

# CACI International Inc Second Quarter Fiscal Year 2016 Conference Call



February 4, 2016

INFORMATION DEPLOYED. SOLUTIONS ADVANCED. MISSIONS ACCOMPLISHED.

**CACI**  
EVER VIGILANT

# Forward-looking Statements

There are statements made herein which do not address historical facts and, therefore, could be interpreted to be forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. The factors that could cause actual results to differ materially from those anticipated include, but are not limited to, the following: regional and national economic conditions in the United States and globally; terrorist activities or war; changes in interest rates; currency fluctuations; significant fluctuations in the equity markets; changes in our effective tax rate; failure to achieve contract awards in connection with re-competes for present business and/or competition for new business; the risks and uncertainties associated with client interest in and purchases of new products and/or services; continued funding of U.S. government or other public sector projects, based on a change in spending patterns, implementation of spending cuts (sequestration) under the Budget Control Act of 2011; changes in budgetary priorities or in the event of a priority need for funds, such as homeland security; government contract procurement (such as bid protest, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks; the results of government audits and reviews conducted by the Defense Contract Audit Agency, the Defense Contract Management Agency, or other governmental entities with cognizant oversight; individual business decisions of our clients; paradigm shifts in technology; competitive factors such as pricing pressures and/or competition to hire and retain employees (particularly those with security clearances); market speculation regarding our continued independence; material changes in laws or regulations applicable to our businesses, particularly in connection with (i) government contracts for services, (ii) outsourcing of activities that have been performed by the government, and (iii) competition for task orders under Government Wide Acquisition Contracts (GWACs) and/or schedule contracts with the General Services Administration; the ability to successfully integrate the operations of our recent and any future acquisitions; our own ability to achieve the objectives of near term or long range business plans; and other risks described in our Securities and Exchange Commission filings.



## Our Participants Today

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### **Ken Asbury**

President and Chief Executive Officer

### **Tom Mutryn**

Chief Financial Officer

### **John Mengucci**

Chief Operating Officer and President,  
U.S. Operations

### **Greg Bradford**

Chief Executive Officer, CACI Limited in the UK

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## Second Quarter Highlights

- **Delivered organic revenue and net income growth**
- **Strong cash flow and backlog**
- **Acquisition of National Security Solutions (NSS)**
  - Ensures that CACI will be on the cutting edge of next-generation technology transformations
  - Broadens and deepens CACI's customer base
  - Enhances our Enterprise and Mission IT credentials
  - Accretive in FY16 and materially accretive in FY17

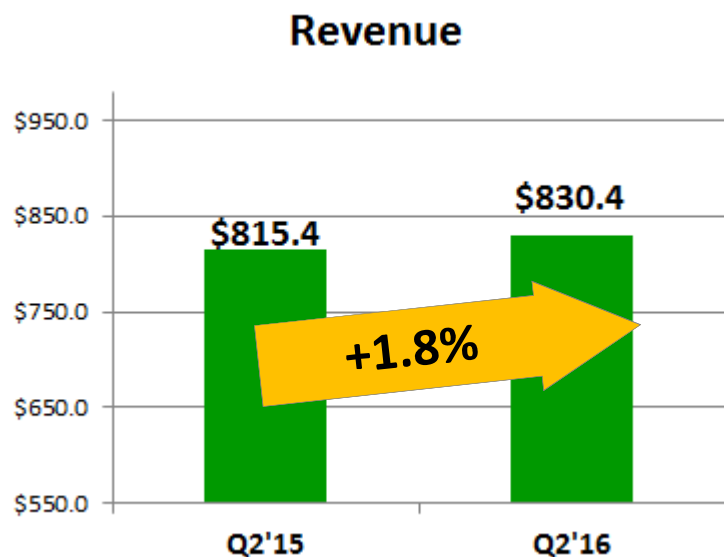
## Current Market Environment

- **Passage of 2016 appropriations and Bipartisan Budget Act of 2015 are positives for industry**
  - Provides a more stable platform for our customers to plan, program, and obligate funds until late 2017
  - Expect this legislation to have a potentially favorable impact

