CACI International Inc

Q3 FY22 Earnings Conference Call

April 28, 2022

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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

Q3 FY22 Financial Highlights

Revenue **+2%** as reported, down **~2%** organic

Technology revenue **+10%**

Adjusted EBITDA Margin **10.2%**[1]

Robust free cash flow of **$297 million**[1]

Solid contract awards of **$1.2 billion**, including **$568 million** of classified work

Trailing twelve months (TTM) book-to-bill **1.5x**

Results continue to reflect near-term headwinds, particularly funding delays

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

Short-Term Headwinds Continue…

Headwinds discussed in Q2 continue

- Slowing pace of task orders, given acquisition resource challenges
- Supply chain challenges
- Delayed funding
- Restricted customer and facility access due to COVID

Pace of funding in Q3 <u>much</u> **slower** than expected

- Q3 funding orders down over **$300 million** or **20%** year-over-year
- Approved budget/funding will have limited benefit to FY22 given timing of FY end

Modestly reducing FY22 guidance

…But Longer-Term Market Trends Very Positive

Headwinds are **short-term** and not impacting customer **demand or long-term growth opportunities**

Large and growing addressable market, very **constructive** budget environment

GFY22 and GFY23 budgets indicate **increased** spending in areas of CACI focus

- Defense
- Intelligence Community (IC)
- Homeland Security (DHS is CACI's largest non-DoD customer)
- IT Modernization, including application and network modernization
- Space domain, including photonics and space situational awareness
- Other areas of potential spending increases include R&D (e.g., DARPA), cyber, artificial intelligence (AI), the electromagnetic spectrum, and C-UAS

Investing Ahead of Need

IT Modernization

Network modernization includes Commercial Solutions for Classified, or **CSfC**

SteelBox® – subscription-based, software as a service (SaaS) application for secure communications (voice and messaging), currently deployed in the IC

ID Technologies acquisition expands portfolio of CSfC end-point offerings

Space

Photonics – recent successful demonstration by **SA Photonics** of optical link and data transfer between satellites in low earth orbit (LEO), in partnership with DARPA and SDA

CACI preparing two **software-defined** mission payloads for launch into low earth orbit – demonstrating Assured Positioning Navigation and Timing (**APNT**) and Tactical Intelligence, Surveillance, and Reconnaissance (**TacISR**) technology

Business Performing Well

Delivering operational excellence, **healthy** profitability, and **strong** cash flow

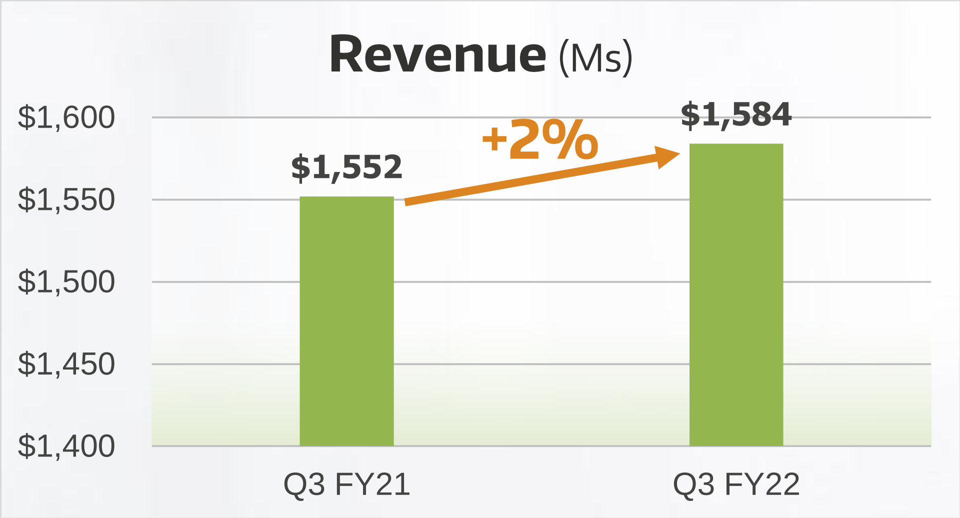
Successfully **investing** ahead of need and **differentiating** in the marketplace

