



VECTRUS

FOURTH QUARTER & FULL YEAR 2020 RESULTS

CHUCK PROW – PRESIDENT AND CHIEF EXECUTIVE OFFICER

SUSAN LYNCH – SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

MARCH 2, 2021





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, ALL OF THE STATEMENTS AND ITEMS LISTED IN THE TABLES FOR 2021 GUIDANCE AND OTHER ASSUMPTIONS CONTAINED THEREIN FOR PURPOSES OF SUCH GUIDANCE, STATEMENTS ABOUT OUR 2021 PERFORMANCE OUTLOOK, FIVE-YEAR GROWTH PLAN, REVENUE, DSO, CONTRACT OPPORTUNITIES, THE IMPACT OF COVID-19, AND ANY DISCUSSION OF FUTURE OPERATING OR FINANCIAL PERFORMANCE.

WHENEVER USED, WORDS SUCH AS "MAY," "ARE CONSIDERING," "WILL," "LIKELY," "ANTICIPATE," "ESTIMATE," "EXPECT," "PROJECT," "INTEND," "PLAN," "BELIEVE," "TARGET," "COULD," "POTENTIAL," "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.

THESE FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE, CONDITIONS OR RESULTS, AND INVOLVE A NUMBER OF KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, ASSUMPTIONS AND OTHER IMPORTANT FACTORS, MANY OF WHICH ARE OUTSIDE OUR MANAGEMENT'S CONTROL, THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE RESULTS DISCUSSED IN THE FORWARD-LOOKING STATEMENTS. FOR A DISCUSSION OF SOME OF THE RISKS AND IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM SUCH FORWARD-LOOKING STATEMENTS, SEE THE RISKS AND OTHER FACTORS DETAILED FROM TIME TO TIME OUR ANNUAL REPORT ON FORM 10-K, QUARTERLY REPORTS ON FORM 10-Q, AND OTHER FILINGS WITH THE U.S. 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.



Full-Year and Q4 2020 Highlights

- **Delivered high operational readiness for National Security missions and supported DoD critical infrastructures throughout the pandemic**
- **Strong 2020 cash flow generation, representing ~140% conversion**
- **2020 revenue of \$1.396 billion up 1% y/y; COVID-19 impact of (4.6%)**
 - Adjusted diluted EPS¹ of \$3.07 (includes \$0.22 tax benefit)
 - Q4'20 revenue and adjusted diluted EPS¹ of \$355 million and \$1.18 (includes \$0.22 tax benefit)
- **Reported record high adjusted EBITDA margin¹ of 5.0% in Q4**
- **Strong backlog of \$5.1 billion, representing 3x 2021 revenue mid-point**
 - Significantly improved long-term visibility with OMDAC-SWACA win
- **Advanced position as a leader in the converged infrastructure market**
- **Expanded capabilities and clients through two key acquisitions**
 - Acquired Zenetex accelerating converged infrastructure strategy and further expanding intelligence and foreign military client portfolio
 - Acquired HHB Systems advancing physical and digital infrastructure technologies within the intelligence community
- **2021 guidance represents 20% revenue and 23% EPS growth at midpoint**

¹ See appendix for reconciliation of non-GAAP measures.



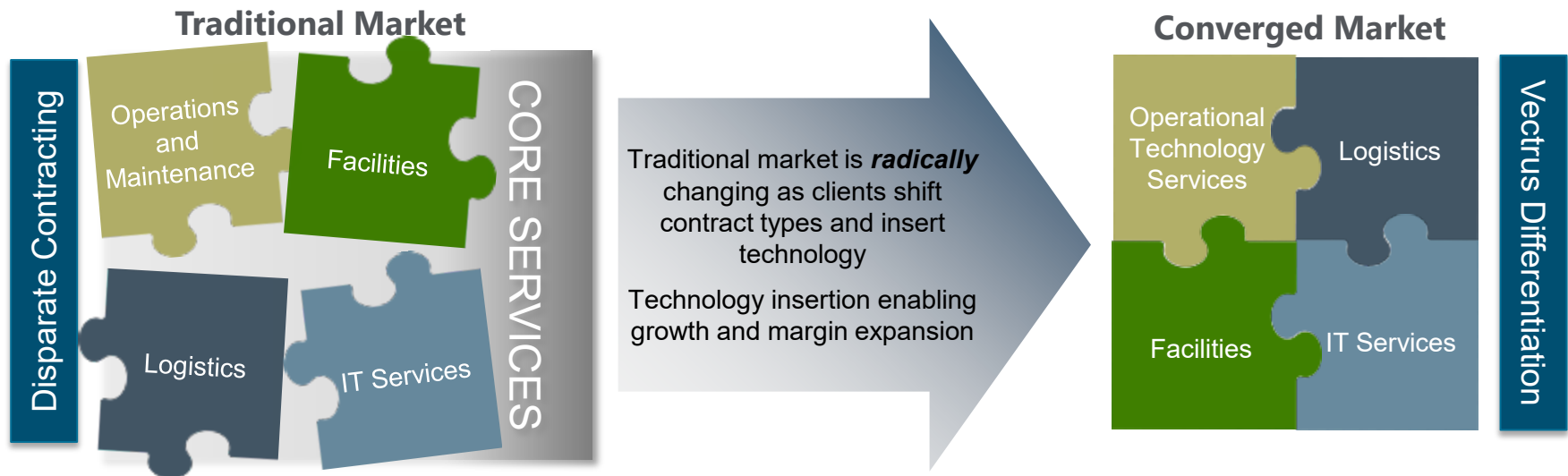
Leader in the Converged Infrastructure Market

