#### **ICF Reports Second Quarter 2019 Results**

FAIRFAX, Va., Aug. 1, 2019 / PRNewswire / --

#### **Second Quarter Highlights:**

- · Total Revenue Was \$367 Million, up 13 Percent
- Diluted EPS Increased 7 Percent to \$0.76, Inclusive of \$0.13 in Special Charges; Non-GAAP EPS<sup>1</sup> Was \$0.97, up 21 Percent
- Adjusted EBITDA Margin on Service Revenue<sup>1</sup> Was 13 Percent, up 110-Basis Points Year-on-Year
- Contract Awards of \$403 Million; TTM Contract Awards Were \$1.6 Billion For a Book-to-Bill Ratio of 1.15
  - -Raises Midpoints of 2019 Revenue and Earnings Guidance Ranges-
  - -Names John Wasson CEO; Sudhakar Kesavan Moves to Executive Chairman-

ICF (NASDAQ: ICFI), a global consulting and digital services provider, reported results for the second quarter endedJune 30, 2019.

"This was another quarter of strong operating performance for ICF, in which we posted double-digit revenue growth that was aligned with the positive catalysts we have identified in our government and commercial markets," said Sudhakar Kesavan, Chairman and Chief Executive Officer.

"Revenue from government clients increased 17.8 percent, led by our work on disaster recovery programs and higher revenues from U.S. federal government agency clients. Commercial revenues increased 4.6 percent year-on-year, reflecting growth in marketing services and energy efficiency implementation programs. Favorable revenue mix, increased service revenue 1, and higher utilization drove a 19.5 percent increase in adjusted EBITDA . Our adjusted EBITDA margin on service revenue was 13.0 percent, 110 basis points higher year-on-year.

"Second quarter contract awards of over \$400 million included a modification to our FEMA-funded disaster recovery contract with the Government of Puerto Rico that significantly expanded our services, as well as several strategically important awards from both government and commercial clients. Subsequent to the end of the quarter, ICF was awarded a three-year federally-funded contract to assist with Community Development Block Grant (CDBG) housing recovery in Puerto Rico following the damage caused by the 2017 hurricanes.

"Our first half performance positions ICF well for continued growth in 2019. Our contract backlog increased sequentially to \$2.4 billion, and our business development pipeline was \$6.3 billion, representing substantial year-on-year increases across key client categories," Mr. Kesavan noted.

<sup>1</sup> Non-GAAP EPS, Service Revenue, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA Margin on Service Revenue are non-GAAP measurements. A reconciliation of all non-GAAP measurements to the most applicable GAAP number is set forth below. Special charges are items that were included within our consolidated statements of comprehensive income but are not indicative of ongoing performance and have been presented net of applicable U.S. GAAP taxes. The presentation of non-GAAP measurements may not be comparable to other similarly titled measures used by other companies.

#### Second Quarter 2019 Results

Second quarter 2019 total revenue was \$366.7 million, representing 13.1 percent growth over the \$324.3 million reported in the second quarter of 2018. Service revenue increased 9.2 percent year-over-year to \$252.3 million, from \$231.0 million. Net income was \$14.6 million in the second quarter, up 7.3 percent from \$13.6 million in the second quarter of 2018. Diluted earnings per share amounted to \$0.76, a 7.0 percent increase from \$0.71 per diluted share in the prior year quarter.

Non-GAAP EPS increased 21.3 percent to\$0.97 per share from \$0.80 per share in the year ago quarter. EBITDA<sup>1</sup> was \$30.2 million, up 10.5 percent from \$27.3 million reported in the second quarter of 2018. Adjusted EBITDA<sup>1</sup> was \$32.7 million, 19.5 percent above the \$27.4 million reported in the comparable quarter of 2018. Second quarter 2019 adjusted EBITDA margin on service revenue expanded by 110 basis points to 13.0 percent from 11.9 percent in the 2018 second quarter.

#### **Backlog and New Business Awards**

Total backlog was \$2.4 billion at the end of the second quarter of 2019. Funded backlog was\$1.0 billion, or approximately 43 percent of the total backlog. The total value of contracts awarded in the 2019 second quarter was \$403.1 million, resulting in a trailing-twelve-month (TTM) book-to-bill ratio of 1.15.

#### **Government Revenue Second Quarter 2019 Highlights**

Revenue from government clients was \$245.7 million, up 17.8 percent year-over-year.

