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PRESENTATION

Operator

Welcome to the Q4 and Full Year 2021 ICF Earnings Conference Call. My name is Cheryl, and I will be your operator for today's call.

(Operator Instructions)

I will now turn the call over to Lyn Morgan of AdvisIRy Partners. Lynn, you may begin.

Lynn Morgan

Thank you, operator. Good afternoon, everyone, and thank you for joining us to review ICF's fourth quarter and full year 2021 performance. With us today from ICF are John Wasson, Chairman and CEO; and Bettina Welsh, CFO. Joining them is James Morgan, Chief of Business Operations; and Barry Broadus, who will assume the CFO role at the end of this month.

During the conference call, we will make forward-looking statements to assist you in understanding ICF management's expectations about our future performance. These statements are subject to a number of risks that could cause actual events and results to differ materially, and I refer you to our February 24, 2022, press release and our SEC filings for discussions of those risks.

In addition, our statements during this call are based on our views as of today. We anticipate that future developments will cause our views to change. Please consider the information presented in that light. We may, at some point, elect to update the forward-looking statements made today, but specifically disclaim any obligation to do so.

I will now turn the call over to ICF's CEO, John Wasson, to discuss fourth quarter and full year 2021 performance. John?

John M. Wasson ICF International, Inc. - Chairman of the Board, President & CEO

Thank you, Lynn, and thank you all for participating in today's call to review our fourth quarter and full year results and discuss our business outlook for 2022. We capped the year of substantial growth in 2021 with strong fourth quarter operating results that aligned with our expectations and reflected the key growth drivers that we have identified in our markets.

Three key takeaways from our fourth quarter and full year performance are: First, we continued to show strong organic growth in service revenue, which was up 6.4% for the full year, a growth rate that was substantially higher than in 2020. Year-on-year service revenue growth was driven by our work in IT modernization and digitization, public health, disaster management, utility consulting and our climate, environment and infrastructure advisory services. Together, annual revenue from these growth markets increased more than 10% from 2020 levels and accounted for roughly 65% of full year 2021 service revenue, and we expect revenues from these areas in the aggregate to continue to grow by 10% or more in 2022 and beyond.

Second, this was ICF's second consecutive year of record contract awards. We were awarded $2.25 billion in contracts in 2021, up 15% year-on-year, bringing our 12-month book-to-bill ratio to 1.45. Also, approximately 2/3 of the value of these awards represented new business. We believe these excellent metrics illustrate how well aligned ICF's domain expertise and cross-cutting implementation skills are with market demand.

Lastly, in the fourth quarter, we executed on our strategy of complementing organic growth with acquisitions in our key growth markets
that build upon our current capabilities and provide revenue synergies. The creative transaction has further expanded our IT modernization and digital transformation qualifications and, importantly, has brought substantial expertise in Salesforce and Microsoft platforms. This adds to our industry-leading capabilities in ServiceNow and Appian, thereby positioning ICF as a provider at scale of the most widely adopted low-code, no-code platforms in the federal government.

Taking a closer look at our performance by client category. We continue to see very strong results from our U.S. federal business, where organic growth was 9.8% in the fourth quarter and 10.2% for the full year. Additionally, our contract awards in this area were substantial, representing approximately 50% of our total full year awards, with wins across a broad universe of federal agencies.

One of the fourth quarter awards that I would like to highlight is a new 5-year contract with a value of more than $75 million with the U.S. Federal Agency to provide cybersecurity and resilience planning, partnership engagement and communication services. While we're not permitted to disclose the client's name, this new contract fits with our strategic objective of winning larger implementation contracts, and it brings together capabilities from across the firm. We believe that ICF's ability to deliver multidisciplinary solutions for clients has been a key element of our success in winning new business and will continue to be a differentiator for us going forward.

The passage of the Infrastructure Investment and Jobs Act, otherwise known as the Bipartisan Infrastructure Law creates significant opportunities for new work for ICF in providing advisory planning, management, technical assistance and environmental support to federal government clients as well as state and local and commercial clients.

The act calls for the federal government to spend more than $550 billion over the next 5 years on a variety of infrastructure projects related to roads, ports and airports, but also includes major investment in the clean energy transition, including transmission, clean energy sources and electrification of transport and buildings. ICF has contracts with all the federal agencies charged with dispensing these funds.

The bulk of the funds will be distributed in the form of grants to state and local governments and tribal entities and, in certain cases, to industry. At the grantee level, there will be substantial opportunities for ICF to perform environmental permitting and analysis, planning support and related services.

Additionally, we are encouraged by recent budget discussions and negotiations and are hopeful that Congress will pass a fiscal year '22 budget in March. Our strong positioning in key federal markets that have bipartisan support, namely IT modernization and digitization and public health, together with the opportunities from the Infrastructure Bill, give us confidence in the growth trajectory of our federal business, even if we have to endure a 1-year CR this fiscal year.

Revenues from state and local government clients increased 19.5% in the fourth quarter and 6.5% for the full year. Our disaster management work, which comprises 1/2 of revenue base of this client category, continue to pace in the fourth quarter. We executed on key disaster recovery contracts in Puerto Rico and Texas, and won a number of new contracts and extensions during the quarter related to Hurricane Ida as well as work connected to the Oregon wildfires and seasonal flooding in Louisiana.

With respect to mitigation, ICF is now working on mitigation efforts for over 25 clients in 13 states, and the fourth quarter saw new wins in Florida, North Carolina and New York. Additionally, we continue to support our state and local government clients with environmental services. These include a number of high-profile water, transportation and energy infrastructure projects. Also, we are seeing growing market demand for advisory and implementation services around clean energy projects, with funding, in part, coming from grants to the states as part of the Infrastructure and Jobs Act I mentioned earlier.

Revenues from international government clients increased 45% in 2021, reflecting the benefit of a large short-term project that was in a wind-down phase at the end of last year, resulting in a 9.4% decline in fourth quarter revenues. We won a significant number of contract awards in 2021, which leads us to expect growth in this client category in 2022, exclusive of this large project, and assuming we see an uptick in activation of the marketing and communications work we won last year.

Moving to the commercial client set. The decline in fourth quarter revenues was expected due to the completion of a large commercial
within this challenging environment, our team is doing excellent work for clients and winning industry awards. we added several new health care service clients in 2021, and continue to successfully integrate the substantial engagement capabilities we have in this business into client programs across the company, which you will hear more about in a moment.

our commercial aviation business continues to recover. despite challenging conditions, we are winning new work and new clients and successfully combining our deep aviation expertise with sustainable travel and tourism. together, commercial marketing and aviation consulting comprised approximately 10% of our total 2021 revenues.

the key growth area within our commercial market set is energy markets, which accounted for 62% of fourth quarter commercial revenues and 17% of total 2021 revenues. this business continued to be a strong performer, growing 8.1% in the quarter and 8.7% for the year. we had robust energy efficiency contract wins in 2021, and we see growing market demand for our energy efficiency program and implementation services.

one word i'd like to call out is a key marketing win with a northeast utility, which we became their agency of record. providing engagement and marketing services to utilities has been an area of strong growth for us each of the past 2 years, and our pipeline reflects growing opportunities as utilities consider how they communicate with customers and stakeholders to achieve their net zero commitments. these wins and opportunities demonstrate how well we are integrating marketing services into icf's areas of deep domain expertise.

in addition, we continue to see growth in the electrification space as utilities focus on achievement of decarbonization commitments and as legislatures and public service commissions adopt increasingly supportive policies. also, utilities are increasingly emphasizing equity, disadvantaged communities and workforce development, which allows icf to bring together our substantial qualifications in the human services arena with our energy sector experience.

and of course, the infrastructure act provides a broader range of opportunities across our government and commercial client sets to provide advisory and planning support to assess climate risk and ensure that new infrastructure investments will improve climate resilience and achieve low carbon goals. the breadth of our commercial energy portfolio of service is a unique attribute of icf, and we see this as an area of substantial growth for us in the years ahead.

to sum up, we are very pleased with our performance in 2021. as we exited the year, both our backlog and pipeline were at record year-end levels, supporting our expectations for a year of strong growth in 2022. throughout the year, we continue to invest in people and technology, expanding our recruitment and retention activities to address industry-wide staffing challenges. we've also increased our business development investments so we can take full advantage of the opportunities we see on the horizon in our key growth markets, thereby allowing us to maximize organic growth over the next several years.

before turning the call over to bettina for a financial review, i want to wish bettina the best in her future endeavors, and thank her for the contributions she has made to icf. bettina will remain with icf through early april to ensure a smooth transition as barry broadus takes over as cfo at the end of february. bettina?

betitina welsh
thank you, john. it has been a great experience to work with the excellent team here at icf, and it is a pleasure to report on our strong results for the fourth quarter and full year.

fourth quarter total revenue amounted to $388 million compared to $434.3 million in the year ago quarter. as a reminder, the year ago figure included approximately $65 million of low-margin pass-through revenue associated with the completion of a contract for a single commercial marketing client. this also explains the variation in pass-through revenue, which was 29.5% of total revenue in this year's
fourth quarter compared to 39.6% in last year’s fourth quarter.

Sequentially, as expected, fourth quarter revenue was relatively stable, with a $394.1 million reported in the third quarter of 2021. Service revenue, which is more indicative of our business trends, was also similar to third quarter levels, and increased 4.3% year-on-year to $273.4 million in the fourth quarter of 2021.

Gross profit was $141.3 million in the fourth quarter, and up 1.5% year-over-year. Gross margin on service revenue was 51.7% compared to 53.1% in the year ago quarter. largely reflecting higher fringe costs as we emerge from the pandemic.

Indirect and selling expenses were $114.5 million, including $11.2 million in one-time expenses associated with the early lease terminations and other facility-related charges and M&A costs. The largest component was $9.8 million related to facility charges we incurred in 2021 fourth quarter, which represents the completion of the major portion of our program to realign our real estate footprint with the hybrid workplace environment we envision for the future. We will realize $4 million of incremental annual rent savings in 2022, which we will reinvest to drive and support future growth.

Adjusted EBITDA was $38 million in the fourth quarter. And adjusted EBITDA margin on service revenue was 13.9%, driven by a favorable business mix, high utilization and lower facility-related costs, together with certain continued pandemic-related savings. In last year’s fourth quarter, adjusted EBITDA was $44.9 million, and adjusted EBITDA margin on service revenue was 17.1%, which reflected pandemic-related lower SG&A and fringe benefits, related primarily to health care and paid leave costs.

Operating income of $18.6 million was down from $21.8 million in the fourth quarter of 2020 for the same reasons as gross margin. Our tax rate was 24.4% compared to 28.5% in the fourth quarter of 2020 due to adjustments to our tax provisions.

In 2021, fourth quarter, net income was $12.1 million or $0.63 per diluted share and includes $0.43 in tax-effected special charges related to facilities and M&A costs. 2020 fourth quarter net income was $12.8 million or $0.67 per diluted share, inclusive of $0.56 of tax-effected special charges.

Non-GAAP EPS was $1.19 per share compared to $1.36 per share reported in fourth quarter of 2020. As I mentioned earlier, last year benefited from lower expenses associated with the pandemic.

Now to recap our record 2021 full year results. Service revenue increased 6.4% to $1.11 billion, and total revenue was up 3.1% to $1.55 billion. Adjusted EBITDA increased 11.5% to $159.6 million, and adjusted EBITDA margin on service revenue was 14.4%, which includes certain pandemic-related cost savings that are not sustainable. GAAP EPS was $3.72, up 29.6%. And non-GAAP EPS increased 15.6% to $4.82.

Shifting to our cash flow statement and the balance sheet. Our operating cash flow was $110 million, in line with our expectations compared to $173 million in 2020. As a reminder, last year’s operating cash flow included approximately $50 million of accelerated collections. Also, under the CARES Act in 2020, we deferred $20 million of employer social security tax liabilities to 2021 and 2022.

DSOs were 76 days in the fourth quarter of 2021, compared to 67 days in the year ago quarter, but last year benefited from an 11-day reduction due to the accelerated collections.

Our long-term debt at year-end 2021 was $421.6 million, including the acquisition of Creative Systems and Consulting. And our net leverage ratio was 2.91. In 2021, our capital expenditures were $19.9 million compared to $19.4 million in the prior year.

We continue to focus our capital allocation on investing for future growth through organic initiatives and acquisitions as well as utilizing our substantial cash flow for debt reduction, share repurchases and dividend payments. In 2021, we repurchased 197,800 shares for a total outlay of $17.2 million to offset dilution of our employee incentive programs. Yesterday, we declared a quarterly cash dividend of $0.14 per share payable on April 13, 2022, to shareholders of record on March 25, 2022.
I want to highlight that by the end of 2022, ICF will move to new headquarters. And throughout the year, there will be an incremental $7.6 million of noncash rent expense on our P&L. The accounting rules require us to amortize the rent abatement that began in November 2021 over the life of the lease. This means that while we will not have cash outlay for rent, from a P&L perspective, we will accrue these expenses. We will exclude this from our adjusted metrics. As we move into 2023, ICF will no longer have this double rent, and we will have incremental savings in rent expense compared to what we paid in 2021.

Looking at the cadence of 2022, we expect results to be largely balanced between the first and second half, with year-on-year growth in each quarter. We expect double-digit service revenue growth beginning in the second quarter.

I also want to share our expectations for certain 2022 financial metrics that will help with modeling. Depreciation and amortization expense is expected to be in the range of $20.7 million to $22.7 million for the full year 2022. Amortization of intangibles should be in the range of $18.5 million to $19 million. Full year interest expense will range from $10 million to $12 million. Full year tax rate will be approximately 28%. We expect fully diluted weighted average share count of approximately 19.1 million for 2022. And capital expenditures are anticipated to be between $33 million and $37 million, including approximately $15 million of expenses related to onetime leasehold improvement costs from the new headquarters. Our 2022 operating cash flow is forecasted to be approximately $130 million.

With that, I'd like to turn the call back to John for his closing remarks.

John M. Wasson | ICF International, Inc. - Chairman of the Board, President & CEO

Thank you, Bettina. As you've seen in today's earnings release, we are expecting very strong performance for 2022, driven by high single-digit organic growth in service revenue and the benefit of our Creative acquisition, which together support our guidance of double-digit growth in both service revenue and total revenue. Specifically, we expect service revenue for full year 2022 to range from $1.225 billion to $1.275 billion, representing year-on-year growth of over 12% at the midpoint. Pass-through revenues are anticipated at approximately 28% of total revenue in 2022, providing for total revenue of $1.7 billion to $1.76 billion.

EBITDA is expected to range from $160 million to $172 million, inclusive of continued organic investments in business development, recruiting and retention and technology and is equivalent to 16% growth at the midpoint. Adjusted EBITDA will reflect the noncash rent expense that Bettina mentioned in her remarks, bringing adjusted EBITDA based on our current visibility to $168 million to $180 million.

This would represent an adjusted EBITDA to service revenue margin of 13.9% at the midpoint, which represents a 50 basis point expansion from the 13.4% we reported pre-pandemic in 2019. We are confident in our ability to progressively increase EBITDA margins over the next several years through a combination of excellent execution of our programs, scale, lower facility costs and other operating efficiencies.

GAAP EPS is projected at $4.15 to $4.45, and non-GAAP EPS is expected to range from $5.15 to $5.45, representing increases of approximately 15% and 10%, respectively, over 2021. Operating cash flow is expected to be approximately $130 million in 2022, up 18% year-on-year.

As you know, the great majority of ICF work involves helping clients address issues that are critical to society's well-being. Thus, while we're very pleased with our financial accomplishments and outlook, we're also very proud of the positive impact that ICF professionals are making on the world we all live in.

We're also pleased to announce that we will hold our Investor Day on Wednesday, May 25, in New York. The event will feature presentations and panels that will provide greater insight into the growth drivers ahead for ICF and give you the opportunity to engage with our subject matter experts and those leading our technology and digital engagement capabilities. Invitations will be sent out shortly. Please direct any questions to Lynn Morgen. We certainly hope to see you there.

And with that, operator, we'll open it up for questions.
QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Joseph Vafi from Canaccord.

Joseph Anthony Vafi Canaccord Genuity Corp., Research Division - Analyst

Good results. Bettina, best of luck in your future endeavors. Welcome on board, Barry.

Maybe we'll just start with just a high-level question here on growth opportunities and your IT modernization with the most recent acquisitions getting to be more material. You've got good growth there. You've got good growth opportunities in some of your other core government verticals and then your energy efficiency business is also doing well. Can you kind of give us some thoughts on ROIs on investment dollars in those areas or other key strategic buckets, and how they may vary and where you might prioritize one over another? And then I have a quick follow-up.

