



# Sidoti August Micro-Cap Virtual Conference

August 18, 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 expected margin growth; 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.



In June 2022, we aligned our name to better reflect our position as a market-leading infrastructure solutions provider driven by our entrepreneurial spirit and customer-centric culture along with a focused, disciplined and bold determination. We are...

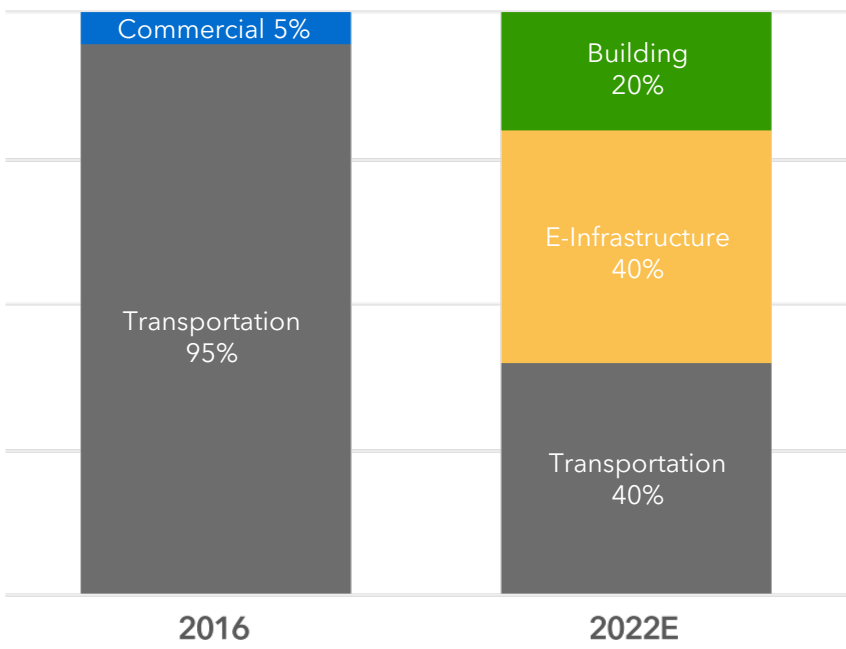
# Sterling Infrastructure, Inc.

Delivering value-added solutions by our commitment to our growth strategy: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Focused on our key objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance

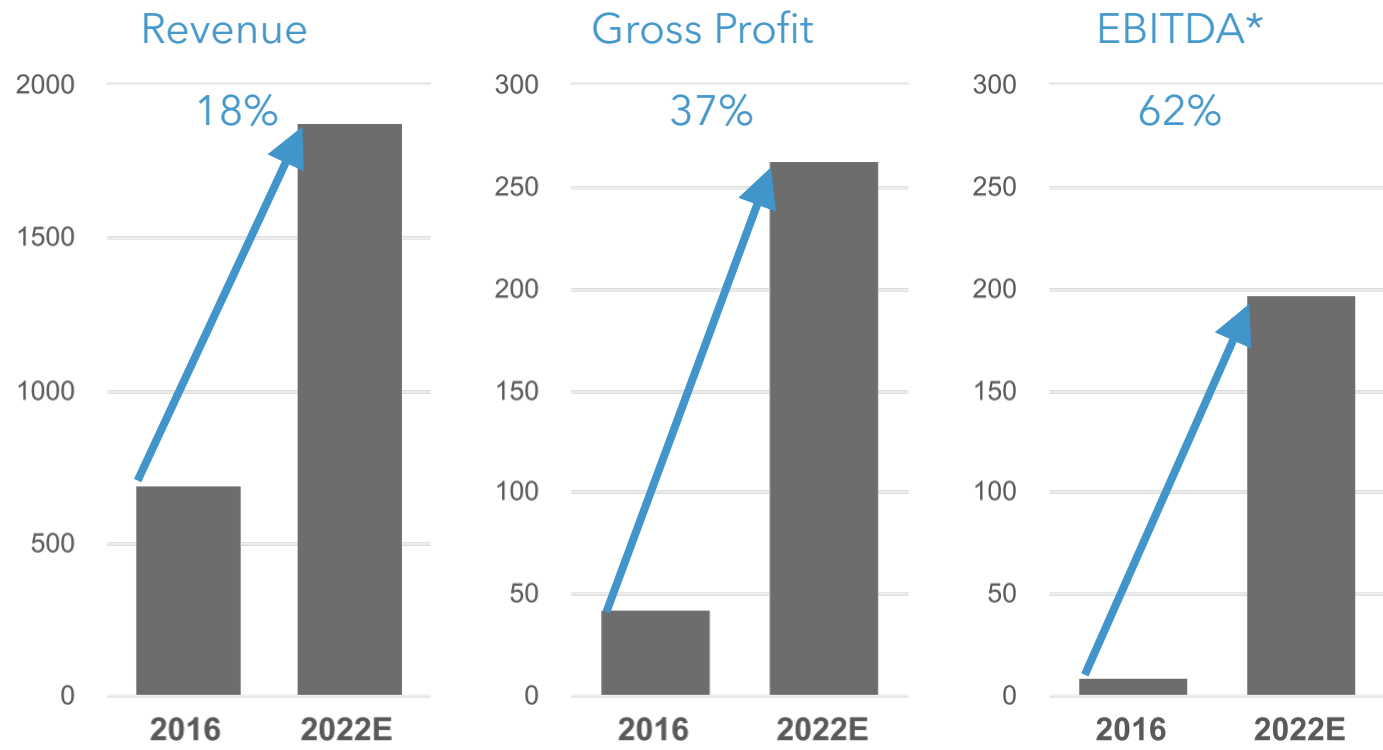


# Delivering Value: Sterling's Proven Performance & Strong Operational Execution

Diversified Business Mix  
Results in Margin Growth  
from 6.1% to 14%

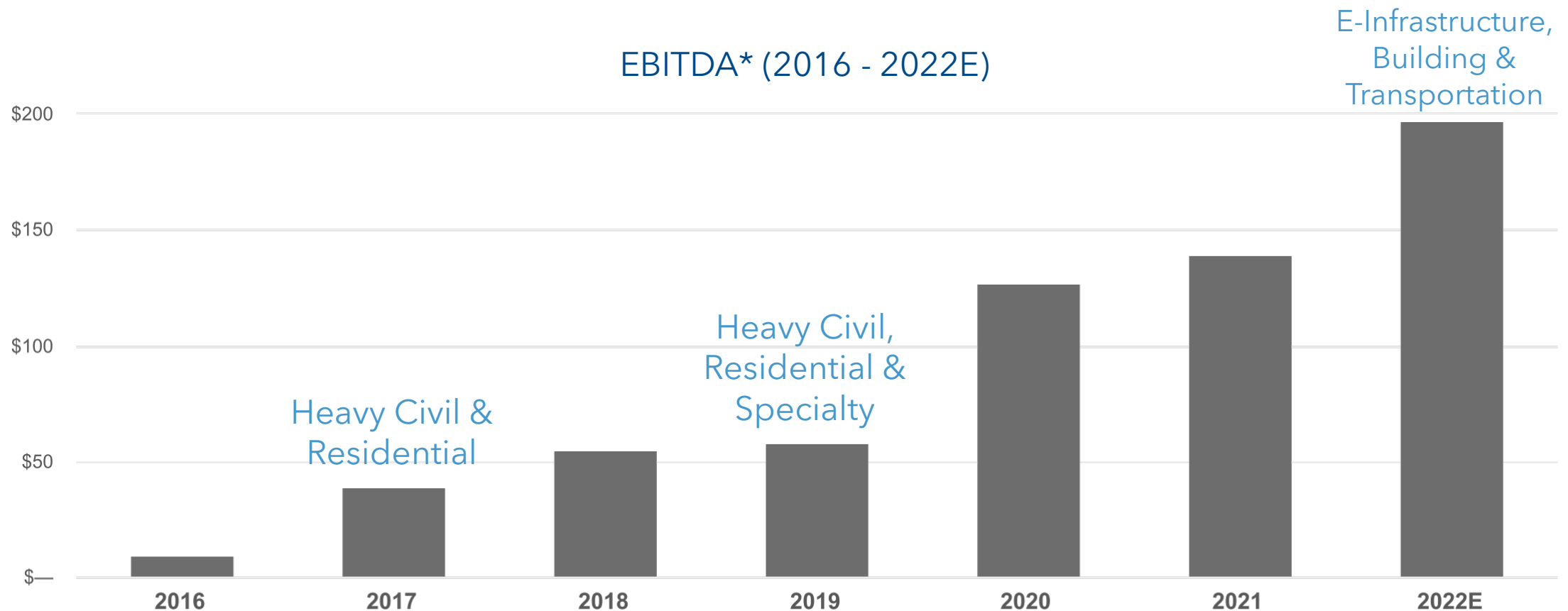


CAGR (2016 - 2022E)



