

Competitor analysis

AECOM

SAMPLE PROFILE

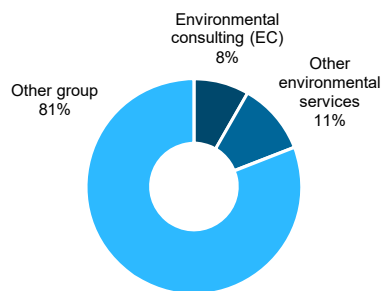
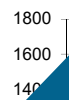
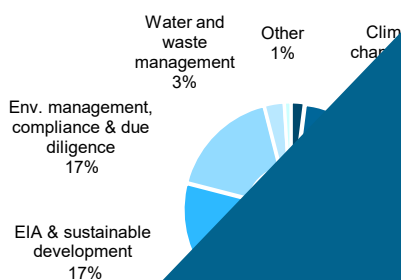
2015

AECOM**CONTACTS**

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Global HQ	555 South Flower Street, Suite 3700, Los Angeles, California 90071, US
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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

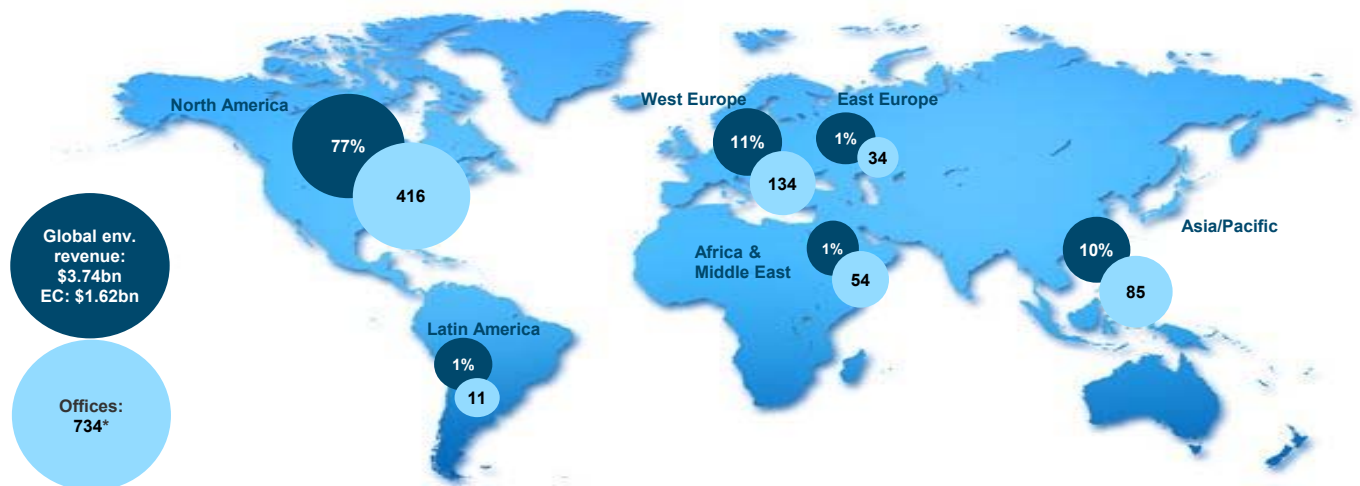
	2010/11	2011/12	2012/13	2013/14**
Proportion of group turnover in environmental consulting	11.5%	11.7%	11.1%	8.3%
Turnover (gross), group*	US\$8,037m	US\$8,218m	US\$8,153m	US\$19,600m
Turnover 3-year growth, group	54.9%	34.3%	23.5%	14.1%
Turnover, environmental services (including EC)	US\$1,500.0m	US\$2,070.0m	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\$225k
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****EC SERVICE AREA BREAKDOWN**

Notes: *FY
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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 greenhouse gas emissions 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 scheme EIA, 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 infrastructure

- Recent projects include: marine spatial planning; highways contract worth up to \$500m; water treatment from Thames Water to rebuild Deptford; water treatment for Northern Ireland's Translink; 5 years; SOCAR environmental assessment; submission for carbon capture in Yorkshire, UK, motorway

Latin America (c210 EC staff)

- AECOM has been successful in securing sustainable development footprint of AECOM in Latin America
- Recent projects include: Amazon; Panama; re-

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Africa/Middle East (c94 EC staff)

