

Primoris Services Corporation

4Q 2021 Earnings Call

March 2022
(Updated 3-1-2022)



Notice to Investors

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 earnings per share ("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.

FY 2021 Highlights



Strong revenue of \$3.5 billion



Utility Segment revenue up 21%



Energy/Renewable Segment revenue up 15%



Record Backlog of over \$4 billion



Fully diluted EPS of \$2.17
Adjusted EPS of \$2.70

4Q 2021 Summary

Revenue

(in millions)

\$897.3

\$884.4



2020 4Q

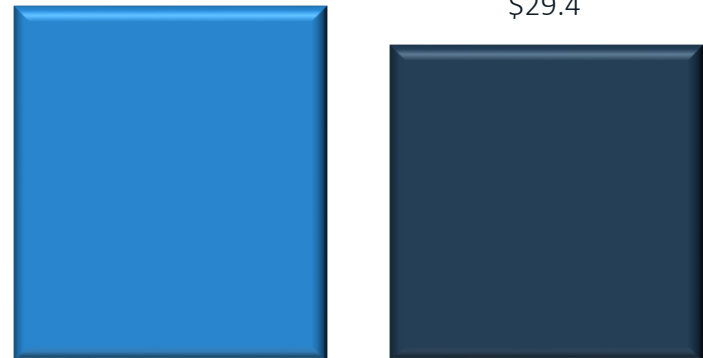
2021 4Q

Net Income

(in millions)

\$31.8

\$29.4



2020 4Q

2021 4Q

Adjusted Net Income

(in millions)

