

# Third Quarter Fiscal 2021

## 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, 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 coronavirus and the related economic instability and market volatility, including the reaction of governments to the coronavirus, including 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; high leverage and potential inability to service our debt and guarantees; exposure to Brexit; exposure to political and economic risks in different countries; currency exchange rate 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 benefits and costs of the Management Services transaction, including the risk that the expected benefits of the Management Services transaction or any contingent purchase price will not be realized within the expected time frame, in full or at all; 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 non-operating items, such as amortization expense, taxes and non-core operating losses 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.

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# Today's Participants

**Troy Rudd**

*Chief Executive Officer*

**Lara Poloni**

*President*

**Gaurav Kapoor**

*Chief Financial Officer*

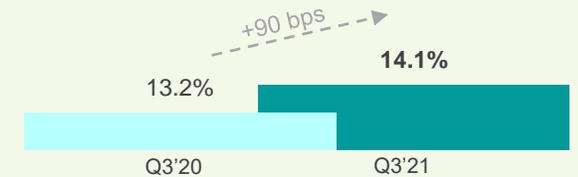
# Our Strategic and Financial Accomplishments

*Four themes are apparent across our business:*

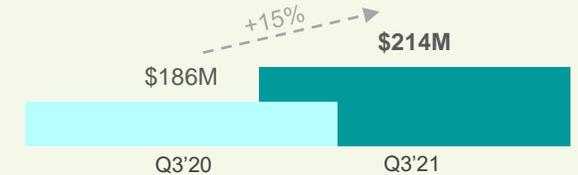
- 1 Extended our track record of delivering on our financial and strategic commitments
- 2 Delivered accelerating growth in the design business driven by the success of our *Think and Act Globally* strategy and our investments in people and innovation
- 3 Expect strong results into the future as we focus on increasing infrastructure and ESG-driven growth opportunities
- 4 Focused on enhancing shareholder value by allocating substantially all available cash flow to share repurchases

## THIRD QUARTER PERFORMANCE HIGHLIGHTS

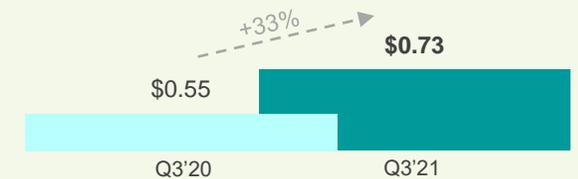
**Continued Adjusted<sup>1</sup>  
Operating Margin<sup>2</sup> Expansion**



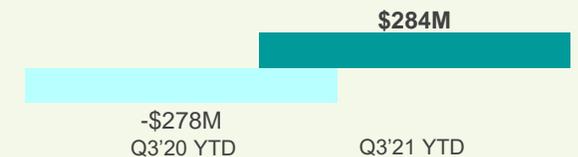
**Double-Digit Adjusted<sup>1</sup>  
EBITDA<sup>3</sup> Growth**



**Double-Digit Adjusted<sup>1</sup> EPS  
Growth**



**Strong Free Cash Flow<sup>4</sup>**



# Positioned to Deliver Long-Term Outperformance

## EXECUTING OUR STRATEGY

- ✓ Prioritized investments in highest growth opportunities while extending best practices to all our clients globally
- ✓ Enhanced our agility and increased collaboration across the enterprise
- ✓ Delivered industry-leading margins that have enabled investments in our teams and innovation in ways that distinguish us in the industry
- ✓ Extending the productivity of our people through digital solutions and innovation

**SUCCESSFUL EXECUTION OF OUR STRATEGY IS CONTRIBUTING TO GROWTH**

## EXTENDING OUR GROWTH ADVANTAGE

- 1 Winning and delivering critical projects that highlight our strong positioning in key growth markets
- 2 Extending our competitive advantages through our Sustainable Legacies strategy to accelerate our growth and capitalize on increasing infrastructure and ESG-driven demand
- 3 Expanding our program management and advisory capabilities to more holistically support our clients' multi-decade initiatives and increase our addressable market
- 4 Positioning to capitalize on improving funding trends for our clients both in the U.S. and internationally – a potential federal infrastructure bill in the U.S. would be an incremental benefit to AECOM

