

# CACI International Inc

## Q4 and FY21 Earnings Conference Call

August 12, 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

# Strong FY21 Performance

Revenue **+6%** as reported, **+5%** organic

Adjusted EBITDA Margin **+110 bps** to **11.1%**<sup>1</sup>

**Robust** cash flow from operations (\$610 million)<sup>1</sup>

**Strong** contract awards of \$9.2 billion

- More than 40% new business to CACI

- Strong recompete performance

- TTM book-to-bill 1.5x (11<sup>th</sup> consecutive quarter at 1.5x or better)

**Successfully** navigating the challenges of COVID-19

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

# Budget and Market Environment

Continued bipartisan support for **national security** and **IT modernization**

Key **priorities** include cyber, border security, C4ISR, electronic warfare, and space

DHS' Cybersecurity and Infrastructure Security Agency (CISA) will be a focal point for **federal civilian cyber** investment

CACI well-positioned for cyber given **presence at CISA and across DHS**

CACI **well-aligned** with administration's national security, defense, and modernization priorities

# Software Development Capabilities Drive Growth

Customer needs – speed to market, agility and flexibility, security, and efficiency

CACI **industry leadership** in software development

- Agile** software development **at Scale**

- DevSecOps** using tool-based automation

- Focus on **open architecture**

- Increasing leverage of **AI**

Demonstrated software development **successes** (BEAGLE, classified analytics, NGA computer vision)

Continue to **invest** in differentiated software-based and software-defined technology **ahead of customer need**



# FY22 Guidance Consistent with Financial Goals

Total revenue growth of about **4%**

Essentially all **organic**

Ahead of addressable market growth of ~3%

Includes ~2% headwind from Afghanistan withdrawal

Adjusted EBITDA Margin<sup>1</sup> of **10.9%**, 20 basis point **expansion** vs. normalized FY21

