ICF International Reports First Quarter 2015 Results
May 7, 2015

- Revenues Increased 12 Percent to $274 Million
- Commercial Revenue Increased 48 Percent, Driven by Organic and Acquisition Growth in Digital Services
- Federal Government Revenue Flat, Aligned with Expectations
- Non-GAAP Diluted EPS Was $0.54(1); Diluted GAAP EPS Was $0.40
- Contract Wins Were $266 Million, up 46 Percent

(1) Excludes amortization of intangibles, acquisition-related expenses and charges related to office closures, net of tax.

FAIRFAX, Va.--(BUSINESS WIRE)--May 7, 2015-- ICF International, Inc. (NASDAQ:ICFI), a leading provider of consulting services and technology solutions to government and commercial clients, reported results for the first quarter ended March 31, 2015.

First Quarter 2015 Results

“Our first quarter started slowly, but we have seen a pickup in business across several of our key markets, which gives us confidence that we will continue to improve significantly in the second quarter and sustain that performance for the rest of the year.

“We were pleased with the first quarter performance of our commercial digital services business, which posted substantial revenue growth attributed to the contribution of our Olson acquisition and the strong organic growth of our legacy digital services business. Together, digital services accounted for 45 percent of total first quarter commercial revenues,” said ICF Chairman and Chief Executive Officer Sudhakar Kesavan.

“There were two unexpected issues that caused first quarter financial results to be below our expectations. First, certain of our commercial advisory businesses faced contract delays and challenges in the first quarter. Second, we experienced project timing issues in our international government business that reduced its revenue performance, although we expect to re-capture a portion of that work in the second half of this year. The lower utilization rates associated with deferred spending in these areas reduced our EBITDA margin performance in the first quarter. We have reduced the midpoint of our full year revenue and EPS guidance ranges to reflect the slow start to 2015.

“U.S. federal government revenues were essentially flat compared to those of the prior year. We continued to grow our federal business in the key areas of our domain expertise where we have scale, such as energy, health and IT services, and posted low single-digit revenue growth in these markets. This growth was offset by lower revenues from our safety and security market, similar to the trends we experienced in 2014. Based on our current backlog, we believe that safety and security-related revenues will remain at first quarter levels in the remaining quarters of this year. State and local revenues increased 9.3 percent, but as previously reported, we expect to see a reduction in Superstorm Sandy-related work, now anticipated in this year’s second half.

“ICF had strong contract wins in the first quarter, posting a 46 percent increase in the value of new awards, comprised of double-digit year-on-year growth in our commercial, U.S. federal and international government markets.”

First quarter 2015 revenue was $273.5 million, an 11.6 percent increase from the $245.1 million reported in the 2014 first quarter. Service revenue increased 14.9 percent to $210.3 million. Gross margin expanded to 39.8 percent from 37.3 percent, primarily reflective of the increased contribution of commercial business to total revenues. Adjusted EBITDA was $24.5 million, and adjusted EBITDA margin was 9.0 percent. Net income was $7.9 million, or $0.40 per diluted share. Non-GAAP earnings were $0.54 per diluted share. In last year’s first quarter, the company reported net income of $9.7 million, or $0.48 per diluted share, and non-GAAP earnings were $0.55 per diluted share.

Backlog and New Business Awards

Backlog was $1.8 billion at the end of the first quarter of 2015, up from $1.6 billion at the end of last year’s first quarter. Funded backlog was $833 million, or 46 percent of the total. The total value of contracts awarded in the first quarter of 2015 was $266 million, an increase of 46 percent from the $182 million reported in the comparable period last year.

Commercial Business First Quarter 2015 Highlights

Revenues from commercial clients increased 48 percent in the first quarter to $102 million and represented 37 percent of total revenue. Digital services accounted for 45 percent of commercial revenues. Energy markets, which includes energy efficiency, represented 30 percent of commercial revenues.

Commercial Contracts Awarded in the First Quarter
Commercial awards were $117 million for the first quarter, representing a book to bill ratio of 1.15.

ICF was awarded more than 800 commercial projects globally in the first quarter. Some of the awards included:

- **Energy Markets**
  - **Energy Efficiency**: A $16 million contract with a major U.S. utility in the Midwest to support energy efficiency programs with a full suite of implementation services.

