

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): February 11, 2020



NCR CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

Maryland
(State or other jurisdiction of
incorporation or organization)

31-0387920
(I.R.S. Employer
Identification No.)

864 Spring Street NW
Atlanta, GA 30308
(Address of principal executive offices and zip code)

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	NCR	New York Stock Exchange

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 February 11, 2020, the Company issued a press release setting forth its fourth quarter and full year 2019 financial results along with its fiscal year 2020 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 February 11, 2020, the Company will hold its previously announced conference call to discuss its fourth quarter and full year 2019 results and fiscal year 2020 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 February 11, 2020
99.2	Supplemental materials, dated February 11, 2020
104	Cover Page Interactive Data File, formatted in iXBRL

Index to Exhibits

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

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104	Cover Page Interactive Data File, formatted in iXBRL

SIGNATURES

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

NCR Corporation

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

Date: February 11, 2020



February 11, 2020

NCR Announces Fourth Quarter and Full Year 2019 Results

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

- **Fourth quarter revenue of \$1.89 billion, up 5% as reported and up 6% constant currency**
- **Fourth quarter GAAP diluted EPS of \$2.67; Fourth quarter Non-GAAP diluted EPS of \$0.85**
- **Full year revenue of \$6.92 billion, up 8% as reported and up 10% constant currency**
- **Full year GAAP diluted EPS of \$3.71; Full year Non-GAAP diluted EPS of \$2.81**
- **Full year cash from operations of \$628 million; Full year free cash flow of \$275 million**
- **Completed acquisition of Zynstra to further enhance our next generation store architecture**
- **2020 guidance announced**

“Our fourth quarter results marked a strong finish to the year for NCR where we consistently delivered our revenue and earnings commitments,” said Michael Hayford, President and Chief Executive Officer. “This past year we strengthened our recurring revenue capabilities through our strategic growth platforms, began integrating our payments processing solution and generated year-over-year sales growth in each of our segments. We entered 2020 with strong momentum to accelerate our transition to a software and services-led enterprise and an as-a-Service company. The entire NCR team is aligned behind “NCR as-a-Service” as we look to move closer to our customers and elevate our agility and response to market dynamics. We believe these next steps will further position NCR for sustainable long-term growth as we deliver increased value to customers and help them provide differentiated experiences across their stores, restaurants and self-service banking platforms.”

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

Fourth Quarter 2019 Operating Results

Revenue

Fourth quarter revenue of \$1,886 million was up 5% year-over-year. Foreign currency fluctuations had an unfavorable impact on the revenue comparison of 1%. The following table shows revenue for the fourth quarter:

\$ in millions	Q4 2019	Q4 2018	% Change	% Change Constant Currency
Banking	\$ 944	\$ 942	—%	2%
Retail	609	556	10%	10%
Hospitality	232	222	5%	5%
Other	101	81	25%	25%
Total Revenue	\$ 1,886	\$ 1,801	5%	6%
Software	\$ 533	\$ 502	6%	6%
Services	673	633	6%	7%
Hardware	680	666	2%	4%
ATM	347	367	(5%)	(3%)
SCO/POS	333	299	11%	11%
Total Revenue	\$ 1,886	\$ 1,801	5%	6%
Recurring Revenue	\$ 812	\$ 754	8%	8%

Banking revenue increased slightly due to growth in software and services partially offset by a 5% decline in ATM hardware revenue. Despite the decline in ATM hardware revenue in the fourth quarter of 2019, full year Banking revenue increased compared to the prior year period. Foreign currency fluctuations had an unfavorable impact of 2% on the revenue comparison.

Retail revenue increased 10% driven by growth in payments, self-checkout and services revenue. Foreign currency fluctuations had no impact on the revenue comparison.

Hospitality revenue increased 5% driven by higher cloud, payments and point-of-sale revenue. Foreign currency fluctuations had no impact on the revenue comparison.

Gross Margin

Fourth quarter gross margin of \$532 million increased from \$442 million in the prior year period. Gross margin rate was 28.2%, up from 24.5%. Fourth quarter gross margin (non-GAAP) of \$541 million increased from \$495 million in the prior year period. Gross margin rate (non-GAAP) was 28.7%, up from 27.5%. The increases in gross margin rate were driven by growth in payments due to a full quarter included the current year period from the Jetpay acquisition which closed in December of 2018 as well as improved hardware profitability.

Operating Expenses

Fourth quarter operating expenses of \$350 million decreased from \$379 million in the prior year period. The decrease in operating expenses was primarily due to restructuring and transformation expenses of \$77 million incurred during the fourth quarter of 2018. Fourth quarter operating expenses (non-GAAP) of \$324 million increased from \$281 million in the prior year period. The increase in operating expenses (non-GAAP) was primarily due to higher employee-related and real estate costs.

Operating Income

Fourth quarter income from operations of \$182 million increased from income from operations of \$63 million in the prior year period. The increase in income from operations was due to less restructuring and transformation expenses

incurred during the fourth quarter of 2019 compared to the prior year. Fourth quarter operating income (non-GAAP) of \$217 million increased slightly from \$214 million in the prior year period.

Other Expense/Income

Fourth quarter other expense of \$99 million increased from \$3 million in the prior year period. The pension mark-to-market adjustment was expense of \$75 million in the fourth quarter of 2019 compared to income of \$45 million in the fourth quarter of 2018. Additionally, fourth quarter other expense in 2019 included a \$37 million gain from entity liquidations. Fourth quarter other expense (non-GAAP) of \$60 million increased from \$48 million in the prior year period. The increase was primarily due to higher interest expense.

Income Tax Expense/Benefit

Fourth quarter income tax was a benefit of \$301 million compared to expense of \$93 million in the prior year period. The fourth quarter effective income tax rate was (363)% compared to 155% in the prior year period. The income tax benefit was primarily due to the establishment of deferred tax assets from the transfer of certain intangible assets among our wholly-owned subsidiaries as well as a valuation allowance release. The prior year period included the impact of U.S. tax reform.

Fourth quarter income tax expense (non-GAAP) of \$34 million decreased from \$40 million in the prior year period. The fourth quarter effective income tax rate (non-GAAP) was 21.7% compared to 24.1% in the prior year period. The decrease in income tax expense (non-GAAP) was primarily due to favorable audit settlements in the current year and mix of earnings.

Net Income/Loss from Continuing Operations Attributable to NCR

Fourth quarter net income from continuing operations attributable to NCR of \$384 million increased from net loss from continuing operations of \$33 million in the prior year period. Fourth quarter net income from continuing operations attributable to NCR (non-GAAP) of \$123 million decreased from \$126 million in the prior year period.

Cash Flow

Fourth quarter cash provided by operating activities of \$402 million decreased from cash provided by operating activities of \$409 million in the prior year period. Free cash flow was \$296 million in the fourth quarter of 2019 as compared to free cash flow of \$317 million in the fourth quarter of 2018 driven by changes in working capital.

Full Year 2019 Operating Results

Full year 2019 revenue of \$6,915 million was up 8% from 2018. Foreign currency fluctuations had an unfavorable impact of 2% on the revenue comparison. The following table shows revenue for the full year:

\$ in millions	FY 2019	FY 2018	% Change	% Change Constant Currency
Banking	\$ 3,512	\$ 3,183	10%	13%
Retail	2,217	2,097	6%	7%
Hospitality	843	817	3%	4%
Other	343	308	11%	13%
Total Revenue	\$ 6,915	\$ 6,405	8%	10%
Software	\$ 2,008	\$ 1,912	5%	6%
Services	2,520	2,460	2%	5%
Hardware	2,387	2,033	17%	20%
<i>ATM</i>	1,263	979	29%	33%
<i>SCO/POS</i>	1,124	1,054	7%	8%
Total Revenue	\$ 6,915	\$ 6,405	8%	10%
Recurring Revenue	\$ 3,145	\$ 2,970	6%	8%

Full year 2019 GAAP diluted EPS of \$3.71 was up from \$(0.72) in 2018. Full year diluted EPS (non-GAAP) of \$2.81 was up from \$2.62 in 2018.

Full year 2019 cash provided by operating activities was \$628 million and full year free cash flow was \$275 million.

Transformation Initiatives

In 2019, we successfully executed our spend optimization program to drive cost savings through operational efficiencies and achieved \$100 million of savings. This initiative created efficiencies in our corporate functions, reduced spend in the non-strategic areas and limited discretionary spending. We incurred a pre-tax charge of \$58 million in 2019 with a cash impact of \$44 million.

In 2020, as we execute our transition to NCR as-a-Service, our efforts are centered around improving our organizational design and driving improved efficiencies. The primary areas of focus include our offerings, go to market strategy and support and delivery model. We expect to achieve \$90 million annualized run-rate savings by the end of 2020 with \$40 million of realized savings in 2020.

