



**TETRA TECH**

**Q4  
24** **Earnings  
Call**

November 14, 2024

**Dan Batrack, Chairman & CEO**

**Steve Burdick, Executive VP & CFO**

**Leslie Shoemaker, Chief Innovation Officer**

**WATER &  
ENVIRONMENT**

# Forward-Looking Statements & Non-GAAP Financial Measures



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, risk profile and investment strategies, and any statements regarding future economic conditions or performance, and the expected financial and operational results of Tetra Tech. 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. These statements involve risks and uncertainties, such as those related to fluctuations in Tetra Tech’s quarterly operating results and stock price, and the other risks detailed from time to time in Tetra Tech’s SEC reports. 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.

To supplement the financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we present certain non-GAAP financial measures within the meaning of Regulation G under the Securities Exchange Act of 1934, as amended. We provide these non-GAAP financial measures because we believe they provide a valuable perspective on our financial results. However, non-GAAP measures have limitations as analytical tools and should not be considered in isolation and are not in accordance with, or a substitute for, GAAP measures. In addition, other companies may define non-GAAP measures differently which limits the ability of investors to compare non-GAAP measures of Tetra Tech to those used by our peer companies. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is available at [tetratech.com/investors](https://tetratech.com/investors).

# Record Results in Q4-24 and Fiscal 2024

	Q4-24	RECORD HIGH	FY24	RECORD HIGH
Revenue	\$1.37B	✓	\$5.20B	✓
Net Revenue	\$1.14B	✓	\$4.32B	✓
Operating Income	\$153M	✓	\$510M	✓
Adjusted EPS (Pre-split)	\$1.91	✓	\$6.32	✓
Adjusted EPS (Post-split)	\$0.38	✓	\$1.26	✓
Backlog	\$5.38B	✓	\$5.38B	✓

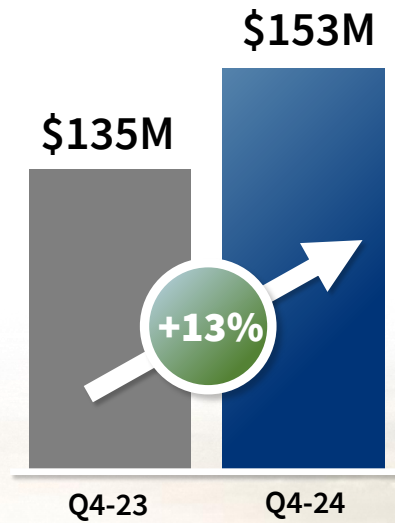
Note: Operating income and EPS presented on adjusted basis. Refer to appendix for reconciliation summary.

# Q4-24 Record Results

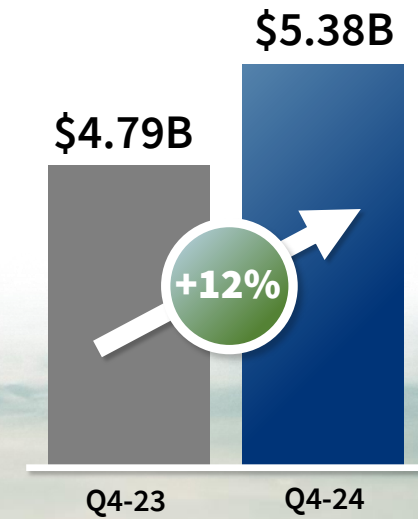
## Revenue



## Operating Income


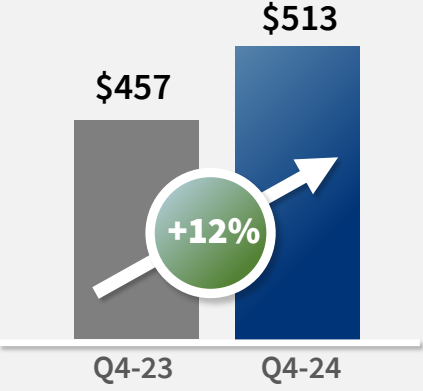
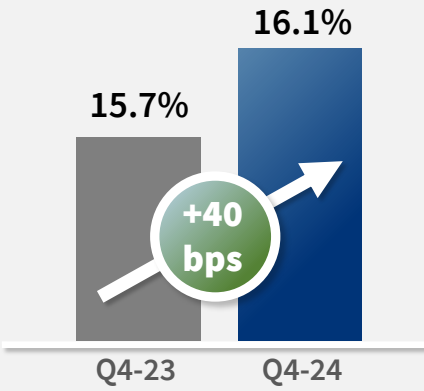

