

# Primoris Services Corporation

## Q3 2021 Earnings Call

Nov. 8, 2021



# Notice to Investors

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This presentation contains forward-looking statements within the meaning of the federal securities laws. These statements give the current expectations of the Company's management. Words such as "could," "will," "may," "assume," "forecast," "strategy," "guidance," "outlook," "target," "expect," "intend," "plan," "estimate," "anticipate," "believe," or "project" and similar expressions are used to identify forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation include the Company's expectations regarding the consummation of the transactions described herein.

Forward-looking statements can be affected by assumptions used or known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed, and actual results may differ materially and adversely from those reflected in the forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include, among other things, (a) the risk and uncertainties disclosed in the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission ("SEC") from time to time and (b) the following risks inherent in the transactions (in addition to others described elsewhere in this document and in the subsequent filings with the SEC): (1) failure to obtain regulatory approval necessary to consummate the transactions or to obtain regulatory approvals on favorable terms and (2) delays in consummating the transactions or the failure to consummate the transactions.

Because the Company's forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond the Company's control or are subject to change, actual results could be materially different and any or all of the Company's forward-looking statements may turn out to be wrong. Forward-looking statements speak only as of the date made and can be affected by assumptions the Company might make or by known or unknown risk and uncertainties. Many factors mentioned in this presentation and in the Company's annual and quarterly reports will be important in determining future results. Consequently, the Company cannot assure you that the Company's expectations or forecasts expressed in such forward-looking statements will be achieved.

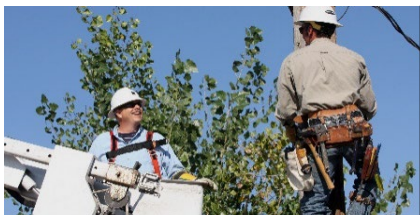
## **Non-GAAP Measures**

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States ("GAAP"). Primoris uses earnings before interest, income taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA, Adjusted Net Income, and Adjusted EPS as important supplemental measures of the Company's operating performance. The Company believes these measures enable investors, analysts, and management to evaluate Primoris' performance excluding the effects of certain items that management believes impact the comparability of operating results between reporting periods. In addition, management believes these measures are useful in comparing the Company's operating results with those of its competitors. The non-GAAP measures presented in this presentation are not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, Primoris' method of calculating these measures may be different from methods used by other companies, and, accordingly, may not be comparable to similarly titled measures as calculated by other companies that do not use the same methodology as Primoris. Please see the accompanying tables to this presentation for reconciliations of the following non-GAAP financial measures for Primoris' current and historical results: EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS.

## Q3 2021 Highlights



Strong revenue of \$913.2 million



Energy/Renewable Segment revenue up 11%



Utility Segment revenue up 10%



Fully diluted earnings per share (EPS) of \$0.81  
Adjusted EPS of \$0.89

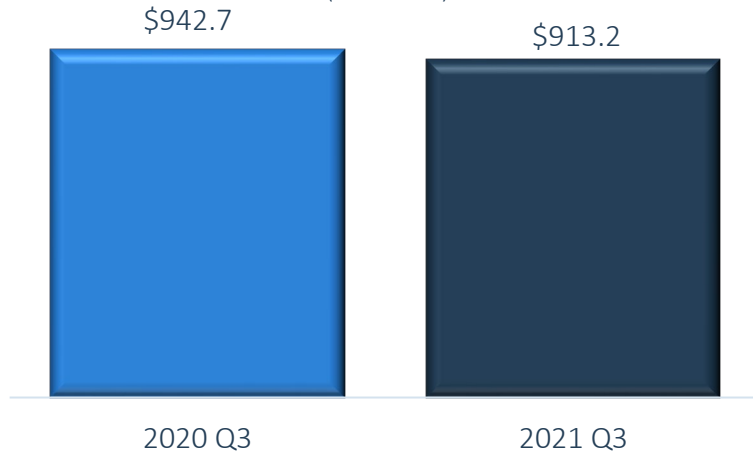


Adjusted EBITDA of \$94.7 million

# Q3 2021 Summary

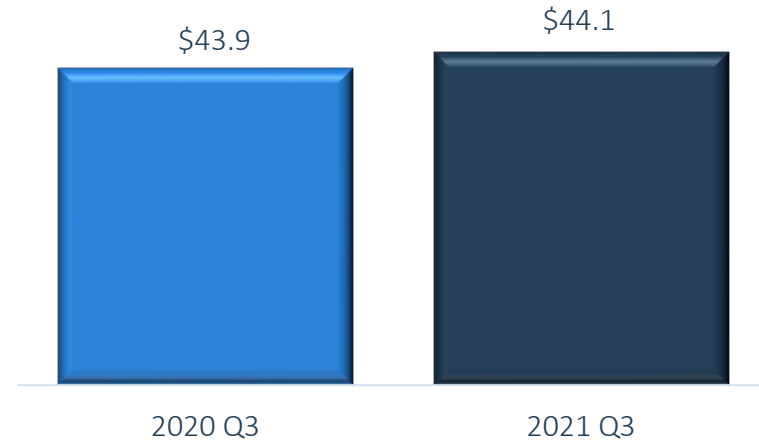
## Revenue

(in millions)



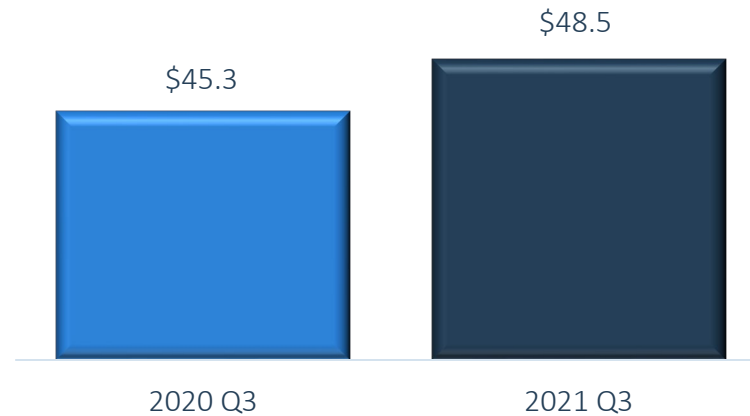
## Net Income

(in millions)



