

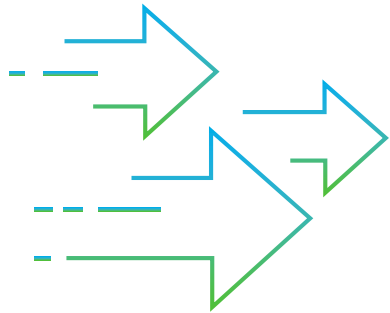


# FIRST QUARTER 2020

Earnings Conference Call

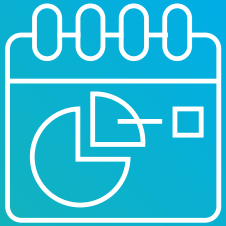
May 6, 2020

# 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: 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.



## Q1 2020 REVENUE

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\$971 Million

## NET INCOME

---

\$13 Million

## ADJUSTED EBITDA

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\$60 Million

## CASH FLOW USED IN OPERATIONS

---

\$119 Million

## BOOK-TO-BILL RATIO

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1.0x

## STRONG BALANCE SHEET

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0.6x Net Debt Leverage Ratio

# Q1 2020 KEY TAKEAWAYS

## Strong Revenue Results

- Revenue of \$971M, increased 7% year-over-year; driven by strong organic growth
  - Federal Solutions organic growth of 11%; second consecutive quarter of double-digit organic growth
  - Critical Infrastructure organic growth of 2.5%
- Net income up 33% to \$13M
- Adjusted EBITDA margin of 6.2%, exceeded company's internal plan; Q1 is historically the company's lowest margin quarter
- Q1 2020 book-to-bill ratio of 1.0x, driven by 1.3x in Federal Solutions

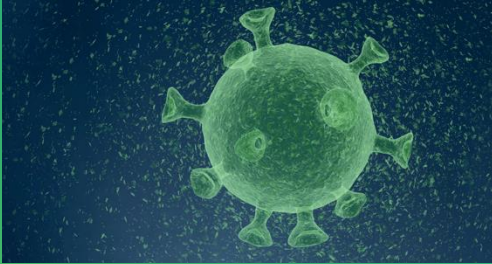
**Investing in critical areas that drive growth:** Business Development, R&D, recruiting, retention, and training of our talented employees

**Balanced portfolio continues to be a strength:** financially stable government customers in both segments

**Strategically maintained strong balance sheet:** low leverage, over \$400M of undrawn revolver capacity, deep backlog leaves company well-positioned

**Reiterated all fiscal year 2020 guidance metrics**

# COVID-19: ONE WORLD / ONE TEAM



## Express Our Deepest Sympathies to Everyone Impacted by COVID-19 Pandemic

- Outbreak has been a tragic event. Reminds us that the true measure of humankind is not our responses in times of normalcy, but how we rise to the challenges of adversity



## Inspired by Support Our Employees Have Provided to Communities and Customers

- U.S. team initiated an effort to print 3D face masks for both our employees and health care professionals
- Abu Dhabi team is working closely with the local government to sanitize public areas to help prevent the spread of COVID-19



## World-class Customers Enacting Beneficial Policies

- CARES Act legislation is an effective tool against lost productivity
- Department of Defense identified Federal Solutions industry as mission critical
- President's 2021 Defense budget request and apparent bipartisan support is encouraging
- Most Critical Infrastructure jobs deemed mission essential



# PROACTIVELY MANAGING COVID-19 ENVIRONMENT

COVID-19 Internal and External Operational Excellence



## Internal

- Holding daily corporate response management team meetings since January
- Protecting the health and well-being of our employees
  - Produced and delivered over 1,000 3D-printed face masks to protect employees (and donate to health care providers)
  - Deployed IT equipment and now nearly 90% of staff is working remotely
  - Redeployed staff impacted by customer work requirements
  - Enhanced leave policies
  - Increased frequency for sanitizing facilities
- Virtualized our security operations center, enhanced our cybersecurity protections and ensured continuity of operations across the portfolio



## External

- Programs have been largely classified as mission essential and obtained permission for remote work
- Continued to deliver on our customers' critical missions
- Second successful small satellite launch manifested with an Advanced Extremely High Frequency satellite
- Employees' outstanding performance recognized in response to work performed under COVID-19 challenges

