Booz Allen Hamilton Announces Third Quarter Fiscal 2019 Results

February 1, 2019

FY19 Bottom Line and Margin Guidance Again Raised; Revenue Guidance Narrowed After Strong YTD Performance

Q3 Revenue Increase of 13.1 percent to $1.66 billion, and Revenue, Excluding Billable Expenses[1] Growth of 12.2 percent

Diluted Earnings Per Share of $0.92 and Adjusted Diluted Earnings Per Share[1] of $0.72

22.7 percent Increase in Total Backlog to $20.5 billion; and Book-to-Bill of 0.45x

Quarterly Dividend Raised By 4 Cents to $0.23 per Share

MCLEAN, Va.--(BUSINESS WIRE)--Feb. 1, 2019-- Booz Allen Hamilton Holding Corporation (NYSE: BAH), the parent company of management and technology consulting and engineering services firm Booz Allen Hamilton Inc., today announced preliminary results for the third quarter of fiscal 2019.

In the quarter, the Company continued very strong performance for the fiscal year, resulting in the raising of full-year guidance for Adjusted Diluted Earnings Per Share[1] to between $2.65 and $2.75, the second consecutive quarterly increase in bottom line guidance for the fiscal year. The Company also raised guidance for Adjusted EBITDA Margin on Revenue[1] to 10 to 10.5 percent, narrowed the Revenue guidance to 7 to 8 percent and reported continued headcount growth.

"Our third quarter results put us on track for another successful year, with significant increases in earnings driven by organic revenue growth and excellent contract-level performance," said Horacio Rozanski, president and chief executive officer. "Booz Allen is operating at the intersection of consulting, technology and mission, which allows us to create value for clients and deliver on the revenue, profit margin, and capital deployment goals outlined in our Investment Thesis."

The Company reported third quarter Revenue growth of 13.1 percent, and a 12.2 percent increase in Revenue, Excluding Billable Expenses.[1] The strong top line growth and a lower corporate tax rate were among the contributors to a 76.2 percent increase in Net Income to $132.0 million and a 36.6 percent increase in Adjusted Net Income[1] to $103.0 million. The Company also reported a 23.8 percent increase in Adjusted EBITDA[1] to $179.7 million, and Adjusted EBITDA Margin on Revenue[1] was 10.8 percent. Diluted EPS for the quarter was $0.92, up $0.41 or 80.4 percent, and Adjusted Diluted EPS[1] for the quarter was $0.72, up $0.21 or 41.2 percent. Adjusted Net Income[1] and Adjusted Diluted EPS[1] each exclude the effect of a $29.0 million tax benefit the Company realized in its third quarter of fiscal 2019 from the approval by the Internal Revenue Service of a tax accounting method change.

Total backlog increased by 22.7 percent over the prior year period to $20.5 billion, and the Book-to-Bill ratio for the third quarter was 0.45x. As of December 31, 2018, headcount was more than 1,050 higher than the prior year, and increased by nearly 460 since the end of the prior quarter.

Reflecting strong performance, the Company declared a $0.04 cent increase in its quarterly dividend, to $0.23 per share, which is payable on February 28, 2019, to stockholders of record on February 14, 2019.

Financial Summary

All comparisons are to the prior year period, as restated as a result of the adoption of two accounting standards, ASC 606 and ASU 2017-07, that were both effective April 1, 2018. A description of key drivers can be found in the Company's Earnings Call Presentation for the third quarter posted on investors.boozallen.com.

Third Quarter, ended December 31, 2018 - A summary of Booz Allen's results for the third quarter of fiscal 2019 is below.

- **Revenue**: $1.66 billion, an increase of 13.1 percent.
- **Revenue, Excluding Billable Expenses**:[1]$1.15 billion, an increase of 12.2 percent.
- **Operating Income:** $161.9 million, an increase of 26.0 percent; and **Adjusted Operating Income:[1]**$161.9 million, an increase of 26.0 percent.
- **Net Income**: $132.0 million, an increase of 76.2 percent; and **Adjusted Net Income:[1]**$103.0 million, an increase of 36.6 percent.
- **EBITDA:** $179.7 million, an increase of 23.8 percent; and **Adjusted EBITDA:[1]**$179.7 million, an increase of 23.8 percent.
- **Diluted EPS** and **Adjusted Diluted EPS:[1]**$0.92 and $0.72, respectively, up from $0.51 and $0.51, respectively.

