

## CACI International

## Strong momentum drives up FY24 outlook

Maintain Rating: BUY | PO: 385.00 USD | Price: 339.99 USD

## Adj. EPS of \$4.36 beats BofAe on strong revenues

CACI reported adj. EPS of \$4.36, above BofAe of \$4.26, primarily driven by stronger revenues and lower than expected taxes. The reported EPS missed STe estimates of \$4.44. However, we think part of the consensus may have been missing the impact of \$100mn low-margin pass-through material sales CACI management had been messaging. CACI reported contract awards of \$2.2bn, translating to a book-to-bill of 1.2x. Backlog of \$27bn represents approximately 4 years of annualized revenue. Additionally, the company has reduced recompute risk to less than 5% for the year. Expertise revenue grew 14.6% Y/Y while Technology revenues grew 8.4% Y/Y. Additionally, DoD revenues increased 17.1% Y/Y, demonstrating growing momentum and opportunities in the defense sector.

## Outlook raised on strong awards environment

Management raised FY24 outlook on a strengthening awards environment and accelerating momentum in the backlog. CACI raised adj. EPS to \$19.91-\$20.58 (vs. \$19.38-\$20.48 prior) on stronger revenues (\$7.3bn-\$7.5bn vs. \$7.2bn-\$7.4bn prior). We think the results will be well received by the Street. We maintain our Buy rating.

## Exhibit 1: CACI 2Q24 quick-take of results vs. expectations

CACI 2Q24 adj. EPS beat BofAe on higher revenues and lower than expected taxes

## Quick-take of results vs. Expectations:

Adj. EPS	2Q24: \$4.36 vs. BofAe: \$4.26 vs. BBG: \$4.44 vs. 2Q23: \$4.28 (2Q24 up 1.9% Y/Y)
Revenue	2Q24: \$1,834mn vs. BofAe: \$1,819mn vs. BBG: \$1,837mn vs. 2Q23: \$1,649mn (2Q24 up 11.2% Y/Y)
Operating margin	2Q24: 7.3% vs. BofAe: 7.4% vs. 2Q23: 7.9%
Revenue by segment	Department of Defense (DoD): 2Q24: \$1,359mn vs. BofAe: \$1,352mn vs. 2Q23: \$1,160mn    Federal civilian agencies: 2Q24: \$390mn vs. BofAe: \$378mn vs. 2Q23: \$400mn    Commercial and other: 2Q24: \$85mn vs. BofAe: \$90mn vs. 2Q23: \$90mn
Adj. FCF (ex. MARPA)	2Q24 Actual: \$68mn vs. BofAe: \$119mn vs. BBG: \$0mn vs. 2Q23: \$9mn (increased 14.2% Y/Y)
Revenue outlook	FY24: \$7,300-\$7,500mn vs. Prior \$7,200-\$7,400mn
EPS outlook	FY24: \$19.91-\$20.58 vs. Prior \$19.38-\$20.48

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

24 January 2024

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## Stock Data

Price	339.99 USD
Price Objective	385.00 USD
Date Established	17-Aug-2023
Investment Opinion	B-1-9
52-Week Range	275.79 USD - 359.33 USD
Mrkt Val (mn) / Shares Out (mn)	7,574 USD / 22.3
Free Float	98.7%
Average Daily Value (mn)	41.64 USD
BofA Ticker / Exchange	CACI / NYS
Bloomberg / Reuters	CACI US / CACI.N
ROE (2024E)	13.5%
Net Dbt to Eqty (Jun-2023A)	49.0%
ESGMeter™	High

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Timestamp: 24 January 2024 07:13PM EST

## Price objective basis & risk

### CACI International (CACI)

Our PO of \$385 is based on a 0.9x relative EV/EBITDA multiple to the defense primes on CY24 estimates. This equals 13x EV/EBITDA. In our view, the company's renewed capital deployment strategy (opportunistic share repurchases) offsets the discount related to the lack of dividend (vs. peer group). The company continues to execute its tech strategy, disciplined approach to M&A, and is well positioned with respect to DoD priorities. However, the discount vs. primes reflects supply chain pressures in the near term and headline risk from political control impacting defense spending (relatively harder for short-term cycle companies).

Downside risks are cuts to the DoD budget vs. anticipated, problems finding acquisition targets, integrating M&A, hiring the right personnel, containing its costs, estimating costs and executing on fixed price contracts, sustaining reputational risk and future awards.

Upside risks are a better than anticipated federal budget allocated to innovative technologies and modernization, inexpensive and well integrated M&A activity, unexpected capital return to shareholders in the form of dividends, market share gains in the mission technology arena, better than expected margin expansion.

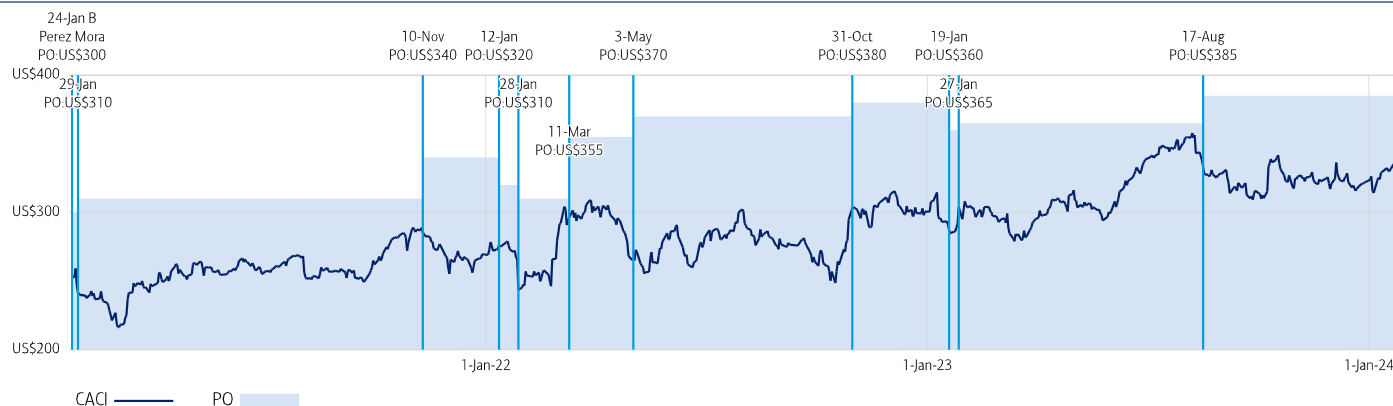
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### CACI International (CACI) Price Chart



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### Equity Investment Rating Distribution: Aerospace/Defense Electronics Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	31	62.00%	Buy	23	74.19%
Hold	11	22.00%	Hold	9	81.82%
Sell	8	16.00%	Sell	6	75.00%

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Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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