PARSONS

Third QUARTER 2020

Earnings Conference Call

November 4, 2020

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on our current expectations, beliefs and assumptions, and are not guarantees of future performance. Forward-looking statements are inherently subject to uncertainties, risks, changes in circumstances, trends and factors that are difficult to predict, many of which are outside of our control. Accordingly, actual performance, results and events may vary materially from those indicated in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future performance, results or events. Numerous factors could cause actual future performance, results and events to differ materially from those indicated in the forward-looking statements, including, among others: the impact of COVID-19; any issue that compromises our relationships with the U.S. federal government or its agencies or other state, local or foreign governments or agencies; any issues that damage our professional reputation; changes in governmental priorities that shift expenditures away from agencies or programs that we support; our dependence on long-term government contracts, which are subject to the government's budgetary approval process; the size of our addressable markets and the amount of government spending on private contractors; failure by us or our employees to obtain and maintain necessary security clearances or certifications; failure to comply with numerous laws and regulations; changes in government procurement, contract or other practices or the adoption by governments of new laws, rules, regulations and programs in a manner adverse to us; the termination or nonrenewal of our government contracts, particularly our contracts with the U.S. federal government; our ability to compete effectively in the competitive bidding process and delays, contract terminations or cancellations caused by competitors' protests of major contract awards received by us; our ability to generate revenue under certain of our contracts; any inability to attract, train or retain employees with the requisite skills, experience and security clearances; the loss of members of senior management or failure to develop new leaders; misconduct or other improper activities from our employees or subcontractors; our ability to realize the full value of our backlog and the timing of our receipt of revenue under contracts included in backlog; changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts; changes in estimates used in recognizing revenue; internal system or service failures and security breaches; and inherent uncertainties and potential adverse developments in legal proceedings, including litigation, audits, reviews and investigations, which may result in materially adverse judgments, settlements or other unfavorable outcomes. These factors are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional factors that could materially adversely affect our business and financial performance, see the factors included under the caption "Risk Factors" in our Annual Report with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2019 on Form 10K, filed on March 10, 2020, and our other filings with the Securities and Exchange Commission. All forward-looking statements are based on currently available information and speak only as of the date on which they are made. We assume no obligation to update any forward-looking statement made in this presentation that becomes untrue because of subsequent events, new information or otherwise, except to the extent we are required to do so in connection with our ongoing requirements under federal securities laws.

Q3 2020 REVENUE

$1 Billion

NET INCOME

$41 Million

ADJUSTED EBITDA

$101 Million

CASH FLOW FROM OPERATIONS

$145 Million

FEDERAL SOLUTIONS BOOK-TO-BILL RATIO

1.5x

STRONG BALANCE SHEET

0.8x Pro Forma Net Debt Leverage Ratio

Q3 2020 KEY TAKEAWAYS

Strong adjusted EBITDA and cash flow results

- Strong program execution resulted in record adjusted EBITDA of $101M and margin of 10.0%, and drove strong operating cash flow of $145M
- Net income of $41M; decrease due to nonrecurring positive tax benefit in Q3 2019
- Q3 2020 book-to-bill ratio of 1.2x, driven by 1.5x in Federal Solutions

Recently announced intent to acquire Braxton for $300M

- Reinforces Parsons' strong position in rapidly expanding space market
- Expands addressable market to include critical ground-based technology systems
- Exceeds all quantitative and qualitative M&A criteria

Robust balance sheet

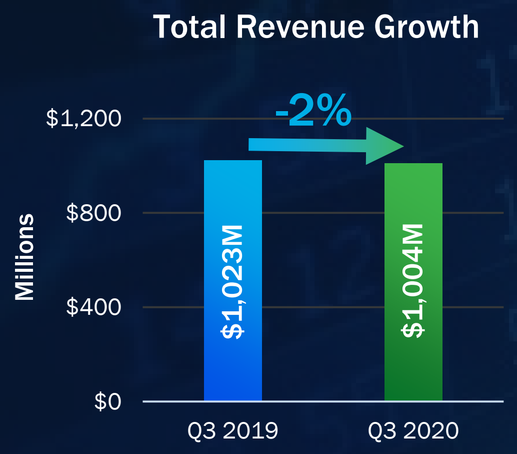
- Raised $400M of additional capital to fund strategic Braxton acquisition and enabled investment in additional growth opportunities
- Pro forma net debt leverage ratio of 0.8x as of 9/30/20 post Braxton acquisition

