



**TETRA TECH**

# **Q3 25 Earnings Call**

July 31, 2025

Dan Batrack, Chairman & CEO  
Steve Burdick, Executive VP & CFO  
Leslie Shoemaker, Executive VP

# **WATER & ENVIRONMENT**



# Forward-Looking Statements & Non-GAAP Financial Measures

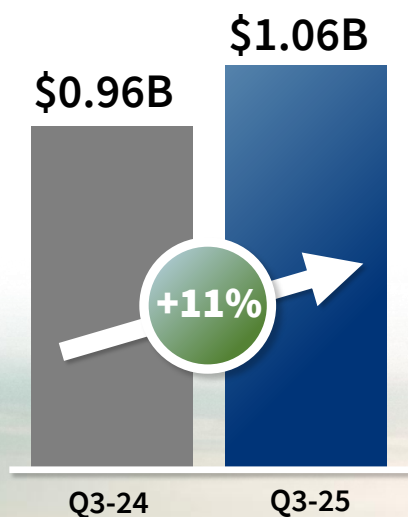


All statements in this communication other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including any statements of the plans, strategies and objectives for future operations, profitability, strategic value creation, risk profile 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).

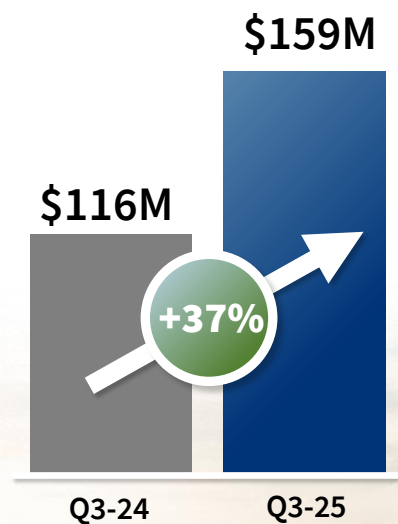
# Q3-25 Results (Excl. USAID and DOS)

## Net Revenue



Refer to appendix for reconciliation summary.


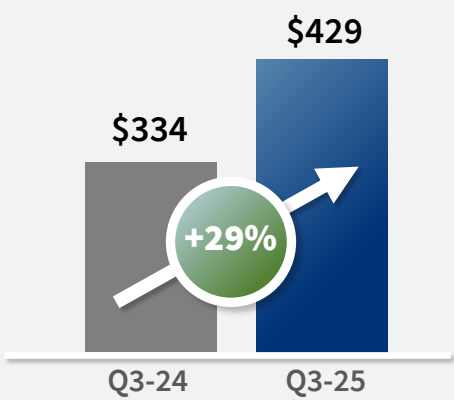
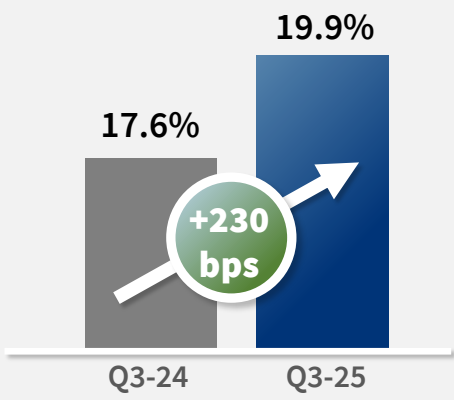

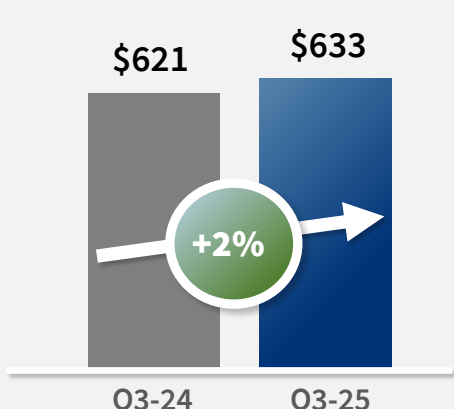
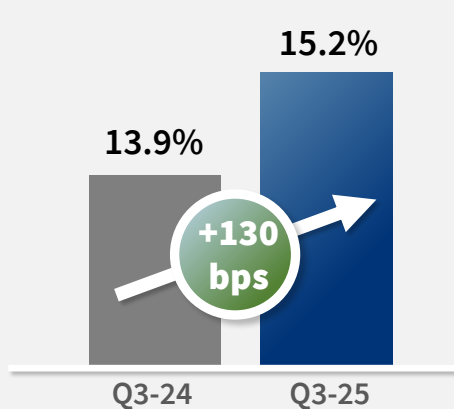
## Operating Income



