

ASGN Incorporated

Q1 2021 Earnings Supplemental Materials

Revised – July 1, 2021

Safe Harbor

Certain statements made in this presentation are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and involve a high degree of risk and uncertainty. Forward-looking statements include statements regarding our anticipated financial and operating performance.

All statements in this presentation, other than those setting forth strictly historical information, are forward-looking statements. Forward-looking statements are not guarantees of future performance and actual results might differ materially. In particular, we make no assurances that the proposed revenue scenarios outlined in this presentation will be achieved. Additional examples of forward-looking statements in this presentation include, without limitation, our ability to attract, train and retain qualified staffing consultants, the availability of qualified contract professionals, management of our growth, continued performance and improvement of our enterprise-wide information systems, our ability to manage our litigation matters, the successful integration of our acquired subsidiaries, and other risks detailed from time to time in our reports filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on March 1, 2021. We specifically disclaim any intention or duty to update any forward-looking statements contained in this presentation.

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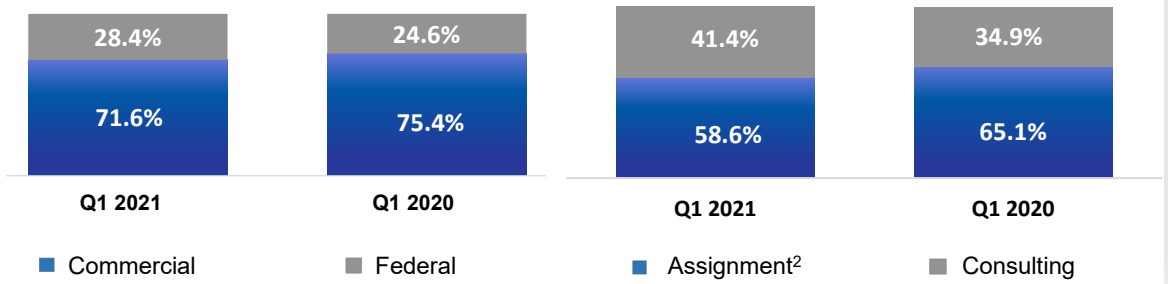
Summary of Consolidated Financial Data — Q1 2021

OPERATING DATA

	Q1 2021	Y-Y
Continuing Operations:		
Revenues	$ 907.0	4.8%
Gross Profit	243.8	0.5%
Gross Margin	26.9%	(1.2%)
Adjusted EBITDA[1]	96.9	5.1%
GAAP Income	$ 42.7	9.1%
Adjusted Income[1]	$ 55.1	5.8%
Discontinued Operations:		
GAAP Income	$ 5.9	28.0%
Adjusted Income[1]	$ 6.5	15.2%
Net Income[14]	$ 48.7	11.1%
Adjusted Net Income[1, 14]	$ 61.6	6.8%

REVENUE MIX



BALANCE SHEET & OTHER

	3/31/21	12/31/20
Cash & Cash Equivalents	$ 386.5	$ 274.4
Working Capital:		
Continuing Operations	$ 604.4	$ 540.5
Discontinued Operations	40.9	37.7
	$ 645.3	$ 578.2
Long-Term Debt:		
Secured Facility	$ 483.7	$ 483.4
Unsecured Notes	550.0	550.0
	$ 1,033.7	$ 1,033.4
Total Stockholders' Equity	$ 1,645.8	$ 1,587.1

Senior Secured Leverage Ratio[3]
1.26 to 1.0

Revolving Credit Facility Availability
$250.0 Million

CASH FLOW DATA

	Q1 2021	Y-Y
Continuing Operations:		
Operating Cash Flows	$ 114.1	94.8%
Free Cash Flow	$ 106.8	136.0%
Total (Includes Discontinued Operations):		
Operating Cash Flows	$ 119.8	86.9%
Free Cash Flow	$ 110.5	126.4%

