



# Parsons Corp (NYSE:PSN)

*September 2025*

---

# Agenda

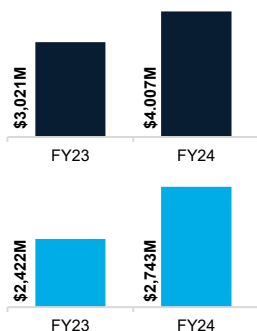
	Page
<b>1 Parsons Overview</b>	<b>3</b>
2 Strong government relationship	6
3 Critical infrastructure in growing markets	9
4 Stable Financial Foundation	13
5 Benchmarking & Valuation	18

# Parsons

## Company Profile & Core Business Operations

### Overview and Recent Developments

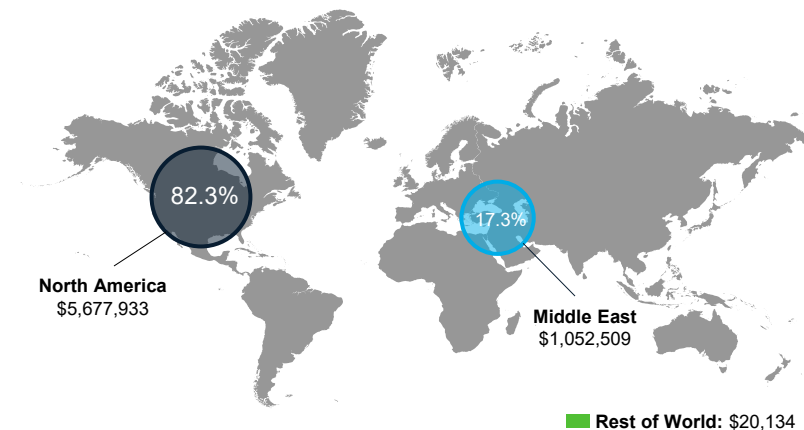
Parsons is a leader in the critical technology and infrastructure industry, with its primary services being cyber, missile defense, intelligence, and space grounds systems for the U.S. government and critical infrastructure services for projects across North America and the Middle East



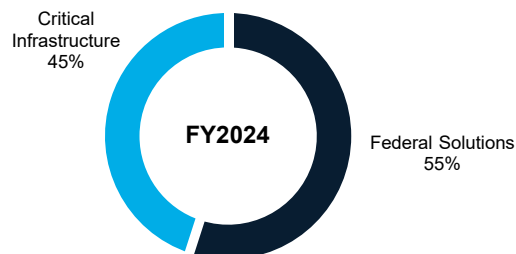
Advanced critical technology provider for the U.S. government including cyber, missile defense, intelligence, space ground systems, etc

Provides management, design and engineering, and representative support for physical and digital infrastructure around the globe

### Global Presence & Geographic Revenue Mix

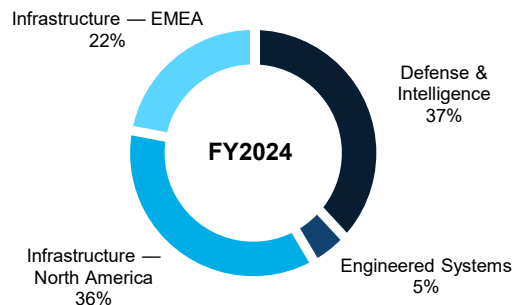


### Contract Awards



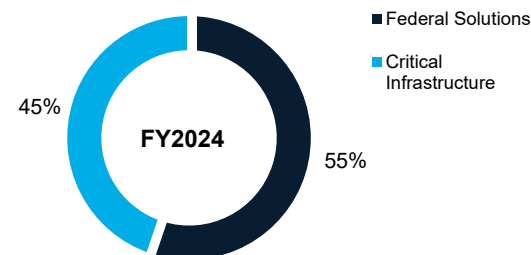
Split in operations allows for continuous revenue streams

### Revenue Contribution by Segment



Total Federal Solutions Revenues: **\$4,007,114**  
Total Critical Infrastructure Revenues: **\$2,743,462**

### Cost Structure

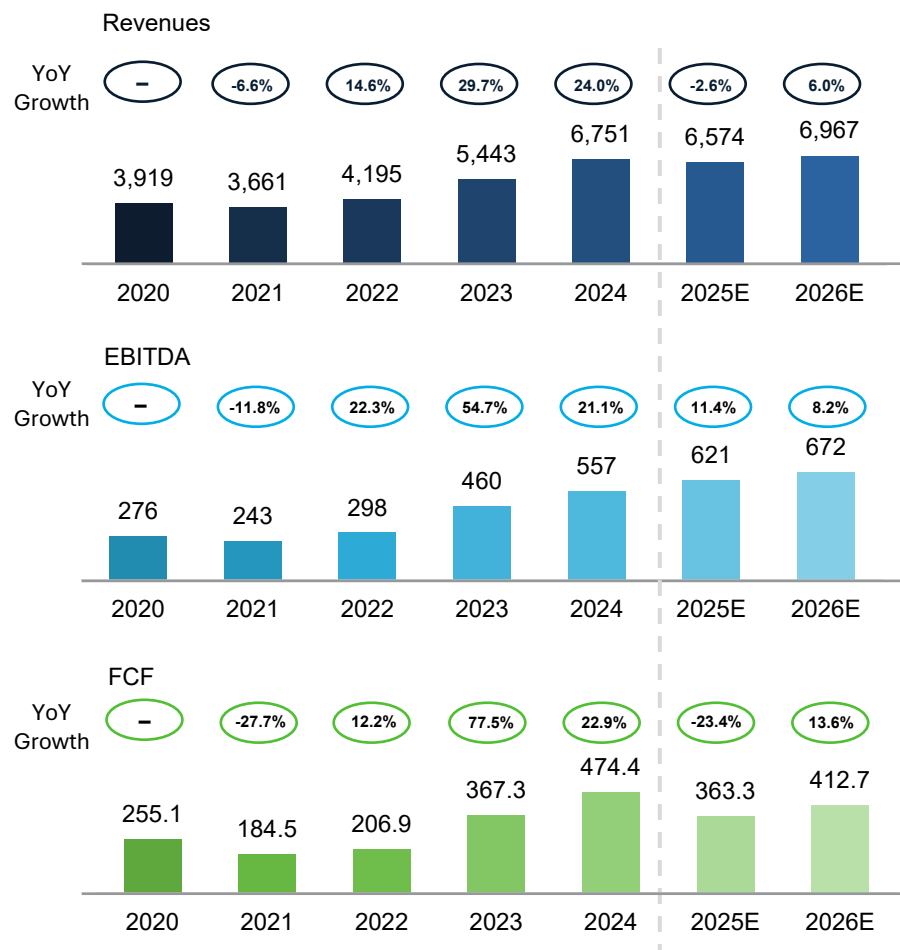


**\$1,236M** in direct contract costs with a **22%** gross margin

# Parsons

## Financial and Operating Highlights

### Financial Highlights (\$US thousands)



### Operating Highlights

#### Positioned for Major Federal Contract Wins

- Front-runner for FAA Air Traffic Control Modernization (JV with IBM)
- Expanding cyber & defense portfolio with *Cyber Hunt Kit* and *Missile Defense TEAMS*
- Strong alignment with national security priorities in missile defense & electronic warfare

#### Differentiated Moat in Global Infrastructure

- Lead manager on major U.S. projects: Hudson Tunnel, Honolulu Rail, LAX Modernization
- Key partner in Middle East megaprojects with smart iNET™ systems in 25+ states
- PFAS remediation drives exposure to a \$10B+ environmental cleanup market

#### Strong Backlog, High Win Rates & Visibility

- \$8.9B backlog provides strong visibility and supports multi-year federal program execution
- 72% overall / 84% recompile win rate; federal margins continue expanding
- Asset-light operating model (<1% CapEx) drives robust free cash flow generation and margin stability

# Thesis Overview

## Strong Government Relationship

» Parsons has consistently served the government and recently won several contracts that offset the loss of the contract earlier this year

**80 Years**

of experience with government contracts

**>\$400M**

in contracts won in 2025



“ \$1 trillion, and nobody's seen anything like it. We have to build our military ”

## Infrastructure Mega Projects

» Parsons is positioned and well-aligned to high-profile and growing budgets in North America and the Middle East

**\$1.2T**

approved infrastructure spending

**\$550B**

new investments and programs

**550 Ongoing Projects**

in the Middle East

## Strong Operational Positioning

» Contract backlog, strong margins, and expanding operations puts Parsons in a strong position to continue growing

**\$8.9B**

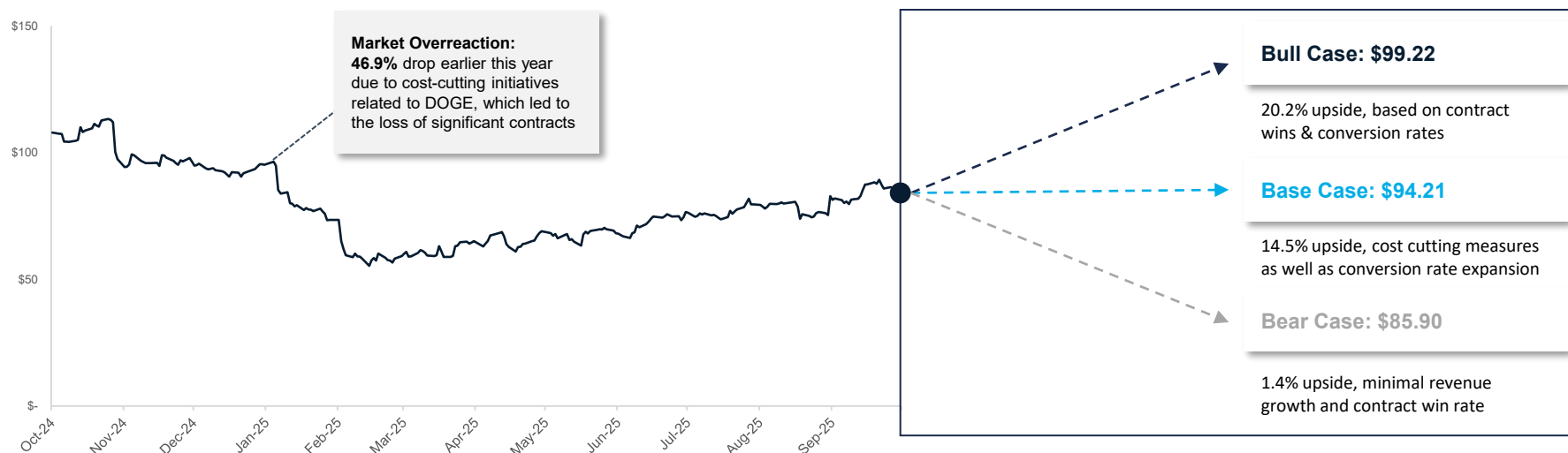
of contract backlog as of end of FY'24

**\$11B**

of not included contract wins

**7%**

revenue growth for FY'24



---

# Agenda

	Page
1 Parsons Overview	3
2 <b>Strong government relationship</b>	<b>6</b>
3 Critical infrastructure in growing markets	9
4 Stable Financial Foundation	13
5 Benchmarking & Valuation	18

# Parsons Federal Solutions

## Strong FY'25 Recovery

### State Department Reorganization

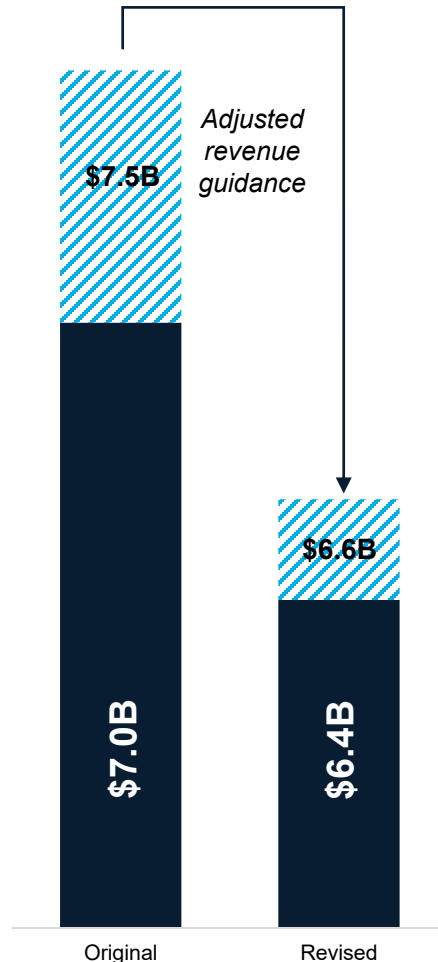
- Under Secretary Marco Rubio, the State Department announced a reorganization plan to cut **15%** of its domestic workforce, consolidate **700+ offices**, and close or relocate offices



- The bureau related to Parson's **3 – 10-year** contract is affected by this, leaving uncertainty for Parson's revenue recognition of this contract which made up **10%** of its total revenue

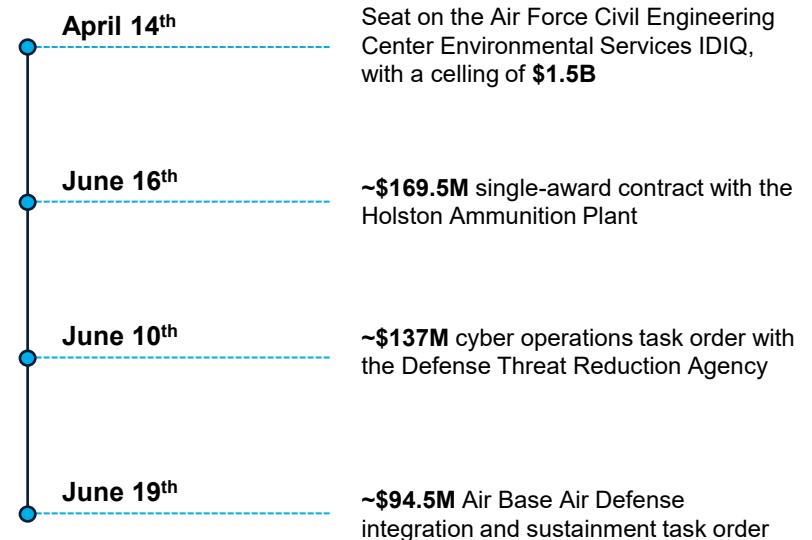


- The bureau related to Parson's **3 – 10-year** contract is affected by this, leaving uncertainty for Parson's revenue recognition of this contract which made up **10%** of its total revenue



### Big Federal Contract Wins in H2 2025

Even after the zeroing of the State Department contract, Parsons is in a great position to continue growing its Federal Service segment with significant contracts won in 2025

