



**The Power of Primoris**

**4Q 2023 Earnings**

**February 27, 2024**

# 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 "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should", "will", "would" 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 possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, projections, effects of regulation and the economy, generally.

Forward-looking statements can be affected by the assumptions used or known or unknown risks or uncertainties. 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. Consequently, no forward-looking statement can be guaranteed, and actual results may differ materially and adversely from those reflected in the forward-looking statements. In addition to the factors described in this presentation, other factors that could cause actual results to differ materially from those indicated in the forward-looking statements include, among other things, those set forth in the Company's earnings release dated February 26, 2024, which is included as an exhibit to the Company's Form 8-K furnished to the U.S. Securities and Exchange Commission ("SEC") on such date, and in the Company's SEC filings, including the Company's most recent reports on Forms 10-K and 10-Q. Copies of the Company's SEC filings may be obtained by visiting our Investor Relations website at [www.prim.com](http://www.prim.com) or the SEC's website at [www.sec.gov](http://www.sec.gov).

All information in this presentation reflects management's views as of February 27, 2024. The Company does not undertake, and expressly disclaims any duty, to update any statement made in this presentation, whether as a result of new information, new developments, or otherwise, except as may be required by law.

## 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.

Record revenue for the 8<sup>th</sup> consecutive year to \$5.7 billion, and record safety year

Record backlog for 3<sup>rd</sup> consecutive year with total backlog of \$10.9 billion, up nearly 20 percent from year end 2022

Renewables backlog of \$2.4 billion, up 85 percent from year end 2022

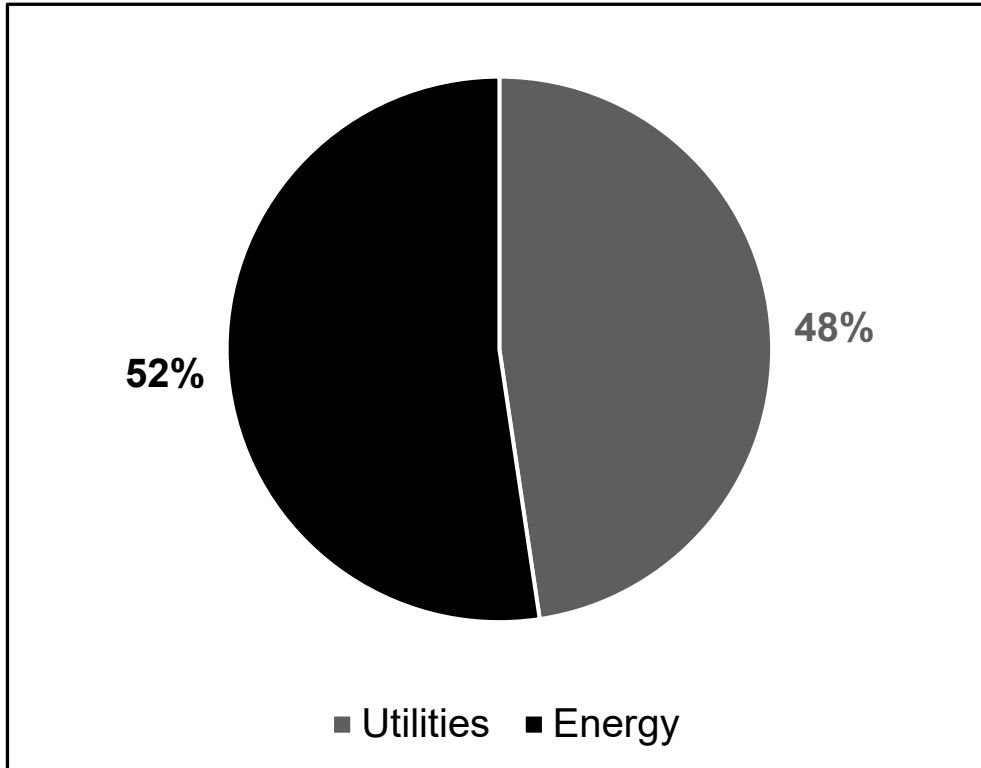
Full year cash flow from operations of \$198 million and trailing twelve-month net debt to EBITDA ratio of 2.0x