## EPS




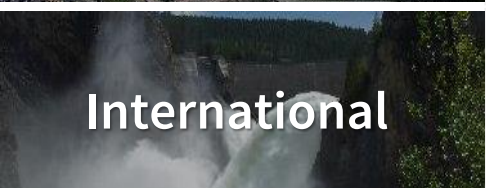


# Q3-25 Performance by Segment

Segment	Net Revenue (\$M)	OI Margin (%)	Comments
 <p><b>GSG</b> (Excl. USAID &amp; DOS)</p>	 <p>\$334 \$429 Q3-24 Q3-25 +29%</p>	 <p>17.6% 19.9% Q3-24 Q3-25 +230 bps</p>	<ul style="list-style-type: none"> <li>Disaster Response up</li> <li>Water Infrastructure up</li> </ul>
 <p><b>CIG</b></p>	 <p>\$621 \$633 Q3-24 Q3-25 +2%</p>	 <p>13.9% 15.2% Q3-24 Q3-25 +130 bps</p>	<ul style="list-style-type: none"> <li>U.K. Water up</li> <li>Australia Infrastructure down</li> </ul>



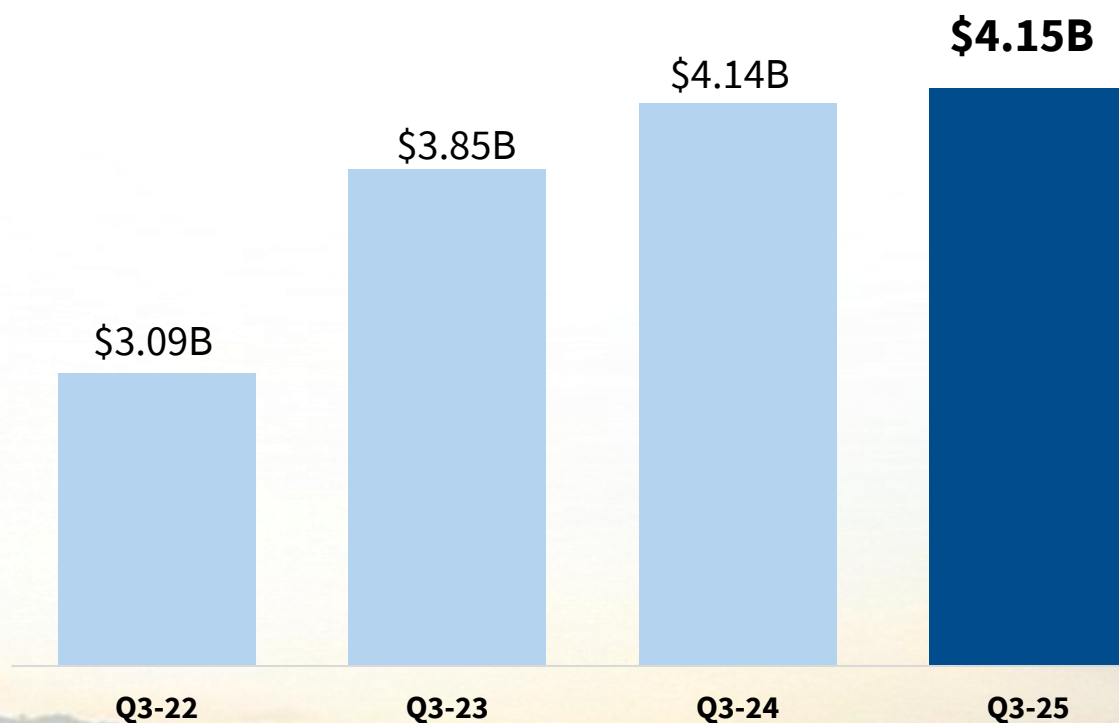
# Q3-25 Net Revenue by Customer (Excl. USAID and DOS)

