

# CACI International Inc Fiscal Year 2016 Guidance Conference Call



**June 25, 2015**

**INFORMATION** DEPLOYED. **SOLUTIONS** ADVANCED. **MISSIONS** ACCOMPLISHED.

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# 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 and the Bipartisan Budget Act of 2013; 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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## CACI FY16 Plan and Guidance

- **Based on bottom-up plan review plus an assessment of our addressable market**
- **Further refined by lessons learned over the past two years**
- **Balances success in new business awards with:**
  - Delays in contract awards
  - Protests
  - Pricing pressures
  - Program start delays
- **Customer requirements shaped by a complex set of international and domestic priorities**

## Changes That Have Positioned Us for Organic Revenue and Net Income Growth in FY16

- **Realigned and appropriately sized our organization**
- **Sharpened our competitive edge**
- **Increased our operational efficiency**
- **Transformed our business development processes**
- **Pursuing larger bids**
- **Increasing focus on solutions**

# Full Alignment of Domestic Operations to Our 10 Market Areas

- Dedicated delivery and business development teams focused on each market
- Cost structure and investments in line with the market
- Execution of strategy specific to that market

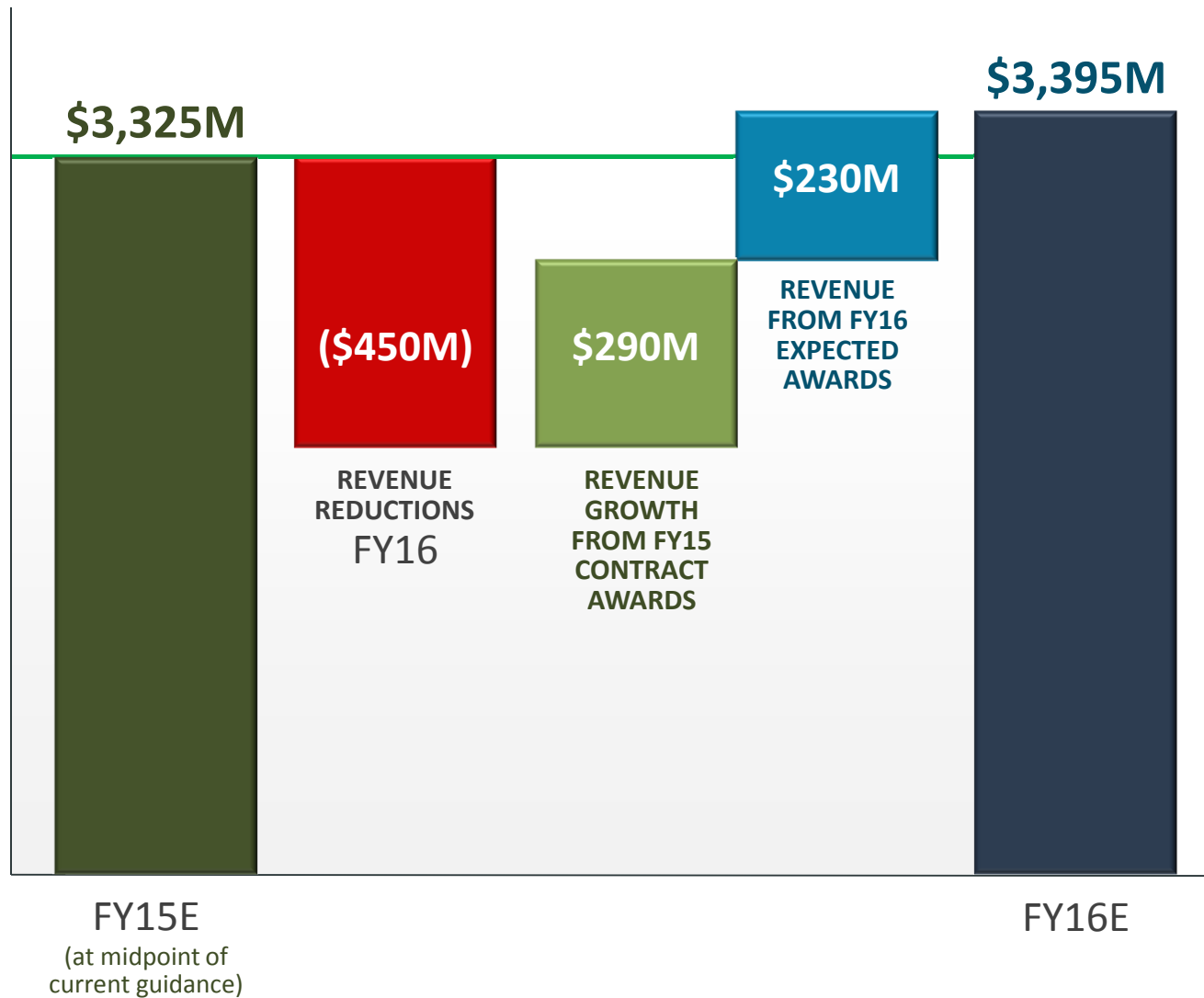
## Market Areas



## Building the FY16 Plan

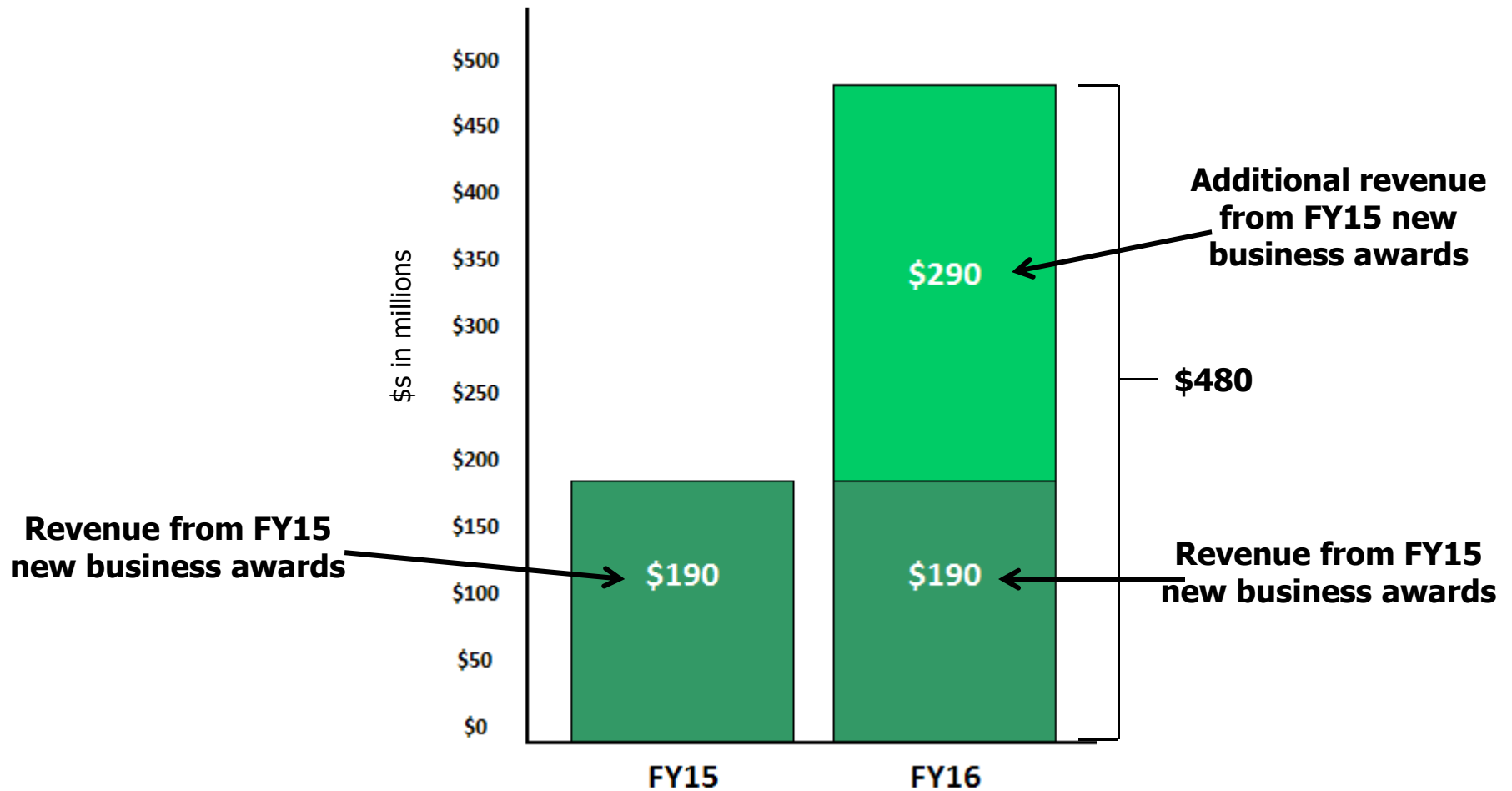
- **Result of a detailed bottom-up process**
- **Time-shifted expected new contract awards an average of 90 days**
- **Added 100 days to opportunities likely to be protested**
- **Other factors impacting FY16 planning (\$450 million revenue reduction):**
  - Program lifecycle impacts
  - Reduced government demand for procured material
  - Additional reductions to Afghanistan work
  - Not pursuing specific professional services re-compete work that is based solely on low price