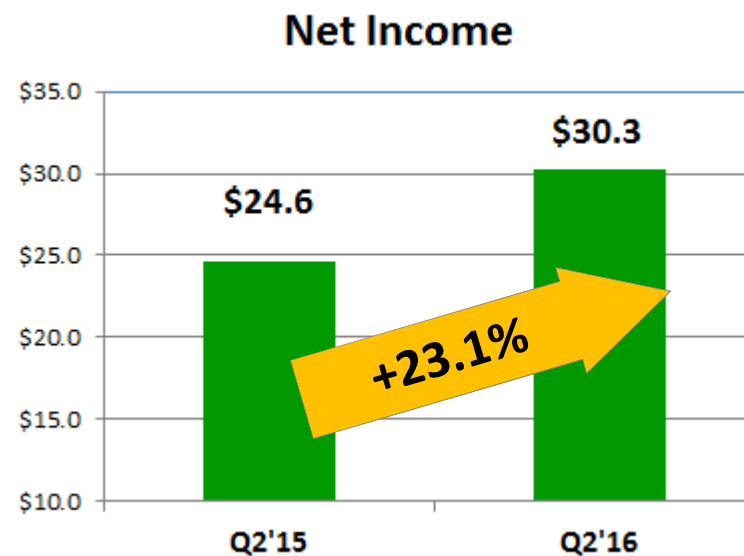
## First Half FY16 Performance

- **First half performance gives us confidence in meeting our updated guidance**
- **NSS acquisition strengthens our competitive position**
- **Confident in our outlook, strategy, and ability to deliver long-term shareholder value**

## Second Quarter Revenue and Net Income



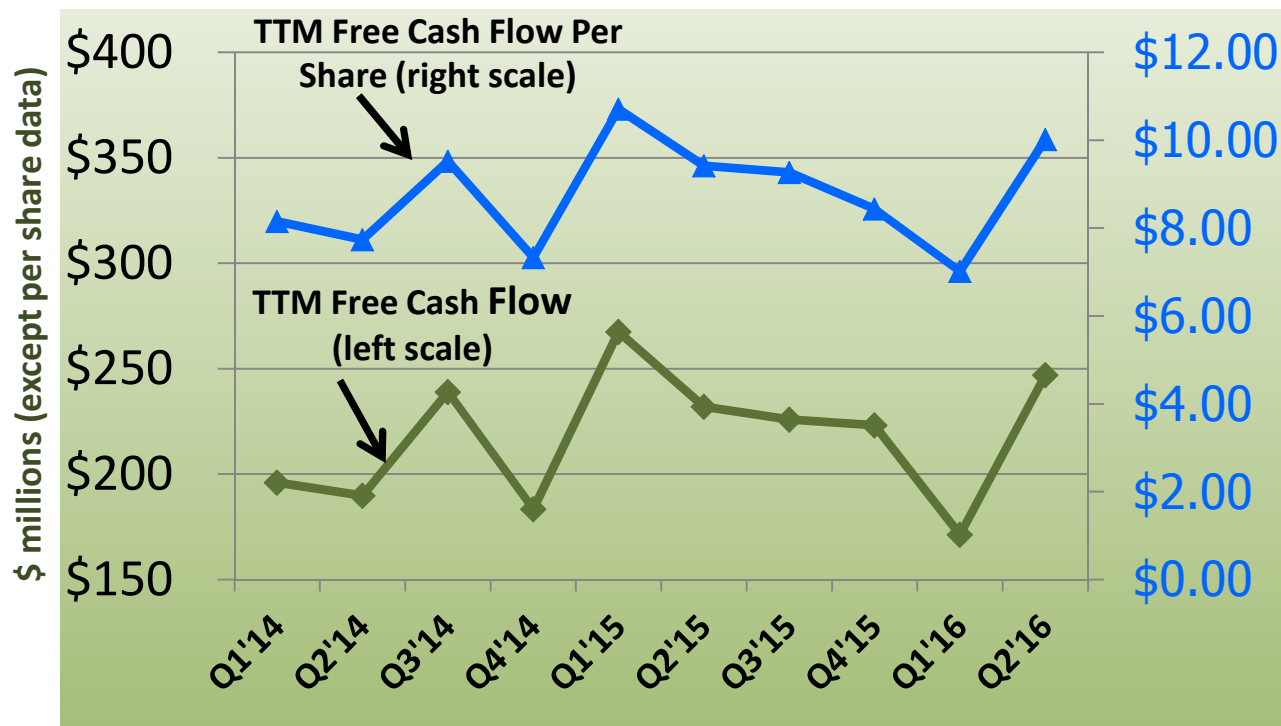
- Strong performance on programs
- Contribution from business awarded in FY15



