CACI International Inc

Q3 FY25 Earnings Conference Call

April 24, 2025

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EXPERTISE and **TECHNOLOGY** for National Security

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

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Q3 highlights

Predictable organic revenue growth

11.8% revenue growth (5.6% organic)

$2.5 billion of contract awards (1.2x B2B)

Profitability supportive of continued investment

11.7% EBITDA[1] margin

Efficient management of working capital and capital expenditures

$188 million of free cash flow[1]

Flexible and **opportunistic** capital deployment

Repurchased 436K shares at an average price of $344 / share

Increasing FY25 guidance based on strong execution

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

Macro environment

- **Healthy demand signals** in key focus areas
- **Constructive** budget/funding environment
- CACI **well-aligned** to administration priorities
- DoD pivot to software-centric approach **validates our strategy**
- Budget visibility **improving**

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Well-aligned to administration priorities

TLS Manpack

- Commercially developed, differentiated, software-defined system
- Enhanced warfighter SIGINT/EW capabilities

Spectral

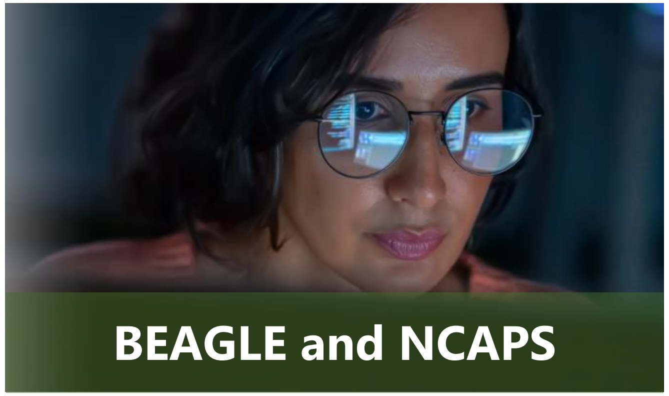
- Software-defined, differentiated, enhanced with AI
- EW enhancements for surface fleet

Army SIPRMOD

- Software-defined, differentiated, commercial technology
- Modernizing highly complex and secure global network

Defense Agencies Initiative

- Commercial software platform enables financial transparency and accountability
- USMC received <u>second</u> clean financial audit



BEAGLE and NCAPS

- Record monthly software release volume to support new administration policies
- Proven, commercial agile software development with six decades of mission focus

Summary

- Strategy and business remain **resilient** despite uncertainty
- **Strong execution** and **financial performance** enable guidance **raise**
- **Increasing** budgets and clear **demand signals**
- **National security** priorities <u>we focus on</u> have **bipartisan** support
- Positioned well to drive **long-term growth**, increasing **free cash flow per share**, and **shareholder value**

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Q3 financial summary

Strong performance

Strong Organic Revenue growth	Healthy EBITDA[1] margin	Adjusted EPS[1] +9% YoY	Free Cash Flow[1] of $188 million
+ 11.8% YoY growth (5.6% organic)	+ 11.7% EBITDA[1] margin + Timing of software-defined technology deliveries	+ Higher operating income + Lower share count – Higher interest expense and tax provision	+ Strong profitability + Working capital

[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**

- **$150 million** open market repurchase (OMR) completed
  (~436k shares, or ~2% of shares outstanding, at average price ~$344/share)
- **$187 million of original $750 million** share repurchase program authorization remaining
- **Strong** balance sheet (**2.9x pro-forma** leverage[1]), access to **capital**
- 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 March 31, 2025; pro forma includes TTM EBITDA for the Azure Summit and Applied Insight acquisitions*
[2] *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)	⬆ $8,550 – $8,650	$8,450 – $8,650
Adjusted Net Income[1] (millions)	⬆ $543 – $557	$537 – $557
Adjusted Diluted EPS[1]	⬆ $24.24 – $24.87	$23.87 – $24.76
Free Cash Flow[1,2] (millions)	⬆ At least $465	At least $450

