

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): November 7, 2019



NCR CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

Maryland
(State or other jurisdiction of
incorporation or organization)

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

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

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

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

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

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

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 November 7, 2019, the Company issued a press release setting forth its third quarter 2019 financial results and fiscal year 2019 financial outlook. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On November 7, 2019, the Company will hold its previously announced conference call to discuss its third quarter 2019 results and fiscal year 2019 financial outlook. A copy of supplementary materials that will be referred to in the conference call, and which were posted to the Company's website, is attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

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

Exhibit No.	Description
99.1	Press Release issued by the Company, dated November 7, 2019
99.2	Supplemental materials, dated November 7, 2019
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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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: November 7, 2019



November 7, 2019

NCR Announces Third Quarter 2019 Results

ATLANTA - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended September 30, 2019. Third quarter and other recent highlights include:

- **Revenue of \$1.78 billion, up 15% as reported and up 17% constant currency**
- **Banking revenue up 18% as reported**
- **Net income from continuing operations of \$105 million; Adjusted EBITDA of \$278 million**
- **GAAP diluted EPS of \$0.21; Non-GAAP diluted EPS of \$0.73**
- **Simplified capital structure with debt refinancing and retirement of Blackstone preferred shares**
- **2019 revenue guidance raised; EPS and cash flow guidance reaffirmed**

"The third quarter marked a continuation of our improved execution and we are increasing our revenue outlook for the full year," said Michael Hayford, President and Chief Executive Officer. "Our results were driven by diversified revenue growth, including double digit gains across all of our business segments. During the quarter, we further advanced our strategic growth platforms and the initial customer reaction to our subscription offerings has been positive. At the same time, we took multiple strategic steps to simplify our capital structure and increase our financial flexibility. We entered the fourth quarter with momentum across our business and a clear commitment to executing our recurring revenue strategy and driving accelerated growth."

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.

Third Quarter 2019 Operating Results

Revenue

Third quarter revenue of \$1,783 million was up 15% year-over-year. Foreign currency fluctuations had an unfavorable impact on the revenue comparison of 2%. The following table shows revenue for the third quarter:

\$ in millions	Q3 2019	Q3 2018	% Change	% Change Constant Currency
Banking	\$ 942	\$ 795	18%	21%
Retail	539	483	12%	13%
Hospitality	216	193	12%	13%
Other	86	79	9%	10%
Total Revenue	\$ 1,783	\$ 1,550	15%	17%
Software	\$ 512	\$ 480	7%	7%
Services	640	616	4%	6%
Hardware	631	454	39%	42%
ATM	368	237	55%	60%
SCO/POS	263	217	21%	22%
Total Revenue	\$ 1,783	\$ 1,550	15%	17%

Banking revenue increased 18% due to 55% growth in ATM hardware revenue driven by higher backlog conversion as well as growth in ATM-related software and services revenue. The revenue growth was mainly driven by strength in the Americas and Europe. Foreign currency fluctuations had an unfavorable impact of 3% on the revenue comparison.

Retail revenue increased 12% driven by growth in payments, self-checkout and services revenue. Foreign currency fluctuations had an unfavorable impact of 1% on the revenue comparison.

Hospitality revenue increased 12% driven by higher cloud, payments and point-of-sale revenue. Foreign currency fluctuations had an unfavorable impact of 1% on the revenue comparison.

Gross Margin

Third quarter gross margin of \$507 million increased from \$410 million in the prior year period. Gross margin rate was 28.4%, up from 26.5%. Third quarter gross margin (non-GAAP) of \$513 million increased from \$425 million in the prior year period. Gross margin rate (non-GAAP) was 28.8%, up from 27.4%. The increases in gross margin rate were due to growth in all segments primarily driven by improved hardware profitability.

Expenses

Third quarter operating expenses of \$335 million increased from \$285 million in the prior year period. Third quarter operating expenses (non-GAAP) of \$311 million increased from \$264 million in the prior year period. The increases in operating expenses were primarily due to higher employee-related and real estate costs.

Operating Income

Third quarter income from operations of \$172 million increased from income from operations of \$125 million in the prior year period. Third quarter operating income (non-GAAP) of \$202 million increased from \$161 million in the prior year period.

Other (Expense)

Third quarter other (expense) of \$64 million increased from \$53 million in the prior year period. Third quarter other (expense) includes a \$6 million non-cash charge related to debt refinancing transactions completed in the current quarter. Third quarter other (expense) (non-GAAP) of \$58 million increased from \$53 million in the prior year period. The increases were due to higher interest expense.

Income Tax Expense (Benefit)

Third quarter income tax expense of \$4 million increased from income tax benefit of \$15 million in the prior year period. The third quarter effective income tax rate was 4% compared to (21)% in the prior year period. The change in the third quarter income tax was driven by lower discrete benefits in the current year. The three months ended September 30, 2018 included discrete benefits related to the impact of U.S. tax reform and tax restructuring transactions, whereas, the three months ended September 30, 2019, mainly included the release of a \$25 million valuation allowance.

Third quarter income tax expense (non-GAAP) of \$34 million increased from \$20 million in the prior year period. The third quarter effective income tax rate (non-GAAP) was 24% compared to 19% in the prior year period. The increase in income tax expense (non-GAAP) was primarily due to higher income before taxes in the quarter as well as the impact of the tax restructuring transactions in the prior year.

Net Income from Continuing Operations Attributable to NCR

Third quarter net income from continuing operations attributable to NCR of \$105 million increased from net income from continuing operations of \$85 million in the prior year period. Third quarter net income from continuing operations attributable to NCR (non-GAAP) of \$111 million increased from \$86 million in the prior year period.

Cash Flow

Third quarter cash provided by operating activities of \$155 million increased from cash provided by operating activities of \$68 million in the prior year period. Free cash flow was \$57 million in the third quarter of 2019 as compared to free cash use of \$22 million in the third quarter of 2018 driven by increased earnings and improvements in working capital.

