

CACI International Inc

Q1 FY22 Earnings Conference Call

October 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

Strong Q1 FY22 Performance

Revenue **+2%** as reported and organic

Technology revenue **+10%**

Adjusted EBITDA Margin **10.8%**¹

Robust free cash flow of **\$164 million**¹

Strong contract awards of **\$2.4 billion**; **~50%** new business to CACI

TTM book-to-bill **1.6x**

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

Positive Budget and Market Environment

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

Budgets trending higher; overall budget environment remains favorable

Bipartisan support for **national security** and **IT modernization**

CACI **well-positioned** in growth areas like cybersecurity, AI, and IT modernization across the **entirety** of DoD, civilian agencies, and intelligence community

Leading in Software Development and Cyber

Software addresses customer needs for new capabilities, **speed, agility**, flexibility, security, and efficiency

CACI industry leadership in **agile software development**

Enhanced our CORIAN C-UAS system with **software-defined capabilities**

Continued leadership in **cyber**

Over \$530 million of awards from unannounced classified contracts

Flexible and Opportunistic Capital Deployment

Continue to **invest ahead of need** in high-demand, high-value capabilities

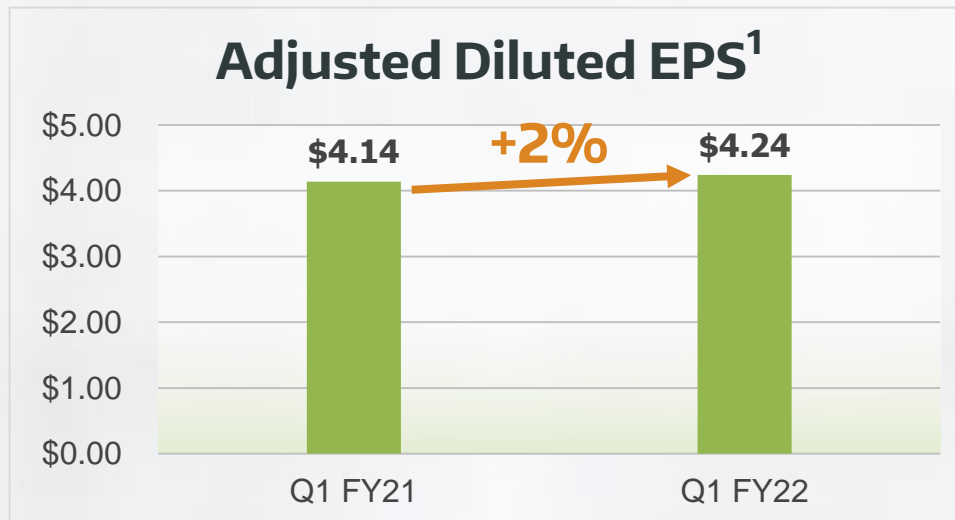
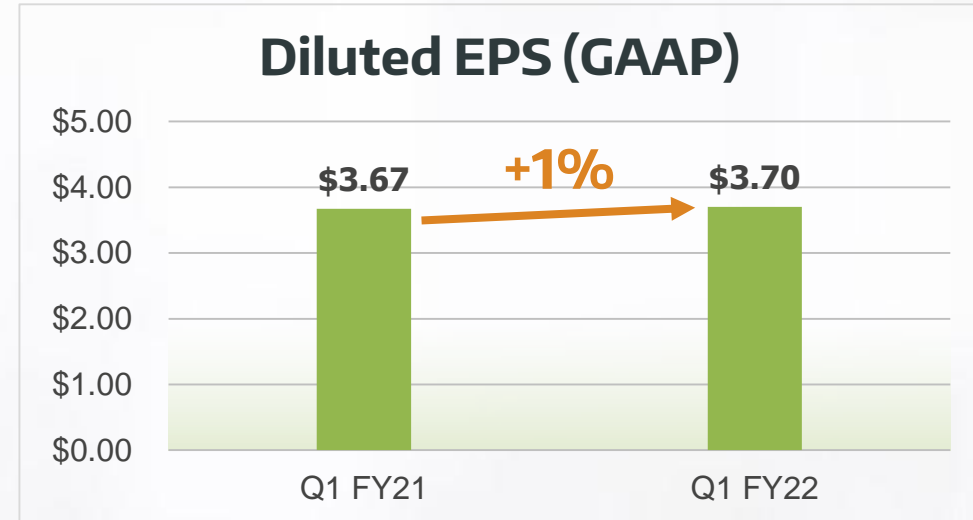
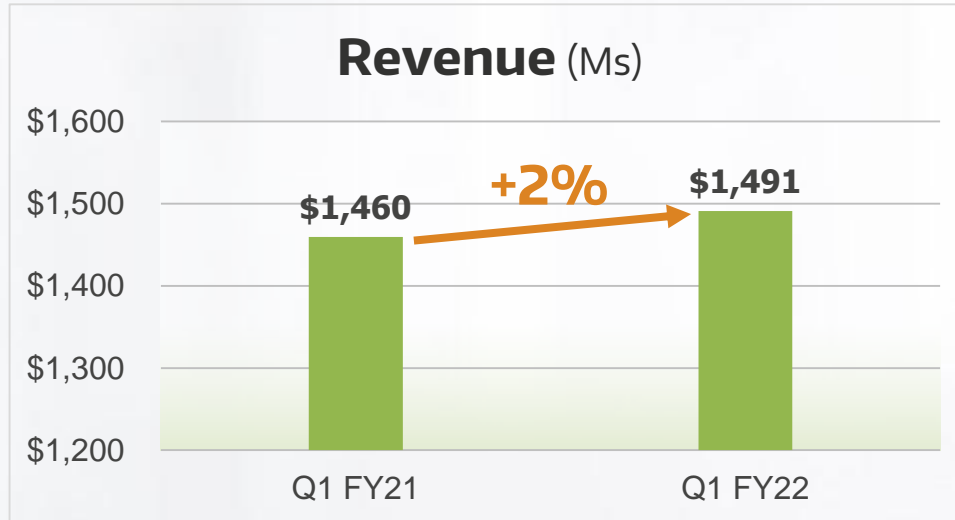
Acquired **two Mission Technology companies**

