

Competitor analysis

AECOM

SAMPLE PROFILE

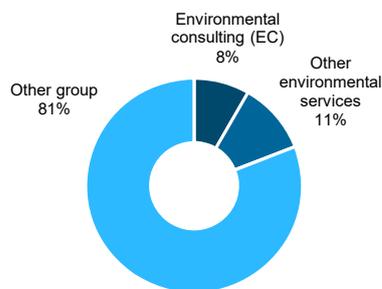
2015

AECOM**CONTACTS**

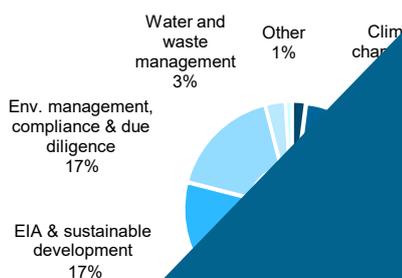
| | |
|-----------|--|
| Web site | www.AECOM.com |
| E-mail | info@AECOM.com |
| Global HQ | 555 South Flower Street, Suite 3700, Los Angeles, California 90071, US |
| Tel | +1 213 593 8000 |
| Fax | +1 213 593 8730 |
| Directors | Michael S Burke (Chairman of the Board, Chief Executive Officer) Matthew Sutton (Chief Executive, Environment) |
| Ownership | Provider of technical and management support services, listed on New York Stock Exchange (NYSE) |
| Founded | 1990 [launch of AECOM as an independent company; predecessor firms date back to early 1900s; also includes URS Corp (founded 1957) from 2013/14] |

VITAL STATISTICS

| | 2010/11 | 2011/12 | 2012/13 | 2013/14** |
|--|--------------|--------------|--------------|--------------|
| Proportion of group turnover in environmental consulting | 11.5% | 11.7% | 11.1% | 8.3% |
| Turnover (gross), group* | US\$8,037m | US\$8,218m | US\$8,153m | US\$19,600m |
| Turnover 3-year growth, group | 54.9% | 34.3% | 23.5% | 14.1% |
| Turnover, environmental services (including EC) | US\$1,500.0m | US\$2,070.0m | US\$1,817.0m | US\$2,070.0m |
| Turnover, environmental consulting (as defined by EA) | US\$928.0m | US\$965.0m | US\$901.0m | US\$928.0m |
| Turnover 3-year growth, environmental consulting | 11.8% | 14.9% | 4.8% | 11.8% |
| Operating profit (EBITDA), group | US\$421.2m | US\$53.6m | US\$377.0m | US\$421.2m |
| Operating profit (EBITDA) as % of gross turnover | 5.2% | 0.7% | 4.6% | 2.1% |
| Staff, group | 45,000 | 46,800 | 46,800 | 46,800 |
| Staff, environmental services (inc. consulting) | 9,000 | 9,200 | 9,200 | 9,200 |
| Staff, environmental consulting | 4,200 | 4,270 | 4,270 | 4,270 |
| Turnover per head, environmental services (inc consulting) | US\$167k | US\$225k | US\$200k | US\$225k |
| Turnover per head, environmental consulting | US\$221k | US\$225k | US\$200k | US\$221k |
| Contracts, environmental consulting | 20,000 | 20,000 | 20,000 | 20,000 |
| Average contract value, environmental consulting | US\$46k | US\$46k | US\$46k | US\$46k |

