

# Second-Quarter Fiscal Year 2014

May 6, 2014



Building Engineering  
Halley VI  
Antarctica

**AECOM**

# Disclosures

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## Safe Harbor

Except for historical information contained herein, this presentation contains “forward-looking statements.” All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words “may,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” and other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed in this presentation. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in forward-looking statements include, among others, the following:

- uncertainties related to appropriations for funding of, or issuing notices to proceed under, government contracts;
- our relationships with governmental agencies that may modify, curtail or terminate our contracts;
- delays in the completion of the budget process of the U.S. government could delay procurement of our services;
- potential adjustments to government contracts which are subject to audits to determine reimbursable contract costs;
- adverse results from losses under fixed-price contracts;
- limited control over operations run through our joint venture entities;
- misconduct by our employees or consultants or our failure to comply with laws or regulations applicable to our business;
- current deficits in our defined benefit plans could grow in the future and create additional costs;
- exposure to legal, political and economic risks in different countries as well as currency exchange rate fluctuations;
- risks related to security in international locations;
- failure to successfully execute our merger and acquisition strategy;
- the need to retain the continued services of our key technical and management personnel and to identify and hire additional qualified personnel;
- uncertainties about security clearances for our employees;
- the competitive nature of our business;
- our liability and insurance policies may not provide adequate coverage;
- unexpected adjustments and cancellations related to our backlog;
- dependence on other contractors or subcontractors who could fail to satisfy their obligations;
- systems and information technology interruption;
- changing client preferences/demands, fiscal position and payment patterns; and
- the continuing economic downturn in the U.S. and international markets and tightening of the global credit markets.

Additional factors that could cause actual results to differ materially from our forward-looking statements are set forth in our Quarterly Report on Form 10-Q for the period ended December 31, 2013, and our other filings with the Securities and Exchange Commission. We do not intend, and undertake no obligation, to update any forward-looking statement.

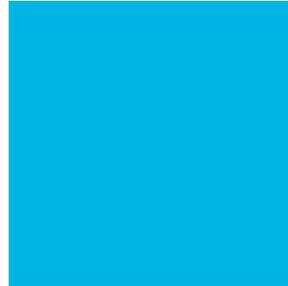
## Non-GAAP Measures

Certain measures contained in these slides and related presentation are not measures calculated in accordance with generally accepted accounting principles (GAAP). They should not be considered a replacement for GAAP results. Non-GAAP financial measures appearing in these slides are identified in the footnotes. A reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures is incorporated in our press release on the Investors section of our Web site at: <http://investors.aecom.com>.

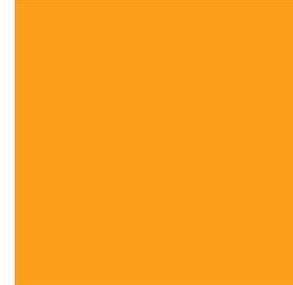
# Presenters

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Michael S. Burke  
*President*  
*Chief Executive Officer*



Stephen M. Kadenacy  
*Chief Financial Officer*



# AECOM Fiscal Year 2014 Second-Quarter Highlights

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150+ COUNTRIES

2 SEGMENTS

OVER 30 MARKET SECTORS

## Today's Call

- ✓ Q2 FY14 overview
- ✓ FY14 guidance
- ✓ Review of key markets
- ✓ Key priorities

- ✓ Net income<sup>1</sup> of \$40 million.
- ✓ Q2 EPS<sup>1</sup> of \$0.41.
- ✓ \$20.2 billion in backlog with \$3.7 billion in new wins.
  - Wins up 85% year over year.
- ✓ Q2 free cash flow of -\$44 million.
  - YTD free cash flow of \$73 million.
- ✓ Targeting lower end of diluted EPS range of \$2.50 to \$2.60 for fiscal year 2014.

