

## Tetra Tech Inc. (TTEK)

**\$34.45** (Stock Price as of 12/19/2025)

Price Target (6-12 Months): **\$34.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 05/09/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: B

Value: C

Growth: A

Momentum: F

### Summary

Tetra Tech is benefiting from its focus on providing high-end consulting, design and engineering services. Its GSG unit is gaining from higher advanced water infrastructure projects. Increased planning and design related activities in water programs in United Kingdom and Ireland are aiding the CIG unit. The company intends to expand its businesses through acquisitions. Handsome rewards to its shareholders raise the stock's attractiveness. However, escalating cost of sales, due to rising input costs, is likely to affect the company's margins in the quarters ahead. A high debt level may increase its financial obligations in the quarters ahead. Tetra Tech's services in the mining and oil & gas markets are highly cyclical and vulnerable to economic downturns, which may dampen its financials. Also, foreign currency headwinds are a concern.

### Data Overview

52 Week High-Low	<b>\$42.98 - \$27.27</b>
20 Day Average Volume (sh)	<b>2,347,994</b>
Market Cap	<b>\$9.0 B</b>
YTD Price Change	<b>-13.4%</b>
Beta	<b>0.88</b>
Dividend / Div Yld	<b>\$0.26 / 0.8%</b>
Industry	<b><u>Engineering - R and D Services</u></b>
Zacks Industry Rank	<b>Top 33% (81 out of 243)</b>

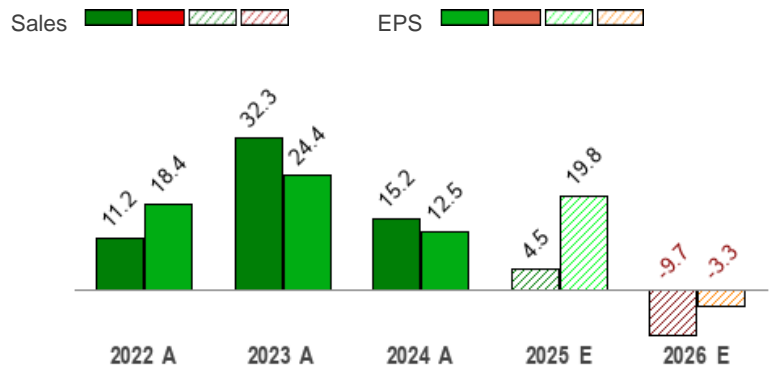
Last EPS Surprise	<b>12.5%</b>
Last Sales Surprise	<b>9.1%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>02/04/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>22.1</b>
P/E F1	<b>23.3</b>
PEG F1	<b>3.1</b>
P/S TTM	<b>1.7</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027					4,374 E
2026	973 E	980 E	1,077 E	1,117 E	4,147 E
2025	1,197 A	1,104 A	1,153 A	1,163 A	4,617 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027					1.65 E
2026	0.31 E	0.30 E	0.41 E	0.46 E	1.48 E
2025	0.35 A	0.33 A	0.43 A	0.45 A	1.56 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/19/2025.

(2) The report's text and the price target are as of 11/07/2025.

