

Management's Prepared Remarks

Fourth Quarter Fiscal Year 2026 Earnings Call

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Travis Johnson, Chief Financial Officer

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Joe DeNardi, Senior Vice President of Investor Relations

Thank you and good morning, everyone. We hope you've had an opportunity to read our earnings release which we issued yesterday afternoon and is posted on our investor relations website.

We have also provided presentation slides to facilitate today's call, **so let's move to slide 2**.

Please note that this morning's discussion will contain forward-looking statements that are subject to important factors that could cause actual results to differ materially from anticipated. I refer you to our SEC filings for a discussion of these factors, including the Risk Factor section of our Annual Report on Form 10-K. The statements represent our views as of today and subsequent events may cause our views to change. We may elect to update the forward-looking statements at some point in the future, but specifically disclaim any obligation to do so except as required by applicable law.

In addition, we will discuss non-GAAP financial measures which we believe provide useful information for investors - both our earnings release and supplemental presentation slides include reconciliations to the most comparable GAAP measures. We do not provide reconciliations of forward-looking non-GAAP financial measures due to the inherent difficulty in forecasting and quantifying certain significant items. These non-GAAP financial measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP.

Our safe harbor statement included on this slide should be incorporated as part of any transcript of this call.

With me today to discuss our business and financial results are John Heller, Chief Executive Officer, and Travis Johnson, Chief Financial Officer. We are also joined by other members of management, including Steve Arnette, Chief Operating Officer.

With that, moving to slide 3, I'll turn the call over to John.



John Heller – Chief Executive Officer

Thank you, Joe, and good morning to everyone joining our call. Fiscal 2026 was a year of strong operational performance with continued business development momentum, expanding margins, and substantial cash generation. Financial performance highlights, which Travis will cover in more detail shortly, include:

- Normalized revenue growth of 1% to $13.8 billion,
- Adjusted EBITDA of $1.13 billion benefitting from robust margin expansion of 50 basis points, and
- Growth in both Adjusted Diluted Earnings Per Share and Free Cash Flow of 13%.

In addition, we successfully completed our primary integration objectives and reduced net leverage to 2.7x. Achieving these results has expanded our ability to invest in the business, return capital to shareholders, and advance to the next phase of our strategy. Accordingly, as we announced yesterday evening, the Board has authorized our first-ever $500 million share repurchase program, underscoring its confidence in the business and our ability to create long-term value.

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Looking to fiscal 2027, we expect underlying revenue growth of approximately 4% excluding the impact from NASA insourcing, continued margin expansion and earnings growth, and to generate at least $600 million of free cash flow.

Overall, we remain confident that the strategy we are executing is delivering tangible results, with clear evidence of progress this year and momentum building for the future.

Let's now turn to slide 4 to review our fiscal 2026 business-development highlights.

For the year, we exceeded our $35 billion submits target and delivered book-to-bill of 1.4x and 1.2x for the fourth quarter and full year, respectively, excluding the de-booking related to contract changes at NASA. These results reflect the strength of our addressable markets and sustained demand for our differentiated solutions. Just as importantly, our teams successfully supported this high level of activity through disciplined execution, scalable processes, and a relentless commitment to customer outcomes. Looking ahead, we remain focused on leveraging technology, including AI, to drive greater efficiency, enhance our capabilities, and further differentiate our solutions in the marketplace.

Our awards this year demonstrate continued expansion into attractive, higher-margin growth markets, including data analytics, space and missile defense, and global nuclear energy - while also validating our differentiated capabilities in technology-enabled infrastructure, advanced training, and complex mission support solutions.

Let me highlight three examples from the fourth quarter:



First, we secured an $800 million, ten-year award with the National Geospatial-Intelligence Agency to deliver technology-enabled facilities and systems solutions for its Washington D.C. campus. This award underscores our expertise in supporting complex, mission-critical infrastructure for the intelligence community.



