



# INVESTOR DAY 2015

# Forward-looking statements

All statements in this presentation that do not directly and exclusively relate to historical facts constitute “forward-looking statements.” These statements represent CSC’s and/or CSRA’s intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, many of which are outside the control of either CSC or CSRA. These factors could cause actual results to differ materially from such forward-looking statements. For a written description of these factors, see the section titled “Risk Factors” in CSC’s Form 10-K for the fiscal year ended April 3, 2015 and any updating information in subsequent SEC filings as well as in CSRA’s Registration Statement on Form 10 including the information statement included as an exhibit thereto. CSC and CSRA disclaim any intention or obligation to update these forward-looking statements whether as a result of subsequent event or otherwise, except as required by law.

# Non-GAAP reconciliations

This presentation includes certain non-GAAP financial measures, such as operating income, operating margin, Earnings Before Interest and Taxes (EBIT), free cash flow, capital expenditures and capital intensity. These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States (GAAP).

A reconciliation of non-GAAP financial measures included in this presentation to the most directly comparable financial measure calculated and presented in accordance with GAAP accompanies this presentation and is available at [www.csc.com/investorrelations](http://www.csc.com/investorrelations). Our respective management teams believe these non-GAAP financial measures provide useful information to investors regarding our financial condition, cash flow and results of operations as they provide another measure of our profitability and ability to service our debt, and are considered important measures by financial analysts covering us and our peers.

# Agenda

Topic	Time	Presenter
Welcome and Strategic Overview	9:30-10 am	Mike Lawrie
CSC Commercial presentation	10-11:30 am	Mike Lawrie Dan Hushon Jim Smith Steve Hilton Paul Saleh
Q&A	11:30 am-12 pm	
Lunch	12-1 pm	
CSRA presentation	1-2:30 pm	Mike Lawrie Larry Prior David Keffer
Q&A	2:30-3 pm	



# Key messages

We have **successfully executed our turnaround** priorities and built positive momentum on our transformation journey

To accelerate our transformation, **we are separating** into two industry-leading public companies, which will **create significant value** over the next several years

In our Commercial business, our strategic priorities are to:

1. Lead our clients on their digital journey with a **new generation of offerings** by **leveraging partners, industry IP** and domain expertise across the globe
2. **Invest in people and skills** to provide client- and market-relevant capabilities
3. Rebalance portfolio and optimize workforce & delivery to **expand margins** and **grow free cash flow**
4. **Continue to allocate capital** to drive value for the company, clients and shareholders

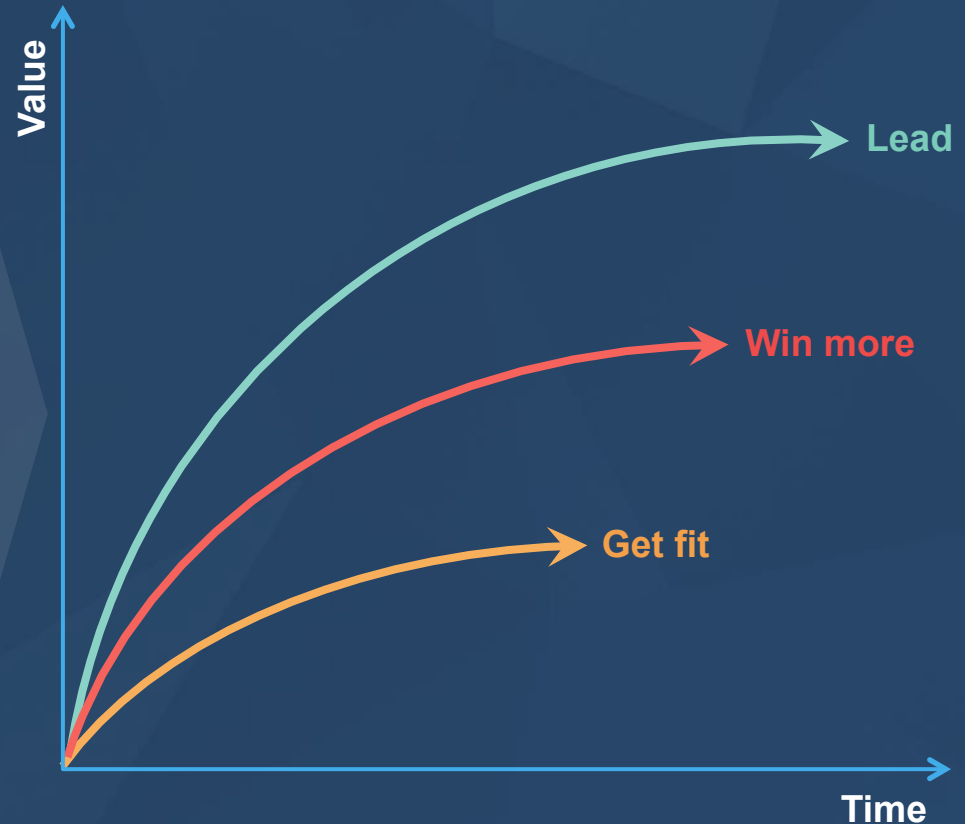
We are creating an industry-leading platform with bigger scale in U.S. federal government IT services by **combining CSGov and SRA to form CSRA**

- CSRA will maintain **best-in-class margins**, generate free cash flow to **quickly de-lever**, and use scale to **gain market share**

# In 2012, we embarked on a multi-year turnaround and transformation

## We needed to address key challenges:

- Fragmented operating model
- Over-indexed on ITO business
- “Mega-deal” focus
- Highly capital-intensive approach
- Lack of unified global delivery model
- 2,000+ custom offerings
- 40+ underperforming contracts
- Poor margins, minimal cash flows



# We have successfully executed on our turnaround

## Implemented relevant strategy

- Balanced **large deals** with more **land-and-expand** deals
- Rebalanced portfolio away from **commodity ITO business**
- Capitalized on **market trends**
- Invested in **market-relevant** offerings
- Expanded to **new geographies**

## Rebalanced assets

- Changed asset mix:
  - Divested **~\$1.4B** of annual non-core business revenue
  - Made bolt-on acquisitions: **Infochimps, ServiceMesh, Fruition Partners, Fixnetix**

Leveraged assets of partners



## Streamlined offerings

- Rationalized **2,000+** custom offerings to **140** standard offers in **14** offering families
- Invested **~\$200M+** annually in R&D for next-gen and other offerings in FY14 and FY15
- Billions** worth of R&D leveraged from partners

## Strengthened leadership

- Assembled **high-performing corporate leadership team**
- Refreshed talent for ~80% of management positions** (VPs)
- Streamlined operating model** with clear roles and accountability
- Established a **metrics-driven management and incentives** system

## Improved financial model

- Captured **\$2B in cost savings**
  - Restructured underperforming contracts
  - Profit improvement levers: workforce, delivery, overhead
  - Created leveraged support model
  - Improved supply chain
- Aligned **capital allocation model**
- Returned over 120% of FCF** to investors over last 3 years

## Drove cultural change

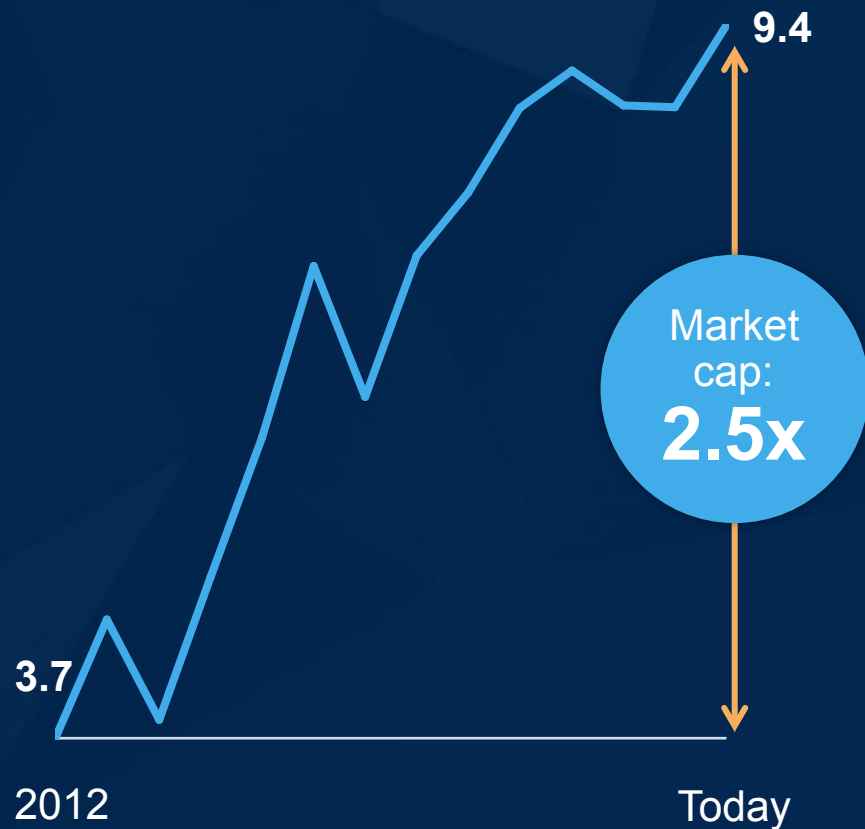
- Returned to **client-centric, market-driven** view
- Shifted mindset to **leveraging partners** (vs. DIY)
- Moved to **proactive sales** (vs. reactive RFP sales)
- Established a **performance-driven culture**
- Implemented a “one company” **mindset**

# We have successfully executed on our turnaround priorities and achieved significant results

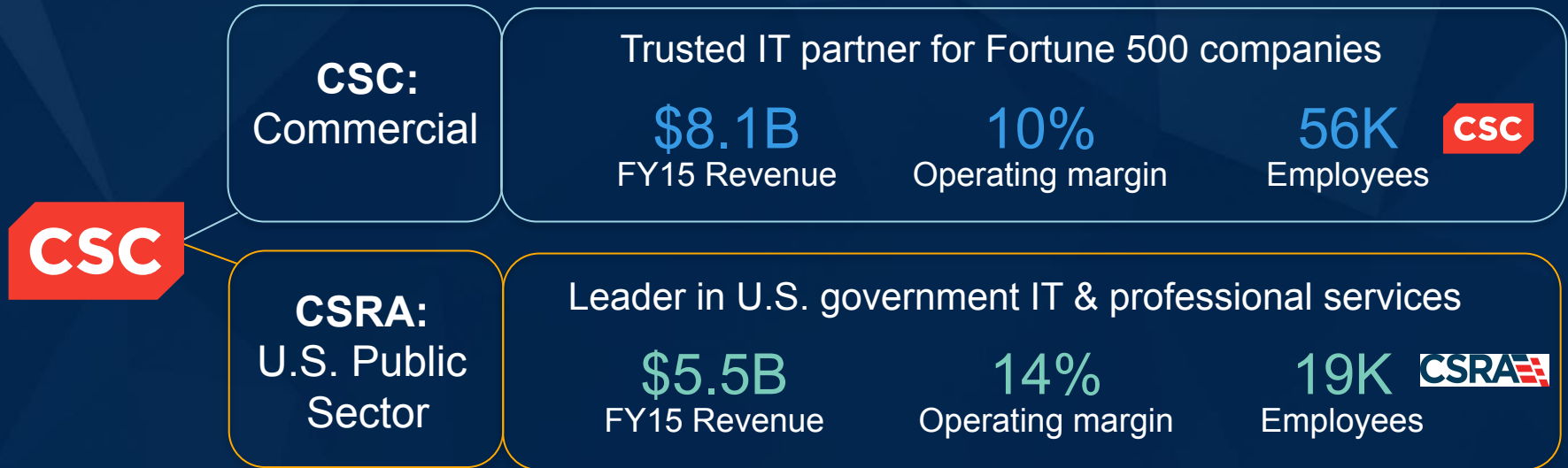
## Improved execution

<b>\$4.75-\$5.05</b>	Non-GAAP EPS in FY16, up from (\$3.27) in FY12
<b>11%</b>	OI margin in FY15, up from 0.5% in FY12
<b>\$717M</b>	FCF in FY15, up from \$59M in FY12
<b>\$735M</b>	Capex in FY15, down from \$1.14B in FY12
<b>3x</b>	Higher Net Promoter Scores
<b>700+</b>	New logos added since FY12
<b>~\$18,000</b>	OI per employee in FY15, up from ~\$800 in FY12

## CSC market cap \$ Billions



# To accelerate our transformation, we are separating into two companies



## Benefits for stakeholders

### Clients

- More focused IT innovation
- Best-in-class partners
- Global offerings

### Investors

- Significant value creation opportunity
- Access to two pure-play companies in two different market segments

### Employees

- Long-term stable environment
- Clarity of purpose
- Platform for next-gen skills

### Partners

- Access to two significant segments of the IT services business
- Access to our broad customer base

# CSC Commercial: Global leader in IT solutions for over 50 years

60+ Countries

200+ Global 1,000 accounts

2,500+ Clients

56,000+ Employees globally

22

Global delivery centers

26,000

Employees in near- and off-shore locations

~45%

Low-cost labor mix

Market-leading industry IP

Insurance

Integral™

Banking

CeleritiFinTech™

Healthcare

Lorenzo™

Broad reach

50%

Revenue from A&D, MFG, tech, energy, transport, retail clients

\$700M+

International public sector business

## Next-gen offerings

Agility Platform

BizCloud

Apps Mod

STaaS

MyWorkStyle

Next-Gen Data Center

ServiceNow

Cyber

## Strategic partnerships

EMC<sup>2</sup>



at&t

salesforce

SAP Global Partner

Microsoft

HCL

ORACLE®

Premier Business Partner IBM

amazon web services™

Lenovo

HITACHI Inspire the Next

servicenow

workday

^ 54%

Next-gen revenue CAGR FY13-FY15

CSC



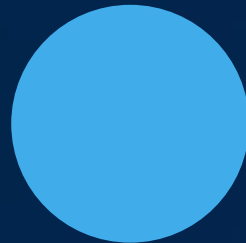
# Significant opportunity going forward

## More users

1995 **35M**  
Internet Users  
0.6% Population Penetration



2014 **2.8B**  
Internet Users  
39% Population Penetration



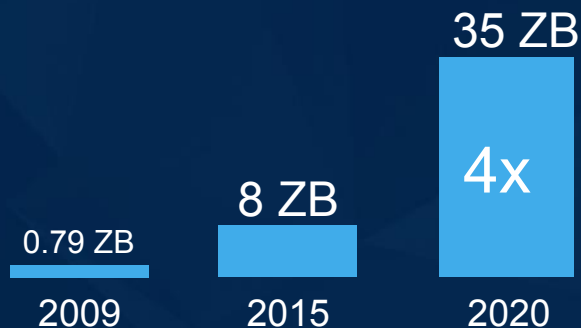
## More connection

**2.1B** smartphone users

**1.2B** Facebook users

**1.0B** digital shoppers

## More information



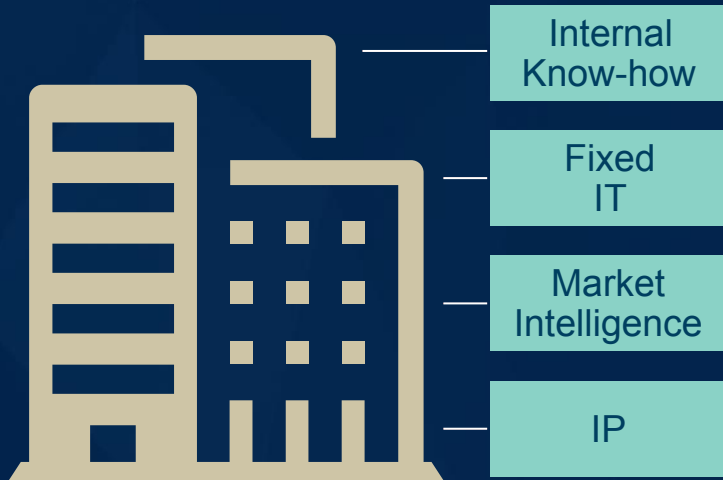
1 zettabyte = 1 trillion gigabytes

## More Opportunity for the Most Agile

This is a market of  
**escalating complexity**  
and  
**escalating opportunity**

