

CACI International Inc First Quarter Fiscal Year 2017 Conference Call



October 27, 2016

INFORMATION DEPLOYED. SOLUTIONS ADVANCED. MISSIONS ACCOMPLISHED.

CACI
EVER VIGILANT

Forward-looking Statements

There are statements made herein which 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 factors that could cause actual results to differ materially from anticipated results. The factors that could cause actual results to differ materially from those anticipated include, but are not limited to, the following: regional and national economic conditions in the United States and globally; terrorist activities or war; changes in interest rates; currency fluctuations; significant fluctuations in the equity markets; changes in our effective tax rate; failure to achieve contract awards in connection with re-competes for present business and/or competition for new business; the risks and uncertainties associated with client interest in and purchases of new products and/or services; continued funding of U.S. government or other public sector projects, based on a change in spending patterns, implementation of spending cuts (sequestration) under the Budget Control Act of 2011, or any legislation that amends or changes discretionary spending levels under that act; changes in budgetary priorities or in the event of a priority need for funds, such as homeland security; government contract procurement (such as bid protest, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks; 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; individual business decisions of our clients; paradigm shifts in technology; competitive factors such as pricing pressures and/or competition to hire and retain employees (particularly those with security clearances); market speculation regarding our continued independence; material changes in laws or regulations applicable to our businesses, particularly in connection with (i) government contracts for services, (ii) outsourcing of activities that have been performed by the government, and (iii) competition for task orders under Government Wide Acquisition Contracts (GWACs) and/or schedule contracts with the General Services Administration; the ability to successfully integrate the operations of our recent and any future acquisitions; our own ability to achieve the objectives of near term or long range business plans; and other risks described in our Securities and Exchange Commission filings.



Our Participants Today

Ken Asbury

President and Chief Executive Officer

Tom Mutryn

Chief Financial Officer

John Mengucci

Chief Operating Officer and President,
U.S. Operations

Greg Bradford

Chief Executive Officer, CACI Limited in the UK

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First Quarter Highlights

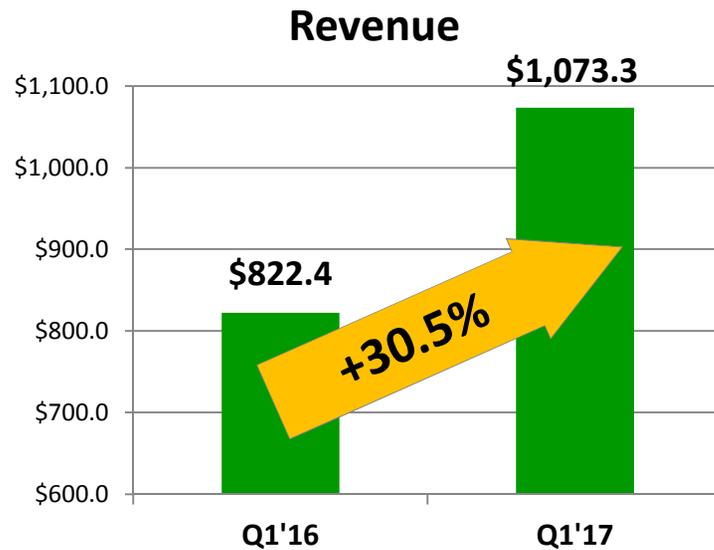
- **Won important new business**
- **Delivered outstanding customer service**
- **Won critical recompetes**
- **Focus on M&A for growth continues to pay-off**
 - Exceptional financial performance and strategic value from our National Security Solutions acquisition

