

EARNINGS CALL PRESENTATION

Fiscal Year 2020, Fourth Quarter

May 26, 2020

CALL PARTICIPANTS

HORACIO ROZANSKI

President and Chief Executive Officer

LLOYD HOWELL, JR.

Chief Financial Officer and Treasurer

NICHOLAS VEASEY

Vice President of Investor Relations

DISCLAIMER

Forward Looking Safe Harbor Statement

Certain statements contained in this presentation and in related comments by our management include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include information concerning Booz Allen’s preliminary financial results, financial outlook and guidance, including forecasted revenue, Diluted EPS, Adjusted Diluted EPS, free cash flow, future quarterly dividends, and future improvements in operating margins, as well as any other statement that does not directly relate to any historical or current fact. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “forecasts,” “expects,” “intends,” “plans,” “anticipates,” “projects,” “outlook,” “believes,” “estimates,” “predicts,” “potential,” “continue,” “preliminary,” or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct.

These forward-looking statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results to differ materially from those contained in or implied by these forward-looking statements, including those factors discussed in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, which can be found at the SEC’s website at www.sec.gov. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Note Regarding Non-GAAP Financial Data Information

Booz Allen discloses in the following information Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow which are not recognized measurements under GAAP, and when analyzing Booz Allen’s performance or liquidity as applicable, investors should (i) evaluate each adjustment in our reconciliation of revenue to Revenue, Excluding Billable Expenses, operating income to Adjusted Operating Income, net income to Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income and Adjusted Diluted Earnings Per Share, and net cash provided by operating activities to Free Cash Flow, and the explanatory footnotes regarding those adjustments, each as defined under GAAP, (ii) use Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue Excluding Billable Expenses, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to revenue, operating income, net income or diluted EPS as measures of operating results, and (iii) use Free Cash Flow in addition to and not as an alternative to net cash provided by operating activities as a measure of liquidity, each as defined under GAAP. The Financial Appendix includes a reconciliation of Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow to the most directly comparable financial measure calculated and presented in accordance with GAAP. Booz Allen presents these supplemental performance measures because it believes that these measures provide investors and securities analysts with important supplemental information with which to evaluate Booz Allen’s performance, long term earnings potential, or liquidity, as applicable and to enable them to assess Booz Allen’s performance on the same basis as management. These supplemental performance and liquidity measurements may vary from and may not be comparable to similarly titled measures by other companies in Booz Allen’s industry. With respect to our expectations under “Fiscal 2021 Full Year Outlook,” reconciliation of Adjusted Diluted EPS guidance to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to our inability to predict our stock price, equity grants and dividend declarations during the course of fiscal 2021. Projecting future stock price, equity grants and dividends to be declared would be necessary to accurately calculate the difference between Adjusted Diluted EPS and GAAP EPS as a result of the effects of the two-class method and related possible dilution used in the calculation of EPS. Consequently, any attempt to disclose such reconciliation would imply a degree of precision that could be confusing or misleading to investors. We expect the variability of the above charges to have an unpredictable, and potentially significant, impact on our future GAAP financial results. For the same reason, a reconciliation of Adjusted EBITDA Margin on Revenue guidance to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to our inability to predict specific quantifications of the amounts that would be required to reconcile such measures.

KEY FINANCIAL RESULTS

FISCAL YEAR 2020 RESULTS

	FOURTH QUARTER ⁽¹⁾		FISCAL YEAR 2020 ⁽¹⁾	
Revenue	\$2.0 billion	10.6% Increase	\$7.5 billion	11.3% Increase
Revenue, Excluding Billable Expenses	\$1.4 billion	9.8% Increase	\$5.2 billion	9.9% Increase
Adjusted EBITDA	\$173 million	12.6% Increase	\$754 million	11.8% Increase
Adjusted EBITDA Margin on Revenue	8.8%	1.7% Increase	10.1%	0.4% Increase
Net Income	\$139 million	55.0% Increase	\$483 million	15.3% Increase
Adjusted Net Income	\$103 million	14.2% Increase	\$449 million	13.6% Increase
Diluted EPS	\$0.98	55.6% Increase	\$3.41	17.2% Increase
Adjusted Diluted EPS	\$0.73	14.1% Increase	\$3.18	15.2% Increase
Net Cash Provided by Operating Activities	\$185 million	(14.5)% Decrease	\$551 million	10.4% Increase