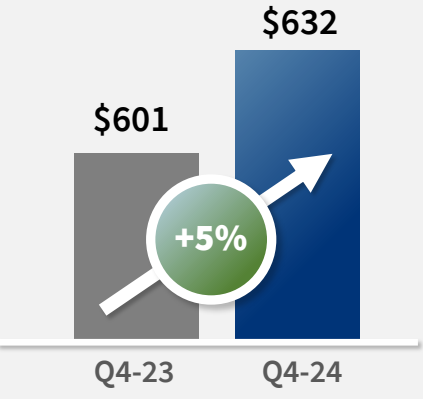
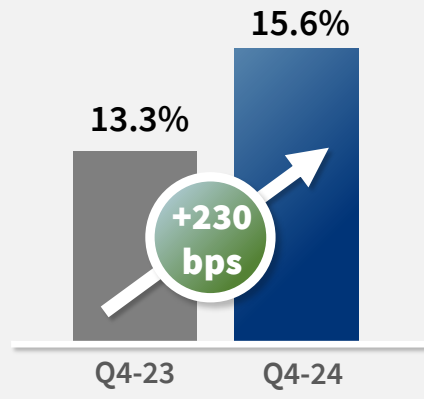


## Backlog







*All-time High Revenue, Earnings and Backlog*

# Q4-24 Performance by Segment

Segment	Net Revenue (\$M)	OI Margin (%)	Comments
 <p>GSG</p>	 <p>\$457 \$513 +12%</p> <p>Q4-23 Q4-24</p>	 <p>15.7% 16.1% +40 bps</p> <p>Q4-23 Q4-24</p>	<ul style="list-style-type: none"> <li>Advanced Water Treatment Up</li> <li>International Development Up</li> </ul>
 <p>CIG</p>	 <p>\$601 \$632 +5%</p> <p>Q4-23 Q4-24</p>	 <p>13.3% 15.6% +230 bps</p> <p>Q4-23 Q4-24</p>	<ul style="list-style-type: none"> <li>U.K. Water Up</li> <li>RPS Margin Up</li> </ul>

