

CACI International Inc

Q3 FY20 Earnings Conference Call

April 30, 2020



Forward-looking Statements

There are statements made herein that 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 risk factors that could cause actual results to be materially different from anticipated results. These risk factors include, but are not limited to, the following: our reliance on U.S. government contracts, which includes general risk around the government contract procurement process (such as bid protest, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks; significant delays or reductions in appropriations for our programs and broader changes in U.S. government funding and spending patterns; legislation that amends or changes discretionary spending levels or budget priorities, such as for homeland security or to address global pandemics like COVID-19; 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, including the impact of global pandemics like COVID-19; 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; competitive factors such as pricing pressures and/or competition to hire and retain employees (particularly those with security clearances); failure to achieve contract awards in connection with re-competes for present business and/or competition for new business; regional and national economic conditions in the United States and globally, including but not limited to: terrorist activities or war, changes in interest rates, currency fluctuations, significant fluctuations in the equity markets, and market speculation regarding our continued independence; our ability to meet contractual performance obligations, including technologically complex obligations dependent on factors not wholly within our control; limited access to certain facilities required for us to perform our work, including during a global pandemic like COVID-19; changes in tax law, the interpretation of associated rules and regulations, or any other events impacting our effective tax rate; changes in technology; 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 ability to achieve the objectives of near term or long-term business plans; the effects of health epidemics, pandemics and similar outbreaks may have material adverse effects on our business, financial position, results of operations and/or cash flows; 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 Q3 Performance

Q3 revenue growth of **15.9%**, with **9.9% organic** growth

Strong profitability

Robust cash flow from operations¹

Healthy contract awards of \$1.4 billion

~50% new business to CACI

Reiterating FY20 guidance, including **at least 7% organic** growth

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

Proactive Response to COVID-19

Employees – our top priority is their health and safety

- Working remotely whenever possible
- Adhering to CDC/customer guidelines; implemented enhanced cleaning procedures

Customers – we remain committed to supporting their missions

- Being **flexible** – CACI working with customers to ensure continuity of operations
- Being **agile** – In coordination with two customers, CACI stood up a Temporary SCIF in nine days to support 330 employees

Communities – supporting people on the frontlines

- CACI work contributing directly to national response to COVID-19
- **CACI Cares** program launched to support hospitals and food banks

Shareholders – managing our business to be financially strong and **enduring**

Resilient Business Model

National security and modernization priorities are **enduring**, despite COVID-19

Healthy funding environment; most of our work under **long-term** contracts

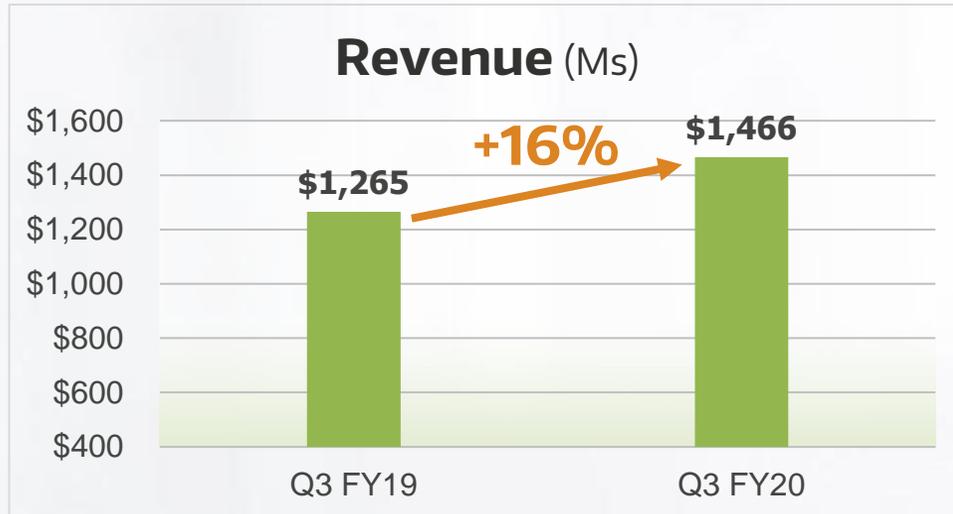
Government customers' procurement and payment operations **continue to work**

CACI continuing to recruit and hire to execute on our **growing backlog**

Coronavirus Aid, Relief, and Economic Security (CARES) Act and department/agency memos provide support and direction for our **business operations to continue**

