

# CACI International Inc

## Q2 FY25 Earnings Conference Call

January 23, 2025



## 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

## Q2 highlights



**Predictable**  
organic revenue  
growth

*14.5% revenue growth  
(8.1% organic)*

*\$1.2 billion of contract  
awards (1.7x TTM B2B)*



**Profitability**  
supportive  
of continued  
investment

*11.1% EBITDA<sup>1</sup> margin*



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

*\$66 million  
of free cash flow<sup>1</sup>*



**Flexible and  
opportunistic**  
capital  
deployment

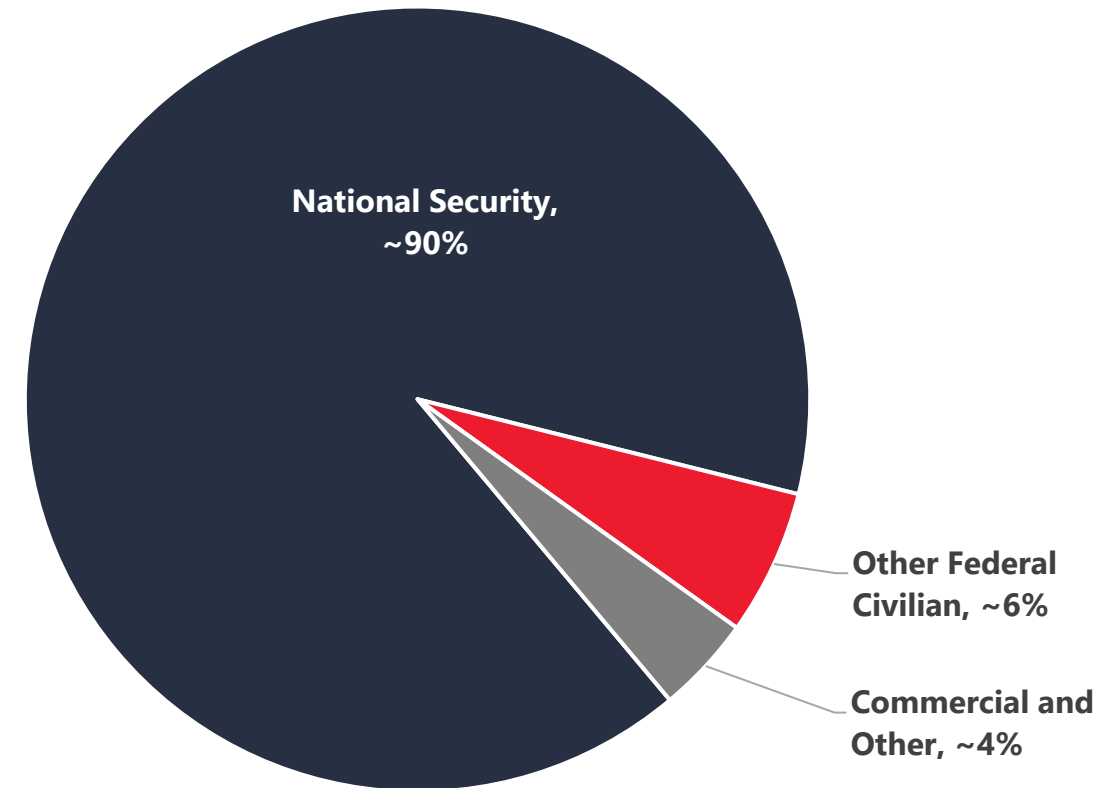
*Closed Azure Summit  
and Applied Insight  
acquisitions*

***Increasing FY25 guidance based on organic momentum***

# Macro environment

- Healthy **demand signals** and **funding streams** in our markets
- Support for **increased spending** by the incoming administration and **national security** remains **bipartisan**
- **World** continues to be a **dangerous** place
- CACI is a **national security** company
  - ~**90%** of revenue generated by the **Dept. of Defense (DoD), Intelligence Community (IC), and Dept. of Homeland Security (DHS)**
  - ~**6%** of revenue generated by Other Federal Civilian customers (excludes IC and DHS)

## CACI Revenue by Customer (% of total)



Note: National Security customers are defined as Department of Defense (DoD), Intelligence Community (IC), and Department of Homeland Security (DHS). Other Federal Civilian customers exclude IC and DHS. Percentages are approximate.

