



CSC

Quarterly Update Report Abstract

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14 pages





Who Is This Quarterly Update For?

NelsonHall's Quarterly Update on CSC provides a snapshot of developments at the company in the last quarter. It accompanies NelsonHall's more comprehensive Key Vendor Assessment program.

Both programs are designed for:

- Marketing, sales and business managers developing strategies to target service opportunities within the BPO/IT Services markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT and BPO services and identifying vendor suitability for these services
- Consultants advising clients on vendor selection
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the BPO/IT services sector.



Highlights

Q3 performance: momentum continues from H1 with double digit CC growth, adjusted margin improvement, B2B of 1.3

Perhaps CSC's strongest quarter for years. While the topline growth was driven by acquisitions, the legacy business is also improving. We estimate CSC achieved organic CC growth in Q3. Revenue growth from newer offerings has now outstripped the level of decline in traditional services.

Adjusted operating margin was up y/y, in spite of ongoing investments in insurance BPS platform to serve MetLife.

GBS B2B included a second insurance BPS win in the U.S., this time for open book business. GIS B2B was the best for some time

Maintains FY17 revenue guidance of low double-digit CC growth.

CSC/HPE-ES merger remains on track for on or about April 1, 2017

- In November submitted SEC filings related to the merger to coincide with HPEES's filings (Appendices C and D for select data)
- Has completing all regulatory clearances required to close the merger
- Has announced senior leadership team for the newco (Appendix E)
- Is engaged in pre-integration planning with HPEES
- Has announced board of directors for newco (Appendix E).

Has entered into a global, non-exclusive, alliance with PwC

Along with this alliance, CSC has combine its consulting and apps businesses into a new 'Digital Applications' group.

Expansion of global Microsoft practice (under UXC Eclipse brand) into U.K.

Ongoing work in developing industry-specific offerings for insurance and healthcare sectors

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Appendix D: Pro Forma Combined Financials

Appendix E: NewCo Board, Leadership and Senior Management Team

Scope of the Report

The report provides a quarterly update on CSC, looking at financial performance and key developments during the period.

Report Length

14 pages

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