

# CACI International Inc

## Q1 FY21 Earnings Conference Call

October 29, 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

# Q1 Results – Strong Start to FY21

Revenue **+7%** as reported, **+6%** organic

Adjusted EBITDA Margin **11.3%**<sup>1</sup>

Net Income and Diluted EPS **+38%**

**Robust** cash flow from operations (>\$190 million)<sup>1</sup>

Successfully **mitigating** impacts from COVID-19

**Raising** FY21 guidance

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

# What We Deliver: Expertise and Technology

## Expertise

*Talent with technical, functional, and domain knowledge*  
**~\$145B TAM, 5-year CAGR of ~1%**

## Technology

*Software and hardware capabilities enabled by innovative R&D*  
**~\$90B TAM, 5-year CAGR of ~3%**

# Awards and Backlog

## Q1 FY21:

Book-to-bill of 1.3x

Technology **>50%**  
of total awards

Backlog of \$22 billion  
**+13% YoY**

Continue to ramp  
large wins like  
**BEAGLE** and **TCS**

	Enterprise <small>Capabilities enabling internal agency operations</small>	Mission <small>Capabilities enabling agency missions</small>
Expertise	VA Financial Management System Modernization	DHS Data and Analytical Support
Technology	DHS Enterprise IT Support	Cyber with U.S. Army, DARPA, and IC



# Investing Ahead of Customer Need

Investments drive higher **value** for customers and IP, differentiation, and future **growth** for CACI

**Cyber** – offensive and defensive technologies, modeling and simulation

**5G** – technology for signal collection/processing and to ensure network resiliency

**Electromagnetic Spectrum** – convergence of signals intelligence, electronic warfare, cyber, and communications

**Artificial Intelligence** – over 100 projects developing AI capabilities across our business

**AVT** – well along in combining our capabilities to create next-generation, fully-integrated and interoperable C-UAS system

# Budget and Market Environment

**Bipartisan** support for defense and national security priorities

Global threat environment remains **elevated**

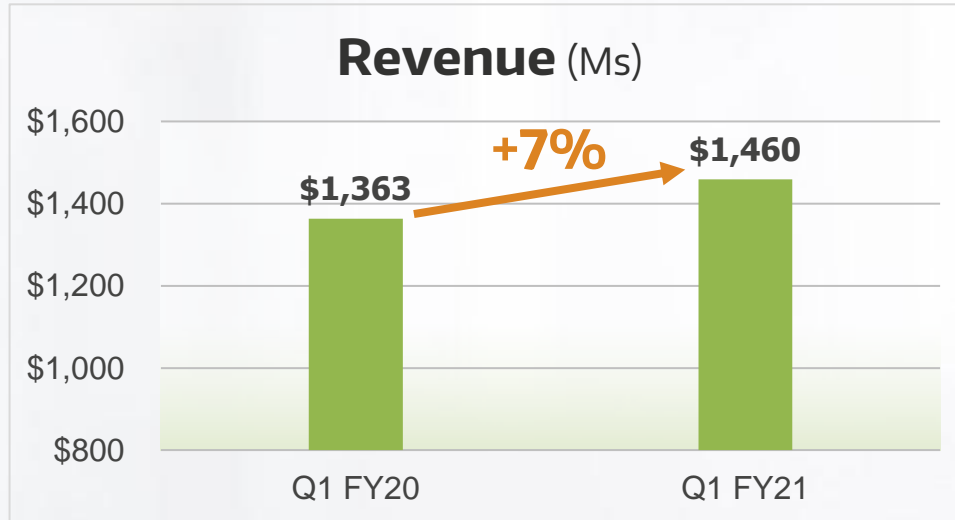
Continue to see investment to support **national security** and **IT modernization**