# Advancing Key Operational Priorities



## Capitalizing on Growing ESG Demand

*Embedding ESG into everything we do through our Sustainable Legacies strategy*

- ✓ With ESG being an increasing demand driver for our clients, our teams are integrating ESG into our proposals in innovative ways
- ✓ Leveraging our Sustainable Legacies strategy and focus on ESG to create stronger competitive advantages in the marketplace



## Investing in Our People

*Strengthening our workforce to fully benefit from increasing demand*

- ✓ Investing aggressively to bring the best and brightest talent to AECOM with our pace of hiring doubling since the start of the year as demand in our markets recovers
- ✓ Expanding our teams' productivity through digital solutions and innovation
- ✓ Implemented flexible work policies to enable greater work-life balance



## Strengthening Our Capabilities

*Investing in innovation and digital capabilities*

- ✓ Building upon the several hundred digital consultants within AECOM that are already helping clients progress on their own digital transformations
- ✓ Connecting the more than 1,000 digital practitioners across AECOM globally under one team to ensure we remain an innovator in our industry

# Q3'21 Professional Services Financial Results

## GAAP RESULTS VS. PRIOR YEAR:

TOTAL REVENUE	\$3.41 billion	7%
OPERATING INCOME	\$160 million	35%
EPS	\$0.19	(66%)

## KEY PERFORMANCE INDICATORS VS. PRIOR YEAR (NON-GAAP):

NET SERVICE REVENUE <sup>5</sup>	\$1.52 billion	1%
SEGMENT ADJUSTED <sup>1</sup> OPERATING MARGIN <sup>2</sup>	14.1%	+90 bps
ADJ. <sup>1</sup> EBITDA <sup>3</sup>	\$214 million	15%
ADJ. <sup>1</sup> EPS	\$0.73	33%

+8%

Total Design Backlog YoY Growth

+7%

Total Design Contracted Backlog YoY Growth

- Delivered another quarter of strong results
  - NSR<sup>5</sup> increased by 3% growth in our design business, contributing to 1% growth for the enterprise
  - Adjusted<sup>1</sup> EBITDA<sup>3</sup> increased by 15% and adjusted EPS increased by 33%
  - The segment adjusted<sup>1</sup> operating margin<sup>2</sup> increased by 90 basis points over the prior year to 14.1% and set a new quarterly record
  - Our margins have now increased by 540 basis points since fiscal 2018 and continue to lead the industry
- Improved phasing of our cash flow enabling substantial share repurchases and continued to improve our balance sheet with lower cost debt and extended maturity

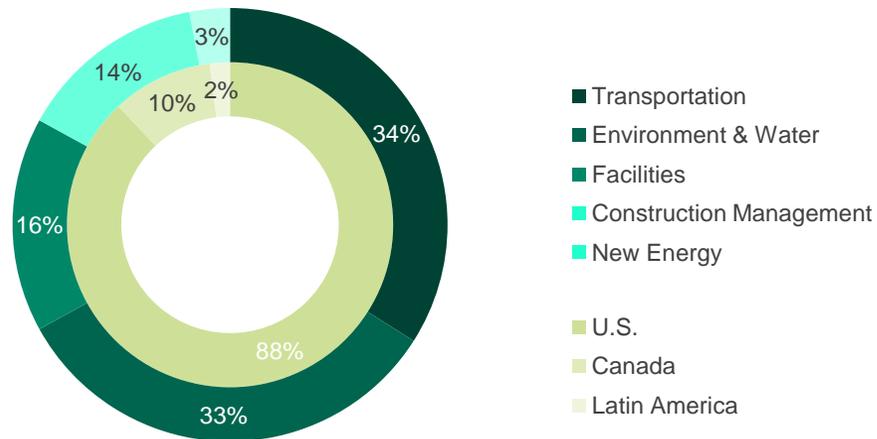
# Q3'21 Segment Results – Americas

## GAAP RESULTS VS. PRIOR YEAR:

TOTAL REVENUE	\$2.62 billion	6%
OPERATING INCOME	\$164 million	2%

## KEY PERFORMANCE INDICATORS VS. PRIOR YEAR (NON-GAAP):

NET SERVICE REVENUE <sup>5</sup>	\$890 million	(4%)
ADJ. OPERATING INCOME <sup>1</sup>	\$168 million	2%
ADJ. OPERATING MARGIN <sup>1</sup>	18.9%	+100 bps



