

02-Apr-2025

Fluor Corp. (FLR)

Business Update Call

CORPORATE PARTICIPANTS

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

Kyle Morden

Construction Manager, Fluor Corp.

Jennifer Kim

Vice President-Project Director, Fluor Corp.

David Edward Constable

Chairman & Chief Executive Officer, Fluor Corp.

James R. Breuer

Chief Operating Officer, Fluor Corp.

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

Alvin C. Collins

Group President-Mission Solutions, Fluor Corp.

OTHER PARTICIPANTS

Jamie Cook

Analyst, Truist Securities, Inc.

Andrew John Wittmann

Analyst, Robert W. Baird & Co., Inc.

Andrew Kaplowitz

Analyst, Citigroup Global Markets, Inc.

Steven Fisher

Analyst, UBS Securities LLC

Michael S. Dudas

Analyst, Vertical Research Partners LLC

Brent Thielman

Analyst, D.A. Davidson & Co.

MANAGEMENT DISCUSSION SECTION

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

All right. Good morning, everyone. I'm Jason Landkamer, Vice President of Investor Relations. I wanted to welcome our investors and analysts as well as those joining us on the webcast today. Today, your leadership team will be discussing the evolution of our Building a Better Future Strategy and how the actions taken during the Fix and Build chapter have well positioned us and Fluor for significant growth over the next four years.

So starting off the obligatory Safe Harbor statement and that our presentation contains forward-looking statements and that we may discuss non-GAAP financial measures. For today's agenda, we will discuss the progression of our strategy and hear from segment leadership as they provide insight into the top growth drivers in their respective markets and why Fluor is uniquely positioned to solve our clients' greatest challenges.

We will conclude with a Q&A session before those in attendance join us for a tour of the Eli Lilly Project here in Indiana. Before to David's opening remarks, we will start our event with a HSC and value creation topic. I'd like to introduce Kyle Morden. Kyle has worked with Fluor for over 20 years and he is currently the construction manager on the Lilly LP1 project. Kyle?

Kyle Morden

Construction Manager, Fluor Corp.

Thanks, Jason. At Fluor, HSC is one of Fluor's core values. As such, we need to demonstrate our commitment to building projects safer together, previously to joining the LP1 project in February I had the privilege of leading a semiconductor project in Malaysia. This is the project that I'll be talking about here. A key component and demonstrating commitment is our management engagement, on this project in Malaysia we were able to achieve some pretty amazing milestones, 21 million safe work hours with over 6,000 craft.

We won the Fluor HSE Award of Excellence in 2022, 2023 and 2024. We won the Fluor Safer together 5 Star Award. We were also recognized by local authorities in the Malaysia Government, the Malaysian Occupational Safety and Health Practitioners MOSHPA and the Malaysian Industrial Safety and Health Association, MiSHA National Excellence Award. Two key components to management engagement are touch points and planning. As such, we instituted programs on the project that really got management involved. Weekly management walks, including senior management that would come visit us in Malaysia, they were required to join us. This is where we walk around and engage directly with craft.

The ACT, program, awareness, communication and teamwork. This is a touchpoint wherein the opportunity for leadership to actually be able to get with hands on craft and frontline supervision. This is where we sit and listen. We focus on their issues and concerns and we communicate, lunches with the craft, in order to make communication full circle, you have to get the feedback. So sitting down with the craft on a weekly basis to have lunch with them without their supervision, without anybody other than leadership is to really gain back that information, to get that feedback, to know what we need to do better.

Encouragement of regular HSE audits, inviting outside resources to come in and review the project. Look where we're at, many times you get into a tunnel vision, type thing on a project. So having that outside eyes and ears come in and look at your project is essential. All hands meetings, making sure that we have the same message

go out to everybody and it's consistent. Not having one message in one area, one message in another. Getting everybody together so that the message is consistent, detailed planning of execution. From the onset of the project in Malaysia, we worked closely with engineering. We came up with the path of construction in which engineering developed their drawings and engineering documents to support as well as we reviewed the design to make sure that it was constructible, which is key.

Daily planning meetings with contractors sitting down looking at the 30, 60, 90 day outlook and making sure that what we're working on and who's working where can be done effectively so that we're not over top of each other or we're not finding delays. Craft involvement in execution planning. This is a major component. Many of the craft has spent years and years and years in the trade, getting with them to have them tell us what they think or what they see or how they've done it previously is a key component to understanding and doing execution.

Training and induction programs. Every new person on the project, the first person they come across is a senior manager from Fluor. This is the first touch point. This is the first opportunity that we have to make sure and the first impression. This sets the stage and expectation around our HSE. So, why do we do this? Well, because it's the right thing to do, but further it drives consistency across Fluor, demonstrated by, as I said, arriving at the LP1 project here just a little over a month ago and all the same programs are in place. It's a cornerstone to our execution. Further, it helps enhance our predictability around schedule and profitability. Thank you.

And introduce Jennifer Kim, who have our value creation.

Jennifer Kim

Vice President-Project Director, Fluor Corp.

Thank you Kyle and good morning everyone. My name is Jennifer Kim and I am the Program Director for the Lilly Lebanon Projects. My tenure with Fluor spans more than 29 years across multiple business lines and global locations with my most recent role being the General Manager of our Houston operations. I'm very pleased to be joining you this morning and sharing with you the value that Fluor brings to the life sciences industry.

As a full service EPC provider for capital projects in the life sciences industry, Fluor is building a better world by applying world-class expertise to help our clients with their most critical challenges. We provide professional services for both technical solutions and construction that delivers safe, well-executed and capital efficient projects to clients around the world. Over the past 50 years, Fluor has worked on 1,500 life sciences projects for more than 200 clients in 30 different countries. Fluor is able to get involved with these projects as early as a project design studio to help clients explore concepts and we stay engaged as a single point of accountability through all subsequent phases. We offer global solutions for efficient distributed execution and strategies that meet local requirements for construction, commissioning and validation. As you may be aware, the current demand for GLP-1 drugs is driving very large capital projects or rather megaprojects that can't be designed or built fast enough for our clients.

These are complex, sophisticated facilities for active pharmaceutical ingredients. The core components of therapies that use biologically active substances to treat or prevent disease. The photos you see here are of the Eli Lilly Lebanon Project site, which will manufacture peptides and small molecules for their blockbuster drugs for weight loss and diabetes. We began working with Lilly in October of 2021 on multiple studies for this particular project. At the time, a location had not yet been selected, but Lilly wanted to understand potential capital and schedule for such a facility as well as constructability and execution strategies.

This is not uncommon, many of our clients involve us at the conceptual phase of their projects. It was not until the beginning of 2023 that Lilly selected Lebanon site and we mobilized the team to begin early works. Shortly after

that basic design kicked off and we rolled into detailed design and procurement. Today we are continuing to push engineering to completion with fabrication and delivery of equipment well underway and our major subcontracts awarded and mobilized.

Construction is also progressing in earnest and we are working with Lilly to help them plan their commissioning and validation efforts as well. Additionally, we're performing the basic design for the expansion of the facility. We've had a global partnership with Lilly going back 50 years and over the decades we've designed and built numerous facilities for them on four different continents. Fluor has a global footprint in the life sciences industry, delivering scopes of work, starting with studies and engineering services all the way through procurement, fabrication, construction, commissioning and validation. Our preferred execution model is EPCM as it enables the fastest, most efficient delivery of these schedule driven projects. Compared to other industries we serve, where it is not uncommon for clients to split up execution amongst multiple contractors.

Our life sciences clients see this as a preferred approach as well. Not all of our competitors can take on the project execution phases that we do. Our expertise in life sciences and our experience executing megaprojects across other industries. Fluor is positioned to meet the unique challenges these projects present and provide our clients with full services solutions. Our clients come to us to tap into this expertise. They take advantage of not only what we can do, but also what we know about this industry. They need engineers, not more scientists and we are able to use our global presence to provide a local focus on their most critical projects. As that single point of accountability we deliver financially sound schedule driven projects for our clients.

Thank you. I'd like to next to welcome Mr. David Constable, Chairman and CEO to the stage.

David Edward Constable

Chairman & Chief Executive Officer, Fluor Corp.

Thank you, Jennifer. Thank you Kyle for those great safety value-creation topics from few our key ATLS sites. Thank you. All right. Good morning, everyone. Thank you for joining us. Thank you for joining us here today and on the webcast. Thank you for your interest in Fluor Corporation and I hope you enjoyed for those of you who are with us today, I hope you enjoyed the networking event last night. Today I will briefly review our Building a Better Future strategy that was launched at our last Investor Day. And then I'm going to highlight specific actions and the progress we've made since that presentation. And then just before turning it over to Jim, I'll also preview the beginning of the next chapter of our strategy. To begin and as you listen today, I hope that you'll pick up these key messages from our presentation.

First, we are well positioned for the next chapter of our strategy because we are a much healthier company than we were four years ago. Second, megatrends driving capital spend in our business. The global trends that we identified in 2021 are still applicable today and we will grow in our key markets. Third, as brand leaders in these markets, our businesses are focused on organic growth and our core competencies deliver results that support our customers need to grow. Fourth in the next chapter of our strategy and as Jim will tell you, we are laser focused on project delivery. Our enhanced focus leverages Fluor's technical expertise to deliver solutions and project certainty for our clients. And then fifth, once again we are committed to return significant value to our shareholders, which you will hear more about today from both Jim and Regan.

Moving on, our Building a Better Future strategy is guided by our stakeholder aspirations to build trust with our clients, to create an excellent workplace for our employees, to become an attractive investment for our shareholders and to maintain a positive societal impact. And as we analyze the market forces at the start of this decade we identified four megatrends that continue to shape our future, energy transition or energy addition and urbanization, Industry 4.0, beyond globalization and stakeholder engagement, these trends are not just guiding

the strategy. They have been critically important to our growth to-date. Simply put, this strategy has repositioned Fluor as a leader in professional and technical solutions while maintaining our global engineering and construction expertise. And we've done this by adhering to our four strategic priorities. All right, we've reinforced financial discipline by deleveraging our balance sheet. We have pursued fair and balanced contract terms, while focusing on getting paid for the value we provide. We've driven growth across the portfolio by diversifying our revenue streams into high growth markets. And we fostered a high performance culture to enhance project execution.

Collectively, these priorities enabled us to meet or exceed our stakeholders' aspirations and our full commitment to these priorities ensured the company's recovery and significant progress since our last Strategy Day. Let's just take a quick look at that recovery, you can't fully grasp the progress we've made or understand the direction we're heading without acknowledging where we've come from. As you all remember, the company experienced a painful period from 2015 to 2020. During this time, the company made poor decisions, overpaying for assets that failed to meet growth projections and we increased our debt to \$1.9 billion, resulting in an over leveraged and unsustainable balance sheet.