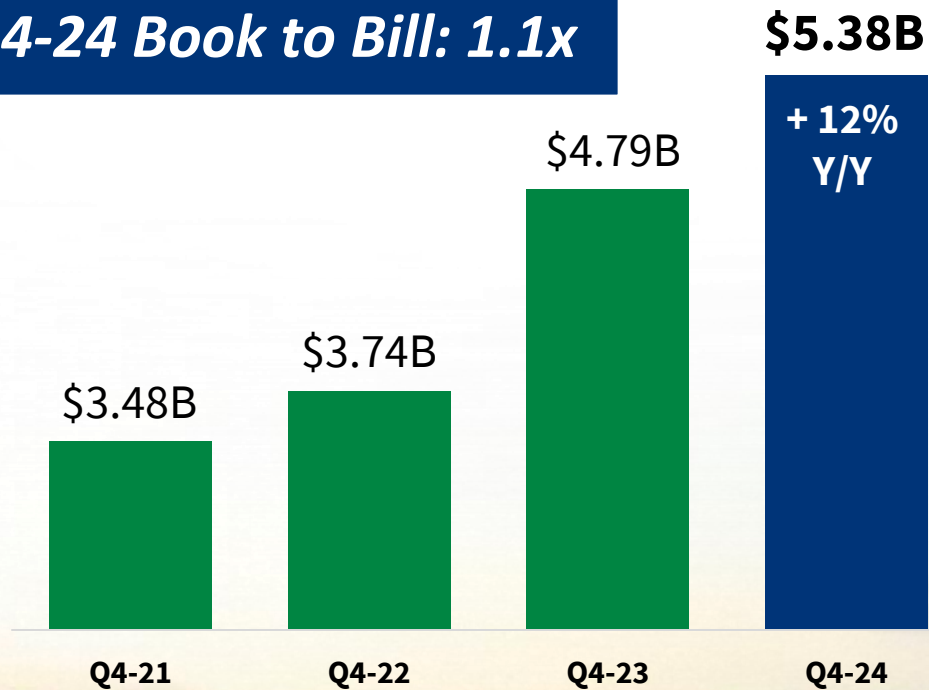
# Q4-24 Revenue by Customer

Customer	% of Rev.	Rev. Y/Y	Net Rev. Y/Y	Comments
 <b>U.S. Federal</b>	33%	+13%*	+12%*	<ul style="list-style-type: none"> <li>Coastal Marine Navigation up</li> <li>Civilian Agencies Environmental Up</li> </ul>
 <b>U.S. State &amp; Local</b>	12%	+9%	+5%	<ul style="list-style-type: none"> <li>Advanced Water Treatment up</li> <li>Water System Modernization up</li> </ul>
