

**Science Applications International Corporation**  
**FY15 Fourth Quarter and Year End Earnings Call**  
**March 31, 2015**

**Supplemental Financial Information**



# Conference Call Information

- Date:** March 31, 2015
- Time:** 8:00 am ET
- Dial-in Information:** 1.800.949.2163 (toll-free U.S.) or  
1.719.325.2104 (international/local)  
Passcode 8917623
- Webcast Information:** <http://investors.saic.com>
- Replay Information:** 1.888.203.1112 (toll-free U.S.) or  
1.719.457.0820 (international/local)  
Passcode 8917623

\*Replay available through May 30, 2015

# Forward-Looking Statements

Certain statements in this release contain or are based on “forward-looking” information within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “guidance,” and similar words or phrases. Forward-looking statements in this release include, among others, estimates of future revenues, operating income, earnings, earnings per share, charges, backlog, outstanding shares and cash flows, as well as statements about future dividends, share repurchases and other capital deployment plans. These statements reflect our belief and assumptions as to future events that may not prove to be accurate. Actual performance and results may differ materially from estimates of future performance and other forward-looking statements made in this release depending on a variety of factors, including: developments in the U.S. government defense budget, including budget reductions, implementation of spending cuts (sequestration) or changes in budgetary priorities; delays in the U.S. government budget process or approval to raise the U.S. debt ceiling; delays in the U.S. government contract procurement process or the award of contracts; delays or loss of contracts as result of competitor protests; changes in U.S. government procurement rules, regulations and practices; our compliance with various U.S. government and other government procurement rules and regulations; governmental reviews, audits and investigations of our company; our ability to effectively compete and win contracts with the U.S. government and other customers; our ability to retain key employees and customers of Scitor Holdings, Inc. and its subsidiaries (collectively, Scitor) following our expected acquisition of Scitor in the second quarter of fiscal 2016; our ability to successfully integrate Scitor once acquired, including implementing IT and other control systems relating to Scitor’s operations; our ability to generate sufficient earnings to meet the required leverage ratio under our credit facilities following the acquisition of Scitor, which if unsuccessful would give lenders the right to, among other things, foreclose on all our assets; our ability to attract, train and retain skilled employees, including our management team, and to obtain security clearances for our employees; our ability to accurately estimate costs associated with our firm-fixed-price and other contracts; cybersecurity, data security or other security threats, systems failures or other disruptions of our business; resolution of legal and other disputes with our customers and others or legal or regulatory compliance issues; our ability to effectively deploy capital and make investments in our business; our ability to maintain relationships with prime contractors, subcontractors and joint venture partners; our ability to manage performance and other risks related to customer contracts, including complex engineering projects; the adequacy of our insurance programs designed to protect us from significant product or other liability claims; our ability to declare future dividends based on our earnings, financial condition, capital requirements and other factors, including compliance with applicable laws and contractual agreements; risks associated with our recently completed spin-off transaction from our former parent, such as protests of awards of contracts to us bid before completion of the spin-off or novation of contract vehicles to us or a failure to realize the expected benefits of the spin-off; and our ability to execute our business plan and long-term management initiatives effectively and to overcome these and other known and unknown risks that we face. The above-outlined risks apply to our current company as well as the company when combined with the operations of Scitor once the expected acquisition of Scitor is completed. These are only some of the factors that may affect the forward-looking statements contained in this release. For further information concerning risks and uncertainties associated with our business, please refer to the filings we make from time to time with the U.S. Securities and Exchange Commission, including the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Legal Proceedings” sections of our Annual Report on Form 10-K which may be viewed or obtained through the Investor Relations section of our web site at [www.saic.com](http://www.saic.com).

In addition, these slides should be read in conjunction with our earnings press release dated March 31, 2015 along with listening to or reading a transcript of the management comments delivered in an earnings conference call held on March 31, 2015.

