



# Tetra Tech (TTEK)

Updated May 3<sup>rd</sup>, 2026, by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$32	<b>5 Year Annual Expected Total Return:</b>	16.2%	<b>Market Cap:</b>	\$8.22 B
<b>Fair Value Price:</b>	\$37	<b>5 Year Growth Estimate:</b>	12.0%	<b>Ex-Dividend Date:</b>	05/14/2026 <sup>1</sup>
<b>% Fair Value:</b>	86%	<b>5 Year Valuation Multiple Estimate:</b>	3.1%	<b>Dividend Payment Date:</b>	06/02/2026
<b>Dividend Yield:</b>	0.9%	<b>5 Year Price Target</b>	\$65	<b>Years Of Dividend Growth:</b>	12
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## Overview & Current Events

Tetra Tech is a leading provider of consulting and engineering services, specializing in water, environment, sustainable infrastructure, and renewable energy. The company operates through two business segments: Government Services Group (GSG) and Commercial/International Services Group (CIG). GSG offers consulting and engineering solutions to federal, state, and local governments, while CIG serves private sector clients and international development agencies. Tetra Tech's diverse client base, including U.S. federal and state governments, multinational corporations, and global development organizations, positions it as a trusted partner for complex projects worldwide. Tetra Tech is based in Pasadena, California. It generated about \$4.6 billion in revenues last year.

On April 27<sup>th</sup>, 2026, Tetra Tech raised its dividend by 10.8% to a quarterly of \$0.072.

On April 29<sup>th</sup>, 2026, Tetra Tech reported its FQ2 results for the period ending March 29<sup>th</sup>, 2026. Net revenue for the quarter was \$1.05 billion, up 8% year-over-year excluding USAID / DOS and disasters, while operating income was \$132 million. Adjusted EPS came in at \$0.34, marking a 3% year-over-year increase. For FY2026, management raised guidance for net revenue to range from \$4.25 billion to \$4.40 billion and adjusted EPS to range from \$1.50 to \$1.58. We now expect adjusted EPS of \$1.54 for FY2026. All past figures in our table reflect GAAP figures.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$0.29	\$0.41	\$0.49	\$0.58	\$0.64	\$0.86	\$0.98	\$1.03	\$1.23	\$0.98	<b>\$1.54</b>	<b>\$2.71</b>
<b>DPS</b>	\$0.07	\$0.08	\$0.09	\$0.11	\$0.13	\$0.15	\$0.17	\$0.20	\$0.22	\$0.25	<b>\$0.29</b>	<b>\$0.51</b>
<b>Shares<sup>2</sup></b>	295.0	289.5	283.0	279.5	275.0	273.4	271.0	268.0	270.0	267.1	<b>259.6</b>	<b>240.0</b>

Tetra Tech's EPS growth over the past decade was driven by several key factors, including acquisitions, expanding service offerings, and capitalizing on growing market demands. In 2016, Tetra Tech's EPS came in strong in the absence of prior restructuring costs. It was also aided by the acquisition of Coffey International, an Australian consulting firm focusing on geotechnical, environmental, and project management services. This acquisition expanded Tetra Tech's international presence, particularly in the Asia-Pacific region. The lasting growth in EPS from 2017 to 2020 was driven by Tetra Tech's involvement in large-scale government contracts, including disaster recovery efforts in the U.S. following hurricanes and wildfires. Tetra Tech also benefited from the higher global demand for its services in renewable energy and sustainable infrastructure. In 2021, EPS rose to \$0.86, reflecting the impact of acquiring the U.K.-based engineering firm Hoare Lea, which improved Tetra Tech's capabilities in sustainable building design and energy efficiency projects. Tetra Tech also secured significant contracts with the U.S. Department of Defense and the Environmental Protection Agency, which boosted its earnings.

By 2024, Tetra Tech's EPS reached \$1.23, with further growth expected ahead. While EPS declined in 2025, Tetra Tech's growth is set to be driven by increasing demand for renewable energy and water management solutions fueled by global

<sup>1</sup> Estimated dates.

<sup>2</sup> Share count is in millions.

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sustainability efforts and rising U.S. infrastructure spending. Accordingly, we have applied a 12% annual growth rate through 2031. Note that buybacks have historically contributed to EPS growth. We expect this trend to endure.

Tetra Tech started paying a dividend in 2014 and has since grown it quite rapidly. Over the past decade, the dividend has grown at a CAGR of about 15%. We expect the dividend to grow match EPS growth over the medium-term. Hence, we have applied a 12% growth rate here as well.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.6	19.0	20.9	22.6	25.5	26.4	29.5	28.3	23.4	39.7	20.6	24.0
Avg. Yld.	1.2%	1.0%	0.9%	0.8%	0.8%	0.6%	0.6%	0.7%	0.8%	0.6%	0.9%	0.8%

Tetra Tech has consistently traded at premium valuation multiples over the past decade, reflecting investors' confidence in the company's potential for exceptional earnings growth, a potential that Tetra Tech has indeed fulfilled. The stock is now trading at 20.6 times this fiscal year's expected EPS. We believe this multiple undervalues the stock. The dividend yield is set to remain negligible.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

