CONDUENT

Conduent Investor Presentation

JUNE 2019

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements”, as defined in the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about the business process outsourcing industry and our business and financial results. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans,” “believes” and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead time for customer commitments; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to modernize our information technology infrastructure and consolidate data centers; our ability to comply with data security standards; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our 2018 Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission. Any forward-looking statements made by us in this presentation speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

NON-GAAP FINANCIAL MEASURES

We have reported our financial results in accordance with U.S. generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using non-GAAP measures. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related tax effects. Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods’ results against the corresponding prior periods’ results. These non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company’s reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for a further level of transparency as to how management reviews and evaluates our business results and trends. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP measures. Non-GAAP measures are footnoted, where applicable, in each slide herein.

A Leading Digital Business Services Company Built on Innovation

Managing secure, mission critical operations and digital interactions at scale for commercial, transportation and government clients.

THE BENEFITS OF DIGITAL PLATFORMS FOR BUSINESS PROCESSES

- Scalable
- Embedded in client infrastructure
- Enables real-time data analytics and insights
- Meets end-user expectation of modern digital experience
- Rapidly adjusts to changing market dynamics

Who We Are

Among the Largest Digital Business Services Company in the Market

COMMERCIAL

Delivering end-to-end business-to-business and business-to-consumer solutions that transform the way our clients operate and facilitate individualized, immediate and intelligent interactions for our clients end users.

Core Offerings

- End-User Engagement
- HR Services
- Benefits Administration
- Workers Comp Management
- Digital Payments
- Legal & Compliance
- Healthcare Solutions
- Learning Services
- Banking Operations
- Industry Specific Solutions

~55%
of revenue [1]

GOVERNMENT

Providing business process services to U.S. federal, state and local and foreign governments and agencies to streamline operations and improve the citizen experience.

Core Offerings

- Child Support Solutions
- Payment Solutions
- Government Healthcare Solutions
- Case Management Solutions
- Eligibility and Enrollment Solutions

~30%
of revenue [1]

TRANSPORTATION

Integrating innovative technologies, advanced analytics and end-user-focused solutions to deliver safer and more efficient experiences for travelers and real-time revenue management for governments and agencies.

Core Platform Offerings

- Roadway Charging & Management
- Transit
- Curbside Management
- Public Safety

~15%
of revenue [1]

1. As of 3/31/2019. Revenue adjusted to exclude divestitures.

Three Business Segments Poised for Long-term Growth

COMMERCIAL

Our Clients

Majority of the Fortune 100

19 of top 20 Health Insurers

9 of top 10 Pharma Companies

6 of top 10 Automakers

7 of top 10 U.S. Banks

Interactions Managed

70% U.S. Insured Patients touched by CNDT

$775B B2B Payments

50%+ of U.S. Workers Comp Transactions

Leading Provider of Health Spending Accounts with **1.1M** BenefitWallet HSAs

10M+ employees with CNDT HR Services

GOVERNMENT

Our Clients

Partners in **49 States**

150+ Payment Service Programs in **30+ States**

54+ million registered government payment cards

Interactions Managed

$40B in Gov't Healthcare Provider Payments Processed per Year

$3.6B Gov't Payment Transactions

43% U.S. Child Support Payments

55% SNAP Payments

TRANSPORTATION

Our Clients

1 out of 4 US public safety systems are implemented by Conduent Transportation

48% of US parking systems are managed by Conduent Transportation

Interactions Managed

48% U.S. Toll Transactions

$2.4B toll transactions processed per year

8.9 Million people travel through Conduent Transportation toll systems daily

Conduent by the Numbers

Enterprise Snapshot

FINANCIAL SNAPSHOT: FY 2018 ADJUSTED RESULTS(1)

$4.6B Revenue	$535M Adj. EBITDA	$218M Adj. FCF

STRONG OPERATIONAL FOUNDATION(2)

67k Employees	>1k Patents	35 Business Areas

ATTRACTIVE BALANCE SHEET & CASH GENERATION

~30% Adj. EBITDA to FCF Conversion(3)	~8.7% FCF Yield(4)	1.7x Net Leverage Ratio(5)

(1) 2018 Revenue and EBITDA adjusted to exclude Divestitures. Refer to Appendix for Non-GAAP reconciliations.
(2) As of 3/31/19.
(3) FY2019 Guidance projects Adj EBITDA conversion of ~30%.
(4) FY2019 Guidance midpoint cashflow (168M) divided by basic market cap per FactSet ($1.94B) as of 5/28/19.
(5) Leverage as of 3/31/19.