 <b>U.S. Commercial</b>	18%	+3%	+5%	<ul style="list-style-type: none"> <li>Environmental Remediation up</li> <li>Renewable Energy up</li> </ul>
 <b>International</b>	37%	+6%	+5%	<ul style="list-style-type: none"> <li>Resilient Infrastructure up</li> <li>U.K. Water up</li> </ul>

\*U.S. Federal up 16% Y/Y with Ukraine

# Q4-24 Backlog

**Q4-24 Book to Bill: 1.1x**

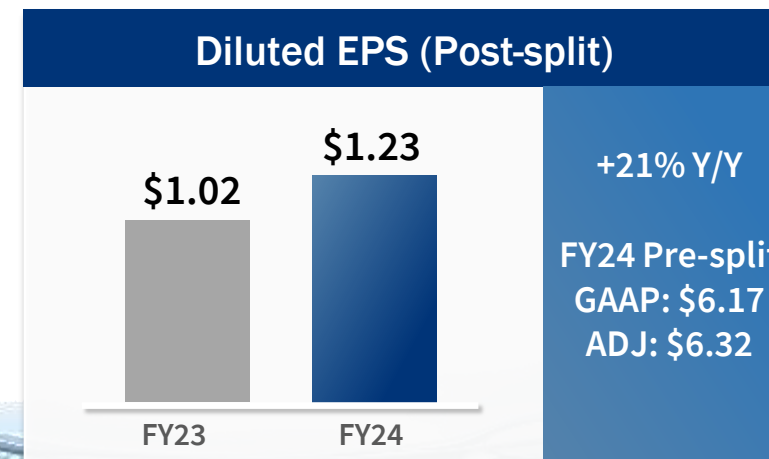
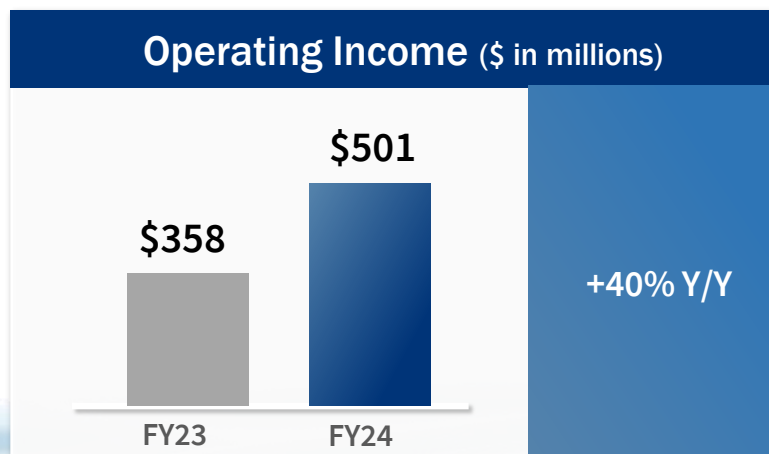
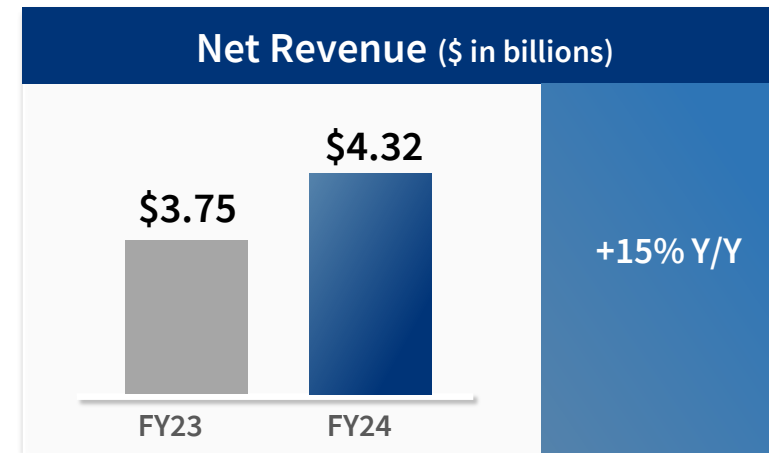
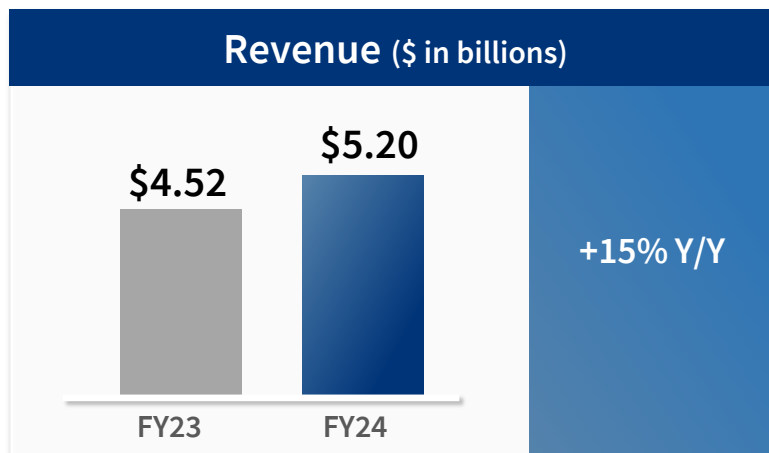