GLOBAL REVENUE BREAKDOWN**GLOBAL EC REVENUE**

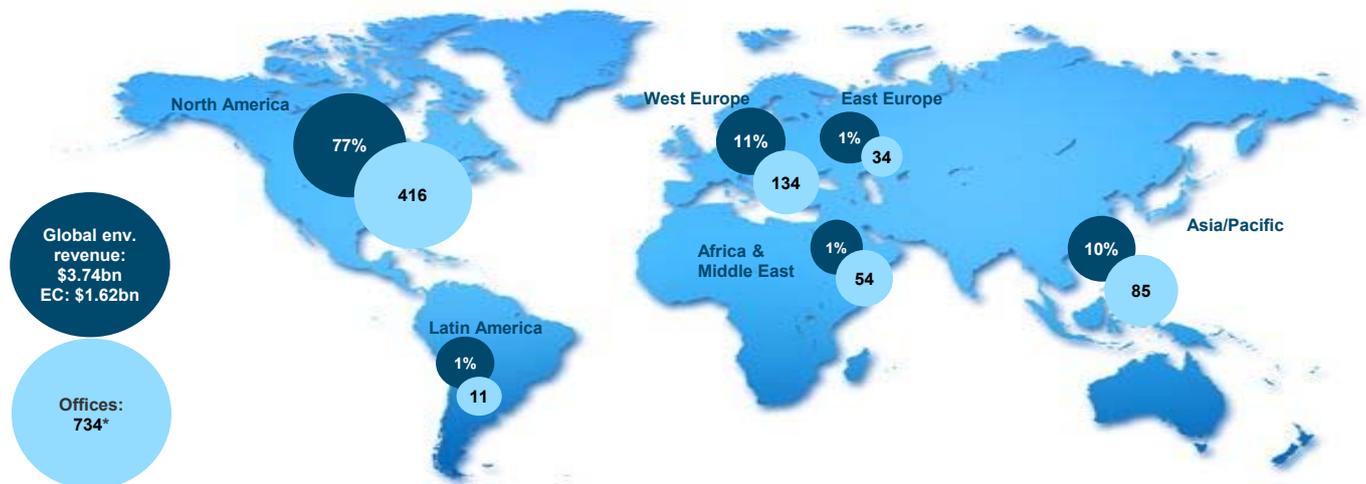
1800
1600
1400

EC SERVICE AREA BREAKDOWN

Notes: *FY
AECOM

SAMPLE PROFILE

REGIONAL ANALYSIS OF EC BUSINESS



*All offices

GEOGRAPHICAL FOOTPRINT

AECOM operates in 150 countries. Regional segmentation of work by AECOM (excluding URS) in 2013/14, based on where work was performed: US (c59% of total group revenue); Asia-Pacific (c16%); Canada (c7%); Europe (c9%); other foreign countries (c9%)

North America (c6,653 EC staff; strong position in related water, mining and PPP consulting sectors in region)

- URS merger skewed AECOM's environmental business further towards North America - accounting for 74% of EC revenue (70% for AECOM alone in 2012/13); EC staff total near trebled from 2,250 to 6,653 as a result of URS merger
- Recent projects: largest tidal wetland restoration project on US west coast (15,000 acre former commercial salmon farm); share of a \$600m consortia contract for FEMA for flood mapping, risk assessment and mitigation; provision of environmental impact work and permitting activities for several major renewable energy projects, inc. 250MW Beacon Solar Energy Center; 250MW thermal power plant in California Mojave Desert (for which AECOM undertook biological resources mitigation studies for the Energy Commission); assisting Canada's Oil Sands Innovation Alliance to develop water management systems site assessment for Norfolk Southern Railroad's \$53m energy conversion project to reduce energy consumption and water use; environmental and regulatory support to ExxonMobil Alaska LNG (\$31m); satellite-based environmental monitoring research for Canadian Space Agency; LANT CLEAN JV with US Revolution

Asia-Pacific (c745 EC staff; oil & gas, power and resources identified as main focus for region)

- In Asia-Pacific, AECOM's footprint further enhanced by 2012 acquisition of construction and infrastructure consulting firm in China, Hong Kong, India, Malaysia, Singapore, Sri Lanka, Thailand and Vietnam; LANT CLEAN JV with US Revolution team's EHS, waste management and remediation resources in the region; new opportunities in infrastructure and design/planning opportunities; recent services launched in Taiwan
- Recent projects: ESIA for the Refinery and Petrochemical Integrated Development Bank for Cities Development Initiative, including 5 case studies in Sri Lanka, and Thailand, to guide integrated solid waste management; large scale scheme in Australia) NSW, Australia; ESIA for offshore sea water desalination plant in Singapore; Lin Hai industrial estate air quality assessment

Europe (including western and eastern/FSU) (c1,522 EC staff)

- UK is home to AECOM's largest environmental team in Europe. Italy also an important European EC market, with additional operations in Germany and Spain. Continental European operations in securing growth have been focused on Oil & Gas, particularly in Eastern Europe, particularly Turkey, Poland, Romania
- Spanish operation, hard hit by recession, with focus on infrastructure development consultancy specialising in highways and urban planning

- Recent projects include: marine spatial planning for the UK; highways contract worth up to \$500m for the reconstruction of roads from Thames Water to rebuild Department of Infrastructure for Northern Ireland's Translin project; 5 years; SOCAR environmental impact assessment for carbon capture plant in Yorkshire, UK, motorway

Latin America (c210 EC staff)