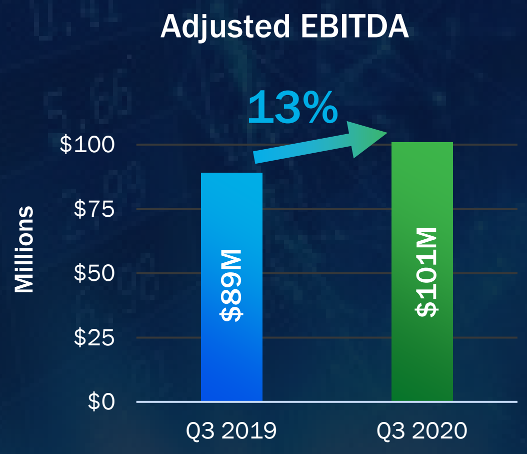
Narrowed adjusted EBITDA guidance range; reiterated revenue and cash flow guidance ranges

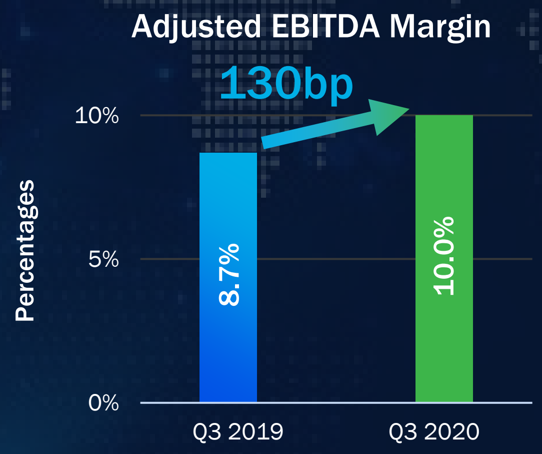
Q3 2020 FINANCIAL HIGHLIGHTS

Delivered Strong Third Quarter Adjusted EBITDA

- Total revenue of $1B decreased 2% YOY against a backdrop of challenging global macroeconomic conditions
- Total organic revenue decreased 2% YOY; FS growth offset by expected CI decrease consistent with strategy to roll-off low margin pass-through work
- Adjusted EBITDA increased 13% to $101M; adjusted EBITDA margin increased 130 basis points to 10.0%
- Net income decreased to $41M; net income margin decreased to 4.0%
- Q3 2020 cash flow from operating activities of $145M
- Q3 2020 book-to-bill ratio of 1.2x; trailing 12-month book-to-bill ratio of 1.0x





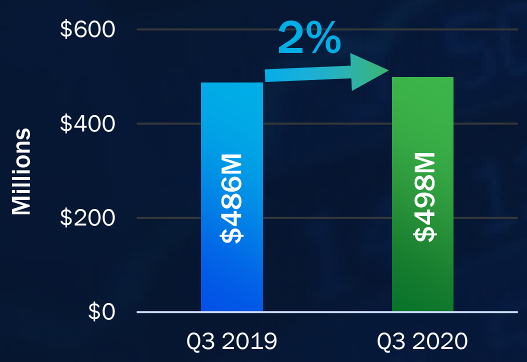


BUSINESS SEGMENT HIGHLIGHTS

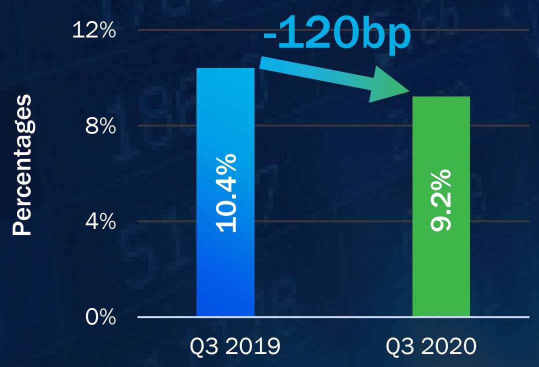
Federal Solutions

- Total revenue increased 2.5% YOY to $498M
- Organic revenue increased 2%
- Adjusted EBITDA margin decreased to 9.2% due a large incentive fee recognized in Q3 2019 and higher pass-through revenue

