

# AECOM – A Leader in the Growing Water Market

## TEXAS COASTAL RESILIENCY MASTER PLAN

### United States

AECOM developed a long-term, statewide master plan for directing Texas' General Land Office's coastal management priorities to better implement projects that would restore, enhance and protect 367+ miles of Texas coastline and 3,300 miles of bays/estuaries, all while protecting multi-billion dollar energy assets and 6.7 million residents.

Delivering a better world



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# Disclosures

## Forward-Looking Statements

All statements in this communication other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including any statements of the plans, strategies and objectives for future operations, profitability, strategic value creation, coronavirus impacts, risk profile and investment strategies, and any statements regarding future economic conditions or performance, and the expected financial and operational results of AECOM. Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, but are not limited to, the following: our business is cyclical and vulnerable to economic downturns and client spending reductions; impacts caused by the COVID-19 coronavirus pandemic, economic instability and market volatility, including the reaction of governments such as any prolonged period of travel, commercial or other similar restrictions, the delay in commencement, or temporary or permanent halting of construction, infrastructure or other projects, requirements that we remove our employees or personnel from the field for their protection, and delays or reductions in planned initiatives by our governmental or commercial clients or potential clients; losses under fixed-price contracts; limited control over operations run through our joint venture entities; liability for misconduct by our employees or consultants; failure to comply with laws or regulations applicable to our business; maintaining adequate surety and financial capacity; potential high leverage and inability to service our debt and guarantees; ability to continue payment of dividends; exposure to political and economic risks in different countries, including tariffs; currency exchange rate and interest fluctuations; retaining and recruiting key technical and management personnel; legal claims; inadequate insurance coverage; environmental law compliance and adequate nuclear indemnification; unexpected adjustments and cancellations related to our backlog; partners and third parties who may fail to satisfy their legal obligations; AECOM Capital real estate development projects; managing pension cost; cybersecurity issues, IT outages and data privacy; risks associated with the expected benefits and costs of the sale of our Management Services and self-perform at-risk civil infrastructure, power construction and oil and gas construction businesses, including the risk that any contingent purchase price adjustments from those transactions could be unfavorable and result in lower aggregate cash proceeds and any future proceeds owed to us under those transactions could be lower than we expect; as well as other additional risks and factors that could cause actual results to differ materially from our forward-looking statements set forth in our reports filed with the Securities and Exchange Commission. Any forward-looking statements are made as of the date hereof. We do not intend, and undertake no obligation, to update any forward-looking statement.

## Non-GAAP Financial Information

This communication contains financial information calculated other than in accordance with U.S. generally accepted accounting principles (“GAAP”). The Company believes that non-GAAP financial measures such as adjusted EPS, adjusted EBITDA, adjusted net/operating income, adjusted tax rate, net service revenue and free cash flow provide a meaningful perspective on its business results as the Company utilizes this information to evaluate and manage the business. We use adjusted EBITDA, adjusted EPS, adjusted net/operating income and adjusted tax rate to exclude the impact of certain items, such as amortization expense and taxes to aid investors in better understanding our core performance results. We use free cash flow to represent the cash generated after capital expenditures to maintain our business. We present net service revenue to exclude subcontractor costs from revenue to provide investors with a better understanding of our operational performance. We present segment adjusted operating margin to reflect segment operating performance of our Americas and International segments, excluding AECOM Capital.

Our non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for financial information determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. A reconciliation of these non-GAAP measures is found in the Regulation G Information tables at the back of this release.

# AECOM: The World's Trusted Infrastructure Consulting Firm

We deliver professional services throughout the project lifecycle – from advisory, planning, design and engineering to program and construction management.

Across the globe, we partner with our clients in the public and private sectors to solve their most complex challenges and pioneer innovative solutions.

50K professionals

#1

ranked transportation & facilities design firm, and environmental engineering & science firm

8 yrs Fortune World's Most Admired 8 years in a row, including #1 in our industry for a second consecutive year in 2022



# Our Think and Act Globally strategy in action

- Strengthening learning and leadership development programs
  - Launching Career Paths and attracting industry luminaries
  - Extending Centers of Excellence
- 
- Winning what matters
  - Prioritizing strategic opportunities
  - Expanding advisory and program management businesses



- Differentiating from peers through Digital AECOM
  - Adopting global digital delivery solutions
  - Commercializing digital hosted services
- 
- Implementing regional ED&I targets
  - Advancing ESG Advisory and ScopeX initiatives

