Xerox Reports Second-Quarter 2018 Results and Establishes Business Priorities

Rebuilding a Tech Company Powerhouse - Priorities:

- Drive revenue
- Optimize operations for simplicity to better serve clients and partners
- Re-energize the innovation engine
- Focus on cash flow and increase capital returns

Second-Quarter Results

Revenue $2.5B, down 2.2% or 4.0% CC¹

- Equipment $0.6B, up 0.9% or down 0.6% CC¹
- Post Sale $1.9B, down 3.1% or 5.0% CC¹; 78% of Total Revenue

Key Metrics

MDS revenue up 4.6% or 2.3% CC¹ YOY

Installs – YOY % change
- Entry A4 MFPs³ color up 21%, B&W up 21%
- Mid-Range color⁴ up 29%, B&W up 13%
- High-End color⁴ down 9%, B&W down 12%

Financial Expectations

- Reiterating full-year OCF of $900M-$1.1B and FCF of $750-950M
- Will provide an update on our strategy and longer-term expectations at an analyst day later this year or early 2019
- Board authorized $1B of share repurchases; we anticipate to opportunistically repurchase up to $500M in 2018

(1) Constant Currency (CC) and other adjusted measures: see Non-GAAP Financial Measures contained in our second-quarter 2018 earnings release and slides posted on our website at http://www.xerox.com/investor. (2) Entry equipment revenue excludes OEM business, which is included in Other equipment revenue. (3) Entry installations exclude OEM sales, including OEM sales Color A4 MFPs down 20%, B&W up 12%. (4) Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales (DFEs); including DFEs, Mid-range color was up 29%, and High-end color down 10%.

For additional information, please refer to our forward looking statements and non-GAAP reconciliations contained in our second-quarter 2018 earnings release posted on our website at http://www.xerox.com/investor.