

Jacobs to Acquire Wood's Nuclear Business

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Adds Deep Technical Consulting and Highly Complementary Decommissioning Capabilities, Enhancing Jacobs' Leading Full Nuclear Life Cycle Offerings

Strengthens Global Platform to Unlock Further Organic International Expansion

Provides Higher-Margin Solutions in line with Strategic Focus

Expect Adjusted EPS Accretion of \$0.10 to \$0.12, in First 12 Months

DALLAS, Aug. 20, 2019 /PRNewswire/ -- **Jacobs** (NYSE: JEC) announced today it has entered into an agreement to acquire John Wood Group's Nuclear business for an enterprise value of £250 million (approx. \$300 million) on a debt-free, cash-free basis. The transaction represents an enterprise value-to-expected pro forma calendar year (CY) 2019 adjusted EBITDA multiple of 7.9x, assuming £10 million (\$12 million) of full run-rate cost synergies from the combined organizations. Jacobs expects to close the acquisition by its fiscal 2020 second quarter.

"This acquisition further strengthens Jacobs' position in highly profitable and complementary sectors within nuclear and defense, enhancing our recognized program management skills with deep, technical expertise," said Jacobs Chair and CEO Steve Demetriou. "We are excited to welcome these talented employees to the Jacobs' team. Given the compelling and synergistic fit of our two organizations, we believe this transaction will translate into significant value for Jacobs' shareholders, diverse opportunities for our employees and new, differentiated nuclear and defense solutions for our clients."

Strong Strategic Fit with Jacobs Aerospace, Technology & Nuclear (ATN) Line of Business

- Accelerates ATN profitable growth: Wood Nuclear provides solutions that span the entire life cycle of the nuclear industry and provides program management technical and consulting services in areas such as decommissioning, nuclear new build and operational support in the civil nuclear and defense segments. The

business has approximately \$285 million of expected CY19 revenue and more than 2,000 employees. Combining this team into Jacob's existing ATN business provides an important platform for growth in nuclear and defense across the U.K. and an increased access to Europe and Asia.

- Enhances Jacobs' credentials as a Tier-1 global nuclear services provider and expands technical capabilities in defense, environmental restoration and clean energy: This acquisition brings deep technical expertise with unique engineering and scientific skills and a portfolio supporting major national programs in nuclear defense systems, new build and operations and decommissioning. The transaction enhances Jacobs' capabilities and margin profile of its existing \$1.2 billion nuclear portfolio and supports its sustainability agenda managing technically complex projects in cleaner energy, nuclear clean-up and environmental remediation.
- Strengthens Jacobs' position in higher-margin, technology-enabled solutions: Jacobs' global reach and proven track record executing large complex enterprise contracts provide a powerful platform to accelerate this acquisition's complementary technology development. In addition, it owns and operates the U.K.'s largest independent nuclear research and testing facilities, including remote handling and inspection technology capabilities and test rig facilities.

Compelling Financial Benefits: Delivering on Jacobs' Acquisition Framework

"This acquisition is expected to deliver returns for our shareholders in excess of our cost of capital," said Jacobs Chief Financial Officer Kevin Berryman. "We will continue to execute a focused, disciplined and agile capital allocation strategy that is consistent with our objective of compounding above market returns for our shareholders."

- Accretive to adjusted EPS: Jacobs expects adjusted EPS accretion in the range of \$0.10 to \$0.12 from the acquisition of Wood Nuclear in the first year of ownership. Beyond year one, accretion will build as the full run-rate of synergies of approximately \$12 million are realized and organic growth occurs.
- Adds higher-margin solutions: Pro forma for the acquisition, estimated Wood Nuclear adjusted EBITDA margin contribution will be 10%+, including the full run-rate benefit of cost synergies from the combined organizations.
- Revenue synergy opportunities: Potential to capture meaningful revenue synergies as a leading global Tier-1 nuclear services provider by bringing together our outstanding program management capabilities and Wood Nuclear's technical capabilities.
- Strong balance sheet and financial flexibility: Pro forma for the acquisition, Jacobs will maintain financial strength and flexibility with an estimated net debt to pro forma adjusted EBITDA of slightly under 1.0x.

Transaction Terms and Financing

The transaction, which is expected to close by Jacobs' fiscal 2020 second quarter, is subject to the satisfaction of

customary closing conditions, including regulatory approvals. Jacobs has agreed to pay a fee of approximately \$9 million to John Wood Group in certain circumstances where the transaction is not cleared by the U.K. Competition and Markets Authority.