Customer	% of Net Rev.	Net Rev. Y/Y	Comments
 <b>U.S. Federal</b>	25%	+46%*	<ul style="list-style-type: none"> <li>• Defense / U.S. Army Corps of Engineers up</li> <li>• Disaster Response up</li> </ul>
 <b>U.S. State &amp; Local</b>	14%	+30%*	<ul style="list-style-type: none"> <li>• Disaster Response up</li> <li>• Water Infrastructure up</li> </ul>
 <b>U.S. Commercial</b>	19%	-4%	<ul style="list-style-type: none"> <li>• Environmental Services stable</li> <li>• Renewable Energy down</li> </ul>
 <b>International</b>	42%	-1%**	<ul style="list-style-type: none"> <li>• U.K. Planning and Design up</li> <li>• Australia Infrastructure down</li> </ul>

\*Excluding disaster response, U.S. Federal up +8% Y/Y and U.S. S&L up +18% Y/Y

\*\* International up 5% excluding Australia

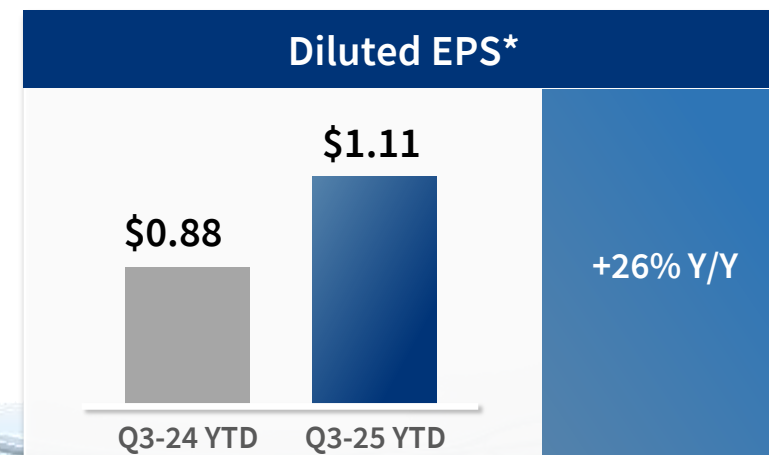
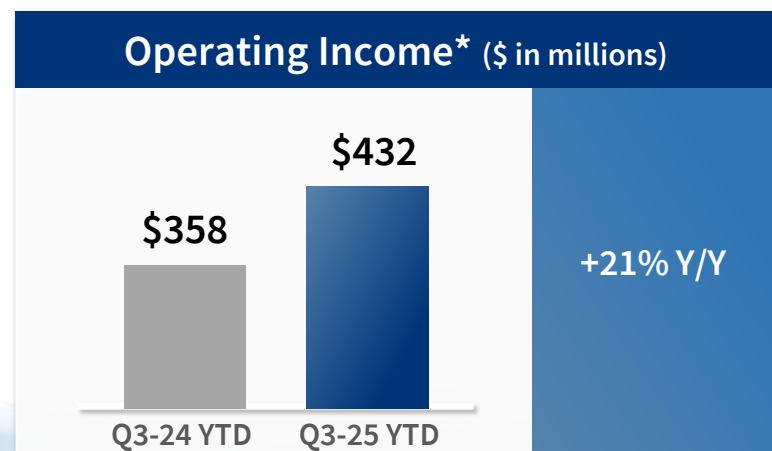
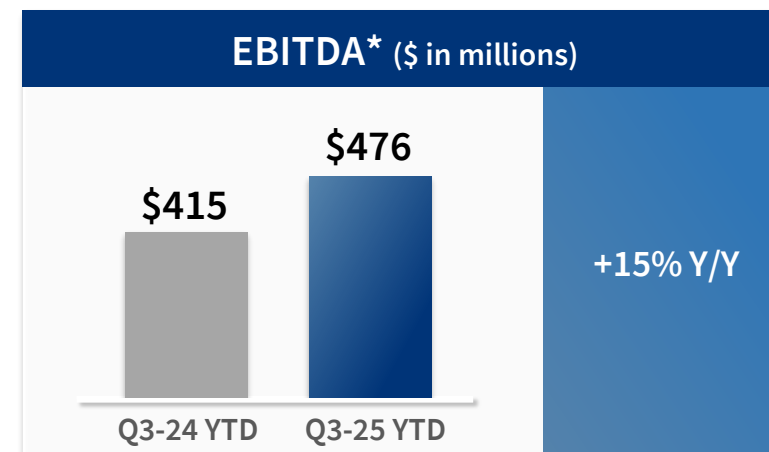
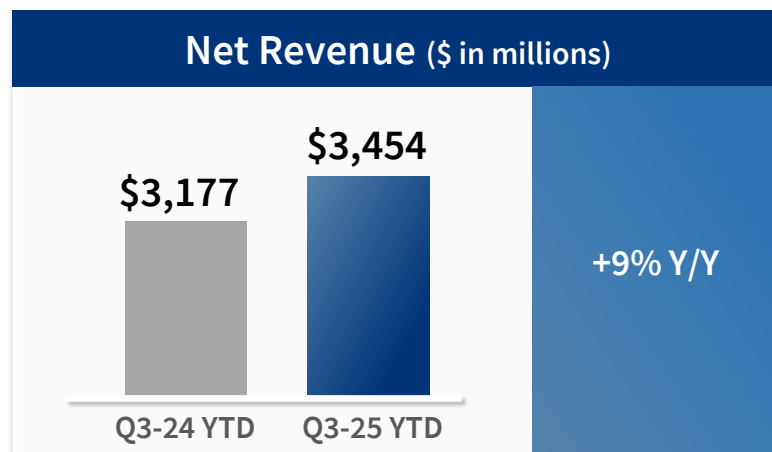
## Q3-25 Backlog (Excl. USAID and DOS)



