

Investment ideas. Stocks.

CACI International Inc. (CACI US) provides information technology products and services. The company delivers client solutions for systems integration, information assurance and security, reengineering, logistics and engineering support, electronic commerce and other solutions.

Company	CACI INTERNATIONAL
Ticker	CACI US
Sector	Technology
Capitalization, \$ million	5,515
EV, 3 million	7,267
Dividend yield	-
Entry level, \$	217.60
Current price, \$	213.56
Result	0.4 %

Source: Bloomberg

Key investment attractiveness factors.

- 1) **Fairly good performance based on FY 2021 Q2 results.** Revenue year-on-year grew by 5.2% to \$1,47 billion. Quarter's EBITDA increased by 21.8% and amounted to \$196.3 million. Quarter-end results show 31.7% increase in net profit to \$106.56 million. Additionally, the company achieved a substantial growth of free cash flow: by 64.6% to \$189.8 million.
- 2) **Government contracts do matter.** Not long ago, CACI renewed its government contract for provision of automated court proceedings support services to U.S. Department of Justice (DOJ) and other federal agencies. Having government contracts in revenue structure is a good trigger. This secures stable cash flow, and is also a factor in supporting financial stability.
- 3) **Good discount for P/S and P/FCF multipliers.** CACI's equity is generally traded cheaper than equivalents for all benchmarking multipliers. While discount for EV/EBITDA and P/E is not so high, undervaluation levels for P/S and P/FCF with reference to industry average indicators are 217% and 98%, accordingly.

Key risks. The main risk is technology sector's being overheated. Recent decline in NASDAQ index is a vivid illustration of this risk.

Financial highlights, \$ million	2019	2020	2021P*	Change, %
Revenue	4,986	5,720	6,138	7%
Gross profit	1,682	2,001	2,176	9%
EBITDA	465	656	670	2%
Net profit	267	324	388	20%
EPS	10.74	12.94	15.25	18%
<i>Gross margin</i>	34%	35%	35%	0%
<i>EBITDA margin</i>	9%	11%	11%	-1%
<i>Net margin</i>	5%	6%	6%	1%

Debt burden, \$ million	2019	2020	2021P*	Change, %
Gross debt	1,665	1,782	1,854	4%
Cash	72	107	102	-
Net debt	1,593	1,675	1,752	5%
Net debt/EBITDA	1.9	3.6	2.7	-26%

*P – Projection

Benchmarking against similar companies, 2021P*	Country	P/S	EV/EBITDA	P/E	P/FCF
ACCENTURE	Ireland	3.5	18.1	31.0	24.8
IBM	USA	1.5	9.0	11.3	12.8
LEIDOS	USA	0.9	12.4	14.3	17.5
BOOZ ALLEN	USA	1.4	14.5	20.3	17.4
FIDELITY	USA	6.6	17.9	22.4	20.6
FISERV	USA	5.3	15.9	22.4	19.5
COGNIZANT	USA	2.2	11.2	18.3	18.4
MAXIMUS	USA	1.5	13.8	23.0	23.8
Weighted average		2.8	14.1	20.4	19.4
CACI INTERNATIONAL	USA	0.9	10.8	14.2	9.8
<i>Discount/(premium)</i>		217%	30%	43%	98%

Source: Bloomberg

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