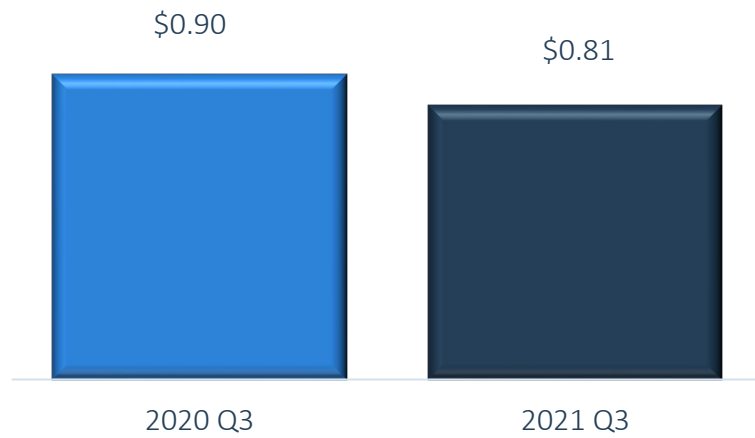
## Adjusted Net Income

(in millions)

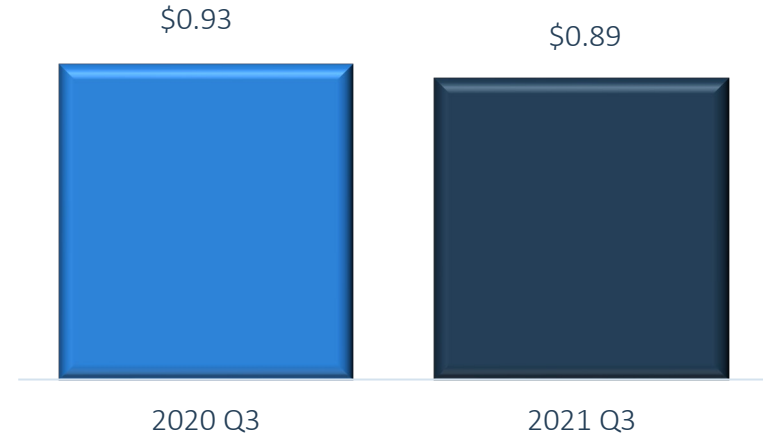


# Q3 2021 Summary

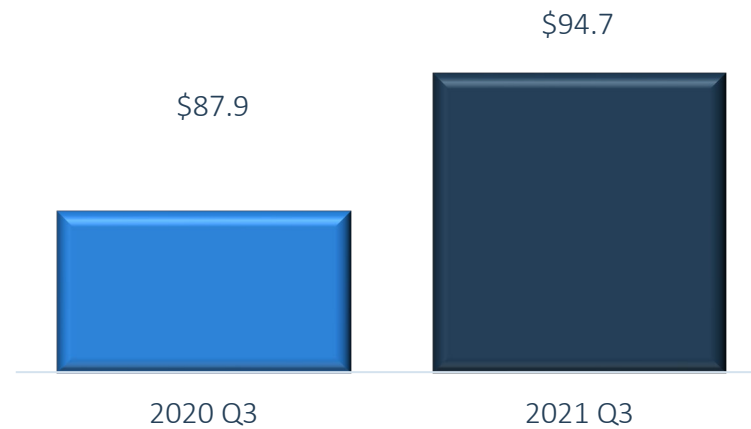
### EPS



### Adjusted EPS



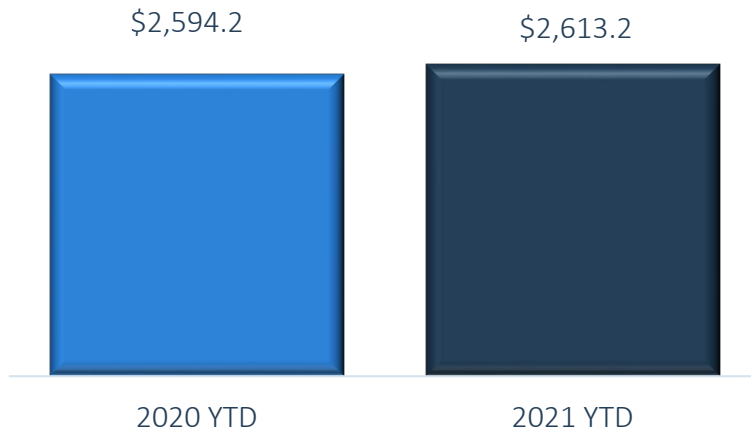
### Adjusted EBITDA (in millions)



# YTD 2021 Summary

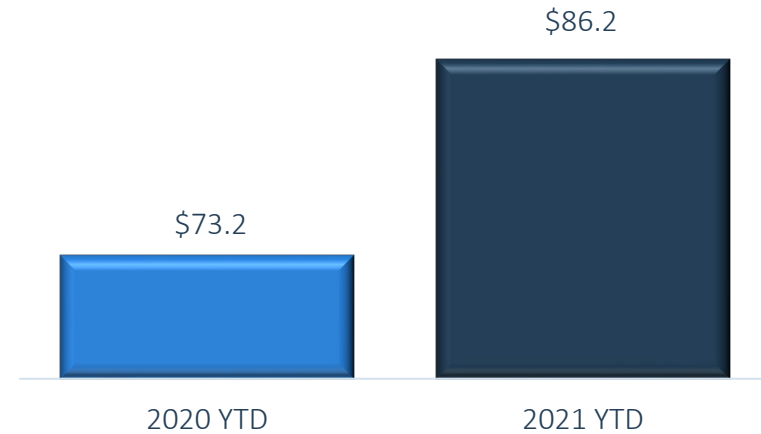
## Revenue

(in millions)