Full Year 2020 Outlook

In 2020, our revenue guidance is approximately 0% to 1%. Our non-GAAP diluted earnings per share guidance is \$2.75 to \$2.85. Non-GAAP diluted earnings per share guidance assumes an effective tax rate of 23% to 24% for 2020 compared to 21% in 2019. Our adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is expected to be \$1.06 billion to \$1.10 billion. Additionally, we expect cash flow from operations to be \$640 million to \$735 million and free cash flow to be \$250 million to \$300 million. Our guidance includes the impact of our strategic shift to increase recurring revenue, which has a negative impact on our guidance for 2020.

With respect to our non-GAAP diluted earnings per share and Adjusted EBITDA guidance, we do not provide a reconciliation to the respective GAAP measures because we are unable to predict with reasonable certainty the reconciling items that may affect GAAP net income from continuing operations and GAAP earnings per share without unreasonable effort. The reconciling items are primarily the future impact of special tax items, capital structure transactions,

restructuring, pension mark-to-market transactions, acquisitions or divestitures, or other events. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures. Refer to the heading "Non-GAAP Financial Measures" for additional information regarding our use of non-GAAP financial measures.

2019 Fourth Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (ET) to discuss the fourth quarter and full year 2019 results and guidance for full year 2020. 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 2736619.

More information on NCR's Q4 2019 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

About NCR Corporation

NCR Corporation (NYSE: NCR) is a leading software- and services-led enterprise provider in the financial, retail and hospitality industries. NCR is headquartered in Atlanta, Ga., with 36,000 employees globally. NCR is a trademark of NCR Corporation in the United States and other countries.

Website: www.ncr.com

Twitter: @NCRCorporation

Facebook: www.facebook.com/ncrcorp

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

YouTube: www.youtube.com/user/ncrcorporation

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Note to Investors This release contains forward-looking statements. Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “plan,” “believe,” “will,” “should,” “would,” “could,” and words of similar meaning. Statements that describe or relate to NCR’s plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in this release include statements about NCR’s transformation initiatives in 2020 including cost efficiencies and their expected impact; NCR’s financial guidance and outlook (including the section entitled “Full Year 2020 Outlook” and the table entitled “Reconciliation of Net Cash Provided by Operating Activities (GAAP) to Free Cash Flow (non-GAAP)”); execution of NCR’s recurring revenue strategy and accelerated growth including its transformation to an as-a-Service company; NCR’s focus on strategic growth platforms; the impact of the acquisition of Zynstra on our Retail and Hospitality segments; NCR’s expected areas of focus to drive growth and create long-term stockholder value; NCR’s expected free cash flow generation and capital allocation strategy; earnings per share; and the effective tax rate in 2020. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors relating to: the strength of demand and pricing for ATMs and other financial services hardware and its effect on the results of our businesses and reportable segments; our ability to generate accurate forecasts of product demand and to engage third-party suppliers appropriately to meet that demand, including the on-boarding of new or additional suppliers or disruptions in our supply chain due to the Wuhan coronavirus; domestic and global economic and credit conditions including, in particular, those resulting from the imposition or threat of protectionist trade policies or import or export tariffs, global and regional market conditions and spending trends in the financial services and retail industries, new global tax legislation, modified or new global or regional trade agreements, the execution of the United Kingdom’s exit from the European Union, uncertainty over further potential changes in Eurozone participation and fluctuations in oil and commodity prices; the impact of our indebtedness and its terms on our financial and operating activities; 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, including those caused by or related to outsourced manufacturing; collectability difficulties in subcontracting relationships in certain geographical markets; the historical seasonality of our sales; foreign currency fluctuations; the availability and success of acquisitions, divestitures and alliances; 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; uncertainties or delays associated with the transition of key business leaders; environmental exposures from our historical and ongoing manufacturing activities; and uncertainties with regard to regulations, lawsuits, claims and other matters across various jurisdictions. Additional information concerning these and other factors can be found in the Company’s filings with the U.S. Securities and Exchange Commission, including the Company’s most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

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

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

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) NCR believes that Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) provides useful information to investors because it is an indicator of the strength and performance of the Company's ongoing business operations, including its ability to fund discretionary spending such as capital expenditures, strategic acquisitions and other investments. NCR determines Adjusted EBITDA for a given period based on its GAAP net income from continuing operations attributable to NCR plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus other income (expense); plus pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles.

Free Cash Flow. NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, additions to capitalized software, discretionary pension contributions and pension settlements. NCR's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures, which can be used for, among other things, investment in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repayment of the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. Free cash flow does not have uniform definitions under GAAP and, therefore, NCR's definitions may differ from other companies' definitions of these measures.

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

NCR's definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their most directly comparable GAAP measures in the tables below, except for non-GAAP diluted earnings per share and Adjusted EBITDA guidance as noted under the 'Full Year 2020 Outlook' heading above.

Use of Certain Terms

Recurring revenue means revenue for products and services under contract for which revenue is recognized over time.

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

\$ in millions	Q4 2019		Q4 2018	
Gross Margin (GAAP)	\$	532	\$	442
Transformation and restructuring costs		2		48
Acquisition-related amortization of intangibles		7		5
Gross Margin (Non-GAAP)	\$	541	\$	495

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

	Q4 2019		Q4 2018	
Gross Margin Rate (GAAP)		28.2%		24.5%
Transformation and restructuring costs		0.1%		2.7%
Acquisition-related amortization of intangibles		0.4%		0.3%
Gross Margin Rate (Non-GAAP)		28.7%		27.5%

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

\$ in millions	Q4 2019		Q4 2018	
Operating Expenses (GAAP)	\$	350	\$	379
Transformation and restructuring costs		(9)		(77)
Acquisition-related amortization of intangibles		(15)		(16)
Acquisition-related costs		(2)		(5)
Operating Expenses (Non-GAAP)	\$	324	\$	281

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

\$ in millions	Q4 2019		Q4 2018	
Income (Loss) from Operations (GAAP)	\$	182	\$	63
Transformation and restructuring costs		11		125
Acquisition-related amortization of intangibles		22		21
Acquisition-related costs		2		5
Operating Income (Non-GAAP)	\$	217	\$	214

Reconciliation of Other Expense (GAAP) to Other Expense (Non-GAAP)

\$ in millions	Q4 2019		Q4 2018	
Other Expense (GAAP)	\$	(99)	\$	(3)
Debt refinancing		1		—
Internal reorganization and IP transfer		(37)		—
Pension mark-to-market adjustments		75		(45)
Other Expense (Non-GAAP)	\$	(60)	\$	(48)

Reconciliation of Income Tax (Benefit) Expense (GAAP) to Income Tax Expense (Non-GAAP)

\$ in millions	Q4 2019		Q4 2018	
Income Tax (Benefit) Expense (GAAP)	\$	(301)	\$	93
Transformation and restructuring costs		3		29
Acquisition-related amortization of intangibles		5		3
Acquisition-related costs		—		1
Pension mark-to-market adjustments		9		(1)
Impact of U.S. tax reform		—		(85)
Debt refinancing		1		—
Valuation allowance release & other tax adjustments		53		—
Internal reorganization & IP transfer		264		—
Income Tax Expense (Non-GAAP)	\$	34	\$	40

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

\$ in millions	Q4 2019		Q4 2018	
Net Income (Loss) from Continuing Operations Attributable to NCR (GAAP)	\$	384	\$	(33)
Transformation and restructuring costs		8		96
Acquisition-related amortization of intangibles		17		18
Acquisition-related costs		2		4
Pension mark-to-market adjustments		66		(44)
Internal reorganization & IP transfer		(301)		—
Impact of U.S. tax reform		—		85
Debt refinancing		—		—
Valuation allowance release & other tax adjustments		(53)		—
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$	123	\$	126

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

	Q4 2019	Q4 2018	FY 2019	FY 2018
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ 2.67	\$ (0.39)	\$ 3.71	\$ (0.72)
Transformation & restructuring costs	0.06	0.64	0.29	1.21
Goodwill & long-lived asset impairment charges	—	—	—	1.16
Acquisition-related amortization of intangibles	0.12	0.12	0.45	0.45
Acquisition-related costs	0.01	0.03	0.03	0.03
Pension mark-to-market adjustments	0.46	(0.29)	0.44	(0.29)
Impact of U.S. tax reform	—	0.57	—	0.30
Debt refinancing	—	—	0.03	—
Valuation allowance release & other tax adjustments	(0.37)	—	(0.52)	—
Internal reorganization & IP transfer	(2.09)	—	(2.00)	—
Diluted Earnings Per Share (Non-GAAP) ⁽¹⁾	\$ 0.85	\$ 0.84	\$ 2.81	\$ 2.62

⁽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.