% of TTM Segment NSR (as of Q3'21)

- NSR<sup>5</sup> growth in the design business accelerated to 3%, which was offset by an expected decline in the Construction Management business where projects had been delayed
- Further expanded our industry-leading margins by 100 basis points to 18.9%, reflecting operating efficiencies and growth of higher-margin projects
  - Strong margin performance enabling increased investments in growth and innovation
- Americas design backlog up 7% over the prior year
  - Our pipeline of opportunities is up by double digits and our capture rates are strong
  - Backlog in the Construction Management business increased sequentially for the first time in several quarters, reflecting improving market conditions

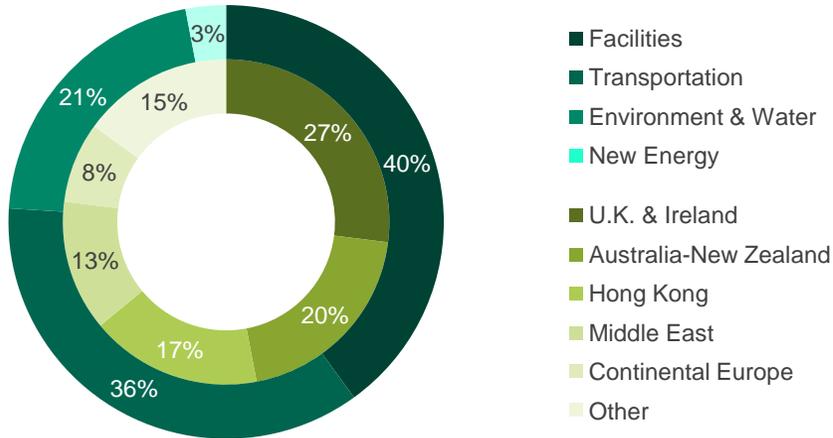
# Q3'21 Segment Results – International

## GAAP RESULTS VS. PRIOR YEAR:

TOTAL REVENUE	\$789 million	10%
OPERATING INCOME	\$45 million	41%

## KEY PERFORMANCE INDICATORS VS. PRIOR YEAR (NON-GAAP):

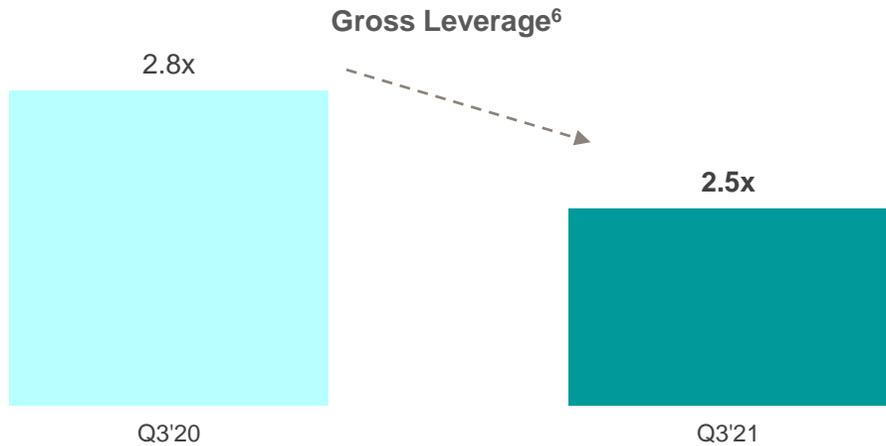
NET SERVICE REVENUE <sup>5</sup>	\$633 million	7%
ADJ. OPERATING INCOME <sup>1</sup>	\$46 million	38%
ADJ. OPERATING MARGIN <sup>1</sup>	7.3%	+160 bps



% of TTM Segment NSR (as of Q3'21)

- NSR<sup>5</sup> increased by 7% over the prior year
- We continue to advance our margin improvement efforts with a 160 basis point expansion in the adjusted<sup>1</sup> operating margin to 7.3%
  - Our margins have now improved by more than 500 basis points since the beginning of FY'19
  - Our performance instills confidence in our ability to achieve our target of double-digit margins in the International business

# Cash Flow and Capital Allocation Highlights



Completed Stock Repurchases  
(September 2020 to date)

