



## Q4 2023 Earnings Call

February 27, 2024

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 forwardlooking 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," "guidance," "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 forwardlooking 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 gualify all forwardlooking 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 a multi-year strategic business transformation; born of a vision that levers our entrepreneurial spirit. We offer a customer-centric, market-focused portfolio of goods and services geographically positioned in the right markets.



### **E-Infrastructure Solutions**

- Fastest growing segment in revenue growth
- Provides value-added solutions to blue-chip customers in all major East Coast markets
- Develops advanced, large-scale site development services for manufacturing, data centers, e-commerce distribution centers, warehousing, power generation and more



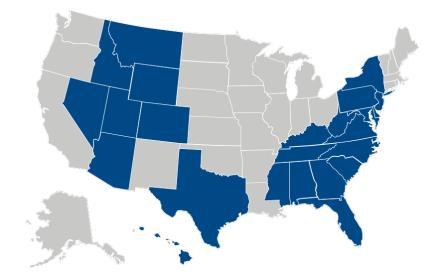
### **Building Solutions**

- + Serves 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, other concrete work and plumbing services for new singlefamily residential builds



### **Transportation Solutions**

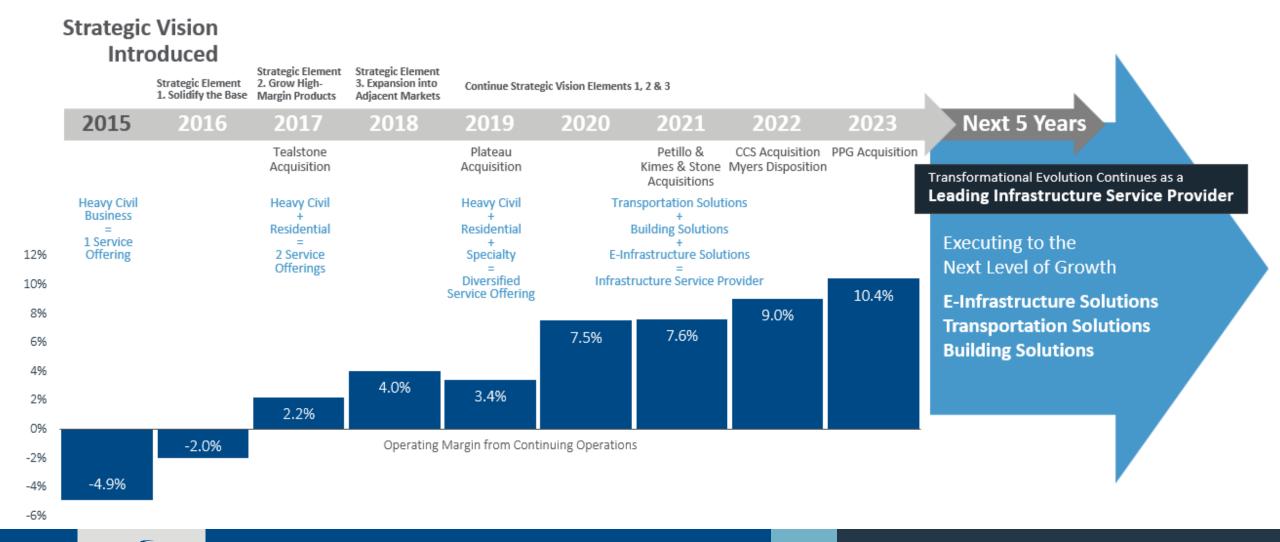
- Enhanced business mix
- + Provides infrastructure solutions in the Rocky Mountain States and Texas
- + Infrastructure and rehabilitation projects for highways, roads, bridges, airports, ports, rail and storm drainage systems



NASDAQ	STRL	Shares outstanding <sup>(2)</sup>	30.9M
HQ	The Woodlands, TX	Market cap <sup>(2)</sup>	\$2.69B
Employees	~3,000 <sup>(1)</sup>	Revenue <sup>(3)</sup>	\$2.17B
Segments	E-Infrastructure Solutions Building Solutions Transportation Solutions	EBITDA <sup>(3)</sup>	\$293M
Projects underway	~230 <sup>(1)</sup>	Total Backlog <sup>(1)</sup>	\$2.07B



# Strategic Transformation at a Glance



### Fourth Quarter 2023 Results





## Fourth Quarter and Full Year 2023 Results Highlights Continuing Operations

- + Revenues: \$486.0 million and \$1,972.2 million, respectively
- + Net Income: \$40.2 million and \$138.7 million, respectively
- + Diluted EPS: \$1.28 and \$4.44, respectively
- + EBITDA<sup>(1)</sup>: \$68.4 million and \$259.0 million, respectively
- + Cash Flow from Operations<sup>(2)</sup>: \$147.4 million and \$478.6 million, respectively
- + Cash & Cash Equivalents<sup>(2)</sup>: \$471.6 million
- + Backlog<sup>(2)</sup>: \$2.07 billion with 15.2% margin
- + Combined Backlog<sup>(3)</sup>: \$2.37 billion with 15.4% margin



