

Xerox Reports Second-Quarter 2020 Results

The impact of business closures caused by COVID-19 during March continued through Q2 and is reflected in our results. As there remains a high-level of economic uncertainty caused by this crisis, we are not currently providing financial guidance for 2020.

We have identified levers to manage through an extended recovery period. Our balance sheet is strong and operations are resilient, which have been critical in managing through the crisis. We remain focused on winning in the market place with our strong portfolio, and we continue to invest in our business and progress on our four strategic initiatives, which underpin our long-term transformation.

Financial Results

Gross Margin: 38.5%, down 60 bps

SAG: 29.1% as percentage of revenue, up 630 bps

Operating Margin – Adjusted¹: 4.2%, down 820 bps

Other Expenses, net – Adjusted¹: \$15M, down \$13M

Tax Rate – Adjusted¹: 23.4%, down 3.2%

GAAP Earnings Per Share: \$0.11, down \$0.49

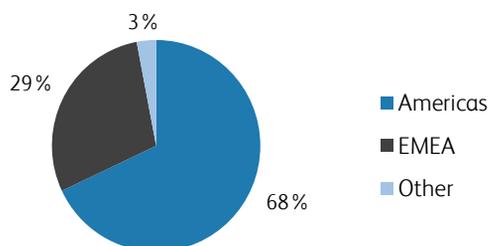
EPS – Adjusted¹: \$0.15, down \$0.64

Free Cash Flow¹: \$15M (CAPEX of \$19M), down \$245M

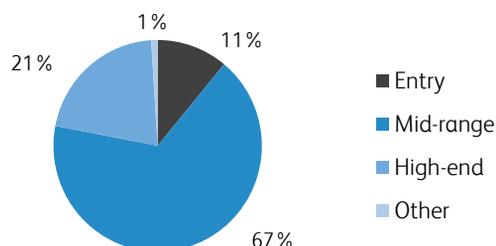
Ending Cash²: \$2.3B; **ending debt:** \$4.0B (\$3.0B financing & \$1.0B core)

Dividends: Returned \$57M to shareholders

Total Revenue



Equipment Revenue



Revenue: \$1.47B, down 35.3% or down 34.6% CC¹

- Equipment: \$0.3B, down 38.5% or down 38.0% CC¹
- Post Sale: \$1.2B, down 34.3% or down 33.6% CC¹

Xerox Services Revenue: Down 29.2% or down 28.2% CC¹

Installs: Entry A4 MFPs color down 35%, B&W down 9%; Mid-range color down 46%, B&W down 42%; High-end color down 58%, B&W up 2%.

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 second-quarter 2020 earnings release and slides posted on our website at <https://www.xerox.com/investor>. (2) Cash, cash equivalents and restricted cash. For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our second-quarter 2020 earnings release posted on our website at <https://www.xerox.com/investor>.