Science Applications International Corporation

Fiscal Year 2023 Third Quarter Earnings Call

Supplemental Financial Presentation
December 5, 2022

SAIC®

BRING ON TOMORROW.

We're not just another company that solves problems. No, we're a company that never stops reaching. Never stops pushing beyond our limits. To rethink engineering in a digital world, we reached. To redefine space training through virtual reality, we reached. To redesign new combat vehicles for our troops, we reached.

And what's the one thing we haven't reached?

Our limits.

From the digital space to outer space and everything between,
to build a piece of tomorrow, today.

No reach is too far.

Bring on tomorrow.

SAIC.

Forward Looking Statement

Certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "should," "expects," "intends," "projects," "plans," "believes," "estimates," "targets," "anticipates," and similar expressions identify forward-looking statements in this presentation. Such statements include, but are not limited to, statements about future financial and operating results, plans, objectives, expectations and intentions, and other statements that are not historical facts. These statements are subject to numerous assumptions, risks, and uncertainties, and other factors, many of which are outside the control of SAIC. These factors could cause actual results to differ materially from such forward-looking statements. Risks, uncertainties and assumptions that could cause SAIC's actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, those described in the "Risk Factors" section of SAIC's most recent Form 10-K filed with the Securities and Exchange Commission ("SEC") and updated in any subsequent Quarterly Reports on Form 10-Q and other filings with the SEC. The reports referenced above are available on SAIC's website at www.saic.com or on the SEC's website at www.sec.gov. No assurance can be given that the results of events described in forward-looking statements will be achieved and actual results may differ materially from these statements. SAIC disclaims any obligation to update any forward-looking statements provided in this presentation to reflect subsequent events, actual results, or changes in SAIC's expectations.

In addition, these slides should be read in conjunction with our earnings press release dated December 5, 2022 along with listening to or reading a transcript of the management comments delivered in an earnings conference call held on December 5, 2022.

All information in these slides are as of December 5, 2022. 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.

Today’s Presenters

Nazzic Keene
Chief Executive Officer

Prabu Natarajan
Chief Financial Officer

Building a Differentiated Employee Experience and Culture

1. Developing our Leaders to be the Best in our Industry
2. Upskilling our Leaders for the Future of Work and Transforming our Culture
3. Differentiated Employee Benefits Focused on Well-being
4. Accelerating Diversity Representation in our Leadership
5. Connecting and Resonating with our Dispersed Workforce

Joint All Domain Command and Control

SAIC solutions enable missions from global to edge

SAIC Objective

Establish SAIC as a platform agnostic integrator that transforms the C5ISR architecture to ensure the timely and resilient flow of data to improve decision making and advance mission capability

Includes modification of legacy systems as well as fielding/integration of new capabilities into a complex joint/coalition systems of systems environment

Differentiators

- Digital Engineering
- Cloud Modernization
- Big Data/AI
- Edge C2 Software

2018

- Expand Space Domain Awareness Integration work from 2015 Scitor acquisition
- Joint Deployed Ops Center Fielding begins

2019

- Cloud One Win ($840M)*
- Engility acquisition:
  - Joint Tactical Data Link
  - Space Ground C2

2020

- Integrated Multi-Domain C2 Win ($880M)
- AF Modeling and Simulation Win ($730M)
- Project Convergence SE&I Win ($107M)
- ABMS IDIQ Win

2021

- Koverse acquisition: Big Data/AI
- Internet of Battlefield Things Industry Innovation Award
- Advanced Naval Technology at Tactical Edge for USMC

2022

- AOC Falconer Win ($319M)
- Expanded integration of Koverse in DARPA's JADC2 experimentation
- Won spot on five member ABMS Digital Infrastructure Consortium
- Key $100M JADC2-related award

* Enabler for C5ISR/JADC2 Modernization

~$2.0B in C5ISR/JADC2 related work awarded in last ~24 months

FY2023 Q3 Highlights

+1% Organic Revenue Increase with Strong On-Contract Growth

Q3 Adjusted EBITDA Margin* of 8.9%

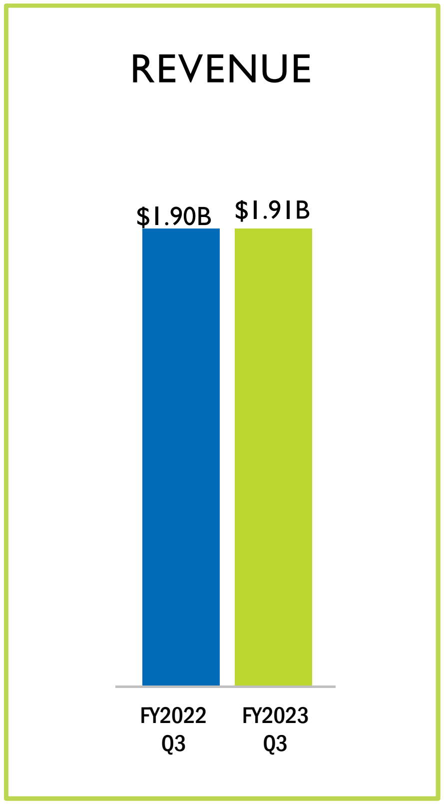
Increasing FY23 Guidance for Revenue, Adjusted Diluted EPS*
Continue to Expect >10% Free Cash Flow* Growth in FY23 and FY24