Strategic Elements: Solidify the Base | Grow High-Margin Products | Expansion into Adjacent Markets  
Key Objectives: Bottom-line Growth | Risk Reduction | Exceed Peer Performance  
\*See EBITDA Reconciliations in the Appendix pages 21 - 22

# Successful Strategic Business Transformation Created Sterling Infrastructure, Inc.





# WHO is Sterling?

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.

## + E-Infrastructure Solutions

- + Highest margins in portfolio
- + Fastest growing segment in revenue growth
- + Develop advanced, large-scale site development systems & services for data centers, e-commerce distribution centers, commercial, warehousing, transportation, energy and more

## + Building Solutions

- + 2nd highest margins in our portfolio
- + 2nd fastest growing segment in revenue growth
- + Residential and commercial concrete foundations for single-family and multi-family homes, parking structures, elevated slabs and other concrete work

## + Transportation Solutions

- + Consistent margins & disciplined revenue growth
- + Enhanced business mix
- + Infrastructure and rehabilitation projects for highways, roads, bridges, airports, ports, light rail, water, wastewater and storm drainage systems and more

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

We offer a customer-centric, market-focused portfolio of goods and services geographically positioned in the right markets.

NASDAQ	STRL	Shares outstanding <sup>(1)</sup>	30.3M
HQ	The Woodlands, TX	Market cap <sup>(1)</sup>	\$779M
Employees	~3,000	Revenue <sup>(2)</sup>	\$1,875M
Segments	E-Infrastructure Solutions Building Solutions Transportation Solutions	EBITDA <sup>(2)</sup>	\$197M
Projects underway	~280	Total Backlog <sup>(3)</sup>	\$1.54B



# Sterling's Expanded Geographic Footprint in Strong Markets with Top Customers



## E-Infrastructure Solutions

- + Expanded geographic footprint providing value-added solutions to blue-chip customers in all major East Coast markets



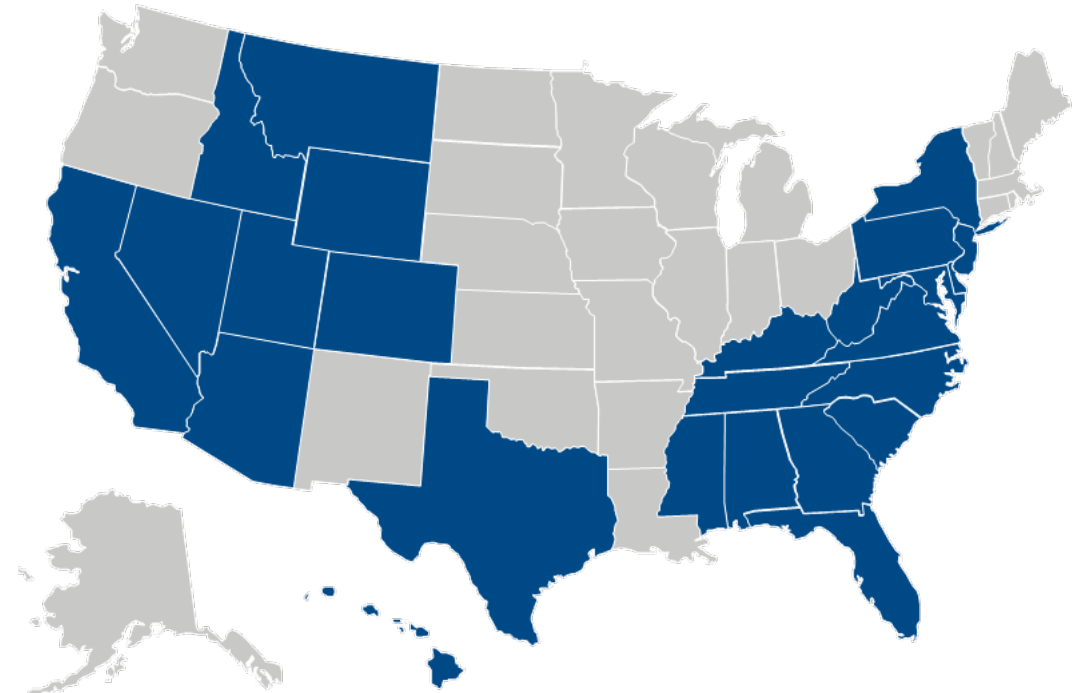
## Building Solutions

- + Expanded geographic footprint serving the Nation's Top Builders in the Nation's Top Housing Markets: Texas & Arizona



