



# Jacobs Investor Presentation

February 2019

**JACOBS®**

## Forward-Looking Statement Disclaimer

Certain statements contained in this presentation constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Statements made in this presentation that are not based on historical fact are forward-looking statements. Although such statements are based on management's current estimates and expectations, and currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain, and you should not place undue reliance on such statements as actual results may differ materially. We caution the reader that there are a variety of risks, uncertainties and other factors that could cause actual results to differ materially from what is contained, projected or implied by our forward-looking statements. For a description of these and other risks, uncertainties and other factors that may occur that could cause actual results to differ from our forward-looking statements see our Annual Report on Form 10-K for the year ended September 28, 2018, our Quarterly Report on Form 10-Q for the quarter ended December 28, 2018, as well as our other filings with the SEC. We are not under any duty to update any of the forward-looking statements after the date of this presentation to conform to actual results, except as required by applicable law.

## Non-GAAP Financial Measures

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. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. The non-GAAP financial measures used herein include: adjusted net income, adjusted EPS, adjusted operating profit, adjusted operating profit margin, adjusted EBITDA and net revenue. More information about these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found at the end of this presentation. Reconciliation of the adjusted pro forma EPS outlook for fiscal 2019 and the three year targets for net revenue, adjusted operating profit and adjusted operating profit margin to the most directly comparable GAAP measure is not available without unreasonable efforts because the Company cannot predict with sufficient certainty all of the components required to provide such reconciliation, including with respect to the costs and charges relating to transaction expenses, restructuring and integration to be incurred in fiscal 2019 and the three year period ending with fiscal 2021.

## Pro Forma Figures

During this presentation, we may discuss comparisons of current quarter results to prior periods on a pro forma adjusted basis. The pro forma combined adjusted figures for first quarter of fiscal 2018 were calculated by using revenue and income from continuing operations of the combined Jacobs and CH2M entities as if the acquisition of CH2M had occurred prior to the first quarter of fiscal 2018, as adjusted for (i) the exclusion of restructuring and other related charges, (ii) the deconsolidation of CH2M's investment in Chalk River as if deconsolidated on October 1, 2016 and (iii) the exclusion of the revenue and operating results associated with CH2M's MOPAC project. In addition, each quarterly period of fiscal 2018, which has been recast to reflect the Company's new segment realignment, backlog methodology and pension cost changes, has been further adjusted to reflect the updated cost allocation methodology, which became effective for the first quarter of fiscal 2019. Readers should consider this information together with a comparison to Jacobs' historical financial results as reported in Jacobs' filings with the SEC, which reflect Jacobs-only performance for periods prior to the closing of the CH2M acquisition on December 15, 2017, and CH2M's historical financial results as reported in CH2M's filings with the SEC.

In addition, we may discuss current estimates of the pro forma impact of the proposed sale of ECR to WorleyParsons to the estimated future operating results of the Company. These estimated pro forma operating results were calculated by excluding the estimated segment operating results of the ECR line of business as if the transaction closed immediately prior to the beginning of the period presented, and adjusted to reflect (i) assumed estimated net proceeds of \$2.5 billion from the sale, (ii) the repayment of the Company's \$1.5 billion term loan and outstanding balance under the Company's revolving credit facility with the cash proceeds from the transaction, (iii) the elimination of estimated annualized stranded costs by the end of fiscal 2019, and (iv) the exclusion of estimated restructuring and integration costs relating the CH2M acquisition and estimated restructuring and separation costs relating to the proposed transaction. We believe this information helps provide additional insight into the underlying trends of our business when comparing current performance against prior periods and the expected impact of the pending ECR divestiture.



# Key Messages

**1**

**Outperformed strategic targets and transformed the portfolio**

**2**

**Launching accelerated profitable growth strategy**

**3**

**Empowering our culture; flexing our innovation muscle**

**4**

**Targeting top decile operational performance**

**5**

**Committing to continued strong Total Shareholder Return**



# Drove performance through organizational transformation



## Safety BeyondZero®

- Industry leading safety performance
- Sustained commitment to continuous improvement
- Expanded to culture of caring



## Accountability

- Drove accountability and empowerment
- Launched new performance management platform
- Cascaded CEO goals organization wide



## Positive Mental Health

- Stress – Identified as 21<sup>st</sup> Century's #1 health epidemic<sup>1</sup>
- Industry leader for positive mental health
- Trained 1,000+ positive mental health champions



## Inclusion & Diversity

- Launched CEO-led Inclusion & Diversity council
- Initiated pay equity review
- Achieved executive team diversity of 50% & Board diversity of 45%
- Tied inclusion goals to executive compensation

*Strong Foundation*

*Increasing Focus*



# Two deliberate actions significantly transforming our portfolio

## Acquisition of CH2M



## Pending Divestiture of Energy, Chemicals & Resources (ECR)



# Strong execution against strategic and financial goals

2016-2018

## Operational Improvements

- Aligned lines of business to improve accountability
- Drove operational improvement – adj. pro forma G&A as % of gross profit down >180 bps
- Increased adj. operating profit margins by ~100 bps
- Focused on more profitable end markets; gross margin in backlog up ~200 bps

2017

## Strategic CH2M Acquisition (\$3.3B, ~7.0x EBITDA, incl. synergies)

- Accelerated strategy in key markets – water, transportation, environmental and nuclear
- Portfolio more aligned with favorable long-term secular growth trends
- Accretive to adj. operating profit margin of ~40 bps
- Overachieving original cost synergies, now expect \$175M; revenue synergies materializing in backlog and pipeline

2019

## Strategic ECR Sale (\$3.3B, 11.5x multiple)

- Increases focus on higher value portfolio
- Eliminates most cyclical and lowest margin businesses
- Accretive to gross margin by ~150 bps and adj. operating profit margin of ~25 bps
- Significantly strengthens balance sheet and unlocks over \$2.5B in capital

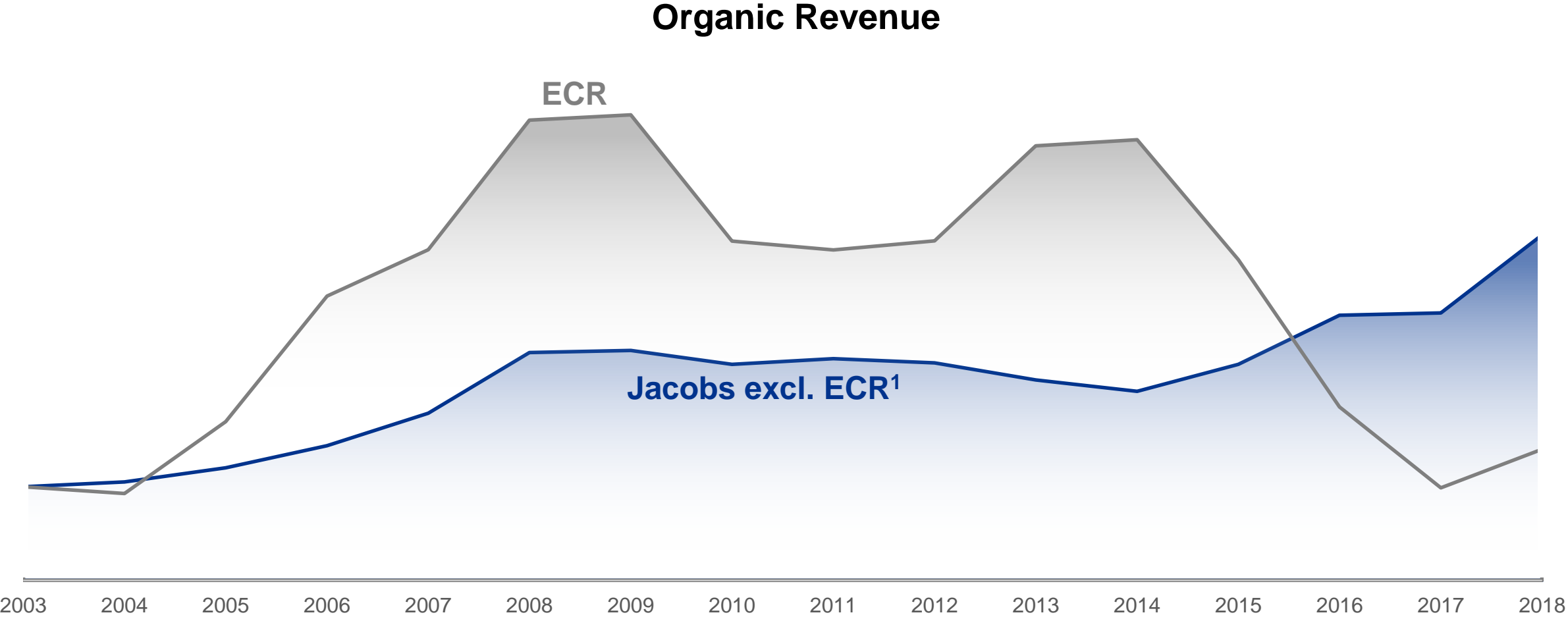
*Transforming our strategic and financial profile*

# Delivering on commitments

	2016 Baseline	2016-2019 Investor Day Targets	2016-2019E Forecast
Organic Gross Revenue Growth	Flat	2 to 4% (CAGR)	2%+ (CAGR)
Revenue in Priority Growth Areas	50%	~65% (incl. M&A)	>75%
Adj. Operating Profit Margin	4.8%	100 to 150 bps	>150 bps
Pro Forma ROIC	8.9%	50 to 150 bps, or ~10%	<50 bps

*Tracking well against our 3-year Strategic Plan*

# Sale of ECR creates stronger, less cyclical portfolio



<sup>1</sup>Historical gross revenue for Jacobs excluding ECR and excluding the first year inorganic impact from material acquisitions

