

# Delivering Advanced Solutions for a More Connected, Sustainable World

JACOBS®

## Forward-Looking Statement Disclaimer

Certain statements contained in this presentation constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Statements made in this presentation that are not based on historical fact are forward-looking statements. Although such statements are based on management's current estimates and expectations, and currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain, and you should not place undue reliance on such statements as actual results may differ materially. We caution the reader that there are a variety of risks, uncertainties and other factors that could cause actual results to differ materially from what is contained, projected or implied by our forward-looking statements. For a description of some of the risks, uncertainties and other factors that may occur that could cause actual results to differ from our forward-looking statements see our Annual Report on Form 10-K for the period ended September 29, 2017, as well as our other filings with the Securities and Exchange Commission ("SEC"). We are not under any duty to update any of the forward-looking statements after the date of this presentation to conform to actual results, except as required by applicable law.

## Non-GAAP Financial Measures

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. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. The non-GAAP financial measures used herein include: adjusted net earnings, adjusted EPS, adjusted operating profit, adjusted operating profit margin, adjusted gross margin and adjusted EBITDA. These measures are not, and should not be viewed as, substitutes for GAAP measures. More information about these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found at the end of this presentation.

# A Global Professional Services Leader

- **FY17 Execution Repositioned Jacobs For Profitable Growth**
  - Allocated resources toward growing end-markets with lower risk postures
  - Made strategic acquisitions of CH2M and Blue Canopy to accelerate strategy
  - Increased investments in digital technology across all facets of our business
- **FY18 Priorities - Continuation of 3-Year Strategic Plan**
  - Maintain a winning culture of safety, integrity and client centricity
  - Continue to strengthen our industry leading quality and delivery
  - Grow profitably by diversifying into higher growth higher margin markets
  - Relentless focus on capturing CH2M cost synergies via disciplined integration
- **Focused on Creating Long-term Shareholder Value**
  - Increase mix of highly recurring revenue with a lower-risk posture
  - Preserve strong current financial flexibility while continuing to de-lever
  - Prudently deploying capital to drive shareholder value

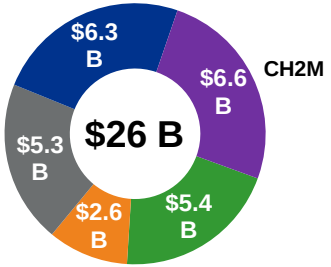


# Jacobs (NYSE:JEC) – A Global Professional Services Leader

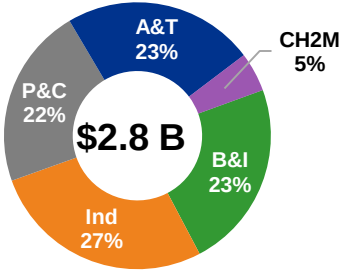
| | | | |
|---|---|---|---|
| **FY Revenue[1]** | ~$15 B | **Net Debt** | $1.5 B |
| **Q1 Gross Margin[2]** | 18% | **Quarterly Dividend** | $0.15 |
| **FY18E Adj. EPS[6]** | $3.85 to $4.25 | **Q1 U.S./Int'l Mix** | ~60/40 |
| **Fixed Price Construction** | ~5% | **Employees** | 74,000 |

| Four Global Lines of Business | | Q1 Margins[3] |
|---|---|---|
| **Aerospace & Technology** | Technology systems development, security and operations; advanced engineering services, acquisition support, asset management; nuclear and environmental solutions across government and commercial customers | **8.4%** |
| **Buildings & Infrastructure** | Consultancy, design, maintenance and management services across water, highway, rail, aviation, educational, corporate facilities | **8.2%** |
| **Industrial** | Front end studies, engineering, procurement, maintenance and construction services across life sciences, mining & minerals, specialty chemicals, advanced facilities and field services | **5.1%** |
| **Petroleum & Chemicals** | Front end studies, engineering, procurement maintenance and construction services across oil and gas upstream, refining and chemical markets | **4.9%** |