Second, we received a new $700 million, five-year award supporting the Navy's live, virtual and constructive integrated training solutions environment. The program highlights our differentiated capabilities in advanced training solutions and simulation and will help enhance mission readiness through increasingly sophisticated, integrated training solutions.



Third, an Amentum-led joint venture in the United Kingdom was selected as preferred supplier for a $2.8 billion program to provide full lifecycle capabilities at Sellafield, one of the world's largest and most complex nuclear decommissioning and waste-management sites. Our selection demonstrates Amentum's reputation for excellent program delivery performance and a commitment to innovation including the deployment of technologies such as digital visualization and advanced robotics.

These three awards, together with our other notable wins and strong bid activity across the portfolio, contributed to year-end backlog of $48 billion, including an 8% year over year increase in

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funded backlog to $6 billion, and pending awards of $25 billion - providing a strong foundation for growth moving forward.

Turning to slide 5 for an update on our areas of strategic focus.

Fiscal 2026 marked an important milestone as we completed all major integration objectives and delivered on the key commitments we established following the merger, including achieving our cost synergy targets, maintaining a book-to-bill above 1x, and reducing net leverage below 3x.

With those objectives achieved, we are entering the next phase of value creation by intensifying our focus on three priorities that have been central to our strategy: accelerating organic growth, driving operational excellence and allocating our capital in a disciplined manner.



First, we will accelerate organic growth by bringing differentiated, technology-enabled solutions to our customers' most complex mission challenges. We are shaping opportunities earlier, concentrating resources on our highest-value pursuits and moving more quickly from award to revenue. In fiscal 2027, this translates to mid-single-digit growth excluding NASA, driven by defense, space, global nuclear energy, and homeland security. Together with our backlog, pending awards and pipeline, this momentum gives us confidence that we can deliver and sustain profitable growth going forward.

Second, we will continue to expand margins by focusing on accretive end markets, driving operational excellence, and moving innovative solutions into the field faster. We see increasing opportunities to win based on our solutions and are investing selectively in technologies that can be demonstrated for our customers in their operating environments, as a result. This approach is allowing us to meet changing customer priorities which are increasingly focused on speed and solutions including the use of flexible acquisition pathways to accelerate the transition from prototype to production. For example, Amentum has been awarded 16 OTAs, including 9 over the past year, with combined potential contract values over $1 billion. Across the contracts we have won, we engineer and develop prototypes to enable a number of high-priority Department of War capabilities from thermal management for hypersonics to ground-based testing of national security space systems. Internally, we are increasingly looking to apply AI and process-performance tools in areas like program management, cash generation, and back-office operations. Combined with continued process improvements, disciplined contracting, and a growing mix of higher-margin work, these actions will help us execute more effectively, drive margin expansion, and create additional capacity to invest in the next phase of our growth strategy.

Third, we will make investments, deploy capital, and manage our portfolio to drive long-term shareholder value. This includes continuing to take a strategic approach in directing investment,

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talent, and business-development resources toward markets where customer demand is durable, our capabilities are differentiated, and we have the strongest right to win. It also means continuously evaluating our portfolio to ensure it remains aligned with our long-term strategy and financial objectives. Lastly, we will focus capital deployment on areas that produce the highest, risk-adjusted rate of return. In the near-term, we expect to prioritize share repurchases while assessing selective acquisitions that add differentiated capabilities and meet rigorous strategic and financial criteria.

Together, these priorities are designed to improve execution and margins in the near term while positioning the portfolio to drive faster growth and long-term shareholder value.

Turning to slide 6.

As we have discussed previously, one of the clearest opportunities for growth is in our nuclear business, where Amentum combines deep technical expertise, differentiated customer relationships, global reach, and full lifecycle capabilities in a market seeing substantial investment. These strengths – and the actions we are taking to expand them — provide a natural example of how we intend to focus resources in markets where we believe we have compelling competitive advantages and significant growth potential.

