



# 4<sup>TH</sup> QUARTER AND FULL YEAR Earnings call

March 1, 2022

*We build and service the infrastructure that enables our economy to run,  
our people to move and our country to grow.*

# DISCLOSURE: Forward-Looking Statements

This presentation contains, and the officers and directors of the Company may from time to time make, statements that are considered forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about: our business strategy; our financial strategy; our industry outlook; and our plans, objectives, expectations, forecasts, outlook and intentions. All of these types of statements, other than statements of historical fact included in this presentation, are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology. The forward-looking statements contained in this presentation are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this presentation are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors listed in the "Risk Factors" section in our filings with the U.S. Securities and Exchange Commission and elsewhere in those filings. Additional factors or risks that we currently deem immaterial, that are not presently known to us or that arise in the future could also cause our actual results to differ materially from our expected results. Given these uncertainties, investors are cautioned that many of the assumptions upon which our forward-looking statements are based are likely to change after the date the forward-looking statements are made. The forward-looking statements speak only as of the date made, and we undertake no obligation to publicly update or revise any forward-looking statements for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise, notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

This presentation may contain the financial measures: adjusted net income, EBITDA, adjusted EBITDA, and adjusted EPS, which are not calculated in accordance with U.S. GAAP. If presented, a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measure will be provided in the Appendix to this presentation.

# WHAT'S the Sterling Story?

A story of successful execution of multi-year strategic business transformation since 2016; born of a strategy and vision that levers our entrepreneurial spirit and our customer-centric culture.

Since 2016, our **Strategic Elements** have remained our blueprint for reducing risk, improving margins, and consistently outperforming peers.

Sterling's Three Fundamental Strategic Elements:

**Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets**

Sterling returns value by accelerating through an improved business mix, targeted margin expansion within high-growth verticals, and increased exposure within complementary adjacent markets.

# WHY Sterling?

Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance

Sterling builds value for investors seeking high margins, healthy cash flow, proven performance and strong operational execution.



## Focused

- ✓ Execution of our strategy
- ✓ Entrepreneurial spirit driving solid returns
- ✓ Customer-centric culture
- ✓ Meeting the future demands of infrastructure with a portfolio of service offerings serving key end markets

## Growth

- ✓ Platform of higher-margin lower-risk work
- ✓ Solid growth and diversification strategies
- ✓ Geographically positioned in the right markets
- ✓ Executing growth strategy results in 5-year revenue CAGR of 18%

## Results

- ✓ Strong management delivering consistent track record that meets or beats estimates
- ✓ Continued performance and sustainability of multi-year strategic business transformation
- ✓ Improved business mix
- ✓ Highly respected and profitable stable of subsidiary companies

## Efficient

- ✓ Margin expansion within high-growth verticals
- ✓ Increased exposure within complementary adjacent markets
- ✓ Executing growth strategy results in 5-year EBITDA CAGR of 66%

# WHO is Sterling?

Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance

We are a market-leading infrastructure service provider of e-infrastructure, building and transportation solutions.

Sterling offers a customer-centric, market-focused portfolio of goods and services geographically positioned in the right markets

## E-Infrastructure Solutions

Develop advanced, large-scale site development systems & services for data centers, e-commerce distribution centers, commercial, warehousing, transportation, energy and more.

Highest margins: 60% of our segment profits  
Fastest growing: 18% revenue growth in 2021

## Building Solutions

Residential and commercial concrete foundations for single-family and multi-family homes, parking structures, elevated slabs and other concrete work

2<sup>nd</sup> highest margins: 24% of our segment profits  
2<sup>nd</sup> fastest growing: 15% revenue growth in 2021