■ Naval Base Coronado 5G Smart Warehouse

- Part of the DoD's 5G experimentation and testing at five U.S. military test sites

■ Strategic Significance

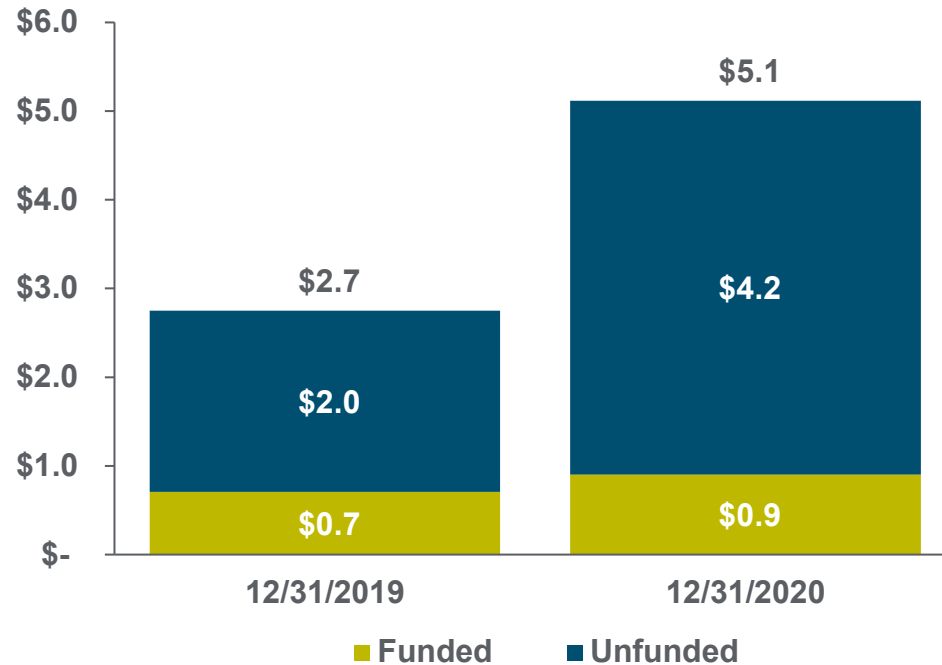
- Vectrus will provide industry-leading inventory management, network security, robotic material moving, & environmental sensing capabilities at Naval Base Coronado
- This award is a testament to our clients' migration toward the converged infrastructure market
- Represents the largest full-scale 5G test for dual-use applications in the world
- Places Vectrus into an additional competitive arena focused on technological solutions that are now being applied within traditional facility and base operations and IT services





Enhancing the Foundation

Record Backlog



Record Backlog of \$5.1B

- Backlog of \$5.1B, the highest level in the company's history and provides visibility over the next several years

OMDAC-SWACA and LOGCAP V Improve Long-Term Visibility

- Enhanced by the successful recompile wins of contracts that in aggregate accounted for ~48% of 2020 revenue
- No other contracts account for more than 10% of total revenue

Minimal Recompete Risk Over Next Several Years

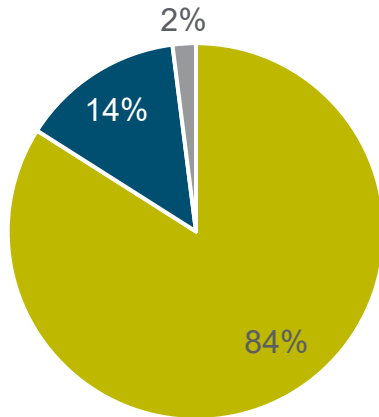
- No recompetes above 10% of revenue expected over the next several years

Contract Name	Contract Type	Contract Value	Contract Duration	
OMDAC-SWACA	Cost-Plus	\$882M	Mar 2021	Dec 2025
LOGCAP V	Cost-Plus	\$1,383M	Mar 2020	Mar 2030