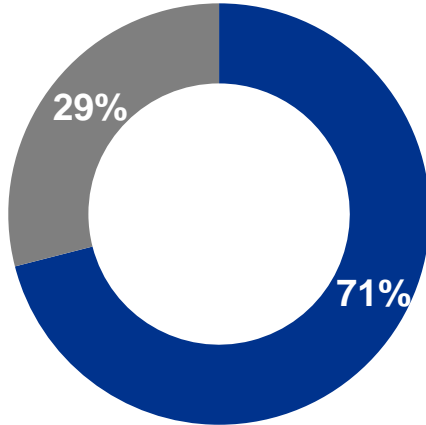


# Pro Forma Portfolio Profile (excl. ECR)

## Geographic Mix

Gross Revenue

- US
- International



## Strong Stability

**67%**

recurring gross revenue

**70%**

of Next 12 Months (NTM) Gross Revenue in Backlog

## Attractive Profitability

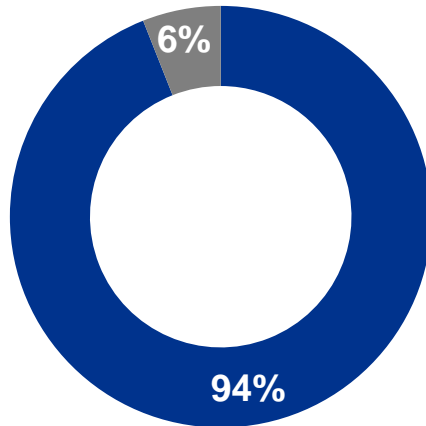
**7.2%**

Adj. Operating Profit as a % of Net Revenue (FY18)

## Risk Profile

Gross Revenue

- Reimbursable & Fixed Price Services
- Fixed Price Construction



## Deep Technical Expertise

**16,000**

Architects & Engineers

**1,400**

Consultants / Planners

**600**

Cyber Engineers

**7,500**

Gov't Security Clearance

**3,500**

Scientists & Technologists

**5,000**

Designers

## Significant Financial Flexibility

**Over \$3B**

of balance sheet capacity

**JACOBS®**

# Unleashing Jacobs potential through joint innovation

**ATN**

*Aligning around national government priorities*



**BIAF**

*Solving critical, global infrastructure challenges*

Reduce operating cost



Extend life cycle of facility & infrastructure



Less energy



Enhance safety



Data Privacy + Protection



Common Customer Challenges

Cybersecurity



Applied Geospatial Science



Automated Design



Internet of Things



Predictive Analytics



*Leveraging innovation across our interconnected portfolio*

# Focused, disciplined and agile capital allocation

## Focus

### Organic Profitable Growth Strategy

- Lines of Business aligned to long-term strategy
- Investment in higher margin businesses
- Disciplined cost management
- Proactive, ongoing portfolio evaluation

## Discipline

### Value-Creating M&A

- Acquisition targets aligned with ATN and BIAF strategy
- Accelerating growth in government services, digital solutions and select regions
- IRR to exceed risk adjusted double-digit hurdle rate
- Year one adjusted EPS accretion with expectation for margin enhancement
- Disciplined integration planning, execution and tracking are critical

## Agile

### Return of Capital Track Record and Philosophy

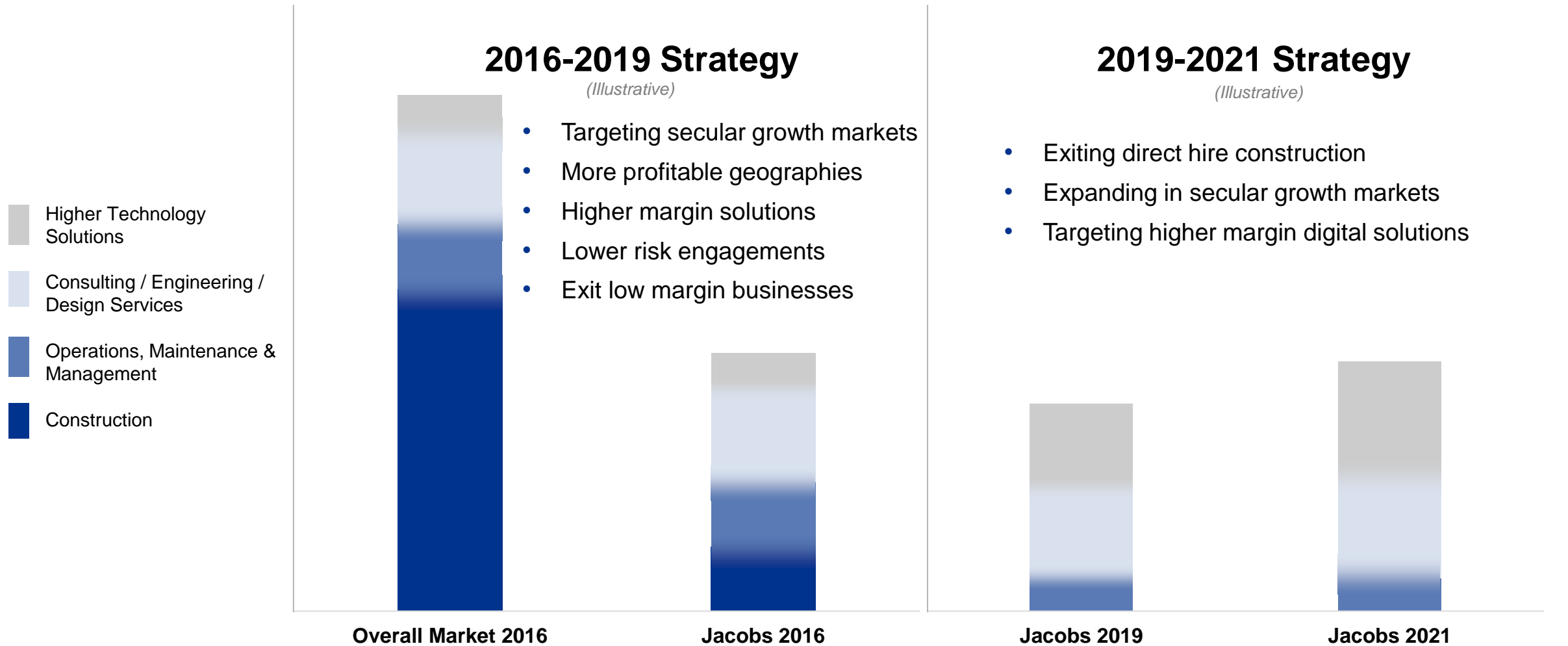
- \$750M share repurchase – 2014 to 2018 (\$46 average price)
- \$238M share repurchase – December 2018 to February 2019 (\$61 average price)
- Announced \$250M ASR as part of recent \$1B additional share authorization
- Dividend to grow with earnings; demonstrating confidence in FCF generation

**Targeting  
Continued  
Superior  
Shareholder  
Return**

**JACOBS®**



# Focusing on higher growth, higher margin sectors



# Updating financial metrics, aligned with profitability and cash generation

## Pro Forma Net Revenue Metrics

- Net revenue<sup>1</sup> growth of 16% in fiscal 2018
- Adj. operating profit as a percentage of net revenue 7.2% in fiscal 2018
- BIAF net revenue growth of 12% in fiscal 2018
- BIAF adj. operating profit as a percentage of net revenue 10%
- ATN gross revenue equals net revenue, with no impact to operating profit margin

## FY19 Outlook (excl. ECR)

### **Adjusted Pro Forma EBITDA (excl. ECR) of \$920M to \$1.0B**

- Depreciation of ~\$80M
- Net interest expense and other income of ~\$30M
- Tax rate of ~25%
- Weighted average share count of ~139M benefiting from partial year impact of share buy-back activity

### **New Pro Forma Adjusted EPS Outlook of \$4.40 to \$4.80**

- Excludes ECR discontinued operations, ECR costs in continuing operations, incremental pre-close interest and amortization of acquired intangibles

***New Adj. pro forma EPS \$4.40 to \$4.80 with \$5+ FY20 earnings power***

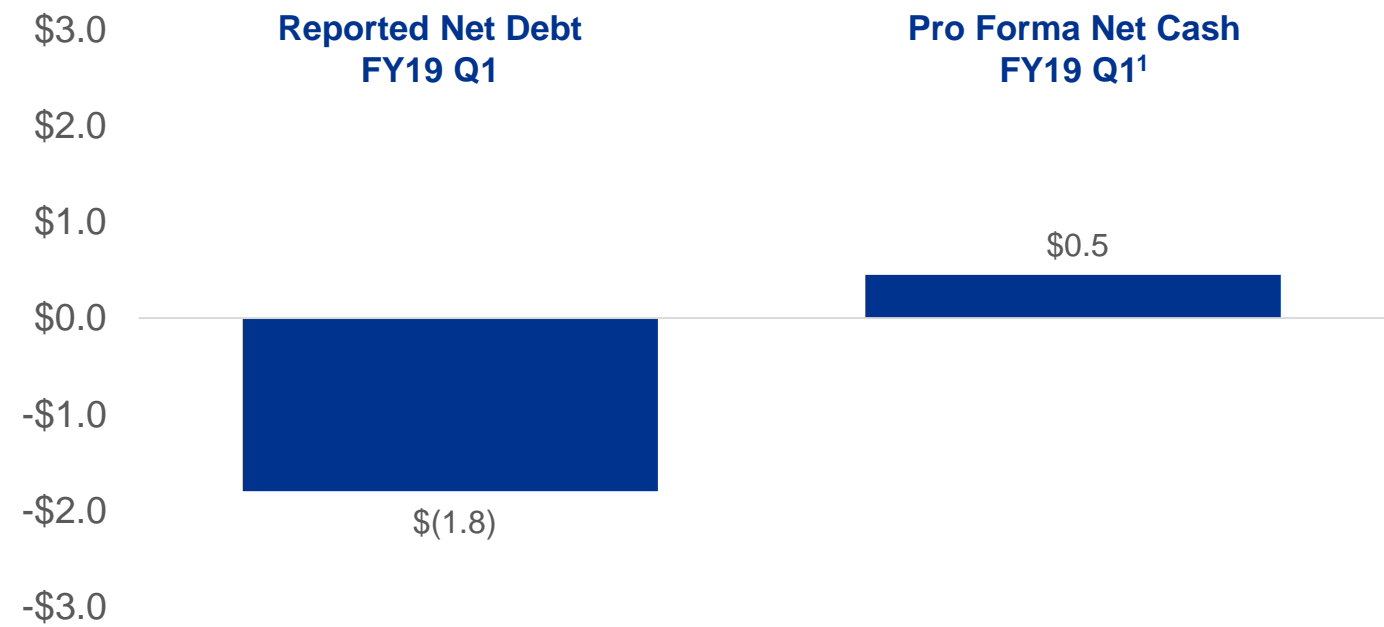
# Setting 2021 Financial Targets

	2018 Pro Forma Baseline	2021 Target
Organic Net Revenue Growth	16%	3% to 5% CAGR
Adj. Net Operating Profit Margin	7.2%	125 to 175 bps
Adj. EBITDA Growth	13%	Double-Digit CAGR
ROIC	9.2%	100 to 150 bps

