



# Sidoti Small Cap Conference March 19, 2025

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," "would," "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 forwardlooking 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 forwardlooking 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 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.



# Sterling, at a Glance

+ Sterling, a Leading Infrastructure Services Provider

- + Transformation Built the Foundation for Success
- + Backlog of High-Profitability Work
- + Strong Platform Serving Diverse End Markets
- + E-Infrastructure Solutions
- + Transportation Solutions
- + Building Solutions



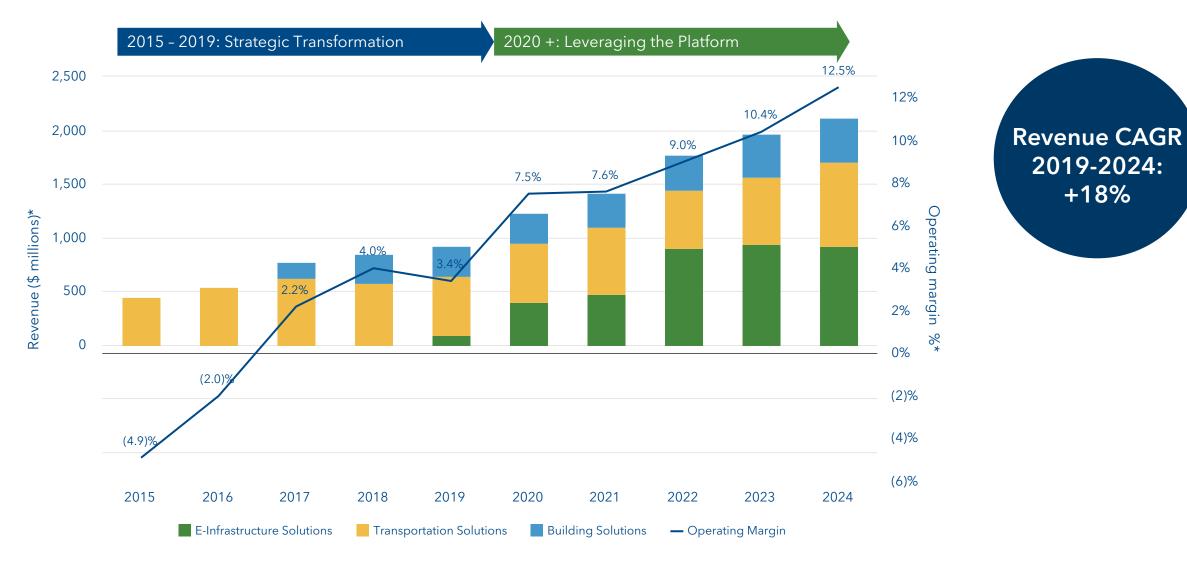
# Sterling, a Leading Infrastructure Services Provider

Through high-value service and low execution risk, we are building the infrastructure foundation needed today for tomorrow's way of life