Full year Utilities non-MSA revenue up over 70 percent from 2022 levels

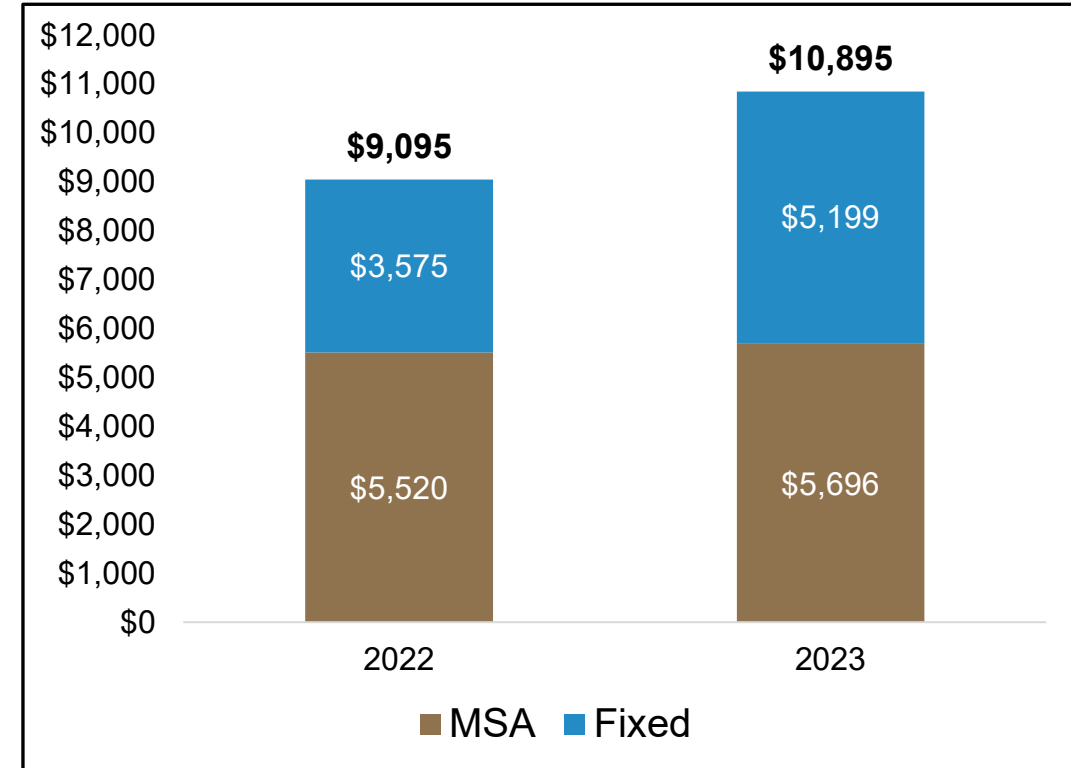
<i>(\$ thousands, except per share amounts)</i>	<b>4Q 2023</b>	<b>4Q 2022</b>
GAAP Metrics		
Revenue	\$ 1,515,550	\$ 1,329,138
Net Income	\$ 37,659	\$ 41,501
Diluted EPS	\$ 0.69	\$ 0.77
Non-GAAP Metrics		
Adjusted EBITDA	\$ 104,181	\$ 95,634
Adjusted Net Income	\$ 46,360	\$ 50,198
Adjusted EPS	\$ 0.85	\$ 0.93

<i>(\$ thousands, except per share amounts)</i>	<b>2023</b>	<b>2022</b>
GAAP Metrics		
Revenue	\$ 5,715,309	\$ 4,420,599
Net Income	\$ 126,145	\$ 133,021
Diluted EPS	\$ 2.33	\$ 2.47
Non-GAAP Metrics		
Adjusted EBITDA	\$ 379,463	\$ 283,361
Adjusted Net Income	\$ 154,677	\$ 135,777
Adjusted EPS	\$ 2.85	\$ 2.53

Total Backlog<sup>1</sup> by Segment



Total Backlog<sup>1</sup> (\$MM)



- Backlog up 20 percent or \$1.8 billion from full year 2022, including fixed backlog up 45 percent
- Solar and Industrial added more than \$1.5 billion of backlog in the fourth quarter of 2023