# Global Water Business Snapshot

## Top 3 in All Key Water Markets

In the top three of all critical market sectors as ranked by ENR in 2022

- Dams & Reservoirs
- Wastewater Treatment Plants
- Water Transmission
- Aqueducts
- Water Supply
- Sewer & Waste
- Water Treatment & Desalination

## Attractive Client Base

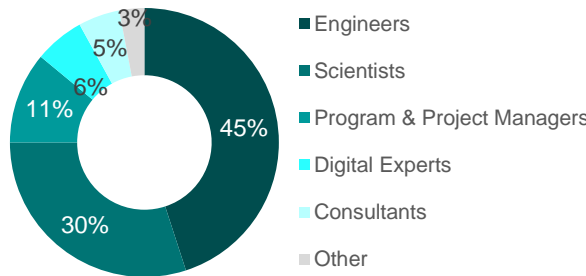
Blue-chip client base and strong existing relationships provide for sizable growth opportunities



## Industry-Leading Talent Base

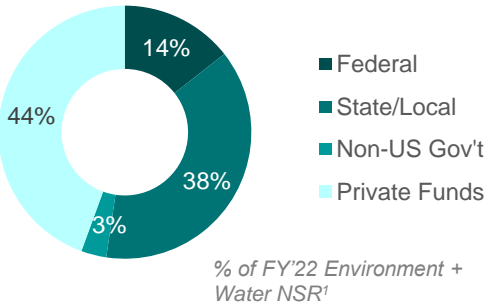
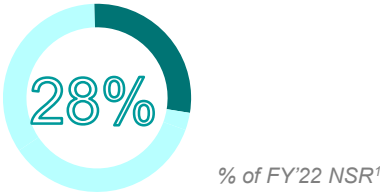
Benefitting from deep technical expertise with a proven ability to deliver some of the most complex and sustainable water projects in the world

Total Water & Environment Professionals **~12,000**



## Complementary Portfolio Mix

Water is a critical element of our market exposure, and features a balanced mix of clients



**POSITIONED TO DRIVE SUBSTANTIAL GROWTH IN THE WATER BUSINESS IN THE COMING YEARS**



# Key Demand Drivers Support Strong Long-Term Growth Opportunities

## Global Population Growth, Urbanization and Need for Modernization

- Global population expected to grow to nearly 10 billion by 2050, over 70% of which will be in cities
- Investments in modernization to support growth and urbanization are essential

## Sustainability and Infrastructure Resilience

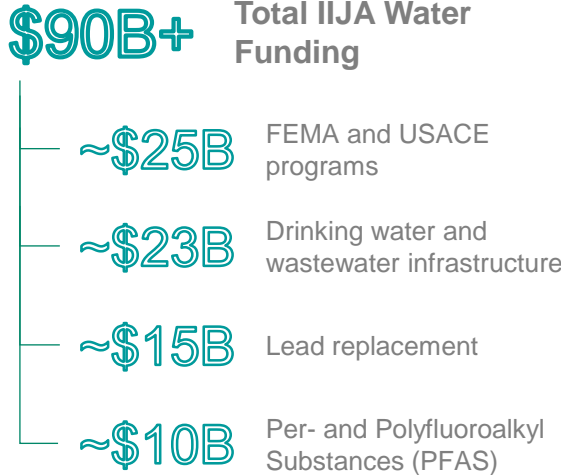
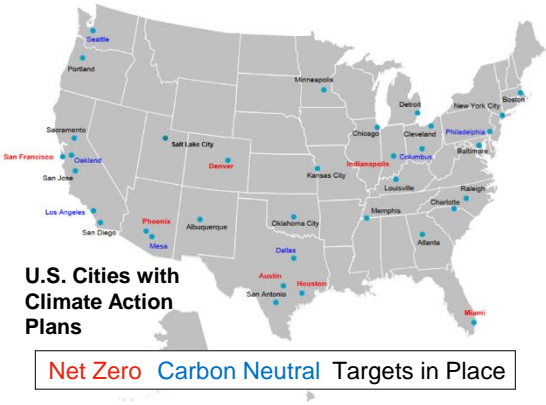
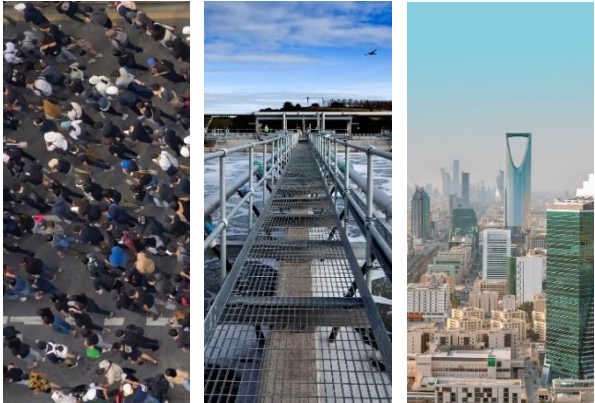
- Increasingly severe climate events underpin the urgency of achieving resilience for cities
- Key to adapt and strengthen infrastructure to promote resiliency and grow with a focus on sustainability

