CACI International Inc

Q4 FY24 Earnings Conference Call

August 8, 2024

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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

Jeff MacLauchlan

Chief Financial Officer
and Treasurer

FY24 Highlights

Predictable organic revenue growth

14% revenue growth (14% organic)

Profitability supportive of continued investment

10.7% underlying EBITDA[1] margin

(excl. non-recurring $200M of no-margin material revenue in first half)

Efficient management of working capital and capital expenditures

$384 million of free cash flow[1]

Record DSO of 46 days

Flexible and **opportunistic** capital deployment

Strong financial position with significant optionality

Exceptional FY24 Performance

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

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Business Development

Investing Ahead of Need; "Bid Less, Win More"; Focus on Larger, Longer-Duration Opportunities

$5.4 billion
of Q4 awards

2.7x Book-to-Bill

Seven awards greater than **$1 billion** in the past two years supporting long-term growth

Robust pipeline of **new opportunities**

Winning in the Marketplace and Delivering with Superior Execution

Executing Our Strategy

NCAPS

Agile-at-Scale to standardize and centralize software development for NASA **($2 billion, 8 years)**

Executing the **three largest** Agile programs in the USG

TLS Manpack

Software defined technology for the Army to dominate the **electromagnetic spectrum** **($100 million, 5 years)**

Key Expertise Awards

Intelligence analysis and **operational support** to U.S. Army in Europe and Africa **($239 million, 6 years)**

PNT operations and technical support to U.S. Space Force **($450 million, 10 years)**

Macro Environment

Clear **demand signals** driven by world events

CACI **intentionally** aligned with enduring and well-funded **national security priorities**

- *Electromagnetic Spectrum and Counter UxS*
- *Application and Network Modernization*
- *Cloud Migration*
- *Cyber*
- *Intelligence Analysis*

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

Comfortable operating in a **short-term continuing resolution** environment

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FY25 Look Ahead

Free Cash Flow[1] and **Free Cash Flow per Share** growth of **11%**

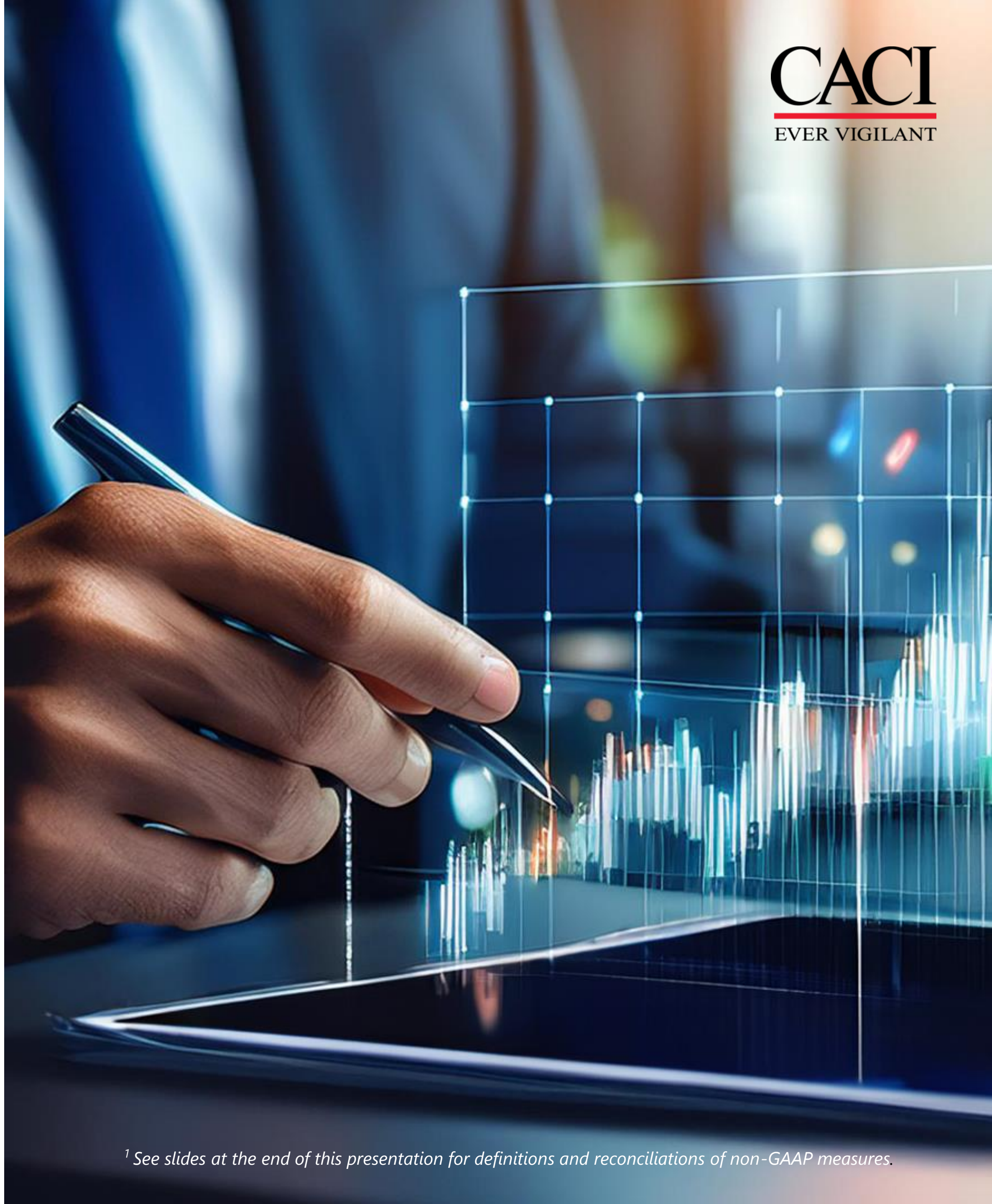
Revenue growth of **6%** to **8.5%** on an underlying basis