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

\$ in millions	Q4 2019	Q4 2018	FY 2019	2020 Guidance
Net cash used by operating activities	\$ 402	\$ 409	\$ 628	\$640 - \$735
Total capital expenditures	(109)	(79)	(329)	\$350 - \$375
Net cash provided by (used in) discontinued operations	3	(13)	(24)	\$40 - \$60
Free cash flow	\$ 296	\$ 317	\$ 275	\$250 - \$300

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

	Three months ended December 31, 2019		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Constant Currency % (Non-GAAP)
Banking	—%	(2)%	2%
Retail	10%	—%	10%
Hospitality	5%	—%	5%
Other	25%	—%	25%
Total Revenue	5%	(1)%	6%

	For the year ended December 31, 2019		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Constant Currency % (Non-GAAP)
Banking	10%	(3)%	13%
Retail	6%	(1)%	7%
Hospitality	3%	(1)%	4%
Other	11%	(2)%	13%
Total Revenue	8%	(2)%	10%

Three months ended December 31, 2019

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (Non-GAAP)
Software	6%	—%	6%
Services	6%	(1)%	7%
Hardware	2%	(2)%	4%
ATM	(5)%	(2)%	(3)%
SCO/POS	11%	—%	11%
Total Revenue	5%	(1)%	6%

For the year ended December 31, 2019

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (Non-GAAP)
Software	5%	(1)%	6%
Services	2%	(3)%	5%
Hardware	17%	(3)%	20%
ATM	29%	(4)%	33%
SCO/POS	7%	(1)%	8%
Total Revenue	8%	(2)%	10%

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

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2019	2018	2019	2018
Revenue				
Products	\$ 766	\$ 756	\$ 2,681	\$ 2,341
Services	1,120	1,045	4,234	4,064
Total Revenue	1,886	1,801	6,915	6,405
Cost of products	599	644	2,146	1,988
Cost of services	755	715	2,848	2,742
Total gross margin	532	442	1,921	1,675
<i>% of Revenue</i>	<i>28.2%</i>	<i>24.5%</i>	<i>27.8%</i>	<i>26.2%</i>
Selling, general and administrative expenses	276	273	1,051	1,005
Research and development expenses	74	62	259	252
Asset impairment charges	—	44	—	227
Income (loss) from operations	182	63	611	191
<i>% of Revenue</i>	<i>9.7%</i>	<i>3.5%</i>	<i>8.8%</i>	<i>3.0%</i>
Interest expense	(54)	(43)	(197)	(168)
Other expense, net	(45)	40	(73)	16
Total other expense, net	(99)	(3)	(270)	(152)
Income (loss) from continuing operations before income taxes	83	60	341	39
<i>% of Revenue</i>	<i>4.4%</i>	<i>3.3%</i>	<i>4.9%</i>	<i>0.6%</i>
Income tax expense (benefit)	(301)	93	(273)	73
Income (loss) from continuing operations	384	(33)	614	(34)
Loss from discontinued operations, net of tax	(35)	(14)	(50)	(52)
Net income (loss)	349	(47)	564	(86)
Net income (loss) attributable to noncontrolling interests	—	—	—	2
Net income (loss) attributable to NCR	\$ 349	\$ (47)	\$ 564	\$ (88)
Amounts attributable to NCR common stockholders:				
Income (loss) from continuing operations	\$ 384	\$ (33)	\$ 614	\$ (36)
Dividends on convertible preferred stock	(6)	(13)	(110)	(49)
Income (loss) from continuing operations attributable to NCR common stockholders	378	(46)	504	(85)
Loss from discontinued operations, net of tax	(35)	(14)	(50)	(52)
Net income (loss) attributable to NCR common stockholders	\$ 343	\$ (60)	\$ 454	\$ (137)
Income (loss) per share attributable to NCR common stockholders:				
Income (loss) per common share from continuing operations				
Basic	\$ 2.96	\$ (0.39)	\$ 4.13	\$ (0.72)
Diluted ⁽¹⁾	\$ 2.67	\$ (0.39)	\$ 3.71	\$ (0.72)
Net income (loss) per common share				
Basic	\$ 2.69	\$ (0.51)	\$ 3.72	\$ (1.16)
Diluted ⁽¹⁾	\$ 2.43	\$ (0.51)	\$ 3.36	\$ (1.16)
Weighted average common shares outstanding				
Basic	127.6	118.6	122.1	118.4
Diluted ⁽¹⁾	143.9	118.6	145.2	118.4

⁽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)

	For the Periods Ended December 31							
	Three Months				Twelve Months			
	2019	2018	% Change	% Change Constant Currency	2019	2018	% Change	% Change Constant Currency
Revenue by segment								
Banking	\$ 944	\$ 942	—%	2%	\$ 3,512	\$ 3,183	10%	13%
Retail	609	556	10%	10%	2,217	2,097	6%	7%
Hospitality	232	222	5%	5%	843	817	3%	4%
Other	101	81	25%	25%	343	308	11%	13%
Total Revenue	\$ 1,886	\$ 1,801	5%	6%	\$ 6,915	\$ 6,405	8%	10%
Operating income by segment								
Banking	\$ 144	\$ 132			\$ 514	\$ 412		
Banking operating income margin %	15.3%	14.0%			14.6%	12.9%		
Retail	42	37			144	142		
Retail operating income margin %	6.9%	6.7%			6.5%	6.8%		
Hospitality	17	32			56	85		
Hospitality operating income margin %	7.3%	14.4%			6.6%	10.4%		
Other	14	13			44	49		
All Other operating income margin %	13.9%	16.0%			12.8%	15.9%		
Subtotal-segment operating income	\$ 217	\$ 214			\$ 758	\$ 688		
Total Revenue operating income margin %	11.5%	11.9%			11.0%	10.7%		
Other adjustments ⁽¹⁾	35	151			147	497		
Total income from operations	\$ 182	\$ 63			\$ 611	\$ 191		

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

In millions	For the Periods Ended December 31					
	Three Months			Twelve Months		
	2019	2018	2017	2019	2018	2017
Transformation and restructuring costs	\$ 11	\$ 125	\$ 223	\$ 58	\$ 183	\$ 183
Asset impairment charges	—	—	—	—	—	—
Acquisition-related amortization of intangible assets	22	21	85	86	85	85
Acquisition-related costs	2	5	6	3	6	6
Total other adjustments	\$ 35	\$ 151	\$ 497	\$ 147	\$ 497	\$ 497

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

Schedule C

	December 31, 2019	September 30, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents	\$ 509	\$ 388	\$ 464
Accounts receivable, net	1,490	1,487	1,356
Inventories	784	865	806
Other current assets	361	416	397
Total current assets	3,144	3,156	3,023
Property, plant and equipment, net	413	382	359
Goodwill	2,832	2,754	2,692
Intangibles, net	607	549	595
Operating lease assets	391	397	—
Prepaid pension cost	178	153	140
Deferred income taxes	821	488	448
Other assets	601	572	504
Total assets	\$ 8,987	\$ 8,451	\$ 7,761
Liabilities and stockholders' equity			
Current liabilities			
Short-term borrowings	\$ 282	\$ 208	\$ 185
Accounts payable	840	800	897
Payroll and benefits liabilities	308	260	238
Contract liabilities	502	513	461
Other current liabilities	606	565	501
Total current liabilities	2,538	2,346	2,282
Long-term debt	3,277	3,422	2,980
Pension and indemnity plan liabilities	858	763	759
Postretirement and postemployment benefits liabilities	111	121	118
Income tax accruals	92	95	91
Operating lease liabilities	369	378	—
Other liabilities	240	195	259
Total liabilities	7,485	7,320	6,489
Redeemable noncontrolling interests	—	11	14
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.4, 0.4 and 0.9 shares issued and outstanding as of December 31, 2019, September 30, 2019 and December 31, 2018, respectively; redemption amount and liquidation preference of \$399, \$394 and \$871 as of December 31, 2019, September 30, 2019 and December 31, 2018, respectively	395	389	859
Stockholders' equity			
NCR stockholders' equity:			
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of December 31, 2019, September 30, 2019 and December 31, 2018, respectively	—	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 127.7, 127.4 and 118.7 shares issued and outstanding as of December 31, 2019, September 30, 2019 and December 31, 2018, respectively	1	1	1
Paid-in capital	312	269	34
Retained earnings	1,060	717	606
Accumulated other comprehensive loss	(269)	(261)	(246)
Total NCR stockholders' equity	1,104	726	395
Noncontrolling interests in subsidiaries	3	5	4
Total stockholders' equity	1,107	731	399
Total liabilities and stockholders' equity	\$ 8,987	\$ 8,451	\$ 7,761