(1) Comparisons are to prior fiscal year period

FY'20 PERFORMANCE:

ALIGNED WITH INVESTMENT THESIS

UPDATED INVESTMENT THESIS



Unique Market Position

- Investments in innovation, talent, and capabilities position us to help clients adopt current and new technologies
- First mover advantage enhanced by our ability to combine mission knowledge, consulting heritage and technical depth creating value for critical missions and top priorities



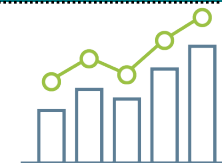
Strong Financial Returns

FY'18 - FY'21

70% - 80% ADEPS GROWTH BY FY'21

+ ~2% DIVIDEND YIELD

6 - 10%	~10%	~\$1.4B
Annual Revenue Growth	Adj. EBITDA Margins	Capital Deployment



Option Value

- Continued investment in new business lines and solutions that will drive future growth

INDUSTRY LEADING ORGANIC REVENUE GROWTH

- Organic growth in revenue of 11.3% year-over-year driven by strong client demand
- Headcount and backlog year-over-year growth of 4.2% and 7.3%, respectively, to support future growth

CONTRACT PERFORMANCE DRIVES MARGIN EXPANSION

- Adj. EBITDA Margin on Revenue of 10.1%; Adj. EBITDA of \$754.1 million (11.8% growth year-over-year)
- Organic growth and strong contract-level execution continue to drive profitability
- FY'21 guidance of Adj. EBITDA Margin on Revenue of approximately 10%

PRUDENT CAPITAL DEPLOYMENT

- \$44 million in Q4 quarterly dividends; \$147 million through March 31, 2020
- \$156 million in Q4 share repurchases; \$187 million through March 31, 2020
- Reaffirming three-year goal to deploy ~\$1.4 billion through fiscal year 2021

