

# CACI International Inc

## Q2 FY24 Earnings Conference Call

January 25, 2024



# 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

# Value Creation Model

Free Cash Flow<sup>1</sup> Per Share Growth and Shareholder Value Creation



**Predictable**  
organic revenue  
growth

*11% Q2 organic  
revenue growth*

*\$2.2 billion of contract  
awards (1.2x B2B)*



**Profitability**  
supportive  
of continued  
investment

*\$171 million of  
Q2 EBITDA<sup>1</sup>*



**Efficient  
management** of  
working capital and  
capital expenditures

*Record low DSO,  
solid free cash flow<sup>1</sup>*



**Flexible and  
opportunistic**  
capital  
deployment

*Strong financial  
position with  
significant optionality*

***Increasing FY24 guidance based on stronger second half outlook***



# Executing Our Strategy

Differentiated Capabilities, Invest Ahead of Need, Strong Past Performance, "Bid Less, Win More"



**USAF Enterprise IT  
as-a-Service (ElTaaS)  
WAVE 1**



**Spectral Award  
from US Navy**



**Large NSA Intel and  
Cyber Contract**

*Recent large wins and other new work ramping ahead of plan*

# IT Modernization

Enduring Demand to Enhance Efficiency & Security



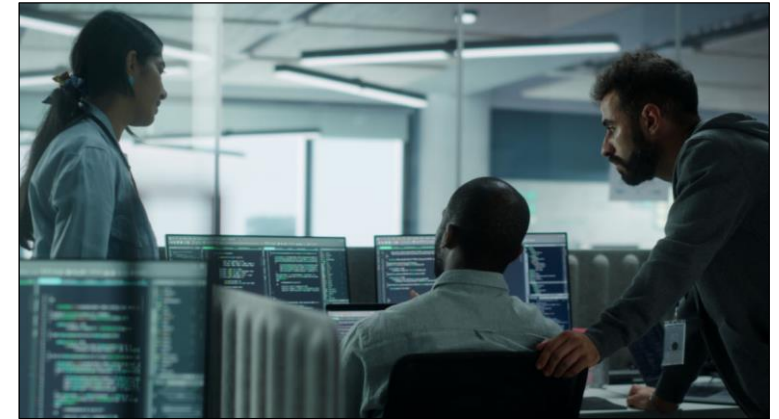
## Network Modernization

Two new DoD network modernization awards, leveraging IDT's Archon CSfC technology



