

CACI International Inc

Q4 FY22 Earnings Conference Call

August 11, 2022



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



CACI
LISTED
NYSE



NEW YORK STOCK EXCHANGE

NYSE CLOSING BELL

CACI
EVER VIGILANT

CACI
LISTED
NYSE



NEW YORK STOCK EXCHANGE



CACI
EVER VIGILANT

60
1962-2022

FY22 Financial Highlights

Revenue **+3%**, positive organic growth

Adjusted EBITDA Margin **10.3%**¹

Robust free cash flow of **\$695 million**¹

Contract awards of **\$7.1 billion**, 60% new business to CACI

Trailing twelve months (TTM) book-to-bill **1.1x**

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

External Environment

Market demand remains **strong**

Continued **bipartisan support** for national security priorities

GFY23 budget seeing increases as it moves through Congress

- Higher spending in Defense, Intelligence Community (IC), and Homeland Security

- Higher spending in key areas of focus for CACI, including Digital Solutions, Enterprise IT, C4ISR, Cyber, and Space

Confident in our ability to drive long-term **growth**, margin **expansion**, **robust** cash flow, and **shareholder value**

Investing Ahead of Need

Digital Solutions

CACI leading in **application modernization, Agile @Scale, DevSecOps**, open architectures
Executing two **largest** federal Agile programs, **strong pipeline** of new opportunities

Enterprise IT

CACI leading in **network modernization** and Commercial Solutions for Classified (**CSfC**)
Recent wins like Army OSP, **strong pipeline** of additional opportunities

C4ISR and Cyber

CACI leading in the electromagnetic spectrum, including **SIGINT, EW, C-UAS, secure comms**
Software-defined and mission software capabilities differentiating CACI in the market

Space

Focused on multi-year, **technology-driven growth** opportunities in **photonics** (laser comms and remote sensing) and Assured Positioning Navigation and Timing (**APNT**)
Recently **delivered** first production optical communications systems to OEM

FY23 Guidance Highlights

Revenue growth of between
~**4.5%** and ~**7.5%**

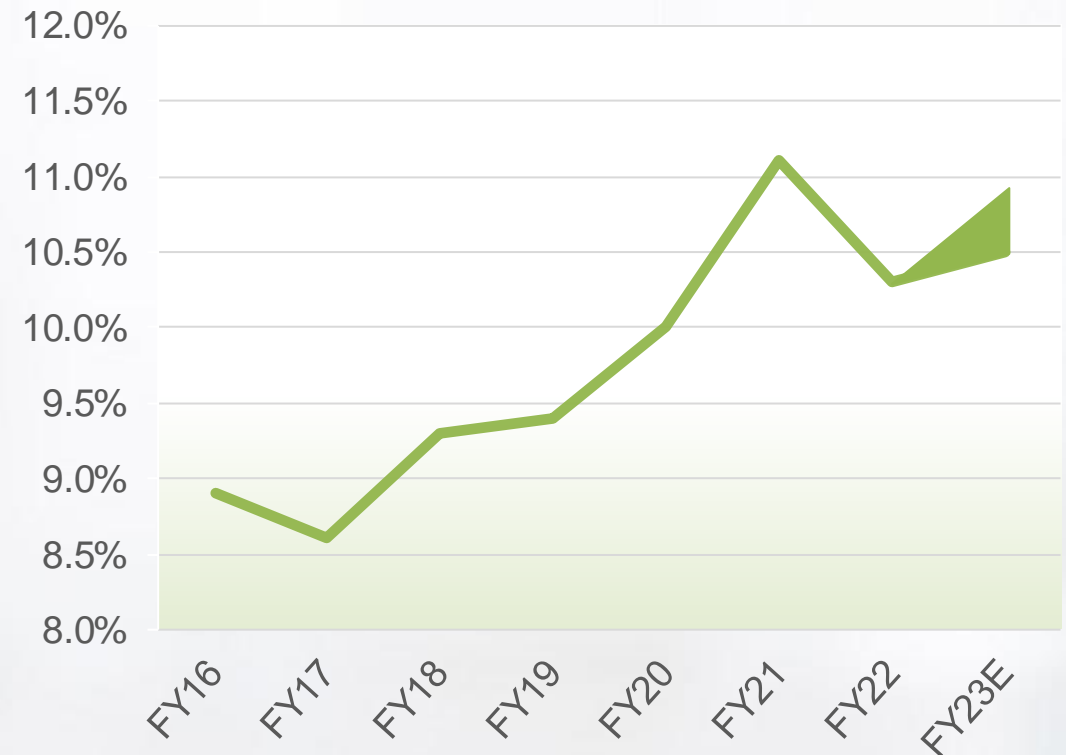
Adjusted EBITDA Margin¹ in the
mid-to-high 10% range

