

2021 Unisys Investor Event

January 12th, 2021

Financial Overview

Mike Thomson
Senior Vice President & CFO



Key Financial Themes

Significant financial improvement in recent years

- Improving revenue trend each year from 2015 to 2019
- Non-GAAP operating profit margin expansion from 2015 to 2019

Significant upside remains

- Attractive end markets with higher-growth and higher-margin opportunities
- Further margin upside relative to the industry from ClearPath Forward®
- Valuation upside relative to peers (based on EV/Adj. EBITDA)

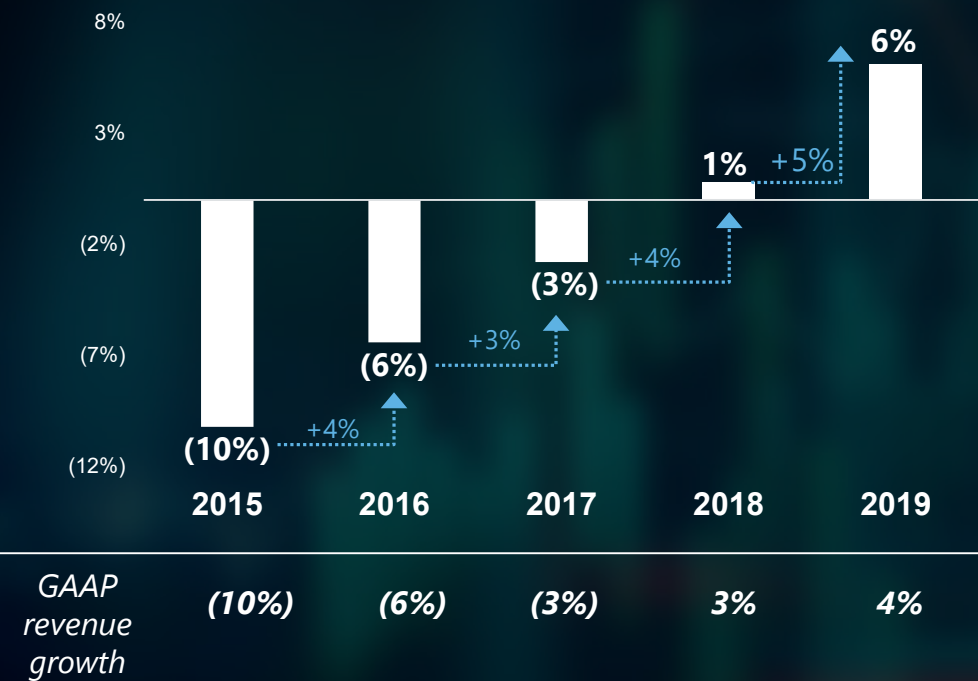
Strong liquidity and enhanced investment ability

- Effectively eliminated all material future required cash contributions to U.S. pension
- Significant reduction to pension deficit
- Reduction in net leverage
- Lowered cost of capital and renewed and extended ABL
- Strong cash balance