<sup>1</sup> Master Service Agreement “MSA” Backlog includes anticipated MSA revenue for the next 12 months

# 4Q 2023 vs. 4Q 2022 Segment Results

\$ in thousands



<b>4Q 2023</b>	<b>Utilities</b>	<b>Energy</b>	<b>TOTAL</b>
Revenue	\$ 566,463	\$ 949,087	\$ 1,515,550
Gross Profit	\$ 42,748	\$ 113,852	\$ 156,600
Gross Margins*	7.5%	12.0%	10.3%

<b>4Q 2022</b>	<b>Utilities</b>	<b>Energy</b>	<b>TOTAL</b>
Revenue	\$ 576,450	\$ 752,688	\$ 1,329,138
Gross Profit	\$ 69,917	\$ 83,467	\$ 153,384
Gross Margins*	12.1%	11.1%	11.5%

\* Gross Profit as a percent of revenue

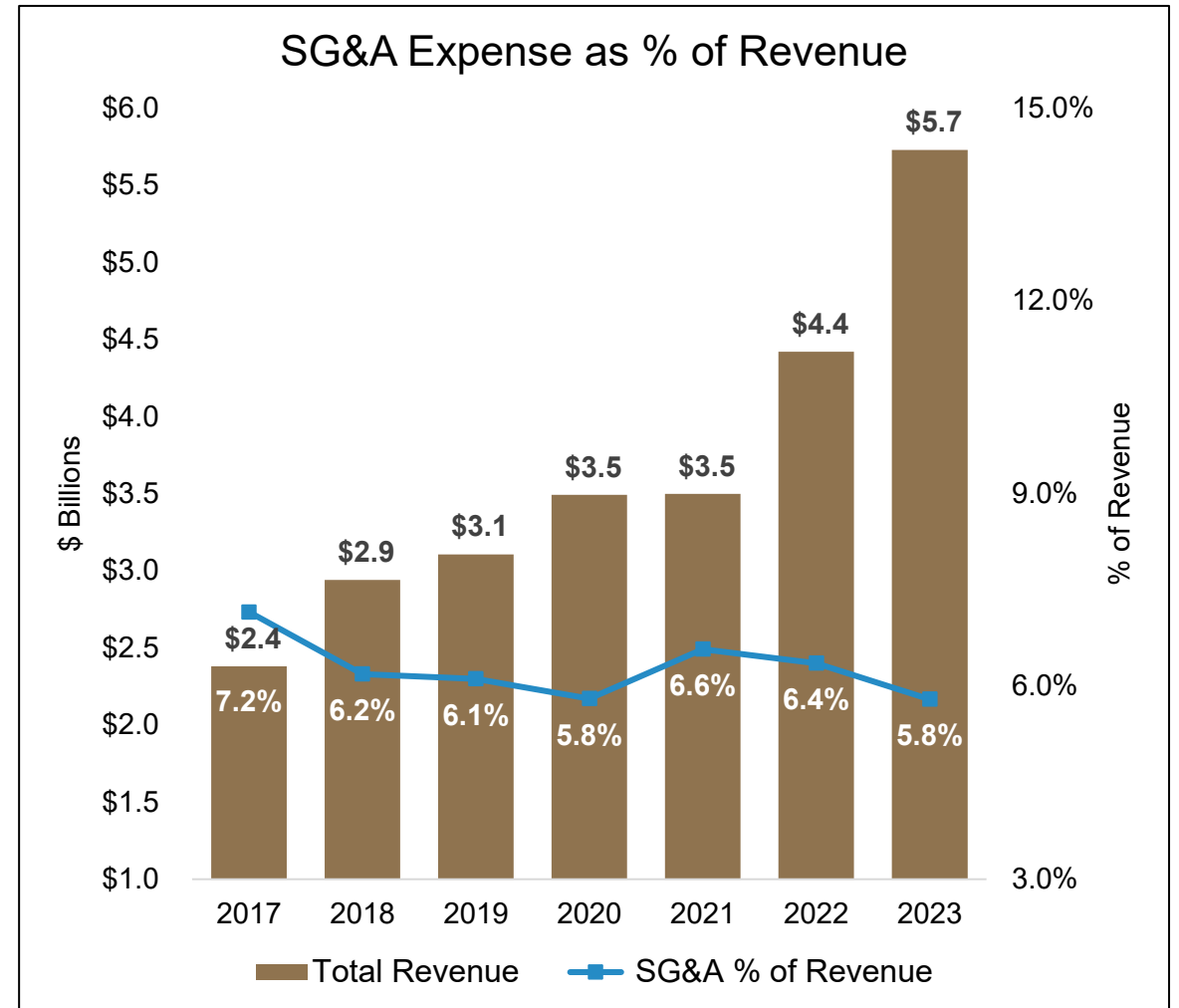
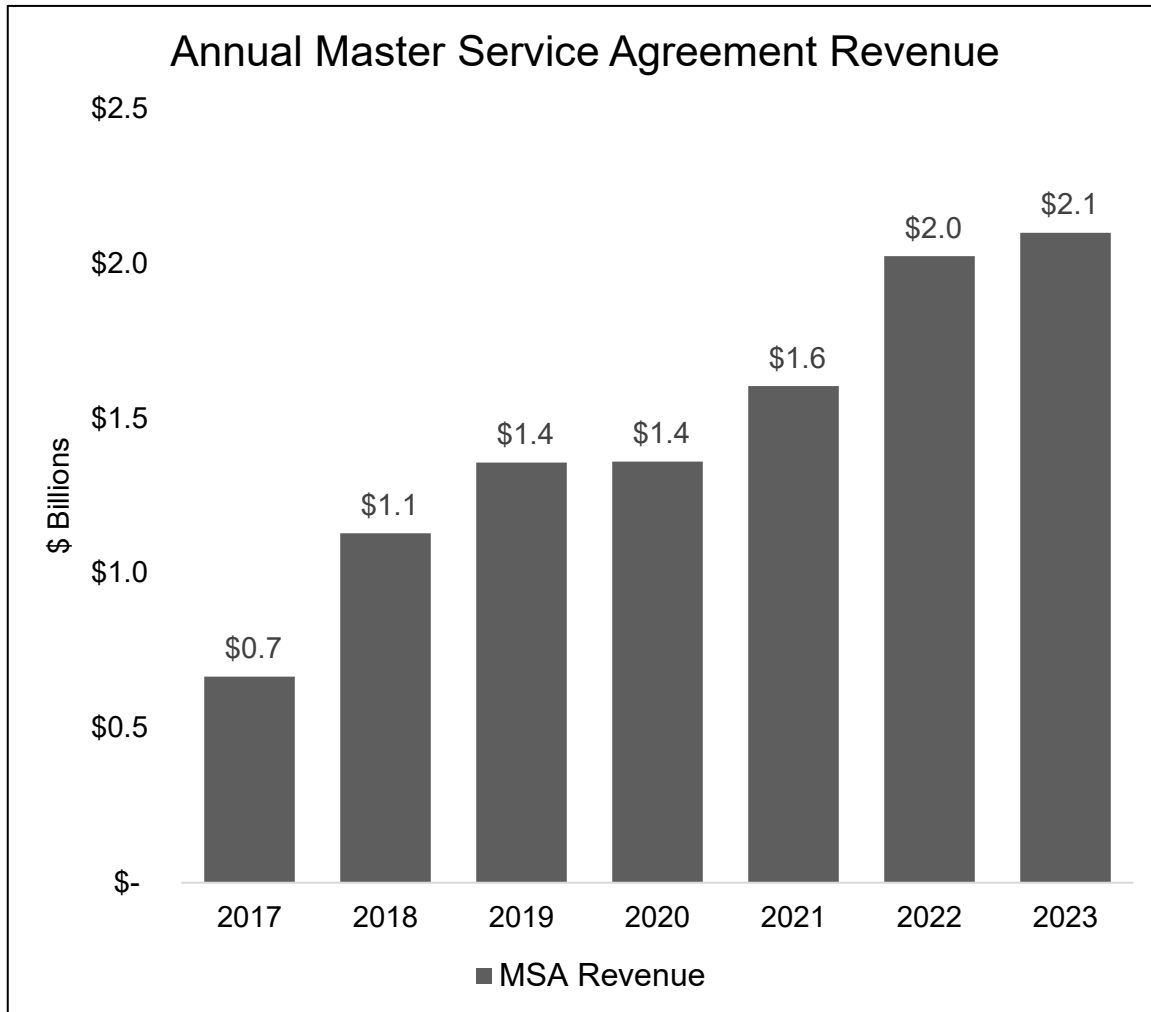
# 2023 vs. 2022 Segment Results