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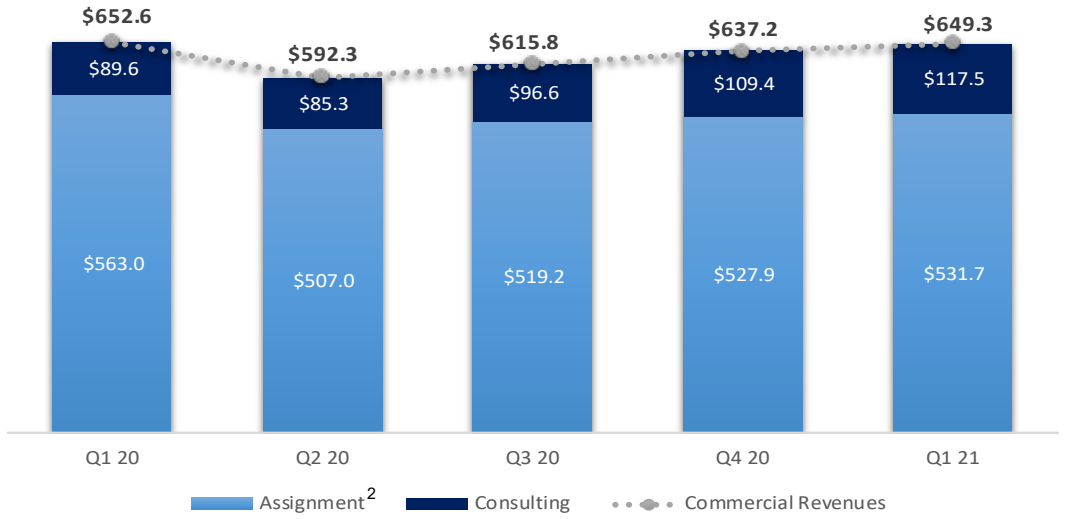
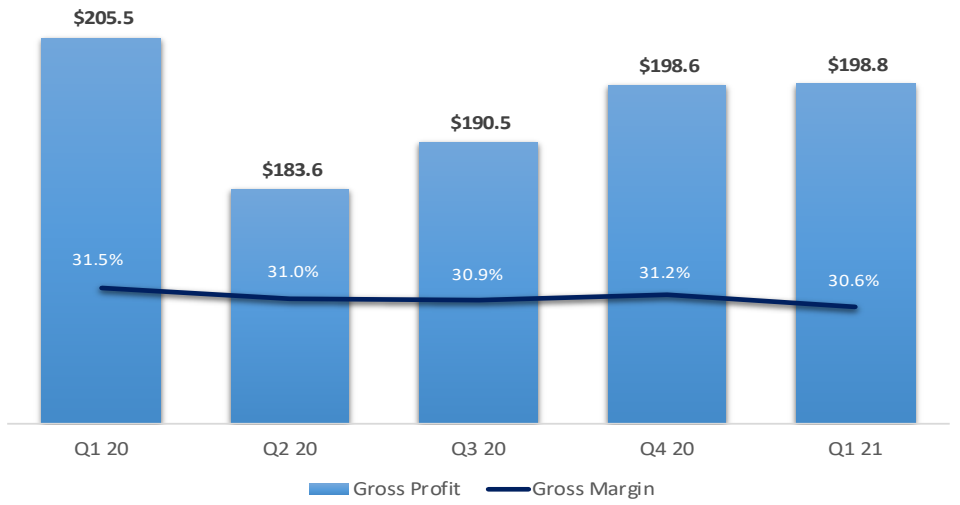
Commercial Segment

REVENUES BY TYPE



GROSS PROFIT & GROSS MARGIN



REVENUES BY INDUSTRY VERTICAL5

($ in millions)	Q1 2021	% Change Y-Y	% Change Seq.
Financial Services	$ 166.9	14.4%	(1.7%)
Consumer & Industrials	129.9	(15.6%)	7.4%
Healthcare	111.4	17.4%	3.4%
TMT (Technology, Media & Telco)	132.2	(5.6%)	3.1%
Business & Government Services	108.9	(7.7%)	(1.6%)
	$ 649.3	(0.5%)	1.9%

RECENT TRENDS

- Commercial bookings on a strong trajectory, with the rate of bookings heading into Q2 higher than Q1. Particular traction in work related to digital innovation and modern enterprise solutions across cloud, data & analytics, and digital business transformation engagements.
- Pipeline of consulting work for the quarter grew at high double-digit rates over the prior-year period, and consulting gross margins outperformed overall commercial gross margin

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Federal Government Segment

REVENUES & GROSS PROFIT

($ in millions)	Q1 2021	Q1 2020	Q4 2020	% Change Y-Y	% Change Seq.
Revenues	$ 257.8	$ 212.7	$ 263.2	21.2%	(2.1%)
Gross Profit	$ 45.0	$ 37.1	$ 42.1	21.3%	6.9%