Pre-COVID Financial Performance

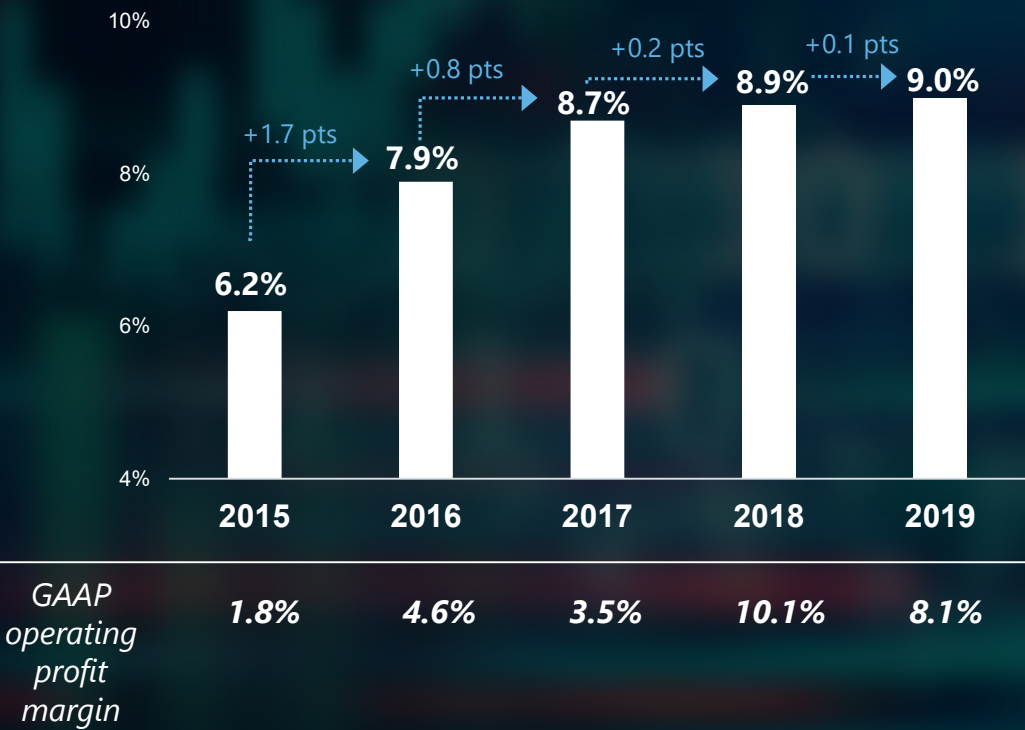
Non-GAAP Adj. Revenue¹

Average of **4.0 pts** of non-GAAP adjusted revenue improvement per year from 2015 to 2019²



Non-GAAP Operating Profit Margin¹

280 basis points of non-GAAP operating profit margin expansion from 2015 to 2019²

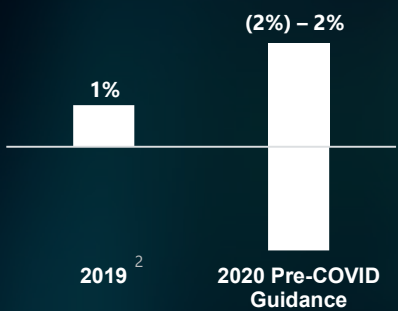


¹See appendix for reconciliation of non-GAAP measures.

²2015 - 2019 numbers are historical and are not restated to reflect our U.S. Federal business as a discontinued operation.

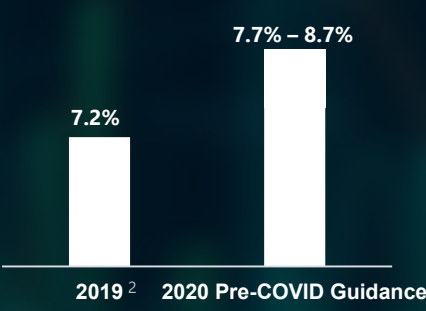
2020 Resilience

Non-GAAP Adj. Revenue Growth¹



Post-COVID 2020 Expectations:
(10)%

Non-GAAP Operating Profit Margin¹



Post-COVID 2020 Expectations:
5.2 - 6.7%

Financial results were impacted by COVID in 2Q20, but improved significantly during 3Q20, with additional improvement expected in 4Q20

~\$60M of annualized cost reductions achieved following the sale of the Federal business

Implemented changes throughout the year to enhance go-to-market effectiveness and improve operational efficiency, which better positions us to drive revenue growth and margin expansion

Transition of digital workplace offerings and remote working environments accelerated by COVID is expected to benefit DWS and Cloud going forward

Industry disruptors have also created opportunity for mix shift and movement up the value curve



Significantly reduced required pension contributions



Well positioned to generate strong free cash flow



Reduced net leverage and strengthened balance sheet

¹See appendix for reconciliation of non-GAAP measures.

²2019 numbers are restated to reflect U.S. Federal business as a discontinued operation.

Financial Transformation

Goals Outlined for 3 – 5 Year Model At November 2017 Investor Day¹

2 – 4% Total Company Revenue Growth	9 - 12% Non-GAAP Operating Profit Margin	3 - 5% Services Revenue Growth	Mid-single digits Services Non-GAAP operating margin
--	--	---	---

Technology revenue growth flat to 2%;
Technology operating margin to maintain existing levels or improve modestly

2019 Results (2 years Into 3 – 5 Year Model)¹

6.1% Total Company Revenue Growth ²	9.0% Non-GAAP Operating Profit Margin ²	6.7% Services Revenue Growth ²	3.6% Services Non-GAAP operating margin ²
---	--	--	---

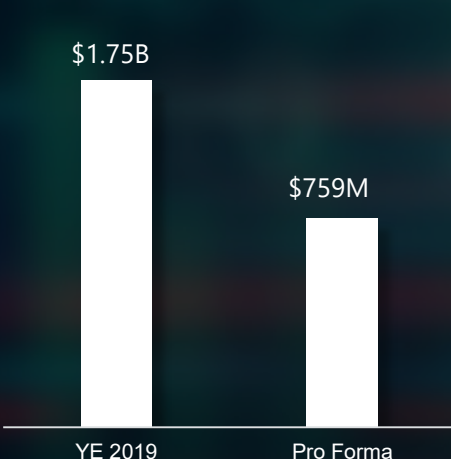
Technology client retention rate of greater than 95%³;
~300 bps increase in Technology operating margins from 2017 to 2019

