

# Third-Quarter Fiscal Year 2014

August 5, 2014



Program Management  
Crossrail  
London, U.K.

**AECOM**

# Disclosures

## 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.

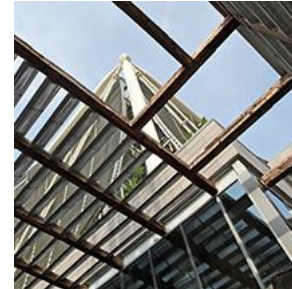
Additional factors that could cause actual results to differ materially from our forward-looking statements are set forth in our Quarterly Report on Form 10-Q for the period ended March 31, 2014, and our other filings with the Securities and Exchange Commission. We do not intend, and undertake no obligation, 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

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



Stephen M. Kadenacy  
*Chief Financial Officer*



# AECOM Fiscal Year 2014 Third-Quarter Highlights

150+ COUNTRIES

2 SEGMENTS

OVER 30 MARKET SECTORS

## Today's Call

- ✓ Q3 FY14 overview
- ✓ FY14 guidance
- ✓ Review of key markets
- ✓ Key priorities

- ✓ Net income<sup>1</sup> of \$69 million.
- ✓ Q3 EPS of \$0.70.
- ✓ \$20.5 billion in backlog with \$2.2 billion in new wins.
  - Wins up 15.8% year over year.
- ✓ Q3 free cash flow of \$63 million.
  - YTD free cash flow of \$136 million.
- ✓ Targeting diluted EPS range of \$2.50 to \$2.60 for fiscal year 2014.

<sup>1</sup> Attributable to AECOM

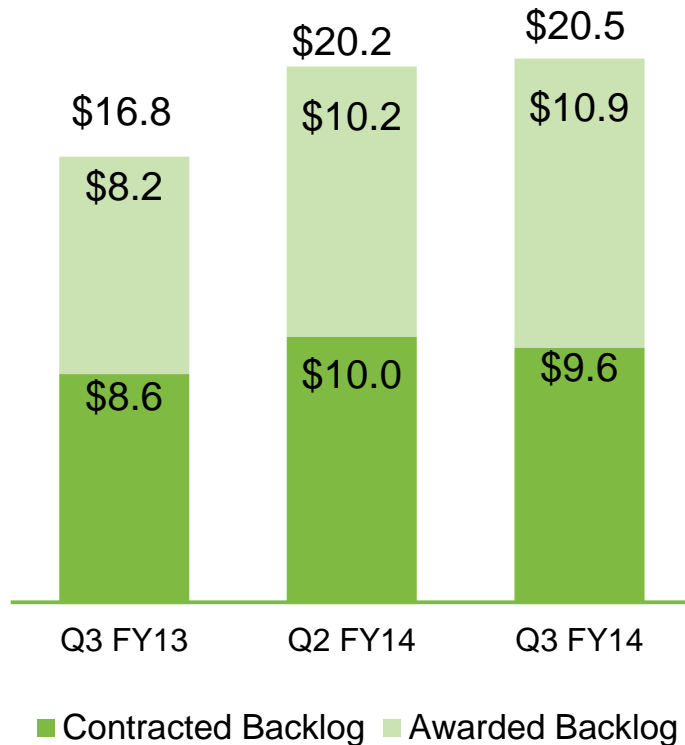
# Q3 FY14 Performance

(in millions, except EPS, margins and tax rate)	Q3 FY13	Q2 FY14	Q3 FY14	Q3 % Change	
				Seq.	YoY
<b>Gross Revenue</b>	\$2,067	\$1,872	\$1,968	5.1%	(4.8%)
<b>Net Service Revenue<sup>(1)</sup></b>	\$1,236	\$1,180	\$1,205	2.1%	(2.5%)
<b>Op. Income</b>	\$112	\$68	\$92	33.8%	(18.2%)
<b>Op. Income Margin<sup>(2)</sup></b>	9.1%	5.8%	7.6%	180bps	(146bps)
<b>EBITDA Margin<sup>(3)</sup></b>	10.9%	7.5%	9.6%	208bps	(131bps)
<b>Tax Rate<sup>(4)</sup></b>	29.9%	27.4%	16.5%	(1,095bps)	(1,340bps)
<b>Net Income<sup>(5)</sup></b>	\$71	\$40	\$69	72.3%	(2.1%)
<b>Diluted EPS<sup>(5)</sup></b>	\$0.70	\$0.41	\$0.70	70.7%	0.0%
<b>Diluted Avg. Shares</b>	100.8	98.3	99.0	0.6%	(1.8%)
<b>Free Cash Flow<sup>(6)</sup></b>	\$84	(\$44)	\$63	N.M.	(24.4%)