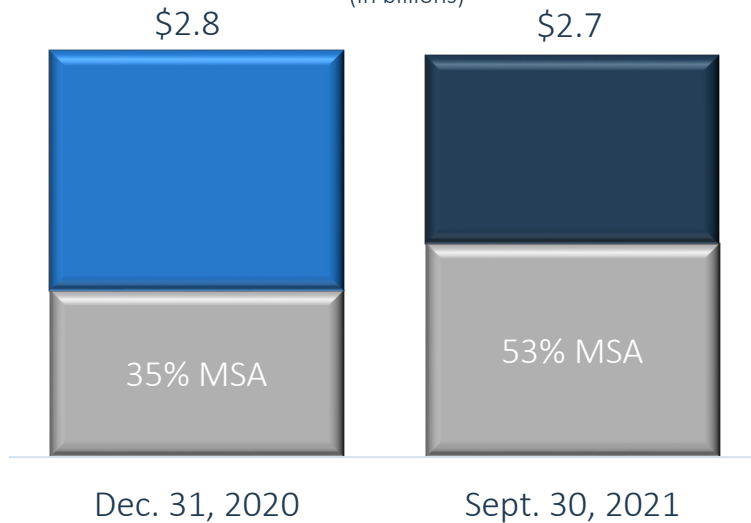
## Net Income

(in millions)



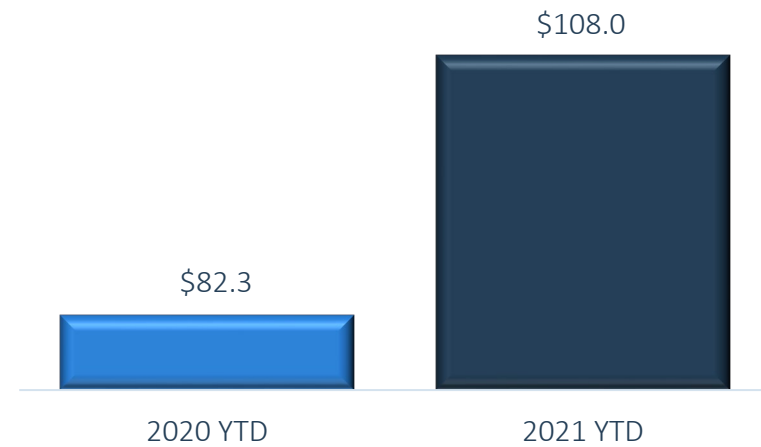
## MSA / Total Backlog

(in billions)



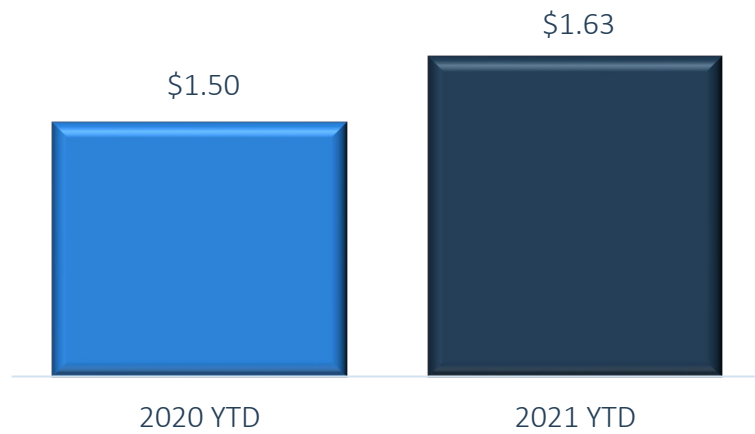
## Adjusted Net Income

(in millions)

