests in subsidiaries	4	5	4
Total stockholders' equity	774	647	699
Total liabilities and stockholders' equity	\$ 7,850	\$ 7,767	\$ 7,673



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

Schedule D

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2017	2016	2017	2016
Operating activities				
Net income	\$ 119	\$ 107	\$ 278	\$ 213
Adjustments to reconcile net income to net cash provided by operating activities:				
(Income) loss from discontinued operations	—	2	(5)	2
Depreciation and amortization	91	84	263	259
Stock-based compensation expense	19	16	60	45
Deferred income taxes	15	19	19	39
Gain on sale of property, plant and equipment and other assets	(1)	—	(2)	—
Loss on divestiture	—	—	—	1
Impairment of long-lived and other assets	1	—	1	2
Changes in assets and liabilities:				
Receivables	(79)	(17)	(107)	(138)
Inventories	6	(5)	(120)	(128)
Current payables and accrued expenses	(39)	64	(132)	68
Deferred service revenue and customer deposits	(30)	(53)	20	78
Employee benefit plans	(7)	(12)	(13)	(38)
Other assets and liabilities	38	20	9	(34)
Net cash provided by operating activities	133	225	271	369
Investing activities				
Expenditures for property, plant and equipment	(38)	(21)	(81)	(45)
Proceeds from sales of property, plant and equipment	6	—	6	—
Additions to capitalized software	(41)	(41)	(125)	(115)
Proceeds from divestiture	—	—	—	47
Other investing activities, net	—	—	—	(8)
Net cash used in investing activities	(73)	(62)	(200)	(121)
Financing activities				
Short term borrowings, net	(3)	(3)	10	(2)
Payments on term credit facilities	(12)	(11)	(37)	(84)
Payments on revolving credit facilities	(495)	(305)	(1,110)	(736)
Borrowings on revolving credit facilities	480	150	1,335	856
Debt issuance costs	—	—	—	(8)
Repurchases of Company common stock	—	—	(350)	(250)
Proceeds from employee stock plans	3	4	11	10
Tax withholding payments on behalf of employees	—	—	(24)	(7)
Other financing activities	—	(2)	(1)	(2)
Net cash used in financing activities	(27)	(167)	(166)	(223)
Cash flows from discontinued operations				
Net cash used in discontinued operations	(9)	(10)	(14)	(30)
Effect of exchange rate changes on cash and cash equivalents	4	—	16	(5)
(Decrease)/increase in cash and cash equivalents	28	(14)	(93)	(10)
Cash and cash equivalents at beginning of period	377	332	498	328
Cash and cash equivalents at end of period	\$ 405	\$ 318	\$ 405	\$ 318

Q3 2017 EARNINGS CONFERENCE CALL

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

October 19, 2017



NCR Confidential

1

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 expected improvements in working capital in the fourth quarter; trends in backlog and file value in NCR's Services business; the ATM market and expected softness in demand for ATMs and the reasons therefor; the expected areas of focus for NCR's Services segment in 2017; momentum and fourth quarter growth in self-checkout revenue; expected capital expenditures for 2017, including with respect to NCR's new world headquarters; NCR's full year 2017 financial guidance, 2017 and fourth quarter segment financial guidance, and fourth quarter 2017 financial guidance, and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's solution offerings and their alignment with major market trends and customer demands; NCR's areas of focus to drive momentum going into 2018; expectations for margin expansion and the drivers of margin expansion; the expected drivers of NCR's growth; and the prioritization of free cash flow generation and a balanced capital allocation strategy. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 24, 2017, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated October 19, 2017, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

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

OVERVIEW

Q3 earnings at **HIGHER END** and revenue at **LOWER END** of guidance range

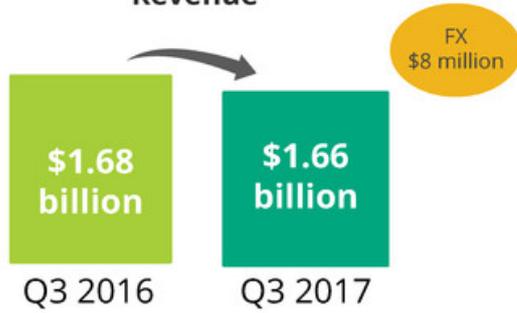
Continued **CLOUD** growth of 5% with Net ACV up 37%

Operating Margin **RATE EXPANSION** driven by strength in Services

Guidance **LOWERED** for full year due to softness in ATM market

Q3 2017 FINANCIAL RESULTS

Revenue

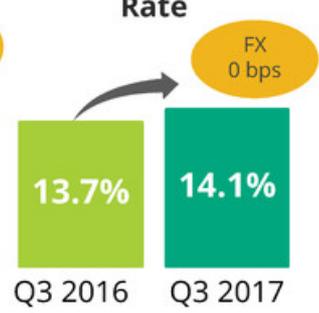


Revenue down 1%
Recurring revenue up 4% CC, 44% of total revenue

Non-GAAP Gross Margin Rate



Non-GAAP Operating Margin Rate



Non-GAAP gross margin rate down 10 bps; Non-GAAP operating margin rate expanded 40 bps