## **Quarterly Consolidated and Segment Results** Continuing Operations

(\$ in millions)	Q4 202	23	Q4 2	2022	(\$ in millions)	C	24 2023	С	4 2022
Revenues	\$ 486	o.0 S	\$ 4	148.6	E-Infrastructure Solutions				
Gross Profit	91	.8		69.0	Revenue	\$	217.5	\$	247.3
G&A Expense	(28	o.1)	(	(23.1)	Operating Income	\$	37.6	\$	29.8
Intangible Amortization	(2	1.0)		(3.5)	Operating Margin		17.3 %		12.1 %
Acquisition Related Costs	•	).5)		(0.3)	Transportation Solutions				
Other Operating Expense, Net		5.3)		(5.0)	Revenue	\$	175.7	\$	126.5
Operating Income		5.8		37.0	Operating Income	\$	12.3	\$	5.1
Interest, Net	•	.0)		(5.6)	Operating Margin	Ψ	7.0 %	+	4.0 %
Income Tax Expense	(12	2.3)	(	(10.7)			7.0 70		4.0 70
Less: Net Income Attributable to NCI	(2	2.3)		(0.4)	Building Solutions	L		-	
Net income from Continuing Operations	\$ 40	).2	\$	20.2	Revenue	\$	92.8	\$	74.8
Diluted EPS		28	\$	0.66	Operating Income	\$	11.2	\$	8.3
EBITDA from Continuing Operations <sup>(1)</sup>	\$ 68	8.4	\$	49.9	Operating Margin		12.0 %		11.0 %



## Full Year Consolidated and Segment Results Continuing Operations

(\$ in millions)	2023	2022	(\$ in millions)	2023	2022
Revenues	\$ 1,972.2	\$ 1,769.4	E-Infrastructure Solutions		
Gross Profit	337.6	274.6	Revenue	\$ 937.4	\$ 905.3
G&A Expense	(98.7)	(86.5)	Operating Income	\$ 141.0	\$ 121.5
Intangible Amortization	(15.2)	(14.1)	Operating Margin	15.0 %	13.4 %
Acquisition Related Costs	(0.9)	(0.8)	Transportation Solutions		
Other Operating Expense, Net	(17.0)	(13.3)	Revenue	\$ 630.9	\$ 542.6
Operating Income	205.8	159.9		\$ 41.9	\$ 26.6
Interest, Net	(15.2)	(19.7)	Operating Income	•	+
Income Tax Expense	(47.8)	(41.7)	Operating Margin	6.6 %	4.9 %
Less: Net Income Attributable to NCI	(4.2)	(1.7)	Building Solutions		
Net income from Continuing Operations	138.7	96.7	Revenue	\$ 403.9	\$ 321.6
Diluted EPS	\$ 4.44	\$ 3.16	Operating Income	\$ 46.2	\$ 36.7
EBITDA from Continuing Operations <sup>(1)</sup>	\$ 259.0	\$ 208.7	Operating Margin	11.4 %	11.4 %

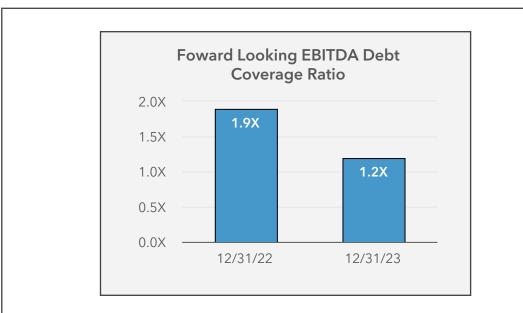


## Remaining Performance Obligations (RPOs)<sup>(1)</sup> Continuing Operations

(\$ in millions)	12	/31/2023	12	/31/2022
E-Infrastructure Solutions RPOs	\$	813.7	\$	603.2
Transportation Solutions RPOs		1,184.5		713.2
Building Solutions RPOs - Commercial		68.8		97.9
Total RPOs	\$	2,067.0	\$	1,414.3



## 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**

\$343M Term Loan Borrowings\$75M Revolving Credit Facility (Undrawn)

### **Key Cash Flow Considerations**

	<u>2023</u>	<u>2022</u>
Cash flows from Operations	\$478.6M	\$219.1M
Net CAPEX	\$50.6M	\$56.0M