All information in these slides are as of March 31, 2015. SAIC expressly disclaims any duty to update any forward-looking statement provided in this release to reflect subsequent events, actual results or changes in SAIC’s expectations. SAIC also disclaims any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

# Fourth Quarter Fiscal Year 2015 Results

(\$ in millions; except per share data)	FY15 Q4 <sup>(1)</sup>	FY14 Q4 <sup>(1)</sup>	Change
<b>Revenue</b>	<b>\$941</b>	<b>\$931</b>	<b>1%</b>
Operating Income	\$59	\$56 <sup>(2)</sup>	5%
Operating Income %	6.3%	6.0% <sup>(2)</sup>	30 bps
Effective Tax Rate	34.5%	36.5%	200 bps
<b>Diluted EPS</b>	<b>\$0.75</b>	<b>\$0.66</b>	<b>14%</b>
<b>Operating Cash Flow</b>	<b>\$96</b>	<b>\$125</b>	
Free Cash Flow <sup>(3)</sup>	\$89	\$119	

(1) Results of Science Applications International Corporation and its consolidated subsidiaries for the fourth quarter ended January 30, 2015 and January 31, 2014; excludes revenues performed by former parent company.

(2) Includes \$1 million dollars of separation related transaction expenses

(3) Free cash flow is a non-GAAP financial measure as defined and reconciled in the appendix of this presentation.

# Fiscal Year 2015 Results

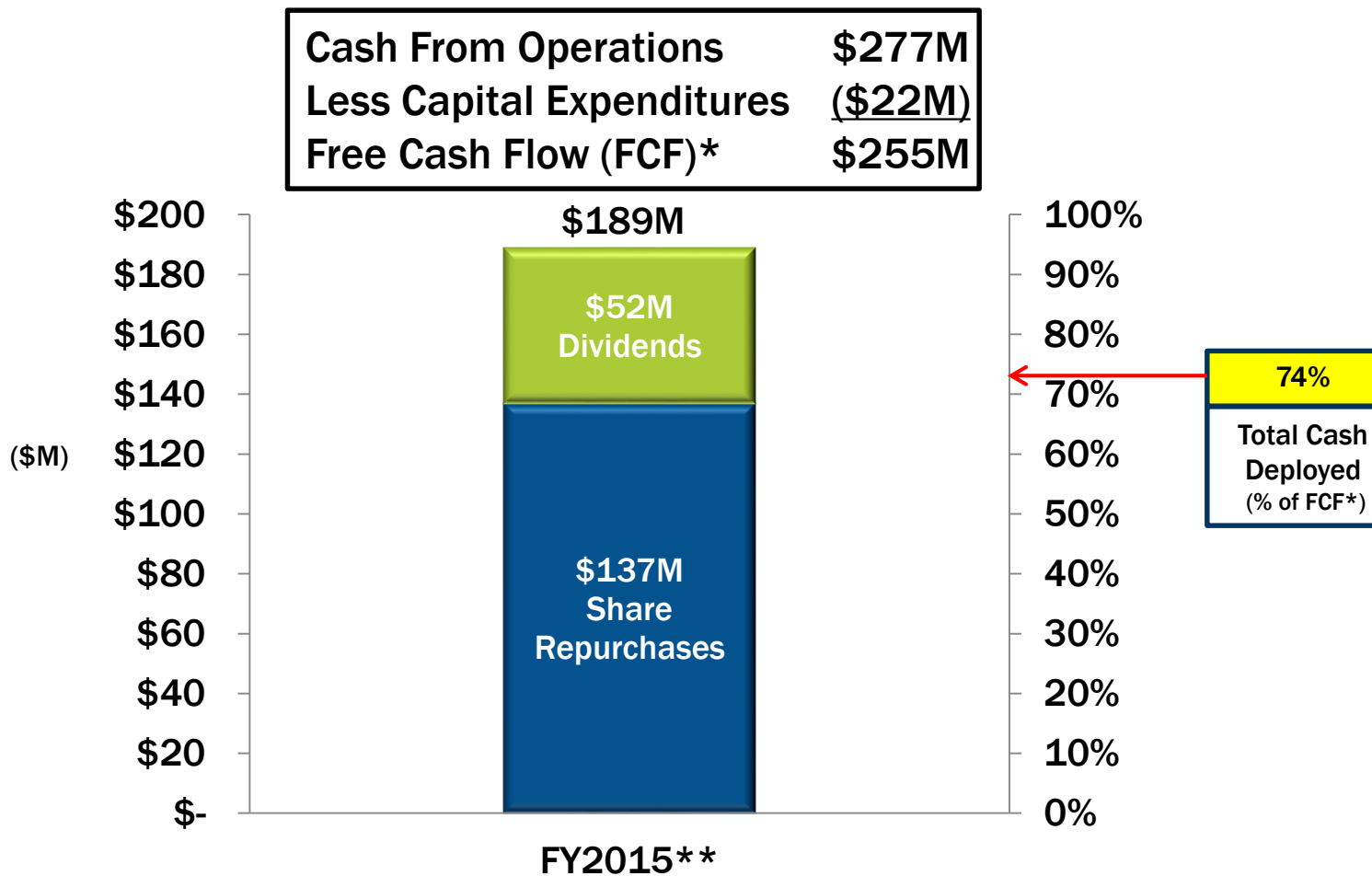
(\$ in millions; except per share data)	FY15 <sup>(1)</sup>	FY14 <sup>(1)</sup>	Change
<b>Revenue</b>	<b>\$3,835</b>	<b>\$4,017</b>	<b>(5%)</b>
Operating Income	\$240	\$183 <sup>(2)</sup>	31%
Operating Income %	6.3%	4.6% <sup>(2)</sup>	170 bps
Effective Tax Rate	36.8%	35.8%	(100 bps)
<b>Diluted EPS</b>	<b>\$2.91</b>	<b>\$2.27</b>	<b>28%</b>
<b>Operating Cash Flow</b>	<b>\$277</b>	<b>\$183</b>	
Free Cash Flow <sup>(3)</sup>	\$255	\$167	