Non-GAAP Diluted EPS



Non-GAAP Diluted EPS up 7%

Free Cash Flow



Decrease in FCF due to higher working capital; Improvements expected in Q4 2017

OMNI-CHANNEL MARKET

Omni Channel Software

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

Channel Transformation

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

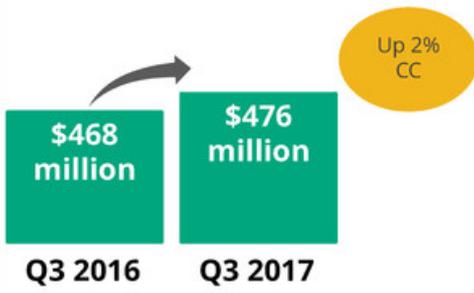
Digital Enablement

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

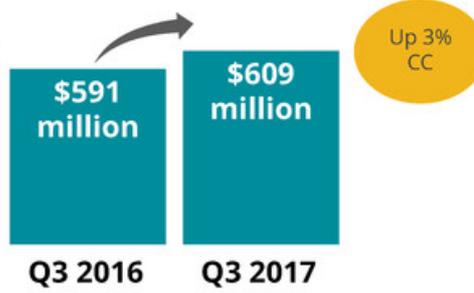


Q3 2017 SEGMENT RESULTS

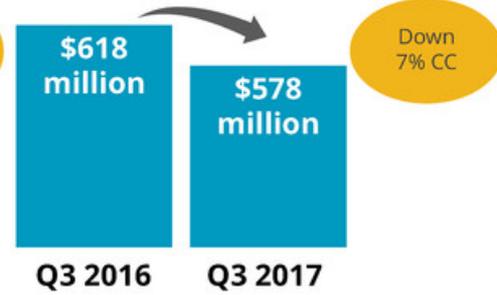
Software Revenue



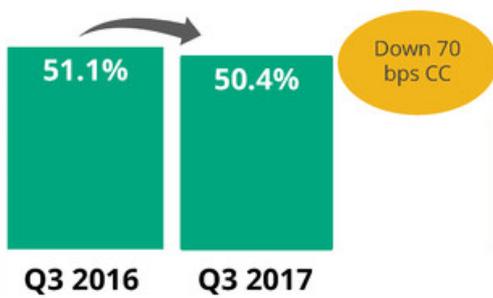
Services Revenue



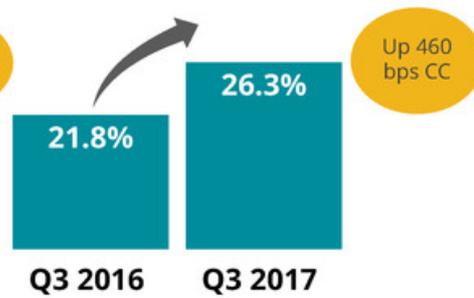
Hardware Revenue



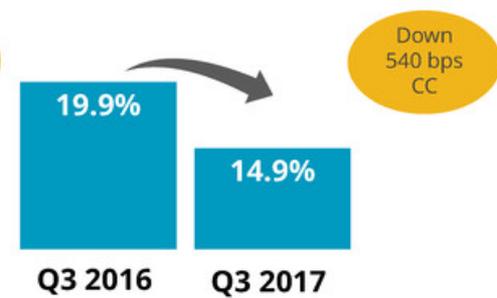
Software Gross Margin



Services Gross Margin



Hardware Gross Margin



SOFTWARE

Q3 2017 Update

	Q3 2017	Q3 2016	% Change	% Change Constant Currency
Software License	\$79	\$90	(12)%	(11)%
<i>Attached License</i>	32	41	(22)%	(23)%
<i>Unattached License</i>	47	49	(4)%	(4)%
Software Maintenance	95	92	3%	3%
Cloud	149	142	5%	5%
Professional Services	153	144	6%	6%
Software Revenue	\$476	\$468	2%	2%
Software Gross Margin	\$240	\$239	—%	—%
Software Gross Margin Rate	50.4%	51.1%	(70) bps	(70) bps
Operating Income	\$148	\$146	1%	1%
Operating Income as a % of Revenue	31.1%	31.2%	(10) bps	(10) bps

