

CACI International Inc First Quarter Fiscal Year 2015 Conference Call



October 30, 2014

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: actual revenue and earnings realized by Six3 Systems, and the performance of the Six3 Systems business; 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

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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Highlights

- **Solid net income**
- **Record contract awards**
- **Expanding workforce, adding over 1,300 employees**
- **Reiterating Fiscal Year '15 Annual Guidance**

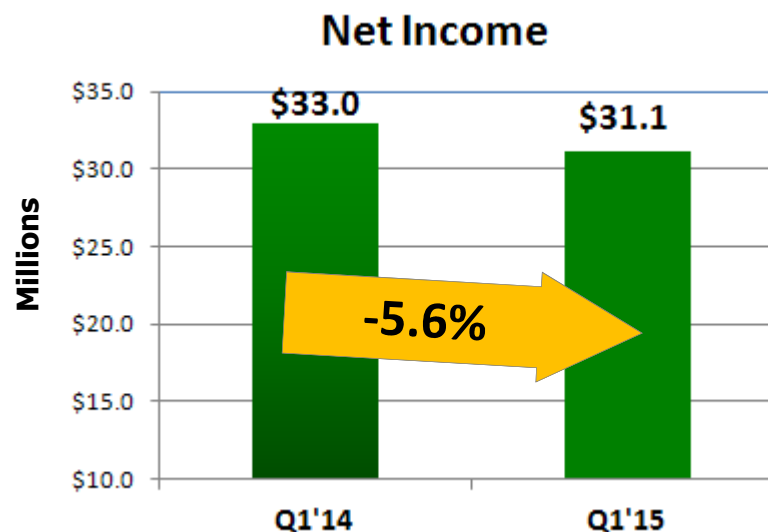
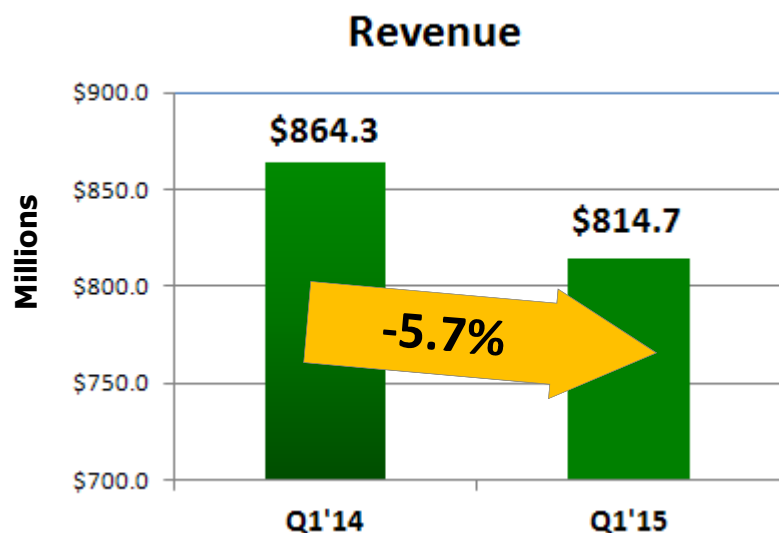
A large, stylized graphic of the letters 'Q1' in a light blue, 3D font. The letters are positioned on a white, curved surface that resembles a page or a document, with a soft shadow underneath. The 'Q' is on the left and the '1' is on the right.

Key Strategic Factors Affecting Our Customers

- **Operating in a turbulent environment**
- **Government operating under a CR through mid-December**
- **No FY15 budget yet**
- **Sequestration remains the law of the land**
- **Afghanistan Bilateral Security Agreement in place**
- **U.S. forces engaged in combat operations against ISIS**
- **U.S. has committed resources to deter aggression in Eastern Europe**
- **Outbreak of Ebola**

Will continue to execute our strategy

First Quarter Results



- **Decrease driven primarily by:**
 - Higher direct labor more than offset by decline in ODCs
 - Reductions in sub-contractor labor and material purchases

- Indirect expenses higher due to higher fringe expenses
- D&A up due to Six3 amortization
- Diluted EPS of \$1.29, down 2.8%
- Diluted adjusted EPS of \$1.81, 40% higher than GAAP diluted EPS