The company also took on more project risks [ph] by settling (00:14:34) on several cases agreeing to onerous fixed price contract terms, which also raised our lump sum backlog mix from 22% to almost 60%. And that strategy, as we know, led to failures and resulted in accumulative project losses of \$1.7 billion across all three business segments in 2017, 2018, 2019. This led to severe negative impacts on our stock price and market value. In fact, in March of 2020, the share price reached a low of \$2.85 in intraday trading.

So on a much more positive note, our actions taken since the last Strategy Day has delivered much better results, thereby confirming that our Building a Better Future Strategy is working through our actions which were guided by our drive to fix and build the company in chapter one of our strategy. We simplified the management structure. We sold non-core businesses, including Stork and AMECO. We successfully listed NuScale on the New York Stock Exchange. We restructured our debt and despite facing challenges from zero margin legacy projects, we strengthened our balance sheet. We introduced robust prospect pursuit principles and established a much more rigorous risk management process and we diversified our business mix and enhanced the company's culture and morale. The progress we've made on our strategic priorities is clearly demonstrated in our performance. Starting with reinforcing financial discipline, where we have significantly reduced our balance sheet risk. In 2020, our debt to capital ratio was 55% which has been brought down to 22% at the end of last year, thereby meeting our 2024 strategic goal.

Regarding our pursuit of fair and balanced contract terms, we've mitigated the company's backlog risk by increasing our reimbursable contract mix. Reimbursable backlog has grown from 45% to nearly 80% over the past four years, surpassing our 2024 strategic goal. Next looking at driving growth across the portfolio. We've diversified the company by boosting non-traditional oil and gas revenue. Here, we've increased the diversified revenue mix from 63% all the way up to 78%, once again, surpassing our 2024 strategic goal. And finally, fostering a high performance culture has several facets. The most important of which was our performance on projects where we've improved performance relative to as-sold margins. More specifically, for projects awarded since 2020, our project gross margin now stands at 112% above as-sold, assets sold improving significantly from 73%. And I know the management team is confident that this kind of performance can continue and further improve as long as we adhere to our pursuit principles, commit to our project execution methods and procedures and hold firm to our strategic priorities.

As another proof point of our recovery over the first chapter of our strategy, we have seen shareholder returns of 10 times since 2020 and I think we can safely say that our strategy has been working. So again, great results in the Fix and Build chapter of our strategy. And those results over the past four-plus years leave us well positioned

to launch the next chapter of our strategy, which is to grow the business responsibly and execute our projects with excellence, allowing us to return capital to our shareholders, which we initiated in Q4 2024 and which you'll hear more about from Regan in a few minutes.

Our overall strategy of Building a Better Future remains intact and we will maintain the four strategic priorities while placing an even greater emphasis on project delivery. The company's success over the past four years was driven by our unwavering commitment to strategy and that commitment means, first, we will continue to expand into growth markets, right, including chemicals, energy, power, mining and metals and life sciences, semiconductors, data centers and in mission critical projects in the US government.

And as we grow in these markets, we remain committed to our strict prospect pursuit principles and to our financial discipline. And as mentioned earlier, we'll be laser focused on enhancing project delivery and as-sold margins and on leveraging our full global presence and capabilities to meet the needs of our customers. And on a personal note, when I return to the company several years ago now, I said that Fluor was an incredible organization and that I was proud to be back in the fold again, back with the Fluor family. It really is a family at Fluor and certainly today I stand by that statement, I'm proud of what we collectively have been able to achieve as a company and I believe that we have the best people and the best management team in the industry and that the future is very bright for Fluor Corporation.

With that, I'm pleased to hand over to our Chief Operating Officer and soon to be Chief Executive Officer, Jim Breuer, who is going to delve deeper into the next chapter of our strategy. Thank you very much for your support over the years. It's greatly appreciated. Jim, over to you. Thank you.

James R. Breuer

Chief Operating Officer, Fluor Corp.

Well, thank you, David and thank you all for joining us here in Indianapolis and on the webcast. Let me start by saying that I am very proud of what we've collectively accomplished in the last four years and really excited about what the future holds for Fluor. My 31 years at the company have taken me to many locations and offered me many different roles. And so, I feel a great sense of pride and being part of this team and confidence and knowing that we're capable of doing great things. Our strategy is evolving from fix and build to grow and execute. And as David pointed out, fix and build was about repairing the balance sheet, building quality backlog and restoring trust with our stakeholders.

The next chapter is about growing the business and executing our projects, growing the business means growing both revenue and earnings, with a priority on earnings and execute is about project delivery. We'll be placing an even greater emphasis on our project execution capabilities and efforts, and as we generate sustainable earnings, we intend to return a significant portion of those earnings to our shareholders.

So today I'm going to give you an overview of the strategy. I'm going to share with you the key metrics that will measure our success. And I'm going to set the stage for John Regan to discuss our financial priorities and for the three business segments to cover the strategies and growth areas. Before I get into the details of the strategy, I want to state that our purpose, our vision and our core values will remain the same. These elements will continue to shape and guide our strategy. They've served us well. They resonate with our employees, they're deeply ingrained in our culture and they are aligned with our clients' needs in the marketplace. So as we said, we are evolving our strategy and as we complete the prior cycle and move into the next chapter, we're going to retain the four strategic priorities that have served us well, with one modification in the wording on the fourth priority by adding the term project delivery.

And this slide provides a high level look at how this strategy is going to evolve from Chapter one to Chapter two. Under reinforced financial discipline, our focus will shift from improving the capital structure, which we have accomplished in the first chapter to generating cash and earnings. Under pursue fair and balanced contract terms, we'll maintain our robust pursuit and risk principles and focus on commercial acumen across all levels of the company. Now the growth across the portfolio, we're going to focus on growth markets in our three business segments and consider niche acquisitions that add specific technical capabilities in certain areas.

And on the culture front, we will continue to cultivate our culture through people development, knowledge sharing and placing a lesser focus on project delivery. Now Fluor has a long tradition of talent development, of strong work processes and excellent project execution tools. And we'll continue to focus on these elements to drive high performing culture. And it is this culture that helps foster our core competencies. So as we start this new chapter, it's important to reiterate what those core competencies are. And when we look across the businesses, the three businesses at Fluor, there are four elements that rise up as common denominators, client relationships, technical expertise, global presence and project delivery. Strong and healthy client relationships are a critical element to building trust.

Another element that supports that trust is our technical expertise. We have over 1,400 subject matter experts and technical fellows that support our teams to solve our customers most complex challenges. And we provide technical and professional solutions with world-class expertise. We operate in over 60 locations around the world and our global presence allow us to execute work where others cannot. Lastly, we're a project delivery organization. This is our reason for being in the marketplace and that is how we deliver value for our stakeholders. And certainly there are other competencies that exist within specific businesses, but it's these four that emerge as a shared core competencies across Fluor and when taken together, they deliver results for us. And so we'll continue to develop and promote them.

Moving on to metrics and goals, we've established new goals for each of our strategic priorities. So you can see here on the slide. Under reinforcing financial discipline, we want to hold our debt to capital ratio to 20% to 25%. We're targeting a debt to EBITDA ratio below 1.5 and as far as returning capital to shareholders John will expand on this subject here in a minute. Under fair and balanced contract terms, we're maintaining our goal of a minimum 75% reimbursable backlog. Our strategic plan show that we can grow the business and still maintain this target. Under drive growth across the portfolio and as I said earlier, our key focus for this strategic planning cycle is earnings generation.

We're projecting EBITDA growth rates of 10% to 15% on an annual basis and to enable these results, we're projecting \$90 billion to \$110 billion of new awards in the four year planning cycle and under a high performance culture of project delivery. We'll continue to drive our projects to perform at or above as-sold PGM and promote that metric as a key driver and objective in our strategy.

Before I hand it over to John, I do want to offer a few comments about the business. We are reconfirming our company structure, which focuses the corporation around these three business segments; Urban Solutions is the primary growth engine in the first couple of years of the planning cycle. Urban has a diverse set of businesses, you see listed here on the slide. And in his presentation, Tony Morgan will share with us Urban's key growth markets and their strategies. Energy Solutions will continue to be a very important part of Fluor. We expect these markets to contribute more in the back half of the plan based on market cycles. Mike Alexander will discuss Energy's growth markets and Mission Solutions we will see measured growth from existing contracts and targeted opportunities in adjacent markets. Al Collins will share with us where the growth opportunities are in that business segment.

So by taking advantage of our diversified portfolio, we plan to provide sustainable growth and earnings and thereby allowing return of capital to shareholders. To talk about this topic and other financial elements of the strategy, we will now hear from John Regan, our Chief Financial Officer. John?

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

Good morning, everybody. I'm John Regan, Chief Financial officer, as you just heard. And for the better part of the last five years, I've had the pleasure of being the company's Chief Accounting Officer and in that capacity, I had the pleasure also of working alongside Joe Brennan, David Constable as they crafted the financial priorities for the first chapter of the strategy.

And as such, looking forward to chapter two, you'll see a striking resemblance to the financial priorities that we will adopt to what we had in chapter one. However, we'll be layering in additional priorities around predictability of both earnings and of cash generation. Moreover, you'll see us recommit ourselves to the project delivery tenets that you heard Jim talk about. So today, I'll talk about a little more perspective on the dark days that David referred to and how we're much better positioned today than we were then.

I'll talk a little bit about some of our recent cash uses and some of the cash uses that we reasonably expect to come through the planning cycle. I'll touch on some of the things we may be doing in the periphery from a finance perspective to turbocharge shareholder returns. And then I'll hand it over to Tony, who will lead you through a discussion on Urban Solutions.

Now before I do that, I'll remind you that in February, we issued relatively comprehensive guidance around what to expect for 2025. And as we sit here today, we don't see any inflections to what we had previously communicated. But the focus of what you'll hear today is across the four-year planning period. And so, a little more attention to what to expect at the end of that four-year planning period. So with that, looking back again at the dawn of the strategy – chapter one of the strategy, we were highly levered. In fact, our debt to cap was hovering at or above 50% as David said.

We had looming maturities. We had a wall of maturities totaling more than \$1.1 billion before the end of 2024. We had thin liquidity, we saw banks exiting our facility and the construction space entirely. And so in dealing with that, we needed – first we needed to deal with the maturities. And in doing so, given the leverage, debt for debt wasn't really an option for us. So, we capitalized on the opportunity in the preferred markets. We raised capital, we termed out the debt, in essence to give our operations and the new strategy time to hold root – to take root. And when it did and when it thrived, you saw the appreciation in our stock price. We capitalized on that moment to convert the preferred back into common, re-homogenize the cap structure. And then I guess, although it's not shown on this slide in particular, we seized the opportunity in the SPAC markets to unveil the value of NuScale to our shareholders.