REVENUES BY CONTRACT TYPE

	Q1 2021	Q1 2020	Q4 2020
Firm-Fixed-Price	23.5%	26.8%	26.9%
Time and Materials	35.2%	34.0%	33.4%
Cost Reimbursable	41.3%	39.2%	39.7%

REVENUES BY CUSTOMER

	Q1 2021	Q1 2020	Q4 2020
Defense and Intel	55.6%	54.0%	54.7%
Federal Civilian	35.9%	39.8%	35.9%
Other	8.5%	6.2%	9.4%

CONTRACT BACKLOG[6]

($ in millions)	3/31/21	12/31/20	3/31/20
Funded Backlog[7]	$ 458.7	$ 444.5	$ 490.6
Unfunded Backlog[8]	2,221.3	2,201.7	2,186.7
Total	$ 2,680.0	$ 2,646.2	$ 2,677.3

TTM RATIOS

	3/31/21	12/31/20	3/31/20
Backlog Coverage Ratio[9]	2.5x	2.6x	3.0x
TTM Book-to-Bill[10]	0.9 to 1.0	1.0 to 1.0	2.0 to 1.0

RECENT TRENDS

Recognitions

- Named first Certified Analytics Professionals Preferred Employer in federal services space[11]
- Ranked #1 in the 2021 Top 100 Managed Security Service Providers (MSSPs) list conducted by MSSP Alert! and Channel2E[12]
- ISO 9000 and 20000 recertification

Recent Significant Contracts

DoD/Intelligence

- Awarded contract to provide comprehensive enterprise and mission-embedded IT support for Sandia National Laboratories
- Won recompete of classified Navy IT and Cybersecurity program

Federal Civilian

- 10+ new awards or expansion of ServiceNow modernization efforts

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Q2 2021 Financial Estimates

($ in millions, except per share data)	Q2 2020 (Restated)	Q2 2021 Financial Estimates Low	High
Revenues	$ 831.9	$ 960.0	$ 970.0
Y-Y Growth		*15.4%*	*16.6%*
Gross Margin	*27.3%*	*28.1%*	*28.3%*
SG&A Expenses[13]	146.0	171.7	173.9
Amortization of Intangible Assets	12.4	12.0	12.0
Interest Expense	(9.7)	(9.3)	(9.3)
Effective Tax Rate	*26.6%*	*27.3%*	*27.3%*
Income from Continuing Operations:			
GAAP	$ 43.5	$ 55.9	$ 57.7
Adjusted[1]	$ 56.1	$ 67.5	$ 69.3
Income from Discontinued Operations:			
GAAP	$ 5.3	$ 8.7	$ 8.7
Adjusted[1]	$ 5.6	$ 8.7	$ 8.7
Net Income (Continuing and Discontinued Operations):			
GAAP	$ 48.8	$ 64.6	$ 66.4
Adjusted[1]	$ 61.7	$ 76.2	$ 78.0
Net Income per Diluted Share:			
GAAP	$ 0.92	$ 1.20	$ 1.23
Adjusted[1]	$ 1.17	$ 1.41	$ 1.45
Adjusted EBITDA from Continuing Operations[1]	$ 95.2	$ 114.0	$ 116.5
Adjusted EBITDA Margin	*11.4%*	*11.9%*	*12.0%*
Diluted Shares	53.0	53.9	53.9