Continued **healthy** cash flow

Committed to **long-term** organic
growth and margin **expansion**

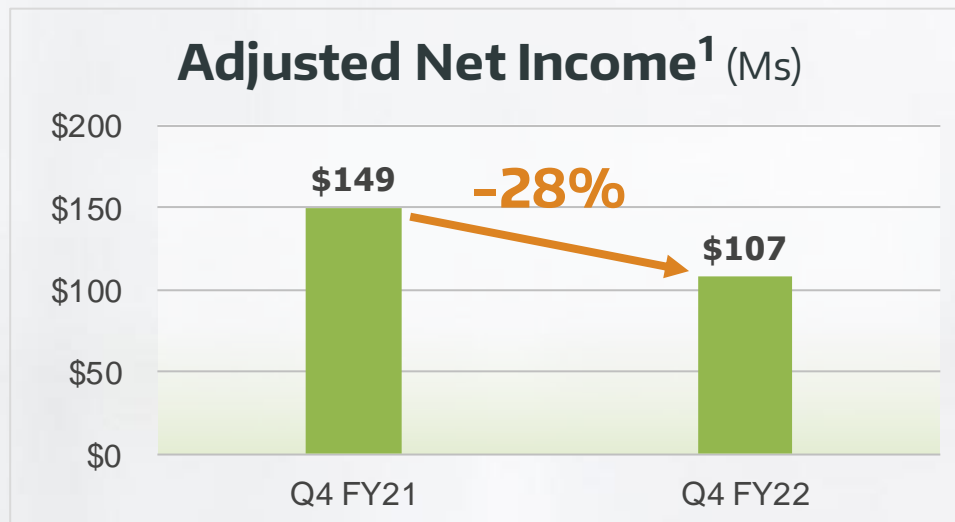
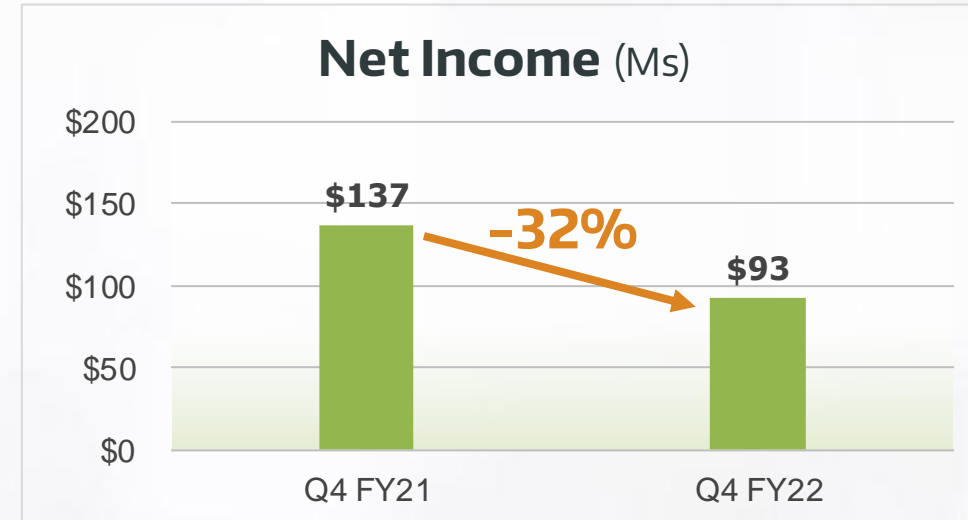
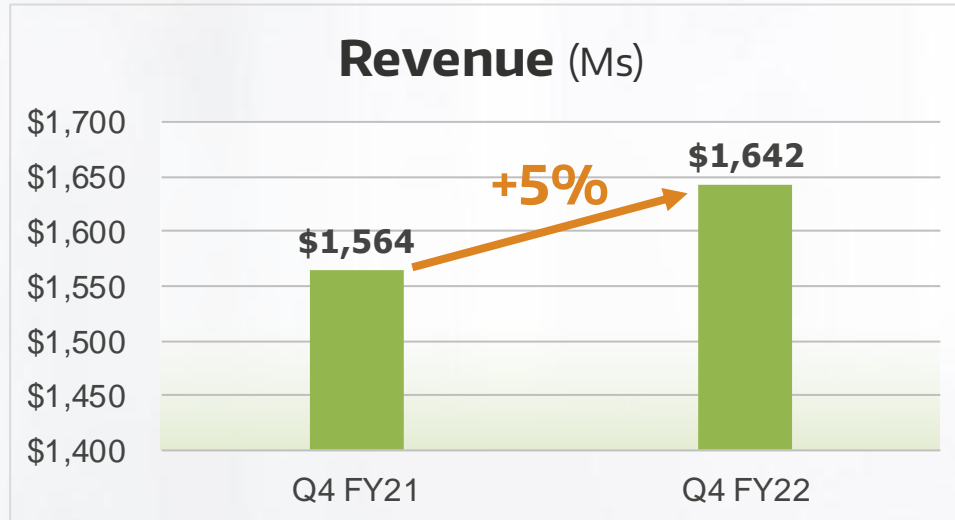
Flexible and opportunistic capital
deployment to continue to drive
long-term shareholder value

