

CACI INTERNATIONAL INC

FY2018

FOURTH QUARTER EARNINGS CONFERENCE CALL



August 16, 2018

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, or any legislation that amends or changes discretionary spending levels under that act; 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.



Ken Asbury
President and
Chief Executive Officer



John Mengucci
Chief Operating Officer



DeEtte Gray
President, U.S. Operations



Thomas Mutryn
Chief Financial Officer



Greg Bradford
Chief Executive Officer,
CACI Limited in the UK

Pride

**In Our
Team**

Secretary of Defense **Medal for Valor**

Awarded to CACI's **Michael Dunne** and **Brandon Seabolt** for heroic actions in support of U.S. military operations

Recognizes government employees and private citizens who perform an **act of heroism or sacrifice** while risking personal safety **in the face of danger**

Highest civilian award presented by Department of Defense

We honor them for their **bravery** and **courage**



Record Quarter and Fiscal Year

Record annual revenue, operating income, net income and cash from operations

More than **\$1.5 billion** of contract awards and **\$5.2 billion** for the year

EBITDA **margin expansion** beyond 10-30 basis points in FY18

Raising FY19 guidance for revenue and net income

Investment for the **Long-term**

People: **enhancing benefits** to attract and retain our talent

Research and development: investing in **cutting edge** technologies

Partnerships: investing in long-term relationships with key **technology providers**

M&A: **growth acceleration**

Investment for the **Long-term**

Added several **high-value companies** to our business in fiscal 2018

Navy Systems Engineering business

*Meets **all elements** of our M&A strategy*

***Premier** engineering and lifecycle support provider*

***Long-term**, multi-decade investments*

Financially compelling

CURRENT

Market Environment

Encouraging **Prospects**

Strong **award flow** during the June quarter

Expect to see continued strong awards in the **September** quarter

CACI's capabilities are in line with government's long-term **investment plan:**

Warfighting

Intelligence

Homeland security capabilities

Modernization of systems and infrastructure

Fourth Quarter Revenue and Net Income

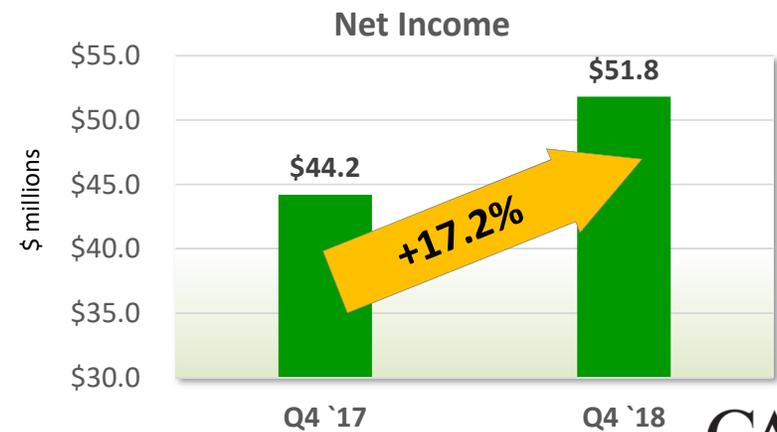
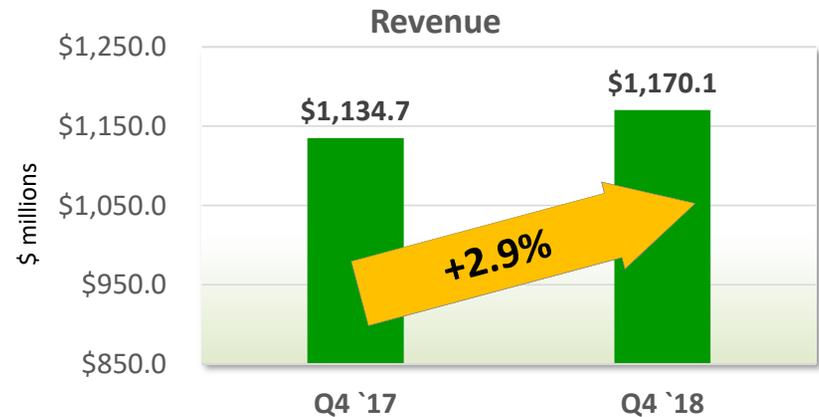
On-contract **growth** and new business **wins**