# PROACTIVELY PURSUING COVID-19 OPPORTUNITIES



## COVID-19 Awards Post Q1 2020

- Providing personal protective equipment as-a-service for N95 mask decontamination
- Deployment of virtual transportation management centers



## COVID-19 Solutions Organized into Four Categories

- Touchless screening solutions and virus testing
- Bio-surveillance
- Cyber Protection
- Digital Transformation



## COVID-19 Example Solutions

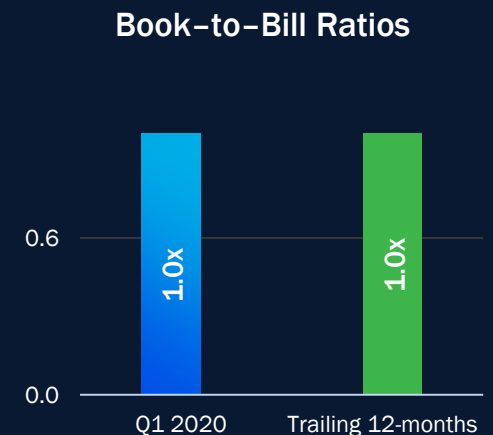
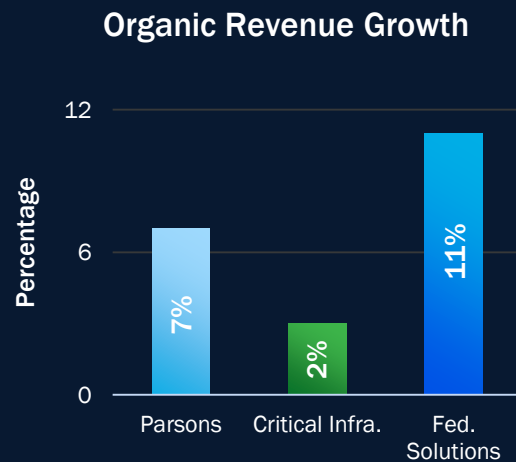
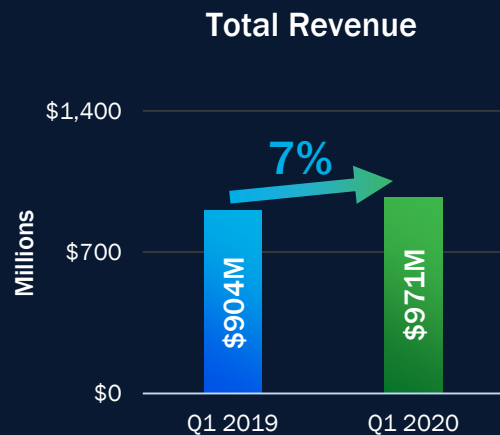
- DetectWise™ suite of offerings will reinvent the entire passenger screening experience through system integration of best-of-breed emerging technologies, data analytics and AI. This suite of products includes a touchless health screening kiosk, mobile virus testing laboratory, and a decontamination facility
- With partners, developing scalable nationwide IT architectures for monitoring individuals tested for COVID-19, and a sensing solution to monitor and detect biohazards
- FS and CI Cybersecurity solutions have synergistic applications to healthcare industry

# Q1 2020 FINANCIAL HIGHLIGHTS



## Delivered Record First Quarter Revenue

- Revenue increase driven primarily by organic growth in both Federal Solutions (FS) and Critical infrastructure (CI) segments
- Q1 2020 total organic revenue increased 7% year-over-year
- Net income increased 33% to \$13M; Adjusted EBITDA of \$60M, decreased 16% from Q1 2019
- Net income margin increased to 1.3%; Adjusted EBITDA margin of 6.2%, exceeded company's internal plan; Q1 historically is the company's lowest margin quarter
- Q1 2020 cash flow used in operating activities of \$119M; increase in outflow driven primarily by payment of previously disclosed legacy long-term incentive compensation plans linked to the company's share price. Impacted to a lesser degree by slower than anticipated collections in FS segment, and in the Middle East within CI segment
- Total backlog decreased 9% from Q1 2019
- Q1 2020 book-to-bill ratio of 1.0x; driven by FS of 1.3x





# SIGNIFICANT CONTRACT WINS IN Q1 2020



Awarded  
**\$180M**

Awarded a contract valued at approximately \$180M for security work by a classified customer.



