May 30, 2012

Booz Allen Hamilton Announces Fourth Quarter and Full Year Fiscal 2012 Results

Fourth quarter revenue increased 3.2 percent, to $1.54 billion Full year revenue increased 4.8 percent to $5.86 billion Full year Adjusted EBITDA increased 9.8 percent, to $488 million Full year Adjusted Diluted Earnings per Share increased by 37 cents, to $1.61 per share Total backlog at fiscal year end was $10.8 billion Quarterly dividend and special dividend declared – payable on June 29, 2012

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McLean, Virginia – Booz Allen Hamilton Holding Corporation (NYSE:BAH), the parent company of management and technology consulting firm Booz Allen Hamilton Inc., today announced preliminary results for the fourth quarter and full year of its fiscal 2012 with revenue and earnings growth over the prior year. Booz Allen also reported strong backlog of $10.8 billion as of March 31, 2012. Booz Allen's fiscal year runs from April 1 to March 31, with the fourth quarter of fiscal 2012 ending March 31, 2012.

Revenue in the fourth quarter of fiscal 2012 was $1.54 billion, compared with $1.49 billion in the prior year period, an increase of 3.2 percent. In fiscal year 2012, revenue was $5.86 billion, compared with $5.59 billion in the prior year period, an increase of 4.8 percent. During fiscal 2012, Booz Allen continued to grow revenue organically across all major markets.

In the fourth quarter of fiscal 2012, net income increased to $50.6 million from $18.1 million in the prior year period, and Adjusted Net Income increased to $62.2 million from $50.5 million in the prior year period. Diluted Earnings per Share (EPS) and Adjusted Diluted EPS in the fourth quarter of fiscal 2012 were $0.36 and $0.44, respectively, compared with $0.13 and $0.36 in the prior year period.

In fiscal 2012, net income increased to $240.0 million from $84.7 million in fiscal 2011, and Adjusted Net Income increased to $227.2 million from $157.5 million in fiscal 2011. Diluted EPS and Adjusted Diluted EPS in fiscal 2012 were $1.70 and $1.61, respectively, compared with $0.66 and $1.24 in fiscal 2011.

On May 29, 2012, Booz Allen's Board of Directors authorized and declared a cash dividend in the amount of $0.09 per share, the second regular quarterly cash dividend issued by the Company. Additionally, the Board declared a special cash dividend of $1.50 per share. Both the quarterly and special dividend are payable on June 29, 2012, to stockholders of record on June 11, 2012.

Ralph W. Shrader, Booz Allen's Chairman, Chief Executive Officer, and President, said "We continued to grow revenue organically in all of our major government markets – defense, intelligence, and civil – and we expanded our commercial and international business this year following the expiration of the non-compete agreement with our spin-off company on July 31, 2011. We grew net income, EBITDA, and earnings per share, demonstrating our ability to manage our business well despite a challenging market environment."

"Booz Allen is committed to being essential and differentiated. We believe our success comes from superbly serving our clients in their core missions, bringing innovative thinking to bear on client problems and opportunities, and developing the solutions to help clients deliver more and better services to citizens and customers. In areas ranging from cyber and cloud-based services to health, finance, infrastructure, and intelligence-surveillance-reconnaissance, we are seeing continued demand for our services."

"We are dedicated to delivering value to our current and future stockholders. This is evidenced by our margin improvements and strong cash flow -- and by the regular and special dividends just declared by our Board. We will continue to look at the full range of opportunities to strengthen Booz Allen's strategic position and to evaluate our use of cash," Shrader said.

Financial Review

Fourth Quarter 2012 – Booz Allen's 3.2 percent increase in revenue in the fourth quarter of fiscal 2012 over the prior year period was primarily the result of improved deployment of direct consulting staff against funded backlog under existing contracts and funded backlog under new contracts in all markets, as well as increased other direct costs.

In the fourth quarter of fiscal 2012, operating income increased to $97.5 million from $83.7 million in the prior year period and Adjusted Operating Income increased to $115.4 million from $101.9 million in the prior year period. The improvement in Adjusted Operating Income was primarily driven by growth in revenue and increased profitability resulting from decreases in incentive compensation costs, partially offset by unbillable staff compensation costs and unrecoverable expenses. Adjusted Operating Income excludes a restructuring charge of $11.2 million, net of related revenues, associated with one-time termination benefits paid to departing employees as part of a plan to reduce certain personnel and infrastructure costs.

