FY 2022 | FIRST QUARTER RESULTS

MATRIX SERVICE COMPANY
Move to a higher standard℠

SAFE HARBOR

This presentation contains certain forward-looking statements concerning Matrix Service Company's operations, economic performance and management's best judgment as to what may occur in the future. The actual results for the current and future periods and other corporate developments will depend upon a number of economic, competitive and other influences, many of which are beyond the control of the Company, and any one of which, or a combination of which, could materially affect the results of the Company's operations. Such forward-looking statements are subject to a number of risks and uncertainties as identified in the Company's most recent Annual Report on Form 10-K and in subsequent filings made by the Company with the SEC. To the extent the Company utilizes non-GAAP measures, reconciliations will be provided in various press releases and on the Company's website.


HONORING
ALL WHO SERVED

CEO COMMENTARY

John R. Hewitt

Fiscal 2022, First Quarter Results

- Strong bidding environment
- Increasing awards
- Project and operational commentary

INDUSTRY TRENDS

- Labor Supply Pressure
- Supply Chain Delays and Increasing Material Costs
- COVID-19 Regulatory and Client Requirements

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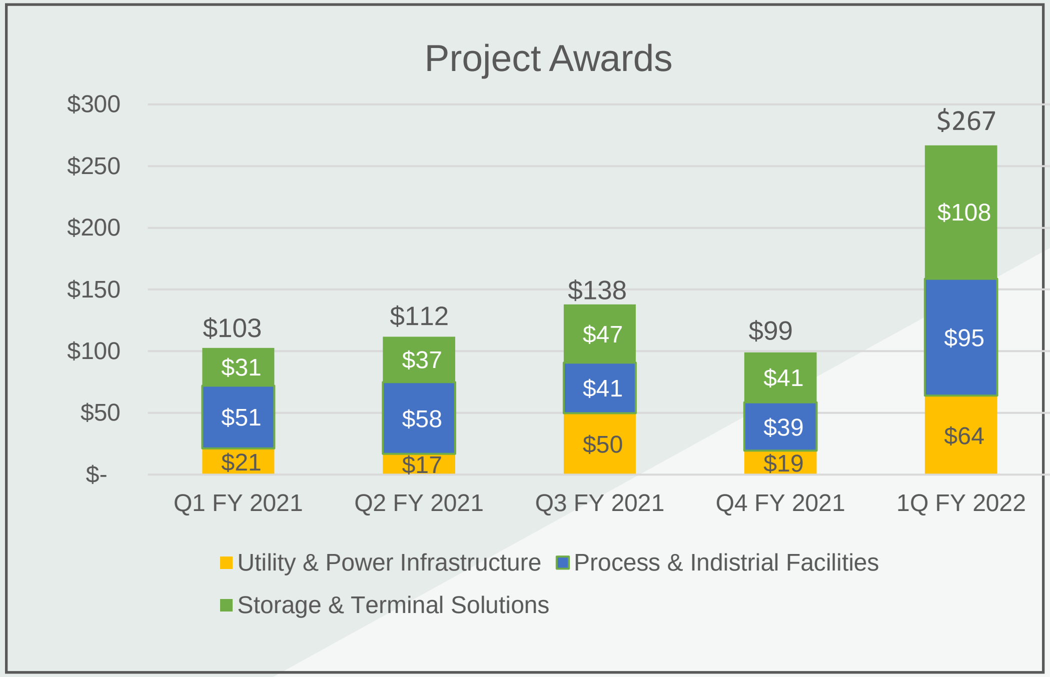
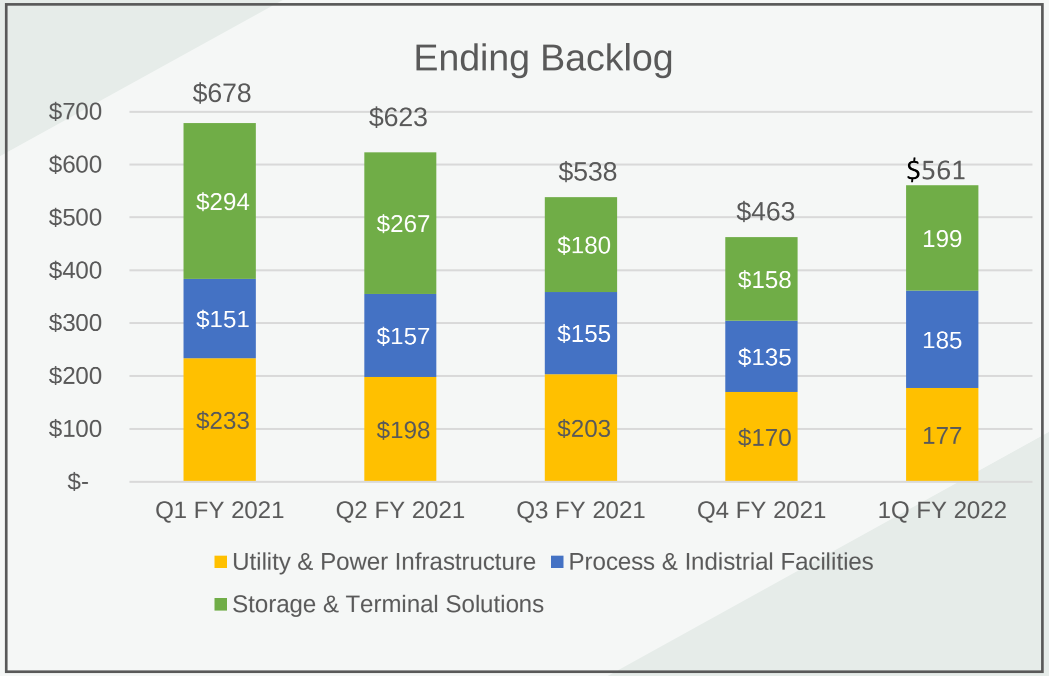
AWARDS AND BACKLOG





