

# CACI International Inc

## Q2 FY21 Earnings Conference Call

January 28, 2021



# 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



**We honor Jack's  
visionary leadership  
for nearly half a century.**

Dr. J.P. (Jack) London

1937 - 2021



# Q2 Results – Another Strong Quarter

Revenue **+5.2%** as reported, **+4.3%** organic

- Technology revenue **+12.7%**

Adjusted EBITDA Margin **11.9%**<sup>1</sup>

Net Income and Diluted EPS **+34%**

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

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

# Strong Recompete Performance and Expansion

Q2 awards **\$2.1B** (book-to-bill 1.4x; 1.5x TTM), with several **expanded** renewals

**\$447 million** contract supporting acquisition **Mission Technology**

- Contract **consolidates** with us work previously performed by six competitors

**\$376 million Technology** contract for a web-based supply chain system

- **Expanded scope** to include Cloud migration, SAP HANA work, and business modernization

**\$160 million** AFCENT NOSC contract to provide **Enterprise Technology** to the U.S. Air Force

- **Expanded scope** to deliver additional network and cyber innovations, supporting higher margins

# Investing Ahead of Customer Need

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

CACI is on the forefront of laser communication technology in the **Space** domain

Long distances, faster, with lower probability of detection/defeat by adversaries

Currently developing laser communications systems for a **half dozen space programs** – Earth orbit and deep-space, manned and unmanned

Our technology has dramatically lower size, weight, and power (SWAP) characteristics, positioning CACI for a wide range of **large Space opportunities**

Our technologies can also be used for terrestrial applications, including **secure communications initiatives**

# Budget and Market Environment

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

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

Global threat environment remains **elevated**

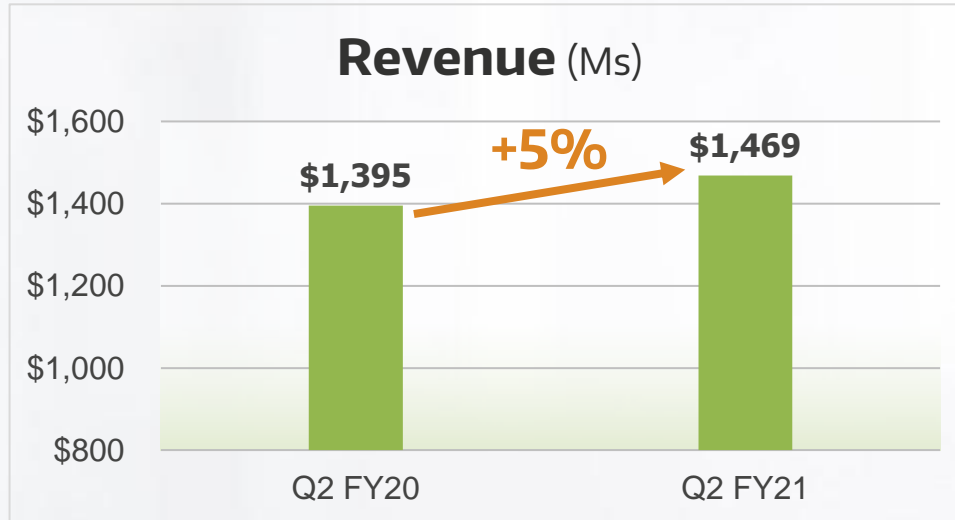
Government fiscal year 2021 now fully funded – within the budget, we see benefits for our **Counter-UAS, cyber, defense health, and Navy engineering** work

Continue to see **IT modernization** initiatives as high priority due to dispersed operating models due to COVID-19, as well as other recent events