KEY HIGHLIGHTS

\$ in millions

- Cloud revenue up 5% with accelerated sequential growth of \$4 million; Net ACV of \$16 million, up 37%
- Software License down 11% due to a large unattached license in the prior year period and lower software license revenue attached to hardware; Unattached Software License up 17% year-to-date
- Professional Services up 6% due to strength in channel transformation and digital enablement
- Software Maintenance up 3%, with accelerated sequential growth of \$4 million
- Gross Margin rate down driven by lower Software License revenue partially offset by improved efficiency and scale in Software Maintenance and Cloud

SERVICES

Q3 2017 Update

	Q3 2017	Q3 2016	% Change	% Change Constant Currency
Services Revenue	\$609	\$591	3%	3%
Services Gross Margin	\$160	\$129	24%	25%
Services Gross Margin Rate	26.3%	21.8%	+450 bps	+460 bps
Operating Income	\$89	\$56	59%	64%
Operating Income as a % of Revenue	14.6%	9.5%	+510 bps	+530 bps

\$ in millions

KEY HIGHLIGHTS

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

HARDWARE

Q3 2017 Update

	Q3 2017	Q3 2016	% Change	% Change Constant Currency
ATMs	\$273	\$324	(16)%	(17)%
Self-Checkout (SCO)	79	104	(24)%	(24)%
Point-of-Sale (POS)	221	185	19%	18%
Interactive Printer Solutions (IPS)	5	5	—%	—%
Hardware Revenue	\$578	\$618	(6)%	(7)%
Hardware Gross Margin	\$86	\$123	(30)%	(32)%
Hardware Gross Margin Rate	14.9%	19.9%	(500) bps	(540) bps
Operating Income	(\$2)	\$28	(107)%	(106)%
Operating Income as a % of Revenue	(0.3%)	4.5%	(480) bps	(520) bps

\$ in millions

KEY HIGHLIGHTS

- Strong growth in POS revenues, primarily due to market gains and the introduction of a forecourt Omni-Channel solution in the Petroleum & Convenience market
- ATM market continues to be impacted by large customer delays in spending in North America, weakness in Middle East and Africa, and the upcoming Windows 10 conversion
- SCO revenue was down due to a strong Q3 in the prior year but is expected to continue its full year momentum and grow sequentially in the fourth quarter
- Gross margin rate decrease due to lower ATM and SCO volumes and new product introductions

FREE CASH FLOW

	QTD		YTD		FY 2017E	FY 2016
	Q3 2017	Q3 2016	Q3 2017	Q3 2016		
Cash Provided by Operating Activities	\$133	\$225	\$271	\$369	\$745 - \$775	\$894
Total capital expenditures ⁽¹⁾	(79)	(62)	(206)	(160)	(285)	(227)
Cash used in Discontinued Operations	(9)	(10)	(14)	(30)	(20)	(39)
Free Cash Flow	\$45	\$153	\$51	\$179	\$440 - \$470	\$628
Free Cash Flow as a % of non-GAAP net income⁽²⁾					90% - 95%	132%

\$ in millions

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

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

NET DEBT AND EBITDA METRICS

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Debt	\$3,253	\$3,282	\$3,328	\$3,051	\$3,289
Cash	(405)	(377)	(401)	(498)	(318)
Net Debt	\$2,848	\$2,905	\$2,927	\$2,553	\$2,971
Adjusted EBITDA ⁽¹⁾	\$1,129	\$1,111	\$1,091	\$1,057	\$1,047
Net Debt / Adjusted EBITDA	2.5x	2.6x	2.7x	2.4x	2.8x

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

\$ in millions, except metrics

FY 2017 GUIDANCE

	2017 Guidance	2017 CC Growth Rates	2017 Prior Guidance	2017 Prior CC Growth Rates	2016
Revenue ⁽¹⁾	\$6,475 - \$6,525	1%	\$6,630 - \$6,750	4% - 6%	\$6,543
GAAP Diluted EPS ⁽²⁾	\$1.97 - \$2.09	9% - 16%	\$2.20 - \$2.32	22% - 29%	\$1.80
Non-GAAP Diluted EPS ⁽¹⁾⁽³⁾	\$3.10 - \$3.20	1% - 4%	\$3.32 - \$3.42	10% - 13%	\$3.02

	2017 Guidance	2017 Conversion Rate	2017 Prior Guidance	2017 Prior CC Growth Rates	2016
Free Cash Flow	\$440 - \$470	90% - 95%	\$500 - \$525	95% - 100%	\$628

\$ millions, except per share amounts

(1) The 2017 revenue guidance and growth rates include an expected favorable foreign currency impact of \$20 million, or ~0%, compared to our previous expectation of negative \$25 million, or ~-1%. Revenue growth rates also exclude ~\$124 million million of IPS revenue, or ~-2%, from 2016. The 2017 current non-GAAP diluted EPS guidance includes \$0.06 favorable impact from expected foreign currency compared to our previous expectation of favorable \$0.01.