Stabilized and grew revenue for the first time in 15 years

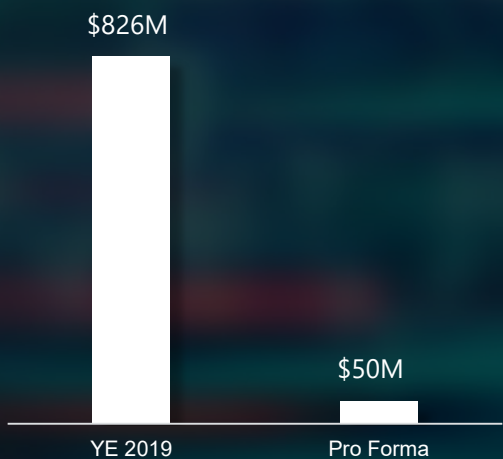
Expanded margins to low end of 3 – 5-year range within 2 years

Exceeded 3 – 5-year Services growth target within 2 years

Pension Deficit⁴



Required U.S. Pension Contributions
from 2021 - 2025⁵



¹Numbers are historical and are not restated to reflect U.S. Federal business as a discontinued operation.

²Numbers shown are non-GAAP. See appendix for reconciliation of non-GAAP measures.

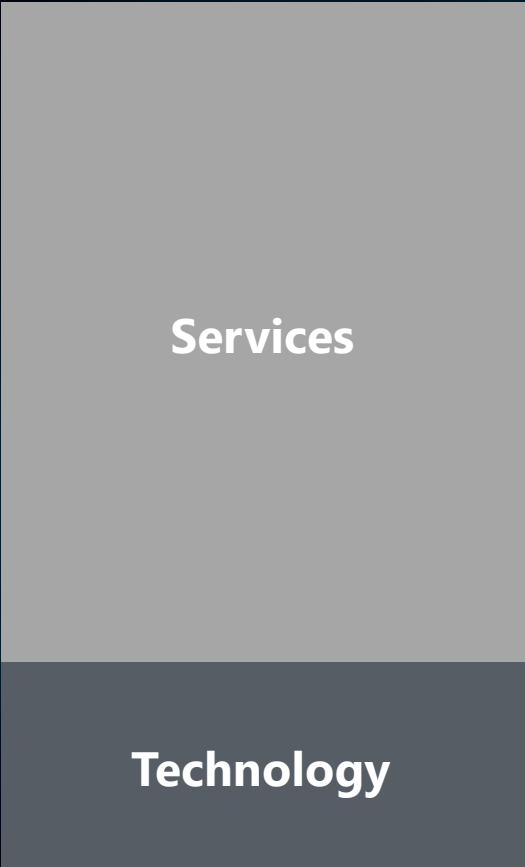
³Based on top 50 clients as of 2019.

⁴Based on YE 2019 calculations, pro forma for U.S. defined plans contributions of \$791M in 2020 and an additional \$200M of contributions expected in 2021 from cash on balance sheet.

⁵Based on YE 2019 calculations, pro forma for market conditions for the U.S. qualified benefit plans as of 9/30/20, and for U.S. qualified defined benefit plans contributions of \$791M in 2020 and an additional \$200M of contributions expected in 2021 from cash on balance sheet.

Business Segments: Aligning Reporting to Operations

Existing



Go Forward^{1,2}



Aligning reporting to key businesses

Improved transparency of results (revenue and profitability)

Increased internal accountability

¹Historical results to be restated via 8-k.
²BPS not reflected as stand-alone segment, but to be included in overall consolidated results.

2021 – 2023: Revenue Growth Drivers

Increase ClearPath Forward® services revenue (highest-margin services in the company)

Continue ClearPath Forward® license revenue stability (~greater than 95% client retention rate¹) with upside from potential increased usage volumes in cloud

Shift and expand existing DWS and C&I capabilities to focus on differentiated approach to higher-growth markets and solutions

- EUS to EUX
- Potential to expand market share as some competitors exit DWS market
- Focus within Cloud on markets where we are highly credentialed and have strong value proposition

¹Based on top 50 clients as of 2019.

Margin Expansion

Grow ClearPath Forward® Services

ClearPath Forward® services margins significantly higher than those in DWS and C&I



Increase operational efficiency

Implement more repeatable, industrialized solution delivery methodologies

Align operations to client demand

Workforce management initiatives

Implement additional Automation/AI

Realize full 2020 cost savings initiatives

Transition to higher-margin solutions

Shift from EUS to higher-margin EUX

Leverage experience with Cloud in public sector to build end-to-end value proposition through unique, high-value offerings in hybrid and multi-cloud environments

Disciplined Capital Allocation Strategy - OpEx and CapEx

Cost Savings Initiatives¹

\$130M – \$160M

run-rate savings target² from current cost-reduction efforts

\$40M – \$70M

expected cash restructuring costs to achieve savings³

20% to 30%

of savings to be reinvested in the business

¹Excludes previously-announced real estate reduction.