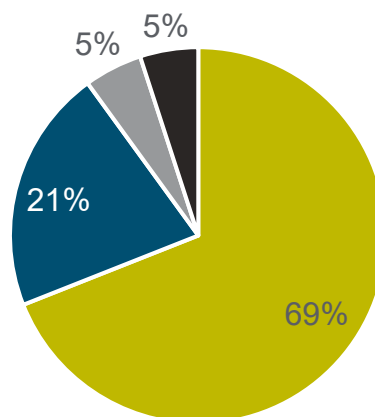


Expanding the Portfolio

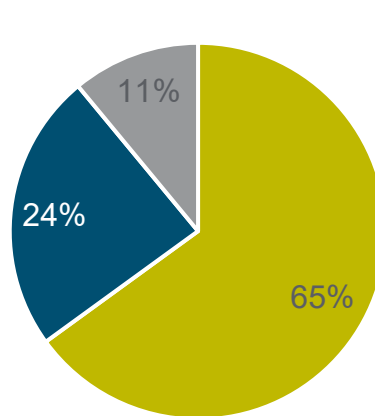
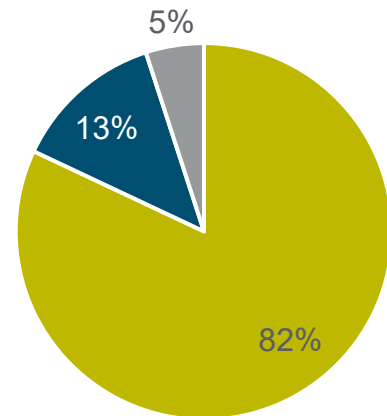
2016 Revenue



2020 Revenue



■ Army ■ Air Force ■ Navy ■ Other



■ Middle East ■ United States ■ Europe

Navy Campaign Progress

■ Navy revenue up ~22% year-over-year in 2020

- Client campaigns include a tailored attack plan with differentiated value proposition
- Harnessing capabilities across the Vectrus portfolio to deliver innovative technology-based solutions into infrastructure while improving mission effectiveness

■ Notable 2020 Navy Wins

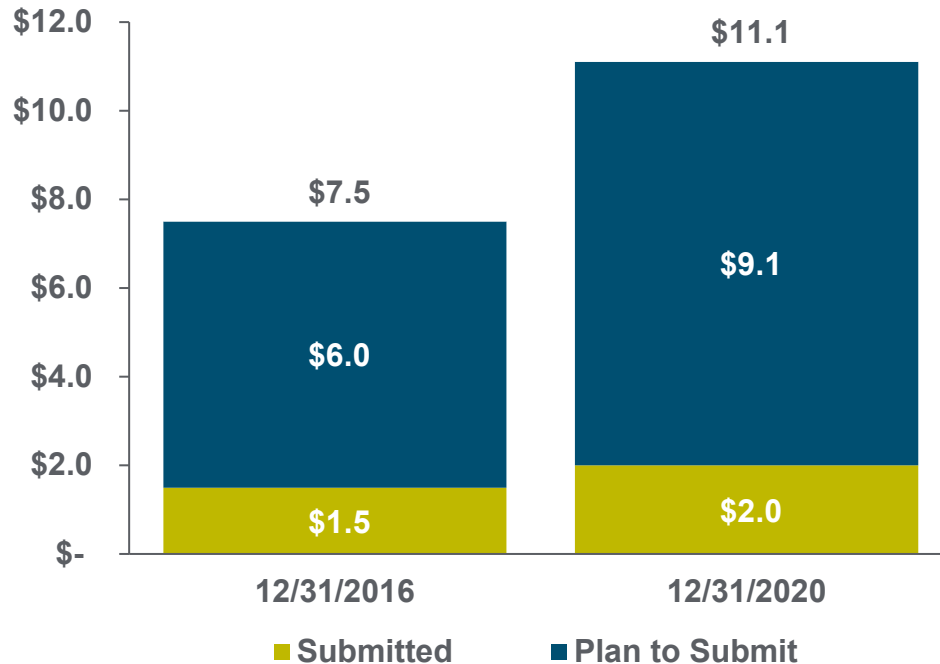
- Awarded an eight-year \$210 million, firm-fixed-price contract to provide base operations support to Isa Air Base in Bahrain
- Awarded an eight-year, \$45 million, firm-fixed-price contract to provide base operations support at the Naval Support Facility in Deveselu, Romania
- Awarded a five-year, \$196 million, firm-fixed-price recompetete contract to continue base operations support services at Naval Station Guantanamo Bay in Cuba¹

¹ Under protest

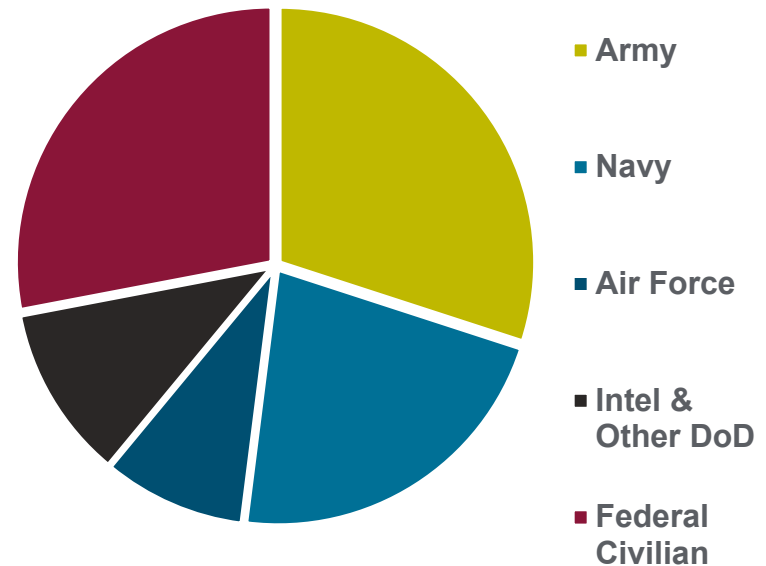


Expanding the Portfolio

New Business Pipeline



New Business Makeup



■ Significant Pipeline of Opportunities to Drive Future Expansion

- Capability expansion driving additional opportunity across federal, non-federal, and international client sets
- New business pipeline supports continued client diversification, shift to more advantageous contract types, and higher margin technology enabled solutions