Adjusted EBITDA Margin¹



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

Q4 Financial Summary



Organic revenue growth ~2%

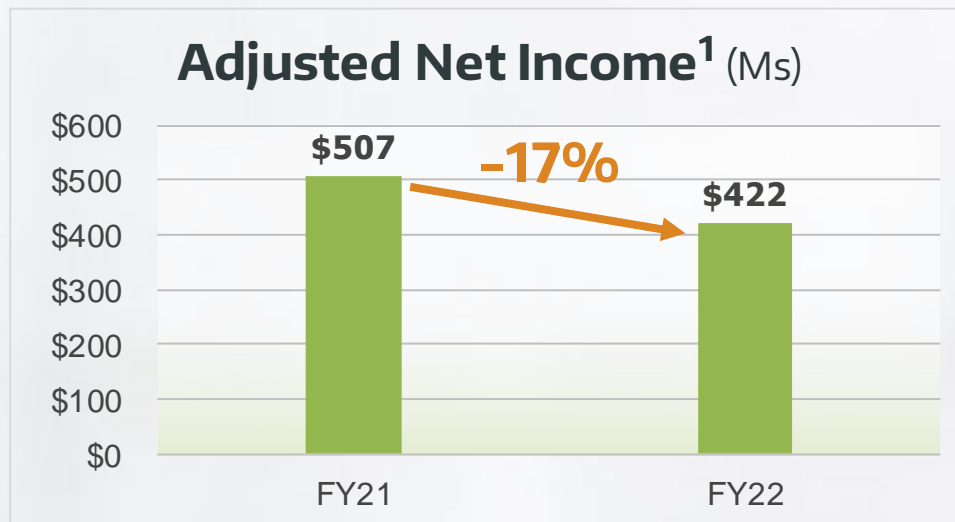
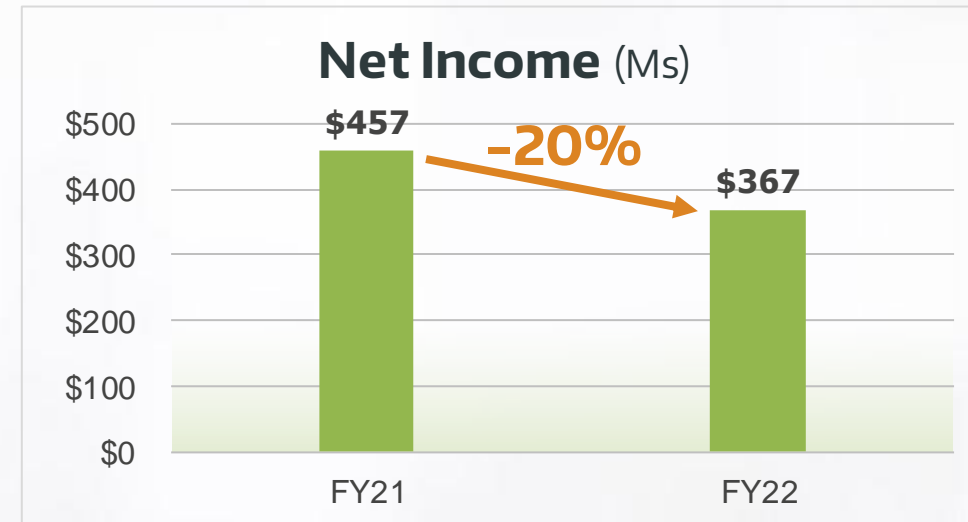
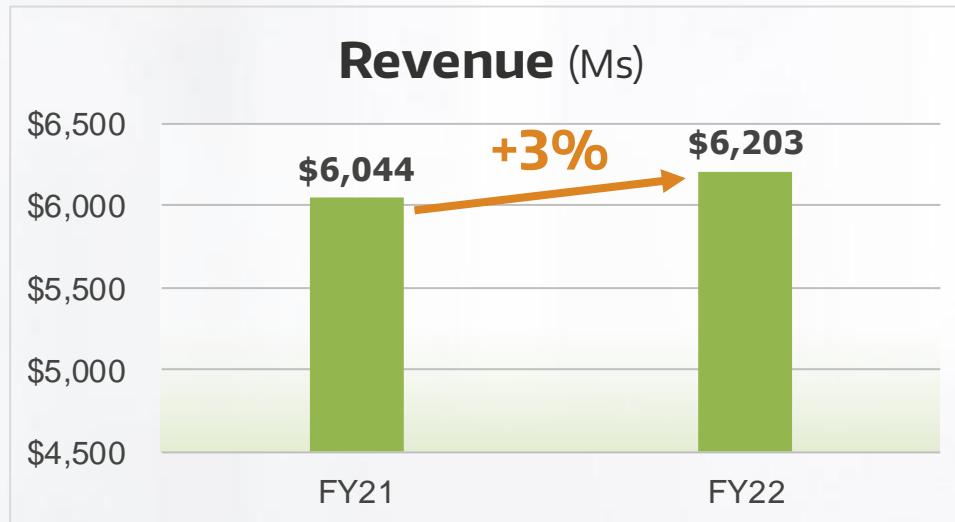
Technology revenue +6%