Organic revenue growth of 2.1%

Strong program performance offsetting investments in the Shared Services Center and higher incentive compensation

Lower tax rate

See chart xx for net income excluding tax reform



CONTINUED

Strong Cash Flow

Generating and Deploying Capital

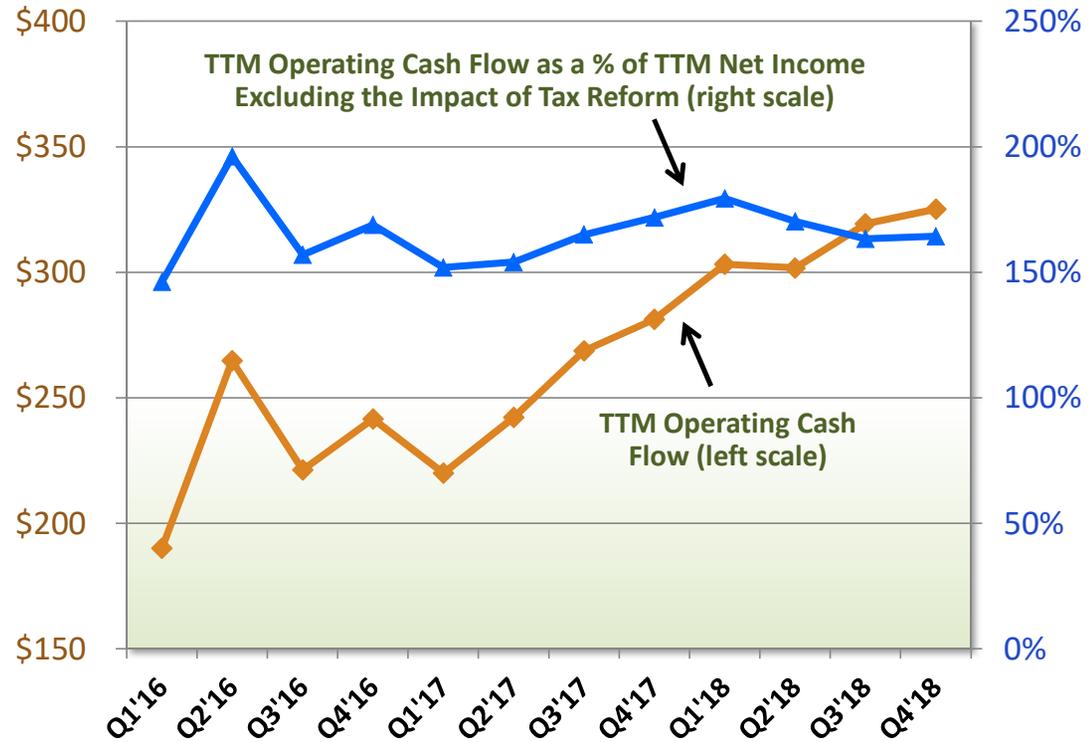
Generated **\$325 million** in operating cash flow

Days sales outstanding of 60 days

Deployed **~\$160 million of capital***

Reduced debt by **~\$169 million**

Net debt/TTM adjusted EBITDA of **~2.4 times**



* Includes ~\$77 million in FY18 and \$84 million for the Navy Systems Engineering business acquisition closed on August 15, 2018

See Charts 18-21 for definitions of non-GAAP measures

COMPARING

**FY18 with Tax
Reform with FY19**

Assuming Tax Reform for all of FY18

We estimate net income of \$232 million

Assumes that the new tax rate was in place throughout FY18

Estimate **excludes the impact of the revaluation of our deferred tax liability and tax on cumulative foreign earnings**

*(See **chart 21** for FY18 net income **with tax reform**)*

CACI FY19

Raising FY19 Guidance

Guidance

	CURRENT	PRIOR
Revenue (millions)	\$4,700 – \$4,900	\$4,550 – \$4,750
Net Income (GAAP millions)	\$234 – \$244	\$230 – \$240
Diluted EPS	\$9.14 – \$9.53	\$8.98 – \$9.38
Diluted Shares (millions)	No change	25.6

FY19 operating cash flow now expected to be **at least \$330 million**

This guidance represents our views as of August 15, 2018.
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.