The nuclear market continues to gain momentum, driven by growing demand for reliable, secure energy and advancements in next-generation nuclear technologies, including small modular reactors. Customers are pursuing fleet-scale reactor deployment, accelerating licensing and regulatory execution, and exploring innovative power solutions to support expanding digital infrastructure needs and national security priorities.

As investment accelerates, demand for experienced engineering, licensing and program-management solutions continues to grow. Our global technical workforce and continued investment in talent position us well to support increasingly complex nuclear programs at scale.

We are seeing encouraging signs of progress across technical, regulatory and financial fronts. Recent strategic investment commitments from Japan and South Korea provide substantial funding for U.S. nuclear development, including small modular reactors and large-scale generation, while strengthening the domestic supply chain and supporting deployment at scale. This momentum is particularly evident in Oak Ridge, Tennessee, where next-generation nuclear OEMs are advancing technologies and moving toward deployment. We recently opened Amentum's Global Nuclear Headquarters in Oak Ridge to enhance collaboration, accelerate innovation and expand our capacity to serve customers. We are also developing the industry's long-term talent pipeline through initiatives such as the Amentum Nuclear Scholars Program in partnership with leading institutions, including the University of Tennessee. Together, these investments strengthen our competitive positioning and support our strategy of concentrating resources in markets with attractive long-term growth opportunities.

In closing, we enter fiscal 2027 with a strong backlog and pipeline of pending awards, expanding margins, strong free cash flow and greater capacity to return capital to shareholders. Our priority is to deliver on our fiscal 2027 commitments while investing in the markets and capabilities that can accelerate growth and compound value for shareholders over time.

With that, I'll now turn the call over to Travis.

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Travis Johnson – Chief Financial Officer

Thank you, John, and good morning, everyone.

I'm excited to discuss with you today another solid quarter - and successful finish to fiscal year 2026 - highlighted by continued strong operational performance, improved margins and profitability, and robust cash generation. I'll also provide an update on our capital deployment priorities including our first-ever $500 million share repurchase program John mentioned earlier - and review our outlook for fiscal year 2027 which is consistent with our remarks on the third quarter call and reflects growth across all key metrics.

Turning to Slide 7, I'll review our financial performance on a normalized basis, excluding the impact of the prior-year extra week, joint venture transitions, and divestitures.

Revenue totaled $3.6 billion for the quarter and $13.8 billion for the year, both reflecting 1% normalized growth, as the ramp-up of new contract awards and on-contract growth more than offset the expected completion of certain legacy programs.

Adjusted EBITDA of $304 million in the quarter resulted in $1.13 billion for the full year, reflecting Adjusted EBITDA Margin expansion of 50 basis points to 8.2%. The strong margin performance is well ahead of our original expectations and was enabled by accelerated progress on our margin expansion strategy including a favorable mix shift and strong operational performance.

Adjusted Net Income was $173 million for the quarter and $615 million for the year, which generated Adjusted Diluted Earnings Per Share of $0.71 and $2.51, respectively. Adjusted EPS grew 13% year-over-year driven by the strong operational performance as well as lower interest expense following our successful debt reduction and refinancing actions.

Moving to our reportable segment results on slide 8:

Digital Solutions generated revenue of $1.5 billion for the quarter and $5.7 billion for the year, representing 8% and 7% normalized growth, respectively. Year-over-year increases were driven by the continued ramp-up of previously discussed new contract awards in our Digital Infrastructure and Space markets. Adjusted EBITDA increased to $117 million for the quarter and $441 million for the year, resulting in full year Adjusted EBITDA margins of 7.7%.

Turning to slide 9:

Global Engineering Solutions revenue was $2.1 billion for the quarter and $8.1 billion for the year, both reflecting the expected ramp-down of certain historical programs partially offset by contributions from new contract awards and on-contract growth. Adjusted EBITDA increased to $187 million for the quarter and $691 million for the year, resulting in full year growth of 4% and Adjusted EBITDA margins of 8.5%.