\$35.2

\$34.3

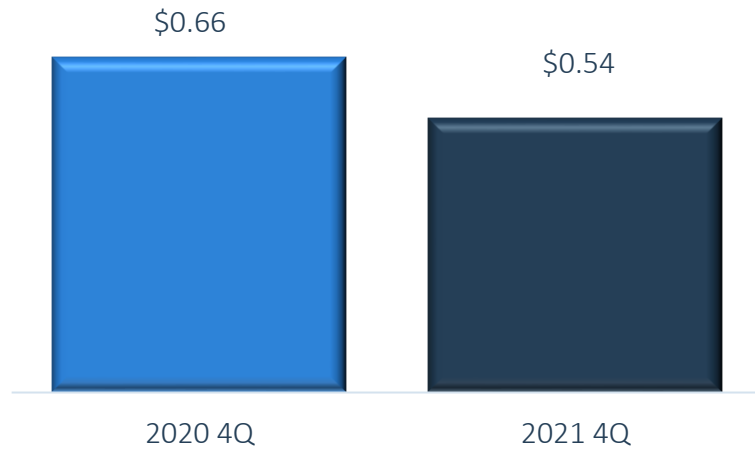


2020 4Q

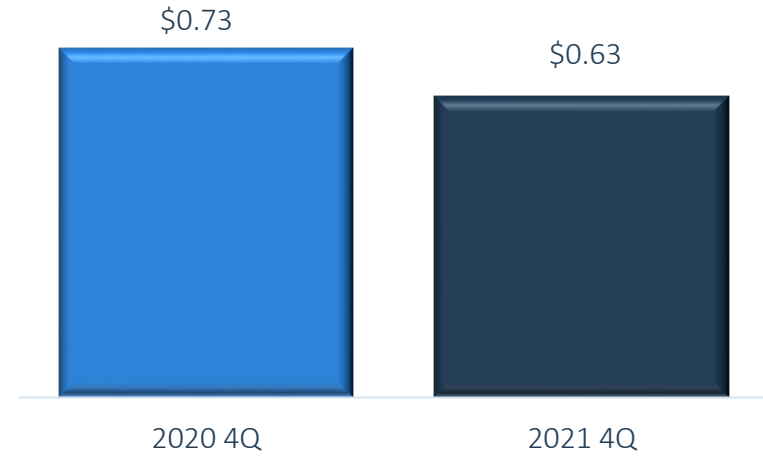
2021 4Q

4Q 2021 Summary

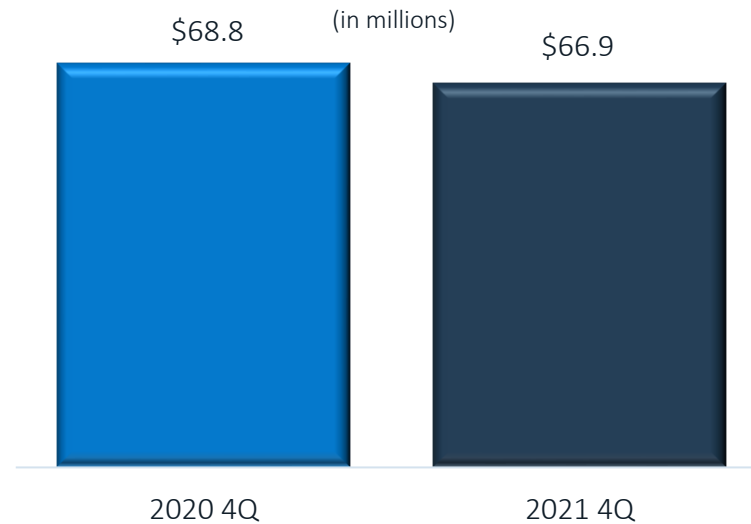
EPS



Adjusted EPS



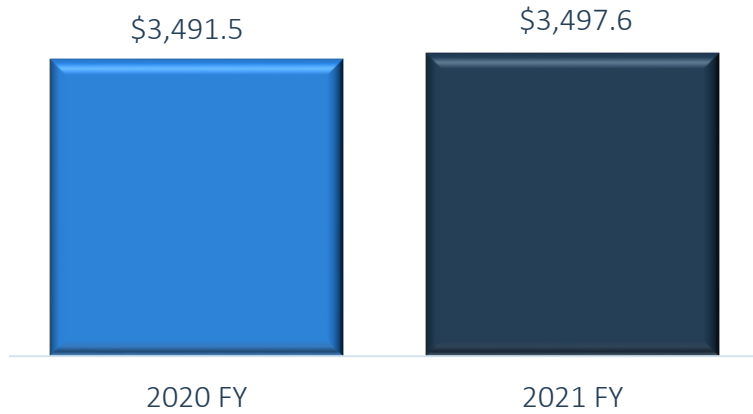