Restructuring and Transformation Initiatives

Our previously announced transformation and restructuring initiatives continue to progress. We are executing our spend optimization program to drive cost savings through operational efficiencies to generate at least \$100 million of savings in 2019. This initiative will create efficiencies in our corporate functions, reduce spend in the non-strategic areas and limit discretionary spending. The benefits generated from the spend optimization program will largely offset higher real estate and people costs incurred in 2019. We incurred a pre-tax charge of \$47 million in the first three quarters of 2019 with a cash impact of \$36 million. In 2019, for all initiatives, we expect to incur a pre-tax charge of \$60 million and a cash impact of \$70 million to \$80 million.

Full Year 2019 Outlook

We are raising our 2019 revenue guidance and reaffirming our 2019 earnings and cash flow guidance. Our revenue growth is now expected to be approximately 5% to 6% (previous guidance 3% to 4%). Our non-GAAP diluted earnings per share guidance remains \$2.75 to \$2.85. Non-GAAP diluted earnings per share guidance assumes an effective tax rate of 23% to 24% for 2019 compared to 19% in 2018. Our adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) remains \$1.04 billion to \$1.08 billion. Additionally, we expect cash flow from operations to be \$705 million to \$730 million and free cash flow to be \$300 million to \$350 million.

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.

2019 Third Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (ET) to discuss the third quarter 2019 results and guidance for full year 2019. Access to the conference call and accompanying slides, as well as a replay of the call, are available on NCR's web site at <http://investor.ncr.com/>. Additionally, the live call can be accessed by dialing 888-820-9413 (United States/Canada Toll-free) or 786-460-7169 (International Toll) and entering the participant passcode 6653836.

More information on NCR's Q3 2019 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

About NCR Corporation

NCR Corporation (NYSE: NCR) is a leading software- and services-led enterprise provider in the financial, retail, hospitality, telecom and technology industries. NCR is headquartered in Atlanta, Ga., with 34,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries.

Website: www.ncr.com

Twitter: @NCRCorporation

Facebook: www.facebook.com/ncrcorp

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

YouTube: www.youtube.com/user/ncrcorporation

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Note to Investors This release contains forward-looking statements. Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “plan,” “believe,” “will,” “should,” “would,” “could,” and words of similar meaning. Statements that describe or relate to NCR’s plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in this release include statements about

NCR’s financial guidance and outlook (including the section entitled “Full Year 2019 Outlook” and the 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; NCR’s focus on strategic growth platforms; expected results and impact of its spend optimization program in 2019; NCR’s expected areas of focus to drive growth and create long-term stockholder value; NCR’s expected free cash flow generation and capital allocation strategy; earnings per share; the effective tax rate in 2019; and the expected impact of NCR’s previously announced restructuring and transformation activities, including expected pre-tax charges. 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; domestic and global economic and credit conditions including, in particular, those resulting from the imposition or threat of protectionist trade policies or import or export tariffs, global and regional market conditions and spending trends in the financial services and retail industries, new comprehensive U.S. tax legislation, modified or new global or regional trade agreements, the determination by the United Kingdom to exit the European Union, uncertainty over further potential changes in Eurozone participation and fluctuations in oil and commodity prices; the 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 Emerging Industries; 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, including those in our Hardware segment; 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 2019 Outlook' heading above.

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

\$ in millions	Q3 2019		Q3 2018	
Gross Margin (GAAP)	\$	507	\$	410
Transformation and restructuring costs		1		9
Acquisition-related amortization of intangibles		5		6
Gross Margin (Non-GAAP)	\$	513	\$	425

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

	Q3 2019		Q3 2018	
Gross Margin Rate (GAAP)		28.4%		26.5%
Transformation and restructuring costs		0.1%		0.5%
Acquisition-related amortization of intangibles		0.3%		0.4%
Gross Margin Rate (Non-GAAP)		28.8%		27.4%

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

\$ in millions	Q3 2019		Q3 2018	
Operating Expenses (GAAP)	\$	335	\$	285
Transformation and restructuring costs		(6)		(7)
Acquisition-related amortization of intangibles		(17)		(14)
Acquisition-related costs		(1)		—
Operating Expenses (Non-GAAP)	\$	311	\$	264

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

\$ in millions	Q3 2019		Q3 2018	
Income (Loss) from Operations (GAAP)	\$	172	\$	125
Transformation and restructuring costs		7		16
Acquisition-related amortization of intangibles		22		20
Acquisition-related costs		1		—
Operating Income (Non-GAAP)	\$	202	\$	161

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

\$ in millions	Q3 2019		Q3 2018	
Income (Loss) from Operations (GAAP)	\$	(64)	\$	(53)
Debt Refinancing		6		—
Operating Income (Non-GAAP)	\$	(58)	\$	(53)

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

\$ in millions	Q3 2019		Q3 2018	
Income Tax (Benefit) Expense (GAAP)	\$	4	\$	(15)
Transformation and restructuring costs		2		(8)
Acquisition-related amortization of intangibles		4		5
Acquisition-related costs		(2)		—
Impact of U.S. tax reform		—		38
Debt Refinancing		1		—
Valuation Allowance Release		25		—
Income Tax Expense (Non-GAAP)	\$	34	\$	20

**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 2019	Q3 2018
Net Income (Loss) from Continuing Operations Attributable to NCR (GAAP)	\$ 105	\$ 85
Transformation and restructuring costs	5	24
Acquisition-related amortization of intangibles	18	15
Acquisition-related costs	3	—
Impact of U.S. tax reform	—	(38)
Debt Refinancing	5	—
Valuation Allowance Release	(25)	—
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$ 111	\$ 86

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

	Q3 2019 Actual	Q3 2018 Actual
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ 0.21	\$ 0.57
Transformation & restructuring costs	0.03	0.16
Goodwill & long-lived asset impairment charges	—	—
Acquisition-related amortization of intangibles	0.12	0.10
Acquisition-related costs	0.02	—
Impact of U.S. tax reform	—	(0.25)
Debt Refinancing	0.03	—
Valuation Allowance Release	(0.17)	—
Diluted Earnings Per Share (non-GAAP) ⁽¹⁾	\$ 0.73	\$ 0.58

