

# PAE

## Historical Financial Results

May 13, 2020

# RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA, A NON-GAAP MEASURE- COMPANY

PAE	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
<b>Revenue</b>	<b>575,107</b>	<b>648,583</b>	<b>712,738</b>	<b>672,134</b>	<b>2,608,562</b>	<b>673,484</b>	<b>695,607</b>	<b>697,717</b>	<b>697,086</b>	<b>2,763,893</b>
<i>Yr-o-Yr Growth %</i>	NA	NA	NA	NA	NA	17%	7%	-2%	4%	6%
Net loss attributed to PAE	(153)	(9,615)	(11,578)	(13,113)	(34,459)	(5,719)	2,674	(32,170)	(14,593)	(49,809)
Interest expense, net	19,023	20,729	22,464	22,144	84,360	22,660	21,614	20,984	20,752	86,011
Provision for taxes	118	(3,215)	(1,813)	2,249	(2,661)	(3,147)	1,153	117	(7,254)	(9,131)
Depreciation and Amortization	12,358	11,740	13,960	12,181	50,239	11,667	11,488	11,342	11,584	46,081
M&A costs	1,878	1,650	526	403	4,456	114	951	6,899	5,209	13,172
Disposal of ISR	4,274	10,434	11,513	5,454	31,675	5,643	5,003	32,016	1,774	44,436
Non-core expenses (1)	2,195	2,408	1,488	1,233	7,325	5,508	1,214	2,155	2,086	10,963
Non-cash items (2)	(730)	4,002	5,571	(977)	7,866	826	(4,494)	1,456	6,649	4,437
Forward loss accruals (3)	(7,952)	1,640	7,705	6,776	8,169	1,954	(1,823)	3,323	9,615	13,069
Sponsor fees (4)	1,253	1,276	1,250	1,250	5,029	1,262	1,250	1,250	1,315	5,077
Other (5)	(797)	(810)	(2,469)	(530)	(4,606)	(914)	421	2,591	327	2,425
<b>Adjusted EBITDA</b>	<b>31,467</b>	<b>40,240</b>	<b>48,616</b>	<b>37,070</b>	<b>157,393</b>	<b>39,854</b>	<b>39,450</b>	<b>49,963</b>	<b>37,464</b>	<b>166,731</b>
<i>Yr-o-Yr Growth %</i>	NA	NA	NA	NA	NA	27%	-2%	3%	1%	6%
<b>Adjusted EBITDA margin</b>	<b>5.5%</b>	<b>6.2%</b>	<b>6.8%</b>	<b>5.5%</b>	<b>6.0%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>7.2%</b>	<b>5.4%</b>	<b>6.0%</b>

# RECONCILIATION OF GAAP OPERATING INCOME TO ADJUSTED OPERATING INCOME, A NON-GAAP MEASURE - GMS Segment

GMS Segment	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
<b>Revenue</b>	<b>414,169</b>	<b>479,724</b>	<b>552,548</b>	<b>522,402</b>	<b>1,968,843</b>	<b>504,480</b>	<b>526,025</b>	<b>535,633</b>	<b>533,600</b>	<b>2,099,737</b>
<i>Yr-o-Yr Growth %</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>22%</i>	<i>10%</i>	<i>-3%</i>	<i>2%</i>	<i>7%</i>
Operating income	20,296	17,698	29,980	21,167	89,141	25,792	25,278	25,909	15,407	92,386
Corp operating loss allocation (6)	(7,132)	(7,095)	(2,389)	(3,020)	(19,636)	(7,980)	(2,353)	(7,705)	(3,709)	(21,746)
Corporate NCI allocation	(492)	(578)	(1,139)	(821)	(3,030)	(603)	(814)	(608)	1,973	(51)
Depreciation and Amortization	7,243	6,812	9,067	7,286	30,408	6,612	6,748	6,727	6,847	26,934
M&A costs	1,069	588	365	331	2,353	85	636	5,296	3,987	10,004
Disposal of ISR	-	-	-	-	-	-	-	-	-	-
Non-core expenses (1)	1,581	1,781	1,495	2,371	7,227	3,869	717	677	108	5,371
Non-cash items (2)	(525)	2,960	4,319	(759)	5,994	619	299	(26)	2,262	3,153
Forward loss accruals (3)	(2,177)	3,811	(1,854)	1,492	1,272	385	(1,078)	(341)	5,384	4,349
Sponsor fees (4)	902	944	969	971	3,787	945	945	960	1,007	3,857
Other (5)	(623)	(643)	(2,008)	(413)	(3,687)	(685)	287	1,989	250	1,842
<b>Adjusted operating income</b>	<b>20,140</b>	<b>26,279</b>	<b>38,805</b>	<b>28,605</b>	<b>113,829</b>	<b>29,039</b>	<b>30,665</b>	<b>32,879</b>	<b>33,516</b>	<b>126,099</b>
<i>Yr-o-Yr Growth %</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>44%</i>	<i>17%</i>	<i>-15%</i>	<i>17%</i>	<i>11%</i>
<b>Adjusted operating income margin</b>	<b>4.9%</b>	<b>5.5%</b>	<b>7.0%</b>	<b>5.5%</b>	<b>5.8%</b>	<b>5.8%</b>	<b>5.8%</b>	<b>6.1%</b>	<b>6.3%</b>	<b>6.0%</b>