Working with our customers at the program level to implement CARES Act

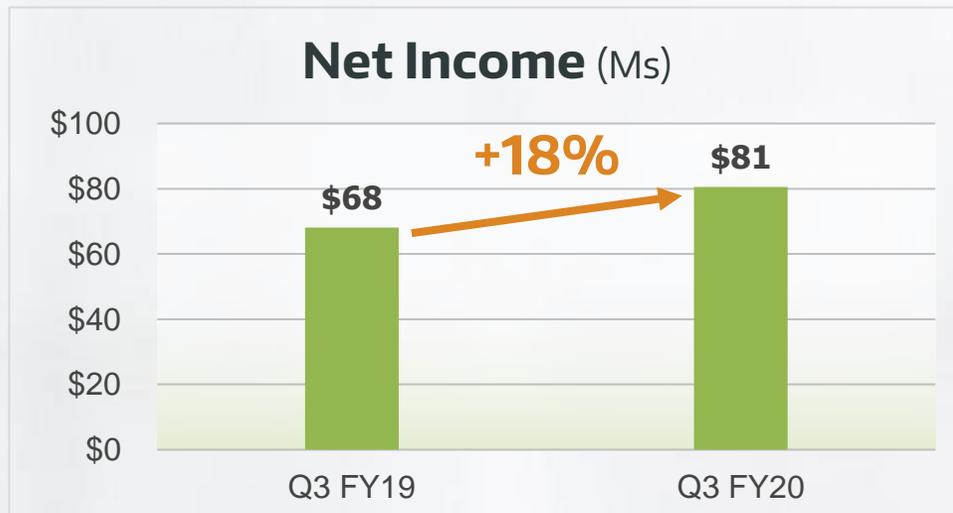
Q3 FY20 Revenue and Net Income



Revenue driven by new business **wins** and on-contract **growth**, as well as acquired revenue

Organic growth accelerated to **9.9%** from 8.1% in Q2 and 5.6% in Q1

COVID-19 negatively impacted Q3 revenue by **\$10 million**

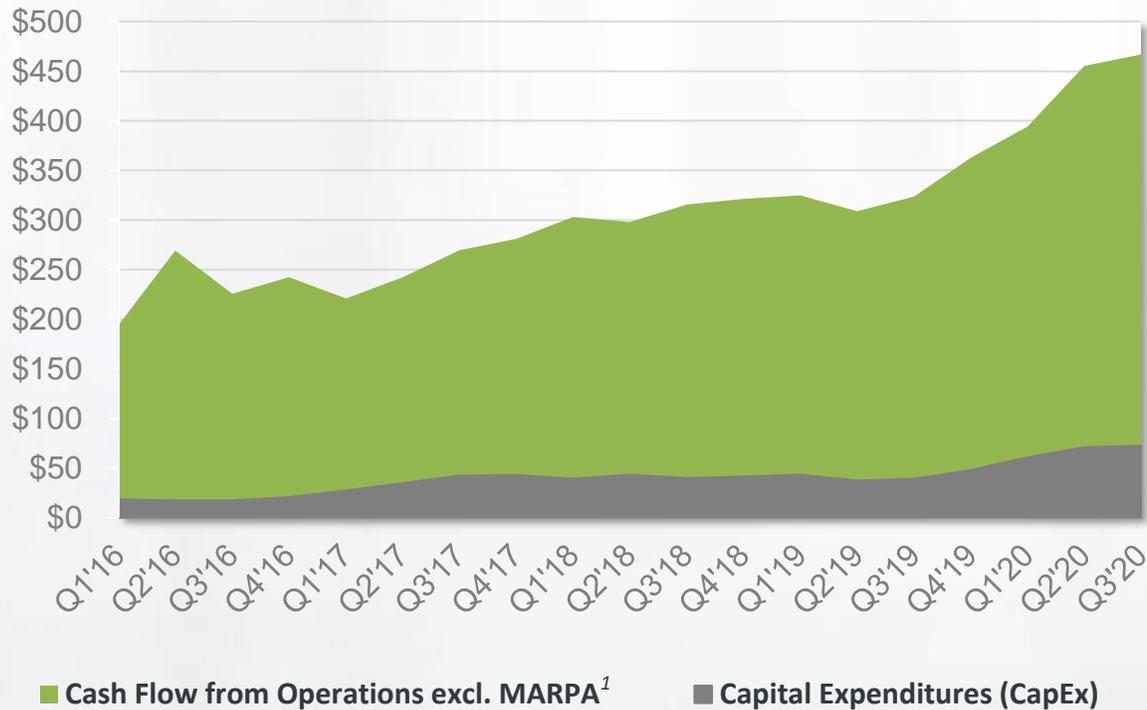


Higher net income driven by higher revenue and operating profit, partially offset by higher interest expense and tax rate

COVID-19 negatively impacted Q3 net income by about **\$4.5 million** and operating income by **\$6 million**

Resilient Financial Model

Cash Flow¹ and CapEx (millions, TTM)



- Q3 net cash provided by operating activities excluding MARPA of **\$125 million¹**, up 10% year-over-year
- Q3 TTM net cash provided by operating activities excluding MARPA of **\$467 million¹**, up 44% year-over-year
- Days Sales Outstanding of **57 days¹**
- Leverage of **2.8x²**
- Significant liquidity available from revolver (**\$835 million**), with reasonable covenants
- **Strong cash flow** supports debt repayment and investments; **ample liquidity** available for unforeseen events and strategic acquisitions

¹ Excludes CACI's Master Accounts Receivable Purchase Agreement (MARPA); See slides at the end of this presentation for definitions and reconciliations of non-GAAP measures.