# Our FY16 Revenue Plan





# Revenue Generated by FY15 New Business Awards



## Confidence in Our FY16 Plan

# FY16 Planned Revenue

**78% EXISTING  
BUSINESS**

**45% currently  
funded,  
comparable to this  
time last year**

**15% RECOMPETES**

**7% NEW BUSINESS**

Percentages based on mid-point of annual guidance

### ■ **Solid leading indicators:**

- \$12 billion in pending contract awards; ~50% for new business
- \$15 billion in bids to be submitted over next six months; ~50% for new business

## Reiterating FY15 Guidance

	<b>FY15</b> <u>Guidance</u>
<b>Revenue (millions)</b>	<b>\$3,300 – \$3,350</b>
<b>Net income (millions)</b>	<b>\$125 – \$130</b>
<b>Diluted EPS</b>	<b>\$5.12 – \$5.33</b>
<b>Diluted shares (millions)</b>	<b>24.4</b>

**FY15 revenue expected to be -7% to -6% versus FY14**

**FY15 net income expected to be -8% to -4% versus FY14**

**FY15 diluted EPS expected to be -5% to -1% versus FY14**

**This guidance represents our views as of June 24, 2015.** 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.

## FY16 Guidance

	<b>FY16</b> <u>Guidance</u>
<b>Revenue (millions)</b>	<b>\$3,300 – \$3,500</b>
<b>Net income (millions)</b>	<b>\$130 – \$140</b>
<b>Diluted EPS</b>	<b>\$5.24 – \$5.65</b>
<b>Diluted shares (millions)</b>	<b>24.8</b>

**FY16 revenue expected to be -1% to +5% versus FY15 guidance midpoint**

**FY16 net income expected to be 2% to 10% above FY15 guidance midpoint**

**FY16 diluted EPS expected to be 0.5% to 8% above FY15 guidance midpoint**

**FY16 operating cash flow expected to be greater than \$200 million**

**This guidance represents our views as of June 24, 2015.** 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.

## Key Guidance Assumptions

- **Direct labor costs to be between 10% and 12% versus expected FY15**
- **ODCs -8% to -10% less than expected FY15 with greater declines in the first half of FY16**
- **Indirect costs and selling expenses 4% to 5% higher than expected FY15 (flat excluding higher direct labor fringe)**
- **Depreciation and amortization of ~ \$58 million**
- **Operating margin expected to be slightly greater than 7.5%**
- **Net interest expense of ~ \$38 million**
- **Effective tax rate of 38.5%**
- **Capital expenditures of ~ \$15 million to \$20 million**
- **Return to organic revenue growth in the second half of FY16**

## Shaping the FY16 Earnings Profile

- **Q1 FY16 net income expected to be approximately \$25 million**
- **Expect favorable earnings comparisons in succeeding quarters**
- **Factors behind expected Q1 FY16 results:**
  - Lower award fees due to timing differences
  - Earnings pickup in Q1 FY15 from close-out of two fixed price contracts
  - Lower profitability on follow-on contracts related to certain FY15 wins; offset in subsequent quarters from revenue and profit generated by FY15 actual and FY16 planned new business

## Solid Foundation for Long-Term Success

- **Continue to see and pursue significant opportunities in our large addressable market**
- **Customers' critical missions require our innovative, high-end solutions and services**
- **Changes made have laid a solid foundation for CACI's future**
- **Continue to execute our strategy and deliver long-term success**