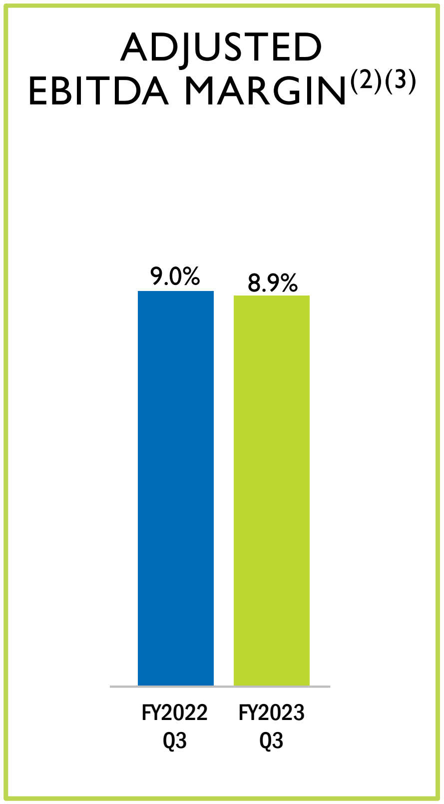
Q3 Awards of $2.0B Drives Q3 and TTM B2B of 1.1x
~60% of YTD Awards for New Business and On-Contract Growth

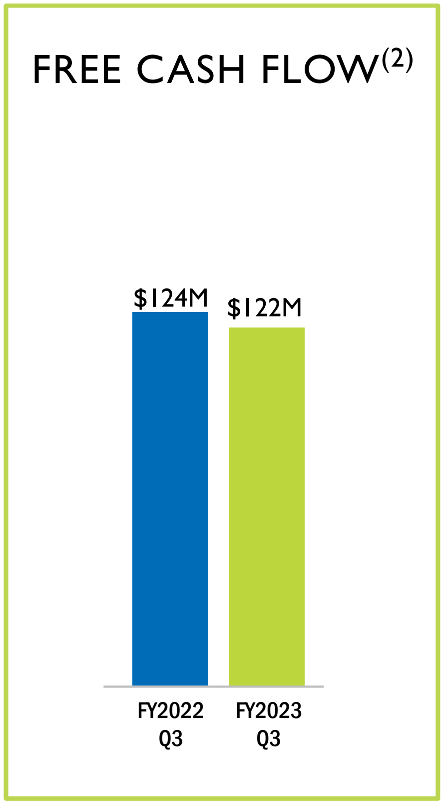
Focus on organic growth, portfolio alignment, and capital allocation

*Adjusted EBITDA, Adjusted Diluted EPS, and Free Cash Flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.

FY2023 Q3 Results[1]







(1) Results of Science Applications International Corporation and its consolidated subsidiaries for the third quarters ended October 29, 2021 and October 28, 2022.
(2) Adjusted EBITDA, adjusted diluted earnings per share and free cash flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.
(3) Excludes $12 million dollars and $2 million dollars in FY22 Q3 and FY23 Q3, respectively, of acquisition and integration costs and restructuring costs, net of depreciation included in acquisition and integration costs.
(4) Excludes $12 million dollars and $3 million dollars in FY22 Q3 and FY23 Q3, respectively, of acquisition and integration costs and restructuring costs.

FY2023 YTD Results[1]

REVENUE

ADJUSTED EBITDA MARGIN[2][3]

ADJUSTED DILUTED EPS[2][4]

FREE CASH FLOW[2]

(1) Results of Science Applications International Corporation and its consolidated subsidiaries for the nine months ended October 29, 2021 and October 28, 2022.
(2) Adjusted EBITDA, adjusted diluted earnings per share and free cash flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.
(3) Excludes $35 million dollars and $11 million dollars in FY22 YTD and FY23 YTD, respectively, of acquisition and integration costs and restructuring costs, net of depreciation included in acquisition and integration costs.
(4) Excludes $36 million dollars and $12 million dollars in FY22 YTD and FY23 YTD, respectively, of acquisition and integration costs and restructuring costs.