KEY FINANCIAL RESULTS

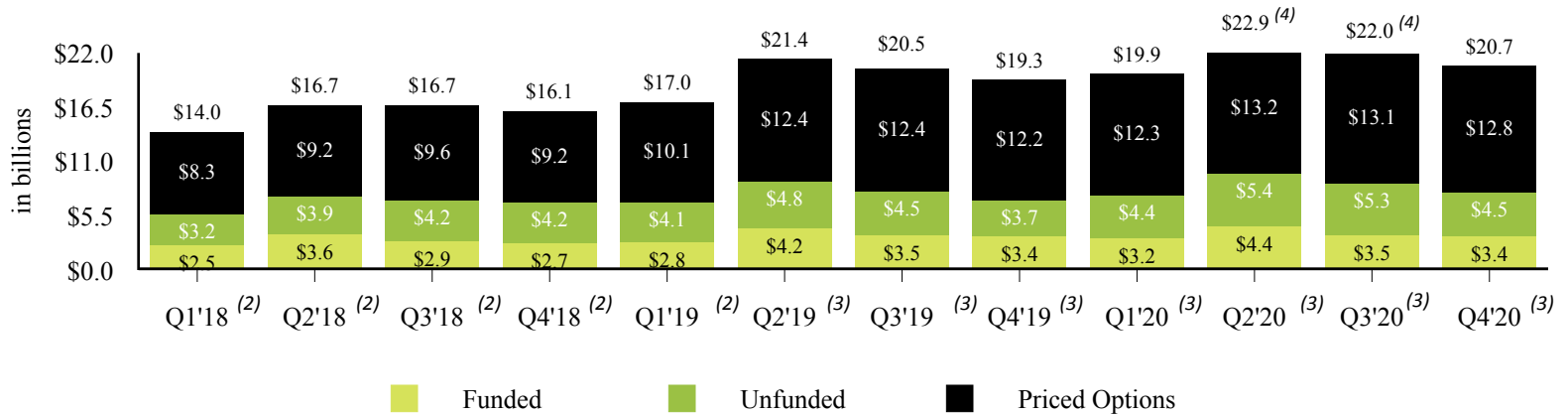
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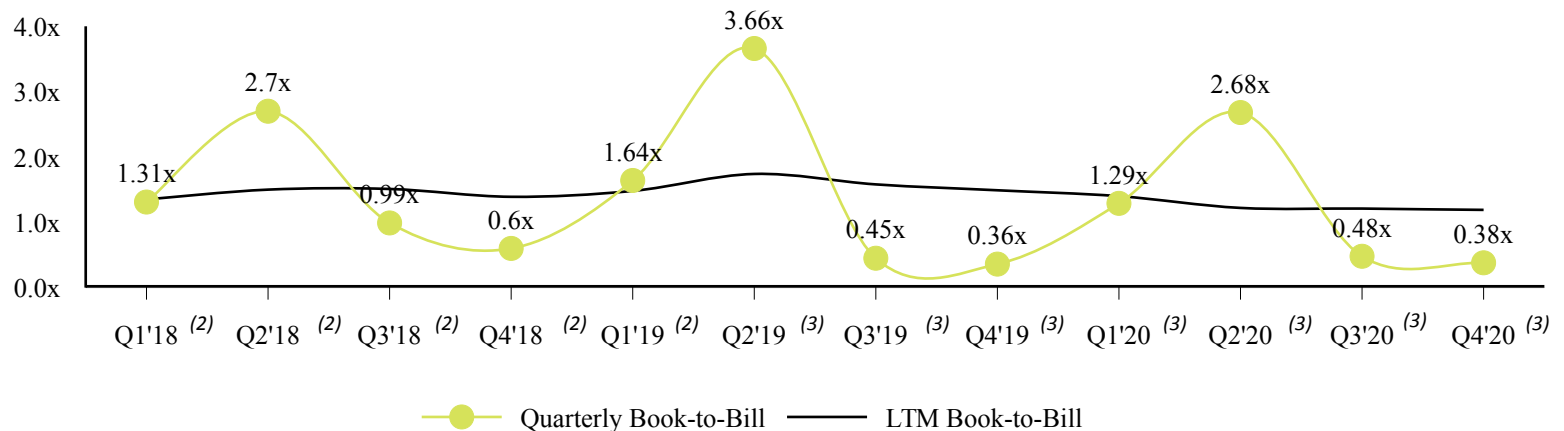
(1) Comparisons are to prior fiscal year period

HISTORICAL BACKLOG & BOOK-TO-BILL

BACKLOG ⁽¹⁾



BOOK-TO-BILL TRENDS



(1) For more information on the components of backlog, and the differences between backlog and remaining performance obligations, please see the Company's Form 10-K for the fiscal year ended 3/31/20

(2) Revenue as adjusted from previously reported to reflect ASC 606 and ASU 2017-07

(3) Revenue as reported, reflecting ASC 606 and ASU 2017-07

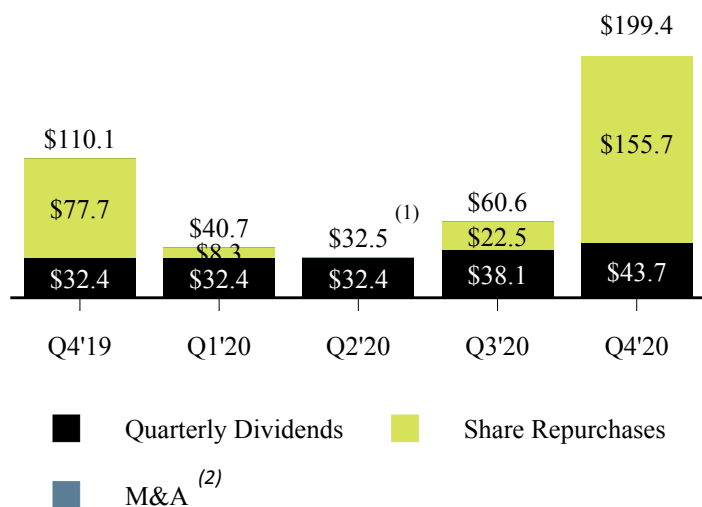
(4) Totals round to \$22.9 billion and \$22.0 billion, respectively