Achievements reflect the value that CACI provides to our government customers

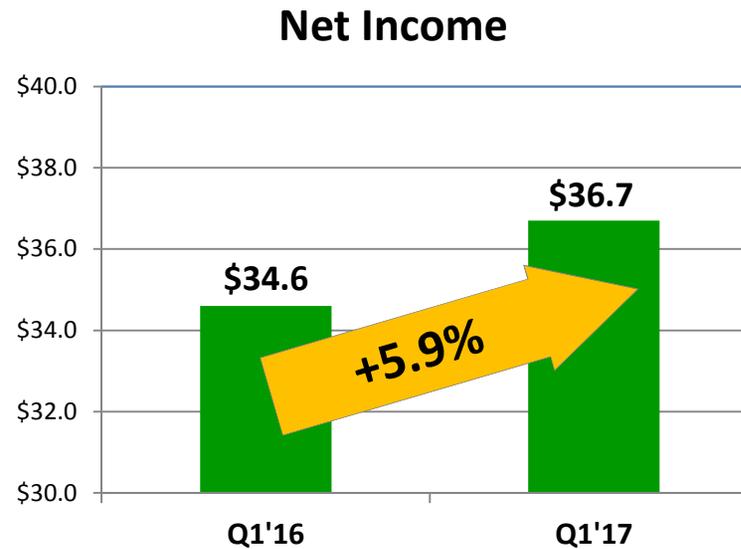
Executing Our Market-based Strategy

- **Won contracts in all our markets**
 - Noteworthy wins in Intelligence Systems and Support, Surveillance and Reconnaissance, and Communications
- **Third consecutive quarter with more than \$1 billion of awards**
- **Goals beyond FY17:**
 - Grow organic revenue 1% - 4% greater than our market
 - Grow EBITDA margins 10 – 30 basis points per year

First Quarter Revenue and Net Income



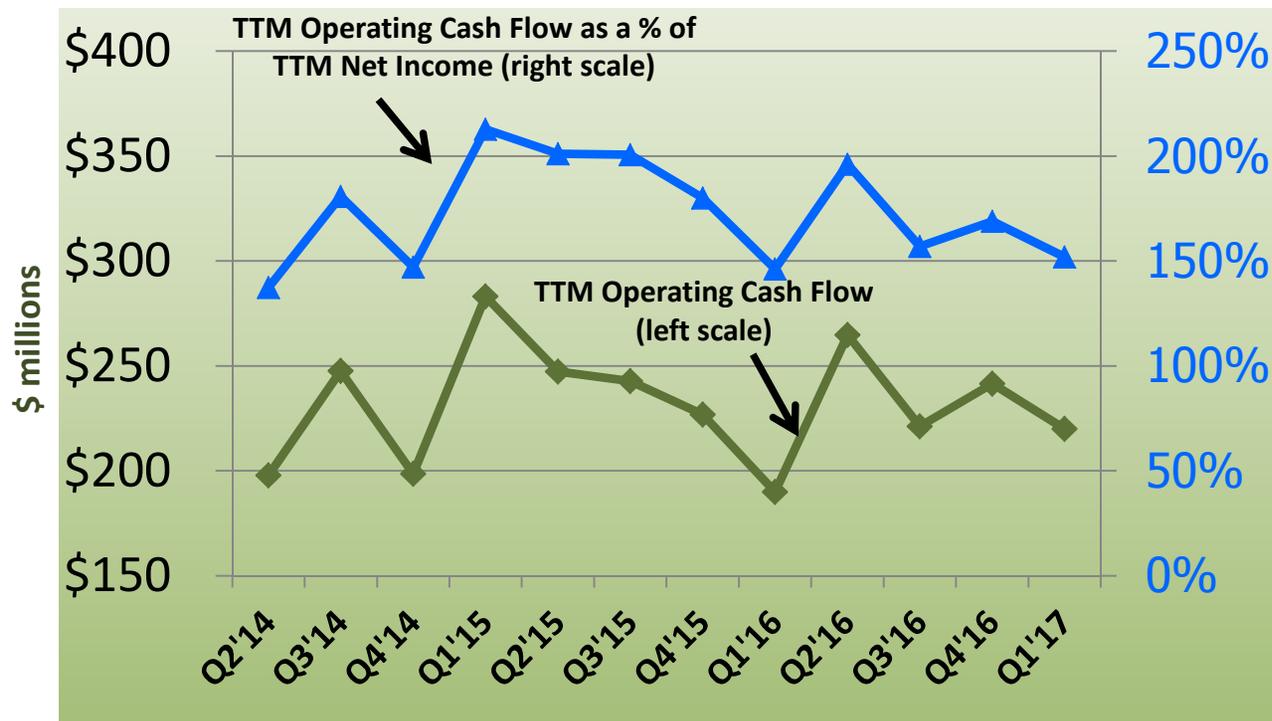
- Strong performance from NSS and unplanned material purchases
- NSS revenue of \$254 million