SAIC's Enterprise Focus Areas

Strategy designed to capture accelerated share across a focused set of market needs

SAIC MARKET POSITION

- **Engineering and integration leader** accelerating system development, modernization, and sustainment
- Accelerating, securing, and transforming **digital environments** to drive enterprise and mission outcomes

GROWTH & TECHNOLOGY ACCELERANTS (GTA)

Secure Cloud

Description

Deliver cloud solutions and application development and modernization in secure hybrid-cloud environments

Enterprise IT

Description

Deliver outcome based Enterprise IT as-a-Service driving modernization and transformation

Systems Integration & Delivery

Description

Integration, production, and modernization of defense systems & sub-systems

CORE

Engineering Services

Description

Systems engineering, MBSE, modeling and simulation, and other engineering services

IT & Technical Services

Description

IT operations and maintenance of existing systems and network operations across the "IT stack"

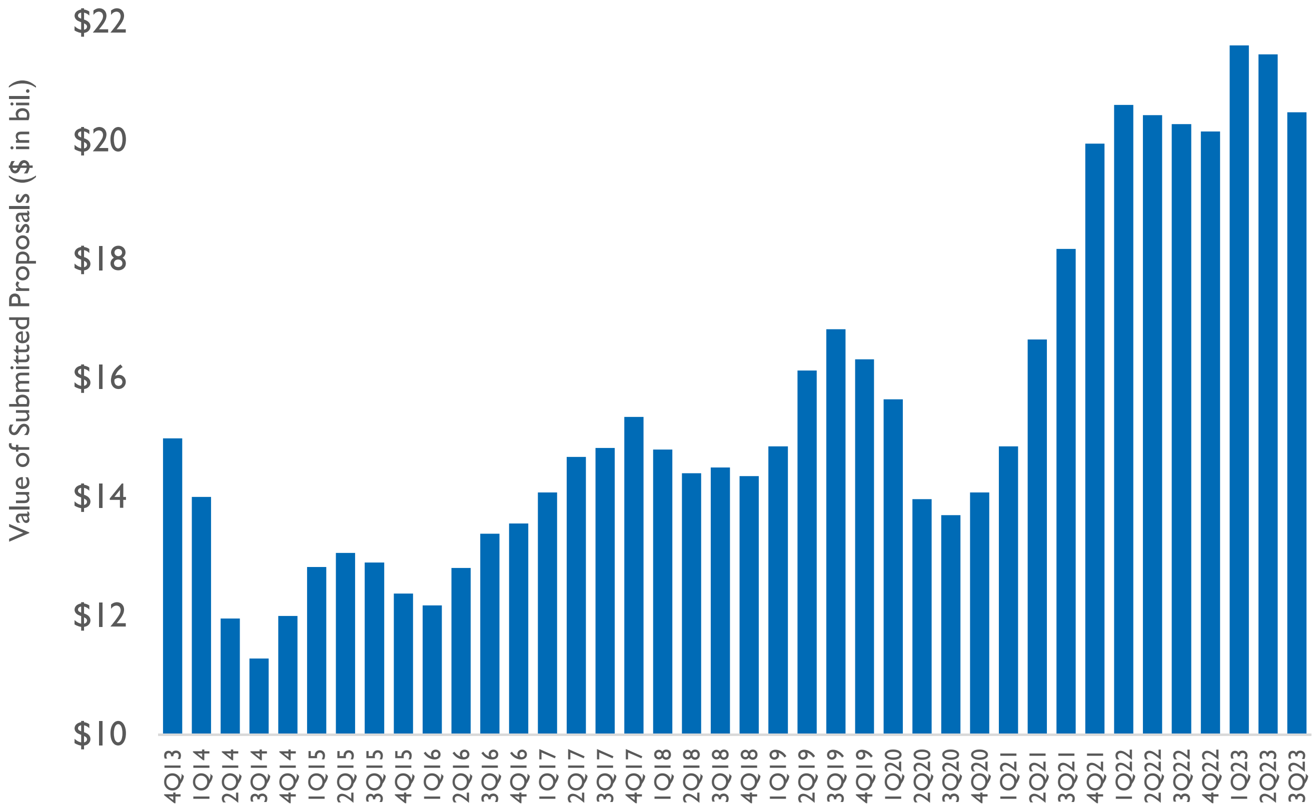
Logistics & Supply Chain

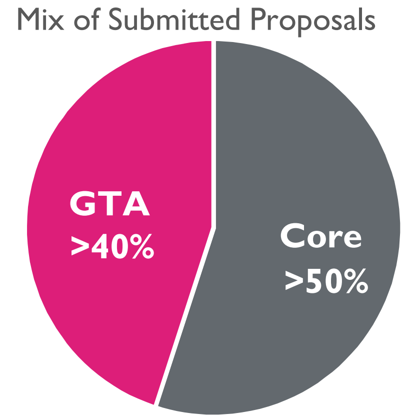
Description

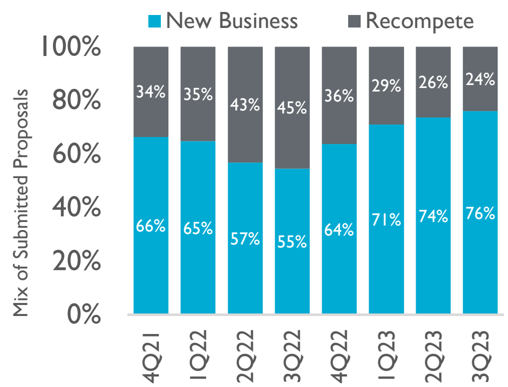
Logistics and supply chain solutions in support of Defense Logistics Agency

Shading indicates revenue contribution within relevant Focus Area

Pipeline Increasing, Shifting towards GTA and New Business Pursuits







Value of submitted proposals expected to increase and shift further towards GTA in FY24

Fiscal Year 2023 Guidance

	Current	Prior	
Revenue	**~$7.60B**	$7.50B - $7.55B	➢ New business, extra working days, on-contract, and acquired revenue growth offset by contract transitions
Adjusted EBITDA %*	**~8.9%**	~8.9%	➢ Reflects continued, strong operating performance
Adjusted Diluted EPS*	**$7.05 - $7.20**	$7.00 - $7.20	➢ Effective tax rate ~ 22% ➢ Interest expense ~$130M, D&A ~$155M ➢ Share repurchases towards upper end of ~$200M-$250M
Free Cash Flow*	**$500M to $520M**	$500M to $530M	➢ Modest pressure due to higher interest expense and timing of collections ➢ Capex ~$35M

*Adjusted EBITDA %, adjusted diluted earnings per share and free cash flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.

The Company does not provide a reconciliation of forward-looking adjusted diluted EPS to GAAP diluted EPS or adjusted EBITDA margin to GAAP net income due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including, but not limited to, amortization of acquired intangible assets and acquisition, integration and restructuring costs. As a result, the Company is not able to forecast GAAP diluted EPS or GAAP net income with reasonable certainty. The variability of the above charges may have an unpredictable and potentially significant impact on our future GAAP financial results.

Initial Fiscal Year 2024 Outlook

Revenue

$7.60B - $7.80B

- 5 fewer working days in F4Q24
- Expect highest growth rates in F2Q24 and F3Q24

Adjusted EBITDA %*

Approximately 9%

- Reflects more favorable mix and benefits from margin improvement initiatives
- Further improvement expected in FY25

Free Cash Flow*

Approximately $560M

- +$50m y/y benefit from payroll tax deferral payment made in FY2023
- Capex ~$35M