Large and growing addressable market of **>\$230 billion**

**CACI** well **aligned** to critical budget priorities



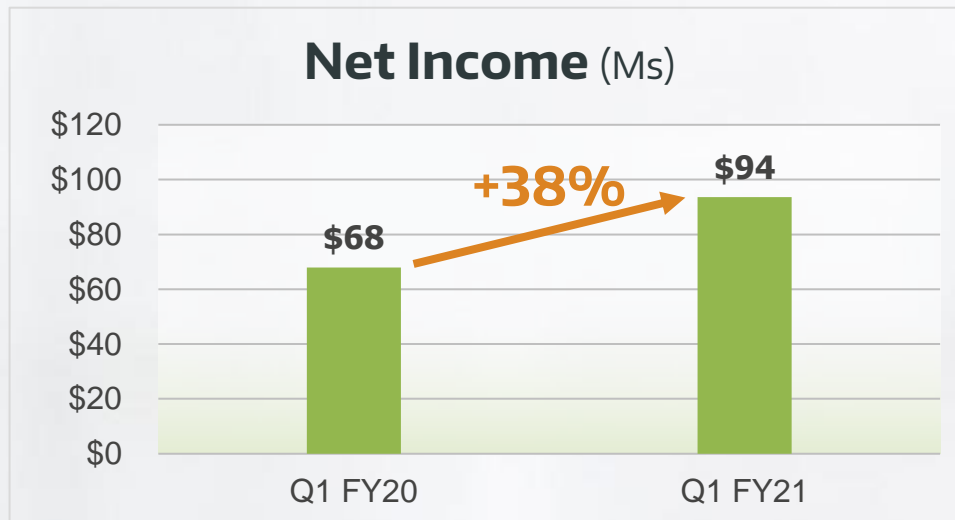
# Q1 FY21 Revenue and Net Income



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

**Organic** growth of **6.1%**

**Technology** revenue **+12.1%**,  
**Expertise** revenue **+2.5%**



**Higher net income** driven by higher revenue, favorable fixed-price contract performance, and lower indirect costs and interest expense, partially offset by higher tax rate

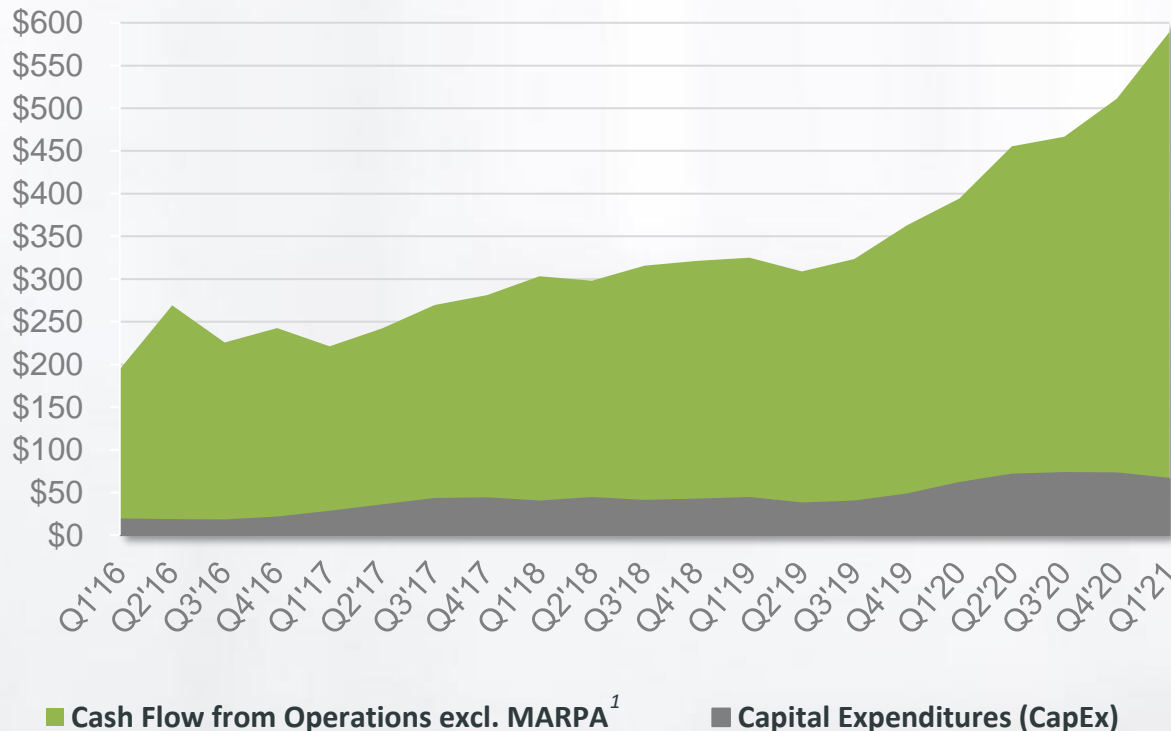
Adjusted EBITDA Margin of **11.3%**<sup>1</sup>

