JACOBS ENGINEERING GROUP INC /DE/
Form 10-Q
August 08, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Commission File Number 1-7463

JACOBS ENGINEERING GROUP INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 95-4081636 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| 1999 Bryan Street, Suite 1200, Dallas, Texas | 75201 |
| (Address of principal executive offices) | (Zip Code) |

(214) 583 – 8500

(Registrant's telephone number, including area code)

Indicate by check-mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check-mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

| | |
|---|---|
| Large accelerated filer | Accelerated filer |
| Non-accelerated filer | Smaller reporting company |
| Emerging growth company | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check-mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding at July 26, 2017: 120,315,116

JACOBS ENGINEERING GROUP INC.

INDEX TO FORM 10-Q

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.
JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share information)

| | June 30, 2017 (Unaudited) | September 30, 2016 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 758,296 | $ 655,716 |
| Receivables | 2,086,331 | 2,115,663 |
| Prepaid expenses and other | 95,608 | 93,091 |
| Total current assets | 2,940,235 | 2,864,470 |
| Property, Equipment and Improvements, net | 329,128 | 319,673 |
| Other Noncurrent Assets: | | |
| Goodwill | 2,900,819 | 3,079,628 |
| Intangibles, net | 310,416 | 336,922 |
| Miscellaneous | 764,161 | 759,329 |
| Total other noncurrent assets | 3,975,396 | 4,175,879 |
| | $ 7,244,759 | $ 7,360,022 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Notes payable | $ 3,020 | $ 2,421 |
| Accounts payable | 553,744 | 522,427 |
| Accrued liabilities | 886,215 | 938,378 |
| Billings in excess of costs | 396,823 | 319,460 |
| Total current liabilities | 1,839,802 | 1,782,686 |
| Long-term Debt | 282,000 | 385,330 |
| Other Deferred Liabilities | 838,028 | 861,824 |
| Commitments and Contingencies | — | — |
| Stockholders' Equity: | | |
| Capital stock: | | |
| Preferred stock, $1 par value, authorized - 1,000,000 shares; issued and outstanding - none | — | — |
| Common stock, $1 par value, authorized - 240,000,000 shares; issued and outstanding—120,267,039 shares and 120,950,899 shares as of June 30, 2017 and September 30, 2016, respectively | 120,267 | 120,951 |
| Additional paid-in capital | 1,223,805 | 1,168,272 |
| Retained earnings | 3,664,970 | 3,586,647 |
| Accumulated other comprehensive loss | (783,387 ) | (610,594 ) |
| Total Jacobs stockholders' equity | 4,225,655 | 4,265,276 |

| | | |
|---|---|---|
| Noncontrolling interests | 59,274 | 64,906 |
| Total Group stockholders’ equity | 4,284,929 | 4,330,182 |
| | $ 7,244,759 | $ 7,360,022 |

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

For the Three Months and Nine Months Ended June 30, 2017 and July 1, 2016

(In thousands, except per share information)

(Unaudited)

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | June 30, 2017 | July 1, 2016 | June 30, 2017 | July 1, 2016 |
| Revenues | $2,514,751 | $2,693,873 | $7,368,922 | $8,323,570 |
| Costs and Expenses: | | | | |
| Direct cost of contracts | (2,055,386) | (2,242,424) | (6,070,961) | (6,987,431) |
| Selling, general and administrative expenses | (330,890) | (341,893) | (1,012,685) | (1,080,352) |
| Operating Profit | 128,475 | 109,556 | 285,276 | 255,787 |
| Other Income (Expense): | | | | |
| Interest income | 2,123 | 624 | 5,697 | 5,108 |
| Interest expense | (4,054) | (4,572) | (11,327) | (10,315) |
| Miscellaneous income (expense), net | 852 | (2,801) | (5,879) | 470 |
| Total other (expense) income, net | (1,079) | (6,749) | (11,509) | (4,737) |
| Earnings Before Taxes | 127,396 | 102,807 | 273,767 | 251,050 |
| Income Tax Expense | (38,767) | (31,870) | (79,820) | (66,418) |
| Net Earnings of the Group | 88,629 | 70,937 | 193,947 | 184,632 |
| Net Earnings (Losses) Attributable to Noncontrolling Interests | 403 | (1,882) | 5,639 | (3,813) |
| Net Earnings Attributable to Jacobs | $89,032 | $69,055 | $199,586 | $180,819 |
| Net Earnings Per Share: | | | | |
| Basic | $0.74 | $0.58 | $1.65 | $1.50 |
| Diluted | $0.74 | $0.57 | $1.64 | $1.49 |

