

# CACI International Inc Fourth Quarter Fiscal Year 2015 Conference Call



**August 13, 2015**

**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 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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## Concluding a Successful Fiscal Year

- **Fourth quarter FY15 results as expected**
- **In FY15:**
  - Won a record level of contract awards
  - Increased operating cash flow
  - Built backlog to record level
- **Built a strong foundation on which to reiterate FY16 guidance**

## Factors for Our Success in FY15

- **Made strategic changes to how we pursue business:**
  - Aligned organization more closely to our market areas
- **Demonstrated our ability to win new business and retain our current business**
- **Results:**
  - Captured larger market share
  - Built momentum for the return of organic revenue and net income growth in FY16

## Types of Work That are Driving Our Future Growth

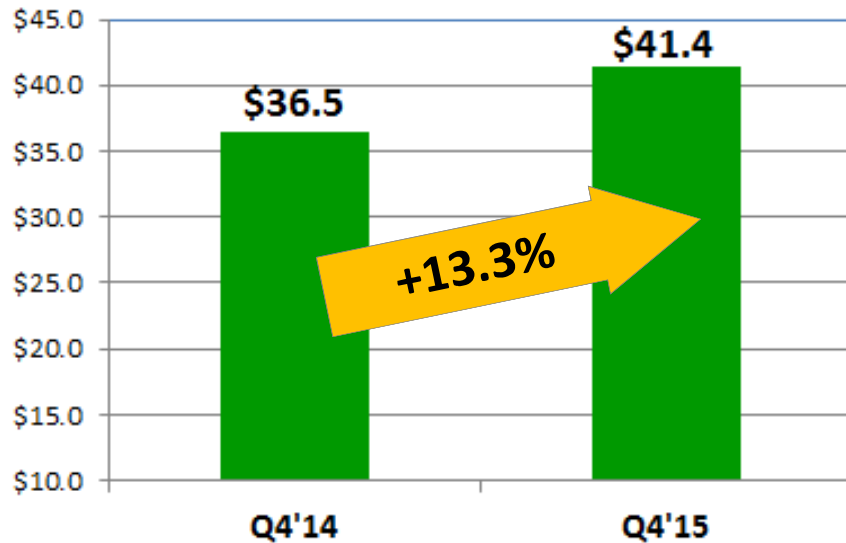
- **Improving cyber resilience and keeping data secure from near-constant threats from internal and external sources**
- **Combining traditional cyber security expertise with unique signals intelligence capabilities to defend new and legacy platforms**
- **Fielding FADE, a multi-intelligence fusion analytics platform, that helps prepare and analyze high volumes of data for the DoD and Intelligence communities**
- **Electronically managing health information and transforming the delivery of patient care to help modernize the healthcare system**

## Going Forward

- **Continue to capture market share**
- **Expect to:**
  - Win new business
  - Deliver operational excellence
  - Deploy capital for long term growth
  - Deliver long-term shareholder value

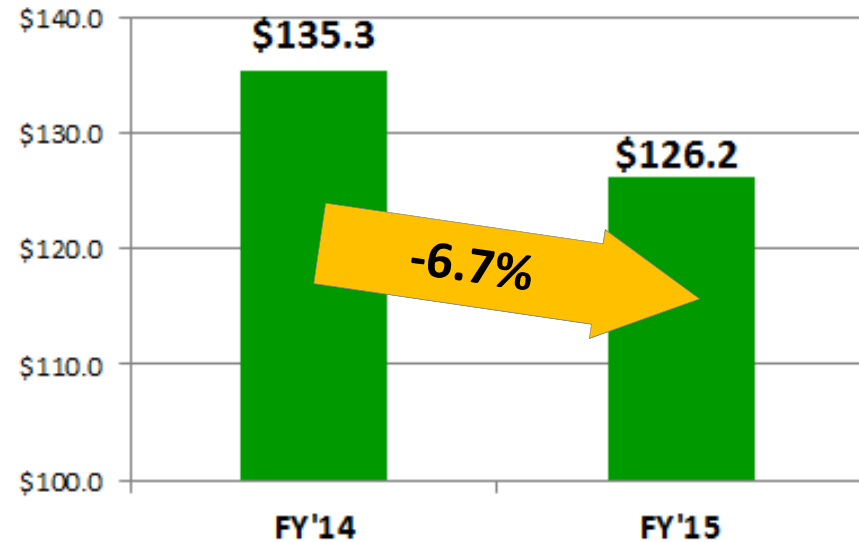
# Fourth Quarter and Full Year Net Income