Project award activity has accelerated to the best quarter since the first quarter of Fiscal 2020.

- Consolidated book-to-bill of 1.6
- Utility & Power Infrastructure book-to-bill of 1.1
- Process & Industrial Facilities book-to-bill of 2.2
- Storage & Terminal Solutions book-to-bill of 1.6

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UTILITY & POWER INFRASTRUCTURE

	3Q FY 2021	4Q FY 2021	1Q FY 2022
Revenue	$44,720	$52,638	$57,204
Gross Profit	(4,692)	(6,312)	(6,107)
Gross Profit %	(10.5%)	(12.0%)	(10.7%)
SG&A	2,356	2,728	3,050
Operating Income	(7,451)	(9,126)	(9,166)

KEY POINTS

- Difficult quarter for the segment as 3 issues negatively impacted results
  - Incurred an increase in the forecasted costs to complete a large capital project, which resulted in a decrease in gross profit of $5.9 million.
  - Incurred a $2.1 million charge related to the collection of an outstanding receivable on a project completed in 2019 that was tied up in litigation.
  - Low revenue volume led to the under recovery of construction overhead costs.
- On the positive side
  - Revenue was up 8% over the prior quarter
  - Electrical delivery business, bolstered by storm recovery work, executed well with direct gross margins above the normal 10 to 12% range

OUTLOOK

- Expect improving operating results in this segment as the project issues mentioned are behind us and as revenue volume increases as we move through the fiscal year, which will also improve overhead recovery.

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PROCESS & INDUSTRIAL FACILITIES

	3Q FY 2021	4Q FY 2021	1Q FY 2022
Revenue	$42,834	$59,890	$43,905
Gross Profit	(171)	6,290	2,871
Gross Profit %	(0.4%)	10.5%	6.5%
SG&A	3,882	3,437	2,762
Operating Income	(4,834)	2,691	102

KEY POINTS

- Revenue volume was impacted by a typically slow summer quarter
- Project execution was within the normal expected range of 10 to 12%.
- Gross margin was negatively impacted by the under recovery of construction overhead costs that occurred due to low revenue volume.

