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08-20-2019 - - Dallas-based engineering firm Jacobs is expanding its nuclear power business with a \$300 million acquisition of a Scottish firm's assets.

Jacobs announced the deal Monday with John Wood Group, an Aberdeen, Scotland-based company that provides a range of services to the energy industry. About 90% of JWG's nuclear holdings are in England, including the U.K.'s largest independent nuclear research facility.

"This acquisition further strengthens Jacobs' position in highly profitable and complementary sectors within nuclear and defense, enhancing our recognized program management skills with deep, technical expertise," said Jacobs CEO Steve Demetriou in a statement.

Jacobs said it expects the deal to close next year after regulatory approvals. JWG would get a \$9 million breakup fee if the acquisition isn't completed.

For JWG, the sale is a debt-cutting move. For Jacobs, it's a way to fortify its existing \$1.2 billion nuclear portfolio and add a team that can help it expand into other areas of Europe and Asia.

"From a growth perspective, the outlook for our nuclear business is strong, with a large long-term pipeline of decommissioning requirements as well as opportunities for development and upgrades to national nuclear infrastructure," Demetriou said in a conference call to discuss the deal. "We see many untapped international opportunities."



In the U.S., nuclear contracts are low-risk because they're reimbursable and can extend for decades, Demetriou said. "Economic cycles are unlikely to impact demand."

Jacobs leads the U.S. Department of Energy's environmental cleanup of the Hanford site in Washington. It's also a partner in managing the Nevada National Security Site, remediation at the Paducah Site in Kentucky and environmental work at the **West Valley Demonstration Project** in New York.

JWG's nuclear business generates about \$285 million in annual revenue. Jacobs said the deal gives it a 2,000-employee workforce with "deep technical expertise with unique engineering and scientific skills" across the nuclear industry life cycle, including construction, decommissioning and operational support.

"We are excited to welcome these talented employees to the Jacobs team," Demetriou said.

With annual revenue of nearly \$15 billion, Jacobs employs about 80,000 people worldwide. The engineering and construction consultancy moved its global headquarters from Pasadena, Calif., to Dallas in 2016.

The acquisition is Jacobs' first since 2017, when it bought Denver-based engineering firm CH2M Hill Companies Ltd., data analytics company Blue Canopy and Aquenta Consulting in Sydney, Australia.

Jacobs shares closed Tuesday at \$83.57, down 0.6%.