Science Applications International Corporation

Fiscal Year 2023 Fourth Quarter Earnings Call

Supplemental Financial Presentation
April 3, 2023

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 April 3, 2023 along with listening to or reading a transcript of the management comments delivered in an earnings conference call held on April 3, 2023.

All information in these slides are as of April 3, 2023. 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

FY2023 Highlights & FY2024 Outlook

~2% Pro-Forma Organic Revenue Growth; Accelerating to 3% at Midpoint in FY2024

FY2023 Adjusted EBITDA* Margin of 8.8% with FY24 guidance of 9.2% to 9.4%

Signed Agreement to Divest Logistics & Supply Chain Business for $350M (11.5x FCF)

Targeting >$1.25B of Capital Returns to Shareholders by FY26

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.

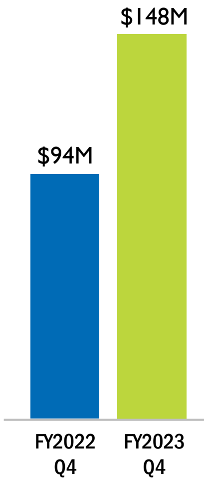
FY2023 Q4 Results[1]

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 fourth quarters ended January 28, 2022 and February 3, 2023.
(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 $21 million and $11 million in FY22 Q4 and FY23 Q4, respectively, of acquisition and integration costs and restructuring costs, net of depreciation included in acquisition and integration costs.
(4) Excludes $21 million and $13 million in FY22 Q4 and FY23 Q4, respectively, of acquisition and integration costs and restructuring costs.

FY2023 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 twelve months ended January 28, 2022 and February 3, 2023.
(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 $56 million and $22 million in FY22 and FY23, respectively, of acquisition and integration costs and restructuring costs, net of depreciation included in acquisition and integration costs.
(4) Excludes $57 million and $25 million in FY22 and FY23, respectively, of acquisition and integration costs and restructuring costs.

Divestiture of Logistics & Supply Chain Business

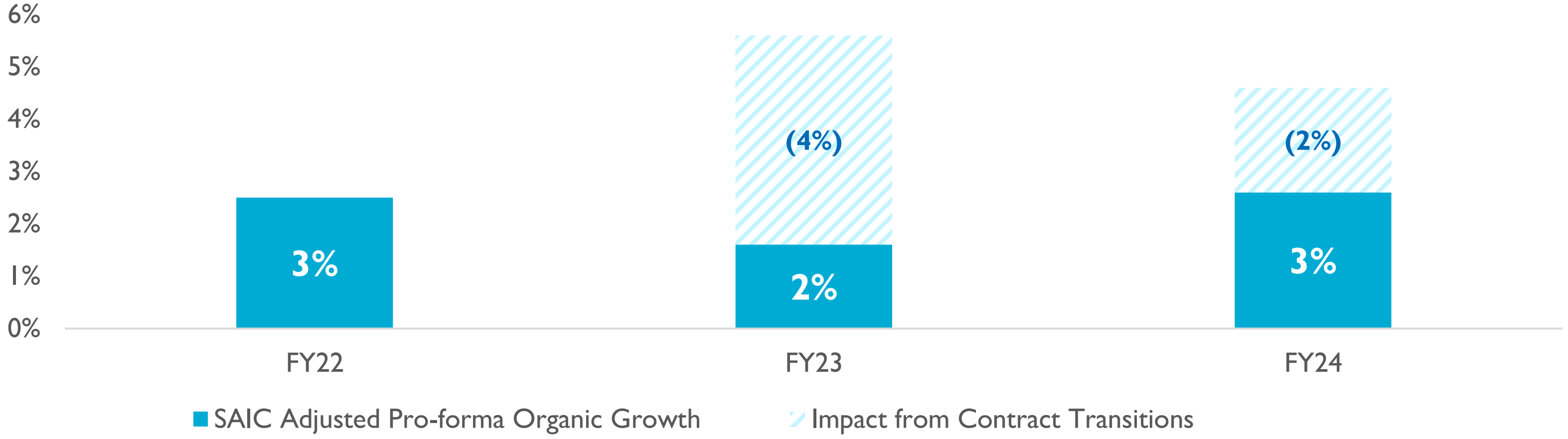
Strategic Rationale

- Accelerates shift of portfolio towards GTA with higher, long-term returns
- Consistent with focus to align portfolio and investments with customer demand
- Reduces enterprise recompete risk
- Allows for increased returns to shareholders with a near-term focus on de-leveraging
- Reaching target leverage of 3x earlier than expected with balance sheet flexibility

