



# Second Quarter 2023 Results

TRUSTED WHEREVER  
THE MISSION LEADS

August 8, 2023

# Call Participants

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**Chuck Prow**

President and Chief  
Executive Officer



**Susan Lynch**

Senior Vice President and  
Chief Financial Officer



## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended (the Securities Act), and the Private Securities Litigation Reform Act of 1995 and, as such, may involve risks and uncertainties. All statements included or incorporated by reference in this presentation, other than statements that are purely historical, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “could,” “potential,” “continue” or similar terminology. These statements are based on the beliefs and assumptions of the management of the Company based on information currently available to management. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements.

We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to: our ability to submit proposals for and/or win all potential opportunities in our pipeline; our ability to retain and renew our existing contracts; our ability to compete with other companies in our market; security breaches and other disruptions to our information technology and operation; our mix of cost-plus, cost-reimbursable, and firm-fixed-price contracts; maintaining our reputation and relationship with the U.S. government; protests of new awards; economic, political and social conditions in the countries in which we conduct our businesses; changes in U.S. or international government defense budgets; government regulations and compliance therewith, including changes to the DoD procurement process; changes in technology; intellectual property matters; governmental investigations, reviews, audits and cost adjustments; contingencies related to actual or alleged environmental contamination, claims and concerns; delays in completion of the U.S. government's budget; our success in extending, deepening, and enhancing our technical capabilities; our success in expanding our geographic footprint or broadening our customer base; our ability to realize the full amounts reflected in our backlog; impairment of goodwill; misconduct of our employees, subcontractors, agents, prime contractors and business partners; our ability to control costs; our level of indebtedness; terms of our credit agreement; inflation and interest rate risk; subcontractor performance; economic and capital markets conditions; our ability to maintain safe work sites and equipment; our ability to retain and recruit qualified personnel; our ability to maintain good relationships with our workforce; our teaming relationships with other contractors; changes in our accounting estimates; the adequacy of our insurance coverage; volatility in our stock price; changes in our tax provisions or exposure to additional income tax liabilities; risks and uncertainties relating to the Merger; risks and uncertainties relating to the Spin-off; changes in accounting principles generally accepted in the United States (“GAAP”); and other factors described in Item 1A, “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2022 and described in our other filings with the SEC.

## Use of Projections

The financial projections, estimates and targets in this presentation are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond the V2Xs' control. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial projections, estimates and targets. The inclusion of financial projections, estimates and targets in this presentation should not be regarded as an indication that V2X or its representatives considered or consider the financial projections, estimates and targets to be a reliable prediction of future events.

## Use of Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures that are not prepared in accordance with GAAP, including forward-looking measures, which may be different from non-GAAP financial measures used by other companies. These non-GAAP measures, and other measures that are calculated using these non-GAAP measures, are an addition, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to operating income, net income or any other performance measures derived in accordance with GAAP. We have provided additional information regarding these measures in the Appendix to this presentation. Reconciliations of our forward-looking non-GAAP measures to the closest corresponding GAAP measures are not available without unreasonable efforts due to the uncertainties discussed above, which could have a potentially significant impact on our future results.



# V2X for Everyone

Integrity, Professionalism, Respect, Responsibility

At V2X we harness our diversity to positively impact business outcomes



Total global employees:  
approximately  
**15,000**



Millennial:  
**38%**  
Gen X:  
**38%**



\*Global Women  
representation in  
leadership roles:  
**25%**



\*Global Women  
representation in  
technical roles:  
**17%**



Employees who  
self-identify as a  
veteran:  
**42%**



Employees who  
self-identify as a  
person of color:  
**45%**



Employees who self-  
identify as a person  
with a disability:  
**12%**



Executive Leaders  
who self-identify as  
a woman:  
**28%**



Executive leaders  
who self-identify as  
having a disability:  
**13%**



Supervisors who  
self-identify as  
people of color:  
**58%**



Supervisors who  
self-identify as a  
veteran:  
**50%**



Employees who  
disclose personal  
demographic data:  
**93%**

# Q2'23 Highlights



- ✔ Strong Q2'23 results; Revenue of \$977.9M; up 10% y/y on a pro forma basis
- ✔ Adjusted EBITDA<sup>1</sup> of \$76.4M with a margin<sup>1</sup> of 7.8% ; Adjusted diluted EPS<sup>1</sup> of \$1.01
- ✔ Net debt to EBITDA<sup>2</sup> Leverage Ratio improved ~0.4x sequentially to 3.48x
- ✔ Pacific revenue increased 41% y/y, driven by enhanced mission requirements and training exercises
- ✔ Backlog grew 10% sequentially to \$13.0B, driven by strong Q2 bookings of \$2.1B (2.2x book-to-bill)
- ✔ Awarded first ever task order with Department of State
- ✔ Won engineering, integration, and manufacturing work with new clients
- ✔ Recently began phase in of \$440M seven-year Naval Test Wing Pacific award
- ✔ Raising mid-point of 2023 revenue, adjusted EBITDA<sup>1</sup>, and adjusted diluted EPS guidance

<sup>1</sup> See appendix for reconciliation of non-GAAP measures.