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

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2019	2018	2019	2018
Operating activities				
Net income	\$ 349	\$ (47)	\$ 564	\$ (86)
Adjustments to reconcile net income to net cash provided by operating activities:				
Loss from discontinued operations	35	14	50	52
Depreciation and amortization	84	81	333	330
Stock-based compensation expense	31	17	107	72
Deferred income taxes	(320)	29	(355)	14
Gain on sale of property, plant and equipment	—	—	(6)	(2)
Impairment of long-lived and other assets	2	46	2	239
Changes in assets and liabilities:				
Receivables	10	(53)	(144)	(155)
Inventories	83	112	5	(70)
Current payables and accrued expenses	48	167	(20)	198
Contract liabilities	(6)	23	31	(13)
Employee benefit plans	72	(42)	59	(60)
Other assets and liabilities	14	62	2	53
Net cash provided by operating activities	402	409	628	572
Investing activities				
Expenditures for property, plant and equipment	(38)	(39)	(91)	(143)
Proceeds from sales of property, plant and equipment	—	—	11	3
Additions to capitalized software	(71)	(40)	(238)	(170)
Business acquisitions, net	(117)	(206)	(203)	(206)
Net change in funds held for clients	(13)	—	(15)	—
Other investing activities, net	4	—	9	(4)
Net cash used in investing activities	(235)	(285)	(527)	(520)
Financing activities				
Short term borrowings, net	(4)	(8)	—	(1)
Payments on term credit facilities	(2)	—	(761)	(51)
Borrowings on term credit facility	400	—	750	—
Payments on revolving credit facilities	(1,137)	(800)	(3,216)	(2,233)
Borrowings on revolving credit facilities	1,076	845	3,535	2,453
Payments of senior unsecured notes	(400)	—	(900)	—
Proceeds from issuance of senior unsecured notes	—	—	1,000	—
Debt issuance costs	(4)	—	(32)	—
Repurchase of Series A Preferred Stock	—	—	(302)	—
Repurchases of Common Stock	—	—	(96)	(210)
Proceeds from employee stock plans	4	4	16	20
Purchase of non-controlling interest	(3)	—	(3)	—
Tax withholding payments on behalf of employees	—	(6)	(29)	(36)
Net change in client funds obligations	13	—	15	—
Other financing activities	(7)	—	(8)	—
Net cash used in financing activities	(64)	35	(31)	(58)
Cash flows from discontinued operations				
Net cash provided by (used in) discontinued operations	3	(13)	(24)	(36)
Effect of exchange rate changes on cash and cash equivalents	1	(13)	(6)	(25)
Decrease in cash, cash equivalents, and restricted cash	107	133	40	(67)
Cash, cash equivalents and restricted cash at beginning of period	409	343	476	543
Cash, cash equivalents, and restricted cash at end of period	\$ 516	\$ 476	\$ 516	\$ 476



Q4 2019 EARNING CONFERENCE CAL

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

February 11, 2020



NOTES TO INVESTORS

FORWARD-LOOKING STATEMENTS. Comments made during this conference call and in these materials contain forward-looking statements. Statements that describe or relate to NCR's plans, goals, intentions, strategies, or financial outlook and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in these materials include statements about NCR's full year 2020 financial guidance and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's strategy and expected areas of focus to drive stockholder value creation including NCR's transformation to an as-a-Service Company, strategic growth platforms, revenue shift to recurring software and services revenue and its impact on revenue and revenue growth acceleration; NCR's 2020 transformation initiatives and related expected investments and results; areas of focus to improve productivity; payments platform integration; NCR's investment priorities and their expected benefits in 2020; NCR's acquisition strategy; NCR's capital structure and the effects of recent transactions including benefits to NCR and impact on earnings per share; and NCR's expected free cash flow generation and capital allocation strategy; and NCR's effective tax rate in 2020. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 28, 2019, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated February 11, 2020, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

NOTES TO INVESTORS

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

With respect to our non-GAAP diluted earnings per share and adjusted EBITDA guidance, we are no longer providing reconciliations to the respective GAAP measures because we are unable to predict with reasonable certainty the reconciling items that may affect GAAP net income from continuing operations and GAAP earnings per share without unreasonable effort. The reconciling items are primarily the future impact of special tax items, capital structure transactions, restructuring, pension mark-to-market transactions, acquisitions or divestitures, or other events. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures.

USE OF CERTAIN TERMS. As used in these materials: (i) the term "recurring revenue" means revenue for products and services under contract for which revenue is recognized over time and (ii) 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

SOLID 2019

Continued to **IMPROVE EXECUTION**

REVENUE GROWTH across all segments/industries

RECURRING REVENUE up 8% CC

Progress building **STRATEGIC GROWTH PLATFORMS**

2020 GUIDANCE: Revenue growth 0% - 1%; Non-GAAP EPS \$2.75 - \$2.85; FCF \$250M-\$300M

FY 2019 FINANCIAL RESULTS

Revenue



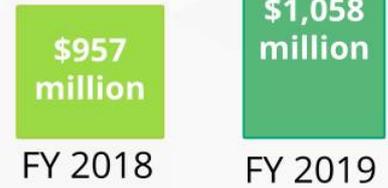
FX Impact
(\$119)
million

FY 2018

FY 2019

Revenue up 8% as reported and up 10% CC

Adjusted EBITDA



FY 2018

FY 2019

Adjusted EBITDA up 11%

Non-GAAP Diluted EPS



FX Impact
(\$0.16)

FY 2018

FY 2019

Non-GAAP EPS up 7% as reported and up 14% CC

Free Cash Flow



FY 2018

FY 2019

Free cash flow up due to increased earnings

SHIFT TO AS-A-SERVICE COMPANY

to drive increased recurring revenue across our strategic growth platforms



Offerings



Go To Market



Delivery

M&A UPDATE

Disciplined approach on acquisition strategy with 8 deals in 2019 for under \$230M purchase price



Online and mobile banking digital platform provider for large banks



Edge virtualization technology provider for retail and hospitality sectors



Brazil based IT services software assets for financial and retail sectors



POS solutions providers to restaurants and merchants in the hospitality sector



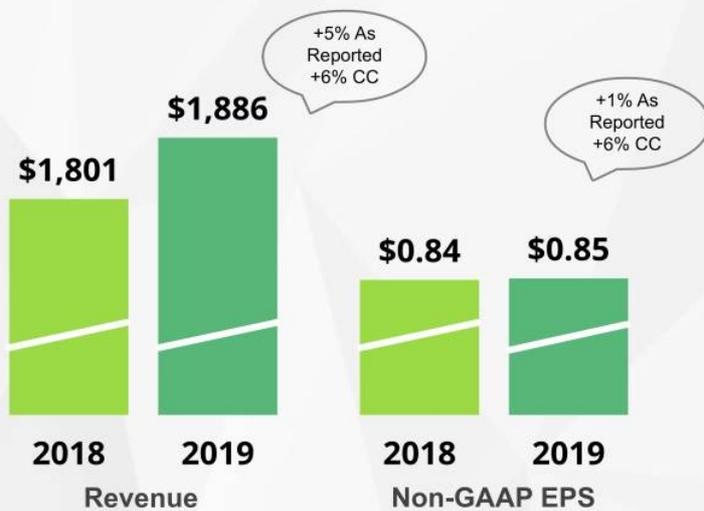
Purchase of remaining interest in NCR Manaus expands addressable market in Brazil

* Expected to close during first half of 2020

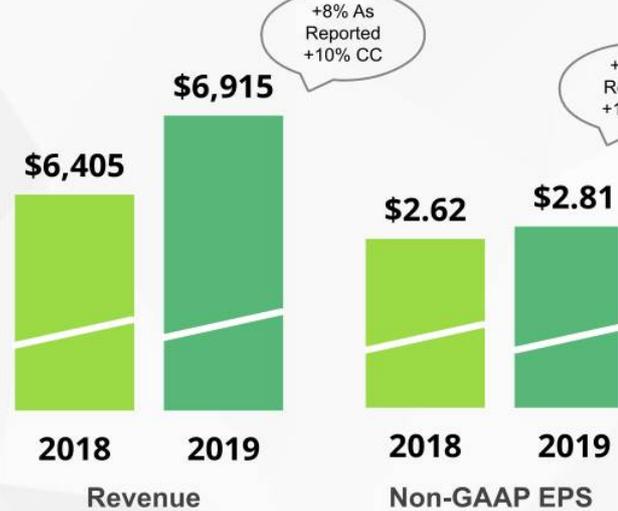
TOTAL NCR

\$ in millions
except for share
amounts

Fourth Quarter



Full Year



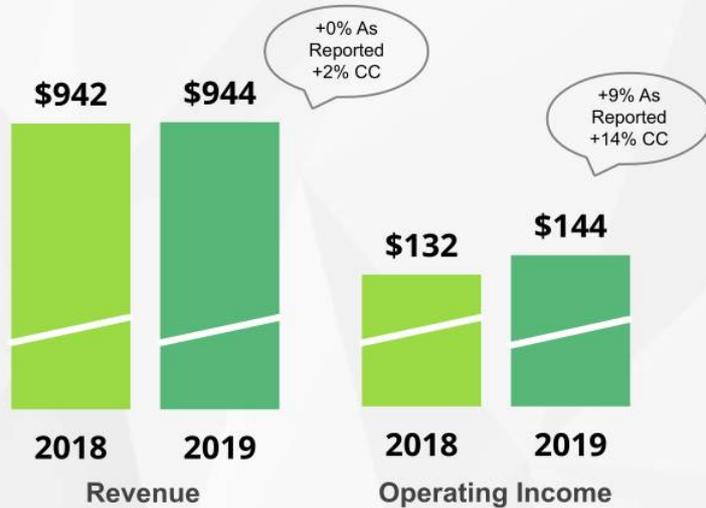
2019 Key Highlights

- Revenue up 10% CC driven by a 33% CC growth in ATM revenue due to higher backlog conversion and growth in software and services revenue
- Non-GAAP EPS up 14% CC driven by higher software and services revenue and improved hardware profitability