John M. Wasson ICF International, Inc. - Chairman of the Board, President & CEO

Yes. I would say, Joe, you certainly did a nice job of hitting our key growth drivers. I think we've talked at length about the 5 key growth drivers within ICF. I would say, as a group, as we've said consistently, we've seen north of 10% growth in each of those 5 key growth drivers this year, and we certainly expect that we can continue with that 10% growth.

So I think we are making significant investments in each of those areas and believe that, that double-digit growth is sustainable. And so I think the return on investments in -- we're confident of significant returns on investments in each of those areas and are making significant investments, given they're driving a double-digit growth.

So it's a little difficult for me to kind of rank order the 5. I mean, I think they are 5 significant markets for us. As we've said, they make up 65% of our total revenues in 2021. And so that's what the investment focus is. We do expect significant growth, and they're all contributing materially to our earnings growth, too.

Joseph Anthony Vafi Canaccord Genuity Corp., Research Division - Analyst

Okay. That's great. And then just kind of drilling down a little more on IT modernization. And I know you've got acquisition-related growth in there this year, but do you expect that to continue to grow faster organically over time with potentially better margins than some of your other key areas of growth?

John M. Wasson ICF International, Inc. - Chairman of the Board, President & CEO

Yes, sure. Well, I think, as you know, certainly, Joe, the growth we've experienced in the IT modernization, digitalization arena, I think we've consistently reported north of 15% organic growth in that market. Certainly with the ITG modernization, we have captured significant revenue synergies. We're highly confident that we'll, with Creative, capture significant revenue synergies also with that deal, particularly given their sales force expertise. And so I think that -- we certainly see that as one of the highest growth markets for us. We'll continue to achieve north of 15% growth there.

And as we've talked about the margins in IT modernization are at the high end of federal margins. So that certainly helps from a mix perspective. And so I think we're quite pleased and quite confident on the IT monetization front in terms of the trajectory of that business and maintaining the -- maintaining that trajectory.

And I would say across all 5 of the key growth areas, we are continuing to invest in business development. We think the time is now to make those investments to really set ourselves up for significant organic growth here over the next several years. And so we're quite focused on making and executing on those investments in these 5 areas.

Operator

Our next question comes from Tobey Sommer from Truist Securities.
This is Jasper Bibb on for Tobey. I wanted to ask about the margin guide and how we should think about the cadence of margins through the year. I know historically, 1Q is seasonally low. That wasn't the case last year, but you might have some pass-through costs that might impact just the slope of margins in any given quarter. So any color there would be great.

Well, Jasper, thanks -- this is Bettina. Thanks for your question. We don't normally give specific quarterly guidance. But as we said, and appreciate that while, in general, we see the back half of the year being slightly more positive than the front half of the year, that we will have balanced margins, as you will, from -- perspective throughout the year, quarter-over-quarter.

Yes. I mean, I think we’ve guided to 13.9% adjusted EBITDA to service revenue. I would expect that will be pretty consistent throughout the year. I wouldn't see a lot of variability there quarter-by-quarter.

That's fair enough. And then you announced some pretty sizable recompetes in the commercial energy space this month. Just given some of the ambitious targets the states have put out, are you getting increased scope on this round of recompetes? Or is there any opportunity to do so going forward?

I would say, in general, with our energy efficiency recompetes, we -- as those occur, we generally do see increased scope and opportunities to grow our revenues with those recompetes. And so I think that's been a trend we've seen for -- in the past, and I would expect that to continue, that we'll continue to grow the work as we win recompetes.

Okay. Got it. Last question for me. You mentioned the lease savings in the prepared remarks. Could you provide a bit more color on how you intend to manage the indirect cost structure going forward, maybe given the learnings from COVID and what that might mean for your margins over time?

Yes. I mean, I think as we said, I think we -- obviously, we've had an effort over the last 2 years, last year and this year, to rationalize our lease footprint to reflect the hybrid work environment that certainly we're going to be working in post pandemic. And so we've been quite focused on thinking very carefully about the investments required on the facilities front.

And frankly, given that hybrid environment, taking the savings associated with the need for less facility costs and reinvesting that in business development, which we're certainly doing now given the growth opportunities in front of us. And frankly, we're also investing significantly in recruiting and human capital right now, given what's going on in the labor markets and everything with the great resignation.