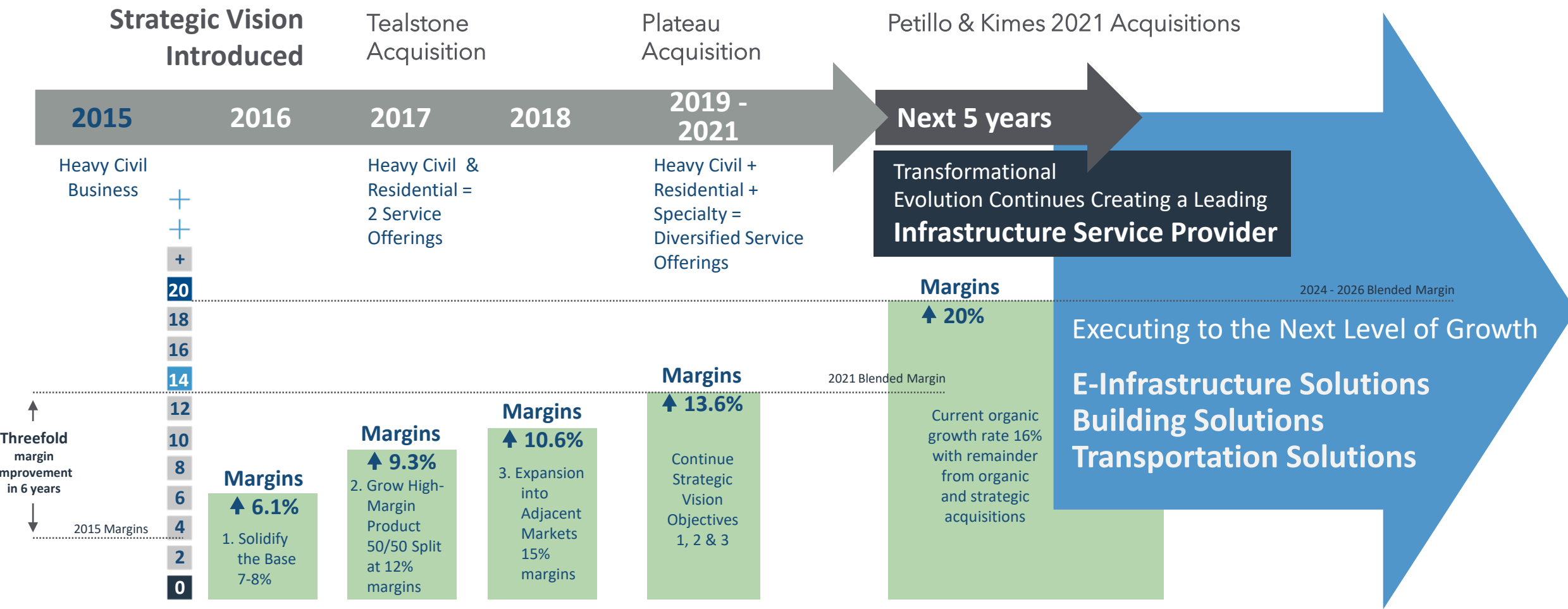
## Transportation Solutions

Infrastructure and rehabilitation projects for highways, roads, bridges, airports, ports, light rail, water, wastewater and storm drainage systems

Consistent margins & disciplined  
Revenue growth of 6% in 2021

# Strategic Execution | Proven Results | Strong Growth

Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance



# Strategic Vision Directs Next Growth Stage

Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance

We are leveraging the foundation we have built to take Sterling to a whole new level

	E-Infrastructure Solutions	Building Solutions	Transportation Solutions
Solid Service Offerings	Develop advanced, large-scale site development systems and services	Concrete foundations for single-family & multi-family homes, parking structures, elevated slabs and other concrete work	Highways, roads, bridges, airports, ports, light rail, water, wastewater and storm drainage systems
Significant Growth Potential	<ul style="list-style-type: none"><li>• Highest margins in portfolio</li><li>• Fastest growing segment</li><li>• Quick turn lower risk projects</li><li>• Expanded geographic footprint covering East Coast</li></ul>	<ul style="list-style-type: none"><li>• 2<sup>nd</sup> highest margins</li><li>• 2<sup>nd</sup> fastest growing segment</li><li>• Low risk</li><li>• Low CAPEX</li><li>• Fast cash cycles</li><li>• Expanded footprint in Texas &amp; Arizona</li></ul>	<ul style="list-style-type: none"><li>• Recurring revenue</li><li>• Steady consistent growth</li><li>• Moderate CAPEX</li><li>• Strong cash flow</li><li>• Enhanced business mix</li></ul>