**Strong** cash flow generation

Expect **Technology** to continue to grow **faster** than Expertise

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

# Capital Deployment

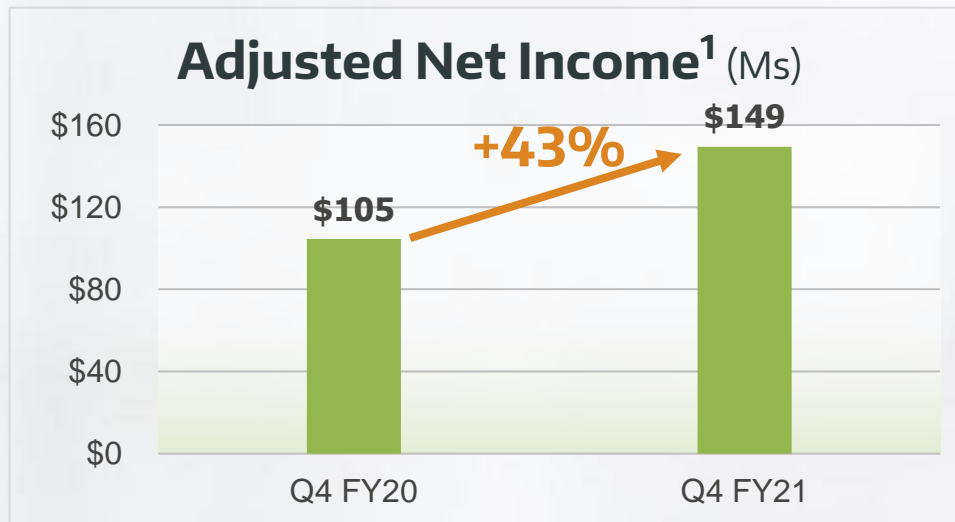
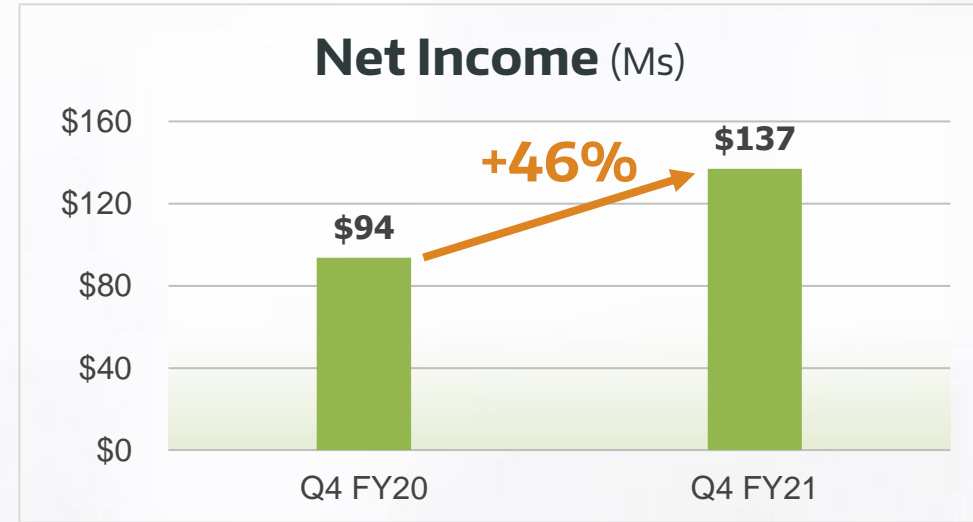
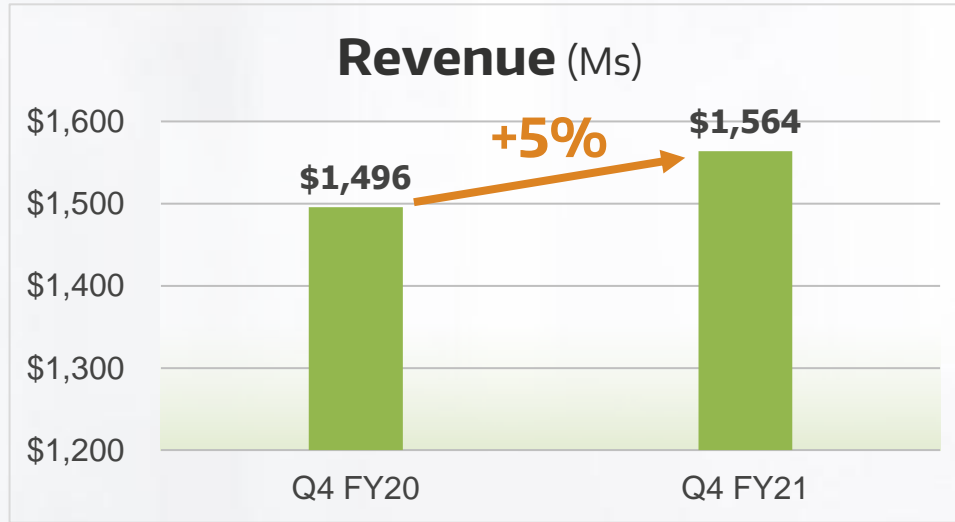
Continued **investment** in high-demand, high-value capabilities to drive growth

Opportunistic and flexible capital deployment for **strategic M&A, share repurchases**, and/or other capital return options

Committed to utilize our strong cash flow to deliver long-term **shareholder value**