# CACI's strategy is purpose-built for DOGE

## DOGE Objectives

---

- **Modernizing** software, IT, and networks
- Requiring **new methods** to address **rapidly changing requirements**
- Increasing **efficiency** to get more for less while reducing size of the **government workforce**
- Improving **financial accountability**
- Reducing **ineffective** or **wasteful** spending through **budget reduction** and **regulatory reform**

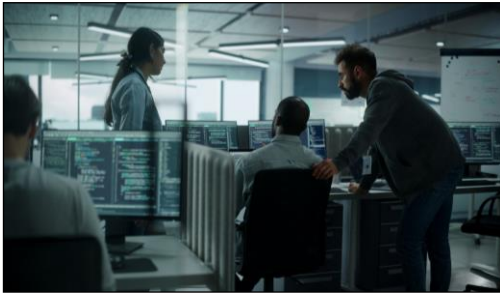
## What CACI is Already Doing

---

- **Leader** in using **software** and **investing ahead of customer need** to deliver capabilities **faster**, more **efficiently**, with greater **flexibility**
- **Modernizing** enterprise-scale applications and networks and **deliver** critical mission systems
- Using **agile** software development, **commercial** based **DevSecOps**, and **open architectures**
- Delivering more **effective, reliable, secure, interoperable**, and **efficient technology** to **reduce operator burden** and deliver more information **faster**, for **less**

*We don't need to ask to be included in this transformation, we are already leading it*

# Driving modernization and efficiency



## Modernizing Enterprise-Scale Applications

- 3 largest agile software development programs in USG
- DHS CBP BEAGLE increasing software velocity (+30%/year) and quality (99% defect-free) with lower cost (down 7%/year)
- FADE updated daily to deliver multi-INT data visualization to 50k analysts 24/7 globally



## Network Modernization

- CACI actively delivering on 7 Net Mod programs
- Replacing legacy infrastructure with modern, software-defined networks that are more secure and require less human intervention
- Delivering Commercial Solutions for Classified (CSfC) and multi-classification access



## New Methods for National Security

- Navy Spectral is NextGen SIGINT/EW/IO weapon system for surface combatants
- Software-based, open architectures enable faster, over-air updates and avoid vendor lock
- Strong execution enabling additional work to CACI



## Increasing Government Efficiency

- EITaaS program with Air Force deploying modern IT service mgmt. for nearly 900,000 global users
- Delivering efficiencies that enable personnel to transition to mission-focused roles