## Transportation Solutions

- + Geographic footprint provides infrastructure solutions in the Pacific & Rocky Mountain States and Texas





# WHY Sterling?

- + We build value for investors seeking high margins, healthy cash flow, proven performance and strong operational execution
- + Committed to our strategic vision, our blueprint for bottom-line growth, reducing risk and consistently outperforming peers
- + We are leveraging the foundation we built to take Sterling to a whole new level
  - + Platforms in higher-margin, specialty-end markets with a broadened portfolio of products, services & customers
  - + Recent Petillo acquisition positions Sterling to be an industry leader of e-infrastructure specialty site development services

Five Year Stock Price Performance Sterling vs S&P 500\*



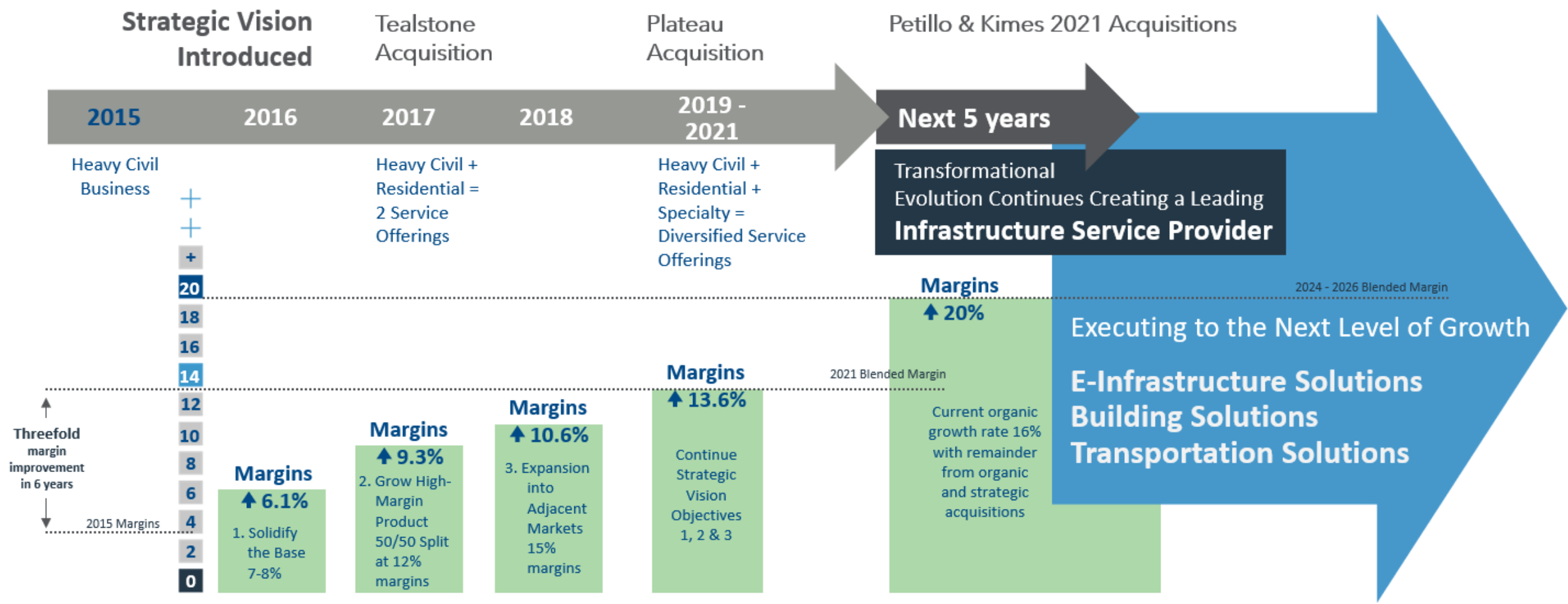
Five Year Stock Price Performance Sterling vs Peers\*





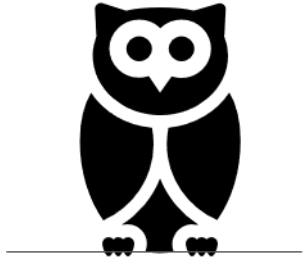
# Strategic Execution | Proven Results | Strong Growth

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



# The Sterling Way

Taking care of our employees, customers, the environment and our communities is what we do every day



## Protecting Habitats

Onsite project management controls for avoidance, minimization and mitigation measures. A Florida site development project took careful measures to protect the federally protected burrowing owl by fencing around the nesting trees during the entire project.