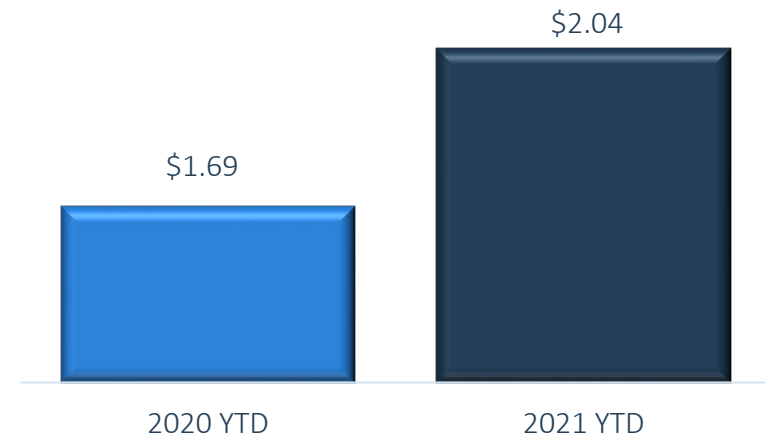


# YTD 2021 Summary

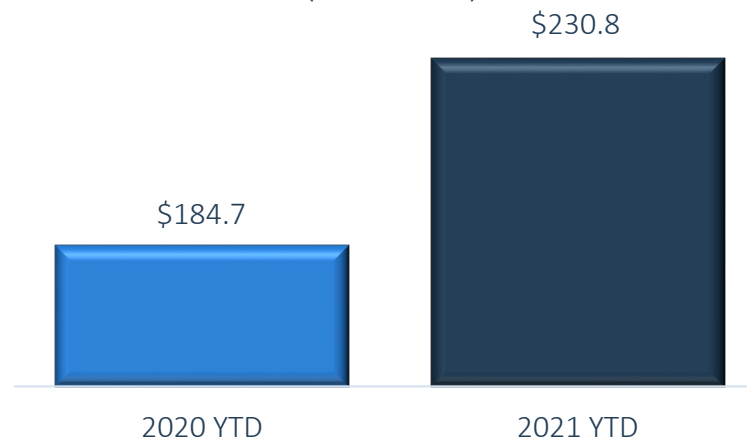
## EPS



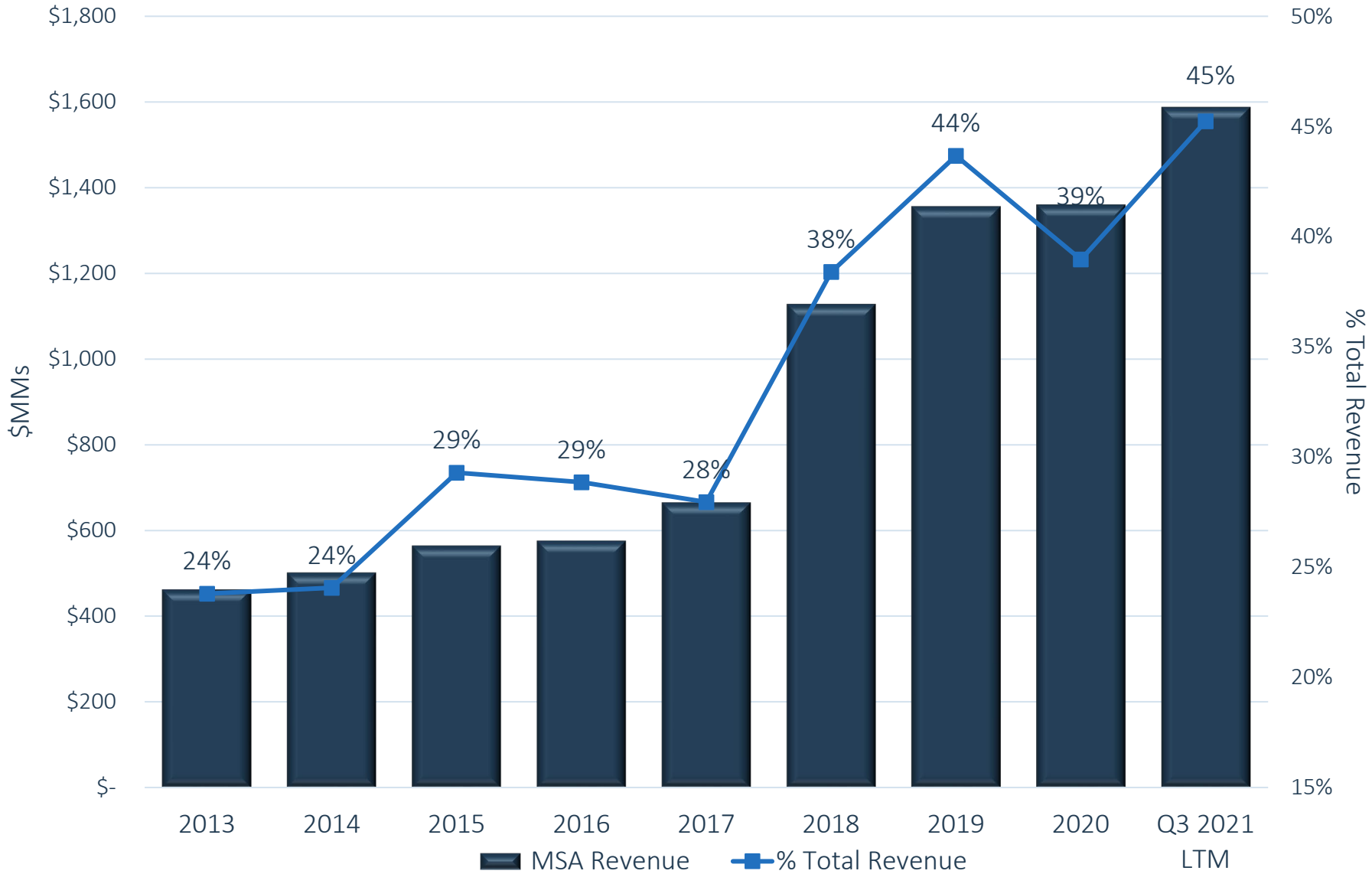
## Adjusted EPS



## Adjusted EBITDA (in