

CACI International Inc Second Quarter Fiscal Year 2018 Conference Call



February 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 as a result of transitioning to a new presidential administration 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 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

John Mengucci

Chief Operating Officer

Tom Mutryn

Chief Financial Officer

DeEte Gray

President, U.S. Operations

Greg Bradford

Chief Executive Officer, CACI Limited in the UK

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Second Quarter Results

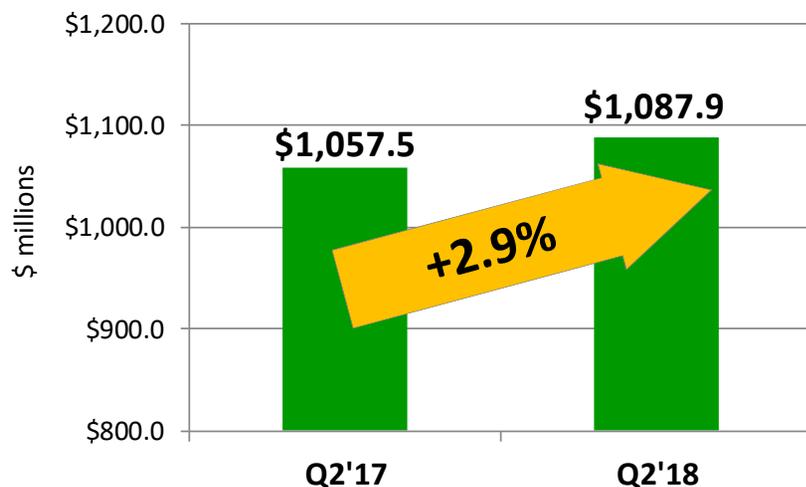
- **Record revenue of \$1.09 billion, up 2.9% with 2.4% organic revenue growth**
- **Record operating income of \$88.3 million, up 10.0%, with an 8.1% operating margin**
- **Net income of \$142.8 million, \$50.5 million excluding the impact of Tax Reform (non-GAAP) versus \$42.4 million a year ago**
- **Diluted EPS of \$5.66, \$2.00 excluding the impact of Tax Reform (non-GAAP) versus \$1.69 a year ago**
- **Cash from operations of \$76.1 million**
- **Awards of \$1.1 billion**
- **Raised guidance**

Current Market Positioning

- **Operating under a continuing resolution through February 8th**
 - Short shutdown had no material impact on our financial performance
 - Need an appropriated budget rather than more CRs
- **Additional cash from Tax Reform provides us an opportunity to increase our investment in our people**
- **CACI ranked as a “World’s Most Admired Company” and 5th worldwide in the IT Services industry**

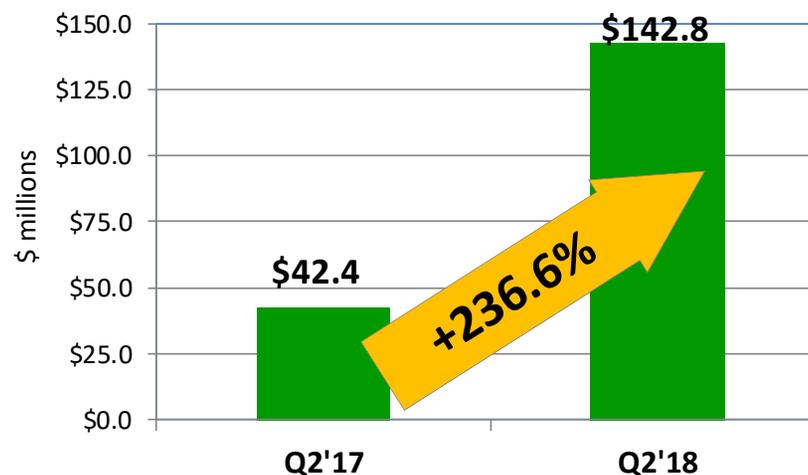
Second Quarter Revenue and Net Income

Revenue



- Driven by on-contract growth and new business wins
- Organic revenue growth of 2.4% in the quarter