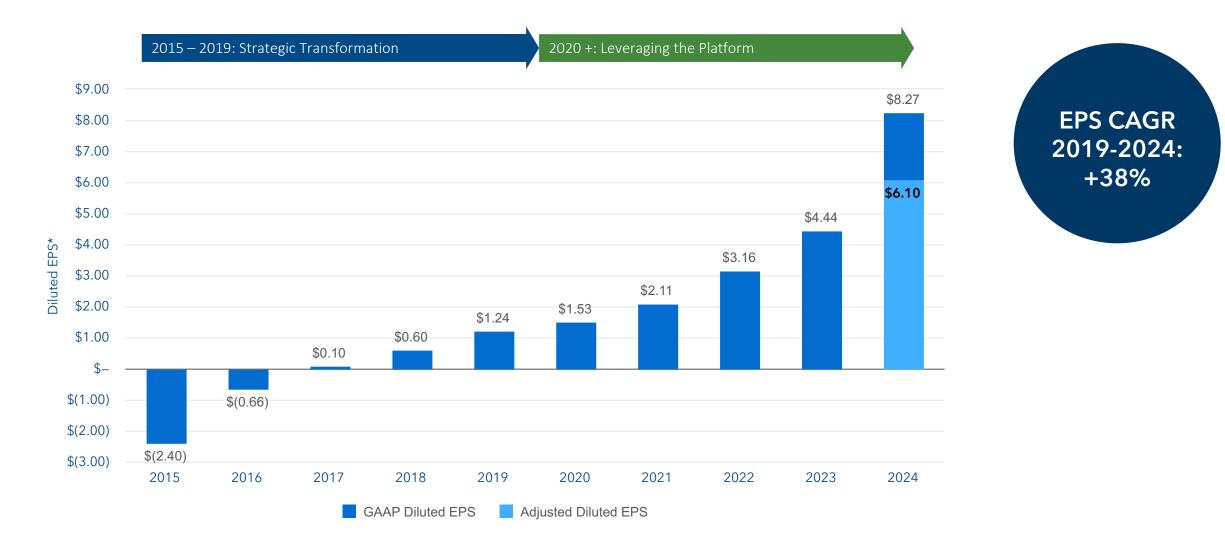


# **Transformation Built the Foundation for Success**



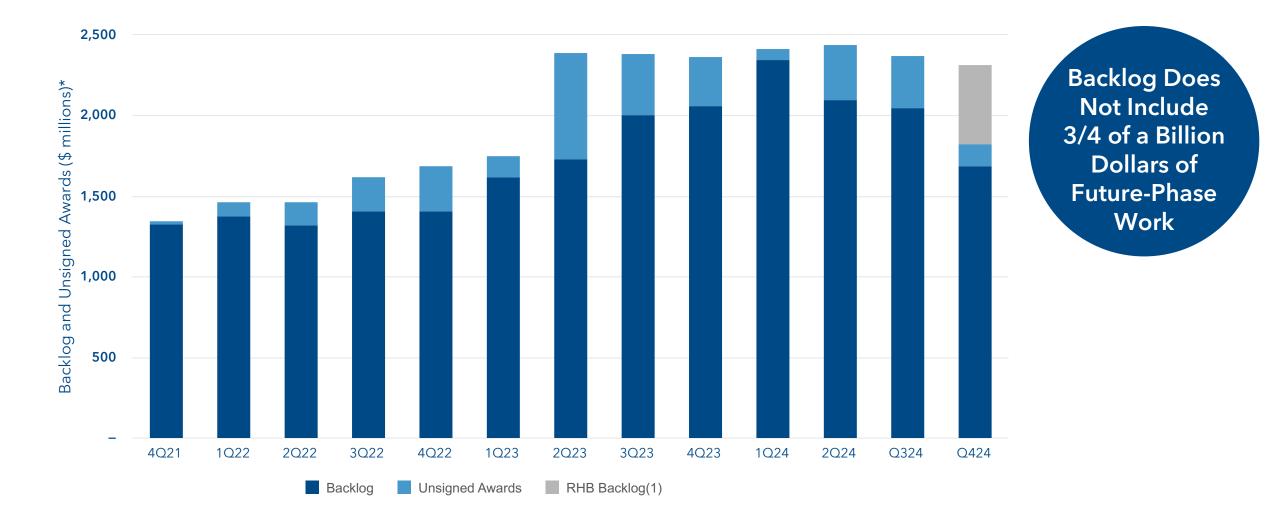


# **Transformation Built the Foundation for Success**





# Backlog, a Pipeline of High-Profitability Work





\*Backlog and Unsigned Awards from continuing operations

(1) As a result of the RHB amendment, Sterling no longer consolidated RHB's \$491.3 million of backlog at December 31, 2024

# **Strong Platform Serving Diverse End Markets**

Sterling is playing a critical role in building the data infrastructure that enables today's way of life, the manufacturing production coming back to the US, the highways, the bridges, and the airports that connect us and the homes we live in.















# **E-Infrastructure Solutions**

Largest, highest-margin segment ranked #1 in ENR's 2023 Top 20 Firms in Excavation\*



<u>What We Do</u>: Leading provider of large-scale specialty site infrastructure improvement contracting services, including site selection and preparation, in the Southeastern, Northeastern and Mid-Atlantic U.S.