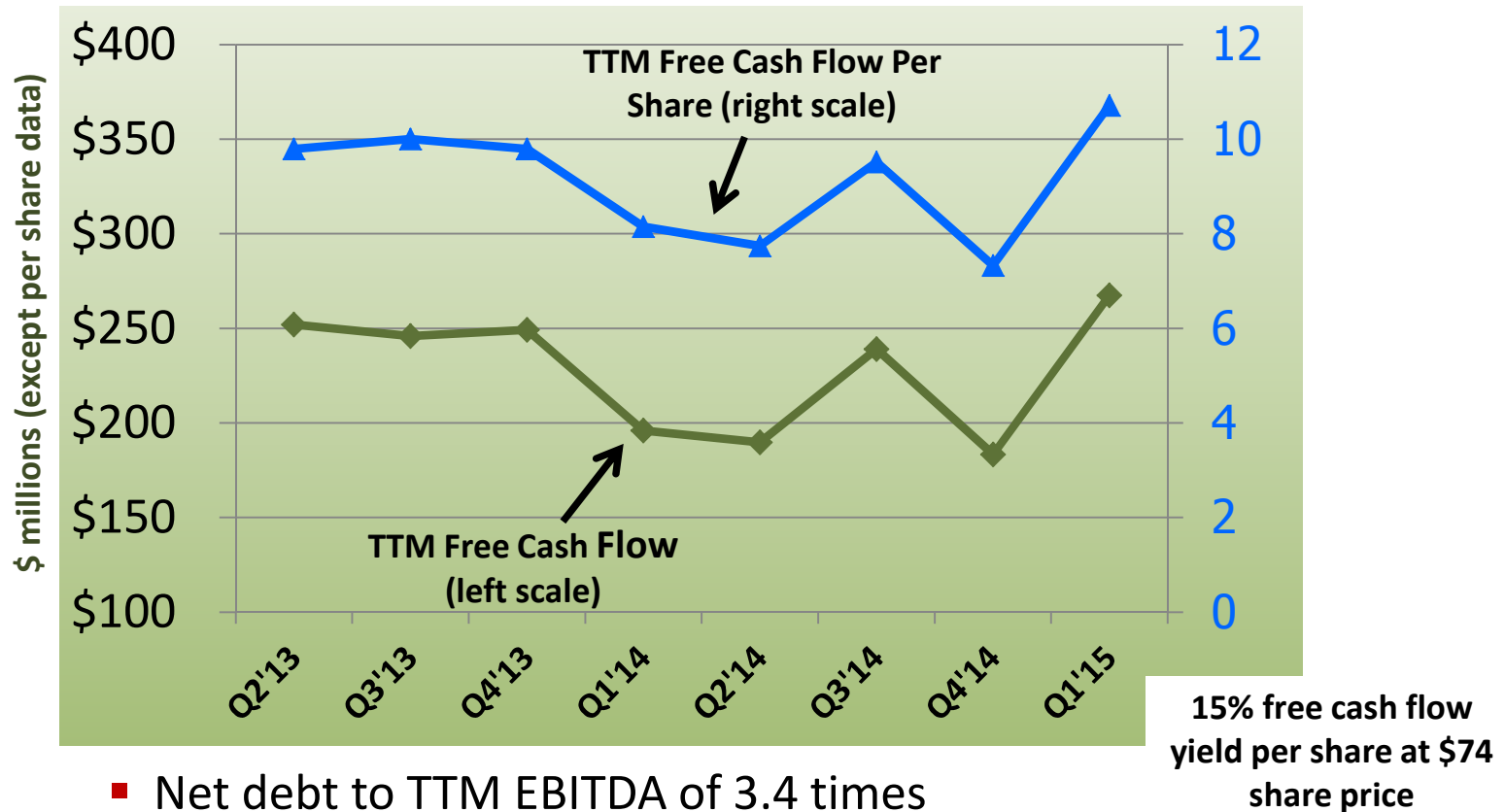
* See Chart 14 for definitions of non-GAAP measures

Six3 Systems, Inc. Acquisition

- **Generated \$90 million of revenue**
- **Lower revenue due to:**
 - Reductions in run rate of service business
 - Lower subcontractor and material purchases
 - Some unsuccessful takeaways
 - Delays in contract award activity
 - Some system and product based business
- **Continue to expect this acquisition to be at least 5% accretive to GAAP EPS and at least 10% accretive to diluted adjusted EPS in CY14**

Strong Cash Flow

- Generated \$112 million in operating cash flow
- Days sales outstanding – 61 days



- Net debt to TTM EBITDA of 3.4 times

* See Chart 14 for definitions of non-GAAP measures

Reiterating FY15 Guidance

	FY15
	<u>Guidance</u>
Revenue (millions)	\$3,300 – \$3,600
Net income (millions)	\$125 – \$135
Diluted EPS	\$5.10 – \$5.51
Diluted shares (millions)	24.5

FY15 revenue expected to be -7% to 1% versus FY14

FY15 net income expected to be -8% to 0% versus FY14

FY15 diluted EPS expected to be -5% to 2% versus FY14

This guidance represents our views as of October 30, 2014. 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.