<sup>1</sup> Attributable to AECOM

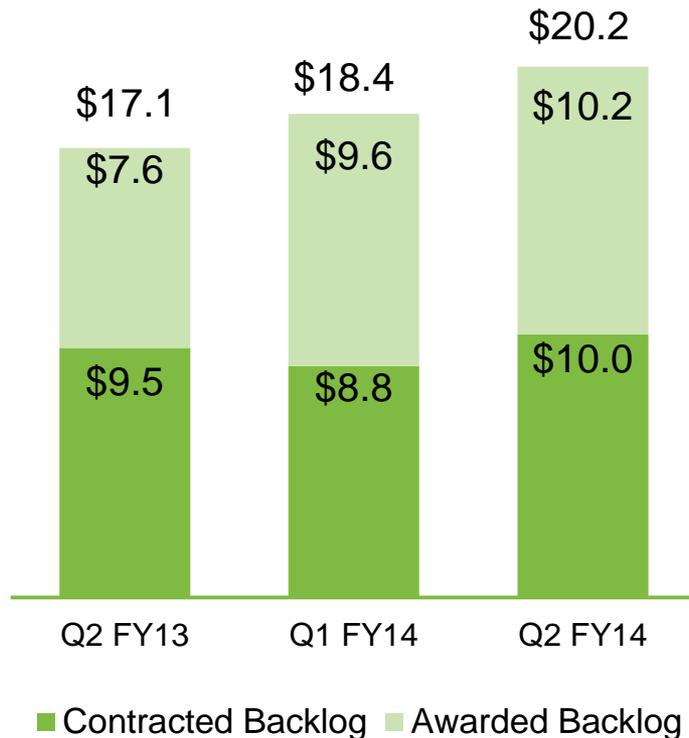
## Q2 FY14 Performance

(in millions, except EPS, margins and tax rate)	Q2 FY13	Q1 FY14	Q2 FY14	Q2 % Change	
				Seq.	YoY
<b>Gross Revenue</b>	\$1,990	\$1,954	\$1,872	(4.2%)	(5.9%)
<b>Net Service Revenue<sup>(1)</sup></b>	\$1,252	\$1,151	\$1,180	2.5%	(5.7%)
<b>Op. Income</b>	\$80	\$90	\$68	(24.4%)	(15.0%)
<b>Op. Income Margin<sup>(2)</sup></b>	6.4%	7.9%	5.8%	(206bps)	(63bps)
<b>EBITDA Margin<sup>(3)</sup></b>	8.2%	9.7%	7.5%	(214bps)	(65bps)
<b>Tax Rate<sup>(4)</sup></b>	20.6%	29.4%	27.4%	(195bps)	685bps
<b>Net Income<sup>(5)</sup></b>	\$54	\$56	\$40	(28.7%)	(25.3%)
<b>Diluted EPS<sup>(5)</sup></b>	\$0.53	\$0.58	\$0.41	(29.3%)	(22.6%)
<b>Diluted Avg. Shares</b>	101.8	97.6	98.3	0.8%	(3.4%)
<b>Free Cash Flow<sup>(6)</sup></b>	\$74	\$117	(\$44)	N.M.	N.M.

<sup>1</sup> Net Service Revenue is a non-GAAP measure. <sup>2</sup> Operating Income/Net Service Revenue (non-GAAP). <sup>3</sup> Both EBITDA and Net Service Revenue are non-GAAP measures. <sup>4</sup> Inclusive of non-controlling interest deduction. <sup>5</sup> Attributable to AECOM. <sup>6</sup> Free cash flow is defined as cash flow from operations less capital expenditures and is a non-GAAP measure.

# Healthy Book of Future Business & Revenue Visibility

## Gross Revenue Backlog (\$ billions)



## Q2 FY14 Highlights:

- \$20.2 billion in backlog – up 18% YoY; and 10% sequentially.
- \$3.7 billion of new wins.
- Book-to-burn<sup>(1)</sup> of 2.0x.
- Backlog = 2.5x last 12 months' revenues.

<sup>1</sup> Book-to-burn is defined as the amount of new business divided by the gross revenue recognized during the period.

## Segment Results — Professional Technical Services (PTS)

**PTS:** Delivers planning, consulting, architecture and engineering design, as well as program and construction management services to institutional, commercial and public-sector clients worldwide.