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months and Nine Months Ended June 30, 2017 and July 1, 2016

(In thousands)

(Unaudited)

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | June 30, 2017 | July 1, 2016 | June 30, 2017 | July 1, 2016 |
| Net Earnings of the Group | $88,629 | $70,937 | $193,947 | $184,632 |
| Other Comprehensive Income (Loss): | | | | |
| Foreign currency translation adjustment | 66,763 | (35,840) | (179,320) | (35,094) |
| (Loss) gain on cash flow hedges | (4,386) | (459) | 362 | (872) |
| Change in pension liabilities | (13,991) | 42,008 | 8,304 | 60,426 |
| Other comprehensive income (loss) before taxes | 48,386 | 5,709 | (170,654) | 24,460 |
| Income Tax (Expense) Benefit: | | | | |
| Cash flow hedges | 1,016 | (69) | (90) | (65) |
| Change in pension liabilities | 2,220 | (8,706) | (2,049) | (12,893) |
| Income Tax Benefit (Expense): | 3,236 | (8,775) | (2,139) | (12,958) |
| Net other comprehensive income (loss) | 51,622 | (3,066) | (172,793) | 11,502 |
| Net Comprehensive Income of the Group | 140,251 | 67,871 | 21,154 | 196,134 |
| Net Earnings (Losses) Attributable to Noncontrolling Interests | 403 | (1,882) | 5,639 | (3,813) |
| Net Comprehensive Income Attributable to Jacobs | $140,654 | $65,989 | $26,793 | $192,321 |

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended June 30, 2017 and July 1, 2016

(In thousands)

(Unaudited)

| | For the Nine Months Ended June 30, 2017 | July 1, 2016 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Net earnings attributable to the Group | $193,947 | $184,632 |
| Adjustments to reconcile net earnings to net cash flows from operations: | | |
| Depreciation and amortization: | | |
| Property, equipment and improvements | 52,718 | 63,447 |
| Intangible assets | 34,891 | 35,499 |
| Loss on sales of business | 822 | — |
| Stock based compensation | 32,128 | 25,786 |
| Tax deficiency from stock based compensation | (2,742) | (177) |
| Equity in earnings of operating ventures, net | (2,378) | (12,776) |
| Losses on disposals of assets, net | 1,150 | 13,152 |
| Change in pension plan obligations | (17,220) | (8,546) |
| Gain on benefits plan change | (9,955) | — |
| Change in deferred compensation plans | 181 | 741 |
| Deferred income taxes | (20,152) | (25,771) |
| Changes in assets and liabilities, excluding the effects of businesses acquired: | | |
| Receivables | 44,163 | 291,784 |
| Prepaid expenses and other current assets | (2,095) | 34,265 |
| Accounts payable | 31,682 | (92,089) |
| Accrued liabilities | (53,719) | (63,006) |
| Billings in excess of costs | 70,974 | 6,486 |
| Income taxes payable | 23,161 | 9,462 |
| Other deferred liabilities | (1,743) | (18,216) |
| Other, net | 4,774 | 1,075 |
| Net cash provided by operating activities | 380,587 | 445,748 |
| Cash Flows from Investing Activities: | | |
| Additions to property and equipment | (73,552) | (46,403) |
| Disposals of property and equipment | 1,274 | 6,735 |
| Purchases of investments | — | (3,406) |
| Acquisitions of businesses, net of cash acquired | (24,782) | (49,714) |
| Sales of business | (2,036) | — |
| Net cash used for investing activities | (99,096) | (92,788) |
| Cash Flows from Financing Activities: | | |
| Proceeds from long-term borrowings | 1,065,289 | 1,329,050 |
| Repayments of long-term borrowings | (1,169,763) | (1,427,140) |

