

CACI INTERNATIONAL INC

FY2019

FIRST QUARTER EARNINGS CONFERENCE CALL



November 1, 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: legal, regulatory, and political change between successive presidential administrations that could result in economic uncertainty; changes in U.S. federal agencies, current agreements with other nations, foreign events, or any other events which may affect the global economy; 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 potential impact of the announcement or consummation of a proposed transaction and our 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

CACI

First Quarter Results

Record First Quarter

Record revenue, net income, and earnings per share

More than **\$2.5 billion** of contract awards

Raising FY19 guidance for net income

Reinforces our confidence in our strategy to deliver organic revenue growth, margin expansion, and shareholder value

CURRENT

Market Environment

Encouraging **Prospects**

Over 75% of nearly \$1.3 trillion to be appropriated in the government's FY19 fiscal year **signed into law**

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

Warfighting

Intelligence

Homeland security capabilities

Modernization of systems and infrastructure

Investing for the **Long-term**

Talent and capabilities

Providing additional benefits, training, and certifications for employees

Focusing our research and development on **emerging technologies to differentiate** offerings

M&A for growth remains the **top priority** for **capital deployment**

First Quarter Revenue and Pre-tax Profit

On-contract **growth**, new business **wins**, and **acquired contracts**

Organic revenue growth of 3.3%

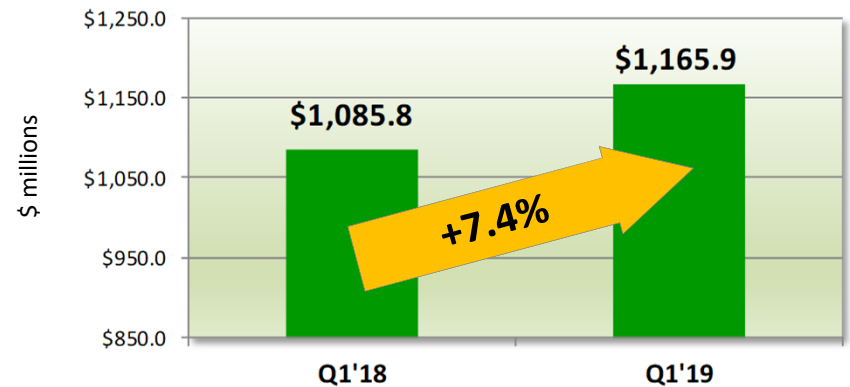
Pre-tax income **up \$35 million** driven by:

More award fees realized due to adoption of ASC 606

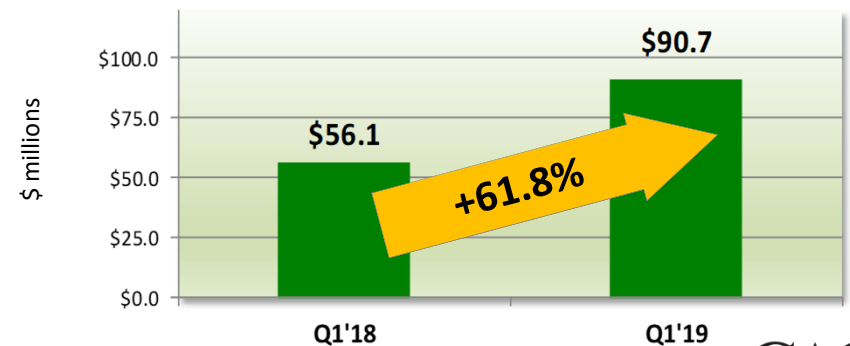
Additional profit from earlier than anticipated product sales

Benefit from adjustments related to changes in estimates associated with a fixed price contract

Revenue



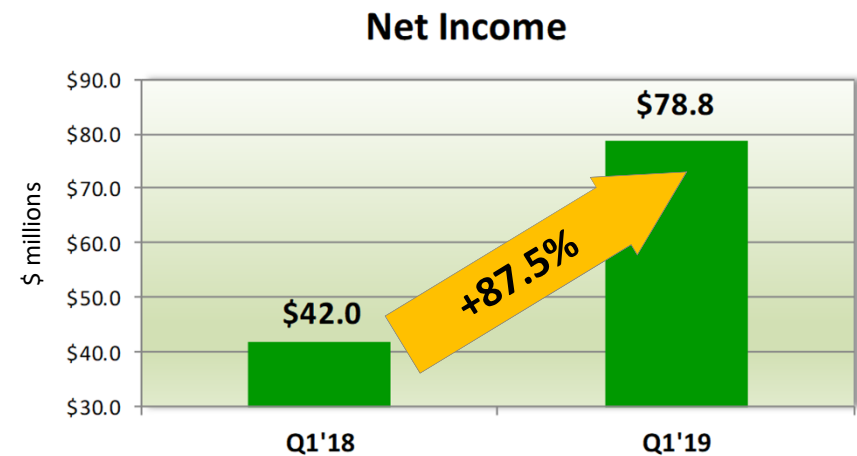
Pre-tax Income



First Quarter **Net Income**

Driven by **pre-tax income increase**

Lower **tax rate**



Lower tax rate driven by:

Share-based compensation payments (\$4 million benefit)

Transition tax on foreign cumulative income (\$2 million benefit)