### Key Points:

- Growth continued in construction services, Europe, the Middle East, Africa and Asia.
- NSR declined due to Americas design and Australia.

(in millions, except margin)	Q2 FY13	Q1 FY14	Q2 FY14	Q2 % Change	
				Seq.	YoY
<b>Gross Revenue</b>	\$1,766	\$1,770	\$1,684	(4.9%)	(4.7%)
<b>Net Service Revenue<sup>(1)</sup></b>	\$1,110	\$1,042	\$1,088	4.5%	(2.0%)
<b>Op. Income</b>	\$96	\$94	\$86	(9.1%)	(11.2%)
<b>Op. Income Margin<sup>(2)</sup></b>	8.7%	9.0%	7.9%	(117bps)	(81ps)

<sup>1</sup> Net Service Revenue is a non-GAAP measure. <sup>2</sup> Operating Income/Net Service Revenue (non-GAAP).

## Segment Results — Management Support Services (MSS)

**MSS:** Provides program and facilities management and maintenance, training, logistics, consulting, technical assistance and systems integration services, primarily for agencies of the U.S. government.

### Key Points:

- Diversification plan showing progress as drawdown in Afghanistan begins to be replaced by higher-margin work.
- Backlog up over \$1.1 billion since the end of Q4 FY13; under growth of non-Department of Defense budgets.

(in millions, except margin)	Q2 FY13	Q1 FY14	Q2 FY14	Q2 % Change	
				Seq.	YoY
<b>Gross Revenue</b>	\$224	\$184	\$189	2.7%	(15.7%)
<b>Net Service Revenue<sup>(1)</sup></b>	\$142	\$110	\$92	(16.1%)	(34.9%)
<b>Op. Income</b>	\$11	\$20	\$9	(54.0%)	(18.2%)
<b>Op. Income Margin<sup>(2)</sup></b>	8.0%	18.4%	10.1%	(829bps)	206bps

<sup>1</sup> Net Service Revenue is a non-GAAP measure. <sup>2</sup> Operating Income/Net Service Revenue (non-GAAP).

# EBITDA Margins

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Q2 EBITDA of **\$89.0 million** and margin<sup>(1)</sup> of **7.5%**; down 65 basis points year over year due to lower operating leverage and higher business development.

Excluding equity earnings adjustments in Q1, Q2 EBITDA margin up **68 basis points sequentially**.

**Maintain focus on long-term drivers** and implementation of new project-based performance initiative.

## Cost and efficiency initiatives:

- ✓ Project-based bonus program
- ✓ Real estate consolidation
- ✓ Disciplined travel expenditures
- ✓ Centralized procurement
- ✓ Improved labor utilization

<sup>1</sup> EBITDA/Net Service Revenue (non-GAAP).

# Cash Flow & Balance Sheet

**\$986 million**  
in undrawn  
borrowing  
capacity.

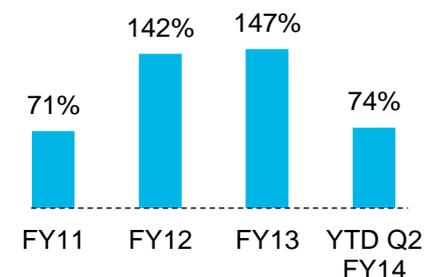
Net Debt to  
EBITDA of  
**1.2x.**

Financial  
flexibility to take  
advantage of  
high-return  
investment  
opportunities.

On track to  
deliver  
**\$1.3-1.8bn** in  
cumulative FCF  
FY 2013-2017.

(in millions, except net debt/EBITDA)	Q2 FY13	Q1 FY14	Q2 FY14	Q2 % Change	
				Seq.	YoY
<b>Free Cash Flow<sup>(1)</sup></b>	\$74	\$117	(\$44)	N.M.	N.M.
<b>Cash and Equivalents</b>	\$628	\$682	\$503	(26.3%)	(19.9%)
<b>Total Debt</b>	\$1,291	\$1,204	\$1,091	(9.4%)	(15.5%)
<b>Net Debt<sup>(2)</sup></b>	\$663	\$522	\$589	12.7%	(11.3%)
<b>Net Debt/EBITDA<sup>(2)</sup></b>	1.4x	1.1x	1.2x	9.1%	(14.3%)

**Free Cash Flow Conversion<sup>(1)</sup>**



<sup>1</sup> Free cash flow is defined as cash flow from operations less capital expenditures and is a non-GAAP measure.