## Carbon Emissions and Social Outcomes

- 4% of global electricity is for water
- Increased focus on carbon emissions and social outcomes: regulations, commitments, stakeholders
- Federal requirements for funding stipulating benefit for underserved communities (e.g., IIJA+Justice40)

## Substantial Infrastructure Investment & Jobs Act Funding

- The IIJA committed more than \$90 billion of incremental funding specifically to address drinking water, wastewater, water resources and water related resiliency programs



**ADDITIONAL GROWTH DRIVERS:** ✓ Public & Environmental Health    ✓ Funding & Staffing    ✓ Digital Transformation

# Strategic Growth Market: Drought Response and Mitigation

*California is investing more than \$10 billion in initiatives to modernize water infrastructure, respond to emergency drought and improve water conservation to stretch water supplies.*

## CASE STUDY: PADRE DAM EAST COUNTY ADVANCED WATER PURIFICATION

- **Signature Win in a High Growth Market:** We have been selected by the Padre Dam Municipal Water District in San Diego, CA for a key water re-use project that serves a signature win in a market with substantial expected growth to address persistent droughts.
- **Advancing Sustainability and Resilience:** The team will create a new, local, sustainable, and drought-proof drinking water supply using state-of-the-art technology that provides a more efficient and technically advanced engineering solution.
- **Highly Efficient Water Recycling:** The facility is expected to recycle up to 95% of water through-put, which is a world-class level well ahead of other facilities, and is expected to generate up to 11.5 million gallons of purified water per day – diversifying the region’s water supply, and reducing dependence on imported water.
- **Why We Won:** We brought world-class technical innovation to bear with a proven track record of delivery, including an unparalleled history of execution in wastewater treatment and advanced water purification facilities.



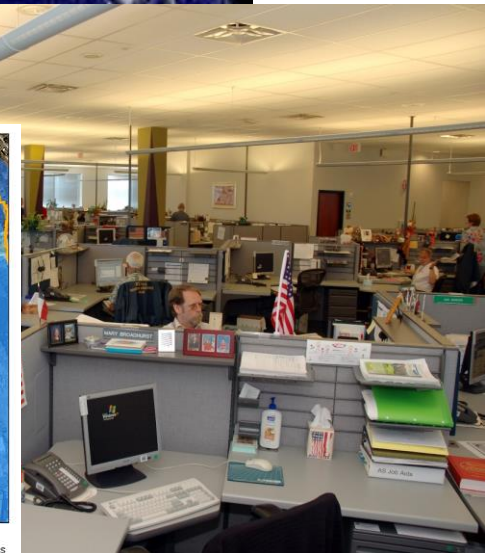
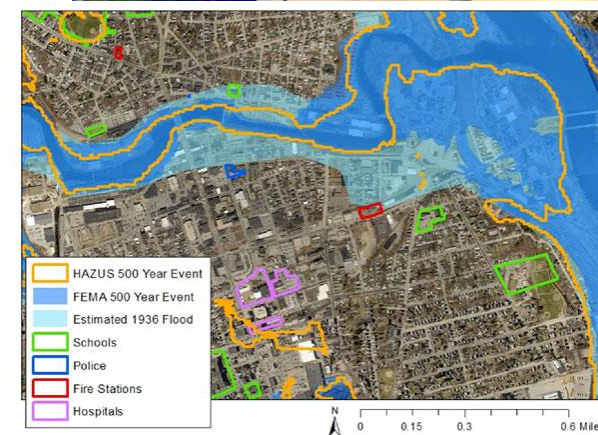
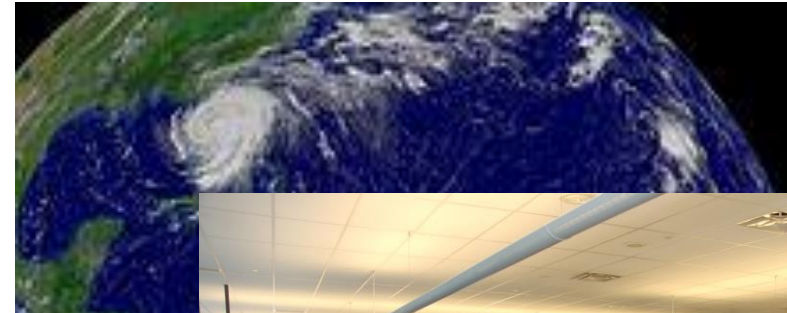