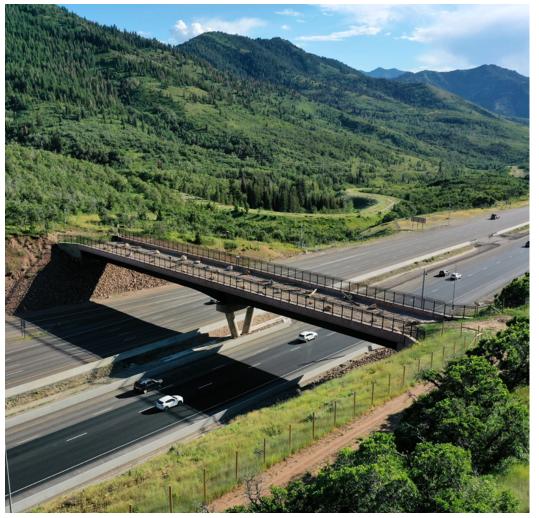
| 2024 Financial Metrics                                | Markets   |  |  |  |  |
|---|---|--|--|--|--|
| + Revenue: \$924 million<br>+ Operating Margin: 22.0% | <ul> <li>+ Data Centers</li> <li>+ Next Generation Manufacturing</li> <li>+ E-Commerce Distribution Centers</li> <li>+ Warehousing</li> </ul> |  |  |  |  |
| Key Customers   | Drivers   |  |  |  |  |
| + Hyundai/SK<br>+ Meta                                | + Strong demand for data centers and<br>mission-critical projects   |  |  |  |  |
| + Amazon<br>+ Walmart                                 | + Mega projects for EV, batteries, solar,<br>semiconductors, other  |  |  |  |  |
|   | + Reshoring of manufacturing capacity   |  |  |  |  |
|   | + E-Commerce distribution center and<br>small warehouses showing early<br>signs of activity   |  |  |  |  |

E-Infrastructure Solutions data center project



# **Transportation Solutions**

Strong markets with attractive margin opportunities



<u>What We Do</u>: Infrastructure and rehabilitation projects for highways, roads, bridges, airports, ports, light rail and storm drainage systems in the Rocky Mountain regions, Pacific Islands and Texas.

| 2024 Financial Metrics   | Markets   |
|--------------------------|---|
| + Revenue: \$784 million | + Low-bid Heavy Highway   |
| + Operating Margin: 6.5% | + Alternative FD  |
|                          | + Aviation  |
|                          | + Rail  |
| Primary Geographies      | Drivers   |
| + Arizona                | + Strong state and local funding  |
|                          |   |
| + Colorado               | + Infrastructure Bill allocates \$643B  |
| + Colorado<br>+ Hawaii   | for transportation programs   |
|                          | for transportation programs (\$284B incremental), \$25B for                             |
| + Hawaii                 | for transportation programs<br>(\$284B incremental), \$25B for<br>airports over 5 years |
| + Hawaii<br>+ Nevada     | for transportation programs (\$284B incremental), \$25B for                             |

Transportation Solutions Wildlife Crossing Bridge project



# **Building Solutions**

Improved bid discipline and reduced risk



<u>What We Do</u>: Residential and Commercial concrete slabs in the Dallas/Fort Worth (DFW), Houston, and Phoenix markets. Plumbing capabilities (rough in, top outs, fixtures in DFW).

| <ul> <li>2024 Financial Metrics</li> <li>+ Revenue: \$408 million</li> <li>+ Operating margin: 12.0%</li> </ul> | Markets<br>+ Dallas/ Fort Worth<br>+ Houston<br>+ Phoenix   |
|---|---|
| Customers<br>Leading National Home<br>Builders, including but not<br>limited to                                 | <ul> <li>Drivers</li> <li>+ Demand for single-family homes in the Dallas, Houston, and Phoenix markets</li> </ul>   |
| + Pulte<br>+ D.R. Horton<br>+ Lennar<br>+ HistoryMaker  | <ul> <li>+ Share gain in the Houston and<br/>Phoenix markets</li> <li>+ Plumbing demand and cross-<br/>selling capabilities</li> <li>+ Favorable mix shift</li> </ul> |

Building Solutions Dallas area large subdivision project for leading builder



# Financial Overview

+ Quarter and Full Year Results Highlights

+ Cash Flow

- + Balance Sheet
- + Capital Allocation Priorities
- + Full Year Guidance
- + Summary