Open-source intelligence (OSINT) solutions focused on Dark Web

Specialized **cyber** and **satellite communications**

Opportunistic and flexible capital deployment for **strategic M&A, share repurchases**, and/or other options to drive **shareholder value**

Q1 Financial Summary



Organic revenue growth of **2.0%**

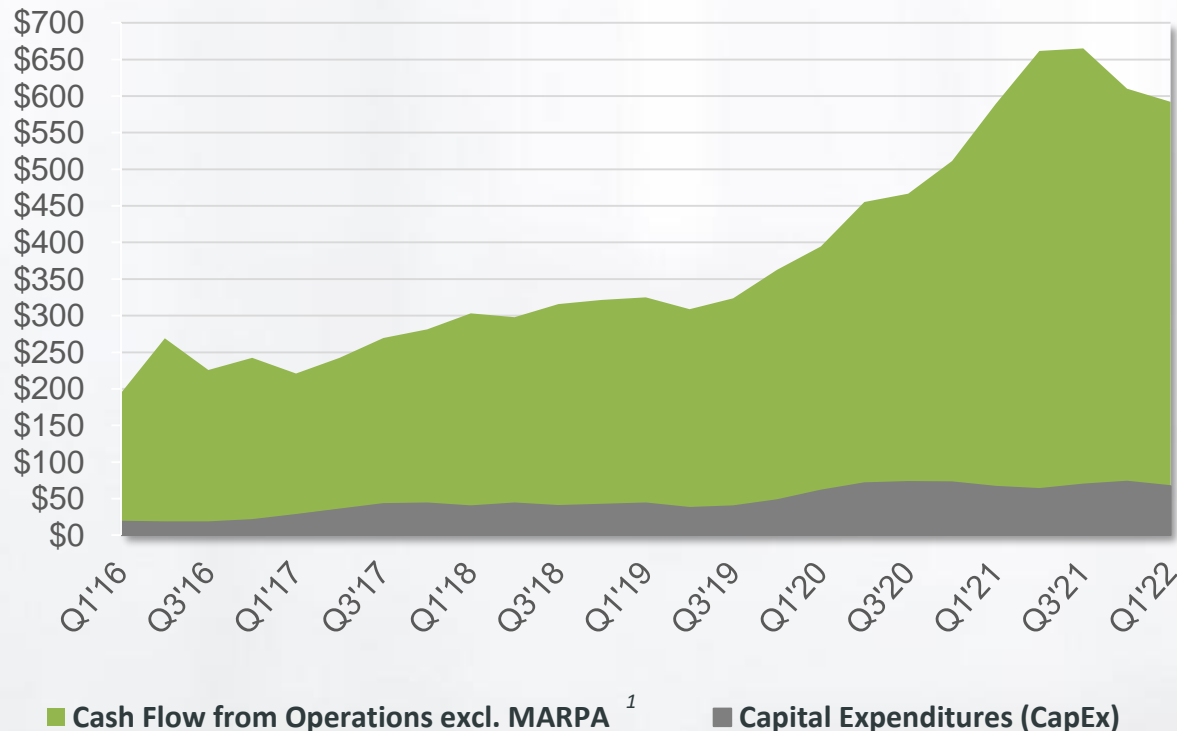
Technology revenue **+9.6%**

Adjusted EBITDA Margin of **10.8%**¹

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

Strong Cash Flow

Cash Flow¹ and CapEx
(millions, TTM)