Adjusted EBITDA



FY 2021 Summary

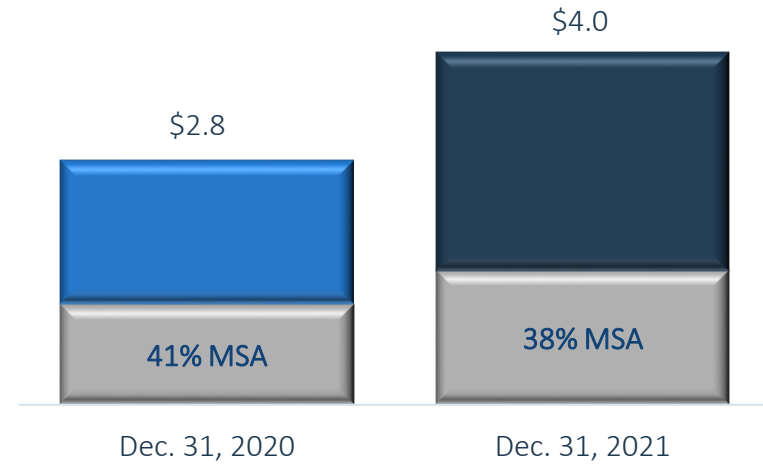
Revenue

(in millions)



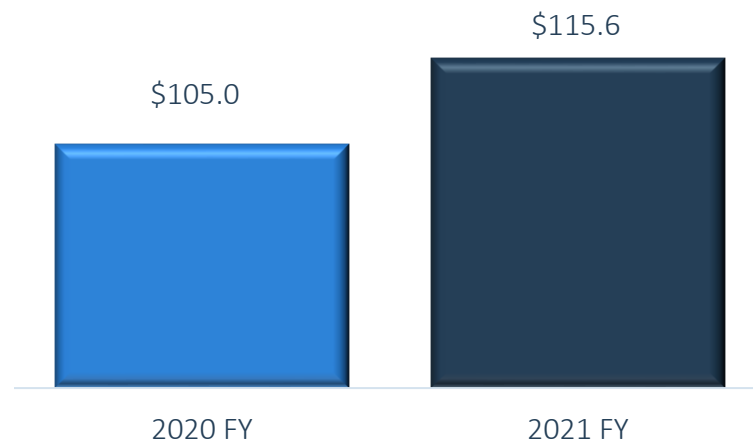
MSA / Total Backlog

(in billions)



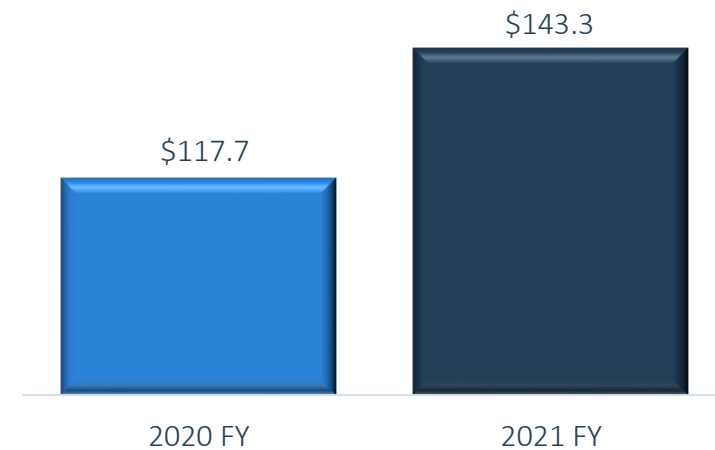
Net Income

(in millions)