millions)

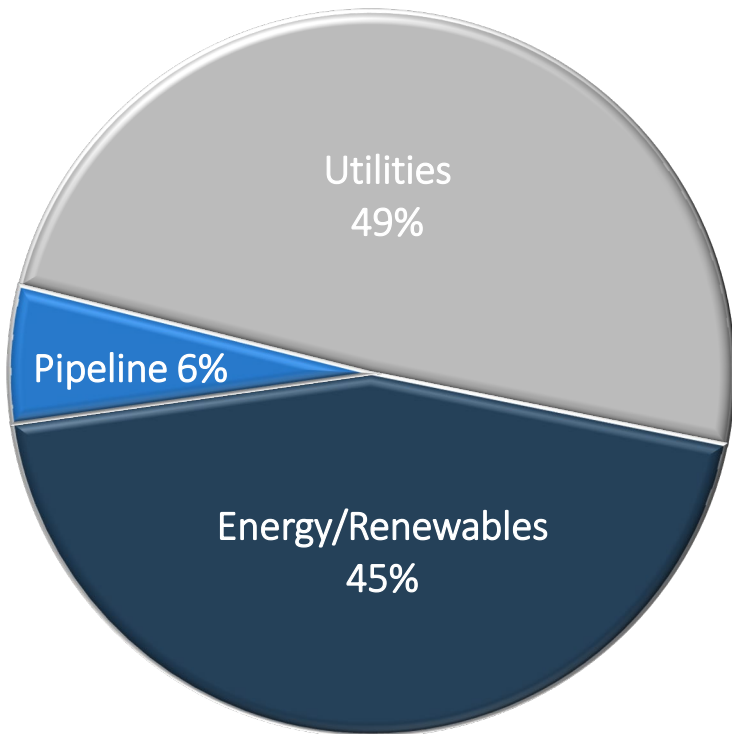


# MSA Revenue

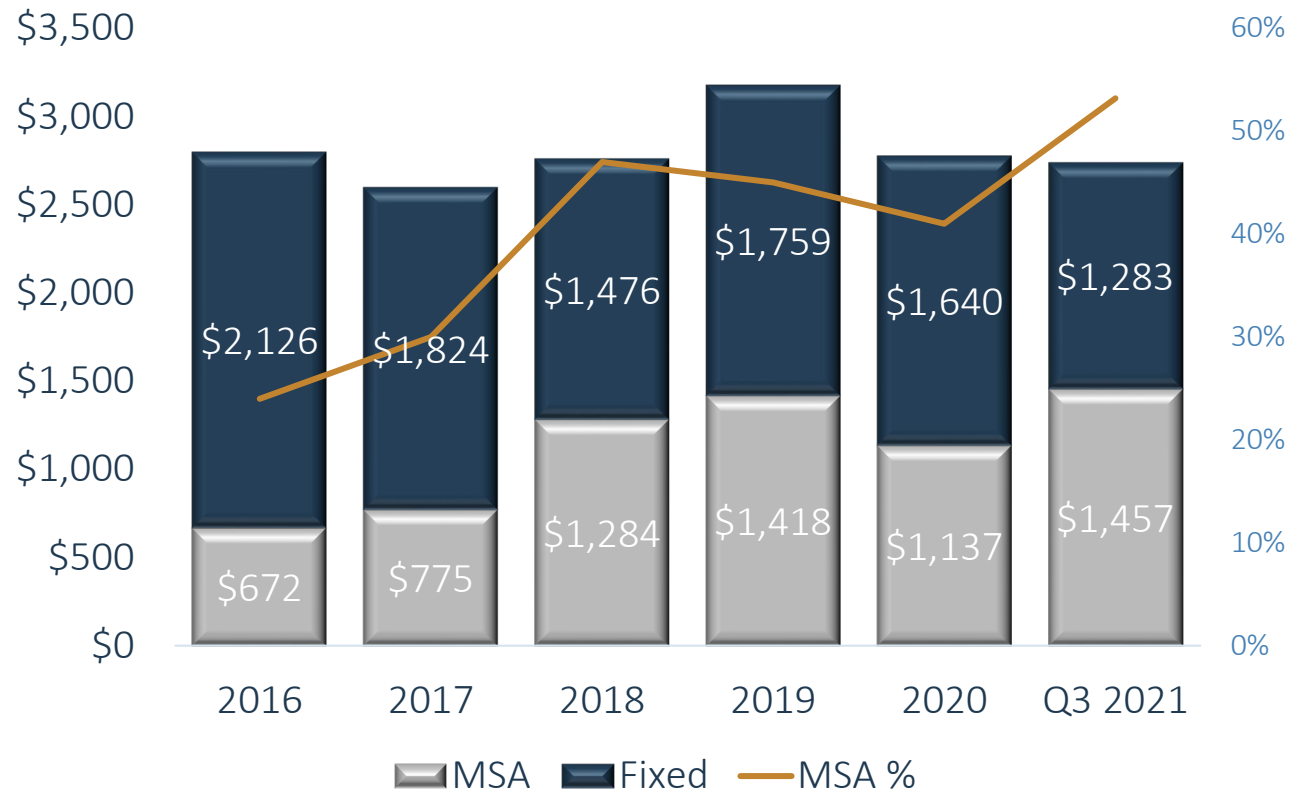


# Backlog Summary at 9/30/2021

Total Backlog\* Mix



Total Backlog\* (\$MMs)