\$ in thousands

<b>2023</b>	<b>Utilities</b>	<b>Energy</b>	<b>TOTAL</b>
Revenue	\$ 2,380,230	\$ 3,335,079	\$ 5,715,309
Gross Profit	\$ 206,992	\$ 380,499	\$ 587,491
Gross Margins*	8.7%	11.4%	10.3%

<b>2022</b>	<b>Utilities</b>	<b>Energy</b>	<b>TOTAL</b>
Revenue	\$ 2,024,307	\$ 2,396,292	\$ 4,420,599
Gross Profit	\$ 210,672	\$ 246,213	\$ 456,885
Gross Margins*	10.4%	10.3%	10.3%

\* Gross Profit as a percent of revenue



- Steadily growing MSA revenue to improve stability and predictability
- Support structure costs trending down with revenue growth

# 2024 Guidance

As of February 27, 2024

➤ **Full Year 2024 Earnings Per Share (“EPS”):**

- \$2.50 to \$2.70 per diluted share

➤ **Full Year 2024 Adjusted EPS:**

- \$3.05 to \$3.25 per diluted share

➤ **Full Year 2024 Adjusted EBITDA:**

- \$395 million to \$415 million

➤ **Full Year 2024 SG&A as a percentage of revenue:**

- low 6 percent range

➤ **Full Year Effective Tax Rate:**

- Approximately 29%

➤ **Full Year Capital Expenditures:**

- \$80 million to \$100 million
- Including \$20 million to \$40 million for construction equipment

➤ **Full Year 2023 Interest Expense:**

- \$77 to \$82 million

➤ **Targeted Gross Margins by segment 2024:**

- Utilities: 9% - 11%
- Energy: 10% - 12%

# Reg G Reconciliation

### Adjusted Net Income & Adjusted EPS

Primoris defines Adjusted Net Income as net income (loss) 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 the Company's 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; (x) selected (gains) charges that are unusual or non-recurring; and (xi) 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 and diluted earnings per share, they may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measures, net income and diluted earnings per share, and information reconciling the GAAP and non-GAAP financial measures, are included in the table below.

<i>(\$ thousands, except per share amounts)</i>	4Q 2023	4Q 2022
<b>Net income as reported (GAAP)</b>	<b>\$ 37,659</b>	<b>\$ 41,501</b>
Non-cash stock-based compensation	2,878	1,693
Transaction/integration and related costs	1,008	1,826
Amortization of intangible assets	5,190	7,154
Amortization of debt issuance costs	636	491
Unrealized loss on interest rate swap	2,604	35
Change in fair value of contingent consideration	(61)	(1,705)
Income tax impact of adjustments	(3,554)	(797)
<b>Adjusted net income</b>	<b>\$ 46,360</b>	<b>\$ 50,198</b>
Weighted average shares (diluted)	54,385	53,711
Diluted earnings per share	\$ 0.69	\$ 0.77
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.85</b>	<b>\$ 0.93</b>

### Adjusted Net Income & Adjusted EPS

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<i>(\$ thousands, except per share amounts)</i>	2023	2022
<b>Net income as reported (GAAP)</b>	<b>\$ 126,145</b>	<b>\$ 133,021</b>
Non-cash stock-based compensation	11,833	7,441
Transaction/integration and related costs	5,685	20,054
Amortization of intangible assets	21,820	20,938
Amortization of debt issuance costs	2,181	1,479
Loss on extinguishment of debt	-	759
Unrealized gain on interest rate swap	(397)	(5,581)
Change in fair value of contingent consideration	(936)	(1,705)
Gain on sale and leaseback transactions	-	(40,084)
Income tax impact of adjustments	(11,654)	(545)
<b>Adjusted net income</b>	<b>\$ 154,677</b>	<b>\$ 135,777</b>
Weighted average shares (diluted)	54,223	53,759
Diluted earnings per share	\$ 2.33	\$ 2.47
<b>Adjusted diluted earnings per share</b>	<b>\$ 2.85</b>	<b>\$ 2.53</b>

### EBITDA and Adjusted EBITDA

Primoris defines EBITDA as net income (loss) 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; (v) change in fair value of contingent consideration liabilities; and (vi) selected (gains) charges that are unusual or non-recurring. 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, and information reconciling the GAAP and non-GAAP financial measures are included in the table below.

