



## Q3 2022 Earnings Call

November 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; our guidance; 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.

# WHO is Sterling?

A market-leading infrastructure service provider of e-infrastructure, building and transportation solutions.  
A story of successful execution of multi-year strategic business transformation since 2016; born of a vision that leverages our entrepreneurial spirit.  
We offer a customer-centric, market-focused portfolio of goods and services geographically positioned in the right markets.



## E-Infrastructure Solutions

- + Highest margins in portfolio
- + Fastest growing segment in revenue growth
- + Provide value-added solutions to blue-chip customers in all major East Coast markets
- + Develop advanced, large-scale site development systems & services for data centers, e-commerce distribution centers, commercial, warehousing, transportation, energy and more



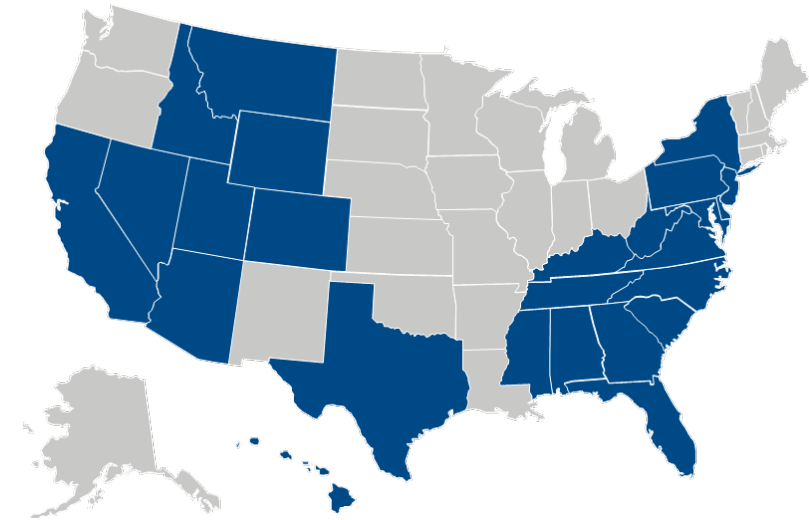
## Building Solutions

- + 2nd highest margins in our portfolio
- + Serve the Nation's Top Builders in the Nation's Top Housing Markets: Texas & Arizona
- + Residential and commercial concrete foundations for single-family and multi-family homes, parking structures, elevated slabs and other concrete work



# Transportation Solutions

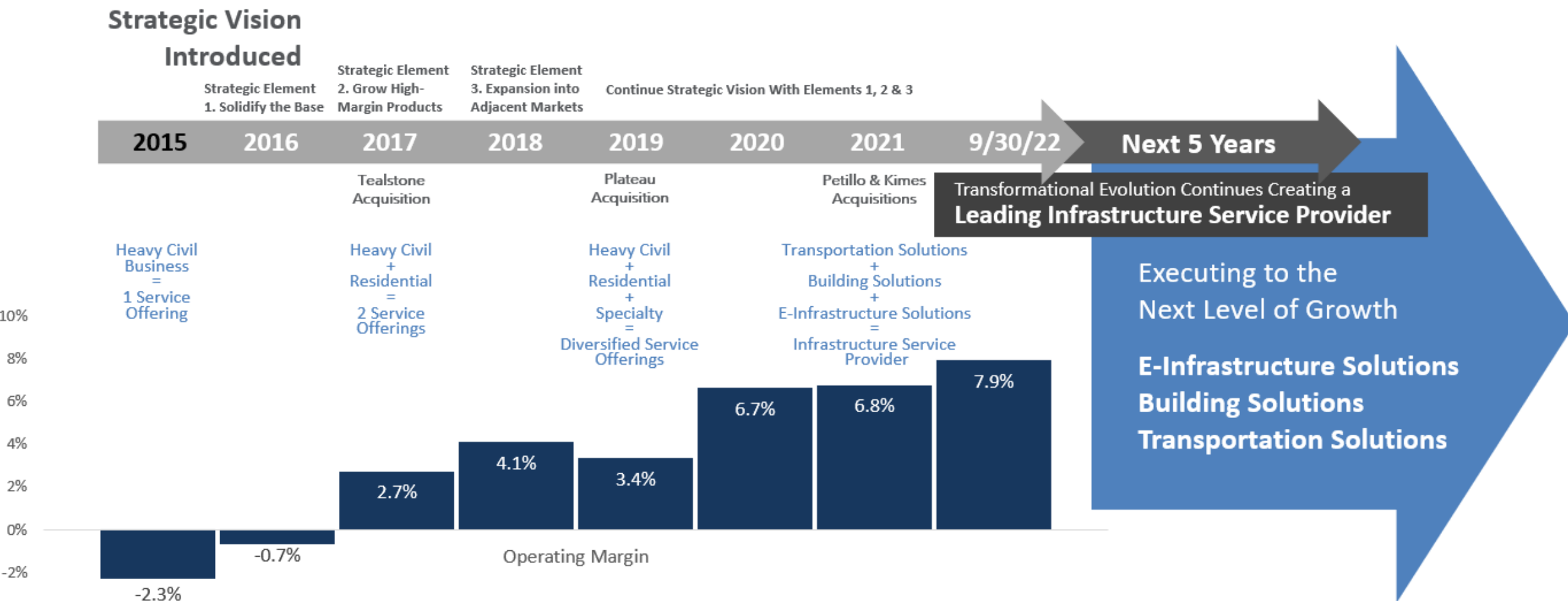
- + Consistent margins & disciplined revenue growth
- + Enhanced business mix
- + Infrastructure and rehabilitation projects for highways, roads, bridges, airports, ports, light rail, water, wastewater and storm drainage systems and more
- + Providing infrastructure solutions in the Pacific & Rocky Mountain States and Texas