\$930M

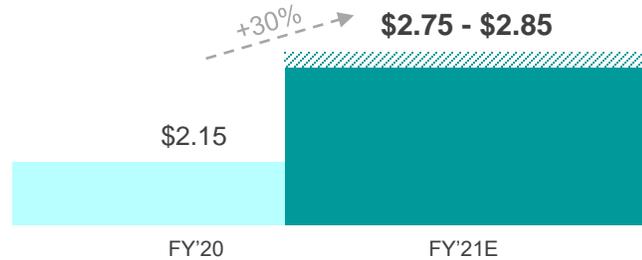
Remaining Stock Repurchase Authorization

\$525M

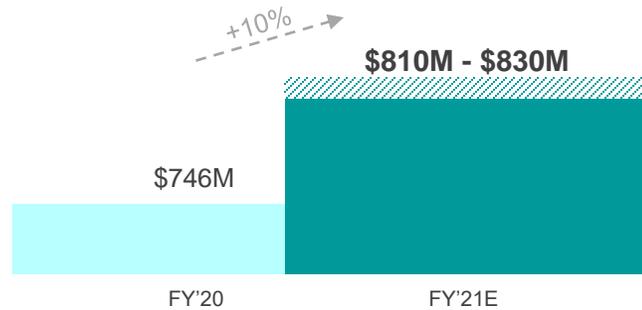
- Delivering on our commitment to improve cash flow phasing
  - Third quarter free cash flow of \$295 million and year-to-date free cash flow<sup>4</sup> of \$284 million marks the highest levels in four years, respectively
- Continue to strengthen our balance sheet with the completed tender and redemption of our 2024 senior notes
  - Net present value (NPV) of the transaction was very positive and accretive to EPS
- Gross leverage<sup>6</sup> of 2.5x remains consistent with our long-term target of below 3.0x
- Executing on our capital allocation commitments with \$930 million of stock repurchases since September 2020, which has reduced our shares outstanding by approximately 12%
  - Supported by our expectation to deliver substantial cash flow in the fourth quarter, we expect to continue deploying capital to repurchases going forward

# Raising Our Fiscal 2021 Financial Guidance

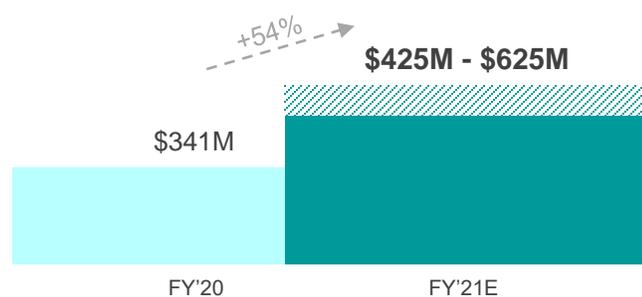
## Raised Adjusted<sup>1</sup> EPS Growth Outlook



## Continued Adjusted<sup>1</sup> EBITDA<sup>3</sup> Growth



## Substantial Free Cash Flow<sup>4</sup> Generation



Guidance as of August 10, 2021.

- With our strong year-to-date performance and confidence in Q4, we are raising our fiscal 2021 adjusted<sup>1</sup> EBITDA<sup>3</sup> and adjusted EPS guidance
  - Our updated guidance reflects 10% and 30% year-over-year growth at the mid-point of the respective adjusted EBITDA and adjusted EPS ranges
  - Our guidance does not include the benefit from any incremental repurchases and assumes a diluted average share count of approximately 150 million for the full year
  - As we progress through our fourth quarter, we are confident in delivering on our guidance
    - Note our fourth quarter comparisons will be impacted by the extra week we called our in the prior year period
- Continue to expect full year free cash flow<sup>4</sup> of between \$425 million and \$625 million, reflecting the highly cash generative nature of the business

# Appendix

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# Footnotes

<sup>1</sup> Excludes the impact of non-operating items, such as non-core operating losses and transaction-related expenses, restructuring costs and other items. See Regulation G Information for a reconciliation of Non-GAAP measures.

<sup>2</sup> Reflects segment operating performance, excluding AECOM Capital.

<sup>3</sup> Net income before interest expense, tax expense, depreciation and amortization.

<sup>4</sup> Free cash flow is defined as cash flow from operations less capital expenditures, net of proceeds from equipment disposals. Free cash flow in the prior year period includes the receipt of a favorable \$122 million net working capital purchase price adjustment collected in May 2020 in connection with the sale of the Management Services (MS) business, which represents the recovery of an operating cash flow shortfall of the MS business prior to its sale.

