



# Q1 2024 Earnings Call

May 7, 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

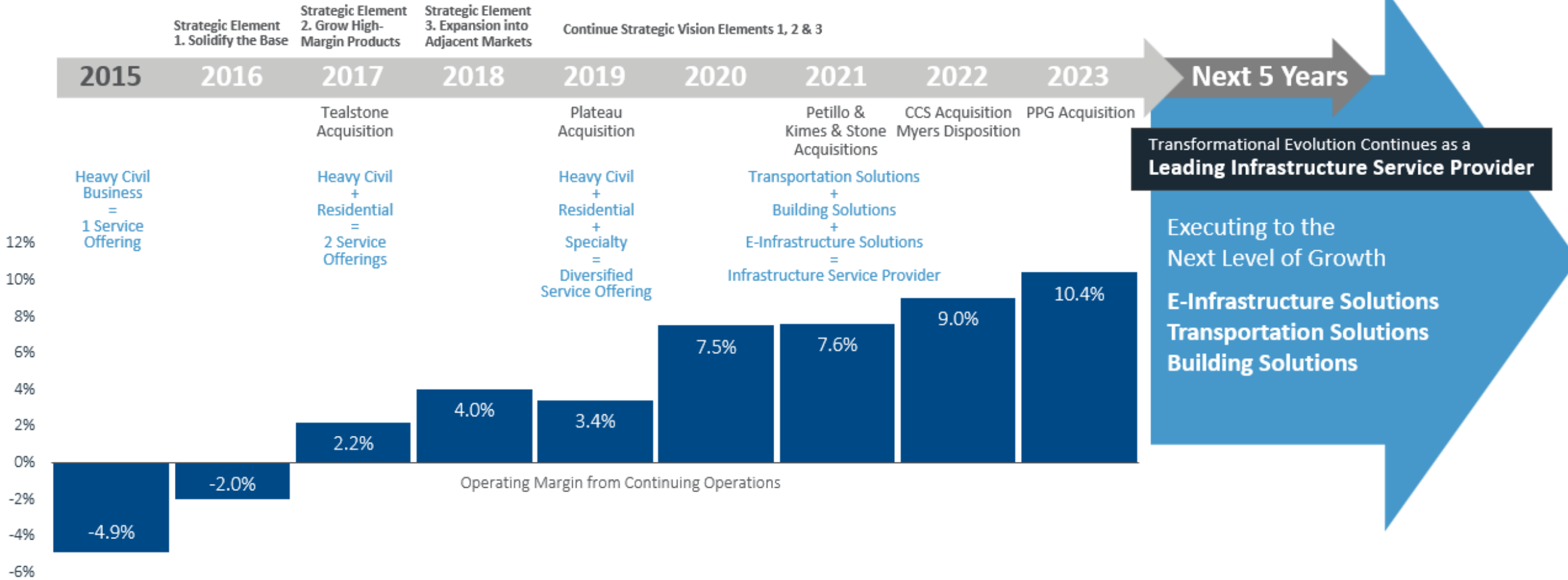
This presentation contains, and the officers and directors of the Company may from time to time make, statements that are considered forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to a number 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,” “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 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. When 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.



# Strategic Transformation at a Glance

## Strategic Vision Introduced





First Quarter 2024 Results





# First Quarter 2024 Results Highlights

- + Revenues: \$440.4 million
- + Net Income: \$31.0 million
- + Diluted EPS: \$1.00
- + EBITDA<sup>(1)</sup>: \$55.7 million
- + Cash Flow from Operations<sup>(2)</sup>: \$49.6 million
- + Cash & Cash Equivalents<sup>(3)</sup>: \$480.4 million
- + Backlog<sup>(3)</sup>: \$2.35 billion with 15.6% margin
- + Combined Backlog<sup>(4)</sup>: \$2.42 billion with 15.5% margin

# Quarterly Consolidated and Segment Results

(\$ in millions)	Q1 2024	Q1 2023
Revenues	\$ 440.4	\$ 403.6
Gross Profit	76.9	61.7
G&A Expense	(27.3)	(23.3)
Intangible Amortization	(4.3)	(3.7)
Acquisition Related Costs	—	(0.2)
Other Operating Expense, Net	(3.1)	(1.9)
Operating Income	42.1	32.6
Interest, Net	(0.8)	(5.6)
Income Tax Expense	(7.6)	(7.0)
Less: Net Income Attributable to NCI	(2.7)	(0.4)
Net income	\$ 31.0	\$ 19.6
Diluted EPS	\$ 1.00	\$ 0.64
EBITDA <sup>(1)</sup>	\$ 55.7	\$ 45.9

