

VECTRUS INVESTOR PRESENTATION

KEN HUNZEKER

CHIEF EXECUTIVE OFFICER AND PRESIDENT

MATT KLEIN

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER



SAFE HARBOR STATEMENT

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 (THE "ACT"): CERTAIN MATERIAL PRESENTED HEREIN INCLUDES FORWARD-LOOKING STATEMENTS INTENDED TO QUALIFY FOR THE SAFE HARBOR FROM LIABILITY ESTABLISHED BY THE ACT. THESE FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS ABOUT THE SPIN-OFF OF VECTRUS, INC. (THE "COMPANY") FROM EXELIS INC. ("THE SEPARATION"), THE TERMS AND THE EFFECT OF THE SEPARATION AND RELATED MATTERS, FUTURE STRATEGIC PLANS AND OTHER STATEMENTS THAT DESCRIBE THE COMPANY'S BUSINESS STRATEGY, OUTLOOK, OBJECTIVES, PLANS, INTENTIONS OR GOALS, AND ANY DISCUSSION OF GUIDANCE OR FUTURE OPERATING OR FINANCIAL PERFORMANCE. WHENEVER USED, WORDS SUCH AS "MAY," "WILL," "LIKELY," "ANTICIPATE," "ESTIMATE," "EXPECT," "PROJECT," "INTEND," "PLAN," "BELIEVE," "TARGET," "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.

SUCH 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: RISKS AND UNCERTAINTIES RELATING TO THE SPIN-OFF, INCLUDING WHETHER THE SPIN-OFF AND THE RELATED TRANSACTIONS WILL RESULT IN ANY TAX LIABILITY, THE OPERATIONAL AND FINANCIAL PROFILE OF THE COMPANY OR ANY OF ITS BUSINESSES AFTER GIVING EFFECT TO THE SPIN-OFF, AND THE ABILITY OF THE COMPANY TO OPERATE AS AN INDEPENDENT ENTITY; 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 DEPARTMENT OF DEFENSE PROCUREMENT PROCESS; PROTESTS OF NEW AWARDS; OUR ABILITY TO SUBMIT PROPOSALS FOR AND/OR WIN ALL POTENTIAL OPPORTUNITIES IN OUR PIPELINE, 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 EXPANDING OUR GEOGRAPHIC FOOTPRINT OR BROADENING OUR CUSTOMER BASE; OUR ABILITY TO REALIZE THE FULL AMOUNTS REFLECTED IN OUR BACKLOG AND TO RETAIN AND RENEW OUR EXISTING CONTRACTS; IMPAIRMENT OF GOODWILL; MISCONDUCT OF OUR EMPLOYEES, SUBCONTRACTORS, AGENTS AND BUSINESS PARTNERS; OUR ABILITY TO CONTROL COSTS; OUR LEVEL OF INDEBTEDNESS; SUBCONTRACTOR PERFORMANCE; ECONOMIC AND CAPITAL MARKETS CONDITIONS; ABILITY TO RETAIN AND RECRUIT QUALIFIED PERSONNEL; SECURITY BREACHES AND OTHER DISRUPTIONS TO OUR INFORMATION TECHNOLOGY AND OPERATIONS; CHANGES IN OUR TAX PROVISIONS OR EXPOSURE TO ADDITIONAL INCOME TAX LIABILITIES; CHANGES IN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP); AND OTHER FACTORS SET FORTH IN ITEM PART I, ITEM 1A, "RISKS FACTORS," AND ELSEWHERE IN OUR 2014 ANNUAL REPORT ON FORM 10-K AND DESCRIBED FROM TIME TO TIME IN OUR FUTURE REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC).