(excl. non-recurring $200M of no-margin material revenue in 1H FY24)

EBITDA Margin[1] in the **"high 10% range"**

Focused on driving **Free Cash Flow per Share Growth** and **Shareholder Value**

Further aligning **incentive compensation** to **Free Cash Flow** generation



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

Q4 Financial Summary

Delivered on Commitments

Strong Organic Revenue growth

- ✚ 19.7% YoY growth (18.5% organic)
- ✚ Modest contribution from Quadrint and U.K. acquisitions

Healthy EBITDA[1] margin

- ✚ 11.5% EBITDA margin[1], up 60 bps year-over-year
- ✚ Delivered on 1H to 2H margin ramp

Adjusted EPS[1] +25% YoY

- ✚ Higher operating income
- ✚ Lower share count
- ━ Higher tax provision

Free Cash Flow[1] of $135 million

- ✚ Record DSO of 46 days

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

FY24 Financial Summary

Exceptional Performance

Strong Organic Revenue growth	Healthy EBITDA[1] margin	Adjusted EPS[1] +12% YoY	Free Cash Flow[1] of $384 million
✚ 14.3% YoY growth (13.7% organic) ✚ Modest contribution from Quadrint and U.K. acquisitions	✚ 10.7% underlying EBITDA margin[1] (excl. non-recurring $200M of no-margin material revenue in first half)	✚ Higher operating income ✚ Lower share count ▬ Higher tax provision ▬ Higher interest expense	✚ 36% YoY increase ~ Timing and working capital ▬ Timing of IRS payment

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

Flexible and Opportunistic Capital Deployment

Internal Investments

Strategic M&A

Capital Returns to Shareholders

- Strong **balance sheet** (**1.8x** leverage[1])
- **Healthy** cash flow business, access to **capital**
- **$337 million of original $750 million** share repurchase program authorization remaining
- **M&A** pipeline expanding; **acquired Quadrint and small U.K. businesses**
- Healthy long-term **free cash flow[2] per share growth**

Significant optionality to deliver long-term shareholder value

[1] *Net debt to trailing-twelve-months (TTM) EBITDA as of June 30, 2024*

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

FY25 Guidance

	Guidance
Revenue (millions)	$7,900 – $8,100
Adjusted Net Income[1] (millions)	$505 – $525
Adjusted Diluted EPS[1]	$22.44 – $23.33
Free Cash Flow[1,2] (millions)	At least $425

Revenue growth of **6%** to **8.5%** (5% to 8% organic) – on an underlying basis
(excl. non-recurring $200M of no-margin material revenue in 1H FY24)

EBITDA margin in "**high 10% range**" – higher margin in 2H vs. 1H

Q1 EBITDA margin consistent with Q1 FY24 on an underlying basis which was **10.0%**

Depreciation and amortization ~**$150M**

Net interest expense ~**$100M**

Tax Rate **24%** to **25%**

Diluted shares outstanding ~**22.5M**

Capital expenditures of ~**$80M**

This guidance represents CACI views as of August 7, 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 2025 free cash flow guidance assumes approximately $55 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