Increasing CACI's Support to U.S. Navy Shipbuilding

Purchase price of **\$84 million**

Expected to add \$150 million in revenue and \$4 million of net income in FY19

EBITDA margins expected to be in line with CACI's base business

Approximately \$1.5 million of one-time transaction related expenses

Incremental D&A of \$3 million expected

Expect to incur \$3 million of additional interest expense in FY19

FY18

Performance

Lays Foundation
for FY19

Record year builds base for long-term

New business **wins** and existing program **expansion**

\$5.2 billion in contract awards, with **\$1.5 billion** in the quarter

AWS Premier Consulting Partner

Agile Solution Factory investment

**ISO 20000 certification
in IT services management**

FY18

Performance

Lays Foundation
for FY19

Record year builds base for long-term

Investing in **technology** and **solutions**

Counter-UAS technologies – **encouraging developments**

Advanced **electronic warfare** capabilities

Space situational awareness and asset tasking

Dr. J.P. (Jack) London Shared Services Center

CACI FY19

Forward Indicators **Positive**

Revenue Profile

81%

EXISTING BUSINESS

STRONG
Performance

12%

RECOMPETES

HIGH
Win Rate

7%

NEW BUSINESS

QUALITY
Pipeline

Backlog of **\$11.3 billion**

Pipeline of submitted bids
totals **\$8.2 billion**

~60% for new business to CACI

Bids expected to be submitted
in the next two quarters totals
\$13.1 billion

~60% for new business to CACI

Key Takeaways

Investing in growth and employees while continuing to expand margins

Business development efforts continue to **produce wins** focused on solution and fixed price content contracts

Our operations are delivering with **quality and profitability**

Generating significant levels of cash and deploying capital to **accelerate growth**

Delivering on long-term financial goals and generating **shareholder value**

DEFINITIONS

Non-GAAP Measures

The Company views Adjusted EBITDA and Adjusted EBITDA margin, both of which are defined as non-GAAP measures, as important indicators of performance, consistent with the manner in which management measures and forecasts the Company's performance. We define Adjusted EBITDA as GAAP net income plus net interest expense, income taxes, depreciation and amortization, and earnout adjustments. We consider Adjusted EBITDA to be a useful metric for management and investors to evaluate and compare the ongoing operating performance of our business on a consistent basis across reporting periods, as it eliminates the effect of non-cash items such as depreciation of tangible assets, amortization of intangible assets primarily recognized in business combinations, as well as the effect of earnout gains and losses, which we do not believe are indicative of our core operating performance. Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

The Company views Net Income excluding the impact of Tax Reform, a non-GAAP measure, as an important indicator of performance, consistent with the manner in which management measures and forecasts the Company's performance. Net Income excluding the impact of Tax Reform is defined as GAAP Net Income adjusted to exclude the impact of Tax Reform. We believe this is an important calculation to show company performance without the benefits of Tax Reform. Management is incented to perform via metrics without the impact of Tax Reform.

The Company views FY18 Adjusted Net Income Assuming a Full Year of Tax Reform, a non-GAAP measure, as an important indicator of performance, consistent with the manner in which management measures and forecasts the Company's performance. FY18 Adjusted Net Income Assuming a Full Year of Tax Reform is defined as GAAP net income excluding (1) the one-time net benefit from Tax Reform consisting of the remeasurement of deferred taxes, partially offset by transition tax on cumulative foreign earnings, and including (2) the application of the new lower federal tax rate of 21% to all of FY18 as if the rate was in effect at that time. We believe that FY18 Adjusted Net Income Assuming a Full Year of Tax Reform is useful to investor as it allows investors to more easily compare FY19 guidance and results to FY18 results with a normalized tax rate.