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

(3) For the 2017 guidance, we have assumed OIE of approximately \$201 million (previous guidance of \$205 million), an effective tax rate of 25% and a share count of 155 million (previous guidance of 157 million) compared to OIE of \$214 million, an effective tax rate of 23% and a share count of 157 million in 2016.

FY 2017 SEGMENT REVENUE GUIDANCE

Segment	2017E CC Growth Rates ⁽¹⁾	FY 2017 Current Guidance	FY 2017 Prior Guidance	FY 2016
Software	2% - 3%	\$1,885 - \$1,905	\$1,945 - \$1,965	\$1,841
<i>Cloud Revenue</i>	~ 6%	~ \$590	\$590 - \$600	\$556
Services	3%	\$2,360 - \$2,370	\$2,335 - \$2,375	2,306
Hardware ⁽²⁾	(2%) - (3%)	\$2,220 - \$2,250	\$2,350 - \$2,410	2,396
Total ^{(1) (2)}	1%	\$6,475 - \$6,525	\$6,630 - \$6,750	\$6,543

\$ in millions

(1) The 2017 revenue guidance and growth rates include an expected foreign currency positive impact of \$20 million for revenue, or ~0%, compared to prior guidance of negative \$25 million, or 1%.

(2) The growth rates for Hardware revenue and total revenue are normalized for the sale of the IPS business, which was \$124 million of Hardware revenue in 2016.

Q4 2017 GUIDANCE

	Q4 2017E	Q4 2016	CC Growth Rates
Revenue ⁽¹⁾	\$1,740 - \$1,790	\$1,802	(6%) - (3%)
GAAP Diluted EPS ⁽²⁾	\$0.64 - \$0.76	\$0.43	49% - 77%
Non-GAAP Diluted EPS ^{(1) (3)}	\$0.83 - \$0.93	\$1.07	(28%) - (19%)

\$ in millions, except per share amounts

(1) The Q4 2017 revenue guidance and growth rates are expected to include a favorable foreign currency impact of \$40 million, or ~2%. The Q4 2017 non-GAAP diluted EPS guidance and growth rates are expected to include a favorable foreign currency impact of \$0.08.

(2) Q4 2017 guidance does not include an estimate of the pension mark-to-market adjustments. Q4 2016 included pension mark to market expense of \$78 million after tax, or \$0.50 per share.

(3) For Q4 2017, we have assumed OIE of approximately \$56 million, an effective tax rate of 27% and a share count of 155 million compared to OIE of \$56 million, an effective tax rate of 17% and a share count of 157 million in Q4 2016.

Q4 2017 SEGMENT REVENUE GUIDANCE

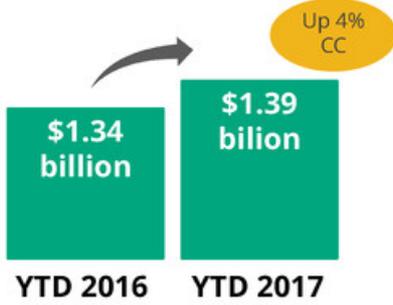
Segment	Q4 2017 Guidance	Q4 2017 CC Growth Rates	Q4 2016	Q4 2016 CC Growth Rates
Software	\$493 - \$513	(4%) - 0%	\$502	10%
Services	\$606 - \$616	(1%) - 1%	\$598	3%
Hardware	\$631 - \$661	(13%) - (8%)	\$702	30%
Total	\$1,740 - \$1,790	(6%) - (3%)	\$1,802	14%

\$ in millions

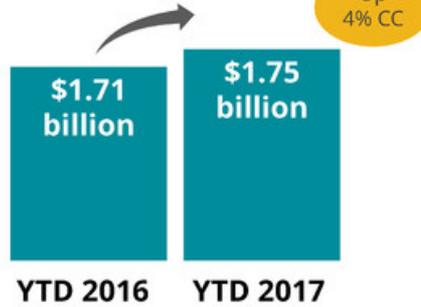
- Hardware decrease in Q4 2017 includes approximately 30% drop in ATM hardware. Prior year ATM hardware grew 29% constant currency.
- As a result, software license revenue attached to hardware is expected to be down approximately 35% in Q4 2017. Prior year attached software license revenue grew 50%.