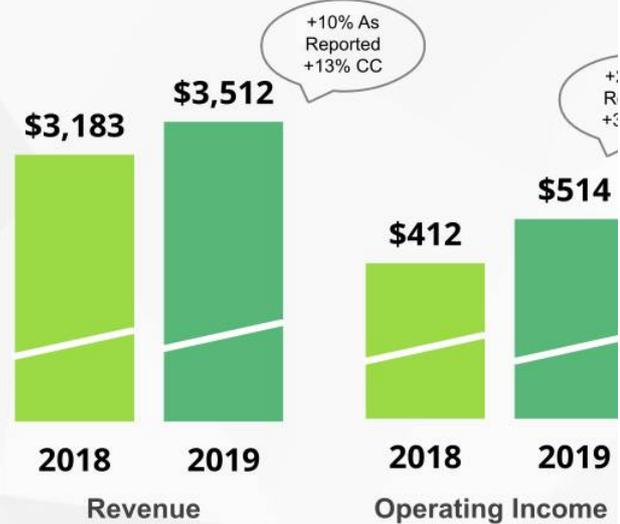
BANKING

\$ in millions

Fourth Quarter



Full Year



2019 Key Highlights

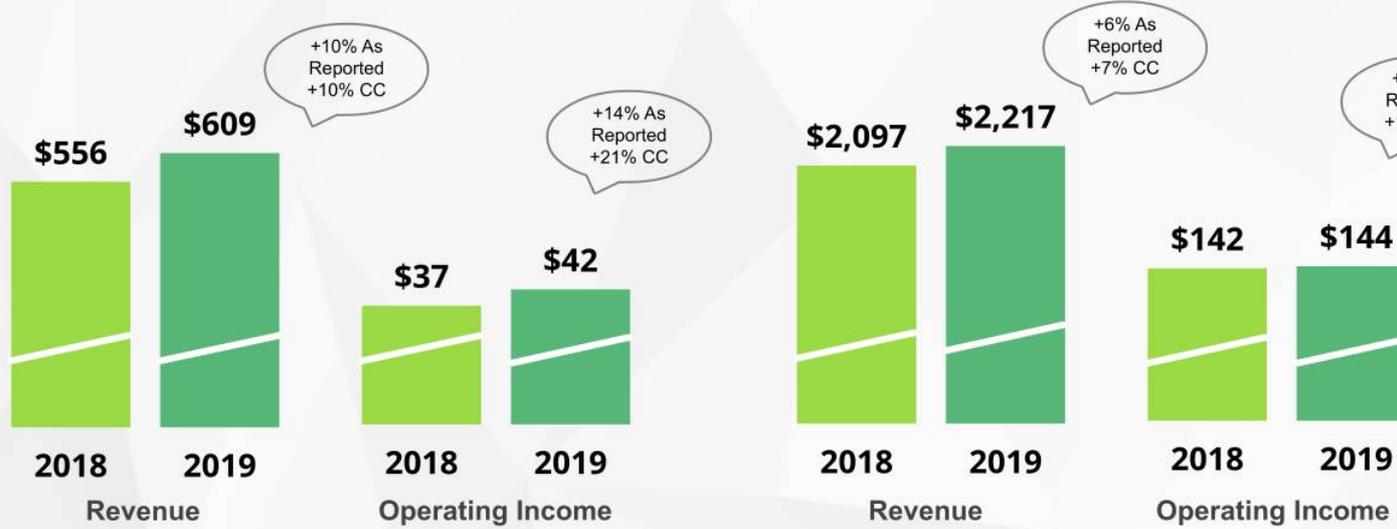
- Revenue up 13% CC driven by a 33% CC growth in ATM revenue due to higher backlog conversion and higher ATM-related software as well as growth in services revenue
- Operating Income up 31% CC driven by higher volume and a favorable mix of revenue with improved hardware profitability

RETAIL

\$ in millions

Fourth Quarter

Full Year



2019 Key Highlights

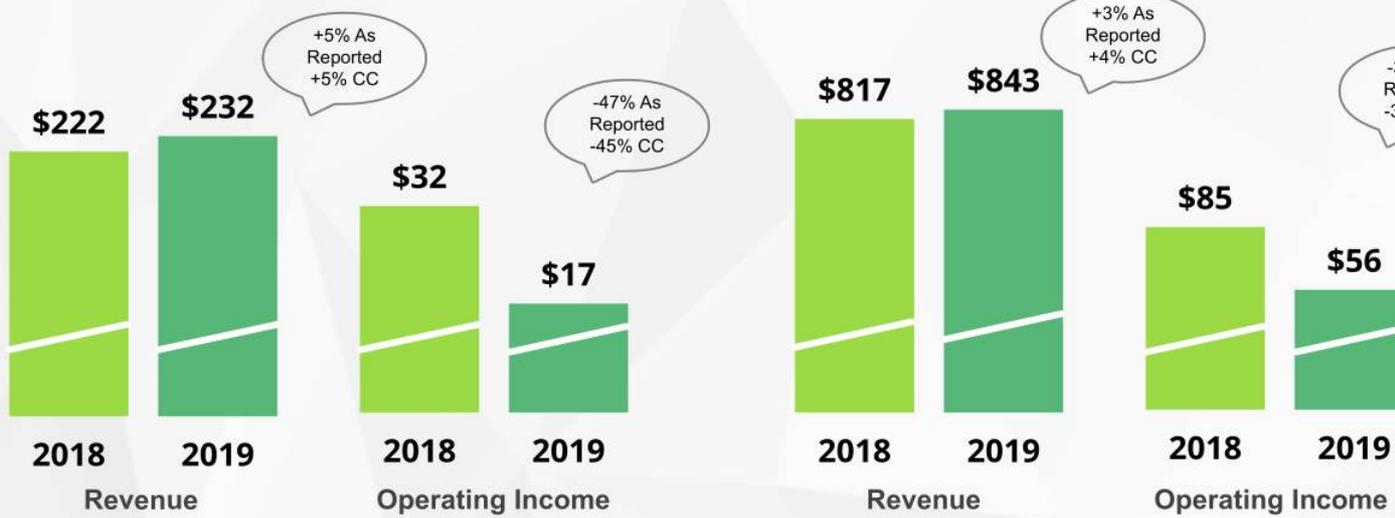
- Revenue up 7% CC driven by increase in payments, self-checkout and services revenue
- Operating Income up 11% CC driven by higher software and services revenue and improved hardware profitability

HOSPITALITY

\$ in millions

Fourth Quarter

Full Year



2019 Key Highlights

- Revenue up 4% CC driven by increase in cloud, payments and point-of-sale revenue
- Operating Income down 34% CC driven by several large customer installations in the prior year and increased investment in services support and payments

FY 19 SUPPLEMENTAL REVENUE

\$ in millions

	FY 2019	FY 2018	% Change	% Change CC
Software	\$2,008	\$1,912	5%	6%
Services	\$2,520	\$2,460	2%	5%
Hardware	\$2,387	\$2,033	17%	20%
<i>ATM</i>	<i>\$1,263</i>	<i>\$979</i>	<i>29%</i>	<i>33%</i>
<i>SCO/POS</i>	<i>\$1,124</i>	<i>\$1,054</i>	<i>7%</i>	<i>8%</i>
Total Revenue	\$6,915	\$6,405	8%	10%
Recurring Revenue	\$3,145	\$2,970	6%	8%

2019 Key Highlights

- Software growth of 6% CC driven by an increase in cloud, payments and professional services revenue
- Services growth of 5% CC driven by an increase in hardware sales and managed services offerings
- Hardware growth of 20% CC driven by 33% CC growth in ATM revenue and 8% CC growth in SCO/POS revenue

FREE CASH FLOW, NET DEBT & EBITDA

\$ in millions

Free Cash Flow	FY 2019	FY 2018
Cash provided by Operating Activities	\$628	\$572
Total capital expenditures	(\$329)	(\$313)
Cash used in Discontinued Operations	(\$24)	(\$36)
Free Cash Flow	\$275	\$223

Net Debt & EBITDA	Q4 2019	Q3 2019	Q4 2018
Debt	\$3,559	\$3,630	\$3,165
Cash	(\$509)	(\$388)	(\$464)
Net Debt	\$3,050	\$3,242	\$2,701
Adjusted EBITDA LTM	\$1,058	\$1,045	\$957
Net Debt / Adjusted EBITDA	2.9x	3.1x	2.8x