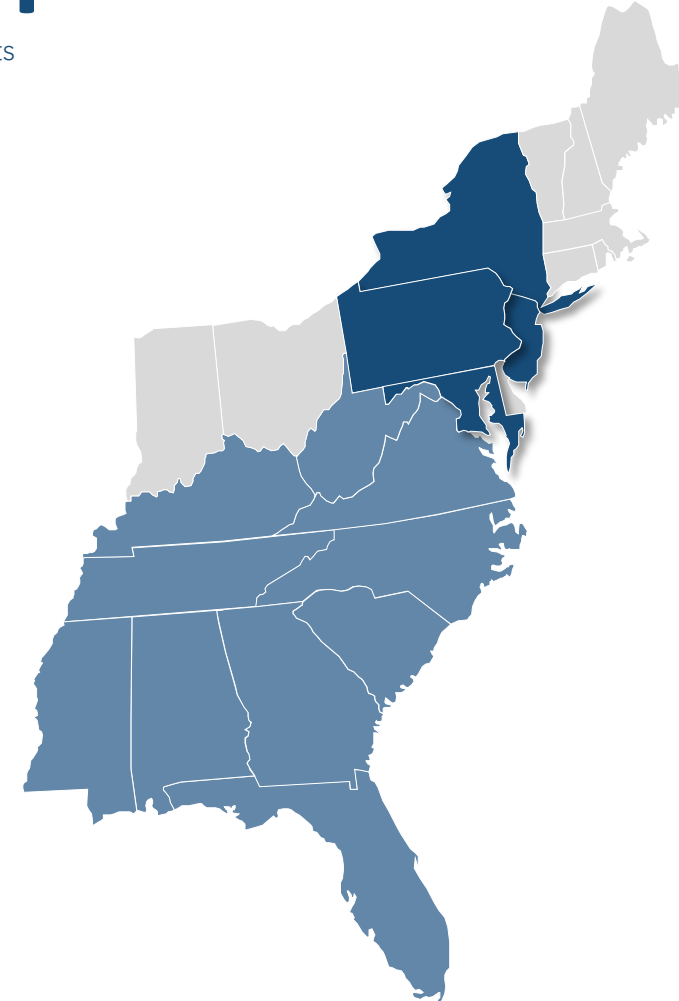


# E-Infrastructure Solutions Expansion

Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance

## Strategic Acquisition Investment Highlights

- Positions Sterling to be an industry leader of e-infrastructure specialty site development services
- Vertical integration in our highest margin, fastest growing segment
- Expansion of geographic footprint to cover blue-chip customers in all major East Coast markets
- Strong cultural alignment with an abundance of entrepreneurial spirit
- Enables cross-selling of broader capabilities and adjacent service offerings across geographies



### Expanding our geographic footprint into:

New Jersey  
Maryland  
New York  
Pennsylvania

### STRL's 2021 Footprint:

Alabama  
Florida  
Georgia  
Kentucky  
Mississippi  
North Carolina  
South Carolina  
Tennessee  
Virginia  
West Virginia

Growing roster of Top End-Customers





# The Sterling Way

At Sterling, we understand that what we do has an immediate and significant positive impact on improving human conditions.

- We build our businesses around meeting the needs of the people we serve providing innovative infrastructure solutions and services for the betterment of our investors, customers, employees and society
- Everything we do focuses on the needs of our ever-growing society **today and tomorrow**
- Taking care of our employees, customers, the environment and our communities is what we do every day

## GOVERNANCE & ETHICS

- Our commitment to an ethical culture starts at the highest level with oversight from our Board of Directors & Executive Leadership Team
- Our Chief Compliance Officer leads the ethics and compliance activities

### Our Core Values:

Safety, Respect and Trust, Excellence, Integrity

## DIVERSITY, EQUITY & INCLUSION

**A shared vision and mission.** Our company is made up of many diverse races, cultures, backgrounds, and genders. We welcome all employees and cherish each as an integral part of our excellence. Every employee brings a unique perspective and we value them not only as people, but also for how they contribute to Sterling's mission.

Our diverse workforce  
as of 12/31/21:

Employee Diversity	FY 2021
Hispanic	47.1 %
White	44.2 %
Black	4.0 %
Pacific Islander	2.5 %
Other	2.2 %

## SAFETY

**Award:** 2020 American Road and Transportation Builders National Safety Award

- 2020 was the safest work environment in our company's history
- We are now 75% better than the industry average for lost time incidents
- Our Lost Time Rate (LTR) through 9/30/21 was 0.04

# Sterling's Strategic Vision Delivers Another Record Fourth Quarter & Full Year 2021 Results

Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance

Since 2016, we have remained committed to our **Strategic Elements** resulting in continuous record growth, margin improvements, and increased customer and shareholder value.

- EPS outpacing expectations
- Record YTD Operating Cash Flow

NASDAQ	STRL	Shares out	28.8M
HQ	The Woodlands, TX	Market cap	\$865.9M
Employees	~3,000	Revenues	\$1,527.7M
Segments	E-Infrastructure Solutions Building Solutions Transportation Solutions	Adj. EBITDA <sup>(3)</sup>	\$142.9M
Projects underway	~200	Backlog	\$1,493M

## Solidify the Base

- Improved bid discipline
- Reduced underperforming margins
- Disciplined expense management
- Enhanced business mix
- Heavy highway backlog gross margin improved to 9.5%<sup>(1)</sup>

## Grow High-Margin Products

- Project mix shift from low-bid heavy highway to alternative delivery projects & other higher margin work
- Low-bid heavy highway revenue reduced from 79% of total revenue in 2016 down to 19%<sup>(2)</sup>

## Expand into Adjacent Markets

- Programmatic acquisition strategy
- New platforms in higher-margin, specialty end markets
- Broadened portfolio of products, services & customers
- Pursuit of platform acquisitions accretive to financial results with gross margin profiles at or above 15%



(1) Heavy highway backlog gross margin and (2) Low-bid heavy highway revenue as of December 31, 2021.

(3) See Adj. EBITDA Reconciliation on page 26.

# Fourth Quarter 2021 Results

Strong management and effective execution of strategic focus delivered another solid quarter despite significant headwinds plaguing the market

Revenues: \$401.3 million

Adj. Net Income<sup>(1)</sup>: \$13.9 million

Adj. Diluted EPS<sup>(1)</sup>: \$0.47

- Backlog: \$1.49 billion with 12.2% margin at December 31, 2021
- Combined Backlog: \$1.52 billion with 12.2% margin at December 31, 2021
- Cash & Cash Equivalents: \$81.8 million at December 31, 2021
- Cash from operations: \$151.6 million for the twelve months ended December 31, 2021

## Strong bottom-line results from all sectors

### Transportation Solutions

- Strong results from continued shift away from low-bid to alternative delivery, aviation and rail projects
- Alternative delivery project volumes were up