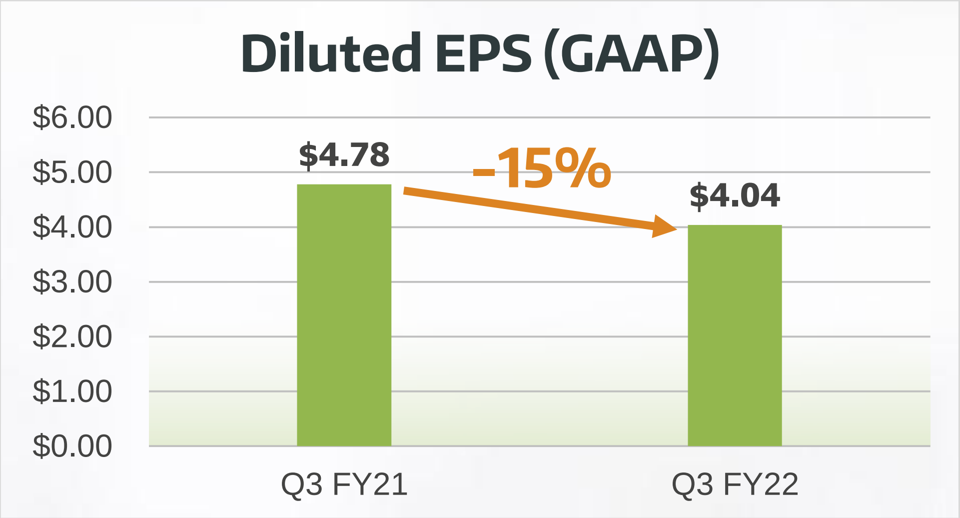
Attracting and retaining talent – continued recognition as a **“Top Workplace”**

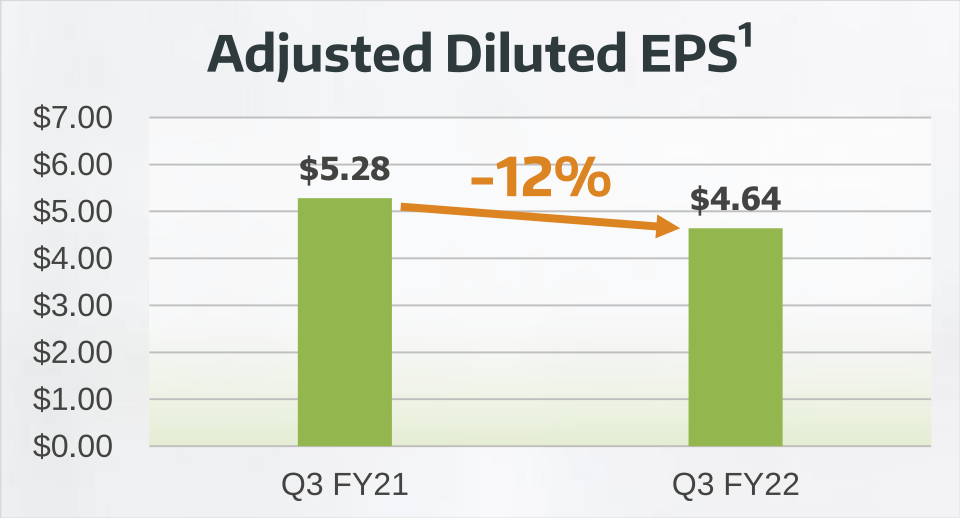
Preliminary FY23 outlook is positive

- Expect healthy organic growth, profitability, and cash flow
- Expect funding to revert to normal levels in early FY23
- Will provide formal FY23 guidance with more details in mid-August