What We've Done

PLAN AT SPIN

- Exit unprofitable businesses ✓
- Optimize headcount ✓
- Streamline accounts ✓
- Reduce real estate footprint ✓
- Decrease leverage ✓

EXECUTION SINCE SPIN

~$1B Divestitures	**~40%** Real Estate Reduction (sq. ft.)	**1.2x** Turns improvement in Debt Profile from 2.9x to 1.7x
>$730 Million in 3-yr Cumulative Savings	**~30%** Reduction in Workforce	**~44%** Reduction in Interest Expense
$200M ~3 year Modernization Investment	**~10K** Long-Tail Accounts Exited	**700bps** Reduction in High Cost Labor

Complementary Portfolio of Segments and Platforms

CONDUENT

Significant Opportunity to Unlock Value Across Business Segments

	CONDUENT[1]	PEER GROUP	
COMMERCIAL	**Key performance metrics** Revenue: $2.6B Adj. EBITDA: $598M	MERCER, Willis Towers Watson, Excela Health, WNS, alight, genpact, Broadridge, accenture EV/EBITDA Multiple[2]: 15.1x	$729B Addressable Market [3, 4, 5, 6]
GOVERNMENT	**Key performance metrics** Revenue: $1.4B Adj. EBITDA: $451M	DXC.technology, FIS, leidos, MAXIMUS, MOLINA HEALTHCARE EV/EBITDA Multiple[2]: 8.1x	$155B Addressable Market [3, 4, 5, 6]
TRANSPORTATION	**Key performance metrics** Revenue: $729M Adj. EBITDA: $149M	CUBIC, THALES, kapsch, ROPER, ATS EV/EBITDA Multiple[2]: 11.0x	$20B Addressable Market [3, 6]

1. Conduent FY 2018 Results, excludes corporate costs
2. Next Fiscal Year Est EV/EBITDA Consensus. Source: Bloomberg as of 5/28/19.
3. 2020 Addressable Market. Source Gartner, IDC, Conduent Internal and Nelson Hall
4. (i) Commercial includes - Healthcare (payer, provider, PLS), C&I, Financial Services, Europe, Payments (Cross border, KYC and Reg-Tech) and Digitization
5. (ii) Government includes - GHS, State Services and Federal, Payments (Healthcare)
6. Geos considered (i) Commercial – as per respective segments (ii) Government – US (iii) Transportation – Global

Deep Domain and Process Capabilities Across All Three Segments

Delivering Mission Critical Interactions Through Platforms, Services, and Partners

SOLUTIONS ACROSS SEGMENTS

Finance, Accounting And Procurement Solutions

HRS And Learning Services

Legal And Compliance Services

Medical Claims Management Solutions

End-user Engagement Services

Industry-specific Solutions[(1)]

SERVING CLIENTS IN MULTIPLE INDUSTRIES

1. Industry-specific Solutions designed for Federal, Government, Transport, Healthcare, and Banking Industries

Significant Opportunity to Unlock Value Across Business Segments

SOLUTIONS ACROSS SEGMENTS	BUSINESS SEGMENTS		
	COMMERCIAL	GOVERNMENT	TRANSPORTATION
Finance, Accounting And Procurement Solutions	Entrenched	Near-term Opportunity	Long-term Opportunity
HRS And Learning Services	Entrenched/Growing	Near-term Opportunity	Long-term Opportunity
Legal And Compliance Services	Entrenched	Near-term Opportunity	Long-term Opportunity
Medical Claims Management Solutions	Entrenched/Growing	Growing	Long-term Opportunity
End-user Engagement Services	Entrenched/Growing	Growing	Entrenched
Industry-specific Solutions	Entrenched/Growing	Entrenched/Growing	Entrenched/Growing

Path to Growth

CONDUENT

Path to Growth

Well positioned to **capitalize on macro-trend outlook**

Investment in **digital transformation** to enhance margins

Expansion of **service offerings among existing customer base** in each business unit