- Contract modifications pulled forward
- Strong performance on a number of fixed price programs

Continued Strong Cash Flow

- Days sales outstanding – 59 days versus 62 days in Q4'16
- Generated \$58 million in operating cash flow for the quarter, 157% of net income
- Net debt/TTM pro forma EBITDA of ~3.7 times



See Charts 13-16 for definitions of non-GAAP measures

Updating FY17 Guidance

	Current FY17 Guidance	Previous FY17 Guidance
Revenue (millions)	\$4,050 - \$4,250	\$4,050 - \$4,250
Net Income (millions)	\$150 - \$160	\$150 - \$160
Diluted EPS	\$5.98 - \$6.37	\$6.02 - \$6.43
Diluted shares (millions)	25.1	24.9

FY17 revenue expected to be 8% to 14% above FY16 revenue

FY17 net income expected to be 5% to 12% above FY16 net income

FY17 diluted EPS expected to be 3.8% to 10.6% above FY16 diluted EPS

FY17 operating cash flow expected to be greater than \$240 million

This guidance represents our views as of October 26, 2016. Investors are reminded that actual results may differ from these estimates for reasons described in our Safe Harbor Statement and our filings with the SEC.

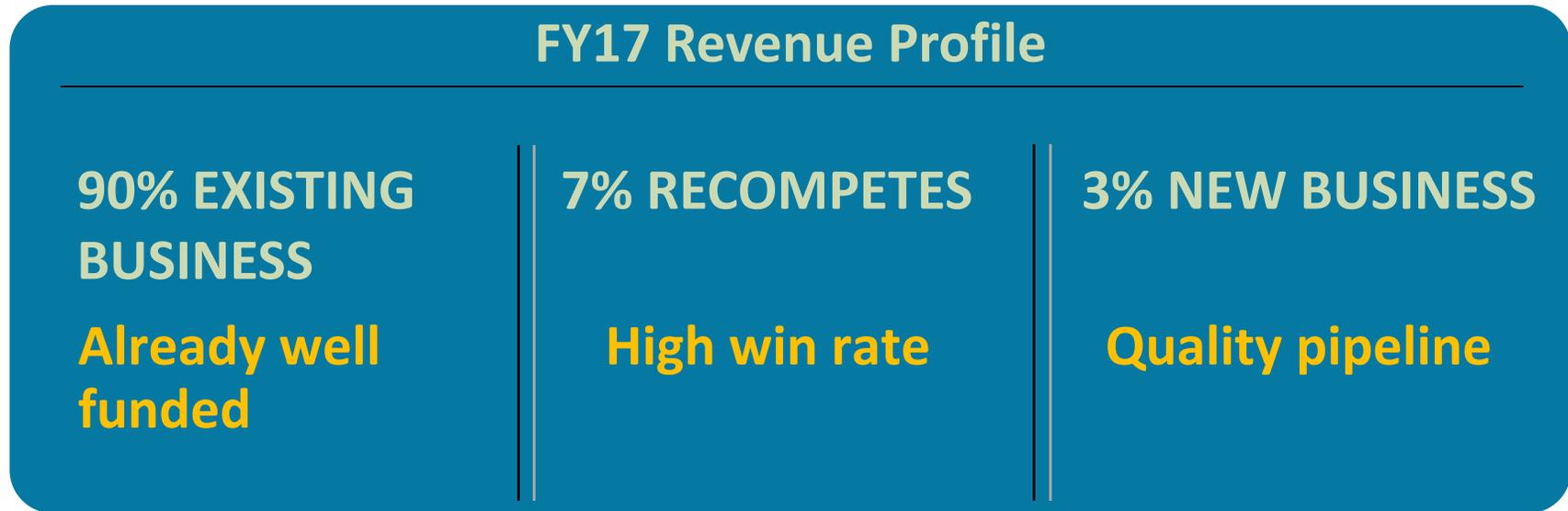
Successful First Quarter of FY17

- **Strong contract awards**
- **Key protests resolved in our favor**
- **Agility to meet purchasing requests**
- **Operational excellence to deliver contract actions sooner**
- **Efficient delivery on firm fixed price programs**

Successful First Quarter of FY17

- **Won \$1.9 billion of contract awards driving a TTM book-to-bill of 1.3 times**
 - \$480 million IDIQ to support counter narcotics and global threats
 - Five IDIQs with a value of \$495 million to provide Intelligence Systems to a classified customer
 - Successful resolution of protest of \$446 million U.S. Air Force Satellite Control Network contract (CAMMO) awarded in Q4 FY16
- **Two of three protests resolved totaling about \$500 million**
 - \$100 million protest remaining with favorable resolution expected
- **\$1.2 billion of contract funding orders**

Forward Indicators are Strong



Backlog of \$11.5 billion as of September 30, 2016, up 4.3% sequentially

Pipeline of submitted bids totals more than \$10.2 billion

~80% for new business to CACI

Bids expected to be submitted in the next two quarters totals more than \$16.8 billion

~84% for new business to CACI

CEO Closing Comments

- **Delivered excellent financial results**
- **Continued to build our backlog**
- **Reiterating FY17 guidance**