Adjusted EBITDA Margin of **9.6%**¹ driven by delays in Mission Technology sales

GAAP and Adjusted EPS comparisons reflect tax benefits in Q4 FY21 from tax elections

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

FY22 Financial Summary



Positive **Organic** revenue growth

Technology revenue +9%

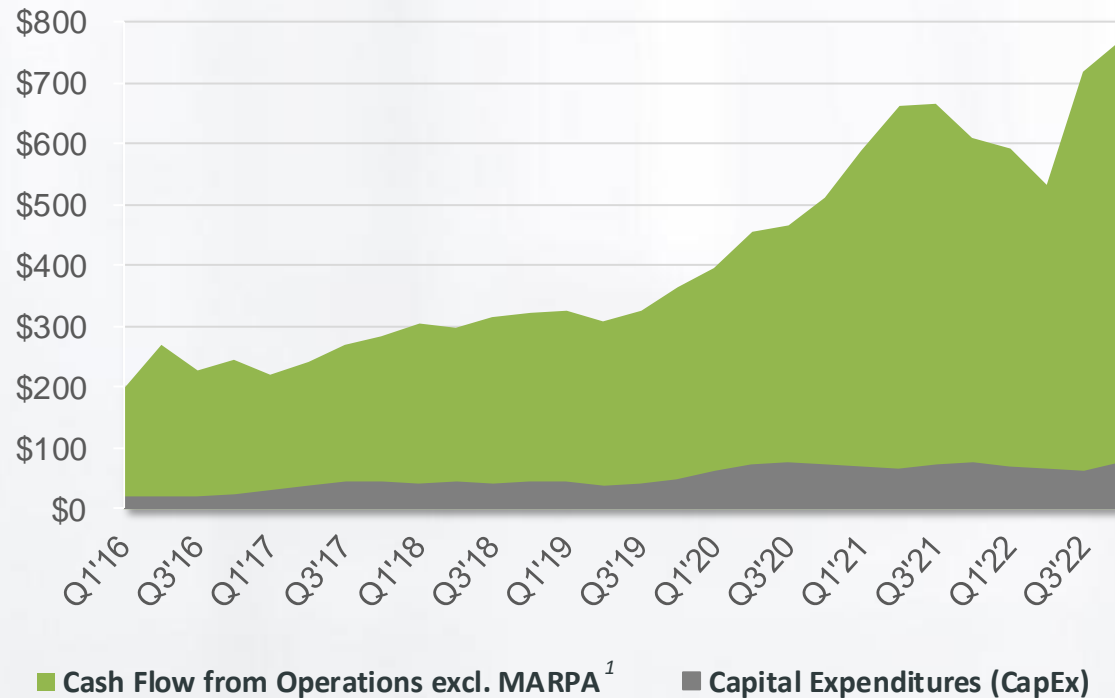
Adjusted EBITDA Margin of **10.3%**¹

GAAP and Adjusted EPS comparisons reflect tax benefits in FY21 from tax elections