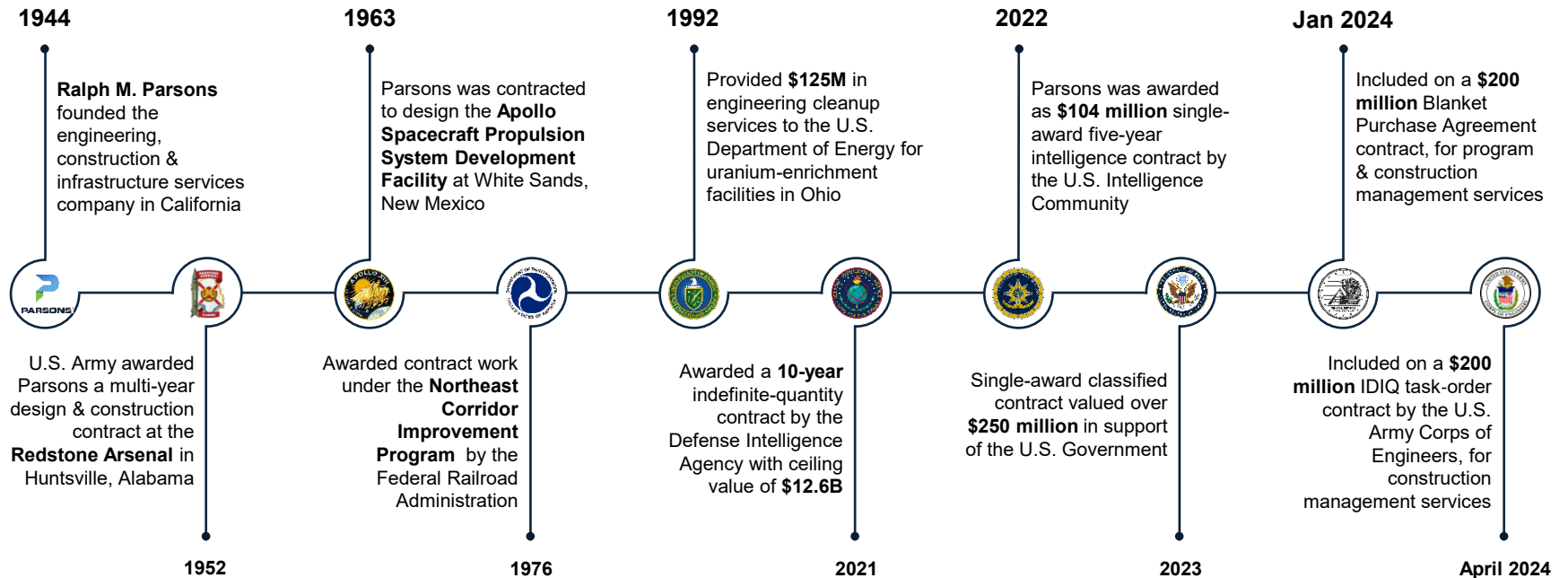


*"Our portfolio is aligned with the new Administration's national-security priorities, as well as their desire to deliver fast and operationally relevant solutions that outpace threats"*  
– CEO, Carey Smith

# Parsons Federal Solutions

## *Serving The Government Throughout History*

### Significant Federal Solutions Contract Timeline

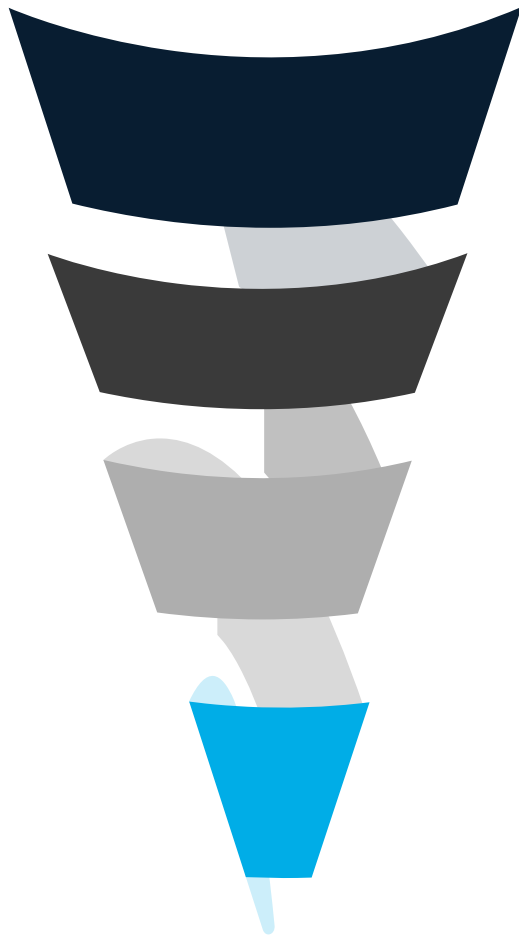


Parsons holds major Government-wide acquisition vehicles such as the **Alliant 2 GWAC** (with an **~\$82.5 billion** ceiling) and the **OASIS IDIQ**, enabling wide-ranging access to federal agencies as a prime contractor

# Parsons Federal Solutions

## *Well Aligned With Administration's Goals*

### Strongly Positioned to Grow Federal Services Segment



#### FAA Modernization

- In July 2025 Senate passed a **\$12.5B** reconciliation bill to modernize air traffic control. This aligns with Parson's long-standing partnership with the FAA (4+ decades)
- Parson's positioning is strengthened by its recent partnership with IBM

#### Golden Dome

- **\$25B** under reconciliation bill directly related to the Golden Dome, an initiative that Parson's will benefit from
- Long-standing partnership with the Missile Defense Agency (4+ decades), providing services like vendor-agnostic modelling, simulation, engineering analysis, and integration capabilities

#### Border Security & Enforcement

- Decades of experience in border security projects worldwide puts Parson's in a position to take advantage of the planned **\$160B+** in border control under the One Big Beautiful Bill Act
- Currently supporting the Defense Threat Reduction Agency, Customs and Border Protection, and Federal Aviation Administration

#### Munitions Production

- Currently involved in modernizing several of the largest Army ammunition plants, including, Houston and Radford, with future opportunities with **\$25B** under a reconciliation bill
- Awarded **\$176M** Army Corps of Engineers contract for the new Ammonium Nitrate Solution Tank farm at Holston

---

# Agenda

	Page
1 Parsons Overview	3
2 Strong government relationship	6
<b>3 Critical infrastructure in growing markets</b>	<b>9</b>
4 Stable Financial Foundation	13
5 Benchmarking & Valuation	18

# Parsons Critical Infrastructure

## Well Aligned With Administration's Goals

### U.S Infrastructure and Jobs Act

**The Infrastructure Investment & Jobs Act (IIJA)** is driving the largest U.S. infrastructure expansion in decades, allocating over \$1.2 trillion over ten years

**Transportation Expansion**

- Positioned to capture increased federal and state funding across roads, bridges, rail, and aviation, leveraging Parsons' decades-long relationships with DOT, FHWA, and FAA

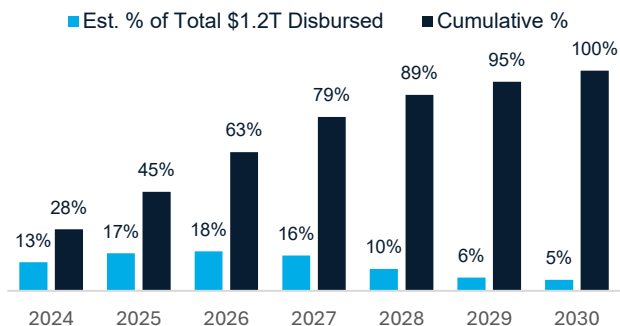
**Infrastructure Leadership**

- IIJA priorities align with Parsons' smart mobility and digital-twin technologies, including iNET ATMS, data-driven traffic management, and connected-vehicle readiness

**Strong Backlog**

- Transportation is Parsons' largest and most stable segment, representing nearly half of its \$9B backlog and set to benefit significantly from IIJA-funded projects

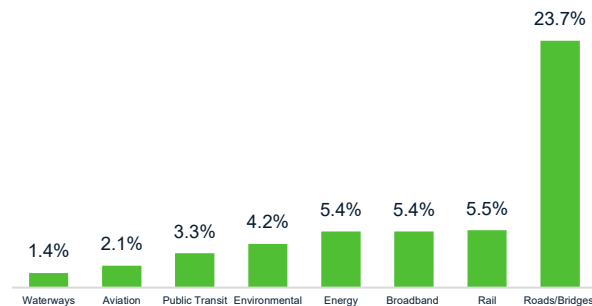
### Total Disbursement



- Less than 45% of IIJA funds have been disbursed as of August 2025, with peak infrastructure spending and contract awards expected through 2026–2029

- About half of IIJA funding targets roads, bridges, rail, and transit, core markets where Parsons' federal relationships and program-management strength drive outsized opportunity

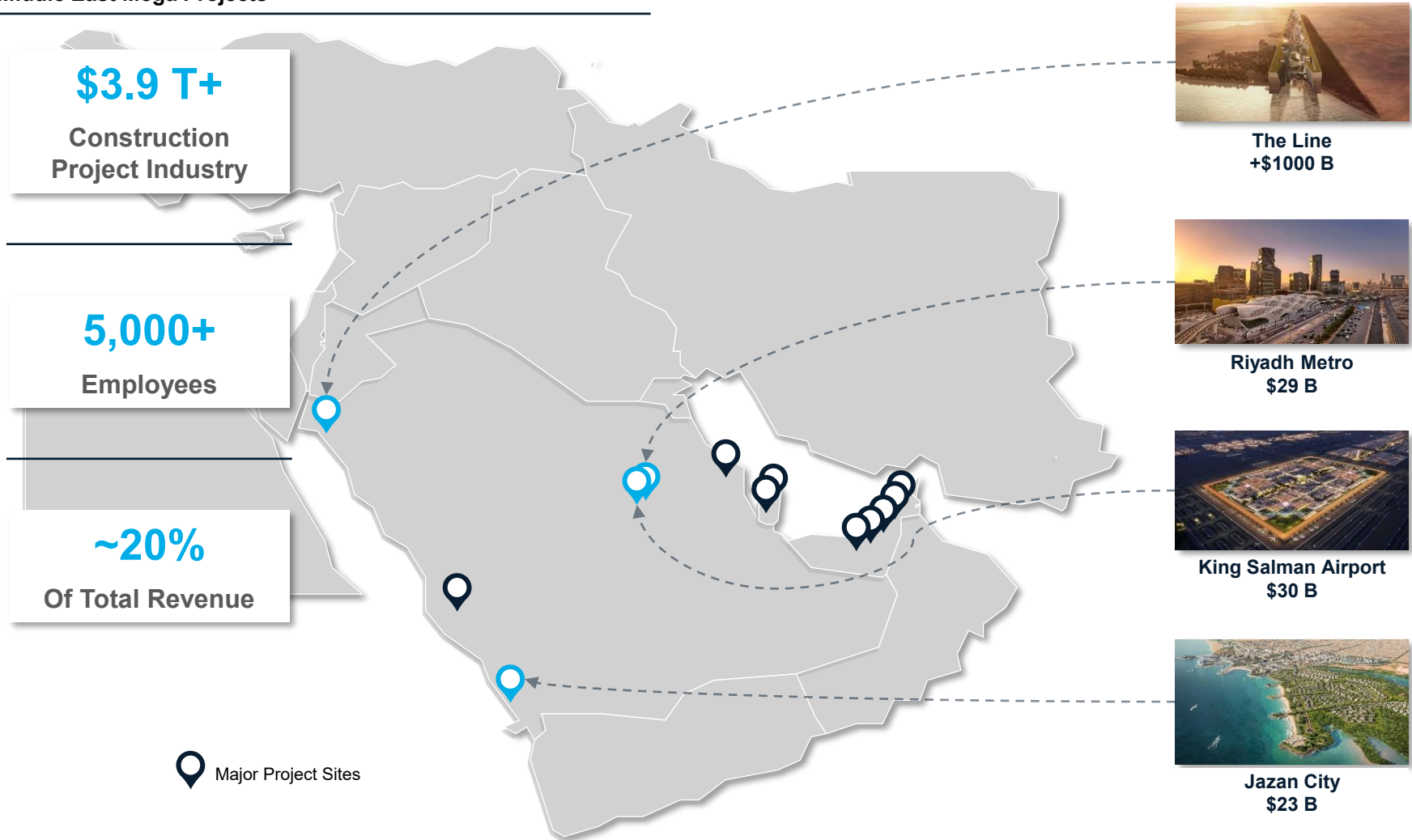
### Breakdown by Segment



# Parsons Critical Infrastructure

## *Presence in a Growing Market*

### Middle East Mega Projects



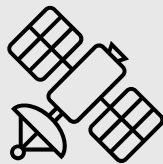
# Parsons Critical Infrastructure

## Expansion Across Environmental Solutions

### Smart Systems & Environmental Innovation

#### iNET Platform

- **30,000+** sensors, cameras, and intersections
- **40+ cities and 7 countries**
- Accidents down by **40%**, increase traffic flow by **22%**, cut emissions by **30%**, and arrival time of first responders up **15%**



#### TRS Acquisition (2025)

- Adds patented **in-situ thermal remediation technology**
- Expands **environmental and infrastructure solutions**
- Enhances ability to deliver to **federal, industrial, and commercial clients**



#### PFAS Market Leadership

- PFAS remediation market projected to grow to **\$4.1B by 2034**
- **Proprietary** treatment methods and long-term **DoD and municipal partnerships**
- **Multi-year contracts** as governments expand cleanup programs



#### Environmental Solutions Expansion

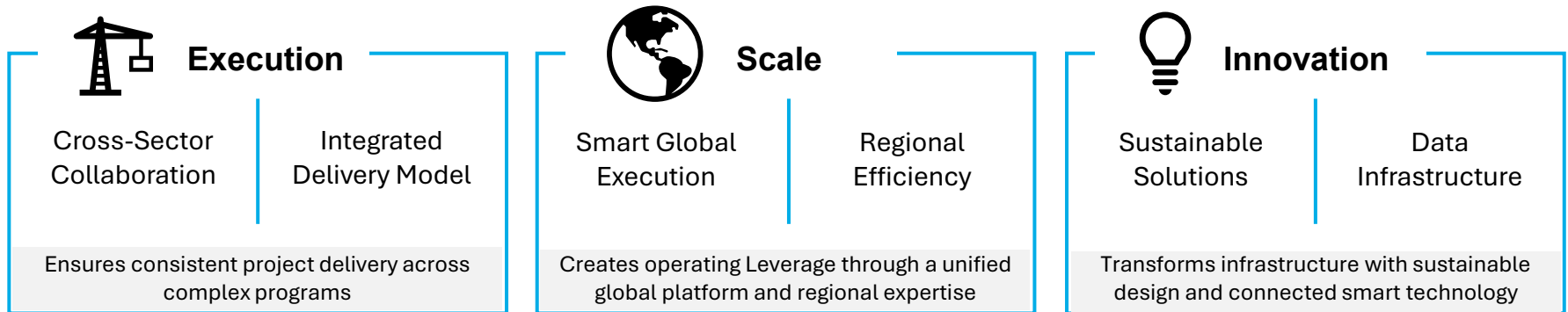
- **~15% of total revenue** is from Water programs
- **200+** remediation and water-infrastructure projects
- **\$55 B+** IJJA-funded modernization of water-treatment systems