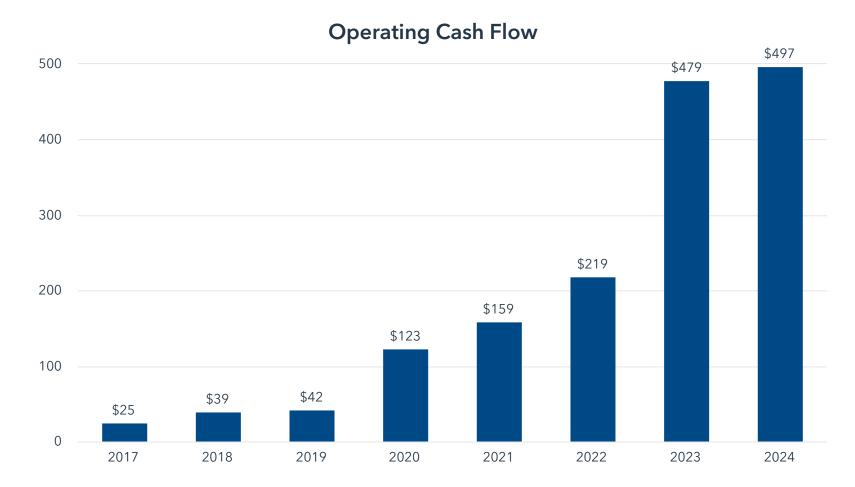


# Fourth Quarter and Full Year 2024 Results Highlights

- + Revenues: \$498.8 million and \$2,115.8 million, respectively
- + Net Income: \$113.2 million and \$257.5 million, respectively
- + Adjusted Net Income<sup>(1)</sup>: \$45.5 million and \$189.9 million, respectively
- + Diluted EPS: \$3.64 and \$8.27, respectively
- + Adjusted Diluted EPS<sup>(1)</sup>: \$1.46 and \$6.10, respectively
- + EBITDA<sup>(1)</sup>: \$167.4 million and \$410.9 million, respectively
- + Adjusted EBITDA<sup>(1)</sup>: \$76.4 million and \$320.0 million, respectively
- + Cash Flow from Operations<sup>(2)</sup>: \$174.3 million and \$497.1 million, respectively
- + Cash & Cash Equivalents<sup>(2)</sup>: \$664.2 million
- + Backlog: \$1.69 billion with 16.7% margin
- + Combined Backlog<sup>(3)</sup>: \$1.83 billion



# Strong Cash Flow Profile Provides Flexibility and Supports Growth Investments

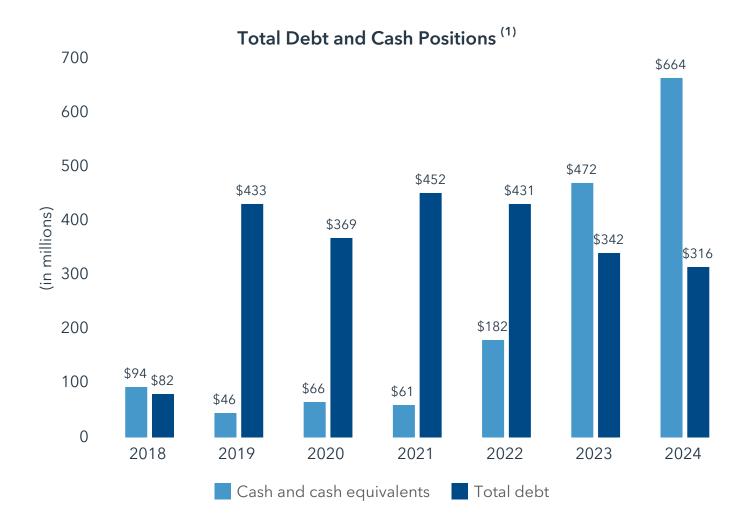


#### **Considerations:**

- In recent quarters, cash flow has benefited from the timing of cash payments on large projects in E-Infrastructure and Transportation Solutions.
- Over the long-term, we expect that operating cash flow will approximate operating income.