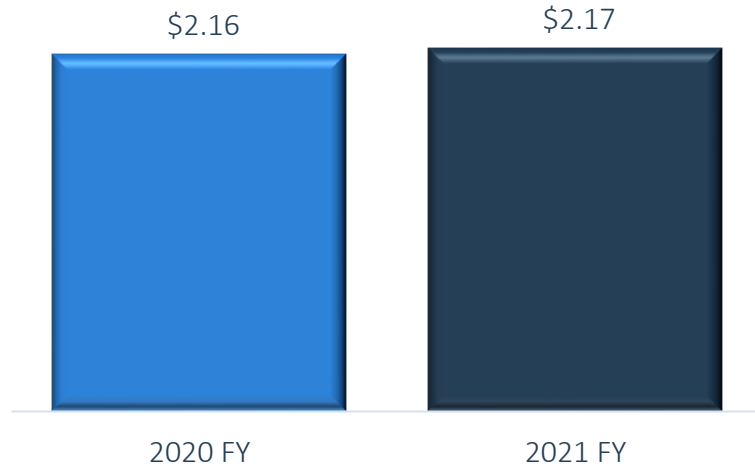
Adjusted Net Income

(in millions)

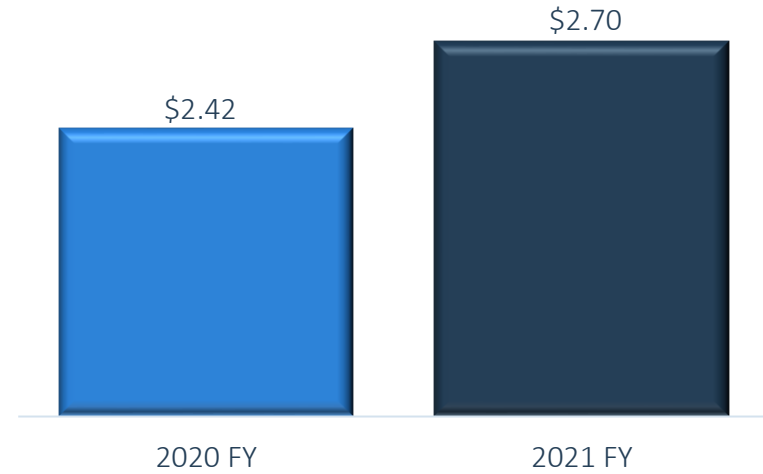


FY 2021 Summary

EPS

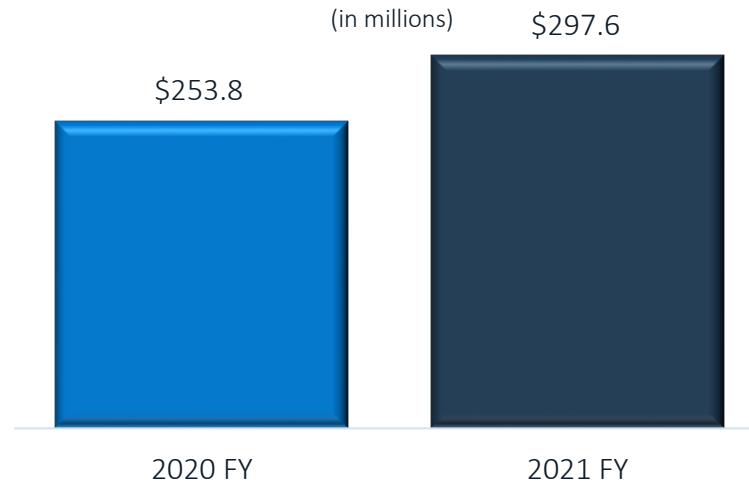


Adjusted EPS

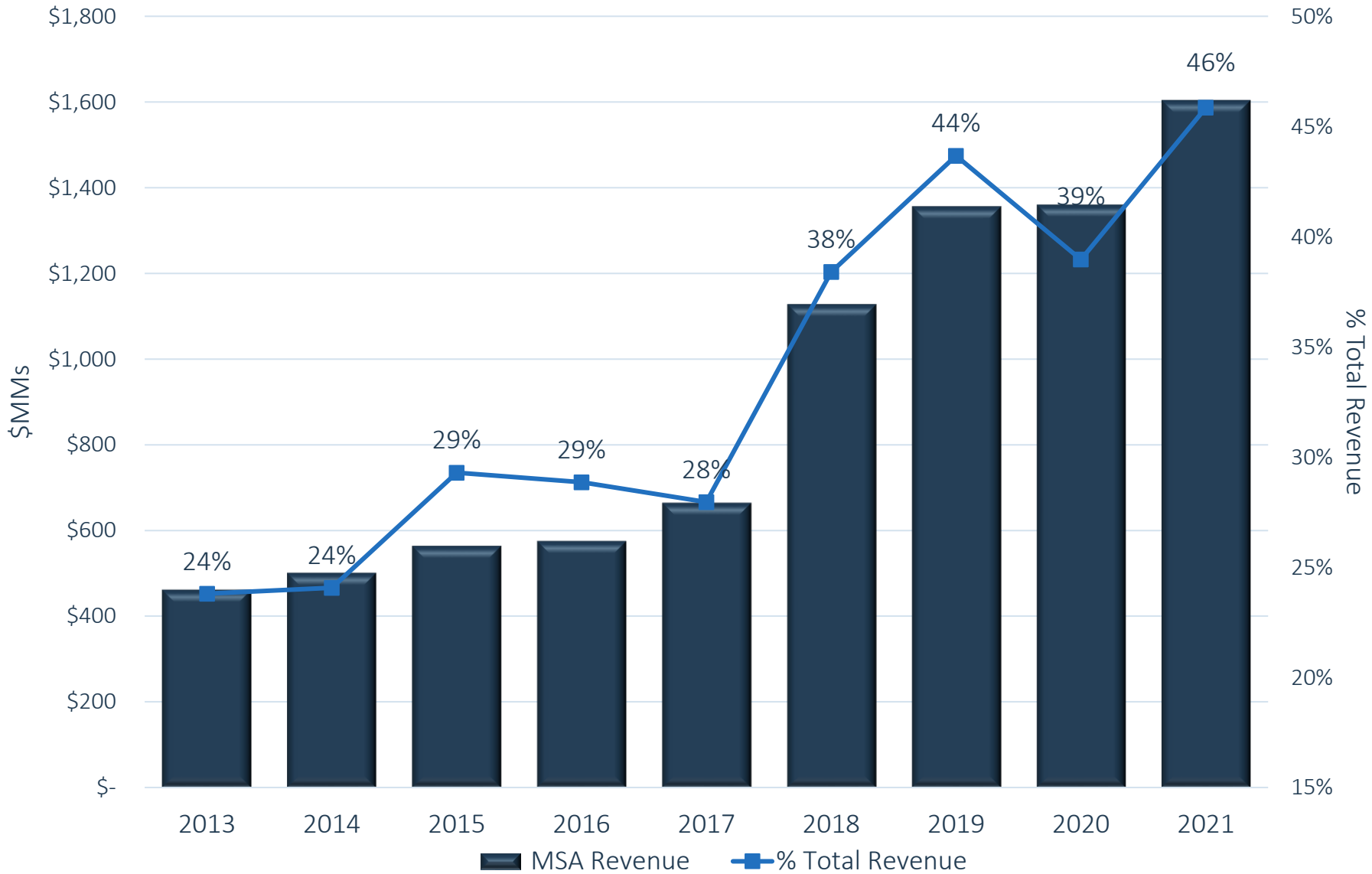


Adjusted EBITDA

(in millions)