CAPITAL ALLOCATION

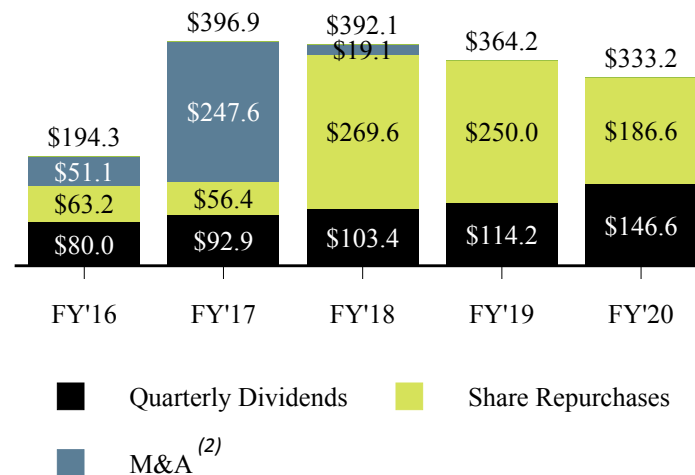
DELIVERING STRONG CAPITAL RETURNS THROUGH EFFICIENT CAPITAL DEPLOYMENT STRATEGY

- Multi-year capital deployment plan remains on track, subject to market conditions
 - Deployed ~\$333 million during fiscal 2020, including ~\$199 million during the fourth quarter
 - Reaffirming three-year goal to deploy ~\$1.4 billion through fiscal year 2021
- \$485 million of share repurchase authorization remained as of March 31, 2020
- The Board authorized a regular dividend of 31 cents per share payable on June 30th to stockholders of record on June 15th
- Our capital allocation priorities remain unchanged: working capital needs, quarterly dividend, required capex, strategic acquisitions, share repurchases, special dividends, and debt repayment (in order)

QUARTERLY CAPITAL DEPLOYMENT (\$ IN MILLIONS)



HISTORICAL CAPITAL DEPLOYMENT (\$ IN MILLIONS)



(1) Includes ~\$0.1M of withhold to cover shares

(2) Represents Payments for Business Acquisitions, Net of Cash Acquired

FINANCIAL OUTLOOK

FULL YEAR '21 GUIDANCE

OPERATING PERFORMANCE	CURRENT
Revenue Growth	6.0 - 10.0%
Adjusted EBITDA Margin on Revenue	Approximately 10%
Adjusted Diluted EPS	\$3.40 - \$3.60
Net Cash Provided by Operating Activities	\$550 - \$600 million

ASSUMPTIONS FOR ADEPS GUIDANCE	CURRENT
Tax Rate	20 - 23%
Share Count	136 - 140 million

APPENDIX

NON-GAAP FINANCIAL INFORMATION

"Revenue, Excluding Billable Expenses" represents revenue less billable expenses. We use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our consulting staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations.

"Adjusted Operating Income" represents operating income before transaction costs, fees, losses, and expenses, including fees associated with debt prepayments and supplemental employee benefits due to the COVID-19 outbreak. We prepare Adjusted Operating Income to eliminate the impact of items we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

"Adjusted EBITDA" represents net income before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including transaction costs, fees, losses, and expenses, including fees associated with debt prepayments and supplemental employee benefits due to the COVID-19 outbreak. "Adjusted EBITDA Margin on Revenue" is calculated as Adjusted EBITDA divided by revenue. Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses is calculated as Adjusted EBITDA divided by Revenue, Excluding Billable Expenses. The Company prepares Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, and Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.

"Adjusted Net Income" represents net income before: (i) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (ii) supplemental employee benefits due to the COVID-19 outbreak, (iii) tax credits, net of reserves for uncertain tax positions, (iv) amortization or write-off of debt issuance costs and write-off of original issue discount, (v) release of income tax reserves, and (vi) re-measurement of deferred tax assets and liabilities as a result of the 2017 Tax Act in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature. We view net income excluding the impact of the re-measurement of the Company's deferred tax assets and liabilities as a result of the 2017 Tax Act as an important indicator of performance consistent with the manner in which management measures and forecasts the Company's performance and the way in which management is incentivized to perform.

