



CACI International Inc

Q4 FY23 Earnings Conference Call

August 10, 2023

CACI

EVER VIGILANT

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



Jeff MacLauchlan
Chief Financial Officer

FY23 Financial Highlights

Revenue +**8%**, +**6%** organic

EBITDA Margin **10.7%**¹

Free cash flow of **\$282M**¹

Contract awards **\$10.1B**, **\$7.4B** of **new**

Trailing twelve months book-to-bill **1.5x**

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

Winning in the Marketplace



USAF Enterprise IT as-a-Service (EITaaS) Wave 1

\$5.7B ceiling

Next-gen IT modernization



Large Mission Expertise cyber contract for IC customer

\$2.7B ceiling

Next-gen intelligence, network exploitation, and cybersecurity



Spectral award from US Navy

\$1.2B ceiling

Next-gen SIGINT/EW weapon system

Executing for Our Customers



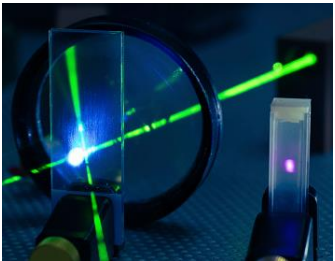
Army's Integrated Personnel and Pay System (IPPS-A)

Largest PeopleSoft implementation in history



Two AI-based software programs for the NGA

Enhancing image processing and analysts' ability to analyze geospatial data



Photonics to government and prime customers

16 optical terminals deployed to LEO aboard 4 DARPA Blackjack satellites

Constructive Macro Environment

Supportive budget **growth**

Monitoring GFY '24 budget process

CACI **well-aligned** to modernization and national security priorities



Value Creation Model



Predictable
organic revenue
growth



Sector-leading
EBITDA margin
supportive
of continued
investment



Efficient
management of
working capital and
capital expenditures



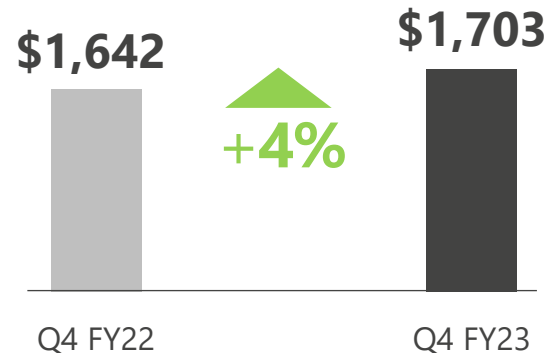
Flexible and
opportunistic
capital
deployment

Free cash flow¹ per share growth and shareholder value creation

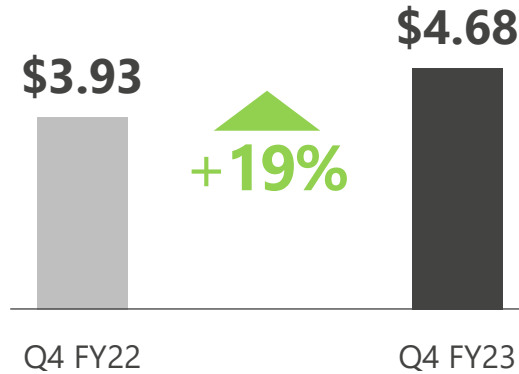
Financial Summary

Q4

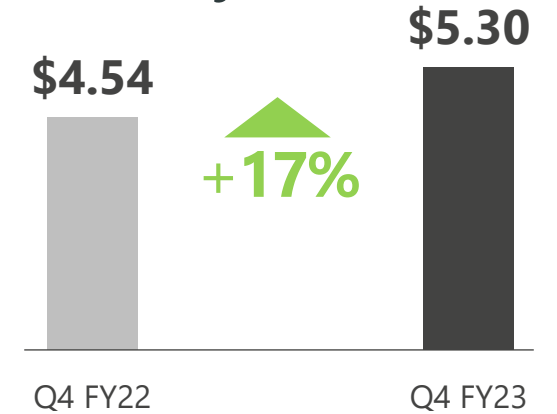
Q4 Revenue (Ms)



Q4 EPS (GAAP)

