

VECTRUS COWEN AEROSPACE/DEFENSE & INDUSTRIALS CONFERENCE

INVESTOR PRESENTATION

FEBRUARY 6, 2019



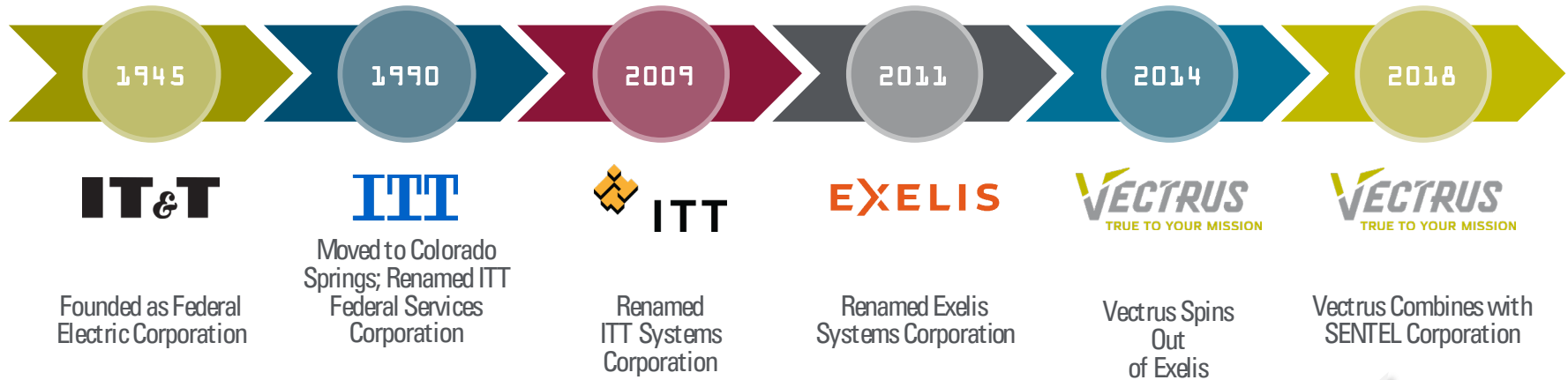


SAFE HARBOR STATEMENT

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 (THE "ACT"): CERTAIN MATERIAL PRESENTED HEREIN INCLUDES FORWARD-LOOKING STATEMENTS INTENDED TO QUALIFY FOR THE SAFE HARBOR FROM LIABILITY ESTABLISHED BY THE ACT. THESE FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS IN 2018 GUIDANCE ABOUT OUR REVENUE, OPERATING MARGIN, NET INCOME, EPS AND NET CASH PROVIDED BY OPERATING ACTIVITIES FOR 2018 AND OTHER ASSUMPTIONS CONTAINED THEREIN FOR PURPOSES OF SUCH GUIDANCE, OTHER STATEMENTS ABOUT REVENUE AND DAYS SALES OUTSTANDING (DSO), OUR CREDIT FACILITY, DEBT PAYMENTS, EXPENSE SAVINGS, CONTRACT OPPORTUNITIES, BIDS AND AWARDS, COLLECTIONS, BUSINESS STRATEGY, OUTLOOK, OBJECTIVES, PLANS, INTENTIONS OR GOALS, AND ANY DISCUSSION OF FUTURE OPERATING OR FINANCIAL PERFORMANCE. WHENEVER USED, WORDS SUCH AS "MAY," "WILL," "LIKELY," "ANTICIPATE," "ESTIMATE," "EXPECT," "PROJECT," "INTEND," "PLAN," "BELIEVE," "TARGET," "COULD," "POTENTIAL," "ARE CONSIDERING," "CONTINUE," "GOAL" OR SIMILAR TERMINOLOGY ARE FORWARD-LOOKING STATEMENTS. THESE STATEMENTS ARE BASED ON THE BELIEFS AND ASSUMPTIONS OF OUR MANAGEMENT BASED ON INFORMATION CURRENTLY AVAILABLE TO MANAGEMENT. FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE RESULTS CONTEMPLATED BY THE FORWARD-LOOKING STATEMENTS, OUR HISTORICAL EXPERIENCE AND OUR PRESENT EXPECTATIONS OR PROJECTIONS. THESE RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO: OUR DEPENDENCE ON A FEW LARGE CONTRACTS FOR A SIGNIFICANT PORTION OF OUR REVENUE; COMPETITION IN OUR INDUSTRY; OUR DEPENDENCE ON THE U.S. GOVERNMENT AND THE IMPORTANCE OF OUR MAINTAINING A GOOD RELATIONSHIP WITH THE U.S. GOVERNMENT; OUR ABILITY TO SUBMIT PROPOSALS FOR AND/OR WIN POTENTIAL OPPORTUNITIES IN OUR PIPELINE; OUR ABILITY TO RETAIN AND RENEW OUR EXISTING CONTRACTS; PROTESTS OF NEW AWARDS; ANY ACQUISITIONS, INVESTMENTS OR JOINT VENTURES, INCLUDING THE INTEGRATION OF SENTEL CORPORATION INTO OUR BUSINESS; OUR INTERNATIONAL OPERATIONS, INCLUDING THE ECONOMIC, POLITICAL AND SOCIAL CONDITIONS IN THE COUNTRIES IN WHICH WE CONDUCT OUR BUSINESSES; CHANGES IN U.S. GOVERNMENT MILITARY