### Building Solutions

- Texas had a record number of slabs poured in the year, with total slabs poured up 24% over 2020
- Expansion into Phoenix

### E-Infrastructure Solutions

- Market remains strong with significant activity in e-commerce, warehousing and data centers
- Expansion into new geographies with core customers and new opportunities with new customers

# Quarterly Consolidated and Segment Results

(\$ in millions)	Q4 2021	Q4 2020
Revenues	\$ 401.3	\$ 347.2
Gross Profit	55.7	46.6
G&A Expense	(25.9)	(20.2)
Intangible Amortization	(2.9)	(2.9)
Acquisition Related Costs	(3.9)	—
Other Operating Expense, Net	(3.2)	(2.6)
Operating Income	19.8	20.9
Interest, Net	(3.7)	(6.8)
Loss on Extinguishment of Debt, Net	—	(0.3)
Income Tax Expense	(4.6)	(7.8)
Less: Net Income Attributable to NCI	(0.6)	(0.2)
Net Income to STRL	\$ 10.9	\$ 5.8
Diluted EPS	\$0.37	\$0.20
Adjusted EBITDA <sup>(1)</sup>	\$ 32.0	\$ 28.9

(\$ in millions)	Q4 2021	Q4 2020
<b>Transportation Solutions</b>		
Revenue	\$ 195.5	\$ 176.7
Operating Income	\$ 4.7	\$ 3.8
Operating Margin	2.4 %	2.2 %
<b>E-Infrastructure Solutions</b>		
Revenue	\$ 127.2	\$ 100.4
Operating Income	\$ 18.7	\$ 16.9
Operating Margin	14.7 %	16.8 %
<b>Building Solutions</b>		
Revenue	\$ 78.7	\$ 70.1
Operating Income	\$ 9.2	\$ 6.4
Operating Margin	11.7 %	9.1 %

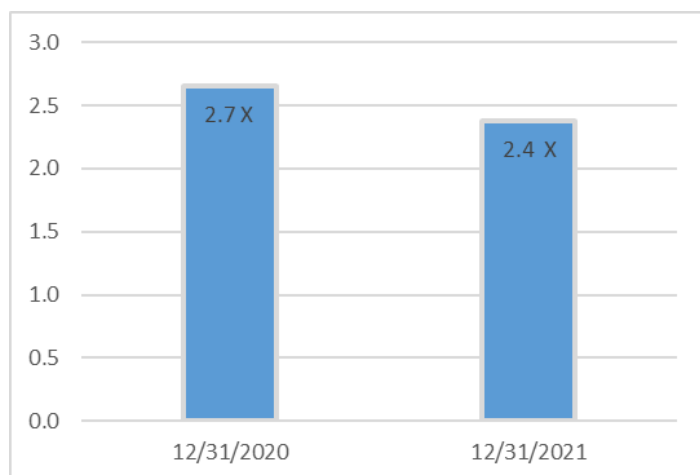
# Full Year Consolidated and Segment Results

(\$ in millions)	2021	2020
<b>Revenues</b>	\$ 1,581.8	\$ 1,427.4
<b>Gross Profit</b>	214.8	191.4
G&A Expense	(78.5)	(71.4)
Intangible Amortization	(11.5)	(11.4)
Acquisition Related Costs	(3.9)	(1.0)
Other Operating Expense, Net	(13.6)	(12.6)
<b>Operating Income</b>	107.3	94.9
Interest, Net	(19.3)	(29.2)
Gain (Loss) on Extinguishment of Debt, Net	2.0	(0.3)
Income Tax Expense	(24.9)	(22.5)
Less: Net Income Attributable to NCI	(2.5)	(0.6)
<b>Net Income to STRL</b>	\$ 62.6	\$ 42.3
<b>Diluted EPS</b>	\$2.15	\$1.50
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$ 142.9	\$ 128.1

(\$ in millions)	2021	2020
<b>Transportation Solutions</b>		
Revenue	\$ 795.6	\$ 753.8
Operating Income	\$ 21.5	\$ 14.4
Operating Margin	2.7 %	1.9 %
<b>E-Infrastructure Solutions</b>		
Revenue	\$ 468.8	\$ 397.3
Operating Income	\$ 80.5	\$ 76.5
Operating Margin	17.2 %	19.3 %
<b>Building Solutions</b>		
Revenue	\$ 317.4	\$ 276.3
Operating Income	\$ 32.6	\$ 30.4
Operating Margin	10.3 %	11.0 %

# Increased EBITDA and Cash Flow Drives Liquidity Strategy

Forward Looking EBITDA Debt Coverage Ratio



We expect to pursue strategic uses of our liquidity, such as, strategic acquisitions, investing in capital equipment and managing leverage.

## Capital allocation focus

- Long-term shareholder value
- Complementing organic growth in existing and new markets
- Strong cash flow profile provides flexibility and drives liquidity strategy

Sterling is comfortable with a forward looking debt/EBITDA coverage ratio of +/-2.5X.