In the fourth quarter of fiscal 2012, net income increased to $50.6 million from $18.1 million in the prior year period, and Adjusted Net Income increased to $62.2 million from $50.5 million in the prior year period. Adjusted EBITDA increased 12.9 percent to $130.6 million in the fourth quarter of fiscal 2012, compared with $115.6 million in the prior year period. Adjusted Net Income and Adjusted EBITDA exclude the net restructuring charge of $11.2 million discussed above. In the fourth quarter of fiscal 2012, diluted EPS increased to $0.36 per share from $0.13 per share in the prior year period, while Adjusted Diluted EPS increased to $0.44 per share compared to $0.36 per share in the prior year period.

During the fourth quarter, the Company recorded an adjustment to revenue associated with the recovery of allowable state income tax expense that in the aggregate increased revenue and operating income by approximately $10.1 million ($6.1 million net of taxes), which should have been allocated to the prior quarters of fiscal 2012 in which the expense was incurred. This operating income figure does not take into account a partially offsetting effect related to incentive compensation expense. The amount of the adjustment allocable to each prior quarter is not material to any of those prior quarters' financial statements, and the aggregate adjustment is not material to the fourth quarter, therefore the Company recorded the correction of this error in the fourth quarter of fiscal 2012.

Full Fiscal Year 2012 – Booz Allen's 4.8 percent increase in revenue in fiscal 2012 over the prior year was primarily driven by improved deployment of direct consulting staff against funded backlog under existing contracts and funded backlog under new contracts in all markets, as well as other direct costs. We continued to grow revenue despite budget decreases and procurement delays by the U.S. federal government.

In fiscal 2012, operating income increased to $387.4 million from $319.4 million in fiscal 2011, and Adjusted Operating Income increased to $429.2 million from $392.5 million in fiscal 2011. The increase in Adjusted Operating Income was primarily driven by growth in revenue and increased profitability resulting from a decrease in incentive compensation costs. These increases were partially offset by unbillable staff compensation costs and unrecoverable expenses. As discussed above related to fourth quarter results, full year Adjusted Operating Income excludes the net restructuring charge of $11.2 million associated with one-time termination benefits paid to departing employees as part of a plan to reduce certain personnel and infrastructure costs.

In fiscal 2012, net income increased to $240.0 million from $84.7 million in fiscal 2011, and Adjusted Net Income increased to $227.2 million from $157.5 million in fiscal 2011. Adjusted EBITDA increased 9.8 percent to $488.1 million in fiscal 2012 compared with $444.4 million in fiscal 2011, primarily as a result of the growth in Adjusted Operating Income. As discussed above related to fourth quarter results, full year Adjusted Operating Income and Adjusted EBITDA exclude a net restructuring charge of $11.2 million. In fiscal 2012, diluted EPS increased to $1.70 per share from $0.66 per share in fiscal 2011. In fiscal 2012, Adjusted Diluted EPS increased to $1.61 per share from $1.24 per share in fiscal 2011. Adjusted Diluted EPS for fiscal 2012 excludes the effects of a $0.25 per share benefit related to the reversal of tax reserves during fiscal 2012, as compared to a benefit of $0.09 per share excluded from Adjusted Diluted EPS for fiscal 2011.

Net cash provided by operating activities in fiscal 2012 was $360.0 million compared to $296.3 million in fiscal 2011. Free Cash Flow was $283.1 million in fiscal 2012, compared to $207.6 in fiscal 2011. Free Cash Flow in fiscal 2012 benefitted from a significant reduction in interest cost, and was offset by an increase in income tax payments.

Funded backlog as of March 31, 2012, was $2.90 billion, compared to $2.39 billion as of March 31, 2011. Booz Allen's total backlog as of March 31, 2012, was $10.80 billion, compared to $10.92 billion as of March 31, 2011.

Financial Outlook

Given the uncertainty in the second half of Booz Allen's fiscal year, which coincides with the beginning of a new government fiscal year, we are currently providing top-line guidance for only the first half of our fiscal year, which we expect to have revenue growth that is relatively flat to low-single digits. At the bottom line, for the full year, we are forecasting diluted EPS to be in the range of $1.62 to $1.72, and Adjusted Diluted EPS on the order of $1.71 to $1.81 per share, maintaining our prior guidance. Our overall EPS outlook reflects our confidence in our ability to manage our business with agility and precision, as illustrated by the cost restructuring actions taken in the fourth quarter of fiscal 2012, which we believe will continue to translate into improvements in operating margins.

These EPS estimates are based on fiscal year 2013 estimated average diluted shares outstanding of approximately 144.4 million shares.