YTD 2017 SEGMENT RESULTS

Software Revenue



Services Revenue

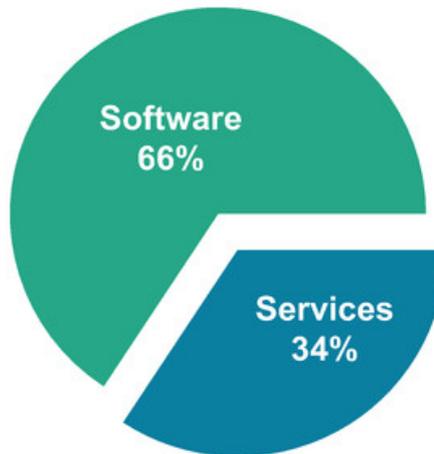


Hardware Revenue



YTD 2017 Operating Income Mix

Software	50.3% GM rate
Services	24.6% GM rate
Hardware	16.8% GM rate



- Cloud revenue growth of 7%; Net ACV growth of 26%
- Unattached SW license revenue growth of 17%
- Services margin expansion of 330 bps
- Recurring revenue at 45% of total revenue, up 100 bps

LOOKING FORWARD

Improving execution and operational efficiencies

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

Focused on sales funnel, orders and revenue growth to drive momentum going into 2018

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

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

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

SUPPLEMENTARY MATERIALS

NCR Confidential



Q3 2017 GAAP RESULTS

	Q3 2017	Q3 2016	As Reported
Revenue	\$1,663	\$1,677	(1)%
Gross Margin	473	477	(1)%
Gross Margin Rate	28.4%	28.4%	
Operating Expenses	273	288	(5)%
% of Revenue	16.4%	17.2%	
Operating Income	200	189	6%
% of Revenue	12.0%	11.3%	
Interest and other expense	(50)	(49)	2%
Income Tax Expense	31	31	—%
Income Tax Rate	21%	22%	
Net Income	\$118	\$107	10%
Diluted EPS	\$0.77	\$0.69	12%

in millions, except per share amounts

Q3 2017 OPERATIONAL RESULTS

	Q3 2017	Q3 2016	As Reported	Constant Currency
Revenue	\$1,663	\$1,677	(1)%	(1)% ⁽¹⁾
Gross Margin (non-GAAP)	486	491	(1)%	(2)%
Gross Margin Rate (non-GAAP)	29.2%	29.3%	(10) bps	(10) bps
Operating Expenses (non-GAAP)	251	261	(4)%	(4)%
% of Revenue	15.1%	15.6%		
Operating Income (non-GAAP)	235	230	2%	1%
% of Revenue	14.1%	13.7%	+40 bps	+40 bps
Interest and other expense	(50)	(49)	2%	(3)%
Income Tax Expense (non-GAAP)	41	44	(7)%	
Income Tax Rate (non-GAAP)	22%	24%		
Net Income (non-GAAP)	\$143	\$135	6%	6%
Diluted EPS (non-GAAP) ⁽²⁾	\$0.93	\$0.87	7%	7%

in millions, except per share amounts

⁽¹⁾ The impact of FX was \$8 million favorable.

⁽²⁾ Q3 2017 includes zero impact of foreign currency on EPS. Diluted share count of 153 million in Q3 2017 and 155 million in Q3 2016.

NON-GAAP MEASURES

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

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

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

NON-GAAP MEASURES

Constant Currency, IPS Divestiture and Adjusted Constant Currency. NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR's management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR's Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR's Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. NCR's management believes that presentation of financial measures without these results is more representative of the company's period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors. which the company is able to convert its non-GAAP net income to cash.

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

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

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

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

GAAP TO NON-GAAP RECONCILIATION

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

in millions	Q3 2017 LTM	Q2 2017 LTM	Q1 2017 LTM	Q4 2016 LTM	Q3 2016 LTM
Net Income from Continuing Operations (GAAP)	\$345	\$335	\$312	\$287	\$263
Pension Mark-to-Market Adjustments	85	85	85	85	29
Transformation/Restructuring Costs	29	32	35	26	61
Acquisition-Related Amortization of Intangibles	114	116	120	123	126
Acquisition-Related Costs	5	6	6	7	9
Reserve related to a subcontract in MEA	—	—	—	—	20
Divestiture and Liquidation Losses	1	1	6	6	39
Net Income (Loss) from Continuing Operations Attributable to Noncontrolling Interests	(5)	(6)	(4)	(4)	—
Interest Expense	162	161	163	170	172
Interest Income	(4)	(4)	(4)	(4)	(5)
Depreciation and Amortization	226	217	212	208	198
Income Taxes	95	95	93	92	80
Stock Compensation Expense	76	73	67	61	55
Adjusted EBITDA (non-GAAP)	\$1,129	\$1,111	\$1,091	\$1,057	\$1,047