*Consistent growth plus continued margin expansion to drive higher returns*



# Balance sheet strength post-ECR provides significant incremental value creation opportunities



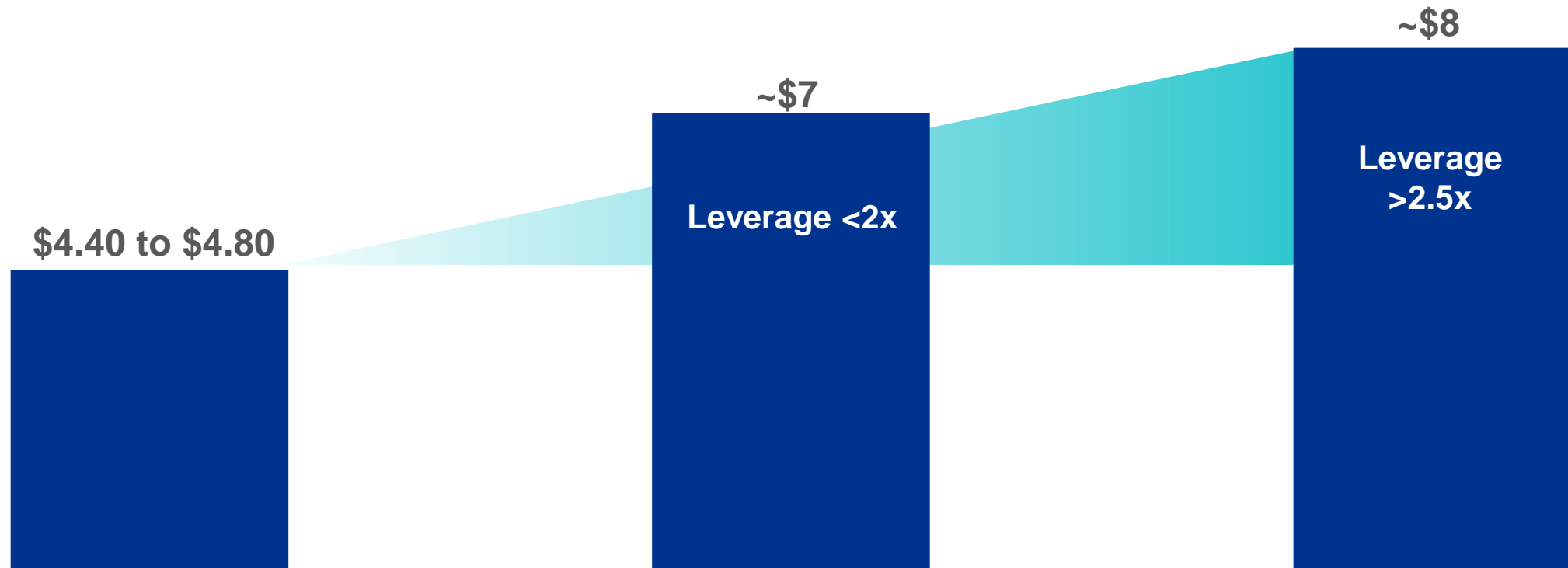
***\$3B of pro forma Balance Sheet Capacity post ECR transaction***

<sup>1</sup>Assumes Q1 FY19 cash includes WorleyParsons equity stake as of February 2019; cash benefits from ECR transaction proceeds offset by \$250M cash outflow related to accelerated share repurchase (ASR).

# Multiple paths to create value

**Fiscal 2019  
Guidance**

**Potential 2021 Earnings Power**



*Strong organic growth – combined with balance sheet capacity – drives significant EPS upside*

# Strong and consistent value creation algorithm

**\$7 to \$8 Per Share of Potential Earnings Power by Fiscal 2021**

**Strong Organic Growth + Continued Margin Expansion**



**Cumulative Balance Sheet  
Capacity at  
Investment Grade**

**Government Services**  
**Urbanization**  
**Resilient Infrastructure**  
**Cyber Engineering**  
**Digital Solutions**

**Inclusive &  
Innovative Culture**

**Execution  
Excellence**

**Disciplined M&A Execution  
& Agile Capital Allocation**



# *Appendix*



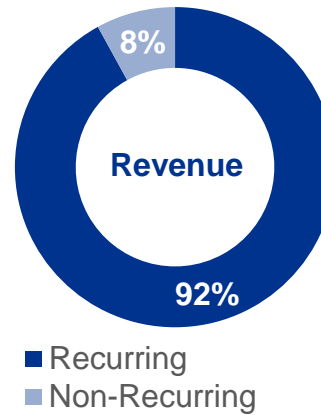
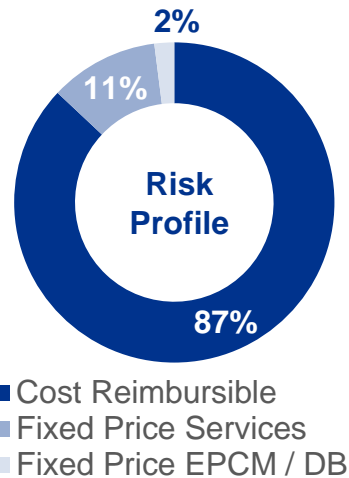
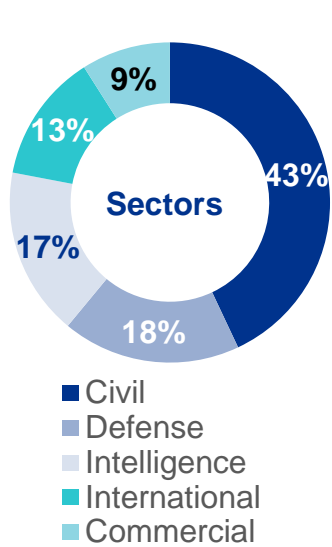
# Aerospace, Technology & Nuclear

Solving for Tomorrow

**JACOBS®**



# Delivery of 2016 strategy created a solid foundation for continued growth



## ATN 2018 Results





- PF Revenue: \$3.9B
- Adj. OP: \$265M<sup>1</sup>
- Adj. OP Margin: 6.9%
- Backlog: \$7.1B

  
Countries: 6

  
Locations: 80+



# ATN has a foundation of large, multi-year highly technical contracts

Agency	Award Size	Duration	Contract Scope
	\$4.6B	8.5 years to 2025	Operating the Missile Defense Integrated Operations Center, supporting its network infrastructure, modeling and simulation, and development of systems ✓ <b>~75% of scope is related to IT services</b>
	\$1.1B	8 years to 2025	Marshall – Science and engineering solutions to support the space launch system, space station and other projects, 6x successful rebids
	\$1.9B	9 years to 2022	Johnson – IT development and infrastructure support across multiple initiatives including Orion Capsule, life support systems and robotics
	\$771M	6 years to 2023	20-years supporting national security and SOF missions via intelligence analysis, operational mission planning, cybersecurity and insider threat solutions, weapon system acquisition and sustainment, IT Service Management, and technology insertion to support critical operations ✓ <b>Recently awarded the SITEC II global enterprise IT solutions contract</b>
	\$5B	10 years to 2027	Nevada National Security Site management and operations contract Jacobs is a 38% minority partner on a Honeywell-led joint venture
	\$1.4B	10 years to 2027	Paducah deactivation and remediation contract Jacobs (CH2M) is a 40% majority partner in the joint venture

***Focused on mission critical government priorities***



# Resilient business yielding good returns with low capital intensity



## Long term stability with strong pipeline for growth

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- Foundation of recurring revenue work (~92%) with a core of long-cycle enterprise contracts (~75%)
- Government funding from mission critical, non-cyclical programs: 90% of our portfolio



## Market Opportunities

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- Large, fragmented Government Services market
- Expanded government spending



## Risk balanced portfolio

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- Cost Reimbursable: 87%
- Fixed Price Services: 11%
- Fixed Price EPCM / DB: 2%
- Excellent write-off history