# Balance Sheet with Significant Firepower to Support Future Growth



#### **Considerations:**

- We expect to pursue strategic uses of our liquidity, including acquisitions, investing in capital equipment and managing leverage.
- Sterling is comfortable with a forwardlooking debt/EBITDA coverage ratio of +/-2.5X.
- 5-Year Credit Facility as of December 31, 2024:
  - \$317M Term Loan Borrowings
  - \$75M Revolving Credit Facility (Undrawn)
- Net cash position as of December 31, 2024:
  - \$348M, or \$11.17 per diluted share.



# Capital Allocation Priorities Support Growth in Existing and New Markets

### Support organic growth in existing and new markets

+ Capital expenditures support multi-year growth, weighted toward E-Infrastructure Solutions

### Strategic M&A - "Bolt on" and/ or 4th Leg Opportunities

- "Bolt-ons": Continue to evaluate small-to-mid sized acquisition opportunities that compliment our current service offerings and customer base
- + 4th Leg opportunities: Adjacent market opportunities with exposure to strong, multi-year infrastructure investment trends and/or a recurring revenue element
- + Seeking margin-accretive deals with attractive end market exposures at a reasonable price

### Share Repurchase Program

- + \$200 million authorization
- + Taking an opportunistic approach to repurchase





# Full Year 2025 Guidance

### Revenue of \$2.00 to \$2.15 billion

Net Income of \$215 to \$230 million

EPS of \$6.75 to \$7.25

EBITDA<sup>(1)</sup> of \$370 to \$395 million

Full Year 2025 Non-GAAP Guidance

Adjusted EPS<sup>(1)</sup> of \$7.90 to \$8.40

Adjusted EBITDA<sup>(1)</sup> of \$395 to \$420 million

"We believe 2025 will be another excellent year for Sterling as we continue to drive bottom line growth that outpaces top line growth. The midpoint of our 2025 guidance would represent 10% revenue growth pro forma for the new RHB accounting methodology, 18% adjusted net income growth and 18% adjusted EBITDA growth,"

- Joe Cutillo, STRL 4Q24 Conference Call



# Sterling, a Leading Provider of Infrastructure Services in the U.S.

Successful strategic foundation with strong, diversified platform

Strong, multi-year, secular growth drivers

Continued opportunity for margin expansion

Robust balance sheet, FCF Strong historical stock performance





- + RHB Summary
- + 2025 Modeling Considerations
- + Quarterly Consolidated and Segment Results
- + EBITDA Reconciliation
- + Adjusted Net Income Guidance Reconciliation
- + EBITDA Guidance Reconciliation
- + STRL 3-Year Stock Price Performance
- + Active Geographical Footprint
- + Sustainability
- + Contact Us



# **RHB Amendment Impact Summary**

The RHB operating agreement was amended on December 31, 2024. Under GAAP, this contractual change requires that Sterling no longer consolidate RHB's results.

As a result of this amendment, Sterling:

- + recognized a non-cash gain on deconsolidation of \$67.9 million, net of tax;
- + no longer consolidated RHB's \$491 million of backlog<sup>(1)</sup> at December 31, 2024;
- + no longer consolidated RHB's balance sheet, but instead recognized Sterling's 50% investment in the unconsolidated subsidiary on one line of Sterling's Consolidated Balance Sheet;
- + will no longer consolidate RHB's revenue in 2025, but instead recognize 50% of RHB's operating income which will be presented on one line in Sterling's Consolidated Statements of Operations.



# **2025 Modeling Considerations**<sup>(1)</sup>

| Revenue   | \$2,000 to \$2,150 |
|---|--------------------|
| Gross Margin  | 21.0% to 22.0%     |
| G&A Expense as % of Revenue (Excluding Intangible Amortization) | ~6%                |
| Other Operating Expense   | \$13 to \$15       |
| JV Non-Controlling Interest Expense                             | ~\$12              |
| Effective Income Tax Rate                                       | ~26%               |
| Diluted EPS   | \$6.75 to \$7.25   |
| Adjusted Diluted EPS <sup>(2)</sup>                             | \$7.90 to \$8.40   |
| Expected Dilutive Shares Outstanding                            | 32.0               |
| EBITDA <sup>(3)</sup>   | \$370 to \$395     |
| Adjusted EBITDA <sup>(3)</sup>                                  | \$395 to \$420     |



