CACI International Inc

Q3 FY21 Earnings Conference Call

April 22, 2021

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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

Q3 Results – Another Strong Quarter

Revenue **~6%** YoY as reported, **+5.3%** organic

Technology revenue **+12%** YoY

Adjusted EBITDA Margin **11.8%**[1]

Net Income **+49%** YoY, Diluted EPS **+51%** YoY

Robust cash flow from operations excl. MARPA (**$128 million**)[1] and free cash flow (**$109 million**)[1]

Contract awards of **$1.6 billion** (book-to-bill 1.0x; 1.5x TTM)

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

Investing Ahead of Need

Investments are driving **tangible, value-creating** IP and capabilities

Demand drivers

- Modernize systems and infrastructure
- Mitigate heightened global threat environment

Leading in **Agile Software Development** "at scale"

- BEAGLE team deployed mobile applications in a few weeks to support DHS CBP with immigration at the southern border

Real, proven **Artificial Intelligence** capabilities

- Best performance in competitive evaluation by a DoD research lab
- Awarded five-year, **$376 million** contract with NGA to implement AI-based computer vision **Mission Technology**

Opportunistic and Flexible Capital Deployment

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Strategic M&A

Proven driver of long-term growth, margin expansion, and shareholder value

Internal Investments

R&D investment ahead of need to develop technologies that enhance and expand capabilities

Capital Returns to Shareholders

Share repurchases and other capital return options

Healthy cash flow, strong balance sheet, and **overall financial strength** provide flexibility to continue to deliver long term shareholder value

Demand Environment and Addressable Market

Remain **optimistic** on market environment

Bipartisan support for defense and national security priorities

Global threat environment remains **elevated**

Top-line GFY ’22 budget request calls for **+2%** in defense spending

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

Confident in our ability to **grow faster than our addressable market**, **expand margins**, and generate **strong cash flow**

FY21 Update

Navigating COVID-19, delivering growth, and expanding margins

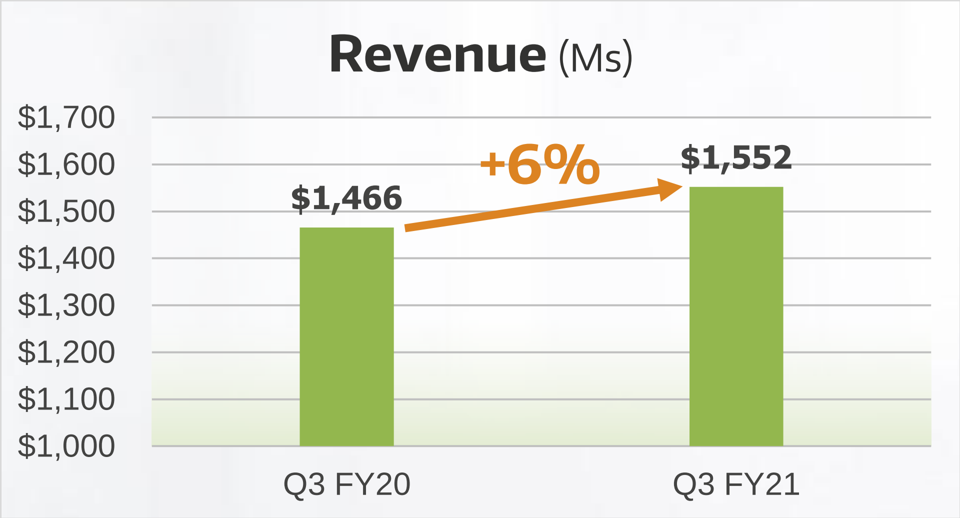
Continue to see **higher than expected COVID-related impacts**, including OCONUS deployment delays and slower task orders

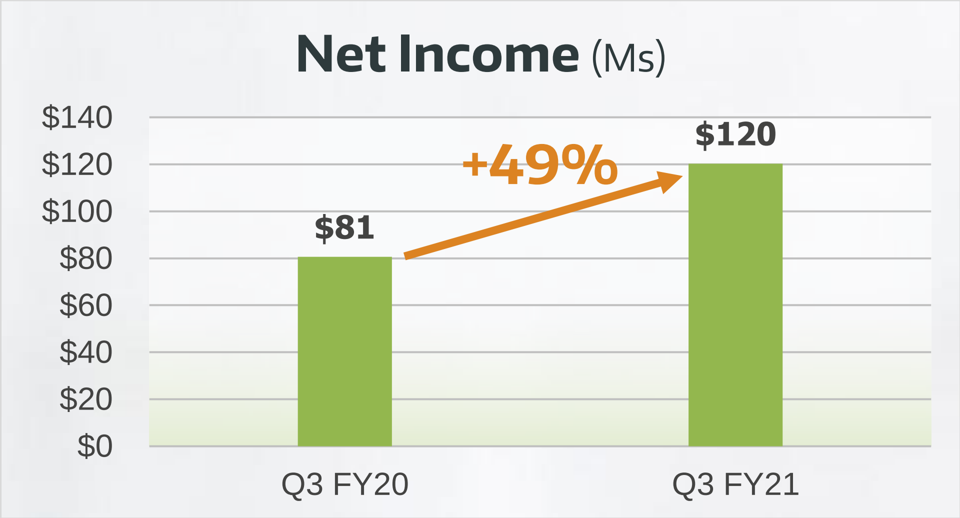
Lowering revenue guidance but still expect **~5% organic growth** at the midpoint