Financial Terms

- Transaction expected to close in H1 FY24
- Pre-tax proceeds of $350M represents 11.5x free cash flow (net proceeds of ~$270M) and ~10x adjusted EBITDA
- Pro-forma net leverage of ~3x at closing
- Increases pro-forma adjusted EBITDA margin by approximately 30 bps (+20 bps expected in FY24 with additional +10 bps expected in FY25)

Solid Organic Revenue Growth Expected to Continue



	FY21	FY22	FY22	FY23	FY23	FY24
Revenues, as reported	$7,056	$7,394	$7,394	$7,704	$7,704	$7,125 +
Acquired Revenue		($184)		($73)		
Divested Revenue		$25			($650)	
Working Days Adjustment				($120*)	($135**)	
Adjusted Pro-forma Revenues	$7,056	$7,235	$7,394	$7,511	$6,919	$7,125
Adjusted Pro-forma Organic Revenue y/y		3%		2%		3%

** Results reflect four additional working days in FY23*
*** Results reflect five fewer working days in FY24 adjusted for L&SCM sale*
+ Revenue figures reflect midpoint of provided guidance range

Fiscal Year 2024 Guidance

	PRIOR Fiscal Year 2024 Guidance	Impacts from L&SCM sale, FSA, and Section 174	Impacts from Improved Performance	CURRENT Fiscal Year 2024 Guidance	Fiscal Year 2024 vs. Fiscal Year 2023
Revenue	$7.6B - $7.8B	Less $650M	Plus $50M - $100M	$7.05B - $7.20B	**+3%^**
Adjusted EBITDA Margin (1)	~9%	Plus 0.3%	-	9.2% - 9.4%	**+50 bps**
Adjusted Diluted EPS (1)	Not Provided	-	-	$6.80 - $7.00	**+5%+** **At Normalized Tax Rate**
Free Cash Flow (1)	~$560M	Less $100M	Plus $0M - $20M	$460M - $480M	**+12%****

Key Assumptions

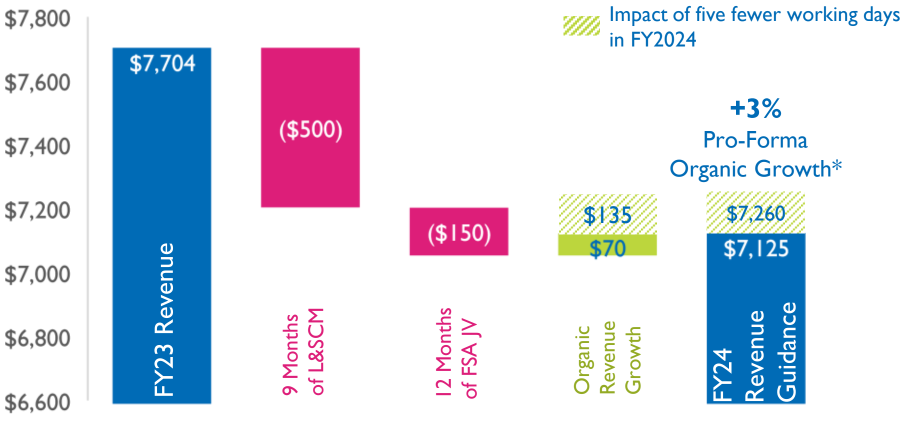
- Deconsolidation of FSA results in FY24 revenue reduction of $150M, increases adjusted EBITDA margin by 0.1%, and reduces free cash flow by ~$5M (SAIC portion of proceeds to be included in Cash Flow from Investing going forward).
- Guidance assumes L&SCM divestiture closes on May 5, 2023 which reduces FY24 revenue by $500M, increases adjusted EBITDA margin by 0.2%, and reduces free cash flow by ~$25M.
- Section 174 is expected to lower FY24 free cash flow by $70M with subsequent impacts of $55M, $35M, and $20M in FY25, FY26, and FY27, respectively.
- FY24 adjusted diluted EPS guidance assumes the following:
  - 24% effective tax rate
  - Interest expense of $135M-$155M
  - Intangible amortization of $110M-$120M