"Adjusted Diluted EPS" represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method of calculating EPS as required in accordance with accounting principles generally accepted in the United States, or GAAP.

"Free Cash Flow" represents the net cash generated from operating activities less the impact of purchases of property, equipment, and software.

NON-GAAP FINANCIAL INFORMATION

(In thousands, except share and per share data)	Three Months Ended March 31,		Fiscal Year Ended March 31,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Revenue, Excluding Billable Expenses				
Revenue	\$ 1,969,647	\$ 1,780,080	\$ 7,463,841	\$ 6,704,037
Billable expenses	606,870	538,833	2,298,413	2,004,664
Revenue, Excluding Billable Expenses	<u>\$ 1,362,777</u>	<u>\$ 1,241,247</u>	<u>\$ 5,165,428</u>	<u>\$ 4,699,373</u>
Adjusted Operating Income				
Operating Income	\$ 149,076	\$ 135,099	\$ 669,202	\$ 602,394
Transaction expenses (a)	—	—	1,069	3,660
COVID-19 supplemental employee benefit (b)	2,722	—	2,722	—
Adjusted Operating Income	<u>\$ 151,798</u>	<u>\$ 135,099</u>	<u>\$ 672,993</u>	<u>\$ 606,054</u>
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue & Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses				
Net income	\$ 138,866	\$ 89,575	\$ 482,603	\$ 418,529
Income tax expense	(10,162)	28,305	96,831	96,874
Interest and other, net (c)	20,372	17,219	89,768	86,991
Depreciation and amortization	20,773	18,216	81,081	68,575
EBITDA	169,849	153,315	\$ 750,283	\$ 670,969
Transaction expenses (a)	—	—	1,069	3,660
COVID-19 supplemental employee benefit (b)	2,722	—	2,722	—
Adjusted EBITDA	<u>\$ 172,571</u>	<u>\$ 153,315</u>	<u>\$ 754,074</u>	<u>\$ 674,629</u>
Adjusted EBITDA Margin on Revenue	8.8%	8.6%	10.1%	10.1%
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	12.7%	12.4%	14.6%	14.4%
Adjusted Net Income				
Net income	\$ 138,866	\$ 89,575	\$ 482,603	\$ 418,529
Transaction expenses (a)	—	—	1,069	3,660
COVID-19 supplemental employee benefit (b)	2,722	—	2,722	—
Research and development tax credits (d)	(38,395)	—	(38,395)	—
Release of income tax reserves (e)	(68)	—	(68)	(462)
Re-measurement of deferred tax assets/liabilities (f)	—	—	—	(27,908)
Amortization or write-off of debt issuance costs and write-off of original issue discount	450	519	2,395	2,920
Adjustments for tax effect (g)	(824)	(135)	(1,608)	(1,711)
Adjusted Net Income	<u>\$ 102,751</u>	<u>\$ 89,959</u>	<u>\$ 448,718</u>	<u>\$ 395,028</u>
Adjusted Diluted Earnings Per Share				
Weighted-average number of diluted shares outstanding	140,902,368	141,050,704	141,238,135	143,156,176
Adjusted Net Income Per Diluted Share (h)	<u>\$ 0.73</u>	<u>\$ 0.64</u>	<u>\$ 3.18</u>	<u>\$ 2.76</u>
Free Cash Flow				
Net cash provided by operating activities	\$ 184,969	\$ 216,407	\$ 551,428	\$ 499,610
Less: Purchases of property, equipment, and software	(37,367)	(36,605)	(128,079)	(94,681)
Free Cash Flow	<u>\$ 147,602</u>	<u>\$ 179,802</u>	<u>\$ 423,349</u>	<u>\$ 404,929</u>

(a) Fiscal 2020 and fiscal 2019 reflect debt refinancing costs incurred in connection with the refinancing transactions consummated on November 26, 2019 and July 23, 2018, respectively.