Where we stand today, we're in a much better position. From a leverage perspective, we're regular way with all of our metrics. In fact, we achieved some of our internal goals a year early inside of the chapter one strategy. Our operations have kicked off robust cash balances. We've had sort of decade records in 2023 and 2024 from a cash generation perspective. As we announced in February, we expanded our credit facility by \$400 million by bringing six new lenders back into the facility. And as we also talked about, we kicked off the share repurchase, but more on that in a second. So much better positioned as we embark on chapter two of the strategy than what David and Joe had to deal with about four years ago.

As I said, things that will not change in chapter two is the commitment to significant shareholder returns. As we talked about, the robust cash generation of the business, Jim mentioned the 10% to 15% CAGR on EBITDA. So across the planning period, not only we will see growth in EBITDA, but I would also expect as the lost projects become a memory for the company that we'll see operating cash flow begin to converge more closely to EBITDA.

So as we discussed in the February earnings call, in the fourth quarter, we achieved \$125 million of share buybacks, based largely on our confidence of where the operations are going to take us and the opportunity created by the down dip in our stock price in the first quarter. We accelerated our plans for 2025, such that we achieved an incremental \$150 million of share repurchase in the first quarter, and we're looking forward in the second quarter to a similar quantum.

Looking ahead across the planning cycle with that higher EBITDA and cash generation, we're expecting to return more than half of the operating cash flow generated back to our shareholders.

Now sitting outside the frame of that, which is all generated from the core operations, we've got the opportunity that the NuScale, our NuScale ownership presents to us. So the way we're thinking about this is we continue to pursue a monetization strategy, and when we realize that strategy, it will allow us to turbocharge the returns that we otherwise are going to generate for our shareholders through the core operations, so complementary to the strategy from the operations.

So this is the first time we're kind of showing this. So I commissioned an analysis not long ago, and it is – although it starts with 2024 ending cash and layers in kind of our expectations for 2025, it is also indicative of the way we're going to think about this across the four-year planning cycle.

So maybe we'll start at 9:00 as you look at the wheel of cash here. And so, under the much more prevalent reimbursable profile of our backlog, we asked ourselves what cash do we need to support the working capital of the business under that reimbursable model as opposed to where we were on the lump sum model? And so we've refreshed our views on what it takes to manage the business under that prism.

Kind of moving around the wheel, we've got the legacy project funding. I think we touched on this in February, but from January 2025 forward, that's about \$225 million remaining to go on those projects. You should be thinking about that as roughly 85% funded in cal 2025, with the balance coming before the middle of 2026. So, it's reflected in our 2025 view but will evaporate as we move into the succeeding years of the strategy.

The next wedge is what we call our acquisitions and contingent needs. So from an acquisition perspective, you will see us retain the asset-light model that we've migrated to. This is going to be about building capabilities, adding head count inside of our target markets, and giving us better avenues into the clients we already serve. Much more bite-sized than maybe what you saw in the last decade, so we're keeping our powder dry from that perspective. We've got a small wedge allocated here for capital expenditures, and that reflects not only what it takes to support the existing scale of the business, but also to accommodate where we want to take the business.

We've got a separate wedge in here as we move around clockwise on the near-term share and debt repurchases. So, this is the 2025 quantum, it's roughly \$300 million of share repurchases and the balance on open market debt repurchases. And where that leaves us by the end of the year, we could potentially have as much as \$1 billion of excess cash to return to our shareholders. So we're in regular discussions with our board about how best to and when to release some of that capital back to the shareholders, so more to come on that. But you should be thinking about it in terms of that top wedge from acquisitions and contingent uses, that as we get certainty to the likelihood of landing some of those acquisitions and as we continue to get resolutions on some of our contingency

positions, and I'm thinking about tax and legal type items, as we get that clarity, it will give us more confidence to invoke the strategy to release some of that cash back to the shareholders. So, again, a meaningful quantum and a rededication of our commitment for shareholder returns.

In terms of driving capital efficiency. Again, this sits in the periphery, but we have over the 2019 and 2020 periods, we generated significant pre – or tax losses in a number of jurisdictions. Since then, we've clawed out of most of those jurisdictions to be profitable, but principally in the US, but to a lesser extent in the UK and the Netherlands we have opportunities to harvest some of those tax attributes which currently are not on our balance sheet. Now, why is this a priority? Well, one, because it's a relatively large asset if we do capture it. Secondly, it will allow us, if we're successful by the end of the planning period, to have a much more predictable, effective tax rate and I'm looking at my analyst friends in terms of the modeling exercise there. And moreover, it'll allow us to further turbocharge the returns that we expect for our shareholders.

So in concluding my section, chapter one was heavy on financial engineering, transactional type stuff. Chapter two is going to be much more about capital deployment. You're going to see us in finance, continue to partner with operations as they rededicate themselves to project delivery. From a cash flow perspective, you're going to see us retain the pursuit principles that served as well. We're going to continue to limit the risk that we have in our backlog. And then the last bit here, we're going to look for opportunities such as automation to turbocharge the operating margins and in doing so, we'll continue to be good stewards of the cap structure and balance the commitment that we've made to our shareholders in terms of returning capital. So very well positioned as we enter chapter two.

And with that, I'll hand it over to the Group President of Urban Solutions, Tony Morgan.

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

Thank you, John. Good morning everyone. I'm Tony Morgan and I've been responsible for Urban Solutions for the last 15 months. And prior to that, I was the group, the business line president for Mining Metals for six years. I was lucky enough to join Fluor in 1990 as a civil engineer and I've been in various roles with Fluor, field engineering, project management, sales and operations in various locations. I've worked for the Fluor in the UK, in Saudi Arabia, in Canada, in Australia, in Chile, and now I'm based in Dallas. And I'm excited to share with you Urban Solutions, strategy for growth.

I'll start by telling you a little bit about Urban Solutions. Over the past two years, we've booked \$20 billion in new awards and last year our revenue was over \$7 billion and our backlog at the end of last year coming into 2025 was over \$17 billion, fair to say that 2024 was a very good year for Urban Solutions. It was built on the performance of the five separate and distinct business lines you see up on the screen here. They're all run independently by great management teams, but they work under the umbrella of Urban Solutions, each driving the tagline of Building a Better World and providing a growth engine for Fluor.

I'd like to just spend a couple of minutes telling you a little bit about each of the businesses before I dive into the growth areas that are going to drive our performance. Advanced technologies and life sciences is active in North America, Europe, India and Asia-Pacific. It's organized by sectors and I will tell you a little bit more about those sectors later on and it performs work under predominantly low risk reimbursable basis.

Mining and metals is active in South America, North America, Africa, Europe, Indonesia and other countries. It's organized by region and again it performs work mainly under a low risk reimbursable basis. Together, these two business lines are responsible for 80% of Urban Solutions and have grown significantly since 2021 and will

continue to grow over the next reporting period to 2028. Briefly touching on the three remaining business lines, infrastructure is a lump sum business with work active in North America and Europe with a focus on simple roads and bridges, primarily in Texas in the future.

Our plant facility services group is a low risk maintenance operation serving clients throughout North America and TRS is also a low risk entity that provides agency personnel throughout the globe, primarily Fluor with 30% of the business serving clients external to Fluor. So now I'm going to tell you a little bit more about our advanced technologies and life sciences business line. As mentioned previously, it's organized into three sectors. Those three sectors are advanced technologies, which serves our tech clients for data centers and semiconductors and advanced manufacturing sector that serves foods and consumables and the life sciences sector that you've heard about from Jennifer before, which focuses on pharmaceuticals and biotechnologies.

Driven by this life sciences sector ATLS today is 4 times as big as it was in 2021. This life sciences sector is working with the largest global pharmaceutical companies to build some of the biggest projects that they have around the world. And I'll tell you a little bit more about that later on. But currently, we have \$15 billion work of TIC under our management. Importantly, you'll see the Lebanon facility later on this afternoon, weather permitting and I'll tell you a little bit more about project again on a future slide. The chart on the slide shows the future potential growth for ATLS with a target bidding market that starts at about \$13 billion and grows by a compound annual growth rate of 32% to nearly \$40 billion by 2028.

This target bidding market has been calculated based upon the CapEx spend from our major clients in the life sciences, advanced technologies and advanced manufacturing sectors and then has been narrowed down to focus on those scopes where we have core competences, the geographies where we want to play and on projects with clients where we feel we can get fair and balanced terms and good margins.

And it's also a factor – of the fact that we'll have improved organizational capability as we grow into these markets. As previously mentioned, at present, much of ATLS's performance is from the life sciences sector. But by 2027 and 2028, we expect that to be a much more balanced portfolio between life sciences and the tech sector. This future balancing will be based upon current project performance and the application of ATLS's unique value proposition that allows us to deliver to our clients the speed to market solutions they need.

Our team of over 3,000 professionals has the technical talent to frame our clients' projects and then we have the engineers and project management professionals that allow us to deliver those projects on time. This is made possible by the application of the best practices we have developed for project execution that are applied at the planning stage and through our execution, is made possible by applying our class leading tools and systems, is made possible through the application of our tailored construction approaches, we can do construction management, we can do direct hire construction using non-union or union labor.

We have a fantastic modulization capabilities. We're good at pre-casting work and we have a very sophisticated advanced workforce planning program and it's also made possible by leveraging our sophisticated global supply chain team that will become more important over the next two or three years.

Now I'd like to just turn to mining and metals. Mining and metals has also grown significantly over the last four years since 2021, and is now twice as big as it was in 2021. But I believe it's still got the capability, capacity and the markets to grow considerably more. And I do point out that mining and metals today is not as large as it was during the supercycle that finished 10 to 15 years ago. So, there's room to move.

The megatrend that's growing this movement in mining and metals is energy transition and urbanization and the demand for coal and critical commodities such as copper. And I'd like to stress that copper is one of our absolute strengths and we're a brand leader in the project execution for copper concentrators. We're responsible for building over 40% of the copper concentrators in Chile and over 50% of the copper concentrators in Peru. And those two countries are two of the three largest copper producers in the world, and combined produce over a third of the world's copper.

You can see on the slide that we have a prospect pipeline of over \$60 billion. That's over several years and includes work on many commodities, copper, gold, iron ore, lithium, fertilizers, steel, aluminum, rare earths and others. You can also see from this slide that the majority of that work is associated with copper and it's associated gold. And we're actually currently studying in-house \$38 billion worth of projects that we think could be released for execution in a shorter timeframe of one to two years.

It's worth noting that we have an excellent track record of converting in-house studies to execution work. This track record is a result of developing and implementing strategies over the past several years that have refined our core competencies so that our value proposition provides the solutions that the clients that we want to deal with, and that's Tier 1 and Tier 2 clients need to execute their work.