<sup>2</sup> Bank EBITDA

# Differentiated Capabilities Yielding Awards and Notable Future Opportunities



- ✔ Growing existing programs, securing recompetes & winning new business
  - Awarded over \$500M in recompetes; Won new business by leveraging core capabilities and differentiated solutions
- ✔ V2X's robust modernization & sustainment capabilities are a significant differentiator
  - With over 900K square feet of space, our manufacturing center of excellence delivers engineering, software development, testing and production solutions in support of modernization and sustainment efforts
- ✔ By leveraging the full suite of our converged solutions V2X has won three separate efforts with new clients
- ✔ Additionally, V2X was awarded an engineering development and prototyping effort with a new client that we expect to lead to new proprietary products with enduring follow-on business

V2X Engineering, Manufacturing,  
Modernization and Sustainment



# Modernization & Sustainment Supporting Future Needs



- ✔ Our Gateway Mission Router 1000 (GMR-1000) provides breakthrough situational awareness via an integrated technical network
  - The solution was originally created to provide enhanced situational awareness for helicopter pilots
  - Further integration on land and air platforms expected
- ✔ V2X's GMR-1000 is a ruggedized cyber-hardened multi-domain router enabling a fully converged environment
  - GMR-1000 is capable of integrating data from multiple sources across classified and unclassified connections
- ✔ Over the past year GMR-1000 has been successfully integrated and tested on various air and land systems
- ✔ V2X is well positioned to be awarded a new sole source contract to further integrate the product on various platforms in support of DoD's Joint All Domain Command and Control (JADC2) effort

## V2X Gateway Mission Router-1000



- Enables rapid integration of Commercial Off The Shelf (COTS) technologies to air/ground vehicles
- Ability to link information across separate technologies and platforms
- Low size, weight and power
- Secure WiFi
- Removable Storage
- Cyber Secure & Hardened
- Platform Agnostic Technology

# Modernization & Sustainment Enhancing Legacy Platforms

- ✔ V2X has a rich history of developing solutions that enhance the capabilities of legacy platforms with minimal retrofitting
- ✔ Today, we are further modernizing and improving the effectiveness of the F-16 Fighting Falcon
- ✔ V2X is expanding its scope to modernize the F-16's Center Display Unit (CDU) and is extending its technology insertion across the entire Air Force fleet
  - The current Air Force fleet of F-16's stands at 1,017 aircraft
- ✔ The Air Force is expected to award a contract to upgrade approximately 300 CDU's
  - V2X is the original equipment manufacturer of the CDU
  - V2X is well positioned to win this effort as well as future opportunities to support upgrades and modernization initiatives

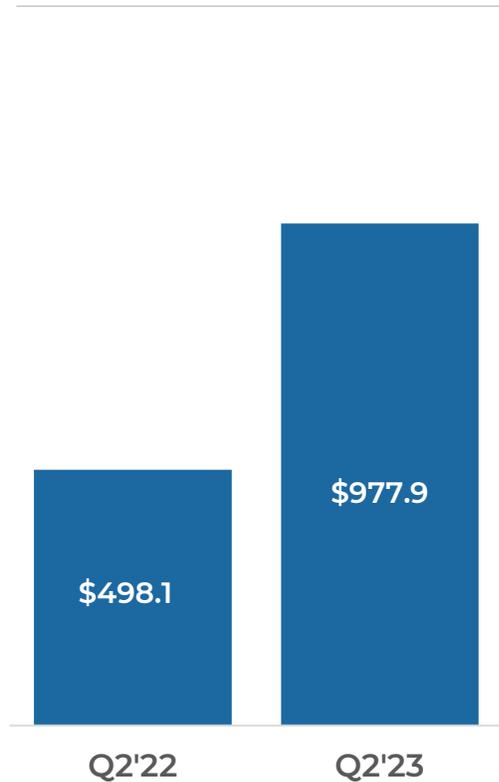
## V2X F-16 Center Display Unit Upgrades