### Recent Key Contract Wins

- **\$990 million** multiple-award contract for engineering design for NAVFAC Pacific
- **\$249 million** multiple-award contract for energy resilience for USACE Huntsville District
- **\$248 million** multiple-award contract for planning and engineering services for USACE Europe District
- **\$190 million** multiple-award contract for planning and engineering services for USACE Honolulu District
- **\$94 million** single-award contract for emergency preparedness and response services for U.S. EPA
- **\$45 million** multiple-award contract for environmental services for U.S. Department of the Interior
- **\$22 million** single-award contract for disaster recovery services for the State of Georgia
- **\$10 million** single-award contract for water digital automation Systems for Los Angeles County

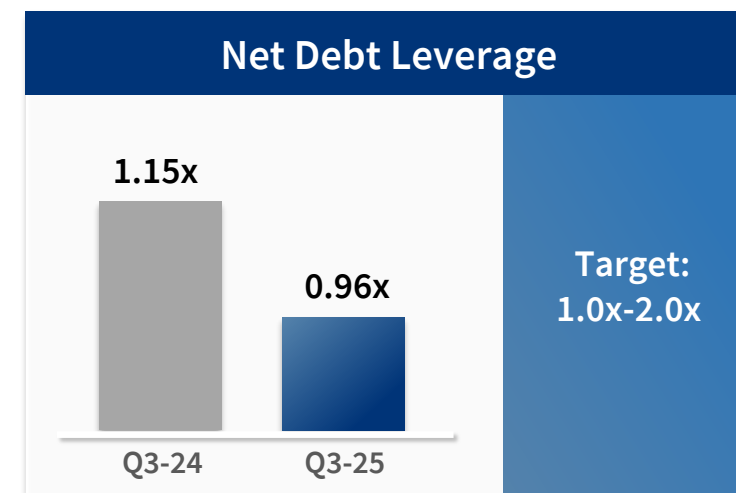
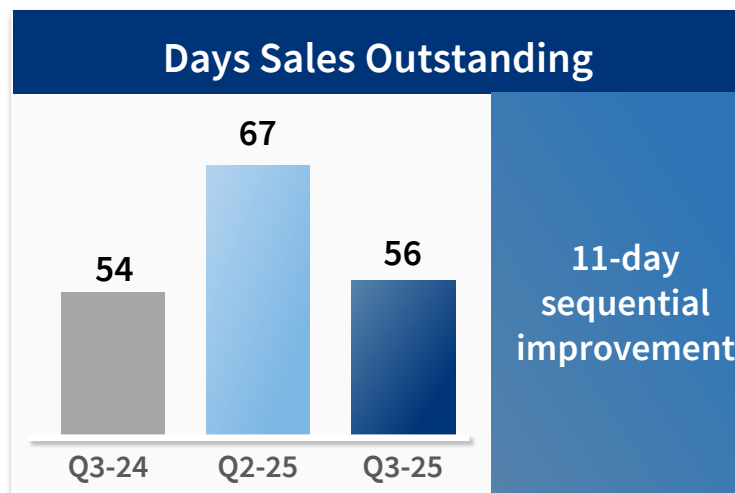
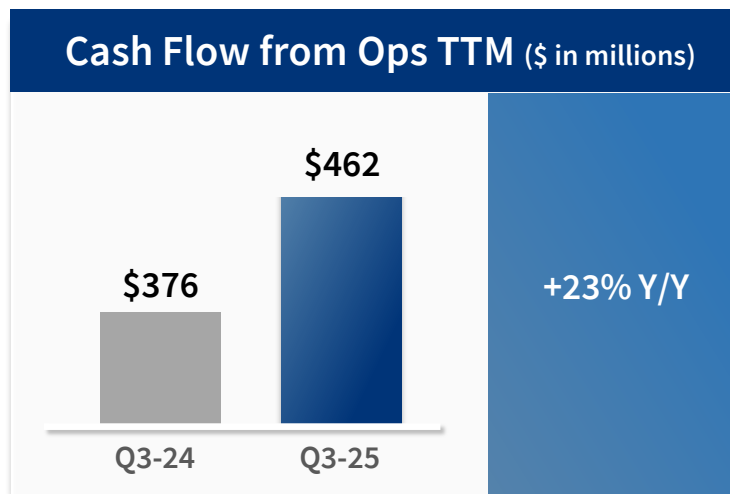
# FY25 YTD Financial Overview