Awarded  
**\$109M**

Awarded a \$109M contract by the General Services Administration's Special Programs Division to provide program, design and construction management services for a wide range of Federal Customers Nationwide.



Awarded  
**\$91M**

Awarded a contract valued at \$91 million with the Air Force research laboratory to perform functional onsite training, demonstrations, enhancements, modifications, integration, testing, and deployment of technologies.



# ETHICS AND IT LEADERSHIP; CSR REPORT PUBLISHED



## One of the World's Most Ethical Companies

Named by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, as one of the 2020 World's Most Ethical Companies<sup>®</sup>. The company has been honored with this recognition for **11** consecutive years.



## One of the World's Most Innovative Companies

Named to the CIO 100 list of the world's most innovative companies. The CIO 100 Award celebrates companies that are using IT in innovative ways to deliver business value, whether by creating competitive advantage, optimizing business processes, enabling growth or improving relationships with customers.



## CSR Report Highlights ESG Accomplishments

Published Parsons' 2020 CSR report titled "Believe in Better" on April 22, Earth Day (report located on Parsons.com). In addition to reporting on the company's environmental, social and governance (ESG) accomplishments, the report highlights the company's implementation of best practices and innovative approaches to creating value for stakeholders while enhancing the communities in which we live, work and play.

# REITERATED FISCAL YEAR 2020 GUIDANCE



## Total Revenue

\$3.95 billion to  
\$4.05 billion



## Adjusted EBITDA

\$330 million to  
\$360 million



## Cash Flow From Operations

\$230 million to  
\$250 million

Net income guidance is not presented as the Company believes market volatility and the resulting potential for fluctuations in the Company's stock price and the related impact on the Company's equity-based compensation expense and net income will preclude the Company from providing accurate projections 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	
	March 31, 2020	March 31, 2019
Net income attributable to Parsons Corporation	\$12,973	\$9,741
Interest expense, net	3,794	7,815
Income tax provision (benefit)	5,084	1,886
Depreciation and amortization (a)	32,409	30,591
Net income attributable to noncontrolling interests	1,398	3,645
Equity based compensation (b)	(7,721)	3,850
Transaction-related costs (c)	12,011	9,355
Restructuring (d)	(33)	2,218
Other (e)	581	2,923
<b>Adjusted EBITDA</b>	<b>\$60,496</b>	<b>\$72,024</b>

(a) Depreciation and amortization for the three months ended March 31, 2020 and March 31, 2019 is \$27.4 million and \$24.8 million, respectively in the Federal Solutions Segment and \$5.0 million and \$5.8 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

	Three Months Ended	
	March 31, 2020	March 31, 2019
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	\$31,617	\$40,599
Federal Solutions Adjusted EBITDA attributable to noncontrolling interests	92	126
Federal Solutions Adjusted EBITDA including noncontrolling interests	\$31,709	\$40,725
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	27,357	27,676
Critical Infrastructure Adjusted EBITDA attributable to noncontrolling interests	1,430	3,623
Critical Infrastructure Adjusted EBITDA including noncontrolling interests	\$28,787	\$31,299
<b>Total Adjusted EBITDA including noncontrolling interests</b>	<b>\$60,496</b>	<b>\$72,024</b>

# RECONCILIATION OF 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	
	March 31, 2020	March 31, 2019
Net income attributable to Parsons Corporation	\$12,973	\$9,741
Acquisition related intangible asset amortization	22,699	20,906
Equity based compensation (a)	(7,721)	3,850
Transaction-related costs (b)	12,011	9,355
Restructuring (c)	(33)	2,218
Other (d)	581	2,923
Tax effect on adjustments	(7,568)	(488)
Adjusted net income attributable to Parsons Corporation	32,942	48,505
Adjusted earnings per share:		
Weighted-average number of basic shares outstanding	100,670	78,161
Weighted-average number of diluted shares outstanding	100,899	78,161
Adjusted net income attributable to Parsons Corporation per basic share	\$0.33	\$0.62
Adjusted net income attributable to Parsons Corporation per diluted share	\$0.33	\$0.62

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

(b) 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.

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

(d) 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.