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

\$ in millions	Q3 2019 Actual
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$ 105
Transformation and restructuring costs	7
Acquisition-related amortization of intangibles	22
Acquisition-related costs	1
Interest, net	52
Taxes	4
Depreciation & Amortization (excluding acquisition-related amortization of intangibles)	59
Stock Compensation	28
Adjusted EBITDA (Non-GAAP)	\$ 278

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

\$ in millions	Q3 2019 QTD	Q3 2018 QTD	2019 Guidance
Net cash used by operating activities	\$ 155	\$ 68	\$705 - \$730
Total capital expenditures	(82)	(78)	(350) - (375)
Net cash used in discontinued operations	(16)	(12)	(30)
Free cash flow	\$ 57	\$ (22)	\$300 - \$350

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

	Three months ended September 30, 2019		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Constant Currency % (non-GAAP)
Banking	18%	(3)%	21%
Retail	12%	(1)%	13%
Hospitality	12%	(1)%	13%
Other	9%	(1)%	10%
Total Revenue	15%	(2)%	17%

	Three months ended September 30, 2019		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	7%	—%	7%
Services	4%	(2)%	6%
Hardware	39%	(3)%	42%
ATM	55%	(5)%	60%
SCO/POS	21%	(1)%	22%
Total Revenue	15%	(2)%	17%

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

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2019	2018	2019	2018
Revenue				
Products	\$ 712	\$ 534	\$ 1,915	\$ 1,585
Services	1,071	1,016	3,114	3,019
Total Revenue	1,783	1,550	5,029	4,604
Cost of products	555	473	1,547	1,344
Cost of services	721	667	2,093	2,027
Total gross margin	507	410	1,389	1,233
<i>% of Revenue</i>	<i>28.4%</i>	<i>26.5%</i>	<i>27.6%</i>	<i>26.8%</i>
Selling, general and administrative expenses	271	226	775	732
Research and development expenses	64	59	185	190
Asset impairment charges	—	—	—	183
Income (loss) from operations	172	125	429	128
<i>% of Revenue</i>	<i>9.6%</i>	<i>8.1%</i>	<i>8.5%</i>	<i>2.8%</i>
Interest expense	(53)	(43)	(143)	(125)
Other expense, net	(11)	(10)	(28)	(24)
Total other expense, net	(64)	(53)	(171)	(149)
Income (loss) from continuing operations before income taxes	108	72	258	(21)
<i>% of Revenue</i>	<i>6.1%</i>	<i>4.6%</i>	<i>5.1%</i>	<i>(0.5)%</i>
Income tax expense (benefit)	4	(15)	28	(20)
Income (loss) from continuing operations	104	87	230	(1)
Loss from discontinued operations, net of tax	(15)	(1)	(15)	(38)
Net income (loss)	89	86	215	(39)
Net income (loss) attributable to noncontrolling interests	(1)	2	—	2
Net income (loss) attributable to NCR	\$ 90	\$ 84	\$ 215	\$ (41)
Amounts attributable to NCR common stockholders:				
Income (loss) from continuing operations	\$ 105	\$ 85	\$ 230	\$ (3)
Dividends on convertible preferred stock	(79)	(12)	(104)	(36)
Income (loss) from continuing operations attributable to NCR common stockholders	26	73	126	(39)
Loss from discontinued operations, net of tax	(15)	(1)	(15)	(38)
Net income (loss) attributable to NCR common stockholders	\$ 11	\$ 72	\$ 111	\$ (77)
Income (loss) per share attributable to NCR common stockholders:				
Income (loss) per common share from continuing operations				
Basic	\$ 0.21	\$ 0.62	\$ 1.05	\$ (0.33)
Diluted ⁽¹⁾	\$ 0.21	\$ 0.57	\$ 1.03	\$ (0.33)
Net income (loss) per common share				
Basic	\$ 0.09	\$ 0.61	\$ 0.92	\$ (0.65)
Diluted ⁽¹⁾	\$ 0.09	\$ 0.56	\$ 0.90	\$ (0.65)
Weighted average common shares outstanding				
Basic	121.4	118.0	120.3	118.4
Diluted ⁽¹⁾	123.4	149.3	122.7	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)

Schedule B

For the Periods Ended September 30

	Three Months				Nine Months			
	2019	2018	% Change	% Change Constant Currency	2019	2018	% Change	% Change Constant Currency
Revenue by segment								
Banking	\$ 942	\$ 795	18%	21%	\$ 2,568	\$ 2,241	15%	18%
Retail	539	483	12%	13%	1,608	1,541	4%	6%
Hospitality	216	193	12%	13%	611	595	3%	4%
Other	86	79	9%	10%	242	227	7%	9%
Total Revenue	\$ 1,783	\$ 1,550	15%	17%	\$ 5,029	\$ 4,604	9%	12%
Operating income by segment								
Banking	\$ 146	\$ 102			\$ 370	\$ 280		
Banking operating income margin %	15.5%	12.8%			14.4%	12.5%		
Retail	36	29			102	105		
Retail operating income margin %	6.7%	6.0%			6.3%	6.8%		
Hospitality	10	15			39	53		
Hospitality operating income margin %	4.6%	7.8%			6.4%	8.9%		
Other	10	15			30	36		
All Other operating income margin %	11.6%	19.0%			12.4%	15.9%		
Subtotal-segment operating income	\$ 202	\$ 161			\$ 541	\$ 474		
Total Revenue operating income margin %	11.3%	10.4%			10.8%	10.3%		
Other adjustments ⁽¹⁾	30	36			112	346		
Total income from operations	\$ 172	\$ 125			\$ 429	\$ 128		