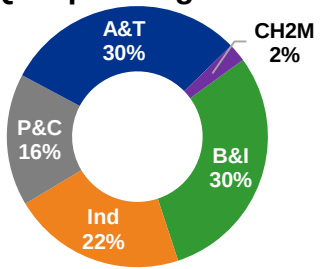
**Q1 Backlog**




**Q1 Revenue**




**Q1 Operating Profit[3]**






**A&T and B&I To Drive ~2/3 of Operating Profit**

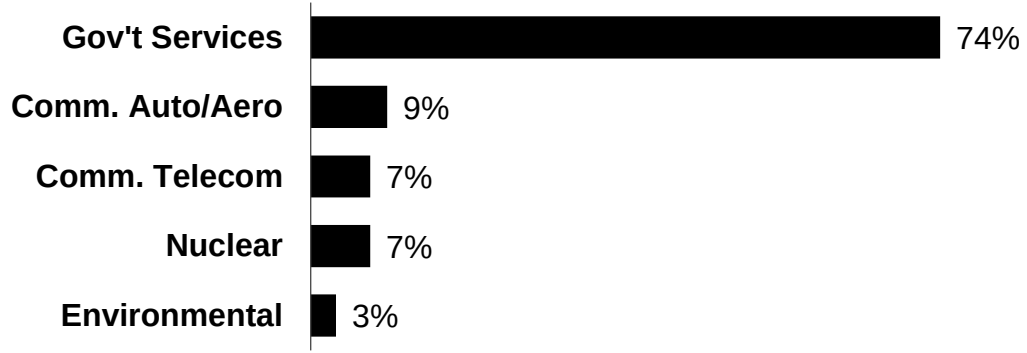
JACOBS

# Aerospace & Technology (A&T) Snapshot (JEC Legacy)

## FY17 Segment Results[4]

| | |
|---|---|
| **Backlog** | $6.2 B |
| **Revenue** | $2.4 B |
| **Revenue w/CH2M** | >$4 B |
| **OP Margin** | 8.6 % |
| **US/Int'l Mix** | 88% / 12% |

## End Markets Served (% OF 2017 Revenue)




## Business Model Metrics

| | |
|---|---|
| **Government** | ~85% |
| **Reimbursable** | ~81% |
| **Long-Term Contracts** | ~90% |
| **Employees** | ~14,000 |

## Representative Clients

NASA · Department of Defense · Australian Government Department of Defence · Ford · Department of Energy · United States Special Operations Command · NDA Nuclear Decommissioning Authority · Ministry of Defence · AT&T · GM



JACOBS

# A&T – Large, Growing & Fragmented Market Presents Significant Opportunities

## Differentiated Operating Model Driving Share Gains

**Expertise** + **Delivery Model** + **Cost Structure**

- Solid reputation with strong CPAR scores
- Advanced Technology Development, Security and Operations (DevSecOps)
- Full-spectrum acquisition and support for aerospace & defense operations
- Full Nuclear and environmental fife-cycle management

- Our dedicated operational model aligns the total contract effort to the customer's mission
- Localized decision making and tailored processes creates a partnership with the customer
- Leverage high value talent from across the organization

- Third-party validated best in class cost posture
- Legacy incumbents challenged by costly bureaucracy

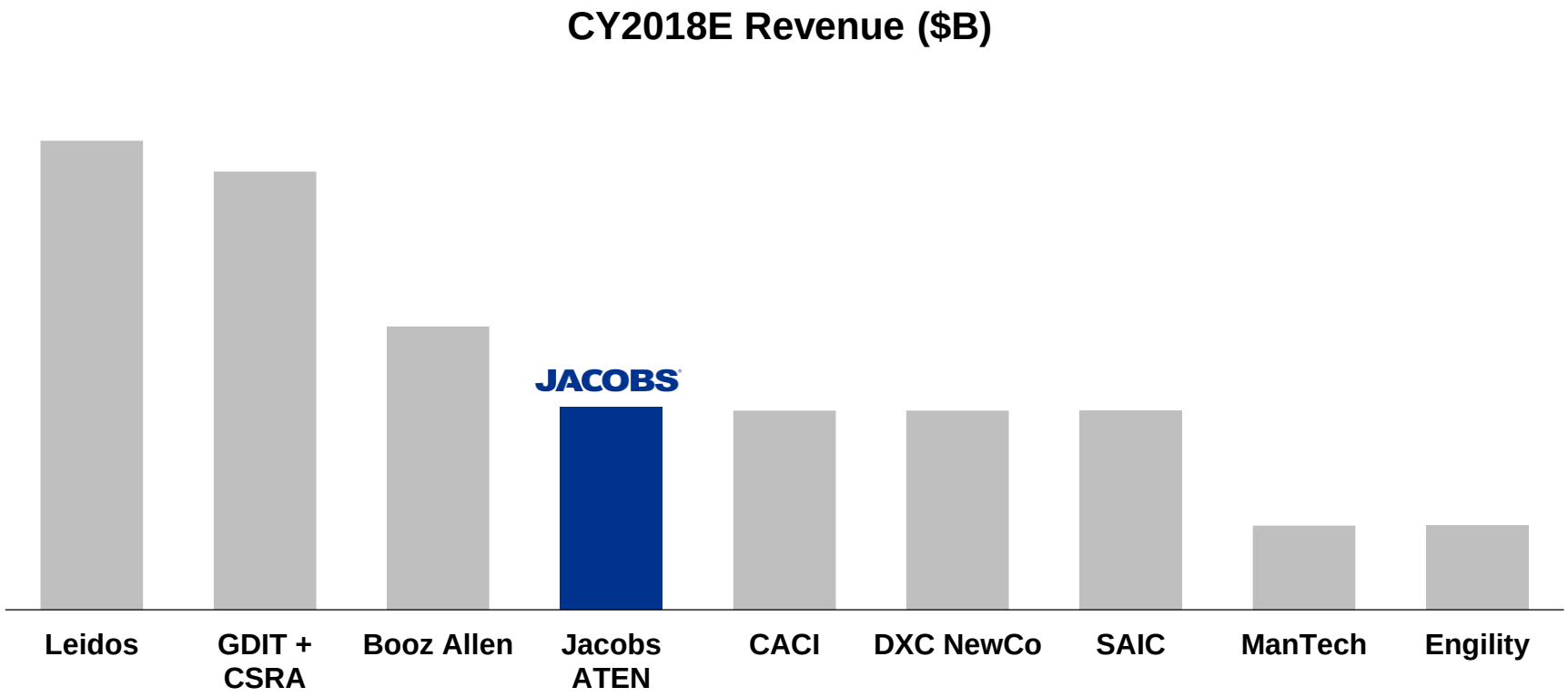



| Industry | Market Size | 5yr CAGR |
|---|---|---|
| Govt Services | $1.5 T | 1-3% |
| International Defense | $400 B | 4-6% |
| Environmental | $161 B | 4-5% |
| Commercial Auto | $15 B | 3-4% |