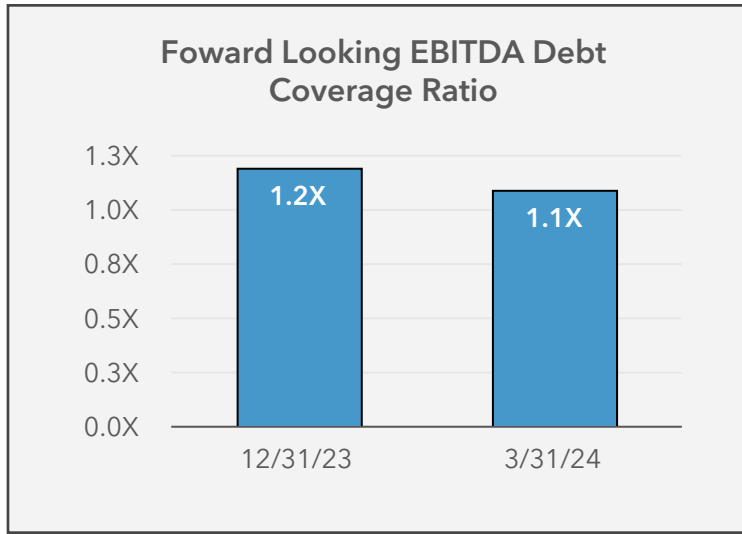
(\$ in millions)	Q1 2024	Q1 2023
<b>E-Infrastructure Solutions</b>		
Revenue	\$ 184.5	\$ 205.8
Operating Income	\$ 27.2	\$ 24.3
Operating Margin	14.7 %	11.8 %
<b>Transportation Solutions</b>		
Revenue	\$ 149.0	\$ 111.1
Operating Income	\$ 8.1	\$ 5.3
Operating Margin	5.5 %	4.8 %
<b>Building Solutions</b>		
Revenue	\$ 106.9	\$ 86.6
Operating Income	\$ 14.8	\$ 8.7
Operating Margin	13.8 %	10.0 %

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

(\$ in millions)	March 31, 2024	December 31, 2023
E-Infrastructure Solutions RPOs	\$ 961.0	\$ 813.7
Transportation Solutions RPOs	1,305.4	1,184.5
Building Solutions RPOs - Commercial	85.7	68.8
Total RPOs	<u>\$ 2,352.1</u>	<u>\$ 2,067.0</u>



# 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

\$337M Term Loan Borrowings  
\$75M Revolving Credit Facility (Undrawn)

### Key Cash Flow Considerations

	<u>Q1 2024</u>	<u>Q1 2023</u>
Cash flows from Operations	\$49.6M	\$49.1M
Net CAPEX	\$20.0M	\$7.5M

- Cash & Cash Equivalents at March 31, 2024 was \$480.4 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

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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	~\$10
Effective Income Tax Rate	~25%
Net Income	\$160 to \$170
Diluted EPS	\$5.00 to \$5.30
Expected Dilutive Shares Outstanding	32.0
EBITDA <sup>(2)</sup>	\$285 to \$300


(1) In millions except for EPS and percentages.

(2) See EBITDA guidance reconciliation on page 16.

# 2024 Modeling Considerations Continued\*

Non-Cash Items	FY 2024 Expectations	FY 2023
Depreciation	\$48 to \$49	\$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	\$3 to \$4	\$15.2
CAPEX, net of disposals	\$55 to \$60	\$50.6




## STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES

### ADJUSTED NET INCOME RECONCILIATION

(In thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income attributable to Sterling common stockholders	\$ 31,048	\$ 19,649
Acquisition related costs	36	190
Adjusted net income attributable to Sterling common stockholders <sup>(1)</sup>	<u>\$ 31,084</u>	<u>\$ 19,839</u>
Net income per share attributable to Sterling common stockholders:		
Basic	\$ 1.00	\$ 0.64
Diluted	\$ 1.00	\$ 0.64
Adjusted net income per share attributable to Sterling common stockholders:		
Basic	\$ 1.00	\$ 0.65
Diluted	\$ 1.00	\$ 0.64
Weighted average common shares outstanding:		
Basic	30,977	30,618
Diluted	31,186	30,789

(1) The Company defines adjusted net income attributable to Sterling common stockholders as GAAP net income attributable to Sterling common stockholders excluding the impact of acquisition related costs.



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

	Three Months Ended March 31,	
	2024	2023
Net income attributable to Sterling common stockholders	\$ 31,048	\$ 19,649
Depreciation and amortization	16,258	13,692
Interest expense, net of interest income	762	5,554
Income tax expense	7,604	7,033
EBITDA <sup>(1)</sup>	<u>55,672</u>	<u>45,928</u>
Acquisition related costs	36	190
Adjusted EBITDA <sup>(2)</sup>	<u><u>\$ 55,708</u></u>	<u><u>\$ 46,118</u></u>

(1) The Company defines EBITDA as GAAP net income attributable to Sterling common stockholders adjusted for depreciation and amortization, net interest expense and taxes.

(2) The Company defines adjusted EBITDA as EBITDA excluding the impact of acquisition related costs.



## STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES EBITDA GUIDANCE RECONCILIATION

(In millions)  
(Unaudited)

	Full Year 2024 Guidance	
	Low	High
Net income attributable to Sterling common stockholders	\$ 160	\$ 170
Depreciation and amortization	65	66
Interest expense, net of interest income	3	4
Income tax expense	57	60
EBITDA <sup>(1)</sup>	<u>\$ 285</u>	<u>\$ 300</u>





**THANK YOU**

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