²Annualized run rate expected exiting 2021.

³Reflective of costs for the entire program, including costs incurred in 2020.

Capital-Lite Strategy

Less capital-intensive service offerings with focus on integration over development

Lower technology investment needs given the progress with ClearPath Forward® platform modernization

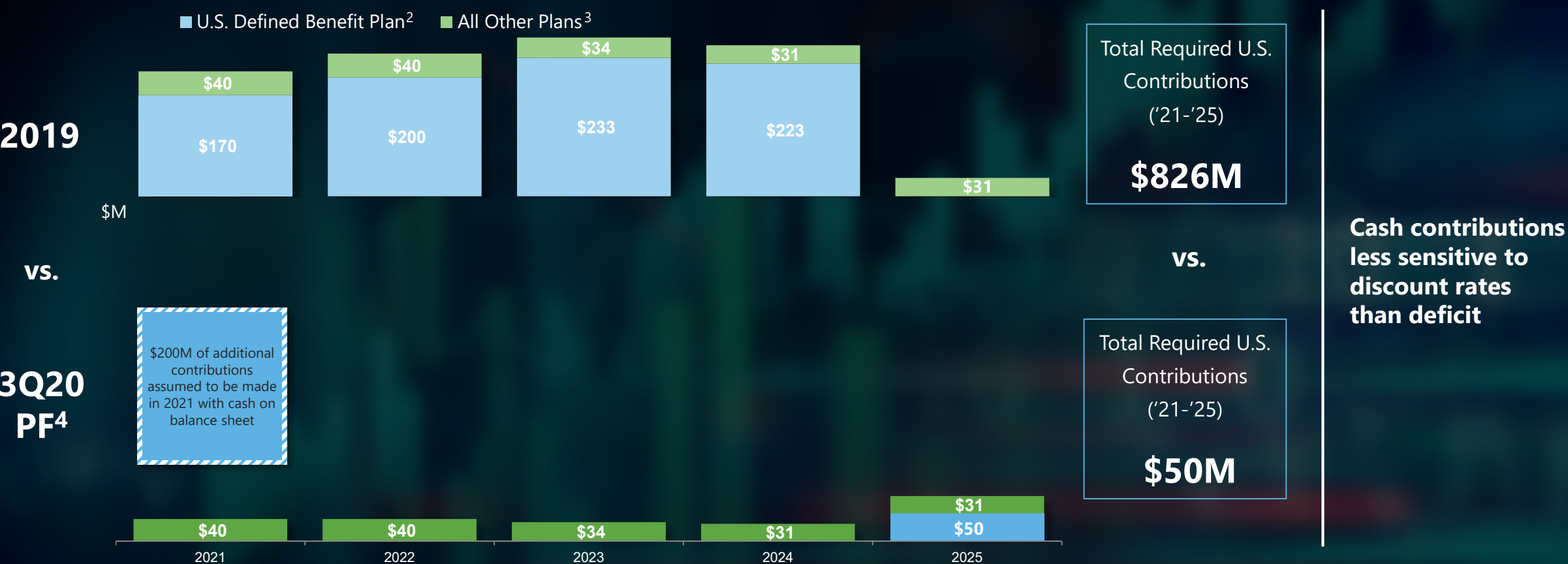
Re-invest back into the business

Invest in market-ready solutions to drive DWS and C&I growth

Further modernize ClearPath Forward® with additional cloud-enabled solutions

Invest in critical drivers of future success (Go-to-market, digitization, AI, automation, sales leadership, advisory, upskilling)

Future Pension Cash Contributions¹



¹Expected future pension cash contributions from 2026 to 2038 are approximately \$400M, which are primarily to non-U.S. plans.

²The funding estimates for our U.S. qualified defined benefit pension plans are based on estimated asset returns and the funding discount rates used for the U.S. qualified defined benefit plans as of year-end 2019. The future funding requirements are likely to change based on, among other items, market conditions and changes in discount rates.

³Current estimates for future contributions to international plans are based on local funding regulations and agreements as of year-end 2019 and are likely to change based on a number of factors including market conditions, changes in funding agreements, changes in discount rates and changes in currency rates.

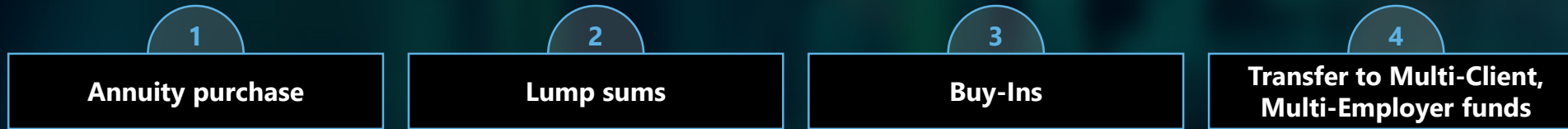
⁴Based on YE 2019 calculations pro forma for market conditions for the U.S. qualified defined benefit plans as of September 30, 2020, as well as for U.S. qualified defined benefit plans contributions of \$791M in 2020, and an additional \$200M of contributions expected in 2021 from cash on balance sheet.