# Enterprises need to adapt to the digital future

The classic firm  
increasingly constrained



Value today comes  
from outside-in



## Challenges to transformation



Capital to transform  
to next-gen



Business model  
changes



Accelerating  
time pressures



Talent to  
execute

# Global opportunity for growth

**Overall IT services market ~\$900B ~3% growth**

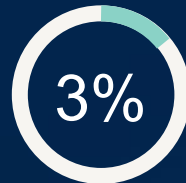
## Americas



Americas

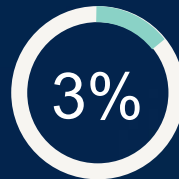


## Europe



Nordics

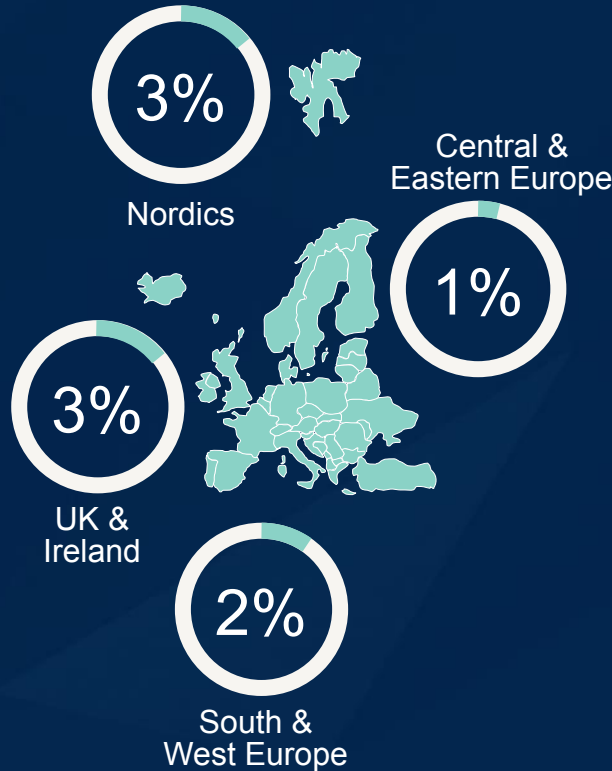
Central &  
Eastern Europe



UK &  
Ireland



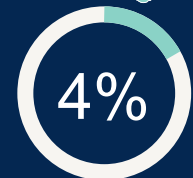
South &  
West Europe



## Asia, Middle East and Australia



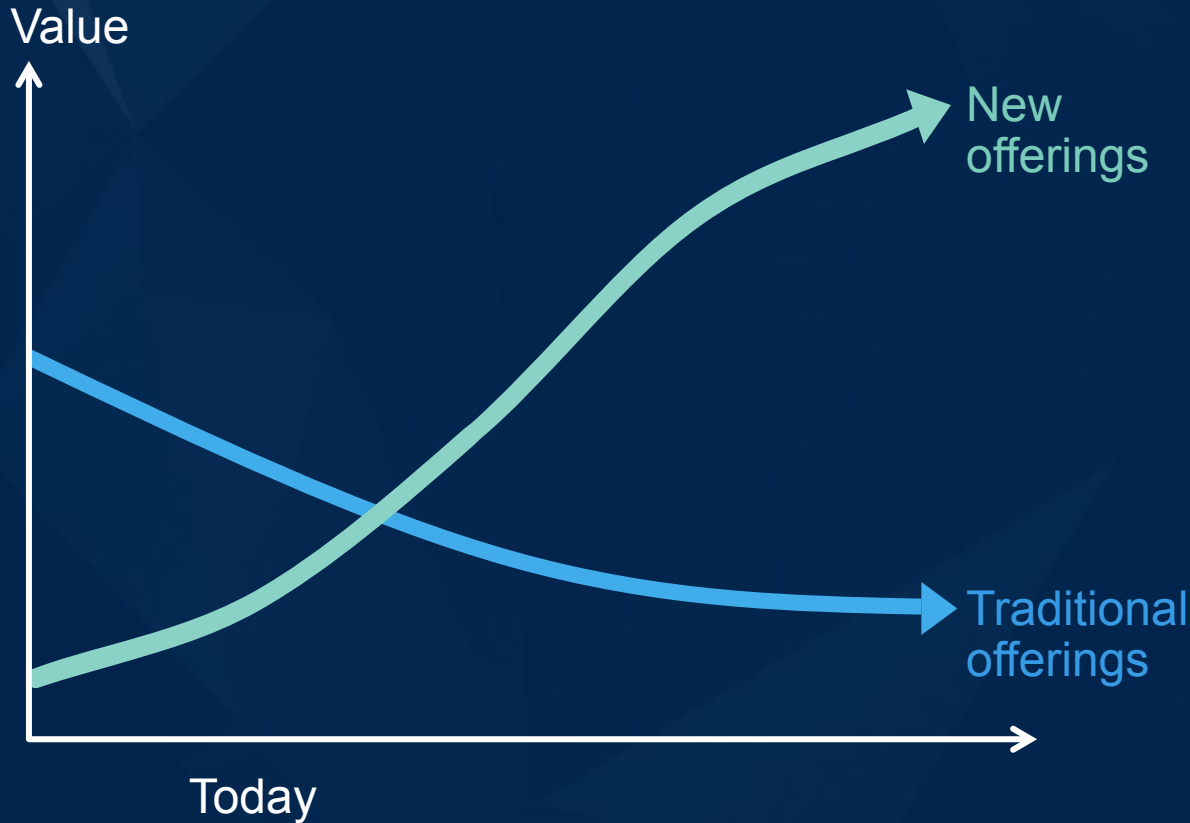
Asia, Middle East



Australia &  
New Zealand

# Challenging transition for IT service providers

## Market undergoing transformational shifts



Higher numbers of smaller opportunities

New set of services (cloud, big data, apps mod, etc.)

As-a-Service consumption model adoption

Need for services integration

Higher margins

Traditional IT services commoditizing

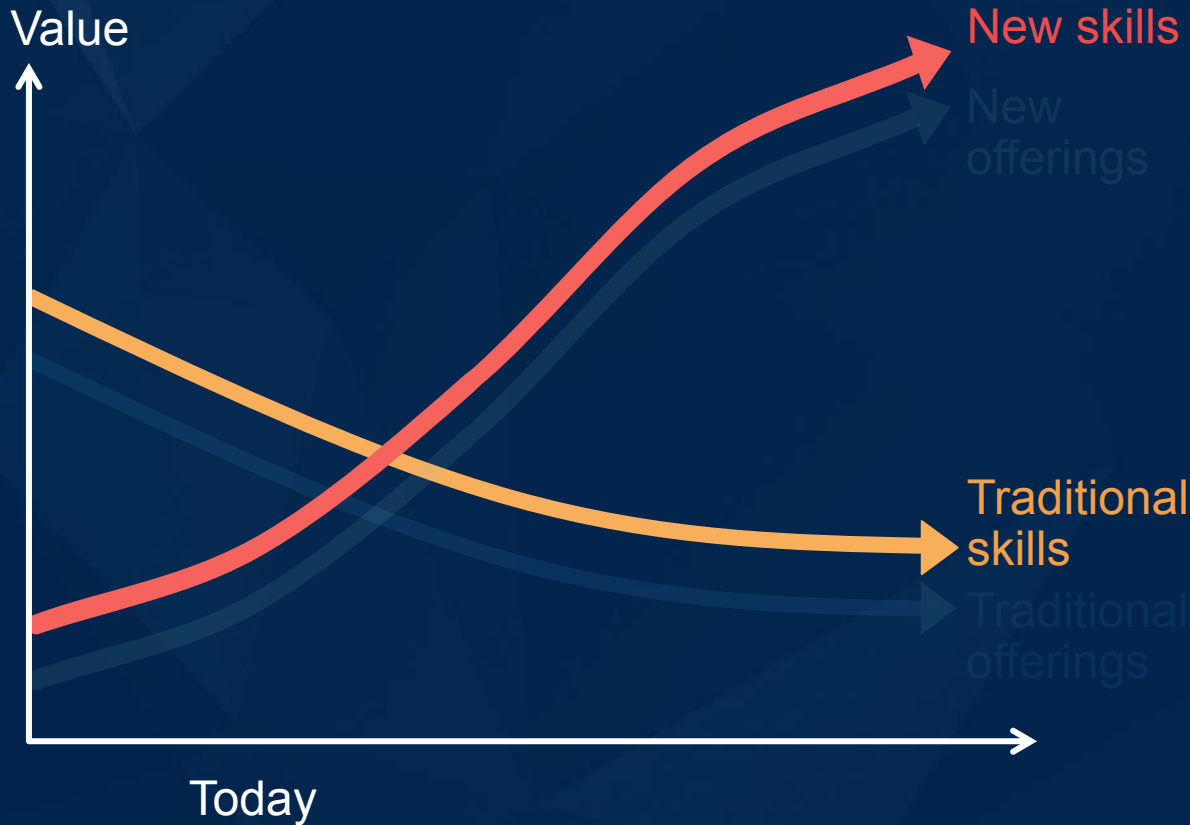
Disintermediation by innovation

Fewer large systems implementation and ITO opportunities

Margin pressure

# Challenging transition for IT Service Providers

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# CSC is accelerating its transformation to address market shifts and client needs

## Strategic priorities

- 1** Lead our clients on their digital journey with a **new generation of offerings** by **leveraging partners, industry IP**, and domain expertise across the globe
- 2** **Invest in people and skills** to provide client- and market-relevant capabilities
- 3** Rebalance portfolio and optimize workforce & delivery to **expand margins** and **grow free cash flow**
- 4** **Continue to allocate capital** to drive value for the company, clients and shareholders

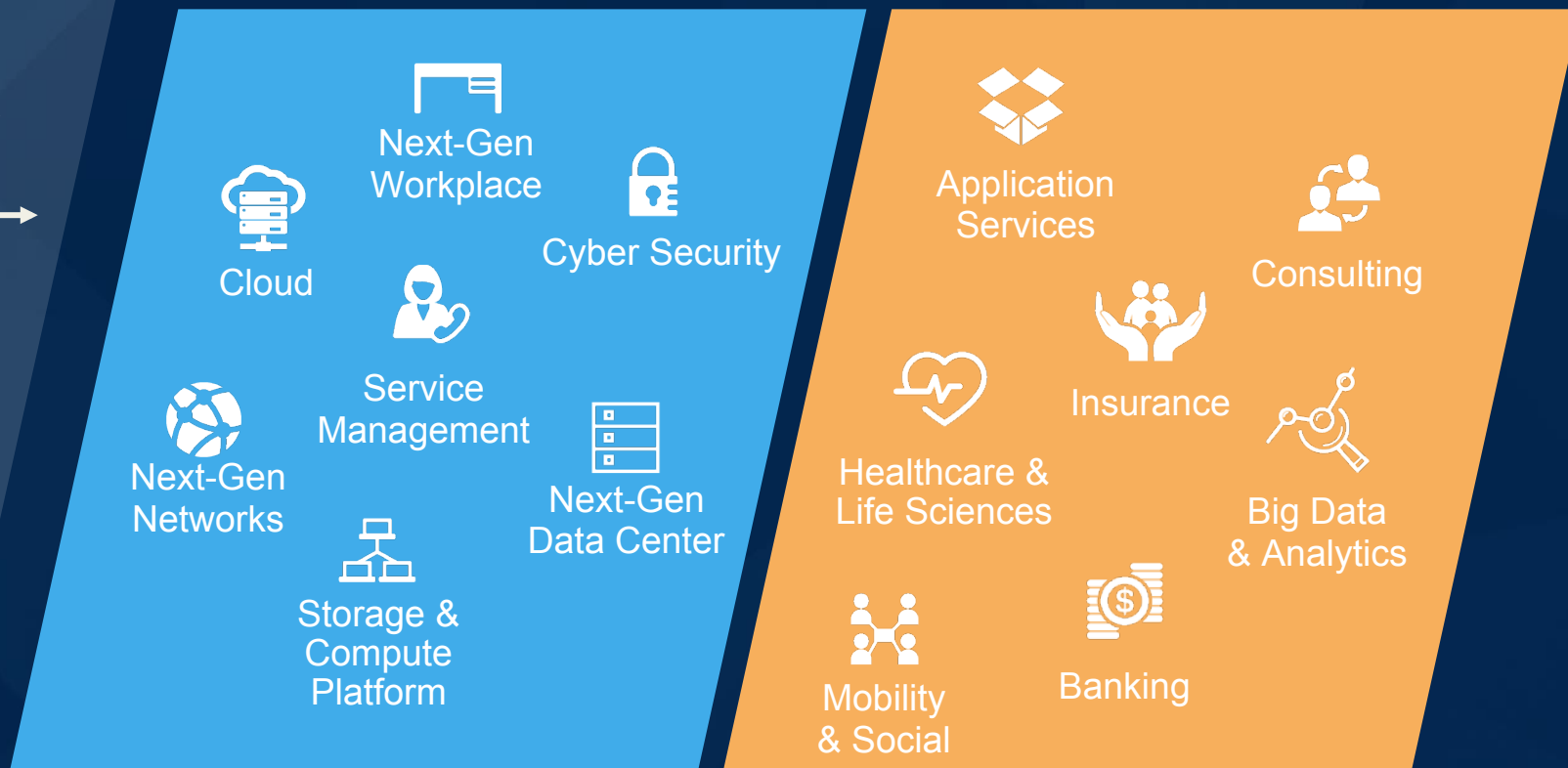


# 1 New generation of streamlined offerings

...to **14** standard offering families



From **2,000+** customized, non-standard offerings . . .



# 1 Partner ecosystem creates value in multiple ways



Healthcare & Life Sciences



Next-Gen Workplace



Storage & Compute Platform



Cloud



Service Management



Big Data & Analytics



Next-Gen Networks



Cyber Security



Consulting



Next-Gen Data Center



Insurance



Application Services



Mobility & Social



Banking



Leverage R&D investment

Create industry standard offers

Drive sales and pipeline growth

Deliver end-to-end solutions

Lower capital intensity

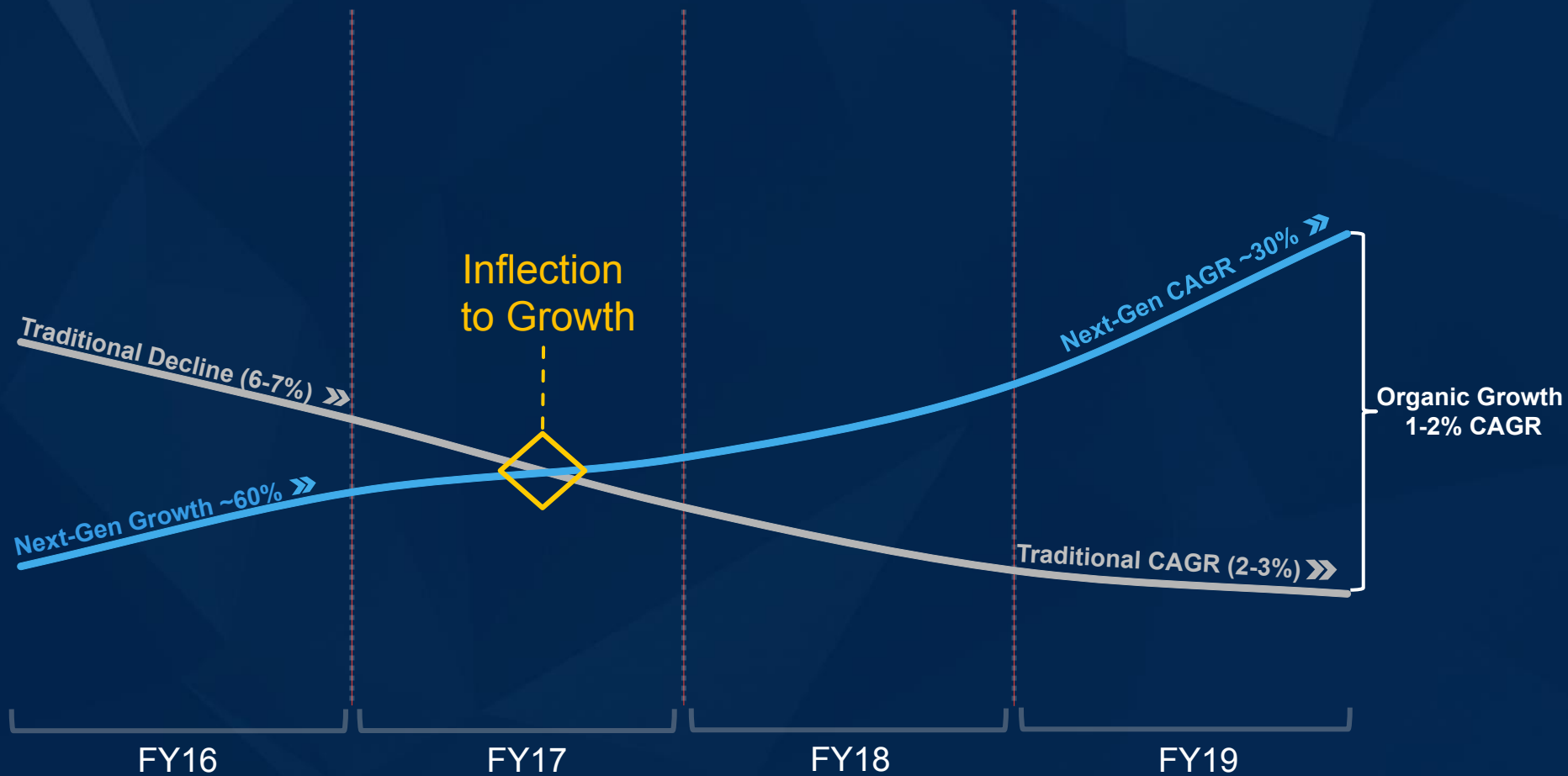
1

# Leveraging industry IP & domain expertise

Insurance	Healthcare & Life Sciences	Banking
ADDRESSABLE MARKET		
<b>\$51B</b> Addressable market	<b>\$49B</b> Addressable market	<b>\$102B</b> Addressable market
<b>6%</b> FY15-19 CAGR	<b>8%</b> FY15-19 CAGR	<b>7%</b> FY15-19 CAGR
ALIGNED ASSETS		
<b>\$1,800M</b> FY15 revenue	<b>\$850M</b> FY15 revenue	<b>\$800M</b> FY15 revenue
<ul style="list-style-type: none"> <li>• Digital Insurance</li> <li>• Life &amp; Annuity BPS</li> <li>• Property &amp; Casualty BPS</li> </ul>	<ul style="list-style-type: none"> <li>• Population Health Management</li> <li>• Patient care coordination</li> <li>• Electronic Patient Records</li> </ul>	<ul style="list-style-type: none"> <li>• Risk-Managed Financial Services</li> <li>• Payments</li> <li>• Credit Card BPaaS</li> </ul>
<b>7.5M+</b> Policies processed	<b>&gt;100M</b> Patient records	<b>225M</b> Cards processed daily