OUTLOOK

- As we look forward, we expect improving revenue volume as we move through the year as recent project awards begin to generate revenue, which should also have a positive impact on the recovery of overheads and gross margin.

STORAGE & TERMINAL SOLUTIONS

	3Q FY 2021	4Q FY 2021	1Q FY 2022
Revenue	$60,706	$62,371	$66,984
Gross Profit	6,423	1,564	413
Gross Profit %	10.6%	2.5%	0.6%
SG&A	4,792	4,790	4,506
Operating Income	1,041	(3,373)	(4,060)

KEY POINTS

- Revenue increased modestly over the 4th quarter but was still impacted by the current environment.
- The segment gross margin of 0.6% was challenged by
  - Under recovery on low revenue volume and
  - Competitively priced work on smaller project opportunities in a tough operating environment

OUTLOOK

- While the segment had a strong quarter of project awards, we will not begin to see those awards turn to revenue until we get into the third quarter. As a result, while we expect some improvement in margins in the second quarter, significant improvement will not occur until the last half of the fiscal year.

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CONSOLIDATED

	3Q FY 2021	4Q FY 2021	1Q FY 2022
Revenue	$148,260	$174,899	$168,093
Gross Profit	1,560	1,542	(3,508)
Gross Profit %	1.1%	0.9%	(2.1)%
SG&A	17,179	17,725	16,629
Operating Income	(17,479)	(16,354)	(20,742)
Net Income	(12,873)	(10,723)	(17,538)
Adjusted Net Income[1]	(11,492)	(10,596)	(15,961)
EPS	(0.49)	(0.40)	(0.66)
Adjusted EPS[1]	(0.43)	(0.40)	(0.60)
Adjusted EBITDA[1]	(9,185)	(10,123)	(14,278)

[1]Represents non-GAAP measures; a reconciliation is provided in the Appendix

KEY POINTS

- Revenue was in line with our expectations; earnings performance was well below expectations
- SG&A costs continue to benefit from cost reduction efforts and were at lowest level since the first quarter of fiscal 2014
- Bottom line results were an EPS loss of 66 cents. While we would normally expect an operating loss at this revenue level, the loss was more significant because of three unique items:
  - 30 cent impact from project issues
  - 2 cent impact from restructuring, and
  - 4 cent impact from write-off of unamortized fees associated with the Company’s prior credit facility

OUTLOOK

- As returning to profitable performance is the top priority for the Company, we believe we are taking the necessary steps to achieve this important goal.
- Project award performance was strong in the 1st quarter. Those awards combined with an accelerating opportunity pipeline provide an improved outlook for the business.