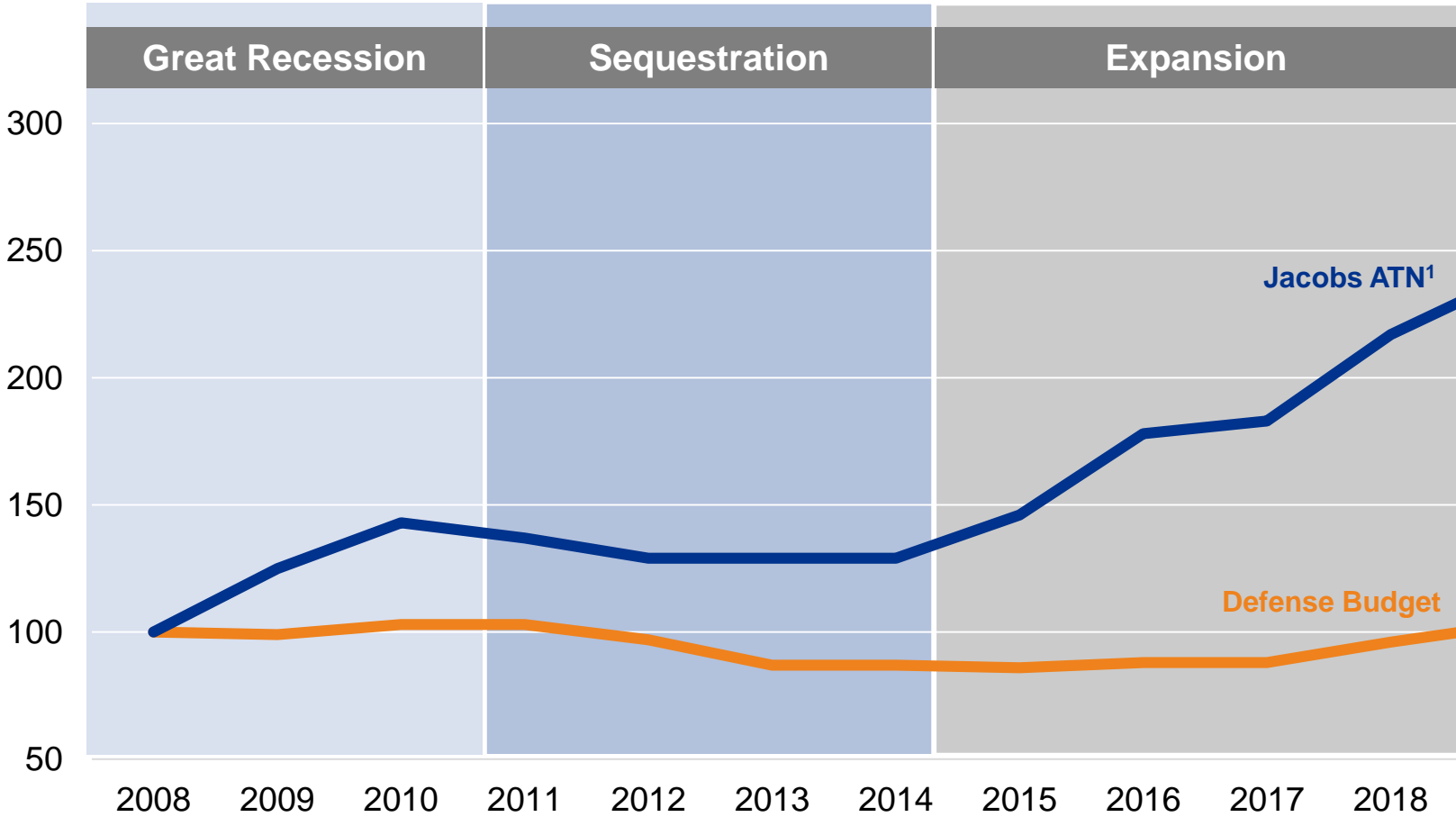


## Solid Cash Flow Dynamics

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- Market leading DSO

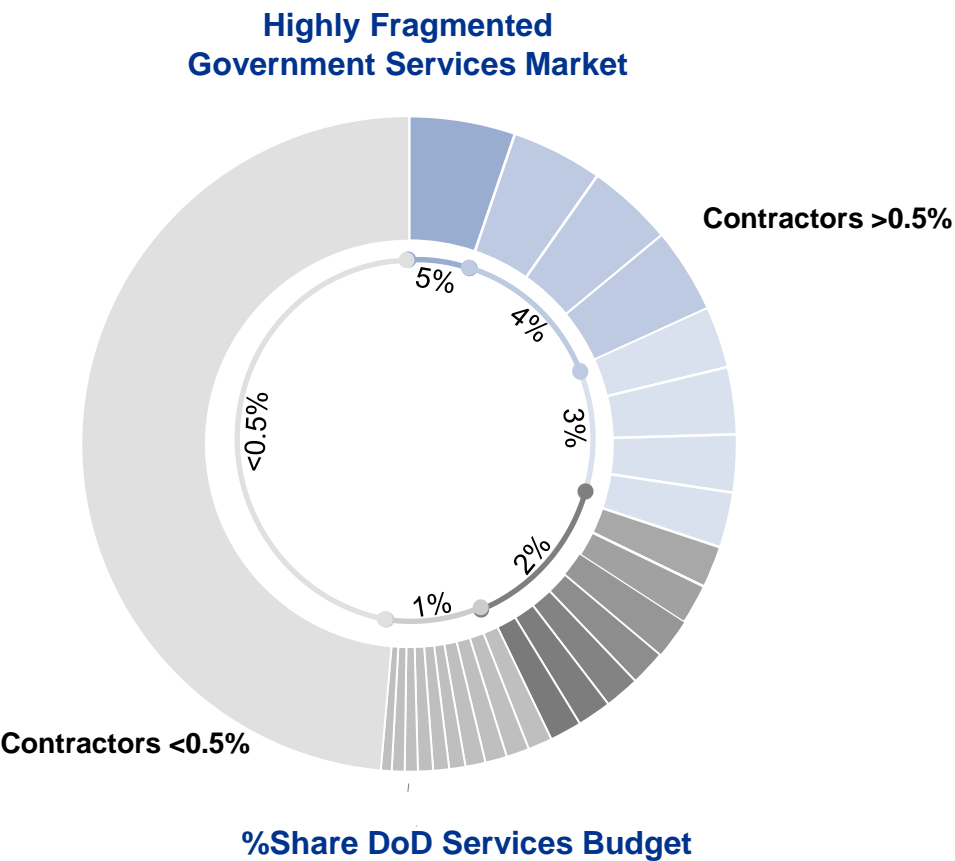
# Steady Jacobs ATN organic OP growth despite major economic and defense spending swings



<sup>1</sup>Indexed to 2008 US Defense Budgets

# With strong markets, focused investment and value extraction from existing platforms drives growth

	Market	TotalAnnual Addressable Market	Industry 5yr CAGR	Key Organic Growth Areas
 	Government Services	\$340B	1%-2%	<ul style="list-style-type: none"> <li>Next Gen capabilities of cyber, cloud and analytics</li> <li>Enterprise IT</li> <li>Intelligent Asset Mgmt.</li> <li>Engineering Services</li> <li>Nuclear defense support &amp; remediation</li> </ul>
	International	\$80B	4%-6%	<ul style="list-style-type: none"> <li>Cyber Engineering</li> <li>Nuclear</li> <li>Defense Support</li> </ul>
	Commercial	\$12.2B	3%-4%	<ul style="list-style-type: none"> <li>Automotive</li> <li>Telecommunications</li> </ul>



# Jacobs ATN differentiators will continue to enable market share gains

## Key Areas of Differentiation



### Customer Responsiveness

- Localized accountability structure with customized back office support at the client face – strikingly different from competitors
- Provides agility and flexibility our competitors cannot match



### Performance

- Technically deep staff with proven track record of delivery
- Contractor Performance Assessment Reports average above 95%



### Innovation

- Recognized for innovation and tailored solutions
- Leverage JCE innovation labs to explore and mature ideas into solutions



### Efficiency

- Lean, highly competitive, 3<sup>rd</sup> party-benchmarked overhead structure
- First quartile in Aerospace & Defense / Industrials peer group

# Driving scale in Cyber Engineering to enhance overall Jacobs growth

Deepen solutions for Government Services clients

Enable differentiated growth across all Jacobs' markets

Exploit emerging opportunity in the convergence of information technology and operation technology