# A&T – Large Multi-Year Highly Technical Contracts

| Agency | Award Size | Duration | Incumbent | Project Scope |
|---|---|---|---|---|
| Missile Defense Agency | **$4.6 B** | 8.5 years to 2025 | Northrop Grumman | Operating the Missile Defense Integrated Operations Center, supporting its network infrastructure, modeling and simulation, development of systems<br>• **~75% of scope is related to IT services** |
| NASA | **$1.1 B**<br><br>**$1.9 B** | 8 years to 2025<br><br>9 years to 2022 | Jacobs | Marshall – Science and engineering solutions to support the space launch system, space station and other projects. 6x successful rebids<br><br>Johnson - IT development & infrastructure support across multiple initiatives including Orion Capsule, life support systems and robotics |
| United States Special Operations Command | **$771 M** | 6 years to 2023 | General Dynamics<br>CACI | 20-yrs of supporting national security and SOF missions via intelligence analysis, operational mission planning, cybersecurity and insider threat solutions, weapon system acquisition and sustainment, IT Service Management, and technology insertion to support critical operations<br>• **Recently awarded the SITEC II global enterprise IT solutions contract** |
| Department of Energy | **$5 B**<br><br>**$1.4 B** | 10 years to 2027<br><br>10 years to 2027 | Lockheed Martin | Nevada National Security Site management and operations contract. Jacobs is a 38% minority partner on a Honeywell led joint venture<br><br>Paducah deactivation and remediation contract. Jacobs (CH2M) is a 40% majority partner in the joint venture |

# A&T – Competitive Landscape

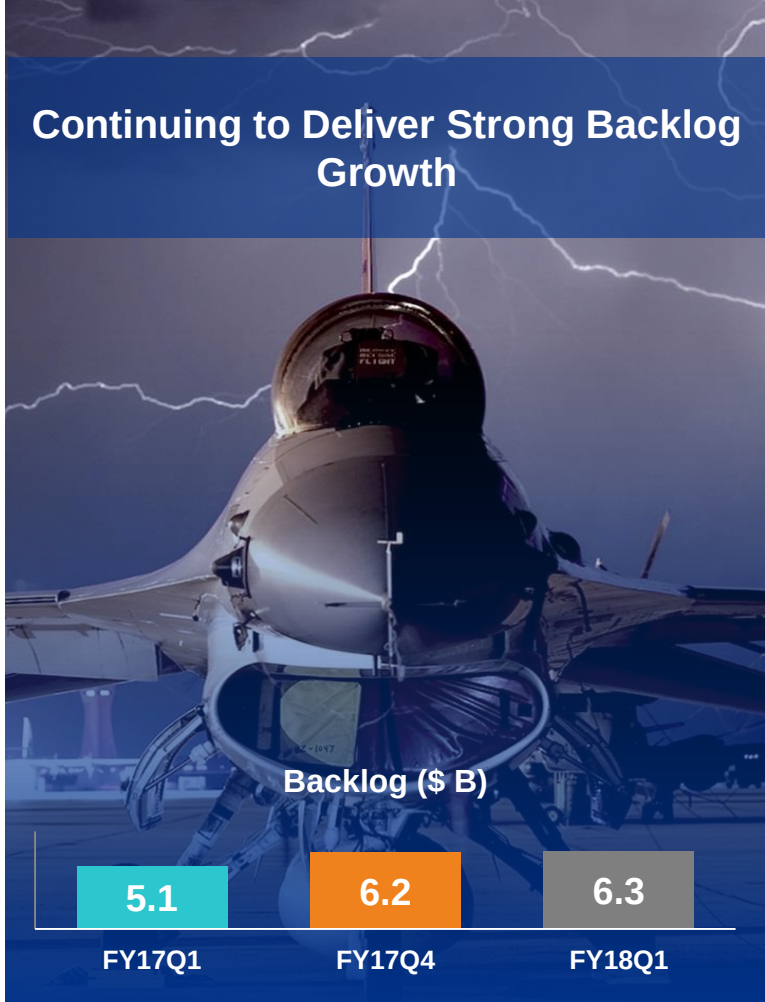



Source: Bloomberg estimates, GD/CSRA presentation - http://investorrelations.gd.com and Jacobs company estimates
Jacobs Aerospace, Technology, Environmental and Nuclear (ATEN) revenue represents estimated Jacobs + CH2M combined revenue

# Summary - Aerospace & Technology

- **Large Market Opportunity With Highly Recurring Revenue Model**
  - Portfolio centers around national priority programs
  - Differentiated delivery model combing expertise, delivery and cost posture
  - Ongoing integration of Blue Canopy strengthens cyber & data analytics
  - Jacobs + CH2M now Tier 1 Nuclear & Environmental provider
- **Fiscal 2018 Positioned For Strong Growth**
  - Sequential backlog growth continues despite protested awards
  - $450 M of nearly $850 M in protested awards cleared early January; not yet reflected in backlog
  - Expect accelerating revenue growth across fiscal 2018
  - Combining A&T digital technology prowess with the domain expertise across JEC

FY18Q1 backlog includes contribution from CH2M, see Q1 earnings release for additional backlog detail.