- Gross profit up 5.4%
- Gross profit margin increased to 34.1%
- \$4.1 million of pre-tax, acquisition-related expenses in the quarter
- Lower D&A expense

# Continued Strong Cash Flow

- Generated \$56 million in operating cash flow for the quarter; TTM free cash flow of \$247 million
- Days sales outstanding – 60 days versus 58 days in Q1'16
- Post NSS debt of \$1.5 billion; net debt/TTM EBITDA of 4.0 times



12% free cash flow yield per share at \$82 share price

See Chart 16 for definitions of non-GAAP measures



## Updated FY16 Guidance

	Current FY16 Guidance	Previous FY16 Guidance
Revenue (millions)	\$3,700 - \$3,900	\$3,300 - \$3,500
Net Income (millions)	\$133 - \$143	\$130 - \$140
Diluted EPS	\$5.37 - \$5.77	\$5.24 - \$5.65
Diluted shares (millions)	24.8	24.8

**FY16 revenue expected to be 11.7% to 17.7% higher than FY15**

**FY16 net income expected to be 5.4% to 13.3% above FY15**

**FY16 diluted EPS expected to be 3.7% to 11.5% above FY15**

**FY16 operating cash flow expected to be greater than \$225 million**

**This guidance represents our views as of February 3, 2016.** Investors are reminded that actual results may differ from these estimates for reasons described in our Safe Harbor Statement and our filings with the SEC.