(1) Results of Science Applications International Corporation and its consolidated subsidiaries for the fourth quarter ended January 30, 2015 and January 31, 2014; excludes revenues performed by former parent company.

(2) Includes \$58 million dollars of separation related transaction expenses

(3) Free cash flow is a non-GAAP financial measure as defined and reconciled in the appendix of this presentation.

# Cash Dividends and Share Repurchase Activity



\*See Appendix for Non-GAAP Measures

\*\*Fiscal year 2015 ending January 30, 2015

\*\*\* Reflects share repurchases under the Company's previously announced share repurchase program. The Company also repurchases shares for tax withholdings on equity awards.

# Long Term Financial Targets (on average and over time)

**Annual Organic Revenue Growth**

**Low single-digit growth**

**Target Operating Margin**

**10 to 20 bps annual improvement,  
on average, starting in the low 6% range**

**Maximize cash flow generation,  
free cash flow to exceed net income**

**Return of capital in excess of operating needs,  
absent expected higher return capital  
deployment opportunities**

**Leverage (debt to EBITDA)**

**Financial leverage appropriate for SAIC's  
investment requirements and cash  
generating characteristics**

*Our forward guidance practice is limited to these long-term targets*

# APPENDIX



# Working Days per Quarter

	Q1	Q2	Q3	Q4	Total
FY16	64	63	64	60	251
FY15	64	63	64	60	251
FY14	65	63	64	60	252

# Non-GAAP Reconciliation – Free Cash Flow

These slides refer to free cash flow, which is a non-GAAP financial measure that is reconciled to the most directly comparable GAAP financial measure, cash flows provided by / (used in) operating activities. The company believes that reporting free cash flow provides investors with greater visibility into how effectively it generates cash. The company calculates free cash flow by subtracting expenditures for property, plant and equipment from total cash flows provided by / (used in) operating activities.

The limitation of this non-GAAP financial measure as compared to the most directly comparable GAAP financial measure is that free cash flow does not represent total cash flows. The company addresses this limitation by presenting free cash flow near disclosures of cash flows used in operating activities. This financial measure is not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with SAIC's consolidated financial statements prepared in accordance with GAAP. The method that the company uses to calculate free cash flow is not necessarily comparable to similarly titled financial measures presented by other companies.

(\$ in millions)

Total cash flows provided by / (used in) operating activities, as reported  
Expenditures for property, plant and equipment  
Free cash flow

	Three Months Ended January 30, 2015	Three Months Ended January 31, 2014
Total cash flows provided by / (used in) operating activities, as reported	\$ 96	\$ 125
Expenditures for property, plant and equipment	(7)	(6)
Free cash flow	<u>\$ 89</u>	<u>\$ 119</u>

(\$ in millions)

Total cash flows provided by / (used in) operating activities, as reported  
Expenditures for property, plant and equipment  
Free cash flow

	Twelve Months Ended January 30, 2015	Twelve Months Ended January 31, 2014
Total cash flows provided by / (used in) operating activities, as reported	\$ 277	\$ 183
Expenditures for property, plant and equipment	(22)	(16)
Free cash flow	<u>\$ 255</u>	<u>\$ 167</u>