Our team of 4,000 M&M professionals engage early with our clients in these in-house studies to define and quantify a robust baseline execution and then with a laser focus on the project outcomes our clients desire, we deliver those projects. Because of our proven track record of delivering projects to our clients, we are the go-to trusted advisor for client as diverse as BHP, Anglo American, Freeport, Ma'aden, FQM, Rio Tinto, Antofagasta Minerals, Teck and many other clients. And this trusted advisor status allows us to capture much repeat business.

I'm now going to go back to Urban Solutions and talk about the core competency of the delivers result, which you'll see matches the core competencies that Jim showed you earlier on; client relationships, technical expertise, global presence, project delivery. Urban Solutions is positioned to grow and execute. We have the markets and the clients to grow and most importantly, our position in those markets will allow us to secure the premium rates for delivering the best teams to these clients and markets. And we have the right tools, systems, technical talent and project professionals to execute the work.

This combination will allow us to deliver sustainable long-term growth for our clients and more importantly, for our shareholders. We are defined ultimately by the projects we built. So, I want to spend a few moments just talking about the projects that we build. I'm excited to show you projects that we are working on or previously recently completed in our main growth markets. Jennifer told you about life sciences and the fantastic Lebanon LP1 project that we're currently working on and that hopefully we'll see this afternoon.

We're really pleased to be working on this project, because it's the largest pharmaceutical project ever built and I'm super excited to tell you now that we've recently received a letter of intent for Lilly's next phase of the Lebanon project, the LP1X Project. This multibillion dollar EPCM award, similar in size to LP1, will be booked in Q1 of this year. Super excited about that, showing confidence that Lilly have in the work that we're currently doing and our future capabilities.

The next project shown here is the Anglo-American copper concentrator built in Southern Peru in the Andes. I'm emphasizing this project to show our ability to deliver on schedule and on budget, complex and logistically challenged projects. This project included 127,000 tonne per day copper concentrator built between sea level and 4,500 meters up in the Andes and included not only the copper concentrate, but 350 kilometers of roads, four

tunnels with 14 kilometers and four dams, a spectacular achievement. The CEO of the facility stated, sets a new benchmark for all future mining projects.

I'd also like to talk about the data center work that we have ongoing in India, which we're finishing successfully and is being commissioned as we speak. This data center work builds upon the work we did for Google in Europe recently and is helping us to leverage into this important market. We've recently signed an MSA with a major tech company to help them use new processes and the modulization technique that repeatable throughout the whole of North America to build multiple data centers.

We're also talking to many of the other data center tech companies about how we can work with them to deliver the projects they can have in a resource constrained market and as we build our portfolio of work and capabilities, we'll be discussing with them the ability to partner with them to provide certainty of results and the resources they're going to need.

And finally, I'd like to just go back to the life sciences sector and mentioned that not only are we working on the Lilly project, but for two of the other major life sciences clients, Novo Nordisk and Fujifilm, we're helping them build their biggest projects as well the M3 Project and the North Star and Milky Way Projects, both in Denmark.

So, with that, I'll sum up by saying that we have a strategy that clearly sets out what we want to grow and how will accomplish this growth. The what involves, consolidating and expanding our brand leadership in copper, iron ore and life sciences and strengthening our offering to the tech sector to secure significant portion of the booming data center and semiconductor markets, all while focusing on early engagement and converting to execution.

The how includes bringing our commercial acumen to business development by chasing the right markets, by working with the right clients and securing the right deals, by continuing the successful delivery of world-class projects and by the employment and deployment of the best project professionals in the industry.

And now, I'd like to hand over to Mike Alexander, who's going to tell you about Energy Solutions.

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

Well, thank you, Tony. And thank you for those in the room here and for those around the globe that are listening on the webcast. We're glad to have you here today. So, let me introduce myself. I'm Mike Alexander. I'm the Group President of Energy Solutions and took over that group in August of last year. I've had the pleasure of working for Fluor for 34 years. Much like Tony and some others within the organization, I've had the pleasure of being able to work on various projects around the globe. The last six years, of course, have been focusing on operations. Prior to this role as the business line President for our Chemicals Business segment and then I'll frame my other 28 years, if you will, of business focused on leading projects for Fluor and executing projects really across the various business segments, primarily in the energy and chemicals space.

I'm going to talk today a little bit about the focus for the Energy Solutions group and specifically the three business lines that are represented within the Energy Solutions business segment. Those three business lines are production and fuels, chemicals and LNG and power. I'll spend more time talking about the key markets in the next slides, but I do want to spend a little bit of time giving you the overview of where we stand.

The production in fuels group, which is primarily focused on traditional refining as well as low carbon energy production, such as areas of renewable fuels and sustainable aviation fuels as well as carbon capture, which many of you know, we do have our own technology, the economy and technology which is able to be deployed

not only on production and fuels areas, but other adjacent markets as well. The chemicals group that we have, obviously, focuses on some key areas and as I said, I'm going to dive into a little more detail into that on the next slide.

And LNG and power, which everybody is familiar with, obviously includes some of the larger projects that we've executed and then the growth markets, the power, which I'll talk a little bit more around that. But I will say that the underpinning is that we do see significant growth in the power sector with us really focusing on some of the core competencies and leading position that we've had in the chemicals industry over the last number of years as well.

As we dive into the chemicals sector, which obviously I ran prior to this role. This is an area which we can say includes really four main streams, if you will, in that particular market. First, the base chemicals market, which our primary focus has been in really what I would say, the ethylene and the propylene envelopes, which includes the associated derivatives in those particular markets. As those that know the industry, they understand that those are pretty significant elements, if you will, of the overall chemical industry.

The second area is around specialty chemicals, which includes more of the downstream type chemical markets that we have, which includes things that are more consumer facing around those key products and those products that we all see every single day in our individual lives, as well as support automotive industries as we look at newer and dynamic elements of chemicals for that area.

The third area, which is really focused more on the green, the energy transition, the energy addition area, which you've heard about here, really focuses on that green and sustainable chemical side of things, which covers a couple of key areas which we've certainly been involved with over the last number of years. The battery chemical side of things, which again are part of that overall battery chemical or battery string that we have across the entire value chain, but we've been focused on various elements there, which includes the [ph] chem (01:02:06) markets, that includes some of the separators and other things like that, that go into the battery assemblies downstream.

In addition, within the green and sustainable areas, it includes areas that we have been focused on around chemicals recycling, which those that are very, very familiar understand that that is a key dynamic, if you will, when we look at the polymer industry. And we've been actively engaged in products and I know many of us have water bottles in front of you in the PET sector, but being able to take those, break them back down into the base chemical, if you will, that's required, and then be able to utilize that for really value-added products as we go forward.

The fourth area is really focused on the sustaining capital project side of things which for those that are familiar, understand that's inside of the fence line, supporting capital programs that are required for our key clients, but that allows good baseload work for us to be able to support not only those clients, but as they look at future investments that they have within their plant facilities that we're in position to be able to support them.

The one thing that I will say about the chemicals market, and again, this is an evolutionary market. It is cyclical, as everybody knows, but what we are seeing is that all four of these particular segments are really blending together for more of a sustainable future, if you will, and how we're really trying to drive a more clean energy and clean chemical focus. One very, very specific example, which is near and dear to my heart, if you will, is the work that we're doing for Dow Chemical for the Path2Zero program in Fort Saskatchewan.

That's a good example [indiscernible] (01:03:43) base chemical project or is this is a sustainable or energy transition? The answer is yes to both. In that particular case, that project, when completed, will be the first net zero ethylene complex and derivative unit on the globe. And I will say that it is changing the energy market, if you

will, in the chemicals market. A lot of people are watching that. We are responsible for two of the major scopes of that facility. So, it is an exciting time for us, not only in the execution side, as we're now in the EPCM phase of that particular, but also the industry as a whole.

We believe Fluor has been positioned and certainly in a strong position around the chemicals industry. We do have steady growth in that area. As I mentioned, of course there is a cyclical to the chemical industry. We've been in this business for a long, long time from that standpoint, we understand cycles that are there and part of our value proposition is, how we're with clients early, anywhere from the feasibility stage to the feed, to ultimately EPCM commissioning and turnover, if you will, of those assets. Part of our business is really built on good client relationships, ones that we have repeat business across the horizon, and I'll talk about that a little bit more in a summary slide later on. And it is a highly reimbursable market for us.

Pivoting over to our power side of things, we really see two specific components to power. First, which is more near-term and we're defining near-term as the next three to five years. We do see an emphasis on growth in the gas-fired power industry. Now, as Tony has mentioned, obviously, and others, there is obviously a huge demand in the data center segments. Again, with Energy Solutions supporting our Urban Solutions side and clients in that particular space, it is important that we continue to drive that and obviously gas-fired facilities are deployable in a very, very near-term aspect.

Having said that, part of the gas-fired component is also how we couple carbon capture with that as well to provide that neutrality that a lot of people are looking with, which is where we do see tangentially from what is traditionally been more of the production and fuel side on the carbon capture side, but that deployability across into the power industry as well as even in the cement industry, we're seeing that as well.

The second area, of course, is really focused on the nuclear energy, which is obviously a longer term play in the overall scope of things. And you can see on the slide there, that's the next 5 to 10 years. We are positioned well in that particular space as we look at those EPC opportunities. But right now we're really focused on what our front-end activities in two specific elements, the SMR space as well as the conventional nuclear power space as well.

As many of you know and we've noted in other earnings calls that we are working on the front-end engineering and design for power in Romania, which is obviously using the NuScale technology as well as the conventional nuclear side of things with Cernavoda 3 and 4, again with its early stages of the feed elements there. I will say that one of the things that we have had within Energy Solutions is being more technology neutral. So, we are looking at how we can expand technology offerings, if you will, across the broad spectrum of SMR technologies that are there. And we are having ongoing conversations with multiple technology providers about those potential projects.

If I pivot just for a second over and I mentioned in my opening comments that I'm a project director by heart. I'm a business leader, but ultimately a project director. So, project delivery is something that is near and dear to my heart. And to make no mistake, and Jim mentioned this, we are a project delivery company. That's what defines us as a group.

So, I want to highlight three specific projects and then underpin about what we're trying to do within the Energy Solutions group. First is the BASF Golden Island project that we're doing in China. That is a huge facility. When that facility is completed this year, this will actually be BASF's third largest Verbund site across their entire asset base. Fluor is responsible for two of the main scopes for that particular project and we've been involved really from the early stages of that project, now obviously in the field and I've had the opportunity to be at that site as well as Jim as we visited a site previously.

Those two specific scopes include the IOU or the infrastructure, offsites and utilities. And the second main scope is the EO/EG, which is the ethylene oxide and ethylene glycol facility, which is a highly complex facility within the main Verbund site. Specifically, those particular scopes that we've had, we've executed over 62 million hours safely without lost time incident, which is an incredible feat when you look at the size and complexity of that facility. We are on target to deliver those facilities for the client during 2025 in the various phases of the handover that is required. So, the team's doing a phenomenal job on that project.