As of December 31, 2018, total backlog was $20.5 billion, compared to $16.7 billion as of December 31, 2017, an increase of 22.7 percent. Net cash provided by operating activities for the third quarter of fiscal 2019 was $8.6 million as compared to $68.9 million in the prior year period. Free Cash Flow[1] for the third quarter was $(9.8) million, compared with $42.8 million in the prior year period.

Nine Months Ended December 31, 2018 - Booz Allen's cumulative performance for the first three quarters of fiscal 2019 has resulted in:

- **Revenue**: $4.92 billion, an increase of 8.5 percent.
- **Revenue, Excluding Billable Expenses**:[1]$3.46 billion, an increase of 9.5 percent.
- **Operating Income:** $467.3 million, an increase of 20.4 percent; and **Adjusted Operating Income:[1]**$471.0 million, an

increase of 21.4 percent.

- **Net Income**: $329.0 million, an increase of 50.1 percent; and **Adjusted Net Income:**[1]$305.1 million, an increase of 38.4 percent.
- **EBITDA:** $517.7 million, an increase of 18.7 percent; and **Adjusted EBITDA:**[1]$521.3 million, an increase of 19.5 percent.
- **Diluted EPS** and **Adjusted Diluted EPS:**[1] $2.27 and $2.12, respectively, up from $1.46 and $1.49, respectively.

[1] Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted Net Income, Adjusted EBITDA, Adjusted Diluted EPS, Adjusted EBITDA Margin on Revenue and Free Cash Flow are non-GAAP financial measures. See "Non-GAAP Financial Information" below for additional detail.

Financial Outlook

For our fiscal 2019, we are updating guidance on Revenue, Adjusted EBITDA Margin on Revenue[1] and Adjusted Diluted EPS[1] issued on October 29, 2018:

- **Revenue:** Growth in the 7 to 8 percent range
- **Adjusted EBITDA Margin on Revenue:** [1] 10 to 10.5 percent
- **Adjusted Diluted EPS:** [1]$2.65 - $2.75

This Adjusted Diluted EPS[1] estimate is based on fiscal 2019 estimated average diluted shares outstanding in the range of 141 million to 144 million shares, and assumes an effective tax rate in the range of 24 percent to 26 percent, which excludes any re-measurements of our deferred taxes related to the Tax Cuts and Jobs Act, including benefits we realized during our third quarter of fiscal 2019 from the approval by the Internal Revenue Service of a tax accounting method change.

Conference Call Information

Booz Allen will host a conference call at 8 a.m. EST on Friday, February 1, 2019, to discuss the financial results for its Third Quarter of Fiscal 2019 (ended December 31, 2018).

Analysts and institutional investors may participate on the call by dialing (877) 375-9141 International: (253) 237-1151, using passcode 3886157. The conference call will be webcast simultaneously to the public through a link on the investor relations section of the Booz Allen Hamilton web site at investors.boozallen.com. A replay of the conference call will be available online at investors.boozallen.com beginning at 11 a.m. EST on February 1, 2019, and continuing for 30 days.

About Booz Allen Hamilton

For more than 100 years, business, government, and military leaders have turned to Booz Allen Hamilton to solve their most complex problems. They trust us to bring together the right minds: those who devote themselves to the challenge at hand, who speak with relentless candor, and who act with courage and character. They expect original solutions where there are no roadmaps. They rely on us because they know that-together-we will find the answers and change the world.

We solve the most difficult management and technology problems through a combination of consulting, analytics, digital solutions, engineering, and cyber expertise. With global headquarters in McLean, Virginia, our firm employs approximately 25,800 people globally, and had revenue of $6.17 billion for the 12 months ended March 31, 2018. To learn more, visit www.boozallen.com. (NYSE: BAH)

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Non-GAAP Financial Information

"Revenue, Excluding Billable Expenses" represents revenue less billable expenses. Booz Allen uses 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 its consulting staff headcount and its overall direct labor, which management believes provides useful information to its investors about its core operations.