# Q4 Financial Summary



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

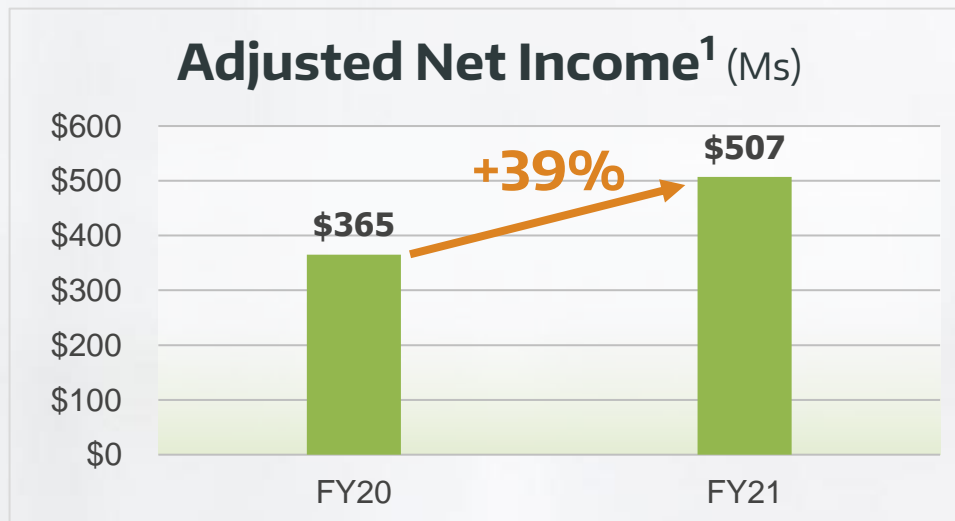
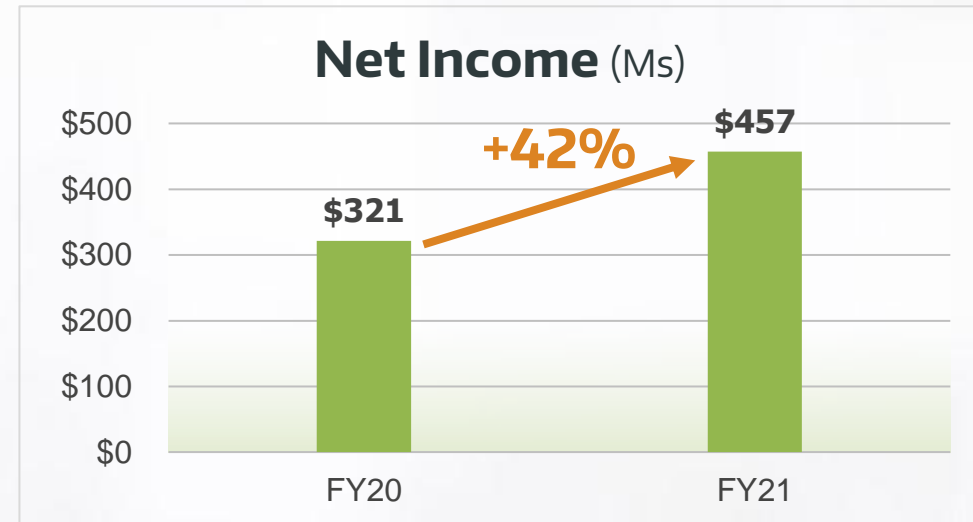
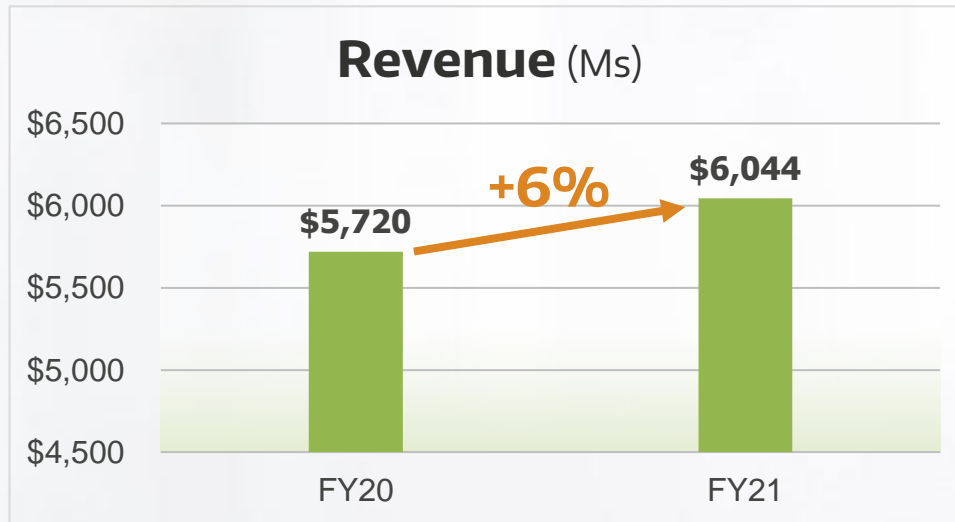
**Technology** revenue **+14.8%**