## 5-Year Credit Facility

\$447M Term Loan Borrowings  
\$75M Revolving Credit Facility (Undrawn)

## Key Cash Flow Considerations

	<u>FY 2022 Est.</u>	<u>FY 2021</u>
Cash flows from Operations	\$140M to \$150M	\$151.6M
Net CAPEX	\$50M to \$55M	\$42.5M

- Cash at December 31, 2021 was \$81.8 million
- 2022 EBITDA guidance: \$185M to \$200M
- Expected additional 2022 noncash expenses: \$38M to \$41M (NOL utilization, stock-based compensation, noncash interest expense, etc.)
- 2022 - 2023 scheduled term loan debt payments total \$55.1M



# Contact Us

## Sterling

Ron Ballschmiede, Chief Financial Officer  
Mary Morley, Investor Relations  
Sterling Construction Company, Inc.  
Tel: (281) 214-0777

## The Equity Group Inc.

Jeremy Hellman  
Tel: (212) 836-9626  
[jhellman@equityny.com](mailto:jhellman@equityny.com)

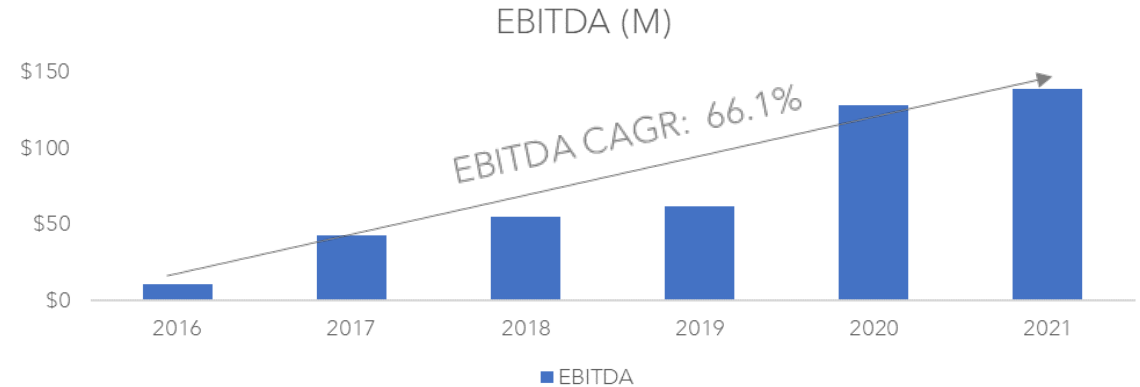
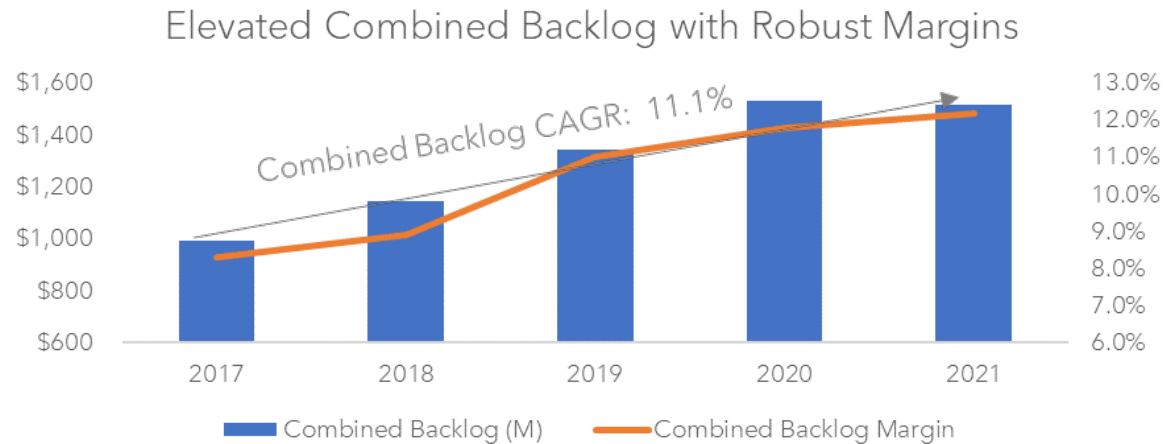
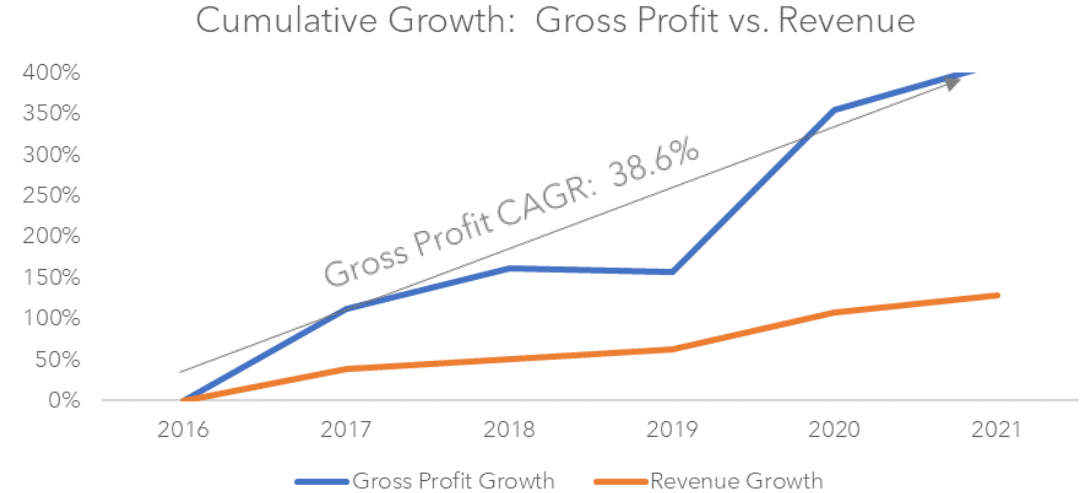
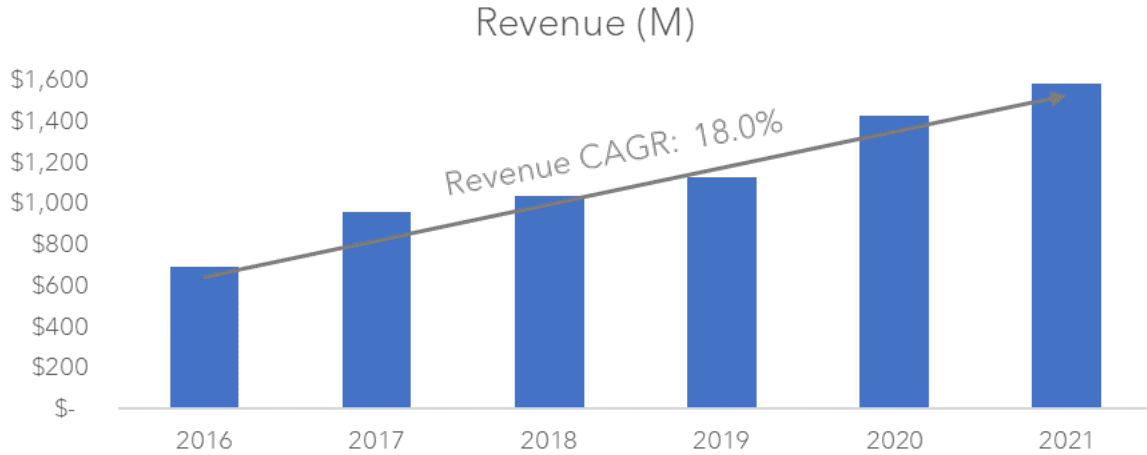