\*MSA Backlog includes anticipated MSA revenue for the next 12 months

## Q3 2021 vs. Q3 2020 Segment Results

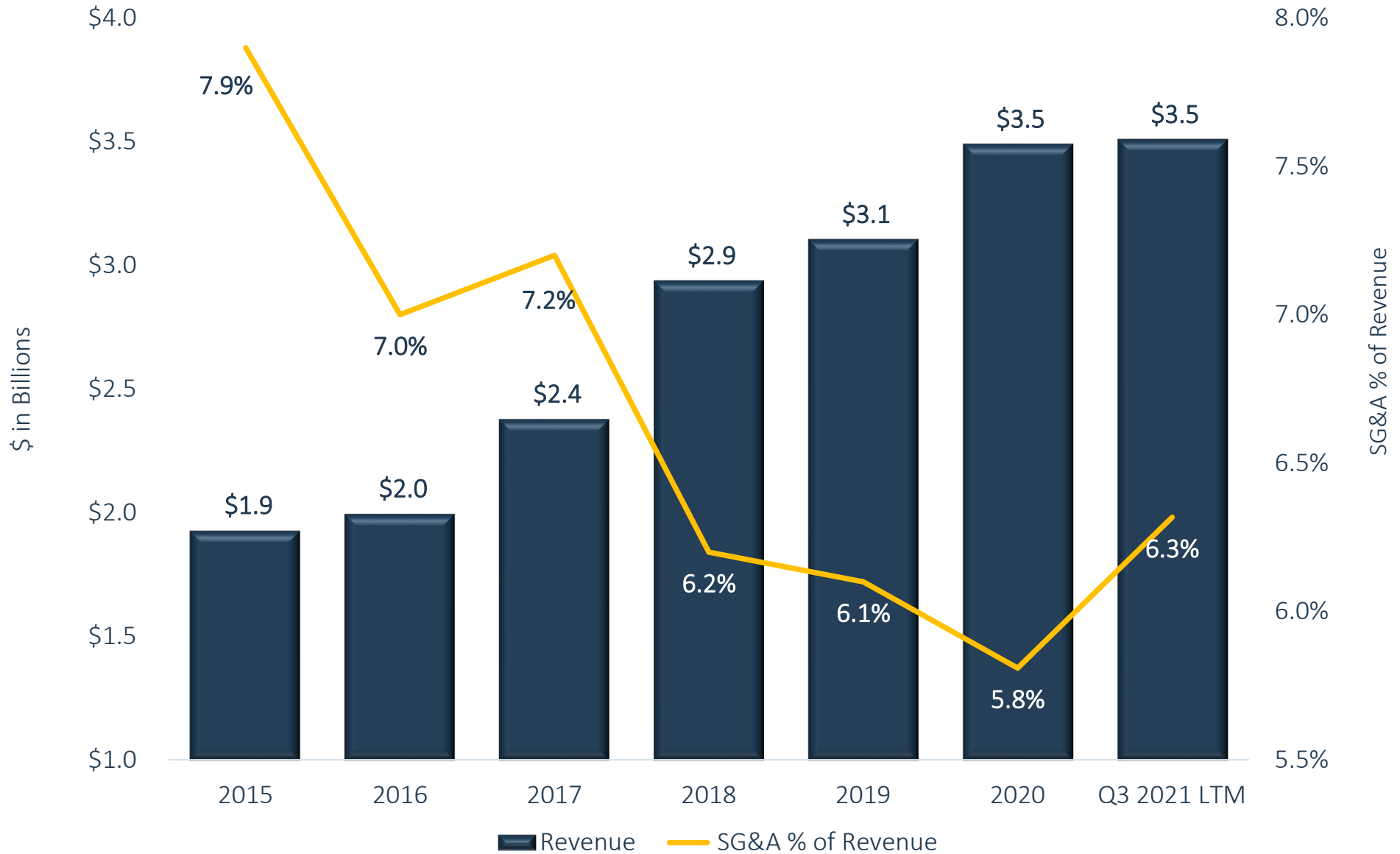
*\$ in thousands*

Q3 2021	Utilities	Energy/ Renewables	Pipeline	TOTAL
Revenue	\$ 454,654	\$ 351,026	\$ 107,565	\$ 913,245
Gross Profit	\$ 63,715	\$ 35,926	\$ 27,795	\$ 127,436
Gross Margins*	14.0%	10.2%	25.8%	14.0%

Q3 2020	Utilities	Energy/ Renewables	Pipeline	TOTAL
Revenue	\$ 413,205	\$ 315,115	\$ 214,380	\$ 942,700
Gross Profit	\$ 68,135	\$ 27,501	\$ 28,045	\$ 123,681
Gross Margins*	16.5%	8.7%	13.1%	13.1%

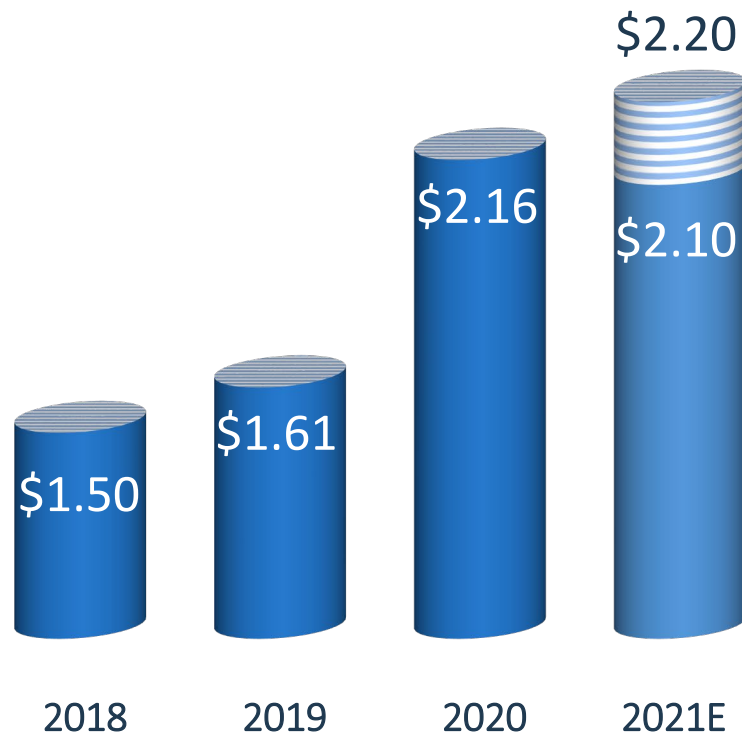
\*Gross Profit as a Percent of Revenue

# Growing Revenue While Controlling SG&A



# Consistent Earnings Per Share Growth

EPS Guidance



Adjusted EPS Guidance



# Primoris – *Why Invest?*

Our low-risk business model creates strong, consistent growth



## Our Value Proposition

- » Comprehensive suite of critical infrastructure services
- » Business model limits risks & drives predictability
  - » Lower risk profile – smaller size contracts
  - » Driving predictability with increased multi-year revenue & margin visibility
  - » Deeper relationships with customers spanning decades provides cross-selling opportunities
- » Ongoing transition to higher growth, higher margin end markets with strong secular tailwind

## Diverse Business Mix

**53%**

Master Service Agreement (MSA) Backlog <sup>(1)</sup>

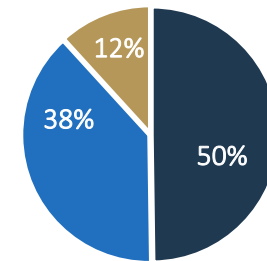
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Average Project Size <sup>(1)</sup>