NASDAQ	STRL	Shares outstanding <sup>(1)</sup>	30.3M
HQ	The Woodlands, TX	Market cap <sup>(1)</sup>	\$826M
Employees	~3,500 <sup>(4)</sup>	Revenue <sup>(2)</sup>	\$1,910M
Segments	E-Infrastructure Solutions Building Solutions Transportation Solutions	EBITDA <sup>(2)</sup>	\$201M
Projects underway	~290	Total Backlog <sup>(3)</sup>	\$1.67B

# 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

Our culture is based on our commitment for caring for our people, our customers, our investors and our communities, that's The Sterling Way.



## Recent Safety Awards:

- + 2022 ARTBA<sup>(1)</sup> National Contractor Safety Award for under 1,000,000 category
- + 2021 AGC<sup>(2)</sup> Construction Safety Champion of the Year
- + 2021 2<sup>nd</sup> place AGC Construction Safety Excellence Award in the Heavy Division for over 800,000 hours

## Examples of our Safe and Sound Safety Program:

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

## The Sterling Way in Action<sup>(3)</sup>



- + Community engagement and volunteerism is supported at the highest levels of our organization.
  - + Support educational partnerships from K-12 to Higher-Ed
  - + Projects at adult care centers, food banks, community centers
- + Safety barriers around project sites to protect workers, neighboring communities, vegetation and habitats.
  - + Our Rolled Ankle Protection Program crushes tons of rock to create safe walking paths for all workers.
  - + Fencing nesting trees of the federally protected burrowing owl during entire project duration.
  - + Accelerated Bridge Construction, an innovative construction method used to reduce onsite construction time for building/ replacing/ rehabilitating bridges and improve work-zone safety for traveling public and workers
- + Reducing our carbon footprint
  - + Material recycling at project sites
  - + Onsite equipment repair eliminates equipment hauled to be serviced outside of project area

(1) American Road & Transportation Builders Association (ARTBA)

(2) Associated General Contractors of America (AGC)

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





## Third Quarter 2022 Results





# Third Quarter 2022 Results Highlights

- + Record Third Quarter 2022
- + Results Continue to Outpace Expectations

- |  |  |
|--|--|
| + Revenues: \$556.9 million              | + Backlog <sup>(1)</sup> : \$1.67 billion with 13.1% margin          |
| + Net Income: \$29.5 million             | + Combined Backlog <sup>(2)</sup> : \$1.90 billion with 12.9% margin |
| + EBITDA <sup>(4)</sup> : \$60.2 million | + Cash & Cash Equivalents <sup>(1)</sup> : \$146.5 million           |
| + Diluted EPS: \$0.97 cents              | + Cash Flow from Operations <sup>(3)</sup> : \$130.6 million         |