# Parsons Critical Infrastructure

## *Three Pillars Driving Parsons Long-Term Advantage*

### Three Pillars Driving Parsons' Long-Term Advantage



### Outcome

- Delivers consistent execution across geographies, driving stable ROIC and FCF growth
- Creates operating leverage through integrated delivery and digital infrastructure platforms
- Enhances long-term margin visibility through diversified global project exposure
- Positions Parsons as a scalable, tech-enabled leader in resilient infrastructure delivery

---

# Agenda

	Page
1 Parsons Overview	3
2 Strong government relationship	6
3 Critical infrastructure in growing markets	9
<b>4 Stable Financial Foundation</b>	<b>13</b>
5 Benchmarking & Valuation	18

# Parsons Financial Highlights

## Strong Financial Positioning To Support Growth

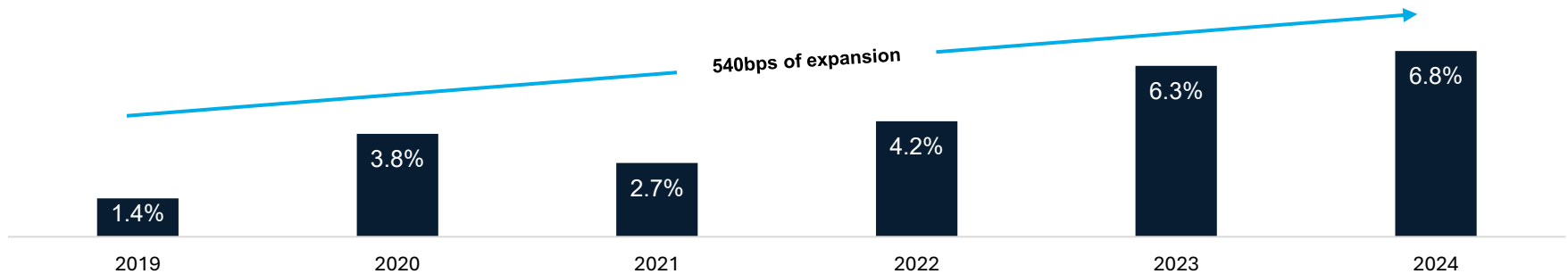
### Financial Highlights

**10.4%** YTD Critical Infrastructure margins

**+9%** Expected Federal Service margins, after contract mix earlier this year

**360bps** EBITDA margin expansion from Q3 2024 results

### Operating Margin Expansion



### Why Does This Matter?

- 1.** Margin expansion turns each revenue dollar into higher earnings, fueling innovation and scalable growth over time

- 2.** Strong government relationship and focus on long-term contracts in growing markets protect Parsons from current uncertainty, deepening their competitive moat

# Parsons Financial Highlights

## Strong Financial Positioning To Support Growth

### Cash Flow Engine



#### Low Capital Intensity

Capex remains below 1% of revenue, enabling strong cash conversion and limited reinvestment needs



#### Free Cash Flow Yield

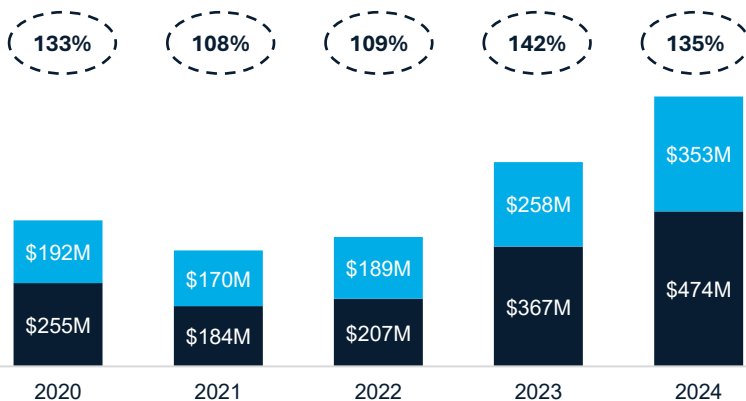
Attractive FCF yield of about 5% on 2026 estimates underscores strong cash generation and valuation support



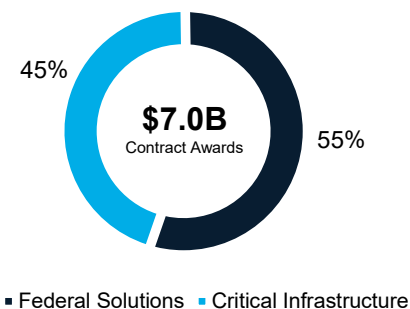
#### Growing Free Cash Flow

FCF has consistently grown in the past 5 years with a CAGR of ~15.8%

■ Adjusted Net Income ■ Free Cash Flow



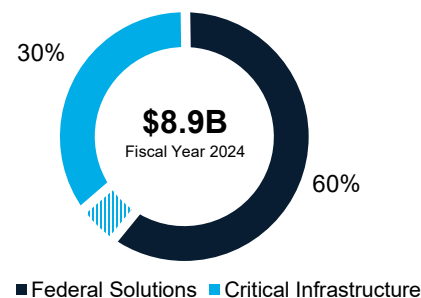
### Exceptional Win Rates



**72%**  
total win rate

**84%**  
recompete win rate

### Robust Backlog



**1.3x**  
forward revenue

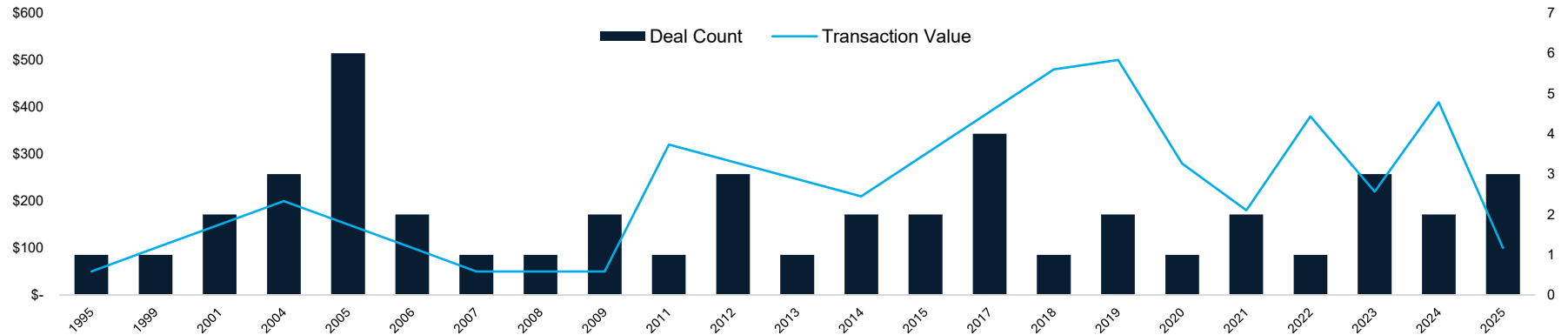
**70%**  
funded backlog

Funded backlog of **\$6.2B** is the highest it's been since the company's 2019 IPO

# Parsons

## Successful Inorganic Growth

### M&A Platform



### Federal Solutions

### Critical Infrastructure



- Critical Infrastructure
- Federal Solutions

**POLARIS**  
ALPHA

05/21/2018 Colorado

Cyber and intelligence technology firm

~\$489M

**OGSYSTEMS**  
OWN THE OUTCOME

01/08/2019 Virginia

Geospatial intelligence analytics company

~\$292M

**Delcan**  
TRANSPORTATION • INFORMATION TECHNOLOGY • WATER

04/01/2014 Ontario, CA

Transportation and intelligent traffic-systems engineering firm

~\$70M

**SEALING TECH**

08/23/2023 Columbia, MA

Zero-trust and active cyber defense solutions provider

~\$292M

**BLACK HORSE**

06/10/2021 Virginia

Cyber and electronic warfare contractor

~\$203M

**Xator**  
CORPORATION

01/08/2019 Virginia

Mission security and counter-terrorism solutions provider

~\$343M

**bcc**  
engineering

10/21/2024 Miami, FL

Transportation and civil infrastructure engineering firm

~\$230M

**IPKEYS**  
CYBER PARTNERS

03/14/2023 Miami, FL

Cloud-based IT cybersecurity software provider for utilities

~\$43M

# Parsons Critical Infrastructure

## Recent Acquisition

### Transaction Overview

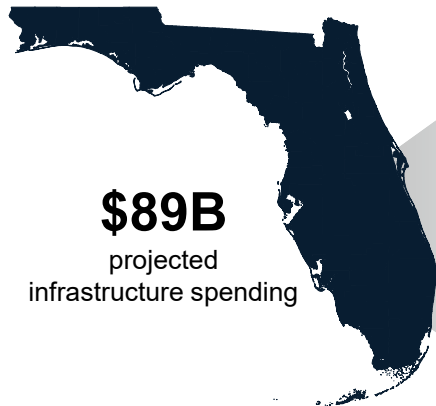
- Applied Sciences Consulting, Inc is a Florida based engineering firm that specializes in water and stormwater solutions
- The deal is an all-cash transaction and Applied Sciences will be integrated into Parson's North America Infrastructure business unit
- Parsons stated that its target acquisitions have to meet a criteria of revenue growth and adjusted EBITDA margins of at least **10%**



Parsons has completed 24 water and wastewater projects across the U.S. with only 2 in Florida. With Applied Sciences' geographic focus, they will be able to take advantage of the growth in the region

A combination of Applied Sciences' expertise with Parsons' resources will allow Parsons to expand their operations in this industry

### Florida as a Key Market

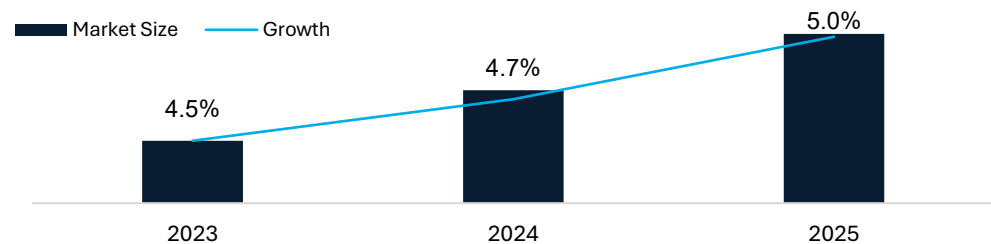


### Investments in Critical Infrastructure

**\$389M** in grants to protect water quality across the state

**\$2.9B** awarded to over 1,000 community water protection projects

Florida will need **~\$1.7B** for critical water projects through 2040



# Defense Infrastructure & Technology

## Overview



### Defense Partnerships

- Trusted partner to DoD, Space Force, and Intelligence Agencies
- Supports mission-critical programs across 40+ secured facilities



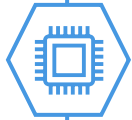
### C5ISR & Cyber Integration

- Command, Control, Communications, Computers, Intelligence, Surveillance & Reconnaissance
- Expanding cyber defense and AI-enabled threat detection capabilities



### Classified Work Growth

- Classified contracts up ~15% YoY, enhancing backlog stability
- Provides recurring, insulated revenue less tied to macro cycles



### Digital Defense Infrastructure

- Deploying AI, sensor fusion, and digital twin tech across defense networks
- Strengthens cross-domain situational awareness and system resilience

## Technology Highlights



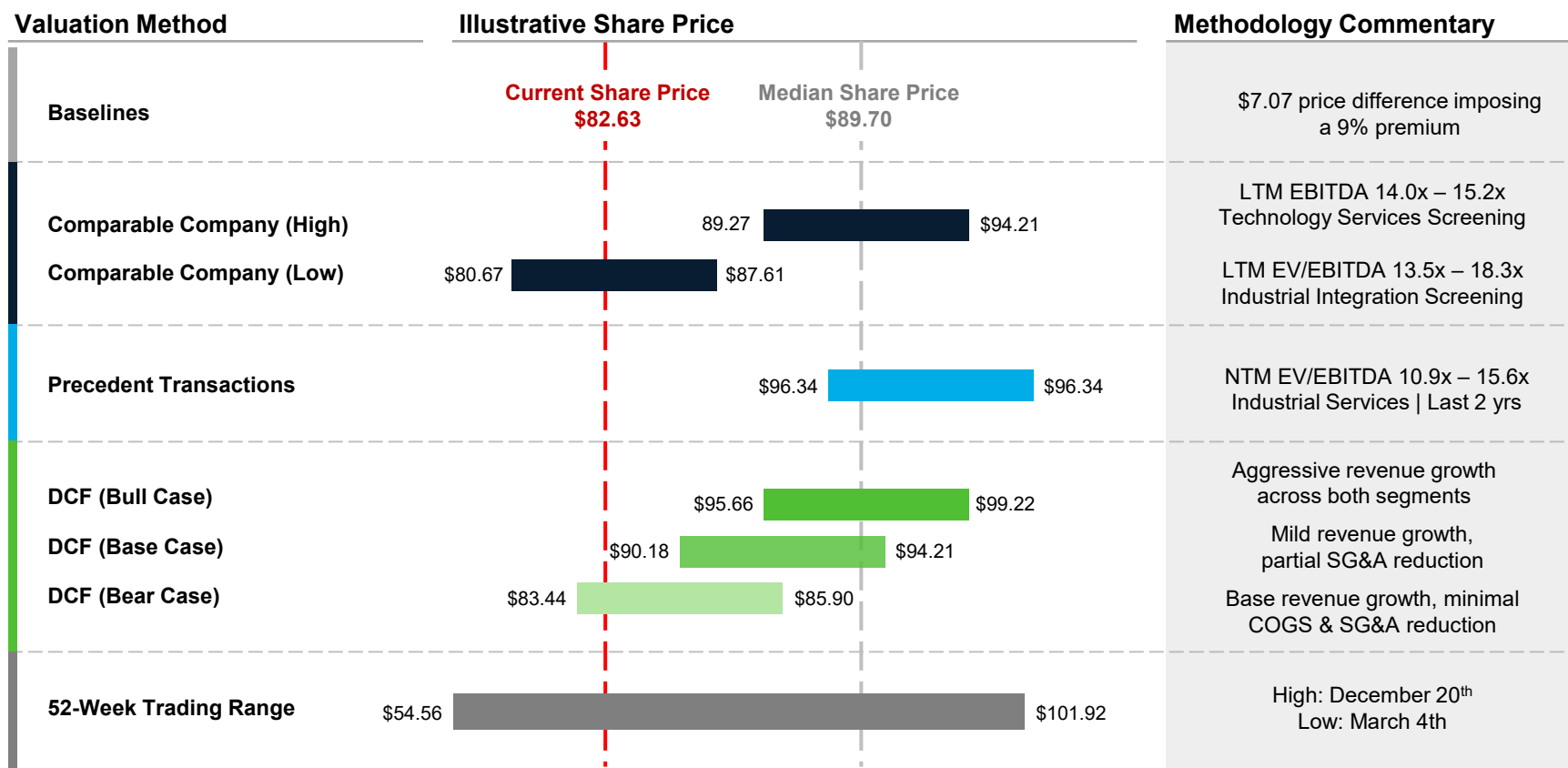
---

# Agenda

	Page
1 Parsons Overview	3
2 Strong government relationship	6
3 Critical infrastructure in growing markets	9
4 Stable Financial Foundation	13
<b>5 Benchmarking &amp; Valuation</b>	<b>18</b>



