"Adjusted Operating Income" represents Operating Income before: (i) adjustments related to the amortization of intangible assets resulting from the acquisition of our Company by The Carlyle Group (the "Carlyle Acquisition"), and (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. Booz Allen prepares Adjusted Operating Income 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 EBITDA" represents net income before income taxes, net interest and other expense and depreciation and amortization before certain other items, including transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. "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. Booz Allen 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) adjustments related to the amortization of intangible assets resulting from the Carlyle Acquisition, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) amortization or write-off of debt issuance costs and write-off of original issue discount, (iv) release of income tax reserves, and (v) re-measurement of deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act (the "2017 Tax Act") in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. Booz Allen prepares Adjusted Net Income to eliminate the impact of items, net of tax, 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.

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 GAAP.

“Free Cash Flow” represents the net cash generated from operating activities less the impact of purchases of property and equipment.

“Net Debt Leverage Ratio” represents leverage expressed as a fraction: (i) total debt (defined as current and long-term debt) minus cash, divided by (ii) Adjusted EBITDA for the prior twelve month period.

Booz Allen utilizes and discusses in this release 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 because management uses these measures for business planning purposes, including managing its business against internal projected results of operations and measuring its performance. Management views 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 as measures of the core operating business, which exclude the impact of the items detailed in the supplemental exhibits, as these items are generally not operational in nature. These supplemental performance measures also provide another basis for comparing period to period results by excluding potential differences caused by non-operational and unusual or non-recurring items. Management also utilizes 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 its consulting staff headcount and its overall direct labor, which management believes provides useful information to its investors about its core operations. Booz Allen also utilizes and discusses Free Cash Flow in this release because management uses this measure for business planning purposes, measuring the cash generating ability of the operating business and measuring liquidity generally. Booz Allen presents these supplemental 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 measurements may vary from and may not be comparable to similarly titled measures by other companies in Booz Allen’s industry. 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 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, (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, each as defined under GAAP, 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. Exhibit 4 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.

With respect to our expectations under “Financial Outlook” above, a 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 2019. 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.

In addition, management may discuss its target for net debt leverage ratio from time to time. A reconciliation of net debt leverage ratio 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. Consequently, any attempt to disclose such reconciliation would imply a degree of precision that could be confusing or misleading to investors.

Forward Looking Statements

Certain statements contained in this press release 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, and Adjusted Diluted EPS, 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.