2019 PRODUCTIVITY INITIATIVES

- Manufacturing transformation largely complete
 - Improved product delivery performance
 - Significant progress to hardware profitability
- Completed \$100M spend optimization program
 - Maintained Opex / Revenue percentage flat offsetting higher real estate and employee-related costs
- Services Transformation
 - Focus on improving customer experience
 - Investments in parts and additional technicians

STRATEGY ACTIVATION

- Shift to recurring
 - Organization design
 - Targeted business processes
- Driving efficiencies as we evolve to NCR-as-a-Service
 - \$90M annualized run-rate saving by year-end 2020
 - \$40M realized savings in 2020

2020 GUIDANCE - AS REPORTED

\$ in millions, except per share amounts

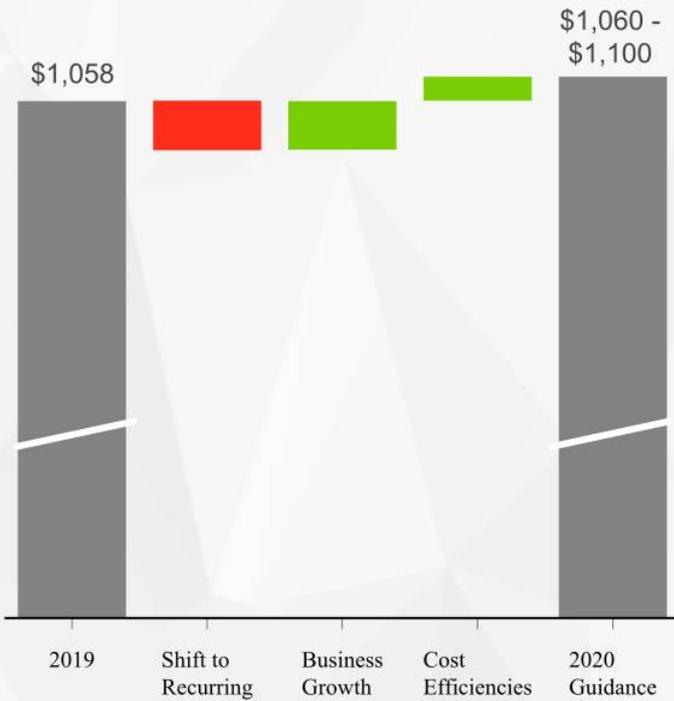
	Guidance
Revenue Growth	0% - 1%
Adjusted EBITDA	\$1,060 - \$1,100
Non-GAAP Diluted EPS ⁽¹⁾	\$2.75 - \$2.85
Cash Flow from Operations	\$640 - \$735
Free Cash Flow	\$250 - \$300

⁽¹⁾ For FY 2020, we have assumed an effective tax rate of 23% to 24% and a share count of 147 million compared to an effective tax rate of 21% and a share count of 150.6 million in 2019.

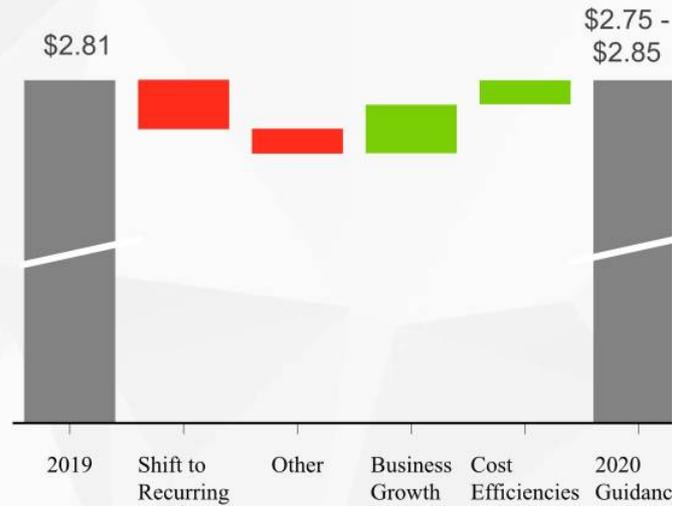
2020 EARNINGS BRIDGES

\$ in millions, except per share amounts

Adjusted EBITDA



Non-GAAP EPS



* See NCR's definition of Recurring Revenue on slide 3

NCR LONG-TERM VALUE CREATION STRATEGY

NEAR TERM:
1-3% Growth

NCR AS-A-SERVICE
80/60/20

FUTURE:
3-5% Growth

SHIFT THE MIX

Software & Services 65% to **80%**
Recurring Revenue 45% to **60%**

MARGIN EXPANSION

Business Mix Shift, Efficiencies, Pricing Discipline
EBITDA Margin 15.3% to **20%**

CAPITAL ALLOCATION

Operating Cash Flow \$600M - \$900M / year, CapEx \$250M - \$300M / year
Limit Stock Dilution, M&A \$300M-\$400M / year



SUPPLEMENTARY MATERIALS

Q4 & FY 2019 GAAP RESULTS

\$ in millions, except per share amounts

	Q4 2019	Q4 2018	% Change As Reported	FY 2019	FY 2018	% Change As Reported
Revenue	\$1,886	\$1,801	5%	\$6,915	\$6,405	8%
Gross Margin	532	442	20%	1,921	1,675	14%
Gross Margin Rate	28.2%	24.5%		27.8%	26.2%	
Operating Expenses	350	379	(8)%	1,310	1,484	(11)%
% of Revenue	18.6%	21.0%		18.9%	23.2%	
Operating Income	182	63	Fav	611	191	Fav
% of Revenue	9.7%	3.5%		8.8%	3.0%	
Interest and other expense	(99)	(3)	Fav	(270)	(152)	Fav
Income Tax Expense (Benefit)	(301)	93	Fav	(273)	73	Fav
Effective Income Tax Rate	(362.7)%	155.0%		(80.1)%	187.2%	
Net Income from Continuing Operations (attributable to NCR)	\$384	(\$33)	Fav	\$614	(\$36)	Fav
Diluted EPS	\$2.67	(\$0.39)	Fav	\$3.71	(\$0.72)	Fav

FAV denotes percent change greater than

Q4 & FY 2019 OPERATIONAL RESULTS

\$ in millions, except per share amounts

	Q4 2019	Q4 2018	% Change As Reported	% Change Constant Currency	FY 2019	FY 2018	% Change As Reported	% C Cor Cur
Revenue	\$1,886	\$1,801	5%	6%	\$6,915	\$6,405	8%	1
Gross Margin (non-GAAP)	541	495	9%	12%	1,966	1,800	9%	1
Gross Margin Rate (non-GAAP)	28.7%	27.5%	120 bps	160 bps	28.4%	28.1%	30 bps	60
Operating Expenses (non-GAAP)	324	281	15%	16%	\$1,208	\$1,112	9%	1
% of Revenue	17.2%	15.6%	160bps	160bps	17.5%	17.4%	10 bps	10
Operating Income (non-GAAP)	217	214	1%	6%	758	688	10%	1
% of Revenue	11.5%	11.9%	(40)bps	—bps	11.0%	10.7%	30 bps	60
Interest and other expense (non-GAAP)	(60)	(48)	25%	25%	(225)	(197)	(14%)	(1
Income Tax Expense (non-GAAP)	34	40	(15)%	(13)%	110	94	17%	1
Effective Income Tax Rate (non-GAAP)	21.7%	24.1%			20.6%	19.1%		
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	123	126	(2)%	4%	423	394	7%	1
Diluted EPS (non-GAAP)	\$0.85	\$0.84	1%	6%	\$2.81	\$2.62	7%	1

NON-GAAP MEASURES

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

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

Free Cash Flow. NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, additions to capitalized software, discretionary pension contributions and pension settlements. NCR's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is used to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for, among other things, investment in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repayment of the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. Free cash flow does not have a uniform definition under GAAP and, therefore, NCR's definition may differ from other companies' definition of this measure.

NON-GAAP MEASURES

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

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

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

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

NON-GAAP MEASURES

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.

With respect to our non-GAAP diluted earnings per share and Adjusted EBITDA guidance, we are no longer providing a reconciliation to the respective GAAP measures because we are unable to predict with reasonable certainty the reconciling items that may affect GAAP net income from continuing operations and GAAP earnings per share without unreasonable effort. The reconciling items are primarily the future impact of special tax items, capital structure transactions, restructuring, pension mark-to-market transactions, acquisitions or divestitures, or other events. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures. Refer to the heading "Non-GAAP Financial Measures" for additional information regarding our use of non-GAAP financial measures.