- **Digital Services**
  - **Customer Loyalty Programs**: Four contracts with a combined value of more than $11 million to support customer loyalty programs for a national restaurant chain, a designer eyewear company, an international retailer and a major hotel company.
  - **Public Relations and Marketing**: Two contracts with a combined value of more than $2.5 million to support public relations and marketing programs for a major soft drink company and a multinational confection company.

Other commercial awards greater than $2 million included a contract to provide energy efficiency support for a major U.S. utility; and a contract to provide support for a residential energy efficiency program for another major U.S. utility.

**Government Business First Quarter 2015 Highlights**

- U.S. federal government revenues remained essentially flat at $128.7 million in the first quarter and accounted for 47 percent of total revenue, compared to 53 percent in last year’s first quarter.
- U.S. state and local government revenues increased 9.3 percent and accounted for 10 percent of total revenue, comparable to the year-ago period.
- International government revenues decreased 27.3 percent and accounted for 6 percent of total revenue, down from 9 percent in last year’s first quarter. Approximately 45 percent of the year-over-year decrease was a result of the strengthening of the U.S. dollar as compared to the euro and British pound.

**Government Contracts Awarded for the 2015 First Quarter**

ICF was awarded nearly 100 U.S. federal government contracts and task orders and hundreds of additional contracts from other U.S. state and local and international governments. Some of the awards included:

- **Information Technology**: A $19.4 million contract extension with U.S. Department of State’s Bureau of Consular Affairs to provide support to the Consular Systems and Technology Division in eight program areas.

- **Communications and Event Management**: A $7.5 million contract with the European Commission’s Directorate-General for Communication to provide event management and communications support to the Europe Direct network.

- **Communications and Event Management**: A $7 million contract with the European Commission’s Directorate-General Employment, Social Affairs, Skills and Labour Mobility to support public employment services across the 28 member states of the European Union.

- **Training and Technical Assistance**: A $6.4 million modification to an existing contract with the State of California to develop an online assessment tool to support California’s welfare case managers.

- **Technical Assistance, Research and Evaluation**: A multiple-award indefinite delivery/indefinite quantity contract with a ceiling of $500 million with the U.S. Department of Health and Human Services to provide support to offices throughout the department.

Other individual U.S. federal government awards greater than $2 million included a contract to provide environmental support with the Federal Aviation Administration, a contract to support the Drug Free Communities Grant Oversight System at the Office of National Drug Control Policy, a contract with the U.S. Department of Defense’s Office of the Secretary of the Navy to provide program and IT support for child and youth programs, and a contract with the Administration for Children and Families to support the Children’s Bureau.

Additional awards of more than $1 million each from international governments included providing content production for European Parliament’s EuroparlTV, a contract with the European Commission’s Directorate General for Home Affairs to provide communications support for migration work and another contract with the European Commission to provide communications support for Youth Guarantee to address youth unemployment.

The largest state and local government awards greater than $1 million included two program support contracts to assist victims of Superstorm Sandy, a contract to provide environmental documentation for a California rail project, and a contract with a major university to design and conduct a program supporting education efforts.

**Summary and Outlook**

“The key drivers of 2015 revenue and earnings growth remain in place. The commercial businesses that underperformed in the first quarter improved as the quarter progressed and we continue to invest in those areas where underlying long term demand for our services is strong. In addition, the
outlook for federal state and local government revenues has improved to flat or slightly up for the balance of 2015. Our diversified revenue mix provides ICF a unique opportunity to benefit from higher margin work for commercial clients and the visibility of a contract backlog comprised primarily of multi-year government awards. Additionally, the cross-sell potential brought by our recent Olson acquisition gives us significant long term growth catalysts in both the commercial and government arenas. We have lowered our full year 2015 guidance to reflect first quarter headwinds, but we believe results for the remaining three quarters of this year will reflect average EBITDA margin levels of 10 to 10.5 percent, progressively improving throughout the year,” Mr. Kesavan concluded.

The table below summarizes ICF’s revised full year 2015 guidance.