Diluted EPS **+38%**

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

# Strong Cash Flow

**Cash Flow<sup>1</sup> and CapEx**  
(millions, TTM)



- Q1 FY21 net cash provided by operating activities excluding MARPA of **\$193 million<sup>1</sup>**, up 68% YoY
- Days Sales Outstanding of **54 days<sup>1</sup>**
- Leverage of **2.4x<sup>2</sup>**
- **Strong cash flow** and borrowing capacity provides ample **capital for continued investment** and available **liquidity** for unforeseen events

<sup>1</sup> 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.

<sup>2</sup> Net debt to trailing-twelve-months (TTM) Adjusted EBITDA as of September 30, 2020.

# Raising FY21 Guidance

	Current Guidance	Prior Guidance
<b>Revenue</b> (millions)	<b>\$6,050 – \$6,250</b>	\$6,000 – \$6,200
<b>Net Income</b> (millions)	<b>\$372 – \$392</b>	\$347 – \$367
<b>Diluted EPS</b>	<b>\$14.47 – \$15.25</b>	\$13.50 – \$14.28
<b>Operating Cash Flow<sup>1</sup></b> (millions)	<b>At least \$600</b>	At least \$580

**Organic** revenue growth of about **6.3%** at the midpoint

Adj. EBITDA Margin<sup>1</sup> of **~10.8%**

Diluted shares outstanding expected to be **25.7 million**

Capital expenditures of **~\$70 million**

Assumes reduced impact of COVID-19 through **Q2 FY21**

***This guidance represents CACI views as of October 28, 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.*

# Positive Forward Indicators for FY21

**90%**

Existing Business

**STRONG**

Performance

Q1 FY21 contract awards of \$1.8 billion  
*TTM Book-to-Bill of **1.6x***

**Record** backlog of **\$22 billion**,  
+13% YoY

**6%**

Recompetes

**HIGH**

Win Rate

Pipeline of submitted bids totals  
**\$9.5 billion**

*>70% for new business to CACI  
and **60%** Technology*

**4%**

New Business

**QUALITY**

Pipeline

Bids expected to be submitted in the  
next two quarters total **\$16.4 billion**  
*>70% for new business to CACI  
and ~50% Technology*

# Delivering Results and Meeting Commitments

**Strong** start to FY21, successfully mitigating COVID-19 impacts

**Raising** FY21 guidance to reflect higher organic growth, margin expansion, and cash flow

CACI positioned well, performing well, and **delivering** strong results

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

**Talented employees** committed to delivering expertise and innovative technology to customers in support of national security and modernization priorities

# 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)

Net cash provided by operating activities

Cash used (provided) by MARPA

Net cash provided by operating activities excluding MARPA

Three Months Ended 9/30/2020	Three Months Ended 9/30/2019
\$ 176,900	\$ 103,204
15,795	11,424
\$ 192,695	\$ 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)

(dollars in thousands)

Net income

Plus:

Income taxes

Interest income and expense, net

Depreciation and amortization expense,  
including amounts within direct costs

Earnout adjustments

Adjusted EBITDA

## Three Months Ended

	9/30/2020	9/30/2019	% Change
\$	93,644	\$ 67,977	37.8%
	30,800	15,369	100.4%
	9,980	16,811	-40.6%
	31,012	27,354	13.4%
	-	800	-100.0%
\$	165,436	\$ 128,311	28.9%

(dollars in thousands)

Revenue, as reported

Adjusted EBITDA

Adjusted EBITDA margin

## Three Months Ended

	9/30/2020	9/30/2019	% Change
\$	1,459,506	\$ 1,363,392	7.0%
	165,436	128,311	28.9%
	11.3%	9.4%	

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