Q3 Financial Summary







Organic revenue down **~2%**

Technology revenue **+10%**

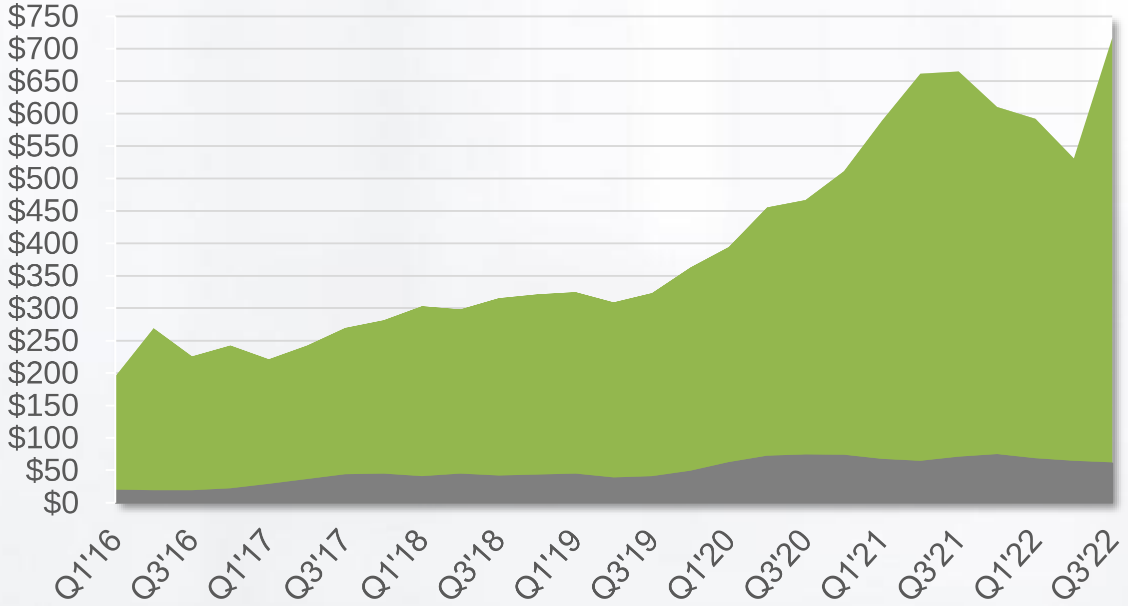
Adjusted EBITDA Margin of **10.2%**[1]

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

Strong Cash Flow

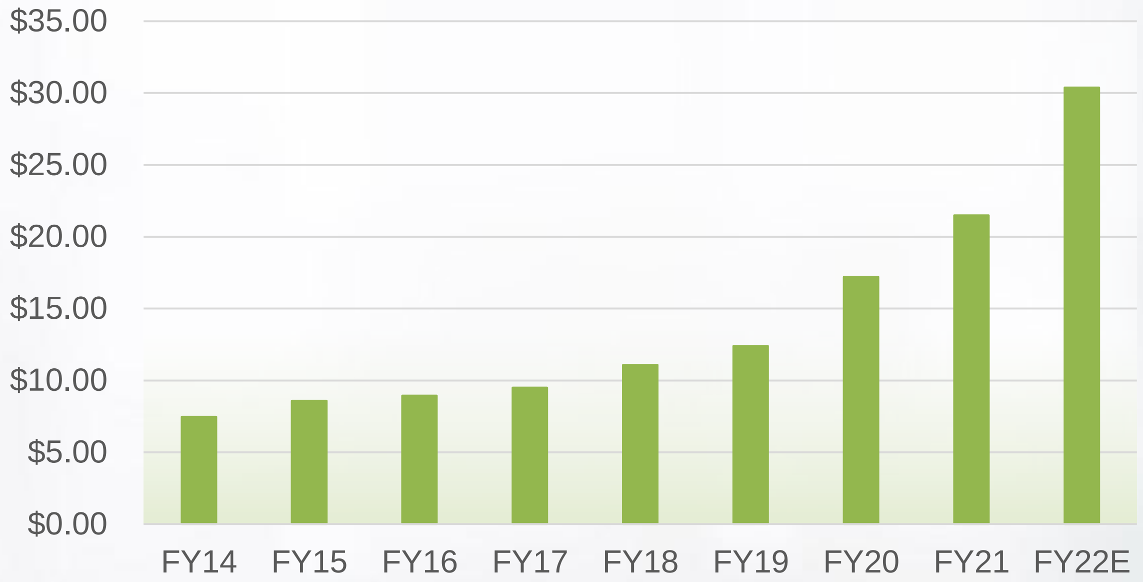
Cash Flow[1] and CapEx

(millions, TTM)