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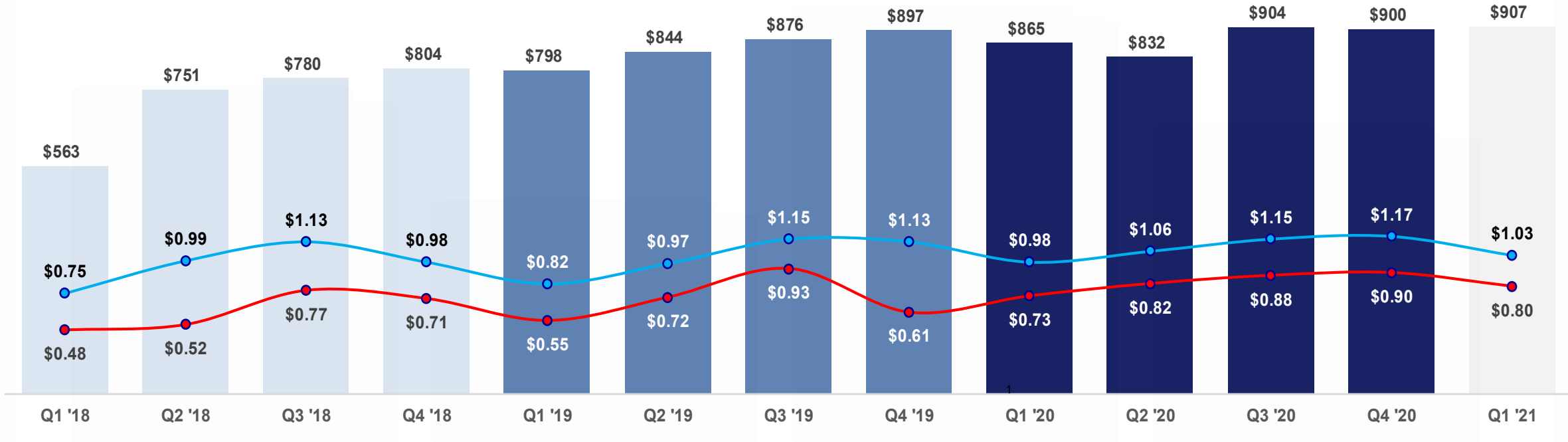
Revenues & Income Per Share - Continuing Operations

($ in millions, except per share data)



Revenue Growth and Income Per Share – Diluted (GAAP and Adjusted[1])

	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Revenue Growth Rate Y-Y	11.3%	42.2%	43.7%	43.8%	41.8%	12.4%	12.3%	11.6%	8.4%	(1.5%)	3.2%	0.4%	4.8%
Income Per Share - Diluted:													
GAAP	$0.48	$0.52	$0.77	$0.71	$0.55	$0.72	$0.93	$0.61	$0.73	$0.82	$0.88	$0.90	$0.80
Adjusted[1]	$0.75	$0.99	$1.13	$0.98	$0.82	$0.97	$1.15	$1.13	$0.98	$1.06	$1.15	$1.17	$1.03