<i>(\$ thousands)</i>	<b>4Q 2023</b>	<b>4Q 2022</b>
<b>Net income as reported (GAAP)</b>	<b>\$ 37,659</b>	<b>\$ 41,501</b>
Interest expense, net	21,728	18,556
Provision for income taxes	15,382	3,954
Depreciation and amortization	25,587	29,809
<b>EBITDA</b>	<b>\$ 100,356</b>	<b>\$ 93,820</b>
Non-cash stock-based compensation	2,878	1,693
Transaction/integration and related costs	1,008	1,826
Change in fair value of contingent consideration	(61)	(1,705)
<b>Adjusted EBITDA</b>	<b>\$ 104,181</b>	<b>\$ 95,634</b>

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<i>(\$ thousands)</i>	<b>2023</b>	<b>2022</b>
<b>Net income as reported (GAAP)</b>	<b>\$ 126,145</b>	<b>\$ 133,021</b>
Interest expense, net	78,171	39,212
Provision for income taxes	51,524	26,265
Depreciation and amortization	107,041	99,157
<b>EBITDA</b>	<b>\$ 362,881</b>	<b>\$ 297,655</b>
Non-cash stock-based compensation	11,833	7,441
Transaction/integration and related costs	5,685	20,054
Change in fair value of contingent consideration	(936)	(1,705)
Gain on sale and leaseback transaction	-	(40,084)
<b>Adjusted EBITDA</b>	<b>\$ 379,463</b>	<b>\$ 283,361</b>

**Adjusted Net Income Forecast & EPS to Adjusted EPS for the year ending December 31, 2024**

The following table sets forth a reconciliation of the forecasted GAAP net income to Adjusted Net Income and EPS to Adjusted EPS for the year ending December 31, 2024.

(\$ thousands, except per share amounts)	Estimated Range Full Year Ending December 31, 2024	
<b>Net income as defined (GAAP)</b>	<b>\$ 137,500</b>	<b>\$ 148,500</b>
Non-cash stock-based compensation	15,500	15,500
Amortization of intangible assets	19,400	19,400
Amortization of debt issuance costs	2,200	2,200
Transaction/integration and related costs	4,500	4,500
Income tax impact of adjustments <sup>1</sup>	(11,400)	(11,400)
<b>Adjusted net income</b>	<b>\$ 167,700</b>	<b>\$ 178,700</b>
Weighted average shares (diluted)	55,000	55,000
Diluted earnings per share	\$ 2.50	\$ 2.70
<b>Adjusted diluted earnings per share</b>	<b>\$ 3.05</b>	<b>\$ 3.25</b>

<sup>1</sup> Adjustments above are reported on a pre-tax basis before the income tax impact of adjustments. The income tax impact for each adjustment is determined by calculating the tax impact of the adjustment on the Company's quarterly and annual effective tax rate, as applicable, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

**Adjusted EBITDA Forecast for the year ending December 31, 2024**

The following table sets forth a reconciliation of the forecasted GAAP net income to Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) for the year ending December 31, 2024.

(\$ thousands, except per share amounts)	Estimated Range Full Year Ending December 31, 2024	
<b>Net income as defined (GAAP)</b>	<b>\$ 137,500</b>	<b>\$ 148,500</b>
Interest expense, net	77,000	82,000
Provision for income taxes	57,000	61,000
Depreciation and amortization	103,500	103,500
<b>EBITDA</b>	<b>\$ 375,000</b>	<b>\$ 395,000</b>
Non-cash stock-based compensation	15,500	15,500
Transaction/integration and related costs	4,500	4,500
<b>Adjusted EBITDA</b>	<b>\$ 395,00</b>	<b>\$ 415,000</b>