# Football Field

Parsons healthy share price upside compared to different valuation methods utilized



# Comparable Company Analysis

## Selected Technology Services & Industrial Application comparables

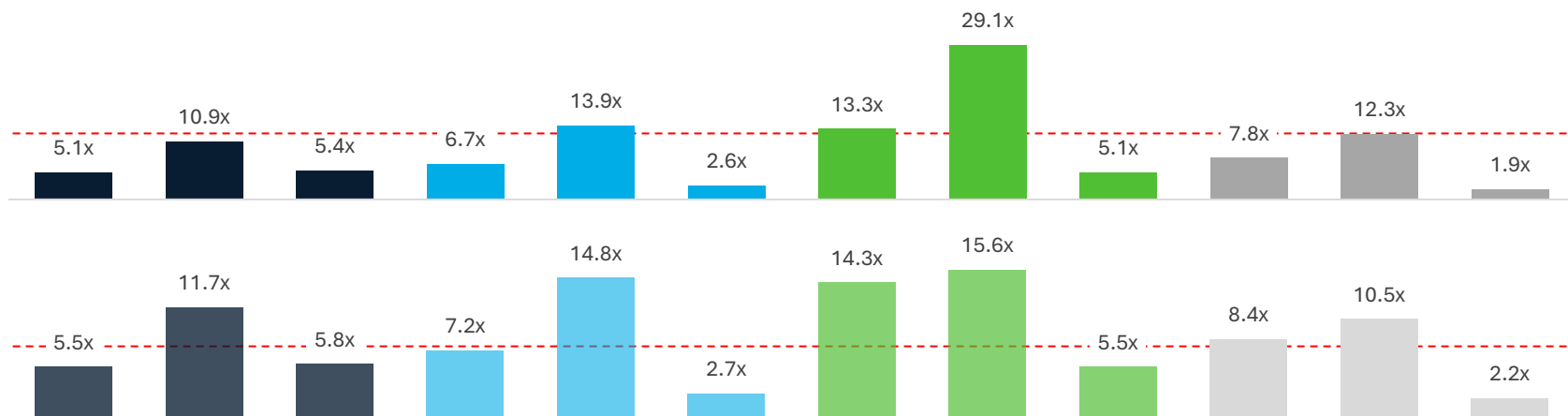
	Operating Metrics								Valuation		
	Market cap (\$mm)	Revenue (\$mm)		Revenue Growth		EBITDA (\$mm)		EBITDA Margin LTM	PE	EV / EBIT	EV / EBITDA
		2025E	2026E	2025E	2026E	2025E	2026E				
 <b>PARSONS</b>	9,648	6,457	6,805	(5.0%)	5.4%	619	660	9.6%	 26.2x	 23.2x	 16.5x
 <b>leidos</b>	25,619	17,254	17,896	3.6%	3.7%	2,385	2,416	13.8%	 16.6x	 13.5x	 12.4x
<b>Jacobs</b>	18,585	12,019	12,889	4.5%	7.2%	1,213	1,342	10.1%	 26.6x	 18.4x	 17.9x
 <b>Booz Allen</b>	10,617	11,424	11,697	7.1%	2.4%	1,215	1,256	10.6%	 16.0x	 13.7x	 11.9x
<b>AECOM</b>	17,504	7,551	7,955	(39.4%)	5.3%	1,198	1,280	15.9%	 25.5x	 17.1x	 15.6x
 <b>CACI</b> <small>EVER VIGILANT</small>	13,197	9,364	9,953	21.3%	6.3%	1,087	1,168	11.6%	 20.9x	 18.3x	 14.5x
 <b>wsp</b>	24,029	9,908	10,819	(10.2%)	9.2%	1,816	2,036	18.3%	 29.9x	 22.8x	 15.9x
<b>Median</b>									<b>25.8x</b>	<b>18.8x</b>	<b>15.8x</b>

# Precedent Transactions

Industrial Service & Technology application companies screened over the last year

EV/EBITDA Median: 9.7x

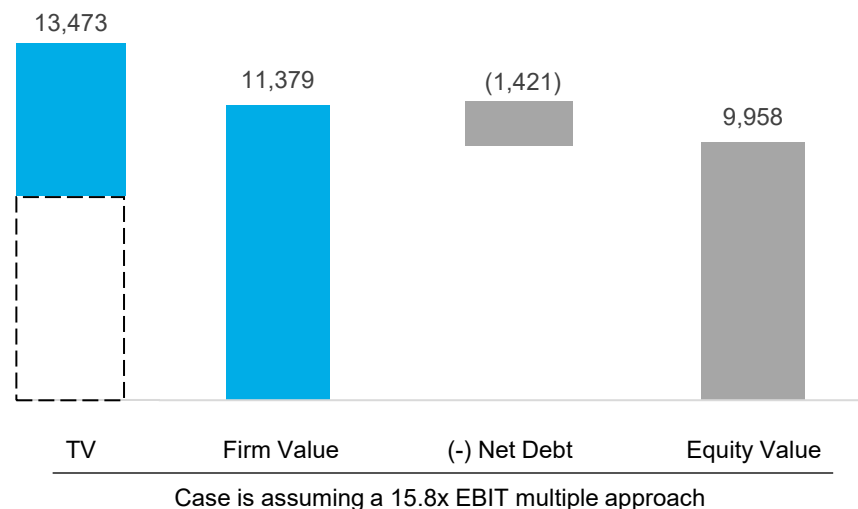
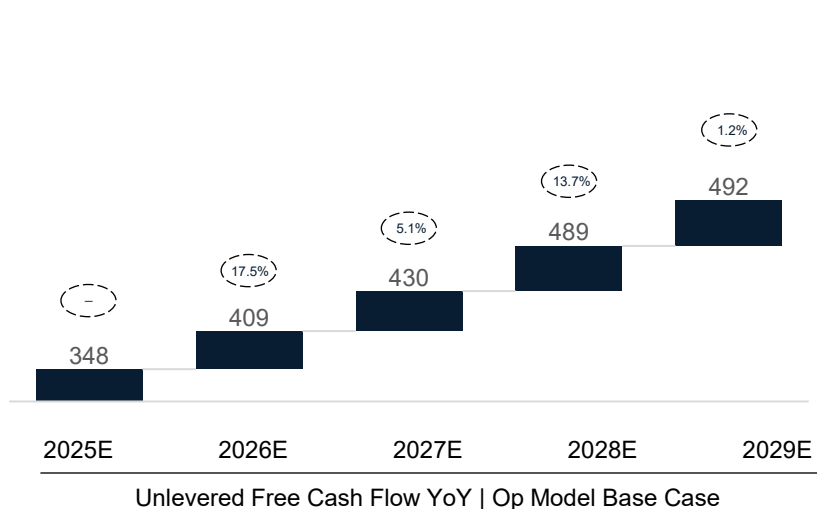
EV/EBIT Median: 8.9x



Closing Date	Nov '25	Nov '25	Nov '25	Jun '25	Jun '25	Apr '25	Mar '25	Mar '25	Jan '25	Dec '24	Dec '24	Nov '24
Acquirer	Atlanticus	SoundHound	serve	TELUS	Alithya	Fermata Energy	KRAKEN	Beedie	CERAGON	World Wide Technology	Tripadvisor	BENDING SP@NS
Target	MERCURY FINANCIAL	interactions	Phantom Auto	TELUS Digital	eVerge	Fermata Energy	PCI INC	Equinix	Blue Apron	Siklu	viator	BRIDGEMAN
EBITDA Multiple paid	5.1x	10.9x	5.4x	6.7x	13.9x	2.6x	13.3x	29.1x	5.1x	7.8x	12.3x	1.9x
Firm Value (mm)	\$162	\$85	\$5.7	\$2,604	\$28.2	\$0.6	\$69.3	\$17.1	\$90.1	\$12.9	\$439.8	\$197.4

# Discounted Cash Flow Output

YoY Cashflow growth based on healthy expansion and contract wins



## WACC Sensitivity – Firm Value

	1.5%	2.5%	3.0%	3.5%	4.0%
5.5%	92.13	93.08	94.03	94.98	95.93
6.0%	93.08	94.03	94.98	95.93	96.88
6.5%	93.56	94.51	95.46	96.41	97.36
7.0%	94.51	95.46	96.41	97.36	98.31

## Long-term Growth Rate Sensitivity – Firm Value

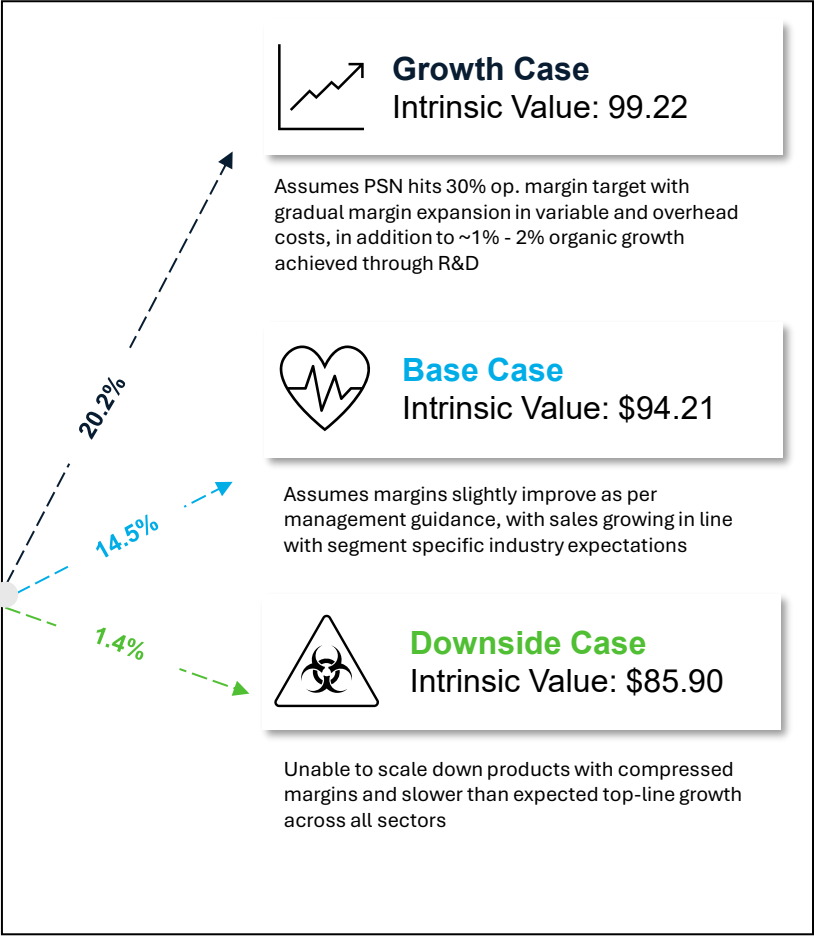
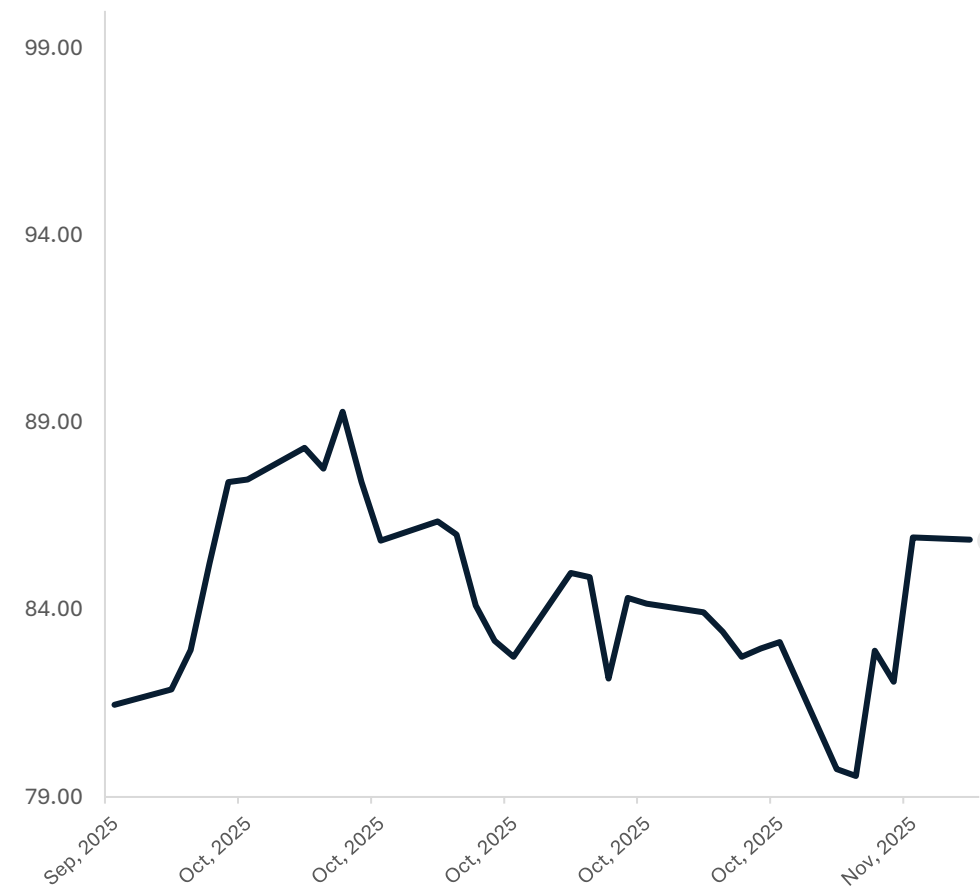
	1.8%	2.1%	2.4%	2.7%	3.0%
5.5%	91.2	91.95	92.7	93.45	94.2
6.0%	91.95	92.7	93.45	94.2	94.95
6.5%	92.7	93.45	94.2	94.95	95.7
7.0%	93.45	94.2	94.95	95.7	96.45

DCF analysis using multiple approach of 15.8x implies a 14% upside to current Firm Value vs. 16% upside using perpetuity method

# Stock Price Bear Bull Base

The current price implies impressive upside

3-Month Stock Performance Chart



---

## Final Summary

1.

Parsons' **long-standing government relationships and strong recompile win rates** position it to benefit from rising federal spending across defense, cyber, and infrastructure

2.