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Appendix

Selected Financial Data

Restated to Present Oxford Business as Discontinued Operations

($ in millions, except per share amounts)	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1
Revenues - by Segment and Type											
Commercial											
Assignment	$ 557.8	$ 574.4	$ 584.6	$ 571.4	$ 2,288.3	$ 563.0	$ 507.0	$ 519.2	$ 527.9	$ 2,117.0	$ 531.7
Consulting	72.4	79.4	85.2	92.0	329.1	89.6	85.3	96.6	109.4	380.9	117.5
	630.3	653.8	669.8	663.5	2,617.4	652.6	592.3	615.8	637.2	2,497.9	649.3
Federal Government	168.0	190.5	206.2	233.5	798.2	212.7	239.6	288.6	263.1	1,004.2	257.8
Consolidated	$ 798.3	$ 844.4	$ 876.0	$ 897.0	$ 3,415.6	$ 865.4	$ 831.9	$ 904.4	$ 900.4	$ 3,502.1	$ 907.0
Billable Days	62.00	64.00	63.00	60.50	249.50	63.00	63.75	64.00	60.50	251.25	62.00
Revenues Per Billable Day (Commercial Only)	$ 12.9	$ 13.2	$ 13.9	$ 14.8	$ 13.7	$ 13.7	$ 13.0	$ 14.1	$ 14.9	$ 13.9	$ 14.6
Gross Margin - by Segment											
Commercial	31.1%	32.1%	32.1%	31.6%	31.7%	31.5%	31.0%	30.9%	31.2%	31.2%	30.6%
Federal Government	17.6%	18.3%	18.1%	16.8%	17.7%	17.4%	18.3%	15.9%	16.0%	16.8%	17.5%
Consolidated	28.3%	29.0%	28.8%	27.8%	28.4%	28.0%	27.3%	26.1%	26.7%	27.0%	26.9%
Summary Data from Continuing Operations											
Income from continuing operations	$ 29.1	$ 38.6	$ 49.6	$ 32.4	$ 149.7	$ 39.2	$ 43.5	$ 46.7	$ 48.3	$ 177.6	$ 42.7
Earnings per share - Diluted	$ 0.55	$ 0.72	$ 0.93	$ 0.61	$ 2.80	$ 0.73	$ 0.82	$ 0.88	$ 0.90	$ 3.33	$ 0.80
Adjusted Income	$ 43.4	$ 51.8	$ 61.7	$ 60.3	$ 217.2	$ 52.0	$ 56.1	$ 61.2	$ 62.5	$ 231.9	$ 55.1
Adjusted earnings per share - Diluted	$ 0.82	$ 0.97	$ 1.15	$ 1.13	$ 4.07	$ 0.98	$ 1.06	$ 1.15	$ 1.17	$ 4.35	$ 1.03
Cash provided by operating activities	$ 37.4	$ 84.7	$ 78.1	$ 72.3	$ 272.5	$ 58.6	$ 163.2	$ 73.5	$ 79.6	$ 374.9	$ 114.1
Free cash flow	$ 31.1	$ 77.8	$ 73.0	$ 64.3	$ 246.3	$ 45.3	$ 158.5	$ 68.2	$ 76.7	$ 348.7	$ 106.8
Adjusted EBITDA	$ 84.9	$ 100.6	$ 106.8	$ 102.2	$ 394.5	$ 92.2	$ 95.2	$ 102.0	$ 103.5	$ 392.8	$ 96.9
Adjusted EBITDA Margin	10.6%	11.9%	12.2%	11.4%	11.6%	10.7%	11.4%	11.3%	11.5%	11.2%	10.7%
Statements of Operations											
Revenues	$ 798.3	$ 844.4	$ 876.0	$ 897.0	$ 3,415.6	$ 865.4	$ 831.9	$ 904.4	$ 900.4	$ 3,502.1	$ 907.0
Costs of services	572.7	599.6	624.0	647.9	2,444.1	622.8	604.4	668.1	659.6	2,554.9	663.3
Gross profit	225.7	244.8	252.0	249.1	971.5	242.6	227.5	236.3	240.8	947.1	243.8
Selling, general and administrative expenses	157.4	164.4	159.6	163.5	645.0	165.9	146.0	150.1	152.9	614.9	164.4
Amortization of intangible assets	13.4	13.1	11.7	12.1	50.3	11.9	12.4	12.7	13.9	51.0	12.0
Operating income	54.9	67.3	80.7	73.4	276.2	64.7	69.0	73.5	74.0	281.2	67.3
Interest expense	(14.5)	(14.0)	(12.7)	(11.7)	(52.9)	(11.4)	(9.7)	(9.3)	(9.3)	(39.7)	(9.2)
Write-off of loan costs	-	-	-	(18.9)	(18.9)	-	-	-	-	-	-
Income before income taxes	40.4	53.3	68.0	42.8	204.4	53.3	59.3	64.2	64.7	241.5	58.1
Provision for income taxes	11.3	14.7	18.3	10.4	54.7	14.2	15.8	17.5	16.4	63.9	15.4
Income from continuing operations	29.1	38.6	49.6	32.4	149.7	39.2	43.5	46.7	48.3	177.6	42.7
Discontinued operations, net of income taxes	5.8	4.5	7.8	7.0	25.0	4.6	5.3	5.6	7.2	22.7	5.9
Net income	$ 34.9	$ 43.1	$ 57.4	$ 39.3	$ 174.7	$ 43.8	$ 48.8	$ 52.3	$ 55.4	$ 200.3	$ 48.7
Earnings per Share - Diluted											
Continuing operations	$ 0.55	$ 0.72	$ 0.93	$ 0.61	$ 2.80	$ 0.73	$ 0.82	$ 0.88	$ 0.90	$ 3.33	$ 0.80
Discontinued operations	0.11	0.09	0.15	0.13	0.48	0.09	0.10	0.11	0.14	0.43	0.11
	$ 0.66	$ 0.81	$ 1.08	$ 0.74	$ 3.28	$ 0.82	$ 0.92	$ 0.99	$ 1.04	$ 3.76	$ 0.91

*Amounts may not total due to rounding

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Reconciliation of GAAP to Non-GAAP Measures