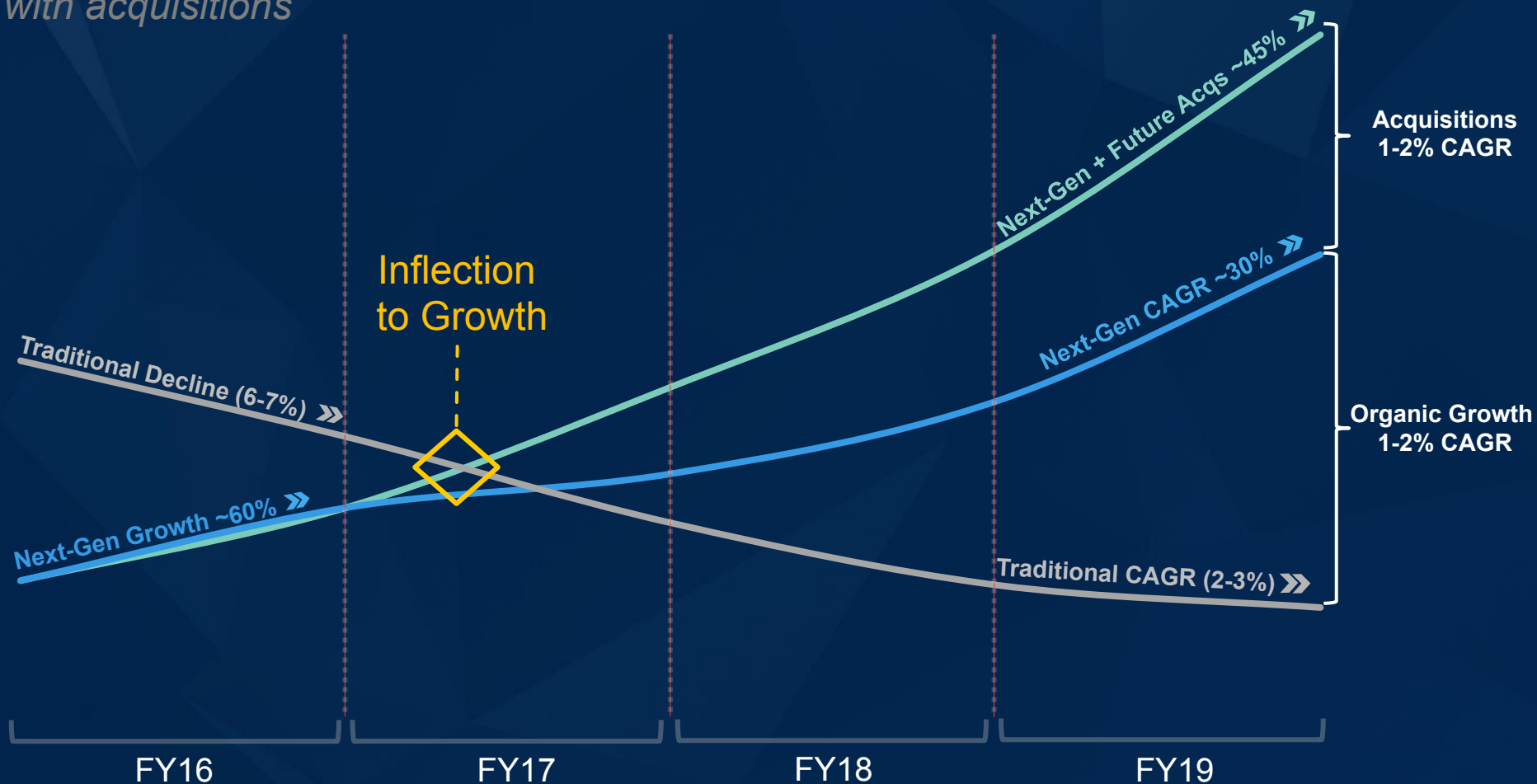
# 1 Manage our transformation while leading client journeys

Shift in revenue growth over time

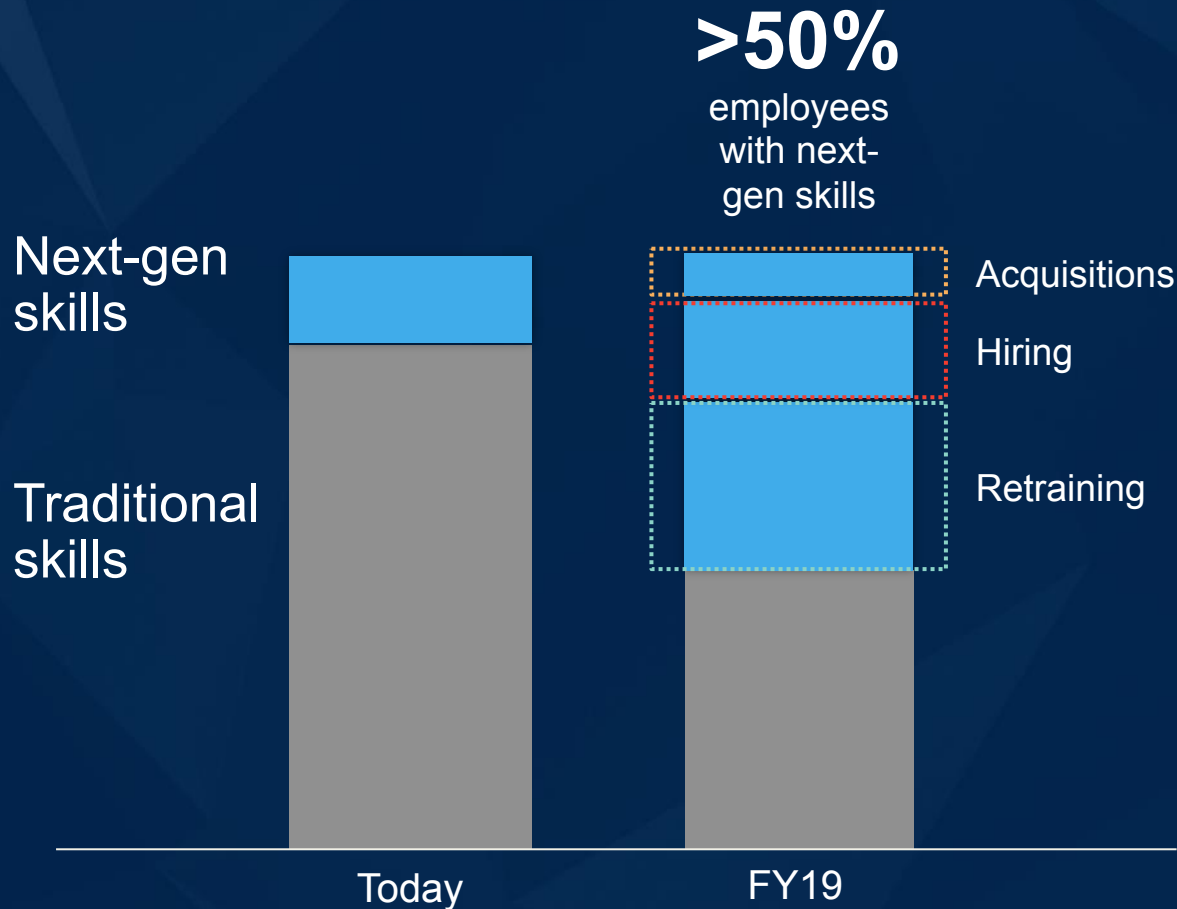


# 1 Manage our transformation while leading client journeys

Shift in revenue growth over time  
*with acquisitions*



## 2 Invest in next-gen talent



### Developing next-gen skills

- Integrated workforce management
- Training and reskilling
- Hiring next-gen talent
- Next-gen talent from acquisitions
- Leveraging partners to develop our skills in their next-gen technologies



# 3 Expand margins and cash flow

## Rebalance portfolio

25-50 bps



- Improve offering mix
- Reduce capital intensity
- Scale standard offers

## Optimize workforce and delivery

125-175 bps



- Labor pyramid
- Right-shoring
- Automation
- Labor utilization & productivity
- Integrated service delivery

## Contract management and overhead productivity

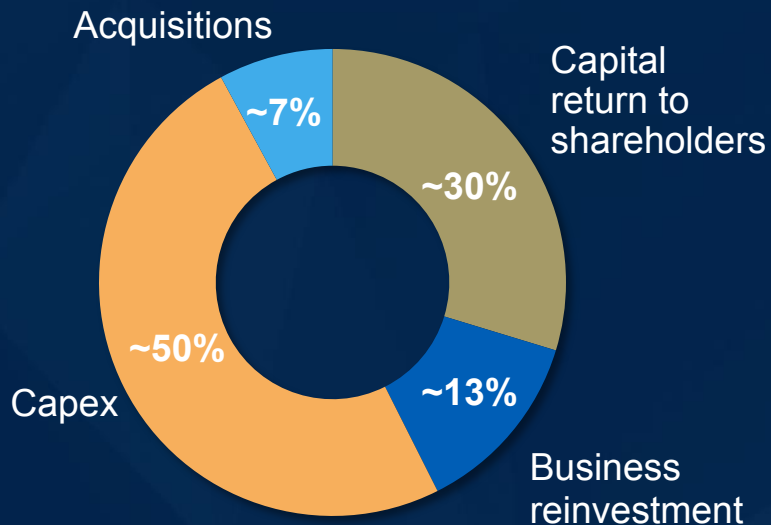
50-75 bps

Target margin expansion of 200-300 bps

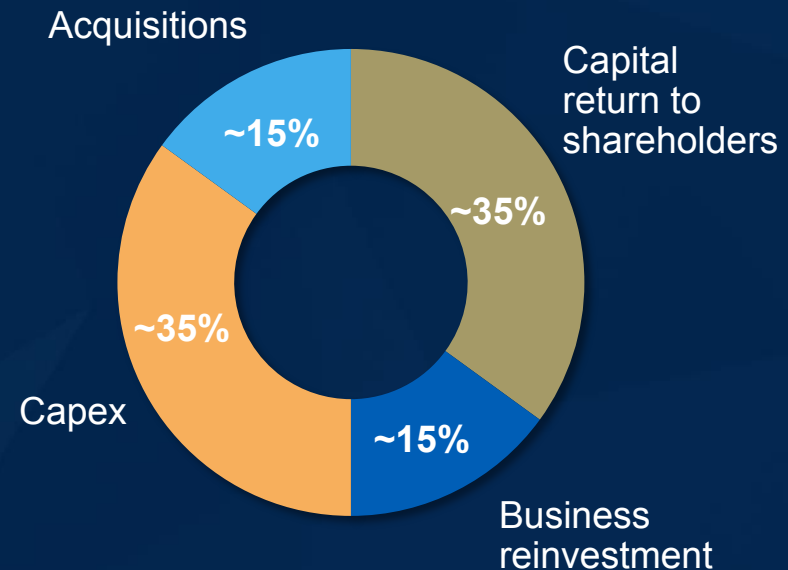
# 4

## Capital allocation to drive value for the company, clients and shareholders

### Prior 3 years



### Next 3 years



# Financial targets for next phase of transformation

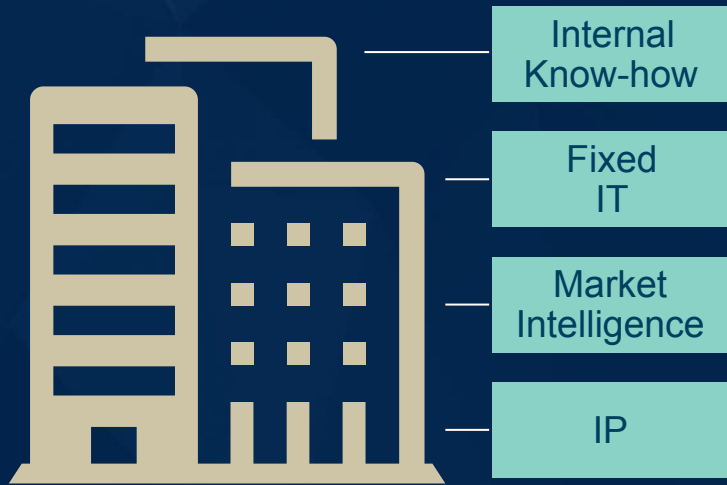
	FY16E	FY19E	Targets	
Revenue	\$7.5B	\$8.0-\$8.5B	2-4% growth	<ul style="list-style-type: none"> <li>• 1-2% organic</li> <li>• 1-2% acquisitive</li> </ul>
Operating margin	10%	12-13%	200-300 bps	<ul style="list-style-type: none"> <li>• 25-50 bps offerings mix</li> <li>• 125-175 bps delivery</li> <li>• 50-75 bps overhead</li> </ul>
FCF as a % of Net Income	100%	≥100%		<ul style="list-style-type: none"> <li>• Working capital improvement</li> <li>• Lower capital intensity</li> </ul>
Non-GAAP EPS	\$2.50-\$2.75	\$4.00-\$4.25	13-18% growth	<ul style="list-style-type: none"> <li>• Revenue growth</li> <li>• Operating leverage</li> <li>• Share repurchases</li> </ul>



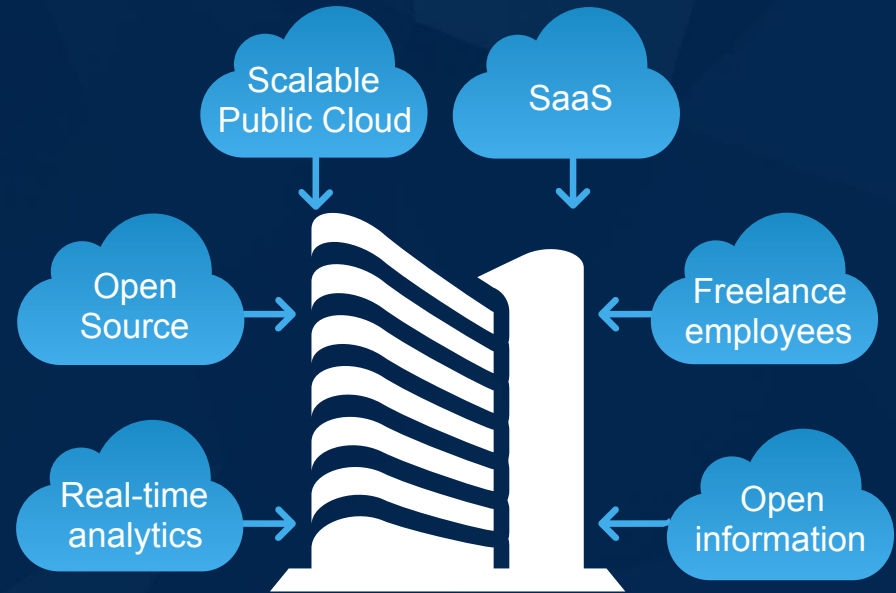
**Dan Hushon**  
Chief Technology Officer