Its exposure to **multi-decade U.S. IIJA programs and Middle East megaprojects** provides highly visible, diversified, and durable revenue growth

3.

**Backlog strength, margin expansion, and expanding environmental and smart-infrastructure capabilities** reinforce Parsons' ability to compound earnings and cash flow over the long term

---

**Inspo slides from last semesters pitch**

# Segment Overview – Diverse, Focused, & High-Margin

## A Snapshot of ITW's Six Global Business Segments with Key Metrics

### Automotive OEM

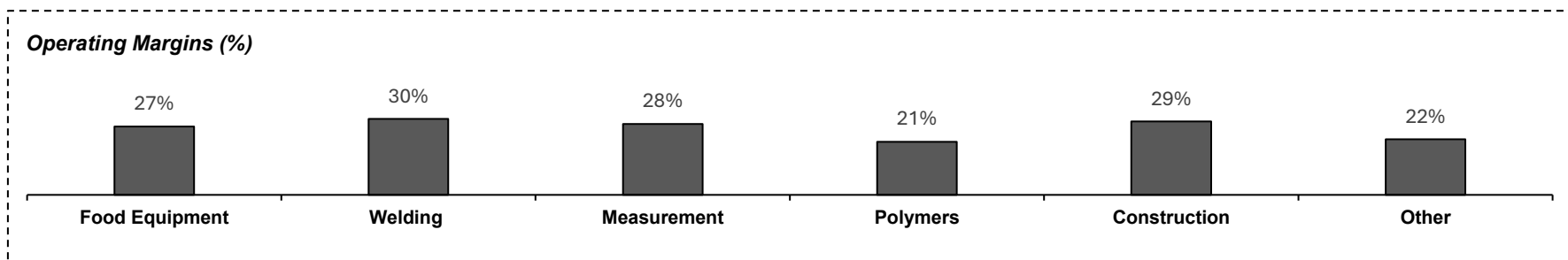
Automotive parts used by major OEMs. ITW's auto content **is focused on solving OEM "pain points"** (noise reduction, lightweight, etc.), **giving it pricing power** despite the cyclical auto market

### Food Equipment

ITW supplies restaurants and major commercial chains with comprehensive solutions for **all the needs of a professional industrial kitchen**

### Measurements

Provides specialized equipment such as materials testing machines, electronic soldering tools, and microelectronics assembly systems



### Welding

ITW's welding products are used in general industrial fabrication, construction, and energy. **Reliability and consistency** is the most important thing buyers look for, giving ITW **pricing power over comps**

### Polymers

Brands like **Permatex** and **Rain-X** produce patented coatings and epoxies that drive high-margin, **recurring sales through consistent automotive aftermarket demand**

### Construction

ITW sells construction hardware like framing connectors and **concrete anchors under brands like Paslode and GRK**

# ITW Product Tangibility

We should show examples of products that way the audience has a good understanding of it

## Food Equipment



- Products include ovens, fryers, mixers, and refrigeration units
- Focused on food safety, energy efficiency, and durability
- Industry leader in uptime and service reliability



## Automotive OEM



- Used in nearly every major vehicle platform
- Includes fasteners, clips, and assemblies (e.g. airbag brackets, trim clips)
- Designed for high durability, low weight, and precise fit



## Welding



- Provides check weighers, X-ray machines, and metal detectors
- Used in food, pharma, and consumer goods manufacturing
- Helps customers avoid recalls, fines, and lost trust



# Thesis 1.2 – Tailwinds for Customer-Back Innovation

Robust IP, Decentralized Agility, & Secular Growth Drivers Fueling Innovation

ITW Patent Wall



## Patent Economics

**20,000+**  
Patents

**~ \$147K**  
per patent

## Decentralized



**Local Power**

87 divisions, 55+ countries



**Guardrails**

Enterprise goals, local P&Ls

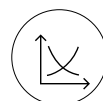
**4+%**  
Organic Growth

## Tailwinds



**EV Growth**

Shift from ICE to EV — requires new materials



**Reshoring**

Geopolitical Tension, Supply Chain Fragility

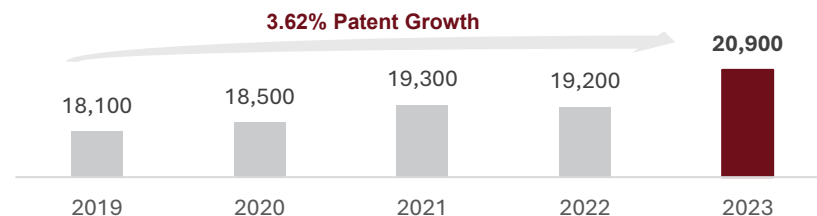


**Automation**

Factory digitization and robotic adoption

**9 – 10%**  
EPS Growth

## Patent Growth



---

## Table of Contents

	page
Firm Overview	3
<b>A Look Into The Past</b>	<b>7</b>
What the Future Holds	11
Follow the Money to the Upside	14
Benchmarking & Valuation	21

# The ITW Differentiator

Why are the companies' margins growing so much?

## 80/20 Front-to-Back System

### 1. How it works:



### 2. Why it works:

#### Customer Segmentation

Classify customers by **profitability—not just revenue**

Focus innovation and service on high-margin, **recurring customers**

#### Product Line Simplification

Cut slow-selling or low-margin SKUs

**Fewer SKUs = less complexity, lower inventory, better throughput**

#### Hyper focused Allocation

Engineering, marketing, R&D dollars are spent on the **“vital few”**

SG&A is streamlined or outsourced for the **“trivial many”**

**“If this customer/product doesn’t spark profit... thank it and let it go.”**

# 2012–2022 Enterprise Strategy – Transformation in Action

Focus, Simplification, and Cost Discipline That Elevated Returns

## +35 Businesses Divested

### Portfolio Optimization

Divested ~25% of businesses;  
eliminated ~80% of low-return SKUs

Example: 2013 sale of Industrial  
Packaging (worth ~\$2.5B)

### Organizational Restructuring

Consolidated from 800+ P&Ls to ~85  
global divisions

Empowered decentralized  
“entrepreneurial” culture (80/20 model)

### Cost & Operational Efficiencies

Continuous 1% annual cost reduction  
via strategic sourcing

Achieved 100+ bps margin gains in Q4  
2013 and Q4 2023

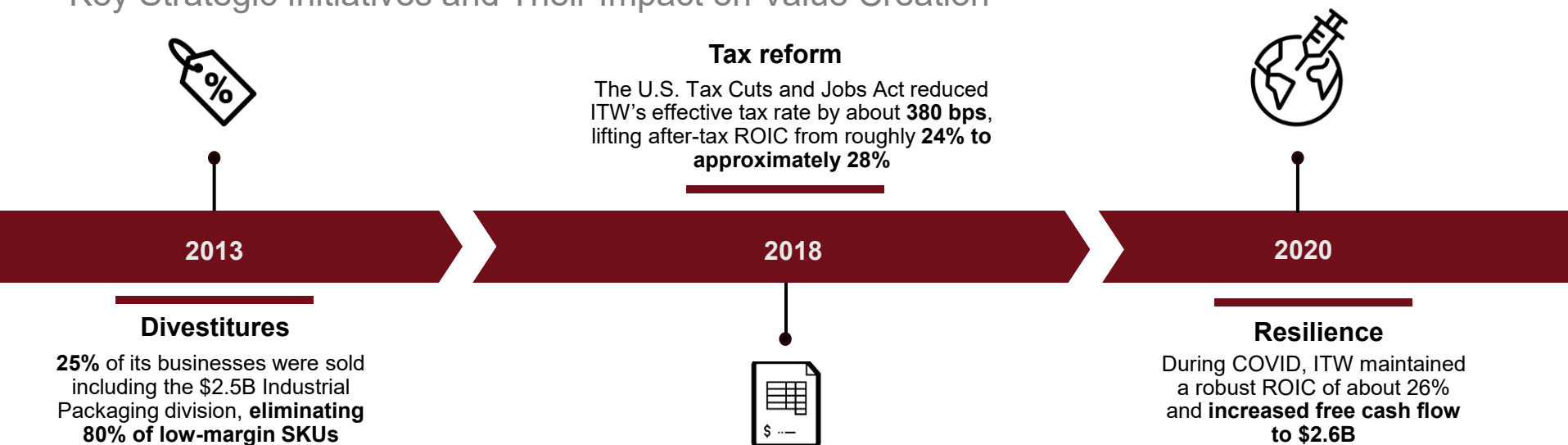
## Outcomes

- ✦ Operating margins rose from mid-teens to mid-20s, and after-tax ROIC climbed from ~14% to ~30%
- ✦ Therefore, ITW’s total shareholder return (TSR) compounded at ~16.8% annually over that decade – outperforming the S&P 500 and peer indices

**“We demonstrated that ITW’s competitive business model can create sustainable, high-return growth.”**

# Investment Highlights (2012–2022)

## Key Strategic Initiatives and Their Impact on Value Creation



## Financial Highlights & Margin Expansion

	2012	2018	2024	12 yr Growth
Operating Margin	16%	22%	26%	+100 bps
After-tax ROIC	14%	28%	31%	+170 bps
Earnings Per Share	\$3.25	\$7.60	\$10.80	232% Increase
Dividends Per Share	\$1.48	\$3.90	\$6.31	324% Increase
Market Cap	28B	52B	73B	150% Increase

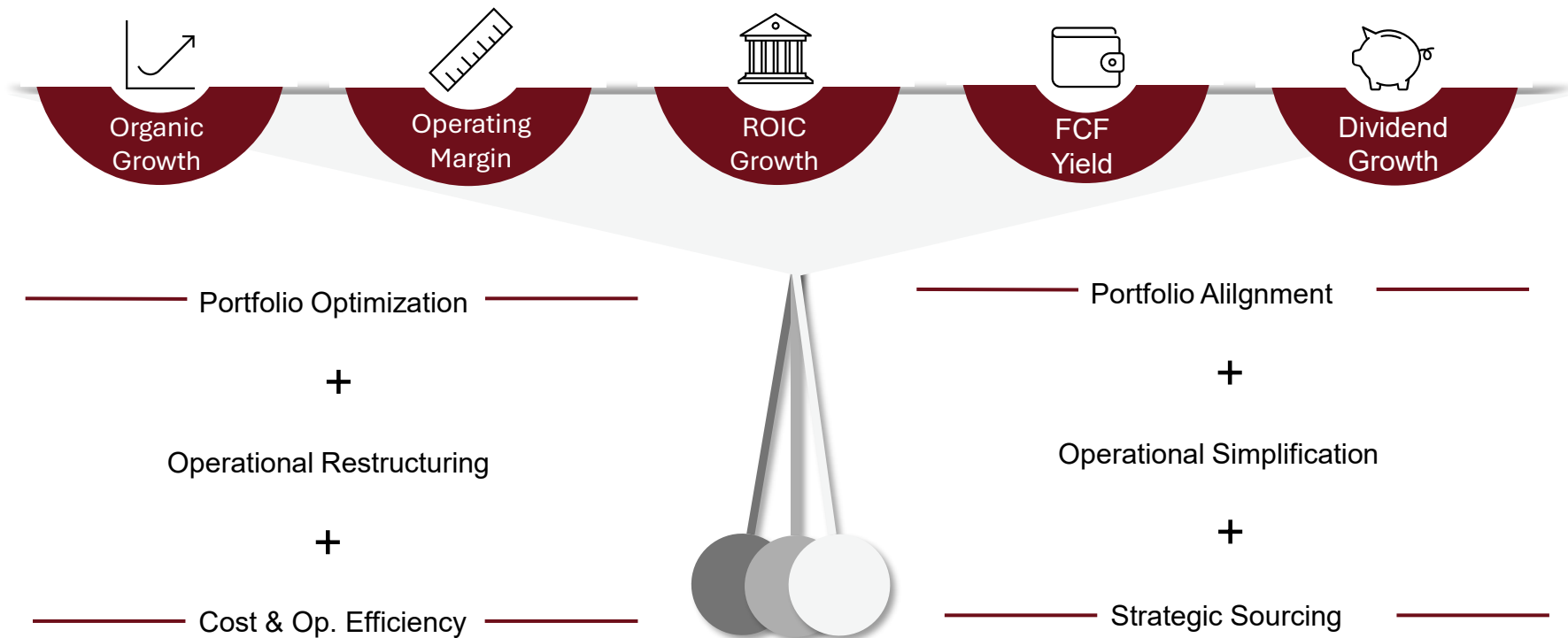
---

## Table of Contents

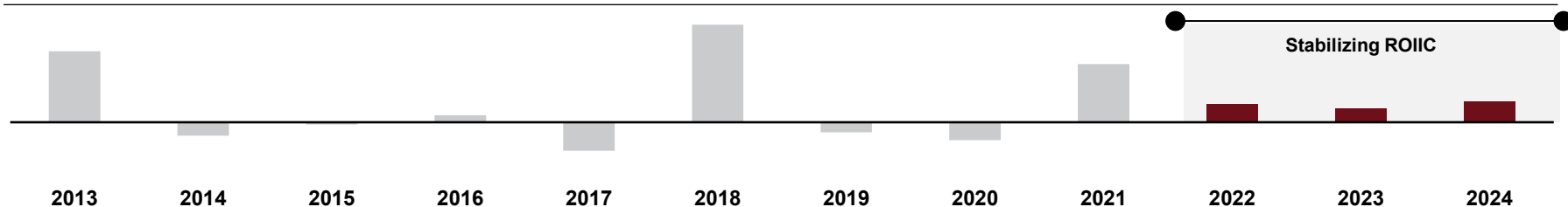
	page
Firm Overview	3
A Look Into The Past	7
<b>What the Future Holds</b>	<b>11</b>
Follow the Money to the Upside	14
Benchmarking & Valuation	21

