

Q3 FY2019 earnings presentation

February 13, 2019



Cautionary note regarding 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 current intentions, expectations, beliefs or projections, and no assurance can be given that the results described in such statements will be achieved. These statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements. Please refer to the “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors” sections of Perspecta’s Annual Report on Form 10-K for the year ended March 31, 2018, as may be updated or supplemented in our Quarterly Reports on Form 10-Q and our other filings with the Securities and Exchange Commission, which discuss these and other factors that could adversely affect our results. Readers are cautioned not to place undue reliance on such statements which speak only as of the date they are made. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events except as required by law.

Non-GAAP reconciliations

To aid investors and analysts with year-over-year comparability for the combined businesses of USPS, Vencore and KeyPoint, Perspecta is including certain pro forma financial information that combines the stand-alone USPS, Vencore and KeyPoint financial information as if the mergers had taken place on April 1, 2017. Also, Perspecta is including adjusted results that exclude costs directly associated with the spin-off and mergers and the ongoing integration process.

The tables in the Appendix of this presentation provide all appropriate reconciliations from pro forma and adjusted results to the most directly comparable GAAP measure. For additional information, please refer to the press release issued on February 13, 2019, entitled *Perspecta Announces Financial Results for Third Quarter of Fiscal Year 2019*, available on the Investor Relations portions of the Perspecta web site.

Perspecta management believes that these non-GAAP financial measures provide useful additional information to investors regarding Perspecta's results of operations as they provide another measure of the Company's profitability and ability to service its debt and are considered important to financial analysts covering Perspecta's industry.

Perspecta's non-GAAP measures may be calculated differently than similarly named measures reported by other companies. In addition, using non-GAAP measures may have limited value as they exclude certain items that may have a material impact on reported financial results and cash flows. When analyzing Perspecta's performance, it is important to evaluate each adjustment in the reconciliation tables and use adjusted measures in addition to, and not as an alternative to, GAAP measures.

CEO key messages

Above consensus on all key metrics

1

Strong operational performance

- Revenue up slightly year-over-year (pro forma basis) and up 1% sequentially
- Industry-leading adjusted EBITDA margins of 16.9%
- Adjusted EBITDA up 12%, adjusted diluted EPS up 12% YoY (pro forma basis)
- Upwardly revising fiscal year 2019 guidance for all of our metrics

2

Another excellent business development quarter

- Book-to-bill of 1.6x, including \$600M of new business
- Total and funded backlog up 3% and 12% sequentially; up 16% and 13% since Q1
- Robust pipeline—\$72B of qualified opportunities, \$13B awaiting decision
- NGEN bids submitted and under evaluation as best value procurement

3

Strategic plan affirms deal rationale

- Unleash the "Power of the Pyramid" within an innovation-based culture
- Strategic priorities—cloud/IT transformation, cybersecurity, intelligent tools and analytics, Trusted Workforce, emerging markets
- Foundation for success is the innovation from Perspecta Labs

4

No change to overall view of government market

- Large addressable market based on enduring needs of federal customers
- Bipartisan support for defense and national security spending
- Focus on mission-essential work enabled us to thrive during shutdown—cautiously optimistic that we will not have another shutdown

5

Integration proceeding well

- Cost synergies on-track
- One set of policies, incentives, and employee development structures
- "Rip off the Band Aid" approach is working—people buying in to One Perspecta

Select results for Q3 2019

Measure	Q3 FY19	Q3 FY18 (pro forma)	Growth
Revenue (millions)	\$1,075	\$1,071	—%
Adjusted EBITDA (millions)	\$182	\$163	12%
Adjusted EBITDA margin	16.9%	15.2%	170 bps
Adjusted diluted EPS	\$0.47	\$0.42	12%

Revenue

- Defense and intel increased 5%: defense programs and background investigations support
- Civilian and health care decreased 8%: end of large engineering support contract for the Kennedy Space Center
- 4% YoY growth excluding NASA roll-off and Q1 contract divestiture

Earnings

- Strong earnings performance
- Industry-leading adjusted EBITDA margin in middle of forecast range
- Contract portfolio heavily weighted to fixed price
- Adjusted EBITDA and diluted EPS up sequentially with lower SG&A
- On track to deliver cost synergies and operational efficiencies

Select results for Q3 2019

Balance sheet and cash flow statement

Cash flow performance

- Adjusted free cash flow \$33M
- Capital expenses, including capital leases \$43M
- Capital expenses as a percentage of revenue 4%

Capital deployment

- Debt repayment \$32M
- Cash dividends \$8M
- Share repurchases (\$356M authorization remaining) \$21M*
967K Shares

Capital structure

- Liquidity (\$100M cash, \$600M available revolver) \$700M
- Debt, including capital leases \$2.8B
- Net debt-to-total capitalization 54%

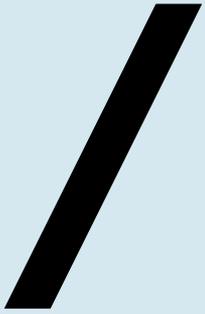
* Includes <\$1M recorded as an accrued liability for shares purchased but not yet settled in cash as of December 31, 2018.