# Strategic Growth Market: Disaster Response and Resilience

*More than \$50 billion of resilience funding was included in the Infrastructure Investment and Jobs Act (IIJA), including dedicated funding for many of our key federal clients, which presents substantial growth opportunities*

## CASE STUDY: FEMA RISKMAP – PRODUCTION AND TECHNICAL SERVICES

- **Substantial Recapture Win:** Selected to provide engineering and consulting services in support of FEMA's National Flood Insurance Program.
- **Key Disaster Response and Resilience Work:** Scope of work will include generating and evaluating flood hazard and risk information, as well as supporting the development and implementation of mitigation, planning, flood mapping and modeling activities.
- **Regained Significant Market Share with this Client:** With this key recapture, combined with additional awards with this client in the last year, we have regained significant ground with this client and are well positioned as one their major consultancies.
- **Why We Won:** By combining our industry-leading water and Program Management capabilities, we brought a unique competitive capability to the client. In addition, through our digital tools, we created a more efficient approach to several elements of the project.



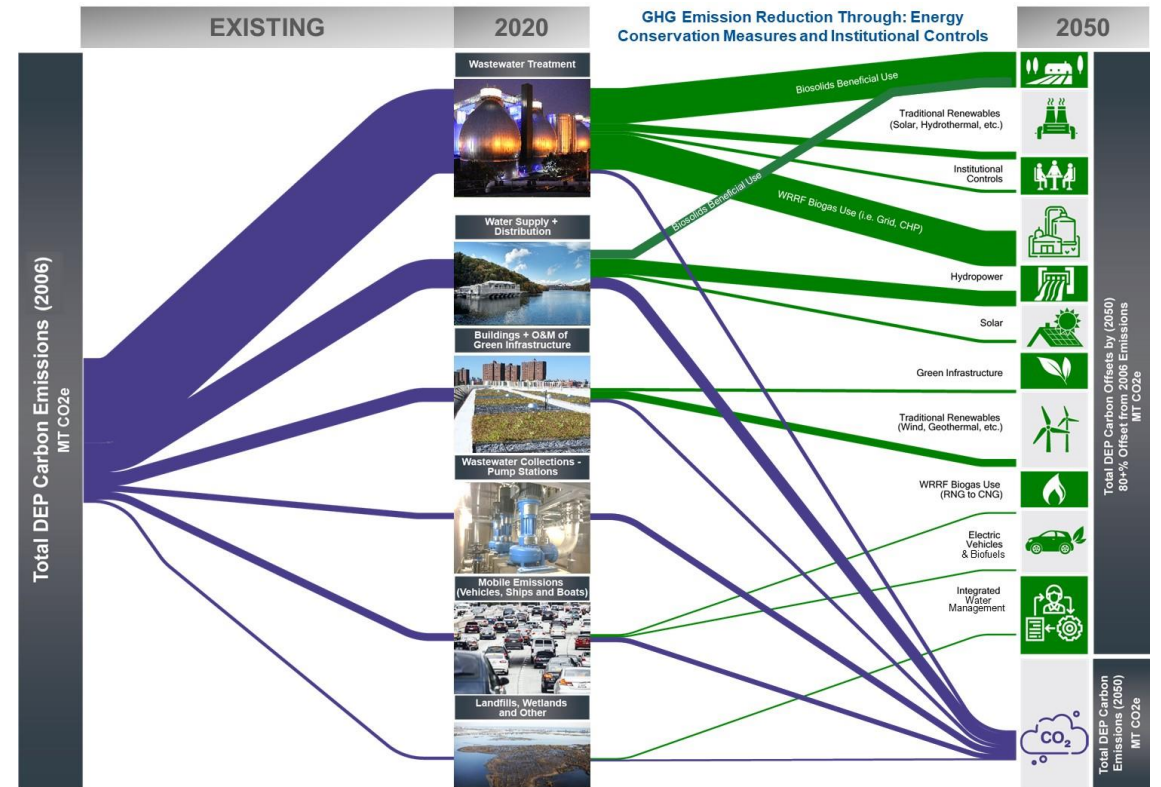


# Strategic Growth Market: Sustainability and Net Zero Emissions

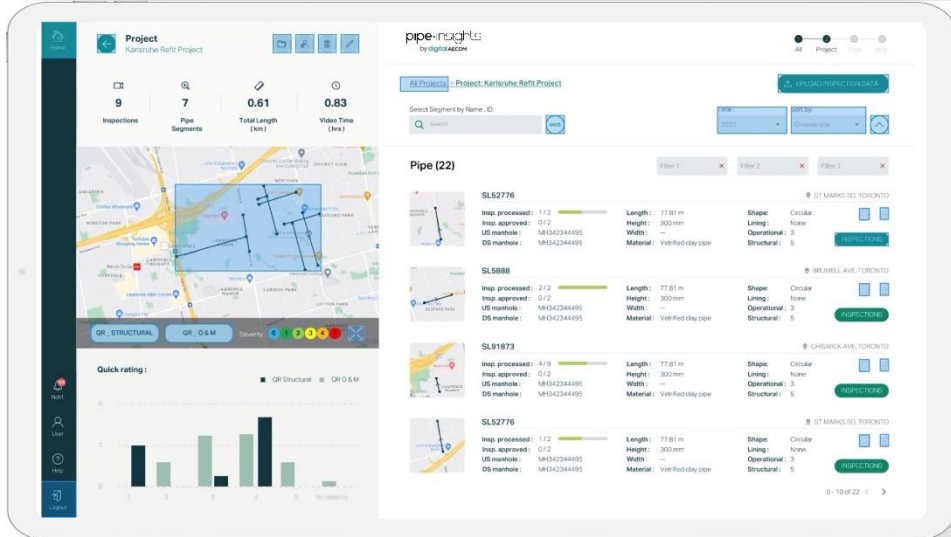