(b) Represents the supplemental contribution to employees dependent care FSA accounts in response to the COVID-19 outbreak.

(c) Reflects the combination of Interest expense and Other income (expense), net from the consolidated statement of operations.

(d) Reflects tax credits, net of reserves for uncertain tax positions, recognized in fiscal 2020 related to an increase in research and development credits available for fiscal years 2016 to 2020.

(e) Release of pre-acquisition income tax reserves assumed by the Company in connection with the Carlyle Acquisition.

(f) Reflects the adjustments made to the provisional income tax benefit associated with the re-measurement of the Company's deferred tax assets and liabilities as a result of the 2017 Tax Act.

(g) Reflects the tax effect of adjustments at an assumed effective tax rate of 26%, which approximates the blended federal and state tax rates and consistently excludes the impact of other tax credits and incentive benefits realized.

(h) Excludes adjustments of approximately \$0.4 million and \$1.6 million of net earnings for the three and twelve months ended March 31, 2020, respectively, and excludes adjustments of approximately \$0.4 million and \$1.8 million of net earnings for the three and twelve months ended March 31, 2019 associated with the application of the two-class method for computing diluted earnings per share.

FINANCIAL RESULTS – KEY DRIVERS

Fourth Quarter Fiscal 2020 – Below is a summary of the key factors driving results for the fiscal 2020 fourth quarter ended March 31, 2020 as compared to the prior year period:

- Revenue increased by 10.6% to \$2.0 billion driven by sustained strength in client demand and increased client staff headcount to meet that demand. Revenue also benefited from higher billable expenses as compared to the prior year period.
- Revenue, Excluding Billable Expenses increased 9.8% to \$1.4 billion due to sustained strength in client demand and increased client staff headcount to meet that demand.
- Operating Income increased 10.3% to \$149.1 million and Adjusted Operating Income increased 12.4% to \$151.8 million. Increases in both were primarily driven by the same factors driving revenue growth, as well as strong contract performance. Operating income in fiscal 2020 was negatively impacted by approximately \$10.0 million in COVID-19 related expenses, including transitional costs, temporary reductions in billability during the month of March of fiscal 2020, and charges related to certain contracts involving a ready workforce that we believe we may not be able to recover.
- Net income increased 55.0% to \$138.9 million and Adjusted Net Income increased 14.2% to \$102.8 million. These changes were primarily driven by the same factors as Operating Income and Adjusted Operating Income. Net income also benefited from a lower effective tax rate in the current year due to the recognition of approximately \$38.0 million in available research and development credits, net of associated uncertain tax positions, recognized in the fourth quarter.
- EBITDA increased 10.8% to \$169.8 million and Adjusted EBITDA increased 12.6% to \$172.6 million. These increases were due to the same factors as Operating Income and Adjusted Operating Income.
- Diluted EPS decreased to \$0.98 from \$0.63 and Adjusted Diluted EPS increased to \$0.73 from \$0.64. The changes were primarily driven by the same factors as Net Income and Adjusted Net Income, respectively, as well as a lower share count in the fourth quarter of fiscal 2020.
- As of March 31, 2020, total backlog was \$20.7 billion, an increase of 7.4%. Funded backlog was \$3.4 billion, a decrease of 0.6%.

FINANCIAL RESULTS – KEY DRIVERS

Fiscal Year Ended March 31, 2020 – Booz Allen's cumulative performance for fiscal 2020 has resulted in:

- Net cash provided by operating activities was \$551.4 million for the year ended March 31, 2020 as compared to \$499.6 million in the prior year. The increase in operating cash flows was primarily due to the collection of our revenue and net income growth partially offset by an increase in income taxes paid in fiscal 2020 as compared to the prior year. Free Cash Flow was \$423.3 million for the year ended March 31, 2020 as compared to \$404.9 million for the year ended March 31, 2019. Free Cash Flow was affected by the same factors affecting cash provided by operating activities, partially offset by an increase in capital expenditures over the prior year primarily related to investments in our facilities, infrastructure and information technology.