The agreement has been approved by each company's Board of Directors, is not subject to a financing condition, and does not require John Wood Group's shareholder approval. Jacobs expects to finance the transaction through cash on hand and existing credit facilities.

Advisors

Rothschild & Co is serving as sole financial advisor to Jacobs, and Paul Hastings LLP is serving as legal counsel to Jacobs. Price Waterhouse Coopers is serving as financial advisor to John Wood Group, and Slaughter and May is serving as legal counsel to John Wood Group.

Conference Call

Jacobs will host a conference call today, August 20, 2019, at 10:00 a.m. ET to discuss this announcement with the financial community. The conference call can be accessed by dialing (833) 231-8270 (U.S./Canada) or (647) 689-4115 (international) and by entering the passcode 5477848. Interested parties can listen to the conference call and view accompanying slides on the investor page [here](#).

About Jacobs

Jacobs leads the global professional services sector delivering solutions for a more connected, sustainable world. With approximately \$12 billion revenue and a talent force of more than 50,000, Jacobs provides a full spectrum of services including scientific, technical, professional and construction- and program-management for business, industrial, commercial, government and infrastructure sectors. For more information, visit www.jacobs.com, and connect with Jacobs on LinkedIn, Twitter, Facebook and Instagram.

Non-GAAP Financial Measures

In this press release, Jacobs has included certain non-GAAP financial measures as defined in Regulation G promulgated under the Securities Exchange Act of 1934, as amended. The non-GAAP financial measures included in this press release are: (i) Wood Nuclear expected 2019 adjusted EBITDA, (ii) the expected accretion of the transaction to Jacobs' adjusted earnings per share (EPS) for the 12 months following the closing and subsequent years; (iii) expected adjusted EBITDA margin contribution of Wood Nuclear; and (iv) estimated net debt to pro forma adjusted EBITDA of Jacobs after giving effect to the transaction. Reconciliation of these financial measures to the

most directly comparable GAAP measure is not available without unreasonable efforts because Jacobs cannot predict with sufficient certainty all the components required to provide such reconciliation, including with respect to the costs and charges relating to transaction and integration expenses, restructuring and integration to be incurred in fiscal 2019, fiscal 2020 and subsequent periods. Jacobs provides non-GAAP financial measures to supplement U.S. GAAP measures, as they provide additional insight into Jacobs' and Wood Nuclear financial results. However, non-GAAP measures have limitations as analytical tools and should not be considered in isolation and are not in accordance, or a substitute for, U.S. GAAP. In addition, other companies may define non-GAAP measures differently, which limits the ability of investors to compare non-GAAP measures of Jacobs and Wood Nuclear to those used by peer companies.

Forward-Looking Statements

Statements made in this release that are not based on historical fact, including but not limited to the fiscal 2019 outlook, Wood Nuclear expected 2019 adjusted EBITDA and revenue, expected accretion of the transaction to Jacobs' adjusted EPS for the 12 months following closing and subsequent years, timing and expected completion of the transaction, the anticipated benefits of the transaction, including expected EPS and margin enhancements and cost and revenue synergies, among others, are forward-looking statements. We base these forward-looking statements on management's current estimates and expectations as well as currently available competitive, financial and economic data. Forward-looking statements, however, are inherently uncertain. There are a variety of factors that could cause business results to differ materially from our forward-looking statements. The potential risks and uncertainties include, among others, the possibility that Jacobs and John Wood Group may be unable to obtain regulatory approval or that other conditions to closing the transaction may not be satisfied, such that the transaction will not close or that the closing may be delayed; general economic conditions; the possibility of unexpected costs, liabilities or delays in connection with the transaction; risks that the transaction disrupts our current plans and operations; the ability to recognize the benefits of the transaction; the amount of the costs, fees, expenses and charges related to the transaction; the outcome of any legal proceedings related to the transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the share purchase agreement. For a description of some additional factors which may occur that could cause actual results to differ from our forward-looking statements please refer to our Form 10-K for the fiscal year ended September 28, 2018, and in particular the discussions contained under Items 1 - Business, 1A - Risk Factors, 3 - Legal Proceedings, and 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, and our Quarterly Reports on Form 10-Q for the quarters ended December 28, 2018, March 29, 2019 and June 28, 2019, and in particular the discussions contained under Part I, Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations; Part II, Item 1 - Legal Proceedings; and Part II, Item 1A - Risk Factors, as well as the company's other filings with the Securities and Exchange Commission. We do not undertake to update any forward-looking statements made herein.

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