84%
Existing Business

STRONG
Performance

10%
Recompetes

HIGH
Win Rate

6%
New Business

QUALITY
Pipeline

FY24 contract awards of **$14.2 billion**

*Book-to-Bill of **1.9x***
*Weighted avg. duration of ~**6 years***
*~**60%** new work to CACI*

Record backlog of **$32 billion,** +**22%** YoY

__4 years__ of annualized revenue

Pipeline of submitted bids: **$9 billion**

*>**90%** for new business*

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

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

Closing

Fantastic FY24 results

Strong foundation for Fiscal Year 2025 and beyond

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

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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)

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	Three Months Ended			Twelve Months Ended		
(in thousands, except per share data)	6/30/2024	6/30/2023	% Change	6/30/2024	6/30/2023	% Change
Net income, as reported	$ 134,657	$ 107,767	25.0%	$ 419,924	$384,735.0 0	9.1%
Intangible amortization expense	18,626	18,618	0.0%	73,776	75,426	-2.2%
Tax effect of intangible amortization[1]	(4,575)	(4,524)	1.1%	(18,640)	(19,236)	-3.1%
Adjusted net income	$ 148,708	$ 121,861	22.0%	$ 475,060	$ 440,925	7.7%

	Three Months Ended			Twelve Months Ended		
	6/30/2024	6/30/2023	% Change	6/30/2024	6/30/2023	% Change
Diluted EPS, as reported	$ 5.98	$ 4.68	27.8%	$ 18.60	$ 16.43	13.2%
Intangible amortization expense	0.83	0.81	2.5%	3.27	3.22	1.6%
Tax effect of intangible amortization[1]	(0.20)	(0.19)	5.3%	(0.82)	(0.82)	0.0%
Adjusted diluted EPS	$ 6.61	$ 5.30	24.7%	$ 21.05	$ 18.83	11.8%

	FY25 Current Guidance Range		
(in millions, except per share data)	Low End		High End
Net income, as reported	$ 451	---	$ 471
Intangible amortization expense	72	---	72
Tax effect of intangible amortization[1]	(18)	---	(18)
Adjusted net income	$ 505	---	$ 525

	FY25 Current Guidance Range		
	Low End		High End
Diluted EPS, as reported	$ 20.04	---	$ 20.93
Intangible amortization expense	3.20	---	3.20
Tax effect of intangible amortization[1]	(0.80)	---	(0.80)
Adjusted diluted EPS	$ 22.44	---	$ 23.33

[1] Calculation uses an assumed full year statutory tax rate of 25.3% and 25.5% on non-GAAP tax deductible adjustments for June 30, 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			Twelve Months Ended		
(in thousands)	6/30/2024	6/30/2023	% Change	6/30/2024	6/30/2023	% Change
Net income	$ 134,657	$ 107,767	25.0%	$ 419,924	$ 384,735	9.1%
Plus:						
Income taxes	38,792	16,873	129.9%	124,725	98,904	26.1%
Interest income and expense, net	24,301	24,156	0.6%	105,059	83,861	25.3%
Depreciation and amortization expense, including amounts within direct costs	37,125	36,898	0.6%	148,293	148,482	-0.1%
EBITDA	$ 234,875	$ 185,694	26.5%	$ 798,001	$ 715,982	11.5%

	Three Months Ended			Twelve Months Ended		
(in thousands)	6/30/2024	6/30/2023	% Change	6/30/2024	6/30/2023	% Change
Revenues, as reported	$ 2,038,295	$ 1,703,101	19.7%	$ 7,659,832	$ 6,702,546	14.3%
EBITDA	234,875	185,694	26.5%	798,001	715,982	11.5%
EBITDA margin	11.5%	10.9%		10.4%	10.7%	

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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	Three Months Ended		Twelve Months Ended	
(in thousands)	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Net cash provided by operating activities	$ 157,208	$ 152,102	$ 497,331	$ 388,056
Cash used in (provided by) MARPA	—	(27,310)	(50,000)	(42,215)
Net cash provided by operating activities excluding MARPA	157,208	124,792	447,331	345,841
Capital expenditures	(22,595)	(22,873)	(63,686)	(63,717)
Free cash flow	$ 134,613	$ 101,919	$ 383,645	$ 282,124

(in millions)	FY25 Current Guidance
Net cash provided by operating activities	$ 505
Cash used in (provided by) MARPA	—
Net cash provided by operating activities excluding MARPA	505
Capital expenditures	(80)
Free cash flow	$ 425

These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP.