AtkinsRéalis (Q3 2026 Conference Call)
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Corporate Speakers:

- Ian Edwards; AtkinsRéalis; President & Chief Executive Officer
- Jeff Bell; AtkinsRéalis; Chief Financial Officer
- Denis Jasmin; AtkinsRéalis; Vice President, Investor Relations

Participants:

- Sabahat Khan; RBC Capital Markets; Analyst
- Krista Friesen; CIBC; Analyst
- Chris Murray; ATB Cormack Capital Markets; Analyst
- Tomohiko Sano; JPMorgan; Analyst
- Michael Tupholme; TD Cowen; Analyst
- Ian Gillies; Stifel; Analyst

PRESENTATION

Operator^ Hello. And welcome to AtkinsRéalis Third Quarter 2026 Conference Call. (Operator Instructions). Please be advised that today's conference is being recorded. I would now like to hand the conference over to Denis Jasmin, Vice President of Investor Relations. Please go ahead.

Denis Jasmin^ Thank you. Good morning everyone. And thank you for joining us today.

For those dialing in, we invite you to view the slide presentation that we have posted in the Investors section of our website which we will refer to during this call. Today's call is also webcast.

With me today are Ian Edwards, Chief Executive Officer; and Jeff Bell, Chief Financial Officer.

Before we begin, I would like to ask everyone to limit themselves to one or two questions to ensure that all analysts have an opportunity to participate. You are welcome to the queue for any follow-up questions.

I would like to draw your attention to Slide 2. Comments made on today's call may contain forward-looking information. This information, by its nature, is subject to assumptions, risks and uncertainties, and as such, actual results may differ materially from the views expressed today.

For further information on these assumptions, risks and uncertainties, please consult the Company's relevant filings on SEDAR plus. These documents are also available on our website.

Also during the call we may refer to certain non-IFRS financial measures. Reconciliations of these amounts to the corresponding IFRS financial measures are reflected in our earnings release and MD&A which can be found on SEDAR and our website.

And now I'll pass the call over to Ian Edwards. Ian?

Ian Edwards^ Thank you, Denis. Good morning everyone, and thanks for joining us today.

I'm going to begin today's call by providing an overview of our performance for the third quarter before I pass it to Jeff, to provide more detail on our financial results. We will then open it up for questions.

We delivered another strong quarter, making the third consecutive quarter of sequential improvement in Adjusted EBITDA and Adjusted EPS.

This performance reflects the continued demand for our differentiated Engineering Services and Nuclear capabilities together with the benefits of our ongoing operational improvement initiatives.

Total revenue was a quarterly record high of $3.1 billion, representing a 10.7% growth year-over-year or 8.7% on an organic basis. We also grew Adjusted EBITDA by 14% to a quarterly record high of $331 million which translated into a 9% increase in Adjusted EPS year-over-year. We ended the quarter with a total backlog of $20.5 billion.

Operational efficiencies and sustained demand across the Company led to a third consecutive quarter of positive operating cash flow this year which we utilized to support our value-focused capital allocation priorities. We continued our disciplined share repurchase program and closed on our recent acquisitions in Australia. WGA and Coras strengthen our local presence and technical capabilities in high-growth opportunities across defence, transportation, water and power.

Additionally, we are applying AI-enabled processes and capabilities across the business to reduce costs, improve project execution and create more value for our customers. These are exciting times to use AI to operate more efficiently. We are in the early stages, but we're learning from these experiences.

Simultaneously the broader AI build-out is creating additional engineering opportunities across power, particularly nuclear, data centers, water and cooling. Taken together with our Global Technology Center, was setting up AtkinsRéalis to pursue new opportunities and larger, more complex engagements.

Additionally, we've entered into an agreement to purchase the remaining 30% interest in David Evans as planned. We acquired a majority stake in the business in the first quarter of 2025 and it's contributed to our growth in the United States West Coast. This purchase enables us to accelerate collaboration and integration activities. Over the past 18 months of ownership, the organizations have leveraged complementary geographic reach with engineering and project management capabilities to better support large, complex infrastructure programs.

Lastly, due to our lower-than-expected revenue growth in the Middle East, primarily resulting from the ongoing conflict, we've revised our Engineering Services Regions organic revenue growth outlook for the full year 2026.

