

CACI International Inc

Q1 FY20 Earnings Conference Call

October 31, 2019



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 from 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-compete 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.

On Today's Call



John Mengucci
President and Chief
Executive Officer



Thomas Mutryn
Chief Financial Officer



Greg Bradford
President and Chief
Executive, CACI Limited UK

Strong Start to FY20

Strong Q1 revenue growth of **16.9%**, with **5.6% organic** growth

Strong Profitability

Robust cash flow from operations¹

Strong contract awards of \$4.0 billion

~60% new business to CACI

Raising FY20 guidance to include recent acquisitions

¹ See slides at the end of this presentation for definitions and reconciliations of non-GAAP measures.

New Framework for Understanding Our Business

	Enterprise <i>Capabilities enabling internal agency operations</i>	Mission <i>Capabilities enabling agency missions</i>
Expertise	Deliver talent with technical and functional knowledge in support of agency operations	Deliver talent with technical and domain knowledge in support of agency missions
Technology	<p>Design, develop, and deliver end-to-end information technology</p> <p>Modernize infrastructure through migration to the cloud and as-a-service models</p> <p>Develop and implement business systems and enterprise applications</p>	<p>Develop and deploy signals intelligence, electronic warfare, and cyber for multi-domain operations</p> <p>Deliver actionable intelligence through multi-source collection and analysis</p> <p>Generate unique intellectual property through advanced research and development</p>

Strong Award Activity across Enterprise and Mission

Nearly five-year, **\$385 million** ceiling value task order to support the U.S. Navy's MyNavy Human Resources (HR) Transformation

- **Enterprise Technology** – implementing business systems
- Illustrates value of our talent, proven methodologies, Agile Solutions Factory, and strong record of past performance

Five-year, **\$443 million** task order to help the U.S. Army counter commercial-based threats

- **Mission Expertise** – delivering talent with high-value technical and domain knowledge
- Demonstrates our capabilities in reverse engineering, prototyping, and technical intelligence to mitigate emerging UAS and IED threats to our troops

Five-year **\$438 million** single-award task order to support the U.S. Air Force Research Laboratory (AFRL) on C4ISR programs

- **Mission Technology** – developing C4ISR and cyber solutions
- Represents a significant increase of prior work for the AFRL, and along with several other cyber contracts with the Air Force, demonstrates our differentiated and innovative capabilities

Continuing to Invest for Growth through M&A

Three acquisitions closed this past week

Next Century Corporation

- **Mission Technology** company delivering advanced geospatial mapping, predictive analytics, data fusion, and machine learning to the Intelligence Community and DoD

Linindustries Shielding Specialties

- **Mission Technology** company delivering hardened systems to protect from electromagnetic interference

Deep3

- **Mission Expertise** company delivering application development, data analytics, digital transformation and cyber security in support of U.K. National Security and Defense

Positive Market Environment and Budget Trends

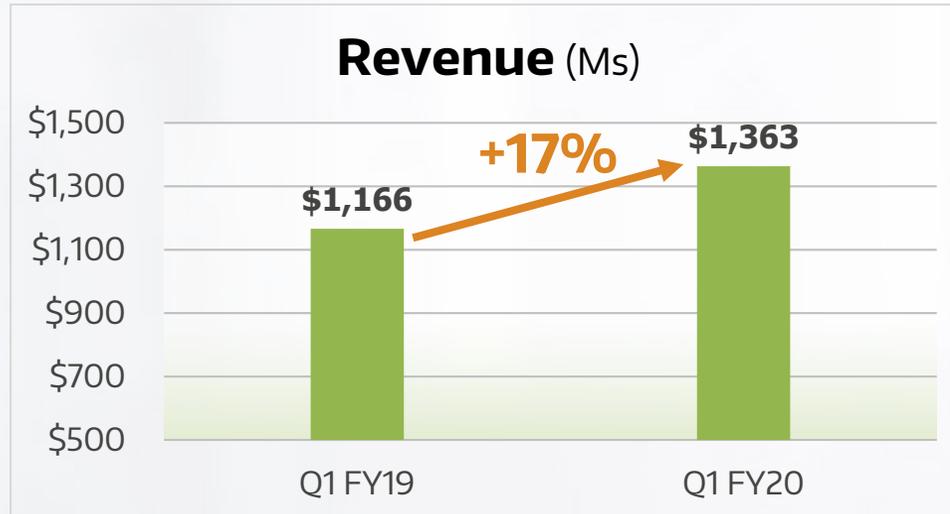
Capabilities well-aligned with critical **national security** and **modernization** priorities

- Electronic warfare (EW), cyber, communications, and space
- IT systems and infrastructure modernization
- CACI alignment evidenced by strong contract awards