<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)



## Q3 FY14 Highlights:

- \$20.5 billion in backlog – up 22% YoY; and 1.2% sequentially.
- \$2.2 billion of new wins.
- Book-to-burn<sup>(1)</sup> of 1.1x.
- Backlog = 2.6x 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 Europe, the Middle East, Africa and Asia.
- Construction services continues to be one of our strongest growth end markets.

(in millions, except margin)	Q3 FY13	Q2 FY14	Q3 FY14	Q3 % Change	
				Seq.	YoY
<b>Gross Revenue</b>	\$1,847	\$1,684	\$1,795	6.6%	(2.8%)
<b>Net Service Revenue<sup>(1)</sup></b>	\$1,102	\$1,088	\$1,112	2.2%	0.9%
<b>Op. Income</b>	\$121	\$86	\$102	18.7%	(15.9%)
<b>Op. Income Margin<sup>(2)</sup></b>	11.0%	7.9%	9.1%	127bps	(183ps)

<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:

- Operating Income Margin up 261 basis points on lower Net Service Revenue.
- Diversification plan showing progress towards non-Department of Defense agencies.

(in millions, except margin)	Q3 FY13	Q2 FY14	Q3 FY14	Q3 % Change	
				Seq.	YoY
<b>Gross Revenue</b>	\$220	\$189	\$174	(8.0%)	(21.3%)
<b>Net Service Revenue<sup>(1)</sup></b>	\$134	\$92	\$93	0.6%	(30.8%)
<b>Op. Income</b>	\$15	\$9	\$13	38.5%	(14.8%)
<b>Op. Income Margin<sup>(2)</sup></b>	11.3%	10.1%	13.9%	380bps	261bps

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



# EBITDA Margins

Q3 EBITDA of **\$115.9 million** and margin<sup>(1)</sup> of **9.6%**; up **208** bps sequentially.

Cost savings initiatives on track to achieve **\$20 million in run rate savings** by the end of this fiscal year and excluding synergies from URS integration.

**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

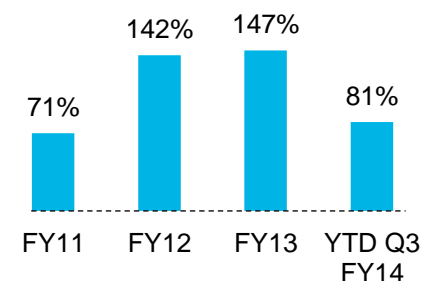
**Over \$1 billion** in undrawn borrowing capacity.

Net Debt to EBITDA of **1.2x**; down from **1.3x** in the prior year.

Expect leverage to be below current level three years after closing URS transaction.

(in millions, except net debt/EBITDA)	Q3 FY13	Q2 FY14	Q3 FY14	Q3 % Change	
				Seq.	YoY
<b>Free Cash Flow<sup>(1)</sup></b>	\$84	(\$44)	\$63	N.M.	(24.4%)
<b>Cash and Equivalents</b>	\$508	\$503	\$510	1.5%	0.5%
<b>Total Debt</b>	\$1,149	\$1,091	\$1,043	(4.4%)	(9.2%)
<b>Net Debt<sup>(2)</sup></b>	\$641	\$589	\$533	(9.4%)	(16.8%)
<b>Net Debt/EBITDA<sup>(2)</sup></b>	1.3x	1.2x	1.2x	0.0%	(7.7%)

## Free Cash Flow Conversion<sup>(3)</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.

<sup>3</sup> Free cash flow conversion is defined as free cash flow as a percentage of net income prior to deduction of non-controlling interests. FY11 amount excludes deferred compensation plan termination (\$90 million) and associated excess tax benefits (\$58 million). FY12 amount excludes goodwill impairment impact.