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

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

	Q4 2019 LTM	Q3 2019 LTM	Q4 2018 LTM	Q4 2019	Q4 2018
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ 614	\$ 197	\$ (36)	\$ 384	\$ 299
Pension Mark-to-Market Adjustments	75	(45)	(45)	75	75
Transformation & Restructuring Costs	58	172	223	11	11
Acquisition-Related Amortization of Intangibles	86	85	85	22	22
Acquisition-Related Costs	3	6	6	2	2
Long-lived and Intangible Asset Impairment Charges	—	—	183	—	—
Internal reorganization & IP Transfer	(37)	—	—	(37)	(37)
Interest Expense	197	186	168	54	54
Interest Income	(4)	(5)	(5)	(1)	(1)
Depreciation and Amortization	232	235	241	59	59
Income Taxes	(273)	121	73	(301)	(301)
Stock Compensation Expense	107	93	64	31	31
Adjusted EBITDA (non-GAAP)	\$ 1,058	\$ 1,045	\$ 957	\$ 299	\$ 299

GAAP TO NON-GAAP RECONCILIATION

Q4 2019

\$ in millions, except per share amounts

	Q4 QTD 2019 GAAP	Transformation & Restructuring costs	Acquisition- related amortization of intangibles	Acquisition - related costs	Debt Refinancing	VA Release & Other	Int Reorg & IP Transfer	Pension mark-to- market adjustments
Product revenue	\$766	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Service revenue	1,120	—	—	—	—	—	—	—
Total revenue	1,886	—	—	—	—	—	—	—
Cost of products	599	—	(3)	—	—	—	—	—
Cost of services	755	(2)	(4)	—	—	—	—	—
Gross margin	532	2	7	—	—	—	—	—
<i>Gross margin rate</i>	28.2%	<i>0.1%</i>	<i>0.4%</i>	—%	—%	—%	—%	—%
Selling, general and administrative expenses	276	(6)	(15)	(2)	—	—	—	—
Research and development	74	(3)	—	—	—	—	—	—
Total operating expenses	350	(9)	(15)	(2)	—	—	—	—
<i>Total operating expense as a % of revenue</i>	18.6%	<i>(0.5)%</i>	<i>(0.8)%</i>	<i>(0.1)%</i>	—%	—%	—%	—%
Income from operations	182	11	22	2	—	—	—	—
<i>Income from operations as a % of revenue</i>	9.7%	<i>0.6%</i>	<i>1.1%</i>	<i>0.1%</i>	—%	—%	—%	—%
Interest and Other (expense)	(99)	—	—	—	1	—	(37)	75
Income from continuing operations before income taxes	83	11	22	2	1	—	(37)	75
Income tax (benefit) expense	(301)	3	5	—	1	53	264	9
<i>Effective income tax rate</i>	(362.7)%							
Income from continuing operations	384	8	17	2	—	(53)	(301)	66
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Income from continuing operations (attributable to NCR)	\$384	\$8	\$17	\$2	\$—	(\$53)	(\$301)	\$66
Diluted earnings per share	\$2.67	\$0.06	\$0.12	\$0.01	\$—	(\$0.37)	(\$2.09)	\$0.46
Diluted shares outstanding	143.9							

GAAP TO NON-GAAP RECONCILIATION

Q4 2019

\$ in millions, except per share amounts

	Q4 QTD 2019 GAAP	Q4 QTD 2019 non-GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$384	\$123
Dividends on convertible preferred shares	—	—
Income from continuing operations attributable to NCR common stockholders	\$384	\$123
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	130.7	130.7
Weighted as-if converted preferred shares	13.2	13.2
Total shares used in diluted earnings per share	143.9	143.9
Diluted earnings per share ⁽¹⁾	\$2.67	\$0.85

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends or deemed 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 2018

\$ in millions, except per share amounts

	Q4 QTD 2018 GAAP	Transformation & Restructuring Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Impact of U.S. Tax Reform	Pension mark- to-market adjustments	G
Product revenue	\$756	\$—	\$—	\$—	\$—	\$—	
Service revenue	1,045	—	—	—	—	—	
Total revenue	1,801	—	—	—	—	—	
Cost of products	644	(19)	(1)	—	—	—	
Cost of services	715	(29)	(4)	—	—	—	
Gross margin	442	48	5	—	—	—	
<i>Gross margin rate</i>	24.5%	2.7%	0.3%	—%	—%	—%	
Selling, general and administrative expenses	273	(29)	(16)	(5)	—	—	
Research and development expenses	62	(4)	—	—	—	—	
Asset impairment charges	44	(44)	—	—	—	—	
Total expenses	379	(77)	(16)	(5)	—	—	
<i>Total expense as a % of revenue</i>	21.0%	(4.2)%	(0.9)%	(0.3)%	—%	—%	
Income from operations	63	125	21	5	—	—	
Income from operations as a % of revenue	3.5%	6.9%	1.2%	0.3%	—%	—%	
Interest and Other (expense) income, net	(3)	—	—	—	—	(45)	
Income from continuing operations before income taxes	60	125	21	5	—	(45)	
Income tax expense	93	29	3	1	(85)	(1)	
<i>Effective income tax rate</i>	155.0%						
Income from continuing operations	(33)	96	18	4	85	(44)	
Net income attributable to noncontrolling interests	—	—	—	—	—	—	
Income from continuing operations (attributable to NCR)	(\$33)	\$96	\$18	\$4	\$85	(\$44)	
Diluted (loss) earnings per share	(\$0.39)	\$0.64	\$0.12	\$0.03	\$0.57	(\$0.29)	
Diluted shares outstanding	118.6						

GAAP TO NON-GAAP RECONCILIATION

Q4 2018

\$ in millions, except per share amounts

	Q4 QTD 2018 GAAP	Q4 QTD 2018 non-GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	(\$33)	\$126
Dividends on convertible preferred shares	(13)	—
Income from continuing operations attributable to NCR common stockholders	(\$46)	\$126
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	118.6	121.1
Weighted as-if converted preferred shares	—	28.8
Total shares used in diluted earnings per share	118.6	149.9
Diluted earnings per share ⁽¹⁾	(\$0.39)	\$0.84

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends or deemed 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 2019

\$ in millions, except per share amounts

	FY 2019 GAAP	FY 2019 non-GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$614	\$423
Dividends on convertible preferred shares	(\$76)	\$—
Income from continuing operations attributable to NCR common stockholders	\$538	\$423
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	125.7	125.7
Weighted as-if converted preferred shares	19.5	24.9
Total shares used in diluted earnings per share	145.2	150.6
Diluted earnings per share ⁽¹⁾	\$3.71	\$2.81

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends or deemed 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 2018

\$ in millions, except per share amounts

	FY 2018 GAAP	Transformation & Restructuring costs	Goodwill & Long-lived Asset Impairments	Acquisition- related amortization of intangibles	Acquisition- related costs	Impact of U.S. Tax Reform	Pension mark-to- market adjustments	FY 2018
Product revenue	\$2,341	\$—	\$—	\$—	\$—	\$—	\$—	\$
Service revenue	4,064	—	—	—	—	—	—	4
Total revenue	6,405	—	—	—	—	—	—	6
Cost of products	1,988	(59)	—	(10)	—	—	—	1
Cost of services	2,742	(43)	—	(13)	—	—	—	2
Gross margin	1,675	102	—	23	—	—	—	1
<i>Gross margin rate</i>	<i>26.2%</i>	<i>1.5%</i>	<i>—%</i>	<i>0.4%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>2</i>
Selling, general and administrative expenses	1,005	(67)	—	(62)	(6)	—	—	
Research and development expenses	252	(10)	—	—	—	—	—	
Asset impairment charges	227	(44)	(183)	—	—	—	—	
Total operating expenses	1,484	(121)	(183)	(62)	(6)	—	—	1
<i>Total operating expense as a % of</i>	<i>23.2%</i>	<i>(1.9)%</i>	<i>(2.8)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>—%</i>	<i>1</i>
Income from operations	191	223	183	85	6	—	—	1
<i>Income from operations as a % of</i>	<i>3.0%</i>	<i>3.4%</i>	<i>2.9%</i>	<i>1.3%</i>	<i>0.1%</i>	<i>—%</i>	<i>—%</i>	<i>1</i>
Interest and Other (expense) income,	(152)	—	—	—	—	—	(45)	(
Income from continuing operations before income taxes	39	223	183	85	6	—	(45)	
Income tax (benefit) expense	73	41	8	17	1	(45)	(1)	
<i>Effective income tax rate</i>	<i>187.2%</i>							<i>1</i>
Income from continuing operations	(34)	182	175	68	5	45	(44)	
Net income (loss) attributable to noncontrolling interests	2	—	1	—	—	—	—	
Income from continuing operations (attributable to NCR)	(\$36)	\$182	\$174	\$68	\$5	\$45	(\$44)	
Diluted earnings per share	(\$0.72)	\$1.21	\$1.16	\$0.45	\$0.03	\$0.30	(\$0.29)	\$
Diluted shares outstanding	118.4							1