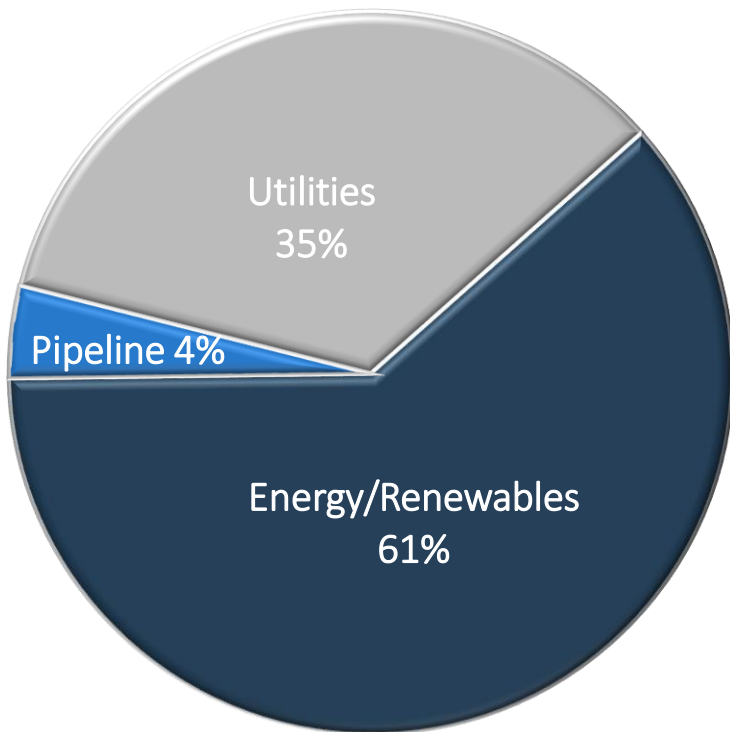


MSA Revenue

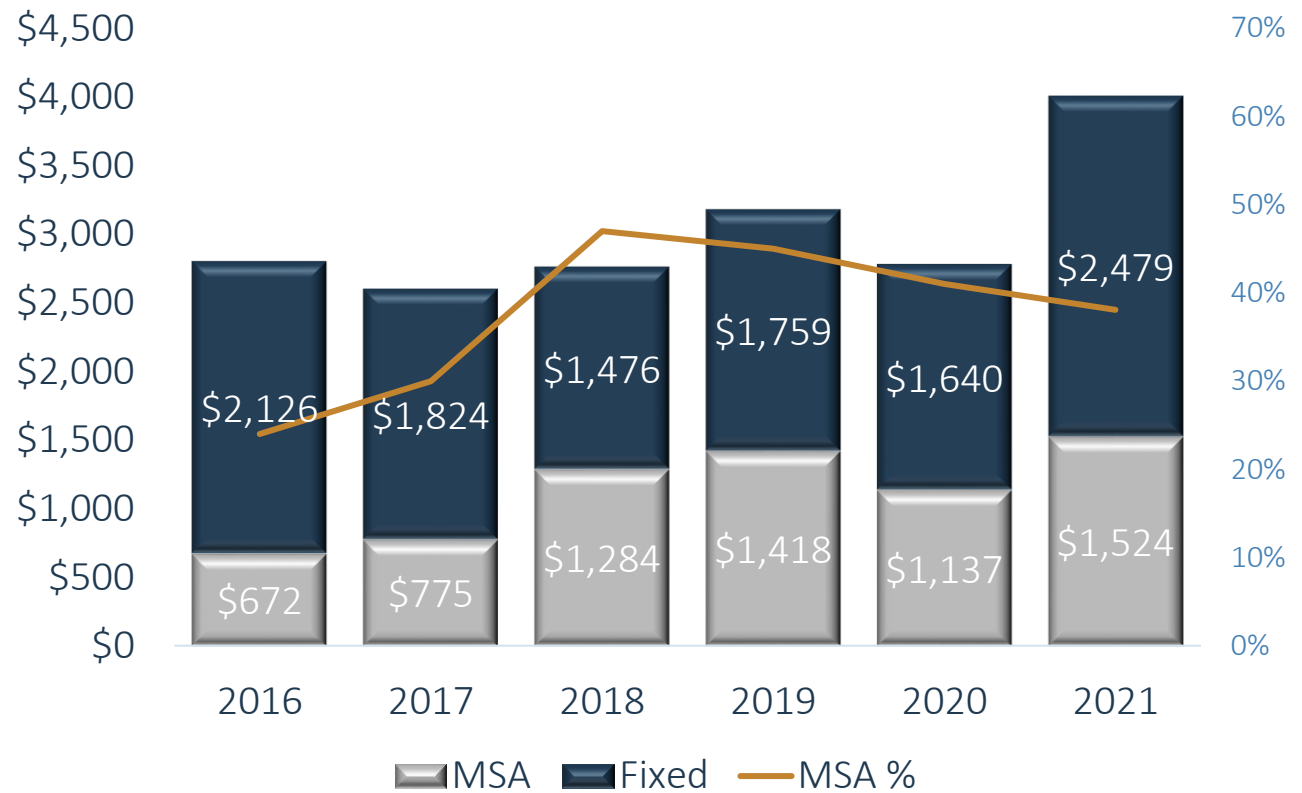


Backlog Summary at 12/31/2021

Total Backlog* Mix



Total Backlog* (\$MMs)



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

4Q 2021 vs. 4Q 2020 Segment Results

\$ in thousands

| 4Q 2021 | Utilities | Energy/ Renewables | Pipeline | TOTAL |
|----------------|------------|-----------------------|-----------|------------|
| Revenue | \$ 442,870 | \$ 369,311 | \$ 72,267 | \$ 884,448 |
| Gross Profit | \$ 52,007 | \$ 38,461 | \$ 5,549 | \$ 96,017 |
| Gross Margins* | 11.7% | 10.4% | 7.7% | 10.9% |

| 4Q 2020 | Utilities | Energy/ Renewables | Pipeline | TOTAL |
|----------------|------------|-----------------------|------------|------------|
| Revenue | \$ 362,353 | \$ 333,406 | \$ 201,579 | \$ 897,338 |
| Gross Profit | \$ 47,550 | \$ 24,314 | \$ 25,892 | \$ 97,756 |
| Gross Margins* | 13.1% | 7.3% | 12.8% | 10.9% |