# URS Transaction Update

- ✓ Currently expect to close in October<sup>1</sup>.
- ✓ Financing in place for the full cash portion of the transaction.
- ✓ Expected capital structure at closing to comprise:
  - \$1.050 billion secured revolving credit facility
  - \$500 million secured performance letter of credit facility
  - \$1.3 billion secured Term Loan A
  - \$1.8 billion secured Term Loan B
  - \$1.6 billion of unsecured notes
- ✓ Recorded \$8 million of acquisition-related and internal due diligence costs in the third quarter.



**World Trade Center**  
Manhattan, New York, U.S.A.

<sup>1</sup> Completion of the merger is subject to a number of conditions, including regulatory approvals, approval of the stock issuance proposal by AECOM stockholders and adoption of the merger agreement by URS stockholders.

# Fiscal 2014 Outlook

- ✓ EPS range of \$2.50-\$2.60.
- ✓ Assumptions:
  - Excludes acquisition-related as well as internal-integration and due-diligence costs.
  - Higher EBITDA margin on slightly lower NSR.
  - Effective tax rate of 27% (inclusive of non-controlling interest deduction).
  - Share count of 99 million – assumes no share repurchase after the end of fiscal Q3 2014.
- ✓ Free cash flow at least equal to net income.

## Additional guidance assumptions:

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

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

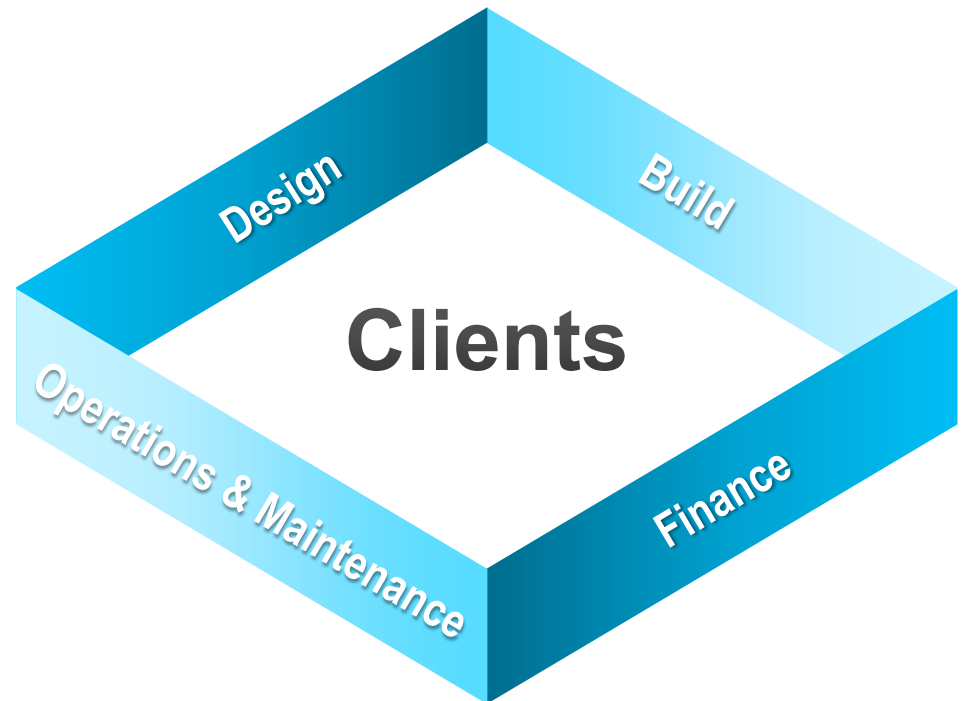
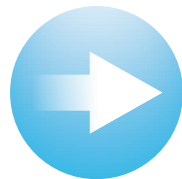
**\$38 million**  
of interest  
expense — net  
of interest  
income.