| | | |
|---|---|---|
| Proceeds from short-term borrowings | 1,348 | 7,057 |
| Repayments of short-term borrowings | (702) | (11,621) |
| Proceeds from issuances of common stock | 53,290 | 26,498 |
| Common stock repurchases | (97,180) | (102,439) |
| Excess tax benefits from stock based compensation | 2,742 | 177 |
| Cash dividends | (36,152) | — |
| Dividends paid to noncontrolling interests | (4,559) | (2,709) |
| Net cash used by financing activities | (185,687) | (181,127) |
| Effect of Exchange Rate Changes | 6,776 | (16,301) |
| Net Increase in Cash and Cash Equivalents | 102,580 | 155,532 |
| Cash and Cash Equivalents at the Beginning of the Period | 655,716 | 460,859 |
| Cash and Cash Equivalents at the End of the Period | $758,296 | $616,391 |

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

June 30, 2017

Basis of Presentation

Unless the context otherwise requires:

- References herein to "Jacobs" are to Jacobs Engineering Group Inc. and its predecessors;
- References herein to the "Company", "we", "us" or "our" are to Jacobs Engineering Group Inc. and its consolidated subsidiaries; and
- References herein to the "Group" are to the combined economic interests and activities of the Company and the persons and entities holding noncontrolling interests in our consolidated subsidiaries.

The accompanying consolidated financial statements and financial information included herein have been prepared pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted. Readers of this Quarterly Report on Form 10-Q should also read our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 ("2016 Form 10-K"), as well as Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our 2016 Form 10-K.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of our consolidated financial statements at June 30, 2017, and for the three and nine month periods ended June 30, 2017.

Our interim results of operations are not necessarily indicative of the results to be expected for the full fiscal year.

Please refer to Note 17—Definitions of Notes to Consolidated Financial Statements included in our 2016 Form 10-K for the definitions of certain terms used herein.

During the second fiscal quarter of 2017, the Company restructured certain employee welfare trust plans benefitting employees within its India operations by moving these plans under the legal ownership and operation of the Company's legal entity structure in the region. Historically, the Company structured these plans as separate, stand-alone entities outside of the Company's consolidated legal entity framework. As a result of these changes, the Company recorded a one-time, non-cash benefit of $9.9 million reported in Selling, general and administrative expense in its consolidated statement of income for the three months ended March 31, 2017, with corresponding assets in the plans associated with restricted investments of $7.7 million and employee loans receivable of $2.2 million, each of which are recorded in Miscellaneous Other non-current assets.

During the preparation of the Form 10-Q for the first fiscal quarter of 2017, the Company determined that its prior financial statements contained immaterial misstatements related to incorrect translation of the Company's non-U.S. goodwill balances from local currency to the U.S. Dollar reporting currency. It was determined that the Company had incorrectly used historical translation rates for the U.S. Dollar in place at the time of the Company's recording of its foreign goodwill balances rather than using current translation rates at each balance sheet date in accordance with U.S. GAAP. The error dated back to the time of our initial reporting of non-US goodwill balances in the late 1990s and affected our historical quarterly and annual reporting periods through the first fiscal quarter of 2017.