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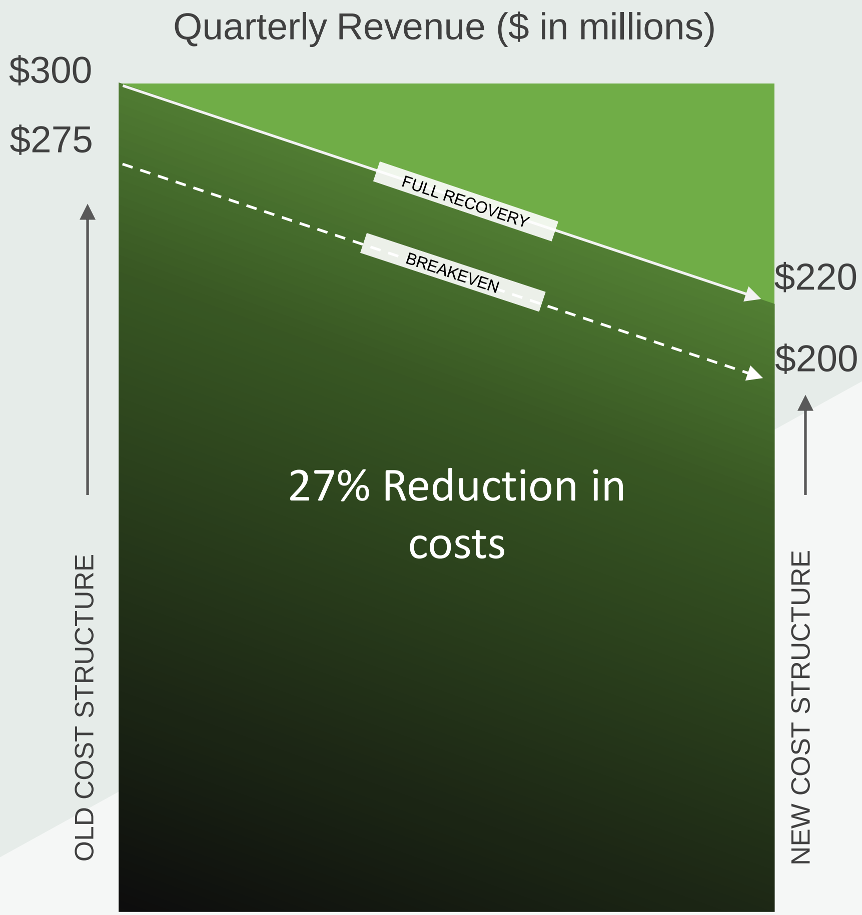
COST STRUCTURE LEVERAGE



COST STRUCTURE CHANGES

- The Company has implemented ~$70 million of cost reductions on an annualized basis, translating to ~27% decrease in overhead cost structure over the past two years.
- Cost reductions have occurred throughout the business, a significant portion of which are permanent. However, necessary construction overhead resources will be added to effectively win and execute projects as revenue volume returns.

IMPACT OF COST STRUCTURE CHANGES

- These cost reductions have significantly improved the future earnings potential of the Company.
- A lower volume of revenue is required to achieve profitable performance and to achieve full recovery of construction overhead cost.

The first quarter project awards combined with an accelerating opportunity pipeline, improve the prospects of achieving and surpassing these targets beginning in the third quarter.

