

# Xerox Reports First-Quarter 2020 Results

Q1 performance reflects the impact of the COVID-19 crisis. We are withdrawing our previously issued full year 2020 financial guidance at this time due to the high level of economic uncertainty and disruption caused by this crisis.

We remain focused on the health and safety of our employees, customers and partners and have taken actions to ensure work progresses safely during this unprecedented time. We have a strong balance sheet and resilient operations to manage through the crisis and our four strategic initiatives continue to progress and guide our longer term transformation.

## Financial Results

**Gross Margin:** 38.3%, down 190 bps

**SAG:** 29.1% as percentage of revenue, up 410 bps, including 330 bps increase from Bad Debt expense associated with COVID-19 crisis.

**Operating Margin – Adjusted<sup>1</sup>:** 4.7%, down 630 bps

**Other Expenses, net – Adjusted<sup>1</sup>:** \$19M, down \$7M

**Tax Rate – Adjusted<sup>1</sup>:** 29.4%, up 3.1%

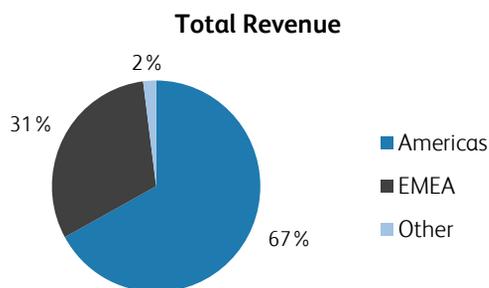
**GAAP Loss Per Share:** \$(0.03), down \$0.37

**EPS – Adjusted<sup>1</sup>:** \$0.21, down \$0.45

**Free Cash Flow<sup>1</sup>:** \$150M (CAPEX of \$23M), down \$57M

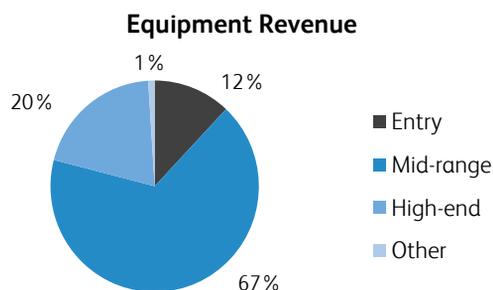
**Ending Cash<sup>3</sup>:** \$2,665M; **ending debt:** \$4.3B (\$3.0B financing & \$1.3B core)

**Dividends:** Returned \$58M to shareholders



**Revenue \$1.86B, down 14.7% or down 13.9% CC<sup>1</sup>**

- Equipment \$0.3B, down 27.5% or down 27.0% CC<sup>1</sup>
- Post Sale \$1.5B, down 11.4% or down 10.5% CC<sup>1</sup>



**Xerox Services Revenue** down 9.0% or down 8.1% CC<sup>1</sup>

**Installs:** Entry A4 MFPs color down 20%, B&W up 2%; Mid-range color<sup>2</sup> down 26%, B&W down 14%; High-end color<sup>2</sup> down 52%, B&W down 31%.

*NOTE: The financial results presented above are from continuing operations.*

*(1) Adjusted Measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures contained in our first-quarter 2020 earnings release and slides posted on our website at <http://www.xerox.com/investor>. (2) Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales (DFEs); including DFEs, Mid-range color was down 26%, and High-end color down 53%. (3) Cash, cash equivalents and restricted cash. For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our first-quarter 2020 earnings release posted on our website at <http://www.xerox.com/investor>.*