Goodwill and accumulated other comprehensive income in the Company's September 30, 2016 consolidated balance sheet (which have not been adjusted) were each overstated by $209.9 million and were corrected in the first fiscal quarter of 2017 foreign currency translation adjustment. Consequently, the correction was a direct component of the overall translation adjustment amount of $287.5 million that was reported for the first quarter of fiscal 2017. These adjustments had no impact on the Company's Consolidated Statements of Earnings or Cash Flows. Also, for the three and nine months ended 2016, other comprehensive income was understated by $39.6 million and $41.9 million as a result of these misstatements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires us to employ estimates and make assumptions that affect the reported amounts of certain assets and liabilities, the revenues and expenses reported for the periods covered by the accompanying consolidated financial statements, and certain amounts disclosed in these Notes to the Consolidated Financial Statements. Although such estimates and assumptions are based on management's most recent assessment of the underlying facts and circumstances utilizing the most current information available and past experience, actual results could differ significantly from those estimates and assumptions. Our estimates, judgments, and assumptions are evaluated periodically and adjusted accordingly. Please refer to Note 2—Significant Accounting Policies of Notes to Consolidated Financial Statements included in our 2016 Form 10-K for a discussion of the significant estimates and assumptions affecting our consolidated financial statements.

Fair Value and Fair Value Measurements

Certain amounts included in the accompanying consolidated financial statements are presented at "fair value." Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants as of the date fair value is determined (the "measurement date"). When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider only those assumptions we believe a typical market participant would consider when pricing an asset or liability. In measuring fair value, we use the following inputs in the order of priority indicated:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets included in Level 1, such as (i) quoted prices for similar assets or liabilities; (ii) quoted prices in markets that have insufficient volume or infrequent transactions (e.g., less active markets); and (iii) model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the fair value measurement.

Please refer to Note 2—Significant Accounting Policies of Notes to Consolidated Financial Statements included in our 2016 Form 10-K for a more complete discussion of the various items within the consolidated financial statements measured at fair value and the methods used to determine fair value.

New Accounting Standards

• Revenue Recognition

From time to time, the Financial Accounting Standards Board ("FASB") issues accounting standards updates (each being an "ASU") to its Accounting Standards Codification ("ASC"), which constitutes the primary source of U.S. GAAP. The Company regularly monitors ASUs as they are issued and considers their applicability to its business. All ASUs applicable to the Company are adopted by the due date and in the manner prescribed by the FASB.

In May 2014, the FASB issued ASU No. 2014-09—Revenue from Contracts with Customers. The new guidance provided by ASU 2014-09 is intended to remove inconsistencies and perceived weaknesses in the existing revenue requirements, provide a more robust framework for addressing revenue issues, improve comparability, provide more useful information and simplify the preparation of financial statements. ASU 2014-09 was initially effective for annual and interim reporting periods beginning after December 15, 2016. On July 9, 2015, the FASB approved a one-year deferral of the effective date of this standard. The revised effective date for the standard is for annual reporting periods beginning after December 15, 2017 and interim periods therein. The FASB also approved changes allowing for early adoption of the standard as of the original effective date.

The Company’s adoption activities will be performed over three phases: (i) assessment, (ii) design, and (iii) implementation. Our assessment phase is predominantly complete. The following are the potential significant differences identified during the assessment phase:

Performance Obligations

Under current U.S. GAAP the Company typically considers engineering and construction services as separate performance obligations. Under ASU 2014-09, the Company has determined, in most instances, it is likely that engineering and construction services will be required to be combined into a single performance obligation. In these instances, this will likely change the timing and pattern of revenue recognition.

Contract Modifications

In many instances, the Company enters into contracts for construction services subsequent to entering in to engineering services contracts. Under ASU 2014-09, the construction services contract may be deemed to modify the engineering contract, or may be required to be combined with the engineering contract. This modification or combination of contracts may result in a cumulative catchup adjustment, which will have an immediate impact on the Company's results of operations in the period the contract combination or modification occurs. In addition, it will change the timing and pattern of revenue recognition after the period the contracts have been combined or modified.

The Company currently intends to adopt the new standard using the Modified Retrospective application. This standard could have a significant impact on the Company's Consolidated Financial Statements and an administrative impact on its operations and will depend on the magnitude of the items discussed above. The Company will continue to evaluate the impact through the design and implementation phases.

- Lease Accounting

In February 2016, the FASB issued ASU 2016-02—Leases. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for public entity financial statements for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. The guidance must be adopted using a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is evaluating the impact of the new guidance on its consolidated financial statements. This standard could have a significant administrative impact on its operations, and the Company will further assess the impact through its implementation program.