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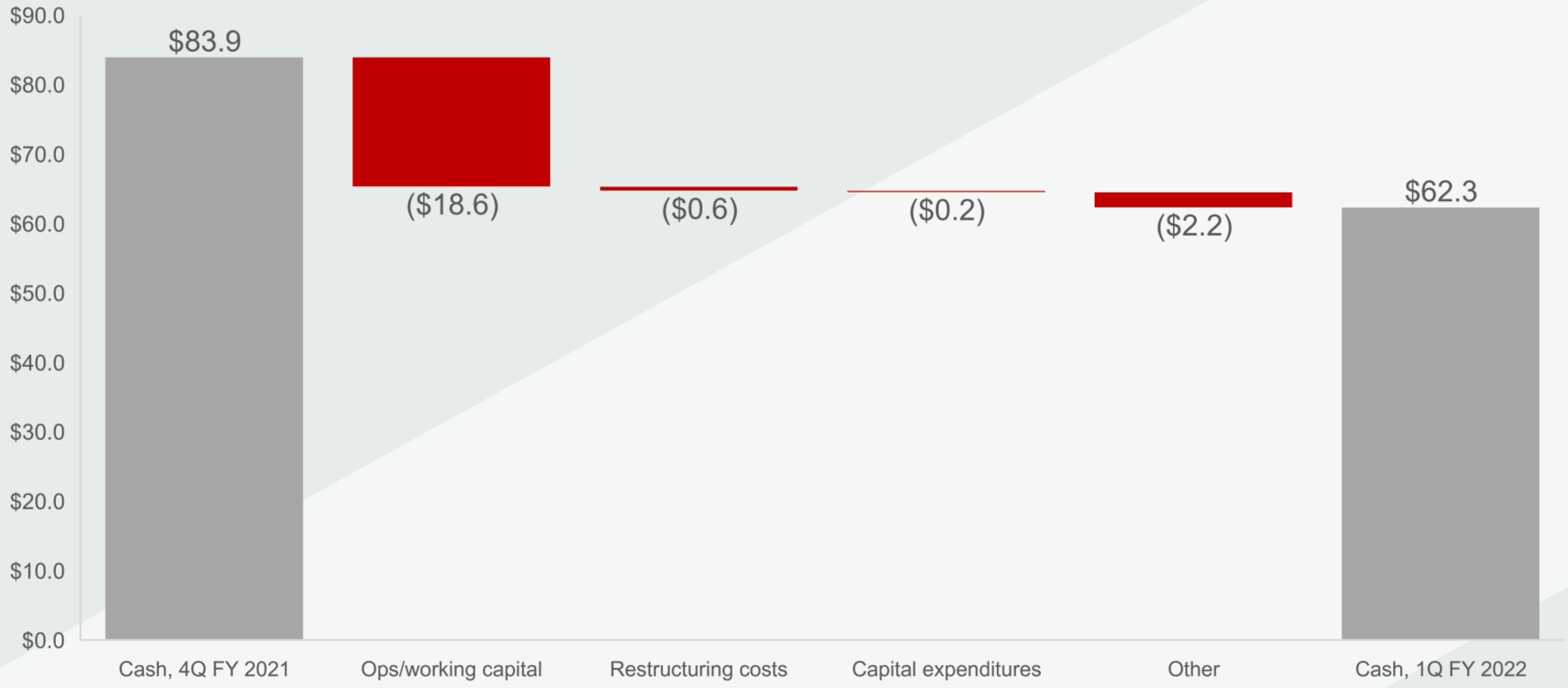
CASH FLOW

1Q FY 2022 Cash Bridge
(in millions)



KEY POINTS

- Ended 1st Quarter FY 2022 with cash of $62 million and no debt.
- Capital Expenditures of $0.2 million
- The decline in the quarter was related to the operating loss and an investment in working capital that related to the timing of cash flows on projects.
- Credit facility borrowing base of $75 million.
  - Utilized $43 million for letters of credit, used primarily in lieu of retention on a few projects
  - 3 letters of credit totaling approximately $20 million will expire in the 2nd quarter, increasing availability under the credit facility

The Company continues to have a strong balance sheet and no debt; liquidity improving as we move through the fiscal year.