# The 2030 Strategic Framework – Next Phase of Capital Efficiency

Ambitious Targets to Sustain Growth, Margin Expansion & Superior ROIC



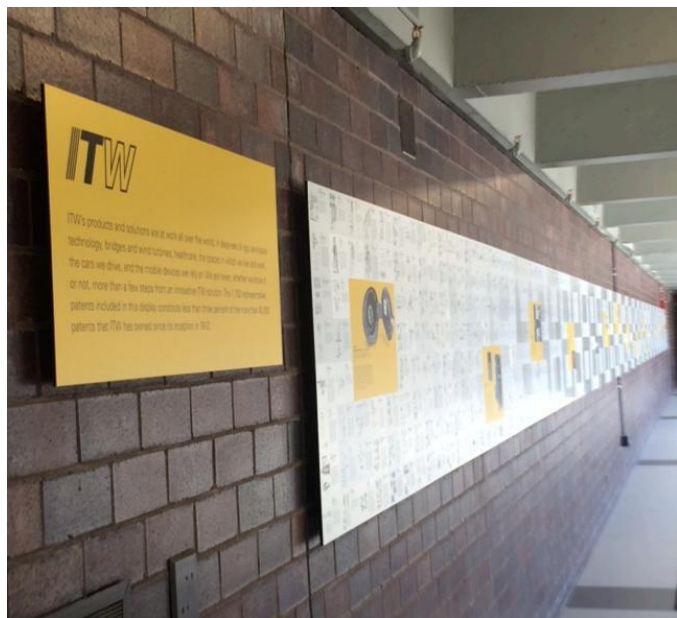
## ROIC Stabilization



# Thesis 1.2 – Tailwinds for Customer-Back Innovation

Robust IP, Decentralized Agility, & Secular Growth Drivers Fueling Innovation

ITW Patent Wall



## Patent Economics

**20,000+**  
Patents

**~ \$147K**  
per patent

## Decentralized



**Local Power**

87 divisions, 55+ countries



**Guardrails**

Enterprise goals, local P&Ls

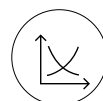
**4+%**  
Organic Growth

## Tailwinds



**EV Growth**

Shift from ICE to EV — requires new materials



**Reshoring**

Geopolitical Tension, Supply Chain Fragility

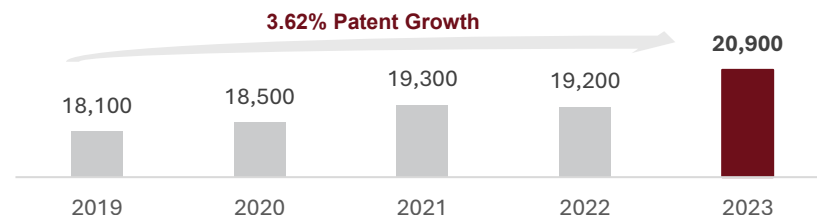


**Automation**

Factory digitization and robotic adoption

**9 – 10%**  
EPS Growth

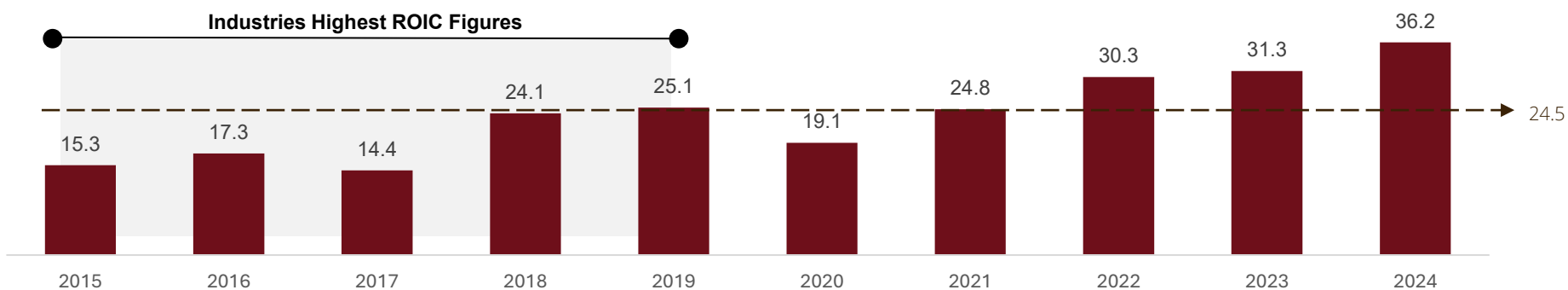
## Patent Growth



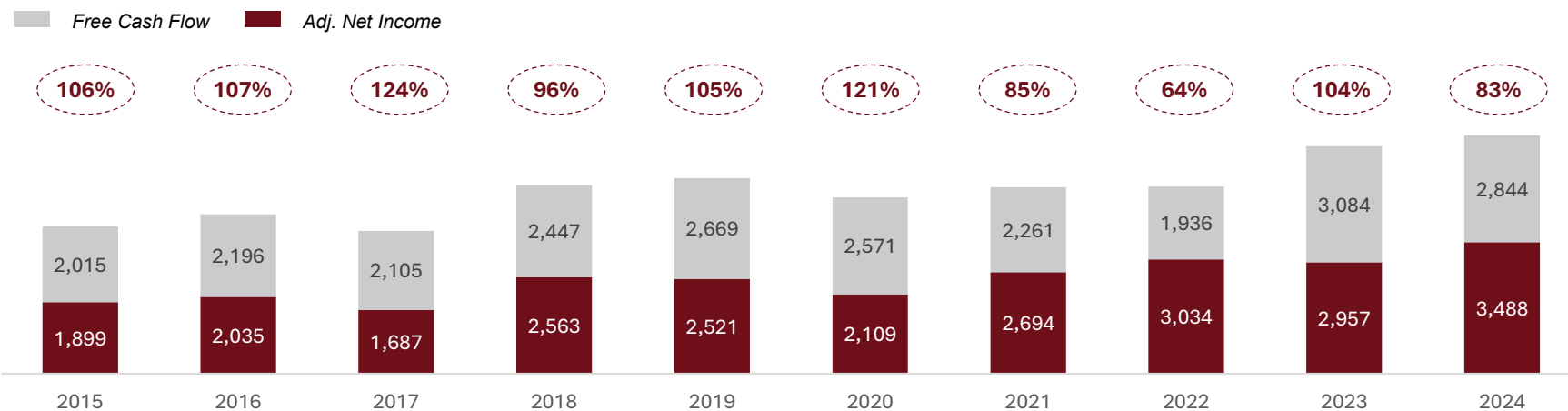
# Historical ROIC & FCF Generation (2012–2024)

Inflection Points Highlighting the Impact of Strategic Execution

## Return on Invested Capital (ROIC)



## Free Cash Flow as a % of Adj Net Income



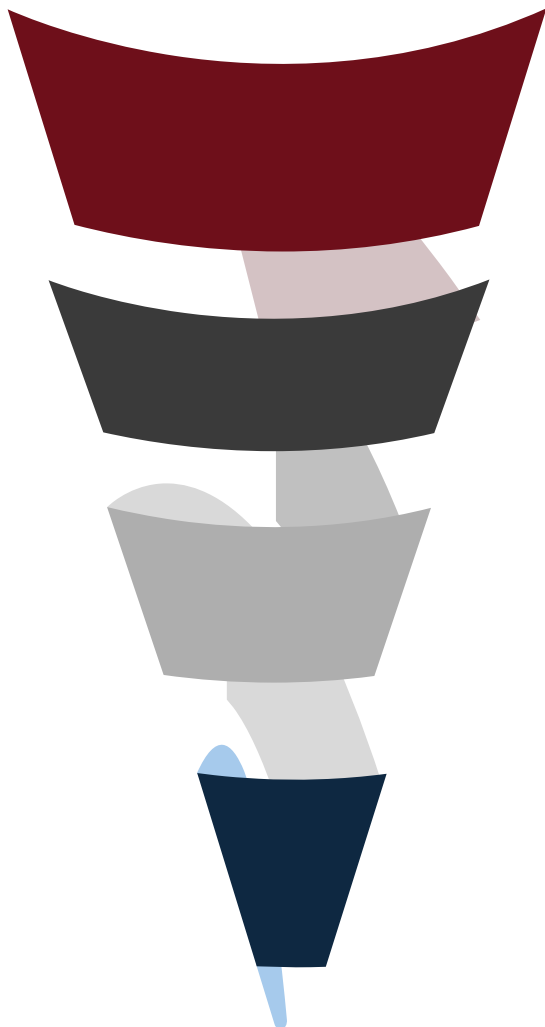
---

## Table of Contents

	page
Firm Overview	3
A Look Into The Past	7
What the Future Holds	11
<b>Follow the Money to the Future Upside</b>	<b>14</b>
Benchmarking & Valuation	21

# Capital Allocation Breakdown – Where ITW Deploys Its Cash

A Disciplined Approach: Internal Investments vs. External Returns



## Internal Reinvestment

~25–30% of operating cash flow; funds capex (~2–3% of sales), R&D (~2% of sales)

2023 Capex: ~\$800M; consistently high-return projects

## Dividends

~50–60% of FCF; 60+ years of consecutive increases

Recent dividend: \$6.28 annualized; ~2.3% yield; 7%+ growth rate

## Share Buybacks

~40–50% of FCF; share count reduced by ~25% since 2012

2023 Repurchases: ~\$1.5B; drives EPS accretion

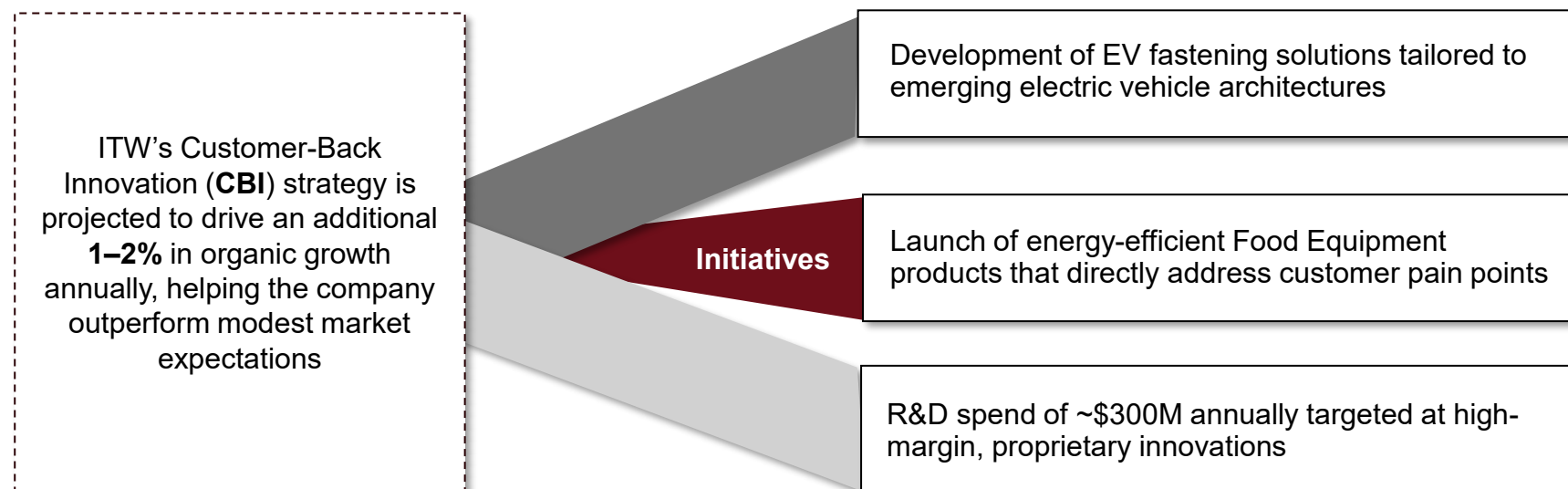
## Inorganic Growth

Minimal (<10% of FCF); only selective bolt-ons

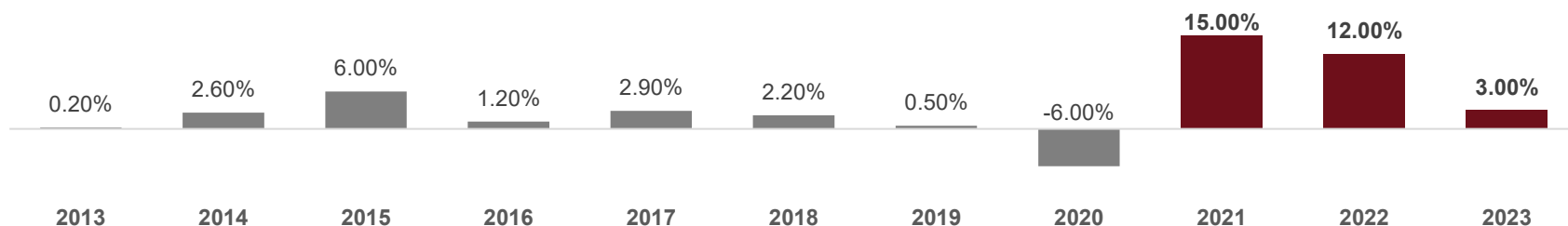
(e.g., 2021 MTS acquisition ~\$750M)

# Thesis 1.1 – Customer-Back Innovation Accelerates Organic Growth

Deep Customer Integration Drives 1–2% Incremental Organic Growth Annually



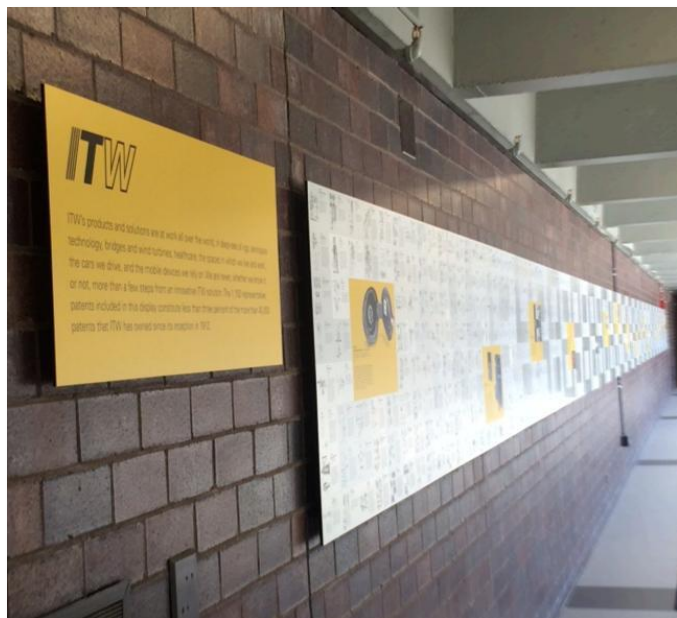
## Organic Growth



# Thesis 1.2 – Tailwinds for Customer-Back Innovation

Robust IP, Decentralized Agility, & Secular Growth Drivers Fueling Innovation

ITW Patent Wall



## Patent Economics

**20,000+**  
Patents

**~ \$147K**  
per patent

## Decentralized



**Local Power**

87 divisions, 55+ countries



**Guardrails**

Enterprise goals, local P&Ls

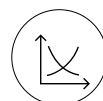
**4+%**  
Organic Growth

## Tailwinds



**EV Growth**

Shift from ICE to EV — requires new materials



**Reshoring**

Geopolitical Tension, Supply Chain Fragility

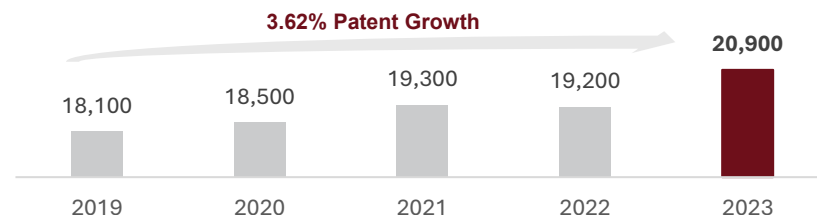


**Automation**

Factory digitization and robotic adoption

**9 – 10%**  
EPS Growth

## Patent Growth



## Thesis 1.3 – Enterprise Initiatives Drive Further Margin Expansion

Unlocking 100+ Bps of Additional Annual Margin Growth Through Efficiency

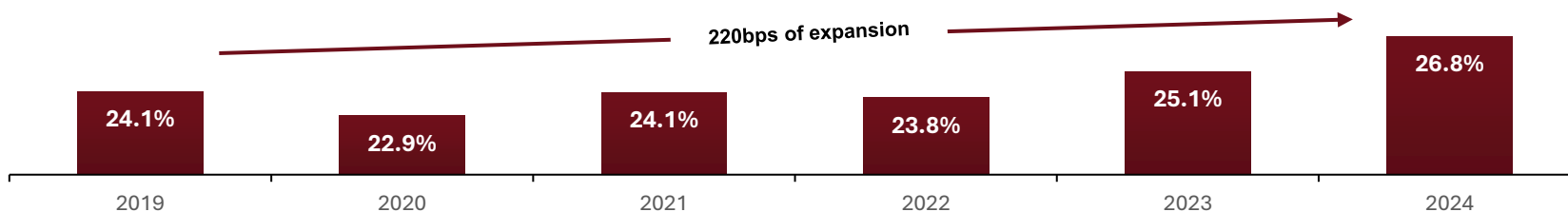
### Data Highlights

**22%** YoY growth across all sectors

**+150** Q4 2024 bps margin expansions

**35-40%** Incremental operating margin on new revenue

### Total Margins Across all Sectors



### Why does this matter?

**1.**

Margin expansion turns each revenue dollar into higher earnings, fueling innovation and scalable growth over time