## Overview

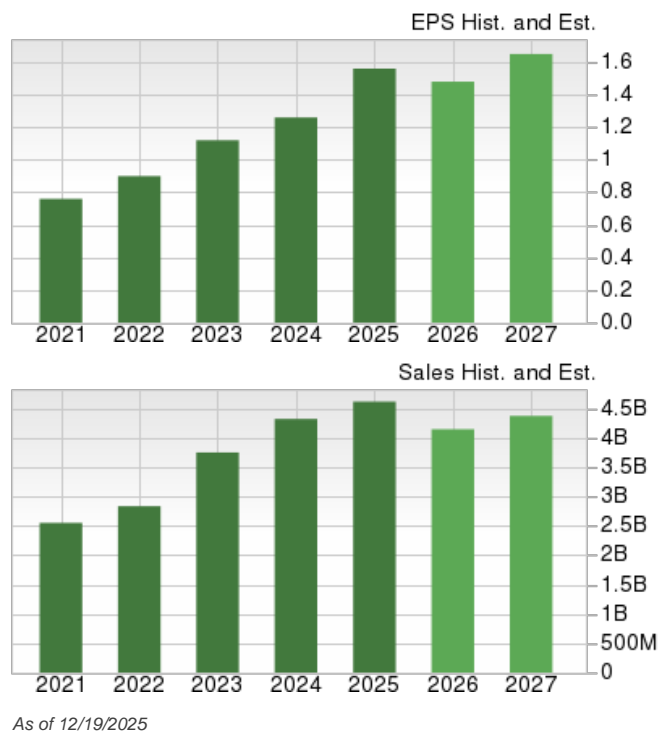
Headquartered in Pasadena, Tetra Tech is a leading provider of consulting, construction management, engineering, program management and technical services. It serves clients by providing cost-effective and innovative solutions on dealing with the fundamental needs for water, environmental and alternative energy services. Tetra Tech's has a diverse base of international and U.S. commercial clients, as well as U.S. federal and U.S. state and local government agencies.

Tetra Tech reports its businesses under the following two segments:

**Government Services Group (GSG)** — (47.8% of adjusted net revenues in fiscal 2024): This segment encompasses operations with U.S. government clients (federal, state and local) and all activities with development agencies.

Notably, the segment offers consulting and engineering services globally for a wide range of U.S. government clients. Some of the notable services offered are environmental monitoring, water and waste management, sustainable infrastructure design, international development and various civil infrastructure master planning and engineering design for transportation, facilities, as well as regional and local development.

**Commercial / International Services Group (CIG)** — (52.2%): This segment includes activities with U.S. commercial clients and all international activities excluding work performed for development agencies. The segment provides various services like environmental remediation, infrastructure and related environmental and geotechnical services as well as engineering and project management services.



## Reasons To Buy:

▲ In the quarters ahead, Tetra Tech is poised to gain from its **diversified business structure**, which helps mitigate the adverse impact of weakness in one end market with strength across the others. Also, the company's focus on providing high-end consulting, design and engineering services is constantly enhancing its competitive edge. In the first nine months of fiscal 2025, the company's revenues increased 7.5% year over year, driven by increased activity in the U.S. Federal and U.S. State & Local client sectors. Driven by strength across its business, the company has issued bullish revenue guidance. For fiscal 2025, Tetra Tech anticipates net revenues to be in the range of \$4.454-\$4.554 billion. The projection compares favorably to net revenues of \$4.322 billion reported in fiscal 2024. The company is also poised to gain from a robust backlog level, which totaled \$4.28 billion (exiting the fiscal third quarter of 2025).

Strength in the GSG and CIG segments and accretive acquisitions are expected to aid Tetra Tech's growth. The company's commitment to handsomely reward shareholders is impressive.

▲ **Acquisitions** made over time have been aiding Tetra Tech through the expansion of its product lines and market presence. In the third quarter of 2025, Tetra Tech acquired SAGE Group Holdings, which enabled it to boost its digital automation solutions across municipal water and industrial manufacturing automation, systems integration and smart infrastructure verticals. In March 2025, it acquired Carron + Walsh ("CAW"), which expanded the company's presence in Europe. Both companies are included in Tetra Tech's CIG segment. In May 2024, the company acquired Convergence Controls & Engineering, a systems integration and engineering services company. This acquisition enables Tetra Tech to offer a comprehensive line of integrated automation platform solutions to its clients across the water and energy sectors. Convergence is part of its GSG segment. Tetra Tech acquired engineering and consulting firm LS Technologies in February 2024. The acquisition of LS Technologies adds significant additional capabilities and clients to its federal IT practice within its GSG segment. Tetra Tech completed the acquisition of RPS Group plc, an established technology-enabled consultancy firm, in January 2023. The acquisition enhanced the company's consultancy capabilities in water, environment and sustainable infrastructure, expanding its water practice in the United Kingdom and strengthening its foothold in renewable energy and environmental management. It also acquired Reston, VA-based enterprise technology services, cybersecurity and management consulting firm, Amyx, Inc., in the same month. As part of the Federal Information Technology division, the Amyx acquisition expanded its use of advanced data analytics, cybersecurity, digital transformation and agile software development solutions for its government and commercial customers. Amyx is integrated into Tetra Tech's GSG segment.