Increasing net income and EPS guidance to reflect strong operating performance and favorable tax items

Confident in our ability to **grow faster** than our addressable market and **expand** margins

Q3 FY21 Revenue and Net Income





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

Organic growth of **5.3%**

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

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

Adjusted EBITDA Margin of **11.8%**[1]

Diluted EPS **+51.2%**

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

Enhanced Financial Disclosure

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Now disclosing **Free Cash Flow**[1] and **Adjusted Net Income**[1] and **Adjusted Diluted EPS**[1]

Committed to providing additional **transparency** and **clarity** to investors

Opportunity to highlight **strong free cash flow** profile of our business

Make it easier for investors to evaluate our **performance** relative to peers

Anticipate providing guidance for these metrics beginning in our Fiscal Year 2022

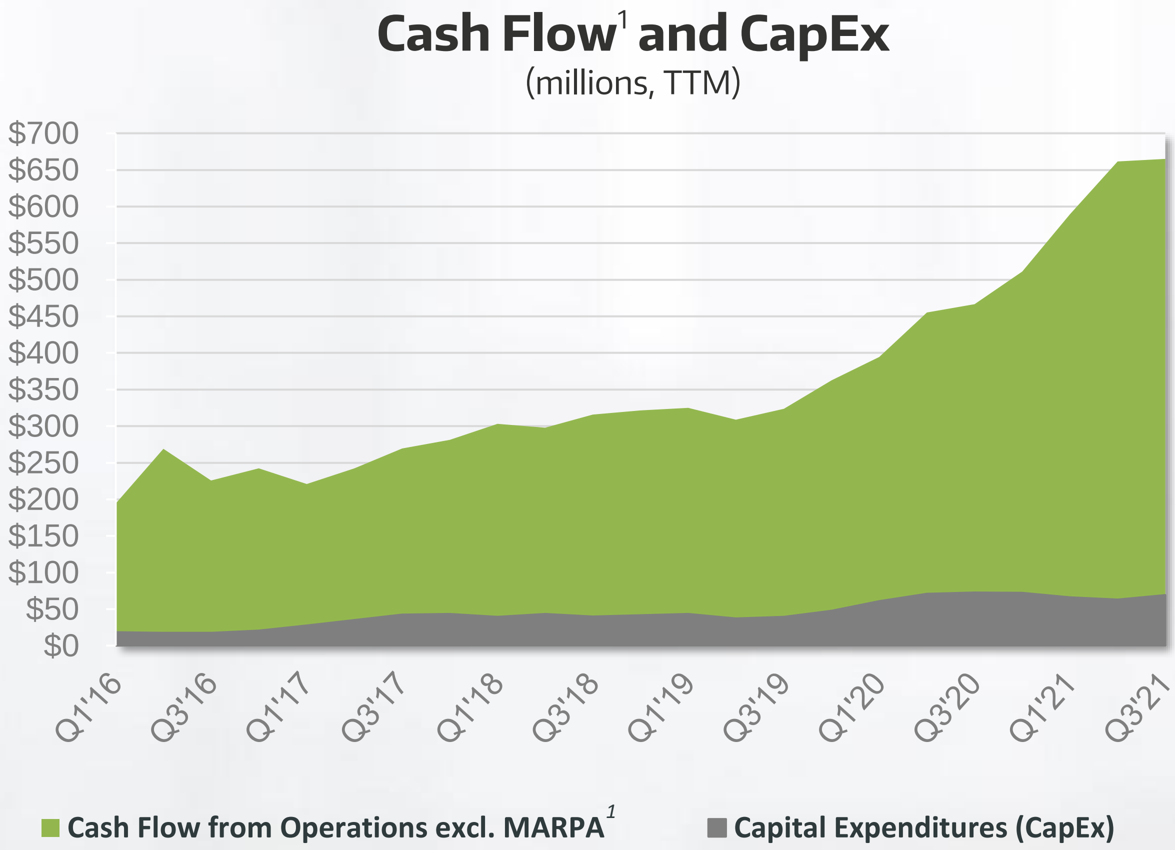
(Amounts in thousands)	Three Months Ended 3/31/2021	Three Months Ended 3/31/2020
Net cash provided by operating activities	$ 118,229	$ 120,800
Cash used (provided) by MARPA	9,898	3,938
Net cash provided by operating activities excluding MARPA	128,127	124,738
Capital expenditures	(19,400)	(13,296)
Free cash flow	$ 108,727	$ 111,442