- **Focused on high value solution business across each of our 11 market areas**

Definitions of Non-GAAP Measures

The Company views Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Earnings Per Share, all 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. Adjusted EBITDA is a commonly used non-GAAP measure when comparing our results with those of other companies. We define Adjusted EBITDA as GAAP net income plus net interest expense, income taxes, depreciation and amortization, and earnout adjustments. We consider Adjusted 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, as well as the effect of earnout gains and losses, which we do not believe are indicative of our core operating performance. We define Adjusted Net Income as GAAP net income plus stock-based compensation expense, depreciation and amortization, amortization of financing costs, and earnout adjustments, net of related tax effects. We believe Adjusted Net Income is an important measure of long-term value and is used by investors to measure our performance. This measure in particular assists readers in further understanding our results and trends from period-to-period by removing certain non-cash items that do not impact the cash flow performance of our business. Diluted Adjusted Earnings Per Share is Adjusted Net Income divided by diluted weighted-average shares, as reported. Adjusted EBITDA and Adjusted Net Income as defined by us may not be computed in the same manner as similarly titled measures used by other companies. Pro Forma adjusted EBITDA to Net Debt leverage ratios are important non-GAAP financial measures because they are frequently used by equity and debt investors and credit rating agencies to measure the underlying leverage of the company, its creditworthiness, and incremental borrowing capacity. These non-GAAP measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

Definitions of Non-GAAP Measures

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Adjusted EBITDA is GAAP net income plus interest expense, income taxes, depreciation and amortization, earnout adjustments and other

	Quarter Ended		
	9/30/2016	9/30/2015	% Change
(dollars in thousands)			
Net income	\$ 36,663	\$ 34,632	5.9%
Plus:			
Income taxes	20,506	20,693	-0.9%
Interest expense, net	12,489	9,182	36.0%
Depreciation and amortization	18,063	14,811	22.0%
Earnout adjustments	414	-	
Other	104	(49)	-312.2%
Adjusted EBITDA	\$ 88,239	\$ 79,269	11.3%