## Protecting the Community

Measures regularly practiced at project sites are safety barriers to protect workers, neighboring communities, vegetation and habitats. With our Rolled Ankle Protection Program in place, an Atlanta project crushed tons of rock to create safe walking paths for all workers.



## Reducing our Carbon Footprint

A Nashville project blasted, moved and crushed rock all onsite. The rock was used for several scope items alleviating the need for the rock to be hauled from a rock quarry in and out of the project site. Material recycling resulted in lower transportation costs and a reduction of our carbon footprint.

## Safety



### Some of our recent awards:

- + Associated General Contractors of America (AGC) Construction Safety Champion of the Year 2021
- + 2021 2<sup>nd</sup> place AGC Construction Safety Excellence Award in the Heavy Division for over 800,000 hours
- + 2020 American Road and Transportation Builders National Safety Award for the over 1,000,000 category

### Examples of our Safe and Sound safety program:

- + Daily Safety Briefings
- + Daily Safety Observations program
- + Job Hazard Analysis completed on major task



Onsite equipment repair eliminates equipment hauled to be serviced outside of project area



Accelerated Bridge Construction, an innovative construction method used to

- + Reduce onsite construction time for building/replacing/ rehabilitating bridges
- + Improve work-zone safety for traveling public and workers





## Second Quarter 2022 Results





# Second Quarter 2022 Results

Sterling Reports Record Second Quarter 2022 Results  
Earnings Continue to Outpace Expectations  
Increases 2022 Full Year Guidance

**Revenues: \$510.6 million**

**Net Income: \$26.0 million**

**Diluted EPS: \$0.86 cents**

- + Backlog: \$1.54 billion with 12.6% margin<sup>(1)</sup>
- + Combined Backlog: \$1.73 billion with 12.5% margin<sup>(2)</sup>
- + Cash & Cash Equivalents: \$72.9 million<sup>(1)</sup>
- + Cash from operations: \$34.6 million<sup>(3)</sup>

## Segment revenue as compared to second quarter 2021

### E-Infrastructure Solutions

- + Up 27.3%, excluding our recently acquired Petillo business
- + Market remains strong with significant activity in e-commerce, warehousing and data centers

### Transportation Solutions

- + Down 5.8%
- + Continued disciplined shift away from low-bid to alternative delivery

