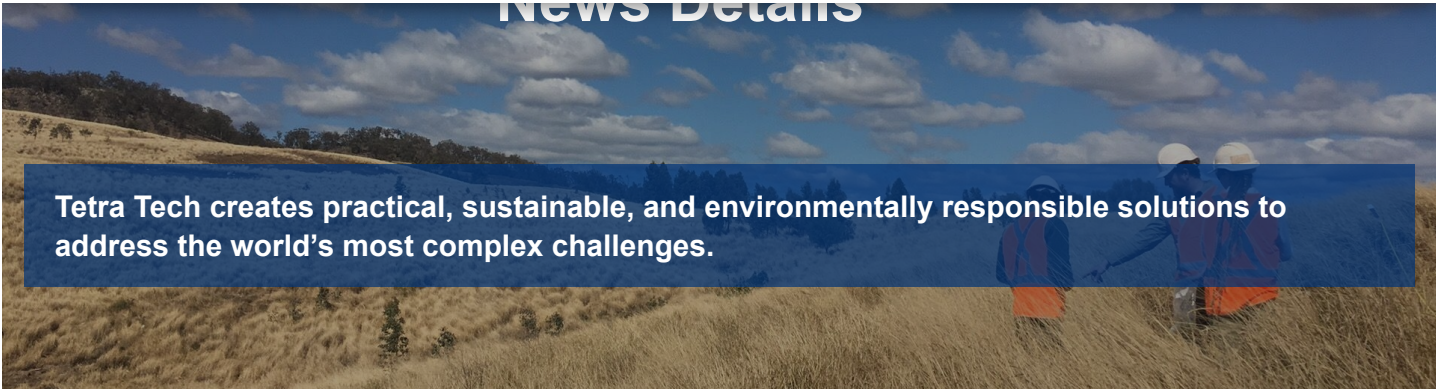


## News Details



**Tetra Tech creates practical, sustainable, and environmentally responsible solutions to address the world's most complex challenges.**

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## Tetra Tech Reports Strong Fourth Quarter and Fiscal 2020 Results

11/11/2020

- Fourth quarter revenue \$753 million and net revenue \$590 million
- Fourth quarter EPS \$0.82; Adjusted EPS \$0.91
- Record fiscal 2020 EPS \$3.16, up 11% Y/Y
- Record fiscal year cash flow of \$262 million, up 26% Y/Y
- Record backlog of \$3.24 billion, up 5% Y/Y and up 6% Q/Q

PASADENA, Calif.--(BUSINESS WIRE)-- Tetra Tech, Inc. (NASDAQ: TTEK), a leading provider of high-end consulting and engineering services, today announced results for the fourth quarter and fiscal year ended September 27, 2020.

### Fourth Quarter Results

Revenue in the fourth quarter totaled \$753 million and revenue, net of subcontractor costs (net revenue)<sup>1</sup>, was \$590 million. Earnings per share ("EPS") was \$0.82 on a GAAP basis and adjusted EPS<sup>1</sup> was \$0.91. Cash generated from operations was \$68 million. Backlog at the end of the quarter was a record \$3.24 billion, up 5% year-over-year and up 6% sequentially.

### Quarterly Dividend and Share Repurchase Program

On November 9, 2020, Tetra Tech's Board of Directors declared a \$0.17 per share dividend, a 13% increase over the prior year, payable on December 11, 2020 to stockholders of record as of November 30, 2020. In the fourth quarter, Tetra Tech repurchased \$15 million of common stock. Additionally, as of September 27, 2020, the Company had \$208 million remaining under the approved share repurchase programs.

### Fiscal Year Results

Revenue for fiscal 2020 totaled \$3.0 billion and net revenue was \$2.3 billion. EPS was \$3.16 and adjusted EPS was \$3.26. Cash generated from operations of \$262 million was a record, up 26% compared to the previous year. The strong cash flow enabled the Company to return \$152 million to shareholders in fiscal 2020 through a combination of share repurchases and dividends, while continuing to invest in strategic acquisitions and de-levering to a net debt leverage ratio of 0.5x<sup>2</sup>.

<sup>1</sup> Non-GAAP financial measures which the Company believes provide valuable perspectives on its business results. Refer to Reconciliation of GAAP and non-GAAP Items.

<sup>2</sup> The net debt leverage ratio is defined as total debt less cash and cash equivalents divided by 12-month adjusted EBITDA. Refer to Regulation G Information and Reconciliation of GAAP and non-GAAP Items.

### Chairman and CEO Comments

Tetra Tech's Chairman and CEO, Dan Batrack, commented, "Tetra Tech had a solid fourth quarter to finish fiscal year 2020, generating a 12.6% EBITDA margin, up 80 basis points from last quarter and up 130 basis points from last year's fourth quarter. We continue to see demand for our differentiated high-end consulting services augmented by technology and advanced data analytics, which drove a sequential increase in net revenue across all four of our client sectors. In 2020, we further advanced our growth strategy by adding industry leading technology firms that enhance our technical capabilities to offer innovative solutions in addressing our clients' critical water, environmental and sustainable infrastructure programs. Increased orders from all of our end-markets drove our backlog up 6% from the prior quarter and provides a solid foundation for 2021."