# 2024 Modeling Considerations Continued\*

| Non-Cash Items                  | FY 2025 Expectations | FY 2024 |
|---------------------------------|----------------------|---------|
| Depreciation                    | \$51 to \$56         | \$51.4  |
| Intangible Amortization         | \$25                 | \$17.0  |
| Debt Issuance Cost Amortization | ~\$1                 | \$1.1   |
| Stock-based Compensation        | \$19 to \$21         | \$19.0  |
| Deferred Taxes                  | \$7 to \$8           | \$32.6  |

| Other Cash Flow Items   | FY 2025 Expectations | FY 2024 |
|-------------------------|----------------------|---------|
| Interest income, net    | \$2 to \$4           | \$2.4   |
| CAPEX, net of disposals | \$70 to \$80         | \$70.8  |



# **Quarterly Consolidated and Segment Results**

| (\$ in millions)                           | Q4 | 2024   | С  | 24 2023 |
|--|----|--------|----|---------|
| Revenues                                   | \$ | 498.8  | \$ | 486.0   |
| Gross Profit                               |    | 106.7  |    | 91.8    |
| G&A Expense                                |    | (32.6) |    | (26.1)  |
| Intangible Amortization                    |    | (4.2)  |    | (4.0)   |
| Acquisition Related Costs                  |    | (0.2)  |    | (0.5)   |
| Other Operating Expense, Net               |    | (7.4)  |    | (5.3)   |
| Operating Income                           |    | 62.3   |    | 55.8    |
| Interest, Net                              |    | 2.0    |    | (1.0)   |
| Gain on deconsolidation of subsidiary, net |    | 91.3   |    | _       |
| Income Tax Expense                         |    | (38.4) |    | (12.3)  |
| Less: Net Income Attributable to NCI       |    | (4.0)  |    | (2.3)   |
| Net income                                 |    | 113.2  |    | 40.2    |
| Diluted EPS                                | \$ | 3.64   | \$ | 1.28    |
| EBITDA <sup>(1)</sup>                      | \$ | 167.4  | \$ | 68.4    |

| (\$ in millions)           | C  | 24 2024 | C  | 24 2023 |
|----------------------------|----|---------|----|---------|
| E-Infrastructure Solutions |    |         |    |         |
| Revenue                    | \$ | 234.0   | \$ | 217.5   |
| Operating Income           | \$ | 56.4    | \$ | 37.6    |
| Operating Margin           |    | 24.1 %  |    | 17.3 %  |
| Transportation Solutions   |    |         |    |         |
| Revenue                    | \$ | 174.7   | \$ | 175.7   |
| Operating Income           | \$ | 8.7     | \$ | 12.3    |
| Operating Margin           |    | 5.0 %   |    | 7.0 %   |
| Building Solutions         |    |         |    |         |
| Revenue                    | \$ | 90.1    | \$ | 92.8    |
| Operating Income           | \$ | 9.2     | \$ | 11.2    |
| Operating Margin           |    | 10.3 %  |    | 12.0 %  |





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

|   |               | nths Ended<br>ber 31, | Twelve Months Ended<br>December 31, |    |         |  |  |
|---|---------------|-----------------------|-------------------------------------|----|---------|--|--|
|   | 2024          | 2023                  | 2024                                |    | 2023    |  |  |
| Net income attributable to Sterling common stockholders | \$<br>113,213 | \$ 40,173             | \$<br>257,461                       | \$ | 138,655 |  |  |
| Depreciation and amortization                           | 17,864        | 14,874                | 68,410                              |    | 57,403  |  |  |
| Interest (income) expense, net                          | (2,032)       | 991                   | (2,367)                             |    | 15,180  |  |  |
| Income tax expense                                      | 38,400        | 12,341                | 87,360                              |    | 47,770  |  |  |
| EBITDA <sup>(1)</sup>                                   | <br>167,445   | 68,379                | <br>410,864                         |    | 259,008 |  |  |
| Gain on deconsolidation of subsidiary, net              | <br>(91,289)  | _                     | <br>(91,289)                        |    | _       |  |  |
| Acquisition related costs                               | 212           | 521                   | 421                                 |    | 873     |  |  |
| Adjusted EBITDA <sup>(2)</sup>                          | \$<br>76,368  | \$ 68,900             | \$<br>319,996                       | \$ | 259,881 |  |  |



 The Company defines EBITDA as GAAP net income attributable to Sterling common stockholders adjusted for depreciation and amortization, net interest income/expense and income tax expense.