**2.**

Strong cost discipline and buying power protect profitability against rising costs, deepening ITW's competitive moat

## Thesis 2.1 – International Trade Uncertainty

U.S. Foreign policy will drive investors toward domestic manufacturing

### Trends in International Trade



#### China Down, USA Up:

China's U.S. import share dropped to ~14%; Mexico now leads with 16% due to tariffs and supply shifts



**More U.S. Production Needed:** Less Chinese supply means U.S. must boost domestic manufacturing



**Higher Costs & Uncertainty:** Mexico's rising costs and USMCA rules strain suppliers — local sourcing is key to staying competitive



**“Strong trade headwinds expected over the coming years will be great for ITW and its segments giving domestic manufacturing and decentralized business model”**

## Thesis 2.2 – Domestic Manufacturing Presence

ITW dominates the eastern US, providing unmatched manufacturing and distribution



---

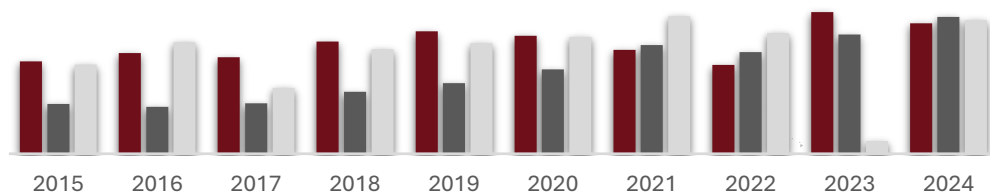
## Table of Contents

	page
Firm Overview	3
A Look Into The Past	7
What the Future Holds	11
Follow the Money to the Upside	14
<b>Benchmarking &amp; Valuation</b>	<b>21</b>

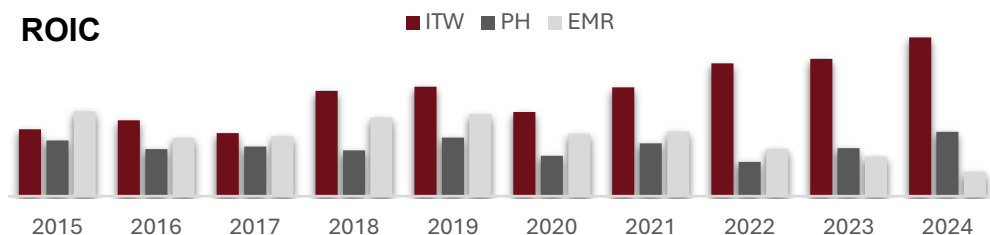
# Peer Benchmarking – ITW vs. Parker-Hannifin & Emerson

Capital Efficiency that Sets ITW Apart from Main Competitors

## FCF



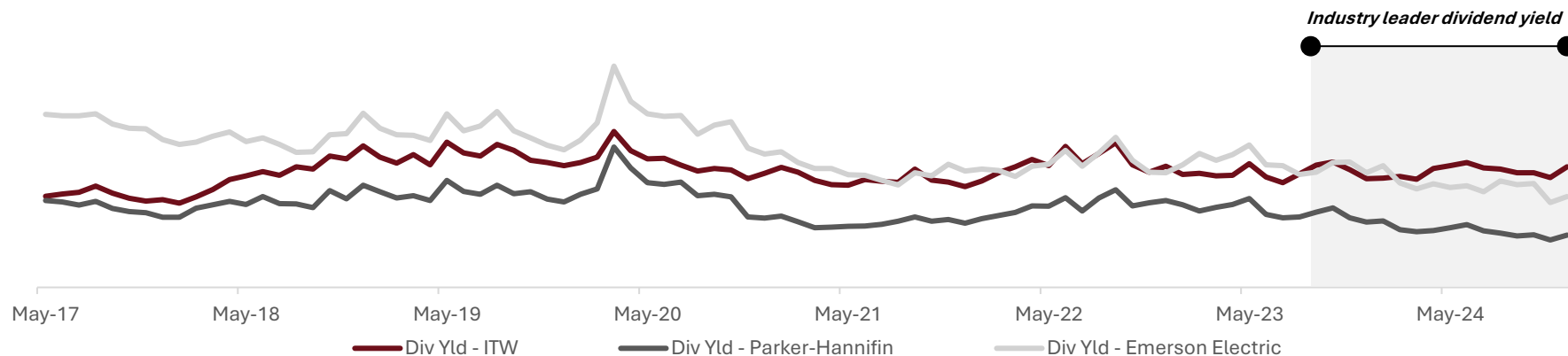
## ROIC



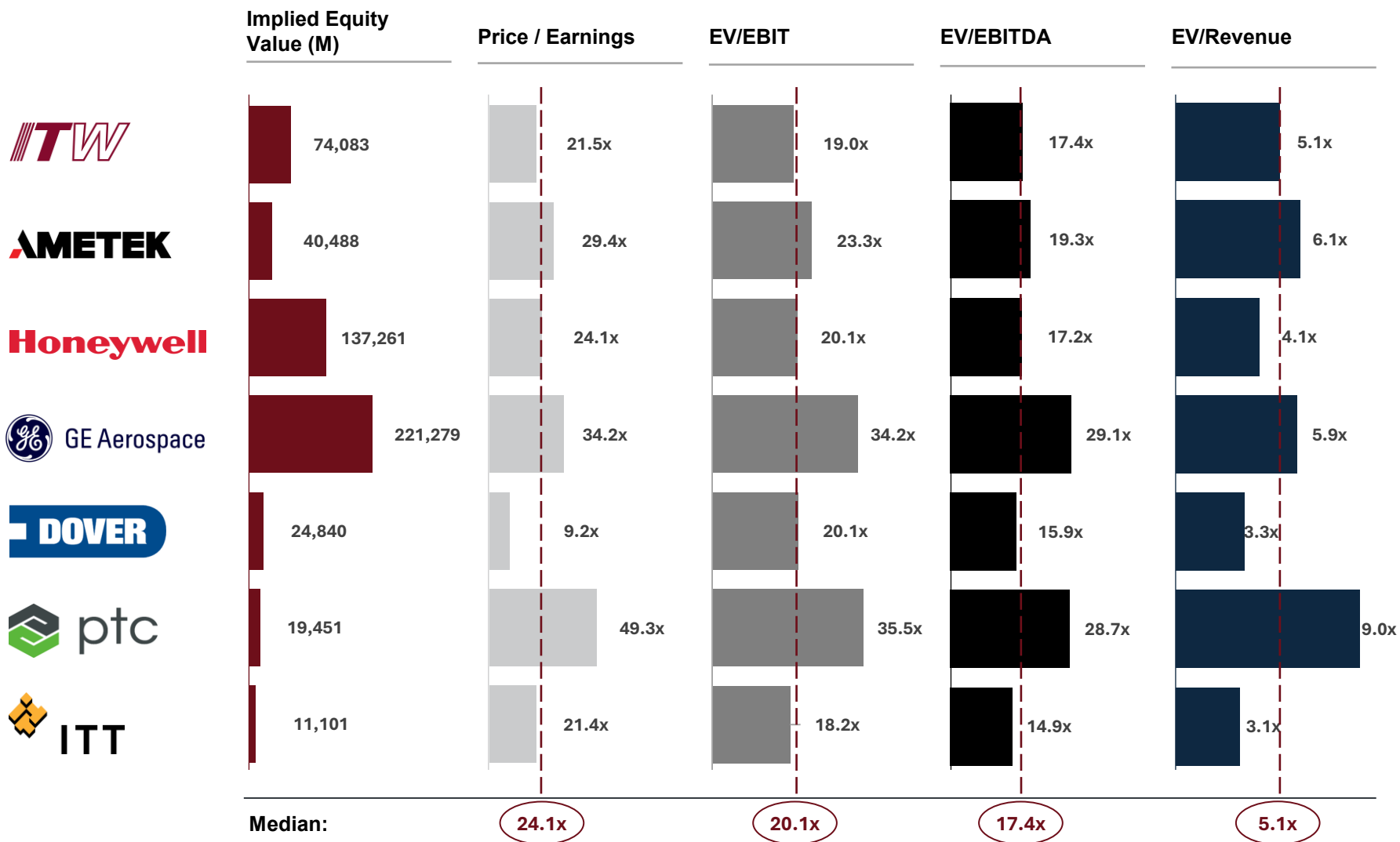
## ITW Differentiators

- ★ **Disciplined Minimalism:**  
ITW only makes small, bolt-on acquisitions that reinforce its core businesses
- ★ **Decentralized & Efficient:**  
ITW's autonomous divisions drive innovation and margins, while disciplined capital deployment (~30% ROIC) fuels strong EPS growth and returns

## Dividend Yields



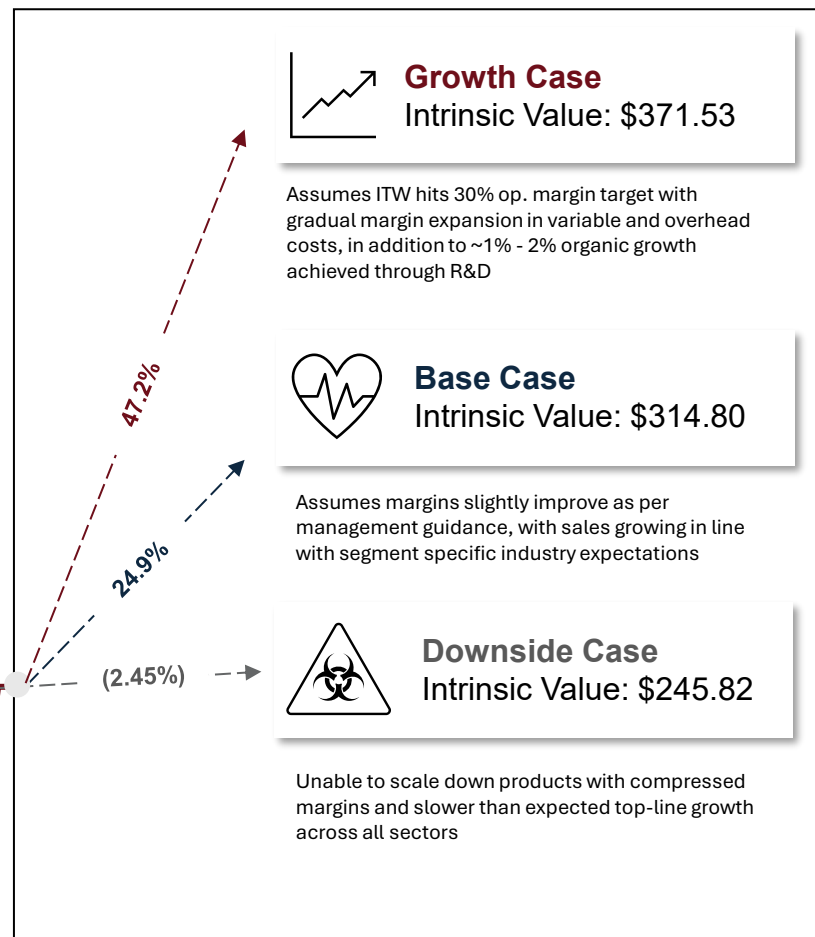
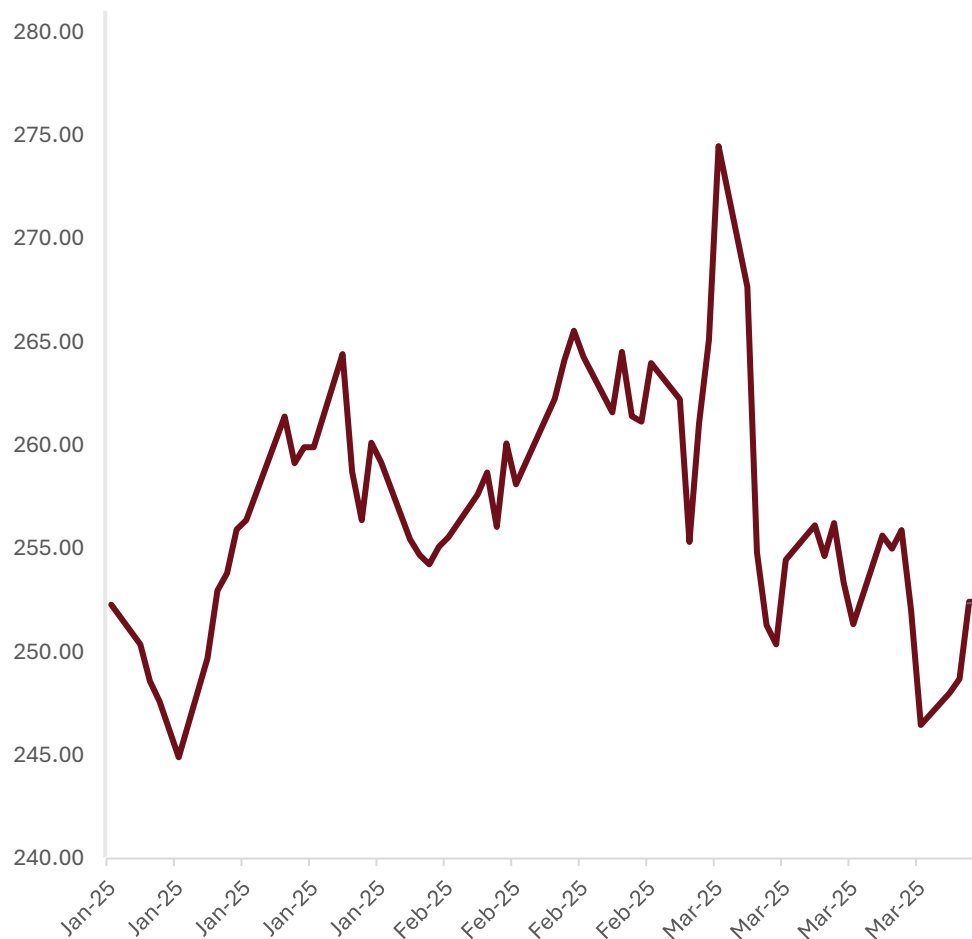
## Selected Comparable Companies



# Valuation

The current price implies significant upside...

