

TETRA TECH INC  
Form 10-Q  
July 31, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 28, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-19655

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**TETRA TECH, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**95-4148514**  
(I.R.S. Employer  
Identification Number)

**3475 East Foothill Boulevard, Pasadena, California 91107**

(Address of principal executive offices) (Zip Code)

**(626) 351-4664**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  (Do not check if a smaller reporting company)  
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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As of July 27, 2015, 60,207,987 shares of the registrant's common stock were outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Tetra Tech, Inc.****Condensed Consolidated Balance Sheets****(unaudited - in thousands, except par value)**

	June 28, 2015	September 28, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 175,183	\$ 122,379
Accounts receivable net	633,544	701,892
Prepaid expenses and other current assets	48,178	52,256
Income taxes receivable	13,562	22,076
Total current assets	870,467	898,603
Property and equipment net	68,602	73,864
Investments in and advances to unconsolidated joint ventures	2,090	2,140
Goodwill	684,909	714,190
Intangible assets net	49,197	63,095
Other long-term assets	28,257	24,512
Total assets	\$ 1,703,522	\$ 1,776,404
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 141,011	\$ 175,952
Accrued compensation	113,346	110,186
Billings in excess of costs on uncompleted contracts	92,951	103,343
Deferred income taxes	26,373	20,387
Current portion of long-term debt	10,708	10,989
Estimated contingent earn-out liabilities	603	3,568
Other current liabilities	69,905	79,436
Total current liabilities	454,897	503,861
Deferred income taxes	31,279	28,786
Long-term debt	225,513	192,842
Long-term estimated contingent earn-out liabilities	3,524	3,462
Other long-term liabilities	33,890	34,397
Commitments and contingencies (Note 16)		
Equity:		
Preferred stock	Authorized, 2,000 shares of \$0.01 par value; no shares issued and outstanding at June 28, 2015, and September 28, 2014	
Common stock	Authorized, 150,000 shares of \$0.01 par value; issued and outstanding, 60,162 and 62,591 shares at June 28, 2015, and September 28, 2014, respectively	
	602	626

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Additional paid-in capital	344,833	402,516
Accumulated other comprehensive loss	(100,310)	(42,538)
Retained earnings	708,833	651,475
Tetra Tech stockholders' equity	953,958	1,012,079
Noncontrolling interests	461	977
Total equity	954,419	1,013,056
Total liabilities and equity	\$ 1,703,522	\$ 1,776,404

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**Tetra Tech, Inc.****Condensed Consolidated Statements of Income****(unaudited in thousands, except per share data)**

	Three Months Ended		Nine Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Revenue	\$ 575,108	\$ 629,502	\$ 1,720,927	\$ 1,861,635
Subcontractor costs	(153,209)	(170,746)	(429,194)	(463,904)
Other costs of revenue	(340,181)	(381,319)	(1,061,419)	(1,164,761)
Selling, general and administrative expenses	(40,997)	(47,175)	(125,695)	(138,778)
Contingent consideration fair value adjustments		8,905	3,113	34,878
Operating income	40,721	39,167	107,732	129,070
Interest expense	(2,026)	(2,454)	(5,621)	(7,373)
Income before income tax expense	38,695	36,713	102,111	121,697
Income tax expense	(12,443)	(10,002)	(31,202)	(35,751)
Net income including noncontrolling interests	26,252	26,711	70,909	85,946
Net income attributable to noncontrolling interests	(46)	(54)	(111)	(266)
Net income attributable to Tetra Tech	\$ 26,206	\$ 26,657	\$ 70,798	\$ 85,680
Earnings per share attributable to Tetra Tech:				
Basic	\$ 0.44	\$ 0.41	\$ 1.16	\$ 1.32
Diluted	\$ 0.43	\$ 0.41	\$ 1.14	\$ 1.31
Weighted-average common shares outstanding:				
Basic	60,207	64,566	61,293	64,683
Diluted	60,792	65,302	61,887	65,493
Cash dividends paid per share	\$ 0.08	\$ 0.07	\$ 0.22	\$ 0.07

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**Tetra Tech, Inc.****Condensed Consolidated Statements of Comprehensive Income****(unaudited in thousands)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>June 28, 2015</b>	<b>June 29, 2014</b>	<b>June 28, 2015</b>	<b>June 29, 2014</b>
Net income including noncontrolling interests	\$ 26,252	\$ 26,711	\$ 70,909	\$ 85,946
Other comprehensive income, net of tax				
Foreign currency translation adjustments	11,676	19,177	(56,514)	(18,642)
Gain (loss) on cash flow hedge valuations, net of tax	621	(645)	(1,376)	(206)
Other comprehensive income (loss), net of tax	12,297	18,532	(57,890)	(18,848)
Comprehensive income including noncontrolling interests	38,549	45,243	13,019	67,098
Net income attributable to noncontrolling interests	(46)	(54)	(111)	(266)
Foreign currency translation adjustments	14	330	118	403
Comprehensive (income) loss attributable to noncontrolling interests	(32)	276	7	137
Comprehensive income attributable to Tetra Tech	\$ 38,517	\$ 45,519	\$ 13,026	\$ 67,235

See accompanying Notes to Condensed Consolidated Financial Statements.



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**Tetra Tech, Inc.**

**Condensed Consolidated Statements of Cash Flows**

**(unaudited in thousands)**

	<b>June 28, 2015</b>	<b>Nine Months Ended</b>	<b>June 29, 2014</b>
Cash flows from operating activities:			
Net income including noncontrolling interests	\$	70,909	\$ 85,946
Adjustments to reconcile net income to net cash from operating activities:			