- Employee Share-Based Payment Accounting

In March 2016, the FASB issued ASU 2016-09—Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period for which financial statements have not been issued or made available for issuance. If an entity early adopts the amendments in an interim period, any adjustments must be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company is evaluating the impact of the new guidance on its consolidated financial statements and does not plan to early adopt this pronouncement.

Segment Information

During the second fiscal quarter of 2016, we reorganized our operations around four global lines of business ("LOB"), which also serve as our operating segments: Petroleum & Chemicals, Buildings & Infrastructure, Aerospace & Technology, and Industrial. We determined that this new organization would better support the needs of managing each unique set of customers that fall within each segment. As a result of the new organization, we subsequently realigned our internal reporting structures to enable our Chief Executive Officer, who is also our Chief Operating

Decision Maker ("CODM"), to evaluate the performance of each of these segments and make appropriate resource allocations among each of the segments. For purposes of our goodwill impairment testing, we have determined that our operating segments are also our reporting units based on management's conclusion that the components comprising each of our operating segments share similar economic characteristics and meet the aggregation criteria in accordance with ASC 350.

Under the current organization, each LOB has a president that reports directly to the Company's Chairman and CEO or CODM. In addition, the sales function, which had been managed centrally for many years, is now managed on an LOB basis, and accordingly, the associated cost is now embedded in the new segments and reported to the respective LOB presidents. In addition, a portion of the costs of other support functions (e.g., finance, legal, human resources, and information technology) are allocated to each LOB using methodologies which, we believe, effectively attribute the cost of these support functions to the revenue-generating activities of the Company on a rational basis. The cost of the Company's cash incentive plan, the Management Incentive Plan ("MIP") and the expense associated with the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan ("1999 SIP") have likewise been charged to the LOBs except for those amounts determined to relate to the business as a whole (which amounts remain in corporate's results of operations).

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

Financial information for each LOB is reviewed by the CODM to assess performance and make decisions regarding the allocation of resources. The Company generally does not track assets by LOB, nor does it provide such information to the CODM.

The CODM evaluates the operating performance of our LOBs using operating profit, which is defined as margin less "corporate charges" (e.g., the allocated amounts described above). The Company incurs certain selling, general and administrative ("SG&A") costs which relate to its business as a whole which are not allocated to the LOBs.

The following tables present total revenues and operating profit for each reportable segment (in thousands) and include a reconciliation of segment operating profit to total USGAAP operating profit by including certain corporate-level expenses and expenses relating to Restructuring and Other Charges (in thousands).

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | June 30, 2017 | July 1, 2016 | June 30, 2017 | July 1, 2016 |
| Revenues from External Customers: | | | | |
| Aerospace & Technology | $585,432 | $667,785 | $1,739,908 | $2,007,440 |
| Buildings & Infrastructure | 647,252 | 553,546 | 1,813,111 | 1,696,004 |
| Industrial | 681,588 | 705,996 | 2,015,784 | 2,044,652 |
| Petroleum & Chemicals | 600,479 | 766,546 | 1,800,119 | 2,575,474 |
| Total | $2,514,751 | $2,693,873 | $7,368,922 | $8,323,570 |

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | June 30, 2017 | July 1, 2016 | June 30, 2017 | July 1, 2016 |
| Operating Profit: | | | | |
| Aerospace & Technology | $50,591 | $53,741 | $146,735 | $156,861 |
| Buildings & Infrastructure (1) | 56,173 | 50,168 | 138,957 | 133,083 |
| Industrial | 32,347 | 28,444 | 81,549 | 68,216 |
| Petroleum & Chemicals | 29,055 | 29,646 | 88,326 | 92,194 |
| Total Segment Operating Profit | 168,166 | 161,999 | 455,567 | 450,354 |
| Other Corporate Expenses | (28,991) | (19,523) | (54,392) | (57,896) |
| Restructuring and Other Charges | (10,700) | (32,920) | (115,899) | (136,671) |
| Total USGAAP Operating Profit | 128,475 | 109,556 | 285,276 | 255,787 |
| Total Other (Expense) income | (1,079) | (6,657) | (10,276) | (4,460) |
| Total Other (Expense) income - Restructuring | — | (92) | (1,233) | (277) |
| Earnings Before Taxes | $127,396 | $102,807 | $273,767 | $251,050 |

(1) Excludes $1,246 and $23,844 in restructuring and other charges for the three and nine month periods ended June 30, 2017. See page 12.