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

For the Periods Ended September 30

In millions	Three Months		Nine Months	
	2019	2018	2019	2018
Transformation and restructuring costs	\$ 7	\$ 16	\$ 47	\$ 98
Asset impairment charges	—	—	—	183
Acquisition-related amortization of intangible assets	22	20	64	64
Acquisition-related costs	1	—	1	1
Total other adjustments	\$ 30	\$ 36	\$ 112	\$ 346

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

	September 30, 2019	June 30, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents	\$ 388	\$ 335	\$ 464
Accounts receivable, net	1,487	1,430	1,356
Inventories	865	868	806
Other current assets	416	402	397
Total current assets	3,156	3,035	3,023
Property, plant and equipment, net	382	372	359
Goodwill	2,754	2,707	2,692
Intangibles, net	549	553	595
Operating lease assets	397	414	—
Prepaid pension cost	153	151	140
Deferred income taxes	488	468	448
Other assets	572	522	504
Total assets	\$ 8,451	\$ 8,222	\$ 7,761
Liabilities and stockholders' equity			
Current liabilities			
Short-term borrowings	\$ 208	\$ 198	\$ 185
Accounts payable	800	769	897
Payroll and benefits liabilities	260	235	238
Contract liabilities	513	546	461
Other current liabilities	565	555	501
Total current liabilities	2,346	2,303	2,282
Long-term debt	3,422	2,918	2,980
Pension and indemnity plan liabilities	763	767	759
Postretirement and postemployment benefits liabilities	121	120	118
Income tax accruals	95	94	91
Operating lease liabilities	378	389	—
Other liabilities	195	186	259
Total liabilities	7,320	6,777	6,489
Redeemable noncontrolling interests	11	14	14
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.4, 0.9 and 0.9 shares issued and outstanding as of September 30, 2019, June 30, 2019 and December 31, 2018, respectively; redemption amount and liquidation preference of \$394, \$895 and \$871 as of September 30, 2019, June 30, 2019 and December 31, 2018, respectively	389	884	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 September 30, 2019, June 30, 2019 and December 31, 2018, respectively	—	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 127.4, 120.3 and 118.7 shares issued and outstanding as of September 30, 2019, June 30, 2019 and December 31, 2018, respectively	1	1	1
Paid-in capital	269	76	34
Retained earnings	717	706	606
Accumulated other comprehensive loss	(261)	(241)	(246)
Total NCR stockholders' equity	726	542	395
Noncontrolling interests in subsidiaries	5	5	4
Total stockholders' equity	731	547	399
Total liabilities and stockholders' equity	\$ 8,451	\$ 8,222	\$ 7,761

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

Schedule D

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2019	2018	2019	2018
Operating activities				
Net income	\$ 89	\$ 86	\$ 215	\$ (39)
Adjustments to reconcile net income to net cash provided by operating activities:				
Loss from discontinued operations	15	1	15	38
Depreciation and amortization	89	78	249	249
Stock-based compensation expense	28	15	76	55
Deferred income taxes	(18)	(16)	(35)	(15)
Gain on sale of property, plant and equipment	—	(2)	(6)	(2)
Impairment of long-lived and other assets	—	—	—	193
Changes in assets and liabilities:				
Receivables	(83)	(61)	(154)	(102)
Inventories	(14)	(94)	(78)	(182)
Current payables and accrued expenses	76	88	(68)	31
Contract liabilities	(39)	(36)	37	(36)
Employee benefit plans	(4)	(10)	(13)	(18)
Other assets and liabilities	16	19	(12)	(9)
Net cash provided by operating activities	155	68	226	163
Investing activities				
Expenditures for property, plant and equipment	(18)	(34)	(53)	(104)
Proceeds from sales of property, plant and equipment	—	3	11	3
Additions to capitalized software	(64)	(44)	(167)	(130)
Business acquisitions, net	(74)	—	(86)	—
Net change in funds held for clients	(2)	—	(2)	—
Other investing activities, net	—	(1)	5	(4)
Net cash used in investing activities	(158)	(76)	(292)	(235)
Financing activities				
Short term borrowings, net	—	5	4	7
Payments on term credit facilities	(720)	(17)	(759)	(51)
Payments on revolving credit facilities	(1,165)	(420)	(2,079)	(1,433)
Borrowings on revolving credit facilities	1,562	445	2,459	1,608
Payments of senior unsecured notes	(500)	—	(500)	—
Borrowings on term credit facility	350	—	350	—
Proceeds from issuance of senior unsecured notes	1,000	—	1,000	—
Debt issuance costs	(28)	—	(28)	—
Repurchase of Series A Preferred Stock	(302)	—	(302)	—
Repurchases of Common Stock	(96)	—	(96)	(210)
Proceeds from employee stock plans	2	5	12	16
Tax withholding payments on behalf of employees	(13)	(1)	(29)	(30)
Net change in client funds obligations	2	—	2	—
Other financing activities	(1)	—	(1)	—
Net cash used in financing activities	91	17	33	(93)
Cash flows from discontinued operations				
Net cash used in discontinued operations	(16)	(12)	(27)	(23)
Effect of exchange rate changes on cash and cash equivalents	(8)	(4)	(7)	(12)
Decrease in cash, cash equivalents, and restricted cash	64	(7)	(67)	(200)
Cash, cash equivalents and restricted cash at beginning of period	345	350	476	543
Cash, cash equivalents, and restricted cash at end of period	\$ 409	\$ 343	\$ 409	\$ 343



Q3 2019 EARNING CONFERENCE CAL

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

November 7, 2019



NOTES TO INVESTORS

FORWARD-LOOKING STATEMENTS. Comments made during this conference call and in these materials contain forward-looking statements. Statements that describe or relate to NCR's plans, goals, intentions, strategies, or financial outlook and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in these materials include statements about NCR's full year 2019 financial guidance and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's strategy and expected areas of focus to drive stockholder value creation including strategic growth platforms, revenue shift to recurring software and services revenue and its impact on revenue and revenue growth acceleration; spend optimization and related expected investments and results; areas of focus to improve productivity; payments platform integration; NCR's investment priorities and their expected benefits in 2019; 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. 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 November 7, 2019, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