Capital Deployment

Dividend:
~$85M

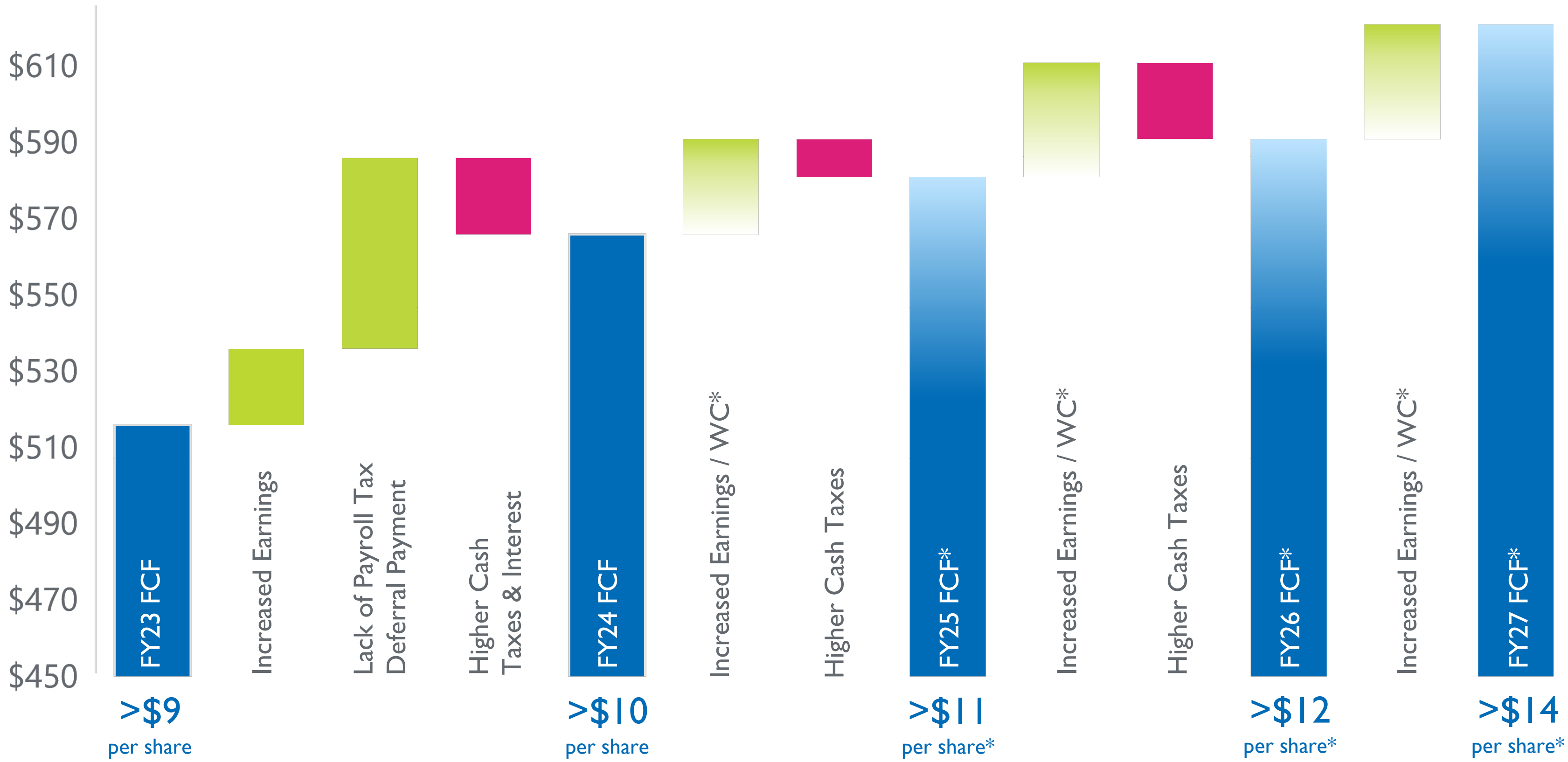
Debt Payments:
~$125M - $225M

Share Repurchase:
~$250M - $350M

- Intend to allocate a minimum of ~$125M towards debt payments with the remaining deployable cash going towards additional debt payments or share repurchase program.