(2) The Company defines adjusted EBITDA as EBITDA excluding the impact of the net gain on deconsolidation of subsidiary and acquisition related costs.



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

|  | Full Year 2025 Guidance |          |    |          |    | Full Year  |
|--|-------------------------|----------|----|----------|----|------------|
|  |                         | Low      |    | High     | 20 | )24 Actual |
| Net income attributable to Sterling common stockholders                                | \$                      | 215,000  | \$ | 230,000  | \$ | 257,461    |
| Gain on deconsolidation of subsidiary, net   |                         | _        |    | _        |    | (91,289)   |
| Non-cash stock-based compensation  |                         | 20,000   |    | 20,000   |    | 19,003     |
| Intangible asset amortization  |                         | 25,000   |    | 25,000   |    | 17,037     |
| Acquisition related costs  |                         | 5,000    |    | 5,000    |    | 5,177      |
| Income tax impact of adjustments   |                         | (13,000) |    | (13,000) |    | 13,356     |
| Adjusted net income attributable to Sterling common stockholders <sup>(1)</sup>        | \$                      | 252,000  | \$ | 267,000  | \$ | 220,745    |
| Net income per share attributable to Sterling common stockholders:<br>Diluted          | \$                      | 6.75     | \$ | 7.25     | \$ | 8.27       |
| Adjusted net income per share attributable to Sterling common stockholders:<br>Diluted | \$                      | 7.90     | \$ | 8.40     | \$ | 7.09       |
| Weighted average common shares outstanding:<br>Diluted                                 |                         | 32,000   |    | 32,000   |    | 31,146     |



(1) The Company defines adjusted net income from Continuing Operations as GAAP net income from Continuing Operations excluding the impact of the net gain on deconsolidation of subsidiary, acquisition related costs, and the income tax impact of these adjustments. The tax impact of adjustments is determined by using the Company's quarterly and annual effective tax rate, as applicable, unless the nature of the item requires application of a specific tax rate.



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

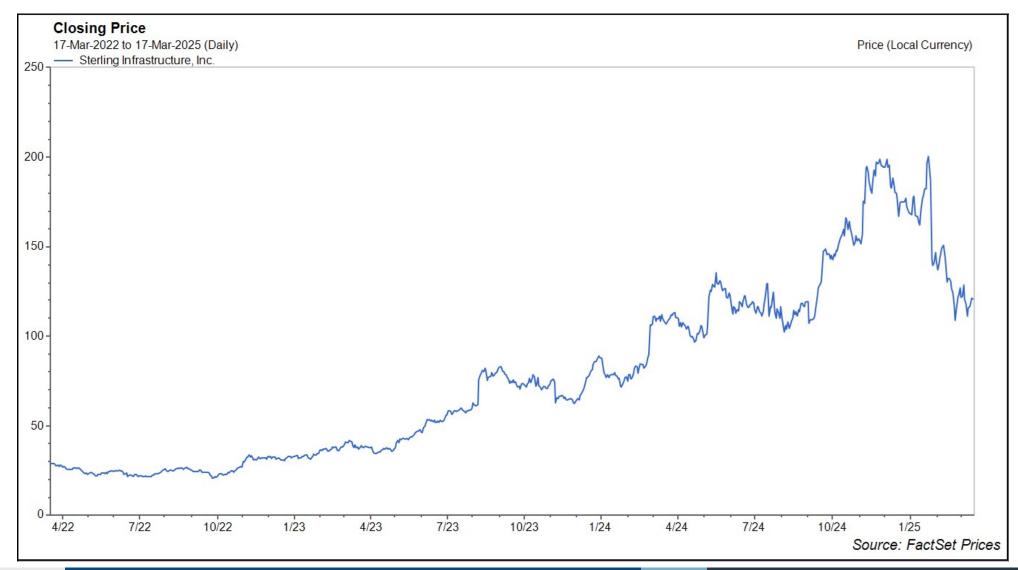
|   | Full Year 2025<br>Guidance |    |        | Full Year<br>2024 |  |
|---|----------------------------|----|--------|-------------------|--|
|   | Low                        |    | High   | Actual            |  |
| Net income attributable to Sterling common stockholders | \$<br>215                  | \$ | 230 \$ | \$ 257            |  |
| Depreciation and amortization                           | 76                         |    | 81     | 68                |  |
| Interest income, net of interest expense                | (2)                        |    | (4)    | (2)               |  |
| Income tax expense                                      | 81                         |    | 88     | 87                |  |
| EBITDA <sup>(1)</sup>                                   | 370                        |    | 395    | 411               |  |
| Gain on deconsolidation of subsidiary, net              | _                          |    | _      | (91)              |  |
| Non-cash stock-based compensation                       | 20                         |    | 20     | 19                |  |
| Acquisition related costs                               | 5                          |    | 5      | 5                 |  |
| Adjusted EBITDA <sup>(2)</sup>                          | \$<br>395                  | \$ | 420 \$ | \$ 344            |  |