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

Definitions of Non-GAAP Measures

Adjusted Net Income

Adjusted net income is GAAP net income plus stock-based compensation expense, depreciation and amortization, amortization of financing costs, and earnout adjustments, net of related tax effects

	Quarter Ended		
	9/30/2016	9/30/2015	% Change
(dollars in thousands)			
Net income	\$ 36,663	\$ 34,632	5.9%
Plus:			
Stock-based compensation	4,897	3,638	34.6%
Depreciation and amortization	18,063	14,811	22.0%
Amortization of financing costs	1,128	577	95.5%
Earnout adjustments	414	-	
Less:			
Related tax effect	(9,643)	(7,488)	28.8%
Adjusted net income	\$ 51,522	\$ 46,170	11.6%

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

Definitions of Non-GAAP Measures

Diluted Adjusted Earnings Per Share

Diluted adjusted earnings per share is adjusted net income divided by diluted weighted-average shares, as reported

	Quarter Ended		
	9/30/2016	9/30/2015	% Change
(shares in thousands)			
Adjusted net income	\$ 51,522	\$ 46,170	11.6%
Diluted weighted average shares, as reported	24,928	24,721	
Diluted earnings per share	\$ 1.47	\$ 1.40	4.8%
Diluted adjusted earnings per share	\$ 2.07	\$ 1.87	10.7%

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

Definitions of Non-GAAP Measures

TTM Pro Forma Adjusted EBITDA

Pro forma Adjusted EBITDA is Adjusted EBITDA assuming that the NSS acquisition occurred at the beginning of October 2015, adjusted for certain non-recurring expenses.

(Amounts in thousands)	9/30/16 TTM
Net income YTD FY16	\$ 142,799
Less: Net income QTD FY16 Q1	(34,632)
Plus: Net income QTD FY17 Q1	36,663
CACI Net income	144,830
NSS Net income 4 months ended 1/31/16	5,012
Pro forma adjustments (1)	(1,469)
Pro forma net income	\$ 148,373
Plus:	
Income taxes	83,398
Interest income and expense, net	50,398
Depreciation and amortization	75,201
Pro forma EBITDA	357,370
Other adjustments (2)	5,733
Pro forma adjusted EBITDA	\$ 363,103
Total long-term debt (3)	\$ 1,398,681
Less: Cash and cash equivalents (3)	(49,668)
Net debt as of September 30, 2016	\$ 1,349,013
Net debt divided by pro forma adjusted EBITDA	3.72

¹Primarily includes recognition of amortization expense related to acquired intangible assets and interest expense related to debt incurred to finance the NSS acquisition.

²Primarily includes non-recurring integration and restructuring costs related to the NSS acquisition and changes in the fair value of earnouts related to recent acquisitions.

³As reported in the September 30, 2016 Form 10-Q

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

Adoption of New Accounting Rule Regarding Share-based Payments

(Amounts in thousands, except per share amounts)	Quarter ended			
	<u>9/30/2015</u>	<u>12/31/2015</u>	<u>3/31/2016</u>	<u>6/30/2016</u>
Revenue	\$ 822,442	\$ 830,437	\$ 977,274	\$ 1,113,900
Income from operations	\$ 64,508	\$ 55,482	\$ 63,676	\$ 81,084
Income taxes ¹	\$ 20,693	\$ 16,851	\$ 18,445	\$ 24,824
Net income ¹	\$ 34,632	\$ 30,452	\$ 34,116	\$ 43,599
Basic earnings per share ¹	\$ 1.43	\$ 1.26	\$ 1.41	\$ 1.79
Diluted earnings per share ¹	\$ 1.40	\$ 1.23	\$ 1.38	\$ 1.75

Weighted average shares used in per share computations:

Basic	24,208	24,246	24,277	24,319
Diluted ¹	24,721	24,786	24,801	24,900

¹Quarterly FY16 balances have been adjusted to reflect the adoption of ASU 2016-09 in FY16