# URS Combination Enhances Integrated Offering

*Becoming the Premier, Fully Integrated Infrastructure Firm.*

The combination gives AECOM a greatly enhanced capacity to provide integrated delivery capabilities, covering all four components of the infrastructure asset lifecycle — **design, build, finance and operate** — that customers around the world increasingly demand.

Meeting client needs through an integrated service platform



# Q3 FY14 Regional Highlights

## Americas: 47% of NSR<sup>1</sup>

- Year-over-year increase in design wins.
- High-rise construction strong in major urban markets, boosting construction services' growth.
- Government services identifying non-DoD opportunities.

## Europe, Middle East and Africa: 29% of NSR<sup>1</sup>

- Double-digit growth in all three regions<sup>2</sup>.
- U.K. opportunities in energy, transportation, water and communications.
- Middle East business focused on large infrastructure programs.
- Africa seeing increased activity for ports, rail and roads.

## Asia-Pacific: 24% of NSR<sup>1</sup>

- Asia NSR grew by 12%<sup>2</sup>.
- Hong Kong plans to spend \$9 billion per year on infrastructure through 2018.
- Australia encouraged by recent wins in mining sector; operating income up sequentially.

<sup>1</sup> Estimated geographies based on Q3 FY14 LTM net service revenue where work is performed. <sup>2</sup> Growth rates are on a constant currency basis.

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# Appendix

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



The Taizhou Bridge in Taizhou, Jiangsu, China — the world's first long-span, three-pylon suspension bridge — was 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.
- Q3 fiscal year 2014 ending backlog of \$20.5 billion, up 22% year over year.
- Following acquisition of URS, top capital-allocation priority will be reducing long-term debt.

<sup>1</sup> 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,**  
40%\*

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,** 7%\*

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 Differentiates AECOM

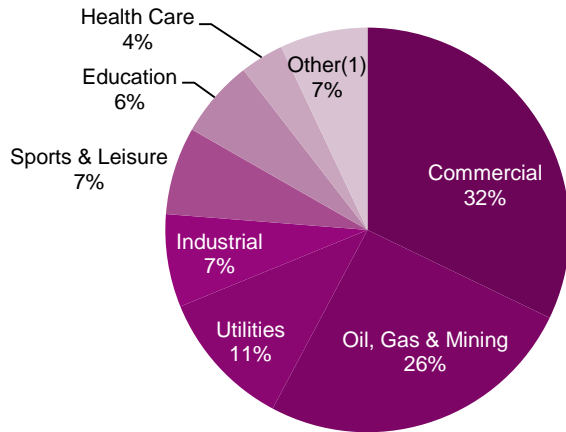


\*Estimated funding sources and end markets based on Q3 FY14 LTM gross revenue.

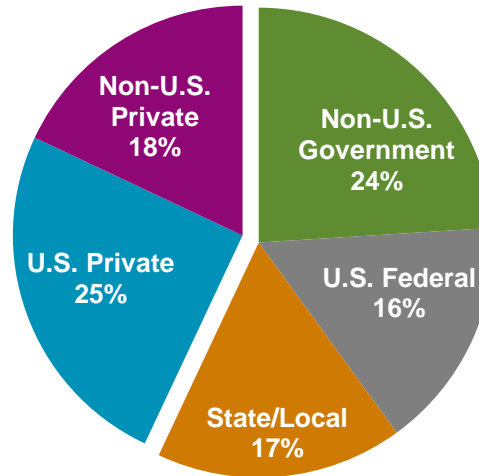
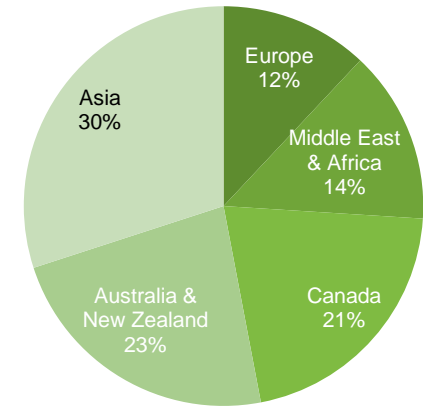
# Diversified Business Profile

