KeyW First-Quarter 2018 Earnings Presentation

May 8, 2018

Forward Looking Statements

Forward-Looking Statements: Statements made in this press release that are not historical facts constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include but are not limited to: statements about our future expectations, plans and prospects; our full-year 2018 revenue and adjusted EBITDA margin estimates under the heading “2018 Financial Outlook”; our Days Sales Outstanding expectations, and other statements containing the words “estimates,” “believes,” “anticipates,” “plans,” “expects,” “will,” “potential,” “opportunities,” and similar expressions. Our actual results, performance or achievements or industry results may differ materially from those expressed or implied in these forward-looking statements. These statements involve numerous risks and uncertainties, including but not limited to, those risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 16, 2018 and other filings that we make with the SEC from time to time. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements. KeyW is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

KeyW Q1 2018 Key Takeaways

Executive Summary

- First-quarter revenue of $125.7 million
- First-quarter adjusted EBITDA of $11.4 million (9.0% of revenue)
- TTM awards of $555 million, or 1.1x revenue
- First-quarter awards of $106 million
- Reiterating FY 2018 financial guidance

Predictable and Reliable Platform

- Solid performance and predictability
  - Financial performance ahead of expectations
  - Winning our share of highly differentiated technical contract awards
- Reducing 2019 re-compete risk to comparable 2018 levels
- Investing in future growth through IR&D and Contract-funded R&D
- Completed successful debt refinancing

Reiterate 2018 Guidance

- Based on first-quarter results and the outlook for the remainder of the year:
  - Revenue: $495 to $515 million
  - Adjusted EBITDA Margin: 8.9% to 9.3%

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2018 Strategic Priorities

Cement KeyW as the leading mid-tier competitor for technically differentiated solutions in the IC and national security market.

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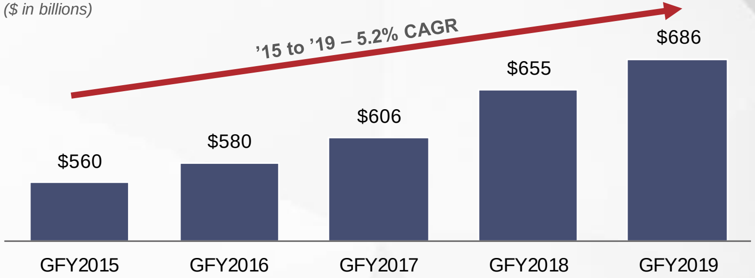
Capabilities Aligned with Spending Priorities and Budget

Overview of Favorable Budgetary Environment

- KeyW engages in large, well-funded markets overall, but specifically operates in growing subsectors and market niches
- The FY 2017 DoD budget has highlighted technological innovation as a key area for reform moving forward
- With the recent passing of the GFY2018 budget, defense spending has increased ~8% and is the largest year-over-year increase in defense funding in 15 years

DoD Spending(1)

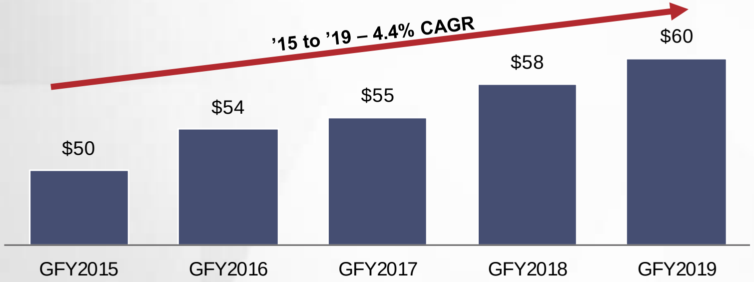
($ in billions)



Source: Office of the Under Secretary of Defense (Comptroller), House Appropriations Committee.
(1) GFY2018 adjusted for $1.3 trillion spending bill signed into effect in March 2018.

Intelligence Spending

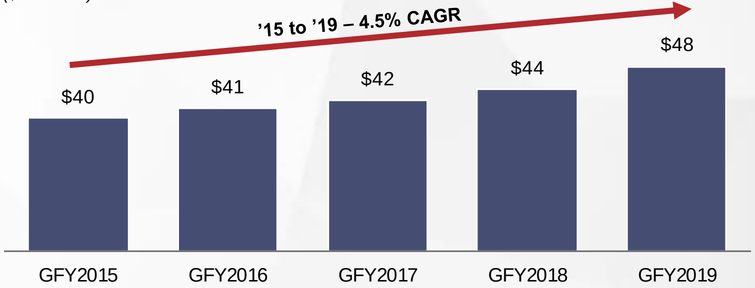
($ in billions)



Source: Office of the Director of National Intelligence.