OPM Support Information

- **Individual cases take from a few days to several months to complete**
- **Revenue recognized as completed cases submitted to OPM**
- **Incurring full costs of hiring additional investigators, support personnel, facility space, in addition to other one-time expenses in the second quarter**
 - Realizing a small amount of revenue as case work begins
 - Reduction in second quarter net income of ~ \$7-\$8 million as a result of recognition of expenses versus small amount of revenue
- **OPM revenue and expense expected to reach “steady state” by fourth quarter**

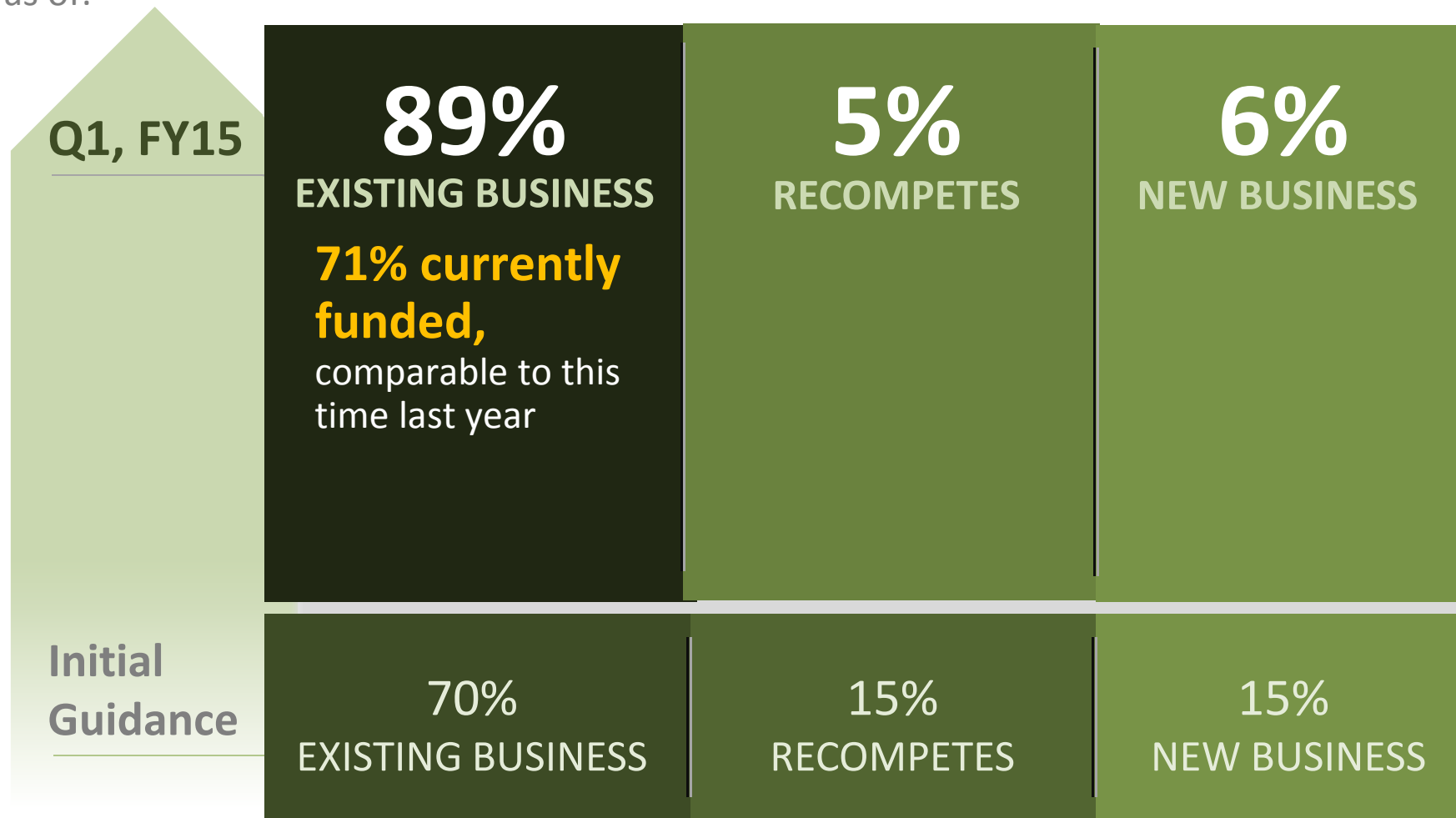
Operational Highlights

- **Gross profit and gross margin higher than last year**
- **\$2.4 billion in contract awards in the quarter, 33% higher than last year**
 - Contract awards reflect our disciplined business development actions, operational excellence, and high customer satisfaction
- **\$1.3 billion in contract funding orders, slight increase from last year**
- **Focus on business development remains a priority**
 - Refining our shot selection and processes – fewer pursuits and higher value of pursuits
 - Pursuing and winning larger contracts with higher solutions and direct labor content
- **Solid leading indicators:**
 - Strong backlog and contract funding position
 - \$8.7B pending awards, 84% for new business
 - \$13B bids to be submitted over next six months, 60% for new business

Confidence in our FY15 Plan

FY15 Planned Revenue

as of:



Percentages based on mid-point of annual guidance

CEO Closing Comments

- **First quarter performance positions us well**
- **Pleased with progress of three-part strategy**
- **Performance of CACI's professionals has been exceptional**

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.**