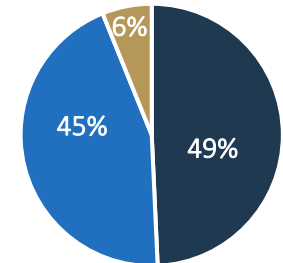
**78%**

Reimbursable Contracts <sup>(2)</sup>

Q3 2021 Revenue



Q3 2021 Backlog

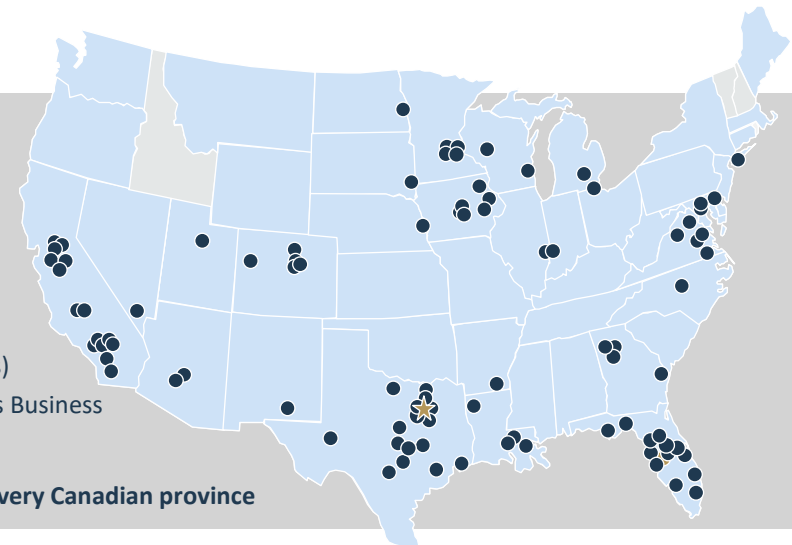


- Utilities
- Energy/ Renewables
- Pipeline Services

## Coast-to-Coast Operational Footprint <sup>(3)</sup>

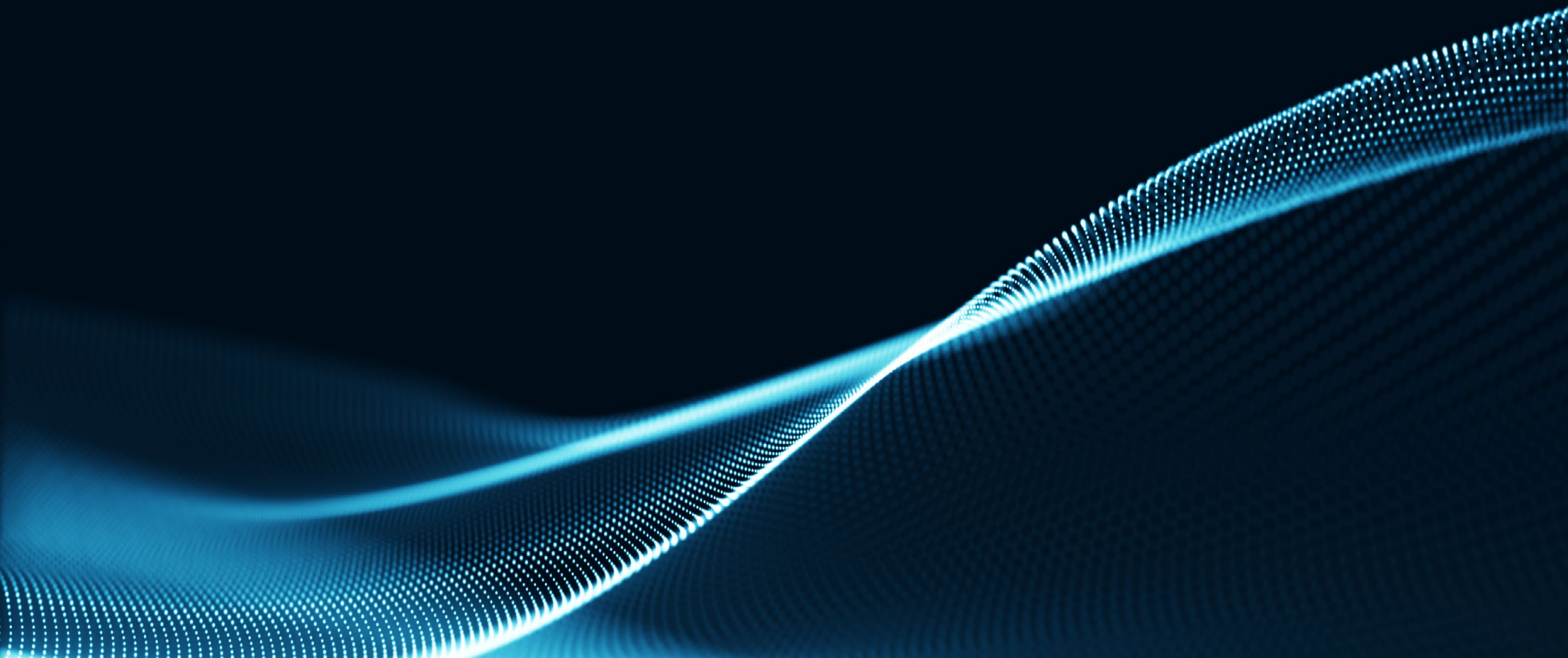
- Primoris Existing Locations
- ★ Headquarters (Dallas, Texas)
- States Where Primoris Does Business

Primoris has also worked in every Canadian province



(1) As of 30-Sept-2021 (2) As of 31-Dec-2020 (3) Represents states where Primoris has done business in the last 6.5 years.

# Reg G Reconciliation



# Reconciliation of Adjusted Net Income & Adjusted EPS

## Q3 2021 vs. Q3 2020



### Adjusted Net Income & Adjusted EPS

Primoris defines Adjusted Net Income as net income (loss) attributable to Primoris adjusted for certain items including, (i) non-cash stock-based compensation expense; (ii) transaction/integration and related costs; (iii) asset impairment charges; (iv) changes in fair value of our interest rate swap; (v) change in fair value of contingent consideration liabilities; (vi) amortization of intangible assets; (vii) amortization of debt discounts and debt issuance costs; (viii) losses on extinguishment of debt; (ix) severance and restructuring changes; and (x) impact of changes in statutory tax rates. The Company defines Adjusted EPS as Adjusted Net Income divided by the diluted weighted average shares outstanding. Management believes these adjustments are helpful for comparing the Company's operating performance with prior periods. Because Adjusted Net Income and Adjusted EPS, as defined, exclude some, but not all, items that affect net income attributable to Primoris and diluted earnings per share attributable to Primoris, they may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measures, net income attributable to Primoris and diluted earnings per share attributable to Primoris, and information reconciling the GAAP and non-GAAP financial measures, are included in the table below.