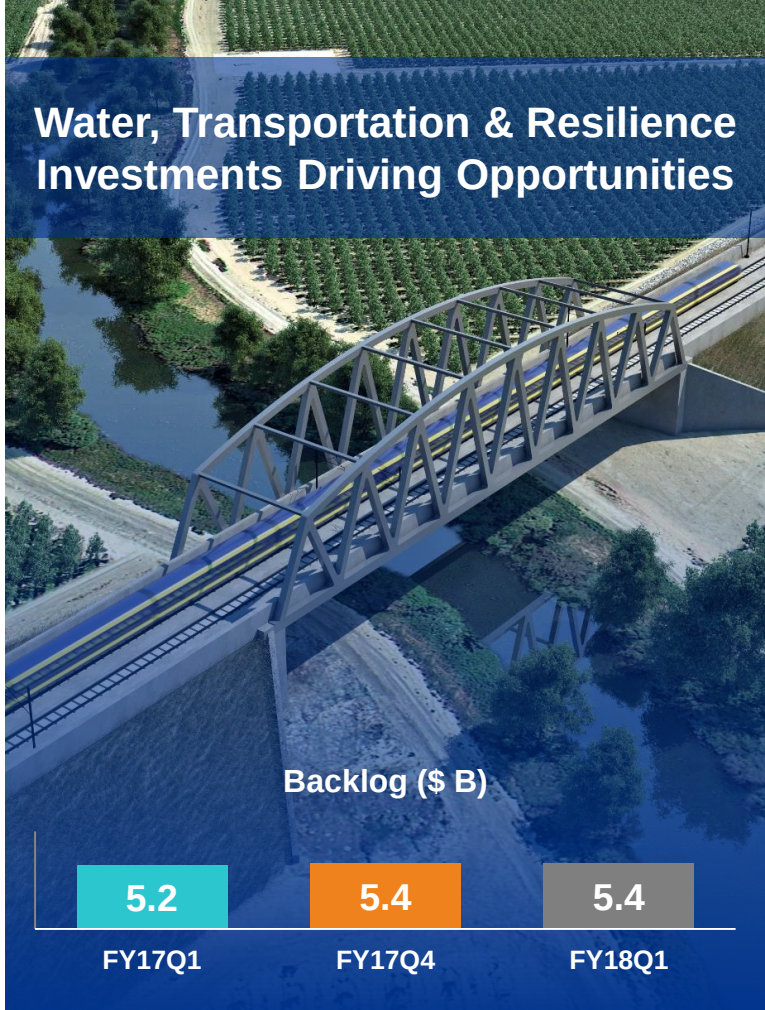

© Crown Copyright (MOD) images
licensed under the Open Government License v3.0

JACOBS

# Buildings & Infrastructure

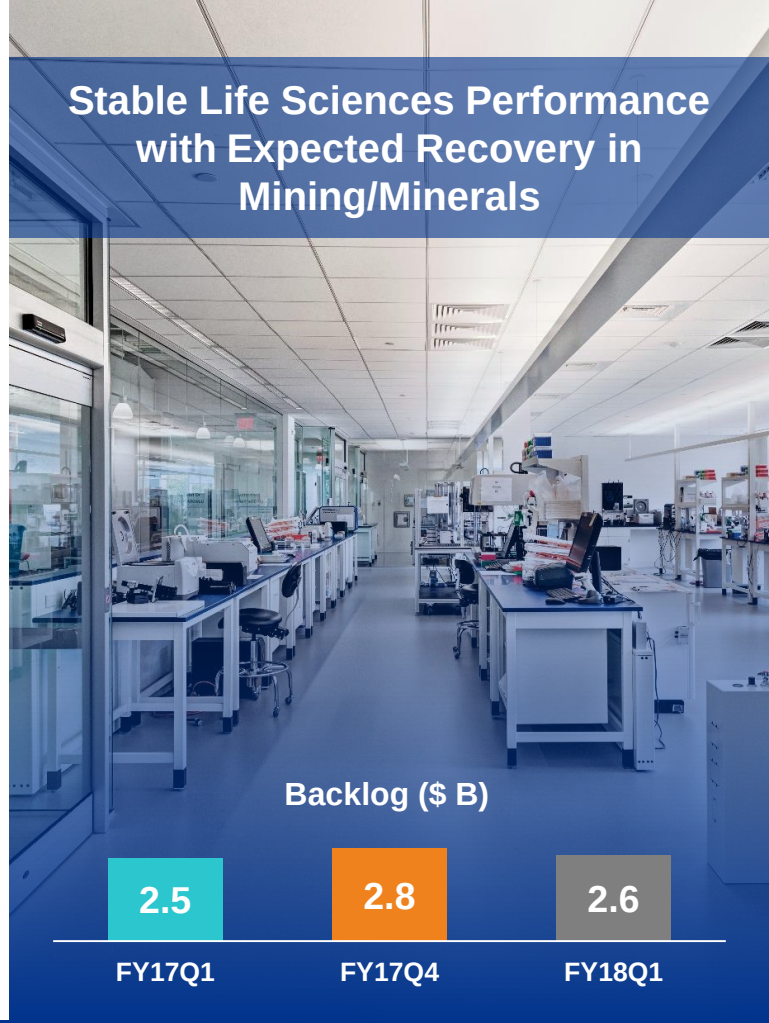
- **Global Modernization of Infrastructure Unfolding**
  - ‘Big 3’ priorities – Water, Transportation and Resilience
  - Continued success driving Jacobs Connected Enterprise (JCE) digital solutions
- **Infrastructure – Strong**
  - Priority focus on projects that unlock economic investment and productivity
  - Population growth & climate change driving sustainability investments
  - Jacobs + CH2M water expertise expanding global opportunities
- **Buildings – Steady**
  - Continued growth in mission critical, science & technology facilities
  - US Federal buildings market increasing capacity through IDIQ contracts
- **Recent Awards**
  - PMCM for the 3rd track expansion with the Long Island Railroad
  - West Gate Tunnel Design, Melbourne, Australia
  - National Transport Authority Ireland for the Dublin Metro North
  - Water Reclamation Design & Contract Administration, South Fort Collins, CO
  - 200MW Solar Photovoltaic Farm, Owner’s Engineer, NSW, Australia

