

CACI International Inc

Q3 FY24 Earnings Conference Call

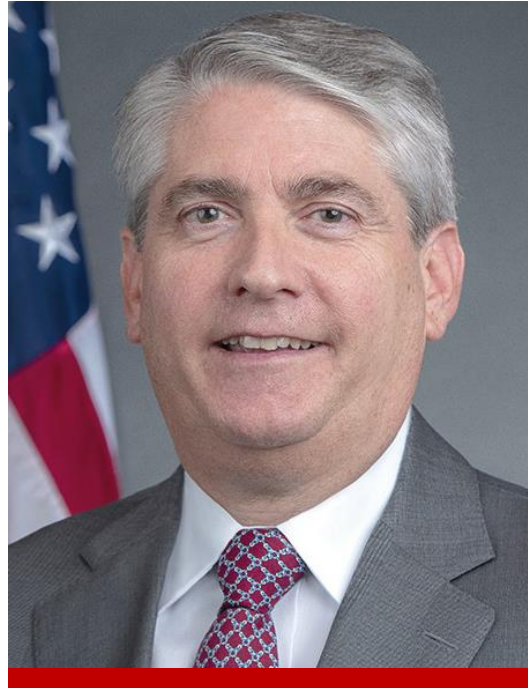
April 25, 2024



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

Q3 Highlights and Value Creation Model



Predictable
organic revenue
growth

*11% Q3 revenue
growth (10% organic)
\$3.5 billion of contract
awards (1.8x B2B)*



Profitability
supportive
of continued
investment

*11.3% Q3
EBITDA¹ margin
200 basis point
margin increase
from Q2*



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

*\$102 million
of free cash flow¹
A/R DSO 50 days*



**Flexible and
opportunistic**
capital
deployment

*Strong financial
position with
significant optionality*

Increasing FY24 guidance based on continued strong performance

Macro Environment

GFY '24 budget and supplemental **passed**

GFY '24 budget and **GFY '25** proposal
in-line with expectations

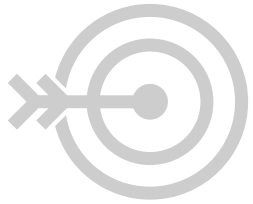
National security and **modernization**
investment remains a key priority

Clear **demand signals** driven by world events

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



Key Elements of Our Strategy



Focus on key **enduring priorities** for national security and IT modernization



Leverage **software** to rapidly address critical needs



Bid less, win more, and prioritize larger, longer-duration opportunities



Invest ahead of need to develop differentiated capabilities



Deploy capital in a **flexible** and **opportunistic** manner

Long-term growth in free cash flow¹ per share and shareholder value creation

National Security and IT Modernization

Leveraging Software to Address Enduring Priorities



Spectral

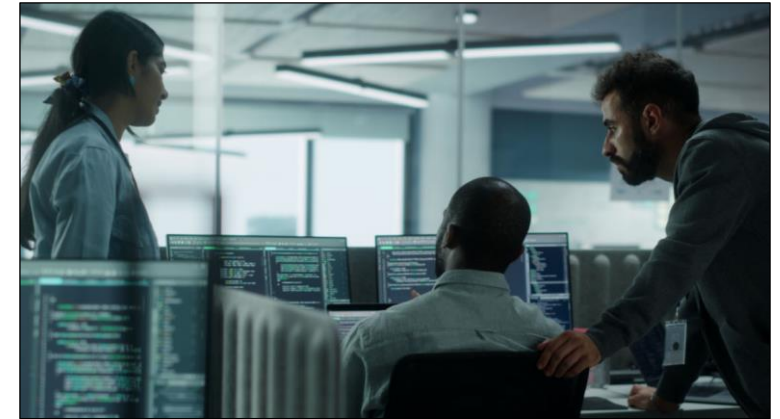
Navy's next-gen SIGINT/EW weapon system that adapts as signal threats change