<sup>2</sup> Net Debt and EBITDA are non-GAAP measures. Net Debt = Total Debt less cash and cash equivalents. EBITDA is a trailing 12-month figure.

## Fiscal 2014 Outlook

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- ✓ EPS range of \$2.50-\$2.60.
- ✓ Assumptions:
  - Guiding towards low end of the range in light of slower Americas design recovery.
  - Higher EBITDA margin on slightly lower NSR.
  - Includes impact from the non-recurring items in equity earnings, and the related tax and amortization expense.
  - Effective tax rate of 29% (inclusive of non-controlling interest deduction).
  - Share count of 98 million – assumes no share repurchase after the end of fiscal Q2 2014.
- ✓ Free cash flow to equal net income.

### Additional guidance assumptions:

**\$23 million**  
of amortization  
of acquired  
intangibles  
expense.

**\$71 million**  
of depreciation  
expense.

**\$38 million**  
of interest  
expense — net  
of interest  
income.

# Integrated Offering

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*Full-spectrum offering further enhances AECOM's profile and ability to serve clients' dynamic needs.*

## Design



- AECOM traditional strength
- Continued technical and operational excellence
- Enable design practice to take advantage of increasing growth in DB and EPC market

## Build



- \$3.5+ billion in construction services wins 1H FY14
- Expanding global delivery capability
- Acquiring capabilities in private market sector and acquiring joint venture partners in public sector (e.g., oil & gas, mining, industrials, health care, sports)

## Finance



- \$1 billion in projects resulting from AECOM Capital investments
- Direct capital investments
- Transactional advisory services

## Operations & Maintenance



- Global diversification
- Domestic & foreign government sector facilities
- Private sector facilities

# Q2 FY14 Regional Highlights

## Americas: 48% of NSR<sup>(1)</sup>

- Commercial market growth expected in high single digits.
- Growth driven by office, retail, hotels, industrial and health care.
- Higher proposed spending on civil infrastructure in state and local budgets.

## Europe, Middle East and Africa: 27% of NSR<sup>(1)</sup>

- Robust transportation and commercial construction markets in the U.K.
- \$500+ billion planned CapEx investments in the Middle East.
- AECOM's NSR in Africa<sup>(2)</sup> up 34% year over year.

## Asia-Pacific: 25% of NSR<sup>(1)</sup>

- Rapid urbanization in China continues to support infrastructure need.
- AECOM's NSR backlog<sup>(2)</sup> up nearly 10% in Southeast Asia.
- Backlog in Australia has stabilized. Pipeline of opportunities beyond mining.

<sup>1</sup> Estimated geographies based on Q2 FY14 LTM net service revenue where work is performed. <sup>2</sup> Growth rates are on a constant currency basis.

# Key Takeaways

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## Focused on driving improvement:

- **Return design operations in the Americas to growth through improved go-to-market strategy and emphasis on integrated delivery.**
- **Generate EBITDA margins of 12% over time.**

## Positive indicators:

- **\$3.7 billion in gross revenue wins in Q2; \$7.4 billion YTD.**
- **Efforts to stabilize Australia are succeeding due to decisive action.**
- **Making progress on diversification of MSS business to higher-margin work.**

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# Appendix

# AECOM: A Leading \$8-Billion Global Engineering and Construction Services Company

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The Taizhou Bridge in Taizhou, Jiangsu, China — the world's first long-span, three-pylon suspension bridge — was recently presented the Supreme Award for Structural Engineering Excellence from the Institution of Structural Engineers.