Pension De-Risking

Liability Removal

Targeting ~\$1B of global pension liabilities reduction by end of 1Q21 (approximately \$570M of which has already been addressed via bulk lump sum and annuity purchase; approximately \$150M associated settlement charge taken in 4Q20, with additional charges totaling approximately \$375M expected in 1Q21)

Targeting liability reduction via four key approaches:



Liability reduction programs are funded by the plan, **not company assets**, and reduce future volatility as well as premiums

Asset Management

We can now shift our asset allocation strategy within the U.S. plans to a lower-risk, fixed-income strategy with coupons and maturities aligned to benefit payout obligations and with relevant hedging, thereby allowing the RoA to take the plans to a fully-funded status over time

Terminology Clarification

Liabilities:

The underlying pension benefit payout requirements

Deficit:

The delta between assets and liabilities within the pension plan

Cash Flow Perspectives

Expectations for Key Cash Flow Components Through 2023

CapEx	5.0-7.0% of revenue
Working Capital	<p>Current run rate: use of \$20 to \$30 million per year</p> <p>Opportunity to improve this through ERP implementation and other initiatives underway</p> <p>Goal of becoming working capital neutral over time</p>
Cash Taxes	2 – 5% of non-U.S. revenue
Cash Interest	<p>Convertible notes due in March 2021 (to be net settled with \$84M of cash; PF estimated share count of 66.1¹)</p> <p>Post repayment of those notes, only interest-bearing debt (excluding revolver, which is currently undrawn) will be \$485M of Sr. Sec. Notes due 2027 @ 6.875%</p>

¹The company has elected to settle the convertible notes with a default settlement method. Under this settlement election, the company will pay the original principal amount and accrued interest in cash and the rest in stock. If the convertible notes were to mature at the current stock price as of 1/4/2021, share count would increase to approximately 66.1M.

Significant Improvement to Capital Structure

Pension Deficit



Capital Structure

	PF Q3 2020 ³
Pension Deficit ⁴	\$959.0
Sr Secured (due 2027)	485.0
Converts (due March 2021)	84.2
Finance Leases	6.0
Other Debt	59.7
Revolver Debt (expires 2025)	0.0
Total Debt	\$1,593.9
Cash	774.0
Net Debt	\$819.9
Share Price (1/4/2021)	\$19.67
Shares Outstanding ⁵	66.1
Market Cap	\$1,300.2
Enterprise Value	\$2,120.1
2020E Adj. EBITDA (Consensus)	\$281
2021E Adj. EBITDA (Consensus)	\$343
EV / 2020E Adj. EBITDA (Consensus)	7.5x
EV / 2021E Adj. EBITDA (Consensus)	6.2x

Excluding U.S. pension from EV implies even more significant upside relative to peers

¹Based on 9/30 results; Pension deficit based on YE 2019 calculations, pro forma for \$791M of contributions in 2020, and an additional \$200M of contributions expected in 2021 from cash on balance sheet.

²Dec. 31, 2017 and Dec. 31, 2019 net leverage calculations not restated for sale of U.S. Federal business, but show actual capitalization of Unisys in previous periods.

³Pro forma for \$485M of Sr. Secured Notes offering and pension deficit based on YE 2019 calculations, pro forma for \$791M of contributions in 2020.

⁴Based on YE 2019 calculations, pro forma for \$791M of contributions in 2020.

⁵Based on basic share count as of September 30, 2020 as well as estimated dilution from settlement of convertible notes. The company has elected to settle the convertible notes with a default settlement method. Under this settlement election, the company will pay the original principal amount and accrued interest in cash and the rest in stock. If the convertible notes were to mature at the current stock price as of 1/4/2021, share count would increase to approximately 66.1M.

Three-Year Business Model

		Historical Performance ¹	Expectations Exiting 2023
Revenue	DWS	~30% of Revenue; ~1% 2-year CAGR	10% - 13% growth
	Cloud & Infrastructure	~20% of Revenue; ~20% 2-year CAGR	9% - 12% growth
	ClearPath Forward®	~30% of Revenue; ~4% 2-year CAGR	2% - 4% growth
	Other	~20% of Revenue; ~9% 2-year CAGR	(1%) – (3%) growth
Adj. Gross Profit Margin	DWS	5% - 7%	13% - 15%
	Cloud & Infrastructure	8% - 10%	19% - 22%
	ClearPath Forward®	61% - 63%	58% - 60%
	Other	5% - 7%	8% - 10%
Total Company Revenue		\$2,205.3; ~1% growth	6% - 8% growth
Total Company Non-GAAP Operating Profit Margin		7.2%	11% - 13%

¹Business units' results approximate for 2018 and 2019, based on preliminary internal company estimates, as well as pre-COVID outlook for 2020. Total company numbers based on 2019 and are restated to reflect U.S. Federal business as a discontinued operation.