- Interest expense expected in a range of $130M to $150M depending on capital allocation.

*Adjusted EBITDA % and Free Cash Flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.

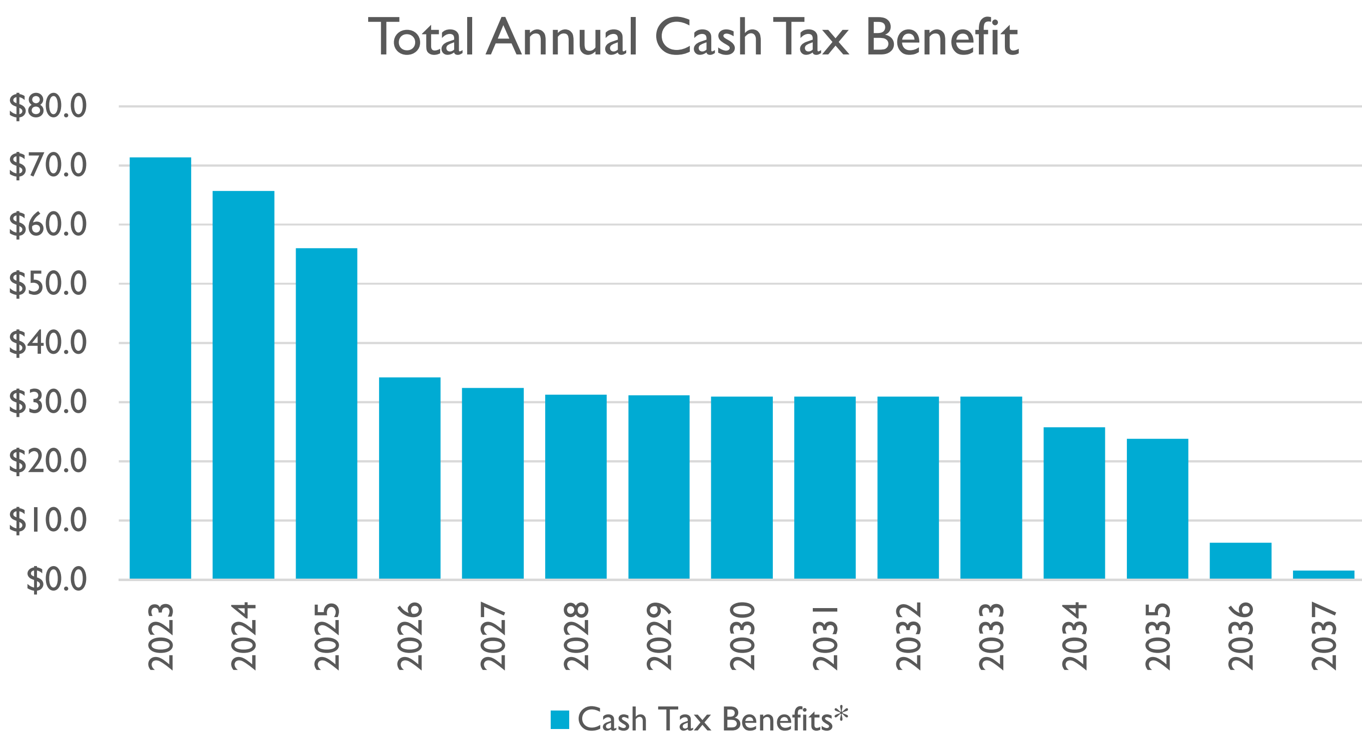
Illustrative FY23 to FY27 Free Cash Flow Walk