Expanding the Portfolio

- **Vectrus' capabilities and technology-based solutions are resulting in important new awards which support future margin expansion**



OASIS Pool 1:

- Vectrus was awarded a position on a “Best in Class” General Services Administration, Multiple Award Contract, IDIQ vehicle.
- This vehicle provides integrated professional services for all government customers worldwide.
- Demonstrates our increased capability to function as a prime contractor in large scale IT as well as our traditional markets.
- Allows access to a funding stream that is new to us. Annual spending on OASIS Pool 1 has been >\$2.0 billion annually to all contractors over the past two years.



Sensor Prototype Software, OTA's, and Integrated Electronic Security:

- Vectrus was awarded a U.S. Navy contract to provide concepts and develop prototype software to integrate disparate onboard sensor feeds to support signal discovery and exploitation.
- Awarded an Other Transaction Authority (OTA), to provide software and engineering to support sensor data integration and visualization of the U.S. investments in chemical, biological, radiological, and nuclear defense equipment.
- Awarded a five-year fixed price IDIQ to provide intrusion detection system supplies, hardware, and services at Edwards Air Force base.
- These wins were based on our position as a leading provider of integrated electronic security systems and strong history in sensor integration since 1995, both of which are key components and differentiators to leading in the converged infrastructure market.



Adding More Value

Zenetex and HHB enhance our capabilities to deliver a more integrated and comprehensive suite of solutions to our clients globally.

■ **Strengthens position as leading fully-integrated provider in the converged infrastructure market:**

- Brings integrated security capabilities that provide systematic protection of physical assets, IP, and computer systems, which builds on our integrated electronic security solutions that protect thousands of facilities and assets.
- Builds on our electromagnetic spectrum engineering and adds to our legacy in sensor integration while adding higher value IT services including enterprise operations, network and application performance monitoring, service management design and implementation, and cybersecurity.

■ **Enhances capabilities in computer-aided facility management, engineering, design, and planning:**

- Adds comprehensive solutions for facility management assisting in the planning, engineering, design, implementation, and management. Specific capabilities include computer-aided facility management; architectural and interior design; computer-aided design; and building operations for client facilities.

■ **Adds higher end integrated logistics and asset management:**

- Brings people, skills, knowledge, equipment, tools, and technical data to establish, execute and maintain logistics policies, processes and procedures, which builds on Vectrus' forward-deployed operational logistics capabilities.
- Strengthens asset management and logistics with property oversight, with logistics support, training, supply chain and inventory monitoring.

■ **Expands Vectrus content at client installations with the addition of mission-critical support services for vital defense aviation programs:**

- Provides mission-critical readiness services for legacy and next generation aircraft through full spectrum Maintenance, Repair & Overhaul services that include "backshop" operations, lab systems, and weapon subsystems, which increases Vectrus' overall addressable market and content at client installations and bases.

■ **Increases intelligence and federal client footprint:**

- Provides unique access to highly attractive Intelligence Community clients and advances the company's Navy campaign to include Naval Air Systems Command and Naval Supply Systems Command.

■ **Adds Foreign Military Sales (FMS) clients and expertise:**

- FMS services supports more than 40 countries, including Qatar, Malaysia, Spain, Morocco, Kuwait, Denmark, Australia, Canada, and provides significant channels for future growth.