Department of Homeland Security Spending

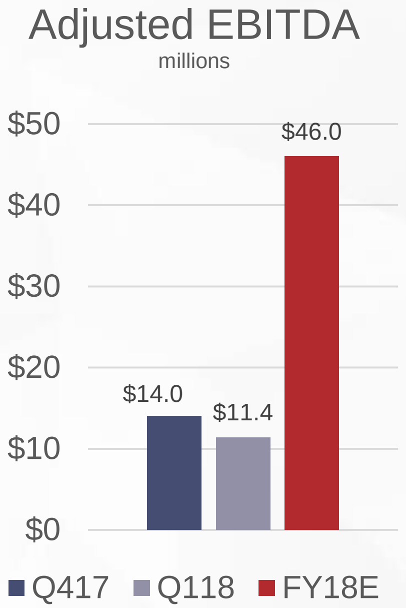
($ in billions)

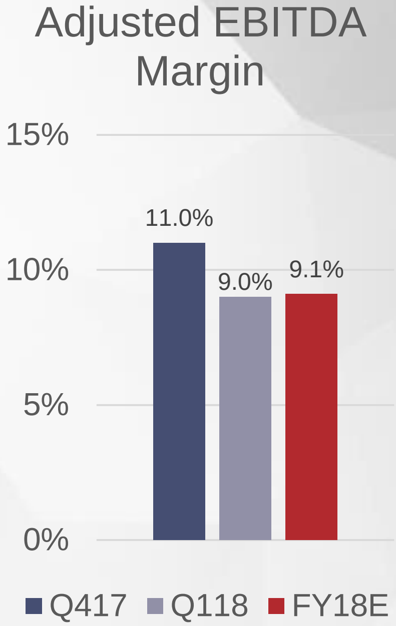


Source: Department of Homeland Security, President’s Budget Request, Agency Budget Requests.

Positive spending environment across all of KeyW’s key budget areas

First Quarter 2018 Financial Highlights

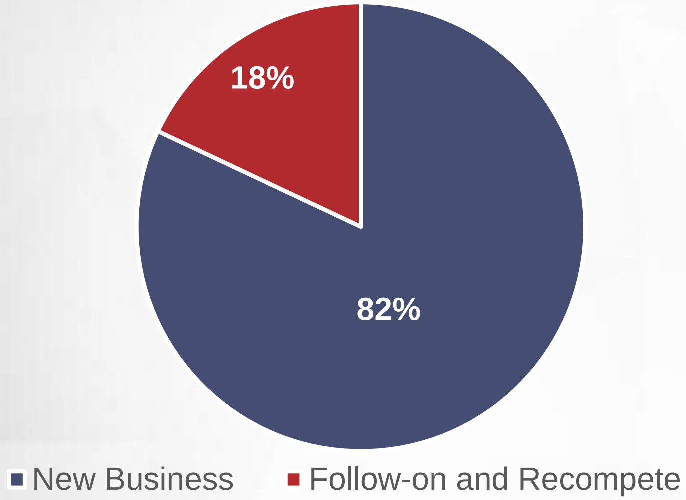




- First-quarter financial performance ahead of expectations driven primarily by product sales realized earlier than plan
- Healthy TTM Awards of 1.1x Revenue; Backlog of $1.14 billion; near-zero re-compete risk
- Debt financing complete; addresses 2019 Convertible Notes maturity

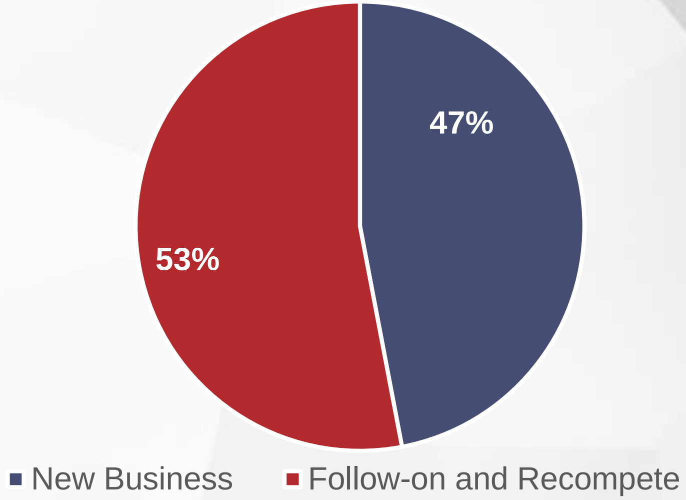
Business Development Highlights

Q1 2018 – Awards of $106 million



- 42% win-rate for awards adjudicated in the quarter
- Highly differentiated awards
  - Space
  - Cyber
  - Forensics and SW development