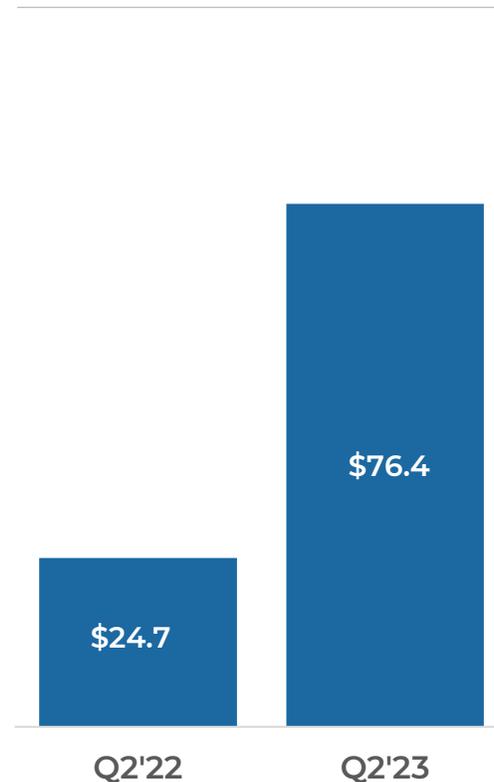
# Q2'23 Financial Results



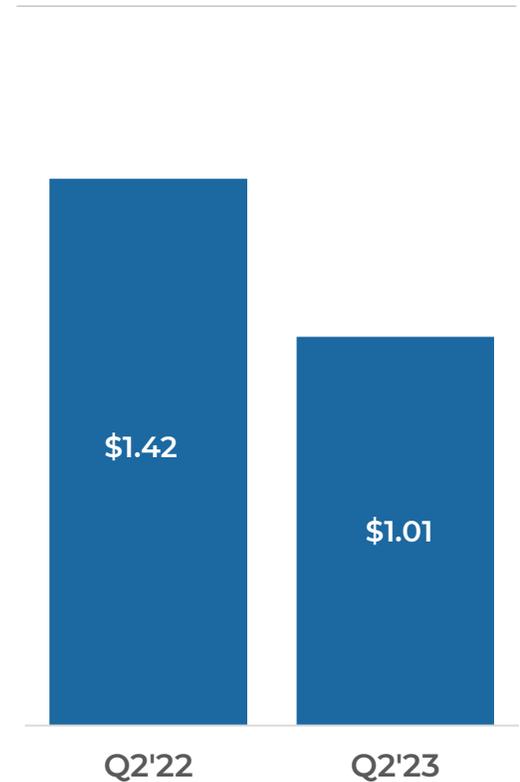
Revenue (\$M)



Adjusted EBITDA<sup>1</sup> (\$M)



Adj. Diluted EPS<sup>1</sup>



Q2'23 Adj. Diluted EPS impacted y/y by:

- (\$0.70) higher cash interest expense

<sup>1</sup> See appendix for reconciliation of non-GAAP measures.

# Cash Flow and Liquidity



Q2'23 Debt & Net Debt (\$M)



Gross Debt      Net Debt

Net Debt Improvement (\$M)



Q1'23      Q2'23

-  Lowered net debt by \$112 million in Q2'23
-  Net leverage ratio<sup>1</sup> at 3.48x, expected to show further improvements in 2023
-  Q2'23 Adjusted operating cash flow<sup>2</sup> of \$10.9 million, in line with seasonal pattern
-  Strong liquidity with nearly \$500 million of capacity; \$400 million revolver and ~\$70 million of cash on balance sheet

<sup>1</sup> Calculated utilizing bank EBITDA.

<sup>2</sup> Defined as Net Cash Provided by Operating Activities + \$7.3M of M&A, Integration, and Related payments - \$113M MARPA Facility activity.

# Updating 2023 Guidance



(\$M, except per share data)	2023 Guidance (Previous)	2023 Guidance (Updated)
Revenue	\$3,800 – \$3,900	\$3,850 – \$3,950
Adjusted EBITDA <sup>1</sup>	\$290 – \$310	\$295 – \$310
Adjusted Diluted Earnings Per Share <sup>1</sup>	\$3.80 – \$4.30	\$3.85 – \$4.30
Adjusted Net Cash Provided by Operating Activities <sup>1</sup>	\$115 – \$135	\$115 – \$135

## 2023 guidance assumptions include:

- Depreciation and amortization ~ \$112 million
  - Amortization of acquired intangible assets ~ \$90.4 million
- Cash interest expense ~ \$121 million
  - Non-cash amortization of debt issuance costs ~\$30 million<sup>2</sup>
- Adj. tax rate of ~ 21%
- Diluted EPS assumes 31.5 million weighted average diluted shares outstanding
- Capital Expenditures ~ \$28M

<sup>1</sup> See appendix for reconciliation of non-GAAP measures.