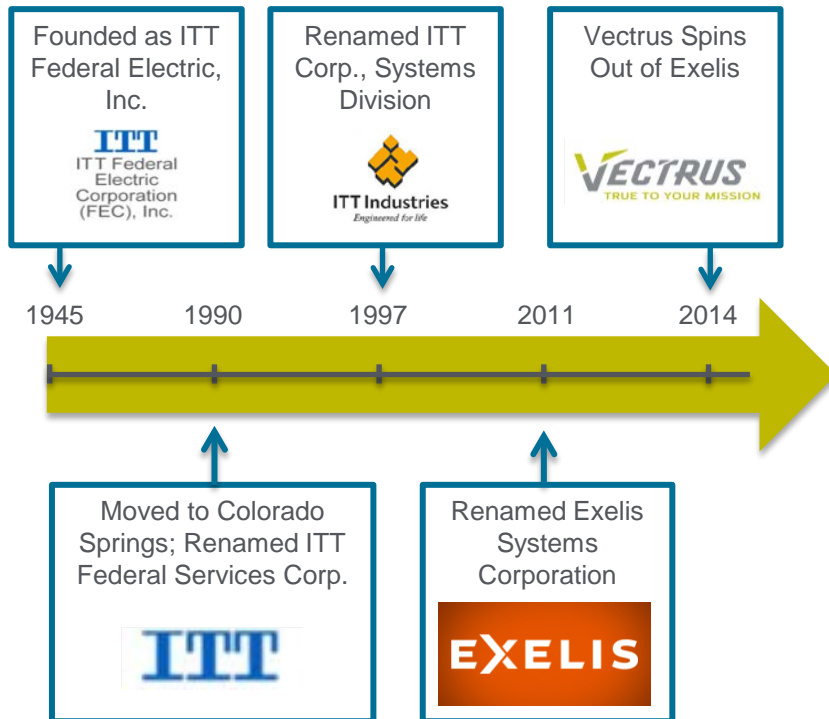
THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT AS REQUIRED BY LAW.



VECTRUS HISTORY & OVERVIEW

Our Legacy

Proven history of deploying resources rapidly and with precision to support the mission success of our customers



Vectrus Today

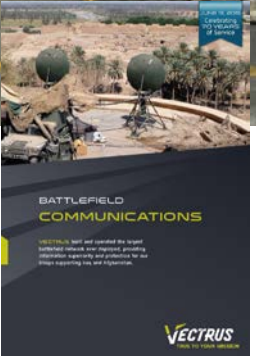
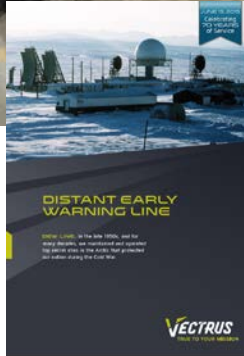
- Leading provider of:
 - Infrastructure asset management
 - Information technology and network communication services
 - Logistics and supply chain management services
- Revenue \$1.15B - \$1.2B 2015E
- Deep, long-term customer relationships
- Robust backlog of \$2.5B⁽¹⁾ and healthy new business pipeline
- Global service solutions in 15 countries, with approximately 5,000 current global employees
- Headquartered in Colorado Springs, CO

(1) As of June 26, 2015. Total backlog represents firm orders and potential options on multi-year contracts, excluding potential orders under indefinite delivery / indefinite quantity (IDIQ) contracts.



CELEBRATING 70 YEARS

JUNE 13, 2015
Celebrating
70 YEARS
of Service





VECTRUS INVESTMENT HIGHLIGHTS

Strong Core Business

 Core Business Revenue⁽¹⁾ Expected to Grow at Least 10% in 2015

Enduring Customer Relationships

 Some Customer Relationships Extend Beyond 30 Years

Large Pipeline of Potential Opportunities and Sound Growth Strategy

 Large Addressable Market and \$6 Billion in Potential New Business Opportunities Identified Over Next Twelve Months⁽²⁾

Solid Financial Position

 Top Line Stabilizing, Margin Rebound Expected, and Solid Free Cash Flow Conversion

(1) Core Business is defined as Revenue (or adjusted Revenue) less Afghanistan programs.

(2) As of June 26, 2015.



