

# CACI International Inc

## Q1 FY25 Earnings Conference Call

October 24, 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  
and Treasurer

## Q1 highlights



**Predictable**  
organic revenue  
growth

*11% revenue growth  
(10% organic)*

*\$3.3 billion of contract  
awards (1.6x B2B)*



**Profitability**  
supportive  
of continued  
investment

*10.5% EBITDA<sup>1</sup>  
margin*



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

*\$49 million  
of free cash flow<sup>1</sup>*

*A/R DSO 47 days*



**Flexible and  
opportunistic**  
capital  
deployment

*Executed agreements  
for two acquisitions  
(Azure Summit and  
Applied Insight)*

***Increasing FY25 guidance based on organic performance and Applied Insight acquisition***

# Business development

Bid less, win more, and focus on larger, longer-duration opportunities



**\$3.3 billion**  
of Q1 awards

Continued strong business  
development performance



**U.S. Navy**  
**NavalX**

Valued at up to **\$805 million**  
over 5 years

Support development and  
deployment of new technologies  
like **AI**, **C2**, and **Cyber**



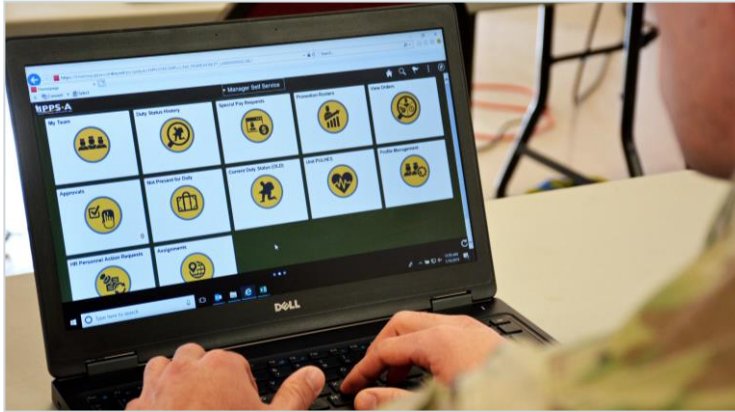
**Naval Undersea Warfare**  
**Center (NUWC)**

Valued at up to **\$314 million**  
over 5 years

Support fleet **readiness**,  
accelerate implementation of  
**new technology**, and enhance  
**Cyber** resiliency



# Executing at scale



## IPPS-Army

Over one **million** distinct users  
and supporting over  
**140K** users daily

**THE** model **agile** program  
within the Army



## EITaaS

New IT Service Management system  
**seamlessly** deployed

Supporting over **400K** users  
(exceeded milestone by ~60%)



## Network Modernization

**DIA ECS3**, Army **SIPRMOD**,  
and Army **GENMOD** all  
successfully executing

**NCAPS** execution has begun

# Increasing demand



## Spectral

**Successfully** completed design phase

Delivering **enhanced** capabilities **faster**



## TLS Manpack

**Deliveries** to begin against \$100M IDIQ

Strong **customer demand** leading to additional FY25 orders



## Differentiated, Software-Defined Technology

Delivering **speed** and **agility** to our customers

Continuing to **differentiate CACI** from competitors

## Flexible and opportunistic capital deployment



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**High-performance RF** technology and engineering  
focused on the **electromagnetic spectrum**

Still expecting **Q2 FY25** close



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**Cloud migration** and **AI capabilities** and  
Intelligence Community customer presence

**Closed** in early October



# Macro environment

- GFY '25 **Continuing Resolution** through December 20<sup>th</sup>
- Clear **demand signals** driven by world events
- **National security** remains bipartisan and a key priority
- CACI intentionally **well-aligned** to key customer priorities



# Q1 financial summary

Strong performance



**Strong Organic  
Revenue growth**

- + 9.9% YoY organic growth (11.2% total growth)
- + Modest contribution from acquisitions made in FY24



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

- + 10.5% EBITDA margin<sup>1</sup>



**Adjusted EPS<sup>1</sup>  
+36% YoY**

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



**Free Cash Flow<sup>1</sup>  
of \$49 million**

- + DSO of 47 days
- Working capital factors discussed during Q4 call

# Flexible and opportunistic capital deployment



**Internal  
Investments**



**Strategic M&A**



**Capital Returns  
to Shareholders**

- ✓ Executed agreement to acquire **Azure Summit**; acquired **Applied Insight**
- ✓ Strong **balance sheet** (1.6x leverage<sup>1</sup>, **3.2x pro-forma** after close of both acquisitions)
- ✓ **\$337 million of original \$750 million** share repurchase program authorization remaining
- ✓ **Healthy** cash flow business, access to **capital**
- ✓ Healthy long-term **free cash flow**<sup>2</sup> per share growth



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

<sup>1</sup> Net debt to trailing-twelve-months (TTM) EBITDA as of September 30, 2024

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

## Raising FY25 guidance

	Updated Guidance	Prior Guidance
Revenue (millions)	↑ <b>\$8,100 – \$8,300</b>	<b>\$7,900 – \$8,100</b>
Adjusted Net Income <sup>1</sup> (millions)	↑ <b>\$515 – \$535</b>	<b>\$505 – \$525</b>
Adjusted Diluted EPS <sup>1</sup>	↑ <b>\$22.89 – \$23.78</b>	<b>\$22.44 – \$23.33</b>
Free Cash Flow <sup>1,2</sup> (millions)	↑ <b>At least \$435</b>	<b>At least \$425</b>