- #1 global design firm<sup>(1)</sup> with top rankings in key end markets: Facilities; Transportation; Environmental; and Power & Energy.
- Geographic footprint, services portfolio, end market exposure and differentiated global capabilities aligned with strong secular growth catalysts.
- Exceeded target to return at least 50% of free cash flow to shareholders in fiscal 2013 and 2014 combined.
- Expect to generate between \$1.3 billion and \$1.8 billion in cumulative free cash flow between fiscal years 2013 and 2017.
- Disciplined capital stewardship.
- Q2 fiscal year 2014 ending backlog of \$20.2 billion, up 18% year-over-year.

(1) Per *Engineering News-Record*

# AECOM: Global Integrated Delivery Platform and Diversification Across Services, Geographies and Funding Sources

150+ COUNTRIES

2 SEGMENTS

OVER 30 MARKET SECTORS

PROFESSIONAL TECHNICAL SERVICES (PTS), 90%\*

MANAGEMENT SUPPORT SERVICES (MSS), 10%\*



**FACILITIES,**  
39%\*

Commercial, Data Centers, Education, Government, Health Care, Hospitality, Sports and Entertainment



**TRANSPORTATION,**  
26%\*

Aviation, Highways and Bridges, Freight Rail, Transit, Ports and Marine



**ENVIRONMENTAL,**  
17%\*

Chemicals/ Pharmaceutical, Government, Manufacturing, Water, Wastewater



**POWER, ENERGY & MINING,** 8%\*

Power/Electric Utilities, Hydropower, Geothermal, T&D, Wind and Solar, Mining, Oil & Gas



Cyber Support, Contingency Support, Information Management, International Development, Linguistics, Logistics and Field Services, Operations and Maintenance, National Security Programs

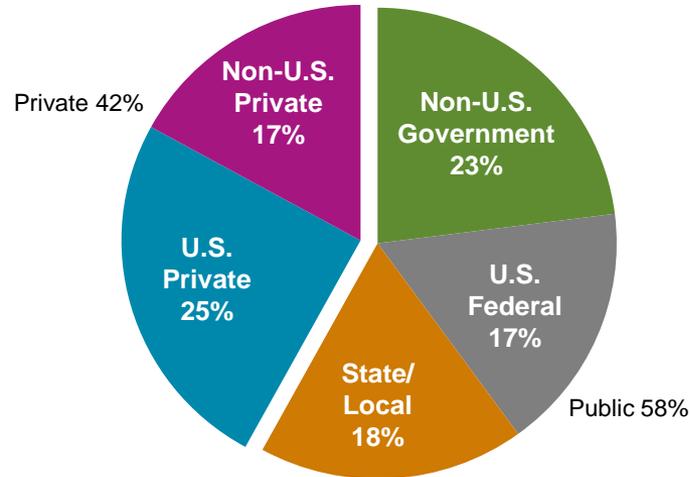
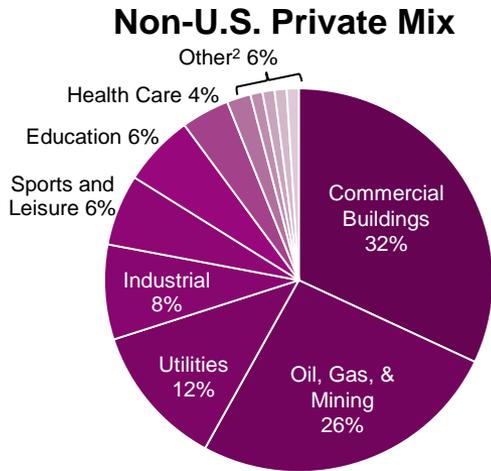
## INTEGRATED DELIVERY



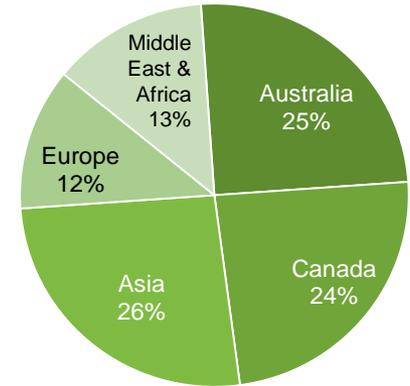
\*Estimated funding sources and end markets based on Q2 FY14 LTM gross revenue.