The second project that I'll highlight, which is also being completed in China, is the Albemarle Meishan facility. That's a lithium conversion project, which is really for the battery sector, which was producing lithium hydroxide. This is a project that our client was really focused on time to market. In that particular case, we were able to execute that project from feed – the start of feed to mechanical completion within 28 months. That obviously set significant records both for the client as well as ourselves in being able to deliver the project. That project we delivered with over 17 million safe work hours, again, without a lost time incident.

And this particular project, which I'm ultimately proud about as an ex-project director is, this project won the ENR 2024 Global Best Project for the power and industrial sector. So, to be recognized on an international stage for our project delivery was really key. And I can say, from my past experience, I was a 2017 recipient of that when we did the Dow Project for Gulfstream and Freeport. So, it's a major accomplishment for our team.

The third project is, of course, LNG Canada, which many of you are very aware of. And as you know, this is the largest private energy investment project in Canadian history. We are on target to meet the objectives of finishing that project. We're in the last stages of that particular project, both for Train 1 and Train 2, but on target to be able to deliver that so that the client can have their first LNG shipment in mid-2025 as they publicly announced as well.

As far as being an industry leader on project execution delivery, it really comes down to project delivery certainty, meeting or exceeding our as-sold profitability. As a project director, that is your litmus test, if you will, of what you're delivering for the project. And then the other area is really instilling what we're calling a project driven value-added culture team aspect, really working with our clients.

To wrap up and talk a little bit about kind of the what and the how around our strategy, I really want to focus on three specific areas. One is around delivering our projects with certainty and excellence. That is really what is our marker, how do we have consistent delivery for our projects. If we're able to do that, as everybody knows, you have the ability to have repeat business in the future by delivering consistent projects for our clients.

The second area is actively being engaged with our clients, early as they're talking about the conceptual phase of things and then working through that project objective. And what we found on those three particular projects that I've highlighted, getting aligned early with the client and being engaged throughout that process, we're able to match not only the project delivery expectations but the business drivers that our clients have.

Points one and two go hand-in-hand, right. Good client relationships, our ability to execute creates that repeat business. The third area is really about developing our next generation of project leaders. I can say for myself, and I think most of our leadership within the Fluor team can say, we are all products of the development that we've had over years. And so as we pass the craft forward and we focus on really developing the next generation of project leaders, it is important that we are helping folks and have the knowledge transfer and the expertise to be able to deliver highly complex projects for our clients across the spectrum.

So with that, I thank you guys for your time today. And I'm going to turn it over to Al Collins, who's a Group President of our Mission Solutions group.

Alvin C. Collins

Group President-Mission Solutions, Fluor Corp.

Good morning. My name is Al Collins. It's great to be with you here today. By way of quick introduction, I've been with Fluor for just over 30 years in a variety of roles, both domestically and abroad in project execution, operations, and business development. I joined the Fluor management team in January of 2021, when David Constable rejoined as Chairman and CEO and reorganized the leadership team. From that time, I've been leading a group called Corporate Development and Sustainability, which includes sales and marketing, corporate strategy, M&A, and government relations.

I'm also on the board of NuScale, the small modular reactor technology company. As of March 1, just over a month ago, I've taken over from Tom D'Agostino to lead our Mission Solutions group. Tom leaves very big shoes to fill. He's led the organization for seven years and experienced tremendous year-over-year growth during that time. Fortunately, Tom has been very generous with his time, and he and I have been joined at the hip the last eight weeks or so, visiting our project teams, our clients, our partners, and it's really been eye-opening for me to get to see firsthand just how important and impressive the work we do in this business is.

We serve mission-critical needs for the US government, and we support our allies, and we have an incredible team around the world, supporting our clients and their needs. I'm honored to be joining the team and look forward to sharing with you more about our markets and strategies.

We'll start at a high level. In broad terms, within Mission Solutions, we really focus on four key areas of security: national security; energy security, emergency security, and environmental security. And in these areas, the government is required to make some major investments to address modernizing aging infrastructure, to incorporate advanced technologies, to drive innovation, and to drive operational efficiency into their projects and services.

So if you track the news, there's obviously a lot of talk about different shifts in administration's policy and focus, but in these four key areas, these are, again, mission-critical needs that generally have bipartisan support, which provides a layer of insulation from big swings in spending allocations. So we want to stay in these four swim-lanes, where we can continue to provide essential support for the government clients.

One other note I'd like to point out, and it's a little bit different from the other businesses, energy and urban, within Mission Solutions, our contracts tend to have very long-term durations. Think 5 years, 10 years, even 20 years is quite common in this space and we're well-positioned to stay on these contracts through extensions, because of our strong track record of performance. Here, this provides obviously great stability and predictability for our business.

So to address these markets and you can see it on the slide, we're organized into two business lines, nuclear and environmental and national security, we'll dive more into these in just a bit. But at a high level, within nuclear and environmental, which is really the foundation of our business, we've been supporting the DOE, Department of Energy; and NNSA, National Nuclear Security Administration, at their various projects and sites and labs for over 80 years. We have a long track record here. We provide project management services, we provide technical expertise in environmental remediation, waste management, nuclear security, nuclear operations. Again, long track record here, and we have a robust pipeline to continue to be a strong player in this market.

In the highlighted box, you can see our growth areas, and we're particularly focused on what we see as a significant wave of capital projects, EPCM projects to build out, again, nuclear production capability and nuclear fuels and we'll talk more about that. We also want to expand on our long, successful track record with FEMA and to other civil agencies.

Turning to national security, and this is where we see more opportunity in this business for scalable growth, where we can diversify and add resiliency to our business and really complement the strength that we have in nuclear and environmental. And in this business, similar to N&E, we have a strong foundation that we're starting from, providing logistics services and base operations O&M type work for our clients.

We want to expand when we think about growth into adjacent markets, working with doing more for existing clients and addressing new clients, providing technical services that will allow us to move up the value chain and deliver higher margins.

So with that, let's dive a little deeper into the N&E market. Under the administration, we continue to see alignment on a healthy baseload of spending to support really what are multi-decade commitments to address Cold War legacy cleanup efforts. We have a deep resume in this space going back to Fernald in the 1990s. For the NNSA, Secretary Wright was very clear, if you were able to hear his – or read his first secretarial order back from early February, and I'll just quote him from that announcement. He mentioned that we urgently need to modernize the nation's nuclear weapons systems, and we need to steward and strengthen our weapon stockpiles. So with that clear focus, that clear priority, we expect funding in the NNSA to remain stable and likely increase during this administration to fortify the support infrastructure for our nuclear programs.

I want to spend just a minute on the last two bullets there, starting with domestic fuel, and I mentioned that earlier. This includes enriching uranium and de-converting uranium hexafluoride gas, so it can be made into reactor fuel for commercial purposes, for power, and also for national security purposes. Today, the US relies on foreign sources for over 70% of its enriched uranium. And of that, Russia is the largest single provider, providing 30% of enrichment services for domestic fuel.

If you think about the additional power demand that all of our groups have been referring to, to support AI and data centers and other power-intensive industries, nuclear simply has to factor in to this solution. And for that, we simply have to have a reliable source of fuel. So to address that, the DOE has announced and allocated \$8 billion of funding to support various streams of build-out of domestic fuel capability. And that covers LEU, low-enriched uranium; HALEU, high-assay, low-enriched uranium; highly-enriched uranium and the de-conversion. And we've been successful securing initial contracts on each of those scopes with industry-leading technology providers to position for the eventual wave of EPCM projects that will follow, as soon as the administration starts to release that funding. Again, we're well-positioned in this space.

With respect to natural disasters, we've maintained a strong relationship with FEMA for many years, and we're proud of the relief efforts we've provided. There's been a lot of questioning in the media about the role of FEMA going forward, and we don't have the answers today, but we do know the statistics. And if you track the major events, the billion-dollar events that require quite some funding to address, back in the 80s, there were four to five of these types of events each year.

If you fast forward to current times in 2023, there were 28 of those events in that year. Last year, 2024, there were 27 events, very similar. So the trend is clear. The events are happening and the communities will need support for relief efforts. And whether that's at the national level through FEMA, or decentralized into the states or some

hybrid, we have the experience and expertise to service those needs and we will continue to be a strong player in that market.

I'll now turn to the focus areas for N&E, and you'll see a consistent theme in the business lines we look to sustain, strengthen, and expand our markets. So for N&E, which is again the largest part of our business, sustaining means continuing to build out our base of business with the DOE Office of Environmental Management. In the liquid waste space, we're on tank cleanup contracts at Savannah River and at Hanford, so we're covering both coasts.

In the D&D space, deactivation and decommissioning, we're active on contracts at Portsmouth and Paducah. Now until you see these sites, it's hard to imagine the scale of these projects. But these are massive projects, long-term projects, where we have deep knowledge and expertise, and we're well-positioned to stay on those contracts and help the government drive those projects to completion.

Number two, as we mentioned earlier, we have a strong relationship with the NNSA, and we plan to strengthen that. The NNSA has been public with their enterprise blueprint to build out production capability and modernize and replenish weapon stockpiles. It's a 25-year plan. It includes over 50 projects with over \$65 billion of investment. Today, as you can see on the slide, we're active on several of those programs at Pantex, at Naval Reactors and at Savannah River on the plutonium processing facility. This is a project of vital importance for the country. The objective is to build out, at completion 50 plutonium pits per year and this is a key priority for Secretary Wright.

And finally, we want to expand into adjacent nuclear markets. We talked earlier about domestic fuel capacity. This is an area where we can leverage Fluor's EPC legacy and strengths and provide those services for the government sector. And we're also looking to expand into additional civil agencies. Again, I mentioned we're strong today with FEMA and we're highly focused on other civil agencies, primarily those focused on research thing, medical research, scientific research, again, where we can apply our technical expertise to these government clients.

So, with that I'll turn to national security. This is an area, again, that has strong bipartisan support. National security is clearly important both domestically and abroad and the administration's been very clear of the intent to maintain a modern, strong and powerful military capability. This is going to require investments which plays to our strengths. Again, we have the EPC capability and we have the proven track record with the ability to operate and maintain critical facilities to support national security.

We had one recent example last year with a 12-year multibillion dollar Test Operations and Sustainment contract for the US Air Force, that's given us a lot of momentum to continue moving up the value chain with the Defense Department. So, overall spending in this space tends to average for those projects that we're focused on, \$35 billion to \$40 billion per year. So, it's a massive market. Today, we're only participating in a fraction of that spend and with the strategies and the team we have in place, we're confident we can begin to capture more and more of that market.

Turning to the focus areas, again, you see the themes sustain, strengthen and expand. For this business, sustain means continuing to service the DoD in particular, you're familiar with the work we've done under LOGCAP in Afghanistan supporting our troops. Today, we're active in Africa, doing the same. And for the intelligence community, we provide base operations support, basic O&M type services. And for the Air Force, I should have mentioned under DoD, we're also building out runways in many locations. So, very important and a strong

foundation as we again look to expand into adjacent markets, addressing different spending pools and moving into higher value, higher margin work.