## Targeted Areas for Growth

### Disciplines



Security Engineering



Security Operations



Security Compliance



Industrial Controls Security

### Market Sectors



Smart Cities



Aerospace & Defense



Information Technology

### Geographies



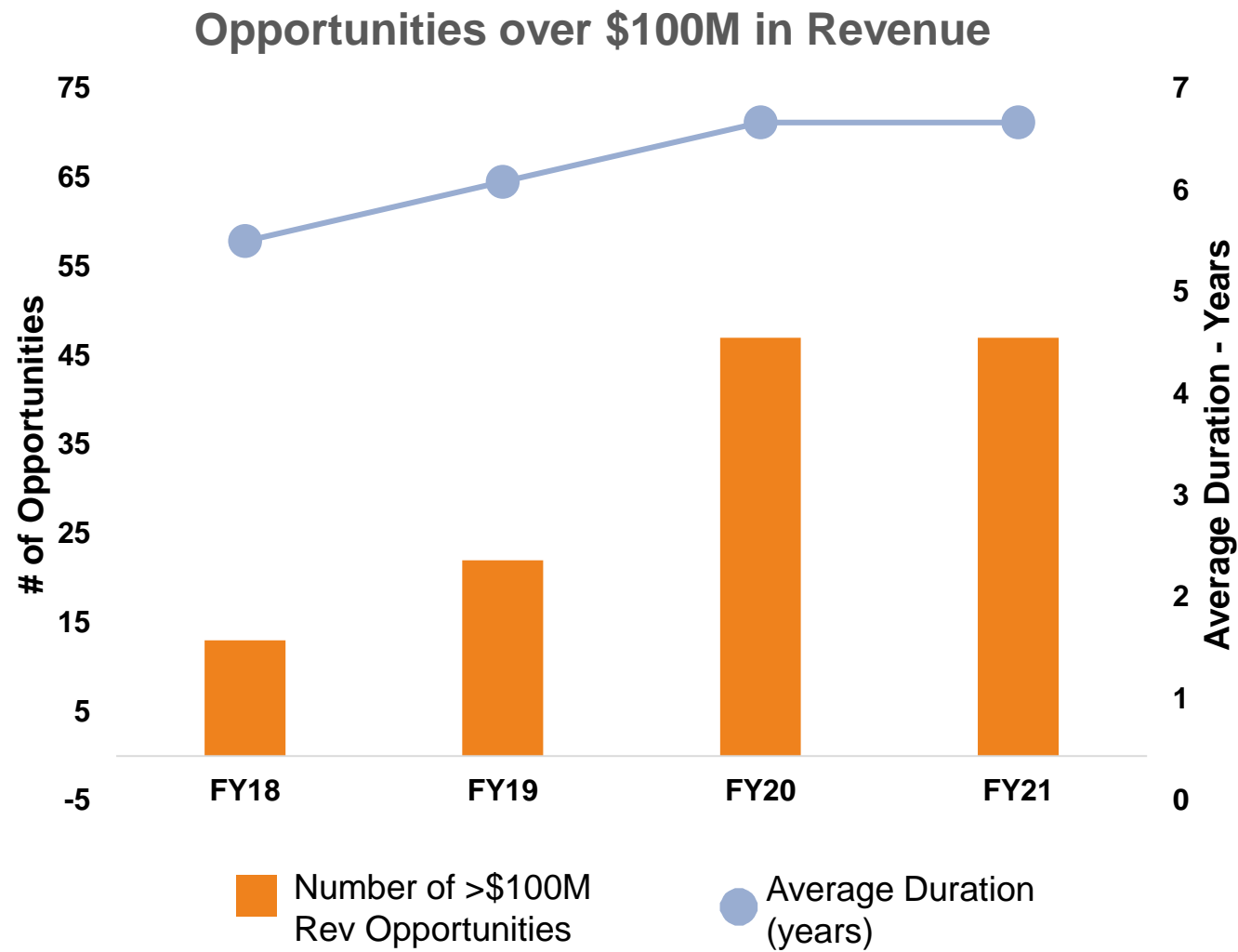
North America



Europe



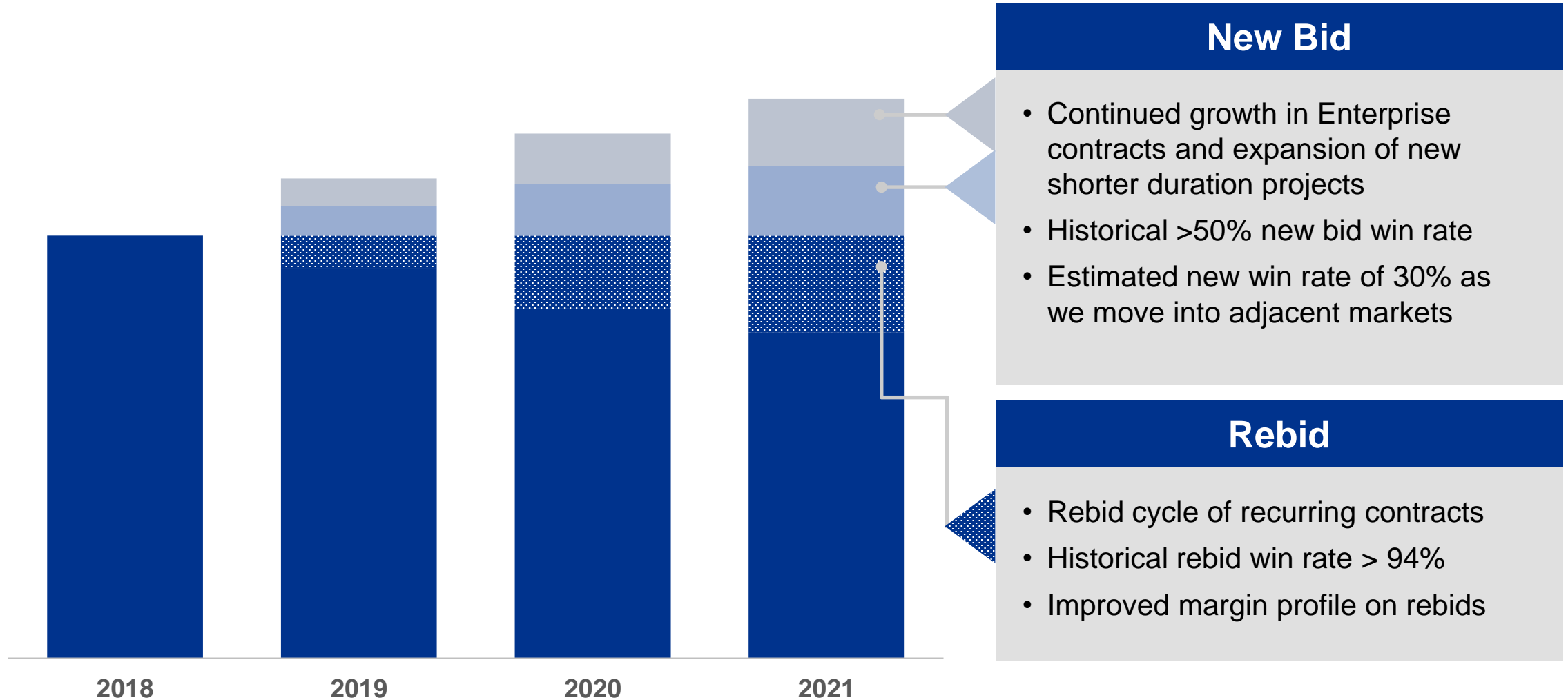
# Strong pipeline with new opportunities in larger, longer contracts



### \$30B+ Pipeline

- Intelligence Community
- U.S. Army
- U.K. Remediation
- U.S. Navy
- NASA
- Dept. of Energy / Environmental Mgmt.
- Dept. of Energy / NNSA
- Commercial Aerospace and Automotive

# Foundation of recurring work supports operating profit growth



■ Backlog ■ Long Cycle Rebid ■ Long Cycle New Bid ■ Short Cycle New Bid

# Attractive, achievable organic growth targets

	2018 PF	2021 Targets
Revenue	\$3.9B	2-3% <sup>1</sup>
Adj. Operating Profit	\$265M	8-10% <sup>1</sup>
Adj. Operating Profit Margin	6.9%	+100 to 150 bps

*Strong profit growth while retaining excellent free cash flow dynamics*

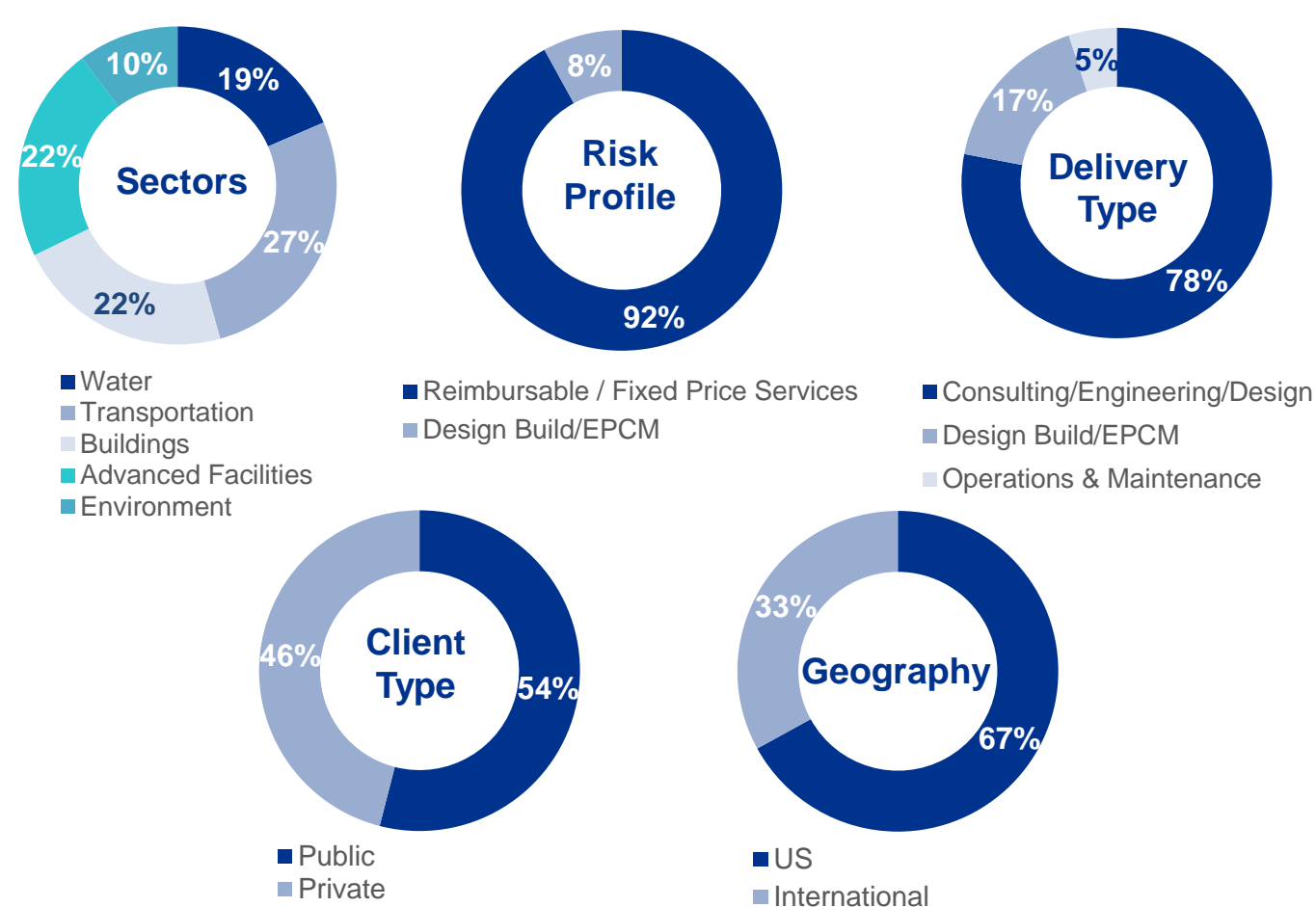


# Buildings, Infrastructure & Advanced Facilities

Keeping the world moving forward

**JACOBS®**

# Differentiated value to clients built on a high-margin and diversified portfolio



**Balanced distribution of \$7.7B Revenue<sup>1</sup> – Delivering the highest priority programs**



# BIAF is uniquely differentiated to capitalize on these trends

## Key Areas of Differentiation



### Performance Excellence

- Customer intimacy and accountability
- World class Project Management
- Optimized operating procedures
- Organization model capitalizes on Solutions and Technology, global and local delivery