*Gross Profit as a Percent of Revenue

FY 2021 vs. FY 2020 Segment Results

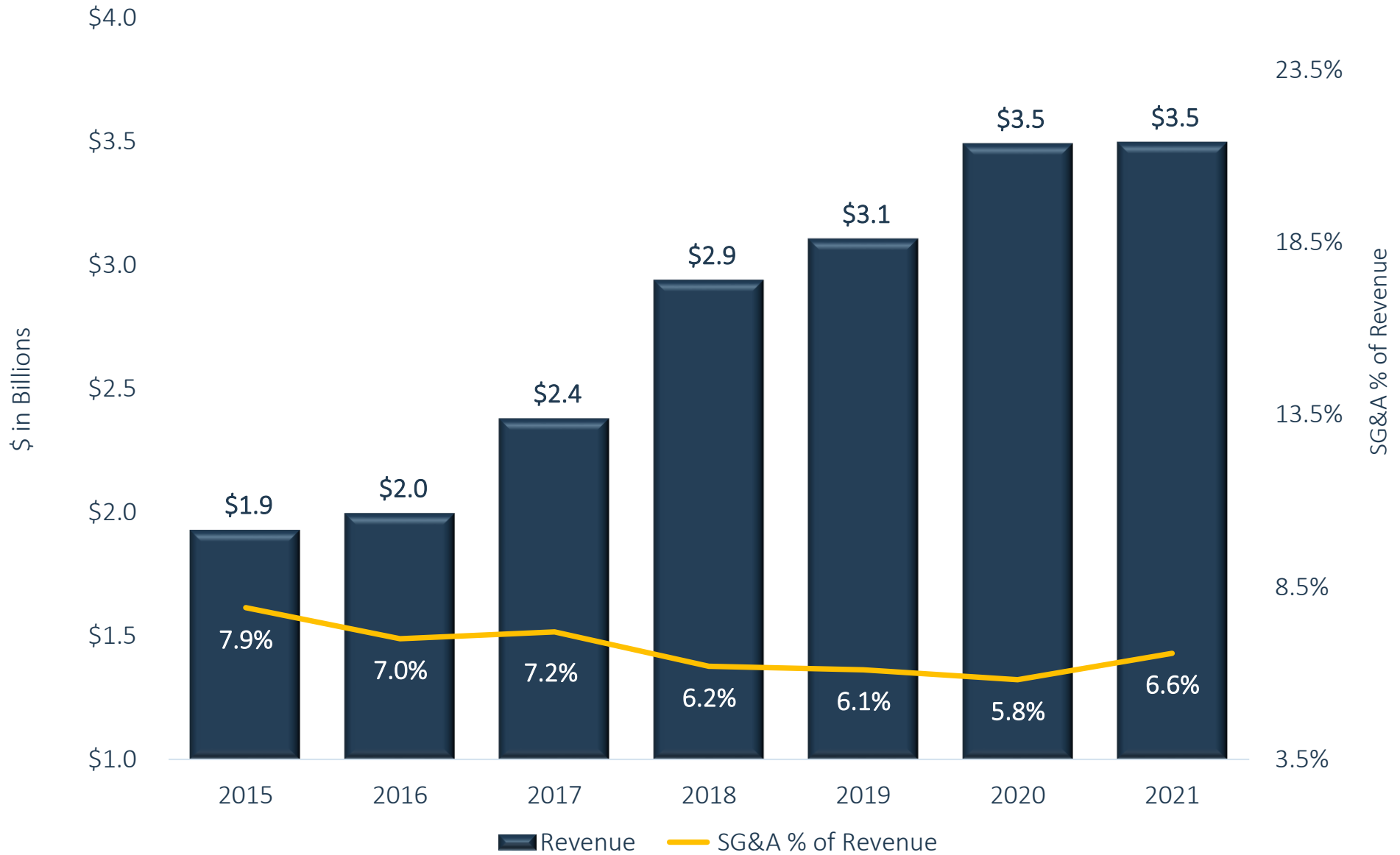
\$ in thousands

| FY 2021 | Utilities | Energy/ Renewables | Pipeline | TOTAL |
|----------------|--------------|-----------------------|------------|--------------|
| Revenue | \$ 1,657,957 | \$1,408,211 | \$ 431,464 | \$ 3,497,632 |
| Gross Profit | \$ 186,287 | \$ 150,286 | \$ 80,087 | \$ 416,660 |
| Gross Margins* | 11.2% | 10.7% | 18.6% | 11.9% |

| FY 2020 | Utilities | Energy/ Renewables | Pipeline | TOTAL |
|----------------|--------------|-----------------------|------------|--------------|
| Revenue | \$ 1,365,635 | \$1,228,821 | \$ 897,041 | \$ 3,491,497 |
| Gross Profit | \$ 177,836 | \$ 94,919 | \$ 97,459 | \$ 370,214 |
| Gross Margins* | 13.0% | 7.7% | 10.9% | 10.6% |

*Gross Profit as a Percent of Revenue

Growing Revenue While Controlling SG&A



Outlook for FY 2022

- » **Earnings Per Share (“EPS”)**
 - » \$2.10 and \$2.30 per fully diluted share
- » **Adjusted EPS:**
 - » \$2.39 to \$2.59
- » **SG&A as a percentage of revenue:**
 - » low-to-mid 6%
- » **Capital Expenditures:**
 - » \$120M to \$140M; includes \$70M to \$90M for construction equipment
- » **Company’s Targeted Gross Margins by segment:**
 - » Utilities: 10% to 13%
 - » Energy/Renewables: 9% to 12%
 - » Pipeline: 9% to 11%

- » **Effective Tax rate:**
 - » 27%
- » **Backlog:**
 - » The Company expects that during the next four quarters, the Company will recognize as revenue approximately 74% of the total backlog at December 31, 2021, comprised of backlog of approximately:
 - » Utilities: 100 %
 - » Energy/Renewables: 57%
 - » Pipeline: 97%
 - » The guidance provided above constitutes forward-looking statements, which are based on current economic conditions and estimates, and the Company does not include other potential impacts, such as changes in accounting or unusual items. Supplemental information relating to the Company’s financial outlook is posted in the Investor Relations section of the Company’s website at www.primoriscorp.com.

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 projects
 - » 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