# Diversified Business Profile

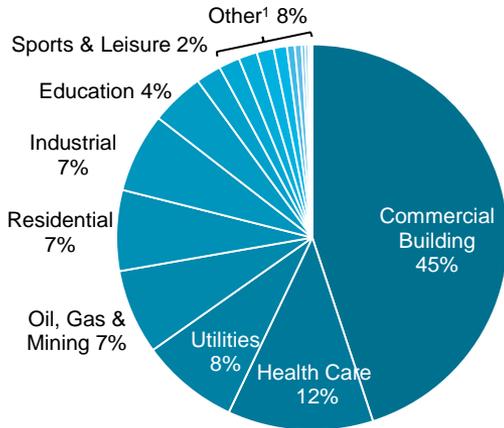
## Diversified Funding Sources



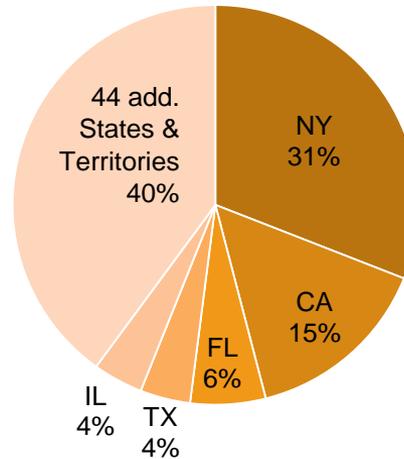
### Non-U.S. Government Mix



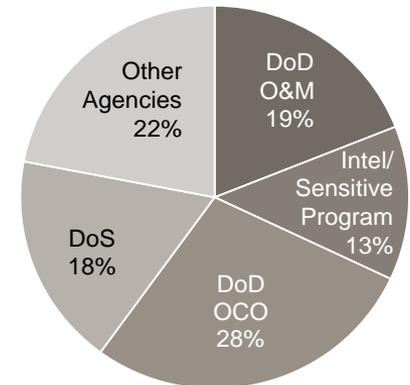
### U.S. Private Mix



### State/Local Mix



### U.S. Federal Mix



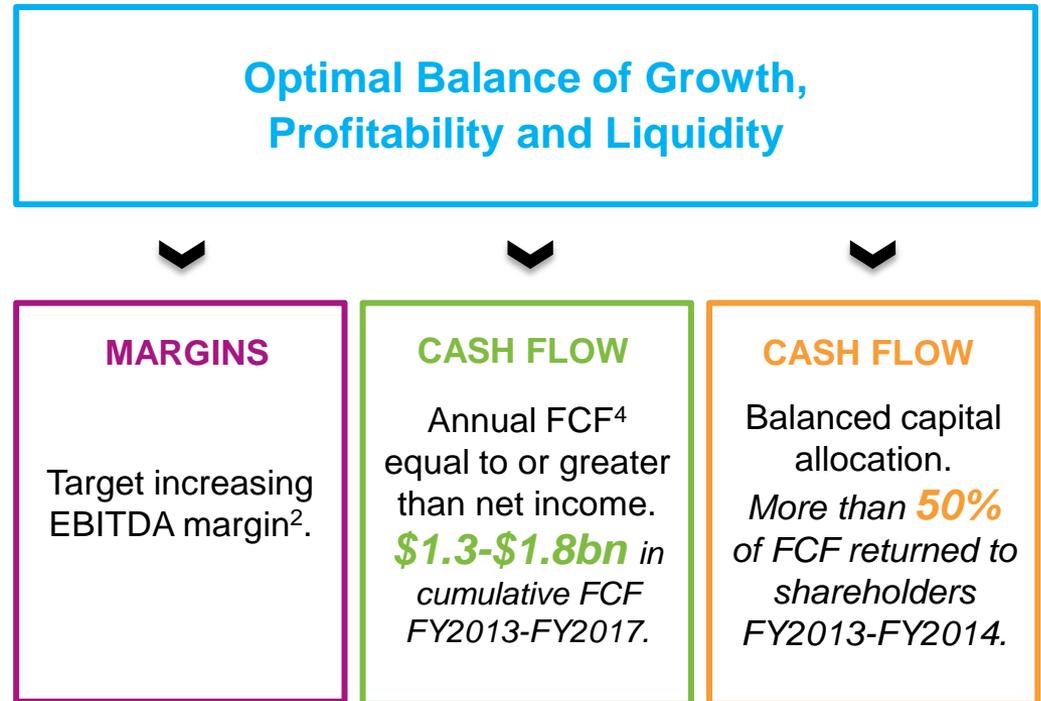
<sup>1</sup> Includes Transit and Aviation. <sup>2</sup> Includes Real Estate Development and Transportation. Sources: Estimated funding sources based on Q2 LTM FY14 gross revenues.