CACI **well aligned** to critical, well-funded budget priorities



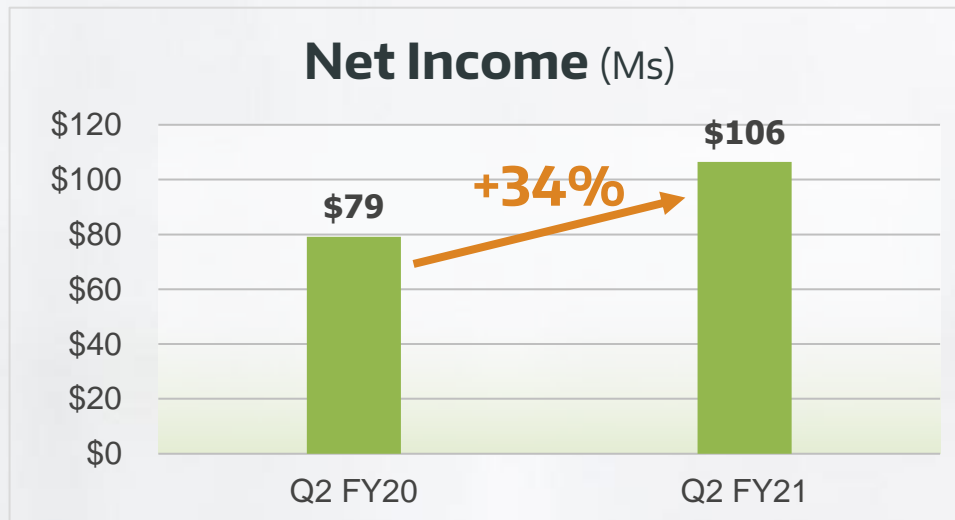
# Q2 FY21 Revenue and Net Income



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

**Organic** growth of **4.3%**

**Technology** revenue **+12.7%**,  
**Expertise** revenue **-1.3%**



**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

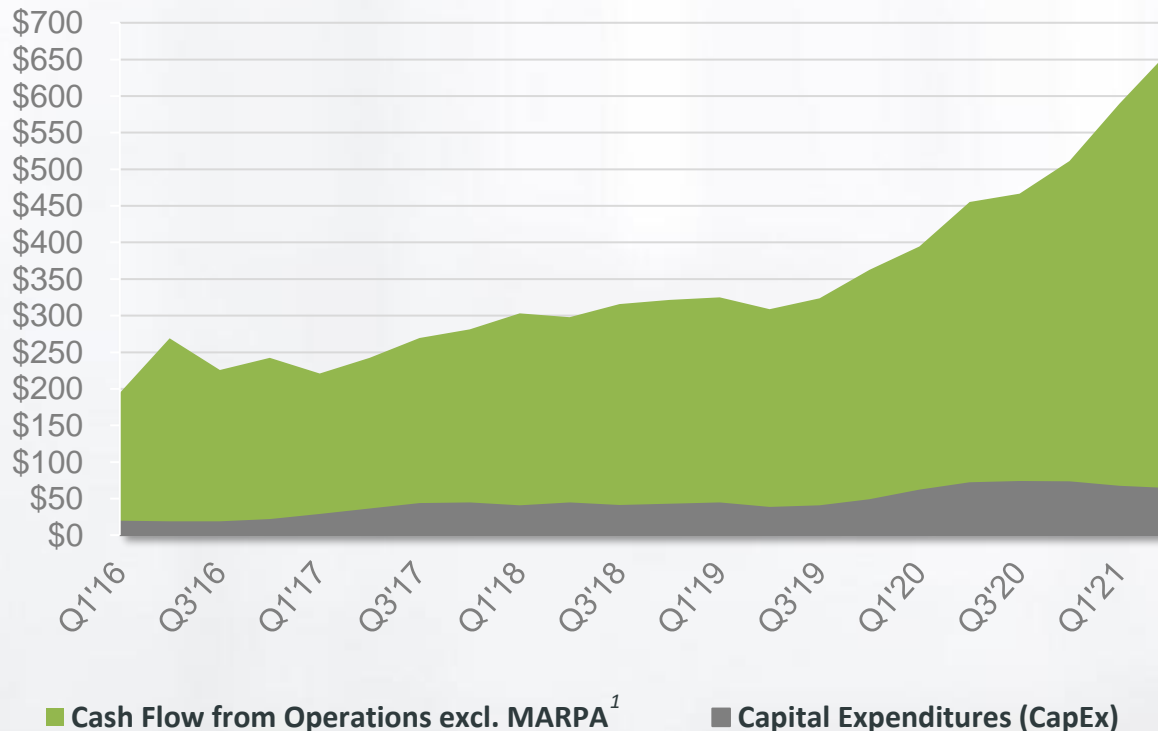
Adjusted EBITDA Margin of **11.9%**<sup>1</sup>

Diluted EPS **+34%**

<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)



- Q2 FY21 net cash provided by operating activities excluding MARPA of **\$190 million<sup>1</sup>**, up 62% YoY
- Days Sales Outstanding of **53 days<sup>1</sup>**
- Leverage of **2.0x<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 December 31, 2020.

# Reaffirming FY21 Guidance

	Guidance
<b>Revenue</b> (millions)	<b>\$6,050 – \$6,250</b>
<b>Net Income</b> (millions)	<b>\$372 – \$392</b>
<b>Diluted EPS</b>	<b>\$14.47 – \$15.25</b>
<b>Operating Cash Flow<sup>1</sup></b> (millions)	<b>At least \$600</b>

**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**

***This guidance represents CACI views as of January 27, 2021. 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

**95%**

Existing Business

**STRONG**

Performance

Q2 FY21 contract awards of **\$2.1 billion**  
*TTM Book-to-Bill of 1.5x*

**Record** backlog of **\$22 billion**,  
+10% YoY

**2%**

Recompetes

**HIGH**

Win Rate

Pipeline of submitted bids totals  
**\$7.1 billion**

*>70% for new business to CACI  
and >50% Technology*

**3%**

New Business

**QUALITY**

Pipeline

Bids expected to be submitted in the  
next two quarters total **\$13.0 billion**  
*>70% for new business to CACI  
and 50% Technology*

# Delivering Results and Meeting Commitments

**Strong** 1H FY21 performance while successfully navigating COVID-19

FY21 guidance reflects healthy **organic growth**, strong **margin expansion**, and robust **cash flow**

CACI positioned well, performing well, and **delivering** on commitments

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

**Talented employees** committed to delivering Expertise and innovative Technology in support of customers' 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 12/31/2020	Three Months Ended 12/31/2019
\$ 205,387	\$ 133,821
(15,553)	(16,334)
\$ 189,834	\$ 117,487

*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

12/31/2020	12/31/2019	% Change
\$ 106,478	\$ 79,195	34.5%
25,974	16,278	59.6%
9,087	14,714	-38.2%
33,041	28,615	15.5%
-	2,100	-100.0%
\$ 174,580	\$ 140,902	23.9%

(dollars in thousands)

Revenue, as reported

Adjusted EBITDA

Adjusted EBITDA margin

## Three Months Ended

12/31/2020	12/31/2019	% Change
\$ 1,468,711	\$ 1,395,469	5.2%
174,580	140,902	23.9%
11.9%	10.1%	

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