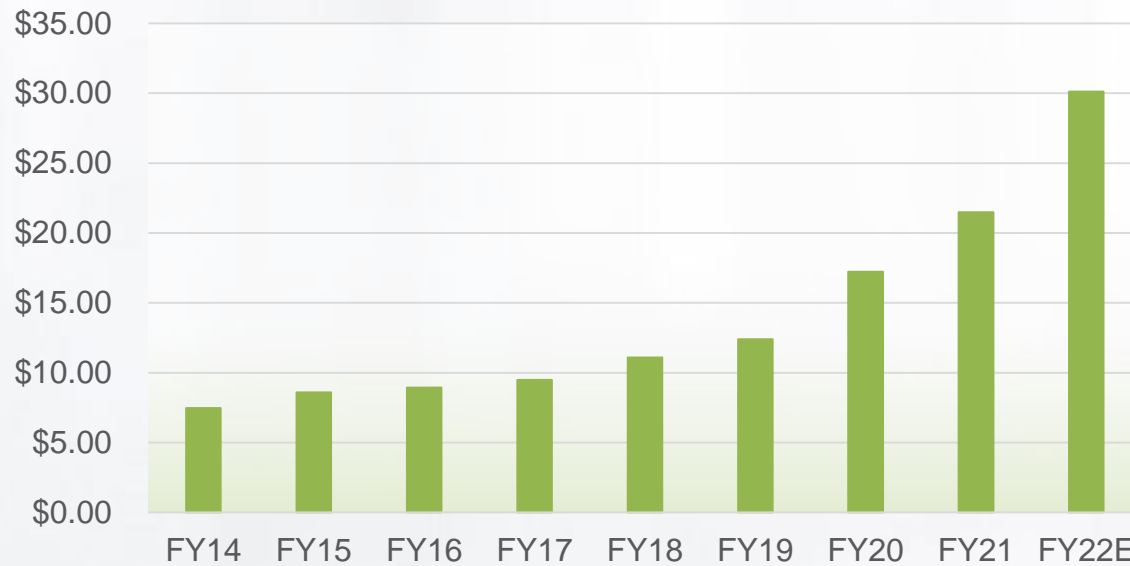
- Q1 FY22 net cash provided by operating activities excluding MARPA of **\$174 million¹** and free cash flow of **\$164 million¹**
- Year-ago cash flow includes ~**\$32 million** benefit from CARES Act payroll tax deferral
- Days Sales Outstanding of **52 days¹**
- Leverage of **2.4x²**
- **Strong cash flow** and borrowing capacity provides ample capital for continued **investment** and opportunistic capital deployment

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

Free Cash Flow per Share¹

Free Cash Flow (FCF) per Share¹



	FY15 to FY20	FY16 to FY21	FY17 to FY22E
5-Year CAGR	14.9%	19.2%	26.0%

- FY20 includes CARES Act payroll tax deferral benefit of **~\$40 million**
- FY21 includes CARES Act payroll tax deferral benefit of **~\$50 million** and tax payment of **~\$90 million** due to certain tax elections
- FY22E includes estimated tax refund of **~\$230 million** and expected repayment of payroll tax deferral of **~\$45 million**

FY22E is based on guidance provided on October 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) For additional information regarding non-GAAP measures, please see the related explanation and reconciliation slides at the end of this presentation.

Deploying Capital for Growth – Q1 Acquisitions

Acquired two **Mission Technology** companies

Total consideration ~**\$120 million**

FY22 revenue contribution ~**\$30 million**, with modest accretion

Contribution included in existing FY22 guidance

Reaffirming FY22 Guidance

	FY22 Guidance
Revenue (millions)	\$6,200 – \$6,400
Adjusted Net Income¹ (millions)	\$430 – \$450
Adjusted Diluted EPS¹	\$18.00 – \$18.83
Free Cash Flow¹ (millions)	At least \$720

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

Adj. EBITDA Margin¹ 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 October 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) For additional information regarding non-GAAP measures, please see the related explanation and reconciliation slides at the end of this presentation.