in millions

GAAP TO NON-GAAP RECONCILIATION

Q3 2017 QTD

in millions (except per share amounts)	Q3 QTD 2017 GAAP	Transformation Costs	Acquisition- related amortization of Intangibles	Acquisition- related costs	Q3 QTD 2017 non-GAAP
Product revenue	\$657	\$—	\$—	\$—	\$657
Service revenue	1,006	—	—	—	1,006
Total revenue	1,663	—	—	—	1,663
Cost of products	528	—	(6)	—	522
Cost of services	662	(1)	(6)	—	655
Gross margin	473	1	12	—	486
Gross margin rate	28.4%	0.1%	0.7%	—%	29.2%
Selling, general and administrative expenses	220	(3)	(17)	(1)	199
Research and development expenses	53	(1)	—	—	52
Total operating expenses	273	(4)	(17)	(1)	251
<i>Total operating expense as a % of revenue</i>	<i>16.4%</i>	<i>(0.2)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>15.1%</i>
Income (loss) from operations	200	5	29	1	235
<i>Income (loss) from operations as a % of revenue</i>	<i>12.0%</i>	<i>0.3%</i>	<i>1.7%</i>	<i>0.1%</i>	<i>14.1%</i>
Interest and Other (expense) income, net	(50)	—	—	—	(50)
Income (loss) from continuing operations before income taxes	150	5	29	1	185
Income tax expense (benefit)	31	1	9	—	41
<i>Effective tax rate</i>	<i>21%</i>				<i>22%</i>
Income (loss) from continuing operations	119	4	20	1	144
Net income (loss) attributable to noncontrolling interests	1	—	—	—	1
Income (loss) from continuing operations (attributable to NCR)	\$118	\$4	\$20	\$1	\$143
Diluted earnings per share	\$0.77	\$0.02	\$0.13	\$0.01	\$0.93
Diluted shares outstanding	153.1				153.1

in millions, except per share amounts

GAAP TO NON-GAAP RECONCILIATION

Q3 2017 QTD

	Q3 QTD 2017 GAAP	Q3 QTD 2017 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders	\$118	\$143
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	126.2	126.2
Weighted as-if converted preferred shares	26.9	26.9
Total shares used in diluted earnings per share	153.1	153.1
Diluted (loss) earnings per share ⁽¹⁾	\$0.77	\$0.93

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

Q3 2016 QTD

in millions, except per share amounts

in millions (except per share amounts)	Q3 QTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q3 QTD 2016 non-GAAP
Product revenue	\$708	\$—	\$—	\$—	\$708
Service revenue	969	—	—	—	969
Total revenue	1,677	—	—	—	1,677
Cost of products	528	—	(8)	—	520
Cost of services	672	—	(6)	—	666
Gross margin	477	—	14	—	491
Gross margin rate	28.4%	—%	0.9%	—%	29.3%
Selling, general and administrative expenses	225	(1)	(17)	(2)	205
Research and development expenses	56	—	—	—	56
Restructuring-related charges	7	(7)	—	—	—
Total operating expenses	288	(8)	(17)	(2)	261
Total operating expense as a % of revenue	17.2%	(0.5)%	(1.0)%	(0.1)%	15.6%
Income (loss) from operations	189	8	31	2	230
Income (loss) from operations as a % of revenue	11.3%	0.5%	1.8%	0.1%	13.7%
Interest and Other (expense) income, net	(49)	—	—	—	(49)
Income (loss) from continuing operations before income taxes	140	8	31	2	181
Income tax expense (benefit)	31	1	11	1	44
Effective tax rate	22%				24%
Income (loss) from continuing operations	109	7	20	1	137
Net income (loss) attributable to noncontrolling interests	2	—	—	—	2
Income (loss) from continuing operations (attributable to NCR)	\$107	\$7	\$20	\$1	\$135
Diluted earnings per share	\$0.69	\$0.05	\$0.12	\$0.01	\$0.87
Diluted shares outstanding	155.4				155.4

GAAP TO NON-GAAP RECONCILIATION

Q3 2016 QTD

	Q3 QTD 2016 GAAP	Q3 QTD 2016 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders	\$107	\$135
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	127.0	127.0
Weighted as-if converted preferred shares	28.4	28.4
Total shares used in diluted earnings per share	155.4	155.4
Diluted earnings per share ⁽¹⁾	\$0.69	\$0.87