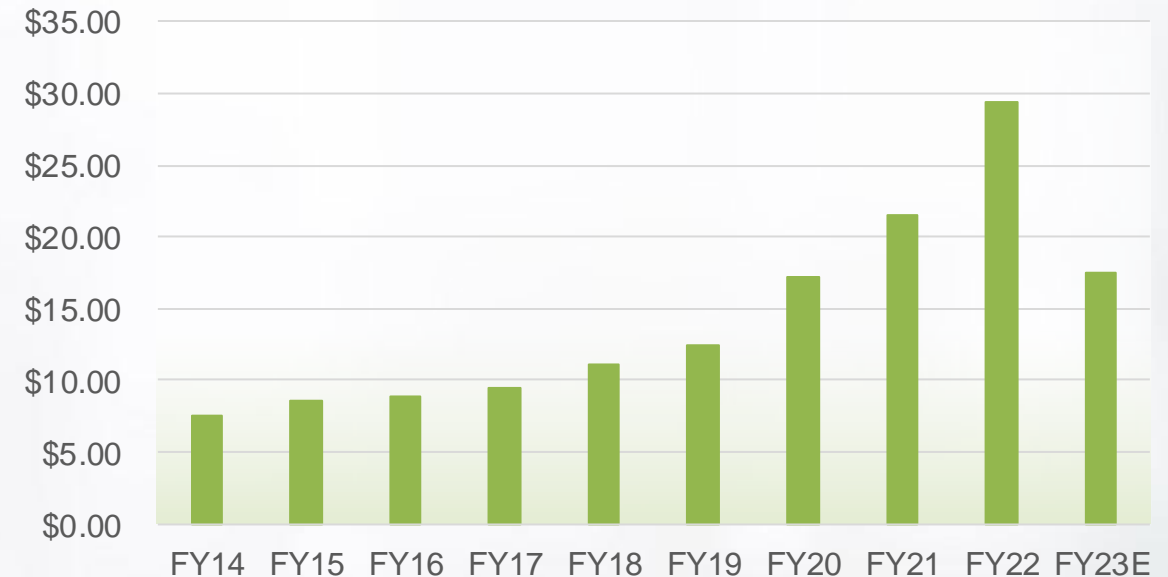
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Strong Cash Flow

Cash Flow¹ and CapEx
(millions, TTM)



Free Cash Flow (FCF) per Share^{1,2}



	FY14 to FY19	FY15 to FY20	FY16 to FY21	FY17 to FY22	FY18 to FY23E
5-Year CAGR	10.6%	14.9%	19.2%	25.3%	9.5%

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 related to certain tax elections. FY22 includes tax benefits of ~\$190 million related to certain tax elections and repayment of payroll tax deferral of ~\$47 million. FY23E includes estimated net tax payments of ~\$25 million related to certain tax elections 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.

² Assumes Section 174 of the Tax Cuts and Jobs Act of 2017 will be deferred, modified or repealed. CACI currently estimates that, if not deferred, modified or repealed, FY23 operating cash flow would be reduced by approximately \$95 million.

FY23E is based on guidance provided on August 10, 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.

FY23 Guidance

	FY23 Guidance
Revenue (millions)	\$6,475 – \$6,675
Adjusted Net Income ¹ (millions)	\$420 – \$440
Adjusted Diluted EPS ¹	\$17.65 – \$18.49
Free Cash Flow ^{1,2} (millions)	At least \$415

Revenue growth of **~4.5%** to **~7.5%**

Inorganic revenue of **~\$180 million** or **3 points** of growth

Adjusted EBITDA Margin¹ in the **mid-to-high 10%** range

Diluted shares outstanding expected to be **~23.8 million**

Capital expenditures of **~\$80 million**

This guidance represents CACI views as of August 10, 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.