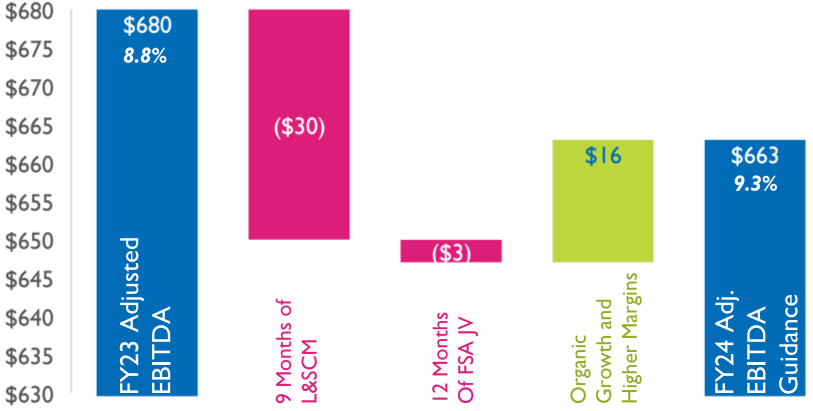
(1) Adjusted EBITDA %, adjusted diluted earnings per share and free cash flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.
^ Adjusted to reflect FSA deconsolidation, L&SCM sale, and fewer working days.
+ Adjusted to reflect L&SCM sale and impact tax rate.
** Adjusted to reflect L&SCM sale and FSA deconsolidation.

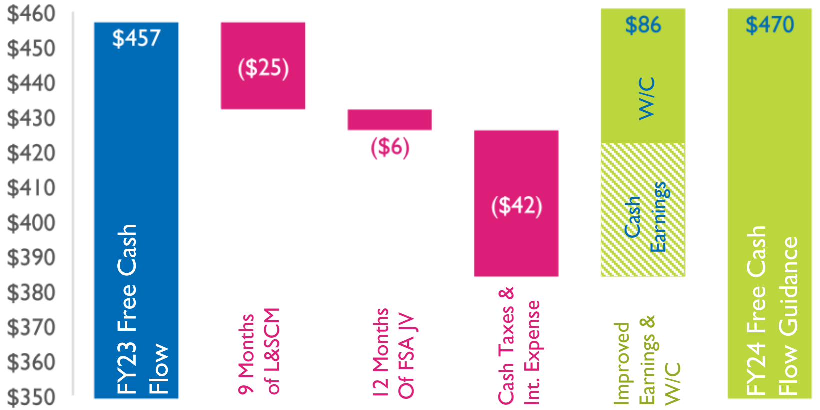
The Company does not provide a reconciliation of forward-looking adjusted diluted EPS to GAAP diluted EPS or adjusted EBITDA margin to GAAP net income due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including, but not limited to, 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.

SAIC

FY2023 to FY2024 Key Financials Walk



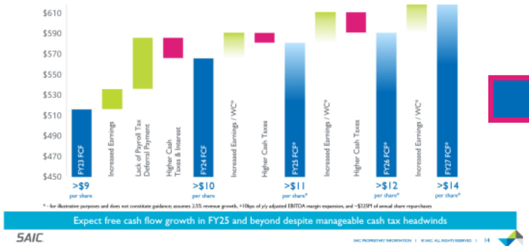




*Adjusted EBITDA % and Free Cash Flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation.