Engineering Services delivered another quarter of profitable growth with revenue increasing 6% and organic growth of 3%. Excluding AMEA, where the prolonged Middle East conflict continues to affect performance, organic revenue growth was 6%, highlighting the strength of our underlying business.

Importantly, our margin improvement initiatives continue to deliver results with Segment Adjusted EBITDA margin increasing 80 basis points to 18%. Backlog remained strong at $13.1 billion as of September 30, 2026, mainly driven by growth in U.K. and Ireland, USLA and AMEA.

Beginning on Slide 5, we provide an overview of each of our four regions and their performance this quarter.

In Canada, revenue in the third quarter increased 19% organically year-over-year, while Segment Adjusted EBITDA grew to $45 million with an 18% margin. Our strong performance reflects our deliberate focus on high-value projects that support revenue growth and margin expansion. We're also seeing the benefits of continued cost optimization, disciplined bidding and more efficient project delivery.

Backlog was $7.4 billion, down 6% year-over-year, primarily reflecting strong revenue delivery.

Demand remains strong across our key end markets, particularly in transportation and power & renewables. During the quarter, we continued to work on the Calgary Green Line project and saw accelerated activity on the East Harbor Transit Hub and Surrey Langley Skytrain projects, all of which leverage our end-to-end capabilities to deliver complex transportation infrastructure mandates.

Looking ahead, we see significant opportunities from Canada's continued investment in infrastructure, including projects expected to advance under the federal government's Build Canada initiatives. Our established presence, technical expertise and track record of delivering complex projects position us well to capture these opportunities.

In the U.K. and Ireland, third quarter revenue grew 5% and organically grew 3% year-over-year, driven primarily by continued growth in the water, power and industrial markets.

Segment Adjusted EBITDA grew to $113 million in the quarter, representing a 19% EBITDA margin. Our concentrated presence in this growing region continues to bear fruit and drives strong operating performance.

Backlog grew 9% year-over-year to $2.1 billion, driven mainly by wins in the rail, aviation and water markets.

We're also seeing opportunities in transportation, defence and power. This is supported by the U.K. government's 10-year Infrastructure Strategy and its 300-billion-pound defence investment plan, and continued investment in energy infrastructure. Demand also remained strong in the water market, where we have recently been appointed to the Yorkshire Water AMP8 framework to support delivery of strategic water infrastructure. Additionally, the integration of newly acquired engineering and project management consultancy TOBIN is strengthening our presence in Ireland.

Our outlook for the U.K. and Ireland remains positive for the foreseeable future, as demand for our unique end-to-end capabilities remain strong, supporting the energy transition and the grid infrastructure development.

In the USLA region, third quarter revenue was $565 million, up 5%, and organically grew 2% year-over-year. The main drivers of growth this quarter were in the transportation and power markets, along with stronger volume in aviation.

Segment Adjusted EBITDA was $80 million, representing an operating margin of 18.6% compared with 15.8% in the prior year. Backlog increased 6% year-over-year to $1.9 billion, showing continued momentum and healthy client demand across our end markets.

We continue to see attractive long-term growth opportunities, particularly in transportation and power. Our Land and Expand strategy is already creating tangible benefits. For example, our combined AtkinsRéalis and David Evans teams recently secured work supporting Sound Transit in Seattle, bringing together David Evans' local client relationships with our technical expertise in complex rail systems. This is exactly the type of opportunity we envisioned when we invested in David Evans, and it reinforces our confidence in expanding our U.S. presence through our most recent transaction and future targeted investments and acquisitions.

While funding uncertainty and extended project timelines in certain transportation markets continue to affect near-term activity, we remain optimistic about the long-term growth opportunities in the U.S.

Investment is shifting towards infrastructure-intensive, technically complex programs supported by long-term funding, regulatory drivers and mission-critical asset needs. We are very well positioned to capitalize on these investment opportunities with our unique capabilities.

In AMEA, revenue was $320 million in the quarter, down 4% year-over-year and 12% when excluding in our recent acquisitions and foreign exchange impact. Performance continues to be pressured by the prolonged conflict in the Middle East. However higher revenue in Asia and Australia is helping to offset some of this headwind.