### Innovation

- Early adopter of digital solutions
- Whole-company approach to integrating innovation across lines of business
- Focused investment in innovation hubs
- Solutions and Technology driven offering



### Global Integrated Delivery

- Global design centers
- Global talent mobility and access to talent pools in high-tech locales
- World-class scale and differentiated solutions



### Infrastructure Leader

- End-to-end skillset in all end-markets
- Established, trusted client relationships
- Connected, cross-market solutions
- Recognized brand in key growth markets

# Strategy focused on 3 facets of connectivity



## Market Connectivity

Leveraging expertise from our end markets to provide end-to-end solutions to the world's most critical challenges

*Market Convergence*



## Global Connectivity

Utilizing mature, global delivery platform to deliver innovative solutions, effective talent mobility, and competitive differentiation

*Integrated Delivery*

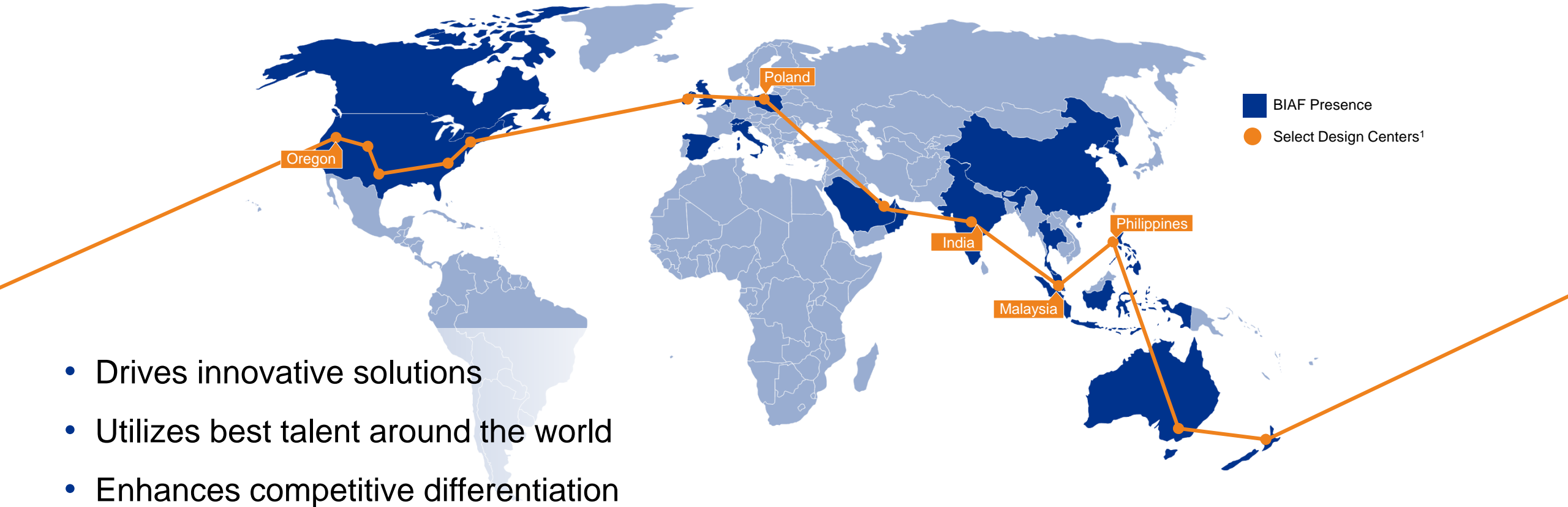


## Digital Connectivity

Building on strong foundation of innovation with investment in 5 Innovation Hubs to increase market share of digitally-enabled consulting market