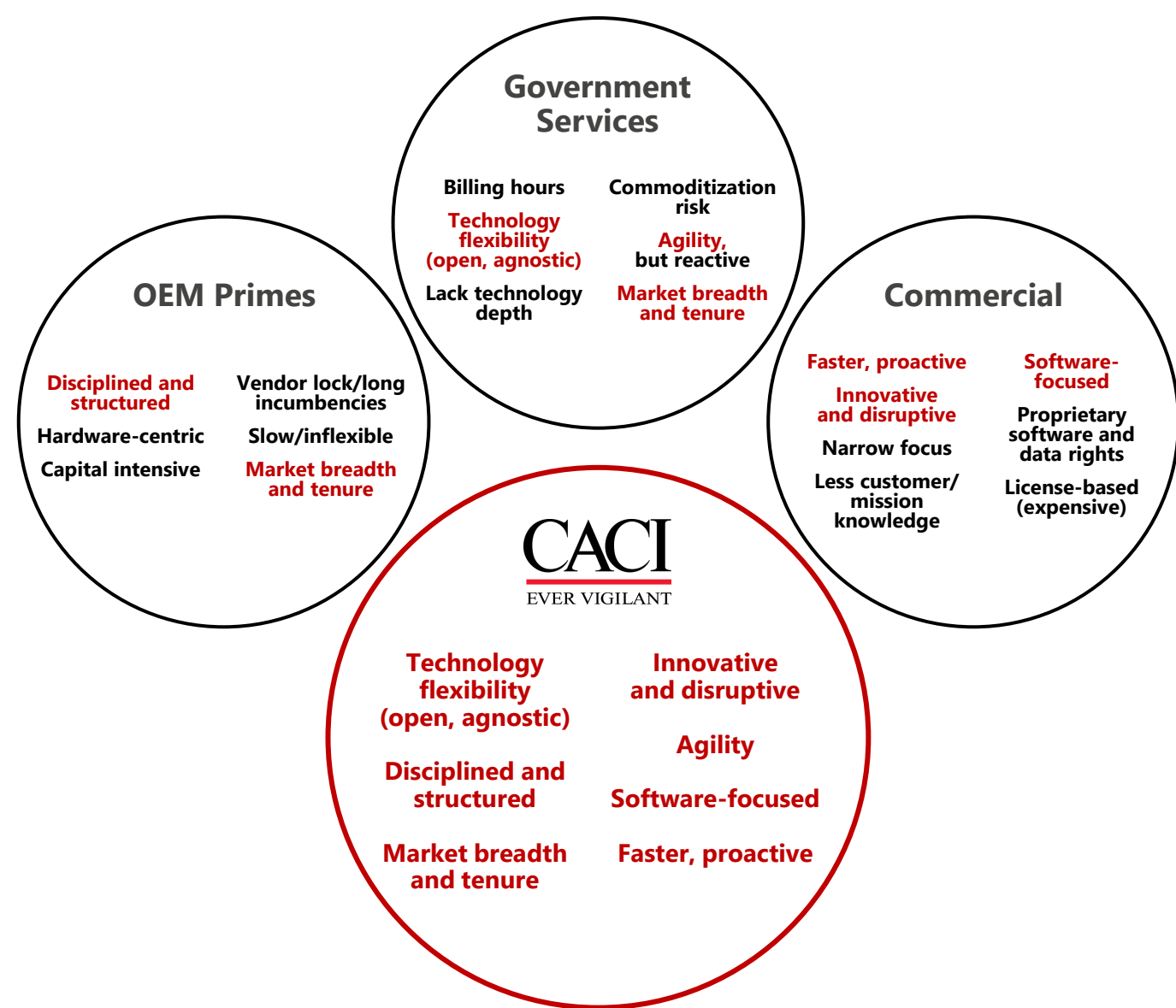


## Improving Financial Accountability

- Defense Agencies Initiative (DAI) provides single financial mgmt. ERP system – implemented and supported by CACI
- 6 of 7 annually audited DoD agencies received clean audits
- USMC, the only armed service on DAI platform, received first clean audit ever for any branch of U.S. military

# Hybrid market position

- **Discipline** and **structured processes** of OEM Primes
- **Agility** and **mission knowledge** found in Government Services providers
- **Speed, innovation,** and **software** focus of the commercial world
- CACI has **critical mission** knowledge and **unmatched** track record of **performance**



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

## Q2 financial summary

Strong performance



**Strong Organic  
Revenue growth**

**+** 14.5% YoY growth  
(8.1% organic)



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

**+** 11.1% EBITDA  
margin<sup>1</sup>

**+** Timing of software-  
defined technology  
and lower-margin  
material purchases



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

**+** Higher operating  
income

**-** Higher interest  
expense

**-** Higher tax provision



**Free Cash Flow<sup>1</sup>  
of \$66 million**

**+** Strong profitability

**-** Working capital

# Flexible and opportunistic capital deployment



**Internal  
Investments**



**Strategic M&A**



**Capital Returns  
to Shareholders**

- ✓ Closed the acquisitions of **Azure Summit** and **Applied Insight**
- ✓ Strong **balance sheet** (2.9x pro-forma leverage<sup>1</sup>)
- ✓ **\$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 December 31, 2024; pro forma includes TTM EBITDA for the Azure Summit and Applied Insight acquisitions

<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>\$8,450 – \$8,650</b>	<b>\$8,370 – \$8,570</b>
Adjusted Net Income <sup>1</sup> (millions)	↑ <b>\$537 – \$557</b>	<b>\$523 – \$543</b>
Adjusted Diluted EPS <sup>1</sup>	↑ <b>\$23.87 – \$24.76</b>	<b>\$23.24 – \$24.13</b>
Free Cash Flow <sup>1,2</sup> (millions)	↑ <b>At least \$450</b>	<b>At least \$445</b>

**This guidance represents CACI views as of January 22, 2025.** 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 **13% to 16%**  
(7% to 10% organic) – on an underlying basis  
(excl. non-recurring \$200M of no-margin material revenue in 1H FY24)

EBITDA margin<sup>1</sup> in “**low 11% range**”