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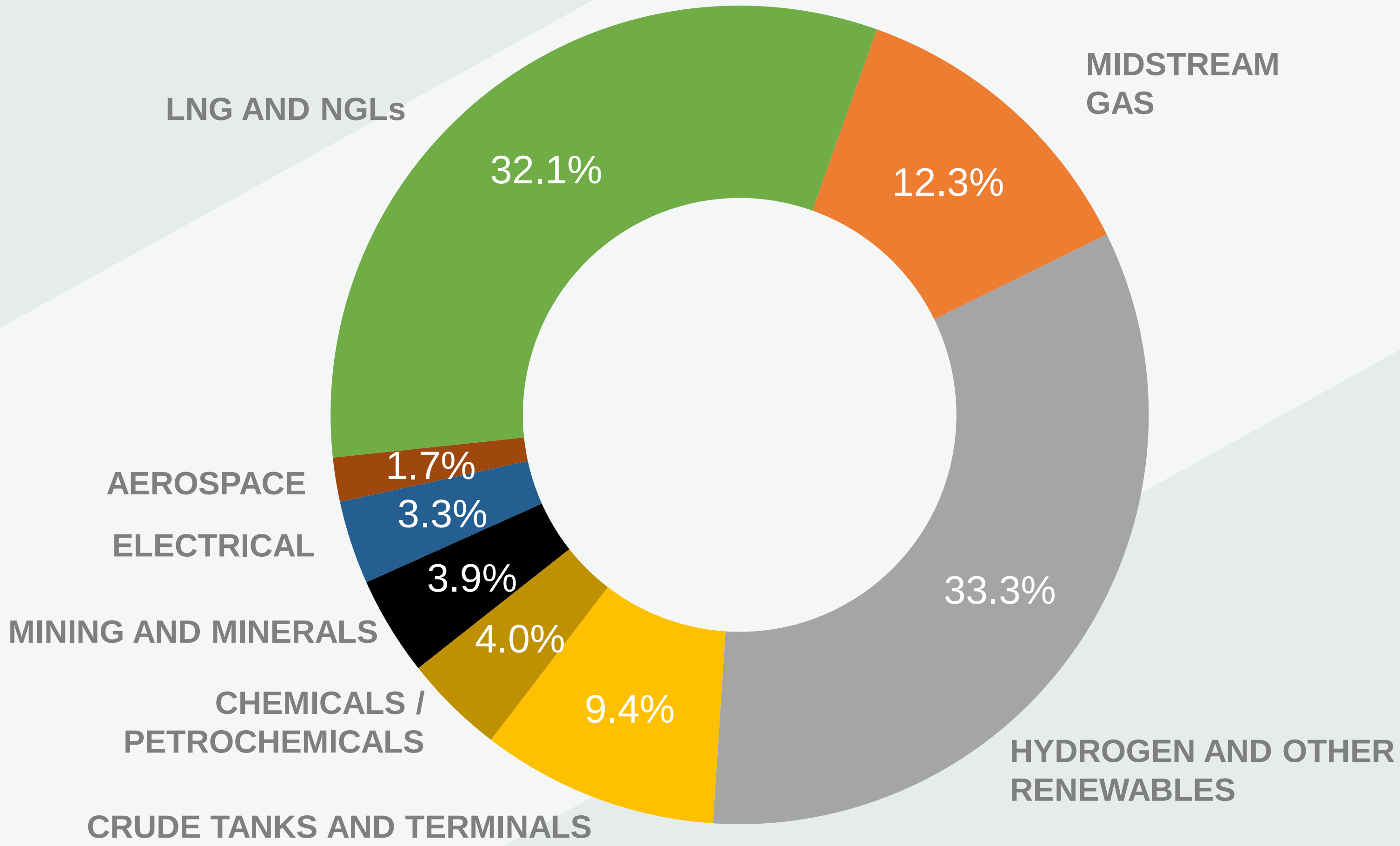
MARKET OUTLOOK

OPPORTUNITY PIPELINE

Our opportunity pipeline is strong across all segments and supports our revenue expectations and growth aspirations for the future



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Q&A

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Thank you.

John R. Hewitt

Appendix

RECONCILIATION OF CERTAIN NON-GAAP MEASURES

	3Q FY 2021	4Q FY 2021	1Q FY 2022
Net loss	$ (12,873)	$ (10,723)	$ (17,538)
After-tax restructuring costs	1,860	171	449
After-tax accelerated amortization of deferred debt amendment fees	-	-	1,128
Adjusted net loss	$ (11,492)	$ (10,596)	$ (15,961)
EPS	$ (0.49)	$ (0.40)	$ (0.66)
EPS impact of adjustments	(0.06)	(0.00)	(0.06)
Adjusted EPS	$ (0.43)	$ (0.40)	$ (0.60)

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ADJUSTED EBITDA

	3Q FY 2021	4Q FY 2021	1Q FY 2022
Net Loss	$ (12,873)	$ (10,723)	$ (17,538)
Restructuring Costs	1,860	171	605
Stock-Based Compensation	2,214	1,743	1,869
Interest Expense	322	504	1,999
Benefit for Federal, State and Foreign Income Taxes	(5,060)	(6,037)	(5,265)
Depreciation and Amortization	4,352	4,219	4,052
Adjusted EBITDA	$ (9,185)	$ (10,123)	$ (14,278)