## Diversified Funding Sources

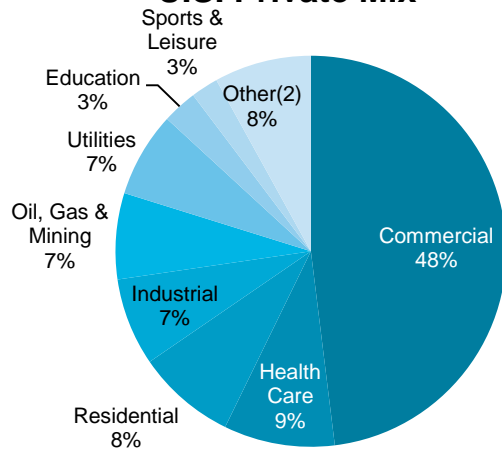
### Non-U.S. Private Mix



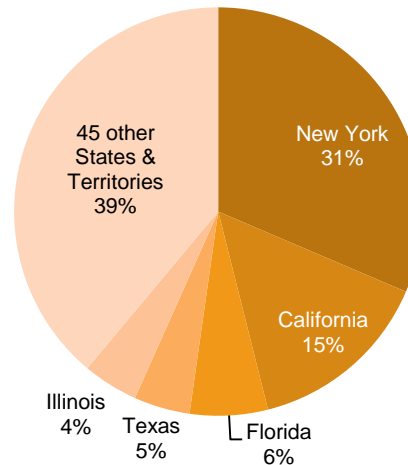
### Non-U.S. Government Mix



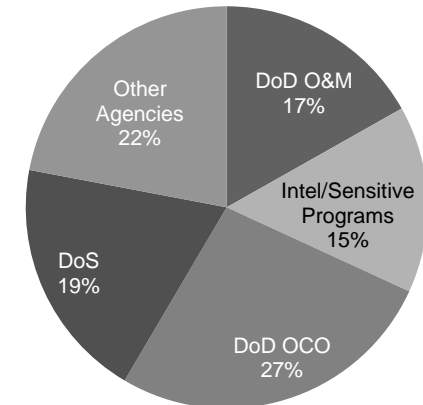
### U.S. Private Mix



### State/Local Mix



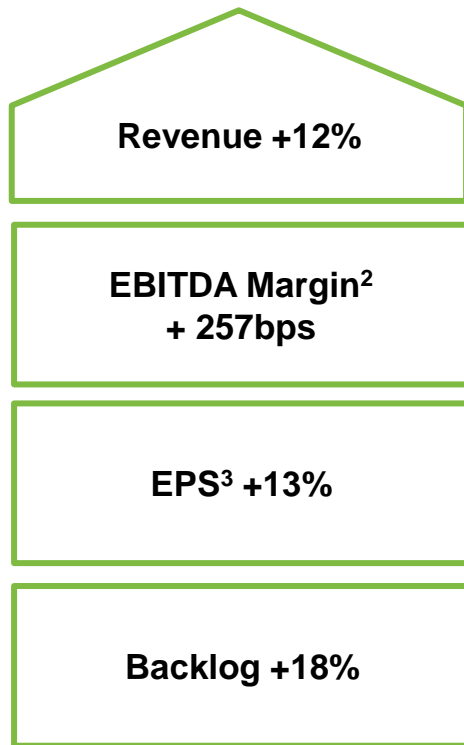
### U.S. Federal Mix



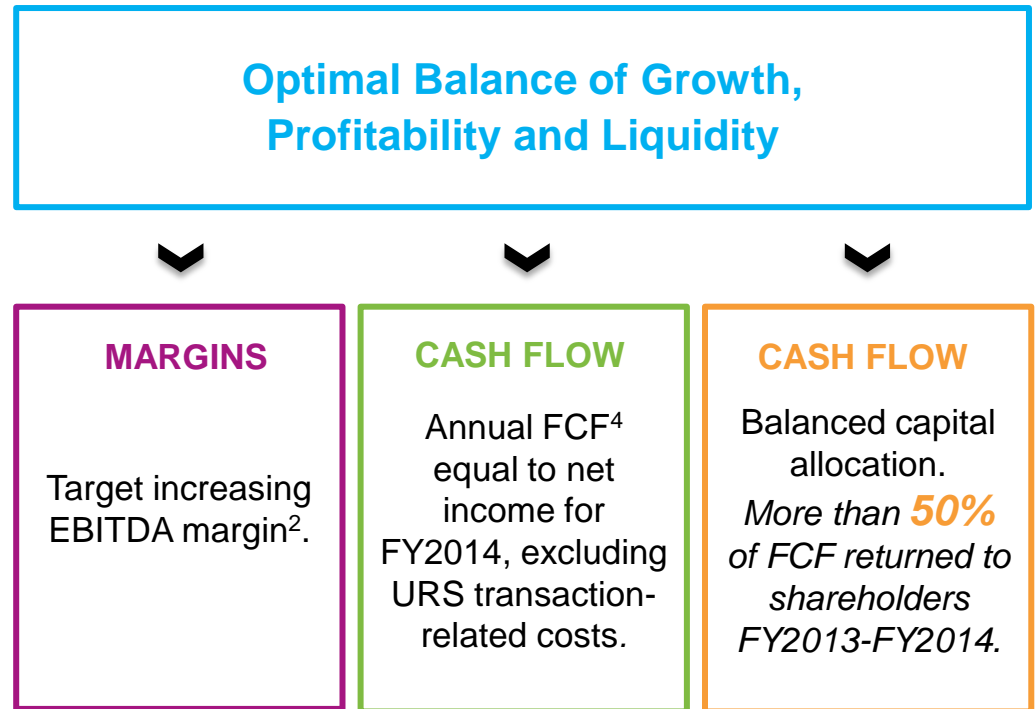
<sup>1</sup> Includes Real Estate Development and Transportation. <sup>2</sup> Includes Transit and Aviation. Sources: Estimated funding sources based on Q3 LTM FY14 gross revenues.

# 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



## Eicher Group and VECV Headquarters — Gurgaon, India

- AECOM's design for the Volvo-Eicher headquarters building on behalf of the Eicher Group created an environment that enhances work-life quality and minimizes the building's environmental impact, while providing client savings in annual operational costs.
- The design includes a high-performance building envelope, passive design strategies for indoor thermal comfort and ventilation, efficient artificial lighting as well as intelligent day-light controls. The heating, ventilation and air conditioning equipment is highly optimized for comfort and efficiency.
- The highest level of green building certification, LEED Platinum under the India Green Building Council's New Construction rating system, was achieved for the building.



## Asia Square — Singapore

- AECOM provided engineering and consultancy services for Asia Square, a twin-tower, mixed-use development with approximately 246,700 square meters of total gross floor area, situated in the new Marina Bay business and financial center.
- The design of Asia Square was in accordance with Singapore's garden-city image, with open spaces, courtyards, public city rooms, balconies, roof gardens and sky gardens incorporated into the building.
- The high-rise towers comprise 43- and 46-story buildings that include office, retail, food and beverage spaces, along with a five-star hotel.
- Asia Square was designed to be one of the region's most efficient commercial developments to meet current and future demands for environmentally sustainable green office space.

# Transportation End Market — Project Examples



## Calgary International Airport — Calgary, Alberta, Canada

- As program managers and consultants for the Calgary International Airport International Facilities program, AECOM is responsible for the overall management and delivery of the largest terminal expansion to date, with preliminary estimates of more than C\$1 billion in expenditures for its projected 17-year duration.
- AECOM is leading the planning, project definition and delivery of the approximately 1-million-square-foot (92,900-square-meter) expansion with the addition of 32 jet-loading bridges.
- AECOM is also providing project, design and preconstruction management; accounting; cost estimating; scheduling; and administrative services for the entire program.