<sup>5</sup> Revenue, less pass-through revenue.

<sup>6</sup> Gross leverage is comprised of EBITDA as defined in the Company's credit agreement dated October 17, 2014, as amended, and total debt on the Company's financial statements.

<sup>7</sup> Unlevered free cash flow is derived by adding back after-tax adjusted interest expense at a 25% tax rate and is after distributions to non-controlling interests. Normalized unlevered free cash flow excludes unusual events, such as transformational restructuring and other factors that may impact free cash flow.

# AECOM: The World's Trusted Infrastructure Consulting Firm

We deliver professional services throughout the project lifecycle – from 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.

47K professionals

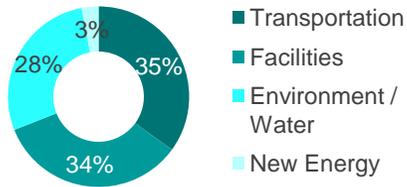
#1 ranked transportation and facilities design and environmental engineering firm

7 Fortune World's Most Admired 7 years in a row, including #1 in our industry in 2021

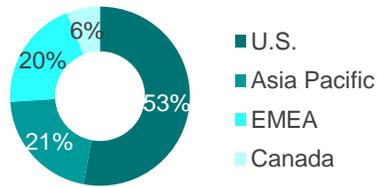


# As a Professional Services Business, AECOM Is Poised to Thrive

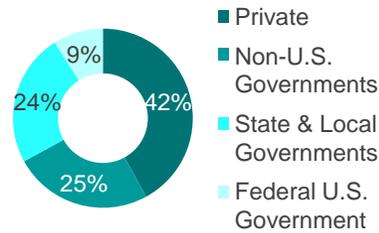
## Attractive Exposure to Key End Markets



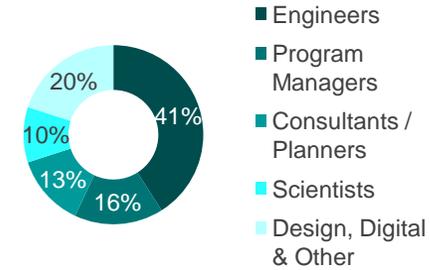
## Balanced Geographic Exposure



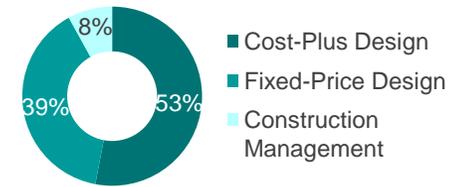
## Diverse Funding Sources



## Broad Technical Expertise



## Lower-Risk Business Model



All numbers are presented as a percentage of TTM NSR (as of Q3'21)

- ✓ **Focused** on our core higher-returning and lower-risk businesses
- ✓ **Leader** in key transportation, water and environment markets and ideally positioned 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