## Recent Key Contract Wins

- **\$12 billion** multiple-award contract to deliver innovative technology solutions for Defense Logistics Agency
- **\$5 billion** multiple award contract to address complex resiliency challenges in countries around the world for USAID
- **\$1 billion** framework contract with Northern Ireland Water for support of sustainable water infrastructure projects
- **\$249 million** multiple award contract for environmental assessment and sustainable design services for the U.S. Army Corps of Engineers
- **\$225 million** multiple award contract for environmental remediation services for the U.S. Army Corps of Engineers
- **\$150 million** in single award contracts to increase access for reliable water, electricity, and sustainable infrastructure in Africa for USAID
- **\$30 million** single award contract to provide watershed-focused restoration and resiliency services for the Utah Army National Guard

*Increased Orders Across All Our Client End Markets*

# FY24 Financial Overview (GAAP)

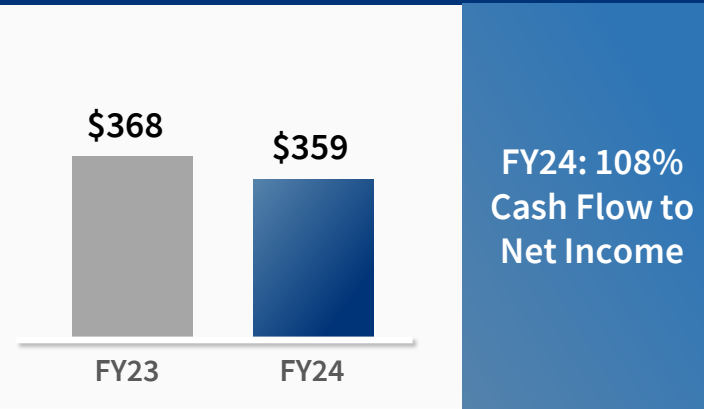


*All-time High Revenue and Profitability*

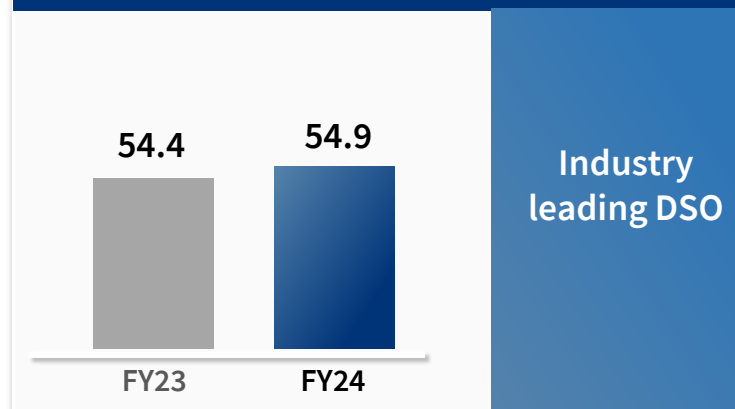


# FY24 Financial Overview

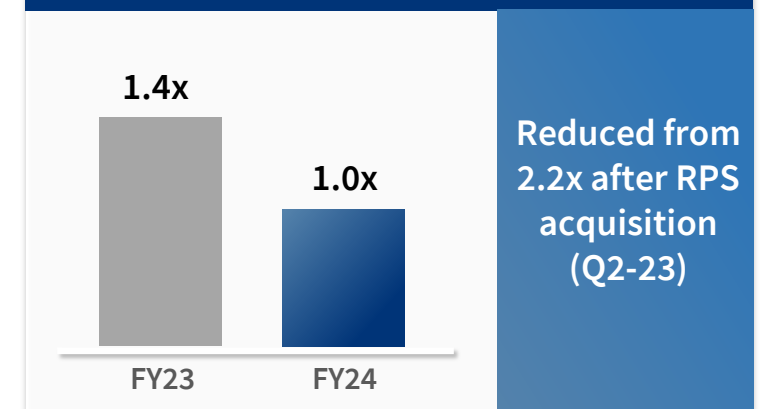
## Cash Flow from Operations (\$ in millions)



## Days Sales Outstanding



## Net Debt Leverage



*Strong Cash Flow from Operations and Lower Debt Leverage*

# Capital Allocation



**Cash Flow**  
**\$359M**  
**(FY24)**

## Debt Facilities

- \$800M existing liquidity available
- Balanced debt: fixed (2/3) & variable (1/3)
- FY24 Interest rate of 3.94%, lower by 143 bps Y/Y
- Invest in organic & acquisitive strategic priorities

## Acquisitions

- Strong strategically aligned pipeline
- Technical innovation
- Water & Environment focus in key geographies

## Dividends & Stock Buyback

- Q1-25 Dividend: \$0.058 per share, +12% Y/Y
- Previously approved buyback: \$348M available

# Global Priority Water Programs



## U.K. Water Utilities

AMP 8: Triple Investment in New Infrastructure



### Recent Wins:

- \$1 billion to support key water and wastewater infrastructure projects across Northern Ireland
- \$125M to improve the river health across the North West of England

### Tetra Tech Subscription Software Solutions:

**WATERNET™**

**Csoft**



FUSIONMAP®  
TETRA TECH



## U.S. Municipal Water

Water Funding Passed in Nov. 2024



### Recent Wins:

- \$56 million to design advanced water treatment and PFAS removal solution for a new facility in Virginia
- \$30 million for watershed-focused restoration and resiliency services