FY18Q1 backlog includes contribution from CH2M, see Q1 earnings release for additional backlog detail.



# Industrial

- **Life Sciences – Steady**
  - Growth expected to be driven by Gene and Cell Therapy
  - Jacobs + CH2M expands advanced facility leadership position
- **Mining, Minerals, and Specialty Chemicals – Improving**
  - Currently seeing growth in studies and frame agreements
  - Stability in metal prices expected to drive further CAPEX investments
  - Secured Anglo-American Framework Agreement
- **Consumer Goods and Manufacturing – Stable**
  - Containerboard industry continuing to show growth
- **Global Field Services – Improving**
  - Planned turnaround and outage activity supporting strong quarter
  - Awarded US, multi-site small capital construction contract






JACOBS

# Petroleum & Chemicals

- **Upstream and Midstream – Improving**
  - CAPEX spend expected to improve on oil prices stabilizing at 3-year highs
- **Chemicals - Steady**
  - Next cycle of petrochemicals facilities on the horizon
- **Refining - Steady**
  - U.S. refining CAPEX to benefit from recent tax changes
  - Significant pipeline gaining in Asia and Middle East greenfield refining projects
- **Recent Awards**
  - Feasibility study with new Middle East customer
  - Cross-sell CH2M water win at a downstream customer
- **Leveraging Digital Expertise Into Our Deep Customer Relationships**
  - Network and cyber infrastructure build out for a downstream customer's site

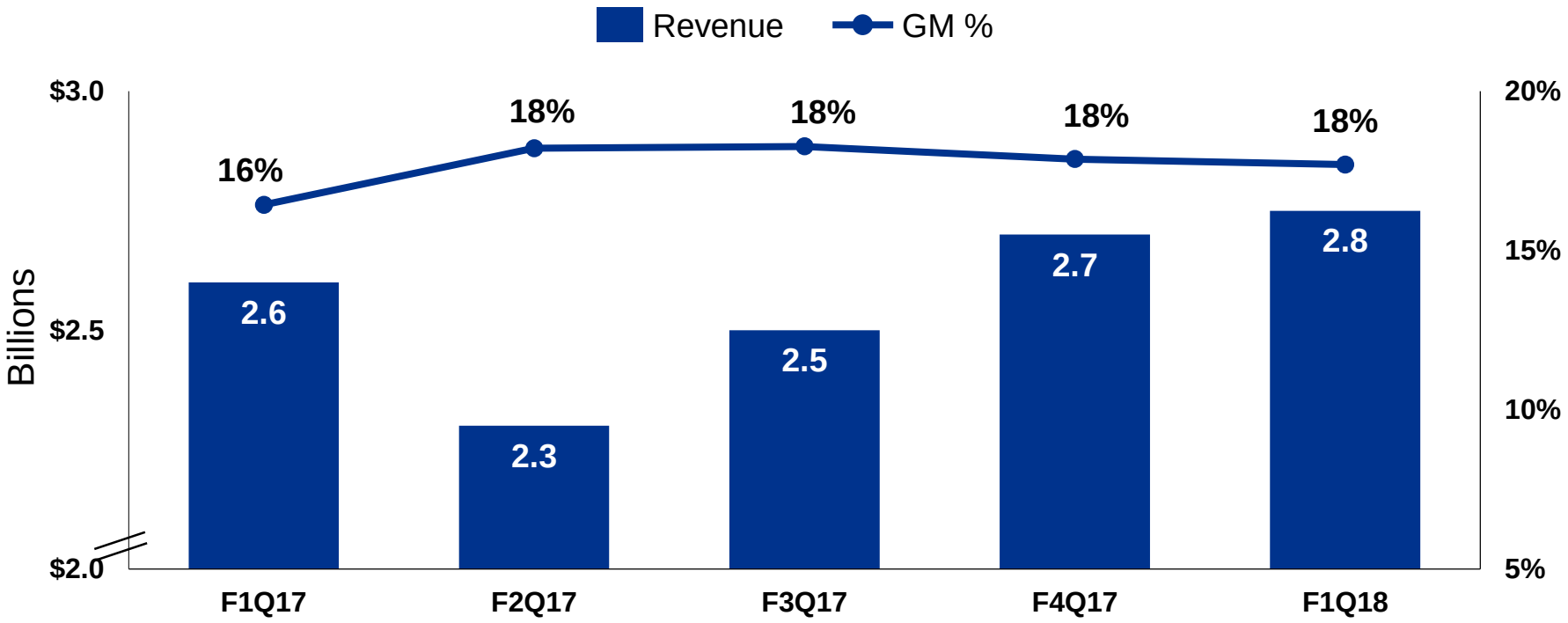
FY18Q1 backlog includes contribution from CH2M, see Q1 earnings release for additional backlog detail.