I do think, over time, we've also committed to increasing our adjusted EBITDA to service revenue by 10 to 20 bps a year. And I think, obviously, the facility rationalization will contribute to that over time. I also would say that in addition to the facility savings that we highlighted in our release and the early termination charges we took, we also expect that we'll be able to reduce our travel and entertainment expenses by about 25% in the long run, post-pandemic, just by using virtual technologies and managing our indirect travel more effectively.

And so I mean that's another aspect of careful cost management we're using to help drive the margins and allow us to invest going forward.
Marc Frye Riddick  Sidoti & Company, LLC - Business and Consumer Services Analyst

And Bettina, thank you very much for everything. I certainly wish you the best going forward.

I did want to touch on -- some of the questions you already answered, which is great. But I did want to touch a little bit on maybe what you're seeing -- and if you sort of have a general time frame as to disaster-related opportunities and whether if there are some things that we might see that are sort of maybe in the crystal ball of 2022? And then I have a quick follow-up after that.

John M. Wasson  ICF International, Inc. - Chairman of the Board, President & CEO

I think, well, as we've discussed, I mean, disaster management, again, is one of our key 5 growth -- one of our key growth markets. I think as I said in the prepared remarks, we continue to see nice growth in that area. We certainly expect double-digit north of 10% growth on the disaster recovery markets in 2022.

We're still working at scale in Puerto Rico, both on traditional disaster recovery, and in Texas, on traditional disaster recovery and mitigation. As I look down the road, I mean, as we've talked about, the severity and frequency of storms is only increasing, and I think that trend is here to stay. So I think there will be ongoing opportunities there. And then we've talked about mitigation being an increasingly important source of funding on the disaster recovery front.

I noted in my prepared remarks that we've won projects across a dozen or more states. And I think we're a market leader there. And so -- so I think that's -- it's an important market for us. There will be continued significant opportunity there. Obviously, it is dependent on when disasters occur.

And -- but with the mitigation funding, again, that provides kind of a larger -- another large long-term source of funding that isn't focused on responding to damage from disasters, that's more about taking steps to build resilience and to minimize damage from future storms. And so that's also helping kind of smooth out our -- that revenue stream for us so it's not so episodic.

Marc Frye Riddick  Sidoti & Company, LLC - Business and Consumer Services Analyst

Great. And then I was wondering if you could touch a little bit on sort of just general views around the overall acquisition umbrella as far as what the pipeline looks like. I mean -- and certainly, with Creative, I know generally, you tend to focus on debt reduction following an acquisition. And so one, to get a sense of not just the pipeline that you're seeing, but as far as near-term appetite that we should be thinking about?

John M. Wasson  ICF International, Inc. - Chairman of the Board, President & CEO

Sure. Well, I mean, I would say from a capital allocation perspective, we have been and we'll continue to be primarily focused on investing in organic growth. We'll also certainly continue to look for acquisitions that we think are a good strategic fit and cultural fit for which we can capture significant synergistic revenues through combining with ICF.

And I would say in the M&A market, I think it's still quite active. There's a lot of deal flow out there. I think the pricing is still frothy. I don't -- I wouldn't say we've seen material changes in pricing recently. I think we remain disciplined.

I think we've talked about our areas of focus on M&A. I think they remain in the federal arena, IT modernization and health IT and on the commercial side and energy, around energy efficiency and distributed energy. And so we're looking at things in the market.

I mean, I think, again, we'll be disciplined. It has to be a good culture of it, good strategic fit. And we always want to -- we always focus on revenue synergies. We don't do turnarounds. We don't do fixer uppers. That's not who we are. And so we'll be disciplined. But as I said, I think that remains a key aspect of the strategy.

As Bettina said in her remarks, our net leverage ratio right now is, I think, about 2.91 post Creative. We're obviously going to have strong cash flow again in 2022. And so I think we have capacity to do something for the right deal if it came along in 2022, but -- and so we continue to look and -- but as I said, we'll continue to be disciplined.
Operator

We have no further questions in queue. I will turn the call back to management for closing comments.

John M. Wasson  ICF International, Inc. - Chairman of the Board, President & CEO

Okay. Well, thanks for participating in today's call. We look forward to engaging with you at upcoming virtual conferences and meetings. I hope to see you all in New York for our Investor Day. Thank you.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for your participation. You may now disconnect.