Segment Adjusted EBITDA was $26 million, representing a 13% margin on net revenue compared with 16% in the prior year period. The decline was primarily driven by a less favorable business mix in the Middle East including the reprioritization and cancellation of certain higher-margin building & places projects.

While the near-term environment remains uncertain, we continue to see opportunities in transportation and other infrastructure markets with backlog increasing 14%. We are also building a more diversified AMEA business, supported by recent acquisitions in Australia and a growing pipeline across Asia, particularly in Hong Kong.

We recently secured a key win in Hong Kong, where we have been awarded a design and construction consultancy contract for new development work at the Northern Metropolis. We were also awarded key contracts in support of infrastructure work within the Shenzhen Innovation and Technology Park, expanding our footprint in this high-growth region.

In Australia, the Queensland government is investing in infrastructure development across water, transportation, in those end markets, while long-term growth opportunities remain in defence and power.

Like to now move to Slide 9 and discuss our third quarter results for our Nuclear business.

The business continues to demonstrate impressive growth, achieving an organic revenue increase of 10% which comes on the heels of 60% revenue growth in the third quarter of 2025. Performance this quarter continues to be mainly driven by higher volumes from life extension projects in our CANDU business.

Backlog totaled $4.3 billion down 20% from September 30, 2025, primarily reflecting higher revenues and continued progress on ongoing projects, particularly on the OPG Pickering life extension project.

Segment Adjusted EBIT grew 12% to $74 million, and Segment Adjusted EBIT margin was 11.3%, while Segment Adjusted EBITDA margin was 25%. And operating margins continue to be strong and delivered within our target ranges.

On Slide 10, we highlight some of our achievements across the Nuclear CANDU and Services portfolios.

In our CANDU business, through a joint venture with our construction partner, we recently signed a 3-year $1.7 billion contract with Ontario Power Generation to begin refurbishment work on Unit 5 of the Pickering CANDU Nuclear Generating Station.

This is an exciting opportunity for AtkinsRéalis to apply its expertise in complex life extension work to help ensure Ontario continues to benefit from reliable, affordable and low-carbon electricity for decades to come. As Canada continues to roll out its Nuclear Energy Strategy, we anticipate more opportunities to arise utilizing CANDU technology.

We also continue to progress development of the Monark gigawatt reactor alongside discussions with several countries exploring large nuclear projects.

In the U.S. the CANDU EC6 licensing process is progressing well. We initiated pre-application engagement with the U.S. Nuclear Regulatory Commission, building on the Company's June 26

letter of intent submission to begin the U.S. licensing process. The first public NRC meeting associated with the licensing process was held in August and the first of seven planned topical reports covering the quality assurance program has now been submitted.

Notwithstanding the ongoing licensing process, we have been actively positioning CANDU technology as a proven path in support of the broader energy objectives of the U.S. For example, we've recently signed an MoU with the State of Indiana and Hoosier Energy to explore the potential development of a campus of up to eight CANDU EC6 nuclear reactors. This could provide up to 6 gigawatts of new nuclear baseload power to help meet Indiana's growing electricity needs while delivering a dependable, cost-effective and sustainable energy supply.

In Services, we continue to progress on our collaboration with NVIDIA, bringing together AI compute with our expertise in data centers, power, cooling and nuclear infrastructure. We also continued in the quarter to professionally support and progress several other projects in the U.S. and the U.K.

Turning to Slide 11. You can see our pictorial reminder of these near-term CANDU revenue opportunities within our Nuclear business.

Our CANDU business continues to benefit from strong demand for life extensions, refurbishments and new builds. As we deliver on major projects, backlog naturally declines until the next phases are awarded.

Looking beyond '26, we're confident that our backlog will return to levels we saw in 2025, as we enter follow-on phases in several existing projects and continue to build a pipeline of new build opportunities in Canada and internationally.

In fact, international opportunities are progressing well. I recently returned from Türkiye, where with the support of the Canadian government's trade mission with the Prime Minister, we advanced discussions with Türkiye's Ministry of Energy. While in Poland, newbuild opportunity is following a defined procurement process.

So with that, I'll now turn it over to Jeff to discuss our financial results.

Jeff Bell^ Thank you, Ian. And good morning, everyone.