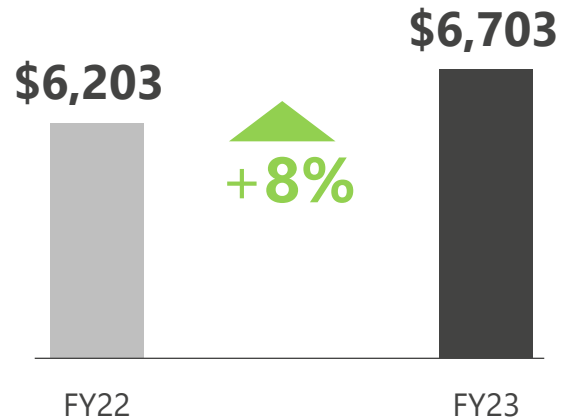


Q4 Adjusted EPS¹

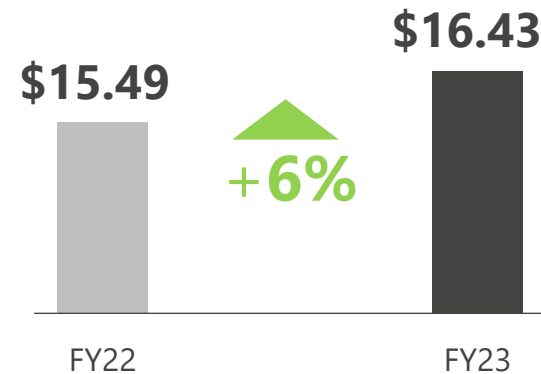


FY23

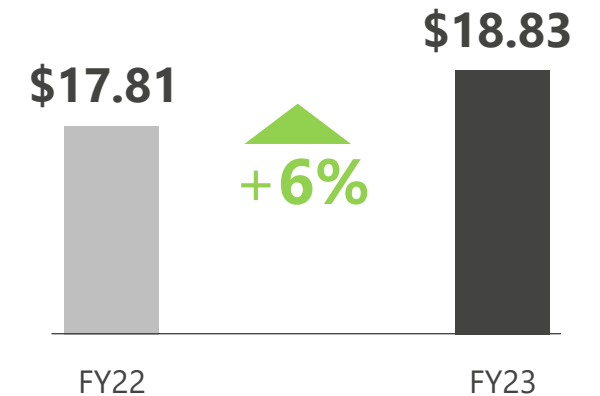
FY23 Revenue (Ms)



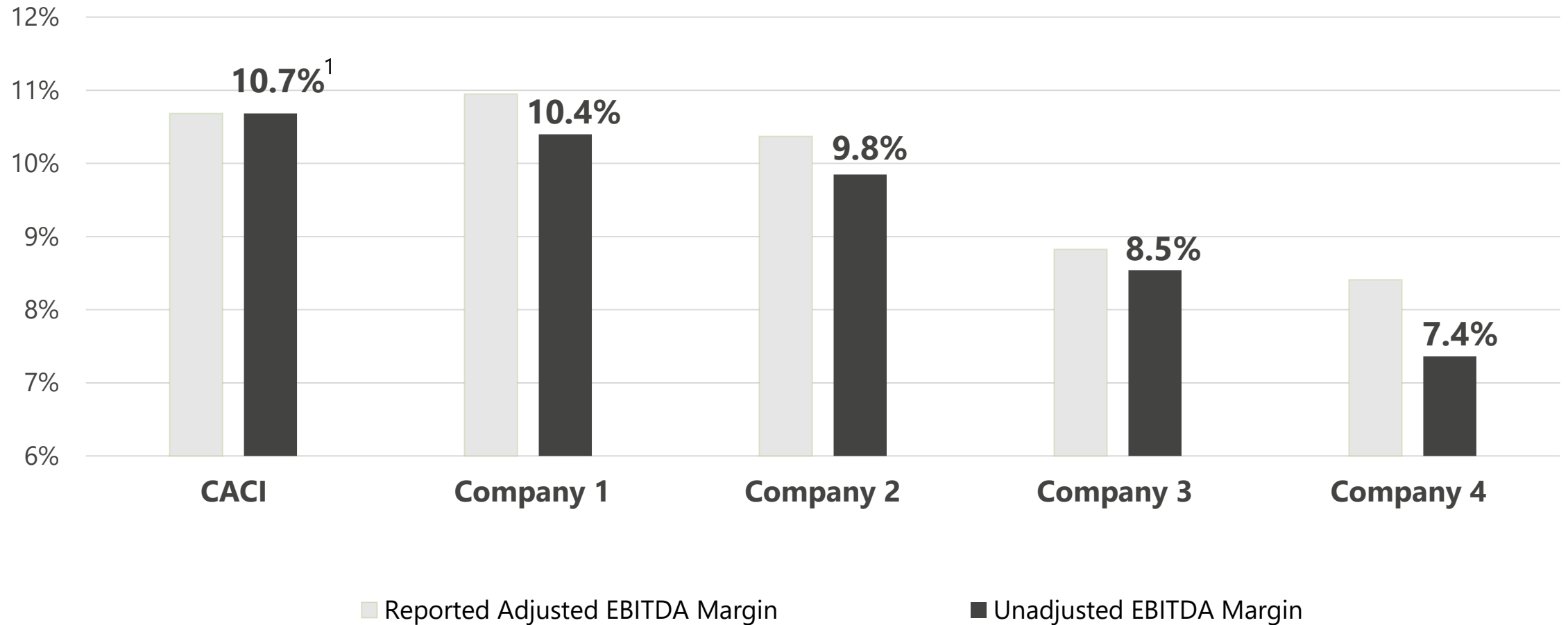
FY23 EPS (GAAP)