***This guidance represents CACI views as of October 23, 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.***

Revenue growth of **8.6% to 11.3%**  
(6% to 9% organic) – on an underlying basis  
(excl. non-recurring \$200M of no-margin material revenue in 1H FY24)

Organic growth driving **\$75M** of revenue increase

EBITDA margin<sup>1</sup> now towards the upper end of  
**"high 10% range"**

**Q2 EBITDA margin<sup>1</sup>** expected consistent with Q1

Depreciation and amortization ~**\$163M**

Net interest expense ~**\$115M**

Tax Rate **24% to 25%**

Diluted shares outstanding ~**22.5M**

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

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

<sup>2</sup> 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

~89%

Existing Business

**STRONG**

Performance

~8%

Recompetes

**HIGH**

Win Rate

~3%

New Business

**QUALITY**

Pipeline

Q1 FY25 contract awards of **\$3.3 billion**

*TTM Book-to-Bill of 1.8x*

*YTD weighted avg. duration of ~5 years*

Record backlog of **\$32 billion, +21% YoY**

*~4 years of annualized revenue*

Pipeline of submitted bids: **\$4 billion**

*~80% for new business*

Bids expected to be submitted  
in the next two quarters: **\$13 billion**

*>70% for new business*



## Closing

- **Strong** Q1 results and **great** start to FY25
- Successfully **executing** our strategy
- **Raising guidance** for Fiscal Year 2025
- Driving long-term **growth**, increasing **free cash flow per share**, generating **shareholder value**
- **Talented, innovative,** and **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 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)			
	<b>Three Months Ended</b>		
	<b>9/30/2024</b>	<b>9/30/2023</b>	<b>% Change</b>
Net income, as reported	\$ 120,177	\$ 86,047	39.7%
Intangible amortization expense	18,007	18,366	-2.0%
Tax effect of intangible amortization <sup>1</sup>	(4,550)	(4,684)	-2.9%
Adjusted net income	<u>\$ 133,634</u>	<u>\$ 99,729</u>	<u>34.0%</u>
	<b>Three Months Ended</b>		
	<b>9/30/2024</b>	<b>9/30/2023</b>	<b>% Change</b>
Diluted EPS, as reported	\$ 5.33	\$ 3.76	41.8%
Intangible amortization expense	0.80	0.80	0.0%
Tax effect of intangible amortization <sup>1</sup>	(0.20)	(0.20)	0.0%
Adjusted diluted EPS	<u>\$ 5.93</u>	<u>\$ 4.36</u>	<u>36.0%</u>
(in millions, except per share data)			
	<b>FY25 Guidance Range</b>		
	<b>Low End</b>		<b>High End</b>
Net income, as reported	\$ 452	---	\$ 472
Intangible amortization expense	84	---	84
Tax effect of intangible amortization <sup>1</sup>	(21)	---	(21)
Adjusted net income	<u>\$ 515</u>	---	<u>\$ 535</u>
	<b>FY25 Guidance Range</b>		
	<b>Low End</b>		<b>High End</b>
Diluted EPS, as reported	\$ 20.09	---	\$ 20.98
Intangible amortization expense	3.73	---	3.73
Tax effect of intangible amortization <sup>1</sup>	(0.93)	---	(0.93)
Adjusted diluted EPS	<u>\$ 22.89</u>	---	<u>\$ 23.78</u>
(1) Calculation uses an assumed full year statutory tax rate of 25.3% and 25.5% on non-GAAP tax deductible adjustments for September 30, 2024 and 2023, respectively.			
Note: Numbers may not sum due to rounding.			

## Reconciliation of net income to earnings before interest, taxes, depreciation and amortization (EBITDA) (unaudited)

(in thousands)	Three Months Ended		
	9/30/2024	9/30/2023	% Change
Net income	\$ 120,177	\$ 86,047	39.7%
Plus:			
Income taxes	35,694	25,731	38.7%
Interest income and expense, net	23,970	25,571	-6.3%
Depreciation and amortization expense, including amounts within direct costs	36,050	36,889	-2.3%
EBITDA	<u>\$ 215,891</u>	<u>\$ 174,238</u>	<u>23.9%</u>

(in thousands)	Three Months Ended		
	9/30/2024	9/30/2023	% Change
Revenues, as reported	\$ 2,056,889	\$ 1,850,147	11.2%
EBITDA	215,891	174,238	23.9%
EBITDA margin	10.5%	9.4%	



# 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	
	9/30/2024	9/30/2023
Net cash provided by operating activities	\$ 34,661	\$ 70,088
Cash used in (provided by) MARPA	26,210	23,167
Net cash provided by operating activities excluding MARPA	60,871	93,255
Capital expenditures	(11,476)	(13,991)
Free cash flow	\$ 49,395	\$ 79,264

(in millions)	FY25 Guidance	
	Current	Prior
Net cash provided by operating activities	\$ 515	\$ 505
Cash used in (provided by) MARPA	-	-
Net cash provided by operating activities excluding MARPA	515	505
Capital expenditures	(80)	(80)
Free cash flow	\$ 435	\$ 425