And some of the areas in that space that we're excited about, we'll talk about data centers for the intelligence community. Here we want to build on our past performance and experience, we've been active on projects like the Utah Data Center that you may be familiar with for over 10 years. And here we provide – I want to be clear, this is not EPC work for data centers. That's more Tony Morgan's space in Urban Solutions. We provide O&M services for data centers in Mission Solutions, but it's not your routine O&M. This is O&M for critical facilities that have to be on 100% of the time. So, think about the power needs, the HVAC needs, the redundancies and the backup systems that have to be in place. We have to monitor those and manage and maintain those 24/7. So, very important work and we'll look to build out that capability.

For Range services, I talked about the TOS contract earlier. Again, this is a 12-year contract. We're in a joint venture with a company called Astrion, supporting the Air Force with very technical, specialized testing services to drive innovation and develop the next generation of defense equipment. So, think about wind tunnels, hypersonic testing, materials testing under extreme conditions, very technical work, and again, plays to our strength.

One final example, with the growing geopolitical tensions around the world, there's an increased focus on like-minded allies joining forces to prevent threats. And for America, in particular, that involves addressing the threats far beyond our shores and as far away from the American public as we can. You can see one example of recent success in the lower right corner. Today, we're providing O&M services for a terrorist screening center for one of the federal law enforcement agencies. So, an important contract for us. This type of work requires global reach and special technical skills, again, playing to our strengths.

I'll now turn to project delivery and just as you've heard from the other groups, within Mission Solutions, we're highly focused on driving a culture of project delivery and execution excellence. In this business, winning always comes down to key personnel and past performance, so we simply have to deliver and we're doing that. We talked about the increased portfolio of projects that we see coming, and again, this plays to our strengths. One of the benefits we have, if you think about some of the competitors and peers in this space, they almost exclusively focus on government contracts, government clients.

For Fluor, we have the advantage of not only being a strong player in the space, but we also have the reach back into Energy Solutions, Urban Solutions to draw on resources, to draw on practices, procedures, tools to be able to deliver projects and deliver them with higher degree of confidence and certainty of outcome, which is a key differentiator for us and a capability that our clients are very excited about.

So, the three projects you see on the slide here, starting with Savannah River, this is a management and operations contract. We've been in a JV, leading this site since 2008. So, again long-term presence. Today, we're managing multiple projects like surplus plutonium disposition, which is important to the State of South Carolina and the SRPPF project, which we talked about earlier.

For strategic petroleum reserve, here we're supporting various projects across four sites to replenish the nation's oil and storage reserves. This is clearly in line with the objectives of the administration and Secretary Wright. And the last project Ascension Island, this is a very strategic runway that we rebuilt for the Air Force out in the South Atlantic. More recently, we were awarded another runway rebuild project on Tinian Island in the Pacific. And again, the Air Force has identified literally thousands of runways that need to be rebuilt and we're well-positioned, giving our strength and ability to provide logistics services for these remote locations.

Last point on this slide, and as noted at the bottom, within our business, the vast majority of our contracts are reimbursable. Think, high-90s percent reimbursable. They're still complex, they're large, they're in remote locations and they have critical technical requirements. But this commercial model does give us a high degree of predictability in our earning streams.

So, to close and we've covered most of this, our strategy in Mission Solutions is underpinned by our long history and proven performance in the nuclear and environmental space, primarily with the DOE, Office of Environmental Management and NNSA. In national security, that's with the DoD and providing O&M type services for the intelligence community. Today, we have the plans and the team in place to again expand into adjacent markets and move up the value chain, doing more for existing customers and addressing new customers.

And I'll just close with the banner at the bottom, People, Projects and Pride. In this business, it has been and remains and it's always been about the amazing team of people we have deployed around the world, servicing our clients in their very important projects. And coming back to the opening focus areas that I mentioned around national security, energy security, environmental security and emergency security, these are all mission critical of the country and Fluor is proud to play a role serving those who serve and supporting these critical missions.

So, with that, I'll turn it back over to Jim Breuer for some closing remarks. Jim?

James R. Breuer

Chief Operating Officer, Fluor Corp.

Thank you, Al. I hope you found those presentations informative. And as a recap to today's presentation, let me hit on the summary points and also share with you a few additional thoughts. First, we're well-positioned to launch the next chapter of our strategy. Thanks to the great work done in the last four years. Our company is financially sound and prepared to capitalize on the growth markets in front of us.

Second, megatrends are driving capital spend in our business. We're closely tracking and pursuing opportunities in growth areas supported by underlying social, geopolitical and technological trends that we anticipate will continue for years to come. And as you heard from the business segments, we have opportunities in multiple markets. And this is one of the great values of Fluor, I think. We have the ability to address a wide array of markets which allows us to move forward and grow even as individual markets go through cycles.

Third, our business segments are focused on capturing near-term and long-term opportunities in these markets. Through our core competencies, we have unique capabilities to deliver projects for our clients. Later today, many of us are going to visit a project site as just one example of the things we can do for our clients. We are very proud to give you a tour of this Lilly project and excited about the long-term with this important customer.

Fourth, we're laser focused on project delivery, ensuring that we continue to develop our skill set and our value proposition to our clients, making our workforce more flexible and adaptable, and advancing our tools and work processes. Now, with regards to risk profile, we'll continue to favor reimbursable work and selectively pursue lump sum or hybrid contracts where we have a proven track record and where we can negotiate a fair and balanced deal.

Fifth, we're committed to returning value to our shareholders. We'll continue maintaining a strong balance sheet and focus on generating earnings and cash flow. And we're targeting, as John said, a return of over 50% of our operating cash flow to shareholders.

A few additional concluding thoughts. Our strategy is simple, grow and execute. It's guided by our strategic priorities, each one tied to clear targets. We've communicated this strategy to entire Fluor organization and they are highly motivated, aligned and eager to implement this next chapter. Finally, we have a highly experienced, energized senior management team driving this strategy forward. A team with an average Fluor tenure of 27 years and who understands the industry and the company well.

And on behalf that team, I want to thank you for your support and your interest in Fluor. And with that, we're going to move to the Q&A session. I think we're going to – Jason, we're going to set up.

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

Just give us one second. We'll get the chairs up here and I ask the Group Presidents to step up.

James R. Breuer

Chief Operating Officer, Fluor Corp.

Yeah.

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

Just one second. Yes.

James R. Breuer

Chief Operating Officer, Fluor Corp.

And you, John.

QUESTION AND ANSWER SECTION

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

A

Okay, great. So, for the Q&A, I just ask, one question and one follow up. [ph] Deon (01:35:39) will hand you the microphone and if you could just state your name and firm for the webcast. Thanks.

Jamie Cook

Analyst, Truist Securities, Inc.

Q

Thank you. Sorry. Jamie Cook, Truist Securities. I guess my first question. Obviously, cash flow seems to be a very positive story for Fluor through 2028. As you're thinking about 50% of cash going back to shareholders, I guess, how do you think about share repurchase in the sense that should we view – are you going to be opportunistic in terms of like how you think the stock is valued or are we going to assume you'll just buy back the stock sort of every year? Just trying to understand, do you have an intrinsic value when you're thinking about Fluor stock given like the multiple is trading at relative to the peers, which is a pretty big discount. So, I'm just wondering, obviously, you're implying the stock is cheap, because you said, you bought back \$150 million the first quarter and you're – but just the intrinsic value of Fluor stock, how you're thinking about that?

And then my second question just on Energy Solutions. Obviously, the big story today is Fluor's commitment to reimbursable back to work, right. Just trying to understand how that impacts your business like outside LNGC, which would be fixed price, just your customers' appetite for reimbursable and what that means for ES in terms of is it smaller over the next couple of years? Thanks [indiscernible] (01:36:56).

James R. Breuer

Chief Operating Officer, Fluor Corp.

A

Yeah. I'll tackle the share. So, generally speaking, I think our share repurchase program has a more programmatic tinge to it. So, as we see opportunities, like, we saw in Q1, will accelerate. As we get more certainty around what some of the contingent needs are, we'll be in discussions with the board about how to bring forward some of that additional buying opportunity. Sensitive to – I don't want to show you my math on how I think about intrinsic value, but generally speaking, I will say I acknowledge the point that you raise on where our stock trades maybe some of our peers. And so, we certainly see the more near-term opportunities in the return of capital space on share repurchase. And then as we say, we'll perhaps open up the aperture later in the planning cycle on other ways to return capital.

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

All right. Thanks, Jamie for the question. And so, from an Energy Solutions standpoint, and when we look at reimbursable versus lump sum versus hybrids, I would say that obviously, we've had lots of conversations with our clients about our risk profiles. As I mentioned in my comments, obviously, chemicals is pretty much a reimbursable market. Production and fuels, I would say, has more reimbursability inside of that. But there are discussions that we have early on that says, look, who's best to handle the risk profile, if you will, related to hybrids and other things like that.

And then, obviously, the LNG and power base, there's discussions. LNG, obviously, is primarily a lump sum business, as you're aware of. But then when we talk about power, a lot of our discussions that we've been having

with our client base at this particular point is really talking about how we have a better balance in that particular case, which includes more reimbursability in that space as well. Thank you.

Andrew John Wittmann

Analyst, Robert W. Baird & Co., Inc.

Q

Hi. Andy Wittmann from Baird. It's undeniable when David took over and where the company was and where it's today in much firmer footing, it's so clear the reimbursable is so clear. Since the company has been on firmer footing, you've set out financial targets on your EBITDA over the years. I think about a year ago you mentioned that you're running about a year behind plan on that EBITDA target. And then, today with the 10% to 15% EBITDA CAGR through 2025, it basically implies it's another year behind by my math. At the midpoint of 2028, you wind up around \$900 million of EBITDA, which was previously thought to be kind of the 2027 target.

So, I guess my question is, what's changing? What's coming out slower than you expected? One of the things that stuck out to me today was that the data center wasn't really [indiscernible] (01:39:40) ramp. You're not expecting it to ramp more materially until 2027. Is that one of the factors or are there others that we should be considering in terms of how the earnings growth is developing?

James R. Breuer

Chief Operating Officer, Fluor Corp.

A

Well, thank you, Andy. Let me start the question and I'll pass it on to John and maybe the business group can also comment. So, yeah, our target is 10% to 15% EBITDA growth. We want to make sure we grow the company, but we grow it in a way that it's controlled and measured and still following our pursuit principles. I think we've gone away from the projections that we did a couple years ago. It's over. This is our new projection going forward. There were several feeds that we were working on in Energy Solutions in the last couple of years that have pushed out. If you look at the energy transition work and the level of enthusiasm that was in energy transition a couple of years, that hasn't really materialized for a variety of reasons economic, technological and so on.