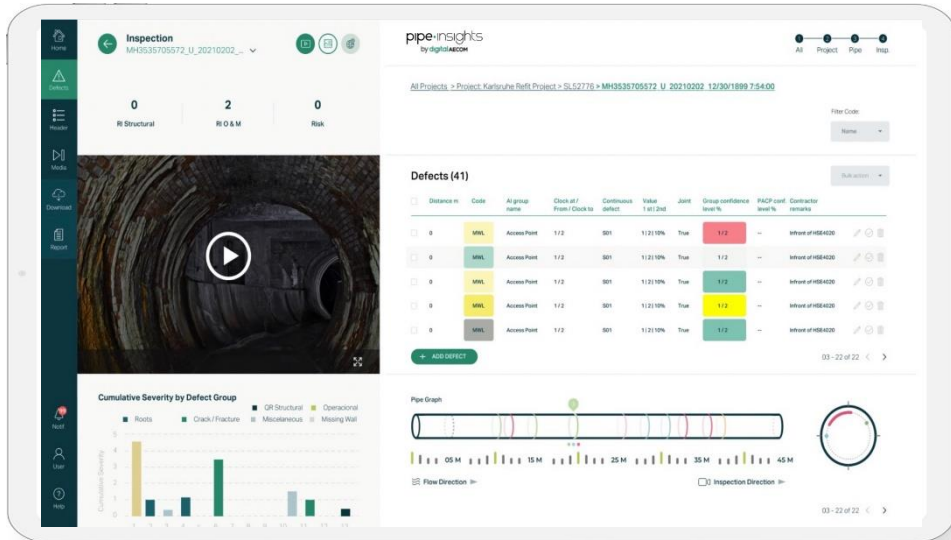
*Our clients are pursuing increasingly ambitious sustainability and resilience objectives to modernize infrastructure, enhance efficiency and achieve net zero emissions, all of which we are ideally positioned to advise our clients*

## CASE STUDY: NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION

- **Substantial Multi-Year Capital Plan:** The NYCDEP has a mandate to reduce emissions by 40% by 2025, 50% by 2030 and 80% by 2050, with the goal of being energy neutral in 2050, as part of a \$25 billion, 10-year capital spending plan.
- **Comprehensive Client Engagement:** We are advising on three key initiatives – conservation to reduce electricity usage, technology to reduce power through operations and maintenance, and more efficient energy production.
- Our work includes:
  - Development of long-term utilization strategies for wind, solar and other energy sources.
  - Evaluation of anaerobic digester gas.
  - Review of opportunities to convert biosolids for carbon neutrality.
- **Why We Won:** We build on the deep expertise and experience we have with the client’s existing infrastructure. We were uniquely able to deliver the client’s carbon reduction ambitions across its portfolio, including through the integration of world-class digital scenario planning tools.