### Building Solutions

- + Up 14.5%
- + Continued expansion in Houston and Phoenix

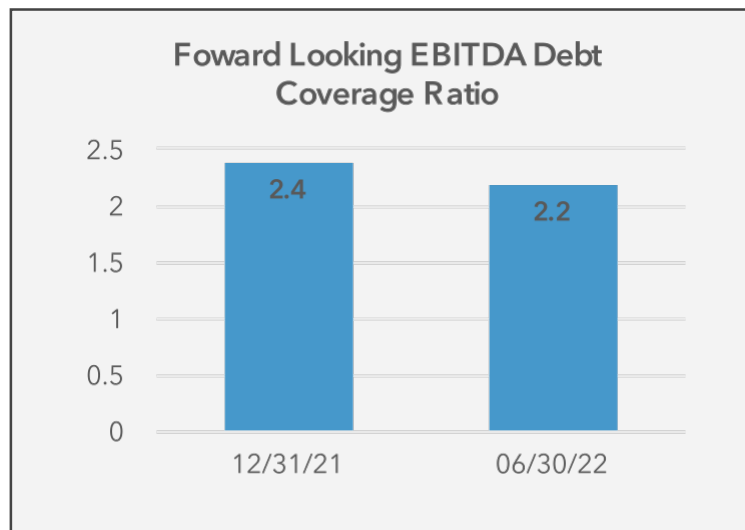


# Quarterly Consolidated and Segment Results

(\$ in millions)	Q2 2022	Q2 2021
Revenues	\$ 510.6	\$ 401.7
Gross Profit	68.4	56.2
G&A Expense	(23.4)	(15.8)
Intangible Amortization	(3.5)	(2.9)
Acquisition Related Costs	(0.2)	—
Other Operating Expense, Net	(0.1)	(4.8)
Operating Income	41.1	32.7
Interest, Net	(4.5)	(5.7)
Gain on Extinguishment of Debt, Net	—	1.4
Income Tax Expense	(10.3)	(8.2)
Less: Net Income Attributable to NCI	(0.4)	(0.2)
Net Income to STRL	\$ 26.0	\$ 20.1
Diluted EPS	\$ 0.86	\$ 0.69
EBITDA <sup>(1)</sup>	\$ 54.3	\$ 41.0

(\$ in millions)	Q2 2022	Q2 2021
<b>E-Infrastructure Solutions</b>		
Revenue	\$ 233.5	\$ 123.7
Operating Income	\$ 32.8	\$ 24.7
Operating Margin	14.1 %	20.0 %
<b>Transportation Solutions</b>		
Revenue	\$ 191.4	\$ 203.2
Operating Income	\$ 5.1	\$ 4.8
Operating Margin	2.7 %	2.4 %
<b>Building Solutions</b>		
Revenue	\$ 85.6	\$ 74.8
Operating Income	\$ 9.8	\$ 6.8
Operating Margin	11.4 %	9.1 %

# Increased EBITDA and Cash Flow Drives Liquidity Strategy



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

\$435M 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	~\$100M	\$151.6M
Net CAPEX	\$50M to \$55M	\$42.5M
• Cash at June 30, 2022 was \$72.9 million		
• 2022 EBITDA guidance <sup>(1)</sup> : \$192M to \$202M		
• Expected additional 2022 noncash expenses: \$43M to \$45M (NOL utilization, stock-based compensation, noncash interest expense, etc.)		
• 2022 - 2023 scheduled term loan debt payments total \$55.1M		

(1) See EBITDA guidance reconciliation on page 21.