Target FCF Per Share of ~$11 in FY26, Offsetting L&SCM

Prior Illustrative FY23 to FY27 FCF Walk



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

SAIC

SAIC Historical Share Repurchase Authorizations

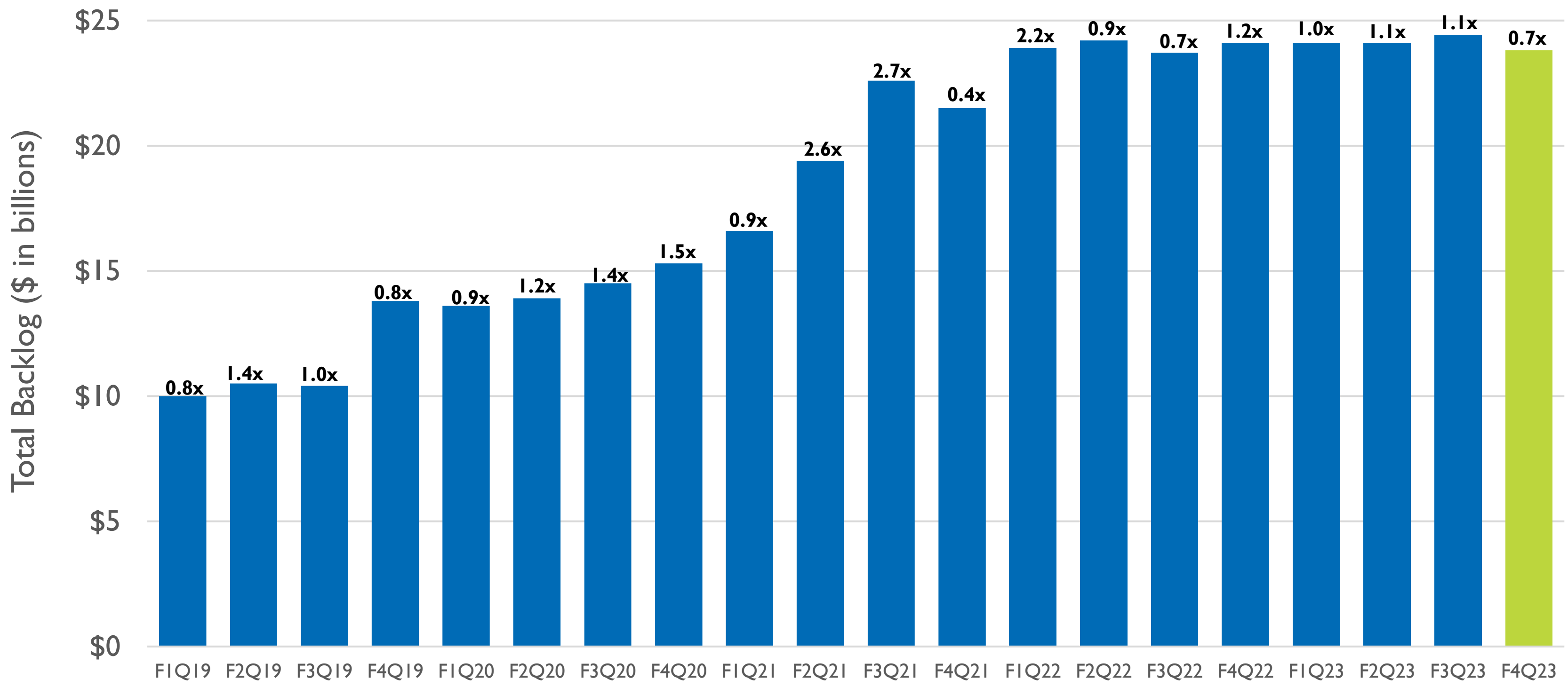
Authorization Date	Incremental Shares Added to Authorization	Total "Current" Authorization	Repurchase Authorization as % of Diluted Shares	Approximate Months to Complete	Avg. Shares Repurchased per Month	Avg. Price of Repurchased Shares	Avg. Annualized FCF** / Share During Authorization
October 2013	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