As Ian has said, Q3 was a strong quarter, delivering year-over-year increases in revenue, Adjusted EBITDA and Adjusted Diluted EPS. We also continue to have a strong balance sheet with significant financial flexibility and a solid backlog.

If we turn now to Slide 13, total revenues in the quarter increased 11% year-over-year to a quarterly record high of $3.1 billion, driven by all sectors; Engineering Services, Nuclear and All other segments, which largely consists of Linxon.

Total Segment Adjusted EBIT increased by 12%, driven primarily by increases in Engineering Services and Nuclear.

Total corporate SG&A expenses totaled $20 million in the quarter a 26% improvement compared to the third quarter of last year, mainly due to certain revised estimates on long-term employee incentives.

Net financial expenses for the quarter totaled $11 million representing a 49% improvement year-over-year. The reduction was mainly due to net foreign exchange gains and lower interest rates than in Q3 2025.

As expected, the Company's effective tax rate of 25.7% this quarter was higher than the third quarter of 2025, as last year included some revised estimates on certain tax liabilities. This year's effective tax rate is closer to the Company's Canadian statutory income tax rate, and we would expect it to be at least as high in the fourth quarter.

The IFRS diluted EPS this quarter was $0.83 compared to $0.88 last year. The Adjusted EPS, which we believe is a better reflection of the Company's underlying performance, increased 9% to $1.20 per diluted share compared to $1.10 in the third quarter last year.

Let's now move to Slide 14 and cash flow, capital resources and liquidity. Net cash generated from operating activities significantly improved this year compared to the first nine months of last year, totaling $228 million. This improvement was mainly driven by a stronger Adjusted EBITDA delivery. Similar to last year, we anticipate having strong positive cash flows for the fourth quarter and continue to expect to generate at least $500 million of net cash from operating activities for the full year of 2026.

As you can see on the slide, we continued during the quarter to execute on our value-focused capital allocation strategy and deployed $395 million to the benefit of our shareholders. We took advantage of a softer share price to repurchase approximately 2.7 million of our shares for $236 million, representing an average price of approximately $87 and completed two acquisitions; TOBIN in Ireland and WGA in Australia for a total of $156 million.

Year-to-date, we have repurchased approximately 6.4 million of our shares for $561 million representing about 4% of our outstanding shares.

With our net debt ratio well below our 1 to 2x target, we expect to continue to deploy capital going forward, both to share buybacks and to select bolt-on acquisitions, both of which should create significant value for our shareholders in the future.

And finally, turning to my final slide, Slide 15, and our 2026 outlook.

As the ongoing conflict in the Middle East is having some impact on our AMEA region, we are revising our 2026 Engineering Services Regions revenue organic growth outlook. We now anticipate full year 2026 revenue over 2025 to organically grow by a low single-digit percentage.

All our other financial outlook measures for full year 2026 are maintained.

And with that, I'll now hand the presentation back to Ian.

Ian Edwards^ Thank you, Jeff.

Our third quarter performance demonstrates the strength of our Engineering Services and Nuclear businesses and the progress we continue to make in improving profitability.

While we are navigating challenges in certain markets, particularly in the Middle East, demand for our capabilities remains strong, and we are taking the actions necessary to position the AMEA business for continued growth.

At the same time, our expanded ownership of David Evans will enable us to capture more of the significant opportunities we see in the U.S.

Together with our focused deployment of artificial intelligence, processes and our Global Technology Center, we are strengthening our capabilities to deliver projects more efficiently and win larger, more complex engagements.

Our positive cash flow and strong balance sheet provide the financial flexibility to continue investing in our business, pursuing disciplined acquisitions and returning capital to shareholders. We remain confident in our Delivering Excellence and Driving Growth strategy and our ability to create sustainable long-term value.

And finally, I want to thank our 43,000 colleagues around the world for their hard work and dedication. Their commitment to delivering for our clients is what makes our progress possible as we continue engineering a better future for the planet and its people.

With that, let's open for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Sabahat Khan from RBC Capital Markets.

Sabahat Khan^ Thanks and good morning. Maybe if you could just start with some of the outlook commentary on the results that you noted for the Engineering segment. Quite a bit of divergence, obviously, different trends in Canada versus the U.S. Can you just talk about, a bit more about, the pipeline, the opportunity set that you're looking at into '27? Do you expect growth to be maybe a bit more even throughout '27, and maybe some of the puts and takes to get some of the regions that are lagging into maybe middle of that range?