TTM Awards of $555 million



- Represents 1.1x revenue
- 91% win-rate for recompete work
- Awards spread among core competencies

* Base contract growth represented in Follow-on and Recompete category

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Reiterating 2018 Financial Guidance

	Fiscal 2018 Guidance
Revenue	$495 million - $515 million
Adjusted EBITDA Margin	8.9% - 9.3%

- Revenue growth consistent with government services industry trends
- Margins back-end loaded driven by 2nd half product sales

2018 Estimated Free Cash Flow	
Adjusted EBITDA (midpoint of guidance)	$46.0
Changes in Working Capital	$-
Cash Interest *	($19.5)
Cash Taxes	-
Net Cash Flow from Continuing Operations	$26.5
Capital Expenditures	(8.1)
Free Cash Flow from Continuing Operations	**$18.4**

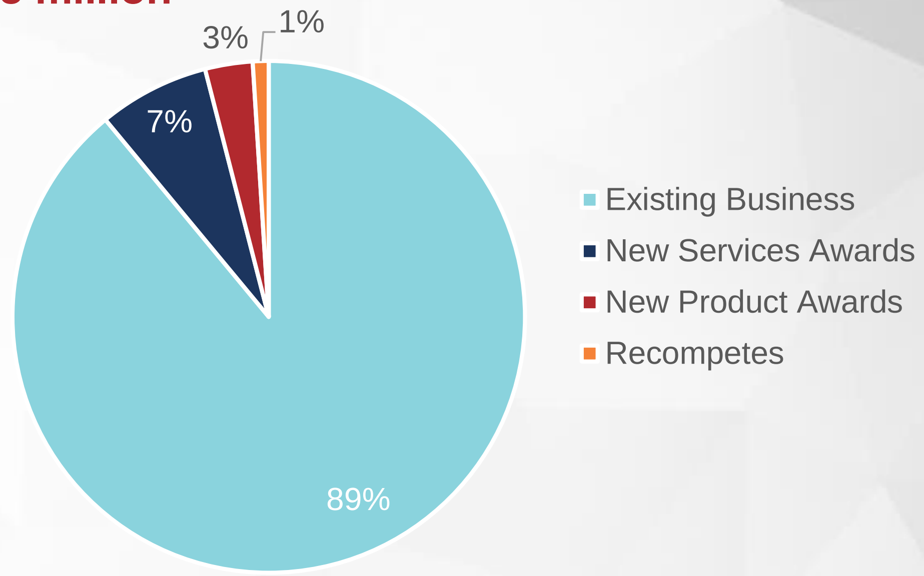
- Increased service solutions contracts in backlog providing greater EBITDA visibility
- Lower capital expenditure requirements due to full fleet of aircraft
- Plan to use free cash flow to reduce debt

** Based on the new Senior Secured Credit Facilities closing on May 8, 2018; assumes full Tender of 2019 Convertible Notes*

2018 Projected Revenue & Growth Components

Revenue Guidance: $495 million – $515 million

Category	Status as of 3/15/18	Status as of 5/8/18
Existing business	84%	89%
New service awards	10%	7%
New product awards	4%	3%
Recompetes	2%	1%



We've made strong progress to fortify 2018 financial guidance

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Additional 2018 Guidance Assumptions

- Basic share count of approximately 50 million shares
- Effective tax rate of approximately 19%
- No cash taxes paid in 2018, nor for the next three to five years
- Full-year 2018 depreciation to be approximately $10 million
- Full-year 2018 amortization to be approximately $12 million
- Full-year 2018 non-cash stock compensation to be about $4 million
- Full-year 2018 interest expense (cash and non-cash) of approximately $22 million*

* Based on the new Senior Secured Credit Facilities closing on May 8, 2018; excludes estimated write-off of approximately $12M in deferred financing costs associated with the 2017 Credit Facility and Convertible Senior Notes; assumes full Tender of 2019 Convertible Notes