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

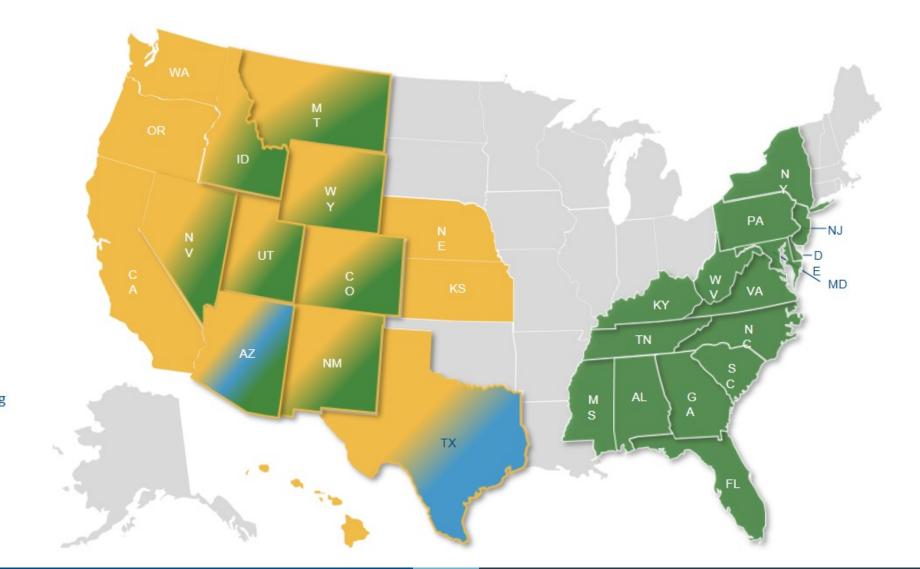
(2) In 2025, the Company will define adjusted EBITDA as EBITDA excluding the impact of the net gain on deconsolidation of subsidiary, non-cash stock-based compensation, and acquisition related costs (including earn-outs).

# **STRL 3-Year Stock Price Performance**





# **Active Geographical Footprint**



E-Infrastructure
 E-Infrastructure & Transportation
 Transportation
 Transportation & Building
 E-Infrastructure, Transportation & Building



### **Sustainability**

From strategy to operations, we are committed to sustainability by operating responsibly to safeguard and improve society's quality of life.

### **Protecting Our Environment**

- + Sound governance
- + Environmentally responsible construction services and solutions for today and tomorrow

### Taking Care of Our People

- + Sterling's safety rating consistently ranks 10X better than the industry average
- + Employee wellness programs through extensive benefit offerings
- + Training & Development programs, including the new focused training through Sterling Academy
- + Caring for our communities and supporting organizations across our footprint and beyond

### Governance

- + Committed to conducting business ethically and with integrity and full transparency
- + Committed to strong and effective governance practices that promote and protect the interests of our shareholders











### **Contact Us**

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