

Xerox Reports Fourth-Quarter 2019 Results

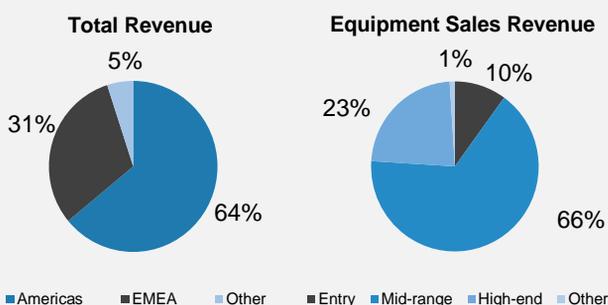
Summary

- In 2019 we made significant progress against our strategic initiatives to transform Xerox: we expanded adjusted¹ operating margin, grew cash flows, made investments in our business that are beginning to impact revenue, and increased strategic flexibility by restructuring our relationship with FUJIFILM.
- In 2020 we will build on that momentum and continue to execute on our strategy to drive revenue, optimize operations, innovate and focus on cash to deliver on our full-year guidance.

Fourth-Quarter Results

Revenue \$2.44B, down 2.2% or down 1.6% CC¹

- Equipment \$0.6B, down 2.1% or down 1.5% CC¹
- Post Sale \$1.8B, down 2.2% or down 1.7% CC¹



Xerox Services revenue down 5.1% or down 4.5% CC¹

Installs: Entry A4 MFPs color down 2%, B&W down 9%; Mid-range color³ down 8%, B&W down 19%; High-end color³ down 12%, B&W up 8%.

Notes: 2019 figures above for Revenue, Post Sale, Gross Margin, SAG, Operating Margin – adjusted, GAAP EPS, EPS – adjusted, Free Cash Flow (FCF), and Ending cash reflect the inclusion of the benefit from an upfront OEM license fee of \$77M, paid by Fuji Xerox to Xerox in the fourth quarter of 2019 as part of a series of transactions to restructure Xerox's relationship with FUJIFILM. Changes above reflect YOY compares unless otherwise noted.

2020 Full-Year Guidance

- **Revenue – CC¹:** Down ~4% CC⁵
- **Operating Margin - adjusted¹:** ~13.0%
- **GAAP EPS:** range of \$2.80 - \$2.90; **EPS – adjusted¹:** range of \$3.60 - \$3.70
- **FCF¹:** ~\$1.2B; CAPEX of ~\$100M
- **Shareholder Returns:** > 50% of annual FCF¹

(1) Adjusted Measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures contained in our fourth-quarter 2019 earnings release and slides posted on our website at <http://www.xerox.com/investor>. (2) Adjusted for Non-service retirement-related costs and Contract termination costs – IT services. (3) Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales (DFEs); including DFEs, Mid-range color was down 9%, and High-end color down 11%. (4) Cash, cash equivalents and restricted cash. (5) Excludes the impact of the upfront OEM license fee of \$77M in 2019; 2020 revenue down ~4.9% including the \$77M fee.

For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our fourth-quarter 2019 earnings release posted on our website at <http://www.xerox.com/investor>.