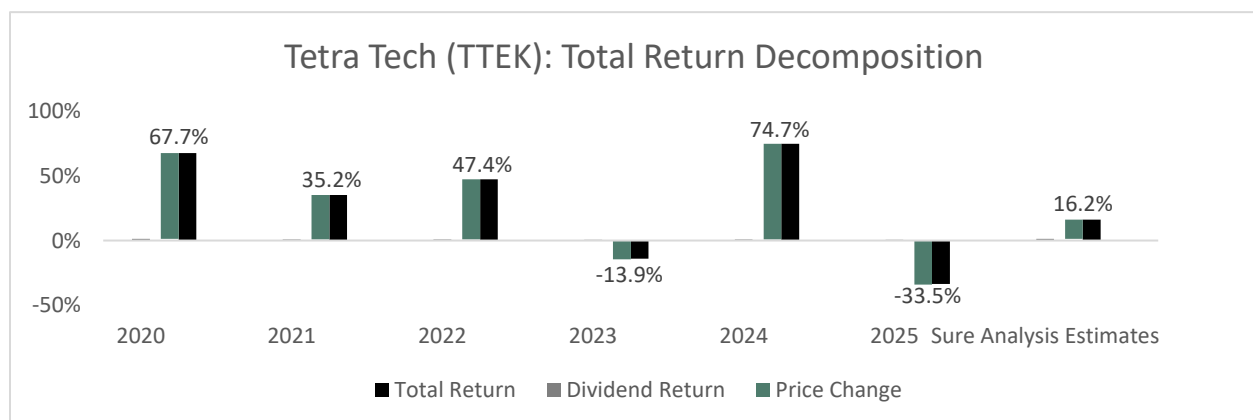
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	24%	18%	18%	19%	20%	17%	18%	19%	18%	25%	19%	19%

Tetra Tech's competitive advantages include its expertise in water management and environmental consulting that have made it a go-to partner for government agencies and multinational corporations. The company's moat is bolstered by its strategic acquisitions, such as Hoare Lea and Coffey International, which have expanded its global reach and capabilities. We also believe Tetra Tech is poised to perform well during economic downturns. During the Great Financial Crisis, Tetra Tech maintained stability by focusing on government contracts for critical infrastructure projects, which remained online despite the challenges. Similarly, during the COVID-19 pandemic, the company's resilience was evident as it sustained growth through critical contracts with the U.S. Department of Defense and EPA, demonstrating its ability to thrive even in uncertain times. Still, economic downturns could slow private sector projects, impacting short-term growth. In any case, we believe that Tetra Tech's dividend remained extremely safe, making up a low chunk of its earnings.

## Final Thoughts & Recommendation

Tetra Tech's features a strong track record, while its focus on high-demand industries like environmental consulting and renewable energy position it for lasting growth. We forecast annualized returns of 16.2% through 2031, to be powered mainly by robust earnings growth, the starting dividend yield, and a valuation tailwind. Tetra Tech earns a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	2,583	2,753	2,964	3,107	2,995	3,214	3,504	4,523	5,199	5,443
<b>Gross Margin</b>	330	354	384	408	447	498	576	725	866	961
<b>Gross Profit</b>	12.8%	12.8%	13.0%	13.1%	14.9%	15.5%	16.4%	16.0%	16.7%	17.7%
<b>SG&amp;A Exp.</b>	172	177	190	200	205	223	235	305	356	358
<b>D&amp;A Exp.</b>	46	46	39	29	25	24	27	61	74	58
<b>Operating Profit</b>	158	176	194	208	242	275	341	420	510	606
<b>Operating Margin</b>	6.1%	6.4%	6.6%	6.7%	8.1%	8.6%	9.7%	9.3%	9.8%	11.1%
<b>Net Profit</b>	84	118	137	159	174	233	263	273	333	248
<b>Net Margin</b>	3.2%	4.3%	4.6%	5.1%	5.8%	7.2%	7.5%	6.0%	6.4%	4.6%
<b>Free Cash Flow</b>	130	132	176	192	250	296	326	342	341	439
<b>Income Tax</b>	41	54	38	16	54	34	86	128	130	130

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	1,801	1,903	1,959	2,147	2,379	2,577	2,623	3,820	4,193	4,282
<b>Cash &amp; Equivalents</b>	160	190	146	121	158	167	185	169	233	167
<b>Accounts Receivable</b>	364	376	464	497	403	433	492	673	707	1,297
<b>Goodwill &amp; Int. Ass.</b>	767	768	815	941	1,007	1,146	1,140	2,054	2,207	2,171
<b>Total Liabilities</b>	931	974	992	1,158	1,341	1,342	1,440	2,417	2,362	2,502
<b>Long-Term Debt</b>	347	357	277	276	292	213	259	880	813	918
<b>Shareholder's Equity</b>	869	928	967	989	1,037	1,234	1,183	1,403	1,830	1,780
<b>LTD/E Ratio</b>	0.40	0.38	0.29	0.28	0.28	0.17	0.22	0.63	0.44	0.55

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	5.0%	6.4%	7.1%	7.7%	7.7%	9.4%	10.1%	8.5%	8.3%	5.9%
<b>Return on Equity</b>	9.7%	13.1%	14.4%	16.2%	17.2%	20.5%	21.8%	21.1%	20.6%	13.7%
<b>ROIC</b>	7.4%	9.4%	10.8%	12.6%	13.4%	16.8%	18.2%	14.7%	13.5%	8.8%
<b>Shares Out.</b>	59.0	57.9	56.6	55.9	55.0	54.7	54.2	53.6	270	267
<b>Revenue/Share</b>	43.81	47.54	52.37	55.55	54.43	58.77	64.69	84.32	19.25	20.37
<b>FCF/Share</b>	2.21	2.27	3.11	3.44	4.55	5.41	6.01	6.37	1.26	1.64

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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