OPERATIONS, INCLUDING ITS OPERATIONS IN AFGHANISTAN; CHANGES IN, OR DELAYS IN THE COMPLETION OF, U.S. OR INTERNATIONAL GOVERNMENT BUDGETS; GOVERNMENT REGULATIONS AND COMPLIANCE THEREWITH, INCLUDING CHANGES TO THE DEPARTMENT OF DEFENSE PROCUREMENT PROCESS; CHANGES IN TECHNOLOGY; INTELLECTUAL PROPERTY MATTERS; GOVERNMENTAL INVESTIGATIONS, REVIEWS, AUDITS AND COST ADJUSTMENTS; CONTINGENCIES RELATED TO ACTUAL OR ALLEGED ENVIRONMENTAL CONTAMINATION, CLAIMS AND CONCERNS; OUR SUCCESS IN EXPANDING OUR GEOGRAPHIC FOOTPRINT OR BROADENING OUR CUSTOMER BASE, MARKETS AND CAPABILITIES; OUR ABILITY TO REALIZE THE FULL AMOUNTS REFLECTED IN OUR BACKLOG; IMPAIRMENT OF GOODWILL; OUR PERFORMANCE OF OUR CONTRACTS AND OUR ABILITY TO CONTROL COSTS; OUR LEVEL OF INDEBTEDNESS; OUR COMPLIANCE WITH THE TERMS OF OUR CREDIT AGREEMENT; SUBCONTRACTOR AND EMPLOYEE PERFORMANCE AND CONDUCT; OUR TEAMING ARRANGEMENTS WITH OTHER CONTRACTORS; ECONOMIC AND CAPITAL MARKETS CONDITIONS; OUR ABILITY TO RETAIN AND RECRUIT QUALIFIED PERSONNEL; OUR MAINTENANCE OF SAFE WORK SITES AND EQUIPMENT; OUR COMPLIANCE WITH APPLICABLE ENVIRONMENTAL, HEALTH AND SAFETY REGULATIONS; OUR ABILITY TO MAINTAIN REQUIRED SECURITY CLEARANCES; ANY DISPUTES WITH LABOR UNIONS; COSTS OF OUTCOME OF ANY LEGAL PROCEEDINGS; SECURITY BREACHES AND OTHER DISRUPTIONS TO OUR INFORMATION TECHNOLOGY AND OPERATIONS; CHANGES IN OUR TAX PROVISIONS INCLUDING UNDER THE TAX CUTS AND JOBS ACT, OR EXPOSURE TO ADDITIONAL INCOME TAX LIABILITIES; CHANGES IN U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; INCLUDING CHANGES RELATED TO ACCOUNTING STANDARDS CODIFICATION TOPIC 606, REVENUE FROM CONTRACTS WITH CUSTOMERS (ASC 606); ACCOUNTING ESTIMATES MADE IN CONNECTION WITH OUR CONTRACTS; OUR EXPOSURE TO INTEREST RATE RISK; OUR COMPLIANCE WITH PUBLIC COMPANY ACCOUNTING AND FINANCIAL REPORTING REQUIREMENTS; TIMING OF PAYMENTS BY THE U.S. GOVERNMENT; RISKS AND UNCERTAINTIES RELATING TO THE SPIN-OFF FROM OUR FORMER PARENT; AND OTHER FACTORS SET FORTH IN PART I, ITEM 1A, – "RISK FACTORS," AND ELSEWHERE IN OUR 2017 ANNUAL REPORT ON FORM 10-K AND DESCRIBED FROM TIME TO TIME IN OUR FUTURE REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE UNDERTAKE NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT AS REQUIRED BY LAW.