▲ Tetra Tech expects key factors, including **U.S. administration priorities, U.S. infrastructure stimulus and its focus on climate change** on a global basis, to drive markets in the quarters ahead. The U.S. administration targets international development, climate change and water & environment as its priorities. The U.S. infrastructure stimulus includes the impacts of the Infrastructure Investment and Jobs Act. The global climate change initiatives focus on net-zero emissions, the end of deforestation and ocean protection. The company's GSG segment is benefiting from a solid pipeline of advanced water infrastructure projects, disaster response programs and strength in the federal sector. Net sales from the segment increased 15.1% year over year in the first nine months of fiscal 2025. Higher planning and design related activities in water programs in United Kingdom and Ireland, and strength in high-performance buildings market are aiding the CIG segment. Revenues from the segment increased approximately 1% year over year in the first nine months of the fiscal year.

▲ The company consistently returned significant cash to its **shareholders through dividends and share buybacks**. In the first nine months of fiscal 2025, Tetra Tech distributed dividends totaling \$48 million, up 10.9% year over year. The company repurchased shares worth \$200 million in the same period. In fiscal 2024, it paid out dividends of \$58.8 million, up 12.9% year over year. The quarterly dividend rate was hiked 16.7% in May 2025. Also, in May 2025, the company's board of directors authorized a share buyback program (in addition to the \$400 million share buyback program authorized in October 2021) to repurchase 500 million shares of its common stock. Exiting the fiscal third quarter, it had an overall remaining balance of \$647.8 million under its stock repurchase programs. Such diligent capital-deployment strategies boost shareholders' wealth.

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## Reasons To Sell:

- ▼ **Rising costs** of sales are a major concern for Tetra Tech. In the last five fiscal years (fiscal 2020- fiscal 2024), the company's total cost of sales (including subcontractor costs and other costs of revenues) witnessed a CAGR of 11.2%. The same increased 6.9% in the first nine months of fiscal 2025 due to increasing input costs. Also, the company's selling, general and administrative expenses remained high at \$255 million in the first nine months of fiscal 2025. Escalating costs pose a threat to the bottom line.
- ▼ **High debt levels** are concerning for Tetra Tech as they raise financial obligations and may drain its profitability. Tetra Tech's long-term debt in the last five years (2020-2024) increased 29.7% (CAGR). The company exited third-quarter fiscal 2025 with a long-term debt of \$862.5 million, compared with \$764.2 million reported at the end of the second quarter of fiscal 2025. The increase in its debt level was primarily attributable to the funds raised for the SAGE acquisition. Its overall current liabilities were \$1.38 billion, much higher than the cash equivalents of \$242.8 million. Also, Tetra Tech stock looks more leveraged than the industry. Its long-term debt/capital ratio is currently 33.11, higher than 32.52 of the industry. Further, the company's times interest earned ratio is 9.6, marking a decline from the year ago quarter's ratio of 9.8. The times-interest-earned ratio is crucial as it measures a company's ability to meet its debt obligations based on its current income.
- ▼ The company derives a significant portion of revenues from the U.S. federal, U.S. state and local customers. Such customers usually award multi-year contracts. We believe that any changes in the terms and clauses and funding of the contracts will be detrimental. Also, the company's services in the mining and oil & gas markets are **highly cyclical and vulnerable to economic downturns**, which, in turn, might dampen its financials. For instance, fluctuations in the market prices of metals, including uranium, precious metals, aluminum, copper, iron ore and potash, can compel its mining clients to cancel or curtail their projects, thus adding to Tetra Tech's woes.
- ▼ **International operations** expose Tetra Tech to the adverse impacts of macroeconomic cycles in the United States and international markets. Also, it faces headwinds from unfavorable foreign currency movements. Any increase in the U.S. dollar's value relative to the local currencies of the foreign markets may affect the top line in the quarters ahead.