VECTRUS DIFFERENTIATORS

Customer Focus – Deep understanding of customer needs

- Successful program execution
- Enables client mission success



True to customers' missions

Performance Excellence – Vectrus performs on contracts

- Historically have received high award fees
- Current excellent assessment of performance by customers



Customer satisfaction

Operational Excellence – Culture of continuous improvement

- All business systems approved by the Government
- Business disciplines, e.g. ISO, CMMI, Lean Six Sigma



Consistent delivery of services

Honorable Values – Vectrus lives its values

- Integrity, respect, responsibility
- Strong governance and compliance



Values and reputation enable success

Cost Leadership – Know how to win in a competitive environment

- Relentless focus on controlling indirect costs
- Deep customer and mission knowledge critical to delivering mission success at competitive cost



Grow the top line



LONG-TERM STRATEGY

Enhance Solid Foundation

Continued Focus on the Competitiveness of our Core Business

- Continued excellent performance on existing contracts
- Manage costs
- Balance between performance and cost
- Enterprise-wide focus on re-competes

Balance the Portfolio

Expand the Diversity of Revenue Streams in Core Offerings through New Customers and Geographies

- Broaden customer base
- Expand geographic footprint
- Enterprise-wide focus on Business Development

Provide More Value

Enhance and Extend Offerings to Increase Value

- Add capabilities that allow us to deliver higher value-added and differentiated service solutions
- Evaluate and pursue acquisitions on a strategic basis
- Continue to manage internal costs

Strengthen Base

Grow Top Line

Expand Margins



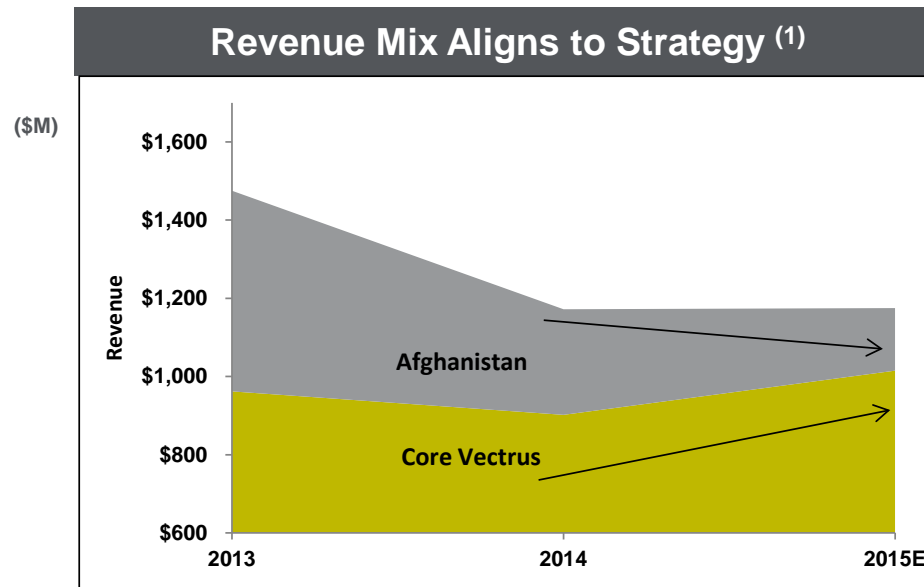
VECTRUS ENVIRONMENT

- **Upcoming major contract re-competes**
 - K-BOSSS extension into March 2016
 - APS-5 Kuwait and Qatar award decision anticipated in 2016
 - Maxwell Base Operations Support extended into May 2016
- **New business status**
 - Approx. \$1 billion of proposals submitted and pending potential award⁽¹⁾, 100% for new business
 - \$6 billion in potential new business opportunities identified over the next 12 months
- **New contract status:**
 - Turkey Spain Base Maintenance Contract (TSBMC) fully operational Q2
 - Army Corps of Engineers Information Technology (ACE-IT) contract fully operational Q3
- **Awarded IDIQ⁽¹⁾ contract seats**
 - AFCAP IV (Air Force Contract Augmentation Program)
 - TACOM TS3 (U.S. Army Tank-automotive and Armaments Command Strategic Service Solutions Equipment Related Services Contract)
 - SeaPort-e (Seaport Enhanced)

(1) Indefinite Delivery Indefinite Quantity (IDIQ) contracts carry no value in the pipeline of potential proposals to be submitted until a specific task order is identified.