Revenue Growth



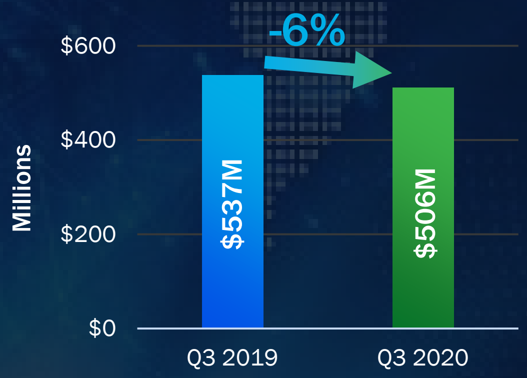
Adjusted EBITDA Margin



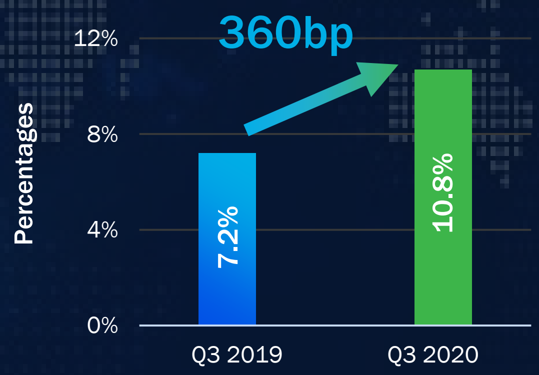
Critical Infrastructure

- Total revenue decreased 6% YOY to $506M driven primarily by lower volume on contracts with significant pass-through revenue
- Adjusted EBITDA margin increased 360 basis points to 10.8% driven by higher earnings on unconsolidated JV's and lower IG&A costs

Revenue Growth



Adjusted EBITDA Margin



Q3 2020 SIGNIFICANT CONTRACT WINS

Awarded
$307M

Awarded $307M contract with classified customer

Awarded
$115M

Awarded $115M option year on Combatant Commands Cyber Mission Support (CCMS) contract

Awarded
$51M

Awarded $51M contract by USAF for manufacturing, integration and sustainment of 13 Recovery of Airbase Denied by Ordnance (RADBO) systems. RADBO employs Parsons' ZEUS™ directed energy system to destroy unexploded ordinance with extreme accuracy and enhances warfighter safety. This is the first DoD ground-based laser system placed into production.

BRAXTON SCIENCE & TECHNOLOGY GROUP

STRATEGIC HIGH-GROWTH M&A CONTINUES

Complementary Pending Acquisition Positions Parsons to:

- Capitalize on quickly evolving missions of national security space customers
- Address rapid market growth driven by proliferation of low earth orbit (LEO) constellations, small satellite expansion, and space cyber resiliency
- Exploit Braxton's broad portfolio exceeding 50 proprietary COTS products and development and sustainment of key GOTS products to meet customer spacecraft ground control and spacecraft integration requirements
- Operate at the forefront of Air Force's Enterprise Ground Services initiative, a next generation architecture that will unify spacecraft ground control operations across multiple major government agencies

Proactive, Disciplined Approach to M&A:

- Parsons has worked with Braxton in the past and shares a common cultural philosophy that is focused on innovation and technology differentiation
- A strong reputation in the market and can benefit from Parsons' scale and broader set of capabilities
- Identified and sourced in a very limited sale process

Financially Aligned with Parsons' M&A Criteria:

- Expected to generate approx. \$133M of revenue and \$23M of adjusted EBITDA in 2021
- Historical/projected revenue growth exceeds 10%; adjusted EBITDA margin exceeds 10%
- Expected to be accretive to adjusted EPS in 2021
- Valuation of 11x Braxton's estimated 2021 adjusted EBITDA including \$42M tax benefit associated with transaction

FISCAL YEAR 2020 GUIDANCE

Narrowing Adjusted EBITDA Guidance Range

(in millions)	Current FY20 Guidance	Prior FY20 Guidance
Revenue	**$3.95 - $4.05 billion**	**$3.95 - $4.05 billion**
Adjusted EBITDA including non-controlling interest	**$340 - $360 million**	**$330 - $360 million**
Cash Flow from Operating Activities	**$230 - $250 million**	**$230 - $250 million**

The company is narrowing its adjusted EBITDA guidance range for fiscal year 2020 and reiterating the revenue and cash flow from operating activities guidance ranges it initially issued on March 10, 2020, based on its financial results for the first nine months of 2020 and its current outlook for the remainder of year. The table above summarizes the company's fiscal year 2020 guidance.

Net income guidance is not presented as the company believes market volatility in its share price and the resulting impact on the company's equity-based compensation expense, as well as charges to interest, taxes, depreciation, amortization and other matters affecting net income will preclude the company from providing accurate net income guidance for fiscal year 2020.