Thank You

Questions?



Appendix

Revenue and Operating Profit

\$M	FY19
Reported revenue	2,222.8
Restructuring reimbursement	(17.5)
Non-GAAP adjusted revenue	2,205.3
Operating profit (loss)	137.9
Restructuring reimbursement	(17.5)
Postretirement expense	3.3
Cost reduction expense and other charges	35.2
Non-GAAP operating profit (loss)	158.9
GAAP operating profit (loss) %	6.2%
Non-GAAP operating profit (loss) %	7.2%

EBITDA and Adjusted EBITDA

\$M	FY19
Net income (loss) from continuing operations attributable to Unisys	(92.2)
Net income (loss) attributable to noncontrolling interests	3.9
Interest expense, net of interest income*	51.5
Provision for income tax	27.7
Depreciation	99.1
Amortization	48.3
EBITDA	138.3
Postretirement expense	96.6
Cost reduction and other charges***	50.3
Non-cash share-based expense	13.2
Other (income) expense adjustment**	20.1
Adjusted EBITDA	318.5

*Included in Other (income) expense, net on the Consolidated Statements of Income

** Other (income) expense, net as reported on the Consolidated Statements of Income less postretirement expense, interest income and items included in cost reduction and other expenses

*** Reduced for depreciation and amortization included above & Disposals in Other Expense

Net Income and EBITDA as a percentage of revenue

\$M	FY19
Revenue	2,222.8
Non-GAAP adjusted revenue	2,205.3
Net income (loss) from continuing operations as percentage of revenue	N/M
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation as a percentage of non-GAAP revenue	2.8%
Adjusted EBITDA as a percentage of non-GAAP revenue	14.4%

Earnings per Diluted Share

\$M except share and per share data		FY19
Net income (loss) from continuing operations attributable to Unisys Corporation common shareholders		(92.2)
Post-retirement expense:	pretax	96.6
	tax	---
	net of tax	96.6
Cost reduction and other expense:	pretax	51.4
	tax and minority interest	5.4
	net of tax	56.8
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation		61.2
Add interest expense on convertible notes		15.3
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		76.5
Weighted average shares (thousands)		55,961
Plus incremental shares from assumed conversion of employee stock plans & convertible notes		16,988
GAAP adjusted weighted average shares		72,949
Diluted earnings (loss) per share		
<i>GAAP basis</i>		
GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share		(92.2)
Divided by adjusted weighted average shares		55,961
GAAP earnings (loss) per diluted share		(1.65)
<i>Non-GAAP basis</i>		
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share		76.5
Divided by non-GAAP adjusted weighted average shares		72,949
Non-GAAP earnings (loss) per diluted share		1.05

Free Cash Flow

\$M	FY19
Cash provided by (used for) operations	123.9
Capital expenditures	(159.8)
Free cash flow	(35.9)
Postretirement funding	109.4
Discontinued operations	---
Cost reduction funding	53.5
Adjusted free cash flow	127.0

Reconciliation of Services Segment Reporting

\$M	FY19
Total Services Revenue	1,892.7
Restructuring reimbursement	(17.5)
Total Services non-GAAP adjusted Revenue	1,875.2
Services gross profit	307.4
Restructuring reimbursement	(17.5)
Non-GAAP adjusted Services gross profit	289.9
Services operating profit	20.8
Restructuring reimbursement	(17.5)
Non-GAAP adjusted Services operating profit	3.3
Services gross margin	16.2%
Non-GAAP adjusted Services gross margin	15.5%
Services operating margin	1.1%
Non-GAAP adjusted Services operating margin	0.2%

Revenue and Operating Profit

\$M	3Q19	3Q20
Reported revenue	\$552.1	\$495.2
Restructuring reimbursement	(6.8)	(0.1)
Non-GAAP adjusted revenue	\$545.3	\$495.1
Operating profit (loss)	\$49.4	27.7
Restructuring reimbursement	(6.8)	(0.1)
Postretirement expense	0.9	0.9
Cost reduction expense and other charges	0.2	13.8
Non-GAAP operating profit (loss)	\$43.7	\$42.3
GAAP operating profit (loss) %	8.9%	5.6%
Non-GAAP operating profit (loss) %	8.0%	8.5%