Fiscal year 2019 guidance

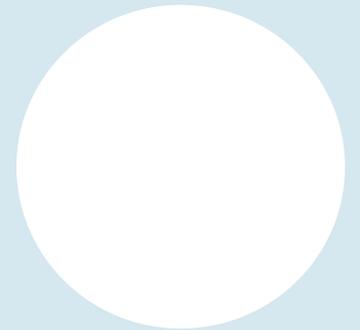
Measure	Current FY19 guidance	Prior FY19 guidance
Pro forma revenue (millions)	\$4,235 - \$4,260	\$4,200 - \$4,250
Pro forma adjusted EBITDA margin	17.1%-17.3%	16.5% - 17.0%
Pro forma adjusted diluted EPS	\$1.90 - \$1.95	\$1.85 - \$1.95
Pro forma adjusted free cash flow conversion	100%+	95%+

- Increasing guidance across all metrics
- Guidance supported by:
 - \$10B backlog and \$13 billion of pending awards
 - \$600M of new business won in the third quarter
 - Strong cash conversion to date and collection of cash pushed from Q3
- Expect to be at or above the midpoint of guidance for revenue, adjusted EBITDA margin, and adjusted EPS

Note: All forward-looking non-GAAP measures exclude estimates for amortization of intangible assets; stock-based compensation expenses; restructuring, separation, transaction, and integration-related costs; mark-to-market changes associated with pension and other post-retirement benefit plans; and other non-recurring items. Perspecta is unable to provide a reconciliation of non-GAAP guidance measures to corresponding GAAP measures on a forward-looking basis without unreasonable effort due to the overall high variability and low visibility of most of the excluded items. Material changes to any one of these items could have a significant effect on future GAAP results.



Appendix



Non-GAAP reconciliation: Pro Forma Revenue

Third quarter of fiscal year 2018

PERSPECTA INC. PRO FORMA REVENUE (Unaudited)

(in millions)	December 31, 2017
Revenue ^(a)	\$ 722
Historical Vencore revenue ^{(b) (c)}	349
Pro forma revenue	\$ 1,071

Notes:

- (a) For the three months ended December 31, 2017, GAAP results reflect the operations of USPS.
- (b) Revenue prior to the May 31, 2018 mergers is from the most closely corresponding reporting period, which is October 1, 2017 to December 31, 2017, for the three months ended December 31, 2017.
- (c) In this and all subsequent tables, financial data for "Vencore" includes the combined results of Vencore Holding Corp. and KGS Holding Corp.

Non-GAAP reconciliation: Adjusted EBITDA / Diluted EPS

Third quarter of fiscal year 2019

PERSPECTA INC.
UNAUDITED ADJUSTED EBITDA, ADJUSTED NET INCOME AND ADJUSTED DILUTED EPS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

(in millions)	Perspecta for the Three Months Ended December 31, 2018	Effect of Spin-Off and Mergers	Adjusted
Net income	\$ 38	\$ —	\$ 38
Income tax expense	10	—	10
Interest expense, net	37	—	37
Depreciation and amortization	76	—	76
EBITDA	161	—	161
Restructuring costs	1	—	1
Separation and integration costs	19	—	19
Stock-based compensation	4	—	4
Separation related cost	(3)	—	(3)
Adjusted EBITDA	\$ 182	\$ —	182
Depreciation and amortization			(76)
Amortization of acquired intangibles			37
Interest expense, net			(37)
Earnings before taxes			106
Income tax expense ^(a)			29
Adjusted net income			\$ 77
Adjusted diluted EPS ^(b)			\$ 0.47

Notes:

- (a) Represents income tax expense utilizing an adjusted effective tax rate of approximately 27% that adjusts for non-GAAP measures including: transaction costs, integration costs, and tax add backs for non-deductible prior-merger goodwill amortization.
- (b) Represents adjusted net income divided by the weighted-average common shares on a diluted basis of 164.54 million.

Non-GAAP reconciliation: Pro Forma Adjusted EBITDA / Diluted EPS

Third quarter of fiscal year 2018

PERSPECTA INC.