**See Chart 17 for key guidance assumptions**

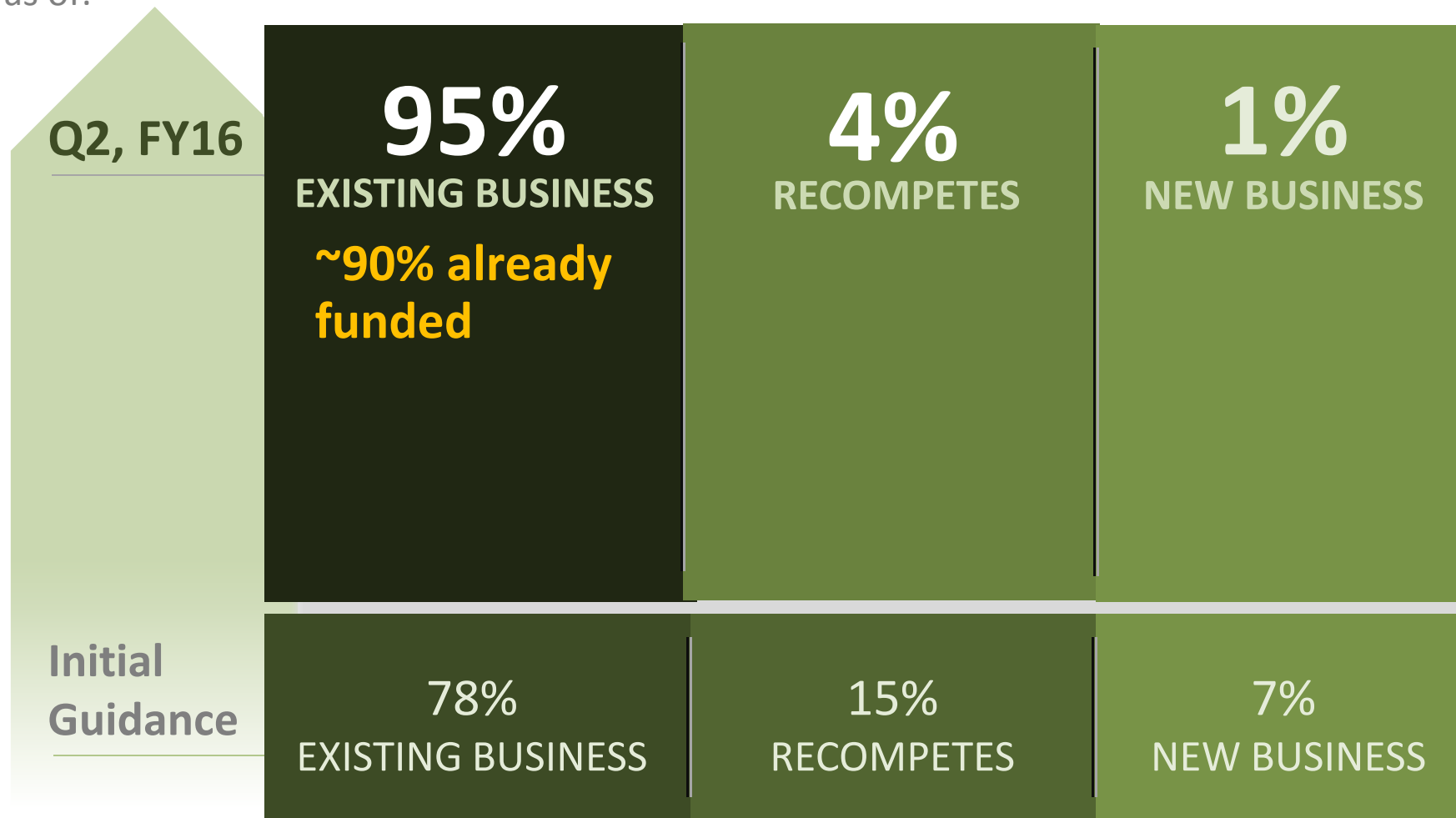
## Another Strong Quarter

- **Organic revenue and net income growth**
- **Won \$671M of awards**
  - 40% new business to CACI
  - 30% recompetete
  - 30% growth on existing contracts
- **Booked \$541M of contract funding orders**
  - Book-to-bill of .65x, a seasonally solid metric
- **Total backlog stands at \$10.4B, 6.2% greater than this time last year**

# Confidence in our Guidance

## FY16 Planned Revenue\*

as of:



\*Does not include NSS contribution

## Healthy Leading Indicators

- **\$12.4 billion in pending contract awards, ~50% for new business**
- **\$13.3 billion in bids to be submitted over next six months, +60% for new business**
- **Reflects focus on critical missions in each of our market areas**

## NSS Integration

- **NSS is already integrated into our market-aligned US Operations**
- **Combined entities will enjoy enhanced offerings, capabilities, talent, past performance, and effective cost structures**
- **NSS contributes significantly to our Enterprise IT, Cyber, and Intelligence Services markets**
- **\$30M of annual synergies achieved ahead of schedule**
  - Brings NSS margins in line with CACI excluding transaction costs

## SkyTracker™

- **Proprietary system that detects, identifies, tracks, and mitigates unmanned aerial vehicles**
- **Cooperative R&D agreement underway – system deployed and being tested alongside ground communication systems**
- **SkyTracker™ deployed with a number of other government agencies in both domestic and international locations**
- **Increasing demand for the system across government and commercial markets**

## CEO Closing Comments

- **Confident in our revised guidance and our ability to perform**
- **Had organic revenue and net income growth for the first half of the fiscal year**
- **Improved our business development capability and capacity to drive organic growth**
- **NSS acquisition opens opportunities**
- **Successful launch of SkyTracker™**

## Definitions of Non-GAAP Measures

- **Trailing twelve month (TTM) free cash flow is TTM cash flow from operations less TTM capital expenditures.**
- **TTM free cash flow per share is TTM free cash flow divided by TTM diluted share count.**
- **EBITDA is GAAP net income plus net interest expense, income taxes, and depreciation and amortization.**
- **Adjusted net income is GAAP net income plus stock-based compensation expense, depreciation and amortization, amortization of financing costs, and non-cash interest expense, net of related tax effects.**
- **Diluted adjusted earnings per share is adjusted net income divided by diluted weighted-average shares, as reported.**



## Key Guidance Assumptions

- **Depreciation and amortization of ~ \$65 million**
- **Net interest expense of ~ \$42 million**
- **Effective tax rate of 38.5%**
- **Operating cash flow in excess of \$225 million**