EBITDA and Adjusted EBITDA

\$M	3Q19	3Q20
Net income (loss) from continuing operations attributable to Unisys	(\$29.2)	(\$13.3)
Net income (loss) attributable to noncontrolling interests	3.8	0.0
Interest expense, net of interest income of \$2.8, \$1.3 respectively *	12.4	1.1
Provision for income tax	10.4	6.1
Depreciation	24.5	22.6
Amortization	13.4	14.2
EBITDA	\$35.3	\$30.7
Postretirement expense	24.4	24.4
Cost reduction and other charges***	18.1	15.5
Non-cash share-based expense	2.8	3.1
Other (income) expense adjustment**	3.8	0.3
Adjusted EBITDA	\$84.4	\$74.0

*Included in Other (income) expense, net on the Consolidated Statements of Income

** Other (income) expense, net as reported on the Consolidated Statements of Income less postretirement expense, interest income and items included in cost reduction and other expenses

*** Reduced for depreciation and amortization included above & Disposals in Other Expense

Net Income and EBITDA as a percentage of revenue

\$M	3Q19	3Q20
Revenue	\$552.1	\$495.2
Non-GAAP adjusted revenue	\$545.3	\$495.1
Net income (loss) from continuing operations as percentage of revenue	(5.3%)	(2.7%)
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation as a percentage of non-GAAP revenue	2.9%	7.0%
Adjusted EBITDA as a percentage of non-GAAP revenue	15.5%	14.9%

Earnings per Diluted Share

\$M except share and per share data		3Q19	3Q20
Net income (loss) from continuing operations attributable to Unisys Corporation common shareholders		(\$29.2)	(\$13.3)
Post-retirement expense:	pretax	24.4	24.4
	tax	(0.1)	0.4
	net of tax	24.5	24.0
Cost reduction and other expense:	pretax	18.1	23.7
	tax and minority interest	(2.6)	(0.2)
	net of tax	20.7	23.9
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation		\$16.0	\$34.6
Add interest expense on convertible notes		3.2	2.1
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share		\$19.2	\$36.7
Weighted average shares (thousands)		58,245	63,032
Plus incremental shares from assumed conversion of employee stock plans & convertible notes		14,292	9,238
GAAP adjusted weighted average shares		72,537	72,270
Diluted earnings (loss) per share			
<i>GAAP basis</i>			
GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share		(29.2)	(13.3)
Divided by adjusted weighted average shares		58,245	63,032
GAAP earnings (loss) per diluted share		(\$0.50)	(\$0.21)
<i>Non-GAAP basis</i>			
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share		19.2	36.7
Divided by non-GAAP adjusted weighted average shares		72,537	72,270
Non-GAAP earnings (loss) per diluted share		\$0.26	\$0.51

Free Cash Flow

\$M	3Q19	3Q20
Cash provided by (used for) operations	\$17.7	\$66.3
Capital expenditures	(32.0)	(32.0)
Free cash flow	(\$14.3)	\$34.3
Postretirement funding	34.6	11.5
Discontinued operations	(21.6)	0.2
Cost reduction funding	15.2	6.4
Adjusted free cash flow	\$13.9	\$52.4

Reconciliation of Services Segment Reporting

\$M	3Q19	3Q20
Total Services Revenue	\$478.8	\$426.0
Restructuring reimbursement	(6.8)	(0.1)
Total Services non-GAAP adjusted Revenue	\$472.0	\$425.9
Services gross profit	\$87.0	\$81.0
Restructuring reimbursement	(6.8)	(0.1)
Non-GAAP adjusted Services gross profit	\$80.2	\$80.9
Services operating profit	\$17.7	\$20.7
Restructuring reimbursement	(6.8)	(.01)
Non-GAAP adjusted Services operating profit	\$10.9	\$20.6
Services gross margin	18.2%	19.0%
Non-GAAP adjusted Services gross margin	17.0%	19.0%
Services operating margin	3.7%	4.9%
Non-GAAP adjusted Services operating margin	2.3%	4.8%

Adjusted Revenue and Non-GAAP Operating Profit Margin

	Years Ended December 31,				
	2015	2016	2017	2018	2019
	(dollars in millions) (unaudited)				
GAAP Revenue	3,015.1	2,820.7	2,741.8	2,825.0	2,948.7
606 Adoption	--	--	--	(53.0)	--
JV Restructuring	--	--	--	(9.4)	(17.5)
Non-GAAP Adjusted Revenue	3,015.1	2,820.7	2,741.8	2,762.6	2,931.2
GAAP Operating Profit Margin	54.3	129.2	97.1	284.1	238.2
606 Adoption	--	--	--	(53.0)	--
Restructuring Adjustment	--	--	--	(9.4)	(17.5)
Post-Retirement Expense	9.4	6.3	5.6	3.8	3.3
Cost-Reduction and Other Expenses	121.8	87.5	135.0	19.7	38.7
Non-GAAP Operating Profit Margin	185.5	223	237.7	245.2	262.7
Operating Profit Margin %					
GAAP	1.8%	4.6%	3.5%	10.1%	8.1%
Non-GAAP	6.2%	7.9%	8.7%	8.9%	9.0%

¹ Upon adoption of the new revenue recognition rules (ASC 606) on January 1, 2018, the Company was required to include \$53 million in the cumulative effect adjustment to retained earnings.