<i>(\$ thousands, except per share amounts)</i>	Q3 2021	Q3 2020
<b>Net income attributable to Primoris (GAAP)</b>	<b>\$ 44,053</b>	<b>\$ 43,941</b>
Non-cash stock-based compensation	1,661	528
Transaction/integration and related costs <sup>(1)</sup>	447	117
Amortization of intangible assets	4,645	2,152
Amortization of debt issuance costs	283	134
Unrealized (gain) loss on interest rate swap	(929)	(1,051)
Income tax impact of adjustments	(1,679)	(545)
<b>Adjusted net income attributable to Primoris</b>	<b>\$ 48,481</b>	<b>\$ 45,276</b>
Weighted average shares (diluted)	54,367	48,574
Diluted earning per share	\$ 0.81	\$ 0.90
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.89</b>	<b>\$ 0.93</b>

Schedule 1:  
**Reconciliation of Adjusted Net Income & Adjusted EPS**  
 YTD 2021 vs. YTD 2020



**Adjusted Net Income & Adjusted EPS**

The following table set forth a reconciliation of net income attributable to Primoris per diluted share to Adjusted EPS for the nine months ended September 30, 2021, and 2020:

<i>(\$ thousands, except per share amounts)</i>	Nine Months Ended Sept 30, 2021	Nine Months Ended Sept 30, 2020
<b>Net income attributable to Primoris (GAAP)</b>	<b>\$ 86,193</b>	<b>\$ 73,163</b>
Non-cash stock-based compensation	4,046	1,730
Transaction/integration and related costs <sup>(1)</sup>	32,694	117
Amortization of intangible assets	13,474	6,835
Amortization of debt issuance costs	850	295
Unrealized (gain) loss on interest rate swap	(3,183)	(3,856)
Income tax impact of adjustments	(8,253)	(3,732)
<b>Adjusted net income attributable to Primoris</b>	<b>\$ 107,950</b>	<b>\$ 82,301</b>
Weighted average shares (diluted)	52,887	48,712
Diluted earning per share	\$ 1.63	\$ 1.50
<b>Adjusted diluted earnings per share</b>	<b>\$ 2.04</b>	<b>\$ 1.69</b>

Schedule 2:  
**Reconciliation of EBITDA & Adjusted EBITDA**  
**Q3 2021 vs. Q3 2020**



**EBITDA and Adjusted EBITDA**

Primoris defines EBITDA as net income (loss) attributable to Primoris before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for certain items including, (i) non-cash stock-based compensation expense; (ii) transaction/integration and related costs; (iii) asset impairment charges; (iv) severance and restructuring changes; and (v) change in fair value of contingent consideration liabilities. The Company believes the EBITDA and Adjusted EBITDA financial measures assist in providing a more complete understanding of the Company's underlying operational measures to manage its business, to evaluate its performance compared to prior periods and the marketplace, and to establish operational goals. EBITDA and Adjusted EBITDA are non-GAAP financial measures and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. These non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies. The most comparable GAAP financial measure, net income attributable to Primoris, and information reconciling the GAAP and non-GAAP financial measures are included in the table below.

<i>(\$ thousands)</i>	<b>Q3 2021</b>	<b>Q3 2020</b>
<b>Net income attributable to Primoris as reported (GAAP)</b>	<b>\$ 44,053</b>	<b>\$ 43,941</b>
Interest expense, net	4,698	4,715
Provision for income taxes	16,710	17,947
Depreciation and amortization	27,163	20,665
<b>EBITDA</b>	<b>92,624</b>	<b>87,268</b>
Non-cash stock-based compensation	1,661	528
Transaction/integration and related costs	447	117
<b>Adjusted EBITDA</b>	<b>\$ 94,732</b>	<b>\$ 87,913</b>

Schedule 2:  
**Reconciliation of EBITDA & Adjusted EBITDA**  
 YTD 2021 vs. YTD 2020



**EBITDA and Adjusted EBITDA**

The following table sets forth a reconciliation of net income to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2021, and 2020:

<i>(\$ thousands)</i>	Nine Months Ended Sept 30, 2021	Nine Months Ended Sept 30, 2020
<b>Net income attributable to Primoris as reported (GAAP)</b>	<b>\$ 86,193</b>	<b>\$ 73,163</b>
Interest expense, net	14,154	17,172
Provision for income taxes	32,694	29,883
Depreciation and amortization	78,865	62,558
<b>EBITDA</b>	<b>211,906</b>	<b>182,776</b>
Non-cash stock-based compensation	4,046	1,730
Transaction/integration and related costs	14,823	154
<b>Adjusted EBITDA</b>	<b>\$ 230,775</b>	<b>\$ 184,660</b>

Schedule 3:  
**Reconciliation of Non-GAAP Forecasted Guidance**  
**FY 2021**



**Adjusted Net Income & EPS to Adjusted EPS for the year ending December 31, 2021**

The following table sets forth a reconciliation of the forecasted GAAP net income attributable to Primoris to Adjusted Net Income and EPS to Adjusted EPS for the year ending December 31, 2021.

<i>(\$ thousands, except per share amounts)</i>	Estimated Range	
	Full Year Ending December 31, 2021	
<b>Net income attributable to Primoris (GAAP)</b>	<b>\$ 111,900</b>	<b>\$ 117,300</b>
Non-cash stock-based compensation	5,500	5,500
Transaction/integration and related costs <sup>(1)</sup>	16,300	16,300
Amortization of intangible assets	18,100	18,100
Amortization of debt issuance costs	1,100	1,100
Unrealized (gain) loss on interest rate swap	(3,200)	(3,200)
Income tax impact of adjustments	(10,395)	(10,395)
<b>Adjusted net income attributable to Primoris</b>	<b>\$ 139,305</b>	<b>\$ 144,705</b>
Weighted average shares (diluted)	53,300	53,300
Diluted earning per share	\$ 2.10	\$ 2.20
<b>Adjusted diluted earnings per share</b>	<b>\$ 2.61</b>	<b>\$ 2.71</b>