### Tetra Tech Subscription Software Solutions:

**Csoft**

**Tt HYDROWEB**  
Contrôle des eaux

**OCEANSMAP™**  
An Ocean Of Data. Integrated.

Source: Ofwat July 2024 price review

# Coastal Resilience

## Market Drivers

- Ninety-eight \$1B+ flooding events since 2020\*

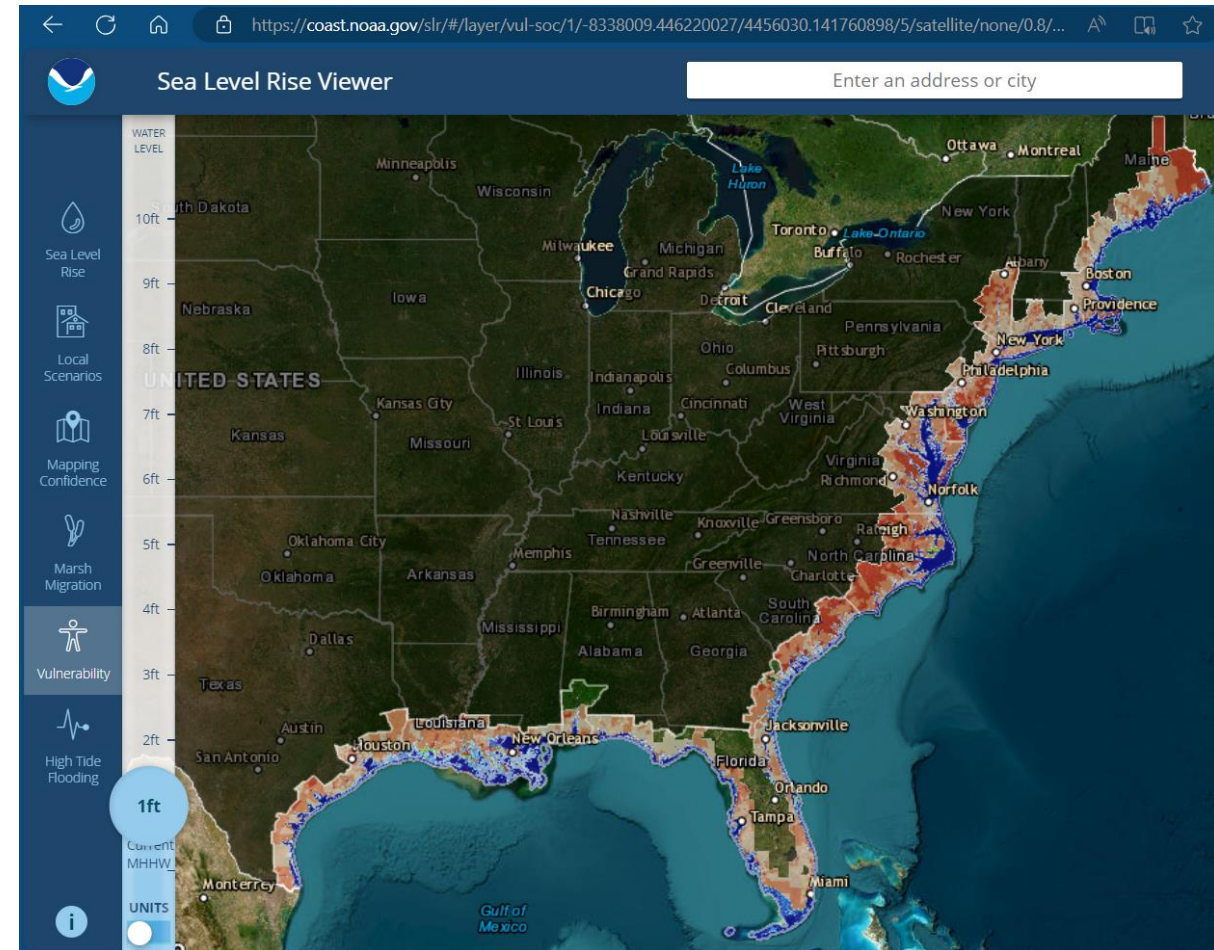
## Tetra Tech Differentiation

- 50-year leading position in shoreline protection design
- Nature-based solutions such as hybrid reefs, marsh restoration, and barrier island creation
- Subscription software solutions for enhanced coastline management