\*Refer to appendix for reconciliation summary.

*Earnings Increases Continue to Exceed Net Revenue Growth*

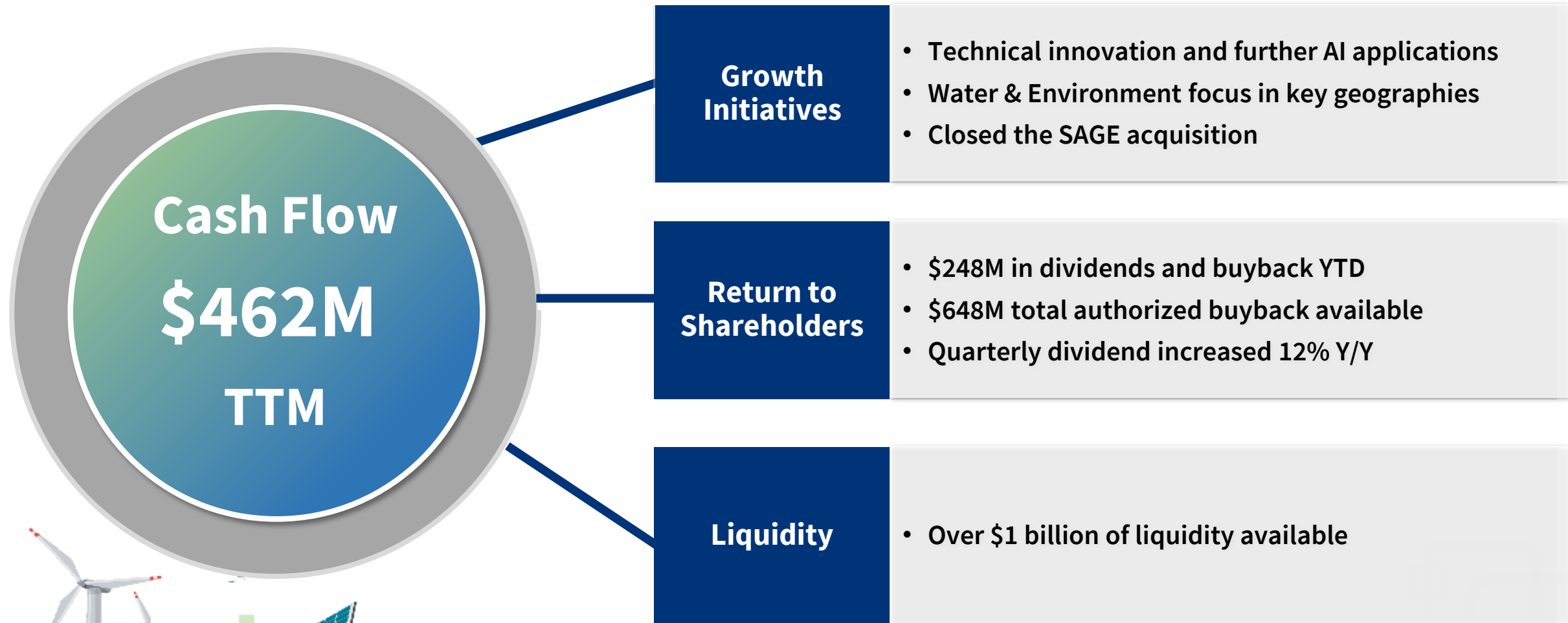
# Q3-25 Cash Flow Overview



*FY2025 Return On Capital Employed (ROCE)  $\approx$  20%*






# Capital Allocation



# U.S. Federal Budget Update

- One Big Beautiful Bill Act (OBBBA) signed July 4, 2025
- Supplemental funding and realignment to Administration Priorities
- Leverage Tetra Tech's U.S. Federal contract capacity