Ian Edwards^ Sure. I mean let me kind of take this from a high level. And then if there are follow-on questions, region by region, we can do that.

So look, I think the way we think about where we've positioned the business in Engineering Services is, generally on a portfolio basis, a good place to be. And we believe the underlying business is a 5% to 7% growth business across the globe.

Now clearly, the Middle East has been unpredictable through the conflict. And as you can see from the results, we have lost revenue in the Middle East. There's a couple of things actually that happened even before the conflict and reprioritization in Saudi. And obviously, the conflict is building some uncertainty into it. We actually see the Middle East though as a region that bounces back very quickly. And we've seen that previously. We've been in the region a long time. And we're there to stay.

So the AMEA region as a whole, when we think about that, particularly with our renewed growth in Asia plus our growth platform we built in Australia, from a long-term perspective, we're not concerned about the AMEA region, maybe leaving less dependency on the Middle East.

And then when we look at the rest of the portfolio around the U.S., Canada, LatAm and U.K. and Ireland, we think those -- all those businesses in the collective perform in the 5% to 7% range. So obviously we're not giving guidance today for 2027. We're looking at that intensely, but we believe the underlying business will deliver that 5% to 7%.

Sabahat Khan^ Great. And then I guess just on the Nuclear side, you've detailed some of the opportunities you're pursuing and some of the stuff in the pipeline.

I guess when we think ahead over the next kind of one to two years, what are some of the more tangible things that might materialize and potentially get added to the backlog while we await the larger two builds here in Ontario. And even on those, can you maybe share a little bit more color on where exactly your discussions are with the parties on the two large ones.

Ian Edwards^ Again let me take that kind of from a high level to the way we think about it. And obviously can go into specifics and other questions.

So the business currently today is a life extension business with one new build project in Romania. The backlog that we expect from follow-on phases from those awards we already have and the awards that we know are going to happen, such as Korea and follow-on stages of Pickering, and follow-on stages of Romania, will take us through to the end of this decade at a good growth level. I mean obviously we've got outlook out there for '27 and then next year, we'll be given outlook in our Investor Day through to the end of the decade. So the business is already in great shape.

Then with this list of international and domestic opportunities that we've got in new build, they will gradually, through FEED studies and design studies, they will add incrementally some revenue, not significant, but they will build very significant revenues into the 30s. So that's how we see the business kind of prevailing from here on in.

Sabahat Khan^ And any color on sort of the timeline, maybe initial works related to the larger two builds or anything else your counterparties that are sharing with you on that?

Ian Edwards^ Well I mean, as we've always said, I mean, in Ontario, we're pushing to try and get an answer by the end of this year or early next year. It's not our call. It's the utilities in Ontario's call.

But obviously that's really important. It's important to Canada. It's important to our supply chain. But it's important to us too, so that we can all make investments and be ready and build the talent to do that. So the pressure is on to get that decision.

Internationally, I would hope that we can force out a couple of decisions next year through the course of next year.

Operator^ Our next question, of Krista Friesen from CIBC.

Krista Friesen^ Maybe just on the U.S., can you comment, have you had any customers removing projects from the backlog? And then just my follow-up being which specific end markets are you seeing maybe more of the hesitation within the U.S.?

Ian Edwards^ Thanks for the question. I mean we've got a new President that's taken over six months ago in the U.S., and I've been spending quite a lot of time with him also trying to understand the market. The market, in our view, can present and is presenting great opportunities for growth. However there are parts of the market that are struggling for funding or confidence in funding and have been an impact in our business.

So we have a Land and Expand strategy that we've talked about many times which is a combination of organic growth and M&A. And we've been refining that strategy basically to position us where we see strong markets. And there's kind of three focus areas for that in the way that we think about it.

Firstly, focusing on states where we know there's funding and confidence that funding will continue. What we're seeing in some states is perhaps, it's not a lack of funding, it's a lack of confidence that will be supported by federal governments to continue funding multiyear projects. So it's a focus on where we know the money is.