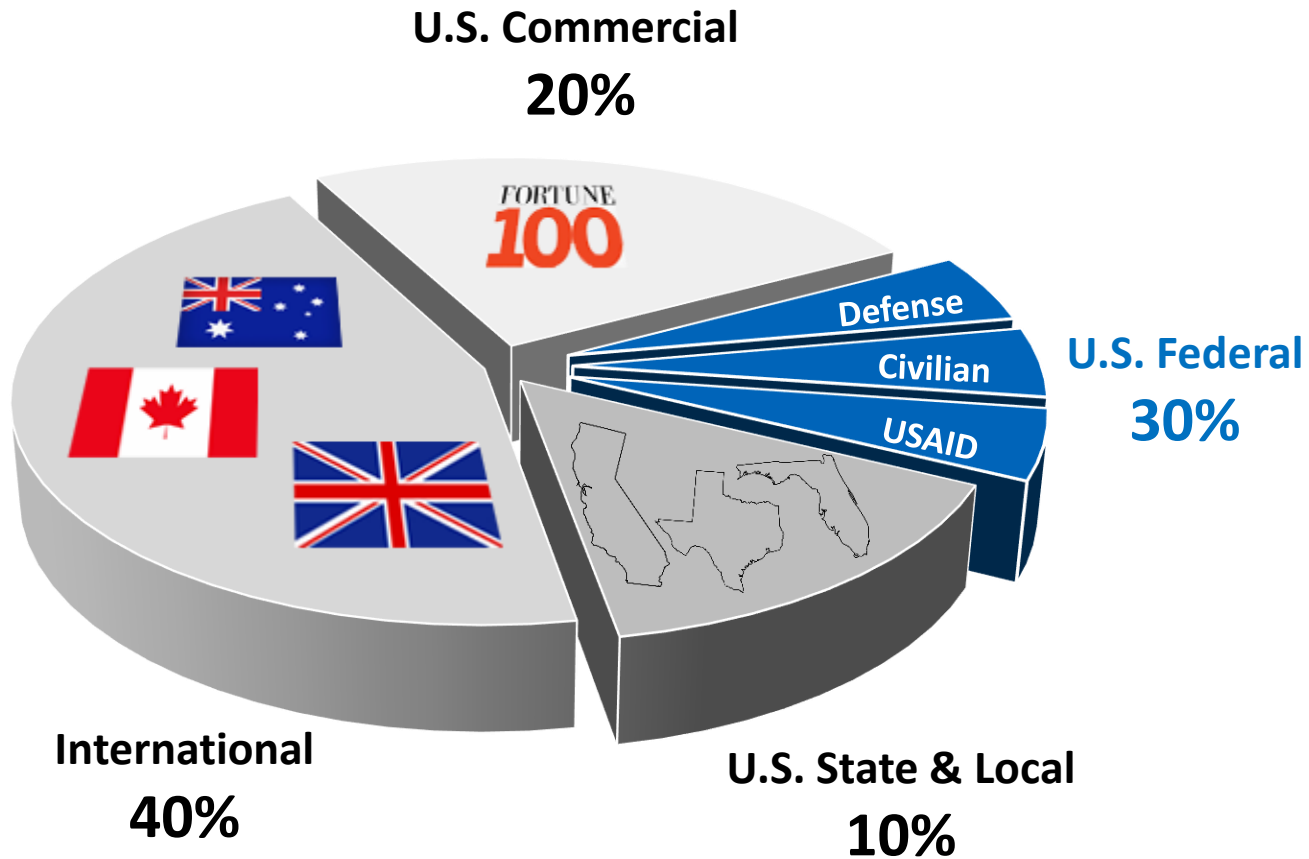
Tetra Tech Subscription  
Software Solutions:



\*National Oceanic and Atmospheric Administration (NOAA)







# 2025 U.S. Federal Spending Outlook



Forecasted Federal Spending Priorities		
Defense	↑	• Infrastructure resiliency
Civilian	↑	• Coastal resiliency
USAID	↓	• Reset of funding priorities

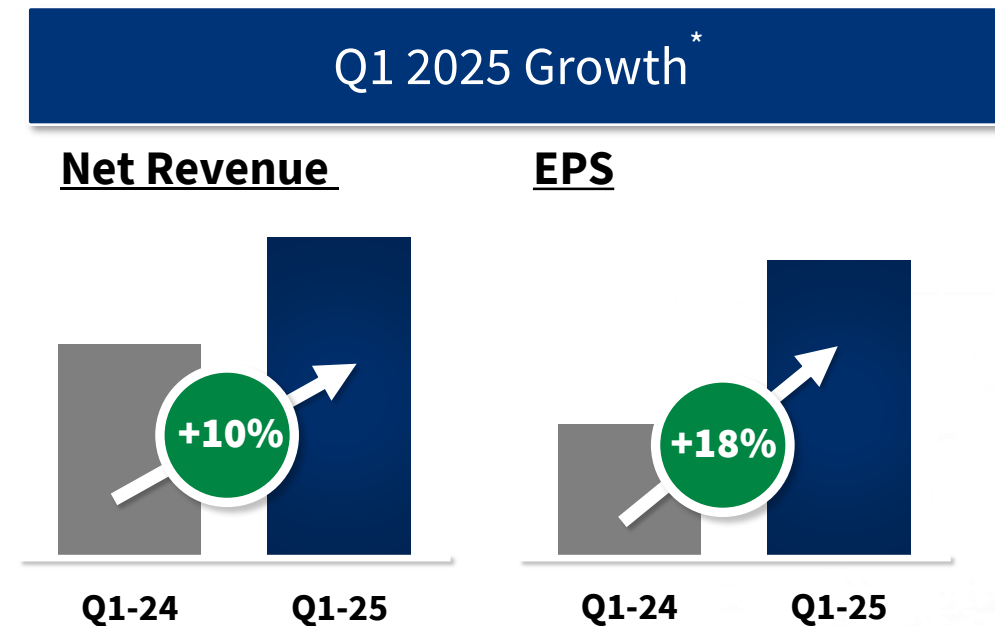
*2025 U.S. Federal Growing 5% to 10% Y/Y*