Now, turning to slide 10 to cover our cash flow and capital structure highlights:

Fourth quarter free cash flow was robust at $370 million, ahead of our expectations driven by strong cash earnings, disciplined working capital management and lower cash taxes – and resulted in a 13% increase for the full year to $583 million. The strong performance enabled additional debt repayments of $300 million during the quarter, bringing full year repayments to $434 million, and reducing our net leverage to 2.7x – completing a key post-merger objective and giving us greater flexibility in deploying capital.

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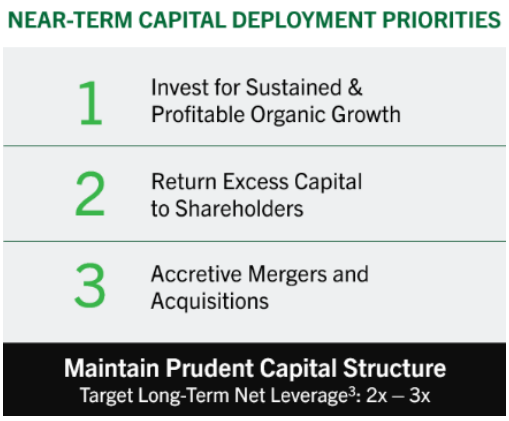

As we have said previously, we will allocate capital to opportunities that offer the strongest long-term returns while maintaining net leverage within our target range of 2.0x – 3.0x. In the near term, share repurchases will be a primary use of excess capital which we will execute under our recently authorized $500 million share repurchase program. Given conviction shared by our leadership team and the Board in Amentum's ability to grow earnings and generate substantial free cash flow, we are confident that share repurchases will be accretive to long-term shareholder value. We intend to opportunistically repurchase shares under this authorization while targeting net leverage at fiscal year 2027 year-end below 2.5x.

Given the current interest rate environment, we believe this approach properly balances returning capital to shareholders while further strengthening our balance sheet for strategic optionality to drive durable growth in free cash flow per share over time.

Looking ahead, let's turn to slides 11 and 12 to discuss our fiscal year 2027 guidance:

We enter the year with improved visibility including approximately 94% of revenue coming from backlog or recompetes, 3 points higher than at this time last year.

- We expect Revenue in the range of $13.8 to $14.05 billion, reflecting reported growth of 1% at the midpoint, and 4% excluding the impact from NASA insourcing. With the insourcing actions now substantially complete, our headcount supporting NASA has stabilized and we believe the business has reached a level from which it can grow as mission requirements expand. Mid-single-digit growth across the rest of the portfolio is expected to be driven by a lower headwind from program completions than in recent years, the new business wins John mentioned earlier, and growth on existing programs.
    - From a timing perspective, we expect revenue of approximately $3.15 billion in Q1 as NASA insourcing and program completions offset the benefit from last year's government shutdown. Following Q1, we expect quarterly sequential increases as the program completion headwinds moderate and newly awarded programs ramp up throughout the year
- We expect Adjusted EBITDA in the range of $1.135 to $1.175 billion, reflecting Adjusted EBITDA Margins of 8.3% at the midpoint - balancing investments for long-term growth with continued execution of our margin expansion strategy and benefits from operational performance.
- We expect Adjusted Diluted Earnings Per Share of $2.50 to $2.70, which assumes a flat share count year-over-year and a tax rate of approximately 24.5%;
- And finally, we expect Free Cash Flow to be greater than $600 million driven by higher cash earnings, lower integration related payments, and reduced cash interest from our debt reduction initiatives – all of which will be partially offset by higher cash taxes given one-time benefits in fiscal year 2026.

In closing, fiscal year 2026 marked an important milestone for Amentum, as we successfully completed our integration commitments while continuing to strengthen the business and enhance our financial profile. With growing momentum across our markets, a strong backlog, robust pipeline, and disciplined capital allocation strategy, we believe we are well positioned to accelerate growth, expand profitability, and deliver long-term value for shareholders.

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