\$200M⁺

Revenue



\$750M⁺

*Contracted
Backlog*



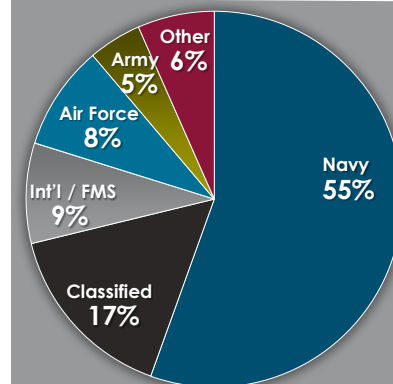
~2,000

*Talented
Professionals*



~95%

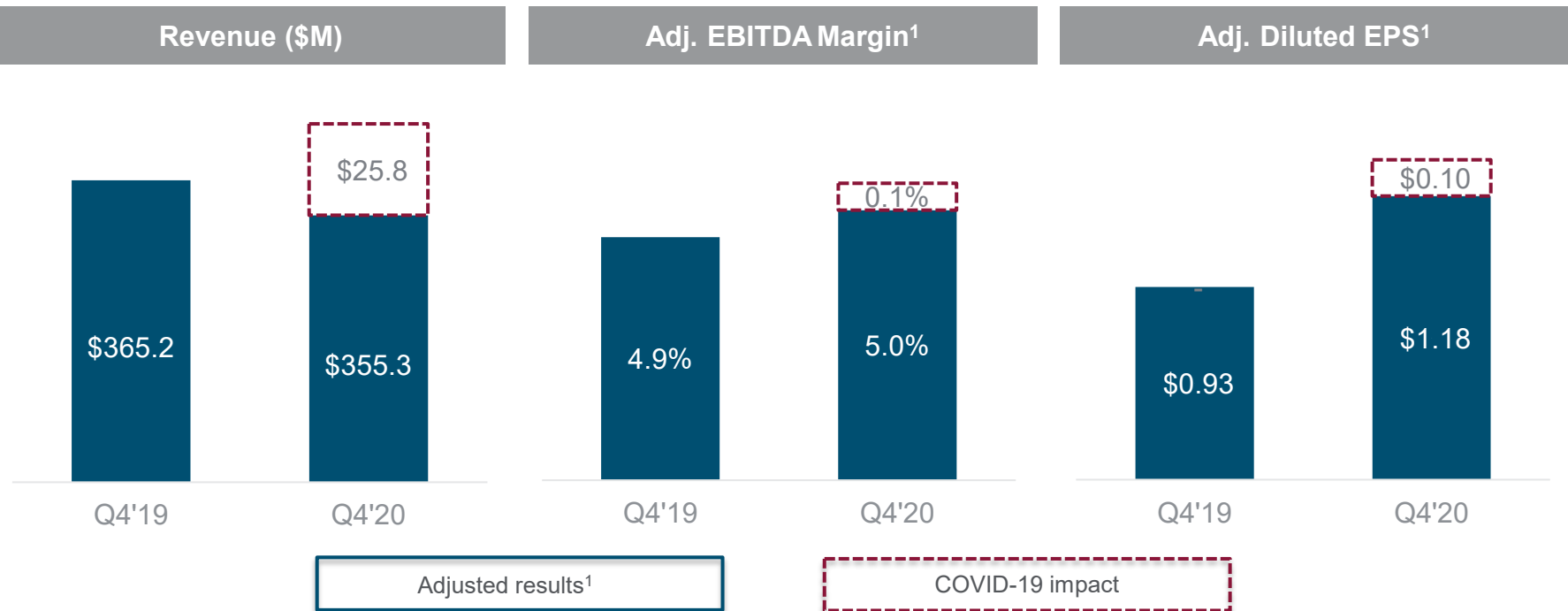
*Cleared at Secret
or Above*



Representative Zenetex Client Mix



Q4'20 Financial Results



- Revenue decreased \$9.9 million yr/yr, or 2.7% as a result of COVID-19 impact of (\$25.8) million or (7.1%)
- Record Adj. EBITDA margin¹ of 5.0%
- Adj. diluted EPS¹ of \$1.18
- COVID-19 impact of (10 bps)
- 2020 Tax benefit of \$0.22
- COVID-19 impact of (\$0.10)

¹ See appendix for reconciliation of non-GAAP measures.

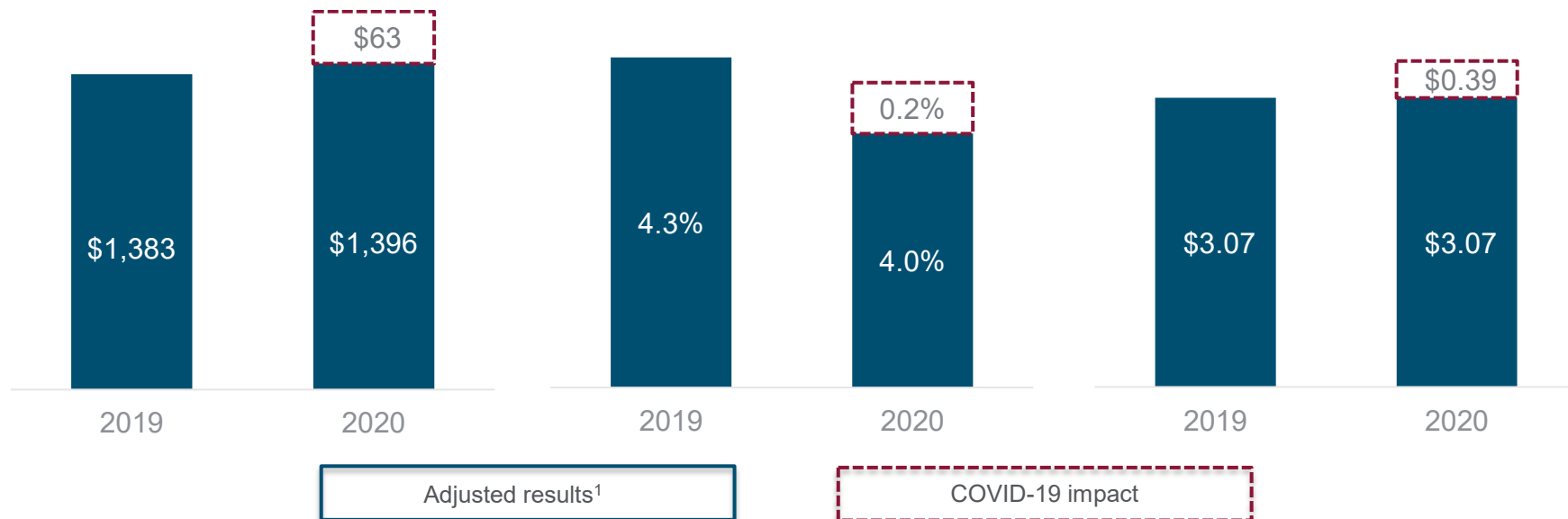


Full Year Financial Results

Revenue (\$M)