- U.S. federal government revenue increased by 1.2 percent year-on-year to\$141.2 million, compared to \$139.5 million in the year ago
  quarter. Federal government revenue accounted for 38 percent of total revenue, compared to 43 percent of total revenue in the second
  quarter of 2018.
- U.S. state and local government revenue increased by 111.1 percent year-on-year to\$72.9 million, driven by our disaster recovery work. State and local government clients represented 20 percent of total revenue, significantly ahead of the 11 percent of total revenue accounted for in the 2018 second quarter.
- International government revenue was \$31.7 million, compared to \$34.6 million in the year-ago quarter, and accounted for 9 percent of total revenue, compared to 11 percent in the second quarter of 2018. On a constant currency basis, international government revenue

was down an estimated 2.6 percent.

#### Key Government Contracts Awarded in the Second Quarter

ICF was awarded more than 100 U.S. federal contracts and task orders and almost 300 additional contracts from U.S. state and local and international governments with an aggregate value of \$280.9 million. Notable awards won in the second quarter included:

- **Disaster recovery:** A contract modification to continue providing hazard mitigation and related services inPuerto Rico that are part of disaster recovery activities associated with Hurricanes Irma and Maria.
- Technical support: A recompete contract with the U.S. Environmental Protection Agency to provide technical support to the National Center for Environmental Assessment.
- Program support: A contract with a U.S. federal agency to support the launch of in-school youth apprenticeship programs.
- Strategic communications: A recompete contract with the National Institutes of Health to provide communications and media services related to health education.
- Survey research: A recompete contract with the New York State Department of Health to provide survey support for the Behavioral Risk Factor Surveillance System of the U.S. Centers for Disease Control.
- Cybersecurity and resilience: A recompete contract with the Maryland Administrative Office of the Courts to provide enterprise
  cybersecurity support.

Subsequent to the end of the second quarter, the Company was awarded \$25 million, three-year federally-funded contract to assist with CDBG housing recovery programs in Puerto Rico associated with hurricanes Irma and Maria.

#### **Commercial Revenue Second Quarter 2019 Highlights**

- Commercial revenue was \$121.0 million, up 4.6 percent from the \$115.7 million reported in last year's second quarter. Commercial revenue accounted for 33 percent of total revenue compared to 35 percent of total revenue in the 2018 second quarter.
- Energy markets, which include energy efficiency programs, represented 45 percent of commercial revenue. Marketing services accounted for 46 percent of commercial revenue.

#### Key Commercial Contracts Awarded in the Second Quarter 2019

Commercial sales were \$122.1 million in the second quarter of 2019. ICF was awarded more than 750 commercial projects globally during the second quarter including:

#### In Energy Markets:

- A recompete contract with a northeastern U.S. utility to support its portfolio of energy efficiency programs.
- · A contract with a midwestern U.S. utility to support its commercial and industrial energy efficiency programs.
- A contract with a North American energy agency to support implementation of business, non-profit, and institutional energy savings
  programs.

#### In Marketing Services:

- A recompete contract with a U.S. health insurer to provide marketing services.
- · A contract with a U.S. health insurer to provide program rollout and design thinking support services.
- A contract with a U.S. pharmaceutical company to provide additional corporate communications and related services.

#### **Dividend Declaration**

On August 1, 2019, ICF declared a quarterly cash dividend of \$0.14 per share, payable on October 15, 2019 to shareholders of record on September 13, 2019.

#### **Summary and Outlook**

"ICF continued to execute well in the first half of this year, leveraging our domain expertise to take advantage of growth opportunities across our government and commercial client sets. Year-to-date operating results, recent wins and pipeline activity support our expectations for substantial growth in 2019 and beyond. Consequently, we have raised the midpoints for our guidance ranges for revenues and earnings. We now expect 2019 revenues to range from \$1.475 billion to \$1.5 billion, GAAP EPS to be between \$3.80 and \$3.95, exclusive of special charges, and Non-GAAP EPS to be in the range of \$4.10 to \$4.25. Operating cash flow is projected to be in the range of \$100 million to \$120 million.

"We were pleased to announce today via a separate press release that our Board of Directors has approved a succession plan that calls for the appointment of John Wasson, President, to the additional position of Chief Executive Officer and Board Member, and that I will move to Executive Chairman effective October 1, 2019. This represents a seamless succession at ICF, ensuring that we have the continuity of leadership needed to continue on our growth path," Mr. Kesavan concluded.