VECTRUS TODAY



- Publicly traded (VEC), IPO on September 27, 2014
- Leading provider of
 - Facility, Logistics, Supply Chain Services
 - Mission-oriented IT and Intel Support Services, and Engineering and Digital Technology
- 2018 revenue at midpoint of \$1.26B
- Ranked 2018 BGOV 200 Federal Industry Leader and in *Defense News* Top 100 for 2018
- Global government services in 21 countries, with approximately 6,700 current global employees
- Offices in Colorado Springs and Northern Virginia
 - 35%+ veterans, Best For Vets, Military-Friendly Employer



VECTRUS GLOBAL REACH

Global Workforce

- 6,700+ current global employees
- 177 locations
- 21 countries

workplace safety

Core Capabilities

- Facility and Logistics Services (73% of 2017 revenue)
- IT Mission Support (27%)
- Smart Energy Management & Resilience Solutions

Vectrus is the largest services contractor supporting DoD in the CENTCOM Area of Responsibility

inclusion and diversity

- Denotes Vectrus employee locations supporting client requirements

95%
Employee Deployment

Vectrus is a leading employer of **Veterans** with over 35 percent of our employees reporting a military background

35%



RECOGNITION



Best For Vets: Employers 2018

2018 rankings of companies that work hard to recruit and support Veterans, service members and their families.

2019 Military Friendly Employers

Vectrus was recognized as a 2019 Military Friendly® Employer. The list of Military Friendly® Employers distinguishes elite companies that promote strong job opportunities, hiring practices and retention programs for transitioning service members seeking civilian employment.





CORE CAPABILITIES



Facility and Logistics Services (73% 2017 Rev)

We keep large facilities and bases running efficiently, effectively, and comprehensively around the globe and around the clock.

- Airfield Management
- Ammunition Management
- Civil Engineering
- Communications
- Emergency Services
- Equipment Maintenance, Repair and Services
- Life Support Activities
- Public Works
- Security
- Transportation Operations
- Warehouse Management and Distribution
- Secure Construction Design and Oversight

IT & Network Communications Services (27% 2017 Rev)

We operate, manage, and maintain communication systems, network security, systems installation, and the full life cycle of IT systems for the US Army, Air Force, Navy, and Intelligence Community.

- Agile Software Development
- Communications
- Engineering and Design
- Management and Service Support
- Network and Cybersecurity
- Systems Installation and Activation
- Sensor Integration and Fusion
- Electromagnetic Effects
- Border and Perimeter Surveillance



VECTRUS STRATEGY EXECUTION

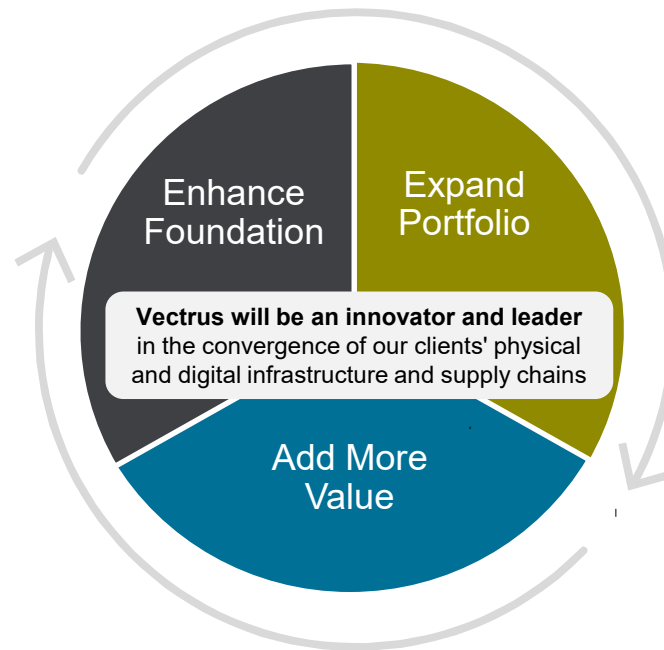
The Vectrus strategy will leverage our historical client base and capabilities and solidify our leadership in the rapidly expanding converged infrastructure market