Dominate the Electromagnetic Spectrum

Received first order from Canada for BEAM™ C-UAS technology

Software-defined, low SWaP SIGINT technology for UAVs



IT & Software Development @Scale

IT supporting missions of EUROM and AFRICOM

IT Modernization, through Agile and DevSecOps, enabled first ever clean financial audit for U.S. Marine Corps

Business Development

Bid Less, Win More, and Focus on Larger, Longer-Duration Opportunities



\$3.5 billion
of Q3 awards

Weighted-average duration of
YTD awards well above 5 years



Record backlog
of **\$28.6 billion**

Nearly 4 years of
annualized revenue



Robust pipeline
of **new opportunities**

Supports disciplined
bidding approach

Investing Ahead of Need

Flexible and Opportunistic Capital Deployment



Invest to Develop **Differentiated Capabilities**

Software
SIGINT/EW
Photonics
AI
...and more



U.K. Acquisition

Digital Transformation



U.S. Acquisition

Digital Application Modernization
focused on Intelligence
Community Customers

Summary

Strong Q3 financial performance,
accelerating growth

Raising FY24 guidance

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

Healthy demand, CACI **well-positioned**

Focused on driving **free cash flow per**
share growth and **shareholder value**



Q3 Financial Summary

Strong Performance



**Strong Organic
Revenue growth**

- + 10.2% YoY organic growth (11.1% total growth)
- + Modest contribution from U.K. and Quadrant acquisitions



**Healthy EBITDA¹
margin**

- + 11.3% EBITDA margin¹, up 200 bps sequentially
- + Delivering on 1H to 2H margin ramp



**Adjusted EPS¹
+17% YoY**

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



**Free Cash Flow¹
of \$102 million**

- + DSO of 50 days
- ~ Timing and working capital

Flexible and Opportunistic Capital Deployment



**Internal
Investments**



Strategic M&A



**Capital Returns
to Shareholders**

- ✓ Strong **balance sheet** (2.0x leverage¹)
- ✓ **Healthy** cash flow business, access to **capital**
- ✓ **\$337 million of original \$750 million** share repurchase program authorization remaining
- ✓ **M&A** pipeline expanding; **acquired Quadrint**
- ✓ Healthy long-term **free cash flow² per share growth**



Significant optionality to deliver long-term shareholder value

¹ Net debt to trailing-twelve-months (TTM) EBITDA as of March 31, 2024

² See slides at the end of this presentation for definitions and reconciliations of non-GAAP measures

Raising FY24 Guidance

		Updated Guidance	Prior Guidance
Revenue (millions)	↑	\$7,500 – \$7,600	\$7,300 – \$7,500
Adjusted Net Income ¹ (millions)	↑	\$455 – \$465	\$450 – \$465
Adjusted Diluted EPS ¹	↑	\$20.13 – \$20.58	\$19.91 – \$20.58
Free Cash Flow ^{1,2} (millions)	✓	At least \$420	At least \$420

Revenue growth of **11.9% to 13.4%**
(organic growth 11.3% to 12.8%)

EBITDA margin in “high 10% range”
 (“underlying”, excl. \$200M of materials in 1H);
now expect to be about 10.7%

Depreciation and amortization ~**\$148M**

Net interest expense ~**\$107M**

Tax Rate **23% to 24%**

Diluted shares outstanding ~**22.6M**

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

This guidance represents CACI views as of April 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.

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, and a \$40 million tax refund associated with prior year tax method changes.

Positive Forward Indicators

Long-term Visibility into our Business

~**98%**

Existing Business

STRONG

Performance

~**1%**

Recompetes

HIGH

Win Rate

~**1%**

New Business

QUALITY

Pipeline

Q3 FY24 contract awards of **\$3.5 billion**

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

*YTD weighted avg. duration of ~**5.5 years***

Record backlog of **\$29 billion**, +**13%** 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: **\$15 billion**