38%

Master Service Agreement (MSA) Backlog ⁽¹⁾

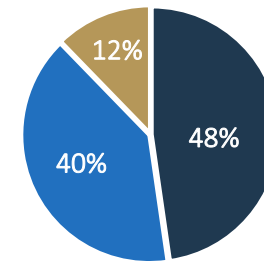
<\$5mm

Average Project Size ⁽¹⁾

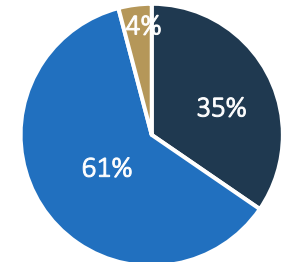
78%

Reimbursable Contracts ⁽¹⁾

FY 2021 Revenue



FY 2021 Backlog

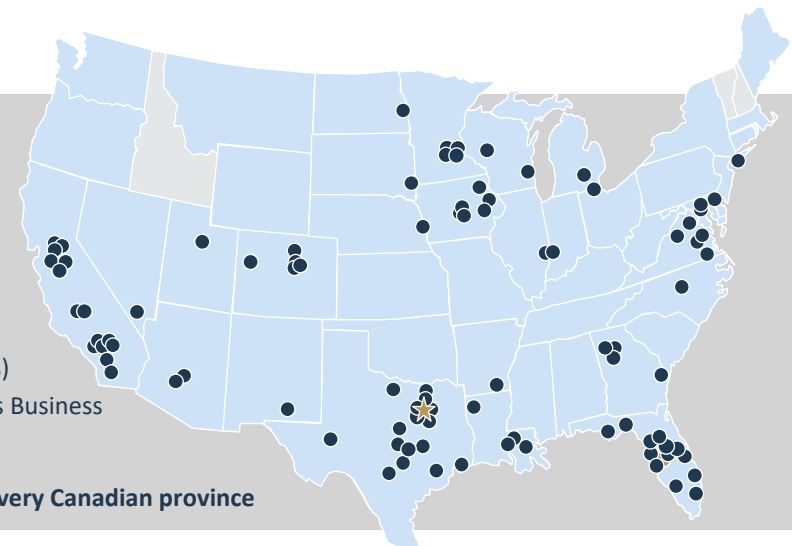


- Utilities
- Energy/ Renewables
- Pipeline Services

Coast-to-Coast Operational Footprint ⁽²⁾

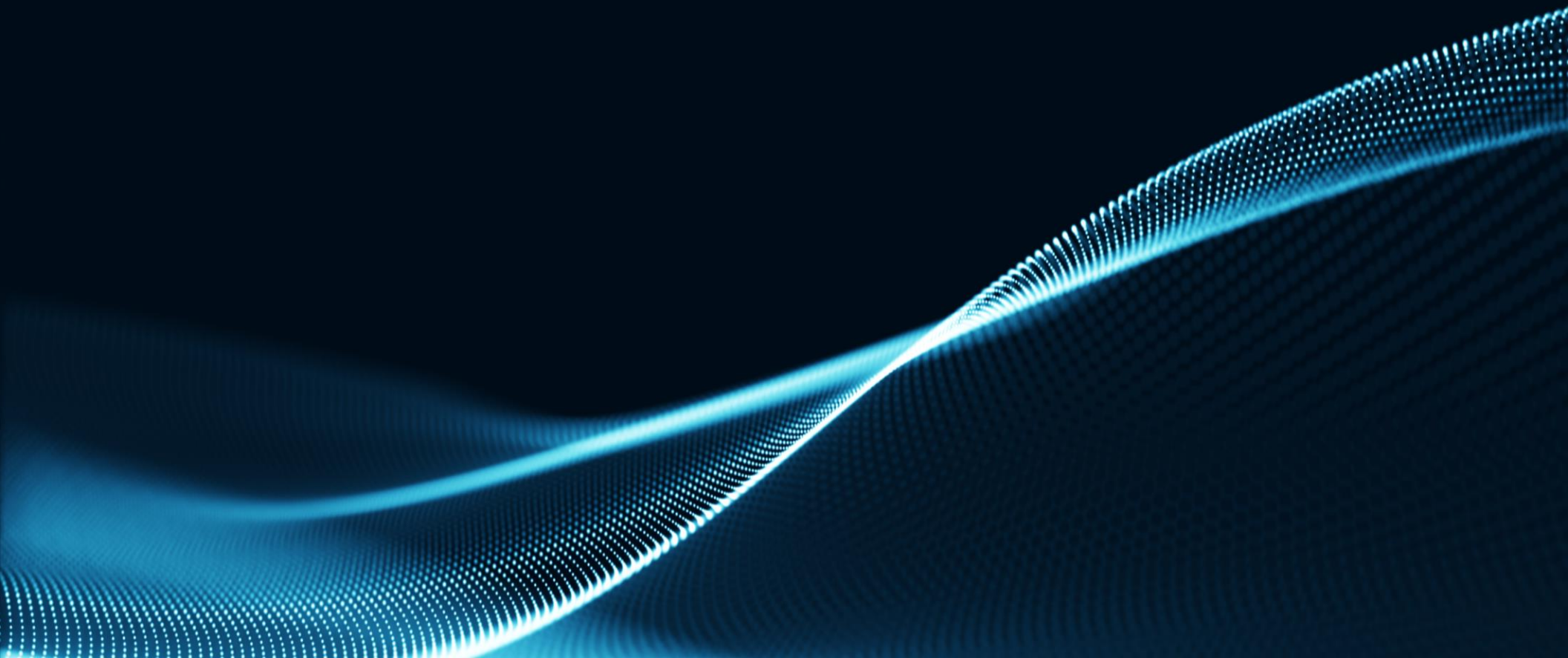
- Primoris Existing Locations
- ★ Headquarters (Dallas, Texas)
- States Where Primoris Does Business

Primoris has also worked in every Canadian province



(1) As of 31-Dec-2021 (2) Represents states where Primoris has done business in the last 7.5 years.