And so, again, the 10% and 15%, we feel very strongly about that. There's good prospects, good market opportunities to support that. If the opportunities are there at the right profile, we can put together strong teams to execute the work. We'll go after the work, but we want to make sure we do it in a control and managed way that we can absolutely deliver on those projects. John, any additional on the numbers?

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

A

Yeah, sure. I think your math on the midpoint is pretty spot on. I think relative to – are we two years behind, I think it's just a different race we're running today for a lot of the things that that Jim talked about. So, the discipline, the people side of it, getting the right assets inside the Fluor umbrella, all of those things are feeding into just the refreshed view that you're seeing today. And I think the comparison to what we said four years ago versus – it's a bit of a [indiscernible] (01:41:50) forward and this is the new look forward.

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

A

And if you want me to address the data center side of things, I don't think the data center market is slower coming to Fluor than we anticipated. I think it takes a while to into sectors like the data center sector, and we're doing a really good job of that and we're making good relationships with the clients, we're doing good work. So, I think what's happened from Urban Solutions of view is that some of the other parts of the Urban Solutions that might be

moved out a little bit further, maybe copper production hasn't spurred the copper projects and we were expecting to get two or three years ago, and that's had a bigger impact than our ramp up in the data center sector.

Andrew Kaplowitz

Analyst, Citigroup Global Markets, Inc.

Q

Hey, guys. Andy Kaplowitz from Citigroup. So, given its liberation day to day, how should we think about Fluor's ability to navigate the current environment? And I think you announced Lilly Phase 2 today, so that's really help you make your book-to-bill guidance for the year. So, when I think about that versus the \$90 billion to \$110 billion, is it kind of proportional? Could you do that \$25 billion this year, or like, how do we think about – or is it, to Andy's point, data centers are at \$27 billion, so it ramps up from this year?

James R. Breuer

Chief Operating Officer, Fluor Corp.

A

Thank you for the question, Andy. So, yeah, let me start with tariffs. So, the tariff topic for us has multiple dimensions. First, on the internal side, most our backlog in the US is reimbursable with the exception of infrastructure, which is lump sum. And infrastructure has a Buy America component to it. So, short-term direct impact on us is fairly limited on tariffs. Of course, the bigger question is the indirect impact of these tariffs on the markets and our clients' decisions and so on and so forth.

The clients are watching tariffs very carefully. It's a developing story, as we all know and so the true impacts are yet to be the quantity – the quantum of the true impacts are yet to be determined. But it's an important topic. So, we're watching it very carefully. We're working with our clients, both on current backlog, but also on our key prospects. And oftentimes these key prospects, we're already on the project doing front-end work, supporting the clients towards our FID decisions.

We're working them closely through our supply chain expertise to look at which components of the projects are going to be affected, how they're going to be affected, and the indirect impact on even domestic supply as you – I'm sure everyone knows here, as the price of imported goods comes up, almost instantaneously the price of domestic goods also goes up. And so, we're developing a suite of mitigation strategies depending on the project, depending on the commodity on how to mitigate these impacts on our projects, both current projects and future projects.

Anything the business group leaders would like to add on that?

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

A

Yeah, maybe on the tariff side of things, I think there's two ways that I look at it. The first is, what's the driver for the project and the clients' mindset? And the reason I asked myself that question is, if we're dealing with a time to market project like a life sciences project or a data center project, I think the likelihood of the tariffs derailing those projects is limited. But if we're talking about projects that have less robust commercials for the client, I think the uncertainty around the tariffs may make them pause their investment decisions.

They may continue on with the engineering work, which will hopefully give us a lot better chance to continue to progress the projects and actually provide the client with more security as we get more further into the engineering before they made their financial investment decision. But I think they may actually ultimately delay some of their decisions based upon the uncertainty. But I don't know exactly what's going to happen today, and I

don't think our clients do either. So, we're just watching it very carefully. But time to market projects I think will be least impacted and we have a lot of those in our backlog and in our prospects list.

Andrew Kaplowitz

Analyst, Citigroup Global Markets, Inc.

Q

Got it. But just to be clear, John, you're reiterating guidance of book-to-bill. I think you said way over 1 this year, as we sit here today, right?

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

A

Yeah, we said well above 1.

Andrew Kaplowitz

Analyst, Citigroup Global Markets, Inc.

Q

Well above 1. Sorry.

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

A

Yeah. So, again, I don't think we saw anything through this exercise that causes us to pivot away from that same guidance.

Andrew Kaplowitz

Analyst, Citigroup Global Markets, Inc.

Q

And John, one other follow up like, so you talked about \$1 billion of excess cash, I think, by the end of this year, right. Is that...

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

A

Potentially, yeah. If the plans for 2025 come together, the way we're expecting...

Andrew Kaplowitz

Analyst, Citigroup Global Markets, Inc.

Q

I'm just asking, Jamie and Andy's question a different way, why wouldn't you give us an EPS growth guidance? I know tax is all over the place, maybe that's why. But you could buyback 10% plus of your stock, if you want to – like, so shouldn't growth higher than 10% to 15% EBITDA and EPS, if tax were consistent?

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

A

Well, again – so what I was attempting to do is to crystallize objective to demystify what's happening in the tax rate, so that we can get to that state of nirvana. But there's a lot of plunk. It isn't as simple as US profits come on US projects. The profitability from a tax perspective comes how you deploy the engineering, how you deploy the services and where that's generated. So, it isn't as simple as where's the project and does that feed into it. So, it requires a little more delicacy in harvesting those assets.

James R. Breuer

Chief Operating Officer, Fluor Corp.

A

Let me give you an example on the – I think, Tony, on the pharma job, mega project, we have people working in that job in US, Canada, Philippines, India...

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

A

And Poland.

James R. Breuer

Chief Operating Officer, Fluor Corp.

A

...and Poland, to your point. And that's kind of the way we do things on these very large projects. We leverage the whole suite of resources which has that consequence that you're talking about.

Steven Fisher

Analyst, UBS Securities LLC

Q

Thanks. Steve Fisher, UBS. Wanted to just ask you to sort of reconcile a little bit the concepts of grow and execute and how you approach that in terms of your customer base and being more partners with your customers versus needing to be more transactional. It seems like a lot of the objectives you have good execution, focus on project delivery, better terms and conditions. That would lend itself to kind of really being partners with your customers. But the grow part, I'm wondering, do you have enough runway with the existing customer base to really allow that growth to happen or do you need to be more transactional and sort of push the risk terms a little bit to achieve that growth of the objectives?

James R. Breuer

Chief Operating Officer, Fluor Corp.

A

Thank you, Steve. Let me start and then I'll ask the group to supplement. We prefer relationships to transactions. That's a clear statement. If you look at Energy Solutions, if you look at Urban Solutions, if you look at Mission Solutions, a lot of the growth is with existing clients. We do want to diversify to additional client. For example, in data centers, we were actively adding and talking to new clients. In power, we're talking to lot of new clients of today, but we used to work for those clients in the past. So, it's going to be a combination.

Instead of saying, old clients versus new clients, Steve, the way I would say it is, we want to get involved with projects early in the front-end, help the clients get to an FID decision and then execute the work. And depending on the location and the type of project that execute phase may have different flavors for us. But I don't think the two dimensions are mutually exclusive. I think we want to focus on client relationships. We want to focus on client relationship, we want to focus on repeat business to the greatest extent possible. But we're obviously open to bringing in new clients as long as they value the value proposition that we put forward in terms of this getting early on projects and staying until the end. Guys?

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

Yeah. I'll just add a little bit to that. And I know I mentioned in my remarks about repeat business and obviously be a next project director, it's pretty important. The one thing that we found is even though we have a pretty strong client base within Energy Solutions, what we found is, when we are executing these projects and I'll talk specifically in the battery chain side of things that we execute a project for a client. The project may not be exactly

the same, but what we found is that there are other clients that says, I'm noticing that you're able to execute that particular project. Can you help me replicate that?

And the example on the Meishan project that we did in Albemarle in China, that was time to market. It was about how we set the strategies early and had that conversation. And some of that comes with minimum kit, right, to make sure that it is time to market, you're not gold plating a lot of things. Tangentially, with some other clients in that particular space, we've had some of the same conversations, maybe not long runways with them, but being able to have that how you frame the execution strategy to help them achieve their objective. And by doing that, again, we can have more reasonable conversations about the risk profiles that are needed for that. And ultimately putting the projects as the centroid, right. It's not an us versus them, it's us together delivering that project collectively.

Steven Fisher

Analyst, UBS Securities LLC

Q

I guess my follow up, I have to ask this – sorry, do we have the microphone? Yeah. I just have to ask the follow-up question about NuScale and how your confidence is changing, that you'll be able to monetize that transaction. And I guess, I won't put a specific timeframe in the question, but just how is the confidence changing and being able to monetize that?

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

Well, what doesn't change is the priority to capture that value and deliver back to our shareholders. So that remains constant in terms of how the negotiations are going, we said we're not going to negotiate in public and I'll say the discussions continue. And when I have something to tell you, Steve, you'll be among the first to know.

Steven Fisher

Analyst, UBS Securities LLC

Q

Thank you.

Michael S. Dudas

Analyst, Vertical Research Partners LLC

Q

Good morning. Mike Dudas with Vertical Research Partners. Maybe for the group presidents. Can you talk about the competitive environment of when you're going to bid and execute these projects? Has the capacity tightened up for these large projects? My gut would say yes, but maybe you can share some thoughts on that. Maybe where that's industry specific or project type specific, and how that dynamic can help improve margin performance in this four year process versus maybe your guidance this year. How that's to play out and is that the range that can get better as the absolute numbers get better given that competitive dynamic and what you're doing to try to move up the value chain?

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

A

[indiscernible] (01:53:43). So the growth in Urban Solutions is very real and with that growth in the different markets that we're touching, there are more mega projects out there that there are fewer companies that are actually capable of delivering successfully. That growth is going to be constrained somewhat by the ability of the capacity in the market to deliver those projects. And that will allow us to be more selective about the types of projects that we choose to chase and execute, and it will allow us to increase our margins for delivering the performance that our clients demand.

So I think they're very positive things that allow us to move up the value chain. I think we need to be selective about what we do, and I think we also need to understand that we need to be collaborative with the whole supply chain. So we need to be more collaborative with our clients to make these projects successful. And they're helping us with that. A lot of our clients are starting to show us their pipeline of projects. They're starting to communicate the timing of the projects where they can, and they're starting to tell us how we can provide value to them, so that we can provide them the best solutions possible.

And then we also need to take that collaboration and supply it and feed it down into the supply chain and make sure that the vendors are able to support our projects with the manufacturer of their goods on a worldwide basis, and also the local construction contractors and the local capabilities that the clients are focused on also have to be brought in on a collaborative approach to try and bring the projects in as the clients decide. If we don't collaborate in a market that is constrained, then nobody's going to succeed. And I think our clients understand that.