REVENUE MIX EVOLVES WITH STRATEGY



(1) Based on midpoint of 2015 revenue guidance provided on August 5, 2015.



2015 GUIDANCE SUMMARY

\$ millions, except per share amounts	2015 Guidance
Revenue	\$ 1,150 to \$ 1,200
Adjusted Operating Margin ⁽²⁾	3.2% to 3.6%
Adjusted Diluted EPS ⁽³⁾	\$ 1.85 to \$ 2.23
Free Cash Flow ⁽⁴⁾	\$ 15 to \$ 19

2014 ⁽¹⁾	2015 Mid	\$Var	% Var
\$ 1,172	\$ 1,175	\$ 3	0.3%
4.3%	3.4%	(90)	BPS
\$ 2.80	\$ 2.04	\$ (0.76)	-27.1%
\$ 39.1	\$ 17.0	\$ (22.1)	-56.5%

(1) All 2014 numbers exclude TARS program historical results and separation costs. See Appendix for reconciliation.

(2) 2015 adjusted operating margin excludes the pretax impact of year-to-date separation costs to become a stand alone public company in the amount of \$177K.

(3) 2015 adjusted diluted EPS excludes the impact of 2015 separation costs, net of taxes, in the amount \$113K or \$.01 per share. EPS is calculated using the estimated weighted average diluted common shares outstanding for the year ended December 31, 2015, of 10.8 million.

(4) Free Cash Flow is calculated as GAAP net cash provided by operating activities less capital expenditures. The 2015 estimated capital expenditures are \$2M.



APPENDIX



RECONCILIATION OF NON-GAAP MEASURES (CONT.)

The primary financial performance measures Vectrus uses to manage its business and monitor results of operations are revenue trends and operating income trends. In addition, we consider adjusted revenue, adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, and free cash flow to be useful to management and investors in evaluating our operating performance for the periods presented, and to provide a tool for evaluating our ongoing operations. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives. Adjusted revenue, adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, free cash flow and adjusted funded orders, however, are not measures of financial performance under generally accepted accounting principles in the United States of America (GAAP) and should not be considered a substitute for revenue, operating income, net income, diluted earnings per share or net cash provided by operating activities as determined in accordance with GAAP. Reconciliations of adjusted revenue, adjusted operating income and free cash flow are provided below.

“Adjusted revenue” is defined as revenue adjusted to exclude historical results relating to the TARS program which was retained by Exelis Inc. in connection with the spin-off.

“Adjusted operating income” is defined as net income, adjusted to exclude income taxes, interest income (expense), TARS program operating income, and separation costs incurred to become a public company.

“Adjusted operating margin” is defined as net income, adjusted to exclude income taxes, interest income (expense), TARS program operating income, and separation costs incurred to become a public company, divided by adjusted revenue.

“Adjusted Net Income” is defined as net income, adjusted to exclude TARS program operating income and separation costs incurred to become a public company, net of taxes.

“Adjusted Diluted Earnings Per Share” is defined as net income, adjusted to exclude TARS program operating income and separation costs incurred to become a public company, net of taxes, divided by the weighted average diluted common shares outstanding.

“Free cash flow” is defined as GAAP net cash (used in) and provided by operating activities less capital expenditures.

“Adjusted funded orders” is defined as funded orders adjusted to exclude the TARS program.

“Core business revenue” is defined as revenue or (adjusted revenue) less Afghanistan programs revenue.

	Three Months Ended		Six Months Ended	
	June 26, 2015	June 28, 2014	June 26, 2015	June 28, 2014
Adjusted Revenue (Non-GAAP Measure)				
Revenue	\$ 309,509	\$ 312,902	\$ 570,429	\$ 616,853
TARS revenue ¹	—	(11,438)	—	(18,737)
Adjusted revenue	<u>\$ 309,509</u>	<u>\$ 301,464</u>	<u>\$ 570,429</u>	<u>\$ 598,116</u>

¹ TARS program historical revenue, which has been retained by Exelis



RECONCILIATION OF NON-GAAP MEASURES (CONT.)