Rising operating expenses, high debt level, changes in the terms and clauses of the projects and foreign currency headwinds are likely to weigh on Tetra Tech's performance.

## Last Earnings Report

### Tetra Tech Q3 Earnings & Revenues Top Estimates, Increase Y/Y

Tetra Tech reported third-quarter fiscal 2025 (ended June 2025) adjusted earnings of 43 cents per share, which surpassed the Zacks Consensus Estimate of 37 cents. The company's adjusted earnings per share outperformed the management's guided range of 35-40 cents. The bottom line surged 34.4% year over year, driven by the strong momentum in each of its segments.

**FY Quarter Ending** **9/30/2025**

Earnings Reporting Date	Nov 12, 2025
Sales Surprise	9.12%
EPS Surprise	12.50%
Quarterly EPS	0.45
Annual EPS (TTM)	1.56

### Revenue & Segmental Performance

Tetra Tech generated revenues of \$1.37 billion, reflecting a year-over-year increase of 1.9%. Adjusted net revenues (adjusted revenues minus subcontractor costs) were \$1.15 billion, up 3.9% year over year. The quarterly top line surpassed the management's guided range of \$1.10-\$1.20 billion.

Tetra Tech's adjusted net revenues also exceeded the Zacks Consensus Estimate of \$1.14 billion.

The backlog at the end of the fiscal third quarter was \$4.28 billion, down 18.2% year over year.

### Segmental Revenues

Revenues from U.S. Federal customers (accounting for 25% of the quarter's revenues) were up 46% year over year, supported by a solid pipeline of projects from the Defense and U.S. Army Corps of Engineers. U.S. Commercial sales (19% of the quarter's revenues) decreased 4% year over year, due to decreased renewable energy sales.

U.S. State and Local sales (14% of the quarter's revenues) increased 30% year over year, driven by strength in disaster response. International sales (42% of the quarter's revenues) were down 1% year over year, owing to softness in Australia's infrastructure.

Tetra Tech reports revenues under the segments discussed below:

Net sales of the Government Services Group segment were \$429 million, up 29% year over year. Revenues from the Commercial/International Services Group segment totaled \$633 million, representing a year-over-year increase of 2%.

### Margin Profile

In the fiscal third quarter, Tetra Tech's subcontractor costs totaled \$216.8 million, reflecting a decrease of 7.6% from the year-ago quarter. Other costs of revenues (adjusted) were \$901.5 million, up 1.7% from the third quarter of fiscal 2024. Selling, general and administrative expenses (adjusted) were \$86.6 million, down 7.9% from the year-ago fiscal quarter.

Adjusted operating income increased 37.2% year over year to \$159.4 million while the adjusted margin increased 300 basis points to 11.6%.

### Tetra Tech's Balance Sheet and Cash Flow

While exiting the fiscal third quarter, Tetra Tech had cash and cash equivalents of \$242.8 million compared with \$232.7 million recorded at the end of the fourth quarter of fiscal 2024. Long-term debt was \$862.5 million compared with \$764.2 million reported at the end of second quarter of fiscal 2025.

In the first nine months of fiscal 2025, Tetra Tech generated net cash of \$356.8 million from operating activities compared with \$253.1 million in the prior fiscal year period. Capital expenditure was \$13.4 million, up 18.3% year over year. In the first nine months of fiscal 2025, Its proceeds from borrowings amounted to \$715 million while repayments on long-term debt totaled \$665 million.