*~**90%** for new business*

Closing

Strong Q3 results

Raising guidance for Fiscal Year 2024

Successfully **executing** our strategy

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

**Talented, innovative, dedicated
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 EBITDA 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			Nine Months Ended		
	3/31/2024	3/31/2023	% Change	3/31/2024	3/31/2023	% Change
Net income, as reported	\$ 115,350	\$ 100,742	14.5%	\$ 285,267	\$ 276,968	3.0%
Intangible amortization expense	18,358	18,585	-1.2%	55,150	56,808	-2.9%
Tax effect of intangible amortization ¹	(4,682)	(4,813)	-2.7%	(14,065)	(14,712)	-4.4%
Adjusted net income	\$ 129,026	\$ 114,514	12.7%	\$ 326,352	\$ 319,064	2.3%

	Three Months Ended			Nine Months Ended		
	3/31/2024	3/31/2023	% Change	3/31/2024	3/31/2023	% Change
Diluted EPS, as reported	\$ 5.13	\$ 4.33	18.5%	\$ 12.63	\$ 11.76	7.4%
Intangible amortization expense	0.82	0.80	2.5%	2.44	2.41	1.2%
Tax effect of intangible amortization ¹	(0.21)	(0.21)	0.0%	(0.63)	(0.62)	1.6%
Adjusted diluted EPS	\$ 5.74	\$ 4.92	16.7%	\$ 14.44	\$ 13.55	6.6%

(in millions, except per share data)

	FY24 Guidance Range		
	Low End		High End
Net income, as reported	\$ 400	---	\$ 410
Intangible amortization expense	74	---	74
Tax effect of intangible amortization ¹	(19)	---	(19)
Adjusted net income	\$ 455	---	\$ 465

	FY24 Guidance Range		
	Low End		High End
Diluted EPS, as reported	\$ 17.70	---	\$ 18.14
Intangible amortization expense	3.27	---	3.27
Tax effect of intangible amortization ¹	(0.84)	---	(0.84)
Adjusted diluted EPS	\$ 20.13	---	\$ 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 March 31, 2024 and 2023, 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)

	Three Months Ended			Nine Months Ended		
	3/31/2024	3/31/2023	% Change	3/31/2024	3/31/2023	% Change
(in thousands)						
Net income	\$ 115,350	\$ 100,742	14.5%	\$ 285,267	\$ 276,968	3.0%
Plus:						
Income taxes	38,286	30,722	24.6%	85,933	82,031	4.8%
Interest income and expense, net	27,668	23,570	17.4%	80,758	59,705	35.3%
Depreciation and amortization expense, including amounts within direct costs	36,667	36,771	-0.3%	111,168	111,584	-0.4%
EBITDA	<u>\$ 217,971</u>	<u>\$ 191,805</u>	<u>13.6%</u>	<u>\$ 563,126</u>	<u>\$ 530,288</u>	<u>6.2%</u>

	Three Months Ended			Nine Months Ended		
	3/31/2024	3/31/2023	% Change	3/31/2024	3/31/2023	% Change
(in thousands)						
Revenues, as reported	\$ 1,937,456	\$ 1,744,270	11.1%	\$ 5,621,537	\$ 4,999,445	12.4%
EBITDA	217,971	191,805	13.6%	563,126	530,288	6.2%
EBITDA margin	11.3%	11.0%		10.0%	10.6%	

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		Nine Months Ended	
	3/31/2024	3/31/2023	3/31/2024	3/31/2023
(in thousands)				
Net cash provided by operating activities	\$ 198,271	\$ 28,864	\$ 340,123	\$ 235,954
Cash used in (provided by) MARPA	(84,645)	27,272	(50,000)	(14,905)
Net cash provided by operating activities excluding MARPA	113,626	56,136	290,123	221,049
Capital expenditures	(11,681)	(15,174)	(41,091)	(40,844)
Free cash flow	\$ 101,945	\$ 40,962	\$ 249,032	\$ 180,205
(in millions)	FY24 Guidance			
	Current	Prior		
Net cash provided by operating activities	\$ 500	\$ 510		
Cash used in (provided by) MARPA	—	—		
Net cash provided by operating activities excluding MARPA	500	510		
Capital expenditures	(80)	(90)		
Free cash flow	\$ 420	\$ 420		