Depreciation and amortization ~**\$200M**

Net interest expense ~**\$165M**

Tax Rate ~**24%**

Diluted shares outstanding ~**22.5M**

Capital expenditures of ~**\$85M**

<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

~95%

Existing Business

**STRONG**

Performance

~3%

Recompetes

**HIGH**

Win Rate

~2%

New Business

**QUALITY**

Pipeline

Trailing 12-months contract awards of **\$13.4 billion**

*TTM Book-to-Bill of 1.7x*

*YTD weighted avg. duration of >5 years*

Backlog of **\$32 billion, +18% YoY**

*~4 years of annualized revenue*

Pipeline of submitted bids: **\$12 billion**

*~75% for new business*

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

*~70% for new business*

## Closing

- **Strong** Q2 results and **great** 1H FY25
- **Raising guidance** for FY25; **confidence** in 3-year financial targets
- **Executing** our strategy; positioned for where the world is going
- Success driven by **our employees'** talent, innovation, and commitment
- Driving long-term **growth**, increasing **free cash flow per share**, generating **shareholder value**



# 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 \$300.0 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>12/31/2024</b>	<b>12/31/2023</b>	<b>% Change</b>
Net income, as reported	\$ 109,938	\$ 83,870	31.1%
Intangible amortization expense	32,442	18,426	76.1%
Tax effect of intangible amortization <sup>1</sup>	(8,197)	(4,699)	74.4%
Adjusted net income	<u>\$ 134,183</u>	<u>\$ 97,597</u>	<u>37.5%</u>
	<b>Three Months Ended</b>		
	<b>12/31/2024</b>	<b>12/31/2023</b>	<b>% Change</b>
Diluted EPS, as reported	\$ 4.88	\$ 3.74	30.5%
Intangible amortization expense	1.44	0.82	75.6%
Tax effect of intangible amortization <sup>1</sup>	(0.37)	(0.20)	85.0%
Adjusted diluted EPS	<u>\$ 5.95</u>	<u>\$ 4.36</u>	<u>36.5%</u>
(in millions, except per share data)			
	<b>FY25 Guidance Range</b>		
	<b>Low End</b>		<b>High End</b>
Net income, as reported	\$ 444	---	\$ 464
Intangible amortization expense	124	---	124
Tax effect of intangible amortization <sup>1</sup>	(31)	---	(31)
Adjusted net income	<u>\$ 537</u>	---	<u>\$ 557</u>
	<b>FY25 Guidance Range</b>		
	<b>Low End</b>		<b>High End</b>
Diluted EPS, as reported	\$ 19.73	---	\$ 20.62
Intangible amortization expense	5.51	---	5.51
Tax effect of intangible amortization <sup>1</sup>	(1.37)	---	(1.37)
Adjusted diluted EPS	<u>\$ 23.87</u>	---	<u>\$ 24.76</u>
(1) Calculation uses an assumed full year statutory tax rate of 25.3% and 25.5% on non-GAAP tax deductible adjustments for December 31, 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		
	12/31/2024	12/31/2023	% Change
Net income	\$ 109,938	\$ 83,870	31.1%
Plus:			
Income taxes	27,294	21,916	24.5%
Interest income and expense, net	44,066	27,519	60.1%
Depreciation and amortization expense, including amounts within direct costs	51,564	37,612	37.1%
EBITDA	<u>\$ 232,862</u>	<u>\$ 170,917</u>	<u>36.2%</u>

(in thousands)	Three Months Ended		
	12/31/2024	12/31/2023	% Change
Revenues, as reported	\$ 2,099,809	\$ 1,833,934	14.5%
EBITDA	232,862	170,917	36.2%
EBITDA margin	11.1%	9.3%	

# 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	
	12/31/2024	12/31/2023
(in thousands)		
Net cash provided by operating activities	\$ 126,042	\$ 71,764
Cash used in (provided by) MARPA	(50,051)	11,478
Net cash provided by operating activities excluding MARPA	75,991	83,242
Capital expenditures	(9,924)	(15,419)
Free cash flow	\$ 66,067	\$ 67,823
	FY25 Guidance	
	Current	Prior
(in millions)		
Net cash provided by operating activities	\$ 535	\$ 530
Cash used in (provided by) MARPA	-	-
Net cash provided by operating activities excluding MARPA	535	530
Capital expenditures	(85)	(85)
Free cash flow	\$ 450	\$ 445