# Challenges keep companies from transforming despite compelling benefits

The classic firm increasingly constrained



Value today comes from outside-in



## Challenges to transformation



Capital to transform to next-gen



Business model changes



Accelerating time pressures



Talent to execute

# CSC's next-gen portfolio drives transformation and shift to services integration



Release capital



Accelerate time to implementation

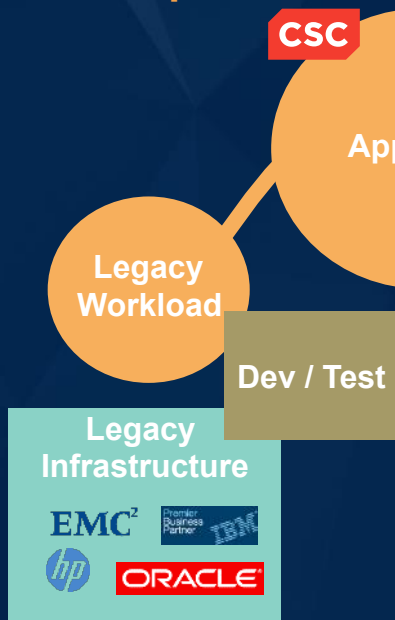


Reduce risk

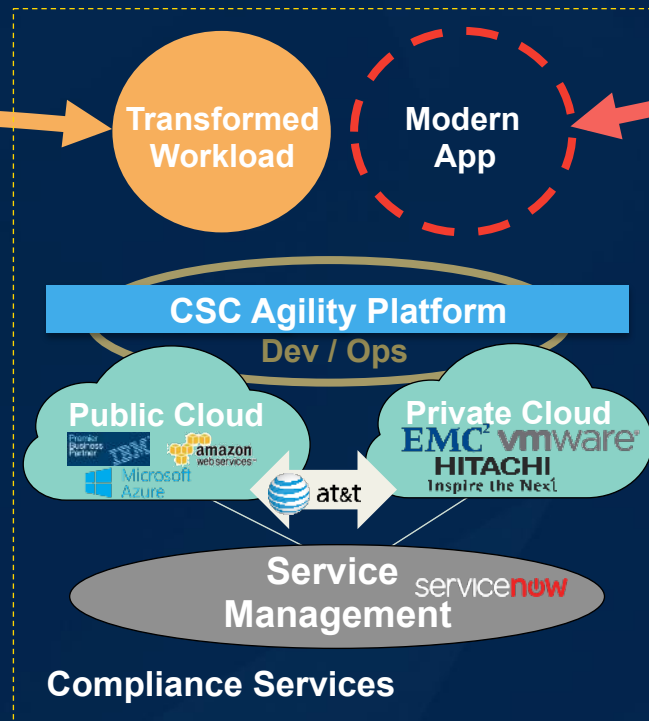


# Value created by transforming legacy and accelerating new workloads

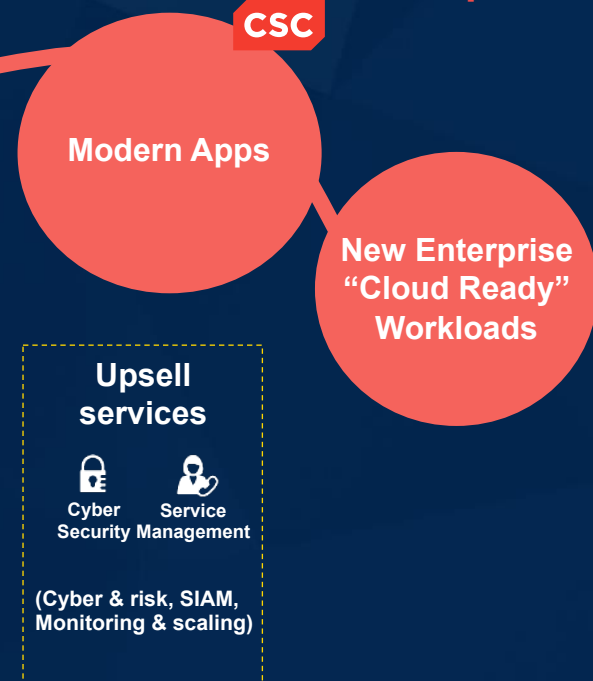
## Legacy IT Landscape



## Hybrid Cloud Platform



## New Digital Enterprise



## Sources of value:

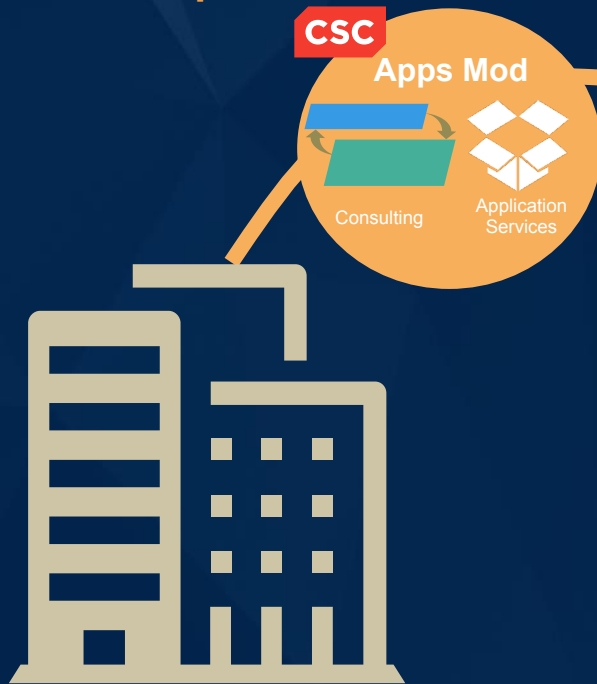
Transitioning Clients to Digital Platforms

Upselling services

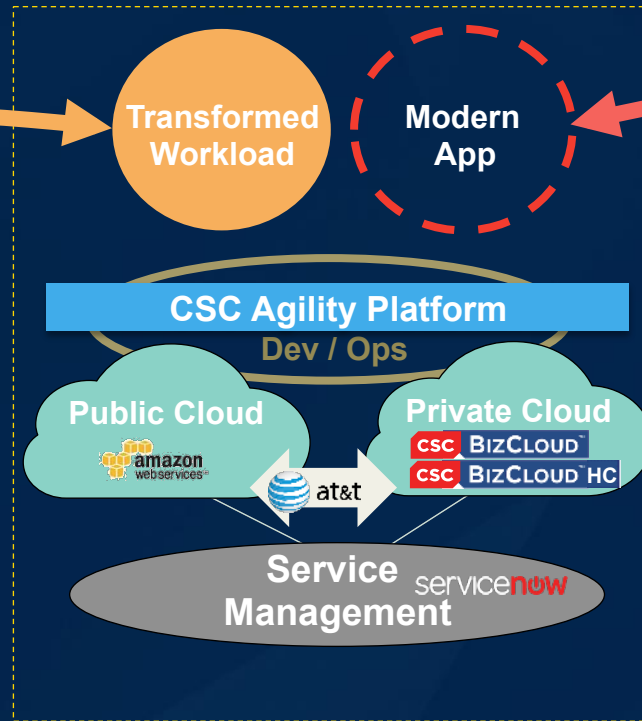
Adding New Services

# Leading existing clients on their digital journeys

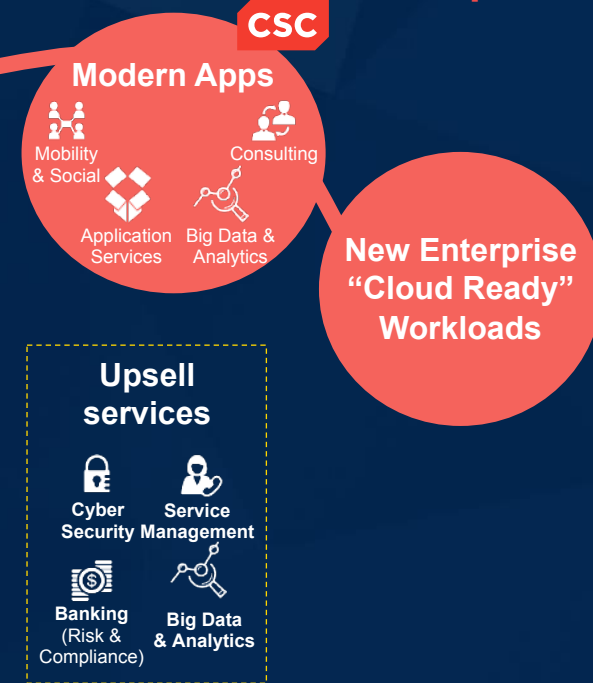
## Legacy IT Landscape



## Cloud Platform



## New Digital Enterprise



### Benefit to client:

- **30% lower cost** by migrating workloads to cloud
- Decreased regional variation
- Improved reaction speed to new regulations
- More responsive IT experience with self service access

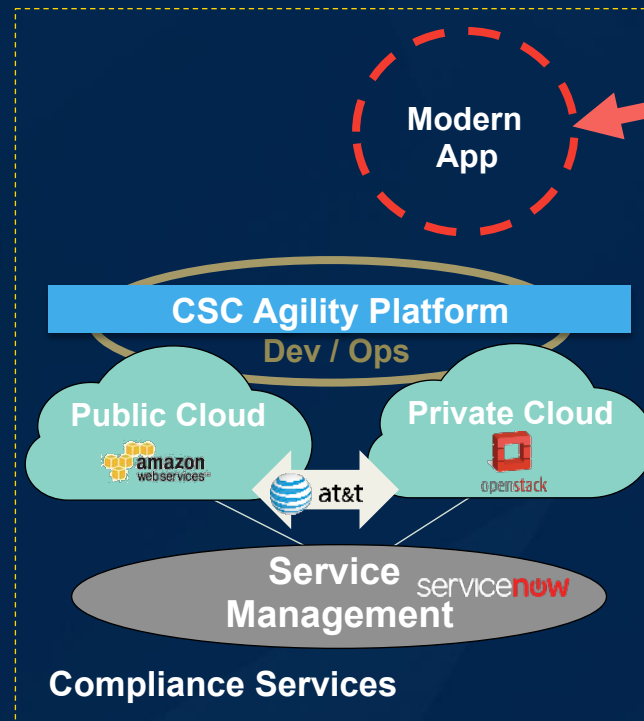
### Benefit to CSC:

- Workload growth offsetting revenue decline
- Increased margins from workload growth
- Capital reduction by migrating 2k+ servers to cloud

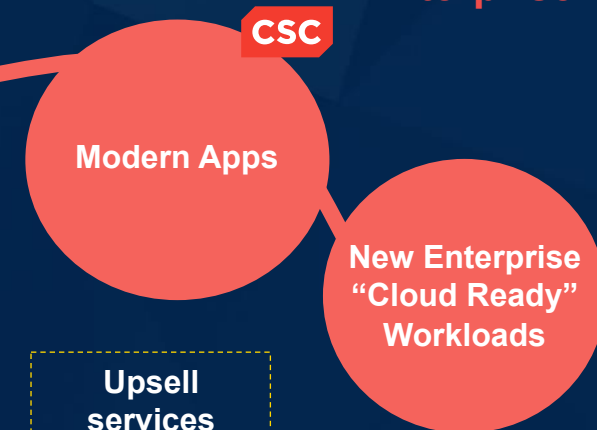
# Leading new clients on their digital journeys



## Hybrid Cloud Platform



## New Digital Enterprise



### Benefit to client:

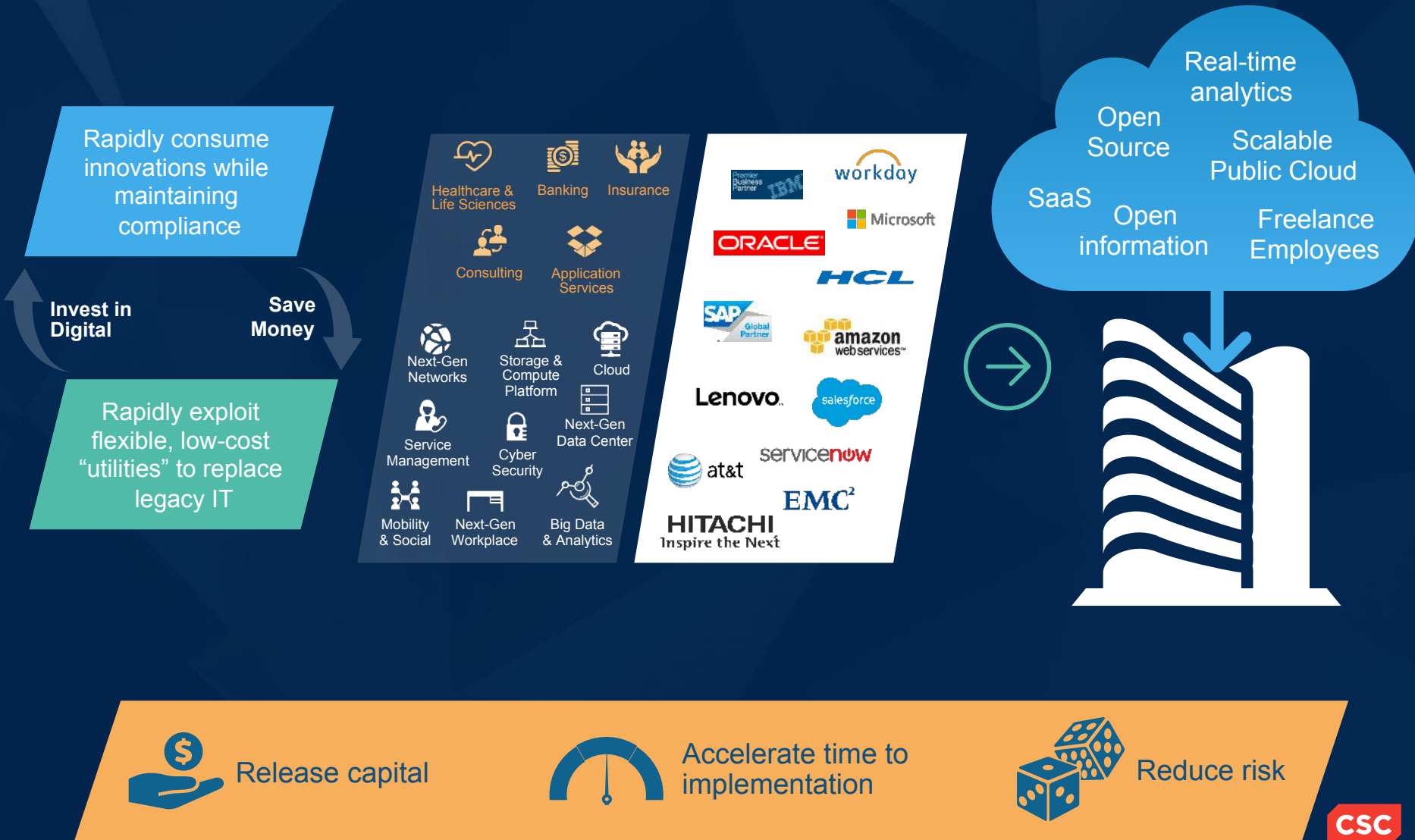
#### From 3 Months to 3 Days

- Reduction in deployment to production time
- Automate provisioning; integrated scalable platform

### Benefit to CSC:

- New client win
- Additional revenue opportunity to scale hybrid cloud offering for new workloads and application modernization

# CSC's iterative approach helps break down transformational barriers





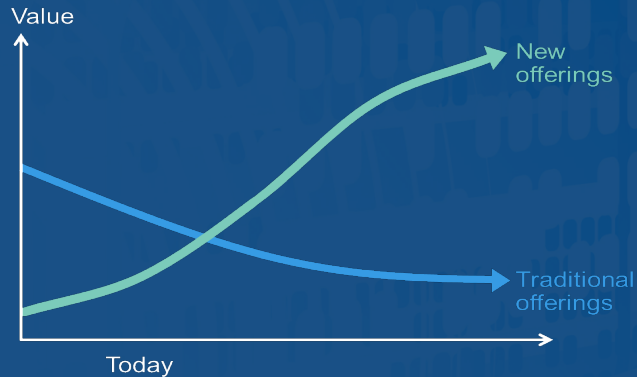
# Jim Smith

## EVP and General Manager, Global Business Services



# Significant opportunity with digital applications

Enterprises redesigning businesses for “Digital”



Addressable  
Market  
2015

Modernization  
of legacy apps

Mobile  
apps

Enterprise  
digital apps

\$30B

\$12B

\$20B

CAGR  
2016-19

11%

18%

19%

# We are enabling the digital vision of our clients

## 1 Industry IP and domain expertise

### Insurance

- Life & Annuity
- Property & Casualty
- Reinsurance

### Healthcare & Life Sciences

- Electronic Patient Records
- Clinical Administration
- Life Sciences Regulatory Compliance

### Banking

- Core Banking
- Payments
- Cards Processing

### BPS

- Life & Annuity
- Property & Casualty
- Healthcare & LS
- Default Management

## 2 IT services

### Consulting



#### Technology & Industry consulting

- IT Advisory, Applications, Cloud Migration, Digitalization
- Insurance, Healthcare, Banking, Manufacturing, Aerospace and Defense, etc.