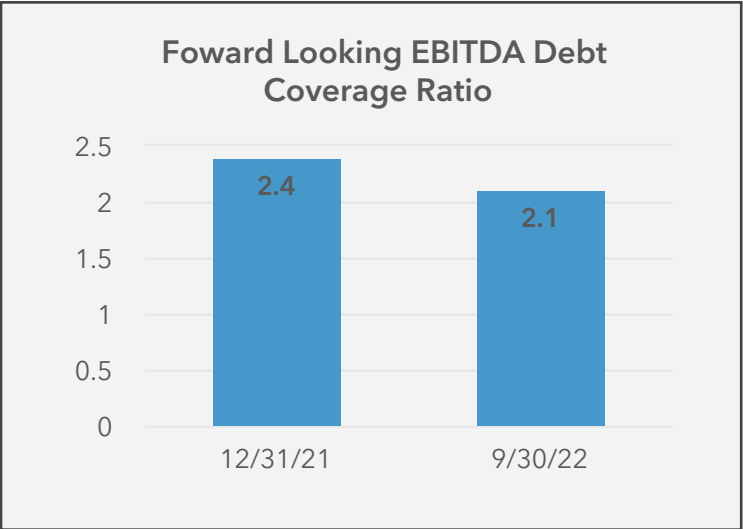
# Quarterly Consolidated and Segment Results

(\$ in millions)	Q3 2022	Q3 2021
Revenues	\$ 556.9	\$ 463.4
Gross Profit	82.0	57.8
G&A Expense	(26.5)	(19.6)
Intangible Amortization	(3.5)	(2.9)
Acquisition Related Costs	(0.3)	—
Other Operating Expense, Net	(4.1)	(3.3)
Operating Income	47.7	32.0
Interest, Net	(5.0)	(3.9)
Gain on Extinguishment of Debt, Net	—	1.0
Income Tax Expense	(12.6)	(7.3)
Less: Net Income Attributable to NCI	(0.6)	(0.6)
Net Income to STRL	\$ 29.5	\$ 21.1
Diluted EPS	\$ 0.97	\$ 0.72
EBITDA <sup>(1)</sup>	\$ 60.2	\$ 40.0

(\$ in millions)	Q3 2022	Q3 2021
<b>E-Infrastructure Solutions</b>		
Revenue	\$ 255.5	\$ 121.3
Operating Income	\$ 37.5	\$ 19.2
Operating Margin	14.7 %	15.8 %
<b>Transportation Solutions</b>		
Revenue	\$ 221.1	\$ 249.9
Operating Income	\$ 9.6	\$ 9.3
Operating Margin	4.4 %	3.7 %
<b>Building Solutions</b>		
Revenue	\$ 80.3	\$ 92.3
Operating Income	\$ 9.3	\$ 9.2
Operating Margin	11.6 %	10.0 %



# 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**

\$429M Term Loan Borrowings  
\$75M Revolving Credit Facility (Undrawn)

**Key Cash Flow Considerations**

	FY 2022 Est.	FY 2021
Cash flows from Operations	~\$150M	\$151.6M
Net CAPEX	\$53M to \$57M	\$42.5M
• Cash at September 30, 2022 was \$146.5 million		
• Updated 2022 EBITDA guidance <sup>(1)</sup> : \$197M to \$205M		
• Expected additional 2022 noncash expenses: \$45M to \$47M (NOL utilization, stock-based compensation, noncash interest expense, etc.)		
• Scheduled term loan debt payments total \$23.2M and \$31.9M for 2022 and 2023, respectively		

(1) See EBITDA guidance reconciliation on page 16.