<sup>2</sup> Includes \$22M associated with extinguishment of debt financing costs from the prior facility.

# Key Takeaways... Investing with V2X



- 1 Well-Aligned with U.S. Federal Budget Priorities in Growing End Markets
- 2 Long-Standing Relationships with Diverse Client Base
- 3 Significant Contract Backlog Drives Highly Visible Revenue Profile
- 4 Scaled Platform Providing Full Life Cycle of Mission Critical Solutions
- 5 Growth Potential from Expanding Addressable Market
- 6 Attractive Financial Profile with Strong Cash Flow





# Appendix

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# Reconciliation Of Non-GAAP Measures/Non-GAAP Definitions

This presentation includes certain non-GAAP financial measures, including adjusted net income, adjusted diluted earnings per share, adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, pro forma revenue and adjusted operating cash flow. These financial measures are not prepared in accordance with accounting principles generally accepted in the United States and may be different from non-GAAP financial measures used by other companies. V2X believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. These non-GAAP measures with comparable names should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP.

- **Pro forma revenue** is defined as the combined results of our operations for the three months ended June 30, 2023 and July 1, 2022 as if the Merger had occurred on January 1, 2021.
- **Adjusted operating income** is defined as operating income, adjusted to exclude items that may include, but are not limited to, significant charges or credits, and unusual and infrequent non-operating items that impact current results but are not related to our ongoing operations, such as M&A, integration, and related costs.
- **Adjusted EBITDA** is defined as operating income, adjusted to exclude depreciation and amortization of intangible assets, and items that may include, but are not limited to, significant charges or credits, and unusual and infrequent non-operating items that impact current results but are not related to our ongoing operations, such as M&A, integration and related costs.
- **Adjusted EBITDA margin** is defined as adjusted EBITDA divided by revenue.
- **Adjusted net income** is defined as net income, adjusted to exclude items that may include, but are not limited to, significant charges or credits, and unusual and infrequent non-operating items that impact current results but are not related to our ongoing operations, such as M&A, integration and related costs, amortization of acquired intangible assets, amortization of debt issuance costs, and loss on extinguishment of debt.
- **Adjusted diluted earnings per share** is defined as adjusted net income divided by the weighted average diluted common shares outstanding.
- **Cash interest expense, net** is defined as interest expense, net adjusted to exclude amortization of debt issuance costs.
- **Adjusted operating cash flow** is defined as net cash provided by (or used in) operating activities adjusted to exclude infrequent non-operating items, such as M&A payments and related costs.

# Reconciliation Of Non-GAAP Measures



(\$K, except per share data)	Three Months Ended		Six Months Ended	
	July 1, 2022	June 30, 2023	July 1, 2022	June 30, 2023
<b>Revenue</b>	\$ 498,066	\$ 977,852	\$ 954,537	\$ 1,921,312
<b>Operating income</b>	\$ 15,021	\$ 34,270	\$ 20,257	\$ 64,849
Plus:				
Depreciation expense	1,647	5,914	3,238	11,326
Amortization of intangible assets	2,122	22,605	4,423	45,211
M&A, integration and related costs	5,879	13,642	14,947	23,056
<b>Adjusted EBITDA</b>	\$ 24,669	\$ 76,431	\$ 42,865	\$ 144,442
<b>Adjusted EBITDA margin</b>	5.0 %	7.8 %	4.5 %	7.5 %
Minus:				
Cash interest expense, net	1,779	29,771	3,255	59,002
Income tax expense, as adjusted	4,206	8,564	7,196	15,129
Depreciation expense	1,647	5,914	3,238	11,326
Other expense, net	—	311	—	311
<b>Adjusted net income</b>	\$ 17,037	\$ 31,871	\$ 29,176	\$ 58,674

(\$K, except per share data)	Three Months Ended		Six Months Ended	
	July 1, 2022	June 30, 2023	July 1, 2022	June 30, 2023
<b>Diluted earnings (loss) per share</b>	\$ 0.88	\$ 0.06	\$ 1.12	\$ (0.51)
Plus:				
M&A, integration and related costs	0.39	0.34	1.01	0.57
Amortization of intangible assets	0.14	0.56	0.30	1.13
Amortization of debt issuance costs and Loss on extinguishment of debt	0.01	0.05	0.03	0.67
<b>Adjusted diluted earnings per share</b>	\$ 1.42	\$ 1.01	\$ 2.46	\$ 1.86
<b>Average shares outstanding:</b>				
Basic, as reported	11,826	31,033	11,793	30,981
Diluted, as reported	11,954	31,605	11,917	30,981
Adjusted diluted	11,954	31,605	11,917	31,449



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