# Expanding Our Digital AECOM Offering with PipeInsights



- Improves accuracy, speed and efficiency of sewer inspection programs
- Artificial Intelligence (AI) for:
  - Validation: assesses accuracy of coding
  - Detection: uncoded pipe or missed codes
- Cloud-based service on Azure
  - Store inspections and access them anywhere; no software to install or maintain
  - Quickly view inspection history and diagnose problems
  - GIS interface to quickly locate inspections
- Delivers actionable insights in hours, not weeks
- Accelerates data collection, investment planning, asset delivery and emergency response



# Appendix

# Recent Key Performance Highlights

## 1 Highest Organic Growth in More than a Decade

We delivered 9% organic NSR<sup>1</sup> growth in the design business in the fourth quarter.

## 2 Winning Work at a Record Rate

Reflecting the realization of our strategy, win rates are at an all-time and we delivered record full year wins in the design business, contributing to a record design backlog on a constant currency basis.

## 3 Translating Growth to the Bottom Line

Industry-leading margins, combined with accelerating organic growth, is translating to the bottom line, which is enabling investments in our teams to capitalize on substantial growth opportunities.

## 4 Maximizing Value for Shareholders

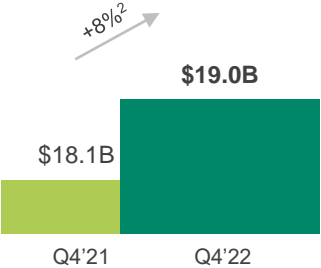
With the eighth consecutive year of cash flow within our guidance range, we returned nearly \$500 million to shareholders through share repurchases and dividends.

7<sup>th</sup>

Consecutive Quarter of Organic NSR<sup>1</sup> Growth

9%

Q4'22 Design NSR<sup>1</sup> Growth



Total Design Backlog

1.2x

FY'22 Book-to-Burn<sup>3</sup>

6%

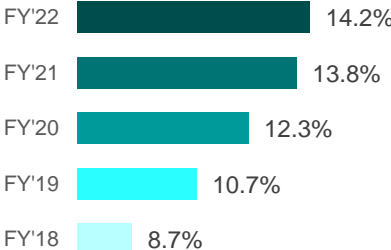
Q4'22 Total Backlog Growth<sup>2</sup>

10%

FY'22 Constant-Currency Adjusted<sup>4</sup> EBITDA<sup>5</sup> Growth

26%

FY'22 Constant-Currency Adjusted<sup>4</sup> EPS Growth



Segment Adjusted<sup>4</sup> Operating Margin<sup>6</sup>

~\$500M

FY'22 Repurchases and Dividends

~16%

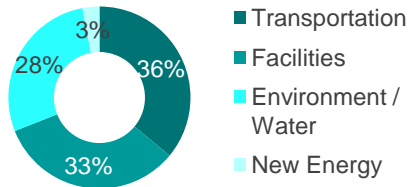
Share Count Reduction Since Repurchases Began in Sept' 20

WITH OUR OUTPERFORMANCE, WE ARE CONFIDENT IN DELIVERING ON OUR LONG-TERM COMMITMENTS

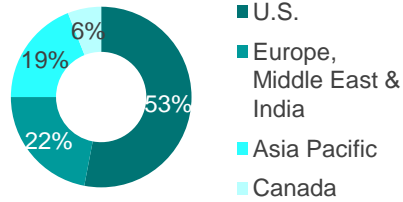


# As a Professional Services Business, AECOM Is Poised to Thrive

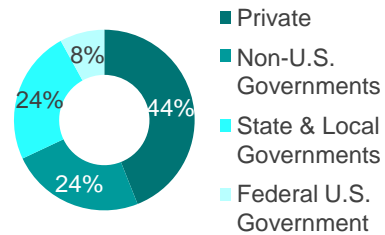
## Attractive Exposure to Key End Markets