# Financial Overview: Track Record and Long-Term Goals

## Track Record (2007-2013 CAGR<sup>1</sup>)



## Key Objectives



<sup>1</sup> AECOM's initial public offering occurred in 2007. Compound annual growth shown for revenue, EPS, and backlog based on 2007-2013. <sup>2</sup> EBITDA/Net Service Revenue, both are non-GAAP measures. These results are from continuing operations. Cumulative EBITDA margin improvement shown from 2007-2013.

<sup>3</sup> Based on earnings per share from continuing operations. <sup>4</sup> Free cash flow (FCF) is defined as cash flow from operations less capital expenditures and is a non-GAAP measure.

## Facilities End Market — Project Examples



### **South Park — Los Angeles, California, U.S.A.**

- Mack Urban and AECOM Capital acquired six acres of land in downtown Los Angeles' South Park district located in the Central Business District (CBD). This transaction is the largest land acquisition, by acreage, in the CBD since before the U.S. economic recession began during 2008.
- The project is expected to comprise multiple buildings and offer modern high-rise living with phenomenal views. It is currently in the planning and design phase, and is being prepared for the entitlement process, with the initial groundbreaking expected in late 2014 and completion of final phases slated for 2024.
- Tishman Construction Corporation, an AECOM company, will be the construction manager of the project.



### **Michael F. Price Center — Bronx, New York, U.S.A.**

- Tishman Construction Corporation, an AECOM company, served as construction manager for The Albert Einstein College of Medicine's building program in the Bronx.
- The program consists of five "smart projects," the largest of which is the construction of the Price Center, a new, 224,000-square-foot home for the Department of Genetic and Translational Medicine.
- The Price Center was conceived to house 45 principal investigators whose research will bring about new understanding and innovative treatments for a host of diseases. This state-of-the-art facility includes laboratories, conference rooms and a common atrium, all supported by advanced electrical systems. The building also incorporates green technologies.

# Transportation End Market — Project Examples



## Seattle-Tacoma International Airport — Seattle, Washington, U.S.A.

- AECOM has been awarded a US\$17-million program management contract in support of the estimated US\$300-million International Arrivals Facility (IAF) program at Seattle-Tacoma International Airport.
- AECOM will provide comprehensive program, project management and controls support services to assist with the IAF program, which includes construction of a new Federal Inspection Services (FIS) arrivals facility, renovations of Concourse A and the South Satellite facility for a new international passenger corridor, and the construction of a bridge or tunnel from the South Satellite to the new FIS facility.
- The contract's initial period of performance is expected to be five years, and construction is anticipated to be completed in 2018.



## 15 South Africa Infrastructure Projects — South Africa

- AECOM was awarded a US\$30-million, three-year contract to provide engineering, procurement, construction management (EPCM) and project-close-out services for up to 15 separate infrastructure projects in regions around Cape Town, Postmasburg and Saldanha, South Africa.
- The proposed projects include: rail and material-handling infrastructure for a new railroad car rotary dumper in Saldanha; expansion of the container terminal in the Port of Cape Town; new iron ore train-loading facilities at Postmasburg; fire-suppression system upgrades at various locations; resurfacing of various berths in the Port of Cape Town; new-build port buildings; and numerous building upgrades and expansions.
- AECOM teams from Africa, Australia and North America are collaborating to deliver the projects for Transnet SOC Limited.