Secondly, to increase our exposure to power and the industrial sector, from utilities and from the private sector. We have a business that feeds into those, and we are growing that business now because we see that as a very sustainable and buoyant part of the U.S. business.

And then lastly, using our global capability in transportation, both aviation and rail, we're focusing on large customers that we know are fully funded, and we know need to continue both on the CapEx and the OpEx side to maintain their assets. Those are organizations such as Sound Transit that we've won work from, the MTA in New York, California high-speed rail, LA Metro and other airport projects.

So this kind of tweaking to our strategy, we really think that it's going to position us well to get back into the range, but clearly, we've not been in that range for the several last quarters.

So we're comfortable with our revised strategy. Sorry, it was a long answer, but.

Krista Friesen^ Appreciate the color there on that. And then maybe just one on M&A for me. You've obviously gotten back into the M&A market here for over a year now. Any comments on just how you're thinking about larger acquisitions? I think last quarter, you said you were maybe pausing on that, but is that just availability or maybe waiting just on your end?

Ian Edwards^ Yes, no, we have a clear kind of disciplined and focused approach to M&A.

I mean our priority is the U.S., but it's not exclusive, as you've seen with acquisitions coming into Australia and Ireland. But our focus is the U.S. to build out our footprint in the U.S. I mean we are, I think I've said before, I think in our ranking, we're around 16 and we need to be playing in the top end of that as a global organization such as ourselves. And the strategy is organic and M&A. So we're very committed to M&A in the U.S.

Now our approach, though, is to find quality and not quantity. And we need also to make sure that we have geographic and end market fit for our growth kind of plan and our strategy for growth.

We're looking for revenue synergies out of these opportunities. There are numerous targets out there that we're constantly in touch with. And for the short term, we'll stay the kind of David Evans size, around about 1,000 people.

But ultimately, of course we want to get to some bigger acquisitions to move the needle more, but that's not transformational. That's just larger size acquisitions in the U.S. We're not there yet. I mean I couldn't see us doing anything certainly this year and maybe even H1 next year.

And yes, I'll just add at the end, our whole capital allocation strategy right now is a mixture of M&A and returns to shareholders through buybacks as I think you've seen.

Operator^ Next question comes from the line of Chris Murray from ATB Cormack Capital Markets.

Chris Murray^ I was wondering if you could talk a little bit about some of the opportunities you see in Canada. We're expecting to see the budget tonight and certainly, there's been some discussion around being able to incent companies in terms of private investment, in terms of development. Wondering if that started any conversations with you folks about projects that were maybe on the sidelines, and how you're thinking about how that market evolves over the next little while?

Ian Edwards^ Yes. Are you thinking -- Chris, is that on the Engineering Services side, do you think?

Chris Murray^ Yes, very definitely.

Ian Edwards^ So look, I mean our Canadian business is doing really well. I mean we've pulled it through a transformation with now high growth and good profitability. So we're excited and pleased about that.

But the market we see ahead of us is also very significant and exciting. I mean the investment that is proposed around new projects, and I was at the Investment Summit where there was 167 projects. Now look, all of those are not going to come in the next year or two. But if 10% or 20% of those come in the next year or two, that's an awful lot of projects to deliver.

Strong opportunities in transportation, power projects across the country. Industrials, hopefully investing in on the back of a very strong energy policy. Defence. We're positioned now with partners for both the build-out in the North and on the dock yards to support new shipbuilding and new submarine building and maintenance and housing.

The hydro across the country is impressive. And as you know, we've got probably the strongest hydro business in the globe.

So all of these nation-building projects, Bill C-5, is fueling all this market, and we're focused on building capacity and strengthening the business. So really bullish on Canada as a whole.

Chris Murray^ Okay. That's helpful. And then back to the capital allocation discussion a little bit.

It's interesting. We talk a lot about M&A, we talk about buybacks. Can we just talk a little bit about the dividend for a moment? How are you thinking about the dividend? It's fairly -- it's at a de minimis level now. But is it something that maybe becomes more stable, especially given the outlook in the, I guess what I'd call, the stabilization of the business over the last few years, being more Engineering Services focused with the Nuclear addition to it?

Historically, you've always had kind of, what I call, a market level of the dividend. But just how do we think about that? And is there any particular timing that you actually start reviewing the dividend and how it fits into the capital structure?