These risks and other factors include: efforts by Congress and other U.S. government bodies to reduce U.S. government spending and address budgetary constraints, including automatic sequestration required by the Budget Control Act of 2011 (as subsequently amended) and the U.S. deficit, as well as associated uncertainty around the timing, extent, nature, and effect of such efforts; delayed funding of our contracts due to uncertainty relating to funding of the U.S. government, and a possible failure of Congressional efforts to approve such funding and to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits, or changes in the pattern or timing of government funding and spending (including those resulting from or related to cuts associated with sequestration); any issue that compromises our relationships with the U.S. government or damages our professional reputation, including negative publicity concerning government contractors in general or us in particular; changes in U.S. government spending, including a continuation of efforts by the U.S. government to decrease spending for management support service contracts, and mission priorities that shift expenditures away from agencies or programs that we support; U.S. government shutdowns, including the partial government shutdown that ended on January 25, 2019, and any future shutdowns as a result of the failure of elected officials to fund the government beyond February 15, 2019; the size of our addressable markets and the amount of U.S. government spending on private contractors; failure to comply with numerous laws and regulations, including, but not limited to, the Federal Acquisition Regulation ("FAR"), the False Claims Act, the Defense Federal Acquisition Regulation Supplement and FAR Cost Accounting Standards and Cost Principles; our ability to compete effectively in the competitive bidding process and delays or losses of contract awards caused by competitors' protests of major contract awards received by us; the loss of General Services Administration Multiple Award schedule contracts, or GSA schedules, or our position as prime contractor on government-wide acquisition contract vehicles, or GWACs; changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time, and resources for our contracts; continued efforts to change how the U.S. government reimburses compensation related costs and other expenses or otherwise limit such reimbursements and an increased risk of compensation being deemed unallowable or payments being withheld as a result of U.S. government audit, review, or investigation; our ability to realize the full value of and replenish our backlog, generate revenue under certain of our contracts and the timing of our receipt of revenue under contracts included in backlog; changes in estimates used in recognizing revenue; an inability to attract, train, or retain employees with the requisite skills and experience; an inability to timely hire, assimilate and effectively utilize our employees, ensure that employees obtain and maintain necessary security clearances and/or effectively manage our cost structure; the loss of members of senior management or failure to develop new leaders; misconduct or other improper activities from our employees or subcontractors, including the improper use or release of our clients' sensitive or classified information; increased insourcing by various U.S. government agencies due to changes in the definition of “inherently governmental” work, including proposals to limit contractor access to sensitive or classified information and work assignments; increased competition from other companies in our industry; failure to maintain strong relationships with other contractors or the failure of contractors with which we have entered into a sub- or prime- contractor relationship to meet their obligations to us or our clients; inherent uncertainties and potential adverse developments in legal or regulatory proceedings, including litigation, audits, reviews, and investigations, which may result in materially adverse judgments, settlements, withheld payments, penalties, or other unfavorable outcomes including debarment, as well as disputes over the availability of insurance or indemnification; internal system or service failures and security breaches, including, but not limited to, those resulting from external cyber attacks on our network and internal systems; risks related to changes to our operating structure, capabilities, or strategy intended to address client needs, grow our business or respond to market developments; risks associated with increased competition, new relationships, clients, capabilities, and service offerings in our U.S. and international businesses; failure to comply with special U.S. government laws and regulations relating to our international operations; risks related to our indebtedness and credit facilities which contain financial and operating covenants; the adoption by the U.S. government of new laws, rules, and regulations, such as those relating to organizational conflicts of interest issues or limits; risks related to completed and future acquisitions, including our ability to realize the expected benefits from such acquisitions; an inability to anticipate or estimate the tax implications of changes in tax law or utilize existing or future tax benefits; variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and indefinite delivery, indefinite quantity, or IDIQ, contracts; and the impact of changes in accounting rules and regulations, or interpretations thereof, that may affect the way we recognize and report our financial results, including changes in accounting rules governing recognition of revenue. Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K, filed with the SEC on May 29, 2018.

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.

Exhibit 1
Booz Allen Hamilton Holding Corporation
Condensed Consolidated Statements of Operations

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
(Amounts in thousands, except per share data)	**2018**	**2017**	**2018**	**2017**
	(Unaudited)		**(Unaudited)**	
Revenue	$ 1,663,112	$ 1,470,709	$ 4,923,957	$ 4,536,524
Operating costs and expenses:				
Cost of revenue	750,680	678,574	2,285,062	2,111,058
Billable expenses	510,047	443,015	1,465,831	1,378,235
General and administrative expenses	222,673	203,946	655,410	611,008
Depreciation and amortization	17,780	16,701	50,359	48,196
Total operating costs and expenses	1,501,180	1,342,236	4,456,662	4,148,497
Operating income	161,932	128,473	467,295	388,027
Interest expense	(22,036)	(20,604)	(67,357)	(60,309)
Other income (expense), net	373	(1,370)	(2,415)	(3,849)
Income before income taxes	140,269	106,499	397,523	323,869
Income tax expense	8,232	31,572	68,569	104,683

Net income	$ 132,037	$ 74,927	$ 328,954	$ 219,186
Earnings per common share:				
Basic	$ 0.92	$ 0.51	$ 2.29	$ 1.48
Diluted	$ 0.92	$ 0.51	$ 2.27	$ 1.46

Exhibit 2
Booz Allen Hamilton Holding Corporation
Condensed Consolidated Balance Sheets