# Contact Us

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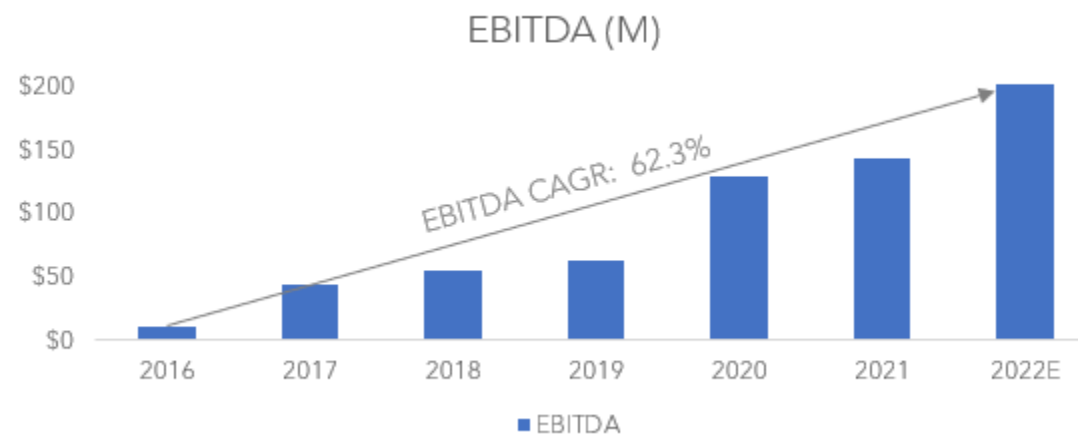
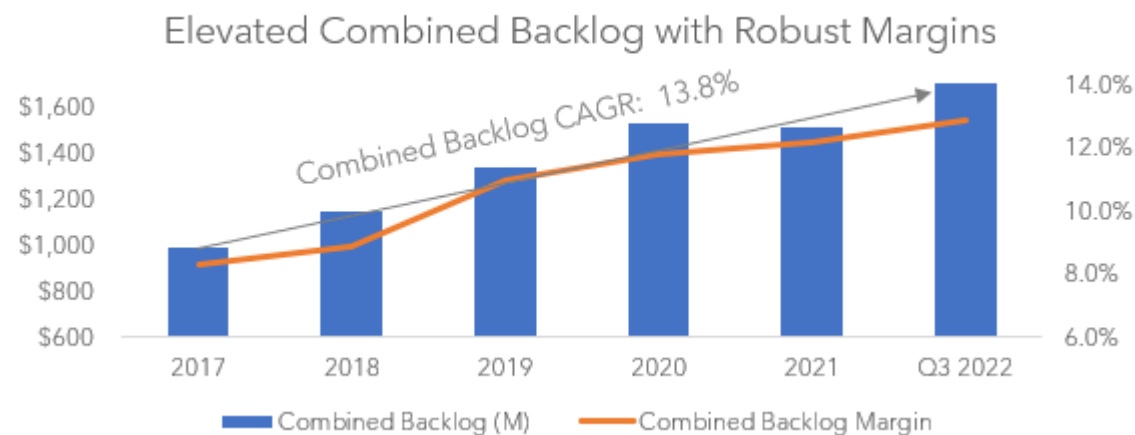
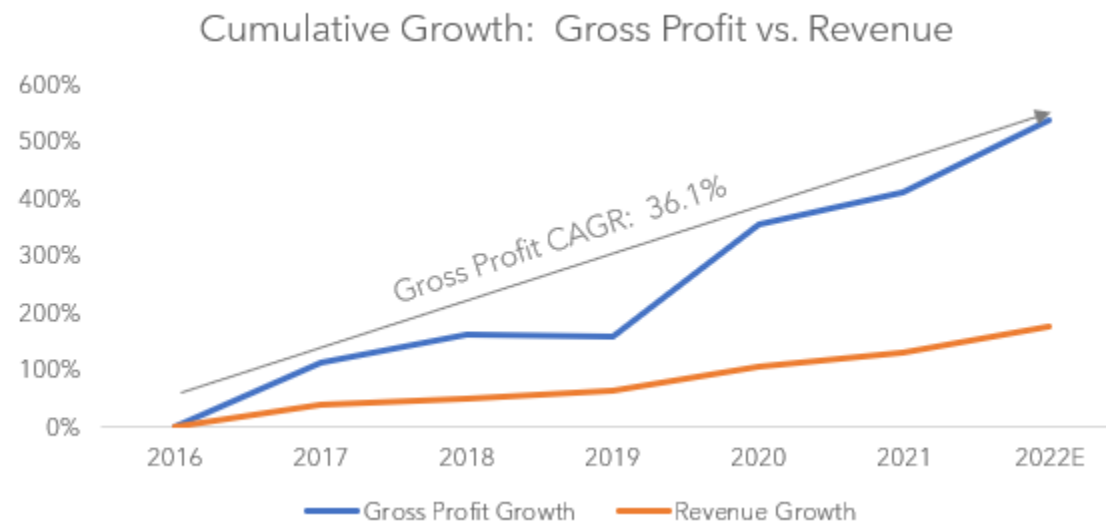
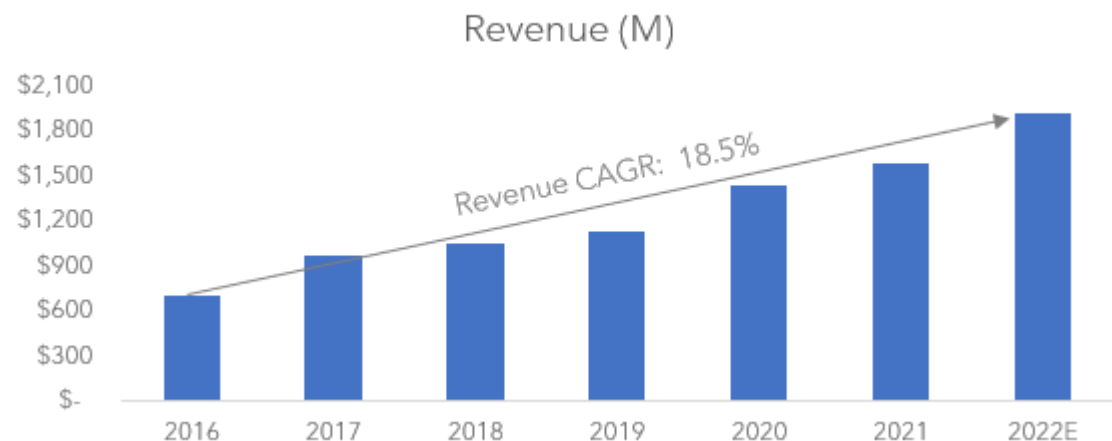