Positive Forward Indicators

89%

Existing Business

STRONG

Performance

7%

Recompetes

HIGH

Win Rate

4%

New Business

QUALITY

Pipeline

Strong Q1 FY22 contract awards of **\$2.4 billion**

TTM Book-to-Bill of 1.6x

Backlog of **\$23.9 billion, +9% YoY**

Includes \$1.1 billion reduction due to Afghanistan withdrawal

Pipeline of submitted bids: **\$6.0 billion**

~80% for new business to CACI

Bids expected to be submitted in the next two quarters: **\$14.7 billion**

~80% for new business to CACI

Delivering Results and Meeting Commitments

Good Q1 **results** to start the year

Solid **organic growth**

Healthy margins

Robust cash flow

Strong awards and growing backlog

Investing ahead of customer need

Internal investment

M&A – OSINT, cyber, satcom

Talented employees committed to success of customers and CACI

Positioned for **growth**, margin **expansion**, and **shareholder value** creation

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

The Company defines Net cash provided by operating activities excluding MARPA, a non-GAAP measure, 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. Free cash flow per share is computed by dividing free cash flow, as defined here, by the diluted weighted average number of common shares outstanding. 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)

(in thousands, except per share data)

	Three Months Ended		
	9/30/2021	9/30/2020	% Change
Net income, as reported	\$ 88,109	\$ 93,644	-5.9%
Intangible amortization expense	17,593	16,134	9.0%
Tax effect of intangible amortization (1)	(4,626)	(4,242)	9.1%
Adjusted net income	<u>\$ 101,076</u>	<u>\$ 105,536</u>	<u>-4.2%</u>

	Three Months Ended		
	9/30/2021	9/30/2020	% Change
Diluted EPS, as reported	\$ 3.70	\$ 3.67	0.8%
Intangible amortization expense	0.74	0.63	17.5%
Tax effect of intangible amortization (1)	(0.20)	(0.16)	25.0%
Adjusted diluted EPS	<u>\$ 4.24</u>	<u>\$ 4.14</u>	<u>2.4%</u>

(1) Calculation uses an assumed 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		
(in thousands)	9/30/2021	9/30/2020	% Change
Net income	\$ 88,109	\$ 93,644	-5.9%
Plus:			
Income taxes	28,522	30,800	-7.4%
Interest income and expense, net	10,398	9,980	4.2%
Depreciation and amortization expense, including amounts within direct costs	33,911	31,012	9.3%
Adjusted EBITDA	\$ 160,940	\$ 165,436	-2.7%

	Three Months Ended		
(in thousands)	9/30/2021	9/30/2020	% Change
Revenues, as reported	\$ 1,490,898	\$ 1,459,506	2.2%
Adjusted EBITDA	160,940	165,436	-2.7%
Adjusted EBITDA margin	10.8%	11.3%	

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)

(in thousands)	Three Months Ended	
	9/30/2021	9/30/2020
Net cash provided by operating activities	\$ 185,953	\$ 176,900
Cash used in (provided by) MARPA	(11,489)	15,795
Net cash provided by operating activities excluding MARPA	174,464	192,695
Capital expenditures	(10,203)	(16,282)
Free cash flow	<u>\$ 164,261</u>	<u>\$ 176,413</u>

(in millions)	FY22 Guidance
Net cash provided by operating activities (1)	\$ 810
Cash used in (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.

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

(in thousands, except per share data)

Net cash provided by operating activities

Cash used in (provided by) MARPA

Net cash provided by operating activities excluding MARPA

Capital expenditures

Free cash flow

Diluted weighted average shares outstanding

Free cash flow per share

Twelve Months Ended									
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022 (E)
Net cash provided by operating activities	\$ 203,470	\$ 226,862	\$ 242,577	\$ 281,250	\$ 321,460	\$ 555,297	\$ 518,705	\$ 592,215	\$ 810,000
Cash used in (provided by) MARPA	-	-	-	-	-	(192,527)	(7,473)	17,973	-
Net cash provided by operating activities excluding MARPA	203,470	226,862	242,577	281,250	321,460	362,770	511,232	610,188	810,000
Capital expenditures	(15,279)	(17,444)	(20,835)	(43,268)	(41,594)	(47,902)	(72,303)	(73,129)	(90,000)
Free cash flow	\$ 188,191	\$ 209,418	\$ 221,742	\$ 237,982	\$ 279,866	\$ 314,868	\$ 438,929	\$ 537,059	\$ 720,000
Diluted weighted average shares outstanding	25,155	24,388	24,802	25,069	25,255	25,395	25,485	24,992	23,900
Free cash flow per share	\$ 7.48	\$ 8.59	\$ 8.94	\$ 9.49	\$ 11.08	\$ 12.40	\$ 17.22	\$ 21.49	\$ 30.13

Note: 6/30/2022 (E) reflects estimate for fiscal year 2022 based on financial guidance provided.

5-Year CAGR

10.6%

14.9%

19.2%

26.0%

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