Agency	Incremental Funding	Priorities	Tetra Tech Differentiation
 Defense	+\$150B	Improve water infrastructure and defense facilities	<ul style="list-style-type: none"><li>• Flood protection and asset optimization</li></ul>
 Coast Guard	+\$25B	Increase for infrastructure and modernization	<ul style="list-style-type: none"><li>• Marine infrastructure modernization</li></ul>
 FAA	+\$12.5B	Air traffic control system update	<ul style="list-style-type: none"><li>• Air traffic control modernization</li></ul>

# Digital Water Automation

- Global automation market projected to grow to \$627B by 2030 @ 20% CAGR
- Accelerated by rapid advances in AI, cloud computing, IoT, and automation systems

## U.S. State and Local Governments



### **Key Drivers:**

- Automation for water treatment operational efficiency
- Cybersecurity

### **Tetra Tech Differentiation:**

- 500 contracts with state & local municipalities
- Cybersecurity evaluation and mitigation
- High-end water treatment design integrating automation

## Global Commercial



### **Key Drivers:**

- Efficiency & cost control
- Risk reduction

### **Tetra Tech Differentiation:**

- Global MSAs with Fortune 100
- Industrial water treatment
- AI solutions and automation



# Guidance

	Net Revenue	Adjusted EPS
Q4-25	\$1.0B - \$1.1B	\$0.38 - \$0.43
FY-25	\$4.454B - \$4.554B	\$1.49 - \$1.54

## Assumptions Q4-25

- \$40M - \$50M net revenue for USAID and DOS
- Intangible amortization of \$10M
- Depreciation of \$6M
- Interest Expense of \$8M-\$9M
- Effective tax rate: 27.5%
- 265 million average diluted shares
- Excludes contributions from future acquisitions

## Q4-25 without USAID and DOS<sup>\*</sup>

### Net Revenue



Q4-24

Q4-25

### Adjusted EPS



Q4-24

Q4-25

<sup>\*</sup>Midpoint of the range

# Summary

- Solid third quarter and year-to-date performance
- Significant margin expansion
- Continued demand for our differentiated water services
- Strong balance sheet for future capital deployment





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## Questions & Answers

# WATER & ENVIRONMENT



# Appendix

# FY25 GAAP Reconciliation Summary

(\$ in millions, except EPS)



<b>Q3-25</b>	<b>Revenue</b>	<b>Net Revenue</b>	<b>Operating Income</b>	<b>EPS</b>
As Reported	\$1,370	\$1,153	\$165	\$0.43
Less: USAID / DoS	(106)	(91)	(6)	(0.02)
As Reported excl. USAID / DoS	\$1,264	\$1,062	\$159	\$0.41

<b>YTD-25</b>	<b>Revenue</b>	<b>Net Revenue</b>	<b>Operating Income</b>	<b>EPS</b>
As Reported	\$4,112	\$3,454	\$227	\$0.45
Legal contingency	-	-	115	0.35
Goodwill impairment	-	-	92	0.31
Contingent consideration	-	-	(2)	-
Adjusted	\$4,112	\$3,454	\$432	\$1.11
Less: USAID / DoS	(552)	(464)	(36)	(0.10)
Adj. excl. USAID / DoS	\$3,560	\$2,990	\$396	\$1.01

# FY24 GAAP Reconciliation Summary

(\$ in millions, except EPS)



<b>Q3-24</b>	<b>Revenue</b>	<b>Net Revenue</b>	<b>Operating Income</b>	<b>EPS</b>
As Reported	\$1,344	\$1,110	\$129	\$0.32
Less: USAID / DoS	(195)	(155)	(13)	(0.04)
As Reported excl. USAID / DoS	\$1,149	\$955	\$116	\$0.28

<b>YTD-24</b>	<b>Revenue</b>	<b>Net Revenue</b>	<b>Operating Income</b>	<b>EPS</b>
As Reported	\$3,824	\$3,177	\$357	\$0.88
Less: USAID / DoS	(578)	(470)	(39)	(0.11)
As Reported excl. USAID / DoS	\$3,246	\$2,707	\$318	\$0.77