Reg G Reconciliation



Schedule 1:

Reconciliation of Adjusted Net Income & Adjusted EPS

4Q 2021 vs. 4Q 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> | 4Q 2021 | 4Q 2020 |
|---|------------------|------------------|
| Net income attributable to Primoris (GAAP) | \$ 29,418 | \$ 31,811 |
| Non-cash stock-based compensation | 1,316 | 544 |
| Transaction/integration and related costs | 1,576 | 3,177 |
| Amortization of intangible assets | 4,845 | 1,982 |
| Amortization of debt issuance costs | 283 | 79 |
| Unrealized gain on interest rate swap | (1,676) | (1,094) |
| Income tax impact of adjustments | (1,510) | (1,308) |
| Adjusted net income attributable to Primoris | \$ 34,252 | \$ 35,191 |
| Weighted average shares (diluted) | 54,172 | 48,410 |
| Diluted earning per share | \$ 0.54 | \$ 0.66 |
| Adjusted diluted earnings per share | \$ 0.63 | \$ 0.73 |

Schedule 1:
Reconciliation of Adjusted Net Income & Adjusted EPS
 FY 2021 vs. FY 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 years ended December 31, 2021, and 2020:

| <i>(\$ thousands, except per share amounts)</i> | Year Ended Dec. 31, 2021 | Year Ended Dec. 31, 2020 |
|--|-----------------------------|-----------------------------|
| Net income attributable to Primoris (GAAP) | \$ 115,611 | \$ 104,974 |
| Non-cash stock-based compensation | 5,366 | 2,274 |
| Transaction/integration and related costs ⁽¹⁾ | 16,399 | 3,430 |
| Amortization of intangible assets | 18,319 | 8,817 |
| Amortization of debt issuance costs | 1,133 | 374 |
| Unrealized (gain) loss on interest rate swap | (4,859) | 2,762 |
| Income tax impact of adjustments | (8,653) | (4,926) |
| Adjusted net income attributable to Primoris | \$ 143,316 | \$ 117,705 |
| Weighted average shares (diluted) | 53,161 | 48,633 |
| Diluted earning per share | \$ 2.17 | \$ 2.16 |
| Adjusted diluted earnings per share | \$ 2.70 | \$ 2.42 |

(1) The year ended December 31, 2021, includes \$5.1 million in stock compensation expense related to the acquisition of FIH.

Schedule 2:
Reconciliation of EBITDA & Adjusted EBITDA
 4Q 2021 vs. 4Q 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> | 4Q 2021 | 4Q 2020 |
|---|------------------|------------------|
| Net income attributable to Primoris as reported (GAAP) | \$ 29,418 | \$ 31,811 |
| Interest expense, net | 4,344 | 2,751 |
| Provision for income taxes | 3,424 | 10,773 |
| Depreciation and amortization | 26,854 | 19,712 |
| EBITDA | 64,040 | 65,047 |
| Non-cash stock-based compensation | 1,316 | 544 |
| Transaction/integration and related costs | 1,576 | 3,177 |
| Adjusted EBITDA | \$ 66,932 | \$ 68,768 |

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



EBITDA and Adjusted EBITDA

The following table sets forth a reconciliation of net income attributable to Primoris to EBITDA and Adjusted EBITDA for the years ended December 31, 2021, and 2020:

| (\$ thousands) | Year Ended Dec. 31, 2021 | Year Ended Dec. 31, 2020 |
|---|-------------------------------------|-------------------------------------|
| Net income attributable to Primoris as reported (GAAP) | \$ 115,611 | \$ 104,974 |
| Interest expense, net | 18,498 | 19,923 |
| Provision for income taxes | 36,118 | 40,656 |
| Depreciation and amortization | 105,559 | 82,497 |
| EBITDA | 275,786 | 248,050 |
| Non-cash stock-based compensation | 5,366 | 2,274 |
| Transaction/integration and related costs ⁽¹⁾ | 16,399 | 3,430 |
| Adjusted EBITDA | \$ 297,551 | \$ 253,754 |

(1) The year ended December 31, 2021, includes \$5.1 million in stock compensation expense related to the acquisition of FIH.

Schedule 3:
Reconciliation of Non-GAAP Forecasted Guidance
FY 2022



Adjusted Net Income & EPS to Adjusted EPS for the year ending December 31, 2022

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, 2022.

| <i>(\$ thousands, except per share amounts)</i> | Estimated Range | |
|---|-------------------------------|-------------------|
| | Year Ending December 31, 2022 | |
| Net income attributable to Primoris (GAAP) | \$ 115,500 | \$ 126,500 |
| Non-cash stock-based compensation | 7,100 | 7,100 |
| Amortization of intangible assets | 13,400 | 13,400 |
| Amortization of debt issuance costs | 1,200 | 1,200 |
| Income tax impact of adjustments | (5,859) | (5,859) |
| Adjusted net income attributable to Primoris | \$ 131,341 | \$ 142,341 |
| Weighted average shares (diluted) | 55,000 | 55,000 |
| Diluted earning per share | \$ 2.10 | \$ 2.30 |
| Adjusted diluted earnings per share | \$ 2.39 | \$ 2.59 |