# Appendix



# Strategy Driving Profitable Growth



# Realigned Quarterly Segments

With the December 30, 2021 acquisition of Petillo, the Company realigned its operating groups to reflect management's present oversight of operations. After realignment, the Company's operations consist of three reportable segments: Transportation Solutions, E-Infrastructure Solutions and Building Solutions, with the commercial business reclassified from the previously reported Specialty Services operating group into the newly formed Building Solutions operating group. Additionally, costs attributable to corporate operations are now reported on the "Corporate" line. The segment information for the prior periods presented has been recast to conform to the current presentation.

	2021 Quarters Ended				
	March 31	June 30	September 30	December 31	Total
<b>Revenues</b>					
Transportation Solutions	\$ 147,054	\$ 203,153	\$ 249,898	\$ 195,477	\$ 795,582
E-Infrastructure Solutions	96,572	123,743	121,286	127,183	468,784
Building Solutions	71,690	74,770	92,265	78,675	317,400
<b>Total Revenues</b>	<b>\$ 315,316</b>	<b>\$ 401,666</b>	<b>\$ 463,449</b>	<b>\$ 401,335</b>	<b>\$ 1,581,766</b>
<b>Operating Income</b>					
Transportation Solutions	\$ 2,666	\$ 4,796	\$ 9,334	\$ 4,718	\$ 21,514
E-Infrastructure Solutions	17,812	24,714	19,218	18,734	80,478
Building Solutions	7,361	6,790	9,238	9,175	32,564
Segment Operating Income	27,839	36,300	37,790	32,627	134,556
Corporate	(5,084)	(3,580)	(5,759)	(8,969)	(23,392)
Acquisition related costs	—	—	—	(3,877)	(3,877)
<b>Total Operating Income</b>	<b>\$ 22,755</b>	<b>\$ 32,720</b>	<b>\$ 32,031</b>	<b>\$ 19,781</b>	<b>\$ 107,287</b>