### Net Income



- Higher award fees
- Increases in existing work
- New business won in FY15
- Lower D&A expense
- Lower effective tax rate

### Net Income

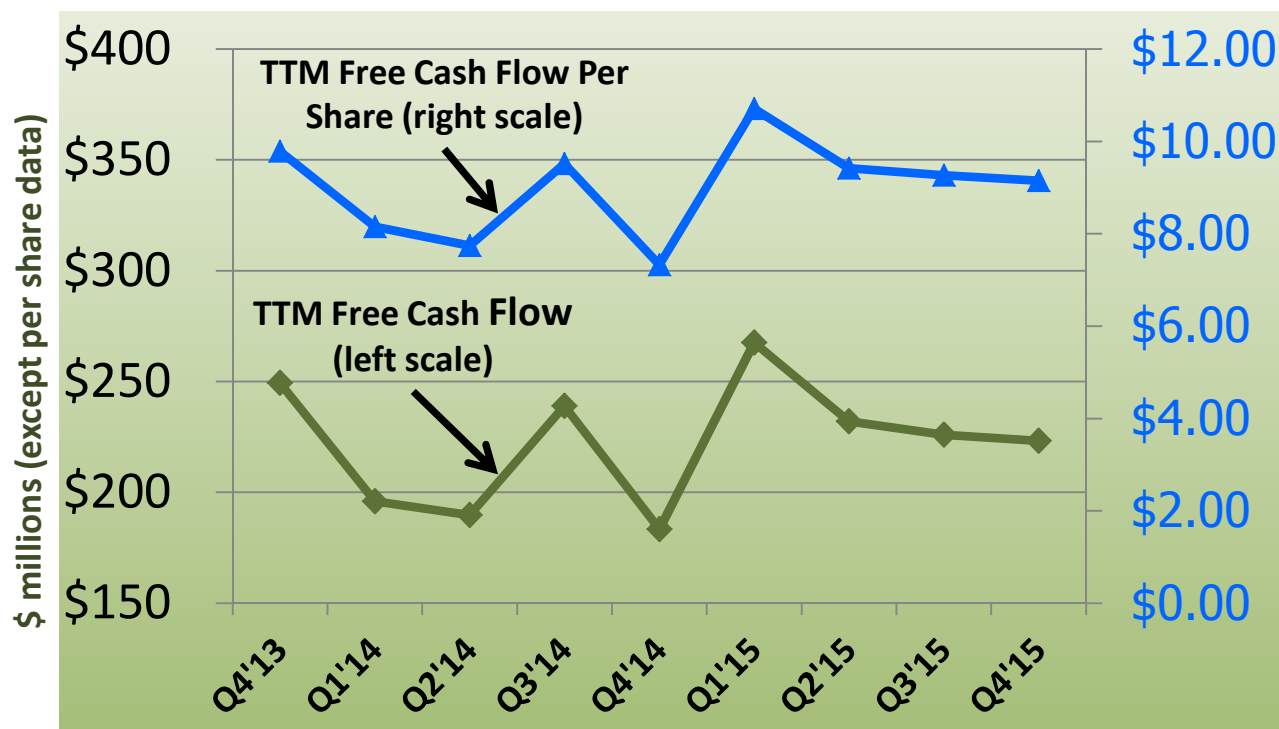


- Impacted by ramp-up and increased investments for the OPM contract in the second quarter of FY15



## Strong Cash Flow

- Generated \$223 million in operating cash flow for the year; \$33 million in the fourth quarter
- Days sales outstanding – 60 days versus 61 days in Q3