* - for illustrative purposes and does not constitute guidance; assumes 2.5% revenue growth, +10bps of y/y adjusted EBITDA margin expansion, and ~$325M of annual share repurchases

Expect free cash flow growth in FY25 and beyond despite manageable cash tax headwinds

SAIC Cash Tax Attributes



Extended visibility provided by long-duration cash tax assets

* - includes NOLs, Intangible Amortization, and Tax Credits

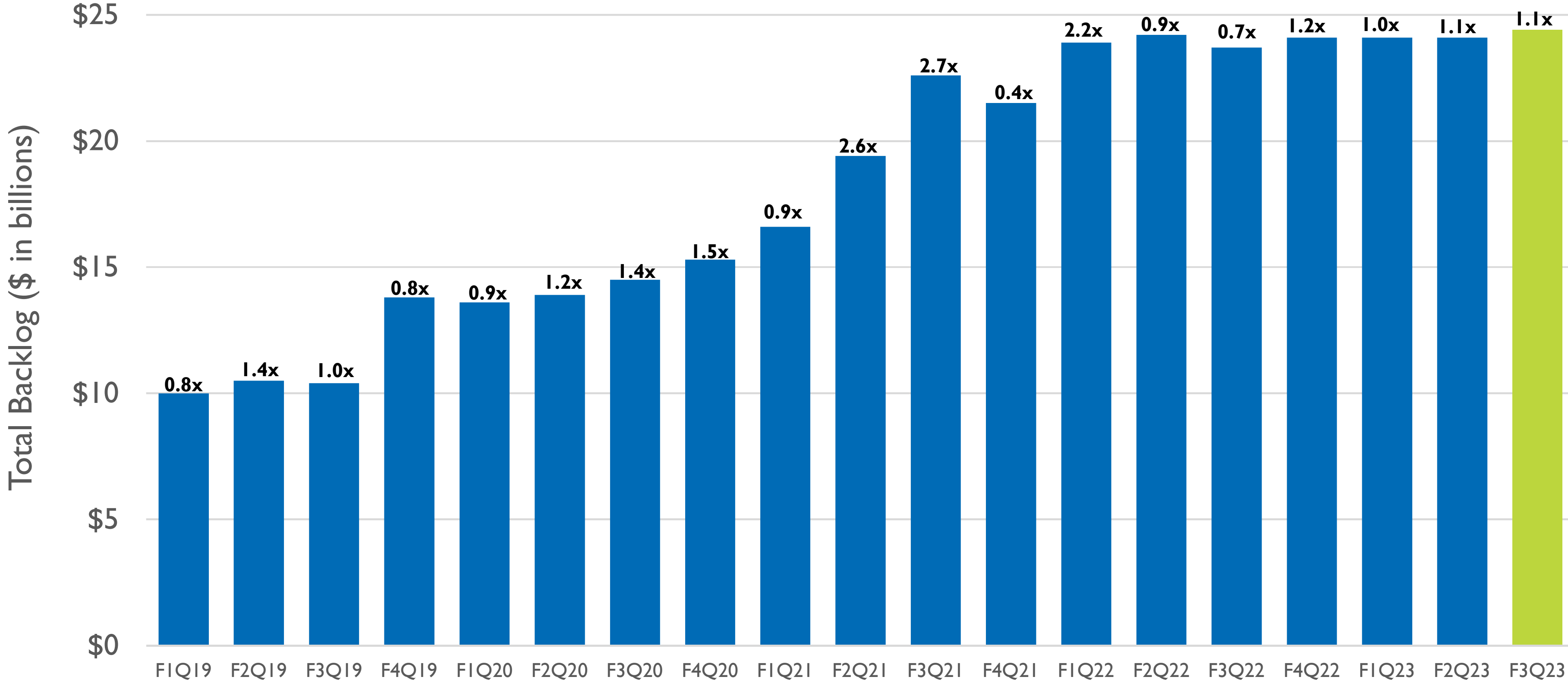
SAIC Historical Share Repurchase Authorizations