- AECOM has been successful in securing sustainable development projects in the footprint of AECOM's environmental business
- Recent projects include: Amazon basin environmental impact assessment; Panama Canal expansion

SAMPLE PROFILE

ENVIRONMENT ANALYST SWOT

- S • The largest global player in the broader professional technical services sector, following 2014 acquisition of URS, creating a "premier, fully integrated infrastructure firm, serving clients across a broad range of markets, including transportation, facilities, environmental, energy, water and government"; global number-one environmental consulting practice by annual revenue; formation of AECOM Capital group to mobilise project financing also a key strength and market differentiator
- S • Merged entity benefits from improved positioning to "compete for major, complex projects across a diverse range of end markets and geographic regions"; highly complementary portfolios with minimal overlap, with AECOM's private sector focused client portfolio balanced by URS' leaning towards public sector work; rapid implementation of merger and restructuring process indicative of clear management vision for entity of unprecedented size
- W • Heavy reliance on contaminated land services (c60% EC turnover), in which URS was also heavily focused, compounded by seasonality of business with revenue generation focused on H2 of fiscal year tied to US federal government authorisations during this period
- W • Lower brand awareness outside of US domestic market; EC business highly focused on domestic market, with North America region accounting for 74% of 2013/14 EC revenue
- O • Maximise synergies, client openings, complementary services with acquired URS, with new capacity in oil & gas, power and government services; ACE acquisition represents opportunities in new geographies (having worked in Algeria, Colombia, Croatia, El Salvador, Honduras, Mexico, South Africa, Tunisia Turkey)
- O • Capitalise on well-established footholds in high-growth economies in Latin America, Middle East, Africa and Asia Pacific; synergies between urban masterplanning and environmental work; expanding geographic footprint with access to new markets via recent acquisitions (inc Asia/Africa); exploit new openings generated through combined in-situ engineering/EC capabilities
- T • Unprecedented size of URS/AECOM combo could make it unwieldy, with reduced scope for flexibility and speed of response, particularly in EC sector where contracts tend to be smaller and local relationships critical; loss of new entity under AECOM ---> loss of century-old URS banner
- T • Financial strain of recent M&A activity; risk of losing focus on EC [although AECOM says it is not] and focusing "very energetically" on maintaining its number one global position]

CORPORATE DEVELOPMENTS/M&A

- 1990 AECOM launches as an independent company, created through a spin-off employment of former AECOM entities (including petroleum-refining business based in Kentucky, USA)
- 2000 Maunsell (owner of Consultants in Environmental Sciences, UK) acquired by AECOM
- 2000 Buys US-based engineering and environmental firm Metcalf and Eddy [M&E]
- 2001 Acquires UK-based Oscar Faber (including ECD Energy and environmental services)
- 2002 Acquired European businesses rebrand as Faber Maunsell
- 2005 AECOM acquires EDAAW, ENSR International (US-based design and construction services); also acquires Consultants (UK contaminated site assessment specialist)
- 2007 IPO on New York Stock Exchange
- 2008 Acquires Earth Tech Inc (global engineering and design services)
- 2008 Acquires niche Scottish acoustics/GIS firm Hamilton
- 2009 Purchase of Savant, UK-based construction services; other M&A deals this year (SSI Services, Ellerbe Becket)
- 2009 Rebrands subsidiaries (including Faber Maunsell) under AECOM banner
- 2009 Around 350 job cuts in UK/Euro professional services (reported mainly to affect building design)
- 2009 Group fiscal 2009 results show 10% revenue growth (vs 20% revenue growth) to \$3.8bn; and 20% operating profit growth; EC markets' account for c25%
- 2010 UK annual report (12 months to 31/12/2009) shows 10% revenue growth in Q1/Q2 fiscal 2010
- 2010 Acquires Spanish environmental services firm (with contaminated site assessment expertise); Capgemini acquires contaminated site assessment specialist
- 2010 Group fiscal 2010 results show 10% revenue growth (vs 10% revenue growth) to \$4.2bn; and 20% operating profit growth; EC markets' account for c25%
- 2010