UNAUDITED PRO FORMA ADJUSTED EBITDA, ADJUSTED NET INCOME AND ADJUSTED DILUTED EPS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

(in millions)	Historical USPS for the Three Months Ended December 31, 2017	Effect of Spin-Off	Historical Vencore for the Three Months Ended December 31, 2017	Effect of Mergers	Pro Forma
Net income (loss)	\$ 104	\$ —	\$ 20	\$ (32)	\$ 92
Income tax expense (benefit)	(59)	1	(20)	(17)	(95)
Interest expense, net	—	12	20	(3)	29
Depreciation and amortization	46	—	7	16	69
EBITDA	91	13	27	(36)	95
Restructuring costs	3	—	—	1	4
Separation and integration costs	27	(12)	—	12	27
Pension and OPEB actuarial and settlement losses	—	—	(2)	30	28
Stock-based compensation	4	—	5	(5)	4
NBIB adjustment	—	—	5	—	5
Adjusted EBITDA	\$ 125	\$ 1	\$ 35	\$ 2	163
Depreciation and amortization					(69)
Amortization of acquired intangibles					40
Interest expense, net (a)					(29)
Earnings before taxes					105
Income tax expense ^(b)					36
Adjusted net income					\$ 69
Adjusted diluted EPS ^(c)					\$ 0.42

Notes:

- (a) Pro Forma interest expense is derived based on the average of the applicable one-month LIBOR rates for the three month period ended June 30, 2018 to enhance comparability to the period during which the debt was established.
- (b) Represents the income tax impact of the adjustments to net income using an estimated effective tax rate of approximately 34%.
- (c) Represents adjusted net income divided by the weighted-average common shares on a diluted basis of 165.70 million.

Non-GAAP reconciliation: Adjusted EBITDA Margin

PERSPECTA INC.

ADJUSTED EBITDA MARGIN AND PRO FORMA ADJUSTED EBITDA MARGIN (Unaudited)

(in millions except for margin)	Three Months Ended	
	December 31, 2018	December 31, 2017 (a)
Adjusted EBITDA	182	163
Revenue	1,075	722
Adjusted EBITDA margin	16.9%	15.2%

Notes:

(a) Amounts for the three months ended December 31, 2017 are pro forma.

Non-GAAP reconciliation: Adjusted Free Cash Flow

Third quarter of fiscal year 2019

PERSPECTA INC.
ADJUSTED FREE CASH FLOW (Unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

(in millions)	Perspecta for the three months ended December 31, 2018
Net cash provided by operating activities	57
Net cash used in investing activities	(1)
Acquisitions net of cash acquired, and other ^(a)	—
Payments on lease liability ^(b)	(42)
Payments on restructuring, transaction and integration-related costs	19
Adjusted free cash flow	33

Notes:

- (a) Includes payments for outsourcing contract costs and proceeds from sale of assets.
- (b) Represents payments on capital leases.

Non-GAAP reconciliation: Pro Forma Adjusted Free Cash Flow

Third quarter of fiscal year 2018

PERSPECTA INC.
PRO FORMA ADJUSTED FREE CASH FLOW (Unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

(in millions)	Perspecta for the three months ended December 31, 2017	Historical Vencore for the three months ended December 31, 2017	Pro Forma for the three months ended December 31, 2017
Net cash provided by operating activities	\$ 73	\$ 31	\$ 104
Net cash used in investing activities	(6)	(4)	(10)
Acquisitions net of cash acquired, and other ^(a)	3	—	3
Payments on lease liability ^(b)	(41)	—	(41)
Payments on restructuring, transaction and integration-related costs	2	2	4
Adjusted free cash flow	\$ 31	\$ 29	\$ 60

Notes:

- (a) Represents outsourcing contract costs.
- (b) Represents payments on capital leases.

Non-GAAP reconciliation: Segment Operating Profit

PERSPECTA INC.
RECONCILIATION OF REPORTABLE SEGMENT PROFIT TO INCOME BEFORE TAXES (Unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

(in millions)	Three Months Ended	
	December 31, 2018	December 31, 2017
Total profit for reportable segments	\$ 111	\$ 79
Less:		
Stock-based compensation	4	4
Restructuring costs	1	3
Separation and integration-related costs	19	27
Interest expense, net	37	—
Other unallocated, net	2	—
Income before taxes	\$ 48	\$ 45

Non-GAAP reconciliation: Adjusted Segment Operating Profit

Third quarter of fiscal year 2019

PERSPECTA INC.
REVENUE AND ADJUSTED SEGMENT OPERATING PROFIT (Unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

(in millions)	Perspecta for the three months ended December 31, 2018	Adjustments for the three months ended December 31, 2018 (a)	Adjusted for the three months ended December 31, 2018
Revenue			
Defense and Intelligence	\$ 709	\$ —	\$ 709
Civilian and Health Care	366	—	366
	<u>\$ 1,075</u>	<u>\$ —</u>	<u>\$ 1,075</u>
Segment operating profit			
Defense and Intelligence	\$ 85	\$ 13	\$ 98
Civilian and Health Care	26	18	44
	<u>\$ 111</u>	<u>\$ 31</u>	<u>\$ 142</u>

Notes:

- (a) Represents adjustments for amortization of acquired intangibles and separation-related, integration and other costs, which are included in the segment results of operations.