Opportunistic approach to **growing innovative technology** capabilities

Positioned to Capitalize on the Macro-trends of Tomorrow

Big bets offer massive opportunity across all segments

ADDRESSING ~$1 TRILLION MARKET OPPORTUNITY WITH OUR BIG BETS

Healthcare

Connecting the healthcare ecosystem to provide the right care at the right time and place

$43B

Market Opportunity[1,2,3]

Transportation

New mobility options and solutions are redefining the journey

$20B

Market Opportunity[1,2,3]

Payments

Changing demographics and consumer expectations are fueling shift to digital payments

$543B

Market Opportunity[1,2,3]

Digitalization

Digitalization is improving end-user experience through individualized, immediate and intelligent interactions

$137B

Market Opportunity[1,2,3]

Outsourcing[4]

Automation, analytics, AI, and blockchain are driving a revolution in the future

$161B

Market Opportunity[1,2,3]

1. 2020 Addressable Market. Source Gartner, IDC, Conduent Internal and Nelson Hall
2. (i) Payments – Healthcare, Cross border, KYC and Reg-Tech (ii) Healthcare - Payer, Provider, PLS, GHS (iii) Outsourcing – Healthcare, Transportation, Financial Services, C&I, Europe
3. Geos considered (i) Healthcare – US (ii) Transportation – Global (iii) Payments – US and EMEA (iv) Digitalization – Global
4. Outsourcing represents vertical view of Conduent's addressable market; (Outsourcing number excludes HC and Transportation)

Near-Term Investments Position Conduent for the Long Term

Investing ~$200 million[1] over three years to modernize digital platforms

SOLUTIONS Industry Growth Rate [2]	INVESTMENT	OBJECTIVE
Healthcare 5.3% Growth Rate	~$40M	✓ Become leading platform in healthcare consumer services ✓ Build best-in-class population health management offering ✓ Developing new technology models focusing on wellness
Transportation 4.1% Growth Rate	~$45M	✓ Transform business into a Mobility-as-a-Service provider by incubating new offerings ✓ Position as a trusted partner and thought leader ✓ Modernize portfolio to cloud-based, digitally powered, outcomes based business ✓ Drive predictable implementation and operational delivery
Payments 1.3% Growth Rate	~$25M	✓ Be the preferred payment provider with transformational business solutions around digitization, data analytics, AI and blockchain to ensure compliance and seamless client experience
Human Resource Services[3] 7.1% Growth Rate	~$65M	✓ Become the leading provider of workforce solutions across the full recruit-to-retire lifecycle to help companies achieve competitive advantage through engaged and informed employees
Industry-specific Solutions	~$25M	✓ Designing industry-specific solutions together with our clients to meet their business demands

1. Expected approximate investment by Platform Group
2. Industry CAGR 2018-2020
3. Includes ~$20M of investment in Workers Comp Solutions

Investment in Our Digital Experience Focus

DIGITAL INTERACTIONS

- Conduent sits at the intersection of millions of mission-critical interactions everyday
- Clients want to leverage data and analytics to improve the interaction experience with their end users
- Investing in technology to ensure that every interaction is Immediate, Intelligent and Individualized
- Platform-based offerings allow for interactions at massive scale and a constant feedback loop

KEY

1. Legacy BPO Business
2. Traditional Services Model Progression
3. Next Generation Digital Business Services

EVOLVING DIGITAL BUSINESS SERVICES COMPANY VALUE CHAIN

3 DO DIFFERENT

Intelligent Platforms And Digital Experience

Data aggregation and analytics	Cross-platform integration
Personalized offerings	Real-time, insight driven services
Modernized and scalable capabilities	Service offering ecosystems

1 DO BETTER

Traditional BPO Services

- Labor intensive
- Rule-based

2 DO MORE

Business Process as-a-service (BPaaS)

- Automated Delivery
- Subscription/ Outcome-based

Creating Value Through Digital Interactions

AN ESSENTIAL PARTNER

Our Clients' End Users

- Commuters
- Pharmacists
- Doctors
- Patients
- Government Benefit Recipients
- Employees
- Insurance Members
- Technology Consumers
- Banking Customers
- Suppliers
- Travelers
- Shoppers
- Citizens

Digital Device

Conduent Digital Interaction Platforms

Ecosystem Partners

- Technology Partners
- Benefit Providers
- Insurers
- Employers
- Financial Institutions
- Government Agencies
- Healthcare Providers
- Enterprises