## Auckland Electrification Project — New Zealand

- The Auckland Electrification Project is a NZ\$1.2-billion (US\$1-billion) development to electrify the city's existing metro rail network and provide a modern, well-connected, sustainable rail network for Auckland.
- AECOM is the lead designer on the project, which comprises approximately 185 single-track kilometers (115 miles) of electrification with two feeder stations and four track-section cabins. The AECOM team was commissioned to undertake the overhead wiring and traction power detail design in collaboration with Balfour Beatty Rail Projects.
- When completed, train operations will be faster, quieter and more energy efficient, making rail travel an attractive option for the city's residents and visitors, while providing the region with a world-class public transport rail service.

# Environment End Market — Project Examples



## Resolve Superfund Site — Massachusetts, U.S.A.

- AECOM prepared the plans and specifications for a pilot-scale remediation system dubbed the “anaerobic bio-reactor” (ABR) system. The ABR is an innovative ex situ biological-treatment system that destroys chlorinated hydrocarbons in contaminated groundwater. Using naturally occurring bacteria to treat chlorinated volatile organic compounds significantly reduces chemical and energy input and eliminates the need for extensive pretreatment to remove metals.
- AECOM also provided a cost-benefit analysis of the full-scale ABR system compared to the original mechanical system. AECOM participated in the design-review and value-engineering process, oversaw the construction activities for the full-scale system, assisted in preparing the system's long-term monitoring plan and continues to work in preparing annual evaluations of the system's performance.



## 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



## Hydro-Agricultural Development of the Anambé Basin — Senegal

- AECOM was hired by the Ministry of Agriculture and the Society for the Agricultural and Industrial Development of Senegal to design and supervise the construction of the installations and infrastructure related to the hydro-agricultural development of the Anambé Basin in Senegal.
- During Phase I, a confluent dam, an irrigation and drainage network, and a rice-processing factory were completed, as well as various social infrastructure projects. Phase II added an earth dam, an irrigation and drainage network, and three pumping stations and supply channels.
- A follow-up to the project showed that the newly irrigated agricultural land increased the producers' income and brought a significant reduction of Senegal's dependence on other countries for food.



## Rural Electrification Plan — Ethiopia

- AECOM developed a rural electrification plan, including 33 kV distribution lines, low-voltage distribution lines, a street-lighting network and the extension of 18 existing substations to introduce new 132/33 kV and 66/33 kV bays and feeders as well as supply and erection of substation equipment.
- AECOM energy professionals provided optimization studies, detailed engineering, tender documents preparation and supply services in addition to testing and inspecting the existing equipment. AECOM also assumed construction supervision and technical assistance for the three-year project.
- The rural electrification project for the Ethiopian Electric Power Corporation and funded by the African Development Bank, will supply 36 villages with reliable and affordable electricity.

# Government Services End Market — Project Examples



## Innovative Groundwater Remediation of Complex Sites — Air Force Bases Throughout the U.S.A.

- AECOM is assisting the U.S. Air Force Civil Engineer Center (AFCEC) in developing high-resolution, base-wide conceptual site models (CSMs) for managing contaminated groundwater cleanups at Air Force Bases across the United States.
- Environmental Sequence Stratigraphy — AECOM's innovative technology developed specifically to optimize complex site evaluation and remediation programs — was established by the AFCEC as the standard for evaluating the subsurface conditions at complex sites.
- These base-wide conceptual models save millions of dollars in CSM and remediation costs by reducing the uncertainty around cost-to-closure for the mandated Performance-Based Remediation program.



## F-15 Modernization Program, Royal Saudi Air Force — Kingdom of Saudi Arabia (KSA)

- Through the United States Foreign Military Sales (FMS) Program, the U.S. Air Force engaged AECOM to support the Royal Saudi Air Force (RSAF) in modernizing its facilities and infrastructure at four major installations and four ranges in conjunction with the upgrade of RSAF's fleet of 84 F-15 military aircraft.
- AECOM programmed and designed more than 60 new facilities (totaling 1.6 million square feet) at four RSAF installations in the KSA, plus renovations to numerous existing facilities.
- The original US\$1.9-million task order, awarded in January 2013, has resulted in a total of five task orders valued at US\$13 million.



Thank you!