($ in millions)	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1
Reconciliation of Net Income to Adjusted EBITDA											
Net income	$ 34.9	$ 43.1	$ 57.4	$ 39.3	$ 174.7	$ 43.8	$ 48.8	$ 52.3	$ 55.4	$ 200.3	$ 48.7
Discontinued operations, net of income taxes	5.8	4.5	7.8	7.0	25.0	4.6	5.3	5.6	7.2	22.7	5.9
Income from Continuing Operations	$ 29.1	$ 38.6	$ 49.6	$ 32.4	$ 149.7	$ 39.2	$ 43.5	$ 46.7	$ 48.3	$ 177.6	$ 42.7
Income from Continuing Operations	$ 29.1	$ 38.6	$ 49.6	$ 32.4	$ 149.7	$ 39.2	$ 43.5	$ 46.7	$ 48.3	$ 177.6	$ 42.7
Interest expense	14.5	14.0	12.7	11.7	52.9	11.4	9.7	9.3	9.3	39.7	9.2
Write-off of loan cost	-	-	-	18.9	18.9	-	-	-	-	-	-
Provision for income taxes	11.3	14.7	18.3	10.4	54.7	14.2	15.8	17.5	16.4	63.9	15.4
Depreciation	6.9	7.1	7.2	6.9	28.0	6.7	6.5	7.4	7.6	28.3	7.5
Amortization of intangible assets	13.4	13.1	11.7	12.1	50.3	11.9	12.4	12.7	13.9	51.0	12.0
EBITDA (non-GAAP measure)	**75.1**	**87.5**	**99.5**	**92.5**	**354.6**	**83.4**	**87.9**	**93.7**	**95.5**	**360.5**	**86.8**
Stock-based compensation	8.3	12.6	6.5	7.0	34.5	7.6	6.9	5.8	7.1	27.4	9.2
Acquisition, integration and strategic planning expenses	1.4	0.5	0.7	2.7	5.4	1.2	0.3	2.5	0.9	4.9	0.8
Adjusted EBITDA (non-GAAP measure)	$ 84.9	$ 100.6	$ 106.8	$ 102.2	$ 394.5	$ 92.2	$ 95.2	$ 102.0	$ 103.5	$ 392.8	$ 96.9
Reconciliation of Net Income to Adjusted Net Income											
Net income	$ 34.9	$ 43.1	$ 57.4	$ 39.3	$ 174.7	$ 43.8	$ 48.8	$ 52.3	$ 55.4	$ 200.3	$ 48.7
Discontinued operations, net of income taxes	5.8	4.5	7.8	7.0	25.0	4.6	5.3	5.6	7.2	22.7	5.9
Income from Continuing Operations	$ 29.1	$ 38.6	$ 49.6	$ 32.4	$ 149.7	$ 39.2	$ 43.5	$ 46.7	$ 48.3	$ 177.6	$ 42.7
Income from Continuing Operations	$ 29.1	$ 38.6	$ 49.6	$ 32.4	$ 149.7	$ 39.2	$ 43.5	$ 46.7	$ 48.3	$ 177.6	$ 42.7
Write-off of loan costs	-	-	-	18.9	18.9	-	-	-	-	-	-
Acquisition, integration and strategic planning expenses	1.4	0.5	0.7	2.7	5.4	1.2	0.3	2.5	0.9	4.9	0.8
Tax effect on adjustments	(0.4)	(0.1)	(0.2)	(5.7)	(6.4)	(0.3)	(0.1)	(0.6)	(0.2)	(1.3)	(0.2)
Non-GAAP net income	**30.2**	**39.0**	**50.2**	**48.4**	**167.7**	**40.1**	**43.7**	**48.5**	**48.9**	**181.2**	**43.3**
Amortization of intangible assets	13.4	13.1	11.7	12.1	50.3	11.9	12.4	12.7	13.9	51.0	12.0
Income taxes on amortization for financial reporting purposes not deductible for income tax purposes	(0.2)	(0.2)	(0.2)	(0.1)	(0.8)	-	-	(0.1)	(0.3)	(0.4)	(0.3)
Adjusted net income (non-GAAP measure)	$ 43.4	$ 51.8	$ 61.7	$ 60.3	$ 217.2	$ 52.0	$ 56.1	$ 61.2	$ 62.5	$ 231.9	$ 55.1
Calculation of Free Cash Flow - Continuing Operations											
Cash provided by operating activities	$ 37.4	$ 84.7	$ 78.1	$ 72.3	$ 272.5	$ 58.6	$ 163.2	$ 73.5	$ 79.6	$ 374.9	$ 114.1
Capital expenditures	(6.3)	(6.9)	(5.1)	(8.0)	(26.3)	(13.3)	(4.7)	(5.2)	(2.9)	(26.2)	(7.3)
Free cash flow (non-GAAP measure)	$ 31.1	$ 77.8	$ 73.0	$ 64.3	$ 246.3	$ 45.3	$ 158.5	$ 68.2	$ 76.7	$ 348.7	$ 106.8
Diluted Shares	53.2	53.4	53.4	53.5	53.4	53.3	53.0	53.0	53.5	53.3	53.7
Cash tax savings on indefinite-lived intangible assets (benefit not included in adjusted net income)	$ 6.3	$ 6.3	$ 6.3	$ 6.4	$ 25.2	$ 6.6	$ 6.7	$ 6.7	$ 6.8	$ 26.9	$ 6.8