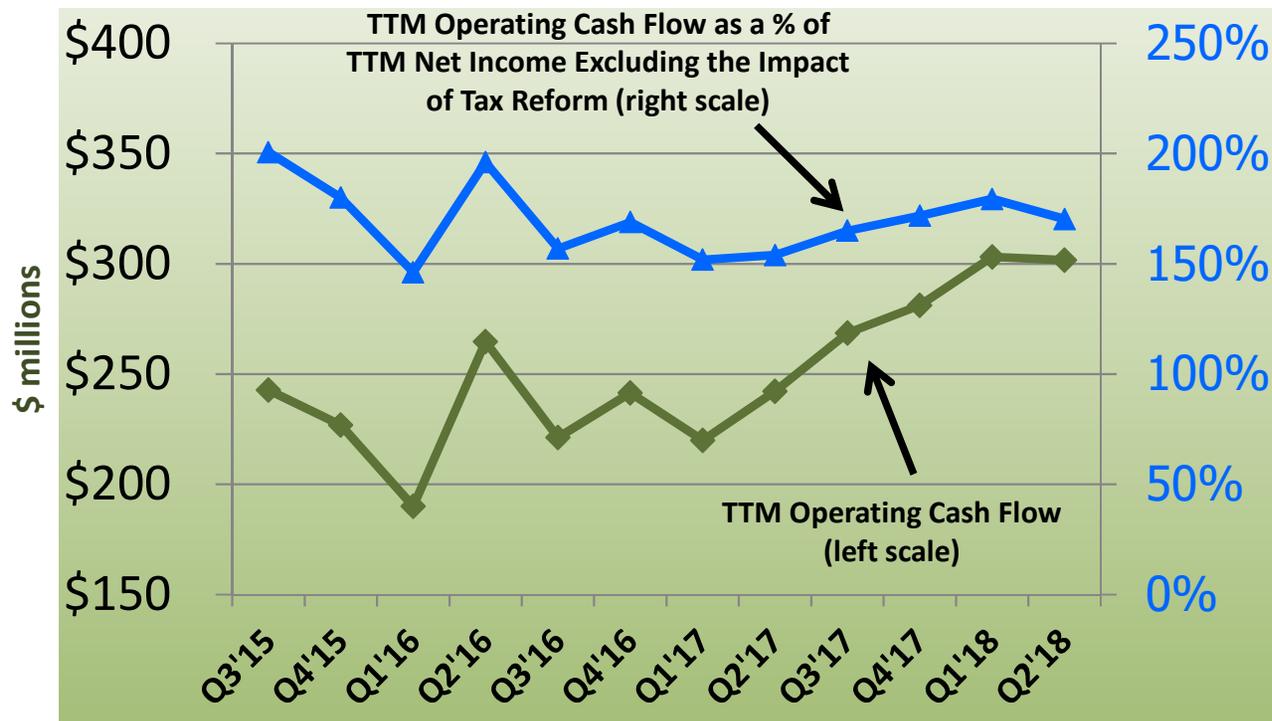
Net Income



- Operating income up 10%
- Net income of \$50.5 million, excluding \$92.3 million impact of Tax Reform (non-GAAP)

Continued Strong Cash Flow

- Generated \$76 million in operating cash flow for the quarter, 151% of net income excluding the impact of Tax Reform
- Days sales outstanding – 61 days versus 64 days in Q1'18
- Net debt of ~\$1.1 billion
- Net debt/TTM adjusted EBITDA of ~2.9 times



See Charts 13-16 for definitions of non-GAAP measures

Raising FY18 Guidance

	Current FY18 Guidance	FY18 Guidance Excl. Tax Reform	Previous FY18 Guidance
Revenue (millions)	\$4,350 - \$4,500	\$4,350 - \$4,500	\$4,350 - \$4,500
Net Income (millions)	\$277 - \$283	\$177 - \$183	\$171 - \$179
Diluted EPS	\$10.95 - \$11.19	\$7.00 - \$7.23	\$6.76 - \$7.08
Diluted shares (millions)	25.3	25.3	25.3

FY18 operating cash flow expected to be greater than \$300 million

This guidance represents our views as of January 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.