NOTES TO INVESTORS

NON-GAAP MEASURES. While NCR reports its results in accordance with generally accepted accounting principles in the United States (GAAP), comments made during this conference call and in these materials will include or make reference to certain "non-GAAP" measures, including: selected measures, such as period-over-period revenue growth, expressed on a constant currency (CC) basis; gross margin rate (non-GAAP); diluted earnings per share (non-GAAP); free cash flow; 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 services under a 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

RESULTS EXCEED expectations

Continued to **IMPROVE EXECUTION**

BANKING REVENUE up 21% cc; ATM revenue up 60% c

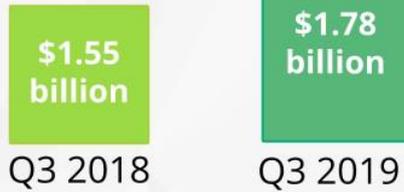
Progress building **STRATEGIC GROWTH PLATFORMS**

SIMPLIFIED capital structure

2019 REVENUE GUIDANCE increased

Q3 2019 FINANCIAL RESULTS

Revenue



FX Impact
\$(21)
million

Revenue up 15% as reported and up 17% CC

Adjusted EBITDA



Adjusted EBITDA up 27%

Non-GAAP Diluted EPS



FX Impact
(\$0.02)

Non-GAAP EPS up 26% as reported and up 30% CC

Free Cash Flow



Free cash flow up due to increased earnings

SHIFT TO SUBSCRIPTION

to drive increased recurring revenue across our strategic growth platforms



Digital First Banking



Digital First Restaurant



Digital First Retail



Digital Connected Services



Digital Convenience and Fuel



Digital Small Business Essentials

PAYMENTS INTEGRATION



Aloha Controlled
Deployment
by YE 2019



Retail Controlled
Deployment by
Q1 2020



Aloha GA* by Q1
2020 & Retail GA
by Q2 2020

* General Ava

BANKING

\$ in millions

Revenue



Operating Income



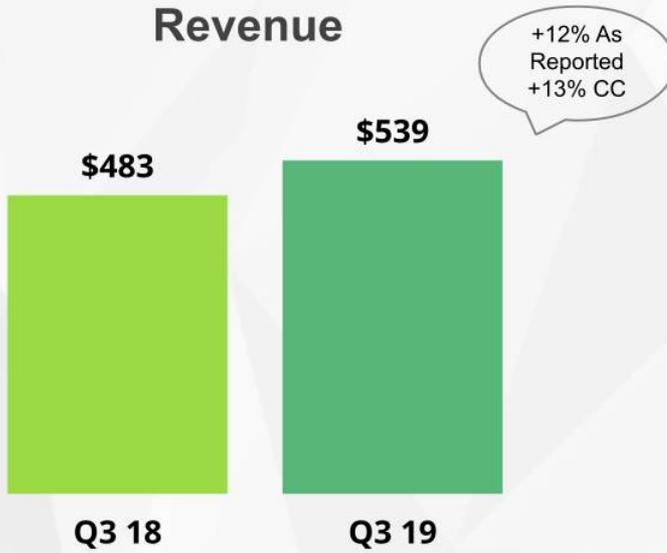
Key Highlights

- Revenue up 21% CC driven by ATM hardware revenue growth of 60% CC and related software as well as services revenue growth
- Operating Income up 47% CC driven by higher software revenue and improved hardware profitability

RETAIL

\$ in millions

Revenue



Operating Income



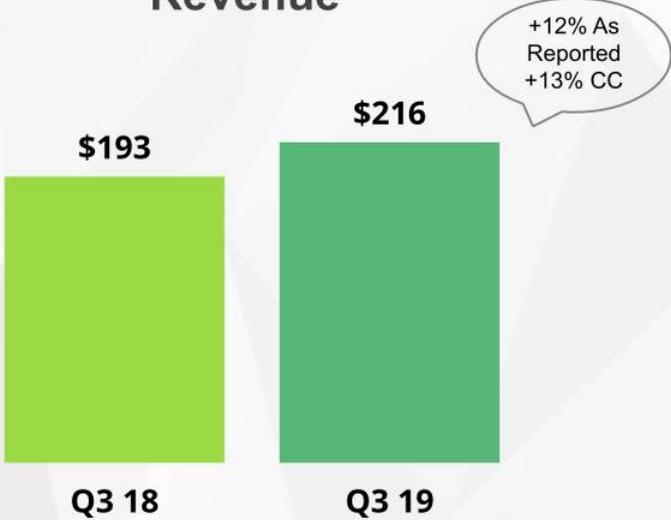
Key Highlights

- Revenue up 13% CC driven by increase in payments, self-checkout and services revenue
- Operating Income up 28% CC driven by increased volume and improved hardware profitability

HOSPITALITY

\$ in millions

Revenue



Operating Income



Key Highlights

- Revenue up 13% CC driven by increase in cloud, payments and point-of-sale revenue
- Operating Income down 34% CC driven by increased investment in NCR Silver and payments partially offset by improved hardware profitability

SUPPLEMENTAL REVENUE

\$ in millions

	Q3 2019	Q3 2018	% Change	% Change CC
Software	\$512	\$480	7%	7%
Services	\$640	\$616	4%	6%
Hardware	\$631	\$454	39%	42%
<i>ATM</i>	\$368	\$237	55%	60%
<i>SCO/POS</i>	\$263	\$217	21%	22%
Total Revenue	\$1,783	\$1,550	15%	17%

Key Highlights

- Software growth of 7% CC driven by an increase in ATM-related software revenue as well as an increase in cloud and payments revenue
- Services growth of 6% CC driven by an increase in hardware sales and managed services offerings
- Hardware growth of 42% CC driven by 60% CC growth in ATM revenue and 22% CC growth in SCO/POS revenue