FY23 Adjusted EPS¹



Sector-Leading EBITDA Margin



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

Company Reported Adjusted EBITDA Margin is based on publicly-available company reported data from the most recently completed fiscal year earnings release. Unadjusted EBITDA Margin is based on adding back as-reported adjustments from the respective Adjusted EBITDA reconciliations, with the exception of legal expenses.

Cash Flow and Notable Cash Tax Impacts



All numbers are in \$millions

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

² Estimates based on current expectations and incorporated into fiscal 2024 guidance as of August 9, 2023.

Flexible and Opportunistic Capital Deployment



Strategic M&A



**Internal
Investments**



**Capital Returns
to Shareholders**



\$750 million share repurchase program authorization

Executed **\$250 million** accelerated share repurchase (ASR)

Opportunistically **repurchased additional shares** in open market



Healthy long-term **cash flow generation**



Strong **balance sheet** (2.2x leverage¹)



Access to **capital**



Significant optionality to deliver long-term shareholder value

FY24 Guidance

FY24 Guidance

Revenue (millions)	\$7,000 – \$7,200
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Adjusted Net Income ¹ (millions)	\$440 – \$465
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Adjusted Diluted EPS ¹	\$19.13 – \$20.22
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Free Cash Flow ^{1,2} (millions)	At least \$400
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Revenue growth of ~**4.5%** to ~**7.5%**

EBITDA Margin¹ in the **high 10%** range

Diluted shares outstanding expected to be ~**23.0 million**

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

This guidance represents CACI views as of August 9, 2023. 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 definitions and reconciliations of non-GAAP measures.

² Fiscal year 2024 free cash flow guidance assumes approximately \$75 million in tax payments related to Section 174 of the Tax Cuts and Jobs Act of 2017.

