



February 28, 2018

## **Kratos Executes Definitive Agreement to Sell Public Safety & Security Division to Securitas Electronic Security, Inc. for Expected Net Proceeds of Approximately \$70 Million**

### **After Transaction Close, Kratos Will Have Successfully Transformed Into a Pure Play Defense Products, Systems and Technology Company**

SAN DIEGO, Feb. 28, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it has signed a definitive agreement to divest its Public Safety & Security System Integration Business (PSS) for \$69 million in cash to Securitas Electronic Security, Inc., subject to a customary net working capital adjustment at closing. Kratos expects to ultimately receive approximately \$70 million of net cash proceeds from the transaction, after taking into account amounts to be paid by Kratos pursuant to a negotiated transaction services agreement between the two companies, receipt by Kratos of approximately \$7 million in estimated net working capital to be retained by Kratos, and associated transaction fees and expenses. The transaction is expected to close in the next 90 days, subject to normal and customary closing conditions and regulatory approvals. The sale of PSS, which will be reflected as a discontinued operation in Kratos' consolidated financial statements going forward and related comparative historical periods, is expected to significantly improve Kratos' overall financial position, flexibility and liquidity, reduce Kratos' net leverage, and improve the Company's future financial matrices including growth rates, margin and Adjusted EBITDA rates.

Eric DeMarco, Kratos President and CEO, said, "The sale of PSS virtually completes the successful execution of Kratos' strategy to be a pure play defense high technology, product and systems provider. This divestiture will allow us even greater focus on our high growth core businesses including unmanned aerial drones, satellite communications, missile defense, training systems and microwave electronics."

Canaccord Genuity is serving as exclusive financial advisor to Kratos in connection with the transaction and Paul Hastings LLP is serving as legal counsel.

#### **About Kratos Defense & Security Solutions**

Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS) develops transformative, affordable technology for the Department of Defense and commercial customers. Kratos is changing the way breakthrough technology for these industries are brought to market through proactive research and a streamlined development process. Kratos specializes in unmanned systems, satellite communications, cyber security/warfare, microwave electronics, missile defense, training and combat systems. For more information go to [www.kratosdefense.com](http://www.kratosdefense.com).

#### **Notice Regarding Forward-Looking Statements**

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 31, 2017, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

#### **Press Contact:**

Yolanda White  
858-812-7302 Direct

#### **Investor Information:**

877-934-4687

[investor@kratosdefense.com](mailto:investor@kratosdefense.com)

 Primary Logo

Source: Kratos Defense & Security Solutions, Inc.

News Provided by Acquire Media