FREE CASH FLOW, NET DEBT & EBITDA

\$ in millions

Free Cash Flow	Q3 2019	Q3 2018
Cash provided by Operating Activities	\$155	\$68
Total capital expenditures	(\$82)	(\$78)
Cash used in Discontinued Operations	(\$16)	(\$12)
Free Cash Flow	\$57	(\$22)

Net Debt & EBITDA	Q3 2019	Q2 2019	Q3 2018
Debt	\$3,630	\$3,116	\$3,127
Cash	(\$388)	(\$335)	(\$334)
Net Debt	\$3,242	\$2,781	\$2,793
Adjusted EBITDA LTM	\$1,045	\$986	\$980
Net Debt / Adjusted EBITDA	3.1x	2.8x	2.9x

CAPITAL STRUCTURE UPDATE

Summary of Transactions

- Amended/extended senior secured credit facility
- Refinanced notes due in 2021 with new 8- and 10-yr senior notes for \$1B

- Retired Series A Convertible Preferred Stock held by Blackstone

- Repurchased \$96M common shares in Q3

Benefits

- Extended weighted average debt maturity
- Reduced refinancing risk
- Improved covenants

- Eliminates \$28.5M annual dividends in 2020
- Reduces dilutive share count by 7.9M

- Partially offsets dilution from employee stock compensation

Financial Impact

Expected to be dilutive to FY 2019 by \$0.03 and neutral to FY 2020

2019 GUIDANCE

	Current Guidance ^{(1) (3)}	Previous Guidance
Revenue Growth	5% - 6%	3% - 4%
Adjusted EBITDA	\$1,040 - \$1,080	\$1,040 - \$1,080
Non-GAAP Diluted EPS ⁽²⁾	\$2.75 - \$2.85	\$2.75 - \$2.85
Cash Flow from Operations	\$705 - \$730	\$705 - \$730
Free Cash Flow	\$300 - \$350	\$300 - \$350

\$ in millions, except per share

⁽¹⁾ Revenue growth guidance raised to 5% to 6% with all other guidance reaffirmed

⁽²⁾ For FY 2019, we have assumed an effective tax rate of 23% to 24% and a share count of 150 million compared to an effective tax rate of 19% and a share count of 140 million in FY 2018.

⁽³⁾ We are no longer providing GAAP diluted earnings per share and GAAP net income from continuing operations guidance or the reconciliation because we are unable to predict with reasonable certainty the reconciling items without unreasonable effort.

LOOKING FORWARD



- Solid execution in Q3 reinforced year confidence
- Drive profitable growth with targeted investments
- Shift to software, services and recurring revenue
- Improve cost structure
- Allocate capital to highest growth and return on investment opportunities
- Drive cash flow generation



SUPPLEMENTARY MATERIALS

Q3 2019 GAAP RESULTS

	Q3 2019	Q3 2018	% Ch As Re
Revenue	\$1,783	\$1,550	15
Gross Margin	507	410	24
Gross Margin Rate	28.4%	26.5%	
Operating Expenses	335	285	18
% of Revenue	18.8%	18.4%	
Operating Income	172	125	38
% of Revenue	9.6%	8.1%	
Interest and other expense	(64)	(53)	21
Income Tax Expense (Benefit)	4	(15)	127
Effective Income Tax Rate	3.7%	(21)%	
Net Income from Continuing Operations (attributable to NCR)	\$105	\$85	24
Diluted EPS	\$0.21	\$0.57	(63)

\$ in millions, except per share

Q3 2019 OPERATIONAL RESULTS

	Q3 2019	Q3 2018	% Change As Reported	% C Cor Cur
Revenue	\$1,783	\$1,550	15%	17
Gross Margin (non-GAAP)	513	425	21%	21
Gross Margin Rate (non-GAAP)	28.8%	27.4%	140 bps	150
Operating Expenses (non-GAAP)	311	264	18%	21
% of Revenue	17.4%	17.0%	40bps	50
Operating Income (non-GAAP)	202	161	25%	21
% of Revenue	11.3%	10.4%	90bps	110
Interest and other expense (non-GAAP)	(58)	(53)	9%	17
Income Tax Expense (non-GAAP)	34	20	70%	7
Effective Income Tax Rate (non-GAAP)	23.6%	18.5%		
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	111	86	29%	3
Diluted EPS (non-GAAP)	\$0.73	\$0.58	26%	3

\$ in millions, except per share

NON-GAAP MEASURES

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

Operating Income (non-GAAP), Diluted EPS (non-GAAP), Gross Margin (non-GAAP), Gross Margin Rate (non-GAAP), Interest and Other expense (non-GAAP), Effective Income Tax Rate (non-GAAP), Net Income (non-GAAP), Operating Expenses (non-GAAP) and Income Tax Expense (non-GAAP). NCR's operating income (non-GAAP), diluted earnings per share (non-GAAP), gross margin (non-GAAP), gross margin rate (non-GAAP), interest and other expense (non-GAAP), effective income tax rate (non-GAAP), and net income (non-GAAP), operating expenses (non-GAAP) and income tax expense (non-GAAP) are determined by excluding pension market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items including amortization of acquisition related intangibles, from NCR's GAAP income (loss) from operations, earnings per share, margin, gross margin rate, interest and other expense, effective income tax rate, net income, operating expenses and income tax expense, respectively. Due to the non-operational nature of these pension and other special items, NCR's management uses non-GAAP measures to evaluate year-over-year operating performance. NCR also uses operating income (non-GAAP) and 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 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

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

	Q3 2019 LTM	Q2 2019 LTM	Q3 2018 LTM	Q3 2019	Q3 2018
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ 197	\$ 177	\$ (38)	\$ 105	\$ 8
Pension Mark-to-Market Adjustments	(45)	(45)	28	—	—
Transformation/Restructuring Costs	172	181	101	7	—
Acquisition-Related Amortization of Intangibles	85	83	93	22	—
Acquisition-Related Costs	6	5	3	1	—
Long-lived and Intangible Asset Impairment Charges	—	—	183	—	—
Interest Expense	186	176	166	53	—
Interest Income	(5)	(5)	(3)	(1)	—
Depreciation and Amortization	235	232	239	59	—
Income Taxes	121	102	144	4	(—)
Stock Compensation Expense	93	80	64	28	—
Adjusted EBITDA (non-GAAP)	\$ 1,045	\$ 986	\$ 980	\$ 278	\$ 21