Supporting Services

- Account Management
- Analytic Insights
- Billing
- Customer Support
- Case Management
- Engagement
- Operations

Ecosystem Integration

- EHR/EMR Systems
- HR Systems
- Exchanges
- CMS
- Finance Systems
- Payment Systems
- CRMs
- LMS
- GPS
- Transponders
- Mainframes

Prudent Capital Allocation

INVESTMENT IN CORE BUSINESS

HOW WE'RE INVESTING

- Modernizing client facing platforms to meet client demands
- Upgrading back office infrastructure to improve performance, security, and delivery

MERGERS AND ACQUISITIONS

Expanding into growing markets that service the future of our business

ACQUISITION PROFILE

- Technology that offers accelerated integration with current clients
- Accretive attributes that allow Conduent to move up the value chain
- Strong synergies that bolster current portfolio

PRIORITIZE DELIVERING LONG TERM SHAREHOLDER VALUE

MAXIMIZING SHAREHOLDER VALUE

- Long-term approach to returning shareholder value via developing best-in-class assets and relationships

OPTIMIZED BALANCE SHEET

Maintaining appropriate capital levels

ACHIEVING BEST-IN-CLASS CAPITAL STRUCTURE

- Disciplined approach to capital allocation with a focus on deleveraging the balance sheet

Attractive Financial Profile and Disciplined Capital Allocation

CONDUENT

Q1 2019 and FY 2018 Segment Summary[1]

	Q1				FY			
	REVENUE		ADJ. EBITDA		REVENUE		ADJ. EBITDA	
($M)	**2018**	**2019**	**2018**	**2019**	**2017**	**2018**	**2017**	**2018**
Commercial	$654	$612	$138	$135	$2,593	$2,550	$656	$598
Government	335	325	115	95	1,407	1,351	437	451
Transportation	176	184	35	29	725	729	154	149
Other[2]	7	1	(2)	-	75	11	18	(16)
Shared IT / Infrastructure & Corporate Costs[3]	-	-	(166)	(137)			(745)	(647)
Total	**$1,172**	**$1,122**	**$120**	**$122**	**$4,800**	**$4,641**	**$520**	**$535**

Q1 2019 SEGMENT COMMENTARY

Commercial

- Adjusted revenue down (6.4)% yr/yr; FY adj. EBITDA margin 22.1%.
- Revenue decline driven by lower client volumes, lost business, and strategic actions.

Government

- Adjusted revenue down (3.0)% yr/yr; FY adj. EBITDA margin 29.2%.
- Revenue decline driven by lost business and pricing.

Transportation

- Adjusted revenue up 4.5% yr/yr; FY adj. EBITDA margin 15.8%.
- Revenue increase driven by new business. Adj EBITDA impacted by SLA penalties and higher IT delivery costs.

Shared IT / Infrastructure & Corporate Costs

- Meaningful reduction yr/yr down 17.5% due to continued progress on cost transformation initiatives.
- Q1 partially driven by seasonality and a negotiated settlement with an IT infrastructure services vendor.

1. Segment revenue excludes impact from ASC 606 and divestitures.
2. Revenue and adj. EBITDA from divestitures moved to Other segment.
3. Majority of stranded costs moved to Unallocated Corporate Costs and expected to be addressed in 2019 and 2020.

Strong Cash Flow Generation Amid Digital Investment

(in millions)	Q1 2019	FY 2018
Net income (loss)	**($308)**	**($416)**
Depreciation & amortization	115	460
Stock-based compensation	7	38
Deferred tax benefit	(45)	(75)
Goodwill impairment	284	-
(Gain) loss on extinguishment of debt	-	108
Changes in operating assets and liabilities	(117)	118
Other[1]	15	50
Operating Cash Flow	**(49)**	**$283**
Purchase of LB&E[2] and other	(70)	(224)
Proceeds from sales of LB&E	1	13
Net proceeds/payments for divestitures/acquisitions	(99)	670
Other investing, net	-	1
Investing Cash Flow	**($168)**	**$460**
Cash from Financing	**($22)**	**($637)**
Effect of exchange rates on cash and cash equivalents	2	(8)
Change in cash, restricted cash and cash equivalents	(237)	98
Beginning cash, restricted cash and cash equivalents	765	667
Ending Cash, Restricted Cash and Cash Equivalents[3]	**$528**	**$765**
Memo: Adjusted Free Cash Flow[4]	**($93)**	**$218**
Better / (Worse) vs prior year period	*($24)*	*$5*