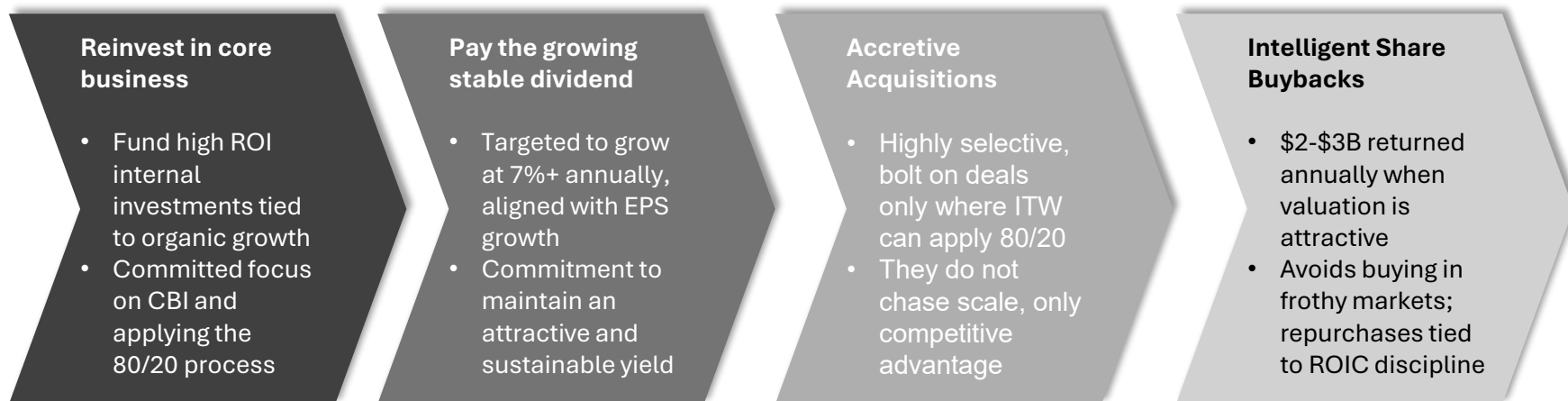
3-Month Stock Performance Chart



Note: As of market close on April 2<sup>nd</sup>, 2025

# Synthesis – How Capital Allocation Creates Long-Term Value

Reinvestment, Dividends, and Buybacks Fuel Compounding Returns



## Positive Outlook

“Rather than pursue higher-risk, lower-return opportunities that reside outside of our core strengths and capabilities, we choose to return surplus capital to our shareholders.”

“We choose to return surplus capital to our shareholders, through a combination of an attractive dividend and an active share repurchase program, rather than pursue lower-return opportunities that reside outside our core strengths and competitive advantages.”

---

## Conclusion

A diversified Industrials company poised for success

1.

A business model rooted in streamlined production and product offerings allows ITW to **swiftly adapt during market downturns** by quickly **scaling down underperforming products**

2.

Robust free cash flow fuels targeted R&D investments, supporting **long-term organic growth** and **continued margin expansion**

3.

Foreign policy favoring domestic manufacturing positions ITW to **thrive under higher tariffs and shifting global trade dynamics**

# ITW's Global Footprint

Presence far outside U.S borders



# Global Infrastructure Leadership Drives I

Parsons is uniquely positioned to benefit from global infrastructure leadership in program management, smart systems, and sustainability

Gonna need a lot of work on this one sadly, its giving NOWS slide first week of the program. Go through the past decks we uploaded and copy and slide template and design or several. Info is great but slide delivery is meh.

## U.S. Infrastructure and Jobs Act

**The Infrastructure Investment & Jobs Act (IIJA)** is driving the largest U.S. infrastructure boom in decades, targeting aviation, transportation, and water systems

Allocates **\$1.2T+** over ten years with Less than 30% disbursed as of 2024 meaning peak spending lies ahead

Parsons' role as a prime design and construction manager across transportation and aviation makes it a key beneficiary

Lead on Projects like



Hudson Tunnel Gateway Program



Honolulu Light Rail



LAX Landside Modernization

IIJA projects like these expected to sustain growth through 2028 and beyond

## Smart & Sustainable Systems

**Parsons leads in integrating digital and sustainable infrastructure solutions** that enhance urban mobility, energy efficiency, and public safety



**iNET™** traffic management platform connects thousands of sensors, cameras, and intersections improving traffic flow and safety



Focused on decarbonization, electrification, and resilient infrastructure integrating smart grid, EV, and renewable design work for long-term climate goals.

## Middle East Megaprojects

**Parsons is a core delivery partner on multi-decade megaprojects** across Saudi Arabia and the Gulf, including smart cities, airports, and mass transit systems



The Line



Riyadh Metro



King Salman Airport

Program manager and engineering partner for the region's largest infrastructure developments

Government-backed funding ensures multi-decade project lifecycles and steady growth

## Environmental & Resiliency Work

**Parsons leverages decades of environmental expertise** to deliver resilient infrastructure solutions and lead U.S. efforts in contamination cleanup

### PFAS Remediation Expertise

Parsons is a first mover in PFAS and hazardous site cleanup, a \$10B+ market driven by new EPA mandates and is positioned well with the FAA and Department of Defense

### Building Resilient Infrastructure

Designs climate-resilient transportation and water systems that mitigate flooding, extreme heat, and environmental stressors for federal, state, and municipal clients

# Sustainability and Digital Infrastructure Are Driving Parsons' Next Growth Phase

Parsons is leveraging its smart-systems expertise and environmental capabilities to capture rising global investment in resilient infrastructure

## Smart & Sustainable Systems

### iNET® Platform

- Connects 30,000+ sensors, cameras, and intersections nationwide, improving traffic flow and safety
- New Jersey statewide Advanced Traffic Management System launched August 2025

## Environmental & Resiliency Work

### PFAS Remediation

- First mover in the \$10B+ PFAS cleanup market
- Acquisition of TRS Group (\$36M) adds 160+ remediation projects

### Resilient Infrastructure

- First mover in the \$10B+ PFAS cleanup market acquisition of TRS Group (\$36M) adds 160+ remediation projects



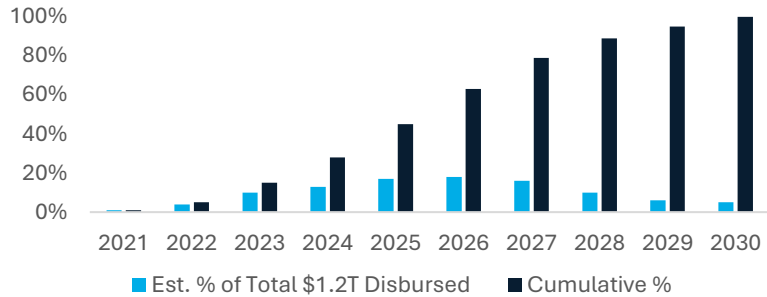
## Critical Infrastructure Growth

- **iNET® platform:** Connects 30,000+ sensors, cameras, and intersections nationwide, improving traffic flow and safety.
- **Recent milestone:** New Jersey statewide Advanced Traffic Management System launched August 2025 — Parsons' iNET® platform now active across 10+ U.S. states.
- **Focus:** Decarbonization, electrification, and resilient infrastructure integrating smart grid, EV, and renewable design work for long-term climate goals.

# Thesis Point #2.1

## U.S Infrastructure and Jobs Act

- **The Infrastructure Investment & Jobs Act (IIJA)** is driving the largest U.S. infrastructure boom in decades, allocating \$1.2T+ over ten years and has less than 45% as of August 2025 meaning peak spending lies ahead



Parsons' leadership across U.S. aviation and transportation makes it a key IIJA beneficiary



**Hudson Tunnel Gateway Program**



**Honolulu Light Rail**

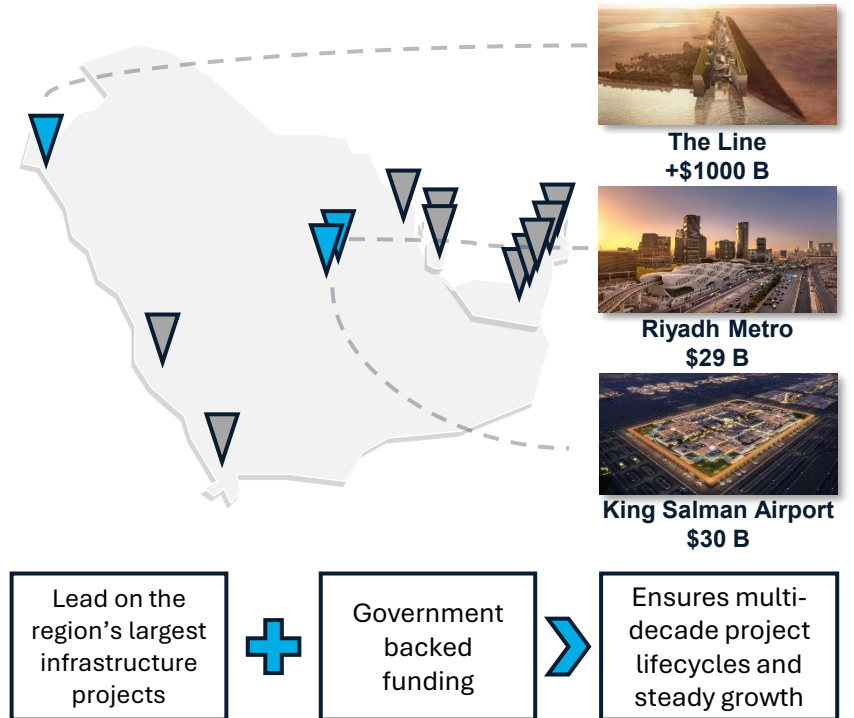


**LAX Landside Modernization**

## Middle East Mega Projects

**Parsons is a core delivery partner on multi-decade megaprojects** across the Middle East, including smart cities, airports, and mass transit systems

### Parson's Major Projects in Saudi Arabia, Qatar, and UAE

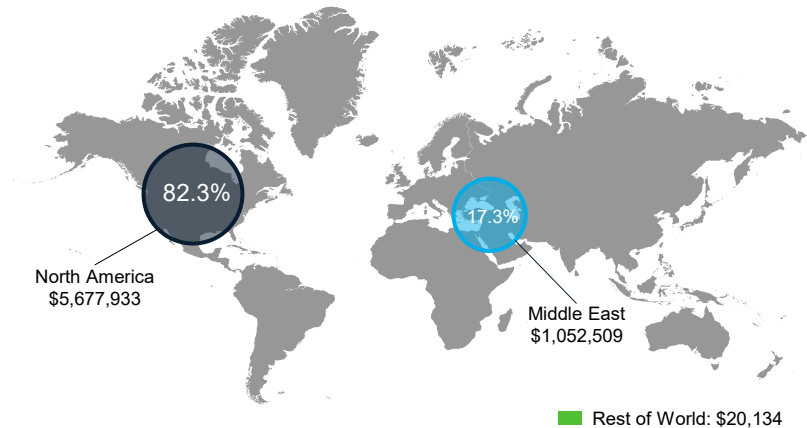
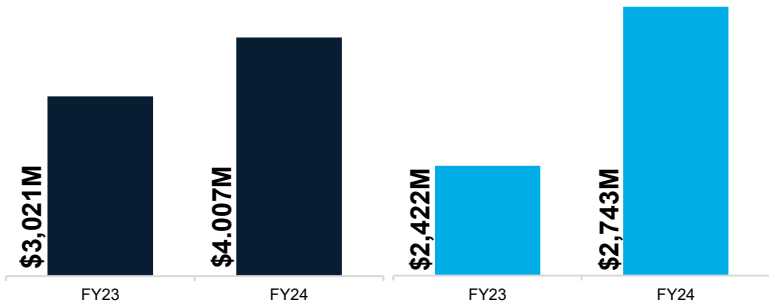


# Parsons Company Overview

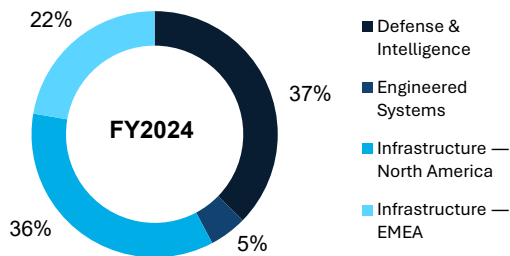
## Overview and Recent Developments

Parsons is a leader in the critical technology and infrastructure industry, with its main services being cyber, missile defense, intelligence, and space grounds systems for the U.S. government and critical infrastructure services for projects across North America and the Middle East

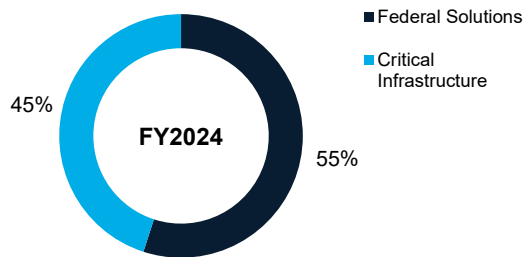
Overview is too chatgpt, make a little better. I don't know how I feel about the federal solutions and crit infra part of the slide, too messy and alignment is fucked – play around with it maybe itll look better. For the map graph I need labels for each bubble next to the money figure. Switch around revenue contribution by segment and contract awards. Pie charts need to be bigger, spacing for the legends need to be a little better, put some sort of light grey backdrop for the three boxes at the bottom.



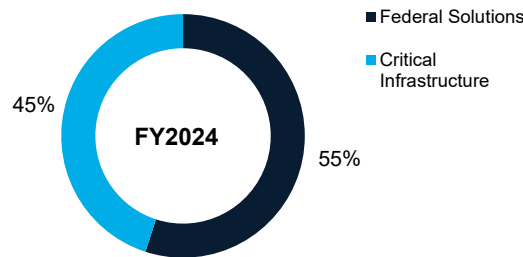
## Revenue Contribution by Segment



## Contract Awards



## Cost Structure



Total Federal Solutions Revenues: **\$4,007,114**  
Total Critical Infrastructure Revenues: **\$2,743,462**

Split in operations allows for continuous revenue streams

**\$1,236M** in direct contract costs with a **22%** gross margin