SAIC Historical Backlog and Book-to-Bill



Backlog Duration (years)	3.9	4.1	4.0	4.0	4.4	4.4	4.2	4.4	4.4	4.3	4.2	4.0

FY23 BTB of 1.0x and Total Backlog of ~$24B

SAIC®

Appendix

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		Year Ended	
	February 3, 2023	January 28, 2022	**February 3, 2023**	January 28, 2022
	(in millions)			
Net income	**$ 75**	$ 44	**$ 303**	$ 279
Interest expense and loss on sale of receivables	**37**	26	**128**	107
Interest income	**(1)**	—	**(2)**	—
Provision for income taxes	**10**	13	**72**	79
Depreciation and amortization	**39**	42	**157**	165
EBITDA(1)	**$ 160**	$ 125	**$ 658**	$ 630
EBITDA as a percentage of revenues	***8.1 %***	*7.0 %*	***8.5 %***	*8.5 %*
Acquisition and integration costs	**2**	20	**13**	56
Restructuring and impairment costs	**17**	1	**24**	2
Depreciation included in acquisition and integration costs and restructuring and impairment costs	**(2)**	—	**(3)**	(1)
Recovery of acquisition and integration costs and restructuring and impairment costs	**(6)**	—	**(12)**	(1)
Adjusted EBITDA(1)	**$ 171**	$ 146	**$ 680**	$ 686
Adjusted EBITDA as a percentage of revenues	***8.7 %***	*8.2 %*	***8.8 %***	*9.3 %*
Operating income	**$ 118**	$ 85	**$ 501**	$ 462
Operating income as a percentage of revenues	***6.0 %***	*4.8 %*	***6.5 %***	*6.2 %*
Acquisition and integration costs	**2**	20	**13**	56
Restructuring and impairment costs	**17**	1	**24**	2
Recovery of acquisition and integration costs and restructuring and impairment costs	**(6)**	—	**(12)**	(1)
Adjusted operating income(1)	**$ 131**	$ 106	**$ 526**	$ 519
Adjusted operating income as a percentage of revenues	***6.7 %***	*5.9 %*	***6.8 %***	*7.0 %*

(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		Year Ended	
	February 3, 2023	January 28, 2022	**February 3, 2023**	January 28, 2022
Diluted earnings per share	**$ 1.34**	$ 0.76	**$ 5.38**	$ 4.77
Acquisition and integration costs and restructuring and impairment costs, divided by diluted 'weighted-average number of shares outstanding' (WASO)	**0.24**	0.36	**0.45**	0.98
Tax effect of acquisition and integration costs and restructuring and impairment costs, divided by diluted WASO	**(0.03)**	(0.07)	**(0.09)**	(0.19)
Net effect of acquisition and integration costs and restructuring and impairment costs, divided by diluted WASO	**0.21**	0.29	**0.36**	0.79
Amortization of intangible assets, divided by diluted WASO	**0.56**	0.59	**2.24**	2.20
Tax effect of amortization of intangible assets, divided by diluted WASO	**(0.07)**	(0.14)	**(0.43)**	(0.49)
Net effect of amortization of intangible assets, divided by diluted WASO	**0.49**	0.45	**1.81**	1.71
Adjusted diluted earnings per share(1)	**$ 2.04**	$ 1.50	**$ 7.55**	$ 7.27

(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		Year Ended	
	February 3, 2023	January 28, 2022	**February 3, 2023**	January 28, 2022
	(in millions)			
Net cash provided by operating activities	**$ 145**	$ 103	**$ 532**	$ 518
Expenditures for property, plant, and equipment	**(7)**	(9)	**(25)**	(36)
Cash used (provided) by MARPA Facility	**10**	—	**(50)**	(15)
Free cash flow[1]	**$ 148**	$ 94	**$ 457**	$ 467

(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 – FY24 Free Cash Flow Guidance

	FY24 Guidance (in millions)
Net cash provided by operating activities	**$490M to $510M**
Expenditures for property, plant, and equipment	Approximately $30M
Free cash flow[1]	**$460M to $480M**

(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.

BRING ON TOMORROW.

TAKING THE WORLD WHERE IT'S NEVER BEEN BEFORE.

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

SAIC®