FY24 Guidance Assumptions

Depreciation and amortization ~\$145 million

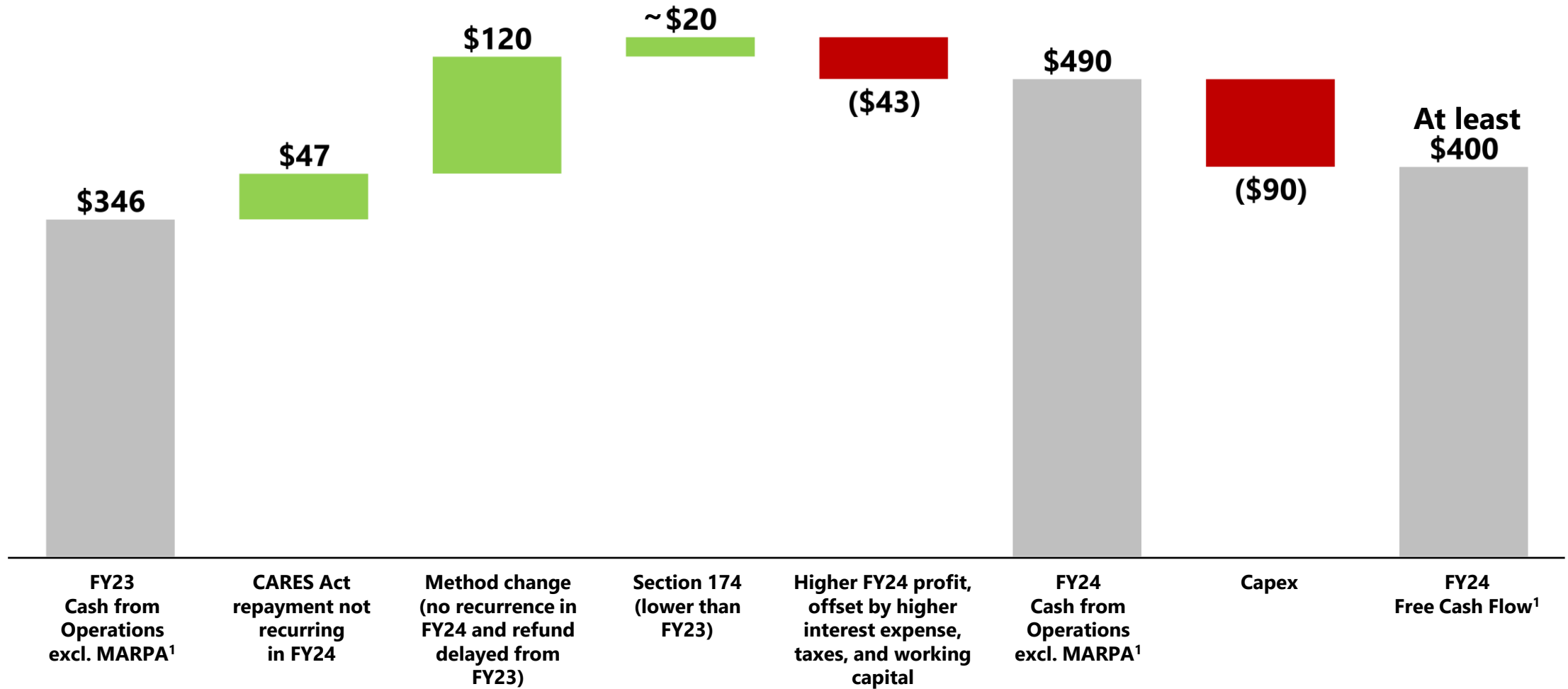
Net interest expense ~\$100 million

Effective tax rate **between 23% and 24%**

Expect quarterly **sequential increase** in revenue and profitability



FY23 to FY24 Cash Flow Walk



All numbers are in millions

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

Positive Forward Indicators

~84%

Existing Business

STRONG

Performance

~10%

Recompetes

HIGH

Win Rate

~6%

New Business

QUALITY

Pipeline

Q4 FY23 contract awards of **\$10.1 billion**

TTM Book-to-Bill of 1.5x

Weighted average duration ~6 years

Backlog of **\$25.8 billion**, +11% YoY

~4 years of annualized revenue

Pipeline of submitted bids: **\$11 billion**

~70% for new business

Bids expected to be submitted in the next two quarters: **\$9 billion**

~70% for new business

Valuation Creation Model



Predictable
organic revenue
growth

Differentiated
capabilities
Enduring funding
streams
Bid less, win more



Sector-leading
EBITDA margin

Managing costs
Investing ahead
of need
Investing in people



Efficient
management of
capital

Working capital
Capex
Capital structure



Flexible and
opportunistic
capital
deployment

Share repurchases
M&A
Debt repayment
and other

Free cash flow¹ per share growth and shareholder value creation

Executing Our Strategy

Winning in the market, **growing** backlog, **healthy** pipeline

Delivering innovative **next generation technology** and **differentiated expertise**

Driving **growth in free cash flow per share** and **shareholder value**

Talented, innovative, committed employees driving customer and CACI 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 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 EBITDA and 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. EBITDA is a commonly used non-GAAP measure when comparing our results with those of other companies. We define EBITDA as GAAP net income plus net interest expense, income taxes, and depreciation and amortization expense (including depreciation within direct costs). We consider 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, which we do not believe are indicative of our operating performance. EBITDA margin is divided by revenue.