### Modern applications



#### Digital applications

- Application Development, Modernization, Testing, Managed Application Services, Big Data, Mobility

### Modern infrastructure



#### Next-gen infrastructure

- Cloud, Cyber, Next-Gen Data Center, Storage-as-a-Service, Service Management, Network

## 3 Partner ecosystem



# Uniquely positioned to drive digital innovation in Insurance and operate critical functions

## By the numbers

**30+** Years in the insurance industry

**50%+** Of insurance companies in the Global Fortune 500 use CSC

**1,200+** Clients

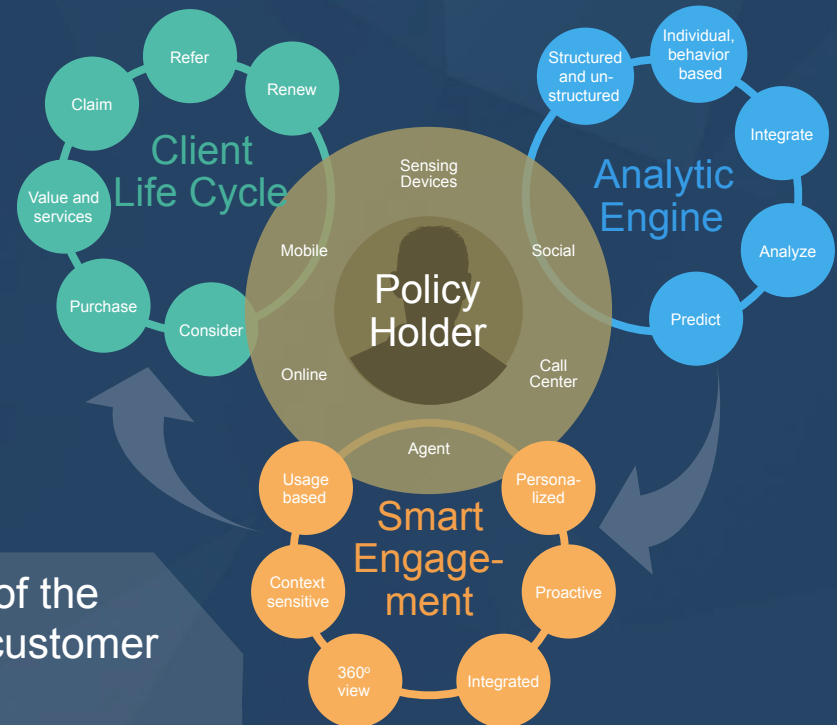
**13,000+** Experienced professionals serving our clients

**500M+** Policies on CSC platforms

**7.5M+** Policies processed in BPS

**50+** Countries

## Digital insurance



The future of the insurance customer experience

### Life & Annuity

Policy Admin

Claims Mgmt.

Billing

### Property & Casualty

Digital Claims

Omnichannel suite

Usage based insurance

### Reinsurance

Billing 360

Policy Admin



# Helping clients achieve their digital insurance vision

## Opportunity

- New connected car services launch
- Usage based insurance and telematics
- Back-office and operational support
- Enabled data aggregation & analytics with BDPaaS

## CSC engagement

- Integrated **Big Data managed service solution**

Partners: **EMC<sup>2</sup>**

## Client benefits

**\$40M** Revenue

**15%** Expected growth

Total contract value for CSC:  
**\$40M over 4 years**

Leveraging our industry expertise to help launch digital services

# Leading digital innovation in Healthcare & Life Sciences

## By the numbers

**40+** Years in the industry

**100M+** Patient records

**6,000+** Experienced professionals serving our clients

**5,000+** Clinical installations

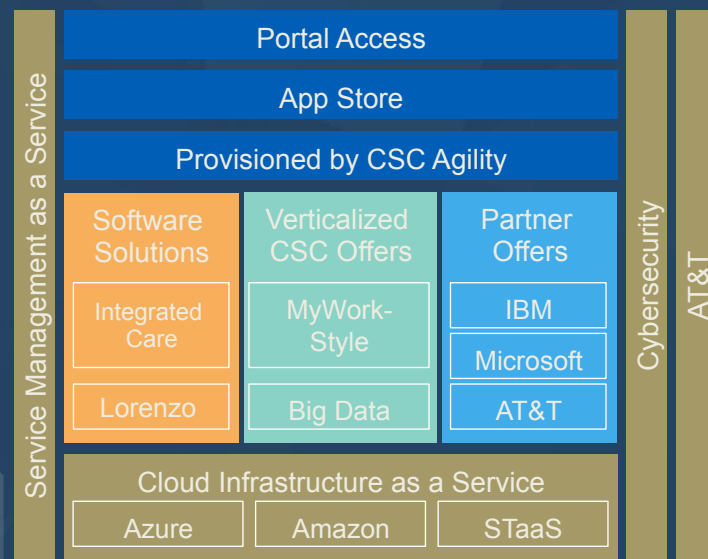
**1M+** Healthcare software product users

**150+** Life Sciences clients

## Digital Healthcare



New models of care need new models of IT



Healthcare  
Patient Admin

eHealth  
Optimization

Population Health  
Management

Clinical  
Solutions

Active Care  
Plans

Clinical Decision  
Support

Life Sciences  
Regulatory Compliance

R&D  
Optimization

Regulatory Info  
Management

Next-Gen Supply  
Chain

Commercial  
Digitization

Agile IT as-a-Service

# Population health management “as a service”

## Opportunity

- **Unique CSC solution:** patient focus rather than condition level
- **Centralize and better coordinate patient care**
- Re-designing care pathways
- Providing insights into intelligent commissioning
- Increasing quality of care

## CSC engagement

### Patient Care

### Coordination BPS:

- Clinical Workflow
  - Care Analytics for health population
  - Cloud enabled
- Microsoft Dynamics CRM**

Partners:



## Client benefits

**\$20M**

Savings, self-funding over 5 years

**15%**

Reduction in unplanned care activity

Total contract value for CSC:  
**\$30M over 5 years**

Targeting 100+ opportunities

# Modernizing Banking portfolio

## By the numbers

**6** Out of top 10 U.S. banks using CSC Core Banking SW

**150M+** Customer deposit accounts;  
Top 5 clients

**>\$2.5T+** U.S. bank account balances posted nightly

**225M+** Global cards processed daily

**48%** U.S. mortgage servicing market;  
7 of Top 20

**1M+** Delinquent loan transactions daily



## Extensive Applications Portfolio

### Core Banking

Hogan

Celeriti

CheckVision

### Payments

PTS

ePayment

Boomerang

### Default Management

AIMS

EarlyResolution

### Cards

CAMS II

# Modernizing core banking experience

## Opportunity

- Launch new Digital banking services
- Upgrade client experience and service availability
- Seamless systems integration post acquisition

## CSC engagement

- **Modernized Core Banking Platform** post-merger
- **Managed services** opportunity

Partners:



## Client Benefits

2.5M

Customers supported with new experience

100%

Uptime during deployment

Multimillion dollar contract

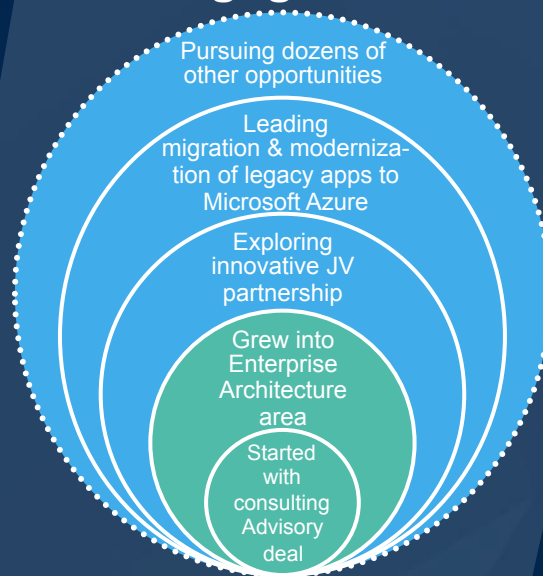
Modernizing core banking for our clients

# Multiplier effect of advisory services

## Opportunity

- Global oil price drop created pressure on profitability
- Move 350 upstream apps to the cloud

## CSC engagement



Partners:



## Client benefits

25%

Reduction in in-scope cloud cost

75%

Better user accessibility

CSC Opportunity



Advisory engagements are multipliers for driving downstream value

# CSC is capitalizing on the digitalization opportunity

## 1 Industry IP and domain expertise

Insurance

Healthcare & LS

Banking

BPS

## 2 IT services

Consulting

Technology & Industry Consulting

Modern Applications

Digital Applications

Modern Infrastructure

Next-Gen Infrastructure

## 3 Partner ecosystem



**A** Digital applications market is growing

**B** Consulting is a core enabler for our business

**C** CSC and our partners offer compelling solutions

**D** CSC's IP creates unique differentiation

**E** CSC is expanding client reach and margin





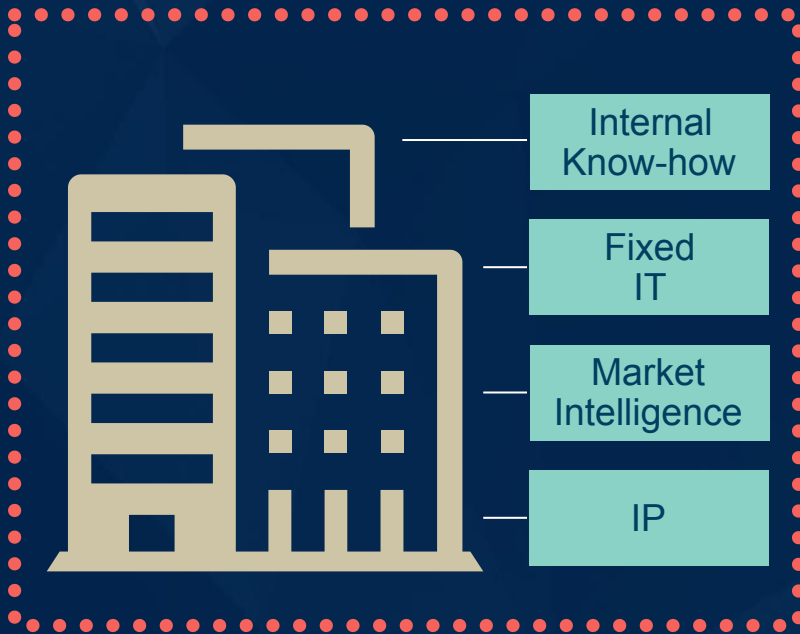
# Steve Hilton

## EVP and General Manager, Global Infrastructure Services



# Shift to digital enterprise demands a change in delivery model

## Traditional IT



From increased efficiency...

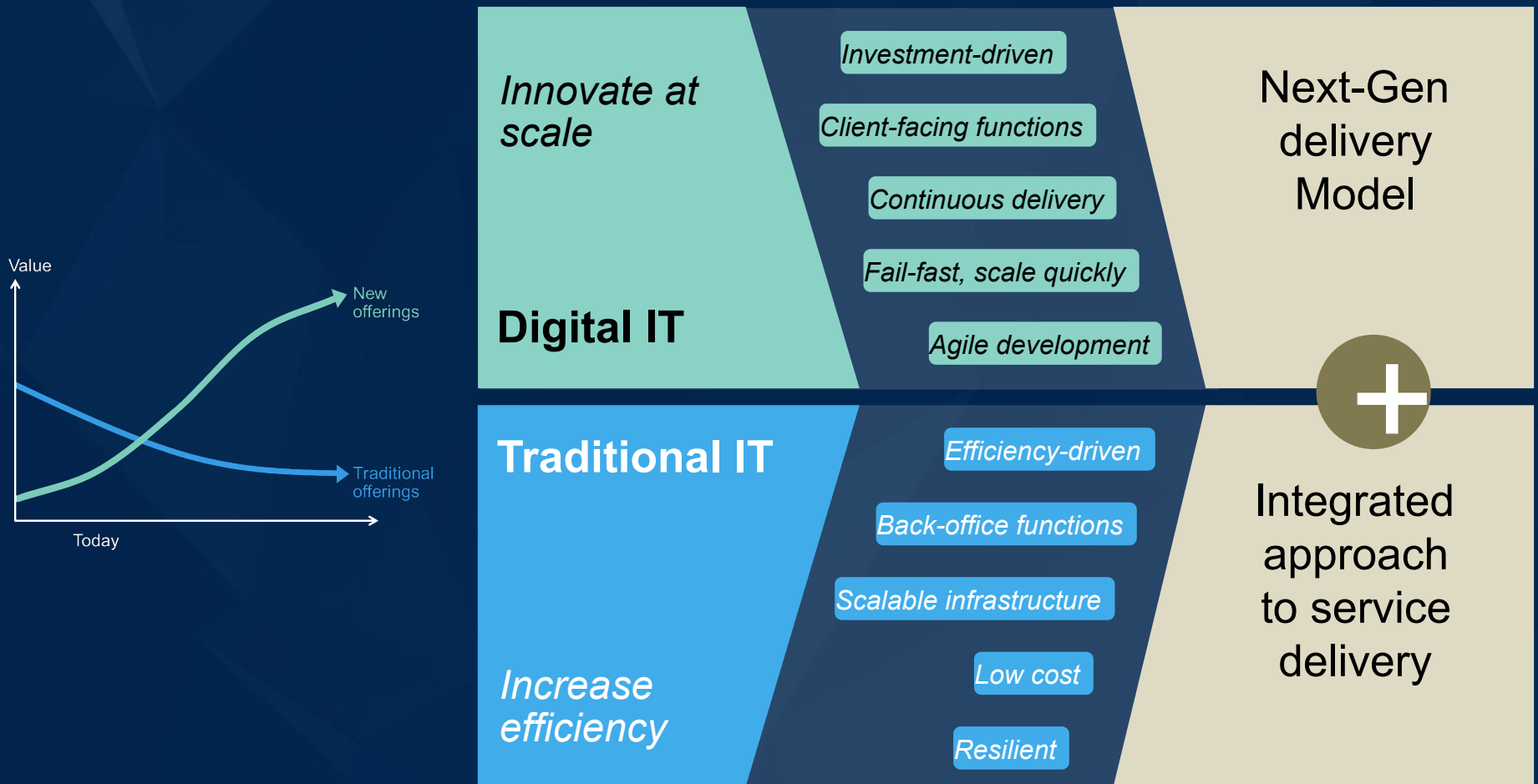
## Digital IT



...to innovation at scale

# Need to operate two different IT environments with distinct characteristics

## CSC Service Delivery



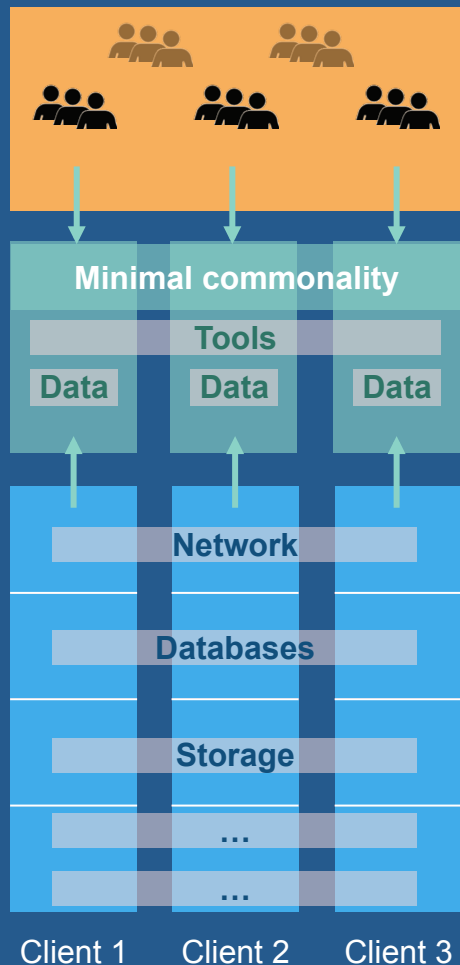
# Challenges to realizing scale benefits from volume