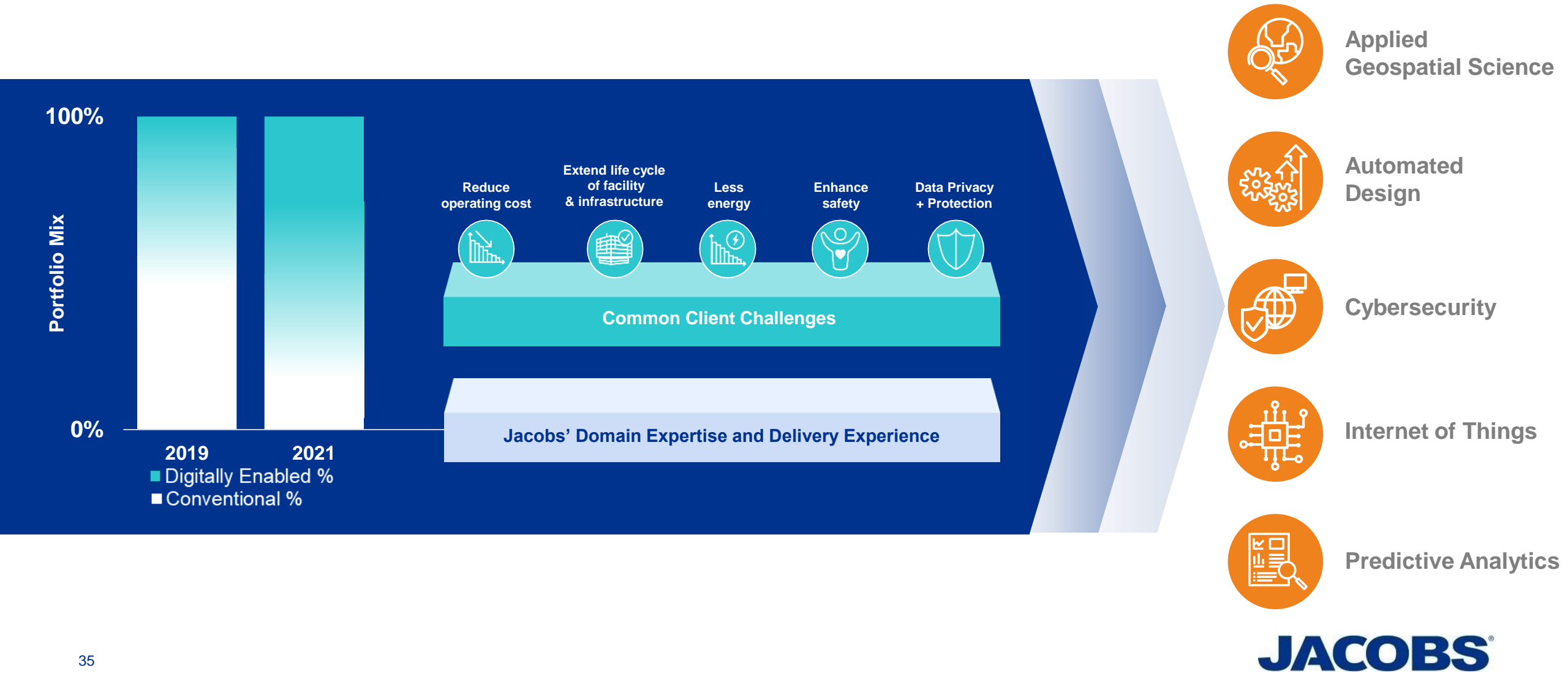
*Innovation Enabled*

# Global connectivity optimizes global platform through integrated delivery

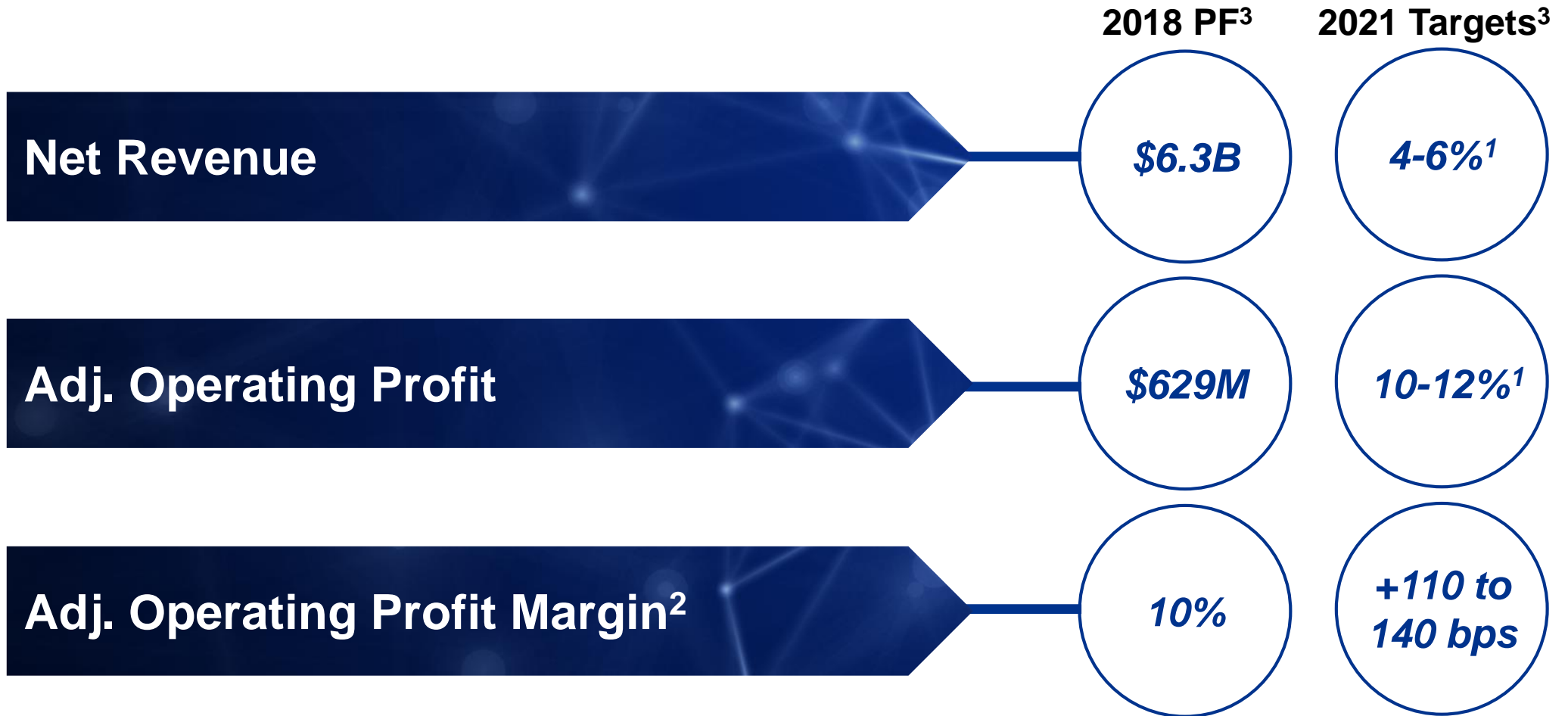


*Mature global delivery platform enables talent mobility – and serves as competitive differentiator*

# Shifting delivery model to digitally-enabled solutions



# Attractive, achievable organic growth targets and margin expansion



<sup>1</sup> Three year CAGR

<sup>2</sup> % of Net Revenue

<sup>3</sup> Includes GES



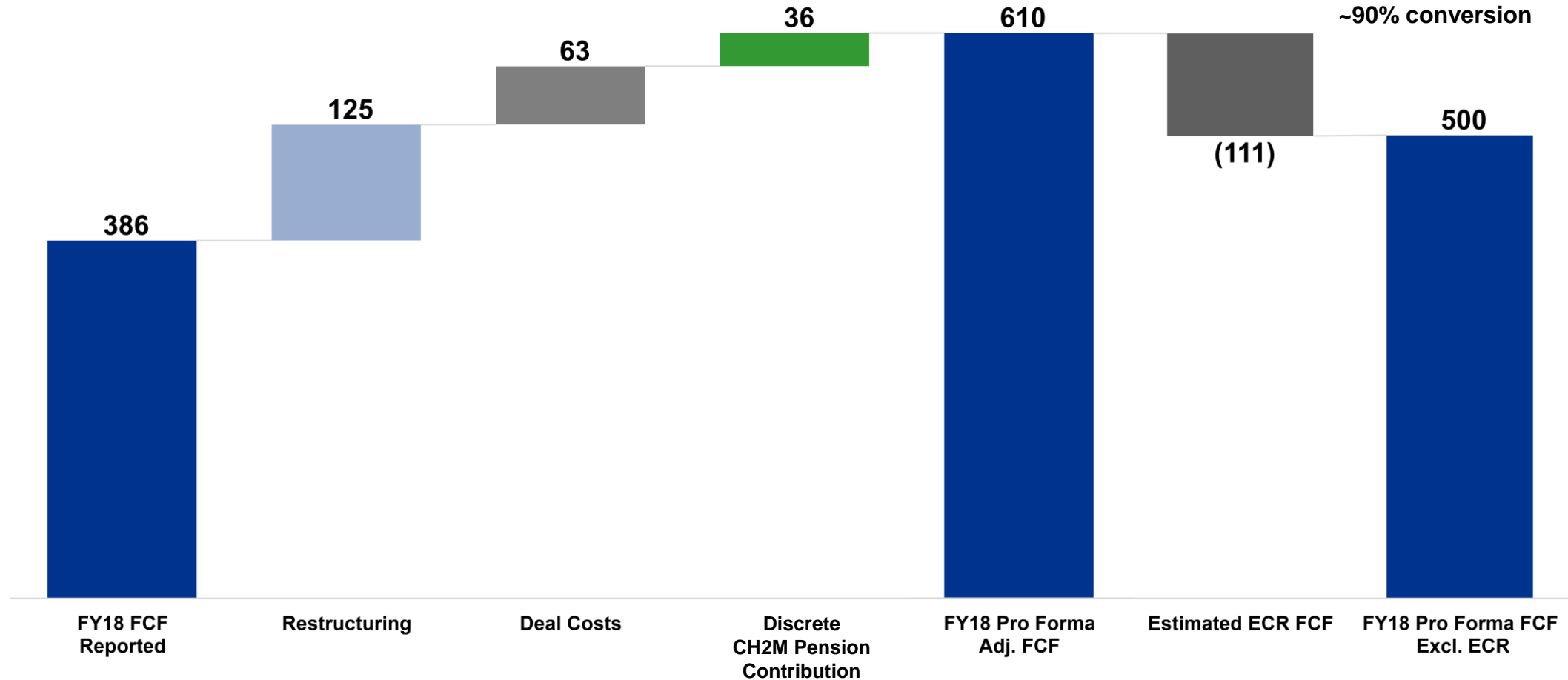


# Financial Overview

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# Future portfolio offers solid Free Cash Flow conversion

Adj. PF Net Income ex  
amort. of acquired  
intangibles of \$556M =  
~90% conversion



*Continuing working capital improvement will support higher free cash flow conversion*

# Drivers for Revenue Growth

*3% to 5%  
Organic Net  
Revenue  
Growth*

## Strong Revenue Stability

### Total

- 67% of revenue recurring
- 70% of NTM revenue in backlog

### ATN

- 92% recurring revenue
- 87% NTM revenue in backlog

### BIAF

- 50% recurring revenue
- 61% of NTM revenue in backlog

## Robust Sales Pipeline within Current Markets

- Pipeline has increased ~15% y/y
- Focused sales approach with win rates >40%
- CH2M revenue synergy pipeline at \$2B+ and growing

## Core Growth with Upside From Expanding Adjacent Markets

- Infrastructure Secular Growth
- Long-term Federal Contracts
- Digital Solutions
  - Cyber Engineering
  - Intelligent Asset Management

# Drivers for Operating Profit Margin Expansion

*125 to 175 bps  
of adj. operating  
profit margin  
expansion*

## Global Service Model

- Drive increased utilization of global integrated delivery (GID)
- Further enhance global business services (GBS)
- Initiating priority based budgeting (PBB)

***\$75 to \$100M annual run-rate savings by 2021***

## Gross Margin In Backlog to Drive Incremental Profitability

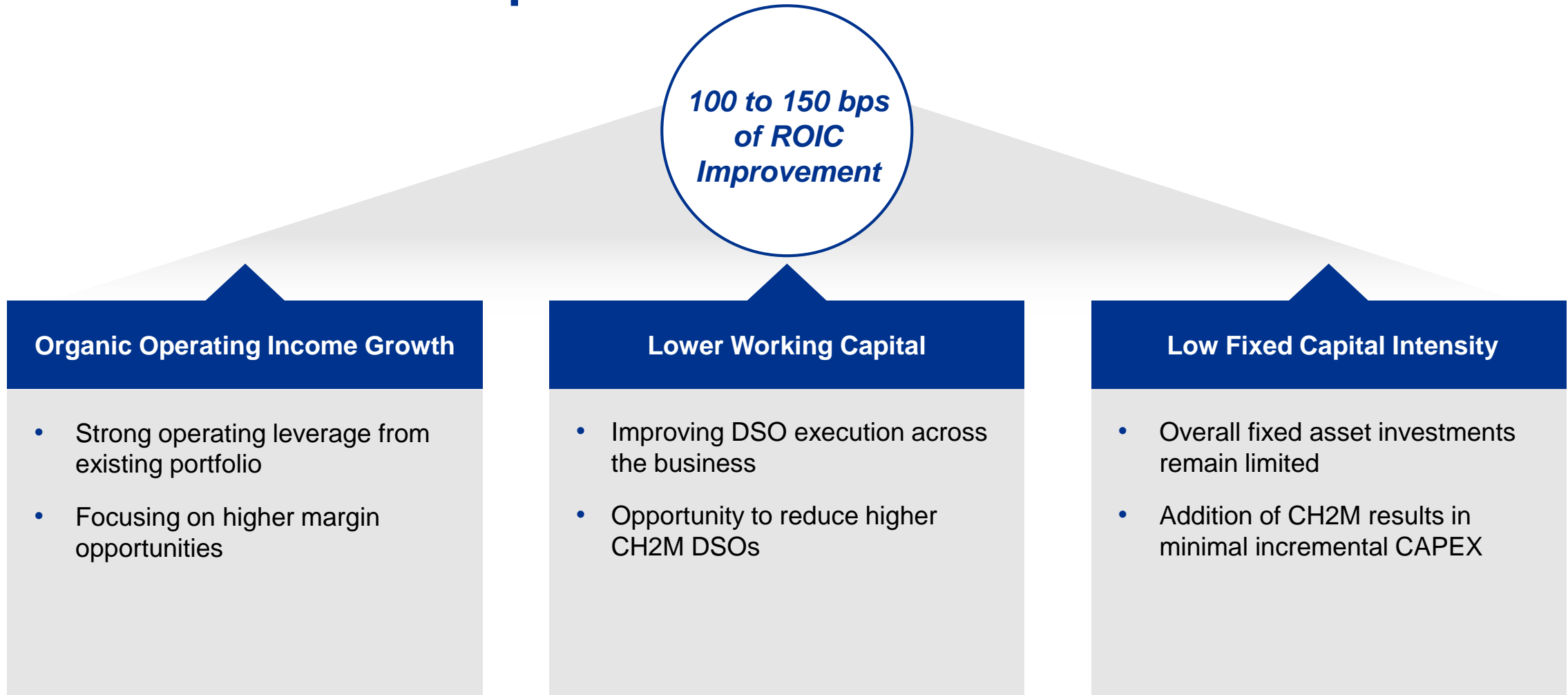
- Gross Margin % in backlog improved >200 bps over last 2 yrs
- Further enhancements driven by higher margin, digital solutions
- Shifting to commercial terms that provide margin enhancement