JACOBS

# Revenue and Gross Margin %




**Delivering Revenue Growth, While Maintaining Gross Margins**

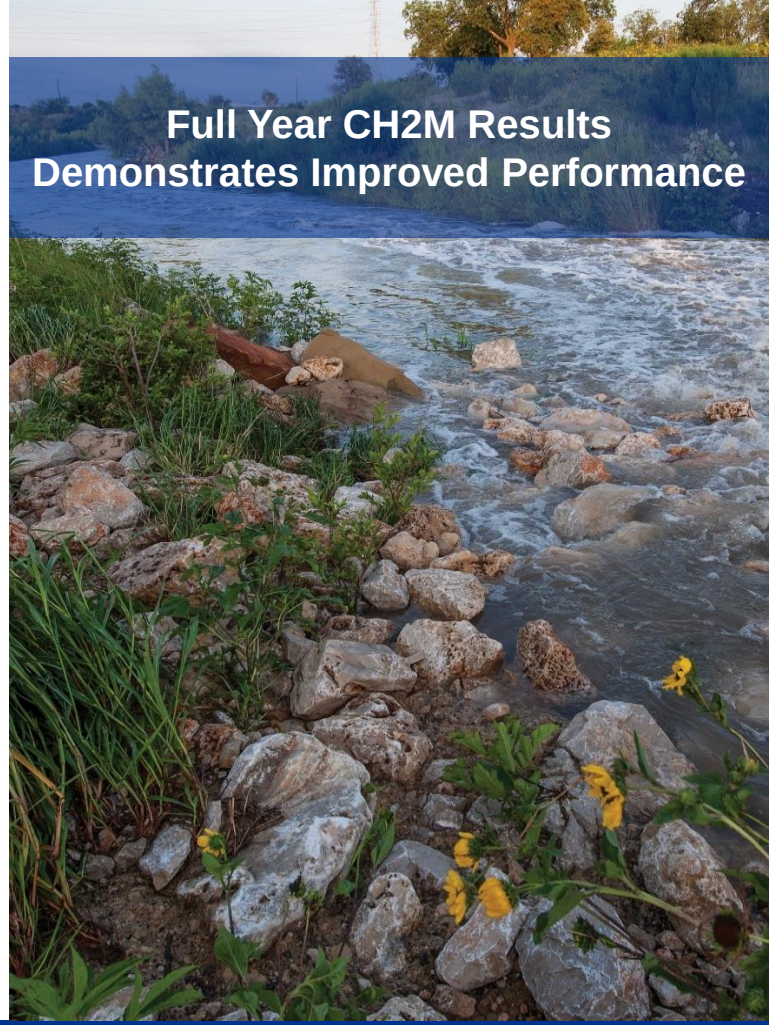
FY18Q1 revenue includes impact from CH2M stub period 12/15-12/29 of $131 M in total revenue and gross margins and gross profit of $25 M



JACOBS

# CY17 CH2M Performance

- **Strong Backlog Performance Year over Year**
  - Backlog up over 18% y/y excluding Chalk River, MoPac and Inpex
    - Increase due to multi-year Federal, program management & O&M awards
  - Gross margin in backlog up 14% y/y, ex Chalk River, MoPac and Inpex
- **Revenue**
  - CY17 revenue down 5.5%, revenue up 2% y/y ex Chalk River, MoPac & Inpex
  - Adjusted December quarter revenue down slightly driven by a decrease in oil and gas offset by strong revenue performance in the state and local business
- **Underlying EBITDA[1] In-Line with Expectations**
  - CY17 GAAP EBITDA $106 M down 5% y/y
  - CY17 adjusted EBITDA of $320 M up 15% y/y
- **Positioned Well for 2018**
  - Maintaining expected CH2M operational contribution of $0.30-$0.35 for fiscal 2018 (excluding any benefit from the change in US tax rate law)




[1]EBITDA = Operating profit plus depreciation and amortization
[1]Adjusted EBITDA excludes charges for MoPac and Inpex, along with restructuring and integration and acquisition costs