## “Your mess for less”

Different processes requiring account-specific knowledge

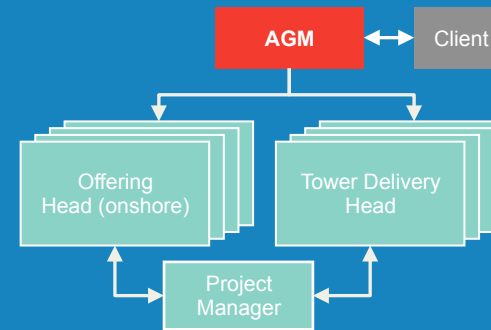
Different tools highly customized

Different configurations of hardware stack with mix of home-grown and legacy

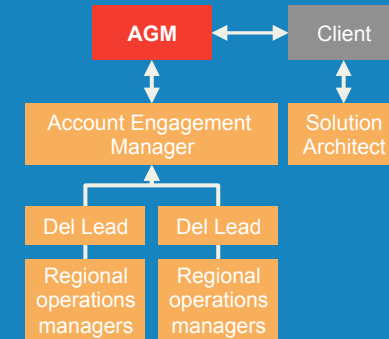


Led to account delivery & services line model silos

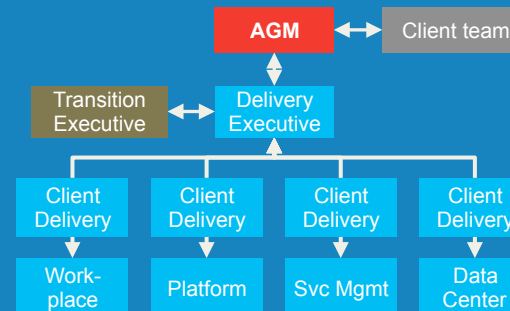
### Industry Software



### Applications



### Infrastructure



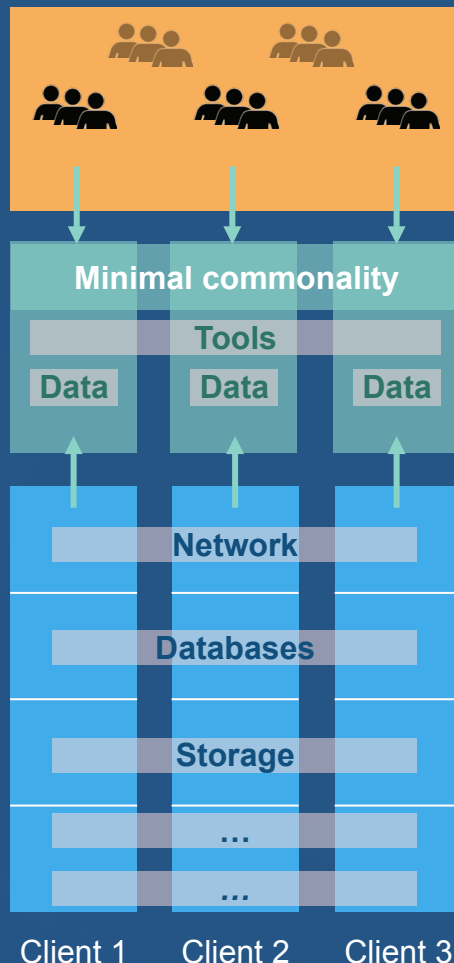
# Challenges to realizing scale benefits from volume

## “Your mess for less”

Different processes requiring account-specific knowledge

Different tools highly customized

Different configurations of hardware stack with mix of home-grown and legacy



- High volume, low leverage
- Fragmented, redundant, custom, and expensive toolsets
- Inflexible bench and high fixed costs
- Custom training for each customer
- Highly manual processes

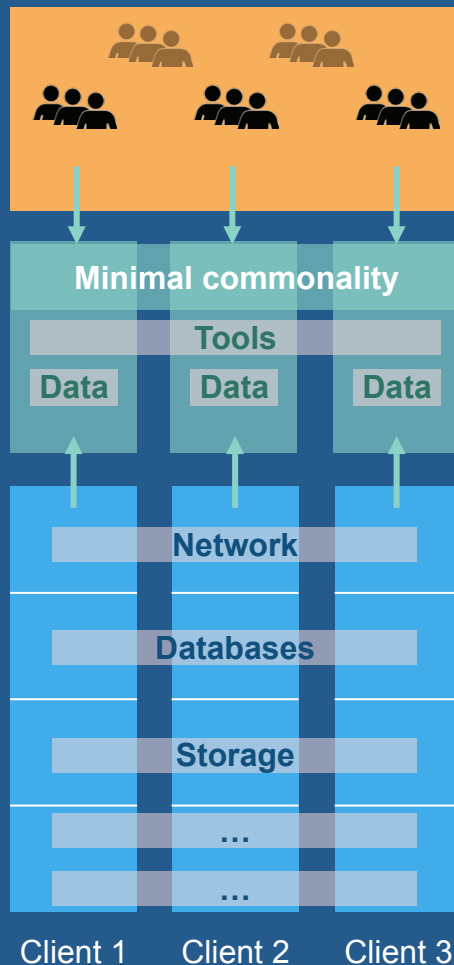
# Changes in service delivery enabling productivity and leverage

## “Your mess for less”

Different processes requiring account-specific knowledge

Different tools highly customized

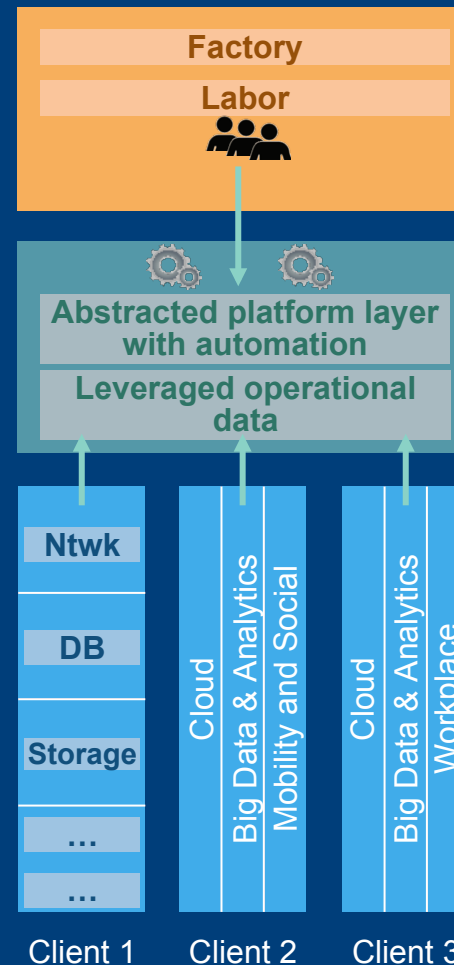
Different configurations of hardware stack with mix of home-grown and legacy



## Hyper-scaled operations

Standard processes allowing leveraged teams

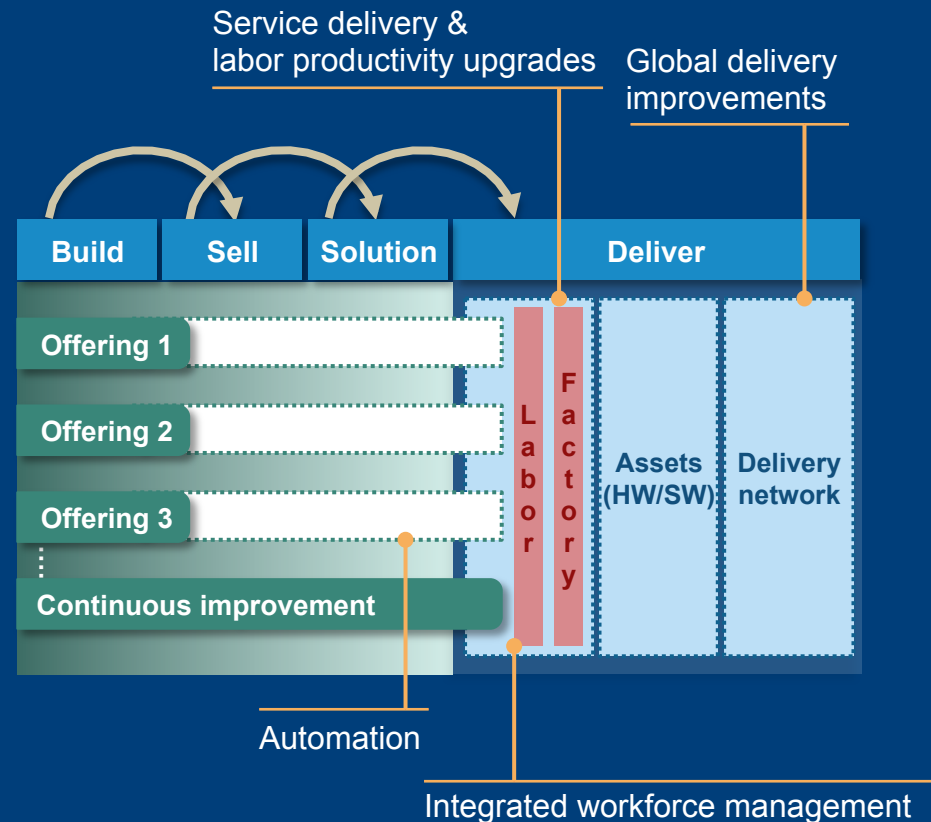
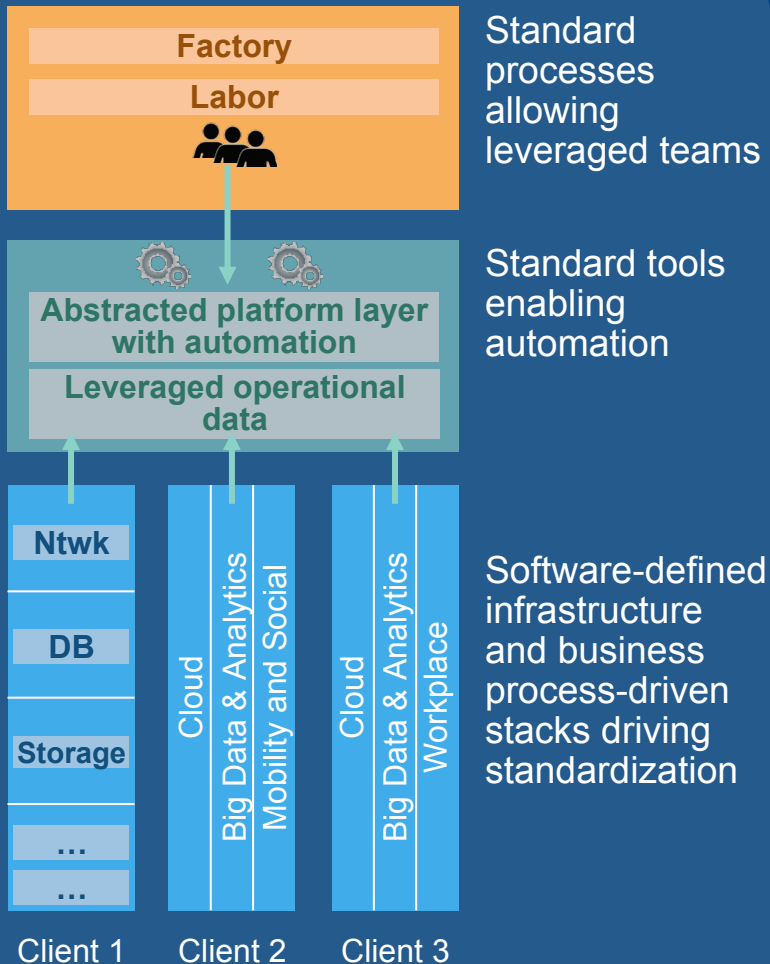
Standard tools enabling automation



Software-defined infrastructure and business process-driven stacks driving standardization

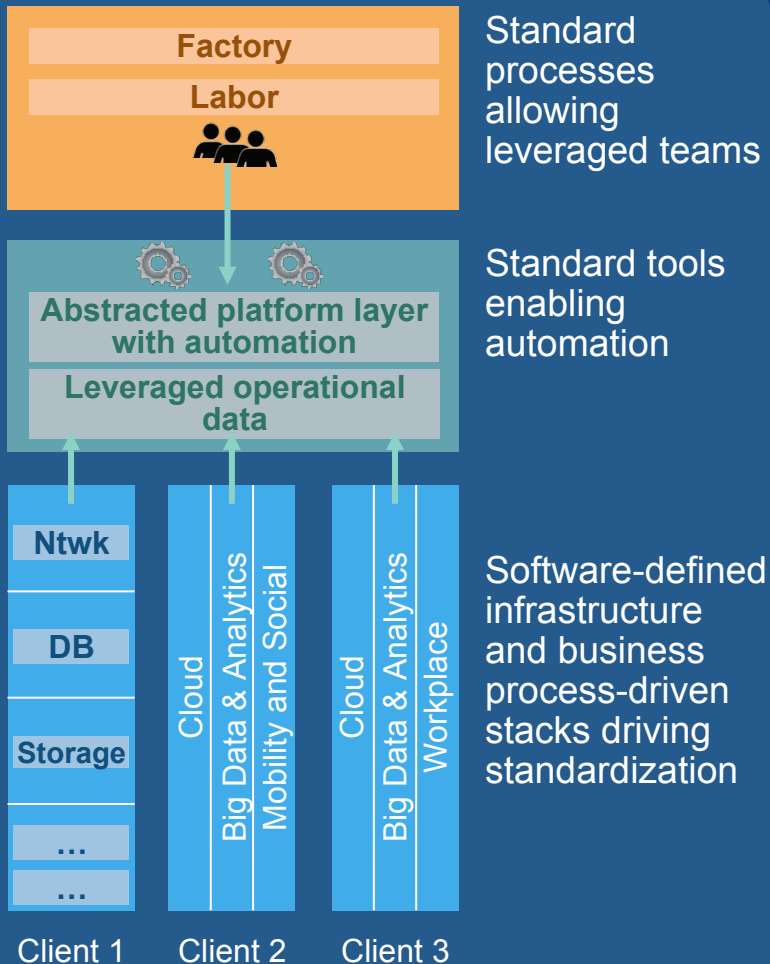
# Changes in service delivery enabling productivity and leverage

## Hyper-scaled operations



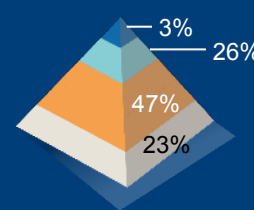
# Changes in service delivery enabling productivity and leverage

## Hyper-scaled operations

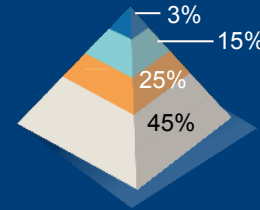


## Optimize workforce and delivery

### Labor pyramid



Today



FY19

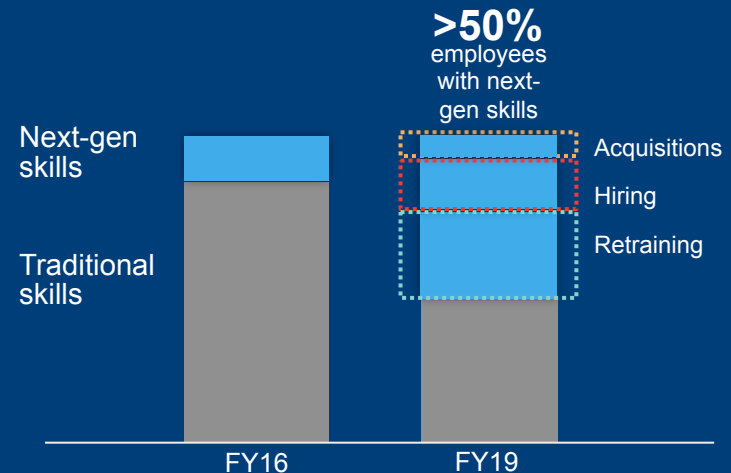
### Right-shoring

45%  
Today

55%  
FY19

Labor productivity

## Scale next-gen delivery skills



# Creating an end-to-end next-gen environment

## Opportunity

- Steep market price declines of steel have necessitated rapid cost restructuring
- Legacy IT system **expensive** and **slow**

## Digital IT

- Deploying **end-to-end IT-as-a-Service** environment
- Modernizing critical apps
- Upgrading to MyWorkStyle
- Migrating to BizCloud
- Providing Big Data insights

Modern Applications

CSC MyWorkStyle™

CSC BizCloud™

CSC Big Data SaaS

## Traditional IT

- Consolidating scope into a single contract
- Transitioning to a hybrid onshore / offshore Managed as-a-Service model
  - Workplace
  - Service Desk
  - Applications
  - Cyber
  - Network and platform