- **ENHANCE PROGRAM EXECUTION AND EXPAND THE BASE**

Benefit: Strengthened methods and approaches, resulting in the delivery of higher value, high-impact services to our clients, while growing in, and around, our base

- **INFUSE TECHNOLOGY INTO CURRENT FACILITIES & LOGISTICS SERVICES (F&LS) BUSINESS**

Benefit: Integrated solutions that improve efficiency, reduce downtime, and drive cost savings for clients while delivering higher margins to Vectrus



- **EXPAND DIGITAL & APPLICATION INTEGRATION CAPABILITY**

Benefit: Mature portfolio of capabilities available to sell across client set

- **DEPLOY CONVERGED INFRASTRUCTURE OFFERING**

Benefit: Develop new revenue streams, higher margins, and increased client dependency on Vectrus through converged infrastructure offerings



CLIENT DEMAND FOR CONVERGED SERVICES

Clients throughout the Defense, Intelligence, and Civilian markets are demanding “Smarter” or “Converged” capabilities that combine physical and digital infrastructure to improve mission effectiveness and lower cost. Increasingly, clients are migrating these engagements from cost type to fixed priced, allowing for providers to participate in both risk and reward.

“The Department of Defense oversees hundreds of thousands of buildings across more than 5,000 locations on more than 30 million acres of land. Tremendous efficiencies can be realized from using technology to help monitor and manage power, water, and construction costs associated with such large holdings.”

**Ted Johnson, Retired Navy Commander,
Policy and Operations**

“Innovations that fuse digital and physical open up vast new opportunities...these “digital” fusions are the best way to extend core business, generate cash to fund continued evolution, and build the capabilities that will be essential for future success”

Harvard Business Review

“Military Bases function as small cities... And we face a lot of the same challenges municipalities face. We're excited about opportunities to explore ways to enhance our operations, conserve limited resources, and stimulate new ideas to more creatively execute our missions through the power of IoT and network connected sensors”

**Colonel Don Lewis, 42nd Mission Support
Group Commander, Maxwell Air Force Base**

“We have a strategic issue here in the Army due to Smart City technology changing the ways our cities interact with their citizens and the public...communities that are more responsive to the needs of the citizens and this is what citizens are coming to expect”

**Richard G. Kidd, Deputy Assistant Secretary
of the Army for Strategic Innovation**

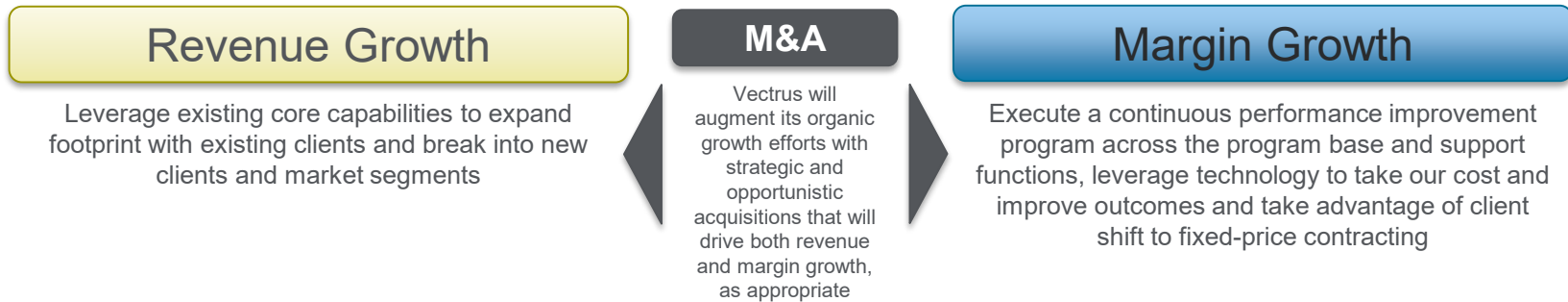
“Between services and the technologies used to access them, the Army believes today’s military bases will look very different 20 years from now”