Corporate-owned life insurance policies, disaster relief credits, and deductions associated with executive compensation (\$2 million benefit)

CONTINUED

Strong Cash Flow

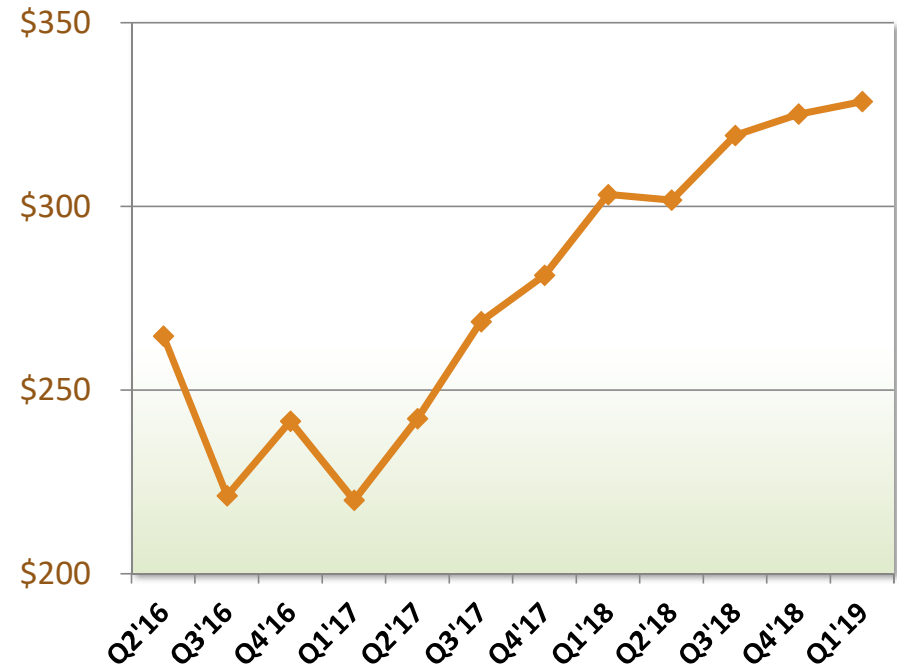
Generating Capital

Generated **\$83 million** in operating cash flow

Days sales outstanding of 67 days*

Net debt/TTM adjusted EBITDA of **~2.3 times**

TTM Operating Cash Flow



*The calculation of Days Sales Outstanding for Q1 FY19 excludes amounts related to the Navy Systems Engineering business acquired during the quarter

See Charts 16-17 for definitions of non-GAAP measures

CACI FY19

Raising FY19 Net Income Guidance

Guidance

	CURRENT	PRIOR
Revenue (millions)	\$4,700 – \$4,900	\$4,700 – \$4,900
Net Income (GAAP millions)	\$250 – \$260	\$234 – \$244
Diluted EPS	\$9.77 – \$10.16	\$9.14 – \$9.53
Diluted Shares (millions)	25.6	25.6

Effective tax rate
now expected be
21.7%

Raising operating
cash flow guidance
from \$330 million to
at least \$340 million

This guidance represents our views as of October 31, 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.

Q1 FY19

Performance

Strong start
to FY19

Delivered **record first quarter**




New business **wins**, existing program **expansion**, **acquired** revenue



Record \$2.5 billion in contract awards

2.2 times revenue in the quarter

1.4 times revenue on a trailing twelve month basis

Backlog of \$13 billion, **17.5% greater** than last year

-  \$413 and \$162 million
Intelligence Systems awards
-  \$194 million **Enterprise IT** award
-  \$135 million **Health** award

-  Shared Services Center
-  Integration of Navy Systems
Engineering business

Q1 FY19

Performance

Strong start
to FY19

Delivered **record first quarter**

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

Advanced **electronic warfare** capabilities

Advanced RF Exploitation System (**ARES**)

Open architecture

Agility to **field capability** as fast as threats are identified

CACI FY19

Revenue Profile

92%

EXISTING BUSINESS

4%

RECOMPETES

4%

NEW BUSINESS

Forward Indicators **Positive**

STRONG
Performance

HIGH
Customer
Satisfaction

QUALITY
Pipeline

Backlog of **\$13 billion**

Pipeline of submitted bids
totals **\$8.9 billion**

~60% for new business to CACI

Bids expected to be submitted
in the next two quarters totals
\$11 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 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 (Adjusted EBITDA)**

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

	Quarter Ended		
	9/30/2018	9/30/2017	% Change
(dollars in thousands)			
Net income	\$ 78,833	\$ 42,046	87.5%
Plus:			
Income taxes	11,881	14,011	-15.2%
Interest expense, net	8,886	11,247	-21.0%
Depreciation and amortization	18,747	17,588	6.6%
Earnout adjustments	(2,000)	(882)	126.8%
Adjusted EBITDA	\$ 116,347	\$ 84,010	38.5%

	Quarter Ended		
	9/30/2018	9/30/2017	% Change
(dollars in thousands)			
Revenue, as reported	\$1,165,864	\$1,085,814	7.4%
Adjusted EBITDA	\$ 116,347	\$ 84,010	38.5%
Adjusted EBITDA margin	10.0%	7.7%	

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.