Included in “Other Corporate Expenses” in the above table are costs and expenses which relate to general corporate activities as well as corporate-managed benefit and insurance programs. Such costs and expenses include: (i) those elements of SG&A expenses relating to the business as a whole; (ii) those elements of our incentive compensation plans relating to corporate personnel whose other compensation costs are not allocated to the LOBs; (iii) the amortization of intangible assets acquired as part of purchased business combinations; (iv) the quarterly variances between the Company’s actual costs of certain of its self-insured integrated risk and employee benefit programs and amounts charged to the LOBs; and (v) certain adjustments relating to costs associated with the Company’s international defined benefit pension plans. In addition, “Other Corporate Expenses” may also include from time to time certain adjustments to contract margins (both positive and negative) associated with projects where it has been determined, in the opinion of management, that such adjustments are not indicative of the performance of the related LOB and therefore should not be attributed to the LOB.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

The following tables present total services revenues for each reportable segment for the three months and nine months ended June 30, 2017 and July 1, 2016 (in thousands).

| | For the Three Months Ended June 30, 2017 | | | | | For the Nine Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Aerospace & Technology | Buildings & Infrastructure | Industrial | Petroleum & Chemicals | Total | Aerospace & Technology | Buildings & Infrastructure | Industrial | Petroleum & Chemicals | Total |
| nical essional ices enues | | | | | | | | | | |
| ect ices | $317,343 | $587,543 | $234,670 | $307,806 | $1,447,362 | $799,842 | $1,633,543 | $617,970 | $1,020,407 | $4,071, |
| ess, ntific, Systems sulting | 121,450 | — | — | 11,016 | 132,466 | 506,250 | — | — | 27,416 | 533,66 |
| l nical essional ices enues | 438,793 | 587,543 | 234,670 | 318,822 | 1,579,828 | 1,306,092 | 1,633,543 | 617,970 | 1,047,823 | 4,605, |
| l ices enues | | | | | | | | | | |
| struction | 23,228 | 56,067 | 352,002 | 281,390 | 712,687 | 78,005 | 168,526 | 1,118,697 | 751,932 | 2,117, |
| rations ntenance &M") | 123,411 | 3,642 | 94,916 | 267 | 222,236 | 355,811 | 11,042 | 279,117 | 364 | 646,33 |
| l Field ices enues | 146,639 | 59,709 | 446,918 | 281,657 | 934,923 | 433,816 | 179,568 | 1,397,814 | 752,296 | 2,763, |
| l enues | $585,432 | $647,252 | $681,588 | $600,479 | $2,514,751 | $1,739,908 | $1,813,111 | $2,015,784 | $1,800,119 | $7,368, |

| | For the Three Months Ended July 1, 2016 | | | | | For the Nine Months Ended July 1, 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Aerospace & Technology | Buildings & Infrastructure | Industrial | Petroleum & Chemicals | Total | Aerospace & Technology | Buildings & Infrastructure | Industrial | Petroleum & Chemicals | Total |
| chnical fessional | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| vices venues | | | | | | | | | | |
| ject vices | $35,311 | $503,336 | $222,263 | $465,324 | $1,226,234 | $502,105 | $1,570,143 | $646,543 | $1,402,110 | $4,120,9 |
| cess, entific, Systems nsulting | 371,954 | — | — | 15,335 | 387,289 | 790,533 | — | — | 47,825 | 838,358 |
| al chnical fessional vices venues | 407,265 | 503,336 | 222,263 | 480,659 | 1,613,523 | 1,292,638 | 1,570,143 | 646,543 | 1,449,935 | 4,959,2 |