#### **About ICF**

ICF (NASDAQ: ICFI) is a global consulting services company with over 7,000 full- and part-time employees, but we are not your typical consultants. At ICF, business analysts and policy specialists work together with digital strategists, data scientists and creatives. We combine unmatched industry expertise with cutting-edge engagement capabilities to help organizations solve their most complex challenges. Since 1969, public and private sector clients have worked with ICF to navigate change and shape the future. Learn more at icf.com.

#### Caution Concerning Forward-looking Statements

Statements that are not historical facts and involve known and unknown risks and uncertainties are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements may concern our current expectations about our future results, plans,

operations and prospects and involve certain risks, including those related to the government contracting industry generally; our particular business, including our dependence on contracts with U.S. federal government agencies; and our ability to acquire and successfully integrate businesses. These and other factors that could cause our actual results to differ from those indicated in forward-looking statements are included in the "Risk Factors" section of our securities filings with the Securities and Exchange Commission. The forward-looking statements included herein are only made as of the date hereof, and we specifically disclaim any obligation to update these statements in the future.

## ICF International, Inc. and Subsidiaries Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,			nded	
(in thousands, except per share amounts)		2019		2018		2019		2018
Revenue	\$	366,717	\$ :	324,315	\$	707,971	\$	627,095
Direct costs		235,053	2	206,565	4	451,002		395,391
Operating costs and expenses:								
Indirect and selling expenses		101,450		90,410		197,969		180,069
Depreciation and amortization		5,595		4,045		10,357		8,514
Amortization of intangible assets		2,077		2,270		4,212		4,514
Total operating costs and expenses		109,122		96,725		212,538		193,097
Operating income		22,542		21,025		44,431		38,607
Interest expense		(2,934)		(2,167)		(5,387)		(3,833)
Other income (expense)		186		(318)		(226)		(214)
Income before income taxes		19,794		18,540		38,818		34,560
Provision for income taxes		5,183		4,923		8,889		8,526
Net income	\$	14,611	\$	13,617	\$	29,929	\$	26,034
Earnings per Share:								
Basic	\$	0.78	\$	0.72	\$	1.59	\$	1.39
Diluted	\$	0.76	\$	0.71	\$	1.56	\$	1.36
Weighted-average Shares:								
Basic		18,805		18,806		18,815		18,738
Diluted		19,133		19,209		19,213		19,208
Cash dividends declared per common share	\$	0.14	\$	0.14	\$	0.28	\$	0.28
Other comprehensive loss, net of tax		(2,853)		(3,317)		(2,570)		(1,708)
Comprehensive income, net of tax	\$	11,758	\$	10,300	\$	27,359	\$	24,326

# ICF International, Inc. and Subsidiaries Reconciliation of Non-GAAP financial measures<sup>(2)</sup> (Unaudited)

		nths Ended e 30,	Six Months Ended June 30,		
(in thousands, except per share amounts)	2019	2018	2019	2018	
Reconciliation of Service Revenue					
Revenue	\$ 366,717	\$ 324,315	\$ 707,971	\$ 627,095	
Subcontractor and other direct costs (3)	(114,381)	(93,330)	(214,280)	(172,212)	
Service revenue	\$ 252,336	\$ 230,985	\$ 493,691	\$ 454,883	
Reconciliation of EBITDA and Adjusted EBITDA					
Net income	\$ 14,611	\$ 13,617	\$ 29,929	\$ 26,034	
Other (income) expense	(186)	318	226	214	
Interest expense	2,934	2,167	5,387	3,833	
Provision for income taxes	5,183	4,923	8,889	8,526	
Depreciation and amortization	7,672	6,315	14,569	13,028	
EBITDA	30,214	27,340	59,000	51,635	
Adjustment related to impairment of intangible assets <sup>(4)</sup>	1,728	_	1,728	_	

Special charges related to acquisition expenses (5)		_		44	_	106
Special charges related to severance for staff realignment (6)		701		_	1,155	655
Special charges related to facilities consolidations and office closures <sup>(7)</sup>		69		_	69	_
Adjustment related to bad debt reserve (8)		_		_	(782)	_
Total special charges		2,498		44	2,170	 761
Adjusted EBITDA	\$ 3	2,712	\$ 2	27,384	\$ 61,170	\$ 52,396
EBITDA Margin Percent on Revenue (9)		8.2%		8.4%	8.3%	8.2%
EBITDA Margin Percent on Service Revenue (9)		12.0%		11.8%	12.0%	11.4%
Adjusted EBITDA Margin Percent on Revenue (9)		8.9%		8.4%	8.6%	8.4%
Adjusted EBITDA Margin Percent on Service Revenue (9)		13.0%		11.9%	12.4%	11.5%
Reconciliation of Non-GAAP Diluted EPS						
Diluted EPS	\$	0.76	\$	0.71	\$ 1.56	\$ 1.36
Adjustment related to impairment of intangible assets		0.09		_	0.09	_
Special charges related to severance for staff realignment		0.04		_	0.06	0.03
Special charges related to facility consolidations and office closures		0.05		_	0.05	_
Adjustment related to bad debt reserve		_		_	(0.04)	_
Amortization of intangibles		0.11		0.12	0.22	0.24
Income tax effects (10)		(80.0)		(0.03)	(0.09)	(0.07)
Non-GAAP EPS	\$	0.97	\$	0.80	\$ 1.85	\$ 1.56