Cash Flow from Operations excl. MARPA[1] Capital Expenditures (CapEx)

Free Cash Flow (FCF) per Share[1]



	FY15 to FY20	FY16 to FY21	FY17 to FY22E
5-Year CAGR	14.9%	19.2%	26.2%

[1] *Excludes CACI's Master Accounts Receivable Purchase Agreement (MARPA). FY20 includes CARES Act payroll tax deferral benefit of ~$41 million. FY21 includes CARES Act payroll tax deferral benefit of ~$53 million and tax payment of ~$90 million due to certain tax elections. FY22E includes estimated tax benefits of ~$230 million and repayment of payroll tax deferral of ~$47 million. See slides at the end of this presentation for definitions and reconciliations of non-GAAP measures.*

FY22E is based on guidance provided on April 27, 2022. *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.*

Updating FY22 Guidance

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	FY22 Guidance
Revenue (millions)	**$6,200 – $6,250**
Adjusted Net Income[1] (millions)	**$415 – $425**
Adjusted Diluted EPS[1]	**$17.51 – $17.93**
Free Cash Flow[1] (millions)	**At least $720**

Organic revenue growth of **~1%** at the midpoint, incl. Afghanistan headwind (2%)

Adj. EBITDA Margin[1] of **~10.5%** (incl. 10 bps impact from acquisitions)

Effective tax rate of **~22%**

Diluted shares outstanding expected to be **~23.7 million**

Capital expenditures of **~$80 million**

This guidance represents CACI views as of April 27, 2022. *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

98%
Existing Business

STRONG
Performance

1%
Recompetes

HIGH
Win Rate

1%
New Business

QUALITY
Pipeline

Solid Q3 FY22 contract awards of **$1.2 billion**

*TTM Book-to-Bill of **1.5x***

Backlog of **$23.5 billion**, **+5%** YoY

Pipeline of submitted bids: **$10 billion**

***~90%** for new business to CACI*

Bids expected to be submitted in the next two quarters: **$20 billion**

***~90%** for new business to CACI*

Continuing to Execute

Short-term headwinds do not change **long-term growth** opportunities

Bipartisan support continues for national security and modernization, CACI is **well-aligned** to key priorities

Business performing well on things we can control

Investing ahead of customer need driving **healthy** awards and **growing** backlog

Committed to **long-term growth** ahead of our addressable market, margin **expansion**, strong **cash flow**, and flexible and opportunistic **capital deployment** to drive shareholder value

Our **talented, innovative, diverse employees** committed to success

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)

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(in thousands, except per share data)	Three Months Ended			Nine Months Ended		
	3/31/2022	3/31/2021	% Change	3/31/2022	3/31/2021	% Change
Net income, as reported	$ 95,417	$ 120,344	-20.7%	$ 273,825	$ 320,466	-14.6%
Intangible amortization expense	19,297	16,993	13.6%	54,944	50,605	8.6%
Tax effect of intangible amortization[1]	(5,074)	(4,468)	13.6%	(14,446)	(13,306)	8.6%
Adjusted net income	$ 109,640	$ 132,869	-17.5%	$ 314,323	$ 357,765	-12.1%

	Three Months Ended			Nine Months Ended		
	3/31/2022	3/31/2021	% Change	3/31/2022	3/31/2021	% Change
Diluted EPS, as reported	$ 4.04	$ 4.78	-15.5%	$ 11.56	$ 12.66	-8.7%
Intangible amortization expense	0.82	0.68	20.6%	2.32	2.00	16.0%
Tax effect of intangible amortization[1]	(0.22)	(0.18)	22.2%	(0.61)	(0.52)	17.3%
Adjusted diluted EPS	$ 4.64	$ 5.28	-12.1%	$ 13.27	$ 14.14	-6.2%

(in millions, except per share data)	FY22 Guidance Range		
	Low End		High End
Net income, as reported	$ 360	---	$ 370
Intangible amortization expense	74	---	74
Tax effect of intangible amortization[1]	(19)	---	(19)
Adjusted net income	$ 415	---	$ 425

	FY22 Guidance Range		
	Low End		High End
Diluted EPS, as reported	$ 15.19	---	$ 15.61
Intangible amortization expense	3.12	---	3.12
Tax effect of intangible amortization[1]	(0.80)	---	(0.80)
Adjusted diluted EPS	$ 17.51	---	$ 17.93

(1) *Calculation uses an assumed statutory tax rate of 26.3% on non-GAAP tax deductible adjustments.*

Note: Numbers may not sum due to rounding.