<table>
<thead>
<tr>
<th>Description</th>
<th>Range/Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1.160 billion to $1.210 billion</td>
</tr>
<tr>
<td>Non-GAAP Diluted EPS</td>
<td>$2.68 - $2.83</td>
</tr>
<tr>
<td>GAAP Diluted EPS</td>
<td>$2.15 - $2.30</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>$90 million - $100 million</td>
</tr>
</tbody>
</table>

(1) Includes estimated impact of foreign exchange translations and revenues lost as a result of restructuring initiatives in 2014.
(2) Excludes $17.2 million amortization of intangibles, which adds $0.53 to diluted earnings per share, acquisition-related expenses and charges to office closures, net of taxes.

All per share guidance assumes weighted average shares outstanding of approximately 20 million and a full year effective tax rate of 38 percent.

About ICF International
ICF International (NASDAQ:ICFI) provides professional services and technology solutions that deliver beneficial impact in areas critical to the world’s future. ICF is fluent in the language of change, whether driven by markets, technology, or policy. Since 1969, we have combined a passion for our work with deep industry expertise to tackle our clients’ most important challenges. We partner with clients around the globe—advising, executing, innovating—to help them define and achieve success. Our more than 5,000 employees serve government and commercial clients from more than 70 offices worldwide. ICF’s website is [www.icfi.com](http://www.icfi.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
(in thousands, except per share amounts)

<table>
<thead>
<tr>
<th>Description</th>
<th>March 31, 2015</th>
<th>March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td></td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>$273,527</td>
<td>$245,052</td>
</tr>
<tr>
<td>Direct Costs</td>
<td>164,569</td>
<td>153,730</td>
</tr>
<tr>
<td>Operating costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect and selling expenses</td>
<td>84,833</td>
<td>69,637</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,848</td>
<td>3,076</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>4,315</td>
<td>1,959</td>
</tr>
<tr>
<td>Total operating costs and expenses</td>
<td>92,996</td>
<td>74,672</td>
</tr>
<tr>
<td>Operating Income</td>
<td>15,962</td>
<td>16,650</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2,564)</td>
<td>(714)</td>
</tr>
<tr>
<td>Other expense</td>
<td>(231)</td>
<td>(35)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>13,167</td>
<td>15,901</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>5,267</td>
<td>6,185</td>
</tr>
<tr>
<td>Net income</td>
<td>$7,900</td>
<td>$9,716</td>
</tr>
</tbody>
</table>

Earnings per Share:
Basic
$0.41 $0.49
Diluted $0.40 $0.48

Weighted-average Shares:
Basic 19,450 19,804
Diluted 19,838 20,277

Other comprehensive loss:
Foreign currency translation adjustments, net of tax (2,088) (347)
Comprehensive income, net of tax $5,812 $9,369

Reconciliation of Non-GAAP financial measures:

Reconciliation of Service Revenue
Revenue $273,527 $245,052
Subcontractor and Other Direct Costs* (63,243) (62,054)
Service Revenue $210,284 $182,998

Reconciliation of EBITDA
Operating Income $15,962 $16,650
Depreciation and amortization 8,163 5,035
EBITDA 24,125 21,685
Acquisition-related expenses** 189 543
Special charges related to office closures 166 —
Adjusted EBITDA $24,480 $22,228

Reconciliation of Non-GAAP EPS
Diluted EPS $0.40 $0.48
Acquisition-related expenses, net of tax 0.01 0.02
Special charges related to office closures, net of tax 0.00 —
Amortization of intangibles, net of tax 0.13 0.05
Non-GAAP EPS $0.54 $0.55

* Subcontractor and Other Direct Costs exclude Direct Labor and Fringe.
** Acquisition-related expenses include expenses related to closed and anticipated-to-close acquisitions.