APPENDIX: SUPPLEMENTAL MATERIALS

ADJUSTED EBITDA RECONCILIATION

PARSONS CORPORATION
Non-GAAP Financial Information
Reconciliation of Net Income to Adjusted EBITDA
(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income attributable to Parsons Corporation	$40,658	$56,812	$76,930	$106,812
Interest expense, net	5,387	4,482	13,144	18,448
Income tax provision (benefit)	16,017	(15,453)	32,992	(67,063)
Depreciation and amortization (a)	30,952	31,027	95,442	92,692
Net income attributable to noncontrolling interests	5,862	4,481	15,086	8,012
Equity based compensation (b)	(991)	(1,657)	4,142	45,504
Transaction-related costs (c)	2,411	9,891	11,937	26,961
Restructuring (d)	365	309	1,475	2,880
Other (e)	140	(902)	1,310	2,973
Adjusted EBITDA	$100,801	$88,990	$252,458	$237,219

(a) Depreciation and amortization for the three and nine months ended September 30, 2020 is $25.7 million and $80.1 million, respectively in the Federal Solutions Segment and $5.3 million and $15.4 million, respectively in the Critical Infrastructure Segment. Depreciation and amortization for the three and six months ended September 30, 2019 is $26.0 million and $75.1 million, respectively in the Federal Solutions Segment and $5.0 million and $17.6 million, respectively in the Critical Infrastructure Segment.

(b) Reflects equity-based compensation costs primarily related to cash-settled awards.

(c) Reflects costs incurred in connection with acquisitions, initial public offering, and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.

(d) Reflects costs associated with and related to our corporate restructuring initiatives.

(e) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

ADJUSTED EBITDA ATTRIBUTABLE TO NCI

PARSONS CORPORATION
Non-GAAP Financial Information
Computation of Adjusted EBITDA Attributable to Noncontrolling Interests
(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$45,874	$50,359	$125,191	$126,658
Federal Solutions Adjusted EBITDA attributable to noncontrolling interests	62	86	210	321
Federal Solutions Adjusted EBITDA including noncontrolling interests	$45,936	$50,445	$125,401	$126,979
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	48,856	33,976	111,732	102,177
Critical Infrastructure Adjusted EBITDA attributable to noncontrolling interests	6,009	4,569	15,325	8,063
Critical Infrastructure Adjusted EBITDA including noncontrolling interests	$54,865	$38,545	$127,057	$110,240
Total Adjusted EBITDA including noncontrolling interests	$100,801	$88,990	$252,458	$237,219

ADJUSTED NET INCOME ATTRIBUTABLE TO PARSONS

PARSONS CORPORATION
Non-GAAP Financial Information
Reconciliation of Net Income Attributable to Parsons Corporation to Adjusted Net Income Attributable to Parsons Corporation
(in thousands, except per share information)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income attributable to Parsons Corporation	$40,658	$56,812	$76,930	$106,812
Deferred tax asset recognition (a)	737	(29,309)	737	(85,672)
Acquisition related intangible asset amortization	20,881	22,143	65,707	64,438
Equity based compensation (b)	(991)	(1,657)	4,142	45,504
Transaction-related costs (c)	2,411	9,891	11,937	26,961
Restructuring (d)	365	309	1,475	2,880
Other (e)	140	(902)	1,310	2,973
Tax effect on adjustments	(6,660)	(5,025)	(22,251)	(23,091)
Adjusted net income attributable to Parsons Corporation	57,541	52,262	139,987	140,805
Adjusted earnings per share:				
Weighted-average number of basic shares outstanding	100,737	99,435	100,700	89,977
Weighted-average number of diluted shares outstanding (f)	101,115	99,435	101,022	89,977
Adjusted net income attributable to Parsons Corporation per basic share	$0.57	$0.53	$1.39	$1.56
Adjusted net income attributable to Parsons Corporation per diluted share	$0.57	$0.53	$1.39	$1.56

(a) Reflects the reversal of a deferred tax asset as a result of the company converting from an S-Corporation to a C-Corporation.

(b) Reflects equity-based compensation costs primarily related to cash-settled awards.

(c) Reflects costs incurred in connection with acquisitions, initial public offering, and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.

(d) Reflects costs associated with and related to our corporate restructuring initiatives

(e) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

(f) Excludes dilutive effect of convertible senior notes due to bond hedge.