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

Q3 2017 YTD

in millions (except per share amounts)	Q3 YTD 2017 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q3 YTD 2017 non-GAAP
Product revenue	\$1,829	\$—	\$—	\$—	\$1,829
Service revenue	2,905	—	—	—	2,905
Total revenue	4,734	—	—	—	4,734
Cost of products	1,430	(2)	(19)	—	1,409
Cost of services	1,955	(9)	(18)	—	1,928
Gross margin	1,349	11	37	—	1,397
Gross margin rate	28.5%	0.3%	0.8%	—%	29.5%
Selling, general and administrative expenses	676	(10)	(49)	(3)	614
Research and development expenses	178	(5)	—	—	173
Total operating expenses	854	(15)	(49)	(3)	787
Total operating expense as a % of revenue	18.0%	(0.3)%	(1.0)%	(0.1)%	16.6%
Income (loss) from operations	495	26	86	3	610
Income (loss) from operations as a % of revenue	10.5%	0.4%	1.8%	0.1%	12.9%
Interest and Other (expense) income, net	(144)	—	—	—	(144)
Income (loss) from continuing operations before income taxes	351	26	86	3	466
Income tax expense (benefit)	78	7	27	1	113
Effective tax rate	22%				24%
Income (loss) from continuing operations	273	19	59	2	353
Net income (loss) attributable to noncontrolling interests	1	—	—	—	1
Income (loss) from continuing operations (attributable to NCR)	\$272	\$19	\$59	\$2	\$352
Diluted earnings per share	\$1.37	\$0.12	\$0.38	\$0.01	\$2.28
Diluted shares outstanding	126.9				154.2

GAAP TO NON-GAAP RECONCILIATION

Q3 2017 YTD

	Q3 YTD 2017 GAAP	Q3 YTD 2017 non-GAAP
in millions (except per share amounts)		
Income (loss) from continuing operations attributable to NCR common stockholders:		
Income from continuing operations (attributable to NCR)	\$272	\$352
Dividends on convertible preferred shares	(36)	—
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	\$174	\$352
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	126.9	126.9
Weighted as-if converted preferred shares	—	27.3
Total shares used in diluted earnings per share	126.9	154.2
Diluted earnings per share ⁽¹⁾	\$1.37	\$2.28

⁽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

Q3 2016 YTD

in millions (except per share amounts)	Q3 YTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Divestiture and Liquidation Losses	Q3 YTD 2016 non-GAAP
Product revenue	\$1,932	\$—	\$—	\$—	\$—	\$1,932
Service revenue	2,809	—	—	—	—	2,809
Total revenue	4,741	—	—	—	—	4,741
Cost of products	1,487	—	(27)	—	—	1,460
Cost of services	1,951	(4)	(18)	—	—	1,929
Gross margin	1,303	4	45	—	—	1,352
Gross margin rate	27.5%	0.1%	0.9%	—%	—%	28.5%
Selling, general and administrative expenses	678	(6)	(50)	(5)	—	617
Research and development expenses	159	—	—	—	—	159
Restructuring-related charges	13	(13)	—	—	—	—
Total expenses	850	(19)	(50)	(5)	—	776
Total expense as a % of revenue	17.9%	(0.4)%	(1.0)%	(0.1)%	—%	16.4%
Income (loss) from operations	453	23	95	5	—	576
Income (loss) from operations as a % of revenue	9.6%	0.5%	1.9%	0.1%	—%	12.1%
Interest and Other (expense) income, net	(163)	—	—	—	5	(158)
Income (loss) from continuing operations before income taxes	290	23	95	5	5	418
Income tax expense (benefit)	75	3	31	2	—	111
Effective tax rate	26%					27%
Income (loss) from continuing operations	215	20	64	3	5	307
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$215	\$20	\$64	\$3	\$5	\$307
Diluted earnings per share	\$1.37	\$0.13	\$0.41	\$0.02	\$0.03	\$1.96
Diluted shares outstanding	156.8					156.8

in millions, except per share amounts 30

GAAP TO NON-GAAP RECONCILIATION

Q3 2016 YTD

	Q3 YTD 2016 GAAP	Q3 YTD 2016 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders	\$215	\$307
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	128.8	128.8
Weighted as-if converted preferred shares	28.0	28.0
Total shares used in diluted earnings per share	156.8	156.8
Diluted earnings per share ⁽¹⁾	\$1.37	\$1.96