(Amounts in thousands, except share and per share data)	**December 31, 2018**	**March 31, 2018**
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 211,859	$ 286,958
Accounts receivable, net of allowance	1,322,097	1,133,705
Prepaid expenses and other current assets	127,910	71,309
Total current assets	1,661,866	1,491,972
Property and equipment, net of accumulated depreciation	153,720	152,364
Intangible assets, net of accumulated amortization	287,490	278,504
Goodwill	1,581,160	1,581,146
Other long-term assets	113,741	102,633
Total assets	$ 3,797,977	$ 3,606,619
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	$ 57,924	$ 63,100
Accounts payable and other accrued expenses	615,618	557,559
Accrued compensation and benefits	297,785	282,750
Other current liabilities	133,096	125,358
Total current liabilities	1,104,423	1,028,767
Long-term debt, net of current portion	1,715,367	1,755,479
Other long-term liabilities	302,932	259,882
Total liabilities	3,122,722	3,044,128
Stockholders’ equity:		
Common stock, Class A — $0.01 par value — authorized, 600,000,000 shares; issued, 159,273,352 shares at December 31, 2018 and 158,028,673 shares at March 31, 2018; outstanding, 140,971,874 shares at December 31, 2018 and 143,446,539 shares at March 31, 2018	1,593	1,580
Treasury stock, at cost — 18,301,478 shares at December 31, 2018 and 14,582,134 shares at March 31, 2018	(633,724)	(461,457)
Additional paid-in capital	387,651	346,958
Retained earnings	937,663	690,516
Accumulated other comprehensive loss	(17,928)	(15,106)
Total stockholders’ equity	675,255	562,491
Total liabilities and stockholders’ equity	$ 3,797,977	$ 3,606,619

Exhibit 3
Booz Allen Hamilton Holding Corporation
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended December 31,	
(Amounts in thousands)	**2018**	**2017**
	(Unaudited)	
Cash flows from operating activities		
Net income	$ 328,954	$ 219,186
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	50,359	48,196
Stock-based compensation expense	23,231	16,797

Excess tax benefits from stock-based compensation	(6,829)	(10,250)
Amortization of debt issuance costs and loss on extinguishment	8,150	4,003
Losses on dispositions	408	—
Changes in assets and liabilities:		
Accounts receivable	(188,392)	(46,370)
Prepaid expenses and other current assets	(51,264)	7,310
Other long-term assets	34,796	(4,108)
Accrued compensation and benefits	22,670	12,016
Accounts payable and other accrued expenses	62,740	(18,435)
Accrued interest	(2,666)	4,130
Other current liabilities	6,146	(8,744)
Other long-term liabilities	(5,100)	23,189
Net cash provided by operating activities	283,203	246,920
Cash flows from investing activities		
Purchases of property, equipment, and software	(58,076)	(63,067)
Payments for business acquisitions, net of cash acquired	(20)	(19,113)
Insurance proceeds received for damage to equipment	—	810
Net cash used in investing activities	(58,096)	(81,370)
Cash flows from financing activities		
Proceeds from issuance of common stock	8,104	6,322
Stock option exercises	9,371	9,925
Repurchases of common stock	(181,413)	(199,010)
Cash dividends paid	(81,808)	(75,748)
Dividend equivalents paid to option holders	(267)	(890)
Repayment of debt	(116,031)	(262,363)
Proceeds from debt issuance	62,072	428,292
Payment on contingent liabilities from acquisition	(234)	—
Net cash used in financing activities	(300,206)	(93,472)
Net (decrease) increase in cash and cash equivalents	(75,099)	72,078
Cash and cash equivalents — beginning of period	286,958	217,417
Cash and cash equivalents — end of period	$ 211,859	$ 289,495
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 62,067	$ 48,044
Income taxes	$ 77,475	$ 114,782
Supplemental disclosures of non-cash investing and financing activities		
Noncash financing activities	$ 3,033	$ —

Exhibit 4
Booz Allen Hamilton Holding Corporation
Non-GAAP Financial Information

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
(In thousands, except share and per share data)	**2018**	**2017**	**2018**	**2017**
	(Unaudited)		**(Unaudited)**	
Revenue, Excluding Billable Expenses				
Revenue	$ 1,663,112	$ 1,470,709	$ 4,923,957	$ 4,536,524
Billable expenses	510,047	443,015	1,465,831	1,378,235
Revenue, Excluding Billable Expenses	$ 1,153,065	$ 1,027,694	$ 3,458,126	$ 3,158,289
Adjusted Operating Income				
Operating Income	$ 161,932	$ 128,473	$ 467,295	$ 388,027
Transaction expenses (a)	—	—	3,660	—
Adjusted Operating Income	$ 161,932	$ 128,473	$ 470,955	$ 388,027
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue & Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses				
Net income	$ 132,037	$ 74,927	$ 328,954	$ 219,186
Income tax expense	8,232	31,572	68,569	104,683
Interest and other, net (b)	21,663	21,974	69,772	64,158