# Fiscal 2025 Outlook

Customer	% of Rev.	Growth Rate	Drivers
 U.S. Federal	30%	5% to 10%	<ul style="list-style-type: none"><li>• Defense Environmental</li><li>• Critical Infrastructure</li></ul>
 U.S. State & Local	10%	10% to 15%	<ul style="list-style-type: none"><li>• Modernization of Water Treatment Plants</li><li>• Treatment of Emerging Contaminants</li></ul>
 U.S. Commercial	20%	5% to 10%	<ul style="list-style-type: none"><li>• Water Used in Advanced Manufacturing</li><li>• Environmental Brownfield Restoration</li></ul>
 International	40%	5% to 10%	<ul style="list-style-type: none"><li>• U.K. Water Utilities</li><li>• Renewable Energy</li></ul>

# FY25 Guidance

	Net Revenue	EPS
Q1-25	\$1.090B - \$1.150B	\$0.32-\$0.34
FY-25	\$4.565B - \$4.765B	\$1.40-\$1.50



\*Midpoint of the range

#### Assumptions FY-25

- Intangible amortization of \$35M or \$0.09 per share
  - Q1-25: \$10M, Q2-25: \$9M, Q3-25: \$8M, Q4-25: \$8M
- Effective tax rate: 27.5%
- Depreciation of \$25M
- Interest Expense of \$31M-\$35M
- 272 million average diluted shares
- Excludes contributions from future acquisitions

# Summary

- Strong demand for high-end water and environmental services
- All-time high revenue, operating income, and EPS
- Record backlog \$5.4B entering FY25
- FY25 EPS guidance up 15% Y/Y





TETRA TECH

# Questions & Answers

# WATER & ENVIRONMENT

# FY24 GAAP Reconciliation Summary

(\$ in millions, except EPS)



<b>Q4-24</b>	<b>Operating Income</b>	<b>EBITDA</b>	<b>EPS (Post-split)</b>	<b>EPS (Pre-split)</b>
<b>GAAP</b>	<b>\$143</b>	<b>\$160</b>	<b>\$0.35</b>	<b>\$1.77</b>
Earn-out adjustments	2	2	-	0.03
Acquisition & Integration	7	7	0.03	0.11
<b>Adjusted</b>	<b>\$153</b>	<b>\$169</b>	<b>\$0.38</b>	<b>\$1.91</b>

<b>FY24</b>	<b>Operating Income</b>	<b>EBITDA</b>	<b>EPS (Post-split)</b>	<b>EPS (Pre-split)</b>
<b>GAAP</b>	<b>\$501</b>	<b>\$574</b>	<b>\$1.23</b>	<b>\$6.17</b>
Earn-out adjustments	3	3	-	0.03
Acquisition & Integration	7	7	0.03	0.12
<b>Adjusted</b>	<b>\$510</b>	<b>\$584</b>	<b>\$1.26</b>	<b>\$6.32</b>

# FY23 GAAP Reconciliation Summary

(\$ in millions, except EPS)



<b>Q4-23</b>	<b>Operating Income</b>	<b>EBITDA</b>	<b>EPS (Post-split)</b>	<b>EPS (Pre-split)</b>
<b>GAAP</b>	<b>\$107</b>	<b>\$124</b>	<b>\$0.20</b>	<b>\$1.00</b>
Earn-out adjustments	4	4	0.01	0.06
Integration Costs	24	24	0.07	0.35
Tax Related Items	-	-	0.05	0.25
<b>Adjusted</b>	<b>\$135</b>	<b>\$153</b>	<b>\$0.33</b>	<b>\$1.66</b>

<b>FY23</b>	<b>Operating Income</b>	<b>EBITDA</b>	<b>EPS (Post-split)</b>	<b>EPS (Pre-split)</b>
<b>GAAP</b>	<b>\$358</b>	<b>\$419</b>	<b>\$1.02</b>	<b>\$5.10</b>
Earn-out adjustments	12	12	0.04	0.19
Integration Costs	50	50	0.15	0.78
FY Hedge Gain	-	-	(0.25)	(1.24)
Tax Related Items	-	-	0.08	0.38
<b>Adjusted</b>	<b>\$420</b>	<b>\$481</b>	<b>\$1.04</b>	<b>\$5.21</b>