

## **Tetra Tech Reports First Quarter 2017 Results**

February 1, 2017 4:30 PM ET

- **Revenue of \$669 million, up 19% year over year**
- **Backlog of \$2.47 billion, up 34% year over year**
- **EPS \$0.46; ongoing EPS \$0.49, up 17% year over year**

PASADENA, Calif.--(BUSINESS WIRE)--Feb. 1, 2017-- Tetra Tech, Inc. (NASDAQ: TTEK) today announced results for the first quarter ended January 1, 2017.

### **First Quarter Results**

Revenue in the first quarter totaled \$669 million, up 19% year over year. For ongoing operations<sup>1</sup>, revenue totaled \$661 million, and revenue, net of subcontractor costs<sup>2</sup> (net revenue), was \$488 million, up 22% and 18%, respectively, compared to the same period in fiscal 2016. Operating income for the first quarter was \$40 million, and on an ongoing basis totaled \$43 million. Earnings per share (EPS) were \$0.46, and on an ongoing basis totaled \$0.49, up 17% year over year. Backlog of \$2.47 billion was up 34% year over year.

### **Quarterly Dividend and Share Repurchase Program**

On January 30, 2017, Tetra Tech's Board of Directors declared a quarterly dividend of \$0.09 per share payable on March 3, 2017 to stockholders of record as of February 17, 2017. Additionally, the Company has \$190 million remaining under the previously approved \$200 million share repurchase program.

### **Comments on Results**

Tetra Tech's Chairman and CEO Dan Batrack commented, "Tetra Tech started fiscal year 2017 with very strong results, exceeding our quarterly guidance for both net revenue and earnings. Services across our core markets of water, environment, and infrastructure remain in high demand, and the initial priorities established by the new Administration represent additional opportunities for Tetra Tech in all areas of U.S. infrastructure. Strong orders in our federal and state and local markets increased our backlog to a record \$2.5 billion, providing a solid platform for growth as we enter the second quarter."

### **Acquisition of Eco Logical Australia**

Tetra Tech today is also announcing the acquisition of Eco Logical Australia, a multi-disciplinary consulting firm with over 160 staff that provide innovative, high-end environmental and ecological services. Like Tetra Tech, Eco Logical has established a reputation of *Leading with Science* and has built a strong presence in the Australian environmental space. Eco Logical advances Tetra Tech's strategy to grow its environmental and water services in the Asia-Pacific region. The terms of the acquisition have not been disclosed.

### **Business Outlook**

The following statements are based on current expectations. These statements are forward-looking and the actual results could differ materially. These statements do not include the potential impact of transactions that may be completed or developments that become evident after the date of this release. The Business Outlook section should be read in conjunction with the information on forward-looking statements at the end of this release.

Tetra Tech expects diluted EPS for the second quarter of fiscal 2017 to range from \$0.42 to \$0.47. Net revenue for the second quarter is expected to range from \$450 million to \$480 million. For fiscal 2017, Tetra Tech expects diluted EPS to range from \$2.00 to \$2.20 and net revenue to range from \$2.0 billion to \$2.1 billion.

## Webcast

Investors will have the opportunity to access a live audio-visual webcast and supplemental financial information concerning the first quarter 2017 results through a link posted on the Company's website at [tetratech.com](http://tetratech.com) on February 2, 2017 at 8:00 a.m. (PT).

## Reconciliation of Revenue and Operating Results

In thousands (except for EPS data)

	Three Months Ended		
	Jan. 1, 2017	Dec. 27, 2015	% Y/Y
Revenue	\$ 668,851	\$ 560,708	19 %
Subcontractor costs	(179,300 )	(139,752 )	–
Net revenue	\$ 489,551	\$ 420,956	16 %
Revenue	\$ 668,851	\$ 560,708	19 %
RCM	(8,231 )	(20,826 )	–
Ongoing revenue	\$ 660,620	\$ 539,882	22 %
Net revenue	\$ 489,551	\$ 420,956	16 %
RCM	(1,795 )	(7,190 )	–
Ongoing net revenue	\$ 487,756	\$ 413,766	18 %
Operating income	\$ 39,855	\$ 32,930	21 %
RCM	3,042	5,282	–
Earn-out	–	1,001	–
Ongoing operating income	\$ 42,897	\$ 39,213	9 %
EPS	\$ 0.46	\$ 0.39	18 %
RCM	0.03	0.05	–
Earn-out	–	0.01	–
Retroactive R&D tax credit	–	(0.03 )	–
Ongoing EPS	\$ 0.49	\$ 0.42	17 %

## About Tetra Tech

Tetra Tech is a leading provider of consulting and engineering services differentiated by *Leading with Science* in providing innovative technical solutions to our clients. We support global commercial and government clients focused on water, environment, infrastructure, resource management, energy, and international development. With 16,000 associates worldwide, Tetra Tech provides clear solutions to complex problems. For more information about Tetra Tech, please visit [tetratech.com](http://tetratech.com), follow us on Twitter ([@TetraTech](https://twitter.com/TetraTech)), or like us on [Facebook](https://www.facebook.com/TetraTech).

## Forward-Looking Statements

*This news release contains forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information concerning future events*

*and the future financial performance of Tetra Tech that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are urged to read the documents filed by Tetra Tech with the SEC, specifically the most recent reports on Form 10-K, 10-Q, and 8-K, each as it may be amended from time to time, which identify risk factors that could cause actual results to differ materially from the forward-looking statements. Among the important factors or risks that could cause actual results or events to differ materially from those in the forward-looking statements in this release are: continuing worldwide political and economic uncertainties; the new U.S. Administration's potential changes to fiscal and tax policies; the cyclical nature in 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; the interruption of systems and information technology; stock price volatility; and the ability to impede a business combination based on Delaware law and charter documents. Any projections in this release are based on limited information currently available to Tetra Tech, which is subject to change. Although any such projections and the factors influencing them will likely change, Tetra Tech will not necessarily update the information, since Tetra Tech will only provide guidance at certain points during the year. Readers should not place undue reliance on forward-looking statements since such information speaks only as of the date of this release.*

<sup>1</sup> Refer to Reconciliation of Revenue and Operating Results table for a reconciliation to GAAP.

<sup>2</sup> Tetra Tech's revenue includes a significant amount of subcontractor costs and, therefore, the Company believes revenue, net of subcontractor costs, which is a non-GAAP financial measure, provides a valuable perspective on its business results.

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