Adj. EBITDA Margin¹

Adj. Diluted EPS¹



- Revenue increased \$13.0 million yr/yr, or 1.0% as a result of COVID-19 impact of (\$63) million or (4.6%)

- Adj. EBITDA margin¹ of 4.0%
- COVID-19 impact of (20 bps)

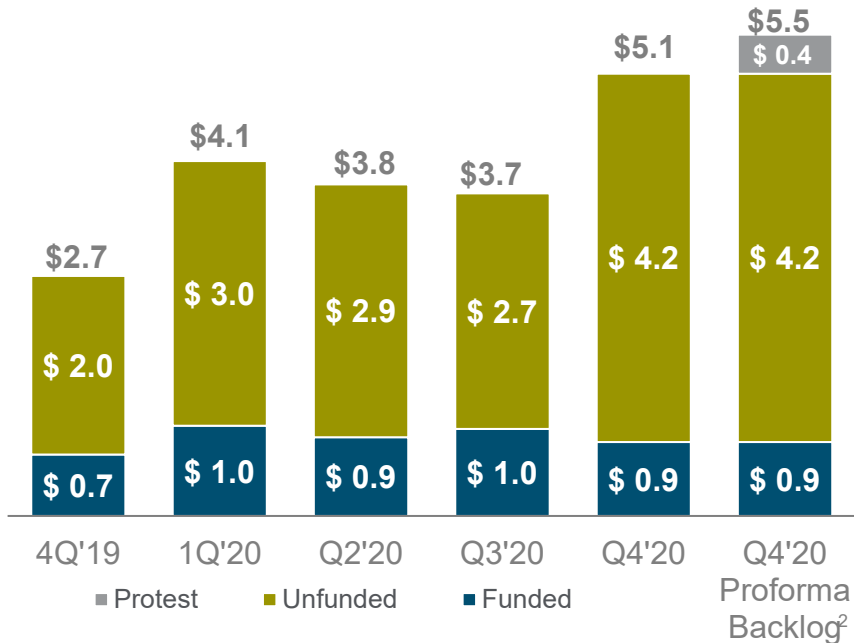
- Adj. diluted EPS¹ of \$3.07
- 2020 Tax benefit of \$0.22
- COVID-19 impact of (\$0.39)

¹ See appendix for reconciliation of non-GAAP measures.



Solid Backlog and Book-to-Bill

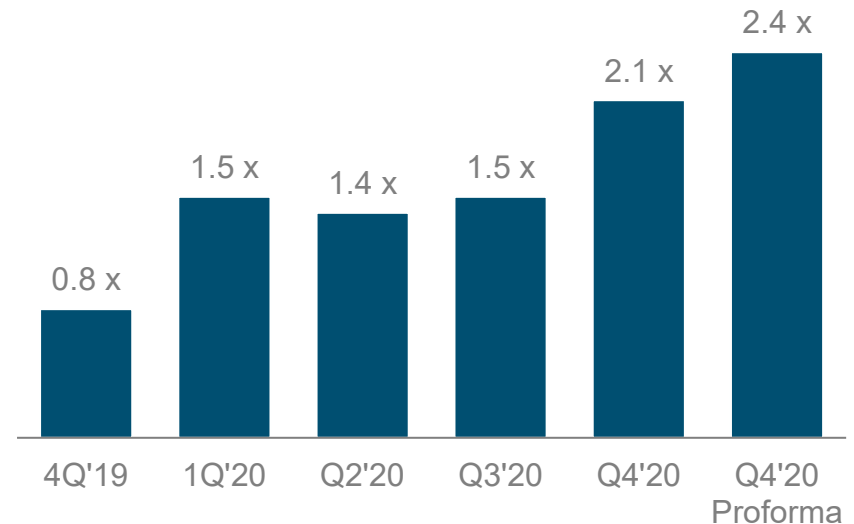
Backlog¹ (\$B)



Total Q4'20 Backlog of \$5.1 Billion

- Proforma Total Backlog of \$5.5 billion Including contracts under protest \$0.4B
- Backlog is 3x the 2021 revenue mid-point, providing insight into future revenue and cash flow generation

Trailing 12-Month Book-to-Bill Ratio



TTM Book-to-Bill Ratio is 2.1x

- TTM Book-to-Bill Ratio of 2.4x based on Proforma Total Backlog

¹ Total Backlog represents firm orders and potential options on multi-year contracts, excluding potential orders under IDIQ contracts.