### Business Outlook

The following statements are based on current expectations. These statements are forward-looking and the actual results could differ materially. These

results through a link posted on the Company's website at [tetratech.com](http://tetratech.com) on November 12, 2020 at 8:00 a.m. (PT).

<sup>3</sup> Reconciliation of the net revenue guidance to the most directly comparable GAAP measure is not available without unreasonable efforts because the Company cannot predict the magnitude and timing of all the components required to provide such reconciliation with sufficient precision.

Reconciliation of GAAP and Non-GAAP Items  
 In thousands (except EPS data)

	Three Months Ended		Fiscal Year Ended	
	Sep. 27, 2020	Sep. 29, 2019	Sep. 27, 2020	Sep. 29, 2019
Revenue	\$ 753,364*	\$ 841,502	\$ 2,994,891	\$ 3,107,348
Subcontractor costs	(163,550)	(213,809)	(646,319)	(717,711)
Net revenue	<u>\$ 589,814*</u>	<u>\$ 627,693</u>	<u>\$ 2,348,572</u>	<u>\$ 2,389,637</u>

\* Change in Q4-20 revenue and net revenue reflects reduced disaster response and disposition of Canadian turn-key pipeline operation.

EPS	\$ 0.82	\$ 0.21	\$ 3.16	\$ 2.84
COVID-19	—	—	0.11	—
RCM / claims	—	0.18	—	0.26
Acquisition / integration	—	0.19	—	0.19
Non-recurring tax items	—	—	—	(0.44)
Adjusted EPS	<u>\$ 0.91</u>	<u>\$ 0.88</u>	<u>\$ 3.26</u>	<u>\$ 3.17</u>

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\* In the fourth quarter of fiscal 2020, Tetra Tech recognized non-cash purchase accounting items that included goodwill impairment related to its Asia Pacific operations partially offset by earn-out liability adjustments.

	Sep. 27, 2020
Current portion of long-term debt	\$ 49,264
Long-term debt	242,395
Less: Cash and cash equivalents	(157,515)
Net debt	<u>\$ 134,144</u>
Trailing 12-month adjusted EBITDA	\$ 267,809
Net debt leverage ratio	<u>0.5x</u>

About Tetra Tech

Tetra Tech is a leading provider of high-end consulting and engineering services for projects worldwide. With 20,000 associates working together, Tetra Tech provides clear solutions to complex problems in water, environment, infrastructure, resource management, energy, and international development. We are *Leading with Science*<sup>®</sup> to provide sustainable and resilient solutions for our clients. For more information about Tetra Tech, please visit [tetratech.com](http://tetratech.com), follow us on Twitter ([@TetraTech](#)), or like us on [Facebook](#).

#### Forward-Looking Statements

*This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipate," "expect," "could," "may," "intend," "plan" and "believe," among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic and other information, and are subject to a number of risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. A variety of factors, many of which are beyond our control, could cause actual future results or events to differ materially from those projected in the forward-looking statements in this release, including but not limited to: the impact of the COVID-19 pandemic; continuing worldwide political and economic uncertainties; the U.S. Administration's potential changes to fiscal policies; the cyclical nature of demand for our overall services; the fluctuation in demand for oil and gas, and mining services; risks related to international operations; concentration of revenues from U.S. government agencies and potential funding disruptions by these agencies; dependence on winning or renewing U.S. government contracts; the delay or unavailability of public funding on U.S. government contracts; the U.S. government's right to modify, delay, curtail or terminate contracts at its convenience; compliance with government procurement laws and regulations; credit risks associated with certain clients in certain geographic areas or industries; acquisition strategy and integration risks; goodwill or other intangible asset impairment; the failure to comply with worldwide anti-bribery laws; the failure to comply with domestic and international export laws; the failure to properly manage projects; the loss of key personnel or the inability to attract and retain qualified personnel; the ability of our employees to obtain government granted eligibility; the use of estimates and assumptions in the preparation of financial statements; the ability to maintain adequate workforce utilization; the use of the percentage-of-completion method of accounting; the inability to accurately estimate and control contract costs; the failure to adequately recover on our claims for additional contract costs; the failure to win or renew contracts with private and public sector clients; growth strategy management; backlog cancellation and adjustments; risks relating to cyber security breaches; the failure of partners to perform on joint projects; the failure of subcontractors to satisfy their obligations; requirements to pay liquidated damages based on contract performance; the adoption of new legal requirements; changes in resource management, environmental or infrastructure industry laws, regulations or programs; changes in capital markets and the access to capital; credit agreement covenants; industry competition; liability related to legal proceedings, investigations, and disputes; the availability of third-party insurance coverage; the ability to obtain adequate bonding; employee, agent, or partner misconduct; employee risks related to international travel; safety programs; conflict of interest issues; liabilities relating to reports and opinions; liabilities relating to environmental laws and regulations; force majeure events; protection of intellectual property rights; stock price volatility; the ability to impede a business combination based on Delaware law and charter documents; and other risks and uncertainties as may be described in Tetra Tech's periodic filings with the Securities and Exchange Commission, including those described in the "Risk Factors" section of Tetra Tech's Annual Report on Form 10-K for the fiscal year ended September 29, 2019, and Tetra*



*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 included in this release.*

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