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. 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 these measures allow 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		
	6/30/2023	6/30/2022	% Change	6/30/2023	6/30/2022	% Change
Net income, as reported	\$ 107,767	\$ 92,969	15.9%	\$ 384,735	\$ 366,794	4.9%
Intangible amortization expense	18,618	19,189	-3.0%	75,426	74,133	1.7%
Tax effect of intangible amortization ¹	(4,524)	(4,753)	-4.8%	(19,236)	(19,199)	0.2%
Adjusted net income	\$ 121,861	\$ 107,405	13.5%	\$ 440,925	\$ 421,728	4.6%

	Three Months Ended			Twelve Months Ended		
	6/30/2023	6/30/2022	% Change	6/30/2023	6/30/2022	% Change
Diluted EPS, as reported	\$ 4.68	\$ 3.93	19.1%	\$ 16.43	\$ 15.49	6.1%
Intangible amortization expense	0.81	0.81	0.0%	3.22	3.13	2.9%
Tax effect of intangible amortization ¹	(0.19)	(0.20)	-5.0%	(0.82)	(0.81)	1.2%
Adjusted diluted EPS	\$ 5.30	\$ 4.54	16.7%	\$ 18.83	\$ 17.81	5.7%

(in millions, except per share data)

	FY24 Guidance Range		
	Low End		High End
Net income, as reported	\$ 386	---	\$ 411
Intangible amortization expense	72	---	72
Tax effect of intangible amortization ¹	(18)	---	(18)
Adjusted net income	\$ 440	---	\$ 465

	FY24 Guidance Range		
	Low End		High End
Diluted EPS, as reported	\$ 16.78	---	\$ 17.87
Intangible amortization expense	3.13	---	3.13
Tax effect of intangible amortization ¹	(0.78)	---	(0.78)
Adjusted diluted EPS	\$ 19.13	---	\$ 20.22

(1) Calculation uses an assumed full year statutory tax rate of 25.5% and 25.9% on non-GAAP tax deductible adjustments for FY23 and FY22, respectively.

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

(in thousands)	Three Months Ended			Twelve Months Ended		
	6/30/2023	6/30/2022	% Change	6/30/2023	6/30/2022	% Change
Net income	\$ 107,767	\$ 92,969	15.9%	\$ 384,735	\$ 366,794	4.9%
Plus:						
Income taxes	16,873	15,602	8.1%	98,904	87,778	12.7%
Interest income and expense, net	24,156	11,266	114.4%	83,861	41,757	100.8%
Depreciation and amortization expense, including amounts within direct costs	36,898	37,255	-1.0%	148,482	141,179	5.2%
EBITDA	<u>\$ 185,694</u>	<u>\$ 157,092</u>	<u>18.2%</u>	<u>\$ 715,982</u>	<u>\$ 637,508</u>	<u>12.3%</u>

(in thousands)	Three Months Ended			Twelve Months Ended		
	6/30/2023	6/30/2022	% Change	6/30/2023	6/30/2022	% Change
Revenues, as reported	\$ 1,703,101	\$ 1,642,261	3.7%	\$ 6,702,546	\$ 6,202,917	8.1%
EBITDA	185,694	157,092	18.2%	715,982	637,508	12.3%
EBITDA margin	10.9%	9.6%		10.7%	10.3%	

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	
(in thousands)	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Net cash provided by operating activities	\$ 152,102	\$ 152,541	\$ 388,056	\$ 745,554
Cash used in (provided by) MARPA	(27,310)	(118)	(42,215)	24,242
Net cash provided by operating activities excluding MARPA	124,792	152,423	345,841	769,796
Capital expenditures	(22,873)	(35,822)	(63,717)	(74,564)
Free cash flow	<u>\$ 101,919</u>	<u>\$ 116,601</u>	<u>\$ 282,124</u>	<u>\$ 695,232</u>

(in millions)	FY24 Guidance
Net cash provided by operating activities	\$ 490
Cash used in (provided by) MARPA	-
Net cash provided by operating activities excluding MARPA	490
Capital expenditures	(90)
Free cash flow	<u>\$ 400</u>