# RECONCILIATION OF GAAP OPERATING INCOME TO ADJUSTED OPERATING INCOME, A NON-GAAP MEASURE - NSS Segment

NSS Segment	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Revenue	160,938	168,859	160,190	149,732	639,719	169,004	169,582	162,084	163,485	664,156
<i>Yr-o-Yr Growth %</i>	NA	NA	NA	NA	NA	5%	0%	1%	9%	4%
Operating income	9,045	313	(16,692)	(5,221)	(12,556)	(786)	3,972	(26,397)	(13,729)	(36,940)
Corp operating loss allocation (6)	(2,771)	(2,497)	(693)	(866)	(6,827)	(2,673)	(737)	(2,331)	(1,136)	(6,879)
Corporate NCI allocation	43	58	6	40	148	43	103	64	94	304
Depreciation and Amortization	5,115	4,928	4,893	4,895	19,830	5,055	4,738	4,615	4,738	19,146
M&A costs	809	1,062	160	72	2,103	28	311	1,603	1,222	3,164
Disposal of ISR	4,274	10,434	11,513	5,454	31,675	5,643	5,003	32,016	1,774	44,436
Non-core expenses (1)	614	627	(6)	(1,137)	98	1,639	496	1,479	1,978	5,592
Non-cash items (2)	(204)	1,042	1,252	(218)	1,872	207	(4,795)	1,482	4,389	1,283
Forward loss accruals (3)	(5,774)	(2,170)	9,559	5,284	6,898	1,569	(744)	3,665	4,232	8,721
Sponsor fees (4)	351	332	281	278	1,242	317	305	290	308	1,220
Other (5)	(173)	(166)	(462)	(117)	(919)	(229)	134	602	77	583
<b>Adjusted operating income</b>	<b>11,327</b>	<b>13,962</b>	<b>9,810</b>	<b>8,465</b>	<b>43,564</b>	<b>10,813</b>	<b>8,785</b>	<b>17,086</b>	<b>3,947</b>	<b>40,630</b>
<i>Yr-o-Yr Growth %</i>	NA	NA	NA	NA	NA	-5%	-37%	74%	-53%	-7%
<b>Adjusted operating income margin</b>	<b>7.0%</b>	<b>8.3%</b>	<b>6.1%</b>	<b>5.7%</b>	<b>6.8%</b>	<b>6.4%</b>	<b>5.2%</b>	<b>10.5%</b>	<b>2.4%</b>	<b>6.1%</b>

(1) Non-core expenses include certain professional fees, gain/loss on disposal of fixed assets, settlements and certain severance costs.

(2) Non-cash items include idle facilities charges for facilities the Company no longer occupies, pension curtailment costs and unrealized FX gains/losses.

(3) Forward loss accruals include adjustments related to future expected losses recognized in the current period.

(4) Sponsor fees include management fees and out of pocket expenses paid to the Company's private equity sponsor for general management, transactional, financial and other corporate advisory services.

(5) Other costs include adjustments related to adjustments to offset capitalized internal labor and state income taxes that were not captured in reported income tax expense.

(6) Corporate operating loss allocation includes certain selling, general and administrative, depreciation and amortization costs that cannot be assigned to a specific segment; this cost is allocated based on proportionate segment revenues for the period in which the cost is incurred.

## PAE Summary Cash Flow Data

	<b>1Q18</b>	<b>2Q18</b>	<b>3Q18</b>	<b>4Q18</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>
Net cash provided by (used in) operating activities	(9,431)	14,405	(21,563)	(40,252)	39,363	32,559	56,953	(12,229)
Net cash used in investing activities	(11,709)	(53)	(1,946)	(2,843)	(3,614)	23	(2,609)	3,511
Net cash provided by (used in) financing activities	(2,631)	(16,849)	125	52,202	(43,700)	(19,144)	(17,500)	(14,930)