Authorization Date	Incremental Shares Added to Authorization	Total "Current" Authorization	Repurchase Authorization as % of Diluted Shares	Approximate Months to Complete	Avg. Shares Repurchased per Month	Avg. Price of Repurchased Shares	Avg. Annualized FCF** / Share During Authorization
October 2013	5,000,000	5,000,000	10%	31	160,000	$43	~$4.50
September 2015	3,540,847+	5,000,000	11%	19	190,000	$69	~$5.00
December 2016	3,287,313+	5,000,000	11%	38	90,000	$79	~$6.50
April 2019	4,623,534+	6,500,000	11%	21*	220,000*	$86*	~$8.00
June 2022	8,000,000+	~8,800,000	16%	TBD	TBD	TBD	>$10.00

* - expected date of completion, average monthly shares repurchased, and average price of repurchased shares based on current trend
** - excludes impact of MARPA facility
+ - Per SAIC share repurchase program convention, figures represent incremental increases to initial 5,000,000 share authorization

>20% Increase in Free Cash Flow + Fewer Shares = Increased Shareholder Value

SAIC Historical Backlog and Book-to-Bill



Backlog Duration (years)	F1Q21	F2Q21	F3Q21	F4Q21	F1Q22	F2Q22	F3Q22	F4Q22	F1Q23	F2Q23	F3Q23
	3.9	4.1	4.0	4.0	4.4	4.4	4.2	4.4	4.4	4.3	4.2

FY23 Q3 BTB of 1.1x and Total Backlog of $24.4B

Appendix

SAIC

Working Days Per Quarter

	Q1	Q2	Q3	Q4	Total
FY24	64	62	63	60	249
FY23	64	62	63	65	254
FY22	64	63	63	60	250
FY21	64	63	63	60	250
FY20	64	63	63	60	250
FY19	64	63	63	60	250

Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA

	Three Months Ended		Nine Months Ended	
	October 28, 2022	October 29, 2021	**October 28, 2022**	October 29, 2021
	(in millions)			
Net income	**$ 80**	$ 71	**$ 228**	$ 235
Interest expense and loss on sale of receivables	**32**	27	**91**	81
Interest income	**(1)**	—	**(1)**	—
Provision for income taxes	**20**	17	**62**	66
Depreciation and amortization	**37**	44	**118**	123
EBITDA(1)	**168**	159	**498**	505
EBITDA as a percentage of revenues	***8.8 %***	*8.4 %*	***8.7 %***	*9.0 %*
Acquisition and integration costs	**1**	12	**11**	36
Restructuring and impairment costs	**5**	1	**7**	1
Depreciation included in acquisition and integration costs and restructuring and impairment costs	**(1)**	—	**(1)**	(1)
Recovery of acquisition and integration costs and restructuring and impairment costs	**(3)**	(1)	**(6)**	(1)
Adjusted EBITDA(1)	**$ 170**	$ 171	**$ 509**	$ 540
Adjusted EBITDA as a percentage of revenues	***8.9 %***	*9.0 %*	***8.9 %***	*9.6 %*
Operating income	**$ 133**	$ 114	**$ 383**	$ 377
Operating income as a percentage of revenues	***7.0 %***	*6.0 %*	***6.7 %***	*6.7 %*
Acquisition and integration costs	**1**	12	**11**	36
Restructuring and impairment costs	**5**	1	**7**	1
Recovery of acquisition and integration costs and restructuring and impairment costs	**(3)**	(1)	**(6)**	(1)
Adjusted operating income(1)	**$ 136**	$ 126	**$ 395**	$ 413
Adjusted operating income as a percentage of revenues	***7.1 %***	*6.6 %*	***6.9 %***	*7.4 %*

(1) EBITDA is a performance measure that is calculated by taking net income and excluding interest and loss on sale of receivables, provision for income taxes, and depreciation and amortization. Adjusted EBITDA and adjusted operating income are performance measures that exclude acquisition and integration costs, impairments, restructuring costs, and any other material non-recurring costs that we do not consider to be indicative of our ongoing operating performance. The acquisition and integration costs relate to the Company's acquisitions of Halfaker, Koverse, and Unisys Federal. The recovery of acquisition and integration costs and restructuring and impairment costs relate to costs recovered through the Company's indirect rates in accordance with Cost Accounting Standards. We believe that these performance measures provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company.