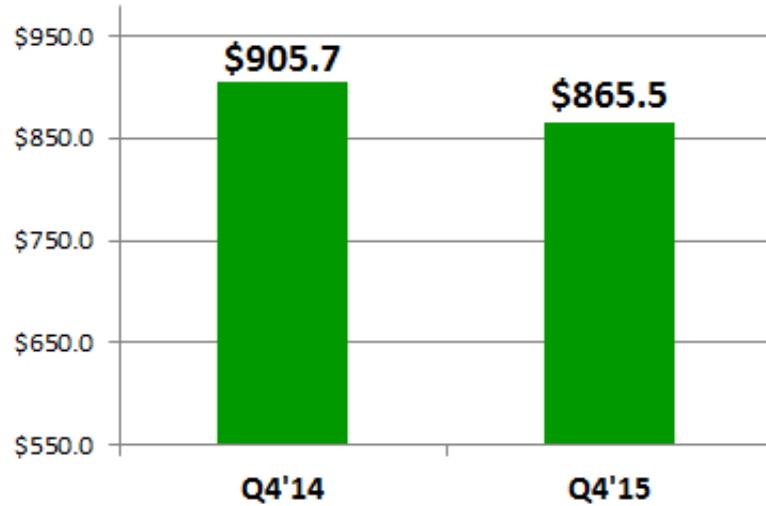
10.3% free cash flow yield per share at \$82 share price

- Diluted adjusted EPS of \$7.23, 40% higher than GAAP EPS

See Chart 16 for definitions of non-GAAP measures

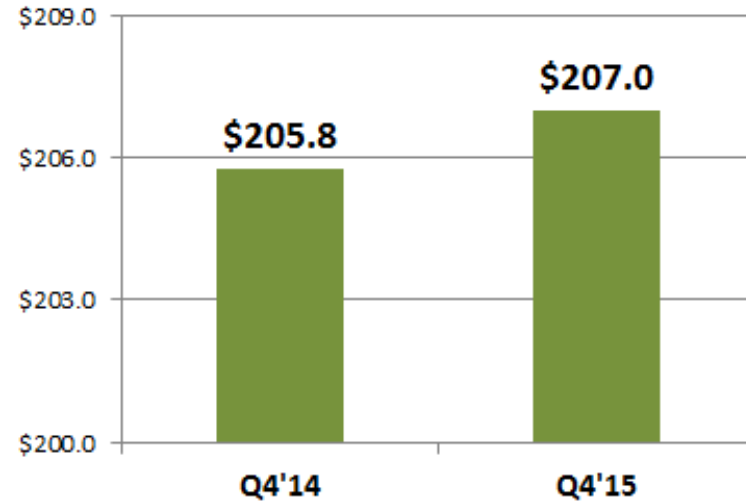
# Fourth Quarter Results

### Revenue



- Continuing decline in ODCs
- Partially offset by continued growth in direct labor

### SG&A



- Higher fringe expense from growth in direct labor
- Adjusting for fringe expenses, indirect costs and selling expenses ~3% lower for quarter and fiscal year