GAAP TO NON-GAAP RECONCILIATION

FY 2018

\$ in millions, except per share amounts

	FY 2018 GAAP	FY 2018 non-GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	(\$36)	\$394
Dividends on convertible preferred shares	(\$49)	\$—
Income from continuing operations attributable to NCR common stockholders	(\$85)	\$394
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	118.4	121.9
Weighted as-if converted preferred shares	—	28.3
Total shares used in diluted earnings per share	118.4	150.2
Diluted earnings per share ⁽¹⁾	(\$0.72)	\$2.62

⁽¹⁾ GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends or deemed 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 & FY 2019

\$ in millions

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

	Q4 2019	FY 2019
	Operating Income	Operating Income
Banking	\$144	\$514
Retail	42	144
Hospitality	17	56
Other	14	44
Total Operating Income (non-GAAP)	217	758
Less:		
Transformation and restructuring costs	11	58
Acquisition-related amortization of intangibles	22	86
Acquisition-related costs	2	3
Total Operating Income (GAAP)	\$182	\$611

GAAP TO NON-GAAP RECONCILIATION

Q4 & FY 2018

\$ in millions

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

	Q4 2018	FY 2018
	Operating Income	Operating Income
Banking	\$132	\$412
Retail	37	142
Hospitality	32	85
Other	13	49
Total Operating Income (non-GAAP)	214	688
Less:		
Transformation and restructuring costs	125	223
Asset impairment charges	—	183
Acquisition-related amortization of intangibles	21	85
Acquisition-related costs	5	6
Total Operating Income (GAAP)	\$63	\$191

GAAP TO NON-GAAP RECONCILIATION

Q4 & FY 2019

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

	Q4 2019			FY 2019		
	Revenue Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non-GAAP)	Revenue Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non-GAAP)
Banking	—%	(2%)	2%	10%	(3%)	13%
Retail	10%	—%	10%	6%	(1%)	7%
Hospitality	5%	—%	5%	3%	(1%)	4%
Other	25%	—%	25%	11%	(2%)	13%
Total Revenue	5%	(1)%	6%	8%	(2)%	10%

GAAP TO NON-GAAP RECONCILIATION

Q4 2019

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

	Q4 2019		
	Revenue Growth % Reported	Favorable (unfavorable) FX impact	Constant Current Revenue Growth % (GAAP)
Software	5%	(1%)	6%
Services	2%	(3%)	5%
Hardware	17%	(3%)	20%
ATM	29%	(4%)	33%
SCO/POS	7%	(1%)	8%
Total Revenue	8%	(2%)	10%
Recurring Revenue	6%	(2%)	8%

GAAP TO NON-GAAP RECONCILIATION

Q4 & FY 2019

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

	Q4 2019			FY 2019		
	Operating Income Growth % (GAAP)	Favorable (unfavorable) FX impact	Operating Income Growth % (non-GAAP)	Operating Income Growth % (GAAP)	Favorable (unfavorable) FX impact	Operating Income % (non- GAAP)
Banking	9%	(5%)	14%	25%	(6%)	33%
Retail	14%	(7%)	21%	1%	(10%)	11%
Hospitality	(47%)	(2%)	(45%)	(34%)	—%	(34%)
Other	8%	—%	8%	(10%)	—%	(10%)
Total Operating Income	1%	(5)%	6%	10%	(6)%	16%

GAAP TO NON-GAAP RECONCILIATION

Q4 2019

Q4 Operational Results	% Change As Reported	Favorable (unfavorable) FX impact	% Change Constant Currency
Revenue	5%	(1%)	6%
Gross Margin (non-GAAP)	9%	(3)%	12%
Gross Margin Rate (non-GAAP)	120 bps	(40 bps)	160 bps
Operating Expenses (non-GAAP)	15%	(1%)	16%
% of Revenue	160 bps	— bps	160 bps
Operating Income (non-GAAP)	1%	(5%)	6%
% of Revenue	(40)bps	(40)bps	—bps
Interest and other expense (non-GAAP)	25%	—%	25%
Income Tax Expense (non-GAAP)	(15)%	(2)%	(13)%
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	(2)%	(6)%	4%
Diluted EPS (non-GAAP)	1%	(5%)	6%

GAAP TO NON-GAAP RECONCILIATION

Q4 2019

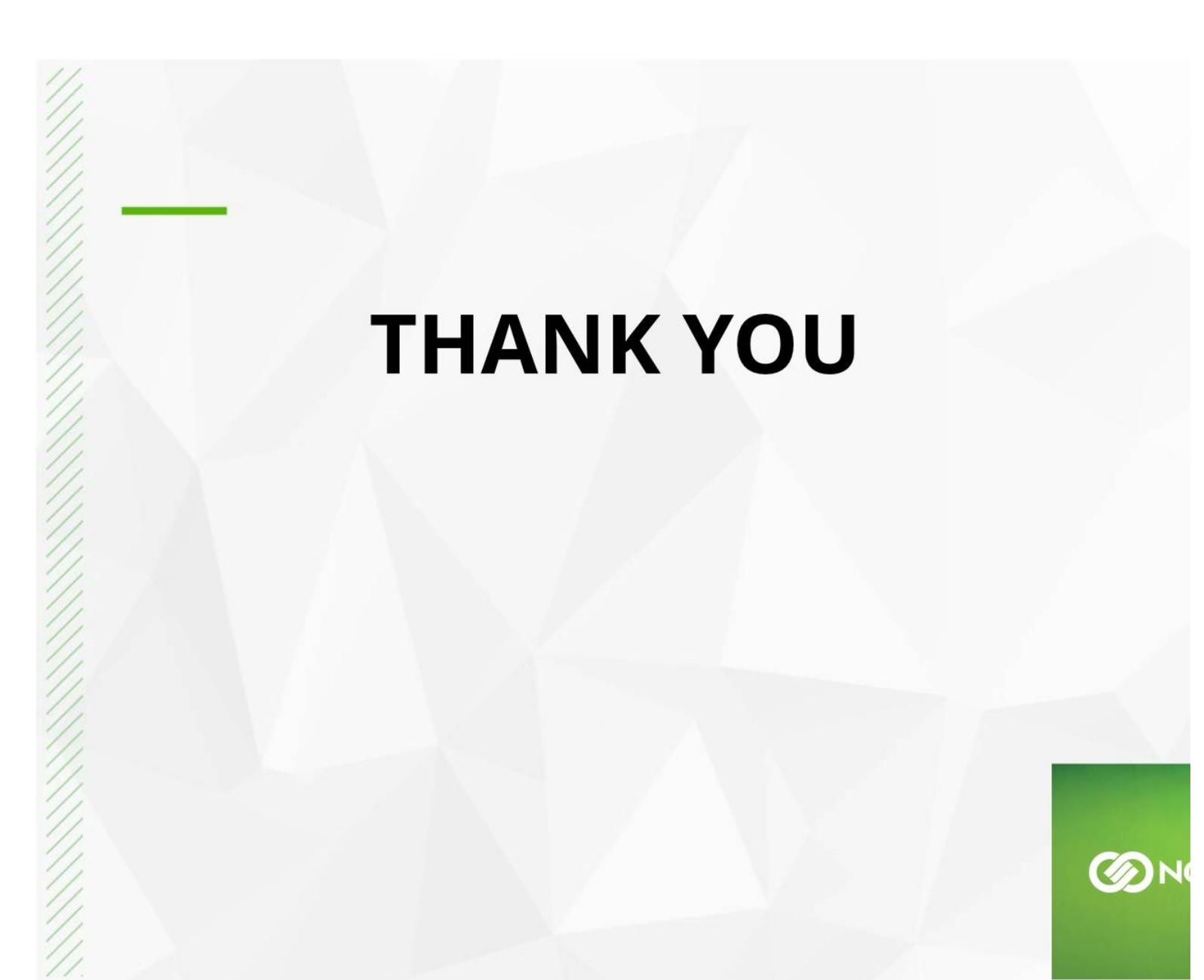
FY19 Operational Results	% Change As Reported	Favorable (unfavorable) FX impact	% Change Constant Currency
Revenue	8%	(2%)	10%
Gross Margin (non-GAAP)	9%	(3)%	12%
Gross Margin Rate (non-GAAP)	30 bps	(30 bps)	60 bps
Operating Expenses (non-GAAP)	9%	(1%)	10%
% of Revenue	10 bps	— bps	10 bps
Operating Income (non-GAAP)	10%	(6%)	16%
% of Revenue	30 bps	(30) bps	60 bps
Interest and other expense (non-GAAP)	14%	—%	14%
Income Tax Expense (non-GAAP)	17%	1%	16%
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	7%	(11)%	18%
Diluted EPS (non-GAAP)	7%	(7%)	14%

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

Free Cash Flow

	2020 Guidance
Cash Provided by Operating Activities	\$640 - \$735
Less: Total capital expenditures	\$350 - \$375
Less: Cash used in Discontinued Operations	\$40 - \$60
Free Cash Flow	\$250 - \$300



THANK YOU