# Appendix



# Strategy Driving Profitable Growth



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

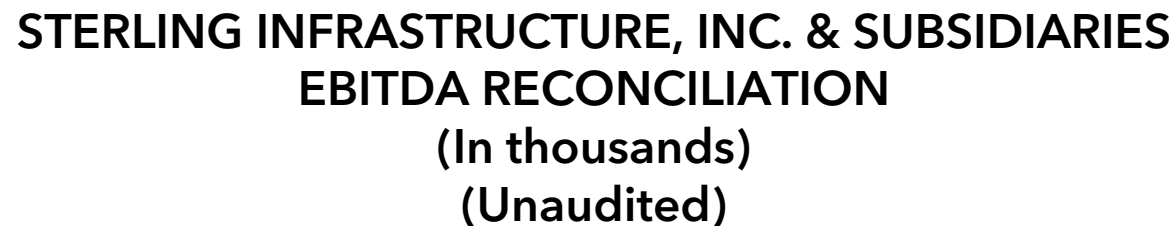
Revenue	\$1,900 to \$1,920
Gross Margin	~14.0%
G&A Expense as % of Revenue	~5.0%
Other Operating Expense Net	\$7 to \$9
JV Non-Controlling Interest Expense	\$2 to \$3
Effective Income Tax Rate	~28%
Net Income	\$94 to \$98
Diluted EPS	\$3.08 to \$3.21
Expected Dilutive Shares Outstanding	30.5
EBITDA <sup>(2)</sup>	\$197 to \$205

# 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	\$10 to \$11	\$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	\$53 to \$57	\$42.5





(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

### EBITDA GUIDANCE RECONCILIATION

(In millions)  
(Unaudited)

	Full Year 2022 Guidance	
	Low	High
Net income attributable to Sterling common stockholders	\$ 94	\$ 98
Depreciation and amortization	50	51
Interest expense, net of interest income	19	20
Income tax expense	36	38
Gain on extinguishment of debt, net	(2)	(2)
EBITDA <sup>(1)</sup>	<u>\$ 197</u>	<u>\$ 205</u>



**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>





# THANK YOU

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