\$ in mil

GAAP TO NON-GAAP RECONCILIATION

Q3 2019 QTD

	Q3 QTD 2019 GAAP	Transformation and Restructuring costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Debt Refinancing	Valuation Allowance Release	20
Product revenue	\$712	\$—	\$—	\$—	\$—	\$—	
Service revenue	1,071	—	—	—	—	—	
Total revenue	1,783	—	—	—	—	—	
Cost of products	555	—	(2)	—	—	—	
Cost of services	721	(1)	(3)	—	—	—	
Gross margin	507	1	5	—	—	—	
<i>Gross margin rate</i>	<i>28.4%</i>	<i>0.1%</i>	<i>0.3%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	
Selling, general and administrative expenses	\$271	(6)	(17)	(1)	—	—	
Research and development expenses	64	—	—	—	—	—	
Total operating expenses	\$335	(6)	(17)	(\$1)	\$—	\$—	
<i>Total operating expense as a % of revenue</i>	<i>18.8%</i>	<i>(0.3)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>—%</i>	
Income from operations	172	7	22	1	—	—	
<i>Income from operations as a % of revenue</i>	<i>9.6%</i>	<i>0.4%</i>	<i>1.2%</i>	<i>0.1%</i>	<i>—%</i>	<i>—%</i>	
Interest and Other (expense) income, net	(64)	—	—	—	6	—	
Income from continuing operations before income taxes	108	7	22	1	6	—	
Income tax (benefit) expense	4	2	4	(2)	1	25	
<i>Effective income tax rate</i>	<i>3.7%</i>						
Income from continuing operations	104	5	18	3	5	(25)	
Net income (loss) attributable to noncontrolling interests	(1)	—	—	—	—	—	
Income from continuing operations (attributable to NCR)	\$105	\$5	\$18	\$3	\$5	(\$25)	
Diluted earnings per share	\$0.21	0.03	0.12	\$0.02	\$0.03	(\$0.17)	
Diluted shares outstanding	123.4						

\$ in millions, except per share

GAAP TO NON-GAAP RECONCILIATION

Q3 2019 QTD

	Q3 QTD 2019 GAAP	Q3 QTD 2019 non-GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$105	\$111
Dividends on convertible preferred shares	\$(79)	—
Income from continuing operations attributable to NCR common stockholders	\$26	\$111
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	123.4	123.4
Weighted as-if converted preferred shares	—	27.8
Total shares used in diluted earnings per share	123.4	151.2
Diluted earnings per share ⁽¹⁾	\$0.21	\$0.73

\$ 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 2018 QTD

	Q3 QTD 2018 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Impact of U.S. Tax Reform	Q 20 (
Product revenue	534	\$—	\$—	—	
Service revenue	1,016	—	—	—	
Total revenue	1,550	—	—	—	
Cost of products	473	(8)	(3)	—	
Cost of services	667	(1)	(3)	—	
Gross margin	410	9	6	—	
<i>Gross margin rate</i>	<i>26.5%</i>	<i>0.5%</i>	<i>0.4%</i>	<i>—%</i>	2
Selling, general and administrative expenses	\$226	(6)	(14)	—	
Research and development expenses	59	(1)	—	—	
Total expenses	\$285	(7)	(14)	—	
<i>Total expense as a % of revenue</i>	<i>18.4%</i>	<i>(0.5)%</i>	<i>(0.9)%</i>	<i>—%</i>	1
Income from operations	125	16	20	—	
Income from operations as a % of revenue	8.1%	1.0%	1.3%	—%	
Interest and Other (expense) income, net	(53)	—	—	—	
Income from continuing operations before income taxes	72	16	20	—	
Income tax expense	(15)	(8)	5	38	
<i>Effective income tax rate</i>	<i>(20.8)%</i>				
Income from continuing operations	87	24	15	(38)	
Net income attributable to noncontrolling interests	2	—	—	—	
Income from continuing operations (attributable to NCR)	85	24	15	(38)	
Diluted (loss) earnings per share	\$0.57	\$0.16	\$0.10	(\$0.25)	
Diluted shares outstanding	149.3				

\$ in millions, except per share amount

GAAP TO NON-GAAP RECONCILIATION

Q3 2018 QTD

	Q3 QTD 2018 GAAP	Q3 QTD 2018 non-GAAP
Income from continuing operations attributable to NCR common stockholders:		
Income from continuing operations (attributable to NCR)	\$85	\$86
Income from continuing operations attributable to NCR common stockholders	\$85	\$86
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	120.9	120.9
Weighted as-if converted preferred shares	28.4	28.4
Total shares used in diluted earnings per share	149.3	149.3
Diluted earnings per share ⁽¹⁾	\$0.57	\$0.58

\$ 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 2019 QTD

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

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Gro Constant Currency (non-GAA
Banking	18%	(3%)	21%
Retail	12%	(1%)	13%
Hospitality	12%	(1%)	13%
Other	9%	(1%)	10%
Total Revenue Growth %	15%	(2)%	17%

GAAP TO NON-GAAP RECONCILIATION

Q3 2019 QTD

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

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Gro Constant Currency % (non-GAAP)
Software	7%	—%	7%
Services	4%	(2%)	6%
Hardware	39%	(3%)	42%
ATM	55%	(5%)	60%
SCO/POS	21%	(1%)	22%
Total Revenue Growth %	15%	(2)%	17%