## 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 0% to +6% versus FY15**

**FY16 net income expected to be 3% to 11% above FY15**

**FY16 diluted EPS expected to be 1% to 9% above FY15**

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

**This guidance represents our views as of August 12, 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.

**See Chart 17 for key guidance assumptions**

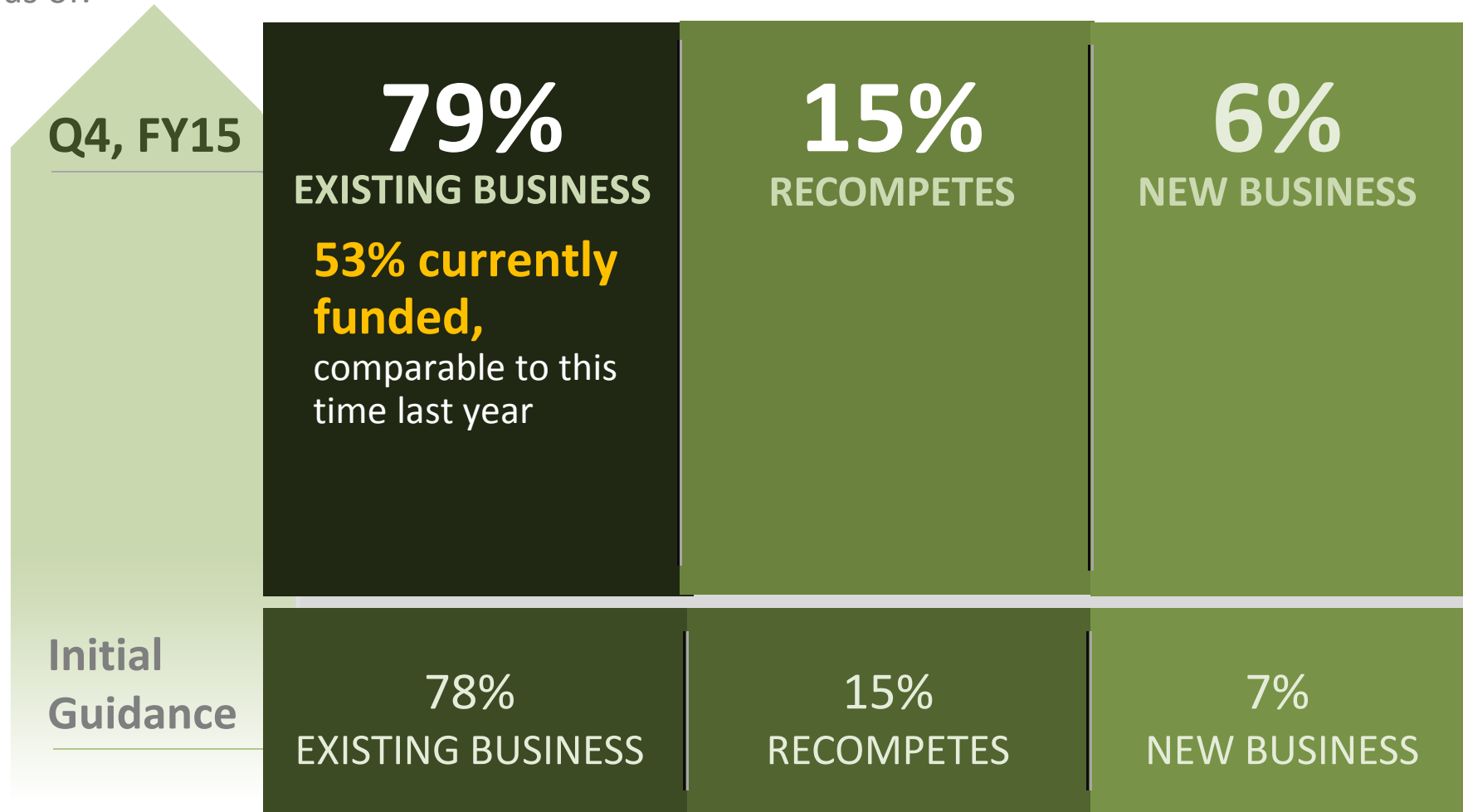
## CACI Well Positioned

- **Made critical investments in our business development organization**
  - Refined our shot selection and processes
  - Pursuing larger, more solutions-oriented business
  - Aligned organization to provide single investment points in delivery and capability; competitive cost structure in each market area
  
- **Results:**
  - \$777 million in awards in the quarter, 11% higher from a year ago
  - Record \$5.8 billion in contract awards in FY15, 46% increase from a year ago
  - \$871 million in contract funding orders in the quarter
  - Funded backlog: \$2.0 billion
  - Total backlog: \$9.6 billion, 35% higher than a year ago

# Confidence in our FY16 Plan

## FY16 Planned Revenue

as of:



## Solid Leading Indicators

- **\$12 billion in pending contract awards, 50% for new business**
- **\$13.7 billion in bids to be submitted over next six months, 60% for new business**
- **Reflects our business development focus across all market areas**

## CEO Closing Comments

- **Have made fundamental strategic and operational changes to our business**
- **Improved our competitiveness**
- **Positioned CACI to return to organic revenue and earnings growth in FY16**
- **Credit to the hard work, innovation, and good character of CACI's professionals**

## 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

- **Direct labor costs to be between 10% and 12% higher versus FY15**
- **ODCs -8% to -10% less than FY15 with greater declines in the first half of FY16**
- **Indirect costs and selling expenses 4% to 5% higher than 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**