

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2013

**ICF International, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**001-33045**

(Commission File Number)

**22-3661438**

(I.R.S. Employer  
Identification Number)

**9300 Lee Highway, Fairfax, Virginia**

(Address of principal executive offices)

**22031**

(Zip Code)

Registrant's telephone number, including area code: **(703) 934-3000**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

## **Item 2.02 Results of Operations and Financial Condition**

On August 1, 2013, ICF International, Inc. (the “Company”) announced its financial results for the second quarter ended June 30, 2013. The press release containing this announcement is filed as Exhibit 99.1.

The information contained in this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section. The information in this report shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

## **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

99.1 Press Release dated August 1, 2013

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ICF International, Inc.

Date: August 1, 2013

By: /s/ James Morgan  
James Morgan  
*Chief Financial Officer*

---

**Exhibit Index**

Exhibit No.   Document

99.1            Press Release dated August 1, 2013



## NEWS RELEASE

### ICF International Reports Second Quarter 2013 Results

- Total Revenue of \$242 Million; Diluted Earnings Per Share of \$0.52
- Commercial Revenues Growing; Energy Efficiency Program Revenues Up 21 Percent
- Federal Revenues Remain Stable
- Contract Sales of \$236 Million, Up 16 Percent
- First-Half Cash Flow From Operations Was \$30.3 Million, Up 7 Percent
- Raises Full Year 2013 Guidance Midpoints for Revenues and Diluted EPS
- Completed Acquisition of E-commerce Technology Services Firm on July 31

FAIRFAX, Va. (August 1, 2013) - ICF International, Inc. (NASDAQ:ICFI), a leading provider of consulting services and technology solutions to government and commercial clients, reported results for the second quarter ended June 30, 2013.

#### Second Quarter 2013 Results and Highlights

“Second quarter results were similar to those of the first quarter, reflecting the continued growth of our commercial business, which was driven by a 21.3 percent increase in energy efficiency revenues, and the improved traction of our non-U.S. government business. At the same time, U.S. Federal Government revenues remained stable compared to last year, which we consider to be solid performance in light of current market conditions. Earnings per diluted share were the same as the prior year’s second quarter, inclusive of acquisition expenses, although operating income was lower due primarily to higher subcontractor activity on government contracts,” said ICF Chairman and Chief Executive Officer Sudhakar Kesavan.

For the second quarter, total revenue was \$241.6 million, a 0.8 percent increase over the \$239.6 million reported for the 2012 second quarter. Service revenue, total revenue less subcontractor and other direct costs, was \$179.5 million, a 1.1 percent decline from second quarter 2012 levels. Operating income was \$17.3 million, down from the \$18.3 million reported in last year’s second quarter; operating margin was 7.2 percent compared to 7.6 percent a year ago. EBITDA was \$22.4 million and EBITDA margin was 9.3 percent, compared to \$24.4 million and 10.2 percent, respectively, in last year’s second quarter. Net income for the 2013 second quarter was \$10.3 million or \$0.52 per diluted share, equivalent to last year’s net income of \$10.3 million and diluted earnings per share of \$0.52. Acquisition charges amounted to \$0.3 million in this year’s second quarter.

For the 2013 first half, total revenue was \$475.5 million, up 1.8 percent over the \$467.3 million reported in the 2012 first half. Operating income was \$34.9 million, up 0.9 percent; net income was up 6.0 percent to \$20.4 million, and earnings per diluted share were \$1.02 compared to \$0.96.

“The pace of contract sales increased in the second quarter, resulting in a solid book-to-bill ratio of nearly 1.0 for the period, compared to 0.85 in the prior year,” Mr. Kesavan said. “Ongoing investments to expand our business development capabilities have enabled ICF to respond to a greater number of government and commercial requests for proposals. We have continued to see solid demand for our domain expertise and IT services across key markets and expect sales in the second half of 2013 to be significantly ahead of the \$462 million booked in the first half of the year, which we believe will position us for continued growth in 2014.”

“Additionally, on July 31 we completed the acquisition of an e-commerce technology services firm (Ecommerce Accelerator LLC, or ECA), with approximately \$10 million in annual revenue, that will enhance ICF’s multi-channel, end-to-end e-commerce solutions. We have a robust acquisition pipeline and continue to evaluate acquisition opportunities that enhance our subject matter knowledge, broaden our service offerings, and/or provide scale in specific geographies,” Mr. Kesavan said.

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

Backlog was \$1.5 billion at the end of the 2013 second quarter. Funded backlog was \$647 million, or 44 percent of the total.

The total value of contracts awarded was \$236 million in the second quarter of 2013 and \$462 million for the 2013 first half, up 16.3 percent and 6.0 percent, respectively, from last year’s second quarter and first half.

### **Commercial Client Second Quarter/First Half 2013 Highlights**

Revenues from commercial clients increased 3.3 percent in the 2013 second quarter to \$66.9 million and were up 8.2 percent in the first half to \$133.6 million. Excluding a large commercial infrastructure project that is currently in a slower phase of construction, commercial revenues would have increased 7.4 percent in the second quarter and 10.4 percent for the first half.

Revenues from commercial energy efficiency programs increased 21.3 percent and 15.6 percent in the second quarter and first half of 2013, respectively, and accounted for 37.5 percent and 36.6 percent, respectively, of commercial revenues.

Commercial sales awards were \$36.8 million for the 2013 second quarter and \$159.0 million for the first half, representing 34 percent of total sales for the first six months of 2013.

ICF was awarded more than 450 commercial projects globally in the second quarter. Primary areas of awards included energy efficiency program support, airline and airport management consulting, environmental program management, interactive data applications, strategic communications support for non-profits, commercial health consulting for payers, and energy market and portfolio assessment for utilities.

### **Key Government Sales Highlights for the Second Quarter 2013**

ICF was awarded nearly 100 new U.S. Federal Government contract and task order awards and hundreds of additional awards from other domestic (state and local) and non-U.S. governments. The largest awards included:

- **Health Informatics:** A \$72 million contract with the National Institutes of Health to continue to support the Electronic Research Administration grants management program across a range of health informatics and systems engineering activities.
  - **Program and IT Management:** A \$34 million contract with the United States Postal Service to provide support for the Mailing Information Systems and Domestic Products divisions.
  - **Disaster Recovery Support:** An award estimated to exceed \$10 million to assist one of the states affected by Superstorm Sandy with analytical and program support for disaster recovery programs.
  - **European Employment Programs:** An \$8.9 million contract with the European Commission to provide employment program support.
  - **Health Survey Research:** A \$7.8 million contract with the Centers for Disease Control and Prevention supporting the 2013-2014 Tobacco Survey.
-

Additional individual government sales awards in excess of \$2 million included providing program and organizational management support for the U.S. Department of the Navy, energy efficiency program support for the Association of Bay Area Governments (California) and the New York State Energy Research and Development Authority, environmental and engineering support services for the U.S. Bureau of Reclamation, survey research support for the National Science Foundation, and monitoring and evaluation support for the World Health Organization.

## **Summary and Outlook**

“ICF’s year-to-date 2013 results illustrate the benefits of revenue diversification with emphasis on leveraging expertise in key markets across a growing client base. We expect that second half 2013 performance will exceed that of the first half, benefiting from the continued growth of our commercial business and the ramp up of certain government contracts,” Mr. Kesavan said.

“The Company narrowed its revenue guidance range for full year 2013 revenues to \$955 million to \$975 million; narrowed its expectations for EBITDA margin to 9.5 percent to 10.0 percent; and narrowed its guidance range for earnings per diluted share to \$2.02 to \$2.10. Guidance is based upon approximately 20 million diluted weighted average shares outstanding and an effective tax rate of 39 percent. Operating cash flow for 2013 is estimated to exceed \$70 million,” Mr. Kesavan concluded.

## **About ICF International**

ICF International (NASDAQ:ICFI) partners with government and commercial clients to deliver professional services and technology solutions in the energy, environment, and infrastructure; health, social programs, and consumer/financial; and public safety and defense markets. The firm combines passion for its work with industry expertise and innovative analytics to produce compelling results throughout the entire program lifecycle, from research and analysis through implementation and improvement. Since 1969, ICF has been serving government at all levels, major corporations, and multilateral institutions. More than 4,500 employees serve these clients from more than 60 offices worldwide. ICF’s website is <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.*

SOURCE: ICF International

Contacts:

Douglas Beck, ICF International, 1.703.934.3820

Lynn Morgen/Betsy Brod, MBS Value Partners, 1.212.750.5800

---

**ICF International, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
(in thousands, except per share amounts)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(Unaudited)		(Unaudited)	
Gross Revenue	\$ 241,568	\$ 239,649	\$ 475,489	\$ 467,290
Direct Costs	151,528	147,861	294,346	288,049
Operating costs and expenses:				
Indirect and selling expenses	67,604	67,404	135,866	133,257
Depreciation and amortization	2,782	2,597	5,581	4,292
Amortization of intangible assets	2,359	3,519	4,752	7,050
Total operating costs and expenses	<u>72,745</u>	<u>73,520</u>	<u>146,199</u>	<u>144,599</u>
Operating Income	17,295	18,268	34,944	34,642
Interest expense	(626)	(814)	(1,394)	(2,241)
Other income (expense)	(9)	(212)	69	(263)
Income before income taxes	16,660	17,242	33,619	32,138
Provision for income taxes	6,329	6,896	13,176	12,855
Net income	<u>\$ 10,331</u>	<u>\$ 10,346</u>	<u>\$ 20,443</u>	<u>\$ 19,283</u>
Earnings per Share:				
Basic	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 1.04</u>	<u>\$ 0.98</u>
Diluted	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 1.02</u>	<u>\$ 0.96</u>
Weighted-average Shares:				
Basic	<u>19,706</u>	<u>19,774</u>	<u>19,625</u>	<u>19,771</u>
Diluted	<u>19,996</u>	<u>19,971</u>	<u>19,993</u>	<u>20,061</u>
Other comprehensive income:				
Foreign currency translation adjustments	(197)	(230)	(442)	(619)
Comprehensive income	<u>\$ 10,134</u>	<u>\$ 10,116</u>	<u>\$ 20,001</u>	<u>\$ 18,664</u>

**Reconciliation of non-GAAP financial measures:**

**Reconciliation of Service Revenue**

Revenue	\$ 241,568	\$ 239,649	\$ 475,489	\$ 467,290
Subcontractor and Other Direct Costs*	62,072	58,205	117,114	110,955
Service Revenue	<u>\$ 179,496</u>	<u>\$ 181,444</u>	<u>\$ 358,375</u>	<u>\$ 356,335</u>

**Reconciliation of EBITDA**

Operating Income	\$ 17,295	\$ 18,268	\$ 34,944	\$ 34,642
Depreciation and amortization	5,141	6,116	10,333	11,342
EBITDA	22,436	24,384	45,277	45,984
Acquisition-related expenses**	261	-	261	625
Adjusted EBITDA	<u>\$ 22,697</u>	<u>\$ 24,384</u>	<u>\$ 45,538</u>	<u>\$ 46,609</u>

\* 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 amounts)

	<u>June 30, 2013</u> <u>(Unaudited)</u>	<u>December 31, 2012</u>
<b>Current Assets:</b>		
Cash	\$ 5,486	\$ 14,725
Contract receivables, net	207,440	204,938
Prepaid expenses and other	10,960	7,608
Income tax receivable	3,660	11,231
Total current assets	<u>227,546</u>	<u>238,502</u>
Total property and equipment, net	27,927	28,860
<b>Other assets:</b>		
Goodwill	410,482	410,583
Other intangible assets, net	16,264	21,016
Restricted cash	2,168	2,015
Other assets	9,601	8,745
Total Assets	<u>\$ 693,988</u>	<u>\$ 709,721</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 37,541	\$ 44,665
Accrued salaries and benefits	41,423	42,264
Accrued expenses	30,138	31,779
Deferred revenue	21,097	22,333
Deferred income taxes	4,728	5,790
Total current liabilities	<u>134,927</u>	<u>146,831</u>
<b>Long-term liabilities:</b>		
Long-term debt	75,000	105,000
Deferred rent	11,772	10,599
Deferred income taxes	11,902	9,081
Other	9,251	9,460
Total Liabilities	<u>242,852</u>	<u>280,971</u>
Commitments and Contingencies	—	—
<b>Stockholders' Equity:</b>		
Preferred stock, par value \$.001 per share; 5,000,000 shares authorized; none issued	—	—
Common stock, \$.001 par value; 70,000,000 shares authorized; 20,467,724 and 20,171,613 shares issued; and 19,761,996 and 19,559,409 shares outstanding as of June 30, 2013, and December 31, 2012, respectively	20	20
Additional paid-in capital	242,207	237,262
Retained earnings	227,020	206,577
Treasury stock	(16,428)	(13,868)
Accumulated other comprehensive loss	(1,683)	(1,241)
Total Stockholders' Equity	<u>451,136</u>	<u>428,750</u>
Total Liabilities and Stockholders' Equity	<u>\$ 693,988</u>	<u>\$ 709,721</u>

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

	Six months ended	
	June 30,	
	2013	2012
	(Unaudited)	
<b>Cash flows from operating activities</b>		
Net income	\$ 20,443	\$ 19,283
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	1,710	3,611
Loss on disposal of fixed assets	7	76
Non-cash equity compensation	4,283	3,927
Depreciation and amortization	10,333	11,342
Amortization of debt issue costs	238	323
Deferred rent	1,302	2,317
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Contract receivables, net	(2,351)	(962)
Prepaid expenses and other assets	(4,752)	(2,205)
Accounts payable	(6,183)	(2,021)
Accrued salaries and benefits	(841)	888
Accrued expenses	(17)	(1,766)
Deferred revenue	(1,236)	(1,940)
Income tax receivable and payable	7,571	(5,582)
Other liabilities	(209)	1,130
<b>Net cash provided by operating activities</b>	<b>30,298</b>	<b>28,421</b>
<b>Cash flows from investing activities</b>		
Capital expenditures	(7,197)	(8,102)
Payments for business acquisitions, net of cash received	—	(8,532)
<b>Net cash used in investing activities</b>	<b>(7,197)</b>	<b>(16,634)</b>
<b>Cash flows from financing activities</b>		
Advances from working capital facilities	58,317	122,220
Payments on working capital facilities	(88,317)	(123,690)
Debt issue costs	—	(1,896)
Proceeds from exercise of options	460	23
Tax benefits of stock option exercises and award vesting	26	648
Net payments for stockholder issuances and buybacks	(2,384)	(7,313)
<b>Net cash used in financing activities</b>	<b>(31,898)</b>	<b>(10,008)</b>
Effect of exchange rate on cash	(442)	(619)
<b>Increase (decrease) in cash</b>	<b>(9,239)</b>	<b>1,160</b>
<b>Cash, beginning of period</b>	<b>14,725</b>	<b>4,097</b>
<b>Cash, end of period</b>	<b>\$ 5,486</b>	<b>\$ 5,257</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for:		
Interest	\$ 1,409	\$ 1,737
Income taxes	\$ 3,783	\$ 14,197

**ICF International, Inc. and Subsidiaries**  
**Supplemental Schedule**

<b>Revenue by market</b>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Energy, environment, and infrastructure	38%	41%	39%	40%
Health, social programs, and consumer/financial	49%	46%	48%	46%
Public safety and defense	13%	13%	13%	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>Revenue by client</b>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
U.S. federal government	59%	59%	59%	61%
U.S. state and local government	9%	10%	9%	10%
Non-U.S. government	4%	4%	4%	3%
<b>Government</b>	<b>72%</b>	<b>73%</b>	<b>72%</b>	<b>74%</b>
<b>Commercial</b>	<b>28%</b>	<b>27%</b>	<b>28%</b>	<b>26%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>Revenue by contract</b>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Time-and-materials	51%	49%	51%	50%
Fixed-price	28%	30%	29%	29%
Cost-based	21%	21%	20%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>