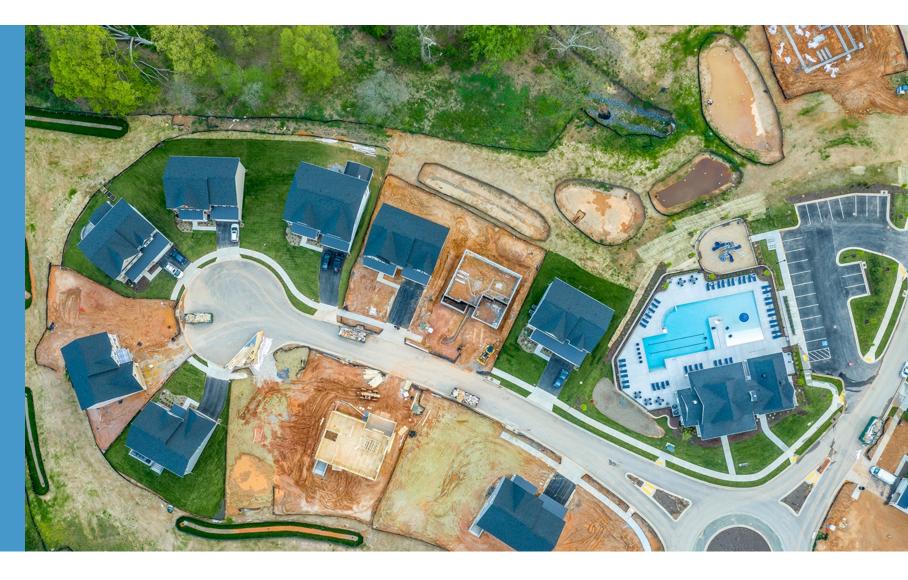
- Cash & Cash Equivalents at December 31, 2023 was \$471.6 million
- 2024 EBITDA guidance<sup>(1)</sup>: \$285M to \$300M
- Expected additional 2024 noncash expenses: \$30M to \$35M (Stock-based compensation, noncash interest expense, deferred taxes, etc.)
- Scheduled term loan debt payments total \$26,300, \$26,300 and \$6,600 for 2024, 2025 and 2026, respectively



## **Contact Us**

### Sterling Infrastructure, Inc.

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## Appendix



# **2024 Modeling Considerations**<sup>(1)</sup>

Revenue	\$2,125 to \$2,215
Gross Margin	~17.5%
G&A Expense as % of Revenue (Excluding Intangible Amortization)	~5%
Intangible Amortization	\$17
Other Operating Expense Net	\$17 to \$19
JV Non-Controlling Interest Expense	\$7 to \$8
Effective Income Tax Rate	~27%
Net Income	\$155 to \$165
Diluted EPS	\$4.85 to \$5.15
Expected Dilutive Shares Outstanding	32.0
EBITDA <sup>(2)</sup>	\$285 to \$300

## 2024 Modeling Considerations Continued\*

Non-Cash Items	FY 2024 Expectations	FY 2023
Depreciation	\$45 to \$47	\$42.2
Intangible Amortization	\$17	\$15.2
Debt Issuance Cost Amortization	\$1 to \$2	\$2.0
Stock-based Compensation	\$14 to \$16	\$12.6
Deferred Taxes	\$15 to \$17	\$14.7

Other Cash Flow Items	FY 2024 Expectations	FY 2023
Interest expense, net of interest income	\$5 to \$6	\$15.2
CAPEX, net of disposals	\$55 to \$60	\$50.6

\* In Millions.

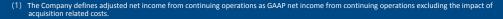


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### STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES ADJUSTED NET INCOME FROM CONTINUING OPERATIONS RECONCILIATION (In thousands) (Unaudited)

(Onaudited)								
	Three Months Ended December 31,				Twelve Months Ended December 31,			
		2023		2022		2023		2022
Net income from Continuing Operations	\$	40,173	\$	20,233	\$	138,655	\$	96,717
Acquisition related costs		521		265		873		827
Adjusted net income from Continuing Operations <sup>(1)</sup>	\$	40,694	\$	20,498	\$	139,528	\$	97,544
Net income per share from Continuing Operations:								
Basic	\$	1.30	\$	0.67	\$	4.51	\$	3.20
Diluted	\$	1.28	\$	0.66	\$	4.44	\$	3.16
Adjusted net income per share from Continuing Operations:								
Basic	\$	1.32	\$	0.68	\$	4.54	\$	3.23
Diluted	\$	1.30	\$	0.67	\$	4.47	\$	3.19
Weighted average common shares outstanding:								
Basic		30,819		30,324		30,755		30,199
Diluted		31,334		30,739		31,208		30,564





### STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES EBITDA FROM CONTINUING OPERATIONS RECONCILIATION (In thousands) (Unaudited)

	Three Months Ended December 31,					nths Ended ber 31,		
		2023		2023	2022			
Net income from Continuing Operations	\$	40,173	\$	20,233	\$ 138,655	\$ 96,717		
Depreciation and amortization		14,874		13,253	57,403	50,575		
Interest expense, net of interest income		991		5,645	15,180	19,706		
Income tax expense		12,341		10,741	47,770	41,707		
EBITDA from Continuing Operations <sup>(1)</sup>		68,379		49,872	259,008	208,705		
Acquisition related costs		521		265	873	827		
Adjusted EBITDA from Continuing Operations <sup>(2)</sup>	\$	68,900	\$	50,137	\$ 259,881	\$209,532		



 The Company defines EBITDA from continuing operations as GAAP net income from continuing operations, adjusted for depreciation and amortization, net interest expense and taxes.



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

		Full Ye Guid				
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Net income attributable to Sterling common stockholders	\$	155	\$	165		
Depreciation and amortization		62		64		
Interest expense, net of interest income		5		6		
Income tax expense		63		65		
EBITDA <sup>(1)</sup>	\$	285	\$	300		







## **THANK YOU**

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