² Net debt to trailing-twelve-months (TTM) Adjusted EBITDA as of March 31, 2020

Stable Industry and Positive Forward Indicators

Industry

Stable government customer base

Funding **fully appropriated** for GFY20, budget deal through GFY21

National security priorities remain and are **enduring**, even with COVID-19

Vast majority of work performed under **long-term contracts**; government required by law to pay bills on time

CARES Act and department/agency guidance provide support for **continued business operations** despite COVID-19

CACI

Large and growing addressable market well-aligned with key national security priorities

Q3 FY20 contract awards of **\$1.4 billion**
TTM Book-to-Bill of 2.1x

Total backlog of **\$19.9 billion**, +34% YoY
3.4x annualized Q3 FY20 revenue

Pipeline of submitted bids of **\$8.0 billion**
>70% for new business to CACI

Bids expected to be submitted in the next two quarters total **\$17.4 billion**
>70% for new business to CACI

FY20 Guidance

Organic revenue growth of **at least 7%**

FY20 Adjusted EBITDA Margin of **~10%**

Tax rate expected to be approximately **20%**

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

Includes impact of COVID-19, based on what we know today

	Current Guidance	Prior Guidance
Revenue (millions)	\$5,600 – \$5,800	\$5,600 – \$5,800
Net Income (millions)	\$305 – \$325	\$305 – \$325
Diluted EPS	\$11.91 – \$12.70	\$11.91 – \$12.70
Operating Cash Flow¹ (millions)	At least \$430	At least \$430

This guidance represents CACI views as of April 29, 2020. 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) See slides at the end of this presentation for additional information.

Delivering Results, Being Responsive

Delivered **strong financial performance** in Q3, including **accelerating organic** revenue growth

Responding to our employees, customers, and communities to help mitigate challenges from COVID-19

Operating our business to emphasize resiliency, financial strength, and transparency – **reiterating our FY20 guidance**

Talented employees continue to deliver expertise and innovative technology with courage and commitment

Confident in our ability to continue 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) as net cash provided by operating activities calculated in accordance with GAAP, adjusted to exclude net cash received from CACI's MARPA for the sale of certain designated eligible U.S. government receivables. Under the MARPA, the Company can sell eligible receivables, including certain billed and unbilled receivables up to a maximum amount of \$200.0 million. The Company provides net cash provided by operating activities excluding MARPA 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

(dollars in thousands)

	Quarter Ended 3/31/2020	Quarter Ended 3/31/2019
Net cash provided by operating activities	\$ 120,800	\$ 313,301
Cash used (provided) by MARPA	3,938	(200,000)
Net cash provided by operating activities excluding MARPA	\$ 124,738	\$ 113,301

(dollars in thousands)

	TTM 3/31/2020	TTM 3/31/2019
Net cash provided by operating activities	\$ 460,281	\$ 523,471
Cash used (provided) by MARPA	6,501	(200,000)
Net cash provided by operating activities excluding MARPA	\$ 466,782	\$ 323,471

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)

(dollars in thousands)	Quarter Ended			Nine Months Ended		
	3/31/2020	3/31/2019	% Change	3/31/2020	3/31/2019	% Change
Net income	\$ 80,577	\$ 68,145	18.2%	\$ 227,749	\$ 215,574	5.6%
Plus:						
Income taxes	19,012	13,297	43.0%	50,659	49,424	2.5%
Interest income and expense, net	14,087	13,466	4.6%	45,612	31,773	43.6%
Depreciation and amortization expense, including depreciation within direct costs	27,656	21,958	25.9%	83,625	60,912	37.3%
Earnout adjustments	100	1,100	-90.9%	3,000	300	900.0%
Adjusted EBITDA	\$ 141,432	\$ 117,966	19.9%	\$ 410,645	\$ 357,983	14.7%

(dollars in thousands)	Quarter Ended			Nine Months Ended		
	3/31/2020	3/31/2019	% Change	3/31/2020	3/31/2019	% Change
Revenue, as reported	\$ 1,465,600	\$ 1,264,958	15.9%	\$ 4,224,461	\$ 3,612,463	16.9%
Adjusted EBITDA	141,432	117,966	19.9%	410,645	357,983	14.7%
Adjusted EBITDA margin	9.7%	9.3%		9.7%	9.9%	

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