Successful Second Quarter

- **Fourth consecutive quarter of positive organic revenue growth**
 - Driven mainly by FY17 new business wins
- **Margin growth the result of efficient performance on several fixed price contracts**
- **Contract awards of \$1.1 billion, with ~40% for new business to CACI**
- **\$750 million of contract funding orders**
- **Total backlog of \$10.9 billion**

Notable Awards and Achievements

- **\$300 million award to continue providing business systems support to a classified customer**
- **New \$85 million contract to provide state-of-the-art operational, technical and fielding support to a DoD customer**
- **CACI's Cyber Range test environment certified with ISO 27001 credential**
- **Invested in an expansion of CACI's Agile Solutions Factory**

Forward Indicators are Strong



Pipeline of submitted bids totals \$6.9 billion

~77% for new business to CACI

Bids expected to be submitted in the next two quarters totals another \$12.9 billion

~65% for new business to CACI

CEO Closing Comments

- **Strong operating performance in the first half of FY18**
- **Our strategy is delivering on long-term goals and shareholder value**
- **CACI employees form the foundation that earned us recognition as a Fortune World's Most Admired Company**
- **CACI employees contribute to our growth and drive our success in delivering shareholder value**

Definitions of Non-GAAP Measures

The Company views Adjusted EBITDA and Adjusted Net Income, all 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. Adjusted EBITDA is a commonly used non-GAAP measure when comparing our results with those of other companies. 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. We define Adjusted Net Income as GAAP net income plus stock-based compensation expense, depreciation and amortization, amortization of financing costs, and earnout adjustments, net of related tax effects. We believe Adjusted Net Income is an important measure of long-term value and is used by investors to measure our performance. This measure assists management and investors in further understanding our results and trends from period-to-period by removing certain non-cash items that do not impact the cash flow performance of our business. Adjusted EBITDA and Adjusted Net Income as defined by us may not be computed in the same manner as similarly titled measures used by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

Definitions of 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			Six Months Ended		
	12/31/2017	12/31/2016	% Change	12/31/2017	12/31/2016	% Change
(dollars in thousands)						
Net income	\$ 142,795	\$ 42,420	236.6%	\$ 184,841	\$ 79,083	133.7%
Plus:						
Income taxes	(65,489)	25,510	-356.7%	(51,478)	46,016	-211.9%
Interest expense, net	10,956	12,325	-11.1%	22,203	24,918	-10.9%
Depreciation and amortization	18,258	18,132	0.7%	35,846	36,195	-1.0%
Earnout adjustments	(1,131)	406	-378.6%	(2,013)	820	-345.5%
Adjusted EBITDA	\$ 105,389	\$ 98,793	6.7%	\$ 189,399	\$ 187,032	1.3%

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

Definitions of Non-GAAP Measures

Adjusted Net Income

Adjusted net income is GAAP net income plus stock-based compensation expense, depreciation and amortization, amortization of financing costs, and earnout adjustments, net of related tax effects

(dollars in thousands)	Quarter Ended			Six Months Ended		
	12/31/2017	12/31/2016	% Change	12/31/2017	12/31/2016	% Change
Net income	\$ 142,795	\$ 42,420	236.6%	\$ 184,841	\$ 79,083	133.7%
Plus:						
Stock-based compensation	6,038	5,660	6.7%	12,389	10,557	17.4%
Depreciation and amortization	18,258	18,132	0.7%	35,846	36,195	-1.0%
Amortization of financing costs	1,104	1,124	-1.8%	2,212	2,252	-1.8%
Earnout adjustments	(1,131)	406	-378.6%	(2,013)	820	-345.5%
Less:						
Related tax effect	(7,980)	(9,965)	-19.9%	(15,925)	(19,608)	-18.8%
Adjusted net income	\$ 159,084	\$ 57,777	175.3%	\$ 217,350	\$ 109,299	98.9%

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

Definitions of 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

Reconciliation of Net Income adjusted for Tax Reform (unaudited)

(Amounts in thousands, except per share amounts)	Three Months 12/31/2017		Six Months 12/31/2017	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Net Income, as reported	\$ 142,795	\$ 5.66	\$ 184,841	\$ 7.33
Tax reform benefit from lower tax rate and other items	(7,100)	(0.28)	(7,100)	(0.28)
Net Income before remeasurement and transition tax reform adjustments	\$ 135,695	\$ 5.38	\$ 177,741	\$ 7.05
Remeasurement of deferred tax liabilities	(94,831)	(3.76)	(94,831)	(3.76)
Transition tax on foreign earnings	9,676	0.38	9,676	0.38
Net income, excluding impact of tax reform	\$ 50,540	\$ 2.00	\$ 92,586	\$ 3.67

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