# Environment End Market — Project Examples



## Shenzhen River Remediation — China

- The Shenzhen River Contaminated Sediment Remediation Strategy joint study consultancy project, jointly proposed by the Hong Kong Special Administrative Region and Shenzhen Municipal Government, is aimed at formulating long-term remediation strategies for the Shenzhen River by devising and applying effective and practical approaches and technologies to clean up the large volume of polluted sediment.
- AECOM professionals will provide expertise in a sediment contamination survey, remediation technology tests, environmental review and formulation of remediation strategies.
- The AECOM-led project, under cooperation with the mainland's prestigious Tsinghua University, will be conducted in two stages and is expected to be completed in 2014.



## Cost-estimating Software Facilitates Refinery Divestment — Western Europe

- AECOM provided management-consulting services using the Remedial Action Cost Engineering & Requirements (RACER™) software.
- Cost estimates were provided for environmental investigation and cleanup to support rationalization of a divestiture strategy for the client's refineries and bulk terminals throughout Europe.
- The probabilistic modeling approach provided the client with a high level of confidence regarding future costs for environmental investigations, remediation, operation, maintenance, and monitoring works.
- The RACER software provided quick, accurate, consistent, and defensible cost estimates for all lifecycle phases of work and for all contaminants of concern.

# Power, Energy and Mining End Market — Project Examples



## Kingairloch Hydro-Electric Scheme — Argyll, Scotland

- Design and build contract to provide all civil detailed design, site supervision, geotechnical investigations and design, hydrology and flood studies, dam and reservoir engineering and certification of reservoirs.
- AECOM supervised the design and construction of the new Loch Uisge dam, which was built to provide active storage of about 800,000 meters cubed by raising the level of Loch Uisge by 9.8 feet.
- The dam design incorporated a 72-foot-long spillway designed to discharge the 1:10,000-year storm without overtopping, a nine-basin fish pass, an access bridge, a control room and intake works with a manually raked trash screen.



## Low-Cost Rural Electrification Plan — Mozambique

- AECOM was commissioned to formulate a low-cost rural electrification plan (LCREP) for Electricité de Moçambique to assist the government in fulfilling its vision of 20 percent of the nation's population having access to electricity by 2020.
- The project encompassed technical and financial tasks in addition to rural community development. The electrification plan utilized single-wire earth-return technology, a common low-cost rural electrification system, and also focused on the productive use of electricity.
- The main areas the LCREP addressed were to reduce initial rural electrification investment, maintenance and operational costs; simplify administrative procedures; and provide training in the application of appropriate end use technology.

## Government Services End Market — Project Examples



### Cooperative Biological Engagement Program — Almaty, Kazakhstan

- AECOM provides project management and oversight of the Defense Threat Reduction Agency's Cooperative Biological Engagement Program activities in Kazakhstan — including the design adaptation, construction and commissioning of an 87,000-square-foot, four-story central reference laboratory and a smaller secondary site.
- This sophisticated laboratory in Almaty, Kazakhstan, is intended to support global efforts to identify, assess and respond to naturally occurring disease outbreaks and biological weapon attacks.



### U.S. National Guard Bureau Environmental Engineering, Professional and Technical Support and Remediation Services — Nationwide, U.S.A.

- AECOM has been awarded a three-year nationwide environmental services contract with the National Guard Bureau to provide environmental services at Army and Air National Guard sites anywhere throughout the U.S. and its territories. The contract has US\$243 million in total capacity among 10 contract holders.
- This contract is a successor to a prior 12-year contract to provide similar services for the Air National Guard. During the prior contract, AECOM performed 116 task orders worth US\$22 million at sites in 19 states.

# Thank you!

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**45K+ Employees**

Over 45,000 dedicated professionals globally

**150+ Countries**

Serving clients in more than 150 countries around the world

**\$8.0 Billion**

\$8.0 billion in revenue reported LTM in March 2014