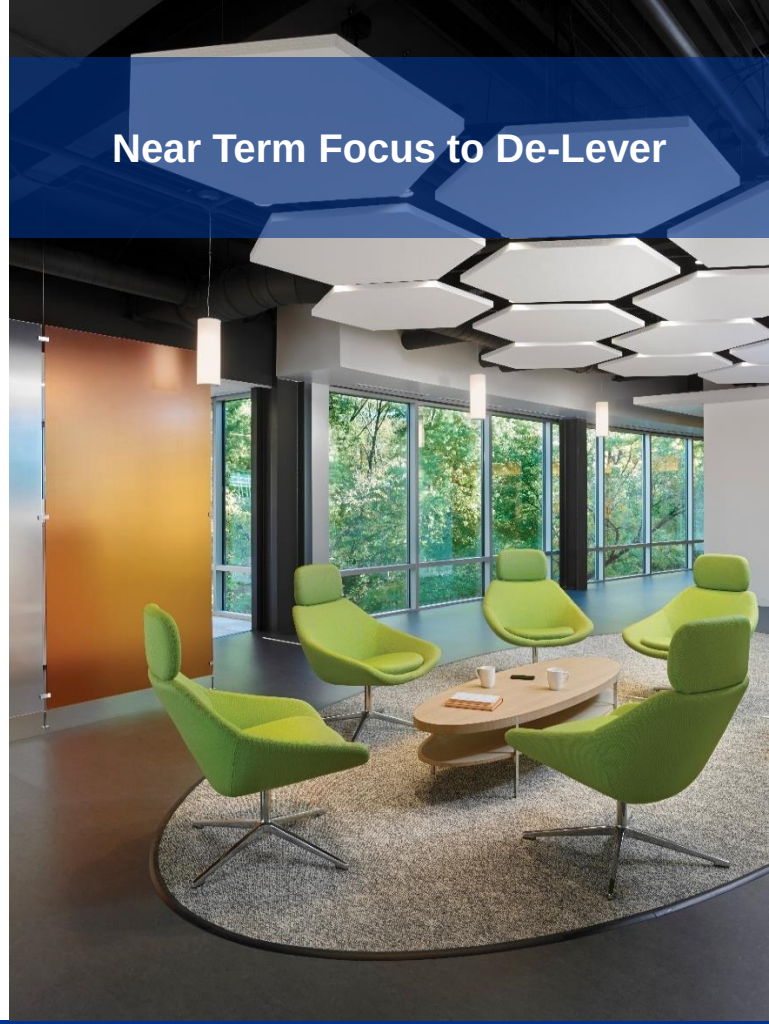
# CH2M Acquisition Costs and Synergies

- **Integration Management Office (IMO)**
  - Dedicated cross-functional team aligned to drive value capture program
- **On Track to Achieve Estimated CH2M Cost Synergies**
  - Over 25% of $150 M estimated run-rate savings achieved at end of Q1; expect to achieve 50% of $150 M of synergies on run-rate basis by end of year
  - Expect $50 M of synergies to be realized in fiscal 2018
  - Initial achieved synergies largely related to workforce synergies
- **Cost to Achieve Synergies In-line**
  - $37 M of $225 M of estimated costs incurred through end Q1
  - Expect slightly over half of $225 M of costs in cash over next two years
- **CH2M Transaction Costs** (including change in control costs)
  - Approximately $80 M recognized on P&L through the end of Q1
- **Incremental Revenue Opportunities**
  - CH2M water solution into Petroleum and Chemicals customers
  - Opportunity to capture Advanced Facilities EPCM
  - Expected improvement in global transportation win rates



# Balance Sheet and Capital Allocation

- **Healthy Balance Sheet Post Close**
  - Ending Q1 cash and equivalents of $1.1 B
  - Ending Q1 gross debt of $2.6 B
    - $1.5 B term loan
    - $1.1 B revolver
  - $500 M of liquidity capacity remaining on revolver
- **Expect to de-lever throughout 2018**
- **Strong Financial Flexibility Remains**
  - Net debt of $1.5 B as of 1Q18
- **Dividend Program Maintained**
  - $18 M in dividends paid in Q1; $0.15/share declared in Q2
- **Continue to Prudently Evaluate and Optimize Portfolio**



# Summary and FY18 Outlook

- **On Track to Execute Against 3 Year Strategy**
  - Maintain Culture Of Safety, Integrity and Innovation
  - Financial Discipline to Drive Profitable Growth
  - Solid Start to FY18 with Improving Macro Backdrop
- **Updated FY18 Outlook**
  - Reiterating FY18 EPS adjusted guidance of $3.85 - $4.25
    - Q2 FY18 faces headwind from a 10 cent discrete item
    - Q2 FY17 included a 5 cent discrete benefit
  - Includes approx. 9-months CH2M contribution
  - Incorporates lower estimated tax rate approaching ~25%
  - Assumes a FY18 weighted average share count of 137 M
- **Focused on CH2M Integration and Capturing Synergies**



# Thank You!

© Copyright Jacobs

February 20, 2018

JACOBS®

www.jacobs.com | worldwide

# Consolidated Footnotes

1) FY Combined Jacobs + CH2M Revenue as of FY18Q1 TTM
2) FY18 Q1 financials include 2 week CH2M stub period
3) FY18 Q1 line of business margins exclude unallocated corporate expenses
4) FY17 ending September 29, 2017
5) Expected cumulative 2017-2021; based on internal assessment and third-party research
6) FY18 Adj. EPS guidance excludes transaction and integration costs, includes approx. 9 months CH2M contribution