<sup>(2)</sup> These tables provide reconciliations of non-GAAP financial measures to the most applicable GAAP numbers. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Other companies may define similarly titled non-GAAP measures differently and, accordingly, care should be exercised in understanding how we define these measures.

### ICF International, Inc. and Subsidiaries Consolidated Balance Sheets

	June	30, 2019	December 31, 2018		
(in thousands, except share and per share amounts)	(Un	audited)			
Assets					
Current Assets:					
Cash and cash equivalents	\$	6,304	\$	11,694	
Contract receivables, net		276,982		230,966	
Contract assets		141,960		126,688	
Prepaid expenses and other assets		16,733		16,253	

<sup>(3)</sup> Subcontractor and Other Direct Costs is Direct Costs excluding Direct Labor and Fringe Costs.

<sup>&</sup>lt;sup>(4)</sup>Adjustment related to impairment of intangible assets: The Company recognized impairment expense of \$1.7 million in the second quarter of 2019 related to intangible assets associated with a historical business acquisition.

<sup>&</sup>lt;sup>(5)</sup>Special charges related to acquisition expenses: These costs are mainly related to closed and anticipated-to-close acquisitions, consisting primarily of consultant and other outside third-party costs and amortization of deferred consideration payments, discounted as part of the acquisition.

<sup>(6)</sup> Special charges related to severance for staff realignment: These costs are mainly due to involuntary employee termination benefits for Company officers or groups of employees who have been notified that they will be terminated as part of a consolidation or reorganization.

<sup>&</sup>lt;sup>(7)</sup> Special charges related to facilities consolidation and office closure: These costs are exit costs associated with terminated leases or full office closures. The exit costs include charges incurred under a contractual obligation that existed as of the date of the accrual and for which we will continue to pay until the contractual obligation is satisfied but with no economic benefit to us.

<sup>(8)</sup> Adjustment related to bad debt reserve: During 2018, we established a bad debt reserve for amounts due from a utility client that had filed for bankruptcy and included the reserve as an adjustment due to its relative size. The adjustment reflects a favorable revision of our prior estimate of collectability based on third party interest in acquiring the receivables.

<sup>(9)</sup> EBITDA Margin Percent and Adjusted EBITDA Margin Percent were calculated by dividing the non-GAAP measure by the corresponding revenue.

<sup>(10)</sup> Income tax effects were calculated using an effective U.S. GAAP tax rate of 26.2% and 26.6% for the three months ended June 30, 2019 and 2018, respectively, and 22.9% and 24.7% for the six months ended June 30, 2019 and 2018, respectively.

Income tax receivable		12,194		6,505
Total Current Assets		454,173		392,106
Property and Equipment, net		54,455		48,105
Other Assets:		01,100		10,100
Restricted cash - non-current		_		1,292
Goodwill		719,117		715,644
Other intangible assets, net		29,548		35,494
Operating lease - right-of-use assets		132,715		<del>_</del>
Other assets		23,762		21,221
Total Assets	\$	1,413,770	\$	1,213,862
Liabilities and Stockholders' Equity Current Liabilities:				
Accounts payable	\$	95,068	\$	102,599
Contract liabilities		33,435		33,494
Operating lease liabilities - current		29,238		_
Accrued salaries and benefits		47,636		44,103
Accrued subcontractors and other direct costs		41,275		58,791
Accrued expenses and other current liabilities	-	27,311		39,072
Total Current Liabilities		273,963		278,059
Long-term Liabilities:				
Long-term debt		288,544		200,424
Operating lease liabilities - non-current		116,940		-
Deferred rent				13,938
Deferred income taxes		42,079		40,165
Other long-term liabilities		25,607		20,859
Total Liabilities		747,133		553,445
Contingencies (Note 15)				
Stockholders' Equity:				
Preferred stock, par value \$.001; 5,000,000 shares authorized; none issued Common stock, par value \$.001; 70,000,000 shares authorized; 22,722,494 and 22,445,576 shares issued as of June 30, 2019 and December 31, 2018, respectively; 18,758,986 and 18,817,495 shares outstanding as of June 30,		_		_
2019 and December 31, 2018, respectively		23		22
Additional paid-in capital		335,345		326,208
Retained earnings		511,095		486,442
Treasury stock		(164,705)		(139,704)
Accumulated other comprehensive loss		(15,121)		(12,551)
Total Stockholders' Equity		666,637	-	660,417
Total Liabilities and Stockholders' Equity	\$	1,413,770	\$	1,213,862
Total Elastitics and Stockholders Equity	Ψ	1,110,770	Ψ	1,210,002