## Strategic Investments That Drive Profitable Growth

- Innovation hubs
- System and technology enhancements
- Investment in our people

***\$30 to \$60M annual run-rate investment by 2021***

# Drivers for ROIC Improvement





# Recast 2018 Pro Forma Segment Financials (Preliminary)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
<b>ATN</b>						
<b>Backlog</b>	6,642	7,174	7,148	7,130	<b>7,130</b>	7,158
<b>Revenue</b>	842	924	1,021	1,069	<b>3,856</b>	1,035
<b>Operating Profit as a % of revenue</b>	57 6.8%	58 6.2%	73 7.1%	77 7.2%	<b>265 6.9%</b>	72 7.0%
<b>BIAF</b>						
<b>Backlog</b>	12,269	12,088	12,693	12,825	<b>12,825</b>	13,177
<b>Revenue</b>	1,904	1,947	1,912	1,923	<b>7,686</b>	2,049
<b>Net Revenue</b>	1,456	1,653	1,578	1,605	<b>6,292</b>	1,525
<b>Operating Profit as a % of Net Revenue</b>	125 8.6%	159 9.6%	178 11.2%	167 10.4%	<b>629 10.0%</b>	160 10.5%

NOTES: Recast historical financials for the second, third and fourth quarters of fiscal 2018 reflect our current estimates based on information available as of the date of this presentation. The final figures may differ materially from these preliminary amounts due to the completion of our financial closing procedures, final adjustments and other developments that may arise between the date of this presentation and the time the recast quarterly results are finalized.

# Recast 2018 Pro Forma Consolidated Financials (Preliminary)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
<b>Backlog</b>	18,911	19,262	19,841	19,955	<b>19,955</b>	20,335
<b>Revenue</b>	2,746	2,871	2,933	2,992	<b>11,542</b>	3,084
<b>Net Revenue</b>	2,298	2,577	2,599	2,674	<b>10,148</b>	2,560
<b>Gross Profit</b>	545	585	592	594	<b>2,316</b>	571
<b>Adjusted G&amp;A</b>	(416)	(425)	(366)	(379)	<b>(1,586)</b>	(392)
<b>Adjusted Operating Profit From Continuing Operations as a % of Net Revenue<sup>1</sup></b>	129 5.6%	160 6.2%	226 8.7%	215 8.0%	<b>730 7.2%</b>	179 7.0%

<sup>1</sup> Excludes amortization of acquired intangibles

NOTES: Recast historical financials for the second, third and fourth quarters of fiscal 2018 reflect our current estimates based on information available as of the date of this presentation. The final figures may differ materially from these preliminary amounts due to the completion of our financial closing procedures, final adjustments and other developments that may arise between the date of this presentation and the time the recast quarterly results are finalized.

# Non-GAAP Financial Measures

## U.S. GAAP Reconciliation for the first quarter of fiscal 2019

	Three Months Ended 28-Dec-18				
	U.S. GAAP	Effects of Restructuring and Other Charges	Effects Transaction Costs	Other Adjustments	Adjusted
Revenues	\$ 3,083,788	\$ -	\$ -	\$ -	\$ 3,083,788
Pass Through Revenue	-			(523,753)	(523,753)
Net Revenues	3,083,788			(523,753)	2,560,035
Direct cost of contracts	(2,515,268)	2,870	-	523,753	(1,988,645)
Gross profit	568,520	2,870	-	-	571,390
Selling, general and administrative expenses	(455,390)	44,362	-	18,671	(392,357)
Operating profit	\$ 113,130	\$ 47,232	-	\$ 18,671	\$ 179,033
Operating profit margin	3.7%				7.0%

# Non-US GAAP Financial Measures (cont'd)

## U.S. GAAP Reconciliation for fiscal 2018

	Year Ended 28-Sep-18				
	U.S. GAAP as reported	Effects of Restructuring and Other Charges	Effects Transaction Costs	Other Adjustments	Adjusted
Revenues	\$ 14,984,646	\$ -	\$ -	\$ -	\$ 14,984,646
Pass Through Revenue	-	-	-	(1,394,467)	(1,394,467)
Net Revenues	14,984,646	-	-	(1,394,467)	13,590,179
Direct cost of contracts	(12,156,276)	6,950	-	1,394,467	(10,754,859)
Gross profit	2,828,370	6,950	-	-	2,835,320
Selling, general and administrative expenses	(2,180,399)	163,198	80,436	80,731	(1,856,034)
Operating profit	647,971	170,148	80,436	80,731	979,286
Total other (expense) income, net	(93,266)	20,658	1,774	-	(70,834)
Earnings before taxes	554,705	190,806	82,210	80,731	908,452
Income Tax (Expense) Benefit	(381,563)	(50,161)	(21,488)	239,013	(214,199)
Net earnings of the Group	173,142	140,645	60,722	319,744	694,253
Net earnings attributable to non-controlling interests	(9,711)	(577)	-	-	(10,288)
Net earnings attributable to Jacobs	\$ 163,431	\$ 140,068	\$ 60,722	\$ 319,744	\$ 683,965
Operating profit margin	4.3%				7.2%

## Non-GAAP Financial Measures (cont'd)

Adjusted net income, adjusted operating profit and adjusted operating profit margin are non-GAAP financial measures that are calculated by (i) excluding the costs related to the 2015 restructuring activities, which included involuntary terminations, the abandonment of certain leased offices, combining operational organizations and the co-location of employees into other existing offices; and charges associated with our Europe, U.K. and Middle East region, which included write-offs on contract accounts receivable and charges for statutory redundancy and severance costs (collectively, the “2015 Restructuring and other items”); (ii) excluding costs and other charges associated with restructuring activities implemented in connection with the CH2M acquisition, which include involuntary terminations, costs associated with co-locating Jacobs and CH2M offices, costs and expenses of the Integration Management Office, including professional services and personnel costs, costs and charges associated with the divestiture of joint venture interests to resolve potential conflicts arising from the CH2M acquisition, expenses relating to certain commitments and contingencies relating to discontinued operations of the CH2M business, and similar costs and expenses (collectively referred to as the “CH2M Restructuring and other charges”); (iii) excluding transaction costs and other charges incurred in connection with closing of the CH2M acquisition, including advisor fees, change in control payments, costs and expenses relating to the registration and listing of Jacobs stock issued in connection with the acquisition, and similar transaction costs and expenses (collectively referred to as “CH2M transaction costs”); (iv) excluding charges resulting from the revaluation of certain deferred tax assets/liabilities in connection with U.S. tax reform; (v) reducing for depreciation relating to the ECR business of the Company that was ceased as a result of the application of held for sale accounting; (vi) excluding transaction costs and expenses incurred in connection with the pending sale of the ECR business of the Company; and (vii) adding back amortization of intangibles acquired. Adjusted EPS outlook for fiscal year 2019 is calculated by excluding (i) interest expense for the indebtedness of the Company to be repaid with the cash proceeds of the ECR divestiture, (ii) interest income associated with the cash proceeds to be used to repay such indebtedness, and (iii) stranded costs not otherwise included in discontinued operations that will be assumed by WorleyParsons in connection with the ECR divestiture or otherwise eliminated at the closing of the transaction, in addition to the adjustments noted above. Adjustments to derive adjusted net income and adjusted EPS are calculated on an after-tax basis. Adjusted EBITDA is calculated in accordance with the Company’s existing credit facilities. Net revenue is calculated by excluding pass-through revenues of the BIAF line of business.

We believe that these non-GAAP financial measures are useful to management, investors and other users of our financial information in evaluating the Company’s operating results and outlook, and understanding the Company’s operating trends by excluding or adding back the effects of the items described above, the inclusion or exclusion of which can obscure underlying trends. Additionally, management uses these measures in its own evaluation of the Company’s performance, particularly when comparing performance to past periods, and believes these measures are useful for investors because they facilitate a comparison of our financial results from period to period.



# Glossary of Terms

- **A&D:** Aerospace & Defense
- **ASR:** Accelerated Share Repurchase
- **ATN:** Aerospace, Technology & Nuclear
- **BIAF:** Buildings, Infrastructure & Advanced Facilities
- **CFIUS:** Committee on Foreign Investment in the U.S.
- **CM:** Construction Management
- **DB:** Design Build
- **DHS:** Department of Homeland Security
- **DoD:** Department of Defense
- **DOE:** Department of Energy
- **E&C:** Engineering & Construction
- **ECR:** Energy, Chemicals & Resources
- **ENR:** Engineering News-Record
- **EPC:** Engineering, Procurement & Construction
- **EPCM:** Engineering, Procurement & Construction Management
- **GBS:** Global Business Services
- **GES:** Global Environmental Services
- **GID:** Global Integrated Delivery
- **I&D:** Inclusion and Diversity
- **IAM:** Intelligent Asset Management
- **IDIQ:** Indefinite Delivery / Indefinite Quantity
- **IoT:** Internet of Things
- **IT/OT:** Informational Technology / Operational Technology
- **JCE:** Jacobs Connected Enterprise
- **LOB:** Lines of Business
- **NNSA:** National Nuclear Security Administration
- **NTM:** Next 12 Months
- **O&M:** Operations & Maintenance
- **OHA:** Organizational Health Assessment
- **PBB:** Priority Based Budgeting
- **SOF:** Special Operations Forces
- **TBL:** Triple Bottom Line
- **TSR:** Total Shareholder Return