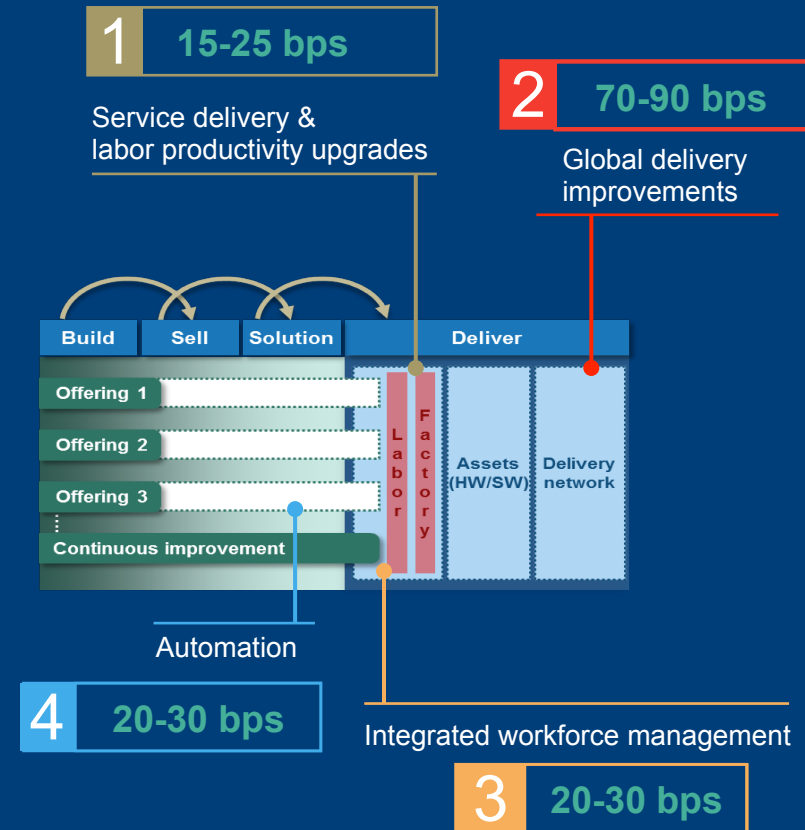
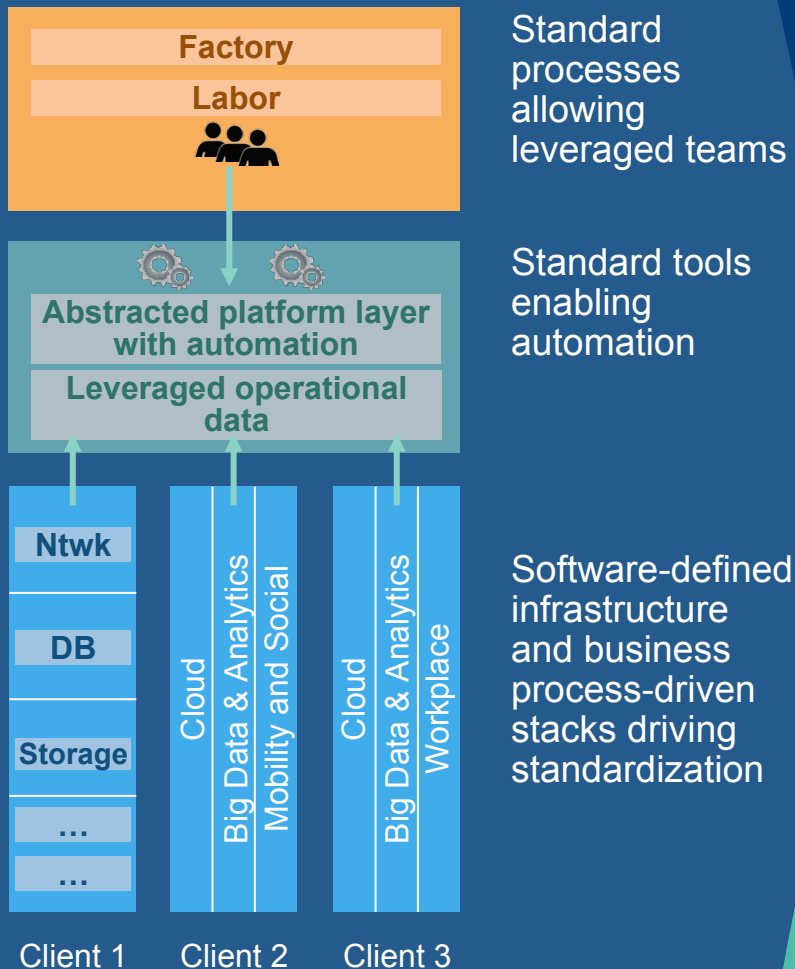
25% savings by year 5 via a self-funded journey

Delivering agile, responsive IT-as-a-Service for clients while lowering their costs



# Changes in service delivery enabling margin expansion

## Hyper-scaled operations



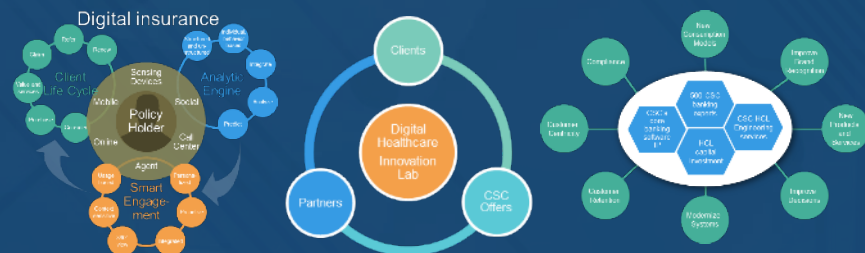
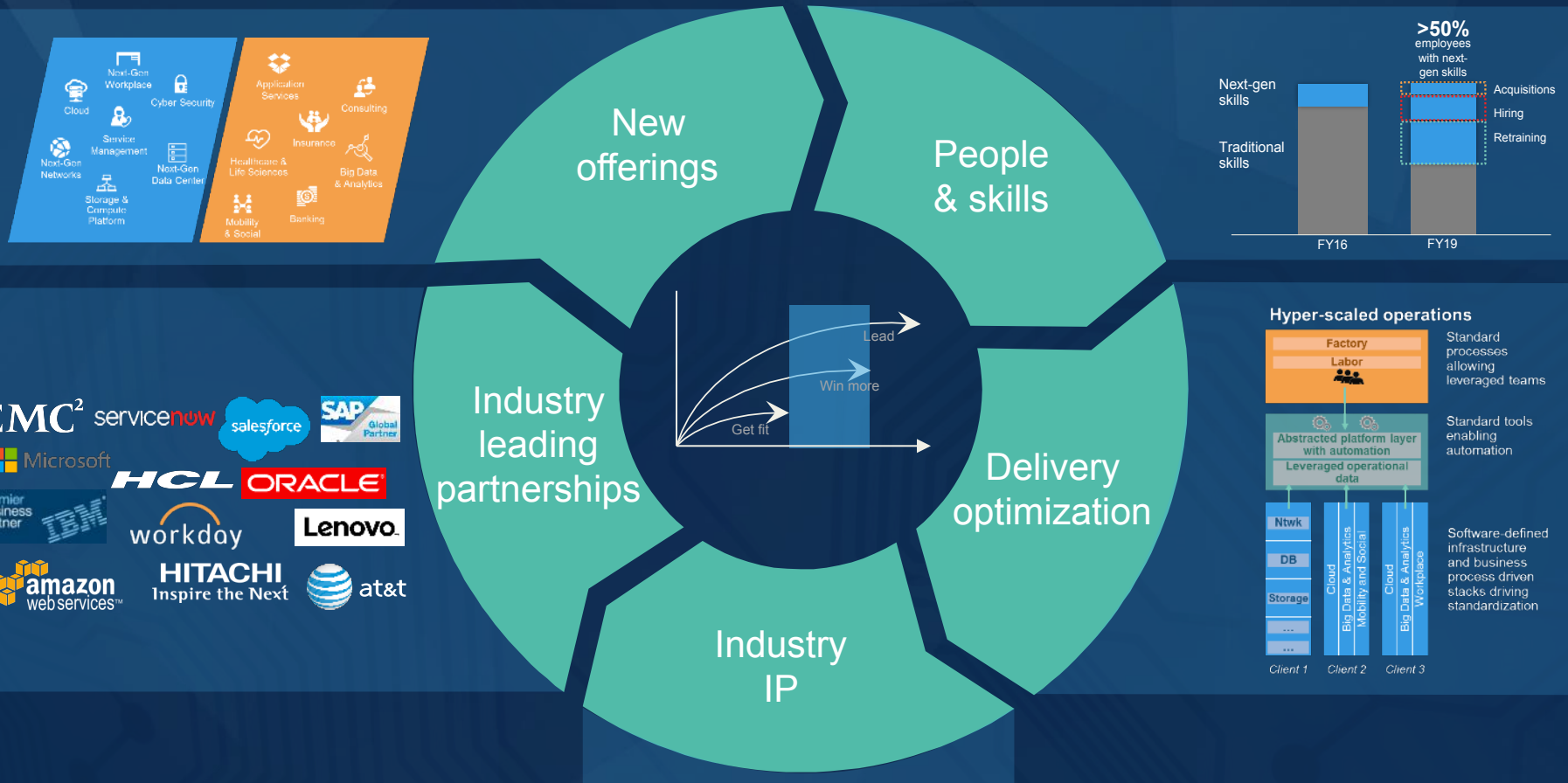
Total margin impact **125-175 bps**



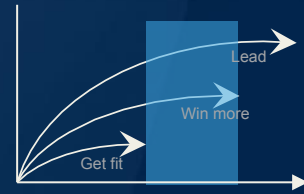
# Paul Saleh

## EVP and Chief Financial Officer

# Leading clients on their digital journeys



# Drivers of value for the next phase of transformation



1

## Return to growth

2-4% compounded revenue growth

- At-scale next-gen offerings and partnerships
- Acquisitions to strengthen next-gen portfolio

2

## Further margin expansion

200-300 bps

- More profitable offerings mix
- Workforce & delivery optimization
- Contract management
- Overhead productivity

3

## Free cash flow growth

100% of Net Income or more

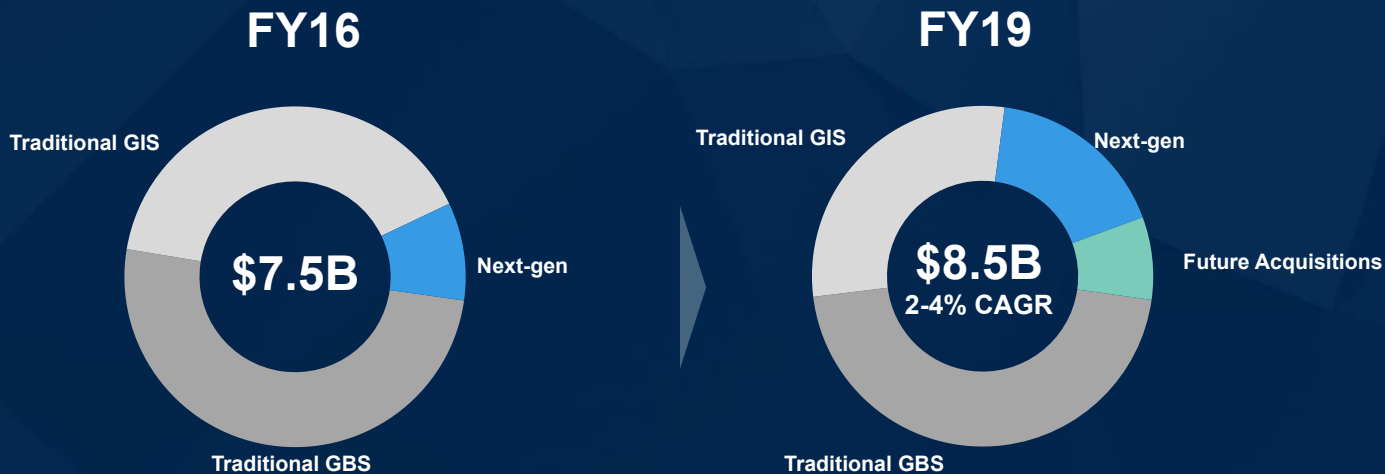
- Optimized tax rate
- Better working capital management
- Shift to less capital intensive business mix
- Strong financial position

4

## Capital allocation

- Reinvestments in business
- Targeted acquisitions
- More cash returned to shareholders through dividends and share repurchases

# 1 Return to growth



Next-Gen  
Revenue  
\$700M

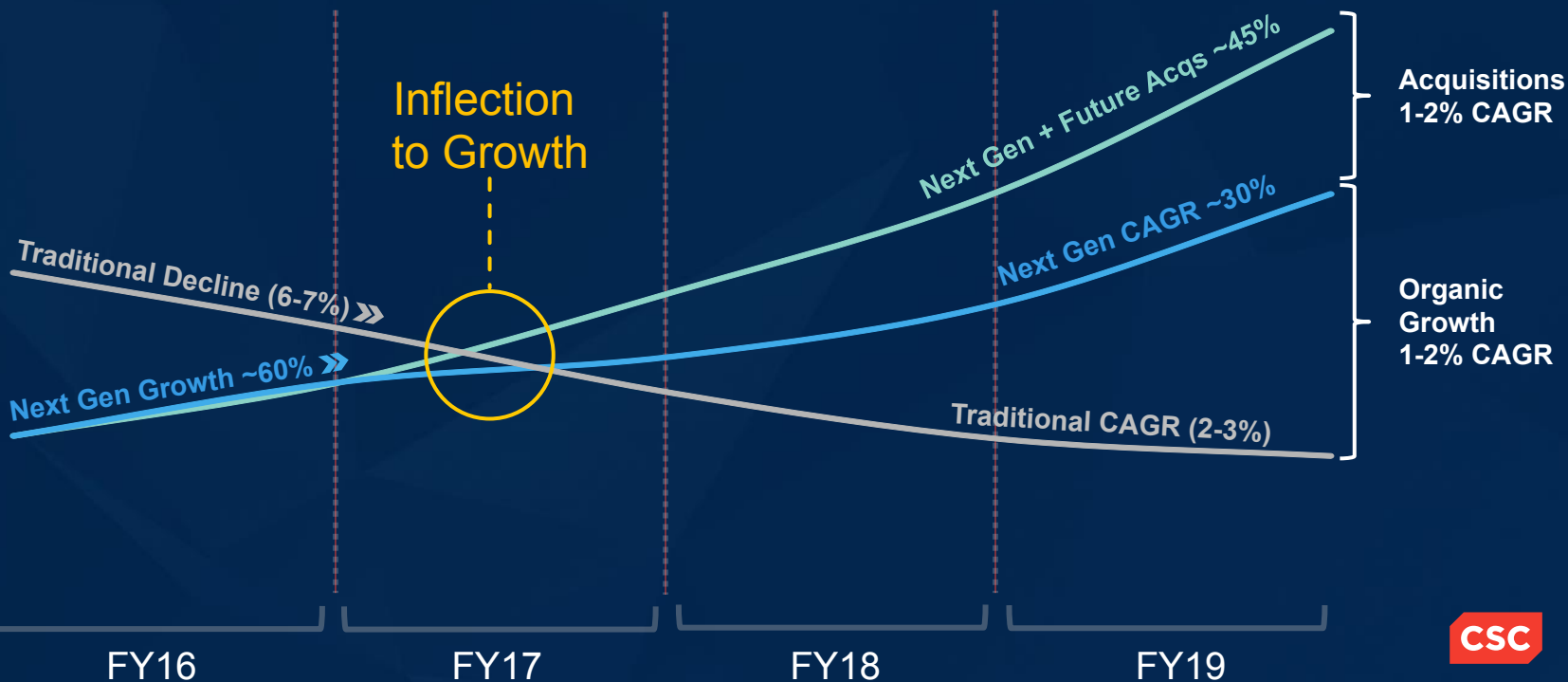
Other  
Next-Gen  
\$260M

Big Data  
\$80M

Cyber  
\$150

Cloud  
\$210

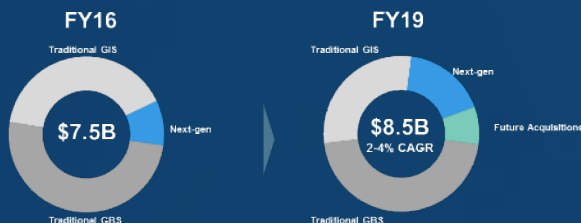
Inflection  
to Growth



## 2 Further margin expansion

FY19 target  
margin improvement  
(net of restructuring)

Changing  
portfolio mix



25-50 bps

Delivery and  
workforce  
optimization

- Optimize labor pyramid
- Increase productivity through automation
- Standardize service delivery model
- Accelerate move to low-cost delivery centers
- Improve billable utilization
- Develop next-gen skills

125-175 bps

Contract  
management

- Maintain contractual discipline at account level
- Achieve performance targets
- Manage change orders
- Deliver high customer satisfaction

10-25 bps

Overhead  
productivity

- Accelerate leveraged support model
- Optimize supply-chain management
- Streamlined workplace operations
- Realize benefits from new ERP system