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FY23 Guidance Assumptions

Indirect costs and selling expense increase **~6.5%** vs. FY22

Excl. fringe on direct labor and recent acquisitions, indirect costs increase **~1%** vs. FY22

Depreciation and amortization **~\$150 million**

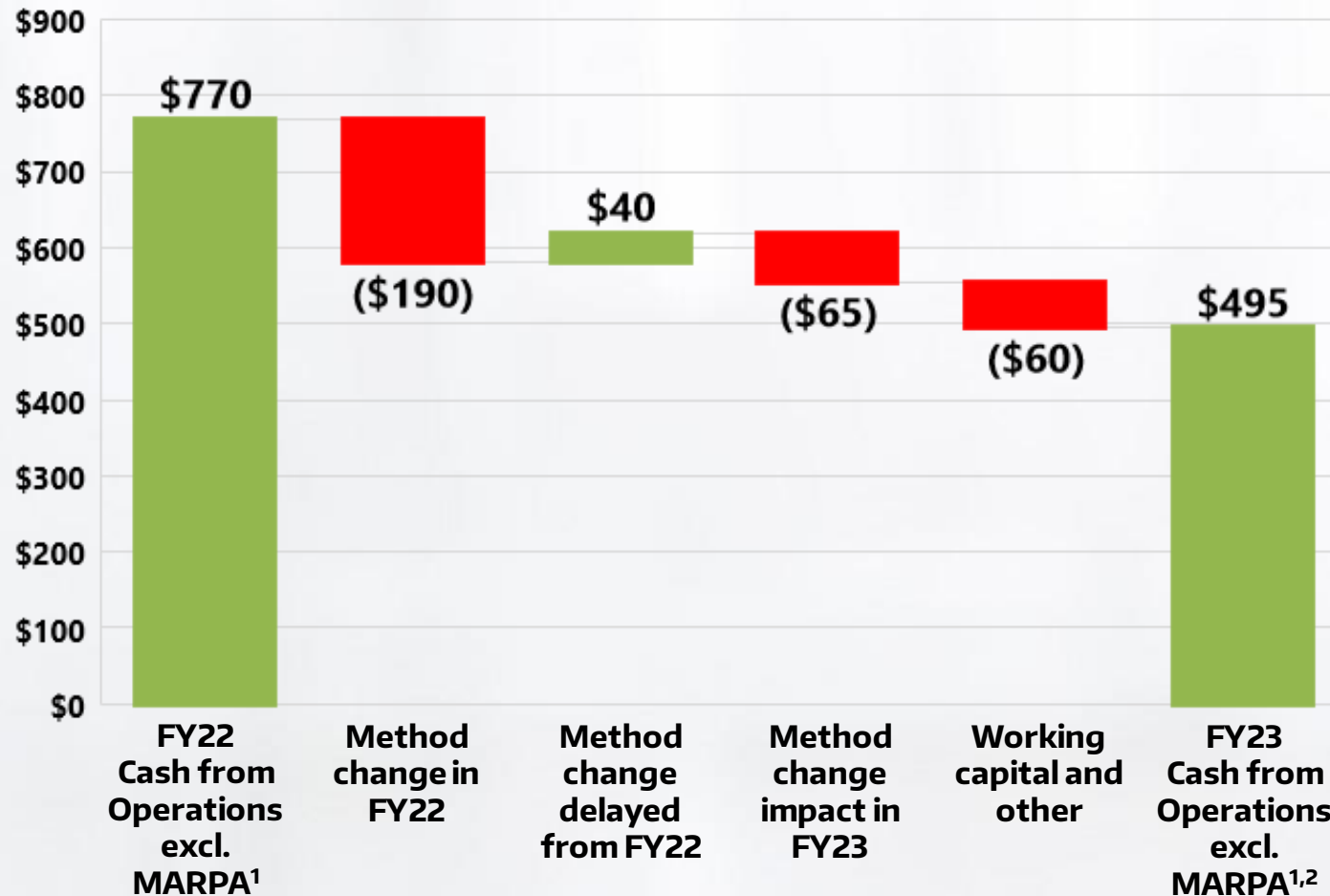
Net interest expense **~\$61 million**

Tax rate expected to be **~23.5%**

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

FY23 Cash Flow

FY22 to FY23 Operating Cash Flow Walk (Ms)



	Ms
FY22 Cash from Operations excl. MARPA¹	\$770
Method change in FY22	(\$190)
Method change delayed from FY22	\$40
Method change impact in FY23	(\$65)
Working capital and other	(\$60)
FY23 Cash from Operations excl. MARPA^{1,2}	\$495
FY23 Capital expenditures	\$80
FY23 Free Cash Flow^{1,2}	\$415