# Realigned Quarterly Segments (Continued)

	2020 Quarters Ended				
	March 31	June 30	September 30	December 31	Total
<b>Revenues</b>					
Transportation Solutions	\$ 153,286	\$ 222,777	\$ 201,078	\$ 176,683	\$ 753,824
E-Infrastructure Solutions	78,574	103,310	114,961	100,408	397,253
Building Solutions	64,828	73,951	67,419	70,137	276,335
Total Revenues	<u>\$ 296,688</u>	<u>\$ 400,038</u>	<u>\$ 383,458</u>	<u>\$ 347,228</u>	<u>\$ 1,427,412</u>
<b>Operating Income (Loss)</b>					
Transportation Solutions	\$ (1,285)	\$ 7,263	\$ 4,670	\$ 3,791	\$ 14,439
E-Infrastructure Solutions	13,630	23,573	22,416	16,903	76,522
Building Solutions	7,438	8,950	7,687	6,366	30,441
Segment Operating Income	19,783	39,786	34,773	27,060	121,402
Corporate	(7,207)	(6,601)	(5,541)	(6,135)	(25,484)
Acquisition related costs	(473)	(139)	(401)	(13)	(1,026)
Total Operating Income	<u>\$ 12,103</u>	<u>\$ 33,046</u>	<u>\$ 28,831</u>	<u>\$ 20,912</u>	<u>\$ 94,892</u>



# 2022 Modeling Considerations\*

Revenue	\$1,825 to \$1,875
Gross Margin	~14.5%
G&A Expense as % of Revenue	~5.0%
Other Operating Expense Net	\$12 to \$14
JV Non-Controlling Interest Expense	\$2 to \$3
Effective Income Tax Rate	28% to 29%
Net Income	\$83 to \$89
Diluted EPS	\$2.69 to \$2.88
Expected Dilutive Shares Outstanding	30.9
EBITDA	\$185 to \$200

## Three Year Revenue Growth Expectations:

Transportation Solutions	3% to 5%
E-Infrastructure Solutions	5% to 7%
Building Solutions	7% to 9%

# 2022 Modeling Considerations Continued\*

NON-CASH ITEMS	FY 2022 Expectations	FY 2021
Depreciation	\$34 to \$36	\$22.7
Intangible Amortization	\$15 to \$16	\$11.5
Debt Issuance Cost Amortization	\$2 to \$3	\$2.2
Stock-based Compensation	\$5 to \$7	\$11.8
Income Tax Expense (Federal)	25% of Pretax Income	\$19.4

OTHER ITEMS	FY 2022 Expectations	FY 2021
Interest Expense, including Debt Issuance	\$19 to \$21	\$19.3
CAPEX, net of disposals	\$50 to \$55	\$42.5

# Reconciliation of Non-GAAP Supplemental Adjusted Financial Data<sup>\*(1)</sup>

	Three Months Ended December 31, 2021		
	As Reported (GAAP)	Adjustment	Adjusted (Non-GAAP)
Revenues	\$ 401,335	\$ —	\$ 401,335
Cost of revenues	(345,661)	—	(345,661)
Gross profit	55,674	—	55,674
General and administrative expense	(25,941)	—	(25,941)
Intangible asset amortization	(2,866)	—	(2,866)
Acquisition related costs	(3,877)	3,877	—
Other operating expense, net	(3,209)	—	(3,209)
Operating income	19,781	3,877	23,658
Interest income	13	—	13
Interest expense	(3,688)	—	(3,688)
Income before income taxes	16,106	3,877	19,983
Income tax expense	(4,625)	(930)	(5,555)
Net income	11,481	2,947	14,428
Less: Net income attributable to noncontrolling interests	(573)	—	(573)
Net income attributable to Sterling common stockholders	<u>\$ 10,908</u>	<u>\$ 2,947</u>	<u>\$ 13,855</u>
Net income per share attributable to Sterling common stockholders:			
Basic	\$ 0.38	\$ 0.10	\$ 0.48
Diluted	\$ 0.37	\$ 0.10	\$ 0.47
Weighted average common shares outstanding:			
Basic	28,818		28,818
Diluted	29,756		29,756

<sup>(1)</sup> The summary unaudited adjusted financial data is presented excluding the costs of acquiring Petillo and Kimes, net of tax. This presentation is considered a Non-GAAP financial measure, which the Company believes provides a better indication of our operating results prior to the excluded items.



# Reconciliation of Non-GAAP Supplemental Adjusted Financial Data<sup>\*(1)</sup>

	Three Months Ended December 31, 2020		
	As Reported (GAAP)	Adjustment	Adjusted (Non-GAAP)
Revenues	\$ 347,228	\$ —	\$ 347,228
Cost of revenues	(300,619)	—	(300,619)
Gross profit	46,609	—	46,609
General and administrative expense	(20,206)	—	(20,206)
Intangible asset amortization	(2,867)	—	(2,867)
Acquisition related costs	(13)	13	—
Other operating expense, net	(2,611)	—	(2,611)
Operating income	20,912	13	20,925
Interest income	15	—	15
Interest expense	(6,840)	—	(6,840)
Loss on extinguishment of debt	(301)	—	(301)
Income before income taxes	13,786	13	13,799
Income tax expense	(7,759)	(4)	(7,763)
Net income	6,027	9	6,036
Less: Net income attributable to noncontrolling interests	(203)	—	(203)
Net income attributable to Sterling common stockholders	\$ 5,824	\$ 9	\$ 5,833

Net income per share attributable to Sterling common stockholders:

Basic	\$ 0.21	\$ —	\$ 0.21
Diluted	\$ 0.20	\$ —	\$ 0.20

Weighted average common shares outstanding:

Basic	28,043	28,043
Diluted	29,019	29,019

<sup>(1)</sup> The summary unaudited adjusted financial data is presented excluding the costs of integrating Plateau, net of tax. This presentation is considered a Non-GAAP financial measure, which the Company believes provides a better indication of our operating results prior to the excluded items.