Non-GAAP and Other Information

Although appropriate under generally accepted accounting principles (“GAAP”), the company’s results reflect charges that the company believes are not indicative of its ongoing operations and that can make its profitability and liquidity results difficult to compare to prior periods, anticipated future periods, or to its competitors’ results. These items consist of revenue, post-retirement, debt exchange/extinguishment, cost-reduction, and other expenses. Management believes each of these items can distort the visibility of trends associated with the company’s ongoing performance. Management also believes that the evaluation of the company’s financial performance can be enhanced by use of supplemental presentation of its results that exclude the impact of these items in order to enhance consistency and comparativeness with prior or future period results. The following measures are often provided and utilized by the company’s management, analysts, and investors to enhance comparability of year-over-year results, as well as to compare results to other companies in our industry.

Constant currency – The company refers to growth rates in constant currency or on a constant currency basis so that the business results can be viewed without the impact of fluctuations in foreign currency exchange rates to facilitate comparisons of the company’s business performance from one period to another. Constant currency is calculated by retranslating current and prior period results at a consistent rate

Non-GAAP adjusted revenue – In 2019 and 2020, the company’s non-GAAP results reflect adjustments to exclude certain revenue and related profit relating to reimbursements from the company’s check-processing JV partners for restructuring expenses included as part of the company’s restructuring program.

Non-GAAP operating profit – The company recorded pretax post-retirement expense and pretax charges in connection with cost-reduction activities, debt exchange/extinguishment and other expenses. For the company, non-GAAP operating profit excluded these items. The company believes that this profitability measure is more indicative of the company’s operating results and aligns those results to the company’s external guidance, which is used by the company’s management to allocate resources and may be used by analysts and investors to gauge the company’s ongoing performance. During 2019 and 2020, the company included the non-GAAP adjustments discussed herein.

Non-GAAP adjusted Services gross profit – During 2019 and 2020, the company included the adjustments discussed herein.

Non-GAAP adjusted Services operating profit – During 2019 and 2020, the company included the adjustments discussed herein.

EBITDA & adjusted EBITDA – Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is calculated by starting with net income (loss) from continuing operations attributable to Unisys Corporation common shareholders and adding or subtracting the following items: net income attributable to noncontrolling interests, interest expense (net of interest income), provision for income taxes, depreciation and amortization. Adjusted EBITDA further excludes post-retirement, debt exchange/extinguishment, and cost-reduction and other expenses, non-cash share-based expense, and other (income) expense adjustment. In order to provide investors with additional understanding of the company’s operating results, these charges are excluded from the adjusted EBITDA calculation. During 2019 and 2020, the company included the adjustments discussed herein.

Non-GAAP diluted earnings per share – The company has recorded post-retirement expense and charges in connection with debt exchange/extinguishment and cost-reduction activities and other expenses. Management believes that investors may have a better understanding of the company’s performance and return to shareholders by excluding these charges from the GAAP diluted earnings/loss per share calculations. The tax amounts presented for these items for the calculation of non-GAAP diluted earnings per share include the current and deferred tax expense and benefits recognized under GAAP for these amounts. During 2019 and 2020, the company included the adjustments discussed herein.

Non-GAAP and Other Information

Although appropriate under generally accepted accounting principles (“GAAP”), the company’s results reflect charges that the company believes are not indicative of its ongoing operations and that can make its profitability and liquidity results difficult to compare to prior periods, anticipated future periods, or to its competitors’ results. These items consist of revenue, post-retirement, debt exchange/extinguishment, cost-reduction, and other expenses. Management believes each of these items can distort the visibility of trends associated with the company’s ongoing performance. Management also believes that the evaluation of the company’s financial performance can be enhanced by use of supplemental presentation of its results that exclude the impact of these items in order to enhance consistency and comparativeness with prior or future period results. The following measures are often provided and utilized by the company’s management, analysts, and investors to enhance comparability of year-over-year results, as well as to compare results to other companies in our industry.

Free cash flow – The company defines free cash flow as cash flow from operations less capital expenditures. Management believes this liquidity measure gives investors an additional perspective on cash flow from on-going operating activities in excess of amounts used for reinvestment.

Adjusted free cash flow – Because inclusion of the company’s post-retirement contributions, discontinued operations and cost-reduction charges/reimbursements and other payments in free cash flow may distort the visibility of the company’s ability to generate cash flow from its operations without the impact of these non-operational costs, management believes that investors may be interested in adjusted free cash flow, which provides free cash flow before these payments. This liquidity measure was provided to analysts and investors in the form of external guidance and is used by management to measure operating liquidity.