Conference Call Information

Booz Allen will host a conference call at 8 a.m. EDT on Wednesday, May 30, 2012, to discuss the financial results for its Fourth Quarter and Full Fiscal Year 2012 (ending March 31, 2012). Analysts and institutional investors may participate on the call by dialing 866-362-4832 (international 617-597-5364) and entering passcode 92310438. 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 www.boozallen.com. A replay of the conference call will be available online at www.boozallen.com beginning at 10 a.m. EDT on May 30, 2012, and continuing through June 30, 2012. The replay will also be available by telephone at 888-286-8010 (international 617-801-6888) with the passcode 88818867.

About Booz Allen Hamilton

Booz Allen Hamilton is a leading provider of management and technology consulting services to the U.S. government in defense, intelligence, and civil markets, and to major corporations, institutions, and not-for-profit organizations. Booz Allen is headquartered in McLean, Virginia, employs approximately 25,000 people, and had revenue of $5.86 billion for the 12 months ended March 31, 2012.

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Non-GAAP Financial Information

“Adjusted Operating Income” represents Operating Income before (i) certain stock option-based and other equity-based compensation expenses, (ii) adjustments related to the amortization of intangible assets, and (iii) any extraordinary, unusual, or non-recurring items. 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 and before certain other items, including: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, and (iii) any extraordinary, unusual or non-recurring items. Booz Allen prepares Adjusted EBITDA 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) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) adjustments related to the amortization of intangible assets, (iv) amortization or write-off of debt issuance costs and write-off of original issue discount and (v) any extraordinary, unusual or non-recurring items, in each case net of the tax effect calculated using an assumed effective tax rate. Booz Allen prepares Adjusted Net Income to eliminate the impact of items, net of taxes, 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 Diluted EPS” represents diluted EPS calculated using Adjusted Net Income as opposed to Net Income.

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

Booz Allen utilizes and discusses in this release Adjusted Operating Income, Adjusted EBITDA, 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 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. 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. Adjusted Operating Income, Adjusted EBITDA, 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 Operating and Net Income to Adjusted Operating Income, Adjusted EBITDA and Adjusted Net Income, and cash flows to Free Cash Flows and the explanatory footnotes regarding those adjustments, (ii) use Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to Operating Income, Net Income or Diluted EPS as a measure of operating results, each as defined under GAAP, and (iii) use Free Cash Flows, 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 6 includes a reconciliation of Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow to the most directly comparable financial measure calculated and presented in accordance with GAAP.

No reconciliation of the forecasted range for Adjusted Diluted EPS to Diluted EPS for fiscal 2012 is included in this release because we are unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts and we believe such reconciliations would imply a degree of precision that would 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, 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: cost cutting and efficiency initiatives and other efforts to reduce U.S. government spending, which could reduce or delay funding for orders for services especially in the current political environment; delayed funding of our contracts due to delays in the completion of the U.S. government's budgeting process and the use of continuing resolutions by the U.S. government to fund its operations or related changes in the pattern or timing of government funding and spending; any issue that compromises our relationships with the U.S. government or damages our professional reputation; changes in U.S. government spending and mission priorities that shift expenditures away from agencies or programs that we support; 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; our ability to compete effectively in the competitive bidding process and delays 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; changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts; our ability to generate revenue under certain of our contracts; our ability to realize the full value of our backlog and the timing of our receipt of revenue under contracts included in backlog; changes in estimates used in recognizing revenue; any inability to attract, train or retain employees with the requisite skills, experience and security clearances; an inability to hire, assimilate and deploy enough employees to serve our clients under existing contracts; an inability to timely and effectively utilize our employees; failure by us or our employees to obtain and maintain necessary security clearances; the loss of members of senior management or failure to develop new leaders; misconduct or other improper activities from our employees or subcontractors; increased competition from other companies in our industry; failure to maintain strong relationships with other contractors; 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 in our operating structure, capabilities, or strategy intended to address client needs, grow our business, or respond to market developments; risks associated with new relationships, clients, capabilities, and service offerings in our U.S. and international businesses; 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; an inability to utilize existing or future tax benefits, including those related to our Net Operating Losses and stock-based compensation expense, for any reason, including a change in law; and variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and Indefinite Delivery/Indefinite Quantity contracts. 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 10K, filed with the SEC on June 8, 2011.

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.

Exhibits:

Exhibit 1: Consolidated Statements of Operations

Exhibit 2: Consolidated Statements of Comprehensive Income

Exhibit 3: Consolidated Balance Sheets

Exhibit 4: Consolidated Statements of Cash Flows

Exhibit 5: Basic and Diluted Earnings Per Share Calculations

Exhibit 6: Non-GAAP Financial Information

Exhibit 7: Operating Data