These non-GAAP measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

DEFINITIONS

**Non-GAAP
Measures****Adjusted Earnings Before Interest, Taxes, Depreciation
and Amortization (EBITDA)**

Adjusted EBITDA is GAAP net income plus interest expense, income taxes, depreciation and amortization, earnout adjustments and other

	Quarter Ended			Twelve Months Ended		
	6/30/2018	6/30/2017	% Change	6/30/2018	6/30/2017	% Change
(dollars in thousands)						
Net income	\$ 51,831	\$ 44,231	17.2%	\$ 301,171	\$ 163,671	84.0%
Plus:						
Income taxes	19,242	24,142	-20.3%	(2,507)	84,948	-103.0%
Interest income and expense, net	9,267	11,721	-20.9%	42,036	48,809	-13.9%
Depreciation and amortization	18,633	17,862	4.3%	72,196	71,760	0.6%
Earnout adjustments	1,607	(599)	-368.3%	10	716	-98.6%
Adjusted EBITDA	\$ 100,580	\$ 97,357	3.3%	\$ 412,906	\$ 369,904	11.6%

	Quarter Ended			Twelve Months Ended		
	6/30/2018	6/30/2017	% Change	6/30/2018	6/30/2017	% Change
(dollars in thousands)						
Revenue, as reported	\$ 1,170,086	\$ 1,137,389	2.9%	\$ 4,467,860	\$ 4,354,617	2.6%
Adjusted EBITDA	100,580	97,357	3.3%	412,906	369,904	11.6%
Adjusted EBITDA margin	8.6%	8.6%		9.2%	8.5%	

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DEFINITIONS

**Non-GAAP
Measures**

Reconciliation of Net Income and Earnings per Share to Non-GAAP Net Income and Earnings per Share to Exclude Tax Reform

Net income adjusted for Tax Reform is GAAP net income adjusted to exclude the impact of Tax Reform

(Amounts in thousands, except per share amounts)	Three Months		Twelve Months	
	6/30/2018		6/30/2018	
	Net	Diluted	Net	Diluted
	Income	EPS	Income	EPS
Net Income, as reported	\$ 51,831	\$ 2.05	\$ 301,171	\$ 11.93
Tax reform benefit from lower tax rate and other items	(3,851)	(0.15)	(16,680)	(0.66)
Net Income before remeasurement and transition				
tax reform adjustments	\$ 47,980	\$ 1.90	\$ 284,491	\$ 11.27
Remeasurement of deferred tax liabilities	(1,438)	(0.06)	(96,269)	(3.81)
Transition tax on foreign earnings	-	-	9,676	0.38
Net income, excluding impact of tax reform	\$ 46,542	\$ 1.84	\$ 197,898	\$ 7.84

These non-GAAP measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

DEFINITIONS

**Non-GAAP
Measures****Reconciliation of FY18 Adjusted Net Income Assuming a
Full Year of Tax Reform**

	Q1		Q2		Q3		Q4		YTD	
	9/30/2017		12/31/2017		3/31/2018		6/30/2018		6/30/2018	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
(Amounts in thousands, except per share amounts)										
Net income, as reported	\$ 42,046	\$ 1.67	\$ 142,795	\$ 5.66	\$ 64,499	\$ 2.56	\$ 51,831	\$ 2.05	\$ 301,171	\$ 11.93
Remeasurement of deferred taxes	-	-	(94,831)	(3.76)	-	-	(1,438)	(0.06)	(96,269)	(3.81)
Transition tax on foreign earnings	-	-	9,676	0.38	-	-	-	-	9,676	0.38
Impact of tax rate change for full year	4,853	0.19	2,347	0.10	6,737	0.26	3,716	0.15	17,653	0.70
FY18 Adjusted Net Income Assuming a Full Year of Tax Reform	<u>\$ 46,899</u>	<u>\$ 1.86</u>	<u>\$ 59,987</u>	<u>\$ 2.38</u>	<u>\$ 71,236</u>	<u>\$ 2.82</u>	<u>\$ 54,109</u>	<u>\$ 2.14</u>	<u>\$ 232,231</u>	<u>\$ 9.20</u>

These non-GAAP measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.