Second Quarter 2018

Earnings Conference Call

August 1, 2018

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ENGILITY

Engineered to Make a Difference

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Engility's future prospects, projected financial results, estimated integration costs and acquisition related amortization expenses, business plans. Words such as "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are also used to identify these forward-looking statements. These statements are based on the current beliefs and expectations of Engility's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause Engility's actual results to differ materially from those described in the forward-looking statements can be found under the heading "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2017, and more recent documents that have been filed with the Securities and Exchange Commission (SEC) and are available on the investor relations section of Engility's website (http://www.engilitycorp.com) and on the SEC's website (www.sec.gov). Forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, historical information should not be considered as an indicator of future performance.

Q2 2018 Key Takeaways

- **Strong Q2 Results:** Revenue, profitability and cash flow results exceeded expectations
  - Additional work on existing programs, incremental products revenue and strong execution on existing fixed-price contracts drove sequential increases for revenue and profitability
- **Solid results across all businesses**: Space, Intel and Defense
- **Results reflect** movement into higher-end markets, new and unique capabilities, and upgraded talent and performance levels
- **Paid down $25M** of debt in Q2 2018; $50 million year-to-date through July 2018
- **De-risked 2018 plan and reiterating guidance ranges**
- Confident we will **achieve organic growth in 2019**

Strong Q2 2018 Results

- **Revenue**
  - Higher than anticipated product revenue, increased scope on existing programs, and favorable outcomes related to certain contract adjustments and close-outs
- **Adjusted EBITDA**
  - Additional higher margin product revenue, contract related benefits, fixed price contract performance
- **Total backlog**
  - Book-to-bill ratio increased to 1.0x
- **Cash flow**
  - Driven by DSO reduction, higher net income and timing of working capital
- **DSO of 57 days**
  - Strong cash collections

Q2 2018 Financial Snapshot
($ Millions, unless otherwise noted)

	Q2 2018	Q1 2018	Growth
Revenue	$489	$477	3%
Adjusted EBITDA	$47	$40	18%
Margin (%)	*9.7%*	*8.4%*	*130 bps*
Cash Flow from Operations	$47	$6	683%
Book-to-Bill	1.0x	0.9x	0.1x
Total Estimated Contract Value	$3.4 billion	$3.4 billion	—
DSO (days)	57	61	4 day improvement

Growth Initiatives

- **Expanding presence in select new markets**
  - Expanding our reach at the OSD by assisting with the implementation of the DOD Digital Engineering Strategy
  - Leveraging our Space expertise to benefit from the government's desire to enhance space resilience
  - Expanding Air Force Research Lab work to support open architecture and weapons autonomy projects
- **Continuing to grow IDIQ portfolio**
  - Won prime position on ACOTA 2 program with a $600M ceiling. Engility will help train and equip African partner nations in their internationally-mandated peacekeeping efforts
  - Won two additional multi-award IDIQ vehicles with a total ceiling value of more than $180M. These wins enable us to deliver higher-end services such as secure software engineering and mission operations support
- **Growing revenue on existing contracts**
  - Broad footprint across multiple agencies with expanding budgets, coupled with innovative ideas and strong performance enabled us to book $167M of additional work on existing contracts in Q2 2018

Reiterating Fiscal Year 2018 Guidance

Total Revenue	GAAP Diluted EPS	EBITDA	Cash Flow from Operations
$1.83 billion to $1.91 billion	$0.81 to $0.91	$160 million to $170 million	$100 million to $110 million

2018 GAAP diluted EPS guidance includes approximately $4 million of acquisition, restructuring and legal and settlement expenses, $2 million of debt refinancing-related expenses, and $25 million of amortization expense related to intangible assets acquired by the company. It also assumes diluted weighted-average outstanding shares of approximately 38 million and a full-year effective tax rate of approximately 25 percent.