Federal News Network



VECTRUS FINANCIAL GROWTH

The Vectrus growth strategy builds upon the market and operational successes of 2018 and details our path to revenue growth and margin expansion within the context of our addressable market



CAMPAIGNS

- Execute Vectrus Sales campaigns to move into new clients and markets

SOLUTIONS

- Develop / Mature to a stand-alone Vectrus business
- Infuse technology and solutions into current business and new proposals

TARGETED M&A

ENTERPRISE VECTRUS

- Execute Enterprise Improvement Initiatives

CONTRACT MIX

- Leverage client move to fixed-price contracting

CLIENT/CAPABILITY MIX

- Higher Margin
- Higher Value Solutions

TARGETED M&A

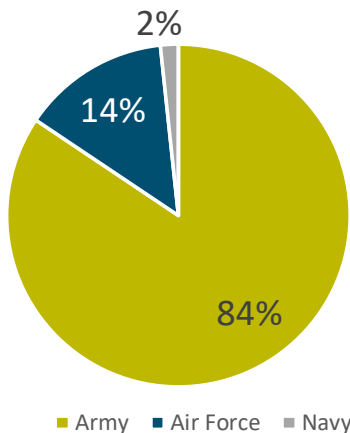


REVENUE GROWTH - CAMPAIGNS

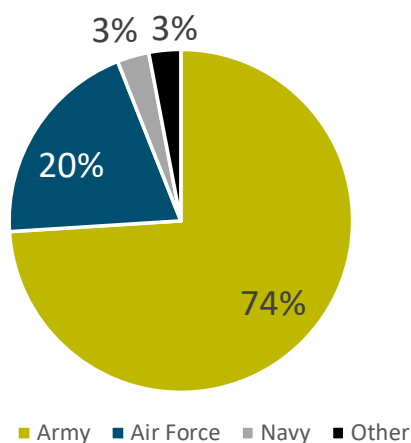
Vectrus Growth Campaigns

- Deliberate approach to growth in a specific, adjacent customer set or market
- Establishing differentiated value, strategic positioning, a tailored attack plan, and a specific goal to build or take market share
- Infusing technology-based solutions into current programs and new proposals to create proof points for improving mission effectiveness and lowering costs

Full-Year 2016



Nine Months Ended 9/29/18



Campaign Case Study

AIR FORCE BASE OPERATIONS SUPPORT (BOS) CAMPAIGN

RESULT: Air Force revenue up 58% year-over-year (through Q3'18)

- Small Air Force BOS footprint existed in 2016 and represented 14% of revenue
- Launched Air Force campaign:
 - Currently largest full and open category BOS provider to the Air Force Air Training and Education Command
 - Won \$278M Maxwell re-compete
 - Won Keesler and Sheppard from established incumbents, \$181M in total
- Major holder of Air Force OCONUS BOS contracts
 - Defeated long time incumbent to win \$411M Thule Greenland BOS contract
 - Defeated a 25-year incumbent to win \$458M Turkey-Spain Base Maintenance Contract
 - Consistently winning contingency task orders on the Air Force Contractor Augmentation Program (AFCAP)