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Positive Forward Indicators

83%

Existing Business

STRONG

Performance

Solid FY22 contract awards of
\$7.1 billion

TTM Book-to-Bill of 1.1x

11%

Recompetes

HIGH

Win Rate

Large backlog of **\$23.3 billion**

Pipeline of submitted bids: **\$12 billion**

~80% for new business to CACI

6%

New Business

QUALITY

Pipeline

Bids expected to be submitted in the
next two quarters: **\$17 billion**

~90% for new business to CACI

Solid Execution, Strong Outlook

In FY22, we delivered revenue **growth, healthy** margins, and **strong** cash flow and free cash flow per share

Strong **awards**, robust **backlog** and **pipeline**, and **investments** position CACI for strong financial performance in **FY23** and beyond

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

Our **talented, innovative, committed employees** driving customer and CACI success

Released our inaugural **Corporate Responsibility Report**

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. A reconciliation of Adjusted EBITDA Margin to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to our inability to predict specific quantifications of the amounts that would be required to reconcile such measures. Consequently, any attempt to disclose such reconciliation would imply a degree of precision that could be confusing or misleading to investors.

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			Twelve Months Ended		
	6/30/2022	6/30/2021	% Change	6/30/2022	6/30/2021	% Change
Net income, as reported	\$ 92,969	\$ 136,977	-32.1%	\$ 366,794	\$ 457,443	-19.8%
Intangible amortization expense	19,189	16,896	13.6%	74,133	67,501	9.8%
Tax effect of intangible amortization ¹	(4,753)	(4,442)	7.0%	(19,199)	(17,748)	8.2%
Adjusted net income	<u>\$ 107,405</u>	<u>\$ 149,431</u>	<u>-28.1%</u>	<u>\$ 421,728</u>	<u>\$ 507,196</u>	<u>-16.9%</u>

	Three Months Ended			Twelve Months Ended		
	6/30/2022	6/30/2021	% Change	6/30/2022	6/30/2021	% Change
Diluted EPS, as reported	\$ 3.93	\$ 5.74	-31.5%	\$ 15.49	\$ 18.30	-15.4%
Intangible amortization expense	0.81	0.71	14.1%	3.13	2.70	15.9%
Tax effect of intangible amortization ¹	(0.20)	(0.19)	5.3%	(0.81)	(0.71)	14.1%
Adjusted diluted EPS	<u>\$ 4.54</u>	<u>\$ 6.26</u>	<u>-27.5%</u>	<u>\$ 17.81</u>	<u>\$ 20.29</u>	<u>-12.2%</u>

(in millions, except per share data)

	FY23 Guidance Range		
	Low End		High End
Net income, as reported	\$ 364	---	\$ 384
Intangible amortization expense	75	---	75
Tax effect of intangible amortization ¹	(19)	---	(19)
Adjusted net income	<u>\$ 420</u>	---	<u>\$ 440</u>

	FY23 Guidance Range		
	Low End		High End
Diluted EPS, as reported	\$ 15.29	---	\$ 16.13
Intangible amortization expense	3.15	---	3.15
Tax effect of intangible amortization ¹	(0.80)	---	(0.80)
Adjusted diluted EPS	<u>\$ 17.65</u>	---	<u>\$ 18.49</u>

(1) Calculation uses an assumed full year statutory tax rate of 25.9% 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.

Reconciliation of Net Income to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) (Unaudited)

	Three Months Ended			Twelve Months Ended		
	6/30/2022	6/30/2021	% Change	6/30/2022	6/30/2021	% Change
(in thousands)						
Net income	\$ 92,969	\$ 136,977	-32.1%	\$ 366,794	\$ 457,443	-19.8%
Plus:						
Income taxes	15,602	(36,742)	-142.5%	87,778	42,172	108.1%
Interest income and expense, net	11,266	11,815	-4.6%	41,757	39,836	4.8%
Depreciation and amortization expense, including amounts within direct costs	37,255	32,865	13.4%	141,179	129,131	9.3%
Adjusted EBITDA	<u>\$ 157,092</u>	<u>\$ 144,915</u>	<u>8.4%</u>	<u>\$ 637,508</u>	<u>\$ 668,582</u>	<u>-4.6%</u>
	Three Months Ended			Twelve Months Ended		
	6/30/2022	6/30/2021	% Change	6/30/2022	6/30/2021	% Change
(in thousands)						
Revenues, as reported	\$ 1,642,261	\$ 1,564,000	5.0%	\$ 6,202,917	\$ 6,044,135	2.6%
Adjusted EBITDA	157,092	144,915	8.4%	637,508	668,582	-4.6%
Adjusted EBITDA margin	9.6%	9.3%		10.3%	11.1%	