#### ICF International, Inc. and Subsidiaries Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,				
		2019		2018	
(in thousands)					
Cash Flows from Operating Activities					
Net income	\$	29,929	\$	26,034	
Adjustments to reconcile net income to net cash used in operating					
activities:					
Bad debt expense		304		638	
Deferred income taxes		2,872		598	
Non-cash equity compensation		7,865		5,347	
Depreciation and amortization		14,569		13,027	
Facilities consolidation reserve		(134)		(127)	
Amortization of debt issuance costs		254		256	
Impairment of long-lived assets		1,728		_	
Other adjustments, net		(450)		485	
Changes in operating assets and liabilities:					
Net contract assets and liabilities		(15,508)		(19,658)	
Contract receivables		(46,212)		(6,609)	
Prepaid expenses and other assets		(1,609)		(7,115)	
Accounts payable		(7,569)		(11,283)	

Accrued salaries and benefits Accrued subcontractors and other direct costs Accrued expenses and other current liabilities Income tax receivable and payable Other liabilities  Net Cash Used in Operating Activities	3,535 (17,479) (11,460) (8,733) 152 (47,946)	(1,378) (17,280) 3,757 (7,315) (1,102) (21,725)
Cash Flows from Investing Activities Capital expenditures for property and equipment and capitalized software Payments for business acquisitions, net of cash received Net Cash Used in Investing Activities	(14,516) (1,819) (16,335)	 (9,397) (11,838) (21,235)
Cash Flows from Financing Activities Advances from working capital facilities Payments on working capital facilities Payments on capital expenditure obligations	378,474 (290,354) (1,621)	284,773 (247,378) (3,131)
Debt issue costs Proceeds from exercise of options Dividends paid Net payments for stockholder issuances and buybacks Net Cash Provided by Financing Activities Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash	429 (5,278) (24,158) 57,492	(21) 3,533 (2,635) (8,597) 26,544 (249)
Decrease in Cash, Cash Equivalents, and Restricted Cash Cash, Cash Equivalents, and Restricted Cash, Beginning of Period Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ (6,682) 12,986 6,304	\$ (16,665) 24,266 7,601
Supplemental Disclosure of Cash Flow Information Cash paid during the period for: Interest	\$ 4,697	\$ 3,641
Income taxes  Non-cash investing and financing transactions:  Capital expenditure obligations	\$ 15,426	\$ 6,121

#### ICF International, Inc. and Subsidiaries Supplemental Schedule<sup>(11)</sup>

Revenue by client markets  Three Month June 3			Six Month June	
	2019	2018	2019	2018
Energy, environment, and infrastructure	46%	41%	46%	41%
Health, education, and social programs	36%	41%	36%	41%
Safety and security	8%	8%	8%	8%
Consumer and financial services	10%	10%	10%	10%
Total	100%	100%	100%	100%
Revenue by client type		Three Months Ended June 30,		ns Ended 30,
	2019	2018	2019	2018
U.S. federal government	38%	43%	39%	44%
U.S. state and local government	20%	11%	19%	10%
International government	9%	11%	8%	10%
Government	67%	65%	66%	64%
Commercial	33%	35%	34%	36%
Total	100%	100%	100%	100%
Revenue by contract mix		Three Months Ended June 30,		ns Ended e 30,

2019

46%

40%

14%

100%

Time-and-materials

Fixed-price

Cost-based

Total

2019

46%

40%

14%

100%

2018

40% 41% 19%

100%

2018

39%

42%

19%

<sup>(11)</sup>As is shown in the supplemental schedule, we track revenue by key metrics that provide useful information about the nature of our operations. Client markets provide insight into the breadth of our expertise. Client type is an indicator of the diversity of our client base. Revenue by contract mix provides insight in terms of the degree of performance risk that we have assumed.

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