### Shareholder-Friendly Policies

Tetra Tech distributed dividends totaling \$48 million in the first nine months of fiscal 2025. This compares favorably with dividends of \$43.3 million distributed in the previous fiscal year period. It repurchased shares worth \$200 million in the same period.

### Fiscal 2025 Outlook

For fiscal 2025 (ending September 2025), Tetra Tech anticipates net revenues to be in the range of \$4.454- \$4.554 billion compared with \$4.400-\$4.765 billion expected earlier. The projection is favorably comparable with net revenues of \$4.322 billion reported in fiscal 2024. Adjusted earnings are predicted to be \$1.49-\$1.54 per share compared with \$1.42 - \$1.52 expected earlier. It reported earnings of \$1.26 per share in fiscal 2024.

For the fiscal fourth quarter, management estimates net revenues to be in the range of \$1.04-\$1.1 billion. Adjusted earnings are projected to be in the band of 38-43 cents per share.

## Recent News

### Architect Engineering Contract From USACE — Nov. 4, 2025

Tetra Tech secured a \$249 million contract from the U.S. Army Corps of Engineers (USACE), Mobile District, to offer architect-engineer (A-E) services to help the U.S. Department of Defense in the management of water resources and environment.

### Water Engineering Design Deal — Oct. 30, 2025

Tetra Tech clinched a deal from the Portsmouth Water to offer engineering design and technical support services for its water delivery networks in Southern England.

### Pacific Engineering Design Contract from NAVFAC — July 29, 2025

Tetra Tech secured a \$990 million, multiple-award contract from the Naval Facilities Engineering Systems Command (NAVFAC) Pacific to offer architect-engineer services for infrastructure projects across the Indo-Pacific region.

### Digital Systems Engineering and Technical Contract From MWD — July 22, 2025

Tetra Tech secured a \$10 million contract from West Basin Municipal Water District to modernize process control systems at advanced water recycling facilities in Los Angeles County.

### Response Services Contract From EPA — July 15, 2025

Tetra Tech secured a \$94 million contract from the U.S. Environmental Protection Agency (EPA) to provide technical services for the Superfund Technical Assessment & Response Team in Region 7.

### Architect Engineering Contract From USACE — July 8, 2025

Tetra Tech secured a \$248 million contract from the USACE, Europe District, to offer architect-engineer (A-E) services for U.S. military bases in the EUCOM region.

## Valuation

Tetra Tech's shares are down 19.9% in the year-to-date period and 31.8% over the trailing 12-month period. In the year-to-date period, the stocks in the Zacks sub-industry are up 6.1% while that in the Zacks Industrial Products sector are up 7.1%. In the trailing 12 months, the stocks in the Zacks sub-industry and the Zacks Industrial Products sector are down 8.6% and 1%, respectively.

The S&P 500 Index has moved up 16% in the year-to-date period and increased 14.4% in the past year.

The stock is currently trading at 21.57X forward 12-month price-to-earnings, which compares to 20.54X for the Zacks sub-industry, 19.92X for the Zacks sector and 23.22X for the S&P 500 index.

Over the past five years, the stock has traded as high as 46.43X and as low as 19.54X, with a 5-year median of 29.09X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$34 price target reflects 22.65X forward 12-month earnings per share.