Q1 2019 KEY MESSAGES

- Cash outflow primarily driven by Texas settlement payment and other working capital movements. Texas settlement payments of $118M made to date; planned payments of $118M to be made in January 2020.
- Capex of 6% revenue driven by IT investments
- Adjusted free cash[4] down ($24M) yr/yr driven by higher capex spend

1. Includes gain (loss) on investments, amortization of debt financing costs, (gain) loss on divestitures and transaction costs, contract inducement amortization and Other operating, net
2. Includes cost of additions to land, building and equipment (LB&E) and internal use software
3. Includes $9 million of restricted cash for 2018 and $8 million of restricted cash for 2019 that was included in Other current assets on the Condensed Consolidated Balance Sheets
4. Refer to Appendix for Non-GAAP reconciliations.

Strong, Flexible Balance Sheet

DEBT STRUCTURE ($M)	12/31/2017	12/31/2018	3/31/19
Total Cash[(1)]	**$667**	**$765**	**$528**
Deferred Comp Cash	(99)	-	-
Restricted Cash	(9)	(9)	(8)
Adjusted Cash	**$559**	**$756**	**$520**
Total Debt[(2)]	**$2,061**	**$1,567**	**$1,549**
Term Loan A[(3),(5)] due 2022	732	705	691
Term Loan B[(3)] due 2023	842	833	831
10.5% Senior Notes due 2024	510	34	34
Capital Lease	33	26	23
Current Net Leverage Ratio[(4)]	2.2x	1.2x	1.7x

TARGET CREDIT METRICS	
FY 2019 Interest Expense	~$90M
Preferred Dividend (Annual)	~$10M
Target Net Leverage Ratio	~2.0x
Average Remaining Maturity on Outstanding Debt	~4 years

CREDIT METRICS HEALTH CHECK

- Current Leverage Ratio at 1.7x[(4)]
- Revolver remains undrawn
- Texas settlement payments of $118M made to date; planned payments of $118M to be made in January 2020
- Balanced capital allocation focused on driving shareholder value

1. Total cash includes restricted cash
2. Total debt excludes deferred financing costs (for example, $30M in 2019)
3. Revolving credit facility and Term Loan A interest rate is Libor + 175 bps; Term Loan B is Libor + 250 bps effective June 28, 2018
4. Net debt (total debt less adjusted cash) divided by TTM Adjusted EBITDA. Adjusted ratio uses Adjusted total Debt.
5. Includes initial EUR 260M borrowing converted at end of quarter exchange rates; Reflects appreciation of the EUR.
6. $738M of available capacity under Revolving Credit Facility as of 3/31/2019.

FY 2019 Guidance

	FY 2018 REPORTED	ADJ FY 2018[1]	FY 2019 GUIDANCE[4]
Revenue[2]	$5.39B	$4.64B	Down (3) – (4)%
Adj. EBITDA Margin	11.9%	11.5%	12 – 13%
Adj. Free Cash Flow[3]	$218M		
FCF % of Adj. EBITDA[3]	34.1%		~30%

1. Adjusted to remove impacts of divestitures. Refer to Appendix for Non-GAAP reconciliations.
2. Year-over-year revenue growth comparison at constant currency
3. FY 2019 FCF adjusted for Texas-related litigation impact
4. Includes no additional M&A

Appendix

1- Example Solution Set Deep Dives
2- Non GAAP Reconciliations

Commercial Segment Solution Deep Dive Example: **Digital Processing Services**

DATA & DOCUMENT MANAGEMENT ("INBOUND")

We digitize and streamline the inbound mail process, extract data and automate workflows to accelerate our clients' business processes—delivering faster processing times and an enhanced customer experience.

Digital mailroom services

- Mailroom management and digital transformation
- Document prep, scanning, indexing, classification
- Distribute electronic documents to downstream processes, repositories, archives

Capture and data management

- Ingest documents and data from multiple sources and multiple digital and physical formats
- Extract, OCR, index, QA, classify documents, validate data
- Inject data into the appropriate business processes
- Provide content management for the archival, retrieval and retention of documents and data

Business process management

- Streamline downstream processes by reviewing how data and images are handled after mail intake and data capture
- Process optimization utilizing RPA to increase efficiency, reduction in error rate and increase the quality

MULTICHANNEL COMMUNICATIONS ("OUTBOUND")

We combine technology with channel expertise to manage timely, coordinated delivery of our client's critical communications across traditional print & mail, mobile, web, email, SMS, and e-presentment.