² Proforma Total Backlog includes protested awards.



Cash Flow and Liquidity

\$M	Twelve months ended Q4			\$ yr/yr change	% yr/yr change
	2019	2020			
YTD Net Cash Provided by (Used in) Operating Activities	\$27.6	\$64.1		\$36.5	133%
Cash ²	\$35.3	\$66.9		\$31.6	90%
Receivables	\$269.1	\$315.0		\$45.9	17%
Debt	\$70.5	\$179.0		\$108.5	154%
Net Debt ¹	\$35.2	\$112.1		\$76.9	218%
Leverage Ratio (x)	0.97x	2.05x		N/A	111%

¹ Net Debt = Debt – Cash

² Cash excludes restricted cash

- YTD Cash Flow from Operations of \$64.1 million, including \$13.2 million CARES Act tax deferrals
- Revolver drawn at quarter end to support Zenetex and HHB acquisitions
- Liquidity over \$220 million
- Strong balance sheet and financial position



2021 Guidance

\$millions, except per share data	2021 Guidance	2021 Mid-point	2020 Actual	2020 to 2021	% Var
Revenue	\$1,645 — \$1,715	\$1,680	\$1,396	\$284	20.3%
Adjusted EBITDA Margin ¹ (%)	4.6% — 5.0%	4.8%	4.0%	80bps	
Adjusted Diluted Earnings Per Share ¹	\$3.48 — \$4.08	\$3.78	\$3.07	\$0.71	23.1%
Net Cash Provided by Operating Activities	\$55.0 — \$65.0	\$60.0	\$64.1	(\$4.1)	(6.4%)

2021 guidance assumptions include:

- Capital expenditures ~ \$5 million
- Depreciation and amortization ~ \$17 million
- Mandatory debt payments \$8.6 million
- Interest expense ~ \$8 million
- Tax rate of ~ 19.0%
- Diluted EPS assumes 11.9 million weighted average diluted shares outstanding at December 31, 2021
- Operating Cash Flow in 2020 benefitted from the CARES Act by \$13.2M

¹ See appendix for reconciliation of non-GAAP measures.



APPENDIX



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 adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, EBITDA, Adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, 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.

Adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, 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 and diluted earnings per share as determined in accordance with GAAP. Definitions and reconciliations of these items are provided below.

"Adjusted operating income" is defined as operating income, adjusted to exclude items that may include, but are not limited to significant charges or credits, and unusual and infrequent non-operating items, such as M&A transaction and LOGCAP V pre-operational legal costs, that impact current results but are not related to our ongoing operations.

"Adjusted operating margin" is defined as adjusted operating income divided by revenue.

"Adjusted net income" is defined as net income, adjusted to exclude items that may include, but are not limited to, significant charges or credits, and unusual and infrequent non-operating items, such as M&A transaction and LOGCAP V pre-operational legal costs, that impact current results but are not related to our ongoing operations.

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

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

"Adjusted EBITDA" is defined as EBITDA, adjusted to exclude items that may include, but are not limited to, significant charges or credits and unusual and infrequent non-operating items, such as M&A transaction and LOGCAP V pre-operational legal costs, that impact current results but are not related to our ongoing operations..

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

"Adjusted EBITDA margin" is defined as Adjusted EBITDA divided by revenue.



Reconciliation Of Non-GAAP Measures

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

(\$ in thousands, except per share data)	Three Months Ended December 31 2020 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Three Months Ended December 31, 2020 As Reported - Adjusted
Revenue	\$ 355,317	\$ —	\$ —	\$ —	\$ 355,317
Growth	(2.7)%				(2.7)%
Operating income	\$ 13,725	\$ 1,960	\$ 120	\$ —	\$ 15,805
Operating margin	3.9 %				4.4 %
Interest expense, net	\$ (806)	\$ —	\$ —	\$ —	\$ (806)
Income from operations before income taxes	\$ 12,919	\$ 1,960	\$ 120	\$ —	\$ 14,999
Income tax expense (benefit)	\$ (3,862)	\$ 451	\$ 28	\$ 4,505	\$ 1,122
Income tax rate	(29.9)%				7.5 %
Net income	\$ 16,781	\$ 1,509	\$ 92	\$ (4,505)	\$ 13,877
Weighted average common shares outstanding, diluted	11,782				11,782
Diluted earnings per share	\$ 1.42	\$ 0.13	\$ 0.01	\$ (0.38)	\$ 1.18

EBITDA (Non-GAAP Measures)

(\$ in thousands)	Three Months Ended December 31 2020 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Three Months Ended December 31, 2020 As Reported - Adjusted
Operating Income	\$ 13,725	\$ 1,960	\$ 120	\$ —	\$ 15,805
Add:					
Depreciation and Amortization	\$ 2,094	\$ —	\$ —	\$ —	\$ 2,094
EBITDA	\$ 15,819	\$ 1,960	\$ 120	\$ —	\$ 17,899
EBITDA Margin	4.5 %				5.0 %