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

Yeah, I think that's well said, Tony, because I think in the energy solution space, it's basically the same thing. And again, us being involved with clients very, very early, as I mentioned in feasibility studies, energy solutions truly is reloading right now. When we look at the prospects that are there, earlier phases, I think in addition to the supply chain side, which again we work with our commercial strategies group with key suppliers, understanding the drivers, obviously, power LNG, the compressors drive a lot of that area. You have to be early in that discussion, but also how we look at it holistically.

So it's not just an energy mission or an urban discussion. Also how we deploy our resources to make sure we support all the clients, which is more than just energy, but it includes urban and mission as well, and there's been a lot more collaboration at that area, so that we are driving to meet our client objectives as well. Al, I'll let you comment as well.

Alvin C. Collins

Group President-Mission Solutions, Fluor Corp.

A

Okay, thanks. And I guess I'll just touch on one area and we highlighted it in the remarks. If I think about the NNSA in particular and the massive blueprint of projects they have in front of them, they need capacity. And that capacity has been reduced overall in the industry through consolidation of through M&A activity in our industry. So we're well-positioned to be able to help the NSA, and indeed, Steve, back to your earlier question, partner with them. I think one of the things we're excited about is the reach back that we have into the commercial businesses, energy and urban, to be able to add confidence to their projects.

I was with NNSA leadership just over a week ago, and if anything, they were asking us to accelerate project execution to help drive these critical missions for the country. So, I think the opportunities are there. The pipeline is robust, and fortunately for us, we have the capability to be able to deliver those project for our client.

Michael S. Dudas

Analyst, Vertical Research Partners LLC

Q

I appreciate that. Next follow-up is when you talk about your 75% reimbursable, 25% lump sum, are we to think about the 25% lump sum as reserved for LNGC Phase 2 or something like that? Or are there other fixed – what are the other fixed price opportunities that get to that number over the period of time?

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

Sure. So right now we're above 75%. I think we're high-70s, 80%, maybe roughly, yeah. Phase 2 could be an option, Michael. We have the infrastructure work. It's not a huge business line, but infrastructure is lump sum so there's some of that. There may be some opportunities in energy solutions for hybrid contracts. For example, some of the carbon capture work, the front-end work we're doing in Europe, there's two or three significant carbon capture feeds there, may end up in a hybrid situation where some of the services are lump sum, some of it is – some of the construction would be reimbursable, for example.

So we're also looking at hybrids. I think you will see, and going back to a little bit to your question on the balance between supply and demand shifting in the market, as that shifts a little bit, you will see that there are going to be very few pure lump sum EPC or LSTK contracts that would even contemplate, I think any kind of risk project that we would look at going forward would probably have some sort of hybrid element to it, where we sit down with a client and we look at the risk profile of the execution of the project, and we say, okay, this is better for you to take, this is better for me to take. I'll take this, but I'll contain it in this manner so that there's not an unlimited exposure.

So, I think the idea of hybrid is going to take more importance in the future, and that's going to contribute to this percentage, whatever that percentage ends up being of risk project, it's going to be probably composed of those elements.

Michael S. Dudas

Analyst, Vertical Research Partners LLC

Q

Terrific. Just one final quick follow-up, how should we think about over the next in this planning cycle, Fluor's execution on acquisitions, how large, what type piece? I'm guessing there are more bolt-on or targeted, but – because you haven't been active in that market for several years, and so how you set up the company and how you're looking at it from a like a business development standpoint, what are you focusing on and how will that be? How will we see that from like an accretion and to an EBITDA or earnings standpoint, or just helps our services get more business and maybe a mark on margins? Thank you.

David Edward Constable

Chairman & Chief Executive Officer, Fluor Corp.

A

Thank you, Michael. I'll start maybe, John. Our strategy is built on organic growth as the primary engine. If we do bolt-on acquisitions, they're not going to be significant asset-heavy acquisitions, they are going to be asset-light acquisitions. They're going to be to supplement and turbocharge our capabilities to accelerate the organic growth. And so, I don't know that we have established necessarily, John, pricing targets or economic targets, but they're not going to be significant. They're not going to be in the order of magnitude of what the company did 10 years ago. John?

John C. Regan

Chief Financial Officer & Executive Vice President, Fluor Corp.

A

I think your intuition is spot-on that it's bolt-on, it's enhancing capabilities, it's new inroads to the target markets or adjacent markets to the things that we were targeting that the guys highlighted. So, just keeping the powder dry and there could be multiple and they could have a lot of commonality between what they are, but all kind of under those broad strokes.

Brent Thielman

Analyst, D.A. Davidson & Co.

Q

Great. Thanks. Brent Thielman with Davidson. This question may be more for Tony. A lot of great things going on ATLS. This question is more borne out of battle scars you've had on the infrastructure side over the years, and just love to hear from you. What's changed about the approach? You've obviously announced sizable [indiscernible] (02:01:50) recently, so we can get comfortable with the lump sum portion you've got exposure there too.

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

A

That's a good question and I'm very happy to answer because I think it's important. I've been lucky enough to be working with our infrastructure group for 15 months now, and we've changed the focus of the group to really deal with simple roads and bridges with clients that want their contractors to be successful. So for example, the TxDOT Organization in Texas are going to spend \$150 billion on upgrading their road system over the next 10 years. And they want their contractors to be successful because they want contractors to be able to work with them for the next nine or 10 years. And we're the fourth largest supplier of services to TxDOT for those projects. They treat their contractors fairly. They're a good client to work with.

And that's the model we want to follow. We want to follow a model where we've got a knowledge of the local environment, we're doing five projects for them at the moment, and we want to price those projects at the right rate. And as the work is increasing in the infrastructure space, the margins that we can price the work at have actually increased, and we are now selling work with much better cover than we were pre-2020 when we had our legacy projects sold, and the projects that we've been doing since then have all been profitable.

So we're being very focused on the clients we deal with in the location and the things that we do. We're not going to build any more PPPs, we're not going to build anymore banner projects for developers that don't care about the contracting community. We're going to work with those clients that want us to be successful, so they can still continue to develop their infrastructure.

And we're going to do it in a very measured way. We're not going to let infrastructure grow and become a significant portion of Urban Solutions even. They're going to be a very tight band of the revenue we have in our business line to make sure that we support the 25% lump sum targets that we've got within the company. So I'm actually very positive about the contribution that Urban Solutions can make over the next three or four years in a measured and smaller way on successful projects.

Brent Thielman

Analyst, D.A. Davidson & Co.

Q

And I follow up, Al, if you don't mind, a lot of dynamic things happening in Washington right now, obviously, that we have to digest. I think, I just want to clarify the message today that the things that you're seeing right now work more in your favor over the things that might be at risk. I'm just trying to get a sense of where we need to be worried about in the business you mentioned FEMA maybe up for grabs. If you could just clarify that.

Alvin C. Collins

Group President-Mission Solutions, Fluor Corp.

A

Yeah, no, thanks for the question. And yeah, there's obviously lots of headlines out there. It's something we monitor, of course, daily. And I think for us, one thing to keep in mind is that, the decision authority on our work is typically the contracting officer, right? We don't generally have to respond to executive orders or headlines in the

news. We work very closely with our contracting officers and where they direct us to make changes we react and we've seen so far very minimal impacts from those.

And I think it gets back to what we talked about earlier. The areas of focus for us are critically important for the country. It's national security, energy security, it's bipartisan support. These are long-term contracts and so we just aren't seeing yet anyway any significant changes and we don't expect any. Again, I talked about the blueprint for NNSA. They are super bullish on their program of projects. They need them done sooner rather than later and this administration, frankly, is quite supportive of those needs. So we're not seeing any big swings today.

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

A

Okay. We have time for one final question. If anyone has one. [ph] Andy (02:05:43), go ahead.

Q

I just have a question for Tony. You laid out, gas plants. Do you think there'll be a gas plant cycle for Fluor, just out of curiosity. And then maybe a follow-up is on the mining side. Like why have these copper projects been? They're always slow because of new regulatory permits. We get it like, but there is a fair amount of demand out there. So when do we think we'll get the sort of value of copper projects because they should be coming?

Tony Morgan

Group President-Urban Solutions, Fluor Corp.

A

Shall I deal with the mining copper projects then you can do with the power. So for those of us that lived through the super-cycle, which went from about 2009 to took about 2014 and 2015, every CEO that was in charge of a major mining client got fired because they overinvested in the market and they are absolutely clear they don't want that to happen again. So they don't watch the spot prices of copper. They look at the cycle in the longer and they want the certainty around the copper price, which I think is going to be there because there's going to be a deficit of 8 million tons of copper by 2030, which means that we need to build a huge amount of projects. But those projects in themselves are becoming more expensive and they're becoming harder to build and they take longer to build.

So they're being more and more careful about making that financial investment decision in an uncertain world. If geopolitical situation doesn't support it, if the long-term copper price doesn't support it, then they're just being cautious. And I think, you will see these projects break. I think copper is a really good investment price at the moment and forecast to be that way. So I'm really bullish on copper for the longer-term, but I think our clients are making sure they don't oversupply the marketplace with capacity. And I think, once you see one or two projects start to break, you will see a whole bunch of them break like we did in the last super-cycle. So optimism, I think is probably the way I look at it, but caution on the client's part not to overinvest at the moment.

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

And I'll add on the gas fired power side of things, I would say, as I noted on my slide, I mean, there's a significant demand for power, as everybody understands, I think, from perspective, we do see over the next three to five years, there is going to be an increased demand and that now some of that's going to be coupled with what's the capacity of the OEM suppliers for the compressors and other things like that. So again, that demand may be limited based on the ability to and no pun intended to get the right feed if will on the fire, if you will, within the OEM spectrum. But we do believe there is a good market for that.

And again, I think that's going to be in place. I think that's quicker to deploy that power asset, if you will as opposed to the nuclear side of things. That's why I talked about that in more the longer term.

Q

Reimbursable on that.

Mike Alexander

Group President-Energy Solutions, Fluor Corp.

A

So, a lot of our focus that we have in that particular case, so a good follow-up on that particular one is that, we do want to be early in those conversations to be able to shape those deals to the right reimbursability. I mean, could those have some elements of hybrid in it? I think the answer is yes. That would be most likely the case. But to be completely honest with you, and it goes back to one of the earlier comments, there's a certain amount of capacity in the marketplace on the contracting base as well. So that market has to pivot to something that is reasonable to be able to deploy those assets.

Jason Landkamer

Vice President-Investor Relations, Fluor Corp.

Okay. Thank you, Mike, for that answer. And that wraps up our Q&A for this event. I want to thank everyone for listening in on the webcast and joining us here today and that officially concludes our webcast. Thank you.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.