Transactional print & mail

- High-volume printing and mailing services
- Latest print and mailing technologies
- Secure facilities

Dynamic composition & multichannel delivery

- Create variable & personalized communications from multiple data/input sources
- Delivery output in multiple channels i.e. print, mobile, web, email

Repository & presentment

- Storage of all content with comprehensive search and auditing features
- Presentment portal services

Commercial Segment Solution Deep Dive Example: **HR services**

The right talent can be a powerful competitive advantage.
We offer services that help clients attract, retain and develop the top talent required to compete on a global level.

CONSULTING & ANALYTICS

- Leading provider of HR consulting services including strategy & design for all aspects of Human Resources
- Award winning communications, change management, and transformation partner
- Practice aligned with key area of Human Resources functions of Health, Wealth, and Career

BENEFITS ADMINISTRATION

- One of the top three providers in the comprehensive benefits outsourcing market
- Integrated solution for H&W, DB, and DC administration
- Offer both a traditional and a Private Exchange options
- Leading edge self service tools

LEARNING SERVICES

- Top learning BPO company by Gartner, IDC, Nelson Hall, Training Industry, and Everest
- Comprehensive service offering from strategy to delivery with global reach and scalability
- Create a high performance and business-ready workforce that is equipped to respond to changing market and customer requirements

HR AND GLOBAL PAYROLL

- Comprehensive global delivery model supporting multiple languages
- HR as a service model for popular three strategic SaaS platforms (Workday, SuccessFactors, Oracle Cloud)

KNOWLEDGE | ENGAGEMENT | INNOVATION

11M
employees receiving services

123
countries supported

50
years of delivery experience

3M
learners supported globally

15,000
instructor resources available

Government Segment Solution Deep Dive Example: Government Payments

Quick, accurate payment processing. Secure transactions that protect personal information. Below are just a few of the ways prepaid cards and electronic payment systems help government agencies receive and disburse funds.

ELECTRONIC BENEFITS TRANSFER (EBT) SOLUTIONS

Benefit recipients get their benefits quickly and accurately with EBT cards powered by EPPIC. Our ConnectEBT mobile app gives cardholders secure, convenient access to information and funds. States use our EBT Intelligent Analytics Portal to combat fraud, waste, and abuse.

Offerings

- EBT Payment Card
- WIC (Women Infants & Children Connect
- EBT Intelligent Analytics
- Way2Go Card
- Way2Go Mobile App
- ConnectEBT Mobile App
- EPPICard Mobile App

ELECTRONIC PAYMENT SOLUTIONS

Electronic payment cards facilitate quicker and more accurate payment processing. They also enable secure transactions that protect personal information.

Offerings

- Electronic Payment Card
- Electronic Childcare Time & Attendance
- Tax Refund Payment Cards
- Pension Cards
- Payroll Cards
- Unemployment Insurance Payment Cards
- Federal Programs Direct Express Cards

Transportation Segment Solution Deep Dive Example: Transit

We integrate innovative technologies, deep analytical capabilities, and end-user focused solutions to deliver faster, safer, and more economical experiences for travelers and real-time revenue management to transit agencies and authorities.

FARE COLLECTION & INTELLIGENT MOBILITY SOLUTIONS

Solutions designed to improve the traveler experience, reduce administrative expense, optimize pricing, and enable analytics for transit authorities.

Offerings

- Account-based Ticketing Solutions
- Open-loop Payment Solutions
- Closed-loop Payment Solutions
- Hybrid Payment Solutions
- Data Analytics Solutions
- Mobile Ticketing
- Seamless MaaS Solution
- Smart Trip Planner
- ATLAS Ops Transit Platform
- Mobility Analytics Platform
- Mobility Companion Platform

CAD/AVL SOLUTIONS

Computer-Aided Dispatch and Automated Vehicle Location (CAD/AVL) solutions designed to manage incidents, increase efficiencies, track assets, optimize routes, and provide analytics.