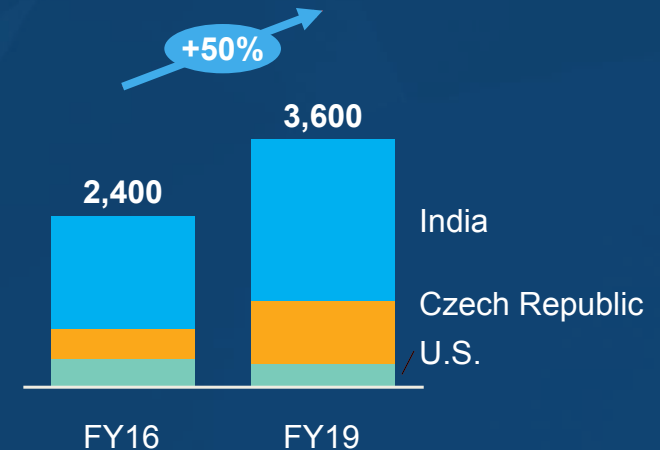
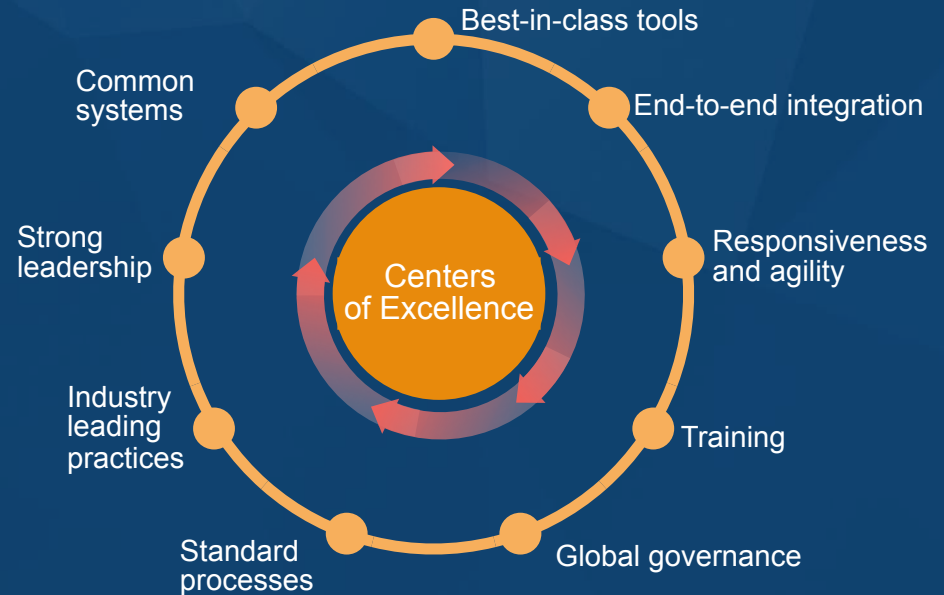
40-50 bps

200-300 bps



## 2 Leveraged support model

- Sales Operations
- Operational Finance
- Controllership
- Treasury
- Billing & Collections
- Workplace Operations
- Supply Chain Management
- Pricing / Costing
- Benefits Administration
- Talent Management



## 2 Supply chain optimization

### Priorities

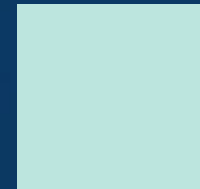
- Increased support from strategic partners
- Contingent labor management
- Disciplined demand management
- Greater spend analytics
- Workflow automation

Addressable spend

\$4B

### Savings

\$760M

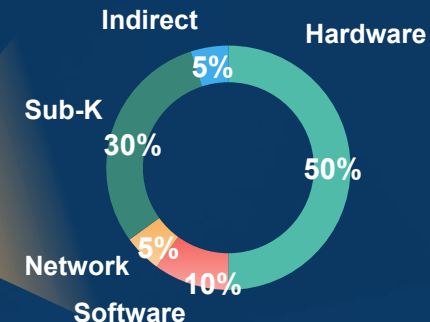


Prior 3 years

\$300M+

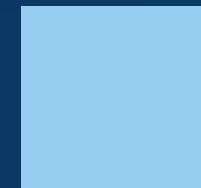


Next 3 years



### Supplier consolidation

15K



Today

6K

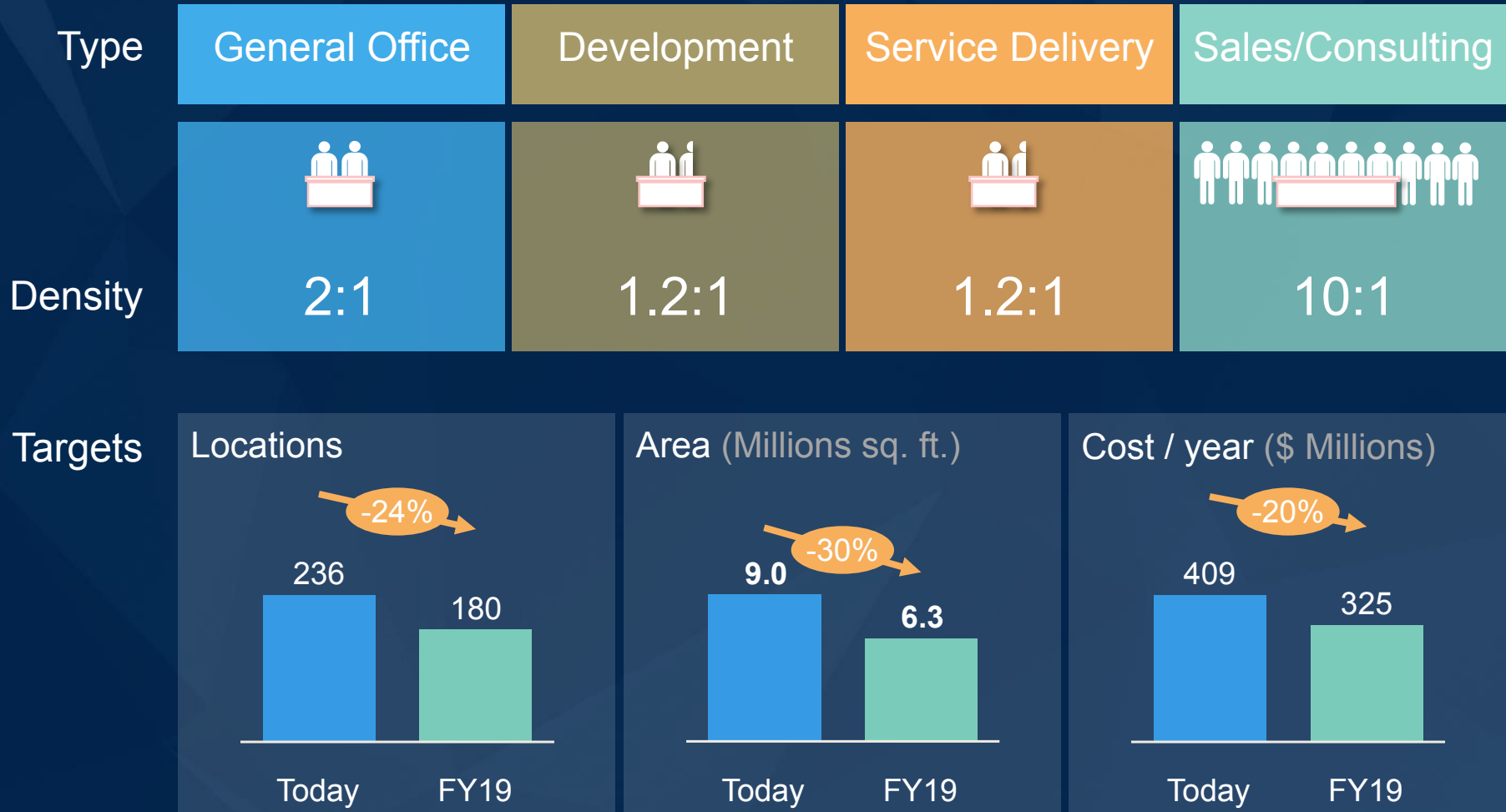


Next 3 years

60%



## 2 Streamlined workplace operations



### 3 Free cash flow growth

	Actions		FY19 targets
EBIT	<ul style="list-style-type: none"><li>• Improved portfolio mix</li><li>• Delivery and workforce optimization</li><li>• Contract management</li><li>• Overhead productivity</li></ul>	➤	200-300 bps improvement
Taxes	<ul style="list-style-type: none"><li>• Use of tax-advantaged jurisdictions</li><li>• Utilization of deferred tax assets</li><li>• Transfer pricing strategies</li></ul>	➤	20-25%
Working Capital	<ul style="list-style-type: none"><li>• Improved collections</li><li>• More favorable supplier terms</li></ul>	➤	DSO lower by 10 days DPO higher by 5 days
Capital Expenditures	<ul style="list-style-type: none"><li>• Less capital-intensive offerings mix</li><li>• Greater use of FinCo</li><li>• Expanded use of utility model</li><li>• Disciplined asset management</li></ul>	➤	5% or less of revenue

**FCF of 100% or more of Net Income**

# 3 Maintain strong financial position

## Ample access to liquidity

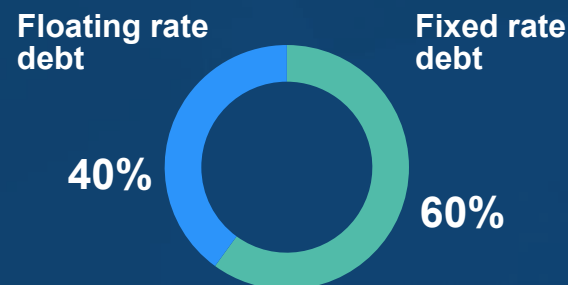
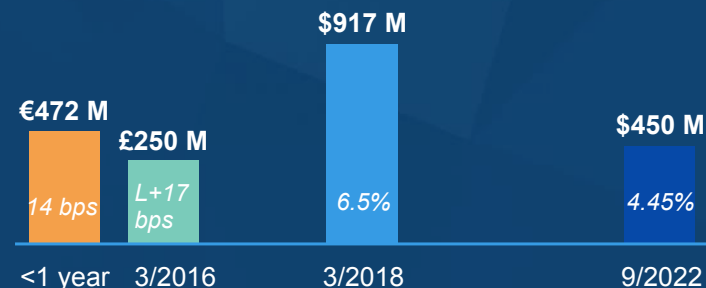
- Cash balances: \$1B or more
- Revolver facility: \$2.5B, 5-year term
- Strong free cash flow
- Multi-currency pooling structure

## Optimized maturity schedule

## Diversified & rebalanced mix of debt

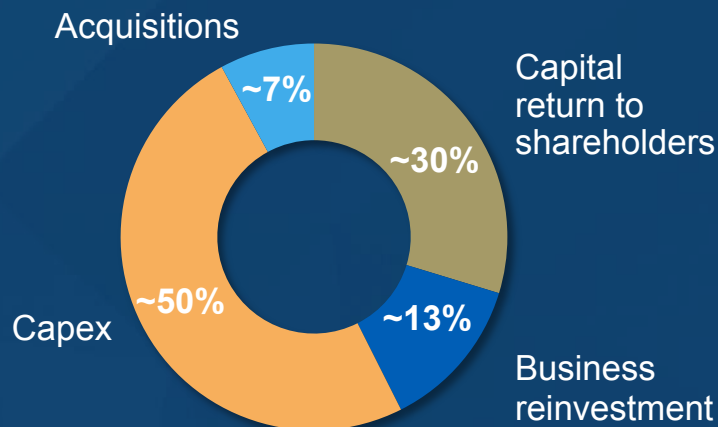
## Investment-grade credit profile

- S&P: BBB+/stable
- Moody's: Baa2/stable
- Fitch: BBB/stable

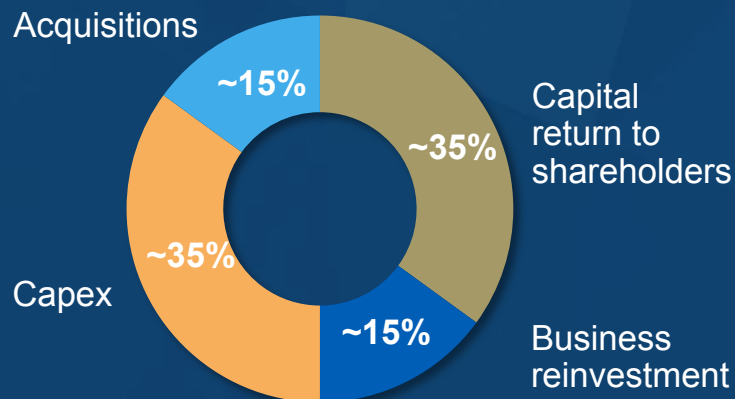


## 4 Capital allocation

Last 3 years

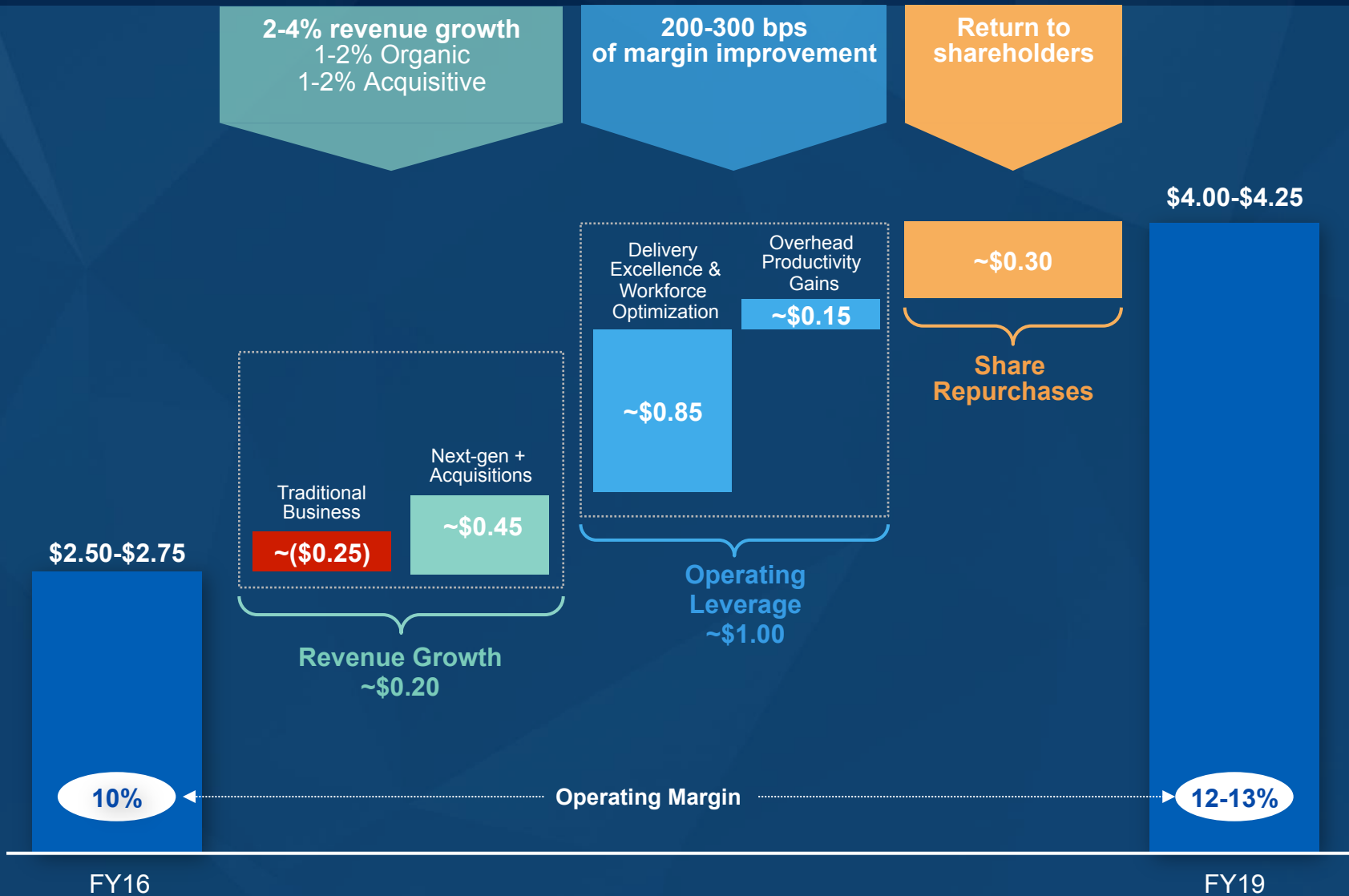


Next 3 years

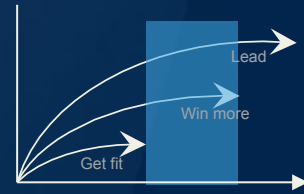


- 1 Reinvest in business
- 2 Target acquisitions that strengthen next-gen portfolio
- 3 Return more cash to shareholders through dividends and share repurchases

# EPS roadmap



# Summary of financial targets for next phase of transformation



FY19

Revenue



\$8.0-\$8.5B  
2-4% growth

Operating margin



12-13%

EPS



\$4.00-\$4.25

FCF



100% or more of Net Income