Adjusted EBITDA Margin of **9.3%<sup>1</sup>**

Tax elections reduced revenue and Adjusted EBITDA by **\$7 million** and increased net income by **\$51 million**

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

# FY21 Financial Summary



**Organic** revenue growth of **5.0%**

**Technology** revenue **+13.0%**

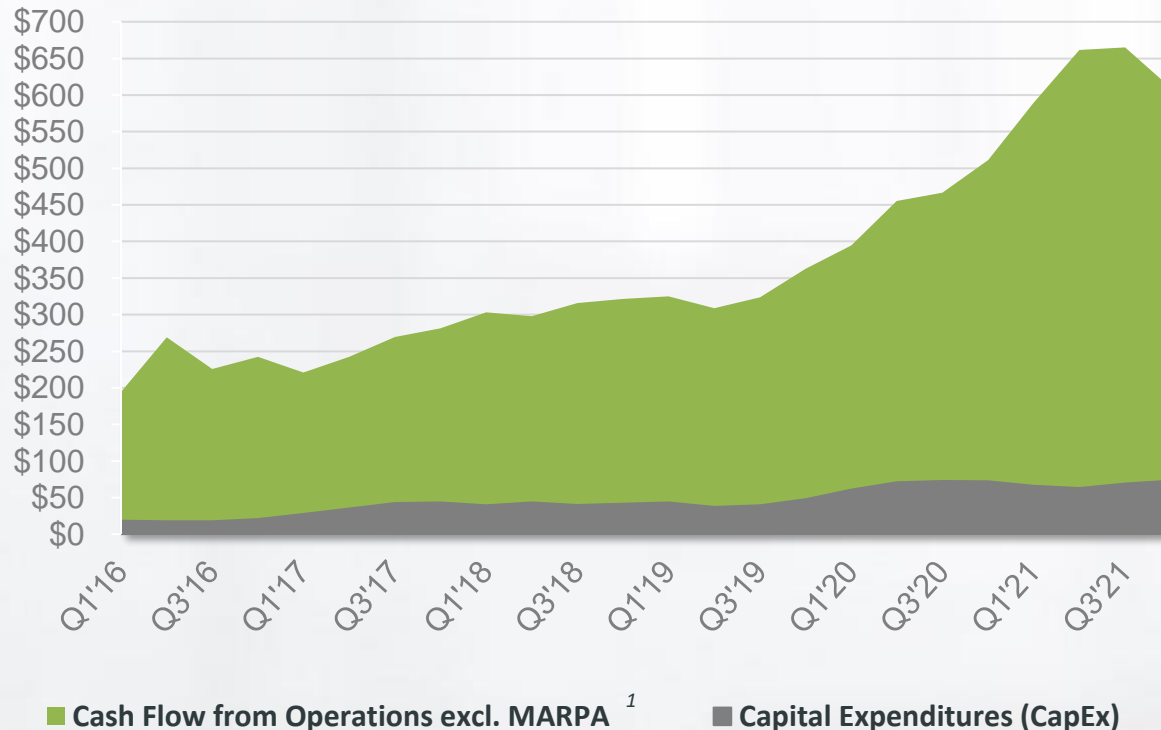
Adjusted EBITDA Margin of **11.1%**<sup>1</sup>

Lower effective tax rate driven by benefit from tax elections and higher R&D tax credits

<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)



- FY21 net cash provided by operating activities excluding MARPA of **\$610 million<sup>1</sup>, up 19%** year-over-year
- Cash flow included **~\$90 million** of higher tax payments and **~\$50 million** benefit from the payroll tax deferral
- Days Sales Outstanding of **54 days<sup>1</sup>**
- Leverage of **2.5x<sup>2</sup>**, including **\$500 million** accelerated share repurchase in March
- **Strong cash flow** and borrowing capacity provides ample **capital for continued investment** and opportunistic **capital deployment**

<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 June 30, 2021. Includes the impact of the \$500 million accelerated share repurchase announced on March 11, 2021.