Non-GAAP Reconciliation –
Adjusted Diluted Earnings per Share

	Three Months Ended		Nine Months Ended	
	October 28, 2022	October 29, 2021	**October 28, 2022**	October 29, 2021
Diluted earnings per share	**$ 1.45**	$ 1.22	**$ 4.04**	$ 4.01
Acquisition and integration costs and restructuring and impairment costs, divided by diluted 'weighted-average number of shares outstanding' (WASO)	**0.05**	0.21	**0.21**	0.62
Tax effect of acquisition and integration costs and restructuring and impairment costs, divided by diluted WASO	**(0.01)**	(0.04)	**(0.04)**	(0.12)
Net effect of acquisition and integration costs and restructuring and impairment costs, divided by diluted WASO	**0.04**	0.17	**0.17**	0.50
Amortization of intangible assets, divided by diluted WASO	**0.52**	0.57	**1.68**	1.61
Tax effect of amortization of intangible assets, divided by diluted WASO	**(0.11)**	(0.11)	**(0.36)**	(0.36)
Net effect of amortization of intangible assets, divided by diluted WASO	**0.41**	0.46	**1.32**	1.25
Adjusted diluted earnings per share[(1)]	**$ 1.90**	$ 1.85	**$ 5.53**	$ 5.76

(1) Adjusted diluted earnings per share is a performance measure that excludes acquisition and integration costs, impairments, restructuring costs, and any other material non-recurring costs that we do not consider to be indicative of our ongoing operating performance. The acquisition and integration costs relate to the Company's acquisitions of Halfaker, Koverse, and Unisys Federal. The acquisition and integration costs and restructuring and impairment costs are net of the portion of costs recovered through the Company's indirect rates in accordance with Cost Accounting Standards. Adjusted diluted earnings per share also excludes amortization of intangible assets because we do not have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and the related amortization term are unique to each acquisition. We believe that this performance measure provides management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company.

Non-GAAP Reconciliation – Free Cash Flow

	Three Months Ended		Nine Months Ended	
	October 28, 2022	October 29, 2021	**October 28, 2022**	October 29, 2021
	(in millions)			
Net cash provided by operating activities	**$ 128**	$ 134	**$ 387**	$ 415
Expenditures for property, plant, and equipment	**(6)**	(10)	**(18)**	(27)
Cash used (provided) by MARPA Facility	**—**	—	**(60)**	(15)
Free cash flow[1]	**$ 122**	$ 124	**$ 309**	$ 373

(1) "Free cash flow" is a non-GAAP financial measure that is reconciled in this schedule to the most directly comparable GAAP financial measures. This non-GAAP financial measure provides investors with greater visibility into cash flows provided by operating activities, but 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 methods used to calculate this non-GAAP financial measure may differ from the methods used by other companies and so similarly titled non-GAAP financial measures presented by other companies may not be comparable to those provided in this schedule. Free cash flow is calculated by taking cash flows provided by operating activities less expenditures for property, plant, and equipment and less cash flows from our Master Accounts Receivable Purchasing Agreement (MARPA Facility) for the sale of certain designated eligible U.S. government receivables. Under the MARPA, the Company can sell eligible receivables up to a maximum amount of $300 million.

Non-GAAP Reconciliation – FY23 Free Cash Flow Guidance

	FY23 Guidance (in millions)
Net cash provided by operating activities	**$535 to $555**
Expenditures for property, plant, and equipment	**Approximately $35**
Free cash flow[(1)]	**$500 to $520**

(1) "Free cash flow" is a non-GAAP financial measure that is reconciled in this schedule to the most directly comparable GAAP financial measures. This non-GAAP financial measure provides investors with greater visibility into cash flows provided by operating activities, but 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 methods used to calculate this non-GAAP financial measure may differ from the methods used by other companies and so similarly titled non-GAAP financial measures presented by other companies may not be comparable to those provided in this schedule. Free cash flow is calculated by taking cash flows provided by operating activities less expenditures for property, plant, and equipment and less cash flows from our Master Accounts Receivable Purchasing Agreement (MARPA Facility) for the sale of certain designated eligible U.S. government receivables. Under the MARPA, the Company can sell eligible receivables up to a maximum amount of $300 million.

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From the digital space to space defense, we move you forward.

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