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Reconciliation of Net Income to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) (Unaudited)

	Twelve Months Ended						
(in thousands)	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Net income	\$ 142,799	\$ 163,671	\$ 301,171	\$ 265,604	\$ 321,480	\$ 457,443	\$ 366,794
Plus:							
Income taxes	80,813	84,948	(2,507)	62,305	80,157	42,172	87,778
Interest income and expense, net	41,342	48,809	42,036	49,958	56,059	39,836	41,757
Depreciation and amortization expense, including amounts within direct costs	66,941	74,801	75,256	88,603	112,889	129,131	141,179
Earnout adjustments	659	716	10	1,000	3,000	-	-
Adjusted EBITDA	\$ 332,554	\$ 372,945	\$ 415,966	\$ 467,470	\$ 573,585	\$ 668,582	\$ 637,508

	Twelve Months Ended						
(in thousands)	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Revenues, as reported	\$ 3,744,053	\$ 4,354,617	\$ 4,467,860	\$ 4,986,341	\$ 5,720,042	\$ 6,044,135	\$ 6,202,917
Adjusted EBITDA	332,554	372,945	415,966	467,470	573,585	668,582	637,508
Adjusted EBITDA margin	8.9%	8.6%	9.3%	9.4%	10.0%	11.1%	10.3%

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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)

(in thousands)	Three Months Ended		Twelve Months Ended	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Net cash provided by operating activities	\$ 152,541	\$ 91,699	\$ 745,554	\$ 592,215
Cash used in (provided by) MARPA	(118)	7,833	24,242	17,973
Net cash provided by operating activities excluding MARPA	152,423	99,532	769,796	610,188
Capital expenditures	(35,822)	(21,856)	(74,564)	(73,129)
Free cash flow	\$ 116,601	\$ 77,676	\$ 695,232	\$ 537,059

(in millions)	FY23 Guidance
Net cash provided by operating activities ¹	\$ 495
Cash used in (provided by) MARPA	-
Net cash provided by operating activities excluding MARPA ¹	495
Capital expenditures	(80)
Free cash flow	\$ 415

(1) FY23 guidance assumes Section 174 of the Tax Cuts and Jobs Act of 2017 will be deferred, modified or repealed. CACI currently estimates that, if not deferred, modified or repealed, FY23 operating cash flow would be reduced by approximately \$95 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)

(in thousands, except per share data)

	Twelve Months Ended									
(in thousands, except per share data)	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	6/30/2023 (E)
Net cash provided by operating activities	\$ 203,470	\$ 226,862	\$ 242,577	\$ 281,250	\$ 321,460	\$ 555,297	\$ 518,705	\$ 592,215	\$ 745,554	\$ 495,000
Cash used in (provided by) MARPA	-	-	-	-	-	(192,527)	(7,473)	17,973	24,242	-
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	769,796	495,000
Capital expenditures	(15,279)	(17,444)	(20,835)	(43,268)	(41,594)	(47,902)	(72,303)	(73,129)	(74,564)	(80,000)
Free cash flow	\$ 188,191	\$ 209,418	\$ 221,742	\$ 237,982	\$ 279,866	\$ 314,868	\$ 438,929	\$ 537,059	\$ 695,232	\$ 415,000
Diluted weighted average shares outstanding	25,155	24,388	24,802	25,069	25,255	25,395	25,485	24,992	23,677	23,800
Free cash flow per share	\$ 7.48	\$ 8.59	\$ 8.94	\$ 9.49	\$ 11.08	\$ 12.40	\$ 17.22	\$ 21.49	\$ 29.36	\$ 17.44

Note: 6/30/2023 (E) reflects estimate for fiscal year 2023 based on financial guidance provided. 6/30/2023 (E) also assumes Section 174 of the Tax Cuts and Jobs Act of 2017 will be deferred, modified or repealed. CACI currently estimates that, if not deferred, modified or repealed, FY23 operating cash flow would be reduced by approximately \$95 million.

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. FY22 includes tax benefits of ~\$190 million and repayment of payroll tax deferral of ~\$47 million. FY23E includes estimated net tax payments of ~\$25 million and repayment of payroll tax deferral of ~\$47 million.

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