*Amounts may not total due to rounding

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Billable Days – Commercial Business

	Q1	Q2	Q3	Q4	Full Year
2021	62.00	63.50	64.00	61.00	250.50
2020	63.00	63.75	64.00	60.50	251.25
2019	62.00	64.00	63.00	60.50	249.50
21 v 20	*(1.00)*	*(0.25)*	-	*0.50*	*(0.75)*
20 v 19	*1.00*	*(0.25)*	*1.00*	-	*1.75*

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Footnotes

[1] This presentation includes non-GAAP financial measures. Reconciliations from the comparable GAAP measures to the non-GAAP measures are included in the Appendix of this presentation. A description of these non-GAAP financial measures are included in the earnings release for the first quarter of 2021.

[2] Includes Permanent Placement revenues.

[3] The ratio of the aggregated principal amount of consolidated indebtedness secured by a lien on asset of ASGN or any of its subsidiaries to lender-defined trailing 12-months of EBITDA (Maximum leverage allowable is 4.0 to 1.0 of borrowings outstanding under revolver). The Senior Secured Leverage Ratio has been restated to reflect EBITDA from continuing operations.

[4] The revolving credit facility available balance is $246.0 million after adjusting for outstanding letters of credit.

[5] Verticals broadly defined as:

- Financial Services: banks, thrifts & mortgage services, consumer finance, capital markets, financial technology, insurance, and investment firms
- Consumer & Industrials: consumer staples, consumer discretionary, energy, materials, utility & real estate
- Healthcare: equipment & service providers and payers, health insurance administrators operating as diversified healthcare companies, biotechnology, pharmaceuticals and life science tools & services
- TMT (Technology, Media & Telco): software applications & systems, services excluding consulting & data processing/outsourced services, hardware manufacturing & services, equipment & electronic manufacturing services, diversified Telco including wired/wireless Telco services; media, entertainment and interactive media/services
- Business & Government Services: contractors, federal government agencies and state and local government, aerospace, professional services, human resource & employment, data processing & outsourced services, IT consulting, and other services

[6] Contract backlog represents the estimated amount of future revenues to be recognized under negotiated contracts and task orders as work is performed. Contract backlog excludes awards which have been protested by competitors until the protest is resolved in our favor. Contract backlog is segregated into two categories, funded contract backlog and negotiated unfunded contract backlog.

[7] Funded contract backlog for contracts with U.S. government agencies primarily represents contracts for which funding has been formally awarded less revenues previously recognized on these contracts, and does not include the unfunded portion of contracts where funding is incrementally awarded or authorized by the U.S. government even though the contract may call for performance over a number of years. Funded contract backlog for contracts with non-government agencies represents the estimated value of contracts, which may cover multiple future years, less revenues previously recognized on these contracts.

[8] Negotiated unfunded contract backlog represents the estimated future revenues to be earned from negotiated contract awards for which funding has not been awarded or authorized, and unexercised priced contract options. Negotiated unfunded contract backlog does not include any estimate of future potential task orders expected to be awarded under indefinite delivery, indefinite quantity (IDIQ), U.S. General Services Administration (GSA) schedules or other master agreement contract vehicles.

[9] Backlog coverage ratio is calculated by dividing total contract backlog by trailing twelve months revenue.

[10] Book-to-bill ratio is calculated as the sum of the change in total contract backlog during the period plus revenues for the period, divided by revenues for the period.

[11] Company press release dated 12/10/20.

[12] MSSP Alert! and Chanel2E “Top 100 Vertical Market MSPs 2021 Edition”

[13] Q2 2021 Financial Estimates includes $9.5 million in stock-based compensation and $6.4 million in depreciation.

[14] Data includes results from Continuing and Discontinued Operations.

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