ICF International, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2015</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Unaudited)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$7,025</td>
<td>$12,122</td>
</tr>
<tr>
<td>Contract receivables, net</td>
<td>276,399</td>
<td>260,254</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>11,572</td>
<td>10,338</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>826</td>
<td>5,715</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>295,822</td>
<td>288,429</td>
</tr>
<tr>
<td><strong>Total property and equipment, net of accumulated depreciation of $61,983 and $58,357 as of March 31, 2015, and December 31, 2014, respectively</strong></td>
<td>40,523</td>
<td>43,241</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>692,454</td>
<td>687,778</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>72,392</td>
<td>76,707</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>1,445</td>
<td>1,478</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>13,298</td>
<td>12,707</td>
</tr>
</tbody>
</table>
Total Assets $1,115,934 $1,110,340

Current Liabilities:
- Accounts payable $54,706 $65,755
- Accrued salaries and benefits 39,999 56,314
- Accrued expenses and other current liabilities 38,047 42,308
- Deferred revenue 36,672 31,554
- Deferred income taxes 7,594 7,312
Total current liabilities 177,018 203,243

Long-term liabilities:
- Long-term debt 377,299 350,052
- Deferred rent 21,116 19,997
- Deferred income taxes 24,489 27,886
- Other 9,025 8,473
Total Liabilities 608,947 609,651

Commitments and Contingencies

Stockholders' Equity:
- Preferred stock, par value $.001 per share; 5,000,000 shares authorized; none issued — —
- Common stock, par value $.001 per share; 70,000,000 shares authorized; 21,213,939 and 21,035,654 shares issued; and 19,522,388 and 19,430,154 shares outstanding as of March 31, 2015 and December 31, 2014, respectively 21 21
- Additional paid-in capital 271,313 267,206
- Retained earnings 293,837 285,937
- Treasury stock (53,615) (49,994)
- Accumulated other comprehensive loss (4,569) (2,481)
Total Stockholders' Equity 506,987 500,689

Total Liabilities and Stockholders' Equity $1,115,934 $1,110,340

ICF International, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

<table>
<thead>
<tr>
<th>Three months ended</th>
<th>March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$7,900</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Non-cash equity compensation</td>
<td>2,880</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>8,163</td>
</tr>
<tr>
<td>Other adjustments, net</td>
<td>(1,196)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities, net of the effect of acquisitions:</td>
<td></td>
</tr>
<tr>
<td>Contract receivables, net</td>
<td>(20,757)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(1,821)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(10,336)</td>
</tr>
<tr>
<td>Accrued salaries and benefits</td>
<td>(16,333)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(5,218)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>7,855</td>
</tr>
<tr>
<td>Income tax receivable and payable</td>
<td>4,906</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>615</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(23,342)</td>
</tr>
</tbody>
</table>

**Cash flows from investing activities**
- Capital expenditures for property and equipment and capitalized software (3,309) (5,658)
- Payments for business acquisitions, net of cash received (1,818) (57,716)

**Net cash used in investing activities** (5,127) (63,374)

**Cash flows from financing activities**
- Advances from working capital facilities 122,965 168,516
Payments on working capital facilities
Proceeds from exercise of options
Tax benefits of stock option exercises and award vesting
Net payments for stockholder issuances and buybacks

Net cash provided by financing activities
Effect of exchange rate changes on cash

(Decrease) increase in cash
Cash, beginning of period
Cash, end of period

Supplemental disclosure of cash flow information
Cash paid during the period for:
Interest
Income taxes

ICF International, Inc. and Subsidiaries
Supplemental Schedule

Revenue by market
Three Months Ended
March 31,
2015
2014
Energy, environment, and infrastructure 34% 35%
Health, education, and social programs 44% 47%
Safety and security 8% 11%
Consumer and financial 14% 7%
Total 100% 100%

Revenue by client
Three Months Ended
March 31,
2015
2014
U.S. federal government 47% 53%
U.S. state and local government 10% 10%
International government 6% 9%
Government 63% 72%
Commercial 37% 28%
Total 100% 100%

Revenue by contract
Three Months Ended
March 31,
2015
2014
Time-and-materials 44% 50%
Fixed-price 39% 33%
Cost-based 17% 17%
Total 100% 100%
Investor Contacts:
MBS Value Partners
Lynn Morgen, +1-212-750-5800
lynn.morgen@mbsvalue.com
or
MBS Value Partners
Betsy Brod, +1-212-750-5800
betsy.brod@mbsvalue.com
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Steve Anderson, +1-703-934-3847
steve.anderson@icfi.com