Depreciation and amortization	17,780	16,701	50,359	48,196
EBITDA	179,712	145,174	517,654	436,223
Transaction expenses (a)	—	—	3,660	—
Adjusted EBITDA	$ 179,712	$ 145,174	$ 521,314	$ 436,223
Adjusted EBITDA Margin on Revenue	10.8 %	9.9 %	10.6 %	9.6 %
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	15.6 %	14.1 %	15.1 %	13.8 %
Adjusted Net Income				
Net income	$ 132,037	$ 74,927	$ 328,954	$ 219,186
Transaction expenses (a)	—	—	3,660	—
Release of income tax reserves (c)	(462)	—	(462)	—
Re-measurement of deferred tax assets/liabilities (d)	(28,972)	—	(27,908)	—
Amortization or write-off of debt issuance costs and write-off of original issue discount	533	672	2,401	1,993
Adjustments for tax effect (e)	(139)	(199)	(1,576)	(727)
Adjusted Net Income	$ 102,997	$ 75,400	$ 305,069	$ 220,452
Adjusted Diluted Earnings Per Share				
Weighted-average number of diluted shares outstanding	143,056,900	146,570,617	143,832,886	148,447,248
Adjusted Net Income Per Diluted Share (f)	$ 0.72	$ 0.51	$ 2.12	$ 1.49
Free Cash Flow				
Net cash provided by operating activities	$ 8,636	$ 68,858	$ 283,203	$ 246,920
Less: Purchases of property and equipment	(18,404)	(26,078)	(58,076)	(63,067)
Free Cash Flow	$ (9,768)	$ 42,780	$ 225,127	$ 183,853

(a) Reflects debt refinancing costs incurred in connection with the refinancing transaction consummated on July 23, 2018.

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

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

(d) Reflects primarily the adjustment 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.

(e) Fiscal 2018 reflects the tax effect of adjustments at an assumed effective tax rate of 40%. For fiscal 2019 with the enactment of the 2017 Tax Act, adjustments are reflected using an assumed effective tax rate of 26%, which approximates a blended federal and state tax rate for fiscal 2019, and consistently excludes the impact of other tax credits and incentive benefits realized.

(f) Excludes an adjustment of approximately $0.8 million and $2.1 million of net earnings for the three and nine months ended December 31, 2018, respectively, and excludes an adjustment of approximately $0.7 million and $1.9 million of net earnings for the three and nine months ended December 31, 2017, respectively, associated with the application of the two-class method for computing diluted earnings per share.

Exhibit 5
Booz Allen Hamilton Holding Corporation
Operating Data

	As of December 31,	
(Amounts in millions)	**2018**	**2017**
Backlog		
Funded	$ 3,545	$ 2,893
Unfunded	4,501	4,220
Priced Options	12,408	9,558
Total Backlog	$ 20,454	$ 16,671

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
	2018	**2017**	**2018**	**2017**
Book-to-Bill *	0.45	0.99	1.90	1.68

* *Book-to-bill is calculated as the change in total backlog during the relevant fiscal period plus the relevant fiscal period revenue, all divided by the relevant fiscal period revenue.*

As of
December 31,

	2018	2017
Headcount		
Total Headcount	25,803	24,747
Consulting Staff Headcount	23,142	22,261

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
	2018	**2017**	**2018**	**2017**
Percentage of Total Revenue by Contract Type				
Cost-Reimbursable	54%	50%	53%	51%
Time-and-Materials	23%	26%	24%	25%
Fixed-Price	23%	24%	23%	24%

	Three Months Ended December 31,	
	2018	**2017**
Days Sales Outstanding **	76	70

** *Calculated as total accounts receivable divided by revenue per day during the relevant fiscal quarter.*

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