# FY22 Guidance

	FY22 Guidance
<b>Revenue</b> (millions)	<b>\$6,200 – \$6,400</b>
<b>Adjusted Net Income<sup>1</sup></b> (millions)	<b>\$430 – \$450</b>
<b>Adjusted Diluted EPS<sup>1</sup></b>	<b>\$18.00 – \$18.83</b>
<b>Free Cash Flow<sup>1</sup></b> (millions)	<b>At least \$720</b>

**Organic** revenue growth of **~4%** at the midpoint, including Afghanistan headwind (2 pts)

Adj. EBITDA Margin<sup>1</sup> of **~10.9%**

Diluted shares outstanding expected to be **23.9 million**

Capital expenditures of **~\$90 million**

Cash flow includes expected repayment of payroll tax deferral of **~\$45 million** and an estimated tax refund of **~\$230 million**

***This guidance represents CACI views as of August 11, 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) For additional information regarding non-GAAP measures, please see the related explanation and reconciliation slides at the end of this presentation.*

# FY22 Guidance Assumptions

Depreciation and amortization ~**\$135 million**

Net interest expense ~**\$42 million**

Tax rate expected to be ~**23.5%**, with lower tax rate in Q2 due to vesting

Expect typical quarterly **sequential increase** in revenue and profitability, but note certain factors (e.g., timing of deliveries) can skew quarterly trends

Higher seasonal sequential decline from Q4 FY21 to Q1 FY22

No material impacts related to COVID-19

# Positive Forward Indicators

**80%**

Existing Business

**STRONG**

Performance

**Strong** FY21 contract awards of **\$9.2 billion**

*TTM Book-to-Bill of 1.5x*

**12%**

Recompetes

**HIGH**

Win Rate

**Record** backlog of **\$24.2 billion**,  
+12% YoY

Pipeline of submitted bids totals  
**\$7.0 billion**

*~85% for new business to CACI*

**8%**

New Business

**QUALITY**

Pipeline

Bids expected to be submitted in the  
next two quarters total **\$12.4 billion**

*>70% for new business to CACI*

# Delivering Results and Meeting Commitments

FY21 another year of **exceptional** performance – “we did what we said we would do”

Organic **growth** ahead of our addressable market

Margin **expansion**

**Robust** cash flow generation

Strong awards and record backlog

Flexible and opportunistic capital deployment, including **\$500 million** ASR, acquisition of **AVT**, and **investing** ahead of customer need

Positioned for continued **growth** and margin **expansion** in **FY22** and beyond

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



# Definitions of Non-GAAP Measures

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, provide greater visibility in understanding the long-term financial performance of the Company, and allow investors to more easily compare our results 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.

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.

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 and Diluted EPS to Adjusted Diluted EPS (Unaudited)

(amounts in thousands, except per share amounts)

	Three Months Ended			Twelve Months Ended		
	6/30/2021	6/30/2020	% Change	6/30/2021	6/30/2020	% Change
Net income, as reported	\$ 136,977	\$ 93,731	46.1%	\$ 457,443	\$ 321,480	42.3%
Intangible amortization expense	16,896	14,634	15.5%	67,501	59,273	13.9%
Tax effect of intangible amortization (1)	(4,442)	(3,848)	15.4%	(17,748)	(15,585)	13.9%
Adjusted net income	<u>\$ 149,431</u>	<u>\$ 104,517</u>	<u>43.0%</u>	<u>\$ 507,196</u>	<u>\$ 365,168</u>	<u>38.9%</u>