Reconciliation Of Non-GAAP Measures

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

	Three Months Ended December 31, 2019 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Three Months Ended December 31, 2019 As Reported - Adjusted
(\$ in thousands, except per share data)					
Revenue	\$ 365,157	\$ —	\$ —	\$ —	\$ 365,157
Operating income	\$ 15,649	\$ (11)	\$ 390	\$ —	\$ 16,028
Operating margin	4.3 %				4.4 %
Interest expense, net	\$ (1,659)				\$ (1,659)
Income from operations before income taxes	\$ 13,990	\$ (11)	\$ 390	\$ —	\$ 14,369
Income tax expense	\$ 3,346	\$ (3)	\$ 93	\$ —	\$ 3,436
Income tax rate	23.9 %				23.9 %
Net income	\$ 10,644	\$ (8)	\$ 297	\$ —	\$ 10,933
Weighted average common shares outstanding, diluted	11,728				11,728
Diluted earnings per share	\$ 0.91	\$ (0.00)	\$ 0.03	\$ —	\$ 0.93

EBITDA (Non-GAAP Measures)

	Three Months Ended December 31, 2019 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Three Months Ended December 31, 2019 As Reported - Adjusted
(\$ in thousands)					
Operating Income	\$ 15,649	\$ (11)	\$ 390	\$ —	\$ 16,028
Add:					
Depreciation and Amortization	\$ 1,992	\$ —	\$ —	\$ —	\$ 1,992
EBITDA	\$ 17,641	\$ (11)	\$ 390	\$ —	\$ 18,020
EBITDA Margin	4.8 %				4.9 %



Reconciliation Of Non-GAAP Measures

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

<i>(\$ in thousands, except per share data)</i>	Year Ended December 31, 2020 As Reported	M&A Related Costs	LOGCAP V Pre- Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Year Ended December 31, 2020 As Reported - Adjusted
Revenue	\$ 1,395,529	\$ —	\$ —	\$ —	\$ 1,395,529
Growth	0.9 %				0.9 %
Operating income	\$ 43,475	\$ 4,367	\$ 345	\$ —	\$ 48,187
Operating margin	3.1 %				3.5 %
Interest expense, net	\$ (4,793)	\$ —	\$ —	\$ —	\$ (4,793)
Income from operations before income taxes	\$ 38,682	\$ 4,367	\$ 345	\$ —	\$ 43,394
Income tax expense	\$ 1,731	\$ 1,004	\$ 76	\$ 4,505	\$ 7,316
Income tax rate	4.5 %				16.9 %
Net income	\$ 36,951	\$ 3,363	\$ 269	\$ (4,505)	\$ 36,078
Weighted average common shares outstanding, diluted	11,751				11,751
Diluted earnings per share	\$ 3.14	\$ 0.29	\$ 0.02	\$ (0.38)	\$ 3.07

EBITDA (Non-GAAP Measures)

<i>(\$ in thousands)</i>	Year Ended December 31, 2020 As Reported	M&A Related Costs	LOGCAP V Pre- Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Year Ended December 31, 2020 As Reported - Adjusted
Operating Income	\$ 43,475	\$ 4,367	\$ 345	\$ —	\$ 48,187
Add:					
Depreciation and Amortization	\$ 8,126	\$ —	\$ —	\$ —	\$ 8,126
EBITDA	\$ 51,601	\$ 4,367	\$ 345	\$ —	\$ 56,313
EBITDA Margin	3.7 %				4.0 %



Reconciliation Of Non-GAAP Measures

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

<i>(In thousands, except per share data)</i>	Year Ended December 31, 2019 As Reported	M&A Related Costs	LOGCAP V Pre- Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Year Ended December 31, 2019 As Reported - Adjusted
Revenue	\$ 1,382,525				\$ 1,382,525
Operating income	\$ 49,649	\$ 2,121	\$ 1,166	\$ —	\$ 52,936
Operating margin	3.6 %				3.8 %
Interest expense, net	\$ (6,470)				\$ (6,470)
Income from operations before income taxes	\$ 43,179	\$ 2,121	\$ 1,166	\$ —	\$ 46,466
Income tax expense	\$ 10,003	\$ 490	\$ 269	\$ —	\$ 10,762
Income tax rate	23.2 %				23.2 %
Net income	\$ 33,176	\$ 1,631	\$ 897	\$ —	\$ 35,704
Weighted average common shares outstanding, diluted	11,612				11,612
Diluted earnings per share	\$ 2.86	\$ 0.14	\$ 0.08	\$ —	\$ 3.07

EBITDA (Non-GAAP Measures)

<i>(in thousands)</i>	Year Ended December 31, 2019 As Reported	M&A Related Costs	LOGCAP V Pre- Operational Legal Costs	Tax Adjustment Related to Prior Yrs	Year Ended December 31, 2019 As Reported - Adjusted
Operating Income	\$ 49,649	\$ 2,121	\$ 1,166	\$ —	\$ 52,936
Add:					
Depreciation and Amortization	\$ 6,490	\$ —	\$ —	\$ —	\$ 6,490
EBITDA	\$ 56,139	\$ 2,121	\$ 1,166	\$ —	\$ 59,426
EBITDA Margin	4.1 %				4.3 %