- 2010 purchase of Davis Langdon enhanced group's Africa and ME presence
- African region further bolstered by 2012 acquisition of 900-strong South African firm, BKS, active in the water, geotechnical and environmental sectors with aim of expanding engineering and consulting presence in Africa; Environment Services launched in Africa and Middle East in 2014

Recent projects include: environmental baseline study for development of new facility on behalf of The Abu Dhabi Centre for Waste Management; air quality programmes in Kuwait; solid waste management master planning in Iraq; EIA, master planning, traffic impacts and infrastructure design for AKOYA Oxygen residential portfolio in Dubai; soil and groundwater risk study in Oman; groundwater remediation in Saudi Arabia; air quality monitoring in Qatar; appointment to Kuwait Oil Company 5-year air compliance management programme worth £20m;

appointed to Ghana's Western Corridor Gas Infrastructure development project, worth US\$16m in first year of renewable contract; Uganda environmental baseline study for oil exploration activity for a major European-based oil company (\$1.5m)

Key services

Environmental services (including core consulting and others) are grouped as follows: air quality, environmental health and safety management; process safety and risk management; social impact assessment and permitting; remediation and site restoration; specialty and emerging technologies (including nanotechnology, GIS, sustainable development, environmental process engineering); waste services; water and natural resources; refinery water management; climate adaptation; URS also brought related capabilities inc. environmental health, training, asset management/O&M, geo-technical, health & safety, laboratory, R&D, master planning, remediation/contracting and sustainable building design services

Key global clients

BP, Chevron, ExxonMobil, Shell, Magna International, PPG, Lockheed Martin, United Technologies, ITT, Textron, StanleyBlack & Decker, National Grid, US Government and agencies (including Department of Defense, FEMA)

OVERARCHING INSIGHTS

- In the 25 years since it was created, AECOM has moulded itself into one of the world's leading and fully professional and technical services firm. Prior to the URS acquisition (see below), it comprised two units: design and technical services (PTS) division (91% of fiscal 2013/14 revenue) encompassing architecture, design, engineering, economics, environmental, programme and construction management service lines; and management services (MSS) unit providing outsourcing and logistical support primarily to the US Government. Since its IPO in 1990, it went public in 2007

- AECOM has pursued an aggressive growth strategy to diversify its global footprint, services and markets. Key areas comprise: transportation, facilities, environmental, energy, water and government markets. The government market share held by the private sector has seen a constant increase in recent years, rising from 36% in 2010/11 to 41% in 2012/13; 2011/12: 40%; 2010/11: 36%). Total debt declined 14% in 2013/14

- 2014 saw globally significant acquisition of NYSE-listed URS Corporation in a deal worth \$4bn in acquisition cost. The deal, completed in Oct 2014, created a 100,000 employee global services firm operating across 150 countries with a new operating system comprising services and design. Whilst the deal was driven by AECOM, URS was the larger of the two. The deal also created a new global URS acquisition also garnered AECOM former Scott Wilson business. AECOM had previously expressed an interest

- AECOM-URS pairing brought regional and sectoral opportunities and synergies, positioning within growing international markets in Asia, Africa and Latin America, and end-market expertise particularly in higher-growth energy and infrastructure

- AECOM CEO Michael S Burke termed the transaction "a strategic move to compete for and deliver on integrated services contracts". URS CEO David J. Williams said "AECOM

GLOBAL STRATEGY

- Prior to the URS deal, AECOM had reorganised into business units, providing sustainable solutions through three major "evolution" of the combined business: design and consulting services (DCS); construction management services (MS), which works with government relations

- AECOM chief growth officer

'geography presidents',

chief executive of AECOM

URS executive chairman

APAC) leads Asia

- URS and AECOM

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- AECOM

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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 "very focused" on 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 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 target); revenue growth (vs 20% revenue growth target) to \$3.8bn; and 20% revenue growth in emerging markets' account for c25% of total revenue
- 2010 UK annual report (12 months to 31/12/2009) shows revenue growth of 10% in Q1/Q2 fiscal 2010
- 2010 Acquires Spanish environmental services firm (including contaminated land remediation expertise); Capgemini acquires contaminated land remediation specialist
- 2010 Group revenue increases 10% to \$4.2bn
- 2010

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- 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 a decline 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 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 \$1.1bn, but sees 5% rise in gross revenue to \$8.1bn
- 2014 Peter Skinn appointed EMEA Managing Director, Infrastructure
- 2015 Al Hammad appointed EMEA Managing Director, Environment
- 2015 Al Hammad appointed EMEA Managing Director, Environment

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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>

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