2018 GUIDANCE SUMMARY

As of 11/6/2018

	(Prior) 2018 Guidance	(Updated) 2018 Guidance	(Prior) 2018 Mid	(Updated) 2018 Mid	2017	Var to Updated 2018 Mid	%Var
<i>\$ millions, except for operating margin and per share amounts</i>							
Revenue	\$1,215 to \$1,285	\$1,250 to \$1,270	\$ 1,250	\$ 1,260	\$ 1,115	\$ 145	13.0 %
Operating Margin	3.6 % to 4.0 %	3.6 % to 4.0 %	3.8 %	3.8 %	3.7 %	10 bps	
Net Income	\$ 30.9 to \$ 36.9	\$ 31.6 to \$ 36.1	\$ 33.8	\$ 33.8	\$ 59.5	\$ (25.7)	(43.2)%
<i>Adjusted Net Income ¹</i>					\$ 24.4		
Diluted EPS	\$ 2.71 to \$ 3.23	\$ 2.77 to \$ 3.17	\$ 2.97	\$ 2.97	\$ 5.31	\$ (2.34)	(44.1)%
<i>Adjusted Diluted Earnings Per Share ¹</i>					\$ 2.17		
Net Cash Provided by Operating Activities	\$ 35.0 to \$ 39.0	\$ 35.0 to \$ 39.0	\$ 37.0	\$ 37.0	\$ 35.4	\$ 1.6	4.5 %

2018 guidance assumptions:

- Capital expenditures approximately \$9.0 million
- Depreciation and amortization expense approximately \$4.2 million
- 2018 mandatory debt payments \$4.0 million
- Interest expense approximately \$4.7 million
- Diluted EPS assumes 11.4 million weighted average diluted shares outstanding at December 31, 2018

(1) See appendix for reconciliation of non-GAAP measures.

**VECTRUS
COWEN AEROSPACE/DEFENSE &
INDUSTRIALS CONFERENCE**



RECONCILIATION OF NON-GAAP MEASURES

The primary financial performance measures we use to manage our business and monitor results of operations are revenue trends and operating income trends. In addition, we consider EBITDA, EBITDA %, adjusted net income and adjusted diluted earnings per share to be useful to management and investors in evaluating our operating performance for the periods presented, and to provide a tool for evaluating our ongoing operations. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives.

EBITDA, EBITDA %, adjusted net income and adjusted diluted earnings per share, however, are not measures of financial performance under generally accepted accounting principles in the United States of America (GAAP) and should not be considered a substitute for net income, diluted earnings per share and operating income as determined in accordance with GAAP. Reconciliations of these items are provided below.

"EBITDA" is defined as operating income, adjusted to exclude depreciation and amortization.

"EBITDA %" is defined as EBITDA divided by revenue.

"Adjusted net income" is defined as net income, adjusted to exclude items that may include, but are not limited to, other income, significant charges or credits that impact current results but are not related to our ongoing operations, unusual and infrequent non-operating items and non-operating tax settlements or adjustments, such as revaluation of our deferred tax liability as a result of the Tax Cuts and Jobs Act, and net settlement of uncertain tax positions.

"Adjusted diluted earnings per share" is defined as adjusted net income divided by the weighted average diluted common shares outstanding.

<i>(In thousands, except per share data)</i>	Year Ended December 31,
Adjusted Net Income and Adjusted Diluted Earnings Per Share (Non-GAAP Measures)	2017
Net income	\$ 59,497
Revaluation of deferred tax liability ¹	(35,139)
Adjusted net income	<u>\$ 24,358</u>
GAAP EPS, diluted	\$5.31
Adjusted EPS, diluted	\$2.17
Weighted average common shares outstanding, diluted	11,209
¹ Change in deferred tax liability related to change in federal tax rate under Tax Cuts and Jobs Act.	

<i>(In thousands)</i>	Three months ended		Nine months ended	
EBITDA and EBITDA % (Non-GAAP Measures)	September 28, 2018	September 29, 2017	September 28, 2018	September 29, 2017
Revenue	\$ 308,095	\$ 269,625	\$ 949,744	\$ 819,005
Operating Income	\$ 14,006	\$ 10,090	\$ 35,676	\$ 30,943
Add:				
Depreciation and Amortization	\$ 922	347	\$ 2,546	\$ 1,141
EBITDA	<u>\$ 14,928</u>	<u>\$ 10,437</u>	<u>\$ 38,222</u>	<u>\$ 32,084</u>
EBITDA %	4.8 %	3.9 %	4.0 %	3.9 %