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)

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(in thousands)	Three Months Ended 3/31/2022	Three Months Ended 3/31/2021	Three Months Ended % Change	Nine Months Ended 3/31/2022	Nine Months Ended 3/31/2021	Nine Months Ended % Change
Net income	$ 95,417	$ 120,344	-20.7%	$ 273,825	$ 320,466	-14.6%
Plus:						
Income taxes	20,855	22,140	-5.8%	72,176	78,914	-8.5%
Interest income and expense, net	9,084	8,954	1.5%	30,491	28,021	8.8%
Depreciation and amortization expense, including amounts within direct costs	36,095	32,213	12.1%	103,924	96,266	8.0%
Adjusted EBITDA	$ 161,451	$ 183,651	-12.1%	$ 480,416	$ 523,667	-8.3%

(in thousands)	Three Months Ended 3/31/2022	Three Months Ended 3/31/2021	Three Months Ended % Change	Nine Months Ended 3/31/2022	Nine Months Ended 3/31/2021	Nine Months Ended % Change
Revenues, as reported	$ 1,583,980	$ 1,551,918	2.1%	$ 4,560,656	$ 4,480,135	1.8%
Adjusted EBITDA	161,451	183,651	-12.1%	480,416	523,667	-8.3%
Adjusted EBITDA margin	10.2%	11.8%		10.5%	11.7%	

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

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(in thousands)	Three Months Ended 3/31/2022	Three Months Ended 3/31/2021	Nine Months Ended 3/31/2022	Nine Months Ended 3/31/2021
Net cash provided by operating activities	$ 284,248	$ 118,229	$ 593,013	$ 500,516
Cash used in (provided by) MARPA	29,811	9,898	24,360	10,140
Net cash provided by operating activities excluding MARPA	314,059	128,127	617,373	510,656
Capital expenditures	(17,110)	(19,400)	(38,742)	(51,273)
Free cash flow	$ 296,949	$ 108,727	$ 578,631	$ 459,383

(in millions)	FY22 Guidance
Net cash provided by operating activities[1]	$ 800
Cash used in (provided by) MARPA	-
Net cash provided by operating activities excluding MARPA	800
Capital expenditures	(80)
Free cash flow	$ 720

(1) *Includes estimated tax benefits of $230 million related to certain tax elections, as well as payroll tax deferral repayment of approximately $47 million.*

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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)

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(in thousands, except per share data)	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	$ 800,000
Cash used in (provided by) MARPA	-	-	-	-	-	(192,527)	(7,473)	17,973	-
Net cash provided by operating activities excluding MARPA[1]	203,470	226,862	242,577	281,250	321,460	362,770	511,232	610,188	800,000
Capital expenditures	(15,279)	(17,444)	(20,835)	(43,268)	(41,594)	(47,902)	(72,303)	(73,129)	(80,000)
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	23,700
Free cash flow per share	$ 7.48	$ 8.59	$ 8.94	$ 9.49	$ 11.08	$ 12.40	$ 17.22	$ 21.49	$ 30.38
					5-Year CAGR	***10.6%***	***14.9%***	***19.2%***	***26.2%***

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

[1] Excludes CACI's Master Accounts Receivable Purchase Agreement (MARPA). FY20 includes CARES Act payroll tax deferral benefit of ~$41 million. FY21 includes CARES Act payroll tax deferral benefit of ~$53 million and tax payment of ~$90 million due to certain tax elections. FY22E includes estimated tax benefits of ~$230 million and repayment of payroll tax deferral of ~$47 million.

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