# Reconciliation of Non-GAAP Supplemental Adjusted Financial Data<sup>\*(1)</sup>

	Twelve Months Ended December 31, 2021		
	As Reported (GAAP)	Adjustment	Adjusted (Non-GAAP)
Revenues	\$ 1,581,766	\$ —	\$ 1,581,766
Cost of revenues	(1,367,009)	—	(1,367,009)
Gross profit	214,757	—	214,757
General and administrative expense	(78,506)	—	(78,506)
Intangible asset amortization	(11,464)	—	(11,464)
Acquisition related costs	(3,877)	3,877	—
Other operating expense, net	(13,623)	—	(13,623)
Operating income	107,287	3,877	111,164
Interest income	52	—	52
Interest expense	(19,348)	—	(19,348)
Gain on extinguishment of debt	2,032	—	2,032
Income before income taxes	90,023	3,877	93,900
Income tax expense	(24,900)	(930)	(25,830)
Net income	65,123	2,947	68,070
Less: Net income attributable to noncontrolling interests	(2,478)	—	(2,478)
Net income attributable to Sterling common stockholders	<u>\$ 62,645</u>	<u>\$ 2,947</u>	<u>\$ 65,592</u>
Net income per share attributable to Sterling common stockholders:			
Basic	\$ 2.19	\$ 0.10	\$ 2.29
Diluted	\$ 2.15	\$ 0.10	\$ 2.25
Weighted average common shares outstanding:			
Basic	28,600		28,600
Diluted	29,101		29,101

<sup>(1)</sup> The summary unaudited adjusted financial data is presented excluding the costs of acquiring Petillo and Kimes, net of tax. This presentation is considered a Non-GAAP financial measure, which the Company believes provides a better indication of our operating results prior to the excluded items.

# Reconciliation of Non-GAAP Supplemental Adjusted Financial Data<sup>\*(1)</sup>

	Twelve Months Ended December 31, 2020		
	As Reported (GAAP)	Adjustment	Adjusted (Non-GAAP)
Revenues	\$ 1,427,412	\$ —	\$ 1,427,412
Cost of revenues	(1,236,043)	—	(1,236,043)
Gross profit	191,369	—	191,369
General and administrative expense	(71,415)	—	(71,415)
Intangible asset amortization	(11,436)	—	(11,436)
Acquisition related costs	(1,026)	1,026	—
Other operating expense, net	(12,600)	—	(12,600)
Operating income	94,892	1,026	95,918
Interest income	161	—	161
Interest expense	(29,377)	—	(29,377)
Loss on extinguishment of debt	(301)	—	(301)
Income before income taxes	65,375	1,026	66,401
Income tax expense	(22,471)	(353)	(22,824)
Net income	42,904	673	43,577
Less: Net income attributable to noncontrolling interests	(598)	—	(598)
Net income attributable to Sterling common stockholders	<u>\$ 42,306</u>	<u>\$ 673</u>	<u>\$ 42,979</u>

Net income per share attributable to Sterling common stockholders:

Basic	\$ 1.52	\$ 0.02	\$ 1.54
Diluted	\$ 1.50	\$ 0.02	\$ 1.52

Weighted average common shares outstanding:

Basic	27,859	27,859
Diluted	28,195	28,195

<sup>(1)</sup> The summary unaudited adjusted financial data is presented excluding the costs of integrating Plateau, net of tax. This presentation is considered a Non-GAAP financial measure, which the Company believes provides a better indication of our operating results prior to the excluded items.

# EBITDA Reconciliation\*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net income attributable to Sterling common stockholders	\$ 10,908	\$ 5,824	\$ 62,645	\$ 42,306
Depreciation and amortization	8,865	8,146	34,201	32,785
Interest expense, net of interest income	3,675	6,825	19,296	29,216
Income tax expense	4,625	7,759	24,900	22,471
(Gain) loss on extinguishment of debt, net	—	301	(2,032)	301
EBITDA <sup>(1)</sup>	\$ 28,073	\$ 28,855	\$ 139,010	\$ 127,079
Acquisition related costs	3,877	13	3,877	1,026
Adjusted EBITDA <sup>(2)</sup>	<u>\$ 31,950</u>	<u>\$ 28,868</u>	<u>\$ 142,887</u>	<u>\$ 128,105</u>

<sup>(1)</sup> The Company defines EBITDA as GAAP net income attributable to Sterling common stockholders, adjusted for depreciation and amortization, net interest expense, taxes, and net gain or loss on extinguishment of debt.

<sup>(2)</sup> Adjusted EBITDA excludes the impact of acquisition related costs.