(amounts in thousands, except per share amounts)	Three Months Ended 3/31/2021	Three Months Ended 3/31/2020	% Change
Net income, as reported	$ 120,344	$ 80,577	49.4%
Intangible amortization expense	16,993	14,652	16.0%
Tax effect of intangible amortization (1)	(4,468)	(3,852)	16.0%
Adjusted net income	$ 132,869	$ 91,377	45.4%

	Three Months Ended 3/31/2021	Three Months Ended 3/31/2020	% Change
Diluted EPS, as reported	$ 4.78	$ 3.16	51.2%
Intangible amortization expense	$ 0.68	$ 0.58	17.2%
Tax effect of intangible amortization (1)	(0.18)	(0.15)	19.3%
Adjusted diluted EPS	$ 5.28	$ 3.59	47.1%

[1] *Adjusted Net Income and Adjusted Diluted EPS calculations use an estimated statutory tax rate on non-GAAP tax deductible adjustments. See slides at the end of this presentation for definitions and reconciliations of non-GAAP measures.*

Strong Cash Flow



- Q3 FY21 net cash provided by operating activities excluding MARPA of **$128 million**[1], up 3% YoY
- Days Sales Outstanding of **53 days**[1]
- Leverage of **2.5x**[2]
- Executed **$500 million** accelerated share repurchase (ASR)
- **Strong cash flow** and borrowing capacity provides ample capital for **continued investment** and opportunistic **shareholder returns**

[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, 2021.

FY21 Tax Benefit

Recognizing FY21 tax benefit enabled by certain tax provisions in the CARES Act and recently finalized tax regulations

Financial Metric	Q4/FY21 Impact
Revenue	-$16 million
Adjusted EBITDA	-$16 million
Tax expense / (benefit)	-$64 million
Net income	+$48 million
Cash from Operations	Absorbing $75 million

$60 million tax benefit less
$12 million net income reduction
(latter related to reduced S&L taxes)

Revenue and Adjusted EBITDA ($16M) and Net Income ($12M) **recaptured in FY22 and FY23**

FY21 effective tax rate of **8%-9%**

~$60 million net reduction in cash taxes over the next few years

Maintaining FY21 cash from operations guidance of **at least $600 million**

Updating FY21 Guidance

	Current Guidance	Prior Guidance
Revenue (millions)	**$6,000 – $6,075**	$6,050 – $6,250
GAAP Net Income (millions)	**$450 – $460**	$372 – $392
GAAP Diluted EPS	**$18.00 – $18.40**	$14.47 – $15.25
Operating Cash Flow[1] (millions)	**At least $600**	At least $600

Reflects higher-than-expected impacts from **COVID-19**, strong **operating performance,** and benefit of **tax items**

Organic revenue growth of about **5%** at the midpoint

Adj. EBITDA Margin[1] of **~11.0%**

Effective tax rate of **8% to 9%**

Diluted shares outstanding expected to be **25.0 million**

Capex of **~$70 million**

This guidance represents CACI views as of April 21, 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.

Forward Indicators for FY21

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99%
Existing Business

STRONG
Performance

<1%
Recompetes

HIGH
Win Rate

<1%
New Business

QUALITY
Pipeline

Q3 FY21 contract awards of **$1.6 billion**
- ***~60%** for new business to CACI*
- *TTM Book-to-Bill of **1.5x***

Backlog of **$22.3 billion**, **+12%** YoY

Pipeline of submitted bids totals **$6.8 billion**
- ***~70%** for new business to CACI*

Bids expected to be submitted in the next two quarters total **$13.7 billion**
- ***>80%** for new business to CACI and **~50%** Technology*

Delivering Results and Meeting Commitments

Continue to **execute our strategy** despite lingering COVID-19 impacts

CACI **aligned** with critical national security and modernization **priorities**

Pleased with revenue **growth**, margin **expansion**, and **strong** cash flow

Proud of our **people** and their commitment to customers and shareholders

CACI selected for the <u>10th time</u> as a *Fortune* World's Most Admired Company, and as Top Technology Company by Energage