Jeff Bell^ It's Jeff, Chris. Why don't I take this one? I mean, I think the first thing I'd say is that we revisit the level of the dividend and how we think about capital allocation very regularly with the Board and also with our shareholders. And I think, what we've seen so far is, and the feedback has very been, and our sort of assessment of the organization is, that the flexibility we get currently by being able to both pursue value-accretive acquisitions, as Ian was talking about, but also the value we get from the flexibility of being able to dial up and dial down our share buyback program as a way of returning funds to shareholders is a value to us and value to us and our shareholders. And that's the feedback we've got.

And you just look at 2026 here. It's meant that we've been able to buy back a significant amount of shares, probably more so than we had expected at the beginning of the year, to take advantage

of what we think is a temporary period where the share price is lower than where we think it will be and the value creation opportunity we see in the longer term.

However we are mindful that the dividend is at a very de minimis level. And we would expect to revisit that over time and we'll continue to revisit that, as I said, with the Board. At the moment, no change, but we do look at that.

Operator^ Our next question comes from the line of Tomohiko Sano from JPMorgan.

Tomohiko Sano^ Thank you for taking my question. Maybe just on a high level, with the U.S. midterm elections now behind us, although the policy environment remains fluid, has your outlook for the Nuclear business or defence-related business in the U.S. in 2027 unchanged since Q2? Any thoughts appreciated.

Ian Edwards^ Yes, I mean we're not so exposed to the defence sector in the U.S. I mean we have strong defence businesses in other countries. But historically, it's not been a strong end market for us.

Now Nuclear is a very, very different story. And clearly, the demand for energy, particularly with the AI data center build-out, but also just for domestic use of energy as advanced manufacturing moves to electrical, and obviously the nation moves to electrical, is very, very high demand.

And I think a great kind of example of where we're positioned the CANDU technology is the announcement we made in Indiana. I mean this is a state that has high ambitions for energy to attract industry. It is a very pro-nuclear state. I signed an MoU with the Governor of Indiana, and we brought a utility in. Who's your energy for that? It's a very potentially large campus of CANDU EC6s. And we will follow that through, and hopefully work and facilitate on how that kind of comes to fruition with hyperscalers and data center deployment. And hopefully, we can make this into a real opportunity.

What I would say is, for our overall strategy of Nuclear in the U.S., this is perfect timing in terms of the regulatory environment. I mean as you know, we put our technology in June into the NRC, the regulator in the U.S., and that's about an 18-month process to regulate the product. So by the end of '27, we expect to have the product regulated.

Now the great thing about this MoU is that we will now find a site. That's the next stage of this. But once we have a site, then there's a specific project regulatory parallel process that we can run. And that would then make CANDU a very, very viable proposition across the United States.

So it's a very exciting prospect for us as we see it. And thanks for the question.

Tomohiko Sano^ That is actually exciting. And then if I may follow up the Indiana MoU. If we step back, could you give us more color on what strengths made Atkins a compelling partner with this project? I actually just wanted to know, get better understanding about this opportunity and U.S. license serve as the springboard for the other new build projects?

Ian Edwards^ I mean the competition for large nuclear across the globe is very small. I mean there are six technologies globally: Chinese, Russian, South Korean, French, American and Canadian. So when you look at the ambition of the U.S. to build out nuclear power in what has been reported to be 300 power plants, no one technology could ever do that. So clearly, the U.S. needs other technologies to meet the demands of that build-out.

And the Canadian technology -- actually because the regulators are close in their approach and close between the CNSC, which is the Canadian regulator and the NRC, which is the American regulator, the process is quite easy to get that done.

I mean clearly, we still have to go through a process. It's still going to take 18 months, and potentially a little bit longer to get the project specific. But we think our product is a really good product for the U.S.

I mean, it uses natural uranium. There's a byproduct of medical isotopes and can be deployed fairly readily and is a proven technology.

The EC6 reactor is -- there's 36 of those things that have been built around the world, 27 in operation today. So it's not a startup. It's not a new technology.

So I think we've got a really good competitive advantage.

Operator^ Our next question comes from the line of Michael Tupholme from TD Cowen.