# Contact Us

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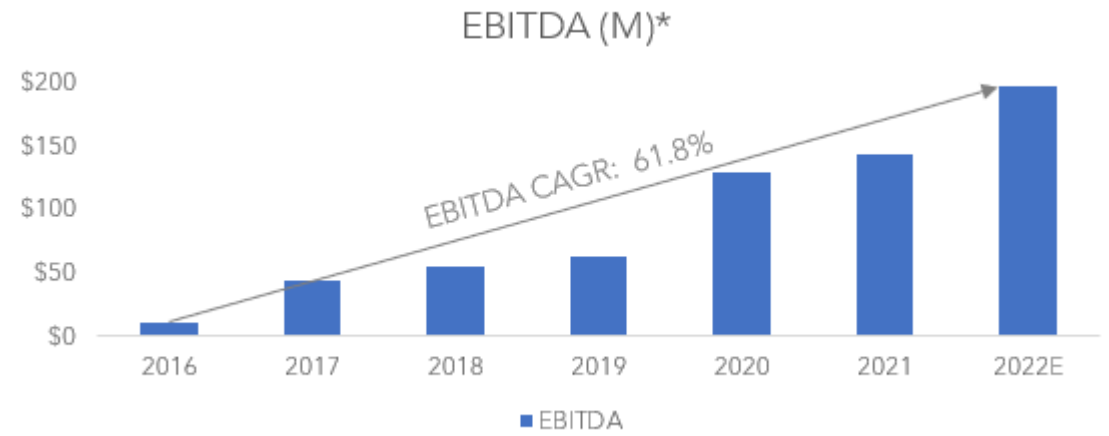
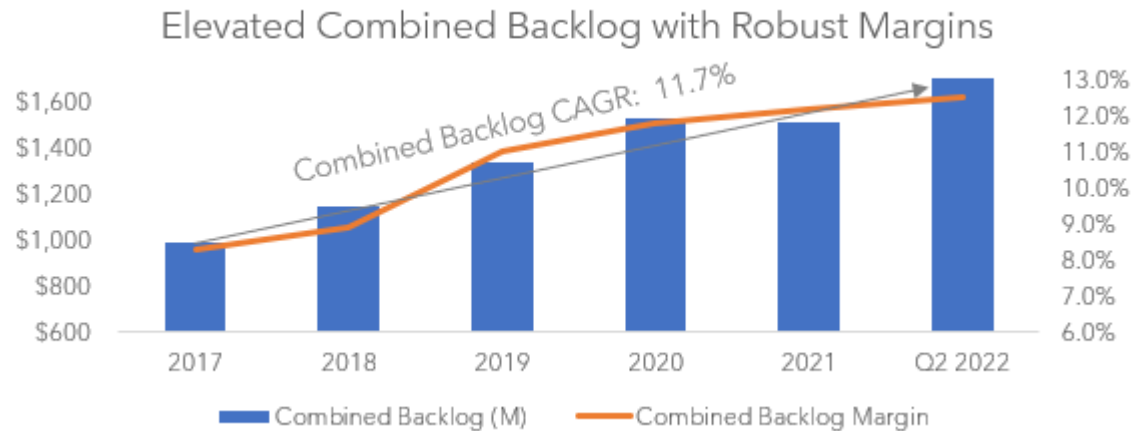
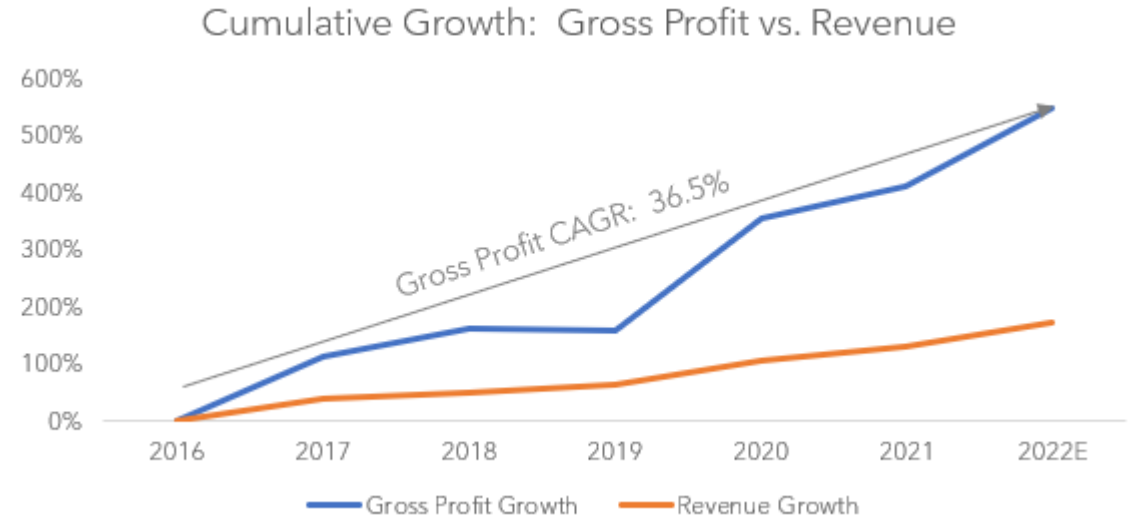
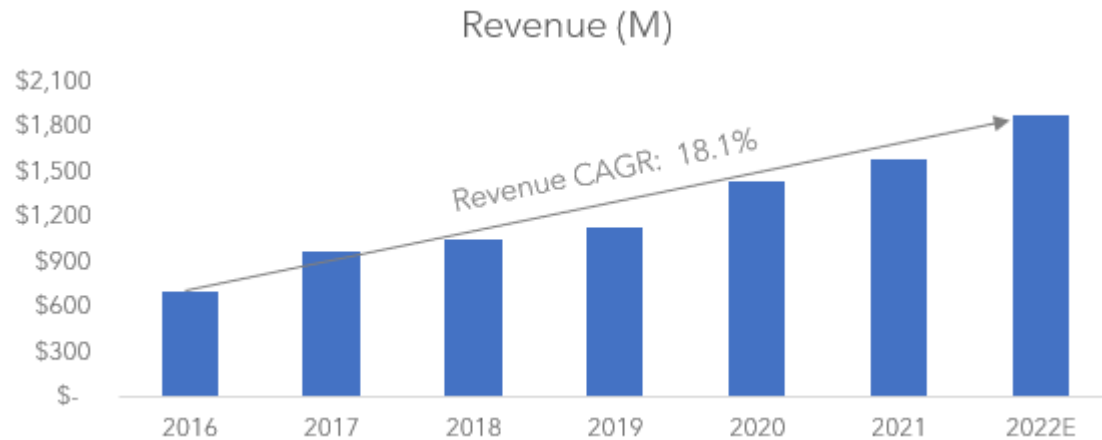