## Cloud Migration

AWS Strategic Collaboration Agreement (SCA), an industry first



## Software Development @Scale

Executing the two largest Agile programs in the federal government

# Electromagnetic Spectrum

Software-Defined Capabilities Addressing Real-World Challenges



## Spectral

Navy's next-gen SIGINT/EW weapon system that adapts as signal threats change



## SIGINT / EW Technology for dismounted soldiers

Detect, identify, geolocate, and defeat signals of interest



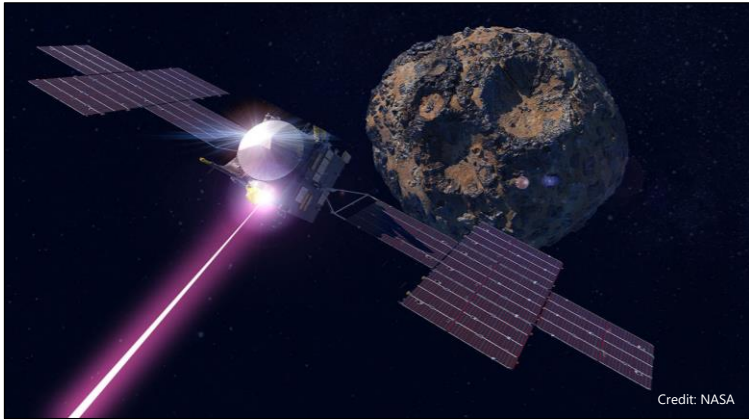
## Trojan

Information advantage for the Army's multi-domain operations



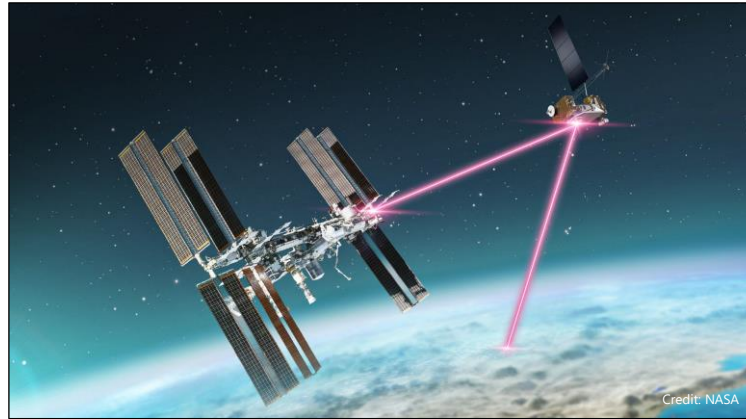
# Photonics

Innovation Redefining Communication



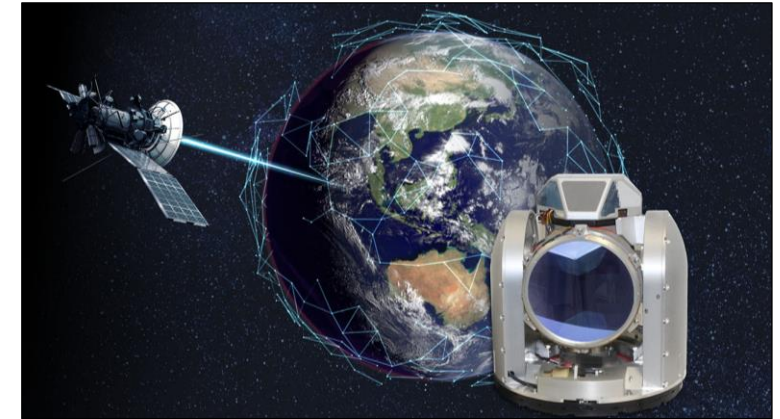
## Deep Space

Farthest-ever demonstration of optical communications



## ILLUMA

Successful communication from ISS to Earth via relay satellite in GEO orbit



## CrossBeam® Terminal

Lower cost, higher volume, low-SWaP Optical Communications Terminals



# Macro Environment

**Monitoring** GFY '24 budget process

Investment for **national security** and **modernization** remains a key priority

**Healthy** demand, funding, and customer activity

CACI **well-aligned** to key customer priorities



# Summary

1H performance in-line with  
**prior expectations**

**Raising** FY24 guidance

**Executing** our strategy and **winning**  
in the marketplace

Healthy demand, CACI **well-positioned**

Able to deploy capital to drive **free cash  
flow per share** and **shareholder value**



# Q2 Financial Summary

Results In-line with Previously-Communicated Expectations



**Strong Organic  
Revenue growth**

- + 11% YoY organic growth
- + Modest contribution from U.K. acquisitions



**Healthy  
underlying  
EBITDA<sup>1</sup> margin**

- + Met expectations discussed in Q1 (9.3% EBITDA margin<sup>1</sup> flat seq.)
- 60 bps of impact from unplanned material revenue



**Adjusted EPS<sup>1</sup>  
+2% YoY**

- + Higher operating income
- + Lower tax provision
- + Lower share count
- Higher interest expense



**Free Cash Flow<sup>1</sup>  
of \$68 million**

- + Record DSO of 47 days
- Timing and working capital

# Flexible and Opportunistic Capital Deployment



**Internal  
Investments**



**Strategic M&A**



**Capital Returns  
to Shareholders**

- ✓ Strong **balance sheet** (2.3x leverage<sup>1</sup>)
- ✓ **Healthy** cash flow business, access to **capital**
- ✓ **\$337 million of original \$750 million** share repurchase program authorization remaining
- ✓ **M&A** market beginning to look more attractive
- ✓ Healthy long-term **free cash flow per share growth**



**Significant optionality to deliver long-term shareholder value**



# Raising FY24 Guidance

		Current Guidance	Prior Guidance	Initial Guidance
Revenue (millions)	↑	<b>\$7,300 – \$7,500</b>	\$7,200 – \$7,400	\$7,000 – \$7,200
Adjusted Net Income <sup>1</sup> (millions)	↑	<b>\$450 – \$465</b>	\$440 – \$465	\$440 – \$465
Adjusted Diluted EPS <sup>1</sup>	↑	<b>\$19.91 – \$20.58</b>	\$19.38 – \$20.48	\$19.13 – \$20.22
Free Cash Flow <sup>1,2</sup> (millions)	↑	<b>At least \$420</b>	At least \$410	At least \$400

Revenue growth of ~**9%** to ~**12%**

EBITDA margin expectations **unchanged** (underlying margin in “high 10% range”)

Depreciation and amortization ~**\$146M**

Net interest expense toward lower end of ~**\$100M** to ~**\$105M**

Tax Rate **23%** to **24%**

Diluted shares outstanding ~**22.6M**

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

***This guidance represents CACI views as of January 24, 2024. 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.***

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

<sup>2</sup> 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.