Michael Tupholme^ Was hoping to pick up on some of the questions that were just asked there. So specifically for the Indiana opportunity, you talked about potentially identifying a site. Apart from that, can you just talk about some of the other milestones over the next 12 months that you and your partners in that MoU are looking to achieve?

Ian Edwards^ Yes. I mean funding. I mean nothing gets built without a funding framework that can work.

Now I think the way that we are approaching this with both the utility and the state is with a base of demand that is hyperscale-driven, data center driven. And from that base of demand, run that through to a power purchase agreement for the development of the first two reactors. And with tax incentives and federal kind of support that looks like a doable kind of proposition.

There is a lot of work to do to bring that to fruition. But we have the expertise, and we have the people, and we have got close relationships.

We're in the state of Indiana and Hoosier energy. So we will work this. It's going to take some time. It's going to kind of take effort from all parties. But the MoU was the first kind of point of doing that.

I think I've spoken to the regulatory side of it, which I think will progress well. So I don't see a barrier from the technical and the regulatory side.

It's really getting this funding framework in place.

Michael Tupholme^ Okay. That's definitely helpful. If we flip over to Monark and Canada specifically, on the last conference call it was suggested that you were targeting to get the first formal read on Monark's base safety case by the end of the third quarter. I wonder if you can provide an update on that front, next steps going forward from here in terms of that Canadian safety and licensing process?

Ian Edwards^ So as I said, we are pushing to try and get a technology selection in Ontario end of this year, early next year. And many reasons, as I said before, why that's important, from a supply chain investment, from an academic institution build-out to train professionals and trades, from our own case of building talent and investing into the Company. It's important that we can get some certainty around this. And it's important, I think for the province and Canada.

So we're focused, it's not our decision, and I want to kind of say that again. So whilst we can push for it, we can't determine that that's going to happen.

So our job is to make sure that we do everything that we said we would do in terms of the development of the Monark and the read from the regulator. And we are basically on track. The report is around in a format, but the final kind of formal report for that is actually imminent in two or three weeks. But that's not an issue. The issue is to make sure everything is in place such that the decision can be made. And I believe that, that is the case.

Operator^ Our final question that comes from the line of Ian Gillies from Stifel.

Ian Gillies^ Sticking with Canada, but switching gears maybe a little bit. When you look at the nation building projects announced today, a lot of them have been focused in Western Canada, or at least it seems that way.

I know that's been an area of your business that you've been focused on growing and building out. Can you maybe give an update on how that's going organically and whether that's still a potential area that you may look to fill through M&A?

Ian Edwards^ Yes. I mean for sure. We've always had a strong business in Alberta and BC. We've got numerous projects there. We do a lot of work for BC Hydro. We're obviously doing a lot of rail work in Calgary. And historically, we've done a lot of energy work around Alberta as well.

We actually do see opportunity across the country though. I mean, and I know maybe the recent announcements of more energy in the West, but there are numerous kind of transport, defence and other projects across the whole country.

But for sure, because of our confidence in Canada and because we can actually see a fairly positive market, we absolutely wouldn't rule out M&A in Canada. I mean we're actively kind of looking, nothing to kind of announce today but we have been actively looking to build capacity in every way that we can.

Ian Gillies^ And then switching gears to maybe a bit more of a housekeeping item, but I was encouraged by the U.S. EBITDA margins in the quarter. I just wanted to confirm whether there was anything unusual there and perhaps what's continuing to drive some of the much-improved performance in the U.S.?

Jeff Bell^ Yes. It's Jeff. Why don't I take that one? We did see strong margins there. And indeed, our margin improvement initiatives are pulling through in the U.S. as they are in the other regions. At the same time we did have some positive settlement out on some emergency management contracts in the U.S. in the quarter. So that did help the margins in the quarter. And so I wouldn't necessarily use that as a jumping off point going forward in the immediate future. So they were a little stronger because of that than they would have been on an underlying basis.

Operator^ This concludes the question and answer session for today's conference call.

I would now like to turn it back to Denis for closing remarks.

Denis Jasmin^ Thank you very much everyone, for joining us today.

If you have any further questions, please do not hesitate to contact me directly. Thank you very much.

And have a good day everyone.

Bye, bye.

Operator^ Thank you for attending today's participation for today's conference call. This does conclude the program.

You may now disconnect.