The table below shows summary valuation data for TTEK

Valuation Multiples - TTEK					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.57	20.54	19.92	23.22
	5-Year High	46.43	29.71	22.96	23.57
	5-Year Low	19.54	17.52	13.28	15.72
	5-Year Median	29.09	22.39	18.07	21.18
P/Sales F12M	Current	2.04	2.08	4.08	5.31
	5-Year High	3.72	2.6	4.08	5.52
	5-Year Low	1.66	1.59	2.28	3.84
	5-Year Median	2.43	2.07	3.09	5.04

As of 11/06/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 41% (100 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
A. O. Smith Corporat...(AOS)	Neutral	3
Casella Waste System...(CWST)	Neutral	3
Donaldson Company, I...(DCI)	Neutral	3
Emerson Electric Co. (EMR)	Neutral	3
Energy Recovery, Inc...(ERII)	Neutral	3
Ingersoll Rand Inc. (IR)	Neutral	3
Illinois Tool Works ...(ITW)	Neutral	3
Roper Technologies, ...(ROP)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Engineering - R And D Services

	TTEK	X Industry	S&P 500	CWST	DCI	EMR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	2	3
VGM Score	B	-	-	B	B	B
Market Cap	9.00 B	1.23 B	38.81 B	6.39 B	10.61 B	74.00 B
# of Analysts	1	2	22	6	5	7
Dividend Yield	0.75%	0.00%	1.41%	0.00%	1.30%	1.69%
Value Score	C	-	-	C	C	D
Cash/Price	0.02	0.10	0.04	0.03	0.02	0.02
EV/EBITDA	15.92	12.03	14.58	22.77	16.33	17.23
PEG Ratio	3.03	1.70	2.21	NA	2.27	2.14
Price/Book (P/B)	5.09	2.95	3.30	4.07	7.00	3.65
Price/Cash Flow (P/CF)	15.10	12.98	15.05	20.01	17.74	15.05
P/E (F1)	23.16	22.55	19.66	89.87	22.73	20.36
Price/Sales (P/S)	1.65	0.85	3.08	3.56	2.85	4.11
Earnings Yield	4.29%	4.23%	5.02%	1.11%	4.40%	4.91%
Debt/Equity	0.43	0.45	0.57	0.72	0.44	0.41
Cash Flow (\$/share)	2.29	1.98	8.99	5.03	5.19	8.75
Growth Score	A	-	-	A	B	B
Hist. EPS Growth (3-5 yrs)	19.09%	20.67%	8.16%	2.68%	13.04%	9.63%
Proj. EPS Growth (F1/F0)	-5.13%	11.64%	8.60%	-17.04%	10.05%	7.67%
Curr. Cash Flow Growth	34.58%	12.04%	6.75%	41.32%	16.84%	-2.93%
Hist. Cash Flow Growth (3-5 yrs)	20.22%	8.70%	7.43%	21.02%	11.89%	10.76%
Current Ratio	1.18	1.32	1.18	1.51	2.15	0.88
Debt/Capital	30.01%	31.88%	38.01%	41.73%	30.69%	29.07%
Net Margin	4.55%	3.61%	12.78%	0.85%	10.25%	12.73%
Return on Equity	25.79%	18.74%	17.00%	5.63%	30.24%	15.87%
Sales/Assets	1.28	1.21	0.53	0.55	1.25	0.43
Proj. Sales Growth (F1/F0)	-10.20%	0.00%	5.79%	18.00%	3.50%	4.80%
Momentum Score	F	-	-	C	C	A
Daily Price Chg	-0.09%	0.07%	0.79%	1.16%	1.60%	-0.03%
1 Week Price Chg	1.23%	0.00%	-1.83%	4.74%	-0.18%	-0.55%
4 Week Price Chg	-1.93%	7.59%	3.61%	8.14%	8.26%	6.37%
12 Week Price Chg	4.26%	-0.54%	2.57%	14.03%	14.93%	1.15%
52 Week Price Chg	-14.37%	1.06%	15.47%	-4.55%	34.72%	7.56%
20 Day Average Volume	2,347,994	216,494	2,770,348	899,749	813,474	2,243,541
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	1.28%	0.75%	0.43%
(F1) EPS Est 12 week change	1.37%	1.06%	0.69%	10.11%	0.82%	-0.38%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-0.53%	-1.75%	-0.23%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	A
Momentum Score	F
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

## Disclosures

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