## Positive Forward Indicators

Long-term Visibility into our Business

~**94%**

Existing Business

**STRONG**

Performance

<**5%**

Recompetes

**HIGH**

Win Rate

<**2%**

New Business

**QUALITY**

Pipeline

Q2 FY24 contract awards of **\$2.2 billion**

*TTM Book-to-Bill of **1.2x***

*YTD weighted avg. duration of ~**6 years***

Backlog of **\$27 billion**, +**2%** YoY

*~**4 years** of annualized revenue*

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

*>**65%** for new business*

Bids expected to be submitted in the next two quarters: **\$14 billion**

*~**80%** for new business*

# Closing

**Executing** our strategy

**Raising guidance** for Fiscal Year 2024

**Investing, winning, and delivering**  
on commitments

Driving long-term **growth**, increasing  
**free cash flow per share**, and  
generating **shareholder value**

**Talented, innovative, committed**  
**employees** driving customer and  
CACI success



# Appendix



# 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 \$250.0 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			Six Months Ended		
	12/31/2023	12/31/2022	% Change	12/31/2023	12/31/2022	% Change
Net income, as reported	\$ 83,870	\$ 87,101	-3.7%	\$ 169,917	\$ 176,226	-3.6%
Intangible amortization expense	18,426	19,109	-3.6%	36,792	38,223	-3.7%
Tax effect of intangible amortization <sup>1</sup>	(4,699)	(4,949)	-5.1%	(9,383)	(9,899)	-5.2%
Adjusted net income	\$ 97,597	\$ 101,261	-3.6%	\$ 197,326	\$ 204,550	-3.5%

	Three Months Ended			Six Months Ended		
	12/31/2023	12/31/2022	% Change	12/31/2023	12/31/2022	% Change
Diluted EPS, as reported	\$ 3.74	\$ 3.68	1.6%	\$ 7.50	\$ 7.44	0.8%
Intangible amortization expense	0.82	0.81	1.2%	1.62	1.61	0.6%
Tax effect of intangible amortization <sup>1</sup>	(0.20)	(0.21)	-4.8%	(0.41)	(0.41)	0.0%
Adjusted diluted EPS	\$ 4.36	\$ 4.28	1.9%	\$ 8.71	\$ 8.64	0.8%

(in millions, except per share data)

	FY24 Guidance Range		
	Low End		High End
Net income, as reported	\$ 396	---	\$ 411
Intangible amortization expense	73	---	73
Tax effect of intangible amortization <sup>1</sup>	(19)	---	(19)
Adjusted net income	\$ 450	---	\$ 465

	FY24 Guidance Range		
	Low End		High End
Diluted EPS, as reported	\$ 17.52	---	\$ 18.19
Intangible amortization expense	\$ 3.23	---	\$ 3.23
Tax effect of intangible amortization <sup>1</sup>	\$ (0.84)	---	\$ (0.84)
Adjusted diluted EPS	\$ 19.91	---	\$ 20.58

(1) Calculation uses an assumed full year statutory tax rate of 25.5% and 25.9% on non-GAAP tax deductible adjustments for December 31, 2023 and 2022, 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			Six Months Ended		
	12/31/2023	12/31/2022	% Change	12/31/2023	12/31/2022	% Change
Net income	\$ 83,870	\$ 87,101	-3.7%	\$ 169,917	\$ 176,226	-3.6%
Plus:						
Income taxes	21,916	23,824	-8.0%	47,647	51,309	-7.1%
Interest income and expense, net	27,519	19,942	38.0%	53,090	36,135	46.9%
Depreciation and amortization expense, including amounts within direct costs	37,612	37,582	0.1%	74,501	74,813	-0.4%
EBITDA	<u>\$ 170,917</u>	<u>\$ 168,449</u>	<u>1.5%</u>	<u>\$ 345,155</u>	<u>\$ 338,483</u>	<u>2.0%</u>

(in thousands)	Three Months Ended			Six Months Ended		
	12/31/2023	12/31/2022	% Change	12/31/2023	12/31/2022	% Change
Revenues, as reported	\$ 1,833,934	\$ 1,649,416	11.2%	\$ 3,684,081	\$ 3,255,175	13.2%
EBITDA	170,917	168,449	1.5%	345,155	338,483	2.0%
EBITDA margin	9.3%	10.2%		9.4%	10.4%	

# 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		Six Months Ended	
(in thousands)	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net cash provided by operating activities	\$ 71,764	\$ 62,247	\$ 141,852	\$ 207,090
Cash used in (provided by) MARPA	11,478	(40,273)	34,645	(42,177)
Net cash provided by operating activities excluding MARPA	83,242	21,974	176,497	164,913
Capital expenditures	(15,419)	(12,899)	(29,410)	(25,670)
Free cash flow	<u>\$ 67,823</u>	<u>\$ 9,075</u>	<u>\$ 147,087</u>	<u>\$ 139,243</u>

(in millions)	FY24 Guidance	
	Current	Prior
Net cash provided by operating activities	\$ 510	\$ 500
Cash used in (provided by) MARPA	-	-
Net cash provided by operating activities excluding MARPA	510	500
Capital expenditures	(90)	(90)
Free cash flow	<u>\$ 420</u>	<u>\$ 410</u>