Positive budget environment

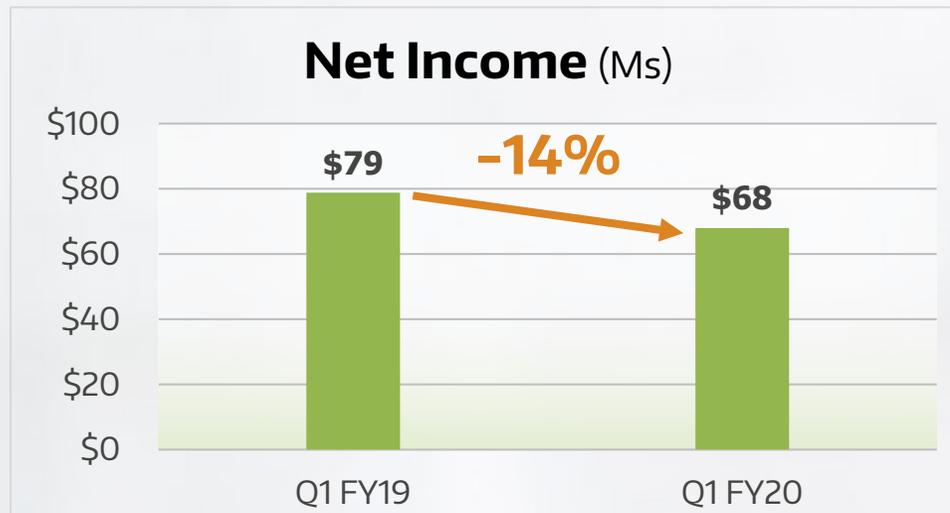
- Two-year budget framework signed earlier this year supports improved spending levels
- Continuing resolution (CR) to start GFY 2020 not expected to impact our business
- Will continue to monitor the budget process

Q1 FY20 Revenue and Net Income



Driven by acquired revenue, new business **wins**, and on-contract **growth**

Organic growth increased to **5.6%**

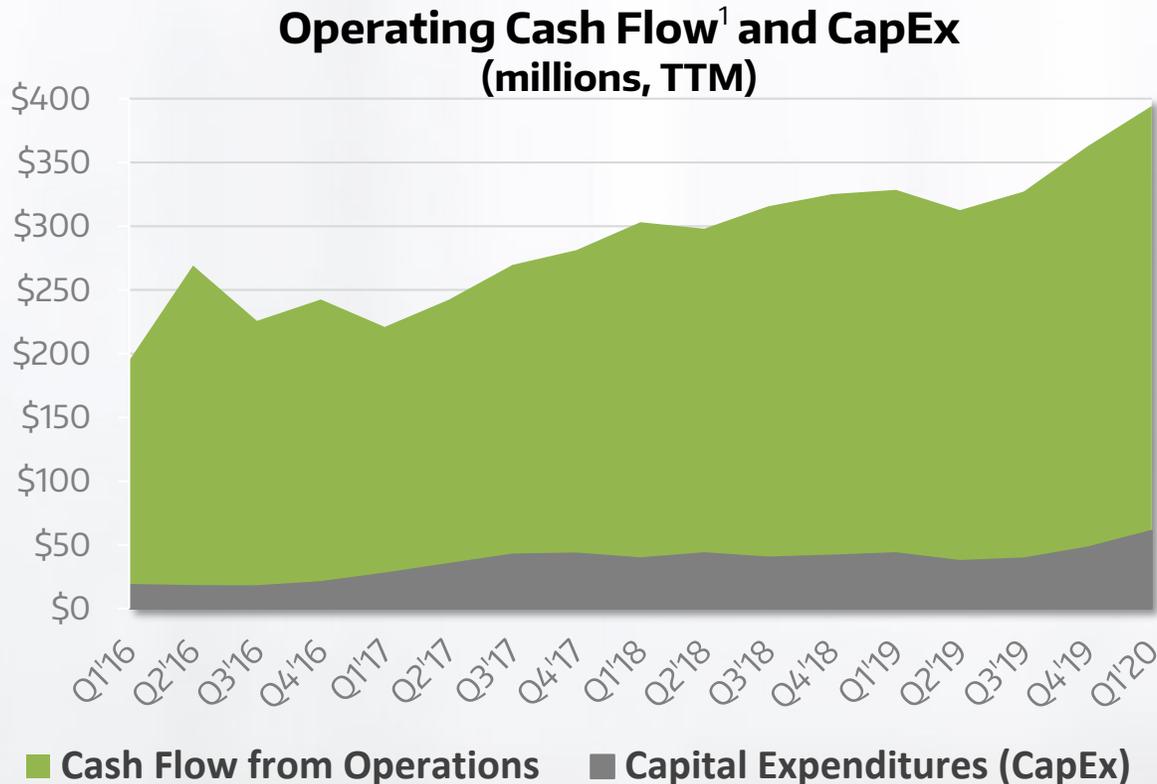


In-line with expectations and FY20 plan

For comparison, Q1 FY19 net income reflects:

- **~\$9M** (\$12M pretax) of earlier-than-expected product sales and other one-time items
- **~\$5M** from lower effective tax rate

Strong Cash Generation and Ample Debt Capacity



- Q1 cash flow from operations of **\$114.6 million¹**, up 38% year-over-year
- Days Sales Outstanding of **59 days** (excluding A/R facility)
- Pro Forma Leverage of **3.0x²** (3.3x after three recent acquisitions³)
- **~44%** of debt structure with floating interest rates
- Healthy cash flow and borrowing capacity provides ample **capacity** for **continued investment**

¹ Net cash provided by operating activities (cash flow from operations) excludes the impact of CACI's MARPA facility. See reconciliations at the end of this presentation for additional detail.

² As of September 30, 2019, assuming full trailing twelve month (TTM) contribution from LGS and Mastodon acquisitions.

³ Estimated; as of December 31, 2019.



Raising FY20 Guidance

	Prior Guidance	Current Guidance
Revenue (millions)	\$5,500 – \$5,700	\$5,550 – \$5,750
Net Income (millions)	\$295 – \$315	\$298 – \$318
Diluted EPS	\$11.52 – \$12.30	\$11.64 – \$12.42
Operating Cash Flow¹ (millions)	At least \$400	At least \$420

Three recent acquisitions expected to contribute **\$50M** in revenue and **\$3M** in net income

Diluted shares outstanding expected to be **25.6M**

Tax rate approximately **23%**

This guidance represents CACI views as of October 30, 2019. Investors are reminded that actual results may differ from these estimates for reasons described in the Company's Safe Harbor Statement and filings with the SEC.

(1) Cash from Operations excludes the impact of CACI's MARPA facility. See slides at the end of this presentation for definitions and reconciliations of non-GAAP measures.



Positive Forward Indicators

94%

Existing Business

STRONG
Performance

Record Q1 FY20 contract awards of **\$4.0 billion**
TTM Book-to-Bill increased to 2.3x

4%

Recompetes

HIGH
Win Rate

Record backlog of **\$19.5 billion**, +49% YoY

Pipeline of submitted bids totals **\$7.5 billion**
>80% for new business to CACI

2%

New Business

QUALITY
Pipeline

Bids expected to be submitted in the next two quarters total **\$13.6 billion**
>70% for new business to CACI



Continuing to Deliver Results and Meet Commitments

Successfully **executing** our strategy

Delivered **strong financial performance** across all measures in Q1

Deploying **robust** cash flow with **accretive**, capability-enhancing M&A

Raising FY20 guidance, continue to expect increasing **organic growth** and **margin expansion**

Confident in our ability to deliver **value** to customers and shareholders

Definitions of Non-GAAP Measures

The Company defines net cash provided by operating activities excluding CACI's Master Accounts Receivable Purchase Agreement (MARPA facility) as net cash provided by operating activities calculated in accordance with GAAP, adjusted to exclude net cash received from CACI's MARPA facility for the sale of certain designated eligible U.S. government receivables. Under the MARPA facility, the Company can sell eligible receivables, including certain billed and unbilled receivables up to a maximum amount of \$200.0 million. The Company uses net cash provided by operating activities excluding MARPA facility to allow investors to more easily compare current period results to prior period results and to results of our peers.

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. 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 expense, including depreciation within direct costs, 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.

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

Reconciliation of Net Cash Provided by Operating Activities to Net Cash Provided by Operating Activities Excluding MARPA Facility

(dollars in thousands)

Net cash provided by operating activities

Cash used (provided) by MARPA facility

Net cash provided by operating activities excluding MARPA facility

Quarter Ended 9/30/2019
\$ 103,204
11,424
\$ 114,628

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

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

	Quarter Ended		
	9/30/2019	9/30/2018	% Change
(dollars in thousands)			
Net income	\$ 67,977	\$ 78,833	-13.8%
Plus:			
Income taxes	15,369	11,881	29.4%
Interest income and expense, net	16,811	8,886	89.2%
Depreciation and amortization expense, including depreciation within direct costs	27,354	19,466	40.5%
Earnout adjustments	800	(2,000)	-140.0%
Adjusted EBITDA	\$ 128,311	\$ 117,066	9.6%

	Quarter Ended		
	9/30/2019	9/30/2018	% Change
(dollars in thousands)			
Revenue, as reported	\$ 1,363,392	\$ 1,165,864	16.9%
Adjusted EBITDA	128,311	117,066	9.6%
Adjusted EBITDA margin	9.4%	10.0%	

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