GAAP TO NON-GAAP RECONCILIATION

Q3 2019 QTD

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

	Operating Income	Operating Income Rate
Banking	\$146	15.5%
Retail	36	6.7%
Hospitality	10	4.6%
Other	10	11.6%
Total Operating Income (non-GAAP)	202	11.3%
Less:		
Transformation and restructuring costs	7	0.4%
Acquisition-related amortization of intangibles	22	1.2%
Acquisition-related costs	1	0.1%
Total Operating Income (GAAP)	\$172	9.6%

\$ in milli

GAAP TO NON-GAAP RECONCILIATION

Q3 2018 QTD

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

	Operating Income	Operating Income Rate
Banking	\$102	12.8%
Retail	29	6.0%
Hospitality	15	7.8%
Other	15	19.0%
Total Operating Income (non-GAAP)	161	10.4%
Less:		
Transformation and restructuring costs	16	1.0%
Acquisition-related amortization of intangibles	20	1.3%
Total Operating Loss (GAAP)	\$125	8.1%

\$ in m

GAAP TO NON-GAAP RECONCILIATION

Q3 2019 QTD

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

	Operating Income Growth % (GAAP)	Favorable (unfavorable) FX impact	Operating Income Growth % (non-GAAP)
Banking	43%	(4%)	47%
Retail	24%	(4%)	28%
Hospitality	(33%)	1%	(34%)
Other	(33%)	(4%)	(29%)
Total Operating Income %	25%	(4)%	29%

GAAP TO NON-GAAP RECONCILIATION

Q3 2019 QTD

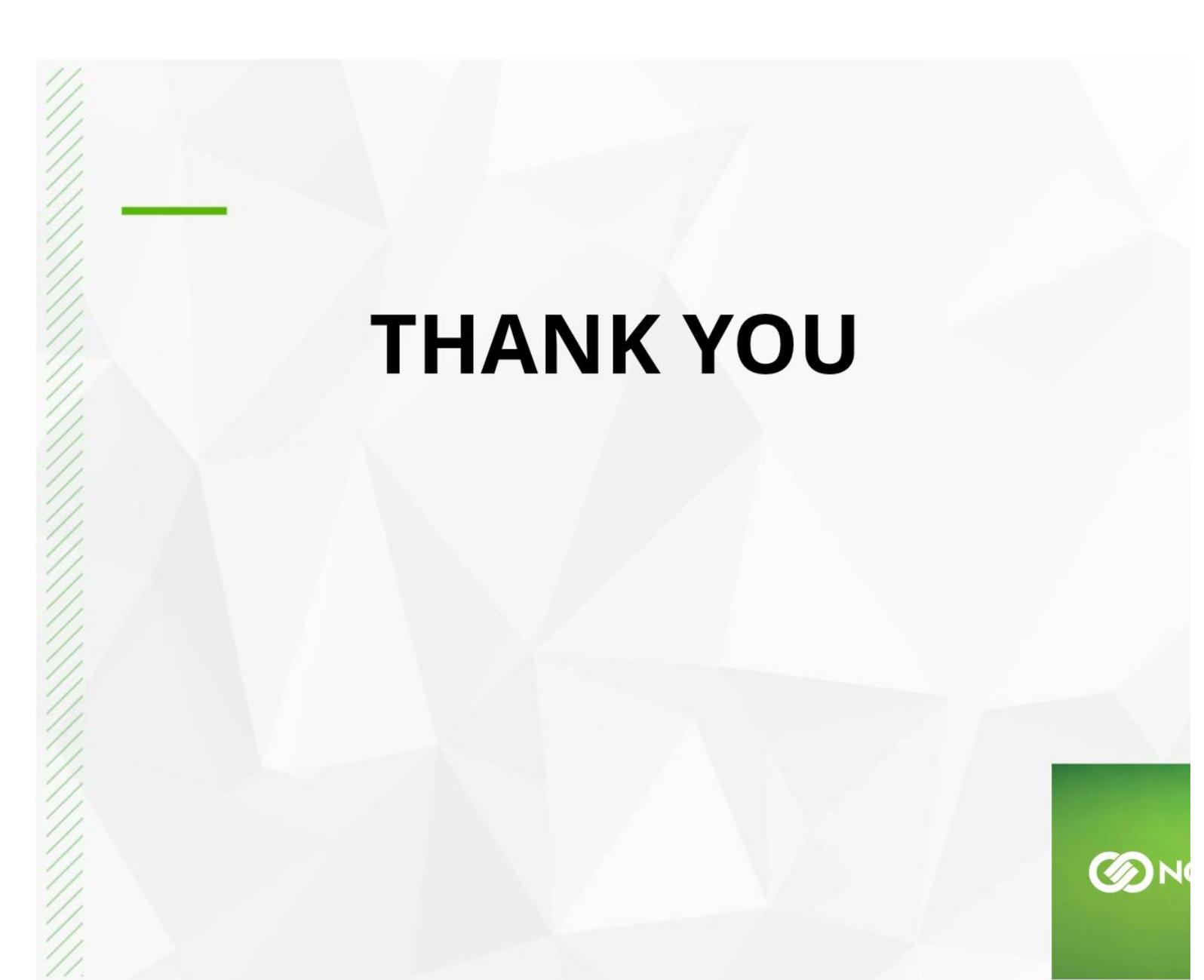
Q3 Operational Results	% Change As Reported	Favorable (unfavorable) FX impact	% Change Constant Currency
Revenue	15%	(2%)	17%
Gross Margin (non-GAAP)	21%	(2)%	23%
Gross Margin Rate (non-GAAP)	140 bps	(10 bps)	150 bps
Operating Expenses (non-GAAP)	18%	(2%)	20%
% of Revenue	40bps	(10)bps	50bps
Operating Income (non-GAAP)	25%	(4%)	29%
% of Revenue	90bps	(20)bps	110bps
Interest and other expense (non-GAAP)	9%	(4%)	13%
Income Tax Expense (non-GAAP)	70%	(6)%	76%
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	29%	(5)%	34%
Diluted EPS (non-GAAP)	26%	(3%)	30%

\$ in millions, except per share

GAAP TO NON-GAAP RECONCILIATION

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

\$ in m



THANK YOU