(In thousands)

	Three Months Ended		Six Months Ended	
	June 26, 2015	June 28, 2014	June 26, 2015	June 28, 2014
Adjusted Operating Income (Non-GAAP Measure)				
Net income	\$ 6,020	\$ 6,132	\$ 10,985	\$ 17,367
Income taxes	3,388	3,317	6,182	9,660
Interest (expense) income	(1,437)	27	(3,033)	49
Operating income	10,845	9,422	20,200	26,978
Operating margin	3.5 %	3.0 %	3.5 %	4.4 %
TARS operating income (loss) ¹ (pretax)	—	291	—	(610)
Separation costs ² (pretax)	31	3,412	177	5,522
Adjusted operating income	<u>\$ 10,876</u>	<u>\$ 13,125</u>	<u>\$ 20,377</u>	<u>\$ 31,890</u>
Adjusted operating margin	<u>3.5 %</u>	<u>4.4 %</u>	<u>3.6 %</u>	<u>5.3 %</u>

¹ TARS program historical operating income (loss), which has been retained by Exelis.

² Costs incurred to become a stand-alone public company

(In thousands, except for per share data)

	Three Months Ended		Six Months Ended	
	June 26, 2015	June 28, 2014	June 26, 2015	June 28, 2014
Adjusted Diluted Earnings Per Share				
Net income	\$ 6,020	\$ 6,132	\$ 10,985	\$ 17,367
TARS operating income (loss) ¹ (pretax)	—	291	—	(610)
Separation costs ² (pretax)	31	3,412	177	5,522
Tax impact of adjustments	(11)	(1,300)	(64)	(1,754)
Adjusted net income	<u>\$ 6,040</u>	<u>\$ 8,535</u>	<u>\$ 11,098</u>	<u>\$ 20,525</u>
GAAP EPS - diluted	\$ 0.56	\$ 0.59	\$ 1.02	\$ 1.66
Adjusted EPS - diluted	\$ 0.56	\$ 0.81	\$ 1.03	\$ 1.96
Weighted average common shares outstanding - diluted	10,804	10,474	10,789	10,474

¹ TARS program historical operating income (loss), which has been retained by Exelis.

² Costs incurred to become a stand-alone public company



RECONCILIATION OF NON-GAAP MEASURES (CONT.)

(In thousands)

<u>Free Cash Flow (Non-GAAP Measure)</u>	<u>Six Months Ended</u>	
	<u>June 26, 2015</u>	<u>June 28, 2014</u>
Net cash (used in) and provided by operating activities	\$ (181)	\$ 2,637
Subtract:		
Capital expenditures	(734)	(1,004)
Free cash flow	<u>\$ (915)</u>	<u>\$ 1,633</u>

(In millions)

<u>Adjusted Funded Orders (Non-GAAP Measure)</u>	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 26, 2015</u>	<u>June 28, 2014</u>	<u>June 26, 2015</u>	<u>June 28, 2014</u>
Orders	\$ 332.4	\$ 337.0	\$ 476.0	\$ 477.3
TARS Orders ¹	—	11	—	\$ (12.4)
Adjusted Orders	<u>\$ 332.4</u>	<u>\$ 348.0</u>	<u>\$ 476.0</u>	<u>\$ 465.0</u>

¹ TARS program historical orders, which has been retained by Exelis

(In millions)

<u>Adjusted Revenue and Core Business Revenue (Non-GAAP Measure)</u>	<u>Three Months Ended</u>			
	<u>June 26, 2015</u>	<u>June 28, 2014</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue	\$ 309.5	\$ 312.9		
TARS revenue ¹	—	\$ (11.4)		
Adjusted revenue	<u>\$ 309.5</u>	<u>\$ 301.5</u>		
Less Afghanistan Program Revenue	<u>\$ (45.9)</u>	<u>\$ (73.1)</u>		
Core business revenue	<u>\$ 263.6</u>	<u>\$ 228.4</u>	<u>\$ 35.2</u>	<u>15%</u>

¹ TARS program historical revenue, which has been retained by Exelis