KeyW Capital Structure

KeyW Capitalization *(Amounts in millions)*		
Capitalization	**6/30/18E**	**Observations**
Revolving credit facility	$0	5-Year Tenor; 1-Mo L + 450 bps
1st Lien Term loan	$215.0	6-Year Tenor; 1-Mo L + 450 bps Total net leverage of 7.25x and step-downs to 6.75x on 6/30/19; 6.50x on 03/31/20; 6.25x on 12/31/20; 6.00x on 12/31/21 and 5.75x on 12/31/22
2nd Lien Term loan	$75.0	7-Year Tenor; 1-Mo L + 875 bps Total net leverage of 7.75x and step-downs to 7.25x on 6/30/19; 7.00x on 03/31/20; 6.75x on 12/31/20; 6.50x on 12/31/21 and 6.25x on 12/31/22
Total debt	$290.0	Assumes 100% Tender for 2.50% convertible senior notes due 2019
Less:		
Cash & equivalents	$5.0	
Net debt	$285.0	
Market capitalization (@ $7.65 per share)	$381.5	

1H 2018 Refinancing completed in accordance with the plan

Investment Highlights

- Only public, pure-play national security solutions provider for the IC
- KeyW solutions align with national security initiatives & budget
- Offerings include differentiated product solutions
- Added scale provides more competitive cost model
- Negligible contract recompete risk to revenue in FY 2018 and expecting the same for FY 2019
- Outperforming peers in recruitment and retention in highly competitive cleared labor market
- Management team incentives tightly aligned with shareholders

Appendix

Non-GAAP Financial Measures

Adjusted EBITDA and adjusted EBITDA margin, as defined by KeyW, are financial measures that are not calculated in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The adjusted EBITDA reconciliation table and adjusted EBITDA as percentage of full year revenue guidance reconciliation table below provide a reconciliation of these non-U.S. GAAP financial measures to net income (loss) and estimated net income (loss) margin, the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP. Adjusted EBITDA and adjusted EBITDA margin should not be considered as alternatives to net income, net income margin, operating income or any other measure of financial performance calculated and presented in accordance with U.S. GAAP. Our adjusted EBITDA and adjusted EBITDA margin may not be comparable to similarly titled measures of other companies because other companies may not calculate adjusted EBITDA , adjusted EBITDA margin or similarly titled measures in the same manner as we do. We prepare adjusted EBITDA and adjusted EBITDA margin to eliminate the impact of items that we do not consider indicative of our core operating performance. We encourage you to evaluate these adjustments and the reasons we consider them appropriate.

We believe adjusted EBITDA and adjusted EBITDA margin are useful to investors in evaluating our operating performance for the following reasons:

- we have various non-recurring transactions or non-operating transactions and expenses that directly impact our net income . Adjusted EBITDA is intended to approximate the net cash provided by operations by adjusting for non-recurring or non-operating items; and
- securities analysts use adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies.

Our board of directors and management use adjusted EBITDA :

- as a measure of operating performance;
- to determine a significant portion of management's incentive compensation;
- for planning purposes, including the preparation of our annual operating budget; and
- to evaluate the effectiveness of our business strategies.

Although adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations as reported under GAAP. Some of these limitations are:

- adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or other contractual commitments;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect interest expense or interest income;
- adjusted EBITDA does not reflect cash requirements for income taxes;
- adjusted EBITDA does not include non-cash expenses related to stock compensation;
- adjusted EBITDA does not include acquisition and integration costs;
- adjusted EBITDA does not include other adjustments which are non-recurring expenses;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for these replacements; and
- other companies in our industry may calculate adjusted EBITDA or similarly titled measures differently than we do, limiting its usefulness as a comparative measure.

Reconciliation of Non-GAAP Financial Metrics

Adjusted EBITDA
Reconciliation Table
(in thousands and unaudited)
Table 1

	Three months ended March 31,	
	2018	**2017**
	(Unaudited)	(Unaudited)
Net (loss) income	$ (3,127)	$ (3,884)
Depreciation	2,590	1,432
Intangible amortization	3,941	1,650
Share-based compensation	1,180	958
Interest expense, net	4,828	2,609
Tax (benefit) expense	(693)	—
Acquisition and integration costs	773	1,687
Other adjustments	1,870	—
Adjusted EBITDA	$ 11,362	$ 4,452

Reconciliation of Non-GAAP Financial Metrics

Adjusted EBITDA as Percentage of Full Year Revenue Guidance Reconciliation Table

	Fiscal Year 2018 Estimate	
	Low	High
Net (loss) income	-3.0%	-2.4%
Depreciation	2.0%	1.9%
Intangible amortization	2.4%	2.4%
Share-based compensation	0.8%	0.8%
Interest expense, net	6.8%	6.5%
Tax (benefit) expense	-0.7%	-0.5%
Acquisition and integration costs	0.2%	0.2%
Other adjustments	0.4%	0.4%
Adjusted EBITDA Margin	8.9%	9.3%