# Non-US GAAP Financial Measures

- The following tables reconcile the U.S. GAAP values of net earnings, EPS, operating profit and operating profit margin to the corresponding "adjusted" amounts. For the comparable periods presented below, such adjustments consist of amounts incurred in connection with the items described on the following slide. Amounts are shown in thousands, except for per-share data:

## U.S. GAAP Reconciliation for the first quarter of fiscal 2018 and 2017

| | Three Months Ended December 29, 2017 | | | | |
|---|---|---|---|---|---|
| | U.S. GAAP | Effects of Restructuring and Other Charges | Effects of CH2M transaction costs | One Time Tax Reform Impact | Adjusted |
| Revenue | $ 2,750,311 | $ — | $ — | $ — | $ 2,750,311 |
| Direct cost of contracts | (2,263,131) | — | — | — | (2,263,131) |
| Gross profit | 487,180 | — | — | — | 487,180 |
| Selling, general and administrative expenses | (439,536) | 19,349 | 67,641 | — | (352,546) |
| Operating Profit | 47,644 | 19,349 | 67,641 | — | 134,634 |
| Total other (expense) income, net | (5,728) | — | 256 | — | (5,472) |
| Earnings before taxes | 41,916 | 19,349 | 67,897 | — | 129,162 |
| Income Tax (Expense) Benefit | (39,355) | (4,692) | (16,536) | 28,803 | (31,780) |
| Net earnings of the Group | 2,561 | 14,657 | 51,361 | 28,803 | 97,382 |
| Net earnings attributable to non-controlling interests | (398) | — | — | — | (398) |
| Net earnings attributable to Jacobs | $ 2,163 | $ 14,657 | $ 51,361 | $ 28,803 | $ 96,984 |
| Diluted earnings per share | $ 0.02 | $ 0.11 | $ 0.41 | $ 0.23 | $ 0.77 |
| Operating profit Margin | 1.7% | | | | 4.9% |

| | Three Months Ended December 30, 2016 | | |
|---|---|---|---|
| | U.S. GAAP | Effects of 2015 Restructuring and other items | Adjusted |
| Revenue | $ 2,551,604 | $ — | $ 2,551,604 |
| Direct cost of contracts | (2,132,292) | — | (2,132,292) |
| Gross profit | 419,312 | — | 419,312 |
| Selling, general and administrative expenses | (330,684) | 31,741 | (298,943) |
| Operating Profit | 88,628 | 31,741 | 120,369 |
| Total other expense, net | (2,748) | — | (2,748) |
| Earnings before taxes | 85,880 | 31,741 | 117,621 |
| Income tax expense | (24,727) | (8,938) | (33,665) |
| Net earnings of the Group | 61,153 | 22,803 | 83,956 |
| Net earnings attributable to non-controlling interests | (617) | — | (617) |
| Net earnings attributable to Jacobs | $ 60,536 | $ 22,803 | $ 83,339 |
| Diluted earnings per share | $ 0.50 | $ 0.18 | $ 0.68 |
| Operating profit Margin | 3.5% | | 4.7% |

# Non-US GAAP Financial Measures (cont'd)

Adjusted net earnings and adjusted EPS are non-GAAP financial measures that are calculated by excluding (i) the after-tax costs related to the 2015 restructuring activities, which included involuntary terminations, the abandonment of certain leased offices, combining operational organizations and the co-location of employees into other existing offices; and charges associated with our Europe, U.K. and Middle East region, which included write-offs on contract accounts receivable and charges for statutory redundancy and severance costs (collectively, the "2015 Restructuring and other items"); (ii) after-tax costs and other charges associated with restructuring activities implemented in connection with the CH2M acquisition, which include involuntary terminations, costs associated with co-locating Jacobs and CH2M offices, costs and expenses of the Integration Management Office, including professional services and personnel costs, and similar costs and expenses (collectively referred to as the "CH2M Restructuring and other charges"), (iii) transaction costs and other charges incurred in connection with closing of the CH2M acquisition, including advisor fees, change in control payments, costs and expenses relating to the registration and listing of Jacobs stock issued in connection with the acquisition, and similar transaction costs and expenses (collectively referred to as "CH2M transaction costs"), and (iv) one-time net charges resulting from the revaluation of certain deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act. Adjusted operating profit and adjusted operating profit margin are calculated by excluding the pre-tax costs of the items listed above. We believe that adjusted net earnings and adjusted EPS are useful to management, investors and other users of our financial information in evaluating the Company's operating results and understanding the Company's operating trends by excluding the effects of the items described above, which can obscure underlying trends. Additionally, management uses adjusted net earnings, adjusted EPS, adjusted operating profit and adjusted operating profit margin in its own evaluation of the Company's performance, particularly when comparing performance to past periods, and believes these measures are useful for investors because they facilitate a comparison of our financial results from period to period.

The Company provides non-GAAP measures to supplement U.S. GAAP measures, as they provide additional insight into the Company's 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, U.S. GAAP measures. In addition, other companies may define non-GAAP measures differently, which limits the ability of investors to compare non-GAAP measures of the Company to those used by our peer companies.