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

Q4 2016 QTD

in millions (except per share amounts)	Q4 YTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition - related costs	Pension mark-to- market adjustments	Divestiture and Liquidation Losses	Q4 YTD 2016 non-GAAP
Product revenue	\$805	\$—	\$—	\$—	\$—	\$—	\$805
Service revenue	997	—	—	—	—	—	997
Total revenue	1,802	—	—	—	—	—	1,802
Cost of products	615	—	(7)	—	(34)	—	574
Cost of services	708	—	(6)	—	(4)	—	698
Gross margin	479	—	13	—	38	—	530
Gross margin rate	26.6%	—%	0.7%	—%	2.1%	—%	29.4%
Selling, general and administrative expenses	248	(1)	(15)	(2)	(24)	—	206
Research and development expenses	83	—	—	—	(23)	—	60
Restructuring-related charges	2	(2)	—	—	—	—	—
Total expenses	333	(3)	(15)	(2)	(47)	—	266
Total expense as a % of revenue	18.5%	(0.2)%	(0.8)%	(0.1)%	(2.6)%	—%	14.8%
Income (loss) from operations	146	3	28	2	85	—	264
<i>Income (loss) from operations as a % of revenue</i>	<i>8.1%</i>	<i>0.2%</i>	<i>1.6%</i>	<i>0.1%</i>	<i>4.7%</i>	<i>—%</i>	<i>14.7%</i>
Interest and Other (expense) income, net	(57)	—	—	—	—	1	(56)
Income (loss) from continuing operations before income taxes	89	3	28	2	85	1	208
Income tax expense (benefit)	17	2	9	—	7	1	36
<i>Effective tax rate</i>	<i>19%</i>						<i>17%</i>
Income (loss) from continuing operations	72	1	19	2	78	—	172
Net income (loss) attributable to noncontrolling interests	4	—	—	—	—	—	4
Income (loss) from continuing operations (attributable to NCR)	\$68	\$1	\$19	\$2	\$78	\$—	\$168
Diluted earnings per share	\$0.43	\$0.01	\$0.12	\$0.01	\$0.50	\$—	\$1.07
Diluted shares outstanding	157.4						157.4

in millions, except per share amounts

GAAP TO NON-GAAP RECONCILIATION

Q4 2016 QTD

	Q4 QTD 2016 GAAP	Q4 QTD 2016 non-GAAP
in millions (except per share amounts)		
Income from continuing operations attributable to NCR common stockholders	\$68	\$168
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	128.6	128.6
Weighted as-if converted preferred shares	28.8	28.8
Total shares used in diluted earnings per share	157.4	157.4
Diluted earnings per share ⁽¹⁾	\$0.43	\$1.07

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

FY 2016

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

in millions, except per share amounts

GAAP TO NON-GAAP RECONCILIATION

FY 2016

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

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

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

	Q3 2017 QTD		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software License	(12)%	(1)%	(11)%
<i>Attached License</i>	(22)%	1%	(23)%
<i>Unattached License</i>	(4)%	—%	(4)%
Software Maintenance	3%	—%	3%
Cloud	5%	—%	5%
Professional Services	6%	—%	6%
Software	2%	—%	2%
Services	3%	—%	3%
ATMs	(16)%	1%	(17)%
Self-Checkout (SCO)	(24)%	—%	(24)%
Point-of-Sale (POS)	19%	1%	18%
Interactive Printer Solutions (IPS)	—%	—%	—%
Hardware	(6)%	1%	(7)%
Total Revenue	(1)%	—%	(1)%

GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Gross Margin Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Gross Margin Growth % (non-GAAP)
Software	—%	—%	—%
Services	24%	(1)%	25%
Hardware	(30)%	2%	(32)%
Total Gross Margin	(1)%	1%	(2)%

GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non-GAAP)
Software	1%	—%	1%
Services	59%	(5)%	64%
Hardware	(107)%	(1)%	(106)%
Total Operating Income	2%	1%	1%

GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Gross Margin bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Gross Margin bps Growth (non-GAAP)
Software	-70 bps	— bps	-70 bps
Services	+450 bps	-10 bps	+460 bps
Hardware	-500 bps	+40 bps	-540 bps
Total Gross Margin bps	-10 bps	— bps	-10 bps

GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non-GAAP)
Software	-10 bps	— bps	-10 bps
Services	+510 bps	-20 bps	+530 bps
Hardware	-480 bps	+40 bps	-520 bps
Total Operating Income	+40 bps	— bps	+40 bps

GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 YTD			
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture Impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	4%	—%	—%	4%
Services	3%	(1)%	—%	4%
Hardware	(6)%	—%	(7)%	1%
Total Revenue	—%	—%	(3)%	3%

GAAP TO NON-GAAP RECONCILIATION

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

	Q4 2016 QTD			
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture Impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	9%	(1)%	—%	10%
Services	1%	(2)%	—%	3%
Hardware	11%	(2)%	(17)%	30%
Total Revenue	7%	(1)%	(6)%	14%

GAAP TO NON-GAAP RECONCILIATION

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

	2017 Guidance	Prior 2017 Guidance	Q4 2017 Guidance
Diluted EPS (GAAP) ⁽¹⁾	\$1.97 - \$2.09	\$2.20 - \$2.32	\$0.64 - \$0.76
Transformation costs	0.14 - 0.17	0.14 - 0.17	0.02 - 0.05
Acquisition-Related Amortization of Intangibles	0.49	0.49	0.13
Acquisition-Related Costs	0.03	0.03	0.02
Deemed dividends related to Blackstone Transaction	0.39	0.39	—
Non-GAAP Diluted EPS ⁽¹⁾	\$3.10 - \$3.20	\$3.32 - \$3.42	\$0.83 - \$0.93

⁽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.