Committed to **delivering value** for our **customers** and our **shareholders**

Definitions of Non-GAAP Measures

The Company defines Net cash provided by operating activities excluding MARPA as net cash provided by operating activities calculated in accordance with GAAP, adjusted to exclude cash flows from CACI's Master Accounts Receivable Purchase Agreement (MARPA) for the sale of certain designated eligible U.S. government receivables up to a maximum amount of $200.0 million. Free cash flow is a non-GAAP liquidity measure and may not be comparable to similarly titled measures used by other companies. The Company defines Free cash flow as Net cash provided by operating activities excluding MARPA, less payments for capital expenditures. The Company uses these non-GAAP measures to assess our ability to generate cash from our business operations and plan for future operating and capital actions. We believe this measure allows investors to more easily compare current period results to prior period results and to results of our peers. Free cash flow does not represent residual cash flows available for discretionary purposes and should not be used as a substitute for cash flow measures prepared in accordance with GAAP.

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.

Adjusted net income and Adjusted diluted EPS are non-GAAP performance measures. We define Adjusted net income and Adjusted diluted EPS as GAAP net income and GAAP diluted EPS, respectively, excluding intangible amortization expense and the related tax impact as we do not consider intangible amortization expense to be indicative of our core operating performance. We believe that these performance measures provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company.

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

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Reconciliation of Net Cash Provided by Operating Activities to Net Cash Provided by Operating Activities Excluding MARPA and to Free Cash Flow (Unaudited)

	Three Months Ended		Nine Months Ended	
(Amounts in thousands)	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Net cash provided by operating activities	$ 118,229	$ 120,800	$ 500,516	$ 357,825
Cash used (provided) by MARPA	9,898	3,938	10,140	(972)
Net cash provided by operating activities excluding MARPA	128,127	124,738	510,656	356,853
Capital expenditures	(19,400)	(13,296)	(51,273)	(54,331)
Free cash flow	$ 108,727	$ 111,442	$ 459,383	$ 302,522

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

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

(dollars in thousands)	Three Months Ended 3/31/2021	Three Months Ended 3/31/2020	Three Months Ended % Change	Nine Months Ended 3/31/2021	Nine Months Ended 3/31/2020	Nine Months Ended % Change
Net income	$ 120,344	$ 80,577	49.4%	$ 320,466	$ 227,749	40.7%
Plus:						
Income taxes	22,140	19,012	16.5%	78,914	50,659	55.8%
Interest income and expense, net	8,954	14,087	-36.4%	28,021	45,612	-38.6%
Depreciation and amortization expense, including amounts within direct costs	32,213	27,656	16.5%	96,266	83,625	15.1%
Earnout adjustments	-	100	-100.0%	-	3,000	-100.0%
Adjusted EBITDA	$ 183,651	$ 141,432	29.9%	$ 523,667	$ 410,645	27.5%

(dollars in thousands)	Three Months Ended 3/31/2021	Three Months Ended 3/31/2020	Three Months Ended % Change	Nine Months Ended 3/31/2021	Nine Months Ended 3/31/2020	Nine Months Ended % Change
Revenue, as reported	$ 1,551,918	$ 1,465,600	5.9%	$ 4,480,135	$ 4,224,461	6.1%
Adjusted EBITDA	183,651	141,432	29.9%	523,667	410,645	27.5%
Adjusted EBITDA margin	11.8%	9.7%		11.7%	9.7%	

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

Reconciliation of Net Income to Adjusted Net Income (Unaudited)

(amounts in thousands, except per share amounts)	Three Months Ended			Nine Months Ended		
	3/31/2021	3/31/2020	% Change	3/31/2021	3/31/2020	% Change
Net income, as reported	$ 120,344	$ 80,577	49.4%	$ 320,466	$ 227,749	40.7%
Intangible amortization expense	16,993	14,652	16.0%	50,605	44,639	13.4%
Tax effect of intangible amortization (1)	(4,468)	(3,852)	16.0%	(13,306)	(11,737)	13.4%
Adjusted net income	$ 132,869	$ 91,377	45.4%	$ 357,765	$ 260,651	37.3%

	Three Months Ended			Nine Months Ended		
	3/31/2021	3/31/2020	% Change	3/31/2021	3/31/2020	% Change
Diluted EPS, as reported	$ 4.78	$ 3.16	51.2%	$ 12.66	$ 8.94	41.7%
Intangible amortization expense	$ 0.68	$ 0.58	17.2%	$ 2.00	$ 1.75	14.3%
Tax effect of intangible amortization (1)	(0.18)	(0.15)	19.3%	(0.52)	(0.46)	14.2%
Adjusted diluted EPS	$ 5.28	$ 3.59	47.1%	$ 14.14	$ 10.23	38.2%

(1) *Calculation uses an estimated statutory tax rate on non-GAAP tax deductible adjustments.*

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