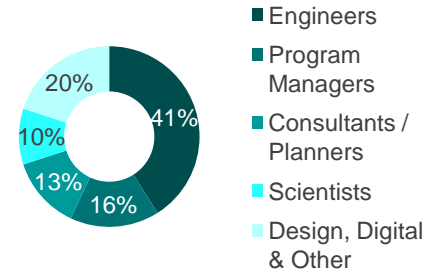
## Balanced Geographic Exposure



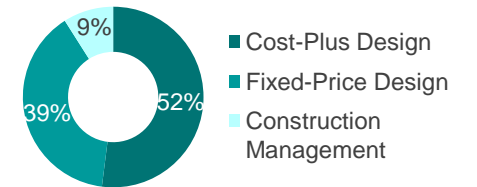
## Diverse Funding Sources



## Deep Technical Expertise



## Lower-Risk Business Model



- ✓ **Focused** on our core higher-returning and lower-risk businesses
- ✓ **Leader** in key transportation, water and environment markets and ideally positioned to advise clients on their ESG priorities
- ✓ **Strengthened** financial profile with transformed balance sheet and returning capital to shareholders
- ✓ **Capitalizing** on market leading positions, substantial backlog and ongoing continuous improvement initiatives to drive long-term profitable growth

All financial information is presented as a percentage of FY'22 Segment<sup>6</sup> NSR<sup>1</sup>.

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# Footnotes

<sup>1</sup> Revenue, less pass-through revenue; growth rates are presented on a constant-currency basis.

<sup>2</sup> On a constant-currency basis.

<sup>3</sup> Book-to-burn ratio is defined as the dollar amount of wins divided by revenue recognized during the period, including revenue related to work performed in unconsolidated joint ventures.

<sup>4</sup> Excludes the impact of certain items, such as restructuring costs, amortization of intangible assets and other items. See Regulation G Information for a reconciliation of Non-GAAP measures.

<sup>5</sup> Net income before interest expense, tax expense, depreciation and amortization.

<sup>6</sup> Reflects segment operating performance, excluding AECOM Capital.



# Regulation G Information

## Reconciliation of Revenue to Net Service Revenue (NSR)

	Three Months Ended			Twelve Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
<b>Americas</b>					
Revenue	\$ 2,582.2	\$ 2,457.0	\$ 2,618.9	\$ 10,226.3	\$ 9,939.3
Less: Pass-through revenue	1,662.4	1,530.7	1,671.4	6,629.4	6,228.2
Net service revenue	<u>\$ 919.8</u>	<u>\$ 926.3</u>	<u>\$ 947.5</u>	<u>\$ 3,596.9</u>	<u>\$ 3,711.1</u>
<b>International</b>					
Revenue	\$ 771.2	\$ 784.2	\$ 806.8	\$ 3,112.6	\$ 3,206.7
Less: Pass-through revenue	152.3	146.4	165.3	603.1	609.0
Net service revenue	<u>\$ 618.9</u>	<u>\$ 637.8</u>	<u>\$ 641.5</u>	<u>\$ 2,509.5</u>	<u>\$ 2,597.7</u>
<b>Segment Performance (excludes ACAP)</b>					
Revenue	\$ 3,353.4	\$ 3,241.2	\$ 3,425.7	\$ 13,338.9	\$ 13,146.0
Less: Pass-through revenue	1,814.7	1,677.1	1,836.7	7,232.5	6,837.2
Net service revenue	<u>\$ 1,538.7</u>	<u>\$ 1,564.1</u>	<u>\$ 1,589.0</u>	<u>\$ 6,106.4</u>	<u>\$ 6,308.8</u>
<b>Consolidated</b>					
Revenue	\$ 3,353.8	\$ 3,241.7	\$ 3,426.1	\$ 13,340.9	\$ 13,148.2
Less: Pass-through revenue	1,814.7	1,677.1	1,836.7	7,232.5	6,837.2
Net service revenue	<u>\$ 1,539.1</u>	<u>\$ 1,564.6</u>	<u>\$ 1,589.4</u>	<u>\$ 6,108.4</u>	<u>\$ 6,311.0</u>

## Reconciliation of Segment Income from Operations to Adjusted Income from Operations

	Three Months Ended			Twelve Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
<b>Americas Segment:</b>					
Income from operations	\$ 178.1	\$ 167.5	\$ 169.5	\$ 643.0	\$ 653.8
Amortization of intangible assets	4.4	4.3	4.4	17.4	17.4
Adjusted income from operations	<u>\$ 182.5</u>	<u>\$ 171.8</u>	<u>\$ 173.9</u>	<u>\$ 660.4</u>	<u>\$ 671.2</u>
<b>International Segment:</b>					
Income from operations	\$ 43.6	\$ 55.8	\$ 57.6	\$ 177.0	\$ 221.2
Amortization of intangible assets	2.3	0.3	0.3	5.2	1.4
Adjusted income from operations	<u>\$ 45.9</u>	<u>\$ 56.1</u>	<u>\$ 57.9</u>	<u>\$ 182.2</u>	<u>\$ 222.6</u>
<b>Segment Performance (excludes ACAP):</b>					
Income from operations	\$ 221.7	\$ 223.3	\$ 227.1	\$ 820.0	\$ 875.0
Amortization of intangible assets	6.7	4.6	4.7	22.6	18.8
Adjusted income from operations	<u>\$ 228.4</u>	<u>\$ 227.9</u>	<u>\$ 231.8</u>	<u>\$ 842.6</u>	<u>\$ 893.8</u>

## Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	Three Months Ended			Twelve Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
Net cash provided by operating activities	\$ 318.1	\$ 204.9	\$ 315.6	\$ 704.7	\$ 713.7
Capital expenditures, net	(19.1)	(22.0)	(58.2)	(121.5)	(128.1)
Free cash flow	<u>\$ 299.0</u>	<u>\$ 182.9</u>	<u>\$ 257.4</u>	<u>\$ 583.2</u>	<u>\$ 585.6</u>

# Regulation G Information

	Three Months Ended			Twelve Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
<b><u>Reconciliation of Net Income Attributable to AECOM from Continuing Operations per Diluted Share to Adjusted Net Income Attributable to AECOM from Continuing Operations per Diluted Share</u></b>					
Net income attributable to AECOM from continuing operations – per diluted share	\$ 0.65	\$ 0.75	\$ 0.82	\$ 1.97	\$ 2.73
Per diluted share adjustments:					
Restructuring costs	0.09	0.09	0.13	0.33	0.75
Amortization of intangible assets	0.05	0.03	0.03	0.15	0.13
Prepayment premium on debt	-	-	-	0.79	-
Financing charges in interest expense	0.01	0.01	0.01	0.08	0.03
Tax effect of the above adjustments*	(0.04)	(0.03)	(0.05)	(0.35)	(0.17)
Valuation allowances and other tax only items	0.05	0.01	(0.05)	(0.15)	-
Adjusted net income attributable to AECOM from continuing operations per diluted share	<u>\$ 0.81</u>	<u>\$ 0.86</u>	<u>\$ 0.89</u>	<u>\$ 2.82</u>	<u>\$ 3.47</u>
Weighted average shares outstanding – basic	143.8	140.6	139.6	147.3	140.8
Weighted average shares outstanding – diluted	146.6	142.2	141.3	149.7	142.7

\* Adjusts the income taxes during the period to exclude the impact on our effective tax rate of the pre-tax adjustments shown above.

<b><u>Reconciliation of Net Income Attributable to AECOM from Continuing Operations to EBITDA to Adjusted EBITDA and to Adjusted Income from Operations</u></b>					
Net income attributable to AECOM from continuing operations	\$ 95.1	\$ 106.9	\$ 115.4	\$ 294.7	\$ 389.1
Income tax expense	46.1	44.5	33.0	89.0	136.1
Depreciation and amortization	46.9	41.3	44.1	176.9	170.2
Interest income <sup>2</sup>	(2.0)	(2.8)	(2.3)	(6.7)	(8.2)
Interest expense	25.8	27.4	33.3	238.3	110.3
Amortized bank fees included in interest expense	(1.2)	(1.2)	(1.2)	(11.4)	(4.8)
EBITDA	<u>\$ 210.7</u>	<u>\$ 216.1</u>	<u>\$ 222.3</u>	<u>\$ 780.8</u>	<u>\$ 792.7</u>
Restructuring costs	14.1	12.3	18.6	48.9	107.6
Adjusted EBITDA	<u>\$ 224.8</u>	<u>\$ 228.4</u>	<u>\$ 240.9</u>	<u>\$ 829.7</u>	<u>\$ 900.3</u>
Other income	(5.8)	(4.3)	(3.7)	(17.6)	(14.2)
Depreciation <sup>1</sup>	(39.1)	(35.5)	(38.3)	(143.4)	(146.9)
Interest income <sup>2</sup>	2.0	2.8	2.2	6.7	8.1
Noncontrolling interests in income of consolidated subsidiaries, net of tax	8.9	8.5	6.0	25.0	25.5
Amortization of intangible assets included in NCI, net of tax	0.2	0.1	0.1	0.6	0.4
Adjusted income from operations	<u>\$ 191.0</u>	<u>\$ 200.0</u>	<u>\$ 207.2</u>	<u>\$ 701.0</u>	<u>\$ 773.2</u>

<sup>1</sup> Excludes depreciation from discontinued operations

<sup>2</sup> Included in other income



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