Revenue growth of **14.5%** to **16%** (9% to 10% organic) – on an underlying basis
(excl. non-recurring $200M of no-margin material revenue in 1H FY24)

EBITDA[1] margin in "**low 11% range**"

Depreciation and amortization ~**$200M**

Net interest expense ~**$160M**

Tax Rate **~23.5%**

Diluted shares outstanding ~**22.4M**

Capital expenditures of ~**$70M**

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

[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

>97%
Existing Business

STRONG
Performance

~2%
Recompetes

HIGH
Win Rate

<1%
New Business

QUALITY
Pipeline

Trailing 12-months contract awards of **$12.4 billion**

*TTM Book-to-Bill of **1.5x***
*YTD weighted avg. duration of **5.5 years***

Backlog of **$31 billion,** +**10%** YoY

*Almost **4 years** of annualized revenue*

Pipeline of submitted bids: **$17 billion**

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

Bids expected to be submitted
in the next two quarters: **$10 billion**

*~**75%** for new business*

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Closing

- **Strong** Q3 results across the board
- **Raising guidance** for FY25; **confidence** in 3-year financial targets
- **Executing** strategy well aligned to administration priorities and 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)	Three Months Ended		
	3/31/2025	3/31/2024	% Change
Net income, as reported	$ 111,860	$ 115,350	-3.0%
Intangible amortization expense	36,765	18,358	100.3%
Tax effect of intangible amortization[1]	(9,289)	(4,682)	98.4%
Adjusted net income	$ 139,336	$ 129,026	8.0%

	Three Months Ended		
	3/31/2025	3/31/2024	% Change
Diluted EPS, as reported	$ 5.00	$ 5.13	-2.5%
Intangible amortization expense	1.64	0.82	100.0%
Tax effect of intangible amortization[1]	(0.41)	(0.21)	95.2%
Adjusted diluted EPS	$ 6.23	$ 5.74	8.5%

(in millions, except per share data)	FY25 Guidance Range		
	Low End		High End
Net income, as reported	$ 449	---	$ 463
Intangible amortization expense	125	---	125
Tax effect of intangible amortization[1]	(31)	---	(31)
Adjusted net income	$ 543	---	$ 557

	FY25 Guidance Range		
	Low End		High End
Diluted EPS, as reported	$ 20.04	---	$ 20.67
Intangible amortization expense	5.58	---	5.58
Tax effect of intangible amortization[1]	(1.38)	---	(1.38)
Adjusted diluted EPS	$ 24.24	---	$ 24.87

(1) *Calculation uses an assumed full year statutory tax rate of 25.3% and 25.5% on non-GAAP tax deductible adjustments for YTD FY 25 and YTD FY24, 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		
(in thousands)	3/31/2025	3/31/2024	% Change
Net income	$ 111,860	$ 115,350	-3.0%
Plus:			
Income taxes	39,392	38,286	2.9%
Interest income and expense, net	45,117	27,668	63.1%
Depreciation and amortization expense, including amounts within direct costs	57,136	36,667	55.8%
EBITDA	$ 253,505	$ 217,971	16.3%

	Three Months Ended		
(in thousands)	3/31/2025	3/31/2024	% Change
Revenues, as reported	$ 2,166,982	$ 1,937,456	11.8%
EBITDA	253,505	217,971	16.3%
EBITDA margin	11.7%	11.3%	

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)

(in thousands)	Three Months Ended 3/31/2025	Three Months Ended 3/31/2024
Net cash provided by operating activities	$ 230,324	$ 198,271
Cash used in (provided by) MARPA	(26,159)	(84,645)
Net cash provided by operating activities excluding MARPA	204,165	113,626
Capital expenditures	(16,240)	(11,681)
Free cash flow	$ 187,925	$ 101,945

(in millions)	FY25 Guidance Current	FY25 Guidance Prior
Net cash provided by operating activities	$ 535	$ 535
Cash used in (provided by) MARPA	-	-
Net cash provided by operating activities excluding MARPA	535	535
Capital expenditures	(70)	(85)
Free cash flow	$ 465	$ 450

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