	Three Months Ended			Twelve Months Ended		
	6/30/2021	6/30/2020	% Change	6/30/2021	6/30/2020	% Change
Diluted EPS, as reported	\$ 5.74	\$ 3.68	56.1%	\$ 18.30	\$ 12.61	45.1%
Intangible amortization expense	\$ 0.71	\$ 0.57	24.6%	\$ 2.70	\$ 2.33	15.9%
Tax effect of intangible amortization (1)	(0.19)	(0.15)	30.0%	(0.71)	(0.61)	16.1%
Adjusted diluted EPS	<u>\$ 6.26</u>	<u>\$ 4.10</u>	<u>52.7%</u>	<u>\$ 20.29</u>	<u>\$ 14.33</u>	<u>41.6%</u>

(amounts in millions, except per share amounts)

	FY22 Guidance Range	
	Low End	High End
Net income, as reported	\$ 380	\$ 400
Intangible amortization expense	68	68
Tax effect of intangible amortization (1)	(18)	(18)
Adjusted net income	<u>\$ 430</u>	<u>\$ 450</u>

	FY22 Guidance Range	
	Low End	High End
Diluted EPS, as reported	\$ 15.90	\$ 16.74
Intangible amortization expense	\$ 2.85	\$ 2.85
Tax effect of intangible amortization (1)	(0.75)	(0.75)
Adjusted diluted EPS	<u>\$ 18.00</u>	<u>\$ 18.83</u>

(1) Calculation uses an estimated statutory tax rate of 26.3% 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.*

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

	Three Months Ended			Twelve Months Ended		
(dollars in thousands)	6/30/2021	6/30/2020	% Change	6/30/2021	6/30/2020	% Change
Net income	\$ 136,977	\$ 93,731	46.1%	\$ 457,443	\$ 321,480	42.3%
Plus:						
Income taxes	(36,742)	29,498	-224.6%	42,172	80,157	-47.4%
Interest income and expense, net	11,815	10,447	13.1%	39,836	56,059	-28.9%
Depreciation and amortization expense, including amounts within direct costs	32,865	29,264	12.3%	129,131	112,889	14.4%
Earnout adjustments	-	-		-	3,000	-100.0%
Adjusted EBITDA	\$ 144,915	\$ 162,940	-11.1%	\$ 668,582	\$ 573,585	16.6%

	Three Months Ended			Twelve Months Ended		
(dollars in thousands)	6/30/2021	6/30/2020	% Change	6/30/2021	6/30/2020	% Change
Revenue, as reported	\$ 1,564,000	\$ 1,495,581	4.6%	\$ 6,044,135	\$ 5,720,042	5.7%
Adjusted EBITDA	144,915	162,940	-11.1%	668,582	573,585	16.6%
Adjusted EBITDA margin	9.3%	10.9%		11.1%	10.0%	

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

	Three Months Ended		Twelve Months Ended	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
(Amounts in thousands)				
Net cash provided by operating activities	\$ 91,699	\$ 160,880	\$ 592,215	\$ 518,705
Cash used (provided) by MARPA	7,833	(6,501)	17,973	(7,473)
Net cash provided by operating activities excluding MARPA	99,532	154,379	610,188	511,232
Capital expenditures	(21,856)	(17,972)	(73,129)	(72,303)
Free cash flow	<u>\$ 77,676</u>	<u>\$ 136,407</u>	<u>\$ 537,059</u>	<u>\$ 438,929</u>
<hr/>				
(Amounts in millions)			<b>FY22 Guidance</b>	
Net cash provided by operating activities (1)			\$ 810	
Cash used (provided) by MARPA			-	
Net cash provided by operating activities excluding MARPA			810	
Capital expenditures			(90)	
Free cash flow			<u>\$ 720</u>	
 (1) Includes estimated tax refund of \$230 million related to certain tax elections, as well as payroll tax deferral repayment of approximately \$45 million.				

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