Offerings

- Mobile Supervisor
- Incident Corrective Tools
- Business Intelligence Tools
- Traveler Information Systems
- Yard Management
- Vehicle Information Hub & Display
- Vehicle Health Monitors

Non-GAAP Financial Measures

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We have reported our financial results in accordance with U.S. generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with U.S. GAAP, to exclude the effects of certain items as well as their related tax effects. Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods' results against the corresponding prior periods' results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for a further level of transparency as to how management reviews and evaluates our business results and trends. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP measures.

A reconciliation of the following non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP are provided below.

These reconciliations also include the income tax effects for our non-GAAP performance measures in total, to the extent applicable. The income tax effects are calculated under the same accounting principles as applied to our reported pre-tax performance measures under ASC 740, which employs an annual effective tax rate method. The noted income tax effect for our non-GAAP performance measures is effectively the difference in income taxes for reported and adjusted pre-tax income calculated under the annual effective tax rate method. The tax effect of the non-GAAP adjustments was calculated based upon evaluation of the statutory tax treatment and the applicable statutory tax rate in the jurisdictions in which such charges were incurred.

Adjusted Revenue

We make adjustments to Revenue for the following items:

- ASC 606 adjustment.
- Divestitures completed in 2019, 2018, and 2017.

We provide our investors with adjusted revenue information, as supplemental information, because we believe it offers added insight, by itself and for comparability between periods, by adjusting for certain non-cash items as well as certain other identified items which we do not believe are indicative of our ongoing business, and may also provide added insight on trends in our ongoing business.

Non-GAAP Financial Measures

Adjusted EBITDA and EBITDA Margin- We use Adjusted EBITDA and Adjusted EBITDA Margin as an additional way of assessing certain aspects of our operations that, when viewed with the U.S. GAAP results and the accompanying reconciliations to corresponding U.S. GAAP financial measures, provide a more complete understanding of our on-going business. Adjusted EBITDA represents Income (loss) before Interest, Income Taxes, Depreciation and Amortization and Contract Inducement Amortization adjusted for the following items (which are defined above). Adjusted EBITDA margin is Adjusted EBITDA divided by adjusted revenue (as defined below):

- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Litigation costs (recoveries), net. Litigation costs (recoveries), net represents reserves for the State of Texas litigation, Student Loan Service exposures and certain terminated contracts that are subject to litigation.
- Goodwill impairment. This represents Goodwill impairment charge related to the loss of certain Transportation segment customer contracts, lower expected new Transportation segment customer contracts and higher costs
- of delivery.
- (Gain) loss on extinguishment of debt. Represents premium on debt extinguishment and write down of the associated unamortized discount and issuance costs.
- Other (income) expenses, net. Other (income) expenses, net includes currency (gains) losses, net and all other (income) expenses, net.
- NY MMIS charge (credit) / NY MMIS Depreciation. Costs associated with the Company not fully completing the State of New York Health Enterprise Platform project.
- HE charge (credit). Costs associated with not fully completing the Health Enterprise Medical platform projects in California and Montana.
- ASC 606 adjustment.
- Divestitures completed in 2019, 2018, and 2017.

Adjusted EBITDA is not intended to represent cash flows from operations, operating income (loss) or net income (loss) as defined by U.S. GAAP as indicators of operating performance. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA and EBITDA Margin in the same manner.

Adjusted Government Services Segment Revenue and Profit- We adjusted Government Services Segment revenue, profit and margin for the NY MMIS and HE charges as we believe it offers added insight, by itself and for comparability between periods, for items which we do not believe are indicative of our ongoing business.

Free Cash Flow- Free Cash Flow is defined as cash flows from operating activities as reported on the consolidated statement of cash flows, less cost of additions to land, buildings and equipment, cost of additions to internal use software, tax payments related to divestitures, vendor financed capital lease and proceeds from sales of land, buildings and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions and invest in land, buildings and equipment and internal use software and make required principal payments on debt. In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow reconciled to cash flow provided by operating activities, which we believe to be the most directly comparable measure under U.S. GAAP.

Adjusted Free Cash Flow- Adjusted free cash flow is defined as free cash flow from above plus deferred compensation payments, transaction costs, costs related to Texas litigation, and certain other identified adjustments.