2018 EBITDA guidance includes approximately $4 million of acquisition, restructuring and legal and settlement expenses

FY18 Guidance Assumptions

- **Revenue** expected to be near the high-end of guidance range
- **EBITDA, GAAP EPS and Cash Flow** expected to be near mid-point of guidance ranges
- **Revenue and profitability** anticipated to be relatively equal in Q3 and Q4 2018 and expected to decrease from Q2 2018 due to fewer productive working days, and higher than expected product revenue in the first half of the year
- Total interest expense of **~ $71 million**
- GAAP effective tax rate of **~ 25%**
- Cash taxes of **~$1 million**, anticipated to continue **through 2025** due to our significant tax attributes
- Diluted share count of **~ 38 million shares**
- Capital expenditures of **$10 million to $15 million**
- **~ $100 million** in total debt repayments
- Depreciation and amortization expenses of **~ $45 million**, which includes approximately $25 million dollars of acquisition-related amortization

Appendix

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GAAP to Non-GAAP Reconciliation

Adjusted Operating Income and Adjusted Operating Margin (dollars in thousands)	Three Months Ended		Six Months Ended	
	June 29, 2018	June 30, 2017	June 29, 2018	June 30, 2017
Net income	$ 13,756	$ 9,448	$ 20,344	$ 17,196
Provision for income taxes (1)	4,728	6,050	6,367	11,060
Other expenses (income), net	(108)	(66)	(250)	(59)
Interest expense, net (2)	17,161	18,529	36,539	39,450
Operating Income	**35,537**	**33,961**	**63,000**	**67,647**
Adjustments				
Acquisition, restructuring and legal and settlement expenses, excluding amortization	1,021	2,342	2,453	3,745
Acquisition-related intangible amortization	6,335	6,334	12,669	12,669
Loss (gain) on sale of business and property, plant and equipment, net	15	73	18	(497)
Total adjustments	7,371	8,749	15,140	15,917
Adjusted operating income	**$ 42,908**	**$ 42,710**	**$ 78,140**	**$ 83,564**
Operating margin	7.3%	6.9%	6.5%	6.9%
Adjusted operating margin	8.8%	8.6%	8.1%	8.5%

(1) Cash paid for income taxes for the three months ended June 29, 2018 and June 30, 2017 was $231 and $185, respectively, and for the six months ended June 29, 2018 and June 30, 2017 was $482 and $388, respectively.

(2) Interest expense, net, included refinancing-related expenses of $1,918 and $1,692 for the six months ended June 29, 2018 and June 30, 2017, respectively.

Supplemental: For the three months ended June 29, 2018 and June 30, 2017, the impacts to GAAP net income attributable to Engility from the provision for income taxes and the adjustments noted in the above table were $12 million and $15 million, respectively. For the six months ended June 29, 2018 and June 30, 2017, the impacts to GAAP net income attributable to Engility from the provision for income taxes and the adjustments noted in the above table were $22 million and $27 million, respectively. These results have not been adjusted for cash taxes paid or refinancing-related expenses as noted in footnote 1 and footnote 2, respectively.

GAAP to Non-GAAP Reconciliation

Earnings before interest, taxes, depreciation, and amortization (EBITDA) and Adjusted EBITDA (dollars in thousands)	Three Months Ended		Six Months Ended	
	June 29, 2018	June 30, 2017	June 29, 2018	June 30, 2017
Net income	$ 13,756	$ 9,448	$ 20,344	$ 17,196
Interest, taxes, and depreciation, and amortization				
Interest expense	17,161	18,529	36,539	39,450
Provision for income taxes	4,728	6,050	6,367	11,060
Depreciation and amortization	10,603	11,110	21,740	21,971
EBITDA	**46,248**	**45,137**	**84,990**	**89,677**
Adjustments to EBITDA				
Acquisition, restructuring and legal and settlement expenses, excluding amortization	1,021	2,342	2,453	3,745
Loss (gain) on sale of business and property, plant and equipment, net	15	73	18	(497)
Adjusted EBITDA	**$ 47,284**	**$ 47,552**	**$ 87,461**	**$ 92,925**
EBITDA Margin	9.5%	9.1%	8.8%	9.2%
Adjusted EBITDA Margin	9.7%	9.6%	9.1%	9.5%

Contact Us

Contact Information:

Dave Spille

Vice President, Investor Relations

(703) 984-6120

dave.spille@engility.com

Our website:

engility.com

engility.com

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