# Professional Services Business with a Strong Cash Flow Profile

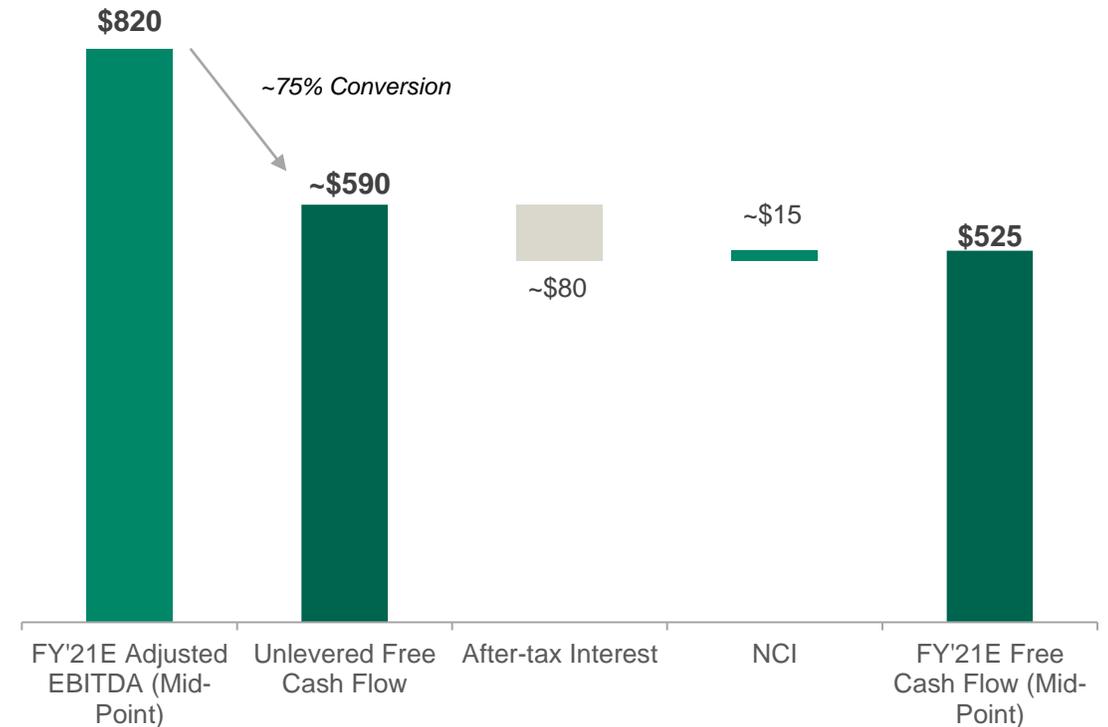
## KEY ATTRIBUTES THAT RESULT IN CONSISTENTLY STRONG CASH GENERATION:

- Broadly diversified by end market, client type and service type
- High-returning, lower-risk Professional Services model
- Public sector and blue-chip private sector client base

75%

Unlevered Free Cash Flow Conversion on a Normalized and Attributable Basis (% of EBITDA)<sup>7</sup>

## PROJECTED FREE CASH FLOW CONVERSION<sup>7</sup> (IN MILLIONS)



# Regulation G Information

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

	Three Months Ended		
	Jun 30, 2020	Mar 31, 2021	Jun 30, 2021
<b>Americas</b>			
Revenue	\$ 2,471.6	\$ 2,468.3	\$ 2,618.5
Less: Pass-through revenue	1,548.6	1,544.7	1,728.0
Net service revenue	<u>\$ 923.0</u>	<u>\$ 923.6</u>	<u>\$ 890.5</u>
<b>International</b>			
Revenue	\$ 717.9	\$ 796.5	\$ 789.3
Less: Pass-through revenue	128.4	151.8	156.4
Net service revenue	<u>\$ 589.5</u>	<u>\$ 644.7</u>	<u>\$ 632.9</u>
<b>Segment Performance (excludes ACAP)</b>			
Revenue	\$ 3,189.5	\$ 3,264.8	\$ 3,407.8
Less: Pass-through revenue	1,677.0	1,696.5	1,884.4
Net service revenue	<u>\$ 1,512.5</u>	<u>\$ 1,568.3</u>	<u>\$ 1,523.4</u>
<b>Consolidated</b>			
Revenue	\$ 3,189.7	\$ 3,265.5	\$ 3,408.4
Less: Pass-through revenue	1,677.0	1,696.5	1,884.4
Net service revenue	<u>\$ 1,512.7</u>	<u>\$ 1,569.0</u>	<u>\$ 1,524.0</u>

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

### Americas Segment:

	Three Months Ended		
	Jun 30, 2020	Mar 31, 2021	Jun 30, 2021
Income from operations	\$ 160.8	\$ 154.7	\$ 163.8
Amortization of intangible assets	4.5	4.4	4.3
Adjusted income from operations	<u>\$ 165.3</u>	<u>\$ 159.1</u>	<u>\$ 168.1</u>

### International Segment:

Income from operations	\$ 32.3	\$ 45.8	\$ 45.5
Non-core operating losses & transaction related expenses	-	-	-
Amortization of intangible assets	1.4	1.0	0.9
Adjusted income from operations	<u>\$ 33.7</u>	<u>\$ 46.8</u>	<u>\$ 46.4</u>

### Segment Performance (excludes ACAP):

Income from operations	\$ 193.1	\$ 200.5	\$ 209.3
Non-core operating losses & transaction related expenses	-	-	-
Amortization of intangible assets	5.9	5.4	5.2
Adjusted income from operations	<u>\$ 199.0</u>	<u>\$ 205.9</u>	<u>\$ 214.5</u>