# Appendix



# Strategy Driving Profitable Growth





# 2022 Modeling Considerations<sup>(1)</sup>

Revenue	\$1,865 to \$1,885
Gross Margin	~14.0%
G&A Expense as % of Revenue	~5.0%
Other Operating Expense Net	\$7 to \$9
JV Non-Controlling Interest Expense	\$2 to \$3
Effective Income Tax Rate	~28%
Net Income	\$90 to \$96
Diluted EPS	\$2.95 to \$3.15
Expected Dilutive Shares Outstanding	30.5
EBITDA <sup>(3)</sup>	\$192 to \$202

## Three Year Revenue Growth Expectations:

E-Infrastructure Solutions <sup>(2)</sup>	7% to 9%
Transportation Solutions	3% to 5%
Building Solutions	7% to 9%



## 2022 Modeling Considerations Continued\*

Non-Cash Items	FY 2022 Expectations	FY 2021
Depreciation	\$35 to \$36	\$22.7
Intangible Amortization	\$15	\$11.5
Debt Issuance Cost Amortization	\$2 to \$3	\$2.2
Stock-based Compensation	\$9 to \$10	\$11.8
Income Tax Expense (Federal)	24% of Pretax Income	\$19.4

Other Cash Flow Items	FY 2022 Expectations	FY 2021
Interest Expense, including Debt Issuance	\$19 to \$20	\$19.3
CAPEX, net of disposals	\$50 to \$55	\$42.5



**STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES**  
**EBITDA RECONCILIATION**  
**(In thousands)**  
**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income attributable to Sterling common stockholders	\$ 25,961	\$ 20,056	\$ 45,213	\$ 30,611
Depreciation and amortization	13,645	8,402	25,412	16,707
Interest expense, net of interest income	4,450	5,725	9,027	11,715
Income tax expense	10,268	8,179	16,865	12,939
Gain on extinguishment of debt, net	—	(1,401)	(2,428)	(1,064)
EBITDA <sup>(1)</sup>	<u>\$ 54,324</u>	<u>\$ 40,961</u>	<u>\$ 94,089</u>	<u>\$ 70,908</u>





**STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES**  
**EBITDA GUIDANCE RECONCILIATION**  
**(In millions)**  
**(Unaudited)**

	Full Year 2022 Guidance	
	Low	High
Net income attributable to Sterling common stockholders	\$ 90	\$ 96
Depreciation and amortization	50	51
Interest expense, net of interest income	19	20
Income tax expense	35	37
Gain on extinguishment of debt, net	(2)	(2)
EBITDA <sup>(1)</sup>	<u>\$ 192</u>	<u>\$ 202</u>

(1) 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 on extinguishment of debt.



## STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES

### HISTORICAL EBITDA RECONCILIATION

(In thousands)  
(Unaudited)

	2016	2017	2018	2019	2020	2021
Net (loss) income attributable to Sterling common stockholders	\$ (9,238)	\$ 11,617	\$ 25,187	\$ 39,901	\$ 42,306	\$ 62,645
Depreciation and amortization	15,699	16,994	16,770	20,740	32,785	34,201
Interest expense, net of interest income	2,595	9,486	11,333	15,544	29,216	19,296
Income tax expense (benefit)	88	118	1,738	(26,216)	22,471	24,900
Loss (gain) on extinguishment of debt, net	—	755	—	7,728	301	(2,032)
EBITDA <sup>(1)</sup>	<u>\$ 9,144</u>	<u>\$ 38,970</u>	<u>\$ 55,028</u>	<u>\$ 57,697</u>	<u>\$ 127,079</u>	<u>\$ 139,010</u>



# ESG at Sterling: The Sterling Way

Our Core Values: Safety, Respect and Trust, Excellence, Integrity

## 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 infrastructure solutions and services for the betterment 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, that's The Sterling Way

## 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



Building a Better Tomorrow. The Sterling Way - 2022 Sustainability Report published March 23, 2022. The report can be accessed via the Sterling Way (ESG) section of the Company's website at <https://www.strlco.com/sustainability>



# THANK YOU

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