SAMPLE PROFILE

- 2011 Staff numbers in management support services (MSS) division halved between 2010 and 2011 while in PTS (in which EC sits) staff numbers grew by c10%
- 2011 Matthew Sutton named chief executive of the AECOM environment business line
- 2011 Acquires Spectral Services Consultants Pte – India, 500-strong building services consultancy with a focus on 'green' design
- 2011 Key contracts won include: preparation of the master plan design for 2016 Olympics in Rio de Janeiro, Brazil; five-year air quality project for Kuwait Oil Company (c\$15m); and two US Naval Facilities Engineering Command (NAVFAC) contracts (\$285m capacity)
- 2011 AECOM environment business line launches new service offerings: corporate advisory and sustainability services, nanotechnology services
- 2011 Expands operations in Germany, Romania, Russia and CIS
- 2011 Group results for FY2011 show gross revenue increase of 22.8%; net revenue growth of 23.2% to \$5.2bn; and 23.6% increase in operating profit. As of 30 Sept '11 AECOM had \$457m cash (down from \$613m in 2010) and \$1,162m debt (\$931.1m in 2010)
- 2012 Acquires 160-strong Taiwanese environmental and engineering consultancy, Capital Engineering Corporation (CEC)
- 2012 Establishes 'Global Advisory Board', chaired by Sir John Major
- 2012 Acquires 900-strong South African consulting and engineering firm, BKS, active in the water, geotechnical and environmental sectors, among others. Also purchases 600-strong construction cost consultancy, KPK, with locations in China, Hong Kong, India, Malaysia, Singapore, Sri Lanka, Thailand and Vietnam
- 2012 Group results for FY ending 30 Sep 2012 show 2% growth in gross revenue to \$8.2bn (with net revenue stable at \$5.2bn) driven by strong contribution from transportation and Asia-Pacific businesses. Gross profit as a percentage of the professional & technical services division's \$7.3bn gross revenue was 5.8% (FY2011 5.5%). In Europe, an impairment charge of \$317m resulted primarily from the negative impact of economic conditions which drove a reduction in group profit levels here
- 2012 Dale Sands appointed EMEA Managing Director, Environment
- 2013 UK subsidiary posts 9.3% revenue decline in FY ending September 2012 to £153.9m but operating profit up to £7.1 million from £1.5 million the previous year. Following rationalisation of its cost base and reallocation of resources to revenue pipeline, average number employees falls c7% to 2,101
- 2013 Appoints Robbie Dow as leader for EMEA contaminated land business, with increased opportunities for contaminated land services expected internationally, in particular in China, where AECOM has a strong presence (eg following launch of Brownfield Remediation & Redevelopment guide book) and aims to win more work in this area
- 2013 Founded AECOM Capital with an initial \$150m as an investment platform to explore and acquire private real estate opportunities as a JV partner
- 2013 Group results for FY ending 30 Sep 2013 show 0.8% decline in gross revenue to \$8.1bn (down 4% to \$4.98bn) and reflect overall strong North America performance, offset by weak performance in US Federal Government spending, as well as economic conditions in Europe
- 2014 Partners with UN Office for Disaster Risk Reduction (UNISDR) to develop a guidebook for managing disasters, using AECOM's climate adaptation science expertise
- 2014 Acquires fellow NYSE-listed firm URS Corporation in a \$1.2bn transaction, resulting in global enterprise with combined revenues of \$20bn and EBITDA of \$2.5bn. The combined entity is expected to be operating as single 100,000-strong business unit with URS and AECOM branding of combined entity under AECOM
- 2014 Acquires Madrid-based ACE International, strengthening AECOM's international development and infrastructure geographic expertise, having up to 100 employees in Spain, El Salvador, Honduras, Mexico
- 2014 Acquires Hunt Construction Group, strengthening AECOM's US construction capabilities, operating in 9 US offices
- 2014 Group results (AECOM) for FY ending 30 Sep 2014 show 0.6% drop in operating profit to \$285m, but revenue sees 5% rise in FY to \$8.2bn
- 2014 Peter Skinnon appointed EMEA Managing Director, Infrastructure
- 2015 Al Hammad appointed EMEA Managing Director, Environment
- 2015 Al Hammad appointed EMEA Managing Director, Environment

SAMPLE PROFILE

2015 Group results for fiscal 2015 (first FY to include URS) show 115% increase in gross revenue to \$18.0bn, a 63% drop in operating income to \$129m and net loss of \$155m - compared to net income of \$230m twelve months earlier - related to acquisition, integration and other associated costs of its \$4bn purchase of URS. DCS segment, housing EC activities, saw full-year revenue of \$8.0bn, up 46% y-on-y although it reported an organic decline of 2.4%

For further details see EA's article archive for AECOM - <http://environment-analyst.com/459>

SAMPLE PROFILE