# Regulation G Information

## Reconciliation of Net Income Attributable to AECOM from Continuing Operations to EBITDA to Adjusted EBITDA and to Adjusted Income from Operations

	Three Months Ended		
	Jun 30, 2020	Mar 31, 2021	Jun 30, 2021
Net income attributable to AECOM	\$ 91.1	\$ 88.3	\$ 27.9
Income tax (benefit) expense	(7.2)	35.1	(17.8)
Depreciation and amortization <sup>1</sup>	51.3	41.1	49.5
Interest income <sup>2</sup>	(2.6)	(1.2)	(2.2)
Interest expense	34.9	32.8	149.0
Amortized bank fees included in interest expense	(1.3)	(2.6)	(5.8)
EBITDA	\$ 166.2	\$ 193.5	\$ 200.6
Non-core operating losses & transaction related expenses	-	-	-
Restructuring costs	20.3	8.8	13.0
Adjusted EBITDA	\$ 186.5	\$ 202.3	\$ 213.6
Other income	(3.2)	(3.4)	(4.5)
Depreciation <sup>1</sup>	(32.8)	(33.3)	(38.6)
Interest income <sup>2</sup>	2.6	1.2	2.2
Noncontrolling interests in income of consolidated subsidiaries, net of tax	3.1	4.8	5.9
Amortization of intangible assets included in NCI, net of tax	0.1	0.2	0.1
Adjusted income from operations	\$ 156.3	\$ 171.8	\$ 178.7

<sup>1</sup> Excludes depreciation from discontinued operations, non-core operating losses, and accelerated depreciation of project management tool;

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

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

	Three Months Ended		
	Jun 30, 2020	Mar 31, 2021	Jun 30, 2021
Net cash provided by (used in) operating activities	\$ 186.3	\$ 59.2	\$ 320.3
Capital expenditures, net	(36.3)	(55.9)	(25.1)
Working capital adjustment from sale of Management Services business	122.0	-	-
Free cash flow	\$ 272.0	\$ 3.3	\$ 295.2

## FY2021 GAAP EPS Guidance based on Adjusted EPS Guidance

(all figures approximate)

GAAP EPS Guidance

Adjusted EPS excludes:

	Fiscal Year End 2021
Amortization of intangible assets	\$0.13
Amortization of deferred financing fees	\$0.08
Prepayment premium on redemption of unsecured notes	\$0.79
Restructuring	\$0.27 to \$0.33
Tax effect of the above items	(\$0.35) to (\$0.37)
UK tax valuation benefit	(\$0.17)
Adjusted EPS Guidance	<u>\$2.75 to \$2.85</u>

\* Calculated based on the mid-point of AECOM's fiscal year 2021 EPS guidance

Note: Variances in tables are due to rounding.

## FY2021 GAAP Net Income Attributable to AECOM from Continuing Operations Guidance based on Adjusted EBITDA Guidance

(in millions, all figures approximate)

GAAP net income attributable to AECOM from continuing operations guidance\*

Adjusted net income attributable to AECOM from continuing operations excludes:

	Fiscal Year End 2021
Amortization of intangible assets	\$20
Amortization of deferred financing fees	\$12
Prepayment premium on redemption of unsecured notes	\$118
Restructuring	\$40 to \$50
Tax effect of the above items	(\$52) to (\$55)
UK tax valuation benefit	(\$26)
Adjusted net income attributable to AECOM from continuing operations	<u>\$412 to \$427</u>

Adjusted EBITDA excludes:

Adjusted interest expense, net	\$100
Depreciation	\$140
Income tax expense	\$157 to \$163
Adjusted EBITDA Guidance	<u>\$810 to \$830</u>

\* Calculated based on the mid-point of AECOM's fiscal year 2021 EPS guidance

Note: Variances in tables are due to rounding.

## Reconciliation of FY21 Operating Cash Flow Guidance to Free Cash Flow Guidance

(in millions, all figures approximate)

Operating Cash Flow Guidance

Capital expenditures, net of proceeds from equipment disposals

Free Cash Flow Guidance

Fiscal Year End 2021

\$535 to \$735

(\$110)

\$425 to \$625

**AECOM** Delivering a  
better world