Adjusted Cash- Adjusted cash is defined as cash and cash equivalents less cash from terminated deferred compensation to be paid to plan participants. We believe this provides added insight into cash and cash equivalent positions.

Non-GAAP Outlook- In providing outlook for adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable GAAP financial measure. A description of the adjustments which historically have been applicable in determining adjusted EBITDA are reflected in the table below. We are providing such outlook only on a non-GAAP basis because the Company is unable to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, such as amortization, restructuring, separation costs, NY MMIS, HE charge, and certain other adjusted items, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided and outlook for revenue on a constant currency basis due to the inability to accurately predict foreign currency impact on revenues. Outlook for Free Cash Flow and Adjusted Free Cash Flow is provided as a factor of expected adjusted EBITDA, see above.

Non-GAAP Reconciliations: Adjusted Revenue and Adjusted EBITDA

($ IN MILLIONS)	Q1 2017	FY 2017	Q1 2018	FY 2018	Q1 2019
Reconciliation to Adjusted Revenue					
Revenue	**$ 1,553**	**$ 6,022**	**$ 1,420**	**$ 5,393**	**$ 1,158**
Adjustments:					
ASC 606 adjustment	(46)	(166)	-	-	-
2017 divestitures[(1)]	(23)	(59)	-	-	-
2018 divestitures[(1)]	(256)	(997)	(248)	(752)	(36)
Adjusted Revenue	**$ 1,228**	**$ 4,800**	**$ 1,172**	**$ 4,641**	**$ 1,122**
Reconciliation to Adjusted EBITDA					
Income (Loss) from Continuing Operations	**$ (10)**	**$ 177**	**$ (50)**	**$ (416)**	**$ (308)**
Adjustments:					
Interest expense	36	137	33	112	20
Income tax expense (benefit)	(12)	(193)	(4)	21	(30)
Depreciation and amortization	125	495	116	460	115
Contract inducement amortization	-	2	1	3	1
Restructuring and related costs	18	101	20	81	16
Goodwill impairment	-	-	-	-	284
(Gain) loss on divestitures and transaction costs	-	(42)	15	42	14
Litigation costs (recoveries), net	(11)	(11)	31	227	12
(Gain) loss on extinguishment of debt	-	-	-	108	-
Separation costs	5	12	-	-	-
Other (income) expenses, net	(1)	(7)	(1)	5	(1)
NY MMIS charge (credit)	8	9	-	(2)	-
HE charge (credit)	(5)	(8)	-	(1)	-
ASC 606 adjustment	(3)	(11)	-	-	-
2017 divestitures[(1)]	(3)	(7)	-	-	-
2017 divestitures depreciation and amortization	-	1	-	-	-
2018 divestitures[(1)]	(25)	(121)	(39)	(98)	(1)
2018 divestitures depreciation and amortization	(4)	(14)	(2)	(7)	-
Adjusted EBITDA	**$ 118**	**$ 520**	**$ 120**	**$ 535**	**$ 122**
Adjusted EBITDA Margin	*9.6%*	*10.8%*	*10.2%*	*11.5%*	*10.9%*

1. Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.

Non-GAAP Reconciliations: Adjusted Free Cash Flow

($ IN MILLIONS)	Q1 2017	FY 2017	Q1 2018	FY 2018	Q1 2019
Operating Cash Flow	**$ (107)**	**$ 300**	**$ (38)**	**$ 283**	**$ (49)**
Cost of additions to land, buildings and equipment	(17)	(96)	(33)	(179)	(53)
Proceeds from sales of land, buildings and equipment	-	33	-	13	1
Cost of additions to internal use software	(8)	(36)	(6)	(45)	(17)
Tax payment related to divestitures	-	-	-	90	2
Vendor financed capital leases	(12)	(16)	-	(14)	-
Free Cash Flow	**$ (144)**	**$ 185**	**$ (77)**	**$ 148**	**$ (116)**
Transaction costs	-	-	1	33	3
Transaction costs tax benefit	-	-	-	(5)	-
Debt buyback tax benefit	-	-	-	(26)	-
Litigation payments	-	-	-	-	20
Deferred compensation tax benefit	-	-	-	(31)	-
Deferred compensation payments and adjustments	1	28	7	99	-
Adjusted Free Cash Flow	**$ (143)**	**$ 213**	**$ (69)**	**$ 218**	**$ (93)**